Evolve Capital Partners

Finance & Technology Market Update

Q1:2018 Issue

Financial Technology

RegTech + Blockchain | Remittances | Insurance Tech 2.0

SPECIALIZED INVESTMENT BANKERS AT THE INTERSECTION OF FINANCE & TECHNOLOGY

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Executive Summary

Summary of Newsletter

SUMMARY

- This newsletter provides insight into the financial technology capital markets. We seek to provide a snapshot of market activity and detailed analysis of trends.
- This issue focuses on **RegTech + Blockchain, Remittances,** and **Insurance Tech 2.0** (building on our [Q3:2017 issue]).
- Our sector coverage includes companies at the intersection of financial services and technology. We have seen major developments in the RegTech + Blockchain, Remittances, and Insurance Tech spaces. These developments can potentially change the long term sector dynamics.
- The key observations we made over the first quarter of 2018 are alongside.

KEY OBSERVATIONS

90%	Blockchain-based RegTech solutions detect close to 90% of all money laundering cases	**$16** billion	Reducing the cost of money transfers by 5% can generate an additional $16 billion each year to the receiver countries	**$605** billion[1]	The global reinsurance capital reached a value of $605 billion as of March 31, 2017

RegTech + Blockchain Adoption Growing	With an increase in regulatory complexities due to factors like multi-location operations and tighter regulations, compliance costs have been continuously rising. There is a need to retrieve more data that can bring better insights. Businesses are increasingly turning to RegTech solutions for this. Blockchain has the ability to store, verify, and authenticate this data effectively. It also brings more efficiency, economy, and security. As such, it is becoming inextricable to RegTech.
Mobile Wallets Cashing in on the Explosion in Remittances	Online remittances companies are capitalizing on an inefficient and expensive interbank remittances system; growing cross-border migrations; and the proliferation of mobile phones and high-speed internet connections in underbanked markets. World Bank estimates that reducing the cost of transferring money by 5% can generate an additional $16 billion each year to the receiver countries, resulting in an explosion of the global remittances industry's size. South East Asia is emerging as the growth engine for international remittances and mobile wallet companies are cashing in by leveraging their strong and growing user base in the area.
Reinsurers Sidestepping Legacy Carriers by Partnering with TPAs and MGAs	Reinsurers are looking to plug direct into TPAs and MGAs because it helps them bypass traditional carriers and increase their margins. Legacy re/insurers are in a unique situation where they are experiencing deep losses but have record capital and surpluses. They are investing their surpluses on acquiring/investing in tech-enabled TPAs and MGAs to increase operating efficiencies and cut operating costs. For TPAs and MGAs, these acquisitions create opportunities for vertical integration that increases business predictability and provides them with capital to fund further technology investments.

[1] These have declined since March, 2017, due to settlement of various natural calamity-related losses.

Executive Summary

Summary of Newsletter

We are initiating interviews of key companies in our space and below are several emerging companies profiled in this issue:

NorthCapital		▪ Jim Dowd is Founder and CEO of North Capital. ▪ Prior to North Capital, Jim was Managing Director at Bankers Trust Company, Executive Vice President at Tokai Asia and a Senior Managing Director at Bear Stearns. ▪ He holds a BSFS in International Economics, Finance and Commerce from Georgetown University and is a CFA Charter holder.
matchmove		▪ Shailesh Naik is the Founder and CEO of MatchMove Pay. ▪ Prior to MatchMove, Shailesh was Partner at both PwC and Ernst & Young, Vice President at Capgemini and Managing Director of Strategy & Operations at Cisco Systems. ▪ He holds a Bachelors degree in Electrical Engineering from IIT Kanpur and an MBA from Henley Business School.
INSURITAS		▪ Jeff Chesky is Chairman and CEO of Insuritas. ▪ Prior to Insuritas, Jeff was the Founder & President at Banc Insurance Services. Previously, he was a Director at Mass Mutual Insurance Company and also Vice President of mortgage lending at both Fleet Bank and Bank of New England. ▪ He holds a BA in Political Science from Saint Anselm College.

Firm Qualifications

Evolve
Capital Partners

Evolve Capital Partners Overview

We Focus Exclusively On Finance and Technology Related Firms

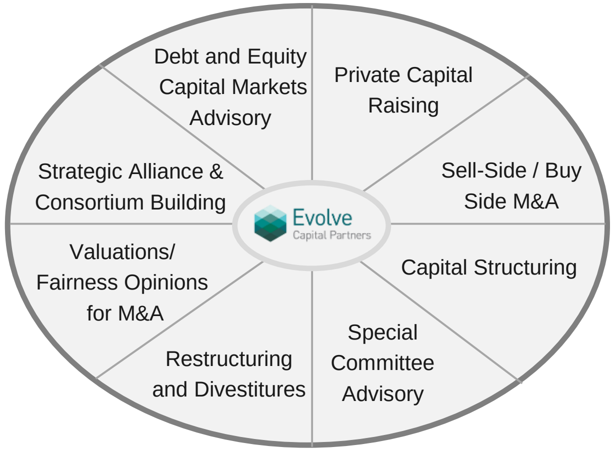
ABOUT ECP

- Evolve Capital Partners (ECP) is a specialized investment bank focused on businesses serving industries at the intersection of finance and technology.
- We were founded in 2012 and are based in New York, NY, the financial capital of the world. Our location provides unparalleled access to numerous strategic and financial partners who participate in and shape the sector.
- Since inception, we have completed over $350 million of transactions and professionals of the firm have advised on over $3 billion of M&A and financing transactions globally.

FINANCIAL ADVISORY SERVICES

- We are a dedicated, creative, and fully independent investment bank that advises private and public companies on merger, divestiture and acquisition transactions, and capital raising through private placements.
- We produce industry-leading research on transaction trends across the Finance and Technology sector.
- Few investment banks have transaction experience across both corporate and asset finance.

Our Services



In-Depth Industry Research Reports

Quarterly FinTech Market Analysis

FinTech M&A / Financing Transaction Profiles

Our Clients

- Corporations
- Management Teams
- Venture Capital & Private Equity Funds
- Independent Directors / Boards

Industry Focus

- *We are exclusively focused on Finance and Technology Firms*

BPO	Specialty Finance	Payments	Securities
IoT	Enterprise Software	Lending	Financial Services
B2B	Analytics	Insurance Tech	Financial Management

Fintech Coverage Universe

We Focus Exclusively On Finance And Technology Related Firms

Financial Management Solutions
ADP, WageWorks, Ultimate Software, Paychex, Intuit, WEX

Payments
Deluxe, Green Dot, PayPal, Vantiv, Square

Bank Technology Solutions
CareLogic, Fidelity National Financial, R3, Q2, FIS, Redfin

BPO
Genpact, Accenture, Wipro, Sutherland Global Services, Nelnet

Evolve Capital Partners

Our Expertise and Capabilities

M&A Advisory

- Sales / Recaps
- Acquisitions
- Divestiture
- Strategic Advisory

Financing

- Private Placements
- Debt Capital
- Restructuring

Specialty Finance / Alternative Lending
LendingClub, OnDeck, Synchrony Financial, Elevate, Goldman Sachs

Healthcare Tech
athenahealth, Cerner, Aetna, Cotiviti, Craneware

Securities
J.P.Morgan, E*TRADE, Broadridge, Charles Schwab, SS&C, First Derivatives Plc, Deutsche Börse Group

Data & Analytics / IoT
Nielsen, LexisNexis, Dun & Bradstreet, Cloudera, Tableau Software

Insurance
Equifax, Verisk Analytics, Guidewire, TransUnion, Travelers, Gartner

Fintech Coverage Universe

Our Finance And Technology Sector Coverage Details

Payments

- Payments Core Banking Solutions
- Payment Infrastructure
- POS Devices / Solutions
- Networks
- Prepaid / Money Transfer
- Payment Processing
- Closed Payment Network

Bank Technology Solutions

- Blockchain
- Core Processing
- Credit Scoring / Data
- Mortgage / Real Estate Tech
- Software Solutions / Services

Financial Management Solutions

- Accounting / Expenses
- Business Analytics
- Enterprise Management
- Human Capital Management
- Revenue Management

BPO

- Customer Experience
- Healthcare Industry
- HR / Payroll
- IT / Consulting
- Operations

Specialty Finance / Alternative Lending

- Consumer Lending
- Commercial Lending
- Online Lending
- Collections / Servicing
- Leasing
- Mortgage & Related

Healthcare Tech

- Analytics-Driven Solutions
- Core Solutions
- Medical Bill Servicing
- RCM
- Specialty Health Solution

Securities

- Alternative Trading Systems & Market Makers
- Diversified FIS
- Exchanges
- Financial Content Providers
- Investment Management
- Online Brokers
- Outsourced Financial Solutions
- Software & Solutions
- Brokerage
- Investment Banks

Insurance

- Title Insurance
- Traditional / Life Insurance
- Multi-Line Insurance
- P&C Specialty
- Insurance Brokers
- Online Information Providers
- P&C Insurance
- Benefits Administration

Data & Analytics / IoT

- Analytics Software Solutions
- Consumer IoT
- Industrial IoT
- Outsourced Analytics Solutions

Firm Qualifications

LeaseDimensions M&A Sell-Side Case Study

Transaction Overview & Rationale

Overview of the Transaction

- LeaseDimensions (the "Company") engaged Evolve Capital Partners (ECP) to advise on the sale of the 25-year-old firm.
- The Company can be categorized as a Business Process Outsourcing (BPO) firm, with considerable operating history and generating above-average margins. The Company provides lease and loan servicing to banks, large corporations and emerging growth companies across North America.

Significance of the Transaction

- The buyer, Genpact, is a large international BPO with a $5 billion market capitalization. The acquisition of LeaseDimensions allows Genpact to effectively provide onshore servicing capabilities, and represents an ongoing consolidation of third-party independent servicing companies.
- LeaseDimensions will remain a standalone company and will receive significant support to rapidly expand operations and expand into ancillary asset classes.

Evolve Capital Partners Role in the Transaction

- ECP served as the exclusive strategic and financial advisor to LeaseDimensions.
- ECP developed a detailed and comprehensive set of marketing materials to highlight the unique value proposition of the Company and to enable efficient and thorough buyer diligence.
- ECP drafted a tailored selling script in the form of brief presentations that specifically articulated strategic fit, rationale and directly addressed questions from interested parties.
- We leveraged our relationships to understand each party's interest level and concerns throughout the process and informed them of the Company's attributes and quality of its servicing offerings.
- ECP generated qualified indications of interest from numerous strategic and financial buyers and was able to create a significant increase in the final valuation from the initial indications of interest through a negotiated process.

Financial Advisor
February 2017

LeaseDimensions

has been acquired by:

GENPACT
GENPACT GENERATING IMPACT℠

Exclusive financial advisor to LeaseDimensions

BPO
Strategic
M&A

Firm Qualifications

CleanFund Commercial PACE Capital Financing Case Study

Transaction Overview & Rationale

Overview of the Transaction

- CleanFund Commercial PACE Capital (the "Company") engaged Evolve Capital Partners (ECP) to structure, place and advise on a strategic investment.
- CleanFund is the leading pure-play commercial PACE tech-enabled financing platform in the U.S. It is classified as a specialty financing / alternative lending platform which has experienced very rapid growth over the last 18 months.

Significance of the Transaction

- CleanFund announced its first closing of a $15 million investment round from affiliates of Vulcan Capital which allows CleanFund to build its technology capabilities, expand into new markets and continue to provide funding across its deep channel network.
- In addition to the strategic investment, the investment contains a $100 million loan flow program which provides continued funding for CleanFund's rapid growth as it scales across the U.S. as the leading tech-enable PACE financing provider.

Evolve Capital Partners Role in the Transaction

- ECP served as the exclusive strategic and financial advisor to CleanFund through a detailed engagement at every step of the process.
- ECP leveraged its deep knowledge, experience, and industry relationships to achieve a favorable outcome for the Company.
- ECP generated numerous proposals for CleanFund and the Board to evaluate.
- The groundbreaking transaction demonstrates ECP's success at advising $100 million+ financings for leading financial technology firms, which supports our domain expertise in the specialty financing and alternative lending sectors.

Financial Advisor
September 2017

Strategic investment and loan flow program for the leading tech-enabled PACE financing platform

CLEANFUND
Commercial PACE Capital

has received strategic capital from

Entities affiliated with
Vulcan Capital

Exclusive financial advisor to CleanFund Commercial PACE Capital

Specialty Finance
PE Fund
Financing

Industry Landscape

Tighter regulations and falling margins boosting RegTech adoption

RegTech + Blockchain; Remittances; and Insurance Tech 2.0

Firms Forced to Rethink Current Technology Set-up

- Soon-to-be enacted regulations will require increased compliance from firms engaged in securities transactions. Additionally, triparty agreements involving central counterparties will also necessitate connectivity and standardized communications.
- These factors are forcing firms around the world to rethink their current technology setup to rationalize legacy systems, cut costs and gain a more holistic view into securities lending and securities financing activities.

Impact on Management Fees

- Management fees have been on a downward spiral over the past few years; we expect this trend to continue.
- Funds launched in 2016 averaged a 1.48% management fee, down from 1.6% in 2015, according to Hedge Fund Research.
- A number of investors are now pushing for lower management fees alongside a higher performance fee with a hurdle to reward genuine outperformance.

Prime Brokerage (FXPB) and Clearing Expected to Co-exist

- In foreign exchange, prime brokerage (FXPB) and clearing are expected to co-exist in the future.
- Unlike in other asset classes, some products are better suited to the flexibility offered by FXPB's models.
- A large chunk of the market, such as non-deliverable forwards (NDFs) and cash-settled options, will gradually move into clearing.

Cost & Margin Implications Driving Trends

- Several small and mid-sized funds will exit the sector due to the additional cost burdens of regulation.
- Cost and margin considerations will play a critical role in driving the shift toward tech-enabled platforms. This trend will accelerate as the Basel III deadline draws closer in 2019.
- Easily integrated trading technologies being developed by prime brokerages are paving the way for private placements.

RegTech Companies Ahead of the Curve

- The annual spending by financial institutions on compliance is estimated to be in excess of US $70 billion, and the global demand for regulatory, compliance and governance software is expected to reach $118.7 billion by 2020.
- Pockit Bank can provide any one of the 4 million unbanked in the UK with a debit card thanks to RegTech that keeps risks low.
- Transferwise and World Remit are bringing the cost of remittance down to around 1% from rates of around 16% for African countries.
- FinTechs like these are growing because incumbent financial services weren't meeting the needs of a growing, unserved customer base.

Banks Could Supplement Wave of RegTech Adoption

- Banks' need to regulate processes requires them to hire people at a very high cost. Instead, banks can implement cost-effective RegTech banking solutions.
- This trend may spike financial Inclusion by 1%, adding, approximately, 3.6% to global GDP.

Sources - Financial Times, CBInsights.com, Fxweek.com, Finance Monthly, letstalkpayments.com & World Economic Forum

Blockchain is integral to RegTech

RegTech + Blockchain; Remittances; and Insurance Tech 2.0

- Faced with stringent government regulations, enterprises, especially in the financial services domain, are increasingly adopting technology-driven solutions (i.e. RegTech). With **an increase in regulatory complexities due to factors like multi-location operations and more stringent regulations, compliance costs have been continuously rising**. There is a need to retrieve more data that can bring better insights for businesses.

- Firms are therefore looking to automate processes in areas like transaction monitoring and customer analytics. **Blockchain has the ability to store, verify and authenticate** this data effectively. It is becoming inextricably important to RegTech because it brings greater efficiency, economy, and security. It is estimated that blockchain-based RegTech solutions detect close to 90% of all money laundering cases, while current compliance systems only detect 2%.

- Banks and other financial institutions are constantly assessing the risks of using new blockchain technologies in different jurisdictions and modifying their practices to minimize increasing compliance costs.

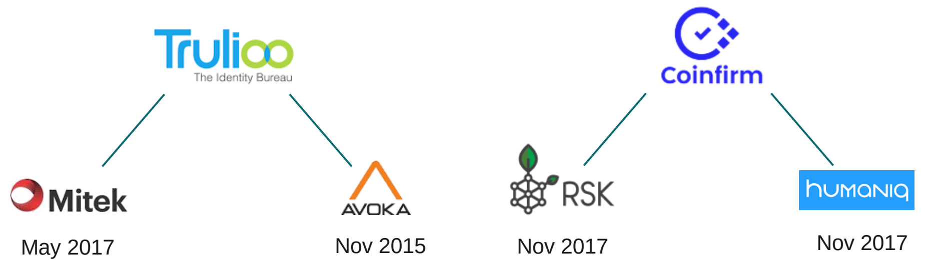
- Coinfirm, a leading blockchain-RegTech company partnered with Humaniq, a financial service provider in November 2017. The collaboration provided a level of transparency and security for Humaniq’s consumers using Coinfirm’s AML platform.

Source: Risk.net, International Banker, LetsTalkPayments.com, Markets Insider, Blockchain Report- Accenture (2017), Bitcoin Magazine

RegTech+ Blockchain is indispensable as compliance costs rise

> $70 billion	Estimated annual spending by financial institutions on compliance in 2020.
50%	Estimated reduction in business compliance costs (at the product level) with the use of blockchain database.
70%	Estimated reduction in finance reporting costs provided by blockchain which results in optimized data quality, transparency and internal controls.
$118.7 billion	Expected global demand for regulatory, compliance and governance software.

Key Blockchain-RegTech Partnerships



RegTech Sector Classification

RegTech + Blockchain; Remittances; and Insurance Tech 2.0

Regulatory Reporting

Institutions providing automation, data and analytics solutions for regulatory reporting.

Identity Management

Virtual identity creation, detection, verification, and storage solutions.

Risk Management

Data and analytics-driven threat prediction, detection, mitigation, and response-formulation solutions.

Compliance

Institutions developing technologies for real-time monitoring and tracking of current state of compliance and upcoming regulations.

Transaction Monitoring

Real-time transaction monitoring and auditing solutions

Source: Deloitte Industry Analysis

Case Study: North Capital's integrated investment solution

- North Capital is a leading provider of prime brokerage and technology services to financial institutions. Based in the US, the company was formed in 2014.
- Its technology-based investment solutions cater to broker-dealers, banks, fund managers, funding platforms and private issuers who wish to access private investment markets.
- The company provides technology for the following services:
  - ***Prime Brokerage:*** North Capital Private Securities (NCPS), a subsidiary of the company is a registered broker-dealer focused on the marketing and distribution of private funds and the securities of private companies to qualified investors, such as family offices, foundations, and pension funds.
  - ***Portfolio Management:*** Clients get access to investment managers through the company's platform. The managers monitor the portfolios and provide clients with better diversification options across a wide array of asset classes and risk factors.
  - ***Financial Planning***: North Capital reviews the financial needs and goals of individual customers and creates a risk profile to manage their finances.
  - ***Consulting***: North Capital has advised clients on asset valuation, interest rate and foreign currency hedging, due diligence and development of investment policies.

Representative list of clients

Realty Mogul · CrowdStreet · RealtyShares

Technologies Used

TransactAPI	The company's API tools allow clients to conduct private securities offerings with higher transaction volumes in less processing time. It is also integrated with third party API's to perform KYC/AML checks, initiate ACH transfers, and send documents for electronic signature.
MaaS	Marketplace as a Service is a marketing solution that helps in customizing all investor-facing information, uploading offering documents and materials, and processing investments through checks, wire or ACH transfers.
DirectInvest	Built with the same functionality as TransactAPI, the DirectInvest button is embedded on a website or shared as a URL. Customers can view documents, electronically sign them and submit payment information using the button.

Source(s): Company website, media reports

Case Study: Coinfirm's blockchain AML and compliance solution

Coinfirm

- Coinfirm's Blockchain AML (anti-money laundering) & Compliance platform uses proprietary algorithms and big data analytics to provide structured actionable data that increases efficiency, reduces costs and streamlines compliance to near automation. Its platform is used by major financial institutions, asset management companies and BI companies. Founded in 2016, the company is based in London, the UK.
- The company's platform is blockchain-agnostic, as it can be adopted by both public blockchain, like Bitcoin and Dash, and private blockchain, such as the those developed by large private institutions.
- The company's AML and Compliance Platform provides the following benefits:
  - **Quick search and check** for blockchain addresses to get initial AML and financial risk assessment results for free.
  - **Generating in-depth reports** on AML and financial risk assessment of blockchain addresses and users.
  - **Customized AML policies, procedures and a risk matrix** that addresses the regulatory requirements and adjusts it to the business models of blockchain entities**.**
  - **Use of API's** in scaling up and automating compliance processes for customers by having commercial access to their data and reports using blockchain.

Source(s): Company website, media reports

Coinfirm's goal is to create a global standard for blockchain transactions with their AML & Compliance platform.

50%

Coinfirm estimates RegTech to reduce compliance costs by 50%

Representative List of Partners

Bisnode, Microsoft, BitMarket, SEI New ways. New answers.®, DASH, coinflux

Other Projects

Trudatum	A blockchain-based document verification platform to register and verify the ownership and authenticity of any type of document, file, or data.
Coinfirm Blockchain Lab	Blockchain lab in Central Europe is the go-to hub for blockchain research, development, analysis and collaboration.
Codify	An incubator formed by Coinfirm and wealth management firm, SEI to support startups that are developing RegTech solutions.

High bank transfer costs catapulting non-bank remittances

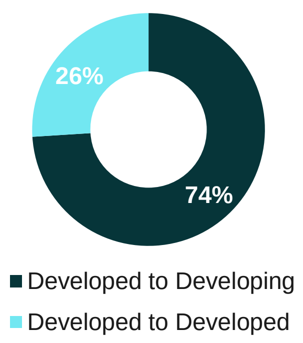
- Online remittances companies are capitalizing on an **inefficient and expensive interbank remittances system, growing cross-border migrations, and the proliferation of mobile phones and high-speed internet connections in underbanked markets**.
- Migration to developed economies could increase due to a large aging population in these economies, large global income disparities, and rampant youth unemployment in emerging markets (EMs).
- Large banks have dominated the remittances market over the years because of their scale and strong correspondence banking relationships. In the absence of a clearinghouse, banks are able to charge excessive correspondence banking fees on cross-border remittances.
- These fees make money transfers expensive for retail clients and suppress remittance volumes. According to the World Bank, reducing the cost of transferring money by 5% can generate an additional $16 billion each year to the receiver countries resulting in an explosion of the global remittances industry's size.
- Digital innovators, such as TransferWise, Remitly, and InstaReM are banking on this by offering international transfers at a fraction of what banks charge, especially in the C2C space. Their tech-driven, low-cost solutions helps them to grow in a segment that banks find hard to penetrate because of their cost structure. By democratizing international payments, they are **transforming the remittances space into a volume-driven space rather than a transaction size-driven space.**

Source: Company Reports; World Bank estimates; Mckinsey Global Payments Map, 2015; and media reports.

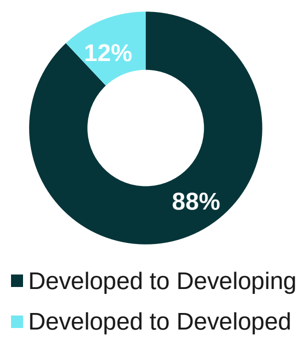
Key Industry Figures

45%	Estimated percentage of digital global money transfers in 2023.
0.5 billion	0.5 billion out of the 2 billion unbanked population in developing countries use mobile payments instead of bank accounts.
$553 billion	Estimated global mobile payment volume in 2017.

Country-Wise Remittance Volume Flow



Country-Wise Remittance Revenue Flow



Source: World Bank estimates

Wallets entering the remittances space, SEA is the hub of activity

- The growing non-bank remittances market has inspired mobile wallets to diversify into cross-border remittances, especially in EMs where wallets have a strong and growing user base. A large user base gives mobile wallets a head start over dedicated remittances companies because users are already accustomed to making payments through their apps.
- South-East Asian (SEA) markets like **Singapore, Malaysia, Indonesia, India and the Philippines are becoming hubs for mobile wallets diversifying into remittances**. India-based ItzCash recently announced its entry into the international remittances space through tie-ups with Thomas Cook, Money Gram and Express Money. It already offered domestic remittances.
- SEA economies provide a suitable ambience for a prospering remittances market, with their growing high-speed internet connectivity, deep smartphone penetration, inadequate cross-border banking infrastructure, and a young tech-savvy population. This is also drawing remittances players from across the globe to come and set up shop locally:
  - WorldRemit recently announced that 74% of its international remittance market share is going into mobile money accounts. It partnered with Xpress Money in 2016 to expand its remittance service in Malaysia, Thailand and Vietnam.
  - TransferWise opened its regional headquarters in Singapore and raised $280 million in 2017. The company planned to expand into new markets such as India, Hong Kong and the Philippines where traditional money transfer players like Western Union and MoneyGram are still dominant. This also gave it an opportunity to expand its user base to include SMEs.

Source: Company Reports, fintechnews.sg, gsma, financial express, PayThink

Key Industry Figures

70%	70% of the population in ASEAN countries is below the age group of 40 in 2017.
73%	73% of the population in ASEAN countries are unbanked in 2017.
142 million	Number of mobile broadband subscriptions in ASEAN countries in 2017.
250 million	Number of smartphone users in ASEAN countries in 2017.

Key Remittances Initiatives by Companies in SEA and Other EMs

INSTAREM	InstaRem launched operations in Malaysia and opened office in Lithuania in 2017. It will soon start operations in India.
worldremit.	WorldRemit partnered with Xpress Money in 2016 to expand its remittance service in Malaysia, Thailand and Vietnam.
الإمارات الإسلامي EMIRATES ISLAMIC	Emirates Islamic launched 'QuickRemit' in 2017 to let its customers remit money to India.
tigo	Tigo launched a wallet-to-wallet cross border remittance service for customers in Tanzania and Rwanda in 2017.

Case Study: MatchMove's fully integrated wallet solution

RegTech + Blockchain; **Remittances**; and Insurance Tech 2.0

- MatchMove Pay is Singapore's fastest growing financial technology company providing innovative enterprise payments solutions. The company develops an eWallet, MatchMove Wallet, that allows customers to shop online using prepaid based cards.
- MatchMove proprietary Wallet OS was launched in 2016 to strengthen financial inclusion by enabling its Spend, Send, Lend capabilities across developed and developing markets.
- MatchMove Wallet OS enables companies to easily offer their customers a fully branded, secure mobile wallet solution that includes P2P transfer, Cross-Border Money Transfers, Top Up channels, Virtual Payment Cards, Loyalty Points & Rewards, Promotions & Offers amongst many other features. Wallet OS fully customizable platforms are cloud-based and PCI-DSS compliant.
- MatchMove was founded in 2009 and is headquartered in Singapore with offices in Vietnam, Indonesia, Thailand, India, Philippines, and the USA. The company is also opening offices in South Africa and Dubai to support its global growth.
- The company has consistently been recognized internationally for its innovative offerings.

Key Associations

Featured In

Source(s): Company website, media reports

Case Study: InstaReM's risk adjustable money transfer solution

RegTech + Blockchain; Remittances; and Insurance Tech 2.0

- InstaReM is a Singapore-headquartered cross border payments company licensed as a Money Service Business (MSB) in Singapore, Hong Kong, and Australia.
- InstaReM provides money transfer services to both individuals and business users. The company serves customers in more than 25 countries.
- The company has created a configurable, multi-featured payments platform, known as InstaReM Masspay, which is being leveraged by financial institutions, SMEs, and individuals to make fast and low-cost cross-border payments to over 20,000 customers across the globe.
- As part of the transaction, InstaReM charges users an amount that covers the intra-day Forex fluctuations, without applying any hidden costs or additional transaction fees like banks.
- InstaReM offers collation of funds without local presence for the entity, and lets the users know the exact rates for the money transfer. The transfers typically happen during the same day within Asia.
- The company has used its funding from Vertex Ventures, Fullerton Financial Holdings, and Global Founders Capital for licensing, geographic expansion, scaling the product, growing its technical teams, and marketing purposes.

Source(s): Company website, media reports

Key Features

- Auto Book FX
- Inbuilt Compliance Engine
- Multi Currency
- Configurable Reporting
- Multi Payment Processor
- Configurable Margin Management
- World Check Integration
- Watch List Management

Featured In

Finextra · TECHINASIA · banking technology · Inc. Southeast Asia · The Economic Times · australian anthill · IT BRIEF · tfa

Blockchain scripting a cashless future for international remittances

- Tech-enabled non-bank remittances companies are actively exploring the use of blockchain in the international remittances space.
- The rising popularity of cryptocurrencies has allowed every individual, irrespective of location, to conveniently access digital remittances, without requiring a large ecosystem. They can make cross-border payments even with a basic smart phone or a dated laptop.
- A typical cross-border transaction requires an intermediary, such as a bank or tech-enabled remittance provider, to convert the originating country's currency to the destination country's currency. However, **with cryptocurrencies, the transfer can be made directly over the block, within seconds and without the need for currency conversion.**
- In a conventional transaction, the intermediary would charge transaction fees and a foreign exchange fee. But in the case of cryptocurrencies, only a mining fee will be charged. Mining fees are currently high, but are expected to come down drastically with the lightning network deployment.
- The same mechanism applies to the supply chain situation. Companies that manufacture and export goods experience a lag of several days between shipping the goods and receiving payment. This lag hinders supply chain efficiency, causes capital blockage, and eventually increases the cost of business by not allowing for optimum utilization of capital.
- With a cryptocurrency remittance mechanism in place, funds can be transferred instantly, reducing the lag of several days to seconds.

KEY MARKET TRENDS
The rising popularity of cryptocurrencies has allowed individuals to conveniently access digital remittances without a large ecosystem.
With cryptocurrencies, the transfer can be made directly over the block, within seconds and without the need for currency conversion.
Only a mining fee is charged for cryptocurrency remittances. Mining fees are currently high, but are expected to come down drastically when the lightning network is deployed.
Manufacturers, exporters, and suppliers can realize tremendous supply chain and working capital benefits through swifter cryptocurrency payments over the blockchain.

Source: RBC Capital Markets

Case Study: RBS' blockchain-driven international payments solution

RegTech + Blockchain; **Remittances**; and Insurance Tech 2.0

THE CASE

- The current cross-border clearing and settlement process is costly, inefficient and lacks transparency. The process involves an originating bank sending a payment to a beneficiary bank. The beneficiary bank then releases funds to the recipient's account, and the originating bank receives a notification informing successful payment. The round-trip time takes up to three days, in the worst case scenario.
- RBS realized that blockchain technology can be utilized to instill trust in cross-currency international payments in the absence of any central authority, such as a central bank, with the added advantage of faster transaction times.

THE SOLUTION

- RBS' Innovation Engineering team built Emerald, an Ethereum-based distributed clearing and settlement mechanism, to enable near instantaneous cross-border payments. The project aimed to explore the creation of a deferred net settlement system using blockchain. The system uses a credit line model between banks (for example, Bank A and Bank B), which consists of three components:
  - **Balance**: The amount Bank B owes Bank A
  - **Limit**: The credit limit Bank A has granted Bank B
  - **Allow**: The credit limit Bank A has stipulated for itself for transacting with Bank B
- When the system, which uses a consortium network, is requested to make a payment from Bank A to Bank B, it verifies whether the updated balance exceeds Bank A's Allow parameter for Bank B and whether Bank B's Limit parameter exceeds for Bank A. If the updated balance is within the permissible range, the payment is made and balance is updated.

THE BENEFITS

- A test was conducted using Google Cloud Platform with the help of GFT. It revealed that with a setup of six simulated banks and 100 transactions across banks entering the network each second, the mean transaction time was three seconds.
- This performance level is sufficient for a national domestic payments system. Such a payments system increases transaction speed and transparency with reduced settlement risks and costs. It is estimated that these blockchain solutions can lead to cost savings of USD 50-60 billion globally.

Source(s): IBSIntelligence

Re/insurers investing reserves in technology to arrest rising costs

RegTech + Blockchain; Remittances; and Insurance Tech 2.0

- **<u>Re/insurers are burdened with large customer acquisition and internal operating costs</u>** due to their outdated infrastructure and systems. The cumulative effect of a steep rise in their operating costs and stagnant net premium growth has resulted in a continuous rise in their expense ratios. In addition, 80% of the industry players still have paper-based customer interaction channels and underwriting processes.

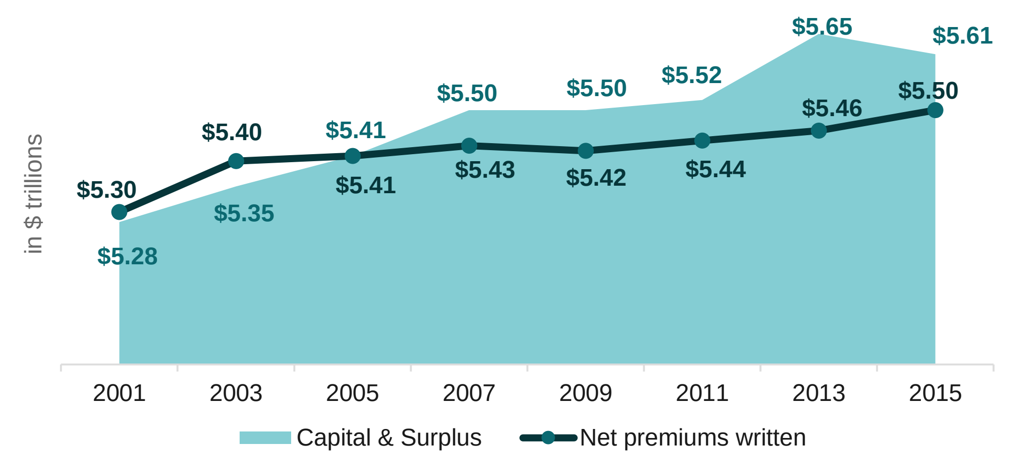
- Unlike companies in other segments of the financial services space, **<u>legacy re/insurers have big cash reserves</u>**. The global reinsurance capital reached a value of $605 billion as of March 31, 2017, although, it has since declined due to natural calamities. With an increase in natural calamities in the latter half of 2017, claims are continuously increasing. There has been an annual catastrophic loss of $100 billion in 2017. Re/insurers have struggled to grow their revenues and maintain profitability. They are, therefore, investing their excess capital in technological upgrades that can improve customer experience and bring operational efficiency and cost savings.

- **<u>Many of these investments have been in the form of acquisitions of tech-enabled MGAs (Managing General Agents) and TPAs (Third Party Administrator).</u>** These acquisitions have helped re/insurers enhance customer / distribution experience; access diverse & new products and capabilities; and improve underwriting and data analytics.

- The reinsurance sector is going through consolidation with more M&A's happening between smaller reinsurance players who are competing with their larger counterparts.

Source: Oak HC/FT report, Press Release, McKinsey report

Capital and Surplus and Net Premium Year Wise Growth of P&C Insurers



Source: Oak HC/FT

Operating expenses of legacy insurance companies are increasing at a much higher rate than their premium growth. While carriers have always been challenged by a steep cost structure, they have never faced as consistent an increase in their expense ratios as they are facing at present. Their unprecedented cost structures are prompting them to invest in technologies that help optimize operating costs.

Tech-enabled TPAs/MGAs become attractive acquisition targets

RegTech + Blockchain; Remittances; and Insurance Tech 2.0

- In a constant need to reinvent themselves to achieve operational efficiencies and effective cost structures, reinsurers are carrying out acquisitions of tech-enabled TPAs/ MGAs. They are highly attractive for the following reasons:
- Both the TPAs and MGAs use technology to leverage digital consumer experience tools. This creates additional sales and distribution channels for reinsurers to help manage risk. They also invest significantly in creating useful insights and analytical models to benchmark and enhance their administration platforms at the time of underwriting and claims reserving.
- Digital TPAs / MGAs use technology to launch new products for insurance companies with innovative distribution channels. Unlike traditional TPAs / MGAs who deliver information via IVR, text message, email and customer portals, the digital ones focus on further eliminating paper through automating documents, payments and e-statement processing with the use of AI.
- The acquisitions also benefit TPAs / MGAs because operating on a standalone basis calls for a huge investment in acquiring customers. It also exposes them to significant business flow volatility. **Being absorbed by an established re/insurer allows TPAs and MGAs to integrate vertically and enhance revenue predictability**.
- Insurance carriers are also a great source of capital for TPAs and MGAs to invest in their technology and Research & Development (R&D). It also gives them an opportunity to move into new geographies under the legacy name of the insurers.

KEY MARKET TRENDS
Tech-enabled TPAs and MGAs are attractive acquisition targets for re/insurers to achieve effective operational efficiencies and costs structures.
Digital TPAs and MGAs use technology to deliver digital customer interaction tools and derive insights using analytical models.
Digital TPAs and MGAs launch new products for carriers and reduce paperwork.
Digital TPAs and MGAs use the excess capital with carriers to invest in their technology.
Acquisitions allow TPAs / MGAs to achieve scale and reduce their business volatility.

Source: 6 insurance trends-Capgemini 2017 article, Reinsurance news-Press Release

Reinsurers sidestepping traditional carriers through TPA/MGA deals

- Re/insurers are bypassing legacy insurance companies by directly partnering with TPAs and MGAs. This will allow them to manage risks for customers better by forming larger, global and well-diversified operations with broad underwriting capabilities. These partnerships are essential due to the international risks, such as wars and recessions, that reinsurers face. A global presence allows the reinsurer to spread risk across larger areas.
- Reinsurers are also looking to bypass insurers by offering insurance products directly to customers. This will allow them to get the complete share of the premium offered rather than a part of what the insurer usually gets.
- The client base of reinsurers is also very different from insurers. MGAs and TPAs would help reinsurers understand their products and clients better and deliver value-based services. In addition to M&A deals, reinsurers are also **entering strategic partnerships with insurtech firms to increase their customer value and optimize costs**.
- Munich Re's venture capital subsidiary, HSB Ventures partnered with insurtech firm Trov with a $45 million investment in April 2017. Trov offers an on-demand insurance platform where individuals can insure personal products. This partnership led Munich to bring this personalized service to US customers.
- With limited organic growth opportunities and increasing competition from online players, **insurance carriers too are acquiring MGAs and TPAs and contributing to a vigorous M&A environment**.

Source: Artemis.bm, Business Insurance, Insurance Journal, Company reports

Key Cat Bond Market Figures

$13 billion	Value of catastrophic bonds issued in the year 2017.
$31 billion	Outstanding capital that was generated from the bonds issued at the end of 2017.
62	Number of active catastrophic bond deals in 2017.

There has been continuous growth in the issuance and overall size of the catastrophic bond market, despite the increase in loss events in 2017. Investors have shown confidence in Insurance Linked Securities (ILS) and cat bonds. Re/insurers are also consistently using them as a risk transfer option. They have experienced a growth of 78% in the capital issued from these bonds in 2017 as compared to last year.

Key Partnerships By Reinsurers

ufg INSURANCE	United Fire Group selected Guidewire's products to transform its underwriting, reinsurance and billing platform.
EVEREST Everest Re Group, Ltd.	Everest Re adopted Xuber, the reinsurance platform from DXC Technology to optimize its claims, accounting and underwriting processes.
Gen Re	Gen Re partnered with iXledger to develop blockchain platform for life and health insurance clients.
Munich RE	Insurtech start-up Nimbla partnered with Munich Re's new business unit Digital Partners to enhance the experience for the SME customers

Case Study: Nexus acquires MGA from Zon Re

RegTech + Blockchain; Remittances; and Insurance Tech 2.0

Target Company Overview

- ZON Re is an underwriter that manages accident reinsurance programs including accidental death, accidental death and dismemberment (AD&D), medical, and disability insurance policies. It also underwrites and distributes insurance products designed for direct purchase by banks, associations, employers, and affinity groups.
- Founded in 2003, the company is based in Shelton, Connecticut with an additional office in Mount Olive, New Jersey.

Acquisition Details

- Nexus Underwriting Management Ltd. acquired the MGA business of ZON Re on July 19, 2017. The acquisition was made from a part of Nexus' loan facility with B.P. Marsh & Partners and HPS Capital Partners.
- Post the acquisition, Zon Re is acting as a subsidiary of Nexus Underwriting Management Ltd.

Services Offered

It offers the following comprehensive services:

- **Enroll IQ**: Web-based consumer engagement platform for the sale, delivery & management of products
- **QWIK Coverage**: Business, underwriting, billing, document management & policy administration platform
- **insurStore**: User interface with real-time pricing of insurance products
- **insur360**: Sales & management tool for insurance & personal protection products for both agents and their customers

Transaction Rationale

- Nexus Underwriting Management Ltd. acquired the MGA business of ZON Re with the intent to add treaty reinsurance to its portfolio. The acquisition also gave Nexus an opportunity to expand their operations in the US.
- The acquisition added significant EBITDA to the Nexus Group. The expected value of gross premiums reached £160 million in 2017, which represented a growth of 185%. Commission income has increased by 143% during this time, while EBITDA has increased by 323%.
- This is the third acquisition for Nexus following the purchase of Equinox Global and Vectura Underwriting. These acquisitions cement Nexus' position as a multi-product and multi-geographic insurance company.

Source(s): Capital IQ, Press Release

Case Study: Hull acquires Insurance House MGA business

Target Company Overview

- The Insurance House operates as a managing general agency and wholesale insurance brokerage company. The company provides retail insurance agents in the Southeast and Mid-Atlantic states with commercial and personal insurance products.
- Founded in 1964, the company operates in the following locations-Marietta, Georgia; Cary, North Carolina; and Silver Spring, Maryland. The Insurance House, operates as a subsidiary of Southern General Financial Group.

Acquisition Details

- Hull & Co., a wholesale insurance subsidiary of Brown & Brown acquired the commercial MGA operations of The Insurance House on January 3, 2017.
- The acquired operations will continue to operate in Atlanta and Silver Spring as part of the Brown & Brown Wholesale Division.

Services Offered

It offers the following comprehensive services:

- **Personal insurance products** for automobiles, homeowners, watercraft/yachts, personal articles and recreational vehicles. Umbrella policies are also offered.
- **Commercial insurance products**, such as commercial transportation, including truckers, buses, medical transportation, and church vehicles. The commercial wholesale brokerage operations are located in Atlanta, Georgia Silver Spring and Maryland.

Transaction Rationale

- The acquisition has led Hull to strengthen its presence in the retail space for distribution of commercial insurance products.
- Brown & Brown acquired Hull & Co. in 2005. Since then Hull has acquired several wholesalers including Delaware Valley Underwriting Agency, and its personal lines spin-off, Residential Underwriting Agency.; Excess and Surplus Lines Insurance Brokers in Sherman Oaks, California.; Missoula, Montana-based Big Sky Underwriters.; and High Country Insurance Managers in Lakewood, Colorado.

Source(s): Capital IQ, Press Release

Deal Activity

Deal Activity

Key Industry Transactions in Q1 2018

We monitor the financial technology space from all angles, including RegTech / Blockchain, Remittances, and Insurance Tech-related M&A transactions. Over the last few months, we have seen some of the large players in these markets, as well as in related markets, acquiring new technology players. The **acquisitions allow them to grow their user and geographical base, increase their operating efficiency, and optimize their costs**. PE and VC funds have also made several major investments in early-stage companies in these segments.

Highlighted Transactions

Date	Target	Acquirer(s)	Value ($mm)	Comments
12/19/17	intermex International Money Express	FT FinTech Acquisition Corp. II	$260	Intermex is a technology-enabled wire transfer and financial processing solutions provider to the Latin America corridor. The acquisition will allow Intermex to grow its presence in the money transfer market through several initiatives following the acquisition.
12/11/17	BitGo	VALOR Equity Partners	$43	BitGo, Inc. operates a Bitcoin security platform that offers multi-signature security-as-a-service solutions. The company intends to use the funds to accelerate enabling businesses to integrate digital currencies into their existing financial systems.
12/6/17	Cunningham Lindsey	sedgwick	NA	Cunningham Lindsey assists businesses, insurance companies, brokers and policyholders around the world by offering expert support in the event of losses, such as during natural disasters. The acquisition expands Sedgwick's service suite and global footprint.
12/6/17	worldremit	Leapfrog Investments	$40	WorldRemit operates an online service that lets people send money to friends and family living abroad. It allows people to receive money as bank deposits, cash pick-ups, mobile money, and mobile airtime top-ups. WorldRemit used the proceeds to expand its service into new markets, deliver innovative products and services and to scale its technology capabilities.
11/1/17	TransferWise	IVP; Old Mutual Global Investors	$280	TransferWise provides international money transfer services. The company raised the funding to improve its financial position and pursue new and existing opportunities for global expansion, with a particular focus on the Asia-Pacific region, including a plan to launch a service in India.

Source(s): Press releases, Capital IQ

Company Interviews

"Industry Insight"

Evolve
Capital Partners

ECP Newsletter Overview

Company C-Suite and Investors - Bios

NorthCapital		▪ Jim Dowd is Founder and CEO of North Capital. ▪ Prior to North Capital, Jim was Managing Director at Bankers Trust Company, Executive Vice President at Tokai Asia and a Senior Managing Director at Bear Stearns. ▪ He holds a BSFS in International Economics, Finance and Commerce from Georgetown University and is a CFA Charter holder.
matchmove		▪ Shailesh Naik is the Founder and CEO of MatchMove Pay. ▪ Prior to MatchMove, Shailesh was Partner at both PwC and Ernst & Young, Vice President at Capgemini and Managing Director of Strategy & Operations at Cisco Systems. ▪ He holds a Bachelors degree in Electrical Engineering from IIT Kanpur and an MBA from Henley Business School.
INSURITAS		▪ Jeff Chesky is Chairman and CEO of Insuritas. ▪ Prior to Insuritas, Jeff was the Founder & President at Banc Insurance Services. Previously, he was a Director at Mass Mutual Insurance Company and also Vice President of mortgage lending at both Fleet Bank and Bank of New England. ▪ He holds a BA in Political Science from Saint Anselm College.

North Capital Overview

Company Profile

Headquarters: Salt Lake City, Utah
Founded: 2008

Jim Dowd
Founder & CEO

Mr. Dowd has 30 years of experience in the global financial markets. Prior to founding North Capital, he headed the Hedge Fund Advisory and Fund of Funds Team at Bear Sterns Asset Management. Mr. Dowd is a graduate of Georgetown University, where he earned a Bachelor's of Science in Foreign Service, majoring in international economics, finance and commerce. He is a CPA and has earned the CFA designation.

Stephanie Holt
CFO

Ms. Holt is responsible for the financial management of the company. She has held senior finance positions in public and private technology companies for over 20 years. Prior to North Capital, Ms. Holt worked in senior finance roles at two technology start-ups. Ms. Holt is a graduate of University of California, Riverside, where she earned a BA in Business Economics. She earned her MBA from the University of Redlands, CA.

NORTH CAPITAL OVERVIEW

- North Capital is a provider of prime brokerage and technology application services. Its offerings cover financial marketplace solutions, advisory services, and asset management services.
- The company's flagship TransactCloud technology enables broker-dealers, banks, fund managers, funding platforms, and private issuers to access private investment markets by streamlining the offering, transaction, settlement, and post-transaction processes in a compliant environment.
- North Capital additionally offers asset management and wholesale distribution services for marketplace lending, cryptocurrency and real estate asset classes through its subsidiaries and affiliates:
  - Lending Club SMA Program: Invests in notes backed by Lending Club marketplace loans.
  - Proof Ethereum LLC: Invests in Ether, the cryptocurrency which powers the Ethereum blockchain.
  - MogulREIT and MogulREIT II: Online Real Estate Investment Trusts ("REITs") open to all investors and designed for diversification, cash flow and equity appreciation.
- The company currently has over 70 clients, including RealtyMogul, Crowd Street, and RealtyShares.

Source(s): North Capital Website, Capital IQ, Pitchbook

North Capital Overview

Interviewee Profile and Company Strengths

PROFILE

JIM DOWD
Founder & CEO

- James Dowd is Founder and CEO of North Capital Private Securities (NCPS), a registered broker-dealer focused on the marketing and distribution of private funds and the securities of private companies; North Capital Investment Technology (NCIT), which provides technology for the financial services industry; and North Capital Inc., a registered investment advisor.
- Mr. Dowd has over 30 years of experience in the global financial markets and led the portfolio management team in advising clients and allocating capital to non-affiliate hedge funds as Head of the Hedge Fund Advisory and Fund of Funds Team.
- He previously founded North Capital, LLC, a Registered Investment Advisor, Commodities Trading Advisor and Commodities Pool Operator.

CORE COMPETENCIES

Experienced Management Team

Experienced management team *with extensive global network. Previous employers include Goldman Sachs, Bank of America, Bankers Trust etc. Management is based out of Salt Lake City with employees in the San Francisco Bay Area, Singapore (Rep Office) and Coimbatore, India.*

Ethereum-Based Clearing

Ethereum-based clearing and custody platform will be transformative for global distribution, record keeping, and secondary markets in the U.S. and internationally.

Proven Marketplace for Technology

Proven marketplace technology *for private securities offerings, with a large and growing installed base, that empowers intermediaries and creates a network effect among partners. Over 27,000 transactions; 500 deals; $400mm raised.*

Focus on Exempt Securities

Focus on exempt securities *such as, private securities, alternative investments, exempt public offerings; NCPS is the leading broker-dealer for funding platforms and became a self-clearing, custodial broker-dealer in 2016.*

Source(s): North Capital Website, Capital IQ, Pitchbook

North Capital Overview

Q&A with Jim Dowd, North Capital

JIM DOWD
Founder & CEO

Q: Please describe North Capital's business to us in your own words.

A: North Capital's mission is to make exempt securities markets as liquid, transparent, and efficient as public securities. We offer a transaction platform, called TransactCloud, to help issuers and professional intermediaries access new markets and transact at scale.

We are rolling out a custody solution that will help streamline the clearing and custody of unregistered securities, and we plan to establish a secondary trading platform later in 2018.

Q: Why is now the right time for North Capital's solutions?

A: So-called private markets have overtaken public markets as the leading source of investment capital. The high cost of public deals, the complex regulatory regime, and long time lags have led many issuers to forego public markets altogether for private and other exempt raises. The need for the technology and services we provide has never been greater.

Q: What new technologies have enabled North Capital to launch its service?

A: We have been able to combine a number of third party technologies and services that allow us to streamline the investment process: KYC and AML approvals, document delivery and e-signature, real-time analysis of an investor's income and assets to conduct suitability and accreditation reviews, and payment processing through ACH.

Each of these elements has been enabled or vastly improved by technology that was created in the past five years. Even the delivery of our services, which is done entirely via cloud-based infrastructure, would not have been possible but for the development of technology services like Amazon Web Services and RackSpace Cloud, and software that enables the creation and deployment of SaaS solutions.

North Capital Overview

Q&A with Jim Dowd, North Capital (Continued)

JIM DOWD
Founder & CEO

Q: What is North Capital's revenue model?

A: There are two main revenue streams: licensing and other recurring revenue which we earn as the platform and services are provided to customers; and transaction revenue which is earned based on volume that passes through the firm's services.

Q: How big is the market opportunity for your products (non-traded securities)?

A: Estimates vary widely, depending on how one frames the addressable market, but it's at least several hundred billion and could be as large as $3 trillion, if existing funds are included. We have raised over $500mm to date, with an average investment size of about $12,000. Today our end users are retail investors – the mass affluent, but that's beginning to change.

Q: What are the key hurdles / challenges that North Capital faces?

A: First, competition is incredibly fierce. There has been an explosion of innovation in the FinTech space, with many firms tackling some of the same problems in slightly different ways. We don't have one or two competitors; we have dozens, many of whom compete in one or two specific segments.

Second, technology is continuing to improve rapidly. There are opportunities for new market entrants to leapfrog some of the existing players, even though the platforms are all relatively new.

Third, financial markets are intensely regulated, and for good reason. Ensuring trust in markets and the financial system generally is a key role of government. There is often a tension between rapid technological innovation and government regulation, and nowhere has this been more acute than in FinTech.

North Capital Overview

Q&A with Jim Dowd, North Capital (Continued)

JIM DOWD
Founder & CEO

Q: What are your key drivers of success?

A: As a B2B firm, we gain maximum operating leverage by expanding our reach among professional intermediaries. If they are successful, so is our business. So we have focused on three key growth drivers: expanding the breadth of our network by adding new funding platforms in new markets; expanding the depth of our network by embedding our technology with and expanding our network to include incumbent financial firms like broker dealers and serial issuers; and creating access to new markets for our existing customers, so that we can benefit from their organic growth.

Q: How is North Capital differentiated against potential competitors? Who are your closest competitors right now?

A: We differentiate in two ways: first, our technology is more flexible and better engineered than our competitors' solutions. We hear this over and over again from customers – that our technology stack offers far greater flexibility than other solutions.

Second, our domain knowledge is unmatched. Many of our competitors are technologists that have ventured into the capital markets space. We are finance professionals with a technology background and capabilities. This domain knowledge is critically important as the technology evolves and is applied in new ways. Our biggest direct competitor today is a firm called Wealthforge, but as previously noted, there are threats from many quarters.

Q: What industry trends are providing tailwinds for North Capital?

A: (1) Trend away from public markets towards exempt markets; (2) Globalization of investment markets, which is opening up new cross-border opportunities for both issuers and investors; (3) Use of non-traditional investments (alternatives) by mass-affluent investors; (4) Invention and development of crypto markets such as bitcoin and ethereum; (5) Fear and sclerosis at incumbent financial institutions. Established firms cannot keep pace with startups, with regard to financial innovation.

North Capital Overview

Q&A with Jim Dowd, North Capital (Continued)

JIM DOWD
Founder & CEO

Q: Are there other asset classes that can make use of North Capital's technology platform to facilitate transactions, beyond securities?

A: We are exploring ways to apply our KYC, AML, and payment technology for other financial use cases. Having developed a flexible, scalable platform, we think that there may be some low hanging fruit in other markets outside of securities settlement. The same is true for escrow, and for the work we are doing with blockchain technology.

Q: Blockchain is the current buzzword in the industry, what do you think the future of blockchain holds for the financial services industry? How do you think it will affect/change the current process of distribution and record keeping?

A: We are very bullish on blockchain as a technology solution for custody and clearing where there is no existing technology to displace. In other words, we think that private and other exempt securities is the place to start with blockchain implementation, not established public markets where the clearing process already works quite well.

We have developed a custodial platform built on the ethereum blockchain. Our "go live" date is scheduled for the end of March. I characterize it as a private network built on public rails, like running a virtual private network (VPN) over the public internet. I think the immense promise of blockchain lies in the following attributes: it is standards-based, open source, highly secure, distributed, and inexpensive to run. Not all blockchains have all of these attributes, but ethereum and some of the other most promising technologies do.

I see many similarities to recent technological innovations, such as the adoption of FIX protocol for trade routing, OFX specification standards for financial transaction reporting, and ACH for payments. Or if you want to go back further, consider the invention of double-entry accounting in the 14th century. The aforementioned attributes will lead to greater transparency, more efficiency, and greater economies of scale.

I believe that secondary markets for exempt securities are going to take off in 2018 or early 2019 – it is crazy that it takes about five minutes for someone to register for an EBAY account and post an offer to sell virtually anything they own, but no such marketplace exists for an investor to offer to sell unlisted securities.

But it is not far away, and I believe blockchain will be the enabling technology that makes it happen.

Thank you Jim.

MatchMove Overview

Company Profile

matchmove

Headquarters: Singapore
Founded: 2009

Shailesh Naik
Co-Founder & CEO

Low Hsueh Huah
Co-Founder & COO

Prior to MatchMove, Shailesh was the President of Cryptologic's Asia Pacific operations. He also served as the Managing Director of the Strategy & Operations at Cisco Systems, Vice President of Capgemini, and as Partner at both Ernst & Young and PwC. Banc Insurance Services. Shailesh holds a Bachelors degree in Electrical Engineering from IIT Kanpur and an MBA from Henley Business School.

Hseuh Huah started his career in the armed forces; he received the Singapore Armed Forces Overseas Merit Scholarship for undergraduate studies in the UK. He later obtained an MBA from the University of Chicago, USA (Booth School of Business in Illinois). He completed stints in global venture capital firms Vertex Management and FairPrice, before joining Cryptologic as Vice President of Operations for Asia Pacific.

MATCHMOVE OVERVIEW

- MatchMove is a global financial technology company (HQ in Singapore) that offers end-to-end payment solutions to businesses. (i.e. Banking-as-a-Service).
- The Company's proprietary customizable B2B cloud payment platform enables any enterprise to offer a secure mobile wallet solution and virtual/physical cards to customers for payment and money transfer.
- MatchMove's payment platform provides open loop payment cards that remove the limitations of wallet integration with merchants and addresses the needs of un-banked and un-carded consumers.
- MatchMove has multiple brand-name customers that include major banks, brands, merchants, and businesses globally such as BRI, Blackhawk Network, Hike, etc. The company has 48 corporate clients across the globe and a pipeline of over 103 company deals.
- MatchMove is the authorized issuer of both American Express International and MasterCard Worldwide (strategic partner) for various countries in Asia. Additionally, MatchMove can also process and authorize transactions for Visa, JCB, RuPay and UnionPay.
- MatchMove's management team has extensive experience in the sector, previously employed at companies such as Microsoft, Amazon, MasterCard, Visa, JP Morgan, Cisco, Deloitte, PayPal, etc.

Source(s): MatchMove Website, Capital IQ, Pitchbook

MatchMove Overview

Interviewee Profile and Company History

PROFILE

SHAILESH NAIK
Founder & CEO

- Shailesh Naik is the Founder and CEO of MatchMove. MatchMove launched it's first pan-Asia virtual cloud-based mobile payment card with American Express and MasterCard, enabling millions of un-carded consumers the ability to go online and pay with a secure mobile payment method.
- Prior to MatchMove, Shailesh was the Founder and President of Cryptologic in Asia Pacific region where he led the team and established Cryptologic's Asian operations.
- Previously, he also led the Cisco Strategy & Operations division in Asia as their Managing Director and was responsible for operational advice to C-Level executives in Fortune 500 companies, with a focus on accelerating the successful adoption of internet technologies.

HISTORY

$15 million *January 06, 2015*	The company raised $15 million of Series A venture funding in a deal led by Credit Saison (TYO:8253) in 2015. GMO Venture Partners also participated in this round.
Undisclosed *October 19, 2009*	The company raised an undisclosed amount of venture funding from Vickers Venture Partners in 2009.
Key Associations	Alibaba.com, honestbee, Spotify, GROUPON, TIDAL, STEAM, foodpanda, redmart, SHOPBACK, ebay, Qoo10, LAZADA
Awards / Features	SiTF AWARDS 2014 Best Enterprise Product Finalist; APAC CIOOutlook 25 Most Promising BANKING & SOFTWARE SOLUTION PROVIDERS - 2016; RISING EXPO Asia's Largest Demo Day for Funding and Alliance Winner; The 10 Fastest Growing BANKING Solution Provider Companies; INNO TRIBE Startup Challenge 2014 Finalist

Source(s): MatchMove Website, Capital IQ, Pitchbook

MatchMove Overview

Q&A with Shailesh Naik, MatchMove

SHAILESH NAIK
Founder & CEO

Q: Please describe MatchMove's business to us in your own words.

A: MatchMove provides an end-to-end enterprise payment solution to help companies, ranging from startups to large enterprises, increase revenue and boost user engagement through our patented technologies. Our proprietary cloud-based MatchMove Wallet OS enables any company to easily offer their customers a fully branded, secure mobile wallet solution that includes P2P transfer, remittance, top up channels, virtual payment cards, loyalty points & rewards, and promotions & offers amongst many other features.

Our vision, simply put, is to build technology enabling anyone with a mobile phone to spend, send and lend money, anywhere in the world.

We started MatchMove in 2009 originally as an online entertainment company and pivoted to mobile payments in 2014. Since 2014, we have already signed-up brand-name customers that include major banks, brands, merchants, businesses, and others across the globe.

Q: Why is now the right time for MatchMove's solutions?

A: The key focus is on 'Spend. Send. Lend,' which is really about putting banking services inside every phone and every app inside. Today the experience for people who want to spend their money, or send or receive money or lend or borrow, is very fragmented and incumbents are not focused on unifying and simplifying the experience.

Our business model is based on an innovative B2B model that enables MatchMove's technology and services to be deployed to customers in a matter of weeks, which typically takes months or years for current incumbents to achieve.

Q: What is MatchMove's revenue model?

A: We have multiple revenue streams that include (a) one-time setup fees, (b) monthly maintenance fees for our services, (c) transaction fees based on the transaction volumes; (d) a dollar per user per year fee. When we started MatchMove a few years back, a significant portion came from the setup and maintenance fees, but as we scale and our clients do so as well, we have seen the shift towards transaction fees. We expect transaction fees to make up the bulk of our revenue going forward.

MatchMove Overview

Q&A with Shailesh Naik, MatchMove (Continued)

SHAILESH NAIK
Founder & CEO

Q: What new technologies have enabled MatchMove to launch its service?

A: Our proprietary cloud-based MatchMove Wallet OS enables any company to easily offer their customers a fully branded, secure mobile wallet solution that includes P2P transfer, remittance, top up channels, virtual payment cards, loyalty points & rewards and promotions amongst many other features. MatchMove's infrastructure is built on Amazon Web Services (AWS) and is protected by Trend Micro's Deep Security platform. This not only allows us to enjoy the scalability of a cloud platform, but also the secure protection of user information.

Q: What is your background and how did you end up choosing Singapore as the headquarters for your business?

A: I was originally born in South-Africa, and an engineer by training, I did computer engineering at IIT Kanpur. Then I went to business school in London at Henley Business School, spent 15 years in management consulting and ended up as a partner at PwC and then Ernst & Young. I moved to Singapore about 18 years ago. I then left to join Cisco Systems, where I headed their strategy and operations for the Asia Pacific region, then went on to become president of Asia for a Nasdaq-listed company.

When starting MatchMove, we ended up picking Singapore over Hong Kong as the base for our company due to the supply of highly-skilled professionals, access to regional markets and the regulatory environment. The Singapore government's focus on startups and fintech provides gravity and momentum for career paths. Regulatory-wise it's easier to navigate in Singapore and nearby countries due to the use of English in business. This is a big point compared to Hong Kong.

Since starting in 2009, MatchMove has expanded into India, Vietnam, Indonesia, Thailand and the Philippines. We view Singapore as the ideal location for our headquarters as we work towards our long-term goal of going global. We recently set up an office in Miami and plan to open more in Africa, Dubai, and Scandinavia this year.

Q: What are the key hurdles / challenges that MatchMove faces?

A: The complexity in the payment and financial industry created new challenges for us. With payments at the heart of global commerce, we realized early on that we needed to understand these financial regulations that differ in every country and market. We chose to partner with large local banks not only because they understand the local jurisdiction and that allows us to tap their existing infrastructure, but also scale efficiently once we enter new local markets.

Additionally, MatchMove had to develop a platform and technical infrastructure to operate based on this complex payment environment from scratch.

MatchMove Overview

Q&A with Shailesh Naik, MatchMove (Continued)

SHAILESH NAIK
Founder & CEO

Q: What are your key drivers of success?

A: MatchMove's success amongst our clients, global awards and recognition for innovation has fueled our growth. We have consistently been recognized internationally for our outstanding innovation. In 2016, MatchMove was recognised as the "Most Promising Solution Provider – Banking and Software" by APAC CIO Outlook and the "Most Innovative Financial Technology Provider" in Singapore by Global Business Awards.

Furthermore, given the overall interest in FinTech and the vibrant startup system that the Singapore government has created, we were able to attract high-quality talent from other startups and also major interest from large companies like Visa, MasterCard, PayPal, Google.

Q: What industry trends are providing tailwinds for MatchMove?

A: We see tremendous opportunity in the key markets we are trying to tackle in South Asia and other emerging markets. For example, a vast majority of the Indonesian population doesn't have access to banks. It is estimated that only 40% of Indonesia's 250 million population currently have access to services provided by banks. This highlights the need to develop alternative banking systems that could provide users with new and effective ways of banking. In India as another example, we have gained significant traction and we are already one of the biggest and fastest issuer of MasterCard.

Currently, the only way you get a card is a credit card or debit card and you need a bank account and need to apply for credit. There is only 3% card penetration in Asia, and yet there is 45% mobile phone penetration. So, what about the 42% who don't have a card, how are they going to benefit from this? What the service providers -- the taxi companies, e-commerce companies -- have to do is resort to cash on delivery, which is very inefficient. That the first pain point we are solving, by putting more cards out there.

Thank you Shailesh.

Insuritas Overview

Company Profile

INSURITAS

Headquarters: Hartford, CT
Founded: 1999

Jeff Chesky
Chairman & CEO

Jeff has over 20 years' experience in the banking and insurance fields. Prior to Insuritas, Jeff was the Founder & President of Banc Insurance Services. He was also the Senior Vice President of one of the nation's 100 largest insurance agencies and a Director of Institutional Investment Management at Mass Mutual Insurance Company. He started off as the Vice President of mortgage lending at both Fleet bank and Bank of New England. Jeff holds a BA in Political Science from Saint Anselm College.

Matt Chesky
COO

Matt Chesky joined Insuritas in 2012, and as COO, oversees Insuritas' master agency operation platform, client partnerships and digital initiatives. He is responsible for Insuritas' persistent focus on two core objectives: driving non-interest income growth for his clients and fostering a world-class experience for Insuritas' customers. Matt is a graduate of Yale University with a B.A. in Economics.

INSURITAS OVERVIEW

- Insuritas provides "insurance agency in a box" for banks and credit unions. The company sets up and manages insurance agency businesses owned by banks and credit unions, allowing them to cross-sell insurance services alongside typical financial services offerings to existing banking customers.
- The business model provides a valuable new revenue stream for financial institutions from an otherwise untapped market and leverages existing customer data to provide the service.
- The company has invested significantly in developing proprietary middleware to allow banks to effortlessly aggregate and display carriers' insurance quotes for their banking customers. Implementation of this middleware will pay off as end-users increasingly leverage their banks to shop for insurance.
- Insuritas partners with over 75 insurance carriers to ensure prospective insureds have access to competitive pricing and a comprehensive array of products available.
- Insuritas has over 200 clients that operate in all 50 states and are based in 43 states.
- Jeff sold the business to Jack Henry & Associates (JHA) in 2004 and continued to run it under new corporate ownership. After the 2008 downturn, Jeff was able to buy his business back in a management buyout. In 2012, Jeff hired his son, Matt Chesky, as COO, to focus on growth.

Source(s): Insuritas Website, Capital IQ, Pitchbook

Insuritas Overview

Interviewee Profile and Company History

PROFILE

JEFF CHESKY
Chairman & CEO

- Jeff Chesky is the Founder, Chairman and CEO of Insuritas. Insuritas deploys large, private-labeled “meta insurance agencies” that connect customers to insurance products in a frictionless shopping experience, eliminating the industry’s legacy distribution and technology platforms.
- Jeff was the founder and president of Banc Insurance Services, where he pioneered the design, installation and outsourced management of insurance agencies for financial institutions nationally, and developed the meta agency platform. BIS was purchased by Jack Henry & Associates in 2004.
- Jeff has more than 30 years’ experience in the banking and insurance fields. Jeff also had the honor to serve on the White House staffs of President Jimmy Carter and Vice President Walter Mondale.

HISTORY

$21 million *August 07, 2012*	The company received $10 million of financing from an undisclosed investor in 2012.
Undisclosed *July 01, 2008*	The company was acquired by a group of investors led by Jeff in a management buyout of the company in 2008 for an undisclosed sum.
Undisclosed *January 01, 2004*	The company was acquired for an undisclosed amount by Jack Henry and Associates in 2004.

Source(s): Insuritas Website, Capital IQ, Pitchbook

Insuritas Overview

Q&A with Jeff Chesky, Insuritas

JEFF CHESKY
Chairman & CEO

Q: Please describe Insuritas' business to us in your own words.

A: Insuritas is reengineering insurance distribution in America, by building and deploying virtual, omni-channel, private-labeled insurance agency solutions within the financial services industry. We focus on providing consumers with access to a comprehensive portfolio of insurance and risk management products, complete pricing transparency, and the ability to shop for, purchase & service their policies however and whenever they want. By deploying our model within financial institutions, we are able to leverage a combination of data science and intentional marketing to deliver targeted offers to consumers at a time when we know they are most likely to shop, and engage with them under the brand of their trusted financial services provider. In so doing, we are able to provide customers with seamless access to competitive pricing and comprehensive coverage for their insurance needs, and our product underwriters/carrier partners with access to a massive addressable market of prospective insureds supplemented with unique data to ensure they can drive profitable premium growth.

Q: Why is now the right time for Insuritas' solutions?

A: The reengineering of insurance underwriting & the collapse of the traditional independent agency system has created an opportunity to reimagine the insurance vertical. A digitally-enabled, customer-centric insurance platform that can acquire and engage large swaths of the massive addressable insurance market will emerge as the "store-of-choice" for insurance consumers. Insuritas is leveraging its clients' powerful brand equity and their massive addressable markets with a proprietary insurtech-enabled sales platform and digitally powered relationships with the insurance carrier industry to become one of the fastest organically growing insurance distributor in the US.

Q: What is Insuritas' revenue model?

A: Insuritas generates revenue in three ways;

- Our core revenue source is the recurring commission revenue earned on policies brokered through the Insuritas platform. Insuritas operates our client agencies turn-key, handling all policy sales & service, and earns approximately 78% of gross commissions that we generate on behalf of our client agencies.
- This revenue is supplemented by one time 'agency start-up fees' that are charged to our clients to build and deploy our model within their institution.
- Additionally, we also receive contingency or profit-sharing income generated from our insurance carriers, which is contractually owned by Insuritas.

Insuritas Overview

Q&A with Jeff Chesky, Insuritas (Continued)

JEFF CHESKY
Chairman & CEO

Q: What new technologies have enabled Insuritas to launch its service?

- E-InsuranceAISLE – The Insuritas virtual agency platform, E-InsuranceAISLE is embedded within our clients' online banking ecosystems, branded to mirror the user experience of their online banking portal, and enables customers to shop, compare and buy insurance products online and allows financial institutions to deploy strategies to finally monetize their massive online banking traffic.
- LoanINSURE – a highly secure, proprietary data integration platform that enables us to assemble and extract data from client loan origination and loan servicing systems, instantly deliver all of the data needed for insurance carriers to return pricing offers, and deliver targeted offers to borrowers tied to their loan application.
- InsureNOW – secure access to restricted, highly specialized data bases allow our clients to identify their customers' policy renewal dates and deploy 'intention-based' messaging campaigns with personalized offers exactly when their existing insurance policies are up for renewal.
- SmartCART – the insurance industry's first consolidated e-commerce platform for insurance products, SmartCART enables consumers to shop for multiple insurance products from multiple carriers, 'check out' through a single online shopping cart transaction, and manage their policies through a digital insurance account, mirroring their online banking account.
- AgentFORCE – Insuritas' proprietary core agency management platform consolidates pipeline management, quote, delivery, & policy administration into a single user interface to drive agent efficiency, agent/customer omni-channel engagement, and enables vendor agnosticism through integrations with carriers, comparative raters, data aggregators, & policy servicing systems.

Q: How much of the total market are you expecting to disrupt from traditional means of distribution? Can you put a value on the total market opportunity out there for us?

A: Given escalating pressures on the financial institution vertical to increase non-interest income, our long-term objective is to deploy an 'insurance aisle' within every financial institution in the country. Achieving a 100% policy penetration rate within that addressable market would yield approximately $23B in annualized commission revenue. In the next five years, we expect to have our platform deployed within 10% of financial institutions over $250M in assets, and are targeting a 5% policy penetration rate, which would yield approximately $150M in annualized commission revenue.

Insuritas Overview

Q&A with Jeff Chesky, Insuritas (Continued)

JEFF CHESKY
Chairman & CEO

Q: What are the key hurdles / challenges that Insuritas faces?

A: The key to scaling policy penetration rates within our addressable market is being able to seamlessly aggregate customer data, enable our carrier partners to leverage that data to underwrite risks, and deliver targeted insurance offers back to our prospective insureds, all in virtually real-time. That is the type of shopping experience our consumers have become accustomed to in other industries, and are demanding from their insurance providers. Operating at the intersection of the banking and insurance verticals, one of our core constraints on achieving that objective has been the antiquated technology platforms that our partners operate off of. However, given the shift in both of those industries towards increasing investment in technology and digital integrations, as well as the emergence of several innovators in the insurtech & fintech sectors that are helping facilitate that transition, we believe that challenge will become increasingly irrelevant in the next few years.

Q: What are your key growth drivers?

A: Our three key growth drivers are as follows;

- Our addressable market continues to expand, as more financial institutions are turning to us to deploy our model to their customers to drive non-interest income.
- Our customer engagement rates continue to grow as we believe consumers are becoming more dissatisfied with their legacy insurance providers, and we are able to facilitate a more seamless, simple shopping experience for our customers.
- We are able to convert an increasingly high percentage of insurance shoppers into buyers as more carriers embrace digital distribution platforms like ours as a way to drive profitable premium growth.

Q: How is Insuritas differentiated against potential competitors? Who are your closest competitors right now?

A: As of today, we do not have any direct competitors that offer a comparable ‘virtual’ insurance agency model deployed within financial institutions. At a higher level, we look to differentiate ourselves from other insurance providers in different ways. We compete against direct writers (GEICO, State Farm) by offering consumers choice & competitive pricing rather than a single product, and we compete against traditional agencies by offering consumers access to an omni-channel, seamless shopping experience that they won’t find within a traditional analog agency environment.

Insuritas Overview

Q&A with Jeff Chesky, Insuritas (Continued)

JEFF CHESKY
Chairman & CEO

Q: What industry trends are providing tailwinds for Insuritas?

A: Consumers no longer view traditional agencies as a solution for ‘commoditized’ insurance products (personal, small business), as they are still reliant on analog distribution models, rather than embracing and selling through distribution channels where consumers are actually shopping (online/mobile etc.). Additionally, our financial institution partners are increasingly turning to insurance as a way to drive non-interest income, as regulatory pressures and competition shrink net interest margins.

The independent agency system is collapsing, the direct to consumer model does not provide the shopping experience the consumer is looking for, and our FI partners are anxiously looking to build new sources of recurring, value added fee income and to provide barriers to competitive incursion.

Q: Insuritas’ current clients include Banks and Credit Unions, they have large customer bases and your solution offers a new revenue stream opportunity for these Financial Institutions and low Customer Acquisition Costs for carriers. Are there other viable groups / industries you intend to target eventually to cross-sell insurance products? If not, why?

A: Yes, in fact we have experimented with deploying our model within alternative verticals. We see that there are three core requirements for a partner of ours that must be met for us to deploy our model. First, they must serve a large addressable market of customers/prospective insureds. Second, they must have access to customer data on their addressable market that enables us to deliver a seamless insurance shopping experience for their customers. Third, their business must be one in which their customers might expect to (and find value in) being able to shop for and service their insurance policies. For any business that meets those criteria, we believe we could deploy our distribution platform successfully.

We have launched a virtual agency for Overstock.com. We believe there other owners of large customer bases that would benefit from our solution.

Thank you Jeff.

Transaction Themes

Transaction Themes – RegTech / Blockchain

RegTech + Blockchain; Remittances; and Insurance Tech 2.0

- The Regtech space continued seeing strong M&A and financing deal volumes in Q1:18. PE/VC funds closed several financing deals at strong valuations in this space. At the same time, **large firms actively acquired and invested in young RegTech startups, primarily to reduce their compliance costs**.
- Deal activity in the Blockchain space is still in its infancy, with **M&A deal volumes primarily driven by horizontal deals between specialized blockchain companies**. With financial services businesses adopting Blockchain at unprecedented rates, the pace for Regtech-Blockchain collaborations is likely to increase, resulting in an increase in M&A deal volumes.

Relevant Recent Transactions (1/2)

Date	Target	Acquirer(s)	Type	Value ($mm)	Transaction Details
12/11/17	BitGo	Valor Equity Partners	Funding	$43	BitGo, Inc. operates a Bitcoin security platform that offers multi-signature security-as-a-service solutions. The company intends to use the funds to accelerate enabling businesses to integrate digital currencies into their existing financial systems.
11/21/17	PikcioChain	Multiple Investors	Funding	$6	PickcioChain operates blockchain-based data storage and exchange platform. The company raised the funds with the intent to develop a highly efficient solution for the safe exchange of verified personal data.
11/15/17	PayStand	BlueRun Ventures	Funding	$6	PayStand operates an electronic payments portal that enables businesses to take online payments or set up a storefront on their website and other social network sites. The company used the proceeds to scale its accounts receivable systems and launch a new free accounts payable product line.
9/27/17	onfido	Crane	Funding	$30	Onfido offers solutions for identity verification and background checks for enterprises. The company also provides KYC and AML solutions to eliminate dropouts, on board more customers, and reduce fraud. The company raised the funds to invest in research and development in machine learning and to meet increasing global customer demand.
7/25/17	Sybenetix	Nasdaq	M&A	NA	Sybenetix develops market surveillance and compliance monitoring software for banks, asset managers, hedge funds, exchanges, and regulators. The acquisition allows Nasdaq to enter the buy-side market with a compliance solution. The buyout has also helped Nasdaq's risk management solutions, as Sybenetix has helped detect market abuse by analyzing the traders' behavior.

Sources: Press Releases, Capital IQ

Transaction Themes – RegTech / Blockchain

RegTech + Blockchain; Remittances; and Insurance Tech 2.0

Relevant Recent Transactions (2/2)

Date	Target	Acquirer(s)	Type	Value ($mm)	Transaction Details
6/8/17	STRATUMN	CNP	Funding	$8	Stratumn develops and operates a platform to deploy, monitor, and scale blockchain applications. Its platform helps developers focus on blockchain applications to write, execute, and verify various workflows or business processes. The company intends to use the funds for research, product design, and business development.
5/23/17	Labo Blockchain	BLOCKCHAIN FRANCE	M&A	NA	Labo Blockchain provides consulting services to public and private companies to support them in application development. This acquisition helped Blockchain France to strengthen its market leadership in blockchain technology consulting in France.
5/20/17	POEX.IO	Canaan	M&A	NA	Proof of Existence is an online notary public service that verifies user files using blockchain without exposing the content. The acquisition allowed bitcoin hardware manufacturer Canaan to leverage opportunities in the hardware side as well as develop other blockchain-based services.
5/16/17	Inspirasha	QIWI кошелёк	M&A	NA	Inspirasha is a fintech startup that specializes in blockchain applications. The acquisition was carried out with the intent to expand QIWI's set of services that can be integrated with blockchain technology.
4/26/17	mediachain	Spotify	M&A	NA	Mediachain operates as an open media library that automatically connects media to its creator and information about it. The company serves as a protocol for registering, identifying, and tracking creative works online. Spotify acquired Mediachain to create a decentralized platform for artists.
4/12/17	nChain	HTPE HIGHTECH PRIVATE EQUITY	M&A	NA	nChain researches and develops blockchain tools, protocols, and applications. The acquisition allowed nChain to continue the growth of its research activities and accelerate the pace of blockchain adoption globally.
2/27/17	Skry	bloq	M&A	NA	Skry develops an online platform to derive real-time intelligence and risk assessment from blockchains and decentralized applications. Bloq acquired Skry with the intent to enhance its suite of analysis tools that serve enterprises.
1/26/17	kreateIoT	Niniva	M&A	NA	KreateIoT provides blockchain applications to secure healthcare data. It allows users to sell, donate, and share their medical history with research organizations or pharmaceutical companies. The acquisition allowed Niniva to access healthcare records and data from wearables with KreateIoT's technology.

Sources: Press Releases, Capital IQ

Transaction Themes – Remittances

RegTech + Blockchain; **Remittances**; and Insurance Tech 2.0

- The highly fragmented Remittances space is **entering a consolidation phase, with the emergence of some large players**. These players are looking to firmly establish their dominance by **acquiring smaller players and new technology companies** with more efficient solutions that allow acquirers to **diversify their services and challenge the hegemony of banks**. With players looking to acquire new technologies and expand into new geographies, **funding activity has also been strong**.

Relevant Recent Transactions (1/2)

Date	Target	Acquirer(s)	Type	Value ($mm)	Transaction Details
12/19/17	Intermex International Money Express	FinTech Acquisition Corp. II	M&A	$260	Intermex is a technology-enabled wire transfer and financial processing solutions provider to the Latin America corridor. The acquisition will allow Intermex to grow its presence in the money transfer market through several initiatives following the acquisition.
12/6/17	WorldRemit	LeapFrog Investments	Funding	$40	WorldRemit operates an online service that lets people send money to friends and family living abroad. It allows people to receive money as bank deposits, cash pick-ups, mobile money, and mobile airtime top-ups. WorldRemit used the proceeds to expand its service into new markets, deliver innovative products and services and to scale its technology capabilities.
12/5/17	Payoneer	CBC 宽带资本	Funding	NA	Payoneer operates a cross-border payments platform that connects businesses, professionals, countries, and currencies worldwide. The proceeds from the funding were used to strengthen Payoneer's global platform and accelerate investment in its local China operations.
11/19/17	TransferMate Global Payments	AIB Allied Irish Bank	Funding	$35	TransferMate Limited provides an online payment platform that enables individuals and businesses to send and receive their international foreign currency money transfers. The proceeds were used to expand the company's commercial teams across the United States, Canada, Australia and Europe.

Sources: Press Releases, Capital IQ

Transaction Themes – Remittances

RegTech + Blockchain; **Remittances**; and Insurance Tech 2.0

Relevant Recent Transactions (2/2)

Date	Target	Acquirer(s)	Type	Value ($mm)	Transaction Details
11/1/17	TransferWise	IVP; OLDMUTUAL GLOBAL INVESTORS	Funding	$280	TransferWise provides international money transfer services. The company raised the funding to improve its financial position, and pursue new and existing opportunities for global expansion, with a particular focus on the Asia-Pacific region, including a plan to launch a service in India.
10/31/17	Remitly	PayU	Funding	$115	Remitly provides a mobile payments service that enables consumers to make person-to-person international money transfers. The company used the proceeds to grow its operations and expand its presence in other countries.
8/24/17	YouFirst	EBIX	M&A	NA	YouFirst Money Express is a payment bank which offers banking services. Ebix Software acquired the Money Transfer Service Scheme (MTSS) business of YouFirst Money Express Private Limited to diversify its services into the remittance segment.
7/4/17	INSTAREM	GSR VENTURES 金沙江创业投资	Funding	$13	InstaReM provides money transfer services for individuals and business customers. The company raised the funds to increase its global presence, expand its workforce and to develop new products .
1/17/17	TRANSFAST	COMVEST PARTNERS	Funding	$40	TRANSFAST Remittance provides cross-border money transfer and payment services to consumers and businesses in the United States. The company raised the funds to fuel its business expansion and working capital growth.

Sources: Press Releases, Capital IQ

Transaction Themes – Insurance Tech 2.0

RegTech + Blockchain; Remittances; and Insurance Tech 2.0

- M&A activity in the Insurance sector has been **dominated by re/insurers acquiring TPAs and MGAs** in recent quarters. Through these acquisitions, re/insurers have sought to improve their process efficiency and client experience. They have also looked to develop new products, enter new markets, and expand into niche segments. For TPAs and MGAs, M&A deals have created opportunities for vertical integration that increases their business predictability and gives them access to re/insurers' excess capital to further technology investments.

Relevant Recent Transactions (1/2)

Date	Target	Acquirer(s)	Type	Value ($mm)	Transaction Details
12/6/17	Cunningham Lindsey	sedgwick	M&A	NA	Cunningham Lindsey assists businesses, insurance companies, brokers and policyholders around the world by offering expert support in the event of losses, such as during natural disasters. The acquisition expands Sedgwick's service suite and global footprint.
12/6/17	Cytora	QBE	Funding	$6	Cytora transforms web data points into a quantified view of commercial risk that enables insurers to enter new lines without loss history and write business in existing lines through risk differentiation. The company plans to use the money to fuel further expansion and growth in the use of its technology, which is designed to help commercial insurers more accurately target, select and price risk.
11/6/17	ice ACTURIS GROUP	acturis CONNECTED THINKING	M&A	NA	ICE InsureTech provides a suite of connected insurance solutions, including ICE claims, ICE policy, ICE billing, ICE analytics, ICE rating, and ICE digital for insurance and accident management companies. The acquisition widens Acturis' suite of insurance solutions.
9/7/17	MONARCH E&S INSURANCE SERVICES	SPECIALTY PROGRAM GROUP	M&A	NA	Borisoff Insurance Services, doing business as Monarch E&S, provides commercial and personal insurance brokerage services. The acquisition allowed Monarch to better serve their clients by enhancing the customer experience and expanding product solutions.
7/25/17	STRATEGIC INSURANCE UNDERWRITERS	U.S. Risk	M&A	NA	Strategic Program Managers, doing business as Strategic Insurance, engages in underwriting, marketing, and administering commercial insurance programs for the trucking industry. The transaction reflected US Risk Insurance Group's strategic focus on acquiring companies whose experience, resources and value complement their own business.

Sources: Press Releases, Capital IQ

Transaction Themes – Insurance Tech 2.0

RegTech + Blockchain; Remittances; and **Insurance Tech 2.0**

Relevant Recent Transactions (2/2)

Date	Target	Acquirer(s)	Type	Value ($mm)	Transaction Details
7/19/17	ZON Re Accident Reinsurance	nexus	M&A	NA	ZON Re underwrites and manages accident reinsurance programs including accidental death, accidental death and dismemberment (AD&D), medical, and disability insurance policies. The acquisition allowed Nexus Group to foray into the US MGA market and add treaty reinsurance to its set of offerings.
7/17/17	SPECIAL RISKS	JENCAP HOLDINGS LLC	M&A	NA	Special Risks Facilities is an MGA/contract binding authority and wholesale insurance brokerage firm. JenCap Holdings strengthened its insurance distribution platform with this acquisition.
7/3/17	SLE Worldwide Australia Pty Limited	Chaucer	M&A	NA	SLE Holdings offers insurance brokerage services. The acquisition helped Chaucer consolidate its Australian presence as well as enhance its specialty capabilities and leverage SLE Holding's underwriting expertise.
7/3/17	MarketScout	SPECIALTY PROGRAM GROUP	M&A	NA	MarketScout Corporation is an electronic insurance distribution and underwriting company in the United States. It owns and operates an electronic insurance exchange, and other online and traditional underwriting and distribution venues. Specialty Program Group enhanced its underwriting services in the workers compensation segment with this acquisition.
6/7/17	RISKMATCH	Vertafore	M&A	NA	Vertafore is the leading developer of insurance management software solutions in the U.S. The acquisition of RiskMatch, a business intelligence and analytics company for insurance brokers and carriers further enhances Vertafore's leadership in the insurance technology space.
4/6/17	ALL SPORT INSURANCE MARKETING LTD.	MARKEL	M&A	NA	Allsport Insurance Marketing, a managing general agent, provides insurance solutions to Canadians for sports, leisure, and recreation activities. The acquisition allowed Markel to strengthen its position in the Canadian market and add more services to its set of offerings.
4/5/17	SES	Alliant Specialty Insurance Services	M&A	NA	SES Insurance Brokerage Services is a financial services and real estate program administrator. The acquisition allowed Alliant to leverage SES's technological capabilities to better serve their customers.

Sources: Press Releases, Capital IQ

Public Comparables

Public Trading Comparables

RegTech + Blockchain; Remittances; and Insurance Tech 2.0

(All figures in US Dollars. Figures in millions, except per share data, as of December 31, 2017)

RegTech

COMPANY INFORMATION	Market Data				LTM Operating Performance					Valuation Multiples					
	Stock Price	% of 52-Wk High	Equity Value	Enterprise Value	LTM Revenue	Revenue Growth	EBITDA Growth	Gross Margin	EBITDA Margin	EV / Revenue LTM	EV / Revenue FY2018	EV / Revenue FY2019	EV / EBITDA LTM	EV / EBITDA FY2018	EV / EBITDA FY2019
Verisk Analytics, Inc.	$96.00	97.4%	$15,810	$18,546	$2,081	13.3%	7.0%	63.1%	46.3%	8.9x	8.7x	8.1x	19.3x	17.8x	16.5x
SimCorp A/S	$56.98	78.8%	$2,245	$2,255	$375	6.5%	(3.7%)	59.9%	22.4%	5.9x	5.5x	5.1x	26.4x	21.2x	18.5x
Mitek Systems, Inc.	$8.95	83.3%	$311	$269	$45	30.8%	26.9%	91.1%	15.1%	5.9x	4.6x	3.8x	NM	23.4x	17.4x
SS&C Technologies Holdings, Inc.	$40.48	95.2%	$8,333	$10,447	$1,638	48.1%	55.9%	47.1%	37.2%	6.4x	6.2x	5.9x	17.1x	15.1x	13.6x
RELX PLC	$23.50	97.5%	$47,005	$53,589	$9,553	15.5%	16.5%	63.7%	30.2%	5.4x	5.3x	5.1x	17.6x	15.4x	14.7x
	MEAN	90.4%	$14,741	$17,021	$2,739	22.8%	20.5%	65.0%	30.2%	6.5x	6.1x	5.6x	20.1x	18.6x	16.1x
	MEDIAN	95.2%	$8,333	$10,447	$1,638	15.5%	16.5%	63.1%	30.2%	5.9x	5.5x	5.1x	18.5x	17.8x	16.5x

LTM = Latest Twelve Months
Enterprise Value = (Market Capitalization) + (Debt + Preferred Stock + Minority Interest) - (Cash & Equivalents)
EBITDA = Earnings Before Interest, Taxes, Depreciation and Amortization

Sources: Capital IQ

Public Trading Comparables

RegTech + Blockchain; Remittances; and Insurance Tech 2.0

(All figures in US Dollars. Figures in millions, except per share data, as of December 31, 2017)

Blockchain

COMPANY INFORMATION	Market Data				LTM Operating Performance					Valuation Multiples					
										EV / Revenue			EV / EBITDA		
	Stock Price	% of 52-Wk High	Equity Value	Enterprise Value	LTM Revenue	Revenue Growth	EBITDA Growth	Gross Margin	EBITDA Margin	LTM	FY2018	FY2019	LTM	FY2018	FY2019
Accenture plc	$153.09	96.6%	$94,406	$91,540	$35,858	6.0%	7.6%	31.7%	16.3%	2.6x	2.4x	2.2x	15.6x	13.9x	13.0x
ExlService Holdings, Inc.	$60.35	95.3%	$2,048	$1,845	$742	9.1%	0.3%	34.4%	14.0%	2.5x	2.4x	2.2x	17.8x	14.1x	12.5x
Genpact Limited	$31.74	96.8%	$6,127	$6,908	$2,684	4.5%	1.1%	39.1%	16.8%	2.6x	2.5x	2.4x	15.5x	15.2x	13.8x
Virtu Financial, Inc.	$18.30	96.0%	$1,633	($378)	$597	(14.4%)	NM	36.4%	NM	NM	NM	NM	NM	NM	NM
Invesco Ltd.	$36.54	96.5%	$14,875	$19,408	$4,979	(7.6%)	(8.8%)	36.1%	28.6%	3.9x	5.2x	4.8x	13.1x	12.2x	11.3x
	MEAN	96.2%	$23,818	$23,865	$8,972	-0.5%	0.0%	35.6%	18.9%	2.9x	3.1x	2.9x	15.5x	13.9x	12.6x
	MEDIAN	96.5%	$6,127	$6,908	$2,684	4.5%	0.7%	36.1%	16.5%	2.6x	2.5x	2.3x	15.6x	14.0x	12.7x

LTM = Latest Twelve Months
Enterprise Value = (Market Capitalization) + (Debt + Preferred Stock + Minority Interest) - (Cash & Equivalents)
EBITDA = Earnings Before Interest, Taxes, Depreciation and Amortization

Sources: Capital IQ

Public Trading Comparables

RegTech + Blockchain; **Remittances**; and Insurance Tech 2.0

(All figures in US Dollars. Figures in millions, except per share data, as of December 31, 2017)

Money Transfer

COMPANY INFORMATION	Market Data				LTM Operating Performance					Valuation Multiples					
	Stock Price	% of 52-Wk High	Equity Value	Enterprise Value	LTM Revenue	Revenue Growth	EBITDA Growth	Gross Margin	EBITDA Margin	EV / Revenue LTM	EV / Revenue FY2018	EV / Revenue FY2019	EV / EBITDA LTM	EV / EBITDA FY2018	EV / EBITDA FY2019
MoneyGram International, Inc.	$13.18	73.5%	$716	$1,455	$1,610	5.9%	34.6%	51.8%	14.1%	0.9x	0.9x	0.9x	6.4x	5.3x	5.2x
OFX Group Limited	$1.11	76.8%	$266	$135	$90	2.1%	(21.2%)	91.2%	22.3%	1.5x	1.5x	1.4x	6.7x	6.0x	5.4x
Earthport plc	$0.14	34.2%	$86	$61	$39	33.1%	NM	66.6%	(23.6%)	1.5x	1.3x	1.0x	NM	NM	NM
The Western Union Company	$19.01	83.7%	$8,731	$11,072	$5,458	(1.1%)	(1.6%)	39.5%	24.7%	2.0x	2.0x	2.0x	8.2x	8.2x	8.1x
	MEAN	**67.1%**	**$2,450**	**$3,181**	**$1,799**	**10.0%**	**3.9%**	**62.3%**	**9.4%**	**1.5x**	**1.4x**	**1.3x**	**7.1x**	**6.5x**	**6.2x**
	MEDIAN	**75.2%**	**$491**	**$795**	**$850**	**4.0%**	**(1.6%)**	**59.2%**	**18.2%**	**1.5x**	**1.4x**	**1.2x**	**6.7x**	**6.0x**	**5.4x**

LTM = Latest Twelve Months
Enterprise Value = (Market Capitalization) + (Debt + Preferred Stock + Minority Interest) - (Cash & Equivalents)
EBITDA = Earnings Before Interest, Taxes, Depreciation and Amortization

Sources: Capital IQ

Public Trading Comparables

RegTech + Blockchain; Remittances; and Insurance Tech 2.0

(All figures in US Dollars. Figures in millions, except per share data, as of December 31, 2017)

Reinsurers

COMPANY INFORMATION	Market Data				LTM Operating Performance					Valuation Multiples					
	Stock Price	% of 52-Wk High	Equity Value	Enterprise Value	LTM Revenue	Revenue Growth	EBITDA Growth	Gross Margin	EBITDA Margin	EV / Revenue LTM	EV / Revenue FY2018	EV / Revenue FY2019	EV / EBITDA LTM	EV / EBITDA FY2018	EV / EBITDA FY2019
Swiss Re Ltd	$93.63	92.6%	$30,051	($5,576)	$42,730	22.6%	(16.1%)	17.8%	10.0%	0.8x	1.1x	1.1x	8.5x	8.1x	7.9x
Allianz SE	$230.76	93.9%	$102,912	$117,041	$127,388	0.5%	2.8%	21.9%	12.8%	1.0x	0.9x	0.9x	7.6x	8.9x	8.6x
Everest Re Group, Ltd.	$221.26	79.8%	$9,087	$8,773	$6,374	2.1%	NM	3.2%	NM	1.4x	1.5x	1.4x	NM	NM	NM
Markel Corporation	$1,139.13	98.4%	$15,825	$14,376	$5,828	4.5%	(5.5%)	39.1%	8.1%	2.8x	2.7x	2.5x	34.8x	NM	NM
MetLife, Inc.	$50.56	89.4%	$53,204	$78,807	$61,750	(9.3%)	(82.8%)	18.8%	(2.4%)	1.5x	1.4x	1.4x	NM	NM	NM
Aon plc	$134.00	87.7%	$33,503	$37,251	$11,935	(0.5%)	(6.0%)	41.7%	18.6%	3.1x	3.8x	3.5x	16.7x	15.3x	13.2x
	MEAN	90.3%	$40,764	$41,779	$42,667	3.3%	(21.6%)	23.8%	9.4%	1.8x	1.9x	1.8x	16.9x	10.8x	9.9x
	MEDIAN	91.0%	$31,777	$25,813	$27,333	1.3%	(6.0%)	20.4%	10.0%	1.5x	1.5x	1.4x	12.6x	8.9x	8.6x

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Public Trading Comparables

RegTech + Blockchain; Remittances; and Insurance Tech 2.0

(All figures in US Dollars. Figures in millions, except per share data, as of December 31, 2017)

Brokers and Underwriters

COMPANY INFORMATION	Market Data				LTM Operating Performance					Valuation Multiples					
	Stock Price	% of 52-Wk High	Equity Value	Enterprise Value	LTM Revenue	Revenue Growth	EBITDA Growth	Gross Margin	EBITDA Margin	EV / Revenue LTM	EV / Revenue FY2018	EV / Revenue FY2019	EV / EBITDA LTM	EV / EBITDA FY2018	EV / EBITDA FY2019
Marsh & McLennan Companies, Inc.	$81.39	94.0%	$41,538	$46,033	$13,703	2.5%	9.1%	43.8%	23.8%	3.4x	3.3x	3.2x	14.1x	13.6x	12.6x
Majesco	$5.37	83.5%	$196	$204	$116	7.5%	NM	46.0%	1.4%	1.7x	1.7x	1.4x	NM	38.0x	16.8x
Willis Towers Watson Public Limited Company	$150.69	91.3%	$19,897	$23,729	$7,969	104.2%	73.5%	42.1%	19.9%	3.0x	2.9x	2.8x	15.0x	12.5x	11.3x
Arthur J. Gallagher & Co.	$63.28	94.0%	$11,441	$13,961	$5,885	4.4%	6.5%	29.0%	15.3%	2.4x	2.3x	2.2x	15.5x	13.7x	12.1x
Brown & Brown, Inc.	$51.46	98.2%	$7,174	$7,579	$1,817	6.4%	4.7%	46.7%	31.5%	4.2x	4.1x	3.9x	13.2x	12.9x	12.6x
MEAN		92.2%	$16,049	$18,301	$5,898	25.0%	23.5%	41.5%	18.4%	2.9x	2.9x	2.7x	14.4x	18.2x	13.1x
MEDIAN		94.0%	$11,441	$13,961	$5,885	6.4%	7.8%	43.8%	19.9%	3.0x	2.9x	2.8x	14.5x	13.6x	12.6x

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Sources: Capital IQ

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