



SouqBox

EIS Eligible Funding Round 1

Executive Summary

B2B Product companies still trade mostly offline - \$6.7Tn annually.

There is no easy way to go online for most of the smaller businesses in this category and we think most industry verticals will see a dominant marketplace emerge for their sector. Our customers have the same view.

SouqBox is a platform where B2B companies can get online easily, risk free and without any tech headaches. It's self-serve and fully branded to the customers' needs.

We suspect many of our customers will start with a traditional route (single seller) ecommerce and evolve to a marketplace model. SouqBox enables that at the click of a button.

We already build bespoke solutions for clients partially using our V1.0 tech stack and we have now released the SaaS platform into Beta (Dec 2019) to scale up and provide better product/market fit.

Founding team includes 4 experienced tech entrepreneurs and a great team in 3 countries to execute the plan.

We have self-funded the business for its first 2 full FY - doubling revenue each year and in current FY3 we are tracking Rev of £260k (£150k in FY2.)

We are raising a series A round of £1M on a pre MV of £5M.

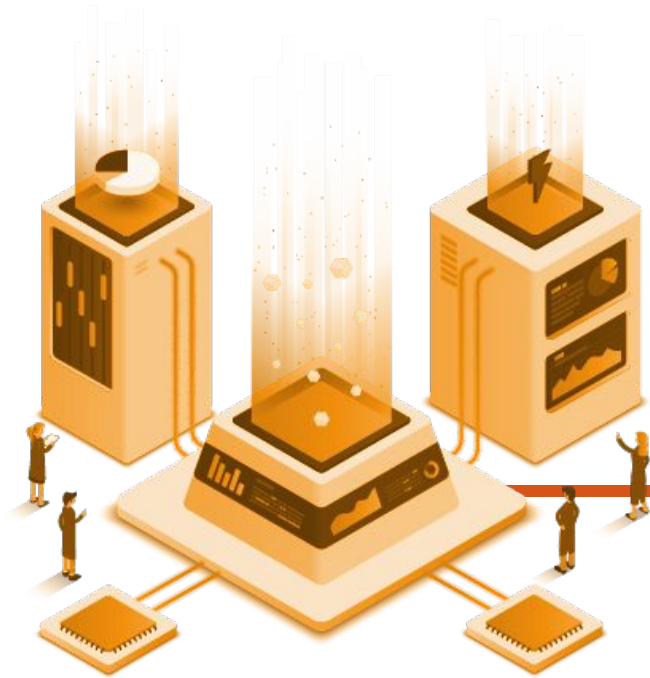
\$6.7Tn = Global annual trade in B2B offline*

Q. How much of that will move online?

(Approx 4M Companies in this category from over 100 vertical sectors globally)



*Source; [Frost & Sullivan](#)



The Problem

SaaS ecommerce platforms are not offering B2B what they need:



Negotiation

Businesses rarely buy anything without it. Most platforms are for B2C and have fixed pricing only. B2B is driven by vertical industry specialist needs.



Flexible System

In order to maximise value for the buyer, they need to maximise the range. We think that means they will eventually evolve into a marketplace model.



Technology Light

These customers seek an easy to use SaaS model not a custom build enterprise grade solution.



Logistics

They have complex logistical needs and can't just assume free delivery like B2C. Logistics in itself is a secondary negotiation.

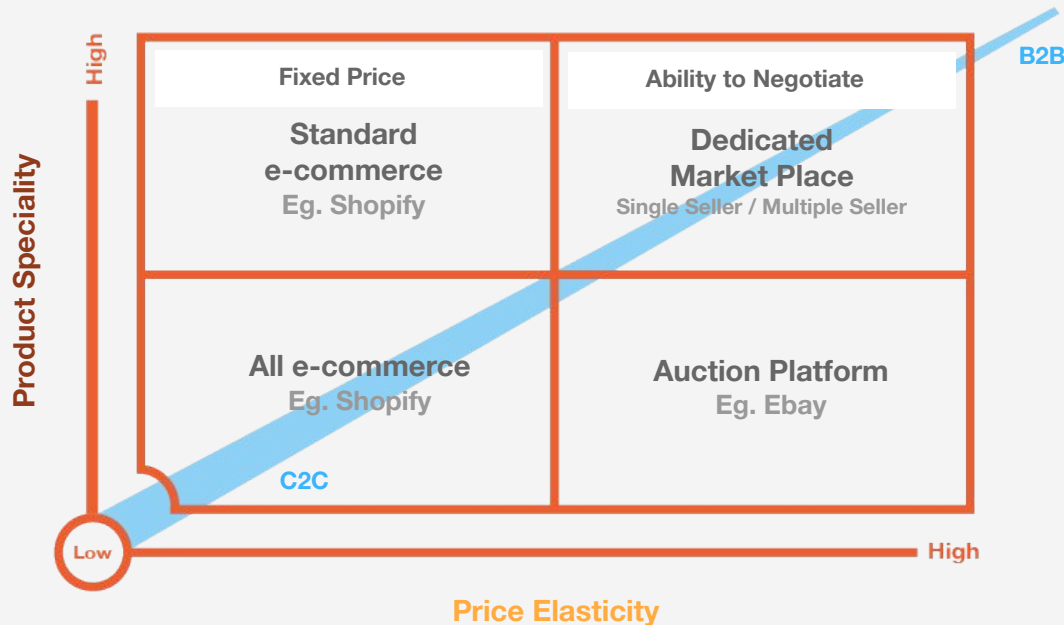


Branding & Control

In order to maximise value for the buyer, they need to maximise the range. We think that means they will eventually evolve into a marketplace model.

Product / Market Fit:

B2B usually means specialist products that are highly price elastic. They therefore sit in the top right hand quadrant and benefit from a dominant player in each vertical that commands the best choice and UX.



If a company is selling standardised product(s) on fixed price contracts over a period of time, this is well catered for by adapting existing e-commerce models.

Specialised markets require specialist choice and range. Multi-seller models drive that best. Buyers are motivated by choice and price.

The market needs to determine the value of items and a negotiating model is needed due to price elasticity.

One of the factors that drives this the most is the circular economy percentage of a company's business model.

*Source; [Frost & Sullivan](#)

SouqBox drives the B2B Circular Economy:

Every macro pressure is driving demand for circularity in developed nations. This is expected to result in a surge in vertical B2B markets to repurpose stuck inventory.



The Solution



A B2B Ecommerce Platform

A de risked, self-configurable white label platform that makes it easy for customers to become the dominant market in their industry sector.

Risk Free & Starts at £200 pcm

Most of our customers tell us they don't know what they need & won't invest in an expensive experiment. SouqBox is risk free.

Logistics

They have complex logistical needs and can't just assume free delivery like B2C. Logistics in itself is a secondary negotiation.

Tech Light

These customers seek an easy-to-use SaaS model, not a custom build enterprise grade solution.

Negotiation

Businesses rarely buy anything without a negotiation. The souqbox platform is built with flexible trading in mind.

Branding Control

B2B needs a confident, branded, professional presence. The rules of trade can't be hard wired.



Our Solution:

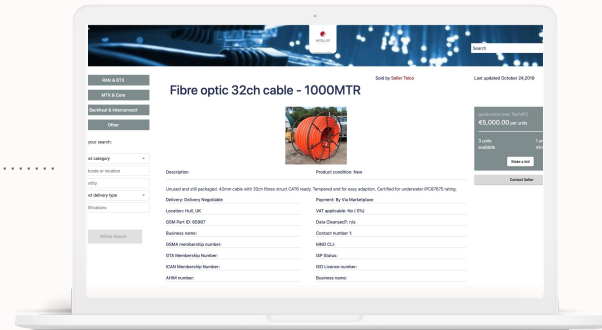
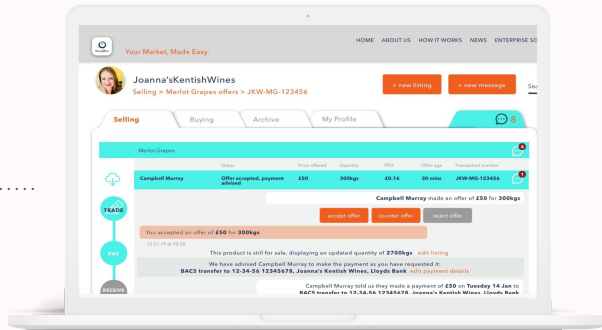
SouqBox.io is a dedicated B2B ecommerce & marketplace platform.

Merchant self-configures in **20 mins**

Dashboard provides **full reporting** and management controls

Launches the site to their customers & typically has only their own product for sale.

Evolves towards multiple sellers = **increased product range = happier buyers.**



Can **reconfigure almost everything** without relying on developers.

SaaS model so customers get **centralised upgrades** and access to features as they roll out.

Risk free - no contracts and free movement between tiers and modules.

The end customer and chosen partners also have a rich, fully branded dashboard to manage their needs.

Our Solution:

SouqBox.io will evolve into a complete enterprise system by Q3 2021. Customers tell us that they struggle with ecommerce models as it sits outside their business- we want to change that and offer a one stop shop future proofed route, to building our customer's digital world inside SouqBox.



Merchants want their data in one place and have a single view of their business.

We are building a CRM & ERP system for a customer with agreement to co-own the code. Those modules will start to become integrated into Souqbox in late 2020.

That means our customers can get a single view of their own customers and omni channel selling, as well as manage manufacturing & inventory.

That means real time stock look up at the point of sale and AI driven pricing capability will follow.

The Team



Our Team

4 founders and a great tech team led by an experienced CTO. We have 3 self-contained tech teams in Malaysia, Sri Lanka and Reading UK.



Campbell Murray

Founder
CEO



Mike Bagshaw

Investor/Co-Founder
Founder & CEO ITS



Gus Macdonald

Investor/Co-Founder
Ex CFO & co-founder MINT Hotels



Sanj Chandran

CTO



Matt Franklin

Investor/Co-Founder
CEO ROC Technologies



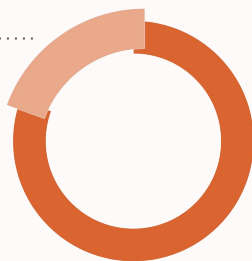


Business Model

Our Model:

Strategic Vision

30%
of our revenue
from services



70% min
of our revenue from SaaS
product subscriptions

As already mentioned we want to be able to offer customers an option to run their entire business on SouqBox

Other B2B SaaS companies like Salesforce have demonstrated that adjacent services are essential to selling the product

Merchants will have legacy systems and there will be opportunities to integrate SouqBox's REST API architecture with other open architecture technology clients want to use.

Commercial Principles:



Reduce the barrier to entry
Free trial period, no contract,
data exportable, risk free tier
changing.



Enrich the product continuously
SaaS choices are often made on
future proofing confidence.



Open API architecture
Enable adaptable 3rd party
integration.



**Price range starting at
£200 pcm**



**We envisage top tier
customer by Y3 ~£10k PCM**



Emphasis on client success
Many of our envisaged customers
are new to ecommerce and will
need hand holding.



Partnership revenue models
By cross selling bolt on
modules (e.g. payments
gateway.)



Thought leadership
Build an 'Academy' for best
practice across client base.



Build an eco-system
For other developers to
add features through
integrated apps.

Our Model:

Our 5 Year model below shows a need to invest now in both the product and in establishing a sales and marketing operation to scale globally.

Souqbox 5 Year Plan & Valuation Model					
5FY P&L and Cashflow (GBP £)	2020	2021	2022	2023	2024
YOY Growth rate	258%	223%	164%	151%	137%
MPR Productive Revenue	434,330	1,235,991	3,004,437	6,046,879	11,560,685
Service Revenue	261,400	317,400	402,400	513,400	785,400
Additional Revenue (Part Affinity)	14,250	25,000	34,800	44,500	58,550
Gross Revenue	714,065	1,658,059	3,441,637	6,604,779	12,404,635
Partner Commissions	8,142	26,313	60,089	120,938	231,214
Net SouqBox GM	705,923	1,631,746	3,381,548	6,483,842	12,173,421
OPEX	1,239,538	1,805,938	2,134,933	2,337,795	2,572,476
EBITDA	-533,615	-174,192	1,246,615	4,146,047	9,600,945

The detailed plan behind this is heavily skewed to an investment model that is developing the core product offering with circa 50% of the people budget in this area. 2019 Revenue baseline is likely to be ~£260k Revenue.

This business case is built on linear growth with 2% churn monthly and represents a realistic baseline. Substantial upsides to this model not baked in.

Value of Free Cash Flow (FCF) to 2020

Present Value (PV) of FCF to 2020 post tax	7,051,359
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Terminal Value of FCF post 2021 (Gordon Growth Model)

FCF (2024)	9,600,945
Margin Tax Rate	20%
FCF (2024) <small>Post tax input to Gordon Growth model</small>	7,680,756
Long Term Growth	5.0%
WACC	12.00%
Illiquidity discount applied to TV	15.00%
Terminal Value (2024)	97,929,643
PV of Terminal Value**	55,567,909

Valuation - Present Enterprise Value

PV of cash flows to 2024	7,051,359	11.26%
PV of terminal value (post 2024)	55,567,909	88.74%
Valuation	62,619,268	100%

Why you should Invest:

The opportunity is huge:

Global Trade offline \$6.7Tn.

There are ~4M B2B companies in the US alone and 45M+ Globally.

Competition is low (SAAS)

No one else has really entered this market yet and ecommerce platforms are waking up to this e.g. Shopify acquired Handshake to increase B2B capability.

The customer wants an easy, risk free way to test their market - not an enterprise build (Magento.)

Our customer research shows that most customers want to begin with single seller B2B ecommerce but want our USP:

flexible trading capability in ecommerce.

Many will evolve into multi seller marketplaces and SouqBox makes that very easy.

We have existing revenue doubling each year and this has funded our development.

Our long range plan is to **enrich an ecosystem** around the core offering making it a compelling, sticky proposition to our customers.

The circular economy movement and wider desire to be efficient with resources is driving customers in this direction globally.

Lends well to scaling, diversification & exit strategy.



SouqBox

Thanks

ajames@siskin-capital.com