

# > case study



## Better World Books, Inc. (BWB)

South Bend, Indiana

Used Book Sales and Recycling Company

Investment Amount: \$1.2 Million

Investment Date: December 2006

*“This capital will really help us meet our growing customer demand.”*

— David Murphy, **BWB**

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### Investment Situation:

“Funding Literacy By the . . . Books”. BWB is a four year old company started by recent Notre Dame graduates. The company organizes book drives at colleges and libraries to reclaim, “no-value” books. The principles of BWB have developed a low cost method of collecting the books and selling them through many internet markets. A portion of the proceeds are used to promote worldwide literacy through partner organizations. David Murphy of BWB approached CapX with the goal of obtaining debt capital to help fuel growth for the \$15 Million company.

### The CapX Approach:

CapX spent the time to learn the BWB model and business. The business is unique and we took the time to understand the concept, and the nature of partner literacy organizations. CapX became impressed with the recurring nature of the revenue streams as well as inroads BWB made in the library market. In the first couple of years of operation, the business was highly seasonal based on the college schedule. By reclaiming books from public libraries BWB began smoothing out their revenue and costs. At this time, the company required additional working capital to meet the more consistent demand and full-time labor force.

### The CapX Solution:

CapX helped BWB “Fund Literacy . . . by the Books” by providing a \$1,200,000 junior secured note on the assets of the company.