Persona

Persona is an identity platform that helps businesses verify customer identities. It allows companies to answer identity-related questions about users through a customizable solution that revolves around an identity verification engine. Persona can verify a number of different documents inc
Numbers to determine the right ide

As more applications seek to serve
better manage these questions of
company's core product is a fully-a
learning, computer vision, and algo
products in seconds. Persona hand
sensitive personal information to s

Tags

Cybersecurity Data Infrastructure

Founding Date

Aug 2018

Total Funding

$218M

Stage	Employees
Series C	190

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By Rak Garg, Kyle Harrison & Justin Li

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By Rayan Malik & Megan Kao

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July 21, 2023

Reading T
12 min

Thesis

Understanding online identity has never been more important. As of 2022, nearly five billion people globally used the internet, and that number is growing ~6% every year. The average internet user spends nearly seven hours a day online. As more of our everyday

As more applications seek to serve the growing online population, companies need tools to better manage these questions of digital identity. That's where Persona comes in. Persona is an identity platform helping businesses answer identity-related questions about users: Are they a person? Are they who they say they are? Are they authorized to do what they are trying to do? How risky is it to allow them to do what they are trying to do?

Persona is striving to tackle the identity verification market horizontally by providing what it aims to be a flexible and customizable solution. Persona has a wide variety of customers; its user base creates a network effect where, over time, users can verify their identities once on Persona and then easily reverify their identities with all of Persona's customers (like Coursera, Square, and Postmates). Users thus avoid having to follow a separate, tedious login process for
experience.

Founding Story

Persona was founded by Charles Ye
founding Persona, they had been e
they led their companies' identity te
meeting each other during a summ
who first wanted to found a startup
identity space.

At Dropbox and Square, Yeh and Sc
identity and spent significant effort
that every business managing users online would need similar solutions, leading them to found Persona.

Product

Persona's core product is a fully-automated identity verification service using machine learning, computer vision, and algorithmic checks, each of which only requires seconds to complete. Persona's launch of a workflow engine allows customers to pick and choose where in their user's journey they want to introduce points of verification to minimize risk without introducing significant friction.

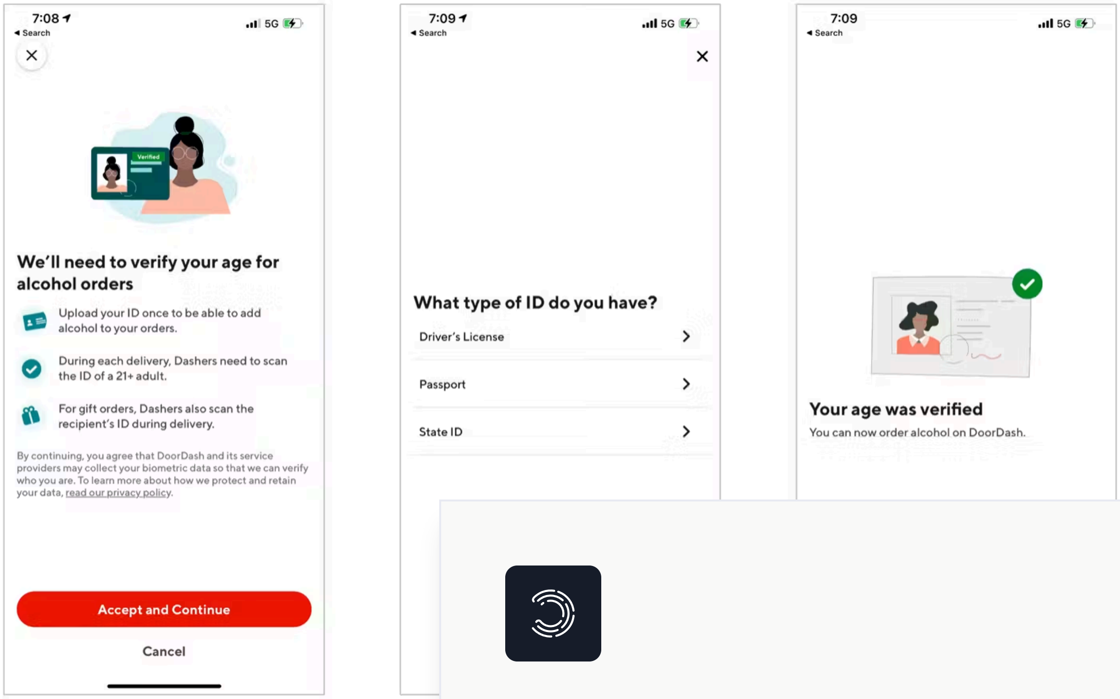
That vision has extended from managing a variety of different kinds of identity verification (government ID, social s
reports.

Verifications

The core of Persona's product is ar
number of different documents inc
Numbers. The process is fully autor
take five seconds compared to lega
Customers verify that users are rea
offers validation of government IDs
languages.

Dynamic Flow

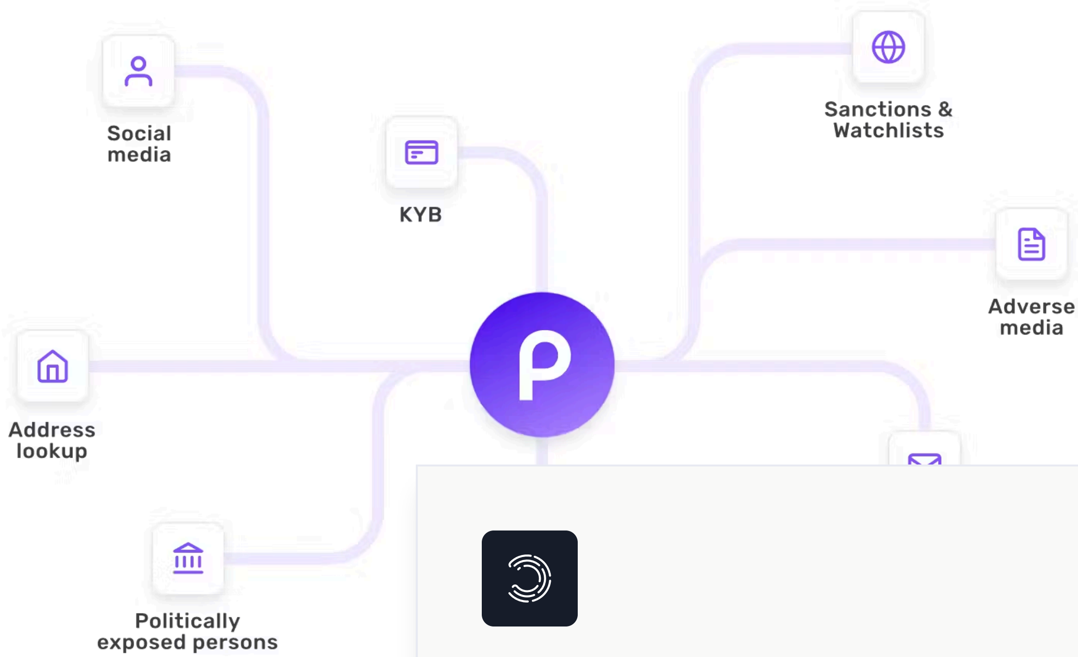
Persona increased the functionality of its verification module by allowing customers to design their customer onboarding process. Customers can select which types of information to collect from its users and determine how strict they will be across



Source: Digital Native

Depending on the results of the ch
levels of information. Suppose a fin
loan recipient and finds their credit
could then request additional incor
reject the user as a result of unacc

Reports



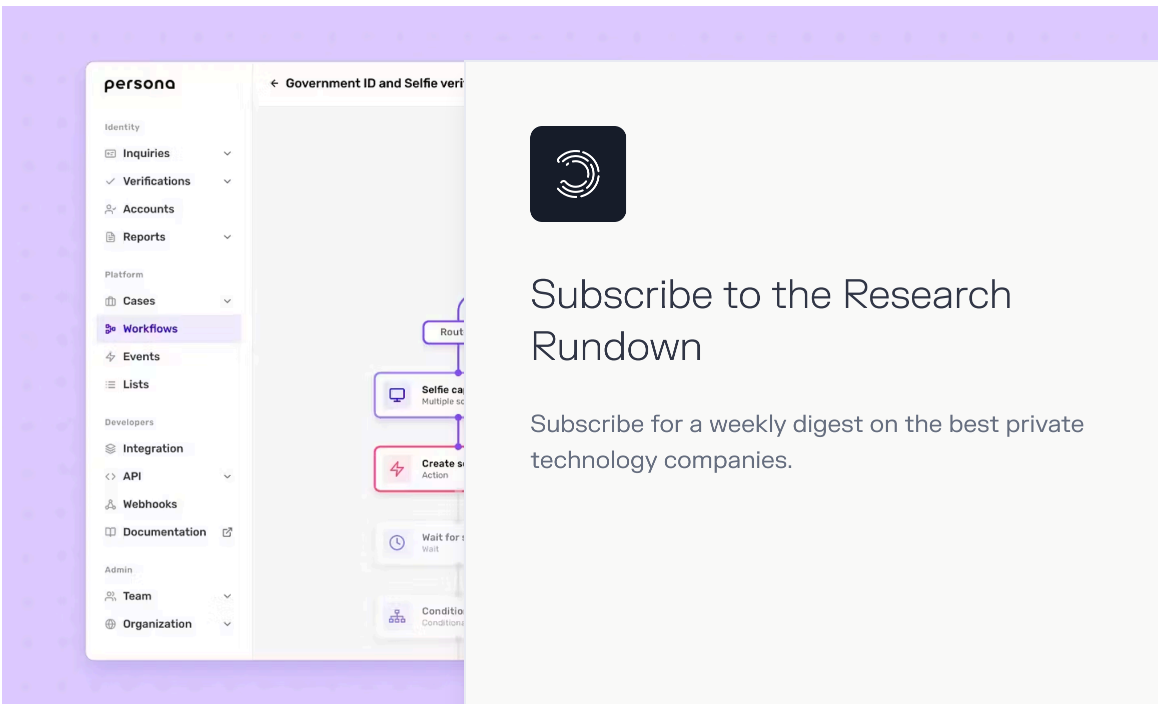
Source: Persona

Imagine a product like Square Capi
those loans requires Square to coll
identifiable information (PII) which I
Customers like Square also have to
beyond its initial verification produ
around its users. These reports car
and email or phone risk reports."

Cases

enables customers to manage cases, like open tickets, where they can conduct investigations into their user's behavior and figure out if something needs to be adjusted. The product aggregates all relevant information to avoid the need for reviewers to context-switch. Custom templates can also be made for specific types of cases.

Workflows



Source: Digital Native

Persona customers can create automated, customized identity-related workflows. An API trigger, or an event such as verification completion, can initiate the process of Persona pulling in additional data (such as watchlist reports), segmenting users with re-write certain phases of a given workflow if the customer wants to, for example, manipulate data as part of that workflow.

Graph

Graph is a tool that helps businesses prevent identity-related fraud such as promo abuse, money laundering, and duplicate accounts. Using a customizable no-code query and link analysis system, Graph provides visibility into risky connections between users that may be hard to detect otherwise. This allows businesses to take a proactive approach to fraud prevention and adapt quickly to new fraud techniques. A primary selling point of Graph is that it does

Marketplace

As of May 2023, Persona offers 17 i
customers manage identity data, fr
risk, among many other use cases.
Persona marketplace. With this pro
tool into becoming the first unified

Market

Customer

Persona primarily serves the compliance, fraud, and trust & safety teams at companies cases. In particular, customers with ongoing financial relationships (like lenders) or repeat users (like rental marketplaces) benefit from being able to track a user over time and run re-verifications. Persona has a diversified customer base that spans fintech, marketplaces, e-learning, digital health, and cryptocurrency, among other verticals.

For an example of how customers use Persona, Brex is a fintech platform that, in order to comply with know your customer (KYC) and anti-money laundering (AML) regulations and prevent fraud, has to frequently reverify its users. Previously, Brex checked users' identities manually and required users to enter information across multiple accounts. Persona allows Brex to automatically verify government IDs from around the world.

Another example is MyRent, an onli
fraud. Users can rent everyday item
video game consoles. Identity verifi
rentals and provide a Lender Protec

Market Size

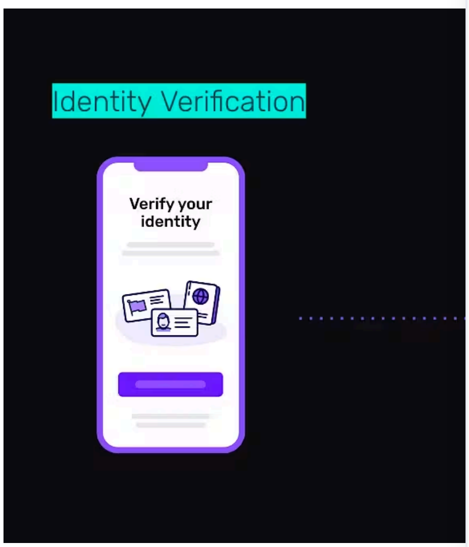
The identity verification market is p
billion in 2026. Some key tailwinds f
penetration and increasing emphas
internet users continued to increas
moving more of every user's life on

Beyond simply having more users t
applications to more effectively manage data privacy. In 2021 data breaches increased by 23% over the previous annual record. Companies are looking to handle less of their user's sensitive information and reduce their security liability. The EU's General Data Protection Regulation (GDPR) imposes fines as high as 4% of a company's global yearly

As Persona extends beyond data verification and into the broader identity management world, they also expand its addressable market. Managing consumer identity broadly is expected to grow to a $30 billion market by 2030. Rick Song, the CEO of Persona, describes its broader vision this way:

> “Identity isn’t a single point in time, or one-size-fits-all, or transactional; identity is dynamic and contextual. Identity is a relationship.”

The more effectively Persona can manage that relationship between applications and users, the more Persona becomes a critical piece of infrastructure.



Source: Digital Native

Competition

Direct Competitors

Socure, Jumio, and Onfido compete directly with Persona. Socure is the largest of these, having been valued at $4.5 billion in 2021 and with prominent customers like Chime, DraftKings, and Public. In contrast with competitors like Onfido who combine manual and automated review, Persona's offering is fully automated, providing the potential for greater accuracy but requiring slower review times and greater costs as a trade-off.

Identity Data Aggregators

Alloy and Unit21 are two companies
access a variety of identity service
ComplyAdvantage (watchlist scree
While Onfido's identity verification
module, Onfido is just one of many
workflow tool also puts it in compe

Large Tech Companies

Large tech companies, such as Goo
in with a single account on multiple
having extensive user bases. For ins
as of January 2020. While these pla
directly competing in managing unc

All three of these large companies and many others are members of the FIDO Alliance, whose mission is "to reduce the world's reliance on passwords to better secure the web."

the interest of large tech companies in managing user login flows, but they have a ways to go before they're competing head-to-head with Persona.

Business Model

Revenue Driver

Persona employs usage-based prici
verification regardless of the plan t
features and customizability. The G
customizability. The Enterprise plar
custom development, and custom i

Unit Economics

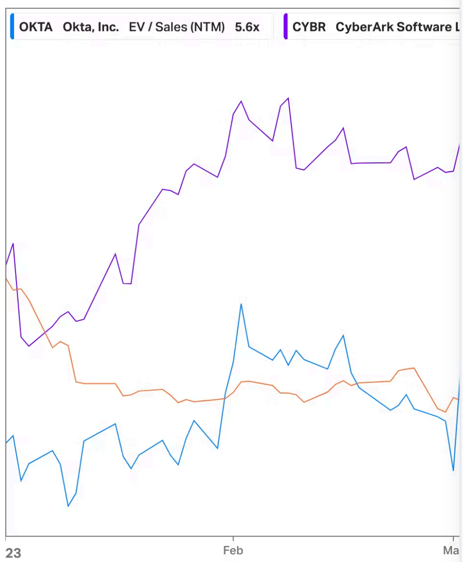
Persona's business exhibits attract
approach to verification allows it tc
LTV of each customer's user base.
Persona's revenue scaling alongsid

Traction

Some estimates indicate Persona had over 500 customers in 2021 and generated north of $20 million in revenue in that year. By 2023, it had reached an estimated 575

Valuation

Persona raised a $150 million Series C at a $1.5 billion post-money valuation in September 2021, led by Founders Fund. Other investors of the Series C round include Index Ventures (who previously led its Series B earlier in 2021) and Coatue Management (who led its Series A in early 2020). As a point of reference, Persona's public peers Okta, CyberArk, and ForgeRock have been trading within the 5-7x NTM revenue range since January 2023.



Source: Koyfin

Key Opportunities

With its ease-of-use and customizability, Persona wants to provide the building blocks of every company's digital identity stack. Rick Song, the CEO of Persona, compares those building blocks to what AWS did for compute infrastructure:

> "When AWS came along, companies no longer had to think about their web infrastructure or network. In the same vein, we want to provide the identity infrastructure businesses need so they don't have to build it themselves, piece together multiple services, store customer data, or worry about bad actors or fraud. Instead, they can focus on other aspects of their business. Founders build companies because they want to fix a larger problem — not becau

While identity verification is a comp
identity management lifecycle. Pers
already housing verified user data.
and becoming a more critical part c

Key Risks

Low Switching Costs

Customers can switch identity veri
co-founder of one existing Persona customer, MyRent, described how such a switch would face three surmountable barriers: (1) Continuing support of Persona until existing users upgrade to the latest version of the app, (2) Exporting data from Persona and mapping it into the format used by the new vendor, and (3) Integrating the new vendor

MyRent's co-founder estimates the transition would require ~3 months of engineering time, with one month for a backend engineer and one month each for an Android and iOS engineer. In addition, waiting for existing users to upgrade would take approximately 6-9 months, during which time the company would have to pay both Persona and the new vendor.

Persona's vision of becoming more critical in the identity stack, and expanding to manage user data, would increase the switching costs for their customers.

Summary

Persona is building a horizontal solu
large and growing user base. Their
flexibility. Rather than approaching
building a broad platform to extend

**Contrary is an investor in DoorDas*

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