

FUSE —
CAPITAL

CASE STUDY

oodles

2022

Meet Ooodles

Ooodles is a UK-based company that offers tech rentals for businesses and professionals. You can rent phones, laptops, and other tech devices monthly with no upfront cost, free replacement or repair, zero-fee upgrades, and a self-serving platform to manage all your IT devices in one place. What sets Ooodles apart in this transformative journey is the sheer magnitude of the deal, a milestone rarely ventured by small businesses. Ooodles Group successfully secured a \$12m investment to propel Ooodles' expansion journey further. In this trillion-dollar arena, there's been a surge in participants offering leasing alternatives of late. However, they only tap into a minimal slice of the potential market, and the challenges of breaking in remain significant, given the precise blend of expertise needed to expand this kind of infrastructure. The fact that this round was mostly made of a debt component for asset-backed financing, represents a game changer for Ooodles, providing the non-diluting funding to acquire the hardware essential for Ooodles' operations. This feat would have taken much longer to achieve through equity alone.



54% y-o-y
growth in FY22



4.9* Trustpilot
rating

*as of Sep 2023

£2.7m

Prior Equity
Invested

Growth Opportunities & Use of Funds

Ooodles embarked on a journey to secure a \$4 million asset-backed facility as part of this fundraising, for its ambitious growth plans.

The funding aims to reinforce Ooodles' strategic initiatives and being able to strengthen its purchasing power to serve unmet demand, especially in the B2B segment.

This infusion of funds sets the stage for Ooodles to capitalize on its highly scalable proprietary platform and further solidify its position within the expansive market.

The Power of Asset-Based Lending

Asset-based lending, the cornerstone of this deal, is pivotal. It allows Ooodles to leverage their existing assets to secure substantial debt financing, a move that's poised to catapult their growth.

Only a small portion of the existing book was funded. It does allow for a higher percentage of funding of new assets as these are fully secured and "ringfenced."

Navigating Uncharted Waters

This intricate deal presented multifaceted challenges. For starters, it involved a seasoned French lender, embarking on their first deal in the UK market; compounded by the complexities of a regulated industry. Ooodles, operating under the watchful eye of the Financial Conduct Authority (FCA), required their foreign lender to understand and meet specific regulatory requirements. Fuse Capital helped streamline communication in that regard.

I understand what nuances you were conveying there, I think. I didn't like the English all that much though. Worded this way, does it work for you?

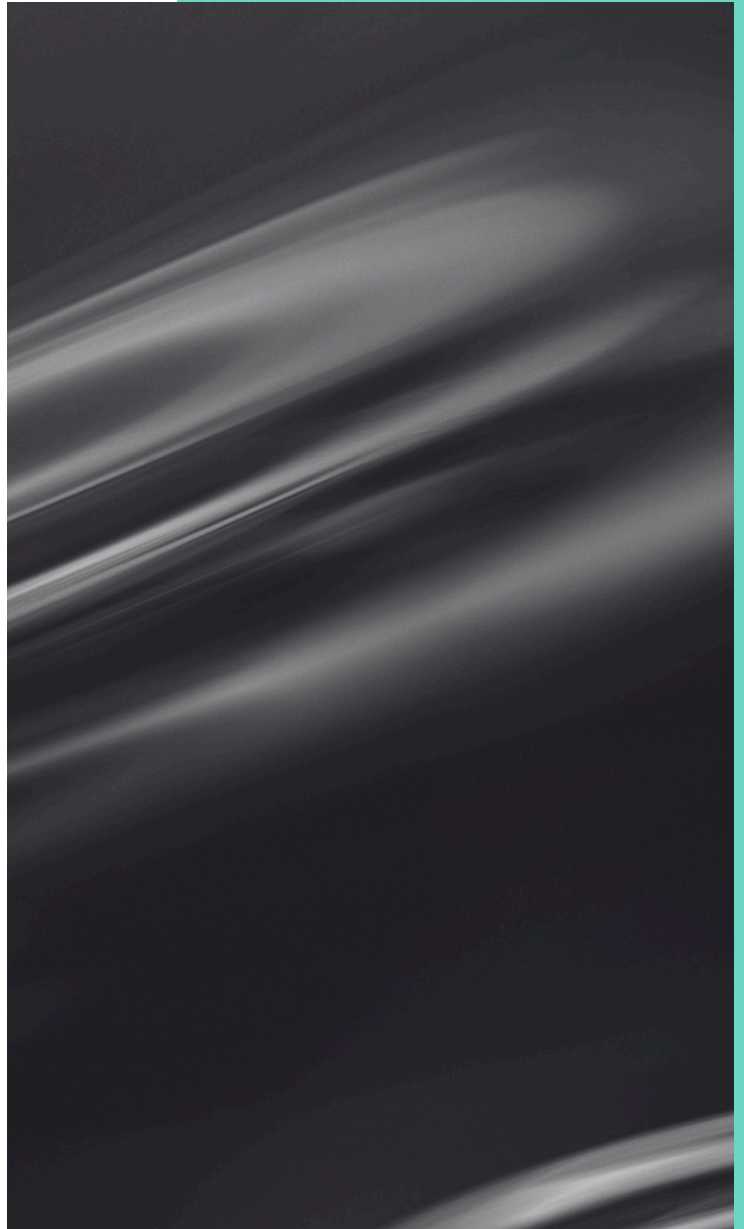
The Complex Web of Agreements

The deal was not a simple transaction but a meticulously orchestrated symphony of agreements. An SPV (Special Purpose Vehicle) was employed for asset lending, bringing forth a complex web of interrelated entities, subsidiaries, and agreements.

Ten different legal documents formed the backbone of this financial arrangement, each intricately tied to the other.

Crunching the Numbers

The Ooodles business model has been able to prove solid unit economics since its early stage, with a projected positive cash flow plan already in its third year of operations; this is one of the factors that attracted many potential investors to the conversations. Despite that, Ooodles' financial model for this venture was exceptionally complex, necessitating intricate scenario analysis and financial structuring to reflect the multiple entities and funding arrangements. The scale of the operation was a game-changer, but with it came a myriad of complexities. Ooodles recognized the need for specialized expertise and turned to Fuse Capital for support.



The Models that Made the Difference

Our dedicated financial modelling was the linchpin that held this intricate deal together. The ability to craft and manage a highly complex financial model was a key differentiator. The key is always to fine-tune the models according to the audience, and stage of the deal. A high-level, simple model with fully integrated cash flow, balance sheet & PNL with limited amounts of revenue drivers is preferable when presenting to funds. However, when the time comes for the due diligence process, the model needs to take into account all of the covenants and terms, which can get tricky. The objective was to secure the protection of the lender while giving the headroom for the business to grow at its fastest potential: a win-win scenario for the two parties. When drawdown conditions intersect with asset repayment and holiday repayment windows, like in the case of Oodles, our financial experts need lengthy iterations of financial models to ensure all parties profit from the deal. In this case, FC's own Goonjit Singh Pahwa & Hayden Smith worked marvels to craft and present those models & help Oodles secure the best deal for their specific requirements

Navigating the Equity Backers and Warrants

Confidence around equity backers was paramount. Negotiating the deal structure and key aspects like warrants required finesse. The advisor's role in finding a lender willing to undertake such a complex transaction was critical.

Coordinating the Multifaceted Setup

AN SPV was established, and coordination was key to ensuring all stakeholders comprehended the intricacies of the arrangement. It was akin to orchestrating a finely tuned orchestra, where every instrument had its part to play.

“

“Fuse’s financial modelling expertise was really impressive. Their ability to demystify complex financial manoeuvres was critical in getting this deal done.

Leonardo Poggiali

CEO, Oodles

”



It was a technically complex transaction, with detailed financial modelling and a large suite of transaction documentation. In many ways, it was a landmark transaction for both Oodles and the lender, and we were proud to support Leo and the team and wish them all the best for the future.

Hayden Smith

Fuse Capital

A Transformative Industry

Challenging the buying process and favouring more sustainable and flexible solutions is a market trend confirmed in many industries.

The scaling of players like BackMarket has accelerated the trend for second-hand mobile phones. Ooodles aims to do the same on rentals, specifically for premium European SMEs.

Looking to raise capital that fuels, not slows—your growth?

Fuse Capital helps close the right deal at the right
time, with the right partner.

Let's talk!



For more information or to discuss your funding needs, please contact us at:



www.fuse-capital.com



Enquiries@fuse-capital.com



JustCo, 120 Robinson Road, #15-01,
Singapore 068913

London | Amsterdam | Mumbai | Singapore