TOP 100 BRITAIN'S FASTEST-GROWING BUSINESSES

SYNDICATE ROOM

A ROUNDUP OF THE UK'S MOST PROMISING SCALE-UP BUSINESSES

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FOREWORD

The companies in this report are some of the most promising scale-up businesses in the UK. The first thing that springs to mind is how diverse they all are – from businesses that redefine our relationship with money to companies that are literally recreating the sun's power on Earth. Together, they span 12 different sectors, employ 10,200 people and generate £605,945,417 in revenue.

The one thing they have in common is the attention they're getting from investors: these are the fastest-growing private businesses by valuation over a three-year period. However, catching up with the founders and CEOs, it became clear that despite their impressive successes, they have a number of concerns about their continued growth.

Recruiting and retaining top talent was frequently referred to as a problem, one further compounded by the uncertainties surrounding post-Brexit employment laws. The other frequently mentioned issue was access to scale-up finance, especially for knowledge-intensive businesses developing world-changing technologies.

There are two things that we think could help.

One. For the sake of high-growth companies, we'd love to see some sort of fast-track visa for technology workers arriving from Europe. This would not only help business, but also fortify Britain's status as Europe's tech hub.

Two. We'd like to see an increase in the upper limit of what a business can raise from EIS investors, which would provide access to more growth capital. In the 2017 budget, we were delighted to see Philip Hammond double the EIS allowance for 'knowledge intensive' companies. This is fantastic news for the early-stage industry and, if the Chancellor's calculations are correct, will channel an additional £20bn into early-stage businesses.

I'm truly excited for what the future promises; there's never been a better time for early-stage investing.

08

Rank Company // Multiple increase in valuation 2014–17

01 TransferWise // 57.1
02 Deliveroo // 56.4
03 The Culture Trip // 36.5
04 Digital Shadows // 30.8
05 Sonovate // 30.0
06 HiLight Semiconductor // 21.1
07 Swoon Editions // 18.9
08 EdixoMed // 18.4
09 Credit Benchmark // 16.6
10 Kano // 16.4
11 what3words // 16.4
12 Lost My Name // 15.7
13 Elvie // 15.7
14 BookingBug // 15.0
15 Boiler Room // 14.7
16 MOVE Guides // 14.4
17 SoftIron // 14.1
18 Flypay // 13.9
19 BenevolentAI // 13.7
20 YunoJuno // 13.5
21 freemarketFX // 12.9
22 First Light Fusion // 12.4
23 Uniplaces // 11.9
24 Capital on Tap // 11.9
25 Evergreen Energy // 11.8
26 Crowdcube // 11.5
27 Second Home // 11.3
28 Pavegen // 11.1
29 Festicket // 10.8
30 MoveGB // 10.7
31 Telensa // 10.6
32 Hopster // 10.6
33 Bought By Many // 10.6
34 Paycasso // 10.4
35 Book My Garage // 10.4
36 Advanced Blast & Ballistic Systems // 10.4
37 Optalysys // 10.3
38 Ingenica Solutions // 9.8
39 GCI // 9.8
40 Peptinnovate // 9.8
41 Appear Here // 9.6
42 Landbay // 9.6
43 Grabble // 9.5
44 Breezie // 9.3
45 Maggie & Rose // 9.3
46 Embonds // 9.2
47 BrewDog // 8.7
48 Carwow // 8.6
49 Yoyo Wallet // 8.6
50 Import.io // 8.4

Rank Company // Multiple increase in valuation 2014–17

51 Acer Ventures // 8.3
52 Perspectum Diagnostics // 8.3
53 DogBuddy // 8.3
54 Oxford Photovoltaics // 8.2
55 Post-Quantum // 8.0
56 Funding Circle // 8.0
57 MiNA Therapeutics // 8.0
58 Charlotte Tilbury Beauty // 7.9
59 RocketRoute // 7.9
60 Medopad // 7.7
61 Synpromics // 7.6
62 Sofar Sounds // 7.5
63 RateSetter // 7.5
64 Leso Digital Health // 7.5
65 Balluga // 7.4
66 Aistemos // 7.4
67 Lontra // 7.4
68 Stratajet // 7.3
69 UserReplay // 7.2
70 Duco // 7.1
71 MarketInvoice // 7.0
72 CellPoint Mobile // 7.0
73 Shopological // 6.8
74 Lakes Distillery // 6.6
75 Hire Space // 6.5
76 nDreams // 6.5
77 Safeguard Biosystems // 6.5
78 Sky-Futures // 6.4
79 Blaze // 6.4
80 eMoneyHub // 6.4
81 Rentify // 6.3
82 Bicycle Therapeutics // 6.2
83 Nurture Landscapes // 6.1
84 BitPoster // 6.0
85 AirPortr // 6.0
86 Jools Drinks // 6.0
87 Black Swan Data // 6.0
88 LoopMe // 5.9
89 Tokamak Energy // 5.9
90 Beauhurst // 5.9
91 Arachnys // 5.9
92 BookingTek // 5.9
93 PanicGuard // 5.8
94 Truman's Beer // 5.8
95 Odyssey Airlines // 5.8
96 The World Weekly // 5.7
97 WeSwap.com // 5.7
98 Cerus Endovascular // 5.5
99 Bloom & Wild // 5.5
100 Wazoku // 5.5

This Top 100 ranking of UK high-growth businesses was determined by Beauhurst, a research body for the UK's most ambitious startups, scale-ups and high-growth companies.

The companies are ranked based on valuation increase between 2014 and 2017. For full methodology, turn to page 68.

INTERVIEWS

TRANSFERWISE

THE CULTURE TRIP

HILIGHT SEMICONDUCTOR

BOOKINGBUG

FESTICKET

MOVEGB

MEDOPAD

RATESETTER

STRATAJET

JOOLS DRINKS

The Top 100 registers some of the most promising scale-ups operating in the UK today, spanning sectors as diverse as transportation, professional services and supply chain management.

We spoke with the entrepreneurs behind ten of these businesses to learn about their experience of raising finance, the biggest hurdles they've had to overcome on their journey and what investors have brought to the table beyond finance.

14

TRANSFERWISE

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Stay focused on your mission.

The customer's needs have to come before everything else.

Kristo**Käärmann**

Kristo
Käärmann
CO-FOUNDER

Taavet
Hinrikus
CO-FOUNDER

16

It's little surprise that TransferWise, one of the biggest London-based fintech startups, heads up our Top 100 list.

TransferWise was launched in 2011 by Taavet Hinrikus and Kristo Käärmann, two friends from Estonia who lived and worked in the UK. They had experienced first-hand the problems inherent in transferring money across countries and knew of the exorbitant fees charged by banks to convert funds from one currency to another. So they decided to find a solution.

Instead of moving money directly from one country to another, TransferWise uses bank accounts in multiple countries to process the transactions, ensuring that users get the mid-market exchange rate seen on Google or XE.com.

We spoke with Co-founder Kristo Käärmann about the company's journey.

SR: Was there a lightbulb moment that led you to set up TransferWise?

Kristo: TransferWise was born out of frustration about how much it cost to transfer money between the UK and Estonia. My friend Taavet was based in London but paid in euros, while I worked in London but paid a mortgage to Estonia in euros.

We realised each needed what the other had, so started to exchange money between ourselves, using the mid-market rate, avoiding the hefty fees charged by the bank.

We managed to save thousands doing this and we figured there must be millions of people around the world experiencing the same problem.

What has been your funding experience so far?

Our experience of fundraising has been positive. To date we've raised a total of $397m from investors based all over the world, including IVP, Old Mutual Global Investors, Andreessen Horowitz and Richard Branson.

What do you look for in an investor?

We're lucky to have prominent, well-known investors from a diverse range of backgrounds and countries behind us, from Silicon Valley right through to Asia and Europe.

For instance, we recently brought on board Old Mutual Global Investors. It's great to have such an established player in the financial services space supporting our mission. We're reimagining the future of financial services and it's not just VCs who want to be a part of that.

What motivates you to grow TransferWise and make it a success?

Our mission is to make 'money without borders' – instant, convenient, transparent and, eventually, free. We are committed to making lives easier for people and businesses in their increasingly global lives. It shouldn't be any more difficult to make an international payment than a domestic one, and we will keep working to help people globally to pay, get paid and spend in any currency, wherever they are.

We cover over 750 routes, with over two million customers, who are saving more than £2m every day by using TransferWise. Speaking to our customers and hearing their stories keeps me motivated to keep improving the product and reach as many people as we can.

18

THE CULTURE TRIP

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I wanted to do something else from what I was doing.

I wanted to build something.

Kris
Naudts
CEO AND FOUNDER

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The Culture Trip is one of the internet's fastest-growing media startups, attracting nearly 9 million monthly readers and 4 million followers on social media around the world.

With offices in London, NYC and Tel Aviv, and a global hub of editorial contributors hailing from all over the world, The Culture Trip is passionate about producing inspiring local content and recommendations that enhance people's lives.

To date, the company has published nearly 50,000 articles across multiple genres, from travel to art, for all countries in the world. The Culture Trip aims to tell the story of everywhere, with thousands of articles and videos published every month across its site, social media and apps.

SR: Since 2011, what have you gone through in terms of investment processes and raises?

Kris: In the first four years of existence, we raised a total of $1m, which is not a lot of money. Every three to four months we ran out of money, so it was very small bits of funding. We had to know what value we had and be sure we had cash again four months later, somehow, or it was curtains. That toughens you up. And of course, you're not alone in it. You know you have to pay the bills and the salaries and freelance payments… I wouldn't recommend it.

I would've liked to raise more, but I couldn't, so it became about raising as much as you could get and adding as much value as you could. And then you did a bit more and gradually the amounts became bigger, and the angels also became bigger and more established. Gradually that led us to a US lead round with Gordy Crawford – a famous Hollywood investor.

You don't need much to make a difference and to add value, and it forces you to learn. I think if we had a bigger cheque on day one, we would've built a bigger book and film store, and we wouldn't be sat here today with 11 million monthly readers and 1bn views on our Facebook videos in the past year.

It forces you to pivot if you're in a rabbit hole.

Has your pitch evolved with experience?

Of course – you learn all the time. You pledge your idea, you get questioned and you improve your pitch. It's stressful, because new funding means the death of the thing that you've been working on. You become very inventive to make ends meet. You learn to redefine what frugality means. And actually, now that we have a little more resources, that frugal mindset is almost hard to shake. These were tough, tough years.

Have you had any negative experiences of pitching?

All the time. For every ten people you pitch to, there's always going to be at least one or two who think it's the stupidest thing they've ever heard, and they'll also tell you that. You learn to pick yourself back up after that.

In the beginning, nine out of ten things you say are stupid, and then it becomes eight, and then seven, then six, and it flips around. And that's when you start to feel good.

One day you'll pitch to an angel and he'll tell you this is one of the dumbest things he's ever heard. The next day, you pitch it to someone else, and he thinks it's the greatest thing he's ever heard. And they're equally credible – that's the way it is. As an entrepreneur, you need to understand that dynamic, where you're going to be in emotional turmoil. If you need validation from pitching, psychologically, it's not good.

How have investors brought you additional value beyond capital?

You learn from everybody – from every single investor in your company. Every single one of them. And that goes from knowledge about finance to introductions to things they've come across in their own career. You absorb everything you can.

At times investors can add value and knowledge, and at other times investors can add value by not being in the way. You need to trust the founder of the management team. It's a two-way conversation, but there needs to be an element of trust. And the same applies as a founder. Trust the people. If you see that they can do it, create the context and get out of their way.

How do you plan for growth?

I've become kind of machine-like about it. In every single thing you do, you think about growth. And you push yourself, endlessly, and you push everybody. Everything you're doing can be faster; everything you're doing, you can do a bit more of. And if you do that collectively, with a talented group of people, you achieve that growth.

22

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We aim to tell the story of everywhere.

What piece of advice would you give to entrepreneurs wanting to make this list next year?

Don't expect growth overnight – that's a key piece of insight. This will not happen if you're at day one, it will not happen at day 365. Whatever you know will be challenged as you go along your journey, and it'll take time. In this kind of nimble startup space, you just need to allow for a little bit of time to figure it out. And the time you lose, you will more than recoup from the learnings.

What motivates you to grow?

We believe there are differences in culture. Differences between people and between places that, if you explore them, if you try to understand them, can make you understandable. It makes for a better, more connected world. We feel very strongly that we are contributing to that cause and bringing the world to everyone.

24

HILIGHT SEMICONDUCTOR

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You need to get a great team, the right finances and be lucky with the market.

But it's also down to patience and leadership.

Gary
Steele
CHAIRMAN

HiLight Semiconductor was founded in 2012 by several veterans of the semiconductor world. Currently, they design and supply chips for high-speed fibre-optic-based communications and networking applications.

We spoke with Chairman Gary Steele – HiLight is his fifth successful startup business.

SR: Was there a lightbulb moment that led to the founding of HiLight Semiconductor?

Gary: It wasn't so much a lightbulb moment as observing trends in the market and realising there was an opportunity to start another venture to address them.

What were the trends you were observing?

With semiconductors, it often comes down to a question of cost and performance. Famously, we still have Moore's Law driving things forward. Most recently, we've been designing products for data centres, which are humongous consumers of energy. If our products are able to save a little bit of energy across all the tens and hundreds of thousands of connections in a data centre, our customers can achieve an appreciable saving in power and, obviously, cost.

It was observing these increasing consumer demands, along with picking the optimum manufacturing technologies, that led to the foundation of HiLight.

How have you found securing finance for this venture?

The main external investor is a VC called Atlantic Bridge. They were one of the main investors in our previous venture, which provided them with a profitable exit.
A positive aspect of having a VC as an investor is that they have a board seat and can sensibly contribute to the running of the company. In our case, Atlantic Bridge came from a chip background as well, so they understood the volatility of the market, the timescales and other risks.

Are there any downsides to having a VC investor?

In one of my former ventures, one of the VCs was winding down its fund and wanted a quick exit. The business – and other investors – weren't ready for this, so there was some conflict around that.

The truth is that businesses like ours take a long time to build, typically seven years or more, so you need to make sure that your investors are prepared for the journey.

How do you plan for growth and raise finance for it?

Communications infrastructure can be a relatively slow-moving industry. We look at analyst reports and speak to customers to try and ascertain where the market will be in a few years' time, and then design products that fit with our view of the medium-term future.

Raising finance in the early days of any business is an expensive and tricky exercise. The relatively high levels of uncertainty mean that you need to give away large amounts of equity in exchange for investment. On the other hand, raising money costs the chief executive a lot of time and focus: fundraising can be a full-time job, over a three- or four-month period. So there's a trade-off. Do you raise enough to survive for a longer period of time, but sell a significant amount of equity? Or do you raise just enough to reach the next milestone and raise again at a higher valuation, but run a higher risk of running out of money?

For me, and our businesses, fundraising has been more or less an annual event, usually aligned to reaching milestones.

As a serial entrepreneur, what motivates you to keep starting and building successful businesses?

That's fairly straightforward – the answer is making money for shareholders, which of course includes all the employees. Sure, I enjoy the journey, but I know what the journey must lead to, and that is giving investors more money than they gave me at the beginning of the process. As soon as you have a venture capitalist on board, you've got to come to terms with a profitable exit as the major objective of the business.

I come from a modest background. Not abject poverty, but not a lot of money to go around. I was the first in my family to pass the 11+, go to a grammar school, get A levels and go to uni. I remember my first year at school, I was maybe 29th out of a class of 30. But that educational opportunity allowed me to flourish, and by the time A levels rolled around I had won a Nuffield Foundation prize for physics – the first in the school's history. That was the springboard to a degree in Electronics, which was followed by working abroad for several years in large companies.

I was lucky enough to be given a chance to set up a new office for my employer in the nordic region. That was a bit like starting a new venture and helped me get the experience needed to run a startup myself.

Ultimately, starting a business and turning it into a success was the only way I knew I could make 'serious money'. It turned out I was quite good at it, and if you're good at something, you just keep doing it.

What piece of advice would you give to entrepreneurs wanting to make this list next year?

Oh dear, that is a tricky one! I guess it's a mixture of a lot of things. You need to get a great team, the right finances and be lucky with the market. But it's also down to patience and leadership, and the faith and trust you hope to inspire.

My mum gave me a poem when I first went to university – *If* by Rudyard Kipling. I don't suppose it was written for entrepreneurs, but the advice is quite applicable. In fact, I was recently asked to do some entrepreneur training. I think I'll base my presentation on the poem. It sums up a lot of the things that I consider important for success.

28

BOOKINGBUG

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Investors should always
be able to add value beyond capital.

Glenn
Shoosmith
CEO AND FOUNDER

30

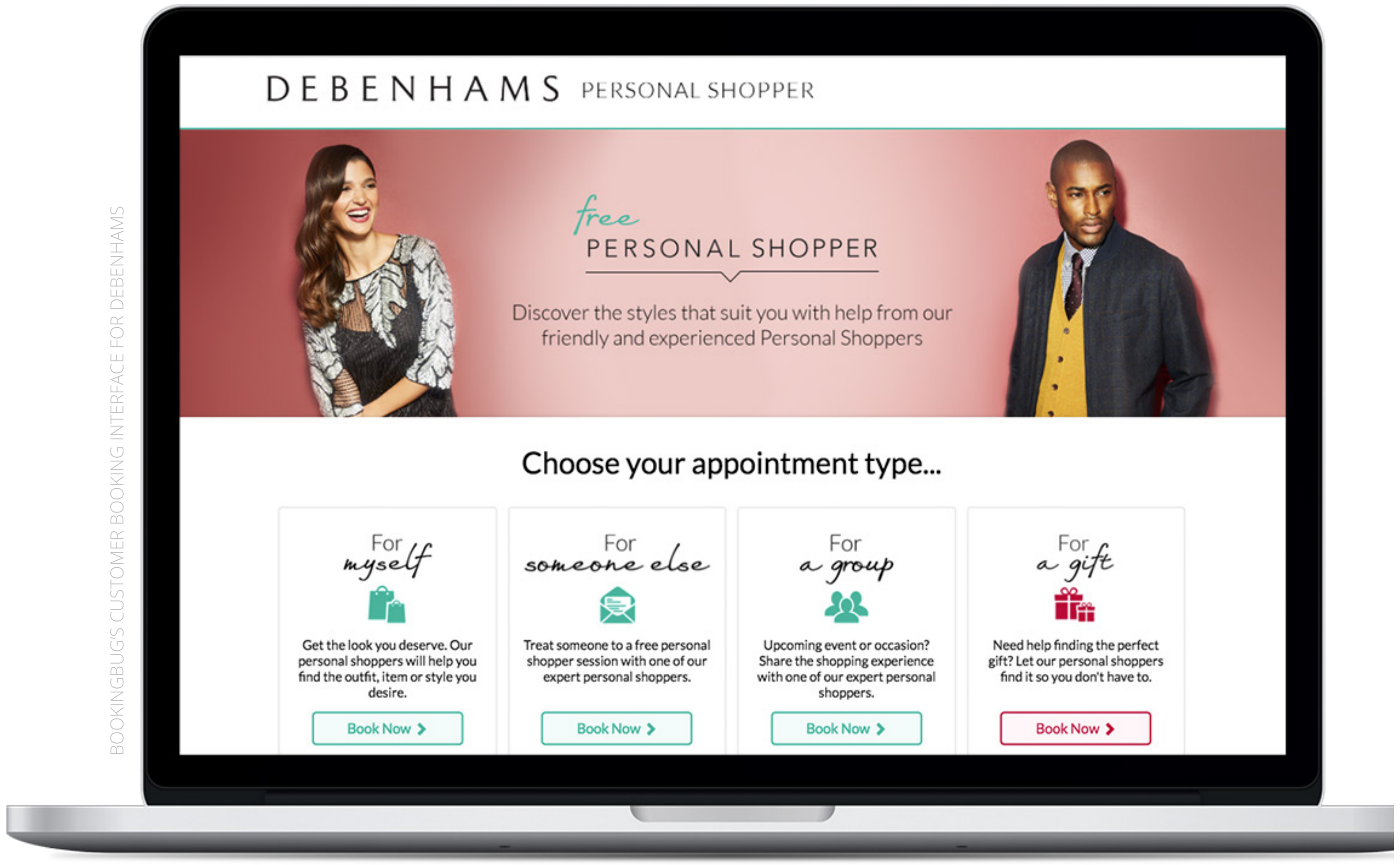
BookingBug provides powerful scheduling experiences that create profitable customer relationships. With three full-service offices in Boston, London and Sydney, BookingBug is the only platform trusted by hundreds of banks, retailers and governments to manage their most important customer engagement journeys that need to be secure, data-driven and fully integrated with internal software and systems. BookingBug is used by organisations like John Lewis, Yorkshire Building Society, Debenhams, M&S and the UK Government to manage millions of bookings every year.

We spoke with CEO and Founder Glenn Shoosmith about what led him to set up the business and his experience around raising funding.

SR: Was there a 'lightbulb' moment that led you to set up BookingBug?

Glenn: Back in 2008, when I was working at an investment bank, I was searching online trying to find a squash court near my home. It was virtually impossible to find any information at all on Google, and when I did finally find details of a court, I turned up to play and it turned out it had actually closed down months ago. It was incredibly frustrating, and I knew there had to be another way.

What we discovered was that managing appointments and bookings at scale is actually a non-trivial technical challenge. With that in mind, we approached the task with a slightly different philosophy: what if you managed



BOOKINGBUG'S CUSTOMER BOOKING INTERFACE FOR DEBENHAMS

BOOKINGBUG WAS NAMED IN THE DELOITTE UK TECHNOLOGY FAST 50

time as if it were a stock inventory item?

Soon, major retailers were encountering the same kinds of problem when trying to offer added-value services in their stores – and they relied on BookingBug as the easy solution.

How do you plan for growth? What are the points in your business cycle which have triggered a funding round?

Our growth over the last few years has come largely from the industry itself. No business should be raising money for the sake of it; the signal should come from outside. If the size of your market continues to grow, that can be a sign that you might need capital to keep pace.

As the internet has started to intrude on retail, they were seeing customers enter stores, browse and then buy the items on their phone – a trend known as 'showrooming'.

In response to this, they started looking to give customers better reasons to come and spend time in their stores, instead of just browsing. Companies like Jessops launched photography classes, Pets at Home came up with pet nutrition sessions, American Golf wanted to provide bespoke fittings. However, they quickly found that the challenge of managing bookings in a way that provides a great customer experience is larger than they thought. That's where BookingBug's underlying technology comes in, providing a robust, scalable and flexible appointment and scheduling solution. Enterprises are able to provide a best-in-class booking experience with BookingBug.

Have your investors ever brought anything to the table beyond capital?

Investors should always be able to add value beyond capital. Everything from strategic guidance to network opportunities to knowledge of specific markets can be incredibly valuable when you start to scale.

What motivates you to grow BookingBug and make it a success?

Reducing bureaucracy and bringing customers to the centre of every business.

32

FESTICKET

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Whatever the market, whatever the product, always create value for customers.

Zack
Sabban
CEO AND CO-FOUNDER

34

More people are going to music festivals than ever before and Festicket is riding that wave. The platform lets you discover and book festival tickets and, crucially, the related travel itinerary in a bid to make attending festivals as easy as booking a package holiday. Festicket covers more than 1,000 music festivals across 40 countries via a global network of 3,500 suppliers for accommodation and travel packages.

We caught up with Co-founder and CEO Zack Sabban about Festicket's journey.

SR: Was there a lightbulb moment that led you to set up Festicket?

Zack: Festicket was born out of a personal frustration. Five years ago, when I was a banker in the City, myself and a group of friends, based all over the world (one in France, some in the US), decided we wanted to attend a music festival together, but didn't know which one or even where in the world we wanted to be. Where should we go? Where would we stay? And how would we get to the site? There are a huge amount of logistics connected with attending a music festival and the booking process is complicated.

It was upon recognising this that my co-founder and I started developing the platform. It took a few months to get serious, but we got there – and four years later, here we are.

What's been your experience of working with investors?

Raising money is crucial, but it needs to be with the right people, so the process of finding the right investor is something we've taken time with over the years. We've established great relationships with our current investors. They are strong and strategic relationships, with individuals who have set up introductions and built up partnerships for Festicket. They are loyal, we trust them and they've been a crucial part of our journey as a business.

Have you ever rejected an offer of funding?

Yes, we have. During one of our Series A rounds, there were a couple of French investors who were keen to get involved. We rejected the proposition in favour of UK investors, because proximity and location were important to us. For us, face-to-face contact and an in-person relationship were vital, so while we could see the benefits of what they were offering, it didn't fit our needs strategically.

How do you plan for growth?

There is a level of seasonality with music festivals, because the majority of them (75%) happen in the summer. There are a few that take place in the winter, but the focus is very much around the few short weeks during the warmer months. What that means for us as a business is that we experience peaks and troughs. Our year responds to this seasonality, so each of our departments plans against it. November and December in particular are incredibly busy months across all departments as that's when the summer music festivals gear up with their early-bird ticketing. So that's broadly how we plan for the year.

The website is now in seven different languages, we've localised the service to France, Germany, Spain, the Netherlands, Portugal and Italy. There's lots we're doing to grow internationally. It's been a great investment and also really rewarding for the team as they can see the growth happening.

Over the coming two years, we plan to grow towards profitability. The time has come for Festicket to become more independent and we're excited to take investors on that journey.

What motivates you?

Importantly, I love this product. I find it both exciting and challenging to work in the music world. When I started Festicket, I realised there are great companies working around the music festival industry. We're sitting on top of a market which is growing massively.

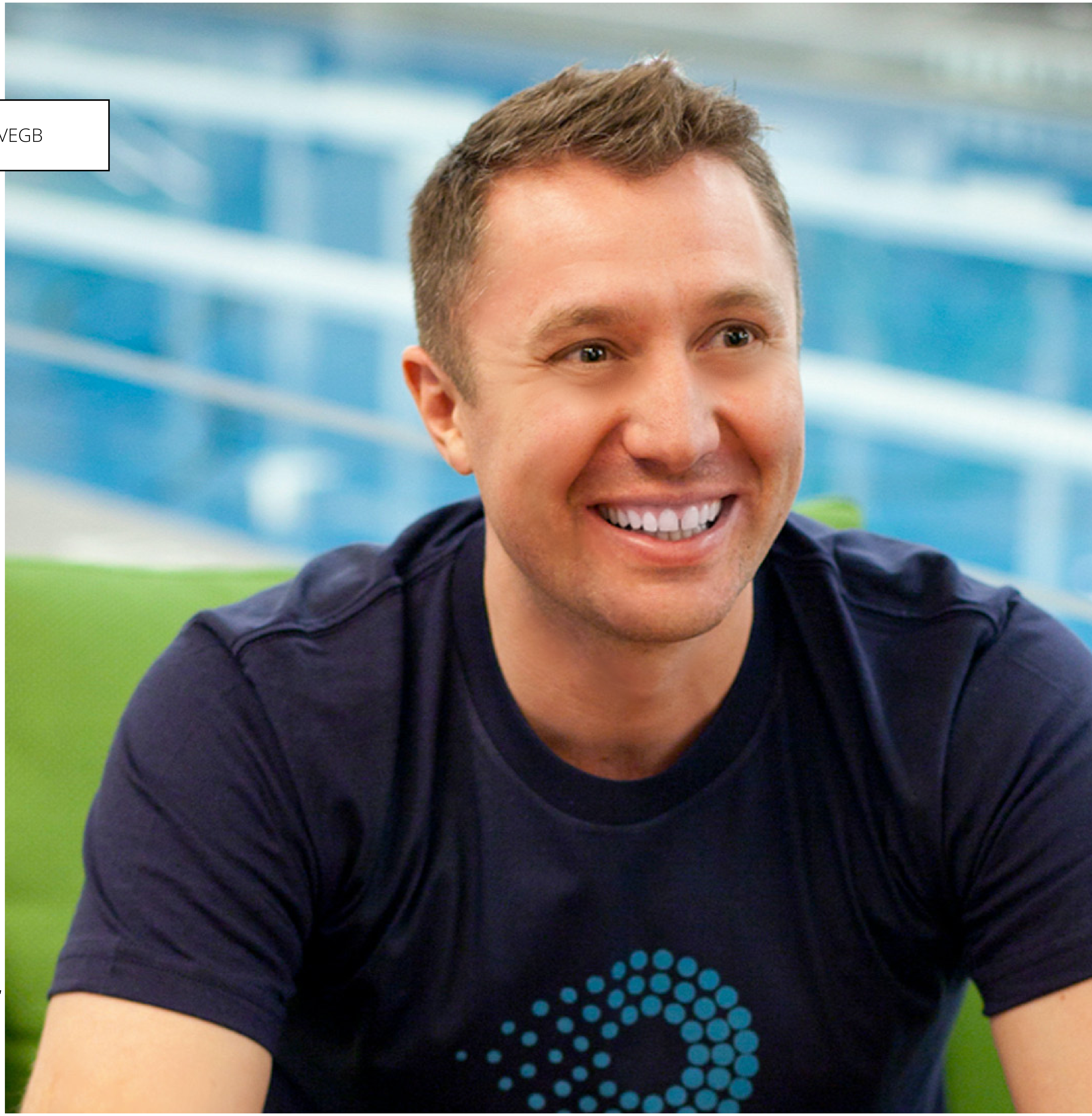
In 2013 things were in a different shape than they are now. Each year, from May onwards, festivals are a hot topic. They've become cool and trendy. Festivals are a phenomenon.

What piece of advice would you give to entrepreneurs wanting to make this list next year?

Whatever the market, whatever the product, always create value for customers. Whether you're operating in the consumer or B2B space, this is crucial. That's where you're going to differentiate yourself as a fast-growing, successful business. For us it was about improving the music festival booking experience, and we've created this product by continually coming back to the end user.

36

MOVEGB



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*Go slow to go fast. Take your time.
If your concepts are strong,
you'll make it big.*

Alister
Rollins
CEO AND FOUNDER

38

MoveGB is revolutionising the fitness industry by offering users access to thousands of fitness classes at different places via a single membership.

CEO Alister Rollins is on a mission to put an end to people spending money on gym memberships they never use.

SR: What's been your funding experience so far?

Alister: The funding process was easy at first, in fact, I recall a three-hour meeting and a handshake from investors. With just that one contact and my own capital, we'd conducted our first round of funding, which enabled us to pilot in Bristol and New York (I was living in New York at the time).

During the next round, we brought in two VCs. Ironically, the challenge was to get them in for more money than they wanted to give.

There's a huge amount of hype over investment and venture. Endless media stories about big investments direct founders to go high with a valuation and go high with a raise. However, this is really only sensible if you're at the point at which that's possible. The hype makes it a really dangerous world…

For example, there's a big market for MoveGB, but we're not ready to put our foot on the pedal just yet. We're taking things slowly and building the business one step – or one city – at a time.

Too many founders sign up for investment because they're so eager for the cheque. But it's crucial to understand that this is a two-way sale. When meeting with a potential investor, listen and ask questions. What are their motivations? Remember, once an investor is on board, you can't fire them.

Getting investment on the wrong terms is a dangerous game.

Have your investors brought anything to the market beyond capital?

Yes – we've opened up a network with our investor community and are really well connected. Some of these people have been invaluable in connecting me to the right people, while others have found us new talent. Our investors have been incredibly important sounding boards for me.

What motivates you to grow and make MoveGB a success?

I want to help people to live a healthier, happier life. That's at the crux of it. Also, startup life makes me really happy. For me it doesn't feel like work; I get great satisfaction from problem solving. I use MoveGB to develop myself and become happier. I think everyone within the business does too.

What piece of advice would you give to entrepreneurs wanting to make this list next year?

Go slow to go fast. Take your time. If your concepts are strong, you'll make it big. Make sure you're systematically building a machine when you build your startup. Put gas into it and make it work.

40

MEDOPAD

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Be patient and just keep surviving until you thrive.

Dan
Vahdat
CEO AND CO-FOUNDER

42

Providing remote patient monitoring apps for rare and chronic diseases, Medopad is on a mission to create a mobile health ecosystem that connects doctors, patients and hospitals through easy-to-use apps. The company uses technology to drive efficiencies across most areas of the health service industry and strives to have a positive impact on people's lives across the globe.

Medopad works with many of the world's healthcare providers, from numerous NHS trusts and hospitals to international healthcare companies like Bayer and Johnson & Johnson, and technology giants like Apple.

We caught up with Dan Vahdat, Co-founder and CEO of Medopad, to understand more about what drives the business.

SR: What inspired you to start the business?

Dan: When the iPad was launched we saw its potential for revolutionising the healthcare industry and significantly improving medical services and patients' wellbeing. We experimented with a few applications for it and consulted several medical experts on how to best tailor it for patients' needs. Everyone was excited by our ideas and vision, and this gave us the confidence to invest our time and energy into developing a high-performance product that is now used by leading hospitals, pharma companies and governments across the globe.

You've come a long way since starting in 2011. How did you raise funds to get your idea off the ground?

We had a mix of different people supporting Medopad, from family friends to angel and strategic investors. The most important thing for us was getting the support of people who understood our vision and believed in what we are trying to achieve and deliver. Thankfully, everyone was very enthusiastic and supportive. Without them, Medopad wouldn't be where it is today.

Were they helpful beyond the money that they invested in your business?

We never wanted just cash for our business – that is not that difficult to find in this day and age for an ambitious, innovative startup. What we wanted were people who would also invest their time, energy and creativity in Medopad. By combining their expertise and experience, we could develop and bring to market a groundbreaking product to improve the lives of millions of people across the world.

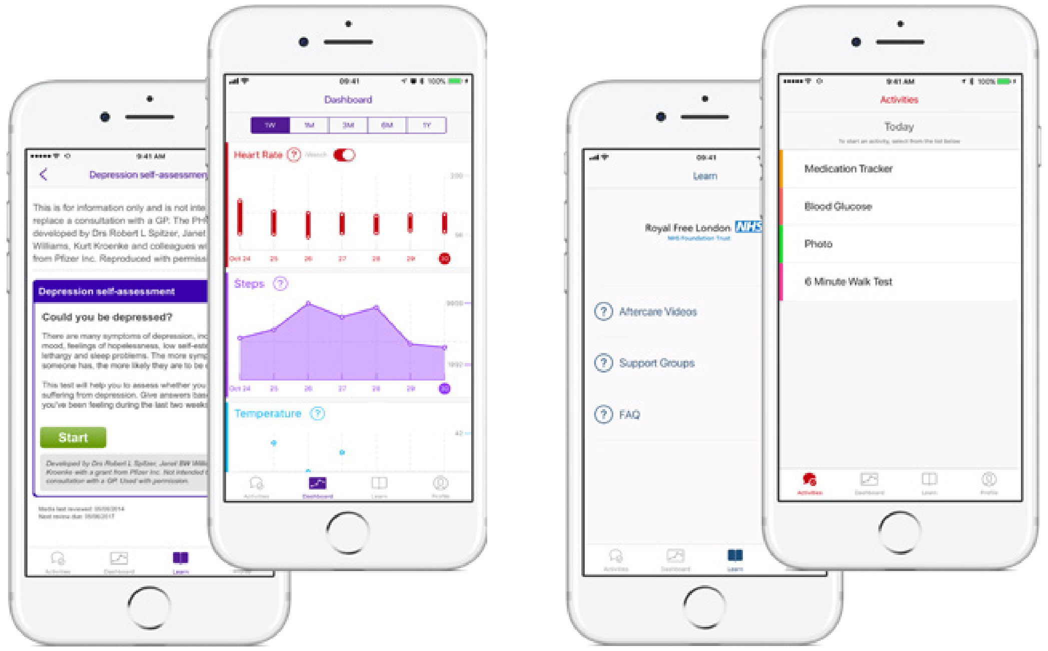
What were the various trigger points for raising finance for Medopad?

The main triggers were increased demand from our clients and partners, but also specific milestones we had to reach in our journey to become a leading digital healthtech company – expanding to new regions, developing new capabilities, increasing our team and so on.

What are your plans for the future?

Our main target is to keep growing and make Medopad's apps accessible to an increasing number of people and medical teams across the world.

We have already opened two new offices this year, one in Singapore and one in Munich, and we are assessing various other opportunities



that would help Medopad to become one of the largest healthtech companies in the world.

There are a lot of growth opportunities in the healthcare sector and we expect to see machine learning and AI playing a crucial role in its future development. We are working at expanding our analytical capabilities as well, and through the data we're collecting we aim to help medical experts and governments predict diseases or conditions and prevent deterioration among patients.

What motivates you to keep growing Medopad?

The bigger we become, the more efficient and cost-effective we can make our technology. And the more cost-effective we become, the more we can improve the quality of life of millions of people – from helping them enjoy a longer life to improving their quality of care.

What piece of advice would you give to entrepreneurs wanting to make this list next year?

Be patient and just keep surviving until you thrive. Work hard and hire the best people. You have to be resilient and develop a good product, and the breakthrough will come.

It took us a lot of time and effort to get where we are now and we had to constantly adjust to our partners' and customers' demands so that we could create the right product for their needs.

44

RATESETTER

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Have very simple, definable goals so you know exactly what you're trying to accomplish, and then do everything within your power to execute that plan.

Simplicity is everything.

Peter
Behrens
COO AND CO-FOUNDER

46

Co-founders Rhydian Lewis and Peter Behrens launched RateSetter in 2010 believing there was an opportunity to open the asset class of loans to everyday retail investors, and the company has always held this as its core purpose. The business is best known for introducing the concept of a 'Provision Fund' – an internal fund which helps protect lenders against borrower default – into peer-to-peer lending. The company's aspiration is that the interest rates on the RateSetter market will come to be seen as benchmark rates for money.

In 2017 Rhydian was awarded an OBE in recognition of the work RateSetter has done towards inclusion in financial services.

Peter trained and practised as a lawyer at City firm Ashurst, before leaving to become a banker at RBS. In 2009, after talking to Rhydian about whether they could build a business that would offer investors and borrowers a better deal than they were getting from traditional providers, it became obvious that there was an opportunity to build a compelling alternative.

SR: Was there a lightbulb moment that led you to set up RateSetter?

Peter: I was minding my own business when I got an email from Rhydian saying that he was leaving his job to pursue an exciting new opportunity. He'd been working as an investment banker in Lazard's financial institutions group up to that point. So, I thought I'd better find out what it was.

I met him the following day for a cup of coffee and he was understandably cagey. And then, two days later, he sort of laid out his plan for global, peer-to-peer domination and suggested I do it with him!

Rhydian is a passionate believer in markets and their ability to deliver a good outcome. By then, 2009 was putting a very bright spotlight on the fact that banking was broken and that the deposit system and deposit insurance wasn't necessarily the solution to the world's financial services problems – that there might be a better way to do it.

What have been RateSetter's funding experiences so far?

We've done five raises, I think, since 2009. We started with friends and family, and then did another friends and family round immediately following our launch, where we raised £600,000. We thought that would be sufficient to take us to profitability – which shows wilful optimism at best!

Since then, the group has gone from friends and family to a broader network. We've now had some institutions invest and we have a shareholder register with over 100 shareholders on it.

Have you had any particular positive or negative funding experiences?

Early on, we weren't sure whether we wanted to explore venture capital investments and we went to speak to a VC investor. At the time, the business was valued at about £30m. We went through the presentation, discussed it and answered questions, and that was all fine.

And then, the VC said, 'Well look. We think we've got a problem with your value.' And we said, 'Okay, why?' And they said, 'Well, because in Europe businesses are never worth more than a hundred million. We're looking to make ten times our money, so it can't possibly be worth more than £10m.'

That was such a demoralising and defeatist method of thinking about the world. We hadn't been particularly enthusiastic about that type of funding, and after that we knew it was not for us.

On the positive side, we've got a shareholder base which is very broad. We've got a simple situation where we have only one class of shares, so everybody's interests are entirely aligned. We're a great believer in a traditional share structure rather than one full of all sorts of funky preferences and different classes.

Have any of your investors brought something to the table beyond capital?

Yes, they've been tremendous. We had endless supportive people who wanted to help us. In our very first round, we had a guy who made a little bit of money with an SEO business, so he used to come into our office quite frequently and help out our tech team.

Our shareholders have been fantastic. They come from an incredibly broad area of expertise, and they've always sought to add value where they can.

How do you plan for growth?

We're now in a situation where we have a highly capable team of people. We've got an experienced and high-quality board. So now it's just about business fundamentals and incrementally scaling up from where we are today.

What motivates you?

We set out to prove and achieve something, and we are getting there, but there's a long way to go. In life, if you set out on a journey, you want to get to the end of it. The end of this journey – or certainly success in this journey – would be establishing a long-term, sustainable business. Nobody asks whether Barclay's Bank will be here tomorrow, but RateSetter hasn't been around long enough to have that level of certainty about it. That is where we need to get to.

What piece of advice would you give to entrepreneurs wanting to make this list next year?

Have very simple, definable goals so you know exactly what you're trying to accomplish, and then do everything within your power to execute that plan. Simplicity is everything.

48

STRATAJET

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It's impossible to fail at something if you don't give up.

Jonny
Nicol
CEO AND FOUNDER

50

Former RAF pilot Jonny Nicol is Founder and CEO of Stratajet, a luxury travel company which aims to give more people access to private jet travel.

It has built a business based on an ability to offer passengers accurate prices for jets – and to book them instantly. This is thanks to a sophisticated algorithm that filters through all the variables (time of day, passenger/cargo fees, taxes and so on) that go into calculating the cost of a private jet flight.

SR: What led you to set up Stratajet?

Jonny: After training as an RAF pilot, I moved into air displays and corporate jet piloting. It was during this time – on a trip from Nice to Oxford, flying a CJ2 eight-seater plane – that I started to think about the wasted revenue. It was the norm to fly these routes with no passengers (called an 'empty leg'), simply because the aircraft needed to be repositioned, and it dawned on me there was a huge opportunity.

One of the founding principles of Stratajet is the adaptive empty leg, which optimises existing empty legs by diverting the aircraft to a passenger's destination (dropping them off, in essence) whilst en route to the final location the aircraft was flying to anyway. It maximises efficiency while allowing private jet travellers to charter a flight at a reduced price.

We're the only company that can make that work; we're the only company that can deliver a bookable price online immediately.

Stratajet spent five years in the R&D stage to get this right, which is a long period for a startup. But that intensive research period paid off, because we can now provide flight prices automatically, in real time.

Not only is it now easier to book a private jet, but the cost can be reduced dramatically when booking empty legs.

Stratajet's mission has been to stop private jets being such a massive luxury expense. We wanted to give that advantage/time saving to customers that ordinarily fly commercially. Today, a third of Stratajet's customers are first-time private jet fliers.

What challenges has Stratajet faced along the way?

It's not been an easy ride. In the early days when we needed investment, we'd say, 'We've got this idea, we have no idea whether or not it's going to work and it's going to take us at least three years to work out the algorithm for the landing fees. But would you like to give us your capital?'

There were highlights, though. One of our first investors I bumped into at an entrepreneur meetup. Not only did he agree to invest a significant amount of capital, but he helped with the nuts and bolts of developing the business. With a PhD in Maths from MIT, he is a really smart guy. We brought him into a room with a blackboard, gave him some chalk, and he helped us crack an equation crucial to Stratajet today. That kind of value-add from the investor community provides a huge benefit to the business.

There was one point where we hit incredibly hard times. It had taken two and a half years to develop the algorithms, but we faced a huge problem – we hadn't built a programme fast enough to handle them. Each flight search requires upwards of 2.5m calculations, which had to be done sequentially, but it was taking 40 mins for an average computer to burn through that data and return accurate results. We'd solved the problem around pricing,

but hadn't solved the problem of running/processing the data, which was a huge issue. My CTO and I had run out of money, the investors had given up and the staff hadn't been paid. But they stayed out of belief in the company. Eventually we cracked it and the search time came down. From that point onwards, the company went from literally being worth nothing to being valued in the tens of millions overnight and it was easier to raise money.

What have you learned about the funding process along the way?

That you need to choose your investors carefully and that VCs are always guided by returns. This can jar with an early-stage growth business, because for entrepreneurs, it's about the inefficiency of the industry, not the financial reward.

At the age of 15 I found something I was genuinely good at – I honestly love flying. For me it's a real passion. This does not and cannot always resonate among the community funding your business.

Saying that, some of the West Coast VCs don't care about money – they just want to invest in something cool. On the East Coast, VCs invest for returns. In the UK, VCs tend to invest for net revenues. We have this incredible talent in Europe and yet the companies that fundamentally want to change the world are coming from the US. I believe that is testimony to how the VC industry works.

What are the traits for Stratajet that have made it a success?

Everybody knows if you're going to do a startup, you've got to be dedicated. However, I believe that dedication is not enough – you have to go fully into obsession. You need to be so involved that nothing can stop you. I believe that this old adage is true: it's impossible to fail at something if you don't give up. I look back over the past six and a half years, and admit that any sane person would have thrown in the towel! But it has been worth it and my advice to other entrepreneurs is: don't let anything else get in the way.

One thing I regret is being the sole founder of the business. As you grow, you're required to do so many things and perhaps the biggest challenge on this journey has been trying to manage all the areas of the business – sales, marketing, technology, finance and so on – on my own.

What motivates you to make this company a success?

A passion for aviation. In fact my obsession is so strong, I want it to be shared across the world; private travel is something I want everyone to experience. When you fly commercially, there's so much stress. Constant time checks, queuing, security, more waiting – it's a chore, no matter where you're going. Private aviation is not like this; there is a freedom that allows you to arrive without feeling like you've travelled. My passion for sharing this with the world is what drives me.

54

JOOLS DRINKS

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I truly believe that if you focus on the business, then fundraising becomes a natural addition to it and evolves.

Nic
Gorini
CEO AND CO-FOUNDER

56

CEO and Co-founder Nic Gorini and his team have developed an innovative beverage company called Jools Drinks. Based on 'pearl technology', a process called spherification creates 'pearls' and fills each one with nutrient- and vitamin-rich fruit juices.

The drinks are a healthy option for all ages and the company is expanding quickly into new food markets, with cheeses, yoghurts and other products soon to be available.

SR: What led you to set up Jools Drinks?

Nic: It was the fast-growing bubble tea phenomenon in Asia which originally inspired the business. Our idea was to bring this to Europe, but with a healthier twist. We did this initially in 2012 with a bubble tea we called OOB. It was successful and we won awards, but we started to think about the possibility of expansion. Rather than focus on the tea itself, how about if we focused on the bubbles? What products could we create around them?

In 2014 we shifted focus towards pearl technology. This was the moment that everything changed for the business.

How has the experience been so far?

There have been the usual ups and downs associated with growing a business. In fact, in a twist to the tale, I actually left the company at the end of 2015. However, following a decline in sales and distribution, a group of investors and myself went back in, to give it new strength. We conducted a pre-Series A round at £700,000 followed by a Series A for £1m. This was through a mix of institutions and private investors, industry people, family and friends.

We've spent the last 12 months kicking the business into shape. It's been about proof of revenue, proof of model and proof of scale. We've also changed the business model, with a stronger support on R&D. I like to compare us to Intel in the way we operate. Intel is an incredibly well-known brand among consumers, but it's actually a B2B company.

Jools is always going to grow as a recognisable consumer brand, we'll always have our products on the shelf, invest in marketing to educate on the pearl technology and what it can do, however, the growth will come from forging strategic relationships with established players in the food and beverage industries.

Have your investors brought value to the table beyond capital?

I would say that all of our investors have brought value to the table. Many come from the industry, so have brought relationships with customers, suppliers and partners from labelling, regulation, logistics and supply chain. This has been really helpful. Others have taken active responsibilities within the business. For example, one of our directors contributed to commercial opportunities, another helped define our IP strategy. Another has taken us into two countries for commercial expansion. We've honestly been really lucky – most of the investors have contributed actively in some way.

What piece of advice would you give to entrepreneurs wanting to make this list next year?

Focus on the business. I've seen fellow entrepreneurs get distracted during the growth period and it doesn't end well. I truly believe that if you focus on the business, then fundraising becomes a natural addition to it and evolves.

What motivates you?

Research shows that only 25% of people globally are naturally inclined to follow a healthy diet. The remaining 75% are either not interested or not able to – or they simply don't care. This creates massive problems in the world, socially.

If we could somehow make the products more fun and interesting, then we'd be improving this by encouraging that 75% of people to make better choices. If we could use our technology to make products fun, then we'd be addressing this problem for people of all ages, from kids to their grandparents.

BY THE NUMBERS

This section pulls together data points from the Top 100 cohort to identify trends in sector distribution, gender balance, employment and geography – not only to highlight what works, but also to discover what doesn't.

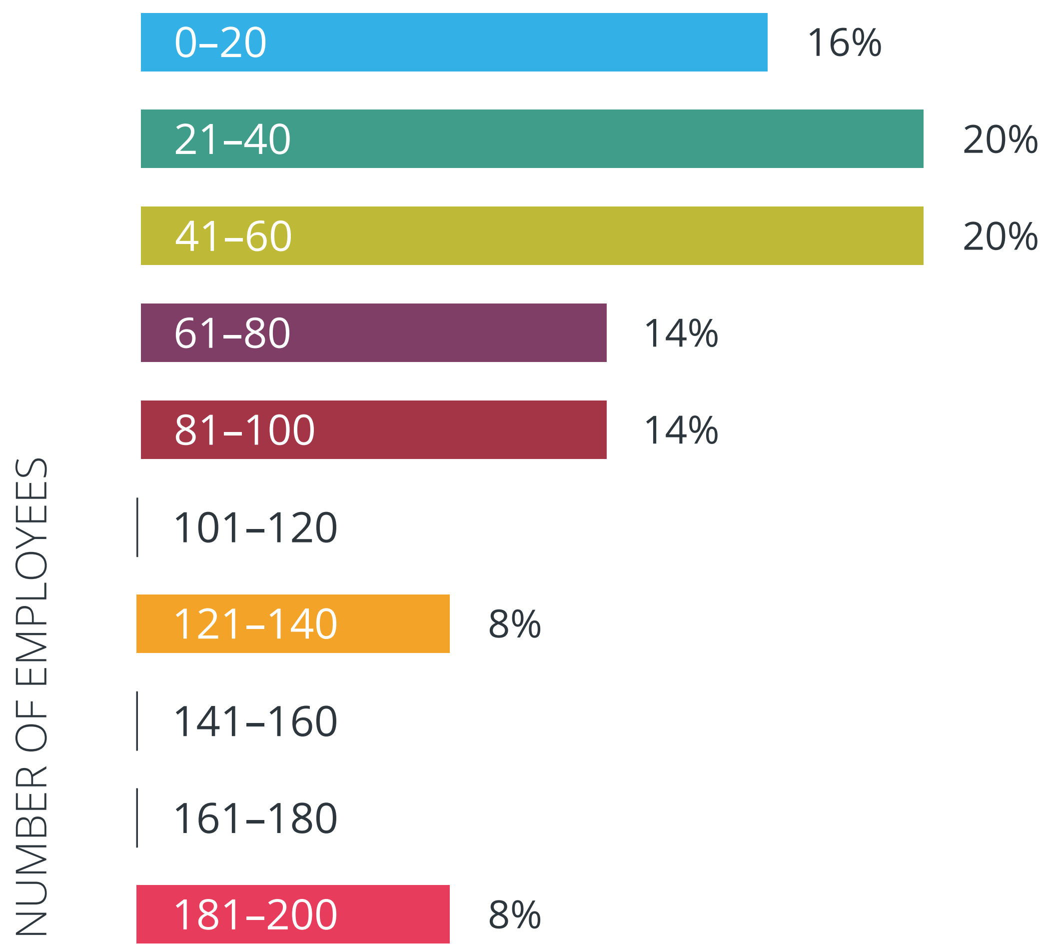
For the full methodology, see page 68.

The following statistics stem from the 100 fastest-growing businesses in the UK.

TOP TALENT

The UK boasts one of the most diverse talent pools in the world, with business hubs like London, Leeds and Manchester attracting native professionals as well as those from Europe and beyond. To what extent Brexit will affect this culture of collaboration remains to be seen over the coming years, however, any depletion of the existing professional talent pool is unlikely to be met with enthusiasm by companies looking to grow.

The Top 100 high-growth companies included in this report have contributed to the employment of around 10,200 people in total. The breakdown of number of employees by company is shown opposite.



THE DIGITAL CAPITAL OF EUROPE

In November 2017's budget announcement, Chancellor Philip Hammond confirmed that artificial intelligence, 5G and broadband will receive a £500m investment boost alongside more tax breaks for startups, declaring: 'A new tech business is funded every hour and I want that to be every half hour.'

While this ambition is fantastic news for tech businesses – particularly those seen to be driving 'innovation' and thus able to benefit from the government's Enterprise Investment Scheme – it is likely to exacerbate the divide between tech and all other sectors.

Of the Top 100 cohort, 44 classify themselves as technology/IP-based businesses – more than the next four largest sectors combined.

The focus on retaining tech businesses is hardly surprising given the sector's pivotal role in bolstering the UK economy. According to the Tech Nation 2017 report, in 2010–15 the total number of UK digital tech businesses grew by 28% – more than twice the rate of non-digital businesses.

WHAT SECTOR DOES YOUR BUSINESS FALL INTO?

44% Tech & IP-based businesses

19% Business and professional services

8% Industrials

8% Leisure & entertainment

8% Retail

3% Telecoms services

3% Transportation operators

2% Media

2% Personal services

1% Energy

1% Supply chain

1% Tradespeople

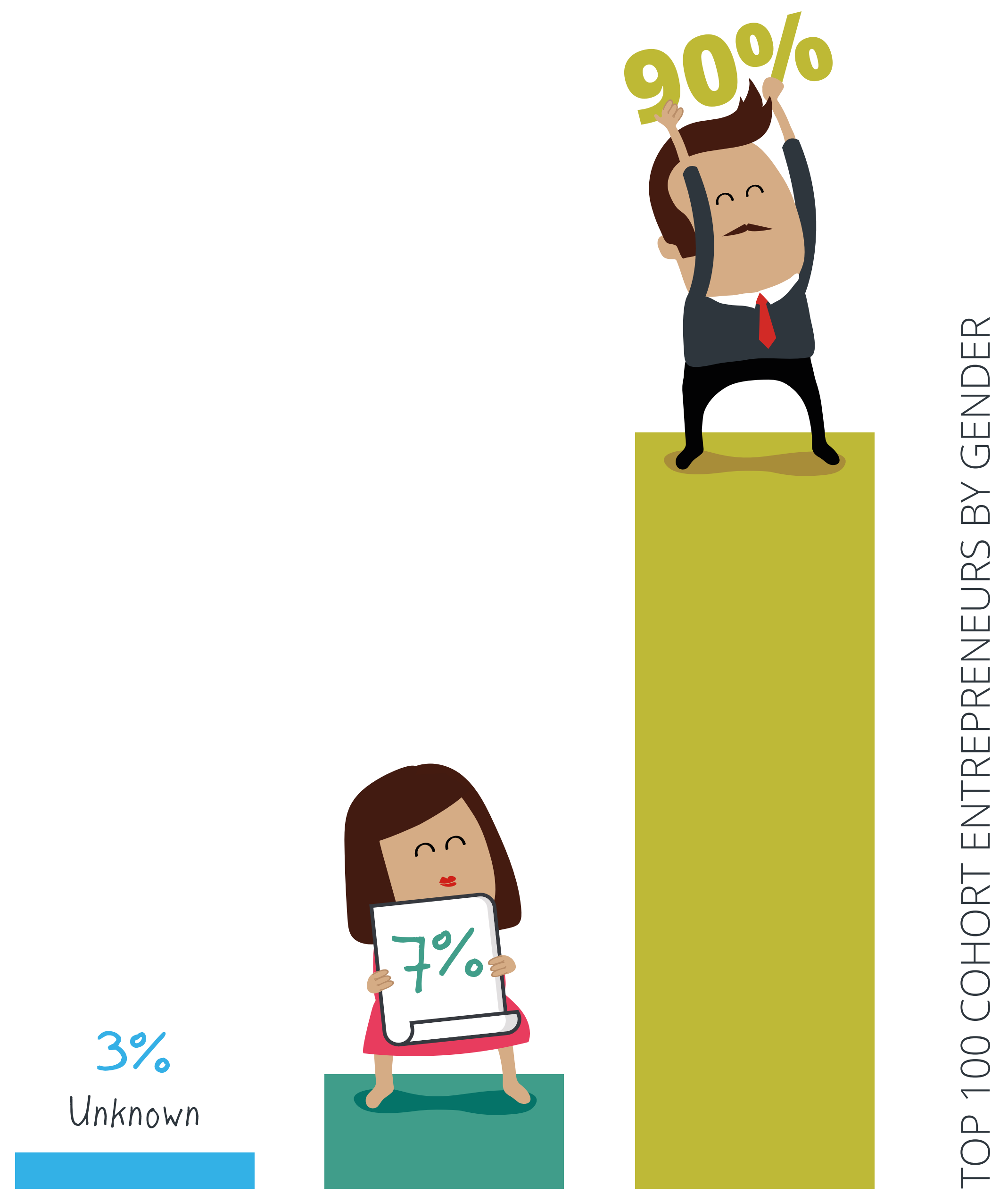
GENDER BALANCE

Early-stage businesses are often lauded as leading the way in levelling the playing field when it comes to gender representation, but truth is, we still have a way to go.

In the UK, men are about twice as likely to start a business than women are. Global Entrepreneurship Monitor data shows that in 2016, there were 47 female entrepreneurs for every 100 male entrepreneurs in the UK – the lowest ratio since 2009. This figure also falls short of the European average of 59 female to 100 male entrepreneurs (52:100 in 2009).

Looking further, according to an ongoing study by Crunchbase, 15.8% of global companies that raised initial funding in 2009–17 had at least one female founder. The percentage of venture-funded companies with women founders has remained at approximately 17% between 2012 and the beginning of 2017.

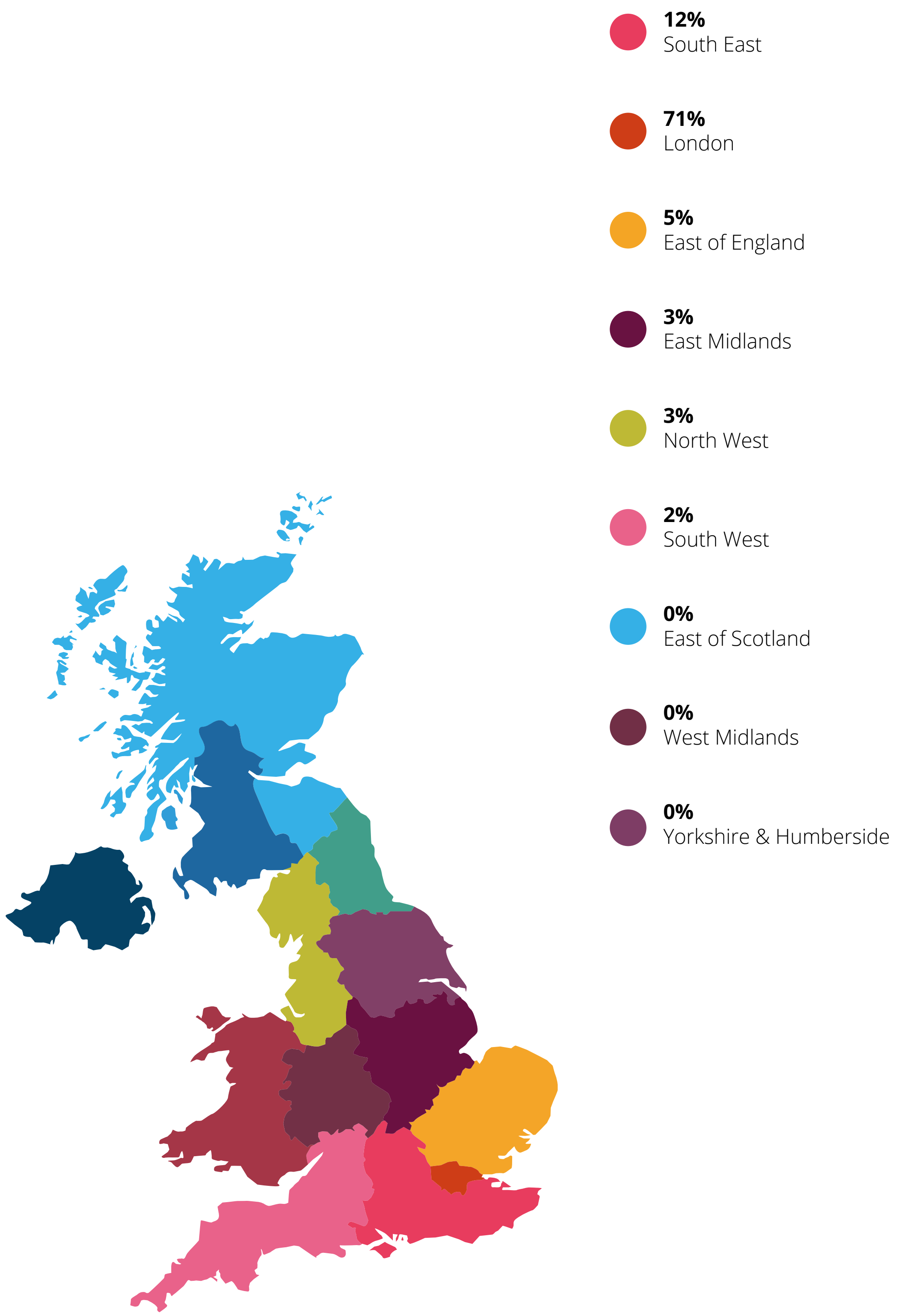
Just seven Top 100 businesses are led by a woman.



FLYING SOUTH

Perhaps unsurprisingly, the vast majority – 71% – of the Top 100 have their HQ in Britain's established centre of business and commerce: London. The next biggest hub is the nearby South East region with 12%, followed by East of England with 5%.

While cities like Birmingham, Leeds, Manchester and Glasgow are being heralded as flourishing startup ecosystems, the data suggests London remains the main hub for businesses looking to grow.



Beauhurst

METHODOLOGY

Beauhurst examined the valuation of all companies tracked in the cohort of companies that had raised at least one round of equity funding before 30/6/14 and at least one round of equity funding after 1/7/14. This cohort comprises UK private companies only; no sectoral or geographic filters have been applied. However, the companies in the cohort had to currently be at the seed, venture or growth stage; that is, any dead, dying or exited companies were excluded (this left a cohort of 1,830 companies). We applied further filters to exclude companies that had raised in total less than £25,000, had a pre-money valuation of less than £1m in 2014, or who gave away a majority stake in their pre-30/6/14 equity transaction.

To determine the valuation growth we compared each company's pre-money valuation at two points in time:

1. For the starting valuation, we looked at each company's valuation on 30 June 2014, i.e. the company's fair value at that point in time. Fair value means that the company's valuation is assumed to be the same as at the most recent valuation event (in this case the most recent fundraising). If the valuation for any fundraising could not be confidently calculated because of the use of preference/deferred shares, or inaccurate documentation of the round, the company was excluded from the cohort.

2. For the end valuation, we looked at each company's valuation on 30 June 2017, i.e. the company's fair value at that point in time. If the valuation for any fundraising could not be confidently calculated because of the use of preference/deferred shares, or inaccurate documentation of the round, the company was excluded from the cohort.

The growth in valuation was calculated by finding the multiple of the starting valuation that the end valuation represents (e.g. a company with a pre-money valuation of £1m on 30/6/14 and a pre-money of £10m on 30/6/17 would have 10x multiple).

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