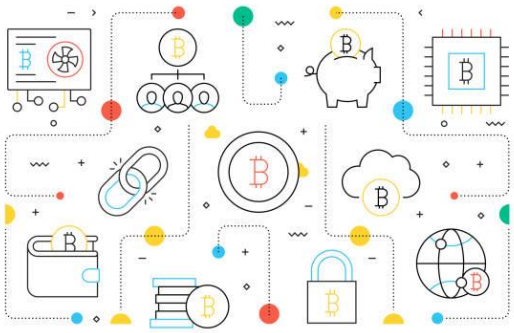
Case Exercise
Analyzing and Improving Unit Economics of a Digital Business or Fintech Company

Background:
You are part of a consulting team tasked with evaluating the financial health of a digital business or fintech company of your choice. This company may be one you are familiar with, such as a popular digital wallet, online lending platform, neobank, or other digital financial service provider.



Your goal is to analyze its current unit economics, identify areas for improvement, and propose strategies to enhance profitability and scalability.

Step 1: Company Selection and Data Collection

Task: Select a digital business or fintech company you know well or are interested in analyzing.

Guidelines:
- Research publicly available data, industry reports, company disclosures, or credible news sources.
- Gather information on:
  - ✓ Customer Acquisition Cost (CAC)
  - ✓ Customer Lifetime Value (CLV)
  - ✓ Gross margins
  - ✓ Churn rates
  - ✓ Average Revenue per User (ARPU)
- Identify recent trends or noteworthy changes in these metrics over the past few years.

* *If exact data is unavailable, use estimates based on industry averages or comparable companies.*

Step 2: Analyze the Company's Current Unit Economics

- Calculate key metrics such as CLV, payback period, and contribution margin per user.
- What aspects of the company's unit economics are strong or promising?
- Assess how the company's metrics compare to industry benchmarks or competitors.
- Where are the potential weaknesses or inefficiencies?

Step 3: Develop and Propose Improvement Strategies

Tasks:
- Identify at least two actionable strategies that could improve the company's unit economics.
- For each strategy, explain:
  - How it would be implemented.
  - The expected impact on key metrics (e.g., reduce CAC, increase CLV, lower churn).

- Consider digital marketing, customer retention programs, product features, pricing models, partnerships, or operational efficiencies.
- What are potential risks or challenges associated with these strategies?
- How can ongoing data monitoring support continuous optimization of unit economics?

Deliverables:

1. Prepare a concise report (3-5 pages) that includes:
    a) The company you selected and key industry data
    b) An analysis of current unit economics
    c) Identified strengths and weaknesses
    d) Proposed strategies for improvement with expected outcomes
    e) Final recommendations
2. Optionally, prepare a brief presentation summarizing your findings and proposals.