

FRÉDÉRIC LEVY MORELLE

Look&Fin When the the real economy



▲ Frédéric Levy Morelle:
"We are as much
entrepreneurs as our
clients!"

LOOK&FIN in figures

- €33 million: the total amount of funding granted since the platform was launched.
- €375,000: the average amount borrowed.
- 35% for working capital: main use of the funds borrowed, ahead of growth and expansion (28%).
- 38% in commerce and distribution: the main sector of activity targeted.

Sticking to his original idea, Frédéric Levy Morelle has developed a truly innovative financial offer. As a pioneer and leader in crowdlending in Belgium, the financial technology company Look&Fin is a model of entrepreneurial success. It's proof that vision and perseverance pay off...

► Four years after graduating from SBS-EM, you founded Look&Fin, a crowdfunding platform based on loans. Was the idea already rolling around in your head when you were a student?

To some extent, because the concept is the main conclusion of my dissertation on company financing which I wrote in 2008. What I went on to do allowed me to mature my idea and turn it into something concrete... By the time I left SBS-EM, I had acquired excellent financial knowledge and developed a good analytical approach. This gave me a solid background that I had the chance to put into practice during a placement with EEBIC, a private equity company that manages investment funds such as Theodorus. It was an entrepreneurial environment that immediately impassioned me, but unfortunately EEBIC was unable to offer me a job at that time.

A unique opportunity

► You followed this up with a Master's at the same university.

Following a summer at the University of California, I returned to Belgium, and... the bank of Lehman Brothers was collapsing! It was a period of great uncertainty in the labour market that pushed me towards a Master's in tax planning at the same time as I started work in tax consultancy. At the beginning of 2010, I was given a unique opportunity... Olivier Belenger (Director of EEBIC) asked me to join his team! I was passionate about the job: identifying investment opportunities, structuring financing, but also ensuring the continuity of the portfolio. In fact, the funds were really to be invested in projects. So I sat on the board of directors to support their growth process and their strategic decision-making, etc. At the same time, I started to think about an innovative means of financing: private loans to SMEs!

► So you came back with the concept of Look&Fin! However back then, hardly anyone was talking about crowdfunding, and even less about crowdlending. How did financial technology get started?

We had to build everything, particularly with the FSMA. After two years of negotiations with the Financial Services and Markets Authority, the company was born, partly with capital from the EEBIC from a private French investor. Our challenge was clear from the outset: to get going with limited funding (subscribed capital of €330,000), to test the market traction and to show that there was a demand. During this initial phase, from mid-2012 to the end of 2013, we were financing five companies at once, with lending of €450,000...

► Six years later, you are the Belgian leader in 'crowdlending'. Since 2015, you have also had a very good position in France. What are the keys to this success?

You can never do it all on your own! You have to select good people right from the start, surround yourself with an excellent team. After that, you have to stick to your guns. However, there was a strong temptation to head towards crowdfunding, which was the big trend at the time. But coming from the world of capital, I was convinced I could develop a more attractive financial offer concerning debt. Perseverance,

'crowd' finances

Text: Nelson Garcia Sequeira
Pictures: Frédéric Raevens

Inside LOOK&FIN

June 2012

Creation of Data
For FSMA approval,
company founded and
first funding provided.

2014

Granting of loans of
more than €100,000.

2015

Launch of the platform
in France.

2016

Round table for a loan
of 3 million euros.

2017

The team expands
from 5 to 30 people.
Financing of the first
project for 1 million
euros and alternative
financing platform
approval from the
FSMA.



- ▶ Ingest 2008
- ▶ Founder and CEO
of Look&Fin



tenacity and demand ultimately paid off... The final element is being able to grow from your own funds, essentially. Thanks to due diligence management we were able to grow at our own pace, without cutting corners or financial resources.

Even Pierre Marcolini

▶ What are the main benefits of the platform for borrowers?

Our value proposition is based on a process of fast, simple and effective raising of funds which perfectly meets the needs of the growing SME. First of all because the funding request is done online in a simple and diligent process. Secondly, we don't ask for any personal guarantee, unlike a bank. Finally, analysing the documents takes maximum two weeks, application can be completed on average in less than four minutes and funds are also quickly made available.

▶ You recently lent 1 million euros to Pierre Marcolini. He said he opted for crowdlending because "it's a human adventure first of all"... We are as much entrepreneurs as our clients! We are confronted with the same problems, with similar constraints, etc. Basically, we speak the same language. As such, we offer them a tailored funding solution that is matched to their situation. Nothing is forced, because we build the case together with a common aim: that the project works! In real terms, for example, we take into account the seasonal nature of the business, and the company's revenues. This dialogue is both indispensable, and also extremely enriching. →

“ WE DON'T ASK FOR ANY PERSONAL GUARANTEE, UNLIKE A BANK ”



5 PIECES OF ADVICE for Budding Entrepreneurs

1) Surround yourself with good people

"Getting the right team together is crucial for the success of any entrepreneurial project."

2) Stick to your guns

"Believe in your idea and persevere, even if you're going against the grain."

3) Know when to question yourself

"Remain faithful to your initial idea, while having the intelligence to listen to the market and let your product evolve. A balancing act ..."

4) Prove that there is demand

"Behind the notion of perfectionism, the most important thing is to be proud of what you're producing to give you the energy to progress."

5) Foster team spirit

"Management style, cohesion and team leadership are true differentiation criteria!"

► Crowdfunding isn't suitable for every project. Who is your target audience?

We apply strict eligibility criteria, because we need to ensure the quality of our projects in order to maintain our lenders' confidence. Our borrowers are profitable businesses achieving turnover of over a million euros and with a sales history of at least three years. In fact, even though we have some extreme cases (turnover of 400 million euros), the majority of our clients have turnover of between 5 and 30 million euros. But any organisation can check its eligibility on our website. Each request is then subject to extensive analysis, because we are interested in the qualitative aspect as well as the financial data...



www.lookandfin.com

The missing link

► What is your positioning with regard to the banks?

You often hear that crowdfunding is a means of financing that sits in competition with the banks. In reality, we

If you'd like to suggest an alumnus or alumna or present your project in this section, write to us at sbs-em@elixis.be.

are more of a missing link, a supplementary offer, because we structure mezzanine loans of between 100,000 and 1 million euros, characterised by strong demand but few players. This type of financing has the advantage of creating financial leverage with the banks. In fact, in 70% of cases, leveraging funds via Look&Fin has enabled the company to secure a bank loan. Look&Fin thus acts as a facilitator. On the other hand, we offer lenders a clear financial alternative ...

► Who are these lenders?

They cover a broad spectrum! On the one hand, there's 'Mr and Mrs Average', and then there's the investment fund that decides to invest in all our portfolios. But the average lender is a 40-year-old-male with a university degree who works in banking and has €30,000 to invest. Our main advantage is the very attractive return of around 6.7% unflinchingly. But our customers are also keen to invest in the real economy. In other words, they want to know where they are putting their money.

► By the end of 2016, you will have loaned 3 million euros... What will the money be used for?

By the end of the year, the platform is set to open in two more countries. We also want to further develop the product, while taking into account the changing European context which will boost the market. We are forecast to break even by the end of 2019. Ultimately, without compromising on our demanding and stringent values, we aim to maintain our growth trajectory... of 100% yearly! ■

CROWDLENDING?

Like other types of crowdfunding, crowdlending is a participative form of financing which allows individuals to lend money to a company which promises to repay it with interest. On the other hand, the lender gets an attractive return while financing the real economy. Less familiar to the general public than reward or equity crowdfunding (which pays bonuses or gives a share in the capital), crowdlending nevertheless represents 70% of global 'participative' investments ...