

INSPIRE

THE OFFICIAL NEWSLETTER OF THE NORTH WEST FUND



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Sentric Music goes international with investment from 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.



Welcome

Cliff Maylor...

We enter the New Year with a great deal of optimism for The North West Fund after a strong performance last year. The Fund invested **£32million** into 95 businesses through the six sub-funds during 2012, and to date has created or safeguarded more than 1,000 jobs.



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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



Our focus has always been on inspiring entrepreneurs, raising awareness about The Fund and encouraging relevant businesses to apply. This year, as our portfolio businesses continue to mature, our fund managers will work closely with them to push forward growth, while continuing to develop new investment opportunities and helping to establish new businesses.

Finding new business opportunities in the North West is key, but we are also dedicated to supporting established small and medium sized businesses that want to grow and have had difficulty securing private finance in these tough economic times.

To date we have supported the creation of 30 new businesses. Many of these are developing new and exciting products and services, helping to raise the profile of the North West as a place which nurtures and develops new talent and ideas. Some of these exciting investments are covered in more depth within this newsletter.

Our priority sector funds are making good progress, with the successes of The Biomedical Fund being recognised nationally and Liverpool being seen as a real hub for Biomedical developments. The Biomedical cluster office based in Liverpool Science Park which was established by SPARK Impact, our Biomedical

fund managers, will have seven businesses situated there by Easter with a total of 15 Biomedical businesses setting up in Liverpool as a result of our investment.

We've seen success with the region's other key sectors, with 22% of investments being in the manufacturing sector, bucking the long term trend for decline in this sector. Our fund managers have also been able to invest in very innovative recycling schemes, energy reduction schemes and green technologies, helping to develop initiatives that reduce the carbon footprint of businesses. For example, our Energy & Environmental sub-fund worked with entrepreneur David Smith-Milne of PlaceFirst to fund a number of social housing regeneration projects in various parts of the North West, installing solar energy panels.

We're also delighted that we've been able to support businesses with high aspirations and plans for growth. The Fund for Digital & Creative supported music publisher Sentric Music as it plans to expand internationally. Likewise, The North West Fund for Business Loans, has backed technology business Trumeter which has plans to push into markets in the US, India and Malaysia.

You can read more about some of our key investments elsewhere in the newsletter and on an ongoing basis on our website.

Each of our six fund managers will continue to work flat-out to ensure that we meet our targets and invest every single penny from The North West Fund for the benefit of the people and businesses in the North West. The interest and commitment from entrepreneurs has been great, but we're not going to sit on our laurels. We're going to continue to raise awareness of The Fund, working with banks, professional service providers and other initiatives to make sure The North West Fund becomes a lasting legacy for the North West.

We will continue to drive the momentum of 2012 with a pipeline of investment opportunities which is already looking very healthy. We anticipate investment levels of £35million over the next 12 months and are looking forward to the new opportunities that this year will bring.

Enjoy the newsletter!

Cliff Maylor
CEO of North West Business Finance Ltd
which manages The North West Fund

Looking forward to continued strong growth



The North West Fund enjoyed a strong 2012 after investing **£32million** in 95 businesses across the region. In total, our six sub-funds have invested **£43million** into 146 businesses across Merseyside, Greater Manchester, Lancashire, Cheshire and Cumbria.

The pipeline of future deals is also looking strong for 2013, with more investments to be made across the region by our dedicated sub-funds for Business Loans, Venture Capital, Development Capital, Energy & Environmental, Biomedical and Digital & Creative.

Key investments completed during 2012 included:

- A **£190,000** loan by The North West Fund for Business Loans, managed by FW Capital, into Cheshire-based, Mattroe, which supplies North West Housing Associations and Trusts with white goods and furniture for their social housing schemes.

- A significant investment by The North West Fund for Venture Capital, managed by Enterprise Ventures, into Salford Quays-based online payment provider **App55** to develop new smartphone, tablets and computer payment products;
- A six-figure investment by The North West Fund for Digital & Creative, managed by AXM Venture Capital, into Liverpool-based software firm **Setgo** to help the business further develop its software solutions;
- An investment by The North West Fund for Biomedical, managed by **SPARK Impact**, into BioOxyDyn, an advanced medical imaging company based at Manchester Science Park; and

- A **£550,000** investment by The North West Fund for Energy & Environmental, managed by CT Investment Partners, into Merseyside-based Ultromex, which has developed market-leading processes for the recovery of high-value metals from electronic and industrial waste products.

Since The Fund launched in 2010, we have been delighted by the quality of applications from businesses in the region. We are beginning to see the significant impact that The Fund is having on the North West economy with all of the sub-funds already making follow-on investments.

As the largest fund of its kind in the UK, The North West Fund provides an incredible opportunity for businesses in the region. Given the high quality of our investment pipeline we are extremely optimistic about the prospects for 2013 as a whole and we anticipate investment levels of £35million for the year.

£32m
Invested in 95 businesses across the region in 2012



Sentric Music goes international with investment from The North West Fund for Digital & Creative

+ 35,000 songwriters, representing more than 130,000 tracks in the UK, USA and continental Europe.

Music publisher Sentric Music has tapped into international markets following investment from The North West Fund for Digital & Creative, managed by AXM Venture Capital Limited.

Sentric Music Limited, based in Elevator Studios in Central Liverpool, offers a combination of music publishing services for independent artists, established artists and catalogue owners, based on its unique online royalty collection and management platform.

The company's turnover has already significantly increased following the investment from The North West Fund for Digital & Creative in May 2012.

Since the investment, Sentric has been able to progress with its international growth plans and tap into overseas markets by securing strategic alliances with major music players such as Pledge Music, which allows artists to offer music direct to fans. Sentric has also expanded its existing

relationships including its partnership with ReverbNation and Downtown Music Publishing. Chief executive Chris Meehan and non-executive director Andy Davidson founded the company in 2006. It now acts for more than 35,000 songwriters, representing more than 130,000 tracks in the UK, USA and continental Europe.

The firm has also used the funding to strengthen its team by recruiting four full-time staff in addition to its existing headcount of 13. The new positions have enabled Sentric to provide the highest level of support to its growing customer base.

David Smith, investment director at AXM Venture Capital, said: "It has been a pleasure working with the management team at Sentric. Their reputation in the music publishing industry is growing phenomenally and we have been very impressed with the company's growth in such a short period of time.

"We are also delighted with the number of high quality jobs that have been created in the North West and remain

positive for the firm's future."

Chris Meehan added: "Working with The North West Fund has enabled us to achieve our growth aspirations and become a leading international music publisher for artists and businesses alike. The application process was simple and The Fund engaged with us on a very commercial basis.

"Since investment, The Fund has been supportive of the management team, offering useful commercial insights, and giving us real value through introductions to their network in the industry."



Zilico develops system for 'real time' cervical cancer screening results



Manchester-based Zilico Ltd has developed a new system to provide 'real time' results for women within the cervical cancer programme after receiving funding from The North West Fund for Biomedical, managed by SPARK Impact.

The system, which consists of a portable hand-held device, a single use disposable sleeve and docking station, removes weeks of waiting for results.

The first application of the device, called ZedScan, detects changes in tissues as they progress from normal to pre-cancerous and then to cancerous by measuring the resistivity of the cells.

Zilico will use recent funding from The North West Fund for Biomedical to establish a route to market throughout Europe and other high-growth markets as it continues to develop further products. The business is seeking to hire three more people over the next six months.

In October 2012, Zilico secured £750,000 of funding from various investors including The North West Fund for Biomedical, managed by Spark Impact, in addition to £1m that was announced in June 2012.

Chief executive of Zilico, Sameer Kothari, said: "Without the funding and support from The North West Fund our products would not be nearly as developed as they are now. ZedScan is becoming well known in the medical community and we look forward to launching the product on the international market.

"The fund managers are very experienced in the healthcare sector so they understand the market and they understand our product offering. They have helped us navigate the steps to ensure a medical company is commercially successful."

Penny Attridge, senior investment director at SPARK Impact, which manages The North West Fund for Biomedical, said: "As an investor, Zilico has great commercial appeal. It is a convenient and simple device that has the potential to significantly improve women's healthcare."

Zilico was originally spun out from the University of Sheffield and Sheffield Teaching Hospitals NHS Foundation Trust. Cervical cancer affects around 500,000 women worldwide each year and is responsible for 300,000 deaths.

Zilico secured £750,000 + of funding from various investors, including The North West Fund



PlaceFirst achieves rapid growth following The North West Fund investment

+ PlaceFirst, the innovative energy and regeneration business, has achieved significant growth in turnover with the support of equity investment and loan facilities from The North West Fund for Energy and Environmental, managed by CT Investment Partners.

PlaceFirst, based in Didsbury, Manchester, was formed in 2009 as a consultancy firm in the physical housing regeneration and renewable energy sectors. It received investment from The North West Fund for Energy and Environmental in July 2012.

The business has evolved to a point where it now invests alongside its traditional clients, including landlords in the social housing sector. It was among the first private businesses in England to finance and install large-scale solar PV projects across social housing.

Projects are typically either managing the retrofitting of renewable energy technologies on social housing or creating private-public sector partnerships with local authorities and registered providers of housing in order to regenerate empty housing with energy efficient technologies.

The company is currently involved in the remodelling of 200 homes at Woodnook in Accrington, Lancashire, through a joint venture with Twin Valley Homes, and in partnership with the local authority Hyndburn Borough Council. The project will see a range of energy efficiency and renewable measures installed to create new socially affordable housing for the area.

Founder and managing director David Smith-Milne, who formed the business in 2009 following a management buy-out from Tribal Group plc, has used the funding to develop an executive team and to fund the recruitment of a number of new roles in the North West.

PlaceFirst is currently supported by an experienced senior management team with a background in project finance and urban regeneration and is in the process of recruiting a chairman and non-executive directors to the board.

Michael Bakewell, investment manager at CT Investment Partners was appointed as a non-executive director earlier this year.

David Smith-Milne said: "We would not have been able to grow the business in such a short space of time without the excellent support of The North West Fund and CT Investment Partners. Through close collaboration with the Fund, we have created a structured debt and equity investment that is aligned to the growth requirements of the business."

"The investment managers at the Fund took the time to properly understand our business to create a bespoke financial instrument that is now helping to drive the growth of our innovative products and services in the energy and housing sectors. This growth created the need for additional staff with two new starters having joined recently and plans in place to seek another two recruits in the near future."

"The funding and staff expansion are already helping to position PlaceFirst as one of Manchester's most innovative businesses tackling fuel poverty and housing regeneration across the UK."

Mike Bakewell, investment manager at CT Investment Partners said: "PlaceFirst aim to build the business into a leading consultancy and developer of socially affordable housing. The firm is capitalising on the opportunities in the energy efficiency and regeneration market in socially affordable housing, so we expect to see positive turnover figures over the next few years."

The North West Fund finished 2012 with a strong investment performance, investing £32m in 12 months

- Since its launch, two years ago, The Fund has invested **£42m****
- Over **140** North West businesses have been supported with funding**
- Over **1,000** jobs have been created or safeguarded**
- Further funding has been earmarked to support these businesses as they grow and many more investments are planned throughout **2013** and the years ahead.**

We are looking for more businesses to invest in with investments available of between **£50k and **£2m**.**

View from the Top... +

Malcolm Edge, Chairman of North West Business Finance, which manages The North West Fund

I'm very proud to be writing this as the new chairman of North West Business Finance at the beginning of what is an important year for The North West Fund.

We are now just over two years into The Fund and it is an exciting time for us and our fund managers. Companies which attracted investment in 2011 and 2012 are growing, winning new orders and creating new jobs. Some have already received follow-on investment and are well on their way to becoming established businesses that are positively contributing to the North West economy.

A notable achievement for us is in relation to the number of manufacturing businesses The Fund has supported. Manufacturing is a key priority sector for the North West and all of our fund managers are keen to invest in North West manufacturing businesses. We are delighted that so far over 20% of the businesses we have supported with funding are in the manufacturing sector.

As you know, The Fund has undergone some changes in the past few months but we now have a settled senior team in place. We are absolutely determined to push The Fund forward and are committed to creating a strong and sustainable legacy in the North West, whilst at the same time, inspiring and supporting our entrepreneurs.

A fundamental part of the work we do is based on building relationships directly with entrepreneurs. Our fund managers work hard across the region, attending a wide variety of events in order to meet inspiring entrepreneurs with exciting business growth plans. Our website is also an essential element in the application process and we will be working to develop this over the coming months.

For me, as Chairman, an important part of my role will be to keep an open dialogue with our partners. The Fund has done this very well so far, with a packed calendar of events, along with communications like this, to keep our stakeholders up to date. However, I believe there is always an opportunity for improvement.



Our private sector partners, such as banks and other intermediaries, have played a key role in the success of The North West Fund. Alongside the £43m invested by The Fund so far, a separate £27m has been secured from the private sector. This is clear evidence of how The Fund has been able to help SMEs unlock private finance.

I am keen that we remain very close to our public sector partners, too. Universities have been hugely significant in several investments so far and they are a vital breeding ground for the entrepreneurs of the future. We also value enormously the input of MPs and councillors who can help us spread the great news from The Fund and highlight the important role it is playing.

Looking ahead to 2013, we feel optimistic and confident, with a target of £35m to invest in businesses in the region this year. We believe 2013 will be the best year yet for The North West Fund.

We are looking for more businesses to invest in, so whether you are just starting up or seeking finance to help take your company to the next level, investment of between **£50k and **£2m** from The North West Fund could be what you need to help your business flourish.**

Interested?... You can apply on our website www.thenorthwestfund.co.uk It is a simple process with the initial application only taking approximately 10-20 minutes to complete. Our fund managers will then contact you with an initial response, typically within five working days.

Each of the entrepreneurs we have invested in has a compelling tale to tell. Read more about them on our website or [scan our QR code](#) to see their video case studies. In the meantime, here are just two of our success stories...



Rob Connell, Med ePad

The business: An interactive, touch screen device for the healthcare sector, with a potential market of over 15 million sufferers.

"Having been refused funding from banks due to the economic climate, Business Link advised I contact The North West Fund. The investment allowed us to conduct research and development, and fund trials within the NHS. Being associated with the Fund has given me access to individuals and skillsets I didn't have before; using the team as a sounding board and devil's advocate has been of distinct use."

Sean McGuire, Ambitious Minds

The business: A portfolio of financial training courses, and an interactive finance programme for schools, educating tomorrow's consumers.

"We had researched the market for two years, which gave us the opportunity to approach a funder to provide the working capital we needed to market and sell the product. We always wanted to be based in Liverpool, and felt a local or regional funder would be best. The process of accessing the funding was great for us, because it gave us the discipline to get our own thinking in order. The Fund isn't just another mentor or supporter – it becomes a partner."



Discover how The North West Fund can help your business – contact any of our specialist Fund Managers, or find more information at www.thenorthwestfund.co.uk

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