



Newsletter

December 2008



Those present at the TVIN Investment Meeting in September will have met Sue Harrison and Joanna Ward, the founders and driving force behind studentgems.com, the website that matches business needs with student skills. Through the website, businesses have instant and easy access to over 10,000 talented students who can provide over 1,600 skills and services ranging from computing to photography, research to iPod uploading, design, illustration and catering.

The concept behind the business is simple but elegant in that it aims to provide businesses with the services they need at a cost they can afford, helping them to save money, whilst also helping students to earn more money than they would by waiting on tables or serving behind bars.

"It's not that we have anything against students working in bars but many of them have or are developing skills that have real value even before they complete their course of study," said Sue. "And they can provide these skills without all the overheads of established businesses."

"As businesses start to cut costs to cope with the downturn," added Joanna, "the tendency is to put off things that need doing but can be expensive. Studentgems offers a cost effective alternative."

Per Hovland of Hovision Limited is using a student from studentgems.com and said "I was highly delighted with the response and in fact I have taken on the first student who applied to us. He is an exceptional student and is now involved with my technology project."

On the current fund raising round, Sue noted that "presenting your case to an audience can be daunting if you are not used to it but we managed to attract the interest of two investors, whom we could not be more pleased with."

The company were hoping to benefit from the Bank of Scotland Co-Investment Programme but that is now fully committed. "Naturally this is disappointing but Sue and I, and our potential new investors, remain committed to the business and we are confident that we will achieve all of our aims with studentgems," stated Joanna.

Anyone interested in the investment opportunity available in studentgems is advised to seek further details through the normal channels as soon as possible.



As mentioned in the studentgems article above, the Bank of Scotland Co-Investment Programme is now fully committed. Deals agreed and currently in completion will take the amount invested up to the full £2m allocation made by the bank.

With the widely publicised challenges facing the UK banking sector as a whole, HBoS has stated that it is not in a position to continue to support the programme into 2009, which is a great disappointment to all involved.

In fact, the Growth Equity Team at the Bank of Scotland, based up in Edinburgh, is itself facing a period of significant change as the bank gradually withdraws from the early stage venture capital sector. Many of the leading figures from within that team, who had significant involvement in the launch of the programme, have now moved on and left the bank. The innovative nature of the programme and the common sense behind the administrative arrangements would suggest that they have a clear understanding of the market. We are sure that whatever challenges they take on next they will meet successfully.

We continue discussions with parties interested in the potential to replace the Bank of Scotland but, in the current economic climate, it is difficult to get firm commitment from them.

The Co-Investment Programme contributed to a total of over £4.2M being raised through TVIN and its two sister networks, OION and OEI, during the calendar year to date. 43 new investor members were attracted to the Networks during this time, with just over half of these joining the TVIN roster.

THE CO-INVESTMENT PROGRAMME  BANK OF SCOTLAND CORPORATE

Next TVIN Meeting

Thursday,
22 January 2009

4.00pm

Baylis House,
Slough
SL1 3BP

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2009 Diary Dates:

Thursday, 22 January, Baylis House, Slough @ 4pm

Thursday, 19 February, Green Park, Reading @ 4pm

Thursday, 26 March, Green Park Reading @ 4pm

Thursday, 30 April, Green Park, Reading @ 4pm

4pm Thursday, 18 June, Venue TBC

It doesn't seem three months since the last TVIN Newsletter and yet so much has happened in the World. There have been problems in India and Thailand, with travellers from the UK being targeted or adversely affected by local unrest. America has elected it's first African-American President but, with difficult times ahead, we must all hope that it is not only this that Barack Obama is remembered for.

A solution to the banking crisis seems to have been reached with the public purse providing the means of escape for these private sector financial giants. And now the automotive industry has come cap in hand, knocking on the same doors as their banking sector counterparts did at the end of the summer. With no remaining UK-owned car sector to speak of, the problems here would seem to relate to reduced consumer spending and the effects this has on demand and the supply chain. Calls have been made for HM Government to do all that it can to free-up credit so that the consumer can purchase that new car but the question is whether the consumer can really afford it? There is still the question of the 1m workers employed here in the UK by overseas manufacturers but those of us long-enough in the tooth will remember the cost to the taxpayer of protecting jobs at British Leyland not so many moons ago.

Gordon Brown and his government have been active and vocal in their support of the SME sector, announcing new initiatives, policy themes and the availability of cash from EU coffers, £4bn at the last count. HSBC, perhaps the most secure of the High Street banks having not sought a financial prop from the Treasury, announced that it has £1bn of EU money to "continue to support growing businesses". Even now, as I write, wire reports are coming in which announce Government plans to launch a £1bn emergency venture capital fund in a bid to throw a lifeline to technology start-up firms. NESTA are behind the concept, which has the support of Lord Drayson, the new Science and Innovation Minister. The plan will be formalised in the New Year and we eagerly await further details.

From our own point of view, we would hope that the success of the Bank of Scotland Co-Investment Programme and the role business angels play in supporting early stage technology companies is recognised and that public sector support is also channelled in this direction. The problems encountered by the banking sector means that HBoS are unable to support the initiative into 2009 and whilst we have embarked upon discussions with a number of potential replacements, securing commitment in the current economic climate is extremely difficult. We will continue to pursue every opportunity and explore every avenue to put the case for a replacement scheme to those organisations that should be listening.

Operationally, TVIN remains in rude health, with enquiries from potential new investors received on a regular and increasing basis, and with dealflow from those seeking investment remaining strong. There is every indication that 2009 will present some exciting opportunities for those looking to invest in the sector, whether experienced angels or new investors looking to diversify into alternative asset classes. The credit crunch will have an increasing effect on the smaller end of the market, with more businesses looking to raise capital to see them through to the other side and the availability of other cash sources constricting.

Finally, can I take this opportunity to thank our members, sponsors and supporters for all their input during 2008. I look forward to 2009 and another successful year for TVIN. May I wish you, your friends, family and colleagues a very Merry Christmas and a Happy New Year.

With Kindest Regards, Leo Dunne, TVIN Network Manager.



“The future will not be what it used to be” has never been more apt. As corporate finance consultants to the SME sector, we have to find more innovative solutions to old problems of SMEs such as exit planning, growth finance and “business grooming” for future sale or flotation. Companies that were perfectly fundable and “bankable” in ordinary times are now being turned down by their bankers of many years and in some cases they have been asked to match any bank lending with 50-100% equity investment as a condition of bank lending. The following examples illustrate the need for planning in a more “out of the box” way.

At Maxim we have set up a specialist service to seek bank support for our clients. Against all odds, as far as our client could see, last month we managed to help the client company based in the West End of London to obtain a £300,000 unsecured bank loan and overdraft facility, without any equity matching. Their bankers had originally required a 50% equity matching for the loan and then with the worsening credit market in September, the bank had decided to withdraw their conditional offer! Our solution comprised a plan that would assure access to equity funding to finance future growth of the company and a stronger capital base as well as our closer involvement in the company’s strategic planning and its expansion plans. We are now assisting two more clients to secure bank loans for them, without the requirement for any immediate equity funding.

Maxim Corporate Finance is acting as corporate finance advisor and is also securing equity funding for a company which is the vehicle for the resurrection of a nationally known e-commerce business that went into administration last summer in a high profile manner when its bankers pulled the plug. We have helped to re-engineer the business model and have made it “investment ready”. We expect to secure the required £1.5 million of funds for this venture in January with a re-launch planned for February. Once again the solution includes a plan to join the PLUS stock exchange within a year and injecting additional equity capital to speed up growth and fortify the balance sheet.

Mehrtash Azami, Maxim Corporate Finance LLP

UK Software Patents Battle Continues

On 8 October, the Court of Appeal held that *Symbian’s* software invention which reduces the likelihood of a mobile phone crashing is not excluded from patentability in the UK.

The UK Intellectual Property Office (UKIPO) had rejected the UK patent application as failing to meet the UKIPO test for patentability of computer implemented inventions, although the European Patent Office (EPO) had already granted a corresponding European patent,

The Court of Appeal criticised the UKIPO, stating of its test that “ it is ... somewhat imprecise and arbitrary in its effect” and that “it would also be dangerous to suggest that there is a clear rule available to determine whether or not a program is excluded ... each case must be determined by reference to its particular facts and features”.

The UKIPO have nevertheless just issued a practice note indicating they will continue to apply their own test as it is intended to achieve the same outcome as the EPO test. This may mean continuing uncertainties and costs and will be particularly unwelcome in the present climate. However, UK patent attorneys expert in this area can readily advise on the best route through the apparent conflicts and importantly on getting protection that will stand up in a UK court by whichever route it is obtained.

Elisabeth Murray, Mathys & Squire



Software can make the difference! Whilst there is no need to remind anyone that organisation’s globally are facing difficult trading conditions for the foreseeable future, we at iMeta are very much of the opinion that investment in core technology makes a great deal of sense.

The difference we are now seeing is the over-arching objectives of that software investment have shifted. Whereas in better economic times the focus was revenue generation and market-beating innovation, we are now finding messages around cost-saving and operational efficiency strongly resonant across all of our clients, large and small.

As always, there are caveats to this. Being able to work with technology partners from a comprehensive and agreed understanding of the objectives; Working hard to find innovative funding facilities to assist affordability; Being as flexible as possible to adapt to dizzying market conditions, and others besides these few.

Interestingly, it seems to me that what we are experiencing is a return to the fundamentally sound, albeit unglamorous, business principles of quality, good service, reasonable pricing and strong relationships; business principles that continue to underpin iMeta’s approach to delivering quality software and commercial objectives to technology-dependant businesses, helping them to compete more effectively and more efficiently.

Neil Moodley, iMeta Technologies

September 08

October 08

November 08

Silverback Media Solutions has identified an opportunity to deliver a brand in the strong, growing, lucrative markets of lifestyle, health and extreme sports that reflects the change in the market trends of the female consumer. Brand managers and agencies are focussing advertising spends on this consumer group and looking for new and exciting delivery methods. They are delivering a high quality magazine, 3D website and TV series, to exploit this opportunity. Through these products, there is the opportunity to develop the brand to the global market, with the addition of merchandising, clothing, awards and ceremonies.

www.silverbackmedia.co.uk

Studentgems.com is an online student skills marketplace, where businesses and private individuals can find students for one-off jobs and project work. Launched in September 2007, it fills a gap in the market and acts as a gateway to a pool of cost-effective resources and opportunities for businesses, individuals and students. The site uniquely matches the requirements of businesses and private individuals with student skills and services, enabling each party to negotiate directly, offering a win-win solution.

www.studentgems.com

RoadTour transforms car-journeys by creating a new form of in-car audio-visual experience, informing and connecting people with their surroundings. It provides drivers and their passengers with commentaries as they approach interesting locations, through their GPS. Commentaries launch automatically, supported by pictures, reviews and visitor information. Drivers and their passengers are a captive market, with limited options for 'infotainment' and a compelling need to know, qualitatively, what is around them quickly, easily and engagingly.

www.roadtour.co.uk

Favorit is a web technology company developing platforms and websites that leverage the massive growth of blogs and makes the content accessible to new audiences in the consumer and business sectors. It has already launched the first of its properties "fav.or.it" a new web based news portal bringing niche blog content into a much broader consumer market. Fav.or.it has attracted global attention within the tech blogosphere for its innovations in the space and is already attracting 100,000+ unique users a month to its service.

www.favorit.ltd.uk

Bee Automobiles manufactures electric cars and plans to launch 3 vehicles at the Geneva Motor show in March 2009. The Bee One will be a family car and the Bee Four will be a performance car. There will also be an electric racing car that will be one of the fastest cars ever built. Bee is unique because the cars are designed as electric vehicles from the ground up and uses innovative electric powertrain technology developed at Oxford University.

www.beeautomobiles.com

First Light Energy is already known as one of the most innovative companies in the field of renewable and sustainable energy. It has developed expertise in several technologies such as wind turbines and heat stores as well as technologies that are designed to reduce power consumption. It has a leading role in the development of large scale algae production, using its light technology.

www.firstlightenergy.com

Dwell Vent is a Cambridge University start-up company that has invented and developed a new energy efficient ventilation system for houses that doesn't require electricity. House building technology is undergoing radical changes as a result of legislation that is to culminate in 'zero carbon' construction being required by 2016. Dwell-Vent's system provides healthy indoor air quality whilst reclaiming heat from air leaving the building, a requirement of the regulations.

www.dwell-vent.com

GenDrive has developed an inverter, the electronics required to make distributed electricity generation viable. Climate change, spiralling energy costs and security of energy supply are all drivers for distributed generation, where electricity is generated by the consumer using for example, a wind turbine or solar array. At present, such systems rarely achieve the performance levels required to offset costs over an acceptable timeframe. GenDrive has the technology to unlock this potential.

www.gendrive.co.uk

Tower Brick and Tile Company took over Selborne Brickworks and has installed new kilns and re-established production of high quality bricks and tiles. Its intention is to produce carbon-neutral bricks. The works is well situated for installation of an anaerobic digester, and TBTL is working with Southampton University on an innovative design. Grant funding will cover the capital costs and the plant will be operational by mid 2009.

www.towerbrickandtile.co.uk

Augmentra have developed and distribute ViewRanger™ software that puts searchable, interactive digital topographic maps into a mobile smartphone for easy navigation – even away from the road network. It has been well received by walkers, cyclists, nature watchers and other outdoors enthusiasts and was awarded "Most Innovative Product in Navigation" by Ordnance Survey.

www.viewranger.com

mymission2 is the world's first aspirational network - a global internet community where people help each other achieve their goals in life, whatever they may be. The business aims to generate revenue through multiple streams - both online and offline - whilst keeping a low cost base and becoming cash positive as soon as possible. Launched in April 2008, mymission2 now has over 90,000 members and is growing at about 2,000 new members per week.

www.mymission2.com

Ethical Goods raises money for charities by designing and launching new charity brands of FMCG products. Each portfolio product has a transparent per pack donation, which delivers a relevant, measurable and tangible social impact. Product pricing is positioned above supermarket own label and below the leading brand. The Ethical Goods business model is the win-win intersection between philanthropy and business, and is run by 3 individuals with rich entrepreneurial experience from the charity, marketing and retail fields.

www.ethical-goods.com

Peerius develops and markets software to retailers that enables them to increase their online sales using recommendation technology. The software analyses users' profiles and browsing history to recommend appropriate products. Peerius believes the market is moving toward sector-specific solutions and has focused on the apparel industry with recommendation algorithms specifically built for that sector.

www.peerius.com

U.See manufactures acoustically transparent projection screens for the home cinema market. It sells its products to high-end professional home cinema installers. This is niche sector but it is expanding. Only 3 companies, worldwide, compete with U.See. Funding is now sought to fast-track the marketing plan, complementary product development and initial production funding.

www.screenexcellence.com



U See Limited

Nov 08



Patrice Congard, CEO, reports that excellent progress has been made in the few short weeks since he presented at the TVIN meeting in Reading. Distributors have been appointed in Russia and Dubai and talks continue with an Israeli agent. The companies "Screen Excellence" products are grabbing market share from their main competitor due to aggressive marketing and pricing. The company designs and distributes acoustically transparent screens for the home cinema market. Conversations with potential investors are at an early stage.



GenDrive Limited

Sep 08



GenDrive continue to pursue funding options to support the further development of their inverter products aimed at the distributed alternative power sector. Nigel Jakeman reports that they have recently applied for an East of England Development Agency Development Grant and are expecting to hear whether this has been awarded in January. The Company states that they have attracted interest from two TVIN members, who are currently carrying out their due diligence, and from a Cambridge based investment group. They are looking to close the round early in the New Year but are still interested in speaking to other investors.



AugMentra Limited

Nov 08



Augmenta are working with Retrieva and Orange to utilise their innovative ViewRanger software in the development of a new product aimed at combating the problem of lost or stolen pets. Aimed mainly at dog owners, the Retrieva Collar has an Orange SIM imbedded in it and uses GPS, GSM and RF to track the dog using a smart phone and the sophisticated ViewRanger mapping system. The Missing Pets Bureau state that in 2007 nearly 2,500 dogs were lost or stolen every week here in the UK. ViewRanger is already popular with off-road outdoor enthusiasts and its "buddy" tracking system has received interest from search and rescue organisations. Craig Wareham, CEO, reports early interest from investors, with discussions ongoing.



Bee Automobiles Limited

Oct 08



Stephen Voller of Bee Automobiles also reports that they are utilising the availability of grant funding to continue working on the technology behind their electric vehicles and are making good progress with this. The plan remains to develop the Bee Four racing car with the aim of winning the British Speed Hill Climb Championship in 2009 thus proving the efficacy of the innovative design. This will be utilised in the Bee One, a practical 5-door family car that utilises exchangeable batteries to power it at a fraction of the cost of the comparative carbon fuel competition.



Silverback Media Solutions Limited

Sep 08



Steve Lysandrou, managing director of Silverback Media Solutions, reports excellent progress with their main project, FXfemale. The TV production company have now signed agreements to film the episodes and Channel 4 and MTV are both showing considerable interest in taking the series. The supporting magazine and 3D website are both on target for launch, with the management team reporting back high levels of interest from the commercial sector to advertising opportunities available on the multi-platform that is FXfemale.

The company has announced that it has partnered with Wyndeham Press Group, one of the UK's foremost pre press and print groups, which has allowed us to bring forward other projects in their portfolio. Conversations with 3 potential investors are at an early stage.



Mymission2.com Limited

Nov 08



David Ashford reports that the business remains focussed on generating revenue and being cash positive as soon as possible. The business is looking to demonstrate the effectiveness of their business model which aims to generate revenue from multiple-streams on a relatively low overhead base. The company is still interested in speaking to investors with an interest in the business but has its attention firmly focussed on delivering on the exciting opportunities it is creating and is currently celebrating signing up its 100,000th member.

The company have also announced the launch of their official 2009 calendar which supports homelessness charities here in the UK and the USA, as they in particular begin to feel the effects of the global credit crunch at a time when their support is most needed. Further details can be found in the "In Brief" section of the Newsletter.



Ethical Goods Limited

Nov 08



Tom Blathwayt has just returned from Zambia where he has been in talks with African Charities about the potential for ethical educational products. Meanwhile, here in the UK, the team have launched designs for further complementary Elephant portfolio products - kitchen towels, liquid soap and pocket tissues. Talks with the supermarkets are scheduled for January and listings should follow. The business has also secured funding from the Sainsbury's Foundation, whilst existing charity partner, Pump Aid, have received some great recent coverage in The Times with a two-page article.



Dwell-vent Limited

Oct 08



The Company is testing its innovative window vent system and has been named as the required specification for several large social housing projects in Dublin. The system allows buildings to conform to "carbon neutral" regulations without powered systems. This has attracted significant attention from the general and trade press.

The Royal Society has announced the creation of a new early-stage investment fund, financed by philanthropy and aimed at supporting the growth of technology business based on outstanding science. The fund is open for investment and more details can be found on the Royal Society Enterprise Fund web-site www.royalsociety.org/enterprisefund

TVIN Business Member **Charles Russell's** Oxford office has had another successful year, advising clients on a wide range of corporate and IP legal matters and were pleased to act for Newbury-based The Key Revolution Limited in relation to Octopus Ventures' recent £1.25 million equity investment. Charles Russell offer a City-quality legal service but at cost-effective Thames Valley charge-out rates. william.axtell@charlesrussell.co.uk

**Supporting Sustainable Innovation
Friday 24 October 2008, King's
College, Strand, London**

The one-day conference organised by **TVIN Green Technology** in association with the Innovation Advisory Service South East, King's College and Forest Research, went very well, with over 100 delegates in attendance. Speakers from big business, research and academic institutions, government supported organisations and emerging clean tech businesses discussed current trends and how support for the low-carbon economy could be delivered. The event was hosted by Dr Huw Edwards and ended with investment pitches from five TVIN Green Technology Companies.

Copies of the presentation material, speaker bios and other related information is available on CD ROM from Henrieta Sanislova, the TVIN Network Administrator.

Readers are advised that the TVIN Office will close for the **Christmas Break** on the 24th December and re-open on the 5th January 2009. During this time, messages can be left by e-mail or on mobile phones but responses will only be made on urgent matters.

mymission2 have announced the launch of the official **"mymission2 Beat The Credit Crunch Calendar 2009"** which will be sold online in the UK and the USA. Sales of the calendar will support homelessness charities here in the UK and in the US who are feeling the impact of the global credit crunch.

<http://tinyurl.com/mm2calendar>

The company have also produced a festive Advent Calendar which encourages people to do something different in the run up to Christmas.

www.mymission2.com/advent/

NESTA has recently published a paper which looks at what the recession means for the UK and how the UK should respond. NESTA's aim is to focus on short term measures that can be taken to combat the recession and the report is the first of NESTA's planned contributions to the debate. The report is titled "Attacking the Recession" and can be downloaded from their website.

www.nesta.org.uk

TVIN Corporate Investor Member **Octopus Ventures** have recently announced a further investment in 21Net, pioneers in the delivery of broadband internet on high speed trains. Thalys, the European operator, announced that it was making the service available on all its cross border services operating through Belgium, France, Germany and the Netherlands. The entire Thalys fleet is now equipped with high-speed wireless internet on board.

www.octopusventures.com

TVIN members, **Coller IP Management**, is proud to have provided technical due diligence support to specialist clean technology investor Icos Capital, who recently announced that it has invested in ReSteel, a European base metals recovery company. The funding will be used to facilitate ReSteel's European roll-out. ReSteel's proprietary technology enables the recovery of high quality steel and copper in a decentralised manner. Coller IP Management's team was led by Jim Asher, Chief Operating Officer.

www.colleripmanagement.com

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Sponsorship Opportunities

If you are interested in exploring how you or your company can become involved with TVIN, please contact the Network Manager, Leo Dunne, for an initial informal discussion.



Congratulations to **Neil Moodley**, Product and Business Development

Manager at TVIN sponsors **iMeta**, on the birth of a daughter in mid-November. Neil already has a young son, who is said to be very happy at "having a little sister now". For Neil's sake, we hope this sentiment persists well into their teenage years!

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