

## **Venture - StepEx**

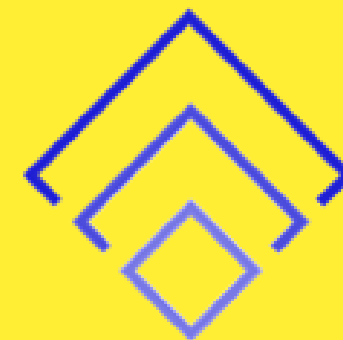
**Institution -** Cranfield

**Social science discipline -** Business & Management Studies,  
Law

**Sector -** Education,  
Professional Services

**Route-to-market -** Start-up

**The next  
generation of  
education finance**



**STEPEx**

# Daniel George

**Role -** Founder and CEO

**Degree -** BEcon, University of Queensland, Kings College, 2010, and MBA, Cranfield School of Management 2014

Daniel is a former director in a boutique consultancy to leading banks and economist for the Australian government. He is now the CEO of StepEx.

**Websites -** <https://stepex.co>  
<https://www.cranfield.ac.uk/>

**Contact -** dan.george@stepex.co

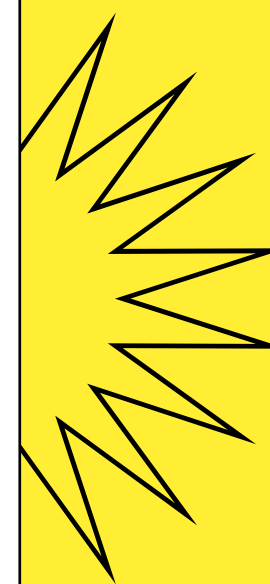


## **A new FCA-authorized business has reimagined the funding of education, enabling more people to achieve their professional potential.**

Figures released in August 2020 by the Office of National Statistics made for sobering reading. Among UK people aged between 22 and 29, around 40% have no savings at all, while some 10% have savings between £2,000 and £3,000. Just 25% have saved more than £6,000. Take the statistics and put them with the UK's present system of higher education funding, and the picture is all the more stark. Student debt, which enables the majority of students to obtain their first degree, can only be extended by reference to historical earnings – and so post-graduate study, the route to the best-paid careers, is out of reach for all but the wealthy few.

StepEx tackles the inherent inequality of the present system by radically reimagining the funding of higher education. Created by Cranfield University and University of Queensland graduate Daniel George, StepEx enables qualification providers to offer education in exchange for a share of a student's future earnings. Its Financial Conduct Authority (FCA)-approved 'future earnings agreements' give equal opportunities to everyone, thanks to a simple premise: where a person is going is more important than

Daniel conceived the idea for StepEx in 2012. He was working as an economist for the Australian government, but decided he could have a greater impact working in the private sector. However, the ideal way to maximise his professional potential would be to secure a world-leading MBA – for which neither he nor his parents had the funds.



Fortunately, Daniel won a scholarship to Cranfield, where his MBA enabled him to hone the StepEx concept. ‘Step’ would convey the fact that the qualifications financed would typically lead to a significant ‘step change’ in income; ‘Ex’ the idea of exchanging a share in your future earnings for the qualification you need today. Feedback and help from Cranfield, fellow students, alumni and the City made Daniel sure he was onto something, but make no mistake: his idea was revolutionary. The FCA had no framework for future earnings agreements.

To fast forward to 2018 was to see an initial soft launch of StepEx, Daniel having spent three years working for a number of large banks to save up the required seed capital and learn why the idea hadn’t been implemented before. Then came two years of intense negotiation and development, as, with the help of City law firm Latham & Watkins, StepEx was able to develop a framework for this new form of finance with the FCA, utilising technology-enabled future earnings agreements. The FCA’s approval, granted in July 2019, meant that StepEx could provide student finance – but not as anyone knows it.

“ **StepEx uses finance technology to calculate how students can defer the cost of their qualification until they’re earning above a minimum income threshold. The total amount to repay is capped, so if you pay more than you expected you can pay your loan off earlier, but if you pay less you won’t have to make any extra repayments** ”

**Daniel George, StepEx**

# THE IMPACT

StepEx contributes to a fairer and more productive society. Top tier universities report that 25% of offered post-graduate and technical places are rejected because of students' lack of finance. Moreover, others do not apply as they know they cannot afford high fees. StepEx's future earning agreements mean that society has a more productive workforce by potentially accessing 100% of the societal talent pool rather than just the wealthy elite, while also ensuring a more equitable society as those without means today can attain the qualifications to get means tomorrow.



The creation of future earnings agreements in themselves is radical: the City has not seen a new consumer finance product for some time.



StepEx will have a huge social impact in being aligned with three Sustainable Development Goals (SDG): SDG 4, Quality Education; SDG 8, Decent Work and Economic Growth; and SDG 10, Reduced Inequalities.



StepEx agreed its first future earnings agreement towards the close of 2020. There are now 20 people benefitting from StepEx's product, with numbers set to rise exponentially.

# The start-up journey

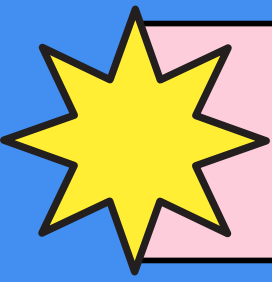
Daniel makes no bones about it: aside from a large dose of entrepreneurial zeal, StepEx also benefitted from support from many quarters. Cranfield University's Bettany Centre for entrepreneurship offered "exceptional mentoring and networks throughout the life of StepEx", while Daniel also cites help during his time as a member of the Kings College London K20 in 2018/19 (Daniel is now a mentor of King's Entrepreneurship Institute).

**Upon launch of the business Cranfield provided networks and advice throughout, in particular from head of the entrepreneurship institute and member of the executive Stephanie Hussels, and CFO Ian Sibbald. Daniel adds:**

**"When raising funding exposure via the Venture Capital Investment Competition and the alumni HNW network, Cranfield's management team helped to provide feedback on what a university wanted out of this proposition – and ultimately became the first customer."**

## Key Learnings :-

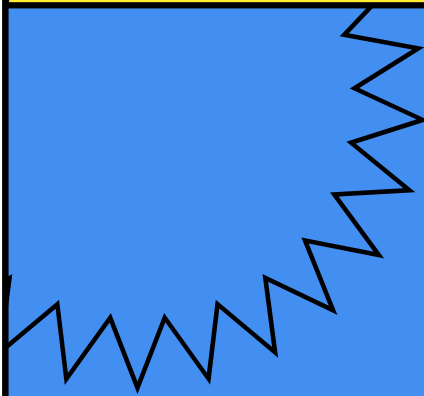
- ◆ Talk to customers and experts: those in Daniel's cohort helped test the proposition, develop the business model and design the original logo, pitch deck and website.
- ◆ Be absolutely certain in your mind that the world needs what you are creating and that you are the best person to create it.
- ◆ Keep going in the inevitable hard times.
- ◆ Don't be discouraged by the opinions of experts who will tell you your idea can't be done – instead realise that their doubts are confirmation that you have to do what you've set out to do, as no one else will.



# What's next for StepEx?

StepEx, currently comprised of Daniel and five employees, is set to more than double its staff by the end of 2021. StepEx already has existing customers in France, Germany and Italy and in 2021 will expand further into Europe.

Talks are presently underway with the UK government to create a 'Perpetual Skills Fund' that will finance those qualifications that lead to high paid jobs for those unemployed or underemployed in the wake of the current pandemic.



**StepEx will give me the tools both to future-proof my skills and propel me to the next stage of my life.**



Will Dixon, student at Makers Academy, funded by StepEx