

## CASE STUDY | Glasses Direct

### The Client

Founded by entrepreneur Jamie Murray Wells in 2004, Glasses Direct pioneered a new way of buying prescription glasses and is today the UK's largest internet-based retailer of prescription glasses. By maintaining low overheads and selling glasses directly via the internet, Glasses Direct calculates it has saved consumers over £40m since it launched. The company and its management team have won a number of awards, including the 2009 Revolution Hotshot award and the Queen's Award for Enterprise Promotion.

FirstCapital had previously advised Glasses Direct on its highly successful first round fundraising from Index Ventures and Highland Capital Partners. The company subsequently expanded its management team and hired experienced CEO, Kevin Cornils. The business continued to thrive and Glasses Direct decided to raise further funds to support international expansion.

Keeping all the company's stakeholders happy was going to be critical and FirstCapital had the trust and respect of all parties as a result of our successful first round of fundraising. Our existing shareholders in particular knew they could rely on FirstCapital to consider their interests and secure a deal that also met their objectives."

Jamie Murray Wells, Founder and Chairman

### Background

Whilst for its Series A round, Glasses Direct relied on FirstCapital to advise primarily on its fundraising options and secure the best outcome, the company now also needed to manage and meet the varying needs of existing shareholders (both angels and venture capital investors), the management team, and the business itself.

In addition, having gained insight from the first round fundraising and put in place an experienced management team, Glasses Direct was keen to play a more active role in the second round so sought an advisor that could provide expertise and support to enhance the company's own activities.

Faced with such complex needs, Glasses Direct decided to revisit the market and evaluate a number of advisors. FirstCapital again stood out as the partner of choice, as Jamie Murray Wells, Founder and Chairman, explains, "Keeping all the company's stakeholders happy was going to be critical and FirstCapital had the trust and respect of all parties as a result of our successful first round of fundraising. Our existing shareholders in particular knew they could rely on FirstCapital to consider their interests and secure a deal that also met their objectives."

Kevin Cornils, CEO of Glasses Direct, adds, "FirstCapital stood out for their flexibility and were prepared to tailor their services to complement the role of the management team; whereas some advisors would only work to their standard service and process."

Glasses Direct and its shareholders were further reassured by the fact that with FirstCapital they would benefit from the experience and close involvement of a senior director throughout the process.

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### The Opportunity

The first key requirement was to align, and thereafter manage, the expectations of all stakeholders. "FirstCapital provided an independent and insightful view of the current market that was invaluable in setting everyone's expectations, and also ensured that we were all comfortable with the process and FirstCapital's role in it," comments Jamie.

FirstCapital then worked closely with the management team to refine and strengthen the proposition and messaging and ensure that marketing materials and presentations addressed the needs of potential investors. With the strategy, messaging and high-quality collateral in place, a long list of investors was drawn up which FirstCapital then reduced to a relevant shortlist. Within a three month period, Glasses Direct met with potential financial and strategic investors from the US and Europe, and received a number of termsheets from blue-chip venture capital firms, before finally signing Heads of Terms with Germany's Acton Capital Partners. Throughout this time, FirstCapital rigorously managed post-meeting follow-up, coordinated feedback, kept existing shareholders informed, worked alongside management to lead negotiations and advised Glasses Direct's board on the various options.

"FirstCapital's experience and analytical skills were particularly valuable as the different offers were complex and had legal implications. The structure and economics of each offer were modelled out and clearly explained by FirstCapital, who then recommended the option that best met our objectives," comments Jamie.

Following signature of Heads of Terms, FirstCapital proceeded to manage the stringent due diligence process that Acton Capital Partners required. FirstCapital's experience of and speed in responding to detailed requests for information enabled the process to be successfully concluded in just three and a half weeks.

### The Result

Glasses Direct secured £10m in its second round of funding at an improved valuation over the Series A. This outcome also represented an increase in the round size to accommodate the high level of demand from investors. Acton Capital Partners, a Munich-based specialist investor in internet and mobile based consumer-oriented businesses, joined existing Glasses Direct shareholders, Index Ventures and Highland Capital Partners who both reinvested in the round.

The new funding will be used for working capital to expand the UK business and to explore other international markets in a rapidly growing sector.

"Having worked with FirstCapital on two fundraising rounds, I have been impressed with the skills and experience of their people and their ability to deliver outstanding results that satisfy the differing needs of multiple stakeholders," concludes Jamie.

“ The logistics of running a fully competitive process and managing relationships with all our shareholders would have been challenging for us as a management team. Not only did FirstCapital handle this smoothly, they helped us to secure a successful and sizeable fundraising transaction in an extremely difficult economic environment.”

Kevin Cornils, CEO