

CASE STUDY

i20 WATER

Intelligent Water Control

The Client

i20 Water is addressing the increasingly urgent problem of global water scarcity. It has developed a system which significantly reduces leakage in water distribution systems and improves monitoring and control. The company was founded in 2005 by Adam Kingdon and Andrew Burrows with backing from a small group of investors, including Michael Ullmann and Andy Phillipps, now i20 Chairman. Initial investment enabled them to prove their concept, after which additional funds of £1.7 million were secured from a larger group of private investors and Nemadi Advisors in order to fully develop i20's advanced pressure management solution. Results exceeded expectations, and the system was able to demonstrate leakage savings of more than 25% at a very competitive cost and with short implementation times. Orders and new projects quickly followed within several UK water companies who were keen to optimise performance and improve service to their customers.

The company needed additional investment in order to further develop the business across the UK and, given the considerable interest from countries as diverse as Australia, China, US and Spain, to pursue opportunities in foreign markets.

Faced with the double challenge of raising funds within exacting timescales and achieving a price and terms that would be acceptable to existing investors, i20's founders decided it was time to bring in specialist expertise.

Background

i20 appointed FirstCapital as its exclusive financial advisor following a meeting to review in detail the business and market opportunity. "FirstCapital came highly recommended by our Chairman, who had worked with them previously, and I was very impressed from the outset with their people and approach," comments Adam Kingdon, co-founder and Managing Director of i20.

They conducted a robust evaluation of i20's potential from the perspective of potential investors before taking on our business, which was in fact reassuring as it signalled that we could be confident of achieving our objectives.

Adam Kingdon, co-founder and
Managing Director of i20

FirstCapital's independence and experience also played a key role in setting and managing the expectations of i20's existing investors to reflect market conditions, and instilled confidence in and support for the fundraising process that would be adopted. Given just six months to complete the fundraising process, FirstCapital set out a clear timetable with milestones and managed this rigorously to ensure that the objectives and timescales were achieved. i20 also valued the fact that one of FirstCapital's directors is actively involved in every client assignment, as Adam explains, "We benefitted from the skills and experience of a senior director at FirstCapital who was closely engaged throughout – from attending weekly review calls to leading final negotiations – and not just fielded in order to win our mandate."

Very early on in the assignment, in reviewing the funding strategy and investment proposition, FirstCapital recommended that i20 make changes to its commercial model and expand its product development pipeline. Adam explains, "FirstCapital's long experience of working with businesses, coupled with a clear understanding of the needs and expectations of VCs, resulted in us making key changes that would not only strengthen the business for the longer-term but also make it a more attractive proposition to potential investors."

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The Opportunity

Having enhanced the company's value proposition, FirstCapital took care of qualifying and then approaching suitable venture capital funds. In parallel, they worked closely with i20's management team to prepare for investor meetings and presentations, which included ensuring that any potential issues were identified and addressed in detail to avoid any delays.

"Within just two months, and in spite of the considerable uncertainty in the financial markets at the time, i20 was in discussions with a number of interested VCs and by December had received several serious and attractive offers that we and our existing shareholders were happy with. There was no time-wasting and FirstCapital's comprehensive approach meant that our shareholders could be confident that we had got the best possible offers from the market – something we could not have achieved had we tried to keep the fundraising process in-house," comments Adam.

FirstCapital continued to drive the due diligence process, dealing swiftly with any queries and issues as they arose to ensure that timescales were adhered to. They played a key role in negotiations through to their successful conclusion.

"Not only did FirstCapital do an outstanding job of improving the value proposition of our business to VCs, they negotiated with them to secure the best deal for our business. Having an independent third party act on our behalf in this way ensured that we maintained good relations with the investors for the longer-term," adds Adam.

The Result

i20 closed an investment of £4.2 million in Series A funding from a consortium of venture capital funds led by Swarraton Partners. i20 will now be able to roll out its technology in both the UK and internationally, significantly reducing water leakage and producing substantial carbon savings for its water company clients.

Adam concludes, "All our objectives were achieved: not only was funding secured within a short timeframe, FirstCapital also drove a competitive process and negotiated a final price and terms which we were very happy with, and especially so given the state of the market at the time."

“ I had already worked very successfully with First Capital on a previous fundraising opportunity. Once again, I continue to be impressed with the business acumen and commercial judgement of their people, which has enabled i20 to balance the differing requirements of all our stakeholders and achieve an excellent overall result.”

Andy Phillipps, i20's Chairman