

Focus on

Non- IPR issues to consider when raising funds for a technology business

If you want to raise external finance to grow your technology business, it is vital to do all you can in advance to maximise the value of your business. There are several key areas to focus on.

Projections

Given that investors will be looking at the ability of the business to generate cash, it is essential that you use sensible underlying assumptions. This gives investors comfort that the financial projections are well thought out and robust. Your projections should be prepared on a monthly basis over a three to five year period, so as to factor in any seasonality, as well as one-off payments such as quarterly rental, VAT, corporation tax, employee bonuses etc.

Valuation

There are a number of ways to value a technology business. The most common are the profit multiple method and the discounted cashflow method. The sophistication of your management information systems, recent historic financial results and your future projections will all enable an experienced corporate financier to determine which method is the most appropriate for your business.

Business plan

This is an essential “sales tool” to attract investment. Investors receive numerous business plans so only those that catch their eye will receive serious consideration. The business plan should focus on the unique selling points of the business and refrain from excessive technical jargon. A 2-3 page executive summary at the start of the document should encapsulate all the key issues which an investor needs to know before reading the whole document. Colourful graphics should be used wherever possible to make the document appear more interesting. Paragraphs should be short and punchy with sub headings, so as to break up the narrative into reader-friendly sections.

Conclusions

In summary, technology business owners who are looking to raise external finance must make sure that they have covered all the key issues before they speak to potential investors. You only get one chance to make a first impression so getting it right first time is critical.

Contact

We would be delighted to talk to you about your requirements.

Please call 0845 366 4793 or email mhcfinfo@mhllp.co.uk to arrange an initial no obligation meeting.

To find out more please visit www.macintyreHUDSON.co.uk

