



Gresham

# Digital **confidence** for financial markets

## Capital Markets Day

12 October 2022

[www.greshamtech.com](https://www.greshamtech.com)

# October 2022 Capital Markets Day

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**Welcome .....**

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# Management team - presenters



**Ian Manocha**

*Chief Executive  
Officer*



**Tom Mullan**

*Chief Financial  
Officer*



**Jonathan Cathie**

*Chief Corporate  
& Legal Officer*



**Neil Vernon**

*Chief Technology  
Officer*



**David Eagan**

*Director, Customer  
Success*



**Tamsyn Cole**

*Director, People  
& Culture*



**Rob Cohen**

*Sales,  
Americas*



**Spencer Black**

*Sales,  
EMEA*



# Agenda

## SESSION 1

- Introduction
- Why are we here?
- Our solutions, products, services & customers
- Customer case study - banking
- North America
- Customer case study – buy-side
- Customer Success
- Q&A
- Refreshments

## SESSION 2

- Our go-to-market strategy
- Product & product roadmap
- Our business platform
- Creating shareholder value
- Q&A
- Wrap up
- Drinks and meet the team





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# Introduction

# Technology solutions for **control & automation** in financial services

## Vision

Every action and decision based on data and processes which can be trusted

## Clareti

An enterprise-grade **SaaS platform** to **connect**, **reconcile** and **control** 'any and all' data and processes

## Risk & Compliance

**Cost**

**Service Quality**

**Reputation**

## Agility

**Growth**

**Certainty**

**Confidence**



Land & Expand

Cross-sell

International

Cross-industry



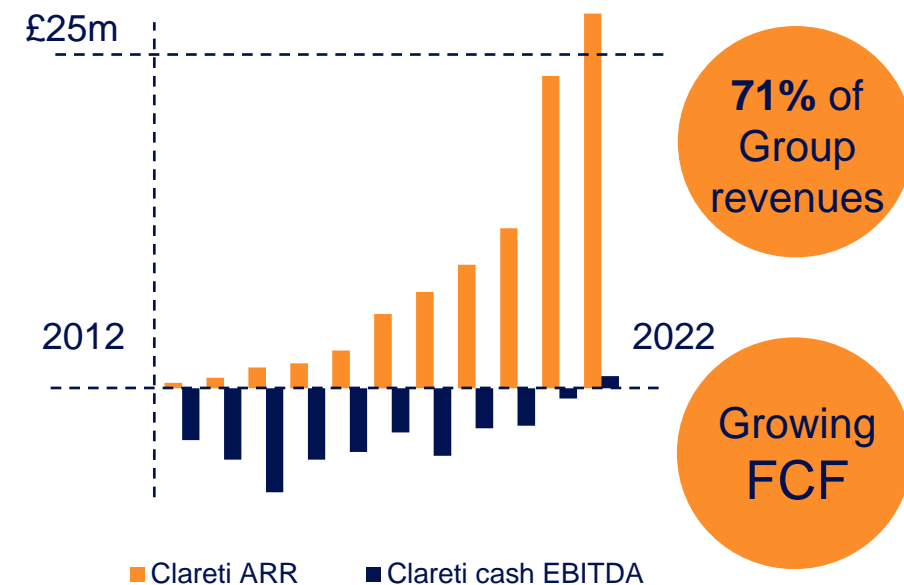
**270+**  
customers

in **30**  
countries



**37%**  
5 year ARR  
CAGR

**105%**  
Net ARR  
Retention



# Compelling market opportunity

Financial services firms are being **held back** by their legacy operations

Firms desperately need smarter **automation** and better **control** over their data & processes

Whilst their industry is being **re-imagined** through **digital transformation** and **pressured by regulation**



“Clareti Control & Connect have enabled the bank to change outdated and cumbersome processes, ditch legacy solutions that were preventing us from achieving our business and customer growth goals, and ensuring we remain on the right side of the regulators.

Across the bank we have introduced a level of **data automation & integrity** that we didn't think existed from any vendor out there.”

*Head of Change, Tier 1 bank*



# Our Vision – the **control** platform for **digital** business

## A post-digital world means...

- **Your industry**, re-imagined
- **Digital processes** at the heart of your operations
- Digital **partnerships** and industry **platforms**
- **More data**, **more connectivity**, more complexity
- **Artificial and human intelligence** combining to go beyond automation
- **Data-driven** decision making
- **Your business**, automated and transformed

## Complete **control** of data & processes



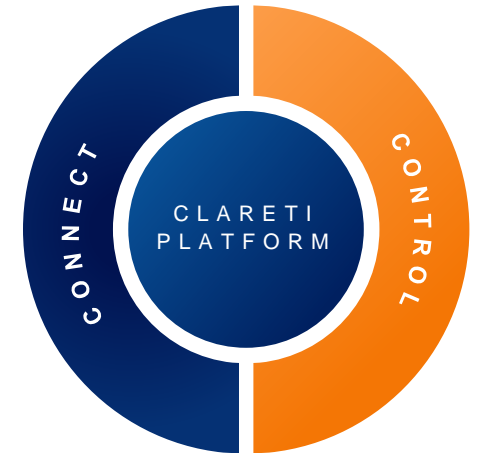
**Digital Integrity**



**Digital Agility**



**Digital Confidence**





# Complementing the platform with M&A



## **Bolt-ons** 2016-2020

- Three small bolt-on acquisitions each ~£1m ARR purchased at ~3 X ARR multiples (C24, B2 & Inforalgo)
- Additional customers and recurring revenues
- Technology and people to build out our connectivity & cloud
- Post Brexit EU presence acquired

## **Electra** June 2021

- Transformational acquisition, approx. maximum 3 X acquired ARR of £9.2m
- Almost 2X Clareti ARR and 3.4X Clareti ARR in US
- Significantly enhanced buy-side specific & data acquisition capabilities
- Increased US headcount from ~10 to ~60

***Sustained **organic growth** and **strategic acquisitions** expected on journey to £100m ARR goal***





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# Why are we here?

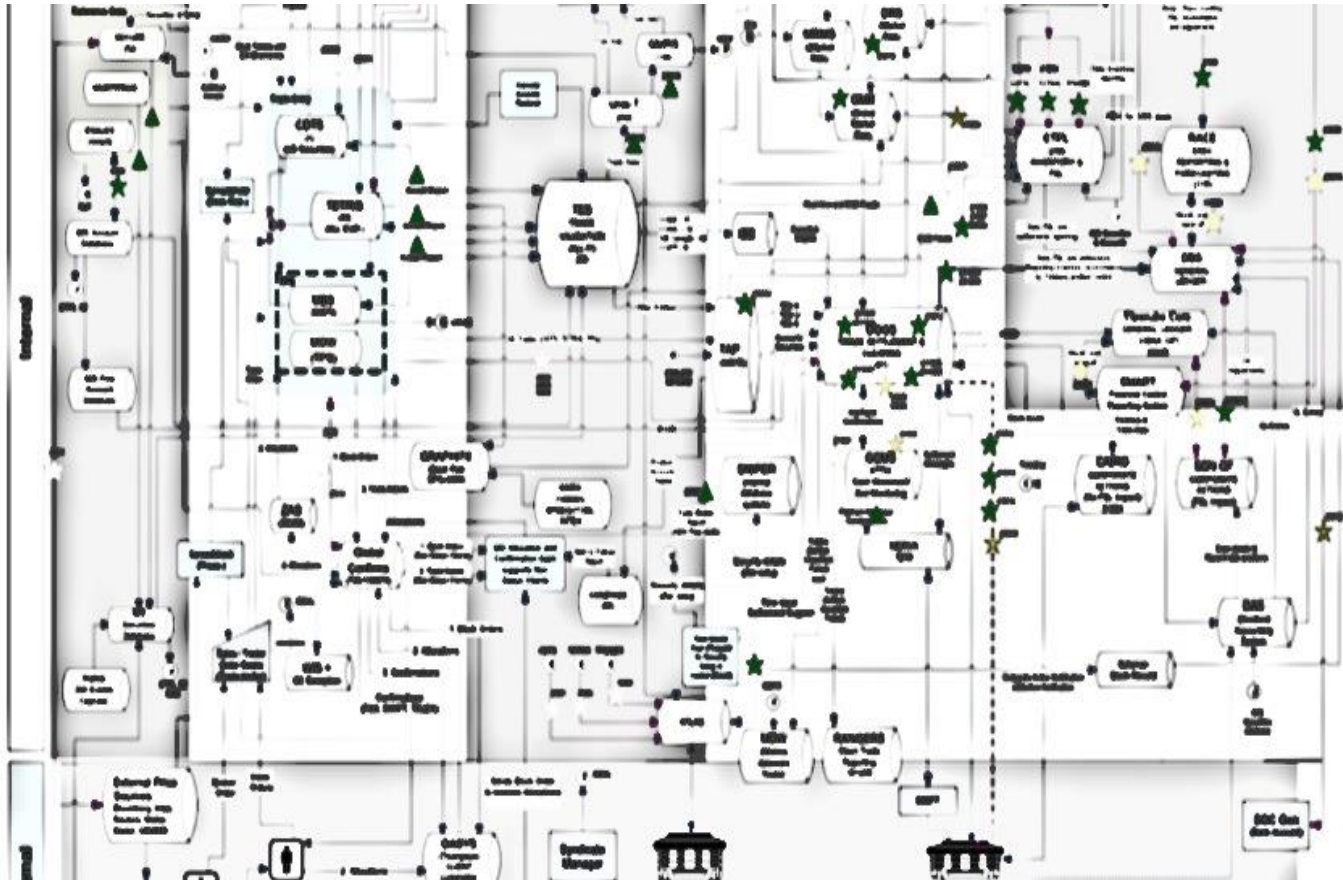
# “Firms are **held back** by their legacy operations”

What does this mean in practice?



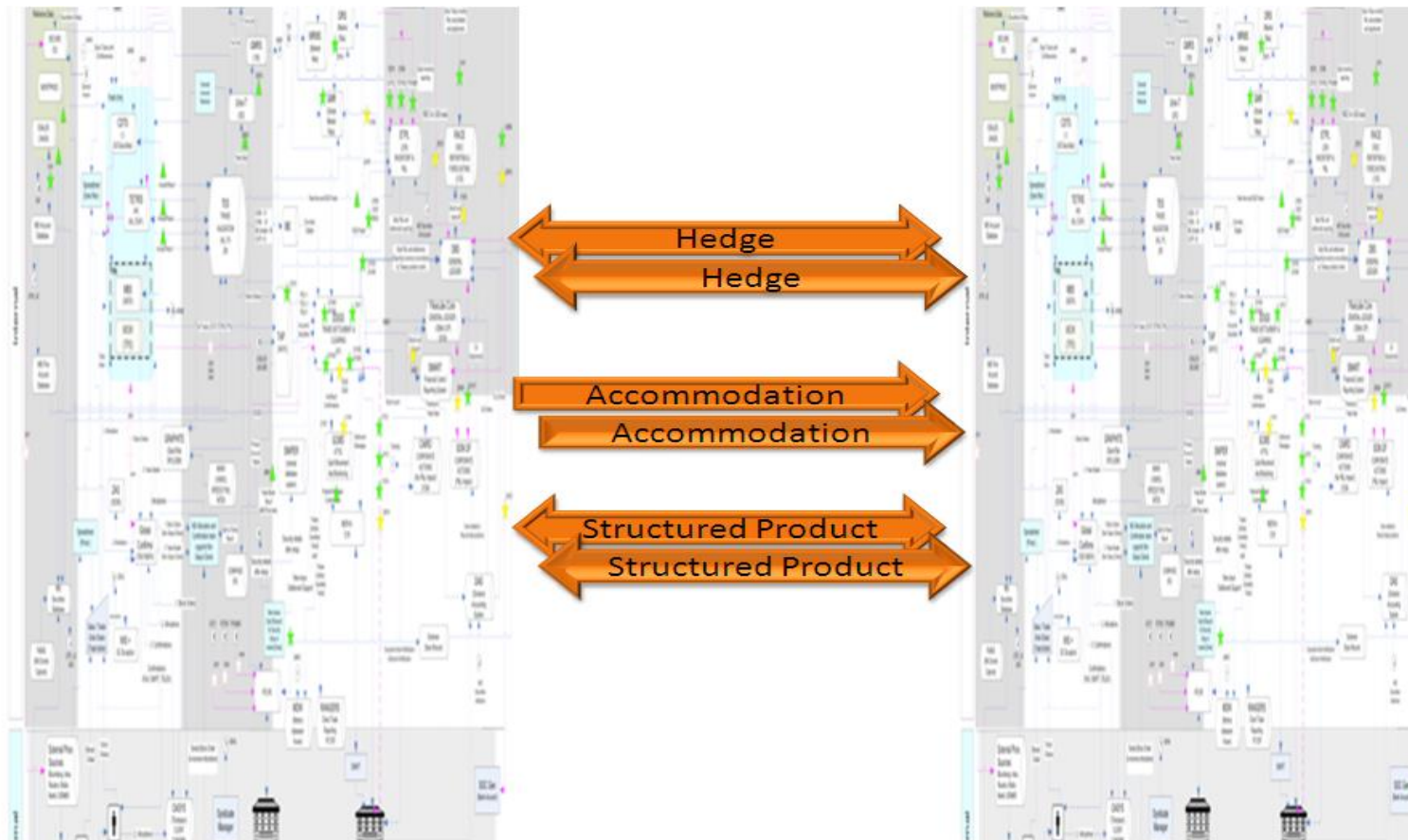
# Operational risk and innovation risk

Processing infrastructures for a single financial product are complex



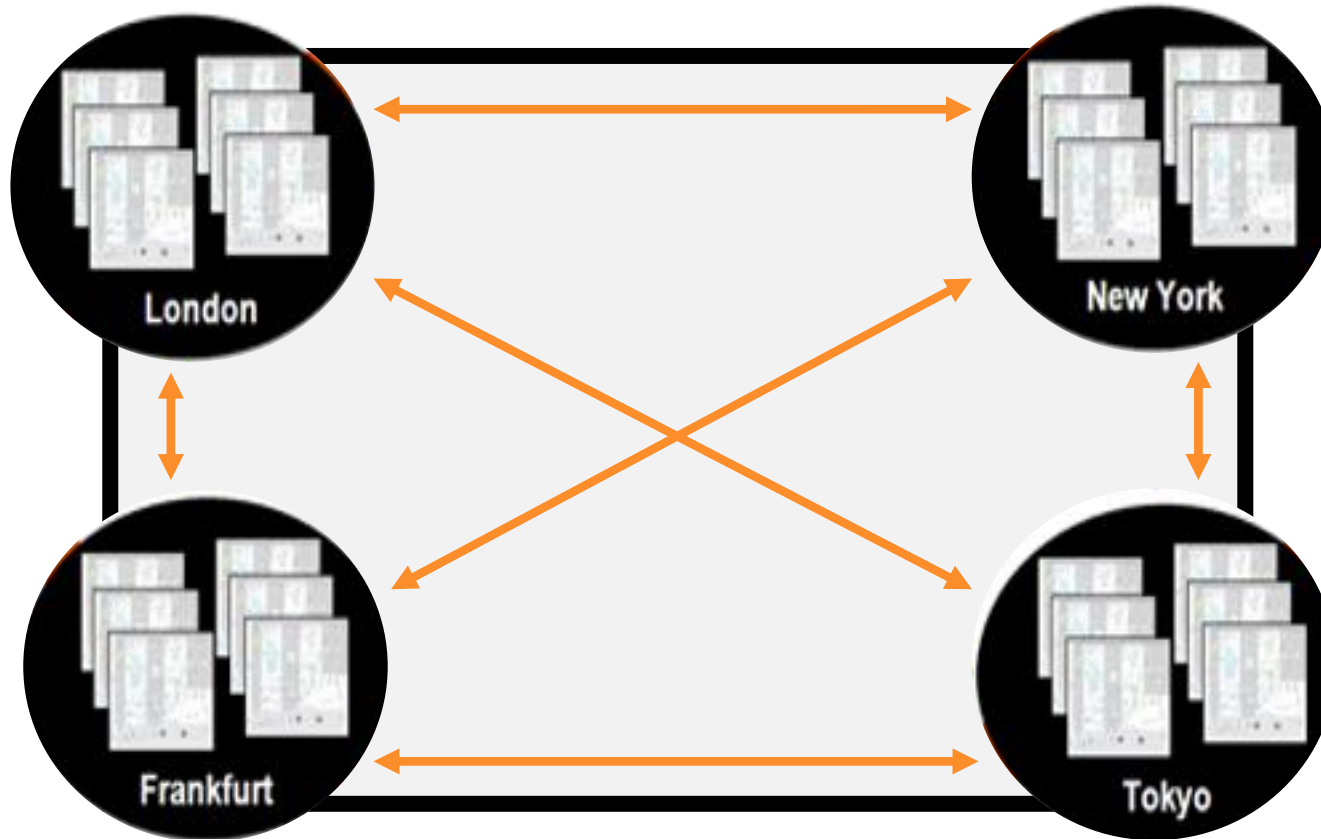
# Operational risk and innovation risk

Hedging, accommodation and structured products entangle silos



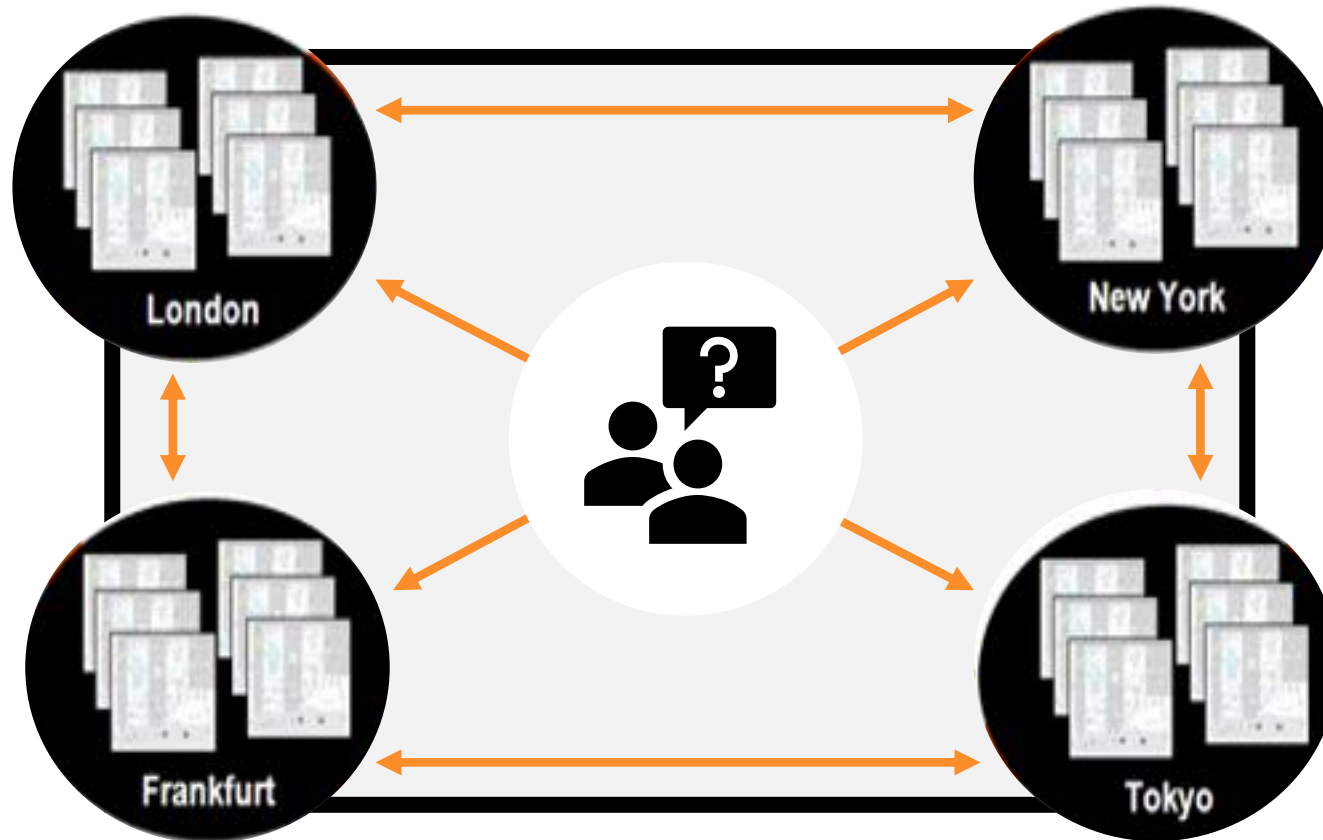
# Operational risk and innovation risk

Back-to-back intercompany improves profitability, but increases operational risk



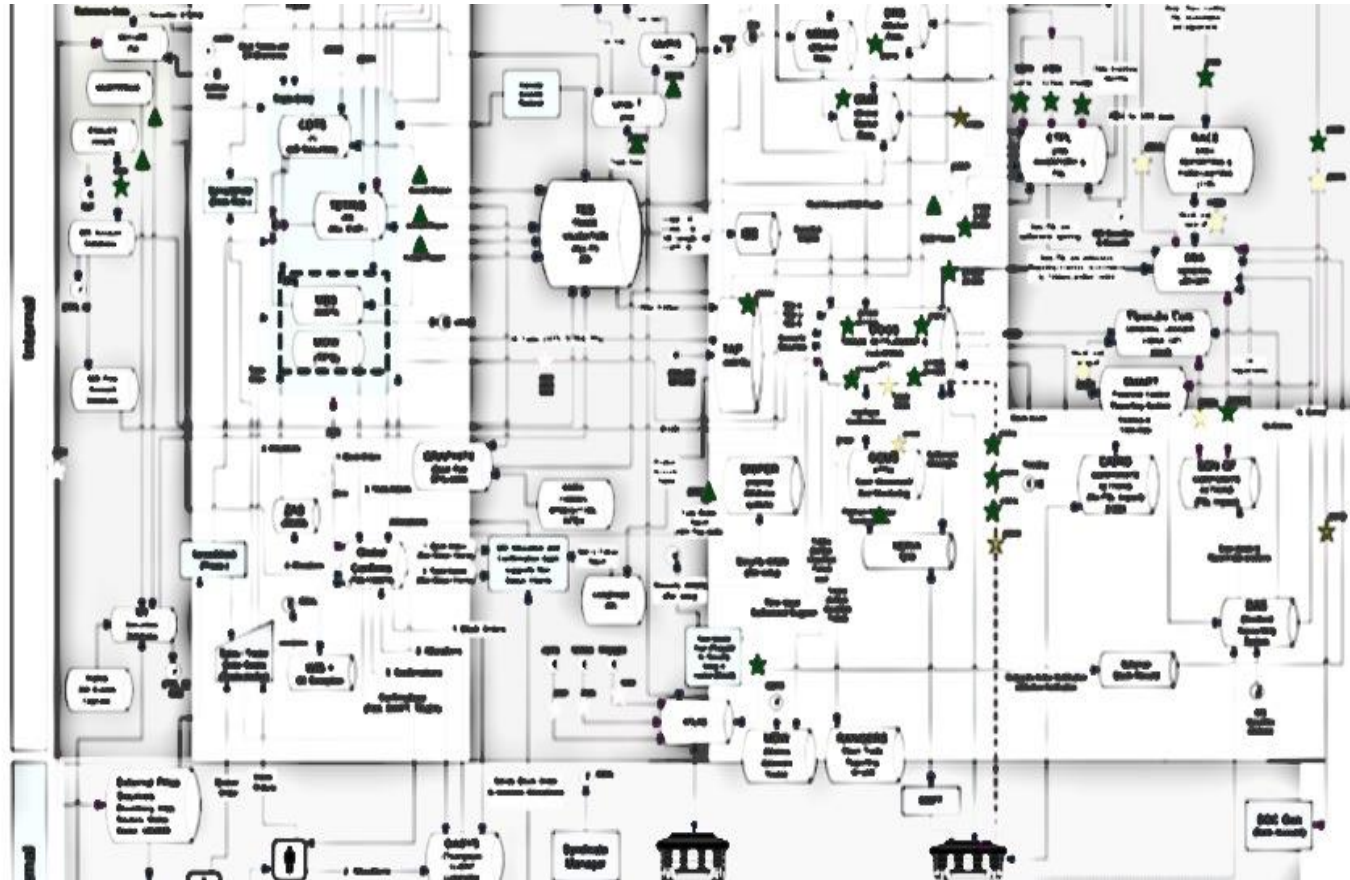
# Operational risk and innovation risk


Creating an environment where uncertainty reigns and loss events are common



# Operational risk and innovation risk

Processing infrastructures for a single financial product are complex





**2,500 PLACES**  
where a loss event  
can occur with no  
detection.  
“Hidden in plain  
sight”

# loss event n.

1. Operational failures that give rise to
  - a. monetary loss
  - b. reputational issues
2. Arise from adopting post-settlement, detect-based approaches
3. Can range from tens to billions of dollars per event
4. Loss events increasing from Financial Product innovation
5. Not confined to one operating process



...and think what happens when the US moves to T+1 settlement?



# Problem landscape and failed solutions



Inaccurate, incomplete, **poor quality**, unavailable data



**Frequent breakages**, lack of automation, dumb robotic automation,



Dependence on IT, domain expertise required, backlog of requirements, **business left waiting**



**Manual workarounds**, quick fixes and 'black boxes' built by individuals or third-party service providers



**Poor match rates**, inefficient exception handling, no continuous quality improvement



Technology **can't cope with volumes and speed**, need for multiple environments, batch not real-time



Human errors, lack of audit trail, **inadequate reporting, lack of oversight, audit and control**



Spreadsheets & other user developed apps



In-house IT developed solutions



Legacy vendor products



Highly generic data engineering tools



Outsourced service providers



Bundled "modules" from core systems vendors



Point solutions

# Controlling your Digital is a cross industry play

## CAPITAL MARKETS

Global Investment Banks	Asset Managers
Broker/dealers	Hedge Funds
Private Banks	Custodians
Market Infrastructure	Fund Admins
Clearing & Exchanges	Stockbroking & Wealth Mgmt

## RETAIL BANKING & PAYMENTS

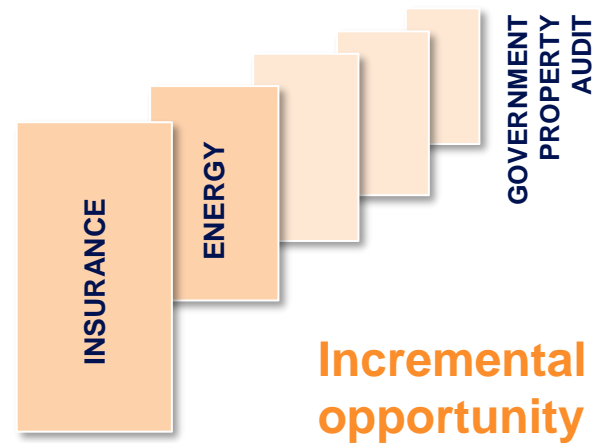
Retail Banks

Digital Neo Banks

Commercial Banks

Payment Services

Card Services





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# Our solutions, products, services & customers

[www.greshamtech.com](http://www.greshamtech.com)

# Our Vision – the **control** platform for **digital** business

## A post-digital world means...

- **Your industry**, re-imagined
- **Digital processes** at the heart of your operations
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- **Data-driven** decision making
- **Your business**, automated and transformed

## Complete **control** of data & processes



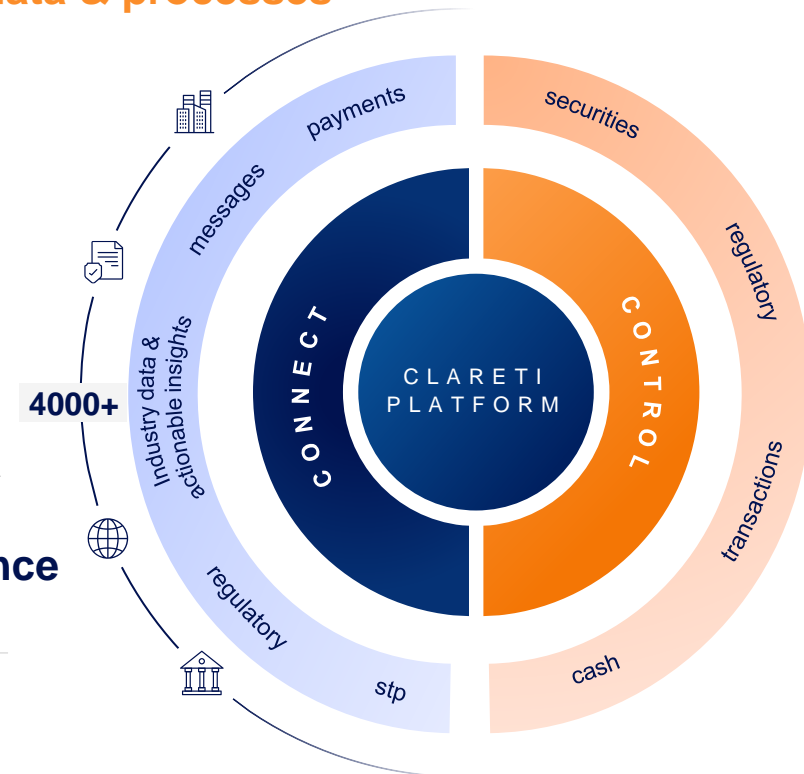
**Digital Integrity**



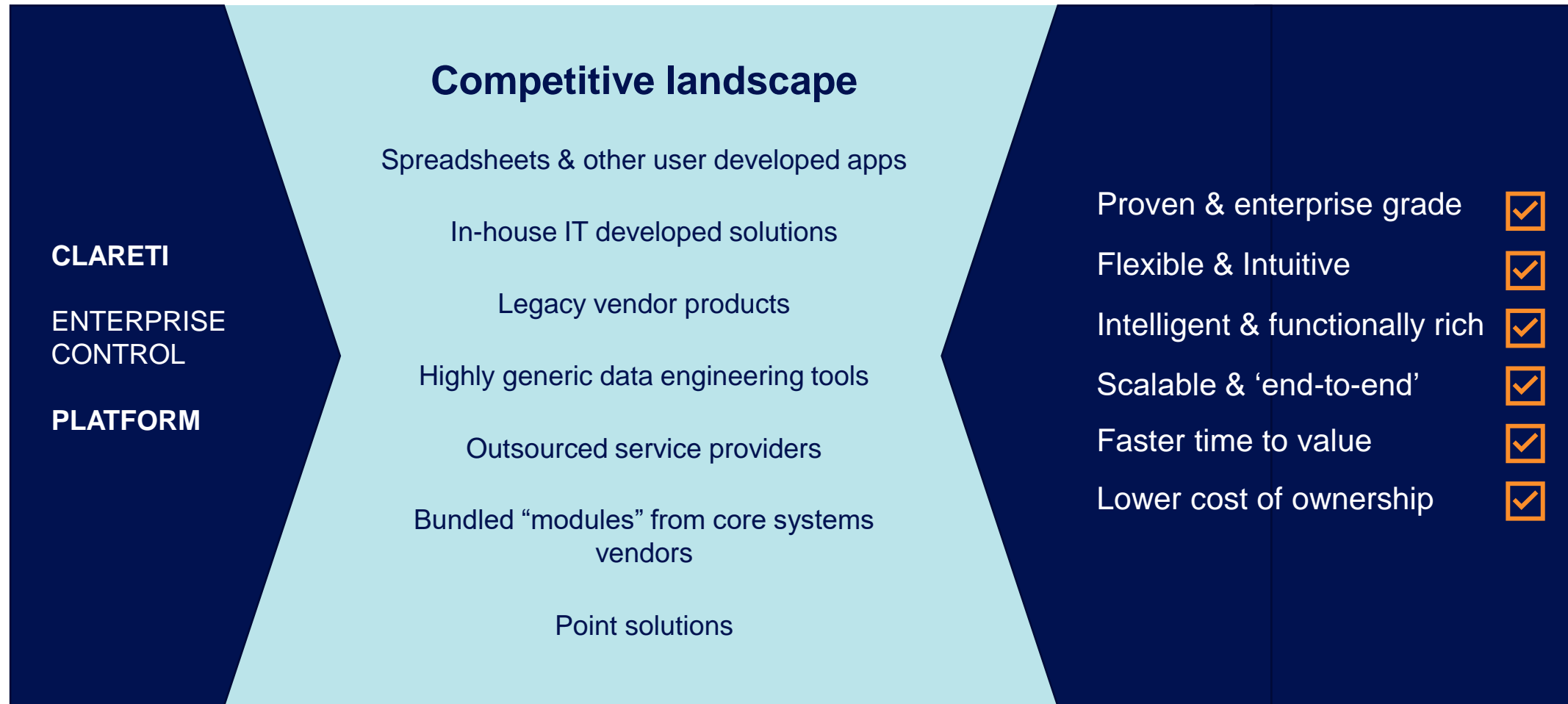
**Digital Agility**



**Digital Confidence**



# Proven differentiation

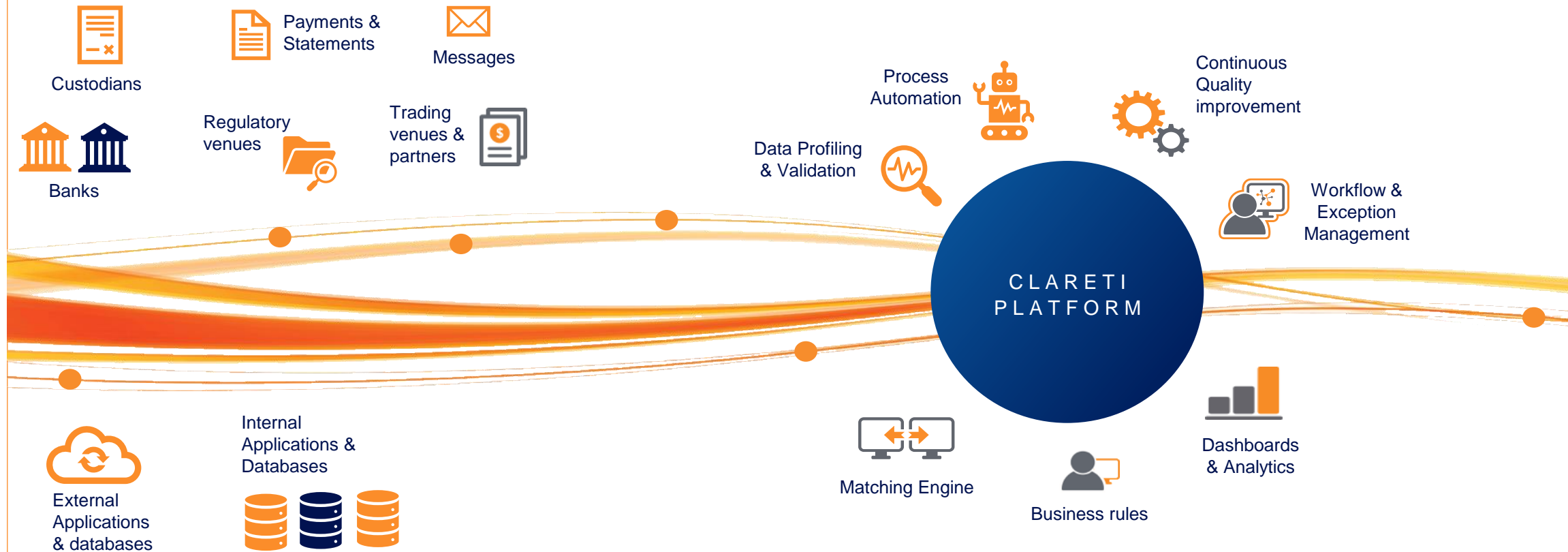


# Our Platform

The data landscape and flow within financial services is highly complex



Functionality packaged into  
**Connect & Control**  
solutions



# Our products



- Cloud data collection & aggregation service for investment managers and fund administrators
- Cross-sell to all buy-side customers globally
- Cloud service that enables firms to rapidly connect to their banking, payments, trading, accounting and regulatory systems and external partners in real-time
- Connect, transform & validate,
- Applicable to all industry segments
- Cross-industry platform for reconciliation, exception management and control of 'any & all' transaction data
- Specialised solutions for cash, securities, inter-systems transactions and regulatory control in banking
- Specialised buy-side solution for reconciliations and exception management of cash, securities, transactions, ETD and NAV, and control of fee-billing processes
- Out-of-the-box capabilities



“Clareti Control & Connect have enabled the bank to change outdated and cumbersome processes, ditch legacy solutions that were preventing us from achieving our business and customer growth goals, and ensuring we remain on the right side of the regulators.

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# Customer Case Study

## Banking

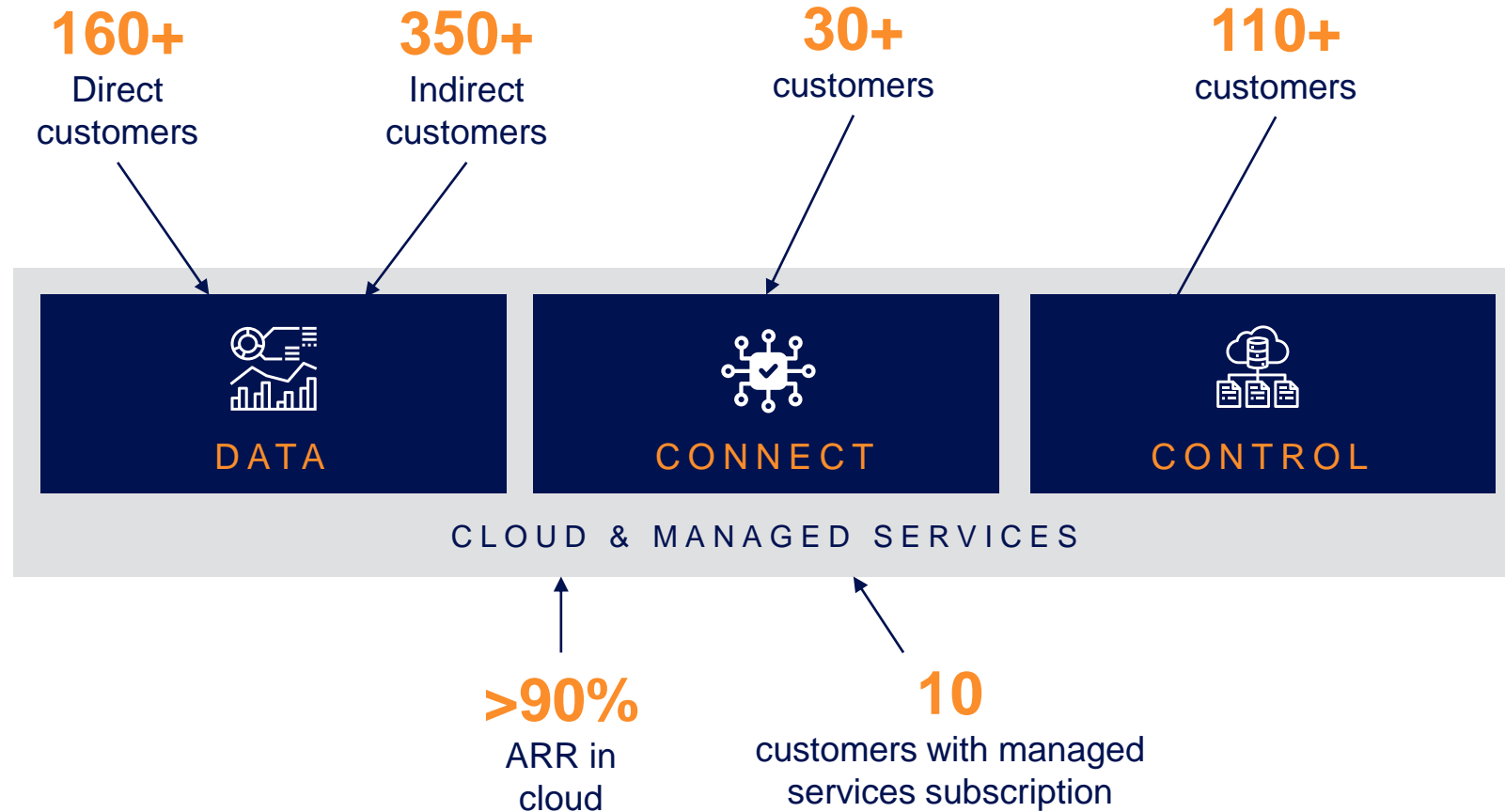


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# Gresham in North America

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# North America Customer Base



# Data Services

a huge differentiator



59

Average number of data feeds used by a medium sized buy-side firm

Our cloud service is a one stop shop for the buy-side community for a wide variety of account activity and position data for all instrument types

Directly feeds downstream processes such as controls & reconciliation, fee billing, compliance, performance measurement

2500+ global sources collected in the Gresham data cloud

C

- CACEIS - FX/NAV (Luxembourg)
- CACEIS - Audited CACEIS Pending Trades (Luxembourg)
- CACEIS - CACEIS Germany (Germany)
- **Cadence Trust & Asset Management (USA)**
- Canadian Mint (Toronto, Canada)
- Canadian Western Trust (Canada)
- Cantor Fitzgerald (New York, NY)
- Capital Group Companies (Los Angeles, CA)
- Capital One (McLean, VA)
- Cardinal Trust (McLean, VA)
- Cathay United Bank (Taipei, Taiwan)
- Causeway Capital Management (Los Angeles, CA)
- **CBI Bank and Trust/Bank of NY (USA)**
- Centennial Bank (Conway, AK)
- Centerstate Bank of Florida (Okeechobee, FL)
- Central Pacific Bank (Honolulu, HI)
- Century Capital Management, LLC (Boston, MA)
- Charles Schwab (San Francisco, CA)
- Chatham Financial (Allentown, PA)
- Chemical Bank and Trust (Midland, MI)





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# Customer Case Study Investment Management

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# Customer Success

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# Audience Q&A



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**Grab a coffee**

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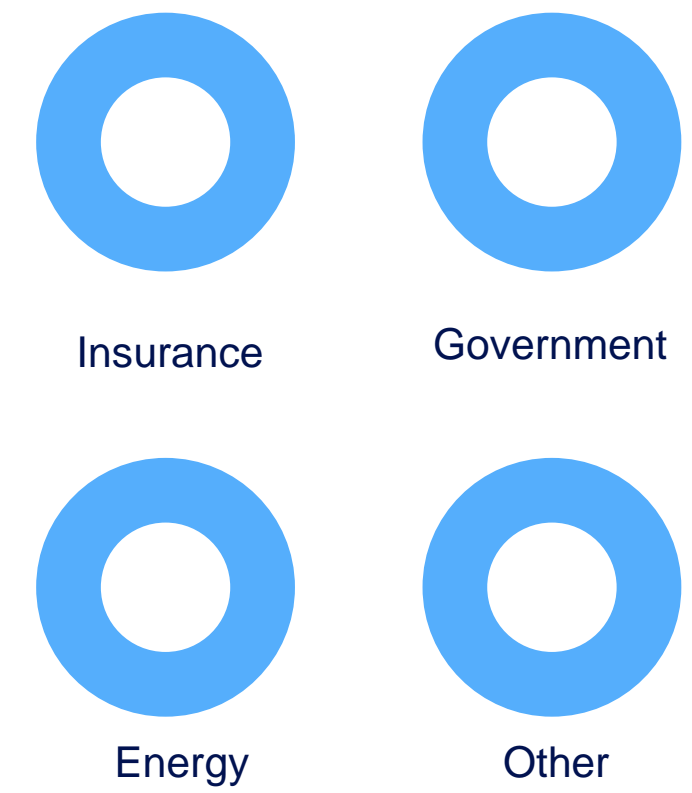
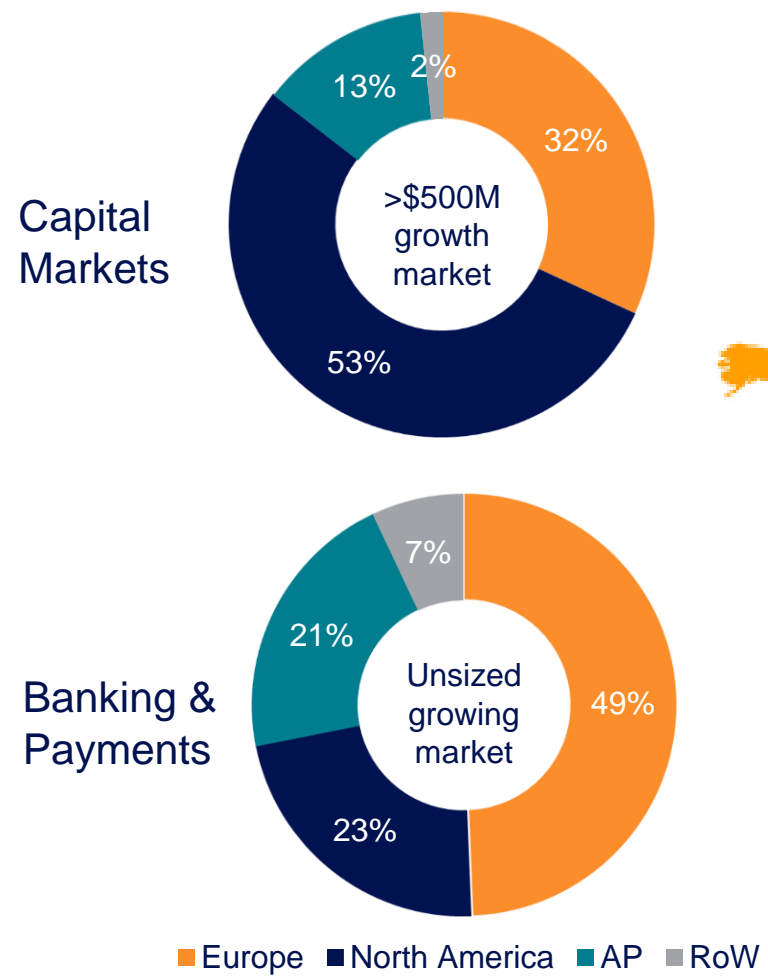


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# Our Go-To-Market Strategy

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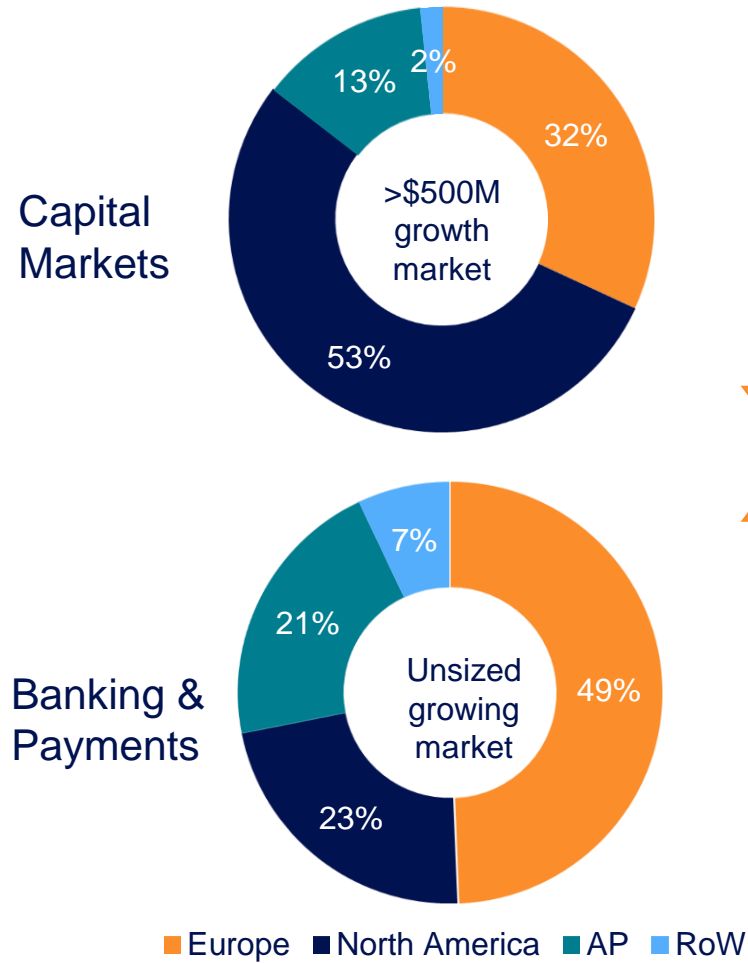
# Global market opportunity



*Incremental unsized opportunity*



# Near-term focus



# Addressable market

~600 firms

~650 firms

North America		Segment	EMEA	
Tier 1	Tier 2+		Tier 1	Tier 2+
54	132	Banks	40	187
83	79	Asset Mgrs & Pension Funds	102	204
10		Custodian	12	
27		Prime Brokers	8	
26		Insurance Brokers	50	50
100	5,000	Hedge Funds	13	81
22		Fund Administrators	12	15
50	1450	Energy & Commodity Brokers	22	
7		Exchanges & Clearing Houses	13	
n/a		Spread Betters	28	



# Realising the opportunity

## Addressable Market

~600 firms

~650 firms

North America		Segment	EMEA)	
Tier 1	Tier 2+		Tier 1	Tier 2+
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7		Exchanges & Clearing Houses	13	
n/a		Spread Bettors	28	



## Account Plan

Cash Nostros

Securities

Inter-systems

Regulatory

ETD's

ETD's

ABC	✓	✗		JKL	
✓	DEF	🎯	GHI	JKL	
🎯	✗	✓		JKL	

Owned by Marketing

Owned by Sales



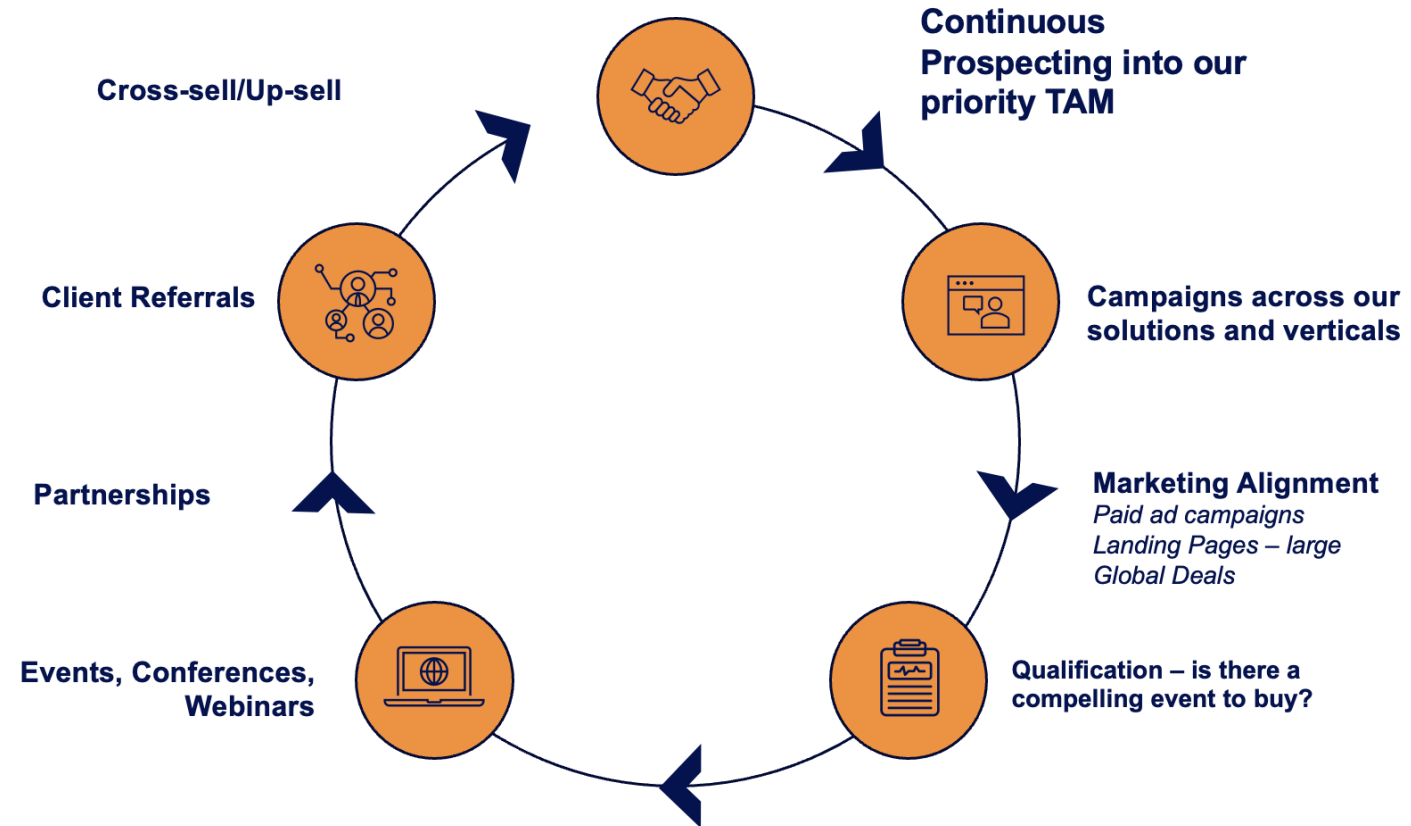
# Realising the opportunity

## Account Plan

Cash Nostros Securities Inter-systems Regulatory ETD's ETD's

ABC	✓	✗		JKL	
✓	DEF	🎯	GHI	JKL	
🎯	✗	✓		JKL	

Owned by Sales



Sales, Inside Sales, Marketing, Product Management collaboration



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# Customer Acquisition: Regulatory Example

## ENGAGE



## NURTURE



## CONVERT

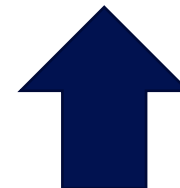


### Highly automated process

### Higher touch process



Library of unique content assets  
Awareness within addressable market  
Quality of engagement with audience  
Conversion rates



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# Why do we win?

## VISION



Every action and decision based on data and processes which can be trusted

## VALUE

Business Case	Gresham
The R's - Risk, Resilience, Regs & Reputation	<input checked="" type="checkbox"/>
Customer service & assurance	<input checked="" type="checkbox"/>
Cost & efficiency	<input checked="" type="checkbox"/>
Employee experience	<input checked="" type="checkbox"/>
Strategic value - digital agility, integrity & confidence Future competitiveness	<input checked="" type="checkbox"/>

## THE GRESHAM DIFFERENCE




Evaluation (product)	Gresham
All my data types	<input checked="" type="checkbox"/>
All my rec & control types	<input checked="" type="checkbox"/>
Faster processing	<input checked="" type="checkbox"/>
Better match rates	<input checked="" type="checkbox"/>
More productive UI	<input checked="" type="checkbox"/>



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# Land

## Typical Sales Cycles



**Buy-side**

Hedge Funds and Asset Managers

*9-12 Months*

- Cold calls/Referral Introductions
- Discovery of Pain
- Presentations
- POC
- Typically one incumbent
- Smaller number of decision makers, CTO, COO, CIO
- Faster and easier procurement process
- Comfortable with cloud & managed services



**Banking**

Investment bank or Large retail bank

*12-24 Months*

- Multiple stakeholders
- Greater Complexity of Systems
- Global Meetings
- Longer POC's
- More in-depth qualification-RFP
- Strategic Partnerships
- Lengthier on-boarding and procurement process
- CISO and Executive Boards

# Expand

## Key Account Examples



**European Bank**

- 2014 initial agreement
- Completed initial implementation
- Training programmes
- Client gets self-sufficient
- Regular upgrades as they consume over time
- Significant ARR growth throughout



**Large Energy Company**

- Entry level ARR for minimal scope
- Avoided lengthy approval process
- Fast ROI & success
- Delivered in Gresham cloud
- Upgraded ARR X 3 with greater business scope
- Upgraded ARR again X2 with greater volumes



**Financial Services infrastructure provider**

- Initial top 20 ARR value
- Control license
- Cross-sell of Connect
- Increased growth
- Set up as shared service across countries
- ARR running X 1.5 of original value

# Sales Summary



## Invest to Build:

Strong Pipeline

Great references

Partner community

Great team

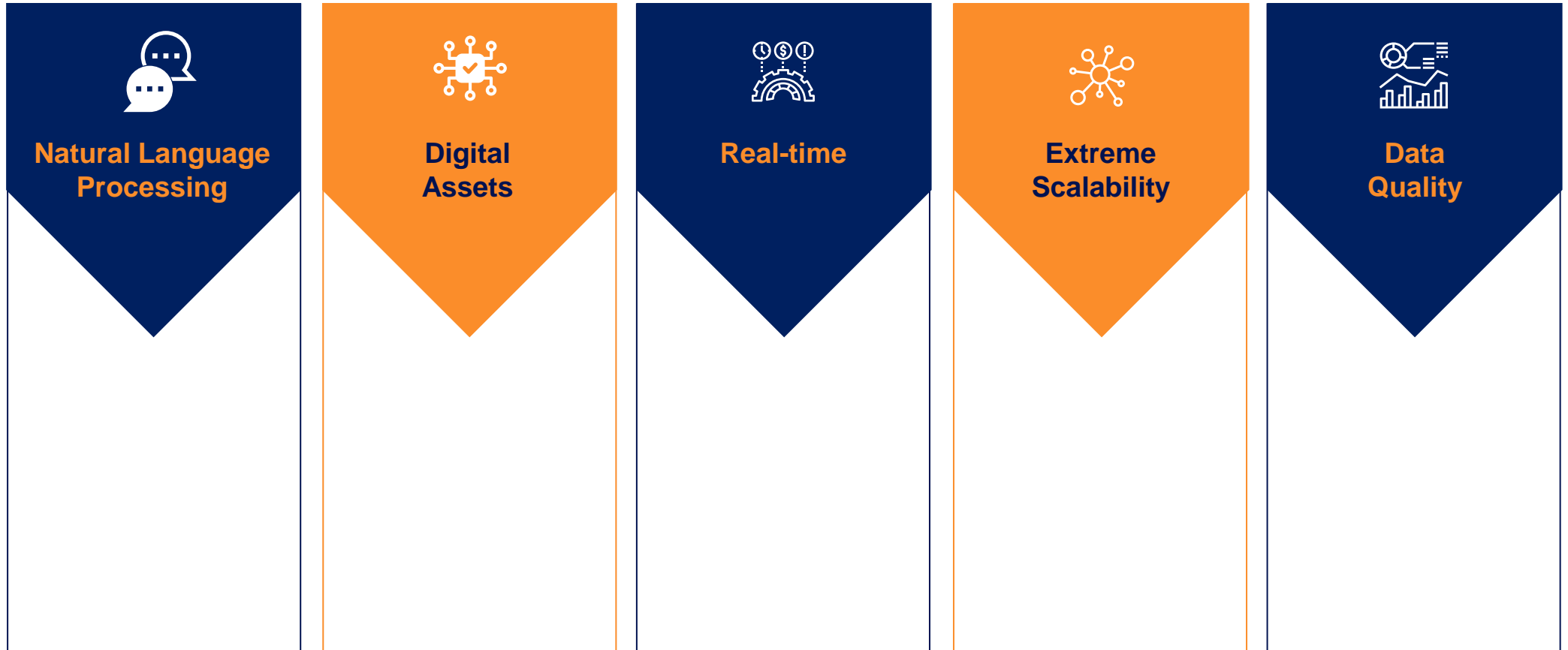




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# Product & Product Roadmap

# Recent Product Innovation



# PRODUCT DEMO – Scene Setting

## Step 1

Assemble transactions into required format and send to regulator



**Our role in this step** – receive candidate transactions, apply some degree of verification (is currency a currency for example) And publish to regulator

**Clareti assets involved** – Connect for Regulatory, Connect Messaging



# PRODUCT DEMO – Scene Setting

## Step 2

Receive rejects from regulator



**Our role in this step** – receive rejects. Make sense of them

**Clareti assets involved** – Connect for Regulatory, Control





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# **PRODUCT DEMO – video**

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# Growth - investing in our platform

## R&D Investment Drivers:

- Responding to customer & industry needs
- Accelerating time to value for customers
- Staying ahead of the competition
- Reducing cost of change
- Leveraging modern software technologies
- Future proofing our customers and our own business

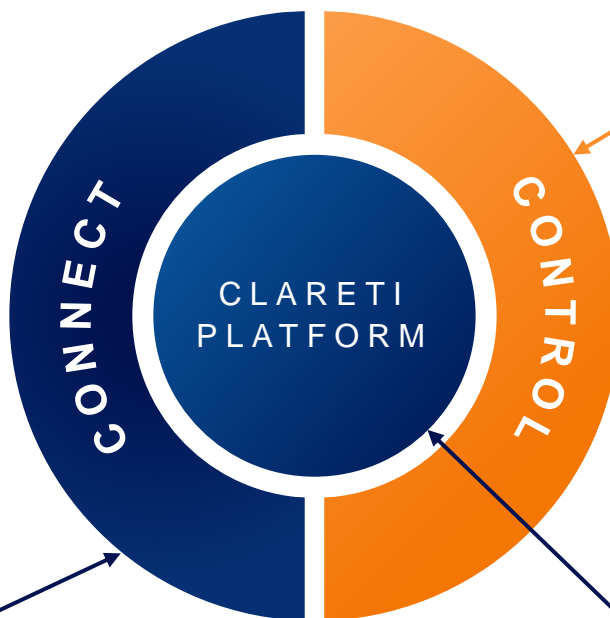
## Data Connectivity:

Bringing together all acquired & built connectivity assets as cloud services

Full suite of ISO20022 transformations now available

Enhanced dashboards and monitoring

Natural language processing to enable customer to define rules and self on-board



## Business Innovation:

Build further on industry leading 'market-facing' (cash & securities) functionality

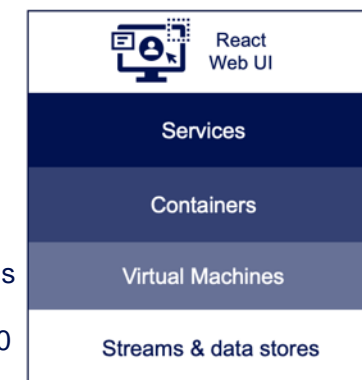
More self-service functionality to enable business to deploy solutions and manage change with reduced IT intervention

More web UI's for inter-systems and regulatory use cases & investment management solution

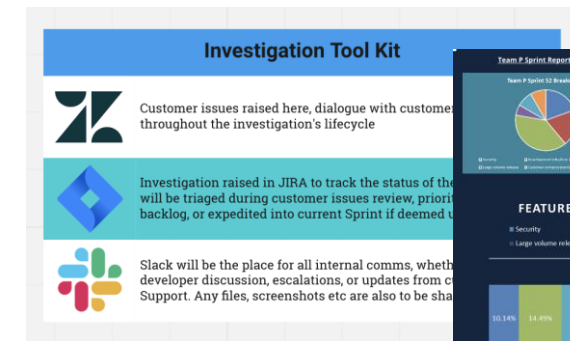
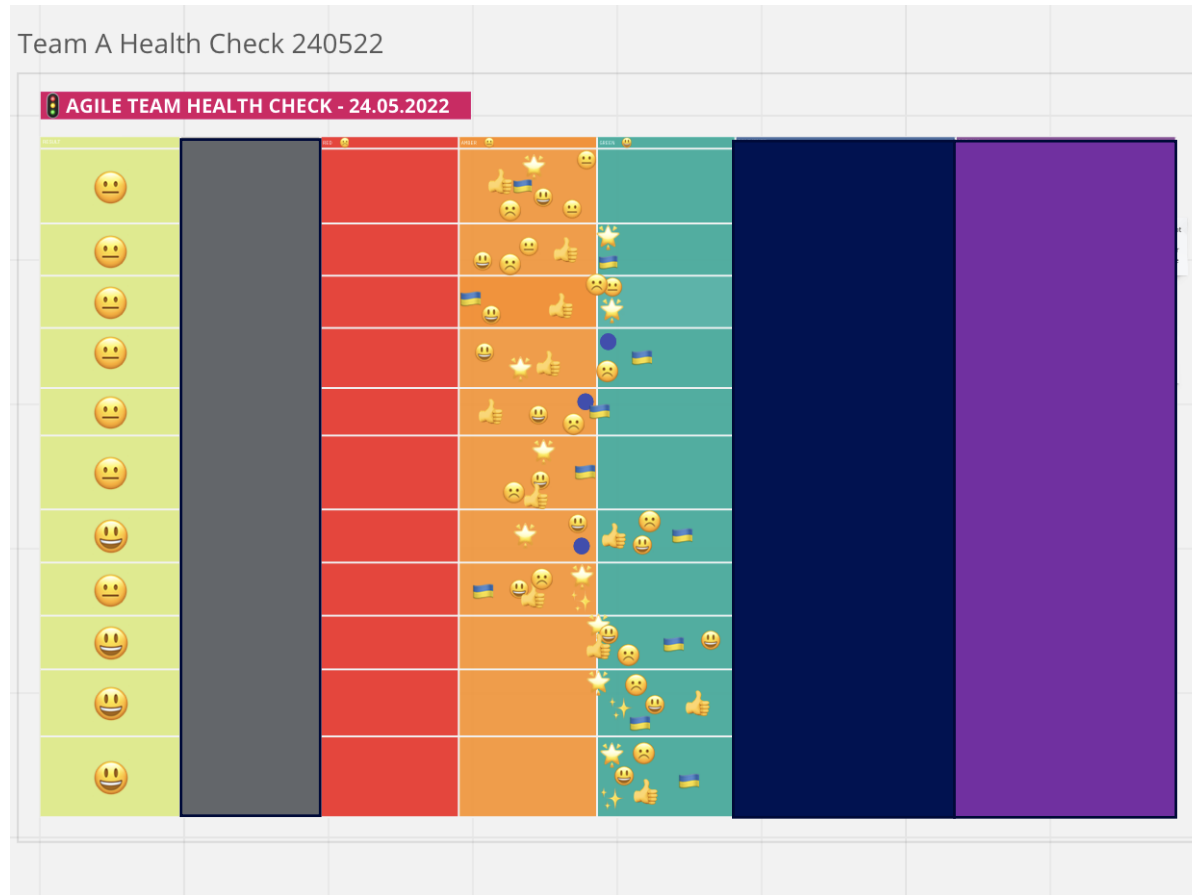
Richer NAV & intra day capabilities for investment managers

## Architecture:

investments to ensure platform components are easy to reuse & maintain, highly performant, portable, fully open and the power of the platform is accessible to a next generation of SaaS 2.0 automation solutions



# Modern dev team engagement



# M&A & Product development



Acquire data  
Usually lots of it



Validate that  
data

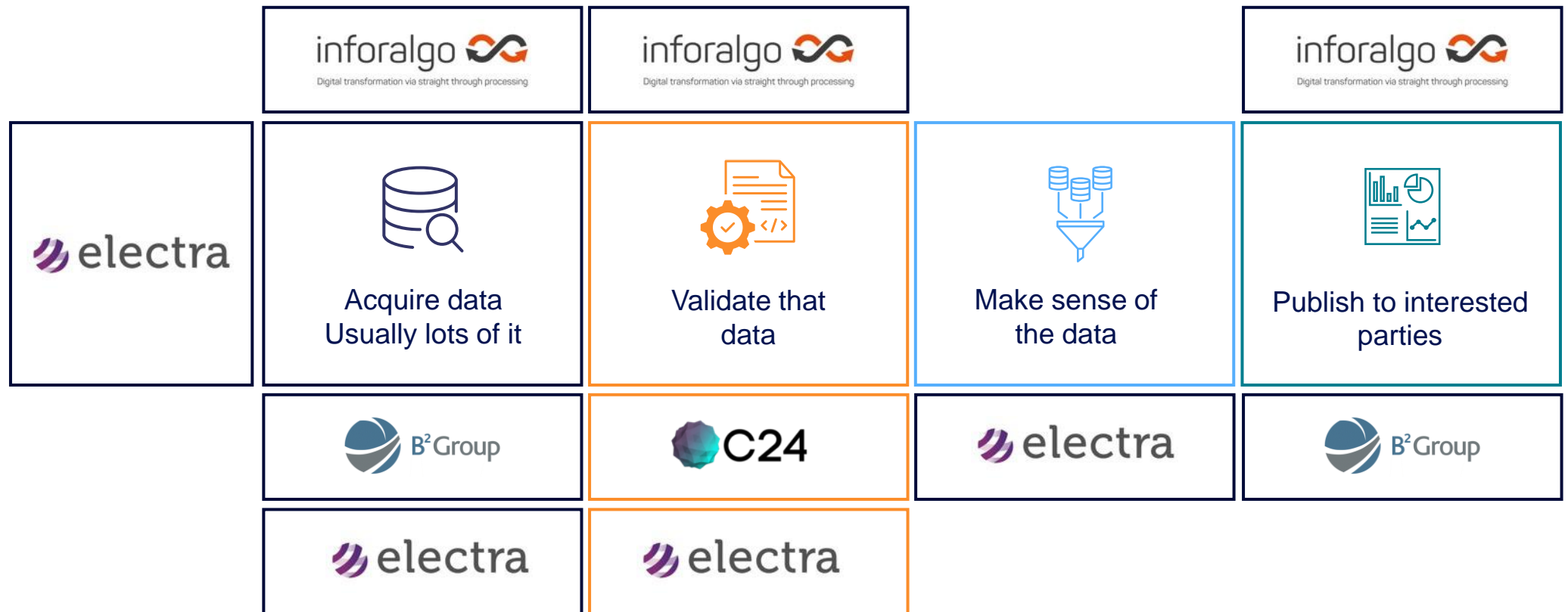


Make sense of  
the data



Publish to interested  
parties

# M&A & Product development





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# Building our business platform

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# A global platform for growth

Building a global fintech champion



**10**  
Offices



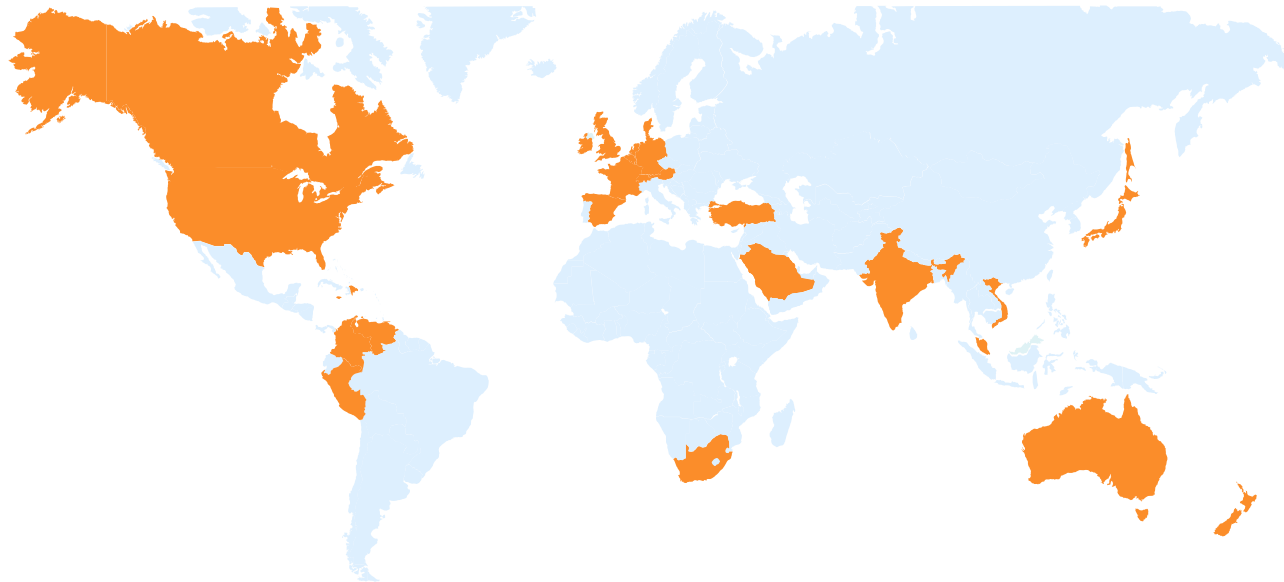
**220+**  
employees



**270+**  
Customers in  
20 countries



**105%**  
ARR net  
retention  
(constant currency basis)



## EMEA

### Bristol

- Innovation Lab
- 24/7 Customer Support Hub

### London

- HQ
- Sales & Service Delivery

## Americas

### New York

- Innovation Hub
- 24/7 Customer Support Hub
- Sales & Service Delivery

### Florida

- Service Delivery

## Southampton

- Internal Services

## Solihull

- Innovation Hub
- 24/7 Customer Support Hub

## Luxembourg

- Innovation Hub
- Cloud Delivery & Sales

## Asia Pacific

### Singapore

### Malaysia

- Service Delivery & Sales

## Australia

- 24/7 Customer Support Hub
- Service Delivery

## New Zealand

- Service Delivery



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# Our people

- Global organisation, global values and global ways of working
- Strong values and culture of team work and learning
- Investment into leadership development, graduate and “early careers” programmes
- Flexible hybrid-working from key hubs
- Programme of well-being initiatives
- Considered approach to navigating inflation and competing in war for talent

Our Values:



We Embrace Difference



We Champion Success



We Create Together

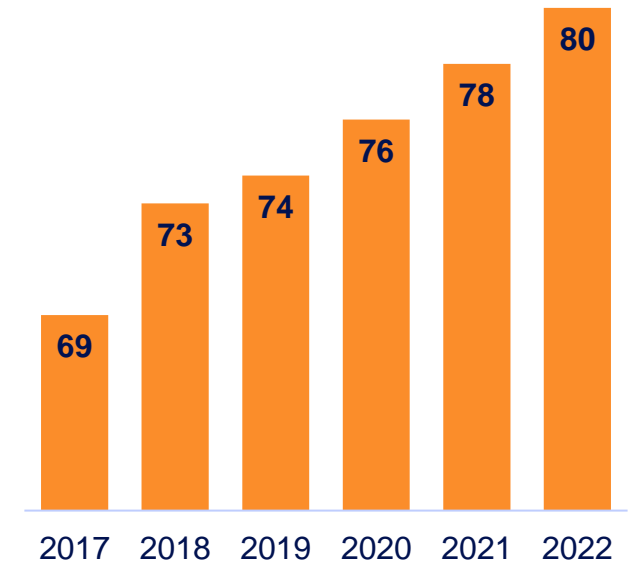
**5 consecutive years** of YOY growth in Employee Engagement **Total Score**

Across 58 questions in 14 categories



**86%**  
**‘teamwork’  
score**

**82%**  
**‘customer’  
score**



**10  
Hubs**

**220+**  
**employees**

**~10%-15%**  
**employee  
attrition**



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# Scaling up responsibly

- Long term members of and regional advisory board representatives to BiTC
- Continuing the development of our ESG strategy through a third-party, expert led ongoing programme of work, including:
  - Roll out of our **three-pillar ESG strategy**
  - Implementation of our Climate Change Programme Roadmap, in alignment with TCFD recommendations
  - Employee, senior management, executive, non-executive and other stakeholder engagement
  - Appointment of **ESG champions**

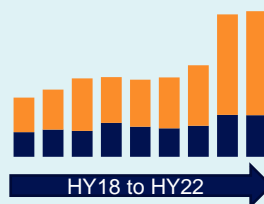




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# Creating shareholder value & financial aspirations

# Where we are today & the long term financial strategy



Clareti revenues continuing to grow as portion of **Group revenues**

With a Clareti gross margin of

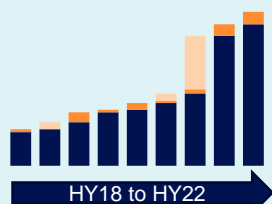
85%

**Organic strategic growth plan from today:**

Consistent organic ARR growth above 20%

Each £1 of ARR growth to contribute to gross profit at a margin of ~85%

Each £1 of ARR growth to contribute to cash EBITDA at a margin of ~40%



Clareti ARR 5 year organic CAGR of 22%, or 37% including M&A

With Clareti ARR net retention rate of

105%

NRR stated on a constant currency basis. 22-H1 negatively impacted by cancellation of two sanctioned Russian owned businesses.



Clareti ARR growth driving **Group cash EBITDA** and improved margins

Driving improvements to

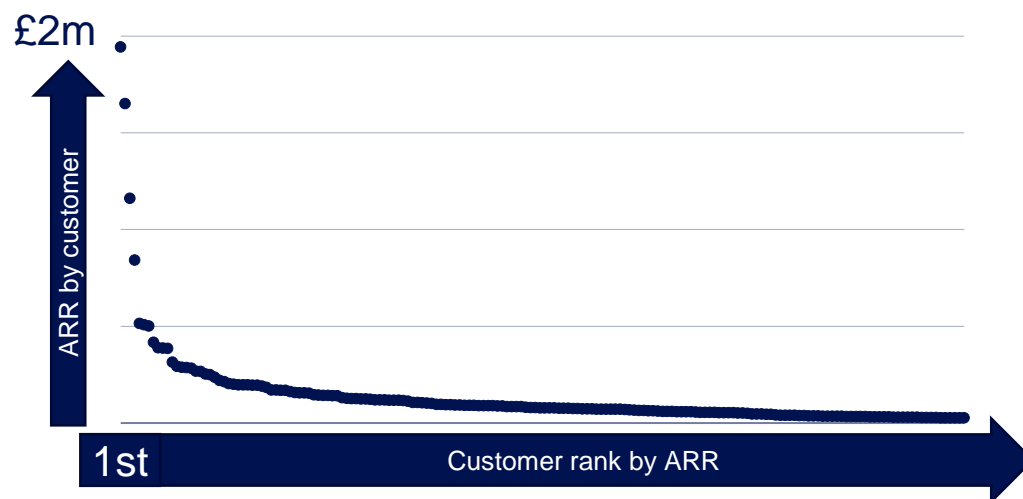
FCF

- Model assumes continuing balanced investment into growth with investment weighted towards sales & marketing
- Progressive annual improvement in Cash EBITDA expected as business moves towards industry best practice margins
- Model does not consider Clareti services or Other (non-Clareti) businesses

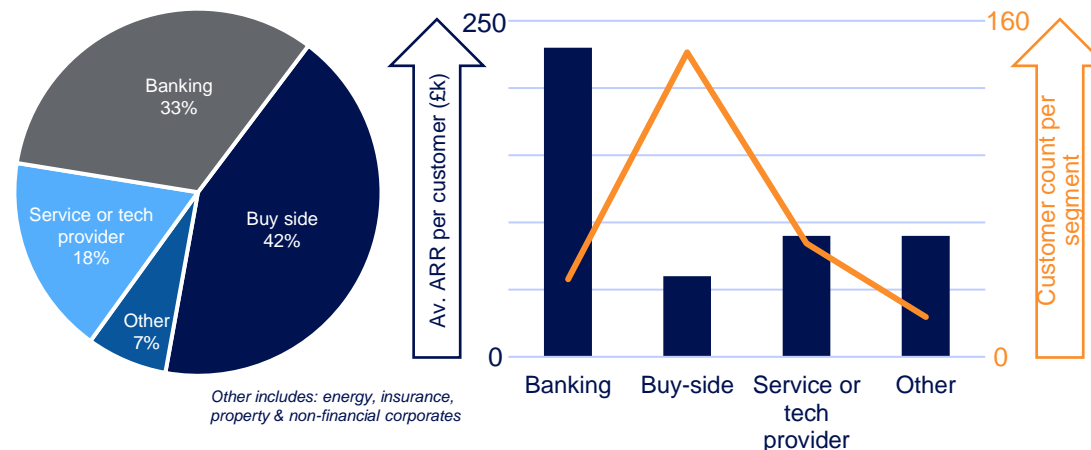


# Customer ARR

- Clareti ARR of **£26.1m** as at end June 22
  - 270+ customers
  - Top six accounts 25% of ARR
  - Top twenty accounts 43% ARR
- Strategic customer mix of:
  - high value, lower volume
  - lower value, high volume



ARR value & customer count by industry segment:



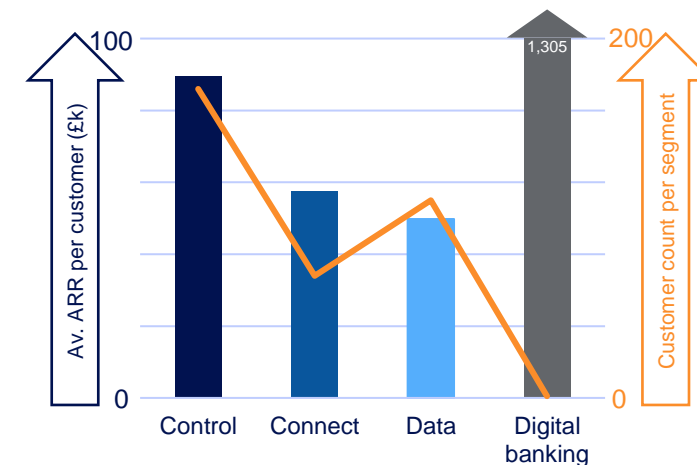
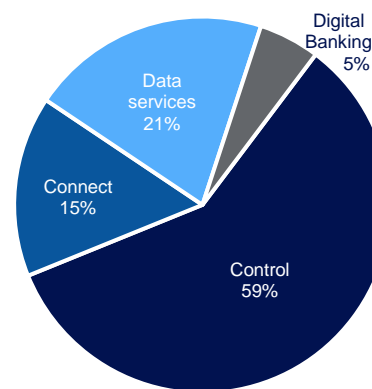
Significant opportunity to increase ARR per customer:

- **Banking** – broaden relationship and value in all directions
- **Buy-side** – x-sell and further value-add recurring service
- **Service/tech providers** – increase focus to broaden OEM, white labelling arrangements
- **Other** – up & x-sell through better understanding of potential use cases

# Product ARR & profitability

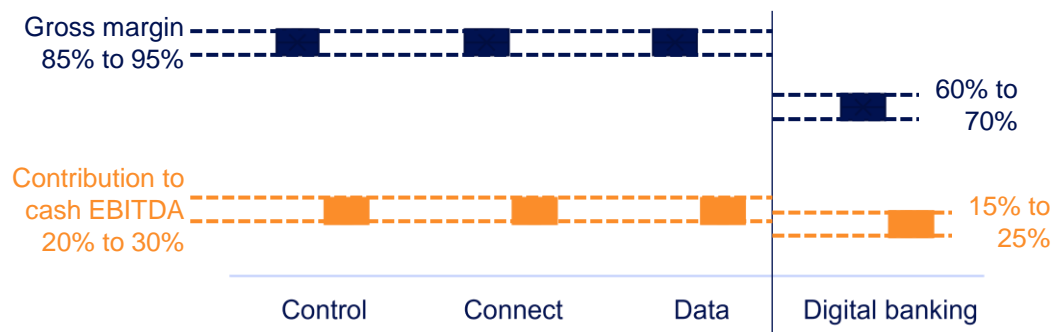
- Clareti ARR of **£26.1m** as at end June 22
  - Control, Connect and Data** producing similar levels of strong profitability with opportunity to improve
  - Digital Banking** also profitable, whilst currently a single customer innovation partnership, yet to be brought to market

ARR value & customer count by product:



Many customers have multiple products, therefore customer counts on charts will not match

Contribution to cash EBITDA margin by product:

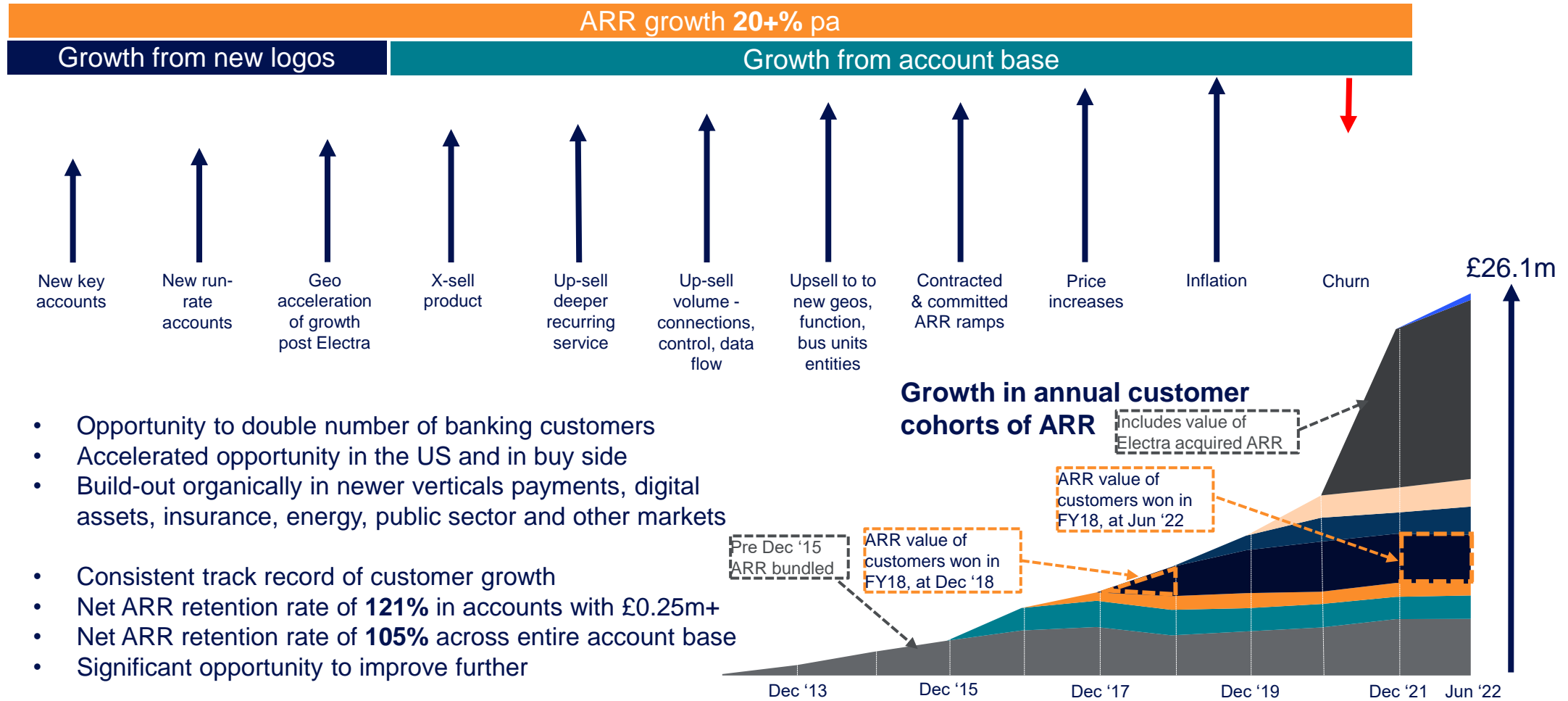


**Contribution to cash EBITDA** refers to contribution of product specific cash EBITDA to non-product specific costs (sales and marketing; business operations; facilities & corporate)

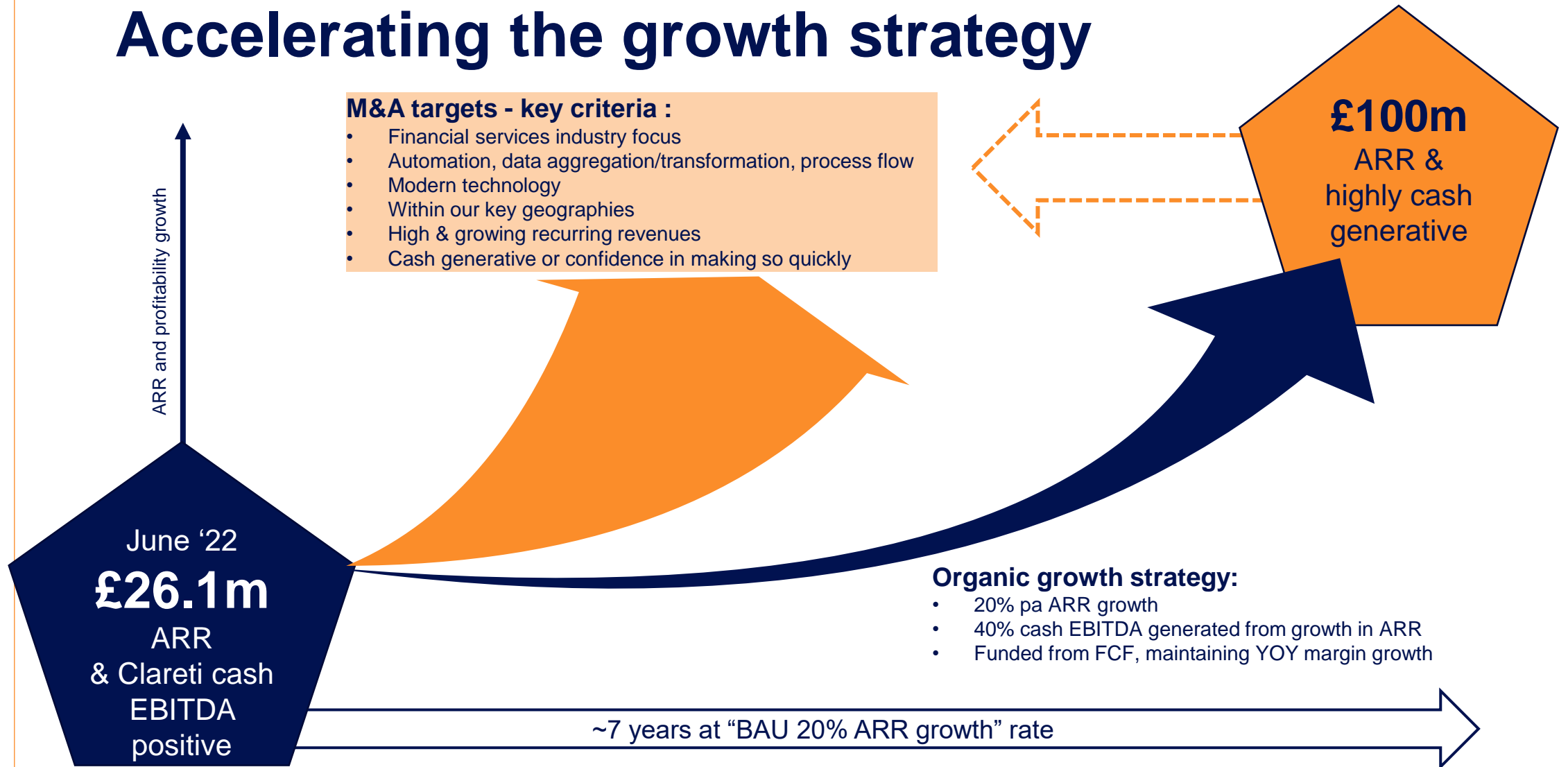
- Significant opportunity to increase ARR per customer:
  - Control** – increase number of key accounts and broaden existing key account relationships
  - Connect & Data** – continuously educate market about our broad range of connectivity capabilities and end to end solution set
- Significant opportunity to cross-sell in all directions, particularly with differentiated **Data** offering
- Product set increasingly attractive in acquiring new customers to both key account targets and higher volume business



# Confidence in organic ARR growth



# Accelerating the growth strategy





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Q&A



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# Wrap up

# Clareti

An attractive business with an exciting future

10

## Takeaways

1. Differentiated software
2. Highly proven at scale
3. Incredible references
4. Sticky recurring revenues
5. Growing market
6. Global operating platform
7. Organic & acquisitive growth
8. Strong innovation agenda
9. Predictable profitable financial model
10. Proven team with a plan





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# Drinks and meet the team



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# Appendix

# Positive group trends & non-Clareti business

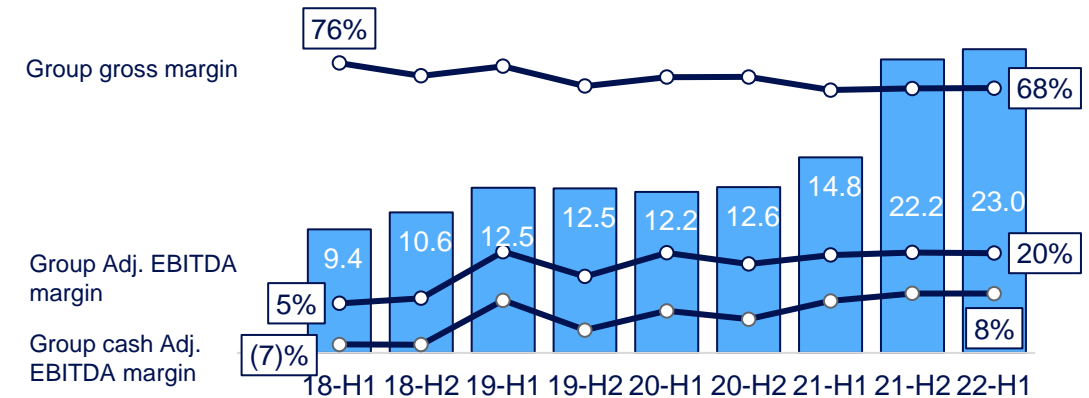
- Group gross margins consistent, expected to gradually increase as Clareti continues to grow
- Group adj. EBITDA and cash adj EBITDA margins continue to improve over time due to Clareti growth
- Other (non-Clareti) revenues relatively stable although margins continue to reduce due to expected change in mix
- High contractual and operational visibility of Other (non-Clareti) business
- Other (non-Clareti) business lines become increasingly less important as Clareti scales up
- Positive Group trends expected to continue as Clareti scales up

Notes to graphs:

Group margins not shown for 2017 due to different business model being in place prior to the move to subscription licensing which involved the sale of significant, highly profitable, one-time licenses.

Gross margins for FY20 and prior years are adjusted to be shown on a like for like basis, reflecting FY21 change in accounting classification

Group revenues (£m) & margins (%)



Other (non-Clareti) revenues (£m) & gross margin (%)

