

Going for growth



Joan Louw, Access to Finance growth manager

Growth Accelerator is a new service that will help England's brightest growing businesses achieve their ambitions. It's a partnership between private enterprise and government. And it's affordable.

Growth Accelerator is working alongside North East Finance in the Tees Valley to help ambitious companies achieve fast and sustainable growth.

Joan Louw, Access to Finance growth manager with Grant Thornton, recently attended the 'Show me the Money' event held at the Tees Valley Darlington campus. She gave the audience a brief presentation about Growth Accelerator and the benefits that it offers growing companies.



Tees Valley Business Summit

Two of the regions leading fund managers are taking part in Tees Valley Business Summit in July.

Northstar Ventures, which manages both the Accelerator Fund and the Proof of Concept Fund, and FW Capital which manages the Growth Plus Fund, will be exhibiting at the summit at Teesside University on July 4.

The event creates an interactive platform for businesses to understand the challenges and opportunities that will emerge during the coming months in the Tees Valley and also across international markets. There will be networking opportunities through the interactive nature of the exhibitions and the seminars.

The industrial expertise and skills available in Tees Valley will be showcased through a range of sectors including logistics, advanced manufacturing, chemicals, renewable energy, healthcare and digital.

The funds will raise awareness of the financial support they are able to offer.

Northstar secures extra £5 million to support SMEs



Alasdair Greig, director of Northstar Ventures

One of the region's most active venture capital funds, the Finance for Business North East (FBNE) Accelerator Fund – that has backed companies such as video games developer Eutechnyx and web analytics provider Canddi – has secured an additional £5m of funding.

The fund, managed by Newcastle-based Northstar Ventures, has already invested £14m in 46 high-growth regional businesses and this latest cash injection boosts the total fund size to £25m.

Northstar director Alasdair Greig said: "We are delighted to get this £5m extension to the fund. We have backed a number of great North East SMEs and are now looking forward to being able to invest in even more than we expected over the next couple of years."

Recent investments include: Reinnervate, AmBX, KyKloud, RePet, Urosens, Lyrachem, Recite

Me, AFrame, Beyond Digital Solutions and, most recently, Ievo that received a third round of investment bringing its total from the fund to more than £500,000.

Northstar also manages the £15m FBNE Proof of Concept Fund – and has invested in 90 young high-growth technology businesses, particularly, software as a service and sustainable energy.

Jason Hobbs, finance director of North East Finance, added: "Our being able to make this increase in the Accelerator Fund is great news for all those exciting new companies hoping to expand and realise their potential.

"It is one of the most active funds in our portfolio, and we are pleased both with Northstar's stewardship of the fund and the very positive impact their debt and equity funding has had on driving economic growth right across the North East."

Persuasion - The art of shutting up

Service Network, part of the Entrust Group, will play host to a seminar on the art of winning people over.

The seminar, which takes place at Muckle Law Firm in May, will look at how to persuade in speech and writing and will be led by Susan Bilton of ARK Associates.

Susan believes that most people's failure to persuade others occurs for two reasons:

"First, people omit the crucial initial step: getting inside the head of the audience, instead of walking that good old mile in the other guy's moccasins. "Would-be persuaders forget to leave the comfort of their own carpet slippers! And then they attempt to crush the resistance out of their audience with simple word-tonnage. Good persuasion needs a little bit of careful forethought and a much canner selection of material."

This event at Muckle offices in Newcastle, May 21, will include tips and techniques to help delegates identify what they need to do to hone their persuasive messages. This includes a template for planning a persuasive argument, practical ideas for persuasive conversations, and subtle techniques for writing to get a better result.

Aiming for equity



Mark Falys, Head of UK Small & Mid-Cap Companies at London Stock Exchange

AIM, London Stock Exchange's growth market for SMEs, is seeing a strong pipeline of companies in 2013 with a relative resurgence of IPOs from technology businesses and the life science sector. The first quarter of the year has seen £93.9 million raised on AIM at admission, up 70% on the same period in 2012.

London's public markets also continue to be used as a critical, ongoing source of capital: investors who are convinced by the company's performance and prospects are often willing to support it by buying into further share issues in the months and years after it has been admitted. Despite the difficult macro environment, companies on AIM raised over £2.4 billion in further fundraising last year alone. AIM will further benefit from the inclusion of AIM shares in ISA's later this year and the proposed exemption from stamp duty on UK AIM Company share purchases next year.

As well as providing deep pools of liquidity, London Stock Exchange has also improved access to our markets for larger companies with accelerated growth ambitions. The new High Growth Segment of the Main Market is a launch pad for fast growing companies that are larger than a typical AIM company and aspire to join the Premium segment of the Main Market, but may not meet all of the eligibility criteria at the time of admission.

From a North East perspective Utilitywise, an energy consultancy from South Shields, is the perfect example of a business that has accessed funding through the public markets and benefitted as a result. The management team opted to float on AIM in June 2012, raising £7 million and valuing the company at £37 million, a figure which has since risen more than 50% to over £55 million. This growth has of course benefitted the company and its shareholders but also the local community through job and wealth creation. The management have also been able to sell some of their shares into the Market.

Life as a public company is not suited to all businesses, but the strength and accessibility of the UK public markets and its financial community mean there is an exceptional infrastructure for a firm who decides to take this next step. London remains the most international market place for companies with ambitious growth plans, allowing them to stand alongside their global peers.

Making a difference

Robert Drummond, chairman of the advisory board, reflects on how the Finance for Business North East programme came to fruition.

Robert Drummond discusses the challenges of obtaining venture capital and traditional funding and the benefits the fund has brought to the region.

Just over three years ago North East Finance came into existence with £125m provided, principally by European institutions, to invest in small businesses (SMEs) in the North East and help boost its economy. Little did we realise that our five year programme would coincide with a severe continuation of the economic conditions created by the crisis of 2007/8.

Venture capital was scarce in the region and the banks had entered a period of severe restrictions of supply of funds to SMEs. They tightened their terms to unacceptable levels to reduce their perceived risk and to shrink their balance sheets. Even though unemployment figures in the UK have improved and we rank well ahead of two of the four major European economies, the North East at 9.8% unemployed remains the highest in the UK.

So has this money made any worthwhile difference? I believe it has. Successful venture capital shows benefits in the medium term.

In the past, public regional funds have been used to boost short term statistics, only to provide little benefit in the longer term.

However, by investing in the best businesses the success will work through to the local economy and the benefit will be long lasting.

Successful small firms provide direct employment but also significant indirect employment through suppliers who are mostly local. The wealth created will all remain local through the hands of all levels of employees pay and the owners of the business. It is a myth that businesses move when they grow large with most remaining local even if they expand in other regions or nations.

If North East Finance proves that its professional, experienced and successful fund managers have made good judgements in the choice of businesses that they have backed then the result will be good.

When the borrowed half of its £125m has been repaid, the rest will have grown to provide an even greater pot of gold to reinvest in the small companies of the future.

The signs are good, the program is on track, the quality looks high and other regions are

jealous of our progress. I look forward to reporting our record at the end of 2014/15 and expect that our success will provide funds and also encourage others to support a renewed and larger level of resources from both the public and private sector.



Robert Drummond, chair of the advisory board



Left to Right, John Evans, managing director of Beanie The Flavour Co and Natalia Blagburn, investment manager at Rivers Capital Partners

Fund celebrates 500th milestone investment

The £125m Finance for Business North East fund, a groundbreaking suite of investment funds which aims to drive and encourage economic growth of SMEs in the region, has hit a major milestone by making its 500th investment.

This 500th SME investment was made with Beanie The Flavour Co, a County Durham based company which has developed a unique flavour infusion process for its coffee products.

With an investment boost from the Finance for Business North East Angel Fund managed by Rivers Capital Partners, the company is expanding its range of products and advancing into new markets.

The £125m fund, which was launched in January 2010, and will run to the end of 2014, was the first of its kind in the country and received enquiries from almost 1,000 businesses in its first year of operation.

Since the initial investment in 2010, reaching 500 investments puts the programme just ahead of its target. The fund has comfortably reached this milestone with £68m invested into sectors such as healthcare, waste, bio-technology, manufacturing, engineering and green businesses.

Comprising seven separate funds, run by six different managers, the aim is to provide financial

and business support for SMEs at different stages of growth, which are from the region or moving to the region to stimulate economic development and the creation of jobs.

Managed by North East Finance, the £125m fund will continue to invest in SMEs with the objective of supporting over 800 businesses and creating more than 5,000 new jobs.

At present over 600 new jobs have been created and a further 1,600 have been safeguarded by the programme. This success is underlined by the additional £75m of private sector investment that has been secured to support deals.

Andrew Mitchell, chief executive of North East Finance says: "We are very pleased to have reached such a significant milestone. Records show the funds are on target at this stage of the programme and we will work hard to ensure a continued level of success. This investment finance really does make a positive impact on the regional economy, and we would actively encourage businesses at every stage of development to consider how the Finance For Business Funds could help them grow."

For more information on the milestone investment turn to page 3.

Our progress

By Andrew Mitchell, chief executive of North East Finance.

The Finance for Business Funds have now reached a significant milestone in providing investment for 500 small to medium sized businesses (SMEs) in the region.

At just over the halfway stage of the programme, this demonstrates the excellent progress being made, and proves the North East does have the depth and range of quality businesses to make a positive impact on the local economy.

Companies at various stages in the business cycle have benefitted from our £125m fund, which was the first of its kind when it began in 2010. Three years on and we are still blazing a trail and showing how these funds can help play a valuable role in addressing the finance gap – which, even today, remains one of the biggest issues for growing businesses.

The Finance for Business programme has given North East companies a major advantage over their counterparts elsewhere, as access to investment finance has helped both stimulate the market and attract additional all-important private sector cash. This in turn helps boost economic growth, creating and protecting jobs.

This latest milestone has given all the funds a chance to feel a sense of achievement and also provides a further incentive to drive forward with their efforts – something that would not have been possible without the continued support and confidence shown in our region from the European Regional Development Fund and the European Investment Bank.

There is much reason for optimism, and we are reminded that a recession can often present many opportunities for companies with an innovative and entrepreneurial mindset.

We look forward to reaching future milestones and continuing to focus on the support we can offer new companies and products throughout every stage of their development.

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Funds in focus

With a milestone 500 SMEs helped to date, the Finance for Business Fund has invested in exciting businesses the length and breadth of the region. To find out which fund could be right for your business have a look at the summaries below.

Finance For Business | North East Growth Fund

GROWTH FUND – NEL FUND MANAGERS:

The £20m Growth Fund assists relatively mature companies at the development and growth stages. Companies benefitting are mostly revenue generating and looking for growth capital of up to £400,000.

A significant proportion of the money from this fund is invested in quasi-equity instruments within mixed deals. It is managed by the NEL fund.

The NEL fund has invested in over 200 regional companies in the last five years alone, with many more supported across the region.

For further information please visit www.nel.co.uk

Finance For Business | North East Accelerator Fund

ACCELERATOR FUND - NORTHSTAR VENTURES:

This fund, one of two managed by Northstar Ventures, is the £25m Accelerator Fund which invests in high-growth early stage businesses with investments ranging from £100,000 to £750,000 in a first round of funding – up to £2m in any one company overall.

Investments are generally equity-based and are often syndicated with private sector investors. Debt or quasi-equity investments are made where appropriate.

Northstar has been inspiring local entrepreneurs with financial backing and the expertise of a highly experienced team since 2004, investing in over 200 pioneering, high potential enterprises.

For further information please visit www.northstarventures.co.uk

Finance For Business | North East Angel Fund

ANGEL FUND - RIVERS CAPITAL PARTNERS:

The Angel Fund is managed by Rivers Capital Partners and invests in start-ups and existing businesses with growth potential. It is not biased towards any specific sector.

The fund generally invests between £10,000 and £150,000 but has the ability to attract significantly more capital from co-investors. The £7.5m fund is actively engaged with investors, both institutional and business angels, in the North East as well and London and the South.

Rivers Capital Partners brings together over 50 years direct investment experience in the creation and growth of companies in markets from technology to design.

For further information please visit www.riverscap.com

Finance For Business | North East Technology Fund

TECHNOLOGY FUND - IP GROUP:

The North East Technology Fund is managed by IP Group and is specifically for the technology and innovation sectors. The £25m fund supports technology businesses at any stage of their development with investments made principally to address the demand for seed and development stage finance.

Funding is available up to a maximum of £1.25m with the fund also securing private finance from co-investors, business angels and venture capital institutions. The fund also invests in more mature companies seeking mezzanine finance.

IP Group offers more than traditional venture by providing its companies with access to business building expertise, networks, recruitment and business support.

For further information visit www.ipgroupplc.com

Finance For Business | North East Growth Plus Fund

GROWTH FUND PLUS - FW CAPITAL:

Targeted at mature companies, the £20m Growth Plus Fund deals with businesses across most sectors looking for development and growth funding, dealing specifically with those needing a significant cash injection to facilitate a step change in their business. These companies are mostly revenue generating.

The Growth Plus Fund typically provides larger funding packages than the North East Growth Fund – investing in the region of half a million pounds in each business up to a ceiling of £1.25m.

For further information please visit

Tel 0191 211 2300 Fax 0191 211 2323

www.northeastfinance.org

Full of Beanies

A coffee and flavour infusing company is set for high growth after securing investment.



Left to right, John Evans, managing director of Beanie The Flavour Co and Natalia Blagburn, investment manager at Rivers Capital Partners. Back left to right, Andrew Ferner and Mark Porteous of 'Beanie'

County Durham based Beanies The Flavour Co. has received an investment boost from the Finance for Business North East Angel Fund managed by Rivers Capital Partners.

Beanies coffee products are already in major retail chains in both the UK and international markets, with further orders in the pipeline.

The company has developed a unique flavour infusion process rather than using syrups and coatings, which delivers a consistent blend, ensuring the last cup of coffee from the jar tastes as good as the first.

Loans between £1,000 and £25,000 are made to new and existing businesses – operating in eligible sectors – which are finding it difficult to secure mainstream finance.

Established in 1982, Entrust is one of the oldest business support organisations in the country and works with clients across all industry sectors and at all stages of development; from pre-start ventures through to established and growing businesses

For further information please visit www.entrust.co.uk

Evans who has extensive experience in the food and drink industry internationally and together they have grown Beanies to supply major retailers like TKMaxx, plus a whole host of small independents and outlets across the UK and internationally.

John says: “We came up with a good idea, we developed it on our own and put a lot of money into it but there comes a time when you need additional funds. This is where Rivers Capital Partners came into the equation but it wasn't just the additional finance, it's the confidence that you get from an organisation like Rivers Capital Partners which says we do have a good idea and we do have a good team.

“We have completely revamped our packaging to depict what we are all about, which is flavour, and

are also redesigning our website to the same effect. We not only recognise the significant commercial value of an online presence but also what it says about the company and its products.

“We are now listed as a supplier for one of the top four major multiples and are working to launch new products which include iced coffee, make at home yogurt and drinking chocolate all of which include our own special flavourings.”

Natalia Blagburn, who leads the investment team at Rivers Capital Partners, added: “We are delighted to support a growing small business with huge ambitions. The company has already achieved an impressive turnover in a very short space of time and we have a great confidence in the ability of the Beanies team to turn Beanies The Flavour Co into a major worldwide brand.”

Datum360 expands with further funding to accelerate growth in 2013



Left to right, Nick Edgar investment manager of IP Group and Steve Wilson, director of Datum360

Datum360, supplier of software solutions and services to help oil and gas companies specify, capture and manage engineering information for capital intensive projects, is accelerating its growth plans, with the injection of an additional £450k of funding from the Finance for Business North East Technology Fund (NETF) managed by IP Group.

This will enable the company to capitalise on the opportunities provided by its recent information management software releases.

A further £50k has also been invested by the Northern IT Research Fund (NIRF) managed by IP Group, pushing the investment total up to £1m when taking into account the £500k provided from the NETF in 2012.

Datum360 had a successful 2012, with substantial growth in clients, new projects and the team, all of which have prompted the business to move towards a software-led strategy.

During the last 12 months, Datum360 gained new clients such as Total E&P Norge, Tullow Oil and

JX Nippon and won notable additional projects from BP, Maersk, ConocoPhillips, Woodside and GDF Suez.

In 2012, Datum360 launched highly innovative software solutions, PIM360 and CLS360, that provides information management capabilities that were previously not available from any supplier. They help to automate and improve information management processes that acquire, manipulate and condition engineering data.

As a result of this growth, and the strength of the new software solutions, IP Group has increased the funding provided to Datum360 through the NETF and added further investment through the NIRF, which will be used to accelerate the introduction of PIM360 and CLS360 into new clients and new markets worldwide.

Steve Wilson, chief executive of Datum360 said: “This new funding will allow us to bring forward our expansion into North America and South East Asia, while continuing to enhance and extend the capabilities of PIM360 and CLS360, our software as a service offerings.”

Nick Edgar, investment manager at IP Group, said: “The last twelve months were extremely strong for Datum360, giving them an excellent platform for further growth in 2013.”

Asian food business makes sizzling start



Melissa Armstrong of Wokaway

A young entrepreneur with a passion for Asian cuisine has fulfilled her business aspirations by opening her own noodle bar on Tyneside.

And the vital ingredient in getting 21-year-old Melissa Armstrong's thriving enterprise going was the financial injection it received through business support group Entrust.

Wokaway in Newcastle city centre was launched on the back of a loan through the Finance for Business North East Microloan Fund which is managed by Entrust.

Entrust worked closely with Melissa in developing her business plan and enabling her to access the funding she needed to get her business started.

Melissa now aims to grow her business nationally through a franchise model, having enjoyed excellent feedback from customers at her takeaway situated on Newgate Street, near The Gate complex.

She said: “I feel really proud to be able to say that I own my own business. Normally when I tell people they are shocked because of my age, which I like to think is a good reaction.

“I would definitely urge other younger people looking to get into business in the North East to contact Entrust, especially as it can be so tough to get bank funding these days.”

Despite her age, Melissa has already shown herself to have entrepreneurial flair in her career to date. During her time at university, she worked for a company called Privilege Band in Bristol, which marketed wristbands for discounts and special offers at leisure businesses such as pubs, clubs and restaurants.

After consistently exceeding sales targets she was promoted to the role of area manager, in which she was responsible for rolling out the business in Newcastle. She also previously launched her own venture which employed girls to sell shots in bars and nightclubs.

John Liddle, lending manager at Entrust, said: “It's fantastic to be able to help young people fulfil their ambitions in business and to provide them with opportunities which enables them to begin their dream career.”

SBV steeled for growth in new markets

A Teesside engineering firm is set to continue the expansion of its range of services and customer base after being backed with a new six-figure investment.

SBV Fabrications provides steel fabrication, mechanical engineering, machining and engineering site services to the high end industrial, infrastructure and process sectors, and employs over 200 people at its two premises in Middlesbrough and Hartlepool.

Having diversified into the nuclear sector and established a specialist stainless steel fabrication facility, the company has secured further contracts in the sub-sea, oil & gas and mining sectors, and is now looking to establish an even stronger presence in these areas by both winning new business and securing incremental contracts from existing clients.

To help provide the working capital required to implement these plans, SBV turned to regional fund management firm NEL Fund Managers for a £400,000 investment from the Finance For Business North East Growth Fund.

Part of the NEL investment will be used to help SBV secure any additional fabrication space needed to fulfill any new contracts it is looking to bring in, whilst at the same time improving its existing site facilities as required.

Directors David Geary and Samantha Condren

acquired the business in 2008 just prior to the start of the recession.

Ms Condren says: “The difficulties that everyone in our sector experienced when the recession hit are well known.

“Moving into new markets and thus widening our customer base means that we're less dependent on one sector. We've already moved into areas like oil & gas, mining, and offshore sectors have given us

the appetite to do more in these areas. To do this, we need to invest in the right equipment, processes, premises and people.”

Jane Siddle, investment executive at NEL Fund Managers, adds: “The SBV management team's ambitious and open-minded approach shows that, even when economic conditions are tough and difficulties arise, businesses with the right strategic and tactical approach can succeed.”



Left to right, Jane Siddle, NEL investment executive, David Geary and Samantha Condren, directors of SBV Fabrications

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