

PUTIN VS. THE OLIGARCHS

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CHOSE VODAFONE

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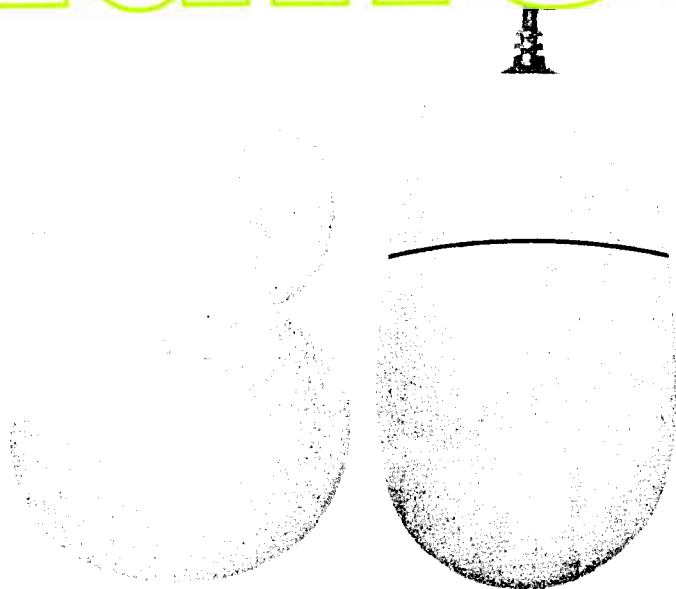
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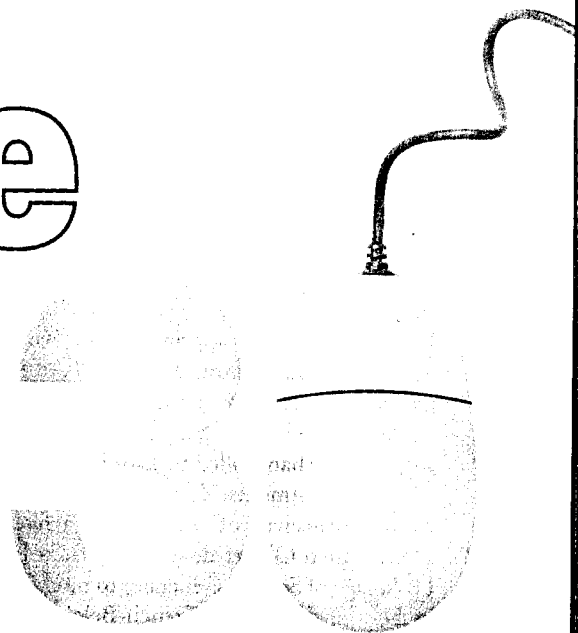
the
online
finance



Movers, shakers, innovators, agitators . . . and more

the online finance

As the Internet transforms the world, an elite few are transforming finance



Sixteen months ago, when 11 nations joined to launch the European Union, experts said Eurland's single currency would spur entrepreneurship and touch off heated competition in banking, trading and other financial services. Few predicted the Internet would drive those changes. The Internet was even less of a blip on the radar screens of Asia.

No longer. The boom in electronic commerce and blowout public offerings of Internet company stocks have enticed corporations, pension funds and individual investors to pour unprecedented billions of dollars into new Net-related businesses and venture capital funds in Europe and Asia. At the same time, technology is spurring Internet service providers and major banks on both continents to ramp up competition in practically every field of finance, from stock exchange trading to online brokerage and banking to sales of insurance, currencies, bonds and home mortgages.

In the following pages, *Institutional Investor* profiles its choices of the most important 30 individuals who are harnessing the power of the Internet to transform finance and financial services in Europe and Asia. Some are behind-the-scenes forces such as eighth-ranked Julie Meyer, whose First Tuesday clubs bring entrepreneurs and venture capitalists together, and European Commissioner Erkki Liikanen (No. 9), whose outlook on Internet privacy issues will affect how financial services are delivered.

The others on our list are in the thick of competitive battles for online customers and the businesses that will attract them. They are defining e-finance in its broadest strategic terms.

Bernard Arnault (No. 1), the French businessman and venture capitalist, sees his investments in a multitude of online e-commerce sites as complementary, ultimately feeding potential customers to his new Internet financial services site.

"This is a race for two or three main players," says Manuel Galatas (No. 3), who heads Unofirst Group, a joint venture that aims to be one of those players. One reason is that a technical standard for combining Internet services with cell phones and other handheld devices, the wireless application protocol, is causing infectious excitement in Europe.

WAP puts a "de facto Internet in every pocket," says Bo Harald (No. 4) of Finland's MeritaNordbanken Group, one of the Continent's pioneers of online banking. European organizations can get wireless services to market more quickly than their American counterparts because Europe, unlike the U.S., has a single digital cellular standard, called Global System for Mobile communications, or GSM.

But cell phones and dot-coms do not confine the thinking of Yoshihiko Miyauchi (No. 16), chief executive of Orix Corp. Says the head of Japan's largest online financial services company: "Twenty years from now, biotechnology and life sciences will have a much, much bigger impact on society."

The following profiles were written by International Managing Editor Fred R. Bleakley, Staff Writers Ian Rowley and David Lanchner and Contributing Writer Tony Glover. They were compiled under the direction of Bleakley and Global Technology and Banking Editor Jeffrey Kutler.

1 | BERNARD ARNAULT

Founder
Europ@web

Bernard Arnault, chairman of LVMH Mœt Hennessy Louis Vuitton, has built a corporate empire around the sale of (very tangible) luxury goods. But on the Internet, he says, "the greatest chances of success are selling what is already dematerialized, such as mortgages or insurance contracts. They are virtual; there is nothing to deliver." The field is wide open, he adds, because "new users of online financial services have less and less loyalty to established institutions."

That explains why Arnault has put Ze Bank at the heart of his strategy for Europ@web, the €500 million (\$485 million) Internet venture capital arm of the Arnault family holding company, Groupe Arnault. Licensed last month by the Banque de France — the first Internet-only bank in France to win such approval — Ze Bank sets the 50-year-old Arnault apart from other chiefs of major nonfinancial corporations actively pursuing Internet investments.

Among the more than 40 start-ups in the U.S. and Europe already bankrolled by Europ@web or previous Groupe Arnault investments, Ze Bank is one of the few that Arnault himself conceived of and took an active hand in creating. He recruited Olivier de Montety from Fimatex (the online brokerage of Société Générale) to be chief executive, and together they brought in French-Belgian banking group Dexia as a 20 percent partner.

Arnault says that he, de Montety and Chahram Becherat, Europ@web's managing director, kept the wraps on their retail financial services strategy last year by referring to it only as Ze Project. Now, as Ze Bank, it will be a retail financial portal, scouting for the best deals in Europe. Those could include brokerage services from Datek Online Holdings Corp. and mortgage services from E-Loan (both of which received seed money from Groupe Arnault). Such linkages leave Ze Bank free to use most of its €100 million capital base for marketing. Arnault says Ze Bank is also in active talks with telecommunications partners to provide its services to mobile phone users.

What do Europ@web's other investments in such services as art, auctions, sports information, travel, wedding planning and wine — or even LVMH's beauty-goods site, Sephora.com — have to do with Ze Bank? "It will link to them," says Arnault. "When you use a luxury site, you will be able to get to the bank. We are trying to use as many synergies as possible."

2 | YOSHITAKA KITAO

President and CEO
Softbank Finance Corp.

Before he rose to the global pinnacle of the Internet finance revolution, Yoshitaka Kitao first rebelled against the very system that created him.

While working as a Nomura Securities Co. executive in Tokyo in the early 1990s, Kitao concluded that the giant investment bank, a pillar of a closed and cozy business elite,

was unlikely to become a world financial power. Seeing the Internet on the horizon, he decided in 1995 to jump to one of his client companies, which says he believed could be "No. 1 in Japan and No. 1 in the world."

That company, Softbank Corp., is the most powerful online investment firm in the world, with investments in 300-plus Internet companies and a market valuation that recently approached \$200 billion. Kitao, 49, who started as an adviser to Softbank chief executive officer Masayoshi Son, is the empire's chief financial services architect.

"The Internet is about a power shift," says Kitao, president and CEO of Softbank Finance Corp. and chief financial officer of the parent Softbank. But to overhaul Japan's archaic financial system and establish Softbank as a preeminent brand, he first had to look elsewhere.

Kitao hatched a plan in 1996 to acquire stakes in such pioneering online companies as E*Trade Group, E-Loan, mutual fund information service Morningstar and insurance marketplace InsWeb. He subsequently brought these enterprises to Japan via joint ventures and plans to take E*Trade Japan and Morningstar Japan public this year. Another pivotal part of Kitao's strategy is Nasdaq Japan, a joint venture with the U.S. market due to open in June and challenge the almighty Tokyo Stock Exchange.

"It must be like a dream for him," says WestLB Securities Pacific analyst Ortwin Gierhake. "He's creating his own financial giant, he has a bestselling book [*E-Finance Strategy*, about his vision for Internet financial services], everybody wants to listen to him, everybody wants to meet him."

The trajectory for Softbank, however, has not been one-way. When a Softbank-led consortium looked ready in March to buy the failed Nippon Credit Bank, the perception that a New Economy paragon would get mired in Old Japan banking problems caused a 45 percent drop in Softbank's stock price. Kitao acknowledges that running a traditional bank in the current Japanese environment is a "very difficult operation" but denies the accuracy of a recent report in the *The Economist* that he disagrees with Son over strategy toward NCB.

3 | MANUEL GALATAS

Executive chairman
Unofirst Group

A former asset manager, Manuel Galatas is quick to seize opportunities. Less than a year after his boss at the Spanish banking giant Banco Bilbao Vizcaya Argentaria assigned him to look into the potential of the Internet, he has already spliced together the makings of what could become one of Europe's, if not the world's, cross-border leaders in online financial services.

The entity is Unofirst Group, a joint venture of Uno-e (BBVA's soon-to-be-operating Internet bank), Terra Networks (the Internet service provider owned by Spanish telecommunications giant Telefónica) and First-e, an online bank that started in the U.K. with pan-European ambitions. In

March BBVA and Terra announced a deal valued at €2.4 billion (\$2.3 billion) that would give the two companies 67.5 percent control of Unofirst, with the rest held by shareholders of Dublin-based Enba, the parent of First-e.

Galatas, 37, was designated Unofirst's executive chairman, with Enba chief executive officer Gerhard Huber serving as CEO. Galatas describes Unofirst as a "huge financial supermarket" that will unite First-e's technology platform with that of Uno-e in Spain. Synergies will include links to Terra's e-commerce system, initial public stock offerings from Wit Capital Group and stock brokerage services from PaineWebber. A further link to an as-yet-unnamed Singapore financial institution would open the door to 14 Asian markets. A first initiative, Galatas says, will be to offer customers the technology to buy and sell stocks over their cell phones.

"This is a race for two or three main players," says Galatas. "We'd rather be aggressive and lead the race than wait and lose." Online banking, he notes, offers a cost efficiency that is ten to 15 times that of a bricks-and-mortar operation.

4 | BO HARALD Executive vice president MeritaNordbanken Group

As bankers around the globe seek glimpses into their increasingly unwired futures, they could learn much from Bo Harald of MeritaNordbanken Group. He can claim much of the credit not only for the high percentage of banking by personal computer in Finland but also for the increasing use of the cell phone for financial transactions there.

What may be the most wired country in the world, in terms of percentage of the population connected to the Internet, is also the most wireless. As goes Finland, where 64 percent of the people own mobile phones, so goes MeritaNordbanken. Executive vice president Harald is the architect of an Internet strategy that centers on serving all customers remotely and electronically, whether they are wired through a personal computer or wireless.

MeritaNordbanken resulted from the merger of Merita Bank of Finland, which is home to cell phone leader Nokia, and Nordbanken of Sweden, where wireless phone penetration exceeds 50 percent and Nokia rival L.M. Ericsson Telefonaktiebolaget is based.

MeritaNordbanken's Internet customer enrollment is remarkable enough, at 1.1 million. Those customers log on 3 million times a month. (The entire population of Finland is 5 million, and there are more cell phones than people.) Finnish culture, of course, helps. Not only is Finland very technologically oriented, but, as Harald has said, "The Finns aren't very chatty people, so maybe we feel more comfortable talking with a machine than with a teller."

The technological key to wireless banking, says Harald, is WAP, or wireless application protocol. Supported by Nokia, Ericsson and a host of others in cellular telephony

and related fields, WAP provides a framework for extending the Internet to handheld communications devices.

"WAP brings de facto Internet into everybody's pocket," says Harald, 52. "It will speed up the development very much during this and next year, especially in our case," given Merita's head start.

Merita introduced full WAP banking last year, Harald says. And its equity trading service went live in January. "All who have access to the Net at home or work or a mobile phone will soon be doing Net banking," he predicts.

5 | JOHAN LARSON Head of Internet banking SEB

Most bankers have a hard time attributing cost reductions or earnings improvements directly to Internet initiatives. Not Johan Larson, the 48-year-old head of Internet banking at SEB of Sweden. Having drawn favorable conclusions about the profitability of online services, he says, his bank has decided to close one fifth of its branches and reallocate those resources to a pan-European Web rollout.

The institution formerly known as Skandinaviska Enskilda Banken, the largest banking group in Scandinavia, has a strong base to begin with: About 25 percent of its retail customers bank online, one of the highest usage rates in the world.

"Where the Internet is concerned in our established markets — Sweden with 380,000 [online] customers and Estonia with 350,000 — we see that cost savings are beginning to develop," says Larson. "However," he adds, "the Internet is much more than a way to save money in the old channels. Our customers on the Internet conduct more transactions than those who do not use the Internet and provide for higher profitability."

In March, a month after the branch closings were announced, SEB launched its online service in Denmark. That is to be followed in the third quarter by entry into the German market through BfG Bank, which SEB bought in January. The next country on Larson's list is the U.K., scheduled for later this year, with France as a possible follow-up.

Not surprisingly for a Scandinavian, Larson is also fixated on the implications of handheld devices and mobile communications — in particular the WAP, or wireless application protocol, standard. In a joint venture with L.M. Ericsson Telefonaktiebolaget, SEB expects to introduce banking through Ericsson R380 phones this summer.

"The mobility offered by technology such as WAP means not only customer ease-of-use but also rapid geographical expansion of Internet banking," Larson says. "It is extremely illuminating that mobile phone manufacturers such as Nokia and Ericsson are already referring not to mobile 'phones' in their internal meetings, but to 'terminals.' These devices are therefore already being seen as conduits for the new generation of Internet services."

6 RETO FRANCONI

CEO
ConSors

Reto Francioni is not the first CEO to assert that online trading of European stocks is the future of his business. But for him that is less a revolutionary idea than an extension of his past.

One of the pioneers of electronic stock trading, the 44-year-old Zurich native launched first the Basel, Geneva and Zurich stock exchanges and then the Deutsche Börse into the electronic era. Francioni is credited with building the DB's Neuer Markt into the dominant European electronic arena for new technology issues.

Francioni now aims to "Europeanize" Germany's first discount brokerage firm, ConSors. This month he starts as co-CEO of the Nuremberg firm, founded in 1994 by Karl Schmidt, then 25 and son of one of the owners of Hof-based Schmidt Bank. Schmidt and Francioni will share chief executive duties. As of the end of February, their firm had 270,000 clients in Germany, up from 86,000 at the end of 1998.

ConSors is one of four big German discount online brokerages; the others are subsidiaries of some of the country's major banks. "Germans are more active in stock trading than citizens of other European countries," says Francioni. Citing Forrester Research data, he says the number of German online brokerage customers is expected to double this year, to 1.5 million. That could rise to 2 million by the end of 2001 and to 3.8 million by the end of 2002, he adds.

Francioni expects that various kinds of mobile gadgets, including palm-top devices and car computers, will help keep investors in touch with the markets. ConSors recently introduced software that allows Internet brokerage services through WAP-based cell phones. Francioni boasts that it is the first phone-based trading software available over the Internet in Europe. "ConSors is going to be the innovation leader in this field," he says. "This is a speed-driven company. I love that."

7 FALK STRASCHEG

Chairman
Technologieholding

If anyone can claim the title "father of German entrepreneurial Internet culture," it is 59-year-old Falk Strasczeg, head of the Munich venture capital firm Technologieholding. Strasczeg has a reputation in the burgeoning Munich venture capital community for having an unfailing ability to spot winners. His two greatest successes: Brokat Infoystems and Intershop, both of which are e-commerce software developers.

One key to Strasczeg's success is that he has provided start-up companies not just with financial help but also with management expertise. "Especially in the start phase, a large measure of management knowledge is needed," he says. "That is actually the bottleneck today."

Intershop CEO Stephan Schambach recalls that back in 1996, when he was looking for capital to back his firm,

"most banks just waved off credit applications." That turned out to be fortunate, since Technologieholding's backing came with a lot of savvy management and technical advice. "Without this competent and experienced partner, we never would have grown so fast and might have made many mistakes," says Schambach.

Strasczeg, who manages Dm520 million (\$257 million), says that today's European market can be a minefield, and he is approaching it cautiously. "There is a major opportunity in the rollout of the Internet in Europe," he says. "At the same time, one has to be very careful about investing in Internet companies. VCs should not forget that while some companies are highly successful, there is a high fallout rate."

Strasczeg, an engineer by training, started his own career as a small-company entrepreneur, founding a laser technology firm back in 1971 that he sold ten years later to Silicon Valley's Coherent for an undisclosed amount. He founded Technologieholding in 1987 and sold it in early February to London's 3i Group for an initially disclosed price of Dm333 million. Strasczeg says he plans to retire late this year.

8 JULIE MEYER

Co-founder
First Tuesday

The ingredients needed for an explosion of European Internet entrepreneurship were already in place back in 1998. All that was lacking was a catalyst in the form of Julie Meyer. After she and some friends started the First Tuesday club in London, one of the first matchmaking services for entrepreneurs and venture capitalists, she seized on its favorable reception to create a worldwide phenomenon.

Meyer's improbable success story began when she and several other co-founders of the club invited "friends and friends of friends" working in the information technology and venture capital industries for drinks at the Alphabet Bar in London's Soho district. About 80 people showed up. The turnout at that and subsequent meetings prompted Meyer, 33, to leave her job at NewMedia Investors, a venture capital firm, to become First Tuesday's international marketing director. (John Browning, *Wired* magazine's European editor, also quit his job to help develop First Tuesday.)

As an entrepreneur herself, Meyer recalls, "I didn't have a salary for eight months, and I launched in 16 cities without an assistant." Today First Tuesday has roughly 33,000 members in 44 cities on four continents (co-founder Adam Gold runs the Silicon Valley outpost), plus a busy Web site backed by the likes of America Online, McKinsey & Co. and Morgan Stanley Dean Witter. First Tuesday person-to-person events include informal cocktail hours plus lectures and seminars featuring e-entrepreneurs and investors.

To turn itself into a profit-making company, First Tuesday is exploring various new revenue sources, such as a finder's fee for putting entrepreneurs and venture capitalists together. But Meyer has competition in the venture capital networking business, including E-Start.com in London and Capital-IT in

France. That's spurring her and her group to raise \$15 million to expand the Web site and to increase the full-time staff from 12 to about 100. And as of mid-March First Tuesday also was planning to name a chief executive to oversee the expansion.

An American, Meyer believes Europeans still have undeveloped entrepreneurial impulses. Speaking from London, she observes, "I think people on this side of the Atlantic don't fully understand what taking a risk is."

9 ERKKI LIIKANEN

European commissioner
Enterprise and Information Society

Internet entrepreneurs and financiers can wheel and deal all they like, but when it comes to selling Web-based financial services and other forms of e-commerce, they first have to get past Erkki Liikanen. With his Orwellian title of commissioner for Enterprise and Information Society, the 49-year-old former Finnish minister of finance may well turn out to be either the spark plug or the barrier to a European mass-market Internet. While many private-sector enthusiasts are calling for minimal regulation to foster e-business development, Liikanen asserts concerns about the need for privacy safeguards and other laws.

"Who will routinely shop online unless his or her credit card number is transmitted with a guarantee that the orders placed will not be fed into a marketing database to create a highly detailed buyer's profile?" the commissioner asks. "How much longer will Internauts be willing to leave huge footprints on every Web site they visit, allowing outsiders to track down their every move and interest?"

Liikanen sees a solution in encryption technology, which codifies data to conceal it from unauthorized parties. But some experts contend that if Liikanen promotes security regulations that are too rigid or that are based on outdated technology, it might discourage movement toward more-efficient systems that are now under development.

"The bottom line is: no security, no trust — no notable shift towards commercial and financial transactions on the Internet," Liikanen says. "And all the impressive forecasts we have seen regarding the growth of electronic commerce will remain pie in the sky."

Observers expect the European Commission to rule on encryption and privacy issues, with Liikanen's views likely exerting a powerful influence, sometime this year.

10 KANG JUNG HO

CEO
Kosdaq

Though he climbs mountains for sport, Kang Jung Ho never sat atop a peak this steep. When he became chief executive officer of Kosdaq in April 1999, the South Korean bourse that was set up in 1996 to nurture small and medium-size companies was, as Kang puts it, a "nonmarket."

As of two months ago, the exchange was the world's eighth-biggest in terms of turnover, with half of its trades made through the Internet. The market index surged 235 percent last year, and with a market cap of some 100 trillion Korean won (\$89 billion), it is bigger than the Thai and Philippine stock markets.

"My problem at the moment is the speed of growth," says Kang. "Just 14 months ago the daily average trading volume was 5.5 billion won, and now we average 5 trillion won."

More than 150 companies listed on Kosdaq last year, raising 5 trillion won in new capital. Most were Internet and technology-related enterprises. An additional 300 companies are queuing up to list on the go-go market. Though Kang has increased Kosdaq's trading capacity fivefold since he took the reins, it bumps up against its limit virtually every day.

That's due in part to the burst in hiring of analysts to cover Kosdaq stocks. In the first quarter alone, ABN Amro Bank, ING Barings, Morgan Stanley Dean Witter and Warburg Dillon Read held or were slated to hold investor conferences on Kosdaq. "The market is just too hot," says Kang, a former Finance Ministry official. "For the moment, we have too much investment and too many investors."

From the start Kang, 51, set about improving the market's image with retail investors and urged the government to launch a Kosdaq promotional policy. That helped persuade the government to offer companies that list on the market a five-year tax deferment, something Kang says prompted many "premium companies to turn to Kosdaq." More recently, Kang has moved to head off a potential competitive threat from Nasdaq and its Asian ally, Softbank Corp. of Japan, by discussing a possible alliance. But that is not a foregone conclusion.

Meanwhile, Kang is racing to strengthen Kosdaq's infrastructure. He admits that corporate disclosure and market surveillance of trading irregularities are not up to scratch and says a new electronic surveillance system will be up and running by October.

11 RICHARD KILSBY

CEO
Tradepoint Financial Networks

Three years after the London Stock Exchange tapped him to help it fend off competition from an upstart electronic stock exchange, Richard Kilsby is at the helm of that upstart, posing an even greater threat to the establishment.

The company, Tradepoint Financial Networks, has set its sights on having a common trading platform for the 300 largest European stocks by the end of the third quarter. "Cross-border is the explosive growth area in European equities," says Kilsby. "Even conservative estimates predict 45 to 50 percent compound annual growth."

The 48-year-old Kilsby moved to Reuters-owned brokerage network Instinet Corp. last summer and led a refinancing of Tradepoint that gave majority control to Instinet and a consortium of investment banks that handle

the bulk of pan-European large-stock trading.

"You don't have any credibility if you just stand up and say, 'We will change the way people execute cross-border trades,'" Kilby says. "Our consortium includes J.P. Morgan, Dresdner Bank and Kleinwort Benson, Merrill Lynch, Deutsche Bank and ABN Amro, and that is what gives us maximum credibility."

Tradepoint has enough of that credibility to serve as a catalyst for competition. That, of course, may well be the reason it attracted major investment banks as members. They want a common platform for pan-European stock trading and will bring it about through Tradepoint, if an alliance of eight European exchanges fails in its plans for a large-stock electronic trading platform.

Kilsby improved Tradepoint's chances against European exchanges in February when he arranged for London Clearing House and Euroclear to handle the clearing and settlement of cross-border trades. He has also introduced software that will allow consortium members to use one screen to view quotes in different markets and to trade on all exchanges where they are members.

Kilsby is a firm believer in the need for a single entry point, on a computer screen, for pan-European stock trading and for common clearance and settlement. "Why should there be eight different exchanges and 15 different settlement agencies for cross-border trading?" he asks.

12 | RONALD COHEN

Chairman
Apax Partners & Co.

Ronald Cohen's dream of a pan-European electronic stock exchange for young, high-tech companies has yet to come true. But he hasn't given up trying.

Cohen, chairman of the London venture capital firm Apax Partners, thought he was on to it in 1997 when he helped found Easdaq — a Brussels-based electronic exchange for Europe that soon ran into heated competition from a host of new, small-company national exchanges operating under the umbrella Euro.NM. Easdaq was one of a dozen or so financial services Internet investments taken by Apax, which include stakes in Tradepoint Financial Networks and the online holding company Enba.

Now Cohen, 54, is convinced that Easdaq, where he is vice chairman, the popular Neuer Markt in Frankfurt and the various exchanges and bourses that make up Euro.NM should one day merge. Though he couches his language carefully for fear of being considered too much of a firebrand, he hints that Easdaq might start the process by joining with Nasdaq as it seeks a stronger European base.

Ask Cohen his greatest hope for tech stock trading in Europe and he replies, "that somebody exercises the leadership needed to make the idea of a cohesive market a reality." His greatest fear: that "we are stuck with today's hodgepodge of stock exchanges and bourses for years to come."

Cohen notes that John Hilley, chairman of Nasdaq Inter-

national, has been trying to piece together an alliance of Europe's leading investment banks and securities houses for the launch of Nasdaq Europe by the first quarter of next year. But Cohen says Hilley needs an ally among the existing exchanges. That could come about through a discreetly negotiated alliance between Nasdaq and a European entity such as the Neuer Markt or Easdaq. Says Cohen, "In the words of former British prime minister Lord Palmerston, 'We must bring in the New World to redress the balance of the Old.'"

Cohen does not stop there. He believes that this will be only the first step toward a worldwide high-tech exchange. He predicts that market dynamics will force the merger of Nasdaq's U.S. operation and any pan-European bourse, and that high-tech markets in the Far East will eventually be included, creating a truly global, 24-hour-a-day electronic exchange.

13 | MICHAEL HARRIS

CEO
Egg

When it opened for business 18 months ago, Egg stood out — and not just because of its quirky name. The online bank was a first for Europe, operating without bricks and mortar. And while other online banks chased the most profitable customers, Egg made its Internet and telephone services available to the masses without minimum-balance or household-income requirements.

Egg now serves 1 million customers in the U.K. with low loan rates and high savings returns. But it isn't unique anymore. Facing competition on all fronts, CEO Mike Harris is eagerly pushing his bank, a subsidiary of British life insurer Prudential Corp., into new products, markets and technologies.

Fortunately for the 51-year-old Harris, there isn't likely to be any lack of funds. Prudential said in February that it plans to do an initial stock offering sometime this year. Analysts expect this will raise at least \$500 million and value Egg at more than \$2 billion. The offering also is likely to build Egg's customer base, because only its customers would be eligible to buy shares.

Harris, who has been with Prudential since 1995, has already planned expansion onto the Continent. And he recently began a trial of unit trust sales, which could go full-scale later this year. Egg currently offers savings accounts, credit cards, loans and an online shopping mall, and it expects to begin offering brokerage services over mobile phones conforming to the WAP, or wireless application protocol, standard.

Harris says wireless "will be big over the next three years, and after that the next big wave will be the impact of interactive TV." But he points out that each new wave of technology does not displace its predecessor. "Egg's strategy is that all these access devices must work in concert with one another." With the advent of WAP and more advanced "third-generation" mobile phones on the horizon, he adds, "I think we will soon start to see a far deeper integration of data and voice on the Internet."

14 | JEAN-BERNARD TELLIO

Managing director
Carlyle Internet Partners Europe

Jean-Bernard Tellio intends to build the biggest bridge in history — albeit a virtual one. “Our goal is nothing less than to build a bridge between the Internet economies of the U.S. and Europe,” Tellio says of his Carlyle Internet Partners Europe venture capital fund.

The span would be built with U.S. money, generated by the Carlyle Group, a Washington-based investment banking firm, and earmarked for European investment. With capital totaling almost \$800 million, the fund is already one of Europe’s heavyweights, but Tellio insists that size is not really what matters in today’s Internet market. “The Carlyle Group would have allowed as much as \$3.7 billion, but we wanted to keep it manageable,” he says. “The thing that distinguishes our fund is not the amount of capital available from the group but our team.”

Indeed, Carlyle has managed to assemble a dream team of Internet entrepreneurs. Board members include Tim Jackson, the founder of QXL.com, an online auction house and one of the U.K.’s most successful Internet enterprises, and eBay founder Pierre Omidyar.

The fund, which opened late in 1999, “was hugely oversubscribed, and we had to close it after only four months,” reports Tellio, who works out of London. Many of the companies that were accepted for funding are in Tellio’s favorite Internet niche, business-to-business trade. “Business-to-consumer is dead,” he says emphatically. “B2B is where the Internet is heading.”

Tellio, 37, who came to Carlyle after a year of picking high-tech investments for LVMH Moët Hennessy Louis Vuitton in France, argues that consumer-oriented Internet schemes don’t work. That’s because, he explains, they cut across a company’s existing distribution channels and anger Main Street retailers. B2B, in his view, poses no such conflict.

Tellio notes that he signed several contracts to provide funds for B2B software providers in Europe at the end of February — just as Ford Motor Co. in the U.S. was announcing a radical new global business plan centering on the Internet. The superstructure for that e-business bridge is already coming into view.

15 | BERNDT WEBER

Co-chairman
Comdirect

Berndt Weber is a stockbroker with a strong stake in the telecommunications industry. Weber’s interest, however, isn’t in telecom shares. It is in the telephone technology that he expects will transform the brokerage business.

Weber, 58, is founder and co-chairman of Comdirect, the online arm of Germany’s Commerzbank. He headed the communications department at the bank, where he has worked since 1976, before helping to set up Comdirect in 1994.

Comdirect says it is now the biggest direct brokerage firm in Germany, with 300,000 customers and 29 percent of the market, compared with discounter ConSors’ 24 percent.

Having conquered his home territory, Weber is ready to expand geographically, and one of his prime targets is Italy. That might appear to be a curious choice. Italy and its southern European neighbors have far lower rates of Internet penetration than the nations of northern Europe. Weber is banking on the spreading revolution in wireless telephone technology that will bring the Web to handsets. Italy leads Europe in mobile phone usage.

“We will be in Italy before the end of 2000, and after that we intend to go to Spain,” says Weber. “What is about to transform the Italian market is the rollout of Internet services on the new generations of mobile phones over the next two years. Mobile phones can easily become the terminals of choice for online brokerage services.”

Comdirect also expects to be operating in Austria, France, Switzerland and the U.K. by the end of the year. Commerzbank plans an IPO of the firm, based in Quickborn in northern Germany, in the second quarter.

In all of its markets, Comdirect would offer mobile phone users accessing the Net not just trades but also real-time information on stocks — something Weber says Comdirect introduced to Europe. He expects Comdirect to remain firmly rooted in Germany. “Germany will continue to represent roughly 60 percent of the overall European market for online brokerage,” he predicts, “and will continue to be the foundation of our business.”

16 | YOSHIHIKO MIYAUCHI

CEO
Orix Corp.

Yoshihiko Miyauchi, CEO of Japan’s Orix Corp., finds the entire Internet phenomenon deeply offensive to his sense of prudence. “In the Internet business,” Miyauchi says, “we see more and more insane people competing against each other without paying attention to the red ink. For a traditional businessman like me, this new world is very, very dangerous.”

Nevertheless, Orix has embraced the Internet as completely as any Japanese financial services company. Orix, which Miyauchi, 64, started as a leasing company in 1964, has gone online with its stock brokerage, life insurance, trust and banking, and credit businesses. Orix also joined the consortium organized by Softbank Corp. that is negotiating to buy Nippon Credit Bank, which is expected to shift much of its banking business to the Web.

Miyauchi isn’t willing to give any ground to electronic competitors. When stock-trading commissions were deregulated in October, Orix played its part in the price war by offering the lowest online commission rates. “The Internet business is unpredictable,” Miyauchi says, “but you are obligated to try to protect yourself. If you don’t do that, you are left behind.”

Orix’s up-front investment in its brokerage site was tiny

compared with that of leading competitors such as E*Trade Japan, DLJ Direct Japan and Monex. While they invested what Miyauchi calls "huge sums" in cutting-edge trading systems, Orix rented software from a third party.

By the end of January, Orix Securities was sixth among Japanese online brokerages, with some 15,000 accounts. But it was making a small profit, says Miyauchi, while analysts estimate that Orix's main competitors are deep in the red despite having between 24,000 and 60,000 accounts each.

Should Orix now go all out for more market share or play it safe? Miyauchi isn't sure. "It is a very difficult world to judge how much you can accept red figures at the initial stage," he says.

Miyauchi's business philosophy, he says, is the same as the playing style of his hometown Kobe baseball team, which he bought in 1989 and renamed the Orix Blue Wave. "The team that can defend against all aggressive attacks seems to win the game," he says.

17 | STEFAN ALBRECHT

Managing director
net.IPO

During an eight-year stint at Deutsche Bank, Stefan Albrecht, 36, spent most of his time working with institutional clients. But it was the burgeoning ranks of retail investors that inspired him to quit his equity capital markets post and found net.IPO — Europe's first listed online investment bank, which has also opened for business in France and Italy.

Albrecht says the Internet, by providing a low-cost means of distributing information, allows net.IPO to market initial public offerings to its 40,000 members as efficiently as traditional investment banks deal with big institutional buyers. Company prospectuses and news are delivered at no cost over the Internet, while live online discussions give potential investors access to the top management of firms that are floating shares.

To date, Albrecht's firm has handled the retail chunks of 26 Neuer Markt IPOs over the Net in Germany, leaving institutional demand to established banks. In November, for instance, Hamburg-based new-media company Tomorrow Internet chose Hypo Vereinsbank to lead its Neuer Markt flotation, while net.IPO placed the retail stock with small investors over the Web. Albrecht expects net.IPO, which is 83 percent owned by Heidelberg-based Deutsche Balaton Group, to launch its first French and Italian IPOs later this year.

But with Internet fever gripping Europe, competition for online business is intensifying. Deutsche Bank launched a German-language Web site for new issues last year, while several smaller IPO-dedicated players have sprung up, inspired by net.IPO's success. Unruffled, Albrecht says the emergence of rivals only adds to his company's standing. "Before, we were just young guys setting up a new business," he says. "But when Deutsche Bank announced they were also going to launch deals over the Internet, it gave our business model real credibility."

18 | PER LARSSON

Chief executive
OM Group

Per Larsson seems even more of a maverick now than he did two years ago. Then he led the Swedish Stock Exchange to quit the infant alliance of European stock exchanges because he saw it as too political and unlikely to make real progress. The alliance's recent splintering proved him right. Now, with Morgan Stanley Dean Witter, the 39-year-old Swede is developing an exchange for retail investors that could make day trading as popular in Europe — and across its country borders — as it is in the U.S.

Named Jiway, the Cantonese word for wisdom, the upstart exchange, which will cost €100 million (\$97 million), aims to give investors access to 6,000 European and U.S. stocks starting in September. "We're making pan-European trading a reality for smaller investors," says Larsson, chief executive of OM Group, the technology firm that runs the Swedish Stock Exchange and holds a 60 percent stake in Jiway. He predicts that the exchange, which will package together execution, clearing and settlement services, will cut cross-border trading costs by half.

Jiway is just one of several e-trading ventures Larsson has helped start. OM's technology also underpins New Jersey-based electronic bond trader BrokerTec Global and the European version of Bond Connect, Boston-based State Street Corp.'s fixed-income execution platform. Meanwhile, in the U.S. the Swedish firm is providing systems for the International Securities Exchange, a new electronic options market started by William Porter, founder of E*Trade Group.

For Larsson, who joined OM in 1985, the global explosion in trading will make the coming months the most exciting of his career. "We have great faith in the future — our most interesting deals are yet to come," he says.

19 | MARTTI MALKA

European partner
Nokia Ventures Fund

What distinguishes Martti Malka from other venture capitalists is not the size of his fund (\$100 million) but rather where the money comes from. Malka is European partner of Nokia Ventures Fund, whose sole limited partner is Finnish mobile phone maker Nokia Corp. The venture arm is thus coupled with the company that has done more than any other to drive Europe's global lead in mobile communications and, by extension, the delivery of financial services by means of wireless devices.

Malka, 42, who set up shop in London in February, says Nokia was the first corporate venture capitalist committed to wireless Internet investment in Europe. Nokia launched a venture capital operation in the U.S. in 1998 to gain exposure to and learn about new technologies that were beyond the reach of its current business units and strategies. So

far it has invested in 15 new or young ventures such as eVoice, an Internet messaging company.

Malka says Nokia will use its venture investments not just for the sake of financial returns but also to help itself develop and roll out new wireless technologies and applications. The start-ups in the portfolio get to work with Nokia's newest products, including phones and servers built to the wireless application protocol, or WAP, standard. "We can tell them which direction the technology is going to go," Malka says, adding that the potential for the mobile Internet "is quite mind-boggling in terms of what it will mean for the development of the Internet and e-commerce throughout Europe."

Although Malka will not say exactly how much money Nokia will ultimately invest in wireless start-ups, he says the firm has placed about half of its first funding round of \$100 million, and he suggests that the next round is likely to be substantially larger.

20 | MATTHEW BURLAGE & RAVI SARATHY

Co-founders
iReality

After establishing Lehman Brothers Asia as the region's top Internet research and deal-making firm, Matthew Burlage and Ravi Sarathy decided to get even closer to the action. Last month they founded the Internet venture capital firm iReality.

At Lehman Burlage, 36, and Sarathy, 29, had engineered some of Asia's most successful Internet stock offerings. They took the first Asian Internet portal company, Singapore-based Pacific Internet, to Nasdaq and followed that up with IPOs for Hong Kong-based China dot-com and Korea Thrunet. They counted among their clients Pacific Century CyberWorks, Softbank Corp. and Yahoo! Japan. By the middle of February, three weeks before Burlage and Sarathy left, Lehman had raised \$893 million in new equity for Asian Internet companies, some 46 percent more than its nearest competitor, Goldman Sachs (Asia).

Sarathy's influential research reports also were a key driver of Softbank's phenomenal share-price appreciation. When he released his report "Softbank Corp.: The Hidden Gem of the Global Internet Sector" in June 1999, the company's stock stood at ¥14,560 (\$120). In a February report Sarathy raised his forecast for the stock to ¥400,000. Other reports on China dot-com, Pacific Century CyberWorks and Yahoo! Japan also contributed to price spikes.

Sarathy says iReality aims "to become the investor and enabler of the Coca-Colas of Asia's Internet sector." The key, he adds, is to identify the 5 percent of Internet companies that will emerge as market leaders.

iReality has raised more than \$30 million through a 10 percent sale of shares and expects to have some \$200 million in funds at work by year-end. Lehman Brothers Asia chief Jarret Wait says his firm is considering taking an equity stake itself. iReality is initially hiring 15 people in Japan

(where Sarathy and Burlage see the best opportunities in Asia at present) and 15 in Hong Kong. That may rise to 35 in each city by the end of the year, they say.

Lehman maintains it has a "deep bench" of bankers to replace Sarathy and Burlage. But with bulge-bracket firms such as Goldman, Sachs & Co., Merrill Lynch & Co. and Morgan Stanley Dean Witter now pouring resources into the Asian Internet sector, Lehman would have been hard pressed to maintain its Internet advantage even if the duo had stayed.

21 | GERHARD HUBER

CEO
Enba

For most entrepreneurs in the Internet financial services market, it is quite enough to make a mark on one aspect of the business. Not for Gerhard Huber, who cuts across retail banking, brokerage and investment banking.

Huber was most closely associated with Dublin-based Enba, the holding company for First-e, which went online last summer in the United Kingdom and billed itself as Europe's first cross-border Internet-only retail bank. Early this year it opened in Germany — its first step onto the Continent — and then in March Banco Bilbao Vizcaya Argentaria and Terra Networks acquired control of the bank through their own online subsidiary. First-e's founders retained 32.5 percent of the new Unofirst Group (see No. 3), and Huber was named CEO there, too.

The same week of that announcement, the London blue-blood investment bank Cazenove & Co. paid €17 million for a 10 percent stake in Enba's two-month-old joint venture in Internet investment banking, Wit Capital Europe. Owned 45 percent by Enba and 55 percent by Wit Capital of the U.S., WCE had already attracted plenty of attention after hiring as CEO Edward Annunziato, one of Merrill Lynch & Co.'s European rainmakers, who said he intended to employ 100 investment bankers.

"We add value as Internet incubators by offering symbiosis among all our start-ups," says Huber. "When Cazenove bought into Wit, it was in large measure to have access to retail investors through First-e. Similarly, BBVA and Terra know that by merging their own online bank with First-e, they get access to Wit's stream of IPOs."

An Austrian lawyer who set up Germany's first discount brokerage, Direkt Anlage Bank, for HypoVereinsbank in 1993, Huber, 40, says that next on Enba's docket is a retail financial products portal, called Selector, to be offered through banks and brokerages.

Huber now has his sights on wireless delivery of financial services. "Mobile access will allow us to go from a nascent to full-blown mass market in record time," he says. "Unlike books or records, financial products have no physical characteristics and are thus ideal for sale through the Internet's virtual supply lines."

22

BRIAN MACCABAChairman
Cognotec

While Brian Maccaba was pushing the envelope with the latest in foreign exchange software for banks, he knew that the future of the industry lay firmly on the Internet. So in 1997 he scrapped his original business plan and began remodeling Cognotec, the Dublin-based software firm he founded in 1989, into a pioneering e-commerce company. "It was a huge risk," he says. "We were betting the whole company on the Internet."

The gamble is paying off. Cognotec's Internet program AutoDeal Lite is on its way to becoming the global leader in Web-based foreign exchange trading, with more than 50 banks already using the product online. By contrast, Cognotec's nearest competitor, Information.Internet (first to carry out a foreign exchange trade over the Net), has 15 bank clients.

The technology allows Cognotec's clients, including the likes of Royal Bank of Canada, UBS and DG Bank, to provide their customers with fully automated foreign exchange services over the open network. After downloading the AutoDeal Lite application onto dealers' PCs, banks trade directly with other users. Prices are updated every second.

Maccaba, 41, who won several awards for writing Gaelic poetry as a student, adds that strong backing from venture capitalists has aided Cognotec's reincarnation. U.S. investment banking firm E.M. Warburg Pincus & Co. put \$25 million into the firm in 1998. Japan's Softbank Corp., which bought a 10 percent stake in Cognotec last October for \$20 million, invested an additional \$20 million in January.

23

GIANLUCA GARBICEO
EuroMTS

Gianluca Garbi has to be on guard. Competition can crop up in unexpected places.

The 29-year-old head of electronic bond trading network EuroMTS is expanding his firm's sovereign bond trading system into Japan and broadening its cross-border European business to include high-rated nongovernment bonds. Meanwhile, he is fighting off an attack on his core sovereign bond business by some of EuroMTS's own member banks.

Garbi discovered in February that two EuroMTS members were overloading the trading platform with fake orders. He notes that one of the accused banks had been actively marketing a rival firm's trading product. "It's unfortunate when competition comes from internal shareholders," he says. "But as long as banks have their feet in different shoes, these things will happen."

EuroMTS is the London-based extension of Mercato dei Titoli di Stato, the Rome trading vehicle that has been processing Italian Treasuries at the touch of a button since 1988. Garbi began recruiting the 25 banks and dealers that back EuroMTS in September 1998. Now, one year after go-

ing live, EuroMTS underpins about 30 percent of sovereign bond trades in Europe.

In April a new division called EuroCreditMTS will enable brokers to also trade *Pfandbriefe* (German mortgage-backed bonds) and other types of liquid nongovernment bonds through the firm's Telematico trading system. Garbi also hopes to use electronic trading to breathe life into Japan's huge government bond market this year, following last month's launch of MTS Japan.

But with the competition hot on his heels, Garbi can expect a bumpier ride in the months ahead. Cantor Fitzgerald has been trading government debt online in Europe since June, while Instinet and New Jersey-based BrokerTec Global plan to offer a similar service before the year is out. This web is a tangled one: BrokerTec is backed by several of the world's largest banks — many of which have stakes in EuroMTS as well.

24

SUZAN NOLANPresident
BlueSky International Marketing

Call them researchers, or call them analysts, but don't call Suzan Nolan and her staff at BlueSky International Marketing consultants. That distinction, Nolan maintains, is what makes her 15-person Paris-based firm unique in helping clients develop Internet financial services strategies in Europe and the Asia-Pacific.

She says the major banks, insurers and brokerages that employ BlueSky "have had a bellyful of consultants." They come to her for "robust data gathering and intelligent analysis of the markets."

Nolan, 42, began researching the Internet's European penetration and potential about five years ago, using surveys and information searches. She focused on financial services when she launched BlueSky in 1997, a time, she says, when "hardly anyone believed in the Internet as a serious tool for business and traditional banks were particularly uninterested." However, Nolan adds that banks and other financial services providers were among the first to rush for information about their own and neighboring markets when Citibank, E*Trade Group and other U.S. competitors started attracting European clients to their online programs.

She pointed out to her American and European clients, for instance, that her research showed that Spanish consumers were more likely than the French to embrace Internet services. That helped her clients adopt strategies that served as conduits into Latin American markets.

"Because we are surveying international online consumers regularly, we see ideas and trends before they become visible to the press or public," says Nolan. Frequently quoted in the technology press, she keeps a running tab of the number of online banks and brokerages by country and the services they provide. Last month BlueSky began posting ratings of European and U.S. online brokerages at EuropeanInvestor.com. The data compare prices and services among a bevy of online brokerages.

25 | GEORGE MÖLLER

President
Amsterdam Exchanges

George Möller's nationality may have made the difference in sealing the first major cross-border merger deal among European stock exchanges.

"The Netherlands has built its position in the world economy on the basis of compromise," says the president of the Amsterdam Exchanges. "We are a very open economy and have lots of companies with the bulk of their business elsewhere. As a result, we are more inclined to look at international solutions."

The 52-year-old Dutchman was instrumental in breaking through the barriers that had stymied other efforts to consolidate European stock markets. He proposed Euronext — the euro- and technology-driven combination of the Amsterdam, Brussels and Paris bourses — after the Deutsche Börse indicated in February it would go ahead with plans to trade European blue chips on its own. The German project all but killed plans to link Europe's eight largest exchanges by November, an initiative Möller enthusiastically supported.

The Euronext deal, announced in March, promises to shift the balance of power among European exchanges from Frankfurt to Paris. Jean-François Théodore, chief executive in Paris, will hold the same position at Euronext. The French will own a majority of the new exchange, which is scheduled to begin operations in the fall. Möller, Euronext's chief operating officer, is next in line to succeed Théodore in four years.

Euronext, he says, is well suited to compete with upstart electronic communications networks and online trading systems as well as the London and German stock exchanges. With €101.5 billion (\$98.5 billion) in monthly turnover, it will be Europe's largest exchange.

26 | JIM MELLON

Chairman
Interman Holdings

Two years ago, while on a trip to the U.S., Jim Mellon caught the bug that he calls e-envy. So much was happening in the Internet sector that Mellon knew that the Hong Kong-listed investment company he headed, Regent Pacific Group, had to "catch the tidal wave or be marginalized."

Regent Pacific has been renamed Interman Holdings, and Mellon, 42, has built the beginnings of an online financial services group in South Korea. One anchor of the group's strategy is Koreainsure.com, a by-product of his purchase of a 47 percent stake in Haedong Fire & Marine Insurance. Koreainsure was geared up to begin selling policies electronically months in advance of the South Korean insurance market's April 1 deregulation. That market had total premiums last year of \$15 billion and is growing 15 percent a year.

Mellon's other financial sector holdings in South Korea include Daeyu Regent Securities (which does 10 percent of

its business online) and strongbank.com, a free portal providing information on bank deposit rates.

And that is just a portion of Mellon's New Economy portfolio, which includes an additional 25 Internet investments, many of them the Asian franchises of global businesses.

Key investments include a 70 percent stake in the U.K.'s bigsave.com, an online retailer; 1 percent of Netease, the leading China portal; and 10 percent of TechPacific, a Hong Kong-based online incubator in which Softbank Corp. is also a shareholder. Interman's more exotic holdings feature gambling and astrology Web sites, as well as one site for elderly Net surfers who want to put their affairs in order before passing into the great beyond. Mellon reckons these investments, on which he spent \$10 million, now have a market value of more than \$200 million.

Mellon's group restructured in March, when it divested its non-Internet holdings, which included a European fund management business and investments in Eastern Europe. It then introduced the Interman name to reflect its status as an Internet company.

27 | DOMINIQUE LEBLANC

Senior vice president
Nouveau Marché

Can the Nouveau Marché give the Neuer Markt a run for the tech stock money?

Dominique Leblanc, head of the Paris-based exchange for growth stocks, thinks so. Instead of orchestrating a once-discussed merger of the two exchanges, he has set his sights on overcoming the Frankfurt market's early lead to become Europe's premier Internet stock exchange.

"Because of the new growth potential of Internet companies, control of high-tech trading volumes is now a major battleground among exchanges worldwide," he says. The Nouveau Marché and Neuer Markt, offshoots of the Paris and Deutsche bourses, had planned to merge by 1999. But Leblanc and his peers at the Paris exchange in the end rejected the idea because the Neuer Markt had such a runaway lead that it would have been in charge.

Leblanc, 48, a former French Treasury official who also runs ParisBourse's new-issues business, has only recently made significant headway. The market cap for the 115 companies listed on the Nouveau Marché has grown more than 100 percent since January, to €35 billion (\$34 billion). And the exchange's largest IPO has increased from €98 million for polling agency Ipsos a year ago to €204 million for the March listing of French Internet broker Fimatex. Equally important, major investment banks, such as Goldman, Sachs & Co., Merrill Lynch & Co. and Morgan Stanley Dean Witter, which had until recently advised clients to steer clear of the market, now have either underwritten Nouveau Marché IPOs or are preparing to do so.

Leblanc says the relatively new domestic venture capital market is only now bringing its initial investments to the stock exchange. He adds that in the past six months, retail

investors have begun to take a shine to the Nouveau Marché. Individual investors now account for about 35 percent of market volume, compared with 20 percent last year. The Neuer Markt's capitalization is still about six times as large as that of the Nouveau Marché, but Leblanc, who is a marathon runner in his spare time, says this can change in the blink of an eye in the new cybereconomy.

28 ANNA PROCOPPIO

TradingLab Exchange product manager
UniCredito Italiano

Before Anna Procopio of UniCredito Italiano launched Italy's first after-hours electronic exchange for stocks, bonds and derivatives earlier this year, she had a choice to make. UniCredito's TradingLab Exchange, or TLX, could either set out on its own and risk competition from other online brokers and banks, or it could invite them in from the start.

Procopio, 33, chose collaboration because "we realized we could expand our retail base well beyond UniCredito's own customers."

She latched onto the idea for an after-hours exchange through some astute reading of new Italian regulatory rules published in early 1999. The rules encouraged institutional after-hours trading as long as certain criteria were met and, as Procopio saw it, effectively allowed for a transparent retail exchange on the Internet as well.

Hired away from Citibank in 1998 to develop investment products for UniCredito's retail banking network, Procopio is still far from her TLX goal: daily volume of about €200 million (\$193 million), equivalent to 10 percent of turnover on the Milan Borsa and about 20 times TLX's current volume. "We've got a lot of ground to cover," she says, "but we are convinced this is the right way to exploit the Internet."

29 NIEK LIGTELIJN

CEO
Ineas Insurance Co.

While bankers and brokers have embraced the Internet with open arms, Europe's insurers have been relatively cautious about hawking their wares over the Web. But Niek Ligtelijn, CEO and founder of Ineas Insurance Co., is changing all that. With the help of such backers as Switzerland's Securitas Capital and Century Capital Management of Boston, the 52-year-old Dutchman is the driving force behind Europe's first exclusively online insurance provider.

Amsterdam-based Ineas began offering car, home and liability protection over the Net to Dutch clients during the fourth quarter of last year. Customers can go online to request quotes, buy policies and check the status of claims. The firm, which Ligtelijn set up in 1997 after quitting Fortis, the Belgian-Dutch bank and insurer, also provides risk

management services and practical insurance advice to clients online. Ligtelijn says Ineas plans to expand into Belgium and Germany in the next few months, with U.K. and French launches slated to follow.

So far, Ligtelijn's vision has helped Ineas pull ahead of online competition from Europe's established insurers. But with the Continent catching the e-commerce bug, Ineas will face a fight. In November Zurich-based Winterthur Swiss Insurance Co. announced plans to sell household protection in France and travel protection in Spain and Portugal through Webinsurance, its Internet arm. Then, Germany's Allianz Lebensversicherung disclosed in December that it had begun testing online insurance sales. Ligtelijn, who holds a Ph.D. in law from Amsterdam Universitststadt, is unconcerned, convinced that new entrants will help establish the virtual insurance market in Europe. "We never said we wanted to be the only player," he says. "But we do want to be the best."

30 GÖRAN CARLSSON

CEO
EuropeLoan

With EuropeLoan, the Continent's first all-Internet mortgage provider, Göran Carlsson has turned a tedious chore into little more than a point and a click. In February the Brussels-based company started its service in Sweden, promising home buyers cut-rate mortgage approvals in a matter of minutes. In its first four weeks, the EuropeLoan Web site had 680,000 hits.

Chief executive officer Carlsson, 42, who left the Dutch giant Philips Electronics, where he was global head of sales-support financing, to head EuropeLoan, believes personalized service is the key to winning the online home loan business. EuropeLoan, which lists ABB Financial Services and the ABN Amro-owned mortgage firm Bouwfonds Nederlandse Gemeeten among its shareholders, backs up its online support team with a call center open 12 to 14 hours a day, seven days a week. "Buying a mortgage is not like buying underwear or a book," Carlsson says. "You shouldn't underestimate the human touch."

Carlsson maintains that his firm's high-speed, low-cost, Internet-only strategy is what attracts mortgage hunters. The online marketing enables EuropeLoan to undercut traditional branch banks' loan rates — which are up to 80 basis points higher in the Swedish market, for instance.

Carlsson understands Internet speed and economics well enough to anticipate that there are hard battles ahead. E-Loan Europe, an offshoot of U.S. mortgage provider E-Loan, offers home loans in the U.K., recently opened offices in Paris and Munich and plans to begin serving the Continent over the Net by midyear. Meanwhile, Bank of Scotland's Internet-banking division, Eubos, which has been hawking mortgages in the Netherlands since November, announced last month that it may extend its coverage into France, Germany or Spain.