

ONLINE MARKETPLACE SCALES UP WITH IP FUNDING

Forward thinking finance.

THE STORY IN BRIEF:

- Applegate is an online marketplace that provides a purchasing comparison service for businesses and other organisations
- Seeking ways to finance the development of its procurement platform, the management team was pleased to discover that, using Lombard's Intellectual Property Funding solution, they could borrow against the IP of their proprietary software
- Our specialists reviewed cash flows, third-party contracts, development costs and Applegate's future plans, to enable us to place a collateral value on their software IP
- We took full ownership of the company's software IP against the funding we were providing. The use of the software was licensed back to them for the duration of the funding term
- To date, Lombard has provided four rounds of funding against the software IP value of Applegate's software



FACT FILE:

Sector: Technology

Location: Barnstaple

Purpose: Funding to enable the business to help finance the transformation of their online supplier directory into a cloud-based platform for request and provision of quotes

Solution: Lombard's Intellectual Property Funding solution enabled Applegate to borrow against the collateral value of its software IP

Get in touch, visit lombard.co.uk or
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Security may be required. Product fees may apply.

Finance is only available for business purposes.

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Read the full story...



“
The Intellectual Property Funding
solution enabled us to launch our
premium online service.
”

Stuart Brocklehurst, CEO, Applegate

Funding helps fulfil this platform's potential

Applegate is an online marketplace that provides a purchasing comparison service for businesses and other organisations. Until 2016, the service was just an online directory.

Seeing its potential, the directors of the business began seeking finance to develop it as a scalable cloud-based platform to enable buyers to request quotes and receive multiple responses from suppliers.

“We approached several banks and peer-to-peer lenders for funding,” explains CEO, Stuart Brocklehurst “but the same problem arose each time: because we're a technology business we didn't have tangible assets to borrow against.”

Then Stuart heard about Lombard's Intellectual Property Funding solution. “We hadn't come across anything like it before,” he says, “But it was entirely logical: technology businesses like ours are constantly creating intellectual property which are now amongst the most valuable assets in the global economy.”

The process of arranging Intellectual Property Funding starts with us taking time to really understand the software and its role in the business. We review various things, including cash flows, third-party contracts, development costs and the customer's future development plans, to enable us to place a collateral value on their software IP.

“We took ownership of Applegate's software IP as collateral against the funding we were providing,” says Lombard's Yan Skuse.

“We then licensed use of it back to them for an agreed term and pricing structure.”

Applegate retain full day-to-day commercial use of their software for the duration of the license agreement and there's no restriction to ongoing development. At the end of the term – and for a fee – Applegate can either ask Lombard to transfer all rights and interest in the software IP back to them or introduce an independent third party to buy the software.*

“The first funding round enabled us to launch the premium online service,” expands Stuart, “But since the amount we can borrow is proportionate to the value of our software's IP, as we add to the codebase, its value increases – allowing us to borrow more against it to invest in further development. It's a virtuous circle.”

So far, we have provided funding against Applegate's enhanced software IP a further three times, enabling the business to continue to scale the platform. “Scalability is really important,” says Stuart. “In 2018, transactions through the site were double those of the previous year and we now have users in over 150 countries.”

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*These transfer or sales options are subject to an agreed maximum consideration of 1% of the original value funded.

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