

CASE STUDY | MULTIMAP

The Client

Founded in 1996, Multimap is one of the world's leading providers of online mapping and location-based services. The company delivers online maps, point-to-point driving directions and geo-spatial ("where's my nearest?") searches to more businesses and consumers than any other supplier in Europe.

Multimap's consumer website - www.multimap.com - is Europe's most popular mapping website, offering a range of free, useful services to assist with everyday life. The company also supplies online maps for third-party websites including Ford, Hilton Hotels, Royal Mail and Virgin as clients.

One of Multimap's early investors, now part of Virgin Media, expressed an interest in exiting their investment for strategic reasons. After evaluating the various options, Multimap decided to find a replacement investor and use the opportunity to raise additional capital to enable further growth.

Background

After a selection process involving several boutique advisory firms specialising in technology financing, Multimap selected FirstCapital as its exclusive financial advisor.

"FirstCapital was extremely perceptive in their view of the market and where it was going, which was all the more impressive considering that there was a lot of change in the industry at the time making it very difficult to predict what might happen," comments Sean Phelan, founder of Multimap. "Their people also gave us a feeling of trust and confidence."

Sean Phelan, founder of Multimap

Over the following three months, FirstCapital worked with Multimap to identify potential investors and prepare a fundraising deal of £8 million. In addition to preparing information memorandums and investor presentations, FirstCapital also coached Multimap's senior management in preparation for the investor meetings.

There were two particular challenges that required skilled positioning with investors. Firstly, Multimap's revenues were split two ways - business to business (B2B), mainly through charging by the number of map impressions, and business to consumer (B2C), which were largely advertising revenues. Secondly, Google was providing online maps to businesses free of charge, whereas Multimap was charging for them.

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The Opportunity

FirstCapital worked to ensure that for both of these issues, discussions and presentation materials reflected the opportunities they presented rather than the problems.

Sean explains “FirstCapital’s experience and quality of relationship with investors resulted in strong interest and a line-up of potential investors drawn from both sides of the Atlantic.” It was during this process that the company was approached by two corporate acquirers to buy the company outright. “FirstCapital invested considerable time in discussing, analysing and presenting the different options and enabling us to benefit from their considerable knowledge and experience,” adds Sean. “As a result, we expanded FirstCapital’s brief to include the potential sale of the company in their discussions with all interested parties.”

FirstCapital’s challenge was to maintain the interest of the investors already engaged while bringing new potential buyers into the process in order to keep all options open until a final decision could be made.

Working with Multimap’s lawyers, FirstCapital prepared the pre-bid information and managed subsequent discussions with investors through to receiving best and final offers, following which Multimap entered into exclusive discussions with Microsoft.

“The calibre of FirstCapital’s people was outstanding and they formed a very strong team alongside our lawyers and CFO,” comments Sean. “It was very reassuring to see that discussions with Microsoft were conducted on a level footing despite the obvious difference in size of the two companies.”

The Result

Just seven weeks after entering into exclusive discussions, Multimap was bought by Microsoft for an undisclosed sum. Multimap’s chief executive and other senior managers remained with the business following the sale, benefitting from an incentive to do so.

Sean, as founder and with a 50% shareholding in the firm, made a significant financial gain from the deal and has subsequently become an angel investor. He is also indulging his passion for sailing and plans to take part in the famous transatlantic ocean race.

“ FirstCapital did an outstanding job of looking after the interests of all Multimap stakeholders. They were ambitious in the expectations they created and then delivered on their promise with experience and integrity. ”

Sean Phelan, found of Multimap