



Wesley Clover

Building Businesses

# The Wesley Clover Company Development Model

Managing Risks while Developing  
Tech Companies for Global Markets

2015



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# Building Businesses

## Manufacturing or Services?

Old Economy Definitions applied to  
New Economy Problems!

...



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## About Wesley Clover

An umbrella holding company, Investment firm, management company, start-up engine, incubator and accelerator.

Equity interests primarily in Internet & Communications Technologies, commercial real estate, and luxury resorts.

**Wesley Clover is “In The Business of Building Businesses”**



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## Main Focus of This Presentation:

### Building Technology Firms ----

- Enterprise software & services
- Telecommunications equipment & software
- Mobile Enabled including digital gaming
- Cross Platform & Cloud supported
  - Across Multiple Market Verticals
  - With Multiple Partners
  - In Multiple Countries



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Building Businesses.

Creating and investing in companies with global market potential.



TARASPA





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# Global Headquarters in Ottawa, Canada

## Fourteen Tech Firms Locally



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## Global Operations

Launch average six companies per year.  
Partnerships with local investors in  
Canada, UK, US, Turkey.

Soon Paris/Lille, Mexico City, Jakarta,  
Singapore, Beijing, Pune

**PLUS JOINT VENTURES IN CHINA,  
INDIA, RUSSIA, CHILE, BRAZIL**



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# Creating & Growing Tech Companies

## The 'How' and The Challenges



- Not looking for the 'Next Big Thing' being developed in somebody's basement.
- Not working with universities to identify & commercialize **B**leeding edge research.
- Not looking for existing companies to invest in as a Venture Capital firm.  
(Though sometimes will, on an exception basis)



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## Our Focus

Work with global firms, telecom carriers,  
System Integrators, to identify  
opportunities and create the products &  
services their customers need.

Building new companies for each  
opportunity --- for global markets

Reducing Risk Through a 'Strategic  
Partnership Model'



## Strategic Partners

- Large global companies & carriers
  - Have end-clients seeking specific products / services they can't now supply
  - Or seek new services to offer existing client base, create 'stickiness'
- While existing Wesley Clover Affiliates
  - Have technology that a new start-up can build on in a 'greenfield' region to support Strategic Partner needs



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# Companies Working Together Become a Cluster

Though Different Companies Support Different Markets



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# An Example ICT Cluster



Network monitoring and fault reporting for VoIP



Fraud detection and video analytics for retail and banking



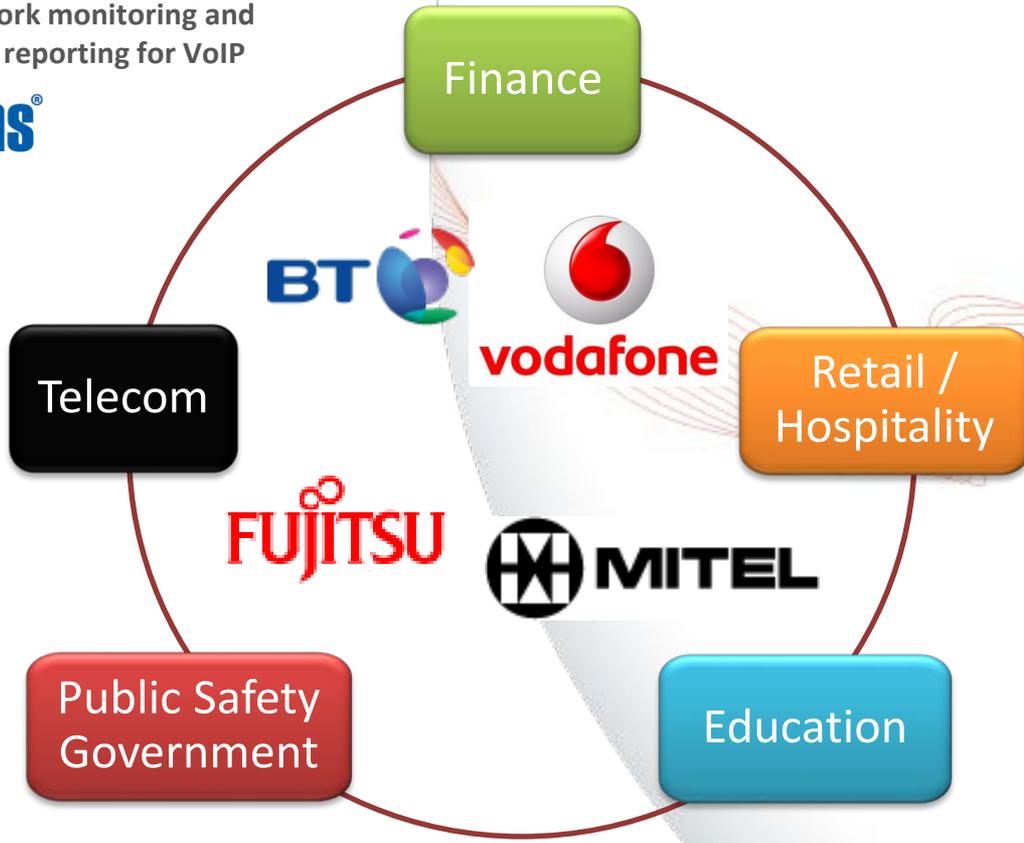
Hardware, software and services for financial trading.



Intelligent routing and message acceleration



Unified Comms for Land Based 2-way Radio .



Helps retailers manage interactions with customers



Social-media for classroom, profs & students



Video Collaboration



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## Advantages for Strategic Partner

- Much quicker development time for new products or services than large companies can usually achieve
- Offers Strategic Partners an 'Off Balance Sheet', cost optimized, route to new product / service development
- Allows affiliates to continually offer new services or enhancements to their customers, developed in other incubators outside Canada
- Minimum financial risk to Partner – all outside financed



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## Strategic Partner Commitments

### ■ Customer Attachment

- Sharing of information on core product roadmap
- Determining “context” extensions to core that are relevant to customers
- Define benefits of additional service / product to the partner

### ■ Marketing & Sales

- Ensure customer facing collateral / messaging meets partner criteria, & ‘Gate keeper’ for initial contacts with their customers

### ■ Product Verification / Certification

- Strategic Partner carries out own testing to confirm product offered by Newco will operate properly in Partner’s environment.



## Other Models Also Used

- ‘Alacrity Foundation’ model, with charitable status, university engagement, govt support, up and running Victoria BC, Newport, UK
- Operate ‘classic’ Accelerator / Incubator in Ottawa parallel to existing system
- Expanding international incubators to Istanbul, France, Mexico, Indonesia, Singapore, India, perhaps Philippines?, China?.



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## Our Objectives

Create a 'Risk Reduced' start-up environment as platform for growth

Increase Depth and Breadth of Existing Wesley Clover Portfolio

Support & encourage young entrepreneurs, developing the next generation



- **Create a ‘Risk Reduced’ start-up environment as platform for growth**
  - Focused on building what known customers want across multiple geographies
    - Reduces risk at ‘front end’
  - Competitive advantage through association with Wesley Clover partners & investors, easier access to markets, customers
    - Reduces risk at ‘back end’
  - Each company designed to become independent, develop new channels / markets / partners



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## Our Objective 2.

- **Increase Depth and Breadth of Existing Wesley Clover Portfolio**
  - Seek out opportunities that are 'in context' to existing investments (e.g. vertical specific solutions)
  - Quickly move to global marketing / sales – Canada too small a market.
  - Take advantage of current communications revolution and strategic changes in many industries.
  - Sales of 'Newco' pulls through additional product revenue to affiliate partners where practical



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## Our Objective 3.

- **Support & encourage young entrepreneurs**
  - People willing to do 'whatever it takes' to be successful
    - Long hours at low pay, earning equity in Newco
  - Hire majority of staff immediately upon graduation
    - Train / mentor initially, hire experience later
  - Cultivate next generation of industry leaders for portfolio & Canada & partner countries
    - Provided with 'incubator environment' and extensive business contacts
    - Each team designed to become independent and 'leave the nest'



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## Recruitment Characteristics

Wesley Clover recruits small teams of bright, motivated and hard-working new graduates and pairs them with industry leaders within specific vertical segments.

### What We Look For:

#### Drive

- Willing to take risk
- Attracted by equity
- Entrepreneurial ambition
- Prepared for the long hours

#### Aptitude

- Technical (Engineering/CS) or business background
- Relevant industry experience (through internships/coop terms)
- Able to handle pressure & steep learning curve

#### Interpersonal

- Experience working in a team environment
- Effective communication skills
- Humble, strong integrity and hard working

## Source of New Graduates



## Global Perspective

Targets for 2015-16  
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## Our Commitments

### Support for new co-founders throughout start-up phases

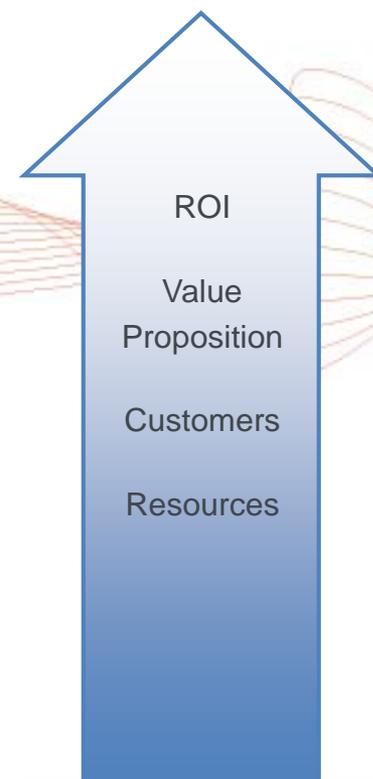
#### Hands-on mentorship

- Teams work directly with Wesley Clover executives throughout the validation period and start-up lifecycle

#### Infrastructure & support provided throughout start-up phase

#### Seed & Start-up financing

- Support from Angel stage & help with finding outside equity financing
- Equity participation from start





## **Advantages for Co-Founders**

- Access to a team of seasoned high-tech entrepreneurs with global experience
- Strategic, technical, legal, financial, patenting, logistics, infrastructure, HR, marketing & sales expertise from Wesley Clover
- Extensive, supplier and customer contacts & access through partners and local investors
- Accelerated channel accreditation / approvals



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# Our Challenges

**NOT ALWAYS SMOOTH SAILING!**



- **Partnerships with major companies are not painless!**
  - Driven by their own realization they are slow to innovate, but--
  - Large, old companies often don't partner well
  - Internal processes ponderous and frustrating for a start-up with inexperienced staff--- For example;
    - Engineering standards & testing
    - Marketing & branding standards
    - Sparing & life-cycle support systems



- **Young entrepreneur co-founders have high expectations** ----- But enthusiasm wanes as time marches on;
  - Long hours / low pay / no guarantees
  - Annoyance with ‘bureaucratic aspects’ of starting & running a new company
    - Often prefer to focus on the technology
    - But success depends on SALES !!!!
  - Worry that outside investment dilutes equity
  - Frustration with long sales cycle, slow revenue



- **Foreign Sales essential for Canadian technology firms**
  - But would need major revenues to afford significant international presence
  - Instead of foreign sales staff, better to find local channel partners
  - Much easier to sell abroad if already have sales at home – especially if government
  - More use of ‘content marketing’ on-line for SaaS based companies



- **Raising growth capital remains a challenge in Canada**
  - Early stage already difficult – growth stage even more so
  - Low company valuations and little risk appetite compared to US
  - Price of taking ‘Yankee Dollar’ can be a forced relocation to US, loss to Canada
  - Need more institutional investors here!



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Many other challenges as well in starting and growing technology companies in Canada, but with work and ingenuity we can still become

**THE INNOVATION NATION**

Thank You !



# Wesley Clover Contacts

## **Paul Chiarelli**

President & COO  
Wesley Clover International  
[pchiarelli@wesleyclover.com](mailto:pchiarelli@wesleyclover.com)  
+1 (613) 271-6305

## **Michael Turner**

VP System Strategies  
Wesley Clover  
[mturner@wesleyclover.com](mailto:mturner@wesleyclover.com)  
+1 (613) 271-6305 X1364

## **Ben Morris**

VP Global Sales  
Wesley Clover Technologies  
[bmorris@wesleyclover.com](mailto:bmorris@wesleyclover.com)  
+1 (613) 769-5602

## **Steve Langford**

VP Marketing & Communications  
Wesley Clover  
[Steve.langford@wesleyclover.com](mailto:Steve.langford@wesleyclover.com)  
+1 (613) 271-6305

## **Corporate Offices**

### **North America**

390 March Road  
Kanata, Ontario, Canada  
K2K 0G7  
Tel: +1 (613) 271-6305  
Fax: +1 (613) 271-9810

### **United Kingdom**

The Manor House  
Celtic Manor Resort  
Newport, South Wales, UK  
NP18 1HQ  
Tel: +44 1633 410383  
Fax: +44 1633 410384

### **Asia**

326, Udyog Vihar, Phase II  
Gurgaon (Haryana), India  
122016  
Tel: +91 124 4198900  
Fax: +91 124 4198901



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# Questions / Discussion

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