

INNOVATIVE THINKING TURNS IP INTO WORKING CAPITAL

Forward thinking finance.

THE STORY IN BRIEF:

- Morning Data secured growth using Lombard's Intellectual Property Funding solution
- Our specialists reviewed cash flows, third-party contracts, development costs and Morning Data's future plans, to enable us to place a collateral value on their software IP
- We took full ownership of Morning Data's software IP against the funding we were providing, and licensed the use of it back to them over the funding term
- At the end of the term, Morning Data can (for a fee) ask us to transfer all rights and interest in the software IP back to them, or request that we sell it to a third party



FACT FILE:

Sector: Technology

Location: Dorchester

Turnover: £1.6m (2018)

Purpose: Morning Data was looking for funding to enable it to implement a major upgrade to its NOVUS platform

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

Get in touch, visit lombard.co.uk or call 0800 502 402 or Text Relay 18001 0800 502 402

Lines are open 9am to 5pm Monday to Friday. Calls may be recorded.

You should seek independent advice to determine if this product is suitable for you.

Security may be required. Product fees may apply.

Finance is only available for business purposes.

ANY PROPERTY OR ASSET USED AS SECURITY MAY BE REPOSSESSED OR FORFEITED IF YOU DO NOT KEEP UP REPAYMENTS ON ANY DEBT SECURED ON IT.

Read the full story...

“
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”

Kirstin Duffield, CEO, Morning Data



Unlocking the value of intangible assets

As a flourishing tech company, Morning Data is continually investing in the development of its software. The company offers a variety of services based around its end-to-end administration platforms – NOVUS and HELIX. These platforms serve businesses of all sizes across the London and international insurance and reinsurance sector.

Keen to accelerate an upgrade of NOVUS, the management team investigated ways to free up working capital to fund the project. “We considered a variety of options – including a mortgage extension and standard loans. We looked at private investment too but that meant giving away equity in the company which we didn’t want to do,” explains Kirstin Duffield, CEO of Morning Data. “Then a contact of mine suggested we talk to Lombard about their Intellectual Property Funding solution. The idea of borrowing against our proprietary software – an intangible asset – was new to us, and an appealing concept.”

“We began by reviewing Morning Data’s cash flows, third-party contracts, development costs and future plans, to enable us to place a collateral value on its software IP” Lombard’s Matt Whittle, who helped Morning Data access the funding, explains. “Working in an agile environment we have to move fast so we really appreciated the efficiency of Lombard’s process,” praises Kirstin, “They asked the right questions and gave us clear direction on what data to supply in support of our application.”

We produced documentation that transferred full ownership of Morning Data’s software IP to Lombard, as collateral against the funding we were providing. We then licensed the use of the software back to Morning Data for the duration of the four-year funding term, this meant they retained the full day-to-day commercial use and there is no restriction to ongoing development of the software IP.

“At the end of the term – and for a fee – Morning Data 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.* Alternatively, we can look at the possibility of revaluing it with a view to refinancing against it again,” says Matt.

“The NOVUS conversion software development was the impetus for the funding, but it also gave us the financial headroom to invest in other associated resources, including marketing and manpower,” says Kirstin. “This in turn has helped us open up new territories and accelerate on-boarding of new clients. In fact, the funding has been pivotal in leveraging growth across the organisation.”



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