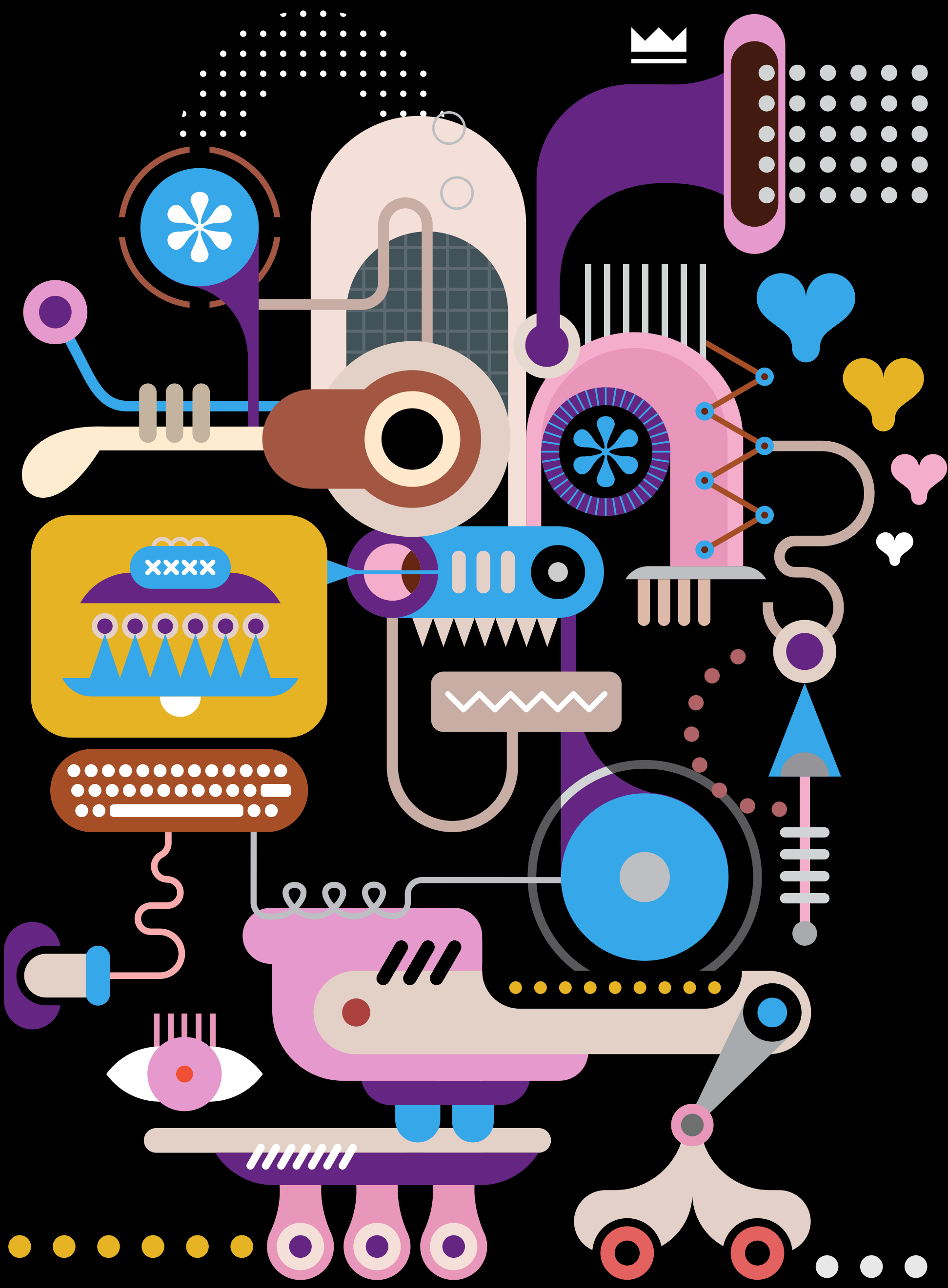
WHAT'S POWERING? THE POWERHOUSE

THE STORY OF THE NORTHERN SCALE UP LANDSCAPE, TOLD BY THOSE WHO BUILT IT

STORIES FROM THE NORTH

STORIES FROM THE NORTH



praetura VENTURES

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praetura VENTURES

ABOUT PRAETURA VENTURES

Praetura Ventures is an award-winning tech and life sciences focused VC, born-and-bred in the North of England. Praised for its early backing of northern success stories such as Peak, XR Games and Culture Shift, the Manchester-based VC has now become known for its 'more than money' approach to supporting early-stage founders post investment. Praetura's portfolio companies benefit from active mentorship from the company's operational partners, who are industry-heavyweights that have led businesses such as AO, ANS, Apple, Co-op Bank, Dr Martens, Social Chain, OSTC and MPP Global.

As the largest partner on the British Business Investment's Regional Angels Programme, Praetura's team are focused on backing northern-based businesses with global potential. Having raised over £125m since 2019, the team typically looks to invest £1-3m in tech and life sciences businesses through their EIS Growth fund and £50k-2m through the GMC Life Sciences Fund By Praetura, which includes partners Bruntwood SciTech, Greater Manchester Combined Authority and Cheshire & Warrington LEP.

ABOUT THE RESEARCH

"What's Powering The Powerhouse?" was created to provide a snapshot into the North's early-stage funding landscape in 2022. The Praetura team have used a mix of both primary and secondary market research methods to better understand the stories and experiences of the sector's stakeholders. This includes a detailed survey distributed through investment networks and one-to-one interviews with over 300 founders and stakeholders from the North of England and the UK. The purpose of this research is to offer a bird's eye view of the investment landscape, understand what founders need to build better businesses and give expert advice from those who've been there before.

WRITTEN BY

Theo Watt
Sim Singh-Landa
Ben Davies
With support from our contributors

DESIGNED BY

Emma Ashdown
Alex Moitt
Louise Poole
Joey Jones

WITH THANKS TO CONTRIBUTORS AND PARTNERS:

Andy Barrow
Andy Burnham
Apadmi
AppLearn
Beauhurst
Betmate
Beyond MA
Bionow
BiVictriX
Brewin Dolphin
British Business Investments
Bruntwood SciTech
Business Cloud
Catherine Barber Brown
Cheshire and Warrington LEP
Colin Greene
Culture Shift
Department's Exchange Programme
Dom McGregor
Financielle
Forward Role
Fund Her North
Go Founder
GP Bullhound
Greather Manchester Combined Authority
Helen Verwoert
I5 Growth
Ignite
Innovation Agency (The AHSN Network)
Insider Media
Investor Ladder
Kate Norton
Klowt
Landscape
Leeds City Council
Leeds Digital Festival
Loop Cycle
Make Thread
Manchester Angels
Manchester Digital
Mark Slade
Martin Bryant
Matillion
MIDAS
Modern Milkman
Nanoco
North West Business Leadership Team
Paul Johnson
Peak
Refi Ventures
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Steve Caunce
Summize
Sure Valley Ventures
Sygnature Discovery
Tech Nation
The Fashion Network
The Times
Thestartupfactory.tech
Tosca Debt Capital
UKTN
University of Salford
Unsolved Studios
Viddyoze
Wi-Q
XR Games
Your Flock

Special thanks to What Media for their contribution of the launch video.

FUNDING

MISSED OPPORTUNITIES AND INEQUAL FLOW OF FUNDS

61% of founders think their region lacks early-stage start-up funding.

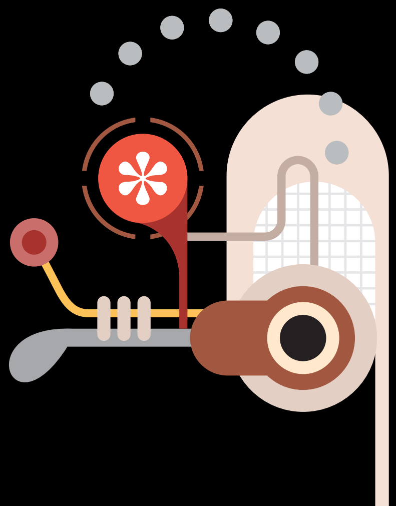
North of England founders are **TWICE AS LIKELY** to suggest their region lacks start-up funding when compared to London & South East founders.

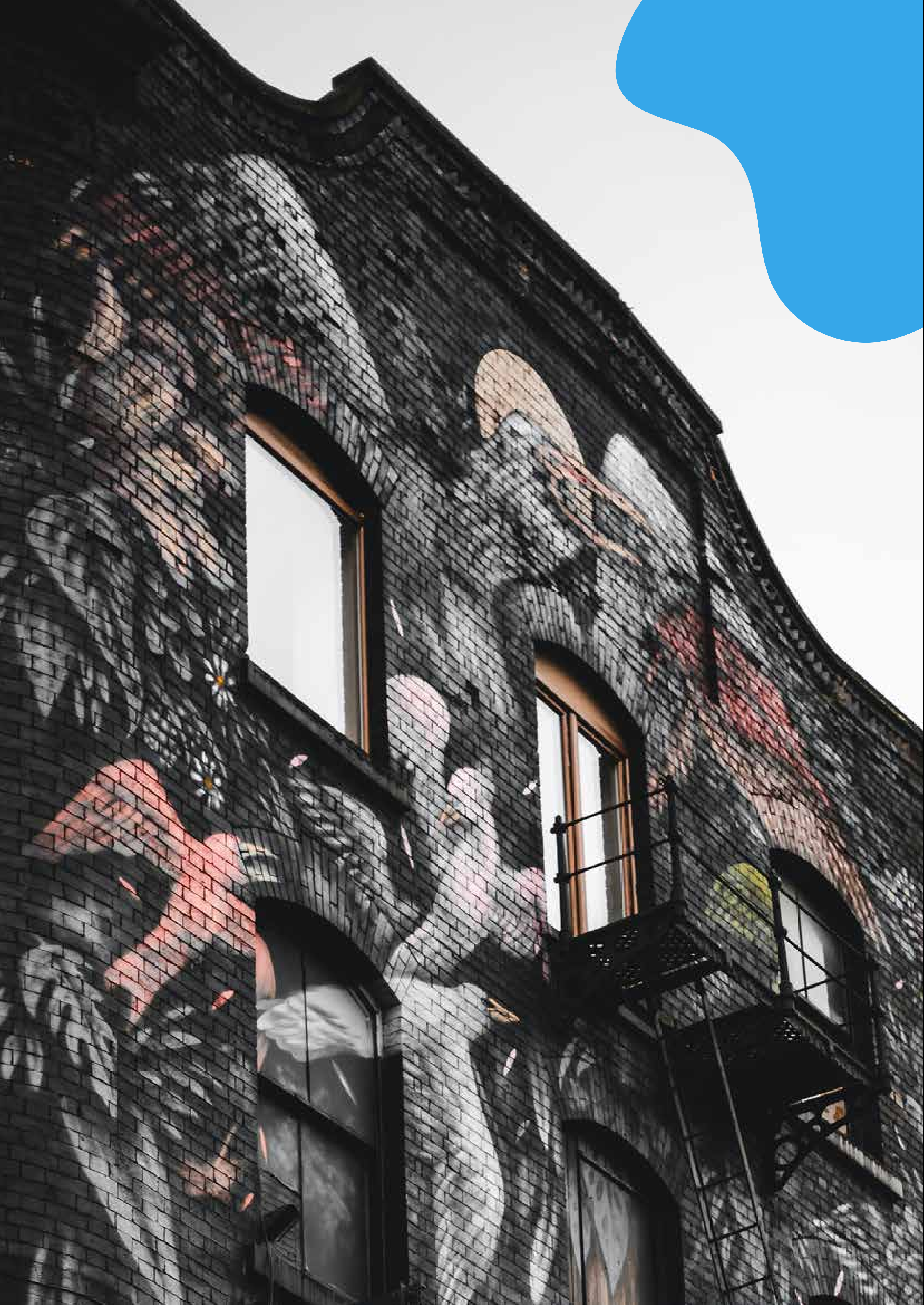
North of England founders were **MORE CONCERNED** with their access to regional funding than any other region.

75% of VC funds invested are going to London and South East businesses. The concentration of funding in the capital has also increased post pandemic.

Under investment in the North is **£10BN,** which costs the UK economy **£92BN** of economic output per year.

80% of VC funds are based in London and deploy 69% of their funds to London and South East based companies.





INVESTORS

FOUNDERS WANT MORE THAN MONEY

65% of North of England founders want their investor to have a presence in their region. Founders want access to an investor's network, a strong investor relationship and an ability to participate in follow on rounds.

North of England founders are **MORE LIKELY TO SEEK** an investor that offers mentorship, support and a specifically strong personal relationship more than any other region. London & South East founders care most about access to the investor's networks.

Founders who have **RAISED THROUGH VC CARE MORE** about having a strong personal relationship with their investors. Mentorship and non-financial support are also considered more valuable, when compared to those who haven't raised through VC.

72% of North of England founders can only name up to four VCs in their region (excluding Praetura).

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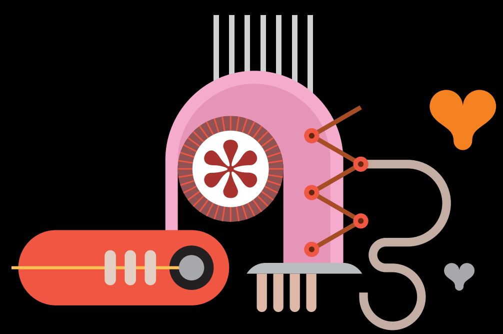


THE NORTH

FANNING THE FLAMES WITH SUPPORT AND EDUCATION

78% of North of England founders want to be part of an active ecosystem. North of England founders are also the most likely to suggest their region lacks access to incubators, accelerators, active events and networking for start-ups. Founders who have raised through VC are **MORE** likely to favour being part of an ecosystem.

North of England founders are **MOST** likely to welcome local public and private sector support for founders, as well as access to innovation hubs tailored to their sector.

73% of founders suggest it's become more attractive to start a business outside of London in the last 10 years. **57%** of North of England founders suggest that examples of success stories from outside of London have inspired them, they're the region most likely to list this reason for starting a business outside of the capital.

44% of London & South East founders would consider opening an office in the North if they had the opportunity. The North was **40% MORE** popular than the second choice, London & South East.

PRAETURA VENTURES

KEY FINDINGS

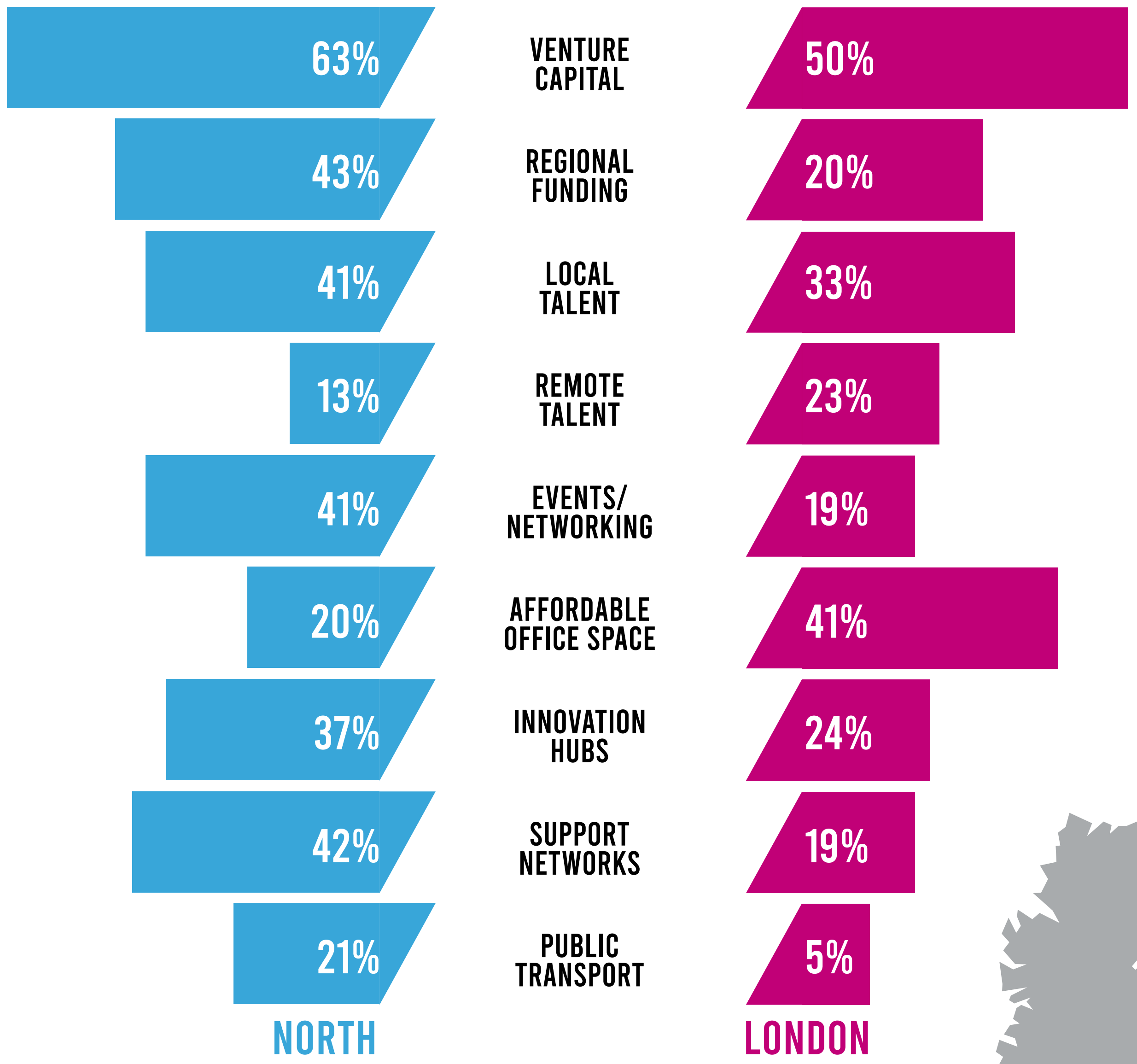
PRAETURA VENTURES

FINDINGS AT A GLANCE

THE NORTHERN FOUNDER, SOUTHERN FOUNDER DIVIDE

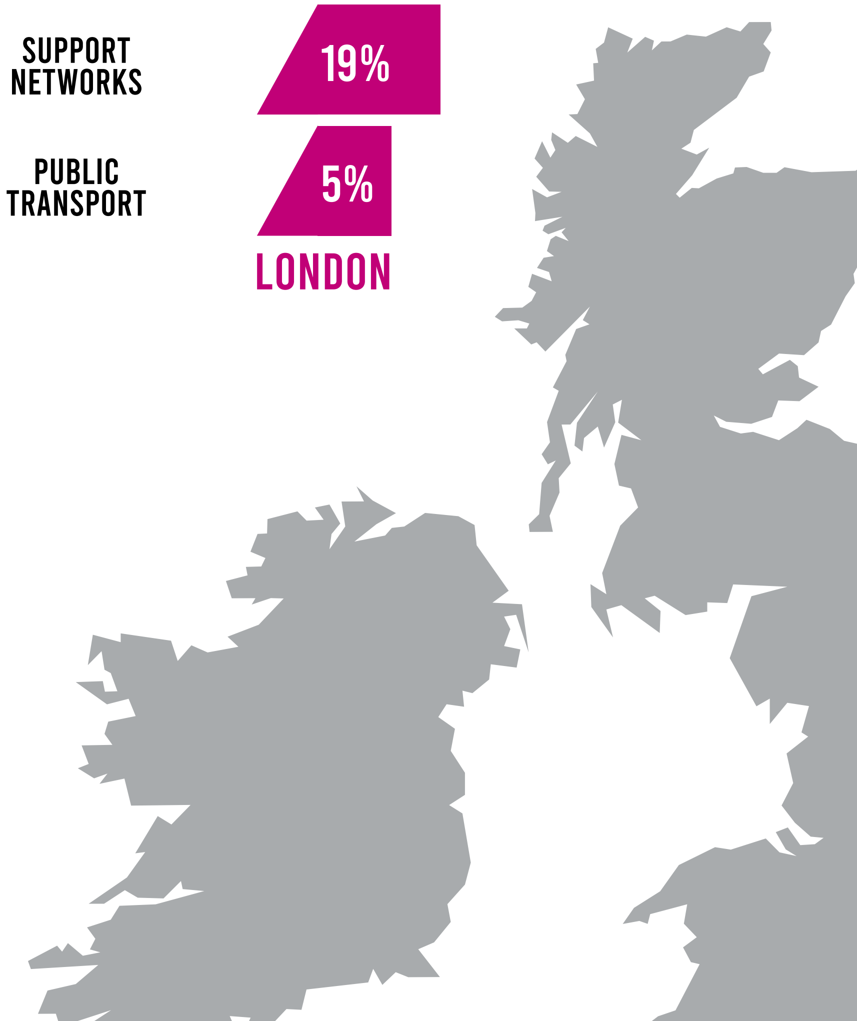
PRAETURA VENTURES

WHAT IS LACKING IN YOUR REGION?

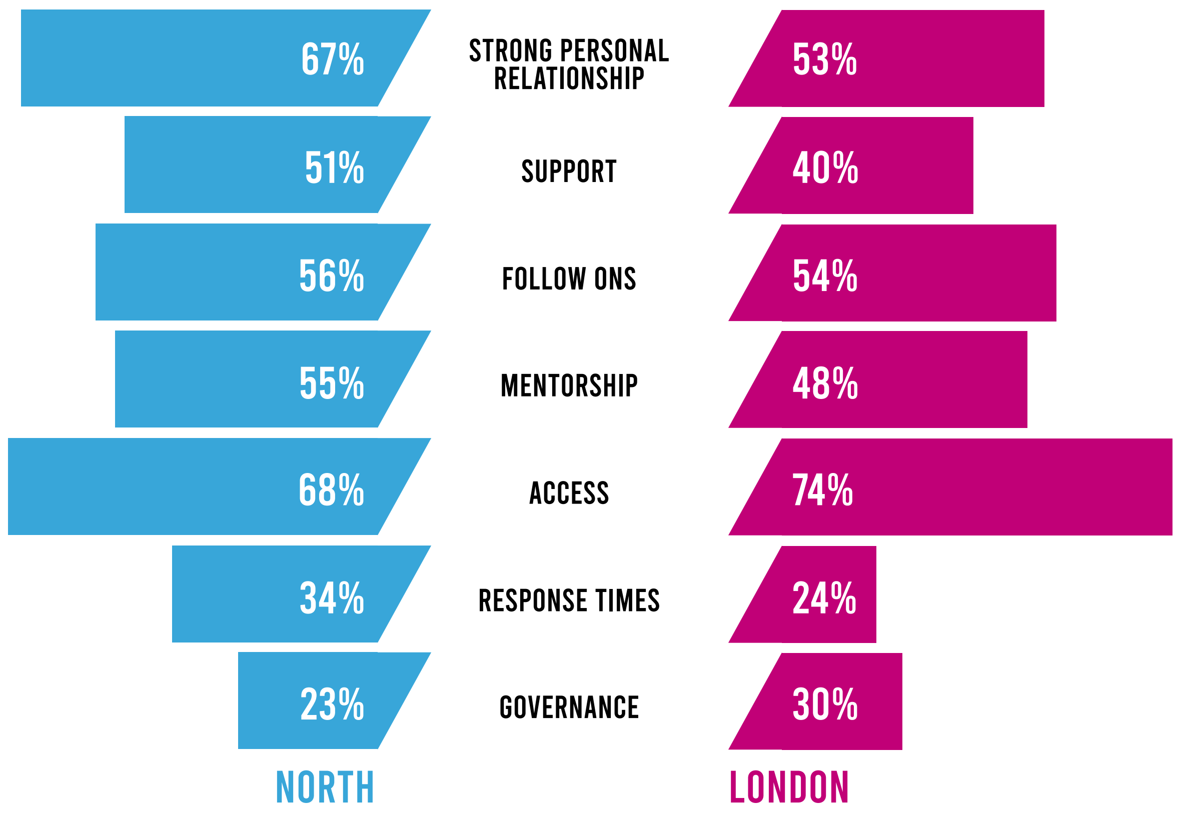


Northern founders want access to funding, events and support networks

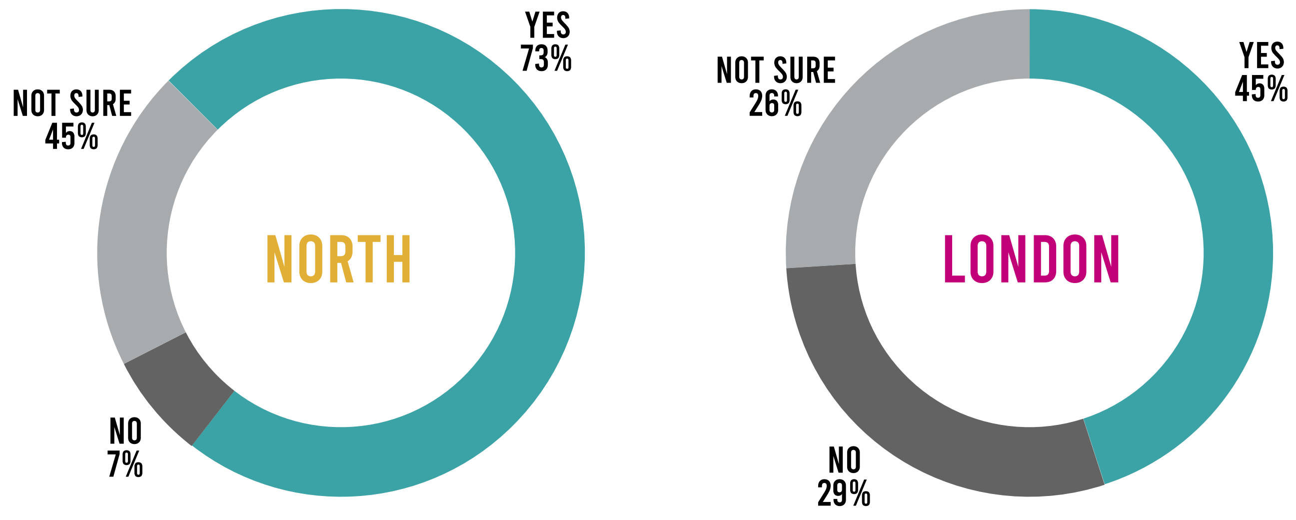
London founders want funding and affordable office space



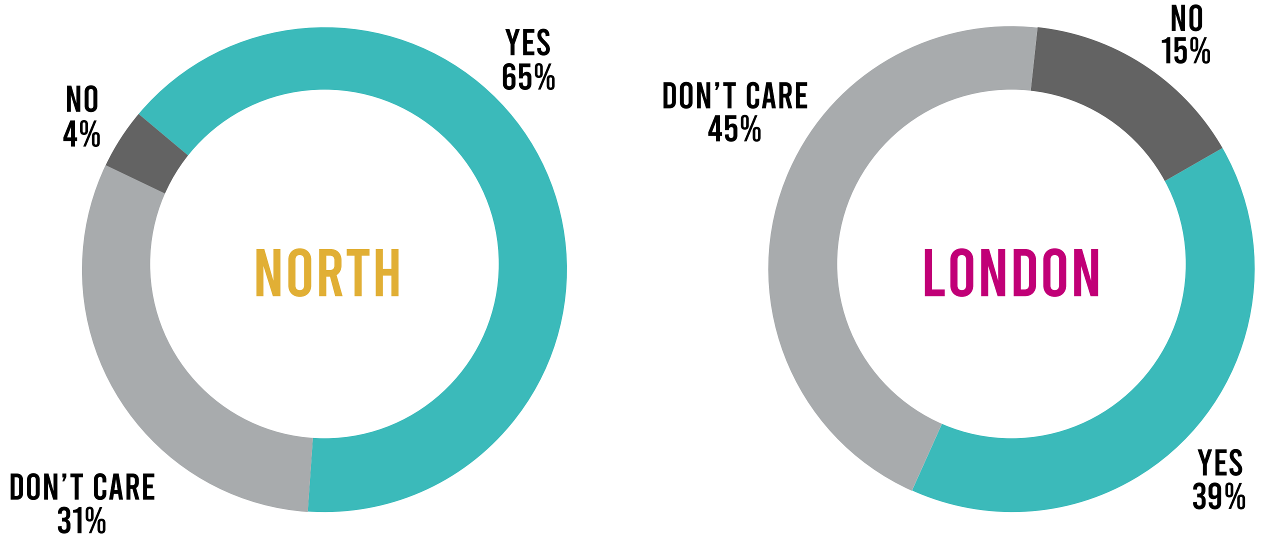
WHAT DO FOUNDERS LOOK FOR IN AN INVESTOR?



DOES YOUR REGION LACK STARTUP CAPITAL?

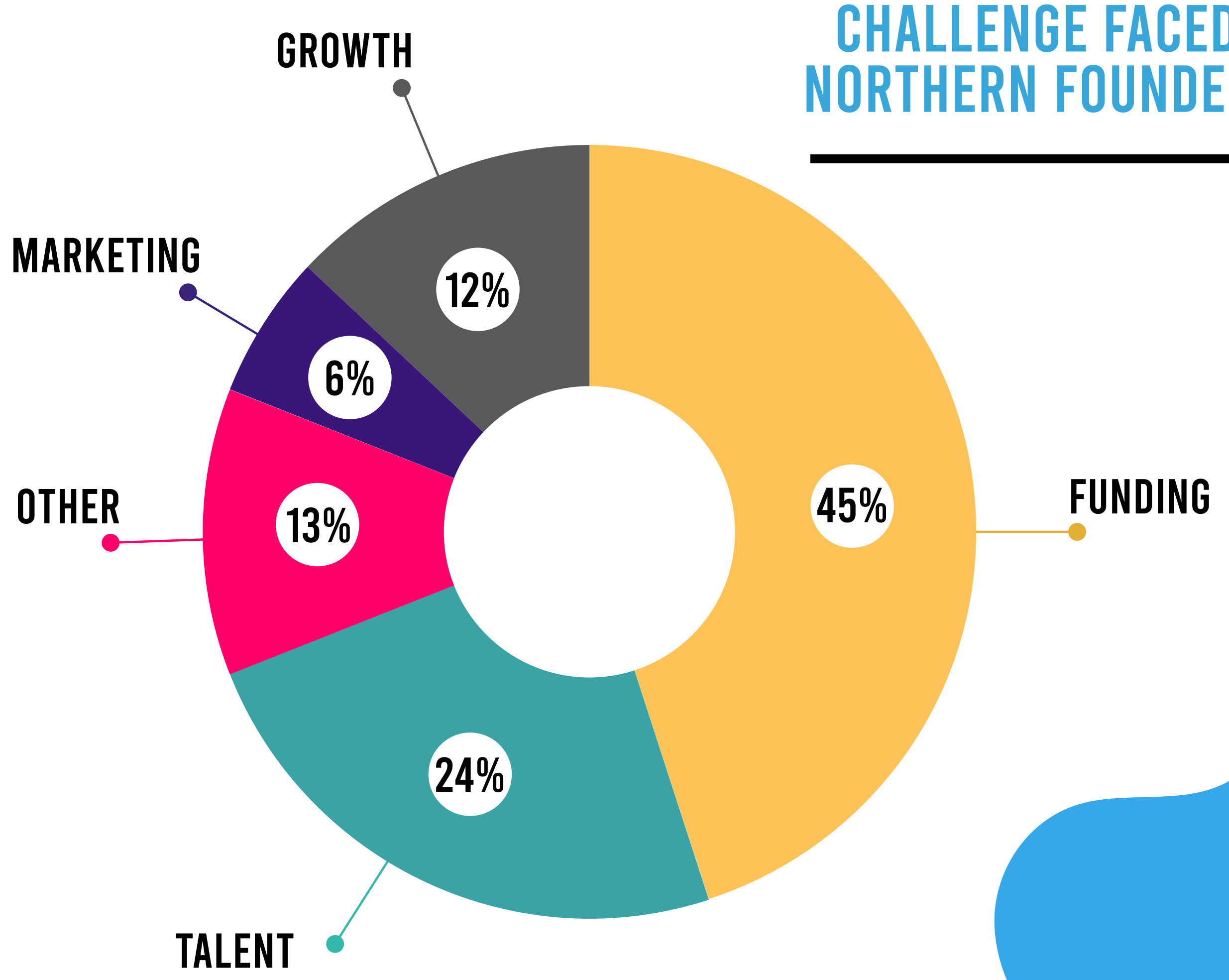


DO YOU WANT AN INVESTOR BASED IN YOUR REGION?



Northern founders want local funders

WHAT IS THE BIGGEST CHALLENGE FACED BY NORTHERN FOUNDERS?



DAVID FOREMAN, MANAGING DIRECTOR
& FOUNDER, PRAETURA VENTURES

MORE THAN MONEY

INTRODUCTION

The last few decades have been a period of great change in the North of England and in the early-stage investment landscape. Known for our industrial heritage, the North is now being recognised for its contribution to both the tech and life sciences industries for a second time.

A series of break out business success stories inspired the new generation of entrepreneurs. As our hometown heroes became household names, we've seen the confidence and ambitions of our regional founders shift up a gear.

But it wasn't just local entrepreneurs that were inspired. Global companies took notice of the North, identifying it as an appealing expansion destination.

Praised for its access to talent, infrastructure and low cost of business, many international businesses started to understand what the North could offer them. This perfect storm led to a trajectory that would change our area.

More broadly, the investment landscape in the UK has seen a boom in funding. We've developed one of the most exciting eco-systems in Europe and we continue to grow world-leading companies.

Unfortunately, this funding is not evenly distributed and Praetura see missed regional opportunities on a daily basis.

This needs to change if we are to reach our full potential as a region.

Praetura wanted to produce this research to contribute to the conversation around what it's like to grow a business in the North.

We wanted to give stakeholders a bird's eye view of how founders approach funding and what they want from investors. We wanted to offer expert advice and guidance to help founders to help them navigate their future growth. We wanted to inspire with the stories of those who've been there before.

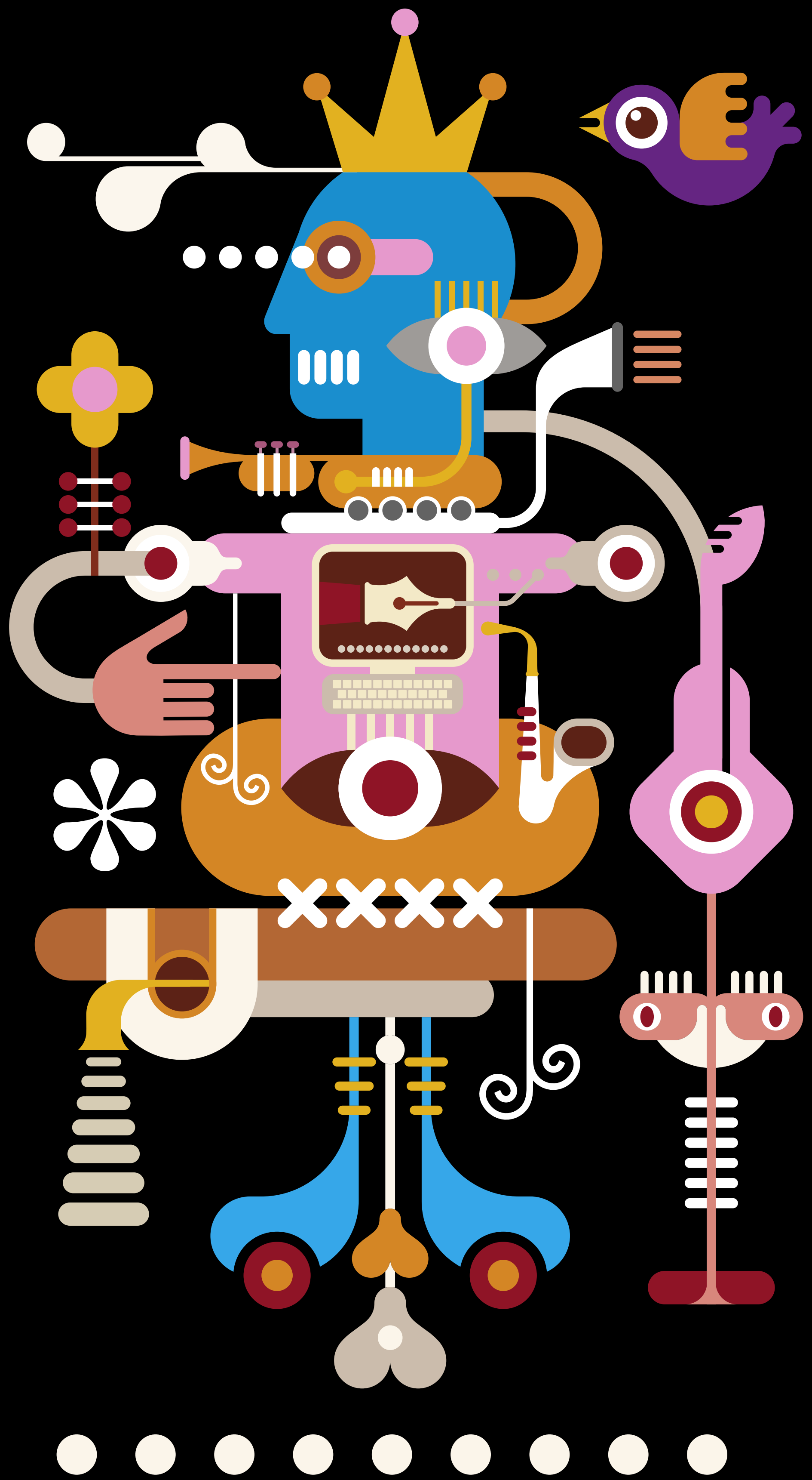
Everyone who has contributed to this paper has something special to offer. Whether it's an expert adviser helping founders take their business to the next level, an industry titan with thousands of staff or an exciting new business at the start of their journey, the voices in this document have offered a unique insight into their world through honest accounts of their experiences to date.

The Praetura team have been overwhelmed with how generous an all contributors have been with their time and support, and we can't thank you enough.

In 2022, founders now have a challenging journey ahead of them. Faced with increasing levels of uncertainty, the only constant in their future will be change. For Praetura, the resilience we see in early-stage founders and their ambitious teams is inspiring and we want to be able to help them grow more exceptional businesses.

As a northern focused VC, we're committed to helping regional founders build the best business they can and elevate our region on the global stage. This is not something we can achieve on our own. We need the entire ecosystem to work together and move us towards our shared goals. This research highlights some of the ways we can do that.

But this is only the start. We'd encourage anyone who shares our ambitions to continue this conversation among your own networks to play your part, maintain our momentum and continue to shape the North's bright future. We want to hear from anyone who's willing to collaborate and propel some of our regional rising stars.



SECTION ONE

MAPPING THE NORTH

THE PEOPLE AND ORGANISATIONS DRIVING THE NORTH FORWARD

MAPPING THE NORTH

BEAUHURST/ PRAETURA: The Northern Investment Landscape in 2022

The North of England has seen a huge increase in activity from equity investors over the past 10 years. Despite this growth, companies based in the region still receive a disproportionately small amount of UK equity investment. Here, we explore the data on the North's private high-growth companies, including every announced equity deal they've secured to date.

Mapping the North in numbers

Of the UK's high-growth companies, 16% are currently headquartered in the North of England (6,950). Yet just 12% of UK equity deals went to the North in 2021, compared with 21% to the South—consisting of the South East, the South West and the East of England—and 49% to London.

MEANWHILE, FOR EVERY £1 INVESTED IN THE UK LAST YEAR, ONLY 7P WENT TO NORTHERN BUSINESSES.

Nearly half of the North's high-growth companies are based in the North West, while 36% are in Yorkshire and the Humber, and the remaining 16% in the North East. Greater Manchester continues to be the most active Northern hub, accounting for 1,500 of these businesses, followed by Leeds City Region, with 1,163.

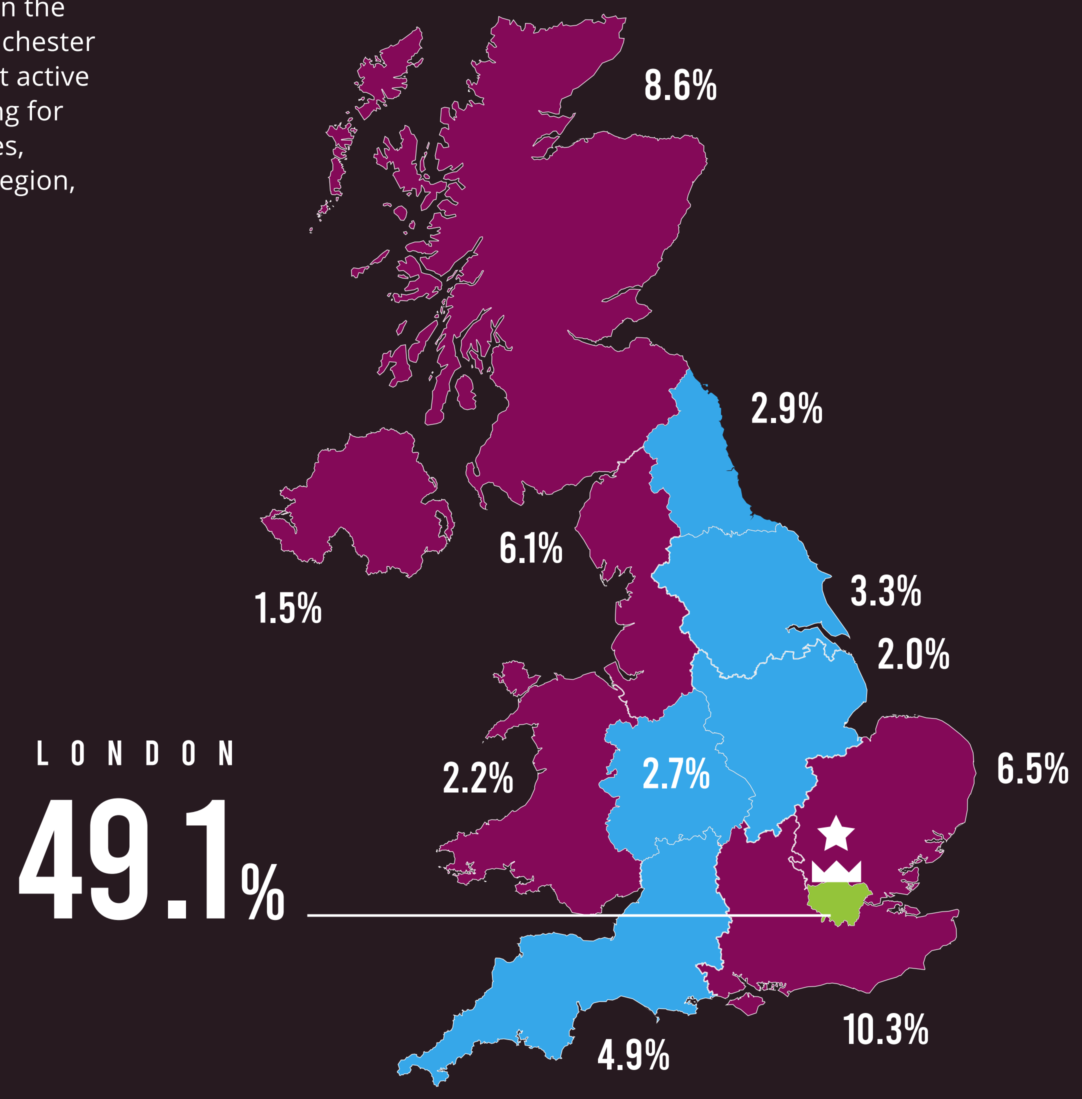
The high-growth ecosystem in the North is relatively late-stage compared to the wider UK: 34% of Northern companies are operating at the established stage of evolution—firms that have typically been trading for several years and may be preparing to exit the private market—versus 27% across the UK. Whereas, just 19% are seed-stage startups, compared to 24% country-wide.

Meanwhile, the proportion of high-growth companies in the North that were founded by all-female teams is just 11% (slightly below the UK average of 13%), while 77% were founded by all-male teams. And female-founded businesses in the North receive an even smaller proportion of equity investment, having secured 6% of deals and less than 1% of pounds invested in 2021.

40%+ FUNDING

6-10% FUNDING

0-5% FUNDING



EQUITY INVESTMENT IN THE NORTH

The number of equity deals being completed in the North has increased massively over the past decade, in keeping with trends seen throughout the UK.

DEAL NUMBERS HAVE MORE THAN DOUBLED, FROM JUST 153 ROUNDS IN 2012 TO A HIGH OF 334 IN 2021. AND THE AMOUNT OF EQUITY FUNDING BEING DEPLOYED HAS ALSO GROWN CONSIDERABLY: A TOTAL OF £1.57BN WAS INVESTED INTO NORTHERN COMPANIES IN 2021, UP FROM JUST £330M IN 2012. THIS LATEST FIGURE MARKS A 61% INCREASE IN DEAL VALUE SINCE 2020, ALTHOUGH DOESN'T QUITE REACH THE HEIGHTS OF 2019 (£1.79BN).

The vast majority of deals last year (79%) went to early-stage businesses, with those operating at the seed and venture stages securing 115 and 149 investments, respectively. Deals at the venture stage first overtook seed funding back in Q2 2020, and have been on a strong upwards trajectory ever since.

However companies in the North secured a further 97 equity deals in Q1 2022, down 8% from the same quarter last year. Yorkshire and the Humber still managed to secure a record number of deals, with 31 in total. And in terms of amount raised, it was by far the best quarter on record for investment in the North. A staggering £2.09bn was deployed in Q1—more than was invested throughout the whole of 2021 (and any year prior).

It's worth noting that, with a relatively small number of rounds being completed each quarter, a handful of large deals can significantly skew regional funding figures. We saw this with Greensill in Q2 and Q4 of 2019 (two deals worth a combined £1.13bn), and now again in Q12022, with Britishvolt's £1.70bn round and the North's biggest deal to date.

We're seeing an increasing occurrence of investments like these across the UK equity market, so-called megadeals (worth £50m+). And with more and more of these big-ticket deals being completed in the North, it's no surprise that median round sizes are also growing: back in 2012, the most common deal size for businesses in the North was £275k, but this has since reached over £897k.

LOOKING TO THE FUTURE

Despite the lion's share of UK equity funding going to companies headquartered in London, the North isn't short of ambitious businesses. And the fact that entrepreneurs have been able to start and scale so many successful ventures in the region is testament to the strength of its high-growth ecosystem and community of early-stage investors, innovation hubs and universities. We hope to see a levelling out of funding opportunities across the UK this year, as well as to a more diverse range of founders, to provide these high-potential businesses with the support they need to become future unicorns.

KEY FIGURES

- **6,950** high-growth companies active in the North
- **19%** operate at the seed stage
- **11%** are female-founded
- Greater Manchester top local enterprise partnership for high-growth companies
- **7%** of UK equity funding goes to Northern businesses

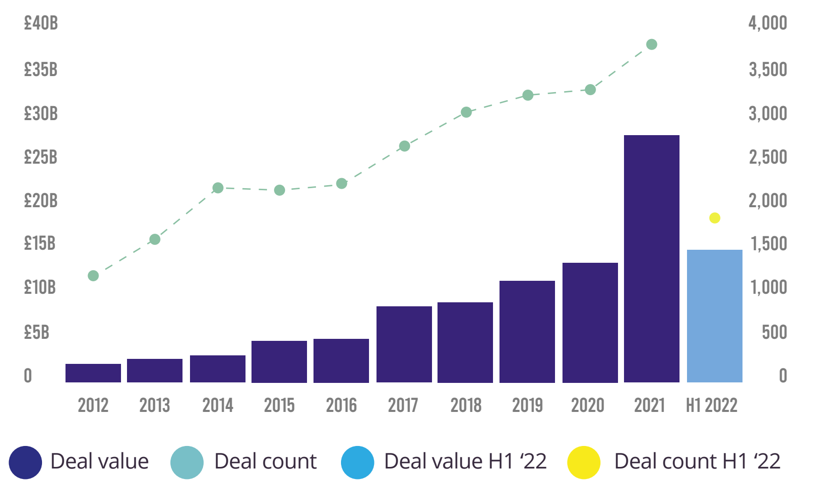
LUCY WILSON, SENIOR MARKETING ASSOCIATE - BEAUHURST.

FLOW OF FUNDS: CAPITAL ON THE MOVE

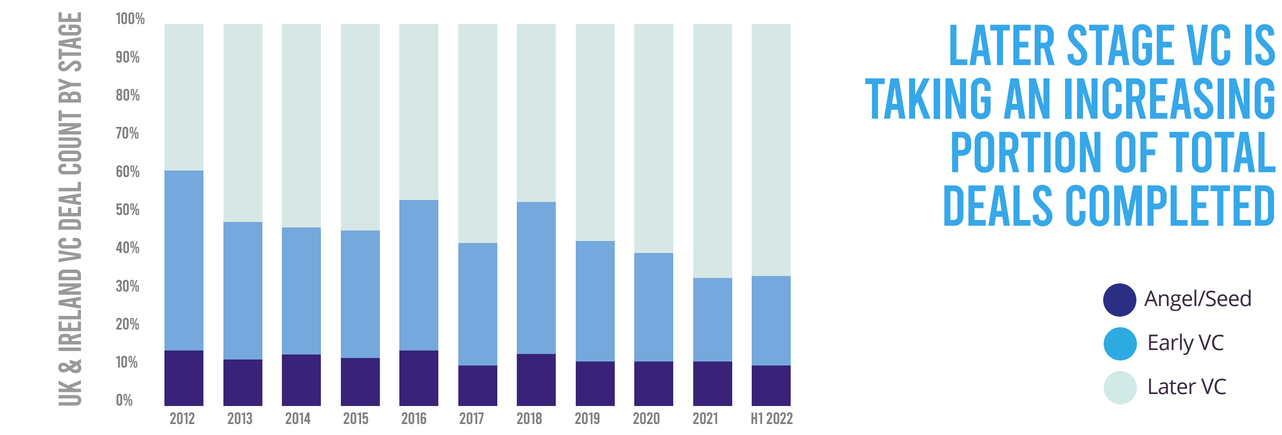
According to Beauhurst, there are currently 445 active venture capital funds headquartered in the UK that are investing in high-growth UK companies. Collectively, since the start of 2012, they have backed high-growth UK companies, through 7,383 equity deals, worth £41.4b in total. 2021 was a stellar year for VC activity with valuations sky rocketing as a result.

We took a look at Pitchbook's report on Recent VC Trends in the UK and Ireland and European VC Valuation Trends to look at how the market is trending now.

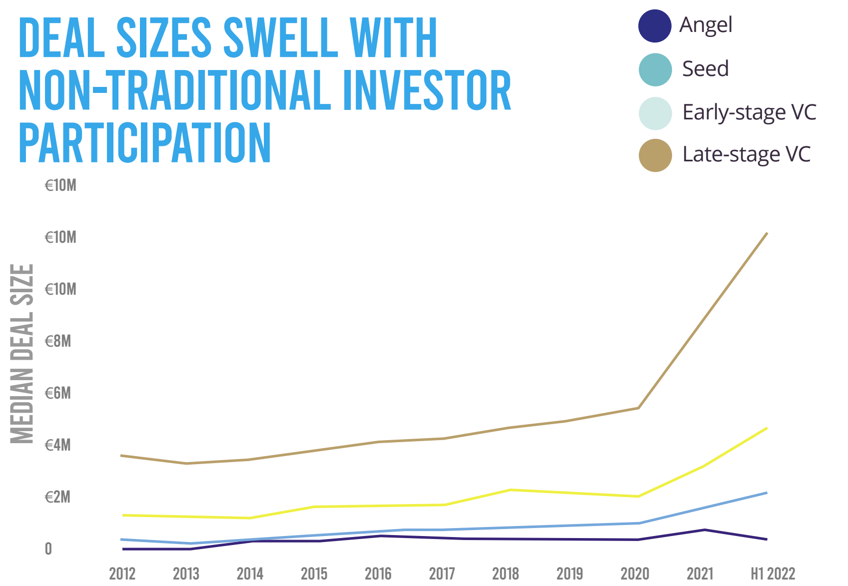
VC DEAL VALUE DEFIES MARKET UNCERTAINTY



LATER STAGE VC IS TAKING AN INCREASING PORTION OF TOTAL DEALS COMPLETED



DEAL SIZES SWELL WITH NON-TRADITIONAL INVESTOR PARTICIPATION



2022 saw significant downward pressure on what seems to be an anomaly year for valuations. Given the value of deals is holding at the record levels seen in 2021 but the deal volume seems to be tapering off, this correction does not seem to be due to the lack of capital availability but more that VCs are being more selective in where investment is deployed with later stage VCs seemingly responsible for significantly higher average deal sizes. Likewise, the actual trajectory of UK VC deal values is predictably growing since 2012 when you discount the year 2021. Earlier stage deals are also unlikely to be as affected by these trends as those scaling in later stages.

From the graphics below, it's clear to see that London-based funds are paying some attention to the ambitious companies located across the rest of the country but this is still not proportional to the percentage of business populations residing there.

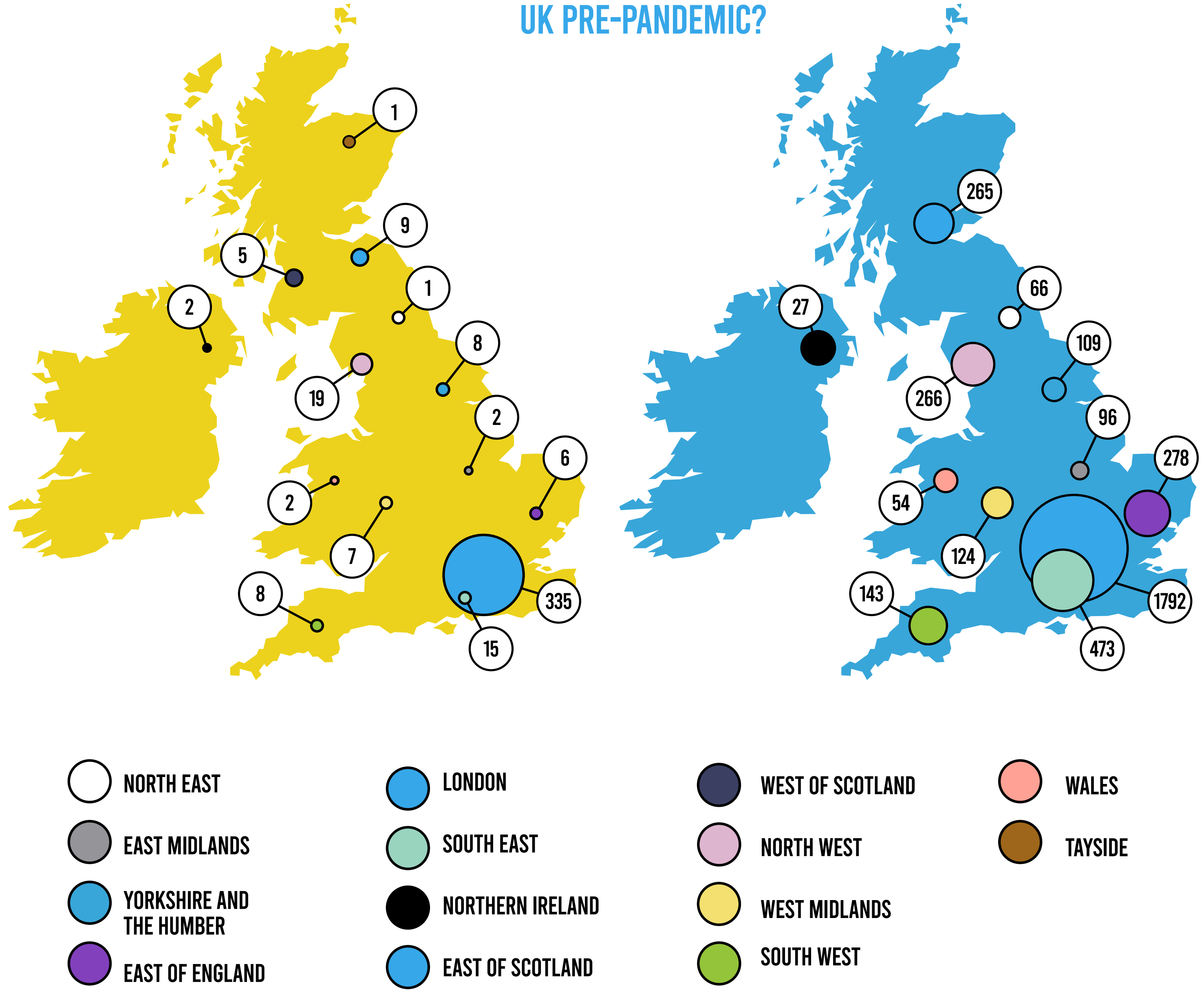
So what did the geographical distribution of deals made by London VC funds really look like?

57% of deals were still made into the capital, with the next most popular destination being the South-East at 12%. It is evident that proximity to investors provides a huge benefit to companies looking to raise equity funding and particularly those in southern regions.

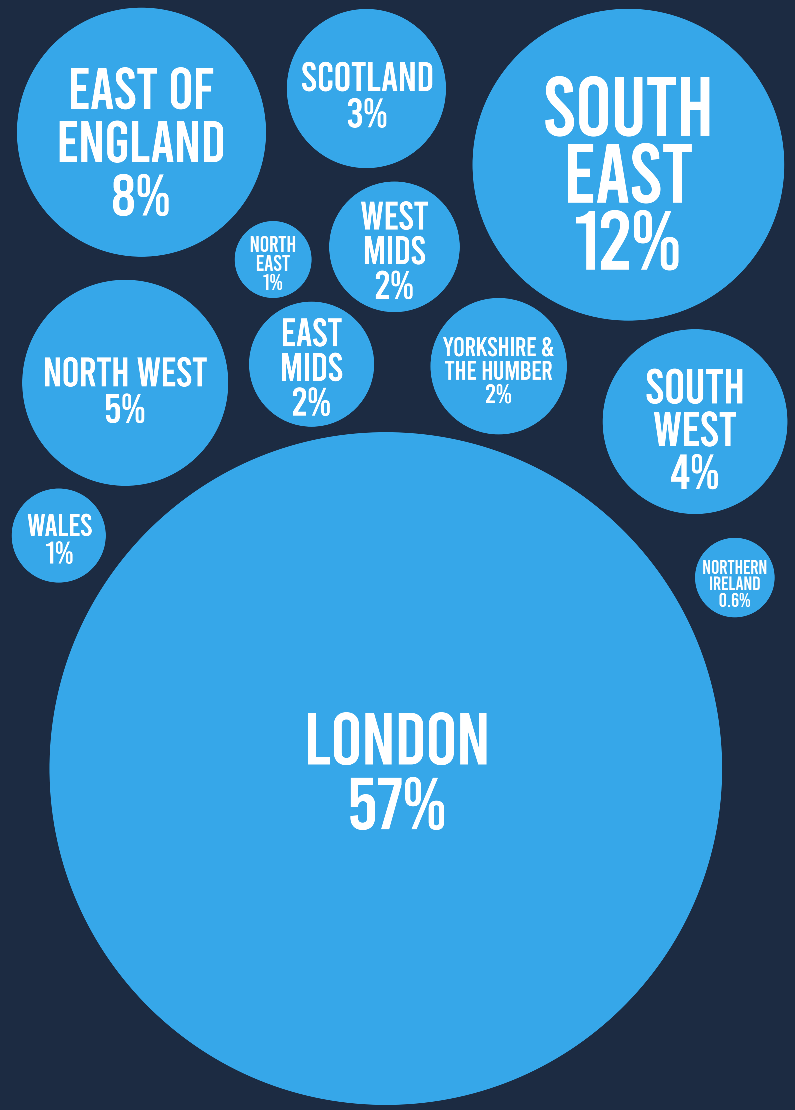
The North West is responsible for c10% of the UK's GDP and home to 9.8% of the business population, yet with only 5% of deals completed in the region it is still being overlooked. The comparable statistics for North East and Yorkshire are then significantly worse, suggesting there is further inequity within the regions.

VC FUNDS BY REGION

WHAT WAS THE DISTRIBUTION OF DEAL VOLUME ACROSS THE UK PRE-PANDEMIC?



REGIONAL DISTRIBUTION OF DEALS MADE BY LONDON-BASED VC FUNDS SINCE 2011



WHERE ARE REGIONAL FUNDS DEPLOYING THEIR VENTURE CAPITAL?

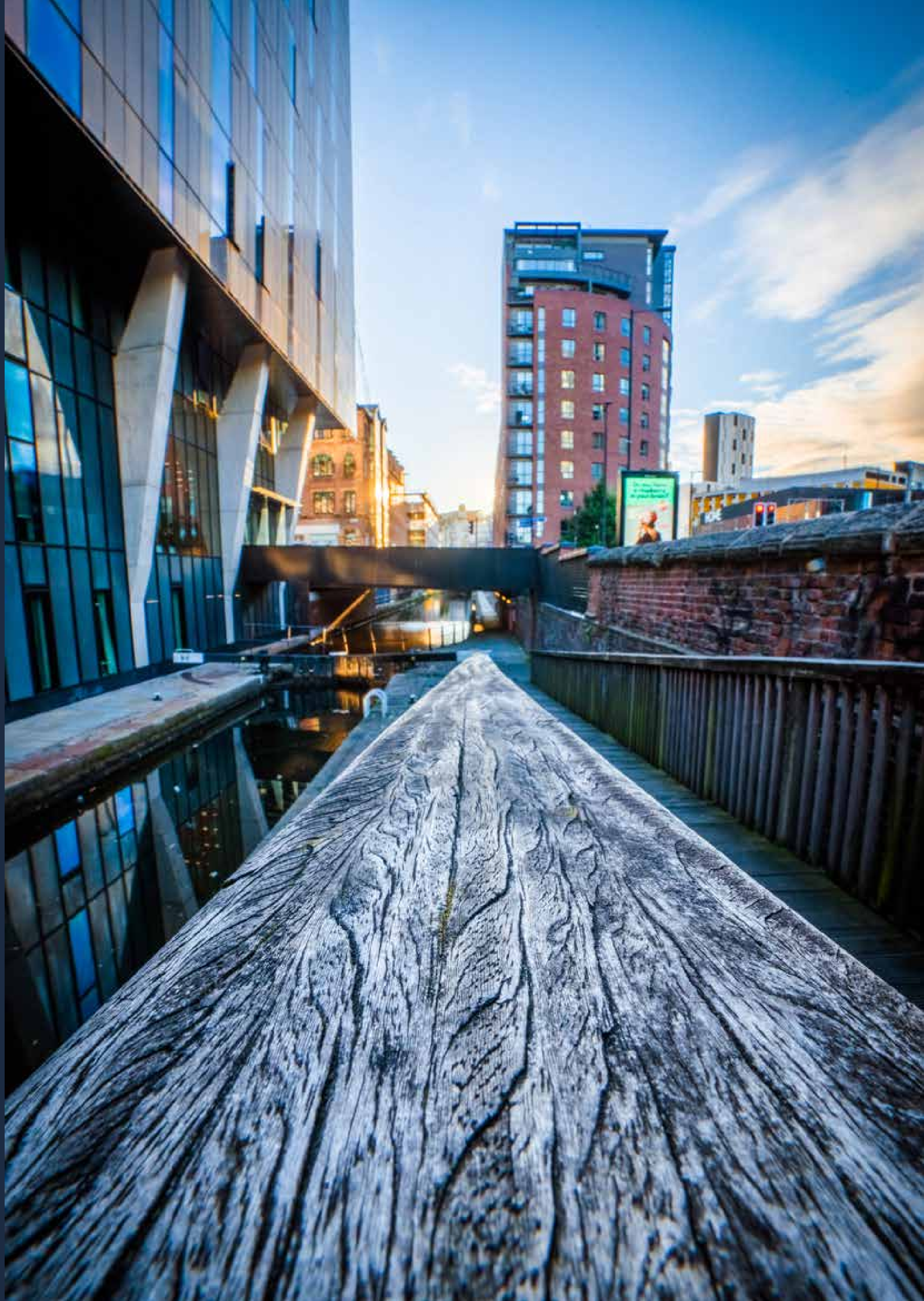
Each funder's investment criteria and geographical focus will vary widely, however, the data shows the following trends;

- Funds in Scotland and the North West have the biggest focus of deals in their own regions.
- Scotland is also the biggest regional provider of venture capital to London companies.
- Funds in the West Midlands, North East and East Midlands invest most frequently in companies located in regions, outside of their own and London.
- All regional funds still invested an average of 20% of their total investment capital into London businesses.

HOW MUCH OF THE CAPITAL RAISED BY UK VCS STAYS IN THE UK?

Encouragingly, when looking at deal volume figures, 70% of deals made by UK VCs are into UK based businesses but over 50% of the deal value quantum is deployed internationally.

The vast majority of this international investment have been deals destined for US based companies, with the next most popular destination being Germany. Outside of the US, few deals have left Europe with Israel being the only other non-European destination featured.



LOOKING NORTH WITH TECH NATION

The UK tech ecosystem is valued just under $1tn in 2022, more than 17x the value ten years ago ($53.6bn), putting the tech economy third in the world for valuations

AUTHOR: GEORGE WINDSOR, RESEARCH AND DATA DIRECTOR, TECH NATION

Over the last decade, the North of England has emerged as a tech powerhouse - with growth exceeding 400% in investment, and 300% in the valuation of tech firms in the region. It is expected that, over the next decade, the contribution to jobs, investment, and wealth creation from the North will only increase.

The North West is second only to London over the last ten years for FinTech investment, at $1.21bn, making up 41% of all tech investment into the region, and has moved away from an ecosystem known for E-Commerce giants like Autotrader, On the Beach, and THG to a diversified, mature ecosystem with sectoral richness, and developed talent, investment and international connectivity and infrastructure.

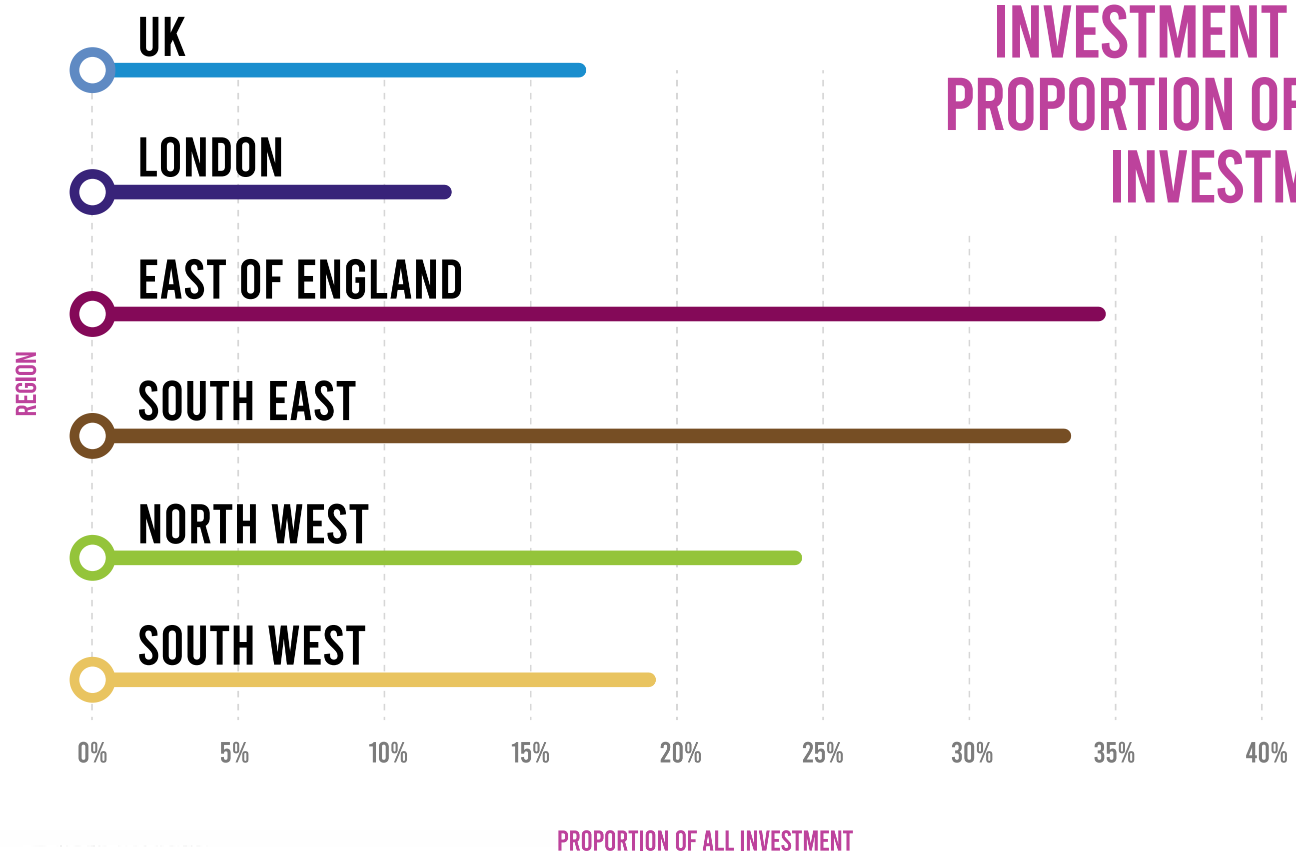
However, in the North, and specifically the North West, the primacy of core cities must be challenged. Manchester, for example, is to the North what London has become to the UK. A concentrated economic force, a magnet for talent and investment and a figurehead for growth which, in some instances, is not equitable, nor geographically diverse.

As with many other UK regions, deep tech investment is coming to the fore as an indicator of economic sustainability and longevity - an establishment of the business infrastructure to continue with pioneering growth seen over recent years, and the North West is punching well above its weight in this respect - 24.5% of all investment into tech over the last decade has been into deeptech firms.

AUTHOR: GEORGE WINDSOR, RESEARCH AND DATA DIRECTOR, TECH NATION

TECH NATION

DEEP TECH INVESTMENT AS A PROPORTION OF ALL INVESTMENT

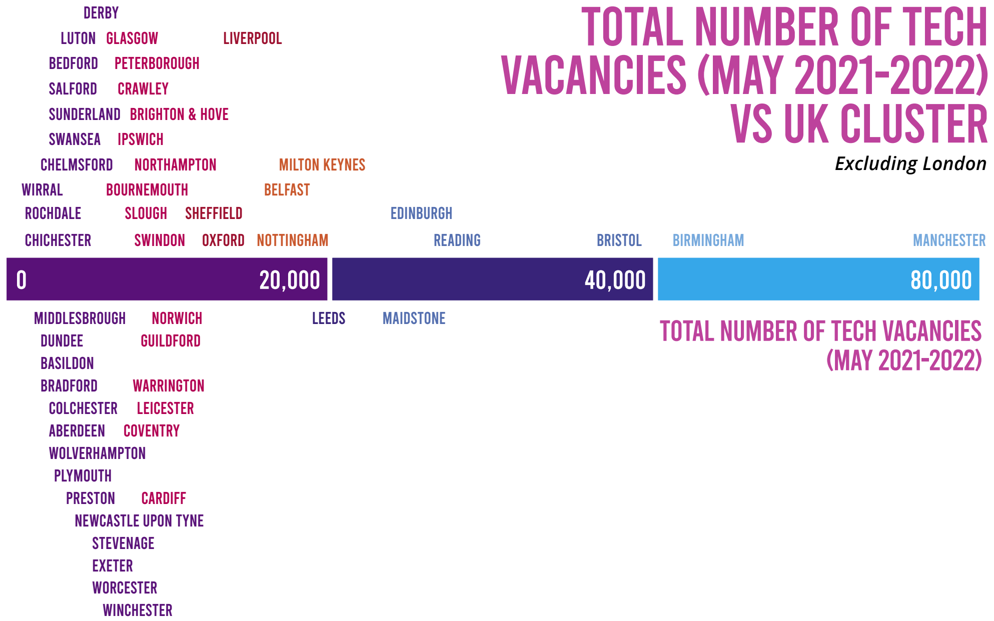


WHAT IS REQUIRED TO SUSTAIN THIS GROWTH IN NORTHERN TECH?

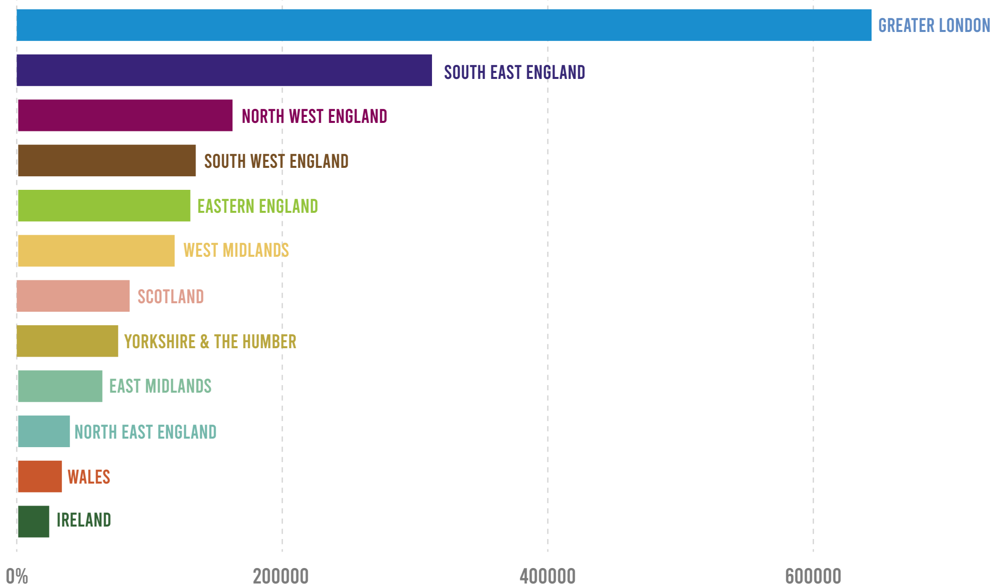
TALENT AND INVESTMENT

TOTAL NUMBER OF TECH VACANCIES (MAY 2021-2022) VS UK CLUSTER

Excluding London



NUMBER OF TECH VACANCIES BY REGION



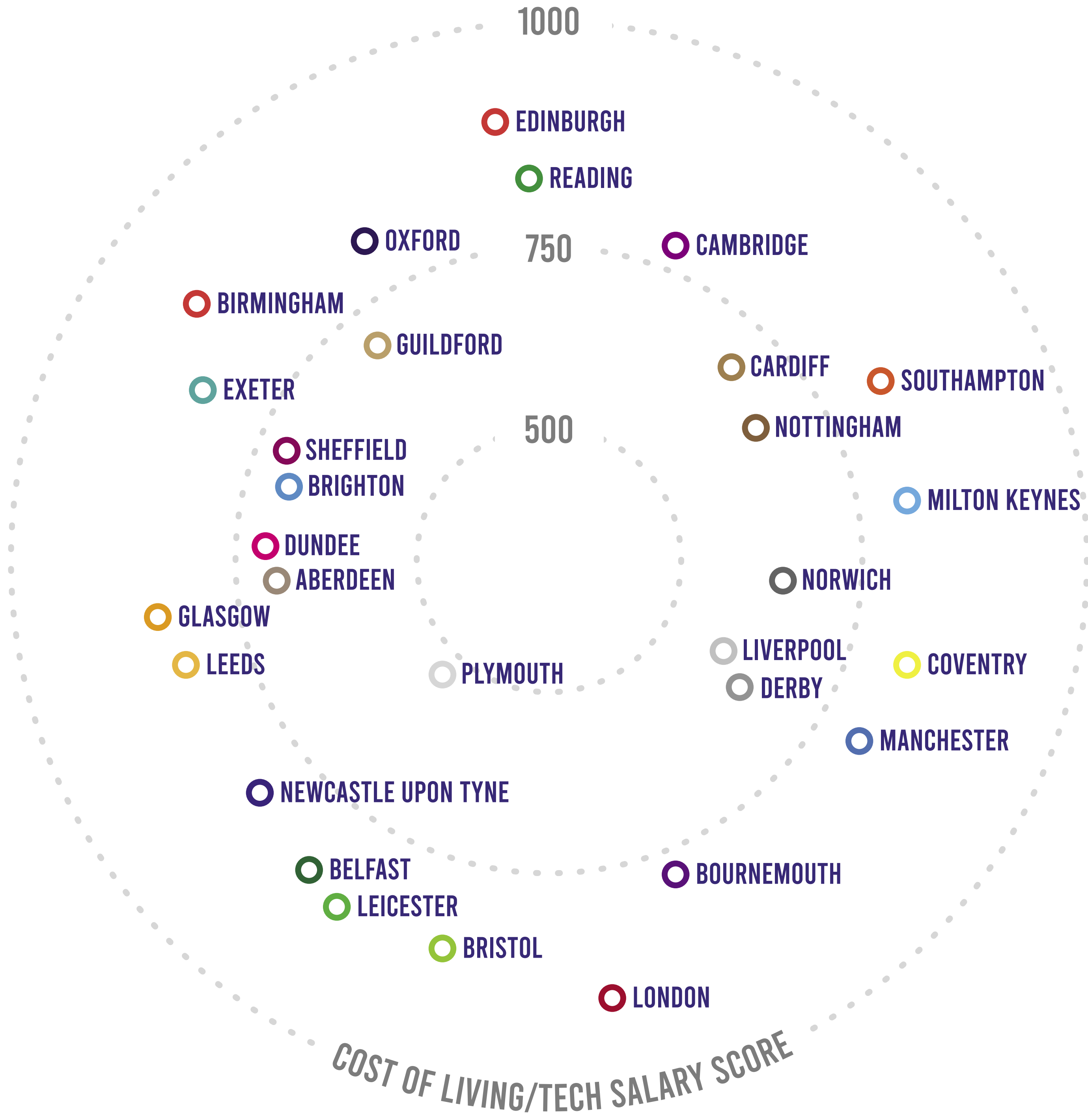
NUMBER OF TECH VACANCIES

Demand for talent in Manchester is second only to London in terms of vacancies advertised (see chart), and the North West as a region is again, just behind London and the South East.

Where, perhaps, Northern tech hubs are falling behind is in the cost of living and tech salary rankings. With burgeoning cultural, social, and other facilities, and broader development of a panoply of Northern cities, cost of living has rocketed over recent years. Salaries have not kept pace.

Looking at the chart on the right, it is evident that while Leeds is performing reasonably well, the likes of Manchester, Newcastle, Sheffield and Liverpool are mid-table at best. To attract the talent that will lead to accelerated future growth, this discrepancy must be addressed.

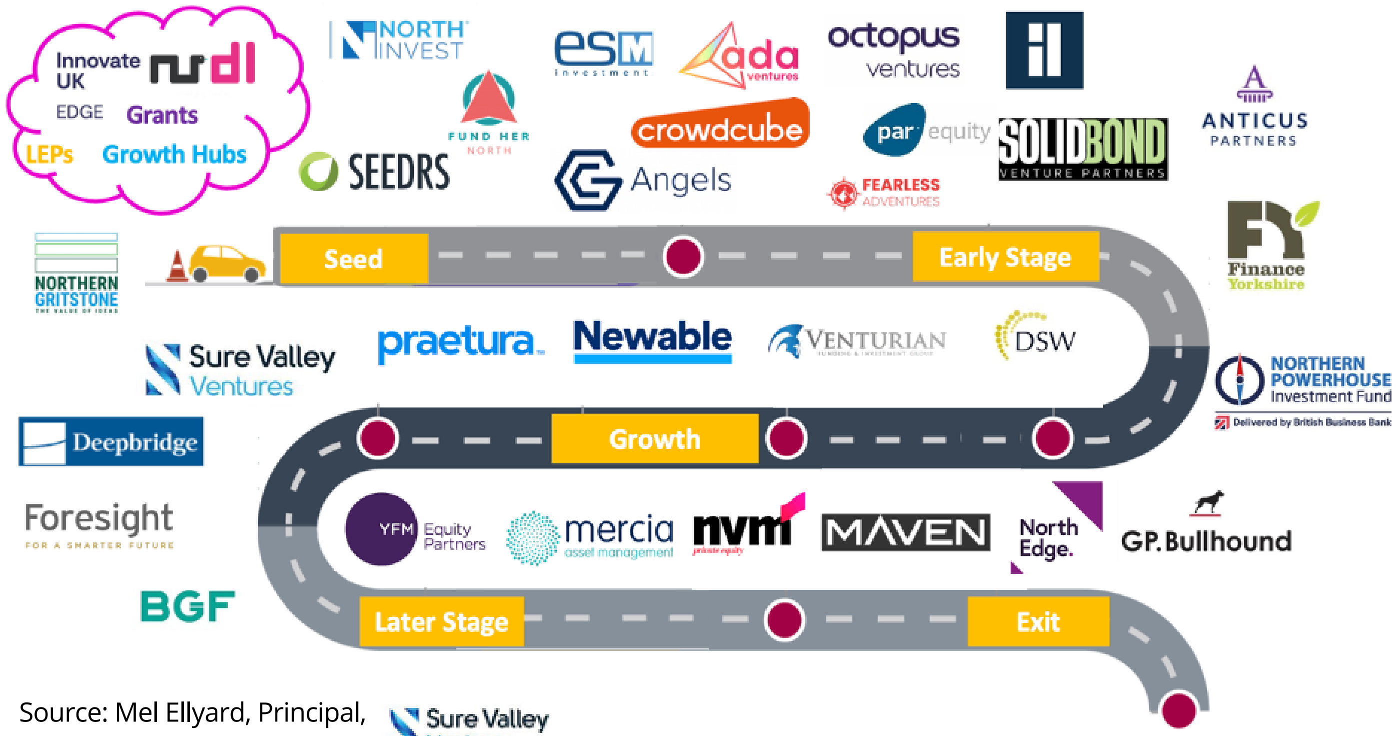
COST OF LIVING/ TECH SALARY SCORE BY UK CITY (2022)



In summary, Northern tech has seen astronomical growth over the last decade - an integral component of the burgeoning strength of UK tech as a whole. There are headwinds and tailwinds to continued growth, as with any ecosystem; but opportunity abounds, and my bet would be to focus on the ability to attract, retain, and leverage the UK's world leading talent to accelerate the growth of tech in the North for the next ten years.

There are a great number of strengths to be leveraged, and challenges to be addressed. A few are discussed here, and more information is available in the Tech Nation Report 2021, Scale Ratio, People and Skills report 2022, and A decade of UK tech.

THE NORTH'S EARLY-STAGE FUNDING ROADMAP: VENTURE CAPITAL



Source: Mel Ellyard, Principal, Sure Valley Ventures.

ANGEL NETWORK IN FOCUS: MANCHESTER ANGELS

Founded by GP Bullhound and Bruntwood, Manchester Angels launched in 2022 with a focus on connecting active angel investors with early-stage businesses looking for seed stage capital in the North West region. The network aims to leverage the success of local tech entrepreneurs to support the aspirations of the next generation of start-ups in the region, funnelling back both capital and network benefits through their platform to help support the trajectory of the eco-system. The team has brought on partners such as Northern Gritstone, Silicon Valley Bank, Octopus Ventures and Praetura Ventures.

"As Entrepreneur in Residence at the Allied London & TechNation accelerator I get to see incredibly talented founders building amazing businesses and disrupting huge markets. At the same time, I felt a growing sense of frustration that these founders were struggling to raise money from the right type of investors who actually understood what it's like to start and grow businesses. Over a coffee with Hugh Campbell (Managing Partner, GP Bullhound) and Ed Prior (VP, GP Bullhound) we decided to combine efforts to help accelerate these early-stage businesses by connecting them with highly experienced technology angels who had built and exited their own businesses"

DAVID LEVINE, PRINCIPAL, MANCHESTER ANGELS

FUND IN FOCUS: PRAETURA VENTURES

Praetura Ventures is an award-winning tech and life sciences focused VC, born-and-bred in the North of England. The Manchester-based VC has now become known for its 'more than money' support for early-stage founders. Praetura's portfolio benefit from active mentorship from the company's operational partners, industry-heavyweights that have led businesses such as AO, ANS, Apple, Co-op Bank, Dr Martens, Social Chain, OSTC and MPP Global.

As the largest partner on the British Business Investment's Regional Angels Programme, Praetura's team are focused on backing northern-based businesses with global potential. Having raised over £125m since 2019, the team typically looks to invest £1-3m in tech and life sciences businesses through their EIS Growth fund and £50k-2m through the GMC Life Sciences Fund By Praetura.

MARK LYONS, DIRECTOR OF INVESTMENT, PRAETURA VENTURES

FUND IN FOCUS: SURE VALLEY VENTURES

Sure Valley Ventures is a founder-led Venture Capital (VC) firm that invests in high growth software companies in sectors such as the Immersive Tech, Metaverse, Artificial Intelligence (AI), Internet of Things (IoT) Cybersecurity and Infosecurity, through its £95m UK software technology fund. This includes a cornerstone £50m investment from the British Business Bank through its Enterprise Capital Funds (ECF) programme, which aims to increase the supply of equity capital to high-potential, early-stage UK companies. Sure Valley is a seed capital investor in software companies that are focused on bringing a disruptive innovation to market. It plans to invest into 25 software companies from across the UK through its new fund.

MEL ELLYARD, PRINCIPAL, SURE VALLEY VENTURES

VENTURE DEBT MARKET – ACCESSING NON-DILUTIVE GROWTH CAPITAL

The UK venture debt market for early-stage businesses continues to lag behind other countries such as the US. However, an increasing number of debt providers are starting to focus on early-stage businesses to supplement the offerings of those more established players such as Boost & Co, Silicon Valley Bank and Kreos.

Two new entrants with attractive debt offerings are Uncapped and Shard, both providing lending based on SaaS Annual Recurring Revenue ('ARR'). Whilst Shard have a focus on £2m+ ARR, Uncapped will look at providing facilities to SaaS businesses with a lower level of ARR. If the UK follows the US, it's likely that more debt providers will eventually move into servicing the smaller but fast growing tech businesses.

Whilst new debt provider entrants are very much welcomed, it doesn't help to plug the significant funding gap at the early-stage company level. In fact, the majority of debt providers prefer or require businesses to have VC led funding rounds secured at the same time as they provide their debt facilities.

Here are some the facilities provided in the venture debt market...

BANKS

	SVB	SVB	SVB	HSBC	BARCLAYS
PRODUCT	Venture Debt	Growth loan	SaaS credit line	Venture Debt	Venture debt- launch in Q1 2023, details still be refined
CRITERIA	Series A, B, C- loss making, high growth and will require additional equity	£5m+ revenues, likely series B+	£500k+ MRR, >60% recurring revenues and low churn. Not suitable for runway extension	Revenue >$20m, YOY growth >25%	Series A+ mainly
RANGE	Min £5m	Depends on deal	Up to 4x MRR	Up to $50m	TBC
TENOR	3 years	3 years		1-4 years	TBC

NON-BANKS

	SHAWBROOK	KREOS	BOOST & CO	SHARD	MOUNTSIDE	UNCAPPED	CLARET	TOSCA
PRODUCT	Venture debt	Venture debt	Venture debt	Venture debt	Revenue based financing	SaaS product	Venture Debt	Impact Fund
CRITERIA	Max 33% of equity round, £2m+ ARR	Series A-C, want top level VC sponsors	£2m plus revenue, the last raise before being relevant for banks	£2m plus ARR, lend up to 70% of ARR	£20k + of monthly revenues	Up to 0.5x ARR- post series A	Flexible but typically £4 to £5m of annualised revenues	Job creation in North- profitable businesses
RANGE	£1m to £10m	Did not say	£2m to £10m	£2m to £8m	1x to 6x monthly revenues	Min £100k to £15m	50% of ARR	£1m to £5m
TENOR	3 years	4-4.5 years	Up to 5 years		6- 12 months	Up to 2 years - then can roll	Term Loan 4y (3y Amortising)	

"There is no question that smaller businesses have been hit the hardest following the pandemic. We are looking to utilise our resources to address that and provide strong and well-managed SME's with support to achieve their strategic growth ambitions, in the face of factors such as high inflation and low growth outlook. Our capital will help management teams who are seeking to develop and invest in their businesses but who have traditionally been unable to access traditional forms of equity and debt finance.

As it becomes increasingly difficult to access credit, we are committed to staying invested in our community and we hope this new Fund will help to address post-pandemic regional imbalances creating new jobs and stimulating growth in the North."

Gary Davison, Founding Partner at Tosca Debt Capital

TDC

MIDAS MAKING MANCHESTER:

RHYS WHALLEY, ACTING MANAGING DIRECTOR AT MIDAS

MIDAS
investinmanchester.com

DEVELOPING OVER THE DECADE THROUGH INWARD INVESTMENT

Inward investment acts as a powerful engine to create a fairer, greener and more transformative society and as Greater Manchester continues to attract companies that lead in their fields, this provides an economic boost to our most innovative and valuable sectors that will be felt for years to come.

For MIDAS, Greater Manchester's Inward Investment Agency, creating high quality, meaningful jobs and diversifying FDI that serves all ten local authority areas has always been a priority.

HOW HAS MANCHESTER CHANGED IN THE LAST 10 YEARS?

Going back to 2011 when the BBC made the decision to relocate a large portion of its operations to Salford, this acted as a catalyst not just for the development of MediaCityUK, but for the growth of the creative and digital sector in Greater Manchester as businesses already in or aspiring to be in the BBC's supply chain followed suit in setting up a base in the city-region.

This one decision created a domino effect, leading to the creation of thousands of jobs, pumping millions of pounds into the regional economy and creating a clustering effect that put us on the world stage.

Fast forward five years and another major, influential employer had the same effect. GCHQ's decision to create a new strategic hub in Manchester city centre sparked a raft of inward investment from companies such as Raytheon, Northrop Grumman, BAE Systems and Roke all choosing to grow teams in Greater Manchester. This led to other major benefits such as university collaboration (GM Cyber Foundry) and skills pipeline initiatives, particularly important to support job creation and to retain talent to supply the demand created by exciting new jobs and industries.

HOMEGROWN HEROES, SECTOR SUCCESSES AND GLOBAL ACQUISTIONS: WHAT'S MAKING THIS CITY FAMOUS?

In some sectors, in contrast, inward investment has been more organic in growth and based on existing strengths that exist. The growth of the ecommerce sector in Greater Manchester is a prime example of this. Having established itself as an ecommerce powerhouse, Manchester's five ecommerce unicorns Boohoo, The Hut Group, AO.com, Autotrader and On the Beach, plus other major homegrown ecommerce companies have acted as a huge attraction to smaller, innovative tech companies that want to work with the likes of Boohoo and AO.com.

Our report on tech trends published last year, highlighted that the UK is one of the leading markets in ecommerce. Penetration in 2021 has reached 86% and is projected to reach a market size of £92 billion by 2025. Highlighting the opportunity that businesses can capitalise on, via our growing and diverse tech eco system.

In addition to ecommerce, Manchester's reputation as a start-up hub and its strengths in growing and scaling successful tech companies has attracted attention from large multinationals who see the potential of these young, pioneering tech companies. Major companies such as Disney and Octopus Energy have seen this potential and acquired Manchester-based companies to enhance their offerings.

Whether catapulted by investment or transformed by existing strengths in Greater Manchester, recognising the benefits of cross-sector collaboration is a key enabler of growth. As a digital first city-region, technology lies at the centre of innovation for our key sectors as many take advantage of the expertise from companies both big and small that chose to make this their home. The legacy of big names in banking has led to rapid growth for fintech, our long history in manufacturing has put us a step ahead when it comes to advanced manufacturing and autonomous systems and as a city of firsts in healthcare, our life sciences sector is a hot bed for developing and commercialising new solutions and treatments.

MORE JOBS FOR MANCHESTER THROUGH INWARD INVESTMENT

Inward investment is not only significant for building on digital strengths but focusing on this strategy will enable us to deliver our vision for economic growth across our other key areas.

Midas has recently recorded the highest number of jobs created in a single year and as part of its work to attract new investment into Greater Manchester has tailored its strategy ensuring 87% of its total projects were in line with Local Industrial Strategy and its long-term priorities to create a highly prosperous and inclusive society.

Welcoming businesses that focus on R&D, such as GFT, Landis & Gyr and Health on Cloud, are critical in driving innovation. This helps the city facilitate new thinking and impact all of its key sectors Advanced Manufacturing, Creative, Digital and Technology, Financial Professional and Business Services, Life Sciences and Net Zero.

MANCHESTER IN NUMBERS

Manchester is the leading metro area outside of London for the number of people employed in tech, with 79,958 employees (68% more than the next highest metro area, Bristol, which has 47,720).

Of all the analysed metro areas, Manchester saw the third largest YoY increase in number of people employed in tech (1.2% YoY, or +976 jobs). That's significantly above the overall UK increase of 0.1%

According to DIT, Manchester wins more international projects than any other local enterprise partnership in England, creating the third highest number of jobs paid for by foreign buyers

Manchester's average tech wage is £38,684, which is 50% above the median national average, but still lower than a number of key cities including Leeds and Sheffield

Manchester had the greatest employer demand for tech talent based on job postings

SECTION TWO

WHAT DO FOUNDERS WANT:

SURVEYING THE NORTH'S FOUNDERS AND THEIR NEEDS

WHAT DO FOUNDERS WANT

FOUNDER VS FUNDING: THE CAPITAL PROBLEM

The Praetura team surveyed over 250 founders and interviewed a further 60 stakeholders from across the UK. Gathered through our key partner networks, these founders run businesses in the tech and life sciences industry in a wide range of locations, sectors and funding stages.

Whilst the UK start up sector is one of the leading ecosystems in Europe, the funding landscape isn't without its challenges.

As many founders have illustrated throughout this report, the road to funding is complex and this holds back potential entrepreneurs.

According to our research, founders turned to friends, family or their own capital as the most likely **source of start-up funding** before considering VC, angel investors, grants, loans and crowd funding.

Whilst this type of funding is common in a company's early stages due to its ease of access and more informal terms, this may be holding back many companies' potential. Bootstrapping is an ideal way to grow a business in many cases, but it doesn't suit all companies and can limit businesses looking to compete globally through enhanced growth.

Moreover, our understanding of diversity and social mobility in start-up culture has rightly been brought into focus over the last decade. If the wealth found in a founder's immediate circle is influencing who can start a company, innovators from outside of these circumstances may well represent opportunities wasted for the UK. Simultaneously, based on our interviews with founders from diverse backgrounds, many suggested that their access to continued funding through the financial sector also felt prohibited by their own personal networks. From an ethical standpoint, more is now being done to rectify this imbalance but, clearly, there is still a way to go.

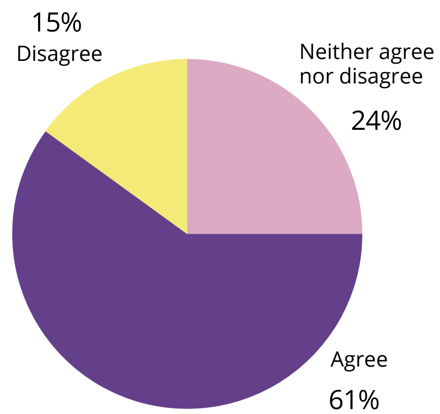
61%

OF FOUNDERS THINK THEIR REGION LACKS EARLY-STAGE START-UP FUNDING.

According to research by Lloyds Bank, access to funding is the biggest concern for UK SMEs based on recent customer feedback. The results of our founder survey suggest the start-up ecosystem echoes these concerns.

Unfortunately, this varies greatly from region to region, depending on where a founder is based.

DO YOU THINK YOUR REGION LACKS START UP FUNDING?



NORTH OF ENGLAND FOUNDERS ARE TWICE AS LIKELY TO SUGGEST THEIR REGION LACKS START-UP FUNDING WHEN COMPARED TO LONDON & THE SOUTH EAST.

THIS FUNDING GAP CONTINUES TO CAUSE ISSUES FOR FOUNDERS IN THE REGIONS.

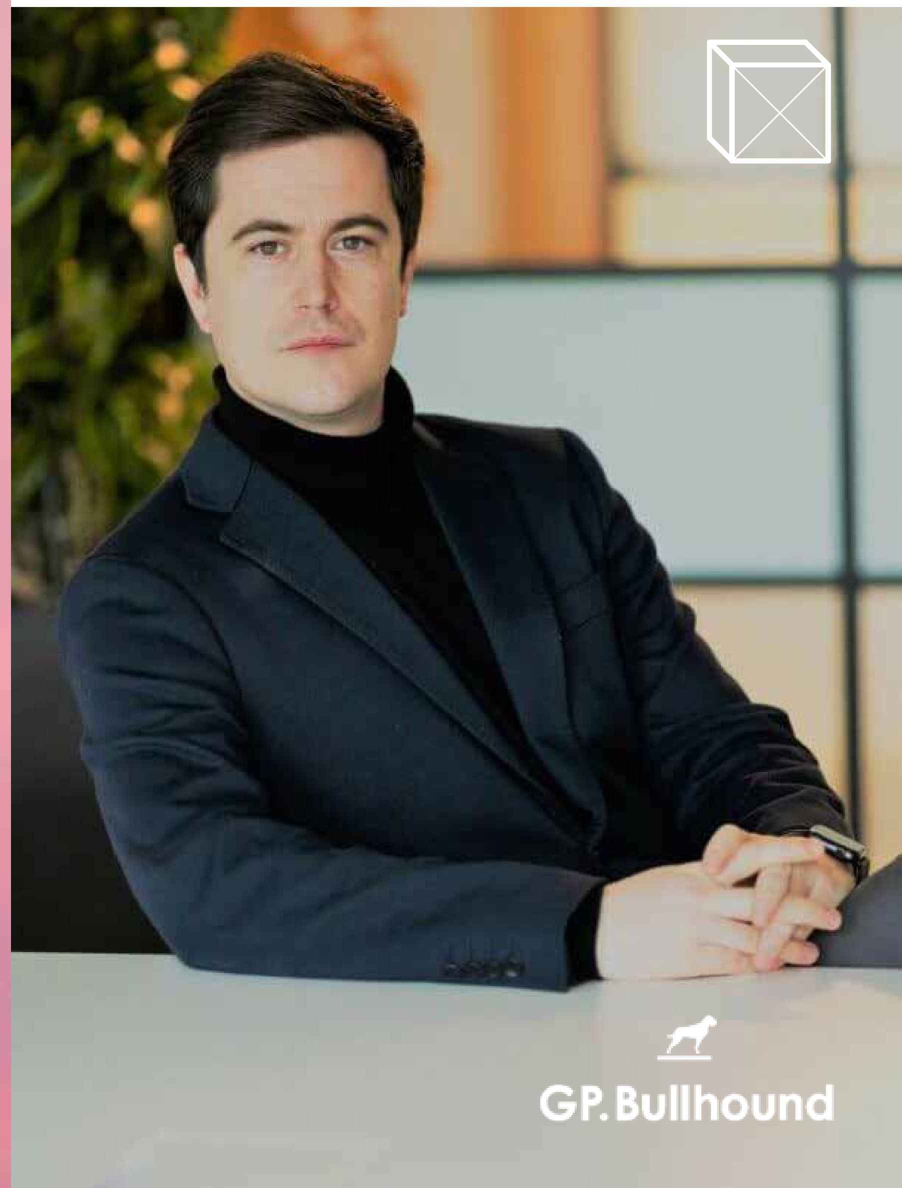
Back in 2019, a UK Parliament report confirmed that 75% of VC funds invested are going to London and South East businesses. The concentration of funding in the capital has also increased post pandemic.

IN Q2 2022, 81% OF UK VENTURE CAPITAL INVESTMENTS WENT TO LONDON-BASED COMPANIES, WITH £5.8BN INVESTED IN THE CAPITAL COMPARED TO JUST £1.4BN IN THE REGIONS.

This imbalance was mirrored in our founder research. Unsurprisingly, more London and South East founders were at a far later stage of their funding journey when compared with the North.

London & South East founders were 47% more likely to have raised Series A and beyond rounds, compared to North of England founders.

Naturally, this access to capital has influenced founders' attitudes and approaches to what they want from investors.



ED PRIOR, VICE PRESIDENT, GP BULLHOUND

"It is harder for entrepreneurs in Manchester and across the North West to access early-stage funding, such as seed and angel level investment. Historically, founders would bootstrap their businesses until they were able to attract investment, which would come from London primarily. Then, at the bequest of their shareholders, founders would move their operations down to London. However, this is changing; the tech ecosystem is maturing and more wealth is being generated within the region, creating angel investors who are capable of supporting early-stage businesses locally. This creates a flywheel, where the uplift in businesses staying in the North West has led to more businesses being built in the region. This is creating pockets of capital, which is then invested in early-stage businesses. Things are getting better but funding is still hard to access if you don't know where to look, which is why we've set up Manchester Angels: to enable entrepreneurs to access high quality tech angels."

WHAT DO FOUNDERS WANT?

START-UP ECOSYSTEMS DEVELOP DISTINCT CULTURES OVER TIME.

Like a Berlin-based business's traits differ from those found in Silicon Valley, the UK's thriving start-up scene is starting to fragment and develop distinct identities. These personalities are complex and ever-changing. They can shift over time or very quickly. Influenced by a multitude of social and economic factors, they're informed and directed by the voices and businesses who inhabit them.

Like many other 'scenes', these subcultures are difficult to define with any discernable accuracy. However, based on our interviews and research, the presence of their influence cannot be ignored. This culture not only defines a sense of place for the founder but tells them how to act. An ecosystem's culture sets the standard for a founder's commercial aspirations as well as creating a code of ethics. This often defines a 'way to work' that's typical with where that founder is based.

Whilst business ideals, habits and approaches differ greatly between industries, separating fact from opinion in a way that's meaningful or useful would have been extremely challenging. Instead, the major trend in our results was a distinct contrast between founders based on their location. Due to London and the South East having such a significant density and presence, we found the biggest differences lay between founders based in the capital and those based outside of it.

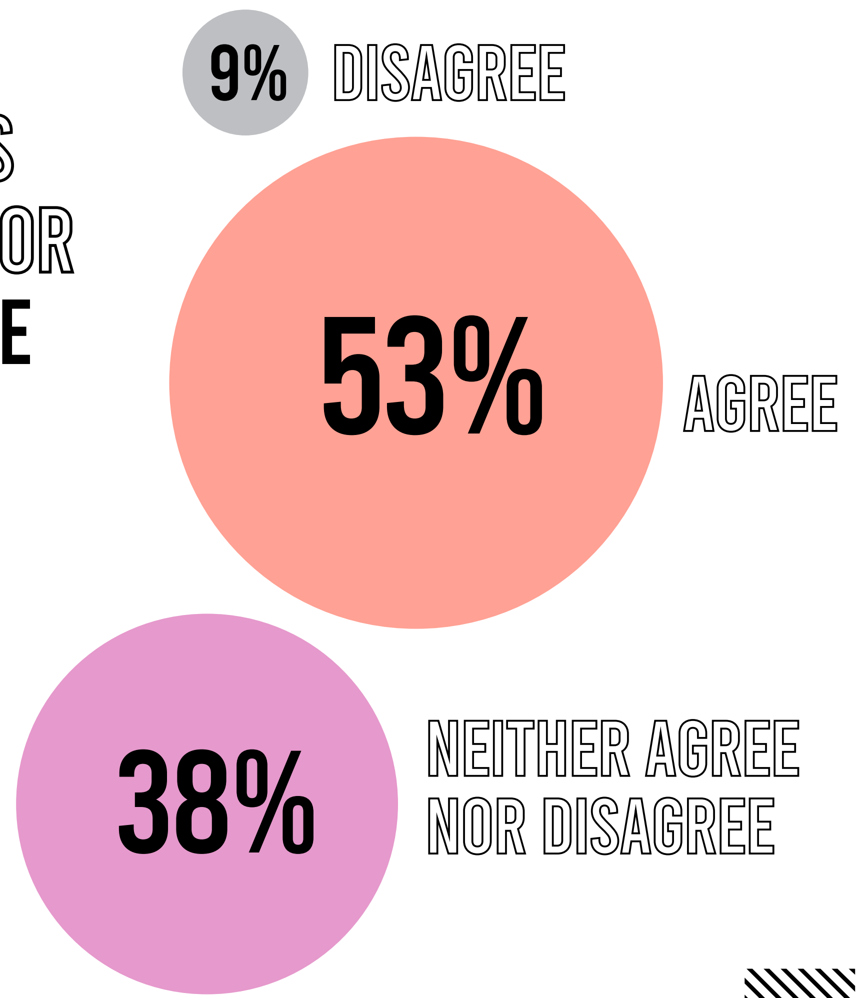
In addition, a founder's location influences their priorities and the demands they make on their investors.

PRESENCE IS IMPORTANT.

65% OF NORTH OF ENGLAND FOUNDERS WANT THEIR INVESTOR TO HAVE A PRESENCE IN THEIR REGION.

The need for regional founders to travel to London for funding is a well-documented challenge; however, if given the choice, founders would prefer to find an investor that is closer to home. According to our results, regional founders cared most about their investor having a presence where their business was situated, especially the North, the Midlands and the South West.

If you had a choice of investors, would you prefer an investor who had a presence in your region? UK founders said they...



North of England founders were 63% more likely to favour an investor who had a presence in their region, compared to London & South East founders.

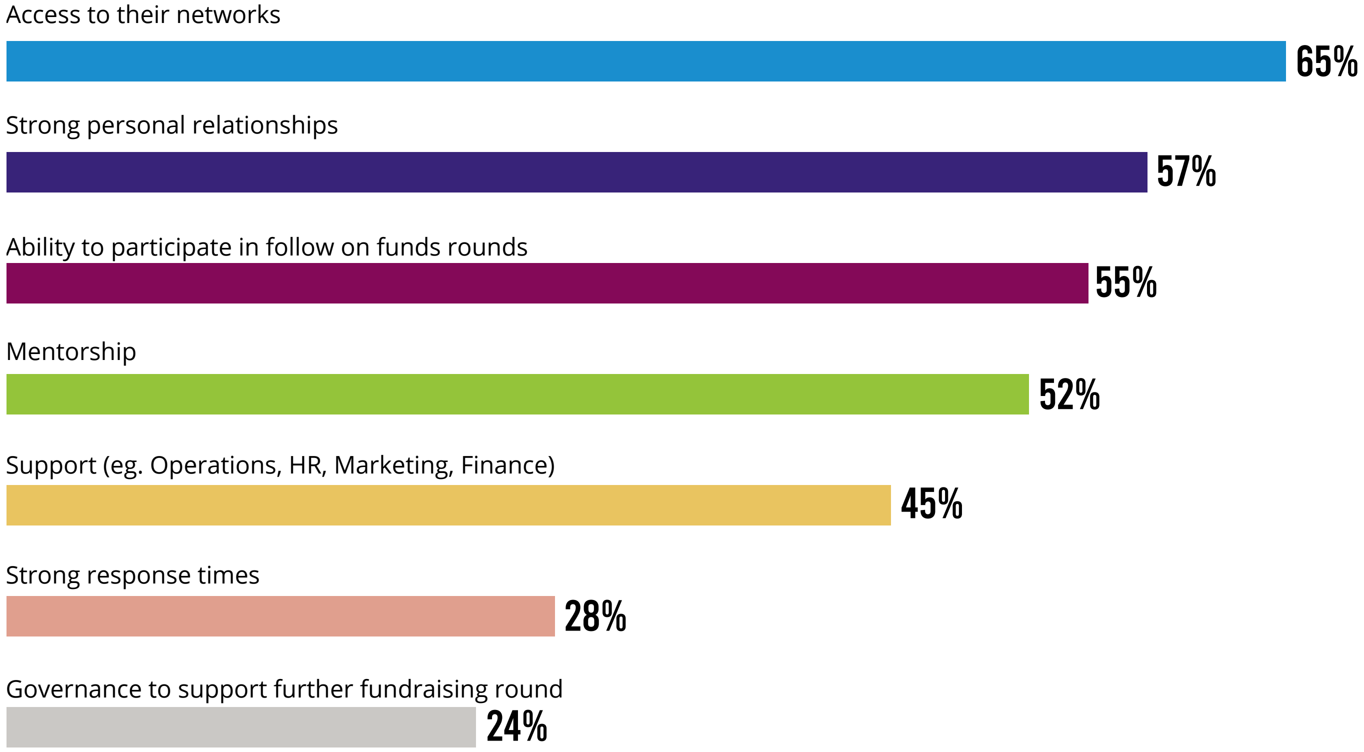
Less than a third of London & South East founders cared if their investor was based near their business.

Capital cities often benefit from greater connectivity globally and the commercial benefits this brings.

On one hand, a regional founder can benefit from access to a new network if they chose to raise in London.

Clearly, however, most regional founders recognise the benefits a local investor could bring to their business and their ecosystem and would prefer this sort of funding if given the choice.

IN ADDITION TO CAPITAL, WHAT ELSE DO FOUNDERS WANT FROM INVESTORS?



In addition to capital, founders want access to an investor's network above anything else.

After this, at least half wanted a strong personal relationship with their investor and wanted their investor to participate in future rounds. Mentorship and support are also priorities while a third of respondents suggested a strong response time is important.

An investor's lead role is funding, so access to their network is a predictable response, as many founders presume this will lead to future funding opportunities. However, varied responses could also be found based on their location.

NORTH OF ENGLAND FOUNDERS WERE **MORE LIKELY TO SEEK AN INVESTOR THAT OFFERED MENTORSHIP, SUPPORT** AND A SPECIFICALLY STRONG **PERSONAL RELATIONSHIP** MORE THAN ANY OTHER REGION.

London & South East founders cared most about access to an investor's network.

North of England founders have more limited access to investors compared to those in the capital. And beyond funding, their responses clearly outline that they expect more non-financial support from their investor. Whilst this may be due to the more nascent stage of the North's ecosystem and the increased investor competition for great founder opportunities in London, many founders interviewed cited a changing view of investors in the region.

Previously, with limited funding options available, the small number of investors present in the region were able to act more transactionally. Ultimately, completing a deal, analysing regular financial updates over a prescribed period and delivering on returns was the only concern for investors. Whilst this may have been customary in previous years, the complexity of growing a business on a globalised stage has put greater demands on founders and disrupted the status-quo.

Scaling a business in 2022 can no longer be a linear process. Combined with the odd investor horror story on founder networks like Landscape, a general scepticisim of the investment industry grew. Many founders in the North of England now view investment as a partnership not an ownership, meaning the investor-founder relationship is a real priority, particularly for North of England founders.

"In the beginning, I didn't really care whether the money was coming from a Northern investor, an Australian investor or an American investor. We just needed money. But once you've had commercial success behind you, everybody wants in, and you go from 'I just need the money and I don't care about anything else' to what are our values? Do they marry up with the investor's values? What is it that we want from an investor?"

"WHEN AN INVESTOR HAS BEEN A FOUNDER THEMSELVES, YOU CAN RELATE TO THEM BETTER BECAUSE THEY UNDERSTAND THE HIGHS AND LOWS OF RUNNING A START-UP."

BOBBY THANDI, FOUNDER, XR GAMES

THE INVESTOR-FOUNDER RELATIONSHIP: WE WANT MORE

This greater emphasis on investor-founder relationships can clearly be seen by comparing founders who have raised through VC and those who haven't.

Founders who've raised through VC will normally look to raise again. Therefore, it is unsurprising that they value an investor's ability to participate in follow-on rounds alongside having access to an investor's network more than those who haven't raised with VC. But beyond their need for more capital, founders who've raised through VC are acutely more aware of the importance of their relationship with their investors. Many early-stage founders are warned about taking money from those who don't align with their values and aspirations. The need for funding often comes first, blinding the founder from what unfortunate circumstances might lie ahead.

Founders who have already been on a funding journey value an investor whose backing extends beyond money in the bank. Based on our interviews, this can often be the result of both positive and negative experiences.

"Certainly, with some of the people I can think of, there was a naivety in them taking investment. The cash was all that they needed, and I don't think they appreciated the investing party as much as they should've done. They didn't do their due diligence on their investor, so my advice to people taking investment is to ask yourself all the time 'does this feel right?"

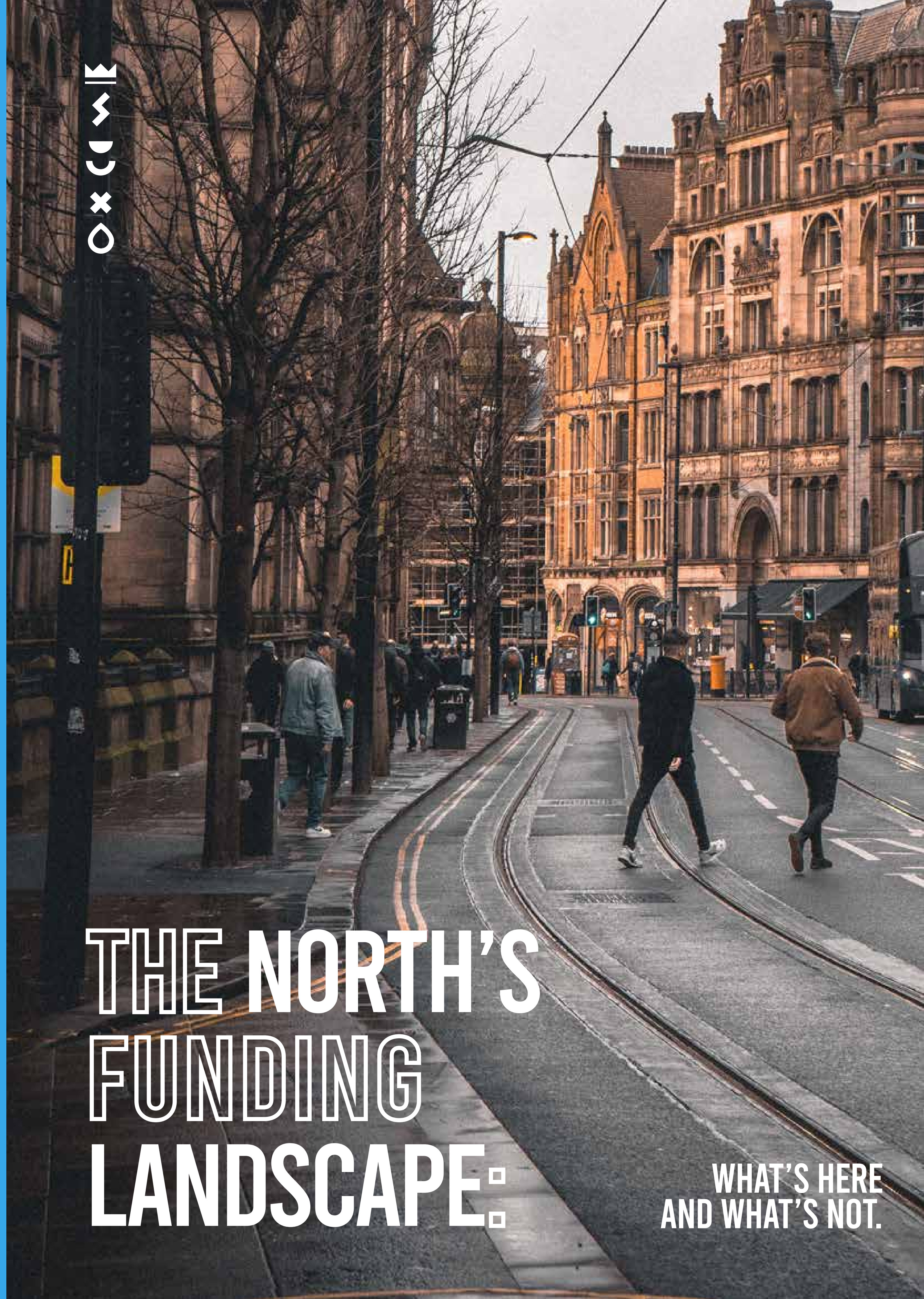
HOWARD SIMMS, CO-FOUNDER APADMI.

"We gave away 40% of our business on our first round, which is a huge amount, but that's the difference between raising investment and making something successful. We were 19. We were very naive, and there is a temptation for investors to take advantage if you are naive. We didn't really have a deck or an idea. Social Chain was very much in its infancy."

DOM, FOUNDER OF SOCIAL CHAIN & FEARLESS ADVENTURES.

OUR RESEARCH SUGGESTS THAT FOUNDERS WHO HAVE RAISED THROUGH VC CARE MORE ABOUT HAVING A STRONG PERSONAL RELATIONSHIP WITH THEIR INVESTORS.

MENTORSHIP AND NON-FINANCIAL SUPPORT ARE ALSO CONSIDERED MORE VALUABLE TO THOSE WHO HAVE RAISED THROUGH VC COMPARED TO THOSE WHO HAVEN'T.

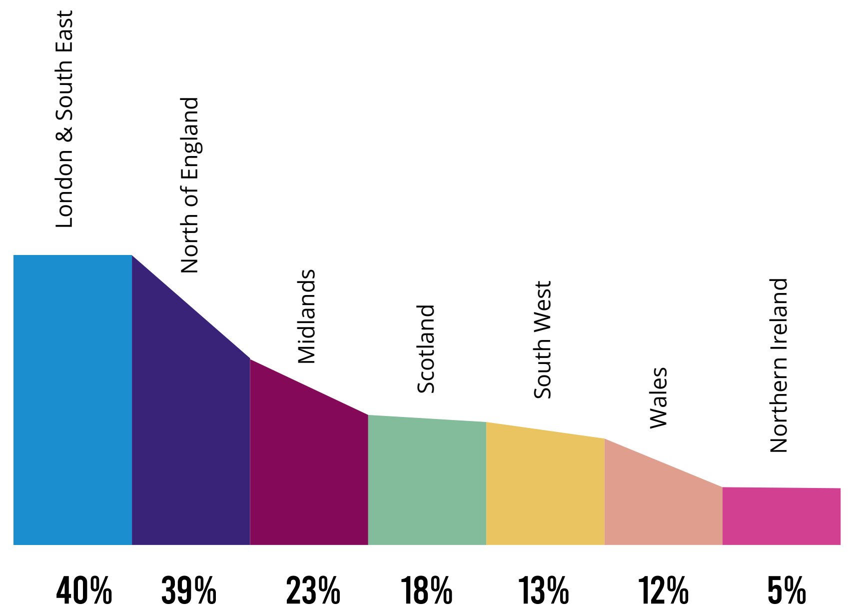


THE NORTH'S FUNDING LANDSCAPE:

WHAT'S HERE AND WHAT'S NOT.

Despite challenges with funding, the North continues to attract attention from elsewhere.

If you had the opportunity to expand your business within the next year, where would you consider opening another regional office?



If they chose to expand within the next year, **40% of founders would move to London, 39% would move to the North of England and 23% would move to the Midlands.**

Predictably, London is one of the largest urban economies in the world and therefore presents the greatest opportunity. But not only does the North of England closely rival this perceived potential, its recent rise is attracting an **economic migration.**

For founders **not already in the region,** the North of England is the most popular area targeted for expansion in the next year. **39% of founders would consider opening an office** in the North if they had the opportunity, with the North 40% more popular than the second choice of London & the South East. In addition to this, over **half of founders who've raised VC funding specifically** and are **based outside of the North** would consider opening an office in the region if given the choice. This was the most popular **'next destination' in the UK.**

This represents a significant shift in our mentality. In previous decades, London was the epicentre of the start-up economy. Whilst this is still the case, the focus of power and influence in the tech and life sciences industry has somewhat shifted. Businesses have considered other improved ecosystems around the country, and this has redistributed some of the nation's fastest growing companies.

THE NORTH'S SUCCESS HAS ALSO TURNED THE HEADS OF BUSINESSES BORN AND RAISED IN LONDON AND THE SOUTH EAST.

44% OF LONDON & SOUTH EAST FOUNDERS WOULD CONSIDER OPENING AN OFFICE IN THE NORTH IF THEY HAD THE OPPORTUNITY.

THE NORTH WAS ALSO 40% MORE POPULAR THAN THE SECOND MOST SELECTED DESTINATION (LONDON & THE SOUTH EAST).

ANDREW AVANESSIAN, CEO, APPLEARN

"Manchester is an amazing place to set up a business. It's a great place to do new stuff and people here have a willingness to roll up their sleeves and try new things. There's lots of good universities, lots of good people and there's a different feeling in Manchester compared with London. There's an approach to new ideas that just feels different. Even when we've hired salespeople based in London, they feel different to people based in Manchester."

When analysing the migration in reverse, 51% of North of England founders would consider opening an office in London if they had the opportunity. London was also 27% more popular than the second most selected choice - a further office in the North.

Expansion to London is clearly a major consideration for any UK start-up. However, after London, **North of England founders were more likely to consider further expansion in the North.** In contrast, those in London and the South East were less likely to open another base in their home city. Clearly, this reflects the cost of business operations in London, especially for those who are already there. Moreover, it's clear that founders in and outside of the capital are attracted to destinations such as Leeds, Liverpool, Manchester, Newcastle and Preston.

DAVID CHAMBERLAIN, CO-FOUNDER AT VIDDYOZE

"When we talk about the North, it's still quite Manchester heavy, but that's because Manchester is a major hub. I think if your business is based outside of Manchester, it helps to make the effort to network and be part of that community. But once you're there, you're welcome with open arms."

Viddyoze

HOWARD SIMMS, CO-FOUNDER AT APADMI

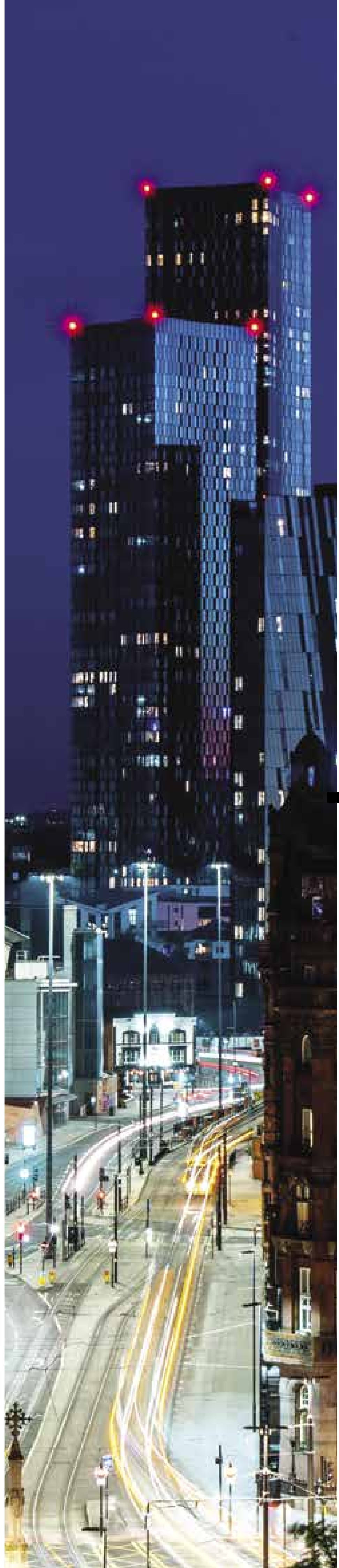
"If your company is in the Midlands and you're wondering if you should go north or south for investment, you go south because there's more opportunity, but you go north because you're working with people that are more open. There's something about our culture, humour and our way of being that's really positive."

APADMI.

BEN AUDLEY, CHIEF REVENUE OFFICER AT SUMMIZE

"I used to associate London with where successful people live. I thought, if you're going to be successful or run a business and make a lot of money, you need to be in London. But what I realised is you don't need to be in London when there are so many unique opportunities in the North. It's not just the lower cost of living, many factors make it a lot easier for business to be done here."

Summize



So why are people looking to the North?
Costs, inspirations and ecosystems.

Do you feel it has become **more attractive** to start a business **outside of London** in the last 10 years?

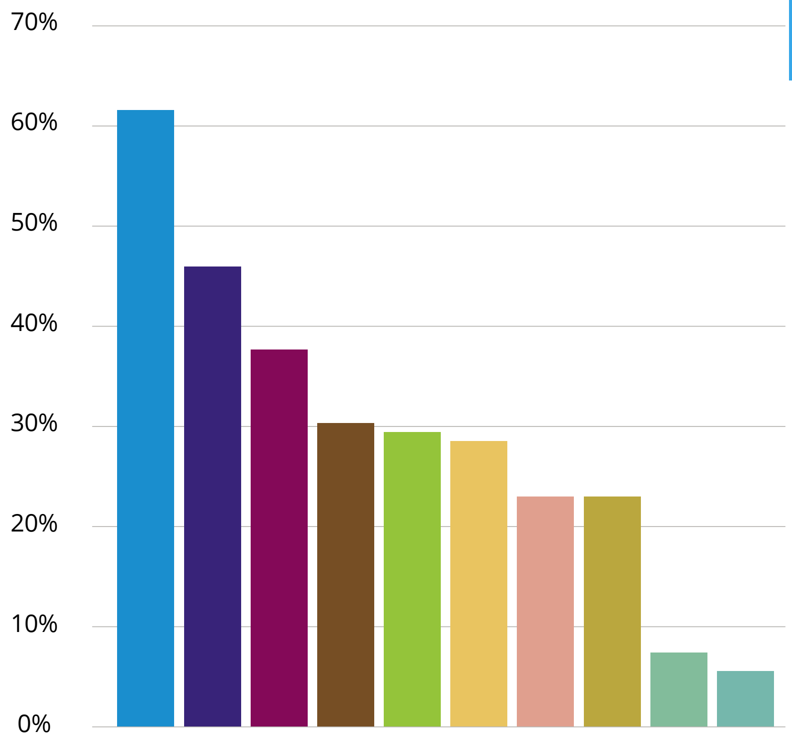
73% Agree

20% Neither agree nor disagree

6% Disagree

73% OF FOUNDERS SUGGEST IT'S BECOME MORE ATTRACTIVE TO START A BUSINESS OUTSIDE OF LONDON IN THE LAST 10 YEARS.

Why is it more attractive to open a business in the North?



Key
- Better quality of life & general affordability
- Rise of remote working post-covid
- More examples of successful founders/SMEs from outside London
- Higer number of start-ups than previously
- Better access to talent
- Better funding options, including more PE/VCs, local initiatived and institutional funding
- More innovative in other parts of the country
- More public promoting UK regions than previously
- Transport infrastructure improvements
- Other

Better quality of life and general affordability, the rise of remote working post-covid and more examples of successful founders/SMEs from outside of London were the top three most cited reasons as to why starting a business outside the capital has become more attractive.

Northern founders over index for two of these results. 76% of North of England founders suggest starting a business outside of London is more attractive due to the better quality of life and affordability; they're more likely to list this reason than any other region.

57% OF NORTH OF ENGLAND FOUNDERS SUGGEST THAT MORE EXAMPLES OF START-UP SUCCESS STORIES FROM OUTSIDE OF LONDON HAVE INSPIRED THEM; THEY'RE THE REGION MOST LIKELY TO LIST THIS REASON FOR STARTING A BUSINESS OUTSIDE OF THE CAPITAL.

Break out business successes have a myriad of benefits for the ecosystem but also act as inspiration and provide momentum for others. In our interviews, many early-stage founders used famed success stories as their reference points as to why they started their own company, suggesting they'd like to follow a similar path.

LAURA POMFRET & HOLLY HOLLAND, FOUNDERS, FINANCIELLE financielle

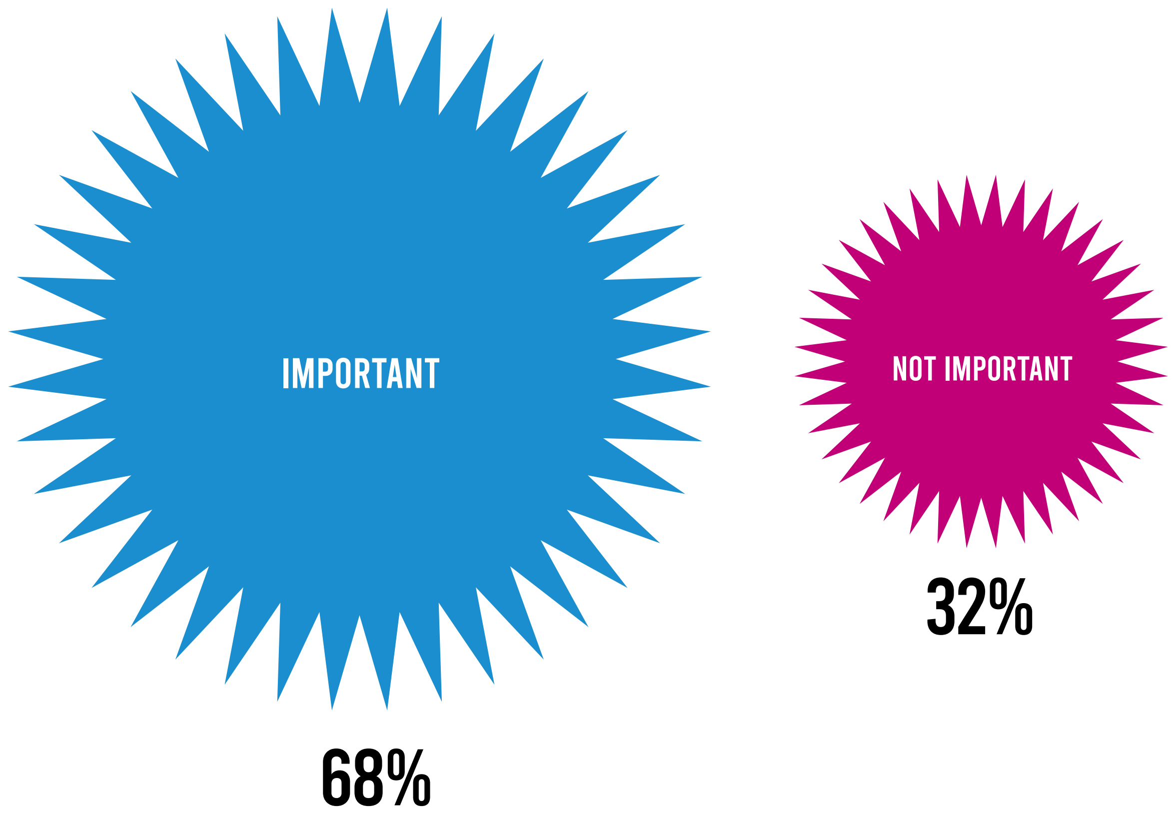
"We're really close to Mark from BankiFi. We've benefitted from his knowledge around hiring, culture and growth and taking our time. Simon Mellin from Modern Milkman is also a great inspiration to us. We've had some great conversations with him, and we really value the support he's given to us. Support can come from inside or outside of your sector. It's all relevant. I'm sure there are underground founder networks out there that are really critical, where people can meet up, have a pizza and be a bit vulnerable about the challenges they're facing as founders."

KATE PATTON, FORMER NORTH EAST COMMUNITY MANAGER, TECH NATION TECH NATION

"I've been in lots of cities that have been on the cusp of change. I can smell it in the wind in Newcastle. It's coming and it's going to be really good for the region because of the assets we have here. We're next to the coast, there's great transportation links, we have an amazing cost of living with a fantastic quality of life. I have never lived in a region where people graduate from uni and stay, they always leave. That's not the case here. They just stay and build up businesses and families, and that's a really positive sign for the region."

25% OF FOUNDERS LISTED MORE PUBLICITY AROUND THESE REGIONAL SUCCESS STORIES AS A MOTIVATING FACTOR FOR STARTING A BUSINESS OUTSIDE OF LONDON.

The media have a role to play in elevating these stories, which would make way for a greater portion of UK entrepreneurship to be represented. Other factors like **better access to talent, better access to VC, more innovation and higher numbers of start-ups situated outside of London** all feed into a broader picture of the importance of growing regional ecosystems.



Regional founders are most likely to favour access to other founders in their sector due to the benefits associated with developing early ecosystems.

68% of founders want to be situated close to other start-ups and businesses within their sector. However, 78% of North of England founders and South West founders favoured proximity to their peers when asked the same question.

As an early ecosystem develops, break out success stories are critical to inspire others to start their own company. As more companies start, the ecosystem can sustain more support services to help it grow. Infrastructure improvements also become viable. Elsewhere, early success stories often spawn new companies and spin offs through natural churn, which enables a greater flow of skills and talent throughout the ecosystem.

Founders who've raised through VC funding wanted to be situated close to other start-ups and businesses within their sector, compared to those who haven't.

Founders whose businesses have been earmarked as having high growth potential often look to see how ecosystems can support their future ambitions.

JESSICA BOWLES, DIRECTOR OF STRATEGY, BRUNTWOOD

"I think there's often an openness about people in the North and our cities are thriving in large part because there is such a diverse mix of people - whether they are from other parts of the UK or around the world. That the future of the place is built on both people who were born here and who come here and make it home is a really attractive quality of cities. It's not just Manchester. You see it in Liverpool, Leeds, Sheffield, Newcastle."

ALINA CAMERON, SCALEUP ENGAGEMENT MANAGER (YORKSHIRE), TECH NATION

"Yorkshire is in a very fortunate position. It's a region filled with stakeholders who are keen to collaborate. There's a willingness to align on projects. Even in cases where two people might be seen as direct competitors, those people are still willing to talk about best practice and work together."

DAN SODERGREN, FOUNDER, YOUR FLOCK

"If you want Manchester to get more international investment, you have to create a special narrative around our city. Every area of the UK, especially outside of London, needs to have its own personality. And I believe we need to align that personality to a sector. Of course, you can do LegalTech or HealthTech in Manchester just as well as you can Leeds or Sheffield. But why fight over tech sectors? Investors don't want that. And it's not necessary. Each area needs an ecosystem and then to get noticed for it. To be recognised for it and for its specialism. It's basic marketing. The need for a USP or a niche. And this is the same for cities and investments as well as big investors."

ANDY BARROW, OPERATIONAL PARTNER AT PRAETURA VENTURES AND FORMER CTO AT ANS

"The North is generating a real reputation as a great place to work and build a business. You can see that from the quality of businesses that are setting up here and the influx of organisations relocating from elsewhere. Whether it's Manchester, Leeds, Liverpool or Newcastle, founders are looking to the North and the opportunities available here."

FINDING THE FUNDING

Room for improvement:
a fragmented landscape.

Whilst there is clear appetite for founders to grow the North's ecosystem, there are still a number of barriers.

Fragmented information around the funding landscape still confuses founders, especially in relation to the funding options that are available and where they should go to apply for them.

75% OF FOUNDERS COULDN'T NAME MORE THAN FOUR VCS IN THE NORTH OF ENGLAND (EXCLUDING PRAETURA).

Access to capital is critical to building great businesses; if founders don't know how to navigate the funding landscape, the investment industry is failing them.

Considering the number of applications VCs receive compared to the number they invest in, founders limited knowledge of the market is hindering funding applications and therefore wasting new opportunities.

A more concerning insight from our research suggests that a lack of education around the North's funding options is worse inside the region compared to outside of it.

On average, London & South East founders could name more VCs in the North of England than founders based there could. Highlighting a need for greater funding education in the region.

Combining a funding gap with poor information around the market has led to a pessimism among North of England founders around their local investment prospects. In contrast, their London counterparts are encouraged to assess options near them and further afield, due to their greater funding confidence cultivated by their proximity to a more active VC community in their home city.

Despite these challenges, the North's tech and life sciences ecosystem continues to see record numbers of new businesses started. However, those breakout businesses who see rapid growth are often forced to look outside the region for scale up funding.

84% of North of England founders could only name up to three VCs who they think could invest more than £10m in a start-up in their region (excluding Praetura).

Scale-ups bring compounded benefits to a tech and life sciences ecosystem. Their elevated profile brings significant resources to a region, attracting talent and global clients whilst supporting regional suppliers. Unfortunately, many North of England founders on rapid growth trajectories have to look outside their region for larger funding rounds, which sometimes leads them to move their focus and operations.

GEMMA MCCALL, CULTURE SHIFT

"As an early-stage founder, it's hard to know where the safe spaces are to turn to ask the 'dumb questions'. As it was my first time and I was slightly naive, my initial search started with turning to the banks for money. Many will advise not to give away any equity, which is potentially poor advice dependent on your growth and scale ambitions.

No one ever presents you with all the different options, and I feel like I found those out by going through a voyage of discovery that I didn't necessarily need to go on. The reality is with equity funding is that, yes you give away a percentage of your shareholding, but in exchange you get £X money to turbocharge and grow at speed. It's not for everyone, but it's definitely great for some and it would have been great to have somewhere to have found that out."

TOOLS FOR LEVELLING UP

Founders know what their region needs to escalate their growth.

58% of founders suggest the most important improvement to their region would be greater access to PE/VC. This answer was most prominent among founders in the North of England, South West and the Midlands.

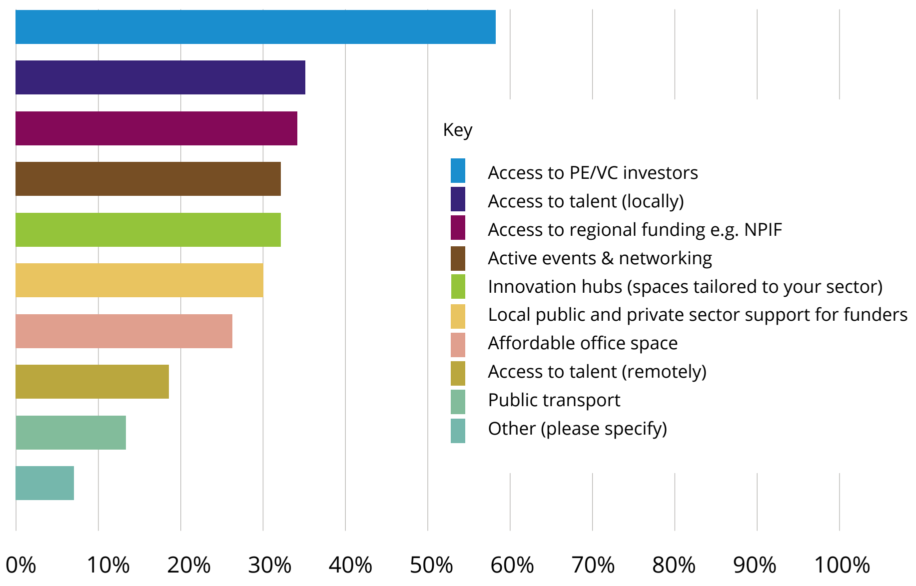
North of England founders were more concerned with their access to regional funding than any other region, which suggests there is a requirement for both **public and private** sector organisations in plugging the finance gap in the North of England.

It's clear that North of England founders are prioritising their own ecosystem growth, even in factors beyond funding. They want to see greater connectivity.

North of England founders are also the most likely to suggest their region lacks access to incubators, accelerators, active events and networking for start-ups.

It's no surprise then that North of England founders are most likely to list access to local talent as an area of focus for their region, when compared to others.

Compared to other parts of the UK, what do you feel your region is lacking or what do you feel could be improved?



ED PRIOR, VICE PRESIDENT, GP BULLHOUND GP.Bullhound

"We're very tribalistic in the North. Every time I go to Leeds and give a presentation, I guarantee the first question will be, 'Is this how they're doing it in Manchester?' It's as if we're always looking to see what our sibling is doing. We really need to break that instead of asking why HS2 stops here or why there is more government support there. We need to be a bit more mature and that often requires a collaborative approach – which ought to be led by narrative from the government and public bodies."

GEMMA MCCALL, CULTURE SHIFT CULTURE SHIFT

"Whereas once you would've had to follow the yellow brick road to London, there's now more money available for founders in the North. The issue is early-stage founders don't necessarily know where to turn to for that funding, which is why funders need to work harder to raise the profile of their various funds."

KATE PATTON, FORMER NORTH EAST COMMUNITY MANAGER TECH NATION

"We will not survive against the big dogs... the US, China or Europe unless we start thinking together as one brand of the North."

Similar to previous results, **founders who've raised through VC also see the benefits of ecosystem effects for their growth.** They're more likely to list access to funding, local talent and active events/networking as more of a concern when compared to those who haven't raised through VC funding.

It's now the role of founders, stakeholders, investors and government to help elevate this ecosystem and work together to increase levels of activity for everyone's wider benefit.

Whilst London and the South East can act as inspiration for younger ecosystems, this doesn't come without its drawbacks.

London and South East founders are most concerned with finding affordable office space in their region. This will become a challenge for the North but one founders will have to contend with in the future.

THE NORTH OF ENGLAND FOUNDER

CULTURE SHIFT

the startup factory . tech

"Most founders today think the path to success involves the word 'seed round' and 'unicorn' but in our experience at tsf.tech the most successful startup ventures and entrepreneurs are those that have taken time to bootstrap their business, **build an effective sales funnel and see the genuine sales growth that comes from solving a known customer or business problem.** Revenue is scalable, a repeatable sales model is a much less costly and risky way to fund growth."

"As soon as you start looking at securing funding it's a huge drain on a founder's time and resources, so **selecting the right investor, and ensuring you're giving away the right (minimal) amount of equity is key.** Other people's money also changes the agenda - if you release 20% of your equity and you have a new face around the decision making table, you have given away a lot of control."

"That being said there will often come a time that to grow, and scale you need a cash injection but ensure this is being used for the right reasons - **executing a business growth strategy - and not simply funding losses.**"

IAN BROOKES, FOUNDER AT THESTARTUPFACTORY.TECH

Ian has spent the last decade working as a co-founder, investor and board member/advisor with a number of tech businesses and startups, with hands-on fundraising experience of c£64m via PLUS, AIM, FTSE and VC/PE.

After eight years with PW, he was founder CFO at an IT Services business, taking the business to an FTSE listing and latterly spent five years as CEO. In this time, the company grew from an £18m private company to a £200m turnover plc.

As a Lean Startup practitioner, Ian mentors entrepreneurs, guiding their innovative ideas into disruptive tech products and successful high-growth, scalable businesses.

Ian founded thestartupfactory.tech in 2017, as a place to help entrepreneurs with their ventures with the motto of 'doing interesting projects with interesting people'.

OVER £1.2BN OF EQUITY INVESTMENT WAS SEEN IN SMALLER BUSINESSES ACROSS THE NORTH

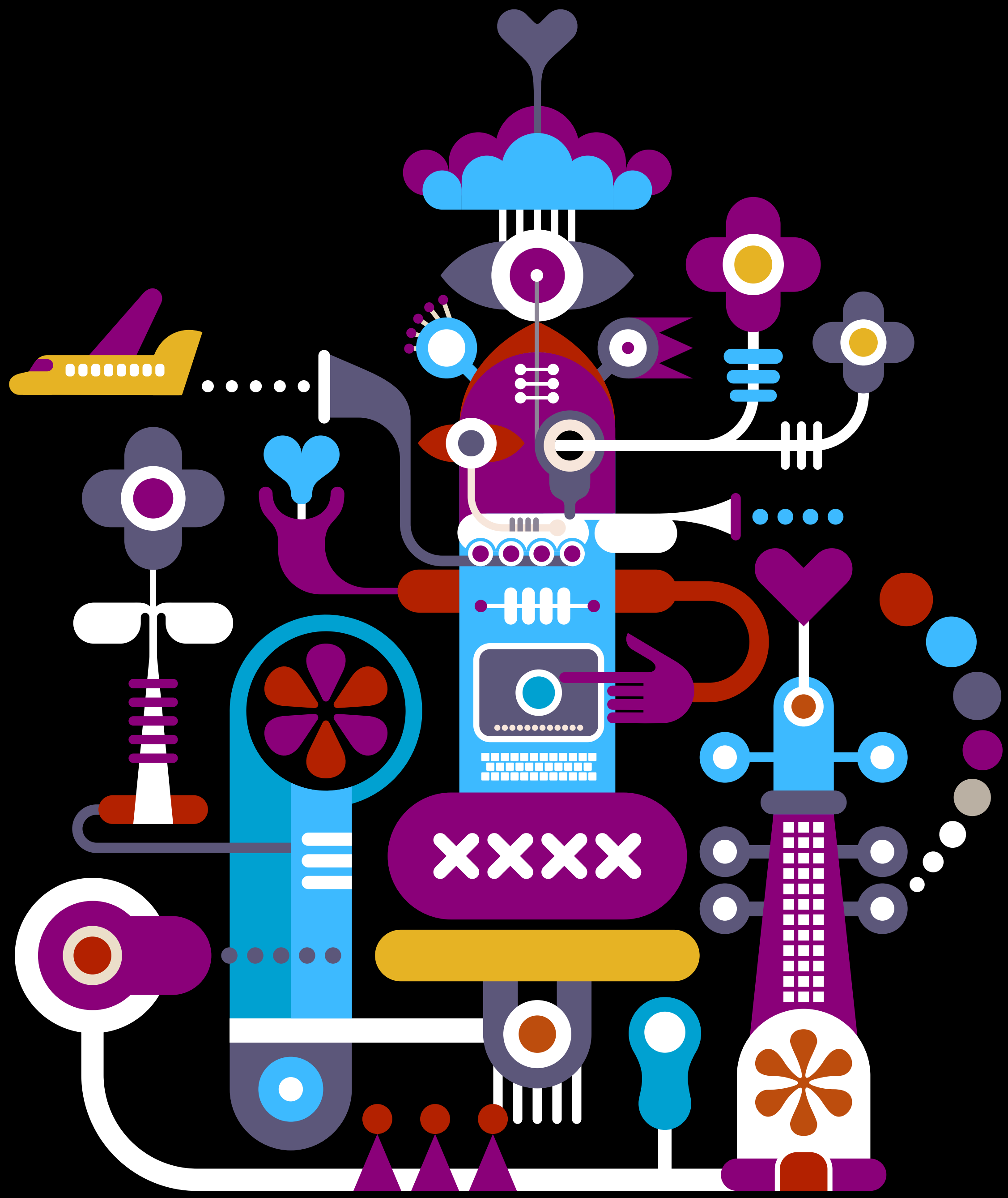
"Our Small Business Equity Tracker 2022 report showed that the North remains a hotbed of investment activity outside of London. In 2021, just over £1.2bn of equity investment was seen in smaller businesses across the North, with the North West and Yorkshire and the Humber regions seeing record years for equity investment and the North East also a major rise.

Going forward navigating tough market conditions and focusing on sustainable growth will be key. Our Regional Angels Programme which has committed £20m to Praetura was established to help reduce regional imbalances in access to early stage equity finance. The programme works by committing funds for investment alongside business angels and other early-stage equity investors, acting as a catalyst to bring longer-term capital to regional ecosystems. At the October 2021 Spending Review, the Government announced an additional £150 million of funding for the programme over three years."

FOCUSING ON SUSTAINABLE GROWTH WILL BE KEY

British Business Investments

DR SOPHIE DALE-BLACK UKN NETWORK DIRECTOR, NORTH OF ENGLAND AT BRITISH BUSINESS INVESTMENTS



SECTION THREE

ECO-SYSTEM CHAMPIONS:

THE PEOPLE MAKING THE PLACE

ECO-SYSTEM CHAMPIONS

CELEBRATING ECO-SYSTEM CHAMPIONS

ECO-SYSTEM CHAMPIONS: THEIR ROLE IN THE START-UP WORLD

Eco-systems are crucial to the success of any region and the businesses that inhabit that region. Look across the North and you will find multiple examples of business eco-systems, with some that are hyper local and others that span towns, cities and whole counties. Other eco-systems focus on specific sectors and boosting engagement within those sectors, such as Bionow's work within life sciences. One thing these ever-expanding communities have in common is they often take inspiration from other successful eco-systems. For example, Edinburgh has long been praised for cultivating a harmonious bond of talent networks, events and for having an eco-system that connects start-ups and scale-ups, many of which have felt the positive network effect of being near local success stories, such as Skyscanner.

As many who have contributed to this report have said, being a founder can be incredibly lonely at times, due to the challenges associated with starting a business. Eco-systems help to provide community, expertise and some togetherness, and therefore are an incredibly important part of the conversation for founders and, to an extent, local investors. In addition to businesses, eco-systems also rely on individuals and figureheads to beat the drum and be active. Events are also crucial, as these serve as a physical meeting point while providing a forum for founders to present, share and exchange ideas.

But why else are ecosystems important to founders? For starters, eco-systems can improve access to funding. According to our research, North of England founders have listed access to private equity and venture capital as the most important thing about being part of a start-up eco-system. In addition, to funding, eco-systems can help to raise the aspirations of founders within them. Founders in Newcastle, for instance, can look to a businesses like Sage and seek comfort from the fact they don't need to be in London to launch and scale a major company.

ECO-SYSTEM CHAMPIONS: WHO ARE THEY?

Bionow, Leeds Digital Festival, Enterprise City, Start Up Grind Liverpool, The Fashion Network, Investor Ladder and others are behind some of the North's best-known ecosystems. Combining talent, expertise and their own growth agendas, these companies have become beacons within the North's business landscape, and the individuals that make up these organisations are often a first point of call for founders, whether they're embarking on their first venture or their latest. This section of the whitepaper is dedicated to these eco-system champions who, in their own words, have described what they bring to the landscape...

GP. Bullhound

HUGH CAMPBELL, MANAGING PARTNER

"The industry is very aspirational. You want to believe that it's possible to be successful near where you live. That's why Auto Trader, MoneySuperMarket, Boohoo, The Hut Group, Sky Bet, Sage and Skyscanner are really important stories. They also create a fear of missing out. If investors a company they didn't invest in becoming very successful and profitable, they will make sure they don't miss the next one."

TECH NATION

MO ALDALOU SENIOR SCALEUP ENGAGEMENT MANAGER NORTH WEST

"I've been privileged enough to see the North West's tech ecosystem grow and mature over the last five years and it's showing no signs of slowing down. Support programmes for ambitious early-stage tech companies like Exchange Enterprise City, supported by Tech Nation, are a perfect example of initiatives that help move the needle."

WELCOME TO BIONOW: BRINGING THE NORTH'S LIFE SCIENCES INDUSTRY TOGETHER

ABOUT THE INDUSTRY

Northern England has always been a hotbed of innovation and invention, and this continues today. The Life Sciences sector is a critical part of this trend, making a healthy contribution to UK's economy:

- Our thriving sector is now worth £13.6 billion
- It is home to about 21% of the UK total life sciences sector
- And accounts for approximately 22% of all relevant UK patents
- In 2019 northern England exported £3.2bn medicinal and pharmaceutical products

At Bionow we cover the breadth and diversity of life sciences across northern England, connecting and highlighting the emerging northern life sciences arc, a supercluster stretching from Newcastle through Yorkshire and into the Northwest centres of Manchester, Liverpool and Alderley Park.

One of the strengths of northern England's life sciences sector is that it is very diverse, and contains several subsectors clustered in different places, all of which we can see are expanding, for example two key areas are Pharma and Medtech:

- BioPharmaceuticals: £9.4bn (2019) to £11.9bn (2025)
- MedTech (including Diagnostics): £4bn (2019) to £5.6bn (2025)

There are also regional hotspots across northern England to provide further specialisms, for example...

- 62% of all Life Sciences employment in the Yorkshire & Humber region is in Medtech (highest in UK), compared to 34% in the NW region and 28% NE region.
- Yorkshire has the highest concentration of digital health and Medtech companies in the country.

WHAT IS BIONOW?

- Bionow is a not-for-profit membership organisation whose core membership is health and life science companies based in northern England. Bionow supports the development of this developing supercluster, encouraging the shared experiences of leaders, helping them and their businesses connect and grow, helping member companies' source cost effective local and regional support, whether it be technical, professional, financial or in the supply chain.
- Thousands of delegates attend Bionow's conferences every year, each conference explores different aspects of northern England's diverse Life Science sector. Conferences include Pharma Manufacturing, Antimicrobial Resistance, Oncology, Precision Medicine, Investment and Northeast England as well as celebrating the whole sector at the annual Bionow Awards.

Bionow view the development and support of a local and regional life science supporting ecosystem as a critical ingredient for success in this sector. This ecosystem consists of a number of factors:

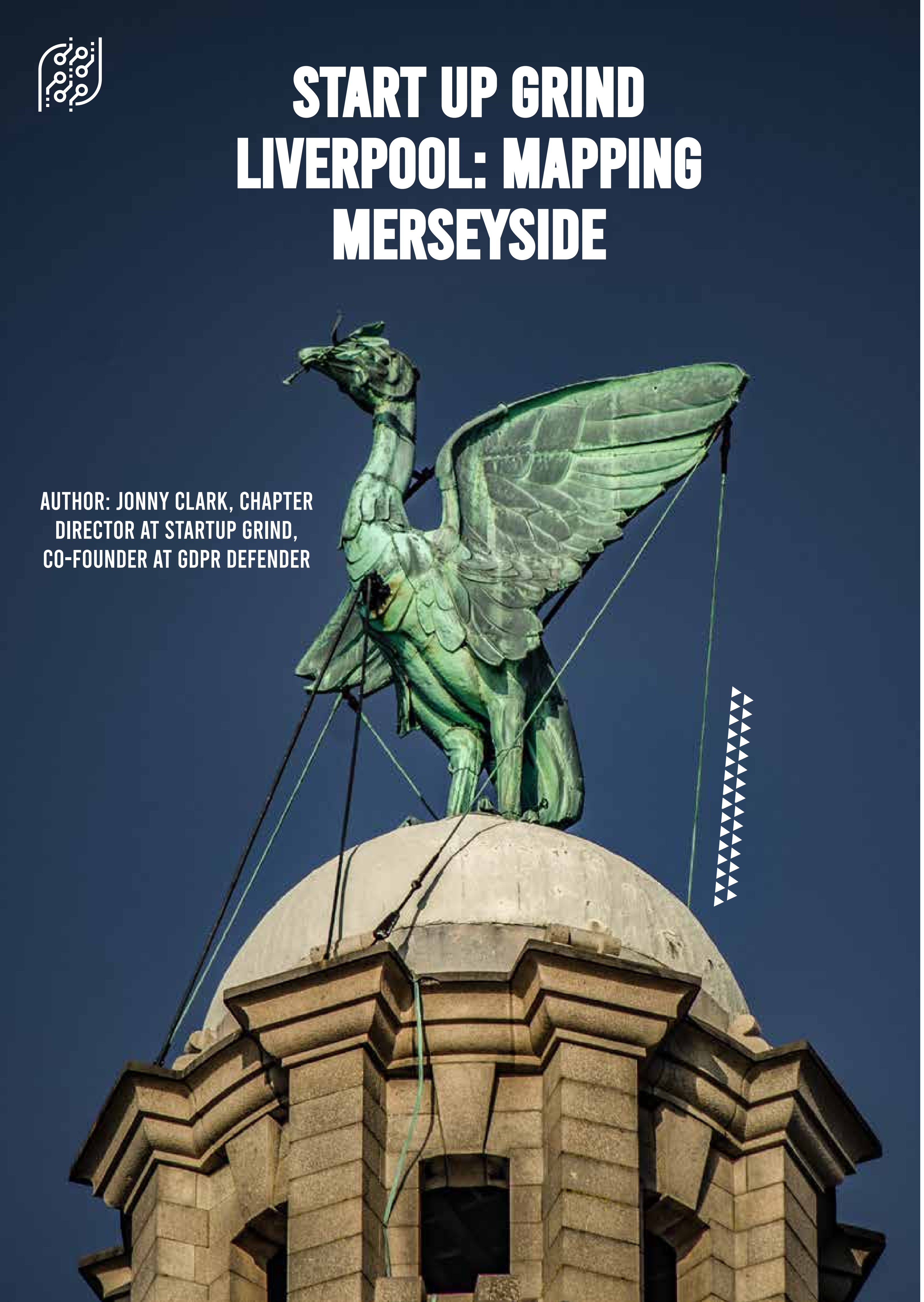
- It is why we put on a range of life science focused conferences and many networking events throughout the year to connect and showcase companies and academics from across northern England.
- Science parks and facilities to house the growing number of companies.
- Continuous innovation and invention at northern research rich universities.
- Access to talent and skills.

To accelerate growth in the sector we need all the above and more. The North needs greater access to capital and more places to house the growing number of companies choosing the North as their base. What many founders need is the opportunity to build value in their businesses and stretch their funding as far as possible, so that when they go for future rounds of funding the business is of a higher value and thus is a better investment proposition and can obtain greater investment, enabling it to move further and faster. A vibrant ecosystem as detailed above is an essential aspect of building that value proposition - Bionow will continue to be at the heart of its development and continued growth of the Northern life sciences cluster.

Geoff Davison,
CEO BioNow

bionow®

WWW.BIONOW.CO.UK



START UP GRIND LIVERPOOL: MAPPING MERSEYSIDE

AUTHOR: JONNY CLARK, CHAPTER DIRECTOR AT STARTUP GRIND, CO-FOUNDER AT GDPR DEFENDER

JONNY CLARK

Essentially the two major hubs of startup activity within LCR are the SciTech Daresbury campus and the Baltic Creative CIC.

Daresbury gets a lot more deeptech/science-led businesses whereas Baltic is dominated by more creative-focused ventures.

There's been a raft of programmes introduced recently, mainly funded by the Combined Authority, which seek to bolster the startup and scaleup ecosystem - namely, Lyva Labs (an incubation/venture builder project with a focus on commercialising Health and Life Sciences opportunities from the local universities), Baltic Ventures (an accelerator) and additional monies to build up the local angel network.

Health, immersive technologies, gaming and media are the dominant sub-sectors in terms of dealflow, but there are standout companies in areas such as EdTech and IoT also.

Overall, it's a nascent ecosystem but the potential progression over the next few years is clear - with a number of notable exits taking place: LPW Technologies, a 3D Printing company based in Widnes, was acquired for c.£80million by Carpenter Additive Inc in 2018. Living Lens, an AI Consumer Insights business, was bought by Medallia Inc for $26million in 2020. Parent Apps, a schools-focussed digital transformation company was acquired for an undisclosed amount by Community Brands in 2021.

The region benefits from lower-than-average rents and other overheads, and its attractiveness as a destination for young people given its active social and cultural scene. Local major corporates such as IBM, Unilever, Magna, Arup, Very, Jaguar Land Rover, Matalan, INEOS and QVC are reasonably well engaged in the local SME/startup agenda and it is increasingly common to see entrepreneurs coming out of these businesses to start new ventures.

A number of communities such as Startup Grind Liverpool, Creative Kitchen, Daresbury Digital Cluster, Immersive Tech Collective and more provide meetups, peer-to-peer and a social scene for people working in the local ecosystem.

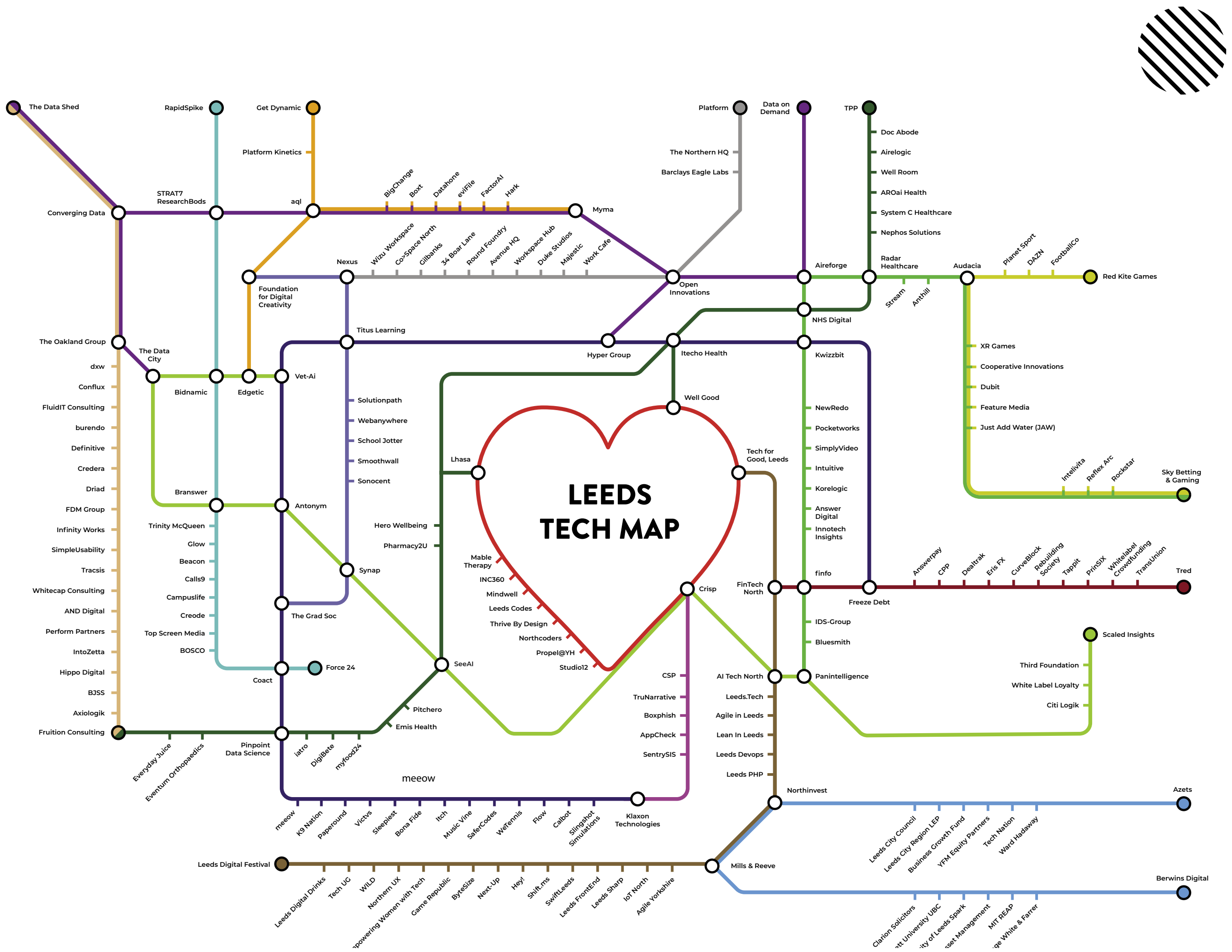
THE LEEDS LOWDOWN: TALKING YORKSHIRE WITH LEEDS DIGITAL FESTIVAL FOUNDER STUART CLARKE

Stuart is the founder of Paceline marketing and PR consultancy, working with startup and scaleup firms in the tech sector. He is a non-executive director and adviser to a number of start-ups, including Jigsaw, Synap and The Grad Soc, and has helped firms to raise funds through crowdfunding, angels and VCs. Stuart also runs the PARSE peer roundtable programme for start-up founders.

He is also the co-founder and the Festival Director of the Leeds Digital Festival, the largest open tech event in the UK.

The annual Tech Nation report saw him named by startups as the most influential person in Leeds; he was also named as one of the top three digital leaders in the UK in the Digital Leaders DL100, as well as the City Region Leader: Leeds in the Northern Leadership Awards, and featured in the 2022 Yorkshire Business Insider Powerlist 100. Stuart is also the creator of the Leeds Tech Map (pictured below). Here he speaks to us about the LDF's place in the ecosystem and plans for 2022...

LEEDS TECH MAP BELOW. TO VIEW THE INTERACTIVE VERSION, PLEASE VISIT LEEDSTECHMAP.COM



STUART CLARKE, CO-FOUNDER, LEEDS DIGITAL FESTIVAL

PRAETURA: Tell us more about Leeds Digital Festival?

STUART CLARKE: Leeds Digital Festival started in 2016, with an open platform nature, meaning no costs for event organisers to take part. It's the largest tech event in the UK, based on the number of individual events (and just behind London Tech Week in terms of audience numbers). This year's festival, which takes place between 20th and 30th September and will feature 260+ events on medtech, healthtech, coding, data, startups, careers, AI and the metaverse. It will celebrate all things digital and around 75% will be physical events, with the rest happening online.

LDF is funded by sponsorship, including Leeds-based firms Crisp, BJSS, TPP, Sky Betting & Gaming, and events will also be taking place in Harrogate, York and Wakefield. In addition, delegations from Estonia and India will be visiting the festival, following 2021's success, which saw delegates from 60 countries dial into online events.

PRAETURA: What other networks in the north you recommend?

STUART CLARKE: The new Manchester Tech Festival; Tech Week Humber; Sheffield Digital; Sunderland Software City; C4Di in Hull; PARSE (had to sneak that one in)!

PRAETURA: What can festival goers expect?

STUART CLARKE: This year we have Code4000 discussing their coding programme at HMP Humber, CGI have a 'cyber escape room' in a 40ft shipping container in the middle of the city centre, the Digital Twin Consortium is holding its first ever annual conference outside the US, the Coders' Guild is running 'Code like the 90s' where contestants have 15 minutes to code a 90s website home page. In addition, there will be full day conferences on medtech, fintech, data and healthtech. Peter Hutton, the Director of Media Partnerships at Meta will also be headlining at Digital Sport North.

PRAETURA: Any predictions for the next 10 years of the tech sector in the north?

STUART CLARKE: More funding coming into the north from London and international funders, as they begin to realise the potential of the north.

More collaboration between existing funders in the north, as they signpost who to work with at appropriate stages, e.g. speak to these for pre-seed, these for seed, these for Series A. The natural tendency for collaboration in the north will offset the lower amount of funding compared to London

More start-ups to start and to stay in the North. The cost of living crisis will drive some of this as London and the South East become too expensive for many. The growing number of start-ups already in the North will result in exits, putting experience and money back into the system.

The growing collaboration between the North's world-class universities will bring more money (e.g. Northern Gritstone) and more startups into the system. Firms like Bruntwood will help this process with fit-for-purpose buildings.

THE EXCHANGE PROGRAMME AT DEPARTMENT BONDED WAREHOUSE, ENTERPRISE CITY MANCHESTER

The Exchange programme provides support for ambitious early-stage tech businesses and empowers them to grow by providing access to the tools and learnings to scale, as well as build a lasting collaborative community of like-minded forward-thinking entrepreneurs. The programme was designed specifically with the needs of early stage scaleups in the region in mind.

Cohort members receive 6-12 months of access to workspace; a community of fellow entrepreneurs; workshops and events; Tech Nation as a knowledge partner; and 1-1 support from industry partners across areas including investment, legal, hiring, and marketing.

Since the programme launch in July 2020, over 400 people across 80 businesses have been supported, resulting in the creation of hundreds of jobs. The Exchange's ambition is to serve as a platform that enables its larger tech residents to connect with its young businesses, encouraging collaboration and subsequently driving innovation and growth.

Members and alumni include:

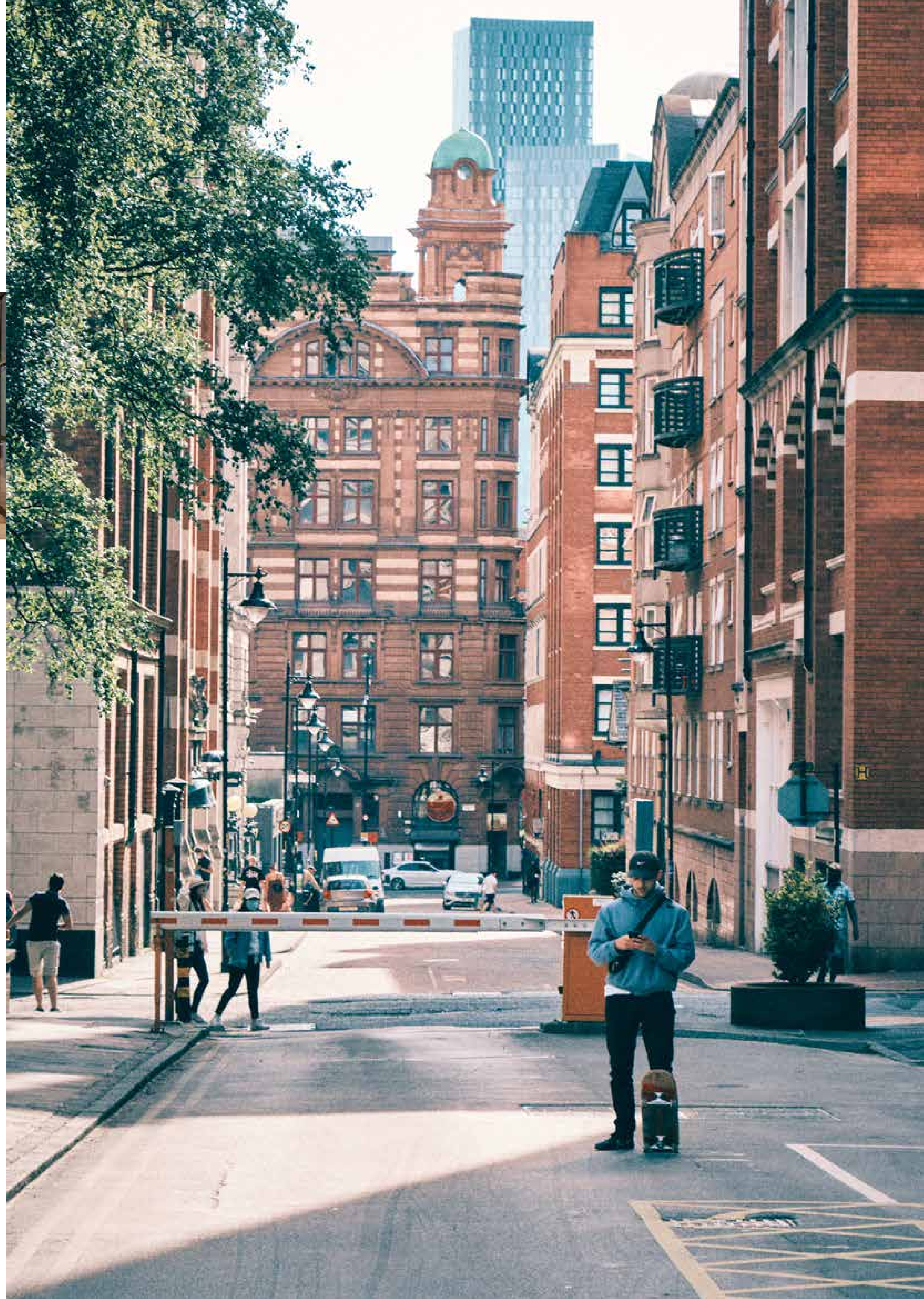
- PixelMax, the metaverse for the workplace.
- Sparkbox, providing AI and in-depth data solutions to help big brand merchandising teams make better stock buying and pricing decisions.
- Versori, building technology for critical business infrastructure.
- Circl, a socially inclusive betting platform with a unique and innovative game-type which allows users to compete against friends during live sports events to win money.
- Hazaar, a second-hand marketplace app for students.
- AINOSTICS, developing ground-breaking AI algorithms for accurate diagnosis and management of neurological conditions.
- Financielle, helping people to take control of their money and be financially well.
- Umii, an app to combat student loneliness and isolation.

Exchange will also be expanding to Leeds in early 2023, in residency at Department Leeds Dock.

Alice Pickersgill, Community Outreach Lead, Exchange @ Enterprise City

Alice is the lead for Exchange, which is a fundamental part of Enterprise City – a new city centre tech, media and creative cluster designed to connect people and businesses, encourage collaboration, and create success through expert place making with exceptional workspaces, inspiring cultural space, and bespoke living. The district is already home to industry leaders such as Booking.com, WPP, ITV and the BBC.

ENTERPRISE CITY®



CRITICAL CONNECTORS:

SPOTLIGHTING THOSE WHO BRING US TOGETHER

INVESTOR LADDER

INVESTORS NOT BASED IN REGION OFTEN FIND IT DIFFICULT TO NAVIGATE THE LANDSCAPES.

Investor Ladder was created to help improve the entire investment and innovation landscape by highlighting investment opportunities in each region and providing connections to innovation ecosystems and investors across the UK and internationally.

On average, Investor Ladder brings between 100-150 delegates together to discuss industry level challenges and share deal flow. The Investor Ladder community provides a real opportunity to meet, build and extend individual networks.

As a result, we now see investors spending more time in each of these regions outside of the "Golden Triangle", including the expansion of funds such as Sure Valley Ventures, opening offices in both Leeds and Manchester. This encouragement of collaboration between local and national investors has also led to the creation of a new high-net worth angel syndicate, that will be deployed in the regions from Hull to Belfast, to be announced later this year.

Author: Gordon Bateman
Founder of Investor Ladder

FUND HER NORTH

In 2019, the Alison Rose Review into Female Entrepreneurship highlighted the gender disparity in the UK investment landscape with all-female teams securing less than 1% of venture capital funding. Fund Her North was established to instigate change and give Northern female entrepreneurs the equal access to the funding they need to successfully scale their businesses.

Fund Her North is a Northern-based collective of over 30 women in private equity, venture capital, funding organisations, and angel groups with a combined investment power of over £1.2bn. Their purpose is to help Northern female entrepreneurs to gain investment, provide fund raising confidence, and support in a business landscape they often find more challenging than their male counterparts. Fund Her North supports women founders through every stage of their growth journey, from start up, to scale up and exit. It does this by providing connections, education, and by guiding them through the fundraising process.

Since the launch of the Fund Her North website in 2021 the organisation has onboarded over 400 members, secured funding of more than £4.5 million for early-stage founders, launched a Womens Angel syndicate which now has 37 members and has supported nine female founded businesses, hosted 21 education events to date with an attendance of over 1000, and gained support from partners NatWest, UBS, Gordons LLP and BHP Chartered Accountants.

When a female entrepreneur becomes a Fund Her North member, they answer a short online questionnaire and then have an in-depth interview with the resident Community Manager. The Community Manager then refers the entrepreneur to the relevant female Fund Her North collective members for more detailed fundraising conversations, with a regular feedback loop to track progress. Members also gain access to high quality education via the very active events calendar where typically the Fund Her North collective leverage their portfolio contacts to bring together exceptional speakers and role models for female founders. The organisation also sees building active, female angel capacity in the North as a key remit and run education workshops on becoming an effective angel for would be and new angels.

"THE FUNDING LANDSCAPE CAN BE A TRICKY ONE TO NAVIGATE, NOT LEAST AS A WOMAN, AND IT WAS IMPORTANT TO ME THAT I WAS ABLE TO WORK WITH PEOPLE WHO UNDERSTOOD MY STORY. THE FACT THAT THERE IS AN ORGANISATION OUT THERE LIKE FUND HER NORTH, WHO ARE THERE TO SUPPORT FEMALE FOUNDERS, IS INCREDIBLY VALUABLE, AND I'M GRATEFUL FOR THEIR SUPPORT."

Elaine Parker, Founder and CEO of SaferDate Ltd

"WE WERE THRILLED TO HAVE HAD ATELERIX'S PROJECT INDEPENDENTLY VALIDATED BY INNOVATE UK AND CONSEQUENTLY RECEIVE A RAIA GRANT. THIS IN TURN ALLOWED US TO LEVERAGE MORE INVESTMENT FROM BUSINESS ANGELS, INCLUDING THE FUND HER NORTH WOMEN ANGELS OF THE NORTH SYNDICATE. SECURING THIS INVESTMENT WILL ENABLE US TO START TO GENERATE REVENUE AND GROW THE BUSINESS AND I LOOK FORWARD TO WORKING WITH THE NEW ANGELS WE HAVE ON BOARD OUR JOURNEY."

Debra Leeves, Executive Chair at Atelerix Ltd

Author: Jess Jackson

Investment Manager at Praetura Ventures and Founder of Fund Her North

FUND HER NORTH

THE FASHION NETWORK

The Fashion Network (TFN) is a B2B community of over 300,000 followers & subscribers.

Predominantly from the fashion & FMCG retail sector, these followers engage with TFN across a range of communication channels including, TFN email subscription database, LinkedIn business pages, TFN online networking portal and other social channels.

This community has grown organically off the back of a well-crafted calendar of business networking events, seminars, conferences, and webinars, together with the regular publishing of social led learning content & debate.

Alongside this, the founders of TFN have had a history of facilitating a variety of B2B relationships, in all aspects and at all levels of the fashion retail industry. This activity has historically been done either through one-to-one brokerage, at specifically designed events or via various online tools. The philosophy of TFN is to bring together the industry to learn, connect & do business.

THE BOARD YOU CAN'T AFFORD WITH THE FASHION NETWORK

The Board You Can't Afford allows business owners the opportunity to present their business to a panel of C level business professionals, investors, non-executive directors, market experts, high net-worth entrepreneurs and other useful business people. This support provides business owners with insights and the help they need to set up, grow, attract investment and/or exit their businesses.

Types of BYCA forums:

1. Start-up forum / mini meets (for pre revenue & early stage businesses and business concepts)

2. Investor forum (for businesses looking for investment or partnerships to grow)

3. Exit forum (for businesses preparing for an exit or partial exit)

Dale Hicks
Founder of The Fashion Network

CONFIDENCE, CHALLENGES AND SUCCESS STORIES: WORDS FROM THE NORTH'S TECH VOICE MARTIN BRYANT

10 years ago, I gave a talk called 'Where are the Manchester startups?' at a TEDx event. I'd recently visited Berlin and Copenhagen, which were thriving as European startup hubs, and I was frustrated that my home city didn't match up.

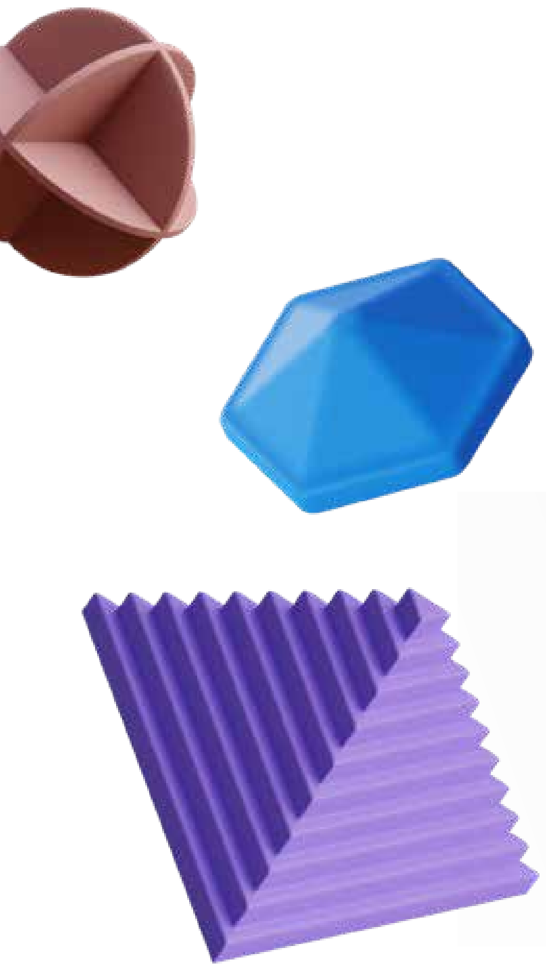
I pointed out how despite the city's strong heritage of entrepreneurship, creativity, and tech development, most of Manchester's current tech talent was building products for clients rather than starting their own companies. I highlighted a handful of relatively recent success stories and promising startups from the city, but it really was slim pickings.

Looking more broadly in the North at the time, there were hives of activity in places like Newcastle, and interesting startups to be found scattered all over. But the North's tech offering at the time could best be politely described as 'nascent'.

My TEDx talk helped inspire the creation of Manchester's first tech-focused coworking space, which nudged things forward. But a decade later, the city is unrecognisable. Countless startups are based in Manchester. They're boosted by a more ambitious, startup-savvy community of local investors, while investors elsewhere are more willing to put money into Manchester companies. And new, significant presences from several big international tech companies have helped bolster the city's global reputation.

The city isn't alone. Across the North, cities like Leeds, Sheffield, Liverpool, and Newcastle have their own growing and maturing tech communities.

When I recently started PreSeed Now to profile UK early-stage startups, I found the calibre of



TWO IMPORTANT REASONS FOR THE NORTH'S IMPROVEMENT ARE THE TIRELESS WORK OF MANY ENTHUSIASTIC CHAMPIONS FOR THE TECH SECTOR OVER THE YEARS, AND A PROPERTY SECTOR KEEN TO ATTRACT LEASE AGREEMENTS FROM FAST-GROWING COMPANIES.

Often they're bolder and more ambitious than what I see from London. I see an increased confidence in producing university spin-outs, and it's more common for founders to reach out beyond their local area to find the right investors.

Two important reasons for the North's improvement are the tireless work of many enthusiastic champions for the tech sector over the years, and a property sector keen to attract lease agreements from fast-growing companies.

However, we can't discount the effect the pandemic has had over the past couple of years. It's encouraged people to ditch their jobs and try doing their own thing or take a risk on working for a young startup; it's made it easier and more 'normal' to build a distributed team so entrepreneurs don't have to worry so much about recruiting people on their doorsteps, and it's encouraged investors to see location as a less crucial factor in whether or not they back a company.

BUT WHILE THE NORTH'S PROGRESS SHOULD BE CELEBRATED, THERE ARE SERIOUS CHALLENGES AHEAD.

The UK looks set to face an incredibly challenging economic environment in the near term. This could affect the North's competitiveness. Many places in the world can benefit from the pandemic effects I described above, and many of the young people who fuel the growth of the tech sector have options - they can move to other countries if life in the UK becomes too expensive or unpleasant.

As the government reacts to the economic outlook, it will need to ensure the UK outside London continues to be an attractive place for talented people to build potentially world-changing businesses.

But what the North still really needs more than anything is major success stories. It needs significant, successful IPOs and acquisitions of companies that have worldwide relevance and importance. And it needs the proceeds of those exits to go back into even more tech entrepreneurship.

We've come a long way in the past decade, and the North's current crop of tech entrepreneurs is the strongest we've ever seen. Maintaining that trajectory is key. It will allow the North to level itself up, by creating tech companies that have a significant impact at a time when our world needs new ideas more than ever.

MARTIN BRYANT
FOUNDER AT PRESEED NOW

Martin Bryant is the author of UK early-stage startup newsletter PreSeed Now, founder of technology and media consultancy Big Revolution, and editor of the Geekout social media industry newsletter.

THE NEED FOR MORE CHAMPIONS

NORTH WEST BUSINESS LEADERSHIP TEAM

In July 2020 North West Business Leadership Team published a key report looking at the steps needed to deliver more investment-ready businesses and a stronger finance pipeline for every stage of business growth across the North West.

The report was supported by Pro Manchester, the Liverpool Chamber of Commerce, Innovate UK and the City Region Mayors of Liverpool and Greater Manchester.

It recognised how crucial entrepreneurs and innovative businesses are for the long-term success of our economy, but also that the support available to them is often inconsistent. A central theme was the need to ensure access to an adequate supply of finance.

However, finance alone will not drive the success of innovative entrepreneurs in the region. Businesses need to be better equipped with information and management skills to access the finance available and secure the confidence of investors. Outside of the dominant finance sector in London and the South East of England the pool of investors is always going to be more limited, which means firms located in regions such as the North West will need to work hard to present their business and its potential to financers.

With a lower density of innovative businesses and finance providers in the region, compared with London, the networks that can connect the two become more important. The research finds that these ecosystems of sector clusters, support organisations and funders are fragmented across the region. Pockets of good practice, notably in Manchester, are helping to make more efficient and effective connections between entrepreneurs and investors. But many would-be finance seekers continue to struggle to navigate the available support and have been frustrated by too many wrong doors.

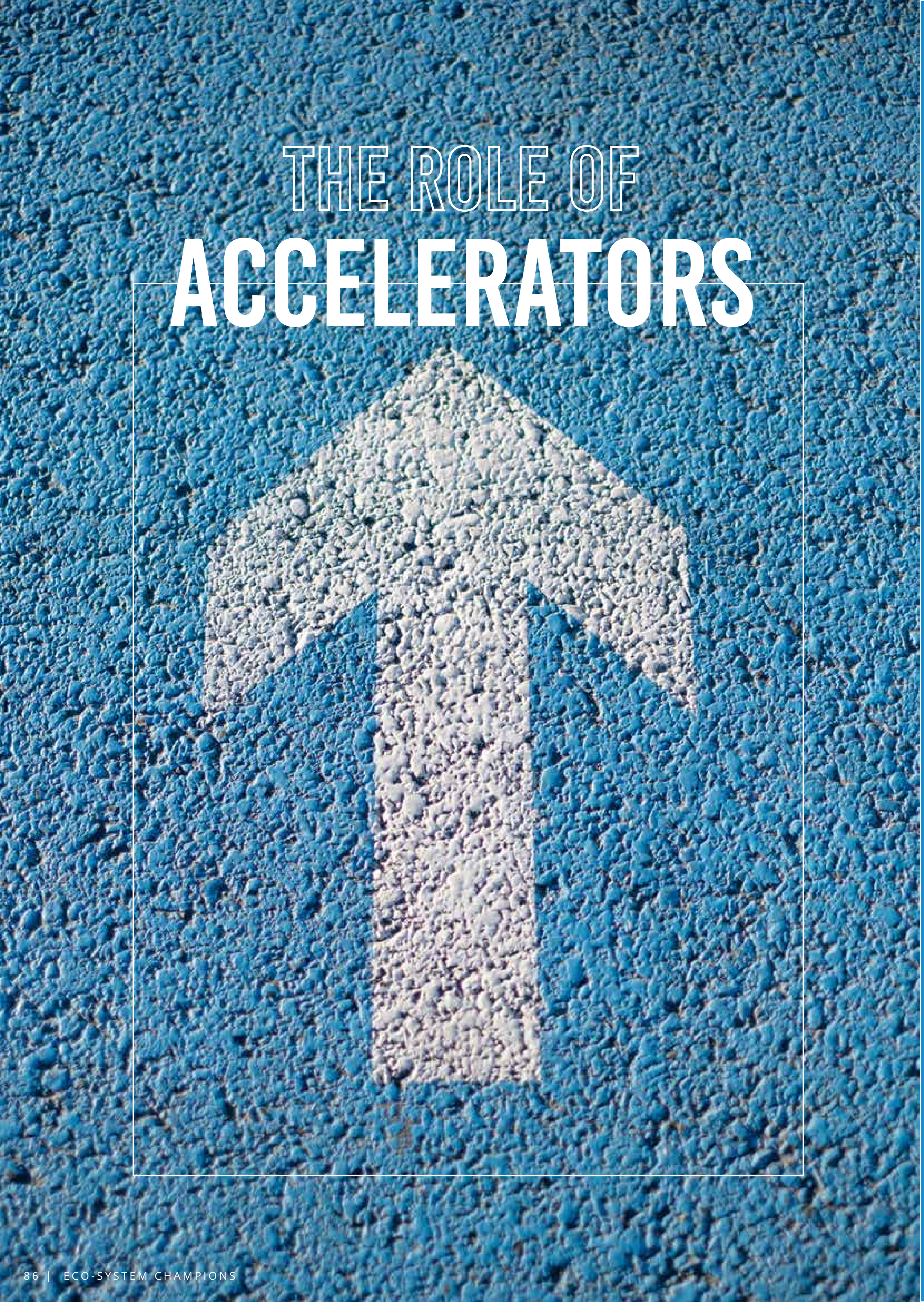
Since publication of the original 'Finance and Innovation – Essential Enablers for Future Business Growth' report there have been some notable additions to the funding landscape in the region. British Business Bank has continued to develop and extend the range and number of delivery partners that it works through, and the launch of British Patient Capital's Life Science Investment programme will invest £200m and attract a further £400m of private capital; the Manchester Angels Network has been relaunched and the region is now second only to London and the South East for private capital investment in the UK.

There is more to be done. More can be done to improve the line of sight for investors outside of the region to some of the great early-stage businesses in the region. More can be done to make sure that those businesses are as well-prepared as they can be when they seek investment. And more can be done to support entrepreneurs and business owners from ethnic minority backgrounds, especially black entrepreneurs, who find the journey through the funding and support ecosystem even harder than the majority.

ANDY HULME, HEAD OF GROWTH AND INNOVATION, NORTH WEST BUSINESS LEADERSHIP TEAM

North West Business Leadership Team

THE ROLE OF
ACCELERATORS



There are many accelerators across the UK, 180 to be exact, some of which are more active than others. But what is the role of an accelerator and what can they offer an early-stage founder and business?

Similar to incubators, accelerators may offer access to co-working spaces, networking opportunities and support services. But where accelerator programmes differ is that they tend to involve a competitive entry process where those who are fortunate enough to be accepted, embark on a structured and involved enrichment programme delivered over a fixed period of time. This programme will likely follow a fixed syllabus of best in practice learnings, involve mentorship and feature workshops from industry experts with support across tech, product, legal and finance.

THE UK ACCELERATOR SCENE AT A GLANCE

180

ACCELERATORS ARE CURRENTLY OPERATING IN THE UK

68

OF WHICH ARE CORPORATE-SPONSORED PROGRAMMES

11,196

UK COMPANIES HAVE BEEN ACCELERATED SO FAR

79%

OF ATTENDEES WERE AT THE SEED STAGE WHEN THEY ENTERED

Beauhurst compiled a list of the Top 10 UK Accelerators. Whilst the majority of these are based in London, most are accessible to companies across the country. Ranked at number one in this list was Entrepreneur Accelerator, located in Edinburgh and managed by Natwest. This has supported the most number of attendees and has seen 19 accelerated businesses go on to achieve a successful exit. If ranking was based on business exits then the most successful would be the Mayor's International Business Programme in London which has accelerated an amazing 95 businesses that have successfully exited.

There are 10 accelerator programmes currently active in the North of England. Of these, DigitalCity Accelerator has accelerated the most companies so far, followed by GCHQ Innovation Co-Lab.

BENEFITS OF AN ACCELERATOR

- 57% OF UK UNICORNS ATTENDED AN ACCELERATOR BEFORE REACHING THEIR $1B+ VALUATIONS
- THE BIG 3 UK CHALLENGER BANKS HAVE ALL BEEN ACCELERATED
- 40% OF ATTENDEES HAVE ALSO RAISED EQUITY INVESTMENT
- A NESTA STUDY COMMISSIONED BY THE GOVERNMENT SUGGESTED THAT 64% OF FOUNDERS FELT ATTENDANCE WAS VITAL TO THEIR SUCCESS.

Whilst most accelerators are not restrictive based on geographical residence, it would be natural to assume it is much easier for businesses who are in close proximity to the programme to gain access to the knowledge and resource they offer.

Accelerators have a critical role to play in high-growth eco-systems when they are widely considered as an effective method for growing early-stage businesses. Based on our interviews with founders and stakeholders, accelerator programme could be better utilised to support regional activities and businesses. Several suggested that there is a role for those directing public budgetary funds to look more closely at supporting regional expansion through accelerator programmes, given their clear correlation for developing break out successes. Many cite the blueprint of US equivalents, such as Y Combinator, as a promising path for the North and the UK's future.

Produced in partnership with Beauhurst

ACCELARATORS

NORTH WEST

Dotforge
Software technology

Beautiful Ideas
Impact

MadLab Arts & Tech Accelerator
Digital making technology (artists + creatives)

Manchester Health Accelerator
Health and care

UP Accelerator
Tech startups and scaleups

GCHQ Accelerator
Tech

ACCELERATEME
Student run enterprises

The Start Up Factory
Tech

Angel Groups

NEWCASTLE

Ignite
Software industry

Entrepreneurial Spark & Hatchery
Space tech

Teesside LaunchPad
Technology

Scale up North East (RTC)
Technology

Scale up North East (RTC)

BIC SME Innovation Programme
Tech B2B businesses

Tech B2B businesses

Innovate UK Edge (RTC)
Tech

Barclays Eagle Labs
Clean tech

LEEDS

Open Data Institute
Open data start ups

The Leeds Accelerator
Social innovation

SHEFFIELD

TwinklHive Accelerator
Tech

CHESHIRE

North of England Life Science Accelerator
Health and Life Sciences

Pioneer 10
Sustainability

MIDLANDS

BioCity Accelerator programme
Life Sciences

Capital One Growth Labs
FinTech

The Birmingham Skills for Enterprise and Employability Network (BSEEN)
Student entrepreneurs

Aston Programme for Small Business Growth
SMEs in the Midlands

The Crucible Project
Student entrepreneurs

UK WIDE

KTN
Technology – all areas

Natwest Accelerator

Nat West Dream Bigger Programme

Nat West Expert in Residence Programme

SECTION FOUR

THE FOUNDER BIBLE: NEED TO KNOWS AND EXPERT ADVICE

LESSONS AND STORIES FROM THOSE WHO HAVE DONE IT, BUILT IT OR MADE IT

THE FOUNDER BIBLE

WISH THEY'D TOLD ME: LESSONS FROM FOUNDERS FOR FOUNDERS

There are few founders out there who would change absolutely nothing about their business journey. As the old adage goes, you often don't know what you don't know when you're starting out for the first time, and that couldn't be truer for entrepreneurs. But it's not just serial entrepreneurs who have learned from the past. When speaking to first time founders, many pointed out that they would've raised investment earlier in order to scale quicker while others say they wish they'd have spent more time looking for the right investor initially. Along with eco-systems, these founder lessons are incredibly useful for founders, who when starting out are often faced with endless information and a relatively limited idea about which parts of that information are useful.

To help founders old and new on their journey, here are some lessons and advice from those who have been there before...

"I wish I had my house a little bit more in order before having conversations with Praetura, Maven, Mercia and all the others, but that comes with a caveat because you could be paralysed by perfection and keep tweaking and tweaking and tweaking and not get in the room because you don't think what you have is perfect enough."

GEMMA MCCALL, CEO AND FOUNDER, CULTURE SHIFT

"What I always try to encourage early-stage tech founders to do is build something that gets you to market and allows you to validate certain metrics, and those metrics being the ones that allow you to raise a lot more money. Go to market with something that allows you prove this idea you've got has got legs and, if you can, drive some early-stage revenue."

HOWARD SIMMS, CO-FOUNDER, APADMI

"Try and keep focused. You might have everyone coming to you with these fantastic ideas about what to do with your tech, but you can end up spreading yourself too thin. I think it's important to find a balance between working on a number of things while not doing too much that you run out of resource."

NIGEL PICKETT, CO-FOUNDER & CTO, NANOCO

"Our funding journey wasn't straight forward. We quickly realised how fragmented the funding landscape is. For example, our valuation was one thing in Liverpool, but another in Manchester, then London and then again in New York. If you get knocked back, don't be scared to bootstrap and go back at a later date. The important thing is to keep going."

SARAH O'BRIEN & KATIE ROCHE, FOUNDERS AT MAKE THREAD

"I'd always say have a partner. Have a joint founder or co-founder. You need somebody on the journey with you that's as bought in as you are. Even just to bounce ideas between the two of you. You have to have confidence in the decisions that you make, not knowing whether they're the right decision or not, so it helps to share that with somebody who can say if they think you're doing the right thing or not."

TIFFANY THORN, FOUNDER & CEO, BIVICTRIX

"We took some non-executive directors on after we'd been going for about four or five years and I wish we'd done that earlier. Accessing really good quality non-exec directors can be transformational, and I think that's something I would definitely send back in an e-mail to myself if I could."

SIMON HIRST, FOUNDER, SYGNATURE DISCOVERY

"If you're starting a business, learn a skill, read a book, do it yourself. Write a blog post that might be shit but then improve it. Because what might cost you a thousand pounds or two thousand pounds might not get you a result because you've not done the SEO or you've not got a profile or an audience."

DAVID CHAMBERLAIN, CO-FOUNDER, VIDDYOZE

"Had I still been building my business now, I'd almost certainly needed to have raised funding. We were very good at what we were doing and that's why we got bought, but some of the things we were trying to do while bootstrapping – for example, development of software – were becoming a real pain point in the business, so had we not been acquired at that point then I think funding would have been inevitable."

EDDIE WHITTINGHAM, FOUNDER OF GOFOUNDER.COM
PREVIOUS EXIT TO A NASDAQ-LISTED COMPANY

GOFOUNDER

"In the beginning, it can feel like there's a moat around this island that is start-up and scale-up life. It's like Fort Knox. But you can get there. It's not luck. There's a system and a process to learn, but then you get it and then everyone's willing to tell you how to get to the next stage, who you need to speak to, what your valuation should look like, what your deck should look like."

HOLLY HOLLAND AND LAURA POMFRET, CO-FOUNDERS, FINANCIELLE

financielle.

WISH THEY'D TOLD ME: LEARNING FROM PAST LESSONS

There are far too many founders in the world and far too many differing experiences to compile a definitive guide on what and what not to do in the early stages of your business journey; however, by continuing to share these lived experiences, founders – who often cite a want to give back to the start-up world – are helping to create a business landscape that's more open and community-driven. It doesn't matter whether opinions like those we've shared above are expressed via a LinkedIn post, a keynote speech or during a small networking event, what matters is that we continue providing an invaluable opportunity for founders to learn from founders.

THE STORY OF PEAK

PEAK

Author: Richard Potter, Founder, Peak

WHAT HAS YOUR FUNDING JOURNEY BEEN TO DATE? WHAT SURPRISED YOU AND WHAT TOUGH LESSONS DID YOU HAVE TO LEARN?

Peak has raised $119m to date, early investors include Oxx, Praetura Ventures and MMC Ventures. In September 2022 we announced a $75m Series C led by SoftBank.

Our funding journey helped to shape Peak as a business – it required a lot of critical thinking about our product and drove a good portion of our development as a SaaS platform.

Working out how to describe Peak succinctly to investors was a lesson during the fundraising process. We were pioneers in the way that we thought about AI and what it could do for businesses; at that time no one had thought to put a centralised AI platform in the cloud. However, we weren't always great at explaining our platform and its value to a wider (and perhaps less technical) audience, which is something we have learned to do better over the years.

CHALLENGES OF STARTING A TECH BUSINESS – WHAT HAVE BEEN YOUR BIGGEST CHALLENGES IN SCALING? HAS THIS CHANGED AT DIFFERENT STAGES OF INVESTMENT?

Finding your ideal customer profile can be a challenge. After we received our seed funding, we intentionally went out looking for four or five very different customers to test our platform in different situations and use cases. That ultimately turned out to be the right thing to do, we started broad, learned, then narrowed our focus and now we're in a position to go broad again.

To build our business, we needed to find the very best Engineers, Data Scientists and a number of other key roles – never an easy task. This meant building relationships and partnerships with Universities to develop a great talent pipeline, as well as a great reputation both for our technology and as an employer.

Our Series B and C rounds kicked that up a gear and enabled us to increase investment in R&D and focus on international expansion. We're now a global team of over 350 split between six clubhouses (Peak's answer to an office). Hiring in new territories where you are less well known can be challenging, but we've been able to apply a lot of our learnings from our early days in Manchester and Jaipur, building an employer brand to help us build incredible teams in new geographies.

WHAT MAJOR CHANGES HAVE YOU SEEN IN THE NORTH'S TECH LANDSCAPE IN THE LAST 5-10 YEARS?

It's grown considerably! We were active in the Manchester startup scene right from the early days of Peak, it taught us a lot and introduced us to a network of amazing companies. Many of that cohort have gone on to achieve incredible things – these are success stories that have in turn helped to inspire more innovation in the region and attract world class talent.

WHAT ADVICE WOULD YOU GIVE YOUR FORMER SELVES?

Pitch your idea boldly. With Peak, we were very modest when pitching to investors and didn't share our big vision. Not for any particular reason, but it's very British to play things a bit more modestly and we only really pitched the next thing we were building, rather than our big overarching vision. I guess we will never know this now, but we might have unlocked our potential sooner if we had gone big and shouted about our idea from the very beginning.

TIPS FOR SETTING UP YOUR BOARD

by Praetura Ventures Operational Partner and Co-Operative Bank's Former Head of Strategy Catherine Barber-Brown

As a founder you will meet people you admire and feel can contribute to your business through their contacts and advice, perhaps as board members, so how do you set up a board that delivers for your business? Here are four questions to think about:

The UK Corporate Governance Code applies to listed companies, but it's a good guide to any business in how to apply corporate governance.

On Board Leadership, it has five principles:

1. WHAT ARE WE HERE FOR?

- A successful company is led by an effective and entrepreneurial board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society.
- The board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All directors must act with integrity, lead by example and promote the desired culture.
- The board should ensure that the necessary resources are in place for the company to meet its objectives and measure performance against them. The board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.
- In order for the company to meet its responsibilities to shareholders and stakeholders, the board should ensure effective engagement with, and encourage participation from, these parties.
- The board should ensure that workforce policies and practices are consistent with the company's values and support its long-term sustainable success. The workforce should be able to raise any matters of concern.

2. ARE THE PEOPLE I KNOW THE RIGHT PEOPLE TO DO THIS?

Think about the type of people who will genuinely provide governance, not something else! You don't want a group of people who spend board time trying to do the job of the leadership team.

You don't want a group of people who focus only on the short-term income targets, you want them helping you solve the big issues and guiding long term success.

You don't want people who just sit silently or let the business sleepwalk into risks they could have alerted you to.

And you don't want a group of people who are all outside the business – you need a balance between the "executives" and the "non-executives

3. WHAT MIX OF SKILLS, VIEWS AND KNOWLEDGE DO I NEED?

If your board is to be responsible for longer-term sustainable success, generating value and contributing to wider society, setting strategy, managing risk and ensuring resources and workforce policies are in place, measured and match the business values, you'll need people with a range of experience.

Do you have someone who is good on strategy?

Someone who understands your markets and challenges?

Someone who "gets" managing risk?

Someone who cares about values and workforce policies?

And someone who can ask the hard questions about the numbers?

4. NO EASY RIDE

Your board are there to help you, and they need to be "critical friends".

- Choose a Chair who can mentor you and will provide challenge in doing that, every founder learns as the business grows, it gets lonely and you'll need support.
- Choose people whose values match yours, if they truly care about what you care about, they will challenge you on the things that matter.
- Ask your board members to make sure your business Purpose, Values and Strategy are clear – and then to hold you to those when the temptation to follow "shiny new ideas" to grab income present themselves.

CATHERINE BARBER-BROWN, FORMER HEAD OF BANK STRATEGY AT CO-OP BANK AND OPERATIONAL PARTNER, PRAETURA VENTURES

Catherine has more than 25 years' experience across multiple sectors, including banking and health. Now a non-executive director for Stockport NHS Foundation Trust, her background includes investment banking roles for Credit Suisse and Barclays and senior strategy and change roles at The Co-operative Bank.

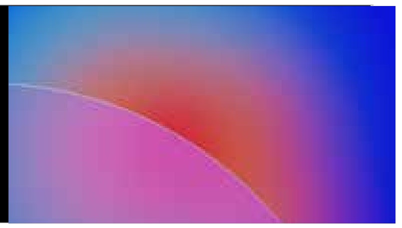
The co-operative bank

GUIDANCE FOR EARLY-STAGE FOUNDERS

from Praetura Ventures Operational Partner and OSTC Vice Chairman Mark Slade

The resounding piece of advice from successful founders to those starting out is to learn from people who have been there and done it. Here Mark Slade, co-founder and vice chairman of OSTC, a derivatives trading and education business, shares his essential tips for those looking to make their name in business...

LIVE AND BREATHE THE CULTURE



You will read this everywhere. Everyone talks about culture and says they believe in it but very few actually live and breathe it. It's not about sitting in a room and brainstorming on the phrases that sound nice to the outside world; it's about how you act, it's how you behave, it's about how you speak. It needs to be running through the veins. It's hidden but it's critical for any lasting success.

Your brand sets you apart from the competition. This isn't just for customers; this is an employer. You will get the best talent if you are a great company to work for, and that isn't just measured by the remuneration package. People will accept less pay and stay more loyal if they enjoy their job, the people and what it stands for.

One toxic team member, however good they are at their job, will hurt you so much more than you imagine in the medium term. Be bold and make that hard decision.
Continual professional development (CPD) is underinvested in. Have bilateral development conversations (not just performance conversations). Find out what they want to be, where they want to go and show your staff you care and that they can and will grow with you. Without this, they will not come with you on the journey and be fully engaged.

VISION ALIGNMENT

Every single person, not just the top people, need to understand why they do what they do and where the company is heading. Without strategic alignment, people go off on their tangents and the focus is lost. This isn't because people are deliberately doing this; it's because human nature means that people want to shine and have their views, opinions and work recognised and by doing new shiny things, it's their way of saying "look at me". But without focus, there is no sustainable execution, and the best way to continually avoid this pitfall is for everyone to align behind a common strategy. Everyone should ask themselves every day, "is what I'm doing contributing and in line with the strategy?"

THE RIGHT ATTITUDE - NO GOLDEN RIGHT TO SUCCEED

Many early-stage founders think that receiving their first investment is the golden ticket to success and now they've made it, and that funding will always be there going forward to support and grow the business. That first investment means the temperature is turned up, accountability is turned up and scrutiny is going to a different level and now they have to deliver and make their dream a reality. But you have no right to get further cash, and without cash, you may think you've got a brilliant business but it'll be worthless and won't exist for much longer.

Founders should always be reviewing the world that they are in. The last 20 years have changed more than the previous 100 years and there's much more to come. We are in the fourth industrial revolution. Remember, the iPhone is only 15 years old; Snapchat 11 years old; Uber 13 years old; and Deliveroo nine years old. Don't be complacent like Kodak with digital photography. Be humble enough to recognise and embrace change.

In addition, manage cash wisely. Don't employ because you think you should – as everyone does. Each position should have an ROI.

GOOD MANAGEMENT INFORMATION

Regularly review your KPIs or OKRs – it doesn't matter what you use, but make sure they are relevant and stay relevant and give you that early warning data that things are going well or badly. Your important metrics will change as the business changes. Further to this point, use the data to understand what levers you have to pull and instigate change before something happens.

PREPARATION AND SCENARIO PLANNING

Take note of the '7 Ps' – Prior planning preparation prevents piss poor performance. This is truer than ever. Actually rehearse scenarios, however unlikely they are – whether that be a difficult sales call or a tech issue. Don't just talk about what you'd do. Prior to 9/11, the Head of Security at Morgan Stanley made all the staff physically walk out the building every few weeks on drills, rather than just showing them the exit route. Just about everyone survived compared to other firms who didn't have the procedure entrenched.

LESS TALKING, MORE DOING

Don't fall into the trap of having too many meetings. They should be sharp and focused, with only a few relevant stakeholders and a clear agenda and outputs. Steve Jobs said he never had a meeting with more people than could eat a medium pizza! Poor discipline around this means more people spend time chatting than doing.

DISCIPLINE

Strategy & Execution are nothing without discipline. Stay focused on what you are trying to do. There will be a million new shiny things that come into view and sound exciting, but they will be a drain (energy and resource) and confuse everyone. Just execute on what you said you would do and do it efficiently. You team will also feel lost if you flip flop around. This negates the vision alignment point

WHY BUSINESSES FAIL

All of the above plus...

Sometimes your great idea is not what the market needs – even though you think it is. If it's not a slam dunk on sales calls and there's limited interest, listen to the potential customer and what they need. Your solution must be solving a real problem. Short-term fancy products that just look good won't last.

Competition – always keep an eye on them. Don't be arrogant enough to think you are the only person thinking and doing what you're doing
On occasions, legal and regulatory pressures will become a factor. The more successful you are, the more likely someone is going to try and take advantage and challenge you – stay alert and flexible.

Be aware of the effects of scaling. It will be harder to keep the culture as it inevitably dilutes but it will be worth spending a disproportionate extra amount of time on. Make sure your managers are completely aligned and they can cascade the culture down with a pyramid effect, so top to bottom, everyone should behave the same.

GREEN SHOOTS AND RED FLAGS

As a founder, find a coach/mentor. It is a lonely hard place being a founder. There are no courses on how to be a founder but having someone who is not involved in the day to day as a sounding board or sense checker is critical. You get so deep into the day to day, you think of nothing else but this can give you balance and perspective.

Reflect and be self-aware - actually set aside time once a week with no disturbances and reflect on what has happened - this is the only way to truly clearly see red flags and green shoots If you want to succeed, never lie to yourself. Never sugar coat what you see and be intellectually honest with yourself. Keep turning up and just try and make every week better than the previous one and green shoots will come.

Don't ignore problems – they don't go away but get bigger. Face them calmly and logically, and then you control them and not the other way round.

MARK SLADE
FOUNDER AND VICE CHAIRMAN AT OSTC AND OPERATIONAL PARTNER, PRAETURA VENTURES

Mark is the vice chairman of OSTC, a global derivatives trading and education company he co-founded, which has 450 employees in five countries. As vice chairman for the company, Mark champions robust governance, long-term goals and collective excellence at OSTC.

SET TO SCALE: HOW AN ENTREPRENEUR BECOMES A LEADER

STEVE CAUNCE, CHAIRMAN OF PRAETURA VENTURES AND PREVIOUS CEO OF AO GROUP.

Steve spent a number of years as CEO of FTSE 250 group AO World, the owner of AO.com, and was previously CFO of Phones4U. During his time working closely with previous CEO and founder, John Roberts, the two saw their team grow to over 3000 people since it first started in the year 2000. Born out of the North West's nascent tech scene, the business helped forge the way for the mainstream appliance e-commerce market we see today.

Having successfully exited the business, Steve has amassed significant expertise in scaling businesses, having overseen the rapid growth at both AO World and Phones4U. Now mentoring and helping new early-stage businesses, he is heavily focused on how a founder's behaviour can shape the company they create.

Praised for his 'no nonsense and straight talking' approach to management, Steve offers those he speaks to some home truths that many often fail to follow when growing a business.

His key leadership takeaways fit into three categories: people, culture and strategy.

LEADERSHIP AND PEOPLE

- Recruit people who are better than you
- Great people and teams create great businesses
- Create an environment for your people to be the best they can be
- Celebrate your people's achievements and progress - show genuine interest in them
- Everybody matters
- You will transition from "Everyone helping you to do everything" to "You doing nothing but helping your people"

LEADERSHIP AND CULTURE

- YOU set the tone - this will become your main job
- YOU are always in the spotlight - consistency is vital
- Your ears are a powerful weapon - speak last
- Stamp out poor behaviour, no matter how small - treat it like the tip of the iceberg
- Hire for culture first, then skills, talent and experience second
- If you tell the truth, you never have to remember anything you said

LEADERSHIP AND STRATEGY

- When you have decided what you are - double down and let it affect everything you do
- Find, measure and obsess over the most important things to your business
- When you are sick of telling people the strategy, you're probably only just getting through
- Great businesses are defined by what they don't do, as well as what they do - stay focused and make purposeful decisions
- Fail fast and honestly
- There are no silver bullets

THE STORY OF MATILLION:

AN INTERVIEW WITH CEO AND FOUNDER MATTHEW SCULLION

You'll struggle to find a founder in the North West that hasn't heard of Matillion. Started in Manchester in 2011 by Matthew Scullion and his co-founders, the business is by every account a homegrown giant, specialising in manufacturing enterprise software for global businesses such as Subway, Slack and Cisco.

Matillion is not your average software company. Rather than selling solutions or consultancy, Matillion is what's known as an ISV – an independent software vendor. In simple terms, the company helps data teams become more productive by providing a platform that gets data business-ready, faster. That's not something many companies in the UK do – let alone companies in the North West.

Instead, Matillion's contemporaries include IBM, Oracle, Microsoft and Snowflake, which is what makes the company's story so interesting. But life didn't start out like this for Matillion, explains Matthew: "We knew we wanted to be in the cloud and we knew we wanted to create software, but it took us a while to fine tune exactly what we were doing. We started off being a little bit more like our customers are today. We used to provide solutions for people and we found it difficult to do, so we created some software to make it easier for us and it turned out that was where our value was."

Since those early days, Matillion has gone from being a team of 10 to 15, with a million dollars in revenue, to over 700 people, with £310m worth of venture capital raised and thousands of customers globally, with two-thirds of revenue coming from the US.

ON IGNORING THE RIVALRY WITH LONDON...

In Matthew's own words, the best place in the world for app building software companies isn't London. It's Silicon Valley, which – in this instance, at least – quashes the London versus Manchester scale-up rivalry narrative, which Matthew points out has never been a factor for him.

"I don't draw parallels between Manchester and London. My competition is the world," he explains. "I actually find it quite parochial when people are talking about the comparison between Manchester and London." In other words, comparing yourself with London can be limiting, which is just one of many pieces of advice Matthew has for founders. Another piece of advice is to work out if your business is designed for VC funding.

ON WHAT CONSTITUTES A VC BACKABLE BUSINESS

Matthew: "A lot of people like the VC route, perhaps because they think sounds glamorous and exciting. But to be a venture backed business, you need a couple of criteria. You need a large total addressable market, you need half a chance of being able to take a chunk of that market and, most crucially, you need very scalable unit economics, which normally means some sort of SaaS or software-based business where you can sell an extra subscription without having to manufacture anything.

"That doesn't mean you need to have gone to Stanford or worked at Facebook. I didn't. But you need to be able to credibly tell that story. Why do I mention that? Because that excludes a lot of businesses that are separately really good businesses and can make the world turn on its axis a little bit faster. They're just not venture backable, so anyone that's talking about venture capital should first ask themselves, do I have venture backable business?"

ON HAVING A MULTI-BILLION-DOLLAR BUSINESS MENTALITY...

Matthew: "One of the biggest things that holds the UK back and, in turn, Manchester, is ambition. We don't wake up in the morning in the UK enough and think I'm gonna change the world. We don't think in 10 years from now, I'm gonna be stood in an office block in Sydney or Singapore or San Francisco, throw a cricket ball out the window and it's gonna go over the head of 10 people that use our software.

It's knowing what building a genuinely big business looks like, or a genuinely consequential business. Big makes it sound like I only care about dollar signs. What we care about at Matillion is making the world a slightly better place and making a dent in the universe bigger than ourselves.

"You need to assume you're building a multi-billion-dollar business and act accordingly because that will give you the hunger and desire to learn in an accelerated way. The best way of doing that is talking to people that have done it before and building a network of those people."

"YOU NEED TO ASSUME YOU'RE BUILDING A MULTI-BILLION-DOLLAR BUSINESS AND ACT ACCORDINGLY"

ON DEDICATING MORE TIME TO GLOBAL EXPANSION...

Matthew: "Outcomes are correlated to effort. And it's the same with hiring team members abroad. I once worked at a company where the managing director in the UK said, 'we're gonna go to the US. We're gonna hire a team member and he's gonna build out in the US for us.' I was a lot younger at the time, but I remember thinking the US is the biggest, most competitive market on Earth. Is hiring one dude on commission only sales gonna egg it? And the answer was no, it wasn't until years later they got rid of that guy and declared the USA a drop market.

"In terms of hiring team members in other countries, the biggest thing I'd say is outcomes are correlated to effort. You've got to put the work in to make sure that that team and those individuals are just as much as part of a company as someone that you've hired here in Manchester. And for me, that means being there. In Israel, which is a country famous for pumping out software companies at a much higher rate than you would expect for such a small country, they call this the Israel manoeuvre. Technology companies will come up with some amazing new cybersecurity technology and they'll get one or two customers on the phone and on the internet. And then the founder or CEO flies out to the states, sets up an office there and starts building out from the states. It's called the Israel manoeuvre. But really all they're doing is outcomes are correlated to effort. I'm not stupid enough to think that just hiring a guy remotely and touching in with him on Zoom twice a week in the most competitive market in the world is going to win it for me."

ON HAVING A FINITE AMOUNT OF TIME TO MAKE AN IMPACT

Matthew: "Learning in an accelerated way encourages you to realise that the biggest enemy of any high growth business isn't capital. It's time. Time is the biggest enemy of high growth businesses. Knowing that makes you urgent and discerning. Once you realise time is finite, it makes you focus.

Once you realise that time is finite, you become come laser focused on what you want to do and just do everything you can to try and make that happen. It makes you committed to difficult concepts.

"If you're trying to make a dent in the universe bigger than yourself and you realise there's not much time to do that, you realise that at every stage, the business is going to have to change and you're going to have to bring in the right people to do that. No one builds a Conference football team, gets promoted to the Premiership and expects all the same players to be playing. It's the same in business."

"TIME IS THE BIGGEST ENEMY OF HIGH GROWTH BUSINESSES. KNOWING THAT MAKES YOU URGENT AND DISCERNING."

MATTHEW SCULLION, CEO & FOUNDER

Matthew Scullion is the founder and CEO of Matillion, the leading provider of enterprise cloud data integration. Matthew has dedicated his career to making data useful, founding Matillion in 2011. Today Matillion serves thousands of customers across the globe, closely partnered with key players in data infrastructure including AWS, Microsoft, Google, Snowflake and Databricks, and has attracted venture funding from top investors. Matthew has been named E&Y Entrepreneur of the Year UK, Datanami Person to Watch, and is proud to serve on the Prime Minister's Business Council. Matthew is based where it all began, in Altrincham, England, not far from Matillion's UK headquarters.

GOING GLOBAL: SCALING TO THE WORLD STAGE

Artists, directors and film stars all dream of breaking America. Popularity in the US is still seen in many parts of the western world as the pinnacle of success. Founders are no different, with many seeing the US and other regions, such as Asia Pacific, as a natural progression after finding success in the UK and Europe. Outside of time zones, each country comes with its own challenges. Opinions differ around whether you should hire local sales staff in, say, Austin, Texas or nominate members of your UK sales team to relocate. Some do both. In Asia, businesses who have set their sights on being big in countries like Japan have encountered significant cultural differences in the way business is conducted.

Short of simply opening a regional office, many have had to go to great lengths understand Japan, its customs and its history – often by speaking to those who have lived and worked in the region previously.

This includes Colin Greene, an operational partner at Praetura Ventures who spent almost a decade in Tokyo and Seoul working as a director and country manager for Apple Japan and Korea. Colin has touched on his experiences in this section alongside another of our operational partners, Paul Johnson, who co-founded, scaled and exited his cloud-based subscription and management business MPP Global, attracting major US clients such as NBC Universal in the process.

GOING GLOBAL: WHO'S EYEING INTERNATIONAL EXPANSION?

2021 research from Hitachi Capital, published by YouGov, lists 43% of small UK companies as having ambitions of global expansion. Despite Brexit, EU countries were the most popular expansion choice, with 54% of business owners putting Europe above other regions while 23% see Australia as a key growth opportunity. The data does highlight some regional imbalances, with organisations in London are twice as likely to pursue global expansion. Again, there are multiple reasons for this, including London's international reputation and fast connections to major European cities, such as Brussels and Paris, which are both easily reached via the Eurostar.

That's not to say there's a glass ceiling for businesses in the North, with companies like Manchester's AppLearn and XR Games in Leeds among the businesses flying the flag for Northern innovation overseas.

THE OUTLOOK FOR BUSINESSES

Growing internationally, whether it's in the US or the Middle East, is far from a one-size fits all process. While some have encountered challenges in their global growth journey, others have found performing on the international stage comparatively straightforward. As with music, it sometimes comes down to the time, the place and the genre – or in this context – the sector your company operates in.

Questions surrounding hiring – for instance, whether you should hire local staff on-the-ground or relocate your UK team – often depend on the nature of your business and strategy. What most founders or stakeholders agree on, however, is that it pays to arm yourself with as much knowledge as possible about a location before setting up there. If global expansion is a consideration, you'll hopefully have a handle on your customer-base and how your product or service is likely to be received, but are you prepared for the parts of a global expansion journey that aren't always discussed? For instance, cultural differences, salary and commission expectations, and the cost of commercial property.

"If you're a business that's looking to break into the US, you want to be memorable. You want to be interesting, and if you're speaking to someone who has a different accent from you, has different perspectives, is from a different culture, people find that interesting. Even though the US is fairly close, there's a lot of differences. "

BEN AUDLEY, CHIEF REVENUE OFFICER, SUMMIZE

Summize

"It was harder for us to get clients in the UK. At the time, Europe was seen as one of the leading places for tech, so when we launched Wi-Q, we felt we'd get more traction in our home country, but actually we didn't. The Middle East became one of the very first proof of concepts that we did. Was it hard? Yes. Our tech had to be in multiple languages and the minute you start to code from right to left from an Arabic perspective, it's hard."

PATIENCE TUCKER, CEO, WI-Q

wi-Q

"I think people are scared by America. I've never found that to be an issue. Lots of companies will say you need to hire someone in the US, or the US is really difficult. But I completely disagree with that. Once you get past that initial cold calling stage and you've actually got an opportunity, they're very receptive to UK businesses and the way we approach things in a much more consultative manner as opposed to 'here's a demo, do you want to buy one?"

ANDREW AVANESSIAN, CEO, APPLEARN

AppLearn

PRAETURA'S PAUL JOHNSON SHARES GLOBALISATION ADVICE FOR SMES: WE WERE TOO ENTREPRENEURIAL

"We used to joke it was cheaper to fly to Copenhagen than get the train to London," says Paul Johnson, who co-founded his business in his twenties and knows all too well about the challenges surrounding globalisation.

Paul Johnson became an operational partner at Praetura Ventures earlier this year after building his company for over 20 years. MPP Global, which Paul sold for £37.1m in October 2021, helped revolutionise the online media subscription space, attracting media conglomerates around the world.

But as well as finding success in the UK, with the likes of Sky and The Daily Mail, Paul's company found fortune abroad too, starting with Europe before branching out to North America and working with the likes of NBC Universal.

What's more impressive is Paul and his business partners did this without venture capital investment. "We spent a lot of time looking for investment in the early 2000s and got frustrated," he explains. "Times were different back then and we were in the middle of the dotcom bubble bursting. So we bootstrapped and, at times, learnt the hard way. We were lucky to have already raised some angel and family investment, but we might've been quicker to realise our ambitions should we have gone back to the VC table in the late 2000s when the environment was more buoyant and sought the help of a supportive VC."

Be that as it may, MPP Global soon found success abroad. But not before really streamlining their focus and target market. "Because we were bootstrapping, we would build revenue by any means and that meant working in too many sectors and spreading ourselves too thinly.

"It wouldn't matter where revenue was coming from. We felt any deal was good for the business. At times, we were too entrepreneurial. But then we realised the product we had built was perfectly suited to media, especially after signing Sky, and that's when we began to focus on broadcasters and publications."

"WE QUICKLY REACHED OUR PEAK IN THE UK"

The pivot to media had been hugely successful for MPP, explains Paul. "We found our sweet spot in the UK and quite quickly went through our addressable market. We needed to internationalise quickly, and that's when we began to look at Germany, France and Scandinavia."

Therein lies the first lesson to founders, explains Paul. "We had absolute confidence in our product because of the success we'd had in the UK." It goes back to the point of being ultra-focussed and having a blueprint for success that you can replicate abroad.

"Once we had this, the rest fell into place. We signed L'Equipe, which was one of my proudest moments as a founder, as I always assumed the French market would be difficult to break into."

Actually, much of Europe was easier than the team at MPP expected, due to there being no major language barrier and relatively easy transport to the continent. This was also true of Scandinavia, explains Paul, with flights from Manchester to Copenhagen taking just under two hours, whereas the train to London is longer and a lot more expensive.

This wasn't true of all destinations, however, and North America proved much more challenging, says Paul, who was considering a move to New York at the time.

TO BREAK AMERICA, YOU NEED TO INVEST IN QUALITY SALES STAFF

New York was and still is the media capital of North America. It's also the headquarters of one of MPP Global's biggest US clients NBC Universal. The fact that NBC Universal is still an MPP client shows that the company was successful in its plans to break the US; however, in the early days, the business went through an extensive learning process.

"YOU NEED TO WORK WITH SOMEONE WHO KNOWS THE US MARKET AND THE WAY BUSINESS IS DONE OVER THERE. WE OVERSPENT AT TIMES AND ENCOUNTERED CHALLENGES WITH HIRING. WE ALSO UNDERESTIMATED THE SHEER AMOUNT WE'D NEED TO INVEST INTO BREAKING AMERICA, AND THAT'S WHERE SUPPORT FROM A VC OR AN OPERATIONAL PARTNER WHO KNOWS THE SPACE WOULD'VE REALLY HELPED US."

One lesson that founders aren't always aware of when entering America is the culture of "making whole" when it comes to hiring senior sales staff. "It took us a while to tune into the much higher salaries that are demanded in the US. For instance, if you want to attract a senior salesperson who is earning £100k in commission, you've got to fund the commission they will inevitably lose by joining your business until they start to hit sales targets."

Nonetheless, while there were early teething problems, this soon turned into wins with HBO and Newsweek. And although nowadays there is less of a need to be exactly where your clients are, Paul admits the cost of setting up in places like New York does mean there is a case for basing yourself in other emerging parts of the US, such as Austin in Texas.

KNOW WHERE YOUR COMPETITORS ARE BUT DON'T OVERSTRETCH YOURSELF

Often companies go international because they see it as the next logical step in their growth journey but founders need to look at the bigger picture.

"The UK was arguably much further ahead in terms of media subscriptions and paywalls than much of Europe, so that's where we went," Paul says.

Paul's final lesson is to not be blindsided by your own entrepreneurial ambitions and to be strategic with where you set up. Firstly, by being aware where your competitors are operating but also where they are not, so as to take advantage of emerging opportunities before anyone else.

"But don't overstretch yourself," adds Paul. "You need to be a director not the person doing everything. There was a time when I was never off a flight, and that can take your attention away from your core market."

One of the ways founders can overcome this is by investing in staff who are willing to live abroad in the early days and report back to HQ. You need people who can protect a business's culture while grasping the way things are done abroad, especially in further afield markets like Japan.

But again, this is made easier not just by time but by financial resource, which is why founders are encouraged to seek out the investment (as well as the additional support and expertise) they need to realise their globalisation goals. "It's convenient to say it now but we would've definitely benefitted from having an operational partner who had been there before and could help us avoid many of the pitfalls that came our way."

Paul is the co-founder of MPP Global and was CEO for 20 years until its acquisition by AIM-listed Aptitude Software in October 2021. MPP Global is the award-winning international provider of the cloud-based subscription management and billing SaaS platform eSuite. MPP's clients include Sky, NBC Universal and L'Equipe.

At exit, MPP Global had grown to over 100 employees plus offshore development teams and £9m ARR.

PAUL JOHNSON. FOUNDER OF MPP GLOBAL AND OPERATIONAL PARTNER AT PRAETURA VENTURES

LESSONS IN GLOBAL SCALING FROM APPLE'S FORMER CEO FOR JAPAN AND SOUTH KOREA

Colin Greene, Operational Partner at Praetura Ventures, former US Consumer Retail Sales Director, CEO for Japan & South Korea for Apple

Expanding in a new part of the world can be challenging and often one of the biggest considerations for founders and management teams is who to hire. Often, it's best to go through experienced recruiters who specialise in dealing with multinational companies.

Don't make the mistake of discounting candidates who have heavily localised accents or don't conform to norms in the interviewer's parent country. Likewise, don't assume that someone with better English language skills is automatically a better candidate. For example, if someone is less accented, it may just be because they were educated in the UK or US; this doesn't always put them heads above the competition.

Likewise, expat hiring and staffing is hard. Don't assume that just because someone "likes the idea" of becoming the beach head in a newly expanded country, they will be right for the task. Spending some time in a country short-term is very different to living and working there full time. The hotel or Airbnb can also lose its novelty very quickly.

Embrace the culture

Be totally familiar and prepared to embrace cultural norms. In addition, try to be sensitive to local business etiquette, especially around face-to-face meetings. Titles can be important, as can the seating within a meeting room. Be aware of outdated expressions like the "Far East", which while not offensive, is considered an antiquated and Eurocentric term.

Country MD/CEO hires are critical. I would steer towards hiring people with experience, as opposed to taking a risk on a "step up" candidate. Consider investing in the induction of anyone you recruit in the parent country. Once in place, be wary of their representation of how things are going. Arm yourself with touch points feedback from elsewhere and make time to see how a person leads and inspires his or her team in-person.

The sales, operations, finance triangle

When you have solid leaders or managers appointed in each of these functions, anything can be possible.

Staying connected to your international businesses is obviously very important. Recognise that the country lead as you expand internationally is not necessarily a CEO or MD – they could just as likely be an operation lead or a sales lead. My advice is that those initial hires are local hires that you have evaluated during the hiring process in-person and in country.

Consider that it's also tempting to do a "country review" more frequently than is necessary. Be wary that such reviews require considerable preparation from the team which, by definition, will take away from local execution. Done well, you will already have KPIs in place that enable you to monitor the business remotely without having to conduct detailed country "deep dives".

Navigating time zones and local customs

Managing across multiple time zones can be hard, and you should be organising meetings, particularly weekly or monthly "process" meetings, at times that make sense locally. This can possibly be at the very beginning or the very end of your business day. On no account should you expect your local teams to be on calls at unsocial hours just because it 'fits in' with HQ.

As you permeate the organisation's culture, try and avoid the perception that all decisions get made at HQ in the "parent" country. You should be hiring and staffing locally to a point where the country lead, with your support, is capable of making decisions locally. When you are spending time in another country, it's important to meet your team, customers and business partners "out of the office" as much as possible to get a first-hand experience of the local culture. Make time for less formal meetings and one to ones and ensure that you have dinner with the local team alone as well as with customers.

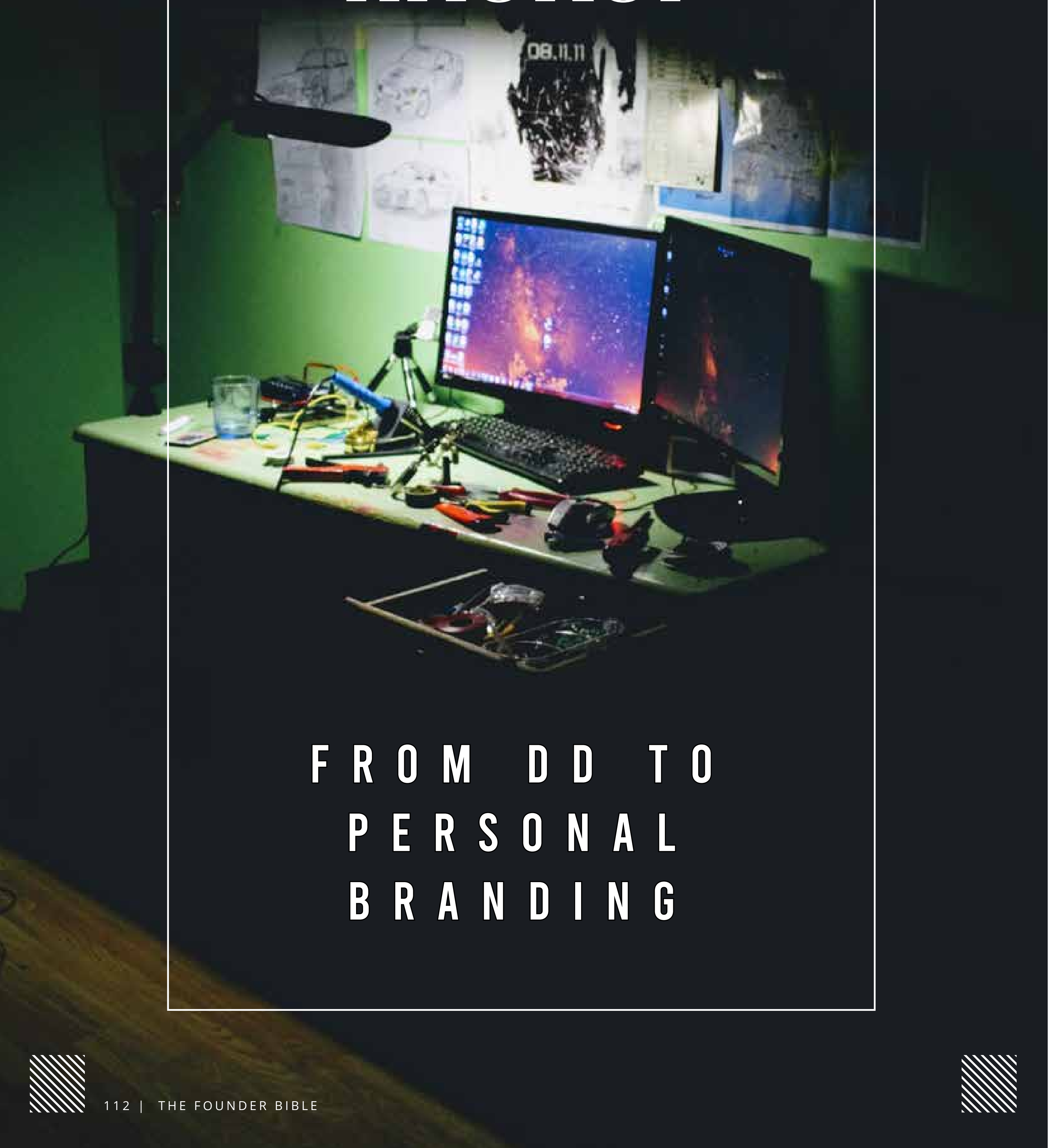
What I've learned

Spending time on the detail of etiquette particularly in less formal situations will always go a long way. In South Korea, for example, you will always have your drink poured for you by someone else, and likewise it's appropriate for you reciprocate (don't pour your own drink). When someone is pouring you a drink, it considered good manners to touch the bottom of the glass as it is being poured.

In Japan, it's extremely good manners to see someone to the elevator and to bid farewell until the elevator doors have closed. Present your business card with both hands, and when you receive a business card, do so with both hands. Business cards should always be kept out, either on top of your holder, facing your colleague, or – in the case of numerous cards – set out on the desk in the order of the colleagues opposite you, to help remember names if nothing else.

Your first card should always be presented to the most senior staff member, working down the hierarchy after that. Business cards should also be exchanged on meeting. You should be standing, and never hand it over with just one hand – hold it out with both, with the localised side facing up.

FOUNDER HACKS:



FROM DD TO PERSONAL BRANDING

FOUNDER HACKS: FROM DD TO PERSONAL BRANDING

Outside of building a business from the ground up, many founders are seeing increasing value in growing their personal brand and online presence on platforms such as LinkedIn. Somebody who knows about this is Amelia Sordell, a personal branding strategist who has founded her own personal branding agency Klowt. Amelia has contributed her own founder hacks to this section alongside tech due diligence specialist Hutton Henry, the founder of Beyond M&A. In addition, this section covers what founders need to know about publicity, recruitment, VC and exits, with words of wisdom coming straight from the experts.

"Too many board meetings are treated like updates. Instead of reading through reports which tell your team what they already know, use this valuable time to create actual change. Use the meeting to solve real problems and achieve specific outcomes for the business. Board meetings are a place where you can have robust conversations about how you move the company forward."

ANDY BARROW, OPERATIONAL PARTNER AT PRAETURA VENTURES AND FORMER CTO AT ANS

"You can obviously leverage all the credentials that you and your team have in an investor pitch deck, but what you really need to focus on is your story. When you're presenting to investors, you need to relay a narrative story with an arc. What's going to get them excited? "

BOBBY THANDI, FOUNDER AND CEO, XR GAMES

IF YOU'RE AN EARLY-STAGE FOUNDER RAISING MONEY, HERE'S SOMETHING VCS WON'T TELL YOU.

VC MONEY MAY NOT BE RIGHT FOR YOU OR YOUR BUSINESS.

Some of the businesses I most admire have been bootstrapped. They've focused on creating a self-sustaining business from day 1 and have grown at the pace that revenue and cashflow has allowed them to.

This is, frankly, awesome. And it really drives good behaviours into the business from day 1 – living within a businesses' means, valuing the power of revenue growth and treating every single penny with respect.

And even as a VC, who believes in the benefits of a good VC investment into a business to drive faster growth and development, it should be noted and appreciated that this is not the only way.

Founders can and should explore alternatives to VC funding.

Do you actually need cash or can you continue to grow based on what you currently have? Or can you raise money from friends and family on more generous terms? Would crowd-funding be a better for your business? Can you get some leverage or debt into the business? Or maybe there is a grant or innovation loan which would provide some cash for growth?

So if you are raising money, don't assume VC is the only answer. And only take VC capital if you are sure it's the right thing for your business.

GOOD VCS WILL INTRODUCE YOU TO OTHER GOOD VCS.

To diversify their portfolio, or to help shape a round that provides enough capital and a wider range of skills and network, VCs will often do syndicate deals with others they know and respect in the space.

And the network of investors tends to be made up of other firms that share their outlook, investment appetite and their ethos.

And the good one's tend to stick together.

Ultimately, VC investment should, in a large number of cases, be collaborative. Good VCs want you to succeed and will help introduce you to other investors they like to work with.

Not only is this access to more capital for your business, but it increases your stakeholder network.

VCs with poor networks or experience, sometimes will not help founders to raise funds and may try to keep their best deals all to themselves.

This is a potential warning sign for founders and when doing your diligence on VCs you are considering working with, it is definitely worth looking through their portfolio and speaking to the founders they've backed to work out how well your VC plays with others.

And, for the avoidance of doubt, there are definitely VC firms that Praetura won't work with because they just don't align with what we think is important, the values of our business and the way in which we support our portfolio.

DO YOUR DILIGENCE ON YOUR PROPOSED VC.

When evaluating an offer from a VC, it is super important that you do as much diligence on the VC as they do on your business.

A VC founder relationship is a partnership and you will spend a lot of time with them as you grow your business.

So it makes good sense to do a lot of referencing before you hop into bed with them.

But what referencing should you do?

Well firstly, you should reference them within the industry.

CONTINUED ON THE NEXT PAGE

DAVID FOREMAN

praetura VENTURES

FOLLOW DAVE FOREMAN ON LINKEDIN FOR MORE "WHAT VCS WON'T TELL YOU" ADVICE

MORE THAN MONEY

Call them and check the businesses they've backed – are these a cohort of businesses you'd be proud to be a part of. Or are they a bunch you'd rather not be associated with?

But the most important diligence you can and should do is on the founders they've backed.

So call them.

And ask them how they've found the relationship. And importantly ask them how they've reacted when things haven't gone to plan – because it's really easy to be a great VC when everything is rosy. But it's much harder when the shit has hit the fan and it's all hands on deck.

And, for the record, you shouldn't be happy just to speak to the first three founders that the VC offers up – these will undoubtedly be the ones where the relationship is currently the best.

And that's no way of judging a VC.

No. Instead, ask for the names and contact details of each and every founder they've backed (or every one they've backed within your space/level of development etc) and pick your own references – that will give you a much better sense for the VC than speaking only to their cherry picked ones.

LEARN A VC'S PROCESS TO GET THROUGH TO PITCH STAGE

Everyone has heard the stat about 1% of businesses getting VC funding.

And for the most part, that stat is true.

But the important thing to understand is that your chances of investment are way higher than 1 in a hundred, if you approach the right funds – the ones that are actively trying to invest in the thing that you do.

VCs look at hundreds of deals. We are a tiny fund in the grand scheme of VC, but we saw over £3bn of opportunities last year. And we invested just over 0.5% of that in new portfolio companies.

But a good chuck of that £3bn simply didn't fit what we look for. Some were overseas (we don't do that), some were at the idea stage (we don't do that) and some were looking for £20m and we don't do that either.

So the reality is – for those who approached us and definitively fit with what we invest in, the success rate will be way higher.

That's not to say that getting VC funding is easy – it's not.

But if you do your research and approach the funders that invest in companies that look a bit like you, you can cut out a load of wasted effort and materially increase your chances of success.

VCS COLLABORATE MORE THAN THEY COMPETE WITH EACH OTHER.

It's a misconception that VCs are locked in fierce and competitive battles with each other or constantly competing for the best deals.

Actually, the VC landscape is a lot friendlier than you think.

We see thousands of deals a year but only invest in a small percentage.

That's not to say that those businesses we don't invest in aren't backable.

They may just not be right for us.

However, if we like your business but don't invest, we'll often suggest you to another VC in our network, which is why every pitch you do matters.

It's also not uncommon for VCs to co-invest with VCs they have a good relationship with. VCs have even spoken to us about businesses in our portfolio while carrying out their due diligence. It's just what we do.

So, founders, if you pitch to a VC and they graciously decline, don't think you're not backable or see it as the end of the road. Instead, ask if that VC knows any other investors in their network who may be more suitable.

VCS CANNOT FOLLOW-ON ON EVERY DEAL

Most VCs are supportive investors. And plan for more than one round of funding.

But the economics of most funds, and the reality of portfolio performance, means that VCs cannot and will not follow-on on every single investment they make.

This is an uncomfortable position for both founders and investors. But the only way of getting through it is through open, honest and direct communication.

So if you are in the last 9 months of cash runway; ensure that you grasp the nettle and have the conversation with your VC backer.

You may find out that they are unlikely to back you. Or cannot provide all the funding you need. Which is probably not what you want to hear. But at least you can plan accordingly.

Being honest, this is something we've got wrong on occasions.

We could have been clearer.

We could have spoken up earlier.

And we could have handled it better.

And that's our failing.

But we have made a commitment to dealing with this better in the future. And for founders not in our portfolio, the only advice I can give is to make sure you take the lead on this and have the conversation as early as you can.

At the very least, you need to know .

A REGION DEFINED BY DOING THINGS DIFFERENTLY

MANCHESTER
£82.7M
TOTAL GVA

LIVERPOOL
£15.2M
TOTAL GVA

NEWCASTLE
£11.5M
TOTAL GVA

SHEFFIELD
£14.2M
TOTAL GVA

NOTTINGHAM
£35.9M
TOTAL GVA

LEEDS
£28.9M
TOTAL GVA

UK - £2.15TN TOTAL GVA

LONDON - £503.9M TOTAL GVA

WHAT DO THE PRESS WANT TO HEAR FROM FOUNDERS?

Jonathan Symcox

HOW HAS REPORTING IN THE SECTOR CHANGED IN THE LAST 5-10 YEARS?

There is still a core of 'business-style' hard news around funding rounds, appointments, public listings and M&A, the maturation of the technology sector - plus its huge impact upon all industries and areas of life – which means there are countless stories to tell in-depth. That's why we launched BusinessCloud and, last year, TechBlast.

WHAT STORIES EXCITE YOU MOST?

The people behind the technology. A serial founder recently spoke to me about the startup process of taking something from 'impossible', to 'possible', to 'probable', to 'done' - to get from A to D, you need so many factors to go in your favour, but the most important of these is the person(s) who founded the business, their ability to pivot and the talent they bring in to realise the vision. When you see an established tech company, there are so many personal stories which have come together to get it to that point.

WHAT KIND OF NEWS DO YOU WANT TO HEAR FROM FOUNDERS?

The hard news mentioned above as well as technology expertise 'insights', personal growth stories and advice for startup entrepreneurs embarking on the journey. Where have they been? What have they learned? Where are they going? How will they get there?

WHAT TRENDS HAVE YOU SEEN MOST IN STARTUP MEDIA THAT FOUNDERS SHOULD TAKE NOTE OF?

I'm not sure that this is a trend - more of a rule to live by - but don't burden busy journalists with fluffy copy full of unnecessary verbiage. Get to the point of the story, provide some context, and let them do their job - whether that be publishing straight, researching the subject or coming back to you for more info (e.g. backstory).

HOW DO YOU SEE THE INDUSTRY CHANGING IN THE NEXT 5 YEARS?

I'm hopeful that we'll see an increasing investment into the regions - a trend already well underway thanks to the likes of Praetura - and a truly 'levelled-up' UK, with technology driving innovation in all its corners. Many companies and roles no longer require daily clocking into a physical space, which should encourage the next generation of entrepreneurs to base their startups anywhere. Amid the 'skills gap', there are many parts of this nation where the population desperately needs to be 'upskilled' for emerging industries and roles; a UK-wide spread of technology companies would facilitate that, and give young people opportunities away from the major centres.

Jonathan Symcox. Editor, BusinessCloud & TechBlast

Miri Thomas

WHAT STORIES EXCITE YOU MOST?

AS WELL AS REPORTING ON THE LATEST DEALS AND M&A ACTIVITY IN THE REGIONS WE SERVE, FOR THE PRINT MAGAZINE WE ARE PARTICULARLY EXCITED BY STORIES THAT PROVIDE AN INSIGHT INTO THE BUSINESS LEADER'S THOUGHT PROCESS. THE BEST STORIES ARE THOSE THAT INSPIRE AND INFORM OUR AUDIENCE OF BUSINESS OWNERS AND COMPANY DIRECTORS ACROSS THE UK.

WHAT ARE YOUR FAVOURITE TECH STORIES?

At Insider, we want ambitious stories. We want honest stories. We want to know the challenges as well as the opportunities. Our favourite tech stories are about the people behind the tech. We want to know how businesses are innovating and solving problems. How are founders building value into their business? How are they turning smart ideas into viable commercial entities? How are they going to change the status quo and do things differently? The tech stories we like contain new thinking that any company director can leverage into their business—regardless of industry sector.

Miri Thomas . Editorial Director, Insider Media

Richard Tyler

WHAT STORIES EXCITE YOU MOST?

The best stories involve people rather than finance. Altrincham business intelligence software firm Matillion might be valued at more than $1.5 billion, but the fun fact that I recall about its co-founder, Matthew Scullion, is that he used to collect glasses at the Bulls Head pub in Hale Barns. The steps he then took to learn to code, becoming a manager, then a leader and finally an entrepreneur are phenomenal. Now he has some of the biggest venture capital firms and corporates in the world backing him to build a globally significant company.

Nine miles south in Knutsford, Cheshire, is Dafydd Stuttard, who runs the ridiculously named Portswigger website security software business. Its main product is called Burp Suite, a range of tools for counter-hackers and administrators to scan and run automated attacks on their websites. It is called Burp because when he developed it, Stuttard never expected it to be anything more than a throwaway tool to help him achieve a specific task. Yet now he is at the helm of an internationally respected business. He owns 100% of it with his wife, and - here is the rub - it made a £9.3 million pre-tax profit on its £17.7 million sales in 2020. That is clever entrepreneurship in action.

WHAT KIND OF NEWS DO YOU WANT TO HEAR FROM FOUNDERS?

The Times Enterprise Network aims to showcase the achievements of Britain's leading entrepreneurs and growth company leaders, particularly those based outside of London and the south east of England.

We want to hear from founders about their big wins, their frustrations and their failures. By sharing the lessons learnt and highlighting common challenges we hope to enable more entrepreneurs to succeed in their endeavours. And please do drop us a line if you want to be considered for our regular series on regional rising stars, as well as our prestigious annual Sunday Times 100 ranking of Britain's fastest-growing private companies.

HOW DO YOU SEE THE INDUSTRY CHANGING IN THE NEXT 5 YEARS?

Regional scaleups and the ecosystems that support them are much more dependent on government initiatives to help provide the capital that they need, when compared to their peers in London.

POST BREXIT, WHITEHALL FUNDING OF REGIONAL VENTURE CAPITAL INITIATIVES LIKE THE NORTHERN POWERHOUSE INVESTMENT FUND, AS WELL AS THE TAX BREAKS THAT UNDERPIN THE ENTERPRISE INVESTMENT SCHEME (EIS) AND SEED ENTERPRISE INVESTMENT SCHEME (SEIS), WILL BECOME EVEN MORE IMPORTANT. AS PRESSURE GROWS ON PUBLIC FINANCES, WE MAY SEE THESE BECOME LESS GENEROUS.

THE TIMES

Richard Tyler
Editor, The Times Enterprise Network, Founding Editor, The Sunday Times 100.

Rob Scammell

WHAT STORIES EXCITE YOU MOST?

Investigative reporting uncovering flawed business models that have most of the world fooled. You can't beat a hubristic business scandal, whether it's WeWork or Wirecard.

WHAT KIND OF NEWS DO YOU WANT TO HEAR FROM FOUNDERS?

At UKTN, we're focused on covering the UK tech stories that others might miss. That means more regional coverage of the UK's thriving tech hubs and coverage of seed and pre-seed startups.

FROM FOUNDERS SPECIFICALLY, WE'RE LOOKING FOR MORE AUTHENTIC EXPERIENCES AND FEWER PROMOTIONAL STORIES SUCH AS WINNING AN AWARD.

WHAT TRENDS HAVE YOU SEEN MOST IN STARTUP MEDIA THAT FOUNDERS SHOULD TAKE NOTE OF?

Anecdotal and genuine stories about the challenges of launching a business are infinitely more interesting than promoting a company's success.

WHAT ARE YOUR FAVOURITE TECH STORIES?

Stories that dig into a sector, theme or company and blend the business aspect with the human side.

A strong narrative combined with thorough research means you come away feeling like you've learned something new but have also been taken on a journey.

HOW DO YOU SEE THE INDUSTRY CHANGING IN THE NEXT 5 YEARS?

In the short to medium term, there will be a greater emphasis on profitability for startups as investors increase due diligence. That said, there is still plenty of dry powder to be deployed.

I AM CAUTIOUSLY OPTIMISTIC THAT WE'LL SEE MORE OF THESE FUNDS DEPLOYED IN STARTUPS TACKLING IMPORTANT PROBLEMS LIKE CLIMATE CHANGE, RATHER THAN SUBSIDISING 10-MINUTE SNACK DELIVERIES OR BANKROLLING THE NEXT JPEG APE MARKETPLACE.

For the UK specifically, I expect the tech industry to continue maturing. Last year was a record for IPOs and funding, but to truly make up ground on the US we need to ensure more tech titans list in London instead of New York.

HOW DO YOU SEE THE WAY WE REPORT ON THE INDUSTRY CHANGING IN THE NEXT 5 YEARS

COMPARED TO THE EXCITEMENT SURROUNDING UK TECH DURING THE EARLY 2010S, THERE'S NOW A MUCH BROADER UNDERSTANDING OF THE INDUSTRY FROM TECH AND STARTUP MEDIA.

Scrappy startups that were once the underdogs are now global players or publicly listed. This brings with it a healthy amount of scepticism, which can only be a good thing for accountability and ensuring investors and entrepreneurs have the most accurate information to do their jobs. I expect this trend to continue.

Rob Scammell
Editor, UKTN

UKTN

PREPARING YOUR EARLY STAGE TECH BUSINESS FOR DUE DILLIGENCY

Author: Hutton Henry, Founder, Beyond MA

Beyond

INTRODUCTION

IT Due Diligence assessments are typically commissioned by investors if the startup is either a SaaS business or one where the technology represents significant value in the business growth plan.

Startups are often lauded for their innovation, creativity, and risk-taking. But these same qualities can also lead to problems in IT and SaaS-driven businesses.

As startups tend to focus more on building new features than on sound processes. This focus on new features can lead to data breaches, tech debt, and other costly problems.

Our role is to assess the value that tech presents in your business, how it's built and evaluate the team that makes the tech.

Let's look at what IT due diligence is and how you can prepare for it.

IT DUE DILIGENCE ISN'T ABOUT THE TECH; IT'S ABOUT YOU

The investor is investing in you, not just the P&L. They need to understand your vision, what makes you tick, how you make decisions and most importantly – how you manage challenges.

Hence a major consideration is the management team assessment. We won't be asking you specific questions about your leadership or management style. We will get a sense of both from our conversations about your technology.

For instance, a discussion on how you (or your CTO) decide what goes into the tech stack – and how you manage tech debt will provide a good insight. Note I can give this away as it's not the type of thing people can fix or lie about – when we marry up what you say with the data we collect, we'll be able to see a through-line.

But we cannot assess an FTSE 250 team similarly to an early start-up. So, depending on your journey, we will assess your team under different criteria.

STAGE ONE: CHURNING

During the churning phase, the business is a moving target – hundreds of ideas are tested; people move in and out, and there's general volatility.

A very early stage company, possibly pre-revenue - we don't often assess these firms, but it's worth noting how we would assess them differently. In summary, we have low expectations and are more forgiving. These early-stage startups are churning through new ideas and concepts until they get a glimpse of traction.

From a technology perspective, the tech footprint will likely be small and insecure, and we assess accordingly. We will be looking at data sources and how data is stored as often both can have issues or create longer-term risks.

This uncertainty is exciting for some founders, but some rigour is needed, and we need to understand if management is keen to learn the more 'boring' aspect of better governance and controls.

Without either, it is still possible to scale your business, but it often comes at a cost later, so it's good to nip it in the bud during the early stages.

STAGE TWO: LEARNING

This is where things get interesting and usually where investors we work with tend to get involved.

You've got product-market-fit or close to it, and you're looking for help to scale what you have already proven. Hopefully, there is minimal investment/innovation needed from the technology perspective.

We generally refer to this as a 'more of the same' investment.

At this stage, we're curious to understand the team's learning capability as they will need to develop new personal skills, which typically means maturing their approach to running their business.

We will put you under more scrutiny regarding how you govern your environment, and there'll be less acceptance of 'nuances' that could extrapolate into bigger issues in the future.

Lastly, we will also assess management's openness to working with others – as the best-performing teams don't do it all themselves. They have the humility to understand their strengths and reach out to partners or experts for guidance.

STAGE THREE: EARNING

At this stage, your firm has a healthy number of customers and your technology has proven its worth. Now you have the options of internationalising or growing through innovation.

As you can imagine, this later stage is more complex. How well will the management team 'keep the lights on' whilst innovating growth? What cracks will we see in the overall operating model? By this stage, are commercial operations working well with the technology function?

Overall we'll be assessing your team from an efficiency and operational perspective and ensuring your technology and product roadmaps (which translates to 'spend') clearly demonstrate a return on investment. Simply, you need to be better at strategy, operations, cyber, innovation etc. The list goes on.

IT DUE DILIGENCE IS A COLLABORATIVE, POSITIVE EXPERIENCE

It's easy for me to say, but IT Due Diligence isn't something to be concerned about. But there is a sense of nervousness from management when projects commence. That's understandable. We're looking 'under the hood' of your environment – but we are there as collaborators, not auditors.

Most early-stage SaaS/technology businesses will benefit from a short, rigorous assessment as it typically helps uncover both risks and opportunities for the investor – potentially making your firm more attractive to invest in.

Plus, if an investor recommends IT Due Diligence for your startup, it signals they are serious about the investment opportunity. So, we say, bring it on!

TECH DD NEED TO KNOWS.

1. WHAT IS IT DUE DILIGENCE, AND WHY IS IT IMPORTANT?

IT due diligence is the process of assessing a company's IT systems to identify any potential risks and vulnerabilities. This is important for two reasons.

- It helps to protect the investor from inherent, existing risks in your business, such as cyberattacks and data breaches. Or worse, large expenses or liabilities appear after the deal has been completed.
- It helps the firm's management identify areas where management can make improvements so the company can improve its growth plan and expenditure.

2. WHY IS IT DUE DILIGENCE IMPORTANT FOR STARTUPS?

IT due diligence is essential for startups because of the inherent risk associated with new businesses. By identifying any potential risks and vulnerabilities in their IT systems and SaaS platforms, startups can take steps to mitigate those risks and protect themselves from costly problems down the road. This, in turn, protects the investor.

Cyber security has become paramount. So, in addition, by having a sound IT security position during IT Due Diligence, startups can demonstrate their business acumen and that they are serious about data security and protecting their customers' information.

3. THE RISKS OF NOT HAVING IT DUE DILIGENCE IN PLACE?

One of the most significant risks of not having IT due diligence in place is that your startup could be vulnerable to data breaches and other cyberattacks.

Hackers are increasingly targeting small businesses, often seen as easier targets than large corporations. And since most small businesses don't have the same level of security in place as larger companies, they can be more easily compromised.

Another risk of not having IT due diligence is if your deal is announced publicly, it will become a target for cyber-attackers. We've spoken to several investors/portfolio firms who were hacked post-deal. So it's worth doing some upfront work to avoid this by enhancing your security posture before the deal goes through.

TIPS ON TECH RECRUITMENT: THE INSIDE TRACK FROM THE AGENCIES

WORK LEAN FOR AS LONG AS YOU CAN.

People and office space cost money. Adding heads and having a big workforce can be great for show, but not for your dough. Be patient and hire when demand is true and make sure you're disciplined around salary bandings and look acutely at the total cost of hires, to help you manage your cash / burn rate as optimally as possible.

CREATE YOUR EVP AND GIVE CANDIDATES A REASON TO JOIN.

In a competitive talent market, be clear in understanding your brand's identity. Why should an employee want to join? What do you do differently from other people? What does a candidate's onward journey look like? Be clear with who you are and why an employee should commit to your journey. And then sell your story as hard as you can externally!

EXPLOIT YOUR NETWORK.

Hire people you know, or people that your employees know. Get your team to shout about the business, offer internal incentives (it's cheaper than a recruitment fee) and build your clan with known entities. You will develop a close, well-knit team with well referenced, well known candidates.

DON'T GO TOO BIG TOO EARLY ON JOB TITLES

It's tempting when on-boarding your scale up team to offer big titles to get good people on board. But this can cause you problems later as you look to hire genuine Director and C suite level candidates if you've already given CTO type badges away too easily. Offer people the pathway to these titles in your early days and you'll most likely find it's just as motivational, if not more so for them!

SELECT A PROVIDER WHO CAN EMBODY YOUR BUSINESS.

When you have exhausted your network you'll need a recruitment partner. Select one who takes the time to understand you, and your business. They'll need to be your voice in the talent market and be able to work as an extension of your business, so select a partner who can offer you more than a CV sourcing service and give them access to the inner sanctum of your culture so they can sell your brand as well as you do.

ALISTAIR COLLIER – TECHNOLOGY & CHANGE RECRUITMENT DIRECTOR AT FORWARD ROLE.

5 KEY CONSIDERATIONS PRIOR TO SELLING A BUSINESS

RICHARD MORLEY, DIVISION DIRECTOR AND HEAD OF GROWTH MANCHESTER, BREWIN DOLPHIN.

We have conducted research with the ICAEW's Corporate Finance Faculty, the Law Society's Research Unit and dealt with hundreds of entrepreneurs through their exit. The consistent findings are that personal wealth decisions should be made well before completion for maximum benefit. Much of the opportunities are lost once you've exited.

BREWIN DOLPHIN
FINANCIAL ADVICE AND INVESTING

1. APPOINT A FINANCIAL COO
2. KNOW YOUR 'MAGIC NUMBER'
3. CASHFLOW PLANNING TO NEGOTIATE WITH CONFIDENCE
4. MAXIMISE ALLOWANCES AND FLEXIBILITY WHILST IN THE BUSINESS'
5. CONSIDER YOUR LIFE POST-SALE

1. APPOINT A FINANCIAL COO (PRE-SALE)

Appointing a wealth manager as your Financial COO means you will never lose sight of your (and your family's) own personal objectives throughout the process and beyond. A strong corporate adviser, solicitor, tax accountant and wealth manager, working together, covers all bases. As your financial COO, your wealth manager will translate the advice you receive to how it affects your personal financial plan.

Amongst lots of other things, a common mistake here is missing out on multiple 'Entrepreneurs Relief' tax allowances (or BADR as it's known now) by not re-organising share capital at least 2 years before sale.

2. MAGIC NUMBER PLANNING (PRE-SALE)

Your 'magic number' is the amount of capital you – and other shareholders – would require in order to retire, semi-retire and/or completely de-risk your future plans. Knowing your magic number can help focus your thinking, as to whether you can retire or sooner than expected or whether more work is needed to get your business sale ready.

Knowing this number opens the door to a whole range of planning opportunities which can only be done while you are still a shareholder. For example, knowing how much of the proceeds you actually need, makes clear if there is any 'spare' capital. Working with an accountant, a recent client has placed £2m of his 'spare' shares into trust pre-sale. This is a good way to move significant assets out of the reach of IHT in one go, something which (because of limits every 7 years) could take over 40 years to achieve if done after the sale. In this case, it should save £800,000 in tax.

The main mistake here is finding out about this after you've agreed a sale. By then it's too late.

3. NEGOTIATE YOUR SALE WITH CONFIDENCE (DURING SALE PROCESS)

It's good to go into negotiations with confidence of your position and certainty around the numbers.

Don't just let the deal fall over because you think you'd need more money for the business. If the valuation of your business changes, for example if the buyer chips the price or 'earn out' conditions are put in place, it's good to have clarity on whether it's still enough. Taking on some cashflow forecasting to give you this certainty is an hour well spent with your adviser.

Price chipping can be a big reason for the deal falling over. We often show that the 'magic number' can be smaller than you'd initially think. Particularly when invested properly.

Cashflow forecasting is useful in other contexts too. For example, we are currently working with someone who wants to know if they can afford to give away some equity now to finance growth plans or continue to grow organically. Forecasting these two scenarios has helped her assess the risk vs the reward.

4. MAXIMISE ALLOWANCES (PRE AND POST-SALE)

When you are a director or shareholder of a business you have maximum flexibility on how and when to take your remuneration. You also have more options when it comes to funding your pension, something which can bring significant tax advantages. Many founders say 'my business is my pension' but with the features associated with pensions, it pays to take advice and maximise this opportunity while you're earning and in control.

Once you exit the business, many of these opportunities are lost and it's best to start taking advice as early as possible.

There are also corporate structures to explore at this stage, which could house some of the proceeds from the sale. In conjunction with other professional advisers, we can work with you on tax advantageous structures such as:

- Private OEICs
- Family Limited Partnerships
- Family Investment Companies
- Private Investment Companies

5. CONSIDER YOUR LIFE AFTER THE SALE

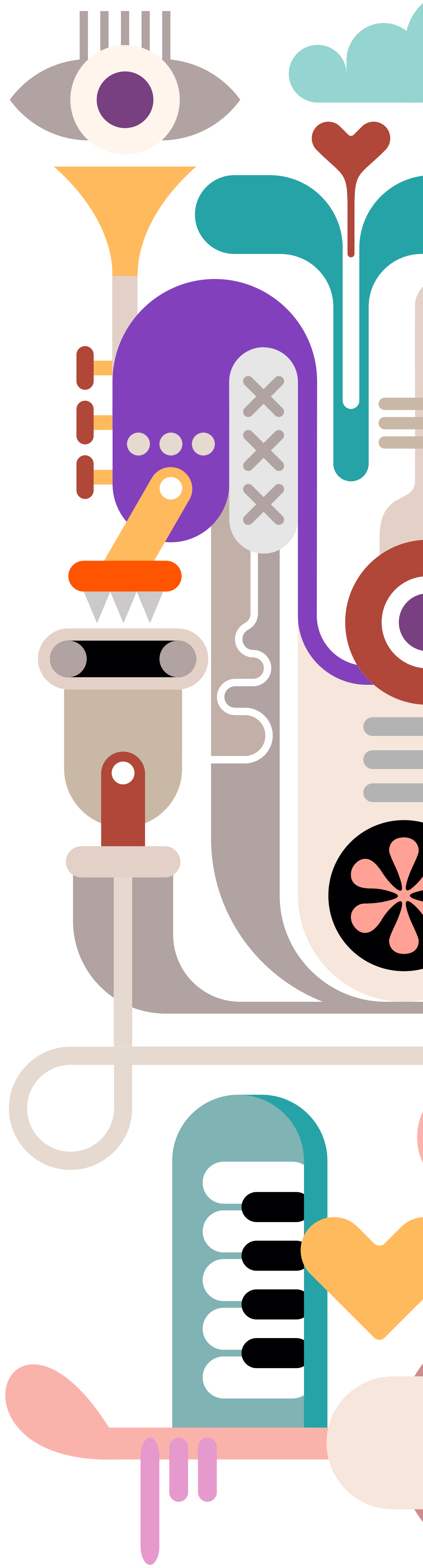
A lot of founders we speak to value the opportunity to explore what they want the next phase of their life to look like. This helps to reconcile their own understanding of their long-term lifestyle wants and prepare mentally for being on the other side of the deal. Knowing what truly motivates you in life is important and can shape how you use your proceeds.

DO YOU WANT TO BECOME AN INVESTOR IN ANOTHER VENTURE? DO YOU HAVE PHILANTHROPIC AIMS? WHAT ABOUT THOSE LIFESTYLE ASSETS YOU'VE ALWAYS WANTED?

By not considering all this before the sale, we often find founders are left with cash sitting in the bank for months on end, earning nothing and being eroded by inflation. Even if you decide to reinvest some of the proceeds into another venture you may still need advice on how to invest a proportion of that wealth. Choosing the right investment manager to be the steward of your capital and grow your wealth is important and delegating the day-to-day responsibility for managing your funds frees up your time to do what you enjoy.

DISTILLED INTO A LIST OF SOME COMMON MISTAKES WE SEE ALL THE TIME:

- Missing out on 'Entrepreneurs Relief' tax allowances (or BADR as it's known now) by not re-organising share capital at least 2 years before sale.
- Not understanding the Inheritance Tax position of suddenly having capital in your name, maybe look at some form of insurance to cover the liability.
- Not maximising pension contributions while still in the business. You can start to de-risk your family's finances earlier by really beefing up your pot by contributing directly from the business. This works best when you are in control of your own remuneration. Most VC and Private Equity investors are comfortable with founders making pension contributions.
- Being uncertain with your finances during the sale negotiations can cause sellers to get cold feet or pull the deal based on a notional value in their heads. Knowing your 'magic number' for certain and being able to play out the 'what ifs' during the negotiations is key.
- Not understanding the various personal tax opportunities pre and post-sale. Can you look at placing shares into a trust pre-sale? This is a one-off opportunity to potentially save 40% (in inheritance tax) on some of the sale proceeds and many people don't know until it's too late. For those paying school fees out of net income, there are better ways to do this more efficiently, most don't explore this without advice.
- Get your ducks in a row so you know what life looks like once you are out of the business. Having a clear plan allows you to stay in control. A balanced approach is always best if investing some of your sales proceeds, take advice and don't get your head turned on a whim. There are a lot of bad advisers out there so do your research and don't just settle for the status quo.
- Basically, not taking advice!



PERSONAL BRANDING FOR FOUNDERS: WHAT YOU NEED TO KNOW

AMELIA SORDELL,
FOUNDER KLOWT.

THE RISE OF THE PERSONAL BRAND

Our association with businesses and their leaders has permeated both blue-chip corporations and the SME market. Whilst this may be an uncomfortable truth for some, it's a reality that presents a real opportunity for early-stage founders.

Nowadays, personal brands are offering something business brands are struggling to compete with.

THE FACTS...

- **Brand messages are re-shared 24x more frequently when posted by an employee vs. the brand's social media channels.** (Source: MSL Group)
- **Content shared by employees receives 8x more engagement than content shared by brand channels.** (Source: Social Media Today)
- **Founders have over 10 times the LinkedIn reach compared to their company pages on average, often due to their personal networks.** (Source: Klowt)
- **Leads developed through employees' social media activities convert 7x more frequently than other leads.** (Source: IBM)

Whilst many founders still struggle to see the value in personal branding or struggle with the egotistical element, audiences desire to hear an individual's commentary alongside a brand's is difficult to ignore.

WHERE PEOPLE GET PERSONAL BRANDS WRONG

IMMEDIATE ROI

A focus on 'pounds generated per post' will stifle personal brand campaigns. Similar to generating brand awareness at the top of a sales funnel, only after you deliver consistent views in your target audience with a clear message can you establish the benefit of any personal branding efforts. Plan, launch, refine and review when you've given the campaign ample time to run.

TALKING ABOUT TOO MANY TOPICS

Personal brand is your reputation at scale. Be careful not to talk about too many topics, pick a handful you want to be known for and focus on those. What would the person of choice and authority voice in your industry speak about?

DOING TOO MANY PLATFORMS AT ONCE

Pick your platform, focus on why you're there and do few platforms well. You need to understand your audience first, as opposed to spraying and praying. Pick a hero channel and expand out from there.

WEARING A MASK

Honesty is the best policy. You don't need to be super smart and polished all the time, be who you are and people will react to your authenticity. Consider who you are and how that translates to your online self.

INCONSISTENCY AND LACK OF PLANNING

Like in every other part of your business, it's good to have an action plan. Consistency is king in personal branding. Use a mix of personal stories & insights, celebrating a milestone, commentary on current news and a key tip for your audience which adds value through your own capabilities. Create consistent content pillars you're planning to stick to.

TIPS FOR FOUNDERS

- Be generous with your posts, congratulate others and celebrate your employees.
- Be a conversation starter: comment on your target audiences post and other relevant individuals ten times more than you actually post.
- Post about trending topics early and make real comments, don't be afraid to speak your mind.
- Done is better than perfect. JFPI (just f*cking post it).
- Offer value to your audience over and over before you ask for anything in return.
- Reply to everyone who makes a genuine comment on your posts or messages you.
- Write down your thoughts as they come to you, edit them to post later.
- Don't water yourself down to fit in. You don't need to be liked by everyone.
- Make a plan, set a deadline and start. Then keep going. Review after 6-12 months.
- Double down on topics and styles that have been well received before. Don't be afraid to repurpose an old post that's done well.
- Don't be afraid to audit yourself: your personal brand evolves with your business, don't be scared to consider how you've developed over time.
- Remove your ego and don't be afraid to look a little silly.

SECTION FIVE

DOWN ON DIVERSITY:

HOW DIVERSE IS THE FOUNDER AND INVESTMENT LANDSCAPE TODAY?

DOWN ON DIVERSITY

DOWN ON DIVERSITY: THE NEED FOR CHANGE

When it comes to diversity in the business landscape, the overriding feeling is that there have been slow improvements to representation but, collectively, we are still a long way from where we need to be. In terms of what has changed, many would say that conversations around diversity are much more open and candid. There has also been a broader focus on transparency and a far greater understanding that companies that are more diverse are often more successful, whether that's measured by better opportunities and deal flow for a VC, or higher growth and profitability for start-ups. Why is this? Speaking from a VC's perspective, having a diverse team makes it easier to spot pipeline opportunities. A classic hypothetical example is a female investor having more insight into businesses that specialise in women's health services, enabling her to spot an opportunity that her counterparts might not. Outside of gender, there are immeasurable examples of this that span across race, class, religion, self-identity and so on.

If you only ever hire in the mirror, how can you profess to be a team of diverse thinkers? The simple answer is you can't.

WHAT THE RESEARCH SAYS

COMPANIES WITH OVER 30% FEMALE EXECUTIVES ARE MORE LIKELY TO OUTPERFORM COMPANIES WHERE THE PERCENTAGE RANGES FROM 10 TO 30

[McKinsey, Diversity wins: How inclusion matters]

85% OF INVESTMENT COMMITTEES ARE ALL-MALE

[Diversity VC, Impact Report 2016-2020]

UK VENTURE CAPITAL STAFF WHO IDENTIFY AS BLACK MADE UP JUST 3% OF THE UK WORKFORCE IN 2019

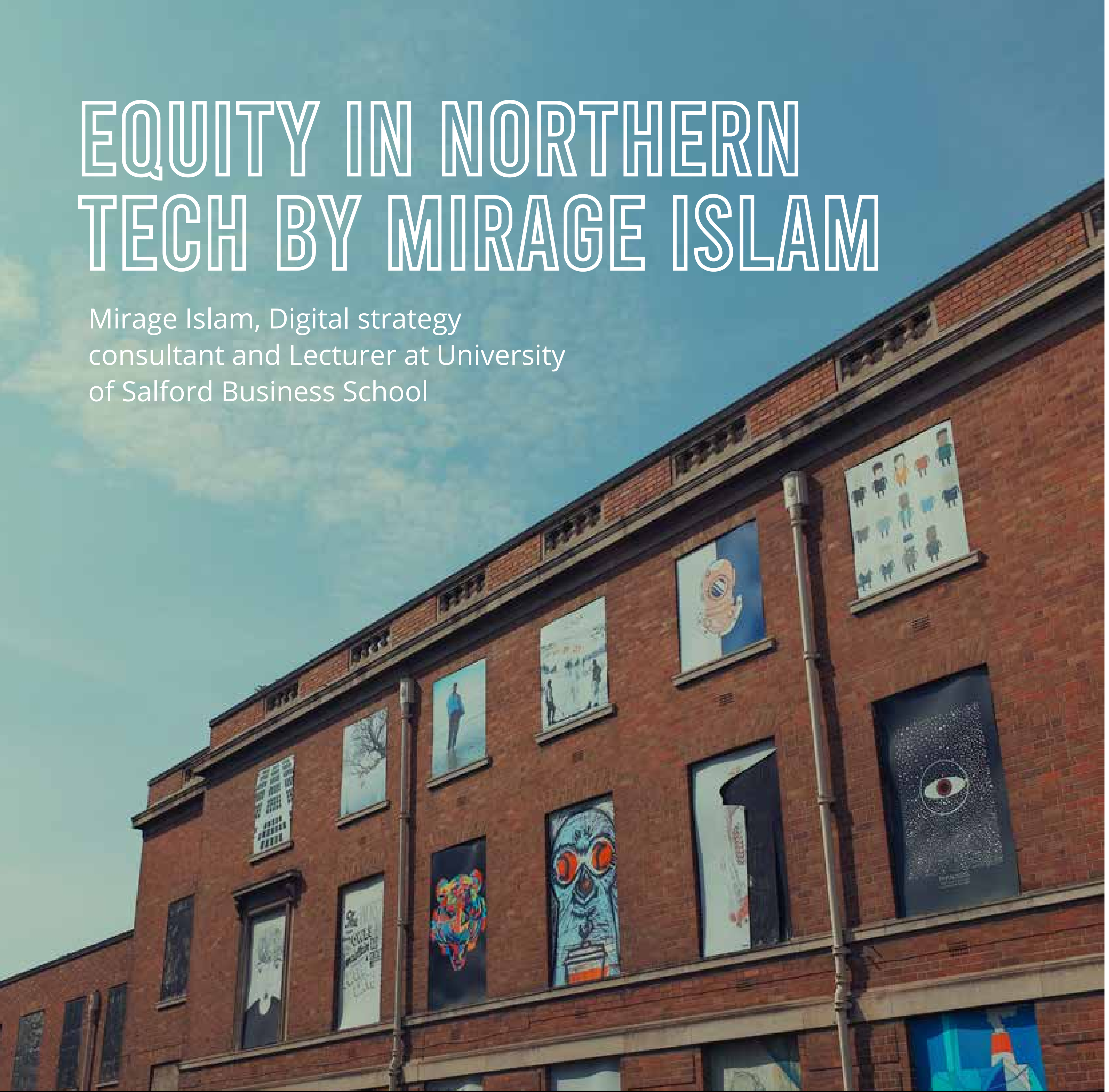
[Diversity VC, Impact Report 2016-2020]

IN 2019, JUST 5% OF THE UK'S SMES WERE ETHNIC MINORITY-LED

(Department for Business, Energy, and Industrial Strategy)

EQUITY IN NORTHERN TECH BY MIRAGE ISLAM

Mirage Islam, Digital strategy consultant and Lecturer at University of Salford Business School



EQUITY: IT STARTS WITH PEOPLE...

Established organisations are having to transform their operations and infrastructure, implementing new ways of working. Start-ups, on the other hand, from the get-go are the gritty change makers. Energised by their exciting potential for a global marketplace, founders and their investors continuously improve and disrupt - it's in their DNA.

But to achieve success, all share a common need – the need for people, skilled people. People from all backgrounds.

With over 2m vacancies for tech roles between May 2021 and 2022, from a total 14.85mn vacancies across the economy as a whole, which includes part time and contract work (Source: People and Skills Report 2022, Tech Nation) and over £9bn in VC funding went to start-ups and scaleups based outside of London and the South East (Source: UKTN). The Northern Triangle – Manchester, Leeds, Sheffield - has seen £1.3Bn raised in VC funding in the last five years alone, demonstrating the demand for skilled workers is not dissipating any time soon.

One of the few black tech recruitment directors and tech industry veteran, Wayne Bennett, Director of Fairmont Recruitment says that when it comes to recruitment there are other factors that need to be considered and addressed i.e. the fear of the other:

"We can anonymise all the CVs we would like, however, unless we address peoples' fear towards someone that looks or is different from themselves then the cycle continues.

A culture must be developed where being different adds diversity of thought and a way of doing things that helps not just the company but the environment to be open and learn."

Start-ups must create an open and welcoming culture that acknowledges that people experience the world in different ways – thereby creating an environment where people can thrive and be their true selves.

Dr Safina Islam, Board Member of The People's Powerhouse – Racial Justice Network says:

"In a global context, we are seeing some of the largest, most successful and influential tech companies such as Google, Microsoft, Twitter, IBM to name a few, demonstrate representation at the highest level whether it be gender or race, yet we can't seem to replicate this in the North. Who is asking that question of themselves in the North? **As a start-up you are in the best place to make those decisions and have the choice to set that inclusive culture from the start."**

It's common to see low-level tech roles with people of colour, that often pay less and have less benefits on short term contracts. Followed by a post published on LinkedIn, on how the organisation is doing their bit for inclusion, equity and diversity but the bigger question to ask, must be what processes the organisations are putting in place, to allow for that talent to be developed, how are inclusive processes being designed to enable career progression and providing a route to senior management positions.

To address skill shortages, we need to be strategic. We need to think about and consider strategies for short, medium and long-term needs. We are seeing a rise in Digital Boot Camps, partnering with industry to address the skills shortages and we are likely to see this increase over the coming years.

As a lecturer at the University of Salford Business School, we have been proactively designing industry focused programmes for several years now, ensuring our students are industry ready upon graduation. The University of Salford has a high number of students from diverse and disadvantaged backgrounds, therefore it is imperative that they get access to as many opportunities as possible.

This requires the design and building of talent pipelines that engage with skills-based organisations that include schools, colleges and universities. Start-ups also need to work in partnership and value community groups that have the trust and relationships with talent from all backgrounds in underserved communities.

There are three actions founders and start-ups can put in place that will make a real difference:

1. **Increase belonging across the organisation where everyone can express their identity and feel acceptance**
2. **Focus on the whole employee lifecycle and not just recruitment, to disrupt institutional sexism, ableism and racism by focusing on attraction, induction, progression and transition also**
3. **Identify non-traditional spaces to engage and recruit from underserved communities and invest in building bridges**

Embracing an authentic approach to social justice and not just a sound bite for some likes and shares on LinkedIn and the odd industry award, we have the potential to not only make a difference but enable industry ready talent from all backgrounds, to influence social change, led by the Tech sector in the North.

MIRAGE ISLAM, DIGITAL STRATEGY CONSULTANT AND LECTURER AT UNIVERSITY OF SALFORD BUSINESS SCHOOL

University of Salford MANCHESTER

VIEWS FROM THE BUSINESS COMMUNITY

DAN SODERGREN, YOUR FLOCK

“Manchester is wonderfully diverse as a city, and we should be pushing that. Not just because it’s a nice thing to do, but because diversity makes for better companies and better investments. And those companies make more money, which is better for our economy and our society. That’s why everyone should get behind diversity and inclusion.

LUGANO KAPEMBWA, FOUNDER, LOOP CYCLE

“I actually think people are more aware of the diversity of the founders they’re backing. I’ve had more conversations that I probably wasn’t having before. I don’t know whether it’s because VCs need to have these conversations or whether there’s more of a willingness, but one thing I do know is I’ve had a lot many more discussions and a lot more open feedback. Even when a VC passes on the opportunity, they’ve been a lot clearer and a lot more open. It was a lot more dismissive the previous time I was raising.“

GEMMA MCCALL, CULTURE SHIFT

I meet more female founders these days than I have previously, which is fantastic! However, it’s not just about investors funding female or diverse founders, it’s about investors being more diverse as a group themselves so that when a pitch goes to IC, the investor director isn’t pitching, say, a period product to a room full of blokes and them going, ‘why is that important?’. If that room is more diverse in its thinking, it will recognise the issue, and therefore recognise the need to fund it based on the value it will bring to those who don’t necessarily come from the same background as they do.

PATIENCE TUCKER, WI-Q TECHNOLOGIES

“I’m a black CEO, I’m a mum of two and I’m relatively young in my CEO journey. From that perspective and as much as that shouldn’t be of interest to anybody, I think there’s quite a few people who will comment on that. In a positive way, it’s never been negative, but the fact we have to comment on it in a positive way obviously means that there’s still a lack of diversity.”

KATE PATTON, TECH NATION

“One thing we’ve been really good at in the North East is female founded tech companies. We’ve been blazing the trail there. Two of our final top ten Rising Stars, in all of the UK, have come from the North East and are both female founded companies. I can name off the top of my head six other female founded companies here just in this region. I think that’s amazing. That’s something we need to be shouting about.”

SHIB HUSSAIN, FOUNDER, UNSOLVED STUDIOS

“Being from Stoke and from the North, I think there’s a lot of social challenges surrounding investment. A lot of people are from very similar backgrounds: private school educated, usually white guys and from the finance world. You usually need one ticket into that network and then you’re in, but that’s challenging.”

DOWN ON DIVERSITY: SEE IT, BE IT

The phrase, you’ve got to see it to be it isn’t a new comment on representation. As with all walks of life, we’re inspired by people who look like us and reflect our values, and it’s no different in the world of business. Diversity is needed at all stages if the country as a whole is to continue producing world-class businesses. Throughout the research for this white paper, founders spoke of the importance of connecting with other founders. For founders from less represented backgrounds, this is incredibly important. To echo comments made by Lugano Kapembwa, the founder of Loop Cycle who is quoted here, founder groups – be that groups for black founders, Asian founders or female founders – provide an opportunity to meet people who have not only been through similar experiences but who are sources of inspiration.

Nonetheless, diversity is not just an essential talking point for founders. As many have stated, there is no use having a diverse founder base without a diverse investment community to support those founders. This will continue to be a talking point, with progress often slow. What is important is that we keep talking and continue to have transparent conversations that lead to action.

LUGANO KAPEMBWA, LOOP CYCLE

“IT’S AN INSECURE PLACE SOMETIMES WHEN YOU’RE RAISING MONEY. YOU GET IN YOUR HEAD A LOT. IT’S COMFORTING WHEN YOU GET IN A ROOM AND THINK ‘WOW THERE ARE A WHOLE HEAP OF BLACK FOUNDERS WHO STRUGGLE WITH THE SAME PROBLEMS, AND I THOUGHT IT WAS JUST ME.”

SECTION SIX

STATE OF THE NATION:

HOW IS THE UK PERFORMING AND HOW DOES THE NORTH COMPARE?

THE STATE OF THE NATION

UK ECONOMY

HOW IS THE UK ECONOMY HOLDING UP?

The GDP for the UK economy was £2.2tn in 2021, overtaking France and making the UK the fifth largest global economy behind the US, China, Japan and Germany. Whilst UK GDP fell by 0.1% in Q2 2022, it is currently 0.6% higher than pre-pandemic levels. Given the respective GDP rates for the Eurozone and the US are 1.5% and 2.5% higher than pre-pandemic levels, it would appear the UK is recovering at a slower pace. This is a stark contrast to 2021's growth, where the UK showed the highest GDP increase in the G7 at 7.4%, although this was somewhat a recovery, given the UK also saw the largest GDP decline in the G7 (-9.3%) in 2020. Elsewhere, Germany and Japan both saw GDP declines in Q2 2022 of -0.3% and -0.6% respectively.

In terms of jobs, the UK's unemployment rate has quickly recovered to pre-pandemic levels of below 4%.

The inflation rate, on the other hand, rapidly increased toward the end of 2021 and is now at a 40-year high of 10.1%, with forecasts expecting this to reach 18%. Despite displaying post-pandemic economic recovery, the UK looks set to embark on the worst cost of living crisis in over five decades, due to the rising price of goods, tax increases and geopolitical instability.

WHICH CITIES ARE THE HIGHEST CONTRIBUTORS TO GDP?

Looking at ONS data from 1998 through to 2020, there are some key statistics:

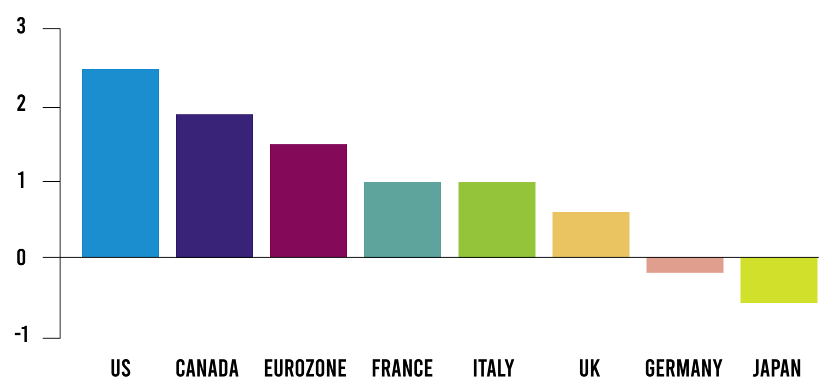
- England is the most valuable country in the UK, contributing 86% to the total 2020 GDP.
- London is by far the largest contributor to UK GDP year on year and has long been one of the largest economies in Europe. In 1998, London comprised 19% (£504bn) of the UK's total GDP (£2.2tn). This increased to 23% in 2020. The South East region follows London at 15%.
- Looking at the North, the North West contributes 10%, Yorkshire and Humberside contributes 7% and the North East contributes 3% to GDP, meaning the capital contributes around the same amount to GDP as three substantial Northern regions.
- Despite decades of investment, the entire North West region as a whole only reached London's 1998 GDP level in 2016.
- Despite starting from a much lower base, when looking at the average annual growth over the period, Manchester has shown the highest level of growth of any UK city, including London as a whole, at 4.72% pa.
- Liverpool also showed strong levels of average growth over this period at 3.98% pa. This is followed by fourth-placed Cheshire, comprising of Warrington, Cheshire East, Cheshire West and contributing an average of 3.73% pa.

HOW SIGNIFICANT ARE SMES TO OUR ECONOMIC GROWTH?

In 2021, there were 5.5 million SMEs in the UK, which accounts for 99.9% of the business population. These businesses account for 61% of employment, 16.3m jobs and 52% of turnover, which is estimated at £2.3tn. Small businesses employing between 0 and 49 people contributed 48% to the total employment figure and accounted for 36% of turnover.

G7 real GDP % change compared to pre-pandemic level

Q2 2022 compared with Q4 2019 (except Japan which is Q1) updated 16 Aug



Revisiting the data to understand the more recent growth trends and whether the recent upturn in regional investment is starting to level the playing fields for regional cities, we see that:

- Over the last five years, the average annual growth rate over this period was 3.68% pa for Manchester. Elsewhere, Liverpool boasts 2.21% and Leeds 2.01% when compared with London at 1.83%.
- Pushing the evaluation period to the last two years shows Manchester and Liverpool outperforming the annual growth rates of London (0.1%), delivering rates of 1.4% and 2.01% respectively.
- That said, comparing the last 10 years against the preceding 10 years as a percentage of total contribution, there is little to no difference for each of Manchester, Liverpool or Leeds whereas London has increased by c2.5%

This demonstrates that whilst the levelling up strategy and higher investment levels are starting to pay dividends and showing stronger levels of growth in regional cities compared with London, the regions require drastically more fuel if they are to reach their potential and support the UK's climb up the global ladder of economic success. This is due to the significant head start London has enjoyed along with decades of underinvestment in the regions.

BUSINESS POPULATION

The number of private sector businesses registered in the UK at the end of 2021 stood at 5.6 million, comprising of 5.5 million businesses who employ 0-49 employees, 35,600 businesses with 50-249 employees and 7,700 businesses with 250 employees or more. This represents a decrease of 6.5% compared with 2020.

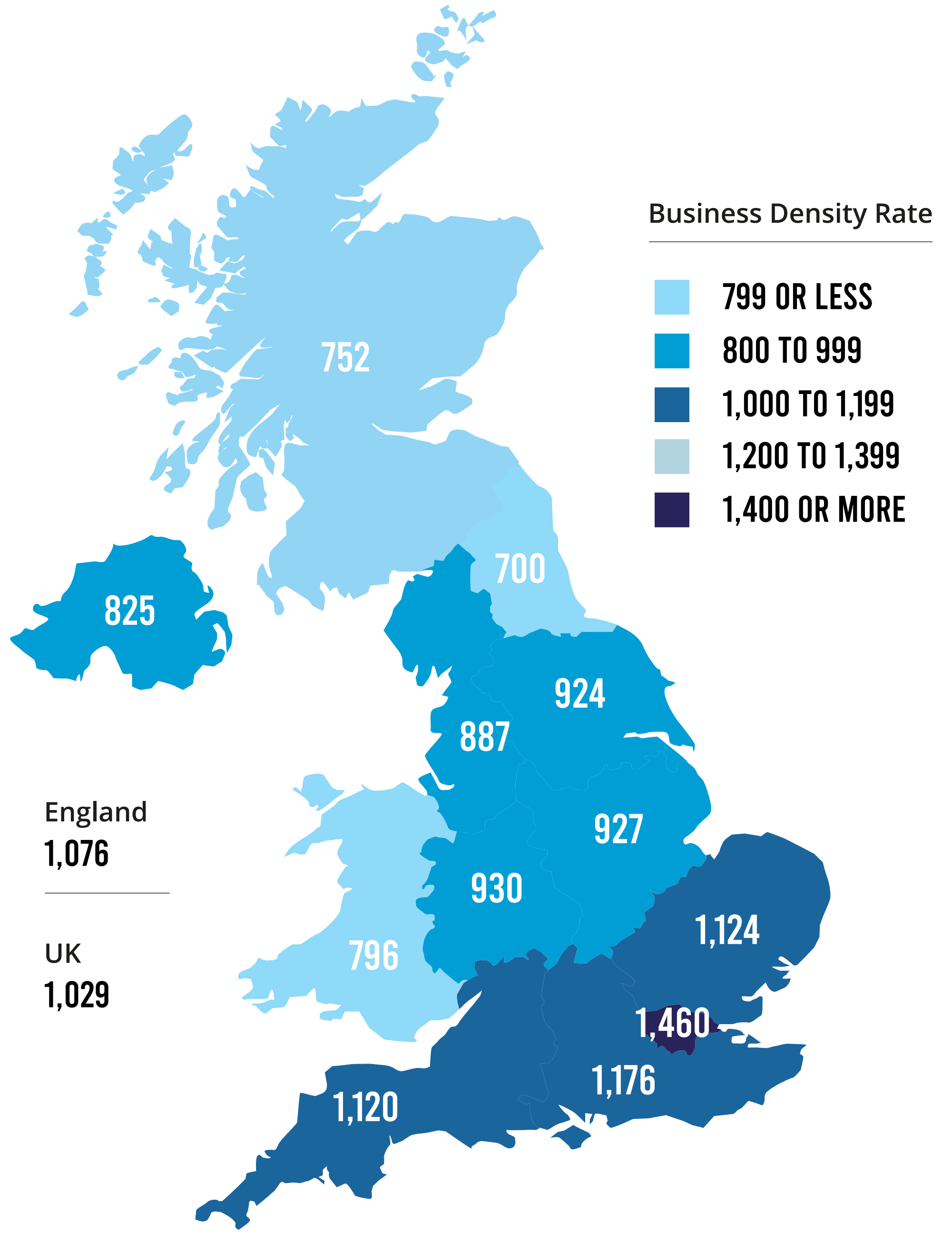
London, followed by the South East, South West and East of England are far more densely populated with businesses versus their adult population.

It is fair to assume a large proportion of the smaller businesses will be non-trading businesses with no employees, so when using data provided by the ONS on the business population that is VAT and PAYE registered, this provides a more accurate reflection of the GVA contributing business landscape.

This data shows that whilst the number of active businesses fluctuates by tens of thousands over this three-year period, the percentage is broadly linear across all regions and totals c2.7million active employers throughout the UK. London is home to the highest proportion of active businesses with 535,000 businesses, or 19.3%. This is followed by the South East in second place with 420,000 businesses (15.2%). The North West places third with 271,000 businesses (9.8%). The North East trails everyone with 73,000 businesses (2.6%).

Taking England in isolation, London's total would increase to 22.2% of the business population, with the South West accounting for 17.5% and the North West region representing 11.2%.

So given this population distribution, how are these businesses supported with the growth capital they need to maximise their potential?



Count given to the nearest thousand

	2019	%	2020	%	2021	%
North East	70	2.6	71	2.6	73	2.6
North West	267	9.8	267	9.7	271	9.8
Yorkshire and The Humber	186	6.8	189	6.9	192	6.9
East Midlands	180	6.6	184	6.7	189	6.8
West Midlands	214	7.9	222	8.1	219	7.9
East	272	10.0	271	9.9	271	9.8
London	522	19.2	531	19.3	535	19.3
South East	415	15.3	418	15.2	420	15.2
South West	234	8.6	236	8.6	237	8.6
Wales	106	3.9	106	3.8	107	3.9
Scotland	177	6.5	178	6.5	175	6.3
Northern Ireland	75	2.7	75	2.7	77	2.8
Total	2,718	100	2,750	100	2,765	100

FUNDING HISTORY

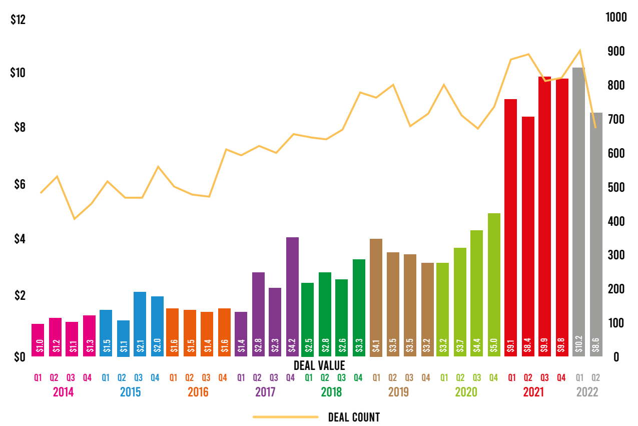
After looking at the business population data, we could assume the funding deployed into each of these regions follows a similar allocation. Unfortunately, this is not the case and there are significant disparities.

AN IMBALANCE IN THE FLOW OF FUNDING

A recent report published by KPMG showed a staggering bias towards London. The findings show that from 2020-2022 (Q2), c$72.3bn was invested in venture capital across the UK. Of this, London received $49.1bn, representing 68% of all funding over that time period. This figure increases to 75% when looking at H1 2022 alone. If London is home to only 19.3% of businesses, the proportional level of the UK's venture capital investment over this period equates to $13.9bn but the current levels of investment are an astounding $35.2bn over quota.

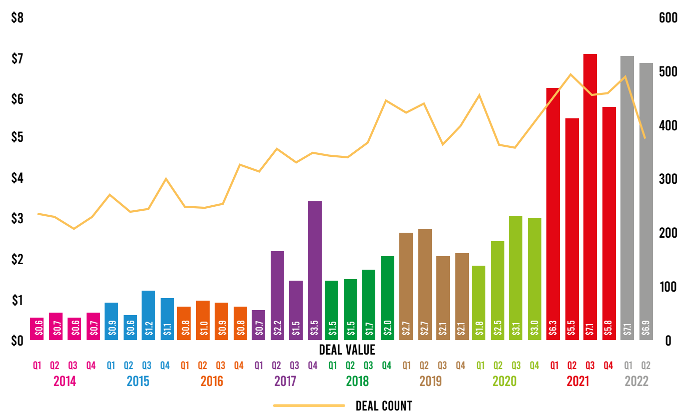
VENTURE FINANCING IN THE UK 2014 Q2 '22

Source KPMG Venture Pulse Report



VENTURE FINANCING IN LONDON 2014 Q2 '22

Source KPMG Venture Pulse Report



PATIENCE TUCKER, CEO, WI-Q TECHNOLOGIES

"Having VCs working in the North and having government bodies in the North investing in companies that will bring jobs into the region is very important. I think any company that's looking at funding should look at the types of regional funding available."

INEQUALITY BREEDS OPPORTUNITY

Whilst this may not surprise many in the investment industry, this poses a more serious question. Considering the business statistics, significant investment in regional infrastructure and the government's nationwide levelling up agenda, this should be trending in the opposite direction. This raises both a question over inequalities but also highlights the potential for a tangible opportunity to support high-growth potential businesses outside the capital.

HIGH GROWTH LANDSCAPE

There are many data sources and reports available when looking at the high growth landscape in the UK, with each researcher using different data points and adopting different methodologies.

To begin with, we have used government data from ONS which provides analysis on the number of VAT and PAYE registered enterprises that have exhibited growth in employment in 2020.

This data shows that London has 1,510 enterprises that have grown by 20%+ in both employment and turnover compared with 710 in the North West, 185 in the North East and 450 in Yorkshire and Humberside. On a quantum basis, this data shows the North West is home to 54% less businesses exhibiting growth than London, with the North East at 88% less and Yorkshire and Humberside at 70% less. This is of little surprise, but what is more perplexing is that the disparity is not higher, given London is attracting approximately three quarters of all venture capital invested in the UK.

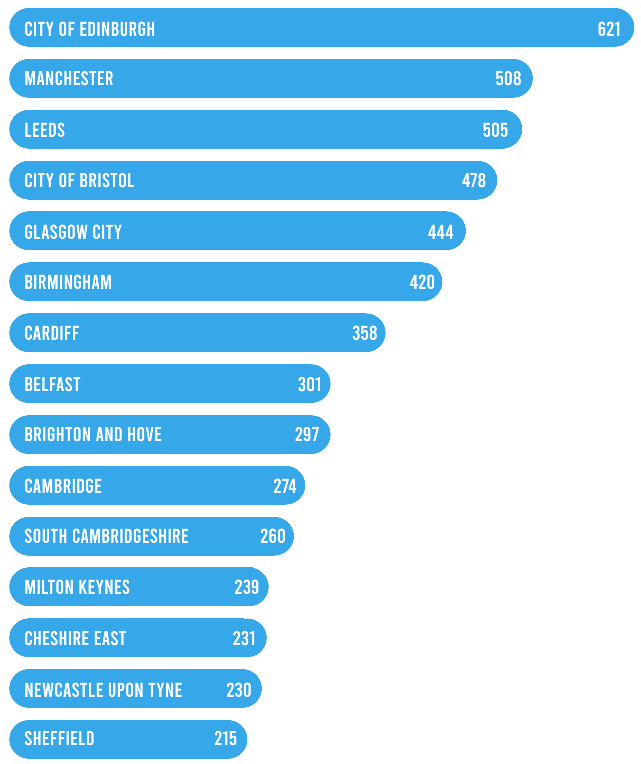
The telling sign of this historic and current imbalance is that when looking at turnover in isolation, the same count of London enterprises achieved 8x the turnover of the North West, showing the impact of decades of over investment.

But how efficient has this capital been and how well has the rest of the UK performed despite being starved of proportional growth capital? We took the data from KPMG's Venture Pulse Report over the preceding 5 years (2015-2020) and assumed this investment has been used to grow employment and turnover to at least 10%, transposing these data sets reveals that:

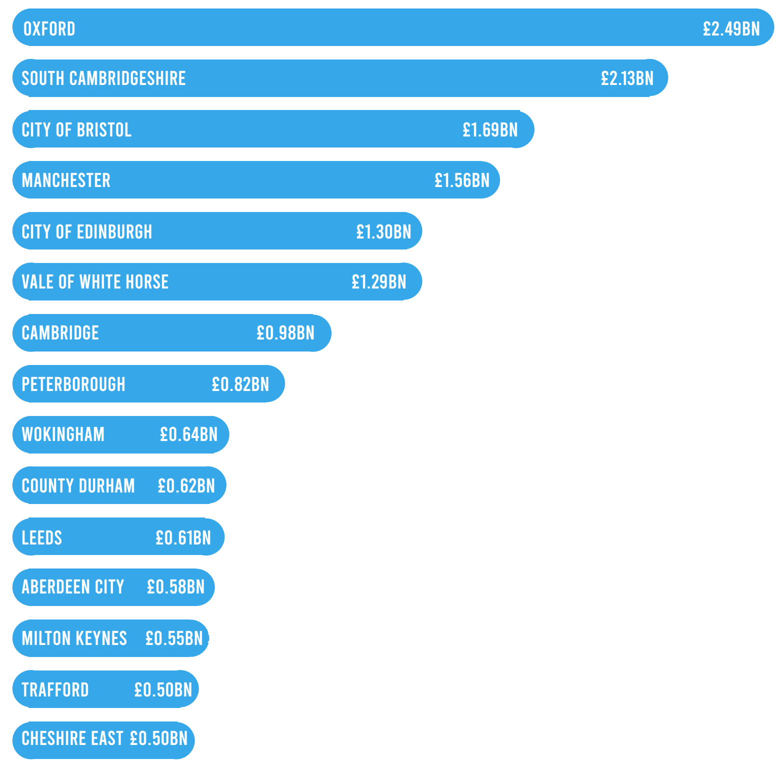
- **In London, it has taken $31.6bn of investment over 5 years to deliver £95bn of turnover in 2020, a capital efficiency ratio of 1:3.01**
- **For the rest of the UK, it has taken $17.4bn of investment over 5 years to deliver £106bn of turnover in 2020, a capital efficiency ratio of 1:6.07**

So of the rest of the UK, where do the high growth hotspots lie and do they receive proportional capital of the balance of investment? A recent report by Barclays Eagle Labs and Beauhurst explored a similar correlation for regions outside London, looking at the number of high growth companies vs the total investment received in the preceding 10 years. Their results for the top 15 across both data sets can be found the below...

LOCAL AUTHORITIES BY NUMBER OF HIGH-GROWTH COMPANIES (2021)



LOCAL AUTHORITIES BY TOTAL INVESTMENT RECEIVED BY HIGH-GROWTH COMPANIES (2011-2020)



HIGHER EDUCATION

Record highs of students create greater talent pools for employers.

For decades, the UK has featured on the global stage when it comes to university rankings across the world, with a long-standing reputation for delivering the highest standards of education and graduates. The UK is home to a record high of 2.6 million full-time students studying at higher education institutions, with most studying for first-time degrees. Over the past 15 years, the number of part-time students has fallen by over 40%; however, full-time undergraduate applications have seen year-on-year growth over the last decade (following one year of decline in 2012 due to the increase in course fees here in the UK). The disparity between male and female applicants has steadily increased over the last few decades, with females accounting for 45% of new applicants in 2021.

A TOP DESTINATION FOR INTERNATIONAL STUDENTS BUT WITH RISING COMPETITION

In recent years, the UK has been the second most popular destination for international students after the US. Other countries such as Canada and New Zealand are climbing the popularity ranks and are seeing a substantial uplift in overseas applications. Increasingly, more EU countries are now offering courses in English and are seemingly attracting increased numbers of domestic and overseas applicants.

Brexit will have an indirect impact on our businesses by reducing the future talent pool derived from EU jurisdictions. This is due to a 40% decline in EU residents applying to a UK university in 2021. Many have had to face a lack of available loan facilities coupled with increased fees.

That being said, 2020/21 saw a record number of overseas students in the UK – 584,100 in total (excluding alternative providers), accounting for 22% of the total student population. 436,000 of this cohort were from non-EU countries, with China contributing the most students at 97,000 – a number which represents an 82% increase since 2011/12.

Dense population of education institutions driving employability

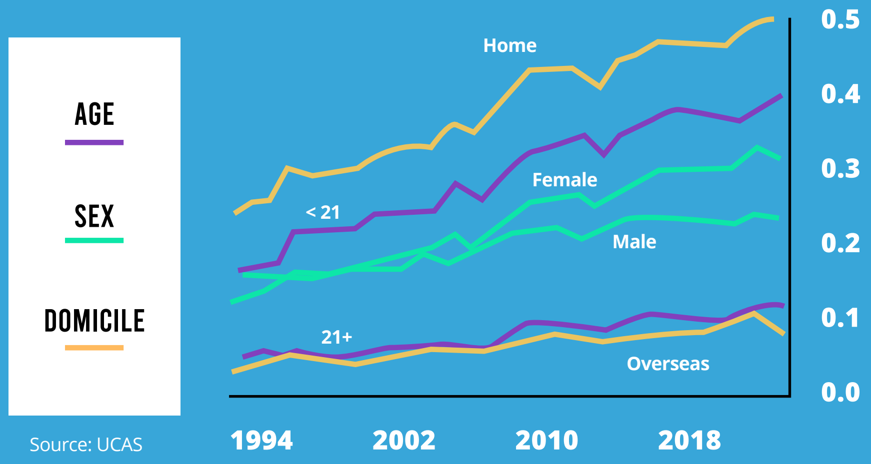
As outlined, the UK is famously home to many of the world's best institutions for higher education, attracting international and domestic students year after year, and with that prestige comes a high standard of graduate employability.

The QS Graduate Employability Rankings 2022 features 14 UK universities among the world's top 100 for graduate employability this year – 54 are in the top global 500.

When looking only at the domestic market, the Times Higher Education examined employability rankings across UK institutions, as perceived by recruiters in top UK companies. These recruiters explained where they felt graduates had been best prepared for both the workplace and career responsibilities ahead of them. As expected, the results detailed adjacent show that the universities of Oxford and Cambridge, Imperial College London and the London School of Economics and Political Science take the top four spots. Interestingly, the University of Manchester takes fifth spot. Across the top 15, another two northern-based universities are shown: Durham at 11th and Leeds at 15th. Scottish universities also fair very well in this assessment with both Edinburgh and St Andrews featuring in the top 10.

The Complete University Guide completed a similar ranking with some varied findings. They ranked St George's, University of London in the top spot, followed by Imperial College London with Oxford and Cambridge pushed to fourth and fifth place respectively.

Accepted applicants through UCAS (millions)



Source: UCAS

12 institutions across the Midlands and the North were placed in the top 25, including the University of Warwick in eighth position and Durham in 10th, with Nottingham taking 12th, Manchester 19th and Leeds 20th.

Often attributed to socio-economic class, employers' university biases and personal networks over actual educational standards, the chart-topping universities are all too familiar in the UK. But this race for top talent raises a broader question for early-stage founders. Start-ups are often unable to compete with blue chip incentives and salaries, particularly in the North of England, despite our abundance of leading universities. In reality, many SMEs are calling for mid-table universities to pivot their curriculums to more relevant employment skills in growth sectors such as tech and health. Many educational leaders have encouraged more engagement with early-stage industries, and examples of this change are promising yet slower than hoped. Entrepreneurial programmes, such as North Coders, have pioneered early models and are an essential bridge between the world of SMEs and young talent.

UK EMPLOYABILITY RANK 2021	GLOBAL EMPLOYABILITY RANK 2021	GLOBAL EMPLOYABILITY RANK 2020	UNIVERSITY	CITY
1	4	4	University Of Cambridge	CAMBRIDGE
2	8	5	University Of Oxford	OXFORD
3	18	18	Imperial College London	LONDON
4	35	37	London School Of Economics And Political Science	LONDON
5	59	53	University Of Manchester	MANCHESTER
6	74	89	London Business School	LONDON
7	114	21	King's College London	LONDON
8	120	103	University Of Edinburgh	EDINBURGH
9	125	113	UCL	LONDON
10	130	209	University Of St. Andrews	ST. ANDREWS
11	150	185	Durham University	DURHAM
12	160	154	University Of Birmingham	BIRMINGHAM
13	171	170	University Of Bath	BATH
14	191	(.)	University Of Warwick	WARWICK
15	218	(.)	University Of Leeds	LEEDS

GP.Bullhound

ED PRIOR, VICE PRESIDENT, GP BULLHOUND

"I no longer believe there is a knowledge gap, with universities across the North producing over 50% of the computer science graduates in the UK."

SYGNATURE DISCOVERY

DR SIMON HIRST, FOUNDER AND CEO, SYGNATURE DISCOVERY

"The North West has a pool of both experienced scientists but also new scientists coming out of places like the University of Manchester."

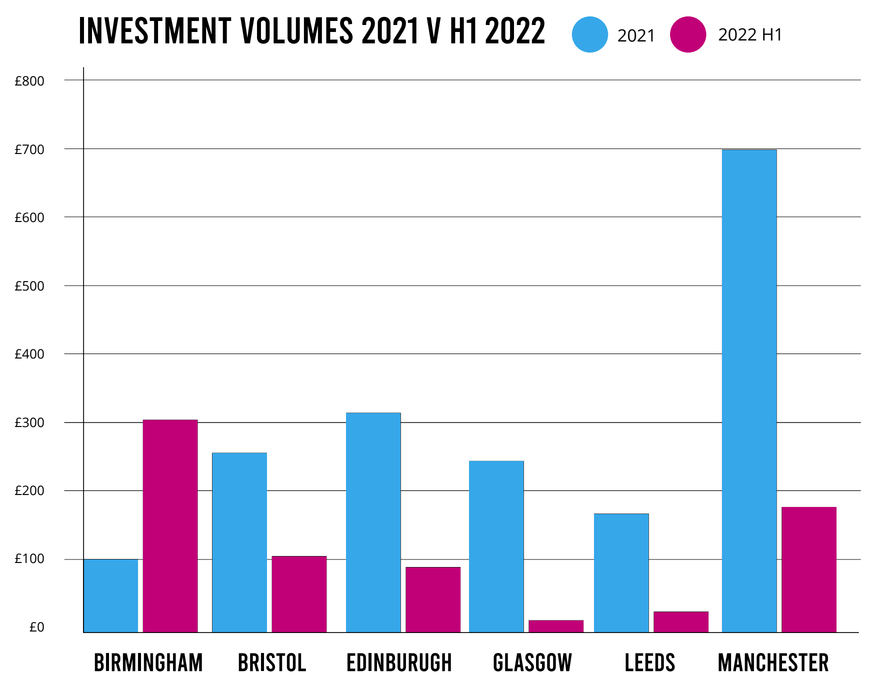
COMMERCIAL PROPERTY

Strong investment activity across the UK commercial property market, which is supporting future business growth ambitions.

Recent research published by JLL states that UK real estate investment activity saw transaction volumes reach £29bn during the first half of 2022, which is 16% up on H1 2021 and 27% above the 10-year average. This figure represents the highest-ever investment total for the first half of any year, just surpassing the previous record of £28.7bn in 2015.

As you would expect, the largest proportion of this capital (50%) was invested in assets in London, with CBRE citing North America, Europe and Asia as the largest sources of the inflows seen.

JLL's Big 6 report takes a closer look at their top six regional office locations to see how the investment was distributed over 2021 and in H1 2022. The figures show that Birmingham and Manchester have accounted for two-thirds of total investment in 2022 so far. The data also shows Manchester significantly outperformed its fellow cities in 2021, taking in more than double as much investment as the next most attractive location (Edinburgh) and almost as much as Birmingham, Bristol, Glasgow and Leeds combined.



HOW DO THESE LOCATIONS FAIR FOR OFFICE AVAILABILITY, RENTS AND FUTURE DEVELOPMENT?

BIRMINGHAM

- Vacancy rates fell in Q2 to 6.9%, which is currently below the five-year average of 7.5%; however, this is a lot lower for new build space, which stands at 1.2%.
- There is a significant demand for high quality space with strong ESG credentials, which has driven focus from landlords.
- Development activity remains high, with 657,400 of space currently under construction; however, this is hugely dominated by major refurbishments, with only one new build scheme comprising of 280,000 sq ft, which has 25% already pre-let.
- Prime headline rents are relatively stable at £38.50 per square foot, with rent free periods reaching 27 months in exchange for 10-year terms.

BRISTOL

- Whilst overall vacancy rates are at 4.2% – down from 4.5% in the previous quarter – this level is broadly in line with the five-year average.
- This figure is masked by the significant under-supply of immediately available Grade A premises, which have a vacancy rate of 1.9%, with new builds even lower at 0.6%.
- There is new build space under construction in Bristol, totalling 476,500 sq ft, however, only 6.6% of this space will be delivered to market this year, with the remainder not available until way into 2023.
- Prime rents are 13% up on the previous year and now stand at £42.50 per square foot, with rent free periods of 18 months on offer for 10-year lease terms.

EDINBURGH

- Grade A office space has been in short supply in Edinburgh for many years, but its vacancy rates hit a peak during Q2 2022. This is currently at 1.8%, which is slightly higher than the 1.5% five-year average. The overall vacancy rate, including Grade B supply, is 6.0%.
- There are only two new build schemes under construction; however, both are completely pre-let. The only other significant supply is due to come to market later this year – a refurbishment totalling 40,000 sq ft.
- Reduced supply will continue to drive vacancy rates down, with the next new build scheme not due for delivery until later in 2024.
- Diminishing supply is also causing upward pressure on rents, which have seen 9.7% growth, taking headline prime rents to £39.50 per square foot, with 18-month rent-free periods on 10-year terms.

GLASGOW

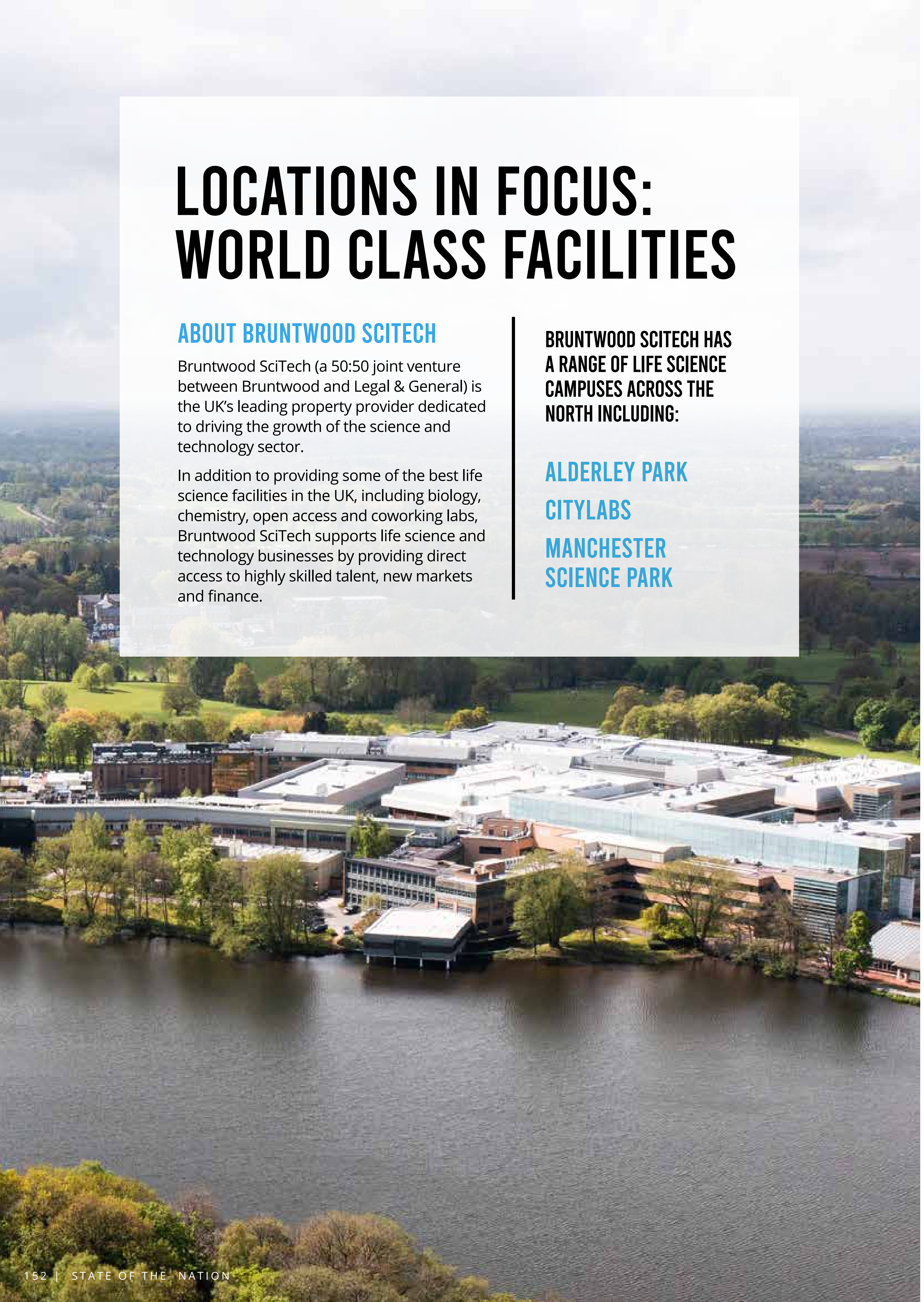
- Vacancy rates fell to 6.2% over the last quarter, with Grade A supply standing at 1.5% – down for the second consecutive quarter.
- High quality supply is expected to contract further, with the only new build expected to hit the market before 2025 making up a modest 28,000 sq ft.
- The only other significant supply due to be delivered over the next few years is refurbished stock, of which there are two prominent projects totalling 348,000 sq ft.
- Surprisingly, the short supply has not yet created significant pressure on headline rents, which stand at a stable £35 per square foot, representing growth of 1.4% on the previous year. Rent free periods on 10-year terms remain unchanged at up to 24 months.

LEEDS

- Office space availability in Leeds has been on the decline over the last 12 months, with vacancy rates currently at 5.9%, which is marginally below the five-year average of 6.1%.
- Grade A vacancy rates are the lowest they have been for two years – now at 2.9%.
- This downward trend is likely to slow in the short term with 317,600 sq ft of new build space due to be delivered later this year. However, this is likely to be short lived as there are no scheduled projects for at least 12 months thereafter.
- Occupiers have an increasing demand for premises that offer sustainability credentials, integrated smart technologies and wellness facilities. This has driven a substantial 245,000 sq ft scheme, which is targeting net zero carbon emissions. In addition, this is the only building outside of London which has received a NABERS rating of five stars and above.
- Prime headline rents have reached £34 per square foot, representing 3% growth on the previous quarter and just under 5% year on year.

MANCHESTER

- Vacant space was on the decline in Q2 of this year, standing at 6.4% from 6.9% with new build vacancy rates also down at 2.8%.
- As with other locations, occupiers are demanding good quality new build space with excellent ESG credentials which is driving much of the activity and reduced new build supply.
- Development activity remains high in Manchester with 565,000 sq ft of new build space currently under construction, however, this is not expected to be completed until 2023. With 2022 deliveries at the lowest since 2015, supply is expected to contract further in the short term.
- Manchester has a strong pre-letting trend with many of the properties delivered over the last few years being non-speculative with the likes of Booking.com, Cloud Imperium and GPA pre-agreeing terms on 350,000 sqft.
- Prime headline rents have remained stable at £38.50 psf with no movement year on year. Rent free periods are standing at 24 months in exchange for 10 year lease terms.



LOCATIONS IN FOCUS: WORLD CLASS FACILITIES

ABOUT BRUNTWOOD SCITECH

Bruntwood SciTech (a 50:50 joint venture between Bruntwood and Legal & General) is the UK's leading property provider dedicated to driving the growth of the science and technology sector.

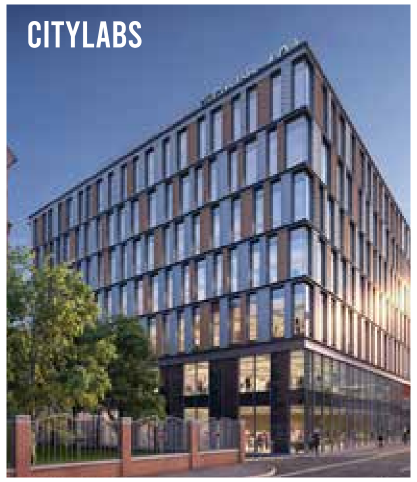
In addition to providing some of the best life science facilities in the UK, including biology, chemistry, open access and coworking labs, Bruntwood SciTech supports life science and technology businesses by providing direct access to highly skilled talent, new markets and finance.

BRUNTWOOD SCITECH HAS A RANGE OF LIFE SCIENCE CAMPUSES ACROSS THE NORTH INCLUDING:

ALDERLEY PARK

CITYLABS

MANCHESTER SCIENCE PARK



ALDERLEY PARK, CHESHIRE

Alderley Park is the UK's largest single-site life science campus offering 1m sq ft of biology and chemistry labs, and state-of-the art workspace.

Set in 400 acres of parkland, it is home to a thriving life science and tech community of over 250 businesses including award winning biotech, pharmaceutical, diagnostics, digital health and medical communications companies with expertise in drug discovery, oncology and infectious diseases, amongst others.

Alderley Park's Mereside campus provides an ecosystem that ensures the optimum environment in which life science businesses can grow and develop, through offering a range of specialised scientific services, business support and a curated events programme.

£247 MILLION CAMPUS INVESTMENT

1M SQ FT OF HIGH SPEC LABORATORY AND OFFICE SPACE

250+ BUSINESSES

2 NATIONAL INSTITUTIONS

2500+ INNOVATORS

CITYLABS, MANCHESTER

Citylabs is one of the UK's most vibrant, thriving communities of diagnostics, medtech, digital health, precision medicine and genomics businesses driving the future of healthcare. The campus has become known as a world-class hub for health innovation and precision medicine and is undergoing a multi-million pound expansion - building on the existing Citylabs 1.0 which opened in 2014. Since opening in 2020, Citylabs 2.0 has been home to QIAGEN's European Centre of Excellence for Precision Medicine. Citylabs 3.0 & 4.0 have also received planning permission with Citylabs 4.0, a £35m and 125,000 sq ft expansion commencing early next year.

Bruntwood SciTech has a unique partnership with the UK's largest NHS Trust - Manchester University NHS Foundation Trust (MFT). Companies located at Citylabs can gain direct access to the UK's largest NHS trust faster than anywhere else, including opportunities to collaborate and access MFT clinicians, resources and patients.

LOCATED IN UK'S LARGEST NHS TRUST ON LARGEST CLINICAL ACADEMIC CAMPUS IN EUROPE

10 YEAR STRATEGIC PROPERTY PARTNERSHIP

SURROUNDED BY 5 HOSPITALS

HOME TO 20+ DIAGNOSTIC AND HEALTH INNOVATION COMPANIES

445,000 SQ FT GRADE A LAB AND OFFICE SPACE BUILT OR PLANNING CONSENT ACHIEVED

MANCHESTER SCIENCE PARK, MANCHESTER

Manchester Science Park is one of the UK's leading and most established life science and tech communities, as well as a testbed for next generation sustainable technologies, offering world-class laboratory and office space across the campus's 10 buildings.

Situated in the heart of the city's innovation district, Manchester Science Park is home to over 150 fast-growth start-up, scale up and global life science and tech businesses, and offers direct connections into the University of Manchester, Manchester Metropolitan University and the UK's largest NHS trust - Manchester University NHS Foundation Trust.

HOME TO 150 SCIENCE AND TECH BUSINESSES

424,000 SQ FT GRADE A LAB AND OFFICE SPACE

£43M INVESTED TO DATE

10 BUILDINGS

LUCID

"Manchester Science Park gives us proximity to customers and is a fantastic test bed in the local hospitals and universities that's absolutely second to none, and on top of that, the MSP team here have helped build a specialist office and workshop for us."

ALISTAIR WILLIAMSON, MANAGING DIRECTOR

TAKAGI

"Being at Citylabs has been invaluable for our business. To be based in the original Manchester Royal Eye hospital building was invaluable for the business. Manchester was a no brainer for us. Easy logistics mean we can receive shipments inwards and outwards. The access to the airport means we can have a direct flight to anywhere in Europe within a few hours, helping us to work closely with our network of European distributors. For us, it was the best place to be."

ALAN TEMPLE, EUROPEAN SALES MANAGER

gentronix

"We came here because the business had made a decision that it needed to expand its regulatory capabilities and become a GLP accredited laboratory. Since moving to site, we have quadrupled our workforce and increased our space at Alderley Park by threefold."

MATT TATE, CEO

A first for science: Cheshire and Warrington's cutting edge

Alderley Park, Birchwood and Thornton Science Park are at the cutting edge of life sciences, nuclear energy and green technology and form key components of Cheshire and Warrington's thriving tech and life sciences sector.

Locating in Cheshire and Warrington offers collaboration opportunities with more than 250 life science businesses at Alderley Park, nearly 200 companies at Birchwood, including some of the biggest names in nuclear technology such as Rolls-Royce and Jacobs, and growing numbers in the industrial cluster around Thornton including the cutting edge HyNet Hydrogen programme. And as more and more businesses see the opportunities available to them in Cheshire and Warrington the collaboration possibilities keep on growing.

Cheshire and Warrington is a place for innovative and growing businesses and is seen as a leader around the world, offering a great quality of life and careers to the people that live here and life changing medicines and technologies for people around the world.

CLARE HAYWARD MBE DL - CHAIR OF CHESHIRE AND WARRINGTON LOCAL ENTERPRISE PARTNERSHIP

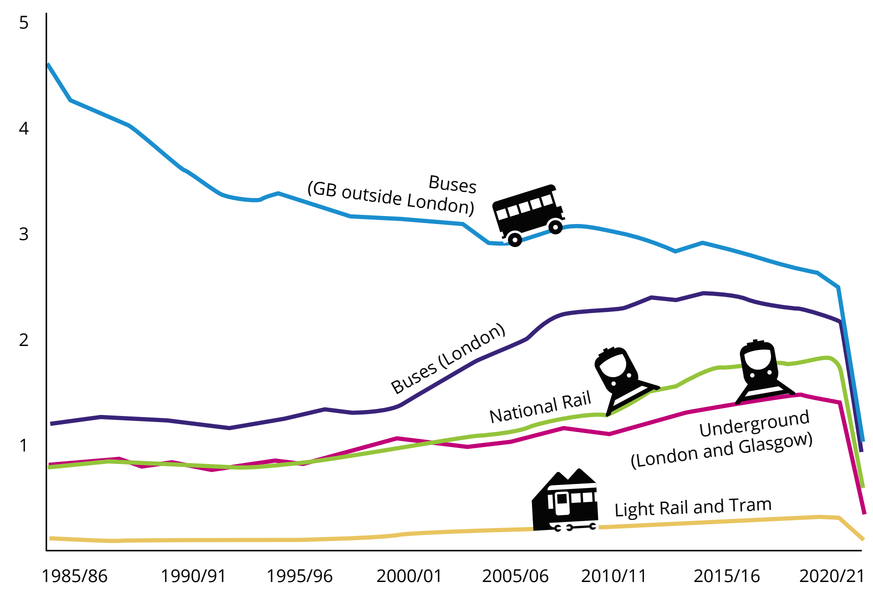
TRANSPORT

How the country commutes...

With little control over infrastructure, transport can be a contentious issue for business leaders and one that becomes increasingly important as you grow a larger team across multiple locations.

Across the UK, the most commonly used mode of transport remains to be motor vehicles, be that cars, vans or taxis. Over the last three decades, the use of rail had increased steadily before seeing a sharp decline in 2020, probably largely due to the pandemic. The use of buses on the other hand has been in decline since the 1960s with 2019 levels being reported at c50% of those in 1960.

PASSENGER JOURNEYS (BILLIONS)



Whilst this may be the case when looking across the UK, the chart above shows this is trending in reverse in London, largely due to the huge investments made into the network to improve their services.

Government data reports that 70% of all commuter journeys were made by car with 10% walking, 7% completed by rail, 4% by bicycle and 6% by bus.

Battling costs and climate: businesses call for more support

With a backdrop of the climate and cost of living crisis compounded by fuel costs reaching peak levels, many are calling for the government to support employers more so they can incentivise their staff to take more greener and cost efficient modes of transport to travel to their place of work.

Currently, employers are able to support employees with benefits such as travel allowances, cycle to work schemes and interest free season ticket loans. Whilst this is an improvement, more could be done to change employees' behaviours and create positive habits.

Additional tax breaks, government subsidies and cash rewards could help employers to incentivise a change for climate while also creating a real financial benefit for employees but some argue to this would be money better spent on public infrastructure.

An imbalanced spend on transport

As the data highlights, the Southern regions and London in particular have benefitted from decades of investment and innovation in the transport sector which has helped to provide the vital transport infrastructure to support the thriving businesses in the region, creating headlines with the introduction of cashless ticketing in 2014 across the TfL network. The Institute for Public Policy Research recently analysed transport investment across the UK and found the North received just £349 per person in the decade preceding 2020, in comparison to the £864 per person in London, highlighting a huge infrastructure gap which has contributed to these regions not realising their potential.

Whilst the North has seen record levels of investment with £13bn spent between 2015 and 2020, which has particularly improved key city locations such as Manchester, Leeds, Liverpool, Birmingham, this data shows they have significantly lagged behind spend in the capital. This has long been recognised with the Government pushing a levelling-up agenda across the public and privately owned transport network to improve local services to support regional growth, with some newer initiatives starting as soon as Q3/4 this year.

HOW WILL NORTHERN POWERHOUSE RAIL PROJECTS IMPACT BUSINESSES IN THE REGION?

Northern Powerhouse Rail is a transformational investment programme to radically increase connectivity between major cities and economic centres in the North. The objectives are as follows:

- 10M PEOPLE WITHIN 90 MINUTES OF MULTIPLE ECONOMIC CENTRES IN THE NORTH
- TREBLE THE NUMBER OF BUSINESSES ABLE TO ACCESS FOUR OR MORE CITIES WITHIN 90 MINUTES
- OVER 100,000 MORE JOBS IN URBAN AREAS
- GVA UPLIFT OF £3.4BN IN 2040 RISING TO £14.4BN BY 2060
- UP TO 20,000 ADDITIONAL BUSINESSES IN THE NORTH BY 2060

OTHER KEY PROJECTS

LONDON TO NEWCASTLE – ROAD PROJECT

A £380m upgrade of the A1 motorway will reduce journey times by 20% and provide a £1m boost to the economy.

NORTH WALES TO LIVERPOOL – RAIL PROJECT

A £16m development of the Halton Curve will allow direct trains to operate between North Wales and Liverpool for the first time in decades.

SUNDERLAND BRIDGE – ROAD PROJECT

First Sunderland bridge over the River Wear for over 40 years. This will link the north of the river with the long neglected south allowing for improved access and the opportunity for regeneration and development.

MANCHESTER – ROAD PROJECT

Upgrading the M60 into a smart motorway which will reduce congestion and make journeys more reliable. This will provide economic benefits not only to the region but the country as a whole.

EAST COAST – RAIL PROJECT

New high-speed trains to be introduced on the East Coast route.

MANCHESTER AIRPORT – ROAD PROJECT

Delivery of a new road providing better connectivity from the airport to areas around the city. This is estimated to provide a £2.5bn boost to the regional economy and support 5,000 additional jobs.

YORKSHIRE – ROAD PROJECT

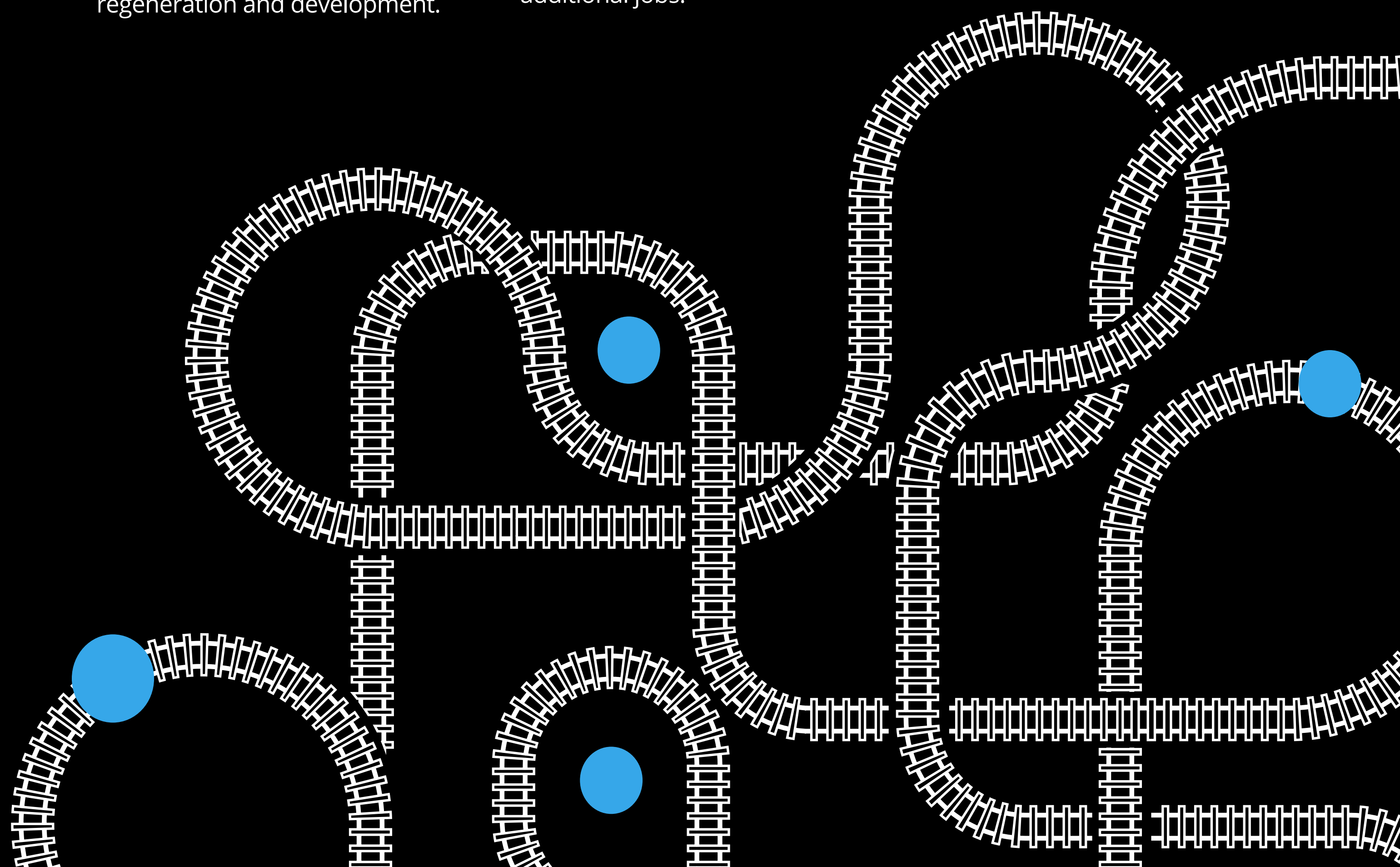
A new link road delivered from the M18 to Doncaster Sheffield Airport with links into other key areas.

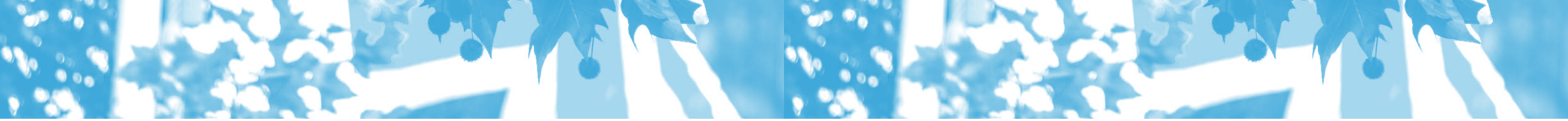
NEWCASTLE CYCLING – ROAD PROJECT

Investment of £16m in new and improved cycling lanes in and around Newcastle to help improve congestion and journey times.

PENNINE REACH – BUS PROJECT

Rapid bus transport scheme designed to improve public transport links between Accrington, Blackburn and Darwen, linking in with rail networks.





Promising plans for transport

'Bus Back Better' is a part of £7bn Government initiative designed to replicate the transformational impact the investment in bus services have had in London. In addition to earlier financial awards, almost two thirds of the population will benefit from investment in the local bus network to improve the frequency, reliability, environmental efficiency, ticketing and speed of journeys in regional areas. Some key business regions which have been chosen to receive this award are: Greater Manchester, West Yorkshire, West Midlands, Liverpool City Region, Reading, York, Warrington, Luton and the North East.

In April this year, the Government also announced a £5.7bn package for eight key regions to support improvements in their public transport infrastructure. Some of these approved projects include a mass transit network in West Yorkshire, flat fares on buses in Greater Manchester, rapid bus corridors in the West Midlands and rail service improvements in Tees Valley. Andy Burnham publicly announced that Manchester's flat fares will be introduced as soon as September 2022, which will massively assist commuters and students in the region, particularly during these difficult economical times.

Midlands and Northern tram and light rail operators will also benefit from over £37m of funding, notable cities include: Manchester (£20.5m), North East Nexus (£7.3m), West Midlands (£2.7m), Sheffield (£4m) and Nottingham (£3.3m).

Strategic change for the North's networks

In 2020, Transport for the North (TFN) developed a Strategic Transport Plan (STP) which outlines the strategy to implement a 30-year investment plan of infrastructure projects across the North to rebuild and transform the region. This is an award-winning plan which has been well-received, achieving high praise from many key stakeholders.

The pipeline of projects totalling c£70bn will help to create 20,000 construction and design jobs in the region to deliver the vision of world class transport, supporting sustainable economic growth, excellent quality of life and improved opportunities.

The objectives of the strategy have been detailed as growing GVA across the North by £100bn and the creation of 850,000 employment opportunities.

Considering the commitments, primarily through Highways England Road Investment Strategy and Network Rail, the strategy is approximately 70% funded, leaving a balance of c30% in a shortfall over the lifetime of the plan. The interventions outlined in the plan, whilst ambitious, are realistic and achievable, many of which are underway.

STP VISION: A THRIVING NORTH OF ENGLAND, WHERE WORLD CLASS TRANSPORT SUPPORTS SUSTAINABLE ECONOMIC GROWTH, EXCELLENT QUALITY OF LIFE AND IMPROVED OPPORTUNITIES FOR ALL.

THE NORTH IS HOME TO AROUND 11 MILLION BUSINESSES, MORE THAN 7.7 MILLION JOBS, AND OVER 15 MILLION PEOPLE, WITH A POPULATION GROWTH OF 6.7%.

THE NORTH'S ECONOMY IS AROUND £343 BILLION, 19% OF THE UK TOTAL. IF THE NORTH WERE A COUNTRY, IT WOULD BE THE 27TH LARGEST IN THE WORLD.

JESSICA BOWLES, DIRECTOR OF STRATEGY, BRUNTWOOD

"We need long-term investment in transport infrastructure and this has to come from central government making long-term decisions and working with local businesses and public sector partners. You just have to see what happened recently with the trains stopping due to the heat. This illustrates what happens if we don't have the infrastructure to meet the challenges of our future climate."

bruntwood

KEY IMPROVEMENT PROJECTS:

Integrated & Smart Travel – Phases 1 and 2 included smart ticketing for season tickets and enhanced real time customer information, both of which have been delivered in 2018 & 2019. Phase 3 has commenced which involves the roll-out of multimodal contactless travel with simpler fare structures.

HS2 – Two new introductions to the current plan include a line extension to Crewe and a high-speed line to Manchester and Leeds connecting the East and West Coast Main Lines.

Strategic Rail – There are a number of interventions within this category: improvements to rolling stock, service patterns, frequency and journey times across Northern and Transpennine Express franchises; infrastructure improvements in the Liverpool region to improve capacity through service provision, supported by increased platforms at Lime Street; capacity improvements to accommodate longer and more frequent passenger and freight train to/from/through Manchester, including additional platforms; increased number of freight paths across the Pennines.

Further plans include strengthening connectivity on the East Coast to Scotland corridor which includes improvements to substations and overhead lines. New stations will also be added in key, underserved locations.

Road - Like rail, there are several notable highlights in the plan; 15 schemes to support economic and housing growth and addressing existing congestion challenges. Improvements to international gateways which includes a new link road to Leeds Bradford Airport. Improvements to connectivity between the energy coasts which involve new road links and extending current provisions. A number of enhancements across the Central and Southern Pennines have also been included.

"THIS ECONOMIC RECOVERY PLAN AND THE NORTHERN INFRASTRUCTURE PIPELINE WILL NOT ONLY HELP THE NORTH REBUILD OUR ECONOMY, BUT ALSO HELP REBALANCE THE UK ECONOMY AND DELIVER FOR OUR COMMUNITIES."

Cllr Judith Blake, Leader of Leeds City Council

Steve Rotheram, Metro Mayor of the Liverpool City Region

"It's essential that we start to rapidly Build Back Better and address the legacy of historic under-investment in the North's transport infrastructure.

I've been making the case for a high quality, London-style integrated transport system that passengers in the Liverpool City Region desperately need and deserve. The Economic Recovery Plan has sold proposals for how we make a start in delivering that. I urge the Government to make good its commitment to do whatever it takes and work with us to put this plan into action."

BUSINESS HOTSPOTS

What key attributes make a particular region exceptional and more importantly, why would you want to start a business there?

From our research, both primary founder responses and looking at research published by others, we conclude that the following factors are major considerations for the early start up community:

- **Funding** – Are there active funders in the locality who have a track record of supporting early entrepreneurship? Are these funders who can support your funding journey throughout your business life?
- **Eco-system** – Is there an established eco-system that can support the capital availability? A cohesive support backdrop could consist of grant awards, established business networks and events, founder communities, accelerators, service providers and media network.
- **Business landscape** – Looking at business survival rates are a good indication of whether the first two factors actually exist and whether they are effective.
- **Success stories** – Has there been business success stories that have paved the way and put the region on the map?
- **Access to talent** – What does the local higher education landscape look like and would your business have access to a skilled working population within an acceptable commute?
- **Quality of life** – What will this skilled workforce cost in overheads to provide a decent quality of life? Looking at salary benchmarks for the average full-time salaries for roles in your sector, what is the average rental cost for a single dwelling and family home and what are average commuting costs?
- **Infrastructure** - Would your business be supported by good transport links via rail, road and other modes of transport? Is there reasonably priced business premises in availability? Is there appropriate internet coverage? Is there an investment pipeline which shows public and private support to the local economy?

HOW DOES THE UK FARE ON A GLOBAL STAGE?

The UK is firmly on the map when it comes to centres of excellence for business, education, infrastructure and innovation. In 2021, the UK was the 5th largest economy in the world behind US, China, Japan and Germany and was the leading destination for foreign direct investment in Europe. The UK has long been highly regarded for its world-class education system with many universities continually ranking very highly in global rankings for quality of education and employability.

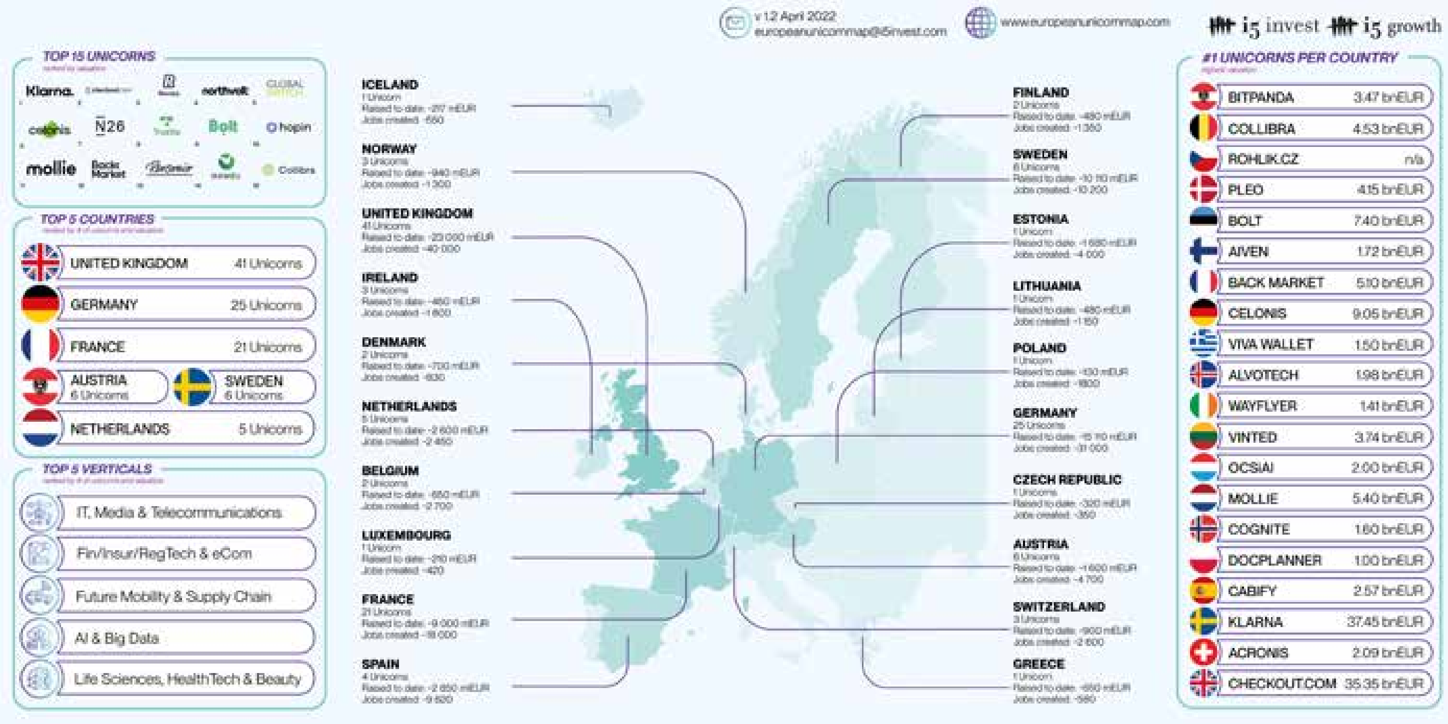
According to Sifted, Europe is now home to 120 unicorns, a massive 68 of which graduated in 2021, which is 3 times as many as those who hit that milestone in 2020. Of this current class of 120, the UK has birthed 40, a third of the total European population, followed by Germany at 25. Beauhurst recently put this number slightly higher at 43 unicorns with a further 17 recently exited, citing that to reach unicorn status took an average of £97m across five funding rounds with only 6% of these highly successful businesses being founded by females.

European Unicorn Map have done some extensive research into how the continent and this cohort of businesses is broken down. Within the UK, these businesses collectively employ c63,000 people and have raised c€33bn of which 48% came from non-European funds. The top verticals identified were Fin/Insur/Reg Tech & e-Comm, IT, Media & Telecomms and AI & Big Data.

London is already a massive success story with 21 of our 40 current unicorns residing there, attracting most of the domestic and international VC funding available year on year. If we were to replicate this blueprint outside of the capital in some of our key regional cities and globally recognised and established commercial centres, it is entirely possible that the UK could move up the rankings of the largest world economies, possibly outperforming Japan to take third spot.

To understand whether this is possible and where further support is required to realise this ambitious goal, we took a look at how some cities present when looking at historical business survival rates, access to funding, access to a skilled workforce, graduate talent pools, infrastructure and connectivity as well as fixed business costs such as salaries and premises.

2022 EUROPEAN UNICORN MAP



Which regions present good opportunities for establishing a business or regional expansion

BIRMINGHAM

Whilst Birmingham has the largest active business and residential populations, it also has the lowest business survival rate of those cities examined. Could this be because they have received a very modest £6.9m of venture funding over 2021 and H1 2022 while having one of the highest rent rates in the UK? Birmingham has green shoots of promise, however, with the second highest student population providing a large pool of graduate talent over the coming years. Average salaries were broadly in line with three other cities; however, with average rents lower than other places, it provides for 67% disposable income after rent alone which ranked fourth on the cost of living scale across those cities examined.

EDINBURGH

Edinburgh, joint with Leeds, has the third highest business survival rate and is over 4% stronger than London. It has the third highest student population and is also ranked third for skilled workforce access, receiving £153m of venture capital over the period stated. As with Birmingham, office rents are on the higher end of the UK average (ex London). Edinburgh ranks slightly behind Birmingham on the cost of living scale, with average rents being the second highest. If employers were willing to pay above the average benchmark then Edinburgh presents a relatively strong case for a business venture.

BRISTOL

Bristol saw a staggering amount of investment over the reported period, attracting £432m which could directly correlate with the strongest business survival rate on the board of 41.7%, which is 5% higher than London. It ranks fourth in access to graduating talent pool and top on the skilled workforce population, with very favourable data behind businesses operating in Bristol. That being said, Bristol has the highest average rents by some way without being the highest paid location, meaning business operators will need to be mindful of the impact the economic backdrop will have on their workforce.

LEEDS

Taking joint third spot on the business survival rate ranking, Leeds is showing some promise in supporting businesses to grow, even though the city saw limited capital investment. The city also benefits from a strong population with 45.8% deemed as skilled. Leeds does have the lowest student population of the cities examined; however, Leeds is well positioned to access a wider catchment talent pool from neighbouring towns and cities. It also reasonably well prepared for the cost-of-living crisis, coming in third. Office space is also £4.50 per square foot cheaper than the most expensive city. Given all the data, the city does make for an attractive business destination provided VCs can also support with capital.

SHEFFIELD

Whilst Sheffield has a relatively small active business population, coming in sixth out seven, businesses here have one of the best survival rates at 41.1%. Sheffield has an average number of the population defined as skilled as well as access to c64,000 graduates over the coming years. Office premises are good value for money at 65% the rate of the most expensive location examined. The city also ranks second of the cost-of-living scale which, in totality, demonstrates that if capital investment can follow, business operators have good headwinds for success in this city.

MANCHESTER

Manchester saw the second-highest level of investment behind Bristol but, disappointingly, this is not reflective of the survival rates, where Manchester ranks second from bottom, although just 8% behind the leader. Whilst this city has a very strong eco-system for founders, it also has the highest cost for business premises across the locations, which may have contributed to its survival rates. Manchester has an impressive student population and leads the pack by c24,500, which gives businesses access to an immense talent pool. If more could be done to boost the survival rates in this location, namely reduced office rents, Manchester would score reasonably well across the table.

LIVERPOOL

Behind Birmingham, Liverpool businesses saw the least amount of financial backing but still came in fourth on the business survival rate ranking. Liverpool has the smallest business population of the locations noted but this is not reflective of the residential or student population, which reside in this city of culture. Liverpool came out in first on the cost of living ranking which, combined with the lowest office rents quoted across the board, provides good foundations for businesses growing here. Additional capital support could bolster survival rates, making for a much stronger all-round environment for businesses looking to either land or expand in Liverpool.

CITY	2021 & 2022 Funding (£m)	5 year Business Survival Rate	2020 Active Business Population	Average Rent pcm	Population Estimate	Working age population with NVQ L4 and above	Average Net Monthly Pay	Higher Education Population	Avg £ psf of central office space	Main Line Rail Stations
EDINBURGH	153	41%	22,075	£990	527,620	46%	£2,928	69,815	£38	2
LEEDS	55	41%	34,695	£792	798,786	46%	£2,517	35,220	£34	1
BRISTOL	432	42%	21,350	£1,145	465,866	56%	£2,188	64,415	£38	2
BIRMINGHAM	7	30%	46,235	£767	1,140,525	40%	£2,319	91,655	£38.50	2
SHEFFIELD	59	41%	18,355	£687	589,214	45%	£2,312	63,875	£25	1
MANCHESTER	184	34%	27,375	£856	555,741	45%	£2,344	116,030	£38.50	4
LIVERPOOL	9	34%	17,430	£673	500,474	44%	£2,315	63,290	£23	1
LONDON	137,00	37%	637,265	£1,698	9,002,488	59%	£4,209	340,270	£120	12

Over 60,000 people in Greater Manchester are employed in science and technology industries

Home to one of the UK's main centres for financial and professional services outside of London and a growing cluster of digital and creative businesses

Draws both on traditional strengths in advanced manufacturing, bioscience and the increasing focus on knowledge-based activities

Thriving start-up tech hubs for media, marketing, finance, legal, digital and creative

Significant investment in Health & Life Sciences, a sector which employs over 600 people delivering products and services in excess of £1.7bn per annum. Prominent manufacturing and logistics hub due to a highly integrated cluster of modern logistics infrastructure, assets and expertise

Dedicated hubs in health and life sciences, advanced manufacturing, green energy, and digital and creative services

Manufacturing is a vital asset to the region supporting almost 50,000 jobs across 3,000 companies and directly contributing £3.2bn to the economy

6,500 people are employed in life sciences and pharmaceuticals, and over 7,000 firms operate in the financial and professional services sector

Warrington's Birchwood Park is a major nuclear and business hub. Home to 165 businesses and 6,000 employees

One of the fastest growing regions led by high-value manufacturing, bioscience and financial services. Sector strengths in advanced engineering, life sciences and pharmaceuticals, chemicals, energy and environment, and financial and professional services

SECTOR SNAPSHOTS

Lancashire has the largest concentration of aerospace production in the UK, employing over 20,000 people in 120 companies

Thriving administrative centre with 37,000 employees across various business services

Manufacturing provides the largest contribution to the area's economy, particularly the aerospace and automotive sectors

Dominant in digital, creative, software and computer science with creative economy worth £1.3 bn in GVA, employing 36,000 people

A world leading centre for engineering research, advanced manufacturing, engineering and light weight technologies

The creative and digital sectors have grown faster in the Sheffield City Region than anywhere else in the UK

Long history and still dominates in advanced manufacturing and engineering

Home to around 68,000 enterprises across business services, employing around 700,000 people

A leading UK fintech and insuretech hub and home to the UK's first fintech accelerator outside of London

Digital sector is one of fastest growing in the UK, employing over 30,000 people

Major dominant sectors being banking, legal and financial services, health and digital

Health innovation is a big focus with digital health jobs make up 22% of the UK total

Digital and Creative is one of the UK's fastest growing tech clusters

Prominent Corporate Services sector, employing 132,500 attracting international brands

Emerging in immersive technologies and gaming with the 4th largest gaming cluster in the UK

200 Life Science or Health businesses employing 7,000 people. Highly collaborative scene led by big pharma

Financial and business services sector leads with expertise in the data and analytical areas of financial services

A emerging creative and digital industry with 36,500 people in digital tech

Excels in the advanced manufacturing sector with over 114,000 people with major brands in residence

Large life sciences presence with strengths in medical devices and biotech

Fast growing tech hub with particular strengths in software

Significant strengths in clean and renewable energy. Largest sector is financial services employing over 30,000 people

Life Sciences, Advanced Robotics and AI are active sectors

Largest sector is financial services employing over 30,000 people

Significant strengths in advanced manufacturing, engineering and automotive with 1/3 of all British cars made here

Substantial creative and digital tech hub with gaming leading the charge providing 25% of the games market output

Rail supply and systems are the region's largest sub-sectors

Home to 53,000 business services businesses, employing 350,000 across banking, accounting, financial services including fintech

Aerospace and Engineering dominates with 51,000 related jobs, a sector with £2.7bn

Productive tech cluster for electronics technology, growing in software and hardware development

Strong in clean tech and energy with 25,000 enterprises in the sector. Significance in nuclear power

Thriving media and creative sector with over 6,200 creative or production businesses

Highest concentration of financial and professional services businesses globally

Significant creative and media sector with 75% of the 46,000 jobs in creative tech

World's second biggest Fintech ecosystem and home to 27% of UK's cyber jobs

Thriving AI hub with 1,300 AI businesses. Emerging Edtech scene with 500 enterprises as well as Blockchain

SECTION SEVEN

FUTURE OUTLOOK:

FROM PLANET TO PANDEMIC, WHAT ARE THE BIG ISSUES FOR BUSINESSES RIGHT NOW?

FUTURE OUTLOOK

POST PANDEMIC: WHAT NOW?

Whilst the negative impacts of COVID have been felt across the globe, for founders the pandemic has presented opportunities as well as challenges...

OPPORTUNITIES ACCELERATED BY THE PANDEMIC

Digital Transformation – the pandemic forced those lagging behind in their digital transformation strategies to join the race and saw an emergence of tech which supports this. McKinsey's recent 'the next normal arrives" report suggests that executives revealed their organisations adopted a digital existence significantly faster than they expected, and this led to an rise in productivity. The Forbes digital acceleration timeline also suggested our efforts to adapt put our 2020 digital adoption levels at those predicted for 2025.

Retail & e-Commerce – consumer businesses have been forever re-shaped with a shift in shopping behaviour. A recent McKinsey survey of 13 major countries reported that 65% of consumers suggested they saw this shift as permanent.

Health/Pharma Transformation – the vaccine development and roll-out highlighted that as a global nation, we have the capabilities, skills and knowledge to solve some of the biggest medical burdens in the world. Without the red tape and garden walls, innovations and treatments can be accelerated.

Online Education – global education institutions were just not prepared for remote learning with education taking a significant hit. Online education tools saw a surge in subscriptions with an emerging trend in start-ups.

Workspace Overhaul – with many businesses now taken to a hybrid or even remote working policy, traditional business premises require an overhaul. There has been a significant rise in businesses looking to capitalise on this, from smart offices, desk booking platforms and flexible working marketplaces. We see that there will be winners in this space given this is a model which looks set to stay.

Supply Chain Rebalance – the shut down of China, the world's second largest economy, wreaked havoc for many businesses which has caused many to re-examine the resilience within their supply chain. Businesses providing solutions to this have a significant opportunity.

LASTING RECRUITMENT CHALLENGES

Where some have been able to benefit from the opportunities presented from the pandemic, many have experienced monumental challenges which have been covered widely. Generically, the post pandemic challenge trends our research found were around recruitment and talent acquisition, largely due to the hybrid or remote working models widening the catchment area for talent, creating a much more competitive environment. We asked Kate Norton, People and Talent Director for Praetura Group for her top tips on recruiting talent in this market...

- Build excitement around mission and founder story
- Create engaging job adverts, well scripted job descriptions, interactive, case studies etc
- Emphasise the experience employees stand to gain from working within the start-up environment
- Recruit for the team you will need in the future, think potential
- Think about the low-cost perks – birthday leave, gym discounts, office snacks
- Build partnerships with local schools, colleges, universities to introduce talent
- Offer flexible working
- Carry out meet the team sessions during recruitment process to showcase team and culture
- Work on employer brand and promote culture
- Offer work experience or graduate placements to build relationships with future talent
- Use start- up based hiring platforms such as Hired, Otta
- Implement 'Refer a Friend' schemes which are more cost effective than agencies and mean your employee comes with an emotional attachment
- Join networking groups and always be 'hiring'
- Look beyond the CV, for the skills you can't train, behaviours: work ethic, manners,

LOOK AHEAD - GROW YOUR OWN TALENT

- Align business strategy and goals with people development plans
- Recruit for potential and allow for development within role, assistant to executive, executive to manager, manager to director, nurturing emerging talent and allowing employees to reach their potential
- Invest in team training and development rather than recruitment fees
- Use behaviours rather than technical ability as a driver for recruitment: recruit for attitude, train for skill

- COVID hasn't just brought about changes to the way we work; a consequence of the pandemic and conflict in Ukraine has seen the cost of living skyrocket, creating an economic crisis many have not experienced in their lifetime

POST PANDEMIC: NAVIGATING A NEW CRISIS

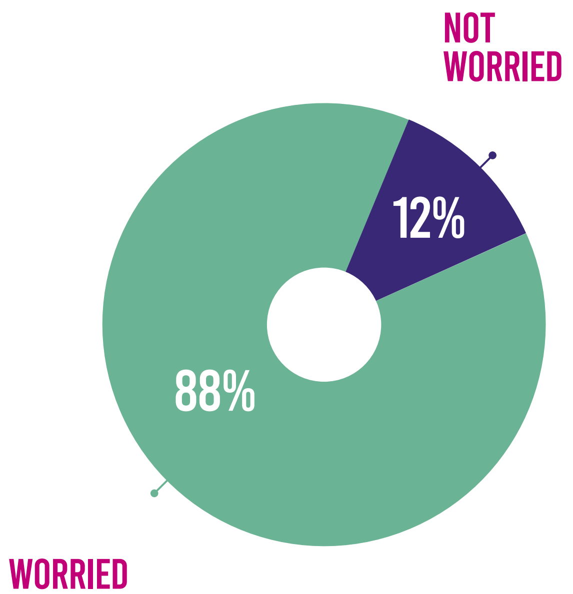
Today's testing times have hardly made the challenge of starting or scaling a business any easier for founders. The issues for businesses are increasingly coming into public focus and UK Google searches show inflation and energy prices more than **doubling in the last twelve months.**

From challenges in their supply chains to pressure on employee wages, it's clear that early-stage tech and life sciences businesses will continue to be affected in a number of ways. Ultimately, volatility in the economy is often seen as a negative for the majority of the business population.

According to our research, **88% of founders are worried about the cost of living crisis and the impact it will have on early-stage businesses in their region**.

Cost of living comparison

How worried are you about the cost of living crisis and the impact it will have on early-stage businesses in your region?

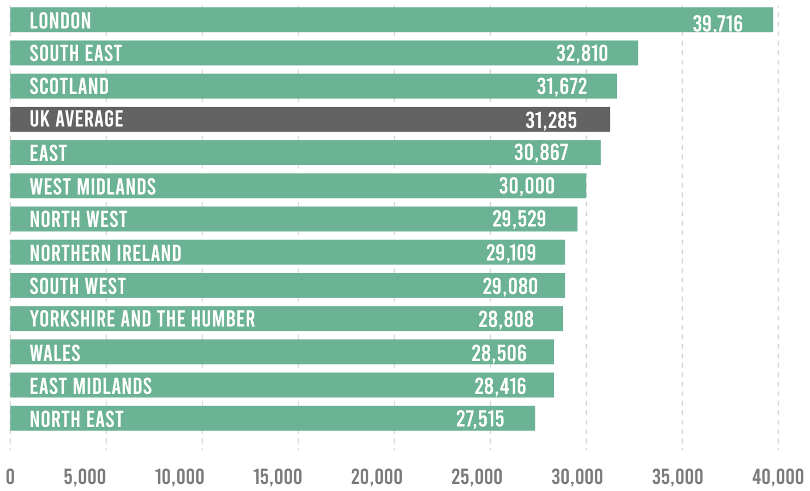


Founders from the Midlands, the **North of England and Wales were the most worried about the rising costs affecting their business, whilst founders from London and the South East were the least worried.** Unfortunately, this paints a familiar picture surrounding the inequalities still seen in the UK. Whilst the North continues to make positive economic strides, the reality of the region's challenged prosperity is hard to ignore.

With a national rise in fuel costs and energy prices, it could be assumed that cities in the regions would fare better due to their lower cost base. For a certain higher earning demographic, this will be the case. However, for the vast majority of regional residents, who will be earning significantly less than their southern counterparts, the cost of living crisis will have a much greater impact, largely due to the higher reliance on personal transportation and quality of housing stock, resulting in increased monthly housing costs.

That being said, it has been reported that a basic standard of living is up to 58% more in expensive in London than it is in other urban areas in the UK, with a recent report showing that four in ten Londoners have an income below what is needed to maintain a decent socially acceptable living standard. This number is higher for single working-age adults in inner London areas.

Median annual earnings for full-time employees in the UK in 2021, by region



^ Whilst London is widely regarded as the most expensive city in the UK in terms of cost of living, generally due to property and rental values, it is also home to the highest paid jobs.

MORE WAYS OF MAINTAINING GROWTH AND A HEALTHY WORKFORCE IN TOUGH TIMES

Aside from the remuneration and benefits tips highlighted by Helen Voewert to support employees later in this section, what else can founders do to navigate the crisis, look after their employees' wellbeing and limit their own overheads? Here are some other considerations for businesses right now...

EMPLOYEE WORKSHOPS

Initiate employee engagement workshops to understand where your workforce are feeling the pinch and how the business can support them to alleviate anxiety. This may also help to determine which benefit introductions should be allocated resource and budget, avoiding misspent pounds. A willingness to support, even if not with cash incentives, may discourage some churn.

Financial health workshops may also benefit some, particularly those of a younger demographic. This should not be viewed or positioned as an intrusion to personal financial affairs but more a general education and training exercise on topics which affect financial wellbeing. Areas such as budgeting, debt management, safety nets, tax savings and pension planning could all be of benefit to many and help individuals to better navigate the crisis.

POLICY, PROCEDURES & COMMUNICATION

Review and update policies and procedures to ensure your company is making employees aware of the channels and support available to them, should they be struggling with financial hardship or mental wellbeing. Communicate these openly and often.

POST PANDEMIC: WHAT FOUNDERS SAY

Outside of the cost of living crisis, the after effects of the pandemic have thrown up a number of other questions for founders. These include discussions around employee incentives, building a hybrid company culture or the flow of talent to remote roles in London. Below are what founders, CEOs and others have to say about the situation and what they've found post-pandemic...

"When things happen externally to your business that impact it, it's very easy to look at it and say it's going to be a bad thing because the world says it's going to be a bad thing. COVID was a really negative thing for a lot of people; however, I believe in balance, and if it's a bad thing for one person, it can be a good thing for another. There's been a massive shift in how society operates, and the same's going to happen over the next few years as well."

DAVID CHAMBERLAIN, CO-FOUNDER, VIDDYOZE

"I think the reality for a lot of businesses is they're going to need to lower their expectations a little bit because of the economic climate. I think some of the crazy valuations that we've seen will come down a bit. There's going to have to be a bit of a compromise on founders' expectations versus realistic valuations".

EDDIE WHITTINGHAM, FOUNDER, GOFOUNDER

"Following the pandemic, talent and in particular developers who are based in the North East can work for any company anywhere in the world. I've heard many stories about developers doubling their salaries, by working from home for London-based companies."

JO YORK, CEO, IGNITE

"People want to be a part of something bigger now. They want to feel like they're solving an issue."

LAURA POMFRET, CO-FOUNDER, FINANCIELLE

There's been lots of investment tourism from investors that wouldn't have ordinarily invested in tech but started doing so during COVID. Many thought it was a great way of weathering the storm, so put loads of money into companies. Now investors are coming out of those businesses because they're burning too much cash, which scares investors who don't understand tech. So now you have loads of companies that have over hired and over paid, which has made recruitment a massive pain. We're also seeing more companies making redundancies due to over hiring."

ANDREW AVANESSIAN, CEO, APPLEARN

"Culture has become so much important from where it was, because I think COVID just makes you question everything. It makes you question your job, your career, your work life balance."

HOWARD SIMMS, APADMI

"As a result of the pandemic, all my team are remote working, so we don't need to be in London. And because of remote working, we've employed outside of London in Scotland, Dubai, Spain, so we really do have a remote working culture. Having a hub or an office that's quite central to everybody else works, and I think Manchester works for that."

PATIENCE TUCKER, CEO, WI-Q TECHNOLOGIES

"Culture has been one of the hardest challenges. When you're in an office, you're hiring a team but you're basically hiring a cult. You build this cult mentality together. But when it's remote, you're hiring mercenaries and paying them to get the job done. You're not really sure how interested they are in the business. That's the hard part to manage. That's why we try to meet up at least once or twice a month."

SHIB HUSSAIN, FOUNDER, UNSOLVED STUDIOS

"If we were doing Betmate two years before the pandemic, we would've been knocking on the usual investor doorsteps around the North West but COVID made everything digital and took everything online, which meant the location of you or the location of your investor seemed to matter a lot less. I hope that carries on."

DECLAN DOWLING, CO-FOUNDER, BETMATE

POST PANDEMIC: WHERE DO WE GO FROM HERE?

When it comes to life after the pandemic, there are no right or wrong answers.

Remote working has been a huge success for some businesses, but it has also had teething problems for others. In such cases, hybrid working has proved the ultimate balance, enabling founders to continue building a unified company culture while giving staff greater flexibility. With so many uncertainties right now, employers and employees need to have honest conversations and work together so the right support can be provided in a timely manner.

Outside of COVID and the cost of living, it's fair to say there's been revival of the entrepreneurial spirit, with multiple examples of companies scaling and growing during the lockdown period and continuing on that trajectory post pandemic. As some have alluded to, there are challenges, but there are also opportunities.

HOW EMPLOYERS CAN SUPPORT STAFF RIGHT NOW FROM FORMER CHIEF HUMAN RESOURCES OFFICER FOR DR MARTENS

First and foremost, employers should be reviewing their salary costs to ensure they are paying their workforce at least a real living wage. **Salaries have moved considerably over the last two years in what has been a candidate market and a fight for talent.** Given the economic backdrop at present, employees who ordinarily may not have presented a flight risk may, during these particularly challenging times, seek higher remuneration elsewhere to support themselves and their families. Businesses should look at salary benchmarking exercises to ensure they are still paying competitively if they are to avoid losing talent and knowledge from their teams.

Supporting employees during the worst cost of living crisis we have seen in decades is much easier for those businesses who are in a financial position to simply increase salaries across the board, however, for many businesses and particularly those cash constrained and at an earlier stage, this is not viable when their own overheads are spiralling. However, there are many ways in which business operators can ensure they are doing what they can to support individuals who need it for very little or no cost to themselves.

In times of financial hardships, employees will undoubtedly make sacrifices sometimes to personal health needs in order to get by. This is not just detrimental to the employee wellbeing but also has potential impacts on business operators. I would encourage all employers to explore private healthcare cover and cash plans for employees and their families. Providers such as SimplyHealth and Vitality provide access and financial recompense for everyday and unexpected healthcare needs which may be difficult for employees to cover during these challenging times. The cost of these products can be as little as a few pounds per month per employee but having them in place gives employees and employers peace of mind that there is some basic healthcare support in place if it is required.

Travel costs are another expenditure which were noted as a significant contributor to the increased cost of living. There are several ways which an employer could support their workforce in this regard:

- **A monthly travel allowance,** which contributes towards commuter costs.
- **Interest free season ticket loans**. The cost of an annual rail season ticket is much cheaper than daily, weekly or monthly tickets but often individuals are unable to fund the upfront cost to benefit. Purchasing season tickets on behalf of employees and allowing them to repay this over the year through salary deduction will have a positive impact on their disposable income each month.
- **Cycle to work schemes** can be provided to employees through tax exempt salary sacrifice. The cost of a bike and accessories are often heavily discounted and the payment of which is phased over the year with the benefit of being tax free.
- **Fuel cards** have been around for some years now but for those employers who do not have these and have employees who reclaim the cost of their fuel, these should be considered. Not only would it avoid workers having to lay out the cost of fuel and await repayment on an expenses run, it also enables an employee to leverage group buying power and receive lower rate on the fuel purchased.

Workplace nursery benefit is another perk which could significantly assist some employees with their childcare costs. The benefit operates at no cost to the business but could have a huge impact on employees who receive uncapped savings of their NI and tax on their nursery fees. For an employee whose nursery costs are £1000 per month, a high rate tax payer would save £4,200 per year under this scheme where as a basic rate tax payer would save £2,900.

An additional way to help your workforce navigate the choppy waters we find ourselves in is to look at **retail discounts and membership schemes.** These perks are available in off the shelf packages, or you can secure your own discounts and preferential rates from local suppliers. Local food outlets, supermarkets, car parks, clothes stores may all be willing to support local businesses in exchange for increased footfall in their own businesses.

Allowing employees to **sell back their unused annual leave** will also provide them with a cash injection as well as providing the option for emergency loans for unexpected expenditures which should help avoid the use of payday lenders.

All of these benefits are only helpful if employees are aware of them so **communication is key**. Communicate, communicate and communicate again!

Helen Verwoert, Operational Partner and former Chief Human Resources Officer at Dr Martens

Helen was previously Chief Human Resources Officer for Dr. Martens. As part of the leadership team, she was instrumental in the development of Dr. Martens, taking the brand from family ownership to a sale to the private equity firm Permira, which later culminated in a £3.7bn IPO in 2021.

Helen was also instrumental in restructuring the executive team including recruiting the CEO, CFO and three Regional Presidents, in addition to being the company's Global Head of Diversity, Equity and Inclusion.

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CLIMATE CRISIS: WHAT NEXT?

A GREAT MANY FOUNDERS SET OUT WITH A VISION TO MAKE THE WORLD A BETTER PLACE.

Revolutionary advancements in healthcare or tech enabled solutions aimed at tackling issues or empowering end users are just two examples that spring to mind. Making the world a better place has many guises but one all founders are acutely aware of, whether purpose-driven or not, is the current climate crisis facing the world.

The environment affects us all, but now more than ever there is a real focus on businesses and their role within the climate crisis conversation. Where once consumers and talent would've looked to big corporations to do their bit, this is increasingly filtering down to SMEs who have, for the large part, been making efforts to reduce their carbon footprints and explore their ESG credentials.

CLIMATE CRISIS: WHAT CAN BUSINESSES DO?

Kate Norton, Praetura's People and Talent Director, has been instrumental in driving change at Praetura, where we have implemented benefits, such as a cycle to work scheme. Along with this scheme, our mission to be more sustainable as a business has led to accreditation from the Good Business Charter, which lists 'environmental responsibility' as one of ten components that businesses need to demonstrate to receive accreditation. Kate has kindly given a rundown of what businesses can be doing in the immediate term to promote climate friendly practices. Elsewhere, Antony Yousefian, founder of ReFi Ventures, which specialises in agricultural tech (Agtech), has also shared his thoughts on the regulatory side of climate change and what businesses need to know.

KATE NORTON: AN SME'S GUIDE TO HELPING THE CLIMATE

The climate crisis has been upon us for many years with the effects both short and long term widely reported. Historically, much of the emphasis to reduce emissions has been placed on individuals and households; however, in more recent years, this has switched to businesses. Many businesses are supportive of the change agenda but do not really know where to start in implementing changes to their operations which can help.

Kate Norton, Director of People and Talent at Praetura Group, offers you her take on environmental initiatives for businesses small and large to consider when looking at their contribution to the climate change crisis...

- Analyse your carbon footprint: There are many certified providers who can assist businesses in measuring their carbon footprint. Using this data enables businesses to explore solutions aimed at reducing carbon further.
- **Raise awareness: Communication around company policies will ensure more of your staff align themselves to the company values around ESG. Hold workshops to educate those you employ about the impact their habits, routines and behaviours have on the environment and the small ways they can contribute.**
- Form a task force: This will help to gain employee input and support on initiatives and implementation. Draw on employee knowledge and experience and, importantly, leverage the success of employee led initiatives.
- **Explore funded support through local initiatives: Your Chamber of Commerce and local universities are a good place to start.**
- Look for accreditation support: Good Business Charter and B Corp are two of the high-profile accreditations businesses can apply for.
- **Reduce energy consumption at business premises: Turning off unused equipment, lights and only use air conditioning and heating when required rather than maintaining an optimal temperature. Explore how renewable energy sources can be used and replace incandescent bulbs with LEDs where possible which use 75% less electricity.**
- Support landlords who are environmentally conscious: When moving business premises, make sustainability a consideration in your decision. This will encourage more and more landlords to take stock of their assets and bring them in line with more ESG friendly offerings.
- **Reduce waste and plastics: Investing in recycling bins across your premises will outline to employees that it is an important part of your company's culture. Discourage unnecessary printing through communication and fob release printing. Eliminate disposable cups, stirrers, capsules, cutlery and look at re-usable or biodegradable alternatives. In addition, reduce your supply of office amenities which use single-use plastics.**
- Choose partners and suppliers who are environmentally conscious: If more and more businesses start to consider this when choosing a supplier, it will encourage more to do their bit to solve the global problem. Where possible, use local suppliers – not only does this support your local economy but it also reduces your carbon footprint.
- **Assess your travel policies: Look at ways to incentive staff to use public transport to commute to work – a green bonus or discounted tickets, for example. Offer cycle to work schemes which also provide a tax saving to employees. Promote a 'Teams/Zoom First' policy to discourage people from travelling to meetings in person unless necessary.**

A recognised and highly experienced HR professional, Kate has worked across numerous industries and sectors and continues to offer HR support to the portfolio companies in the Praetura Ventures portfolio as well as the various companies that make up the Praetura Group. Kate continues to champion ESG at Praetura and has been instrumental in guiding Praetura to accreditation from the Good Business Charter.

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CLIMATE CRISIS: GET READY FOR REGULATION WITH ANTONY YOUSEFIAN

From promoting greater climate action as part of ESG commitments to internally encouraging staff to commute or car share, more and more businesses are on a journey to reduce their carbon footprint significantly. But this only tells part of the story. Increasingly, there are signs that regulation is tightening on businesses, with more pressure on founders to get their houses in order.

Where ESG may have seemed like a purpose-driven buzzword among some businesses, there is no denying that it is one of the single-most important considerations for SMEs right now, with hints that businesses can expect greater regulatory responsibilities.

At the time of writing, the Financial Conduct Authority is hiring for a new ESG Advisory Committee, whose roles will include supporting with the FCA's 'management of climate-related and wider sustainability risks', which highlights that firms and organisations across all parts of the business spectrum are preparing for a highly regulated future.

"ESG has been watered-down by many, but we are now making a massive move toward the quantification of ESG, which is usually defined as Impact"," explains Antony Yousefian, founder of ReFi Ventures. "You're going to see more quantification and verification. If you haven't got the data in place to back claims, then you're going to be left behind. Regulation is now stating this too."

Similar to GDPR, increasing demand for quantification and verification of both a business's carbon footprint and the claims it makes is driving new business activity in terms of companies setting up specifically to help businesses navigate incoming regulation.

One such example of existing regulation is the EU Green Deal, which has laid out plans for Europe to be carbon neutral by 2050. Included in the EU Green Deal, explains Antony, is a "Greenwashing" legislation that bans businesses from making sustainability statements unless they can be quantified and verified with recommendation of independent quantification.

In some ways, early-stage founders are at an advantage in that they can bake ESG ideals and climate considerations into their businesses from the beginning. Naturally, other more larger companies will need to pivot, which can require large amounts of investment and larger holistic changes. Nonetheless, taxation is coming for those who don't act, explains Antony, which means that founders who can encourage good ESG and climate practices from day one should do, as they will have a competitive advantage.

Antony adds:

"THERE'S TAX COMING THAT'S CENTRED AROUND CARBON AND HOW YOU ARE IMPACTING THE ENVIRONMENT. BUSINESSES NEED TO BE READY."

ReFi Ventures

ANTONY YOUSEFIAN, FOUNDER, REFI VENTURES

Antony is passionate and focused on developing tech enabled solutions that regenerate natural capital, specifically soil, and has been building AgriTech companies for the past 7 years. Having begun in finance, with a focus on ESG and impact investment initially, Antony later crossed over into food security, working closely with early-stage start-ups in this space. Today Antony's focus is on early-stage venture investing and product building as the founder of ReFi Ventures Studio.

SUSTAINABLE BUSINESS FOCUS: MODERN MILKMAN, MANCHESTER

The 2022 GP Bullhound Northern Tech Awards saw a sustainability-driven and social conscious business named the fastest-growing tech company in the region. That company was Modern Milkman, which is headed up by CEO and founder Simon Mellin.

Modern Milkman's rapid ascent has been well documented, with the company joining a list of major northern case studies, following its expansion from Colne and Manchester to London and subsequently Lille. But it's Modern Milkman's ESG credentials that set it apart as an example of a business driving real, actionable change.

At the time of writing, the online grocery delivery platform, which specialises in sustainable and ethically sourced goods that are delivered to consumer doors via optimised milk runs, has saved 50 million plastic bottles from going to landfill.

Efforts such as these have earned the company widespread acclaim and adoration, including from the UK charity 'Surfers Against Sewage', which recently named Modern Milkman a Gold Standard Plastic Free Business Champion.

Sustainability is baked into Modern Milkman and has been from the very beginning. As well as sourcing sustainable goods and shunning plastic, the company has effective ways of assessing supply and demand using decision intelligence from Peak which, like Modern Milkman, is another Manchester-based Praetura Ventures portfolio company.

But how does a sustainable business such as Modern Milkman go about raising money and what lessons can other businesses looking to make a difference take on? One key piece of advice is it helps to have an investor that aligns with your ESG goals or plans.

"It's really dangerous taking money off people who don't understand what you're doing because they take you in a direction they think is right," explains Simon. "They have the money, so they can take you on the wrong path. For me, there's a lot of thinking around do they understand the consumer? Do they care about sustainability? And do they get grocery?"

On the subject of being a breakout Northern success story and his advice to others in the region, Simon, who started Modern Milkman after questioning the overuse of plastic in the grocery supply chain, says that Northern founders have to break past the stigma that the North and those based here are at a disadvantage to other parts of the UK.

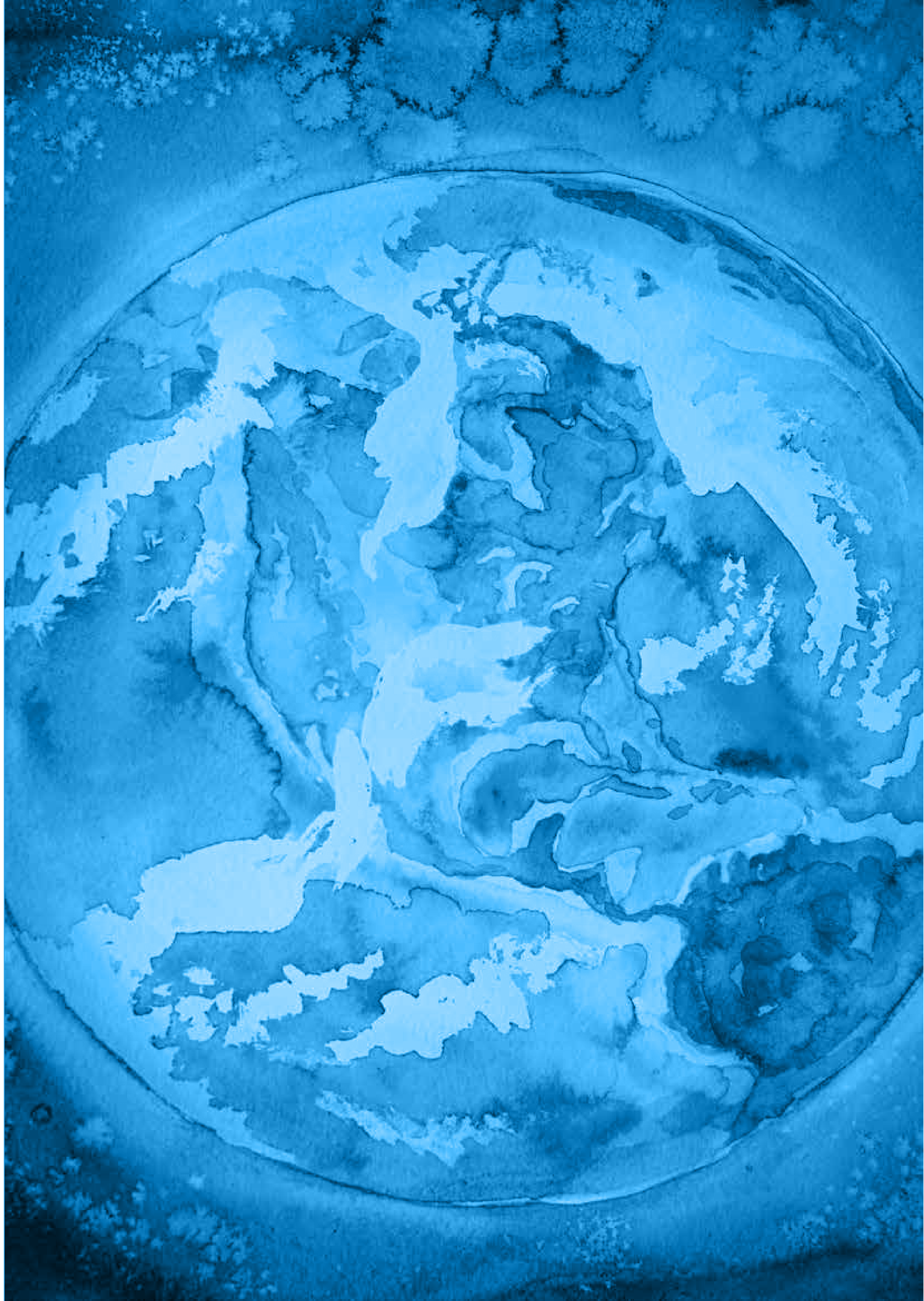
Simon, who was born in Colne and comes from a farming background, explains: "If you're going to pigeonhole yourself and say, 'I'm Northern, I don't have as much opportunity as anyone else', you're just creating a problem.

"We've raised money from funds all over the world. We compete with any southern business in terms of growth rates and any European business in terms of growth rate. You've also got a list of extremely successful companies up here like The Hut Group, boohoo and AO. The North's a benefit not a negative in my opinion."

SIMON MELLIN, CEO, MODERN MILKMAN

modern milkman

Born in Colne, Lancashire, Simon Mellin is the founder and CEO of Modern Milkman. He has worked alongside major food delivery brands such as HelloFresh, later starting Modern Milkman as a means of driving sustainability in the grocery sector. Simon has attracted investment for Modern Milkman globally and locally, including from Praetura Ventures. In 2022, Modern Milkman was named the fastest growing Northern tech company by GP Bullhound at the firm's annual Northern Tech Awards.



SECTION EIGHT

LOOK NORTH: WHY HERE, WHY NOW?

THE TRUE POWER OF THE NORTH

WHAT DO FOUNDERS WANT

THE PILLARS NEEDED TO HELP THE NORTH REACH ITS POTENTIAL.

ONE

ACCESS TO REGIONAL FUNDING

Greater access to early-stage capital from within their region to capitalise on opportunity

TWO

FUNDING EDUCATION

Better education about the investment landscape for founders

THREE

INVESTOR SUPPORT

Supportive investors who actively help founders build the best business they can

FOUR

DIVERSITY OF THOUGHT

Bringing more voices to the table for everyone's benefit

FIVE

ECOSYSTEM GROWTH

More accelerators, more connectors, more community

SIX

INSPIRATION

Success stories to inspire and pave the way for other new businesses

NORTHERN LIGHTS

NORTHERN LIGHTS
NORTHERN LIGHTS

NORTHERN SUCCESS STORIES TO INSPIRE THE NEXT GENERATION

AJBell

FOUNDED: 1995

LOCATION: Manchester

FOUNDING TEAM: Andy Bell, Nicholas Littlefair

SECTOR: Investment services

OWNERSHIP STATUS: Public

AJ Bell is one of the UK's largest and best-regarded investment platforms. Over 432,000 customers currently trust them with their investments, and by continuously striving to make investing easier, they aim to help even more people take control of their financial futures. From their offices in Manchester, London and Bristol, they offer an award-winning range of solutions that cater for everyone, from professional financial advisers, to DIY investors with little to no experience.

REVENUE: £145.8m (2021)

EMPLOYEES: 1,065

MARKET CAP: £1.09bn

SUCCESS MILESTONES:

AUA surpassed £65.2bn (2021)
Customers reached 346,797 in 2021, 30% increase from 2020

boohoo

FOUNDED: 2006

LOCATION: Manchester

FOUNDING TEAM: Mahmud Kamani, Carole Kane

SECTOR: Ecommerce

OWNERSHIP STATUS: PLC

Founded in the heart of Manchester's historic textile district in 2006, the group today is home to a portfolio of innovative fashion brands targeting style and quality-conscious consumers with up-to-date and inspirational fashion. What started as one brand, is today a platform of multiple brands servicing customers globally. The growth strategy has been achieved through a combination of own brands (eg Boohoo PLT, Boohoo Man) and acquisition of the brands and online presence of several retiring high street retailers (eg Debenhams, Burton, Oasis, Karen Millen and Wallis).

REVENUE: £1.98bn

ADJUSTED EBITDA: £125.1m

EMPLOYEES: c6,000

MARKET CAP: c£550m

SUCCESS MILESTONES:

Active customers – 19.9m in 2022

Number of Orders – 62.4m in 2022

TalkTalk

FOUNDED: 2003

LOCATION: Salford

FOUNDING TEAM: Sir Charles Dunstone

SECTOR: Telecoms

OWNERSHIP STATUS: Private

Talktalk is a telecommunications company that provides broadband, fixed line and mobile telephony and TV services. It provides data networking, internet access, and security services for internet, mobile, and home. The company serves induvuals, businesses and public sector organisations, small businesses, partners, systems integrators and carriers through their brands TalkTalk, TalkTalk Business and TalkTalk Wholesale Services.

VALUATION: £1.1bn (2021)

REVENUE: 1.4bn (2021)

EMPLOYEES: 2077 (2021)

SUCCESS MILESTONES:

4m customers (2021)

47,300 high-speed Ethernet connections (2021)

96% UK population coverage (2021)

FOUNDED: 1997

LOCATION: Manchester

FOUNDING TEAM: John Madejski, Paul Gibbons

SECTOR: Automotive Sales & Trading

OWNERSHIP STATUS: Public

Provider of online marketplace for buying and selling used motor vehicles. In addition to the listing of used vehicles alongside their information, the company offers a selection of buying and selling tips, brand/model reviews, vehicle pricing and safety information, as well as help with finance, insurance and warranty programs. It is also an exclusive online distributor of the automotive listings contained in the Auto Trader print magazines of Trader Publishing Company.

VALUATION: £6.0bn

REVENUE: £432.7m

EMPLOYEES: 859

SUCCESS MILESTONES:

64m cross platform site visits per month. 10,000+ customer vehicles disposed of via instant offer product. 58m visits to retailer own store pages.

FOUNDED: 2004

LOCATION: Liverpool

FOUNDING TEAM: David & Frederic Barclay

SECTOR: Retail e-commerce

OWNERSHIP STATUS: Private

The Very Group (previously Shop Direct) is the UK's second largest pureplay digital retailer in the UK, with annual sales of almost £1.9 billion. This business is owned by the multi-billionaire Barclay Brothers and built on the roots of the independent mail order and retail companies that they acquired and digitalised to form the online retail giant Very is today.

VALUATION: £4bn

REVENUE: £1.8bn

EMPLOYEES: 3,250

SUCCESS MILESTONES:

2005 Shop Direct merged with Littlewoods

2008 group rebrand to The Very Group

Now with 4.8m active customers and ambitions to float the business on the London Stock Exchange

FOUNDED: 2004

LOCATION: Manchester

FOUNDING TEAM: John Gallemore

SECTOR: Retail & Technology

OWNERSHIP STATUS: Public

THG PLC is an online retailer. It provides an end-to-end direct-to-consumer ("D2C") e-commerce solution for consumer brand owners under a Software as a Service model, in addition to stand-alone services, including hosting, content creation and translation. Its business is operated through the four businesses: THG Ingenuity, THG Nutrition, THG Beauty and Other. The company operates in the United Kingdom.

VALUATION: £674m

REVENUE: £2.2bn

EMPLOYEES: 10,000+

SUCCESS MILESTONES:

Active Customers: 16.4m

Number of Orders: 31m

BREAKOUT SUCCESS STORIES FROM THE NORTH

FOUNDED: 1996

LOCATION: Manchester

FOUNDING TEAM: Scott Fletcher

SECTOR: SaaS

OWNERSHIP STATUS: Private

ANS Group PLC provides hybrid cloud and managed services to thousands of business customers. It offers rapid converged infrastructure, integrated storage, compute, and networking systems and private cloud services that enable IT teams to shift resources from the tactical to the strategic for delivering business agility.

VALUATION: >£150m (estimate)

REVENUE: £123m (2021)

ADJUSTED EBITDA: £10.8m (2021)

EMPLOYEES: c. 650

SUCCESS MILESTONES:

Acquired by Inflexion Private Equity in June 2021 and merged with UKFast

7,000 B2B customers

One of Europe's largest digital transformation providers

FOUNDED: 2015

LOCATION: Warrington (North West)

FOUNDING TEAM: Alistair Bathgate and David Moss

SECTOR: SaaS

OWNERSHIP STATUS: SS&C

Blue Prism is a global leader in enterprise robotic process automation (RPA) and intelligent automation, transforming the way work is done. They have over 2,000 customers in over 170 countries and 70 industry verticals - 30% in the Forbes Global 2,000, creating value with new ways of working by unlocking efficiencies and delivering digital workforces of the future.

REVENUE: £1.67m (expected 2021)

EMPLOYEES: >1,000
Acquired for £1.25 billion in 2022

SUCCESS MILESTONES:

IPO in 2016 for £21m then sale in 2022 for £1.25 billion

FOUNDED: 2010

LOCATION: Greater Manchester

FOUNDING TEAM: Matthew Scullion and Edward Thompson

SECTOR: SaaS

OWNERSHIP STATUS: Private

Matillion develops tools for data integration and transformation for cloud data warehouses, as well as providing analytics and reporting software. The Company employs over 500 people spread across the globe but is still headquartered in Manchester. It has key partnerships with some of the worlds leading technology businesses including AWS, Databricks and Snowflake.

REVENUE: $106.5m (estimated)

EMPLOYEES: >500 employees

VALUATION: $1.5billion

SUCCESS MILESTONES:

Achieving a valuation of $1.5 billion from their 2021 raise

BREAKOUT SUCCESS STORIES FROM THE NORTH

MARKS & SPENCER

FOUNDED: 1884

LOCATION: Leeds

FOUNDING TEAM: Michael Marks & Thomas Spencer

SECTOR: Retail (primary), also Banking & Energy

OWNERSHIP STATUS: Public

Marks & Spencer, through its subsidiaries, engages in retailing clothing, food, and home products in the both the UK and internationally.

EMPLOYEES: 78,000

VALUATION: £4.98bn

REVENUE: £10.9bn (FY21)

SUCCESS MILESTONES:

1,035 domestic stores, 452 international stores (2022)

AO

FOUNDED: 2000

LOCATION: Bolton

FOUNDING TEAM: John Roberts

SECTOR: Retail

OWNERSHIP STATUS: Public

The largest online-only white goods and electricals retailer in the UK. AO also operate in Germany and the Netherlands and have their own logistics business as well as providing financial and insurance products.

VALUATION: £375m

REVENUE: £1.7m

EMPLOYEES: 2,500+

SUCCESS MILESTONES:

Customers: 11.6m

New Customers: 1.9m

bet365

FOUNDED: 2000

LOCATION: Stoke

FOUNDING TEAM: Coates Family

SECTOR: Gambling

OWNERSHIP STATUS: Private

Bet365 is an online gambling company offering sports betting and casino type games. It was founded in a portable building in Stoke-on-Trent where Denise Coates and 12 employees developed an online sports betting platform. The business borrowed £15 million from Royal Bank of Scotland against the family's betting shop estate which had been started by Denise's father Peter Coates in 1974. Bet365 sold its betting shop chain in 2005 for £40 million to Coral and paid off its loan to RBS.

FY21 REVENUE: £2.8bn

FY21 PBT: £470m

EMPLOYEES: 6,000 across 8 international locations

SUCCESS MILESTONES:

80 million customers

Bookmaker of the Year – 5 consecutive Years

BREAKOUT SUCCESS STORIES FROM THE NORTH

daisy.

FOUNDED: 2001

LOCATION: Lancashire

FOUNDING TEAM: Matthew Riley

SECTOR: Telecoms

OWNERSHIP STATUS: Private, founder

Daisy has grown to be one of the largest providers of communications and IT solutions across the UK, with a portfolio spanning Modern Workplace, Connectivity, unified Communications, Cloud, Cyber Security and Operational Resilience. The business serves more than 2,000 UK businesses across all sectors with more than 1,000 staff employed.

ADJUSTED EBITDA: £25.276m (FY2021)

EMPLOYEES: 1,000

SUCCESS MILESTONES:

IPO in 2009 then taken private again by Matthew Riley in 2015 for £500m. Many acquisitions including Premier Choice Telecom Limited, Premier Choice Rentals Limited, Communicate Better in May 2022, and XLN in Feb 2022 for £200m+, and Premier Choice Group in Aug 2022. Sold a minority stake in DWS, cloud computing unit of Daisy which valued the business at £1bn

ASDA

FOUNDED: 1949

LOCATION: Leeds

FOUNDING TEAM: Asquith family, Associated Dairies

SECTOR: Retail

OWNERSHIP STATUS: Private

Asda Stores Ltd is a British supermarket chain. It is headquartered in Leeds, England. The company was founded in 1949 when the Asquith family merged their retail business with the Associated Dairies company of Yorkshire. It expanded into Southern England during the 1970s and 1980s, and acquired Allied Carpets, 61 large Gateway Supermarkets and other businesses, such as MFI Group. It sold these acquisitions during the 1990s to concentrate on the supermarkets. It was listed on the London Stock Exchange until 1999 when it was acquired by Walmart for £6.7 billion.

EMPLOYEES: 145,000

VALUATION: £6.8bn (2021)

REVENUE: £20.42bn (FY 2021, excluding fuel)

SUCCESS MILESTONES:

Second largest supermarket chain in UK between 2003 and 2014 by market share

sky bet

FOUNDED: 1999

LOCATION: Leeds / Harrogate (Sports Internet Group)

FOUNDING TEAM: Jeremy Fenn, Chris Akers and Peter Wilkinson (Sports Internet Group)

SECTOR: Gambling

OWNERSHIP STATUS: Flutter Entertainment - Public

Sky Bet was formed in 2001 and has grown rapidly to become one of the leading operators in the UK's online betting and gaming market, through its strong partnership with Sky Sports and its exceptional track record of technology and product innovation. Sky Bet was one of the first operators to recognise the potential of online and mobile platforms for betting and gaming, and today operates across a number of verticals.

EMPLOYEES: >1,400 employees

EBITDA: £1bn EBITDA (2021)

REVENUE: £6.1bn

SUCCESS MILESTONES:

BSkyB purchases Sports Internet Group for £300m in May 2000. Other SIG businesses sold off except Surrey Sports which becomes Sky Bet.

TAKE ACTION

By our calculations using Beauhurst and government data, if the North were to receive the equivalent investment value per active business as London, **based on 2021's distribution of venture capital, this equates to a funding shortfall of £9.78bn per annum.**

Taking into account Northern businesses average GDP output, this equates to a **£92bn annual missed opportunity.**

Praetura have made it their mission to galvanize the North to help plug this gap so we can reach our potential. **For anyone who shares this ambition, we want to hear from you**.

Our findings from this paper **will now inspire action.**

Along with the support of our partners, we have planned a series of events, consultations, workshops and activities **to help bring our ecosystem together.**

WATCH THIS SPACE.

"It's great to see Praetura prioritising research into the UK funding ecosystem - particularly areas outside of London that are often left underserved. Landscape is all about building better venture, but that can't be done without forward thinking, founder focused VCs that want to engineer change from the inside."

Joe Perkins, Founder at Landscape

Landscape

"Leeds is a diverse city with incredible businesses scaling on an international stage.

Our tech sector is resilient and truly innovative, seeing adversity and disruption as simply another challenge to solve. In Leeds we can test new solutions in markets we know really well, health, finance, legal and education and with a population which is reflective of UK as a whole, this is the perfect test bed to find businesses with global potential.

We know how important the city's ecosystem is to nurturing new talent and supporting their growth. By supporting our tech communities, leading universities, high quality work spaces and profile events like the Leeds Digital Festival we make sure that we help create the conditions for start-ups to thrive."

Leeds CITY COUNCIL

Richelle Shushter – Head of Innovation at Leeds City Council

"Over the past five years, the North West has continued growing at a fast pace as a tech hub, with large companies opening offices or relocating here. We've seen new unicorns being created in the region as well over £500m being invested into tech companies in the last year."

"While the Covid pandemic was undoubtedly a challenging time for everyone, the tech and digital sector really flourished as consumers relied on digital technology to buy goods, communicate and work."

"The early start-up sector has seen a few challenges, with wage inflation for specific tech roles and lack of tech talent making it hard for them to compete against larger companies. However, the quality of innovation, resilience and ingenuity of our startups has really shone through in the last few years."

"The tech funding scene has changed for the better, with more regional funds being created as well as more interest in our home-grown businesses from national and international investors."

"Overall, the outlook for the tech sector continues to look strong, despite current challenges within the UK economy. There is still vast potential to unlock the tech sector across the UK and we continue to work alongside the industry to increase diversity within the sector, develop the talent pipeline and support businesses of all sizes."

Manchester Digital

Katie Gallagher, Managing Director at Manchester Digital & Chair of the UK Tech Cluster Group

praetura VENTURES

STORIES FROM THE NORTH

STORIES FROM THE NORTH