IN... THE KHUBE

Monthly newsletter for everything that happens IN the KPMG Hub for Entrepreneurship (the Khube)

IN... INTRODUCTION

Dear Khubers and fellow readers,

Happy New Year to all of you and welcome to 2017! I hope you had a great holiday with your family and friends and are now full of energy for new endeavors!

For the Khube, 2016 was a very active and productive year. The Khube has expanded its presence beyond Europe to Asia, with our first Japanese innovative company and large corporate on board. Our member network now covers the US, EU, Israel, Japan and China. We are planning to leverage KPMG’s resources even more to attract more international companies to come to Luxembourg and set up their European businesses here. We are happy to see that our startups are currently doing field testing or piloting projects with established players through our connections, and that is exactly the ecosystem we are striving to build, to support every stakeholder in this revolution.

We have also launched and released this newsletter that you are reading, hosted two joint events with the BayPay Forum, started the Khube Innovation Series (KIS), organised speed-dating sessions between investors and entrepreneurs, conducted pitch trainings for our members, and took part in multiple other initiatives.

However, we don’t intend to stop with what we have achieved so far! We have far-reaching plans for 2017.

Kind regards,

Alexandre Rochegude, Partner KPMG Luxembourg

IN... THE FIGURES

5 is the number of newsletters the Khube has released since January 2016.

IN... THE NEWS

Highlights from VitalBriefing’s weekly Global FinTech Briefing

- France attracts growing interest from British fintech firms: minister

UK-based fintech firms are showing increased interest in opening operations in France in the wake of Britain’s vote to leave the EU, according to France’s digital minister Axelle Lemaire. She points out that while investment in British fintech startups fell last year, French firms have raised record amounts of capital with investment rising 71% between January and September.

- Top US banks could save $11.4bn through move to mobile banking: Bain

The biggest 25 US banks would save $11.4bn annually if they reached the level of mobile and online banking usage of their counterparts in the Netherlands, according to Bain & Co. To achieve this, banks would need to improve significantly their mobile applications and become more active in guiding customers to mobile self-service, say Gerard du Toit and Maureen Burns, partners in Bain’s financial services practice.

- South Korean regulator authorises test of palm vein scans for payments

South Korea will begin trials of a biometric authentication system for in-store payments during the first half of this year, according to the Financial Services Commission. The system will be based on scans of users’ palm veins linked to a digital identity platform to authenticate payments, eliminating the need for cash, credit cards or mobile wallets.

To subscribe to VitalBriefing news, click here.
IN... BUSINESS

News highlights about the Khube members. Stay on top of what's happening IN... business!

Member news

Former Deutsche Bank and Thomson Reuters executive Mr Roth strengthens first-to-market artificial intelligence for news insights. After nearly 20 successful years as a Deutsche Bank executive and another handful of years spent leading Elektron at Thomson Reuters, Mr Roth brings to the Almax team his intelligence, business acumen, passion for innovative technologies and sensible approach as a strategic advisor. He will support the company from his New York office.

After months of R&D, APS now has a new version of their demo product waiting to go into field testing with two major Luxembourgish banks. The outcome of testing will help the company before they enter their mass production phase, for which they are currently doing pre-A series fundraising from investors in Japan, Singapore and Europe.

IN... THE FUTURE

Check out and don’t miss these upcoming Khube events.

Khube Innovation Series (KIS)

- 12 January: "Hiring the best talent: tips for growing your startup", together with Morgan Philips and Fyte
- 1 February: "Crowdfunding your company in Europe vs US", together with the BayPay Forum

If you are interested in taking part in our events, contact us at thekhube@kpmg.lu.
Balázs, how would you describe Almax Analytics?

Almax Analytics is building AI that is aiming to understand the stock impact of news like a human analyst or trader. It provides quantified news for traders, portfolio managers and analysts to discern relevant events and understand their stock impact.

Thematically we are at the cross-section of AI and FinTech.

Why did you decide to start your own company? What is your background?

My background is in asset management and it was here that I saw there was a real need for an intelligent solution to the problem of information overload for asset managers. Talking with other Portfolio Managers that had the same problem and seeing that there was the technological possibility to solve this problem was how the company was born.

What is the problem that you try to solve with Almax?

Almax Analytics solves the problem of information overload with deep AI tech that is able to process an unprecedented volume of news. This explosion of Big Data from where it originates and is disseminated has created a window of opportunity to trade on new detailed information in filings and in news. Through cutting-edge NLP, machine and deep learning and the lowest possible latency, Almax offers the Financial Community a novel tool and resource to use a previously untapped source of information.

There are a lot of data analytics companies today. How do you differentiate yourself?

Almax’s edge lies in understanding/creating data relationships instead of just processing unstructured data.

One of the advantages we have is that we are solving a problem that as a founder I encountered directly while running an investment fund – the inability for humans to read and process the sheer quantity of news available in order not to miss important events and relationships – and so we know exactly how to approach the problem and how the solution has to look.

Talking with market participants we know there is a large schism between those that have the technology and those that have the domain knowledge.

We are closing this gap by having brought together a group of world-class machine learning and AI as well as industry experts.

At what stage is your company now? Are you growing, actively hiring?

We built up our core technology platform last year and are now in active talks to deploy it at various companies. We have recently added two new full time employees and we are looking to hire more staff in Q1.

What are your further developments and milestones?

In 2017 we plan to scale up, enhance our IT infrastructure, add further key hires and go fully to market. On the financing side we aim to complete our Series A by Q2.

What is an app that you recently downloaded?

As I missed my flight at London Heathrow by 5 minutes because I had not checked in on the road - the British Airways app.
Rémi Fouilloy, co-founder of Morgan Philips & Fyte, is at the spotlight of this issue’s innovation section. Rémi leads the company’s headhunting and recruitment in Belgium and Luxembourg and shared his insights of how to stay competitive and innovate in the recruitment field.

**Rémi, could you please introduce Morgan Philips Executive Search & Fyte?**

Morgan Philips Group is a privately owned human resources consulting group created in 2013 and focusing on the two main links in the recruitment value chain: sourcing and consulting.

We are offering two types of recruitment services in Belgium and Luxembourg:

- **Executive Search** for C-level executives and experts with Morgan Philips Executive Search, and
- **Recruitment and Selection** for employees and mid-level talented professionals with Fyte - Find Your Talent Easily.

**How did you decide to create such companies? What is your background?**

I have been working in the recruitment industry since 1999 in France, Switzerland and Luxembourg. While I was still working with my former employer, I was a member of the Executive board and leading large teams. In 2013 it was the perfect timing to launch an entrepreneurial adventure. Together with a few former board members and senior executives of major recruitment firms, we decided to set up our own company and to invent a new model in the recruitment industry: The Digital Headhunting Company.

**What geographies does Morgan Philips cover? Can you help to recruit professionals at all levels?**

We are present in 14 countries with more than 300 staff. Thanks to our specialised brands and methodologies we advise companies on recruiting the best talents from junior to C-level.

**How does Morgan Philips make recruitment more effective and efficient?**

We have completely overhauled the recruitment model and reinvented talent sourcing. To achieve this we have set up three international research centres enabling us to scan the entire talent market by using cutting-edge digital tools. In addition, we have developed the Morgan Philips Club 5000. Our members have recognised expertise and influence in their respective fields. Thanks to them, we identify hidden talents who are not always visible on the digital “radars”.

**How does recruitment work in the digital age? What do you think recruitment will be like in the future?**

The way to get in touch with talents has profoundly changed during the last years. Video is a new and efficient communication tool between employers and talents, especially for those under 35 years old. The video CV will progressively replace the formal paper version. Fyte is the first (and for the moment the only) recruitment firm broadcasting video job ads on social media and offering candidates the possibility to use our app to register their own video CV with a prompter.

**How would you describe the current job market in Luxembourg?**

The Luxemburgish job market is very dynamic with a progressive upgrade of the competencies required. The power of attraction of Luxembourg is growing thanks to the numerous initiatives to promote the place. More and more companies are looking for talents coming from abroad and bringing new skills (digital, business development...).

Featuring

Morgan Philips Executive Search

Fyte

Find your talent easily
On 13 December KPMG hosted the SKEMA 2016 alumni event at its premises, with the event theme dedicated to FinTech.

Around fifty graduates, currently employed all around the Grand Region, were greeted by KPMG’s HR and Khube teams. Alexandre Rochegude, together with Gilles Moro, CEO of EMP Corp, shared their entrepreneurial experiences with the alumni.

Geraldine Hassler, Head of HR at KPMG Luxembourg, greeted the audience and opened the conference. She made a brief introduction about KPMG’s strategic focus on three major pillars for the past year: Technology, Innovation and FinTech, which will remain KPMG’s focus in 2017 as well. Geraldine explained that seeking talents with innovative mindsets has always been key to KPMG recruitment practices.

Following Geraldine, Alexandre Rochegude spoke to the audience about the current FinTech buzz, which is a result of the changing behaviour of the Y Generation. The digital-savvy users are driving the digital revolution across multiple industries. The finance industry is an industry of high regulation and low risk tolerance by nature, and the digital technologies are challenging the conventional way of how we see financial service and also the relationship between financial service providers and consumers.

After the macro introduction given by Alexandre, Gilles Moro shared three stories of how he started the three of his ventures. He emphasised the importance for entrepreneurs to keep on innovating and continuously learning from their mistakes. After the conference, the audience had a chance to network and exchange.

The alumni event is hosted annually by different companies in Luxembourg. This year, KPMG added an innovation twist to the event by inviting the Khube and its members to participate.
The Khube, together with Silicon Luxembourg, launched its first speed-dating session between investors and entrepreneurs on 15 December. Held in the ambient atmosphere of a wine bar in Luxembourg, the event was a success!

The idea of starting a speed-dating event where entrepreneurs could have one-on-one conversations with investors originated shortly after the Khube has launched its first Khube Innovation Series (KIS) event on 11 October, 2016. The KIS event was dedicated to the topic of entrepreneurs pitching to investors, where the latter spoke to startups about their expectations when it comes to pitching.

Back in October we received lots of positive feedback and came up with the idea to start a new format of the event, much like speed-dating sessions. The idea is that in a short amount of time entrepreneurs pitch their project and try to trigger an investor’s interest, with the possibility of further discussion during the networking part that follows. We made sure that the selected profiles of the startups would match the interest of investors and to create a platform for them to meet and discuss. Since we wanted the event to be less strict and formal, we decided to choose a wine bar as our venue.

For this event, we have received 22 startup applications, out of which we selected 11 companies. Some of them are present and well-known here in Luxembourg, while others have arrived all the way from Spain, Germany, Ukraine and Russia to be able to meet investors and learn about local business opportunities.

The invited investors were also from Luxembourg, as well as from the UK and France. It was a truly international event, very much in the spirit of Luxembourg, with added value for all the participants. The investors got to see the profiles of the new companies and vice versa; the entrepreneurs could exchange among themselves, meeting like-minded spirits and sharing experiences.

At this first event, the investors were represented by VCs. In the future, we plan to have speed-dating between BAs and entrepreneurs, as well as bankers, asset managers, etc. In general, we will try to hold this format of the event on a quarterly basis.

To conclude, it was the first event of this format that the Khube organised and we are very happy that it was useful, unconventional and fun!

Participants had lots of opportunities to network and exchange ideas.

The atmosphere was very warm and nice.
Maxime Mandin, an Investment Manager at BlackFin Capital Partners, was one of the investors at the speed-dating session between investors and entrepreneurs organised by the Khube and Silicon Luxembourg. Maxime, who is in charge of covering France, Germany and the Benelux areas, shared some of his investments insights with us.

**Maxime, can you please present us BlackFin Capital Partners?**

BlackFin Capital Partners (“BlackFin”, the “Management Company”, the “Firm”) is an independent private equity firm fully controlled and owned by its four Founding Partners. BlackFin is focused on investing in unlisted companies within the European financial services sector and has already raised two growth funds targeting lower mid-cap companies. BlackFin is now raising BlackFin Tech 1 Fund (the “Fund”), a €120m venture capital fund focused on investing in fast growing early stage FinTech companies in Europe, predominantly in France, Germany and the Benelux region.

The four Founding Partners, Laurent Bouyoux, Paul Mizrahi, Eric May and Bruno Rostain have worked together between 15 and 25 years, previously establishing themselves as leading industry managers and entrepreneurs within the banking and insurance sectors, and have demonstrated their ability to work well together over the long term, including across multiple economic cycles.

**What kind of companies do you invest in? What is your portfolio today?**

The Fund invests in fast growing early stage companies, from Seed to late stage VC rounds (from Seed to Series D rounds, i.e €0.5M-10M tickets). However the sweet spot of the Fund is to make the first investments in Series A and B rounds ($2-6M) and follow-up on the most successful companies. 60 to 70% of the Fund will be deployed in companies with first investment realised at this stage.

The Fund will focus on FinTech companies, including innovative companies in the financial services sector, such as retail or wholesale banking, lending, real estate and asset-management, insurance, regulatory software and technology, cybersecurity, payments, money transfers and processing, financial technology and software. It will invest in Europe, predominantly in France, Germany, the Benelux, Switzerland, but might also invest in the UK and the rest of Europe.

**What is a “must-have” for a company to grasp your attention and have BlackFin as an investor?**

One key criterion to assess an investment decision is having a strong founding and management team. Identifying and forming relationships with leadership teams with demonstrated ability to execute, and a genuine understanding of customer needs is what drives most of the Fund’s investment strategy. These abilities can be demonstrated by previous successes (serial entrepreneurs), previous experience and by the early success of their venture.

**What would be the most important thing(s) for you to hear during a “speed dating” session with an entrepreneur?**

The most important thing, especially during a speed dating session, which is not only short but also a first contact with the entrepreneur, is a clear and structured vision of the strategy and understanding of the current market. That is the basis to implement a successful business model.

**Once a company catches your attention, how much time does it take before you would invest?**

On average, it is 2-3 months, especially depending on the development stage of the company.
Merry Christmas and a Happy New Year from the Khube team! We hope you had good holidays and spent them at home with your closest family and friends.

We have lots of fun working together!

Pablo was watching sunrises in Chile.

Ekaterina spent the Christmas holidays in beautiful but cold Saint Peterburg...

...enjoying its brightness and New Year’s atmosphere.

Pablo Bulcke
Senior Manager
KPMG Luxembourg
Mob: +352 621 87 – 7449
pablo.bulcke@kpmg.lu

Ekaterina Iuraga
Adviser
KPMG Luxembourg
Mob: +352 621 87 – 7420
ekaterina.iuraga@kpmg.lu

CONTACT US: thekhube@kpmg.lu

www.kpmg.lu