

Altada chiefs rejected new funding deal that would require them to step back

The Cork-based AI company says it is seeking bridging finance while it waits for fresh funding, as insiders reveal details of heavy spending, pay roll issues and multiple angry, unpaid creditors



Charlie Taylor

When Niamh Parker, the co-chief executive of Altada, informed staff last month that they were being furloughed due to financial issues at the AI company, she revealed that the firm had received a new offer of funding.

However, Parker also told employees that the term sheets offered to her and Allan Beechinor were not acceptable, as they would have required the husband and wife team to stop running the company.

"We are trying to find another solution that doesn't remove us as your leaders, because we believe that we have created something amazing together," Parker said at the meeting, a recording of which was shared with the *Business Post* last week.

Parker told staff she wanted to ensure that Altada could bring all of its staff back after six weeks. The firm is now working to raise bridging finance as it faces into a period of uncertainty.

This newspaper revealed last week that the co-chief executives of the tech company, which expected to be valued at \$1 billion this year, have admitted that the firm is "at a turning point" and facing "significant financial challenges".

In an update published on its website last week, Altada said it had recently licensed its technology for a seven-figure sum. In the update, the company also confirmed that it had laid off staff. It said it had postponed its planned Series A funding round until later in the year and intended to secure bridging finance to help it bring staff back within six weeks.

It said bridging finance would "also enable us to work with our creditors who have been supporting us through this very difficult time".

"The founders and the management team are confident for the future of Altada. We are working closely with our shareholders and advisers to secure funding and stabilise the company," the statement said.

Heavy spending

Altada's financial challenges come as multiple sources have told this newspaper that the company engaged in heavy spending after securing \$11.5 million in funding last year and has had difficulties in developing a fully realised platform.

The *Business Post* has also learned that Altada's employees have complained that there were payroll issues at the company in recent months, including incidents where staff received less money into their bank accounts than what was stated on their payslips.

Staff have also been unable to access offices due to landlords not being paid rent, according to internal messages seen by this newspaper. Landlords from whom Altada rented office space were owed at least €400,000 at the end of July.

Documents seen by this newspaper also show that several businesses have had difficulties in securing payment for services from Altada, with some of the difficulties preceding the firm's current financial difficulties.

Several sources have questioned the level of spending undertaken by the company in recent months.

One example shared with the *Business Post* was that Altada took employees, their partners and their children on an all-expenses paid trip to Disney

World in Orlando in April, just months before it let go its US-based team, furloughed other staff and cut wages for yet other employees.

An email inviting staff on the trip said: "We like to think of Altada as a family, given that this is very important, we would like the children of Altada to experience what it is like to work at Altada and learn more about the Altada culture."

"We are very excited to invite the families of Altada to join us in Disney World Florida for four days to explore 'The Most Magical Place on Earth' as we celebrate this year's success. We look forward to sharing this experience with your children and partners."

However, the trip, which also included a visit to watch the Miami Heat NBA basketball team in action, caused division as staff who did not have children were not allowed to attend.

Another document entitled FAQs included the question: "Can I attend if I don't have children?"

The reply was: "Unfortunately no, while we thoroughly understand and respect that many people do not have children for various personal reasons, this trip is for children whose parents work in Altada."

The FAQs also said that it was not a business trip but a "family trip with the company" and that people without their own children could not bring their nieces or nephews as it was "specifically to acknowledge our children who have been affected by Covid and Altada's busy schedules".

In recent weeks, Altada has implemented severe cost-saving measures and sources have said that its main investor has asked to evaluate the technology it is working on.

This newspaper has seen documentation going back a number of years which outlines the problems that independent contractors, vendors and landlords have faced securing payment from Altada and related companies.

Some of those left out of pocket eventually secured out-of-court settlements for monies owed, while others wrote off the debts after failing to secure payment.

In some instances, the debts were in the low thousands of euros, but there are also large sums involved, including some of around €25,000.

In emails, representatives from Altada told those seeking payment that it was unable to pay overdue invoices at the time and often said that it was waiting for investment funds to transfer over to its accounts.

Revenue Commissioners has also secured judgments against a related company, Beacon AI, a sister company led by Parker specialising in data privacy, had two judgments against it amounting to a combined total of €21,843 last year.

This is in addition to a Revenue Commissioners bill of just over



Staff have been unable to access offices due to landlords not being paid rent. Such landlords were owed at least €400,000 at the end of July



Allan Beechinor and Niamh Parker: their firm Altada is facing significant financial challenges' Clare Keogh

€250,000 for Altada in 2018, the year in which a dispute between the company's founders spilled over into a High Court case.

Some of those looking for payment for overdue invoices told the *Business Post* that they had complained to Enterprise Ireland, one of Altada's investors.

Among those owed money by Altada's founders is Fuzion Communications, a Cork-based marketing and PR agency led by Greg Canty and Deirdre Walton. The company claims it is owed more than €5,000 for work carried out in 2018 on behalf of a firm led by Parker called Shopless, which is now known as Alana.

Canty was one of a number of people to discuss debts owed by Altada and other companies linked to the founders on Twitter last week, following the *Business Post's* reporting on the firm's financial difficulties. Both Parker and Beechinor responded to these comments on the social media platform.

"You didn't deliver anything! What did your agency actually do? I bet you don't even know," Parker tweeted at Canty.

"We were uncomfortable reading your BS proposal and invoices for doing nothing," added Beechinor in a follow-up tweet.

The *Business Post* has seen emails from Parker to Canty which said that despite delays, the company was to get paid.

"I am waiting on the first payment from Cork City LEO [local enterprise office] which has been approved to go to Fuzion PR," she wrote in an email to Canty on September 4, 2018.

Salary issues

Separately, some employees working at Altada have noticed issues with salary payments, with a number receiving less into their bank accounts than what was indicated on their payslips.

Some staff have also been paid late for the past three months and others have had additional payroll issues, according to sources.

Several people with knowledge of Altada said the company had spent large sums on events in the months before its financial difficulties.

In the same month as the Disney trip, the company ran an 'AI Possible Summit' in the five-star 1 Hotel in Miami. And last November, it held two events at the Web Summit in Lisbon, one of which was a VIP event at a nightclub at which DJ Steve Aoki performed.

Altada's founders claimed earlier this year that they were close to securing additional funding that would value the company at \$1 billion, making it a so-called tech unicorn. Beechinor and Parker told this newspaper in January that it could easily envisage becoming a decacorn, which is a \$10 billion-value company, based on the opportunities awaiting it.

Founded in 2017, Altada has been a high-profile Irish tech success story. It is shortlisted for this year's EY Entrepreneur of the Year award and has been praised by politicians including Leo Varadkar. It has also partnered with Tangent, a Trinity College Dublin-based entrepreneur hub. Its backers include Texan asset managers Rocktop Partners, Elkstone and Enterprise Ireland.

Altada was set up to provide artificial intelligence-based solutions to companies in financial services, travel and security that use data to improve decision-making and business processes.

After securing \$11.5 million in a funding round led by Rocktop late last year, the company engaged in heavy spending. In addition to big events such as the Disney trip, it rapidly opened offices across the world, including in Miami, Malta, Delhi and San Francisco.

While it has entered a period of financial difficulty, sources have said its intellectual property could prove to be valuable.

Last April, the company fast-tracked the filing of three patents in the US, which it said would "augment Altada's existing strong market position and provide it with a significant platform to further grow, exploit and defend its technology".

The company's co-chief executives are shortlisted for this year's EY Entrepreneur of the Year awards. In ad-

dition, Cork Chamber recently voted it 'Large Company of the Year'.

This weekend, the *Business Post* sent Altada a list of detailed claims made by current and former staff, and other businesses, about the difficulties the company was facing.

In a statement in response, the company said "many of these statements are incorrect and have no connection with Altada's current creditors... We are extremely disappointed that during a global tech crisis Altada is being targeted during our funding raise".

FIND OUT MORE

GRAB YOUR GROUP TICKETS TODAY!

GUARANTEE YOUR TICKETS FOR THE 2022 AND 2023 AER LINGUS COLLEGE FOOTBALL CLASSIC

Aer Lingus COLLEGE FOOTBALL CLASSIC IRELAND 2022

Aer Lingus COLLEGE FOOTBALL CLASSIC IRELAND 2023

NORTHWESTERN NEBRASKA NOTRE DAME NAVY

Group tickets available for 50 or more
Tickets from €60 subject to availability
For more information contact Nicola.Carrick@corporate.ie

[MY BP](#)[NEWS](#)[POLITICS](#)[NEWS FOCUS](#)[ANALYSIS & OPINION](#)[TECH](#)[LIFE & ARTS](#)[PR](#)[NEWS](#)[FUNDING](#)[TRENDS](#)[PEOPLE](#)[PRODUCTS](#)[NEWSLETTER](#)

TECH

Altada subject to Garda investigation, creditors told

Liquidator of Cork based AI firm which has since been sold gave an update to creditors

CHARLIE TAYLOR | JULY 5, 2023



Allan Beechinor and Niamh Parker, who led Altada prior to its liquidation earlier this year

Altada, the technology company whose assets were acquired out of liquidation earlier this year, is subject to an ongoing Garda investigation, the firm's liquidator has told creditors.

[Privacy](#)

At a meeting to update creditors on Wednesday, John Healy of Kirby Healy Chartered Accountants, who was appointed to wind up the firm in January, said he had been informed of the garda investigation by detectives attached to the Corporate Enforcement Agency (CEA).

The Business Post [reported in January that the state's corporate crime watchdog](#) had commenced an investigation into Altada over allegations of company law and fraud offences.

“Owing to statutory obligations of confidentiality, the CEA does not comment upon its investigative activities,” the state’s watchdog said when asked about the investigation.

Healy also told creditors on Wednesday that a number of former Altada employees have filed complaints with the Workplace Relations Commission, which have yet to be heard.

In addition, he said that it is too early to say whether unsecured creditors, who are owed over €5 million, will receive any money from the sale of Altada’s assets.

Preferential creditors, including Revenue, which is owed over €2 million, have also yet to receive payouts due an ongoing legal row. However, lenders of a loan to Altada, are close to agreeing a settlement with Revenue that will end an ongoing High Court action.

The financial difficulties of Altada were [first revealed](#) by this newspaper last August.

The company ran difficulties last year after a planned funding round to raise up to \$100 million was delayed. The firm had earlier predicted it would become a tech unicorn with a \$1 billion-plus valuation.

Altada’s assets were acquired out of liquidation for €2.5 million in January.

In a report prepared by the liquidator, Healy said that Allan Beechinor and Niamh Parker, the company’s former co-chief executives, along with Martin O’Brien, its former chief financial officer, have attributed the insolvency of the company to decisions by certain of the company’s shareholders not to advance any further investment. These assertions are disputed by the shareholders, which include Rocktop Partners and Elkstone.

The former directors also cited negative media coverage in the national media as a factor in the company’s struggle to gain additional investment.

Healy, who told creditors that Altada was “heavily insolvent” just three months after it emerged from examinership in 2020, said total losses from the compar...

collapse are likely to exceed €20 million.

Creditors are owed at least €10 million with preferred creditors expected to receive most if not all of the dividend resulting from the sale of Altada's assets earlier this year.

[TECH](#) | [TECH NEWS](#) | [CONNECTED](#) | [NEWS](#) | [ALTADA](#) | [TECH](#) | [LEGAL](#)

Selected for you



TECH

Apple signs up Qualcomm for another three years



NEWS

Government told to cut capital gains tax to save Irish stock exchange



NEWS-FOCUS

Tony O'Reilly steps down from yet another Irish company



TECH

Apple renews Qualcomm deal until 2026, with in-house chip not yet ready

[Back to top](#) ↑

[Privacy](#)

Contact

Privacy Policy

Terms of Use

Data Access Request

Follow us

Download the app



Part of the



'We are at a turning point and must make difficult decisions' – Altada founder

The Cork-based firm was aiming to reach billion dollar unicorn status, but internal emails and insider accounts reveal that it now faces 'significant financial challenges'



Charlie Taylor

When Allan Beechinor and Niamh Parker spoke to the *Business Post* in January, their confidence in Altada was clear.

Having just raised €11.5 million to fund the expansion of their Cork-based artificial intelligence (AI) firm, the husband-and-wife team mused about how quickly they would achieve a billion-dollar valuation and so-called unicorn status. "Some of the nicknames we've heard are 'unicork' or 'soon-icorn'. It's exciting to know that's coming," Beechinor said.

With plans in place for a new funding round of between \$50 million and \$100 million, Parker said that the couple's real excitement was not for unicorn status, but a valuation ten times that.

"I think we're more excited about becoming a decacorn, which is a \$10 billion value company," Parker said. "That could happen in three or four years' time. That's the opportunity that awaits us in AI."

Founded in 2017, Altada was set up to provide artificial intelligence-based solutions to companies in financial services, travel and security that use data to improve decision-making and business processes.

There is no doubt that the company was targeting the big time. But, according to senior sources and internal emails, Altada has implemented severe cost-saving measures in recent weeks and its main investor has asked to evaluate the technology it is working on.

Altada last year announced plans to create 100 new jobs in addition to the 75 people it already employed as it embarked on a series of office openings globally following the fundraise. It has opened offices in 13 cities, including Delhi, Malta, Miami and San Francisco, but staff have been unable to access some of these workplaces, according to sources.

Several people connected to the company who spoke to the *Business Post* on condition of anonymity said Altada has spent much of the \$11.5 million secured in investment last year, with some of the money being spent on events, expensive hotel stays and hiring top-of-the-range cars.

While the issues are believed to have been going on for months, Altada has continued to push towards its goals.

In an interview published just over a week ago as part of Altada being nominated for the EY Entrepreneur of the Year awards, Beechinor spoke of the plans to close a new funding round in the coming months and float the business on the stock market within two years.

'Pushing up the valuation'

In the months that followed the January *Business Post* interview, Beechinor and Parker's Altada appeared to be marching on its way to being one of the biggest tech firms to originate in Ireland.

The company was originally planned to provide an AI solution to help businesses

with data protection rules in the EU, but has since pivoted to focus primarily on financial services.

Altada opened an office in Delhi in March, its sixth outside Ireland along with offices in London, New York and San Francisco among other locations.

In April, it fast-tracked the filing of a number of US patents relating to its technology as a sign of its confidence in its solutions. As Beechinor was keen to point out, it would "help with pushing up the valuation by an appreciable amount".

It looked clear that Altada was on track to reach its unicorn goal and the Irish state was keen to be seen to be part of its success. In May, Beechinor was appointed by Robert Troy, the junior enterprise minister with responsibility for digital, to the newly established Enterprise Digital Advisory Forum.

A month later, Michael McGrath, the Minister for Public Expenditure, was on hand at Altada's St Stephen's Green office opening to congratulate his fellow Cork man on the company's success.

All the while, Beechinor and Parker displayed the trappings of success on social media.

In one Instagram update in March, Beechinor posted a picture of himself taking a phone call from the breakfast table on a balcony at the five-star Electra Palace hotel in Athens, along with the quote: "A ship is always safe at shore but that is not what it's built for". The quote has been implausibly attributed to Albert Einstein by online business gurus.

It fit with the image of the all-in businessman that Beechinor described when he spoke about his typical working day to the *Business Post* last January, in which he sets aside time every morning for research and yoga, and sets strict time limits of six to 15 minutes for every meeting.

In another Instagram update in March, he posted a selfie with the caption "A B C always be closing" – a reference to a scene in the film *Glengarry Glen Ross*.

Days later, Beechinor posted an image from West Palm Beach in Florida as he posed beside a Lamborghini rented from Lo Lo Luxury Rentals.

A week after the Lamborghini post, he posted another update from Florida with a video of Parker's hand resting on Beechinor's as he drove a Rolls Royce, along with the caption featuring the hashtag "#worklifebalance".

Dispute with investors

Altada nearly went under in 2018 when a dispute with its original investors led to funding being withdrawn and a Revenue bill of just over €250,000.

In the 2019 High Court case that saved Altada through examinership, it emerged that Jeffrey Leo, a US financier who was a founding investor, had concerns about Beechinor's technology.

"I believe that there is no product or that it is not developed to the extent that it is merchantable and/or can be sold or launched in any way," Leo said in an affidavit as part of his ultimately



Allan Beechinor and Niamh Parker, founders of Altada: the company has implemented severe cost-saving measures in recent weeks

Darragh Kane



Allan Beechinor and Niamh Parker posted regular updates on Instagram

unsuccessful attempt to block the examinership process.

This was denied by Beechinor, and the High Court said that the company had a reasonable prospect of survival given impending new funding.

While Altada had put those issues behind it in the last two years, rumours had begun to circulate in the Irish tech scene recently that it was in difficulty. In the past few weeks, things have come to a head, according to senior sources who have spoken to the *Business Post*.

Internal emails show that Altada has furloughed a number of its employees. Sources have said staff have been unable to access some offices, and that the firm has had issues in developing its technology. Insiders said that the company's prospects have faded due to heavy spending, and difficulties in developing a fully realised platform.

The founders of the firm emailed staff in recent weeks stating that Altada is "at a turning point" and facing "significant financial challenges".

A "town hall" meeting held on July 22 resulted in the majority of direct employees at Altada, including in Ireland, being told they were being furloughed, with workers owed back pay going back months and, in some cases, amounting

to \$20,000. In the US, people working on behalf of the company have been let go without severance.

In an email following the meeting, Beechinor and Parker told staff that Altada was facing "significant financial challenges".

The email cited the changing economic conditions along with a decrease in monthly recurring revenue from customers, key opportunities not materialising and the need to postpone a further funding round.

"Our overall situation has worsened massively in the last 4 weeks and, as a result, we now need to adjust quickly to our current cash flow, review our cost structure and ensure our monthly expenses are on a par with our income streams," the email said.

"We are at a turning point and we unfortunately must make difficult decisions to guarantee the continuity of the business."

It outlined that staff working on key projects would be kept on reduced salaries while others would be temporarily laid off for six weeks. The email said that the founders were confident about the future of the business and would be attempting to secure bridging finance.

In a further email to staff sent last

Thursday, Beechinor told staff that salaries would be deducted by an initial 22.5 per cent for July and August due to the company's main investor Rocktop allegedly "stalling on paying us". He said, however, that because the company hadn't received the full payment owed by its backer, a further reduction would be made for July wages.

Rocktop did not respond to a request for comment.

Rocktop planned to license the company's technology for its partners, but it is understood that it has been unable to do so due to the difficulties Altada has experienced in developing a fully realised platform, sources said.

While Altada has hired multiple software engineers, sources said that regular changes in strategy have meant the company has had difficulties in developing a solution it can present to potential customers.

The email sent to staff following the July town hall said that the firm would be reducing its focus on the financial services sector and would be attempting to find new industries that could use its tools.

Delay in raising concerns

Some of the other individuals who spoke to the *Business Post* questioned why Rocktop had not intervened earlier to raise concerns about delays with Altada's platform, and the speed at which the firm was spending money.

The founders told employees in emails seen by the *Business Post* that they were confident about the future of the business and would be attempting to secure bridging finance. However, some staff don't



Due to certain market conditions in the US it was prudent to temporarily furlough some of your colleagues

hold much hope of that materialising.

On Friday, the *Business Post* sent Altada a list of detailed claims made by current and former staff about the difficulties the company was facing. In a statement in response, Altada said that allegations made by insiders are "unsubstantiated and wholly false".

"Altada technology solutions continues to expand in the financial services industry and onboard new clients to our AI Platform and Asset Management Use Cases. Due to uncertain market conditions in the US it was prudent to furlough a number of employees on a short-term basis while we close our current funding round," the statement said.

On Saturday morning, Beechinor emailed staff to alert them that the *Business Post* was covering the company's difficulties.

"I appreciate that this is an uncertain time and quite stressful for our team members. I assure you that we are working hard to ensure this is short term and we get back to normality as soon as possible," he wrote.

He said that it was likely that several media outlets would be covering Altada this weekend and that the "vast majority of their claims are unsubstantiated and false".

He said that the company had supplied an official statement. "Our legal advice is not to engage with them on an individual basis, so we want to ask you not to communicate with journalists if you are contacted. Our partners have already confirmed that they are backing Altada and will not provide any comments either," Beechinor wrote.

"As you are aware due to certain market conditions in the US it was prudent to temporarily furlough some of your colleagues while we secure the future of Altada by closing our current funding round."

He said that the company would hold staff meetings in Dublin and Cork next week to "update you all about our most recent developments and outline our plans for the future. We have received additional term sheets and confirmation of funding by one investor, whose funds are expected within the next 2-3 weeks".



New vision can only come from a new perspective.

Success is no longer measured by the bottom line, but by how positively business impacts the wider world. Responsibility, sustainability and diversity are the new touchstones.

At PwC, we get this. Our community of solvers is ready to help drive this transformation. Combining talent and technology to place Environmental, Social & Governance at the very heart of your business. Creating a transparently better future for generations to come.

At PwC, it all adds up to The New Equation.

Learn more at www.pwc.ie/sustainability

