



Situation

Starting with a \$50,000 loan, two entrepreneurs created GPSExplorer.com, a specialty e-commerce site selling automotive GPS systems. They launched the site in the spring of 2003, and by 2004 GPSExplorer generated more than \$10 million in annual revenue. Recognizing the potential to expand the reach of its "precision commerce" online retail platform, BlueLava Group started to evaluate the possibility of developing a large number of boutique e-commerce sites.

As the company prepared to launch its second specialty site (an online retailer of high-end baby carriages), the co-founders recognized that they lacked sufficient business skills and experience to take the company to the next level. They retained Momentum Venture Management to refine the long-term road map for BlueLava Group's growth, validate critical operating decisions, and to lead funding efforts.

Solution

In early 2005, Momentum Venture Management conducted an initial business plan assessment/development and helped BlueLava Group's founders chart a strategy for optimal growth, which included securing institutional venture capital. After refining the company's business plan and developing new pitch materials, Momentum Venture Management led BlueLava Group's fundraising efforts and assisted with the design of the long-term business system including the organizational structure of BlueLava Group. Momentum Venture Management also played the lead role in filling out the executive team by recruiting the company's CFO/VP Business Development and the General Manager of Sales and Marketing.

Results

With the expert assistance of Momentum Venture Management, BlueLava Group raised \$2 million (with an option for an additional \$1 million) of financing from Stone Canyon Venture Partners, a leading venture capital firm in Southern California. "Momentum Venture Management played a critical role in the development of the company and increased our confidence when making our investment decision," say Omar Karame, Principal at Stone Canyon. The company is now a fully funded and resourced company with a strategic vision for exponential growth: TinyRide, the deluxe baby stroller, is projected to bring in several million dollars in revenue by the end of 2005, and BlueLava Group has also added a marine electronics boutique and an online store for high-end vacuum cleaners. Projections indicate that BlueLava Group is on track to double its revenues in 2005 and achieve accelerated growth in 2006 and beyond.