FinTech Insights

In Partnership with

KEMP LITTLE

ENGAGE by Bell Pottinger

FinTech Leaders Dinner

For this first FinTech leaders dinner, we invited the CEOs and Founders of ten FinTech-50 listed FinTechs to discuss a universal challenge: how to scale and grow their business.

Guests included leaders from InvoiceSharing, Ixaris, Kantox, Onfido, Property Partner, Raisin, Revolut and Sybenetix.

Alongside communications, legal and corporate finance experts from Bell Pottinger, Kemp Little, ICON Corporate Finance, and venture capital firm Hoxton Ventures, the discussion focused around issues of funding and investment, customer acquisition and the importance of wider stakeholders.

EXPERT VIEW
RAISING INVESTMENT FOR YOUR FINTECH

With estimates of $4.7Tn revenue at risk of displacement by FinTechs, investment has poured into the sector, so its key for FinTechs to understand the value each class of investor brings:

1. Strategic investors: Strategics are not right for all FinTechs, but it can be a win-win for the right parties. The FinTechs can accelerate their growth as the Strategics provide access into new customers, the Strategics also benefit through accelerated innovation, learning, R&D and growth into emerging technology sectors.

2. Private Equity: PE firms tend to invest in later-stage companies, with strong revenues and customers, who need capital to accelerate growth.

3. Venture Capital: Having the right VC can open doors for FinTechs. VCs can provide Smart Money - helpful introductions, assist in strategic reviews and support geographical expansion plans.

4. Equity Crowd Funding: These platforms provide a real alternative for FinTechs who are now raising between £1m-£8m rounds. To ensure a successful campaign, it's important to get your pledges lined up ahead of going live.

Nicky Cotter
Partner and Head of FinTech
ICON Corporate Finance
@iconcorpfin

EXPERT VIEW
TOP TIPS FOR BUILDING AND SCALING YOUR BRAND

1. Understand your audience: Know your customer segments inside-out and tailor your messages accordingly.

2. Be clear on your values: Every good brand is built upon a strong set of values and a clear proposition. Ensure you have these in place before moving any further.

3. Differentiate your brand: Highlight your USPs through a solid, consistent corporate story and tailored thought leadership campaigns.

4. Think multi-channel: Ensure your marketing mix reflects your customers' media consumption habits.

5. Humanise your brand: Whether selling to businesses or consumers, compelling content and personal engagement are key.

6. Consider paid: Take a strategic approach to sponsored content and paid marketing activity to support customer acquisition.

7. Commit to success: Develop a long-term strategy to driving awareness, understanding and advocacy.

Claudia Bate
Partner and Head of FinTech
Engage by Bell Pottinger
@claudiabate

EXPERT VIEW
GETTING YOUR LEGAL HOUSE IN ORDER FOR GROWTH AND INVESTMENT

1. Know your IP: Make sure you can answer searching questions on what you use, what you own, what you license from third parties and what you are allowed to do with it. It's very easy to get wrong, and can have a big effect on valuation.

2. Have your key relationships documented: Avoid exclusivity and lock-ins where they would restrict growth, but make sure you have written assurances on continuity of service for core components.

3. Regulatory bear traps: Knowing your exact position in relation to authorisation and regulatory permissions is going to be crucial to safe business growth.

4. Data, data, data: Most FinTechs run at some level on data, which is beset by IP, regulatory and data protection issues – ensure you have the rights you need, and that you are making the most of the data assets you have.

5. Employees: Get your employment contracts and contractor agreements in shape so that you know you can keep the business running with key individuals through the next growth phase, and that the company owns the IP they create.

Chris Hill
Partner and Fintech Lead
Kemp Little
@KempLittle

Investment for growth

Each founder shared insight around their experiences with securing different rounds of funding.

Key to discussion was the idea that you have to 'remain in the game to win'. Everyone had their own story to tell about the good or bad luck they had received along their investment journey, the crucial conclusion being that perseverance will pay dividends.

It is important to approach funding in a considered way, choosing the right option for the state of the business at the time, not the first (or, necessarily, the biggest) thing that comes your way.

PHILIPPE GELIS, KANTOX

@Pgelis

"When you start fundraising a lot, sooner or later you will have to justify the money you received and the valuation you got. We have always had a philosophy that raising a lot does not make sense for all companies and that sometimes it is not the right race to run."

MARK HUNT, SYBENETIX

@Sybenetix

"If you genuinely have an investable proposition you will be able to raise, but taking too much money at the wrong time can put enormous pressure on the team. You will make mistakes, or experience bad luck, but if the product works and your team don't walk off the pitch when it gets tough you can find the right investors."

JEROEN VOLK, INVOICESHARING

@JeroenVolk

"Funding doesn't always come exactly when you would like – often it comes when you don't need it! Crucially, you need someone with both the money and who shares your vision to make the investment a success."

ROB KNIAZ, HOXTON VENTURES

@RobK

"It is difficult to get follow up funding in some sectors. Macro conditions and trends can sometimes dictate investor interest around whole sectors. To get in the door sometimes you have to reframe the business. As a Series A investor, we are always considering who's going to invest at the Series B or next round."

The importance of other stakeholders

Engaging the right people in the business can be just as important as funding.

Without building a team, or board, with the appropriate expertise, you are not going to get the very best out of your enterprise.

Considering stakeholders is equally important when pitching your business. Finding the right internal stakeholders within commercial, legal and procurement in a company will speed up, and smooth out, the path to purchase.

DAN GANDESHA, PROPERTY PARTNER

@DanielGandesha

"Every round of funding was an opportunity to bring in smart people who can advance our collective learning. When I started the business, the list of things I didn't know was much longer than the one of things I did. I brought in the right people to complement my learning, including other FinTech founders as Angel investors."

ALEX MIFSUD, IXARIS

@alexmifsud

"It is worth considering alternatives to raising a lot of money. For instance, it is far cheaper to build distribution through partnership with established brands than building your own by deploying large amounts of capital. This obviously avoids too much equity dilution, or a big chunk of liquidation preference and other downside protection approaches used by investors. And you will in any case get a better deal from investors if you can demonstrate strong recurring revenues generated from such partnerships."

ED UNGAR, ONFIDO

@edwardungar

"Establishing a champion within the company you're pitching to is incredibly important. I always make sure their business leads understand the contract and our technology well before they speak to their legal team. This ensures that by the time you make it through to the procurement process it's already a team effort. Crucially, partners such as law and advisory firms may not always be financially motivated, though can exert just as great an influence over decision-making because their integrity and independence relies on proposing the right solution."

MARK HUNT, SYBENETIX

@Sybenetix

"As a B2B technology provider, it's quite simple for us to find the internal sponsors in our target companies – our clients are regulators and Chief Compliance Officers and generally struggle being sold to, but they do want to be shown that the technology works. They also like industry partners, consultancies and trusted specialists talking favourably about our solutions – so building our brand and professional network has definitely helped our positioning."

Customer acquisition

Fundamental to the growth of any FinTech is customer acquisition.

Conversation centered around the differences between B2B and B2C acquisition, and how marketing approaches and tactics vary depending on the business model.

Outcomes included the importance of educating your consumer and the value of a strong brand and reputation.

KATHARINA LUETH, RAISIN

@Katharina_Lueth

"You have to educate your consumer as to the nuances of what you can offer them. We invest heavily in customer service to help our customers understand how the technology works and answer any queries. As trust and comfort with the solution increase customers invest more and more with the service and help to gain momentum."

NIKOLAY STORONSKY, REVOLUT

@NStoronsky

"Luckily enough, we haven't yet faced major challenges when seeking to raise funding or grow our customer base. We have focused on creating a great product that meets our customers' needs and this is what has helped us scale our business quickly."

DAN GANDESHA, PROPERTY PARTNER

@DanielGandesha

"We market directly to our customers, and then gain further interest through referral programs. It's very important to show that you can acquire customers on your own. You can then look at channel sales through individuals with a distribution network like Independent Financial Advisers."

PHILIPPE GELIS, KANTOX

@Pgelis

"It's very risky when you can easily acquire clients by spending more on advertising. It helps you grow fast, but it also gives you a false sense of success. It is possible to grow quickly only to realise that you're not a lot more than marketing. You must always keep the product top of mind."

Have you faced similar scaling challenges? Please share your thoughts via Twitter:

@KempLittle
@BellPottinger

FinTech Insights

In Partnership with

KEMP LITTLE

ENGAGE by Bell Pottinger