

Investment Opportunities in the Midlands

MICRA COMMERCIALISATION OF
RESEARCH ACCELERATOR

Beauhurst

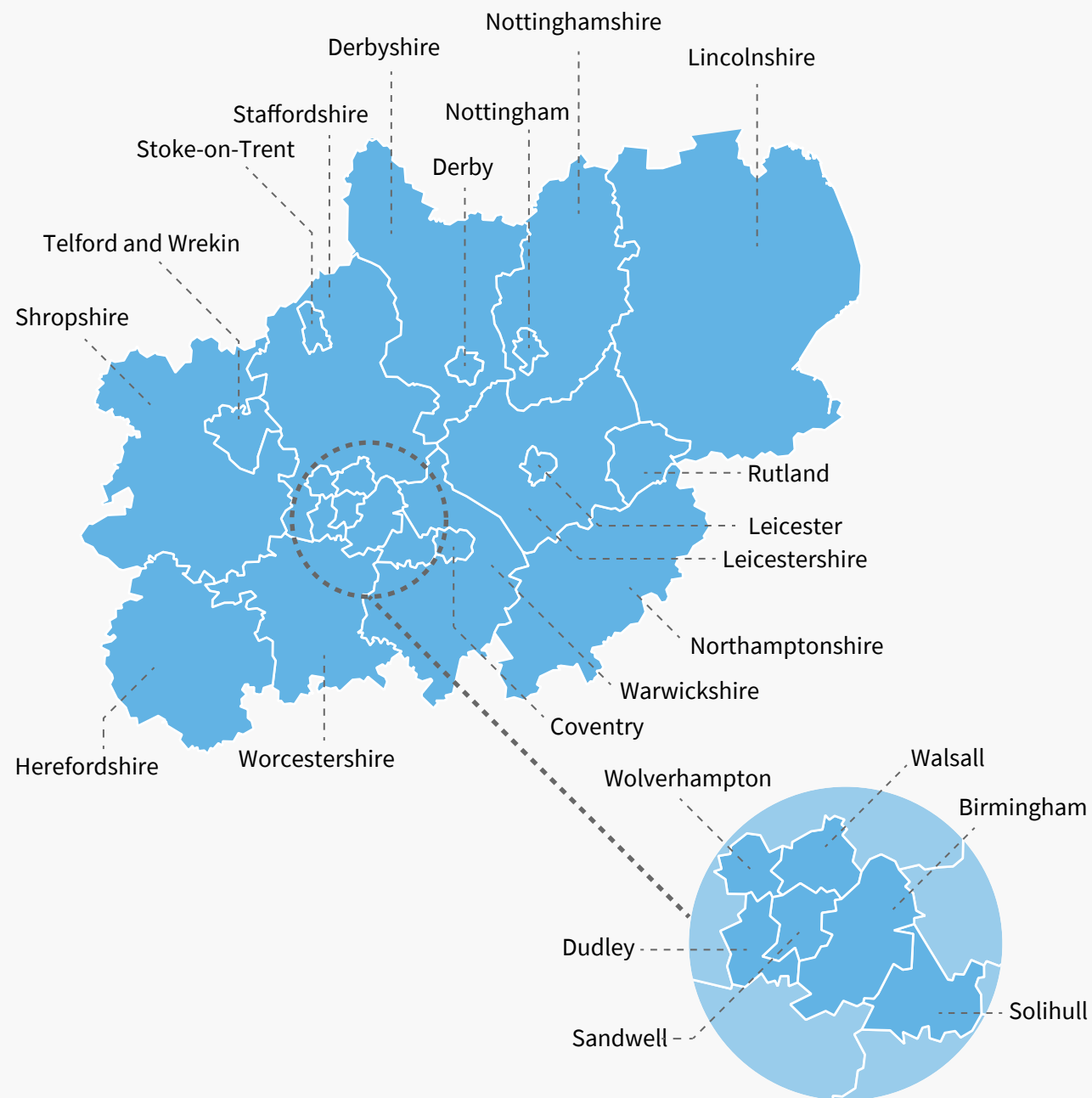
The Midlands

11m
people

647k
active companies

16.5%
of the UK's population

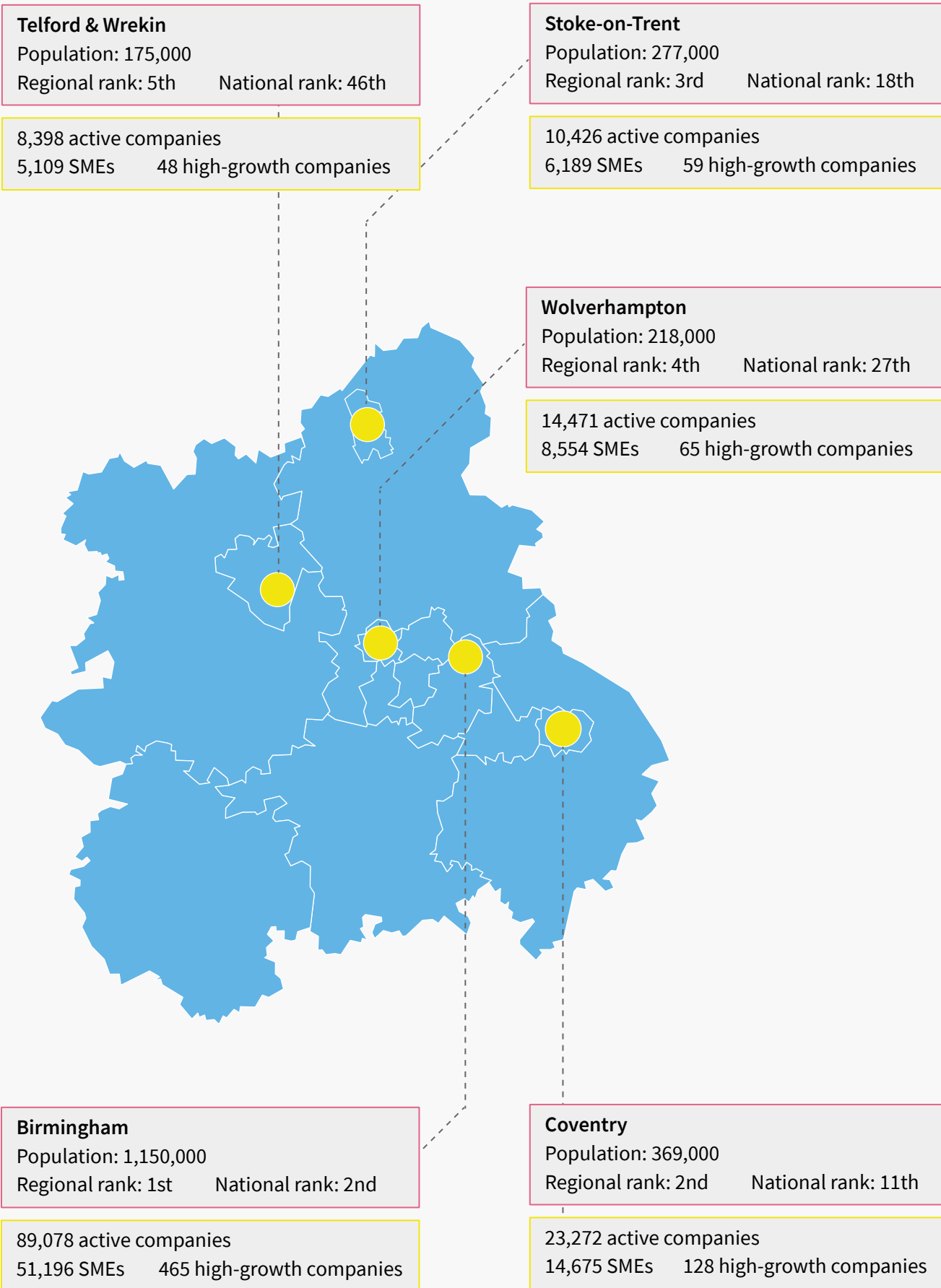
13%
of the total UK
company population



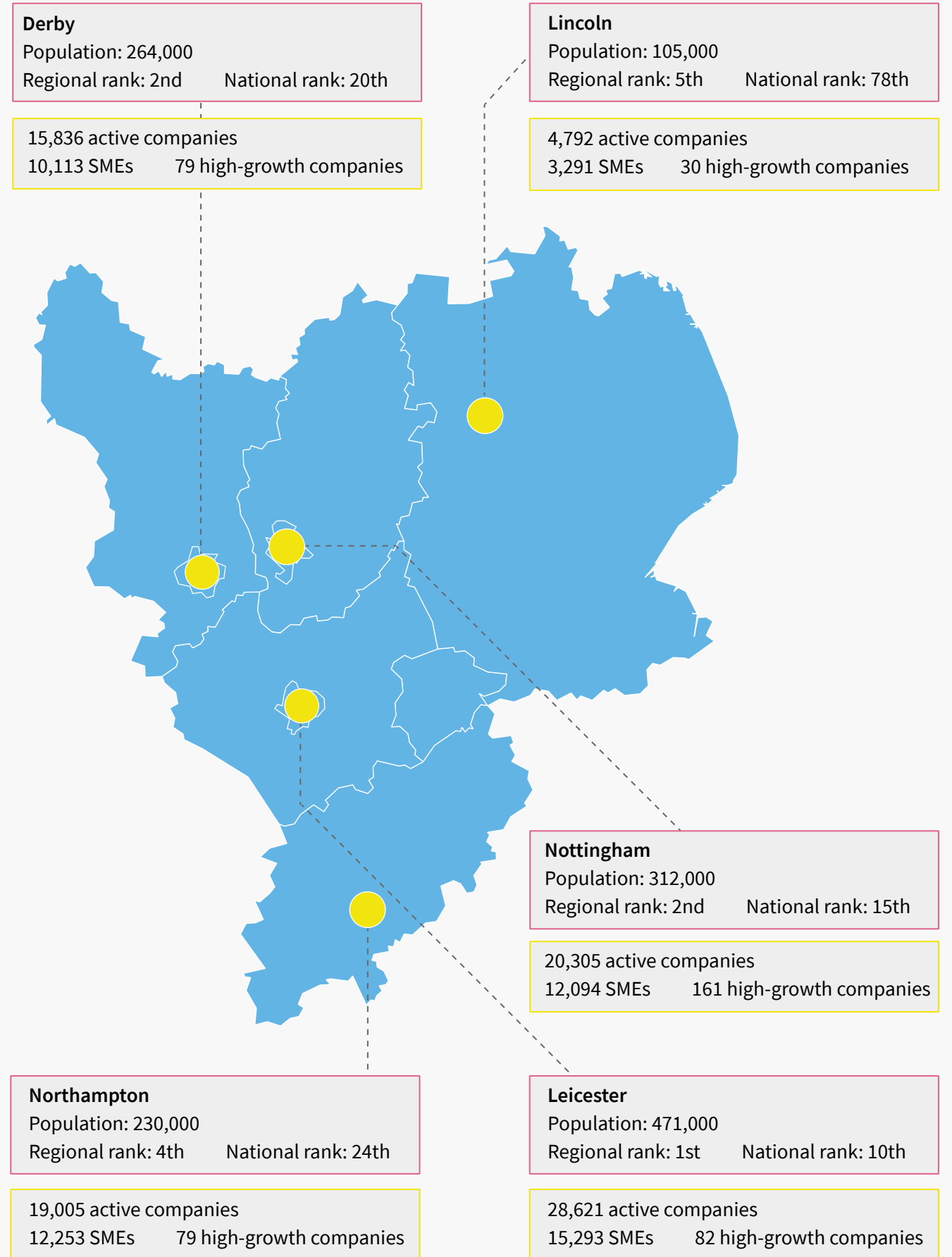
Contents

- 4 West Midlands map
- 5 East Midlands map
- 6 MICRA foreword
- 8 Beuhurst introduction
- 11 The economy of the Midlands
- 16 The Midlands investment landscape
- 26 Innovation ecosystem
- 35 Outlook & opportunities for investment
- 39 Appendices

West Midlands – business centres



East Midlands – business centres





Foreword

Professor Trevor McMillan
Vice-Chancellor, Keele University

“This Beauhurst report evidences the scale of the opportunity available for investors considering the Midlands region.”

The Midlands is the fastest growing regional economy outside London and the South East. Home of nearly 650,000 businesses, its strengths span advanced manufacturing, automotive, aerospace, life sciences, medtech, agritech and digital technologies. Its central location makes it a national hub for transport, logistics and services, and the region’s connectivity and infrastructure is receiving a significant boost from the £43bn HS2 rail project.

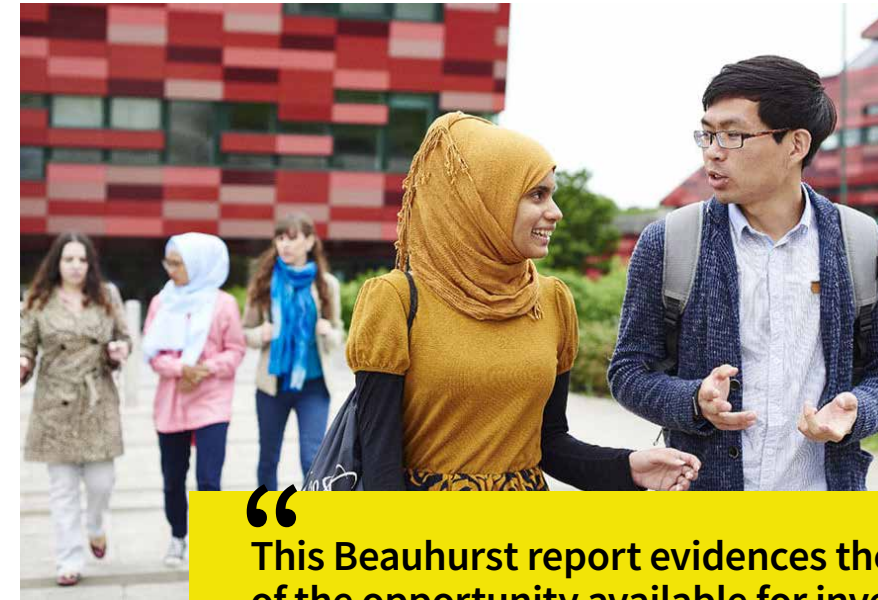
This vibrancy is underpinned by innovation stemming from world-class businesses, their supply chains, SMEs, and R&D institutes such as the National Space Centre, the High Value Manufacturing Catapult, the Energy Research Accelerator, the UK Battery Industrialisation Centre, and the Warwick Manufacturing Group.

The Midlands universities (Aston, Birmingham, Cranfield, Keele, Leicester, Loughborough, Nottingham and Warwick) that form the Midlands Innovation partnership are an integral part of this ecosystem, and their substantial contribution

“The Midlands is the fastest growing regional economy outside London and the South East. Home of nearly 650,000 businesses, its strengths span advanced manufacturing, automotive, aerospace, life sciences, medtech, agritech and digital technologies.”

to the innovation pipeline begins with research. Much of their work is conducted in partnership with industry, and so has a direct commercial destination, but the outcomes of the ‘blue sky’ research taking place in their centres of excellence will inform the world we live in for many years to come.

In the recent Knowledge Exchange Framework, all eight universities were rated above average for their contributions to local growth and



“This Beauhurst report evidences the scale of the opportunity available for investors considering the Midlands region. The data is illustrated in statistics, graphs and numbers, and demonstrates the solid foundations that are already in place for supporting the levelling-up agenda for the region.”

regeneration and to research partnerships when compared with their peers.

The concrete, reportable outputs from Midlands Innovation universities are impressive. Between them, they generate more patents per unit of research income than any other major UK university grouping, an average of 20 new spinout and staff startups each year, and their graduates, many of whom stay in the region, launch a further 150 startups yearly.

There is the opportunity to bring significantly more capital into the region, and this has led the Midlands Innovation Commercialisation of Research Accelerator (MICRA) to prepare the ground for establishing a MICRA investment fund. Our aim is to launch the MICRA investment fund in 2022 with

an ambition is to raise £300m over the next five years. It will seed investment in the universities’ spinouts and other university aligned businesses, as well as co-investing at growth stages with other regional venture funds to accelerate scaling for the promising enterprises that are emerging in the Midlands.

This Beauhurst report evidences the scale of the opportunity available for investors considering the Midlands region. The data is illustrated in statistics, graphs and numbers, and demonstrates the solid foundations that are already in place for supporting the levelling-up agenda for the region.

If you would like further information on particular sectors, geographies, or opportunities, the MICRA team will be pleased to help you.



Introduction

Henry Whorwood
Head of Research and Consultancy, Beauhurst

“The secure presence of high-growth business coupled with remarkable innovative ideas is a combination that promises an attractive future for the Midlands.”

With a population of more than 11m and an economic output of £115b, the Midlands holds a weighty role in the UK economy. As a whole, the region is home to 647k active companies and 4.7m employed people. Manufacturing is at the heart of the Midlands – 20% of all UK manufacturing output comes from the region. It is particularly famous for automotive and aerospace manufacturers with Jaguar Land Rover headquartered in Coventry (£23b turnover) and Rolls-Royce in Derby (£16.6b turnover). Other industry strengths include energy, with a third of all UK energy jobs in the Midlands,

“With a population of more than 11m and an economic output of £115b, the Midlands holds a weighty role in the UK economy.”

as well as MedTech, which contributes £1.6b annually to the region. Other household-names headquartered in the Midlands include Royal Mail, Aldi and National Express (p. 15).

Beauhurst focusses on the ambitious and fast-growing companies in the UK. The 3,453 high-growth Midlands-based companies in this report offer insight into the innovation ecosystem of the region. This report covers company demography, equity investment figures since 2011, investment sources and the facilitation of innovation through spinouts and grants. The secure presence of high-growth business coupled with remarkable innovative ideas is a combination that promises an attractive future for the Midlands.

Analysis of the Midlands’ investment landscape yields an exciting picture, with 286 investment deals in 2020 totalling £665m. Although this is not the greatest number of deals in recent years, it is by far the largest amount raised in a single year, in part due to the whopping first-time fundraising of

£200m secured by Gymshark, a company we have profiled fully (p. 22). Along with the other larger fundraisings of 2020, such as City and County Healthcare Group’s raise of £89.7m and Hayfield Homes’ £85m investment, the Midlands is demonstrating its weight in a range of sectors in addition to its manufacturing roots. The region has generated interest from a range of investor types in the last decade – since 2011, Midlands startups and scaleups have benefited from 66 deals from Crowdcube, 51 from Mercia Fund Managers and 42 by BGF Growth Capital (p. 19).

The £665m of investment last year can be split into £204m in the East Midlands and £461m in the West. Unsurprisingly, the location for the highest-ranking company population is Birmingham with a major 89,078 total companies - 465 of are high-growth. In the East Midlands, Leicestershire dominates with 72,538 total companies of which 351 are high-growth. A full company breakdown by location is included in the report (p. 13) as well as a powerful alluvial chart of sources of investment by both region and county (p. 20-21).

If investment is a measure of success of a region’s high-growth ecosystem, then spinouts and innovation are a measure of its promise. Providing the opportunity to commercialise university research and academics’ novel technologies and systems, spinouts represent a promising asset class for investors. Of the total population of UK academic spinouts, 9.3% are located in the Midlands. The universities that have created the highest number of spinouts over the last 10 years are Warwick with 40, Birmingham with 36, and Nottingham

with 24 (p. 27). Additionally, 11.8% of UK companies that received a grant in 2020 were in the Midlands. Through the year, Innovate UK provided 469 companies in the region with funding totalling £175m – an increase on the £169m given across 259 grants in 2019, meaning more companies have benefitted in a challenging year.

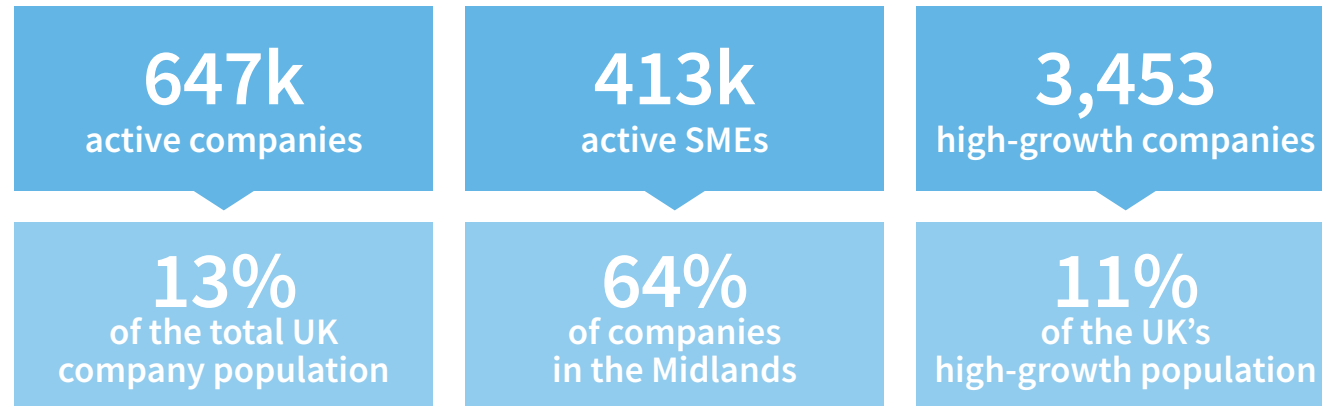
“This report shows the future is bright for high-growth businesses in the Midlands and those looking to invest in them.”

This report shows the future is bright for high-growth businesses in the Midlands and those looking to invest in them. And with MICRA empowering ambitious companies and the wider ecosystem, unifying university research with Midlands industry, opportunities for investment in innovation look set to increase.

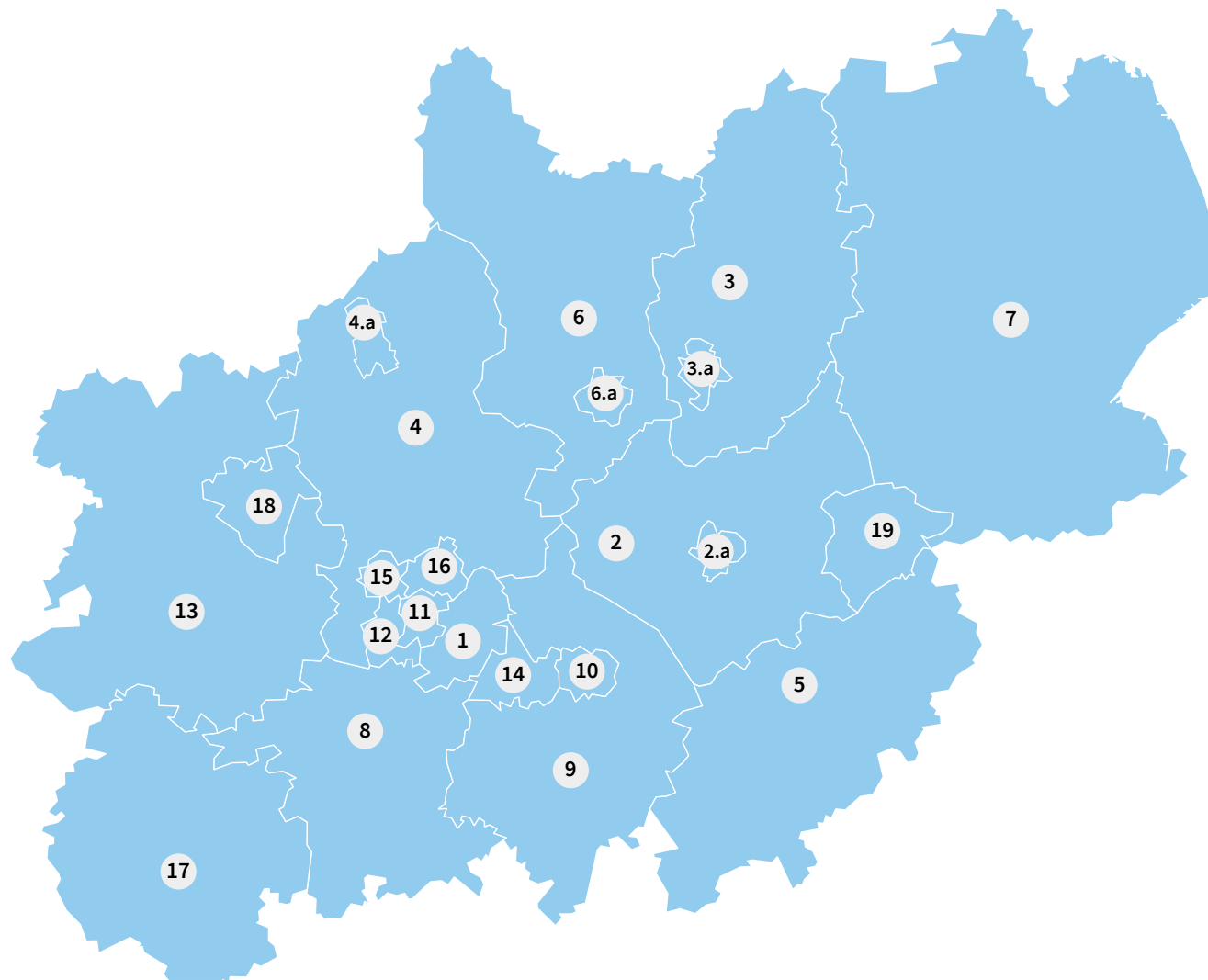
The economy of the Midlands

Company demography

Small and medium-sized enterprises (SMEs) make up 64% of the Midlands business population. This is a similar composition to the rest of the UK where 62.5% of the business population are SMEs. High-growth companies make up less than 1% of the Midlands business population which is also comparable to the UK-wide incidence of high-growth businesses.



REGIONS AND KEY CITIES BREAKDOWN (SEE PAGE 13 FOR COMPANY POPULATIONS)



Location

Birmingham has the highest company populations for each of the three categories analysed. The total company population in Birmingham is 1.9% of the UK's total number of active companies. High-growth companies are overrepresented in regions or cities with universities. This is likely due to the contribution of spinouts and student startups to high-growth populations.

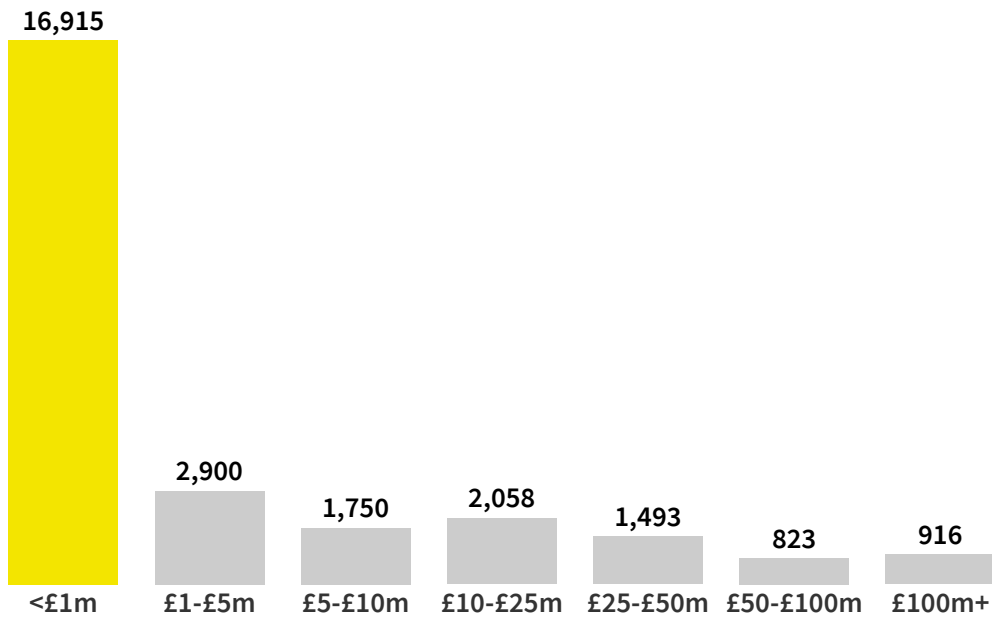
REGIONS AND KEY CITIES RANKED BY COMPANY POPULATION

Region/city	Total company population	SME population	High-growth population
1. Birmingham	89,078	51,196	465
2. Leicestershire	72,538	45,496	351
2.a Leicester	28,621	15,293	82
3. Nottinghamshire	57,029	37,239	349
3.a Nottingham	20,305	12,094	161
4. Staffordshire	55,953	37,486	316
4.a Stoke-on-Trent	10,426	6,189	59
5. Northamptonshire	53,412	36,459	261
6. Derbyshire	52,790	35,574	303
6.a Derby	15,836	10,113	79
7. Lincolnshire	48,829	33,920	228
8. Worcestershire	44,928	25,992	243
9. Warwickshire	41,125	28,056	279
10. Coventry	23,373	14,675	128
11. Sandwell	19,588	9,978	75
12. Dudley	18,096	12,030	90
13. Shropshire	17,709	12,935	77
14. Solihull	15,070	9,515	94
15. Wolverhampton	14,471	8,562	65
16. Walsall	14,103	8,478	62
17. Herefordshire	13,090	8,572	76
18. Telford and Wrekin	8,398	5,109	48
19. Rutland	2,300	1,556	14

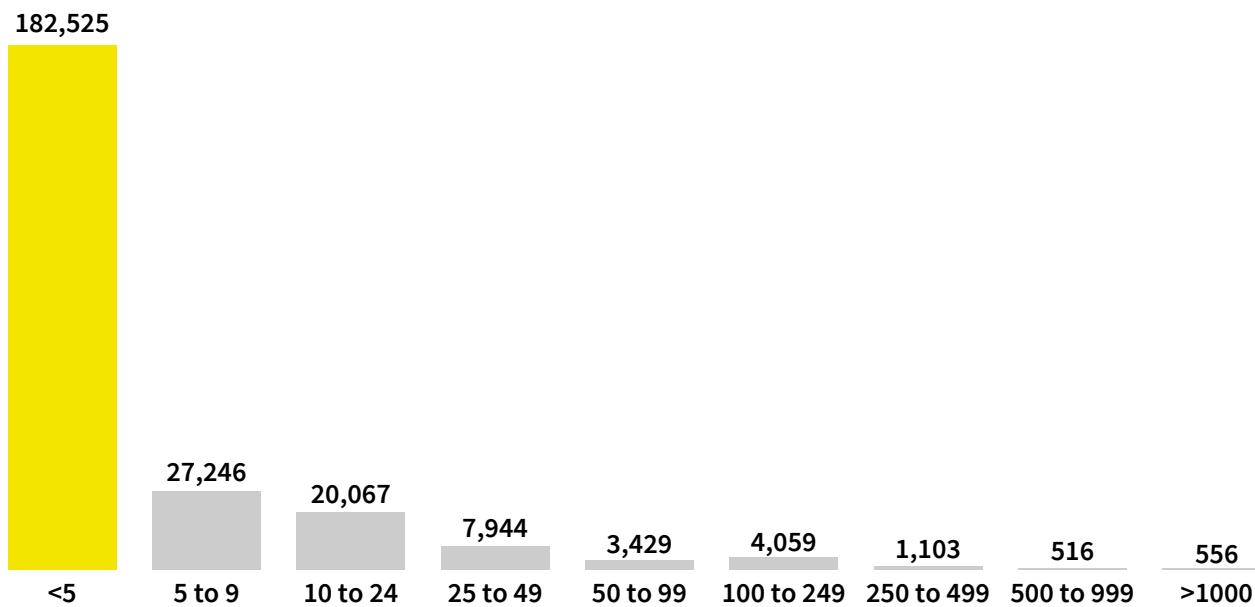
Company size

As the statistics on page 12 show, the majority of the Midlands business population is comprised of SMEs. This is reflected in the turnover and employee breakdowns below. However, there are still a significant proportion of very large businesses based in the Midlands. Some of these are featured on page 15.

ACTIVE COMPANY TURNOVER IN LATEST YEAR



ACTIVE COMPANY EMPLOYEE HEADCOUNT IN LATEST YEAR



Industry and academic collaboration

The Midlands is host to a number of large organisations that collaborate with academic institutions on cutting-edge research and commercialisation projects. This page features large organisations with a Midlands presence that have research partnerships with Midlands universities, including a number of projects that had received Innovate UK grant funding.

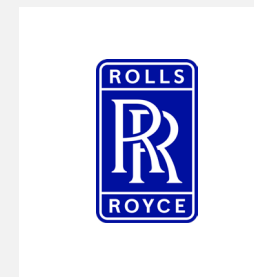
COMPANIES WITH A MIDLANDS PRESENCE COLLABORATING WITH MIDLANDS ACADEMIC INSTITUTIONS



HEADQUARTERS
Coventry
SECTOR
Automotive
TURNOVER
£23.0b
EMPLOYEES
39,787

COLLABORATIONS

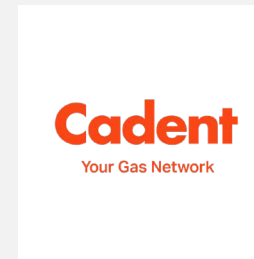
- Developing electric vehicle technology at the University of Warwick's £150m research and development facility—the National Automotive Innovation Centre (NAIC)
- Working to create an electric drive unit and develop safer battery technology with academics at the University of Warwick (Innovate UK projects *CompETe* and *LIBRIS*)



HEADQUARTERS
Derby
SECTOR
Aviation
TURNOVER
£16.6b
EMPLOYEES
51,700

COLLABORATIONS

- Collaborating on Innovate UK's *Project NAPKIN (New Aviation, Propulsion, Knowledge and Innovation Network)* with Cranfield University
- Developing lower cost and longer life technologies for turbines with Cranfield University (Innovate UK project *Materials and Lifing Improvements in Turbines*)
- Has University Technology Centres at University of Birmingham, University of Nottingham, Cranfield University and Loughborough University



HEADQUARTERS
Coventry
SECTOR
Gas distribution
TURNOVER
£2.1b
EMPLOYEES
3,938

COLLABORATIONS

- Leading the HyDeploy project in partnership with Keele University to test the viability of grid-injected hydrogen to heat homes and businesses. The project uses Keele University's existing natural gas network to supply 100 homes and 30 faculty buildings with natural gas that is 20% volume by hydrogen—a step that could be a launch pad for hydrogen use across the UK



HEADQUARTERS
London
SECTOR
Pharmaceuticals
TURNOVER
£34.1b
EMPLOYEES
95,884

COLLABORATIONS

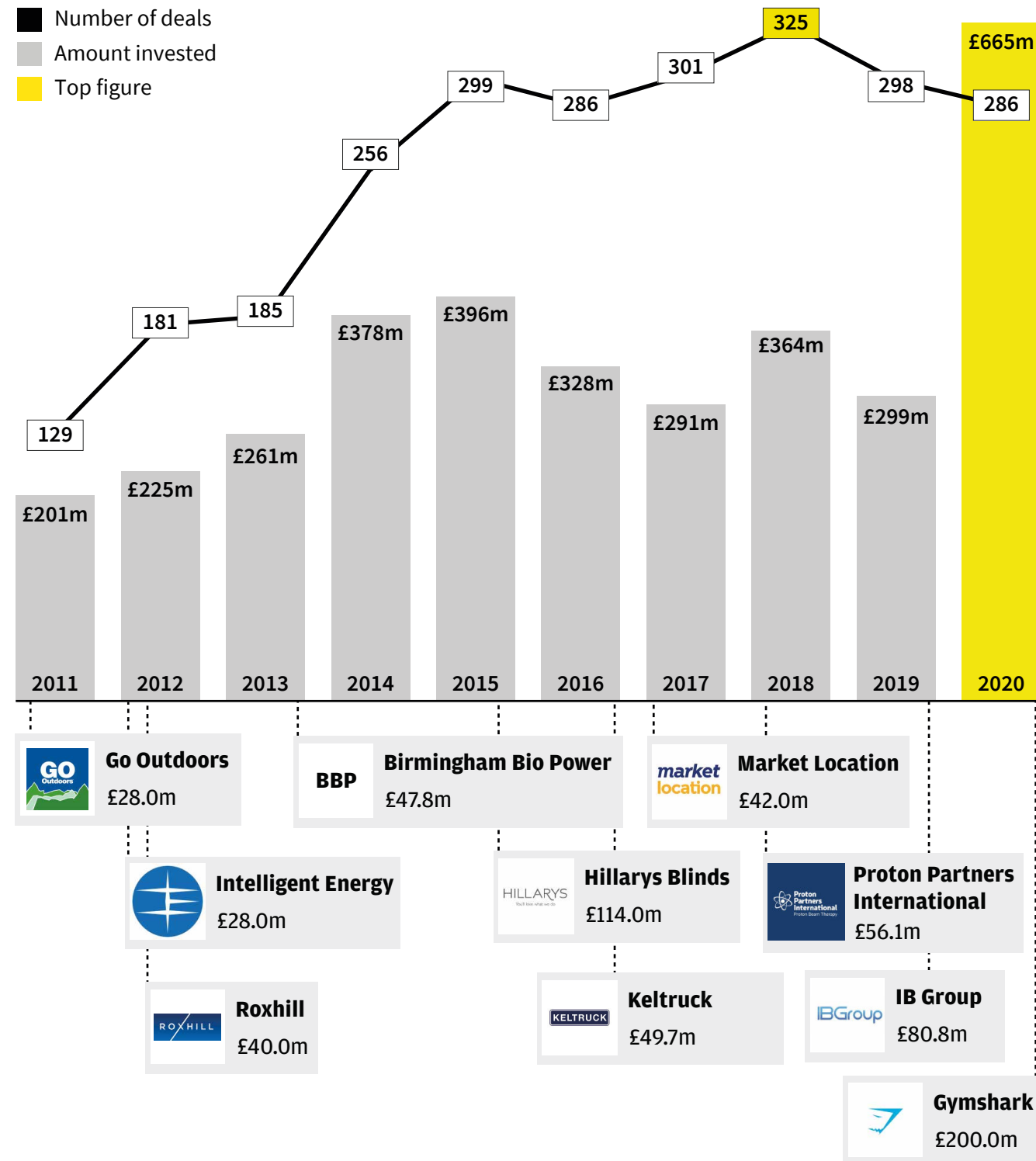
- Part of a strategic research collaboration with the University of Leicester and the University of Nottingham to develop new medicines for Chronic Obstructive Pulmonary Disease (COPD)
- Has teamed up with Birmingham City University (BCU) on a two-year project to explore applications of augmented reality (AR) to healthcare problems

The Midlands investment landscape

Investment overview

Last year saw a record £665m invested into Midlands-based companies via 286 equity deals. The largest deal was Gymshark's £200m raise from US-based General Atlantic last August. While the Midlands is home to 11% of the UK's high growth population, the region only secured 5% of the £13.5b invested in private UK businesses last year, suggesting the region may be undercapitalised.

EQUITY INVESTMENT INTO MIDLANDS COMPANIES (2011 - 2020)



Top investors by deals

Similar to UK overall, equity crowdfunding is a popular source of funding for Midlands businesses with platforms Crowdcube and Seedrs responsible for 66 and 30 deals respectively. Mercia Asset Management and Minerva Business Angel Network are also prolific investors, responsible for 79 and 72 deals respectively, with Mercia's investments made via several funds.

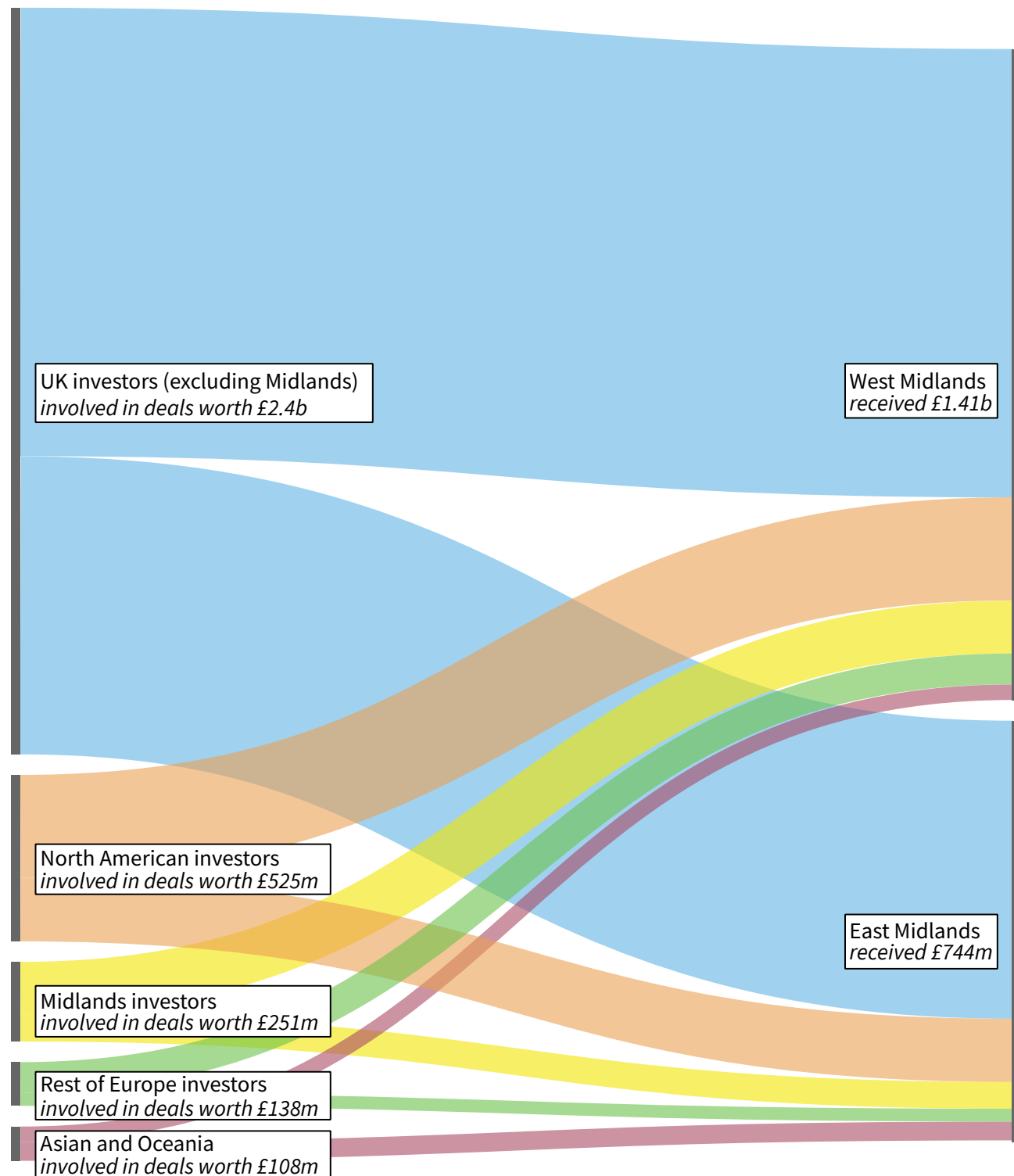
TOP EQUITY INVESTORS INTO MIDLANDS COMPANIES BY NUMBER OF DEALS (2011 - 2020)

FUND	DEALS
Minerva Business Angel Network <i>managed by University of Warwick Science Park</i>	72
Crowdcube	66
Mercia Fund Managers <i>managed by Mercia Asset Management</i>	51
BGF Growth Capital	42
Early Advantage Fund <i>managed by Midven</i>	31
Seedrs	30
Midlands Engine Investment Fund (MEIF): Proof of Concept <i>managed by Mercia Asset Management</i>	27
SyndicateRoom	22
Exceed Partnership <i>managed by Midven</i>	20
Investors	18
Mercia EIS Fund (Growth Fund) <i>managed by Mercia Asset Management</i>	15
Midlands Engine Investment Fund (MEIF): Equity Finance (West Midlands) <i>managed by Midven</i>	15
24Haymarket	11
Midlands Engine Investment Fund (MEIF): Equity Finance (East and South Midlands) <i>managed by Foresight Group</i>	11
Angel CoFund	10
Startup Funding Club SEIS Fund <i>managed by SFC Capital</i>	10
Finance Birmingham	9
Foresight VCT <i>managed by Foresight Group</i>	9
Lloyds Development Capital (LDC)	9

Investment source by region

Over the last 10 years, companies in the Midlands have received £3.5b in equity investment. The deals where the investors were disclosed amount to £2.2b in value and are visualised below. Because the individual contribution of investors is not known, the left side of the chart shows the total value of deals that a particular investor type participated in.

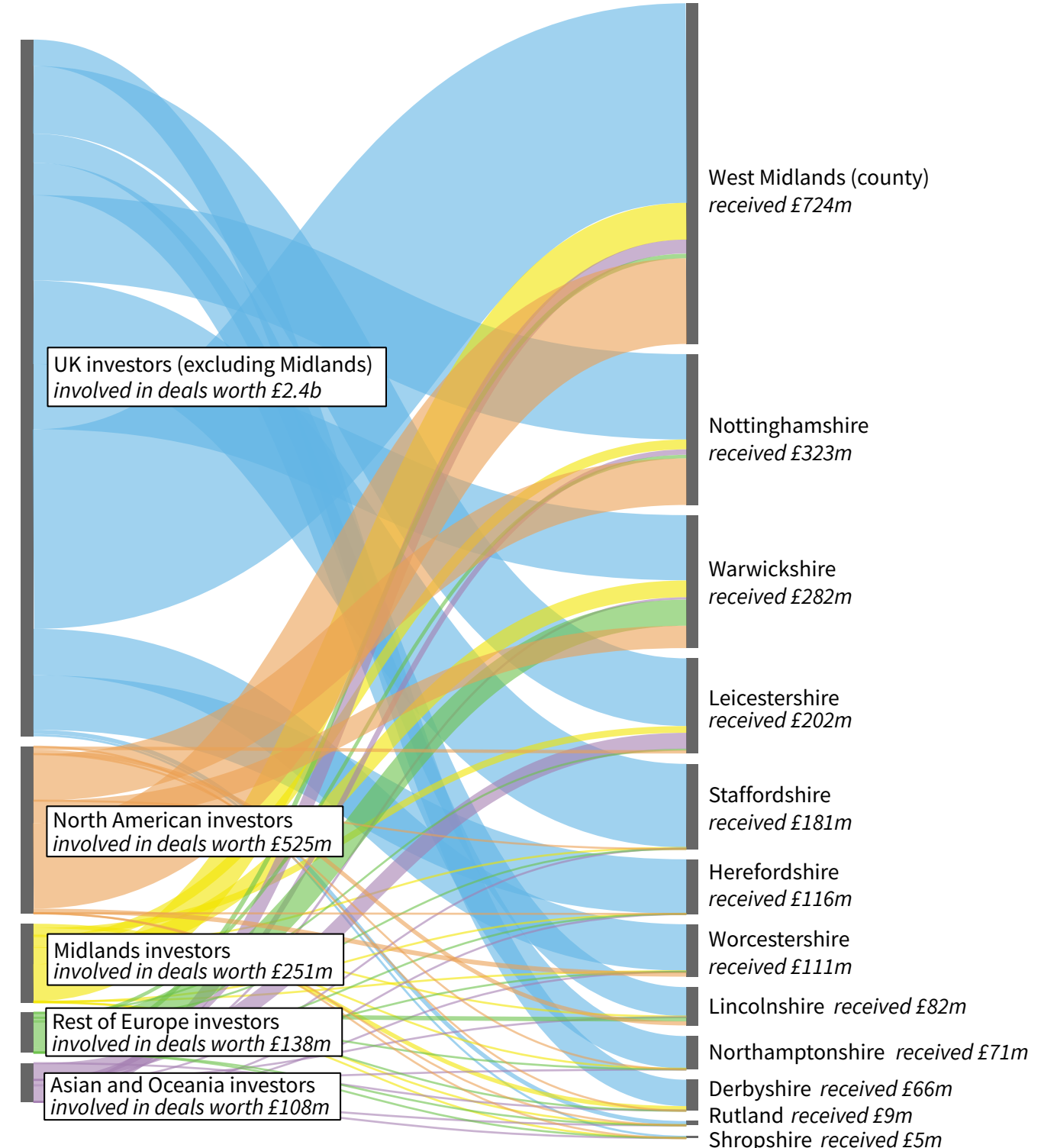
SOURCE OF ANNOUNCED EQUITY INVESTMENT FOR EAST AND WEST MIDLANDS (2011 - 2020)



Investment source by county

Of the £2.2b invested in Midlands companies via disclosed deals, £1.3b went to companies based in West Midlands county, Nottinghamshire and Warwickshire. As with the regional chart, because the individual contribution of investors is not known, the left side of the chart shows the total value of deals that a particular investor type participated in.

SOURCE OF ANNOUNCED EQUITY INVESTMENT BY MIDLANDS COUNTIES (2011 - 2020)



Growth company



As a 19-year-old student at Aston University in 2012, Ben Francis founded Gymshark with a screen printer and sewing machine in his parents' garage. In August of 2020, the fitness apparel and accessories brand earned 'unicorn' status - a startup with a billion-dollar valuation. The first-time fundraising of £200m secured from US growth equity firm General Atlantic means it is the second ever British company to attain the rare status without any previous investment. Gymshark reported full-year revenues to July 2020 of £258m and has continued active recruitment through the pandemic, benefiting from being a completely online retailer and the popularity of exercising at home.

Headquartered in Solihull, Gymshark has appeared on no less than 14 high-growth lists since the start of 2017. The brand was one of the first to extensively use social media 'influencers' for promotion and this assisted in Gymshark gaining a significant customer base in the US. Chief Strategic Officer and Executive Chairman Paul Richardson has stated that "our ambition is to make Gymshark a household name." The company now has customers in more than 130 countries and aims to use its £200m investment to further expand its global presence.

2012

incorporation date

Clothing

sector

714

employees

£200m

investment

Growth company



With a focus on innovating battery manufacture with sustainable methods, Aceleron aims to provide the world's first serviceable, upgradable and recyclable battery platform, named Circa. Based in Birmingham, this fast-growing Cleantech company was founded by Amrit Chandan and Carlton Cummins in 2016 and contributes to greener energy storage by offering lithium-ion battery packs designed to be reused and continually upgraded. Derbyshire County Council reports that only 3-5% of all household batteries are recycled in the UK; Aceleron hopes to combat the rate of cheaply produced batteries in landfill and support a future of sustainable homes.

In its five years, Aceleron has already secured four rounds of fundraising totalling £3.08m and ten grants adding up to £744k. Most recently, in July 2020, Aceleron received £2m of investment from BGF Growth Capital and the Midlands Engine Investment Fund (MEIF) to scale its technology and expand into new markets. MEIF, delivered by the British Business Bank, aims to support the growth of smaller businesses in the region between 2017 and 2022. Aceleron additionally has four accelerator attendances to its name, including the new 12-month Shell StartUp Engine UK programme which will run until September of this year.

2016

incorporation date

Cleantech

sector

28

employees

£3.82m

investment

Innovation ecosystem

Innovation map

173
spinouts from
Midlands universities

52
Midlands-created
spinouts 'exported'

104
active spinouts
headquartered in the Midlands

24
spinouts 'imported'
into the Midlands

MIDLANDS HIGH-GROWTH COMPANY AND SPINOUT COMPANY POPULATION MAP

Number of high-growth companies

9 200

Total spinouts from each university

3 spinouts

Keele University 3 spinouts
Staffordshire University 3 spinouts

University of Nottingham 24 spinouts
Nottingham Trent University 4 spinouts

University of Leicester 7 spinouts
De Montfort University 4 spinouts

University of Lincoln 1 spinout

University of Wolverhampton 3 spinouts

University of Birmingham 36 spinouts
Aston University 7 spinouts
Birmingham City University 1 spinout

University of Warwick 40 spinouts

Cranfield University 3 spinouts

University of Northampton 1 spinout

Loughborough University 12 spinouts

Coventry University 9 spinouts

Universities

The top three universities by number of spinouts created (Warwick, Birmingham and Nottingham) account for 58% of the spinouts created in the Midlands. For the 52 spinouts created in the Midlands that are headquartered elsewhere in the UK, London is the most popular destination with 14 spinouts. This is followed by the East of England (13) and the South East (9).

MIDLANDS UNIVERSITIES RANKED BY SPINOUTS CREATED (2011 - 2020)

University of Warwick	40
University of Birmingham	36
University of Nottingham	24
Loughborough University	12
Coventry University	9
University of Leicester	7
Aston University	7
Nottingham Trent University	4
De Montfort University	4
University of Wolverhampton	3
Staffordshire University	3
Keele University	3
Cranfield University	3
University of Northampton	1
University of Lincoln	1
Birmingham City University	1

Academic spinout investment

Fuel cell spinout Intelligent Energy raised £109m via four rounds from 2012 to 2014, accounting for 75% of the money raised by Midlands-based spinouts during that period. While the total for 2020 appears small, this may be due to the fact that the Government's Future Fund investments are not counted because they are convertible loans and have been made to anonymous recipients.

SPINOUT INVESTMENT KEY FIGURES (2011 - 2020)

£290m

equity investment into Midlands-based spinouts

£1.4m

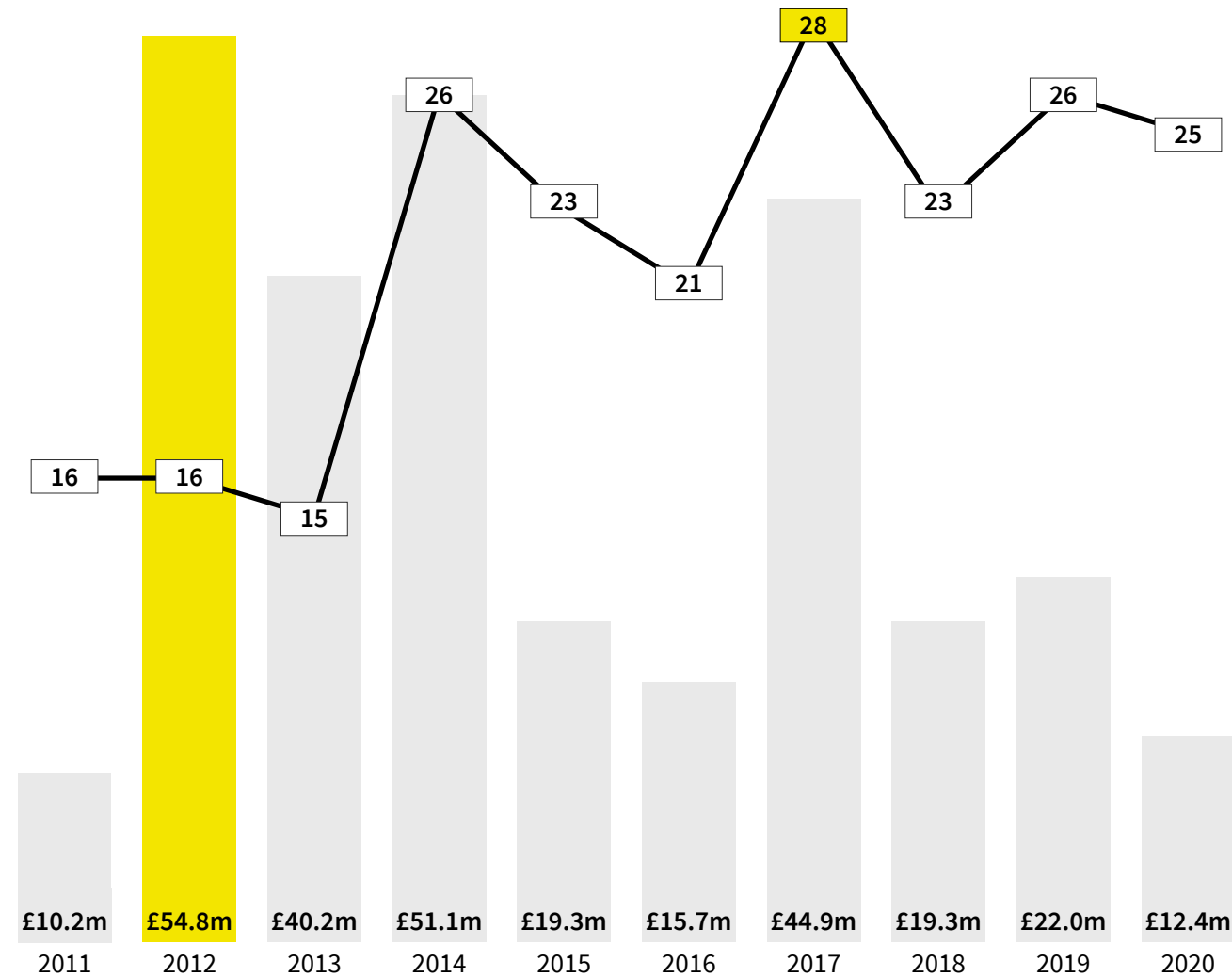
average amount invested in a Midlands-based spinout

£234m

equity investment into the 52 'exported' spinouts

INVESTMENT INTO MIDLANDS HEADQUARTERED SPINOUTS (2011 - 2020)

- Number of deals
- Amount invested
- Top figure



Grants

Midlands companies received a record £514m of grant funding in 2018. This was driven by three organisations receiving significant grant funding via a number of awards. The Manufacturing Technology Centre raised £199m via 17 grants; Rolls-Royce raised £104m, also via 17 grants; and the Energy Systems Catapult raised £59m via nine grants.

GRANTS KEY FIGURES (2011 - 2020)

£2b

grants to Midlands firms

£1.8b

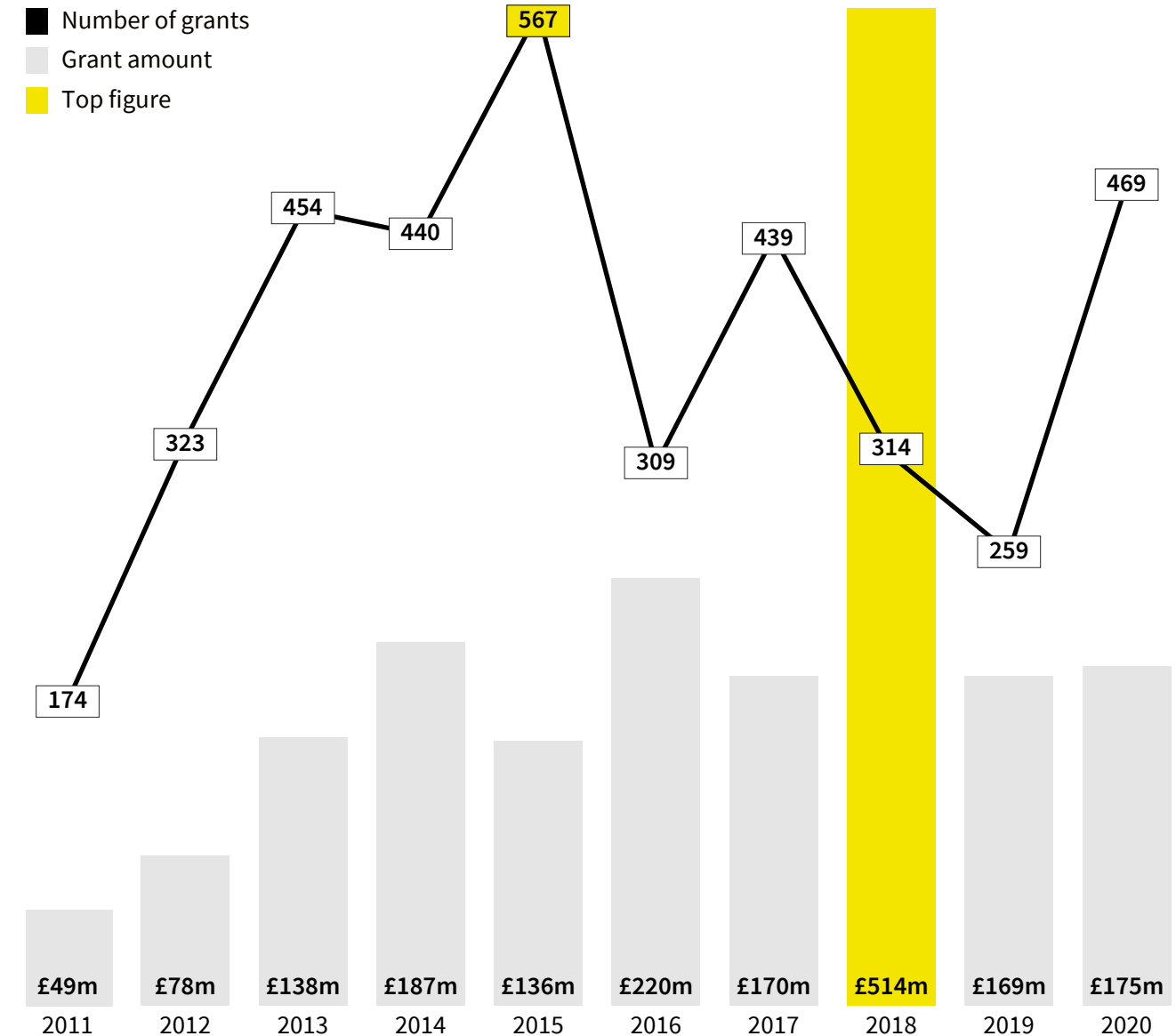
Innovate UK grant funding

£490k

Average Innovate UK grant

INNOVATE UK GRANTS TO MIDLANDS COMPANIES (2011 - 2020)

- Number of grants
- Grant amount
- Top figure



Spinout in focus

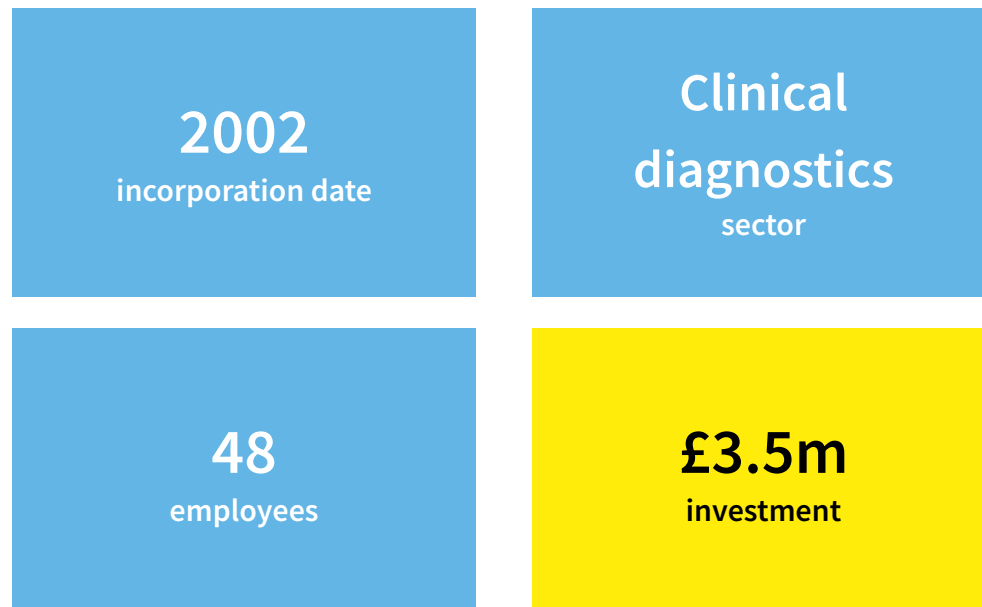


Oncimmune was spun out of the University of Nottingham in 2002 to commercialise a blood test for the early detection of cancer pioneered by experts at the Centre of Excellence for Autoimmunity in Cancer (CEAC). It launched its platform diagnostic technology in 2009, followed by its first commercial tests of EarlyCDT Lung and EarlyCDT Liver.

Today, Oncimmune is a leading immunodiagnostics developer, primarily focused on the growing fields of immuno-oncology, autoimmune disease and infectious diseases. Oncimmune has a diversified and growing revenue from its portfolio of diagnostic products to detect early-stage cancer and a contract discovery and development service-based platform, delivering actionable insights into therapies to its pharmaceutical and biotech partners.

Oncimmune's ImmunoINSIGHTS platform enables life science organisations to optimise drug development and delivery, leading to more effective targeted as well as safer treatments for patients. Oncimmune's immunodiagnostic technology, EarlyCDT, can detect and help identify cancer on average four years earlier than standard clinical diagnosis. The Company's lead diagnostic test, EarlyCDT Lung, targets a vast market estimated to grow to £3.8bn by 2024. With over 200,000 tests already performed for patients worldwide and its use being supported by peer reviewed data in over 12,000 patients, Oncimmune is poised to become an integral component of future lung cancer detection programmes, globally.

Oncimmune, headquartered at its laboratory facility in Nottingham, UK, and has a discovery research centre in Dortmund, Germany.



Spinout in focus



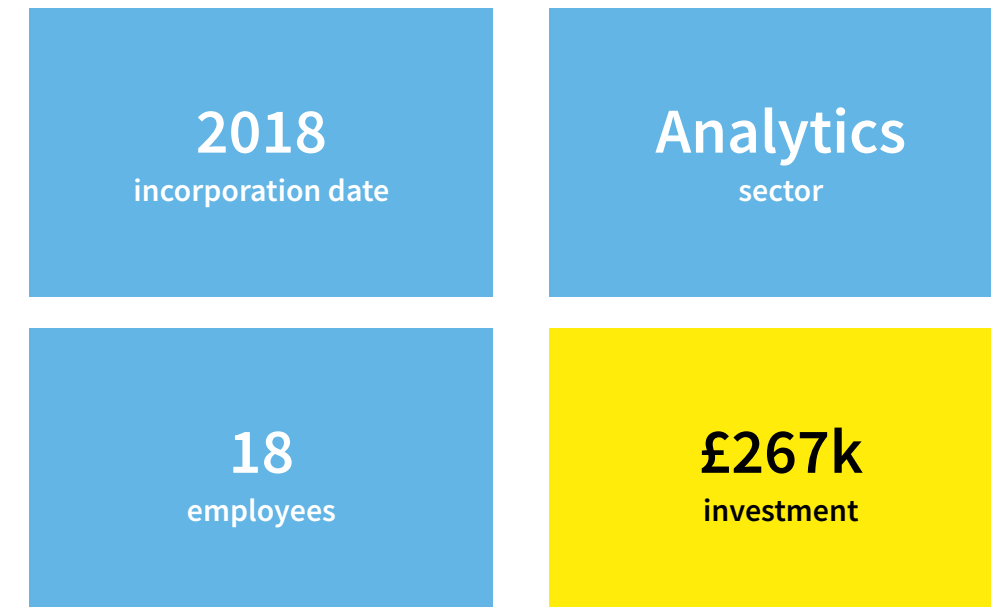
Underpinned by 20 years of academic research across 50 cities worldwide, Previsico specialises in modelling surface water flooding in real-time. It utilises the latest geospatial technology to deliver property-level flood now-cast and forecast warnings. A spinout from Loughborough University, Previsico has been on a fast-track since launch, going UK-wide in November 2019 to support insurers, brokers, and customers with 'live actionable flood warnings', including uniquely for surface water flooding.

Following successful pilots with the UK Cabinet Office ResilienceDirect platform, Previsico has received industry recognition, being listed in Intelligent Insurer's InsurTech Hot 100, and selected for participation in the prestigious Lloyd's Lab Innovation Accelerator in April 2020.

In October 2020, backed by a grant from Hong Kong Science Park (HKSTP), Previsico set up an R&D hub to continue improving their cutting-edge flood forecasting technology. The HKSTP grant, designed to attract high tech business with a strong R&D background, enabled Previsico to open its Hong Kong office, with the aim of employing five people by the end of the year.

Previsico has successfully raised £270k seed funding and was awarded Innovate UK funding in 2019. It reached another significant milestone in June 202 when it secured a £700k loan from Innovate UK.

Previsico is planning a series A funding round in 2021.



High-growth sectors

The Midlands' historic strengths in Automotive and Machinery are reflected in the large populations of high-growth companies in these sectors that comprise significant proportions of the UK's high growth population. Midlands companies in Distribution, Design services and Property also make up significant proportions of the overall growth population.

TOP SECTORS BY HIGH-GROWTH COMPANY POPULATION

Sector	Midlands high-growth company population	As a % of the UK's high-growth population
Software-as-a-service (SaaS)	227	6%
Food and drink processors (inc. quality control)	221	9%
Automotive	201	24%
Property/land development and construction	199	12%
Distribution	177	17%
E-commerce	158	10%
Analytics, insight, tools	158	6%
Mobile apps	151	5%
Machinery	146	20%
Internet platform	145	5%
Recruitment agencies	111	9%
Medical technology and life sciences*	108	7%
Design services	105	13%
Educational services	105	8%

*The Medical technology and life sciences classification is comprised of the following sectors: Pharmaceuticals, Research tools/reagents, Clinical diagnostics, Medical devices and Medical instrumentation.

Spinout sectors

While the Analytics, insights and tools and Research tools/reagents sectors top the Midlands in terms of total active spinouts, spinouts the Metals, Business training services and Machinery sectors are well represented as a proportion of the total UK spinout population.

TOP SECTORS BY SPINOUT COMPANY POPULATION

Sector	Midlands high-growth company population	As a % of the UK's high-growth population
Analytics, insight, tools	15	11%
Research tools/reagents	15	9%
Software-as-a-service (SaaS)	13	14%
Pharmaceuticals	12	7%
Medical devices	10	11%
Materials technology	8	13%
Clinical diagnostics	8	9%
Machinery	5	26%
Nanotechnology	5	11%
Metals	4	67%
Business training services	4	36%
Internet platform	4	15%
Educational services	4	13%
Security services (physical and virtual)	4	10%

Outlook & opportunities for investment



Comment

David Coleman
Head of Enterprise Acceleration, University of Birmingham

“As this report shows, Midlands-based university spinouts have been successful in attracting equity investment reaching almost £300m over the last ten years”

The Midlands is home to a rich pipeline of investment opportunities, fed by its universities and vibrant start-up ecosystem. It has a worldwide reputation in industrial sectors including automotive and aerospace, is home to the largest number of medical technology and device companies in any region of the UK, and is fundamental to the UK’s R&D in manufacturing and knowledge-based industries.

As this report shows, Midlands-based university spinouts have been successful in attracting equity investment reaching almost £300m over the last ten years, with a further £234m invested in spinouts which have moved out of the region.

“
...data from the Midlands’ research-intensive universities show a significant gap between the demand and supply of venture and growth capital.”

Even so, data from the Midlands’ research-intensive universities show a significant gap between the demand and supply of venture and growth capital.

This is particularly evident in the investment needs of the 100 active spinout companies in which the Midlands Innovation universities hold equity. In recent years, these spinouts have raised over £60m a year in seed and venture capital, but their current annual demand is over £100m. We also found that this is a region-wide issue: a standout figure in this report is that while the Midlands has 11% of the UK’s high-growth companies, the region secured only 5% of the investment in the UK’s private businesses last year.

Fortunately, investors in the region such as Minerva Business Angels and the Midlands Engine Investment Fund have a good track record. There have been some particularly notable spinout successes for investors in recent years, such as Allinea, which delivered a 21-times return to Midven’s Advantage Growth Fund in 2016, The Native Antigen Company, which delivered an eight-times return to

its EIS investors in 2020, and Oncimmune which, to date, has realised £7m for the University of Nottingham.

Investing in early-stage technology is a risky activity. However, university spinouts benefit from the pedigree of their underlying research, a solid Intellectual Property base supported by well-developed technology transfer offices, ongoing R&D support that can be

delivered by strong academic research teams, and a vibrant and well-connected business support ecosystem. Early “patient” investors should therefore pay considerable attention to the Midlands, where the outlook is promising.

If you would like further information on particular sectors or opportunities, the MICRA team will be pleased to help you.



“
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Appendices

Methodology

This report analyses companies that are registered or headquartered in the Midlands, including high-growth companies. For a company to be considered high-growth, it must meet at least one of our eight triggers (outlined at the bottom of this page) that suggest a company has high-growth potential. More detail on Beauhurst's tracking triggers is available [via our website](#). An important trigger for Midlands companies is spinning out of an academic institution. Our definition of a spinout is included below.

ACADEMIC SPINOUTS

We define an academic spinout as a company that meets condition 1 and at least one out of 2-4:

1. The company was set up to exploit intellectual property developed by a recognised UK university or research institution (This is broadly in line with the Higher Education Statistics Agency's (HESA) definition of a spin-off)
2. The institution owns IP that it has licensed to the company
3. The institution owns shares in the company
4. The institution has the right (via an options or warrants contract) to purchase shares in the company at a later date

EQUITY INVESTMENT

To be included in our analysis, any investment must be:

- Secured by a Midlands-based company
- Some form of equity investment
- Secured by a non-listed UK company
- Issued between 1 January 2011 and 31 December 2020

35,000+
tracked companies

1,450
academic spinouts

Contributors

Beauhurst

Beauhurst is a searchable database of the UK's high-growth companies.

Our platform is trusted by thousands of business professionals to help them find, research and monitor the most ambitious businesses in Britain. We collect data on every company that meets our unique criteria of high-growth; from equity-backed startups to accelerator attendees, academic spinouts and fast-growing scaleups.

Our data is also used by journalists and researchers who seek to understand the high-growth economy, and powering studies by major organisations – including the British Business Bank, HM Treasury and Innovate UK – to help them develop effective policy.

For more information and a free demonstration, visit [beauhurst.com](#)

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MICRA COMMERCIALISATION OF RESEARCH ACCELERATOR

The MICRA project brings together Midlands Innovation's technology transfer office (TTOs) in a programme which is building the largest formal collaboration between TTOs in the UK. MICRA is creating a spinout and start-up ecosystem that will accelerate the universities' innovations to market by creating a joint pipeline of scalable investment opportunities and creating jobs growth across the Midlands.

Working with business to translate cutting-edge research and innovation into real-world applications is at the centre of our enterprise mission. Our collaboration with companies, generating tangible outcomes and improved business performance opportunities, shows our commitment to delivering extensive social, economic, environmental and technological impacts from the world-class research excellence generated across the partnership.

CONTACT

[www.micragateway.org](#)

HIGH-GROWTH TRIGGERS



Equity investment



Academic spinouts



Scale ups



High growth lists



Accelerator attendance



Major grant recipients



MBO/MBI



Venture debt

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