

FT PARTNERS FINTECH INDUSTRY RESEARCH

June 25, 2020

FinTech CEO INTERVIEW:



*with President of AST Private Company Solutions
Carine Schneider*

Private Market Solutions

The Only Investment Bank Focused Exclusively on FinTech

San Francisco • New York • London

AST Overview



Company Overview



Headquarters: New York, NY
Founded: 1971

- AST is a leading provider of ownership data management and analytics to public and private companies as well as mutual funds.
- AST offers a comprehensive product set, including transfer agency services, employee stock plan administration services, proxy solicitation and advisory services, private company solutions, and bankruptcy claims administration services. Affiliates include AST Trust Company (Canada), D.F. King & Co, Inc., and Donlin, Recano & Company, Inc.
- AST offers AstrellaTM, a blockchain-enabled, cloud-based, self-service management platform solution for private company shareholders and employee stock plan data

Management Team



Martin Flanigan
President & CEO



Carine Schneider
President, AST Private
Company Solutions



Brett Weinblatt
CFO

Products & Services Overview



Power

Intuitive SaaS platform, utilizing private blockchain technology, an AI integrated partner network, and API's to facilitate data ownership addressing the private company ecosystem



Global

Secure and private share ownership solution built by AST - a leader for the past 50 years in ownership data analytics for companies worldwide



Compliance

Automated transition from private to public company Transfer Agent and Stock Plan Administration services, escrow and custodian services from a registered SEC Transfer Agent

Interview with Carine Schneider



Carine Schneider

President, AST Private Company Solutions

“Together, we lead the industry with a comprehensive portfolio that includes transfer agent and registrar services, corporate governance and advisory services, issuer and mutual fund proxy services, equity plan solutions, restructuring services, and class action and mission critical services.”

Please describe your background and what led you to running the Private Company Solutions division for AST? Also, what does AST do?

I have worked in the stock plan design and administration business my entire career. I began my career at Oracle, working with the CFO and Board of Directors on the IPO and then managed the employee stock plans post-IPO. From there, I held various senior management roles at Morgan Stanley and Towers Watson and was a partner at PwC. I started my own company, Global Shares and served as both the CEO and a Board Member until I became the CEO of Certent. I was the President of Nasdaq Private Market before becoming President of AST Private Company Solutions (PCS).

AST was originally founded as a transfer agent in 1971. Through organic growth and strategic acquisitions, AST has pioneered a new model of integrated services. Our affiliates now include AST Trust Company (Canada), D.F. King & Co., Inc., and Donlin, Recano & Company, Inc. as well as AST Private Company Solutions. Together, we lead the industry with a comprehensive portfolio that includes transfer agent and registrar services, corporate governance and advisory services, issuer and mutual fund proxy services, equity plan solutions, restructuring services, and class action and mission critical services.

As a successful female executive in FinTech / financial services, what advice would you give for other women looking to follow your path?

I've worked with a lot of women entrepreneurs and am always happy to share lessons learned. In my time working with women business leaders who are looking to build or run a business, I've met a tremendous amount of talented, experienced and knowledgeable women running or building a business. Access to capital and to the right network is an issue, as is access to the right mentors and board members. Women need to ensure their business plans are reviewed and tested by experienced investors and to be open to feedback on how to make their business plan stronger. No one can argue with the irrefutable logic of results.



Exclusive Interview – Carine Schneider

“It’s no secret that many private companies stay private longer and with the added layer of complex investment terms designed by professional investors requiring sophisticated tracking, demand has grown and become a mandatory requirement for many venture and private equity owned companies.”

What are the market drivers leading to greater demand for cap table/ownership tracking software today?

It’s no secret that many private companies stay private longer and with the added layer of complex investment terms designed by professional investors requiring sophisticated tracking, demand has grown and become a mandatory requirement for many venture and private equity owned companies. With the growth of secondary liquidity solutions such as structured liquidity programs, institutional secondary buying and selling and non-recourse funds that lend against private company stock positions, the need for secure and powerful recordkeeping is important. For investors, tracking this information is no longer left to someone with a spreadsheet on their laptop – this information is too important and requires professional and experienced management. Mistakes made using a spreadsheet can potentially cost an investor’s millions.

What advantages do you gain from your relationship with AST?

PCS is an affiliate of AST, which gives us a tremendous advantage against our competitors. Not only is our technology newer and more powerful, we are part of a large data ownership management and analytics company that is regulated. Regulators expect a high degree of privacy and secure environments for public company shareholder information. We have integrated those requirements into Astrella to ensure our clients information is secure and properly managed. Because our clients and investors are based around the world, we have to make sure we follow applicable domestic and international privacy rules.

In addition, when an Astrella client has an exit, whether that be an IPO, trade sale or an unfortunate bankruptcy, our colleagues at AST can provide support. As the #1 transfer agent for IPO’s in the US, Astrella clients can easily transition to AST for transfer agent and/or employee stock plan administration services upon their public listing. No other firm can provide this easy conversion.



Exclusive Interview – Carine Schneider

“In order to grow sustainably, we look to the winners today. Progressive leveraged behavior through credit data to positively select non-standard risks. Both Progressive and GEICO have been able to positively select risks by displacing agent commission. Underlying it all, they had the proper underwriting mechanics.”

How is the Astrella™ solution differentiated? How are you leveraging blockchain, AI and other technologies?

New approaches have shown consumers are keen on considering products that give them more control. We're a direct form of that value proposition— control your insurance.

In order to grow sustainably, we look to the winners today. Progressive leveraged behavior through credit data to positively select non-standard risks. Both Progressive and GEICO have been able to positively select risks by displacing agent commission. Underlying it all, they had the proper underwriting mechanics.

By having digital levers to evaluate risk and capture thousands of additional data points, we've digitized underwriting. We'll continue to select risks we know can outperform and leave the remainder for market.

Why is blockchain so important? What real-world problems does it solve?

Blockchain solves a number of real-world problems including the ability to track the life of the share from initial issuance to exit, manage the “many-to-one” transaction when an investor buys a pool of shares from a number of smaller shareholders and to track a lien against shares (for example, in the case of a loan). In addition, smart contracts are just around the corner.

Who are your target customers for Astrella and what is your customer acquisition strategy?

Our clients are based around the world and range from small, seed stage companies to larger privately held companies. We support both venture-backed companies as well as private-equity owned portfolios. Our technology allows portfolio owners to view multiple cap tables without the need to log into each cap table separately and easily calculate exit scenarios on the fly. We have had our exit calculations reviewed by an external accounting firm to ensure the calculations are correct. We allow tracking of equity in various currencies and tracking of incorporations in 180+ countries. We will soon be releasing our LLC tracking capabilities to allow all kinds of private companies to track their ownership on Astrella.



Exclusive Interview – Carine Schneider

“We have received significant feedback that there is a need for a global, next-gen self-service technology solution that has an extensive partner network which allows the client company to determine who they choose to provide the company with valuation services, liquidity alternatives and wealth management advice.”

How do you see the competitive landscape developing? Clearly Carta has raised substantial capital, Morgan Stanley recently acquired Solium. Is there enough room in this market to support multiple successful companies?

Both Carta and Solium have different business models and priorities from our business model. We have received significant feedback that there is a need for a global, next-gen self-service technology solution that has an extensive partner network which allows the client company to determine who they choose to provide the company with valuation services, liquidity alternatives and wealth management advice. Because we provide only technology and ownership tracking solutions, we do not have a conflict of interest in offering other services. Building a strong API backbone to our solution allows us to integrate easily with the partner of the clients' choosing.

What are your views on the companies facilitating trading of private company shares like Forge, EquityZen and Zanbato? Do you see them vertically integrating and moving into the cap table space and would you ever consider expanding into the trading side, similar to what Carta is doing?

We see ourselves to be a strong partner to the secondary liquidity providers such as those listed above. We have already signed a partnership agreement with EquityZen and are in discussions with others. We don't see ourselves moving into the trading space and I believe most liquidity providers understand the massive lift to build a solution as complicated as an ownership tracking solution. Our team has worked in this field for a combined 100+ years – we've got deep experience and know the mistakes others have made. Our clients get to benefit from our deep bench strength.

Do companies have to migrate from Astrella if they go public?

Yes, Astrella is only designed for private companies at this time. Clients can move their cap table data to AST (as their public company transfer agent) or a transfer agent of their choosing and their employee stock plan data to AST or to a provider of their choosing.