



La révolution Fintech au service des PME européennes



.04

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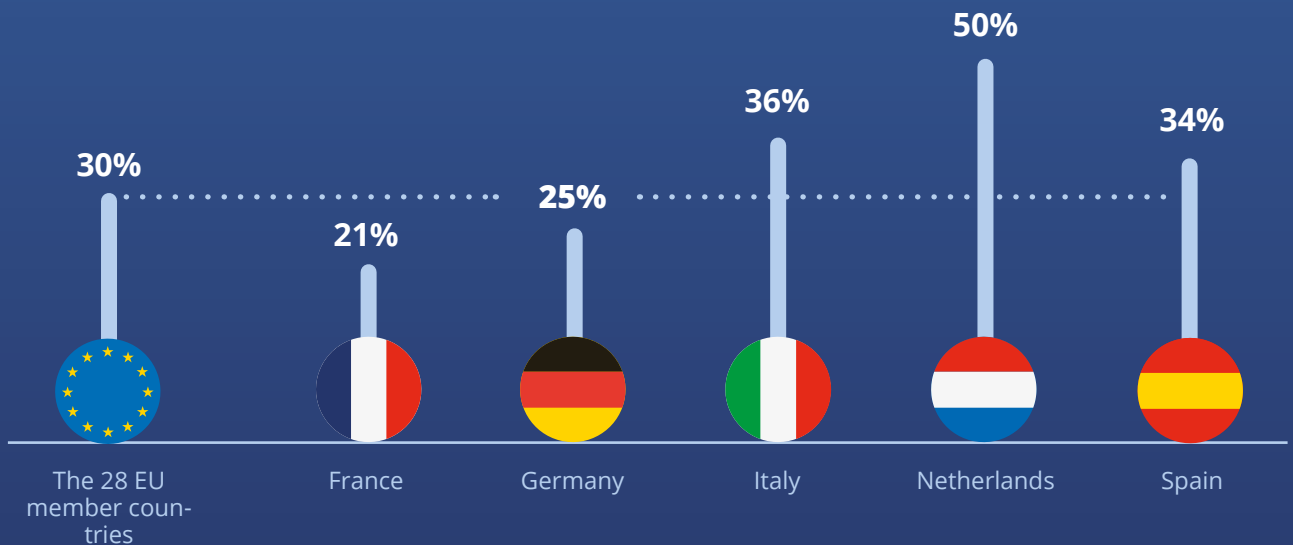
Choosing speed

Financing without constraints or
guarantee

Financing an unconventional
operation

Part 1

Fintech to the rescue of EUROPEAN SMEs?



% of SMEs that have applied for a bank loan and have not received the total amount requested

Source SAFE (2016)

Small and medium-sized enterprises (SMEs) are the backbone of the European economy. In the 28 member-states of Europe, there are nearly 23 million SMEs which represent 3.9 trillion euros of added value and employ 90 million people.

Everything must be done to facilitate the development of these companies, which are vital to our economy. Unfortunately, it is clear that, in an activity as important as financial services, the needs of European SMEs are not always being met.

23 million SMEs
employ 90 million
people

If we take the example of access to

credit financing, according to the SAFE (Survey on the Access to Finance of Enterprises) survey, conducted by the European Union and the European Central Bank, 30% of SMEs which have submitted a loan request declared that they had not obtained all the necessary financing to support their growth.

Can the emergence of new Fintech players (new **Technologies** applied to **Finance**) offer new solutions to the development needs of SMEs? Are Fintechs an alternative or a complement to existing players? Beyond the essential problem of financing, can Fintech start-ups become partners to European SMEs for the management of all their financial activities?

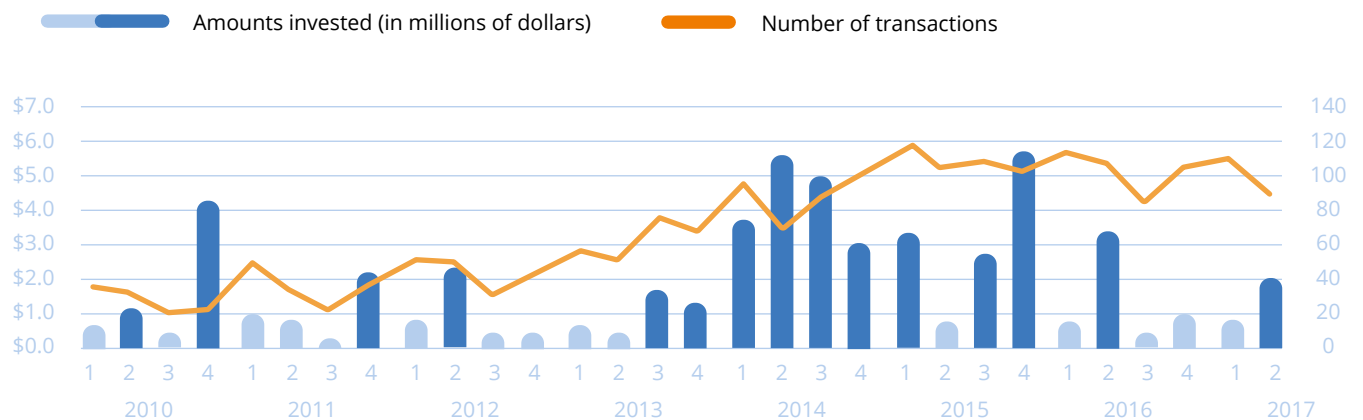
A new equation for SMEs: Fintech = Finance + Technology

"Fintech" is a portmanteau which regularly makes the news. It describes startups which use new digital technologies to launch innovative financial services with the intention of blowing open the world of traditional finance. Their turnover may not (yet) carry much weight compared to the turnover of the traditional big players, but they are making spectacular progress and their growth potential is considerable. Since 2008, investments in the sector have exploded, reaching a peak of \$23 billion globally in 2016 according to Accenture.

each quarter, according to KPMG's Pulse Fintech. Europe is not just following the United States, but has been the source of many innovations that have then taken the world by storm, such as **TransferWise** in currency transfers or **Zopa**, the pioneer of personal finance lending platforms. These two companies are from the United Kingdom, the country driving the phenomenon thanks to the open-mindedness of its regulator. Now, the spotlight is also on other European countries: France, Germany, the Netherlands, Spain and Italy.

This phenomenon also strongly affects Europe where, since 2015, around a hundred new Fintechs are financed

Total investments in European Fintech



In mainland Europe, Fintechs are indeed popular: some tech start-ups have gone from the status of mere start-up to "unicorn", the name commonly given to private tech companies with a market value of more than \$1 billion. **Klarna**, the Swedish mobile payment solution for online retailers, is valued at over 2.5 billion dollars, closely followed by its Dutch equivalent **Adyen**. French Tech has also generated players such as SlimPay, recognised in 2015 by the Deloitte Fast 50 ranking for its growth of over 4068% in four years!

The Fintech movement began in the payments sector, the first link in the banking value chain. Today, there are no components of business banking that do not have a Fintech equivalent: payment, foreign exchange, credit, factoring, cash flow management and more recently the management of current accounts.

The traditional model of "Univer-

sal Bank" is challenged by model of Banking-as-a-Service. Instead of turning to a generalist universal bank offering all products under one roof, the manager of a business can now compare services, product by product, and choose the best supplier with the best conditions from a variety of new digital players.

Who are the agents in this new ecosystem serving SMEs?

We have drawn up a non-exhaustive inventory.

An explosion of different Fintech solutions for SMEs

By focusing on a specific part of the complex financial value chain of SMEs, Fintechs offer simpler, more efficient and more economical solutions. Unburdened of some of the complexities of their administrative management, SME managers can, with Fintech support, concentrate their resources on developing their activity and their customers.

The scope of Fintech activity is very broad and constantly developing. Regarding services to SMEs, their activities cover 9 major categories grouped around the issue of flow financing and flow management on the one hand and operational excellence on the other.

Financing and flow Fintechs

- Payments
- Equity finance
- Debt Financing
- Financing by customer account optimisation
- Currency and foreign exchange management

The Fintechs of operational excellence

- Accounting and budget
- Payroll and HR
- Insurance and risk prevention
- Optimisation of bank accounts

Fintech for financing and flow management

Payments

Honouring the eldest with payment services. The first of the Fintechs, long before the name was invented, was **PayPal**. This Californian start-up took a real leap forward by becoming the payment solution for thousands of professional vendors, small and medium-sized businesses, and the eBay platform.

Since then, innovation in payment has not stopped, with a number of active Fintechs in this sector, such as **Stripe** in the US and the two European unicorns: **Adyen** (Netherlands) and **Klarna** (Sweden). In France, the start-up **Lydia** allows many services to be paid with your mobile phone: doctors, taxis, businesses, etc.

Other noteworthy payment solutions for EPTs, payment terminal solutions for accepting credit cards at the lowest cost, include the iconic **Square** (Twitter founder Jack Dorsey's second company) and its French competitor, **Smile&Pay**.

Equity finance

For a new or fast-growing company, it is often necessary to finance by raising capital. Initially and predominantly still composed of founders, family and relatives, SME shareholding continues to diversify with the increasing injection of capital from specialised financial agents, including private equity funds and business angels.

Fintech brings a new way of organising a capital increase through the emergence of equity crowdfunding platforms. These platforms make it easier to link project promoters and entrepreneurs with a wider panel of potential investors.

Equity crowdfunding is still essentially reserved for fast-growing start-ups and SMEs. Another feature: this type of platform is not dominated by Anglo-Saxon pioneers in the industry, mainly because of regulatory limitations initially applied in the United States and the United Kingdom. For example, in the United States, until the implementation of the JOBS Act's Regulation CF in June 2016, this type of funding was ring-fenced and reserved only for qualified investors.

Among the main actors, we can note **AngelList** and **FounderClub** in the USA, as well as **CrowdCube** and **Seedr** in the UK.

France stands out with agents like **Anaxago** (founded in 2012), **Wiseed** (one of the first platforms to launch in this sector as of 2008) and **SmartAngels**.

Debt Financing

The use of credit is the first way of financing European SMEs by fixed sum. Here again Fintechs offer a new alternative to managers with their lending platforms.

Originating in the United Kingdom and the United States in 2005, lending platforms are now reaching continental Europe. Rather than the United States, it is England that claims to have been the leader of the sector since 2005, with a platform dedicated to personal finance credit, **Zopa**. Lending platforms then evolved towards SME financing.

In France, until 2014, SME lending was the domain of the traditional banking system. Since October 2014, a law known as "Participatory Financing"

has managed to break this banking monopoly by creating a regulatory framework which is both clear, protective and favourable which allowed the creation of lending platforms and the development of Lendix.

Platforms like **Lendix** allow borrowers and lenders to meet. On the "borrower's" side. Lendix allows companies to borrow directly from individuals and institutions, in a more flexible, simple and quicker way than with a traditional bank. On the "lender's" side, the platform allows individuals to invest their savings while participating in the financing of the real economy.

Throughout continental Europe the phenomenon is developing and regulations are being put in place. In France, for example, lending platforms are supervised by the ACPR (French Prudential Supervisory Authority) and in Spain they operate under the auspices of the CNMV (Spanish Securities and Investments Board).

The phenomenon of lending platforms now goes beyond the simple notion of "crowdfunding" with the arrival of private and public institutional investors, such as the European Investment Bank, who choose this method to support the development of small and medium-sized businesses.

In England, several billion pounds are now delivered to SMEs annually through these platforms.

Chapters 2 and 3 of this white paper are entirely devoted to the phenomenon of lending platforms.

Financing by customer account optimisation

After equity and debt, the third means of financing a company lies in its ability to properly manage its working capital requirement.

Donation, Equity, Loan, the 3 families of crowdfunding

Matching donation

Donation, or reward-based crowdfunding, is more about sponsorship. The donor may receive, depending on the project, a gift from the project leader or a discounted price on a copy of the product they pre-order. Donation is the most widespread crowdfunding method known to the general public for financing an entrepreneurial, artistic or charitable project.

Equity, or participative investment

Capital crowdfunding, or equity crowdfunding, allows investors to take equity in unlisted companies. These are most often start-ups or small companies. The difference from traditional shareholders is that there can be many more shareholders and they can invest very small amounts.

Crowdlending or equity loan

Crowdlending through lending platforms is a financing method that allows retail investors to directly lend money to other individuals or businesses. This type of financing is for well-established companies that want to finance themselves without going through the banks. Lenders participate directly in the financing of the real economy and receive financial compensation in the form of interest.

Financing by customer account optimisation

After equity and debt, the third means of financing a company lies in its ability to properly manage its working capital requirement. Receiving payment of client invoices as quickly as possible is a key way of generating cash. To overcome structurally long payment delays, some companies resort to factoring.

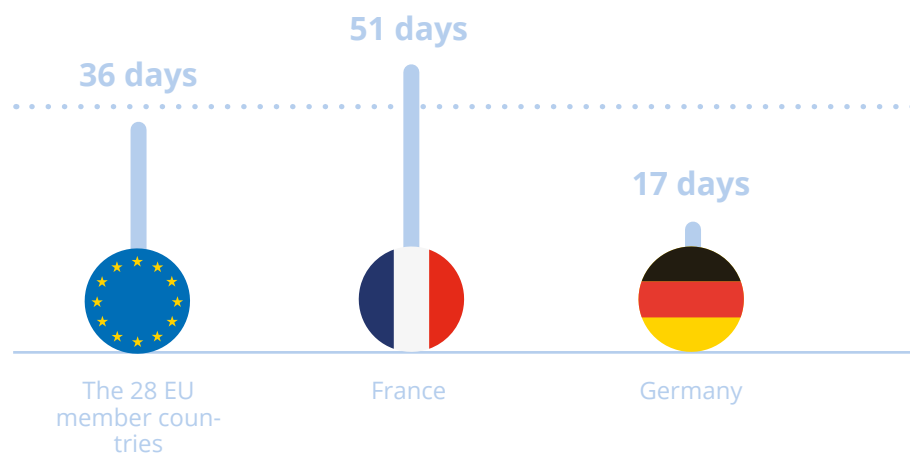
Fintech can dust off the very old method of factoring by making it accessible to all sizes of company and for any invoice, regardless of the number or amount.

Traditionally, factoring took the form of annual contracts to process all invoices and with an implementation cost that de facto excluded the smallest companies.

Fintech factoring platforms allow this model to be replicated but on an invoice by invoice basis, selling each unpaid invoice to investors at a cost slightly lower than the face value of the outstanding sum.

The online factoring market is highly fragmented with many players in the US; it is represented in the United Kingdom by **Marketinvoice**.

Europe is very dynamic with local players developing throughout the market, including **Advanon** in Switzerland, **Finexkap** in France and **NoviCap** in Spain.



Average inter-company payment time
in Europe (in days).

Source: EUR LEX 2016

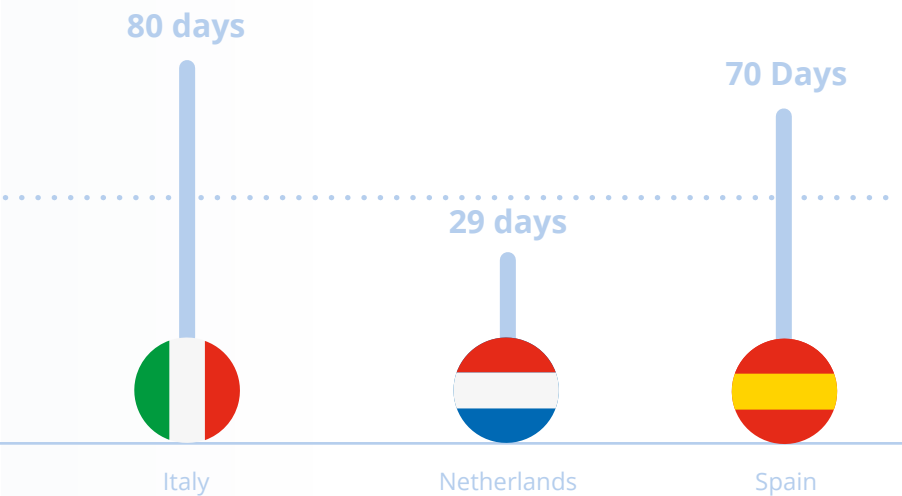
Currency and foreign exchange management

Currency management and optimisation of foreign exchange transactions are the latest example of flow optimisation thanks to Fintech.

Despite the importance of the Euro, many European SMEs with an international presence work with customers and suppliers dealing in dollars, pounds, Swiss francs or yuan.

The banking system can draw up to 3% of foreign exchange transactions in the form of commission, fees and margin on exchange rates in a completely opaque manner.

Several Fintech start-ups have tackled the opacity and exorbitant costs of this market, whether for individuals, like **TransferWise**, or for companies, like **Kantox**, which offers both automation, complete transparency and reduced costs.



Did you know?

According to a study conducted by Kantox on these customers, the total costs of a foreign exchange transaction carried out by their bank could reach up to 3.39% of the amount of the transaction!

The Fintechs of operational excellence

Accounting and budget

Accounting and budget management of companies has long been the privileged playground for technology companies.

Software companies have had spectacular successes in making the tedious tasks of business accounting simpler and more efficient.

1983 saw the birth of two of the sector's success stories:

- California company **INTUIT**, publisher of the QuickBook, TurboTax and Mint software for SMEs, which today generates a turnover of \$4.7 billion dollars
- The Lyon company **CEGID**, publisher of management software packages, founded by Jean-Michel Aulas, also a director of football team, Olympique Lyonnais, today generates a turnover of 307 million euros.

One could imagine that this field of intervention is largely saturated, yet new start-ups use the latest technological developments (cloud, collaborative platform, mobile) to simplify the lives of SMEs in this area.

For example, the Fintech **Freshbooks**, based in Toronto, helps microenterprise executives and independents from more than 160 countries through

its 100% cloud accounting and billing solution. Strengthened by the potential represented by the simplicity of its solutions, **Freshbooks** was one of the largest fundraisers in the Fintech sector in 2017 with a new round of funding of \$43 million.

In France, the start-up **Fred de la Compta** strives to dematerialise the entire administrative life of small businesses through its collaborative platform.

Payroll and HR

The lives of SMEs are not limited to financing and accounting management. There are many other administrative puzzles, especially around human resource management, that the Fintechs are trying to solve.

At the top of the list of time-consuming administrative activities is payroll management.

A San Francisco start-up is working in this area - **Gusto** - which was originally known as **ZenPayroll**. This Fintech, which offers online payroll solutions based on a cloud infrastructure, has received hundreds of millions of dollars in funding, including from Google. Today it boasts some 40,000 professional customers and a score of 5/5 on Trustpilot.

Fintechs at the service of European SMEs



cloud, has received several hundred million dollars of financing, particularly from Google. Today it boasts some 40,000 professional customers and a score of 5/5 on Trustpilot.

In France, these solutions are also booming, particularly with the start-up **PayFit**, which has strong ambitions in Europe after it raised funds of 14 million euros in July 2017.

Insurance and risk prevention

Alongside the Fintech movement, many start-ups are now targeting the very traditional insurance sector to bring new risk management solutions to SMEs.

This sector, called Insurtech, applies technology comparable with that of Fintech, to revolutionise traditional business models.

We are witnessing the development of marketplaces dedicated to business insurance, such as the one proposed by **Next Insurance** in the USA or the French start-up, **+Simple**.

Other players have decided to completely rebuild insurance products, like the French start-up, **Alan**. Since 2016, this company has been offering a health

insurance solution for SME employees, which represents one of the few new insurance products of this style created in several decades.



Insurtech, the new frontier?

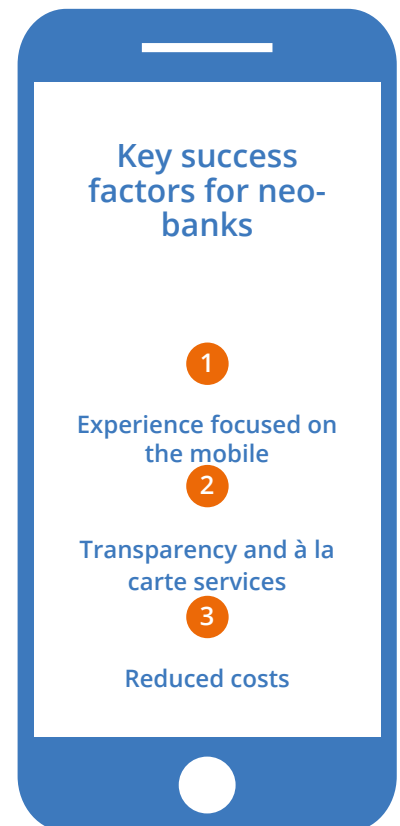
Technology companies active in the insurance sector are booming. According to Reuters, there has been more than 700% investment growth in the Insurtech sector in Europe between the first half of 2016 and 2017, when it reached a total of 400 million dollars.

Optimisation of bank accounts

Finally, the bank account itself has recently become the new playground for European Fintechs.

Inspired by the success of personal banking neo-banks such as German **N26** or the British **Atom Bank** and **Revolut**, Fintech start-ups multiply initiatives aimed at independent professionals and companies. Their principle is based on offering a banking service that combines simplicity and reduced costs, focusing on a 100% web experience and, most often, 100% mobile.

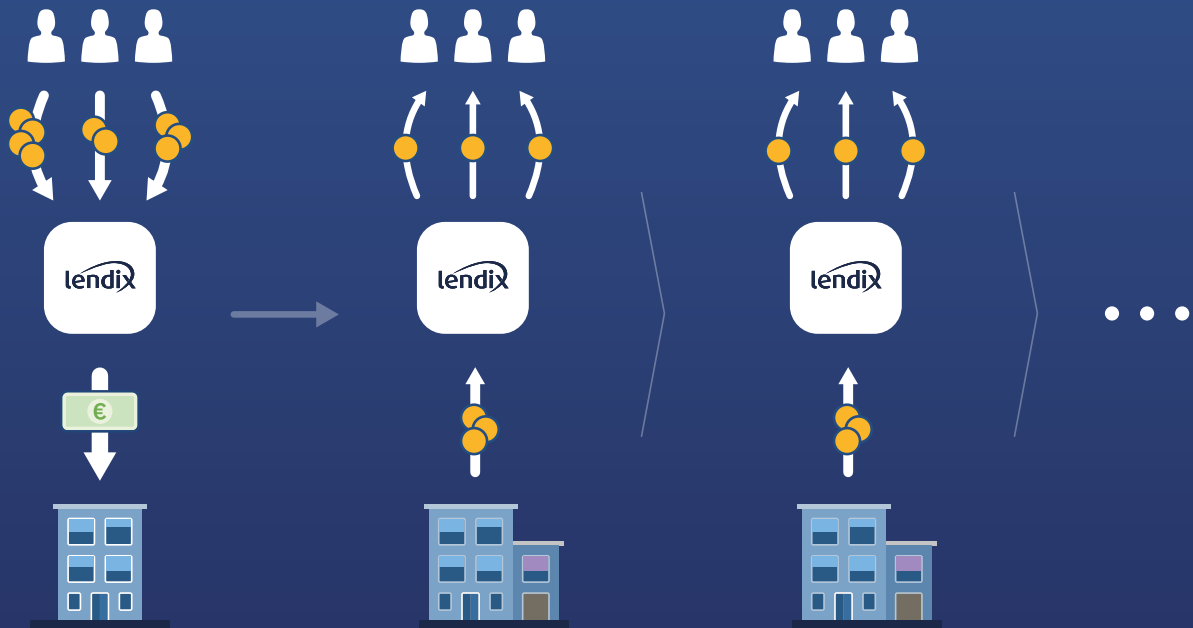
In this area again, Europe is particularly dynamic, such as with the significant recent fundraising for **Ibanfirst** (€10M in October 2016 by Xavier Niel), the British company **Tide** (\$14M in July 2017, in particular from the Anthemis venture capital fund) or French company **Qonto** (which totalled two rounds of financing in 2017 for a total of almost €12M and which counts among its shareholders the investment fund of Peter Thiel, co-founder of Paypal and first external investor in Facebook).



Part 2

Online lending platforms

Access to credit is totally market-based through online lending platforms.



How do online lending platforms work?

Facilitating lending between businesses and savers

When individuals lend money directly to a company, we call this crowdfunding. The company repays the amount borrowed directly to the lenders according to a predefined schedule and interest rate. It all happens just as it would for a conventional loan with the important difference that there is no bank between these two parties.

Online lending platforms facilitate this new relationship by bringing together businesses in need of financing and individuals who want to invest their savings. They play a real role of trusted intermediary by analysing business projects in detail and assessing the level of risk for lenders.

Online lending platforms also manage all associated financial flows: the collection of lender investments and regular repayments from borrowers and

their redistribution to lenders. With the latest technological developments, managing these financial flows has become more reliable and simple.

The banking monopoly?



Until recently, regularly lending money to an individual or company was an activity reserved only for banks. Conversely, it was forbidden for any person or firm that was not a credit institution to receive funds from individuals.

The lender was liable to penalties of up to €375,000 in fines and 3 years imprisonment. This is what was called the "banking monopoly".

Where do the online lending platforms come from?

Zopa, the first online lending platform launched in 2005 in the United Kingdom, allowed individuals to lend to other individuals. Two years later, in 2007, the online lending platform OnDeck was the first to offer loans to small and medium-sized enterprises (SMEs) in the US.

After seeing rapid growth in the United Kingdom and the United States, lending platforms spread across Europe. In France, the government published an order in May 2014 ending the "banking monopoly" on business loans and allowing the creation of online lending platforms. A decree was then published in October 2014 to oversee the development of these platforms. It sets a maximum of €2000 (initially €1000) for the amount that an individual can lend to a business project and €1,000,000 as the maximum amount that a company can borrow from individuals via a platform.

In other European countries, regulations have also evolved in favour of the development of lending platforms. In Spain, for example, the government voted in April 2015 to regulate crowd-

funding activities for small and medium-sized enterprises (SMEs). In passing this law, Spain became one of the most advanced European countries in setting up a clear and favourable regulatory framework for the development of this new method of financing.

The pioneers of online lending



2005

Personal Lending
London
£2.65 billion loaned

Zopa was the first online peer-to-peer lending platform.

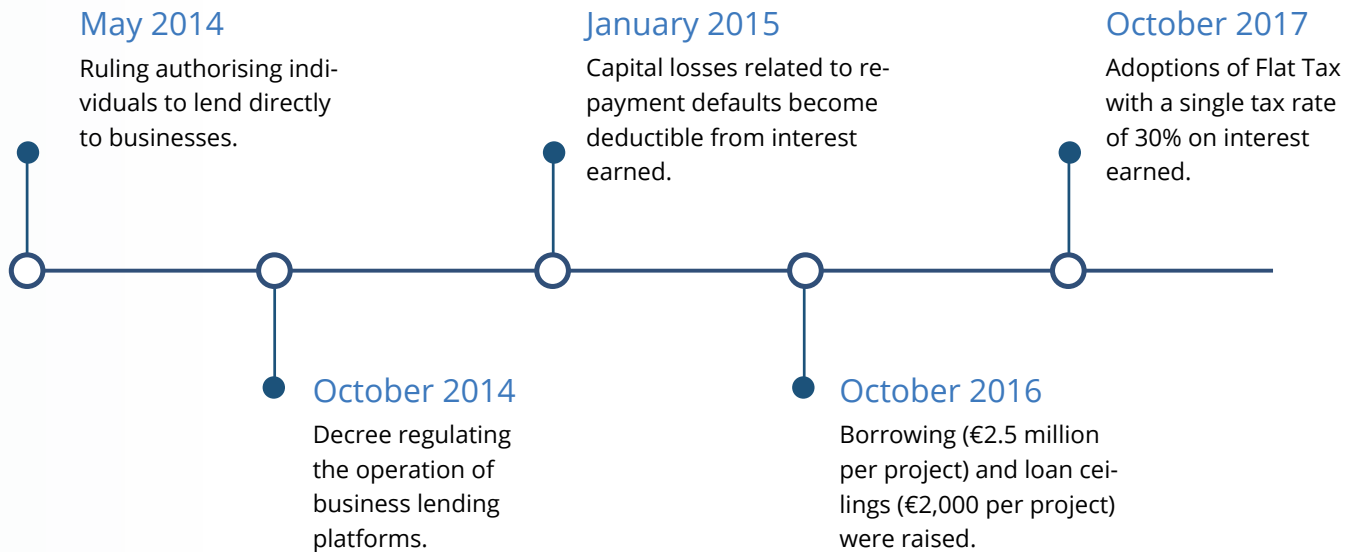


2007

Micro-business and SME lending
New York
\$7 billion loaned

OnDeck was the first online lending platform to offer loans to microenterprises and SMEs in the US.

The stages of regulatory development in France



2010

Micro-business and SME lending
London
£3 billion loaned

Funding Circle was one of the first online lending platforms dedicated to microenterprises and SMEs to launch in Europe.



2015

Micro-business and SME lending
Paris
€130 million loaned

Lendix is the No. 1 platform in France and continental Europe due to its presence in Spain and Italy.

Several hundred million euros have already been granted in loans to European companies

French and European companies are increasingly financing themselves through online lending platforms. In Europe (excluding the United Kingdom), the amount of loans granted to companies via platforms reached 198 million euros in 2016.

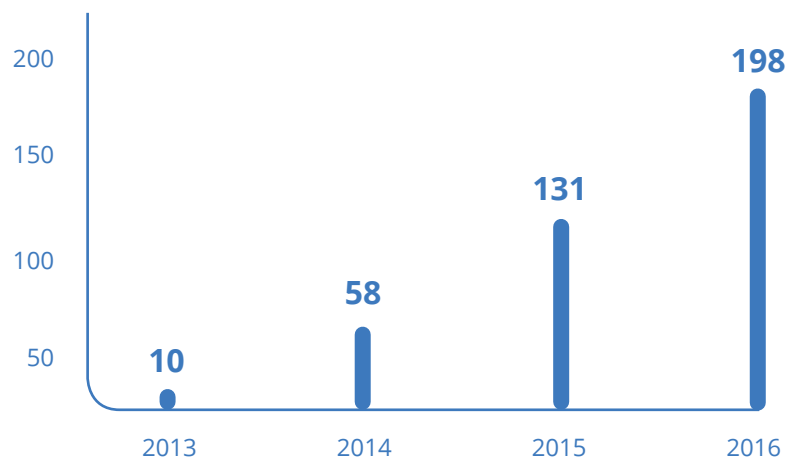
In France, loans granted to companies in 2016 via platforms reached €76.4 million, up 153% on 2015. Lendix, the number 1 platform in volume loaned in France and present in Europe (Spain and Italy), exceeded 100 million euros loaned in July 2017 for more than 280 projects funded since its launch.

A growing number of French and European companies rely on lending platforms as a source of reliable alternative financing to develop their business.



EUROPE

Amounts borrowed by European microenterprises/SMEs (excluding United Kingdom) through online lending platforms (€M)

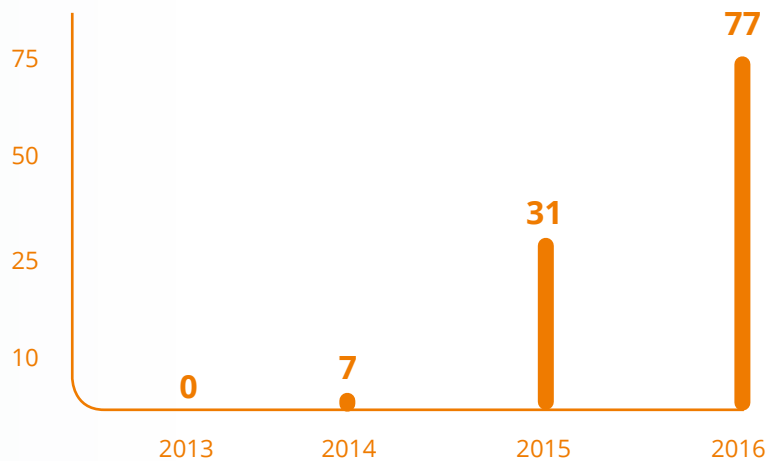


Source: AltFi



FRANCE

Amounts borrowed by French micro-businesses/SMEs through online lending platforms (€M)



Source: Lendix



EIB joins forces with Lendix to finance French and European companies

In July 2017, the European Investment Bank (EIB) Group chose the Lendix platform to strengthen the financing of French and European companies.

The EIB Group therefore contributed 18.5 million euros to the investment fund associated with the platform and dedicated to the financing of French, Spanish and Italian companies.

How is a French project financed on the Lendix lending platform?

1

The online eligibility test. Immediate response

By entering a SIREN number, the desired amount and duration of the loan and their contact information, an SME manager can immediately obtain an assessment of their eligibility for a loan.

Any commercial company (SA, SARL, EURL, etc.) located in France can apply for funding for a minimum amount of €30,000 and a duration of 3 to 84 months, regardless of its sector of activity.

Lendix supports established companies, that is companies which achieve a minimum turnover of €250,000 and which are profitable.

2

Project of project documentation

In order to accurately assess repayment capacity, Lendix analysts require the latest tax returns, a debt schedule and the company's latest account statements.

There is a dedicated member of the borrower liaison team for each project.

3

Analysis and decision within 48 hours

Each project is studied carefully. For this, a telephone interview with a Lendix analyst is conducted to provide a better understanding of each company's project.

Once the project analysis is complete, Lendix proposes a firm loan offer with fixed terms.

The screenshot shows a web form titled "Testez votre éligibilité" with the subtitle "gratuitement et sans engagement". The form contains the following fields:

- SIREN de votre entreprise: A text input field containing "100 000 100".
- Chiffre d'affaires: A dropdown menu with "Choisir" selected.
- Montant du financement: A text input field containing "A partir de 30 000 €".
- Durée du financement: A text input field containing "Entre 3 et 84 mois".
- Besoin des fonds: A dropdown menu with "Choisir" selected.

At the bottom of the form is an orange button labeled "TESTER MON ÉLIGIBILITÉ".

The instant online eligibility test at lendix.com

4

The signature and financing

of project documentation

Once the loan is accepted by the borrower, the project is now available on the lendix.com platform and is financed by the Lendix fund and community of lenders.

Disbursement of funds can then take place.

5

Loan repayment

Lendix deals with debiting the repayments from the borrowing company's bank account and repaying each lender every month.



MARINE LEGENDRE
Lendix Credit Analyst

Before analysing the development project of a company wishing to finance itself through Lendix, first of all I take note of its financing requirements and its activity.

Then, using balance sheets, tax returns and statements sent by the company, I start the financial analysis. The goal for me is to better assess the company's capacity to repay the requested loan through financial ratio calculations.

If this is the case, I also make sure that the company has all the assets to maintain its good financial health: turnover, profitability, cash flow, customer terms, etc.

Finally, I complete the financial analysis with Infogreffe, Banque de France and any other available information allowing me to understand the sector, the profile and the activity of the company.

The human aspect plays a vital role because each analysis includes a conversation with the director of the company requesting to borrow.

This is an opportunity to have real contact and further refine my understanding of the project to be financed.

What are the benefits of financing oneself on an online lending platform?

An alternative to bank credit for European SMEs

Large companies have had a significant number of financing solutions for several years. These solutions are far from simple to access and often out of reach for small businesses and SMEs. For the majority of companies in Europe, bank credit is still the only way to raise money.

In France, over the last three years, one out of every two micro-business executives has applied for bank credit and more than half of them have encountered at least one funding problem. Among the most cited:

33.8%

A "significant" demand for guarantees or personal deposits.

29.1%

Excessive bureaucracy related to very complicated files.

28.8%

Response times too long.

With regard to French SMEs, 25% of managers say they are restricted in their investments and their requests for financing with their bank because of the difficulties in accessing credit. But above all, 70% of them say they are undergoing at least one instance of tightening financing conditions by their bank. Among these tightening measures, we find here again:

39%

Request for additional guarantees.

31%

Request for co-financing (deposits).

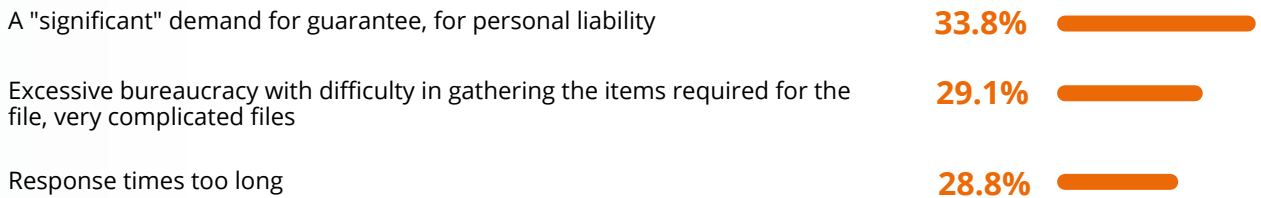
22%

A lot of waiting time.

The satisfaction provided by the banking sector seems insufficient compared to the expectations of the leaders of micro-businesses and SMEs concerning their financing. And this observation is supported by the negative Net Promoter Score (the number of customers likely to recommend their bank) now recorded within the French banking sector for five consecutive years. This score is currently measured at -5%, that is, the critics outnumber the fans when it comes to French banks (source: Challenges/Bain & Company - May 2017).

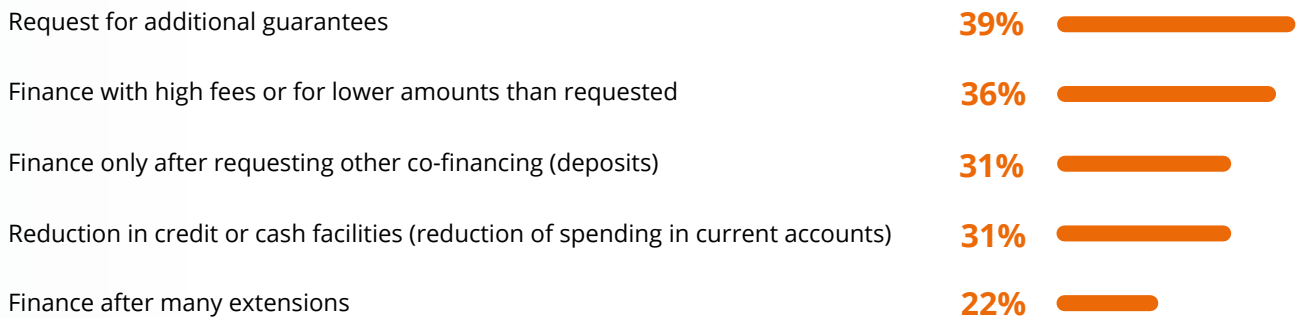
Difficulty in accessing bank credit for French micro-businesses/SMEs

1 in 2 French microenterprise leaders has applied for credit in the last 3 years. 56% encountered at least one funding difficulty:



Source: Barometer of confidence micro-businesses have in their banks - Deloitte - July 2017

25% of managers report being restricted in their investments and their requests for financing with their bank because of the difficulties in accessing credit. Your bank...



At least one tightening measure: 70%

Source: SME Development Barometer - CPME/KPMG - February 2017

5 advantages to financing yourself through the Lendix platform

Speed

Lendix provides a firm answer in 48 hours with less than 10 days between first contact and the disbursement of funds. Each project proposed on the platform is 100% financed through the mix of private and corporate lenders present on Lendix.

Trust

Lendix focuses on evaluating the borrower's project and not the guarantees it can provide, which makes it possible to finance both material and immaterial investments (recruitment, communication, research and development, digitalisation, etc.). A borrower has a dedicated loan officer in the Lendix team.

Simplicity

Lendix offers an entirely online financing journey, without having to go anywhere or provide unnecessary paperwork. Immediate answer to a free eligibility test, without commitment.

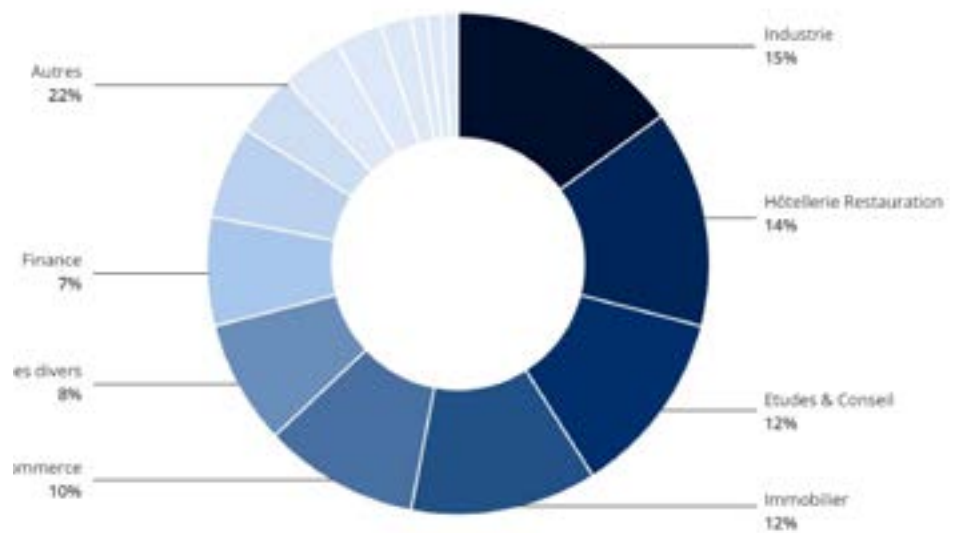
Flexibility

Lendix can respond to a situation in which the rapid disbursement of funds or the lack of requested guarantee is a priority. It is also a good opportunity for a micro-business/SME to diversify its funding sources and to reduce its dependence on one stakeholder, or on a limited number.

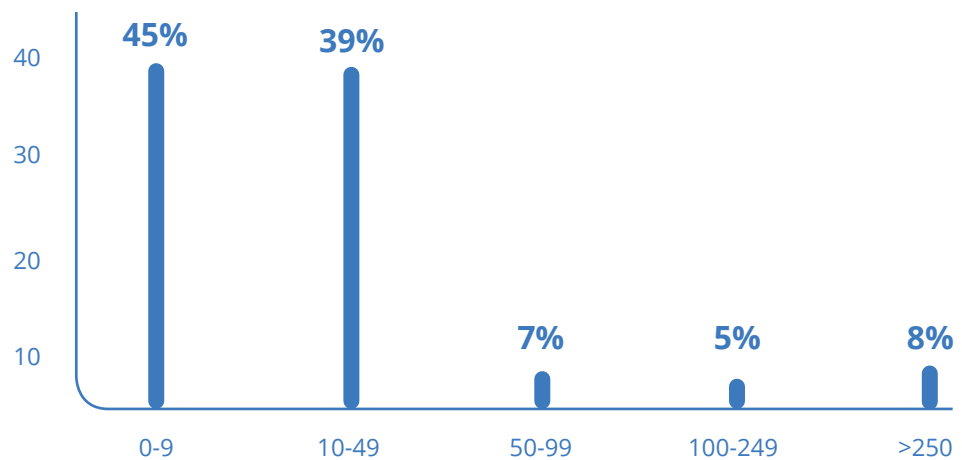
Reputation

Each financing can also be a communication operation and Lendix can, if the borrower wishes, spread the word about the operation within its network (lenders, press, social networks, etc.).

Lendix is aimed at all types
and sizes of SMEs Distribution
of projects funded by area of activity



Distribution of funded projects by number of employees in the company



Source: Lendix

What SME managers are looking for on lendix.com

I would like to...

53.3% Arrange funds quickly	A business start-up or buy-out
33.7% Not give personal guarantees	32.3% Purchasing material assets
Increase my project's visibility	Renovation works, development
25.4% Finance myself without unnecessary paperwork	29.3% Business development (recruitment, communication, etc.)
23.8% Borrow rather than tap into my cash reserves	25.4% An investment in immaterial assets (R&D, digitalisation, etc.)
22.7% Diversify my financing sources	23.2% Refinancing associate current accounts
17.2% Finance myself without any additional obligation or covenant	A capital reduction operation
15.5%	9.2%
	8.2%
	2.5%

I need funds for ...

Source: Lendix



At first we were a little sceptical, we said: what's the catch? Now we are satisfied.

Thierry Bonvoisin
Company director

Caen Echafaudage Scaffolding company
Ouest-France



For us to be responsive and effective, it seemed obvious that we had to diversify our sources of financing by turning to a lending platform like Lendix, which is simple and fast.

Jean-Philippe Cartier
President of the

Hotelier H8 Collection group

Benefits for private lenders



Attractive profitability

The Lendix online lending platform offers lenders interest rates ranging from 2.5% to 9.9% depending on the risk and the loan duration. As of July 31, 2017, the average interest rate obtained by a lender who participated in all projects on the platform is 6.43% (including 8 projects defaulting on payment out of 277 financed).



Monthly repayments

When you lend to a company with Lendix, you will receive monthly repayments. It is an investment that is "depreciable", the risk of which gradually decreases as the amount loaned to the project decreases over time.



Finance the real economy

Lenders themselves choose the projects of the companies they wish to support based on the transparent evaluation of the companies and the risk

taken by the Lendix team of analysts. Private lenders can lend directly to companies from €20, thus directly financing the real economy. Their savings have a direct social impact.



Lend to institutional investors' securities

The Lendix platform offers individuals the chance to lend to institutional and professional investors' securities (e.g. insurance companies). This is the guarantee that every project proposed on the platform will be financed in full and that the sums invested by private lenders will not be immobilised for any reason during the subscription period.

Caution: lending money to SMEs/ microenterprises presents a risk of capital loss and requires your savings to be immobilised.

What guarantees are there for lenders?

Choosing a recognised, diversified online lending platform with many projects to finance is a good start to investing.

Lendix advises lenders to participate in at least 50 different projects. In addition, its managers participate personally in all projects proposed on the

platform, which ensures an alignment of interests with all lenders.

Some online lending platforms offer insurance or a guarantee fund financed by borrowers and lenders. However, these schemes can be costly for borrowers and lenders and are often ineffective because of certain clauses.

Fewer SME defaults in 2017

In France, at the end of August 2017, the number of SME defaults over the last 12 months reached 55,650. Down 7.3% compared to August 2016. (Source: Banque de France)



How does a SME director choose their online lending platform?



The amount and the duration of funding

The amounts that can be granted and durations of the loans may be limited depending on the platforms and how they work.

Lendix offers extensive financing possibilities with loans ranging from €30,000 to €3,000,000 over periods of 3 to 7 years.



Interest Rate

There are two methods used by platforms to set interest rates:

- The platform teams analyse each business project in detail and the rate is set according to the estimated risk to lenders. This is the solution Lendix chooses, to ensure the best rates for borrowers and lenders.
- Lenders themselves set the interest rate through a reverse auction system. This solution can lead to rates that do not reflect the reality of the project.



Financing guarantee

Some platforms rely solely on their community of private lenders to finance business projects. Lendix includes a group of institutional investors in its investor group, which ensures that each project proposed on the platform will be fully funded.



Commission and management fees

The commission charged by online lending platforms is typically between 3% and 5% of the amount borrowed. Most platforms also charge a monthly commission covering flow management fees.

Lendix charges a project set-up fee equal to 3% of the amount borrowed, only if the project is accepted by the borrower. A flow management fee, equal to 1/12% of the outstanding amount, is also deducted every month. There are no other commissions or hidden fees.



The activity and reputation of the platform

Not all platforms make their activity

or history publicly known. However, studying the number of projects, the amounts financed in recent months or the number of lenders present on the platform is a good indicator of a platform's health.

Lendix makes all of this data available in a transparent way to make it easier to compare platforms.



Regulation

All French online lending platforms must have IFP (crowdfunding intermediary) status or CIP (crowdfunding investment adviser) status, created in May 2014 by the French Government, and must comply with ORIAS (French Insurance Brokers' Register) guidelines. This is a detail that must be checked when visiting an online lending platform.

Part 3

SME financing case studies

Need something quick, to obtain finance without constraint or guarantee, or to finance an operation that is a bit different?

Learn in detail all the benefits that the Lendix financing solution brings to borrowers, through 6 real case studies.



Choosing speed

Case n°1

Novae Aerospace



Problem

Novae Aerospace is an aeronautical subcontractor involved in the Airbus and Dassault programs. As part of its activities, Novae Aerospace manages the assembly, painting and coating of aircraft fuselage and wing structures.

The group is doing well and has recorded steady annual growth since 2011. Novae Aerospace has just won a contract which requires them to deliver the first orders very quickly. To honour this potential contract, the group must purchase two new machines, one of which is specific for assembly. Unless it obtains this machine quickly, Novae Aerospace will not be able to win this important contract.

Where can they find the funds quickly to procure these new machines and honour the new contract?

Solution proposed by the lending platform

Lendix is committed to giving a firm response within 48 hours of the request for financing, with funds available within ten days.

There is minimal extra cost compared to a bank loan in terms of signing the contract, and the speed convinced the group, which borrowed €1,500,000 in record time.

Quote & key figures of Lendix financing



"We work very well with our financial partners but very clearly, this is much faster. The entire project appraisal phase, particularly with regard to obtaining the guarantee, does not exist. »

Cédric Taveau, CEO Novae Aerospace.

Company

Sector/Industry

Location/Prunay (51)

Employees/420

Turnover/€36,361,082

Amount borrowed	€1,500,000
Loan Term	60 months
Rate	6.50%
Number of lenders	1304



Choosing speed

Case 2 T&T Nature

Company

Sector/Business

Location/Chaleins (01)

Employees/45

Turnover/€2,993,000

Problem

T&T Nature specialises in natural food supplements with a focus on high-end products including royal jelly, developed in a French laboratory. Anxious to sustain its customer relationships, the company has created an integrated call centre and a website to provide new customer relationship management tools.

It now wants to recruit 20 new sales representatives to cover the whole of mainland France and hopes to generate 1.8 million in additional turnover.

How does it finance these immaterial expenses quickly whilst sticking to its budget?

Solution proposed by the lending platform

On the Lendix website, the company can take a free, no obligation eligibility test in just a few clicks and gets an instant preliminary diagnosis. Once the eligible financing application is received, Lendix contacts the company, which receives the funds in their bank account in less than 10 days.

This is how T&T Nature obtained €250,000 of financing after 8 days of membership, directly from 621 lenders

who participated in the project.

Quote & key figures of Lendix financing



"We work with several banks and we knew they would not be comfortable financing immaterial resources. We wanted to get it done quickly and found responsive people at Lendix who were able to meet our needs. We live in a constantly evolving world and we have to adapt to it. »
Cristelle Transler, Founder and CEO
T&T Nature.

Amount borrowed	€250,000
Loan Term	48 months
Rate	8.50%
Number of lenders	621

Financing without constraint or guarantee

Case 3 Bowling World in



Problem

Bowling World is a chain of bowling alleys with 11 establishments across France. The goal of the creator of the chain is to become a franchisor and he wants to sell some of these bowling alleys to franchise buyers. 6 bowling alleys had already been sold at the time of the operation.

In this context, Mr. Vanphavong wishes to become a franchisee of Bowling World in Blois, the only bowling alley in an area of 40,000 inhabitants. A business professional and restaurateur, the buyer has more than 25 years of experience in the sector and owns a bar-tobacconist and a restaurant, which he took over in 2015.

Fearful of the sector of activity they consider to be at risk, the banks first proposed financing up to 80% of the amount of the takeover, then took a cooling-off period of several weeks, creating too many constraints for Mr. Vanphavong and his financing project.

What solution other than a bank loan does Mr. Vanphavong have to be able buy the bowling alley?

Solution proposed by the lending platform

Lendix intervenes in all sectors of activity and takes no guarantee, insurance or personal guarantee. The platform therefore positioned itself by proposing to the buyer that it fully finance the acquisition, without any bank co-financing.

Mr. Vanphavong was able to borrow €658,000 over 84 months, in addition to his personal contribution of €60,000. In 4 days of collection, the project was funded on the platform.

Quote & key figures of Lendix financing



"I did not know about crowdfunding, and it is a real alternative to banks, which are sensitive about certain types of financing. Without this, I would not have been able to take over the business, at least not as quickly and not without giving a personal guarantee."

Paul Vanphavong, buyer of Bowling World in Blois.

Company

Sector/Events

Location/Traînou (45)

Employees/7

Turnover/€1,065,000

Amount borrowed	€658,000
Loan Term	84 months
Rate	6.50%
Number of lenders	274



Financing without constraint or guarantee

Case 4 Orexim

Company

Sector/Industry

Location/La Jaille-Yvon (49)

Employees/22

Turnover/ €48,902,000

Problem

Orexim is a family-owned property company specialising in business properties and has over 684,000m2 of real estate in France. In order to optimise office occupancy rates and position itself in a qualitative market, the group must be able to offer modern office areas, meeting the comfort criteria and the environmental standards required by the tenants.

How can they finance the renovation works whilst also meeting the environmental requirements?

Solution proposed by the lending platform

The strength of the Lendix offer lies in its simplicity: financing without constraint or paperwork. While banks request a multitude of documents to justify each stage of financing, Lendix disburses all the funds on the basis of the company's actual repayment capacity.

As a result, Orexim has borrowed twice on Lendix to finance its renovation work, for a total amount of €2,500,000, from 1374 lenders.

Quote & key figures of Lendix financing



"I got to know Lendix as a lender on the platform! I was going to operate a parallel restructuring of the Orexim housing stock, and I thought it would be interesting to appeal to Lendix, which is less restrictive than banks when it comes to financing immaterial resources. »

Nicolas Ramé, director of Orexim.

Amount borrowed	€2,500,000
Loan Term	48 months
Rate	6.75%
Number of lenders	1374

Financing an unconventional operation

Case 5 Saint-Jean Industries



Problem

The car parts manufacturer works with customers around the world: PSA, Honda, Jaguar, Fiat-Chrysler, Renault, Ford, BMW, Ferrari, Aston Martin, etc.

The group has just received "the order of the century", a 9-year contract with Chrysler, for which the parts manufacturer must finance an investment of 57 million euros.

In order to fulfil this order, the group needs to find funds to improve productivity and finance the purchase of equipment for two of its plants abroad, one in Norway and the other in Arkansas.

It is not possible for the group's banks to follow this operation because the company is at its credit limit and therefore unable to take additional guarantees on these assets outside French territory.

How can it obtain financing to purchase machinery for use abroad?

Solution proposed by the lending platform

The lending platform is committed to financing that does not fit into traditional banking paradigms, including international development financing.

The parts manufacturer was able to borrow €1,150,000 in three instalments from Lendix to finance its foreign-based assets (factories in Norway and Arkansas).

Quote & key figures of Lendix financing



"Getting financing has been easier than in the traditional ways. It's a tool adapted to SMEs, even if the amounts are still a little limited today. »

Christian George, CFO SJI.

Company

Sector/Industry

Location/
Saint-Jean-d'Ardières (69)

Employees/1,800

Turnover/€198,000,000

Amount borrowed	€1,150,000
Loan Term	48 months
Rate	6%
Number of lenders	610%



Company

Sector/Information & communication

Location/Mérignac (33)

Employees/19

Turnover/€1,862,000

Problem

IDSoft is a specialist publisher in the field of financial simulation software and CRM solutions for real estate.

Every year, the company devotes significant resources to the research and development of new solutions, which are used by most companies in the real estate industry. Now, IDSoft wants to develop and optimise its "Collaborative Space" software, which is a digital sales support tool.

Financing digitalisation falls into the category of immaterial resources which is not popular within the traditional banking system. Most SME investments in digitalisation must be treated as expenses and financed by drawing on cash resources.

How can companies obtain the necessary funds to finance digitalisation?

Solution proposed by the lending platform

Lendix finances all needs, purchase of

Financing an unconventional operation

Case 6 IDSoft

material assets, commercial development (recruitment, communication, etc.), business buy-outs, refinancing associates' current account, renovation works, development or investments in immaterial assets such as R&D, or digitalisation like IDSoft.

The company was able to borrow €150,000 on the platform from 620 lenders in just 24 hours.

Key figures of Lendix financing

Amount borrowed	€150,000
Loan Term	48 months
Rate	8%
Number of lenders	620



TO
FIND OUT MORE

www.lendix.com

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