



Jonathan Grant
Partner and
Head of Corporate



John Yates
Partner and Group Head of
the Commercial Team in
Gatwick

Corporate Commentary

Welcome to this monthly series for business owners, where myself and colleagues aim to demystify the corporate market and highlight trends in a non-technical manner.

For a further discussion on any of these topics, please contact us by:

Email: Jonathan.Grant@dmhstallard.com
Mobile: 07912 087173

Email: John.Yates@dmhstallard.com
Mobile: 07711 082957

Issue No.10

Investment-readiness

Things to know to get the money to grow.

Securing the funding to allow your start-up to grow can be a challenge: investors will want to run a ruler over your business. To navigate that process, it pays to understand some key issues.

An investor will want to know many things. Here, we will consider but three areas.

Contracts

Contracts are essential for your business. Flashpoints include:

- Payment terms.
 - When will you be paid? And monies out, is there a cash-flow risk?
- Termination rights:
 - Profitable contracts should be maintained; bad ones dropped. "Termination without cause" may help with the latter, but don't with the former.
 - Investors may be wary of a "termination on change of control" provision.
- Limitation of liability
 - Have you capped your liability appropriately?
 - Have you agreed any uncapped liabilities?
- Indemnification
 - Are those indemnities you give "narrow" in scope?
 - Can you take control of an indemnity claim made against you?

IP

Most entrepreneurs are IP-savvy. We do encounter businesses claiming to have none! All businesses will have IP– examples include copyright in marketing materials, a trading name, or a customer database.

Registration demonstrates ownership but is only available for patents, trade marks, and designs. With copyrights, know-how, databases, and other unregistered rights, you will need to be able to evidence ownership. Be prepared to share your processes but only do so with safeguards in place.

If you use freelancers, you must have contracts with them which transfer IP ownership to you. It can prove embarrassing to address this after the event, but it can be done.

Data protection

Clients often say, "We handle "business data" so GDPR is not relevant". Chances are that that data is personal data caught by data protection laws.

Compliance is more than an ICO registration and a website privacy policy. Do not underestimate the time and cost (whether internal or external) to get things right. It is important as investors fear the significant fines and possible reputational damage for non-compliance.

Running a start-up is exciting, and we can help keep the flame burning. If you want to know more about investment-readiness, do get in touch with

John Yates:

Mobile: 07711 082957

Email: John.Yates@dmhstallard.com