What matters to ICON?

When assessing a client, we consider the 3Ts:

1. Team

Our priority is the leadership team, because ultimately investors invest in the team; their vision for and ability to deliver.

2. Technology

Is it innovative and disruptive? Artificial Intelligence (AI) and the internet of things (IoT) are hot right now, while in fintech, payments, lending and regtech continue to be a focal point.

3. Timing

It matters when our clients go to market. Is the company generating consistent revenues and profits? Is the sector doing well? At a macro level, is the economy doing well? Are economic indicators like the stock markets, economic growth forecasts and interest rate trends, pointing to this being the right time for our clients to be seeking investment?

"Our role is to play matchmaker between our clients, typically the technology firms, and investors."

Monica Shupikai Simmons,
Investment Director – ICON

ICON CORPORATE FINANCE

ICON answers some of the FAQs tech firms ask it about raising capital.

What do VCs look for?

- Strong & well-balanced management team with track record
- Technology that shows ROI for customers
- Businesses to which they can add value
- Market dynamics
- Products / Services differentiation
- Barriers to entry
- Strategy to deliver on your business plan
- Compelling financial story

How do I get my business plan noticed by VCs?

Deal with advisers who have sector knowledge and a track record of successful transactions. They will get you noticed.

VCs will always tell you, 'we invest in management'. In any new or early stage businesses often the only thing a VC can really hang his hat on is the calibre of the management team. The better the track record of the team the better the prospects of getting funded. It is also important to get this message across to the VC and often in the business plan, management teams understate their past performance. For instance, the new entrepreneur looking for funding may have been the head of a division within an International Corporation and could have been responsible for growing the division from a team of say 30 people to 120, growing sales from £5m to £30m, or entering new markets in the US, Asia or Europe.

If this is the case, get the message across. You would be surprised how many people understate their track record.

How much equity will I have to give away to my investors?

You are not giving it away; you are selling part of the business to allow you to grow. Without it, you may not be able to achieve your goals.

How does one choose an investor?

There are some fundamental considerations when targeting appropriate investors:

- Sector knowledge
- Size of investment
- Which round A, B, or C
- Depth of pockets for follow on funding rounds
- The value beyond the investment that they can bring to the company
- The VC's reputation in the market
- Terms of investment – simple deal structures are the best

How do I arrive at a value for my business?

Do not put a value on your business – the market will decide – with the help of a strong negotiating platform and compelling business case.

What is the secret of a good VC meeting?

There are 7 key points to a successful pitch:

1. Be prepared – know your plan inside out
2. Hook the investor with your opening gambit – your elevator pitch – what is special about your business
3. Give a brief summary about the market, the technology, the team and the numbers
4. Talk investor language – you are not selling a product or service – you are selling a financial return
5. Be natural, confident, show you know what you're doing and why
6. Be brief – leave them wanting more
7. Ask for the order – invite them to pitch on how they can help you

What are the most common mistakes management teams make when dealing with VCs?

- Unrealistic forecasts
- Unrealistic expectations of the investment process
- Insufficient knowledge of the market sector and competitive landscape
- Lack of knowledge of 'go to market' strategies
- Understating the calibre of strategic and management relationships
- Misunderstanding the investor's perspective