



**Faster, cheaper and better translations for finance  
through Artificial Intelligence**

**Investor Pitch Deck (September 2018)**

# Executive Summary

Mission: To become the global leader in AI-based translations for finance

## COMPANY OVERVIEW

- Co-Founded by 2 finance professionals, with Olivier Debeugny as CEO
- Headquartered in Paris, with a team of 15
- Technical strength in applying A.I. to Natural Language Processing with a focus on translations for finance
  - Strong R&D team managed by Dr. Franck Burlot
  - Competencies in data collection and cleaning, natural language processing and deep learning
  - Successfully transitioned from Statistical Machine translation to Neural Machine translation (NMT)
  - Initial focus on European languages (French, German, Spanish etc.). and developing expertise in Asian languages (Chinese, Japanese)
- Strong traction with brand-name asset managers and banks in Europe, mostly through organic growth

## NEXT STEPS WITH CAPITAL RAISE OF €2.5M

### Technical and distribution improvements

- A.I. end: Investment to reinforce our data processing abilities and our Machine learning R&D
- Client end: invest in our distribution capabilities and product development stream

### Local & Overseas Biz Opportunities

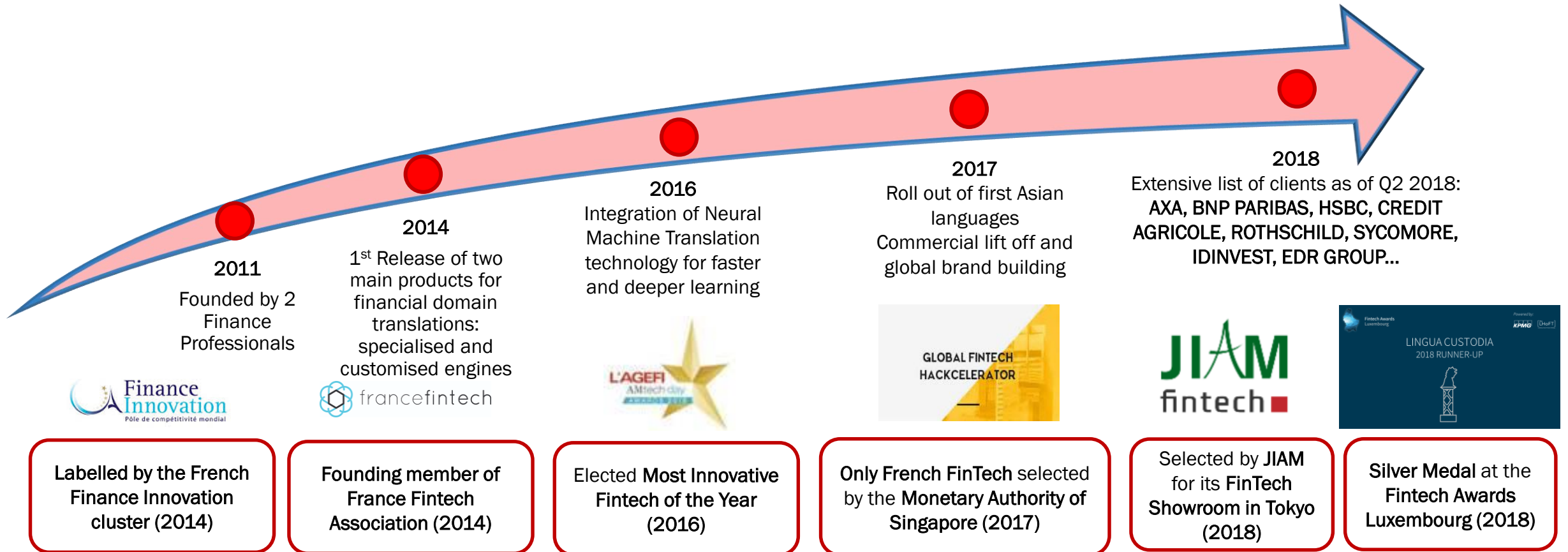
- Strengthen our commercial footprint in Europe leveraging our 2018 Luxembourg fintech award
- Set foot in Asia (Singapore, Japan) following our selection at the Singapore Fintech Hackcelerator

### Platform opportunity

- Explore the creation of a blockchain-based trading platform for translation and language data– linking together a large and disparate network of translators and leveraging our current technical expertise

# Brief Company History

Initial years and expenditure spent on A.I. R&D. Subsequent validation through awards and growing client base.



# The Opportunity

Large and growing market powered by growth of international financial transactions.

## LARGE WORLDWIDE MARKET

Growth rate of the global translation market of 8% per year.

Financial services is an international industry with local language requirements

Global Translation market

**US\$45B  
(2018)**



Financial Translation  
**US\$8-10B**

- M&A, Project Finance
- Broker Research
- Asset Management
- Private Banking
- Compliance & regulatory reporting

## STRONG CONTINUED GROWTH



- Continued opening up of financial sector to foreign investments + increased transparency requirements following 2008 financial crisis
    - E.g. China raising cap on foreign ownership of securities, futures and finance companies to 51%
- Strong and growing need to understand local language publications

# The Problem

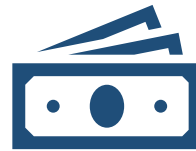
Slow and unpredictable quality of translation at high cost.

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## Slow Speed

- Long lead time for long documents, up to 15 man-days / 1 Annual Report
- Bottleneck at predictable periods, e.g. quarter ends



## High Cost

- Up to EUR 0.50 / word
- Quick turnaround times require even higher rates



## Poor Quality

- Lack of experience for technical texts in professional translation firms
- Reliance on in-house staff for urgent and technical translations, preventing staff from pursuing revenue-generating activities



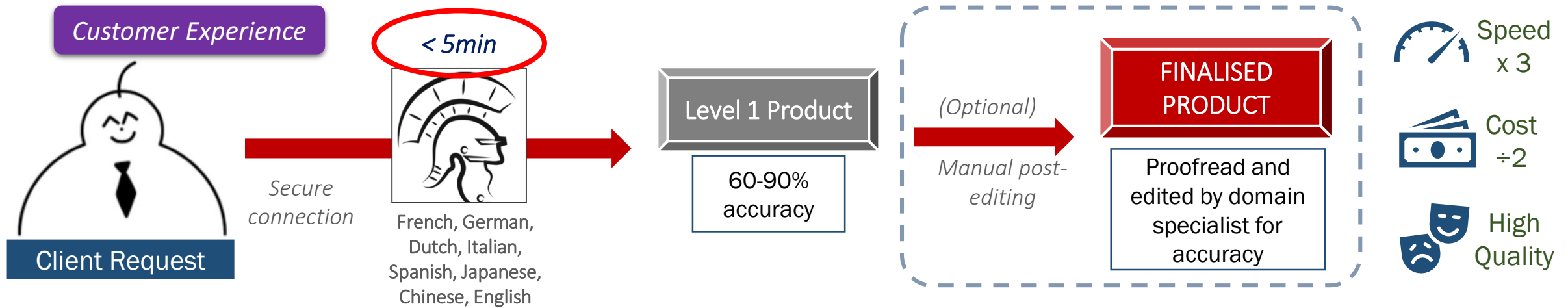
Slow speed, high cost and poor quality are a result of an industry-wide lack of technical translator capacity.

These translators in the finance field also happen to be expensive.

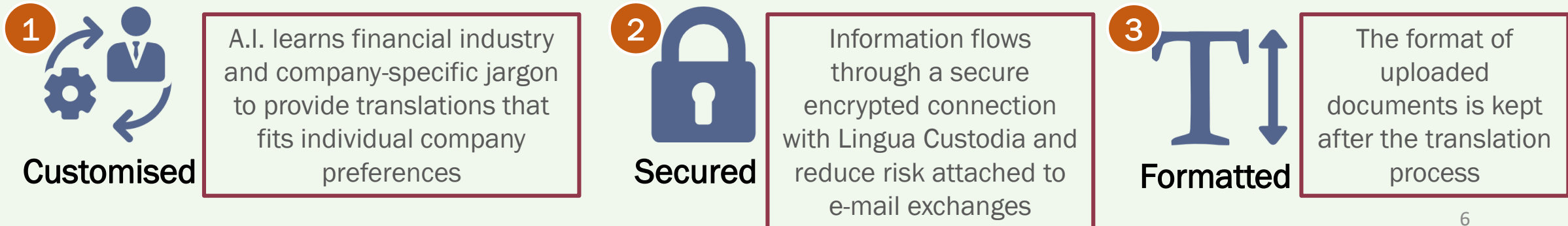
**Specialised Machine Translation is the only solution!**

# The Product: Solving the problem with tech

Immediate A.I. translation provided via SaaS for plug-and-play experience with post-edit option.



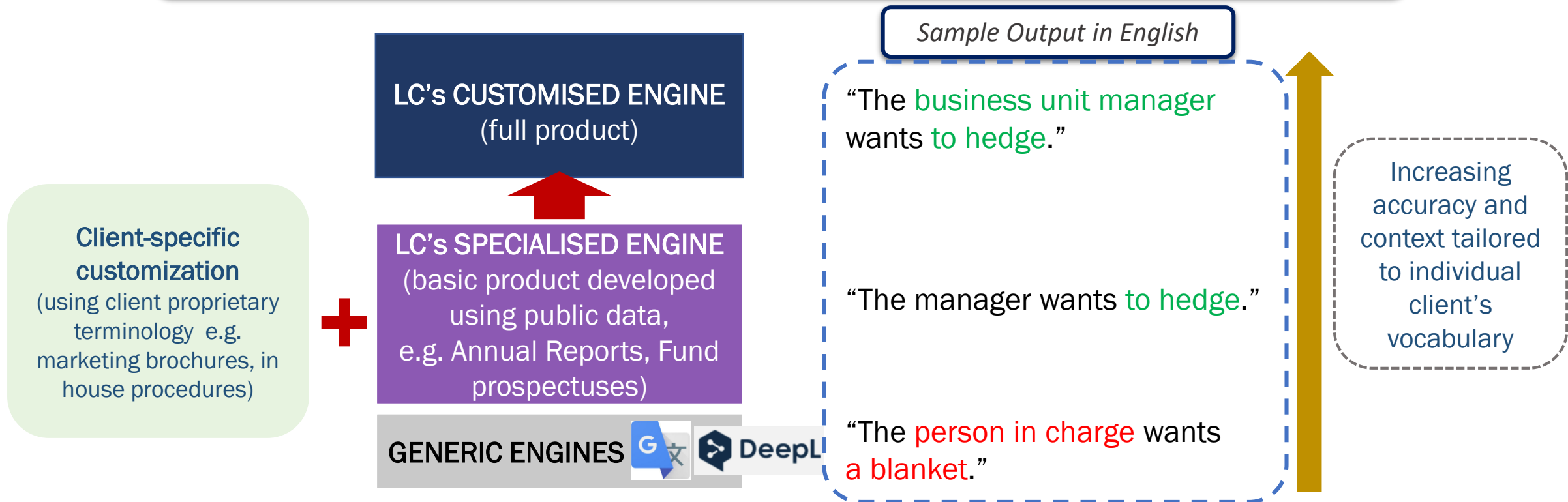
## Product Characteristics



# Product Differentiation

In A.I. translation, output quality hinges not on size but on quality data and knowing the context. We have both.

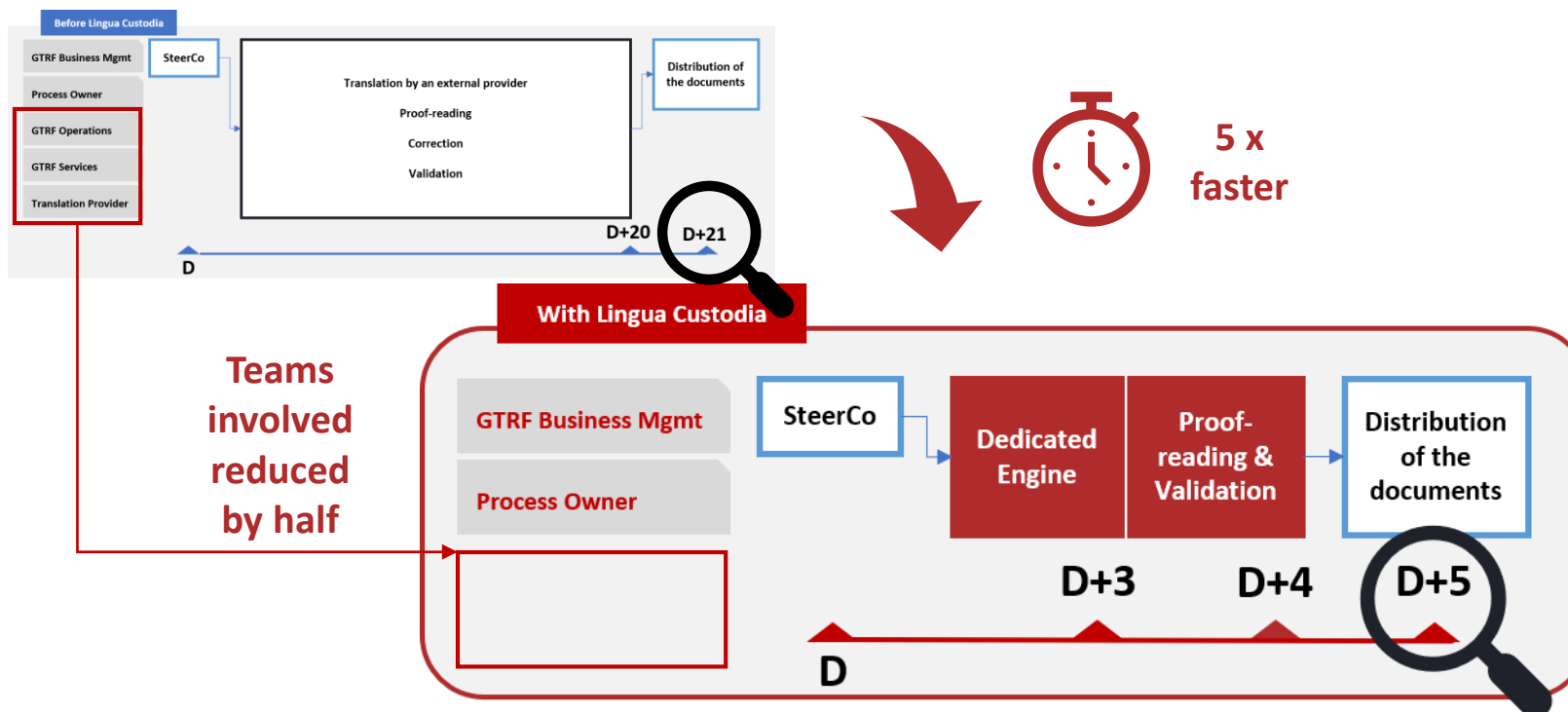
Finance is full of examples where context is very important to translation.  
Example: translation of *“Le responsable veut une couverture.”* from French to English.



# HSBC Case Study

Satisfied client converted from POC to production due to service satisfaction.

1. HSBC 's issue: Internal procedures written in English to be shared with French teams for immediate execution.
2. **Pain point: End-to-end translation process with an external provider was taking > 20 days and involved 5 different teams (3 of them just to review and correct the final translation before distribution) with a major regulatory risk as staff in France is not liable if procedures are not translated in French.**
3. Lingua Custodia's team worked with HSBC to develop and test a dedicated translation engine, designed to learn HSBC specific terminology. The POC was run over a period of 2 months.



- 2 strategic benefits of speed increase:
- i. Reduced regulatory risk by implementing compliance measures immediately
  - ii. Shortened turnaround time to respond to market needs

## Visible Operational Benefits



30% to 77 %

Drastic improvements in machine translation quality over 2 months



Less teams involved (1.5 external translators saved)



4x faster

4 times faster than human translation with same results

After even more usage in HSBC after the POC, the accuracy rate can now reach about 90%.



# Product Pricing

Flexible product and pricing to cater to needs of a wide variety of institutions.

## Subscription charges

(both specialised/customised engines)

1 000€ minimum per month

Per <u>word</u> basis (€ cents)		Per <u>user</u> basis (€)	
No. of words in a month	Price	No. of users	Monthly Price
1 – 250k	1	<15	200
250k – 1M	0.65	15 – 30	185
1M – 5M	0.4	30 – 50	170
5M – 10M	0.32	50 – 100	120
10M – 20M	0.27	100 – 500	60
Non-subscription translation: 0.05 € / word			

## Additional costs for customised engines

One-off set up costs per engine\*

€15,000

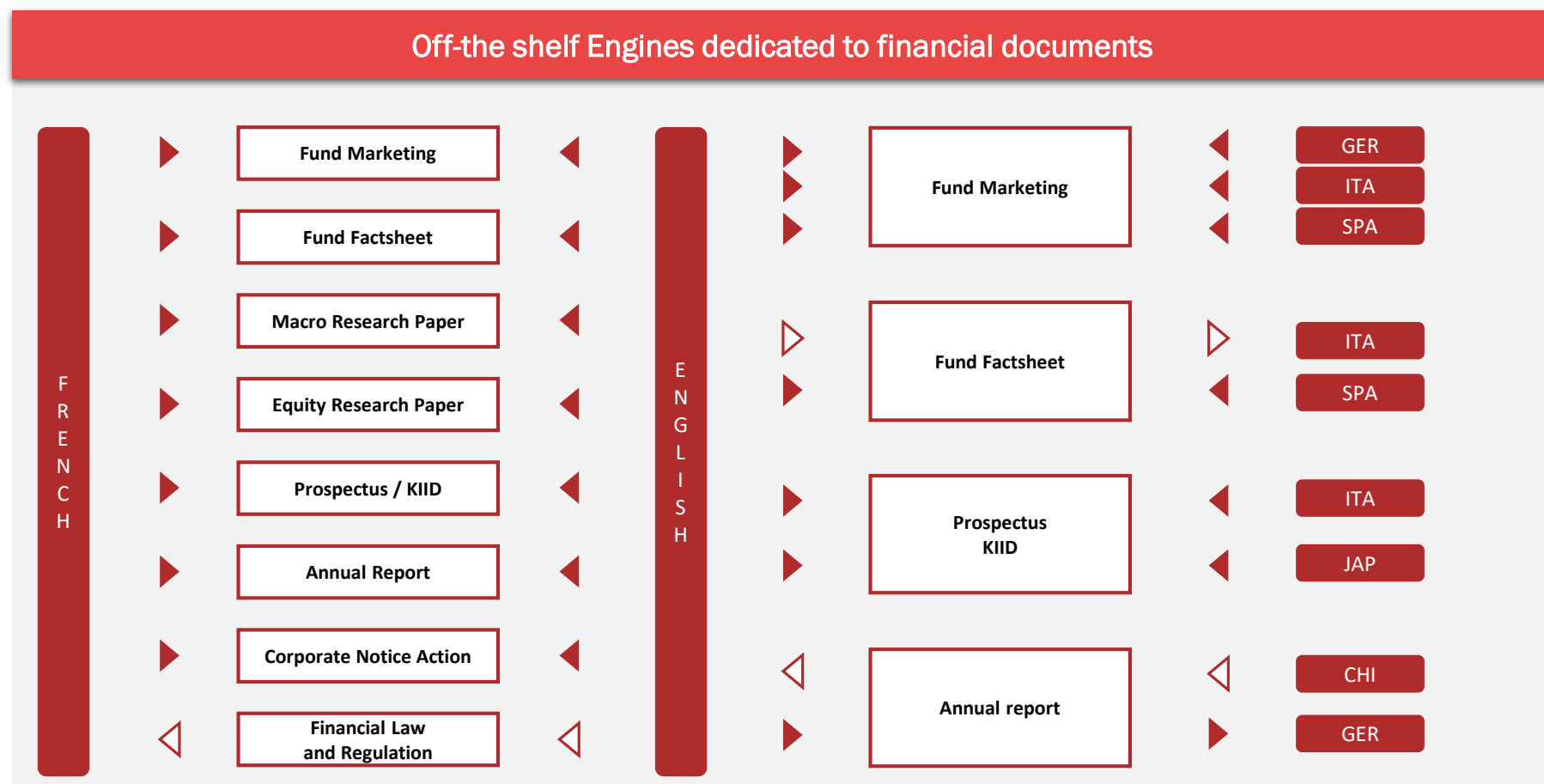
Monthly re-training fee per customised engine

€ 500

*\*An engine is defined as a one-way translation pair, e.g. French to English is one engine, and English to French is another.*

# Product Coverage

We cover a wide variety of languages and document types.



FRA

ENG

GER

SPA

ITA

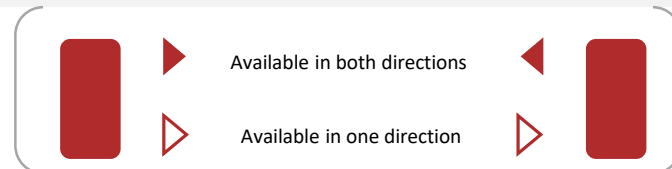
JAP

CHI

Production roll out in Q3 2018 for

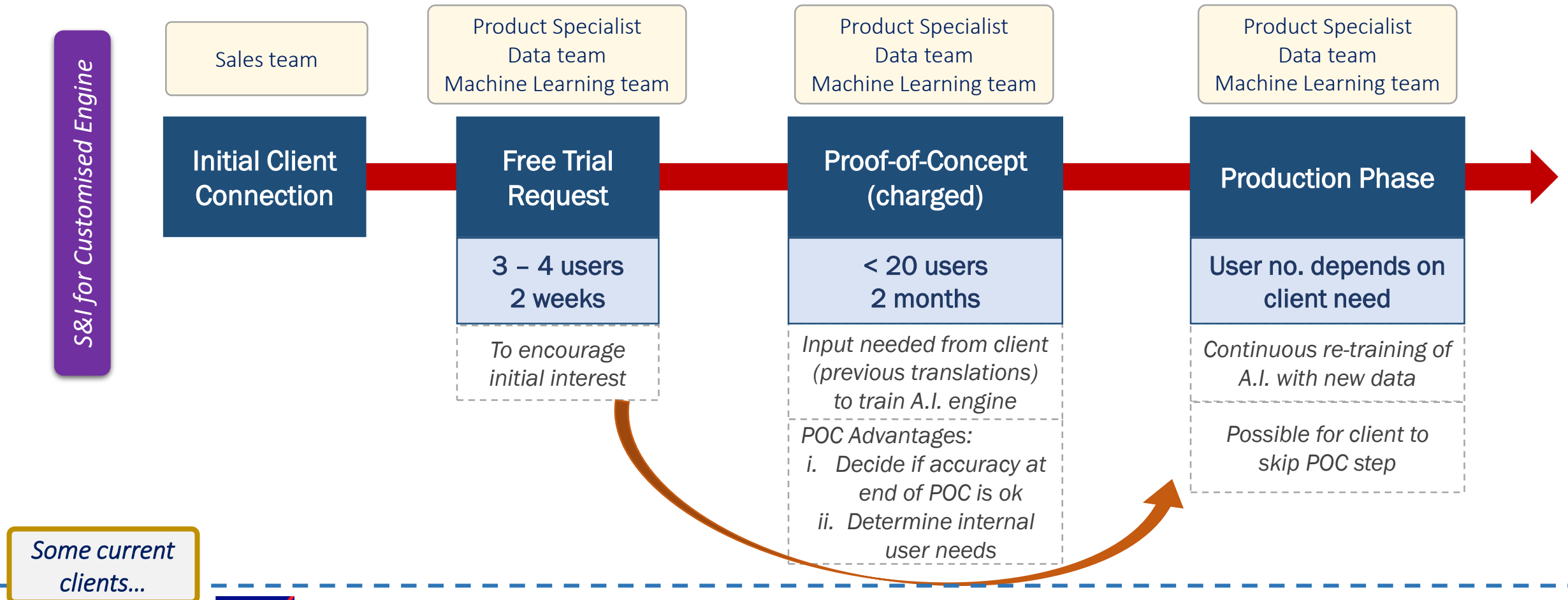
NED

POR



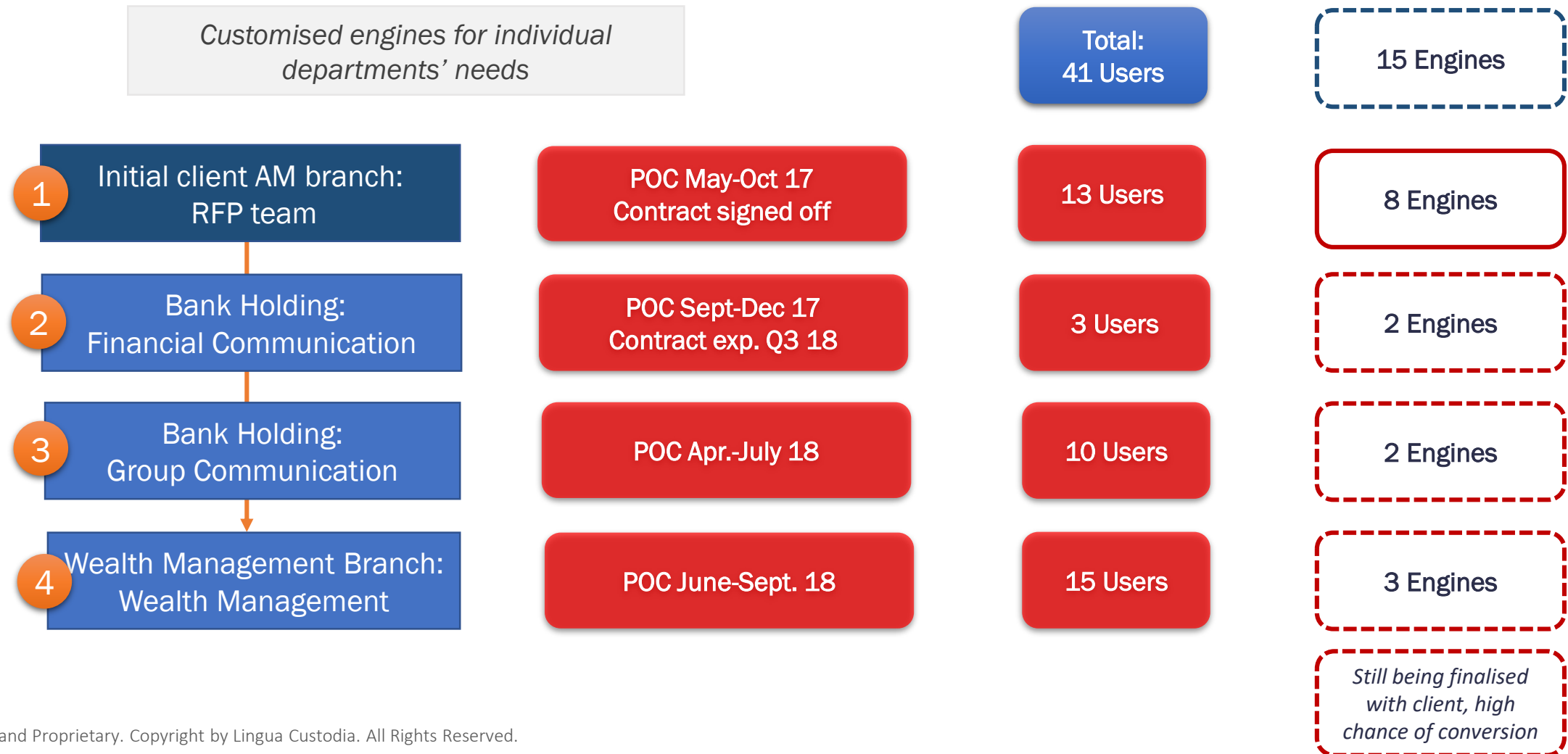
# Sales & Implementation process

Providing clients flexibility and support in transitioning to an A.I. solution delivered online.



# Client Acquisition: Internal referrals

We build on successful relationships with initial clients to gain further inroads into other parts of the Group.



# Client Acquisition: Overseas Expansion

We raise awareness overseas through global competitions and introductions to banks' overseas branches.

## International Awards & Partners

### Partner

Selected by **JIAM** for its  
**FinTech Showroom in Tokyo** (since April 2018)



Elected **L'Agefi's**  
**Most Innovative**  
**Fintech**  
**of the Year (2016)**



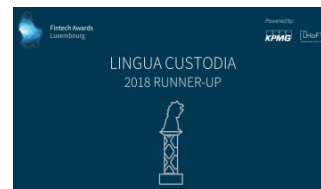
France

**Only French**  
**FinTech** selected by  
the **Monetary**  
**Authority of**  
**Singapore (2017)**



Singapore

**Silver Medal**  
at the  
**Fintech Awards**  
**Luxembourg (2018)**



Luxembourg

## Overseas organic expansion

### Ranking the world's 100 largest banks

Current rank*	Previous rank**	Current vs. previous	Company (ticker-exchange)	Headquarters
1	1	NC	Industrial & Commercial Bank of China Ltd. (1398-HKG)	China
2	2	NC	China Construction Bank Corp. (0939-HKG)	China
3	3	NC	Agricultural Bank of China Ltd. (1288-HKG)	China
4	4	NC	Bank of China Ltd. (3988-HKG)	China
5	5	NC	Mitsubishi UFJ Financial Group Inc. (8306-TKS) <sup>1</sup>	Japan
6	6	NC	JPMorgan Chase & Co. (JPM-NYSE)	U.S.
7	7	NC	HSBC Holdings PLC (HSBA-LON)	U.K.
8	8	NC	BNP Paribas SA (BNP-PAR) <sup>2</sup>	France
9	9	NC	Bank of America Corp. (BAC-NYSE)	U.S.
10	11	▲	Crédit Agricole Group	France
11	10	▼	Wells Fargo & Co. (WFC-NYSE)	U.S.
12	12	NC	Japan Post Bank Co. Ltd. (7182-TKS)	Japan
13	13	NC	Citigroup Inc. (C-NYSE)	U.S.
14	16	▲	Sumitomo Mitsui Financial Group Inc. (8316-TKS) <sup>3</sup>	Japan
15	15	NC	Deutsche Bank AG (DBK-ETR) <sup>4</sup>	Germany
16	19	▲	Banco Santander SA (SAN-MAD) <sup>5</sup>	Spain
17	14	▼	Mizuho Financial Group Inc. (8411-TKS) <sup>6</sup>	Japan
18	17	▼	Barclays PLC (BARC-LON)	U.K.
19	18	▼	Société Générale SA (GLE-PAR)	France
20	20	NC	Groupe BPCE <sup>7</sup>	France
21	21	NC	Bank of Communications Co. Ltd. (3328-HKG)	China
22	22	NC	Postal Savings Bank of China Co. Ltd. (1658-HKG)	China
23	23	NC	Lloyds Banking Group PLC (LLOY-LON)	U.K.
24	28	▲	Royal Bank of Canada (RY-TSX)*	Canada
25	26	▲	Toronto-Dominion Bank (TD-TSX)*	Canada
26	29	▲	ING Groep NV (INGA-AMS)	Netherlands
27	25	▼	Norinchukin Bank	Japan
28	31	▲	UniCredit SpA (UCG-MIL)	Italy
29	24	▼	Royal Bank of Scotland Group PLC (RBS-LON)	U.K.
30	30	NC	Industrial Bank Co. Ltd. (601166-SGSE)	China

Source S&P Global Market Intelligence 2018

4 existing clients  
part of global top 30  
banks

Request for  
introduction to  
existing clients'  
overseas branches

# Business Development Program Q4 18 – 2019

Hire Global Head of Sales to roll out an industrialisation strategy for sales

## FRANCE

- Large accounts : leverage successful POCs to capture opportunities with other teams by internal referrals
- Roll-out structured series of Marketing Campaign to push scalable products (e.g fund prospectus engine for Q4)
- Define and implement a digital strategy to generate leads

**Market potential: 190 M€**

## LUXEMBOURG

- Large Account Target segmentation:
  1. Service Providers to Financial Institutions (KPMG, Deloitte, Victor Bucks, KNEIP, ...)
  2. Asset Managers
  3. Banks
- Co-branded marketing campaign with our local technical partner WordBee
- Define and implement a digital strategy to generate leads

**Market potential: 53 M€**

## SINGAPORE - TOKYO

- Opportunistic approach: leverage European-based clients' subsidiaries in Singapore and Tokyo
- Leverage our local relationships (JIAM Fintech Square in Tokyo and Singapore Fintech Hackcelerator) to get market knowledge in order to decide on the right respective markets' approach and timing










**Market potential: 120 M€**

# Competitive Landscape

Our focus on finance is our differentiation.

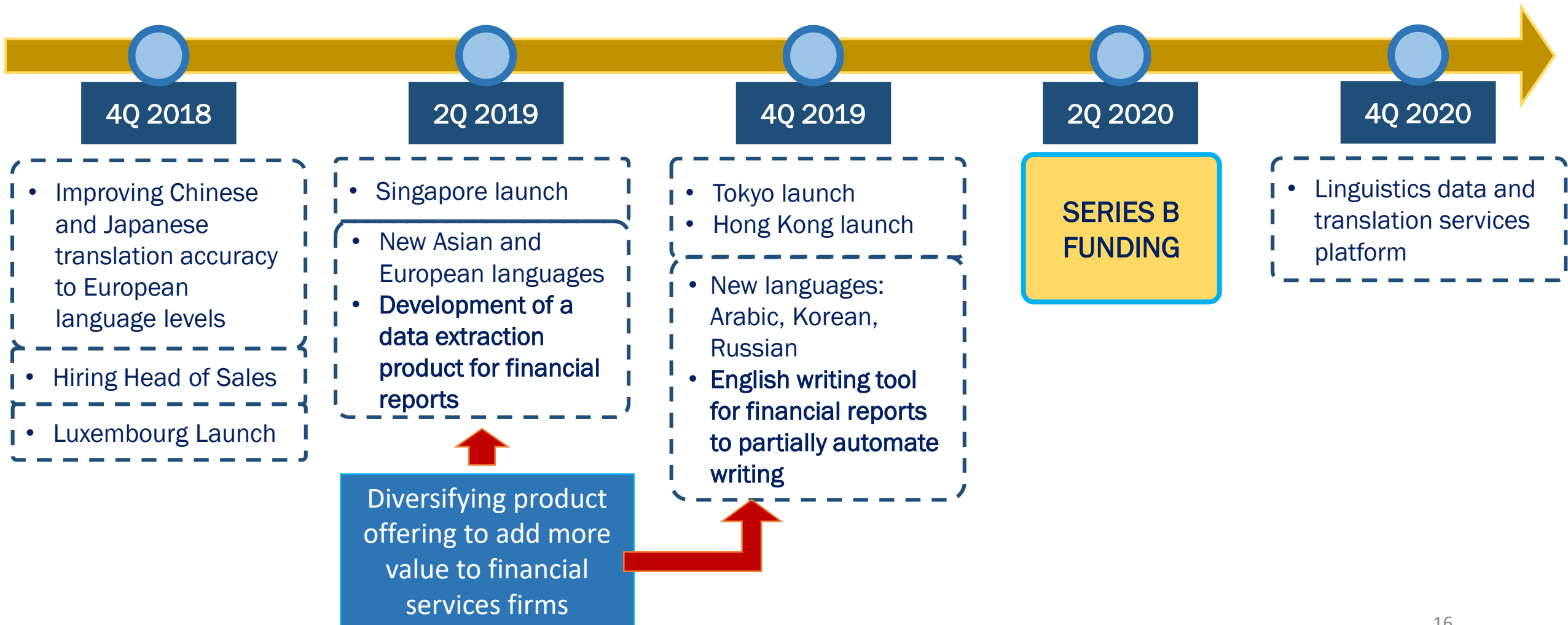
*"It is highly likely that the future of NMT will then lie in the infrastructure that will support the new standard and in the additional services, whether it is connectivity and integration, or training these engines in very specific fields of activity, for a tailor-made translation of optimal quality." (translated from French)*

Recent interview of Jean Senellart, CTO Systran, confirming the strategic approach Lingua Custodia is following since its launch !

		Finalised Translation	Finance focus	A.I. Expertise	Asian Languages	We're the only Fintech!
Finalised Translation player	 *	✓	✓	✗	✓	*Just acquired by SDL
		✓	✓	✗	✓	
		✓	✓	✗	✗	
Full player	 *	✓	✗	✓	✓	✓
		✓	✓	✓	✓	
		✗	✗	✓	✓	
	 *	✗	✗	✓	✗	
		✗	✗	✓	✓	
Machine Translation player		✗	✗	✓	✗	**acquired by Amazon

# Future plans

Milestones to be achieved over the next 2 years.





# 2018 Split of revenues

Aggregated Figures

Revenues				Revenues split by Product Category						
	Realised 31 Aug.	Estimated by EoY	Total Estimated Full Year 2018	POC (Proof of Concept)	Customised Machine Translation		Specialised Machine Translation		Finalised Translation	
					Set up	Recurring	Ad Hoc	Recurring	Ad Hoc	Recurring
Grand Total in K€	270	273	543	106	85	122	19	70	79	62
Split in %	50 %	50 %	100 %	20 %	16 %	22 %	3 %	13 %	14 %	12 %

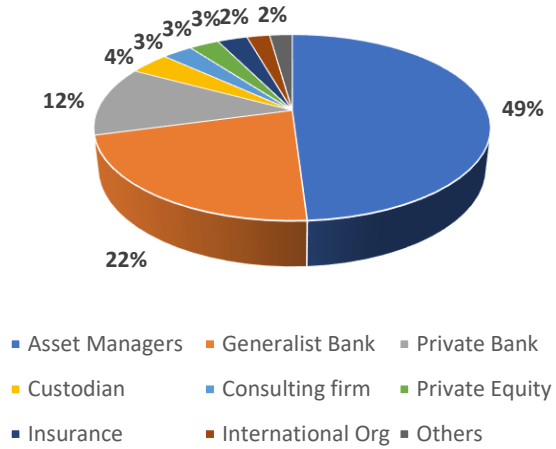
Structure of Revenues by Product Category					
Customised Machine Translation		Specialised Machine Translation		Finalised Translation	
207 K€		89 K€		141 K€	
Set Up	Recurring	Ad Hoc	Recurring	Ad Hoc	Recurring
41 %	59 %	21 %	79 %	56 %	44 %

Balance Set Up/Recurring revenues biased by the on-boarding of new clients in 2018 vs (a small) stock of existing clients

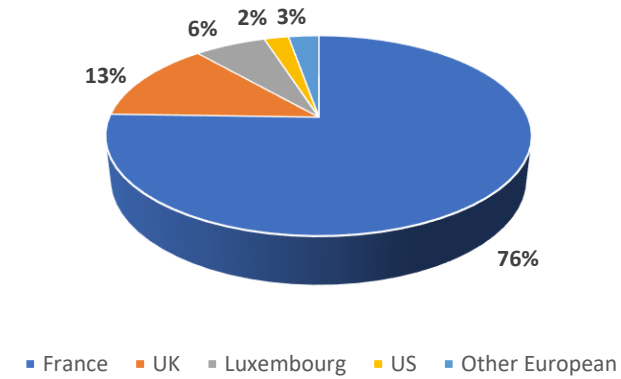
# 2018 Clients Base Analysis

## Split of Full Year Estimated Revenues 543 K€

By Clients' Category

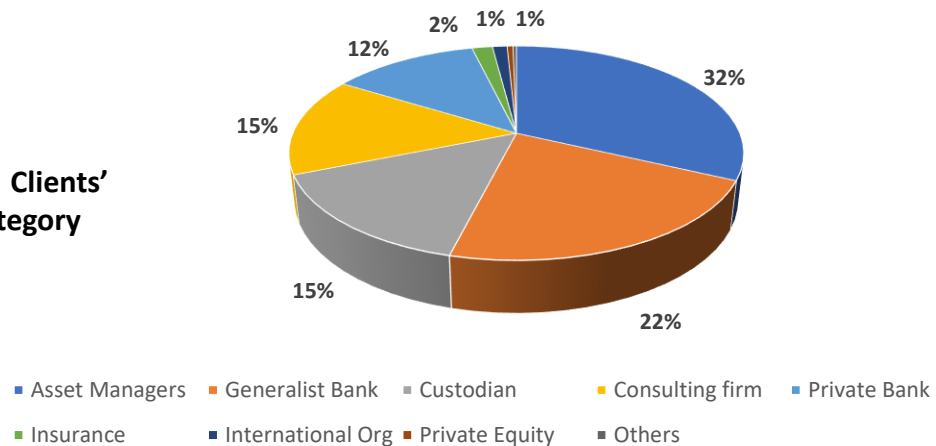


By Client's Geography

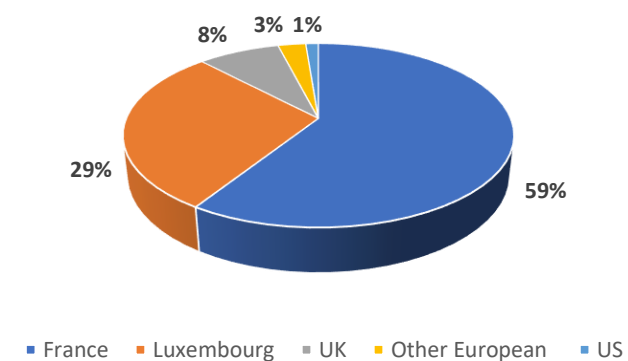


## Split of Clients' Estimated Translation Potential 20 M€

By Clients' Category

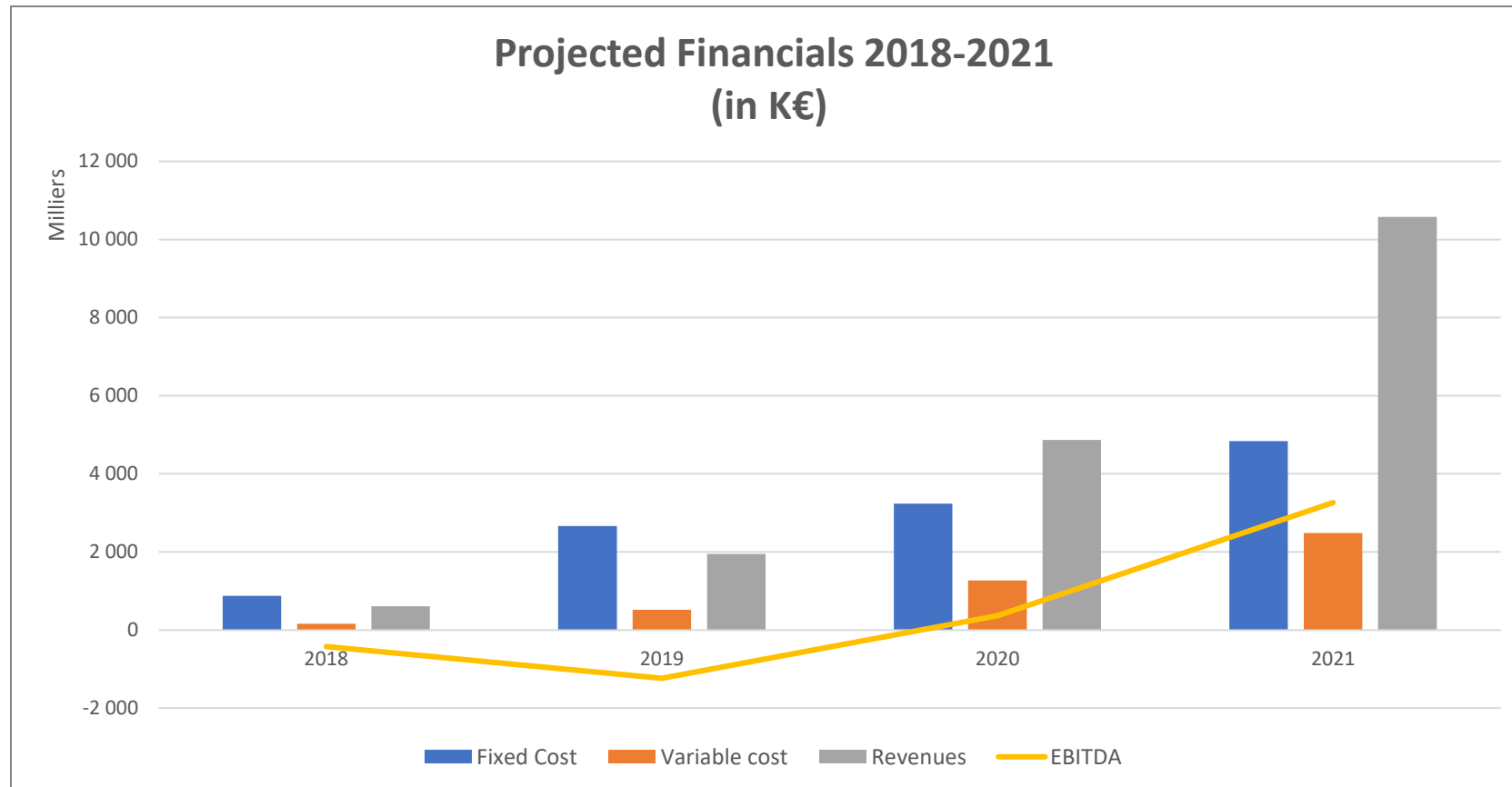


By Client's Geography



# Financial Projections

Initial projections for 2018 – 2021.



# Series A Investment Plan

What the 2,500 K€ proceeds will fund.

## Improve Product for Scalability

Improve Data  
Management

400  
K€

Research and  
Development  
Deep Learning

300  
K€

Assess  
Translation  
Quality

300  
K€

## Internationalisation & Growth hacking

Expand and win  
Market Share

1,000  
K€

Develop Client  
Interface Tool

300  
K€

## Preparing the next growth opportunity

Project launch data &  
translation blockchain  
exchange platform

200  
K€

**TOTAL**      1,000 K€ (40 %)    +    1,300 K€ (52 %)    +    200 K€ (8 %)    =    **2,500 K€**

# The Team

Combining expertise in Finance, Natural Language Processing and Machine Learning.

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**Olivier - CEO**

AXA, JP Morgan

18 years in Finance, MBA INSEAD  
Nancy Graduate School of Management



**Stéphanie – CMO**

AXA

17 Years in Finance  
Master's Degree in Bank, Finance &  
Risk Management



**Charlotte – Head of Finance & Accounting**

Goldman Sachs, JP Morgan Chase

16 years in finance  
Institute of Chartered Accountants of Scotland



**Massinissa – Head of Product Specialist**

Lingua Custodia since 2012

Master's Degree in Translation and  
Natural Language Processing



**TBA – Head of Sales**

XXX

*To lead our international sales efforts*



**Frédéric – CTO**

Natixis, Societe Generale IT

Master of Science Telecom ParisTech



**Franck – Head of R&D (Machine Learning)**

French Gouvernement, LIMSI CNRS,

Ph.D in Linguistics, Universite Paris-Sorbonne  
Master's Degree in Natural Language Processing



**Arezki – Head of Data and Translation Project Management**

Lingua Custodia since 2012

Master's Degrees in Linguistic Engineering and General  
Linguistics





## **Smart translation for smart organisations**



**[www.linguacustodia.finance](http://www.linguacustodia.finance)**



**[investors@linguacustodia.com](mailto:investors@linguacustodia.com)**



**Lingua Custodia**