

In-Class Exercise: RegTech Business Models

Exercise 1: Structured Debate — “Is Quantexa a Data-Analytics Company or a Compliance Services Firm?”

Format: Split into two teams. Each team prepares arguments for its assigned position, then presents. After both sides speak, the class votes — but first, read the debrief questions.

Team A — “Quantexa Is a Data-Analytics Company”

Anchoring evidence: Quantexa’s core product is a contextual decision-intelligence platform built on graph-based entity resolution. It is sold into non-compliance use cases (fraud detection, customer analytics, public-sector investigations) as well as compliance. Its engineers build platform tooling, not compliance policy, and its intellectual property is the entity-resolution engine rather than the compliance workflow on top of it.

Team A: Quantexa Is a Data-Analytics Company

Argument I

Argument II

Argument III

 Concession *Strongest argument AGAINST your position:*

 Closing *How you address the concession:*

Team B — “Quantexa Is a Compliance Services Firm”

Anchoring evidence: Most of Quantexa’s largest deployments are inside bank AML and financial-crime units. It works alongside regulators, ships pre-built compliance models, and dedicates professional-services capacity to deploy those models into supervised environments. Buyers pay for a compliance outcome (fewer missed cases, cleaner SARs), not for a generic graph database, and its pricing is tied to compliance functions.

Team B: Quantexa Is a Compliance Services Firm

Argument I

Argument II

Argument III

 Concession *Strongest argument AGAINST your position:*

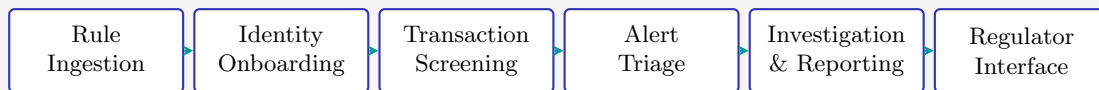
 Closing *How you address the concession:*

Debrief Questions

- Q1:** Does the answer — data-analytics or compliance services — matter for how buyers run procurement, how supervisors engage the vendor, or how investors value the firm? Why or why not?
- Q2:** Could the answer genuinely be “both”? If so, what does that imply about the usefulness of traditional software categories in RegTech?
- Q3:** Name another firm in an adjacent space (fraud detection, insurance analytics, public-sector SupTech) that blurs similar boundaries. What tensions does that blurring create?

Exercise 2: Value Chain Mapping

Scenario: The compliance value chain can be broken into six links. RegTech vendors attack individual links with specialised products. Your task: for each link, identify a RegTech vendor, describe the re-engineering friction it removes from the bank, and predict the long-term outcome for in-house compliance teams.



Value Chain Link	RegTech Vendor	Friction Removed	Replaces or Improves?	Bank Adapts?	Loses or
Rule Ingestion					
Identity Onboarding					
Transaction Screening					
Alert Triage					
Investigation & Reporting					
Regulator Interface					

Synthesis Question

- Q1:** Which link of the compliance value chain is *most vulnerable* to RegTech disruption, and which is *most resistant*? Defend your reasoning with reference to supervisory oversight, data moats, and internal procurement friction.

Facilitator Solutions

Sample answers for instructor reference. These are illustrative; student reasoning may diverge and still be valid.

Exercise 1: Debate Sample Answers

Team A (Quantexa Is a Data-Analytics Company) — sample arguments

Argument I. Quantexa's core intellectual property is a contextual decision-intelligence platform centred on graph-based entity resolution. That engine is domain-agnostic: the same technology serves fraud teams, customer-analytics teams, and public-sector investigations. A compliance use case is one deployment skin on a general data-analytics platform, not the essence of the product.

Argument II. Quantexa's engineering roadmap prioritises platform capabilities — scale, graph performance, model deployment tooling, developer experience — rather than compliance policy artefacts. Its hiring profile, release cadence, and architectural decisions all match an enterprise data-platform firm more closely than a pure compliance services business.

Argument III. The pricing logic is based on data volume, platform seats, and compute scope, which are the commercial primitives of an enterprise software vendor. Compliance services firms tend to price on the compliance outcome (per case, per SAR filed, per audit). Quantexa's pricing discipline reflects a platform posture.

Concession. The strongest argument against Team A is that the deepest and most strategic customer relationships sit inside bank financial-crime units, where Quantexa ships pre-built compliance models and deploys professional-services teams to integrate them under supervisory oversight.

Closing. Even where the most visible deployments are in compliance, the underlying value-creation mechanism is the platform: the same engine solves other analytics problems. The compliance track is a go-to-market wedge, not a definition of what Quantexa is.

Team B (Quantexa Is a Compliance Services Firm) — sample arguments

Argument I. Most of Quantexa's largest and most durable deployments sit inside bank AML and financial-crime units. That is where the compliance buyer has both budget and procurement authority, and it is where supervisory pressure creates a non-negotiable demand for the tooling. Economic substance follows the buyer.

Argument II. Quantexa ships pre-built compliance models, aligns with supervisor expectations, and carries a professional-services capacity whose main purpose is to deploy those models inside regulated environments. That services layer is what bank compliance teams actually buy, alongside the platform.

Argument III. The buyer outcome is a compliance outcome: fewer missed entities, cleaner case files, lower false-positive burden, stronger supervisory answers. Buyers do not pay for a generic graph database; they pay for a compliance effect. The pricing conversation inside procurement reflects that framing.

Concession. The strongest argument against Team B is that the core engine is not compliance-specific and could (and does) serve adjacent analytics use cases, so the product category is broader than a compliance firm.

Closing. What matters is the economic substance of the buyer relationship. Regardless of platform versatility, Quantexa earns its valuation and its supervisory credibility in compliance, and that is the classification that drives procurement, contracting, and strategy.

Debrief Q1 — Why the classification matters for procurement, supervision, and valuation

The answer shapes three downstream decisions. In procurement, an analytics platform goes into the IT-strategy budget and is benchmarked against enterprise software; a compliance services firm goes into the compliance budget and is benchmarked against consulting vendors. In supervision, an analytics platform is assessed for model-risk governance under general IT-risk rules, while a compliance services firm attracts direct supervisory scrutiny of its methodologies and its influence on bank decisioning. In valuation, a platform attracts software multiples tied to ARR growth and gross retention; a compliance services firm attracts services multiples tied to contract renewal and billable utilisation. The right answer therefore has real consequences, even if the underlying product is identical.

Debrief Q2 — “Both” as an answer

Both can be correct simultaneously. Quantexa operates a general analytics platform whose commercial centre of gravity happens to sit inside compliance. That duality reveals that traditional software categories, inherited from a decade when each product lived in one buyer budget, cannot cleanly categorise a firm whose product is deployed across multiple buyer categories. If “both” is right, it implies that buyers, regulators, and investors need richer classification schemes — capability-centric rather than product-centric — that capture the full go-to-market surface area.

Debrief Q3 — Cross-sector blurring example

Palantir blurs the boundary between defence-analytics vendor and general enterprise data platform. Its software serves intelligence, defence, healthcare, manufacturing, and financial crime simultaneously, yet its procurement profile, valuation multiples, and regulatory exposure differ depending on which use case dominates in a given deployment. The parallel to Quantexa is direct: a general analytics engine deployed across several vertical use cases creates an unresolved classification tension for every stakeholder that needs a single label.

Exercise 2: Value-Chain Mapping Sample Answers

Value Chain Link	RegTech Vendor	Friction Removed	Replaces or Improves?	Bank Loses or Adapts?
Rule Ingestion	NLP regulation parsers	Manual reading and coding of every rule update into internal checklists	Improves	Bank Adapts
Identity On-boarding	Onfido	Branch visit and manual document review for identity verification	Replaces	Bank Loses
Transaction Screening	ComplyAdvantage	Internal list ingestion, curation, and fuzzy-match engineering	Replaces	Bank Adapts
Alert Triage	Quantexa	Stitching fragmented customer records into a single entity story for analysts	Improves	Bank Adapts
Investigation & Reporting	Case-management tooling	Bespoke case templates and SAR drafting from scratch	Improves	Bank Adapts
Regulator Interface	XBRL and supervisory filing tools	Proprietary reporting pipelines rebuilt per regulator per format	Improves	Bank Adapts

Synthesis Question Sample Answer

The most vulnerable link is Identity Onboarding. Switching costs for the bank are low, the compliance outcome is easy to specify, and the user-experience gain (mobile camera replacing in-branch paperwork) is immediately visible to end-customers who would otherwise drop out of the funnel. Vendors like Onfido can demonstrate value in weeks, and the in-house alternative is a slow, expensive, perpetually out-of-date pipeline. The most resistant link is the Regulator Interface. Supervisory relationships, format mandates, and institutional trust are non-transferable. A vendor can make the plumbing faster, but the bank's direct line to its regulator, and the accountability for what it files, cannot be fully outsourced. Data moats matter less here than institutional reputation and the legal allocation of filing responsibility.