

Finlatics Investment Banking Experience Program - Project 1

1. An unconventional, yet potentially optimal, profile-idea combination could be D (commerce graduate with no prior experience) and C (an international transfer remittance software). One may point to the obvious lack of qualifications and experience but knowledge is not just bound to paper and that has been proven by the various tech moguls that have dropped out of college and yet attained massive success.

Upskilling Through Self-Education

There are various online platforms available for developing a technical skill that can help back a passionate idea. Building the international remittance system is the stepping stone for Arjun's startup, and using the tools available presently coupled with consistency and determination, Arjun can lead a team to create an efficient and a secure system without any professional qualifications. Broadly, Arjun's upskilling would be to an extent where he is able to guide a team to build the remittance system. Another aspect of upskilling would be in compliance and compliance management, for reasons stated in the project report ahead. Development of skills can be a way in which Arjun can compensate for his lack of education & experience (as compared to other profiles). It is also a way in which Arjun can build 'relevant' skills, which can be tremendously value additive to his business.

Building a Core Team

An average idea can be transformed into a revolutionary one with the right development team to make it real. An international remittance app is no cakewalk but with experienced members who can help architect a lucrative system, Arjun can fill the possible knowledge gap that may be present. Being a commerce graduate himself, he can hire experts in the tech field who can aid him with the entire development process. Besides development, a team can also help with idea generation and provide various other diverse skills that may of use in the later stages of the startup.

Possible Stumbling Blocks and The Way Out

The first challenge that Arjun is facing is compliance requirements. The FinTech Regulatory framework keeps evolving and processing the heavy documentation requires diligence and organizational skills. An international remittance system will require constant monitoring of regulatory frameworks of various countries and building a bridge between the technology team and the legal team, and this can be done efficiently with the help of a senior advisor, who has had experience in this field & can mentor Arjun in it. Alongside this, Arjun can also familiarize himself with various compliance regulations using tools available online.

Although, Arjun's challenges are not limited to just processing the documentation. The more the FinTech market grows, the more the regulators want to have control over the services provided by them. This can delay the go-to-market phase for the startup. Only an

entrepreneur who is passionate enough about his idea will be able to stand by and wait out this burdensome process.

Arjun's Driving Force

Developing and maintaining a successful system may open the gates to FinTech but running it and differentiating it with its peers requires a whole other set of skills. The edge Arjun has is that he is extremely passionate about his business. Selling a product or a service is much more than a smile and a shoeshine, it is passion that improves the business value offering in the customer's eyes.

A Similar Story

One of those examples is Kunal Shah, CEO of Cred. A philosophy graduate and an MBA dropout, Kunal Shah gave birth to several tech ventures such as Paisaback and Freecharge, which were subsequently acquired by one of India's largest bank, Axis Bank. He is now running Cred, an emerging members-only credit card payments app. His deep understanding of consumer behaviour has helped him accelerate his business and placed him as one of the top startup CEOs in India. This sparks hope of Arjun, as one does not need to be an engineer or have an MBA to be a tech founder.

Conclusion

All in all, I believe Arjun's love for his idea overrules his lack of qualification or experience. With a team that is ready to jump into roles when necessary and Arjun's fair knowledge of business, I reckon that this breakthrough idea can turn into a solid tangible product.

2. Unlike loans, private equity offers more than just capital to firms, It is a clear value addition to the company through several other variables such as stamp of quality, network driven benefits and advisory benefits. Given the chosen profile-idea combination, I believe Arjun's primary focus should be on advisory benefits.

Hard Knowledge

Arjun can fill his technical knowledge gap using various sources available online but he evidently lacks experience. Having an investor, who is also a mentor with certain experience in the same industry can help Arjun scale up his startup. A mentor can help him navigate the turbulent waters of the tech startup with hard knowledge. This may consist of payment statistics, ensuring compliance and security, building user management models amongst others. Besides the development of the product, the mentor can also help with currency hedging. An international remittance app is prone to currency exchange risk and in order to protect its position, the company must strategically set up investments that can offset potential losses. With the help of an experienced mentor, Arjun can learn various approaches that can be used to mitigate this risk.

Soft Knowledge

Arjun not only needs a skilled team but also an effective and an efficient team and this requires him to possess top-notch management skills. Creating a strong organizational culture means setting values and goals, aligning teams & building reward systems. This is not a child's play as these skills come with corporate experience. Arjun can compensate for his lack of corporate experience by using the expertise of a mentor who can counsel him on how to manage a team, negotiate with players and lead the company. Arjun can also reflect on his personal development using constructive feedback from his mentor and create a plan of action for improvement that would align with the company's objectives.

Seeking advice is central to effective decision making and for a fresh startup it is essential for shaping the present and the future of the company. A combination of this hard and soft knowledge can act as a binding force for a flourishing startup and help Arjun expedite his journey to success.

Hence, Arjun's optimum PE Investor would be an individual with experience in this domain and can act as a mentor to him, by imparting both hard and soft knowledge as the nature of the domain is quite complex and this is the reason advisory benefits are most important for Arjun.

