

SUCCESS STORY

DesignMyNight



The Client

DesignMyNight is a provider of SaaS solutions for bars and casual dining venues.

DesignMyNight provides B2B reservation booking and ticketing software solutions for the casual dining and bar industry. It also runs a direct to consumer website which allows millennials to plan nights out in London and other UK cities. Growing rapidly since its launch in 2010, by 2017 DMN had 4 million monthly views, over 1,850 UK subscribers to its software and more than 300 monthly events listed.

The business started when two university friends Andrew Webster and Nick Telson wanted to reserve space in a bar for a night out with friends, and couldn't find recommendations on where to go.

Initially DesignMyNight.com started as a blog, recommending bars and casual restaurants in London. However, such was its success that venues featured on DesignMyNight.com began to struggle to manage enquiries. Andrew and Nick then decided to build Collins, the only SaaS reservation software built solely for the casual dining & bar industry, which allowed venues to accommodate large group bookings and pre-ordering.

The company soon discovered that their customers had other unmet needs – they frequently offered music gigs, comedy nights, brewery tours or other pop-up events but didn't have a way to sell tickets. DesignMyNight (DMN) then developed Tonic, a self-service ticketing box office and marketing platform, selling into the same customer group.

Initial Contact

FirstCapital met with Andrew and Nick in early 2016. John Bates, Chairman of the Board at the time, who had worked with FirstCapital previously on the sale of Multimaps to Microsoft, made the introduction: "I knew FirstCapital had the professionalism, attention to detail and industry knowledge that would make them a good deal partner for DMN."

DMN had a strong financial profile, with over 90% year-on-year revenue growth and very high EBITDA margins. "The niche they had carved out in the casual dining market and the quality of their SaaS products demonstrated exciting potential for scaling and replicating their products internationally with the right resources," says FirstCapital's CEO Jason Purcell.

When they engaged FirstCapital as advisor, the team was at maximum capacity and the founders felt the business would benefit from a bigger partner's support to scale more rapidly:

"We wanted a strategic sale, with a partner who valued our business and didn't want to break it up. Who would allow us to keep growing. Jason really took time to get to know our business, ensuring he had a thorough understanding of our processes and products first, rather than imposing a one-size-fits-all strategy for sale. This helped him market us, and ensured he advised us on the optimum time to sell."

Andrew Webster, Co-Founder

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Getting Ready for the Transaction

As the first step, FirstCapital worked with Andrew and Nick on understanding stakeholder objectives and developing strong strategic positioning. FirstCapital then prepared an information memorandum and teaser document to articulate a compelling proposition, and helped refine the financial model and forecasts. “The biggest value-add for me came with the number crunching. The FirstCapital team were supportive with all the behind the scenes stuff that needs to happen in the run-up to a deal. Their reporting and modelling expertise were invaluable, and I would have struggled to manage the extra workload myself,” says Andrew.

As the founders wanted a strategic sale, FirstCapital identified a range of acquirers that had a strategic interest in this space including players in the travel, ticketing and hospitality sectors. FirstCapital conducted a discreet “pre-marketing” exercise to the target buyers, to raise awareness of the company and to qualify interest, before arranging a series of meetings and calls with the most interested parties.

Delivering a Win-Win Deal

Whilst discussions were progressing with a number of interested parties, Access Group submitted a pre-emptive offer to buy the business and the process of brokering an exclusive deal began ahead of schedule. FirstCapital had been talking to Access Group previously about their plans to expand their hospitality division, specifically, their desire to add a booking and reservations offering. “The fit was excellent,” says Jason Purcell. “Access provided DMN with the support and resources to increase market penetration in the UK, one of their core aims. Access was also able to move quickly to close the deal, with the support from its PE-backer, TA Associates.”

“We were really happy with the negotiation support from FirstCapital, which resulted in an attractive structure with appropriate incentivisation for the team, and we have found a great partner in Access to help drive the future growth of the business” says Andrew.



“We needed a deal partner who could address our requirements in a clear and coherent way. FirstCapital’s experience and domain expertise were evidenced in their valuable advice that the business wasn’t ready for a sale when it was first suggested.”

John Bates, Chairman