

Beta

Always in Beta


Financial Services for Digital Natives

Invitation to join our Consortium | October 2014




in collaboration with

anthemis | **group**



Digital Natives are deeply sceptical of conventional financial institutions and would rather discover and create their own solutions. Financial institutions cannot simply respond by being “more digital”.

A close-up photograph of a person's hands holding a Samsung smartphone. The phone's screen is lit up and displays a red-themed interface with the word 'SAMSUNG' at the top. The person is wearing a blue and white checkered shirt. In the background, a blurred city street scene is visible, featuring a white ATM machine with a red top section and a person in a blue shirt walking away. The overall lighting is bright, suggesting an outdoor daytime setting.


















New entrants attract Digital Natives by providing them with a new level of control and engagement. Many solutions are in flux – constantly under construction – and fully embody how Digital Natives live their lives: *Always in Beta.*

This emerging wave of financial services is built on new technologies and new user needs.

It is disrupting every segment of the financial industry and rapidly eroding your customer base and revenue.

By 2020, up to 25% of today's banks will no longer be in business.

Source: The Financial Brand

RETAIL BANKING & CONSUMER FINANCE	 	 
BUSINESS & CORPORATE BANKING	 	 
PAYMENTS	 	 
INSURANCE & RISK MANAGEMENT	 	 
CAPITAL MARKETS & INVESTMENT	 	 
WEALTH & ASSET MANAGEMENT	 	 



Can you meet this demand for industry transformation?

Always in Beta is a powerful collaboration to understand the Digital Natives and serve their emerging financial needs



Claro creates multi-client consortia to explore disruptive shifts in society, technology, and business. They make this understanding actionable through user-centric design.

- Social Scientists
- Anthropologists
- Design Researchers
- Service Designers
- Interaction Designers



Anthemis invests in and incubates disruptive fintech startups. They provide unique expertise on emerging finance and business model innovation.

- Investors
- Executives
- Entrepreneurs
- Engineers
- Technologists

Always in Beta

Join “Always in Beta” to better understand Digital Natives, anticipate their needs and explore new propositions in financial services

Benefits

Inspiration and knowledge sharing from collaboration between peers of 4-6 non-competing participating organisations

Learning expeditions: fieldwork across 4-5 markets with specific focus areas as starting points for developing a new perspective

Leadership development gained from direct interaction with customers, experts, entrepreneurs and peers

Cost-effective method for gaining global ethnographic insight and creating business model innovation

Deliverables

Consumer Profile: In-depth understanding of the emerging rational and emotional financial needs of Digital Natives - the foundation for anticipating future needs

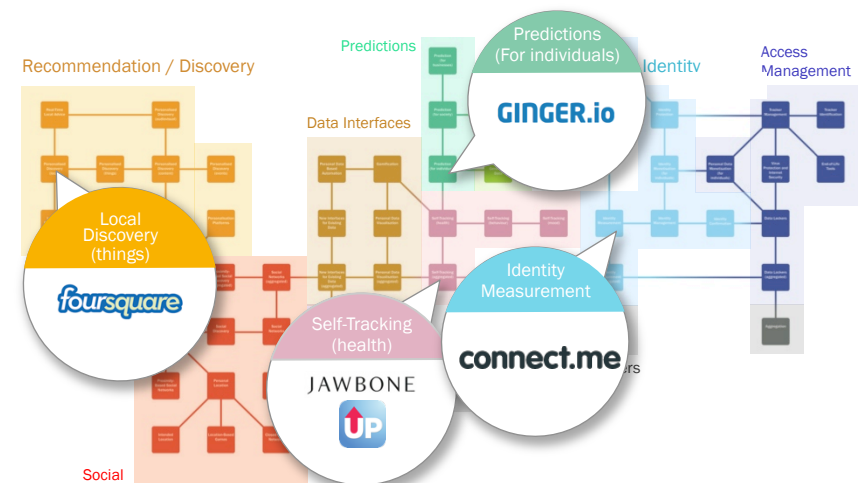
Market Radar: Map of emerging assets and disruptive business models in financial services – the building blocks for creating disruptive models

Concept Toolkit: Tools and frameworks that make the consumer and market insights actionable for the creation of new financial services

New Value Propositions: Tailored value proposition ideas for each participant (breadth and depth depending on participant’s needs)

	China	India	Brazil
Societal structure			
	<ol style="list-style-type: none"> 1. Every major decision is top-down. 2. Social harmony overrules individual interest. 	<ol style="list-style-type: none"> 1. Social structure based on affiliations, not hierarchy. 2. Non-existent public sector. 3. Private initiative is high. 	<ol style="list-style-type: none"> 1. Sense of hierarchy with strong decentralisation. 2. Small communities where people aspire upwards.
Human influence	<p>Wenhui, proud that the local government gave her a certificate. Being a leader is a driver.</p>	<p>Avnish: “Great inventions are anonymous”. Took the initiative to improve the water supply.</p>	<p>José Luiz created a community cinema (free). Feels a responsibility to share his knowledge with his local community.</p>

Example: Insights from Changing Models of Ownerships Consortium project

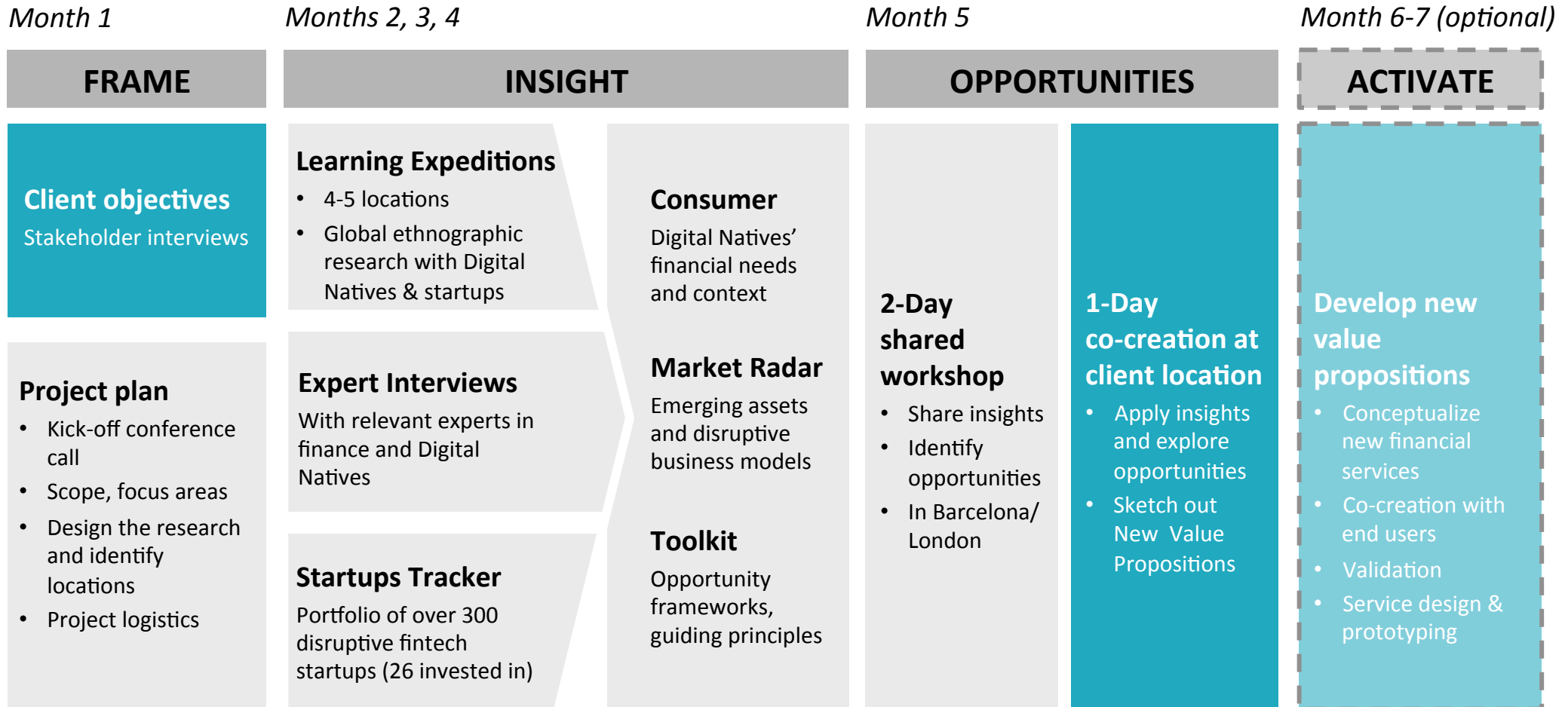


Example: Opportunity landscape from Personal Data Consortium project

Proposed schedule

(Final schedule and timing to be decided with participating companies)

Client-specific and proprietary ■
 Shared between clients ■





anthemis | group
digitally native finance

Previous Consortia & Case Studies

Salisbury
Cathedral

New user experience around technology and content for Digital Natives

What are new ways to connect with and engage Digital Natives through technology and content?

Situation

Digital natives, who have grown up in a world of technology, are redefining the way they discover, create and share content. They innately recombine elements – from audio to video, personal to premium, gaming to education – to meet their needs and expectations. Our client, a consumer electronics company, recognises the opportunity and necessity to enable this tech-savvy generation by creating new user experiences that meet their needs, lifestyle and behaviours.

Project objective

Understand Digital Natives’ functional and emotional needs around technology and content and define new opportunity spaces in order to design user experiences that start with a people-based approach.

Insights

Although Digital Natives live immersed in technology, they are not impressed by it and are more interested in what it enables them to do. They view each person as an expert at his life and seek to exchange expertise and opinions by connecting in meaningful ways. They embrace amateurism by creating content as part of their lifestyle and as a way to express themselves and connect with others.

Impact

Through ethnographic research, insights and opportunity framing, the client gained a better understanding of Digital Natives’ mindset. User experience concepts that addressed the real needs of Digital Natives were developed in a 3.5-day workshop with the client.

Locations

Barcelona, London,
San Francisco, Los Angeles

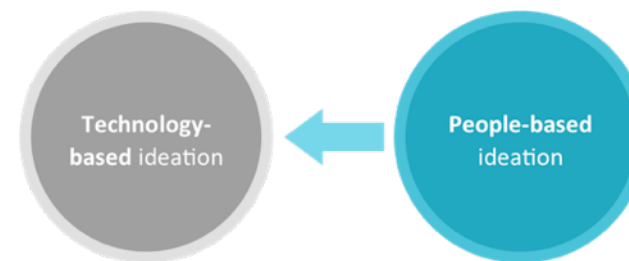


Methods

Expert interviews, contextual interviews (1:1 and dyad), toolkit creation, client workshop



Digital Natives are comfortable combining different technologies ranging from entry level to professional and turn to tutorials to find solutions for hurdles they face.



The ideation sessions were grounded in the real lives and needs of Digital Natives. We then looked to technology to ask what value it can bring to the user experience.

Understanding and engaging micro-business

How can companies build more adaptive businesses by harnessing the elasticity of micro-business?

Situation

The business context today is increasingly more complex, experimental, informal, and uncertain. It is a disruptive environment for large enterprises. Amidst this shared chaos, micro-businesses are rapidly expanding around the world. This consortium explored the opportunity to build more adaptive businesses by harnessing the elasticity of micro-businesses.

Project Objectives

To move beyond common misconceptions about micro-businesses and document their unique business models, motivations, experiences and needs to uncover opportunity areas to create and share value with them.

Insight

Micro-businesses are not tiny versions of corporate enterprises; they have their unique business models, characteristics and needs. Rather than following preset rules, they learn by doing and redefine business in a way that benefits them most. The strengths and weaknesses of microbusiness complement those of corporate enterprises. This points to new opportunities areas to serve, enable, partner and learn from them.

Impact

The project resulted in a toolbox that includes a hierarchy of motivations, an experience model with barriers and opportunities and models of engagement that lay a path for enterprises looking to more meaningfully connect with micro-businesses.

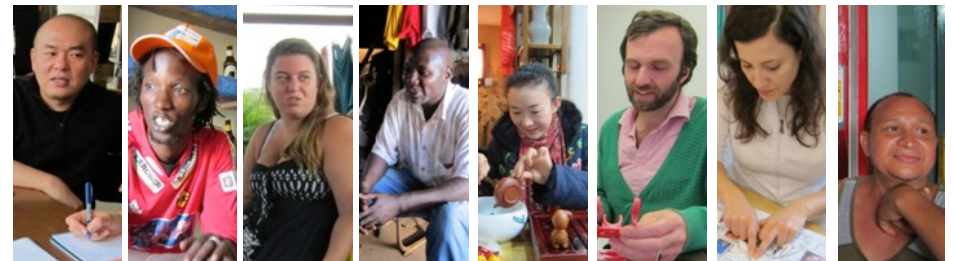
Locations

US, Brazil, China
Kenya, Spain

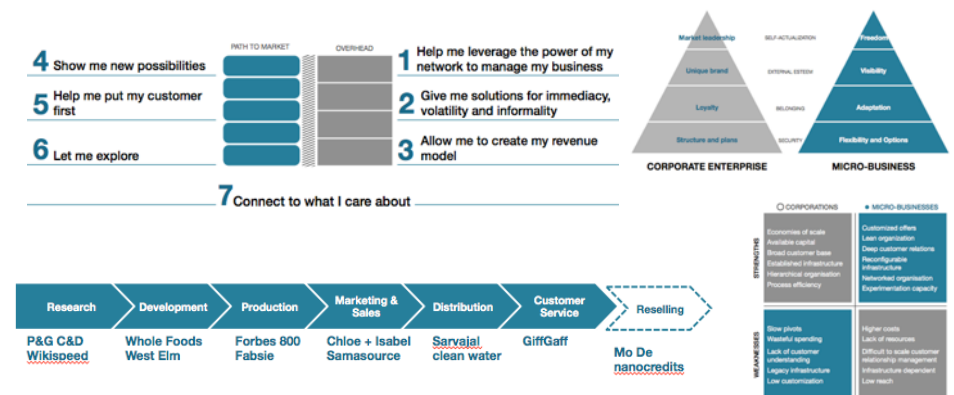


Methods

Ethnographic field research,
Expert interviews,
Secondary research, Workshops



1:1 contextual interviews in five locations around the globe



A variety of tools and models for opportunity development

Changing models of ownership and value exchange

What are the emerging opportunities for innovation in product, service and customer interaction in light of shifting perceptions of ownership?

Situation

Current technological and societal shifts are shaping people’s evolving attitudes towards ownership, and opening up opportunities for new models of value exchange. These shifts include the reach and capability of digital technologies, a future of fewer resources and less space, time and attention, and the emergence of alternatives – like subscription models – to the traditional consumption models.

Project objective

To understand how people’s perceptions of ownership of physical and digital products, services, and experiences are changing, and identify new opportunities for alternative business and value exchange models.

Insight

We developed 10 key themes to act as guiding principles for our clients to develop new offerings, pricing models, and ways of interacting with their clients. These themes touches on things such as *ownership is a burden*, *access is good enough*, *the need for curation*, *community exchanges*, and *virtual currencies*.

Impact

We developed new business models based on the 12 parameters identified in the project. Discussions are on going to further the experimental initiatives sparked by the project into tangible offers.

For the point of view paper on this, email: pov@claropartners.com

Locations

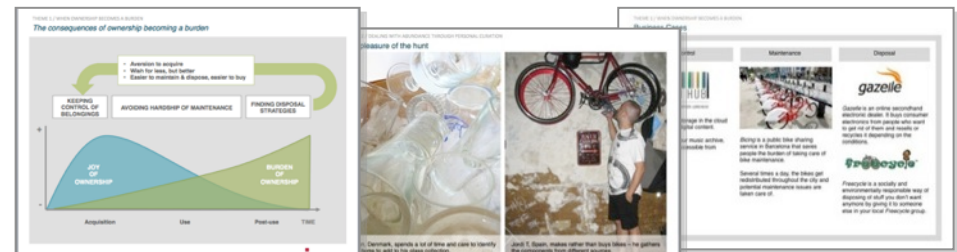
US, UK, Brazil, India, China
Japan, Denmark, Spain



Methods

Ethnographic field research
Expert interviews
Secondary research

10 KEY OWNERSHIP THEMES

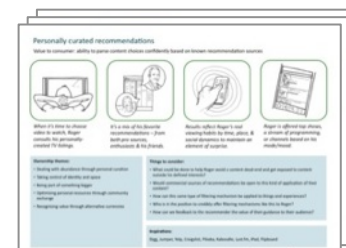


Models of dynamics

Evidence from fieldwork

Business cases

10 NEAR-FUTURE SCENARIOS



50 MODELS OF OWNERSHIP AND VALUE EXCHANGE



Interactive landscape

map of model affinities

Example of model diagram of business

Building a leading startup portfolio in financial services

What are the investment opportunities arising from the reinvention of the production and distribution of financial services?

Situation

We are witnessing a tremendous opportunity to profit from the emergence of a new paradigm in financial services and markets: Disruptive new business models, products and services enabled by exponential improvements in technology are fundamentally challenging incumbent firms and market structures. These new approaches are driving a reconfiguration of the financial services industry and the structure of many markets within the wider economy.

Objective

To build a diversified startup portfolio of best-in-class, emerging growth companies in the financial services space.

Insight

Value is created by focusing on overall capital allocation and by contributing to the strategic development of our portfolio companies. Our approach allows us to harness significant synergies amongst our portfolio of companies while maintaining the key advantages of passionate, independent, entrepreneurial management teams and avoiding the costs associated with large, complex, vertically integrated organizations.

Impact

Our most recent exits which include The Climate Corporation (acquired by Monsanto in Oct. 2013 for \$930m) and Simple (acquired by BBVA in Feb. 2014 for \$117m) demonstrate that we can deliver significant return to our shareholders over the medium term (5-10 years)

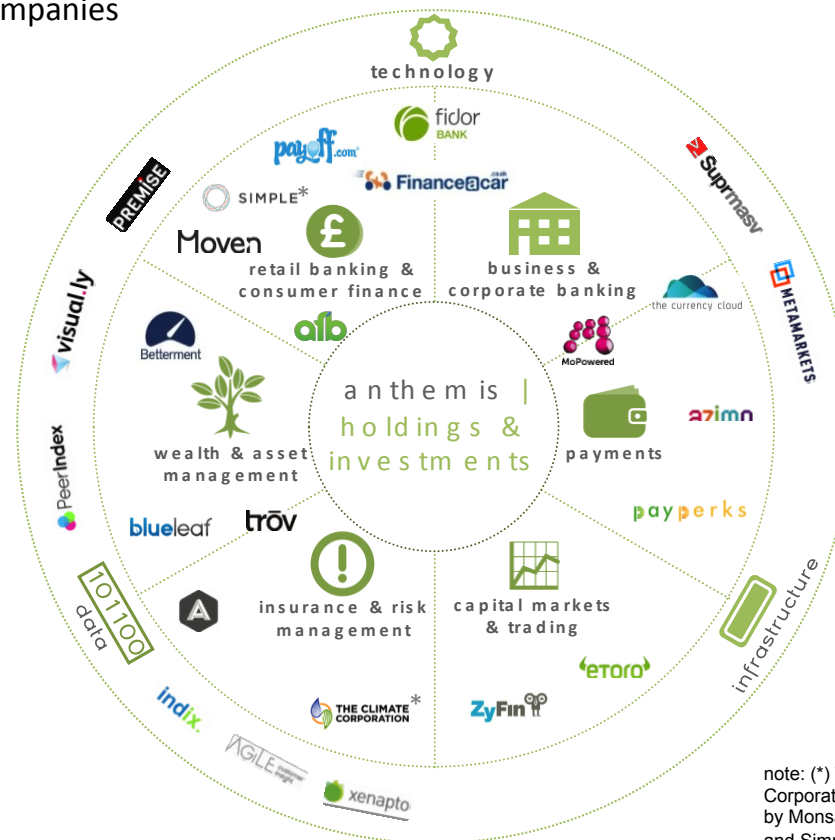
Locations

US, UK, India, Germany, Israel, South Africa



Investment approach

New investments (including incubations) and selective follow-on investments in existing portfolio companies



note: (*) The Climate Corporation was acquired by Monsanto in Oct. 2013 and Simple was acquired by BBVA in Feb. 2014

Strategic Risk of an Insurer

What are the evolutions in the external marketplace of the Insurer that could de-stabilise or disrupt its existing business model?

Situation

In today's information economy, companies worldwide are transforming their business models by harnessing technological innovation while moving away from their traditional operational practices. In order to do so, companies need to understand in depth the structural changes of their surrounding market environment.

Project objective

To support the Insurer in strengthening its resilience with respect to structural evolutions in the external marketplace that could de-stabilise or disrupt its existing business model – and create competitive advantage over the long term.

Insight

A joint core team was established to pursue the investigation, analysis and prototyping of a portfolio of strategic options within and outside of the Anthemis portfolio. The team worked to learn from individual options, as well as to identify and represent intelligent emerging trends and patterns at a portfolio level. In parallel, our team identified investment and commercial venturing opportunities, including designing and modelling products and go to market, across tightly defined spectrum of strategic themes.

Impact

The team is helping Suncorp obtain a systemic perspective of the interrelationship between technology, capital flows, emerging consumer needs and instructional legacy of Finance 2.0 by working with Anthemis as an option while the new business model platform emerges.

Locations

Australia, Worldwide

Methods

Spanning strategy
Experimentation
Commercial venturing
Leadership development



Organisations by entity type

Venture capital funds – USD 500m+		
	• Andreessen Horowitz	• 2009
	• Khosla Ventures	• 2004
	• Union Square Venture	• 2003
	• Bessemer Venture Partners	• 1911
	• Google Ventures	• 2009

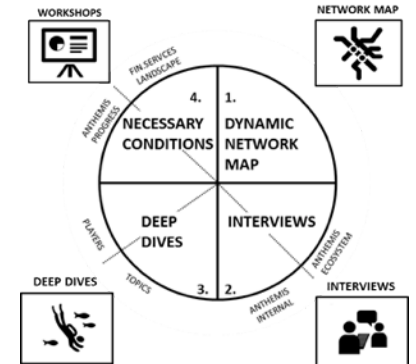
Finance dedicated venture funds		
	• Ribbit Capital	• 2013
	• Next Generation Finance	• 2010

Private equity investment funds provide access to venture capital investments. They are driven almost solely by the level of return on equity

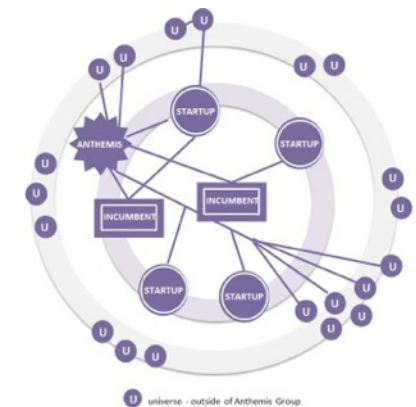
Corporate ventures		
	• BBVA Ventures	• 2010
	• Sberbank Fund	• 2013
	• American Express Fund	• 2011

On or off balance sheet Corporate Venture Funds pursue strategic investments either for ROI or more importantly for additive strategic value to their existing businesses

Review of Anthemis competitive landscape



Options activities



Ecosystem model



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