

Find the right backers and you can reach for the sky

A young business's upward trajectory is smoother and more certain with the backing of expert investors

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Have you ever packed up your office, taken down the pictures and contemplated your next role?

Most entrepreneurs, like those who run this year's Tech Track 100 companies, experience at least one moment when everything is going against them. Yet instead of turning their backs on the venture, they keep at it – this is what makes them entrepreneurs.

We set up N+1 Singer in April 2006 backed by Singer & Friedlander, but at the

height of the credit crunch it went into administration and all hell broke loose.

Our clients rang up to say that, while it was not personal, they would not be doing business with us until they could see we were going to be OK.

It was time to pack my bags. But after the embarrassment of walking out with my possessions in a box, I got home and realised that we had to try to resurrect the business, so we got on with finding a solution. By May 2009 we had bought out Singer & Friedlander and brought in a team to restart the business.

We found new partners, our clients came back and we have since raised billions of pounds of growth capital for British businesses.

I have been lucky enough to be involved in two start-ups, having also been one of the founders of advisory firm Peel Hunt in 1989, where Charles Peel showed me how to build a business. We floated Peel Hunt in 2000 at

a valuation of £137m and it was later sold for £268m.

Because of my own experiences as a founder, I have seen companies in all the different stages of growth from the inside. This puts us in great stead when talking to entrepreneurs about how to fund their businesses.

Nothing ever performs the way it does on a flip chart – it might be close but, in reality, none of us can predict the flight path of young companies. What we can do is ensure a business is properly funded during its development and as it begins its commercial journey.

Last year, we worked on the £34m float of online accounting software firm FreeAgent, which was a Tech Track 100 Ones to Watch in 2014. It had raised money from crowdfunding and wanted to step up into the markets by listing.

As co-founder and chief executive Ed Molyneux says of the listing process: "The float ticked a lot of boxes. Both in terms of capital but

also in terms of increasing validation in the company, the visibility of the company and also starting to generate liquidity for some of our early investors."

In listing FreeAgent, the executive team maintained control, had a new board and found supportive yet passive shareholders – this is the secret of equity markets. Perform well and the shareholders will remain passive; they are giving you permanent capital to build your business, with the strategy approved by the company's board.

Even for tech firms, floating in London is a viable alternative to the siren call of a Nasdaq listing in New York. We encourage companies to remain big fish in a smaller pool by listing here, rather than become small fish in a gigantic pool in America.

The British markets have raised £9.4bn so far this year. Market participants are looking for growth and will back firms with potential.

There are several



Ed Molyneux floated former Tech Track 100 firm FreeAgent on the stock market in 2016

characteristics that investors look for in such businesses. These include the ability to use capital efficiently and expand effectively.

One example of a business in this year's league table that meets these criteria is

Virtus Data Centres (No 15), which is benefiting as more organisations opt for secure offsite IT networks. The firm is owned by the property investor Brockton and the Singapore-based technology investor ST Telemedia. It

plans to open a fourth data centre next year after sales reached £23.6m in 2016.

Another strong performer is the peer-to-peer lending platform RateSetter (No 62), which matches borrowers with 50,000 lenders –

myself among them. It has raised £30m from investors including veteran fund manager Neil Woodford, and the company's sales hit £23.7m this year.

In May, RateSetter appointed City veteran Paul Manduca as chairman, a move that signals that its management and shareholders – which include Artemis, one of our shareholders – are exploring their options on ways to scale up the business, potentially through a float.

At N+1 Singer, we look for good management teams running businesses with great growth stories to tell. We find them equity capital so that they have the time, stability and control to achieve their plans.

When ambitious and innovative businesses, such as those featured in Tech Track 100, have access to the right funding, there is no limit to what they can achieve.

Tim Cockroft is founder and chief executive of N+1 Singer