

FIN(4)FW030  
Finance Wales Inquiry  
Response from BioMonde

I write in response to the recently published findings of the independent review – Access to Finance Review – pertaining to availability of funding for Welsh businesses, primarily focused on SMEs.

My views are an entrepreneur with direct experience of running Welsh SMEs that have received equity and loan funding from Finance Wales (FW).

Companies that I have founded and / or led and that have been funded by FW, have created more than 40 jobs in Wales over the past 12 years. I

appreciate that is not likely to material change the economic dynamic in Wales, but, if 25% of SME's could do that the impact would be significant.

More specifically, my experiences are of a start up software business that was seed funded by private investors, growth funded by FW and exited by

way of successful trade sale to a UK based AIM listed business. In addition, for the past 4 years I have been the CEO of a FW backed life science

business, the first commercial spin-out from the UK NHS, that has achieved profitability in its UK and wider European operations, acquired and

integrated a profitable German competitor, and now stands ready to launch in the USA in 2014. FW provided the £2.8m to support that acquisition and

are committed to further funding in support of our planned US expansion.

My first experiences of FW go way back to the days of Peter Short and a

limited £6-8m fund back in 2001. At that time, e-Market Solutions (later Alito Ltd), was an 'incubatee' in the WDA supported @Wales Digital Media project,

Cardiff Bay. I therefore feel well qualified by direct experience to offer an objective view on both 'fitness for purpose' of FW and the general availability

of funding to support development of Welsh SMEs.

It is difficult not to question whether there is a wider political and or personal agenda behind the findings of Professor Dylan Jones-Evans report.

The report clearly demonstrates a lack of understanding in respect of the fundamental concepts that under-pin deployment of commercially available

debt and equity finance. It also naively ignores the lessons learned over the past 10-15 years of how ineffective interventionism, however well

intentioned, has seen significant levels of European funding fail to deliver the sustainable platform for Welsh economic growth that was clearly

expected. Furthermore, Professor Jones-Evans' report is one dimensional and concentrates principally on the vehicle for funding provision and less on the

critical area of need, that being a platform for entrepreneurial skill development, directed at good quality, commercially viable propositions,

validated and supported in the correct manner with the appropriately skilled and more importantly, experienced resource.

Whilst I accept that FW as an organisation have on occasions learned lessons the hard way and have made mistakes. I do not believe that there is a

commercial finance fund or bank in the UK, perhaps Europe, or even the

world, that has not. My sense is that, on balance, FW has been a lone beacon of light and hope for Welsh entrepreneurs, and has delivered on a net value

add basis against its purpose. Furthermore, I believe FW has demonstrated a clear ability to develop and improve as an organisation, and, as the "go-to"

source of commercial finance for SME's at a time when the banks have demonstrated a clear lack of appetite to take on commercial risk. FW is a very different proposition today, compared to the organisation that existed even as recently as 2005.

I do believe that there is significant room for improvement in the way in which the life blood of the Welsh economy – micro, small, and medium businesses – are able to access the funding resource necessary to grow and develop to be sustainable net value add economic contributors in Wales. My disappointment is that the report fails to grasp economic and commercial fundamentals that would have recognised that assisting FW in its further growth and development, to better meet the future needs of the future Welsh SME community, is far more realistic an option than returning to a model, masked under the pretence of a Development Bank, that failed previously and is likely to fail again.

I would like to offer one final thought. BioMonde is a Welsh life science business that alongside its majority investor, FW, is seeking investment funding from outside of Wales. This is despite the existence of supposed funding schemes from WAG and more disappointingly, despite the launch of the Arthurian fund, with whom we have engaged previously. I would be very happy to help you understand the relative disparity between the 'cost of capital' of equity and loan funding from FW *vis a vis* that touted by the Arthurian Fund. The disparity is huge. However, I recognise that may be a little too sensitive and current a topic and that Professor Jones-Evans report provides a opportune distraction from that particular thorny pile.

If required, I would happily engage with whomever appropriate in order to contribute in some way to improving the platform for and access to funding for SMEs in Wales.

Kind regards / Mit freundlichen Grüßen,

Gareth Kempson

CEO / Geschäftsführer

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