rise

Created by BARCLAYS

Corporate innovation

Now and next

Part 1
Engaging the disruptors

How corporates can develop partnerships with FinTechs

#HomeofFinTech

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Engaging the disruptors

Craig Bright, Barclays Group Chief Information Officer introduces this report and reflects on eight years of Open Innovation

In this first of a three-part series of Corporate innovation: Now and next reports, we deep dive into how large organisations can engage with startups. By sharing the lessons and insights from industry experts, startups and innovation enablers, our ambition is to simplify the Open Innovation journey and create more growth for the ecosystem as a whole.

Digital adoption has accelerated dramatically during the pandemic, with more customers accessing and demanding digital journeys. These habits are likely to persist as indicated by the recent boom in FinTech funding*. However, most of today's FinTech unicorns were not overnight successes – they were established over a decade ago. Capturing and understanding those early signals were key to Barclays' ability to keep pace with the accelerated change in the industry.

Back in 2014, many large financial institutions felt that FinTechs were simply 'noise'. My predecessors at Barclays were early in realising that was far from the case. They recognised that these disruptive startups were here to stay, and that we needed to figure out a way to learn from them or work with them. That was the year of the first Barclays Accelerator, powered by Techstars, and the point at which our journey of collaboration really started.

Barclays and every other large financial institution now appreciate that partnerships with startups are key – and market activity suggests collaboration is often preferable to acquisition. Corporates are examining how FinTechs offer solutions that can't be built better or faster in-house.

The big question is, how do we discover, engage and partner with FinTechs to create opportunities that are a win-win for both sides?

Barclays focused seriously on answering this question, and decided to invest in Rise, its Open Innovation FinTech platform, in 2015. Rise is our set of global workspaces with a virtual community, where FinTechs are co-located and collaborate. It's also the hub for the many Barclays Accelerators we've run in multiple regions, and the vehicle we've used to invest in FinTechs and to launch new products through partnerships with them. After eight years of running our Open Innovation strategy, we share what we and our partners and friends from the corporate innovation ecosystem have learned. We hope our collective insights will support further collaboration across the industry.

Three key learnings that emerge powerfully in this report are that it's important to: embrace cultural change and be open to failure; create a meaningful innovation agenda for your organisation and communicate this effectively; and engage with startups in different ways to foster a well-balanced Open Innovation strategy.

At Barclays, we believe that the future can't be predicted but with the right culture and appetite it can be created – not in silos but in partnership. That is how we envisage the future of corporate innovation and in this special series we've created a resource to learn, to plan and to execute for success.

Craig Bright
Group Chief Information Officer at Barclays

* According to the CB Insights State of Fintech Report Q2'21, that quarter saw the largest funding on record.

Innovative investing

How can corporates deploy capital to startups to drive innovation?

Mark Beeston is Managing Partner and Founder of Illuminate Financial Management, a venture capital firm focused purely on financial markets technology investments. Andrew Challis, Barclays Managing Director of Principal Investments, joined Mark to discuss how corporates can invest in startups most effectively.

How do each of you see investment in startups driving corporate adoption of innovative technology?

MB: In multiple ways. First, there is investment that helps nurture a robust ecosystem of FinTech startups which corporates can then engage with in multiple ways to produce innovative solutions. Second, there's actual direct investment of capital from corporates into startups that enables much closer involvement with innovative businesses. It's important to consider the whole scope of engagement that a corporate could want to have with a startup.

AC: Absolutely. Corporate-startup partnerships can take many forms which all contribute to adopting new innovative technology. It isn't just about the adoption of actual technology – it's also about having an information flow between startups and corporates, creating new channel partnerships, deploying capital investment. And it's about co-creating new products and services together. We've seen each of those models play out in different ways at Barclays.

At what stage do you see a corporate's investment in a startup turning into a partnership?

MB: I think it's important for companies to be very solutions-focused. To really get traction, you definitely need the corporate to want to engage with those investees – or with the solutions that they are offering. Otherwise you can end up with an equity position in a company that isn't really changing much in the investing organisation. We see the model working best when the startups are really working in lockstep with engaged investor teams. And that's really about aligning cultural drivers within a corporate. Not everybody in a large enterprise is going to be on board with an innovation agenda. The tone from the top is important – as is empowering the 5% or 10% of an organisation that really wants to drive engagement on the frontline.

AC: Plugging into new trends, listening to signals in the FinTech ecosystem and bringing them into the corporate is recognised as important to the future strategy of most incumbents. The hard part is how they execute on innovation. By making strategic investments in startups, you can encourage bringing a good idea with strategic alignment to scale for eventual optimisation and monetisation.

We often find that a strategic investment creates the foundations for a mutually beneficial partnership where objectives are aligned, particularly when co-creating.

Mark, are you continuing to see high levels of investment in FinTechs from corporates?
MB: Definitely. The FinTech space has been a very rich funding environment and corporates are playing a large part within that. I think there's a couple of reasons for that.
After the financial crisis, we saw huge industry de-leveraging and multi-jurisdictional regulations come into effect, plus the industry had effectively become a close to zero-tolerance compliance environment.

Then COVID created the next set of macro changes, including a huge shift in the future of work. We effectively saw the art of the possible because COVID caused an overnight, emergency digitization that, frankly, none of us ever thought possible. It swept away the kinds of barriers to a faster adoption of next-generation tools and architectures that our industry had always talked a good game about, but, as a highly regulated industry, had been naturally conservative in adopting. COVID has served as a catalyst – not just to innovation within financial services, but to all forms of corporate engagement with startups and other disruptors.

What options do you think are available to corporates when it comes to an investment strategy that addresses these new opportunities?
MB: I think a huge range is available – from operating in the accelerator and physical hub space, as Barclays does incredibly well, through to investing via funds at all stages of the startup and scale-up lifecycle. There is direct investing, where Barclays has a number of initiatives of its own as well – and on top of that is the M&A that ultimately comes out of this activity.

The challenge for any kind of corporate is to be very clear about the objective. Is it to be creating things that change the business on Day One, which leads you to the M&A end of the scale? Or is it to put back and support the overall ecosystem which might take you more down the accelerator route?

Often it is somewhere in-between, where you want to have good market intelligence, do a lot of horizon scanning and contribute to your own innovation or digitization culture. Creating migration paths for new product offerings and new client journeys can lead you to fund investing or to direct investing in a business that is a few stages short of endgame M&A.

AC: Strategic corporate investing can be viewed as an on-ramp to innovation. There's no right or wrong place to be along that journey of startup growth – it really depends on the corporate's strategy, management appetite and where the organisation is in its own digitization journey.

"Corporate investing can be seen as an on-ramp to innovation"

Andy Challis

Large organisations can struggle to engage effectively with startups. How do you think corporates can better understand the founders' perspective when it comes to investment?
MB: It really depends on the institution and the individual startup – though financial services organisations have generally become much better at understanding the startup journey. They've improved the way they do that horizon scanning piece, how they engage with the ecosystem and how they choose to deploy capital.

The challenge is that if you're in a corporate, having never been the entrepreneur or the founder, there is always going to be that gap of having not walked a mile in somebody else's shoes.

AC: In Barclays Principal Investments, we have begun to adopt investment mechanisms and structures that make it easier for the Fintechs we invest in to accept the investment and manage their cap table. For example, we can use SAFEs, made famous by Y-Combinator, Convertible Notes etc. It's important to be able to meet the startup at the stage of investment they are at and find a suitable investment mechanism that means they don't need to break stride. At the same time, for a start-up going through a corporate's more rigorous due diligence process for investment does stand you in good stead for the commercial relationship to come.

Finally, how do you see the ways corporates invest in startups changing by 2025?
MB: It's a really good question. We set ourselves up from the start to be a very partnership-focused organisation and that was unusual at the time. Barclays were our first corporate partner, then our first investor after the amendment of the Volcker rule [which had prevented banks from investing in VCs] and that's worked really well for both sides.

"Financial services organisations have become much better at understanding the startup journey"

Mark Beeston

I think it serves as a good indication of the direction of travel because it is just a very effective way of enriching a corporate's ecosystem, internal culture and horizon scanning. It's worth noting that every one of the corporate investors in our first fund has gone on to invest directly in at least one of the portfolio companies, as well as bringing those solutions to their client base, where appropriate.

AC: I'm sure we'll see more financial services companies engaged in funds but it's just one tool in the box. We will continue to see direct investments and M&A activity. Partnership will be key in all of this and it's a really exciting future.

Mark Beeston
Founder and Managing Partner, Illuminate Financial Management

Andy Challis
Barclays Managing Director of Principal Investments

A healthy approach

What can be learned from the NHS's approach to innovation?

Inara Khan is Head of Delivery at the innovation team at NHS^{X}. Here she explains how an organisation with more than a million employees tackles digital transformation – and suggests approaches that all large organisations can adopt when working with startups.

NHS^{X} is responsible for the digital transformation of the NHS to drive improvements across both health and social care. We bring together teams from NHS England and NHS Improvement as well as from the Department of Health. Engaging with startups is an essential way for us to provide digital solutions for the NHS. It's a complex area due to NHS requirements around patient data safety, interoperability between different Trusts and compliance and I' m sure overcoming those extra challenges make some aspects of scaling HealthTechs similar to the difficulty of scaling FinTechs.

Offering startups a helping hand

Startups struggle to know how to even begin to engage with the NHS. Our solution was the creation of 15 local Academic Health Science Networks. They are a startup's best friend when it comes to trying to break into the NHS, especially at a more local level. By supporting a business to work out where their product fits, and whether it delivers the right solutions, the relevant network can then help a startup get traction to start to build an evidence base within the NHS. NHS^{X} is specifically focused on the national adoption and scaling of digital solutions from startups with a solid evidence base and a tried-and-tested product.

Achieving digital transformation

If NHS^{X} really delivered on its mission, we'd do ourselves out of the job! I believe true digital transformation should be part of all transformation and how every business process will be considered in the future, but we are not there yet in the NHS.

Enabling digital transformation within the NHS needs to be supported by having a dedicated specialist team with a deep understanding and focus on choosing, onboarding, implementing and measuring the impact of digital technology. This is not a natural skill set for the majority of NHS front-line employees who are busy saving lives, but by bridging the gap between a practitioner's deep patient knowledge and informational needs, and the technology that can serve this need, NHS^{X} is making inroads. We also continuously horizon-scan to consider changing needs in the next 10 years. In the future, we envision each area of the NHS having its own digital talent to be able to continue to drive and develop digital transformation and keep pace with evolving technology and customer demand.

Failing to learn from failure

If large organisations want to engage with startups more effectively, there needs to be a change in attitudes towards failure. By its very nature, innovation involves trying what's not been done before, so is more likely to fail than to succeed. You don't just need a culture that is okay with failure, but one that has continuous failure and iteration built into how it finds solutions. I don't think the NHS is alone in not doing that particularly well. We have to find the right balance between paying for vital services today and investing in innovation that could fail. Working with products that have a greater evidence base and supporting more real-life, small scale testing is key to managing the cost of failure.

In an ideal world, we could have a repository of failed technology pilots which could be open-sourced so that the whole medical and healthcare ecosystem could learn and iterate on the failures. Maximising the value of learning must mean sharing the lessons of failure across your sector and beyond it. In my experience, corporates have a tendency not to celebrate failure internally, let alone with others, but I truly believe we could collectively gain by sharing such insights.

True innovation needs diversity at its core. In the NHS, we work with organisations that have shared values and understand how their products meet the requirements of our equality and diversity commitments. That's incredibly important to us and it's something we need to help startups understand early on so they can bake it into their product and approach.

Medicine in the UK has traditionally been focused on the majority population, but it is now widely recognised that solutions in healthcare need to be intersectional to provide the best care, reduce costs and reduce deaths. Government initiatives like the development of the Women's Health Strategy are all part of addressing that, and digital innovation allows personalisation of care which makes it more appropriate for patients.

> "Maximising the value of learning must mean sharing the lessons of failure"
>
> Inara Khan

Looking ahead to 2025

In the NHS, the next 18 months will be a critical time in which we'll see whether the pace of digital adoption in healthcare triggered by Covid continues. Will people really capitalise on the shifts that have happened and use that as momentum to drive further innovation? Or will the momentum stop?

Looking further ahead, I would like to see more startups create pathways of 'customer success' using technology that can be adapted for cultural differences between trusts and the local communities they serve. A successful and sustainable startup-corporate partnership often comes from deeply understanding the end-customer as well as the corporate assets and then creating technology to bridge the gap – and the NHS is no different.

More generally, I'd like to see diversity and inclusion at the heart of how startups approach problems, with pitches explaining how they can help level the playing field. That sort of positive change is something that everyone involved in innovation can contribute to.

Inara Khan
Head of Delivery (Innovation), NHS[X]

Push and pull

Why different approaches are an essential part of effective collaboration

Flux is on a mission to liberate the world's receipt data to help banks, businesses and consumers – and Barclays is a key corporate partner. We asked Founder and CEO Matty Cusden-Ross to share the highs and lows of working with a major global bank.

How did you first start working with Barclays?
We were part of 2017 Barclays Accelerator, powered by Techstars, and got to meet people from different arms of the payments business. We looked at how we could work with merchants on the Payments Acquiring side, and that evolved into seeing how we could collaborate with the Barclays Payments Issuing business.

Creating an initial proof of concept using Launchpad, Barclays' Beta app for its first adopter customers, was the first step. The development process continued until we successfully transitioned to a full rollout on the consumer banking app in 2020.

What was key to creating a successful relationship?
As with many success stories, a lot of it came down to timing. We created the company at a point when Open Banking was coming into play and the idea of working with FinTechs was seen as something that should be encouraged. That combined with the fact that Barclays is a major innovator in the Tier 1 banking space was critical too.

They understood the opportunity that receipt data holds and understood how much value it could generate and provide to their customers. They were also the first bank to roll out contactless payments and Flux is a similar kind of technology and business model that requires partnerships with the issuing bank as well as the retailer. Ultimately the success of the relationship came from both parties recognising a real need and combining this with a great piece of technology and fortunate timing.

Was there a tipping point in the relationship?
Once we had a successful proof of concept, both Flux and Barclays wanted a larger pool of retailers to use the technology. We achieved that by bringing in the likes of Just Eat, H&M and KFC. It was a threshold moment as it proved the offer was meaningful, which delivered real value to both Barclays and their customers.

What are some of the challenges when working with a corporate?
One of the hardest things is finding the person who has the right level of ownership, authority and buying power. We worked closely with the Barclays Group Innovation Office, through our time on the Barclays Accelerator and our contact really helped us navigate the internal structure.

Was the rate of progress a frustration?
I think that there was a push and pull dynamic that meant we worked well together. As a startup, we are constantly pushing to move faster, while Barclays is making sure that everything is done properly and within the correct governance framework to allow the product to be rolled out to multiple consumers. That creates a good balance. It's been incredibly valuable and helpful for us to really

step up our game in documenting our policies, processes and all of those absolutely necessary things involved in working with a very large regulated organisation.

Have you seen Barclays benefiting from your startup mindset and culture?
How we work with Barclays is fundamentally different to how they work with other organisations. I think that working with Flux over the years has given them a different perspective and helped them rethink how they look at business models. Our key sponsors are in the Executive Committee of Consumer Banking and Payments which is a very forward-looking team. They are up for pushing things quickly and moving really fast, and creating an innovative culture supportive of startups.

It can certainly be challenging working with a large organisation where there are so many aspects and stakeholders to manage. We've definitely challenged the way things were done and viewed, and I would like to think that some of our startup culture has rubbed off on those we worked with in Barclays.

How will the way that startups and corporates work together change by 2025?
The rate of collaboration is going to accelerate and there are going to be a lot more partnerships. In the future, I hope that partnerships between FinTechs and banks become much less of a big deal because they are happening so often.

"I would like to think that some of our startup culture has rubbed off on those we worked with in Barclays"

Matty Cusden-Ross

For that to happen, there needs to be the necessary infrastructure in place, both from a technology standpoint and also from a governance and legal perspective. We need to find a way for a large financial institution to work with a startup with fewer obstacles. It requires a very thoughtful framework so that organisations like Barclays, who have a huge amount of obligations to the FCA and other governance bodies, are not breaching rules or putting the security of customers' data at risk.

There's significant upwards acceleration now – but it's going to get even steeper. I think the exponential change in how FinTechs and corporates work together will really be seen in five or six years.

Matty Cusden-Ross
Founder & CEO
Flux

Open up to unlock growth

Why Open Innovation is the key to unlocking growth

Dr Nick de Leon is Executive Education and Knowledge Exchange Lead at the Royal College of Art's School of Design. Here he explains how corporates need to approach innovation in new ways to meet future challenges.

Nick, with your experience across industry and academia, what does Open Innovation mean to you?
Open Innovation is a way of bringing new value to market faster and more effectively by not trying to do everything yourself. It involves working with an ecosystem of partners that can help create value for you as a large organisation, as well as help you take that value to the market.

It brings together design thinking – to make sure you're addressing really compelling needs – with an openness to collaborate and a type of lean startup approach that reduces risk. Put those ingredients together and you create a much more effective organisation that can deliver the solutions people really want.

How are you involved in the Open Innovation ecosystem?
Eight years ago, I created the service design department of the Royal College of Art, which has become the largest postgraduate service design program anywhere in the world. We put Open Innovation at the heart of what we do, and practice it running live projects for major corporations, new business ventures and governments. We also help them build up their capacity for Open Innovation so they can innovate more effectively using this approach. Our alumni are not only transforming the way businesses, charities, public sector organisations and governments work, but in many cases are now leading the service innovation teams.

What are the challenges of Open Innovation?
Great ideas from outside an organisation will never take root if they do not fit your business model or if you are not agile enough to transform that model to accept them.
It can be hard to disseminate innovative solutions effectively across your organisation and get buy-in from finance, legal, risk management and all the other corporate functions.

At IBM, where I spent my early career, we used the expression 'death by duck bite' to describe how an idea could be gradually pecked to death as it moved through an organisation.

If you get a great pilot going you still have to absorb it into the mainstream operating divisions of the company. Only then can you create the possibility of fundamentally shifting the way you do business.

And does Open Innovation include broader collaboration?
Absolutely. Some of the most successful innovations come from large companies that have an idea that their business model cannot support on its own. However, if they work in partnership with other companies, those ideas can be commercialised.

There needs to be flexibility with your business model and how you engage and nurture all sorts of partners to create upstream networks that enhance your value proposition as well as downstream networks that can take those solutions to market. That could mean a corporate working with another corporate – but there are great opportunities to work with smaller organisations and really nurture those companies as partners.

Corporates need to find the right synergy with smaller businesses, not necessarily early-stage startups, but scale-ups that are really looking for growth and are full of innovative ideas.

What stops innovation within organisations?
Your innovation strategy has to align with your business strategy – it is crucial to enabling the execution of the business strategy. There is no point nurturing innovative ideas if they don't correspond with what the business is fundamentally trying to achieve. Consider the questions opposite to enable you to build the right ecosystem of partners.

Are there additional benefits to embracing Open Innovation?
As well as speeding up your cycle time for business return, Open Innovation can challenge the business model inertia that is common inside large organisations. It introduces new ways of thinking and can cause real cultural change. That is essential because corporates are often evolving more slowly than the world is moving outside.

Open Innovation injects new DNA and gives corporates the ability to experiment quickly and reduce risk. When working with businesses that have already introduced their solution to the market at a modest scale, you have proof of value creation as well proof of concept. That means you can scale very quickly while reducing risk.

Are there examples of businesses or industries that have done this well?
Tesla is worth almost more than the other motor car companies put together and much of that success has been achieved by working with numerous smaller innovative businesses. Formula 1 is another great example of collaboration with cutting edge businesses to innovate at speed. Closer to home, Transport for London was an early adopter of contactless technology, and the way it openly shares its data helps fuel further innovation.

"We need to focus innovation on big, purposeful activities that serve people and build a better society post-Covid"

Nick de Leon

How do you see Open Innovation changing up to 2025?
We need to focus innovation on big, purposeful activities that serve people and build a better society post-Covid. That is what both governments and investors are interested in.

People's needs and expectations are shifting rapidly, and large organisations may not have the capacity to respond directly. Open Innovation will be a key tool to address these opportunities and challenges. It will enable a new and very empathetic approach in the way we nurture ecosystems, engage customers and work with colleagues. More empathic innovation is the key to future success and growth.

Dr Nick de Leon
Executive Education and Knowledge Exchange Lead, School of Design, Royal College of Arts

Key questions when building an ecosystem of innovation partners

- **Is the innovation strategy clear on how you set objectives and scope innovations to meet larger corporate objectives?**
- **Which are the markets to address and where are the gaps in those markets?**
- **How are those opportunities evolving?**
- **Do you have the resources and capacity to actually innovate in those fields?**
- **What is your skill capability and what resources might need to be brought in?**
- **Is the right governance model in place?**
- **Do you have an effective platform to manage different innovation projects?**

Set to scale

To truly imagine and create our future, it is worth pausing to reflect upon our purpose, the reason Barclays exists and the fundamental societal need we fulfil. Sonal Lakhani, Global Head of Strategic Programmes and Innovation at Barclays, explains.

Where finance is the oxygen of the economy, our role is to deploy this finance responsibly to support people and businesses. And as the world changes around us, even more so over the last 18 months, how Barclays fulfils its role must change too.

Within Group Innovation, we support this purpose by helping Barclays to innovate at scale and pace whilst supporting the wider FinTech ecosystem to grow and flourish. Having evolved significantly over the last two years we have continued to keep pace with the changing innovation landscape in finance and technology. In this time we have also seen a maturing of the Fintech sector; a hyper acceleration of digital adoption and shifting customer behaviours, record amounts of capital flowing into the sector, growing attention from governments and regulators on Fintech evolution and an increasing frequency of corporate partnerships with Fintechs to accelerate transformation efforts.

There have been multiple shifts in the market since the inception of our open innovation strategy in FinTech, the most notable that I have witnessed is that FinTechs are innovating across broad categories of industry and readdressing the way people and businesses approach finance in non-financial customer journeys. Andreesen Horowitz, one of the leading venture capital firms in this space, have stated 'In the not-too-distant future, nearly every company will derive a significant portion of its revenue from financial services'. What does this mean for us? Where any business will be able to address the needs of its customers and provide financial services in non-traditional ways we too will reimagine the way we can create products and services to deliver outcomes for our clients that is far beyond the boundaries of traditional banking.

With this backdrop we have taken the opportunity to take stock and reflect on how we can push the frontier of Open Innovation more effectively. After a monumental eight-year journey of the Barclays Accelerator, powered by Techstars, there were a lot of learnings and feedback that informed our new strategy. Most of which we have distilled into our three-part Corporate Innovation: Now and next report series.

True collaboration

My biggest learning from our retrospective was that the true art to Open Innovation is creating the most porous wall possible between the corporate and the startup ecosystem – where we must be bringing the inside out as much as we are bringing the outside in. This became an anchor focus over the last 12 months as we ran a strategic assessment of emerging business model innovation, evolving technology enablers and refracting this through the lens of biggest opportunities for Barclays. The next step is combining the power of entrepreneurship with unlocking the scale strengths and deep domain

expertise of Barclays. By doing this we can set the scene for true collaboration which I believe is the key to how we innovate financial services going forward.

The new suite of meaningful and cutting-edge FinTech programmes we have built set out to do just that.

Over the next few months we look forward to announcing our new programmes. What will be clear is our intentional approach; each programme and route to engagement will strategically align to those identified opportunities across Barclays.

Curiosity and diversity

Being innovative means having a natural curiosity to improve the way things are done. And innovation requires diversity of thought, external collaborators and an open mind. We know we have to experiment because usually you don't get it right the first time. But with these learnings we will iterate and move forward, together. Flows of talent and knowledge increasingly transcend company and geographic boundaries, which means that sourcing new ideas and insights as well as building new products and services will do too. This is why we plan to collaborate globally and with a wider range of external organisations in the future

Our ask to you is to fully immerse yourselves in our new programmes. Where Fintech is synonymous with 'change' we believe our role is to facilitate that change and we look forward to doing that with you, for the industry, our customers and society.

Sonal Lakhani
Barclays Global Head of Strategic Programmes and Innovation

"Where Fintech is synonymous with 'change' we believe our role is to facilitate that change"

Sonal Lakhani

Enable and grow

The first Barclays Accelerator, powered by Techstars, took place in 2014. We look back on what has been achieved and consider the lessons learned along the way

FinTech was born out of the 2008 financial crisis. Forward-thinking banks soon realised that working with these disruptors was key to accelerating their own innovation. They saw that partnership and collaboration could create value for both sides.

The Barclays Accelerator was created with the premise that we wanted to both learn from and support FinTechs. That commitment was signalled by our choice of partner. Techstars was founded in 2006 to help entrepreneurs succeed, and its blueprint for mentor-driven accelerator programmes, which compress two years of work into 13 weeks, attracted world-leading brands and world-class investors.

In 2014, the first Barclays Accelerator, powered by Techstars took place in Whitechapel, London. It was a success and eight years later Barclays has completed 19 programmes across the globe – including New York, London, Tel Aviv and Cape Town. The programme has built a reputation as one of the industry's leading FinTech accelerators and more than 190 companies have taken part.

Changing business models

Since the programme's inception there has been a maturing of the sector, acceleration of digital adoption and shifting of customer behaviours. A key trend we have seen is that FinTechs in our earlier programmes were chiefly focused on B2C, but over the years have moved more to B2B or B2B2C. This change to providing services directly to businesses, financial institutions and enterprises was often in response to the high cost of customer acquisition. More recently, we have seen an increase in SaaS (Software-as-a-Service) business models that circumvent time-intensive and costly technical infrastructure integrations.

19 Accelerator Classes

London (7) New York (6)
Tel Aviv (4) Cape Town (2)

13 Acquired Companies

191 Graduate Companies
146 Operating Companies
76% Companies still active

$4.2bn Market Cap All Time

Ensuring alignment

Looking at the entire 190+ accelerator alumni portfolio, the representation across sectors has been broadly steady, including Payments, Cybersecurity, RegTech, WealthTech, PropTech, Capital Markets, InsurTech. The exceptions are Personal Finance, SME Business Lending, Gig Economy Finance, Data Analytics and Automation/Process Management, which have grown substantially since 2018.

We observed that emerging value propositions, changing needs and customer segments, along with decreasing barriers in technology, were the biggest levers of change to startups' areas of focus. By understanding early signals, Barclays was in a position to choose which areas we wanted to learn more about and start to work with startups to do so.

Record amounts of capital have been invested in the sector, including to one of our accelerator companies, Chainalysis, a US-based crypto data platform.

Global growth

We did not initially take equity stakes in the accelerator companies but soon realised that there was strategic value in doing so, and in 2018 created Rise Growth Investment fund to follow on with funding post-programme. Barclays is now on the cap table of the selected companies, and over the last eight years, Barclays and Techstars have formed one of the largest bank-powered portfolios globally, currently valued at more than $4billion. This is a key metric demonstrating that a long-term innovation strategy can pay dividends.

Impact on Barclays culture

The accelerator programme has been a catalyst in changing the innovation culture at Barclays. Internally, it has helped us think about innovation in a different way, to understand the value of the Open Innovation ecosystem and to constantly allow ourselves to be changed by startups which were challenging the status quo. It was actually feedback from founders in 2014 that prompted us to develop Rise, created by Barclays, as “the home for FinTech” – a community hub for Fintechs and Barclays to come together and drive innovation in financial services. Externally the accelerator programme has been a beacon to the FinTech community that we are not only open to learning and change, but we create impactful change that ripples out across the whole sector.

Supporting diversity and opportunity

Since 2018, Barclays has made a concerted effort to attract more gender diversity into its accelerator programmes. This was evident in 2019 when 40% of the FinTechs within the London programme were led by female founders. Programmes like the Female Innovators Lab, Female Founders First and the Black Founders Accelerator are all focused on supporting diversity in the startup ecosystem and ultimately unearthing more diversity of thought, investment opportunities and products and services that serve all our customers equally.

Embracing innovation, enabling growth

For each of the companies that have been through the Barclays Accelerator, we can be proud of the legacy that we have built in putting founders first and in supporting the best entrepreneurs to create the financial architecture, jobs and technology of the future.

Iterate and improve

Reflecting on learnings helped us improve outcomes for the participating FinTechs and support Barclays' strategic objectives. Here are some key points we learnt along the way:

- Focus on strategic business challenges when selecting companies, but consider a wildcard to encourage divergent thinking.
- Align senior stakeholders within the bank to sponsor and guide the companies. Their early buy-in opens many doors.
- When engaging with early-stage companies, set the correct short-term expectations on what is possible.
- Learn how to experiment to test new tech and models, both safely and at speed
- Develop a Proof of Concept engagement process – Barclays' process is now available publicly online.
- Create a coveted mentorship programme to train selected colleagues to lean in and support the startups' progression.
- Take secondees from across the organisation to help 'cross-pollinate' innovation to other areas of the bank.
- Encourage intrapreneurship and include colleagues with a relevant business idea in the accelerator programme.

Strategy in action

These examples show how our evolving innovation stategy continues to deliver win:win outcomes for Barclays and the FinTechs it partners with:

Enable rapid growth

Strategy: Don't seek exclusivity and IP ownership, focus instead on partnership models, helping startups grow and scale.

Example: Flux is a successful accelerator graduate providing digital receipts. Barclays has integrated Flux into its mobile banking offering for its entire customer base in the UK, but Flux has also partnered with challenger banks Monzo and Starling Bank. Better tech can benefit us all.

Open up new markets

Strategy: Use Barclays' access to global customers, markets and expertise to support international growth among partner FinTechs.

Example: Cutover helps institutions manage risk during large infrastructure changes. Barclays has not only adopted its technology through a commercial agreement, but also helped Cutover to expand in the US.

Build long term relationships

Strategy: Remain engaged with companies from earlier programmes and stay alert for new opportunities

Example: Shieldpay, the escrow service provider, came through the 2017 London programme. Four years later they have reached a partnership where Barclaycard are directing customers to the Shieldpay service directly from its website.

"The mentors and advisors were brilliant in sharpening our message and potential to change our world."

Nat Wyne, CEO Floodlight

"The Barclays Accelerator has given us access to a fantastic network of people who understand all the key aspects of building our business. From design thinking to closing enterprise deals, we have met experts for each key aspect of our business. We look forward to continuing to be a part of the network as we grow the business."

Julianne Sloane, CEO, Nossa Data

"The programme has pushed us to re-examine our core hypothesis, improve our concept and build faster. Receiving feedback from so many talented people has really helped us elevate our thinking."

Chris Storaker, CEO, Smash

Automation & Process management

cutover

Driving operational excellence by bringing teams and technology together to orchestrate complex work faster and smarter, with real-time visibility and control. Cutover enables organisations to move quickly with confidence.
> **London 2015 cohort**

Accountancy Cloud

Providing leading full stack finance functions for startups. Finance managers and powerful software provide unparalleled accounting, R&D tax credits and financial services for high growth startups.

> **London 2020 cohort**

TapTrip

An award-winning travel technology company. With a tech head and a traveller's heart, it uses both to power better business travel for SMEs.

> **New York 2019 cohort**

Cybersecurity

SafeHouse

A cloud-based, cyber security platform that can secure any device that is connected to it. Driven by the mission to "democratise cyber security", protecting users from cyber-attacks that go beyond just the device.
> **Tel Aviv 2018 cohort**

General

Cashforce

A cash forecasting and working capital analytics platform for corporates. Cashforce helps finance/treasury departments save time and cash by offering accurate and automated cash flow forecasting and working capital insights.
> **New York 2015 cohort**

NOVO

A banking platform that provides business deposit accounts and is powered by a network of FDIC-insured community banks. Novo takes a fresh approach to small business banking with easy-to-use tools for founders on the go.
> **New York 2017 cohort**

Insurance

EVERLEDGER

Blockchain technology that creates a secure, permanent digital record of an asset's origin, characteristics and ownership. This transparency helps industries respond to growing expectations for sustainable, verifiable sourcing.
> **London 2015 cohort**

nimbla

B2B invoice insurance for small and medium-sized businesses in the UK. Nimbla's proprietary technology allows it to instantly review the credit rating of invoices and insure them individually, paying out in the event of insolvency.
> **London 2018 cohort**

Business Lending & Financing

crowdz

A new kind of invoice financing platform committed to building opportunities for companies in global supply chains. Businesses can get paid faster and earn higher profit margins by selling their outstanding invoices.
> **London 2018 cohort**

paid

Automation and collaboration software that revolutionises enterprise buying from long-tail suppliers. Suppliers get easy-to-use work management software and instant payment on work completed.
> **London 2019 cohort**

Compliance & Regulation

clausematch

An award-winning regulatory technology (RegTech) company that enables financial institutions and other regulated companies to run their businesses safely and meet compliance obligations.
> **London 2018 cohort**

Chainalysis

A blockchain data platform, providing cryptocurrency data, software, services, and research to government agencies, financial institutions, and cryptocurrency businesses. Builds trust in blockchains to create financial freedom with less risk.
> **New York 2015 cohort**

sigma

Founded at MIT, Sigma uses point-in-time risk analysis and ongoing monitoring technology to actively screen thousands of global data sources and return a unified stream of compliance intelligence on companies and people.
> **New York 2017 cohort**

Mobile Wallets & Remittance

howler

An end-to-end FinTech events technology platform at the heart of the experience economy. Trusted worldwide to sell more tickets, manage access control, streamline cashless payments, stream online and create a seamless experience.
> **Cape Town 2017 cohort**

send friend

Helps the millions of migrant workers who overpay for international money transfer because of friction in the banking system. Leverages blockchain technology to reduce the cost of service by 65% from the industry average.
> **New York 2018 cohort**

Payments Processing & Networks

shieldpay

A payments company focused on securing high-value transactions. Whether an individual or business, Shieldpay enables instant digital escrow payments to be created in a very fast, streamlined and cost-effective manner.
> **London 2017 cohort**

Data & Analytics

SELDON

Accelerating the adoption of machine learning to solve some of the world's most challenging problems. Its customers and users have collectively deployed more than one million models in thousands of organisations across the world.
> **London 2016 cohort**

Simudyne

A simulation technology company that helps institutions generate greater insight to solve complex problems. Better strategic execution across capital markets and portfolio management, plus improved performance and reduced risk.
> **London 2017 cohort**

remesh

Lets customers have live conversations with any audience that matters to them. Using AI, its platform rapidly analyses the opinions and interactions of up to 1000 participants, understanding the responses that best represent the group.
> **New York 2015 cohort**

FairFrame

Coaches managers and supervisors on how to give better feedback. In a private workspace, managers check their written notes for possible bias and receive guidance on how to encourage, enhance and improve their diverse team's experience.
> **New York 2018 cohort**

JULIUS TECHNOLOGIES

A proprietary low code platform that creates on-demand fully customised Data Science & Analytics systems. The solution automates the entire machine learning lifecycle from data processing to production and governance.
> **New York 2020 cohort**

MADA ANALYTICS

Software that optimises the financial returns on investments in renewable power plants with energy storage. Accurately models storage technologies and integrates project finance and power market pricing to enable optimal efficiency.
> **Tel Aviv 2018 cohort**

Floodlight

A data platform that enables investment professionals to align client values to client money. Its unique, unbiased, and insight-rich data guides subscribers in the challenging and exploding world of impact investing.

> **New York 2020 cohort**

NOSSADATA

Digitises company ESG reporting and data management across multiple frameworks, to reduce the cost of capital and compliance.

> **New York 2020 cohort**

Personal Finance & Savings

Flux

Flux is a digital receipts data platform delivering seamless digital receipts to customers and valuable item-level insight to retailers. Retailers use aggregated receipt data to optimise their campaigns by targeting customers based on valuable insights.
> **London 2017 cohort**

untied

untied is a personal tax app. It was the first end-to-end app recognised by HMRC for Making Tax Digital for Income Tax. untied believes taxes should be fast, fair and simple. It uses connections to bank accounts to help deliver speed, ease and efficiency.
> **Tel Aviv 2019 cohort**

Real Estate / Property

Offr

Offr believes there is a better way to buy and sell property. A faster, more transparent way, where there is less uncertainty and stress. Offr's platform is an end-to-end, open solution that supports agents, buyers, sellers and solicitors.
> **London 2020 cohort**

Real Blocks

RealBlocks aims to build the best alternative investment experience for institutions, investors and advisors worldwide. Alternative investment managers can raise capital globally by connecting with institutional and intermediary channels.
> **New York 2017 cohort**

Trading / Exchange

safello

A cryptocurrency exchange that offers instant buying and selling and integrates several advanced features to make cryptocurrency easily and securely accessible for everyone. Regulated by Finansinspektionen (Swedish FSA) and founded in 2013.
> **London 2015 cohort**

sparkchange

SparkChange is a provider of specialist carbon investment products and data. The company was established by experts in environmental products and scalable technologies to set a new standard in carbon investing.
> **London 2019 cohort**

This selection – of just a few of the Barclays Accelerator alumni – demonstrates the range of innovative solutions that address the financial challenges of both today and tomorrow

rise

Created by BARCLAYS

Rise, created by Barclays, is a global community of the world's top innovators and entrepreneurs working together to create the future of financial services

Our mission is to connect technology, talent and trends from across the Rise ecosystem to accelerate innovation and growth in the financial services industry. We do this by operating FinTech workspaces in New York and London, complemented by a global virtual FinTech network, where cutting-edge startups and scale-ups can connect, create and scale their businesses, backed by Barclays' global network of industry experts, mentors, investors and partners.

If you are interested in knowing more about Rise, would like to join our Rise network, or have a general query, find out more here or contact us below:

Other ways to get involved with Rise:

- Listen to our Rise FinTech podcasts to discover the trends and topics in FinTech from industry experts, founders, entrepreneurs and investors, who each bring their unique take on the industry and its future
- Sign up to our Rise newsletters, that give regular updates from our sites in New York and London
- Download our Rise FinTech Insights, a quarterly report that provides opinion and commentary on trending topics such as embedded finance, open banking and diversity in FinTech
- Follow us on LinkedIn or Twitter

Rise, created by Barclays, the #HomeofFinTech

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rise

Created by
BARCLAYS

About Rise, created by Barclays

Rise, created by Barclays, is a global community of the world's top innovators and entrepreneurs working together to create the future of financial services. By connecting technology, talent and trends, the mission of Rise is to accelerate innovation and growth in the financial services industry

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To join our community, or keep in touch with the latest from Rise, visit or follow us on:

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