

Snapdragon Monitoring Limited



Removing counterfeit products from online marketplaces to protect consumers and stop funds flowing to criminal activity

Business

Overview of Investment Opportunity

Snapdragon offers a SaaS based solution for brands to protect themselves against counterfeit goods using their name being sold online. The company's proprietary software scours online marketplaces and flags IP infringements. Removing items from marketplaces takes just a few minutes and the team boast a 96% success rate and excellent client retention.

Based in Edinburgh, Snapdragon has recurring revenues of £40k per month. The company is looking to consolidate its market position by raising £750,000 to meet the rapidly growing demand by expanding the team and further developing the automation of the SaaS product. Existing investors and two business angels (inc incoming Chair) have committed £450,000 of the round.

Business and Market Opportunity

Counterfeit goods account for \$0.5 trillion in lost revenue each year and the problem is growing at 25% a year. At the same time, online shopping is growing rapidly and is predicted to reach \$4 trillion in 2020. As well companies losing revenue, counterfeit goods have a significant impact on company reputations. Consumers are at risk from potential health and safety issues caused by fake products. Counterfeit items are often produced in poor working conditions, are a key source of funding for terrorism and other criminal activity and a popular means of laundering money obtained through crime.

Products and Services

Snapdragon has a proprietary, AI powered system called Swoop that continuously monitors online platforms and marketplaces (from Amazon and Alibaba to Walmart and Wish). Using sophisticated algorithms, supply chain intelligence and multi-lingual capabilities, Swoop analyses product descriptions, prices, images and trademarks to quickly and accurately identify and report on intellectual property infringements. Items can be removed from platforms in as little as four minutes. Snapdragon removed items with estimated value of £100m from marketplaces in the period March – Sept 2020.

Snapdragon's Business Model

SnapDragon offers 3 different subscription levels, all providing 24x7 monitoring by the Swoop algorithms:

1. Basic: 1 brand/10 platforms – £300pm
2. Advanced: 1 brand/30 marketplaces – £1000pm
3. Tailored: Unlimited brands – from £1800pm upwards

Target Market and Key Clients

Snapdragon was founded initially to help SMEs at a price they could afford, the solution is now sought by much larger businesses due to the sustained takedown success. Clients cover many sectors including wellbeing, food and beverage, components/ vehicles, nursery and toys, fitness, fashion and entertainment. Clients are geographically spread in UK, Europe, Australia, Canada and USA. Client testimonial videos are available on the Snapdragon [website](#).

Sales and Marketing Strategy

- Many of Snapdragon's clients are referred by other clients or are competitors of Snapdragon client companies looking to achieve the same level of protection as their competitors.
- The Snapdragon sales team makes direct to client sales and enter formal tender processes for high value contracts.
- Snapdragon has strong indirect sales channels including referrals from law firms (Snapdragon offers a white-labelled system), IP advisory firms and organisations and specific industry/ sector associations.
- Snapdragon been successful in securing clients with low marketing spend by having very focused PR and marketing in specific sectors. It has a detailed marketing plan to execute after this investment round.

SNAPDRAGON MONITORING LIMITED

COMPANY DETAILS

Website: <https://snapdragon-ip.com/>

Industry: Consumer protection and crime prevention

Impact: Responsible consumerism

Date Founded: 14/11/2014

No. of Employees: 19 FTEs

INVESTMENT INFORMATION

Investment amount sought:
£750,000 (£450,000 already circled) - £50,000 min investment

Form of investment:
Equity investment

Indicated pre-money valuation:
£3m

EIS/SEIS/SITR Qualified?:
EIS

Targeted financial close date:
Nov / 2020

Investors/investment to date:
Mercia Fund Managers
Scottish Investment Bank
Individual Investors
£1.75m invested to date

Sustainable Competitive Advantage

- First mover advantage in taking a tech-first/ SaaS approach to this problem that would take new market entrants considerable time to replicate
- Breadth and depth of analytics that clients find valuable
- Excellent client retention and loyalty
- Well established client base in many sectors and geographies
- Strong relationships with online marketplaces and a strong presence in the international illicit trade prevention groups

Management Team

- **Rachel Jones**, CEO: founded Snapdragon after experiencing counterfeiting with her previous business, TotSeat (a baby product that generated £10m retail sales). Rachel has won many awards including Entrepreneur of the Year 2020 by the China Britain Business Council
- **Kieron Smith**, Head of Product: studied AI and software engineering. Kieron has worked with JP Morgan and Goldman Sachs, in Business Continuity, Data Analytics and Client Intelligence
- **Mary Kernohan**, Head of Nurture: more than 20 years' experience in sales, fundraising, manufacturing and brand development. Mary worked with Rachel at Totseat and previously managed new sales and emerging market opportunities for Blackbaud Europe
- **Jet Doran**, Director of Engagement: a background in law and criminology, Jet is part of the founding team and leads SnapDragon's Brand Protection department. She has strong relationships with IP enforcement teams and senior staff within key online marketplaces

Impact

Social/Environmental Outcomes

- Snapdragon takes a [thought leadership](#) role in highlighting the breadth and complexity of problems caused by counterfeit goods. The Snapdragon team is involved in international groups that seek to address illicit trade.
- Counterfeit items are often manufactured in poor working conditions by children and other vulnerable groups.
- Money generated from the sale of counterfeit items is often used to fund human trafficking, drugs, terrorism and other crimes (some of the issues are illustrated in this [article](#)).
- Counterfeiting is a primary means of the money generated by criminal activity being laundered into the mainstream economy.
- By removing counterfeits from platforms, Snapdragon plays an important role in reducing all of these criminal activities.
- Counterfeit goods have serious dangers for consumer health and safety as fake products (from medicines, personal goods and baby products to automotive parts) can cause significant health problems even fatalities.
- Revenue protection for SMEs is the most easily measured impact, preventing £100m of lost sales of genuine products in a few months is significant. In the UK SMEs employ 16m people and account for 3/5th of UK employment.

Financial snapshot

| £'k | 28 Feb 2018 | 28 Feb 2019 | 29 Feb 2020 Draft | 28 Feb 2021 Forecast | 28 Feb 2022 Forecast | |
|-------------|-------------|-------------|-------------------|----------------------|----------------------|------------------------------|
| Turnover | 108 | 233 | 502 | 604 | 1,392 | |
| EBIT | (208) | (467) | (587) | (573) | (144) | Cash at Bank (07/20) - £275k |
| Shldr Funds | 170 | 907 | 424 | TBC | TBC | Monthly Cash Burn – c£66k |

Snapdragon is forecast to breakeven in August 2021

Current Capital Raise & Use of Funds

Snapdragon is seeking £750,000 in equity investment. Indicated pre-money valuation: £3m

- £450k already committed to this round from existing investors and two HNWI's (including incoming Chair) who are investing £100k each.

Use of Funds - expanding the Sales and Marketing team, additional infrastructure to further develop activities in EU and USA. Technology development for self-service for full SaaS, increase UI/ UX expertise and further value-add technology initiatives.

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