

# Constant change means there's a bright future for tech

## More capital must reach talented entrepreneurs in this burgeoning business sector

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Dynamic change is at the heart of the technology industry, so it is no surprise that so many of this year's Tech Track 100 league table companies adapted quickly and effectively when the pandemic struck. Gousto (No 41), co-founded in 2012 by Timo Boldt, and backed by BGF for the first time in 2015, is a good example.

In March and April, the data-driven recipe box company found itself fielding ten times the usual levels of traffic to its website at its peak. The firm responded impressively, delivering five

million meals in June, up from 2.5 million in January. Sales for the first half of 2020 beat the £83m it achieved for the whole of last year.

It raised £33m in April in a round that saw BGF invest for a seventh time – we are very much open for business and have continued to invest in tech firms throughout the lockdown. In July, Gousto announced plans to hire 1,000 more staff and to open three new automated fulfilment centres, bringing their network to four sites across the UK.

Companies providing technology services to other organisations operate in an environment of constant change, upgrading client systems and hardware, and helping them develop new apps. This market has remained robust despite the pandemic, according to Waracle (No 82), the mobile app developer, which makes digital products for the NHS and Scottish Power: BGF invested £4.8m in it last December.

When the virus hit, Waracle had just seen sales climb from an annualised £3.2m in 2016 to £11.8m in 2019. Chris Martin, chief executive, said the impact of lockdown “was a little bit hairy at first”, with some small projects being cancelled and new business slowing down. But by July he was “seeing new business speed up again and cancelled work streams coming back”.

It's a picture familiar to AND Digital (No 78), which has helped the likes of Lloyds Bank and the Ministry of Justice implement new technology and develop digital products and services, and which BGF backed with £11m in December. Founder Paramjit Uppal says the pandemic is creating opportunities, as companies have an increased interest in sourcing robust technology.

Lockdown has also accelerated the trend towards e-commerce. With screens now the primary shop-window for most products, companies without



**Timo Boldt's Gousto (No 41) overtook its 2019 sales in the first six months of this year**

effective technology to market themselves digitally are losing out. Since March, small traders across Europe have found a lifeline in Trouva (No 34), the online marketplace for boutiques, which BGF backed in 2017. Trouva helped 70% of the independent shops it works with continue trading when

physical stores were shut.

There are other deep shifts in the investment landscape that favour tech companies. In the face of climate change, demand for effective green technologies is surging, and start-ups like the 10 Green Tech to Watch finalists, listed on page 12, are attracting investment and

talented staff.

Of these finalists, BGF is close to Monodraught, based in High Wycombe, which specialises in low-energy ventilation systems, and Birmingham-based Aceleron, founded in 2016, which we funded for the first time in July this year with £1.45m: its founders, Amrit Chandan

and Carlton Cummins, are developing environmentally-friendly lithium batteries that can be serviced, upgraded and recycled.

We advise founders to talk to us early and get to know the full range of funding options available. This helps to make things happen when the moment to take investment comes, as it did when we backed Aceleron four months into lockdown.

We are proud that we have maintained our pre-pandemic run-rate of making on average one investment in growth companies per week, but Britain must find a way to channel more capital to entrepreneurs. The Tech Track 100 companies – and others like them – will play an important role in the UK's economic recovery.

Let's not forget that a vibrant ecosystem around growth tech companies also requires capital to be returned to investors and founders. Among BGF's successful exits in the first half of this year was Miss

Group (in the Tech Track 100 last year), which we backed in 2018. Following a period of international expansion and seven acquisitions, BGF delivered an exceptional return on our investment and an IRR – internal rate of return – of more than 100%.

Miss Group was founded in 2014 by Mattias Kaneteg, another serial entrepreneur. Following our exit of Miss Group, he introduced BGF to Manchester-based ROI, the lead-generation platform founded in 2018, where he sits on the board. In June, we invested £3m to support the company as it opens sales offices in 12 cities across the UK and Europe.

We are looking for more tech firms to back and support using our UK-wide talent network. As evidenced by many of the companies on this league table, we remain highly confident in the ever-changing tech sector.

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