

# BVINT – NEWSLETTER / SEPTEMBER 2020

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# 1– The Fintech Market

## 1.1- Fundraising and Valuations

In 2019 the 250 companies (selected by CB Insights) on the list have raised aggregate of \$15 billion across 152 investments, 52 of which were larger than \$100 million:

- 22 of the 250 went on to becoming unicorns (\$1B+ Valuation)
- Deaths = 0
- 8 went public
- 9 were acquired
- Notable partnerships: Financial incumbents are some of the most active partners.

### PAYMENTS PROCESSING & NETWORKS



### MOBILE WALLETS & REMITTANCES



### RETAIL INVESTING & SECONDARY MARKETS



### FINANCIAL SERVICES & AUTOMATION



### CAPITAL MARKETS & INSTITUTIONAL TRADING



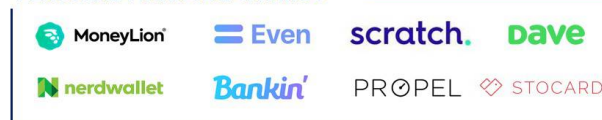
### CORE BANKING & INFRASTRUCTURE



### WEALTH MANAGEMENT



### PERSONAL FINANCE & SAVINGS



### DIGITAL BANKING



### INSURANCE



### PAYROLL & BENEFITS



### CREDIT SCORE & ANALYTICS



### GENERAL LENDING & MARKETPLACES



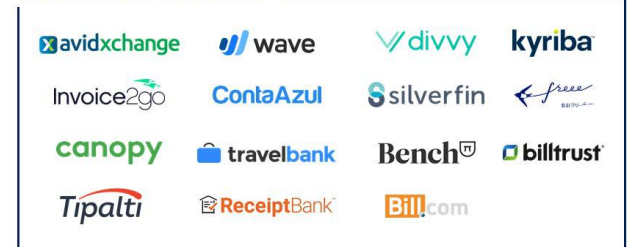
### POINT-OF-SALE & PERSONAL LENDING



### BUSINESS LENDING & FINANCING



### ACCOUNTING & FINANCE



THE FINTECH  
250  
CBINSIGHTS

### MORTGAGE LENDING




### REAL ESTATE INVESTING



### REGULATORY & COMPLIANCE





Company	Latest Valuation	Unicorn Birthday	Amount	Unicorn Round	Total Funding
 Flywire	\$1,000.00M	02/13/2020	\$120.00M	Series E	\$263.25M
 Pine Labs	\$1,500.00M	01/24/2020		Corporate Minority	\$207.00M
 Ripple	\$10,000.00M	12/20/2019	\$200.00M	Series C	\$293.90M
 Bright Health	\$1,000.00M	12/17/2019	\$635.00M	Series D	\$1,075.00M
 wefox Group	\$1,650.00M	12/11/2019	\$110.00M	Series B - II	\$274.31M
 Next Insurance	\$1,000.00M	10/07/2019	\$250.00M	Series C	\$381.00M
 Dave	\$1,000.00M	09/30/2019	\$50.00M	Series B	\$186.25M
 Deposit Solutions	\$1,125.76M	09/18/2019	\$55.16M	Corporate Minority	\$198.90M
 C2FO	\$1,000.00M	08/07/2019	\$200.00M	Series G	\$399.68M
 Hippo	\$1,000.00M	07/24/2019	\$100.00M	Series D	\$209.00M
 Marqeta	\$2,000.00M	05/21/2019	\$260.00M	Series E	\$376.28M
 Carta	\$1,700.00M	05/06/2019	\$300.00M	Series E	\$444.15M
 PolicyBazaar	\$1,000.00M	05/06/2019	\$152.00M	Series F	\$428.78M
 Lemonade	\$2,000.00M	04/11/2019	\$300.00M	Series D	\$480.00M
 Bill.com*	\$1,000.00M	04/02/2019	\$88.00M	Series H	\$310.60M
 Airwallex	\$1,000.00M	03/25/2019	\$100.00M	Series C	\$202.00M
 Chime	\$1,500.00M	03/05/2019	\$200.00M	Series D	\$808.75M
 N26	\$2,700.00M	09/10/2019	\$300.00M	Series D	\$682.60M
 Fair	\$1,200.00M	12/20/2018	\$385.00M	Series B	\$2,101.00M
 Plaid Technologies*	\$2,400.00M	12/11/2018	\$250.00M	Series C	\$309.80M
 Viva Republica	\$1,200.00M	12/09/2018	\$80.00M	Series D	\$261.20M
 Monzo	\$1,277.24M	10/31/2018	\$108.57M	Series E	\$416.21M

Source: CBInsights

**Establishing a valuation is one of the most important steps along the way. Aim too high and investors will look the other way. Aim too low and you will leave money on the table, or worse, you will lose investors who think you lack ambition.**

**BVint has been supporting some of these companies during the valuation process. Our advance valuations were one of the keys for successful fundraising.**

## 1.2 – Business Models & Trends

### From Mono-line to multi-line solutions

More consumer facing startups are integrating various products together to bring multi-line product offerings. This is a big trend, as these companies are trying to utilize their rapidly growing customer base. For example, many of these businesses have started offering debit cards and high yield savings accounts, since regulations like Open Banking made it easier to open bank accounts.

### Cryptocurrency trading

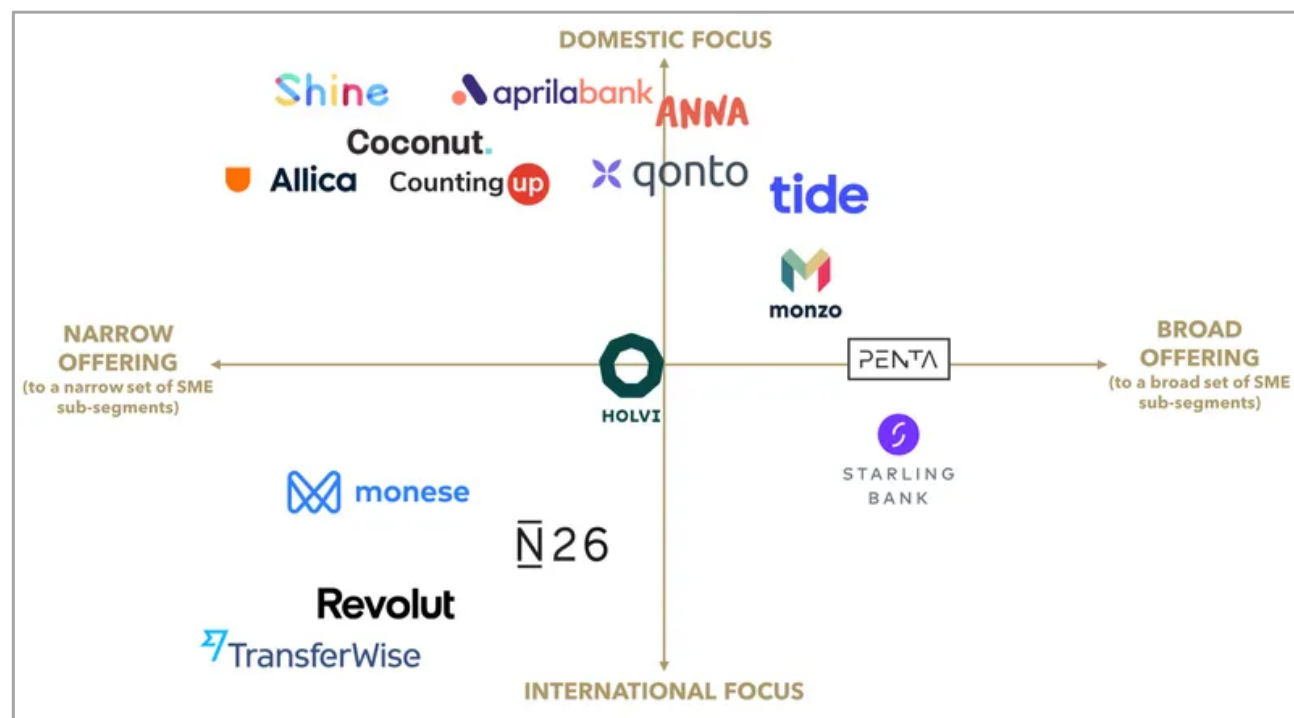
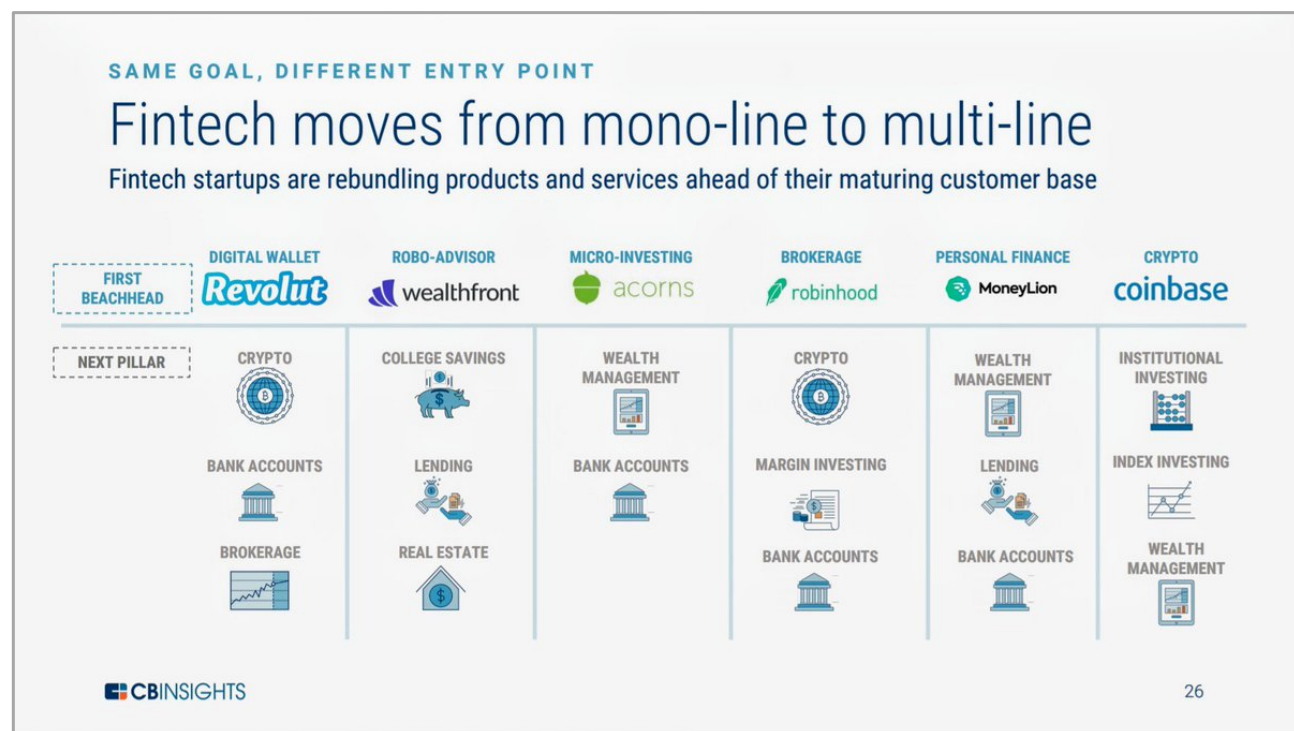
This is another big trend among fintech apps. This strategy allows them to bring more revenue streams for a fixed customer base, as well as attract new customers.

### Global Expansion

Notable business models & product development strategies: Some of the largest FinTech firms like N26, Revolut, Monzo and Stripe are actively seeking to expand their operations globally. This way they will be able to spread out their R&D costs across more regions and maximise revenues.

### Integrated Software and SaaS Services

Fintech services will increasingly be bundled into broader business SaaS packages. This means that SME banking providers must strive to integrate and work with software vendors, but also to construct their own relevant bundles or application value-adds. For example, ensuring that the bank account is integrated into relevant SME accounting software, commerce front-end software. This integrated approach also provides SME banking providers with significant opportunities to drive new revenue streams via value-added services.



## 2 – Value Creation in the Energy Sector: Digitalization & Blockchain

### 2.1 - Digitalization for the Energy Sector

For the past two years energy companies were keen to implement digital processes in their operations, with the goal of increasing value. However, this was an issue for some, as the nature of energy companies bring unique challenges.

COVID-19 has brought further problems, as the energy outlook became more pessimistic and firms focus on survival, rather than digitization. For those companies who are able to weather through, the crisis has provided them the opportunity to reimagine their processes, due to the already broken status quo. The digital transformation of the oil industry faces several obstacles:

- Physical orientation: Fundamentally difficult operations make tech implementation difficult.
- Health and safety risk
- Heavy dependence of third parties
- Engineer-driven culture: preference for rigorous analysis rather than flexibility and fast judgements.
- Long careers and narrow exposure
- Global operations

Practical principles for successful digitisation:

#### Don't just sponsor – own

Businesses should hold accountability and ensure that the technology projects are implemented by in the formal business and the operational targets. They should ensure that the best people are overseeing this process, as they know the culture and know best how to replace current ones, and lead teams.

This creates value as project resources are not wasted in the testing stage but implemented across the organization using the talent of the firm. This increases the chances of success, where operational costs are reduced and/or revenues are increased.

#### Don't just create tools – transform the whole workflows

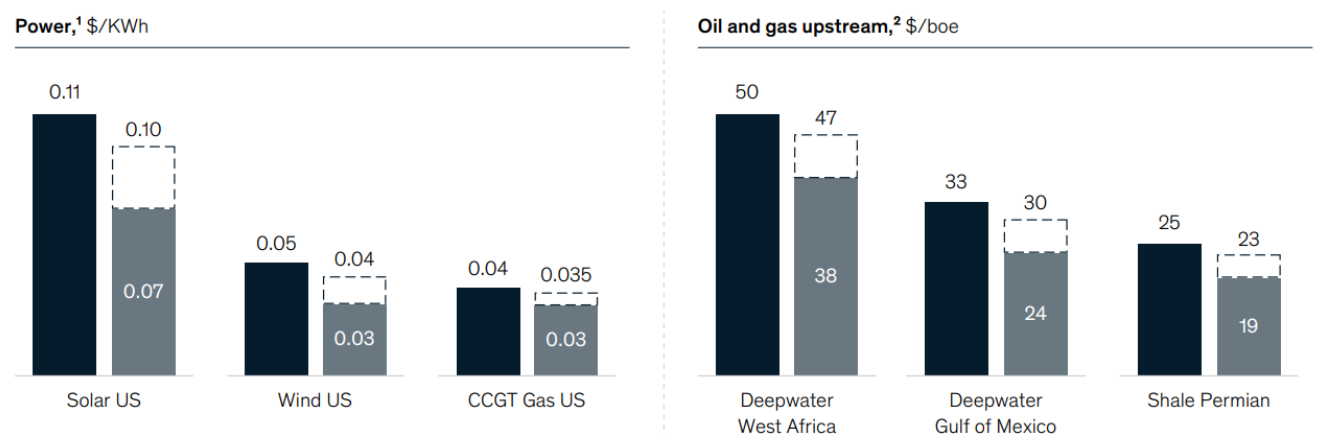
Instead of looking ways to implement technology in existing processes, firms should look to reimagine the way they work, by rewiring end to end workflows. By looking at what the process

Exhibit 1

**Done right and at scale, digital will materially affect competitiveness.**

Narrow efforts at digital have shown ~2 to 10 percent yield improvements and ~10 to 30 percent cost improvements in capital, supply chain, and operations. **What is the cost efficiency opportunity if these impacts hold at scale?**

Illustrations of potential impact



<sup>1</sup> Assumes US average figures for all operating plants, and midrange capex from listed sources for new build.

<sup>2</sup> Per boe cost estimates based on assets that came online 2010-19; opex and government take based on 2019 spend and production; capex per boe for deepwater based on total investment spend from start of development to two years after start-up divided by total resources; capex per boe for Permian is based on well capex divided by estimated EUR; deepwater assets defined as having water depth of more than 1,000 feet.

Source: DOE 2018 US Wind Technologies report; Berkeley 2019 Utility Scale Solar report; Lazard levelized cost of energy v13; EIA; Rystad Ucube; McKinsey analysis

should be, they can use technology as a tool to help those processes come to life.

This boosts value creation, because the processes are much more innovative and eventually efficient, helping the company increase the long term impact of digital.

#### Don't execute the transformation in one big bang – take bite-sized actions

One of the best ways to implement digital technologies is by taking bite-sized steps. Select a solution and get it out into the testing stage, in order to get people to give feedback and get enthusiastic about the process. This will bring business value quickly and the time pressure will force practicality.

In conclusion the digital transformation is necessary for energy companies, as the markets become more competitive and innovation is a key driver. As companies succeed in this transformation, they will come out with new disruptive business models. Digital should be taken seriously



## 2.2 - Blockchain in energy

Blockchain can be used in peer to peer trading to cut transaction costs, allowing smaller lot sizes and bypassing intermediaries.

Virtual power plants (clusters of generators) can be joined together using a centralized platform with blockchain, allowing the individual VPPs to respond synchronically to market changes, which optimizes power flows.

### Supply chain and logistics optimisation

Asset tracking – currently fraud is a risk, as lots of the transfers on the fragmented supply chain are recorded on paper. Blockchain solution for tracking commodities reduces costs and addresses challenges.

### Financialisation of commodities

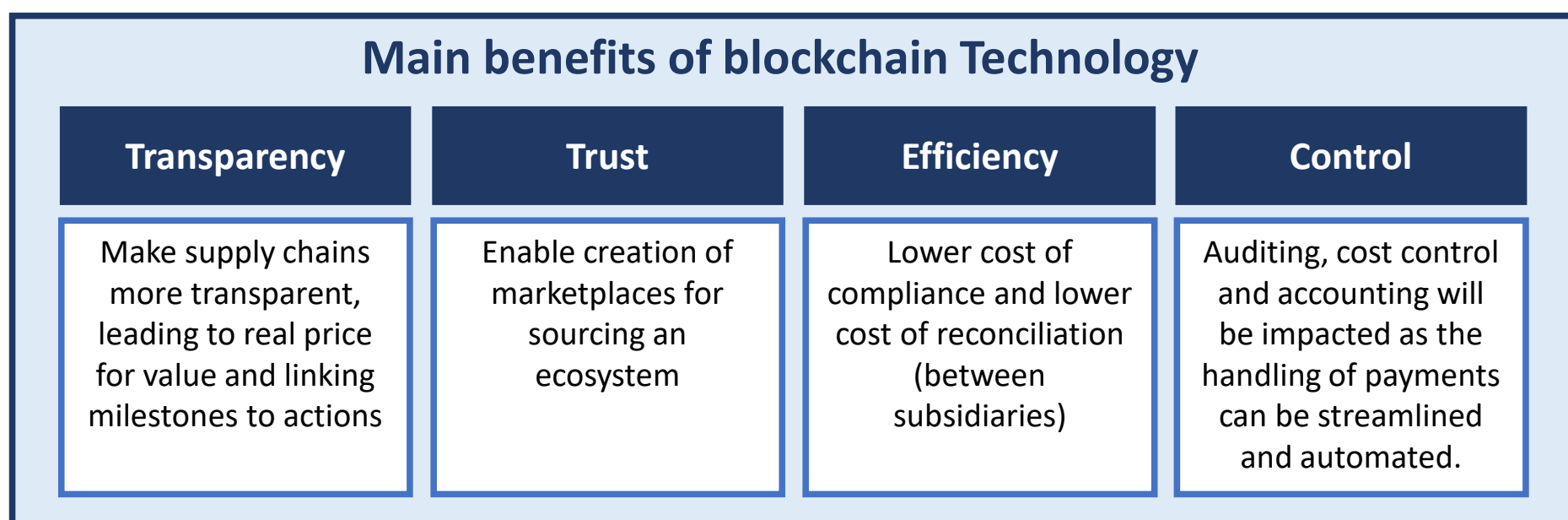
Blockchain reduces errors and removes financial intermediaries, like the needs for letters of credit. It remains a secure process. Today only the front end of commodities is financialized, in form of electronic trading.

### Instant matching and settlement of trades

Automatic reconciliation and validation of transactions. With blockchain technology, the exchange of trade confirmations could be done on a peer-to-peer basis, i.e., directly between the counterparties without any middle-man.

### Regulatory

Regulations can be an obstacle to blockchain solutions or an opportunity. Applying the EMIR clearing obligations, the advantages of the technology would be immediately lost. On the other hand, blockchain itself could be used as a reporting mechanism. A smart contract would include all necessary aspects for reporting, which could be monitored directly by the regulator via his own node connected in the same distributed ledger.



Source: pwc

Energy tokenization standardizes, simplifies and opens globally currently existing energy investment ecosystem. As a result, energy producers can trade directly with the green energy buyers (consumers and investors) and raise capital by selling energy upfront, at below-market rates.

**BVint** has crypto teams or expertise in different locations and we offer a “one stop shop” solution for our crypto clients bringing together crypto specialists from across our global network. Our Services Include:

- Initial Coin Offerings (ICO), Security Token Offerings (STO)
- Tokenisation projects including stable coins and asset backed tokens
- Crypto Valuations
- Crypto Banks
- Crypto Funds
- Crypto Exchanges

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