

# Simon Grey

## CEO AWS

### Business Overview/Investment Context

- Archimedes Wave Swing (AWS) wave energy converter. Utility scale machines by 2010
- Technology Company not a Renewables Company – though will be selling in to a renewables market
  - Important in terms of the investor perspective. You need to think in terms of what investors are looking for when planning to put money in. Three main criteria;
    - IP; does it represent a real technological edge and is it protected?
      - *How is it built in to the business case / business model? i.e. by what means do you plan to utilize it – make/sell or license technology*
    - Financial Projections
    - The composition of the business team; skills, competencies, identified risk factors

### Investment Cycle

Two cycles

- **Cycle 1;**
  - Whole process took about 18 months – including IP transfer from NL to UK, structuring the business properly and securing finance
  - Business Plan development and funding search
    - Corporate Finance Knowledge critical; finding the right finance advisor (corporate) is very important for three main reasons;
      - *Provide practical support on do's and don'ts when pitching for investment e.g. paper rather than ppt*
      - *Key triggers/data/info in a business plan*
      - *Introductions to potential investors*
    - Potential investors typically are looking at a proposal in three stages
      - *The Opportunity*
        - What is the big picture market opportunity?
        - What have we got that others do not? And what does this mean?
        - When will it happen – timescales for development
        - What is the valuation estimation and timescale for exit and realization of profit?
      - *The Team and Financial Plan*

- Who is in the team?, How is the team structured?, How do they contribute to the business?
      - Rigorous test of the Financial Plan – Does it stand up?, is it reasonable?
    - *The Technology*
      - Does it stand up? Does it do what it claims to do?
  - Lessons learnt
    - For AWS the whole process was a very personal one, and they secured funding from one institutional supporter
    - Networking around the investor community is important
      - *Attend events e.g. early stager events, connect – for AWS this meant getting on flights to attend events; typically 2 a week at one stage*
      - *Make connections; the investor world is well connected to itself, so though some investors may not be operating in your space, they can make introductions to others who are.*
    - Deliver on your business plan milestones;
      - *For AWS this meant core team and technology milestones*
  - Issues overcome
    - Technology was an issue
      - *Exit*
      - *Warranty challenge*
      - *Stick with you because the you have a good team and progress has been made*
- **Cycle 2;**
  - Develop the business plan
    - Investors really want to see the “vision” – AWS had to both develop this, but also make the case that this vision could be delivered
    - To build a prototype; identify key capital for investment
    - Create liquidity for investors; establish valuation points – capital growth or perceived capital growth are key metrics for investment
  - A faster cycle, in part due to introductions and commitment made by the 1<sup>st</sup> round investor group – 6 weeks, but due diligence process took longer.
  - Inclusions onto the board (*see later*)
  - Partners much more focused on;
    - the execution plan
    - the robustness of the technology
    - the capacity and capability of the management team
  - Issues overcome
    - Buy out of original dutch designers/founders – investors saw founders as a risk/distraction to their profit realization expectations, so a process of valuing their share of the business had

to be negotiated. Investors took a positive role in making this happen

### Role of the Board of Directors

- Provide support around key strategic decision points rather than the running of the business
- Provide an interface with investors when times get tough. Independent board members play a critical role here; defending and protecting the management when appropriate
- Oversee governance and provide strategic direction based on experience and knowledge

### Role of Professional Advisors

Good legal and financial support are key. In both cases it is important that a “relationship” is developed, and there is continuity in this relationship

- Legal; Advisors who are good business/commercial lawyers in terms of the law, but also have good experience of business itself – a good business brain
- Financial; Accountants but with strong corporate finance knowledge; in terms of structuring a deal, but also links into the investor community.