

Analysis prepared by D. Michael Adams, Ocean Assets Institute
For
Asian Development Bank, UNEP & UNDP
Blue Economy Knowledge Product
Section 5, Part II - Investment Dossiers

August One: Equity Manager for SME BlueImpact Asia (BIA)

Description: SME Accelerator & Impact Equity Fund
Manager: August One
Countries Served: All ADB DMCs
Blue Economy Sectors: All / Enabling Condition
Project #: BIA-03 **Date:** 1 September 2021

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Executive Summary

What: Blue SME Equity Platform with two components: *Accelerator and Equity Impact Fund* (“One Blue Fund”)

Role for Catalytic Funders: This is proposed as the equity arm of SME BlueImpact Asia (BIA). Catalytic finance is required to launch the platform and attract private investors. Several blended finance tools may be offered: grants, loan guarantees, first loss, insurance, tranches with different pricing/risk levels. Seeking \$50M capital to launch program, to be matched and scaled over time by private investors. Supported by an Accelerator program, grant-funded until self-sufficient in Year 3.

Who: August One is a Singapore-based, MAS-regulated investment and accelerator company (running OneBlue accelerator for Singapore’s maritime startups) with a track record of successfully developing innovative SMEs and managing growth investment funds

Partners: Enterprise Singapore, maritime industry sponsors, universities, institutional & family investors

How: A 2-year launch of this program, co-funded by ADB and other sponsors, creates a self-sustaining business to develop and fund dozens of impactful maritime enterprises. Creating a pipeline, accelerator and fund is the best way for ADB to reach and leverage blue SMEs - the biggest employers and impact creators to achieve the objectives of HOAP, PEA and SDGs.

Capital Raise: Capital funding: \$50M for Year1, add \$50M in Year2 for \$100M to be matched 1:1 by private investors for \$200M total lending facility. Target growth, early-stage, innovations and expansions for Blue SMEs with positive impacts. Accelerator to be launched via grant window @ \$230K over 2 years.

Timetable: Ready to launch Accelerator and Fund from Q1 2022

Fit with ADB-PEA Criteria?

| KEY CRITERIA | FIT | COMMENT |
|----------------------------------|-----|--|
| Project based in Asian DMC? | YES | Digital platform for equity finance serving all Blue SMEs in all Asian DMCs |
| Ownership based in Asian DMC? | Y/N | Singapore operator invests in SMEs based in all Asian DMCs |
| Sustainable Blue Economy Sector? | YES | SMEs from all blue sectors are eligible for the Accelerator and Fund program |
| Address Social Goals? | YES | All ADB-PEA social criteria, including: Gender, Poverty, Community goals |
| Address Environment Goals? | YES | All ADB-PEA environmental criteria and Blue Economy goals |
| Company/Team Track Record? | YES | AugustOne has both maritime accelerator and SME investment fund records |
| Proven Business Model? | YES | Accelerator is self-sustaining, enabling condition for Impact Fund that attracts private co-investment. Both are proven models with proven expertise of manager. |
| Realistic Exit for ADB? | YES | Fund profit share from Year 4. Fund wind-up in year 8 with target IRR 20%+. Accelerator is self-sustaining after launch grant Yrs 1-2. |

Key Roles: ADB & UNEP-UNDP

ADB

- **Two-part program** enables support & funding of Blue SMEs that are essential to success of HOAP & PEA but not served by ADB operations
- **TA Grant** is needed to launch Accelerator
- **ADB Investment** in Fund attracts private co-investment. Suggest 70/30 basis of catalytic/private funds, following models: [British Business Bank funds](#) & [Singapore Venture Fund](#). EIF BlueInvest FoF model of 50/50 is more appropriate for mature markets like Europe.
- **Investment Committee seat** aligns Fund with ADB financial and impact criteria
- **Positive Investment Returns** will attract private capital to Blue Economy growth in DMCs

UNEP-UNDP

- **Co-funding pilot phase** of BIA Secretariat
- **Activating support for PEA goals** by tapping private enterprise and finance
- **Advocacy** to governments for enabling conditions that support Blue SMEs
- **Coordination** with COBSEA, PEMSEA, ESCAP and other regional and global initiatives
- **Investment Committee seat** to align Fund decisions with PEA criteria
- **Pipeline Development** with UNEP-UNDP network and maritime/coastal projects

Selecting the Manager

| Asian Equity Platforms | Criteria | | | | | |
|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| (Funding & Acceleration) | Ability to Work w/ all DMCs | Impact Record / Partnerships | SME Primary Focus | Institutional Investors | Accelerator Experience | Blue Economy Experience |
| August One | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Asia-based VC Funds* | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Impact Funds** | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Maritime Accelerators | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Hatch Blue Accelerator Singapore | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Impact Investment Exchange Asia | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| * 162 Asian Venture Capital Funds: None with Accelerator or Maritime experience. Some with Impact experience | | | | | | |
| ** 66 Impact Funds with Asian exposure. None with Accelerator or Maritime experience | | | | | | |

AugustOne: Introduction

Qualifications

- **August One** is a private investment firm registered with the Monetary Authority of Singapore (MAS).
- **Manager** of OneBlue, Singapore maritime tech accelerator, since 2018. Previously operated the Velocity Incubator since 2015. Collaborated with ADB for Vietnam Fintech.
- **Active relationships** with Government, Corporate, Family & peer funds to identify & support companies
- **Disciplined approach** to investing & impact metrics
- **Knowledge** of maritime industries & contacts across developing Asia-Pacific
- **Proven record** of incubating companies to form partnerships and scale revenues
- **Proven ability** to achieve follow-on funding & exits

Leadership

Sameer Narula, *Managing Partner*: Tech industry experience since 1999. Founded an engineering services company. Previously at PRTM, MCI, Accenture.

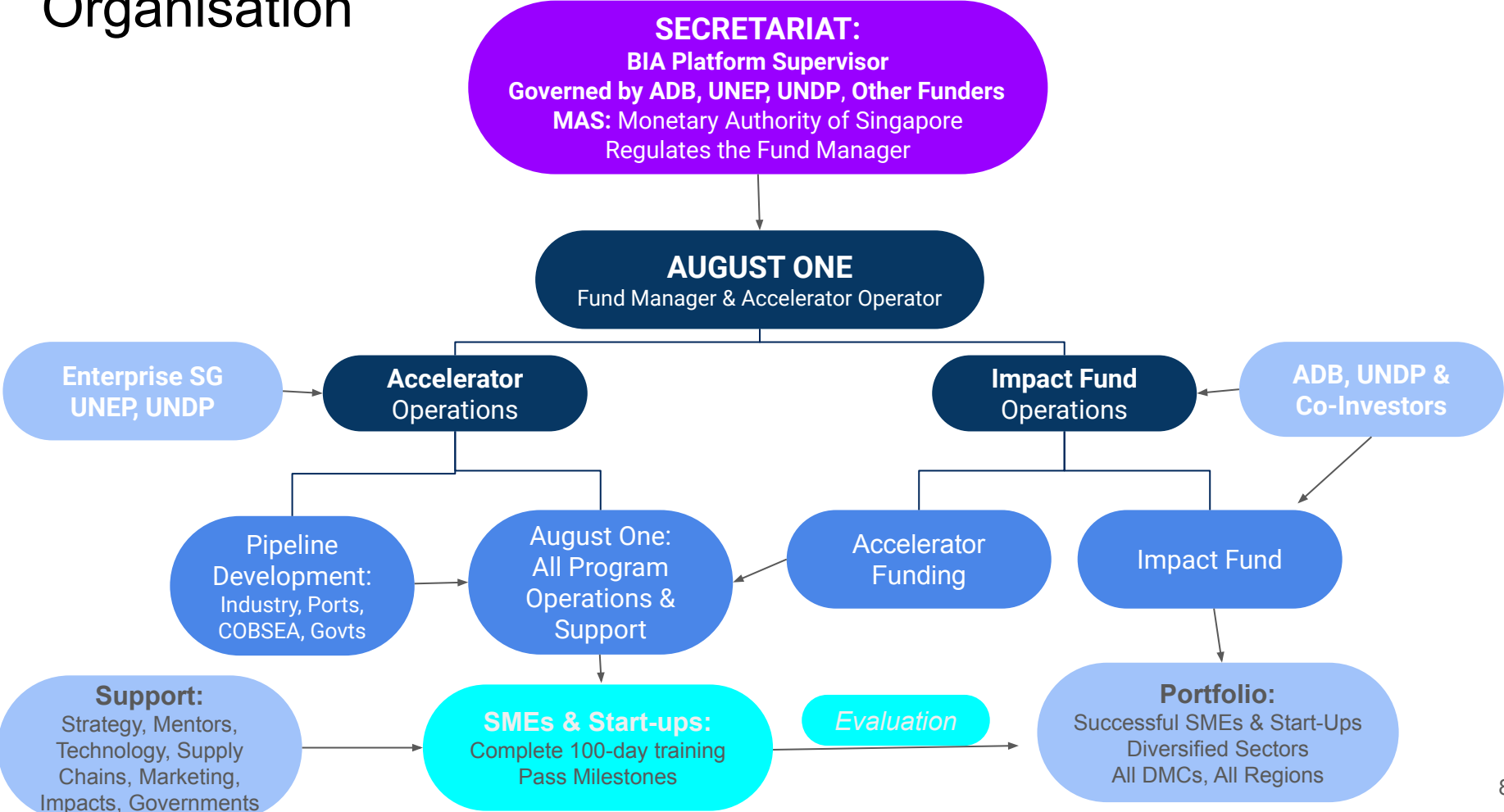
Alex Kumar, *Senior Partner*: 35+ years in managing, leading and rebuilding companies in Europe, US, India, Asia. Held senior global roles at Bausch+Lomb, Playtex, Revlon, Reliance. Founded a VC-funded Medtech company.

New Hire, *Program Head - BIA Equity*: Identified, to be announced, with maritime and investment experience.

Tarnpreet Kaur, *Finance & Reporting*: Experience in fund reporting, investor relations & family office management

Been Jayapalan, *Operations*: Experience in fund operations. **Nicholas Stevenson**, *Program Manager*: VC expertise

Organisation



One Blue Accelerator: 2 Phases

PHASE 1 - Preparation

Days 0-100

- Identify business opportunities
- Initial go-to-market strategy
- Pitching and presentation training
- Resource planning

Deliverables, Phase 1:

- Operational support to prepare for Phase 2
- Identify target markets and customers
- Cash flow model: Structure for market entry

PHASE 2 - Market Entry

Days 100-200

- Establishing partnerships
- Operational and sales
- Infrastructure
- Culture and sensitivity seminar

Deliverables, Phase 2:

- Soft landing in target markets: Asia / Europe
- Market entry support: Mentorship & Workshops
- Connecting with local ecosystem: Networking

KPIs: Accelerator & Fund

Blue Economy Pipeline

- ❖ Sustainable Seafood - all segments
- ❖ Maritime Digital Technologies
- ❖ Marine & Coastal Tourism
- ❖ Marine Energy - offshore wind, tidal, wave
- ❖ Marine BioTechnology
- ❖ Green Shipping Technologies
- ❖ Marine Waste Mgt / Recycling

KPIs for One Blue Fund

| | |
|------------------------|---------------------------|
| Stable Technology | Revenue/Customer traction |
| Mature management team | Environmental impacts |
| Job creation / Gender | Regulatory approvals |

Tangible Outcomes

PEA & HOAP Success: Meeting appropriate KPIs agreed with ADB & UNEP-UNDP for the industry & business model. Diversification & scalability to other DMCs in the region.


Understanding The Market: Set joint projects to secure sector business knowledge & ADB access to SME deal flow

Network Building: Participate in local events to build local networks, support & investor awareness of blue opportunities

Increasing Reach: Leverage mentors & consultant expertise to initiate a soft landing in target countries across the region

Financial Success: Successful startups are those who raised > \$250K and have > \$250K of revenue

Pipeline to Accelerator to Fund

150+ Leads  40+ Companies Evaluated

10 Companies/Year for Accelerator, then selection to Fund

One Blue Fund: Themes



Seafood Value Chains

- **Processing:** Providing jobs, gender equality, local branding with equipment & systems for local plants/coops
- **Aquaculture:** Low-carbon protein with land & sea-based aquaculture systems
- **Algaeculture:** Producing algae & seaweed for multiple markets, restoring mangroves, using blockchain technology



Marine Energy

- **Re-purposing offshore oil** platforms as clean energy production sites
- **Tidal & wave systems** that generate clean power whilst protecting coastlines
- **Clean energy systems** that power coastal resorts with geothermal/OTEC power
- **Servicing** offshore wind & floating solar platforms



Green Shipping & Ports

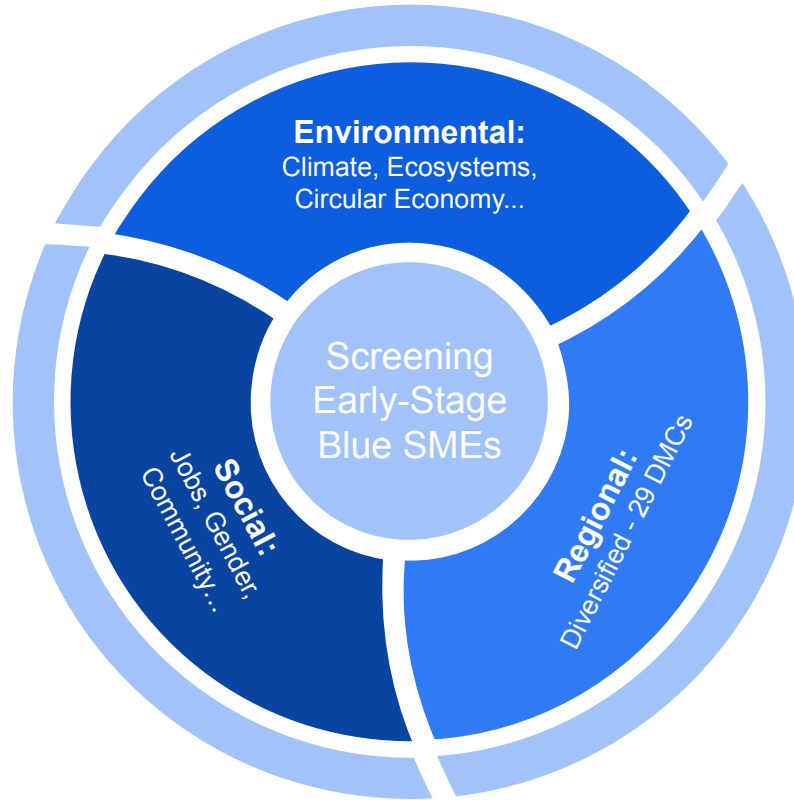
- **Port Digital** systems that create jobs & improve DMC port competitiveness & safety
- **Vessel retrofits** with windsails & alternative fuels, reducing pollution & creating local jobs
- **Shipping cargo & logistic** systems to save energy
- **Monitoring systems** for fishing, mapping, ecosystem management, coastal resilience

Fund Impact Metrics

August One will add Impact Metrics to create a custom fund, giving ADBs blue economy mission an effective platform to support regional SMEs & start-ups.

Unlike other fund managers, August One has 3 essential skills, making them uniquely qualified for this project:

1. Maritime Accelerator
2. Investor in Asian developing countries
3. Partnerships with governments that target impact goals



Fund Strategy & Economics

Opportunity

Emerging SMEs in Asia are transforming the Blue Economy with Sustainable Impact through Digitalization and Decarbonization.

Investment Approach

Support Emerging and Growth SMEs in developing Asia through a structured acceleration program and a dedicated fund. Then help unlock their growth potential with new talent, efficient technologies, sustainable processes and access to new markets.

Collaborate extensively with Corporates, Governments, Supranational Agencies and Universities to build overall Blue Economy Capacity.

Alignment with financial & impact interests of ADB & LPs. See Fund models: [Singapore Venture Fund](#), [British Patient Capital](#)

Strategy

Funding the Gap: Early Stage - Growth

Average Investment: \$1 - 5mn

Portfolio Construction: 15-20 Companies

Rapid Growth B2B SMEs - Transforming Blue Economy

Capital Deployment per SME: 60% start / 40% follow-on

Economics

Fund Cap: \$50mn

Catalytic: \$35mn

Venture Catalyst Model: 70% Catalyst / 30% co-investors

Economics: First-Loss Model, reducing risk for LPs

Target Fund IRR: 35%+ **Deal co-investment** possible

Terms

Fund Life: 8 years

Min LP commitment: \$2.5mn

Management Fees: 1.5% Yrs 1-4. 1% Yrs 5-8

Manager Carry: 25% from LPs. 50% from Catalysts

Appendix: Supporting Data on August One

Fund Management Team

MANAGEMENT TEAM



SAMEER NARULA
MANAGING PARTNER

Expertise

Experience in the tech industry since 1999 (Asia since 2006)

Experience

Founded an engineering services company. Previously at PRTM, MCI, Accenture in the US, Japan, Europe and the UK

Education

B.S Electrical Engg. University of Virginia, MBA. HEC, Paris, Chazen program Columbia University



ALEX KUMAR
SENIOR PARTNER

Expertise

35+ years in managing, leading, turning around, and rebuilding companies in Europe, US, India and Asia

Experience

Held senior global roles at Bausch+Lomb, Playtex, Revlon, Reliance. Founded a VC funded Medtech company in the US

Education

BE Mechanical Engg. BITS, IIT
MBA. Columbia University

WHAT WE BRING

Successful team with **deep experience** of investing in tech companies in Asia

Proven ability to achieve follow-on funding and interim exits

Active relationships with Government, Corporate, Family and peer funds to identify, support and exit companies

Disciplined approach to investing

Knowledge of emerging technologies and ability to engage with tech entrepreneurs

Proven record of incubating companies to form strategic partnerships and scale revenues

MAS regulated managers

Accelerator Team

PXL ACCELERATOR TEAM



TBC
PROGRAM DIRECTOR

Expertise & Experience
TBC



TARNPREET KAUR
FINANCE

Expertise & Experience
Expertise in investor relation, fund reporting and family office in India, Singapore and Europe.



NICOLAS STEVENSON
PROGRAM MANAGER

Expertise & Experience
Built experience in the industry with roles in early-stage VC, wealth management and corporate M&A.



BEENA JAYAPALAN
OPERATIONS MANAGER

Expertise & Experience
Expertise in fund operations and compliance.

WHAT WE BRING

Experience of running acceleration program worldwide

Active partnerships with Governments, Corporates and peer funds to identify and support startups

Disciplined approach to sourcing **Knowledge of emerging technologies** and ability to engage with tech entrepreneurs

Proven record of incubating companies to form strategic partnerships and scale revenues

Subject matter expertise in port and maritime related industries

OneBlue Singapore: Partners & Mentors

External Partners

- **Governments:** Enterprise Singapore, Innovation Quarter, SG Innovate...
- **Funders:** Families, Institutional Investors...
- **Corporates:** Tech, Seafood, Shipping, Energy...
- **Universities:** Asian & Western...



SME Mentors

- Harry Heng: IT Businesses Incubation
- Emmanuelle Norchet: Communication
- Shiven Malhotra: Leadership Strategy
- Petra Paavilainen: Tech Product Management
- Robert Habib; APAC Markets
- Ankineedu Maganti: Emerging Markets
- Kim Peng Foo: Business Development
- Pietro Ventani: Investments & Fintech
- Shwetank Verma: Fintech & Insuretech
- Hajime Adachi: Japan / SEA Markets

OneBlue: Blue Economy Performance

PXL BLUE INVESTMENTS (2018)



Provides vessel management, operational intelligence software products and bespoke services for technical management. [Current: Series C]



Smart drone technology for confined and inaccessible spaces, protecting both man and infrastructure. [Current: Series A]



Underwater mapping and analytics. Providing marine and geospatial imaging for the maritime sector. [Current: Series B]



Platform designed for importers and exporters enabling end to end logistic needs. [Current: Series B]



Enables service professionals to have on-demand access to launch boats through a mobile application.



Video analytics platform that collects video data and transforms it into actionable insights.



Cloud based energy management platform for commercial and industrial applications.

PERFORMANCE

91.18%

Interim Portfolio IRR

2.83

MOIC

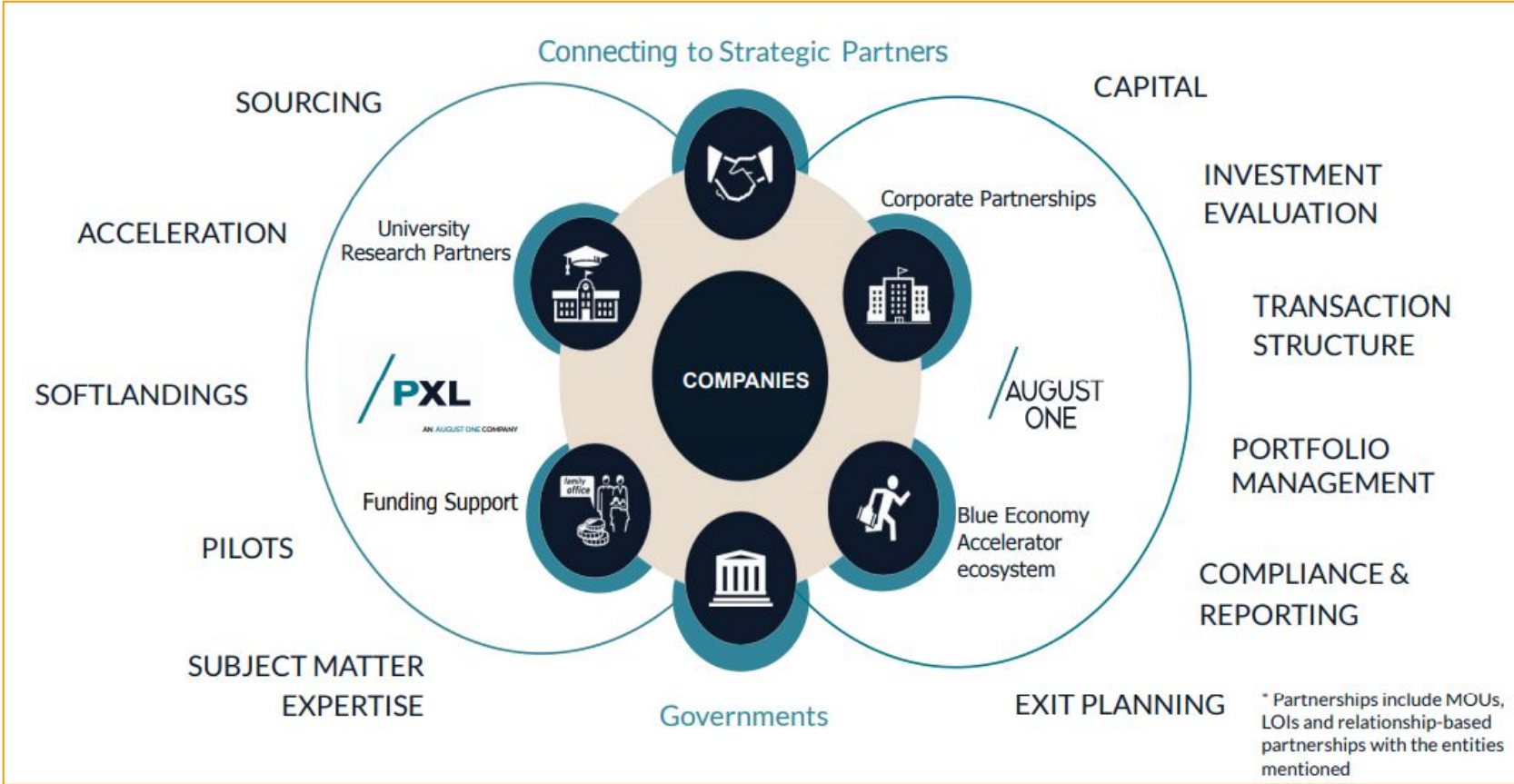
8.59

Interim Realized
MOIC*

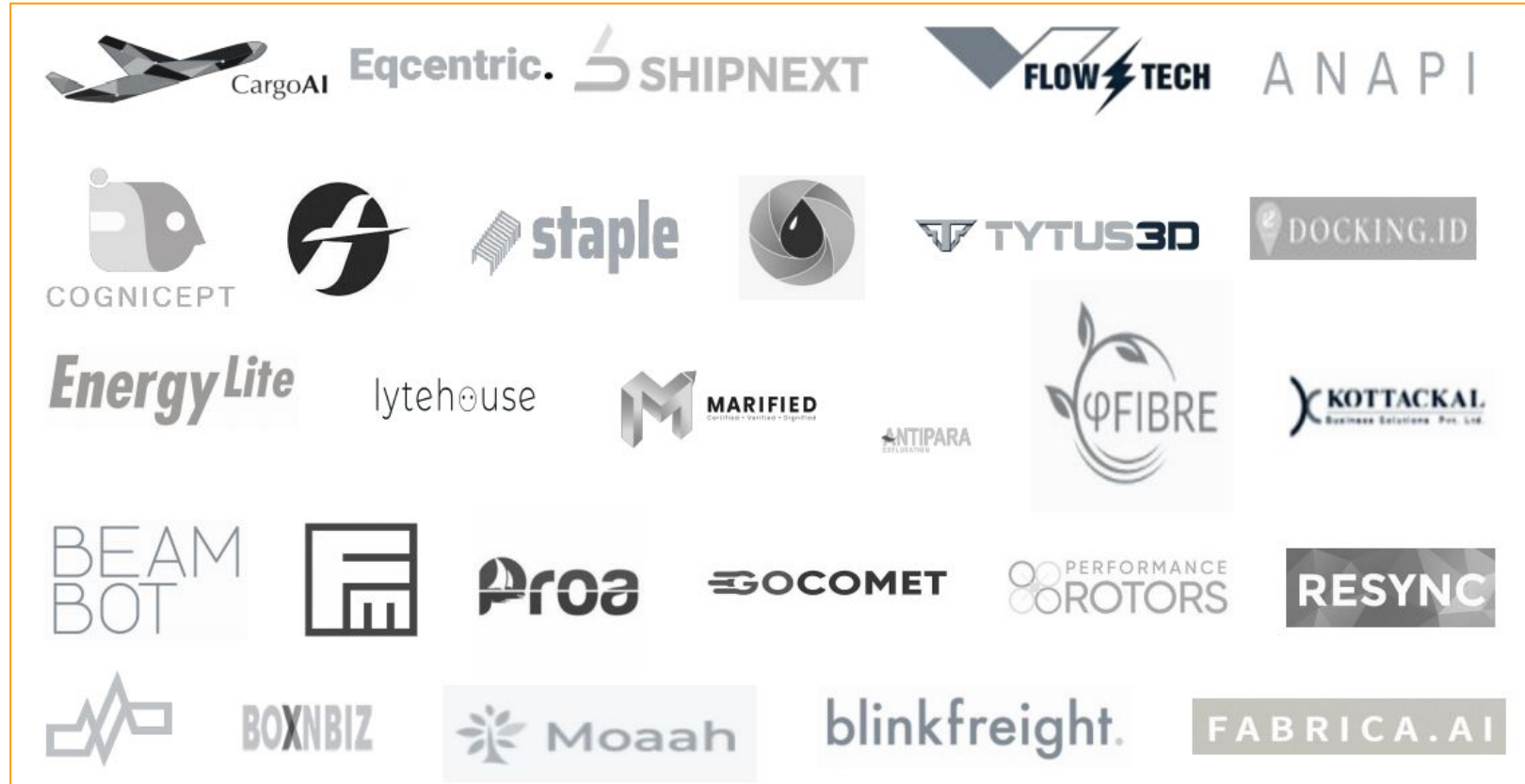
^ As of December 2020, based on Fair Value

* Based on exits from Performance Rotors and Ocean Manager

OneBlue Strategic Partners



OneBlue: Portfolio Names



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