

*Assisting early stage
technology companies
with **business development**
and **expansion capital.***



LondraVentures



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Londra Ventures Ltd (“Londra”) is a new London-based ventures house specialising in assisting early stage technology companies with business development and expansion capital.

Londra was founded by two ventures professionals, Ken Moss and Martin Stockman, in January 2007.

Ken Moss and Martin Stockman have extensive contacts within the technology sector and the investment community. They have access to high quality projects and, most importantly, a network of funders with appetite for early stage technology investment. Ken is a well-known Angel investor and has successfully built and sold a number of hi-tech companies. Martin ran the ventures at a major computer company and has brokered many deals as an independent business development consultant

What is the Equity Gap? Many businesses working in the hi-tech space find it hard to raise investment funding when they have early (or relatively modest) revenues. The challenge they face is that they are too mature for the business angel – who might typically invest £50k to £250k in a pre-revenue company – and too early for the classical Venture Capital investor which might only want to back a company with, say, over £1m in earnings. Some people refer to this stage as the Equity Gap, mainly because many well-run companies, with early market penetration and, perhaps, some intellectual property, don't fit the criteria of the process-driven corporate finance community. The founders of Londra, however, have compiled a database of qualified investors – be they family funds, high net worths, niche VCTs, regional / sector specific investors or angel groups – that look to invest in businesses looking for funding in the Equity Gap.

Preparing for Investment meetings. Ken and Martin have attended hundreds of investor meetings (as Investors, Entrepreneurs and Brokers!) and know what each specific funder may require to proceed with a fundraising. With this in mind Londra offer assistance with the preparation of Business Plans, Executive Summaries, Financial Projections, and the actual Investor Presentations. The key added value here is the appreciation of each funder's investment criteria, and, specifically, which elements of an investment proposition are prioritised in their decision-making.



Assisting Entrepreneurs

Who Do We Help? Londra assist businesses that...

- **Are seeking Expansion Capital between £500k and £3m.** Our experience suggests that many technology entrepreneurs find it relatively easy to fund their early development phase capital, either by investing their own money or by approaching their friends and family for funding. This development phase may take the company to early revenues and / or “proof of concept” about the product or service that they are bringing to the market. Now the founders need to invest in Sales and Marketing, maybe strength the management team, as well as fund ongoing technical development, and the time has come to seek external equity investment to facilitate rapid expansion. Of course traditional Venture Capitalists won’t touch early stage businesses because of the risk profile so Londra specialise in introducing entrepreneurs to investors with appetite for companies in this early stage.
- **Have early revenues or are about to break into the market** – Arguably the best part of starting a new enterprise is when you get your first sales. Or your product finally gets to market. That’s also the time when you need capital to fully exploit the innovative product or service that you’ve launched upon the world. (But your bank doesn’t understand your market and wants you to put your house on the line – again! And VCs say “come back when you have £10m turnover!!) You perceive that you have “first mover advantage”, you may have some fancy technology with valuable Intellectual Property, but you also aware that if you don’t move fast others may come into the market. You need to hire, for example, a Sales and Marketing Director with a proven record of success in your space; you need a Channel Sales professional, maybe a Chief Operating Officer..... and so forth. These are not trivial changes, and they are going to cost.
- **Are in the technology sector** – we specialise in assisting companies with a technology emphasis. “Technology” is a broad church! We have assisted, and we are assisting, companies specialising in
 - o Software
 - o Digital Media
 - o Mobile
 - o VOIP
 - o IPTV
 - o Telco
 - o Radio Frequency
 - o Bluetooth / Connectivity
 - o Computer hardware
 - o Broadcast
 - o Digital Security
 - o GPS
 - o Social Networks

- **Are innovative** – Obviously any successful technology company must have something that is either unique or better than the rest of the field. But innovation is a state of mind and we expect the founder / owner / Chief Exec to have a passion for the technology that he is taking to market. Our investor network especially like companies that have technology that is clearly differentiated and / or disruptive.
- **Have a clear business strategy** - a lot of businesses we see are started by brilliant technicians who develop some smart piece of technology. One of the amusing comments we hear from fund managers is “This is a solution looking for a problem!” Joking aside it is essential that the company is not a laboratory for development but a business with a clear strategy for growth and profitability. Investors want the entrepreneur to put their cash to work in the market, to drive actual sales, to build sustainable profitability. An entrepreneur needs to have an understanding of the best channel for his / her product and be able to achieve sales targets. The ability to manage cash flow is also an essential requirement.
- **Are scaleable (with global reach)** – Investors want to invest in businesses that don’t rely upon a local or niche market. They want their money to allow the business to launch into new verticals and geographies.
- **Have a highly ambitious and motivated management team** – the business should be more than the brainchild and sweat of one person. It needs at least a CEO with experience of managing an early stage business and a full time Finance Director. Having experienced Sales and Marketing people is a bonus at this stage, and an investor might expect this to be where the new capital is deployed.
- **Are based in UK / Ireland** – Londra focuses on this geography for logistical reasons but the founders have worked with entities from continental Europe, the Far East and the US in the past. Over half of our investor database is presently situated within Greater London so the physical attending of meetings is easier if the Londra “customer” is based in UK or Ireland.

In reality all young companies are less than perfect. Few, for instance, have a balanced management team. Often we find brilliant technicians running technology companies and we would be delighted to assist with a succession plan, bringing in managers with proven records to allow an investor a profitable exit. Similarly our extensive network in the business community, with close contacts at Board level in major UK companies, can be leveraged so Londra customers may achieve key sales leads and blue-chip partnerships.

Londra offer a number of services to early stage technology companies. These include ...

1. Introductions to qualified investors

Most start-ups are launched with the backing of family and friends (or “families and fools” as the cruel joke goes,) but what does an entrepreneur do when he or she has proved the concept of the product with early sales and some good customers, and wishes to capitalise upon the successful launch? Yes, he or she may revisit the early “angel” investors to follow on but normally the expansion capital required to accelerate the business is of a different magnitude to that which might be sourced from the family and friends network.

Lets take an example: You might have raised, say, £250k from your “angels” for your interesting piece of software but now, having achieved sales traction and a market presence, you require between £1m and £2m to build a mature Sales and Marketing operation to exploit the addressable market for your unique product. Without rapid roll-out across verticals, into channels and new geographies competitors might come into the market and overtake your first mover advantage.

So, you’ve established that you require equity funding. You don’t want debt. (Your bank probably wouldn’t understand your business!) You try one or two Venture Capital houses that you’ve heard about, or may have a contact at. They all say “This is an excellent concept, please come back to us when you are (a) profitable and (b) have over £5m of sales. Yes, you are the victim of the Equity Gap!

At Londra we have compiled an extensive database of funders with appetite for investing in precisely this difficult area of expansion capital. These include

- **“Super-angels”** - individuals with the funds to invest over £500k in a single project,
- **“Family Funds”** - Small funds of family money, often managed by ex-VCs, (typically £10m-£30m) with interest in technology companies
- **“Technology Tycoons”** – people who have successfully sold their technology companies and seek opportunities to invest in young companies that they can add value to.
- **“Niche Funds”** – funds often set up by ex-VCs looking to exploit opportunities in the Equity Gap
- **“Corporate Ventures funds”** – corporates looking to fund early stage businesses that bring an advantage to their offering, as well as opportunity for capital growth.
- **“Community / Social funds”** – funds that back SME’s in specific geographies or sectors for social reasons, often with government or EU support.
- **“Turnaround funds”** – funds that look to invest in struggling businesses with strong IPr or specific USPs. May wish to bring in new management.
- **“Overseas capital funds”** – international fund managers seeking UK opportunities. May have a manufacturing outsource partner abroad.

2. Investor Preparation

Londra appreciates the importance of investor meetings and is convinced that preparation is key to a funder progressing with an investment. More and more fund managers require a specific set of investor-facing documentation prior to even taking a meeting. Londra is experienced in assisting entrepreneurs (either actually writing or simply reviewing) with the following essential pieces of information and data.

- **Business Plan** – this can be a mammoth task, and can distract an entrepreneur away from his/her main task of building the business. Londra has written many plans and can undertake this work in a professional and affordable manner.
- **Company Overview** – often known as a “teaser”, or an investor-facing distillation of the Business Plan. Londra writes these documents as part of their offering within a standard business engagement.
- **Financial Projections** – once again, this is an essential part of the investment proposition. Londra make sure that the information is defensible, comprehensive, and in a style preferred by funders. EG, we find investors like quarterly cash flow and P&L extending 36 months from funding. Similarly the Use Of Funds is a key element in the investor’s decision making and must be carefully detailed.
- **Powerpoint presentation** – not all funders like this style of presentation but Londra believe that good PPTs can be used as a prompt and a storyboard that manages the investor proposition. We believe that these presentations should not be more than 20 slides long – preferably 10-15 – and mustn’t get bogged down in the technical offering! Investors want to know what they are getting for their money! Usually IPr, Management, Customers, Sales Pipeline, and a credible exit / ROI.
- **Investor Presentation coaching** – Londra know the people that you have to convince. We know the “hot buttons” of each investor. (All are different!) We can rehearse each presentation either at your offices or at our central London offices ahead of the meeting. We even serve excellent coffee!
- **Confidentiality Agreement** – Londra has a template document that covers all the Non Disclosure and other elements that offer protection regarding Customers, Financials, and other confidential information. This can be customized to suit the parties.
- **Managing the Funding process** – Londra will prepare a target investor spreadsheet for each customer. From this we will agree which parties should be approached, which should receive a Company Overview, which ones may require to sign a Confidentiality Agreement. Most of the targets will respond with an intention to progress or pass; if the former the next step is to prepare a date for a meeting. We try to arrange as many meetings on one day as possible, so as not to tie up too much management time. If the first meeting is successful, and the investor wishes to explore the opportunity further, we then proceed to manage the process through to funding. This means focussing on the most interested parties, and making sure that their aspirations meet those of the entrepreneur. (Note: Londra Ventures is not a regulated entity and cannot offer advice on Valuation or the shape of the investment deal. Londra will act to make sure that these elements are well communicated between the parties.)



- **Strengthening Management** – as part of Londra’s consultancy offering we may recommend that an early stage company strengthens its management team in a certain position. Londra has access to many IT professionals and may be able to actually bring in people to significantly strengthen the Board, and in turn the investment proposition.