

Banking on Tech: Interview with Hazel Moore on FirstCapital and ACXIT's new banking powerhouse in Europe



Hazel Moore, OBE Chariman and Co-Founder of FirstCapital

Next time you see the announcement of another nine-figure mega-round or **acquisition** of a European technology company, it's likely that the deal was brokered by **FirstCapital**. The international investment bank has helped facilitate transactions behind some of Europe's most valuable acquisitions, recently including **Bloomsbury AI's sale to Facebook**, and the **purchase of CoSale by New Relic**. Headquartered in London, with offices in Dublin and in Silicon Valley, FirstCapital works with high-growth European technology companies on late-stage deals valued between \$50m-\$500m.

Today, FirstCapital is making an announcement of their own, sharing they've joined in a strategic partnership with **ACXIT Capital Partners**, an international corporate finance and advisory firm headquartered in Frankfurt. Together, both firms are responsible for a significant portion of the European tech M&A market, with sales to some of the tech world's biggest names, including Microsoft, Facebook, Apple, Google, and IBM. Like FirstCapital, ACXIT Capital



Natalie Novick

Natalie is a sociologist and Research Director for the European Startup Initiative, a non-profit research group. For the last four years, she has been conducting fieldwork with entrepreneurs and community builders for the project, The Startup City: The meaning of place in Digital Europe, in support of her PhD dissertation for the University of California, San Diego.

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Partners specializes in serving the technology industry, with a focus on software, blockchain, AI, cybersecurity and mobility, among other specialties. The new partnership brings together over 70 experienced banking professionals from across Europe and beyond in a new network positioned to reach strategic buyers and serve clients across the globe.

FirstCapital's story goes back to 1999, when the firm was co-founded by [Hazel Moore](#) and [Jason Purcell](#). Hazel has dedicated her life to working to improve outcomes for technology companies, both through FirstCapital and also by extensive service to the industry, working with groups including [Innovate UK](#) and the [Future Fifty advisory panel](#). I sat down with Hazel to learn more about the new partnership, FirstCapital's approach to smart dealmaking, and what founders should know before they're in a position to sell.

Hi Hazel, thank you so much for sitting down with Tech.eu. At the core of FirstCapital's work is "smart dealmaking". It's such an important value, that you've made it the company's Twitter handle. You've been bringing together firms for a long time—so when it came to building a partnership of your own— bringing together FirstCapital and ACXIT Capital Partners, how did you know they were the right firm to help carry out this global vision?

Most investment bankers are focused on the deal. A deal is just a deal. They get it done (or not) and move on. There's a certain culture associated with that approach, and that works for a lot of people. It doesn't work for us. In building FirstCapital and our team, we've always been really focused on the cultural fit. It's part of our recruitment process, and also to be honest, a part of our client selection too. Smart dealmaking means focusing on the client, and on delivering not just a deal, but a win-win deal; the best possible outcome. It's not about quantity but quality, and the ability to deliver premium valuations and high success rates. The critical thing that we were looking for in a partner was a set of shared values, which we found with the team at ACXIT. Like us, they've been around a long time, they have a strong heritage and a great market presence, and there's a really good geographic fit between the two firms.

FirstCapital's new deal with ACXIT builds a European "mid-market powerhouse" and expands your cross border activities. What types of technology firms are you going to be looking to work with going forward, and what types of companies will best benefit from this new strategic cooperation?

I think there are a number of dimensions to this partnership that will drive value for our clients. Firstly there are not many, if any, mid-market tech investment banks in Europe that have sold to as many of the big US tech buyers as we have – together we have sold companies to the

likes of Microsoft, Facebook, Apple, Google, IBM, PayPal, eBay and others – so we have a great offering for tech companies looking to access global buyers and investors. Secondly with our footprint across Europe we have fantastic dealflow for corporate and private equity buyers. It's a great combination of strong local networks in our respective geographies, a combined global presence, and a real focus on mid-market, growth-stage tech companies.

You're a longstanding figure in European late stage VC, behind some of the industry's biggest deals. How have things in the technology venture capital world changed since you set up FirstCapital, compared to today?

The European technology venture capital world has changed, almost out of all recognition, since 1999 when we set up FirstCapital. Back then most founders were first time entrepreneurs, and the majority of the venture capital funds were relatively small, and mostly nationally focused, run by financiers. To raise a few million, and then exit for a few tens of millions was considered a big success. Today we have a much richer and more mature ecosystem. Not only are there serially successful entrepreneurs across Europe, but also there is a broader, deeper and more international pool of venture capital, many of whom have been entrepreneurs themselves. The result is a critical mass of more experienced teams with global ambitions, who are able to raise larger sums of money in order to aim big. Underlying all of this of course is incredible tech talent. It's a very exciting time to be involved in the European tech scene.

There's been some critique in the industry that European start-ups sell too soon. As someone who has worked for a long time with exit-stage startups, would you agree? Has this changed over time? How do you know a startup is ready to exit?

This is a criticism often leveled at European start-ups, but I think it is too easy to say "European founders are not ambitious enough" – in my view the reality is much more complex. Investors play a part too. We very often see companies where the founders do not want to exit, they want to raise more money and grow further, but they aren't able to do so. Typical situations might include where they have early investors who cannot put more money in and are forcing a lower value exit, or where incoming investors refuse to allow the founders to take a bit of liquidity, so they choose to sell rather than risk ending up with nothing.

Happily, I think this is changing, largely because there is more money available from a greater variety of sources, meaning successful companies have more attractive options to raise more money on better terms, and we also see later round investors being more open to the needs of founders and early investors to de-risk. Having a more joined-up continuum of funding which allows companies to access the resources they need to grow enables them to stay private longer and to build more value, and I think the funding scene in Europe has improved a

lot in this respect. The other factor is that success breeds success, and the more role models with successful exits we have in Europe, the more that inspires entrepreneurs to emulate or exceed the achievements of those who have gone before.

You've shared how there's a common perception in the industry that about 50% of M&A deals fail to deliver value. What are some of the biggest misconceptions about exit strategy? How early is too early to think about exiting? Does this vary by industry vertical or technology?

Far too many companies do not in reality have an "exit strategy". They have an ambition, or a vaguely expressed hope, but they do not have a strategy. In my view an exit strategy is something that you need to work on, potentially over several years. The exit itself is the culmination of the strategy, of a carefully planned and executed process, not an event that just occurs because you have decided that now is the time to sell, or because the phone happens to ring and it seems like a good idea.

At a basic level, for example, in order for someone to buy you they need to know who you are. However, I spend a lot of time in the US, in particular on the West Coast, talking to the strategic buyers that most European tech entrepreneurs would like to sell their companies to. The reality is that most US buyers do not have good visibility of what is happening in Europe, and they do not know the companies. When they want to buy something, they will buy what is in front of them if it fits their need, they will not necessarily comb the globe for the best. So European companies need to work extra hard to make sure that they are in front of the right people at the right time, and that means a lot of investment in building the right relationships over a number of years.

One of the recent trends FirstCapital shared recently, is that more and more American corporates are looking to Europe, and specifically, to European startups when it comes to acquisitions. What are some of the ways that European startups can stand out to U.S. buyers? Are there any particular industries and technologies that stand out right now?

Although most US buyers don't have good visibility of what's happening in Europe, we see concrete evidence of change in the conversations that we are having, and a much greater level of interest than in the past. There are a combination of reasons for this, which include more awareness due to the success stories coming out of Europe, as well as high valuations in Silicon Valley which means that acquirers are looking elsewhere. As a broad generalisation there's also an increased level of interest in Europe as a market, as it is generally seen as less competitive and less mature than the US market. There are also certain sectors where Europe has a clear lead – fintech is an obvious one, but I'm also very excited about industry 4.0 and the industrial internet of things, as well as artificial intelligence, where the UK in particular is very strong.

In your career, you've spent a lot of time giving back in various positions, as part of the Innovation Finance Sub-Committee for Innovate UK, as a member of the Future Fifty advisory panel and most recently, joining British Patient Capital as Non-Executive Director. Why is it so important to give your time and expertise to these initiatives, and what have been some of the most rewarding outcomes to come out of these activities?

Pretty much everything I do is focused on making tech companies more successful and helping them to grow faster and build value. At FirstCapital it is about working with companies on transactions that enable them to access to the right resources to grow – whether that is as part of a larger entity with a strategic buyer or in getting access to more money from a financial buyer. My other roles have been focused at other stages of the entrepreneurial journey – at Innovate UK, where I was a Governing Board member for 6 years and where I now chair the Innovation Finance sub-committee which is running a pilot on innovation loans, and at British Patient Capital – these are both about working on national programmes to provide a more joined-up ecosystem for tech companies in accessing funding whether that is grant funding, loan funding or growth capital. For Future Fifty it is about surfacing some of the highest potential companies in the UK and giving them a platform to raise their profile internationally. I find my job not only interesting, but also incredibly rewarding, both in the individual client success stories, as well as to be able to contribute to the success of a sector that I firmly believe will be the engine of future national growth.

Thank you Hazel and FirstCapital!

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