

# Raising Capital Summit

SPECIAL REPORT

## The can-do route to raising capital

The pandemic has created significant funding challenges for businesses but, at the same time, many opportunities are there for the taking, writes **Quinton O'Reilly**

**M**ypromiseto you is that you've made a good investment in time and money," said the chair Marc Coleman, founder of Octavian Research, as he welcomed hundreds of attendees to the Raising Capital Summit last Wednesday.

The setting may have been virtual, but the challenges covered were very real. While business around the globe faces significant challenges because of Covid-19 such as ensuring enough runway to counter the storm, there are significant opportunities for Irish companies to raise funding. And funding is not the end goal but a beginning.

This was made apparent by Brian Caulfield, entrepreneur, venture capitalist and the chair of Scale Ireland, who spoke about raising capital in the context of Covid-19.

The good news is that there's plenty of capital available in the market, there's a low interest rate in Ireland and Caulfield believes there is no sign of that changing any time soon.

"TechIreland's H1 2020 numbers showed that total funding was €545 million, up almost 25 per cent compared with the first half of 2019," he said. "That was the largest H1 number since TechIreland has started to track these figures."

Caulfield said businesses should expect investors to take longer than usual with due diligence. They should also recognise the impact Covid-19 has placed on them and be transparent about it.

"If you don't have a slide in your fundraising pitch to highlight the impact, you really should," he said.

### Stock markets

The panel also discussed the role of stock markets in funding scaling companies.

Like many things, preparing for an IPO is a process that will take up a significant amount of a business's time and as Orla O'Gorman, head of equity listing Ireland in Euronext Dublin, said, the end result is having access to a significant platform.

"Irish companies have raised over €2 billion on the market, so in times like this the markets have been a really good place to raise additional capital," she said. "It's a process, but like any fundraising process, they're all quite similar."

"It's all about understanding what the equity story is, what the investors are looking for... because you don't have a long time with one. You have to impress quickly, you have to be to the point, and you need to know what interests them."

As an example for Irish businesses to aspire to, both Coleman and O'Gorman mentioned Kerry Group which entered with a market cap of €13 billion and is now at €18.57 billion as a result of using the markets to scale and grow.

Like much of the discussion throughout the day, the topic of surviving a crisis was covered by John Purdy, the co-founder and chief executive of Ergo Group, who was giving an entrepreneurial view of the investment landscape.

Having been in business for

27 years, he's seen both the rises and falls in the economy and was optimistic for Irish businesses.

"Irish businesses have shown a level of resilience over the last number of crises with the dotcom crash, the financial crisis and now this," he said. "I'm fairly confident that most of us will get through this. I'm not naive enough to think it won't be challenging or that there won't be casualties, but there's a belief and resilience to get through this."

While the level of capital available to businesses is very different from that of a few years ago and investors are on the outlook for companies with potential, certain industries will do better than others.

It's an obvious outlook, but one that Elaine Coughlan, managing partner and founder of Atlantic Bridge, refers to, saying some sectors are more prepared for investment than others.

Areas like life sciences, biotech, pharma and general tech have been experiencing a lot of interest and demand, with those operating in multiple verticals to perform better in the long run.

"Companies that had horizontal customer bases are performing much better," she said. "You can have a weakness in one or two areas, but the overall business is performing well because of that diversification."

"Companies that are global, have exposure to multiple markets and the diversification of markets are really important. As overall trends, these are being accelerated and will continue to remain strong over 2021."

While many of the talks focused on different areas of investment and raising capital, there was overlap in some of the themes discussed.

Also exploring the issue of whether certain industries will fare better than others was Mark Thorne, partner, banking & capital markets for Dillon Eustace, in the panel discussion on Consolidation, restructurings and defaults.

He said that there are increasing options available for raising capital and that although those in certain areas will fare better, the same principles still apply.

"If you have a good, robust business plan in areas that are attracting capital, whether it's debt capital or equity capital, then you'll do well," he said. "Interest rates are historically low, people are looking for places to place their money... and there are more options available."

The options have never been greater with raising capital through debt capital or venture capital, for example, but that doesn't negate the need for due diligence, especially from



Mark Thorne, partner and head of banking and capital markets, Dillon Eustace, Orla O'Gorman, head of equity listing Ireland, Euronext and Marc Coleman, founder, Octavian Research



Mark Thorne, partner and head of banking and capital markets, Dillon Eustace participating virtually on the topic 'Consolidation, Restructurings and Defaults'



Sarah Newman, entrepreneur, investor and ex-dragons' Den star; below: Orla O'Gorman, head of equity listing Ireland, Euronext, discussing 'The role of stock markets in funding scaling companies'



John Purdy, co-founder and chief executive, Ergo Group

a legal perspective.

In the panel discussion about making sure you're getting a good investment deal, the importance of preparation was touched upon as well as the need to keep stress levels down during what is a tense period. "Most law firms have in-house data rooms that you can have access to. You can start populating it early so you have everything in the one place," said Lorcán Tiernan, partner and head of corporate and M&A at Dillon Eustace. "It's a useful place to start. You can get it done and get on with the actual fundraising itself. 'Also keeping the competitive tension up, assuming you have some, for as long as possible is always good.' Much of the panel discussion touched upon the rela-

tionship between risk and opportunity out there, ensuring you have enough runway to keep going in the long-term, and the similarities and differences between this situation and previous recessions.

Perhaps the best summary came from Sarah Newman, entrepreneur, investor and former Dragons' Den star, who spoke in the penultimate session.

She said that no matter what the situation, you should always be striving and thinking about possibilities.

"You can't compare then with now because hindsight is a wonderful thing," she said.

"My brother shared a great saying recently: 'you don't know what you don't know', and when people say you were lucky with the dotcom [I wasn't]... it's timing. Forget whether it was a good time or not, we don't know what the future holds."

"If you don't do it, it'll never happen and the right time for you is the right time to try."



Dermot Crowley, deputy chief executive, Dalata Hotel Group, joins the conference via video link for the Raising Capital Summit 2020



Speaker Brian Caulfield, entrepreneur, venture capitalist and chairman, Scale Ireland, discussed the steps to successfully raising capital during the Covid-19 crisis



Elaine Coughlan, co-founder and managing partner of Atlantic Bridge