KERB.AI FIRM ANALYSIS

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Introduction

Kerb.AI was founded in 2017 by Stephen Buko and Richard Burg on the principle that mapping and measuring the pedestrian foot traffic flow on sidewalks is just as important as measuring vehicle flow on the roads. Given that the firm is relatively new, the team at Kerb.AI has already begun testing their early foot traffic measuring prototypes and acquired a few customers.

Their offerings comprise two types of products. One is the AI enabled camera which the company rents out to other businesses for covering events with the primary set of clients being exhibition holders, trade shows, outdoor marketters, billboard advertisers etc. The other product being offered by Kerb is data as a service. This is a niche market that they are trying to venture into and their primary target is the commercial real estate industry.

The information collected by Kerb.AI is used to perform data analytics which helps their clients understand the demographic that their respective product is leaving an impression on. This would ultimately help the clients plan for their future events better and leave a better impression on their target consumers.
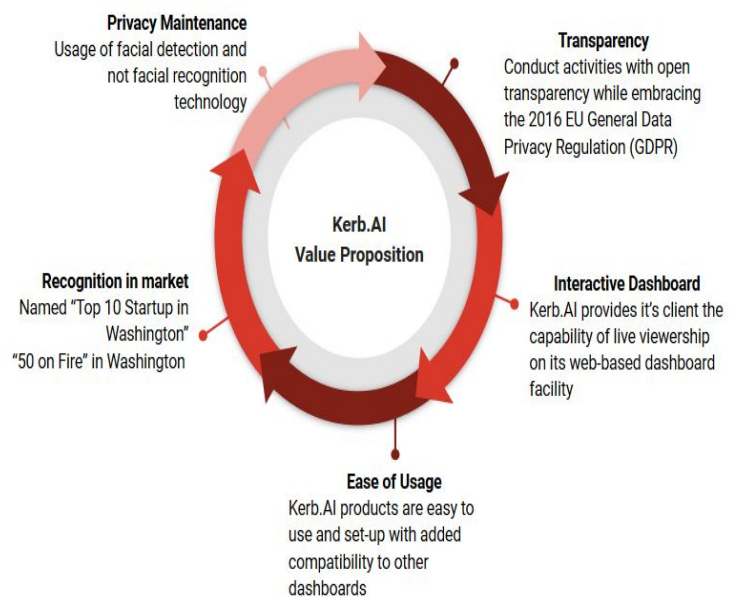
Company Evolution

In addition to offering data collection for event organizers, Kerb.AI uses car-mounted cameras and image-recognition software to count people and their impressions. They draw from a pool of 400 drivers in the D.C. area, but only use a fraction of those at a time. Their first project was the Wharf area in D.C., where the local business improvement district and developers collaborated with the firm to measure pedestrian activity before the area's development. They would head back there soon to do the same routes post-development, giving a clear before-and-after picture of the area's foot traffic. They have also run another pilot program that collected 1 million images in New York City's Greenwich Village and covered a 10-20

block stretch of downtown D.C. Kerb has evolved at a fast pace with having completed the 1776 Startup Incubator by the end of 2017, signed up many Kerb Drivers, got featured by CNN, filed provisional patents, launched its product in two major cities and acquired few customers. They are now looking for a $750,000 seed investment to accommodate their plans to hire permanent employees and add more number of drivers to cover vast grounds.

Value Proposition

Kerb.AI's primary customer base lies in two distinctive categories because its product offering, which is inherently providing analysis of data, is utilised in two different markets. One market deals with renting hardware equipment along with the analysis reports that Kerb.AI calls "Kerb Reports" and the other market is involved in selling this data alone as a service.

Privacy Maintenance
Usage of facial detection and not facial recognition technology

Transparency
Conduct activities with open transparency while embracing the 2016 EU General Data Privacy Regulation (GDPR)

Kerb.AI Value Proposition

Recognition in market
Named "Top 10 Startup in Washington" "50 on Fire" in Washington

Interactive Dashboard
Kerb.AI provides it's client the capability of live viewership on its web-based dashboard facility

Ease of Usage
Kerb.AI products are easy to use and set-up with added compatibility to other dashboards

Industry Dynamics

❖ To date, multiple privacy and consumer data protection bills have been introduced in Congress which can potentially put the future of companies like Kerb.AI in the spotlight for the wrong reasons.

❖ Most large scale companies like Big-box retailers (Target, Walmart) are slow in adopting cutting edge technologies that companies like Kerb.AI offers.

❖ Need to pay extra care into maintaining honest data.

❖ Emergence of any revolutionary or disruptive technology can affect Kerb.AI's business tremendously.

Competitors

Kerb.AI is not the only player in its industry. There are several other firms that are competing for the same market and some of them already have established themselves pretty well compared to Kerb. In the table below, a few competitors are listed out -

Competitors Providing Similar Services	Firm	How it works	Usage scenarios
Similar Technology	Hoxton Analytics	AI algorithms deployed in off-the-shelf, enterprise grade cameras to capture footsteps to measure foot traffic.	Retail destination Retail stores Transport
	Placemeter	Using proprietary computer vision algorithms to transform video streams into meaningful data about the volume and direction of pedestrians, bikes, and vehicles.	Smart cities Out-of-home advertising Retail
Different Technology	FastSensor	Picks up on non-personal signals sent from customers' devices, protecting their identity and privacy while gathering the helpful information to improve business.	Booths marketing Dealership Retails Restaurant
	Scanalytics,Inc	Using the floor sensor technology, businesses capture and analyze occupancy, traffic patterns and engagement times to increase conversions and improve ROI for their locations.	Smart Exhibit

VRIN Analysis

One of the ways we can look at what the firm offers is with a VRIN framework.

Valuable - Their technology certainly offers them several ways of capitalizing on the demands in comprehensive data collection for the industries they cater to. Their algorithm improves the effectiveness at which data collection can be performed, thereby creating immense value for the company.

Rareness - This is one aspect where Kerb lies at a disadvantage. As discussed above, their competitors are quite strong with their own offerings and capabilities. Kerb.AI's resources, therefore, are not rare.

Imperfectly imitable - Kerb.AI's capabilities that they have cumulatively achieved over the course of their existence is something that cannot be obtained by other firms easily. In other words, owing to their historical setup, the modes of operations and their unique algorithm, they have the advantage of path dependence, which is not easily duplicated by any firm.

Non-substitutable - Here again, Kerb.AI's capabilities cannot offer them the needed advantage; there are several alternatives to what they offer to the market. While their capabilities cannot be fully duplicated, at its foundation, they are substitutable.

Decision Factors & Recommendations

The firm is working on a technology that has huge implications. As mentioned by their CEO, in the next 10 years, there would be heavy reliance on object detection technology to understand and analyse the factors that can help businesses grow. IAB reports that even buying marketing audience data (which is inherently the least accurate category of data) is a huge business and shall only continue to grow. This means that there is a huge market with lots of opportunities for a firm with a good AI algorithm to capitalise and grow its customer base.

Since Kerb.AI operates in a data centric market, the only way to survive is to Get Big Fast (GBF) and acquire competitive advantage. This is because a firm with the most amount of data will be able to make the most accurate and valuable analysis. One way that Kerb can do this is by creating a platform and investing in its resources. Once the platform comes into the picture, the network effects will take over and it will help Kerb grow exponentially in terms of volume of data collected and also help Kerb achieve economies of scale. Kerb.AI should sustain its competitive advantage by adopting a dynamic model and perform resource deepening by tweaking its algorithm, thereby improving its accuracy. This will help Kerb.AI maintain its market

position even in the presence of multiple competitors, consequently enriching its lacking rareness.

Primarily, the recommendation that we offer would be to focus on the core competency, which primarily is its algorithm and their data collection capabilities, and not focus on the hardware business. By shifting their focus from offering cameras to offering data as a service, Kerb.AI can evolve its value discipline from product leadership to customer intimacy. The key strategic asset for the firm here would be knowledge management tools that provide accurate customer databases. Start moving towards developing a platform and start offering data as a service and find ways to make the AI algorithm stand out from the competitors.

The road to growth will not be an easy one for Kerb.AI. Ventures and business domains that can help them expand its footprint are autonomous vehicles manufacturers. Like some of its competitors, they can also look into selling its data analysis to government agencies.

Conclusion

Kerb.AI has shown tremendous signs of growth and achieved some of the most difficult and valuable achievements in just three years of existence. This being said, the firm does not look like a good investment opportunity based on current scenario. One of the reasons to run or invest in a data business is if it can be believed that the number of data-buyers will go up another order of magnitude in the next coming years. But this is not the only factor that needs consideration. Even though there is potentially a huge market to play in, presence of big competitors, lack of unique technology and the very young age of the company itself make this a risky investment. Our position is to 'not invest' right now. If Kerb.AI works on implementing a few of the suggestions and recommendations provided in the report, it would then minimize the risk associated with the investment and may become an attractive investment opportunity.

Caveats/Assumptions

The caveat in this analysis is that the market in consideration prospers, with the influx of demand and returns in the industry remaining the same as today - if not get better in the coming years. At this rate, first party data will not be enough and there will still be a huge presence of data-buyers.

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