

# MOORE, PLEASE

Setting up a tech specialist investment bank back in 2000, just as the market began to tail off, was a challenge. But for **Hazel Moore** it was just another hurdle to be overcome

**A** year ago, co-founder and chairman of FirstCapital Hazel Moore picked up the Women in Private Equity award for the best corporate finance adviser, and in June she collected the First Woman in Finance award. It has been quite some journey.

Having graduated in 1990 from the University of Cambridge with a degree in natural sciences (material science and metallurgy), she travelled to Hong Kong to study, of all things, karate. Seduced by the place, she decided she wanted to stay and began applying for jobs.

“I almost fell into financial services opportunistically,” she says. “I thought I’d be able to learn quickly.” And where did she land? A major Asian stockbroker WI Carr, which had a presence in Hong Kong since 1969 when the City of London firm spotted the opportunity in East Asia. She started in the broker’s equity research department, and focused on telecoms and technology.

Southern China’s economy grew at 18% per annum in the 90s, and there was a wall of US money coming into the Hong Kong stock market. “It was a time of tremendous change in the telecoms market. Mobile telecoms was starting, networks were being sold and monopolies opened up, there were privatisations and companies coming to market - all very interesting.”

Moore was promoted and began running the Hong Kong equity research



department. She was responsible for the investment strategy and marketing that to the global institutional investor base, primarily in Europe and the US.

In 1996 she returned to the UK with WI Carr and continued to work on equity sales. But, working in London, much of her time was spent when the Asian markets were closed. "It was still interesting, but there was not the same buzz as being in the live market in Hong Kong," she says. A career break and a rethink beckoned.

### NEW START

In 1999 she co-founded FirstCapital with Jason Purcell, who had worked at UBS and Merrill Lynch, and primarily focused on early-stage investment in Indian and Pakistani companies. FirstCapital had a typical start-up style - backed by the founders, and their friends and family.

FirstCapital was initially set up to advise on fundraisings for early stage companies in the tech sector. During her 'sabbatical', Moore had done some angel investing, and joined boards of UK tech businesses, helping the entrepreneurs put together investment propositions. However, by the time the firm had received FCA approval in June 2000, the tech world had changed completely. Markets had started to come off, so the business plan was for the waste paper basket.

"The first couple of years were difficult. It was a baptism of fire, but that was really good for us. But, it set the foundations for how we deliver value for our clients today. Perhaps if we'd been in an easier environment, when we started we would not have developed that way."

### WOMEN IN PRIVATE EQUITY

"At the decision-making partner level the proportion of women is around 5%, which is tiny," Moore says. "In tech it is about the same. I am almost never in a boardroom with any other women. It's fine for me because I am used to that, but I do not think it leads to optimal decision-making. You do get a lot of alpha male behaviour. More diverse representation at that level will lead to better outcomes."

DAVID HARRISON

***"The first couple of years were difficult. It was a baptism of fire, but that was really good for us. We really focused on our services and adding value to our clients"***

### UP THE CHAIN

Moore saw successful entrepreneurs coming to the market for the second or third time, and there was M&A interest. Having started as a fundraising adviser, FirstCapital extended its portfolio of services, adding M&A, and building out the senior team with private equity expertise.

"In the tech market, so many of the buyers are based in the US. It is really important we have a presence and know what is there if we are going to get the best deal for clients. The market moves so quickly and there is so much activity. A business may look amazing in a European context, but there may be a dozen better-funded competitors in Silicon Valley. "Most tech buyers in the US with an M&A team are more or less US-centric, so they don't have great visibility of Europe - London, Stockholm, Amsterdam and Berlin. That really creates opportunity for us."

So who is the competition? A lot of investment banks from the West Coast of the US that specialise in tech have a UK/European presence; some more permanent than others. The Big Four, with their greater reach, are also the competition."

While many US tech companies have a corporate venturing presence in the UK, when it comes to M&A the decision makers are often back across the Pond. Amazon and PayPal recently hired M&A specialists in the UK, but they will likely still refer to Silicon Valley.

### STRATEGIC DEALS

Recent deals FirstCapital has advised on include the sale of e-commerce

specialist agency eCommera to global marketing agency Dentsu Aegis Network; the sale of e-commerce specialist Salmon to global marketing agency WPP Salmon; and online auction platform provider ATG Media to private equity firm ECI Partners.

One deal that stands out for Moore is the sale of NetDespatch to the Royal Mail, completed just before Christmas 2015. NetDespatch is a software-as-a-service business, which specialises in shipping and parcel data management. While the value of the acquisition was not disclosed, the Royal Mail paid an "attractive multiple" says Moore. "It raised a lot of eyebrows in the industry - The Royal Mail buying a tech company? - but it was a really strategic deal for them, and we were able to recognise that and tease it out."

As the Royal Mail's market has become more deregulated, competition has emerged for traditional parts of their business. At the same time, there has been massive growth in e-commerce delivery.

FirstCapital has a distinctly different culture to a 'normal' investment bank, says Moore. "We are very open and collaborative, while a lot of investment banks have an 'eat what you kill' approach.

### TECH VALUATIONS

Moore says that tech valuations were "frothy" 12 months ago, but thinks that the multiples at the top of the market have since pulled back. When it comes to private equity: "We are still seeing high prices, and that is basically because of cheap debt, the wide availability of this leverage, and the fact that there is a lot of money and competition in the private equity community." She sees that continuing.

Trade valuations have possibly reduced, but there will always be high multiples for deals with a strategic rationale, not simply related to the target's own distribution. "Many are glad that prices have come off at the top end as that will increase levels of activity. If anything, I think the drivers for strategic trade acquisitions of tech have accelerated. They cannot sit around and do nothing about it, because the way their customer wants to consume has fundamentally changed and they need to respond to that." ■