

TECHTALK

Edition 1. WINTER 20/21

TALES FROM THE CFO TECH FRONTLINE



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COOPER PARRY

CRISIS-PROOFING YOUR BUSINESS: HOW TECH CFOs IN THE GROWTH PHASE HAVE RISEN TO THE CHALLENGE

Innovate to stay relevant. In technology and growth businesses, you know this, but the past year has brought it even more abruptly and starkly into focus. Rapid innovation is required not just in product and technology but in how a business can shift, pivot and change both market strategy and internal decision-making.

So how have businesses risen to recent challenges? How have CFOs & CEOs been dealing with the crisis when it comes to funding and strategy? What are the themes of dealing with these challenges?

Bailey Fisher and Cooper Parry have a shared commitment to supporting high growth technology businesses and we've been talking to CFOs and CEOs across the sector about how they've been adapting, pivoting and innovating their way through the crisis.

Some verticals are faring better than others, and opinion is divided on when (if?) we'll see a return to 'normal' trading. But whether B2B or B2C, the outlook amongst those we spoke to remains positive overall. And some common themes have emerged amongst those businesses that are proving crisis-resistant.

Regardless of the demands of an ever-changing trading environment due to COVID-19, the status quo in growth companies is always that things evolve and change at a rapid pace – product, commercial strategy, culture, competitive landscape. Management teams are used to dealing with uncertainty but in times like these CFOs are heavily relied upon even more to support critical decision making.



Andrew is Managing Partner at Bailey Fisher, an independent executive search firm operating globally to find and attract individuals who have a fundamental impact on business success. Focusing on C-suite hires across the high-growth technology market, Andrew works with founders, boards, management teams and investors looking to hire commercially minded individuals to drive further growth.



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Steve is a Partner at Cooper Parry and Head of the Technology & High Growth team based in London advising and supporting high-growth and venture funded companies in the tech community.

Cooper Parry is one of the fastest growing accountancy firms in the UK and were recently crowned the 8th Best Company to Work for in the UK by Sunday Times. Their Tech & High Growth team works with Founders, CFOs and Boards of early stage, scale-up and high growth businesses, navigating challenges spanning finance, strategy, technology, fundraising, and culture.



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OUR FEATURED TECH CFOS AND CONTRIBUTORS



Joe Adams
CFO, The Plum Guide

Joe joined The Plum Guide in 2018, having previously been involved in rapid growth at King - he joined just as Candy Crush was about to become a hit and left the year after their IPO; and Space Ape Games, later acquired by Supercell / Tencent. [Plumguide.com](https://www.plumguide.com)



Sonya Iovieno
Head of Venture & Growth, Silicon Valley Bank UK Branch

Sonya works with rapid growth businesses that have typically raised Series A financing. The bank reacted quickly to put in place a relief package for venture debt borrowers with loans of £10m or less, deferring their principal repayments for a period of six months. A global program this is expected to reach up to \$600m in payment relief. [SVB.com/uk](https://svb.com/uk)



Angus Hone
CEO, Blighter Surveillance Systems

Angus took on the role of CEO at Blighter in 2019, after almost 20 years as a CFO specialising in the growth sector, across life sciences and software technology, during which he raised significant equity and debt finance, led M&A and secured a number of successful exits. [Blighter.com](https://www.blighter.com)



Matt Hann
CFO, Festicket

Matt joined Festicket in 2018, working with the founders to deliver a \$15m Series D fundraise and lead the company's first M&A the following year. Previously, he'd spent 15 years in commercial finance and investment, including a stint running Channel 4's 'indie growth fund', a £20m venture fund for the creative industries. [Festicket.com](https://www.festicket.com)



Paul Haworth
CFO, GetBusy

Paul joined GetBusy in 2017, shortly after its IPO. He was previously in senior finance and operations with 3 other UK-listed companies and at Deloitte. [GetBusy.com](https://www.getbusy.com)



Andy Watt
CFO/COO, JRNI

Andy's an experienced entrepreneur across internet, SaaS, B2B and database marketing. In 25 years as a CFO, COO and MD he's raised over \$100m from VC, PE and venture debt providers for various early-stage tech companies; led an IPO and co-founded 2 companies. [JRNI.com](https://www.jrni.com)



Michael Black
Former CFO, Tevva

With 30 years' experience under his belt, mainly in high growth, Michael has steered growth businesses through M&A, private and public markets fund raising and a Nasdaq IPO. [Tevva.com](https://www.tevva.com)

DRIVING AGILITY & ADAPTABILITY

For many businesses, everything changed overnight. Offices closed, new equity rounds dried up and those with existing backing came under increased scrutiny from investors.



Sonya Iovieno is Head of Venture and Growth at Silicon Valley Bank UK Branch. She tells us:

"The lockdown in March was a sharp shock to all businesses, with the need to rapidly reorganize to remote working arrangements. We saw new equity rounds grind to a sudden halt as investors prioritized their existing portfolio companies. VCs acted quickly to put more capital into those businesses that needed it. On average, investors sought to give companies about 18 months of cash runway. They also challenged their companies to take a hard look at the cost base and achieve the tricky balancing act of identifying efficiencies, while also remaining nimble enough to be ready to grow revenue as markets started to recover."

Agility and adaptability proved key. When the crisis hit, **Michael Black** was CFO at Tevva, a designer and developer of electric vehicles accelerating the drive to zero carbon freight.

"We were in the middle of a fundraiser combined with a change in strategy. The funding source evaporated overnight, and we could no longer work on vehicles and generate revenue. We had to shut most things down immediately and rely on furlough grants."

Michael and the team focused on 3 priorities:

1. Can we restart any profitable business?

His answer was yes, and they restarted on a very small scale within days and generated some very useful revenue

2. What part of our strategy needed to be refined?

What will be the impact to product and commercials with an extended hiatus in the market?

3. How quickly can we find new investors and what is our revised investment narrative?

Capital markets for electric vehicles became hotter than hot and this opened up opportunities for them to pitch to new investors with a more ambitious strategy.

Joe Adams is CFO at The Plum Guide, a Series B online marketplace for the world's most beautiful holiday homes.

"Being in the travel space, demand reduced massively and this hit our sales. The impact has been not just on us but also on our hosts. The opportunity however, is that people are now travelling domestically more than ever - so we've adapted by selling breaks and accommodation in a new way to new markets."

Matt Hann is CFO at live events marketplace, Festicket. He says,

"We have to keep an agile approach to planning. The big unknown in our market is when live events will be able to happen again. We don't see the value in deploying more traditional budgeting methods, and for our 2021 budget we'll be focusing on a system that analyses various scenarios, identifies clear trigger points, streamlines decision making and encourages an agile approach so that we can respond and adapt to the uncertainties. This will enable us to adjust our plans so that we're ready for when "normal" returns, even if that's at a slightly different time to our base assumption."

ARE YOU A NICE-TO-HAVE OR A MUST-HAVE?

Over recent months, some technologies have quickly become indispensable. Pre-Covid it is estimated that only 5% of the UK workforce regularly worked from home, but as this became the default, remote working technologies saw exponential growth and widespread adoption.



Paul Haworth is CFO of GetBusy, an AIM listed software group developing digital document management and task management products.

“The rapid and widescale move to remote working accelerated trends that are helpful to our business, as our products enable fully-digitised working in traditionally document-heavy industries. It propelled remote business software from a nice-to-have to a must-have.”

And investors are of course taking notice. GetBusy has not needed to raise but Paul has seen noticeably more inbound interest.

As **Sonya** says,

“Enterprise Software has remained a firm favourite for all investors.”

So where else are investors placing their bets?

“FinTech has been particularly strong, with the lockdown really pushing those late adopters of digital finance into the arms of waiting financial apps. EdTech, Video conferencing, e-commerce, food delivery and life sciences/medical devices have all seen large upticks in VC capital deployed in Q2, with no sign of a slowdown.”

Sonya tells us that it has been a tale of two quarters so far in 2020 with Q2 seeing VCs largely focusing on supporting their portfolio companies, whilst Q3 was exceptionally strong for new equity rounds. However, not all life-stages are having the same experience and Sonya has seen more capital being allocated to later stage companies who have proven metrics and trading histories than Series A companies.

“The bar for Series A is now higher than before and the time it takes to get that round together is taking longer.”

“Investors appreciate companies who can be very open, allowing them access to data, systems and people. Those companies who continually maintain an up-to-date data room are putting themselves in a stronger position to react quickly to an investor outreach. The good news for most tech companies is that valuations have remained strong and investors are more open to having conversations than ever – now that they’re not spending time in the air.”

INVEST IN YOUR TEAM AND INTERNAL COLLABORATION



For **Matt** at Festicket the biggest positive of the past few months has been his team's response to the challenges they've faced.

"The effort and dedication has been really refreshing and it shows how much the staff care about the company and also their colleagues."

"We are stronger now as a team than before the crisis began."

"As a finance team our communication and collaboration has actually increased. I've been more conscious of team alignment, team communication and motivation of staff than ever before. We speak more now than when we were in the office and have deployed measures such as daily stand up calls, shared daily priority sheets and other tools to align ourselves and communicate better as a team. And this has had a positive domino effect throughout the business. "Increased collaboration has led to process improvement and a more open culture to speak up and address issues."

Andy Watt is CFO/COO of JRNI, an enterprise SaaS scheduling platform for personalising and optimising the customer journey. Having the team working remotely has been a major challenge. He's responded by giving colleagues greater autonomy.

"We've given the team greater responsibility for getting the job done. We've ramped up our communication, with much greater emphasis on regular communication among management and teams, so that colleagues have a thorough understanding of what the priorities are and how each area of the company is contributing."

Angus Hone is CEO of Blighter Surveillance Systems, a designer and manufacturer of radars and surveillance solutions that can detect distant moving objects in all weathers, across land, coastal and air environments. For Angus, the crisis **"has challenged the paradigms in the way we work."** But he praises the way in which the team has pulled together.

"Blighter's culture means that each person is motivated to do their part for the team. It's a mature attitude. The openness and honesty with which staff interact means that we have a highly resilient team and have been able to draw on the social capital built up over the years."

EMOTIONAL INTELLIGENCE



Angus has hit the nail on the head. A mature attitude - that mix of honesty, trust, respect and empathy - has perhaps never been so important in business, as employees, customers, suppliers and other stake holders have faced huge challenges both personally and professionally. **Paul Haworth** highlights this too. As the overwhelmingly favourable trend towards remote working spelled greater adoption of GetBusy's technology,

"prospective and existing customers were dealing with myriad operational and often existential challenges."

Leaders have needed the emotional intelligence to be aware and respectful of this and to act and communicate accordingly.

As **Michael** says, with employees facing uncertainty, furlough and perhaps redundancy, it's vital to

"communicate openly, freely and honestly with your workforce."

CASH REALLY IS KING

Good cash management should be a given, but the past year has reinforced the message.

At Tevva, **Michael** says,

"careful cash management has been key, including salary reductions for staff still working and active communication with creditors."

At Festicket, **Matt** highlights the importance of trust and respect in investor relations.

"The relationships between investors and management team are essential during tough moments. With trust and respect established it helps greatly in getting to a positive fundraising outcome for all parties."

"Discussions have been much more focused with existing investors than in previous fundraises."

"In a market like the experience economy where Festicket operates, the impact of COVID-19 has been so significant that external investors looking to enter this market have been much more cautious, due to the obvious shorter-term risks. Existing investors who know the management team very well, and who also have excellent insight into the trajectory of the company and opportunities that exist are able to take a more informed view of the longer-term outlook. They also understand in more depth the levers and flexibility that the company possesses to navigate through tricky waters, and they trust the management team to make the right decisions to do so effectively."

At Festicket, where **Matt** had invested in analytics and FP&A capability.

"We were able to understand profitability, growth rates and the economics across regions, product lines and channels very quickly. We understood well the "money in, money out" levers within our business. This insight into investment ROI enabled the senior management team and board to have great insights and be very informed about the choices that we had as a company."

SO, WHAT'S THE OUTLOOK?

And when might we see a return to 'normal' working?

The consensus, given the way Q4 has panned out and the recent vaccination releases, is for a return to normal mid-2021, but this comes with many caveats.



Angus predicts mid-2021 at the earliest.

"I expect we'll see 'normal trading' returning in a number of waves, driven by government decisions, companies' policies on travel, and personal attitudes to risk. The ability for customers & suppliers to physically interact is a major part of business for many industries. Remote interactions will supplement but not fully replace those physical meetings."

"We're seeing more activity and engagement now than in previous months as people have come to terms with what is likely to be the operating environment for a long time to come. Businesses simply have to learn to deal with what we have, assuming they are fortunate enough to still have a market."

Things are looking positive at Tevva. They've developed a new and more ambitious strategy with a new investor and they are now beginning the restart process. So, when does **Michael** see a return to 'normal working'? 2021, but as Michael says, he's an optimist.

At GetBusy, **Paul** is

"accelerating sales and product investment to capitalise on an expected surge to the cloud. That investment was always expected to increase, but we've condensed the timescales significantly."

"In terms of results, I don't think the pandemic has materially changed where we'd expect to be at this point; the pros and cons have more or less offset each other. It's the operational things that will take longer to return to normal - face-to-face meetings, travel to overseas offices etc - and it's hard to make a call on that!"

At JRNI, the situation is positive. **Andy** says,

"We are actually doing pretty well this year (20% up on last year) but I don't think 'normal' will be achieved until the middle of 2021 at the earliest. Because we have been doing quite well we don't really have a rebound strategy, but we are selling different 'solutions' to that which we expected and assume that will continue, perhaps for the long term."

Joe hopes by the middle of 2021 to see something like normal but as he says,

"it's very uncertain - the world could look very different and we have to be ready for that."

For **Matt** at Festicket,

"When we think about a return to normality, we think about two drivers. The first is consumers' demand to attend live music experiences and the second is if those events are allowed to happen safely."

Over the last quarter we've seen a return to year-on-year growth which has been very positive, with events selling for 2021 at record levels. In September we had our all-time record sales day, highlighting the pent-up demand that exists from the consumer perspective. We are now better positioned with resources allocated to the fastest growing and most profitable parts of our business. We're focusing currently on investment into B2B tools for event organisers and innovative payment solutions such as payment plans and pay with friends."

As a company we believe we'll be able to be profitable much more quickly as a result of the changes that we've made in recent months and at the same time be able to offer innovative products for our suppliers and customers."

DISRUPT

MAKE LIFE
COUNT

So, what have we learned from talking to these CFOs and Finance experts? Whilst the events and specific challenges of recent months have been impossible to predict, businesses across the growth tech market that have demonstrated strengths in five key areas are those proving to be crisis-resistant.

1. **Agility and adaptability**
2. **Rapid evolution to being a ‘must-have’**
3. **Investment in team and internal collaboration**
4. **Emotional intelligence – honesty, transparency and respect of everyone’s position is key**
5. **Scrutinous cash management driven by sound FP&A**

We believe that focusing on these areas will ensure long-term business success whenever ‘normal’ returns, or whatever the next challenge may be.

Sky View ✈️

BOOM!



Bailey Fisher and Cooper Parry would like to thank all of our contributors for sharing their experiences and insight. For an informal discussion about your growth plans, your next hire or how we might best support you, please feel free to get in touch with **Andrew Moore** or **Steve Leith**.

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