



FUSE
CAPITAL

Insurtech for OEMs

Background

Wrisk, a UK-based insurtech company, specializes in providing insurance technology solutions to businesses in the manufacturing, distribution, and insurance services sectors.

The company offers a flexible white-label insurance platform that allows enterprise customers to integrate insurance processes, determine insurance prices, and distribute insurance products. Wrisk acts as a managing general agent for insurers or provides its platform as a standalone subscription service known as Platform-as-a-Service (PaaS).

With a strong focus on regulatory compliance, Wrisk has established strategic partnerships with renowned companies such as BMW, and MINI, resulting in long-term contracts lasting three to five years. These partnerships provide Wrisk with reliable revenue streams and stability. Notably, Wrisk emphasizes its expertise in regulatory compliance rather than assuming insurance risks directly.

To determine insurance costs, Wrisk utilizes its own advanced pricing engine, which incorporates various data sources and integrates telematics technology. Wrisk is renowned for delivering exceptional user experiences (UX) and leading-edge data solutions through its cloud-based technology.

Expanding its offerings further, Wrisk has developed an in-house insurance intelligence platform. This platform empowers brands with self-service analytics capabilities and facilitates convenient, two-way data flow through its restful APIs.

The company boasts a strong pipeline of potential clients and has recently secured partnerships with MOBILIZE financial services and Credit Agricole Auto bank. Additionally, Wrisk successfully participated in a competitive tender process, leading to an appointment from Volvo.



4x increase in
revenue expected by
2026 post-funding



Gross Written
Premiums up 108%
from 2021

£14.6m

Existing Equity
investment

Growth Opportunities & Use of Funds

What were the specific challenges or growth opportunities that prompted the company to seek private/venture debt financing? What's their use of funds? Wrisk sought a multimillion funding package of private/venture debt financing to address specific challenges and capitalize on growth opportunities. The company identified two primary drivers for this financing round:

a) Growth and Expansion:

Wrisk aimed to expand its presence in new markets, particularly in the UK and the US. The funds would enable the company to invest in marketing, sales efforts, and business development activities required to penetrate these markets effectively. Approximately 60% would be allocated for expanding operations in the UK, while around 40% would support the company's international expansion strategy.

b) Bridge Round Before Series B:

Wrisk anticipated that the completion of its Series B funding might be delayed due to current market challenges. The multimillion debt financing would complement the ongoing Series B funding efforts and provide the necessary runway to sustain operations and execute growth strategies until the Series B round concluded.

In short:

By getting private debt, they will be able to take on new, big contracts sitting in their pipeline. This will drive their valuations higher when the time for their equity funding comes around.

By securing this financing, Wrisk aimed to strengthen its position in existing markets, enter new markets, and attract larger clients during the Series B round, potentially leading to improved valuations and growth prospects.

By addressing these challenges and leveraging growth opportunities, Wrisk intended to consolidate its position as a leading insurtech provider and drive further expansion in the industry.

Finding Lenders Who Understood Unique Dynamics

Finding lenders who understood the unique dynamics of the insurtech industry and Wrisk's business model presented a significant challenge.

The sales cycle, particularly in expansion efforts, required lenders to have a deep understanding of B2B2C revenue streams and how commissions worked within the industry.

Insurtech also involved navigating technical and regulatory implications related to risk business models, making it essential for lenders to grasp the intricacies of the industry.

KPIs for Building a Compelling Case

To build a persuasive case, Wrisk focused on monitoring and emphasizing key performance indicators (KPIs) such as Gross Written Premiums (GWP), revenue retention, and conversion rates for signing up new clients.

GWP served as a crucial metric to demonstrate the company's growth trajectory and financial success, while revenue retention highlighted the company's ability to maintain existing client relationships.

Conversion rates highlighted Wrisk's ability to attract, retain and onboard new clients effectively.

Challenges in Presentation and Negotiation

Presenting and negotiating financing deals for Wrisk involved navigating specific challenges and complexities due to the nature of the business.

The regulatory landscape posed a considerable hurdle, requiring lenders to understand the implications and significance of different accounts and security measures.

Concentration risks, such as relying on a handful of major contracts, were also factors that needed to be addressed and mitigated to assure lenders of the company's stability and resilience.

Cross-Border Funding & International Scaleup Profile

Wrisk explored cross-border funding opportunities and had an international scaleup profile. However, obtaining offers, term sheets, and closing deals with international lenders presented challenges.

One notable hurdle was the conversion of currency, which required the assistance of professionals familiar with the process. In this case, Wrisk received support from Fuse who helped facilitate the conversion and navigate international financing complexities.

Reasons for Choosing to Work with Fuse Capital

Wrisk decided to collaborate with an advisor rather than pursuing the financing process independently due to several reasons.

The company recognised that it needed support undertaking the financing process, allowing Wrisk to also focus on growing their business.

Additionally, Wrisk's investors did not have existing connections to lenders specialized in the insurtech space, highlighting the value an advisor could bring in terms of establishing the necessary relationships.

Specific Assistance Provided by Fuse Capital

Fuse Capital played a pivotal role in supporting Wrisk throughout the financing process. They helped keep the business operational by securing the necessary funding.

Additionally, the advisor educated shareholders on the financing requirements, addressing any questions or concerns raised during board meetings.

Finally, Fuse Capital facilitated the negotiation process and successfully structured a highly favourable deal in the current market environment. Provided the flexibility to continue its growth.

Lessons Learned

Throughout the financing journey, Wrisk gained valuable insights and lessons. They recognized the importance of aligning with lenders who possessed industry-specific knowledge and understood the nuances of their revenue model.

Wrisk gained valuable insights into diversifying their capital structure and the complimentary nature of equity and debt.

Testimonial

"Fuse Capital involvement was invaluable to the process of raising capital in a challenging market."

Nimeshh Patel - CEO Wrisk





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