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NEWSLETTER

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Latest News from CSA

CSA provides commercial due diligence to NVM Private Equity for investment in Mantis Deposition

Carlton Strategy Advisors has successfully supported NVM Private Equity by providing full-scope CDD in connection with its strategic investment in Mantis Deposition Ltd, a nanoparticle sourcing instrumentation and contract coating business that serves the global academic and industrial research communities.

INVESTMENT SITUATION: A young technology company on an upward growth curve.

Mantis Deposition is a young technology company on an upward growth curve. Its key markets, the twin fields of nanotechnology instrumentation and thin film materials deposition, are being driven by scientific development on the cusp of leaving the physical chemistry research laboratory and entering into industrial use. Key application areas include nanocoatings-enabled medical devices, high efficiency photovoltaics (solar cells) and fuel cells, for example.

PROJECT SCOPE: To provide commercial information and opinion relevant to the NVM investment decision.

After meeting NVM to discuss potential transaction issues and agree scope, our approach to the project followed a four-step process. We began by meeting with Lars Allers, the MD of Mantis Deposition, in a set of discussions about Mantis' trading objectives and business strategy. This allowed CSA to carry out an initial business plan review and strategic 'sense check' before going on to characterise the markets addressed by the company in order to define the trading environment, including relationships held with customers and competitive positioning versus market rivals.

A key aspect of the scope was to examine technology and IP. In doing this, CSA requested the support of Professor Paul Muralt from the Functional Thin Film Research team at the Ecole Polytechnique Federale de Lausanne (EPFL) in Switzerland.

THE RESULT: Delivery of a summary of the commercial risk and opportunity implications attached to the deal.

Nanotechnology is not new, of course, but due diligence conducted by CSA, together with the EPFL, indicated that the processes developed by Mantis are highly innovative in the way the physical characteristics of a thin film deposition structure can be made possible by the use of their nanoparticle sourcing technology.

CSA caught the enthusiasm of the Mantis team. To an individual, they are highly academically qualified, seen by CSA to be essential when interfacing with leading academia and the industrial research centres of the world. CSA's customer referencing programme involved contact with several leading institutions, including the French Atomic Energy Authority, a research unit of the Canadian Department of Defence, and Stanford University. References confirmed customers of Mantis had not been able to find such equivalent technology from alternative suppliers. The global opportunity in this sector is seen to be truly significant and reflects Mantis' strong export position, where approximately 90% of company sales are to UK overseas markets.

Peter Hodson, Investment Director at NVM Private Equity, said of the commercial due diligence; "We are a happy customer. CSA communicated well, keeping us informed about progress and any issues as they arose. They provided valuable insight and their analysis was backed with good supporting evidence and thorough referencing."

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Lars Allers, of Mantis, commented; “There is always some natural resistance to the costs of due diligence, perhaps because we, as managers, like to think we know our markets best. However, the CDD provided some excellent, independent opinion about the structure of the thin film coatings industry and the forces shaping the opportunities but in particular the CDD gave extremely valuable insight into the image and strengths of the company, as seen through our customers' eyes. I and our management team viewed the outcome very positively.”

David McClelland is Director of Carlton Strategy Advisors Ltd. CSA is a commercial due diligence and business strategy consultancy, with clients across the Private Equity, Bank and Corporate sectors.