

From "Know Your Client" to "Know Your Network"

The next generation of technology to tackle financial crime



WUNDERSCHILD

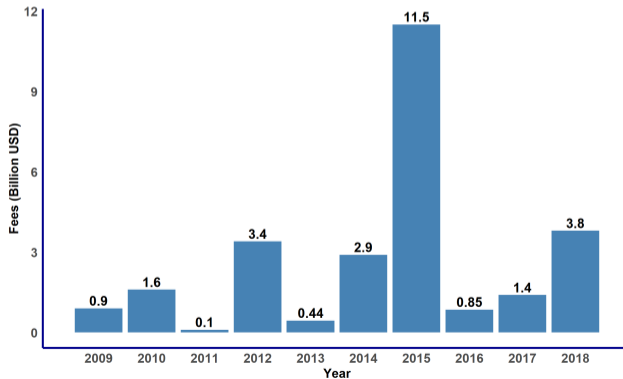
•• KNOW YOUR NETWORK ••

Schwarzthal Tech - Pitch Deck

June 2020, London

What problem is Wunderschild solving?

- The process of knowing your customer(KYC) used by banks, corporations and governmental agencies is currently not fully-automated and requires manual processing, thereby limiting an in-depth analysis.
- The concept of KYC is mono-dimensional, static and backwards-looking.
- The KYC process focuses on the information concerning the customer at a standalone level and does not show the bigger picture.



History of fines paid by banks for issues with AML / KYC. Source: Fenergo

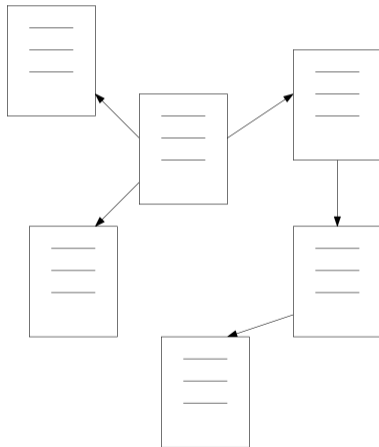
Schwarzthal Tech

Current approaches are mostly based on Manual Search

In most firms, the KYC (Know Your Customer) process consists in gathering information about a company (or a person) and its connected entities (i.e. who is the director of the company, where is the founder from, do they appear on the sanctions/ terrorist list, etc.)

This process is currently manual or semi-automated and includes:

- 1 Search for a person by name or ID in the business register from the country of origin
- 2 Search for related people and companies
- 3 Name translation/transliteration into another language, and a similar search is done in the registries of other countries



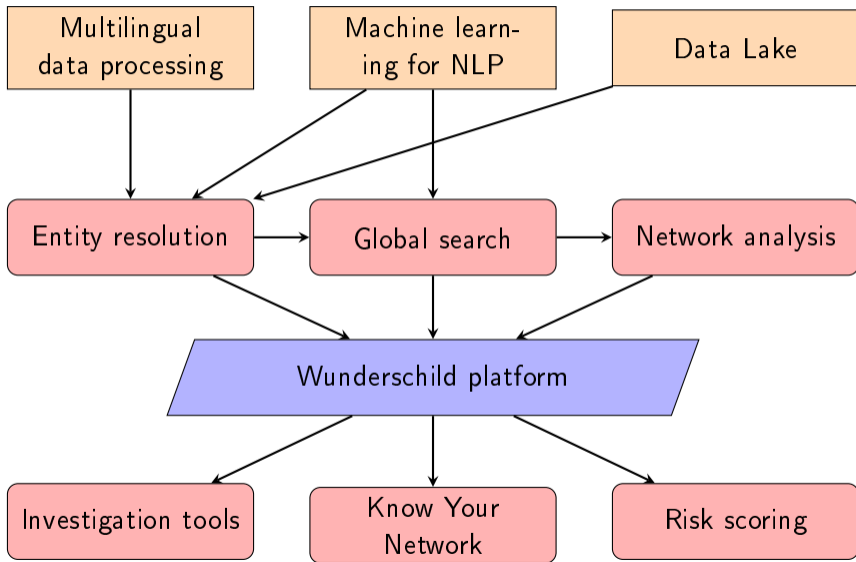
Wunderschild: An Analytic Platform automatizing KYC and investigation

- Finds information about people and companies from different jurisdictions
- Builds a global picture of a client with her/his connections.
- Models the information about client's network using graph theory.
- Is based on a **hyper-network** of objects including both individuals and companies.
- Requires a **data linkage** process using Artificial Intelligence.
- Extracts connections from a *Data Lake* which includes business registers databases, news and legal document
- Measures network complexity to assess financial crime risk.
- Makes the Enhanced Due-Diligence(EDD) faster and cost effective.

Multilingual name matching using Machine Learning algorithms

For example **Sergei Pugachev**, a well known Russian oligarch appears on different business registers as Сергей Викторович Пугачёв, *Serguei Pougacheff*, *Serge Pugachoff*, *Sergey Pugachyov*, *Serguei Pougatchev*.

How does Wunderschild works?

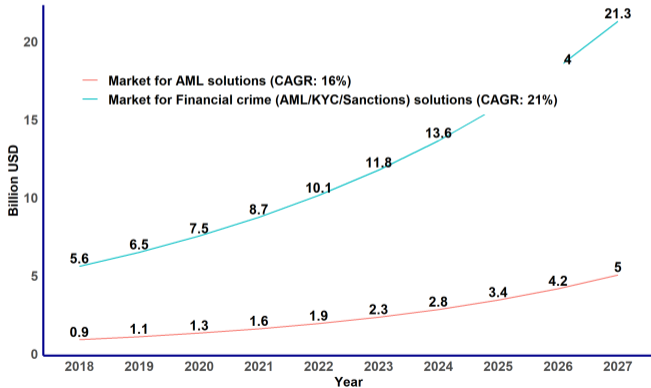


Strengths

- **Team:** An international team with over **25** years of experience in the financial sector, **4** books and more than **10** articles published; **12** spoken languages.
- **Investments:** Locked-in investment for the first two years.
- **Reputation:** *Marius Frunza* has a strong reputation in the financial sector and is an internationally recognized expert in the field of financial crime and tax evasion. He is expert witness in financial crime matters at the British court.
- **Advantage over competitors** Wunderschild provides multilingual documents analysis, finds hidden transnational networks between people and companies and performs risk scoring modeling.
- **Clients:** Several law firms and news agencies are interested in the product, and we have already completed several investigations for customers.

Market


KYC software solutions is a fast-growing market. New laws and regulations related to the fight against money laundering, terrorist financing and sanctions contribute to the sustainable growth of this market. The OWI analytic agency estimated the size of solutions for financial crime market in 2017 at **USD 5.6 billion** with an annual growth rate of 16% and an expected turnover of **USD 11.8 billion in 2022**.



- KYC legislation is tightened in the USA, EU, Australia, Hong Kong, Japan, Singapore and Russia.
- The main factor in the growth of the demand for KYC services is the focus of EU and US lawmakers on Due Diligence of legal entities and the assessment of their owners.
- The ability to reduce compliance costs for organizations will generate additional demand for KYC solutions.

Source: <https://www.kycbench.com/the-global-market-for-kyc-solutions/>

Product

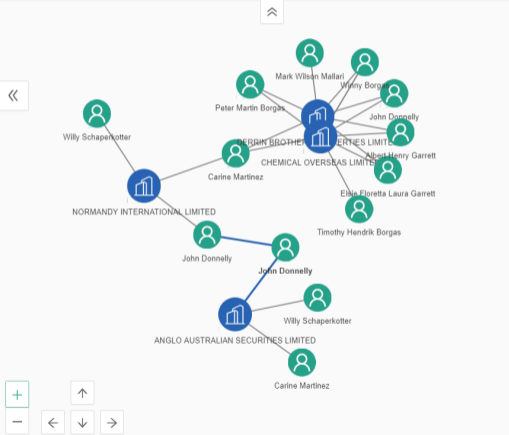
 **WUNDERSCHILDO** Graph

File Clear the Graph

+ Add node + Add edge

Country Type

- John Rowe
Matching score:63%
- John Donnelly
Matching score:62%
- John Donnelly
Matching score:62%
- John Donnelly
Matching score:62%
- John Donnelly
Matching score:62%
- John Brash
Matching score:50%
- John Roper
Matching score:50%



Willy Schaperkötter

Peter Martin Borgas

Mark Wilson Mallari

Willy Borgas

John Donnelly

John Donnelly

Albert Henry Garrett

Carine Martinez

CHEMICAL OVERSEAS LIMITED

Elisa Floretta Laura Garrett

Timothy Hendrik Borgas

John Donnelly

John Donnelly

Willy Schaperkötter

ANGLO AUSTRALIAN SECURITIES LIMITED

Carine Martinez

NORMANDY INTERNATIONAL LIMITED

John Donnelly

Basic information

Risk Score 32.76%

Network Complexity 1.39

Countries of Interest United Kingdom United Arab Emirates Ireland

Detailed Information

Date of Birth 7-1973

Country of Operation United Kingdom

Country of Residence United Arab Emirates

Nationalities Irish

[See the Full Dossier](#)

Connections

Product

John Donnelly

Date of Birth 7-1973

Nationalities Irish

Name John Donnelly

Addresses Total: 1

Address

EC4M 8AB, Paternoster House, 65 St Paul's Churchyard, London, United Kingdom

Countries of Interest United Kingdom, United Arab Emirates, Ireland

Connections

Officers

Name	Date of Creation	Country of Incorporation	Appointed On	Resigned On	Occupation	Officer Role
ANGLO AUSTRALIAN SECURITIES LIMITED	2017-06-08	United Kingdom	2017-06-08		Chartered Accountant	director

Risk Breakdown

Money Laundering 72.53 ⬇

Terrorism Financing 0.00 ✔

Tax Evasion 65.27 ⚠

Sanctions 0.00 ✔

Corruption 26.00 ✔

Risk Score 32.76 ✔

Targeted Market Segments

- **Banks:** This will be the main segment targeted and several services can be delivered:
 - ▶ KYC at the moment when the bank on-boards a new client
 - ▶ On-going risk assessment after on-boarding during the life time of the client
 - ▶ Portfolio risk assessment: running batches for checking regularly a big number of clients.
- **Law firms:** Bespoke research and expert witness.
- **Prosecutors:** Consolidate and enrich evidence for building cases
- **Investigation agencies:** Help with assets tracking by following the assets linked to an individual
- **Intelligence agencies:** Extract in real-time specialized information from news and other sources
- **Journalists:** Building visually story-telling cases about investigations (ie. Panama Papers)
- **Individuals:** One time search to check business partners, employers, landlords....

Business model

The intended business model is IaaS (Intelligence as a Service). The first operational version was released in December 2019 and the access will be fee-based from November 2020.

The business model encompasses the following types of services :

- **License:** The user gets on-line access to the platform and can use different services depending on the type of license:
 - ▶ **Basic** account: includes access to the search engine and the case builder (*Price: EUR 20,000 per user per year*)
 - ▶ **Kraft** account: includes full access to the data search, media scan and search in courts' documents (*Price: EUR 28,000 per user per year*)
 - ▶ **Wunder** account: includes full access to the data search, media scan, search in courts' documents and to the advanced analytic tools. (*Price: EUR 58,000 per user and per year*)
- **Assistance on bespoke cases:** Deep-dive investigation in complex cases (*Price: EUR 1-2,000 per case*)
- **Consulting and implementation:** platform integration to customers' environment (*Price: EUR 800 per FTE day*)
- **Expert witness:** Expert advice for law firms and prosecutors in criminal and civil cases (*Price: EUR 260 per hour*)

Revenue projections

Product/Sold units	2020	2021	2022	2023	2024	2025	Price (EUR)
Company search engine	0	0.5	3	10	15	30	20,000
Risk scoring	0	0	1	3	5	15	20,000
Media Scan	1	3	10	30	50	100	3,000
Automatic data extraction	0	1	10	15	20	25	10,000
Search in courts' documents	0	1	10	30	50	100	5,000
Expert witness	3	3	5	5	5	5	5,000
Investigations	2	3	4	4	4	4	1,000
Technology services	0	0	2	2	3	3	10,000

Product/ Revenue	2020	2021	2022	2023	2024	2025
Company search engine	0	10,000	60,000	200,000	300,000	600,000
Risk scoring	0	0	20,000	60,000	100,000	300,000
Media Scan	3,000	9,000	30,000	90,000	150,000	300,000
Automatic data extraction	0	10,000	100,000	150,000	200,000	250,000
Search in courts' documents	0	5,000	50,000	150,000	250,000	500,000
<i>Wunderschild license</i>	3,000	34,000	260,000	650,000	1,000,000	1,950,000
Expert witness	15,000	15,000	25,000	25,000	25,000	25,000
Investigations	2,000	3,000	4,000	4,000	4,000	4,000
Technology services	0	0	20,000	20,000	30,000	30,000
<i>Services</i>	17,000	18,000	49,000	49,000	59,000	59,000
TOTAL	20,000	52,000	309,000	699,000	1,059,000	2,009,000

Financial Plan for the next 24 months

Timeline/Semesters ¹	S2-2020	S1-2021	S2-2021	S1-2022	S2-2022	Total
<i>Headcounts ETF</i>	8	15	24	30	35	112
Salaries	72	135	259.2	324	378	1,168.2
Servers Infrastructure	4	6	6	8	10	34
Marketing	3	6	9	12	20	50
Administration/ Accounting	2	3	3	4	5	17
Legal fees	3	5	10	10	15	43
R&D	0	30	30	40	50	150
Other expense (travel, events)	3	3	3	3	10	22
Total Costs	84	185	317.2	398	478	1,462.2
Sales	6	26	26	150	159	367
Seed funding	32	32	36	0	0	100
Series A	50	200	250	250	250	1,000
Total resources	88	258	312	400	409	1,467
<i>Surplus/Deficit</i>	4	73	-5.2	2	-69	4.8

¹All figures are expressed in Thousands Euro (except the headcount))

Potential outcomes

1 Best-case scenario

- ▶ Wunderschild becomes the market leader and Schwarzthal Tech will reach a valuation of 0.5 billion euros

2 Realistic success scenario

- ▶ The company becomes a significant market player and generates 10-15 millions euros in annual turnover

3 Worst-case scenario

- ▶ The company remains a small size operation providing technology services in the AML/KYC and bespoke case intelligence

The Terms

- We are seeking 1-1.5 million euros in financing and we offer 20-30% of equity ownership
- The financing will last for 30 months
- The major milestones we will be able to reach with the financing are :
 - ▶ Integrate data from all open business registries, apply advanced algorithms to news drill tool and develop the data extraction tool from court documents
 - ▶ Finalize the AI engine that processes the multilingual entity resolution
 - ▶ Build a consistent base of fees-paying users
 - ▶ Develop commercial partnerships with at least 5 banks
- The key use of proceeds from the investment will be technology: and product development, built a small pre-sales team and marketing.
- The CEO is the currently the main investor in this project

Contact

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