



An established cPaaS communications platform for customer centric brands.

- **CAPITAL:** Up to £5,000,000 sought as equity
- **PURPOSE:** Refinancing with support for geographical market growth
- **REVENUE:** Over £5.000,000 (current year 2019-20)
- **LOCATION:** Cork, Ireland, with offices in London, Birmingham and Dublin
- **EIS / VCT:** EIS approval granted by HMRC

## The Opportunity for Investment

VoiceSage are a well-established, ‘communications platform as a service’ (cPaaS) business with blue chip clients in the UK and elsewhere, to whom they provide class-leading customer communications technology around service, support and delivery operations. The company employs 29 people in Dublin and London with a turnover of over £5.0m this financial year (Y/E: June 2020).

Trading for over fifteen years, the Company boasts over 90% client retention, evolving significantly in recent years in responding to client demands for more sophisticated, real time customer communications. VoiceSage has an enviable client base from retail giants like Shop Direct, John Lewis and Argos, to financial service brands such as Nationwide, Capital One and PayPal. The company now seeks new capital to expand into Europe and the USA through direct sales and partner channels. Twelve new channel partners are now in place and beginning to sell VoiceSage products. Management has established that comparable solutions in Europe are both inferior and materially more expensive than market pricing in the UK.

Additionally, an Irish state institution, SBCI has offered to provide £10m or more of matched capital alongside an equivalent amount of new private equity. HMRC has granted advance assurance that equity investment qualifies for EIS.

## A Product that Pays for Itself

VoiceSage enables companies to automate customer communications via interactive voice, interactive text, rich media messaging and other modes. This empowers companies to use their business process data to drive personalised outbound interactive communications on a bulk or individual basis, greatly improving customer service for clients.

Typically, customer service is a mixture of printed/posted materials, text messages, phone calls and emails, which can be expensive, ineffective and lead to greater operational costs and customer churn for clients.

The impact of VoiceSage solutions on business metrics is measurable, as evidenced through feedback and reporting from their largest clients. The returns for clients help businesses grow; significantly improve efficiency and reduce costs, whilst at the same time increasing customer retention and general satisfaction.



“The right message, the right channel at the right time”

### Metrics Achieved Using VoiceSage

 **67%**  
Reduction in inbound calls

 **90%**  
Open Rate

 **72%**  
Reduction in operational

 **61%**  
Score increase in customer

This makes VoiceSage’s offering very sticky, as evidenced by the Company’s client retention rate over such a long period. VoiceSage communication solutions deliver ‘the right message, via the right channel and at the right time’, typically relating to bill collection, order confirmation, appointments, surveys, meter readings, deliveries or other issues where a customer response or action is needed to continue or complete the business/service process.

The underlying technology is a cloud-based technology platform which is sold as software as a service, making it robust and fully scalable with a flexible and user-friendly interface. All VoiceSage products are language and accent agnostic and can be sold internationally into retail, financial services, utilities, logistics, business services and other sectors.

## Blue Chip Clients & Referral Partners

The addressable market for VoiceSage spans multiple industries and sectors. Current clients come from retail, utilities, banking and financial services and outsourcers. The company already has the UK arm of several international businesses as clients and the team are starting to leverage these relationships to extend the client base, for example with Pay Pal where the company is expanding to work with them in Germany and the USA..

- Forrester (global technology analysts) estimated the 2020 global market potential for contact / call centres to be 17.4 US\$ billion and the SaaS subscription potential to be US\$2.9 billion.

The management team have negotiated channel partnering in new territories to build relationships and acquire clients through international reseller partners such as OpenMarket and Nexmo (Vonage) – see partner list in diagram below. USA expansion will initially be through these partners.

High calibre sales teams will be grown in each country to drive sales with client support initially provided from the company’s UK and Irish sites.



- “---- our contract rate for collections work has doubled from 1.8% to 4.9% and the cost of our customer contact has dropped from £18 to £2, a massive 89% reduction”. **Jonathan Pearson, Swift Group**
- “Their systems and platform are straightforward and easy to use – and their online user interface and portal for launching campaigns is really best in class”. **David Quinn, Director Collections, PayPal.**

New products have been developed and are expected to add to sales from this point on. These include credit and debit card two-way authentication; fraud prevention; clinical trials; and a disaster recovery product.

## COMPETITION: A dominant UK market

Traditional solutions are expensive, inflexible and ineffective and companies are realising the value and importance of proactive optimum channel communications. In the UK market VoiceSage faces competition from a strong market which includes Infobip, Esendex, mGage, every message and Rant & Rave, but from whom they win business. Importantly they have rarely lost a client to a competitor since inception by focusing on what the Management honestly believe is the best in class technology in the market.

Businesses such as TWILIO, NEXMO and Plivo offer service platforms for developers to write applications. VoiceSage does not compete against this offering as it provides a complete and fully finished solution to business. A recent trend of M&A activity in the sector has been for smaller specialists to be acquired by larger suppliers.

## MANAGEMENT: Senior & Operational

The CEO has built an experienced management team around him, including, Paul Cogan, COO, Wayne Rooney as Finance Controller and Lee Trenam heading up sales growth. A new CFO has been agreed and will be joining the company as soon as funding is raised.



### Founder and CEO, James J. Kett

Founded in 2003, 'JJ' has overseen creation of the company's leading suite of communication products and its growth to over €6m in revenue. Prior to that he was 23 years with the University College Cork where in the last nine years he raised over €100m for the university.



### Paul Cogan, Chief Operating Officer

Paul has been with VoiceSage for over 4 years and he oversees operations and the implementation of partner sales. He has over 15 years corporate and financial experience gained with Deloitte, MTN and Vodafone.



### Glenn Sweeney, Chief Information Officer

Glenn is a top-class manager, a very experienced software development professional and has been with VoiceSage for 5 years. He has worked with Bottle Top Media, Blue Lake, IBM Global Services and Mentec International



### Matthew Weil, Head of Product

Matt previously worked for Realex Payments and Allied Irish Bank. He has a wealth of experience in developing software products designed to meet real customer needs. He is a visionary, a problem solver, a persuasive leader and a strong influencer of customer executives.



### Lee Trenam, Head of Sales

Lee heads up the sales team responsible for client relationships and sales development. He has achieved outstanding success in both channel/account management and new business sales. Lee trained in the Royal Navy and has worked in sales since 1993 in systems.



### David Peters, NED

Effective and accountable in high profile executive roles, David specialises in growth businesses and finance.



### John Lutterloch, NED

A former MD of GE Capital Corporation Ltd, John is also a Director of a number of UK companies.

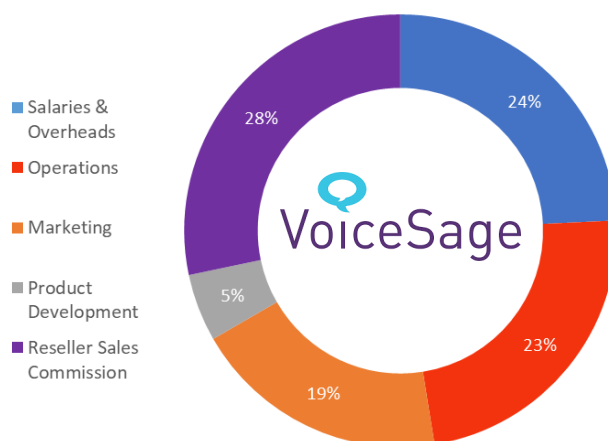
## USE OF FUNDS: Expansion & Matched Capital

The company is currently seeking to raise up to £5m of new capital and the company has also been offered matched funding from the Irish Strategic Investment Fund (SBCI – the Strategic Banking Corporation of Ireland). The new investment will be used to develop revenue growth in the UK with existing and new clients and through market expansion in mainland Europe.

Management already has bridgeheads in several international markets including Spain: one person and key relationships already built in Spain.

The company has also identified four target acquisitions, one of each in Italy, France and two in the USA. Management have held initial exploratory negotiations and believes it can proceed, subject to funding.

Part of the investment raised will go towards developing sales and marketing teams appropriate for each new market territory and continuing to deliver the VoiceSage first-class service to its customers, which will be tailored to the characteristics of each market.



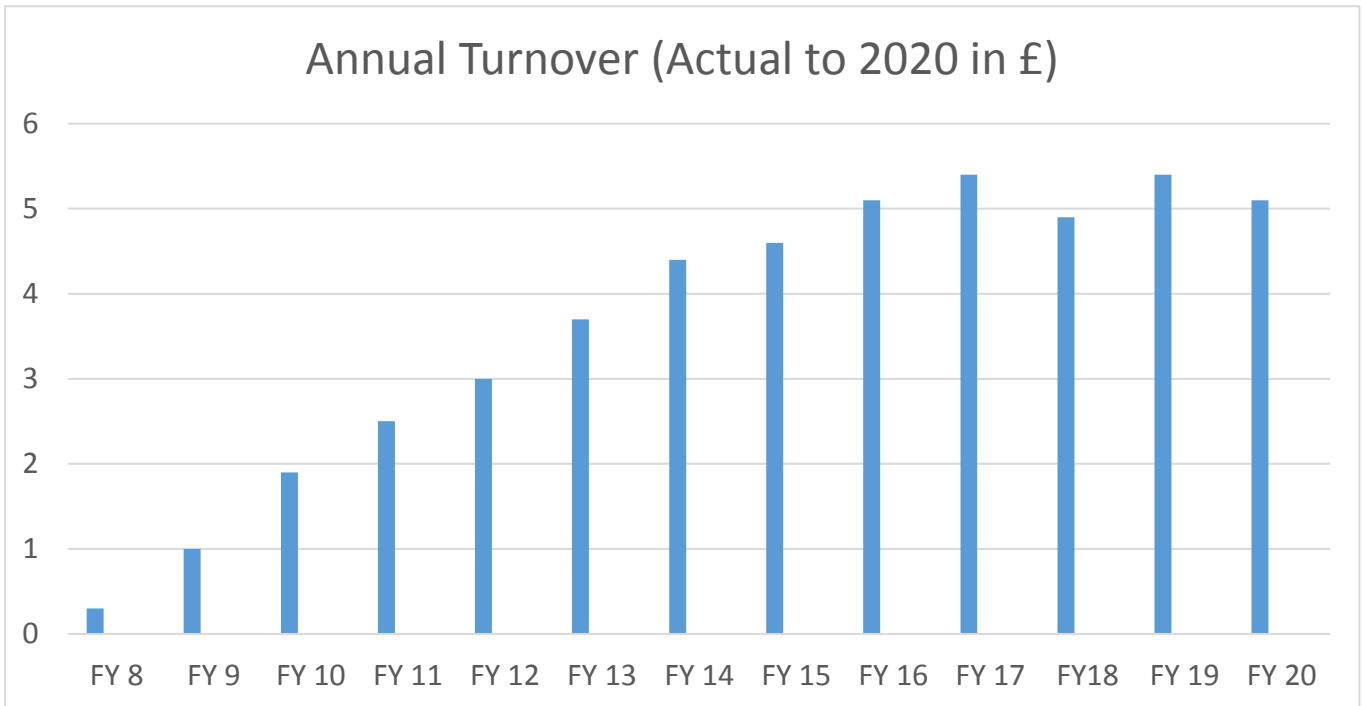
## FINANCE: Forecast

A full financial model is available separately but summarised below.

Profit & Loss Account (£'000)	FY21	FY22	FY23	FY24	FY25
<b>Revenue</b>	<b>6,511,534</b>	<b>8,650,049</b>	<b>13,692,232</b>	<b>23,707,187</b>	<b>40,139,641</b>
Cost of Sales – Telecommunications	3,385,998	4,498,025	6,846,116	11,853,594	20,069,820
Cost of Sales - Sales Commission	260,461	346,002	547,689	948,287	1,605,586
<b>Gross Profit</b>	<b>2,865,075</b>	<b>3,806,002</b>	<b>6,298,427</b>	<b>10,905,306</b>	<b>18,464,235</b>
<i>Gross Product Margin (%)</i>	<i>44.0%</i>	<i>44.0%</i>	<i>46.0%</i>	<i>46.0%</i>	<i>46.0%</i>
Staff Costs	2,310,855	3,309,072	3,650,466	3,3713,007	3,787,267
Sales & Marketing	260,461	346,002	547,689	948,287	1,605,586
Motor & Travel	201,190	311,812	330,924	329,890	332,141
Customer Service & Support	14,089	19,624	33,652	43,782	56,509
Information & Compliance	-	-	-	-	-
Overheads	1,011,596	1,198,973	1,388,049	1,513,563	1,650,737
<b>Operating Expenses (OPEX)</b>	<b>3,798,191</b>	<b>5,185,483</b>	<b>5,950,779</b>	<b>6,548,531</b>	<b>7,432,241</b>
<i>OPEX (%)</i>	<i>58.3%</i>	<i>59.9%</i>	<i>43.5%</i>	<i>27.6%</i>	<i>18.5%</i>
R&D	103,620	116,688	130,008	141,947	144,786
<i>R&amp;D (%)</i>	<i>1.6%</i>	<i>1.2%</i>	<i>0.8%</i>	<i>0.5%</i>	<i>0.3%</i>
<b>EBITDA</b>	<b>-1,036,736</b>	<b>-1,496,150</b>	<b>217,639</b>	<b>4,214,828</b>	<b>10,887,208</b>
<i>EBITDA %</i>	<i>-15.9%</i>	<i>17.3%</i>	<i>1.6%</i>	<i>17.8%</i>	<i>27.1%</i>
Other Income	-141,282	-179,740	-216,519	-220,850	-225,267
<i>FX Reva</i>	-7,871	8,107	-8,350	-8,601	-8,859
<i>Interest</i>	158,785	71,500	83,460	108,577	150,405
<i>Fundraising</i>	572,000	-	-	-	-
<i>Depreciation</i>	227,452	333,368	457,592	686,153	1,376,135
<i>Corporation Tax</i>	-	-	-	-	521,055
<b>Non Operating Expenses</b>	<b>950,367</b>	<b>396,761</b>	<b>532,702</b>	<b>686,153</b>	<b>1,376,135</b>
<b>Net Profit</b>	<b>-1,845,821</b>	<b>-1,713,171</b>	<b>-98,544</b>	<b>3,749,524</b>	<b>9,736,340</b>
<i>Net Profit %</i>	<i>-28.3%</i>	<i>-19.8%</i>	<i>-0.7%</i>	<i>15.8%</i>	<i>24.3%</i>

Historically, the business has grown steadily over the last decade (see graphical summary below).

It experienced a slow down due to the unprecedented drop in the British Pound against the Euro after the EU Referendum. Contingency plans have been put in place to ameliorate the impact of future dramatic currency fluctuations.



### EXIT: Strategy & Investor Returns

Management primarily expect to exit via a trade sale having already received several approaches from potential buyers. However, the company wishes to take advantage of the current fund-raising round to achieve material growth over the next three to five years before considering a sale so as to create significantly higher shareholder returns.

SaaS companies tend to achieve a valuation on exit based upon a multiple of the gross revenues. The multiple is affected by growth rates and client retention, which if management’s plans are delivered, would attract a multiple of between 10 to 15x for investors from this point.

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