

CASE STUDY

Helveta

Traceability and control across the supply chain

The Client

Founded in 2004, Helveta is a market leader in the supply chain intelligence software sector. Its software is helping governments and businesses around the world to address the urgent issues of international supply chain governance, in particular with respect to sustainable forestry management and the security of the food chain. Helveta's CI World™ platform is used extensively in the food and timber sectors where it enables organisations to provide full traceability for goods throughout the supply chain.

With global warming and greenhouse gases high on the agenda for governments around the world, the desire to arrest illegal logging has never been stronger. This, together with growing consumer concerns around food quality and safety and increasing demand for ethical trading, is fuelling demand for Helveta's technology across the globe. It is already used to monitor more than 2.7 million hectares of forest across the Congo and Amazon basins and in South East Asia.

Rapid growth and the challenges of operating in emerging markets led to the company needing a sizeable injection of investment capital, as founder and CEO, Patrick Newton explains, "Dealing with governments and global organisations in developing countries means that our contracts are large in scope and, while the potential for growth is enormous, sales processes are long and complex. On top of our on-going investment in software development, this poses challenges in terms of cash flow for a fast-growing business."

Helveta estimated that new investment of between £6-8 million was required to meet its working capital needs and further scale the business.

Background

Although Helveta's management team had significant experience in raising equity, Newton recognised the importance of avoiding placing such a burden solely on them, "Raising equity is a time-consuming process and I was keen for management to stay focussed on running and developing the business. We therefore took a strategic decision to bring in an experienced third party to drive the fund raising process and minimise distraction for the senior team."

After running a formal selection process, Helveta chose FirstCapital for its track record and the experience and quality of its team. "FirstCapital was clearly very knowledgeable on software businesses and the cleantech sector and also had a strong track record for not simply closing deals but for being highly valuation oriented," explains Newton. "Our existing investors were also familiar with and had confidence in the company and were particularly impressed with the senior management team and the fact that they would be involved throughout."

Helveta also valued having an objective third party to advise on valuation and manage the differing needs and objectives of existing and new investors. Faced with the challenge of satisfying a large equity requirement in an extremely tough investment climate, FirstCapital's priority was to ensure that Helveta's positioning and messaging were clear and compelling for potential investors.

Success in finding new investors goes beyond the purely monetary aspects," explains Newton. "A supportive relationship and mutually beneficial partnership are key for long-term success, and all the more so if the company's greatest opportunity lies in developing countries.

Patrick Newton, Founder and CEO

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The Opportunity

The company's position as a software company in the cleantech sector meant that potential cleantech investors would need to appreciate the opportunities associated with a software business while typical software investors would be wary of the risks inherent in operating in developing countries. "FirstCapital skilfully crafted and enhanced our messaging and strengthened our pitch to investors, then set about creatively marketing the opportunity to its broad base of international contacts in both the software and cleantech sectors," comments Newton.

Due to the highly challenging market conditions, Helveta and FirstCapital agreed to raise the funds in two phases. On both occasions, FirstCapital drove a competitive process and obtained several termsheets, including a recently-launched cleantech fund on the second round. "FirstCapital's people remained committed from start to finish through two consecutive rounds of funding, going the extra mile and putting in long hours whenever required to adhere to agreed timescales and keep the process on track," confirms Newton.

The range of potential investors sourced by FirstCapital meant that Helveta was able to evaluate them against long-term objectives and strategy as well as for their financial offer.

The Result

A total of £8 million investment capital from several prestigious international investors was secured for Helveta in two financing rounds over an 18 month period which saw unprecedented turmoil in global financial markets.

BeCapital, a new fund established to demonstrate that economic and environmental capital can grow simultaneously, led an investment round of £5 million alongside the Carbon Trust, one of the UK's leading co-investors in clean technology. They joined existing backers Albion Ventures, Oxford Capital Partners and Succès Europe who initially invested £3 million in Helveta.

Furthermore, the profile of its latest investors perfectly matched Helveta's own; the Carbon Trust has a clear understanding of clean tech markets and good links to government while BeCapital is dedicated to making expansion capital investments in companies whose technologies help to protect and enhance the environment and natural resources. The key investors behind BeCapital also have strong links to and a clear understanding of the developing world, which will further benefit Helveta as it pursues its significant growth potential in emerging economies. The new funding will enable the company to cement its leadership in the timber tracing market by expanding into new geographies, and also to extend its presence in the food industry.

"FirstCapital not only delivered a deal that satisfied all parties, they also impressed us with the range and quality of investors that they enabled us to attract and subsequently select from. With our new investors, we can be sure of a strong, mutually beneficial relationship that will be highly supportive of our next stage of development and of the challenges and opportunities it will bring," concludes Newton.

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