

QMULUS

Insurance Service Providers

Market Research to Identify Investment Opportunities

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**Master Thesis in Business Administration
University of Twente**

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Preface

This study is carried out in commission of Qmulus. This study is also part of the Master thesis at the University of Twente. This Master thesis is written in order to complete my Master of Science degree in Business Administration (Financial Management).

There is deliberately chosen by me for an external project, because in this way it was possible to work with a problem in practice and it also offered me the opportunity to do an internship at a private equity firm (Qmulus). The external project was very interesting due to the fact it was related to mergers and acquisitions and own ideas would be appreciated by the organization. Mergers and acquisitions has always had my special interest, because there are many aspects which can be taken into account about making a decision whether to invest in a certain market/company or not. This study provided me an opportunity to investigate some of these aspects. The fact own ideas would be appreciated by the organization offered the probability this study wouldn't be 'meaningless'. 'Meaningless' means in this case that the results of this Master thesis won't be employed in practice.

The cooperation between both Qmulus as the University of Twente has been experienced as very pleasant by me. The guidance from mainly Nikola Curak of Qmulus (investment manager), but also the guidance of Erhan Yildiz of Qmulus (investment manager) was always very welcome. There was always the possibility to ask questions and they provided relevant feedback for me in order to complete this Master thesis. Gentlemen, thank you very much for this all! The other people of Qmulus to say thanks to are Richard van Egmond (lawyer) for his humor during my internship and of course all my other amazing colleagues of Qmulus which supported me. The guidance from the University of Twente in the name of Henk Kroon was also always very welcome. Also to him I want to say, thank you very much! The 'bombardment' of emails or phone calls and having meetings were never a problem.

There are also a number of people to say thanks to according to my private life for making it possible to study in the first place, their support and their help during my whole time of study and especially during this Master thesis. These fantastic people are my father, my family, my old roommates (Huize Bikini2990), my recent roommates (Huize Concordia) and my closest friends. Also many thanks to you all! Finally, I want to say thanks to everyone who participated in the interviews.

Anew thanks to you all and have fun reading my Master thesis,

Yvo Bruin,

The Hague, The Netherlands

Management Summary

In this Master thesis the aim was to conduct an operational framework to identify investment opportunities in a specific market. Furthermore, the conducted operational framework is applied for the market of insurance service providers to investigate if this market provides an attractive investment opportunity for Qmulus. According to these facts the main research question of this Master thesis is formulated as follows:

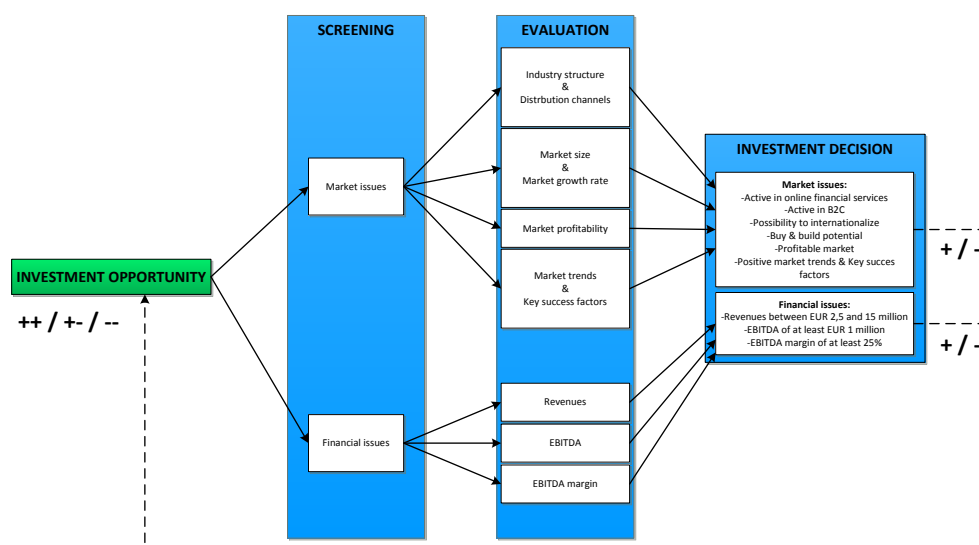
1. *Does the insurance service providers market (gevolmachtigde assurantiebedrijven) provide an attractive investment opportunity for Qmulus?*

The conducted operational framework that is used as a tool to gather the needed information to provide an answer to the main research question is based on six sub questions. These six sub questions have been used to develop a well-founded operational framework for this Master thesis. The six sub questions to conduct the operational framework are formulated as follows:

- 1a. *What type of investor is Qmulus?*
- 1b. *What are investment decisions/activities for an investor like Qmulus?*
- 1c. *Which investment decisions/activities will be used for the operational framework?*
- 1d. *How to determine the attractiveness of a market for an investor like Qmulus?*
- 1e. *How to determine financial issues for an investor like Qmulus?*
- 1f. *What are the investment considerations for an investor like Qmulus?*

Based on these six sub questions the following operational framework is conducted using investment opportunity, screening, evaluation and investment decision as identifying investment opportunity decision activities and Market issues (Industry structure & Distribution channels, Market size & Market growth rate, Market profitability and Market trends & Key success factors) and Financial issues (Revenues, EBITDA and EBITDA margin) as identifying investment opportunity decision factors.

Identifying Investment Opportunity Process Qmulus (operational framework)



Green box: Starting/Ending point

Blue box: Identifying Investment Opportunity Decision Activity

White box: Identifying Investment Opportunity Decision Factor

Arrow line: Related Identifying Investment Opportunity Decision Factors

Dotted arrow line: Feedback based on Investment Decision

+: Positive Feedback

-: Negative Feedback

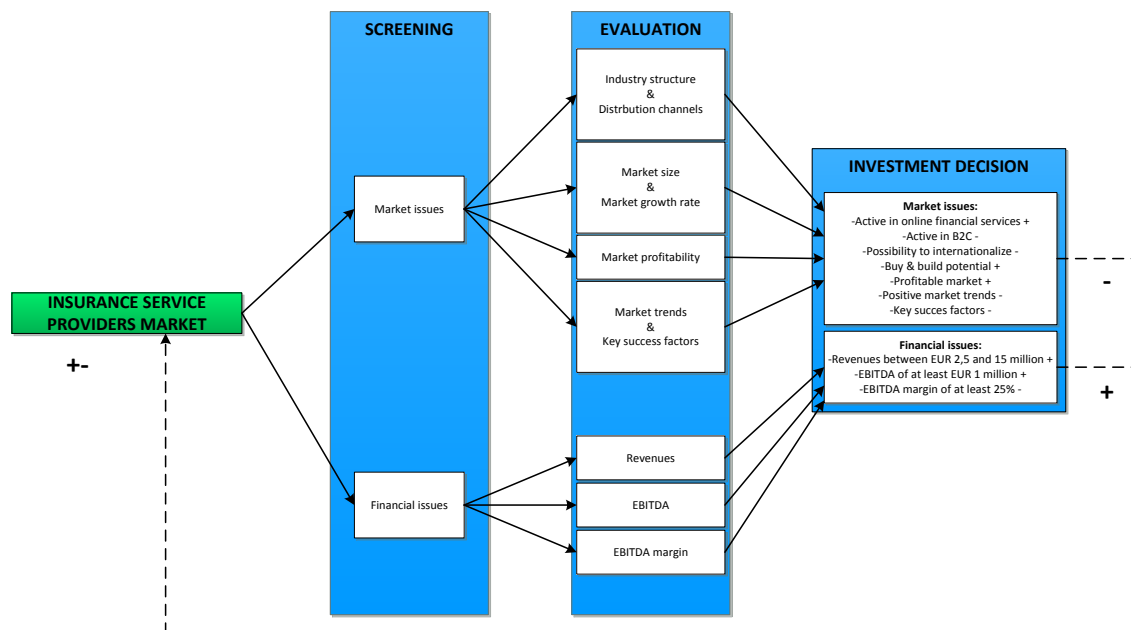
++: Attractive Investment Opportunity

+-: Investment Opportunity

--: No Investment Opportunity

The conducted operational framework is applied to the market of insurance service providers. In the evaluation activity the Industry structure & Distribution channels, Market size & Market growth rate and Market trends & Key success factors made use of reports about the insurance and service providers market and the Market profitability made use of interviews based on Porters five forces. All the Financial issues were based on financial reports of all the different companies within the insurance service providers market. The outcome, based on the results, is summarized in the conducted operational of this Master thesis and provides an answer to the main research question.

Identifying Investment Opportunity Process in the Insurance Service Providers Market



The outcome of this Master thesis is the market of insurance service providers provides an investment opportunity, but it is not an attractive investment opportunity as it is formulated in the main research question due to the fact on average not all the feedback is positive based on the investment considerations of Qmulus. To make the insurance service providers market attractive this Master thesis provided a number of recommendations. The recommendations to Qmulus about the market of insurance service providers are:

1. Accept the market of insurance service providers is active in B2B instead of B2C and internationalizing the market of insurance service providers isn't possible
2. Take into account changing legislation about commissions for insurance service providers could be possible in the future, increasing trends in software solutions which makes insurance service providers unnecessary could be possible in the future, intermediaries could be cooperate directly with insurers in the future and insurers could deliver their products directly to consumers in the future and be seriously aware of all these facts
3. Take advantage of the fact insurance service providers have an exit opportunity by an take-over through an insurer and combining different insurance service providers could create economies of scale which influences the EBITDA margin

Follow-up study of this Master thesis could be useful if Qmulus has decided, based on this Master thesis, that the insurance service providers market is an attractive investment opportunity. The focus of this follow-up study has to be on single companies within the market of insurance service providers, because this Master thesis was mainly focused on the total insurance service providers market. This type of future research could provide insight which companies within the market of insurance service providers are attractive and which different insurance service providers could be combined to create economies of scale which influences the EBITDA margin.

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1. Introduction

1.1 Introduction to the chapter

The purpose of this first chapter is to introduce the topic of this Master thesis. First of all the general objectives of the Master thesis will be introduced. After the explanation of the general objectives of the Master thesis the company in which this Master thesis is fulfilled will be introduced. Secondly, the problem statement will be explained and the main research question and sub questions will be mentioned. Also the relevance of this Master thesis (scientific and practical as well) will be explained. At least will this first chapter provide an overview in which way this Master thesis is carried out.

1.2 Objectives of the Master thesis

In order to complete the Master in Business Administration a Master thesis has to be written. The Master thesis is meant to explore a topic of interest in detail. The topic of interest in this Master thesis is about investments and this topic is related to the Financial Management track of Business Administration. It also demonstrates gaining in-depth knowledge and competencies which are the intended learning outcomes of the Master in Business Administration. The Master thesis specifically focuses on an academic research question. This academic research question of this Master thesis will be carried out in part 1.5 Research questions. Also involves this academic research question analysis of data/or development (part 4. Results & Discussion) and implementation of a solution for a theoretical or design problem (part 5. Conclusion & Recommendations). The Master thesis focuses also on methodological knowledge and skills. This methodological knowledge and skills play an important role in the Master thesis for developing and conducting research- and/or design-oriented (empirical) research (part 3. Methodology).

After completing the Master thesis, the main objectives of the Master thesis are:

- Analyze a research problem in the field of Business Administration (Financial Management / Investments)
- Demonstration of in-depth knowledge (the Master thesis itself)
- Use of scientific sources in a systemic and critical way (scientific articles, (financial) reports and interviews)

The master thesis can be carried out in three types of projects. The three types of projects are an internal project, an external project and an international project. An internal project is commissioned by the Business Administration staff of the University and is completed on-campus. An external project is commissioned by a company and is completed off-campus. An international project is similar to an external project, but is completed abroad. This Master thesis is an external project. The company (Qmulus) in which this Master thesis is fulfilled will be explained in the following part (1.3 Qmulus).

The purpose of this Master thesis is to develop an operational framework that can be used as a tool to gather the needed information to identify investment opportunities in a specific market for Qmulus. The literature and related issues of Qmulus will be analyzed, discussed and combined to create this operational framework. Also will this operational framework be used to investigate of the market of insurance service providers an attractive investment opportunity is for Qmulus.

1.3 Qmulus

The organization in which the master thesis will be fulfilled is called Qmulus. Qmulus is an organization established in The Hague (The Netherlands). Qmulus is an investment company that provides growth capital to successful entrepreneurs in realizing their growth targets. Qmulus invests in scalable, (fast) growing companies with defensible competitive advantage in, amongst others, financial services. Qmulus has a specific attention to medium-sized businesses that cannot realize their plans due to lack of sufficient capital (Qmulus, 2014).

The problem statement of this Master thesis is in line with the daily business of Qmulus, which has a strategic target to grow acquire companies active in the field of insurance intermediation and insurance service providing. The problem statement will be introduced in the following section of this chapter (1.4 Problem statement).

The added value of this Master thesis for Qmulus is the operational framework that will be conducted during this Master thesis. The operational framework could be used as a tool to gather the needed information to identify investment opportunities in a specific market. The conducted operational framework will be applied in this Master thesis for the market of insurance service providers to examine of this specific market is an attractive market for Qmulus to invest in.

1.4 Problem statement

Qmulus is consistently looking for new investment opportunities to invest in. This could be done by Qmulus itself by searching for potential companies or markets to invest in, but sometimes there are also companies who are contacting Qmulus by itself for the need of financing their operations. This Master thesis focuses on identifying investment opportunities in a specific market.

Qmulus is interested in making investments in the insurance service providers industry (gevolmachtigde assurantiebedrijven), and they are keen on expanding their knowledge base with regards to the underlying attractiveness of this market prior to making substantial investments in this specific space.

This Master thesis tries to develop an operational framework which can give an answer to the underlying attractiveness of a market in general in the first place and in the second place this Master thesis will make use of this operational framework to investigate whether the market of insurance service providers is an attractive market for Qmulus to make investments in or not.

In the following part (1.5 Research questions), the main research question and sub questions as well, will be drafted based on this problem statement to conduct an operational framework about identifying investment opportunities in a specific market for Qmulus.

1.5 Research questions

The problem statement of this Master thesis is about identifying investment opportunities in the insurance service providers market (gevolmachtigde assurantiebedrijven). This Master thesis will conduct an operational framework to identify if the market of insurance service providers is a potential market for Qmulus to invest in. The following main research question has been developed to answer the research objective:

1. *Does the insurance service providers market (gevolmachtigde assurantiebedrijven) provide an attractive investment opportunity for Qmulus?*

An attractive investment opportunity means in this specific situation a merger or acquisition of one or more insurance service providers that is likely to add value for Qmulus in the future. To give an answer to the main research question an operational framework about identifying investment opportunities for an investor like Qmulus will be drafted based on scientific literature and related issues of Qmulus. This operational framework will be based on six sub questions. The six sub questions are:

- 1a. *What type of investor is Qmulus?*

The main research question is about identifying investment opportunities in the market of insurance service providers. In order to provide an operational framework about identifying investment opportunities an indication of what type of investor Qmulus is, is needed. In this way it is possible to search through the literature for related articles on which the operational framework will be based.

- 1b. *What are investment decisions/activities for an investor like Qmulus?*

In order to provide an operational framework about identifying investment opportunities an indication of what investment criteria/decisions for an investor like Qmulus are, is needed. The literature will be reviewed based on the outcome of sub question 1a. In this way it is possible to search through the literature for related articles for investment criteria/decisions based on what type of investor Qmulus is.

- 1c. *Which investment decisions/activities will be used for the operational framework?*

Probably not all the investment decisions/activities found in the literature could be useful for the operational framework to identify investment opportunities, because some of these investment decisions/activities are based on one specific company and are not based on a market in total. For this reason only the relevant investment decisions/activities will be used for the operational framework to provide an answer on the main research question.

- 1d. *How to determine the attractiveness of a market for an investor like Qmulus?*

In order to provide the separate parts of the investment decisions/activities for the operational framework the factors which are related to the attractiveness of a market have to be determined. The literature will be reviewed on what factors the attractiveness of a market could be determined as useful factors for the operational framework to identify investment opportunities.

1e. How to determine the attractiveness of financial issues of companies for an investor like Qmulus?

In order to provide the separate parts of the investment decisions/activities for the operational framework the financial issues of companies which are related to investors like Qmulus have to be determined. The literature will be reviewed on which financial issues of companies will be used by investors like Qmulus to provide useful financial issues for the operational framework to identify investment opportunities.

1f. What are the investment considerations for an investor like Qmulus?

It is important to understand what the investment considerations are for an investor like Qmulus, because in this way it is possible to validate the market issues and the financial issues as well for an investor like Qmulus. This makes it possible to draw the right conclusions specific related to Qmulus in which this Master thesis will be fulfilled.

In order to give an answer to the sub questions, all the six sub questions are related to theory or specific related issues of the firm (Qmulus). In the next chapter (2. Theoretical framework) the used theory will be introduced and also the specific issues about the firm (Qmulus) will be taken into account. On the basis of the related theory and specific related issues about the firm (Qmulus) an operational framework will be developed and will be used as a tool to collect data and will also be used to provide a well-founded answer to the main research question. Since the objectives, organization, problem statement and main research questions and sub questions of this Master thesis are known, the relevance (scientific and practical) of this master thesis will be mentioned in the following part (1.6 Relevance).

1.6 Relevance

1.6.1 Scientific relevance

Scientific relevance refers to of the study (the Master thesis) is useful for science (Geurts, 1999). This Master thesis is in the first place focused on identifying investment opportunities in markets in general and not specific on the market of insurance service providers. In this case it is possible to draw generalizable conclusions on the theoretical framework of this study to identify investment opportunities in markets. This is not the case about the results and conclusions of this Master thesis, because this is specific to the market of insurance service providers and it is in this case not generalizable to other markets.

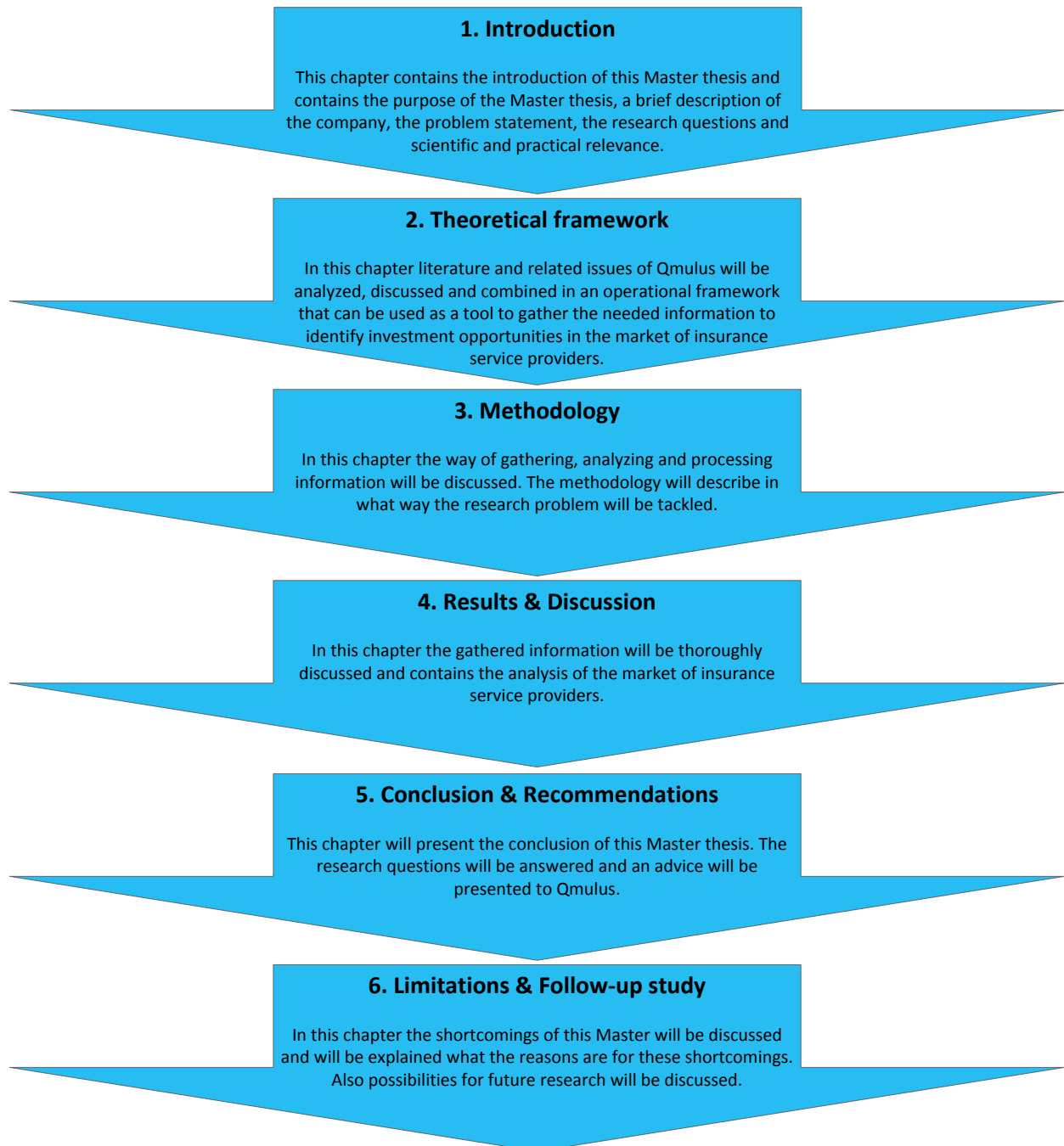
1.6.2 Practical relevance

Practical relevance refers to of the study (the Master thesis) is useful for the company in which the study is fulfilled (Geurts, 1999). First of all are the results and conclusions of the Master thesis very useful for Qmulus, because information about the market of insurance service providers will be provided. In this case Qmulus could decide whether to invest or not in this specific market. Also the theoretical framework could Qmulus use to identify investment opportunities in other markets than the market of insurance service providers.

1.7 Master thesis overview

In this part of the Master thesis an overview (figure 1) is given in order to simplify the reading of this Master thesis.

Figure 1: Master thesis overview



2. Theoretical framework

2.1 Introduction to the chapter

The purpose of this second chapter is to introduce the used literature and theory in this Master thesis. First of all the literature will be analyzed in order to give an answer to the main research question and sub questions as well. This literature review will be done through searching for academic relevant research papers and books based on the six sub questions. Secondly, the operational framework will be compounded and explained. The operational framework is based on the analyzed, discussed and combined literature and the operational framework will also take into account related issues of the firm (Qmulus).

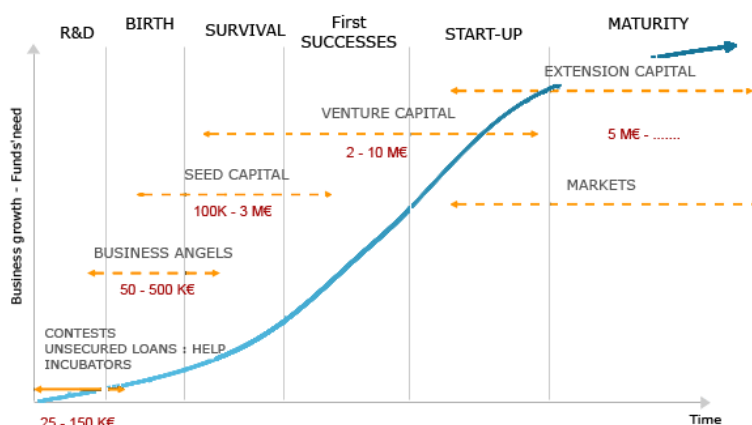
2.2 Literature review

This literature review will be done through searching for academic relevant research papers and books to provide an operational framework for this Master thesis based on the six formulated sub questions. Besides the literature review also specific related issues of the firm (Qmulus) will take into account for the operational framework. This Master thesis is about identifying investment opportunities in the market of insurance service providers.

2.2.1 What type of investor is Qmulus?

In order to provide an operational framework about identifying investment opportunities in general an indication of what type of investor Qmulus is, is needed. In the following figure (figure 2) the different stages of financial investment within a generic business life cycle are shown (The Venture Capitalist, 2014). Venture capital firms largely invest at a later stage than business angels due to the risk and uncertainties being considerably reduced (Cummings, 2010). Business Angels are often wealthy individuals, provide early stage financing for start-up ventures (Sudek, 2007).

Figure 2: The financing “chain”, throughout the innovative company life cycle



Source: (Angels, 2011)

Due to the fact, that Qmulus invest in scalable, medium-sized businesses (€ 3 to 15 million) and (fast) growing companies (Qmulus, 2014), Qmulus can be interpreted as flexible investor with characteristics of a venture capitalist, girth (expansion) capital provider and private equity investor. Now it is known what the type of investor Qmulus is, the literature can be reviewed what the investment criteria/decisions of venture capitalist are.

2.2.2 What are investment decisions/activities for an investor like Qmulus?

In the literature much can be found about what investment decisions/activities are of venture capitalists. According to Mason and Stark (2004) equity investors, such as venture capitalist, have a very different approach than bankers for their investment decisions. Venture capitalists take into account market and finance issues as well. This is in contrast with bankers which give little attention to markets (Mason & Stark, 2004). Also Hellquist and Kraljevic (2006) find out that investment factors of venture capitalists are markets and financial factors, but also management, location, product and industry as investment factors (Hellquist & Kraljevic, 2006). This is also the case in the study of Ulu (2008) which supports the same findings that markets, management and products play an important role in venture capitalists investment decisions (Ulu, 2008).

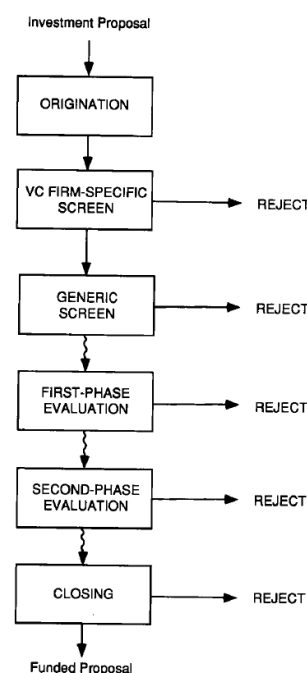
Also much older literature provides the same evidence as the recent literature. The research of Feeney, Haines and Riding (1999) indicates that private investors view the overall business opportunity (market) and the principals of the company (management) as key criteria in the decision-making process (Feeney, Haines, & Riding, 1999). Also the study of Hall and Hofer (1993) identified that the key criteria of venture capitalists to invest are firm's lending guidelines and long-term growth profitability of the industry in which the proposed business will operate (Hall & Hofer, 1993). Finally, in the study of Siskos and Zopounidis (1987) the criterion 'management quality' appears to be the most essential components of the decision of venture capital investment (Siskos & Zopounidis, 1987).

Investment decisions factors of venture capitalists are according to the literature:

- Management
- Market
- Location
- Industry
- Financial

Now the import investment decisions factors of venture capitalists are known an identification of the activities of venture capitalists are needed. Fried and Hisrich (1994) proposed a six-stage model how venture capitalists identify investment opportunities. The six stages are: origination, venture capital firm-specific screen, generic screen, first-phase evaluation, second-phase evaluation, and closing (Fried & Hisrich, 1994). This six-stage model is shown in figure 3.

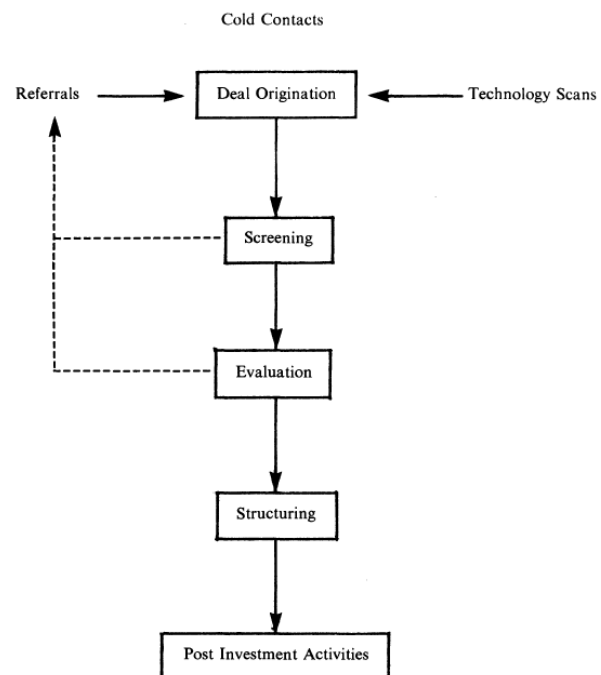
Figure 3: Venture Capital Investment Process



Source: (Fried & Hisrich, 1994)

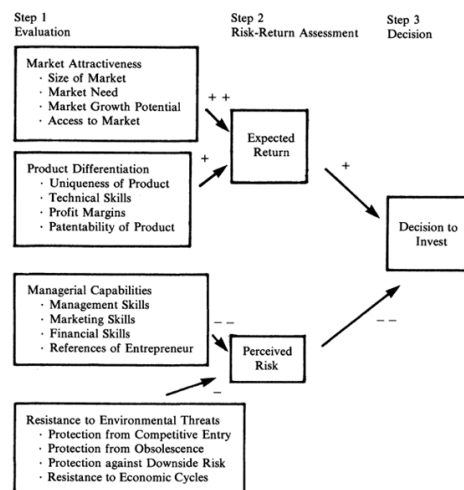
The model in figure 3 was based on the study of Tyebjee and Bruna (1984). The paper of Tyebjee and Bruna (1984) describes the activities of venture capitalists as an orderly process involving five sequential steps (figure 4). These are (1) Deal Origination: The processes by which deals enter into consideration as investment prospects, (2) Deal Screening: A delineation of key policy variables which delimit investment prospects to a manageable few for in-depth evaluation, (3) Deal Evaluation: The assessment of perceived risk and expected return on the basis of a weighting of several characteristics of the prospective venture and the decision whether or not to invest as determined by the relative levels of perceived risk and expected return, (4) Deal Structuring: The negotiation of the price of the deal, namely the equity relinquished to the investor, and the covenants which limit the risk of the investor, (5) Post-Investment Activities: The assistance to the venture in the areas of recruiting key executives, strategic planning, locating expansion financing, and orchestrating a merger, acquisition or public offering (Tyebjee & Bruno, 1984).

Figure 4: Decision Process Model of Venture Capitalist Investment Activity



Source: (Tyebjee & Bruno, 1984)

Figure 5: Venture Capital Investment Decision Process



The +, -, -- symbols indicate the direction and magnitude of the parameters describing the relationship of variables.

Source: (Tyebjee & Bruno, 1984)

Investment activities of venture capitalists are according to the literature:

- Investment opportunity
- Screening
- Evaluation
- Decision

2.2.3 Which investment decisions/activities will be used for the operational framework?

This Master thesis will look into the market of insurance service providers as a whole and not to one specific company. In this case the operational framework of this Master thesis will only use market issues and financial issues as the investment decisions factors of venture capitalists, because it is difficult to identify all the separate management teams within the market of insurance service providers. The other factors like location (the Netherlands) and industry (insurance service providers) are slightly integrated in the market issues. This is in contrast to the investment activities, because all these four activities (investment opportunity, screening, evaluation and decision) will take into account in the operational framework.

Since the investment factors and activities of venture capitalists are known an identification of how to determine the attractiveness of a market is needed and also how to determine financial issues for investors are needed.

2.2.4 How to determine the attractiveness of a market for an investor like Qmulus?

The goal of a market analysis is to determine the attractiveness of a market and to understand its evolving opportunities and threats as they relate to the strengths and weaknesses of the firm (Market analysis, 2014). According to Aaker (2010) a market analysis consists of the following dimensions: market size (current and future), market growth rate, market profitability, industry structure, distribution channels, market trends and key success factors (Aaker & McLoughlin, 2010).

Some of the different dimensions of the market analysis are highly correlated due to the fact the purpose of the evaluations are slightly measuring the same phenomenon. This is the case with market size (current and future) and market growth rate, because when determining the market size projections of the market growth rate could be made at the same time during analyzing the information of the market size. This is also the case with the industry cost structure and distribution channels, whereby the distribution channels are a part of the industry cost structure. The possibility that there will be different distribution channels could be a reason how the industry cost structure is formed. As well is this the case for market trends and key success factors, because both dimensions are already integrated in all the other dimensions (market size (current and future), market growth rate, market profitability, industry structure and distribution channels) and will form kind of a small conclusions out of the other parts. The dimensions of market profitability will not be combined with one of the other dimensions, because the other dimensions are not analyzing something in the way of market profitability and for this reason this dimension about market profitability stands on its own.

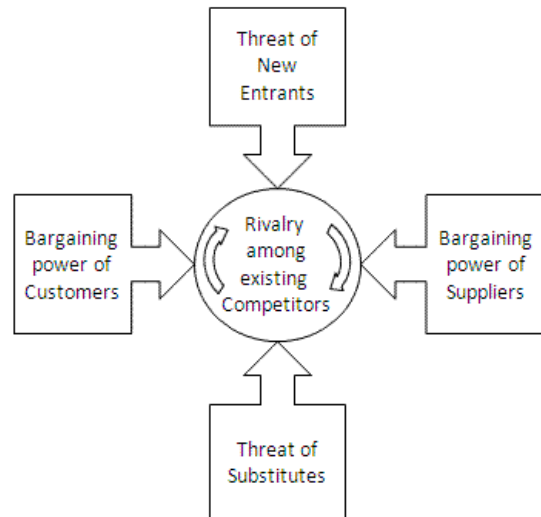
Market profitability will make use of extra literature and this literature will be explained in this part of the chapter. Industry cost structure & Distribution channels, Market size & Market growth rate and Market trends & Key success factors will be based on a description of available data. The way of gathering, analyzing and processing this data will be discussed in the following chapter (3. Methodology).

The theory for market profitability will be discussed here in this chapter. To evaluate the market profitability the five forces model of Porter could be a useful framework for evaluating the attractiveness of a market (Market analysis, 2014).

According to Curak and Jabandzic Porters five forces does not really require extensive explanation, because the model is well known in academic and business literature (Curak & Jabandzic, 2007). Figure 6 gives a schematic overview of Porters five forces.

Figure 6: Porters five forces

- Competitive rivalry
- Threat of entrants
- Threat of substitutes
- Power of suppliers
- Power of customers



2.2.5 How to determine financial issues for an investor like Qmulus?

It is not easy to determine financial issues for investors, because firms in most industries do not publish this type of information. For this reason investment opportunities must be measured using noisy proxies that rely on perceived associations between observable factors and the unobservable investment opportunity set. These proxies can be classified into four types: price-based proxies, investment-based proxies, variance measures, and composite measures (Kallapur & Trombley, 2001). Since these proxies are based on listed firms it is not useful to use this type of proxies in the operational framework, because the insurance service providers are not listed companies. The financial key proxies of Qmulus will be used. The financial key proxies of Qmulus are Revenues, EBITDA and EBITDA margin.

The evaluation of the financial issues will not be based on extra literature, because Revenues, EBITDA and EBITDA margin are directly derivable from financial reports. This is in contrast with some parts of the evaluation of the market issues. The financial issues (Revenues, EBITDA and EBITDA margin) will also be based only on a description of available data. The way of gathering, analyzing and processing this data will be discussed in the following chapter (3. Methodology).

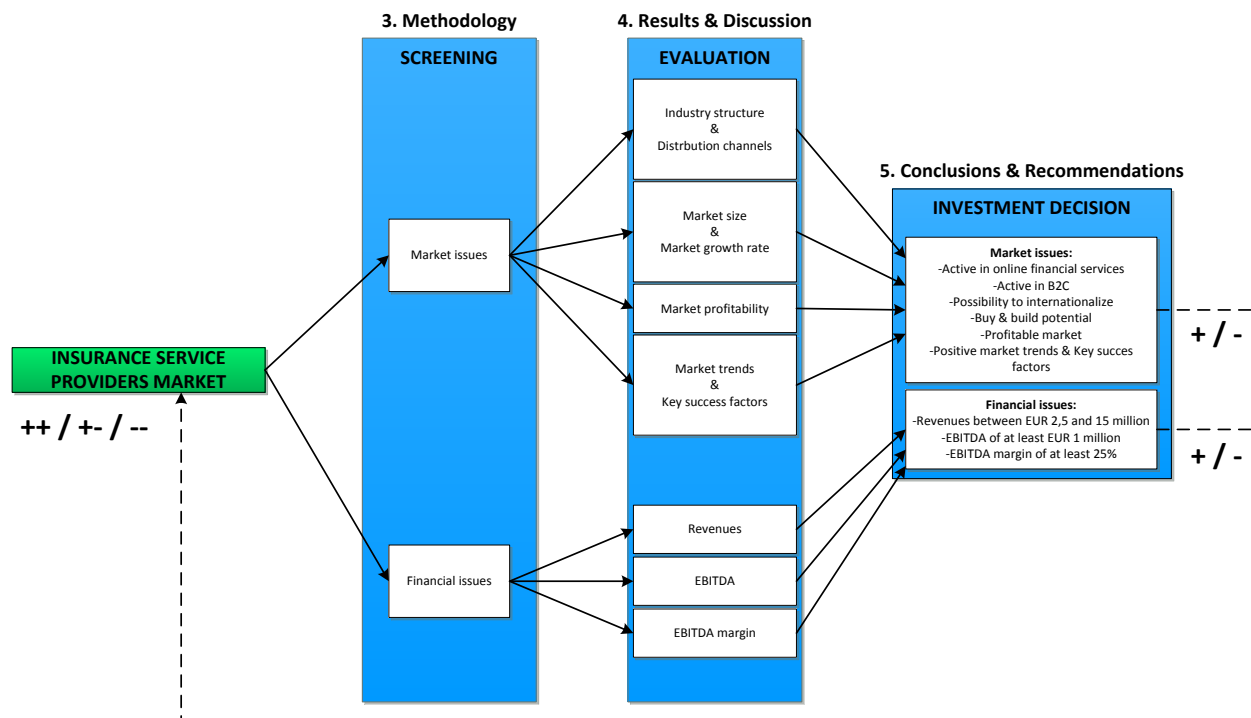
2.2.6 What are the investment considerations for an investor like Qmulus?

In investment proposals of Qmulus the fit between a company and Qmulus itself is described among a range of investment considerations. The investment considerations related to the market issues are that the company has to be active in online financial services, active in B2C, has to be a buy and build potential and there has to be a possibility to internationalize. The investment considerations related to the financial issues are that the revenues of the company has to be between EUR 2,5 and 15 million, the EBITDA has to be at least EUR 1,0 million and the EBITDA margin has to be at least 25%.

Based on the screening, evaluation and investment decision activity (including all investment decision factors) well-founded feedback on the Market issues and Financial issues could be formed. On the basis of this formed feedback an estimate could be made whether there is an investment opportunity or not. In case both issues (Market issues or Financial issues) have positive feedback there will be an attractive investment opportunity, in case one of both issues have positive feedback there will be an investment opportunity and in case both issues have negative feedback there won't be an investment opportunity. This is why the dotted arrow line goes back to the investment opportunity.

In case of this Master thesis the investment opportunity is the insurance service providers market (1.4 Problem statement). The screening activity of the Market issues and Financial issues will be discussed in the following chapter (3. Methodology) and the evaluation activity will be discussed in chapter 4 (4. Results & Discussion). At least will in chapter 5 (5. Conclusion & Recommendations) the activity investment decision be discussed and this chapter will also provide an answer of the market of insurance service providers is an investment opportunity for Qmulus or not. The following overview (figure 8) provides a picture of the operational framework applied to this Master thesis:

Figure 8: Identifying Investment Opportunity Process in the Insurance Service Providers Market



Green box: Starting/Ending Point Investment Opportunity
Blue box: Identifying Investment Opportunity Decision Activity
White box: Identifying Investment Opportunity Decision Factor
Arrow line: Related Identifying Investment Opportunity Decision Factors
Dotted arrow line: Feedback based on Investment Decision

+: Positive Feedback
-: Negative Feedback
++: Attractive Investment Opportunity
+ -: Investment Opportunity
--: No Investment Opportunity

(Title above blue box: Refers to chapter in this Master thesis based on Identifying Investment Opportunity Decision Activity)

3. Methodology

3.1 Introduction to the chapter

The purpose of this third chapter is to introduce the way of gathering, analyzing and processing information. This third chapter about methodology will describe in what way the research problem will be tackled. This means the methods will be explained which will be used to collect data in order to give an answer to the main research question and sub questions. Besides the methods also the research design, the type of information (qualitative/quantitative) and the sources (primary/secondary) will be explained. In the end of this chapter an overview of the methodology will be given.

3.2 Research design

First of all identification is needed to understand if the study will be analytic or descriptive for identifying the research design. An analytic study attempts to quantify the relationship between two factors, that is, the effect of an intervention (I) or exposure (E) on an outcome (O) (Cebm, 2014). This is in contrast with a descriptive study, because a descriptive study does not try to quantify the relationship but tries to give us a picture of what is happening in a population, e.g., the prevalence, incidence, or experience of a group (Cebm, 2014). This Master thesis will use a descriptive study design, due to the fact this master thesis will provide a picture of the market of insurance service providers an attractive investment opportunity for Qmulus is and will not quantify the relationship between two factors.

Globally there are three main descriptive research types. These three types of research are observational method, case study method and survey method. Observational study is just what the word implies, it is about observation. A case study involves making detailed observations about one specific case (Education, 2014) or in other words it involves an in-depth study of an individual or group of individuals (Psychcentral, 2014). In a survey method or resurvey method research, participants answer questions administered through interviews or questionnaires (Psychcentral, 2014). This Master thesis will make use of a case study and to be precise a case-oriented study. A case oriented study aims to understand a particular case by looking closely at the details (Babbie, 2007).

3.3 Type of analysis

There are two types of analysis, qualitative analysis and quantitative analysis. Qualitative analysis is gathering information by for example doing interviews. Quantitative analysis for instance could use questionnaires to gather information. This Master thesis will use qualitative analysis and will not use quantitative analysis, because there will be done some interviews to gather information for this Master thesis and questionnaires will not be used to gather information.

3.4 Information sources

There are also two types of information sources, namely primary and secondary information sources. Primary information can be defined as information coming from primary sources, such as people within Qmulus and people within the market of insurance service providers. And secondary information is coming from secondary sources, such as websites, articles, reports and other statistics. This Master thesis will use primary and a secondary information sources as well to gather information to provide a so good as possible answer to the main research question and sub questions as well.

3.5 Interviews

The interviews will be used to provide an answer to the market profitability which is a part of the market issues. The questions in this interview are based on Porters five forces and the interview protocol which will be used during the interviews can be found in the appendix of this Master thesis (7. Appendix) and to be precise in the second paragraph of the appendix (7.2 Interview protocol Market profitability). The Interview protocol Market profitability is in Dutch, because everyone who will participate in the interviews is native speaking Dutch.

3.6 Methodology overview

The following overview (Figure 9) provides a picture of the way of gathering information by the hand of different data sources. The different data sources are related to the components (Identifying Investment Opportunity Decision Factors) of the theoretical framework. Also shows the overview the type of study.

Figure 9: Methodology overview including data sources

Type of Study: Case-oriented Study	
Component Theoretical Framework	Data Source
Market issues	
Industry structure & Distribution channels	Websites and Reports
Market size & Market growth rate	Websites and Reports
Market profitability	Interviews
Market trends & Key success factors	Websites and Reports
Financial issues	
Revenues	Financial Reports
EBITDA	Financial Reports
EBITDA margin	Financial Reports

4. Results & Discussion

4.1 Introduction to the chapter

The purpose of this fourth chapter is to thoroughly discuss the gathered information for the analysis of the market of insurance service providers. The results will be presented in the way of the separate parts of the operational framework. So this means first of all the market issues (Industry structure & Distribution channels, Market size & Market growth rate, Market profitability and Market trends & Key success factors) will be discussed and after this the financial issues (Revenues, EBITDA and EBITDA margin) will be discussed. The way of how the results have been achieved is already described in the previous chapter (3. Methodology). In this chapter no conclusions will be made on basis of the results. The conclusions of the results will be presented in the next chapter (5. Conclusion & Recommendations).

4.2 Results Market issues

This part of the chapter presents the results of the Market issues. First of all the results of the Industry structure & Distribution channels will be analyzed and discussed, after this the results of the Market size & Market growth rate will be analyzed and discussed. Finally, the results of the Market profitability and the results of the Market trends & Key success factors will be analyzed and discussed as well.

4.2.1 Results Industry structure & Distribution channels

The results of the Industry structure & Distribution channels are derived from two different reports of 'Adviesbureau Fred de Jong'. The first report is called 'Het volmachtbedrijf in economisch perspectief' (de Jong, 2011) and the second report is called 'De positie van serviceorganisaties in de intermediaire waardeketen' (de Jong, 2012).

A description of the Industry structure & Distribution channels of the market of insurance service providers could be summarized by the activities of insurance service providers in general, the core activities of insurance service providers, the business model of insurance service providers and the added value of insurance service providers.

General description of the insurance service providers market:

- Insurance service providers are active within the field of financial advice
- Insurance service providers are a form of outsourcing by insurers
- Insurance service providers are independent parties (insurance service providers) or divisions of intermediaries ('huisvolmachten')
- Insurance service providers are in contact with intermediaries (which are in contact with consumers) and insurers
- The activities of insurance service providers take legally place in name of the insurers and this is why insurance service providers will be paid by insurers
- The activities of insurance service providers are qualified by the legislator as mediation activities
- Insurance service providers are a unique phenomenon and they only exist in the Netherlands

Core activities of insurance service providers:

- Insurance service providers facilitate primary activities for intermediaries both in the form of front and back office activities (software, training and tools) as well, including accepting policies (costs and risks are for the insurers), collecting payments of customers and pay customers in case there is damage
- Insurance service providers provide also mid-office activities (including management and forming of files of customers)
- Insurance service providers buy competitive rates by insurers for intermediaries
- Insurance service providers offer marketing concepts to intermediaries

Business model insurance service providers:

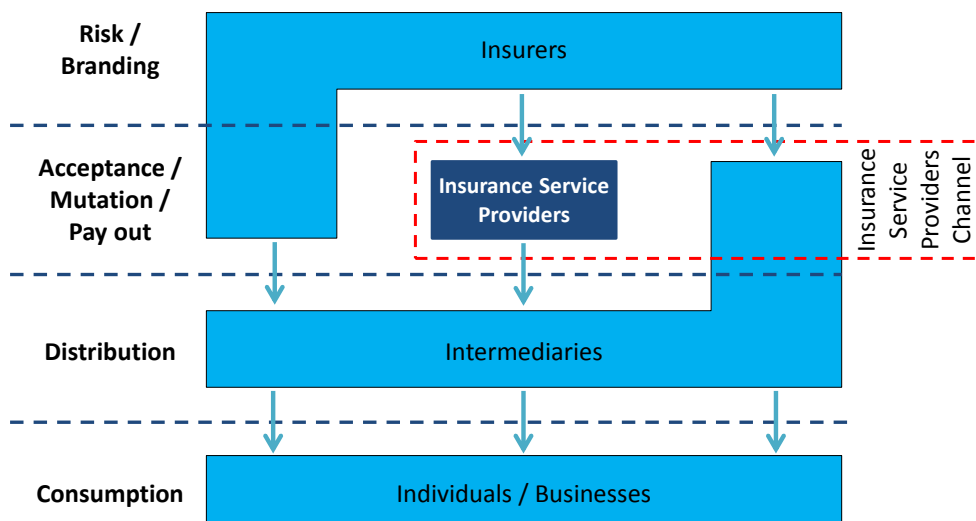
- The business model of insurance service providers is based on the 'old fashioned' business model whereby insurance service providers are paid by insurers for their service activities in the form of commissions and bonuses (a quality incentive from insurers for the outsourced activities)
- There is a reversal taken place in the business model of insurance service providers whereby the primary stakeholder (the intermediaries) will pay directly for the services around consulting and mediation of insurance service providers

Added value of insurance service providers:

- Insurance service providers are adding value to insurers through better delivery of files about customers and they also provide access to markets
- Insurance service providers encourage competitions in the insurance market and makes sure insurers make use of competitive rates
- Insurance service providers ensure the process from customer to intermediaries to insurers goes smooth and they improve the welfare of consumers and businesses as well

In summary, the insurance service providers are B2B outsourcing partners for insurers and intermediaries. They take over qualitative (risk assesment and damage assessment) and administrative tasks (collecting payments of customers and acceptance process) for a fixed fee (sign commission and / or part of the commission that the intermediaries would receive). Figure 10 gives a schematic representation of the Industry structure & Distribution channels within the market of insurance service providers.

Figure 10: Value chain insurance service providers



4.2.2 Results Market size & Market growth rate

The results of the Market size & Market growth rate are derived from five different reports. In this part both reports of 'Adviesbureau Fred de Jong' ('Het volmachtbedrijf in economisch perspectief' (de Jong, 2011) and 'De positie van serviceorganisaties in de intermediaire waardeketen' (de Jong, 2012)) are used again and the reports of 'Kerncijfers verzekeren in Nederland' (Verbond van verzekeraars, 2014), 'Sensitiviteitstoets Volmacht' (NVGA, 2011) and 'Notitie Volmachtmarkt' (de Jong, 2014) are also used.

Figure 11: Total volume paid for insurance by sector
(EUR x billions)

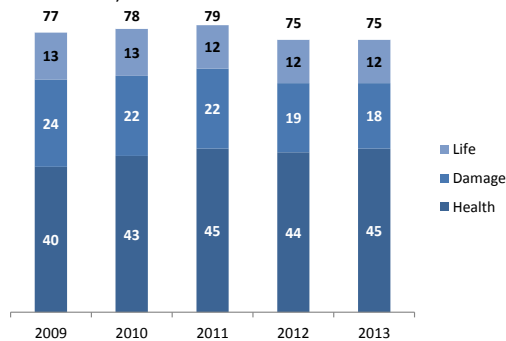


Figure 12: Distribution of total volume damage insurance
(2013)

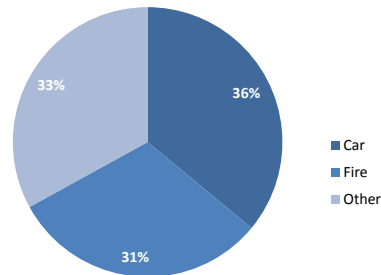


Figure 13: Total volume paid for insurance through insurance service providers (EUR x millions)

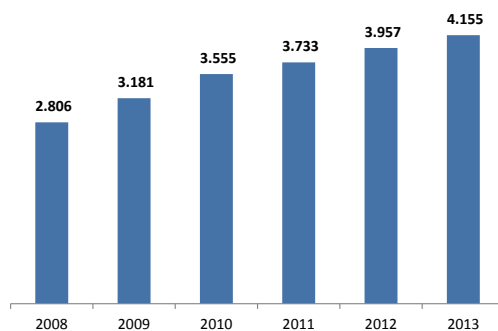
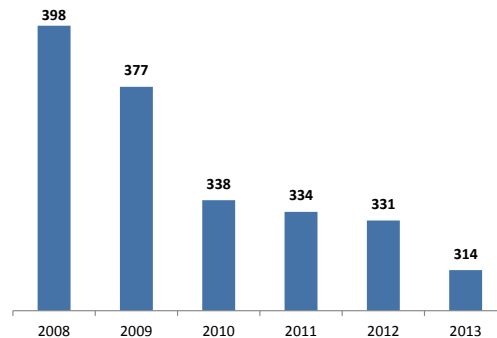


Figure 14: Total number of businesses in the insurance service providers channel



Insurance service providers are almost exclusively active in the field of damage insurance in the Netherlands. The total volume paid for damage insurances was approximately EUR 18,0 billion (this is 16% of the total volume paid for insurances) in the Netherlands in 2013. From this EUR 18,0 billion approximately 20-25% goes through the channel of service providers (insurance service providers and 'huisvolmachten'). The damage insurances can be divided into car insurances (this is the biggest part), fire insurances and others (such as liability insurances and assistance insurances). The previous figure (figure 11) provides an overview of the total volume paid in insurances by sector during the recent years and the other figure (figure 12) provides an overview of the distribution in damage insurances in the year 2013.

The total volume paid for insurances through insurance service providers is increasing in recent years (figure 13). This is mainly due to the outsourcing of back office activities by small insurers. The number of insurance service providers on the other hand is decreasing in recent years (figure 14). Extensive investment in IT, the high level of knowledge for employees within the market of insurance service providers and the abolition of profit commissions for insurance service providers (2012) have led to a tendency to scale probabilities whereby insurance service providers win market share against divisions of intermediaries ('huisvolmachten'). Especially for smaller insurance service providers (<EUR 2,0 million of total volume paid for insurances) and not specialized divisions of intermediaries ('huisvolmachten') it seems to be difficult to compete with insurance service providers, because of this abolition of profit commissions.

4.2.3 Results Market profitability

First of all a list of all the insurance service providers is conducted. The previous part (4.2.2 Results Market size & market growth) shows a total number of 314 parties within the channel of service providers (service providers and divisions of intermediaries), but since this Master thesis focuses only on the independent service providers all the divisions of intermediaries are excluded from the list. The list is based on 'Register financiële dienstverleners' from the AFM (Autoriteit Financiële Markten) (AFM, 2015) and the list can be found in the appendix (7.1 List of insurance service providers).

All the 36 insurance service providers were sent an email with the request for doing an interview (for the interview protocol see appendix 7.2 Interview protocol Market profitability). In the end there were 3 insurance service providers willing to contribute for doing an interview. The 3 insurance service providers are Heinenoord Assuradeuren, Preventass and Connect Assuradeuren. The interview took place with Arie van den Berg (Director of Heinenoord Assuradeuren), Klaas Bolhuis (Director of Preventass) and Cees Bennis (Director of Connect Assuradeuren).

The results will be shown in the order of the questions in the interviews. So first of all the results of the rivalry among existing competitors will be analyzed and presented. After this the threats of new entrants and substitutes will be discussed and shown and in the end the results of the bargaining power of suppliers and customers will be analyzed and presented. At least there will be an overview that will summarize all the results of the Market profitability. During the results of the Market profitability, references (Heinenoord, 2015), (Preventass, 2015) and (Connect, 2015) will be used. The reference (Heinenoord, 2015) refers to what Arie van den Berg (Director of Heinenoord Assuradeuren) was saying during the interview, the reference (Preventass, 2015) refers to what Klaas Bolhuis (Director of Preventass) was saying during the interview and the reference (Connect, 2015) refers to what Cees Bennis (Director of Connect Assuradeuren) was saying during the interview. The total versions of the interviews can be found in the appendix (7.3 Interviews Market profitability). The total versions of the interviews are in Dutch, because everyone who participated in the interviews is native speaking Dutch.

Rivalry among existing competitors

The market of insurance service providers is strongly divided, but the growth of the market is severely limited to a few parties (Preventass, 2015). The market consists of many service providers (Connect, 2015), including 10 major players (Voogd & Voogd, VKG and Nedasco), 20 smaller players and divisions of intermediaries ('huisvolmachten'). The major players focus mainly on traditional basis insurance products, while smaller players focus on a full service concept like picking up the phone etc. (Heinenoord, 2015). In general all the activities of the insurance service providers are comparable. The price of the services of insurance service providers isn't an important motive for intermediaries to make a choice between insurance service providers (Connect, 2015).

Threats of new entrants and substitutes

In recent years there weren't new entrants in the form of independent service providers, but there is an increase in divisions of intermediaries ('huisvolmachten') who will offer their services to other intermediaries and therefore become a sort of a service provider (Connect, 2015). In the channel of insurance service providers take-overs are a continuous phenomenon (Heinenoord, 2015) due to the fact the business model is 'old fashioned' and there are a lot of players with financial problems by falling revenues and deferred maintenance (Connect, 2015). To enter the market of insurance service providers an invest of at least EUR 1,0 million is needed (Heinenoord, 2015) to create high volumes (Preventass, 2015) and these are the main reasons why smaller players cooperate with each other.

The current technology within the market of insurance service providers isn't replaced often and the current technology is usually over 20 years old (Heinenoord, 2015). This has to do especially with the conversions costs, costs of capacities and the costs of investments are intensive (Preventass, 2015). On the other hand front-office applications are often replaced. If insurance service providers have to integrate new technology they can do this quite fast. The threats of substitutes aren't that high (insurance service providers are able to adapt new technologies faster than other parties), unless intermediaries will cooperate directly with insurers (Connect, 2015) or the distribution of insurance has to go directly from insurers to consumers (Heinenoord, 2015).

Bargaining power of suppliers and customers

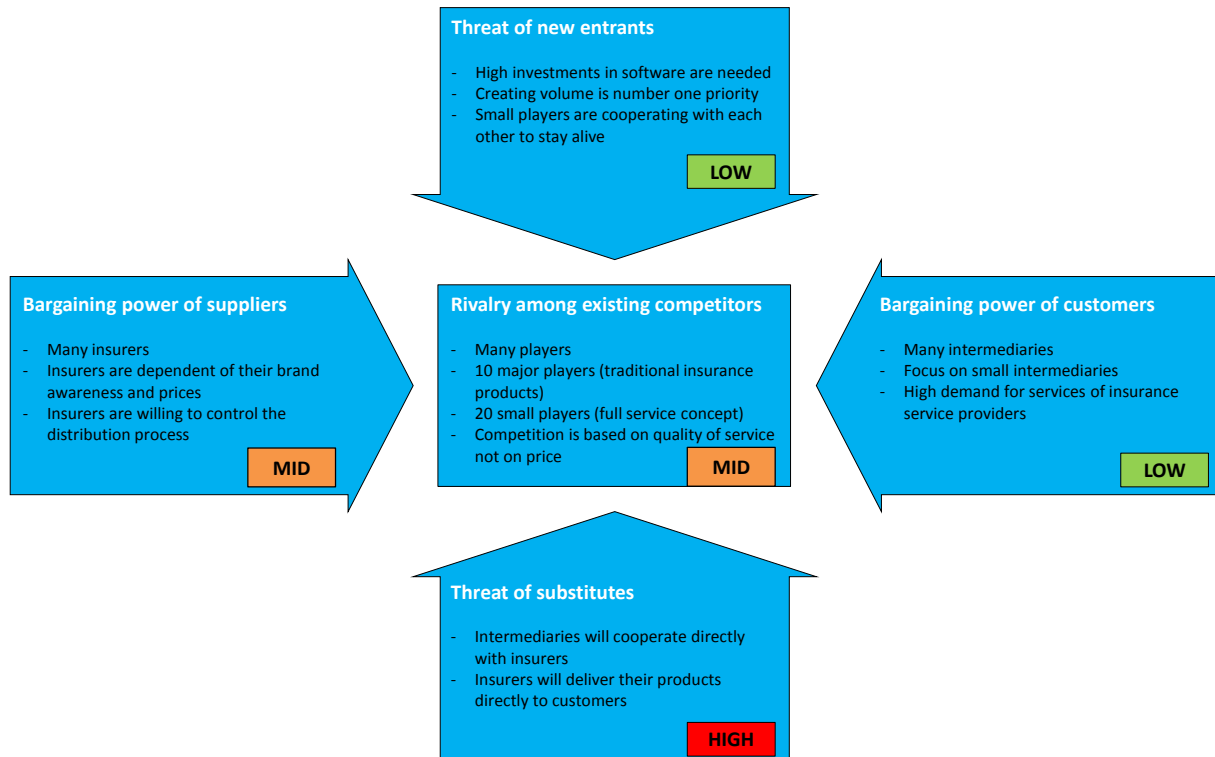
The insurers are of course the most important suppliers and the suppliers of software (Preventass, 2015). Important insurers are Avero Achmea, Delta Lloyd, ASR, Reaal, Nationale Nederlanden, Allianz, ARAG, DAS, Goudse, Generali and Fatum (Connect, 2015). The insurance service providers are free to decide between different insurers to choose for doing business with (Heinenoord, 2015) and there is a limited impact of insurers (there are dependent of their brand awareness and prices) to insurance service providers (Preventass, 2015). Although, the current relationship between insurance service providers and insurers is standing under pressure. Insurers are namely trying to control the insurance service providers from the perspective of yield thinking and the need for more control in the distribution process. Nevertheless, there is still sufficient supply in the insurance service providers market. This makes it possible for insurance service providers to move to other insurers so they aren't dependent on one insurer. Despite these facts, the bargaining power is shifted a little bit from the insurance service providers to the insurers (Connect, 2015).

The important customers are all the intermediaries registered by the AFM (Autoriteit Financiële Markten) (Heinenoord, 2015). Especially are the most important customers all the intermediaries without own insurance service provider capacity ('eigen volmacht'). The intermediaries are very diverse, because intermediaries have many different qualities. The main opportunities for insurance service providers lie particularly by small intermediaries due to the fact these parties aren't able to achieve a wide range of purchasing products and they need more support for their operations (Connect, 2015). The bargaining power lies almost entirely by the intermediaries (Preventass, 2015), because of the high amount of insurance service providers and for this reason intermediaries are able to decide with which insurance service provider to be willing to do business with (Heinenoord, 2015). Although, at this moment there is so much demand for the services of insurance service providers that there is a shift to bargaining power by the insurance service providers. Insurance service providers are namely able to exchange one intermediary for another intermediary.

Overview Market Profitability

The following figure (figure 15) provides an overview of all the results of the Market profitability based on the finding in the interviews. The results are presented and ranked (score LOW-MID-HIGH) according to Porters five forces. The score LOW refers to a little force on the Market profitability, the score MID refers to an average force on the Market profitability and the score HIGH refers to a huge force on the Market profitability.

Figure 15: Market profitability insurance service providers market based on Porters five forces



4.2.4 Results Market trends & Key success factors

The results of the Market trends & Key success factors are in fact a summary of the facts of the previous parts (Industry structure & Distribution channels, Market size & Market growth rate and Market profitability). The results are for this reason coming from the already introduced reports ('Het volmachtbedrijf in economisch perspectief' (de Jong, 2011), 'De positie van serviceorganisaties in de intermediaire waardeketen' (de Jong, 2012), 'Kerncijfers verzekeren in Nederland' (Verbond van verzekeraars, 2014), 'Sensitiviteitstoets Volmacht' (NVGA, 2011), 'Notitie Volmachtmarkt' (de Jong, 2014)) and are also coming from the results of the interviews (Heinenoord, Preventass and Connect Assuradeuren).

Market trends:

- There is a reversal taken place in the business model of insurance service providers whereby the primary stakeholder (the intermediaries) will pay directly for the services around consulting and mediation of insurance service providers
- In recent years insurance service providers are facing consolidation in the market of insurance service providers. Extensive investment in IT, the high level of knowledge for employees within the market of insurance service providers and the abolition of profit commissions for insurance service providers (2012) have led to a tendency to scale probabilities whereby insurance service providers win market share against divisions of intermediaries ('huisvolmachten').
- The market has a very active regulator in the name of the AFM ('Autoriteit Financiële Markten')
- Increasing trends in software solutions make activities of insurance service providers unnecessary and consumers themselves also have these days access to this software solutions (online active, smartphone and tablet)
- Consumers have developed a negative image of insurers due to the fact of the 'woekerpolis affaire', high costs and poor customer service
- Major insurers show a defensive attitude by taking over insurance service providers (ASR) or stop their cooperation with insurance service providers (AEGON)

Key success factors:

- Insurance service providers encourage competitions in the insurance market and makes sure insurers make use of competitive rates
- Insurance service providers are adding value to insurers through better delivery of files about customers and they also provide access to markets
- Insurance service providers ensure the process from customer to intermediaries to insurers goes smooth and they improve the welfare of consumers and businesses as well
- Insurance service providers are aware of the public demand for more transparency. Insurance service providers are also in favor for active transparency by intermediaries (who are in contact with the consumer). This transparency has to show which part of the fees will be received by the intermediaries and by the insurance service providers by placing insurances of customers.

4.3 Results Financial issues

This part of the chapter presents the results of the Financial issues. The results of Revenues, EBITDA and EBITDA margin of the different companies within the insurance service providers market will be analyzed and discussed. It isn't possible to find results of Revenues, EBITDA and EBITDA margin of the total market of insurance service providers, because this doesn't exist. For this reason all the different companies within the insurance service providers market will be analyzed and discussed to provide an overview in Revenues, EBITDA and EBITDA margin of the different companies and to calculate an average in Revenues, EBITDA and EBITDA margin of the total market. In this way it is possible to say something about the entire market and not about one specific company.

4.3.1 Results Revenues, EBITDA and EBITDA margin

This same list, used for the interviews (4.2.3 Market profitability), is used to collect the data for the results of Revenues, EBITDA and EBITDA margin of the different companies within the insurance service providers market. This list can be found in the appendix (7.1 List of insurance service providers). The financial reports of the different companies within the insurance service providers market are retrieved from *companyinfo.nl*. The results are shown in figure 16. Not all the data was available on *companyinfo.nl* for all the different companies within the insurance service providers market. The results show an average of approximately EUR 14,9 million in Revenues, an average of approximately EUR 4,6 million in EBITDA and an average of approximately 24% in EBITDA margin.

Figure 16: Overview results Revenues, EBITDA and EBITDA margin

Company name	Revenues	EBITDA	EBITDA margin
<i>Amounts in EUR x 1.000</i>			
Avitae	43.111	21.538	49,96%
Voogd & Voogd	26.903	9.228	34,30%
SAA	25.777	9.508	36,89%
Nedasco	24.746	-387	-1,56%
Reatsheren van Orden Groep	15.213	5.960	39,18%
Vandien Service Provider	13.440	5.376	40,00%
Van Kampen Groep (VKG)	11.611	1.630	14,04%
Kettlitz Wulfse Volmachten	8.108	3.287	40,54%
Kroezen Verzekeringen	6.776	1.458	21,52%
Klap	6.561	1.287	19,62%
Heinenoord Assuradeuren	4.601	731	15,89%
You Sure	4.151	1.245	29,99%
Welke Financiële Diensten	2.456	-615	-25,04%
Turien	N/A	N/A	N/A
DAK	N/A	N/A	N/A
VCN Verzekeringscombinatie Nederland	N/A	N/A	N/A
Melching Assuradeuren	N/A	N/A	N/A
Intrasurance	N/A	N/A	N/A
Anac Backoffice	N/A	N/A	N/A
Risk Groep	N/A	N/A	N/A
BAE-Groep en EAD Assuradeuren	N/A	N/A	N/A
Uiterwijk Winkel Verzekeringen	N/A	N/A	N/A
Assurantiebedrijf Froonacker	N/A	N/A	N/A
IQ Assuradeuren	N/A	N/A	N/A
Connect Assuradeuren	N/A	N/A	N/A
De Financiële Makerlaar	N/A	N/A	N/A
Home invest	N/A	N/A	N/A
CDS Assuradeuren	N/A	N/A	N/A
Corins	N/A	N/A	N/A
Preventass	N/A	N/A	N/A
De Hypothekelaar	N/A	N/A	N/A
Xenter	N/A	N/A	N/A
Het Assuradeurenhuys	N/A	N/A	N/A
Licent Assuradeuren	N/A	N/A	N/A
Average	14.881	4.634	24,25%

5. Conclusion & Recommendations

5.1 Introduction to the chapter

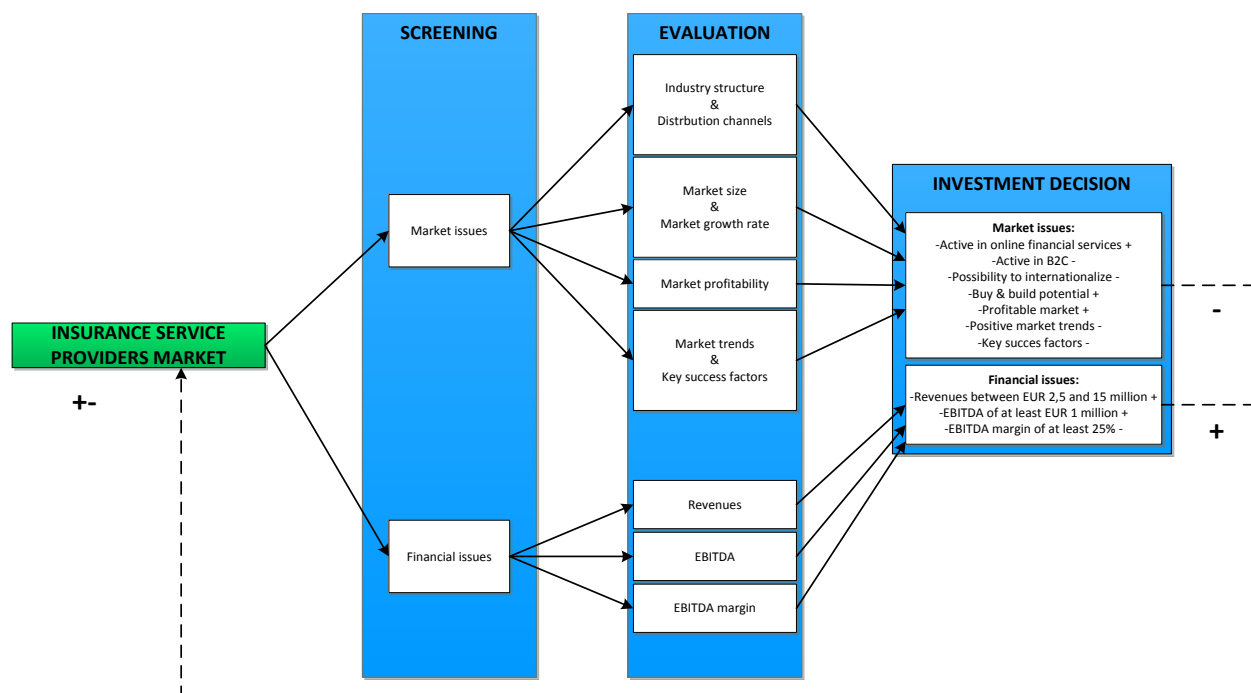
The purpose of this fifth chapter is to present the conclusion of this Master thesis. The conclusion will be based on the results of this study (see the previous chapter, 4. Results & Discussion) and will be summarized briefly (5.2 Conclusion). This summary will come up with arguments to arrive at an answer to the main research question (Does the insurance service provider market (gevolmachtigde assurantiebedrijven) provide an attractive investment opportunity for Qmulus?) and will be based on the conclusions of the Market issues (5.3 Conclusions Market issues) and the conclusions of the Financial issues (5.4 Conclusions Financial issues).

Also the recommendations based on these (negative) conclusions will also be presented in this fifth chapter (5.7 Recommendations Market issues & 5.8 Recommendations Financial issues). The recommendations provide an advice to Qmulus under what conditions Qmulus is able to invest in the insurance service providers market (5.6 Recommendations).

5.2 Conclusion

The conclusion provides an answer to the main research question: Does the insurance service provider market (gevolmachtigde assurantiebedrijven) provide an attractive investment opportunity for Qmulus?

Figure 17: Identifying Investment Opportunity Process in the Insurance Service Providers Market



Green box: Starting/Ending Point Investment Opportunity
Blue box: Identifying Investment Opportunity Decision Activity
White box: Identifying Investment Opportunity Decision Factor
Arrow line: Related Identifying Investment Opportunity Decision Factors
Dotted arrow line: Feedback based on Investment Decision

+: Positive Feedback
-: Negative Feedback
++: Attractive Investment Opportunity
+ -: Investment Opportunity
--: No Investment Opportunity

The conclusion is that the market of insurance service providers provides an investment opportunity, but it is not an attractive investment opportunity as it is formulated in the main research question. This is due to the fact the Market issues on average provides negative feedback (active in online financial services, not active in B2C, not possible to internationalize, buy and build potential, profitable market, no positive Market trends and no positive Key success factors), but the Financial issues on the other hand are on average positive (Revenues are between EUR 2,5 million, EBITDA is at least EUR 1,0 million, but the EBITDA margin is less than 25%). The conclusion is displayed in the operational framework of this Master thesis (figure 17).

The conclusion is based on the conclusions of the Market issues and the conclusions of the Financial issues. In the following parts of this chapter (5.3 Conclusions Market issues & 5.4 Conclusions Financial issues) the arguments for positive/negative feedback are explained.

It is possible to make the insurance service providers market an attractive investment opportunity instead of an investment opportunity as it is now by reconsidering the investment considerations of Qmulus. Also must Qmulus be aware of the most negative feedback and take this negative feedback into account if they are going to invest in the market of insurance service providers. The recommendations will be summarized in the end of this chapter (5.6 Recommendations) and the way of how to do this will also be discussed in the end part of this chapter (5.7 Recommendations Market issues & 5.8 Recommendations Financial issues).

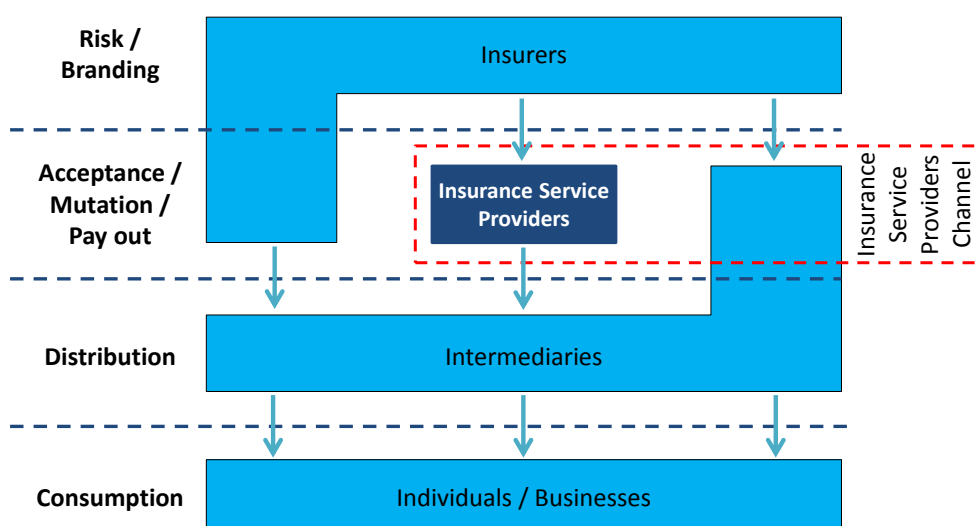
5.3 Conclusions Market issues

This part of the chapter presents the conclusions of the Market issues. First of all the conclusions of the Industry structure & Distribution channels will be analyzed and discussed, after this the conclusions of the Market size & Market growth rate will be analyzed and discussed. Finally, the conclusions of the Market profitability and the conclusions of the Market trends & Key success factors will be analyzed and discussed as well. However, it's possible that some of the results (see the previous chapter, 4. Results & Discussion) of this study are used interchangeably to form conclusions about the different parts of the operational framework, because some of the results could have a high correlation.

5.3.1 Conclusions Industry structure & Distribution channels

The Industry structure & Distribution channels of the insurance service providers market according to the results (4.2.1 Results Industry structure & Distribution channels) looks as follows (figure 18):

Figure 18: Value chain insurance service providers



Insurance service providers are B2B independent outsourcing partners within the field of financial advice for insurers and intermediaries. Insurance service providers are a unique phenomenon and they only exist in the Netherlands. The added value of insurance service providers is they have the ability to deliver files about customers in a more efficient way to insurers and they provide access to markets for insurers. Also insurance service providers are adding value to ensure the process from customer to intermediaries to insurers goes smooth.

The related Market issues according to the investment considerations of Qmulus are: the market has to be active in online financial services, the market has to be active in B2C and the market has to be able to internationalize. The market of insurance service providers is active in (online) financial services due to the fact they are active in the field of financial advice. The insurance service providers market is not active in B2C, but the market is active in B2B. Since the market of insurance service providers is a unique phenomenon in the Netherlands it will be difficult to internationalize this market.

Based on these findings, most of the Market issues of the Industry structure & Distribution channels are not in line with the investment considerations of Qmulus. This makes the feedback about the Industry structure & Distribution channels overall negative.

5.3.2 Conclusions Market size & Market growth rate

The total Market size & Market growth rate is based on the total volume paid for insurance through insurance service providers (figure 19) and the total number of businesses in the insurance service providers channel (figure 20) according to the results (4.2.2 Results Market size & Market growth rate).

Figure 19: Total volume paid for insurance through insurance service providers (EUR x millions)

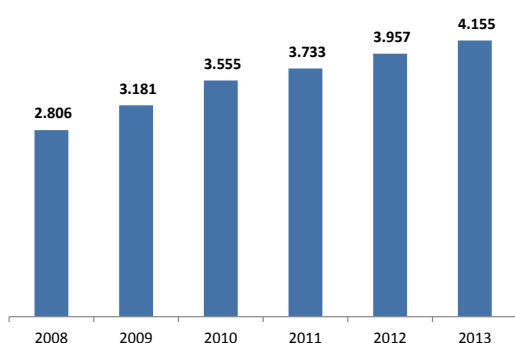
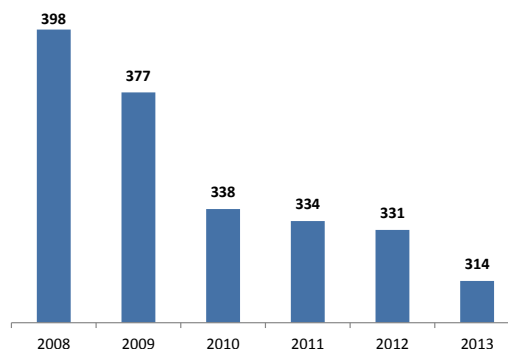


Figure 20: Total number of businesses in the insurance service providers channel



The total volume paid for insurance through insurance service providers is increasing in recent years with a total volume of EUR 4.155 million in 2013. On the other hand the total number of businesses in the insurance service providers market is decreasing in recent years with a total of 314 businesses in 2013. This means consolidation take place in the insurance service providers market, whereby less businesses share a higher volume paid for insurance through insurance service providers.

If this trend will continue into the future (increasing volume paid for insurance through insurance service providers and decreasing number of businesses in the insurance service providers channel) it could be attractive due to the fact an increasing volume will be divided with less parties, unless there will be one (monopoly) or more parties which control the entire market of insurance service providers.

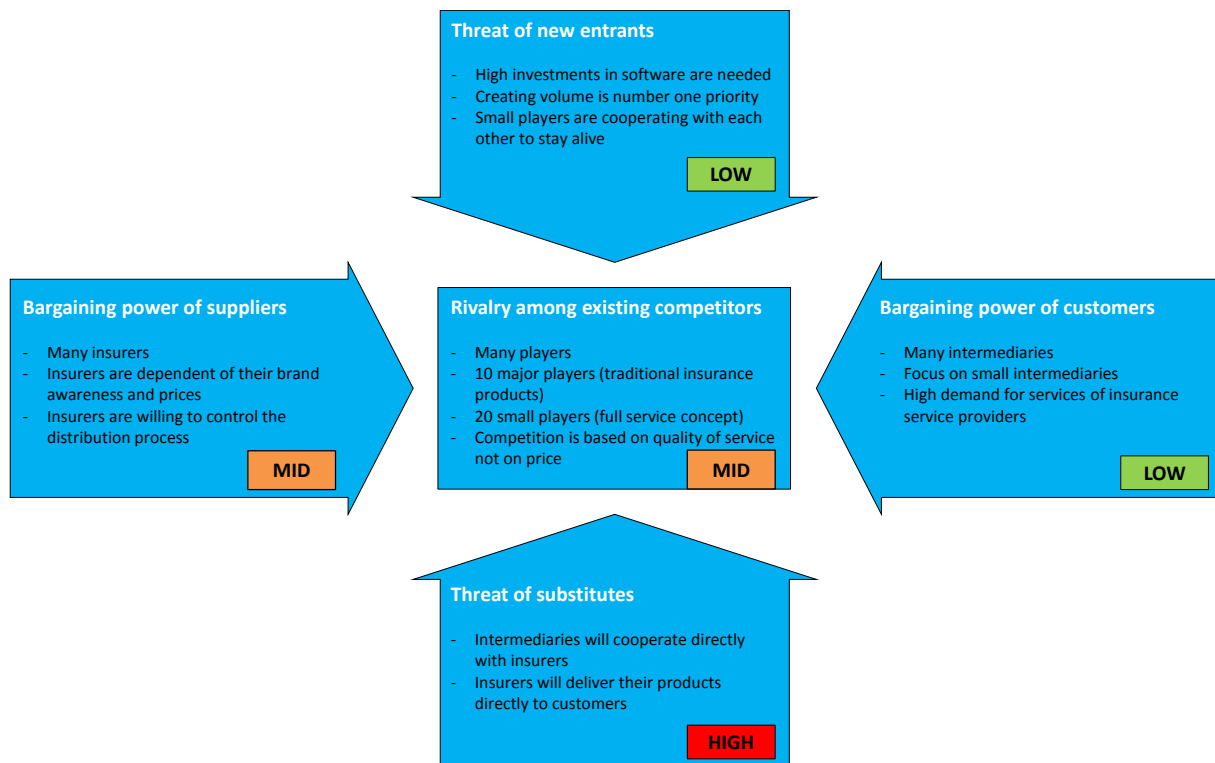
The related Market issues according to the investment considerations of Qmulus are the buy and build potential in the market. The market of insurance service providers is increasing in volume paid for insurance through insurance service providers and the insurance service providers market is decreasing in total number of businesses in the insurance service providers channel. This makes the buy and build potential possible, because the earnings are rising according to the trend in increasing volume paid for insurance through insurance service providers and the competition is decreasing according to the trend in decreasing number of businesses in the insurance service providers channel.

Based on these findings, the Market issues of the Market size & Market growth rate are in line with the investment considerations of Qmulus. This makes the feedback about the Market size & Market growth rate positive.

5.3.3 Conclusions Market profitability

The Market profitability of the insurance service providers market is evaluated by Porters five forces. The following overview (figure 21) provides a schematic overview of Porters five forces applied to the market of insurance service providers according to the results (4.2.3 Results Market profitability).

Figure 21: Market profitability insurance service providers market based on Porters five forces



The threat of new entrants and the bargaining power of customers are ranked LOW, the bargaining power of suppliers and the rivalry among existing competitors are ranked MID and the threat of substitutes in the only force which is ranked HIGH. This means the total combined force on the Market profitability is on average slightly ranked LOW. The conclusion could be made that the insurance service providers market is profitable.

The related Market issues according to the investment considerations of Qmulus are the market has to be profitable. According to the conclusions of Porters five forces applied to the market of insurance service providers it could be said the insurance service providers market is profitable regarding to the results (4.2.3 Results Market profitability).

Based on these findings, the Market issues of the Market profitability are in line with the investment considerations of Qmulus. This makes the feedback about the Market profitability positive.

5.3.4 Conclusions Market trends & Key success factors

The Market trends and Key success factors (4.2.4 Results Market trends & Key success factors) are the result of a summary of the facts of the results in the different parts in the previous chapter (4.2.1 Results Industry structure & Distribution channels, 4.2.2 Results Market size & Market growth rate and 4.2.3 Results Market profitability).

The main findings are that the market of insurance service providers has a very active regulator in the name of the AFM ('Autoriteit Financiële Markten') and there are increasing trends in software solutions which make activities of insurance service providers unnecessary and consumers themselves also have these days access to this software solutions (online active, smartphone and tablet). Also major insurers show a defensive attitude by taking over insurance service providers (ASR) or stop their cooperation with insurance service providers (AEGON).

The key success factors of insurance service providers are seriously threatened by these previously mentioned trends, because the added value of insurance service providers (the key success factors are that insurance service providers are adding value to insurers through better delivery of files about customers and they also provide access to markets and that insurance service providers ensure the process from customer to intermediaries to insurers goes smooth) could be provided by these software solutions. In this way it is possible for intermediaries or insurers to deliver these types of services by themselves.

The related Market issues according to the investment considerations of Qmulus are the market has to have positive market trends & Key success factors. According to the conclusions in this part it could be said the trends in the insurance service providers market are on average negative.

Based on these findings, the Market issues of the Market Market trends & Key success factors aren't in line with the investment considerations of Qmulus. This makes the feedback about the Market trends & Key success factors negative.

5.4 Conclusions Financial issues

This part of the chapter presents the conclusions of the Financial issues. The conclusions of Revenues, EBITDA and EBITDA margin of the different companies within the insurance service providers market will be analyzed and discussed.

5.4.1 Conclusions Revenues, EBITDA and EBITDA margin

The results show an average of approximately EUR 15,0 million in Revenues, an average of approximately EUR 5,0 million in EBITDA and an average of approximately 24% in EBITDA margin in the insurance service providers market (4.3.1 Results Revenues, EBITDA and EBITDA margin).

The average results in Revenues are of course influenced by companies with outliers in Revenues (high Revenues or low Revenues). This is also the case with the average results in EBITDA and EBITDA margin. On the other hand are the results in Revenues between an amount of EUR 2,5 million and EUR 43,1 million, the results in EBITDA between an amount of EUR - 0,6 million and EUR 21,5 million and the results in EBITDA margin between a percentage of -25% and 50%.

The related Financial issues according to the investment considerations of Qmulus are: the Revenues has to be between EUR 2,5 and 15 million, the EBITDA has to be at least EUR 1 million and the EBITDA margin has to be at least 25%. Despite the above mentioned fact the average results will be used, because in this way it is possible to say something about the entire market and not about one specific company. The average of approximately EUR 14,9 million in Revenues fits in the investment consideration of Qmulus that the Revenues has to be between EUR 2,5 and 15,0 million. This is also the case with the EBITDA with an average of approximately EUR 5,0 million and an investment consideration of the EBITDA of at least EUR 1,0 million. The EBITDA margin doesn't fit in the investment consideration of Qmulus, because an EBITDA margin of 24% is less than at least an EBITDA margin of 25%.

Based on these findings, most of the Financial issues (Revenues, EBITDA and EBITDA margin) are in line with the investment considerations of Qmulus. This makes the feedback about the Financial issues overall positive.

5.5 Introduction recommendations

The following parts of this chapter present the recommendations. The recommendations are based on the conclusions with negative feedback. The negative feedback will be analyzed and discussed in order to achieve solutions that could turn negative feedback into positive feedback. In this way it is possible to make the insurance service providers market an attractive investment opportunity for Qmulus instead of an investment opportunity as it is formulated now in the conclusion (5.2 Conclusion). The recommendations provide an advice to Qmulus under what conditions Qmulus is able to invest in the insurance service providers market (5.6 Recommendations).

5.6 Recommendations

This part of the chapter presents all the recommendations of this Master thesis. The list of recommendations provides an advice to Qmulus under what conditions Qmulus is able to invest in the insurance service providers market. This list of recommendations is as follows:

What conditions have to be accepted:

- 1.1 Accept the market of insurance service providers is active in B2B instead of B2C
- 1.2 Accept internationalizing the market of insurance service providers isn't possible

What conditions have to be taken into account and be seriously aware of:

- 2.1 Changing legislation about commissions for insurance service providers could be possible in the future
- 2.2 Increasing trends in software solutions which makes insurance service providers unnecessary could be possible in the future
- 2.3 Intermediaries could be cooperate directly with insurers in the future
- 2.3 Insurers could deliver their products directly to consumers in the future

What conditions could make the insurance service providers market more attractive:

- 3.1 Insurance service providers have an exit opportunity by an take-over through an insurer
- 3.2 Combine different insurance service providers to create economies of scale which influences the EBITDA margin
- 3.3 Investigate the divisions of intermediaries ('huisvolmachten') since these parties are active in B2C in stead of B2B

(1: most important, 2: important, 3: least important / The first number refers to group of recommendations importance and the second number refers to recommendation importance in the same group of recommendations importance)

The recommendations are arranged in a way with the most important recommendations at the top of the list and the least important recommendation at to bottom of the list. First of all there are two recommendations which have to be accepted in the first place by Qmulus, because these are not in line with their investment considerations. Secondly, there are four conditions (threats) which have to take into account and be seriously aware of by Qmulus before they are willing to invest in the insurance service providers market. At last, there are 3 conditions (opportunities) which could make the insurance service providers more attractive for Qmulus. These conditions are only of interest if Qmulus has accepted the first two recommendations and Qmulus is seriously aware of the second four recommendations before they are willing to invest in the insurance service providers market.

5.7 Recommendations Market issues

This part of the chapter presents the recommendations of the Market issues on which the previous part of this chapter (5.6 Recommendations) partly was based. First of all the recommendations of the Industry structure & Distribution channels will be discussed, after this the recommendations of the Market size & Market growth rate will be discussed. Finally, the recommendations of the Market profitability and the recommendations of the Market trends & Key success factors will be discussed as well to provide an advice to Qmulus under what conditions Qmulus is able to invest in the insurance service providers market. However, it's possible that some of the recommendations (5.3 Conclusions Market issues) of this study are used interchangeably to form recommendations about the different parts of the operational framework, because some of the recommendations could have a high correlation.

5.7.1 Recommendations Industry structure & Distribution channels

The negative feedback about the conclusions of the Industry structure & Distributions channels (5.3.1 Conclusions Industry structure & Distribution channels) is:

- The insurance service providers market is not active in B2C, but the market is active in B2B
- It is not possible to internationalize the market of insurance service providers, since it is a unique phenomenon that only exists in the Netherlands

A part of the insurance service providers channel consists of independent parties (insurance service providers) or divisions of intermediaries ('huisvolmachten'). This study was mainly focussed on insurance service providers (independent parties). It maybe attractive for Qmulus to invest in divisions of intermediaries ('huisvolmachten') since these parties are active in B2C. This means extra investigation is needed. Another option will be to let go the investment consideration about the market has to be active in B2C and accepting the market is active in B2B.

The investment consideration of the possibility to internationalize will be almost impossible due to the fact applying the insurance service providers channel abroad will take too much effort, because this kind of channel (insurance service providers channel) doesn't exist outside the Netherlands and have to be built up entirely out of nothing. The best solution for this problem is also to let go this investment consideration about to ability to internationalize and accepting there isn't little ability to internationalize.

The recommendations of the Industry structure and Distribution channels for these reasons will be:

- Accept the market of insurance service providers is active in B2B instead of B2C
- Accept internationalizing the market of insurance service providers isn't possible
- Investigate the divisions of intermediaries ('huisvolmachten') since these parties are active in B2C in stead of B2B

5.7.2 Recommendations Market size & Market growth rate

There wasn't really negative feedback about the conclusions of the Market size & Market growth rate (5.3.2 Conclusions Market size & Market growth rate), but a conclusion is:

- The total volume paid for insurance through the insurance service providers channel is increasing, while the number of insurance service providers is decreasing (consolidation in the market of insurance service providers)

It could be possible to make benefit out of this by combining different companies active in the insurance service providers market to create economies of scale. This makes the investment consideration about the buy and build potential even higher than it is at this moment.

The recommendation of the Market size & Market growth rate for this reason will be:

- Combine different insurance service providers to create economies of scale

5.7.3 Recommendations Market profitability

There also wasn't really negative feedback about the conclusions of the Market profitability (5.3.3 Conclusions Market profitability), because on average based on Porters five forces the conclusion could be made that the insurance service providers market is profitable. However, there was one force (threat of substitutes) with a score ranked HIGH. The threats of substitutes are:

- Intermediaries will cooperate directly with insurers
- Insurers will deliver their products directly to consumers

It could be possible due to the fact of these above mentioned factors the profitability of the insurance service providers market will go backwards. This could be a serious problem of the insurance service providers market and his existence and for this reasons these possibilities has to be taken into account very seriously.

The recommendations of the Market profitability for these reasons will be:

- Take into account intermediaries could be cooperate directly with insurers and be seriously aware of this fact before investing in the market of insurance service providers
- Take into account insurers could deliver their products directly to consumers and be seriously aware of this fact before investing in the market of insurance service providers

5.7.4 Recommendations Market trends & Key success factors

The negative feedback about the conclusions of Market trends & Key success factors (5.3.4 Conclusions Market trends & Key success) is:

- The insurance service providers market has a very active regulator in the name of the AFM ('Autoriteit Financiële Markten')
- Increasing trends in software solutions which make activities of insurance service providers unnecessary and consumers themselves also have these days access to this software solutions (online active, smartphone and tablet)
- Major insurers show a defensive attitude by taking over insurance service providers (ASR) or stop their cooperation with insurance service providers (AEGON)

The fact the insurance service providers market has a very active regulator could lead to a more strict regulation for insurance service providers by for example abolishing commission for damage insurances. This could be a serious problem of the insurance service providers market and his income and for this reasons this possibility has to be taken into account very seriously.

Also the trends in software solutions are a threat for the existence of the insurance service providers market and especially related with the previous part (5.7.3 Recommendations Market profitability) about the threats intermediaries will cooperate directly with insurers and insurers will deliver their products directly to consumers. These threats could be accelerate by these trends in software solutions, because insurers and intermediaries are no longer dependent on insurance service providers for software solutions in their services.

It could be possible to make benefit out of the negative feedback that major insurers take over insurance service providers. Looking into the future this fact could have positive impact on the exit story of insurance service providers, because insurers are maybe willing to take over insurance service providers.

The recommendations of the Market trends & Key success factors for these reasons will be:

- Take into account changing legislation about commissions for insurance service providers and be seriously aware of this fact before investing in the market of insurance service providers
- Take into account increasing trends in software solutions and be seriously aware of this fact before investing in the market of insurance service providers
- Insurance service providers have an exit opportunity by an take-over through an insurer

5.8 Recommendations Financial issues

This part of the chapter presents the recommendations of the Financial issues on which the previous part of this chapter (5.6 Recommendations) partly was based. The recommendations of Revenues, EBITDA and EBITDA margin of the different companies within the insurance service providers market provide an advice to Qmulus under what conditions Qmulus is able to invest in the insurance service providers market.

5.8.1 Recommendations Revenues, EBITDA and EBITDA margin

On average the feedback of Revenues, EBITDA and EBITDA margin was positive, except for the EBITDA margin. This is due to the fact the EBITDA margin doesn't fit in the investment consideration of Qmulus, because an EBITDA margin of 24% is less than at least an EBITDA margin of 25%.

This problem could be fixed for choosing the right company within the insurance service providers market with an EBITDA margin of at least 25% to invest in and this is possible, because the EBITDA margin was calculated on an average of available data of the total market of insurance service providers market including all these parties and there are insurance service providers with an EBITDA margin of at least 25%.

This problem could also be fixed with a solution what already has been mentioned in this chapter (5.7.2 Recommendations Market size & Market Growth rate), namely combining companies within the insurance service providers market to create economies of scale. In this way it is possible to increase the EBITDA margin, because the combined income will be higher and the average operational costs could be reduced what could lead to a higher EBITDA margin. Other benefits of this solution could be higher revenues and EBITDA as well.

The recommendations of the Revenues, EBITDA and EBITDA margin for this reason will also be:

- Combine different insurance service providers to create economies of scale which influences the EBITDA margin

6. Limitations & Follow-up study

6.1 Introduction to the chapter

The purpose of this sixth chapter is to present the limitations and the follow-up study of this Master thesis. The shortcomings of this Master will be discussed and will be explained what the reasons are for these shortcomings. Also possibilities for future research will be discussed.

6.2 Limitations

This part of the chapter presents all the limitations of this Master thesis, because each study has its shortcomings (limitations). This could be for example by the lack of time and/or budget constraints. There could also be restrictions occur in the area of validity and reliability. Even this Master thesis has its limitations and will be discussed in chronological order of this Master thesis.

First of all, the conducted operational framework is based on a literature review. In this literature review several studies are combined. This could lead to the following limitations: the presented conclusions are not correct, because the findings of one study are often not consistent with the findings of another study. In general, literature studies suffer from biases in the samples (sampling errors). Literature studies show themselves vulnerable for mistakes during the study as a result from subjectivity and imprecision (Tegenwicht, 2013). This is also the case for the used reports to provide an answer on the market and financial issues as well for the insurance service providers market.

Secondly, the outcomes of the Market profitability (interviews) could be doubtful based on their reliability. The reliability in this case refers to the quality of the measurement method. The quality of the measurement method is reliable if every time the same data is collected during repeated observations of the same phenomenon (Babbie, *The Practice of Social Research*, 2007). In case of this Master thesis the reliability of the Market profitability (interviews) could be doubtful for this reason, because only three people were interviewed during this Master thesis. It could be that the results are more positive or more negative in case more people were interviewed. The reliability of this part of the Master thesis could have been more reliable if more people were interviewed.

Thirdly, the outcomes of the Financial issues (financial reports) could also be doubtful, but in this case based on their validity. The validity refers namely in this case if the measuring instrument effectively measures what it was designed for to measure in the first place (Babbie, *The Practice of Social Research*, 2007). It was the intention to reach all the financial reports of all the insurance service providers, but not all the financial reports were available at companyinfo.nl. These causes the results of the Financial issues are low in validity, because it wasn't possible to measure the entire market of insurance service providers based on their financials. It would have been better for the validity of this Master thesis if all the financial data of the insurance service providers was available.

This Master thesis has consciously chosen for both the lower reliability of the Market profitability (interviews) and the lower validity of the Financial issues (financial reports). This is due to the fact the last limitations are associated with both the reliability and the validity. This is in namely in the first place the lack of time, because the Master thesis has to be completed before the summer of 2015. There wasn't time available anymore to search for more people for interviews, because other parts of the Master thesis had also to be finished. In the second place there were budget constraints, because this Master thesis wasn't willing to pay for financial reports retrieved from companyinfo.nl. Retrieving all the financial reports of the insurance service providers market will cost too much money for this Master thesis.

6.3 Follow-up study

This part of the chapter presents the possibilities for future research of this Master thesis. This Master thesis has developed an operational framework that is used as a tool to gather the needed information to identify investment opportunities in a specific market for Qmulus. This Master thesis used the conducted operational framework to identify investment opportunities in the market of insurance service providers.

The outcomes of this Master thesis are for the above mentioned reason only based on the insurance service providers market and the outcomes can't be compared with the outcomes of another market in which Qmulus could also be interested using the same conducted operational framework of this Master thesis. The outcomes of this Master thesis could have been more value if this kind of comparison could have been made between two different markets. For this reason a possibility for future research could be identifying investment opportunities in another market using the same operational framework and compare the outcomes with the outcomes of this Master thesis.

During the recommendations of this Master thesis another possibility for future research has already been mentioned (5.6.1 Recommendations Industry structure & Distributions channels). This is the recommendation about investigate the divisions of intermediaries ('huisvolmachten') since these parties are active in B2C instead of B2B. The in this Master thesis conducted operational framework could be used to provide an answer of the divisions of intermediaries ('huisvolmachten') provide an attractive investment opportunity for Qmulus. This research possibility for future research could be combined with the first mentioned possibility for future research about comparing different markets using the conducted operational framework.

The last mentioned possibility for future research only matters if Qmulus has decided, based on this Master thesis, the insurance service providers market provides an attractive investment opportunity, because more extensive research is necessary about single companies within the market of insurance service providers. This Master thesis was mainly focused on the total insurance service providers market and wasn't focused on single companies within this market. For this reason future research about the different companies within the market of insurance service providers is needed. This type of future research could provide insight which companies within the market of insurance service providers are attractive. This type of future research could also be helpful for the recommendation of the Financial issues (5.8 Recommendations Financial issues) about which different companies could be combined to create economies of scale which influences the EBITDA margin.

This last mentioned possibility for future research has to be done directly after the decision they (Qmulus) are willing to invest in the market of insurance service providers, because losing time could lead to a negative shift in the attractiveness of the insurance service providers market. This type of research has to be done by Qmulus itself (investment managers within Qmulus), because more detailed information about specific companies within the insurance service providers market is needed. The investment managers themselves are experienced enough what type of information is necessary and they are probably quicker in gathering the correct information than for example a intern of Qmulus.

The other option for future research (identifying investment opportunities in another market (for example: the divisions of intermediaries) using the same operational framework and compare the outcomes with the outcomes of this Master thesis) could be done by an intern of Qmulus or a student, because this type of research hasn't to be done directly and it is focusing more on the long term. So it doesn't matter if it takes more time for doing this kind of future research by allowing someone else who is less experienced than an investment manager of Qmulus.

7. Appendix

7.1 List of insurance service providers

The list of insurance service providers is based on 'Register financiële dienstverleners' from the AFM (Autoriteit Financiële Markten) (AFM, 2015).

- Aevitea
- AHC (Aevitea)
- Voogd & Voogd
- SAA
- Raetsheren van Orden Groep
- Vandien Service Provider
- Kettlitz Wulfse Volmachten
- Van Kampen Groep (VKG)
- Kroezen Verzekeringen
- Klap
- You Sure
- Heinenoord Assuradeuren
- Nedasco
- Welke Financiële Diensten
- Turien
- DAK Intermediairscollectief
- VCN verzekeringencombinatie Nederland
- Melching Assuradeuren
- Intrassurance
- Anac Backoffice
- Risk Groep
- BAE-Groep en EAD Assuradeuren
- Uiterwijk Winkel verzekeringen
- Assurantiebedrijf Froonacker
- IQ Assuradeuren
- Connect Assuradeuren
- De Financiële Makelaar
- Home Invest
- CDS Assuradeuren
- Corins
- Preventass
- De Hypothekelaar
- Xenter
- Het Assuradeurenhuys
- Licent Assuradeuren
- Mandaat Assuradeuren
- BSB Assuradeuren

7.2 Interview protocol Market profitability

The Interview protocol Market profitability is in Dutch, because everyone who will participate in the interviews is native speaking Dutch.

Persoonlijk voorstellen

Ik ben Yvo Bruin (eventueel legitimeren met een studentenkaart) en ik studeer Business Administration (Financial Management) aan de Universiteit Twente. Een afrondend deel van mijn Master is het uitvoeren van een praktijkgericht onderzoek. Dit praktijkgericht onderzoek voer ik uit in opdracht van Qmulus. Qmulus is een investeringsmaatschappij dat groeikapitaal verschaft aan succesvolle ondernemers bij het realiseren van hun groeidoelstellingen actief in de financiële dienstverlening. Het onderzoek zoekt uit of de markt van volmacht service providers en assurantie tussenpersonen een interessante markt is voor Qmulus om in te investeren. Een onderdeel van dit onderzoek is het houden van interviews.

Vragen naar aanleiding wie ik ben en/of wat ik doe?

Doel interview

Dit interview heeft als doel inzicht te krijgen in de winstgevendheid van de markt van volmacht service providers naar de toekomst toe. De winstgevendheid van de markt naar de toekomst toe is één van de onderdelen om in kaart te brengen of de markt van volmacht service providers een interessante markt is voor Qmulus om in te investeren. Het is daarom van belang de winstgevendheid van de markt naar de toekomst toe in kaart te kunnen brengen. De vragen in het interview zijn gebaseerd op Porter's Five Forces. De Five Forces van Porter probeert een instrument aan te bieden dat het mogelijk maakt de winstgevendheid van een markt naar de toekomst toe in te schatten door de verhoudingen in de concurrentie te onderzoeken. De data uit het interview zal worden verwerkt in het onderzoek naar of de markt van volmacht service providers een interessante markt is voor Qmulus om in te investeren. Het is daarom van belang dat alles goed gedocumenteerd wordt, zodat eventuele verwijzingen in het verslag van het onderzoek duidelijk weergegeven kunnen worden. Het zou daarom fijn zijn als het interview opgenomen mag worden.

Heeft u bezwaar als ik het interview op neem?

Heeft u verder nog vragen naar aanleiding van het doel van het interview?

Beantwoording en indeling

Het antwoord op de vragen gaat om de situatie hoe u die op het moment zelf ervaart. Het liefst heb ik dat u zo spoedig mogelijke antwoordt geeft zonder er veel bij na te denken, zodat ik een goed beeld kan krijgen van de huidige situatie. Het interview bestaat uit 3 kleine onderdelen. Het eerst deel gaat over de onderlinge concurrentie binnen de markt van volmacht service providers, het tweede deel gaat over de dreiging van nieuwe toetreders en substituten en tot slot gaat laatste over de macht van leveranciers en klanten.

Zijn er verder nog vragen over de beantwoording en/of indeling van het interview anders begin ik met het eerste deel?

Deel 1: De onderlinge concurrentie

De volgende vragen hebben betrekking op de onderlinge concurrentie binnen de markt van volmacht service providers. De vragen zijn gebaseerd op Porter's Five Forces.

Beheersen naar uw mening veel partijen de markt van volmacht service providers?
(Concurrentiestructuur: monopoly, oligopoly, kleine spelers, etc.)?

Wat zijn de karakteristieken van de andere partijen: zijn de activiteiten van de concurrenten vergelijkbaar met de activiteiten van jullie organisatie?

Wat is het belang van de prijs bij het binnenhalen van klanten?

Deel 2: De dreiging van nieuwe toetreders en substituten

De volgende vragen hebben betrekking op de dreiging van nieuwe toetreders en substituten binnen de markt van volmacht service providers. Ook deze vragen zijn gebaseerd op de Five Forces van Porter.

Nieuwe toetreders

Welke (nieuwe) partijen hebben recentelijk de markt betreden?

Zijn er 'exits', zoals faillissementen of migraties naar andere markten, geweest bij partijen in de markt?

Zijn er grote kapitaal investeringen nodig om een bedrijf in deze markt te beginnen en te behouden?

Is de mogelijke toetreding van nieuwe partijen door huidige partijen tegengehouden?

Dreiging substituten

Hoe lang duurt het voordat een nieuwe technologie succesvol wordt geïntegreerd (exploitatie horizon) in de markt?

Hoe vaak wordt technologie, zoals ICT systemen, vervangen door nieuwe technologie in de markt?

Wat is de dreiging van een indirecte concurrent?

Deel 3: De macht van leveranciers en klanten

De volgende vragen hebben betrekking op de macht van leveranciers en klanten binnen de markt van volmacht service providers. Ook deze vragen zijn gebaseerd op Porter's Five Forces.

Macht van leveranciers

Wat zijn de belangrijkste leveranciers in de markt?

Wat is de structuur van de leveranciers (Weinig/veel, groot/klein, nationaal/internationaal)?

Hoe beïnvloeden leveranciers het onderhandelingsproces (Hoe liggen de onderlinge machtsverhoudingen, macht bij de leveranciers/macht bij de kopers)?

Macht van klanten

Wat zijn de belangrijkste klanten in de markt?

Wat is de structuur van de klanten (Weinig/veel, groot/klein, nationaal/internationaal)?

Hoe beïnvloeden klanten het onderhandelingsproces (Hoe liggen de onderlinge machtsverhoudingen, macht bij de klanten/macht bij de verkopers)?

Afsluiting

Afsluiting van het interview. De opname indien deze aanstaat kan worden uitgezet. Een woord van dank uitspreken en het geven van een presentje.

*Er is altijd de mogelijkheid door te vragen op vastliggende vragen.

7.3 Interviews Market profitability

The total versions of the interviews are in Dutch, because everyone who participated in the interviews is native speaking Dutch.

Heinenoord Assuradeuren: Arie van den Berg (Director)

Preventass: Klaas Bolhuis (Director)

Connect Assuradeuren: Cees Bennis (Director)

Deel 1: De onderlinge concurrentie

Beheersen naar uw mening veel partijen de markt van volmacht service providers?
(Concurrentiestructuur: monopoly, oligopoly, kleine spelers, etc.)?

Heinenoord: De markt is op dit moment verdeelt tussen ongeveer 10 grotere spelers en 20 wat kleinere spelers, verder zijn er enkele nieuwe toetreders voornamelijk huisvolmachten (assurantiekantoren met een eigen volmacht) die voor een aantal collega's de volmacht open stellen.

Preventass: Nee, de markt is sterk verdeeld. De groei in de markt is wel sterk beperkt tot een paar partijen. Dit zijn organisaties die door overnames groeien of zwaar investeren op een bepaalde doelgroep, zoals Mandaat in Doetinchem.

Connect: Ja, er zijn veel service providers en er komen er steeds meer bij.

Wat zijn de karakteristieken van de andere partijen: zijn de activiteiten van de concurrenten vergelijkbaar met de activiteiten van jullie organisatie?

Heinenoord: Er is een duidelijk verschil onder de 10 grotere spelers en die vindt je terug in de dienstverlening. Voogd & Voogd, VKG en Nedasco bieden vrijwel uitsluitend verzekering producten aan en geen toegevoegde dienstverlening. Als Heinenoord bieden we een soort full service concept aan waarbij een aangesloten tussenpersoon bijvoorbeeld zelf geen administratie pakket nodig heeft, de telefoon kan laten opnemen etc. Echt vergelijkbaar zijn alleen Risk en VCN.

Preventass: Ja. De branche bestaat grotendeels uit traditionele partijen.

Connect: De activiteiten van de concurrenten zijn te vergelijken met die van onze organisatie. Verschillen in activiteiten zijn beperkt; bij sommige service providers is productenaanbod uitgebreider (bijvoorbeeld ook inkomensverzekeringen, zorgverzekeringen, hypotheeken).

Wat is het belang van de prijs bij het binnenhalen van klanten?

Heinenoord: Het belang van de prijs in ondergeschikt aan de dienstverlening.

Preventass: Voor ons is prijs van secundair belang. Als een klant binnenkomt op prijs, dan gaat hij daarom ook weer weg. Er is altijd wel iemand die goedkoper kan zijn.

Connect: Naar mijn indruk is de prijs niet het belangrijkste motief voor een intermediair om een keuze te maken tussen serviceproviders.

Deel 2: De dreiging van nieuwe toetreders en substituten

Nieuwe toetreders

Welke (nieuwe) partijen hebben recentelijk de markt betreden?

Heinenoord: Kan ik niet precies zeggen.

Preventass: Geen?

Connect: Veel huisvolmachten gaan hun diensten ook aanbieden aan andere bemiddelaars en worden daarmee ook serviceprovider. Dat is de manier waarop de markt van serviceproviders op dit moment groeit. Deze nieuwe serviceproviders zijn (vooralsnog) beperkt in omvang.

Zijn er 'exits', zoals faillissementen of migraties naar andere markten, geweest bij partijen in de markt?

Heinenoord: Er vinden doorlopend overnames plaats. De markt is op dit moment zeer flotiel.

Preventass: Ja, het huidige verdienmodel is achterhaald. Er zijn partijen met financiële problemen door dalende omzetten en achterstallig onderhoud.

Connect: Nee, er zijn geen exits geweest.

Zijn er grote kapitaal investeringen nodig om een bedrijf in deze markt te beginnen en te behouden?

Heinenoord: Vanaf € 0 is vrijwel onmogelijk. Het duurt geruime tijd voor dat de inkomsten volgen. Als je echt een serviceprovider nieuw wilt beginnen heb je tenminste € 1.000.000,= nodig.

Preventass: Nee, het grootste probleem is omzet volume te creëren.

Connect: Het opzetten van een serviceprovider vergt aanzienlijke kapitaalinvesteringen. Mede als gevolg daarvan gaan steeds meer kleinere volmachten samenwerkingsverbanden aan om samen de steeds hoger wordende kosten van een volmachtbedrijf te kunnen dragen.

Is de mogelijke toetreding van nieuwe partijen door huidige partijen tegengehouden?

Heinenoord: Nee dat is niet mogelijk.

Preventass: Bij mij niet bekend.

Connect: Nee, niet dat ik weet.

Dreiging substituten

Hoe lang duurt het voordat een nieuwe technologie succesvol wordt geïntegreerd (exploitatie horizon) in de markt?

Heinenoord: Dat is compleet afhankelijk op welk gebied dit is. Het kan binnen een week maar kan ook jaren duren.

Preventass: Steeds korter. Er zijn echter weinig voorbeelden. In een gelieerde markt is Independer een goed voorbeeld.

Connect: Naar mijn idee is de markt van bemiddelaars en serviceproviders in staat om nieuwe technologie snel te integreren.

Hoe vaak wordt technologie, zoals ICT systemen, vervangen door nieuwe technologie in de markt?

Heinenoord: Niet vaak. De huidige ICT systemen zijn in de basis nog dezelfde als 20 jaar geleden met hier en daar wat aanpassingen en daarom heen nieuwe toepassingen die communiceren met de “oude” ict systemen.

Preventass: Te weinig. Dit komt doordat conversies te tijds- en capaciteits- en kapitaalintensief zijn. Goed voorbeeld hierin is UMG die recentelijk een vervanging tijdens het project heeft teruggedraaid.

Connect: Dit gebeurt niet vaak. De verzekeringsadministratie zelf (back-office) wordt niet of nauwelijks vervangen. De beweging zit in de applicaties eromheen zoals front-office applicaties.

Wat is de dreiging van een indirecte concurrent?

Heinenoord: De enige indirect concurrent is de distributie van verzekeringsmaatschappijen rechtstreeks.

Preventass: Op een andere manier de zelfde toegevoegde waarde voor de klant leveren.

Connect: In mijn ogen is deze niet zo groot. Bemiddelaars zouden dan weer mee zaken moeten gaan doen met verzekeraars zelf maar dat zie ik niet zo snel gebeuren omdat serviceproviders technologisch mee gaan met de ontwikkelingen zoals die ook bij verzekeraars plaatsvinden.

Deel 3: De macht van leveranciers en klanten

Macht van leveranciers

Wat zijn de belangrijkste leveranciers in de markt?

Heinenoord: De verzekeringsmaatschappijen.

Preventass: De tien grootste verzekeraars. Daarnaast ANVA als leverancier van ICT.

Connect: De leveranciers zijn de volmachtgevers. De belangrijkste zijn: Averro Achmea, Delta Lloyd, ASR, Reaal, NN, Allianz, Arag, DAS, Goudse. Generali, Fatum.

Wat is de structuur van de leveranciers (Weinig/veel, groot/klein, nationaal/internationaal)?

Heinenoord: Al het bovenstaande is van toepassing.

Preventass: Weinig, nationaal (deels dochters van buitenlandse bedrijven zoals Allianz en HDI).

Connect: Zijn vooral nationaal grote verzekeraars.

Hoe beïnvloeden leveranciers het onderhandelingsproces (Hoe liggen de onderlinge machtsverhoudingen, macht bij de leveranciers/macht bij de kopers)?

Heinenoord: De serviceprovider bepaalt met welke maatschappijen hij zaken doet
In een normale distributie keten zou de serviceprovider groothandel heten.

Preventass: Naamsbekendheid is naast de prijs een factor bij particuliere relaties. Zakelijk is er een beperkte invloed door aanbieders.

Connect: Verhoudingen tussen serviceproviders en leveranciers verhardten. Leveranciers proberen weer meer grip te krijgen op de serviceproviders vanuit rendementsdenken en behoefte aan meer grip op distributie. In mijn ogen wordt compliance daarvoor gebruikt. Er is nog voldoende aanbod in markt die serviceproviders in staat stelt om uit te wijken waardoor ze niet te afhankelijk worden van een leverancier. In mijn ogen is de macht wel iets verschoven van serviceproviders naar leveranciers.

Macht klanten

Wat zijn de belangrijkste klanten in de markt?

Heinenoord: Alle ingeschreven intermediairs bij de AFM.

Preventass: Familiebedrijven in de logistieke sector.

Connect: Bemiddelaars zonder eigen volmacht zijn de belangrijkste klanten van de serviceproviders.

Wat is de structuur van de klanten (Weinig/veel, groot/klein, nationaal/internationaal)?

Heinenoord: Ook hier is op internationaal na al het bovenstaande van toepassing.

Preventass: Een beperkt aantal grote en kleine Nederlandse klanten waarvan een enkeling een vestiging in het buitenland heeft.

Connect: Zeer divers. Bemiddelaars komen in allerlei hoedanigheden voor. Voor serviceproviders liggen de kansen met name bij de kleine bemiddelaars omdat zij door die kleinschaligheid niet in staat zijn om zelf een brede inkoop van producten te realiseren en zij ook veel meer behoefte hebben aan ondersteuning bij hun bedrijfsvoering.

Hoe beïnvloeden klanten het onderhandelingsproces (Hoe liggen de onderlinge machtsverhoudingen, macht bij de klanten/macht bij de verkopers)?

Heinenoord: Door de hoeveelheid aanbieders ligt de macht bij de kopers immers die beslissen of ze zich aansluiten bij een service provider.

Preventass: De macht ligt vrijwel geheel bij de klant.

Connect: Op dit moment is er zoveel vraag naar de diensten van serviceproviders en groeien die zo snel dat de klanten weinig macht hebben. Serviceproviders wisselen de ene klant zo weer in voor een nieuwe.

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