

GREATER MANCHESTER LOCAL ENTERPRISE PARTNERSHIP

DATE: Tuesday, 17 March 2020

TIME: 4.30 - 6.00 pm

PLACE: Graphene Room, GMCA, Churchgate House, M1 6EU

AGENDA

Item	Pages
5.1 The Growth Company Angels	1 - 12

Agenda Contact Officer:

Lee Teasdale

Governance and Scrutiny

Greater Manchester Combined Authority

01617787009

Lee.Teasdale@greatermanchester-ca.gov.uk

This page is intentionally left blank



Update March 2020

www.growthco.uk

Purpose of the Presentation

Page 2

- GC Angels - GM response to early stage equity gap
- Issues & response
- Impact to date
- Future opportunity

Background

Page 3



GM Issues

- × Lack of private risk appetite and Fund capacity at early stage
- × Low levels of GM innovation start up raising growth finance
- × Poor diversity

Page 4

GC Angels Response



Attract
Investors



Advise on
Deals



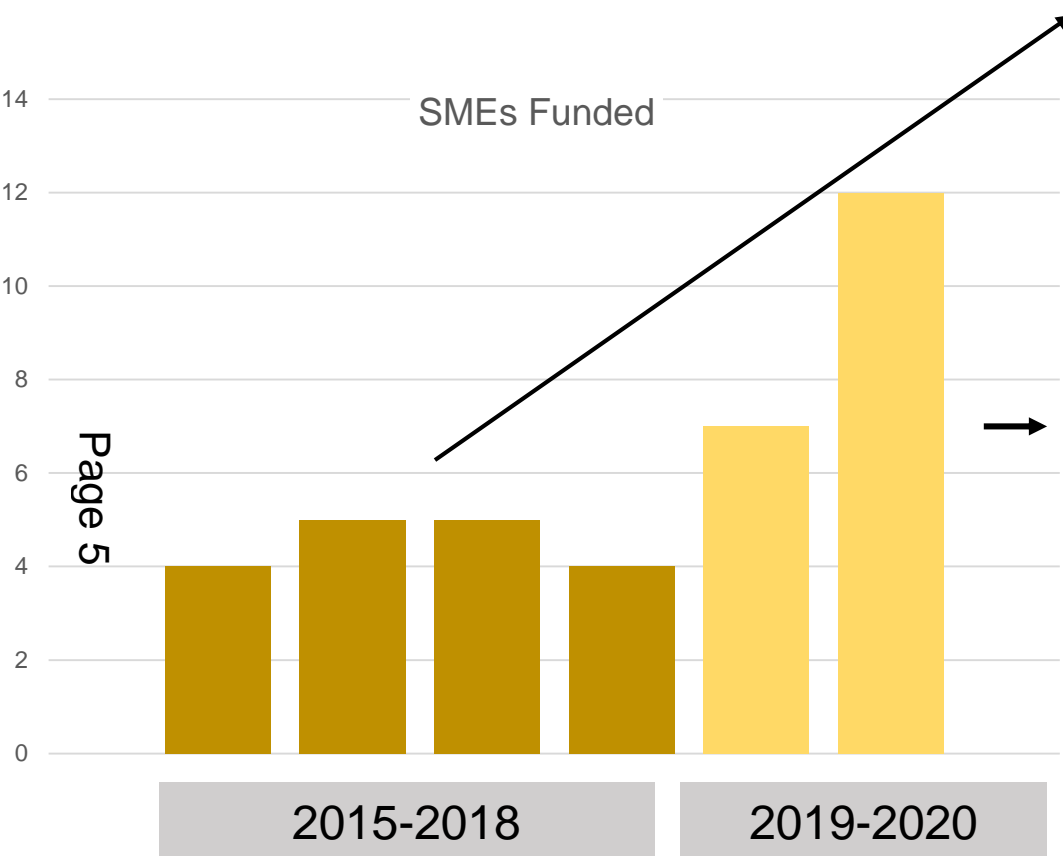
Co invest LGF
capital



Thought
Leadership

GM Results

- ✓ Better access to early stage funding and high follow rates
- ✓ Improved market connectivity, high private leverage
- ✓ UK leading diversity



39 SMEs supported with £26m raises
£40m follow on raised in 50% SMEs

2015-2018

- 18 SMEs supported
- £5.7m Angel capital enabled from £21m total raised
- 75% tech bias

2019-2020

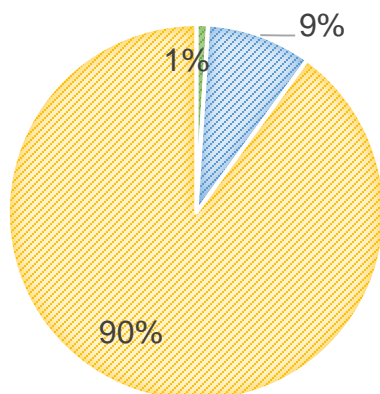
- Able to drive deal flow proactively
- 19 SMEs supported in less than half the time
- £1.2m LGF invested; unlocking £6.02m in total
- 5x Leverage
- 40% female founder

Leading the way in Diversity nationally

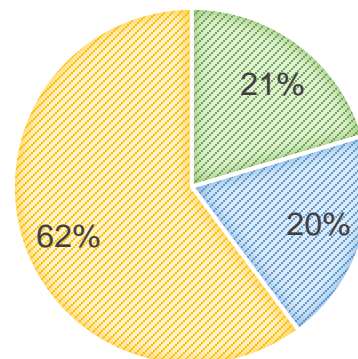
- 21% to female founded GM SMEs (typically 1% nationally)
- 25% to BME founders
- 17% Manchester, 83% Rest of GM

Page 6

UK VC Average*



GC Angels FYE



- Solo Female Founded
- Mixed Gender Founded
- Solo Male Founded

*British Business Bank Report on UK VC & Female Founders 2018/19

**GC Angels projection to YE

In the Market

Mental health and safeguarding app startup Tootoot to enter workplace with GMCA investment

The business said it's looking to move its offering into the workplace by building an employee and mental health tool for use in large enterpris workforce, which would enable enable organisations to understand the mental wellbeing of its staff

SHARE

COMMENTS

By Isabel Finch Business Reporter
 12:21, 15 NOV 2019 | UPDATED 12:46, 15 NOV 2019



FOOTBALL4FOOTBALL NETS £150K INVESTMENT

6 Nov 2019
 North West
 Deals



Manchester-based Football4football, which supports aspiring players at grassroots level, has secured a £150,000 matched funding investment from GC Angels.

The interactive platform advises footballers on what to eat, how to improve and what to do in case of injury.

With content from World Cup captains to non-league semi-professionals and brand ambassadors across the world, it is designed to help players looking to gain an advantage at any level.

The £150,000 investment and launching of a new website represents the culmination of years of content gathering.

Julian Dowe, creator and owner of Football4football, said: "This is an exciting time for football development in the UK. Using the internet to its fullest potential can help educate young players, and their support base to enhance physical activity as well as emotional well-being in football.

"Like the top players, coaches and experts who feature, we want elite resource to be fully inclusive and believe that football4football can drive this process with its engaging functionality, fantastic content and accessible instruction."

Nathan Heathcliff-Core, associate director at GC Angels, added: "Football4Football is one of the most exciting and innovative companies to work with in the sector. The work they've done with clubs such as Real Madrid, Ajax, and Paris Saint-Germain, across the Premier League and Europe, really makes them stand out, and we're glad to be able to play a part in their journey."

HOW FEMALE ENTREPRENEURS CAN OVERCOME BARRIERS TO FUNDRAISING

Jessica Jackson, investment director at GC Angels, explains why investing in 'wonder women' is key to boosting the economy

GC Investment
 GC Women In Tech

7:13am 4th Dec 2019



Jackson urges angel investors to contact GC Angels to get involved in its deal flow

It is estimated that if there were as many female entrepreneurs as there are male entrepreneurs, global GDP could rise by three to six per cent, adding up to \$5 trillion to the economy.

Furthermore, companies with greater gender diversity are 15 per cent more likely to outperform above their respective national industry medians in financial returns.

A new paper from the British Business Bank has revealed that, out of the £5.6 billion of venture capital invested in 2017, 89 per cent went to all-male founded businesses. This was backed up by the Alison Rose Review of Female Entrepreneurship, which detailed that women are 90 per cent less likely to secure funding compared to male founders, receiving just one per cent of VC capital.

These figures are shocking and evidence of the detrimental impact unconscious gender bias is having on the economy. But while we know a systematic change is needed, we also recognise that it takes time to cut through the noise and identify real, tangible solutions to help women-led businesses fulfil their potential.

Jenny Tooth OBE is one person driving change, with the launch of the Northern Women Angel Investment Forum to address the impact from the investor-side of the table. Speaking at our recent 'Smashing Barriers: Manchester's Wonder Women' event, Jenny explained how severe the lack of women entrepreneurs accessing angel investment is and, out of the 15,000 angels she works with, just 15 per cent are women.

GM Benchmarking (Beauhurst 18/19 data)

GM Deals completed 2018/19

Funder	Deals	Total Raised	Female founded	Av. Funder Contribution	Av. Total raise	Fund Source	Leverage
GCBF LGF	9	£4.2m	3	£78k	£465k	LGF	4.5
Maven	6	£4.9m	0	£360k	£829k	NPIF	2.1
Mercia	5	£4.9m	1	£551k	£979k	NPIF	2.96
BGF	5	£45m	0	£4m	£7m	PE/VC	-
North Invest	2	£0.5m	1	n/a	£371k	Angels	-

Page 8

- ✓ Most active early stage investor by number
- ✓ Unique space in market – deal size
- ✓ Complementary to other Funds
- ✓ Lower investment value - higher leverage
- ✓ High follow-on rate
- ✓ Portfolio quality better than expected

GM Demand through GC Angels

- Consistent high level of demand
- 30% female and mixed gender founders in WIP
- £16m current WIP from 30 GM SMEs (per 4 months)
- £2m GM Pilot capital fully invested – LGF run out
- In the 'Gap' - Average deal size £350k
 - Cannot fully operate in this risk space

The Way Forward - an opportunity:

- Build on this success and new impetus in a GM market gap
- Target tech start ups earlier and produce more growth stock
- Kick start real diversity in pipeline of GM high growth SMEs
- Crowd in more later stage follow on funds (NPIF, BBB, EIS, Private)

Way Forward

- Continue market building – facilitation and hubs pipeline development
- Secure patient “unlocking public capital” for earlier stages prior to follow on
- Need @£2m per year will unlock 4x leverage plus follow on growth rounds
- Develop proposition for GM EIS Fund linked to Innovation sites and BBB Capital

THANK YOU
Any Questions

This page is intentionally left blank