

INSPIRE

THE OFFICIAL NEWSLETTER OF THE NORTH WEST FUND



06
+
DOCUMENT DIRECT
ON TRACK FOR
GROWTH FOLLOWING
INVESTMENT

10
+
JONES AV
SET FOR
INTERNATIONAL
EXPANSION

DO YOU NEED FINANCE?

THE NORTH WEST
FUND

The North West Fund is a **£155m investment fund**, established to provide debt and equity funding from **£25,000 to £2m** to small and medium sized enterprises (SMEs) based in, or relocating to, the North West of England.

The funding is provided jointly by the European Regional Development Fund and the European Investment Bank.



CONTENTS

PAGE 3: FOREWORD

We have come a long way since our launch in 2010 and now boast a portfolio of over 400 businesses that have used investment from The North West Fund to establish and grow their business.

PAGE 4 / 5: INSPIRING ENTREPRENEURS AND FINANCING AMBITION

The North West Fund moves towards £50m invested milestone into Merseyside, after being targeted to invest 40% of the overall pot into the Liverpool City Region.

PAGE 6 / 7: DOCUMENT DIRECT ON TRACK FOR GROWTH FOLLOWING INVESTMENT

The UK's premier outsourced typing and document production service is targeting further expansion into the legal and medical sectors following investment from The North West Fund for Venture Capital.

PAGE 8 / 9: MUSIC INTELLIGENCE PLATFORM UPBEAT

Music Intelligence platform Beatroot is using a £250,000 venture capital investment from The North West Fund for Digital and Creative to drive the development of its unique platform, as well as a targeted B2B marketing campaign, as it rolls out its services across the music industry.

PAGE 10 / 11: JONES AV SET FOR INTERNATIONAL EXPANSION

Jones AV moved to purpose built offices earlier this year after receiving a £250,000 loan from The North West Fund for Loans Plus using the finance to furnish its state of the art showrooms with specialist medical audiovisual equipment.

PAGE 12 / 13: RENEWED ENERGY FOR ECOLOGIC LIVING'S EXPANSION PLANS FOLLOWING FURTHER INVESTMENT FROM THE NORTH WEST FUND.

Ecologic Living a provider of renewable energy solutions is looking to take advantage of new technologies to grow its market share following further investment from The North West Fund for Energy and Environmental.

PAGE 14 / 15: FINANCE FOR SMALLER BUSINESSES IS KEY TO FUELLING GROWTH IN THE NORTH WEST.

Britain's smaller businesses are an important part of our nation's economy, and the North West has in many ways epitomised the UK's entrepreneurial spirit.

CONTACT US

Email: enquiries@thenorthwestfund.co.uk

Telephone: 01925 418 232

www.thenorthwestfund.co.uk

The Maltings, 98 Wilderspool Causeway, Warrington, WA4 6PU

WELCOME

to the winter edition of our
INSPIRE Newsletter...

We have come a long way since our launch in 2010 and now boast a portfolio of over 400 businesses that have used investment from The North West Fund to establish and grow their business.

ISSUE TWELVE

We recently announced one of our Biomedical investee companies has been admitted to AIM on the London stock market and that is a great example of what a business can achieve through investment, even in a difficult economic climate. We have invested over £20m in a 9 month period during 2015, taking our overall total to £135m and are on track to invest our target of over £30m by the end of the year.

We have some fantastic entrepreneurs in the North West and this was demonstrated at the EN Entrepreneur Awards in October that we proudly sponsored. It was tough to be on the judging panel and pick the winners from an outstanding number of candidates and it is a positive sign for the region that there is such a strong entrepreneurial appetite.

During the China state visit it was announced that there will now be a direct flight from Manchester to China, the first outside of London. There was also talk of a China cluster offering Chinese businesses arriving in the region a wide range of office premises. This is great news for the North West as Liverpool already has good links with China after the Shanghai Expo in 2010 and it proves the North is playing a leading part in the golden era of economic cooperation between the UK and China.

Over the last year, there has been a heavy focus on the Northern Powerhouse, and in his autumn statement the Chancellor announced a £400m Northern Powerhouse Fund is set to be launched to help small businesses to grow, and this is excellent news for the region. It will be interesting to see the development of links between the Northern cities. With connections expected between Manchester, Leeds, Sheffield and Liverpool, businesses will find it easier than ever before to expand their horizons and organically roll out their brands to a range of locations.

Despite the positive outlook for the region's companies, there are certainly areas to improve. In order to create sustainable growth of the North West economy, we first need to grow the density of our businesses. To this end, The North West Fund was established to help SMEs in the region start, develop and grow, and we have already seen remarkable success.

This just goes to prove the point that no matter how the economy is performing, businesses are still going to look for growth and The North West Fund is happy to play a part in helping SME's achieve that. In the meantime, I hope you enjoy the final newsletter of 2015. I would just like to take this opportunity to thank all of my team and the fund manager teams for all of their hard work this year.

Kind regards,

Cliff Maylor

CEO of North West Business Finance Ltd,
which manages The North West Fund

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INSPIRING ENTREPRENEURS AND FINANCING AMBITION

Over the first nine months of 2015 we are proud to have invested £20.9m into over 70 businesses and provided follow on finance to 75 of our current portfolio across the region, bringing our investment total to £135m. Our Q3 investment total of £5.6m represents an increase of 47 per cent on the same period last year, underlining the growing confidence in the market.

We are also pleased to announce we have hit the **£50m** invested milestone in Merseyside. This is a fantastic achievement for The North West Fund and represents over a third of the total figure invested to date; creating and safeguarding over **1000** jobs and leveraging a further **£20m** in private sector finance. The Merseyside area has been an important focus for us, as we have always recognised the enormous growth potential there and it is a privilege for us to hit this milestone as well as witness the success of our investees, and the positive impact we have had on upcoming entrepreneurs and business leaders.

Key highlights from the quarter include:

- / Drug development company **Evgen Pharma** successfully listed on AIM following support from **The North West Fund for Biomedical**. On admission, Evgen had a market capitalization of £27m. The Liverpool-based company received initial funding in 2011.
- / **VYPR Validation Technologies** secured a £55,000 venture capital investment from **The North West Fund** for Digital & Creative. The Manchester firm is now developing its mobile market research platform.
- / **DLS Tool and Plant hire** in St Helens secured a £25,000 investment from **The North West Fund** for Micro Loans and can now move forward with their growth plans including taking on more staff.
- / Merseyside's **Acoustic Sensing Technology** received an additional investment of £200,000 from **The North West Fund** for Energy & Environmental. This follows the development of the company's SewerBatt™ software solution.

There is a great deal of activity in the debt markets at present, evidenced by our Loans Plus arm hitting its **£35m** lending milestone, having supported almost **200** enterprises across the North West. In addition, our newly-established Micro Loans arm surpassed its **£1m** milestone earlier this year, demonstrating the increased ability and willingness of SMEs to take on debt.

It has been another strong year for The Fund, and we are set for an exciting end to the year with a number of deals in the pipeline. There are still ongoing discussions for future funding to support SME's in the region and we look forward to continuing our work to support growth across the region, helping some of the most promising businesses in the North West achieve their potential.

£50m

INVESTED IN MERSEYSIDE



'WE ARE ALSO MOVING CLOSER TO HITTING THE £50M MILESTONE MARK IN LIVERPOOL.'





**"AN EXCELLENT
TRANSCRIPTION
SERVICE TO LAW
FIRMS THROUGHOUT
THE UK AND ACROSS
THE GLOBE."**



CASE STUDY

DOCUMENT DIRECT ON TRACK FOR GROWTH FOLLOWING INVESTMENT.

The UK's premier outsourced typing and document production service is targeting further expansion into the legal and medical sectors following investment from The North West Fund for Venture Capital.

Established in 2005, Document Direct provides managed typing and transcription services, as well as professional document production and electronic verification processes. The firm operates in the legal, accounting, wealth management and medical sectors, with clients including Nabarro, Lewis Silkin and Hill Dickinson. They also have numerous medical centres as clients and are building up their presence under the NHS N3 accreditation, and also are accredited under ISO2701, the international Information Security Management Standard.

With five full-time staff across its offices in Liverpool, London and Dublin, the firm uses contractors to fill various financial, managerial and administrative roles within the business.

Document Direct offers a 24/7 secure typing service, helping businesses to run more efficiently and aiding client service. It is supported by over 120 secretaries with extensive professional, medical and legal sector experience based solely in the UK, allowing for personalised and relevant service to individual businesses. Working with over 140 clients in the UK and abroad, the firm offers businesses savings of up to 60 per cent on their typing costs.

The relationship with The Fund began in March 2015, with Document Direct securing £400,000 to underpin its growth. This has allowed the firm to enhance its IT infrastructure and take on three additional staff, who will assist with business development.

The business is looking to further expand into the legal market following endorsement by the Law Society of England & Wales. Document Direct was recently

announced as the Society's exclusive outsourced transcription partner, and was described as delivering "an excellent transcription service to law firms throughout the UK and across the globe" by executive director of business development at the Law Society, Simon Drane.

Reflecting on The Fund's investment, Martyn Best, CEO of Document Direct, said: "Coming from a corporate finance background myself, I had certain expectations about how a transaction of this nature should proceed – The North West Fund exceeded every one of them. The decision-making process was quick and straightforward, the team responded promptly and clearly to any queries, and an offer was put in place very quickly.

"I am greatly looking forward to our continued work with The Fund. There are further investment opportunities on the cards, and we will be able to take advantage of their own extensive professional and legal network. Our experience with The Fund has shown us that they are more than simply an investor, but a business partner, adding real, tangible value to our firm."

£400,000

TO UNDERPIN GROWTH

MUSIC INTELLIGENCE PLATFORM UPDATE

Music intelligence platform Beatroot is using a £250,000 venture capital investment from The North West Fund for Digital & Creative to drive the development of its unique platform, as well as a targeted B2B marketing campaign, as it rolls out its services across the music industry.

Based in Macclesfield, South Manchester, Beatroot offers a profiling and cataloguing service, using a series of complex algorithms and metadata to 'anatomise' tracks, providing accurate search and discovery functionality across music catalogues. Analysing information such as mood, tempo and instrumentation, the platform enables a music catalogue to have extensive search and meta-data management capabilities, allowing record labels and music publishers to better leverage licensing opportunities.

With the majority of record labels and music publishers making 90 per cent of their revenue from a mere 10 per cent of their inventory, Beatroot allows these companies to monetise the under-utilised 90 per cent of their music catalogue. Labels and publishers will be able to generate multiple revenue streams from their catalogue including brand partnerships, improved synchronisation for TV and films, playlists for streaming services, and ideas testing.

Since the launch of its product at the end of August 2015, Beatroot has seen considerable interest in its services, launching with prolific industry figures such as Universal Music, Sentric Music, Domino Records and Woodwork Music.

Over the next 18 months the firm plans to upgrade its equipment and expand both its development and marketing teams. Following this, Beatroot aims to explore the potential consumer angle of its product, and are currently investing in further research to develop features such as intelligent playlisting, and incorporate a mobile solution.

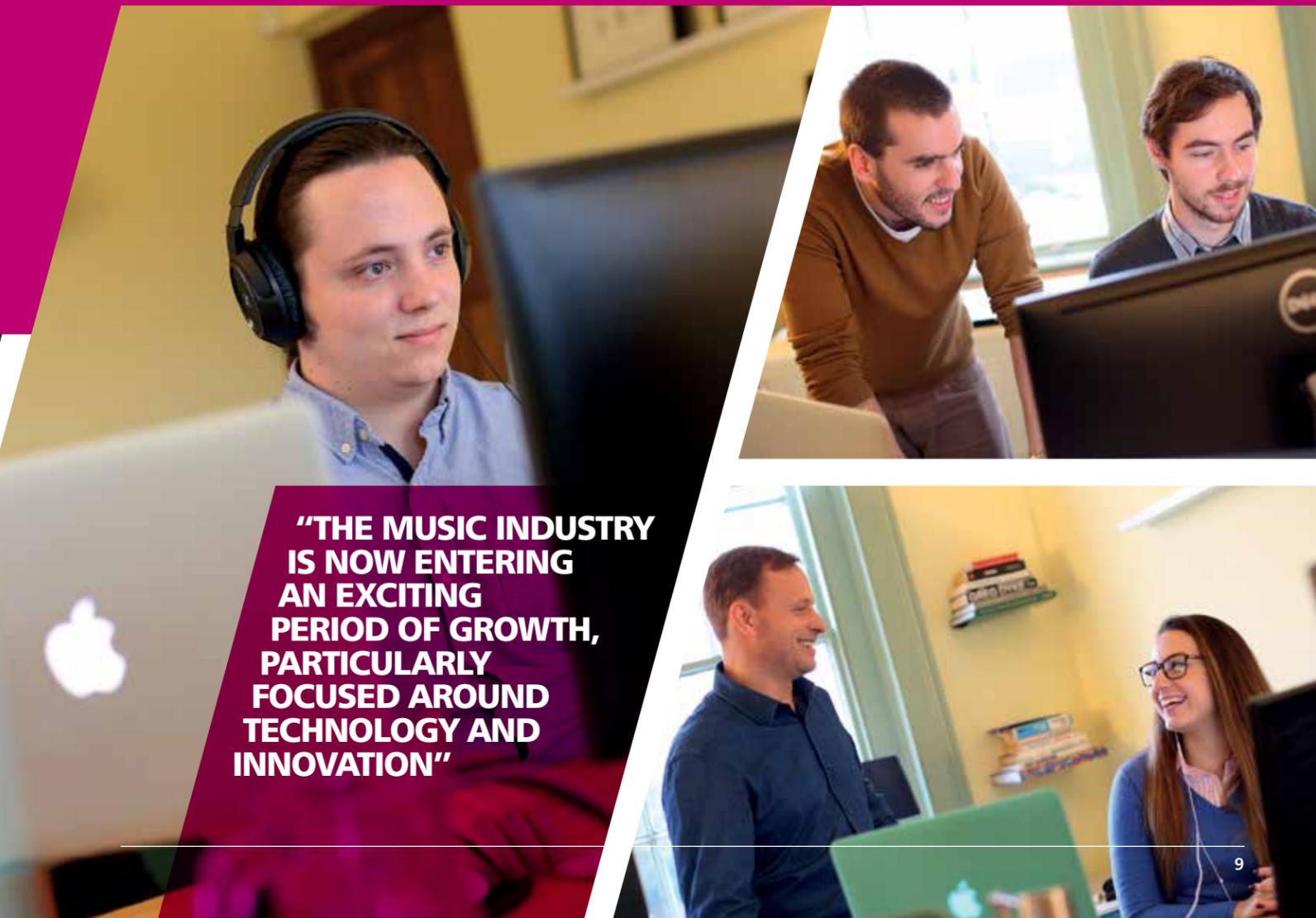
Co-founder and product director Chris Garrett, said: "We are delighted to have received investment from The North West Fund. Like us, they believe that after 10 years of tough times, the music industry is now entering an exciting period of growth, particularly focused around technology and innovation. We recognised an opportunity to create software in the music industry that removes a pain so many struggle with on a daily, if not hourly, basis. We realise the potential this could have in terms of saving money and time for a label or publisher, whilst significantly increasing the opportunities available to them to licence a track.

"So often technology is blamed for the decline of the music industry, but we are now aiming to portray tech in a different light, and show how it can be used to stimulate growth. Doug Morris, CEO of Sony Music, was recently quoted as predicting that the music sector will make a full recovery back to the \$30bn industry it was in 2005, and we're looking forward to working with our clients and partners to be part of this rapid growth."

THE MUSIC SECTOR WILL MAKE A FULL RECOVERY BACK TO THE

£30bn

INDUSTRY IT WAS IN 2005



"THE MUSIC INDUSTRY IS NOW ENTERING AN EXCITING PERIOD OF GROWTH, PARTICULARLY FOCUSED AROUND TECHNOLOGY AND INNOVATION"



CASE STUDY

JONES AV SET FOR INTERNATIONAL EXPANSION.

Jones AV builds high-calibre audiovisual solutions for hospitals and university medical faculties, supplying equipment such as cameras and medical video recorders, as well as surgical and radiology monitors. The hardware is for use during surgery to assist medical staff, and following an operation any footage can be integrated into patient data files.

Jones AV moved to purpose-built offices earlier this year after receiving a £250,000 loan from the North West Fund for Loans Plus using the finance to furnish its state-of-the-art showrooms with specialist medical audiovisual (AV) equipment. The new premises boasts a fully equipped operating theatre and AV suite, and is the most modern facility of its kind in Britain.

The firm's on-going commitment to driving expansion has resulted in the win of a multi-million pound contract to fit out 70 operating theatres across four hospitals in Norway. The job is one of the biggest of its kind in Europe, with Jones AV securing the contract ahead of major international competitors.

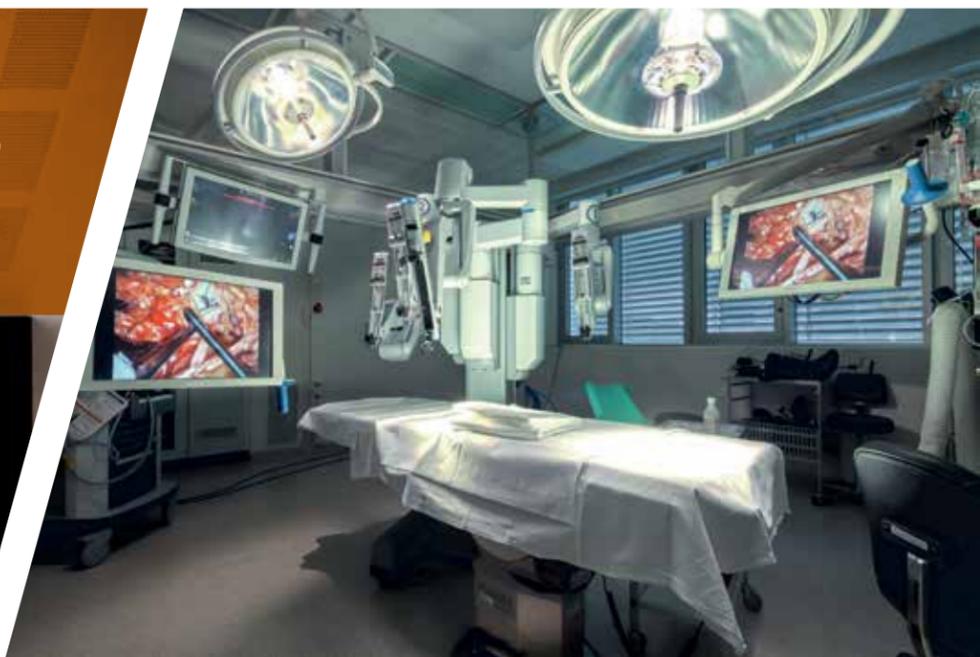
The loan will allow Jones AV to take on the necessary staff to tackle the project, and expand its sales and maintenance operations. The firm is now targeting similar opportunities in the marketplace. "At the moment there is an unprecedented boom in hospital building," said managing director Ingo Aicher. "During the recession, governments realised that hospitals are excellent spending projects and a means of kick-starting the economy, creating thousands of jobs. Hospitals are needed across Europe, particularly with the constantly ageing population, meaning that there is a great deal of activity for us to capitalise on."

Established in 2008 with two staff and four part-time engineers, the firm is now expecting to recruit 10 staff and apprentices over the next two years, hoping to create a total of thirty jobs by 2018. In addition, the firm is looking to double turnover from £1m to £2m by the end of this year, predicting revenues of £5m in three years.

On working with The North West Fund, Aicher said: "When searching for funding we approached several banks and found the process difficult and unclear. In contrast, The Fund was supportive and accommodating, recognising the potential of the business and our ideas, and was keen to back our plans and ambitions.

"After securing the loan, the team also helped us to leverage additional investment, taking our funding total to £700,000. This will be invaluable to the business, allowing us to invest in our infrastructure to help us realise our aim of expanding into the European marketplace."

"THE FIRM'S ON-GOING COMMITMENT TO DRIVING EXPANSION HAS RESULTED IN THE WIN OF A MULTI-MILLION POUND CONTRACT."



THE FIRM IS LOOKING TO DOUBLE TURNOVER FROM

£1m

TO

£2m

BY THE END OF THIS YEAR.

RENEWED ENERGY FOR ECOLOGIC LIVING'S EXPANSION PLANS FOLLOWING WORK WITH THE NORTH WEST FUND.

EcoLogicLiving, a provider of renewable energy solutions, is looking to take advantage of new technologies to grow its market share following further investment from The North West Fund for Energy & Environmental, managed by 350 Investment Partners.

Based in Carlisle, EcoLogicLiving was established in 2008, and is a supplier of biomass boilers, heat pumps, solar photovoltaic and solar thermal systems for a variety of commercial projects. With the company's roots firmly in the farming industry, the firm supplies predominantly to the agricultural sector, but is now looking to branch out into the renewables and recycling markets.

Founder Islam Pearson said: "I wanted to create a model that wasn't just about selling products, but selling solutions. We guide customers through the entire process, from the initial conception and design stages, through to the installation and maintenance services. Working with our team of experts, this procedure means that we are able to supply exactly the right systems, be it for someone's home, retail or office space, or industrial buildings."

EcoLogicLiving originally received £500,000 from The North West Fund as a means of facilitating and sustaining the firm's expansion. The business had witnessed rapid growth, with turnover nearly doubling from £1.7m to £3.2m between 2013 and 2014, and is expected to hit in excess of £4.5m at the close of this financial year. "We soon recognised the need for extra resources," Pearson added. "Our initial business plan had us reaching £500,000 turnover after three years, but we actually achieved this in year one. We realised that our own capabilities were holding the company back, and that in order to progress we required additional cash flow."

Follow on funding from The North West Fund allowed EcoLogicLiving to significantly increase its headcount, growing from 12 to 32 staff. The firm was also in a position to finance larger-scale jobs, as well as create the infrastructure to facilitate them. This involved purchasing materials, expanding offices and warehouse space, and obtaining its own fleet of vans. EcoLogicLiving is now looking to expand further into the renewables sector to capitalise on the recent growth in the market, particularly the increased uptake of solar photovoltaics supported by the Renewables Obligation scheme.

On working with The North West Fund, Pearson commented: "It has been a very positive experience, with the team supporting us throughout our rapid growth, and advising us when there have been tough decisions to make. They have guided us through the previously unknown structure of the venture capital world, and have become an integral part of our business."



"I WANTED TO CREATE A MODEL THAT WASN'T JUST ABOUT SELLING PRODUCTS, BUT SELLING SOLUTIONS."



FINANCE FOR SMALLER BUSINESSES IS KEY TO FUELLING GROWTH IN THE NORTH WEST.

Britain's smaller businesses are an important part of our nation's economy, and the North West has in many ways epitomised the UK's entrepreneurial spirit.

From the factories that fuelled the industrial revolution, to the start-ups, commercial enterprises and tech businesses that are now fuelling the northern powerhouse, the region has a proud history of enterprise.

Today, the North West's economy is worth £141 billion, and the area is a hub of businesses innovation and opportunity. From logistical strengths to world-class mentorship, the North West repeatedly comes up trumps for supporting great new businesses. This is borne out by the fact that around half a million smaller businesses operate in the region, 43% of which intend to grow over the coming 12 months.

The North West continues to hold exceptional economic potential, and for these growing businesses, access to finance is crucial to ensuring they can realise their growth ambitions. Many are turning to the high street banks and, in Q2 2015, over £2bn of new bank loans were issued to small businesses in the North West - a welcome 7% increase on the previous year. But other non-traditional options such as alternative finance providers, asset finance and equity finance are increasingly playing their part in increasing the sources of finance available to businesses.

The British Business Bank plays a key role in ensuring that there is increased supply, diversity and awareness of the different types of finance available.

Over 40,000 businesses across the country are accessing over £2.4 billion of British Business Bank-supported funding through our diverse range of 80 commercial partners. Businesses apply for finance through our partners, who we enable to lend and invest more - especially to younger and faster-growing companies. In the North West alone, we are supporting over 2,600 businesses with over £550 million of vital lending and investment.

Preston-based Lumenata Lighting Design is a great example of one of these businesses. It had experienced a problematic 2014, with existing finance arrangements unsuitable for their expansion plans. British Business Bank funding, delivered through UFG - a local partner - helped enable a new factoring facility of £100,000, allowing the company to progress with its growth plans. Lumenata Lighting Design has since won a number of major contracts, leading to a dramatic increase in turnover, and today the company is thriving.

'TODAY, THE NORTH WEST'S ECONOMY IS WORTH £141 BILLION, AND THE AREA IS A HUB OF BUSINESSES INNOVATION AND OPPORTUNITY'



This is just one example of how the British Business Bank enables local funding, and it does so across a wide spectrum - from start-up loans of up to £25,000 - through the Start Up Loans company - to help to get great ideas off the ground, through 'scale-up' finance for businesses in the rapid-growth phase, to finance to help established companies stay ahead through working or expansion capital.

We are strongly committed to supporting local finance providers. Kingsway Asset Finance, based in south Manchester, is one of the UK's longest established independent asset finance and leasing companies specialising in serving the SME market. Earlier this year our commercial arm - British Business Bank Investments Ltd - committed a £5m investment to Kingsway, enabling them to increase their lending capacity to £10m for smaller businesses looking for hire purchase, leasing or professions loans.

We also want local businesses to have access to relevant and up-to-date information about the finance options available to them. The British Business Bank's Finance Guide - published in conjunction with the ICAEW and available for free on our website - sets out the funding choices available and what businesses need to consider at each step along their funding journey.

The British Business Bank brings expertise and UK government money to smaller business finance markets to make them work more effectively. By doing so, we help smaller businesses to invest and grow, creating additional jobs and economic activity in the North West, and our partners like The North West Fund have the local knowledge and relationships to catalyse promising local businesses' growth and cultivate their success.

Ken Cooper

Ken Cooper is Managing Director, Venture Capital at the British Business Bank

THE NORTH WEST
FUND 

We've supported
more than



400

North West
businesses
with over
£135m
of investment.

Through these investments

we have leveraged a further

£95m

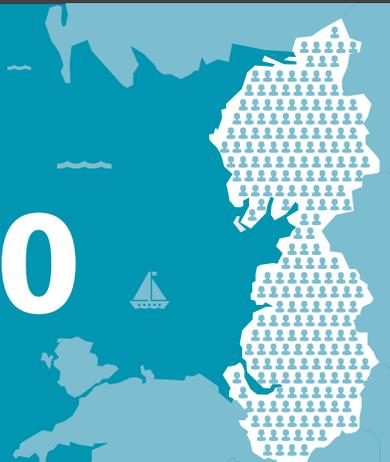
Mu

in private
sector
finance...

...and created
or safeguarded
more than

3,500

jobs in the
North West.



All of our investments
have one thing in common
– they are helping to...

G R O W

the
North West
economy.

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The North West Fund is a £155m investment fund, established to provide debt and equity funding from £25,000 to £2m to small and medium sized enterprises (SMEs) based in, or relocating to, the North West of England. All of our Fund Managers are authorised and regulated by the Financial Conduct Authority. We are unable to invest in retail businesses. Please check the website for a full breakdown of eligibility.