Deloitte.

When the crunch bytes.

A survey of fast-growing UK technology companies

June 2009

Contents

Foreword

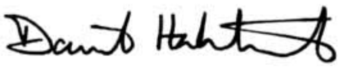
The customer comes first

I am delighted to introduce the findings of our annual survey of fast-growing UK technology companies: "When the crunch bytes". This report is based on a survey of executives of companies in the 2008 Deloitte Technology Fast 50 programme.

The economic conditions facing UK technology companies appear the most challenging experienced in the eleven years that the Fast 50 programme has been running. The recession is having a marked impact on the way in which these companies are being run. Investment decisions are much more black and white: management teams generally do not have the luxury to "see how things go". Instead, the focus on return on investment is relentless. The pressure to reduce working capital has also increased in the last twelve months. Increasingly, our respondents felt the impact of reduced credit terms from their suppliers, whilst the largest cost for many of these companies – staff salaries and wages – result in steady, constant and regular expenditure which may not match fluctuations in turnover or cash flows.

However, there are also plenty of positive messages coming from this year's winners: a difficult economic environment represents opportunity as well as challenge for technology entrepreneurs. The majority of our respondents are self-funded, which could turn out to be a competitive advantage in an environment of scarce liquidity.

Qualities such as customer and client-focus are more important than ever in these difficult times. They are the bases for growing market share and being well-positioned for the aftermath of recession. I believe that a good company, underpinned by a pragmatic business plan, and innovative and exciting products, retains those qualities regardless of the wider financial conditions, and should continue to flourish in the months ahead.



David Halstead
Sponsoring Partner, Deloitte Technology Fast 50 & EMEA Fast 500

The credit crunch

Impact of the economic slowdown

Our respondents were posed three questions:

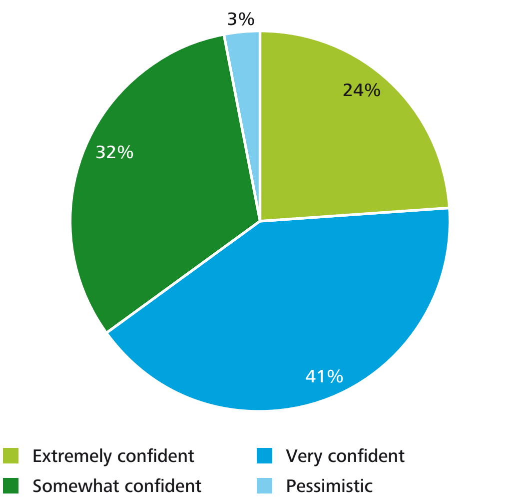
- How confident are you of growing your company over the next twelve months?
- What is the impact of the economic slowdown on your company?
- How have you reacted to this slowdown?

The optimism reflected in the responses is perhaps indicative of the high achieving nature of the respondents but is nonetheless pleasantly surprising. It will be interesting to observe how these responses will change in our Autumn 2009 survey.

How confident are you of growing your company over the next twelve months?

While 97 percent of our respondents had some degree of confidence for continued short-term growth, greater optimism from respondents in this sector than in many other sectors of the economy such as property or retailing may be expected given the fast-paced ever-changing nature of the Technology sector. Almost a quarter of all respondents stated that they were extremely confident. Acquisitions, new products and diversification into new markets were all expected to be successful.

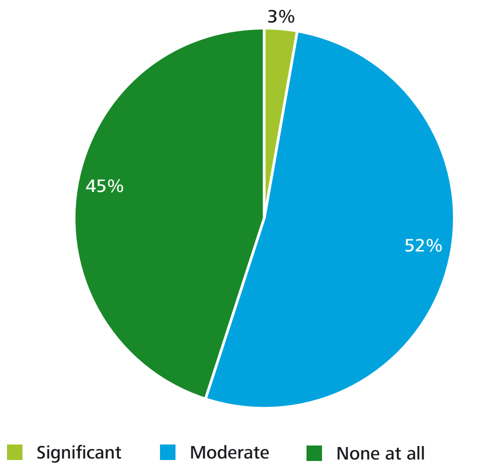
Figure 1. How confident are you of growing your company?



Impact of the credit crunch

45 percent of respondents indicated that the economic slowdown had, at that time, no impact on their company. Whilst this underlines the bullishness of our respondents, direct feedback from many has indicated that many companies had a very successful third quarter of the year, with a number citing record sales in that period. Many companies found the fourth quarter tougher, however, and we expect to see a migration to the "significant" category in our 2009 survey.

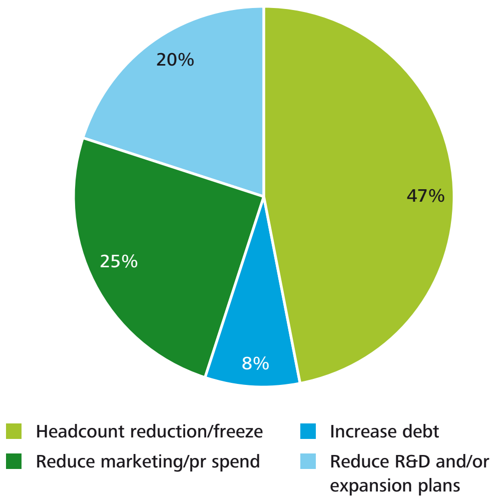
Figure 2. What is the impact of the economic slowdown on your company?



Reaction to the economic slowdown

Recruitment and retaining adequately trained staff remains key. However, 47 percent of respondents indicated that they were considering, or had already introduced, headcount reductions or freezes in response to the economic slowdown. A further quarter cited reduced marketing or PR spend as their most likely response. Perhaps more surprisingly one fifth indicated they were cutting back on research and development or other expansion plans.

Figure 3. How have you reacted to this slowdown?



Cash is king

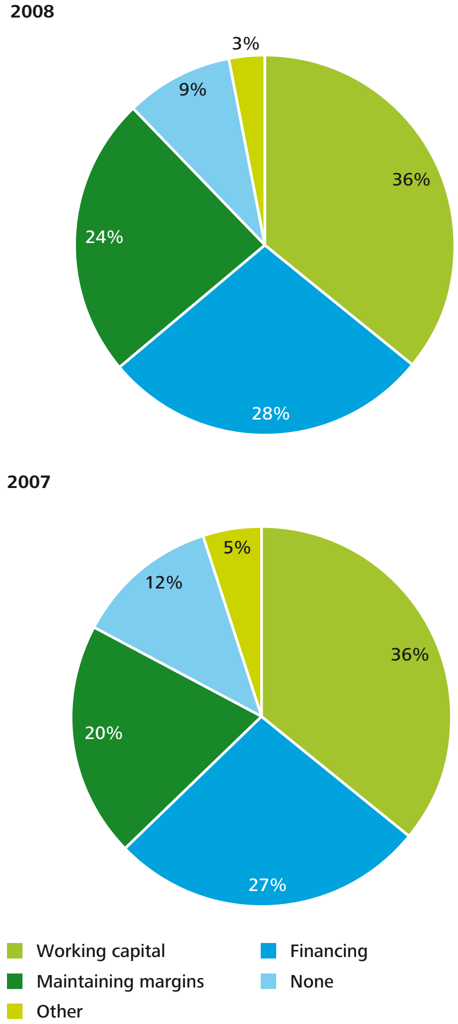
Financial concerns

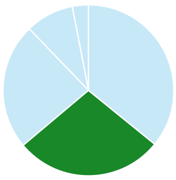
The recent financial turbulence appears to have made financial challenges more clear cut. In this year's survey, respondents have been more precise in citing credit control, inventory purchasing or staff remuneration as particular working capital constraints and provided greater detail on their financing needs. The greater detail in responses suggests more acute and immediate financial concerns face these companies such that management is better able to articulate its response than was the case in our survey last year. We would expect to see this trend continue into next year's survey.

Our respondents are still facing the same key financial challenges as in the previous year. The main concerns identified included working capital (2008: 36 percent; 2007: 36 percent), financing (2008: 28 percent; 2007: 27 percent) and margin management (2008: 24 percent; 2007: 20 percent). Although some of these may have been more pressing or acute than a year ago, the largely unchanged weighting of responses suggests that there has been no relative change in the urgency of these concerns.

Many of the companies surveyed indicated a number of financial challenges, often all three of the major financial challenges highlighted here. However, for the purposes of this survey, we have only considered the challenge which management considered to be most important.

Figure 4. Financial concerns





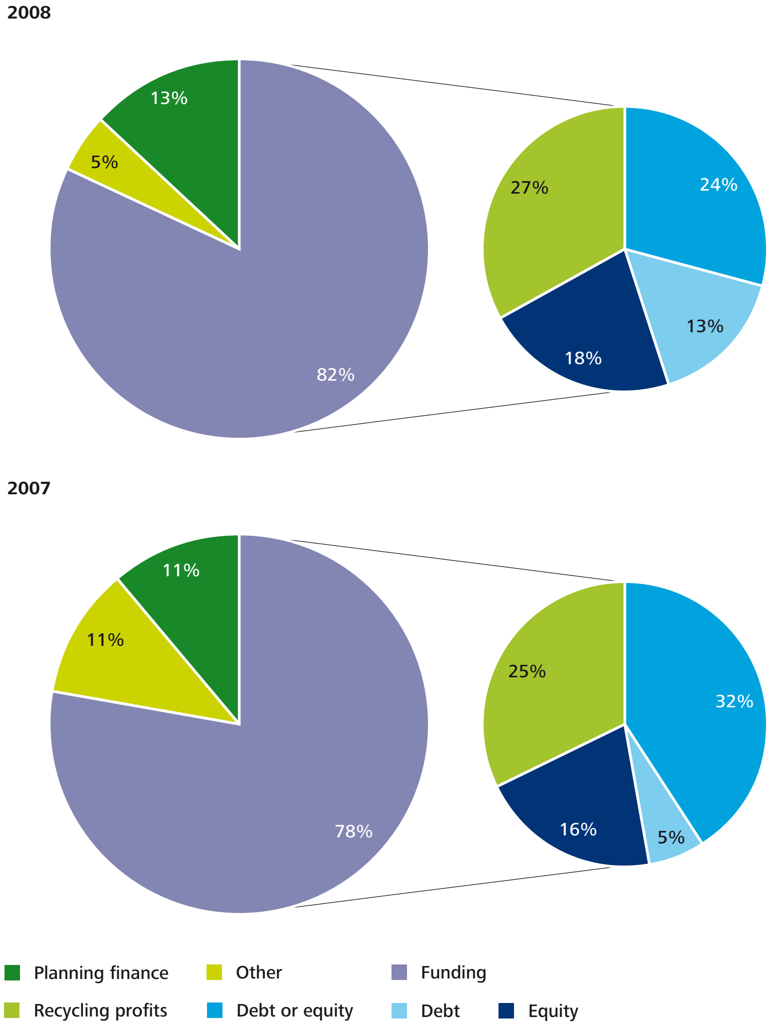
Financing

82 percent of those surveyed who identified financing as their primary financial concern specified funding as their greatest challenge. This compares with 78 percent in the previous year. In all cases funding was sought in order to fund growth. Respondents identified a variety of proposed uses for the funding, including both domestic and international expansion through organic and acquisitive means; investment in R&D; and improvements to infrastructure.

Further sub-division of the funding category identifies the three principal means through which a company can fund its growth. These are set out in the two smaller pie charts in figure 5. There has been a marked increase in detail in the responses received, compared to the previous year. This has resulted in the "debt or equity" category decreasing significantly with all the other categories increasing as a result. Based on the detailed responses provided, we have been able to draw two conclusions:

- the current economic climate has caused most of our respondents to consider carefully what finance they need and how they will be able to raise it. This has elicited more comprehensive responses to our survey compared with last year where generic responses of "third party funding" or "financing cash flows" were more common; and
- debt is a key concern to a greater number of our respondents, either in relation to the ability to renew or increase existing facilities or to take out new facilities in a market where credit is in short supply. The latter concern has also caused more respondents to cite equity financing as a source of funding as this is considered to be a relatively more readily available source of funding. This may reflect the limited supply and relative cost of debt financing currently available rather than any increase in the accessibility of private equity financing.

Figure 5. Financing



"... in the current economic environment the banks are keen to withdraw unnecessary [or unused] funding and may need convincing if we want to grow faster."

Younger companies still in a research or product development phase, with no major contracts won, continue to find raising finance difficult. Typically, companies will struggle to raise debt financing as they have few assets on which any debt can be secured and a limited track record. Where the existing investors in the business are not able to inject the required capital, venture capitalist or business angel funding is often the likely alternative. However, venture capital funding was also more difficult to secure in 2008. In the fourth quarter of 2008, a recent survey indicated that venture capital investments in IT companies fell 40 percent, with a decrease for the full year of 14.5 percent.[1]

The limited availability of debt and equity financing in the current economic environment means that other intangible factors such as personal relationships or the quality of a business plan will matter more.

More than a quarter of the respondents who identified finance as their primary concern, saw reinvestment of business profits as their key enabler of growth. Reinvestment of company profits was the most common way in which UK Fast 50 companies funded their business even when availability of credit was good and private equity backing was available.

Across EMEA, there has been a similar trend:[3] 54 percent of EMEA Fast 500 companies participating in the survey were initially funded through the CEO's own efforts and resources.

The one further financing challenge that a significant number of respondents identified was that of financial planning. This compares with a similar proportion of respondents last year. Our simple measurement masks the fact that financial planning, as with working capital forecasting (discussed in the next section), is becoming increasingly more difficult to get right in the current economic environment. We anticipate that management will start to build more contingencies into their budgets and give closer attention to expected economic trends. Regular re-forecasting throughout the year will allow management to revise their expectations for the full year and plan accordingly.

The bottom line

A detailed and realistic business plan will be critical to securing funding if a company is raising equity or debt finance. A sister publication – The business plan[2] considers the most important elements:

The financial forecasts

Monthly forecasts for the profit and loss account; receipts and payments; cash flow statements; and balance sheets should be prepared with a statement of the assumptions underlying the forecast. The forecasts should typically extend to three years.

Generally, it is best to start with the sales forecast: how much will be sold; when; for how much; and when will your customers pay you? Once this is in place, you will then need to go through the same process with the costs to the business.

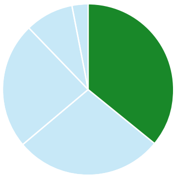
The forecast should be realistic but do not undersell yourself. It is prudent to carry a certain sum for contingencies, however, this figure should not be so high such that it may bring the credibility of the model into doubt.

The narrative

This is the opportunity to put forward your case and back up the assumptions in your forecasts. The narrative should be well planned, have a coherent structure and be reviewed by at least one person external to your business. Every business plan should be tailored to the specific circumstances of the company, however, a common index for a business plan would include information about the product (and product development), management, markets, financial information and risks & rewards.

Tips

- keep the business plan as short as possible;
- do not use jargon;
- do not repeat yourself;
- support your claims; and
- the appearance of the plan should be attractive.



Working capital

Effective working capital management has never been more important for the majority of our respondents. A number of the indicators of the downturn were already identified by our respondents in Autumn 2008. This is demonstrated in the profile of responses received in this year's survey.

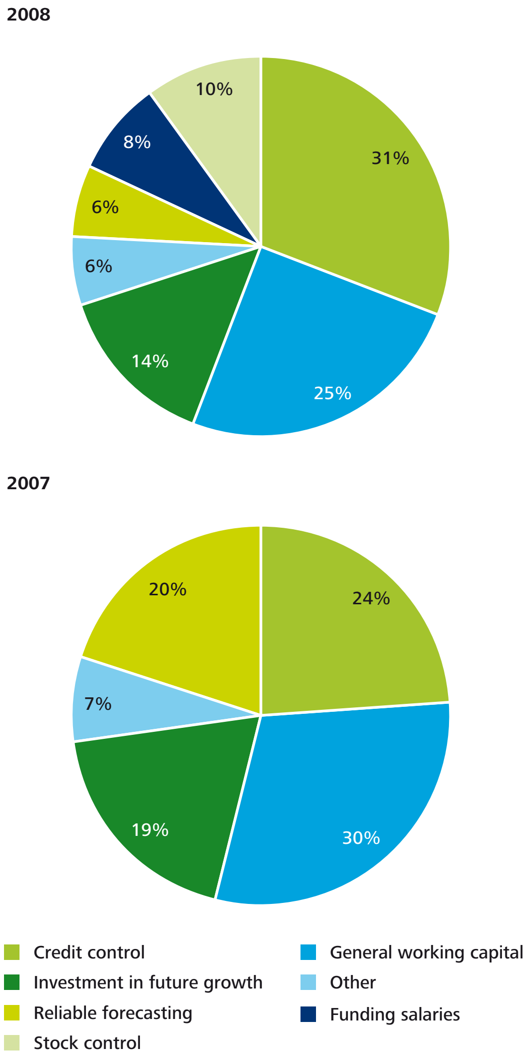
The credit crunch has exposed management to challenges that are more acute than they were a year ago. Specific challenges have been identified in relation to stock intake planning and funding staff salaries in addition to a greater proportion of respondents citing credit control. Management evidently had a more precise understanding of the challenges that were impacting their company where a more broad response may have been given in the previous year.

These increases have been at the expense of 'reliable and accurate forecasting' and 'general working capital' categories. Such a migration is not unexpected as such matters tend to take secondary importance to managing the day-to-day cash balance.

Of those who identified working capital as their biggest concern, 74 percent of respondents, across four of the captions (general working capital, credit control, funding salaries and stock control), identified appropriate working capital management as the key challenge facing their business. This compares with 54 percent in the previous year.

Despite this significant growth, the "general working capital challenge" caption fell but was more than offset by significant increases in credit control, stock and salaries challenges. This indicates that challenges have become more acute and specific to companies than they were in the prior year where our respondents may have been more inclined to provide a more generic response.

Figure 6. Working capital



Credit control

Almost a third of respondents identified credit control as their number one challenge. For many of our respondents, such matters were clearly at the forefront of their mind with a number citing an increase in the amount of time it took their customers to pay their bills.

Contributing to credit control being the top financial challenge in this year's survey were the following factors:

- high working capital days – customers take longer to pay but the company is unable to defer its cash outflows which are primarily staff and property costs;
- the expense of debt factoring and credit insurance;
- the cost of recruiting more staff in the credit control department to chase old debt; and
- attempting to get customers to pay in advance.

The irony for those respondents who were frustrated at the expense of credit insurance and debt factoring is that towards the end of 2008 the major insurers in this market significantly reduced the amounts they insured in order to contain their exposure.

Getting customers to pay in advance may sound an impossibility to many businesses and is, to some extent, dependent on the industry in which a company operates. However, the past year has seen a contraction in the credit insurance market and a reduction in bank guarantees, causing suppliers to insist on lower credit limits and shorter payment terms.

Payment terms are often agreed as part of broader contractual negotiations with a customer. Some companies experienced a working capital benefit by negotiating improved or desirable payment terms when having to concede price discounts.

Cash collection is fundamental to a successful fast-growing business and companies should ensure they have the appropriate resource to manage the monitoring and timely collection of cash from customers. The sales team's acquisition of a big new client counts for nothing if that client never pays.

Management might consider equating customer cash receipts to the sales team's performance-related pay or incentivising customers to pay earlier through prompt payment discounts.

"Credit control is consistently challenging. As a small business we have found it difficult to ensure that we are paid on time by clients. We have many fixed monthly costs so credit control is a very big priority."

Stock control

As the business grows, stock-holding requirements invariably grow with it. Our respondents identified that this places greater pressure on getting stock planning right. With suppliers needing to be paid before much of the stock has been sold, over-estimating the amount of stock required will cause cash flow constraints and potentially losses as stock becomes obsolete whilst under-estimating the required stock levels could result in lost sales for the company.

Stock intake planning becomes further complicated for companies that buy from abroad by the fluctuation in foreign exchange rates over the past year – another reflection of the current economic uncertainty. Such fluctuations will cause some of our respondents to consider entering into forward contracts for currencies in order to limit their exposure to changes in foreign exchange rates or to match the sales currency to the purchase currency.

Salary

8 percent of our respondents identified salary costs as being their largest working capital challenge. Salary costs represent the largest cost for the majority of our respondents. These costs tend to be largely fixed and represent a regular and considerable cash outflow.

Some respondents identified challenges in recruiting new staff. The time required to train staff, and for them then to win business, can be significant, resulting in no cash inflows for a number of months despite a regular cash outflow following their employment. Companies are more likely to adopt project evaluation techniques in determining whether they can afford another member of staff. They will likely compare such factors as the cost of the new employee, the cost and time needed to train them and the net present value of the future revenue that employee will be able to earn.

Management will look for increasingly imaginative ways to reimburse their employees in order to maintain a competitive remuneration package whilst managing cash flows sensibly. Alternatives such as result-based remuneration, salary sacrifice schemes, share options, food for work, smart travel or even bikes for work may become more common as the cash flow can be favourable whilst tax incentives mean the cost to the company can be lower.

The bottom line

Working capital can be the largest investment made by an organisation. At the same time it can also be the least productive. Working capital can be the least expensive source of cash within an organisation so the question is: how can you make it work better for you?

Accounts receivable

Making the sale can be difficult enough without then having to worry about collecting the cash. Programmes that can result in more timely cash collection include:

- a dedicated collections team, responsible for understanding each of the business's customers, with specific cash targets/focus;
- automated collections;
- credit collection team working closer with the customer-facing team;
- a dedicated dispute resolution process;
- regular maintenance and monitoring of credit terms and customers' utilisation thereof; and
- a flexible payment discount model.

Accounts payable

Cash outflows can be smoothed or delayed by some of the following initiatives:

- understand the invoice payment terms – do not pay invoices until they are due and understand the trade-off between early payment discounts and working capital;
- negotiating an improved contractual framework with suppliers – be prepared to rationalise your vendor base;
- liaising with the landlord to reduce quarterly payments in advance to monthly payments in advance;
- stop accelerated cash payment and daily payment runs; and
- trade off volume and terms on major purchases.

Inventory

Inventory can represent a considerable asset on a company's balance sheet but it is not as readily convertible as most debtors. In an effort to reduce the level of inventory required, a business might focus on:

- investing in improved forecasting to enhance purchasing and stock control;
- selling or writing off slow-moving or obsolete stock;
- reducing safety stock;
- reducing product lead times; or even
- outsourcing manufacture.

Summary

The current economic environment is causing all companies to manage their working capital more closely than they may have done in recent years. The acuteness of the matter is highlighted by the fact that our respondents have not just highlighted the ultimate collection of cash from the customer as their key concern, but also staff remuneration and stock purchasing. Our respondents are becoming more concerned about "pinch points" earlier in the working capital cycle and having sufficient funds in place to meet their costs as they fall due.

Companies must monitor their working capital position closely, not just receivables and not just at period and year ends. Working capital encompasses a number of functions across the business and is most effectively monitored and managed on a day-to-day basis.

"There is a significant time lag between recruiting staff and {them generating revenues, resulting in} receiving payment from customers. For consulting staff this is typically of the order of three to four months and for software development staff six to nine months."

People power

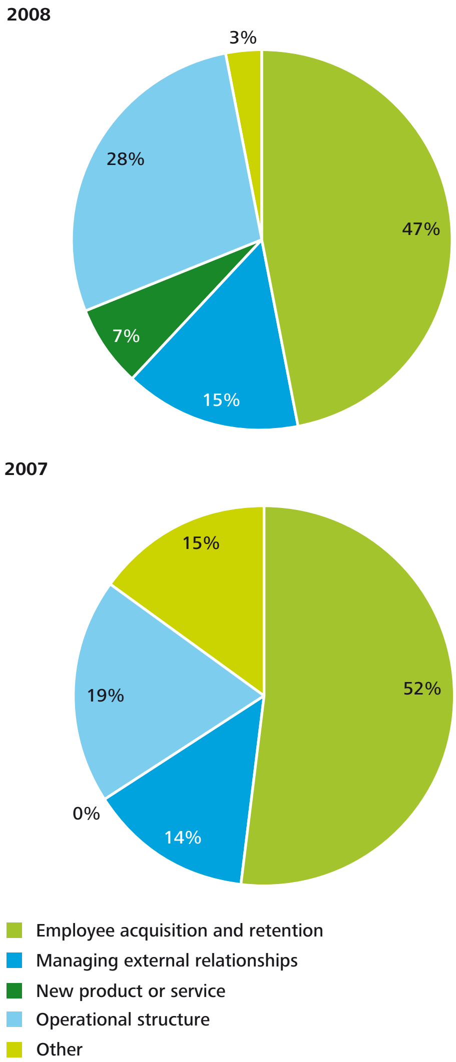
“[Our biggest challenge is] finding skilled resource quickly and efficiently without paying artificially inflated ‘online’ salaries.”

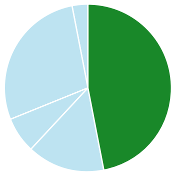
Operational concerns

The spotlight remains firmly fixed on finding and retaining the best talent, although this category has fallen slightly to 47 percent compared to 52 percent last year in favour of operational structure which has increased by almost a half, from 19 percent to 28 percent in 2008. This shift in focus highlights the biggest change in any of the categories. A clear majority of respondents now cite systems and processes as the fundamental challenge within this area.

“One of our greatest challenges remains recruiting, training and retaining staff across different critical areas of our operation.”

Figure 7. Operational concerns



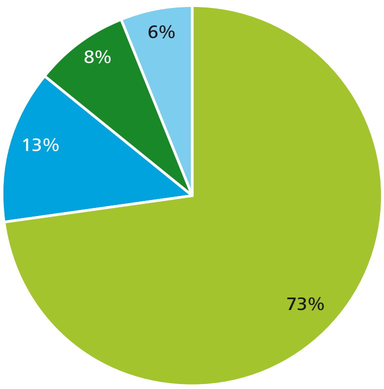


Employee acquisition and retention

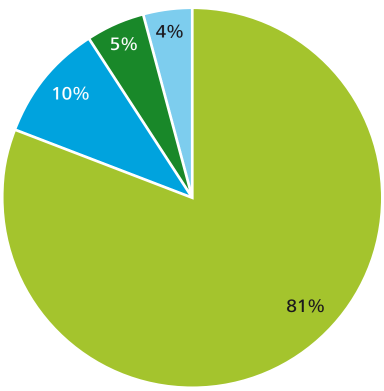
Almost three quarters of those surveyed who identified employee acquisition and retention as their key operational concern specified recruitment as their greatest challenge. This compares with 81 percent in the previous year. Further to finding highly skilled and motivated staff, the ability to recruit these individuals on reasonably cost-effective remuneration packages was cited as crucial. This is perhaps unsurprising given the salary cost challenges that were noted in the working capital section and the difficulties, noted previously in last year's survey, of competing with larger blue-chip or professional services companies who can offer higher salaries.

Figure 8. Employee retention and acquisition

2008



2007



Recruitment
Retention
Culture
Training

Recruitment remains the overriding factor in the people process. The slight decrease in emphasis on recruitment in favour of retention may, to some extent, reflect the increased uncertainty in the current market. The figures noted in this publication regarding respondents' confidence in growth indicates confidence is higher in the fast-growing technology companies surveyed here than is perceived in the broader economy.

Whilst the current economic environment may cause fast-growing technology companies to cut back on their expansion plans, the need for a company to retain its best employees remains critical. Increasing unemployment will not necessarily translate to increased availability of highly skilled workers as these employees are less likely to be the first to leave a company that is implementing a redundancy programme.

> "... the biggest {operational} challenge is tied to our ability to recruit staff who are of a sufficiently high standard to enable us to continue to guarantee that the standard of work we produce for our clients is not compromised. Recruitment of well trained experienced personnel is an industry-wide problem ..."

A common theme throughout the responses to the survey was the lack of talented, skilled candidates available and the need to undertake extensive training programmes for new employees. Though many respondents referred to expanding overseas operations, there were few references to offshoring as a potential solution to domestic skill deficiencies. Offshoring or seconding foreign employees to the UK can provide both a low cost and highly skilled talent answer to this problem but to do so requires a company to be of a certain scale and can be logistically complex.[4]

Staff retention has become more important to our respondents. This challenge was also cited by many respondents as emanating from the same cost-driven and skills shortage challenges that accompany recruitment difficulties. Respondents noted solutions to overcoming these challenges in a number of ways, many mitigating the need for higher remuneration packages. Such ways included greater working flexibility, more holiday days and greater in-house training.

A significant number of respondents referred to the success of their training and development programmes as critical to staff retention, as well as benefiting their initial recruitment through the additional opportunities the company could offer.

While this highlights the widely accepted view that personal development of individuals is essential to maintaining a satisfied and motivated workforce, it serves as additional evidence of the lack of skilled candidates that are equipped for the roles available in emerging technology sectors.[5]

"... [the biggest operational challenge] has been finding the right people. One of the benefits of the slow down is that people will be attracted to companies that are still growing."

“In such a new industry, ready-made talent is thin on the ground so to facilitate our growth, we’ve set up a full resourcing and training department, as well as a highly successful graduate selection and training programme.”

Rather than the current economic recession being seen as a threat, some respondents felt that it represented an opportunity to differentiate themselves from competitors or other sectors in terms of growth, career options and potential.

As noted in Financial concerns, companies have had to become more creative in the incentives offered to their staff. In addition to the training and career plans cited by respondents, our previous year’s survey set out share options and flexible working hours as retention strategies available to employers. A sister survey[4] also observed how these techniques, plus others benefits such as additional holiday(s), and more flexible conditions were far more effective in building loyalty and improved performance than solely financial rewards, provided the initial package was both adequate and competitive.

It was also observed that salary and benefit packages that focused on the financial element, such as large bonuses, could even be counter-productive if this goes on to fuel a “free agent” mentality.

Operational structure

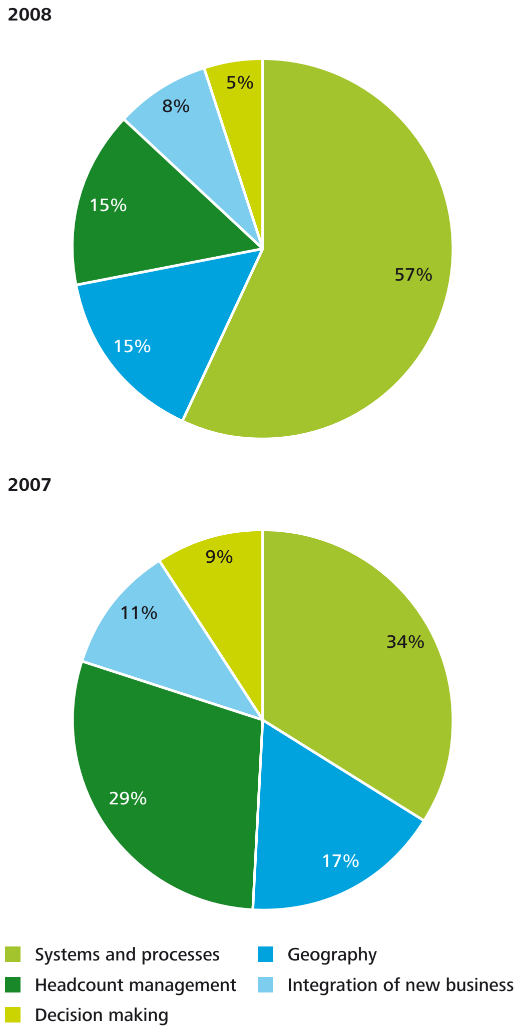
Over a quarter of respondents cited challenges with their operational structure as their main operational concern, many noting similar concerns to those noted in the 2007 survey though in varying proportions. The key categories comprise the following challenges:

- development and implementation of systems and processes necessary to cope with increased levels of activity across operations;
- operating in a new geographic region; management of staff headcount within established divisions;
- integration of a newly acquired business; and
- decision making.

There has been a significant increase in concerns relating to systems and processes and a reduction in headcount management. Other sub-divisions remained broadly consistent with responses from the previous year's survey.

> "The biggest challenge is to identify, select and deploy appropriate core business processes to allow the company to grow efficiently and in line with the rapidly changing operational and commercial needs of the business."

Figure 9. Operational structure



More than half of respondents in this category indicated the key challenge faced by their business related to matching the scale of their systems and processes to the growth in their operations. Within these responses there was a strong focus on maintaining the high levels of quality that remained fundamental to each business's successes so far, and that this quality was the principal objective of the processes put into place. Some respondents addressed this challenge through continual investment in their systems, coupled with ongoing systems training for its staff.

"Implementing processes and procedures to ensure we can grow the business and at the same time, still consistently deliver a high quality of service."

Maintaining effective systems and processes in a highly growing business can be difficult, especially if the business is outgrowing an owner-managed structure. Where once the CEO was able to principally manage all those in the business, he or she must now identify those deputies able to fulfil some of those duties. The CEO may need to consider the impact of multiple offices, sub-specialisms in the business and adequacy of systems in place to accommodate a new structure.

Though the results of this survey indicate a comparative decrease in headcount management, now accounting for 15 percent of responses in this category, the message is clear that the importance of quality staff affects all areas of operations. This may be reflective of the fact that the staff structure was often noted in conjunction with employee acquisition and retention challenges but is not necessarily the over-riding challenge. The increased difficulty in accurate forecasting in the current economic environment will place more importance on management to get their headcount decisions right. Management will need to consider the levels of sales and marketing staff it will require to effectively grow the business combined with technical and specialist staff required to deliver on new sales.

"Our biggest challenge is to achieve the necessary growth in personnel to meet the tremendous opportunity for sales growth we have before us ... First we have to modify our structure to accommodate these larger numbers ... Secondly we have to attract and retain the highly capable professionals we require, in appropriate numbers."

15 percent of respondents cited their key concern as being expansion into new geographic locations and territories as a result of increased demand, often internationally. Underpinning these responses were similar themes regarding the practicalities of operating in multiple time zones at multiple offices or with international clients. Responses included the need to respond to global hiring requirements, secure suitable locations, manage operations on a 24/7 basis and co-ordinate developments with regards to systems and processes.

The integration of an acquisition remained evident as a key concern to a significant minority of companies surveyed, with 8 percent of respondents in this category prioritising it as their major challenge. The decrease in this sub-division appears reflective of record lows in merger and acquisition activity[6] rather than of there being fewer difficult challenges to be faced.

The bottom line

Managing a high-growth business means that change comes quickly and a managing director needs to ensure that all facets of the business are able to continue to operate effectively as the business grows. Managing directors have indicated to us that their key areas of focus include:

Areas of control

As a managing director starts to delegate responsibilities, companies should ensure that appropriate checks and balances are in place. These may include simple controls around approval of new customers, capital expenditure and staff expenses; all of which ensure that the managing director still retains ultimate control, whilst spending only a fraction of the time on such matters.

Finance

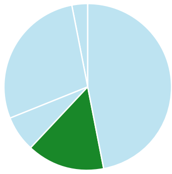
Whilst a basic accounts package may have sufficed during the start-up phase, as sales volumes increase and other transactions become more complex, companies should re-evaluate the adequacy of the finance system. An integrated or semi-automated package may free up the finance team's time to focus on other areas of the business.

Data security

With more data being kept on customers, suppliers and staff (and most of it electronic), sufficient security over data is becoming increasingly important. Simple physical access controls are important but password security, encryption processes and restriction to the mobility of certain data are becoming cornerstones to an effective Information Technology strategy.

Human resources

As identified on the previous page, employee retention remains key. Having an appropriately-sized HR function that can focus on the staffing needs of the business and all employee-related matters can reduce the burden on other areas of management considerably.



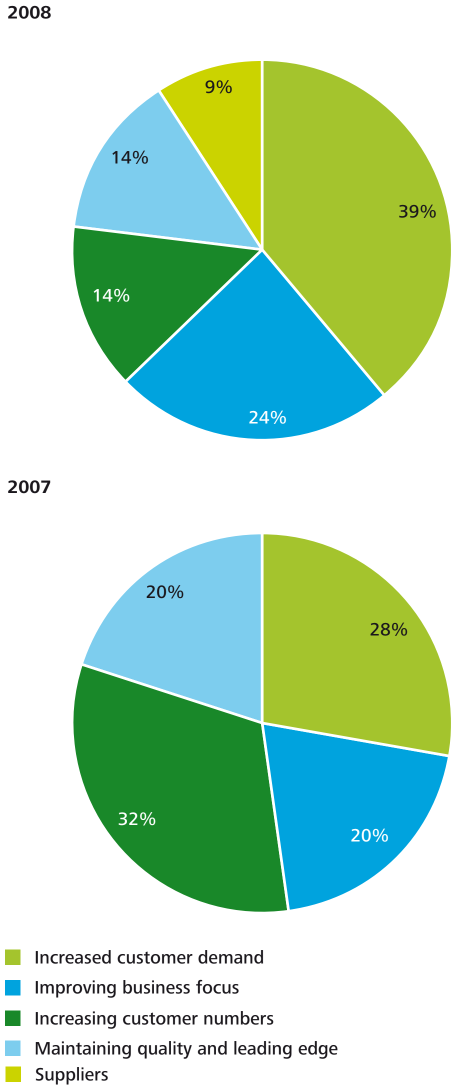
Managing external relationships

Around one in six of those surveyed identified managing external relationships as their chief operational challenge, with primary concerns being increasing their customer demand or increasing customer numbers. These two sub-divisions combined account for 53 percent of the category, a comparative fall from 2007 (60 percent) but still the most common response.

This result may not surprise given the nature and objectives of the companies surveyed as part of the Fast 50. The other companies in this category cited improving business focus; margins on future sales; maintaining quality and their leading edge; and maintaining and improving supplier relationships.

In order to increase overall demand many respondents cited innovative product development, ensuring quality of product or service, excellent customer satisfaction, increased targeted marketing spend and efficient management of the company's resources to best meet and adapt to demand. This was also a common theme from respondents who had not specifically cited demand as a challenge.

Figure 10. Managing external relationships



> "Our aim is to be a global leading provider of differentiated and profitable products ... through excellent performance, usability and innovation. Our biggest operational challenge therefore is to ensure we focus on innovative product development, excellent customer satisfaction whilst targeting future business and marketing customers."

It is of note that the biggest movement in the survey responses between the two years is the reduction in those identifying increasing customer numbers as their biggest challenge, mostly offset by an uplift in those identifying customer demand. In the current economic environment, management is more concerned about managing existing relationships and growing the business through these relationships than winning new customers.

The internal cost of selling greater volumes or new products to an existing customer is significantly less than winning a new customer with the additional risk in the latter that any time invested in a potential lead will not be successful.

"Managing competing customer requirements with our scarcest resource – people."

In keeping with the people theme evidenced throughout operational concerns, a significant number of respondents noted that to mitigate any deterioration in quality they needed to increase their headcount and again the importance of quality staff to support quality offerings. As seen throughout the operational concerns section, quality staff remains fundamental to a fast-growing technology business.

How we did it

Our findings are based on a survey of over 150 executives from across the United Kingdom who applied to enter the Deloitte Technology Fast 50 programme in August 2008. The Fast 50 is a group of the 50 fastest-growing Technology companies in the country. These companies, which span a wide range of Technology sub-sectors, have one objective in common: a strong track record of growth and success.

We asked two principal questions:

"What is your biggest operational challenge?"

"What is your biggest financial challenge?"

Not all companies provided a response to all questions, whilst some considered that they were not faced by any such challenges.

Other companies identified multiple challenges. Wherever possible, we have categorised these challenges into one over-riding factor. Where the stated challenges have been more diverse, we have identified the highest priority challenge to that company and categorised this challenge accordingly, whilst remaining cognisant of the other issues that the company has also raised.

In order to generate a greater range of more detailed and specific responses, respondents were not asked to categorise their biggest challenge. Accordingly, we have used our judgement to best classify companies' evaluations of their biggest challenges. This has allowed us to summarise the matters identified in our survey and draw conclusions on the key observations and themes therein.

We have included a number of quotes throughout this publication which reflect the responses we received from the executives we surveyed.

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Notes

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About the Technology Fast 50

The Deloitte Technology Fast 50, the UK's pre-eminent technology awards programme, is a ranking of the country's 50 fastest-growing technology companies based on percentage revenue growth over five years. Deloitte launched the programme over a decade ago to celebrate the world-class achievements of the UK technology sector.
The Technology Fast 50 awards are all about revenue growth driven by leading intellectual property, and are a celebration of entrepreneurship and innovation.

For more information about the Deloitte Technology Fast 50 programme and the application process for 2009, please go to http://www.fast50.co.uk or get in touch with your local Deloitte contact for more information.

Nominations for the 2009 programme open on 1 June 2009.

About TMT

The Deloitte LLP Technology, Media & Telecommunications Industry Group is represented in each sector of the firm: audit; tax; consulting; and corporate finance. The UK practice includes more than 1,500 professionals dedicated to helping their clients evaluate complex issues, develop fresh approaches to problems and implement practical solutions. Clients of Deloitte LLP include some of the world's and the UK's top software companies, computer manufacturers, wireless operators, satellite broadcasters, advertising agencies and semi-conductor foundries – as well as leaders in publishing, telecommunications and peripheral equipment manufacturing.

Contacts

Deloitte would be pleased to advise on any of the challenges identified in this publication, discuss further how this publication was put together or learn about the biggest operational and financial challenges that your company faces. If you would like to meet or contact us, please contact your local Deloitte partner or:

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Guide to writing a successful business plan. For more information visit www.deloitte.co.uk/corporatefinance

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The results may surprise you. Visit www.deloitte.co.uk/mediademocracy for the survey highlights.

For more information on our thoughtware, please visit www.deloitte.co.uk/tmt

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