



2018-07-03 Smartvel's Investors Update

1 mensaje

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Good morning/afternoon to everybody,

From now on, updates to investors will be more often (goal each 30 days) and in English, due to the arrival of a new group of investors. Please consider this letter as confidential information.

It's been an awesome, but intense, couple of weeks since the shareholders annual meeting. Many things are tracking well, but there are some challenges we're working through.

First of all I want to welcome Mr. [Max Burger](#) to Smartvel. Although technically speaking he is not yet a shareholder (he has invested in a convertible loan that will be converted in the next capital round), I think it makes sense to include him in this newsletter. Thanks a lot Max for joining us in this great adventure.

Summary

- Funding is going well with an expected range of between **€800k** and **€1.5m**, but according to my estimations, we should be above €1m. Estimated date July 20th. In some cases we still have to pass the investment committee final approval (CCR, Fides and Pinama), but we have the go ahead from their investment teams.
- June invoices added up to €74k and Monthly Recurring Revenue (MRR) has reduced from €63k to €58k because Air Europa has changed its initial scope of contract.
- We finally got the O.k. from **Singapore Airlines** to invoice the success fee from the POC, and have been asked to send our proposal for upgrading our solution to all its destinations. We do also expect **MINTUR (Minister of Tourism of Argentina)** for a major partnership before the end of the summer. With this two contracts our MRR will certainly exceed the amount of €85k.
- We closed an agreement with [Pearlshare](#) (direct competitor) to acquire their Pipeline and engage part of their team. We thought it could be a good opportunity to grow in markets we did not touch too much until now (US and UK).

- We are starting to set up the team in some positions we did not have —we closed our new UX/UI Manager, and in the last months we recovered one engineering position with a junior Backender. It is also relevant to say that [Thomas Bangert](#) has become a partner reseller in London and [Pramod Sahni](#), in Delhi.

Key Metrics:

We continue to have a ton of momentum across every important metric. In the last 60 days:

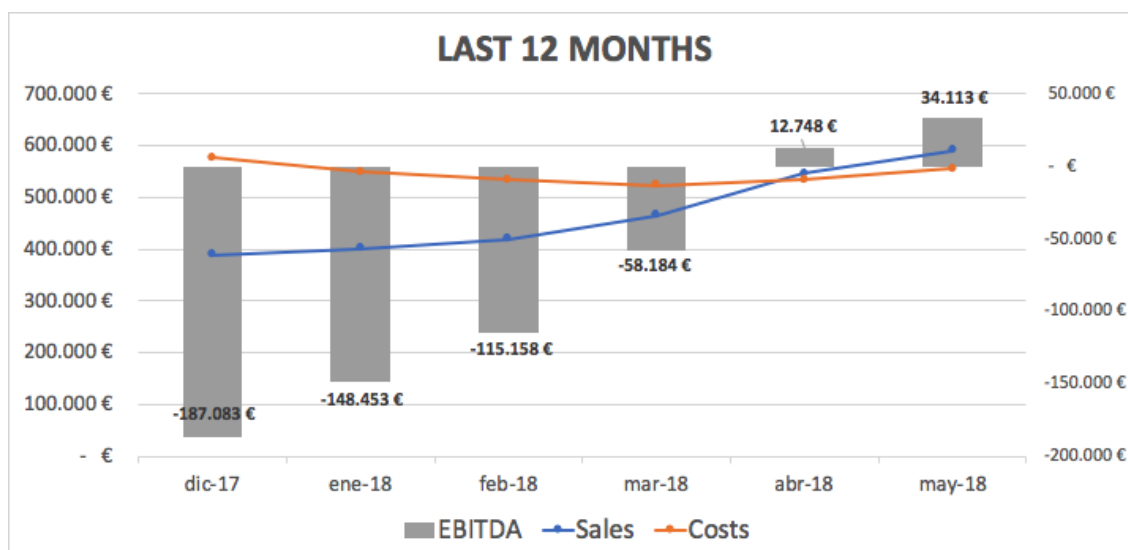
- EBITDA out accrued amounted to €93k in May; so, it should be over €100k by now after the month of June. It is **meeting** our expectations (Budget of June: €101k).

In thousands (€ k)

	MAY 18				MAY 17		
	Month	Budget	€	%	Month	€	%
Total Revenue	76,5	66,1	10,4	15,7%	33,0	43,5	131,9%
Net Sales	62,5	59,9	2,7	4,5%	18,9	43,7	231,2%
Costs	58,7	52,5	6,2	11,7%	51,9	6,8	13,1%
EBITDA	17,8	13,6	4,2	31,1%	-18,9	36,7	194,4%

	MAY 18				MAY 17		
	Accrued	Budget	€	%	Accrued	€	%
Total Revenue	350,5	328,8	21,7	6,6%	149,9	200,6	133,8%
Net Sales	304,6	297,4	7,2	2,4%	77,1	227,6	295,4%
Costs	252,8	243,6	9,1	3,7%	288,7	-36,0	-12,5%
EBITDA	97,7	85,2	12,5	14,7%	-138,8	236,5	170,4%

We do enclose a graph with the last 12 months figures (Revenue/Costs/EBITDA), as you can see although our monthly EBITDA has been positive since Dec-17, our inter-annual EBITDA started to be positive in April-18:



- Our MRR went down to €58k as a result of Air Europe's change of scope. We hope to be back growing in July.
- Total invoices paid by our customers amounted to €75k in June, that means we are starting to have a positive cash flow.
- Pipeline:
 - The most relevant event was the agreement with **Pearlshare**. Their total Pipeline amounts to over €1m (ARR), and we have already started to work together with their former senior sales director.
 - Over the last month, we have also created several good opportunities, reaching the phase of budget proposal: Changi Airport, Condor Airlines, TAP, etc. It is important to point out that **my time as CEO has been almost fully dedicated to the funding process**, annual shareholders meeting, etc, and, as a consequence, that has hurt the commercial senior resources of the company with the actual budget. This is something that will change with this last funding round, not only because I will recover part of my capacity, but also because we will have more commercial resources.
 - We are still fighting/working to convert our leads into real customers. We think that our **new way of explaining our value proposal** ("Helping customers to enhance and create touchpoints using our digital content solutions") is helping. We are also trying new ways of getting engaged with our leads making some experiments with the cold mail strategy: one of our trainees is making a [video](#), which is something that will cost less than €10 per lead and will be sent to the relevant ones [to test if it opens more doors].
- Our churn has peaked up to 9% this month with the Air Europa change of scope (it was negative in May). If Singapore Airlines goes ahead, the churn will be negative again accrued in July to -2,65%. Churn is equal to net loss (loss - upselling) on rolling basics (inter-annual contracts) divided by ARR.
- As always, we try to gain some visibility through speaking in different places, in the last month we've been in the radio, in Berlin, in Mekong, Marbella ..., I do remember you that within www.smartvel.com there is a MEDIA place where we update everything. You can also have a detailed look of the activity here : <https://www.linkedin.com/company/smartvel/> just click in the "See All" to have a view of what happened lately.

Fundraising—Series A:

We are on the verge of closing our first A Series. As you know, we've been in an active fundraising mode since February, and I am happy to tell you that, as of today, the round

seems close to be covered. As the Englishman says “It is not over till the fat lady sings”, but we are pretty sure we will make it.

As you know, the **Pre-money valuation totalled €5.6m**, and we expect to raise between €1m and €1.5m, **that will mean a dilution of up to 21.1%**. Although we will communicate giving you the formal notice to be able to execute your right to avoid dilution, please let us know asap your position to be able to plan properly.

As we are in the final phase, I do not think feasible to open new leads, but if you think of someone I should get in front of, let me know and we can set up an intro.

Team

The company will look very different when the round is complete. To give you a quick picture, the size of the company (in terms of resources) should be twice as what we have today by the end of the year. That means a strong effort looking for the best resources in the different positions we are planning. Until the round is closed we are not going to hire more people in.

What's next

- Get this round down and put money in the bank account.
- Finish before starting holidays strong. We are pacing really well but it will depend on the leads that should decide within 30/60 days.
- By last, but not least, to accomplish with the technical goals that we have in the short time, it is something that is not 100% visible, but is the real tech advantage that we have.

What I need help with

In this moment we are doing OK, of course, any commercial lead at senior or any level will be appreciated. The fundraising is not finished, so, if you think you can introduce a fast decision investor we are still on time.

I want to give you special thanks for your support in this project, we did have hard times, and I have to say that without the support of all the shareholders of the company we will not be where we are today.

Thank you for all the support. The future looks bright!

Happy to answer any questions you might have.

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