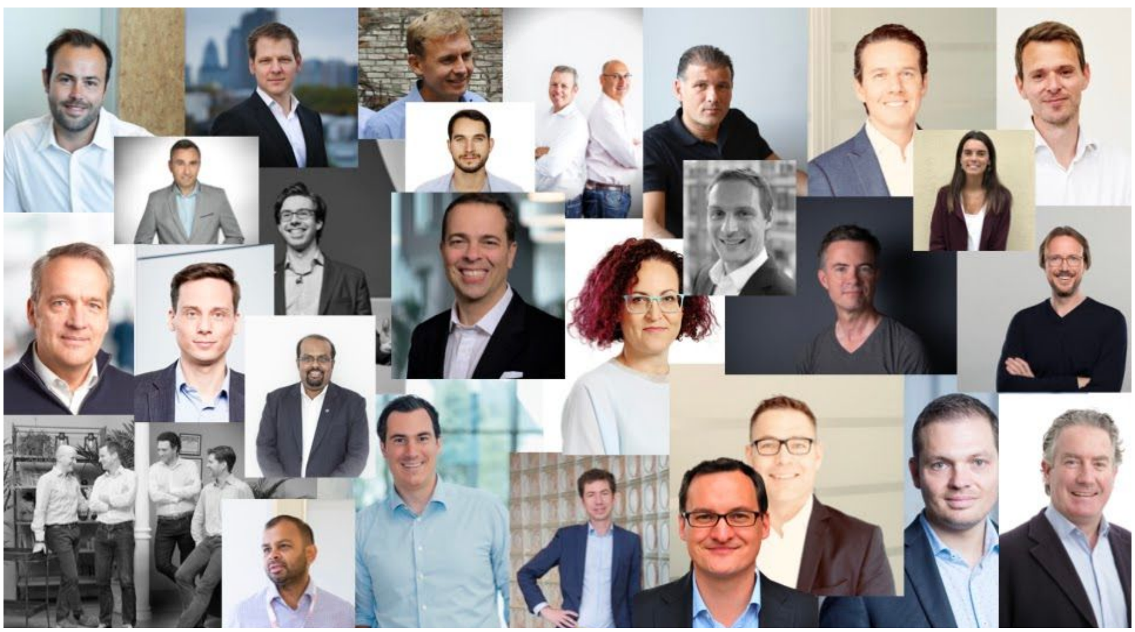
Scaling
Enterprise
FinTech

in Europe & Beyond

FinTech Forum



Scaling Enterprise FinTech
| The Handbook: Mar. 2021

In partnership with: SixThirty FinovateEurope

FinTech Forum, founded 2013 in Frankfurt am Main, offers insights and connections into European FinTech startups, investors and financial institutions via tailored research, advisory and events. Now a network of 15000 and growing, FinTech Forum was named to the WSJ/ Financial News FinTech40 „40 Innovators Shaping the Future of Finance" in 2014.

SixThirty Ventures is an early-stage venture capital fund that invests in enterprise technology companies globally building FinTech, InsurTech, CyberSecurity, or Digital Health solutions for incumbents. Portfolio companies of SixThirty gain access to the Fund's Go-to-Market program, which entails curated meetings with corporate partners, mentorship on B2B sales and go-to-market strategy, and networking opportunities with industry incumbents.

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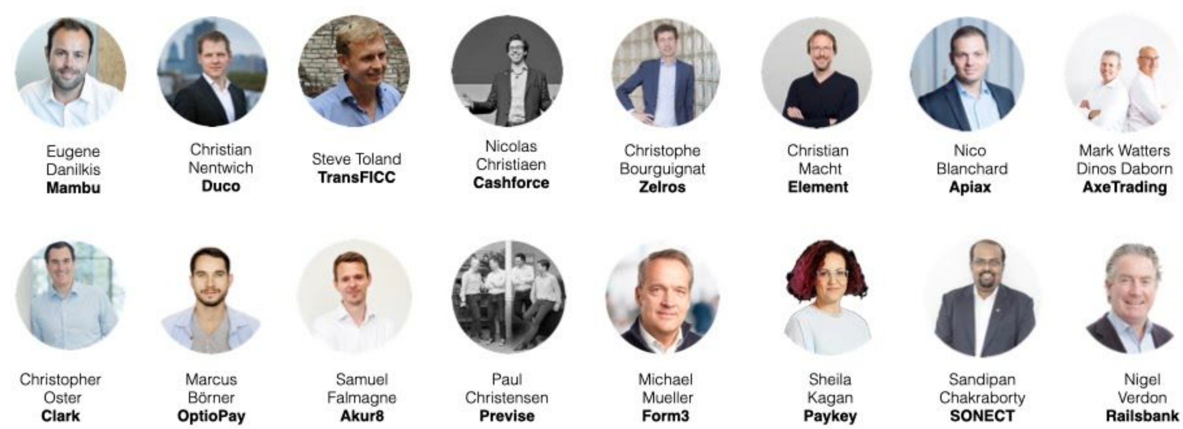
Introduction

We came up with the idea for this Handbook back in June 2020, just as the first lockdowns were being relaxed in most of Europe. We actually started off with some of the first interviews (with mixed success) in person in Amsterdam and Berlin. By the time Europe returned after the summer break, so did the lockdowns- so we moved to text interviews.

What we were asking the founders and CEO’s at scaleups was not easy (and certainly not on their priority list in times of turmoil): share insights about their journey to scale with Europe’s rather hidden, understated and disconnected Enterprise FinTech ecosystem. Meet the leaders at some of Europe’s most promising Enterprise FinTech scaleups as well as investment firms that took the time to do just that:

Scale-ups:



Investors:


Matilde Limbert **BiG Start Ventures**


Mark Whitcroft **Illuminate Financial**


Hans De Back **Finch Capital**


Stefan Lemper **Maschmayer Group**


Javier Correa **Postfinance AG**

The Handbook has run into more than 100 pages (who said building an Enterprise FinTech firm is easy?), but there are three main parts to dive into at your pace:

- *Mapping Europe's Enterprise FinTech Scene*: features key results from a research by SixThirty Ventures of 65 venture-backed Enterprise FinTech scaleups in Europe
- *Journeys to Scale:* the heart of the Handbook, featuring insights and lessons learnt from founders and leaders at 16 scaleups
- *Insights from Investors:* we asked 9 leading Enterprise FinTech investors the five key questions that are likely facing Enterprise FinTech founders in Europe in 2021

When we put the collage of contributors on the cover page, it became clear that diversity in the Enterprise FinTech space has a long way to go. We would love to see that change, and hope the Handbook helps in some small way to draw in more diverse talent into the Enterprise FinTech space.

We are looking forward to your feedback, and to working with some of you on the next edition of the Handbook! Meantime, register for our newsletter to stay updated with the latest from Europe's leading FinTech startups and investors.

Research Coordinator: Gina Bullwinkel | FinTech Forum
Gina is responsible for research, publications, newsletters and events at FinTech Forum, and is a passionate photographer. If you are a startup, investor or financial institution looking to get involved with the next edition of the Handbook, please reach out to her: gina@techfluence.eu

Foreword

Back in 2013 when I dived into the FinTech scene, the term was almost synonymous with "disruptive", direct-to-consumer financial services. Over the last few years, the lines have blurred as several “disruptive” B2C FinTech players moved to (or added) B2B or B2B2C models, SaaS offerings to packaged B2C trends for incumbents (the “Enterprisation of Consumer”?), financial institutions spun off or acquired FinTech players, while Big Tech, Super-apps, Retailers, Telcos etc. launched embedded finance offerings.

In this changing landscape of startups in the financial sector, we define Enterprise FinTech as Enterprise Technology / SaaS that mainly sell to or monetise via financial institutions. We use the term FinTech broadly - to include startups building FinTech, InsurTech, Digital Health or Cybersecurity solutions targeting incumbents.

Enterprise FinTech or financial software is not new, but the last decade has broadened their target market and monetisation approaches. As B2C innovations got road-tested, more and more B2C startups partnered with or white-labeled their offerings for incumbents in the race to scale, distribution and profitability.

Most Enterprise FinTech founders bring deep domain and technology knowhow to create the right products, but scaling up sales and (international) go-to-market is a different ballgame. With (almost) no “freemium”, complex sales of up to 24-36 months, a longer journey to Series A, and the pressure to expand into the US (particularly for Europe or Asia-based startups), there is not a single boring moment here! While there is no dearth of news and hype about B2C startups or (horizontal) SaaS “Made in Europe”, building and scaling an Enterprise FinTech firm is nothing short of wizardry.

We are proud to partner with FinTech Forum for this Handbook. Whether you are a founder with an idea, an early stage startup looking for inspiration and learnings, or an investor or financial institution looking to understand the difficult but rewarding journey to building a world-class Enterprise FinTech firm, we hope *The Handbook* - thanks to contributors who agreed to share their valuable insights - will become your go-to resource.

Happy Scaling!

Samarth Shekhar | **Regional Manager EMEA,** SixThirty Ventures

1. Mapping Europe's Enterprise FinTech Scene

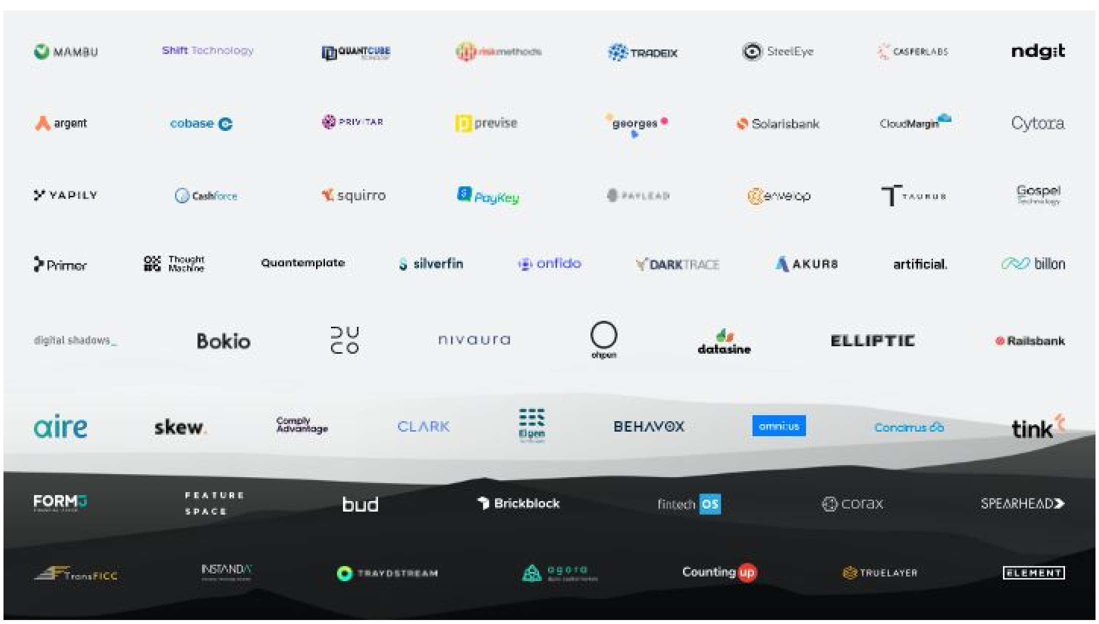
Disclaimer: The analysis presented in this section is based on external information and publicly available data, for the purpose of providing a general overview rather than a comprehensive research. We are not liable for any errors. For any questions, comments or feedback, please contact us on samarth@sixthirty.co

To analyse the landscape of European firms building B2B or B2B2C FinTech* solutions, we started with ca. 700 Series A or B rounds raised between 2016-2020. We then narrowed the list to ca. 65 companies with B2B or B2B2C models, mainly monetising via financial institutions.

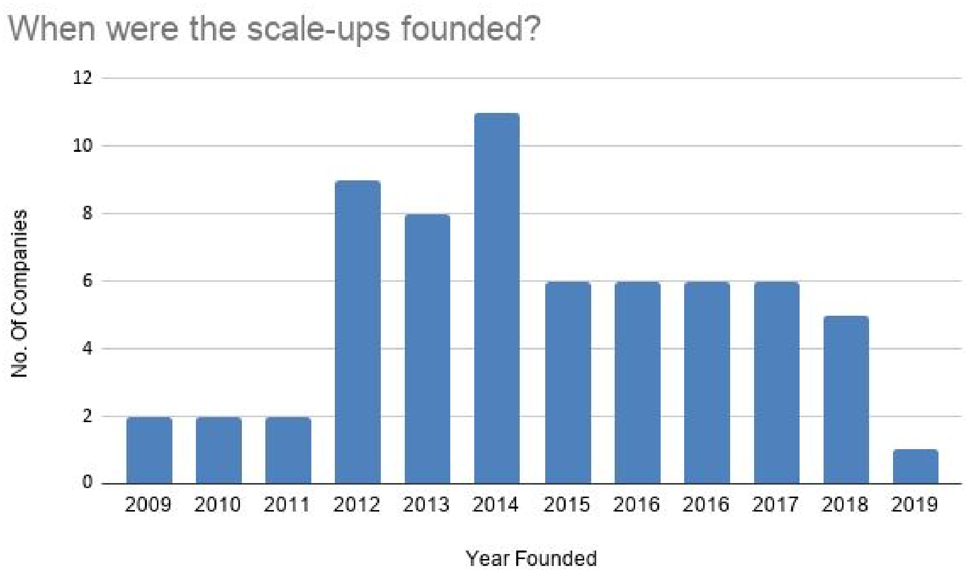
*FinTech = FinTech, InsurTech, Cyber Security, Digital Health etc.

The below graphic shows the companies that were part of our research. However, we are aware that we may have missed some who belong here - in that case, do point them to us.

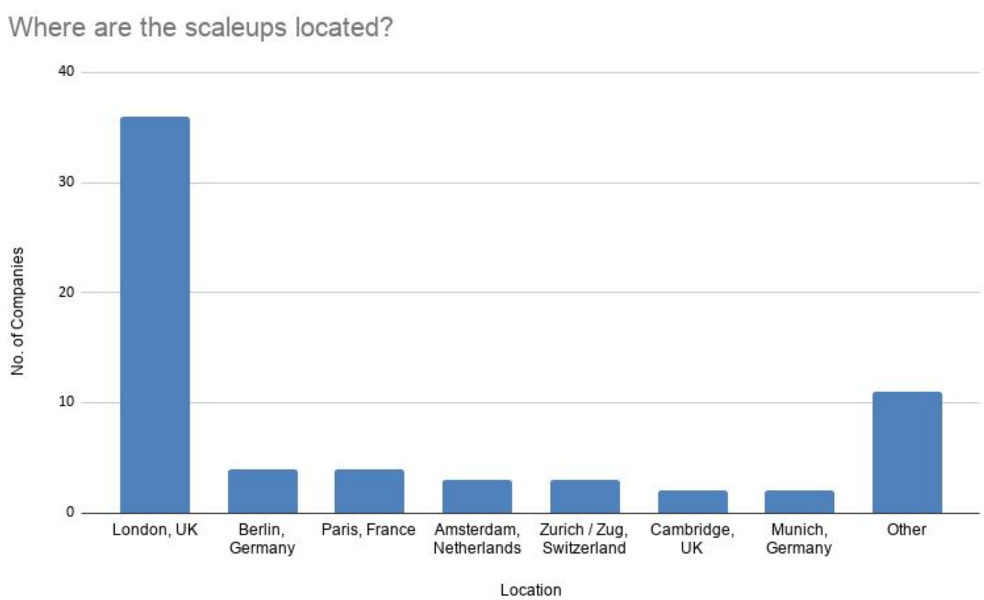
That said - hope you glean some useful insights to help you on your journey to building (or backinb or working with) a world-class Enterprise FinTech firm out of Europe.



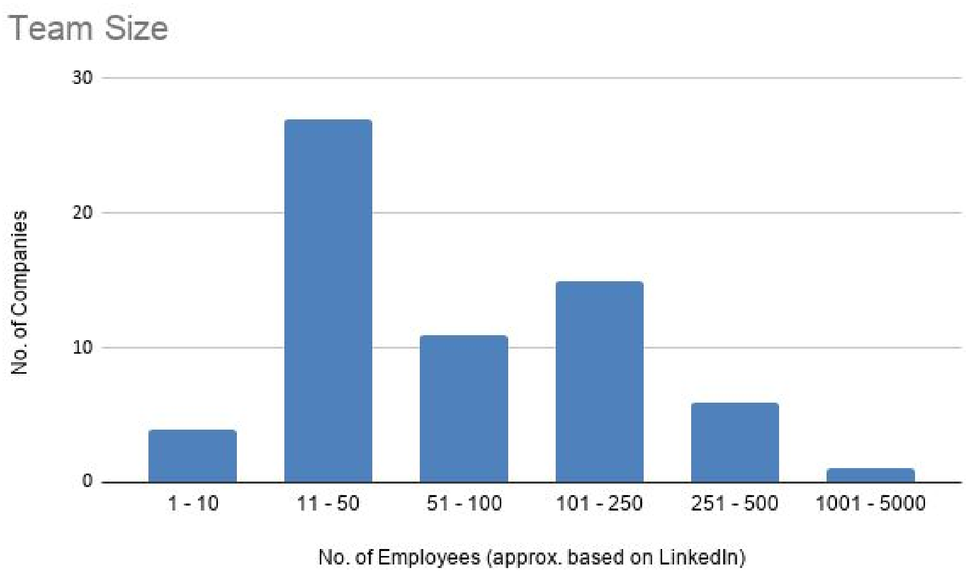
28 of of the 65 scaleups we analyzed were founded between 2012-2014, but almost an equal number were 2-5 years old.



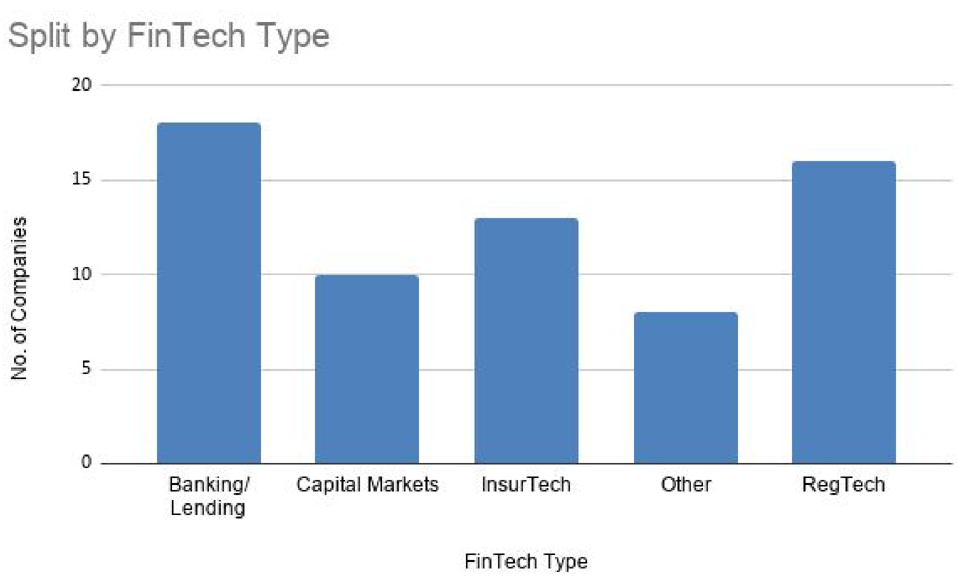
Over half the scaleups were located in London, with Berlin, Paris, Amsterdam, Zurich, Cambridge and Munich among other cities that are home to multiple scaleups.



The majority of the companies we analysed had between 11-50 employees (approximations based on LinkedIn data), but almost as many had scaled to over 100 staff.

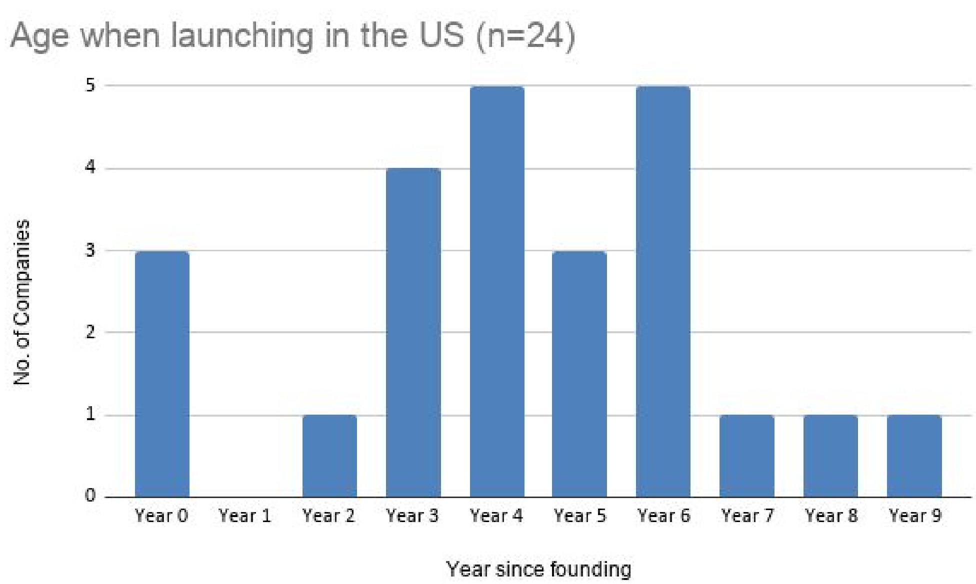


Scaleups building Banking/ Lending and RegTech (Risk, Compliance, Cybersecurity etc.) solutions dominate the landscape, followed by those in the InsurTech and Capital Markets space.

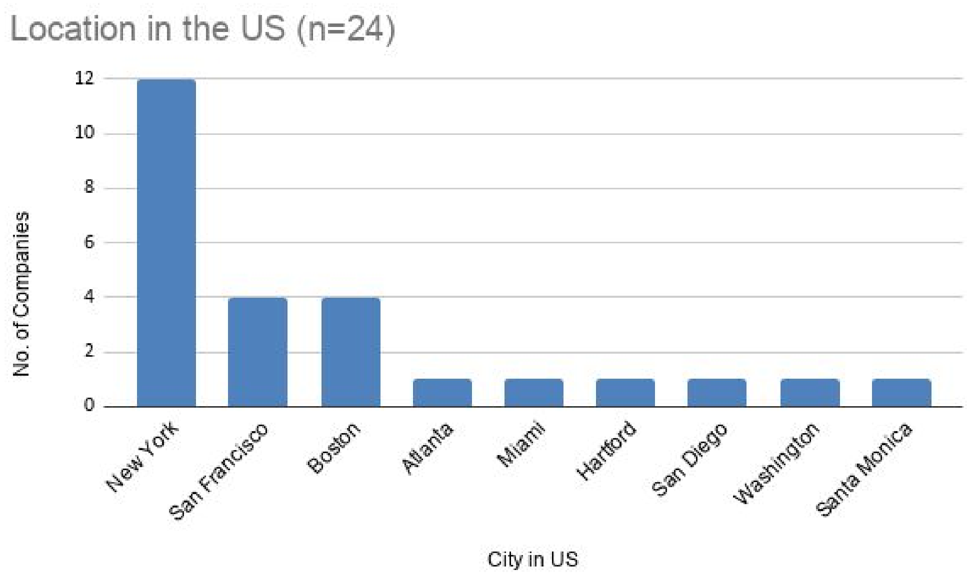


Nearly two-thirds of the companies we reviewed brought on dedicated sales leadership - typically in the 3rd or 4th year since founding.

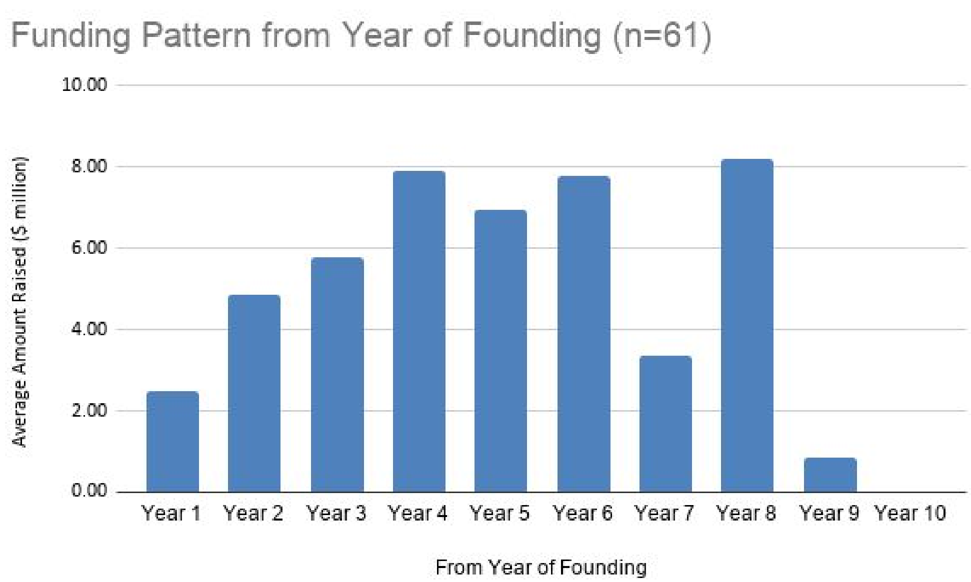
Based on LinkedIn listing of employees based in the US, ca. 24 of the 65 companies we analysed have a presence in the US market, with most of them expanding into the US in Year 3-6.



The majority of the companies set up shop in New York, Boston (given the focus on selling into financial institutions) or San Francisco.



Based on Crunchbase.com funding data on 61 of the 65 companies, we see startup funding going from ca. $2m in Year 1 to peak at around $8m in Year 4 through 6, and dropping off thereafter.



Altogether, the 61 startups for which information was available on Crunchbase had raised ca. $3.2bn in funding as of 21st Mar. 2021, raising an average of ca. $52m to get to scale. If we look at companies founded in the last 5 years, they have raised an average of ca. $30m, with actual amounts tabulated below.

Founded	Funding ($m)	Year 1	Year 2	Year 3	Year 4
2016	217,14	36,8	79,2	0,0	84,0
2016	71,80	4,3	7,5	35,0	25,0
2016	59,40	13,2	27,6	6,6	12,0
2016	51,40	1,2	3,2	10,0	37,0
2016	16,00		16,0		
2016	58,00	5,0	13,0	7,0	33,0
2016	-				
2016	6,00		6,0		
2016	8,01		0,7	0,1	7,2
2016	8,12				8,1
2016	8,96		9,0		
2016	3,50		3,5		
2017	-				
2017	18,40		5,4	13,0	
2017	17,98	8,0	0,0	10,0	
2017	17,02	0,7	16,3		
2017	22,26	3,2	0,0	5,6	12,7
2017	6,00	3,0	3,0		
2018	28,50	28,5	0,0		
2018	12,24		9,6		
2018	-				
2018	7,00	2,0	5,0		
2018	9,52	3,5	6,0		
2019	11,50	9,0			
Total $m	**659**	**151**	**297**	**352**	**482**
Average	30	7	14	16	22

Samarth Shekhar
Samarth heads the EMEA presence of SixThirty Ventures, a US-based venture fund investing in early stage (mainly post-Seed/ Series A) Enterprise FinTech startups, and helping them scale via a go-to-market Program in partnership with leading US financial institutions.

2. Journeys to Scale

Join us as we "talk" to founders and leaders at Enterprise FinTech scaleups in Europe - with a spotlight on sales, go-to-market, international market expansion and funding their growth.

Note: as mentioned in the introduction to this Handbook, the interview with Eugene was conducted in person in June 2020, which means some of the content is dated (e.g. Mambu announced in January 2021 one of the largest funding rounds in Enterprise FinTech in Europe), and the transcript is longer.

Eugene Danilkis | Mambu

Samarth: Hi Eugene, good to see you – about a half a year ago since we last met I think, although we do keep in touch often via email or LinkedIn. Great to be here at your office in Amsterdam today and a pleasure to meet you. And of course great to have you on this interview series. For the audience and for the readers, let's start with a bit about yourself, both at work as well as at leisure. What's keeping you busy?

Eugene: I am originally from Vancouver, Canada. I studied Computer Science and worked as a software engineer in the earlier part of my career. After doing my Masters I got into financial services by exploring technology opportunities that traditional vendors could have in terms of reinventing how financial services are provided, especially in emerging markets. We were doing a lot of research before the whole fintech era came around. It was around 2009 or so when we started to look into the space. Through that engagement, looking both through the lens of technology, and of customers experiencing financial products, that we saw a new way of using digital, mobile and internet. It's not just changing how you distribute financial products, but changing the whole experience with financial products from how the products behave, how you reach customers and how you interact with money. We thought that the whole space may have a chance to be completely revitalized. So we set about building a platform to enable institutions to do that. Rather than actually creating a customer-focused product and focus on a particular market, we thought of the opportunity for that revitalization of financial services – which kind of became the fintech movement, which then became the fintech era which is happening globally. The opportunity that we saw was leveraging on our personal strength and my background in technology was not to design the financial products and the services for the end-customers but to build a platform that would allow others to create those products and services in a much more modern way than banking was traditionally done.

Samarth: And somewhere in between, you were also in Portugal, if I recall?

Eugene: Yeah, so that was quite an amazing personal experience. Part of my master's actually was in the US in Pittsburgh. At the time, we also had an opportunity to spend one year of that program on the beautiful island of Madeira, in Portugal. That was a terrific experience. It was not only just the time in Portugal, but the coincidence about this little tiny island off the coast of Africa was actually where one of the providers of core banking software to the Portuguese market was headquartered. They were providing core banking software to the banks in Portugal, but also the Portuguese-speaking markets like Angola and Mozambique. Because of the relationship with that network, we got to spend six to eight weeks in Mozambique meeting with banks, advisors, consultants, customers. Everything from being out in the field of a market of a mobile bank branch to the boardroom of a bank to understand really what was happening in financial services, and specifically in emerging markets at that time.

Samarth: So out of the research project came this idea, then the first product – that was already in which year?

Eugene: So multiple ideas came out of the project of how technology could have a role in financial services, and that was 2009. The idea of building Mambu came about at the end of that year and we started to execute in 2010. We thought that the opportunity was relatively global and we looked at what was happening in other spaces – from a technology and business perspective. Around this time in 2009, Salesforce was quite mature, NetSuite was making really strong traction, and you saw the Software-as-a-Service model start to have massive impact in traditional industries like CRM and ERP. Legacy technology and relatively traditional business models were being completely upended. Salesforce was obviously not as big as it is now, but where you could see it was not just a disrupter but the future of how even enterprise technology would be delivered. For us, we saw a similar opportunity in the banking space. 2010 is when we moved to Germany from Madeira, where my co-founder Frederick was from. We spent that first year developing the concept a bit more, starting to develop the first version prototype of the application, while also taking on additional projects to pay the bills and live our lives. The end of that first year is when we really formed Mambu, the company. In 2011, is when we launched our first product. Mambu is a business that started to exist at the cusp of 2011. Our first customers started to use the platform live in production around mid-2011.

Samarth: Awesome. So, I think you are the few people I'll be interviewing where I can actually ask, you know, what was it like to build something which was at that time, it wasn't even called fintech, but you started off and then you didn't have too many other startups to compare with or look to for a model- at least not in Europe at that time, I don't think there were too many. So how was this first two to three year journey? Just getting a hang of where are you? What are you doing? Are you on the right track? How did you go about that? So it's like I'm talking about 2011 to maybe 2013, how were those early days?

Eugene: I said, my background is in technology, so both my co-founder and I spent a lot of our time and energy building the product and building the platform in the beginning. For better, for worse, that's where most of our mental energy was because we knew that there were a lot of challenges in this – but part of this is we weren't really sure if it was possible.

Conceptually, it was nice to apply the principles of something like Salesforce where you build a platform and one code base is used across various markets. But in practice that hasn't been done anywhere. It's usually a case of every single core banking system or any system that provides similar functionality is either a local platform or it's usually localized or customized sensibly. So we did this to kind of both prove to ourselves and to our investors that it's possible to build it and it can be based on the principles of configuration. Otherwise, the fundamentals of a software as a service business model, support model, distribution model would be very difficult to support. So that was the kind of big challenge that we were overcoming in the early years. We were lucky enough to always have early customers working with us. In the very first year, we had a customer in Mexico, we had one in the Philippines and we had a few in Africa. It was always the smaller organization in emerging markets. But even though they were not really providing us with the kind of commercial traction that we needed to scale the business, they were beneficial, helping to prove, validate and co-develop the technology, because it was being used in so many different markets for different use cases. All of them were around lending, so we kept it relatively contained, mostly around personal or micro/ small business lending, but still around lending. The diversity of the markets they were in, the way they designed their products and fees, everything else behaved differently. We were able to build the platform and had to re-engineer quite a few things due to the lessons learned with the first few customers. There are a few major iterations of the platform over the first few years, but at that point we were quite confident that you know what…it's very possible to build a platform that is one codebase that we can support as a software-as-a -service model, and that can reach customers anywhere around the world.

Samarth: Got it. And then by this time, you already raised your seed funding in 2011 to 2013?

Eugene: Yeah, we had our seed funding from which we formed the company- just the beginning of 2011 – and around 2013 was when we had our Series A funding when the technology was becoming more mature and coming out of its initial prototype stage. We had our first few customers but the commercial traction was relatively low because they were smaller organizations. But you could see that there was definitely interest and appetite in that. And it was also around 2013 that the earlier days of the whole fintech movement started to come around. You could see what was coming on the horizon. And that was going to be, you know, the really big opportunity for us to play in as well. That was also a key moment in our history.

Samarth: And the first set of investors who came in – I think I remember a couple of them – but who were they and what was the main aim of bringing them on board at that time? Was it mainly, you know, focused on the product and the SaaS piece of it or was it also trying to get connections into the financial services?

Eugene: Runa Capital and Point Nine capital were our first VC investors after our seed investment, and a lot of it went into product development then. But it was also about starting to help us build out some sort of marketing and commercial footprint for the company to be able to raise awareness in the market and try to figure out. Because you are a platform, we were trying to figure out which areas,which type of organizations will be best suited for it at the time. That's what started to open us up to larger non-bank lenders. We started to work with our first credit union, we started to talk to telcos who were interested in lending, started to really expand beyond just the micro financial services community into a broader ecosystem. We were investing in building up our market awareness about the fact that we existed and how we position ourselves in our market, but also still continued to deeply invest in the product and platform. We were expanding and it was leading to more use cases, more geographies. We were very quickly in 10 to 30 countries, we had customers really popping up from all over the world. We had to keep investing in the product and technology to support that.

Samarth: Would you say then by the time you finished raising your Series A, the expectation or the plan with that was already to go to real enterprise customers as well? Because I remember, there was a transition from the smaller, prove the product works type of customer base, and then you started to really go pretty much head-on with some of the incumbent players. Maybe not head on in absolutely the same customer base, but there would have been a planned way to go head to head with some of the incumbent core banking providers. When was that approximately?

Eugene: I think it was pretty much kind of around that time, around, 2013 to 2015 or so we transitioned from a place where our customers were using us because we were the best, most cost effective alternative to local and desktop systems – and the economics and the complexity of traditional core banking systems simply never made it a part of their equation at all. That wasn't something that mattered, that was never something that we were competing with, because those were just unrealistic options for most of them. From 2013 to 2015 the dynamic changed very quickly, because now organizations were comparing us to them, but looking at very different attributes. They're saying, well, I need most of the functionality that the traditional core banking systems have or lending systems – which core banking systems also support- but I want them to be much more agile, to be much more flexible, to be more modern, to be more closely connected to my cloud architecture, principles, etc. They start to look for similar functionalities, but different attributes and we were much better positioned to support those attributes for those types of organizations.

Samarth: And both of you, I think at that time, it was still mainly you and Frederick driving the company and your CTO, probably. But would you say either of you three had any like, sales, business development, focus or background? Or how did that part play out after you decided to go after enterprise customers?

Eugene: Well, so, our CTO, actually, we've only had one CTO, Ben Goldin, who's still our CTO. He joined us quite a bit later, in 2017. So Freddie and I were managing the technology part of it. We've had various people in different roles supporting us in either marketing or sales and so forth. But we took on the strategic roles in those conversations ourselves, navigate both closely with our customers which was really beneficial. It wasn't scalable, but it was really beneficial to understand what was happening in the market, what customers really valued, what they cared about. That affected both how you do sales and marketing, but also how we think about what the product should be, what the scope of it should be, and also helped inform us when we moved into other use cases of the platform. The vision for the platform was always supporting a very broad range of banking – or even broader – financial services products. We had to start somewhere. We started with very simple personal loans for various reasons. Then we expanded that out often in collaboration with our customers into additional use cases including N26, Oak North and many others. But as we moved into more use cases from small business types of lending to revolving credit products and related cards, we did that in collaboration with our early customers. They were like our launch customers for that particular capability.

Samarth: Then the next phase started around…like that would be roughly Series B?

Eugene: I would say the next phase was probably around that 2015 or so mark, and that's when we were starting to really see – not so much yet within the traditional bank space – but there was definitely a lot of interest from established institutions in financial services. And of course, the neobanks were looking at technology through a very different lens than banks traditionally work. At this point, there were a lot fewer question marks around the ability of our platform to scale, and service enterprise customers with various financial products. The question at this point was still about what the role of traditional banks was – especially the larger banks – and how would they adopt a platform like ours. They started to look into the cloud, especially because they saw a lot of fintechs and the new banks were on the cloud but you didn't see too much movement from a lot of them at that time. That was becoming the next wave to conquer. But at that point, there was already a clear and relatively proven need and market for us in non-banks, or let's say non-Tier-1 banks, needing a platform that had the attributes that we did.

Samarth: Wasn't by that time a kind of transition phase for you as well on the sales side? Did you continue to get involved or did you start putting together the sales and business development team? How was that going with Series B?

Eugene: Yeah. We've always been a very geographically distributed company, with customers in Mexico, and the Philippines, then several in Africa. The countries and timezones just kept growing because of the nature of our platform and the nature of the industry. But I think around that time, we were starting to hit critical mass. That's when we realized we had to restructure our commercial operations – and our company in a way – where we made different leaders responsible for various regions. This would give them more alignment and autonomy, to service their markets and support the whole customer lifecycle from marketing to sales, to onboarding, and then of course, account growth and retention. And to make that as local in the various regions as possible because we were becoming a limiting factor of both what we knew about the various markets, but also our ability to support them and service the market. So we expanded out from being a centralized European team, and we spun up operations in Miami to support Latin America. Miami was the headquarters but we had people in Mexico, Colombia, Puerto Rico, throughout Latin America as well. We did the same thing for Asia Pacific, we're doing that in Singapore/ Sydney to cover that region too. Then in Europe, we have a more clear distinction between our global and EMEA operations, which is a separate team, even though we're about running around in the same offices. So I think that was the biggest structural change where we realized that the needs, and that as the market opportunity was global, we were becoming bottlenecks. It was impossible to have a global VP Sales sitting here and driving decisions in each of the markets – which they know very little about. It had to change.

Samarth: This was like, you have to arrive at the decision mostly based on how things were working in those markets and the way you wanted or the way you saw customers buying and using your products, because this is not the normal route for many companies to take, they do start off with a sort of head of or VP of Sales or BD?

Eugene: We had the same sort of thing. But we just realized that the structure wasn't scalable, because you don't have enough insights about the various markets, you're also too far removed from your customers. It's great for me to build a relationship with all of our customers, but our customers speak different languages and they need to talk to people who speak those languages too. And they need to have that relationship with the local teams and people who are in their market, and know their markets better. It'd be naive for us to sit here and think that we know how everything operates in those markets. We need to be creating great products and a platform and company operations to support the regions. But they need to fundamentally be able to drive the relationships and the customers in the specific markets in which they operate.

Samarth: Got it. That's kind of worked out for you and you continue to plan expanding it that way regionally, for each of these regions.

Eugene: Exactly. We've done that at the regional level. This year, we've spun up well, two months ago we spun out North America as a separate region. So right now we're operating with four regions and of course, we're always taking a look to see how should that continue to grow and scale out in the future, both from a high level region perspective, but also specific countries where we want to dive in deeper. This is because saying that you cover all of Latin America is one thing, but there's very different dynamics and customers and languages in specific countries where we might want to dive even deeper. We want to make sure we don't cover just regionally but get much more local in terms of coverage and also the planning becomes more bottom up rather than top down.

Samarth: By this time I think you had a better grip on where you are, what you need to do and advice from investors. I think you had another roster of great Investors in Series B coming in. How did that all pan out? And kind of what has worked out from there in terms of the fit to the way you wanted to grow, the investors you brought in – how's that helped?

Eugene: Yeah, I think for us, we were always in a very fortunate position. At this point we had CommerzVentures and Acton join us. Then Bessemer Venture Partners joined us a couple of years after that. One of the nice things is we've always had is investors, who were supportive of our approach. It always felt like an advisory board where they challenged a lot of things that you're doing, but it was up to us to lead the conversations and propose things. If they see better examples of somebody else who has been working on something similar, that's great. If they see it's been done differently, they'll challenge us. But it's always been up to us to take the lead. It was really good to have that sounding board, because some of the initiatives were relatively new and uncommon. International expansion, of course, is common to a lot of companies but usually they do that by dominating the local market first, and expanding from there. We were global from the very beginning. So we had to try to see what analogies could we learn from companies that might have done something similar? Obviously, there is no individual company we can really look to for a playbook. We try to look within their portfolios, within their experience of individual pieces that seem like they could be relevant for our journey and look at how we can adapt it to what we want to do. SAP for instance, in the early days, they did a great job of how they built up their company by doing it country by country and putting in general managers in each specific country. They own a P&L and run that particular country and market. Even though they don't have as many parallels with us, there is still a lot to learn about the operating model that we could apply to how we were thinking of scaling out our business.

Samarth: So we fast forward to the last couple of years or the last two-three years. But before that, so far, if we are around in 2017, or 18, by this time, in this journey, was there a time when you were like, really struggling to figure things out? Or was it always, relatively, you had things in control and you figured everything out right in time.

Eugene: I think at this point, we were really about trying to scale things up. Of course, there's a million things to try to figure out. But I think the bigger decisive point in the journey was probably closer to the 2013 sort of era when we were really trying to transition from Mambu as a platform for microfinance organizations. And asking whether the rest of the market is ready and willing to adopt our banking technology, or is it not quite there yet. That's a relatively large leap, and probably the bigger challenge. I think those were the more difficult waters to navigate. It's really just a question of timing. If we started the business a couple of years later, we'd be a few years behind where we are in terms of product development, but that would have been a lot easier and more obvious. If we started the business a couple of years earlier, the market probably just wouldn't have accepted it, I don't know, maybe we would have managed to survive for a little while, but it would have been a very different dynamic. We wouldn't have been able to catch that next wave of the fintech movement – not just the new banks and the fintechs, but how traditional enterprises, corporates and banks responded to fintech as well. I think that was probably the more critical moment, in the company's history. In 2017/2018, we were going through different challenges and trying to restructure the company, hiring more skills and investing in your product. But it was more a matter of what areas should we invest in? Who's the right leadership and so forth rather than, what sort of company will we be?

Samarth: Right. And then the last couple of years so Series C was 2018?

Eugene: It was, what a year and a half ago with Bessemer.

Samarth: And what's the plan, so from the Series B to Series C, where was the…what delta was to be done or what was in your mind as you went to investors with the Series C raise? And how's it going? What's the plan?

Eugene: Yeah, so at that point, the commercial operations were looking quite good. We were already starting to work with banks as customers, which is really a critical proof point. We had a lot of other exciting opportunities that we wanted to expand into both in terms of geographies and going deeper because we were spread out geographically. Our operational customer facing teams in our regional offices were relatively small. We didn't have our technical support capabilities regionalised as well. So while we were in other markets, we were still a relatively Europe-centralized company. And we saw a lot of other product initiatives that we wanted to invest into both in terms of supporting additional functional use cases around our customers, but also technical capabilities. Because of our great commercial traction at that time, and because the fintech era was becoming very clear, it was relatively straightforward to go through a fundraising process. And then to double down on our growth at that point.

Samarth: At all these stages and all these fundraises, did you really – because those were early days for each of these raises- in terms of comparable companies, there were not too many. So did you find like investors were looking for a very cut size, you know, this much ARR or such and such metrics or so on and so forth? Or was it more you know, guys, we know what's coming. This is where we need to put in and how did that conversation go? Did you find yourself more setting the agenda or was it always Yeah, talk to us when you have so much ARR type of a thing?

Eugene: Earlier was less structured but our last fundraising was more clear cut. We had growth, growth numbers, ARR numbers and all the fundamentals of business looked really, really good. The key was just finding an investor that was the right match for us, because we're a very unique company in the sense that we're an enterprise software-as-a -service company, but in the financial services domain, and there's very few of those. But we're also one that has 90% of its business outside the US. So you come to this strange intersection where you have investors that are interested in enterprise software, but they invest primarily in US-based companies. And then for other investors, we were also a little bit of an anomaly by being an enterprise software but software-as-a-service. We didn't just fit the traditional mould. Basically, all the fundamentals of the numbers are good and the market looks good. But it's a little bit of 'this company is a little bit odd in some way'. So finding the right investor who understood us and could support us was the interesting part of it. We had no shortage of offers. We were just trying to understand who was going to be the right fit for us.

Samarth: So plans for the next few months or the next 6 to 18 months?

Eugene: We're working to really scale out the team. We've grown to about 360 people right now and we'll probably finish the year close to 450 people or so across all areas. There's a lot of focus on building out the teams and onboarding everyone that's coming in, and we have a lot of customers and pipeline. A lot is due to the COVID impact and opportunities have accelerated as we're also seeing increased demand. We're trying to make sure we can scale up our operations and product capabilities to support that, and make sure we can support the whole entire deal flow. Then at the same time, we have quite a few other, more strategic areas that we want to invest in – both technical capabilities and product. The challenge for us right now is to navigate both at the same time – we have a lot of businesses as usual where we can't drop the ball and at the same time, we see quite a few exciting areas where we can move into. We're in a good position for going forward. So it's a kind of balancing act between business as usual for us, and a lot of the new initiatives. So it's definitely an exciting time right now.

Samarth: By the way, do you get contacted by startups who are earlier stage also like in Germany or in Holland or in Europe, trying to pick your brain?

Eugene: Through introductions to investors, yes- I just had a call this week with a company in the insurance tech space. And they were also talking about their journey about how they're thinking of scaling up their commercial operations. I talked them through our experience- a bunch of the mistakes we made, what I would probably do a little bit differently. And hopefully, it's useful as a sounding board to other founders and other CEOs. So yeah, always happy to do that. Whatever usually comes in through introductions from our investors because they're thinking of investing in somebody or they know somebody in their network and they think we could provide some help. I always make some time for those calls whenever it's possible.

Samarth: Any last piece of advice you'd like to leave those startups with? In terms of learnings or what to do what not to do? Especially when we're talking about those difficult first two to five years.

Eugene: I'm a product sort of founder. I always believe that, at the end, you have to really put a lot of energy in it and create a great product. And creating a service experience – so that your very first early customers will be your ambassadors. And that can be due to both the technology, and it could also just be how you service them, how you onboard them. My co-founder and I were involved in helping draw up support tickets or escalations or anything else that was really necessary. You can't expect things will be all perfect no matter how great your technology is, but if their experience with you in the early days is very positive, then that will carry forward for many years in your company. It doesn't matter too much whether that customer is paying you 10,000 a year or a million a year in the early days. What matters more is 'are they a really strong and positive reference'? We had very small customers who were very good ambassadors that brought us very big deals. You wonder how this small customer can ever be a big reference for a bank? Well, because their CEO has a great track record in banking. He has a strong personal network, he is a very trusted individual, even though he's now running a very small institution – which pays you a very little amount of money – but he's highly respected. And if you show him that you guys are serious, you're professional, you value quality and service in everything you do, that will carry forward and that work will keep going forward. So it sometimes feels like a difficult, strange investment, but it pays off. If you have a product, and technology and the markets are moving your way, then those things will definitely pay very large dividends at the right time.

Samarth: I still remember on the topic of you know, how hands on or how much you need to do in the early days, I still remember I think we met in your Alexanderplatz office in Berlin, about five years ago, even then, that was like already three, four years into the startup and I think they were the first two inside sales or business development guys, right, and you and Fredrik would keep hopping over to them – hey, say this to the customer etc. I think it's exciting. Good stuff.

Eugene: You definitely don't want to get too far removed from the voice of the customer early on. I think there's pressure from investors to bring in sales leadership and account executives – and of course you need to do that because you cannot be on all sales calls yourself. But I think it's also a mistake to assume that you can just delegate- especially in the early days – as founders are the best sales reps because they understand their value proposition, they understand the product, the technology, and they can also learn from those conversations.

Samarth: Absolutely. And why the move from Berlin to Amsterdam?

Eugene: So we spun up the Amsterdam office because our CTO was based here. Around him we had a great network that we brought into both the product organization and commercial side. Our company's always been very international. Even when we were based in Berlin, I think more than three quarters of our team joined us from all over Europe. And we have people joining us from South Africa, from the UK, from the US, recently we had a new hire from Mongolia. We've had a very international footprint and Amsterdam is very similar. It just had a different talent pool that was already based here and sometimes people wanted to move to here instead of Berlin. So it simply expanded our pool of options effectively. As a result, we scaled quicker and – as it worked out – most of my direct leadership team, like Ben our CTO, Elliot, our CCO, and our MD for EMEA, and many of our VP level leaders were based here. I was spending a lot of time here, with customers and partners coming to Amsterdam, I found I had to commute back and forth. I was sitting in Berlin on phone calls all the time, so I was feeling remote – and this was before everyone was remote with the Coronavirus. I wanted to be closer to where a lot of the action was, where my direct team was, and be able to track with them on a more daily basis. That was the reason for the move to Amsterdam.

Samarth: Great to have you as neighbors. Excellent. Thank you so much. In spite of having kept off and on in touch with you, I learned a lot about things which happened in those couple of years when we didn't interact. So exciting to have the story and the journey to scale here from you. And looking forward to sharing this with a lot of the others who are early in the journey, looking for inspiration, looking for learnings and so on. I just hope your phones don't start ringing a bit too much from startups looking for you know, tell me more. How do you do that? But yeah, thanks so much for your time.

Eugene: Yeah. Likewise, happy.

Christian Nentwich | Duco

1. **Give us the backstory- what were you up to before starting up, how did you get the founding idea?**

I had personally been around data in financial services since I finished my PhD in Computer Science – on complex data validation! Having seen first hand how tough the data challenges are with thousands of systems, hundreds of thousands of people working manually… it felt like there was a better and faster way than writing specifications and code, and that we wanted data management in the hands of the end users in these companies. And so we set out to solve one of the big initial problems we wanted to focus on: data reconciliation.

2. **Who was your first customer, and how did the first sale come about?**

Our first customer was a hedge fund in the US. We got introduced to them through a partner firm, who in turn were introduced to us by our seed investors. It was way too early to partner, in hindsight, but we were super happy we got the deal!

3. **Could you summarize your journey to scale from a sales, go-to-market and business development perspective, perhaps split into 2-3 key phases?**

I would split it into three phases: "The Hustle" – getting the first 10 clients, getting recurring revenue over £1m. Heavily business development focused, with founding team out selling, hackathons all over the place to respond to requirements we learned about; "Crossing the Chasm" – a fairly big stage that lasted three or four years, of making the business repeatable, selling to firms that are not just early adopters but more conservative buyers; and "Early Scale" – recurring revenue over 10 million, doing first enterprise deals, global support, more than 100 people in the company.

4. **Which was the most challenging phase, and what would you have done differently?**

The middle phase, where we were about 30-40 people, had 30-40 clients, was *by far* the toughest. I didn't enjoy it. We already had enough scale to have super demanding clients, but not enough resource to think strategically. We were living month by month. We probably under-raised and should have grabbed a bit more capital early on.

5. **When did you decide to expand into the US market, and how did that go?**

Very early. We were only about 15 people when we set up our NY office. It went extremely well – more than 50% of our revenue, 4 years later, is from North America. At the time we just wanted to be closer to our clients. Big thing we believe in: don't do small things in the US. We didn't want "2 people in a cupboard", we built up to a team of 20 reasonably quickly.

6. **When did you first decide to raise venture capital, and what has been your approach to financing growth over the years?**

Our first investment was strategic investment, from a fund operating in a market player. More recently, we raised our 2018 $28m Series B round from a growth equity firm (Insight Partners, with support from Eight Roads Ventures). Duco was always a venture financed play. The data market moves too fast to grow it organically. I think both organic and venture backed models are very attractive. It's all about what the exact business needs to be successful in its target market.

7. **How is building an Enterprise FinTech firm different from a "regular" SaaS / Enterprise Tech company, and what three things should founders get right?**

Tough question for me, because we often consider ourselves more Enterprise SaaS. It's true that most of our client base is finance, but not because the tech is. But, having quite a bit of experience there, for me it's this: 1) Don't try to chew off the biggest clients to start with, you'll die before you get there 2) Don't listen to people who say SaaS is impossible in finance, not even potential customers! (n.b. Duco is 100% SaaS) 3) Don't be afraid to lead and say "no"; many firms end up buying from companies with a strong version.

8. **What's on the priority list for you and your team for the next year?**

Covid has been a real net positive for Duco. As a result, we're investing and broadening our stance into other industries and we have some really significant new product to launch – but I can't talk about it at the moment!

9. **Where is the financial services sector headed in the next 12-18 months, and what should we be watching out for?**

I'd definitely watch for some major distraction caused by big cost cutting exercises early next year, through Q1. A lot of restructuring that was on hold, will kick in. Inside the firms, the necessary and overdue digital transformation and cloud moves just got a massive kick this year, so watch for continued investment. But be on the top 10 priority list, or you're out.

10. **Your favorite place(s) for a meal, coffee or drink?**

A cocktail bar. Any cocktail bar. ANY! Please!!!

Steve Toland | TransFICC

1.**Give us the backstory – what were you up to before starting up, how did you get the founding idea?**

The idea behind TransFICC came from my two prior job roles. I was leading sales at LMAX, an FX (Foreign Exchange) Trading venue and it was a real problem to get banks to code to our trading API – typically it took banks 3-6 months to complete coding work and due to this cost, many banks were unwilling to take on the work. This was a huge bottleneck and therefore business problem for both LMAX and the banks.

I found a technology provider who had a great business model, a 'Hosted API translation' service for FX (simpler and lower cost) to help with the above problem. I ended up joining that company and although the business model was good, the technology was not stable or flexible. At the same time one customer approached me and asked about building out the firm's solution for Fixed Income trading markets. Due to the technology flexibility issues, the company was unwilling to look at Fixed Income markets.
After doing some due diligence to ensure that several banks had the same business/technology issues in Fixed Income, I approached two of my ex LMAX developer colleagues with the TransFICC idea.

2. **Who was your first customer, and how did the first sale come about?**

Commerzbank was our first customer. Their business team liked our technology background (LMAX Exchange) and our business model to help replace their incumbent vendor. The incumbent vendor had a 75% market share of major Fixed Income banks globally and charged a regional bank typically €5M per year and global banks €12-€15M per year. In addition to TransFICC offering cost savings the bank liked the potential to have a more flexible business model. However, with only a small team and no track record, we needed to find a way of building a small pilot that could be used in production but also minimised the bank's risk. We agreed on a pilot at a fixed cost and two trading venues only to prove the solution.

3. **Could you summarize your journey to scale from a sales, go-to-market and business development perspective, perhaps split into 2-3 key phases?**

Stage 1 – Bootstrapped March 2016 – June 2017

As banks are regulated they need production level systems for trading Bonds, Swaps etc. this meant that we had to build full testing systems before we could start building the solution. We also needed to pitch banks on our solution idea and also find sponsor banks who were willing to contribute design ideas, test and sponsor a pilot.

Stage 2 – Seed Investment/Citi Innovation Lab June 2017 – March 2020

Citi were impressed with the initial pilot product, first customer and also our software testing process. They suggested we move into their Innovation Lab in London and they also sponsored a large piece of development work. Citi wanted some product design enhancements that work to make bank integration easier, utilise less hardware and also make the product easier to support. A secondary goal of being in the Lab was for Citi to learn from us on the software testing/release process. This engagement also led to Citi investing in TransFICC alongside Commerzbank (main-incubator) and Illuminate Financial. A short video on the Citi partnership is available at the bottom of our website's home page: https://transficc.com
Stage 3 – Series A /Scale Up A April 2020 – present

In April 2020, we raised a Series A round with new investors Albion VC, ING Bank, and HSBC Bank joining. This funding is now being used to scale our operation and provide more trading venues to existing and future customers. Key expansion areas are:

A) Adding new development and other technical staff – 9 people hired since April

B) Adding 1st direct sales hire and also putting channel partnerships in place

C) Building our own data centres in New York and London so we are not reliant on other vendors and we can reduce ongoing costs for customers

4. **Which was the most challenging phase, and what would you have done differently?**

The most challenging was Stage 1 – Bootstrapped. We were trying to sell the idea to Tier 1 and 2 investment banks but they wanted to see a 'production ready' product. Not easy when you only have three people. We made a few mistakes, including:

A) listening to a Tier 1 investment bank who tried to get us to pivot in the first 2 months. Two months wasted coding work.

B) picking the wrong 1st trading venue. We chose a new venue with good technology and free access but that venue has not gained traction and we have not been able to re-sell.

C) initially we didn't try any incubator or accelerator programs because they were not Capital Markets focused. When we did apply and joined Finlab in Singapore and Accenture in London, they provided good learning check points and helped with our capital raising by providing traction validation.

5. **When did you decide to expand into the US market, and how did that go?**

Our customers e.g. Banks such as Citi, trade and operate on a global basis. Key decision makers are mostly based in London and New York, so we were visiting customers to make initial introductions as soon as we started. Decision making with these banks is also multi tiered and involves buy-in from Trading Heads, Technology Leads, Operations, Information Security, Finance, Procurement, Legal.
The time from the first meeting with Citi to production usage was just under three years. Whilst a long time, they are the world's biggest bank in Fixed Income trading and we now have infrastructure for Citi based in New York.

We are talking to six other top 10 banks and have NDA's signed, multiple contact points and expect that we will sign three of these within the next 18 months. All of these banks have operations in the US.

6. **When did you first decide to raise venture capital, and what has been your approach to financing growth over the years?**

Initially we were bootstrapped and were considering raising Friends, Family or Angel money. However, we gained traction with the technology team at Commerzbank, who introduced us to main-incubator, Commerzbank's Fintech Investment arm based in Frankfurt. Commerzbank agreed to invest on the condition of a co-investor and Illuminate Financial, a Capital Markets Fintech VC based in London joined our Seed round.

Within six months of our Seed round closing in Sep 2017, Citibank invited us to move into their London Innovation Lab with a plan to sponsor our product and also asked to join the Seed round. Citi is one of the largest banks globally in Fixed Income trading and we thought it was strategic to have Citi join the round.

In Sept 2019 we decided that the time was right to accelerate our team build up. Originally we planned to raise £3M but ended up raising £5.5M due to ING Bank and HSBC wanting to join as strategic investors. Hence, our capital raising has been largely driven by finding bank partners who wanted to lead investment rounds.

7. **How is building an Enterprise FinTech firm different from a "regular" SaaS / Enterprise Tech company, and what three things should founders get right?**

We are in the Capital Markets FinTech space and the differences with consumer finance FinTech are are follows:

1. A) Understanding the regulatory environment. Although TransFICC does not need to be regulated, all of our customers are regulated (Banks,Asset Managers and all the venues they trade on for Bonds, Swaps, Futures and Repos). This requires a very high level of Information Security and Compliance sign off before any systems can be deployed to production. These sign offs cannot be short circuited and come at a cost which is partly why we needed to raise capital and also choose strategic bank investors.
2. B) Fragmented Markets. Capital Markets are highly specialist and a large bank will have separate trading teams and technology systems for Equities, FX and Fixed Income. Our area, Fixed Income, is further divided between Government Bond Trading, Corporate Bonds, Futures, Swaps and Repos. Some markets are also regionalised and trade in local time zones across the globe. While this creates a

business opportunity for TransFICC due to 200+ trading venues, customer decision making can also be fragmented and very slow.

3. C) TechnologyComplexity.Duetothefragmentedmarketsandcustomersdescribedabove, we also need to support a range of technologies. For example, some venues require very high throughput of messages e.g. 8000 messages/second and also require latency to be measured in Microseconds. Other venues have complex workflows where we need to hold state of messages for hours. Some customers want all software hosted on dedicated servers for compliance reasons and some want all software hosted in the cloud to save costs. Supporting these different technology needs requires a flexible approach to design and build.

Founders need to get all of these right to meet customer requirements.

8. **What's on the priority list for you and your team for the next year?**

We have been building up our technical team but in the next year the focus is to build out the sales function and also diversify the customer base. Currently we have 5 global bank customers and one global market data customer with all sales being closed by the Founders. As we expand coverage to more asset types and need regional coverage, we will add direct sales staff and some sales channel partnerships. There is also interest from Asset Managers and Hedge Funds for the TransFICC service. This will require some minor product enhancements and sales resource.

9. **Where is the financial services sector headed in the next 12-18 months, and what should we be watching out for?**

All financial services are undergoing change and all participants need to think ahead on how they will adapt. Key themes are:

A) Market Structure. Regulators want competition and FinTech is enabling new competitors.

B) Changing Technologies enabling efficiencies. Use of Open Source Components, Cloud computing, Blockchain and API's enable new solutions to be tested and built at lower costs.

C) Automation. There is still massive scope for efficiency gains in workflow processes in areas such as payment processing, regulatory checking or in Capital Markets, and back office settlement

10. **Your favorite place(s) for a meal, coffee or drink?**
For work, I like to meet customers for a coffee at a central spot but not another Starbucks. My favourite locations are London – The Royal Exchange. In New York – Grand Central Station.

Nicolas Christiaen | Cashforce

1. **Give us the backstory- what were you up to before starting up, how did you get the founding idea?**

In 2012 Nicolas Christiaen & Bart Claes sank their teeth into a mutual project dealing with Working Capital management at the company they were both working for. There the first spark of insight was deployed.

2. **Who was your first customer, and how did the first sale come about?**

We started with bootstrapping and consultative selling while looking for customers and working below price for references. Our first client was a paper manufacturer, the largest in Europe at the time.

3. **Could you summarize your journey to scale from a sales, go-to-market and business development perspective, perhaps split into 2-3 key phases?**

In doing these consultations we discovered there was a white space in working capital management and cash flow forecasting that the TMS systems didn't cover.

- From there on we created a modular concept which could serve the treasury market during this **'bootstrapping phase'**, we focused on convincing a few customers and efficiently build the essential requirements into a more generic product.
- When we received funding, we used this **'startup phase'** to strengthen our team and solidified our market position locally. We attended our first local and international industry events to spread awareness to our product and company.
- After a while and with additional funding under our belt, we began our **'scaleup phase'**. Here, we intensified our international rollout with local offices, an international ecosystem of partners (Citi, BNP Paribas, PwC…) and speaking as a thought leader on international treasury conferences.While our technology itself has improved continuously, our business perspective has remained the same: Connecting treasury with business by integration and automatization.

4. **Which was the most challenging phase, and what would you have done differently?**

I'd say at the beginning when we were searching for the focus of our product. Only when we talked with key players in the capital markets, we understood that cash flow forecasting was the holy grail in the treasury market, but nobody was serving a taste of it, or at least not sufficient. After this product pivot, we had a clear vision of what we wanted.

5. **When did you decide to expand into the US market, and how did that go?**

In 2015 we were selected to join the Techstars Barclays Accelerator. At the time we kept an office there but were only locally present periodically. Afterwards in 2017, we leveraged our explosive digit growth rate in both revenue and employees, and fully 'opened up' an office in

New York with full-time local presence, setting out to take on the US market and expand our footprint.

6. **When did you first decide to raise venture capital, and what has been your approach to financing growth over the years?**

In 2015, we wanted to accelerate our product development and our commercial rollout in Europe. During the accelerator in NYC we started looking intensely for funding. Not much later, in the beginning of 2016, we were very excited to raise our first series of 1 million euros.

7. **How is building an Enterprise FinTech firm different from a "regular" SaaS / Enterprise Tech company, and what three things should founders get right?**

First of all, we're not operating in a vacuum. In the financial industry, incumbents are very strong players and have typically been strong for a very long time. Not very easy to get noticed as a small player.

Related to this, there is a strong client focus on robustness & resilience, as we are handling financial data. This is a very different way of doing business than for example from the viewpoint of more experimental tools that work in the marketing SaaS sphere.

Lastly, as every company is different and is often working with legacy-software, it's important to focus on the flexibility of your solution, providing the ease of integration with all of their different data sources (ERP, TMS, data warehouse, …)

8. **What's on the priority list for you and your team for the next year?**

We are launching our new "Cashforce NextGen" platform in Q1 of 2021. With this new platform we want to lower the barrier of entry for cash flow forecasting by introducing real-time data processing, a more intuitive user experience, enhanced scenario building capabilities and more AI-powered-algorithms. We're very excited for this launch.

9. **Where is the financial services sector headed in the next 12-18 months, and what should we be watching out for?**

I believe there will be a push towards increased digitization and more data-driven & faster decision making. In the light of the last year, the need for real-time insights & fast and more advanced reporting became more prominent quit quickly. Additionally, the need for flexibility to have a hybrid set-up of automation & manual input will be essential, combining technologic & human expertise. With Cashforce NextGen, we're doing exactly that, aiming to lower the barrier to set up effective cash forecasting.

10. **Your favorite place(s) for a meal, coffee or drink?**

Employees Only, a speakeasy/prohibition-themed bar in the West Village of New York City.

Nigel Verdon | Railsbank

1. **Tell us a bit about yourself and your company.**

Railsbank is the leading global Banking-as-a-Service (BaaS) platform. It enables banks, businesses and brands to define the future of consumer and SME finance.

Marketers, product managers, developers, CEOs and founders are able to take their financial product vision and rapidly prototype, launch and scale using Railsbank's open finance platform which consists of operations, regulatory licensing and a rich set of APIs.

Railsbank was founded by myself and Clive Mitchell in 2016, in London.

My own background started in the financial services industry. My first job working as an engineer in the motor industry and seeing the high levels of automation and "just in time" manufacturing achieved back in the late 1980's early 1990's. In the banking world this is called "straight through processing (STP)" and the financial world could learn much from manufacturing/process engineers in the motor industry.

I then learnt so much working in the capital markets business in one of the most innovative banks in the industry Swiss Bank Corp (today called UBS). This was back in the early-mid 1990s when this "internet thing" appeared on the scene.

Swiss Bank Corp were really the first real innovator to leverage technology in the capital markets area of banking to leapfrog the competition (e.g. better risk management, better options pricing etc.).

I built my first startup, Evolution, based on my experiences at Swiss Bank Corp to take the "internet enablement of capital markets" to many amazing customers like Goldman Sachs and UBS.

Roll on to 2007 and I had just left Dresdner Kleinwort Wasserstein to set up Currency Cloud. I founded Currency Cloud because the experience of a traditional currency broker at the time (name not mentioned!) was charging me 4% "no commission" and asked me to fax back my confirmation note and payment details to them! I didn't own a fax machine!

So, with a colleague, Nick Bourner from Evolution (who is now currently Chief Architect at Railsbank) we built the Currency Cloud platform to offer straight through processing of physical FX and payments via APIs (we were the trail blazers in the API led fintech industry).

At Currency Cloud, we worked on jump-starting many fintech 1.0 clients like Transferwise, Revolut, Azimo and World Remit, which were born out of a demand by consumers to take more control over their finances and after the trust lost in banks in the aftermath of the credit crunch.

However, the Currency Cloud experience gave me an insight into how the old world banking industry worked, with a realisation that both the banking infrastructure and the banking industry itself, was clearly not adapted to the new digital world, and certainly had no clue about what a well designed API led business should look like. So, this experience led me to co-founding my current startup Railsbank, focused on solving this industry pain point for customers.

2. **Give us the backstory - how did you get the founding idea, and how did the first sale come about?**

Clive and I are often called serial fintech entrepreneurs and it's a pretty apt description. We have been at the sharp end of creating and running fintechs for many years, and Railsbank is the culmination of those shared experiences.

The idea came about because we began to see there was a need for a company like Railsbank, an enabler that acted as a conduit for other fintechs, companies and brands to bring to market their financial use case.

The first sales came quite quickly, because we already had a following in the industry and our idea was not a suck-and-see theory - we had been sounding people out for some time. However, it's a great feeling when you get your first few sales, as that's the affirmation you need to then build the business.

3. **Could you summarize your journey to scale from a sales, go-to-market and business development perspective, perhaps split into 2-3 key phases?**

Our go-to-market strategy was not difficult, because it was an idea that had been road-tested within our community, so we were pretty confident it would get traction. If you've got the idea right, then sales come and once they start to develop, you need the correct business development perspective, because the pressure of a growing business can quickly overwhelm you. Although getting traction is difficult, it is only the start, because as you accelerate, the demands for money, time and resources grow keep growing, and you need to plan for that.

4. **Which was the most challenging phase, and what would you have done differently?**

Creating a startup is a complete challenge in itself and I'm sure every executive team has a long list of things that could have been done differently, that is the nature of business. But, as a team, we don't spend time looking back, the key thing is to look forward and focus on the business now and going forward.

5. **When did you decide to expand to the international/ US market, and how?**

It was always the plan to expand the company out of the UK and Europe and our first step was Singapore, creating a launch pad in Asia. From here we are expanding into the wider APAC region and this includes helping to bring financial services to many populations which have historically been unbanked and underbanked.

The US came next and here, as well as offering our whole product suite, the focus here has been our innovative Credit Cards-as-a-Service (CCaaS) product, developed for fintechs, enterprise companies and consumer brands. In less than 12 weeks, Railsbank can deliver a credit card in the customer's brand along with a user journey seamlessly embedded into the customer's existing user experience. And its key to bear in mind that this process can normally take up to a year and it is one of the most painful processes a company can experience!

The idea is to encourage increased competition and innovation within the country's USD4 trillion credit card market.

6.**When did you first decide to raise venture capital, and what has been your approach to financing growth over the years?**

Equity funding is one of the most effective ways to scale a startup and it allows you to quickly move from MVP to a proposition that customers will buy into. It was always in our roadmap to build our expansion this way and our approach has been to work with the best VCs who not only understand our business, but also share our vision and ambitions.

7. **How is building an Enterprise FinTech firm different from a "regular" SaaS / Enterprise Tech company, and what three things should founders get right?**

We are an enabler, the fintechs fintech if you like, so we are a right in the middle of the action. That means our core finance platform has to be spot on - it has to provide an unparalleled level of service for all of our customers who trust us to deliver their business proposition.

As to what founders should get right, its money, team and customers. Managing the company's cash flow is crucial as without a solid financial footing, you're not going anywhere. Then there's the team - having the right people around from day one is hugely important, as is the realisation that you will need to continue to recruit the best people you can as you grow. Thirdly, and not finally, as without these you are stumped anyway, are the customers. And not only gaining customers, but the equally hard bit of keeping those customers happy. High customer churn means you will struggle to scale your business.

8.**What's on the priority list for you and your team for the next year?**

Our priority is to continue to expand our global footprint, further strengthen our core product proposition, build out Credit-Cards-as-a-Service and help increase our lead in embedded finance as the world's pre-eminent BaaS platform.

We will continue to expand our product range in APAC, developing our presence in such markets as the Philippines, Indonesia, Malaysia, Australia and Japan, and further strengthen our business in the UK and Europe.

We will also continue to invest in the team with the ambition that they be the best and highest performing pool of talent in the industry, and one which is able to operate on a global scale.

And broadly, Railsbank is on a mission to help to deliver financial inclusivity, via its customers products, to as many people as possible throughout the world. We believe that beneficial financial services are a human right and not a privilege.

9. **Where is the financial services sector headed in the next 12-18 months, and what should we be watching out for?**

The financial services sector is entering the most exciting period of its existence as power passes from the financial institutions to the financial consumer. It is now that we are seeing far more people getting the deal they deserve from an industry which has not always put the consumer first.

Open banking created a journey which has seen us quickly progress to Banking as a Service and Embedded Finance. This has allowed fintechs, companies and brands to use their imaginations to build financial products that are not only beneficial to a wider part of the world's population, but also has added excitement and engagement.

Key to this is Embedded Finance and this is where we will see the real excitement and engagement over the coming months.

10. **Your favorite place(s) for a meal, coffee or drink (pre-COVID19)?**

I do have a favourite cafe in London, but that would be telling, especially as a CEO needs a place for some R&R!

Christian Macht | Element

1. **Tell us a bit about yourself and your company.**

ELEMENT Insurance AG is a white-label product supplier for insurance solutions and a leader in insurance digitalisation. We are licensed as a direct insurer for non-life insurance, which enables us to act as a risk carrier, including claims settlement. Founded in March 2017, ELEMENT offers a unique technology platform ('Insurance as a Platform') with a focus on the B2B2X value chain: ELEMENT develops for its roughly twenty partners from various industries – from e-commerce to established insurers – custom-made, innovative white-label insurance products at record speed. These products are then marketed by the partners under their own brand.

2. **Give us the backstory- how did you get the founding idea, and how did the first sale come about?**

ELEMENT has been founded by fintech ecosystem finleap. After researching the insurance market, it quickly become obvious that the insurance business is lacking in its IT capabilities, but also excels for example in distribution and customer service. As a licensed insurance company with a tech focus, ELEMENT's platform enables the insurance industry and companies beyond to offer fully digital insurance solutions, while leveraging their own strengths. We created our first product together with Signal Iduna, a German insurer and key investor.

3. **Could you summarize your journey to scale from a sales, go-to-market and business development perspective, perhaps split into 2-3 key phases?**

In the early days of ELEMENT, we created individual products with our partners – while still exceeding the industry's average go-to-market of about 12 months – usually, it took us about 3 months. Now, about four years later, we rather focus on creating key insurance products first, and then rolling them out on the market, as we are currently doing with our pet cover suite. This increases our go-to-market drastically, to an average of 3 weeks.

4. **Which was the most challenging phase, and what would you have done differently?**

In the beginning, our learning curve was incredibly steep due to the insurance industry's incredible complexity. In this phase, we learned a lot from our partners we created insurance products for, but of course made some mistakes. In hindsight, we could for example have built certain parts of our product platform differently – but that's something we learned from, so it comes at no regret and has already been rectified.

5. When did you decide to expand to the international/ US market, and how?

We are currently focusing on the German market, as its still far from saturated.

6. **When did you first decide to raise venture capital, and what has been your approach to financing growth over the years?**

The intricacies of the insurance business require a certain amount of capital even before you start and then again for every scaling process. Raising significant capital early was thus an absolute requirement; we have raised EUR 50m so far already. [SS1]

7. **How is building an Enterprise FinTech firm different from a “regular” SaaS / Enterprise Tech company, and what three things should founders get right?**

As mentioned in the previous question, there are a ton of additional requirements when building a regulated company. But this also enables us to work directly with the insurance industry or offer end-to-end solutions to the market, which isn’t always possible for a ‘regular’ tech company due to regulatory restrictions.

8. **What’s on the priority list for you and your team for the next year?**

We are currently focusing on key product areas such as pet and bike covers, where we offer clear advantages to existing solutions. With these versatile and flexible white-label products, we will onboard a larger number of partners, distributing them to their respective[CM2] customer bases.

9. **Where is the financial services sector headed in the next 12-18 months, and what should we be watching out for?**

For one, collaborations between fintechs (or insurtechs in our case) and the traditional industry will increase. That’s something which will be a win-win for both sides. Also, regarding products, we expect more and more embedded insurance offers for customers – for example like the cyber cover we have created for Vodafone last year. It is available through an app-like purchase flow directly and can be natively acquired by the customers on their smartphones on the go.

10. **Your favorite place(s) for a meal, coffee or drink (pre-COVID19)?**

We have an amazing roof top terrace on top of our offices, overlooking all of Berlin. This is an amazing spot to watch the sunrise [CM3] with a to-go coffee – and feasible even socially distant.

Nico Blanchard | Apiax

1. **Tell us a bit about yourself and your company.**

I'm Nicolas Blanchard, co-founder of Apiax which is a tech compliance solution that makes it radically simple for companies to comply with global regulations.

Apiax's technology is designed to embed compliance into business processes so that business teams can work more productively and compliance teams can manage their stakeholders much more efficiently.

In four years we have grown to have over 65 employees across 4 countries (Switzerland, Portugal, United Kingdom and Singapore). With our combined compliance expertise and technological abilities we are on the mission to make compliance easy for everyone.

2. **Give us the backstory- how did you get the founding idea, and how did the first sale come about?**

I met my co-founders in 2016 through mutual friends and we immediately recognized our shared passion. Coming from backgrounds in technology, product, compliance and marketing, we had witnessed the effects of increasing regulatory complexity first-hand. That's what set us out to answer: *'How can compliance be mastered in the 21st century?'*

Our first customer was a Swiss private bank. Getting them onboard and trusting our innovation was a big step for us. The project was a stepping stone that helped us develop our product and set the foundation for future projects and products. Even now, years later and with new clients onboard, our aim continues to be the same: to turn compliance into a business enabler for our clients.

3. **Could you summarize your journey to scale from a sales, go-to-market and business development perspective, perhaps split into 2-3 key phases?**

As a marketplace starting out, we often found ourselves in the chicken-or-the-egg problem in the sense of "where do we start?". I'd say our first challenge was to find content partners, which is when the popcorn began to 'pop'—and it has yet to stop! We are growing fast and it is amazing to see how far we have become in just four years.

4. **Which was the most challenging phase, and what would you have done differently?**

In the early days, everything was a learning curve. I wouldn't have done anything differently because it's led us to where we are today; which is a growth company building its team and expanding to new markets with new clients.

I'd say the most challenging part in growing so rapidly has been scaling up and hiring the right people and quickly. It's a challenging market when it comes to finding the best talent.

5. **When did you decide to expand to the international/ US market, and how? We do have first customers in the US and APAC.**

In May 2019, we joined Allen & Overy's Fuse Accelerator and kickstarted business activities in the UK. Last year we also got our first customers in the US and APAC. The decision to go international was based on a market analysis and the insight that for our sales processes to be successful, we need to have a presence close to our customers.

6. **When did you first decide to raise venture capital, and what has been your approach to financing growth over the years?**

Our first round of funding was in 2017 with business angels (our Seed Round). In 2019, for the Series A round of funding, e.ventures and XAnge joined our journey. We have recently extended our Series A with the Frankfurt-based Futury Regio Growth Funds who will support and accelerate our expansion to Germany. We are very much committed to be a VC-funded growth company.

7. **How is building an Enterprise FinTech firm different from a "regular" SaaS / Enterprise Tech company, and what three things should founders get right?**

I think there are various ways that they are different. B2B Fintech companies tend to have long sales cycles compared to other SaaS companies. This sales process can also be complex as there are usually multiple stakeholders involved. In our case, the procurement process is also much more complex than in other industries.

From my experience, there are three things that can really help you get that kick start. These include enterprise readiness to drive your ideas, pre-sales expertise to get your product out there, and having good and relevant references.

8. **What's on the priority list for you and your team for the next year?**

Our objectives are to accelerate global growth plans, strengthen product development and continue to build a strong interdisciplinary team across all locations. This includes the expansion to new markets, investing heavily in the product pipeline, as well as an ambitious hiring plan for the coming year.

9. **Where is the financial services sector headed in the next 12-18 months, and what should we be watching out for?**

I think that it's only a matter of time before digitising regulation and compliance practices will be a standard. Although I think we are not there yet, I do believe that in the next couple of years we will see a growth in the digitalisation of processes for financial services and see more distributed

teams. With the current climate and how the new "normal" is affecting how we do business, I also think more regulations will emerge.

10. **Your favorite place(s) for a meal, coffee or drink (pre-COVID19)?**

In our Zurich office, prior to COVID of course, Cafe Grande & Bar was a favourite go-to place down the street. Now I'd say that our virtual team building get-togethers on zoom with all our colleagues around the world are pretty cool!

Sheila Kagan | Paykey

1.Tell us a bit about yourself and your company.

I joined PayKey in March 2020 after years of working as a chief executive at a variety of public and private tech companies in the advertising and gaming industries. Throughout my life I've been drawn to the dynamics of the banking industry, and once the opportunity came, I knew PayKey is a FinTech uniquely positioned to leave a mark on an industry that is traditionally lagging behind.

At PayKey we are putting banks at the forefront of embedded banking, by weaving the financial services customers need within their everyday lives. Our patented mobile keyboard solution allows customers to access a variety of mobile banking services including P2P payments, loans, investments and more within all the social & messaging apps they are regularly using like WhatsApp, Instagram, Facebook and others. With our solution, banks can contextually bring their services to where customers today chat, transact, and make their financial decisions.

2. Give us the backstory- how did you get the founding idea, and how did the first sale come about?

PayKey was born out of the realization that millennials today need completely new tools to manage their financials. This considerable segment is seeking, and even expecting greater accessibility and ease with advanced interfaces that "speak their language" and appeal to their technological nature. It then became clear that by allowing banks to take part in millennials' natural environments – social & messaging apps where they spend much of their time – banks are able to redefine their relationship with this younger audience and boost their digital innovation.

We then learned that this need is shared among many other customer segments, and today our solution has gone mainstream serving as a powerful engagement channel for banks with their mobile banking customer base.

3. **Could you summarize your journey to scale from a sales, go-to-market and business development perspective, perhaps split into 2-3 key phases?**

When PayKey first started over 6 years ago, the solution captured the interest of innovation divisions within banks who sought new ways to understand and interact with additional consumer segments for expanding their customer base. Following the launch of our solution globally, banks had a watershed moment once understanding its impact, transforming it from an innovation factor to a must-have solution. This need was amplified with the entrance of new Big Tech and FinTech competitors who have applied significant pressure for banks to step-up their digital game and deliver the experience customers seek. We are fortunate to have reached such momentum fueling our expansion with additional partners today.

4. **Which was the most challenging phase, and what would you have done differently?**

An initial challenge we faced was shifting our solution's positioning from an innovation factor to an essential new growth engine for banks. After proving clear ROI on the innovation side, we were able to bridge this gap, making the solution a key value-creating engagement channel.

5. **When did you decide to expand to the international/ US market, and how?**

From the get-go our product was designed to fit an international market, supporting a multitude of languages, and offering an enhanced customer experience localized for different territories. We therefore began on a global scale, working with leading banks in key regions. We are now expanding to new territories like the United States, where the market's maturity and consumer demand for such solutions created fertile ground for penetration.

6. **When did you first decide to raise venture capital, and what has been your approach to financing growth over the years?**

We began to raise VC funds when reaching our scale-up phase and required funding to support our goals. Once commercializing in different regions worldwide, we needed to expand our R&D, sales, and business development teams to support our proposition and launch localized products with the best UX for each region.

7. **How is building an Enterprise FinTech firm different from a "regular" SaaS / Enterprise Tech company, and what three things should founders get right?**

At the core we are a B2B2C company, meaning we must fully support our banking partners to get the customer experience just right. Contrary to SaaS platforms, we offer a holistic solution which includes dedicated go-to-market support, alongside deep data analysis and constant optimization to boost adoption and engagement with services. Therefore the 3 things FinTechs need to get right are:

1. **From day one think B2C despite being a B2B company**, that means thinking about adoption and UX on the path to generating positive ROI.

2. **Data analysis is the backbone of any successful product**, essentially building user journeys and customizing the product for different consumer segments.

3. **Maximum impact with minimal integration effort,** build a plug & play solution that reduces tech integration resources, enabling short-time-to market.

8. **What's on the priority list for you and your team for the next year?**

Over the next year we will expand our footprint in the embedded banking landscape with unique solutions that fulfill consumers' real-time financial needs in non-financial environments. As a technology partner for some of the world's leading banks we can leverage the success of our keyboard solution to strengthen the touchpoints between banks and customers on the path to cultivating financial wellbeing. This will allow banks to scale-up their digital solutions quickly to answer changing demands in the new financial reality today that will linger post COVID-19.

9. **Where is the financial services sector headed in the next 12-18 months, and what should we be watching out for?**

Without a doubt the financial industry will continue its embedded evolution guided by the principal that convenience is the new loyalty for consumers today. We will witness more and more non-financial companies seek banking licenses, leveraging their deep understanding of consumers to personalize services for their real-time needs. Incumbent players will likewise join the new wave, surpassing years of lagging behind with new customer-centric approaches.

10. **Your favorite place(s) for a meal, coffee or drink (pre-COVID19)?**

My favorite restaurant is FOUR ONE SIX (416) a vegan gem in the heart of Tel Aviv.

Michael Mueller | Form3 Financial Cloud

1. **Tell us a bit about yourself and your company.**

I grew up in Germany and started working for Deutsche Bank after finishing school in 1988. Soon after I joined banking, I developed an interest in transaction banking and payments when I helped the bank build its international cash management business. After more than 20 years with Deutsche Bank in Germany, Singapore, Sidney and London I moved to Barclays where I joined the Corporate Banking Executive Committee in charge of their cash management and payments business. In 2016, I left banking and founded together with some colleagues Form3, a UK-based payment technology company. Over the past 4.5 years, we have completed several funding rounds and the business has grown to about 200 colleagues. We employ staff in more than XX countries in Europe with about XX different nationalities. We have two offices in London and Amsterdam, but most of my colleagues have been operating on a fully remote basis from day 1.

Form3 provides cloud-native payment technology to regulated financial institutions, we are processing millions of payments every month for payment service providers, challengers and large Tier 1 banks in the UK and in Europe.

2. **Give us the backstory- how did you get the founding idea, and how did the first sale come about?**

As a former banker I was a customer of many of the legacy providers of payment technology– and often a very frustrated one. Systems that we bought and implemented at Deutsche Bank and Barclays were typically deployed in data-centres, highly customized, expensive to implement and operate and not able to support rapid transformation and innovation in the front-end of the business. As a result, most of the bank's budget went into regulatory and mandatory upgrades, typically related to security, market or compliance changes, leaving very little capacity for true innovation and creating value for the end-customers. At the same time, cloud computing reached a level of maturity that allowed the transfer of mission-critical business processes to platform-based technology. So, the idea was born to develop a platform for payment back-office processing that would shield our customers for the need of having to make expensive upgrades (effectively future-proving their technology stack) whilst providing a 24/7/365 processing service in real time, highly secure and resilient and at very low costs. This could only be achieved through the use of platform/component technology, fully automated deployment and testing, infrastructure as code and a very efficient DevOpsSec model. The platform went live about 12 months later with the first UK real-time payment processed for Ebury, a UK fintech.

3. **Could you summarize your journey to scale from a sales, go-to-market and business development perspective, perhaps split into 2-3 key phases?**

Selling enterprise technology that performs mission-critical tasks like payment processing and sits very much at the core of a regulated financial institutions is never easy – but can be even more challenging for a small start-up with very little trading history. We are therefore extremely grateful to our very early, mostly UK-based customers, many of them in the fintech and challenger bank space for having given us the benefit of the doubt. To support them, we built a small, but experienced sales and most of the founding team was involved in the processes. Following these early successes, two things happened pretty much in parallel. We expanded our product offering and sales efforts internationally by developing a full range of

SEPA products and establishing a commercial team in Amsterdam. Also, we started to engage with some very large tier 1 banks, initially for their digital propositions, later for their core payments volume, requiring us to invest in high-end program management and enterprise sales resources. Today, we are running two successful businesses, High Growth and Enterprise, in the UK and in Europe and we are looking to expand this model internationally.

4. **Which was the most challenging phase, and what would you have done differently?**

Both, the start-up and the scale-up phase of the business came with their own, distinct challenges. In the early days, product/market fit and finding those first few customers were the key challenges, today scaling the business in a responsible and coordinated way, finding the best talent and adjusting our operating model to support the business growth have become the key topics for myself and the management team.

In terms of things we should have done differently, I would say that we tried to rely on third party technology too much in the early days to gain time to market. Today, we are developing almost everything in-house, ie our engineering and product team have designed, built and we manage pretty the entire stack ourselves – with much better results from a performance and resilience perspective.

5. **When did you decide to expand to the international/ US market, and how?**

We made the decision to expand from the UK into Europe about 2 years ago and we are currently finalizing our expansion plans beyond that. One of the key drivers for decision making is the arrival of real-time clearing and settlement systems globally, eg TCH Real-time in the US, SEPA RT in Europe or GPP in Australia. Each of the market changes require financial institutions to upgrade the processing and gateway technology and run their systems 24/7.

6. **When did you first decide to raise venture capital, and what has been your approach to financing growth over the years?**

We first engaged with financial investors in our Series A round when Barclays and the AngelCoFund came in as shareholders in 2017 – together with some individual investors. The first VC money was raised when Draper Esprit invested in 2018 as part of our Series B. In 2020, we completed a strategic investment round with Lloyds Banking Group, Nationwide Building

Society and Mastercard – all of these investments were made on the back of significant commercial transactions. Also, we brought in 83North as a second VC to complete the cap table. Overall, we found the combination of strategic and financial investors a very viable approach to creating and financing growth over the years.

7. **How is building an Enterprise FinTech firm different from a "regular" SaaS / Enterprise Tech company, and what three things should founders get right?**

At Form3, we are not a regulated business ourselves and we would therefore describe ourselves as a very modern version of a 'regular' SaaS / Enterprise Tech company – rather than a Fintech in a narrow sense. In my view, there are a number of things that any provider of Enterprise technology to regulated financial institutions needs to get right:

- Get the technology foundations right and do not cut corners from a resilience, security, performance and scalability perspective. It may take longer to get to MVP, but early mistakes in this area can be very hard and expensive to correct later on.
- Hire the best people. Not only does having the best team build trust and confidence on the customer side, but it also means that they don't work for one of your competitors.
- Work with investors who understand the complexities of the enterprise business. Sales cycles are typically long and hyper-scaling a business is not possible in this sector. The key to success is building sustainable, long-term relationships with customers, investors and staff.

8. **What's on the priority list for you and your team for the next year?**

Building on the success of the business, we are firmly committed to building out the platform functionally and geographically and servicing more customers with more payment types in more currencies. This requires us to scale the team further and ramp up our R&D investment, moving us closer to our vision of becoming the world's most trusted provider of payment technology.

9. **Where is the financial services sector headed in the next 12-18 months, and what should we be watching out for?**

That’s a big question. Overall, I believe that specialist providers and digital challengers will continue to put pressure on legacy providers. Some legacy providers will be able to adapt and overhaul their technology and business models, others will find it harder to be competitive or remain relevant to their customers, leading to consolidation in the industry. The speed of these developments will largely depend on the level interest rates/net interest margins, which in turn will depend on inflation in a post COVID environment. Crypto currencies will remain an asset class in its own right – although the usefulness of this technology will largely depend on the adoption by central banks as CBDC’s. Open Banking will become mainstream, but potentially less of a ‘game-changer’ than many expect. Payments will continue to become real-time and request-to-pay become a viable alternative to card payments and maybe direct debits in the long term.

10. **Your favorite place(s) for a meal, coffee or drink (pre-COVID19)?**

My family and I are spending quite a lot of time in Italy and I am a big fan of Italian cuisine and coffee. It still amazes me that it is possible to walk into any Italian bar and buy a ‘caffe’ for very little money that is much better than anything that you can buy outside of the country. And some is true for food in pretty much any trattoria in Italy that I have ben to over the years.

For a decent pint though, I would always prefer a London pub and I am looking forward to those drinks with my team after work again.

Paul Christensen | Previse

1. **Tell us a bit about yourself and your company**

I have a bit of an unusual background, having been born on a piece of tin in the jungle of Papua New Guinea. Respect to my mother, who is an inspiration! I'm a fintech nut. I've been in fintech for 25 years, having been part of the founding team of Volbroker.com in the late nineties. I then spent time in several banks, including a decade at Goldman where I led their strategic investments and corporate venturing team. But I knew that I wanted to get back to building and creating. So I started on a quest, with my amazing co-founders (Andre, Giulio and Philipp) and our team, to fix B2B payments.

Our company is a data science firm, on a mission to instantly pay the world's millions of small sellers, so that they don't have to wait and chase for weeks and months to get paid. Our purpose is to unleash the power of data for business.

2. **Give us the backstory- how did you get the founding idea, and how did the first sale come about?**

B2B payments are archaic - suppliers wait and chase for months to get paid. It is monumentally inefficient. Imagine if you went into Starbucks, ordered a coffee, and said: "Send me an invoice, I'll pay you in 60 days." That would be mad. And yet, that's how business works.

The founding idea came from a hunch - that perhaps we could use data to fix this? Our hypothesis was that there would be enough predictive power in the payables data of large corporates to precisely assess the risk on any given invoice, so that we could facilitate instant payment without the months of manually checking invoices. So we tested our hypothesis, and it turns out that we were right. But, as any successful entrepreneur or investor will tell you, an idea counts for nothing. It is all about execution. And it is all about the team that executes. And in Enterprise Fintech, that takes a decade. In fact, conviction in the sanctity of your idea is a huge blocker for a start up - because it stops you learning and iterating. We definitely suffered from that in the first few years.

The first sale was an introduction from an early investor, for which we are forever grateful. I met with the Chairman of a very well known global firm, and within 10 minutes he said: “This is brilliant, we’re in.” Unfortunately, that gave me an unrealistic expectation of enterprise sales …….

3. **Could you summarize your journey to scale from a sales, go-to-market and business development perspective, perhaps split into 2-3 key phases?**

Phase 1 was all about testing the hypothesis - can this work? Is there enough predictive power in the payables data of a large corporate to price the risk on an invoice? Having proved that, phase 2 of the journey was building the platform to industrial strength, so that it was ready for enterprise customers. And we are now in phase 3, having proved our model and built the platform, it is all about go-to-market and making our solution available to millions of SMEs. We use a combination of direct sales to large corporates, channel sales to large corporates, and embedding our solution with the leading existing players in the industry so we can enable them to deliver better products.

4. **Which was the most challenging phase, and what would you have done differently?**

The most challenging phase is always the one that you are in! And I will know what we should have differently once we are past this phase and can look back on it with 20/20 vision in hindsight. But generally the biggest learning is to listen. No-one has the right answer. No-one has a great product or a genius idea. But everyone has the ability to listen, to empathise, to find pain points of customers, and build solutions for them.

5. **When did you decide to expand to the international/ US market, and how?**

We're unusual for a fintech in that our solution is global right out of the gate - as any large corporate has suppliers in multiple countries. So we simply followed our initial clients and partners, first to the US and shortly to Asia and LatAm.

6. **When did you first decide to raise venture capital, and what has been your approach to financing growth over the years?**

For us it wasn't a decision, as it was a necessity. We weren't in a position to boot strap, and what we were undertaking was very ambitious - to change the way business is done, globally. So we raised venture capital at the seed stage, and have continued that strategy over several rounds.

7. **How is building an Enterprise FinTech firm different from a "regular" SaaS / Enterprise Tech company, and what three things should founders get right?**

FinTech is of course different. It's more complicated and the stakes are higher. "Build fast and break things" is not an option in regulated markets. Founders need to be very patient - it takes a long time. They need to take compliance seriously. And they need to have real credibility.

8. **What's on the priority list for you and your team for the next year?**

Execution. And selling. Over the last 5 years, we've built the foundations to fundamentally change how business is done globally, and to fundamentally transform the $125 trn of B2B commerce. We have partnered with some terrific leaders in the space, and now the priority is go-to-market and getting an incredible product into the hands of millions of businesses.

9. **Where is the financial services sector headed in the next 12-18 months, and what should we be watching out for?**

The pandemic will have a big impact - it has accelerated a lot of innovation, created real demand for more efficient finance, and also exposed some business models. We will see a real acceleration in banks and fintechs partnering - the smart banks will continue to realise that not only they can't build everything themselves, but they shouldn't!

10. **Your favorite place(s) for a meal, coffee or drink (pre-COVID19)?**

Lemonia, Primrose Hill. It's a family run Greek restaurant just around the corner, and a real gem. I don't think the menu or people have changed in the 20 years we've been going - and that's a great thing!

Samuel Falmagne | Akur8

1.**Tell us a bit about yourself and your company.**

I'm Samuel, CEO of Akur8. I started my career at IBM, where I spent 15 years in various international sales and sales management positions before joining Insurtech Shift Technology as Head of Sales. At Shift, I drove the internationalization of the company, including in the US. After 2 years at Shift, I decided to take on a genuine entrepreneurial adventure and joined Guillaume, our Chief Actuary, and co-founded Akur8.
Akur8 is a cloud-based B2B Insurtech, automating the rate-making process thanks to proprietary algorithms powered by Transparent-AI, while enabling to retain complete control over the process and the output.

2. **Give us the backstory- how did you get the founding idea, and how did the first sale come about?**

Guillaume was head of R&D at AXA Global Direct prior to co-founding Akur8. He saw first hand how manual and cumbersome the rate-making process is for actuaries and pricing teams. That's how the idea of Akur8 emerged. We then spent 4 years of R&D to develop unique proprietary algorithms to empower non-life insurers with a faster and safer pricing process. Quite naturally, our first sale was AXA, where the teams observed first-hand the development and the value brought by Akur8.

3. **Could you summarize your journey to scale from a sales, go-to-market and business development perspective, perhaps split into 2-3 key phases?**

Our journey to scale rather differs from traditional scale-ups. Because we operate in such a core and regulated process as pricing, we could not afford to go to the market with a Minimum Viable Product that we would keep on improving once commercialized. That's why it took us 4 years of R&D to commercialize our solution, so that it was perfectly and rigorously ready-to-use by insurers.

After starting commercializing our solution in H2 2019, we had an extremely dynamic year in 2020, even though Covid came to disrupt the way we worked internally and interacted with clients with a sales cycle that tended to be a bit longer than usual - even for B2B SaaS sales!

Our use case is international by nature so we started our internationalization early in our jounrey. A key milestone in our expansion and business development was to open an office in the US in New-York City in Q3 2020. We are very excited about the market opportunities over there!

4. **Which was the most challenging phase, and what would you have done differently?**

I believe the most challenging phase has been to adapt to the new context in the midst of the Covid-19 pandemic. For two reasons. One being that we are still a young start-up and scaling fast so it is key for our teams to be able to maintain very close collaboration and emulation which was definitely a challenge in this context of remote working - though a one I believe we brilliantly passed eventually!
The second one was the imperative to adapt our ways of working with clients and prospects, entirely remotely in an environment where you need to be very close to the teams to listen to them, train them, and onboard them. We did manage to adapt, along with our clients and I believe it actually reinforced both our agility and robustness along the way.

5. **When did you decide to expand to the international/ US market, and how?**

The US represents a sizable market opportunity for an B2B SaaS insurtech like us. As I was mentioning, our use case is very international by nature, adapting to all geographies, insurers' sizes, insurers' typologies and so on. We decided to expand to the US quite early in 2020 and set up a local office there in September.
As for international markets, we signed with clients in Europe, Asia or Latin America as early as our first full year operating. We will most likely set up a local office in Asia in 2022.

6. **When did you first decide to raise venture capital, and what has been your approach to financing growth over the years?**

We raised a Seed series in July 2018 to sustain our product development and raised a series A of €8m in March 2020 to support both our geographical expansion, our product team while being able to hire the best talents to accompany this exciting journey.

7. **How is building an Enterprise FinTech firm different from a "regular" SaaS / Enterprise Tech company, and what three things should founders get right?**

In our case, we are evolving in a highly regulated industry and addressing a very core process with pricing. There is no room for mistakes, which is both exciting and demanding.

In my opinion, what founders should get right may sound trivial but is of the essence. First, have the right team by your side, with exceptional individuals. Second, make sure you are addressing an actual need - be it known or latent. Third, listen to your clients and always be ready to adapt and be flexible both in your approach and in improving your solution/products.

8. **What's on the priority list for you and your team for the next year?**

We want to keep pushing! We are off to a very good start in 2021, with a busy product roadmap - we just launched a new module - and big ambitions to continue to expand internationally. The US will definitely be a big area of focus for us this year.

9. **Where is the financial services sector headed in the next 12-18 months, and what should we be watching out for?**

Looking at the insurance sector, the transformation imperative is no longer a question anymore. The current context is acting a further accelerator of such imperative, bringing massive and unprecedented changes. Customers' behaviours are changing fast, pushing incumbent to adapt to entirely new standards. The use of technology, including the most advanced ones such as AI is going to rise significantly. Their application definitely has more than emerged already but I believe they are going to be applied to an ever growing number of processes, including the core ones, and in production - which is a big nuance. That is of course if this comes with the right execution and the right solutions - going beyond blackbox technology towards ethical, transparent ones.

10. **Your favorite place(s) for a meal, coffee or drink (pre-COVID19)?**

Ah, good times! To be honest any terrace with friends with a nice glass of wine would become my favorite place right away!

Christoph Bourguignat | Zelros

1. **Tell us a bit about yourself and your company.**

Zelros is a software editor specialized in artificial intelligence for the insurance industry. After working at AXA Data Innovation Lab and Datarobot I cofounded Zelros together with Damien Philippon and Fabien Vauchelles in 2016. Today Zelros counts 50 employees operating in 3 countries (France, Germany and Italy) and doubling size each year. Our technology is used daily by thousands of advisors and agents from 15+ leading insurers and bancassurers.

2. **Give us the backstory- how did you get the founding idea, and how did the first sale come about?**

Fabien and I had worked formerly at AXA Data Innovation Lab. which was the trailblazer initiative about leveraging data and AI at scale in Europe. Together with Damien, we decided to create Zelros with the vision that algorithms would completely change the world around us. Both in our private and professional lives. Some industries have already been completely disrupted by algorithms. For example Airbnb doesn't own one single hotel or one single house, but a state-of-the-art platform fueled with state of the art algorithms. Our conviction is that what already happened in a number of industries and will materialize in the insurance industry in the years to come.

3. **Could you summarize your journey to scale from a sales, go-to-market and business development perspective, perhaps split into 2-3 key phases?**

At inception, we made the structuring choice to bootstrap the company, i.e. start generating our first revenues, and finance our early R&D without raising funds. This first phase helped us to create a lean culture, doing more with less, eliminate some directions, and understand the market needs.

Then after 2 years, with our understanding of insurance pains to solve, and first customers trusting our product, it became the good moment to raise a large first round of funding to confirm our vision. It helped us to develop our partner network, launch new product features, and gain market shares.

Two years after, with enough data points and demonstration of our business model, we were able to raise a doubledigit series A.

4. **Which was the most challenging phase, and what would you have done differently?**

The most challenging phase at early phases of a startup, and I believe also at any stage, is to hire and create a best-in-class team. It means having a clear vision of your mission, and of your corporate values, and gather everyone around a compelling project

Things we could have done differently is give even more trust and ownership to the members of the team. You never provide enough confidence to smart people.

5. **When did you decide to expand to the international/ US market, and how?**

From the beginning, we wanted to make Zelros an international company. We started to expand in Germany and Italy in 2020.

In February 2021, we successfully closed a Series A fundraising round of $11M led by Silicon Valley-based BGV with new participation from ISAI Cap Venture and Plug and Play. And we will use the funding to scale operations across Europe and expand into North America, strengthening our leadership position in the insurtech space. Damien Philippon, co-founder and COO will relocate and launch the company's Montreal-based North American headquarters in Q3 2021. We also plan to hire five full-time employees at our North American location by the end of the year.

6. **When did you first decide to raise venture capital, and what has been your approach to financing growth over the years?**

See 3.

7. **How is building an Enterprise FinTech firm different from a "regular" SaaS / Enterprise Tech company, and what three things should founders get right?**

Insurance is a regulated industry. There are some specific challenges to consider, like how you ensure AI is fair, auditable and transparent

Insurance is not like other industries: if you think about it, it's about care, equality, and helping to solve major society issues like climate change, diseases, insecurity, etc. … This provides an extra dimension compared to other traditional industries

8. **What's on the priority list for you and your team for the next year?**

- grow the team, by preserving our diversity and culture alignment
- continue to add AI features to our platform, like voice processing
- make our customers happy and conquer new customers

9. **Where is the financial services sector headed in the next 12-18 months, and what should we be watching out for?**

Tech will be king.
As financial services become more and more tech driven, we should watch how regulators will control usage of AI, and the development of a new breed of transparent and fair algorithms.

10. **Your favorite place(s) for a meal, coffee or drink (pre-COVID19)?**

https://www.lafelicita.fr/. The restaurant of Station F, the the world's largest start-up campus, located at Halle Freyssinet in central Paris.

Marcus Börner | OptioPay

1. **Tell us a bit about yourself and your company.**

At the age of 17 I founded my first company - reBuy.com. Today, Germany ´s leading re-commerce platform employing over 500 great people and exceeding $ 200 million in annual turnover.
My entrepreneurial spirit and passion for combining customer-oriented products with data eventually led to the foundation of OptioPay. OptioPay provides Open Banking white label services that empower customers to benefit from value-add campaigns based on their bank account data. As a B2B2C-provider we serve clients from various industries, such as banking, insurance, telco & retail. Comdirect Bank, DZ Bank, HDI or 1&1 are some of our clients that understand the huge potential of open banking for their business and customers. Going forward, any company missing out on the open banking opportunity will struggle with severe strategic disadvantages.

Next to OptioPay, I am a passionate business angel, and have invested in over 50 companies. I love supporting young entrepreneurs who dare to make an impact. I also advise the Federal Ministry of Finance in Germany as part of the "FinTechRat".

2. **Give us the backstory- how did you get the founding idea, and how did the first sale come about?**

I have always been fascinated by advertisement technology. Observing how tech giants such as Facebook and Google revolutionized advertisement by incorporating data, has been a great inspiration for our work. Banking data takes this approach to a totally new dimension. OptioPay's goal is to take advertisement technology to the next level by generating significant value for customers based on their bank data. Our campaign portfolio is comprised of account linked cashbacks, vouchers, sustainability offers, contract optimization & more.
Our first open banking customer was – and still is – one of the largest German banks (DZ Bank), in 2018, which was an exciting milestone given the fact that PSD2 only officially started in that year.

3. **Could you summarize your journey to scale from a sales, go- to-market and business development perspective, perhaps split into 2-3 key phases?**

Three major product developments were decisive in realizing a scalable open banking platform

1) A network of higher-valued vouchers from +2.000 advertisers (e.g. Adidas, Amazon, IKEA, Zalando etc.) offering up to 100% voucher uplift, that are for example directly targeted to customers purchasing at a competitor or to customers that received a dispensable income.

2) Reward campaigns based on bank account data: "*x* % cashback or *y* trees planted for your next purchase over 50€ at merchant *z*; or "receive 20€ sign-up bonus for a cheaper energy supplier and we take care of the cancellation."

3) Campaign manager: as an advertiser you can set up highly targeted campaigns based on bank data: e.g. "Send *x* % cashback to customers who purchased at company *y* within the past 2 weeks and have a Netflix account."

4. **Which was the most challenging phase, and what would you have done differently?**

We started off with a different business model in the beginning. Our transition phase to open banking technology was for sure a great team challenge to master. But there is nothing we would do differently. Plan, do, check, act. Over and over.

5. **When did you decide to expand to the international/ US market, and how?**

Our expansion is especially driven by international clients and their strong interest into what we are building. Our technology is very unique, but it works in any geography. After investments from NN Group (NL) and Avaloq (CH) in 2019 and 2020 respectively, we experienced additional support in expanding towards these countries in particular.

6. **When did you first decide to raise venture capital, and what has been your approach to financing growth over the years?**

We raised venture capital from day one. We are highly focused on capital efficiency and are therefore in the rather comfortable position of raising far less money than other players in our market did.

7. **How is building an Enterprise FinTech firm different from a "regular" SaaS / Enterprise Tech company, and what three things should founders get right?**

Many things are similar, but our enterprise clients demand a high level of consulting, quality, security, and professional processes. The way to get that right is to cooperate with regulators, backed by a highly talented and professional team.
Three things I always suggest to founders are 1) a product that creates real value; 2) a big vision where to head and 3) the courage to rethink and iterate constantly.

8. **What's on the priority list for you and your team for the next year?**

Our core goal is to deliver value for customers from their data. Most tech giants just use customer data for their own benefit and rarely give anything in return. We are on a mission to change that! People own their data and should be rewarded when used. Another focus topic of OptioPay is to use financial data to create a more sustainable future. To scale this, we are looking into increasing our business client portfolio, expand internationally and continuously grow our customer base.

9. **Where is the financial services sector headed in the next 12-18 months, and what should we be watching out for?**

Customers will more and more demand personalized, value adding, and actionable offers based on their data. We expect the market to move towards such products and services rapidly. Traditional PFM that typically banks serve will not be enough to keep customers engaged!

Particularly the open banking industry is currently facing rather "boring" commodity services (e.g. KYC, SCA, multi-banking, API connect etc.) which has – to our excitement – started shifting towards more innovative customer-centric offerings that actually deliver tangible value.

10. **Your favorite place(s) for a meal, coffee or drink (pre- COVID19)?**

"Il Nuovo Primo" is my favourite Italian restaurant in Berlin-Kreuzberg and its owner Renato is an amazing guy!
Also, my dear friend Heiko from "Wild & Raw" serves & delivers the best poke bowl in town!

Christopher Oster | Clark

1. **Tell us a bit about yourself and your company.**

My name is Christopher Oster and I am the founder and CEO of CLARK, a leading digital insurance manager. Our CLARK app makes it easier, simpler, and faster for consumers to manage their insurances – all in one central app where changes can be done with just a few clicks. Additionally, insurance experts are available for an in-depth consultation via in-app chat, mail, or phone. Since CLARK's founding in 2015, we have served over 300,000 satisfied customers. More than 250 employees from over 40 nations work from our offices in Berlin, Frankfurt, Vienna, and Püttlingen. Before founding CLARK, I was COO of the vacation rental marketplace Wimdu and led its operations and international expansion. I also spent several years with the Boston Consulting Group as a consultant for companies in the financial sector.

2. **Give us the backstory- how did you get the founding idea, and how did the first sale come about?**

There are always two things that need to come together for a successful company founding: A passion and a market. When I founded CLARK, I was completely lost with my personal insurance situation and felt that I needed to take care of it. But there was no place to do that properly online. After talking to more and more friends, I realized: this is a problem for many people. To be more precise: studies show 75% of consumers are not satisfied with their insurance experience. And that makes a market.

Now for the passion, I have always been excited about the digitalization of traditional markets, e. g. my work at Wimdu. And the driving force for CLARK has always been that “significant things in life should be easy”. So, creating CLARK and helping it grow and prosper into the forward-thinking company it is, has been a great experience all around. I’m not going to lie though: Our first 100 customers definitely all were family and friends. But our idea quickly resonated with more and more people and we now serve more than 300.000 customers in Germany and Austria.

3. **Could you summarize your journey to scale from a sales, go-to-market and business development perspective, perhaps split into 2-3 key phases?**

Scaling sales: Starting from 300 customers at the end of 2015 we scaled up to a customer base with over 300.000 CLARK users in only five years, who are all managing their insurances, compare current products and buy new ones via CLARK.

Go-to-market: After a late and highly competitive market-entry in 2015, we managed to hold up against the other players and became the leading digital insurance manager in Germany. In the midst of a world-wide pandemic, we also expanded into our first foreign market: Austria.

Business development: From what was, after all, a very technology-driven app, CLARK as a company has evolved into a digital lifestyle brand in the last years. Today we have more than 250 employees and are on our way to becoming the leading digital insurance broker in Europe.

4. **Which was the most challenging phase, and what would you have done**

differently?

When we entered the insurtech market rather late in 2015 we had some strong competitors in Germany like Knip or getsafe, which challenged our start. But while the competition was focused on providing a digital folder for insurance, we focused on getting our customers better insured and gave them a place where they get actual support for their insurance needs. That's how we managed to get ahead of our competition.

After two years we realized that banks were interested in our product and started a white label business, which shifted our strategic focus to these business partners. In retrospect, this took us off course – so today, we are fully concentrating on our customers who use the CLARK app. This was something, I would have done differently.

5. **When did you decide to expand to the international/ US market, and how?**

We decided to enter the Austrian market, our first expansion market, at the end of 2019 and realized the market entry in March 2020. This market was especially promising for us because Austrian consumers have an average of 6.1 insurance contracts and pay around 2,000 euros in insurance premiums every year. In addition, the Austrian insurance industry similarly to Germany has largely neglected digital insurance experiences thus far, so it was the perfect setting for CLARK to address new digital customer needs.

6. **When did you first decide to raise venture capital, and what has been your approach to financing growth over the years?**

For the first major round of financing in 2015, we approached 300 investors beforehand and got up to ten rejections every day. Once we found investors who believed in CLARK and our business model we kept in contact and increased the number of shareholders over the years. To keep growing in the future we successfully got investors like Tencent on board, who helped us complement our existing shareholders and give us insight into the Chinese tech landscape.

7. **How is building an Enterprise FinTech firm different from a "regular" SaaS / Enterprise Tech company, and what three things should founders get right?**

Financial Services is one of the most regulated markets. As a FinTech providing software in the field, you need to fulfill the highest standards and meet the regulatory requirements of your software customers. Therefore, as a young startup, you may need to fulfill the regulatory requirements of an insurance company. This has to be incorporated into your planning from the get-go, especially when you think about resources, such as capital requirements and of course human resources like having the right kind of support from lawyers and regulatory experts.

I believe founders need to get these three things right: First, the Product-Market Fit. most founders don't take enough time to evaluate the market they are getting into and just focus on their product. The second is the founder's team constellation. You can't do everything, so make sure each founding member brings in their own expertise and complement one another. The last one is "Think Big" – in order to survive out there your processes should be scaleable. Investing the time to find a scalable business model will pay off in the long run and especially in times of growth.

8. **What's on the priority list for you and your team for the next year?**

Definitely further raising our brand awareness in our home market Germany. As of right now, around 15 percent of Germans know CLARK, which in general is a great result after just five years and especially for the insurance branch. But we want to raise that to 40 percent to really be at the forefront of consumers' minds when they think about insurance. This is why we try new and innovative Marketing strategies that lower people's resistance to deal with their insurance situation - because CLARK is at their side.

9. **Where is the financial services sector headed in the next 12-18 months, and what should we be watching out for?**

I think a part of the sector still needs to recover from COVID-19's impact. Besides that, we will see the ongoing digitalization of payment, banking, and trading services through Fintech companies like Klarna, N26, and Revolut. Disruptive innovations will keep reshaping the financial services landscape and put more pressure on the traditional banking sector for transformation and investment in technology. And I believe that the central role of customer data will gain further importance and help develop cheaper, better services and increase customer satisfaction.

10. **Your favorite place(s) for a meal, coffee or drink (pre-COVID19)?**

My favorite place to have a coffee is in the lounge chair in our living room at home. That is where I can focus and concentrate best. And of course, our CLARK office, as it is where I can connect with other CLARKees and enjoy time with them over lunch or an after-work drink.

Mark Watters and Dinos Daborn | AxeTrading

Mark Watters, CCO & Co-Founder (LEFT)
Dinos Daborn, COO & Co-Founder (RIGHT)

1. **Tell us a bit about yourself and your company.**

We, Mark and Dinos, met when we worked together at Bloomberg in London. Later we got in contact with Ralf Henke (a Germany-based financial technologist) to discuss our idea for a modern, innovative fixed income trading solution. Ralf became our other co-founder. Soon after we created AxeTrading, a fixed income trading software company that enables unique market making, quoting, bond pricing and order execution.

2. **Give us the backstory- how did you get the founding idea, and how did the first sale come about?**

Just after credit crisis of 2008, Fixed Income was still in hands of global banks, many of whom had had contributed to and been badly impacted by crisis. Those that survived were retrenching to core markets and were withdrawing from certain roles the had previously played. Investors in peripheral or regional fixed income markets were still looking to trade but were no longer able to get the access and liquidity they needed. This coincided with the growth of electronic trading platforms and what would become a market wide explosion of new venues and a change of focus away from mainly big market makers. Until AxeTrading, there was no easy way that regional or smaller banks and brokers firms could access e-trading without engaging with the large incumbent legacy tech firms. This was the big opportunity to serve these new players

The idea being AxeTrading was to provide more modern tools designed to address the challenges of a rapidly changing market place which was becoming less well served by the incumbent tech which had been around for over a decade. The firm was conceived during this time of rapid evolution – a new landscape, with new challenges and a new way of thinking.

The first sale was to an Eastern European challenger bank active in the Euro bond market that had the ambition and opportunity to make a fresh technology choice – they chose AxeTrading following a highly. competitive pitch. The next was a South African bank, also a competitive pitch – the key decision moment for them came when we were able to give a live demo in their office of what their trading landscape could be, which was transformative for them.

3. **Could you summarize your journey to scale from a sales, go-to-market and**

business development perspective, perhaps split into 2-3 key phases?

The first stage had Mark as the only salesperson cold calling prospective clients and doing demos with a skeleton technology team. It took about four years to secure the first dozen customers and expanded the tech team.

The next stage saw us get external investment from a leading specialist capital markets fintech VC fund which meant we were able to hire additional salespeople to expand into Singapore and Australia. We started to scale up shortly after with a carefully planned expansion of technologists, support and delivery.

The current stage has seen us receive further significant investment from VC funds and strategic investments from the International Finance Corporation and a leading Asian capital markets technology firm. The business has grown significantly in terms of clients, product, and personnel. We have expanded our software offering to cover the Sell-Side, Buy-Side, Broker Dealers and Exchanges We now have clients across 5 continents: in North America, Europe, Africa, Asia and Australia.

4. **Which was the most challenging phase, and what would you have done**

differently?

It's always an ongoing challenge, the challenges change at every stage, there is no single point that stands out.

The most critical task is balancing the competing demands of resources, engineering, liquidity and strategic development. It's an exciting though demanding problem to continuously 'square the circle'.

5. When did you decide to expand to the international/ US market, and how?
When did you first decide to raise venture capital, and what has been your
approach to financing growth over the years?

We've been international since day one, it's the nature of our market and our company. We had been self-funded for the first 7 years, in 2017 we decided to fund raise in order to accelerate growth and meet the rising demand for our products. A subsequent investment round (Series A) took place in 2020. All our investors are also partners who can provide insight, advice and contacts to aid our growth.

7. **How is building an Enterprise FinTech firm different from a "regular" SaaS /**

Enterprise Tech company, and what three things should founders get right?

Our clients are regulated and often listed entities which require more exacting standards and capability from their suppliers. There is very little room for compromise.

8. **What's on the priority list for you and your team for the next year?**

Our broad goals are to deliver on our strategic plans and capitalise on the opportunities from our latest funding round that closed in 2020. We will continue to take advantage of the extraordinary opportunity afforded by on-going technology evolution of the bond markets that has been accelerated by Covid.

9. **Where is the financial services sector headed in the next 12-18 months, and what should we be watching out for?**

Specifically, the bond markets will be impacted if inflation and interest rates will rise at some point. Even if they remain at historic lows, the changes to QE will impact liquidity. Governments and Corporates worldwide will continue to issue bonds, but we think there will be a significant shake out in many sectors of economies around the world as the longer impacts of Covid work their way through the system. This is going to drive volatility and ongoing growth of the fixed income markets. We are going to see more new market entrants taking advantage of technology to become significant market participants. Incumbent or legacy technology providers will continue face competition as their clients look to access best in class and interoperable solutions and not be tied to fixed services.

10. **Your favorite place(s) for a meal, coffee or drink (pre-COVID19)?**

The Garden Café, Finsbury Square and the Red Lion Pub on Eldon Street in London EC.

Sandipan Chakraborty | SONECT

1. **Tell us a bit about yourself and your company.**

Sandipan is the founder and CEO of SONECT that introduces sharing economy in cash logistics. After spending 12 years at Credit Suisse as a Senior Program Manager and delivering some of the largest IT initiatives of the bank successfully in payments, core banking and regulatory compliance, Sandipan decided to quit his job, risk his family and venture into the unknown with SONECT as he identified an opportunity to bring efficiency in cash handling and thus reduce the cost of it. He and his co-founders gathered a team of industry experts for advice, raised capital from prominent investors and grew the company from scratch in no time. The company is now a multi-award winning fintech headquartered in Zurich, Switzerland with 3 offices globally and having international customers including major global retail banks.

SONECT disrupts the ATM industry by enabling any shop in the neighbourhood to act as a "virtual ATM". It democratises the process of cash distribution. What UBER is to Taxis, Airbnb to Hotels, SONECT is for the ATMs. ATMs are expensive for banks to install and operate. Consumers often struggle to find, travel and pay for cash withdrawal from an ATM. On the other hand, cash handling requires merchants to spend time and money. SONECT is a location-based match making platform that connects those who want to withdraw cash with those who want to deposit cash - typically, a shop owner. It builds a community around local businesses and help them generate physical leads. Using SONECT: - local shops not only have less cash to manage at the end of the day but also earn money & attract new customers, individuals can avoid an extra trip to the ATM and withdraw money at the click of a button everywhere and finally, banks can save up to 50% in running their ATM operation costs and generate revenue from location based payment data.

2. **Give us the backstory- how did you get the founding idea, and how did the first sale come about?**

Sandipan often forgot to visit ATMs and keep cash in his wallet. On a snowy Friday evening, he watched a neighbourhood Pizzeria to sell a Pizza while putting cash in his register – in a moment when he needed cash urgently to pay their babysitter. While taking an arduous journey to the nearest ATM which was about 600m away from his house, an idea was born – why is it not possible to withdraw cash, at shops where other people still pay cash?
Soon the idea turned into a business and a prototype of the product was built and released with just a few shops. This concept picked up the attention of an innovative regional bank in Switzerland (HBL) who became their very first customer.

3. **Could you summarize your journey to scale from a sales, go-to-market and business development perspective, perhaps split into 2-3 key phases?**
Since then, the company went onto acquire large retailers in Switzerland and became the single largest ATM network within just 18 months of operation. This brought in other major banks as their customers as well as international investors who doubled up as strategic partners in scaling the business internationally. Leveraging the massive distribution channels of those strategic investors, SONECT is now rolling out their platform not just in multiple countries in Europe but also as far as in Mexico for further expansion in Latin America during the coming years.

4. **Which was the most challenging phase, and what would you have done differently?**

Most challenging phase was to finance the company while going through long sales cycles of banks as customers and large retail chains as partners. Only strategic investors showed patience to go through that arduous process and finance the company through that phase. However, SONECT would have liked to welcome a lead financial VC instead of a lot of strategic investors during that phase.

5. **When did you decide to expand to the international/ US market, and how?**

Decision to expand internationally was there since the beginning of the company as the ambition was there to build out a truly international network of virtual ATMs with a vision of providing easy access to financial services to anyone, anywhere. Riding on an early success in Switzerland, once the strategic investors got onboard, international expansion became a lot easier.

6. **When did you first decide to raise venture capital, and what has been your approach to financing growth over the years?**

Selling into banks takes time -especially when the concept is novel. Hence the company required external capital to finance its growth – especially while scaling the business outside first domestic market i.e. Switzerland. Our approach so far has been not only to attract capital but also a large distribution channel with it. Hence, we have Loomis as our strategic investor, one of the largest cash in transit and cash management company globally. They are now taking the platform to multiple customers in multiple countries and helping the company scale. Similarly, Arca Continental, one of the largest coca cola distributors in Latin America joined as a strategic investor and are now helping with the launch in Mexico.

7. **How is building an Enterprise FinTech firm different from a "regular" SaaS / Enterprise Tech company, and what three things should founders get right?**

Success of Enterprise Fintech, especially when a B2B2C business model is involved, depends on consumer adoption of a financial service and that is often associated with trust. It is harder to change consumer behavior when it comes to availing their day-to-day financial needs and hence the following three things should be done right:

1. Defining your customer clearly should help any founder to focus and prioritize. This becomes tricky in a B2B2C model but having clarity on who is your customer helps.
2. A clear Go to Market strategy is very much required and validated before scaling up the business
3. Culture of the company must be ready to accept changes and the mindset must be open to bring in some structure and procedures in achieving the same goal at scale. Hiring plays a key role in achieving that.

8. **What's on the priority list for you and your team for the next year?**

SONECT is looking at expanding the business quickly during the next 12-18 months. Starting in Italy as a first market after Switzerland, it already has a strong pipeline in multiple other EU markets as well as in Mexico. Objective is to establish the solution as a low-cost alternative to physical ATMs and reduce cost of cash management for banks, retailers, and consumers.

9. **Where is the financial services sector headed in the next 12-18 months, and what should we be watching out for?**

A lot of digitalization will be driving consumer behaviors also in the financial services sector. Whether bitcoin will become mainstream or not is irrelevant, but we will certainly see a lot of digitalization of every single channel that the banks use today to interact with their customers. Bank branch and ATM reduction will be a key topic amongst others and that will certainly create a great opportunity for SONECT to scale the business during the next 12-18 months.

10. **Your favorite place(s) for a meal, coffee or drink (pre-COVID19)?**

Sandipan likes to try new places, new cuisine – hence, any place where he hasn't been yet could easily become his next favorite if that place offers something unique.

5. Insights from Investors/ Financial Institutions

Note: some of the interviews - e.g. with Marcus Polke of signals VC and Hans de Back of Finch Capital were conducted in-person or via video interview in June - July 2020, which makes the transcript a bit longer and some of the content may be a bit dated.

Marcus Polke | signals Venture Capital

Samarth: Hi Marcus, before we get started with the questions, it would be great to share a bit about yourself- both at work and at leisure.

Marcus. Sure. I'm a tech industry guy who became VC 13 years ago, so I think I have a good view on both the operational and the financing side of things. I was one of the first people to work for Amazon here in Europe, then I ran all of AOL's ecommerce businesses in Germany, and led a large marketplace business, all of their European operations. That marketplace business we sold to Amazon.com in 2008, and that's when I switch the side of the table to the VC side of things. Since then, I'm a technology investor. Two years ago, I joined signals VC and now run it together with my partner Christian Weniger.

Other than that, I'm a marathon runner, I'm a family man, a father of three, and I live between Munich and Berlin and invest across Europe.

Samarth: Great place to be- I guess you're covering two of the big hubs, at least within Germany, and it's also a good location within Europe. Tell us a bit about the story of the fund- how it got set up, what's the thesis, what do you invest in, and how has it evolved?

Marcus: Sure. signals Venture Capital is a 100 million Euro fund, which is backed by one of Germany's largest insurance groups- Signal Iduna. We are a corporate VC, but that said, we are a completely financial investor, driven by financial VC metrics. That is reflected in our team- we all have VC backgrounds and it's a very experienced team. We first and foremost look at investments from the financial perspective, and then- where it makes sense- we try to find some very interesting touch points with Signal Iduna and its ecosystem.

Today, our focus is on Enterprise Tech, but we also have FinTech and InsurTech in our portfolio. We look at everything that helps corporates to adapt to the digital age by digitizing processes and adding value- from process automation to employee software to customer experience management and many more.

We invest typically in late Seed and series A rounds – that's where we start – and our typical check size is somewhere between 1 and 5 million euros. Probably the sweet spot is around 3 million euros for an initial investment, and then we can go much farther afterwards.

Samarth: Got it. The decision to focus on FinTech and InsurTech is understandable, but your focus on enterprise software was – at least from the funds I've seen in the financial services space – kind of an outlier. What attracted you to this space? What do you think is the potential there?

Marcus: You see, we get our money from a large corporate in the financial industry, and there are two kinds of challenges for established players like these: either on the Product side – that's why we invest in FinTech and InsurTech – or on the People and Process side – and that's why we invest in enterprise technology. Product-wise, the challenge is that customers today have totally different expectations with regard to the services of their insurance or their bank. That is where startups come in. People & Process-wise, corporates often rely on legacy technologies and have trouble modernizing these business-critical infrastructures. So through our financing activities in startups, we try to cover all the dimensions of the future challenges enterprises have in this very fast-moving technology environment.

Samarth: Got it. Probably when your fund started to invest, there was a picture of FinTech or InsurTech as being more "disruptive" and more B2C than today. What's been your experience in terms of how is the market and the startups which are trying to scale up in this space, and what's changed in the last few years?

Marcus: We are now investing in our third year. I think we got into the market when it was already at a certain maturity, and we don't invest in B2C models, which I think supports our investment hypothesis that technology is the main driver in this industry. I believe large enterprise must first become innovative on the technology side in order to then be able to innovate fundamentally for their customers.

When I look at our first investment, it's a B2B2C company called Element- it's an insurance company, and a regulated company as well- that provides insurances on a technology platform for other corporates.

Then we are invested in Finleap, which is one of Europe's most important company builder in the FinTech space, with a huge ecosystem as well, and most of their businesses as well are not consumer oriented, per se.

That shows that the sector has gained a lot of maturity, also in Europe. We are moving away from consumer type investments, but I think financial services companies must understand that they need to put a lot of work into their technology stack because that's where most of the value is created.

Samarth: Got it! What's been your experience with some of the companies you've invested in either directly or via your investments, let's say in Finleap? What does it take to build a successful Enterprise or B2B2C FinTech company right now out of Europe?

Marcus: I think first and foremost, it's still team, team and team. So that's completely regardless of the industry. Sure, you need access to technology talent, but this has gotten easier, I'd say because now with remote working, startups can attract talent from a global pool.

In the FinTech space, I think from both the investor and the team side, it takes a very deep understanding of the specifics of building a company in a heavily regulated space, like the financial services industry. You need investors to understand that, because you have to work very actively with regulators, and you have to push, and you need entrepreneurs who understand that as well.

Samarth: Very interesting. That leads to a related question, which is- what's the typical ideal founder or founder team? Do you think most of the best Enterprise or B2B2C FinTech or InsurTech companies will be founded by ex-bankers or ex-insurers? Or do you still believe we will see the more Berlin-style disruptor type of model?

Marcus: I'm not sure if there's a magic formula, but being really disruptive- it is very hard to do that from the inside of a large enterprise and with an enterprise mindset. To build a new startup, to disrupt an enterprise from from within- it needs a different mindset. I think the typical founder team in the FinTech space is a very good combination – I strongly believe in teams even though we have some single founders as well, which are very strong.

A founder team in Fintech needs both the technology side and the regulatory mindset. Still, as an entrepreneur you always have to try to push boundaries, also within the regulatory framework. You need to be aware of where the chances lie. In the end, there's no formula for the entrepreneurial mindset, besides energy and enthusiasm.

Samarth: In terms of the trends- having seen some of the some of the B2C approaches which started off, let's say around challenger banks or alternative lenders, then around wealth management and robo advisors. Each of these went through that first B2C phase, and then went to a second phase where some of them had technology which could be white labeled and offered to others.

Quite a few of the players in each of the sectors I mentioned made that move – e.g. Fidor offered Fidor TecS, Scalable Capital offers a white-label version etc. Do you expect to see that almost everything which starts off as B2C goes B2B2C (as well)? What models will survive, will any of these B2C players become players to reckon, or will customer acquisition costs become too high and mostly go B2B or B2B2C?

Marcus: I think this is how we invest- you need a sound business model, and then you have to execute it. I'm not a pure technology investor, but I invest in business models, enabled by technology. I think that's in a way sector agnostic, but it's very true for the financial services industry, as well.

As to who will survive- I think investors in the long run, like to see where the money comes from. You really need to get traction in the market, and these models will be financed. I'm actually very positive about the whole landscape and even the concentration of investors looking at the successful models. Look at what Finleap, our portfolio company, just did a couple of weeks ago- they announced three financing rounds, all signed in one day- Solaris

Bank, Clark and Penta – really very successful. Especially in industries where you need a lot of solvency capital, investors have to apply even more scrutiny in picking the right model, because we all try to build companies for the long term. However, in the financial services industry, there is no way around that. So these models will survive.

Samarth: Got it! Being associated with a corporate yourself, I have a question: do you see European Enterprise or B2B2C companies – who usually build great products and have excellent domain knowhow – well equipped to take it to scale, and have you seen that change over the last few years?

Marcus: Yes, I've seen a lot of change, because founding teams are on a very different level in terms of technology, business understanding, and execution. I think in general, European companies are very well equipped to take on the European market, which is very special, because it is very fragmented, and regulation is not completely harmonised.

I think European entrepreneurs and European teams have a better understanding of this very special framework in Europe than their US counterparts trying to enter the European market. That's an advantage, and then it's a challenge, because the European market is so fragmented. A lot of work has to go into the harmonisation of regulation, having one body to discuss technology and even privacy issues, etc. European entrepreneurs who understand that, and address it in their businesses, have an advantage that they can use under the current fragmented conditions.

Samarth: Yes, understood. Now when you say it's a fragmented market, once a startup has started selling and scaling up- say in Germany as a first market- would you see them rather expand within Europe or straightaway look at a large enterprise market like the US? What would be your advice?

Marcus: My recommendation is always to test certain European markets instead of going directly to the US. The US is a very, very competitive and very different market from European markets- culturally, regulation-wise, and even operations-wise. It's much easier to take a natural progression- say from Germany to the Benelux or Scandinavia, or Austria or Southern Europe. If you do it right, you can operate in several of these markets at the same time, especially from a hub like Berlin.

Samarth: Right. You said you are investing typically at around 3 million euro ticket size- so that's usually Series A or A+. What do you look for in a company when it comes to you looking for Series A funding? What kind of metrics or expectations would you have?

Marcus: First of all, they have to have real first traction in the market- outside of, say, pilot project-based revenue source. If you have real recurring revenues from a couple of customers—it depends very much on the model—but to have monthly recurring revenue around the €50k mark, coming from maybe 5-10 customers- that's really something. It shows that you have a certain traction in the market and recognition from more than one or two interested parties.

Samarth: Got it. You would then be talking to the existing customers, to get a feel of why they're buying and so on.

Marcus: Exactly. First, we try to get an in-depth feeling for the founder team, because these are the key people who are driving the company. Then we do reference calls, we do a deep technology due diligence to understand the product. These are startups, so they do not need to have a completely finished product yet, but if we see a compelling base, we try to work with the founders on creating a clear product and technology roadmap.

We see a lot of what is going on in the market and try to use these insights for the benefit of our founders to help them go from good to great.

Samarth: Right. Related to a question I asked you previously- the typical fundraise at Series A – is that going mainly to expansion within Europe or do you already see companies looking for international markets at that stage?

Marcus: Some do, but – as I said – my advice is always that it is hard enough to conquer one market and to create a blueprint. You have to get that right before expanding. I think most of the companies who don't succeed at creating a blueprint will crash and burn- with some rare exceptions from time to time.

Samarth: Okay. Have you also seen the trend of some of the banks or insurance companies launching their own ventures? How far do you see that model of in-house ventures launching out as startups?

Marcus: In general, I'm very positive about what corporates nowadays are starting to achieve, not only in their technology transformation, but also in transforming certain business units or functions. A lot of value is being created there.

For example, our own investor Signal Iduna founded a startup, which is a middleware, connecting all of the various heavy-lifting legacy systems of insurances. it's a company called SDA. Now a couple of other insurers like Allianz have invested as well. This is probably not disrupting a market, but it comes from a deep technology understanding, that can only be successful because it comes from within an enterprise, with the knowledge of all internal systems, dependencies and legacy technology stacks.

The great thing is that these large corporates – I can mainly speak for Signal Iduna – get more and more attractive as well for technology talent. They understand much better what it takes to create a great work environment for technology as well as business talent.

Samarth: Got it. Any last piece of advice to founders looking to build the next big thing in enterprise software or FinTech or InsurTech?

Marcus: Give me a call or send me an email. Let's start a conversation. I'm always super happy to get in touch with great founders and I think founders have to discuss with investors and build, measure, learn and then iterate through their product.

Samarth: Any type of companies you are looking for, based on your criteria? What kind of stuff should they be building that would be attractive to you?

Marcus: Think technology with a business model. That's it.

Samarth: I know this one hurts right now, but when things are normal- where in Berlin would they meet you typically for a coffee or beer?

Marcus: Our super-great offices, located in Mitte, very close to the main station. Always happy to have people over. If it wasn't Covid19 times, we have a great event space as well and usually host meet-ups from time to time.

Samarth: Awesome. Okay, Marcus, pleasure talking to you. Thanks for your time.

Marcus: Super, thanks!

Hans de Back | Finch Capital

Samarth Shekhar

Hi Hans, good to meet you. About a year and a half since we last met. Let's get right on with the interview. Tell us a bit about yourself, both at work as well as at leisure.

Hans: Sure. Okay, so my name is Hans de Back. I'm a General Partner at Finch Capital. I am Managing Partner at Finch Capital since 2015. I'm based in Southeast Asia. So we as a FinTech VC we invest in two regions, Europe and Southeast Asia. So I'm responsible for our Southeast Asian activities. Radboud is looking after Europe.

My background is that I've been an entrepreneur myself from 2000 till 2011, but in the mobile marketing and advertising space. So I've built companies together with two partners all the way from a startup to an IPO to a listing. So I think it's an entrepreneurial experience in the companies and I have leveraged that experience in the companies we invest in. Then from 2011 till 2014 I've been an angel investor. I moved to Singapore in 2011 and started investing as an angel in in technology companies with a very broad focus, ecommerce, social media, but also FinTech and that's where I started to work with Radboud. We did some deals sharing and co-investments, and then decided to set up Finch Capital. So that's a bit about my work.

Yeah, so what I like outside of work is, I like to run. That's an easy way to exercise. I cannot commit myself or force myself into team sport. So yeah, just sneakers in your suitcase. And, you know, when you're traveling, it's easy to take them out of the suitcase and start running this route. Sometimes running away from your problems.

Samarth: Okay, so a bit about the fund itself. Sure. I think you did say you started to set it up together with Radboud.

Hans: Yeah, yeah. 2014 we started, we started Finch Capital, and so we currently managing two funds. The first fund is about 50 million USD and the second fund is 140 million USD. And I think where we differentiate ourselves is that we focused from the beginning focused on FinTech.

So in contrast to a lot of other VCs who have more kind of a general investment approach, we immediately focused on FinTech, because that's where we saw the opportunity, had also to do with personal background, so I've made the investments in FinTech companies prior to Finch, and Radboud was a McKinsey partner and heavily involved in consulting a lot of finance institutions. So that's one.

Secondly, we invest in early stage. Early stage for us means pre-Series A up to Serie A. We believe that as VC you can make the most impact in that very specific area. So we considered that as our sweet spot we see that a lot of the FinTech companies required not only the cash, but also a real hands on approach from their VC, and that's what we deliver. So we are a very active investor?

Thirdly, we bridge Europe and Southeast Asia, so initially, we brought European companies to Southeast Asia. So we helped them to expand to the Southeast Asian markets. And in our second fund, we made direct investments in Southeast Asian companies.

The fourth differentiator is that we are more focused on B2B2C, so we invest more in what we'd call collaborative business models rather than better business models. So Collaborative for us means the FinTech company wants to partner up with financial institutions or fast versa. So those that said the four differentiators.

Now we have offices in Dublin in London, London, Amsterdam, Singapore, Jakarta, we have about 10 professionals on our payroll. So we have a relatively small outlet. But we also are surrounded with a very strong network of entrepreneurs. So if you're new to our investment strategy, what I mentioned before is not only about putting in the capital, but really help the company with operational challenges. That could be hiring, product development, but also building partnerships with finance institutions. And that's where we can rely on our network. So if there's a specific need required, and we can really leverage the network of people around us to accomplish what we invest in, so they can, you know, take for example, board positions. So that's what we do.

But as a VC, we're also collaborative ourselves. So we work a lot with other VCs. So we normally take the lead in the deals, but we work with other VCs, to create deep pockets because FinTech companies in general require a lot of capital. So it's important to have a very strong cap table, not only for the expertise and the money, but also the distribution network you've been building without a VC. So in that respect, we are also very collaborative ourselves and work with VCs but also with corporate VCs.

Samarth: Excellent, okay. We've come to the right place. So I think there's enough with what you mentioned, given the Southeast Asia and Europe focus- kind of bringing together these I think in general, one can say the Southeast Asian market has been more of a green field as well, it has had more B2C approaches compared to B2B or B2B2C in the beginning at least. Whereas here we've seen in Europe as well as in the US a lot more companies which started off B2C, but went more B2B or B2B2C. So how do you see that- because a lot of our conversation will be about this part – so how do you see that coming together or converging from going from B2C models? What have you seen in Southeast Asia as well as how do you see it to be going forward?

Hans: Sure. So I think if you're new to FinTech, we strongly believe that innovation of FinTech in general took place in Europe. Attitude to say payments- I feel a lot of payments companies came out of the Netherlands. Of course, one of them is Adyen, now a unicorn based here in Amsterdam. Then there are challenger banks like N26, Revolut, etc. There's a lot of innovation about payment, remittance, lending actually took place in Europe. And of course, US is the biggest market, but we really believe that innovation is really taking place in Europe.

However, what we've seen in the early days of fintechs, let's say back in 2011-2012, is that most of the VC money- about 90% – went into those competitive business models. So it was all about fintechs challenging, fighting banks, replacing a financial product or even replacing a bank like a challenger bank. In mobile we have seen over time, a couple of things. And that's also the belief we had from the beginning.

And as always, we're more focused on the collaborative business model than the competitive business model, where the fintechs are dealing with a couple of challenges from the beginning almost. One is onboarding of customers. So what we've seen is the cost of acquisition of customers is going up rapidly. There's a lot of competition around the digital channels. So the cost of acquisition went up.

Secondly, is of course the regulatory environment – what we have seen as regulators in general in Europe, for example – in Germany the BaFin, in the Netherlands the AFM – sort of they came in and started regulating the FinTech companies.

Thirdly, It's the lack of trust, it's a lack of brands and fourth is the distribution network. So I think those four elements were actually hampering the growth of the more or less what would be B2C business models. So that was a reason for most FinTechs to partner up with financial institutions that experienced fintechs from the beginning as very disruptive or as a threat. But what we have seen is that, over time, financial institutions have been embracing financial technology companies, are now innovating themselves from the inside out, so to speak, right. So they use FinTech technologies to start with a partnership to innovate more or less themselves and to tap into a diverse audience which say traditionally do not easily get into like the millennial base, for example.

So that's a bit of the trend we're seeing. And if you look now to VC capital, so about, it's now 60%, that goes more into the B2B2C type business models. And I think post-COVID that will only grow, right, and the balance will be more comparatively small. So the whole let's say, the investment strategy for VC is changing and shifting from more competitive to collaborative, so from the direct to consumer to B2B2C for the reasons I mentioned.

Samarth: Got it, got it. You've answered a couple of questions I had in mind already. Just kind of zooming into this particular trend of B2C models first trying on their own, some of them succeeding- just about a handful- succeeding enough that they can even scale beyond Europe, etc. But the rest, which are switching from B2C, to B2B2C or B2B models, in some cases, as a white label software product, just like the old times- do you see that transition happening in a way where you know, the founders or whoever to make the transition- it's a different mindset and different sort of way of thinking when you're going B2C? And then it's, and you know, you're being egged on as somebody disruptive and so on. You're gung-ho about that. And then to move to the B2B2C model, how does that happen? Do you see that happening successfully? What does it take for founders to make that move?

Hans: Yeah, that's a good question. So I think, to start with the first part of your question, so let's say that's called the DNA or the mindset. There's significant differences of course, if you start a FinTech company, and your approach is direct to consumer, or B2B2C, that's a totally different mindset, and it also requires a totally different setup of your company, right?

So I think if you were to do direct to consumer, it's more building the brand. And when you have the expertise to build a brand, it's about your onboarding channels. It's about the digital channels you're going to use to onboard customers. So it's about marketing and it is all about retention, right? So how do you keep your customer satisfied and happy and how do you avoid churn. Then also, the challenges a direct to consumer company running into is, is of course all kinds of KYC, fraud issues, right? Regulatory issues are what I mentioned before, so that's something a direct to consumer company that's going directly to the market has to deal with.

And if you do it B2B2C, you work with a strong partner, then that partner can assist you in your onboarding of customers, avoiding fraud issues, dealing with regulators, etc, etc. So then it's a completely different mindset. So if you do B2B, the focus is more on product market fit- so how relevant is your product for the department you're working with. It's about the sales process. So as a small FinTech company, how do you do sales to big corporates? Right. How do you keep the client happy and how do you make sure that your digital products are also relevant for this partner long term. So how sustainable is your product.

So there are different issues, different challenges. So shifting from direct to consumer to B2B2C is not that easy. What we've seen so far is, I think on both sides, in both models, product market fit is of course, extremely important, right. So in that respect, you need to be focused on adoption rate. And also, how quickly can you scale up your product, but I think in both models, those are let's say the relevant questions and also those are the issues and challenges you are dealing with.

I think the big difference is if you look to how they do sales to a big corporates, right, and do we have the people, do you have expertise on board to deal with those corporates- so it's not only know your sales, making sure that your products are providing the benefits for this company, not burning too much cash in that whole sales process, right? Because if your product is not relevant, you can burn a lot of cash on the sales. Right. So that's one, but secondly it is how do you maintain relationships, how do you work with corporates going forward? So you have your back office.

This is completely different from the back office of a direct to consumer company, right? And also, how flexible are you in, in product development, or how should product development look like, because those big corporates require probably a lot of adjustments. You know, it's not one general product which you deliver to a couple of banks, they require very specific products, it requires also a lot from your product development team.

So if you have if you go down to the market it's just one product which fits all, right, and if you go to more B2B2C, you have to tailor your products for those very specific financial institutions, which has a huge pressure and you the users can be demanding for the product development team. So those are the big differences I see. So it's not an easy transition.

Samarth: Totally, yeah. And it kind of goes back to the question because it's starting to sound like the world I used to be in. So like up till 2012, I was responsible for a lot of sales and business development for some of these financial software companies, as they were called at that time, simply.

It was really a long sales cycle, the long relationship building and complex sales processes, and I think what has changed now is probably at that time, we were being evaluated just like any other providers, so the procurement department would come asking for five years revenue history, how many locations do you have, can you serve us in these five cities or time zones, but I think now the question would be- have you seen that change if it is enterprise FinTech or enterprise B2BC sales? Have you seen something change on either side? So in terms of the sales team or the type of salesperson or this type of mindset, founders are bringing in into this kind of a company and on the other side, at the buyers side as well. Have you seen that change? Or is it just the same?

Hans: No I have actually seen a lot of change. I think that what we have seen with FinTech companies in general is that they upfront make the decision- do I go for a direct market approach i.e. B2C or do I choose to work with a financial institution, i.e. will I be a provider of technology to FI's in general. I think that's the choice they make up front. So it's becoming less optimistic. Right? And that has to do with the fact that the market for B2B2C is becoming big.

You know, those are the two drivers of innovation also at the FinTech agenda, no surprise for FinTech. And it's also relevant for financial institutions. So you see a lot of new technology, new solutions, new products, actually coming out in the last couple of two years based on IoT and artificial intelligence. And that also changed the mindset of the financial institutions.

What I mentioned before, banks in general are more collaborative, do not see that FinTech comes as, as a real disrupter or as a threat, but as where they can aid for their internal innovation, right. And so that has definitely changed the mindset of the of the financial institutions and how that works in practice is that you have really good innovation teams within banks, who scan markets, who interact with fintechs, who test products – so I think that for FinTechs it has become also the much easier to test a product with the finance institutions than I'd say a few years back. Of course, a lot has to do with regulations- so PSD2, the whole open banking as well, right so the whole banking development that also creates for fintechs the opportunity to work with finance institutions is much easier than say a few years back.

And then if you look at the one the side of the FinTech companies as I mentioned before is that they upfront make decisions- will it be a direct to consumer model or a B2B2C business model we can come to the market with? What is our go to market approach? And from the beginning they hired and designed their teams around that go to market approach.

Samarth: Okay, so either based on the experience with portfolio companies or otherwise, what you're seeing in the market, what does it look like building a successful B2B or B2B2C FinTech company these days?

Hans: So, yeah, so what does it take? So I think first of all, it's a deep understanding of if your go to market is B2B2C, it's a deep, deep understanding of let's call it the innovation agenda of financing institutions, but you really have to understand- okay, what are the problems, what are the challenges that they're faced with and can I provide this solution, right?

So product market fit, I think that's what is really important and you cannot be optimistic about it- you really need to figure out upfront, what is the product that the financial institution is looking for, what is the product market fit there.

Then what I mentioned before, it's also understanding how finance institutions operate and how the decision making process in a certain financial institution works. So if you want to sell products- who is the person you want to talk to, but how does the decision making process really works from there- it's about what I said, having the right team in place. So if you have the DNA setting of the team, we look at also the persons who have worked for financial institutions in the past, or have worked for big corporates and have sold enterprise software to financial institutions, for example, so, sales guys, I think that's really important to have those on board.

Thirdly it's about the product roadmap that makes sure that you are not only sufficient with understanding Okay, how's the product roadmap of the bank looking like and can I develop or adapt my product to it – if you can match it with and sync that with the with the product roadmap of the financial institutions.

So I think those are important elements. Because at the end, it's about quickly figuring out the Product Market Fit, Be very efficient in your sales process. And then when you have the contract and maintain that relationship and build a sustainable relation with a financial institution and lead also to long term benefits that results in revenue, of course and increases your valuation.

Samarth: And typically, what are you looking for when you invest at your stage- so I think that's mostly series A or a bit earlier?

Hans: Yeah. So we use about 20 different criteria before we invest. Yeah, of course, it's a kind of top down method. So we in our LP base, and also outside of our LP base, we have a large network of financial institutions. So we understand their problems. We have a clear view about their innovation agenda, which was referred earlier, right. So when we invest, we understand the problem that the financial institutions are dealing with, and what we do, is we look for the solution. We will look for the FinTech company- best in class- who solves this problem, right? And so that's what we'll start with.

So it's not the other way around and we look at companies that we didn't start with, if we make an investment that we then started looking for clients. We already have the customer and we bring the customer more or less to the company we invested in? Right? So that's step one.

Step two is of course, we look at the team- we look at which is you know, basic criteria of everybody, which is very important because it is early days, you do not have much data points yet, right? So the team is super important. Do they have the knowledge of the financial services industry? Do they have the context, have they done it before or a second time, how strong is the tech team, how strong is a sales team, etc, etc. So team for us is a huge criteria of course.

Secondly, we look at the product Market Fit. We look at how big is the problem- if the problem is small, even if you solve that issue, the growth potential of this business and scalability is limited. We look at also adoption rate of the product. So, how quickly can you know can a finance institution work with this product is more or less done and scalability. So, if the product is a success and then finance institution thinks Hey, this is indeed solving my problem, can we scale this up into the most international scale up, and is the company and the product ready for scale up, so you do not have a delay in that resepect. Of course we look at the exit market, we look at how much capital is required to grow this business but those are the more standard criteria that every VC is using.

Samarth: So because this space – B2B or B2B2C – you can also look at it as a pure vertical SaaS type of model. Do you end up evaluating it as well from very SaaS type of metrics? And I guess the broader question is, should founders be let's say, if they are a SaaS company selling into financial institutions- are they better placed in working with investors who are very SaaS experts or with investors like yours, where there's more financial services expertise, understanding of the problems, customer base etc.

Hans: Yes I think I definitely do not underestimate the complexity of SaaS models and also selling a specific product, but at the at the end, that's the expertise which is available within almost every notable VC. And if you go to all the larger VCs in Europe or in South East Asia, these days, they have that specific expertise.

And I think it's all about the network of financial institutions, right? So it took us about seven years to build th network. It's about getting the trust of those financial networks, it's working with them, it's providing them partnerships, it is provided them acquisition times etc. So those are long standing relationships which took a lot of effort to build. And I think that's the what I referred to before as the competitive advantage we bring to the table if we invest in the company. We have those relationships, we have more or less the partnership lined up where we can leverage the companies we invested, and in the end, you know, if you look to a company where we invested, you can help them with the product development with the hiring, with their operational agendas- but I think that's where every VC can step in.

I think where you can be a huge differentiator is bring them new partnerships right and help them to build those partnerships with the financial institutions. It leads to a quicker test of the product market fit. It will give them of course, hopefully, more sustainable revenue because that's what we see in B2BC- it's difficult to get in, but if you're in, those revenues are very sustainable because that solution will be integrated into the whole let's say the back office of the finance institution and it is, in general very difficult to replace, right. so it results in a more or less long term relationship and therefore also revenue- so I would value let's say the network of financial institutions and bringing those partnerships I felt is more than let's say that specific SaaS expertise which is more or less available within every VC.

Samarth: Got it. Anything in terms of metrics, you look at for, let's say, what does it take for a company to raise series A in Europe right now in the B2B2C space?

Hans: Yeah, so we use all the criteria I just mentioned- product market fit, adoption rate, scalability, etc, etc.

Samarth: I meant more about the specific metrics.

Hans: Indeed, we definitely look at the user economics or we look at, of course, the, the data points available whenever we come in is pretty limited. So what we normally do is we before we invest, we establish a relationship, and that can be a six months or 12 months let's call it a trial period, where we work together with the FinTech companies who bring them to the financial institutions. So we try to collect as many data points as possible, to do a kind of validation of the product market fit, and which enables us to form a fair opinion about the product market fit, about adoption, about scalability.

And of course user economics in that respect is important. It's about the retention rate- is the customer happy with this product? So there are definitely some KPIs, we look at. And important, is of course, what is the cost of a scale of the scalability of the product? Right. So how much capital is required to scale up this product. What I said before we try to get an understanding about that perspective, product roadmap- if you scale up, what is the effect on product development and how is the roadmap in that respect looking like, how much cash is required to execute that roadmap? So those let's say we are definitely going to be asking for.

Samarth: Ok. After that, usually would you see companies at series A already looking at international markets. I mean in this particular case, it would end up mostly being the US or Asia Pacific. But you see already at Series A companies expanding internationally?

Hans: Yes if you look to – again, this is a difference between direct consumer and B2B2C. I think with B2B2C we see FinTech companies in general scaling up faster if there is product market fit, right. There is a we see quicker scale up than if you go directly to the market scaling up, as a direct to consumer company requires a lot of cash. Every market is different, you have regulation or the things that I mentioned- the regulation, the brand, the marketing channels have to be build etc, etc. So, a FinTech business is not an ecommerce business- ecommerce in general is much easier to scale right, and to scale out of your domestic market.

FinTech is totally different. So if it's a B2B2C, we see that that scale out or scale up, is much more efficient and takes it on the back of the partnership. If you work with a finance institution, most banks are international, have an international distribution network, and an international reach, where you can benefit from.

So in the B2B sector, we see Series A businesses scaling out of the domestic market much faster than if it is direct to consumer. Although one of our selection criteria we are using is that the domestic market should be big enough to want to do a validation of the product, because it doesn't make sense to scale – even if it's a B2B2C – to scale out of the domestic market if you have not done a proper validation, right, and secondly, from let's say a valuation perspective, as an investor, as a VC, that the company should be able to generate sufficient revenue and therefore, to create sufficient value, which gives us a proper return already in the domestic market they're active in. So, as a VC we find a board that, that the FinTech company from a growth, and from a valuation perspective, is not too dependent on expansion, because there's expansion risk, right. So that's how we see it.

Samarth: So last, but not the least, so you've been putting out some great reports. I think that was one end of last year or beginning of this year- *The State of European FinTech* – and then you were have the first if not or one of the earliest ones to put out the COVID assessment on FinTechs, so I would definitely love to get your insights specifically for this type of startups in the B2B2C space. I think you mentioned in passing that it would be something which grows in terms of share of venture capital flowing in, but how do you see the impact, and what should companies be thinking about?

Hans: Yeah so landing platforms are in general both in Europe as well in in Southeast Asia in a difficult position, right. Sso we see across the board and here are some of the figures coming up. It's for those companies also more difficult to get debt on board, so the lender side to fuel the platform with that is becoming more challenging. But in general, specifically in B2B2C what is post COVID the biggest problem, the biggest challenge is, of course, a slowdown in sales.

So what we have seen so far is that the the financial institutions were sitting on the fence looking at how things are developing. I don't want to say that they canceled innovation, but let's say signing up a deal with a new FinTech partnerships, that's where we definitely saw a slowdown. So that was the immediate impact of COVID.

What we have seen and say, specifically, Europe and Europe is getting back on track. If you went to the Netherlands, if you go to Germany, if you go to the UK, and the Nordic area- yeah, people are more or less going online, so to speak. So we see also that our FinTech companies are realizing more traction online on their sales process. So that's let's say the short term.

What we think long term is that we call the digital only strategy of financial institutions. I think there will be fast forward because of COVID, and I think it depends a bit on the markets you look at. So in Southeast Asia, you know, the financial inclusion topic is, of course, a big thing. The whole banking situation is still a massive issue, about 60% of the population doesn't have access to financial services. I think this whole COVID situation, push the banks even harder to innovate themselves to automate certain processes and digitalised product offering. So that's what we definitely see in Southeast Asia.

And I think in Europe more or less the same- all the banks want to spend on simple AI and also IoT – I think you're going to see some very interesting business models popping up and which provide FinTech companies great opportunities to sell to financial institutions. So I think the whole innovation and the digitalisation of the financial sector, and what we see is that they're simply going to be fast forward because of this whole COVID situation. So for FinTech companies, a bit depending on the sector you are in, is a overall a good thing.

Samarth: Great! Probably one of the last things I would like to understand- what's the plan? Where is Finch capital headed and what do you see in the next six to 12 months?

Hans: Yeah, so, we are currently in the process of raising our third fund, so we're gonna raise a separate fund for Europe and a separate fund exclusively for Southeast Asia. Our investment strategy for both funds will be more or less the same, so we still set the focus on FinTech. It's B2BC and it will be more in Southeast Asia. And however, if you look at the opportunities in Europe, we are also looking at more AI, DeepTech, IoT-driven solutions, so we definitely deviate from this FinTech-only focus, we definitely look at other technology tools where we can invest in the areas I mentioned. However, we are going to look at those opportunities through the lens of a financial institution, right, so let's say, artificial intelligence- there are some products out there specifically around KYC which are relevant for finance institutions. So yes, we will be raising our third fund.

Samarth: Sounds great- all the best with the third fund, and thanks for taking the time Hans- it was a pleasure. Looking forward to share with you the interview and – hopefully soon – the Handbook as well.

Hans: Cool. Thank you.

Javier Correa | Postfinance AG

1. A year since the first lockdowns- is this is a good time to be building or scaling an Enterprise FinTech (/ InsurTech) firm in Europe?

Yes, generally it always is, as long as there is a strong value proposition behind and clearly articulated. There is incremental talent looking to jump into an exciting journey. Customers and prospects have been made strongly aware of additional needs and/or of the advantages from innovative business models/technologies/products and services. In addition, deep pools of capital looking for attractive opportunities to support these teams.

2. **What's working and what's not in B2B / Enterprise sales in the current environment?**

Automatisation and bolting-on services (mostly in the background) to facilitate (E2E) clients help their (end) customers achieve a goal (their “why”), supporting the sales (the “what”) with less emphasis on the process/tech behind (the “how”). On the other side of the spectrum, niche solutions that can be more efficiently be thought-through, developed and executed by a startup than corporates.

3. **In terms of investment focus: what's in and what's out for you?**

We are in the fintech space. Cever, motivated and upright team, tackling an attractive market opportunity, with a demonstrated solution capable of solving a real and significant issue are welcome.
Areas we currently look into include, but are not limited to, payments, source-to-pay and order-to-cash elements and solutions and digital assets (mostly infrastructure).

4. **What does it take to get to Series A today?**

A credible and experienced team, with a compelling vision of a journey and viable solution to solve a real and significant issue, addressing a sizable market

5. **What should startups expect or plan for in the coming months?**

Additional interest from customers (end-consumers, corporates and even governments/agencies) following the pandemic and its lessons, however still dealing with legacy issues, e.g. systems, regulations/legislations, processes and mindset.
Further competition from additional talent-pools chasing similar opportunities from various angles in innovative and creative ways.
Attractive offers from potential capital and corporate partners, whereby differentiation on value proposition to the startup may give an edge.

Javier currently serves as Investment Manager at the Corporate Venture Capital or PostFinance AG, a leading Swiss Bank. He has a prior background in corporate finance and M&A from prior roles at Gategroup (MD for Middle East, Russia and CIS Countries; Director of Global M&A), Credit Suisse (VP Business development and AVP at its Group Corporate Development & M&A team) and Ernst & Young (Senior Consultant, Transaction Advisory). Javier is a CFA charterholder since 2008 and holds a masters degree in Business Administration and in Investment Banking and Capital Markets both from Universität

Erlangen Nuremberg (Germany), and a BA degree in International Business from Universidad EAFIT (Colombia).

Daniel Andres and Dr. Teddy Amberg | Spicehouse Partners

Daniel Andres

Dr. Teddy Amberg

1. **A year since the first lockdowns- is this is a good time to be building or scaling an Enterprise FinTech (/ InsurTech) firm in Europe?**

Yes. The Covid-19 pandemic has accelerated digitalization throughout industries by a couple of years. This digitalization trend will stay and continue to foster, especially in sectors such as fintech and insurtech. We firmly believe in the potential of start-ups in those (and adjacent) sectors. The resulting new or more efficiently structured business models offer tremendous opportunities.

2. **What's working and what's not in B2B / Enterprise sales in the current environment?**

In the current environment, Spicehaus Partners is convinced that business models need to offer immediate cost-reduction and/or increase efficiency for the customer. In the case, where customers need to invest, sometimes even heavily, the threshold and hesitation, combined with the prolonged sales cycles due to the consequences of Covid-19 offer lower chances of success.

3. **In terms of investment focus: what's in and what's out for you?**

Since inception of the Spicehaus Swiss Venture Fund, our investment strategy has been centered around start-ups in sectors with a strong footprint but still offering high potential for digital transformation. This includes banks and insurances (incl. regulation), real estate, education, or HR.
Sectors such as travel, tourism and gastronomy were already outside our scope before the pandemic. Furthermore, we do not invest in life science, crypto currencies or blockchain technologies.

4. **What does it take to get to Series A today?**

A start-up needs to demonstrate the market need of their product or service. It is essential that customer demand combined with adequate revenues can be shown as a milestone. A healthy sales and client pipeline, a strategy to expand into more/different countries, a robust team with a sound HR strategy and a reasonable business plan complement a successful Series A line-up.

5. **What should startups expect or plan for in the coming months?**

The appetite to invest in start-ups is there – but investors have become more cautious. A start-up needs to be more careful with their liquidity planning. It is difficult to foresee the next months. Hence, extending the existing run rate and/or using new funding in line with a business plan that leads to an 18 months run rate is advisable. Building a start-up is a marathon, not a sprint. Inform your current investors regularly and communicate with all stakeholders transparently. This will help you to engage each and everyone in your goals and make you stand-out.
We are optimistic for the European start-up eco-system and community, but perseverance is needed in the coming months.

Dr. Teddy Amberg, Partner

Teddy has over fifteen years of experience in private equity and venture capital. He spent eight years in the private equity industry at Partners Group. For two years, he built up the fintech start-up CreditGate24, today the largest lending platform in Switzerland. He is a lecturer for private equity and venture capital and a private equity book author. Teddy was selected to be a member of the Swiss National Startup Team in Fintech by Venturelab in 2017.

Teddy holds an M.A. in Banking and Finance from the University of St. Gallen (HSG) and a PhD in Sociology from the University of Zurich.

Daniel Andres, Partner

Daniel has over fifteen years of experience in corporate & institutional banking, as an entrepreneur and investor. He worked in Zurich, Geneva and London and was the Head Global Markets Sales for Switzerland at BNP Paribas. In 2014, he co-founded dakuro GmbH, a Swiss SME focusing on health and safety equipment. For more than eight years, he has been an active venture capital investor in various start-ups, mainly in the technology sector.

Daniel holds an M.A. in Banking and Finance from the University of St. Gallen (HSG).

Stefan Lemper | Maschmayer Group

1. **A year since the first lockdowns- is this is a good time to be building or scaling an Enterprise FinTech (/ InsurTech) firm in Europe?**

Big economic shocks usually open the way for new chances and extremely successful starts were founded during such times. One of the key changes for enterprise startups due to the pandemic is the fact, that sales can be done purely digital and I assume that most of that will stay. This brings bears huge cost and efficiency gains in sales being on of the key ingredients for scale. Customers who were forced to turn more digital and a huge increase in private savings might also fuel growth of new business models in fintech/Insurtech, that can also leverage on lean digital cost structures compared to the incumbents. Last but not least the pandemic lead to increased M&A activities (at high valuations).

2. **What's working and what's not in B2B / Enterprise sales in the current environment?**

As described above many steps of the sales process can be done digitally now, lowering costs and increase efficiency. But video conferences cannot substitute anything in particular when it comes to building personal relations, sensing the atmosphere and emotional drivers. In particular for these parts traditional personal meetings will stay important. Another learning in our portfolio is, that the sales value of events now being held digitally changed. Many formerly successful events do not work anymore. Other format such as very specific webinars on detailed topics works well and are fairly easy and cheap to organize

3. **In terms of investment focus: what's in and what's out for you?**

We continue to have a broad view on insurtechs and fintech as long as they could have proven the product market fit with relevant customer traction, a large international market and clear enough USPs. I see quite some interesting teams that develop new solutions in the SME financing and payments space.

4. **What does it take to get to Series A today?**

The above mentioned product market fit, great team of course and traction that is ideally proven by a MRR of around 100k €.

5. **What should startups expect or plan for in the coming months?**

Currently there is a good funding and M&A environment startups can leverage on. They should also be prepared to identify and exploit the chances that the lifting of the covid restriction bring along.

Stefan Lemper

Stefan Lemper is a longtime venture capital investor, entrepreneur and corporate executive. He invests with a special focus on insurance and fintech related startups for the family office of a well-known entrepreneur. In that role he also supports one of the largest German insurance groups to identify and execute international corporate venture investments. Previously he created and ran programs for corporates to embed startup cooperations, corporate venture capital investments and M&A in their digitalization strategy. Before he was managing director of an international online startup and partner of a venture capital fund, where he invested in various tech startups for many years. He started his career in consulting after studying business administration.

Maximilian Schausberger | Elevator Ventures

1. **A year since the first lockdowns- is this is a good time to be building or scaling an Enterprise FinTech (/InsurTech) firm in Europe?**

Despite all the difficulties that 2020 has brought for entrepreneurs, some sectors have also benefited. We see Enterprise FinTech benefiting from an increased need for digitalization and for efficient operations in banking and insurance. As an example from the financial sector, Raiffeisen Bank International saw double-digit growth in its mobile banking users over the first half of 2020 (see here). This also creates many opportunities, which seem to have fueled investor appetite in 2020.

2. **What's working and what's not in B2B / Enterprise sales in the current environment?**

For startups especially cold-lead B2B sales have changed completely due to travel restrictions and tight cost budgets. Almost 90 percent of sales have moved to a videoconferencing. While some skepticism remains, more than half believe this is equally or more effective than sales models used before COVID-19. (acc. to McKinsey) Hence, it will be necessary to adapt the sales strategy and train the sales force accordingly. Well-structured and result-oriented corporate-startup programs, such as the RBI's Elevator Lab, can be used as a bridge for B2B start-ups to directly contact new corporate customers.

3.**In terms of investment focus: what's in and what's out for you?**

At Elevator Ventures we are currently seeing exciting activity in the following areas:

· Beyond Banking & embedded finance solutions to further digitize value-chains across industries.
· Asset tokenization of real-world assets will enable new markets by decreasing barriers and frictions to information exchange and trade.
· Payment solutions, that are able to win e- & m-commerce merchants, via value added services and not mere fee competition.

4. **What does it take to get to Series A today?**

In general VCs are becoming more vigilant about the robustness of business models and the flexibility in turning from high growth marketing expenses to a profitable core business and be able to adjust runway to external funding environment. Therefore, it is important for founders to prove that they are able to steer their organization proactively and establish a crisis-proof business. At Elevator Ventures, we are relying on 15 distinct investment criteria, that are centered around sustainability, but also traction, growth potential and the experience of the team.

5. **What should startups expect or plan for in the coming months?**

Startups can expect that changed customer behavior in many areas is here to stay. In addition, the trends mentioned before are currently opening new business opportunities. We learned that having investors on board who can realistically assess the risks and opportunities in a FinTech's particular business and geography was even more important over the last year. Elevator Ventures can build on deep industry insights and regional developments relevant for FinTechs in Central and Eastern Europe.

Maximilian Schausberger

Maximilian Schausberger is Managing Director of Elevator Ventures, the Corporate Venture Capital entity of Raiffeisen Bank International. Elevator Ventures' primary focus is on early stage and growth investments in fintechs and related enabling technologies in Central and Eastern Europe. RBI Group's expertise, network and corporate strength helps Elevator

Ventures' portfolio companies to expand across this dynamic region and beyond. Maximilian has been a fintech fan from day one and is a frequent speaker at international fintech conferences. Forbes listed him on 30 Under 30 in the investment category.

Mark Whitcroft | Illuminate Financial

1. A year since the first lockdown - is this is a good time to be building or scaling an Enterprise FinTech firm in Europe?

Good but with challenges!

Digitization has had the shot in the arm and an acceleration with the move to remote and hybrid work environments. The need for enterprise solutions is high on managements' agendas. However this isn't uniform and interest is selective - ensuring your product is solving a priority problem within the enterprise is must. If it isn't, unlikely you will reach the top of your potential buyer's to do list nor will there be a (big) budget to buy it.

Scaling has changed somewhat with remote working changing hiring (not even getting to meet in person first!) and onboarding practices (that need to be structured better than ever before).

Maintaining a firm's culture is also very challenging right now - leadership capabilities are on show – both good and bad!

2. **What's working and what's not in B2B / Enterprise sales in the current environment?**

Sales has changed significantly in multiple ways.

B2B sales and marketing has become much more data reliant and content driven in the last few years but has been heightened by this backdrop.

Relational sales with a reliance on trade shows for filling your pipeline isn't going to work as well as it did with the move to virtual.

Right now buying cycles are often prolonged and prospects don't want to be sold too which makes for a tough starting point as well.

The current environment is separating those that are set up for success and those that aren't. The need for a great sales team working within a comprehensive sales model that aligns with the firm's strategy has never been greater. Check out Frank Cespedes work in this field.

3. **In terms of investment focus: what's in and what's out for you?**

In - Firms that can adjust to the future of the work environment; Impact and ESG investing solutions that address real challenges for investors today; Crypto and digital asset infrastructure; The ongoing change to GRC (governance, risk and compliance) in the new work environment

4. **What does it take to get to Series A today?**

A founding team that has shown the ability to hire high quality people that align with their vision and mission. Some demonstration of product market fit and a pattern of revenue conversion with an interesting customer base. A significant opportunity ahead of them and the tenacity to go after it!

5. **What should startups expect or plan for in the coming months?**

If you have come out of this current environment still fighting well done to you and your team. That is impressive! No idea what is around the corner, but if you stay controlled in your decision making whilst keep an eye out for opportunity you will be stronger and mentally tougher to capitalise on it.

Mark Whitcroft

Mark Whitcroft is one of the Founding Partners at Illuminate Financial, a specialist venture capital investor focused on enterprise software companies whose products serve the needs of the financial services industry.

Artur Banach | Movens Venture Capital

1. A year since the first lockdowns- is this is a good time to be building or scaling an Enterprise FinTech (/ InsurTech) firm in Europe?

In the first stage of the fight against COVID-19, the most pressing problem was dealing with the current uncertainty. Many fintech companies, like the rest of the financial system, have even begun to overreact to the crisis. Many of them, including insurtech and proptech companies, have implemented cost-saving measures, including staff reductions. Since many of them rely on transactions and volume for revenue, a priority strategy has been to make sure that as much as possible is variable and fixed expenses are minimized.

In Europe and the fintech sector remains one of the most important areas of innovation across the continent, particularly in large countries such as the UK, Germany and France. It can be seen that the above trends are generally positive for fintech innovators. Total VC investment in 2020 in fintech companies was slightly higher than in 2019, with scaleups rather than early-stage startups being the source of growth. Against this background, Polish fintech scalups and startups still have a lot of catching up to do, but I'm sure that in a few years from a group of companies such as Verestro, Nethone, Creamfinance, CashDirector, Fenige.com, Autenti, Symmetrical.ai or Uncapped will grow into important players in Europe.

2. **What's working and what's not in B2B / Enterprise sales in the current environment?**

Overall, B2B sales in the COVID-19 era are more difficult than before. However, we are also seeing more and more businesses have invested additionally in sales and marketing and are building a customer base outside their home market. The current situation favors openness to new suppliers, especially if they solve the problem clearly better than the current market leaders. From the Movens VC portfolio, two great examples are Vue StoreFront and Talkie.ai, which are rapidly expanding sales in the demanding US market.

3. **In terms of investment focus: what's in and what's out for you?**

Disruption coming from AI/ML (process automation) , open banking services, hyper-personalisation and big data are at the top of our priorities.

4. **What does it take to get to Series A today?**

More and more evidence shows that the size of financing rounds at least doubled in the last two years. If you have >300% growth YTY and ARR EUR1-3M, you can expect a round's size from EUR3M-EUR12M to accelerate your development.

5. **What should startups expect or plan for in the coming months?**

The reaction of markets and investors to COVID-19 shows that technology companies are seen as some of the best assets in the market (and rightly so). So overall, we are optimistic. Especially if you're after an A round or can bootstrap, the coming years should be perfect for you.

Artur Banach

Partner @Movens VC, Warsaw-based, an early-stage fund investing in tech companies with global potential. Former entrepreneur and experienced investor (3 exits from tech companies with >10x ROI).

Matilde Limbert | BiG Start Ventures

1. A year since the first lockdowns- is this is a good time to be building or scaling an Enterprise FinTech (/ InsurTech) firm in Europe?

As a preamble, let me point out that it's never a one-line straight answer.
From what we've seen, the initial effect that lockdowns have caused in many sectors, including the Financial sector, was a freeze. With huge uncertainty as to what the future was holding for the global and local economies, no one was daring to move – projects were frozen, budgets were frozen and openness to Fintech/Insurtech solutions was not a priority. Very soon we watched the situation reverse, especially for enterprise solutions in cases where these

were the key to enable the digital presence of organizations, thus its perseverance through a lockdown.
I believe this push towards digitization has led to a higher degree of trust on the potential of these ‘*technological commers*’ which are responding to unique challenges in each sub-vertical, as solutions such as digital financial services, ecommerce, cyberinsurance, among others, gained huge relevance and spotlight, but also as technology enables to create and seize new opportunities. Urgency has led to greater adoption, which in turn has led enterprises to realize the real and living need of financial technology and the potential of partnerships and collaborations.
I believe it is undoubtedly a delicate time for Europe, from which the Financial Sector will not be exempt. But I also believe that Fintech, being a catalyzer for adaptability and innovation, will be crucial in the transformation we are facing ahead not only in the Financial Industry, but any industry that somehow uses Financial Services.

2. **What's working and what's not in B2B / Enterprise sales in the current environment?**

As I mentioned previously, where Fintech is empowering the sector throughout its transformation into a more digital and efficient one and enabling mature players to address customers through a 100% digital journey and to tap into growing trends, there has been a lot of traction.
Also, as in everything, you can ensure sustained success if you are able to address the long-term trends. Although the current environment has pushed us closer to the future in terms of digital adoption for example, empowering enterprises to take advantage of that opportunity shall focus on the *long run* to ‘work’ and for that it is important to keep a close track of the behavior of the market to understand what is changing and what is temporary.
In terms of openness to partner and collaborate, we have never seen so many partnerships between mature players and *Fintechs*. Global Corporate Venture Capital funding is breaking records and, moreover, the increasing dynamic of the M&A market has been incredibly strong, with the second half of 2020 picking back on its momentum after a drop in the first half.
To dive deeper into some of the trends we see in the market: orchestration in payments and consolidation of the payments’ stack enabling merchants to offer good payment experience while increasing efficiency has gained relevance, as well as the enablement of ‘buy-now-pay-later’ experiences; embedded insurance and insurance provided at the point-of-sale has also been growing a lot being a bet of providing personalized insurance in the context where it is needed most and representing an additional distribution channel for insurers; addressing the complexity of regulation is a trend that will grow side by side with the increasing scrutiny and heaviness of regulators and lawmakers; the interest in social investment and ESG scores is driving the search for focused solutions in the space; it is impossible not to mention the huge spotlight that is on digital assets, as we see more and more traditional institutions stepping in as service providers in the space.

All in all, no one really knows how the post-pandemic world will be like, and there is no recipe that you can follow to have a successful idea. There are, I would point out, practices that can help you along the way: staying focused, being sure to know every relevant stakeholder in the industry the best way possible, surrounding yourself with experts of the area, starting with clients or partners that can help you build a name and a clear path, and building and fostering a great team that shares your vision and will help you achieve it.

3. **In terms of investment focus: what's in and what's out for you?**

At BiG Start Ventures we are very verticalized in terms of thesis as we invest in early-stage B2B companies operating in the financial sector (Fintech, Insurtech, Regtech, Cybersecurity, Wealthtech and Proptech to name a few sub-verticals). Our focus also comes a lot from our perspective of being able to help our portfolio companies with our network and knowledge, as such we are very inflexible in terms of industry (FS) and model (B2B), and tend to be more flexible in terms of region for example, investing globally, and even stage, where we go from Pre-Seed up to Series A.
I would dare to say anything within this thesis is in for us.

4. **What does it take to get to Series A today?**

First let me point out a growing concern of ours which I believe is also worrying other early-stage investors watching current trends of increasing round sizes and valuations. More and more we see funding in the initial stages exceeding what would be expected in terms of market values – there are different drivers, the accumulated investment capacity fostered by the initial pandemic freeze, the search for financial returns in a low interest environment, – which, even unintentionally, ends up inflating the perception of the value of the company, leaving investors with expectations in terms of metrics and milestones which can be very challenging to reach. My message here is: the context you create before the Series A, will dictate a lot of the requirements investors are expecting to see.
At Big Start Ventures we try not to get stuck with specific metrics such as the typical '€ 1 M ARR' (what would make it so different from 0.8 M ARR? Or even € 1.2 M ARR?), we are more focused on understanding the paths you took and the roadmap you foresee. Don't get me wrong, traction is relevant, we just think that it is assessable in a specific context which we try to understand, to see if with your resources (knowledge, team, money) and given time you are upfront or behind what would be expectable. As such, I think it is important to be able to indicate product-market fit and market opportunity through metrics such as churn, tracking and measuring growth, assessing the customer acquisition cost. Additionally, it is very common at the Series A stage that investors do referral calls with clients to test their perception of the solutions' usefulness and their willingness to expand their usage over time – we expect a product that is ready to scale, with which mature players can work with and that

is already generating value for the industry. Also, you should be able to explain how resources are being spent, more specifically, how cash is being spent and what is the cash burn rate. Lastly, your roadmap and how you expect to achieve each milestone is very important as not only it gives the investors the ‘what to expect’, but also shows them how you think, how you balance being ambitious with having your feet on the ground.

5. **What should startups expect or plan for in the coming months?**

The first quarter of 2021 hasn’t even ended by now, and it is already breaking records in terms of Fintech funding. At the same time, from the funding of 2020 in Fintech, approximately 54% is driven by mega-rounds which could only reflect huge investor appetite for the Fintech industry, specifically in later-stage. This means increasing competitiveness for early-stage startups as the funding gap vs. later stages shows no signs of shrinkage.
Regardless of the confidence being put on vaccines, we have a big hit to recover from particularly in Europe. Nevertheless, the financial technology boom powered by the pandemic in its transformational (and not momentary) trends will not move backwards. The number of partnerships being announced between banks and Fintechs show how they now see how effective these relations can be in delivering digital transformation faster.
As such, I believe opportunities and specific conditions have been created in the Fintech/enterprise space of which startups should be taking advantage of.

Matilde Limbert

Matilde is currently an investor at BiG Start Ventures, a Lisbon-based B2B focused VC, investing globally in Fintech, Insurtech, Regtech and Cybersecurity. Having joined the Portugal Fintech team with the shared commitment to creating the best conditions for the development of Fintech startups, takes responsibility for the coordination of the Portugal Fintech Report. Matilde has a background in Economics and Finance.