

INSPIRE

THE OFFICIAL NEWSLETTER OF THE NORTH WEST FUND

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***Customs Authority chooses
Loksys Solutions to help
track transit cargo***

07



***Fatsoma accelerates
international sales after
receiving funding***



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 **£50,000** 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.



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Foreword

We are proud to have supported over **200 businesses**, many of which are driven and managed by **highly innovative entrepreneurs** who are determined to grow and build successful businesses.

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Celebrating key milestones

The summer quarter has seen us celebrate some key milestones, investing more than **£60 million** into over **200 businesses** to date.

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Customs Authority chooses Loksys Solutions to help track transit cargo

One of the **world's leading trade inspection, security and certification companies**, Cotecna del Ecuador, has adopted the Manchester-based Loksys Solutions 'Trakalok' device to monitor movement of freight containers.

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Daresbury-based, **Acoustic Sensing Technology** has undertaken Australian trials of its innovative product, 'SewerBatt', a low cost acoustic technology product which assesses the condition of sewer pipes.

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This year saw the **Merseyside Innovation Awards** congratulate its 18th winner. The Awards recognise the achievements of entrepreneurs whose inventions, designs or projects show cutting edge innovation... could you be the next winner?

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Innovation - the key to growing business value

Brian McCann, Chair of the Merseyside Innovation Awards and a Director of Liverpool Chamber of Commerce describes how innovation is central to his roles.

Contact Us

Email: enquiries@thenorthwestfund.co.uk
Telephone: 01925 418232
Website: www.thenorthwestfund.co.uk
Address: North West Business Finance Limited, The Maltings, 98 Wilderspool Causeway, Warrington, WA4 6PU



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Welcome

to the fourth edition of our quarterly newsletter "**INSPIRE**", and the final issue for 2013.

As we approach the end of the year, we are able to look back over a **strong performance** so far throughout 2013. In the last quarter we celebrated some key milestones having supported **over 200 businesses** with more than **£60 million** whilst at the same time creating or safeguarding **over 1,500 jobs** across the region.



ISSUE FOUR

We are pleased to see other signs of investment having a positive impact in the region too and one good example comes from British car manufacturer Bentley which has revealed plans to build a fourth model of its SUV at its Crewe headquarters creating more than 1,000 jobs. This will be of significant benefit to any North West SMEs in the supply chain.

The business and entrepreneurial talent in the region is impressive and our priority at The North West Fund is to support these growing businesses with the finance they need so they can realise their ambition and possibly move into new markets.

This issue of **INSPIRE** focuses on innovation, a key driver in every business. Current research shows that 71% of businesses in the manufacturing sector plan innovation to export to new markets in the next three years. UK Trade and Investment is aiming to boost export growth in the region by targeting 100,000 SMEs across the North of England believed to be "export ready" and many of our portfolio companies can look to link in with this.

It is difficult to think up a whole new idea or a new invention and being successful in business is often about being more innovative and improving on products that are already in the market. We see this all the time with mobile phones, computers, cars and televisions, all of which have been around for some considerable time.

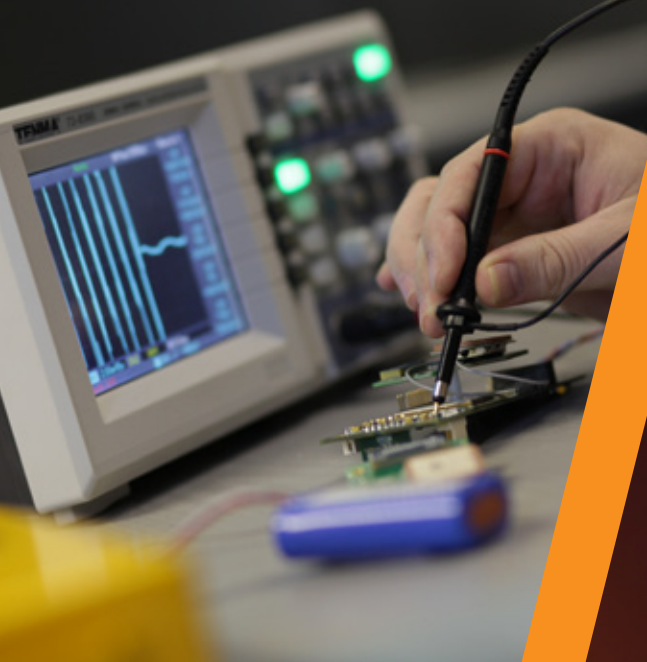
At The North West Fund we are proud to have supported over 200 businesses many of which are driven and managed by highly innovative entrepreneurs who are determined to grow and build successful businesses. Providing these companies with the capital they need to grow in challenging economic times is fundamental to the economic wellbeing and prosperity of the entire North West region.

I hope you enjoy reading about some of our innovative investments further in this edition.

Kind regards

Cliff Maylor

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



Over 200 businesses supported, more than £60 million invested, 1,500+ jobs created or safeguarded





The North West Fund had another active quarter over the summer, during which time we celebrated our 200th investment. We reached a number of key milestones, having invested over £60 million, with a further £40 million in private sector co-funding, bringing the total value of investments into North West businesses to over £100 million.

With further investments made throughout the quarter, The Fund has now supported a total of **210 businesses** with more than **£64 million**.

The pipeline of investments remains strong with some interesting and exciting investments planned for the final quarter of the year and into 2014.

Our fund managers have completed some excellent investments across the region in the last quarter, including;

- + Investment from **The North West Fund for Venture Capital** into **Regent Recruitment**, a Manchester-based business which recruits chefs for some of the world's best restaurants;
- + A **£100,000** loan from **The North West Fund for Loans Plus** into Bootle-based **Spotmix**, a commercial waste management and recycling company;
- + An investment by **The North West Fund for Digital & Creative** into Liverpool-based, **Branded Reality**, which has developed a mobile technology platform

that integrates with advertising campaigns and enables brands to more effectively distribute product samples;

- + A **£400,000** investment by **The North West Fund for Biomedical** into **Absynth Biologics Limited**, which is developing vaccines and antibodies to treat bacterial infections. The company has also recently been awarded a **£1.5M grant** from the **Biomedical Catalyst programme** as well as receiving investment from **Fusion IP**.

- + A **£500,000** investment from **The North West Fund for Energy & Environmental** into **PVC Recycling**, a leader in recycling plastic waste, based in Salford, Greater Manchester.

Innovation is the key to success

In the past, many businesses were able to survive simply by maintaining the quality of their products or services to ensure they remained competitive. More recently however, the innovation process has been driven forward by factors such as globalisation, modern consumer expectations, and outsourcing.

Every business has its own priorities, however, businesses which fail to innovate face the risk of losing contracts to competitors, running inefficiently or even losing valued employees. Businesses now need more than good quality products or services to survive, they need innovative management and processes to improve productivity and sales.

The North West has been responsible for nurturing many great innovative businesses, from well known manufacturers like Unilever,

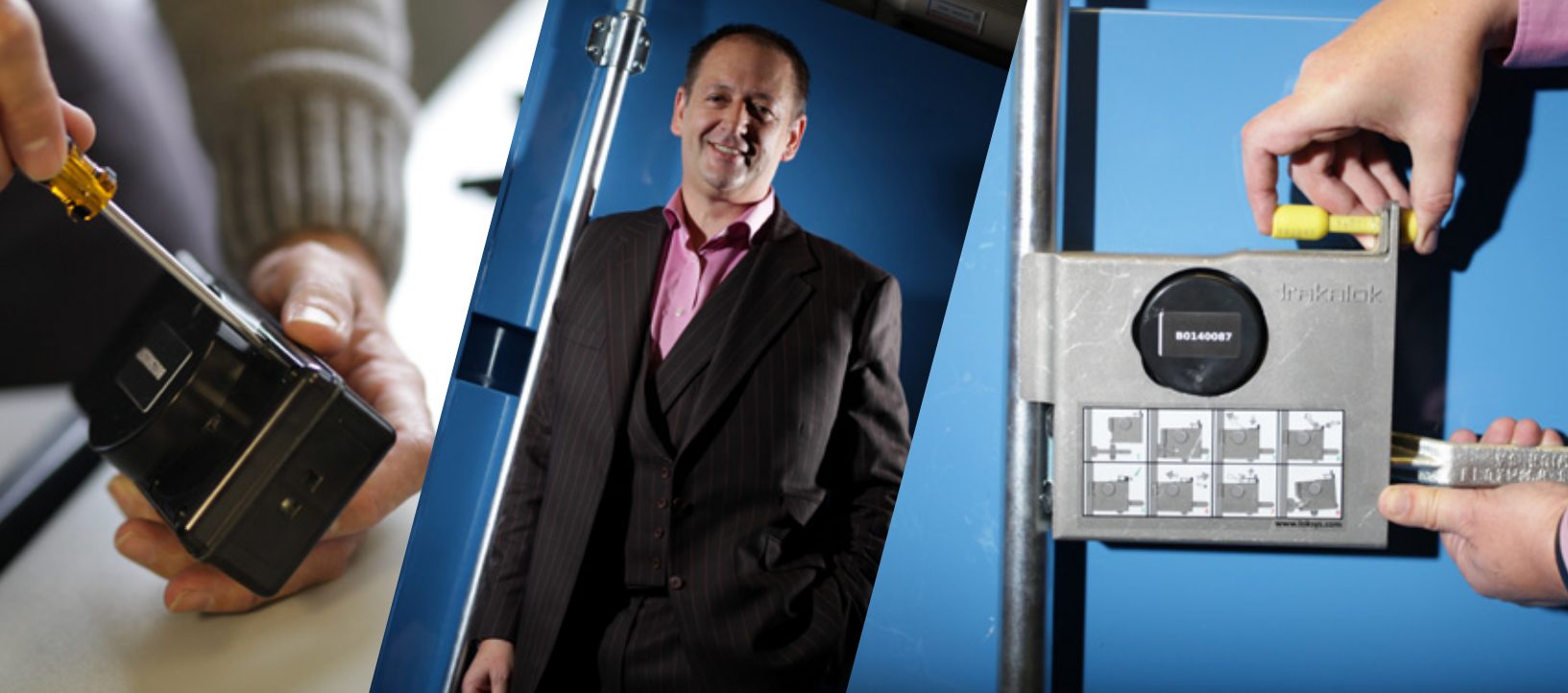
Rolls Royce, and BAE Systems to food and drink producers, Innocent Smoothies and Raggaie Reggae sauce. From established, existing businesses to new start ups, entrepreneurs can find a range of innovation initiatives running throughout the North West, for example at the **Daresbury Innovation Centre**, the **Innovation Clinic** based at the University of Central Lancashire (UCLan), the **University of Manchester Innovation Centre**, **Liverpool's Innovation Park** or **Innovus at Energen** the Cumbria-based technology development programme launched earlier this year.

It is clear that innovation has shaped the business world we see today and in this issue of INSPIRE you can read case studies from three of our many innovative businesses; **Loksys Solutions**, which has developed the innovative Trakalok system for securing freight containers; innovative online ticketing platform, **Fatsoma**; and Daresbury-based **Acoustic Sensing Technology**, responsible for developing the SewerBatt, an acoustic method for quickly detecting sewer faults.

Innovation can be a key differentiator between market leaders and their rivals. At The North West Fund we are proud to be supporting innovative entrepreneurs in their plans to grow successful businesses. Investing in innovation is imperative, not only in future proofing the regions businesses but also in protecting the economic wellbeing and prosperity of the North West.

£64m

The Fund has now supported a total of 210 businesses with more than £64 million.



Customs Authority chooses Loksyls Solutions to help track transit cargo



“The investment is allowing the company to develop the product further, increase sales and marketing activities and recruit additional staff.”

One of the world’s leading trade inspection, security and certification companies, Cotecna del Ecuador, has adopted the Manchester-based Loksyls Solutions Trakalok device to monitor movement of freight containers between Ecuadorian ports, warehouses and Free Zones.

Loksyls Solutions Ltd, which is based in Trafford Park, has developed an innovative system for securing freight containers, Trakalok. The system combines a tamper-proof lock with a GPS tracking system enabling containers to be securely locked and monitored throughout their journey.

The business was set up by experienced entrepreneurial brothers Simon and Ian McDermott, who earlier this year, secured a **£500,000** investment from **The North West Fund for Venture Capital**, managed by **Enterprise Ventures**.

The investment is allowing the company to develop the product further, increase sales and marketing activities and recruit additional staff. On the formation of the company there were

four members of staff, this has now increased to eight with plans in place to recruit a further three during the rest of the year. All of this is helping to grow worldwide interest in the innovative product.

Following a change in Ecuadorian customs law it is now mandatory that containers entering the country for customs clearance at places other than at the port of entry must have a satellite device fitted while they are transported to their final destination.

Given this fact, Cotecna del Ecuador required a system which would guarantee the integrity of each container - Trakalok proved to be the ideal solution. The success of the Trakalok initiative in Ecuador was recently confirmed in a letter from the Customs Authority Deputy General Manager Operations to the General Manager of Cotecna del Ecuador, where he confirmed the effectiveness of Trakalok as a tool in reducing tax evasion and smuggling.

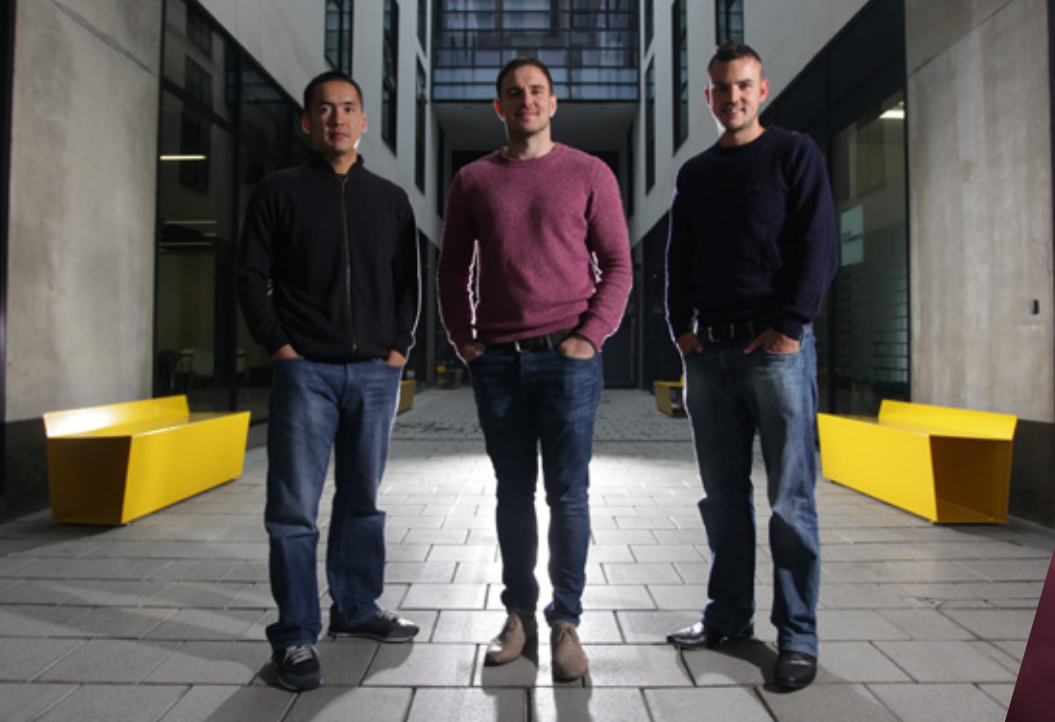
The Loksyls Solutions Trakalok device seems to provide an excellent solution for Customs Authorities across the world. Commenting on Trakalok **Simon McDermott said**, “The Trakalok device offers complete supply chain visibility as it is able to monitor the movement of a container be it on land or the high seas. If at any time

during its journey anyone attempts to interfere with the container or it deviates from its prescribed route, an alert can be generated and sent to the relevant team by email, text or phone.”

“The finance and support from The North West Fund is allowing us to grow our business as we had hoped. The Trakalok device can now be found monitoring cargo movements in literally all four corners of the world, and is making Loksyls Solutions a truly global business.”

Doug Stellman, Investment Director for The North West Fund for Venture Capital, said: “Security systems are essential in the freight industry to protect against cargo theft and monitor supply chain integrity, however operating such systems across the globe reliably is technically challenging.”

“We are continually impressed with the company’s commitment to innovation, the progress the company has made in developing the Trakalok system and its success in securing global customers is testament to that.”



Fatsoma accelerates international sales after receiving funding

fatsoma

Innovative online ticketing platform Fatsoma, is accelerating its international sales after having received investment from The North West Fund for Digital & Creative, managed by AXM Venture Capital.

Manchester-based Fatsoma is used by **8,000** businesses across the UK and has more than a million members, including 50,000 Fatsoma reps who actively sell tickets for venues and promoters through social media channels such as Facebook and Twitter.

Earlier this year the company secured an equity investment from **The North West Fund for Digital & Creative**, alongside a personal investment from its new chairman, LateRooms co-founder Chris Allen. Chris was a co-founder of LateRooms, leading the company to a successful sale to travel and tourism firm TUI.

Fatsoma plans to use the investment to add more features and functionality to its market-leading platform whilst also focusing on growing its international client base. Currently, with **90 per cent** of its customers based in the UK, Fatsoma is keen to build on business which has already come in from Europe, Canada, Australia, the US, South Africa and Hong Kong.

Fatsoma, which was founded in 2006 by University friends, Ben Taylor, Paul Stacey and Chris Pearson is centred around innovation. Not only is Fatsoma often first to market with product developments, the team also prides itself on its innovative management structure, **Paul Stacey said**, "We shunned traditional management structures in favour of a more open and adaptable approach. This allows us to be more flexible in our decision making, so rather than someone having the final say simply because of their title, teams can reorganise to tackle problems based on experience and ability."

The company is the UK's fastest growing event ticketing platform, targeting revenues of **£7.5million** in **2013**. Having also doubled its staff numbers to 20 full-time staff the company is still keen to grow further. To date the business has focused on music and

festivals, however the team are looking at how their innovative platform can be used within other industries such as travel and sports.

Paul said, "Our platform is simple to use and provides businesses with immediate exposure to hundreds of thousands of people. What we're moving towards now is giving a broader range of promoters the tools they need to reach and connect with an even bigger, global audience."

David Smith, investment director at AXM Venture Capital, is impressed with the company's ambitious plans for growth, "It has been a pleasure working with the team at Fatsoma. The business has already achieved incredible growth and continues to build on its reputation as a leading e-ticket provider.

"Innovation is at the heart of any digital and creative business, but what sets companies like Fatsoma apart is their ability to clearly articulate their plans and having the courage to follow through with their well thought-out ideas."



Acoustic Sensing trials SewerBatt in Australia

- ✚ Daresbury-based, Acoustic Sensing Technology (UK) Ltd has undertaken Australian trials of its innovative product, 'SewerBatt', a low cost acoustic technology product which assesses the condition of sewer pipes.
- ✚ The trials, which took place this summer, involved ten Australian water authorities, and were carried out to consider whether the technology could be used to proactively manage sewers across Australia.

The University of Bradford spinout, Acoustic Sensing Technology developed SewerBatt as an acoustic method for pre-screening and quickly detecting sewer faults.

The innovative technology works within minutes and only requires access through a single point in the pipe, allowing the user to quickly and accurately measure the acoustic signature of the pipe. The signature is then electronically compared to a library of defects to determine the severity and location of each defect. Traditionally, CCTV has been used for the same purpose, however this can be costly, time consuming and difficult to operate.

In spring 2013, the company secured a **£650,000** equity investment from **The North West Fund for Energy & Environmental**, which is managed by **350 Investment Partners**. The investment was initially used to bring the product to market and since launch the company has been focusing on selling SewerBatt to water companies and contractors in developed parts of the world such as Europe, Australia and America.

The firm's chief executive **Nick Hawkins** continues to work closely with the team at **The North West Fund**, he said, "It has been a pleasure working with The Fund, the team has been incredibly supportive and we are already pleased with the company's growth.

"The funding has helped us to refine our existing product and launch it successfully. We are looking forward to bringing more, new and innovative products to market in the acoustic, water and technology fields."

Michael Bakewell, investment manager at **350 Investment Partners**, joined the company's board as a non-executive director, he said, "The SewerBatt is already proving to be beneficial to water companies here in the UK and the trials in Australia will hopefully lead to further sales and export opportunities for the company.

"Innovative businesses like Acoustic are making a real difference to the energy and environmental sector and we are incredibly proud to be able to support them in achieving their growth plans."



acoustic sensing technology



MERSEYSIDE INNOVATION AWARDS

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The Merseyside Innovation Awards (MIA) recognise the achievements of entrepreneurs whose inventions, designs or projects show cutting edge innovation. The aim is to help them with the process of turning great ideas into great businesses, and to contribute towards the economic development of Merseyside.

Throughout the **first six months** of each year, the panel of sponsors review applications, looking for companies and individuals in Merseyside who use **innovation** as a means of **growth** and **profitability**.

This year saw the awards congratulate its 18th winner:

Nanoflex

The finalists for 2013 included...

Big Heritage



Big Heritage is an award winning heritage and social enterprise, engaging museums, schools and communities with the past. It has developed and created innovative ways to teach people about the past and is proving a success in schools across the North West. The workshops are tailored to meet the national curriculum but challenge pupils to go that little bit further. They are engaging, hands on, fun and creative and pupils are encouraged to ask their own questions about the past through examining the evidence themselves.



CNC Robotics



Founded in 2011 by Jason Barker, CNC Robotics has developed software which puts traditional robots to new uses and supplies companies with advice on how to maintain and repair their robots and robotic equipment and keep them running at affordable prices. The company also offers and provides training to organisations who work with robots in a genuine work station rather than a classroom to ensure companies are benefiting from hands on training.

CNC Robotics recently received investment from **The North West Fund for Loans Plus**, managed by **FW Capital**, which has enabled them to invest in new equipment and the technology needed to expand.



Nanoflex



The winner of the MIA 2013, Nanoflex provides high performance electrodes for electrochemical research founded by Dr Neville Freeman and Dr Amy Farrington in 2008 following their pioneering work on the manufacture of nanoscale electrodes. Neville and Amy who are both experts in electrochemistry have received funding from **The North West Fund for Venture Capital, managed by Enterprise Ventures**, and have used this to manufacture their products on a commercial scale and develop them for international markets. They plan to use the MIA prize money to further develop the production techniques.



Established in **1996** the awards have gone from strength to strength. They have been driven by a group of twelve locally based sponsoring organisations, which offer **support** to the entrants turning their ideas into **growing businesses**. It is estimated that over **500 companies** have participated to date.

Brian McCann, Chair of the sponsor panel, says "The awards have shown what a fertile breeding ground we have for new business ideas. The sponsors have enjoyed working with a wide range of entrants in the past. The early part of next year will be an exciting time as we examine all the entries and select the shortlist. I would urge anyone with a great idea or product to fill in an application form and see what happens."



The launch for MIA 2014 will take place in January 2014, keep a look out on the website www.merseysideinnovationawards.co.uk for more details about how to apply or get involved.

Innovation + – the key to growing business value

Brian McCann is Chair of the sponsor group of the Merseyside Innovation Awards (MIA), a Director of Liverpool Chamber of Commerce and also leads MC Vanguard, the Corporate Finance arm of Mitchell Charlesworth. Below he describes how innovation is at the centre of all three roles...

Why is it that some business owners strive for 30, 40 or 50 years to build their business, but struggle to make a decent living and then can't find anyone willing to buy the business when they want to retire - whilst others go from start-up to well paid exit in just a few years?

In the majority of cases it is innovation that distinguishes the fast growth business apart from the rest. Global examples of innovation-based businesses include, Microsoft, Google, Twitter and Facebook. Twenty years ago, neither these companies, nor the innovations on which they are based existed.

The purpose of the MIA is to recognise, promote and reward innovation-based businesses from the Merseyside region. The widely drawn sponsor group, which includes **The North West Fund**, spends the first four months of each year looking for fresh examples of businesses that have developed a new product, a new service or even a new way of doing business.

During May and June, the sponsor group work with a short-list of entrants, in order to select three finalists. These three businesses then present in front of a panel of Judges and an invited audience in July, with the winner taking away a cash prize of **£10,000**, as well as a range of consulting support and some major PR.

Over the years, MIA winners and finalists have included **Magnum Corporation** developer of a revolutionary form of oil filter, 2D Heat who design unique heating products and in 2013, NanoFlex, for the development of their commercial nanoscale electrodes for use in research and analysis.

Liverpool Chamber of Commerce is one of twelve sponsors of the Innovation Awards and promotes the awards widely to Chamber members – this is directly in keeping with the Chamber's role as a membership organisation, which aims to support the growth of Merseyside businesses and the economic development of the region generally.

At **MC Vanguard Corporate Finance**, we work with the owners of private businesses, to help them grow and ultimately realise the value of their company. We have many examples where innovation was essential to achieving a step-change in the value of the client business.



This innovation is not always about developing new products or services, it is just as likely to be about changing the way in which part of the business works, finding a new way of promoting a key product or focusing more of the company's resource on the services which deliver the strongest profit contribution.

Often, the greatest innovation, as we work on preparing a business for sale is to develop the shape of the business so that it looks like the kind of business which potential buyers are likely to be looking for. We are really looking for a "fit" with the strategic plans of premium buyers with interest in our clients sector.

As we head towards the launch of the Merseyside Innovation Awards for 2014 we can see a range of innovation themes which we expect will feature in many of the applications received in the coming year. These themes include:

- + The continuing challenges of developing greener ways of generating energy and more efficient energy use;
- + The development of 3D printing and the wide range of potential applications;
- + The scope for development of an ever-wider range of "smart" objects which can be automated and transmit data, and
- + Merseyside's continued strong position in the bio-technology field.

As ever, the challenge will be supporting our innovators to take the bright ideas they have developed and commercialise them to deliver growth, jobs and business value. It should be another interesting year!

DOES YOUR BUSINESS NEED FINANCE?

We have already supported
over **200 businesses** with more
than **£60 million** of funding
and we're **looking** for more
businesses **like yours**.

So whether you are just starting up or
seeking funding to help take your company
to the next level, investment of between
£50,000 and **£2m** from The North West
Fund could be what you need to help your
business flourish.

Interested?

Find out more at
www.thenorthwestfund.co.uk

Could you be our next investment?

T: 01925 418 232

E: enquiries@thenorthwestfund.co.uk

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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 break down of eligibility.