

# ADV is a Patient and Evergreen Venture Capital Platform - “we build companies”

19-20 June 2017  
Cambridge, UK

8th Smart Grids Cleanpower  
Conference  
[www.cir-strategy.com/events](http://www.cir-strategy.com/events)

...join the follow up 9th SGCP18 26-27 June Cambridge, UK



**Confidential**

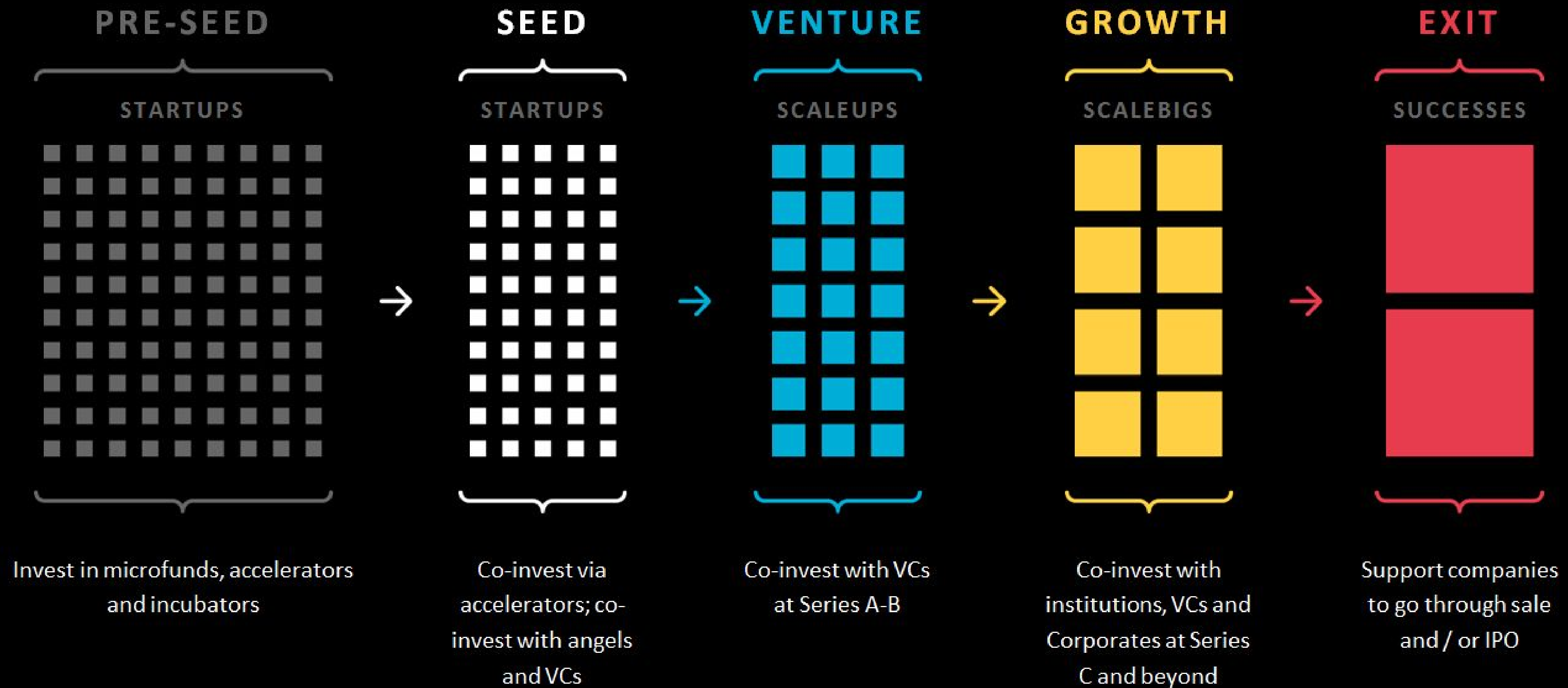


ACCELERATED DIGITAL VENTURES

# Agenda

- Why digital technology investment and why now?
- Venture investment landscape
- How to source the best opportunities
- ADV approach to patient and evergreen venture capital
- Why build companies? Why not chase exit's?
- What we look for - platform / deeptech / sales

# Source, support and supercharge...



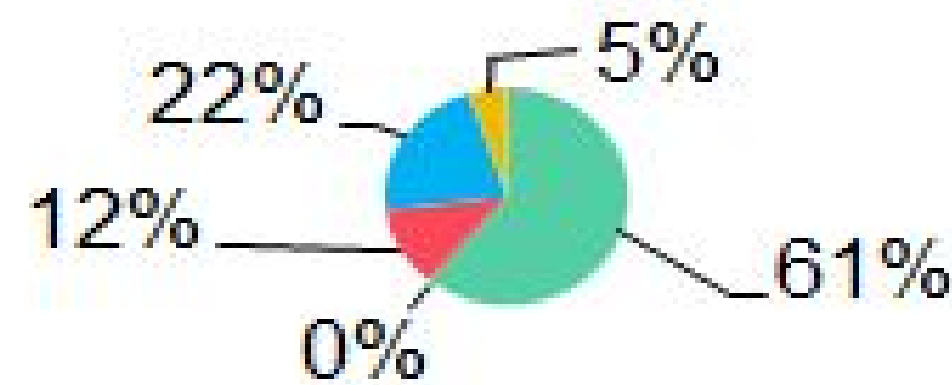
# OPPORTUNITY GREATER THAN VENTURE ALLOCATION

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MARKET NOW GLOBAL NOT JUST US FOCUSED, IOT ABOUT TO UNLEASH NEXT WAVE OF INNOVATION

1995

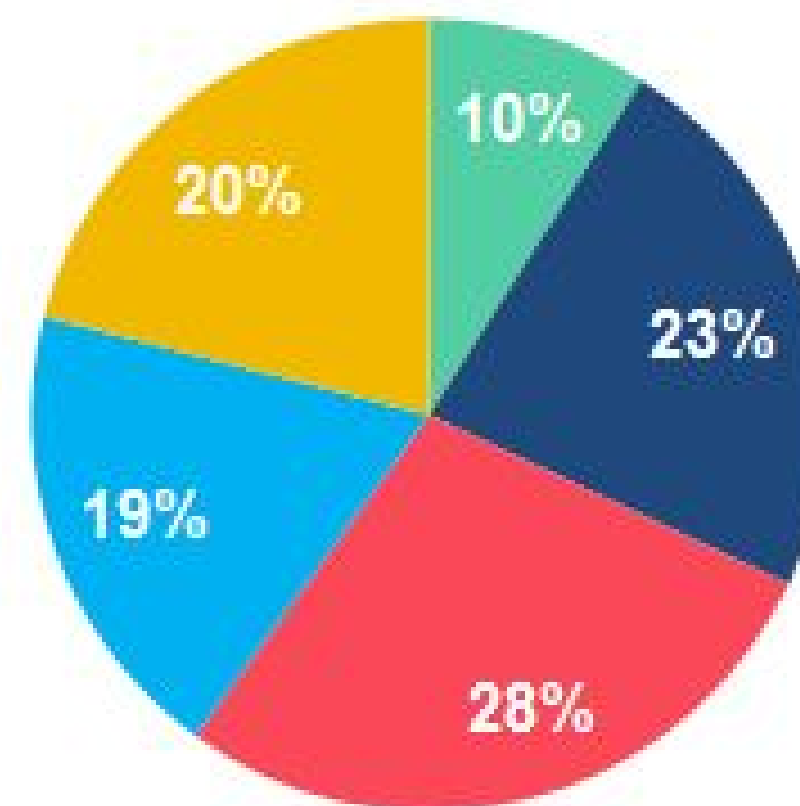
35MM+ Internet Users  
0.6% Population Penetration



■ USA ■ China ■ Asia (ex. China) ■ Europe ■ Rest of World

2014

2.8B Internet Users  
39% Population Penetration



2020

20 BN IoT devices  
3x Global Population

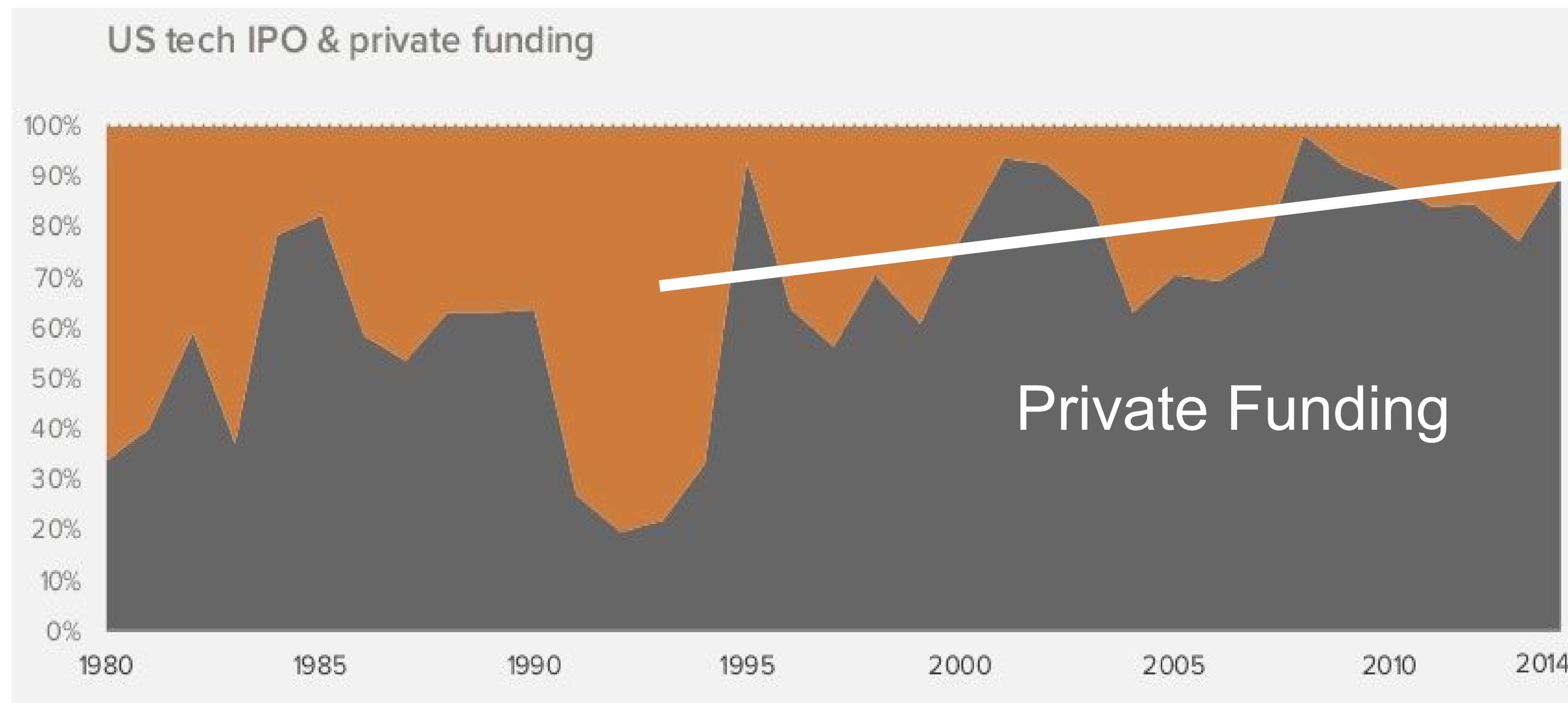
Gartner  
forecast  
**20.8B things** connected  
to the internet by 2020

- 73% of the World's population are now mobile connected, 40% via smartphones
- Market is global, US tech giants are no longer gate keepers
- We will eventually instrument the world - all machines!!!



# COMPANY BUILDING PHASE SHIFTED TO PRE-IPO

DEFERMENT OF IPO FROM Y4 TO Y11 MEANS PRE-IPO VALUE CREATION NOW FAR LARGER THAN POST-IPO.

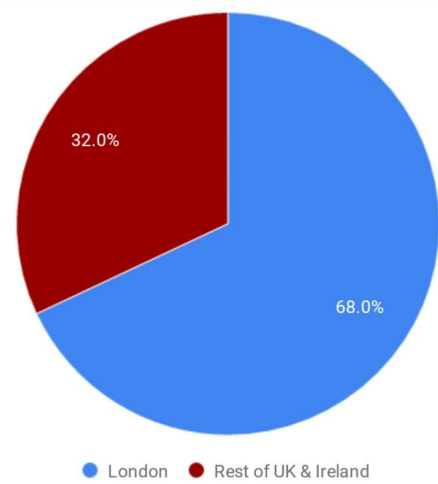


- Fund Managers increasingly investing in Pre-IPO companies
- Median time to IPO is 11 years at 2014 (up from 4 years in 1999)

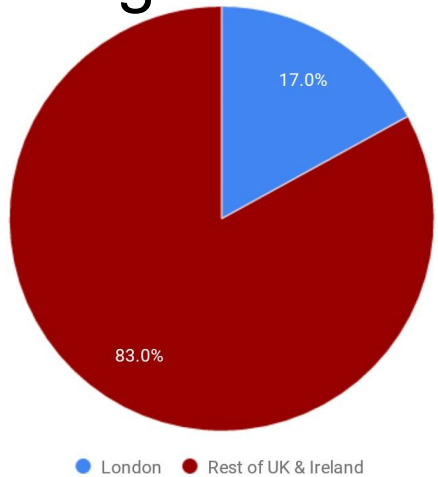
# INVESTMENT LANDSCAPE

UK AND IRELAND DIGITAL VENTURE ECOSYSTEM IS NOT OPTIMISED

VC Investment



Digital Jobs



2016

**68% of \$4.2bn**

Tech venture invested in to London based companies

**83%** of digital jobs outside London

**75%** of scaleups outside London

**\$5.25bn** of funds based in London

**\$561m** of funds in UK regions\*

Accelerators / Incubators fragmented

UK wide reliance on US VCs at Series B / C

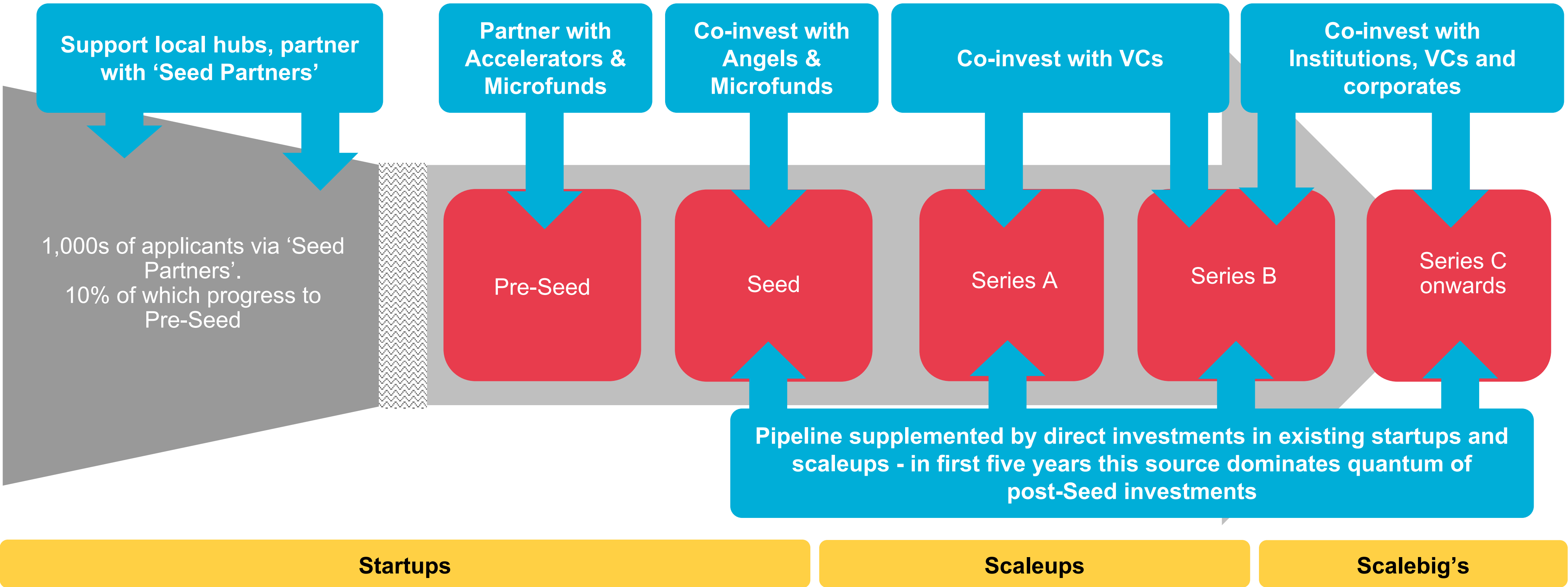
UK & Ireland had the second highest amount globally  
of tech exits or sales in 2016

- UK & Ireland companies capable of growing globally
- Best in class accelerators and microfunds need follow on capacity - e.g. 'YCombinator Continuity fund'
- Lack of coordination across InnovateUK, BBB Angel & VC programmes, and wider Angel & VC activity.
- Traditional VC structures target small number of big wins
- Series A/B stage funding significantly undercapitalised.
- No digital VC invests from Accelerator to late stage

\*Based on established funds or funds raised since 2010  
Source: Tech Nation report, Scaleup Report, CB Insights & Beahurst The Deal 2015  
\*\* Source is Mooreland Partners Global M&A report. The index was based on the number of exits rather than the cumulative value of those exits

# BUSINESS MODEL AND HOW TO SOURCE THE BEST...

DIRECT INVESTMENT STRATEGY – DIGITAL COMPANIES SEEKING SEED TO LATE STAGE FUNDING



# Three types of business

## 1. Platform and business model-driven companies

Software that disrupts an existing business model, defensible through network effects. Success requires patience, the ability to scale up effectively and an obsessive focus on the key metrics that drive the company

## 2. Deep tech-driven companies

Addressing first class engineering challenges. Technologies for the infrastructure or device layer. Success requires the ability to deliver defensibility, work with partners, channels and investors with value added expertise

## 3. Growth and sales-driven companies

Application, tool, or device sold directly to end-user customers, via a B2B or B2C proposition (e.g. SaaS model). Opportunities often experience early traction, big challenge then developing the sales and marketing machine needed to maintain exponential growth curve required



# Confidential ML example

1. Space - teaching machines to become independent learners
2. Tech - unsupervised learning SW on neuromorphic HW
3. Team - super techies
4. Investment required - £1m 12-18 months, then £3m and £5m
5. Rationale - bet against supervised learning... so industry defining
6. Risks:
  - Never exit the research cycle and so not a product business
  - Commit too soon to business model and market vertical
  - HW platform does not proliferate widely enough



**THANK YOU**

ANY QUESTIONS?