

"THE CENTRE OF
REGTECH
EXCELLENCE"

2019

REGTECH INDUSTRY REPORT
**THE FOUNDERS'
PERSPECTIVE**



RegTech

Accelerating RegTech Adoption

"To share this current state of the industry helps us capitalise on the opportunities and tackle the challenges with the facts."

Deborah Young, CEO, The RegTech Association

ABOUT THE REGTECH ASSOCIATION

With a clear vision to be a global Centre of Excellence by facilitating the building of higher performing, ethical and compliant businesses through RegTech innovation and investment, The RegTech Association (RTA) was founded in 2017 as a non-profit organisation that focuses on what is needed to support the growth of the sector and to accelerate RegTech adoption.

The association brings together government, regulators, regulated entities, professional services and founder-led RegTech companies to ensure collaboration between all of the parties, promoting the RegTech industry as widely as possible, resulting in action in the uptake of RegTech proof of concepts and deployed RegTech solutions across the eco-system.

The RegTech Association will measure its success, leading to better outcomes for the community, by its effectiveness across three areas:

Elevated conversations, increased engagement and awareness of RegTech across the eco-system

Increased opportunities for RegTech members to engage, collaborate, export and attract investors

Increased adoption of RegTech and reduction of the time taken to value for regulated entity members

FOREWORD

Thank you for taking the time to read our very first industry research report. This report shares the RegTech Founders' perspective and is the first phase of our research.

Since establishing the RTA, we have recognised the need to measure the impact of our developing and global industry.

Some interesting learnings:

Greatest capital flow to the sector is from the founders themselves

Time to value is on average 13 months, but longer for financial services

Tier 1 and 2 financial services are the most challenging customer profiles

Greatest challenge pre-production is procurement

There are low numbers of female entrepreneurs

Sydney, Australia has the highest concentration of RegTech founders across our membership

Our survey revealed significant variability due to both RegTech market breadth and the level of pioneering innovation being deployed. The report uses averages.

Our long-term endeavour is to measure this annually, giving us a benchmark and an enduring data set as a foundation for industry problem solving, promoting the eco-system, advocating and educating.

We are grateful to those members that contributed, and to the trusted advisors who generously gave their time to help craft the questions and perform the data analysis. In particular, those listed below.

Deborah Young, CEO
The RegTech Association
December 2019
www.regtech.org.au

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About This Research

The study involved the conduct of 33 x 7-minute online surveys carried out between 17 October and 11 November 2019.

To be eligible for participation, all respondents were founders or senior executives at a RegTech founder-led company.

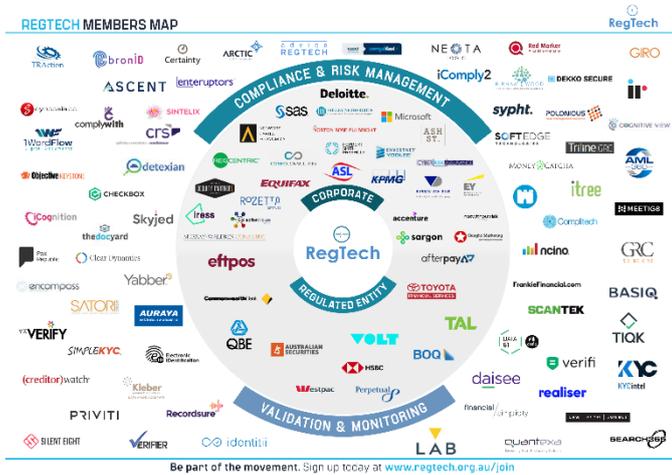
Sample for the survey was drawn from RegTech founder member organisations of The RegTech Association.

77 potential participants were emailed an invitation to participate in the survey. The response rate for this survey was 43%.

The findings in this report should be treated as indicative due to the lower than usual sample size. Sub-group analysis (e.g. cross-breaks by industry) are only indicative and should not be treated as a reliable representation of characteristics amongst particular industry, geographical or other sub-groups.

THE REGTECH ASSOCIATION MEMBER MAP

As of 2 December 2019



RegTech Fast Facts

HEADQUARTERS IN

Australia: 79% (n=26)

NZ: 3% (n=1)

UK: 9% (n=3)

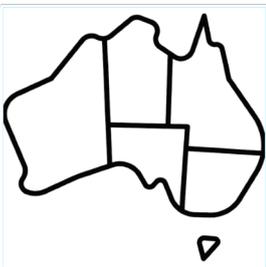
Ireland: 3% (n=1)

US: 6% (n=2)



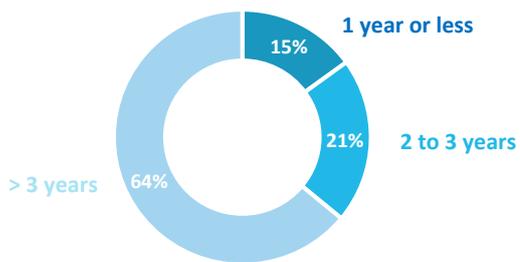
21% Offshore

AUSTRALIAN OFFICES

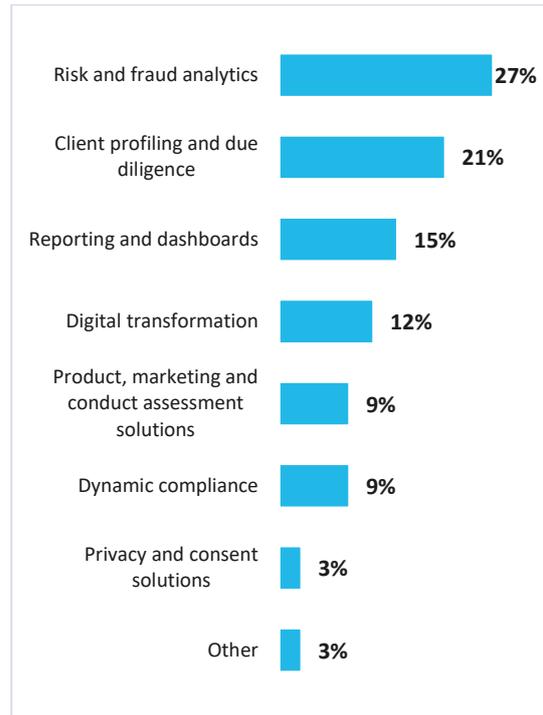


3% **Brisbane**
 67% **Sydney**
 6% **Canberra**
 30% **Melbourne**
 3% **Perth**

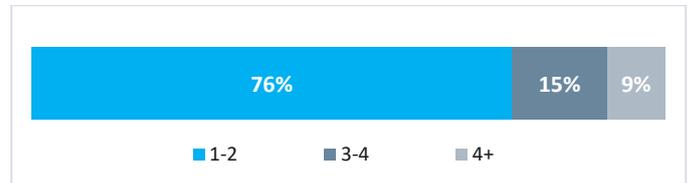
AGE OF REGTECH



REGTECH SOLUTIONS



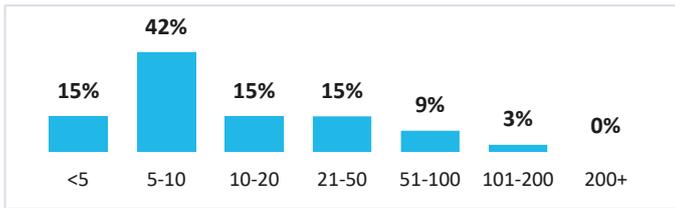
FOUNDERS CURRENTLY IN BUSINESS



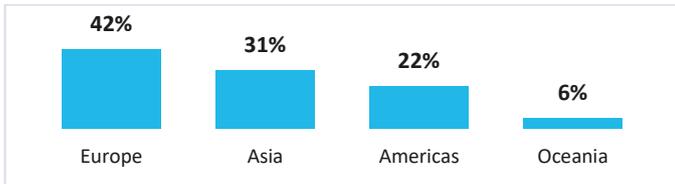
FEMALE FOUNDERS CURRENTLY IN THE BUSINESS



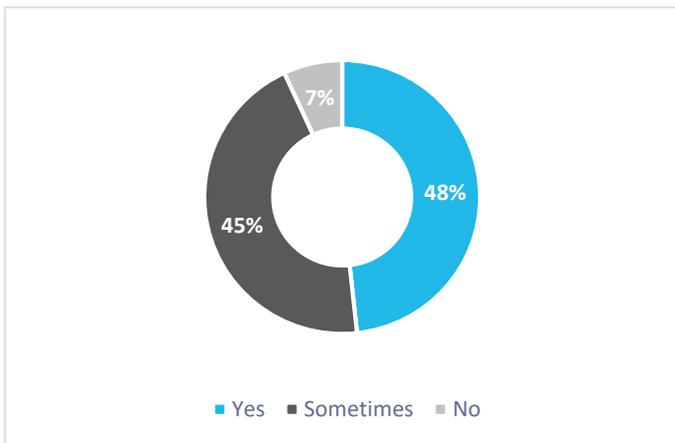
GLOBAL FULL TIME EMPLOYEES



GEOGRAPHIES WITH STAFF OUTSIDE AUSTRALIA



DO YOU CHARGE FOR POCS/TRIALS?

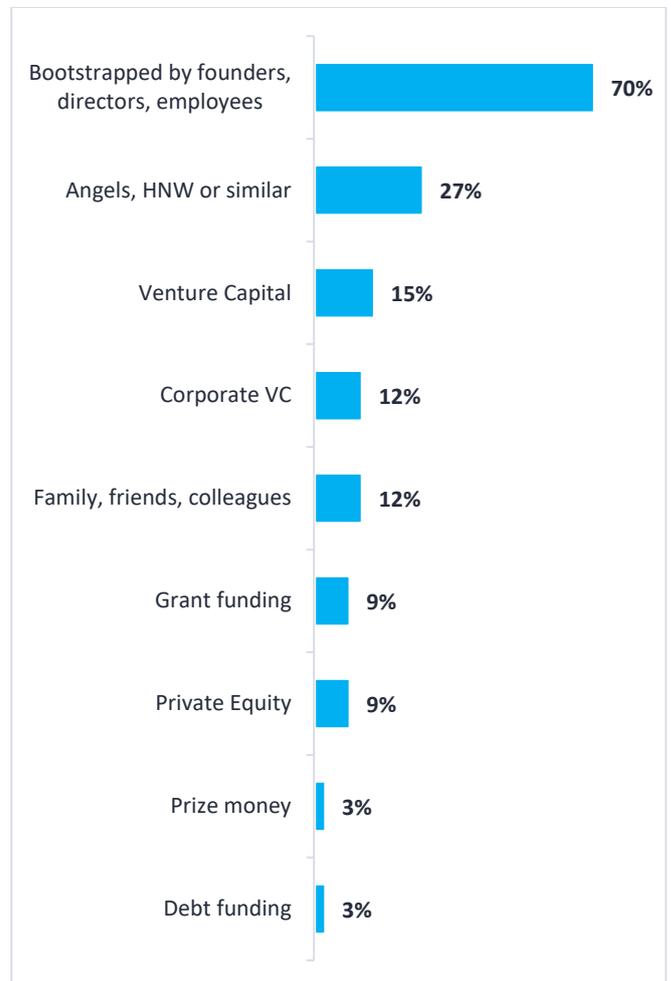


Capital Investment

Where's it coming from?

Majority of the industry is self-funded with Angels and High Net Worth the next most active capital investors. Venture Capital and Corporate Venture are lagging behind.

CAPITAL IS COMING FROM

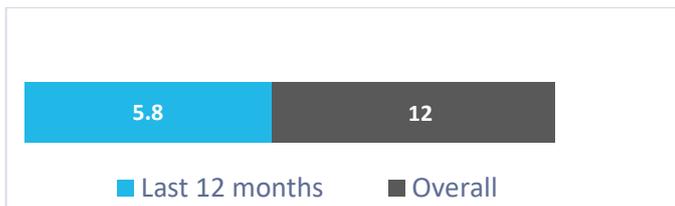


Industry Traction

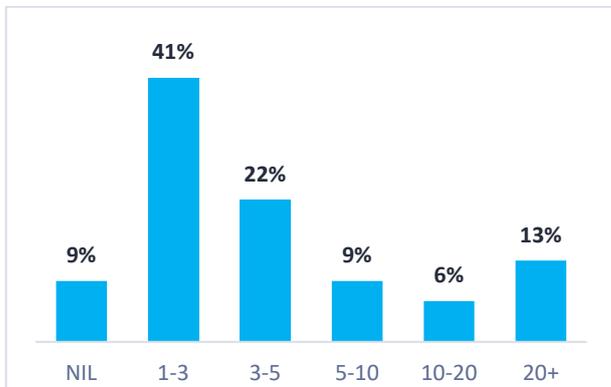
From pitch to new customer acquisition

Education, government and insurance sectors are easier client acquisitions for RegTech.

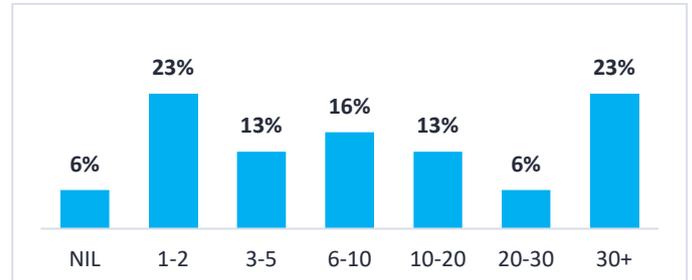
NUMBER OF FULL PRODUCTION DEPLOYMENTS



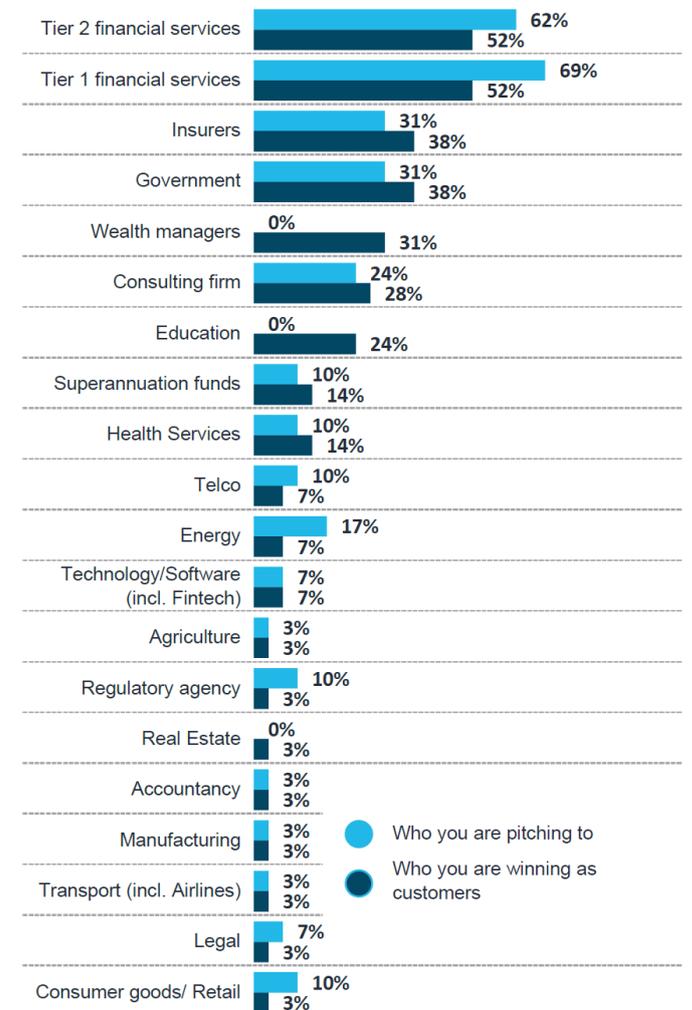
NUMBER OF FULL PRODUCTION DEPLOYMENTS IN THE LAST YEAR



NUMBER OF FULL PRODUCTION DEPLOYMENTS ACHIEVED IRRESPECTIVE OF LENGTH OF TIME



PITCH TO WIN RATIOS BY SEGMENT



Time to Value

Ease of customer acquisition

It takes Australian RegTech enterprises on average thirteen months to move from initial conversations to full production deployments, across all regulated industry customers, with financial services being closer to fourteen months on average.

THREE MILESTONES ACROSS ALL CUSTOMER TYPES

Initial conversation



Duration (months)

9.4

Signed POC Trial



Duration (months)

9.3

Full production



TIME TO VALUE ACROSS ALL CUSTOMERS

Initial conversation



Duration (months)

13.3

Full production



TIME TO VALUE TIER 1 AND 2 FINANCIAL SERVICES

Initial conversation



Duration (months)

13.7

Full production



Time to Value – By Phase and Industry

Customer segments	Average time (months) taken from...					
	 ...Initial conversation to signed POC <i>Sample size</i>		 ...POC to full deployment <i>Sample size</i>		 ...Initial conversation to full deployment <i>Sample size</i>	
Tier 1 financial services	10	19	10	14	14	15
Tier 2 financial services	10	17	9	13	14	15
Wealth managers	N/A	N/A	9	8	12	9
Insurers	11	9	10	10	13	11
Superannuation funds	12	3	6	3	12	4
Consulting firm	10	7	10	7	12	8
Regulatory agency	5	3	18	1	18	1
Government	10	9	11	9	15	11
Energy	7	5	9	1	14	2
Health Services	9	3	9	2	12	4
Telco	9	3	18	1	14	2
Education	0	0	9	5	11	7
Agriculture	9	1	1	1	2	1

Challenges Between Key Milestones



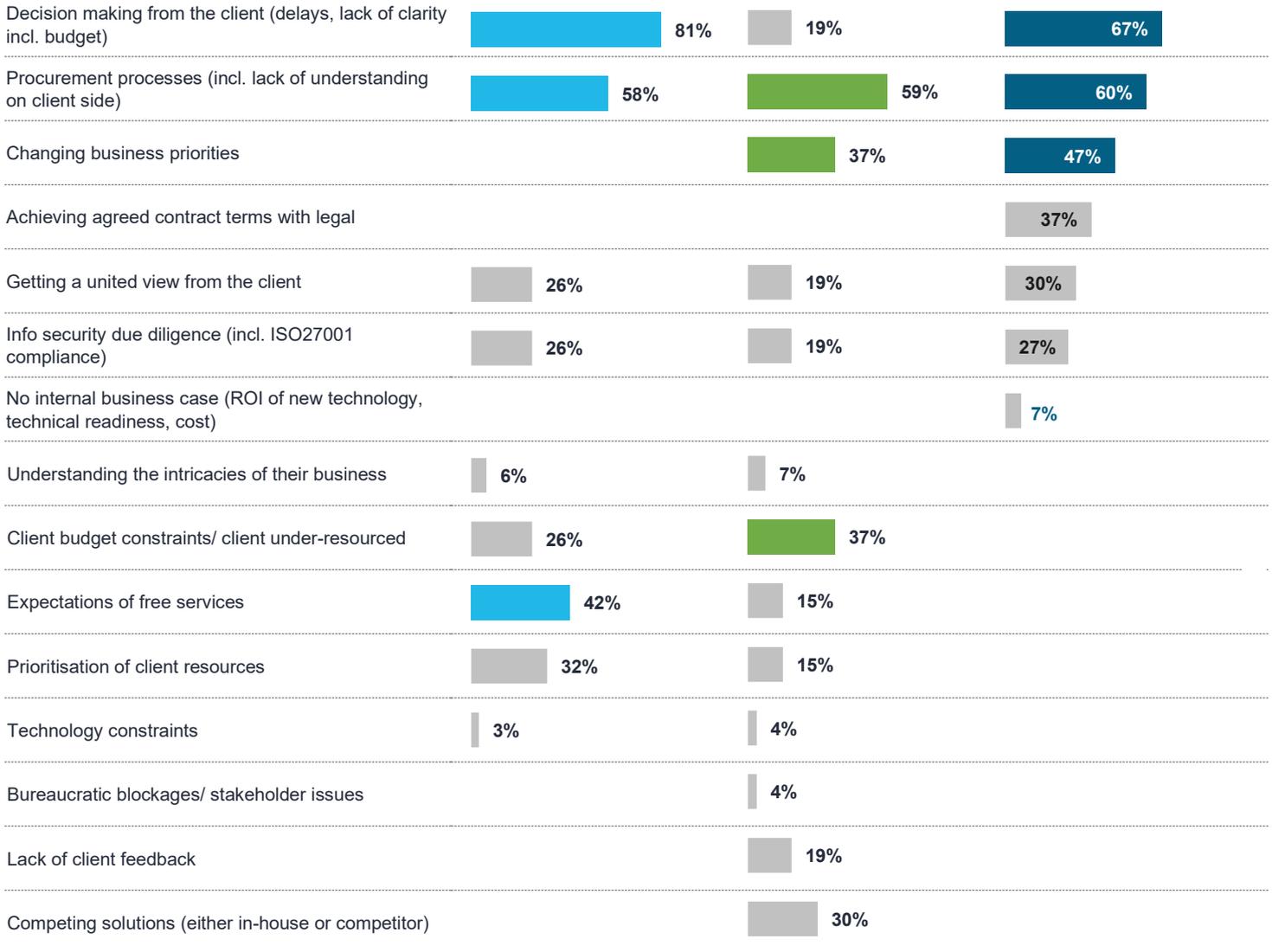
Initial conversation



Signed POC or trial



Full production deployment





RegTech

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