Components of the business plan

Fintech Scotland Business Plan
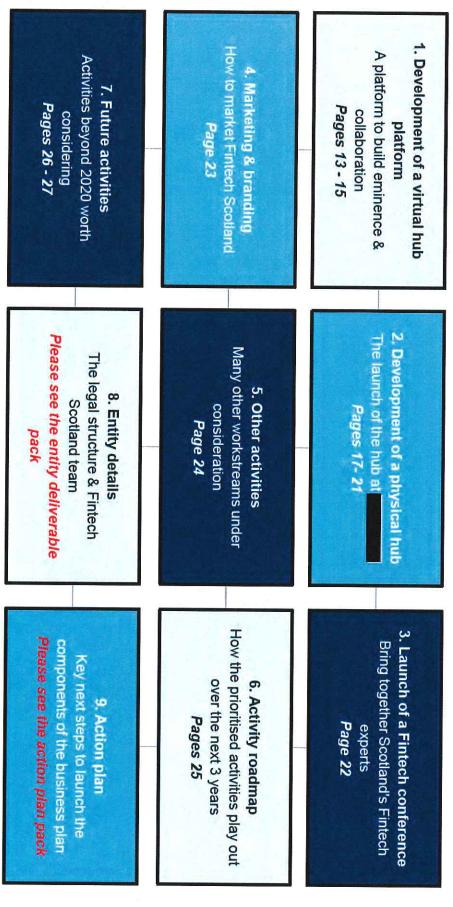## Key components of the business plan

To understand the business plan for Fintech Scotland, there are a number of key components that need to be explored.

Over the next few pages, we will describe in more detail each of the components shown below which will all play an important part in the business plan, and ultimately become the activities which Fintech Scotland ('newco') becomes accountable for.

This pack will provide detail in seven of these component areas, while the entity details & action plan can be found in their respective deliverable packs.

1. Development of a virtual hub platform
A platform to build eminence & collaboration
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2. Development of a physical hub
The launch of the hub at ▉
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3. Launch of a Fintech conference
Bring together Scotland's Fintech experts
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4. Marketing & branding
How to market Fintech Scotland
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5. Other activities
Many other workstreams under consideration
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How the prioritised activities play out over the next 3 years
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Activities beyond 2020 worth considering
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8. Entity details
The legal structure & Fintech Scotland team
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9. Action plan
Key next steps to launch the components of the business plan
Please see the action plan pack

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. Development of a virtual hub platform - Features

The first component of the business plan for Fintech Scotland to consider is the development of a virtual hub platform. This platform would work as "the glue" to bring together and connect the ecosystem. A virtual platform would create, for the first time, a method of communication and engagement between all areas of the Fintech ecosystem in Scotland. The platform would connect and nurture relationships as well as raise the profile of Fintech in Scotland both internally as a centre of innovation and success and also on an international stage alongside other global Fintech hubs. **Importantly, this is considered a key membership feature that will support in driving revenue into the Fintech Scotland business.**

As the top priority action out of the Fintech consultations, steps have already been taken towards the development of the platform. There are a number of key features that make the virtual platform such a crucial development for Fintech Scotland:

Key features of the virtual hub platform

A platform to build global awareness of Fintech in Scotland	Ecosystem user connections, search, match & collaborate	Searchable document and service directory providing advice and support	Fintech showcase and events
To help promote Fintech in Scotland on a local and international level – to be both inward and outward facing	*To link the different sectors of the ecosystem, Fintech in Scotland, from start-ups to financial institutions wanting to build their Fintech presence*	*To provide help and support to all areas of ecosystem to share ideas, launch challenges, showcase new initiatives ask for support and to introduce individuals to Fintech through events*	*To enhance the collaboration between the*
• An online location to showcase Fintech on both a regional and international level, connecting Scotland to Fintech hubs around the world • A "landing zone" for Fintech companies looking to come to Scotland with important initial advice and help • A hub for the latest Fintech news in Scotland and globally • An ecosystem map of the Fintechs in Scotland with contact information to support connection of the various groups.	• A place where academia, FS and Fintech start-ups can connect easily • Each user will have a user profile, providing contact information and areas of expertise • Users can search, match and gain mentors with others who have similar areas of expertise or can provide help and support • Users can collaborate with each other over several platforms including individual/group message boards & chat, blogs, forums and social media	• A searchable document library – a one stop shop for advice and support for all areas of Fintech • A services directory will provide users with a simple list of areas of support including funding, legal and regulation • Advice pages which cover difficult topics in Fintech such as government & regulation, funding and PR/marketing	• A platform to support hackathons, tech events & demonstrations of new technology • A platform to share new Fintech propositions / MVPs and to find users willing to test/demo these • A centralised calendar with all Fintech related events in Scotland • The ability to create and join events throughout Scotland to help people to get into and understand the Fintech ecosystem in Scotland

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. Development of a virtual hub platform - Requirements

Following the Fintech consultations, a number of very specific requirements were drawn up based on the ecosystem's input on what they would like included in a virtual hub platform.

These requirements can be split into the public features for anyone to access as well as secured member features for those in the Fintech ecosystem in Scotland. Having the secure login, and members features alongside public features would provide a full virtual platform for Scotland's Fintech ecosystem:

Secure login feature for members

The website requires two sections – a public landing page with minimal features as well as a secure login section with extensive services for ecosystem members.

Public platform requirements – for members & non-members

Adverts for Fintech in Scotland

Members / non-members

An area to showcase the various Fintech companies and specialties in Scotland to the general public.

Fintech news (Scotland)

Members / non-members

A space to share the latest in Fintech news happening in Scotland through posts and the sharing of articles. Certain articles can be selected to only be shared with members.

Scotland ecosystem map

Members / non-members

A mapping of all organisations in the Fintech ecosystem in Scotland as well as appropriate global Scots. Members will have access to contact details and any known individuals in this list.

Blogs

Members / non-members

The opportunity to post blogs with opinions and insights into Fintech in Scotland. These blogs can be shared to members only or to the wider general public.

Calendar of events

Members / non-members

A calendar with all upcoming events, meet-ups or conferences. Events can be shared privately to members or to the general public to build awareness.

Social media links

Members / non-members

For all aspects of the website, social media links (Twitter, LinkedIn etc.) will be available as well as links to the Fintech Scotland twitter and LinkedIn pages.

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. Development of a virtual hub platform – Requirements (Revenue generating)

The real differentiator between a virtual hub platform and a website promoting Fintech in Scotland is the value that can be created for each member looking to access different services. The 'members only' platform will enable people to network, connect, share challenges and goals, scout new technology, and access talent networks.

User profiles Members		Each member will have a Facebook-style user profile, providing contact information and the areas of Fintech they are involved in / have an interest in. Members can search for each other using these.
User matching Members		A feature similar to 'recommended' in LinkedIn, the ability to find members who can help you in specific areas of Fintech as well as connecting similar individuals in the ecosystem.
Mentorship connections Members		Following the matching, a mentorship style system would allow individuals to work together and advise each other on a more frequent basis.
Communication – direct (slack) Members		A private platform to directly communicate with individuals or groups in the ecosystem in a similar fashion to slack.
Communication - forum Members		A forum which will allow members to ask questions to the whole ecosystem as well as facilitating general conversations.
Testing showcase and recruitment Members		A platform to share new Fintech propositions / MVPs and to find members who will be willing to test/demo these.
Document library Members		A library of documents and resources on different areas of Fintech, making it easy for all areas of the ecosystem to access help and supporting documents.
Services directory Members		A directory of key support services that are available to members of the ecosystem including funding, legal and regulation.
Advice pages Members		Advice pages with advice and support on specific tricky topics in Fintech such as legal, government & regulation, funding, PR/marketing etc.
Fintech news (global) Members		A space to share the latest in global Fintech news – to help keep members up to date on the latest advances in global Fintech.

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. Development of a virtual hub platform – Phased delivery

Due to its importance, the development of the virtual hub platform has been discussed on multiple occasions with the Fintech Steering Committee. An initial prototype was created, based on the requirements, by Deloitte and shared with FiSAB who approved the design and purpose of the platform.

In terms of the next stages of development for the virtual hub platform, it is sensible to split the development into two key stages to reduce initial cost while ensuring progress towards the full platform aspiration:

- **Stage one "outward facing"** – an initial website launched to promote Fintechs from Scotland and showcase Fintech Scotland on a global stage

- **Stage two "inward facing"** – following the launch of the initial website, a virtual platform could be launched to tackle the rest of the requirements. These final requirements will help to service the ecosystem in Scotland by providing a secure area of the site to help collaboration and provide services.

Progress to date.

- **Stage one** – the marketing & profile stream has stated that this aspect of the virtual platform can be created quickly and should be launched as soon as possible. This strategy stream are looking to launch this as soon as possible.

- **Stage two** – Deloitte have provided a proposal for this work. All possible vendors should be considered for the creation of this before a final decision is made and development can begin.

The virtual platform is a crucial element of the membership of Fintech Scotland, and **must be created before the end of 2017 to support the financial forecasts set out in this business plan.**

Stage development of the Fintech virtual hub platform

Stage one – initial Fintech Scotland website

To build an immediate digital presence, an initial Fintech Scotland website could be launched to provide basic information on Fintech in Scotland.

– Estimated cost & development time: £10-20k , 1-2 weeks

– Implementation date: ASAP

Stage two – Fintech Scotland virtual hub

Once an initial website has been launched, this can be developed over time through a series of sprints into a fully functioning virtual hub with all the features outlined in the previous pages.

– Estimated cost & development time: £75k- £90k, 3-4 months

– Implementation date: by end of 2017

. Development of a physical hub – ▮▮▮▮

Currently, there is a time-bound opportunity to create a high-profile and internationally-competitive hub at ▮▮▮▮ in Edinburgh for Fintech companies. This is a unique proposition that would bring together an integrated Fintech programme with global reach and aspiration in an excellent city centre location that provides a location for Scotland's Fintech ecosystem to collaborate, learn from structured programmes and support and run events. The business plan sets ▮▮▮ up as place that can provide community desks for ecosystem members and a permanent office location for Fintech companies.

The creation of ▮▮▮ could provide the first pilot location for a wider, national network of Fintech hubs across Scotland as well as a connection point to other global hubs that have been successful in other parts of the world. If successfully delivered, ▮▮▮ has the potential to become a top global Fintech location in terms of technology capacity, with a particular focus on Data through connections with Edinburgh University and other specialists in this field.

There are many factors to consider with the physical hub & the next few pages will detail some of the proposed plans around floor layout, why ▮▮▮ is a good location, technical specifications & indicative costs to Fintech Scotland to run ▮▮▮ , and a view on current appetite.

Having a strong pipeline of Fintech companies to take up permanent space in ▮▮▮ is crucial to its success. Further detail around the current pipeline for ▮▮▮ can be found on **pages 20-21**.

Based on our recent discussions with ecosystem members and their commitment to taking space in ▮▮▮▮ a range of services for tenants could be launched which will help to differentiate the offering for Fintech companies in Scotland. This includes working alongside Edinburgh University, the FCA, leading system integrators and all ecosystem members through the virtual hub. Below is a sample of some of the services that will likely be on offer through the hub from members already willing to commit to taking space in the hub. Over time, additional services could be created out of the hub including permanent FCA residence, access to a specific Fintech fund and secondments into larger ecosystem firms.

Likely hub services and support networks

University of Edinburgh plan to play a key role in the hub, providing a range of services to all tenants across four key areas:

Talent:	Adoption:	Entrepreneurship:	Research:
• Engagement around developing student talent e.g. MSc Summer Projects, Elective challenge courses, Collider events • Development and delivery of Executive education programmes and training partnerships • Facilitating apprenticeships, sponsorships and placements	• Data driven challenge projects leveraging University expertise in data science and associated policy, business models and intellectual property • Access to University hosted facilities such as large data storage, analytical tools and high performance computing power • Consultancy support	• Joint participation in entrepreneurship programmes, including mentoring • Draw on expertise, track record and reputation of the DataLab, Informatics Ventures and Edinburgh Innovation	• Joint projects including access to different types of research & innovation grant funding (e.g. the DataLab and ICSF)

A **system integrator** from the ecosystem is looking to take 5 community desks within ▮▮▮▮ & they will bring to the hub the ability for Fintech companies to work on API test platforms, develop solutions through their bank system sand-box and provide SME advice & guidance on technology development.

The **FCA** are very keen to support Fintech Scotland. ▮▮▮▮ will align with the FCA services program including the regulatory sandbox, FCA surgeries, support & guidance. There is potential for the hub to host future FCA surgeries on a monthly or quarterly basis depending on demand.

The **FS community** we have engaged have confirmed that if the hub were to be created they would be interested in housing some of their teams to progress innovation programmes and work alongside Fintech companies. This provides Fintech companies an opportunity to collaborate and work on new projects, and the FS companies direct access to latest Fintech offerings. To date, key agreed participants have come from Retail Banking and Insurance providers.

There is potential to host elements of the **Data Lab** in the Fintech Hub, this will create direct access to data professionals and cutting-edge data projects

Deloitte would also potentially house a small team of industry SMEs and practioners that could provide support to the Fintech companies operating in the hub, create direct access to global networks, and run events based on emerging Fintech trends or challenges.

The above is based on limited consultations. It is very likely that additional services will be created as the hub evolves

Fintech Scotland Business Plan

2. Development of a physical hub – Summary financials

Central to understanding the viability of █████ is the financial undertaking required to secure the space. The following summarises the position (taken directly from recent discussion with █████. These financials form a significant part of the overall financial model for Fintech Scotland that can been seen on pages 45-52)

- A landlord fit-out cost of around █████ is expected to bring the building up to a reasonable and habitable specification.

- Beyond the initial Fit out, a tenants fit-out will be required to get the space up to specification for the Tenants. This is estimated to cost
- Additionally, there will be a furniture cost of around █████ which is equivalent to █████ per workstation to include meeting rooms, tea points etc.
- Further upfront capital will be needed to cover the cost of the final hub equipment requirements including admin equipment, resource centres, a telephone system, internet set-up, catering and various forms of technology including whiteboards. The development of a virtual hub is also included in this cost as it is seen as a crucial element of the hub proposition.

- Once fit out is complete, annual costs will include:
  - Annual rent due to the landlord █████
  - Landlord service charge costs for communal services █████
  - Business rate costs █████
  - Tenant service charge costs for tenant services █████

- To help cover these costs, Fintech Scotland will develop a membership structure which we will further discuss later in this pack.

For Fintech Scotland to use █████ as a Fintech hub, █████ would be the optimal solution to secure the entire building. █████ Additional space would be dedicated as community / innovation space to hold events, clinics & educational events.

█████

If █████ is taken forward a financial underwriting of █████ is required to secure the building for dedicated use as a Fintech hub, sub-letting through Fintech Scotland as head leaseholder.

█████ with █████ Differences in the rent costs are between the █████ rates & the Saville Recommendation.

All figures are based on estimates provided by the █████. These should be considered directional until the figures are confirmed during the signing of the lease.

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Development of a physical hub – Pipeline analysis

Without a solid pipeline of Fintech companies to take up the space in ███████ , this component will not be successful. From Day 1, the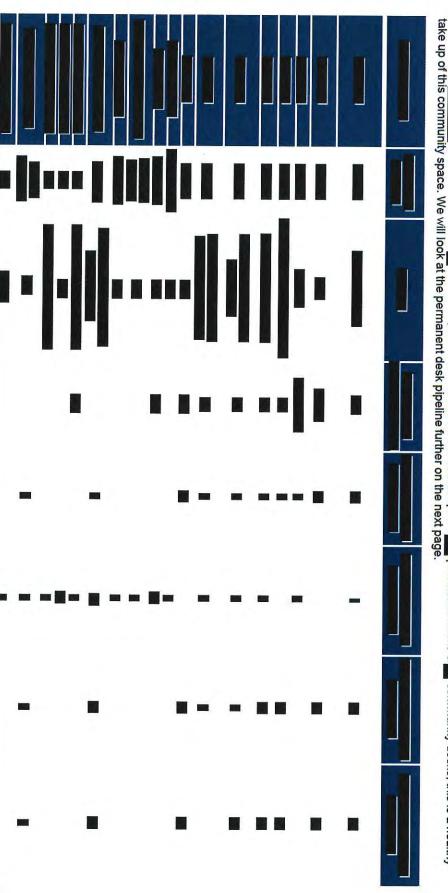re must be Fintech companies willing to move into the space. Throughout this work we have interviewed many of the key Fintech companies in Scotland and to understand their appetite to move into ████ .

Below is the information we have received based on the consultations we have had to date with potential tenants. This doesn't include the opportunity to open the space up to other potential technology partners. All figures below should be taken as indicative only, showing the possible pipeline at ████████ for both permanent & community desks.

From Day 1, ████ is predicted to have ███ community desks allocated. With a current split of ███ permanent desks & ███ community desks, this is a healthy take up of this community space. We will look at the permanent desk pipeline further on the next page.

Fintech Scotland Business Plan
2. Development of a physical hub – permanent desk pipeline analysis

The pipeline for permanent desks at ▇▇▇ looks healthy from Day 1 with a solid increase in take up of desks until the end of 2018. Consideration has also been given to locations where 'feeder pipeline' will likely be developed.

'Feeder' Pipeline

RBS E-spark hatchery	Codebase	Tontine	Scottish Universities	Seed Haus
The launch of the E-spark Fintech space at Gogarburn will help to support and produce early stage Fintech companies that could enter ▇▇ after some time.	Codebase has been a home for early stage companies across technology including Fintech companies who are ready to scale up & need specialist Fintech advice will move on to ▇▇▇.	Tontine in Glasgow will house many Fintech companies who are Glasgow based. This should help to provide a pipeline of companies who want to move to Edinburgh.	▇ ill have participation from many of the large universities in Scotland. These will help to develop companies who will eventually want to move into ▇▇.	As one of he newest technology accelerators in Scotland, Seed Haus will crucial in the ecosystem to accelerate start-up Companies. These companies can then consider ▇▇ following their initial start-up period.
Estimated pipeline: ▇▇▇	Estimated pipeline TBC	Estimated pipeline TBC	Estimated pipeline TBC	Estimated pipeline TBC

Once Fintech companies are ready to move out of ▇▇▇▇, it will be paramount to make sure these companies stay within the Fintech Scotland membership structure. Fintech Scotland must support these companies by providing suggestions for new accommodation, provide ongoing assistance as well as to make sure these companies link back as mentors to the rest of the Fintech pipeline in Scotland. This should be further considered as the business plan evolves.