# Funding Growth with Private Debt

FUSE — CAPITAL

## Maximise available capital. Reduce dilution. Fuel growth.

**If you're scaling your tech company, the challenges you need to overcome include:**

- How to finance your growth without diluting equity or giving away personal guarantees
- How to raise debt when you're a fast-growing tech company that lacks cash flow and tangible assets
- How to find a lender who won't restrict what you can draw down and how you deploy capital

Fuse Capital helps you solve these challenges by brokering private debt growth finance facilities that specifically cater to the needs of scaling tech/digital businesses.

You can use private debt growth finance to replace, top-up and complement existing equity and finance facilities.

**In particular, the transaction is ideal for funding:**

- Appointment of new talent
- Sales and marketing
- New product development
- Expansion into new territories
- Mergers and acquisitions
- Supplementing funding rounds
- A move to larger premises

## Key features of Private Debt

**You retain ownership**
Supplementing equity rounds and scaling your business with non-dilutive private debt growth finance preserves ownership. You don't have to share your future profits. You have one obligation. To pay off your loan within an agreed term.

**You retain control**
Private debt growth finance lenders do not take a board seat.

**Less expensive and time-consuming than equity**
It can take six-eighteen months to obtain equity investment. It takes a maximum of three months to secure private debt finance. Better still, your cost of capital doesn't scale with your company, unlike equity investment.

**Helps you to achieve an optimal capital structure to support strategy**
Having the right mix of debt and equity in your capital structure ensures you will always have enough money to execute your growth plans.

**Helps you to attract future investors**
Having the ability to raise debt endorses your viability and shows a competent capital mix.

## Private Debt vs Conventional Lending

Because tech startups have few assets on the balance sheet and tend to be cash-intensive, private debt lenders look at credit differently.

Unlike conventional bank debt, private debt lenders secure their loans against recurring revenue streams and intangible assets. Consequently, you can expect flexible structures and less restrictive terms.

What's more, private debt lenders do not restrict your use of funds.

**Typical private debt transaction terms:**

Your turnover is more than £2m
Typical term: 36-60 months
Amount: £2m-£50m
Loss-making or profitable
Timescales: 1-3 months

## How Private Debt finance works in practice

**The Company:** Patients Know Best
**The Sector:** HealthTech
**The Need:** How to raise debt to scale PKB enterprise-wide

Patients Know Best (PKB) is a HealthTech SaaS business that aims to solve the problem of data fragmentation in the healthcare sector.

To hire additional staff and optimise the speed of rollout within the NHS, PKB wanted to raise additional funding.

CFO Ian Bastow said: "We wanted to maximise funds available to the business while minimising dilution of equity ownership."

He added: "Fuse Capital massively reduced the amount of work the executive team and I had to do. The firm knows its market and took on all the research. Knowing which lenders are relevant for your business can save you a couple of days per provider."

Fuse Capital is led by a combination of senior entrepreneurs with extensive deal making experience across the sector, together with a technology passionate sales team. We secure private debt financing solutions to enable tech leaders to realise their ambitions. With access to a worldwide network of funds and a highly experienced team we secure non-dilutive funding for high growth technology companies. Working across VC backed, PLC, and owner managed sectors, our close relationship with lenders enables us to present them with suitable technology companies looking to secure debt finance to complete their stage of growth.


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