

IP FUNDS ROADMAP FOR GROWTH

Forward thinking finance.

THE STORY IN BRIEF:

- Europa Worldwide Group is one of the UK's largest privately owned logistics companies. It has experienced significant growth in recent years and is actively pursuing further expansion
- Seeking ways to finance its growth strategy, the management team was intrigued 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 Europa Worldwide'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, and licensed the use of it back to them for the duration of the funding term
- At the end of the term, Europa Worldwide 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:** Transport and logistics
- Location:** Dartford
- Turnover:** £180m (2018)
- Purpose:** Funding to enable the business to drive its growth strategy, in particular to help finance an increase in its sales force and further development of its proprietary software
- Solution:** Lombard's Intellectual Property Funding solution enabled Europa Worldwide 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.

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Read the full story...

“Lombard really get what we’re trying to achieve... the funding has played a pivotal role in our growth.”

Robert Ross, Finance Director, Europa Worldwide Group

Leveraging the value of software IP

Europa Worldwide Group is one of the UK’s largest privately owned logistics companies. The business began 50 years ago, running daily services to and from Italy with just four staff. Today it employs over 800 people to deliver its warehouse and transport solutions to 100 countries via road, air and sea.

In 2016, the management team began exploring ways to raise significant funds in order to drive growth. “We had already spent quite a lot on creating a new head office and establishing Europe’s largest groupage hub, in Dartford,” explains Robert Ross, the company’s Finance Director. “The next essential step was to increase our sales force. But to do that, we needed to raise more money.”

Europa Worldwide had been using an invoice discounting facility but had reached the limit of what it could borrow on that. Then, during a meeting with Lombard about a hire purchase lease for some IT hardware, the subject of Lombard’s Intellectual Property Funding solution came up.

Lombard’s Intellectual Property Funding solution is unusual in the asset finance industry. The process starts with us taking time to really understand the software and its role in the business.

We review 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. This funding solution was a new concept for Europa Worldwide.

“I hadn’t encountered anything like it before,” says Robert.

“It was of particular appeal because it allowed us to leverage a different part of our balance sheet – the intangible assets represented by our Leonardo software.”

“Lombard took full ownership of Europa’s software IP as collateral against the funding we were providing,” Lombard’s Nik Le Marechal explains. “We then licensed the use of it back to them for an agreed term.”*

“For the duration of the license agreement, we retain the full day-to-day commercial use of our software IP,” confirms Robert. “This ensures business continuity and also enables us to continue developing our software in support of our service offering and growth.”

At the end of the term – and for a fee – Europa 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, they can look at the possibility of revaluing it with a view to Lombard refinancing against it.



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