

FT PARTNERS FINTECH INDUSTRY RESEARCH

September 4, 2018

INSURTECH CO-CEO INTERVIEW:



Data Automation & Analytics

Overview of FT Partners

- Financial Technology Partners ("FT Partners") was founded in 2001 and is the only investment banking firm focused exclusively on FinTech
- FT Partners regularly publishes research highlighting the most important transactions, trends and insights impacting the global Financial Technology landscape. Our unique insight into FinTech is a direct result of executing hundreds of transactions in the sector combined with over 15 years of exclusive focus on Financial Technology

FT Partners' Advisory Capabilities



FT Partners' FinTech Industry Research

FINTECH RESEARCH & INSIGHTS

- In-Depth Industry Research Reports
- Proprietary FinTech Infographics
- Monthly FinTech Market Analysis
- FinTech M&A / Financing Transaction Profiles



The Information

Named Silicon Valley's #1 FinTech Banker (2016) and ranked #2 Overall by *The Information*



Ranked #1 Most Influential Person in all of FinTech in *Institutional Investors* "FinTech Finance 40"



THE M&A ADVISOR

Numerous Awards for Transaction Excellence including "Deal of the Decade"

Steve McLaughlin: *Founder & CEO*

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steve.mclaughlin@ftpartners.com

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Groundspeed Overview



Company Overview



Co-CEOs: Andrew Robinson & Jeff Mason

Headquarters: Ann Arbor, MI

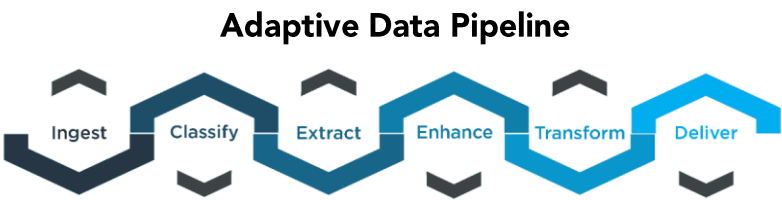
Founded: 2015

- Groundspeed automates commercial insurance analytics, creating value from unstructured information
- The Company uses machine learning to harvest, normalize, enhance, and extract data to clients' specifications in order to improve margins, identify profitable pools of business, and improve customer experience
- The automation software automatically requests, receives, processes, and analyzes data from carrier documents to identify important trends

Selected Financing History

Date	Size (\$ mm)	Selected Investor(s)
07/26/18	\$30	Oak HC/FT
04/04/17	2	ManchesterStory, Michigan Angel Fund, Tappan Hill Ventures

Products & Services Overview



Ingest

Collects documents from uploads, API, or batch processing

Classification

Automated recognition of various attributes of submissions

Data Extraction

Raw materials automatically extracted from images, PDF, XLS, MSG, etc.

Enhancement

Machine learning methods of cleaning, normalizing, and applying risk analytics to data

Transformation

Data transformed to customer-friendly template

Deliver

Data delivered in report form via JSON, XML, API, SQL, or Extract



Jeff Mason

Co-Founder & Co-Chief Executive Officer

What is your background and what motivated you to start Groundspeed?

Before I founded Groundspeed, I helped start and operate Chelsea Rhone, an MGA and program manager which focused on a difficult class of professional liability risk. Over my tenure at the firm, I helped grow the company and our program, HealthCap, to a leading position in our market.

I had a ton of fun at Chelsea Rhone and was able to focus on a lot of interesting challenges. I led our distribution strategy and worked closely with our 300 brokers. I started our Bermuda captive division which grew to include nearly 600 captive clients around the world. I founded a risk management consultancy and a software-as-a-service firm focused on reducing risk in long term care.

I had the most fun creating innovative risk solutions that utilized multi-tower, multi-layer program structures that addressed complex global risk.

Why did I start Groundspeed? Throughout my career, the critical inputs to the most strategic decisions were found in the combination of three general categories of commercial insurance data, including claims, exposures, and policies. This data was almost always found in unstructured or semi-structured PDF and Excel files.

I saw our underwriters, brokers, reinsurance partners, risk managers and program administrators all wrestling with the same files, applying tremendous manual efforts and in the end, able to extract only a small percentage of the information available on the page. I thought there must be a better way.



Exclusive Co-CEO Interview – Jeff Mason

How many employees do you have now and what are their backgrounds?

We currently have a team of about 40. Most of our workforce is based in software engineering and data science, but we have recently begun to bring more business-oriented members onto our leadership team.

We have preference toward University of Michigan graduates, where I received my MBA, but are most interested in professionals with insurance industry expertise. Unlike other InsurTech startups, Groundspeed is firmly rooted in deep insurance expertise.

You're working with both brokers and carriers. What problems are you solving for them?

We're enabling our clients to unlock the value in their unstructured data. With Groundspeed, brokers can now benchmark coverage structures, automate loss reporting for clients and monitor loss development to optimize profit share. Carriers can automate submission processes, improve book roll effectiveness and capture all submission data for strategic analysis, such as identifying profitable micro-segments. Ultimately, our service is to take the information brokers and carriers already have and create incredible value from it.

Almost every tech company these days claims to be doing machine learning. What differentiates Groundspeed from others in the world of InsurTech?

Groundspeed differentiates itself by infusing deep property and casualty insurance expertise into our technology solution. In my experience, I have witnessed too little deference given from technologists to insurance industry veterans. Underwriters might not know Python, but they know how the industry works, what drives incentives, where money is earned, and what the most important levers are in driving performance. Yes, we use machine learning – and lots of other tools, including human brains – but we can make better use of technology because of our industry knowledge.



Exclusive Co-CEO Interview – Jeff Mason

Your work has exposed major inefficiencies in the ways that brokers are used to working because of technology limitations. What are some examples of these and of the improvements Groundspeed has been able to help brokers achieve?

The modern broker needs better data to make decisions. They need detailed loss data – comprehensive, ground-up, normalized – and complete exposure information. Brokers need to understand exactly what is contained in the policies they’ve written – what the limits and sub-limits are, what the retention or deductible is.

The problem is that this information is trapped in loss runs, exposure schedules, and policy forms. Even the best brokers spend far too much time reading documents and transposing information into other spreadsheets. Groundspeed’s adaptive data pipeline takes these files and harvests, enhances, and delivers comprehensive loss, exposure and policy information to brokers.

They’re able to find underwriting profits held in their books of business and leverage this information with carriers to create a more appropriate value exchange and better policy conditions. Brokers can also understand and communicate their clients’ risk by automatically building stewardship reports.

You’ve found the same in your work with commercial insurers. What examples can you share?

We’re just getting going with carriers. Our goal is to help carriers completely automate submission data capture and analytics. We’ve helped carriers improve both total data capture and cycle time on submission ingestion.

Manual processes result in only about 10% capture from all inbound submissions. Our adaptive data pipeline is designed to capture and extract nearly all submissions sent to carriers. As compared with a strictly manual process, the Groundspeed solution can harvest in minutes what would otherwise take days to manually extract.



Exclusive Co-CEO Interview – Jeff Mason

Are you delivering standardized software to your clients or implementing custom solutions?

All our clients use the Groundspeed cloud-hosted Adaptive Data Pipeline which ingests documents like loss runs, exposure schedules and policies and delivers structured, enhanced data. We focus most of our customization work on data transformation and delivery.

What can you share about clients who are using Groundspeed today?

Our clients range from Top-5 public brokers and Top-10 carriers to small-to-midsize regional firms.

Many insurance analytics and software companies face the challenge of extracting necessary input data from a variety of legacy systems. You have the opposite dynamic of processing a variety of unstructured inputs to extract new data that doesn't have an established place to go. How does your platform interact with other common enterprise systems, and how do you help your clients store and organize all this data?

We operate in a convenient position in our client's technology infrastructure because we are focused entirely on inbound data. We don't typically have to connect with multiple legacy systems. We deliver structured data and analytics in a simple format that our customers can easily map to their needs.

How do we help our clients store and organize all this data, that's a bigger question. Fundamentally, we meet our clients where they are. If they just want flat file or a JSON extract, then that's what we provide. If they want Excel transformations, we have that too. If they are further along and want us to connect to a data lake API, we can handle that, too.



Exclusive Co-CEO Interview – Jeff Mason

You've just raised \$30 million and Andrew has joined as co-CEO. What should we expect next from Groundspeed?

The whole team at Groundspeed is very excited about our recent \$30 million Series B funding led by Oak HC/FT and Andrew joining as Co-CEO. Without a doubt, the amazing engagement we have had with the largest brokers and insurance companies in the country has shaped us to be the company we are today, and ultimately given us this opportunity with Oak.

Every day as we continue to grow, we are preparing new solutions for the insurance marketplace's most complex data challenges. We believe we are just now scratching the surface of what can be accomplished.

What advice would you offer to other InsurTech entrepreneurs?

The first thing I would say is that startups are more different than alike, not all advice is appropriate for your position. A few things helped me. First, I relied on a network of experienced insurance people to help me create the product market fit and to test my assumptions. I did not just find clever technologists. Real value is created through industry insight, not technology breakthroughs. Second, I tried to focus on just one problem. We started with loss runs. The other day, another startup told me that they were going to "reimagine the entire insurance transaction, from distribution, to underwriting, to policy issuance and claims." Yeah, no they're not. Lastly, I read the book "The Hard Thing About Hard Things" by Ben Horowitz, co-founder of Andreessen Horowitz. There are about 100 great pieces of advice in about that many pages.

Selected FT Partners InsurTech Research – *Click to View*



SquareTrade's \$1.4 billion Sale to Allstate



Automatic's \$115 million Sale to SiriusXM



Goji's \$15 million Financing Round Led by HSCM Bermuda



Next Insurance's \$83 million Series B Financing



Clearcover – CEO Interview



EverQuote Completes its IPO Raising \$84 million



Root Insurance Raises \$51 million in Financing



Hippo – CEO Interview

[VIEW MORE FT PARTNERS RESEARCH](#)

FT Partners Research – Quarterly InsurTech Insights

Q1 2018 InsurTech Almanac



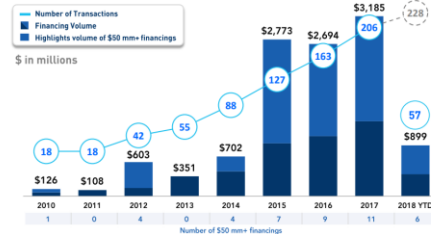
Click pictures to view report

Highlights of the report include:

- Q1 2018 and historical InsurTech financing and M&A volume and deal count statistics
- Largest InsurTech financings and M&A transactions so far in 2018
- Most active InsurTech investors
- Corporate VC activity and strategic investor participation
- Other industry, capital raising and M&A trends in InsurTech

INSURTECH FINANCING ACTIVITY: ANNUALLY

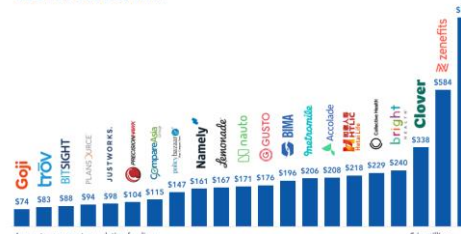
InsurTech Private Company financing volume and number of transactions rose to a record level in 2017, but 2018 is already tracking at a higher annualized rate



FT PARTNERS INSURTECH INSIGHTS

CUMULATIVE FINANCING OF PRIVATE INSURTECH COMPANIES

16 InsurTech ventures have now each raised \$100 million or more in cumulative financing, of which 8 have raised more than \$200 million and 2 more than \$500 million



FT PARTNERS INSURTECH INSIGHTS

INSURTECH M&A ACTIVITY

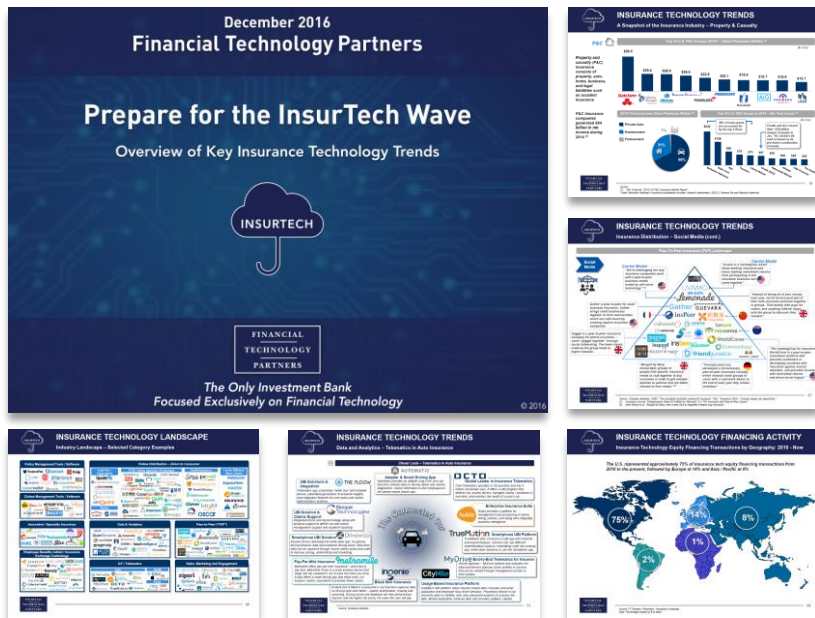
Announced M&A volume is off to a relatively slow start in 2018; however, the number of transactions remains in line with previous years on an annualized basis



FT PARTNERS INSURTECH INSIGHTS

FT Partners Research – InsurTech Industry Report

Prepare for the InsurTech Wave: Overview of Key InsurTech Trends



FT Partners' 269-page report provides an in-depth look at the major waves of innovation and disruption that are beginning to radically alter the insurance industry.

Additional highlights of the report include:

- An analysis of specific trends across: Insurance Distribution, Sales, Marketing and Engagement, Data and Analytics and Insurance Administration
- The responses of incumbents to date including the innovations, investments, partnerships and acquisitions being made to stay ahead of the game
- Proprietary InsurTech financing and M&A statistics and a comprehensive list of transactions in the space
- A detailed industry landscape of InsurTech providers as well as other innovative, tangential companies and profiles of 54 companies operating in the InsurTech ecosystem

Leading Advisor Across the InsurTech Landscape

Consumer Protection Plans

Financial Technology Partners LP
FTP Securities LLC

is pleased to announce its role as
exclusive strategic and financial advisor to



in its sale to



for total consideration of

\$ 1,400,000,000



The Only Investment Bank
Focused Exclusively on Financial Technology

Telematics / Connected Car Solutions

Financial Technology Partners LP
FTP Securities LLC

is pleased to announce its exclusive role as
sole strategic and financial advisor to



AUTOMATIC

in its sale to



for total consideration of approximately

\$ 115,000,000



The Only Investment Bank
Focused Exclusively on Financial Technology

Online Small Business Insurance

Financial Technology Partners LP
FTP Securities LLC

is pleased to announce its exclusive role as
sole strategic and financial advisor to



in its equity capital raise led by



for total consideration of

\$ 31,000,000



The Only Investment Bank
Focused Exclusively on Financial Technology

Sales Automation Technology & Platform

Financial Technology Partners LP
FTP Securities LLC

is pleased to announce its exclusive role as
sole strategic and financial advisor to



**INSURANCE
TECHNOLOGIES**

in its sale to

MOELIS CAPITAL PARTNERS



The Only Investment Bank
Focused Exclusively on Financial Technology

Largest Wholesale Brokerage in U.S.

Financial Technology Partners LP
FTP Securities LLC

is pleased to announce its exclusive role as
sole strategic and financial advisor to



in its growth recapitalization by



NEW MOUNTAIN CAPITAL LLC

valued at approximately

\$ 1,300,000,000



The Only Investment Bank
Focused Exclusively on Financial Technology

Online Small Business Insurance

Financial Technology Partners LP
FTP Securities LLC

is pleased to announce its role as
exclusive strategic and financial advisor to



in its Series B financing led by



for total consideration of

\$ 83,000,000



The Only Investment Bank
Focused Exclusively on Financial Technology

Auto Finance and Insurance Solutions

Financial Technology Partners LP
FTP Securities LLC

is pleased to announce its exclusive role as
sole strategic and financial advisor to



on its sale to an Affiliate of



The Only Investment Bank
Focused Exclusively on Financial Technology

Agency Management / Marketing Technology

Financial Technology Partners LP
FTP Securities LLC

is pleased to announce its exclusive role as
sole strategic and financial advisor to



in its sale of

Zywave Insurance Solutions

to



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Online Personal Lines Insurance Agency

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is pleased to announce its exclusive role as
sole strategic and financial advisor to



in its financing led by



**HSCM BERMUDA
MANAGEMENT COMPANY**

for total consideration of

\$ 15,000,000



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SaaS / Claims for Property & Contents

Financial Technology Partners LP
FTP Securities LLC

is pleased to announce its exclusive role as
sole strategic and financial advisor to



in its sale to



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Focused Exclusively on Financial Technology

Award-Winning Investment Banking Franchise Focused on Superior Client Results



2018

- 2018 Top Investment Bank in FinTech



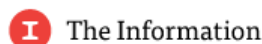
Institutional Investor
Annual Ranking

2017

2015 - 2016

2006 - 2008

- Ranked #1 Most Influential Executive on Institutional Investor's FinTech 35 List
- Steve McLaughlin Ranked Top 5 on Institutional Investor's FinTech 35 List
- Consecutively Ranked (2006, 2007 and 2008) among the Top Bankers on Institutional Investor's "Online Finance 40"



2016

- Ranked #2 Top Technology Investment Banker on The Information's "Silicon Valley's Most Popular Dealmakers"



M&A Advisor
Awards

2015 - 2017

2010 - 2014

2004 - 2007

- Investment Banker of the Year – 2017
- Investment Banking Firm of the Year – 2016
- Cross Border Deal of the Year - 2016
- Dealmaker of the Year – 2015
- Technology Deal of the Year – 2015
- Equity Financing Deal of the Year - 2014
- Professional Services Deal of the Year, Above \$100 mm – 2014
- Dealmaker of the Year – 2012
- Professional Services Deal of the Year, Above \$100 mm – 2012
- Boutique Investment Bank of the Year – 2011
- Deal of the Decade – 2011
- Upper Middle Market Deal of the Year, Above \$500 mm – 2010
- IT Services Deal of the Year, Below \$500 mm – 2010
- Cross-Border Deal of the Year, Below \$500 mm – 2010
- Dealmaker of the Year – Steve McLaughlin – 2007
- Business to Business Services Deal of the Year - 2007
- Computer and Information Technology Deal of the Year, Above \$100 mm – 2007
- Financial Services Deal of the Year, Above \$100 mm – 2007
- Investment Bank of the Year – 2004





Middle Market
Financing Awards

2006 - 2008

- Equity Financing Dealmaker of the Year – Steve McLaughlin – 2008
- Information Technology Deal of the Year – 2008
- Financial Services Deal of the Year – 2008
- Financing Professional of the Year – Steve McLaughlin – 2006

The FT Partners Senior Banker Team

Name / Position	Prior Background	Experience / Education	Years of Experience
Steve McLaughlin <i>Founder, CEO and Managing Partner</i>		<ul style="list-style-type: none"> Formerly with Goldman, Sachs & Co. in New York and San Francisco from 1995-2002 Former Co-Head of Goldman Sachs' Financial Technology Group (#1 market share) Wharton M.B.A. 	23
Paul VanderMarck <i>Managing Director</i>		<ul style="list-style-type: none"> Former Chief Product Officer at Risk Management Solutions, a global technology business in the catastrophic risk space 25+ years of experience as an InsurTech operating executive Experienced advisor and investor in the InsurTech space 	26
Larry Furlong <i>Managing Director</i>		<ul style="list-style-type: none"> Formerly with Goldman, Sachs & Co. in New York, London and Los Angeles beginning in 1995 Wharton M.B.A. 	22
Greg Smith <i>Managing Director</i>		<ul style="list-style-type: none"> Formerly award winning Equity Research Analyst at Merrill Lynch / J.P. Morgan / Hambrecht & Quist 20+ years of experience covering FinTech as both an Analyst and Investment Banker 	22
Osman Khan <i>Managing Director</i>		<ul style="list-style-type: none"> Former Managing Director / Head of FIG M&A at Alvarez & Marsal 15+ years FIG deal, consulting and assurance experience at PwC 40 Under 40 M&A Advisor Award Winner in 2013 LSE (BSc w/Honors), MBS (MBA w/Distinction), ICAEW (FCA) 	21
Steve Stout <i>Managing Director</i>		<ul style="list-style-type: none"> Former Global Head of Strategy at First Data Formerly Led J.P. Morgan Payments Investment Banking Former Equity Research Analyst on #1 ranked team at UBS and Economist at the Federal Reserve Bank 	20
Tim Wolfe <i>Managing Director</i>		<ul style="list-style-type: none"> Formerly with Goldman, Sachs & Co. beginning in 2000 Started at FT Partners in 2002 40 Under 40 M&A Advisor Award Winner 2013 Harvard M.B.A. 	16
Kate Crespo <i>Managing Director</i>		<ul style="list-style-type: none"> Formerly with Raymond James' Technology & Services investment banking 12+ years of FinTech transaction execution experience Dartmouth M.B.A. 	16
Timm Schipporeit <i>Managing Director</i>		<ul style="list-style-type: none"> 11+ years with Morgan Stanley, Senior Executive Director of European Technology Investment Banking Team in London Formerly a Venture and Growth Investor focused on FinTech at Index Ventures 	15
Andrew McLaughlin <i>Managing Director</i>		<ul style="list-style-type: none"> 20+ years experience executing / implementing financial and operational strategy Formerly with Deloitte Consulting 	12