



CANADA - UNITED KINGDOM Chamber of Commerce Over 92 YEARS OF NETWORKING

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Early-stage business raises £3m on AIM after restructure

An early-stage internet-based business was operating with limited success. Revenues were modest, the monthly cash burn was imposing, and cash was rapidly running out. The company had attempted to raise additional finance, but without success.

TCii's challenge was to restructure the business to stretch its limited cash resources as far as possible, and to position the company so that it would be able to raise finance to fund its growth phase.

Cost review

The immediate issue was preservation of cash. We carried out a detailed cost review, which identified:

duplication and inefficiency among the team
disjointed and poor execution
a lack of cohesive, effective supplier relationships.

We restructured the management and team to eliminate duplication and increase focus on business

execution. We also introduced competitive buying practices, and the significant savings that resulted allowed the available cash resources to be stretched a further four months. This gave management the breathing space they sorely needed.

New business model

We then turned our attention to positioning the company for the next funding round. It became clear that the company's existing business plan and underlying business model were unworkable, and made raising finance virtually impossible.

Management accepted our contention. They commissioned us to completely restructure the underlying business model and write a new business plan.

We suggested adding complementary business units to leverage the existing operations, introducing a vertically integrated business

model with a 360° business perspective (well before they became popular). This would create the potential for both multiple and recurring revenue streams. These, in turn, would result in greater enhanced value and, potentially, a higher multiple on exit.

Management commissioned us to execute these proposals and integrate the new business units into the existing business.

Before the existing cash resources expired, a successful IPO on AIM raised £3 million, which was used to underpin the growth phase of the business.

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