

An analysis of Venturefest's contribution to economic development in the Oxford & South East Region

Independent report by Kurt Laskow-Pooley

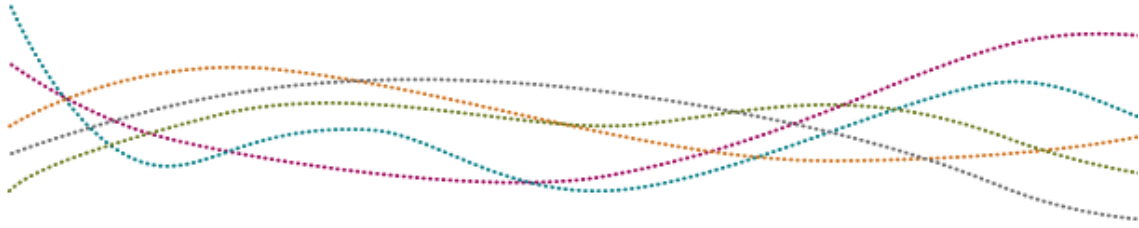
March 2009

This report is an introduction to Venturefest. In it, we talk about what Venturefest is, how it works, and what it contributes to our economy.

We will also share some Venturefest success stories - successes that have arisen both from formalised conference sessions, and also from the chance meetings that the Venturefest forum enables and encourages.

“Venturefest’s ethos of facilitated serendipity certainly worked for Rahu Catalytics.”

Paul Smith, Rahu Catalytics, Venturefest 2004



What is Venturefest?

Now in its 10th year, Venturefest is a free annual event which brings together three core groups: venture capital investors, innovators with ideas that are ready for investment and entrepreneurs eager to build new and growing businesses.

Who can attend?

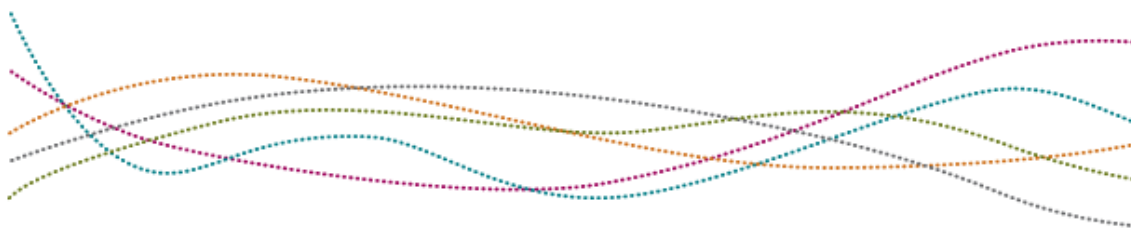
Venturefest is a free event, and is open to anyone with a big idea, with a business to build or money to invest. It is the place for entrepreneurs, financiers, academics and scientists to meet and take their ideas forward.

Why should I attend?

You should come to Venturefest if you want to meet people who can help you fulfil your vision. Venturefest provides a forum where you'll find invaluable advice and resources and where you can build the relationships that you need:

- Since the inaugural Venturefest in 1999, there have been a total of 196 company presentations - from University spin-outs to government research projects.
- Venturefest is far reaching, with 76% of all presentations since its first year coming from companies located outside Oxfordshire.
- As Venturefest has matured over the years, the companies attracted to present have also matured, showing a significant shift in their age demographic. 35% of all the presenting companies in 2008 were more than 6 years old as opposed to 5% of companies in 2001.
- There has been a cumulative increase of 273* jobs created in the region by companies that have presented at Venturefest in the last 3 years alone.

** aggregated from survey responses*



Success Stories



Chance meeting at Venturefest

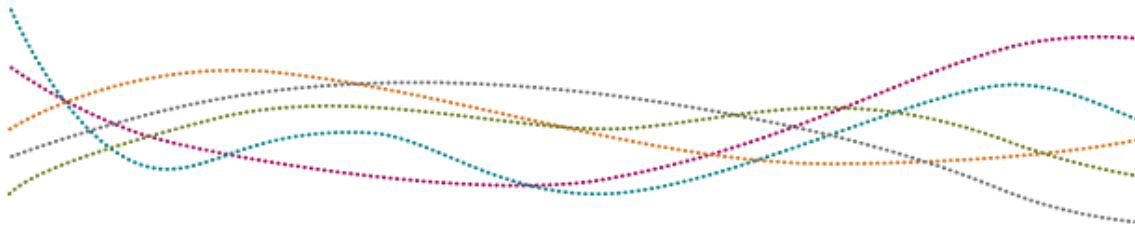
Back in 2004, Paul Smith and Dermott Hill stepped onto a stand at Venturefest looking for the same person. When told that he was not available they looked at one another and said, “Well maybe we should go and have a coffee together?” Prior to Venturefest, Smith and Hill hadn’t met but the discussion over coffee established that Smith had the skill set and talent that Hill was looking for. Following a later meeting with John Coombs of Unilever Ventures, Smith was employed on a consultancy basis to develop the technology. And in early 2006, Rahu Catalytics Limited (“RahuCat”) was formed as a spin-out from Unilever plc’s technology vehicle, Unilever Ventures Limited.

The business model targets applications for activators developed for retail markets. Through 2006 and 2007 the company has focussed on five key market areas: Textiles, Pulp & Paper, Industrial & Institutional Cleaning Materials, Inks & Coatings and Chemical Synthesis. It now develops and delivers green catalysts, activators and accelerants for a range of industrial applications. And this green offering includes the environmentally-attractive prospects of reduced power, water and chemical consumption and hence reduced operating costs. As Smith says:

“Venturefest’s ethos of facilitated serendipity certainly worked for Rahu Catalytics.”

www.rahucats.com

Paul Smith, Rahu Catalytics 01623 722114, paul.smith@rahucats.com



Success Stories



Significant growth following Venturefest presentation

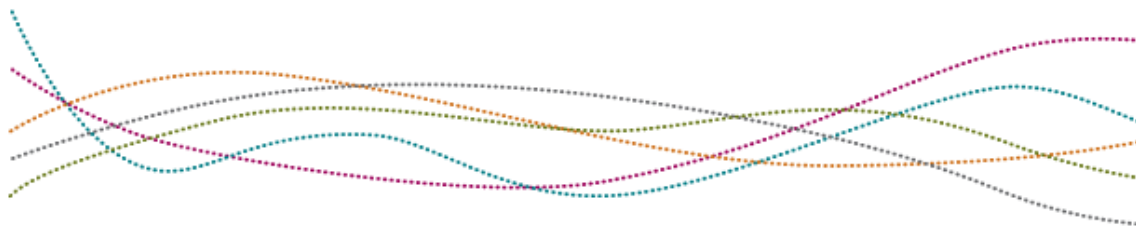
Diamond Hard Surfaces was founded in 2005 by the now Technical Director, Sergey Aleksandrov. The company has developed a thick, diamond-like carbon coating with extreme surface properties: slickness coupled with a hardness approaching that of diamond together with the toughness of carbon fibre. The unique characteristics of the material coating make it particularly applicable in sectors where engineers are pushing the boundaries of load, chemical resistance, temperature and abrasion.

Where the limits have been reached with traditional materials such as hardened steel, diamond hard surfaces can provide extended lifetime in the most arduous of applications. The company's coating is currently used extensively in mechanical seals for the oil and gas industry and it is currently working with customers in industries as diverse as Aerospace, Defence and Formula One.

Chris Walker was appointed CEO at the beginning of 2008 and later that year, following advice from lead investor Lucius Cary of Oxford Technology VCT, presented to investors at Venturefest. This proved highly successful for the company and it closed a £570,000 funding round less than five months later. Since the presentation the company has grown significantly in size, has almost doubled its turnover and more than doubled the number of staff.

www.diamondhardsurfaces.com

Chris Walker, Diamond Hard Surfaces 01865 784466, chris@diamondhardsurfaces.com



Success Stories



The serial presenter

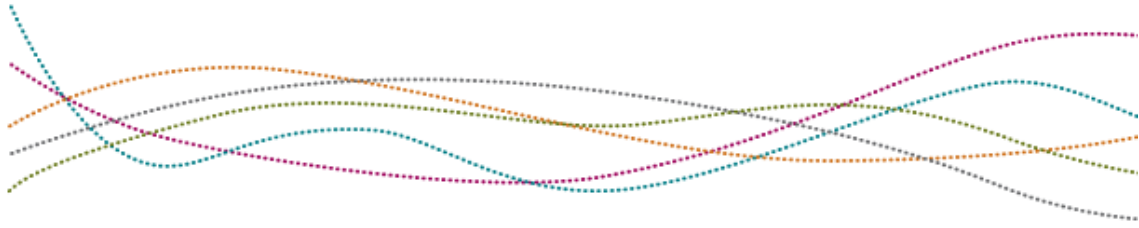
Over the years, Prosurgics has been a permanent fixture on the presenter list at Venturefest - first presenting in 2002 and, with the exception of 2007, every year since. Prosurgics was founded in 1996 (then named Armstrong Healthcare) following the completion of an Organisation for Economic Cooperation and Development (OECD) feasibility study into possible applications for robotics in medicine and healthcare.

The company focussed quickly on surgical robotics and, over the following decade, developed a portfolio of technologies and products in this field. Since incorporation it has successfully raised over £9m in external private investment, with each presentation at Venturefest directly contributing to that total. Following on from their latest presentation in July of 2008, it successfully raised funds within three months of the event.

The future is looking bright for Prosurgics. At the start of this year it received the news that it had been awarded certification for the first product in its new generation of affordable surgical robotics - the FreeHand robotic camera holder. This certification means that the path is now open for the business to satisfy customer demand for FreeHand throughout Europe and in other countries where approval or licensing requirements are based on this certification.

www.prosurgics.com

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Success Stories



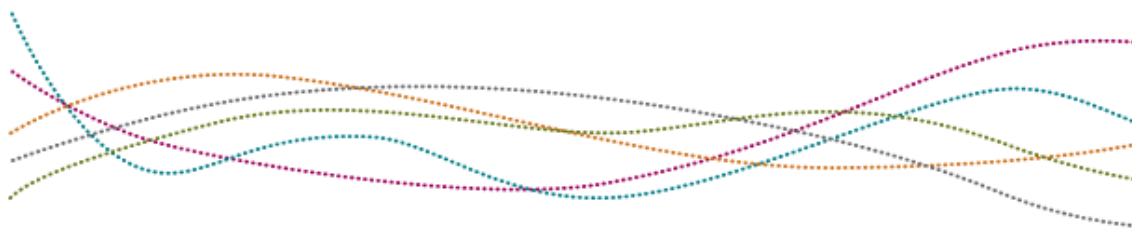
New 'business angel' investors

WheelRight originated as a private start-up in 2004 and is currently located at the Begbroke Science Park in Oxfordshire. The company has developed "Rightstrip", a sensory pad technology that monitors tyre pressure and which can be used to assess a large quantity of vehicles both efficiently and effectively. Use of Rightstrip can drastically reduce fuel consumption, tyre wear and associated breakdowns. The company estimates that if all vehicles in the UK were operating under the correct tyre pressure it would cut the UK annual fuel bill by £500m and carbon emissions by over 500,000 tonnes.

The company, as long standing members of the Oxford Investment Opportunity Network (OION), presented through the networks showcase at Venturefest in 2007 and as a result of that presentation recruited two new business angel investors. They joined with the existing shareholders (four directors and seven business angels) in raising £130K toward the £400K of matched funding that the company needed in order to access the now-awarded DTI/SEEDA Development Grant. The funds raised will support technical development to the stage where the company will have its first devices under trial with major customers. And since the Venturefest 2007 presentation, WheelRight has experienced significant growth with both staff employed and turnover doubling.

www.wheelright.co.uk

Michael Taylor, Wheelright, 01865 854848, Michael.taylor@wheelright.co.uk



Success Stories



University spin-out makes successful presentation

Impact Applications, an e-business and mobile software solutions provider, was founded in 2001 as a spin-out from Wolverhampton University and is based at the Wolverhampton Science Park. The company designs, develops and supports enterprise software applications for business with an emphasis on mobile data solutions. The company's aim is to provide services in complex areas that ensure users can focus upon their core business rather than the "back-office" systems that are so necessary to complete a task.

It presented to an audience of investors at Venturefest in June 2007 and, less than three months later, successfully raised £150,000. The funding provided the opportunity for the company to develop its offering in five key areas:

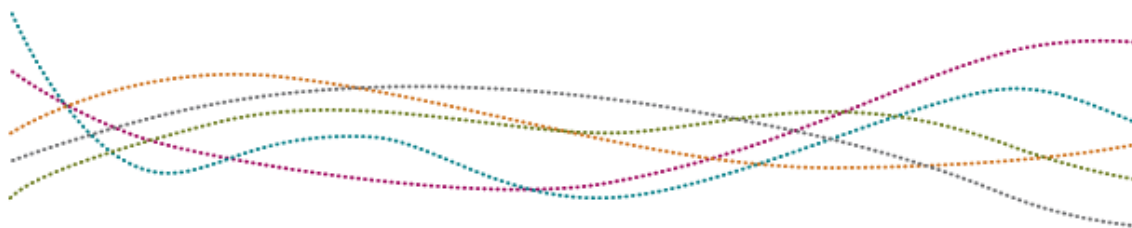
- impactRESPONSE – efficient handling of social housing repairs and maintenance
- impactMANAGEMENT – a fully-managed service for repairs and maintenance
- impactCOMMERCE – an "out of the box" e-commerce turnkey solution for any business
- impactRECRUITER – a recruitment agency management application
- syncwiseMOBILE – aimed at small companies without IT infrastructure to help them share vital business information in real time using everyday technology.

As Managing Director Martin Taylor says:

"Venturefest was an extremely well-organised and well-run event that proved to be of vast importance for our future development."

www.impactapplications.com

Martin Taylor, Impact Applications, 08700463356, martintaylor@impactapplications.com



Success Stories



Private start-up benefits from angel advisers

Computer Assets Ltd was formed from a private start-up in 1993 and is based in Portsmouth, Hampshire. It specialises in showing organisations various ways in which they can maximise their results from remote team working. The company's says that its presentation at Venturefest was extremely valuable. "Our presentation gave us exposure to the right audience. We gained angel advisers as a direct result that has been very helpful to our growth" says Business Director Andy Harris.

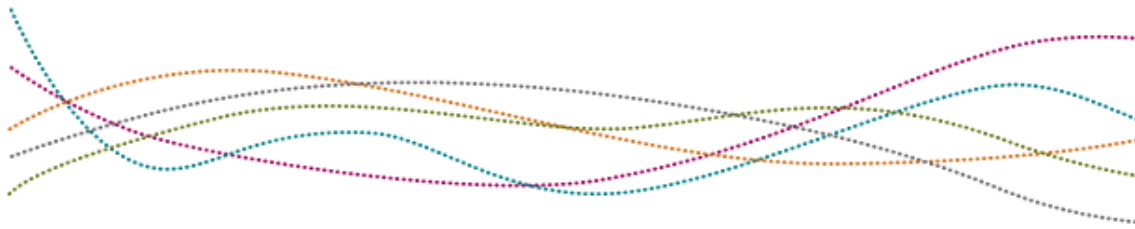
With the experience and advice gained from the advisers, the company has grown considerably and now provides four clear offerings:

- TEAMR – a complete solution for remote team working
- Consultancy – specific help for teams aimed at reducing cost and improving productivity
- Team Health Check – an assessment of where the team is in relation to others and in its own effectiveness
- Workshop – a practical session in a practical environment

The company views the current economic situation as both a challenge and an opportunity to help companies through the difficult period. And it sees Venturefest as instrumental in its growth and is looking forward to continued interaction at all levels, including provision of help to the new and emerging companies presenting at Venturefest!

www.computer-assets.co.uk

Andy Harris, Computer Assets, 02392 658209, andy.harris@computer-assets.co.uk



Venturefest in numbers

In early 2009 Venturefest carried out a customer survey. We did this to provide both a historical perspective on the event, and also to find out more about how some of our previous visitors are getting on.

- **40%** of the **61** respondents (**24**) are private start-ups & **34%** (**21**) are university spin-outs, with the remainder being a mixture of corporate and research related.
- **3/4** of companies (**46**) are currently generating revenue
- Of those that are not, just under half (**9**) expect to do so in the next 2 years
- **87%** (**53**) were seeking funding from their presentation
- **17** out of **61** gained funding as a direct result of their presentation
- **54%** of **61** companies (**33**) raised funding within **6** months of Venturefest
- **52%** of **61** (**32**) companies rated their Venturefest experience as favorable or higher
- **81%** of **61** (**49**) companies would happily recommend Venturefest to other companies

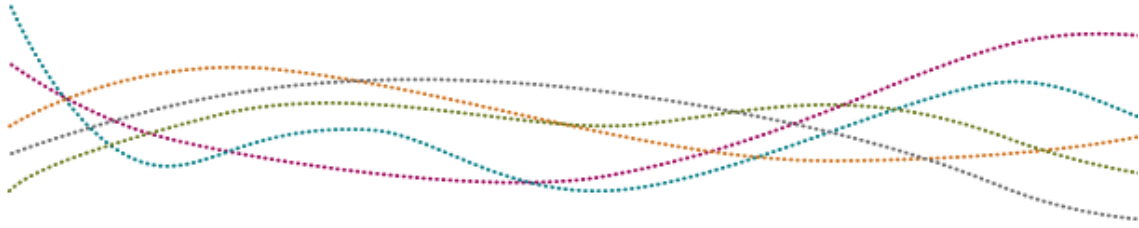
Since 2006:

- The **61** survey respondents that have presented at Venturefest have raised over **£8m** private investment less than **12** months after their presentation

Turnover & employment change:

- Of the **16** companies prepared to disclose their turnover their combined total has increased by **557%** from **£1.8m** to **£11.6m**
- Of the **45** companies prepared to disclose their employment their combined total has increased by **72%**, (**192**) from **267** at the time of the event to **459** in Jan 2009

If these sample figures are aggregated across the survey sample of 61 companies it would imply that companies that have attended Venturefest have created at least 260 jobs and £37.4m of increased turnover.



What do people say about Venturefest?

There's nothing more compelling than a customer's voice. Here are some of the things that our visitors have said about Venturefest:

"Venturefest is useful for helping spread the word about the company and for positioning whilst looking for funding."

From Venturefest 2004

"It was useful and interesting in helping decide what we wanted to do. It was good to present to people who wanted to invest. The right people were in the room and although we didn't take investment it made us realise that we should grow cash from earnings and then use this to develop our own portfolio. Our progress has been slower because of it but it was the right decision. Venturefest helped us in this decision."

From Venturefest 2004

"Venturefest is very good at actually placing one in a situation where you need to know everything about the company from a number of differing viewpoints. It makes one think more effectively about the overall strategy of the company. One thought for Venturefest is "How do people find out about it?" We found out through Lucius but other than that we would not have known about it. We tend to use the internet to search, so key words such as "capital fund raising" should point to Venturefest to gain our attention."

From Venturefest 2005

"The presentation helped us to get funds in a direct/indirect way. A person in the audience saw our presentation, and put us in contact with an investor who we got involved with."

From Venturefest 2006

"Well organised and well executed event. Presentation brief very clear and informative."

From Venturefest 2007