



Three Wheels United

Bangalore, India

Three Wheels United uses finance and technology to electrify the light vehicle market in India, starting with electric auto-rickshaws (tuk-tuks).

SUMMARY

Three Wheels United (TWU) is an innovative tech-enhanced company that provides financing for the purchase of electric vehicles through tailored and affordable lending solutions.

CHALLENGE

Small vehicles in India contribute significantly to pollution. These vehicles are pending electrification driven by the government's policy push, and by their cost-effectiveness. However, the rapid uptake of these vehicles is being hindered by lack of financing available in the market, which is impacting both small operator SMEs as well as large fleet owners.

Financing for the operator is either not affordable or not accessible as they are considered "difficult to serve" clients. The perfect example of these small vehicle operators in India are the tuk-tuks; India's iconic and critical last-mile vehicles. Fifty percent of these drivers are renting because they lack financing options, and of the remaining, those who receive financing use it to purchase a pollutive vehicle.

The financing available for fleet owners to electrify their operations is just not good enough. Fleet owners, such as aggregators, have the ability to electrify large masses of vehicles at once, but they are not incentivized to do so because the financing available to them is not adequate.

SOLUTION

TWU has created a lending solution to provide very affordable and accessible financing for the purchase of an electric vehicle. Financing the end user, they have outperformed the market with default rates below 1% compared to 30% seen in this market. They are also able to provide a more appealing financing product to aggregators in order for them to electrify their fleets.

TWU aims to improve drivers' quality of life by increasing their income while also reducing pollution. The company's innovative technology and sophisticated finance structure allow them to offer the most affordable and accessible loans. A tech-enhanced lending model allows TWU to drive down operational costs without compromising on portfolio quality. Furthermore, the company's corporate finance structure allows them to offer the most competitive financing product to their clients.

IMPACT

TWU aims to accelerate the transition toward electric mobility in emerging markets. In owning an electric vehicle, the end user improves their profitability, while contributing to the reduction of CO₂. In the case of the tuk-tuk, this means 65 tonnes of CO₂ over the vehicle's life cycle.

With India being home to 9/10 of the world's most polluted cities, where the majority of the direct greenhouse gas (GHG) emissions come from the transport sector, there is no doubt of the large impact electrifying these vehicles will have on the air quality. This pattern of high levels of pollution coming from vehicles is seen across the global south, creating a clear opportunity to have a large environmental impact worldwide.

COMPETITIVE ADVANTAGE

TWU's model is tailored, solving for scalability of electric mobility in emerging markets using technology and financial instruments.

Through their holistic fintech solution the company is able to finance the light electric vehicle market in India, a difficult to serve market as the clients are low-income and less-literate. Using behavioural data and data from the smart electric vehicles they finance, they can make informed decisions on loan management, reducing defaults, and operations costs.

In parallel, their sophisticated corporate finance structure leveraging financial instruments such as credit enhancers allows them to attract lower cost capital.



Consequently, they are able to cover the total cost of the vehicle at a low interest rate, providing their clients with the most affordable and accessible loans.

SCALABILITY

TWU has started by financing tuk-tuks in India, and aims to expand across the Global South.

The company's model is built for scalability, and that scalability can be exponentially grown by offering their solution as a platform to other financiers. The technology enables scalable lending to the end user, and their corporate finance structure allows them to further drive rapid uptake from individuals and fleets. To quickly scale this outside of India, they plan to offer their technology and funding as a platform to other financiers to finance electric mobility.

ANNUAL REVENUE

- 2018: USD 112,400
- 2017: USD 88,600
- 2016: USD 144,200

EXPANSION PLAN 2019-2023

- Finance 500,000 vehicles in India by 2023 and expand from South to North.
- Diversify products and move to other light-electric vehicles by 2020.
- Operate a pilot project with three non-Indian financiers to develop their global platform and test it with 1,000 active end-clients by 2020.
- Work closely with Microsoft to co-sell the technology as an enabler for partner institutions.

INVESTMENTS

TWU is seeking a remaining USD 1.1 million equity for their current round of USD 2.4 million, which is expected to bring the company to profitability, at which point they plan to raise further funding.

PARTNERSHIPS

- **Mahindra Electric** is India's leading electric vehicle manufacturer and they have partnered with TWU to develop and deploy the smart electric tuk-tuk, the "TREQ".
- TWU is part of **Microsoft's Scale-Up Program** whereby Microsoft will continue to provide them with funding as well as development support.
- The **Climate Policy Initiative (CPI)** is providing TWU technical assistance, supporting them in accessing funding, and helping them fulfil their scaleup plan.

AWARDS

- Techstars Dubai Alumni (2019)
- Keeling Curve Prize winner (2019)
- Global Finance Instruments For Action On Climate Change Top 8 by the Climate Policy Initiative (2018)
- EU Climate Action Goals Worldwide Top 4 (2018)
- Smart City Award finalist (2018)

FOUNDERS

Kevin Wervenbos has over 17 years' experience in the financial services sector. He graduated from Harvard Business School and the Rotterdam School of Management.

Cedrick Tandong has degrees in systems and information management as well as business management, and has shown success in operationalizing in challenging environments.

Rosemary Pierce-Messick has a background in behavioural neuroscience and non-profit management.

Apurv Mehra graduated from the Institute of Technology (IIT) Delhi and worked in the Technology for Emerging Markets group at Microsoft India.

CONTACT

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