



CASE STUDY

Sci-Net gets £700,000 NatWest financing using IP as collateral, helped by Inngot's toolkit



About Sci-Net

Oxfordshire-based Sci-Net Business Solutions is a Microsoft Dynamics and Azure Tier 1 Gold Partner, specialising in Enterprise Resource Planning (ERP) and cloud infrastructure solutions. Its software helps companies integrate the essential parts of their businesses into one system, including warehouse management, supply chain and sales. Most of its clients are major retailers or distributors, whether ecommerce platforms or bricks and mortar stores, including fashion, big ticket, building trade, distribution, and merchants. Its client portfolio includes UK retailer Tapi Carpets, jewellery retailers Missoma and Jessica McCormack, as well as national distributors. Sci-Net has grown 30% each year for the last three years, and now has £8m annual revenue and 60 staff.

The challenge

Sci-Net's directors were looking for funding to help expand the business and accelerate the development of new software offerings for its customers. However, the company's core assets lie in its intellectual property and other intangibles (IP); it has few physical assets it could use as collateral for bank lending and its previous bank, Barclays, was unable to help, despite having worked with Sci-Net for decades.

Duncan Fergusson, Sci-Net's owner and managing director, was in contact with his local NatWest relationship manager, David Buckmaster, who suggested that the company might be able to use its IP and intangible

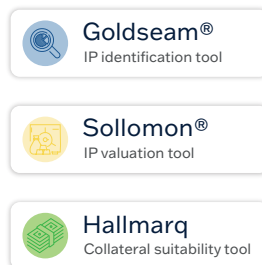
assets as collateral for funding, under a new NatWest high growth lending offer for eligible IP-rich businesses.

This proposition was launched in January 2024 in partnership with Inngot. Loans start from amounts as low as £250,000, so perfect for IP-rich SMEs and scaleups, against up to 50% of the value of the firm's qualifying intangibles. IP can include – software, patents, copyrights, trademarks and registered designs – as determined by Inngot's tailored systems and processes. The Sci-Net loan is the first to be completed under the new IP-based proposition.



The solution

As part of the loan application for the IP-backed finance proposition, NatWest requires applicants to validate their IP and intangibles using Inngot's identification tool, Goldseam; if this indicated they had qualifying IP which could be used as collateral, they are then asked to use Inngot's online IP valuation tool, Sollomon, to establish that the value of the IP in question is sufficient for loan purposes.



Duncan Fergusson says: "Every year we are investing hundreds of thousands of pounds in our software. It is hard to keep up that level of investment as a private company and that is why this loan helps."



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"Accepting this loan from NatWest is a fantastic opportunity to facilitate road mapping and growing the software further so we're able to work with more businesses across various sectors. Not only has NatWest been great with providing financial aid, but it has also shared great business support and recommendations. Our Relationship Manager has been very supportive and has continuously gone the extra mile – we can't thank them enough for their help."

He observes: "Traditional loans can be limited as to how much you can borrow, unless you have a physical asset like a building. With IP loans, the IP is the collateral. That means if you don't have tangible assets, you can still secure a loan at better rates and it's more flexible."

Inngot's tools for identifying, valuing and then checking the suitability of IP as collateral for a loan cost less than £1,000. The customer also pays a one-off upfront monitoring fee to cover due diligence checks on the value of the IP over the lifetime of the loan, including annual IP revaluations. All charges are clearly set out in the NatWest terms and conditions.

Duncan Fergusson says: "Inngot has this process, due diligence, where you have to go through three or four different ways of providing information. Inngot then values the IP."

NatWest will lend up to 50% of the valuation from Inngot. In Sci-Net's case, Inngot's tools found there was more than enough value to cover the loan – and more.



Fergusson added that NatWest's Oxford-based relationship director David Buckmaster had explained the process and supported Sci-Net through the application, "David rang me up. He is very good at networking and does a lot of tech and biotech around Oxford. He was extremely proactive so we moved from Barclays. He's on the phone asking 'How can we help?; Did you know this and have you considered this?' He was a breath of fresh air."

The result

£700,000 loan approved

Sci-Net successfully negotiated a £700,000 finance package from NatWest, using its IP as collateral.

The Sci-Net IP loan is the first loan approved under the NatWest Group IP finance proposition, powered by Inngot's IP toolkit. Sci-Net used Inngot's world first tools including Goldseam® to profile the IP within the business, Sollowmon® to value the IP, and Hallmarq™ to check its collateral suitability for a loan. NatWest approved the loan based on these reports.



Neil Bellamy
Head of Technology, Media
and Telecoms



"It's a pleasure to have supported Sci-Net with the bank's first IP-backed loan. As a bank we work with some of the country's most innovative start-ups and our aim is always to enable them to leverage the things that really drive their success."

"With this loan, we have shown the potential that unlocking value from IP and intangible assets could have for UK economy, by helping firms to scale, create high value jobs and boost UK productivity."



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