

CÉLINE LAZORTHES (M.08), FOUNDER AND CEO OF LEETCHI

LEETCHI, EPISODE 2

September 2015, French fintech startup Leetchi was acquired by Crédit Mutuel Arkéa for 50 million Euros. This money pot and payment website has reinvented the way people collect funds for birthdays, weddings and group events. Céline Lazorthes (M.08), founder and CEO of the company, tells us about her company's new prospects.

HEC Why did you decide to sell your startup to Crédit Mutuel Arkéa? Did you feel that the timing was right?

Céline Lazorthes Crédit Mutuel Arkéa has been a precious partner of Leetchi since the very beginning. We work with ten different banks in Europe¹ and they were historically the first one. Over the last five years, we have built a strong relationship of trust.

Recently, we have been looking to raise a new round of money. It went really well – we got three firm offers within a month, one of them stemming an international venture capitalist. Crédit Mutuel Arkéa suddenly told

us that they were interested to look at our business plan. We accepted, of course, as they were a partner of choice. The more offers I get, the more power I have in the negotiations. They said they were willing to finance our development but also to acquire the company. Considering our common history, I believe they are the right partner. That is why I accepted their offer.

HEC The deal includes 10 million euros of future investments. How will Leetchi keep on growing? What will be your priorities?

C. L. We are looking to further grow our business while staying independent and autonomous. I remain the CEO of Leetchi. With these 10 million euros, Crédit Mutuel Arkéa will help us achieve our international strategy. We are going to expand Leetchi.com abroad, starting with the UK early next year where we will open a business unit. Regarding MANGOPAY [editor note: Leetchi's payment processing solution for marketplaces, the other main activity of the startup], we are going to recruit six additional staff in London, Madrid and Frankfurt. We have been in London for 7 months only and we already have more than 100 customers, including Vinted, a popular peer-to-peer marketplace for clothes.

HEC You recently launched a new product, Leetchi Cash. How does it work?

C. L. We have realized that approximately 10% of our customers use Leetchi to make a payment to another person. There is no sense to resort to a money pooling system if you simply send money to an individual. So we decided to build an easy-to-use service for transferring cash: all you have to do is send an email to the recipient, specify the amount and CC cash@

WHAT THEY SAY ABOUT HER

Emanuele Levi, general partner at 360 Capital Partners (Leetchi's main shareholder before the acquisition)

"I met Céline at LeWeb Paris in 2009. Three months later, our fund invested in Leetchi. She immediately impressed me with her maturity. She has always been open to discussions with us. At the same time, she is very determined and self-confident. When she is convinced of an idea, she does not hesitate to contradict us. And her decisions have proved right..."

Jean Labro (H.08), associate at Sagard Private Equity

"Céline and I did the Master in New Technologies. She was one of the few to start her business before graduation. Ben Horowitz (editor note: a famous investor) highlights people skills as key for entrepreneurs and Céline has this ability to motivate a team and share her vision. She is very humble and a team-player."

Isabelle Rabier (H.09), founder of Dermance Labs

"Despite her success, Céline has also remained down-to-earth, accessible and generous. She knows priorities in life. I am sure that if I meet some difficulties one day in my life, she will be there for me."



CAREER 2008 HEC graduate 2009 Launches Leetchi.com 2013 Launches MANGOPAY 2014 Launches Leetchi Cash 2015 Crédit Mutuel Arkéa acquires 86% of the company

leetchi.com. We take a 40-cent commission. For us, it is another way to market the Leetchi brand.

HEC **What kind of synergies can you expect with Crédit Mutuel Arkéa?**

C. L. They have strong knowledge in banking and financing. We will learn a lot from them in terms of technology, services and operations. They may also help us launch new features. One option we are considering is to issue prepaid credit cards that will allow our users to spend their outstanding Leetchi balance in brick-and-mortar stores.

HEC **Won't decisions be harder to take with this new investor that holds 86% of capital?**

C. L. No. The shareholders agreement is clear: I remain the CEO and Crédit Mutuel Arkéa sits on the Supervisory Board. They will keep Leetchi autonomous to let it grow and expand, as they have been doing with Fortuneo for more than five years. It is actually a smart way of acquiring a business.

HEC **Four million people have already used Leetchi. Among all the stories, which one are you the most proud of?**

C. L. Some clients use Leetchi to collect money for charities and solidarities. Recently, a young couple living in Reunion raised 40,000 euros for their baby Rodrigue. The 7-month old boy has a genetic spinal muscular atrophy called Werding-Hoffmann. With the money collected on Leetchi, the parents are paying a specific treatment in a US hospital. I was so moved by their story that I participated in the donation. Doctors are working on the protocol and we are awaiting good news from Rodrigue.

€100

million
were collected
by Leetchi last
year. The startup
intends to double
this figure in 2015.

4

million
people in the
world have used
Leetchi.

>700

Over 700 websites
in 22 countries
receive their
payments through
MANGOPAY.

HEC **Do you think other French fintech startups have a potential for global scope?**

C. L. Well, if you are a digital company and you don't have international ambition, someone will do it for you! You can't just focus on the French or UK market, you need to be global. Our service is available from more than 150 countries, in French, in English, in German and in Spanish. Our clients in Spain don't know that we are based in Paris, and they actually don't care...

HEC **Before the Crédit Mutuel Arkéa buyback, Leetchi raised 7 million euros from prestigious investors like Xavier Niel, Jeremie Berrebi (Kima Ventures), Oleg Tscheltzoff (MBA.93 – Fotolia) and investment funds IdInvest and 360 Capital. What is the best advice they gave you?**

C. L. I remember a discussion I had with Xavier Niel in 2012. He told me: "never let people say that you are a small company". Indeed, we are not worth 1 billion dollars yet, but we already have proved something.

HEC **You are involved in the "Girls in Tech" network. Do you think it is a plus or a disadvantage to be a woman in the web industry?**

C. L. It is hard to answer but I would say, mainly a plus. There are just a few women in the tech industry. As a female, you are more visible. It is easier to get some press.

HEC **Any message to the HEC community?**

C. L. You have everything in hand to succeed as entrepreneurs. Don't stick to traditional careers. Starting your business is so exciting. Think about it: you create something from scratch, you build your own team, you are the decision-maker. It is a no-brainer! ●

1. When you put money on Leetchi, the funds land into a dedicated bank account that is connected to the Clearing House. It remains there until the "pot leader" uses the money to buy something online or orders Leetchi to wire it into the beneficiary's bank account.