IOP Business Forum: The right place at the right time – access to finance for science-based companies in the North East

Discussion notes

16 October 2013
NETPark Incubator, Sedgefield, Durham

Chaired by Professor Brian Tanner FInstP FHEA FRSA

Speakers:

Dr James Johnstone, Nanotechnology KTN
Dr Richard Exley, Northstar Ventures
David Lussey, Peratech
Tom Smyth, BIS Yorkshire, Humber & North East
Stephen Lightley, North East Access to Finance

Professor Brian Tanner, Dean for University Enterprise, Durham University, welcomed guests to NETPark with the news that Kromek, a Durham university spin-out based at NETPark was successfully listed on the Alternative Investment Market. This served as an appropriate start to the days meeting discussing the routes to finance for science-based businesses in the North East.

The first speaker, James Johnstone from the Nanotechnology Knowledge Transfer Network (nanoKTN), highlighted some of the funding schemes available to businesses in order to best navigate the funding landscape. These include the Technology Strategy Board (TSB) funded schemes including collaborative research, awards & vouchers and catapult centres. James stressed that companies must decide what is best for them and not just base decisions on if the money is available.

Richard Exley from Northstar Ventures, early stage venture capital (VC) investors, discussed VC for science companies, starting with a brief overview of VCs and what they do. Richard stressed that VCs are looking to invest in companies and not research organisations and that it is the people involved that will make a venture succeed therefore networking is vital when looking to access funding for businesses and growth.

After the break David Lussey, Chief Technical Officer and founder of Peratech shared his experiences of growing a business based on their quantum tunnelling composite (QTC) material. Over the last 20 years Peratech has successfully attracted over £2.8 m from equity investors and a further £3.5 m from regional funds, loans and awards. However, David shared that despite successfully raising so much money they are still navigating through the valley of death as they look for more customers for their products.

Tom Smyth, the forth speaker is Deputy Head of BIS Yorkshire, Humber & North East and he introduced the four growth ambitions of the Government; competitive tax, start & grow, invest & export and educated work force. He demonstrated the links between these and the ways in which the Government is looking to support business growth in the UK.

Finally, Stephen Lightley from North East Access to Finance gave an interactive introduction to the North East Access to Finance website (http://www.nea2f.co.uk) which acts as a single
location from which people can learn about and contact the financial and guidance schemes in the region, and nationwide.

The discussion sessions addressed questions including whether crowd funding could be relevant to science-based businesses and it was suggested that whilst it may be one way of raising funds, it may not be the most appropriate route due to the low revenue generated and the high number of share-holders involved.

There was also discussion as to whether the decrease in the number of university spin-outs over recent years was something to be worried about, with the speakers noting that there are often other, more successful ways of transferring knowledge from research to commercialisation. The panel was asked what characteristics should businesses be looking for in business angels, from networking potential to finance and their skills set, with the speakers noting that networking potential was paramount. The panel were also asked what help was available with licencing of intellectual property and discussed the services of the legal profession and also that of the British Library, including the regional centres.