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TECHNOLOGY ENTREPRENEUR

By Mandy de Waal and Jon Pienaar

The man who is about to disrupt identity protection

With the vision of making the world a better place, Vinny Lingham is looking to disrupt the personal identity protection space with Civic, a free offering backed by Bitcoin technology.

ask Vinny Lingham which business person he most admires and the serial entrepreneur's answer is Elon Musk. This makes sense, because, like Musk, Lingham was born in South Africa. Both made their first millions in dot-com companies. Musk made hundreds of millions after selling Zip2, a software company that created directories and maps for media companies. Lingham made his first millions in his early 20s with performance-based digital media company, Clicks2Customers.

Both cut their teeth in computing on a Commodore machine. For both, doing what they do is not about the money – Musk wants to change the world, and so does Lingham.

Why does Lingham do what he does? "I have developed a very powerful set of skills that can make a small, but impactful difference in the world – especially as a role model to the next generation. As a result, I think it would be a real shame if I just sat at home or on a beach and read books or played games all day, instead of trying to make the world a better place. That's what motivates me," he says. With his latest venture, called Civic, Lingham is closer to his dream of bettering humanity than ever before.

A passion for e-commerce

After Clicks2Customers, which Lingham started when he was 24, the entrepreneur's next venture took him from South Africa to

Vinny Lingham
Serial entrepreneur



Image: Civic

Silicon Valley in California, where he met with some 20 venture capitalists before securing funding for his new project. Called Yola, the operation (which Lingham has since exited) is a free website builder that makes taking businesses online quick and simple, thanks to easy web-hosting together with drag-and-drop web-design tools.

SOFTWARE VINNY LINGHAM LOVES

Lingham is a fan of Apple, and his list of indispensable software includes:

"I use Wunderlist, Google Calendar, Google Mail, Spotify (music to focus!), Keynote, Google Docs and Slack. I don't separate life from work – for me, it's all combined."

In 2012, Lingham founded online gift card service Gyft, which was sold in July 2014 to US-based First Data for some \$54m. Despite living overseas, Lingham has retained his ties to SA. South African television viewers may recognise Lingham as one of the “dragons” on DStv/Mzansi Magic’s *Dragons’ Den* – a local version of an international franchise that gives entrepreneurs an opportunity to pitch their ideas to potential investors in a reality-TV format.

The issue of protecting sensitive data

Now to try and prise some information out of Lingham about his next project – Civic.

“We’re still pretty much in stealth mode,” Lingham tells *finweek*, adding: “Not too much is available on how Civic will work, but our goal is to protect consumers’ identity information and stop identity theft.”

Identity theft and identity fraud are major concerns in the world of e-commerce. According to digital marketing research and insights platform, eMarketer, e-commerce is the only trillion-dollar market (\$1.6tr in 2015) in existence that is projected to grow over 20% this year, and to continue growing at double-digit rates for the foreseeable future – that’s worldwide.

According to researcher **Omer Rachamim of DandyLoop**, a cross-promotion marketplace for online stores, there are some 12m to 24m stores on the internet, and although only the top 650 000 of them make more than \$1 000 per year, all of them need to keep their clients’ details secure.

Figures released by the US Bureau of Justice Statistics indicate that “an estimated 17.6m persons, or about 7% of US residents aged 16 or older, were victims of at least one incident of identity theft in 2014.”

Nasdaq reports that there was a total of 1 540 data breaches in 2014, up 46% from the year before, which led to more than 1bn data records being compromised. Twelve percent of these breaches happened in the financial sector, and 11% were in the retail sector. Lingham says that some reports say identity fraud is costing the USA over \$100bn a year.

“That’s bigger than the entire budget of South Africa,” he notes.

One of the more high-profile breaches was the Sony Pictures Entertainment hack, allegedly perpetrated by a North Korean group that demanded that Sony pull its film, *The Interview*. C-SPAN reported that the hackers stole 47 000 unique social security numbers from the Sony computer network.

Another breach that gained a good deal of



Image: TBT

attention was when Apple’s iCloud service was hacked, and some 500 pictures and videos from celebrities’ private collections were leaked.

How will Civic operate?

Clearly there’s a global need for greater online security. Lingham says that Civic.com will be different from other services on the market, notably that it will be completely free for users. “Consumers need better control of their personal information and their digital identities. Civic will deliver a beautiful and secure consumer experience to solve this problem,” he says in a media statement that announces he’s raised \$2.75m [R43m] for the new start-up. “We believe that consumers should never have to pay to protect their identity from misuse and that’s why we will be offering free identity protection for life when we launch in spring 2016.”

Given the online security industry’s reputation, how will Civic.com earn people’s trust? Lingham agrees that this will be a challenge.

“Our approach to the market is very different, because our core business is to protect consumer identity information – so that’s all we are focused on. Trust will need to be earned, and I’m up for the challenge.”

The technology that Lingham will be using is based on Bitcoin, the peer-to-peer virtual currency. Lingham, who is a board member of the Bitcoin Foundation, explains: “Bitcoin is arguably the most secure data store/transaction engine in the world right now – virtually un-hackable. If a company is able to harness this technology to build a consumer

HOW TO INVEST IN VENTURES

A venture capitalist and angel investor himself, Vinny Lingham says he doesn’t invest in businesses, but in people. Lingham’s golden rules for investment:

- “Invest in founding teams of two to three people each, with at least one technical co-founder who writes code.”
- “The team has to have a single product offering that is very focused. I don’t like start-ups that are building multiple products or have very broad feature sets. Solve a single problem elegantly first, then expand from there.”
- “Take risk, but ensure that if the risk pays off, you make money. If I can’t see the valuation going up 10-fold within 18 to 24 months, I don’t invest. As an investor, you need to price in the risk and discount valuations of early-stage companies. Experienced founders and investors know this.”

data privacy company, you can rest assured that it will be world class.”

Striving for new heights

Although he has several successes under his belt, Lingham is constantly striving for new challenges. “For me, personally, success is a moving target. I’m always looking for bigger and greater new challenges and so every time I start a company, I want to take it to greater heights than my previous accomplishments. My definition of success is being able to live the life that you want to live. One should never chase financial success – that’s a path to ruin.”

Lingham advises: “Ask yourself what you would like to be doing if you had an infinite amount of money. Discover what are you passionate about and then go and do that. I’ve met too many wealthy, unhappy people and so my focus is on optimising my life for happiness, not financial success.” ■ editorial@finweek.co.za

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Omer Rachamim
Co-founder and CEO
DandyLoop