

Industrial Motion Control

Background

Synapticon, based in Germany, is a leading pioneer and manufacturer in the field of advanced industrial motion control. They specialize in providing integrated motion solutions for robotics and automated machinery applications.

Synapticon has revolutionized the industry by consolidating and miniaturizing various motion control components into a single integrated solution, including servo drives, brakes, sensors, and safety functions.

With a strong focus on product development, Synapticon has built an impressive portfolio of state-of-the-art products. They have established partnerships with European EMS companies for efficient production and collaborate with reputable component producers to ensure a reliable supply chain.

Synapticon's commitment to quality is demonstrated through in-house final assembly, rigorous quality control, and comprehensive testing processes.



**73% y-o-y growth
in FY21**



**Patent
Technology**

Growth Opportunities & Use of Funds

Synapticon sought venture debt financing to address specific challenges and growth opportunities. The company had previously raised significant equity, but supply chain issues in recent years and an acquisition offer before the pandemic impacted their financial position. In response to this, Synapticon focused on delivering on their order books, which included legally binding offers worth €17 million.

The company's main priority was to secure the necessary funds to fulfil their existing orders and meet customer demands. They needed additional financing to ensure smooth operations, timely production, and the ability to support growth plans by scaling up.

The existing shareholders had already offered support. However, with revenue momentum building and a strong order book, the management team felt debt financing was the right option to pursue.

30m€

Equity Invested

Finding Suitable Lenders Understanding Unique Dynamics

Finding suitable lenders who understood the unique dynamics of the industrial motion control industry posed challenges.

Synapticon's hardware-based business model made it tricky to secure financing from our usual pool of lenders who are more familiar with software or service-based companies

However, Fuse Capital successfully identified a lender with prior experience in hardware funding, facilitating a better understanding of their business and revenue model.

Why They Chose Fuse Capital

Synapticon chose to work with Fuse Capital because they were not well-acquainted with lenders that could fulfil their financing requirements.

They had initially received a term sheet from another lender but for a much lower quantum than that which Fuse Capital eventually helped secure.

Fuse Capital's expertise and network helped the company gain credibility with the targeted lenders. The detailed advisory process allowed Synapticon to focus on closing the right investor, willing to lend the required amount to fuel the company's growth ambitions.

Key Performance Indicators (KPIs) to Build a Compelling Case

Synapticon focused on building a case around their forecasted performance and order book. Meeting forecasted targets and effectively communicating any delays were crucial KPIs.

The company showcased its strong order book for the upcoming year, highlighting its ability to generate revenue in the short term. Additionally, the company presented a concrete plan for future growth, demonstrating its long-term potential.

Presentation and Negotiation Complexities:

During the presentation and negotiation process, Synapticon faced challenges relating to the specificity of their business.

The recurring revenue model and unique industry dynamics required a thorough understanding from potential lenders.

However, having an investor with experience in a similar space facilitated smoother negotiations.

The challenge was to convince lenders to come in and support Synapticon's order books and realize the company's 20x valuation potential.

International Scaleup Profile

Synapticon pursued cross-border funding opportunities and had an international scaleup profile. Being based in Germany, they successfully obtained funding from a Luxembourg-domiciled lender.

This cross-border financing arrangement did not present significant challenges, as the lender had the necessary capabilities and interest in supporting Synapticon's growth.

Specific Assistance Provided by Fuse Capital

Fuse Capital provided valuable assistance to Synapticon throughout the financing process. They helped identify the right investor who understood and was interested in Synapticon's business.

Fuse Capital facilitated reference calls with customers, service providers, and investors, showcasing the company's capabilities and building trust among lenders.

They also ensured that Synapticon was given the correct profile at the lender investment committee, which played a crucial role in securing the financing.





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Client Testimonies

"Fuse Capital's understanding of our unique business dynamics and their ability to source the right investor made all the difference.

Their expertise in hardware funding and knowledge of the market gave us the confidence that we were in good hands.

Fuse Capital's support in presenting our forecasted performance and order book, as well as their strong relationships with lenders, helped us build a compelling case and secure the financing we needed to drive our growth.

We are grateful for their partnership and look forward to achieving new milestones together." -




Nikolai Ensslen
CEO, Synapticon


FUSE —
CAPITAL

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