Private debt finance for M & A data sheet

Fuse³

IMMEDIATE ACCESS TO CAPITAL. QUICK TO SET UP. NON-DILUTIVE

Solve the problem of funding a time-sensitive transaction such as a merger or an acquisition.

If you're a fast-growing tech company that lacks cash flow and tangible assets, the chances are you struggle to raise debt from conventional lenders. Especially in the amount you need.

Challenges you need to overcome include:

- How to find a debt provider capable of servicing recurring revenue streams
- How to finance your merger or acquisition without diluting equity

Fuse Three can help you to solve these challenges by brokering private debt facilities for mergers and acquisitions that specifically cater to the needs of tech/digital businesses.

KEY FEATURES OF PRIVATE DEBT FINANCE FOR MERGERS AND ACQUISITIONS

You retain ownership

Using non-dilutive private debt finance for mergers and acquisitions preserves ownership. You don't have to share your future profits. You have one obligation. To pay off your loan within an agreed term.

You retain control

Private debt finance lenders do not take a board seat.

Less expensive and time-consuming than equity

It can take six-eighteen months to obtain equity investment. It takes a maximum of three months to secure private debt finance. Better still, your cost of capital doesn't scale with your company, unlike equity investment.

Helps you to achieve an optimal capital structure to support strategy

Having the right mix of debt and equity in your capital structure ensures you will always have enough money to execute your growth plans.

Private debt M & A finance versus conventional lending

Because tech startups have few assets on the balance sheet and tend to be cash intensive, private debt lenders look at credit differently.

Unlike conventional bank debt, private debt lenders secure their loans against recurring revenue streams and intangible assets. Consequently, you can expect flexible structures and less restrictive terms.

What's more, private debt lenders do not restrict your use of funds.

Typical private debt transaction terms

- Your turnover is more than £2m
- Typical term: 36-60 months
- Amount: <£1.0m-£50m
- Profitability: Losses or profitable
- Timescales: One-three months

Fuse Three solved my startup company with a roll-up strategy finance dilemma. And it solved it well

HOW PRIVATE DEBT M & A FINANCE WORKS IN PRACTICE

The Company: KRM22

The Sector: FinTech

The need: How to raise capital for a startup company with a roll-up strategy

KRM22 plc is a technology and software company. It helps capital markets companies including tier one banks, hedge funds and derivatives trading companies to address regulatory, market, technology and operational risk challenges.

The company planned to use AIM to finance its investment growth strategy (acquiring quality tech companies with specialist risk management expertise and delivering these applications through one simple Global Risk Platform to its customers).

Commenting on its challenge, Co-founder Karen Bach said: "We realised AIM wasn't going to work the way we wanted it to. Also, we knew that as a cash-intensive and not yet profitable company, bank finance was not an option."

Bach added: "Fuse Three solved my startup company with a roll-up strategy finance dilemma. And it solved it well."

"Having a broker on board to manage the sourcing, structuring and communication process meant we had a much better chance of closing our venture debt deal quickly. When we needed the funds, our venture debt facility was ready for us to drawdown."

ABOUT FUSE THREE

Fuse Three was founded to challenge the status quo by helping tech/digital businesses of the future scale and grow with non-dilutive private debt finance.

Its specialist advisors save you the management time required to source, structure, negotiate, close and draw down private debt capital.

FIND OUT MORE

Learn how Fuse Three can help your tech company to maximise available capital, reduce dilution and fuel growth with private debt growth finance.

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