"Mind the gap!" a portrait of Prefcap

In the ever-growing investment landscape, funds are multiplying and diversifying, and for startups there is more to raising investment than the money and the media moment. With #QVCS Maddyness profiles different funds to give founders and entrepreneurs the information they need to choose the right investor. Today we interview Emma Barrat, Partner at Prefcap.

Temps de lecture : minute

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On the face of it my career background is diverse, however there has been one common thread; the buzz I get from working with exciting businesses and the inspiration from the people behind them and their drive to succeed. I have spent over 15 years in public markets supporting growth companies raise capital and helping them to achieve the value they deserve, to more recently helping build a fund management business from the ground up.

The energy of early stage growth companies compelled me to partner with Marc Young and Alastair Mills at Prefcap, and continue my passion for working and supporting founders to achieve their dream!

Marc has been a technology investor and advisor for most of his career and Alastair an entrepreneur that has successfully built and exited two tech businesses. Prefcap was born out of the need to plug what we call the 'funding gap', a trend which Marc had identified over his years of working in corporate finance.

Series A rounds were requiring higher and higher financial hurdles for

companies to achieve, before they could consider this funding milestone. We realised there was a need for 'quick to deploy' growth capital for founders to bridge the funding gap between these rounds.

Our vision was to create a solution that helped solve this conundrum: we provide capital quickly and importantly, for the founder, we are passive and therefore help them keep control of the company. It is straight forward capital to help the business accelerate growth between Seed and Series A.

Our funding often provides founders with the chance to take advantage of exciting growth opportunities fast, or to pre-empt a larger raise, in place of the more traditional routes of funding that may take longer and want control over where the business is heading – We don't!

We love growth companies and are seeking to provide alternative funding options for founders alongside traditional VC, EIS and angel rounds – we frequently co-invest alongside these traditional capital sources.

"We have a great team and the blend of backgrounds and skills means we see things through a founders' eyes, whilst delivering for our investors."

Which industries are you working in?

At Prefcap, we focus on software companies and primarily back UK based businesses. We have made investments in legal tech, proptech, leisure and general B2B software services. We support businesses with a proven product, generating revenues approaching or exceeding £500K (£5M ARR is our largest current investee company).

What do you look for in a founder?

Prefcap backs driven individuals with good domain knowledge and a track record of delivering. But there is no blueprint and we actively seek diverse management teams (accepting that there is less diversity than we would like).

Can you talk about your current portfolio?

It has been wonderful to see how many of our existing portfolio companies have been actively involved in helping businesses get back on their feet post lockdown. In the hospitality space, a sector which took the biggest hit during lockdown, our portfolio business <u>Goodtill</u> and <u>Wi-Q</u> are providing a lifeline for many hotels and restaurants with their POS and mobile ordering solutions, reducing the need for human interaction at the table, and enabling them to open safely.

<u>District Technologies</u>, essentially a workplace app which provides intelligent workspaces is helping offices reopen and employees to return safely and efficiently to their workplace. Other portfolio companies are solving issues around hotel and accommodation fulfilment, automated software testing, automating and enhancing receivables management and modernising the legal services sector.



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How has COVID-19 changed the way you operate?

We have been very lucky in that we were all able to work remotely even before the world changed. Like everyone else, Teams and other remote communication platforms have helped but we are looking forward to getting the team back under one roof when it is safe to do so - we feel collaboration is key to all businesses, but at the same time we have always been flexible around how people work.

We continue to deploy capital into new businesses, AutomatePro, an automation platform for software testing and the management of enterprise software, is the most recent company to join the portfolio back in March of this year and we are in final conversations with another

company that we hope to close soon. We have been very available to our portfolio companies during this tricky period and if it isn't too soon to say this, they have all come through with a more robust operating model, I hope I don't regret that comment!

What does the future look like? New trends/technologies, changes in the global/local economic landscape?

As high-level technology will continue its disruption of traditional industries, we see it all around us. One of our current portfolio companies, Lawbite, provides online legal help for businesses, it is quick, you can have access to an expert business lawyer and at half the cost of high street law firms.

COVID has <u>accelerated the interest in Edtech</u>, driven by the need for online education solutions and the view that we are all going to be homeschooling for the foreseeable future (bloody hope not!).

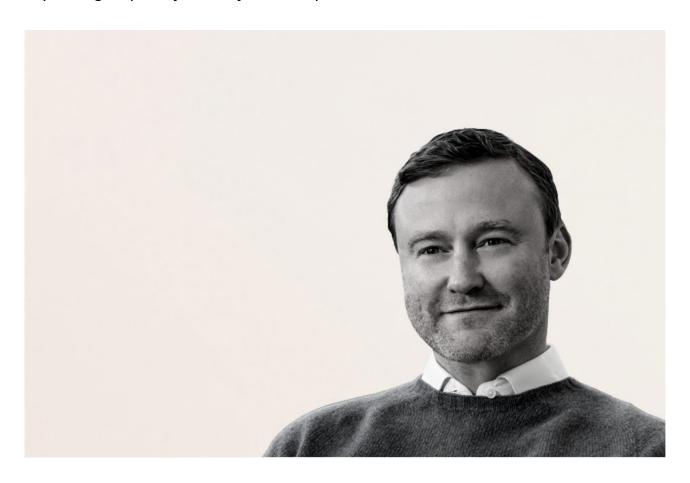
If you can spot the next crisis, and anticipate next trend, we would love to hear from you!

What makes Prefcap different?

We invest 'between rounds' with a hybrid of debt and equity. The team has diverse backgrounds, so we all come at things slightly differently which I think makes for a successful business. We are a mix of entrepreneurs, those who have founded, advised, bought and built businesses with successful exits, those with a finance background, experience in public and private markets, distressed situations but first and foremost have a passion for understanding software companies.

What one piece of advice would you give founders?

Be brave, when something is not working go with your gut and cut expenditure immediately. You will always resent dilution you take from replacing capital you may have squandered.



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Article by Emma Barrat