



# DEALZONE

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Welcome to SWAIN Deal Zone, Summer Issue. Here we will keep you up-to-date with companies progressions and any good news they have experienced.

## Up and Coming Events

8<sup>th</sup> July – Set squared Garden Party, Goldney Hall Orangery and Gardens, Clifton, Bristol, 5:30pm – 8:30pm

14<sup>th</sup> July – SWAIN Local Forum, Ashfords, Bristol, 10:45am – 2:00pm

23<sup>rd</sup> July – SWAIN Local Forum, Milsted Langdon, Taunton, 3:00pm

Hello, welcome to the Summer Issue of SWAIN's Deal Zone. In this beautiful weather that we have been having deals are happening and I am delighted to announce that even in this difficult economic climate another two deals have completed in the last month.

Many thanks to all the companies who contributed to our first issue and for the very kind comments from our investors. We have introduced a new section to Deal Zone called Expert Zone where each issue one of SWAIN's associate members will comment on the current investment climate. This issue I would like to thank Tracey Williams, Exigo Corporate Finance for her thoughtful comments on Exit s.

As always if you would be interested in viewing the current opportunities SWAIN have on offer please visit <http://www.swain.org.uk/Opportunities.aspx>.

I really hope that you enjoy Deal Zone, if you have any comments then we would be very interested to hear them.

Regards, Philip



## **Deal Progress Zone** *Company 1 of 7*

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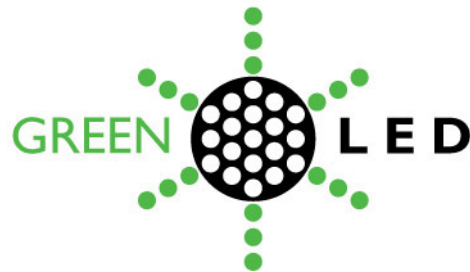
The Well Hung Meat Company presented at the investor local forum in November and have since secured more than 50% of the funding they require. They are still looking for interested investors whether it's a large or small investment. Unlike many of their competitors they have not seen a drastic reduction in customer numbers, frequency of purchase or spend levels. Although there is considerable general financial pressure on consumers at the moment there still exists an enthusiasm and desire for more wholesome food, plus the scientific arguments that support pasture based farming are growing stronger. At the recent BBC Good Food Show they signed up 47 new customers, which puts it amongst the most successful events they have ever attended. They were recently featured on BBC 2's Countryfile and Channel 4's Come Dine With Me and are in discussions with a well known chef to form an alliance.

If you would be interested in more information, please contact Bruce Colley, [bruce.colley@swain.org.uk](mailto:bruce.colley@swain.org.uk).



## Deal Progress Zone *Company 2 of 7*

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### **LED energy-effective lighting specialist**

Having lit several branches already, Greenled is currently working with Marriott Group to light its 16<sup>th</sup> hotel site in UK

In tandem with this individual approach, Greenled has been invited to work with Marriott Group nationally on a project to establish how to LED its whole UK estate

Other successful trials recently completed include Whitbread plc, Thorpeness Hotels, Apex Hotels and Twickenham Stadium and those shortly to get underway include Carphone Warehouse, John Lewis Partnership and Pizza Hut

The main reasons for the upsurge in interest in Greenled's unique lighting proposition are the withdrawal of certain traditional lights from the market in September 2009, continuing concerns over electricity costs and inefficiency and growing awareness of the penalties facing companies under new Carbon Reduction Commitment legislation

Greenled's third and final tranche of equity financing is underway; existing investors have recently committed to a further £ 200k.

The balance of £ 50k is actively being sought and interested SWAIN investors are invited to contact Philip Tellwright on [philip.tellwright@swain.org.uk](mailto:philip.tellwright@swain.org.uk) for further details.



## **Deal Progress Zone** *Company 3 of 7*

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Network Connections Ltd, trading under the name of RedHand has developed **VisionIP** software . This supports megapixel CCTV cameras to deliver high quality pictures and excellent picture management capability over standard network infrastructures using standard PC's.

### **Progression –**

#### **New developments in the last six months are:**

**CommandIP** – Rapid Deployment software for the emergency services market. This offers live and recorded footage to increase staff safety and to provide incident commanders with effective feedback. It forms part of an overall wireless system designed to significantly speed up the deployment of communications in an emergency. This has been developed in conjunction with Primetech UK Ltd using mobile battery based wireless meshing units and is already live in a fire service.

**IntruderIP** – *enables monitoring companies to offer a more differentiated service, and make more effective use of manpower.*

**These products are fully developed and shipping.**

**All the software is developed in house, and the IPR resides with Network Connections Ltd.**

The company already has 60 customers, largely in schools, but also including a number of big name construction and commercial property companies, as well as two fire services.

We now have an opportunity to take advantage of European funding through PERA who will broker the necessary technology partnerships and provide channel partners to develop our IP proposition into the security market. In order to take advantage of this NCL needs to raise £35K as a down payment. This money is recoverable within 6-12 months once the proposition is taken to the EU for funding by PERA. Their success rate is well over 90% and to find out if PERA will take the package further costs nothing.

So we need a partner who can fund the development phase of the proposition in return for a share of future profits with a high likelihood of getting the investment back even before additional sales leveraged by the EU money are made.

If you are interested in the company and wish to receive more information, please contact Philip Tellwright, [philip.tellwright@swain.org.uk](mailto:philip.tellwright@swain.org.uk).



## Deal Progress Zone *Company 4 of 7*

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# StorMagic®

SMART STORAGE MADE SIMPLE

StorMagic – A Disruptive software start up

When StorMagic presented last January, they were pre-release and were seeking £500,000 to £1m in investment. Since then they have;

**Secured financing of over £500,000**

**Released their products on schedule at the end of February**

**Provided a low cost alternative to midsized companies – compelling value in a difficult economic environment**

**Had over 1,500 unique downloads of their software within the first three months; this is more than they had projected for the first 18 months!**

**Signed over 30 channel partners**

**Announced multiple customers in England, Germany, Italy, the Netherlands and the U.S.**

**Started evaluation with key OEMs.**

**Maintained a conservative burn rate and are targeting profitability by the end of 2010.**

StorMagic have developed software that allows the internal disk drives within a server to be easily shared by other servers on a network. High Availability and Replication options allow for continuous availability in the event of a server failure and fast recovery from site failure. They are targeting the large and growing market of server virtualisation, simplifying the complexity of storage in these environments and providing savings to end users of at least 70% on alternative existing technologies. StorMagic was founded in 2006 by a team of executives experienced in this environment and with three previous successful exits.

StorMagic have proven that there is demand for their products and technology with over 1,500 different companies downloading their software and by generating significant end user, reseller and of strategic note tier 1 OEM interest. The company has generated significant awareness for their products in the server virtualisation market.

StorMagic is targeting an early exit with significant return for investors. It has completed its initial development but continues to add value to its products. It recently received funding of over £500,000 with its existing investors and is now making shares available to new investors. It is targeting profitability by the end of 2010.

If you are interested in investing in the company please contact Philip Tellwright, [philip.tellwright@swain.org.uk](mailto:philip.tellwright@swain.org.uk). For more product information, demonstration and case studies visit [www.stormagic.com](http://www.stormagic.com) or they will be happy to meet with you in their Bristol offices.



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# Uso!l

Ultracide produces an innovative range of anti-microbial products which are highly effective and yet safe to use and environmentally friendly. The products use proprietary blending methodology to combine biocides in a way which enables them to work synergistically together at very low concentrations. The company has recently succeeded in raising finance through friends.

Since then the business has been moving forward very quickly. The company have hired a part time salesman who is doing a great job and has opened up some exciting potential markets. They have established relationships with a number of new customers and are expanding the business as quickly as they can.

The company has also developed a number of new products, including a retail product – well timed, given the current/impending flu epidemic. The company is still looking for the “big break” in terms of a large retail outlet for this product but are already selling it through a number of more or less specialist retailers.

If you would like any more information on the company, please contact Philip Tellwright, [philip.tellwright@swain.org.uk](mailto:philip.tellwright@swain.org.uk).





## **Deal Progress Zone** *Company 6 of 7*

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Trading as The Natural Fibre Company, Blacker Sheep Limited is the only full-function small-scale yarn producer in the UK, with spinning, dyeing, weaving and organic accreditation. Their new brand, Blacker Designs, makes and sells knitting yarns and scarves, throws, cushions and blankets online at [www.blackerdesigns.co.uk](http://www.blackerdesigns.co.uk) and via a mail order catalogue.

### **Progression –**

The Natural Fibre Company recently attended the popular Woolfest in Cockermouth, Lake District, where their unique quality of wool quickly drew attention .

The company is pleased to announce a 100kg yarn order from Hobbs with interest from several other trade customers.

The company are now around 100% up for each of the first 3 months of the year in sales compared to last year overall, with huge growth in Blacker Designs sales by nearly 4 times (from a low base of course).

The company is following up on several contacts after their presentation to SWAIN investors at the Arundell Arms Forum, 22nd June.

If you would like any more information about The Natural Fibre Company or Blacker Designs then please contact Bruce Colley, [bruce.colley@swain.org.uk](mailto:bruce.colley@swain.org.uk).

## **Blacker Sheep Limited**





## Deal Progress Zone *Company 7 of 7*

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2008 was a poor summer for chunk – we hunkered down this Autumn and Winter finalising product development and organising chunk for forthcoming external audits and preparing for a push in the 2009 season.

In February the business became **SALSA** accredited – this external hygiene and standards audit is the passport required to enable the business to trade with larger accounts. ([www.salsafood.co.uk](http://www.salsafood.co.uk))

Sales have been improving since Christmas with Year on Year now at consistent 40- 60% moving us recently into the much coveted profit zone.

The launch of **new bake off range** before Easter saw much greater increase than this!

A fly on the wall **channel 4 programme** have been following the business with this due to be screened in late June- (this is a business programme featuring Sir Gerry Robinson)

chunk of devon is a product led company – we use local free range produce and make tasty simple chunky food. We are very pleased when products stand up to award scrutiny – September 2008 saw our first foray with a handful of Silver and Bronze awards from Taste of the west.

Recently however chunk scooped Britain's Champion Pasty for its STEAK PASTY at the British Pie awards – it has created considerable press beating the Cornish over the winning post – (British pie awards 2009)

The chunk of devon Roast Vegi pasty also won Reserve Champion- (1st and 2<sup>nd</sup>)

Chunk Steak & Otter ale received a Bronze

Chunk Chicken Balti (for Exeter city Football Club) also received a Bronze.

chunk have been very active on developing sales over the last 3 months –

20 new smaller cash accounts have been garnered

New wholesalers are in the wings,

Supermarkets are just starting to take products

We are actively recruiting with 5 new additions over the last 6 weeks.

Opportunities are considerable and confidence high – We anticipate min 60% growth in 2009

Cash Flow is still tight, there are issues with banking facility- and Chunk is still requiring funding to assist with equipping and some development costs. For more information contact Bruce Colley, [bruce.colley@swain.org.uk](mailto:bruce.colley@swain.org.uk).



## Good News Zone *Story 1 of 5*

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### **What a Grand Idea!**

Recently students from The Royal Agricultural College braved their own Dragon's Den to pit their entrepreneurial talent against fellow students for the coveted prize of one thousand pounds in the SWAIN Grand Idea.

The initiative was created to help students develop their business ideas through workshops and seminars with representatives from successful businesses providing them with support to enter the SWAIN Grand Idea competition. The entrants even received training from Rachel Holland, the etiquette mistress from ITV1's *Ladette to Lady*, who attended the College prior to the competition to give entrants advice on pitching skills and techniques.

The winning idea was from Lucy-Victoria Woodthorpe and Adriana Vaux, who impressed the judging panel with their business plan and pitch for 'Skeefs', which will produce equine products such as girth sleeves and head collar sets from 100% English sheepskins and fleeces.

Adriana and Lucy-Victoria were awarded £1000 for winning the Grand Idea Competition which was sponsored by South West Angels and Investors Network (SWAIN). The runner up, Charlotte Webb and her company, Arabella Knitwear, received £750 to help it develop and grow.

The panel of judges included Philip Tellwright, Managing Director of SWAIN, Denys Shortt, CEO and Founder of the DCS Europe PLC, Susan Blacker from the Natural Fibre Company and Roger Wilkins, Start-Up Manager for Business Link. The panel was chaired by Stephen Thomas from the Royal Agricultural College School of Business. Philip commented, "The event was a wonderful opportunity to see young business talent. Competition was fierce and the business plans were well thought out. I was delighted to award first prize to Adriana and Lucy-Victoria and look forward to seeing their products in the future. It's very satisfying to support young entrepreneurs and help the real grass roots of the economy."

As the winner, Adriana and Lucy-Victoria will represent the Royal Agricultural College at a regional Enterprise Awards later in the year, where they will compete against students from other universities across the South West.



## Good News Zone *Story 2 of 5*

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### **Futuristic Technology brings Hollywood Blockbusters to Tesco**

People love going to the movies to catch up on the latest movie blockbusters, and Hollywood has long provided a constant stream of action packed titles. However, recent developments in the Irish movie industry means that there's as much action going on off the screen as there is on it. The Tesco group in Ireland are joining a host of smaller and independent retailers in implementing a futuristic DVD vending technology into their stores.

The credit crunch has ushered in a new kind of consumer who seeks cost-effective ways to get access to entertainment. In the US, where the credit crunch has hit hardest, consumers have increasingly turned to DVD rental kiosks as a cheap way to get access to movies. Some of America's giant corporations have invested in this technology – both McDonalds and Coinstar hold stakes in the largest DVD kiosk provider in America. There are now over 30,000 of these units across the States, and it looks as if recession-hit consumers in Ireland will also soon be utilising this technology.

Demand from retail consumers for the most cost efficient way to access movies is being met by online rental by post services and traditional stores at present, but it is expected that a dramatic growth in DVD rental kiosks will commence in the second half of 2009. At present, one company pioneering this technology in Ireland is The Movie Booth – they currently have seven kiosks in operation in Ireland but expect this number to reach twenty five by the end of 2009.

In June, Tesco will begin a trial of DVD rental kiosks in several of their stores and The Movie Booth hope to deploy their units in each store in Ireland upon completion of a successful trial. The first trials with Tesco will launch in Wexford and Dublin stores in mid-June. Tesco will join Irish retailers including Centra, Vivo and Supervalu who all currently have DVD kiosks in their stores.

The Movie Booth is an inspiration to young struggling entrepreneurs, having succeeded in raising funding from SWAIN (South West Angel and Investor Network) angels and then lived up to its reputation as a high growth business by expanding its product network from three sites to over twenty in nine months.

Philip Tellwright, Managing Director of SWAIN said "Carlos Marco has done very well having raised finance from our angel investors and won the Young Entrepreneur award at SWAIN's 50<sup>th</sup> Deal celebrations. I look forward to watching The Movie Booth's progress and being able to rent a DVD from my local kiosk."



## **Good News Zone**

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### **Medical Company Bucks Down-turn**

Quotient Diagnostics, a Surrey-based medical devices company, is delighted to announce the securing of a substantial investment including £160,000 from SWAIN (South West Angel Investor Network). Quotient develops and manufactures monitoring systems for diabetes.

Diabetes is a worldwide epidemic, affecting close to 250 million people with numbers rising rapidly. It is one of the world's most prevalent non-communicable diseases and is the fourth cause of death in most developed countries. Over half the diabetics in the world are believed to be currently undiagnosed.

Quotient Diagnostics' first product, Quo-Test A1C, uses innovative technology for measuring a key indicator, Glycated Haemoglobin, used to monitor the treatment of diabetes and assess the patient's risk of complications. The test provides a long-term measurement of the diabetic condition, unaffected by the day-to-day variations in blood glucose levels that are a major weakness of the popular daily self-test method. Quotient's technology is superior to other methods used for this test, producing a result in less than 4 minutes from a disposable cartridge running on a compact, low cost instrument.

Asked what their plans were for the future, Simon Harris, director of Quotient Diagnostics replied, "This is a very exciting time for us as we have completed development of our first product and have secured our first orders. We will use the new investment to scale up our production facilities and accelerate our international marketing. Specifically the money will be used automate cartridge production, build inventory and hire staff. We plan to employ more front line and laboratory personnel – 8-10 more jobs over the next 12 months.

In response to the questions of how they have managed to raise investment during these challenging times, Simon answered, "It's certainly been tough but through perseverance and a strong belief in our product we were able to enthruse investors. The fact that we are addressing a major health concern often gets us a good hearing, and the SWAIN community was very responsive to our pitch".

Philip Tellwright, Managing Director of SWAIN said, "Simon has been enthusiastic from the beginning, engaging vigorously with our process and inviting investors to visit Quotient's laboratory. Companies like this often require an injection of cash to enable them to expand quickly. By matching them to suitable investors we are delighted to help them drive their product forward. One SWAIN investor has also offered to sponsor the installation of the Quo-Test A1C in his local Primary Care Trust, so watch this space!"



## **Good News Zone**

*Story 4 of 5*

**BeCheeky.com**  
STYLISH • FUN • SENSUAL

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### **BeCheeky.com Secures Second Round Venture Capital Funding**

The YFM Group managed South West Ventures Fund has confirmed a further investment in Poole-based BeCheeky.com, the online retailer which specialises in selling lingerie and swimwear sourced from new and well-known designers from around the world.

BeCheeky.com, led by Managing Director Justine Wyness, offers over 1,000 individual lines from global brands such as Bracli, Lola Luna, Morgan, Princess Tam Tam and Sensuale. Over the past few months the company has expanded its product range and introduced stylish women's swimwear, matching stylish but practical bra and knicker sets and increased its collection of men's branded underwear.

As the recession brings customer service and value into sharper focus, and consumers become more cautious with their spending, BeCheeky.com is continuing to grow with revenue and visitors to the website up 25% for the year to March 2009. The internet is also a great place to do business according to Verdict Research who has reported that online shopping is forecasted to reach £28 billion by 2011.

Since its launch in 2005 BeCheeky.com has embraced the online world and implemented a range of creative marketing and sales strategies such as Pay Per Click advertising with Google and Yahoo, Affiliate Marketing including Living TV, Tiscali and Nectar eStores; Partnership Marketing with Muller Light and Love Film & Threshers and wide ranging PR, having been featured on This Morning, in Grazia, Cosmopolitan, GQ magazine, The Express, and being featured online at Handbag.com, MSN, GetLippy.com. and Cosmo Online. BeCheeky's SEO strategy has seen traffic and revenue from natural search reach 50% of its overall business.

Nick Simmonds, Investment Manager at South West Ventures Fund at YFM Group Bristol office, said: "We are excited by this latest investment with BeCheeky.com. It represents a great opportunity to support a dynamic team. The further funding will enhance the market presence and sales of this high growth business. Becheeky.com is ideally placed to take advantage of the growth in online shopping."

Justine Wyness, Managing Director of BeCheeky.com, said: "This second round of funding from the South West Ventures Fund comes at a pivotal time for BeCheeky.com. It will enable us to continue to improve our website, the customer experience, and our online marketing strategy. This additional funding will help us to grow the customer base and add new lines to the range to target the growing numbers of people shopping for lingerie and swimwear online."



## **Chaddleworth Software Ltd. to provide Christie's with a new generation asset valuation system**

Christie's, the World's Leading Art Business, has chosen Chaddleworth Software Ltd (CSL) to provide their new in-house valuation system.

CSL's Chattels management software is widely used by collectors of art and other valuable assets around the world for the control and management of their collections. CSL have a current client base that includes many international private collectors as well as institutions such as the Oxford Colleges, Inns of Court and Pearson, the international media group. The comprehensive, multi-media functionality of Chattels makes it a widely applicable asset management system. Professional and non professional users value its flexibility to meet their exact requirements. CSL's market leading user and technical support service ensures clients get the very best out of their Chattels system.

CSL's Chattels will become the core of Christie's international valuation activities. By integrating Chattels with their existing systems Christie's will be able to provide clients with valuation and other reports to meet their precise requirements.

Jane Hay, Managing Director of Christie's UK: 'Following a comprehensive review of our internal systems and requirements, we were pleased to find that CSL's Chattels management software provides a programme which meets all of our needs and supports us in delivering the very best service and support to our clients.'

Tim Baylis CEO of CSL said. "This represents a further significant step forward in our relationship with Christie's who have been recommending CSL systems to their clients for a number of years. Chattels, which will form the core of the Christie's valuation solution, has a breadth of application in asset valuation, asset management and compliance. This growth in our business is illustrated by our involvement in a range of other industries including wealth management, financial services and insurance where client service is the key to success. '

Philip Tellwright, Managing Director of SWAIN said, "Chaddleworth Software Ltd were one of the first companies who came to SWAIN when we started in 2004. It has been rewarding to see them continue to grow from strength to strength and we look forward to working with them again in the future."

With Chaddleworth's success in signing contracts with Christie's and the demand for their products, particularly from FSA regulated providers in the UK CSL (Chaddleworth Software Ltd) are undertaking a further fund raising round. They will be seeking £350k as a mix of equity and debt from Angel investors and will be making a presentation at the SWAIN meeting in mid July'.



## Good Businesses are still doing deals... True or False?



*Tracey Williams, Managing Director,  
Exigo Corporate Finance Ltd*

If you've attended any Corporate Finance event over the recent months then this is something you will have heard being said a number of times, "it's a challenging time but good businesses are still raising cash and doing deals". Is it true or simply hyperbole amongst the professionals to generate some sort of deal flow?

What is true is that the deal process is being modified by the difficult environment. For example, when considering Exits (and when raising equity, the 'exit' should feature in the proposition!) private equity has been sidelined when compared to its peak in 2007 and the opportunities for corporate dealmakers have improved. Is this resulting in a good deal for the vendor though? Arguably not. Vendors are increasingly being asked to support a sale via contingent and deferred consideration which has become a necessary evil in the current environment.

Extreme volatility in the macro economic markets also results in price adjustments as the process tracks through to completion. Bank funding can fall away, equity pricing shifts to fill the gap... Wait a minute... what does any of this mean anyway?

In a nutshell - good businesses are still raising finance – it can take longer, it can depend on who you talk to and it definitely depends on the business proposition.

If you haven't heard of The Exit Club yet [[www.exit-club.co.uk](http://www.exit-club.co.uk)], look it up. It's a group of 75 member firms, who are ready to sit as your personal panel. It has been put together for companies thinking about ownership changes, whether exiting, raising cash or failing. That's joined up advice – legal, financial and practical – all at the same time. Get that advantage and find the critical path in the current climate to making your deal (whatever deal) a success as soon as possible. Contact the Exit Club, [tracey@exigo-cf.co.uk](mailto:tracey@exigo-cf.co.uk)

**The Exit Club is run by Exigo Corporate Finance**, an independent corporate finance boutique focused on unquoted company sales, acquisitions and private equity. Exigo Corporate Finance is an associate member of SWAIN and is recognised as an independent firm which has a demonstrable track-record in its area of activity.



## Photo Zone

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A few photo's from SWAIN's recent event at the Royal Agricultural College



*Philip Tellwright speaking at the SWAIN Grand Idea*



*Denys Shortt, one of the judges, speaking at the SWAIN Grand Idea*



*Philip Tellwright, Lucy-Victoria Woodthorpe and Adriana Vaux, the winning company at the SWAIN Grand Idea*



*Sue Blackler and Carole Tellwright*



*Philip Tellwright with Charlie Prymaka, Fizzyah Champers, one of the student companies*



## Fun Zone

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### **Just a few random facts for you to start your day:**

- The citrus soda 7-UP was created in 1929; "7" was selected because the original containers were 7 ounces. "UP" indicated the direction of the bubbles.
- Canadian researchers have found that Einstein's brain was 15% wider than normal.
- The average person spends about 2 years on the phone in a lifetime, though this is probably more for business men!
- The first product to have a bar code was Wrigleys gum.
- The largest number of children born to one woman is recorded at 69. From 1725-1765, a Russian peasant woman gave birth to 16 sets of twins, 7 sets of triplets, and 4 sets of quadruplets.
- Dueling is legal in Paraguay as long as both parties are registered blood donors.
- Clans of long ago that wanted to get rid of unwanted people without killing them used to burn their houses down -- hence the expression "to get fired"

