

Case study

Becoming a winner in gaming technology



Innocore Gaming

Production of industrial computer boards for gaming applications



Densitron Technologies plc is a designer and manufacturer of Information Display Systems. In response to a restructuring of Densitron, the management team of one of its sub-divisions, Densitron Gaming, approached NEL Fund Managers Ltd to finance the management buy out of the division from Densitron. Re-branded as Innocore Gaming Ltd, the company is an engineering-centric company specialising in the design and production of industrial computer boards for gaming applications. Innocore operates throughout the world with its world headquarters in Newcastle-upon-Tyne, UK and offices in the United States, Netherlands, and Taiwan.

Performance

As a sub-division of Densitron, Innocore was constrained by a lack of resources which led to mediocre performance prior to the investment by NEL in 2006. Turnover subsequently rose sharply and in 2007 and 2008 the company recorded significant profits.

Strategy

- NEL recognised that there was a strong management team in place with products selling into a high value add niche market. The Board of Directors was further strengthened with the appointment of a Non Executive Director from the NEL team.
- Innocore invested heavily in product development and brought a new generation of products to market in 2007 which out performed the competition at a number of different price points.
- These products are specifically designed to meet the requirements of the gaming industry which include high reliability, long lifetime, specific discrete digital I/O and a significant number of jurisdictional security features.

How growth was achieved

The foundation for growth was a skilled and motivated management team able to draw upon the finance and support provided by a VC investor. The new products launched enabled Innocore to retain its key existing customers and also to target new customer who were previously "out of its reach". The new products and the Innocore brand were marketed heavily and new sales and distribution channels were opened throughout the world providing offices with sales, technical or operations support in the following 12 cities; Newcastle - (HQ), Cambridge, Los Angeles, Reno, Chicago, Las Vegas, Miami, Buenos Aires, Eindhoven, Sydney, Barcelona and Taipei. This led to a significant broadening and strengthening of Innocore's customer base providing solid, sustainable growth as well as market protection through geographic diversification.

Job creation

One of the attractions of Innocore to NEL was that the business was scalable. Turnover and profitability have increased significantly leading to a small but positive increase in the number of staff employed. The company continues to invest heavily in new product development.

Investor:	NEL
Location:	North East England
Sector:	IT/Gaming
Stage:	MBO - 2007
Exit:	Currently in Portfolio
Company Website:	www.innocoregaming.com
Investor Website:	www.nel.co.uk

“Our exceptional growth can certainly be attributed to our clear and focused strategy. Needless to say we could not have achieved our success without the financial backing of NEL and the ongoing support from their Non-Executive Director.”

Edward Price CEO, Innocore Gaming