

An Entrepreneur's Journey from Start-up to Sale

2024 Conference Case Study

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Niklas and his wife Maria are wealthy Austrian citizens, with significant portfolio investments owned by a family Trust created by Niklas in 2005, which are managed by a Luxembourg advisor. The Trust also owns a chalet in Austria and an apartment in the South of France. In 2012, Niklas founded an IT start-up in Vienna, Tasch GmbH. After completing a few moderately successful projects, the firm developed a task management software called "Tasch." The product soon became popular in several European neighbouring countries.

In 2014, looking to attract finance and expand globally, Niklas and his family moved to California. Niklas spent six months gathering information from CEOs and business owners in Silicon Valley before establishing Tasch Inc in Delaware and appointing himself CEO. His Austrian company was retained in his personal name with the idea of bringing it under the ownership of Tasch Inc.

Niklas had met Konstantin, a talented software engineer at a networking gathering. Recognising his talent in AI development, Niklas convinced Konstantin to leave Google to become CTO at Tasch Inc, incentivising him with stock options over 10% of the company's shares.

By mid-2021, Niklas was contemplating becoming a green card holder. However, Tasch Inc did not make the progress anticipated, and since Niklas and Maria wanted to be closer to their Austrian wider family, they decided to move to the UK where they could develop the Tasch technology using iOS and Android apps. They convinced Konstantin to move from the US to Sheffield where Niklas was looking to establish the development hub.

For the first couple of months, Niklas planned to live off their savings although soon he would start living off his CEO salary from Tasch Inc. In the beginning, the family lived in rented accommodation but six months later, Niklas took out a mortgage to purchase a £2.5 million family home in London. A UK immigration advisor explained to Niklas that in order to be settled in the UK, they would have to switch to the Global Talent visa. She also discussed with him the 3 to 5 year period for his indefinite leave to remain in the UK.

Niklas was not sure whether the business should be owned by Tasch Inc or Tasch GmbH, or whether it should be a separately owned business by the family, owned direct or through his family Trust, or perhaps through a newly created Foundation (he was familiar with both).

After taking advice, Niklas set up a new company, Tasch-App UK Ltd, to develop the Apps. Distributed for free, they offered premium subscription services, which soon started generating revenue streams. The business kept its costs low by developing further software at a Ukrainian company for a share of its operational income. Tasch Inc was still the IP holder for the existing Tasch underlying software (having acquired it from Tasch GmbH), but Tasch-App UK developed the updated modules as well as the Apps and further software requirements. Niklas was hoping to eventually sell the company to a software market leader.

Unfortunately, Tasch-App UK Ltd experienced cash flow difficulties as the initial development costs far outweighed the revenue streams, and Niklas was faced with the dilemma of injecting further funds into the company to meet creditor claims, or seeking to restructure the business in order to attract more resilient financing arrangements so that development work can continue.

Having taken advice from insolvency experts, Niklas created Tasch-App (2024) Ltd and set about raising funds from like-minded entrepreneurs, including Aleix, a serial investor in app-based businesses who owned the Ukrainian development company. He wanted to draw on his experience and involve Aleix on the board of Tasch-App (2024) Ltd. He also would like to offer Konstantin (whose existing shares in the US company were of little value) and possibly Aleix options over shares in Tasch-App (2024) Ltd to encourage them to remain involved and grow the business.

The technology is hugely successful and by the end of 2025, Tasch-App (2024) Ltd has grown significantly, and Niklas is looking either to sell the business or obtain further funding to continue its expansion. Niklas decides to continue the business and is able to obtain further funding which enables the company to extensively market the Tasch products throughout the UK and the EU. It also enables Tasch Inc to become profitable through sales to US customers, opening up a huge market opportunity in the US.

In 2027, Niklas receives an offer to buy Tasch-App UK, as well as Tasch Inc and Tasch GmbH, from the software market leader Aleix knows. The consideration would be an immediate cash payment together with loan notes in the buying company that will crystallise over the next three years. At this stage, Niklas considers his options to cease his UK tax residence, particularly since his 'non-dom' status no longer allows him significant tax benefits.