Deloitte.

Perspectives on Britain's fastest-growing technology companies

Innovation for growth

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Contents

Introduction

Over the last five years, the technology sector has captured the public's attention through daily interactions with consumer technology and the success stories of companies behind these products and services. Ownership and usage of mobile technologies have hit new highs[1]. And at various points within this period the technology sector has laid claim to the 'world's most valuable company', the top two 'most valuable brands' and the 'fastest company to reach $1 billion revenue'[2,3,4]. Not all technology companies operate in the consumer world or reach such dizzy heights. But they do all start from somewhere, and from humble beginnings they must struggle to find a source of growth.

The Deloitte UK Technology Fast 50 celebrates those companies that have created sustainable growth through technology innovation. Now in its sixteenth year, the UK Fast 50 is a ranking of fast-growing technology companies based on revenue growth over the last five years. Participants enter themselves and winners include some of the most dynamic players in all areas of technology, from hardware to software and GreenTech to telecommunications (see page 2 for the 2013 UK Fast 50 ranking). Cumulatively the 2013 UK Fast 50 winners generated over £672 million in total annual revenues, provide jobs for over 5,000 people and recorded an average five-year growth rate of 1382 per cent in the year 2012/13[5].

This report is a companion to the UK Fast 50 programme; turning the spotlight on the industry's success stories and revealing the lessons to be learnt from this year's entrants. Our analysis is based on information submitted by the 161 entrants and a survey of 78 CEOs from these companies, which together provided a rich repository of historical data and future perspectives. Deloitte has the privilege of working with these organisations, enabling us to share our own views on the industry.

The analysis within this report is not, nor does it seek to be, representative of the entire technology industry. Each cohort of UK Fast 50 entrants and winners are proudly non-typical organisations and so provide an exciting and influential population to study. Within this report we seek to reveal their sources of growth, financing trends and expansion plans. We explore the key ingredients for an environment that encourages further growth of our winners and supports the next generation of technology companies as they follow in the UK Fast 50's footsteps.

Deloitte 2013 UK Technology Fast 50 winners

Ranking	Company	Growth	Region	Sector
1	Infectious Media	9774%	London	Media & entertainment
2	Avecto	4731%	North	Software
3	AlertMe	3393%	Cambridgeshire & East	Internet
4	Mobile Account Solutions Ltd	3332%	South East	Telecommunications
5	Lovestruck.com	2658%	London	Internet
6	Monitise Plc	2319%	London	Software
7	Sixteen South	2214%	Northern Ireland	Media & entertainment
8	FreeAgent	2128%	Scotland	Software
9	Equal Experts UK Ltd	2035%	London	Software
10	Backbone Connect	1810%	London	Telecommunications
11	Evance Wind Turbines	1627%	Midlands	GreenTech
12	notonthehighstreet.com	1536%	London	Internet
13	Simplify Digital Ltd	1443%	London	Software
14	The Test People	1356%	North	Software
15	Intelligent Energy	1333%	Midlands	GreenTech
16	Infracast	1325%	South East	Telecommunications
17	Virtual1 Ltd	1250%	London	Telecommunications
18	Click Travel	1181%	Midlands	Software
19	Silixa Ltd	1118%	London	Electronics
20	The Magnetise Group	1102%	London	Internet
21	Skyscanner	1033%	Scotland	Internet
22	Horizon Discovery Ltd	1027%	Cambridgeshire & East	Biotechnology
23	Bowman Power	1022%	South East	GreenTech
24	White.net	991%	South East	Internet
25	Textlocal	980%	North	Telecommunications

Ranking	Company	Growth	Region	Sector
26	JUST EAT	976%	London	Internet
27	Maxymiser	937%	London	Software
28	sales-i	916%	Midlands	Software
29	Vegware	901%	Scotland	GreenTech
30	Supermassive Games	787%	South East	Software
31	Ayima Search Marketing	781%	London	Internet
32	CommAgility Ltd	766%	Midlands	Telecommunications
33	RandomStorm	722%	North	Internet
34	Academia Ltd	711%	London	Software
35	Brandwatch	703%	South East	Software
36	The Nostrum Group	623%	North	Software
37	P2i	611%	South East	Electronics
38	BCS Global Networks	595%	London	Telecommunications
39	Peach Telecom	571%	South East	Telecommunications
40	Global Personals Ltd	570.64%	South East	Internet
41	Forbidden Technologies Plc	570.56%	London	Software
42	HighQ	570%	London	Software
43	Oriium Consulting Ltd	540%	North	Telecommunications
44	4D Data Centres	529%	South East	Telecommunications
45	Mimecast	526%	London	Internet
46	MPB Photographic	509%	South East	Internet
47	M Squared Lasers Ltd	498%	Scotland	Electronics
48	Miroma International	496%	London	Media & entertainment
49	Orca Digital	494%	London	Telecommunications
50	FISCAL Technologies Ltd	487%	South East	Software

The UK Fast 50 grow at a tremendous pace whilst reflecting characteristics of the broader economy

All UK Fast 50 winners have grown significantly faster than the UK economy over the last five years, but they cannot and do not operate in isolation. In line with the wider UK economy, the stories of the UK Fast 50 entrants reveal a challenging five-year period, with an outlook that appears to be more benign. A London-centric skew exists despite strong growth across all regions, and the software and Internet sub-sectors continue to dominate the ranking.

Despite quadruple-digit average growth rates (of 1382 per cent) over the last five years, this year's UK Fast 50 winners growth is approximately half that of the record-holding 2011 cohort (2820 per cent). A similarly suppressed growth trend is also observed in Deloitte's Technology Fast 500 EMEA programme[6] and other technology-focused reports[7,8]. We believe there are several contributing factors to these results, namely availability of finance, customer spending, and technology SMEs response to the situation.

"It didn't feel great at the time, but in retrospect it was a good thing… We had no choice but to be profitable from day one, and it also made us very disciplined with costs."

Martin Kelly, CEO and co-founder of Infectious Media

Firstly, the base year of 2009 coincides with the onset of the credit crunch. SMEs considered higher risk were disproportionately affected, thereby typically enjoying less favourable access to credit than their predecessors[9]. Secondly, on-going economic uncertainty over the last five years and cost control agendas has put spending pressure on CIOs, other B2B procurers and consumers alike. Finally, SMEs have responded to the economic outlook with strategies and business models that, to a greater extent, focus on building sustainable businesses rather than accumulating clients and revenues.

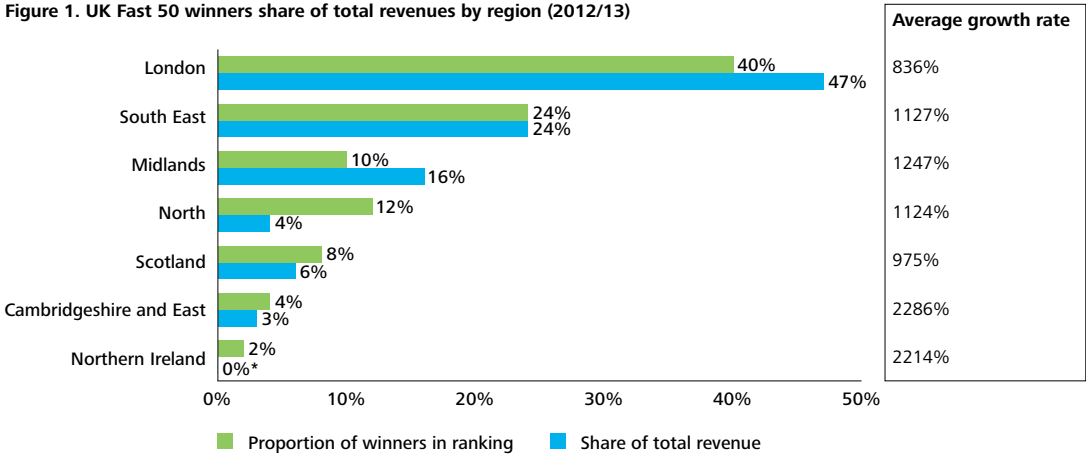
As with the economic recovery, London appears to be leading the way in technology, but there is no shortage of success in other regions[10,11]. London-centric dynamics may be a long-standing trend for the broader economy, but it is a relatively new phenomena in the technology sector, with promotion and activity in recent years, such as the launch of 'Tech City', rivalling traditional hubs including Oxford and Cambridge. This year's UK Fast 50 winners reinforce London's position as the largest hub of fast growing technology companies, claiming 40 per cent of winning companies and generating 47 per cent of the combined revenues in 2012/13 (see Figure 1).

Despite this, 2013 also provided the most regionally diverse cohort of technology companies since the competition began, and all regions recorded greater average growth rates than those of the London finalists. At the very top of our leader board, only two of the top five winners are from London and it's the first time a company from the North has finished in the top five since 2007.

From a sub-sector perspective, the easily scalable nature of Internet and software companies means they naturally dominate the fast growing company rankings, this year accounting for 59 per cent of combined winner revenues, with average growth rates of 811 per cent and 1136 per cent respectively. London was responsible for the majority of revenue generated by 'softer' technology companies with 64 per cent of revenues from Internet, software, and media and entertainment winners. We believe this is a natural product of London's strength in new and old media – representing about 50 per cent of UK media employment – and the ever-converging worlds of technology, media and telecommunications[12].

'Harder' technologies were more strongly associated with regions outside of London. For example ten per cent of combined winner revenues (£66 million) were generated by GreenTech companies from the Midlands, South East and Scotland. Equally, 19 per cent of combined winner revenues (£126 million) were generated by telecommunications companies mostly based in the South East.

Figure 1. UK Fast 50 winners share of total revenues by region (2012/13)



Source: Deloitte UK Fast 50 entrants data, September 2013. Sample: UK Fast 50 Winners (50 companies)

*Note: The revenues generated by companies based in Northern Ireland represent 0.1% of total revenues generated by the winning companies.

Constraints on finance appear to be easing but CEOs expect similar sources of funding over the next 12 months

The past five years have presented a challenging environment for those technology SMEs seeking funding. Early indications are that financing constraints are easing but our UK Fast 50 community CEOs do not predict significant changes in financing methods over the next 12 months. In the face of adversity new financing solutions are emerging but are not a panacea to every funding gap.

Banks have been trying to make more funds available to SMEs and entrepreneurs but take up has lagged rhetoric to the frustration of both sides. According to a recent survey, just one fifth (19 per cent) of UK entrepreneurs think that banks are more willing to lend now than they were last year[13]. This is a product of the applications for finance, as well as lenders' criteria.

The low volume of technology IPOs in the last five years has reduced venture capital funding as exit opportunities are limited. In the last two quarters Deloitte has witnessed renewed interest in technology firms from Private Equity and trade buyers alike, but UK Fast 50 CEOs expect their sources of finance to change little over the next 12 months. A quarter of surveyed CEOs expect to use bank debt over the coming year, just five percentage points higher than those that have used this source within the last five years. CEOs also predict broadly flat levels of private equity and venture capital funding going forward.

Private capital, via equity crowdfunding platforms, has emerged as a much talked-about alternative way to bridge the funding gap. This financing innovation has already shown huge potential but Deloitte believes there are a number of reasons why it is unlikely to replace the role of venture capital for companies such as the UK Fast 50 in the medium term[14]. Firstly, there is considerable uncertainty around what regulation such platforms should and will be subject to. Secondly, the concept is more appropriate for organisations or individuals operating in consumer markets rather than B2B technology SMEs. Finally, venture capital provides SMEs with more than simple finance. Access to venture capitalists skills, advice and experience, and professional networks remain major attractions for SMEs[15].

The current cohort of technology SMEs reflect this sentiment with just one of the 78 surveyed CEOs having made use of crowdfunding within the past five years, and the same proportion suggesting they would do so in the next 12 months. It is too early for this fledgling industry to have a significant impact on the current UK Fast 50. As the industry matures we will monitor with anticipation to gauge the extent to which crowdfunding will be adopted by UK Fast 50 companies, and whether it introduces new businesses to the competition in years to come.

"We have noticed a sustained pick up with the debt markets now firmly open for business, however the applicant's proposition must be solid and it is important to match opportunities with the right lender."

David Warde, Assistant Director, Corporate Finance, Deloitte

Uncertainty gives way to even greater growth ambitions

Given the revenue trajectory of the UK Fast 50 businesses, it might be assumed that growth is the singular focus; however, this is not entirely true. Since 2010, we have witnessed a shift in UK Fast 50 sentiment with one of uncertainty giving way to a renewed focus on growth. This year CEO aspirations, their priority financial challenges and reasons for raising finance all indicate that the UK Fast 50 cohort are set for accelerated future growth.

Eighty-eight per cent of CEOs we surveyed, reported expectations of growing at a somewhat higher or significantly higher rate compared to the previous 12 months. In 2010, 'managing or forecasting cash flows' was the number one financial challenge, reported by 20 per cent of the winning companies.

In 2013 just ten per cent of companies responded with the same concern. In contrast, the challenge of 'financing investment in growth or R&D' was voiced by two per cent of winners in 2010, rising to 20 per cent in 2013 to become the greatest financial challenge of this year's cohort.

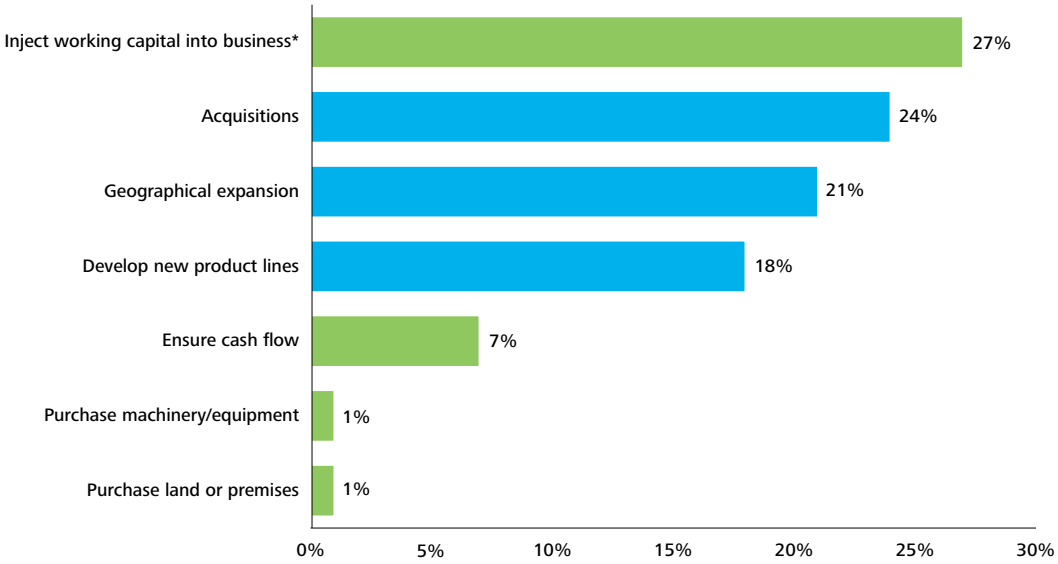
The buoyant attitude of UK Fast 50 CEOs echoes the renewed optimism identified in Deloitte's CFO survey. The survey of the largest UK corporates hit a critical inflexion point in Q3 2013 at which expansionary strategies were considered a higher priority than defensive strategies – a position not achieved in over two years[16]. Nine in ten of the UK Fast 50 CEOs plan to raise capital in the next 12 months with expansionary strategies of acquisition, product development and geographic expansion featuring highly (see Figure 2).

Acquisition

Small technology SMEs are often thought of as acquisition targets but a quarter of our finance-raising CEOs plan to make acquisitions of their own; most likely in pursuit of accessing new customers, talent and capabilities. Inorganic growth helps sustain momentum but is not without considerable risks. Would-be acquirers should consider carefully the objectives driving an acquisition decision, target selection and suitability, and potential integration challenges.

Figure 2. CEOs views on the purpose of raising capital in the next 12 months

Question: What would you like to raise finance for in the next 12 months?



Source: Deloitte UK Fast 50 CEO survey, October 2013. Sample: all respondents (161)

*Note: The option 'inject wotking capital into business' has not been considered for this analysis as this term may refer to a strategy other than expansion.

Developing new product lines

Fifteen per cent of the surveyed CEOs raising capital are doing so to fund new product line development. Typically, the default growth strategy of technology SMEs is selling their first product line to new customers, rather than multiple products to a select few customers. Therefore, developing a new product type can mark a significant moment in a company's evolution.

> *"Most technology SMEs we see are still niche, with highly successful singular products or services. Developing a new product type is a major investment in terms of time, money and management attention. For those that crack it, learning how to innovate in this manner provides differentiation and sustains growth."*
>
> **David Halstead**, Lead Partner, UK Fast 50 & Fast 500 EMEA programme, Deloitte

Geographic expansion

Expansion overseas, whether organic or through acquisition, offers one way to find new customers. It is particularly pertinent to technology companies that agree to territorial exclusivity licences, thereby limiting the addressable home market. Of those CEOs raising capital, almost one in five are looking to fund geographic expansion and even those not expanding yet have very clear opinions on priority markets.

Around half of the UK Fast 50 winners identified North America (46 per cent) as the foreign markets offering the best potential for growth; Western Europe (28 per cent) came second. No other region was identified by more than seven per cent of companies (see Figure 3).

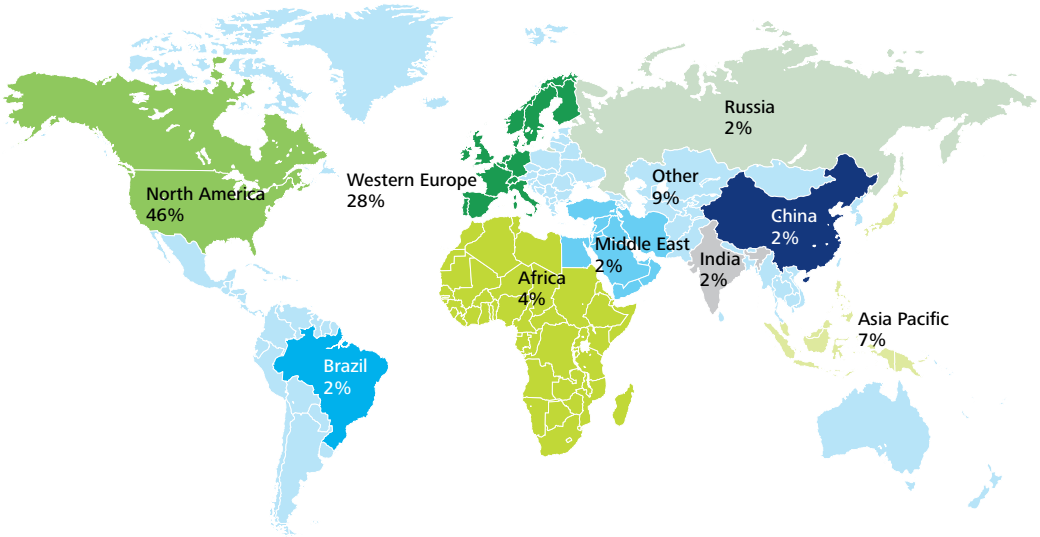
Western Europe is a popular business destination given its geographic proximity, mature functioning markets and the trade advantages of operating within the European Union. Across non-technology sectors, Western Europe would likely be considered more attractive. For example, a recent survey of UK entrepreneurs shows that almost half identified Western Europe as the most important foreign export market [17].

Rightly or wrongly, North America still dominates the minds of UK technology SMEs. Market size, cultural proximity, historic trade links and a common language are attractive to UK companies in general. And for technology SMEs the lure is even greater: a progressive regulatory environment, skilled talent pools, and the capital to support high growth companies will likely maintain North America's appeal in the future.

Whilst the geographic focus of UK technology companies is understandable, they should not turn a blind eye to alternative destinations. Focus on the US and Europe might mean forfeiting sales and collaboration opportunities in the technology centres of South Korea and Japan. Concentrating on established markets may be at the cost of establishing a presence in markets with faster growth potential, such as China or Indonesia.

Figure 3. UK Fast 50 winners views on geographic expansion opportunities outside of the UK

Question: What geographic markets outside of the UK represent the best opportunity for significant growth for your company over the next three years?



Source: Deloitte UK Fast 50 entrants data, September 2013. Sample: UK Fast 50 Winners considering expansion (46)

Encouraging future technology SME growth requires Government, business and educational institutions to foster a supportive environment

Politically and economically, the prospects of a booming technology hub are extremely attractive but there is no blueprint for emulating the success of Silicon Valley. As Silicon roundabouts, glens and fens spring up across the UK, it is important to understand what critical 'ingredients' are essential to creating a supportive environment for technology SMEs and how Government, business and educational institutions can build on existing strengths to improve the environment. We believe these ingredients are a favourable business environment: access to finance, access to talent, and a strong ecosystem of complimentary companies.

In building a favourable business environment, the UK Government has shown strong support for start-ups, but ensuring awareness is essential in reaping the benefits. For example, the tax regime in the UK is generally considered favourable to technology SMEs. UK technology companies benefit from some of the lowest corporate tax rates amongst developed countries, with further cuts planned, and the potential to retain more earnings through Research & Development tax relief and Entrepreneurs' relief. In addition, measures designed to make private investment simpler and more attractive, such as the Enterprise Investment Scheme and Seed Enterprise Investment Scheme, are particularly important for enabling growth.

"Both at a company level and an individual level, the UK tax regime is encouraging the risk-taking behaviour required to stimulate growth. We are seeing increased willingness to invest in small and entrepreneurial businesses and founders are becoming more ambitious as they know they'll keep more of the gains."

David Cobb, Tax Partner, Deloitte

Given all the strains of running a rapidly expanding business, the difficulty for SMEs is to understand and make use of applicable schemes. Where venture capital support is not available, SMEs might consider employing a dedicated finance professional at an early stage as accessing the right schemes can offer a strong return on investment and relatively short pay-back periods. The onus on Government is to focus on ensuring simplicity and effective communication. The advisory community has an opportunity to provide much needed advice if it is able to flex its business models so that they are better suited to serving smaller, but high growth potential businesses.

Of the critical ingredients, it is talent that appears to provide the greatest challenge to UK Fast 50 entrants, with 78 per cent of CEOs reporting it as a top consideration when choosing an office location. Technical skills required by technology hubs and companies can be targeted at educational institutions and popular places for young professionals to live. Positioning companies close to Universities is commonplace and building closer relationships between technology SMEs and students of all ages will help ensure a home-grown flow of talent into the sector. Increased interaction between technology SMEs and students can benefit school leavers and graduates looking for jobs, SMEs recruiting now, and the broader technology sector in years to come.

Other than talent, our UK Fast 50 CEOs frequently cited access to a strong ecosystem of complimentary companies as an enabler of growth. Importantly there are different types of interaction within a cluster, from open collaboration, through to partnership and trading. The former of these is potentially a double-edged sword, as being situated in close proximity and working hand in hand with similar types of companies can make it harder to stand out from the crowd.

Our experience suggests that it is more beneficial for SMEs to choose a location that allows them to be close to, and form commercial relationships with customers and suppliers. Trading with industries that already have an established base in the UK such as media or financial services will enable SMEs to differentiate themselves from international competitors and grow with their industry-leading customers.

"[The introduction of animation tax credits] really is an incredible initiative from the UK Government to try and keep work at home, and I believe that won't only save the industry, but help grow it further."

Colin Williams, Founder, Sixteen South

Conclusions

This year's UK Fast 50 winners have reported strong growth despite a difficult economic climate over the last five years and financial constraints which are only just beginning to ease. Their ambitions are for increased levels of growth in the future by developing new products and expanding beyond the UK's borders. Such ambition begs the question of when we will see the next big UK technology SME IPO? Undoubtedly, successful technology SMEs will be acquisition targets for international corporates that are coming under increased pressure to use their cash reserves[18]. Those ready to IPO may still be tempted to float in the US, but Deloitte believes that in the next three years we will see a UK SME take the plunge.

With a UK economic recovery still in its early stages, it is too early to proclaim boom times for the technology sector or the economy as a whole. But we do know that the fast growing technology SMEs will continue to act as a source for growth, employment and excitement in years to come.

"If you looked back 20 years you would have seen far fewer young people with the skills and mindset to work in entrepreneurial businesses in the technology sector. Now there is a much larger number of appropriately skilled young people drawn to work in technology start-ups."

Ed Shedd, Lead Partner, Technology, Media and Telecommunications (TMT) Industry Practice, Deloitte

With an increasingly supportive UK environment, Deloitte expects to witness many more technology SMEs born and raised in the UK over the coming years and we look forward to seeing them compete with our current cohort in future UK Fast 50 rankings.

Deloitte 2013 UK Technology Fast 50 top winners case studies

Infectious Media

9774% growth

Overall winner

London regional winner

Media & entertainment sector winner

Since its inception in 2010, real-time bidding (RTB) has convulsed the world of online advertising. The new protocol replaces old fashioned methods of purchasing Internet banner space over the phone in bulk, by allowing advertising clients to automatically bid for online displays one ad at a time. Real-time bidding is similar to buying on a virtual stock exchange, in which advertisers use computer algorithms to instantly buy website placements based on the profile of the user visiting the page.

"We are passed lots of different variables on each individual ad impression that's auctioned," explains Martin Kelly, CEO and co-founder of Infectious Media, a London-based real-time advertising agency. "In RTB you match up that information with the profile of a user that an advertiser wants to target, and determine how much they are willing to pay for an impression, all within 50 milliseconds."

Kelly and co-founder Andy Cocker launched the company in 2008, after careers in large traditional media buying agencies. Real time advertising exchanges were gaining traction in the United States at the time, and by 2010 Infectious Media had become the first UK company with a proprietary platform that allowed their clients to plug into online supply sources to find the best advertising opportunities.

"We had seen the rise of search engine advertising through Google, driven by real consumer data. When these exchanges began to emerge in the display advertising space, we understood they would become the predominant way of buying advertising in the future," says Kelly. "One of the first things we did was go to the US to get to know the start-up companies that were building the technology – that was a very valuable experience. We then brought in people to build out our proprietary platform that could talk to the exchanges."

With the financial crisis in full swing, Kelly and Cocker were forced to bootstrap the business. "It didn't feel great at the time, but in retrospect it was a good thing," says Kelly. "We had no choice but to be profitable from day one, and it also made us very disciplined with costs."

Since 2008, Infectious Media's revenue growth has averaged 9,774%. Its headcount has gone from eight people in 2010, to over 50 today, which includes analysts, data scientists, engineers, digital media professionals and sales representatives, many of whom were recruited from abroad. On any given day it is running campaigns that are live in over 50 countries, and each month it processes more than 40 billion ad decisions. It has also opened offices in Paris and Hamburg, where it has a growing client base that it services from its London HQ.

"Our model lends itself well to growth because we don't need to recreate the same team and infrastructure wherever we go – we can run it all from here," says Kelly. "What we are learning as we get bigger is that the service layer we offer around the product is really coming into focus. Companies don't know how to use the platform or how to extract value from the wealth of customer data they have locked away, so our team works with them to analyse the trends and create unique insights about the audiences they want to target. We have also linked up with statisticians from local Universities, to help us validate some of our data analysis methodologies."

Like many other companies on the Deloitte UK Technology Fast 50, Infectious Media continues to invest in its proprietary technology, and benefits from the Research and Development (R&D) Relief for Corporation Tax. "It isn't easy to see how government could best support technology start-ups in the UK," says Kelly. "But the tax breaks on research activities have been extremely good for us."

Looking ahead, Kelly expects the popularity of RTB to continue growing, especially in other types of advertising content that can use the same platform, such as video. "What started off as a technology for buying standard banner ads is leading to big growth in video advertising using the same protocol," says Kelly. "What we see is a revolution going on in the 'plumbing' of the advertising world, and we are ready to embrace the opportunity and go for it large scale."

Avecto

Avecto

4731% growth

Second place

North regional winner

Software sector winner

Headquartered in Manchester, Avecto is the leader in Windows privilege management, which helps organisations to secure their systems while enabling the level of access their users need to perform their role.

It was founded by CEO Mark Austin and Paul Kenyon, EVP Global Sales, who spotted a gap in the market after leaving their roles at another global software firm. "When users log on to their desktop or laptop, they require privileges to access certain applications, and in many cases can't fulfil their roles without those privileges," says Austin. "The big problem for organisations is that to improve security they must remove privileged accounts, which leads to a poor user experience, reducing their productivity and increasing help desk calls. So we thought: can we develop a solution that better balances the need for secure desktops and user freedom?"

The solution Austin and Kenyon developed to empower organisations is Avecto's award-winning Privilege Guard technology. Installed on the client's premises, Privilege Guard enables privileges to be assigned directly to the applications that require them, removing the need for privileged accounts and enabling organisations to strike the right balance between security and user freedom.

Kenyon affirms that Avecto was really breaking new ground following its launch in 2008. "There wasn't a solution on the market that provided such granular control over application privileges," he says. "It was an area growing rapidly, even then, so Mark developed the first version and solved all the deeply technical problems himself. We've been innovating ever since."

Avecto's commitment to addressing the need for organisations to have exceptional security control, while meeting compliance requirements and the needs of their users, saw it recently named as McAfee's Most Innovative Partner of 2013.

Such partnerships are one of Avecto's main sources of growth, vindicating the company's decision not to take outside funding. "Our business has always been enterprise-led, supported by large deployments of Windows 7, enabling us to rapidly scale up our business," says Kenyon. "The other driver has been our expansion into the United States; Mark and I quickly realised our solution was gaining interest from many global organisations that were headquartered there. Crucially we both had a good US network from our previous jobs. We opened an office in Boston early on and the team has been continuously expanding, to the extent that we are moving to a new office early in 2014."

Austin and Kenyon both stress the need for upcoming entrepreneurs to get their idea to market quickly and speak to potential customers directly to gauge their interest and get their feedback. Indeed, it was while making a cold call to a UK council that Avecto hit upon their first opportunity. "UK councils now have a regulatory requirement to address a number of security matters, which includes privileged accounts," explains Austin. "We didn't realise this until we made a chance call to one council, and we then started calling every single council in the country to provide the solution they needed. We now have more than 50 councils as clients and we used the revenues to expand the business and sell to some of the largest organisations in the world. Our biggest customer has over 450,000 desktops being managed by Privilege Guard."

The duo's other piece of advice to start-ups is to go into business with someone who complements your own skill set. "Mark and I stuck to what we knew; he came to my house and we threw lots of very different ideas around," says Kenyon. "Some were clever, others complex, but in the end we settled on a concept where we could both draw on our professional experience and leverage existing relationships to get the business off the ground quickly."

AlertMe

3393% growth

Third place

Cambridgeshire & East regional winner

Internet sector winner

Founded in 2006 while broadband mobility was still in its infancy, AlertMe launched its proof of concept for the connected home in 2008 and backed by world class VCs, who saw the potential to create a successful consumer-focused technology company, AlertMe was able to commercialise its proposition in 2009.Today the company allows mass market consumers in the UK, Europe and the US, to monitor, control and intelligently automate their home, wherever they are.

"As consumers we are connected to almost everything that matters to us via the internet and our smartphones, but not our homes," explains Mary Turner, CEO of AlertMe. "We saw the gap and sensed that change was coming down the line through mobile technology. We put the home on the smartphone and give access and controls for devices and services in the home, driving data insight that make dumb devices intelligent for a more convenient and efficient lifestyle."

AlertMe provides a single platform for data insights, control and intelligent automation in the home. It integrates them through a single 'super app' interface that connects to everything, and allows consumers to analyse their energy usage and remotely control and automate devices in the home to create efficiencies.

"One of the biggest problems for energy efficiency in the home is that consumers don't know how they are using it and where they are wasting it. It's estimated that 20-30 per cent of heating and energy that people pay for is wasted," says Turner. "We give them the visibility and tools to help them to use their energy in the most efficient way possible."

AlertMe's commercial success has been driven by its partner model, whereby it licenses its technology to large consumer-facing businesses in the utility, retail and telecom sectors, enabling them to provide value-added solutions for their customers. The first of these was British Gas, also an investor in the company, which now offers an AlertMe service for customers with new smart meters and a remote home heating and hot water control service called Hive Active Heating™.

Securing tier one partners in key territories has been a priority for the company and AlertMe also now has a nationwide footprint in the USA through its partnership with giant DIY retailer Lowe's. "In a new market finding the right channels is critical," says Turner. "Large companies like utilities, telcos and retailers have the consumer relationships and the resources to help reach the target market."

From its offices in Cambridge and London, and more recently, a dedicated support unit in the US, AlertMe is constantly iterating, and working on development ideas as it sees opportunities arise and evolve. "Innovation and flexibility are essential, so we tend to attract a very ambitious breed of talent who essentially share in the success of the company," says Turner.

Looking ahead, the number of connected devices in the home will continue to grow, creating new possibilities for remote control of a wide range of functions. "This is a market that is still young with significant growth potential," says Turner. "We are on a journey that begins with energy and security, and ends with full intelligent home automation."

Mobile • Account • Solutions

Mobile Account Solutions

3332% growth

Fourth place

Telecommunications sector winner

Founded in 2006 out of a small office in Hertfordshire, Mobile Account Solutions (MAS) has grown rapidly to supply mobile phone packages with unparalleled levels of account support to more than 3000 businesses across the country. MAS helps companies and organisations of all sizes make sense of the myriad of new technologies and packages available to them, to find solutions that best suit their needs in terms of cost, efficiency and technical requirements.

"I've been in the industry for a long time and it's always been clear to me that businesses were getting the technology but not the support, so that's how it started." says Danny Cox, Director and Founder of MAS, who bootstrapped the business himself. "Our founding philosophy is quality in service. This means that a client can get me directly on the phone if necessary and I take a lot of pride in keeping that level of personal contact, which customers are often surprised by. We have a retention rate of 99 per cent, and I think that speaks for itself. Customers stay if you treat them right."

MAS' customers benefit from a dedicated account manager that goes beyond standard levels of administration and handling of queries. They proactively analyse their customers monthly invoices so they can recommend cost saving strategies that are aligned to their usage. "We can monitor how our customers are using their devices and make recommendations based on that. We also guarantee the delivery of replacement handsets within 24 hours, which is almost unheard of."

With its strong focus on service, Cox believes the success of the business is strongly linked to its ability to hire the right kind of people. "I can tell pretty quickly if someone I hire has the right mindset and attitude to keep the customer happy," says Cox. "Our people stay as late as they need to if they have a client issue to resolve, and they'll still be the first ones to arrive in the morning. That pretty much sums it up."

Looking ahead, Cox says MAS will continue increasing its market share, by offering new and more cost effective solutions to its customers. He is excited by the recent introduction of 4G, the superfast mobile network and fibre broadband services launched, for which MAS was selected as one of the original 4G launch partners.

LOVESTRUCK.COM®

Lovestruck.com

2658% growth

Fifth place

Multi award-winning, online dating platform Lovestruck brings busy, single, professional Londoners together using its unique matching technology. By focusing on the locations members live, work and socialise in, would-be couples are encouraged to meet for a quick drink or coffee and see if there is any chemistry.

Lovestruck is the brainchild of its Managing Director Brett Harding, who together with Laurence Holloway, founded the site in 2007 – then known as Lunch Date London – as a result of his own frustrations using online dating. "What I found is that it was very difficult to find a good match via online dating," he says. "So you'd end up enduring long gruelling dinners with someone that if you'd instead met more informally, for a quick coffee at lunch for example, would have ended there."

Holloway was in fact the perfect match for Harding, marrying his expert knowledge of web technology with Harding's marketing skills and building the site and its underlying platform almost single-handedly. Having a technologist at the heart of the business has also enabled Lovestruck to adapt quickly to changing trends; it became the first UK dating site to make its offering truly mobile.

The company was mainly self-funded until 2009, when Harding decided greater investment in the business was needed to drive a more robust marketing push. He also used the capital to develop an app for Android and iPhone and changed the company's name from Lunchdate to Lovestruck. However, Harding warns start-ups to choose their investors wisely: "The right angel provides planning on a number of levels, and we've been very fortunate to have great partners who are hell bent on making Lovestruck a success."

Harding accepts that there is often a negative stigma attached to online dating. "Trust and quality were wearing thin in the dating industry when we started, and in this world word of mouth is everything," he says. "We have looked to differentiate ourselves by offering high quality technology and expert moderation to support the service and the brand."

Lovestruck technology is based on proprietary algorithms designed to detect the tastes and preferences of its members, thereby leading to better matches. It also offers its members peace of mind through a verification process that explores social media sites like Facebook and Twitter to make sure people are who they say they are.

Another innovative idea has been to 'ghost' host singles nights in partnership with bars and other venues. These events already account for a significant portion of the company's revenues by taking commissions from the venues in exchange for bringing in clients, which could be as many as 700 in a single night. "Any bar would want to be busy on a Wednesday night, and we give them a guaranteed clientele," says Harding. "Our events have done so well they have significantly disrupted the London singles event market."

Looking to the future, Harding plans to experiment with FaceTime, the video chat application, to help members avoid dud first dates by allowing them to have informal conversations with their prospective dates. He also hopes to build on the company's expansion in Asia, which began in 2009 with the launch of offices in Hong Kong and Singapore.

Sixteen South

2214% growth

Seventh place

Northern Ireland regional winner

Children's television creator and producer, Sixteen South, is dedicated to creating original and inspiring stories to entertain young audiences around the world. It harnesses traditional forms of animation with new technology to deliver a fresh look for children's programming.

Sixteen South is not the first entrepreneurial venture for Founder and Creative Director Colin Williams, having run commercial production firm Inferno for eight years and overseen a portfolio of around 700 pieces of work for many global clients.

In 2008, Williams decided it was time to take on a new challenge, applying his creative skills and experience to the world of children's television; aiming to produce something of value to society and have an impact on young lives. "I was watching television with my daughter, who was three-years-old at the time, and the shows she loved were really great, quality programmes," he says. "One in particular inspired me – Bear in the Big Blue House – I was in awe of the storytelling and how well the characters, songs and set were crafted. That was the kind of show I wanted to create."

Although Sixteen South's business model is focused on delivering children's content via TV, apps and other entertainment channels, it is the company's use of technology that has made it distinct in the market. "We have developed a new form of animation, which is essentially built on the spirit of stop-frame but in a clever form of 2D," says Williams. "Broadcasters love it because it looks so different – that's the draw and testament to the fact we are a technology business with a creative focus."

Williams says his biggest challenge throughout the last five years has been accessing enough capital to bring their ideas to life. Sixteen South's most recent show, Driftwood Bay, has a budget in excess of £2.5 million pooled between pre-sales to broadcasters, private investors and government funding. "We never have a problem coming up with concepts and ideas that people love – it's sometimes the last 10 to 20 per cent; the challenge of closing the deal on the show and getting working," he says. "The current environment is such that a broadcaster may want to buy your show, but they won't want to pay all the costs of making it. It's a complicated cocktail of cash."

Support from the UK Government has been integral to the continued development of Sixteen South, which is one of a number of companies to have benefited from the introduction of animation tax credits in April 2013. "It really is an incredible initiative from the UK Government to try and keep work at home and I believe that won't only save the industry but will help it to grow further," says Williams. "We have also benefited from funding from Northern Ireland Screen, which is doing great work. We're very focused on working with and connecting the three essential elements to seeing the creative industries grow - education, industry and government. When this is solid and connected, the future looks bright!"

Reflecting on the success of the business to date, Williams encourages fellow entrepreneurs to follow their gut instinct. "You have to be brave; it's easy to put off what you believe to be right by people who don't have your insight or your vision and passion," he says. "My other tip is to not be too precious with the technology you're developing – sometimes you have to kill off your best ideas to let new ones grow."

FreeAgent

2128% growth

Eighth place

Scotland regional winner

Small businesses, start-ups and freelancers must get to grips with the daunting task of managing their company's finances, but most lack the confidence, time or expertise to do so. Instead they rely on complicated desktop accounting software or on the help of professional bookkeepers and accountants.

Sensing an opportunity in the market in 2007, Ed Molyneux, CEO of online accounting software company FreeAgent, and fellow founders Olly Headey and Roan Lavery, set out to demystify the whole process and redefine the troubled relationship that many small businesses have with their finances. Within six months they had released the first commercially available version of FreeAgent.

"I had the idea while working as an independent technology consultant," says Molyneux. "I had this spreadsheet to fill in each month, but I didn't really get it and the software I was using didn't seem to meet my needs. I realised that people like me were being very poorly served by accounting tools, so I set out to develop and deliver an online solution that was effective and easy-to-use."

FreeAgent provides a unique online accounting system to help small businesses stay on top of their finances in a stress-free way. It operates a monthly subscription model that does not lock customers into a contract. Most of its subscribers are UK-based due to the detailed modelling of the UK tax system, and include a large number of accountants, in addition to freelancers and SMEs.

"We always wanted our product to be useful from a business perspective, rather than creating yet another jargon-filled accounting system. We also realised the need for it to be an online offering solution, given the proliferation of mobile devices and rise of cloud computing," says Molyneux.

The company is based in Edinburgh and has around 50 employees who are mainly focused on product development or on servicing its customer base of over 34,000 subscribers. "We're not trying to be all things to all people – our focus is on sole traders and small companies with fewer than 10 employees," explains Molyneux. "We're proud that we can deliver a great experience for those customers on any device connected to the Internet."

Molyneux cites data analytics as a major growth area for the company in the coming years because of its ability to help software teams understand how customers use their products and make improvements accordingly. "In future we will also help customers have a better understanding of their business, by benchmarking them against anonymous data from our wider customer base" says Molyneux.

FreeAgent also adds value by providing businesses with a standardised way of delivering their financial information, which is of great help in their dealings with banks and potential investors, as well as their accountant. "Our platform will make it much easier for them to apply for things like banks loans, because the banks will be able to make an instant evaluation of their creditworthiness based on the actual performance of their business today." FreeAgent is already available in branches of Barclays Bank as part of their MyBusinessWorks package, offered to all new small business customers.

Having enjoyed the support of angel investors at its inception, FreeAgent is now considering funding options to help it drive the next stage of its growth. "There's so much that we can do from here," says Molyneux. "We have some very ambitious ideas for how to re-invent accounting for small businesses. By helping small businesses see exactly what is going on with their finances we believe we can make a big difference to their overall chance of business success."

Evance Wind Turbines

1627% growth

Eleventh place

Midlands regional winner

GreenTech sector winner

Loughborough-based Evance is a world leading manufacturer of small wind turbines, with more than 1,700 of its products installed around the globe. It was founded 12 years ago by four engineers who shared a background in the manufacture of larger wind turbines. They set out to apply the principles of high quality engineering to a smaller, mass market product.

Evance's main product, the R9000 5kW system, was launched in 2009, and remains at the heart of its innovation efforts today. Designed and manufactured in-house, it was the first wind turbine under 10kW to be fully certified under the UK Government Industry Standard, Microgeneration Certification Scheme (MCS). This enables turbine owners to benefit from the UK Feed-in Tariff (FiT) scheme; an income for generating renewable energy and exporting surplus back to the national grid.

"When the company started, the wind turbines on the market were largely quite amateurish and wind power in general had a negative press, which is largely due to the proliferation of large-scale wind farms across the country," says Kevin Parslow, CEO of Evance Wind Turbines. "Certification changed the game for us because it validated the design, performance and longevity of small wind turbines for the first time, reducing the number of suppliers able to comply."

Evance turbines are primarily installed to generate energy for home owners, farms, schools and small businesses. With prices on the rise for traditional sources of energy, the financial case for small scale wind power is growing stronger by the day, says Parslow, especially when considering costs over the 20-year lifetime of the product. As a result, the UK market for small wind turbines has been expanding rapidly; by over 40% in 2012, and is expected to continue with double-digit growth in the years ahead.

Parslow would like to see greater acceptance from local government in the UK in granting permissions for the installation of small wind turbines to encourage growth even further. "Obtaining planning permission for our turbines can be a challenge, as there is the same attitude towards small wind turbine as large-industrial sized turbines. People don't realise how small and discreet our products are; large turbines can be taller than the London Eye (135m), whereas our turbine is only the height of a mature tree (18m)!"

While the UK continues to be its biggest market, accounting for around 80% of revenues, Evance is finding new markets overseas, in countries such as France, Denmark and parts of Asia. "In France they love wind power and many farming families see the long-term benefit installing a turbine can bring - but the interest in renewables and energy security is growing across the board as we have seen a number of governments developing incentive programmes to help promote small wind," says Parslow.

"For example, the Japanese Government, after announcing it wanted to increase renewable energy generation and reduce nuclear power and fossil fuel usage, introduced a Feed-in Tariff for small wind. We were delighted when our R9000 turbine became the first overseas turbine to receive certification in Japan, making it eligible for this incentive."

About the research

Deloitte produced this research as a companion to the Deloitte UK Technology Fast 50 programme. Deloitte's roles and responsibilities have entailed the research, writing and publishing of the report.

The research approach for this report has been a blend of four sources of commentary and data on the UK technology SME market:

- Discussions with senior executives from the top Fast 50 winning companies, held between October and November 2013.
- Inputs from an online survey of 78 CEOs from Fast 50 entrants or winning companies. Fieldwork took place during September and October 2013.
- Selected inputs from Deloitte's other programmes of quantitative research, such as:
  - The Deloitte Technology Fast 500 EMEA programme winners data
  - Entrepreneurship UK: 2013/14 survey
  - The Deloitte CFO Survey Q3 2013 – Priority: Expansion
- Inputs from the entrants' data submitted by 161 companies that self-nominated into the Deloitte UK Technology Fast 50 programme between July and September 2013.

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UK Futures: Businesses Leading Britain 2013
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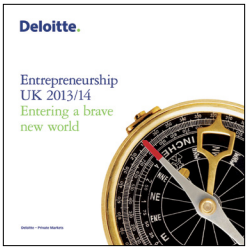
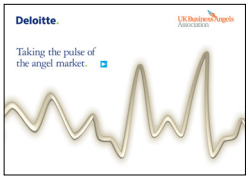
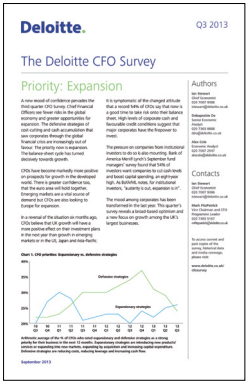


Taking the pulse of the angel market



Deloitte CFO Survey: Q3 2013
www.deloitte.co.uk/CFOsurvey



Global Mobile Consumer Survey: The UK cut
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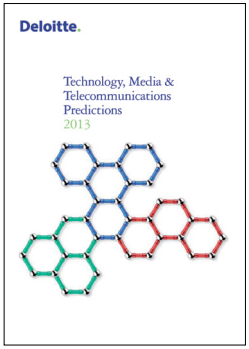
TMT Predictions 2013
www.deloitte.co.uk/tmtpredictions



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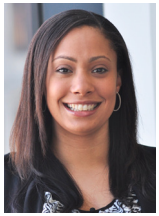

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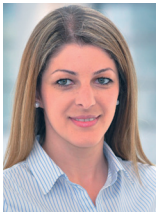

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