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1. Introduction

The aim of the present thesis is to **analyze the history** of Starting Finance from its beginnings, 3 years ago, to the present day. In order to do so, it will be analyze the business development from a practical point of view. We will retrace the history of Starting Finance from its birth, trying to understand the method of development of the product and of the company structure.

An important focus in the analysis will have **the Lean method**. This method has allowed Starting Finance to come to light, overcoming great difficulties that an innovative companies with a young team may encounter even before their constitution.

The thesis will analyze Step-by-Step the **difficulties encountered** and solved thanks to the use of this innovative approach.

Obviously, this does not mean that Starting Finance has completely overcome every possible problem in its journey, since like every newborn company still has to face many challenges.

The real success of Starting Finance can only be analyzed in the years to come.

The Starting Finance idea has existed for more than two years, but only recently it has been raised the necessary capital to develop its platform and community.

Indeed, until September of this year, when the company has been officially incorporated, the development of Starting Finance was limited to the development of its community, due to the lack of funds and skills for the development of a competitive platform on the market.

Since October, thanks to the entry of an important development company as a partner, Starting Finance has finally started the development of its web platform and app.

1.1 Introduction: The Issue

Nowadays, the issue of **financial education** is one of the biggest problem that affects our society.

In the last few years this problem has been in every government agenda.

Indeed, the world political leaders have recognized the need of dealing with the high rate of citizens' financial illiteracy ¹.

In Italy, this issue is really worrying: according to a research of Standard and Poor's, **only 37% of the Italian** citizen can be considered '**financial literate**'. The most incredible fact is how countries as Togo (38%) and Mauritius (39%), for example, are more financial literate than an advanced and industrialized country like Italy. Our European neighbors, like France and Germany, have higher financial literacy, in fact they are, respectively, financially educated for the 52% and 66% of the entire population ².

Besides the financial illiteracy that the Government need to deal with, there is another matter to face: the shortage of interaction of millennials with financial institutions.

In fact, this segmentation of the population tends to be very distrustful of these realities.

The research '*The millennial disruption Index*' by Scratch, a consulting company belonging to the Viacom group, carried out on more than 10,000 Millennials, has shown that **73% of millennials would be more attracted by commercial offerings of financial services by big tech** companies as Google, Amazon and Apple, than to the offer of one of the leading banks of their nation³. In other words, Millennials do not take advantage of the financial market mainly because nobody has given them the tools to truly exploit it. They do not have an easy and immediate interface to deal with. Financial market is a 'big unknown world' that they usually see as something far from their everyday reality, a sole prerogative of bankers, brokers and 'adults'.

How to react to these problems?

¹ Filotto U. (2009)

² The Standard & Poor's Rating Services global financial literacy survey (2015)

³ <https://www.contentintelligence.net/it/ci/come-le-banche-possano-cogliere-la-sfida-dei-millennials>

Edutainment is probably the best way to react to these kinds of problems. What edutainment is? **Edutainment aims to combine** two traditionally opposed aspects, such as **education** and **entertainment**. The goal is to transmit content, of rigorous scientific value, through experiences based on the lightness of leisure and entertainment, ways that promote long-lasting learning, as many research have recently documented⁴.

This is the birthplace of Starting Finance.

2. What is Starting Finance?

Starting Finance was born in 2016 from the passion for finance of two university students, Marco Scioli and Edoardo Di Lella, with the **aim of creating the largest European community of economics and finance for millennials**. Through its website, social channels and a network of 17 university clubs, Starting Finance is now the largest Italian reality for young finance enthusiasts, with 50,000 followers on social networks and over 200,000 unique visitors to the site (annual data).

The mission is based on three main pillars of development. Information, education and financial simulation.

The three pillars are tightly linked, they are a step-by-step route that leads the user straight to the financial market.

The first step is **financial information**, i.e. the tool for collecting potential users, who approach Starting Finance, through sponsored content on social networks. This step may be defined as the bait, and it is anchored to the natural curiosity of the users, who attracted by the *necessity to know* will access to Starting Finance world.

Once attracted the customer through financial information, Starting Finance aims (and need!) to give to the user an **educational background** with which he/she can improve his financial knowledge, thus realizing the second step of the mission: an effective education of the users.

⁴ Werquin P. (2010)

After the baiting and the acquisition of the educational tools, the user is ready to become an active character of the financial market and finally face it.

This is the aim of the third step of Starting Finance mission: through a simulation tool, the users will have the opportunity to try what he has learned through a **simulation game**, who will simulate his/her trading choices on the markets.

At the end of this path, Starting Finance may realize its final goal i.e. catching the confidence of the user.

Indeed, trust is the key word of the potential success of Starting Finance. If Starting Finance succeeded in implementing a platform that is really able to gain the user's trust in this complicated world, it would have at its disposal the keys to become an operator of financial sector.

2.1 The average user of Starting Finance:

The Starting Finance community is composed of 48,200 followers (not counting the double users between Facebook and Instagram). **87%** of the Starting Finance community is **between 18 and 30 years old**. 24% of followers are women, and 76% are men. The community grows to a level of 130 followers per day thanks to sponsored content on social realities. The first important feature of the millennials, that Starting Finance must take into account, is the need to access educational content at any time and in a simple way. In fact, according to studies, this demographic labeling prefers to follow the lessons outside the classes, and use the period within the classes to discuss the information acquired⁵. The millennials are also very interested in the possibility of **learning through study groups** or projects, rather than alone, in fact they are called social learners. This is due to the simplicity with which, nowadays, they have the opportunity to interact with each other. This specific audience prefers to **learn through practical experiences**, placed within a competitive context. The interest in the competitive context is the result of growing by playing online video games. Finally, the **Millennial has an extremely short**

⁵ Negotiating the deal: using technology to reach the Millennials by Erika Matulich and Raymond Papp

attention span⁶. So it prefers fast and incisive content, which in a few minutes a day, can leave its mark.

2.2 The market size

Analyzing the countries in addition to Italy where Starting Finance intends to launch its internationalization plan, it is possible to immediately notice the potential market of Millennials. Adding up the Millennials of France, Germany, UK and Spain, together with Italy of course, the reference number is about 61 million people. Instead, the **Millennials in the 18-24 golden range** are about **28 million**.

In particular, what should be underlined is the speed with which the potential audience of Starting Finance renews itself.

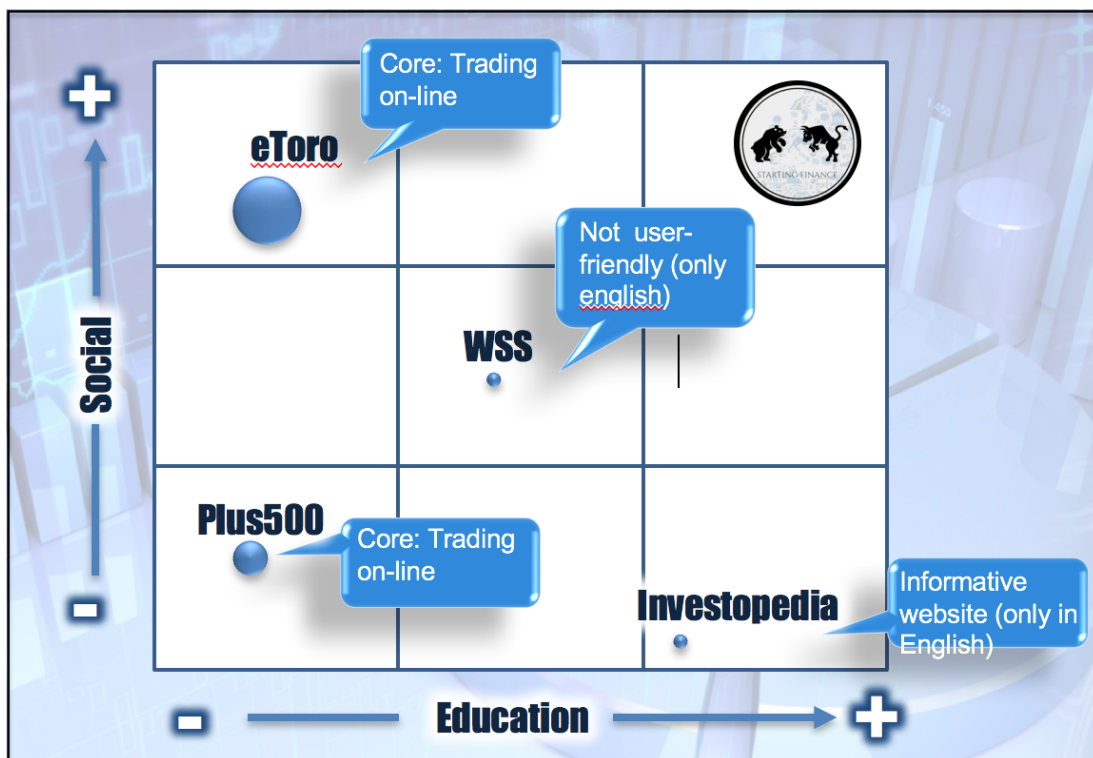
There is, therefore, a **continuous flow of new potential customers** who independently reach the point of contact created by the university clubs and the social pages. In fact, the goal of Starting Finance is to create a reality that is able to develop a **demographic business**. The idea is to approach the potential customer before anyone else. In order to take the trust for years to come, offering everything that the customer need to interact with the financial sector. If this happens, Starting Finance would have an important competitive advantage over financial institutions such as banks and insurance companies, because it would have secured the customer long before they did. The ability of the Starting Finance team must be, on one hand, to be able to take more and more young users, on the other hand, maintain the existing users base through the development of services that can meet the needs of the customer during its aging.

Starting Finance is already receiving the interest of corporate spin-offs dedicated to millennials, such as Unicredit's Buddy Bank and BNL's Hello Bank. These new companies are interested in being able to make partnership deals in order to secure a slice of this important market.

⁶ Baker, R., E. Matulich, and R. Papp (2007), "Teach Me In the Way I Learn: Education and the Internet Generation," *Journal of College Teaching and Learning*, 4 (4), 27-32.

2.3 Competitors

Starting Finance's competitors can be defined in two categories.



1) Direct competitors

2) Indirect competitors

Starting Finance classifies direct competitors as all those platforms that have a **stock exchange simulator** available to the public within an extremely **educational environment**. These types of competitors are especially present in the USA. Two important examples are Wallstreetsurvivor and the industry leader, Investopedia. Instead Starting Finance classifies as indirect competitors all those platforms that have a **stock exchange simulator**, but do **not offer educational services**, and therefore use the simulator as bait for other types of services. Normally these platforms offer trading services. Remarkable examples are Etoro and Plus500. The European market is poorer of direct competitors, and consequently is an interesting market to start from. Above all, Italy is an incredible market where it is possible to start. The realities that make educational content are few and far from the average user of Starting Finance. The most obvious example is Borsa Italiana, which offers both a simulator and an educational section, but which proves to be ineffective and poorly designed. 97% of Starting Finance users are not aware of this simulator. Moreover, after the first preliminary contacts between Borsa Italiana and Starting Finance, it seems that it is interested in giving the financial data to animate the Starting Finance platform for free, given the educational component of the project.

2.4 SWOT Analysis

2.4.1 Strengths

-Starting Finance represents **the first point of contact** between young people and the world of finance, being able to take on a leading role and acquiring the trust of new generations at an age ranging from 19 to 21 years, the strength is to reach the target 10 years before other banks or financial institutions.

- The start up will be launched with a **large existing customer base**, which represents a unique competitive advantage over any other brand in the starting phase.

- Expansion **costs abroad are minimal** due to the scalable nature of the platform, the funds will be used mainly in the marketing area, in order to replicate the network of university clubs and the community in other countries, a process that will be facilitated by the presence of capital and previous experience. In addition, some young people belonging to the community in other countries interested in launching the project and creating a network of international clubs have been identified.

- The community that automatically grows every year thanks to the presence of Starting Finance in universities that comes into contact with the **continuous flow of students** entering the faculties of economics.

2.4.2 Weaknesses

- Although the customer target represents a great opportunity for the future, it is initially characterized by **limited economic availability** and a great sensitivity to price changes.

2.4.3 Opportunities

- Potentially, a wide **variety of services** can be launched on the market and the offer can be diversified over time.

- Replicate the **Italian model** in the rest of Europe.

- **Partnerships with companies** that produce other services/products for which Starting Finance represents a perfect sales channel.

- **Behavioral study** of millennials through statistical data collected by the Starting Finance platform. In particular, there will be data relating to the risk approach of the new generations.

2.4.4 Threats

- Other companies may **replicate** the services.
- Possible **reduction of engagement** once paying services are introduced

2.5 The development plan

Year 1

- Continuing the activities at the associative and blogging level, keeping at **zero cost** all the services that currently distinguish the community.
- Much of the **company's capital** will be **invested in advertising** to increase the number of people reached and grow the community.
- Launch of **new functions**: simulator, trading contests, online and face-to-face courses.
- Beginning of the **process of expansion abroad**, starting from London where several contacts have already been made in the university and banking world.

Year 2-4

- The main objective remains the **expansion of the community**, focusing more and more on the foreign market. In particular countries like: United Kingdom, Germany, France and Spain.
- Production and distribution of content in the various countries, overcoming the **language barriers** that currently hinder the spread of similar platforms on the market.
- Creation of **events** abroad
- International **trading competitions**

-Copying the **University Club model** in key countries.

“Everyone has a plan 'till they get punched in the mouth.”

Mike Tyson

2.6 The Business Model

Starting Finance has a **Freemium business model**, with two types of Accounts - one basic and free, and a Premium subscription - and two types of services:

- Free basic services
- Premium services

The algorithms implemented, the awareness and rewarding mechanisms, the services offered, are aimed at maximizing the conversion rate between Starter Accounts and "paying" Accounts (Premium Subscriptions or Starter Accounts that purchase premium services).

Services	Free Account	Premium Account
free articles	✓	✓
Simulator (starter)	✓	✓
Social interactions	✓	✓
Simulator (advanced)		✓
Premium articles		✓
Online courses (starter)		✓
Financial Challenges	Paying	Paying
Online Courses (advanced)	Paying	Paying
Face to Face Courses	Paying	Paying
Paying events	Paying	Paying

2.7 The Starting Finance goals:

Starting Finance's short-term goal is to **become the leading platform for financial education and simulation in Italy**, thanks to an ideal platform that allows its community to learn the fundamental concepts of the financial world through a highly social context and that is also able to bring together people with the same passion, allowing the user to create lasting relationships over time. The medium-term objective is to **expand its service to a European level**, using the university vehicle (Starting Finance club) as a forerunner. The long-term goal is to launch **real financial services**, branded Starting Finance. This will only be possible once a reality has been created that is able to take the interest of a young user at first, and then trust.

2.7.1 The social network goal

To date, social networks and more generally the Internet is populated by a large number of characters who are able to **bind products and messages** with extreme ease, **influencers**. They are present in almost every field, from computer science to fashion. A sector that is still untouched, especially in Europe, is the financial sector. This is because influencing the sector and the financial markets can be to some extent, illegal. A practical and intelligent way to circumnavigate the problem, going to fill this market gap, is education. Through information and education content, mainly linked to social networks, it is possible to **take the interest and trust of users**, without irritating the regulatory bodies of the market. The goal is not to influence the market, but to find an intelligent and fast way to bind and potentially **sell financial products** in a completely **new and innovative way**.

Up to now Starting Finance has reached all its objectives thank to the use of a specific methodology, the so called **lean startup**.

3. The lean Startup

Lean Startup is a set of methodologies used to develop **sustainable businesses** in uncertain contexts that, starting from Silicon Valley in 2011, quickly spread among entrepreneurs around the world. The method involves the continuous application of three phases called:

- 1) **build**
- 2) **measure**
- 3) **learn**

In other words, it is a three process **'idea-verification-modification'** of a project/product, building its own service as quickly as possible, verifying and measuring its results and, finally, using the data obtained in this way to **improve the product**⁷. This method is applied cyclically on each function that is intended to be implemented, substantially reducing costs and development time. The pivotal point of this strategy is to develop as soon as possible the so-called **'minimum viable product'**, collecting a large amount of feedbacks from potential users, thus improving the product quickly and efficiently, without any kind of waste⁶. This type of methodology has the great advantage of minimizing risks, not only in terms of costs, but also in terms of **'acceptance'** of the innovative product by the market. The **'acceptance'** part allows to avoid the main difficulty that innovative startups have to face, i.e. the circumstance that the market is not ready yet.

3.1. The Lean Startup: advantages for a young team

⁷ <https://www.economyup.it/startup/il-metodo-lean-startup-compie-10-anni-che-cose-come-funziona-quali-limiti-ha-e-come-usarlo-in-azienda/>

The Lean Startup methodology decisively contributes to the **education** and **learning** of a **young and inexperienced team**. This is one of the greatest advantages of this entrepreneurial method.

Indeed, through the development of the '*minimum viable features*', the dedicated development team can learn quickly and in a targeted manner.

This advantage is pivotal if we think at the context in which a young startupper operates at the beginning of his business.

Indeed, very often, especially in case of young people, the startupper is driven by a great enthusiasm and a farsighted vision, but he/she does not have the grounds for developing a successful business such as experience and deep and targeted knowledge of the market. The lack of the abovementioned features may curb the success of the newborn enterprise. However, these shortcomings can be overcome through the step-by-step development of the various services that the startup aims to develop.

Starting finance has applied the Lean Startup method in his business, **launching free services to a limited number of users**, thus testing and improving (at the same time) the service offered. In particular, the improvement takes place both on customer side and on enterprise side. Indeed, on the customer side, through the gathering of information and feedback the company may provide a service tailored on the customer, thus creating a more and more targeted product and enhancing the development. Secondly, on the enterprise side, the team thanks to the analysis of the data collected, of the comparative market research, and of the subsequent implementations, acquires the information and the expertise that they need to create a product acceptable for the market.

Once the first free test has been developed and tested on a limited number of users, and the team has figured out how to develop a product tailored on the customers, the next step has been to launch the **free service for a wider number of users** (the entire Starting Finance community).

This second launch allows to test the quality of the product and its possible impact on the market. Moreover, thanks to a horizontal communication with the community,

Starting Finance has the possibility to collect feedback and advices. Horizontal communication is a very important concept for the development of Starting Finance products. Indeed, the goal is to involve the user in the development process. The user must be aware of the beta phase in which he is participating, and must be free to design the product together with the development team. This approach has several benefits. Firstly, it **speeds up and boost the development** thanks to the numerous feedback received. Secondly, it creates a **trustworthy relationship** between the enterprise and the customer, since the latter becomes a co-developer of the product. Indeed, users tend to perceive the product that will be launched on the market as their own, and this increases their propensity to buy since they feel an essential part of the process. Finally, at the end of the route, there is the **paid launch of the service**. In light of the above, the step-by-step process not only consent the preparation of highly pro-user product, but also it is useful to form and corroborate a development team that initially had little experience in developing a service with relatively low risks. Obviously this approach has its own risks. The biggest risk that may be identified is the non-evolution and non-improvement of the team in relation to the improvement needed for the launch of a product that can be successful in the market.

The antidote developed by Starting Finance consists in finding **professional partners to support the launch of the paid product**, thus overcoming the eventual lack of experience and knowledge. Moreover, the participation of professional partners allows the product development team to have a reference point from which to learn, improve and take cues, combining innovation and vision with experience and knowledge. In order to arouse the interest of experts and professionals in the financial field , Starting Finance is leveraging on its great competitive advantage i.e. the **number of follower of its community**. Indeed, the professionals are attracted by the possibility of new potential costumers and consistent economic returns.

3.2 Building a community: a natural lean approach

The start of Starting Finance was tortuous, as the start of most of the start-ups carried out by an extremely young and unskilled team within a sector with great barriers to entry such as the financial sector.

For an entire year, a product capable of satisfying a hypothetical range of users was studied, together with the search for possible investors to support the initiative.

The **results of the first year were poor**, because the product developed was too generic and far from the interests of users, and also since no investor was interested in investing in a reality without competitive advantages of any kind. Therefore, in order to 'survive', a new type of approach was tried: **building a community**. The objective was simple, to produce educational and informative contents through the development of a blog and a Facebook page, thus building a first embryonic community interested in the Starting Finance initiative. At the beginning, the team dedicated to the development of content was composed just by the two co-founder of Starting Finance. The publication format consisted in posting every day two short and incisive contents a day, with a small amount of content sponsorship (3 euros a day). Right from the start, there was a natural labeling of young audience. Indeed, given the simple and catchy language, and a fresh way of communicating, 80% of the first followers of Starting Finance belonged to an age group between 18-30 years, with an average age of around 22 years.

But how did the abovementioned Lean method impact on the social development of Starting Finance? The Lean method has been applied in an extremely natural way to the development of content of the social page, starting with zero user bases. Indeed, the development methodology that has been used is very similar to that explained in the previous paragraph. At the launch of the page, the **users were extremely small** and **the team poorly qualified**. However, thanks to the analysis of the users and a continuous tests of new formats and through a massive comparative analysis with formats of prominent realities in the financial information sector, in just a few months, Starting Finance was able to produce extremely interesting and competitive content, also thanks to an exponential growth of the content's writers.

Indeed, on the assumption of involving users in the ‘product development’, in this case the content, different contests were launched to add possible writers to the content production team. In this way, in 8 months Starting Finance has gone from 2 to 15 writers, thus enhancing the development of more and more innovative content and formats. The selection of new team members, taken directly from the first nucleus of Starting Finance community, at the time 8000 followers, gave the team the opportunity to strengthen its skills and competences.

In this step, Starting Finance introduced another concept that proved to be fundamental, called ‘**open to customer work**’.

3.3 The “Open to Customer Work”: A good support for the Lean methodology

‘Open to customer work’ is defined as a working methodology based on the use, almost free of charge, of the customer, who can become a contributor of time and work for initiatives launched by Starting Finance. This idea is based, in a broad sense, on the concept of “**open innovation**”. Indeed, as open innovation allows innovation through the use of external resources, bound to develop projects useful to the company that launches the initiative, so ‘open to customer work’ tends to exploit the willingness of the customer to get involved through well-defined tasks within the Starting Finance project.

The first great advantage of this method, learned by Starting Finance on the field, is the reduction of development costs, e.g. information and educational contents. Secondly, there is also the return from a marketing point of view. Indeed, thanks to the introduction of these new resources, after the first 8 months of development of the social page, it has been possible to notice a growth in the recognition of the Starting Finance brand. In the span of 2 years, from the beginning of the ‘open to

customer work' initiative, Starting Finance can count on more than **100 collaborators** scattered all over Italy, at no cost.

One of the best vehicles for the integration of this type of figure within Starting Finance was certainly the Starting Finance club.

The **Starting Finance clubs** are groups of young people who meet in 17 Italian universities, under the Starting Finance name. From these groups Starting Finance had the opportunity to collect excellent contributors, who now manage most of the social infrastructure, always at no cost, thus allowing Starting Finance to invest its marketing budgets (1200 euros a month) completely in content sponsorship.

However, this methodology has its weaknesses. Firstly, there is the little contractual power towards these contributors. Indeed, a part from the affection for the brand and the possibility to insert the experience in the resume, there are no incentives to stay in the project. In theory this weakness may be counterbalanced by (i) the growth of the project, which encourages the contributors to remain within 'something big' that is growing day by day; (ii) by the age of the average contributor, who are mostly university students, who go to implement their academic experience with practical work within Starting Finance; (iii) the possibility of replacement, i.e. with the growth of the community, to replace the contributors who are interested in abandoning the project.

Recently, thanks to the first revenues, Starting Finance is working on the implementation of **methods of awareness** and **rewarding**, such as cash prizes for the best collaborators and management positions. The large number of people interested in collaborating with Starting Finance, are a great return in terms of personnel recruitment. Indeed, with very little effort, it is very easy to analyze hundreds of possible employees, which can then be integrated into the company structure. The most striking example is one of the first collaborators of Starting Finance, Simone Conti, who after recently graduating in astrophysics, was hired as the first employee, paid for a full-time position within the company. Thanks also to important partners in the company's software development, he will have the

opportunity to train in the IT sector, becoming to all intents and purposes the Starting Finance CTO.

3.4 How to solve the problem of producing educational financial content: a lean approach.

Once the customer is attracted by the information content they see through social platforms, such as Facebook or Instagram, the user will have the opportunity to access a platform, both web and app, that can serve an educational journey built around the needs of the customer. The possibility of developing an educational path, for a startup in the early stages of development with limited resources, is certainly a complex challenge.

This is where the lean development process comes in, providing a versatile solution that can offer a continuous evolution of the educational offer that can be bridged through the platform. Up to now, Starting Finance has not consistently focused on this very important business column, since it has been engaged in developing the community, that it will be able to buy possible services in the future. Moreover, in these starting months, Starting Finance has studied its community through continuous tests, trying to better understand how to develop effective educational content. The results from the feedback and actions made by the users of the community are enlightening.

The average Starting Finance user wants an **interactive educational content** and **quick consultation** (no more than 2 minutes). The analyses were conducted through various tests carried out through the Instagram page and the Starting Finance blog. These answers are in contrast with the initial idea of educational content that Starting Finance wanted to deliver through its platform. The initial idea was to develop extensive educational video content that would be able to go to the bottom of the various topics covered. This approach could have created major problems both in terms of development costs and product versatility. The current idea is to develop content through **interactive questions**, which according to the answer, provide the answer to the question posed by conveying educational content **directly** and **quickly**.

This type of format is effective and consent of reducing development costs and increasing user interaction with educational content. Clearly the abovementioned approach does not preclude the possibility of later attaching a more substantial content, which deeply analyze the problem. This format has already been partially tested, posting interactive questions through the stories on the Starting Finance Instagram page. The results are highly encouraging, the interaction on the Instagram stories is done by a third of the users who view the content. This type of content can be the beginning of a funnel that eventually leads to the purchase of specific educational content linked to the interactive question.

An extremely effective way that Starting Finance has tested through the study of benchmark companies, which can increase the interaction with this format, is the live contest. The idea is to launch once a week a live quiz where users by connecting, have the opportunities to answer 10 questions in 10 seconds each. If all 10 questions are answered exactly, a prize, usually in cash, is awarded. Finally, a report of the right and wrong responses is sent to the user who has participated, with annexed answers to each of the questions. The problems that may arise for such a contest are of a purely legal nature. Indeed, this type of games are regulated by the 'Agenzia delle Dogane e dei Monopoli' (Custom an Monopoly Agency), and only few authorized realities have the opportunity to use this type of format. Starting Finance is currently carrying out negotiations to define a partnership with an important dealer in the sector, Lottomatica. In light of the above, Starting Finance starting from the community and not from the product, has been able to interact with strategically important interlocutors, to whom it would have been practically impossible to reach only through the presentation of a simple idea.

One of the educational contents of the Instagram page. (source: Starting Finance Italia Instagram Page)

PRODOTTO INTERNO LORDO

	2009	2019
ITALIA	2190,7	2086,9
GERMANIA	3426,7	4029,1
USA	14418,7	20513

* IN USD

#10YEARCHALLENGE

startingfinanceitalia

Piace a mariocarloiusi e altri 2.604

startingfinanceitalia #10yearchallenge firmata #SF
[Reading time: 30 secondi]

4. The next step of Education. Learning by doing

Once the user has acquired the basics, he will be encouraged to test what he has just learned. For this reason Starting Finance intends to provide a platform that can test

the investment method of the client, but not only that. Through the analysis of the feedback received from the Starting Finance community, it has been able to develop an idea for a **social investment simulation platform**. In fact, it is essential to provide a platform that is able to exploit the full potential of the community, through the exchange of ideas and shared investments. On the market there are many platforms that allow simulation, but few that allow social interaction. The highest level of social interaction is through the concept of copy trading, where an investor can copy the operations of another investor. So it is difficult to create inter-platform relationships between users that allow to maximize engagement with the platform. Social interactions, in the field of investment, are reduced to the bone because there may be legal problems of different nature, this happens only in the case of investment in real money and not with simulated portfolios. In case of simulation, the platform should not be subject to different regulations.

For the development of the simulator, **different types of tests** have been performed. The first test was the most significant. **Two national trading competitions were organized** between all members of the club (900 students), one in single and one in group. The participants were 300, participating with an entrance fee of 10 euros. Also here was found an interest in **competitions of short duration**. Starting Finance deliberately, not having yet a platform available, has used the platform of its largest competitor, Investopedia. But first of all, what is Investopedia? "Investopedia is one of the best-known sources of financial information on the Internet. The website serves as a resource for investors, consumers, financial professionals, and students who seek guidance or information on various topics. The site publishes articles on investments, insurance, retirement, estate and college planning, consumer debt, and an assortment of other educational material". Investopedia also provides to the user a stock market simulator where there is the possibility to test the developed investment method⁸. The choice to use Investopedia was certainly dangerous, but it brought the expected results. 83% of users were not satisfied with the platform for two main reasons. The difficulty of use and the lack of social

⁸ Simulator <https://www.investopedia.com/terms/i/investopedia.asp>

interaction. The second step will be to **test the simulated trading competitions on the entire community**, to test its effectiveness and conversion. However, this will not be possible before the first weeks of March, due to the problems of licensing that will be solved with the partnership with Lottomatica.

“Anyone who tries to make a distinction between education and entertainment doesn't know the first thing about either.”

Marshall McLuhan

4.1 The next step of Education. Social Learning

The objective of Starting Finance is not only to put users in competition through the simulator, but to create an environment in which there can be a real concept of **social learning**. But how can this happen? The first objective for Starting Finance is to build a platform that makes social interactions possible, allowing to build **solid relationships between users**. In fact, relationships are important both offline and online. Significant relationships can significantly increase engagement. Greater engagement within the platform also means greater retention, which can be translated into greater learning. Secondly, Starting Finance aims to build a **strong rewarding method based on the knowledge acquired** through the platform. The basic idea is to put users in competition not only through the stock market game, but also through rankings concerning the knowledge acquired and the results achieved through the platform. First of all the user is encouraged to learn through the courses, but consequently he is encouraged to share his knowledge through the simulated investment funds, trying to optimize the performance of his team through sharing. In this way it is expected to create a domino effect where knowledge is spread quickly and efficiently, not only through the simple course, but also through the iteration between users.

5. A Starting Finance product developed with lean methodology: The results

"Excel for finance" is an excellent example to analyze the process and sales results made using the lean methodology.

Excel for Finance is the **first educational course developed** and sold by Starting Finance. It is part of Starting Finance's activity aimed at closing the gap between the academic world and the working world. A manager of a large company will guide participants in the "step-by-step" construction of a P&L and the use of the main excel tools used in the professional field. The course has a duration of two days and is structured with 3 modules of 4 hours each; at the end of the course all participants will receive a certificate of participation.

The first test of the course was developed within the **University Club of Roma Tre**, where pilot lessons were used to analyze the interest of users and the effectiveness of the course. The product was offered **free of charge** to users. The users were able to participate in 4 lessons, lasting half a day each. The course was publicized through the social channels of Starting Finance, especially through the Facebook page, and in two days all available places were placed. Given this turnout, data were collected through small questionnaires. Two questions were asked:

1) Why did you decide to participate in this course?

2) What do you think about the use of Excel?

The answers were perfectly in line with what Starting Finance expected. The users defined Excel as a very important work tool, which can not be known by a economics student. But, most importantly, the university does not provide the basis for using it. Consequently Starting Finance, aware of these answers, analyzed if it was really required as a working tool. Through a quick survey (Instagram survey) of members of the community who are already in the working world, it turned out that Excel was one of the most used and requested tools.

Once the obvious need within the community was analyzed, an analysis was started to understand in detail which cities were the most convenient for the first course. The central objective was to go at least in Break Even in the first week of sale, and to sell at least 80% of tickets in the first 3 weeks of advertising, with a dedicated

advertising budget of 400 euros. The break even point would be reached at 30% of the event tickets sold. After the analysis, Rome was the city with the highest demand collected through the social channels of Starting Finance.

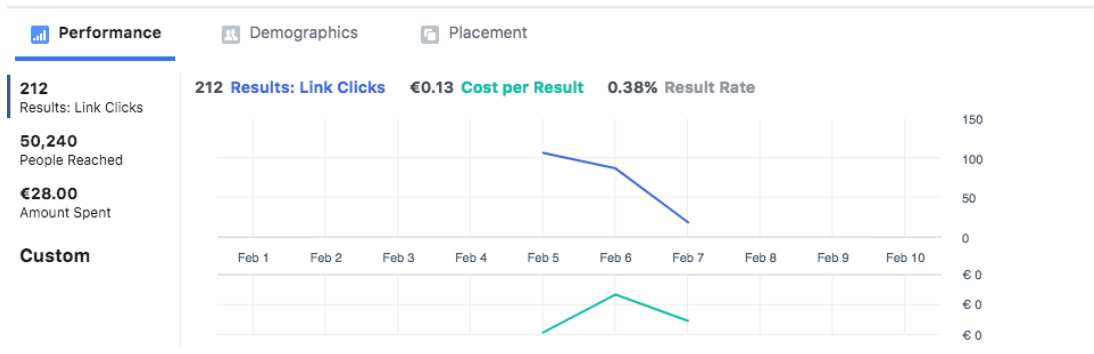
The launch of the paid product took place on February 4, 2019, providing 60 tickets at 65 euros each. On February 7, 2019 the event was sold out. The total investment in sponsorship of the event was 30 euros, compared to an estimated 400 euros. Given the high demand, two other dates of the event will be organized in Rome, increasing the price from 65 to 79 euros. In addition, another date will be organized in Milan.

The third step of Excel for Finance is to **develop the scalability of the product**. The goal is to organize at least 10 more sessions, to better analyze and develop all sections. Thanks to feedback and advice from users, the idea is to **develop an online course** that is able to further reduce costs, increase profits and make the product more versatile. The fundamental data, in fact, is that around 50% of the purchases made on the first edition of the course was made by people who do not live in Rome, but in nearby towns. This characteristic of the course's buyers shows that there is also a lot of demand from small towns, which can be covered mainly through more versatile products, such as an online course. In fact, it may be inconvenient to offer a course not online in a small town, with the risk of not filling the classroom.

The irreverent meme that launched the social sales campaign. (source: Starting Finance Italia Instagram Page)



customer acquisition data



customer acquisition data (Source: Facebook analytics)

6. Behavioural analysis: the fundamental step for a successful lean application

In the platform will be implemented specific algorithms that will allow the study of the actions of users, **cataloguing their preferences** and **interactions** with content. All this will allow the production of "original" content, created "tailored" to the user, increasing more and more the engagement with the platform. This behavioral analysis will constitute, over time, an important competitive advantage. In fact, it will be possible to **divide the users into large families** with specific interests. This specific subdivision will allow an increasingly simple, effective and fast implementation of the lean methodology. At full capacity in the platform it will be possible to launch tests aimed only at specific groups of people, in order to test the assumptions. The objective will be to **release updates with the services to be tested**, which will impact **only designated groups** and not the entire public. Once the response from the niche market has been analyzed, if the test is successful, the update will be extended to the entire community present within the platform.

Obviously, behavioral analysis, in addition to being an interesting tool of analysis, may represent, in the long run, an excellent tool for B2B monetization.

Through the behavioral analysis of users, it will be possible to develop the " wall " section, i.e. a section of the platform where third-party content (Sole24, Milano Finanza, Money.it, Financial Times, The Economist) will be advertised - for a fee and in a selective and targeted manner.

The content produced will be divided by the keywords that are already present within the content itself (SEO management). The algorithms implemented in the platform, will allow the distribution of content, to the most appropriate targets of users.

This will allow these third parties to optimize the distribution of content to Starting Finance users and in any case to reach a young audience that can not reach with other traditional tools / channels.

7. Social networks as a tool for analysis of third-party services.

Starting Finance's social pages can not only be extremely useful for the analysis of own services, but can also be an excellent tool to study and **analyze services of partner companies**. The example that the Starting Finance experience can bring is the testing of a service promoted by another Start-up, Feral Horses. Feral Horses is an online platform that allows anyone to buy shares of contemporary artworks directly from artists with investments starting from 5 euros. Feral Horses works through two main areas: the "Primary Market" where anyone can buy shares of works of art directly from artists and galleries and the "Secondary Market", where these shares are traded by investors. Feral Horses also manages the works, giving art galleries, offices or individuals the opportunity to rent them through their platform. Then, the rent is transformed into a dividend for the shareholders⁹.

Not being a competitor, there was all the interest, once set up a partnership useful to both realities, trying to bring users into their platform. The aim was to make users of Starting Finance aware of the possibility of investing in art and later introduce within the simulation platform the possibility of making simulated investments in works of art. Also the chosen user was perfect to test the service proposed by Feral Horses, just because 87% of the followers of Starting Finance fall within their target audience, millennials between 18 and 30 years. The **results of conversion** and appreciation of the service **were extremely poor**. Not for reasons related to the

⁹ <https://it.businessinsider.com/feral-horses-la-start-up-italiana-che-vuole-democratizzare-larte-contemporanea/>

quality of the service, but just for the little interest that an investment in shares of works of art aroused. The partnership started in September 2018 and ended in December 2018. The 3 sponsorship posts of the reality reached the 247 likes of average against the 589 that normally a post published by Starting Finance generates. The interactions of the Starting Finance community with Feral Horses, already since September, have been significantly important to understand the possible trend of user collection by Feral Horses. In fact, the monthly growth was only 1205 users per month, taking into account the period between September and January 2018. The Starting Finance community, in conclusion, can be an **excellent tool to interpret**, with the eye of the potential user, **services** that are first completely outsourced, but later can be partially or completely introduced into the platform.

8. Conclusions: First the community then the product

The most important conclusion that can be drawn from the Starting Finance experience is the importance of building a community that is interested in a specific market niche.

The construction of the latter can be carried out with a simple concept of content marketing, where *ad hoc* contents are created in order to interest and attract users closer to the project. Indeed, a mere start from the product, without a parallel analysis of the users to which it is addressed, may be extremely risky and expensive, especially when the product development team is young and not experienced.

On the other hand, **a purely theoretical analysis of the users may lead to inaccurate or even distorted results**. Instead, using the lean method concerting the development of the product with a **step-by-step analysis of the costumers**, who may even be **involved in the process**, it may lead with higher probability to success.

This is because the user can be tested, and it can be understand more specifically his potential interests and needs, without significant distortions.

Finally, **thanks to the created community** it is possible to develop **different products differentiating the proposition of value**, and thus reducing the risk.

Another great advantage of community development through social networks is the media power that is developed. Indeed, if the product developed may be successful, and the community base is quite large, you can have a spread like wildfire of the initiative bringing substantial benefits. For a start-up, in the financial sector such as Starting Finance, the community can prove to be a winning trump card, it is a fundamental asset that is able to support the research of collaborators and to identify the possible investors.

An interesting example is **crowdfunding**. Starting Finance has the perfect community for this type of initiative. Starting Finance users are very **sensitive to investment issues** and are **very affectionate to the brand**. This could generate a successful crowd funding campaign. In this specific case, this type of initiative has not yet been developed for two specific reasons. The first reason is the willingness to launch a crowd funding only when Starting Finance has a larger community, the target set is 100,000 users. The second reason is the development of the web platform and app, which would give users a more professional view of the reality.

! At the end of this thesis I felt the need to place a popular quote that has now become the motto of Starting Finance, and consequently should become, in our opinion, the motto of every start up.

“ E dallo e dallo, che si piega anche il metallo”

folk quote

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