

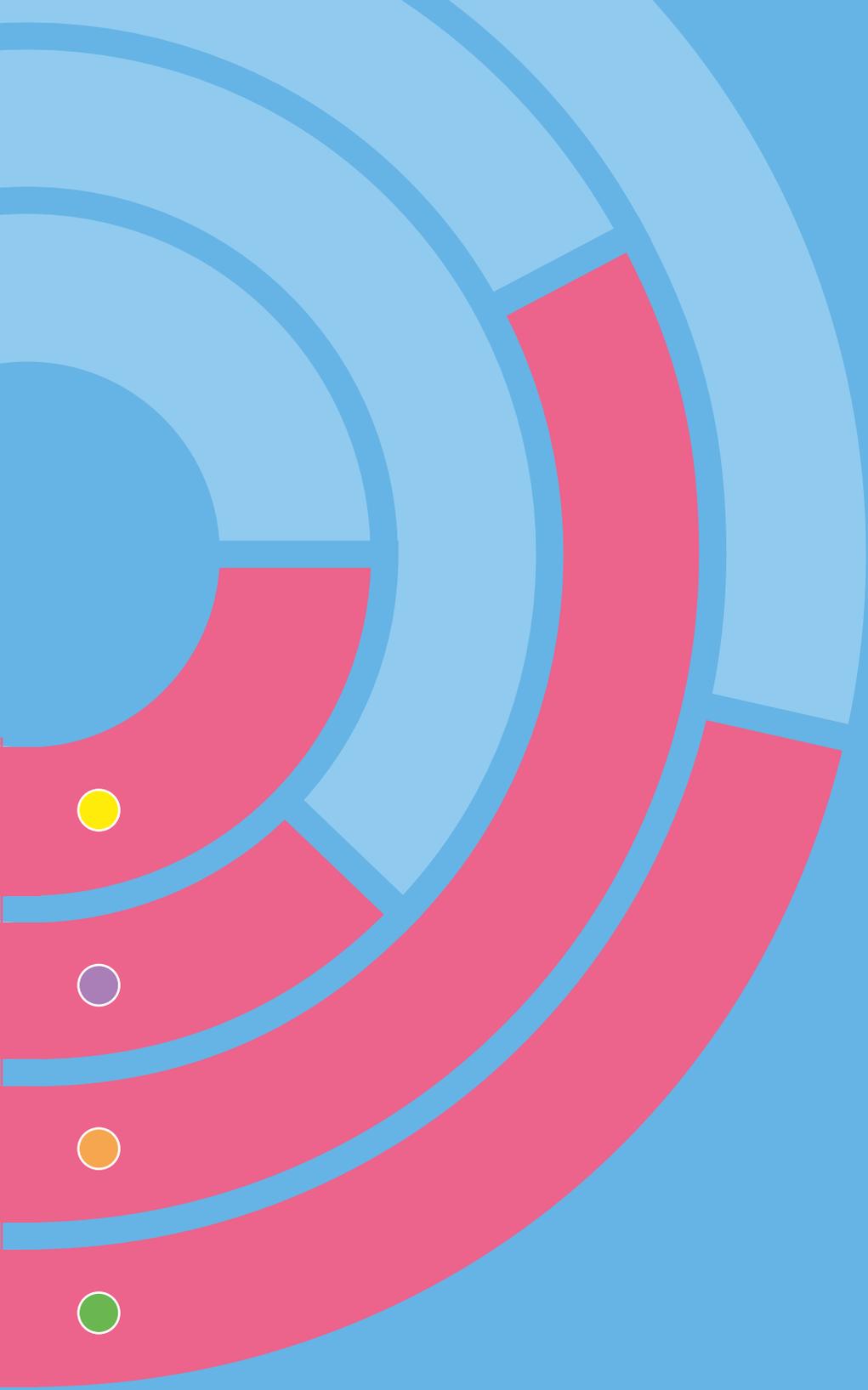
Newable

Beauhurst



Female entrepreneurs

Female entrepreneurs



25%
of high-growth
companies have at least
one female founder

13%
of pounds invested in
2018 went to female-
founded businesses

33%
Scotland has the highest
proportion of female-
founded businesses

21%
of equity deals in
2018 went to female-
founded businesses

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ABOUT THIS REPORT

This report looks at high-growth private companies in the UK. These companies have met one of eight high-growth triggers used by Beauhurst, which includes raising equity, receiving a large innovation grant, spinning out from an academic institution and attending an accelerator, amongst more. Of these companies, this report focuses on businesses where the gender of at least one founder is known to us. Gender data is collected from multiple resources including Companies House filings and manual research by Beauhurst's in-house data team.

We use the term 'female-founded' to refer to companies with at least one woman on their founding team. This comprises of two further classifications, mixed-gender teams and all-female teams.

This report looks at data from Q1 2011 to the end of Q3 2019.

Executive Summary

- **25% of the UK's high-growth companies have a female founder.** 11% of high-growth founding teams are all-female.
- The devolved nations of Scotland (33%), Northern Ireland (32%) and Wales (29%) have the **highest proportion of ambitious, female-founded companies in the UK**, whilst the North West region has the lowest (20%).
- Companies with a female founder are, on average, **four years younger than those without** and represent a strong pipeline to become the success stories of the future.
- Craft industries, which includes fashion, is the most female dominated high-growth sector in the UK, and the **only one to be majority female led (60%)**.
- The proportion of equity deals secured by teams with a female founder has **increased from 14% in 2011 to a high of 22% in 2017**. This figure has plateaued in the last three years of political and economic uncertainty.
- **The proportion of pounds invested into female-founded businesses is declining:** 15% in 2015 and 2016 to just 9% in 2019. This is due to the increasing number of megadeals secured by all-male teams. All-female founding teams have received just 1.5% of UK investment this year.
- Of all the UK regions, **London has seen the highest proportion of deals** going to female-founded companies, but East of England has seen the highest proportion of pounds invested into women-led businesses.
- **Crowdfunding is the most gender equitable investor type**, with 24% of deals going to female-founded companies. Angel investors follow second, with 20% of deals going to female-founded businesses since 2011.
- Since 2012 the proportion of large innovation grants awarded to female-founded businesses **has quadrupled to 16%**. This figure is still well below the population of all high-growth companies that have a female founder (25%).
- Of all the academic institutions in the UK, the University of Cambridge has the **highest number of female-founded spinout companies (25)**, but the University of Aberdeen has the highest proportion of female-founded spinouts (42%).
- Fully-female-founded companies are most **likely to have grown through an accelerator**, more commonly opting for structured programmes instead of more transactional funding like equity investment or innovation grants.





Foreword

Chris Manson, CEO, Newable

“Now is not the time to become complacent about what has been achieved to date.”

In 1941 an American engineer and management consultant called Joseph Juran, popularised the work of Vilfredo Pareto, an economist who in the late 1890s had observed that 80% of Italian land was owned by only 20% of its people. Though the rule was developed within the context of population wealth, the Pareto Principle also puts numbers to the idea that in business, as in life, things are not evenly distributed.

As this report shows, 20% of equity deals made in the UK so far this year have supported female-founded companies. It is tempting to insert the word "only" into the previous statement. However, it does represent progress; just 14% of equity deals made in 2011 went to companies with a female founder.

It is encouraging to note that female-focused investment at the early Crowdfunding and Angel stages is in advance of that at the later PE / VC stages. There must be hope that as these companies develop, they will receive the support they deserve from the investment industry.

The investment case is powerful. 25% of the UK's high-growth companies have a female founder. And, according to BCG, startups founded and co-founded by women actually performed better over time, generating 10% more in cumulative revenue over a five-year period, notwithstanding the severe funding gap they experience.

The Pareto Principle is also known as “The Law of the Vital Few.” Sadly, this is also true. There are, undeniably, still too few women founders receiving early stage investment. In our view, that is what makes them vital.

Newable has always believed in generating inclusive economic growth. That is one of the reasons why, since late 2016, we have been running our

Fuelling Ambition programme. This is designed to support female entrepreneurs on the journey from Inspiration to Investment. We work with thousands of entrepreneurs each year and our observation is that female entrepreneurs value and welcome not only the investment, but also the support to help unlock that investment. In our experience, sustainable success is as much a result of access to opportunity and expertise as it is access to funding.

With Newable's innovation advisers working closely with our investment analysts at Newable Private Investing we are in a unique position to 'connect the dots'. This means we can support female entrepreneurs across capability building, pitch training, grant funding as well as such exciting Innovate UK funded initiatives as the Global Business Innovation Programme. In addition, we support IUK on their Diversity & Inclusion programmes such as Women In Innovation, where we are offering Innovation support to the Award holders.

Newable is also a leading delivery partner of the Department for International Trade and our International Trade Advisors are on hand to facilitate access to export markets.

An essential part of the offer is Newable Private Investing — which Beauhurst has named the UK's most active early stage Network. We have followed best practice by ensuring our team is itself more gender equitable in order to facilitate more gender equitable investments. A quarter of our investment team are women, including Rita Dhut who has contributed insightfully to this report.

However, now is not the time to become self-congratulatory or complacent about what has been achieved to date. Frankly, it is not enough. There is much work to be done. Newable remains committed to leading the charge.





Introduction

Henry Whorwood, Head of Research, Beauhurst

“We hope that the overarching message of this report is one of encouragement.”

Data collection and analysis elucidates patterns, trends and biases that can go otherwise unmonitored. Gender bias may be less palpable than in times gone-by – indeed, some of the female founders we’ve spoken to have never felt they have been treated differently to their male-counterparts – but our data shows there is a systemic bias in the UK’s high-growth economy.

Beauhurst collects a wealth of data on the UK’s high-growth ecosystem which we’ve combined with diversity metrics for high-growth businesses. The emerging picture is both shocking and tentatively encouraging. There are few areas of society where men continue to dominate as much as that seen in business. This report aims to shed more light on the gender gap across the whole ecosystem, looking at the demographics of 21,381 companies, the investment they have received and the key support systems they have leveraged.

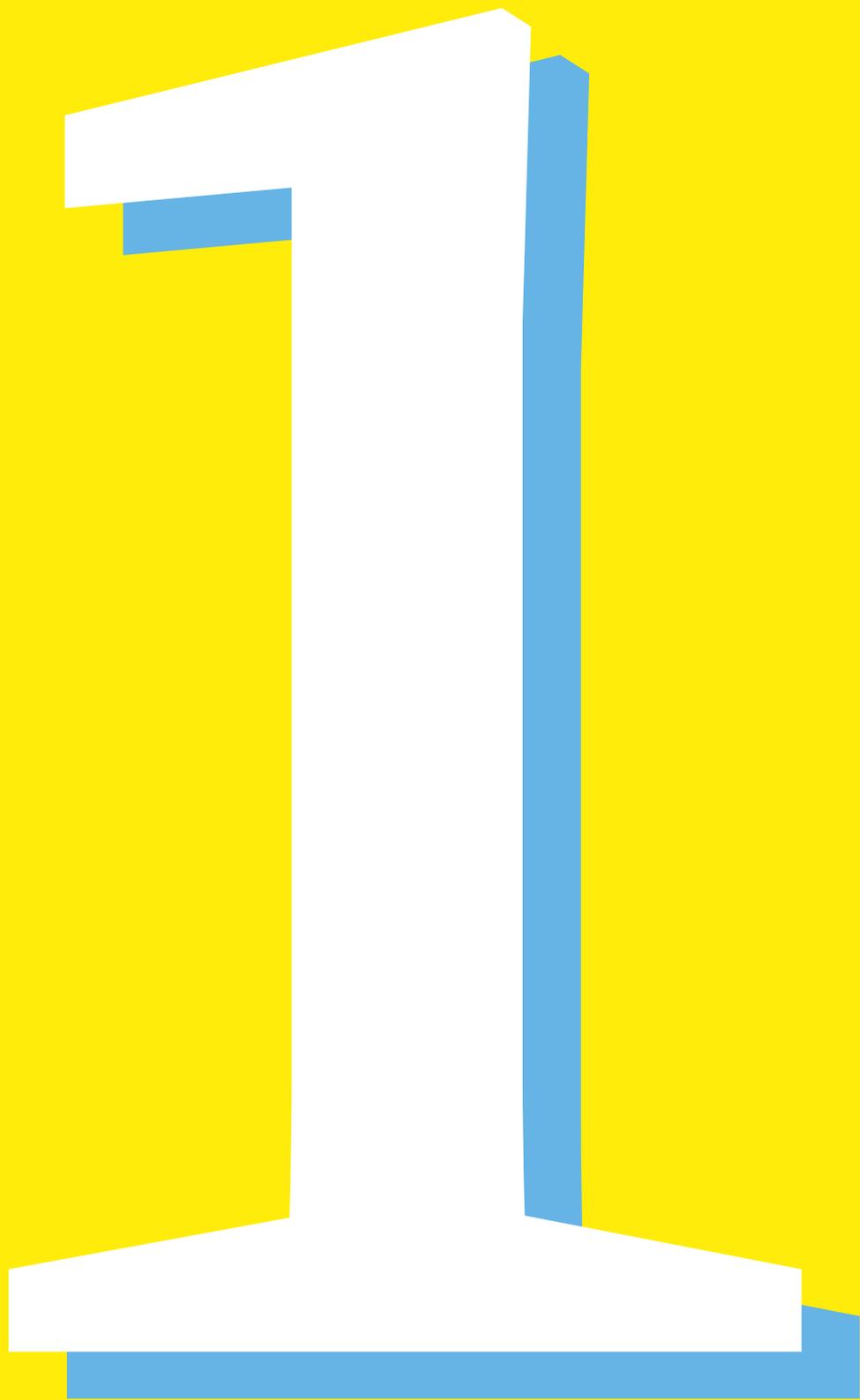
The data in this report clearly shows that there is a long way to go before female entrepreneurs are on an equal footing with their male counterparts. But the situation is improving, and we are proud of the role our data and analysis can play in identifying the areas where change is needed. Female founders are now securing a proportion of funding that is a lot closer to the overall population of female-founded businesses than in years gone by. They are also benefiting from more dedicated support from accelerators, academic institutions and corporate programmes.

With particular acknowledgement of our responsibility in how the conversation on gender diversity is shaped, we hope that the overarching message of this report is one of encouragement.

It is important to note that, while it is an area that data is more readily available, gender is just one constituent of diversity. Although difficult, the challenges surrounding the collection of data points regarding ethnicity, social-economic status, disability and sexuality shouldn’t deter our important segment of the economy from striving to promote diversity in all its forms. By encouraging these conversations and improving communication between institutions, we want to consolidate data from all corners of the ecosystem to monitor and calibrate efforts towards improving diversity.

Previous research, including the Here and Now report from The Entrepreneurs Network and the Women in Innovation programme by Innovate UK, has concluded that providing a platform for strong role-models is one of the best ways we can encourage the next generation of innovators. We hope our interviews with industry experts, pioneering founders and supporting organisations can provide such a spotlight for inspiring leaders in the high-growth space. As Katie Nagy de Nagybaczon of CMS puts it “hopefully, these figures will encourage the ecosystem, and female founders will feel that they’re pushing on a more open door with more women coming up behind them.”

We would like to thank our friends at Newable for facilitating this report, and all of the industry players who have contributed their time, thoughts and expertise. We will continue to produce this kind of analysis in the hope that we continue to see change in the right direction, across every region of the UK.



Companies

- **25% of the UK's high growth companies have at least one female founder, 11% are fully-female-founded.**
- **Ambitious female-founded companies are, on average, four years younger and at earlier stages of development than fully-male-founded companies.**
- **Scotland, Northern Ireland and Wales have the highest proportions of female-founded companies in the UK.**

Companies Population

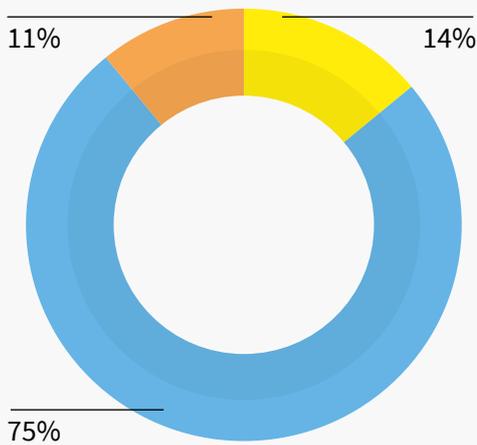
25% of companies have at least one woman founder. Included in this figure, 14% have all-female founding teams; 75% of high-growth UK companies do not have a woman in their founding team.

A company's stage of evolution indicates how developed the business is and the degree of growth achieved so far. There is a clear relationship between the gender makeup of a founding team and stage of evolution the company is likely to be at. All-female teams are most likely to be in the seed stage of evolution, mixed teams

are least likely to have died and all-male teams are most likely to have exited.

Companies that have existed for longer are, of course, likely to be further along in their stage of evolution. One of the reasons that all-male-founded companies are, on average, so far ahead of mixed gender and all-female teams is that they have had more time to develop the business. The average age of all-female-founded companies is 7 years, 9 years for mixed gender teams, and 11 years for all-male-founded companies.

HIGH-GROWTH COMPANIES BY GENDER OF FOUNDING TEAM



21,381
high-growth businesses with gender data

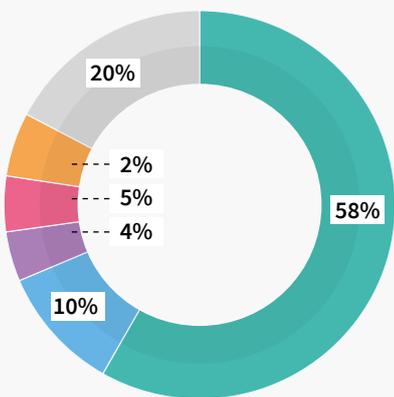
2,988
fully female-founded high-growth businesses

16,060
fully male-founded high-growth businesses

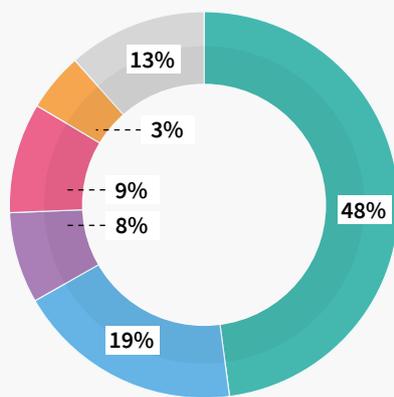
2,333
mixed founding team high-growth businesses

CURRENT STAGE OF EVOLUTION

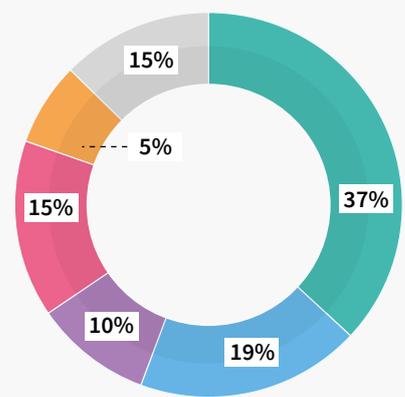
All female founders



Mixed founding team



All male founders



Seed Venture Growth Established Exited Dead

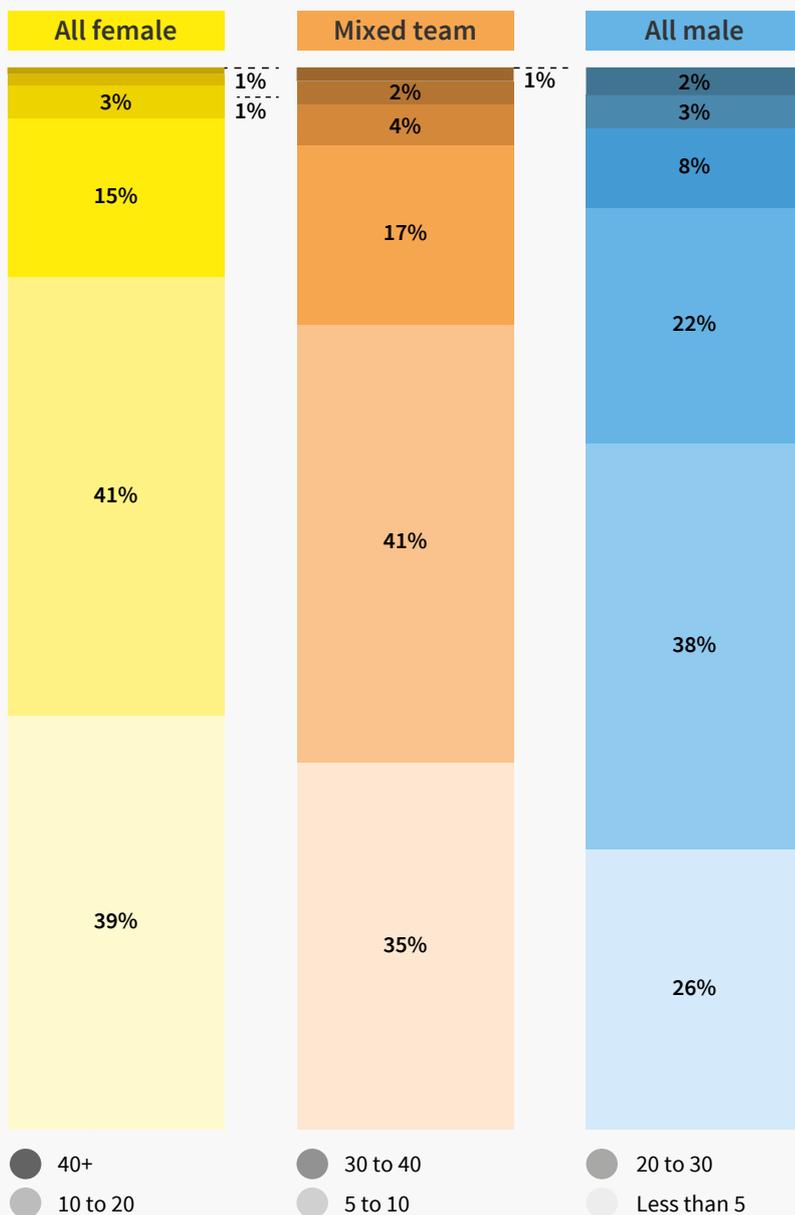
25%
of UK high-growth
companies have a
female founder

Female-founded teams are the most likely to be under 5 years old (39%), compared to 35% of mixed gender teams and 26% of all-male founding teams. With fewer than five years of trading under their belt, female-founded companies are less likely to have progressed from seed stage, but are creating a promising pipeline for future population development.

Female-founded businesses are also more likely to cease trading in the first five years of operating. Of the cohort

of high-growth companies that were incorporated in 2014, 25% of all-female founded companies versus 22% of all-male founded companies ceased trading, compared to just 17% of companies with mixed gender founding teams. This shows the protective effect of diverse founding teams.

COMPANY AGE BRACKETS BY GENDER OF FOUNDING TEAM (YEARS)



AVERAGE COMPANY AGES

7
average age of fully-female-founded companies

9
average age of mixed gender founded companies

11
average age of fully-male-founded companies

Companies

Regional trends

In terms of raw numbers, it is unsurprising that London dominates the UK with 2,148 female-founded companies, 2.4x more than the next most densely populated region (South East, 633).

But proportions tell a completely different story. A third of high-growth businesses in Scotland have a female founder, making it the most gender equitable region in the UK for ambitious businesses. Northern Ireland comes in a close second with an impressive 33%,

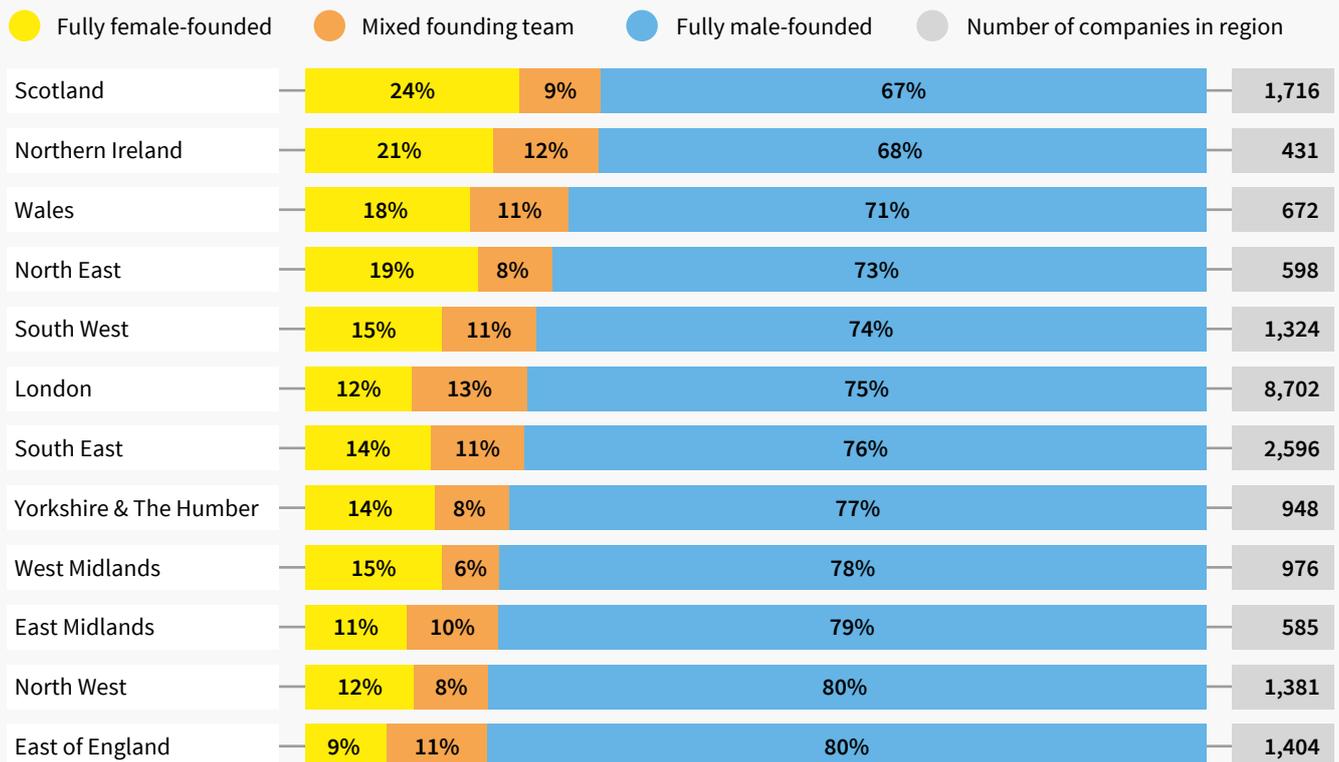
followed by Wales (29%) and the North East (27%). The South West is the only other region to have an above average rate of female-founders (26%). London is on par with the national average (25%) whilst the North West has the lowest level of female founders at just 20% of all high-growth companies in the area.

06

It's great to see that female-founded businesses are thriving in the devolved nations, where they have access to support systems such as those run by Scottish Enterprise and the Development Bank of Wales.

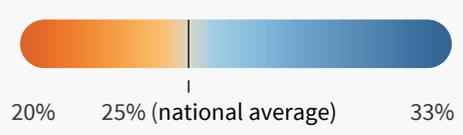
HENRY WHORWOOD | HEAD OF RESEARCH & CONSULTANCY | BEAUHURST

REGIONS BY GENDER OF FOUNDING TEAM



Scotland
33% 564 companies

REGIONS BY PROPORTION OF COMPANIES WITH A FEMALE FOUNDER



North East
27% 164 companies

Northern Ireland
32% 140 companies

Yorkshire & Humber
23% 215 companies

East Midlands
21% 125 companies

North West
20% 281 companies

East of England
20% 25 companies

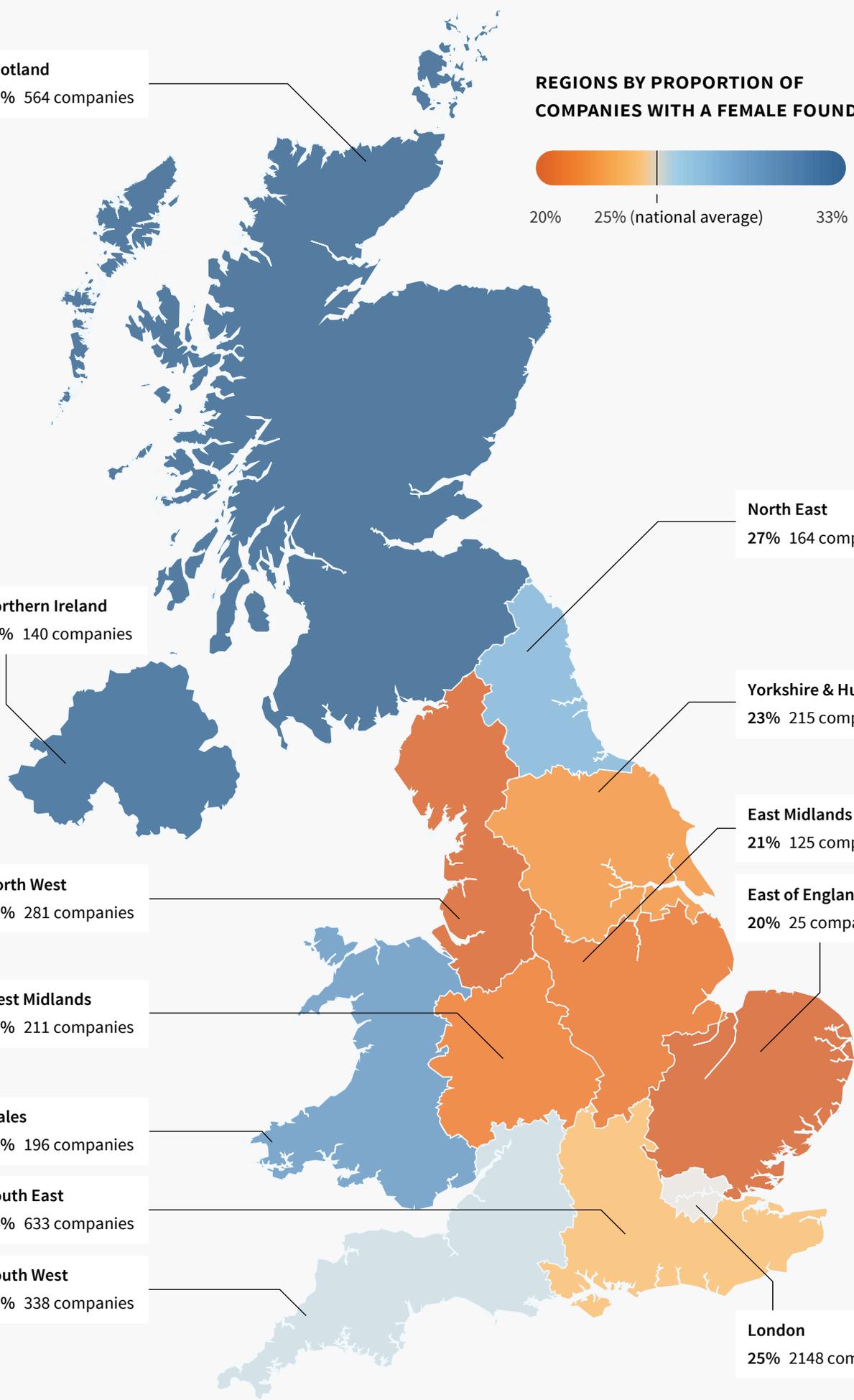
West Midlands
22% 211 companies

Wales
29% 196 companies

South East
24% 633 companies

South West
26% 338 companies

London
25% 2148 companies



Q&A

Leda Glyptis 11:FS Foundry

11:FS develops innovative solutions to address the frustrations faced in the banking sector. 11:FS produces media content, such as the Fintech Insider podcast, as well as offering Research, Business Insight and Consultancy services to clients who want to disrupt banking. Leda is the CEO and founder of The Foundry, a toolkit that allows financial services to build new core banking systems that directly address their digital needs and goals, rather than twisting new solutions around heritage infrastructure.

What was your founding journey and what has been the most important resource for the growth of the 11:FS Foundry so far? The guys at 11:FS contacted me with this idea to create a modular core banking offering, that can serve any asset and any banking value chain. In this way I differ from the traditional idea of a ‘founder’, as I wasn’t sat alone around the kitchen table, and I didn’t hedge the same financial or personal risks. For me leaving a corporate job and coming back to Europe to take this job didn’t feel like a risk; it felt like an opportunity only a fool would pass up. I always had a committed team and vision around me, which differs significantly from the experience of most founders.

In our journey so far, I’d say there have been two critical sources of support; our client and investor, DNB, and my kick-ass team. My team of engineers and thinkers are the reason I am excited to get out of bed and come into work. They have such strong team ethic, and I rarely hear them use the word ‘I’. Hiring this team has been really vital to the growth of the business.

The culture at DNB is open minded, flexible and fast-paced; critically they’re open to funding the development of a cloud native core banking platform that can be used by many financial institutions, rather than a bespoke solution for their own needs. Their new CEO, Kjerstin Braathen, is



remarkable woman herself. Having this kind of investor and business partner is invaluable when launching a high-tech, disruptive product such as the Foundry.

Why do you think that the representation of women is so low in emerging financial services companies? Founders often lead companies that solve a problem they faced during their career in industry, but the corporate world of finance can be a hard place for a woman to thrive. While delivering great solutions and services requires the same hard work and expertise from someone of any gender, endless sexist microaggressions create a lot of noise that can be distracting and demoralising.

For example, people would assume I was an assistant, or initially dismissed my ideas, and then later celebrate them when suggested by a man. These microaggressions aren’t an absolute barrier to success, but they do create noise that can distract and derail women from wanting to succeed. Could it force some women to ask, “Is this worth it?”— Yes. Could it cause distress and stress, and dampen ambition? Yes.

During the beginning of my career, this kind of treatment made me angry, more serious and made me work even harder. But by the time I reached my thirties, my confidence in my credibility grew, and this nagging sense of having to prove something to myself disappeared. Now, I almost challenge people to underestimate me. If they let their ignorance influence their interaction with women in key positions, they will be the ones left behind.

Now I'm immersed in the financial startup world, I come across these sexist attitudes far less. I think it is because digital businesses tend to reimagine technology, business and what it takes to get there and often hold themselves to a higher standard which is reflected in the way they hire, manage and behave. Not all of them and not always. But many, and that is definitely the case here at 11:FS.

Why is representation important for female founders? Women are needed in leadership positions across the ecosystem; they're needed in financial institutions, they're needed in within the VC and funding firms, within start-up companies and more. Having allies in the room to call out

the microaggressions I described earlier reduces pressure on women to call them out themselves, at the risk of being called petulant.

We also need to exhibit a broad range of personalities, backgrounds and stories across leaders in business. This isn't just about role models; every founder has a different story, some which will be more relevant to some people than others. When it comes to under-represented groups, we need to showcase the diversity within diversity. That's when we'll know we have got there.



“

While delivering great solutions and services requires the same hard work and expertise from someone of any gender, endless sexist microaggressions create a lot of noise that can be distracting and demoralising.

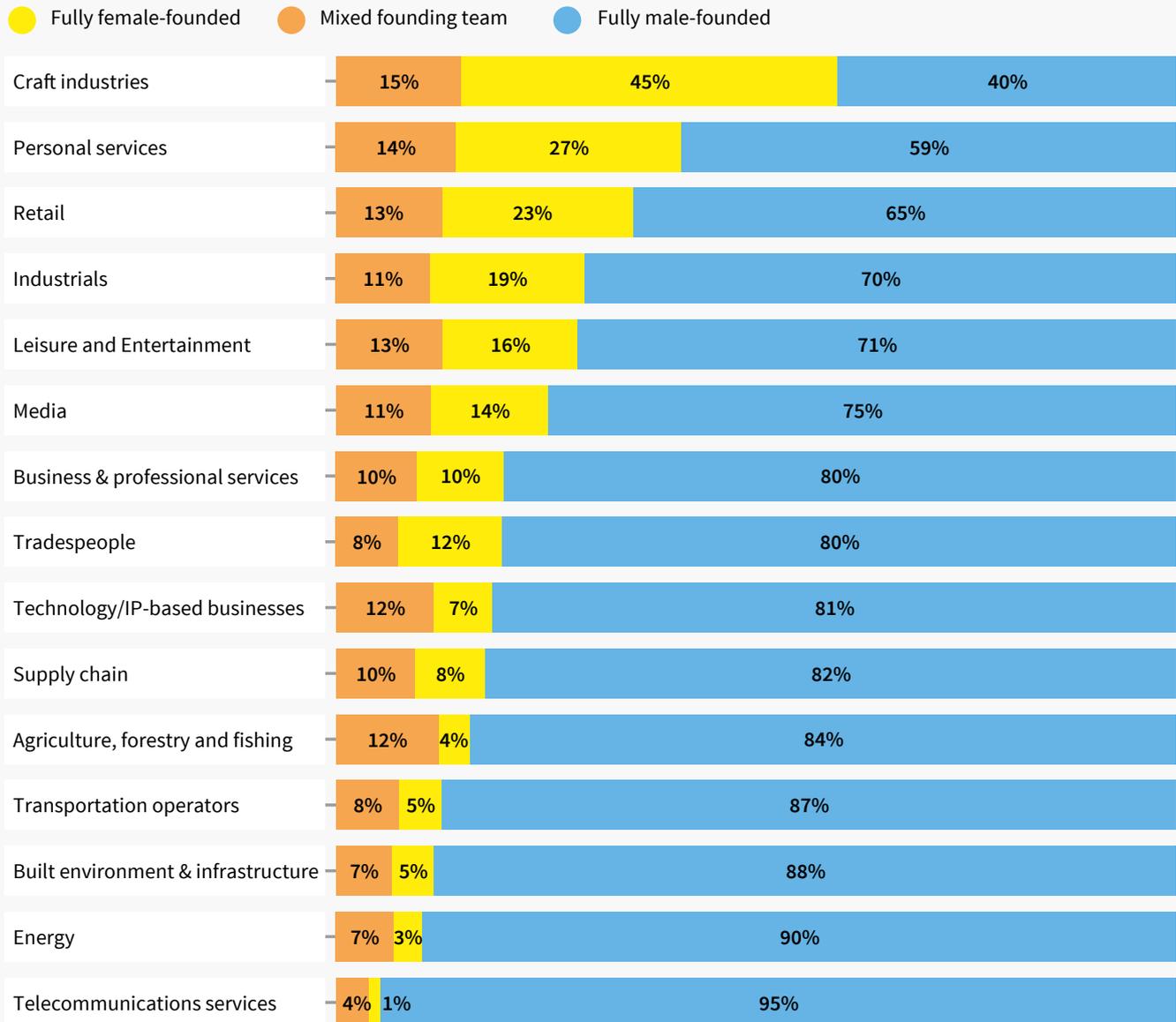
Companies

Established and emerging sectors

In terms of raw numbers, women-led businesses are most commonly within the tech/IP sector, with business and professional services following a close second. However, when looking at all the companies in these sectors, companies with at least one female founder represent just 19% and 20% of the population. Craft industries, including fashion, is the most female dominated high-growth sector in the

UK, and the only sector to have more female than all-male-led teams. While all these sectors are important for the innovation economy, technology and IP-based businesses are receiving the most support from the ecosystem. The under-representation of women in these sectors has implications in other areas such as the proportion of funding they receive.

TOP SECTORS BY GENDER OF FOUNDING TEAM



Companies operating in emerging verticals, such as fintech and artificial intelligence, and developing disruptive technologies receive the most attention, investment and support in the high-growth space. Companies with mixed-gender founding teams are most likely to be operating in an emerging vertical (8%), while companies with all-female founders are the least likely to be operating in these areas (2%).

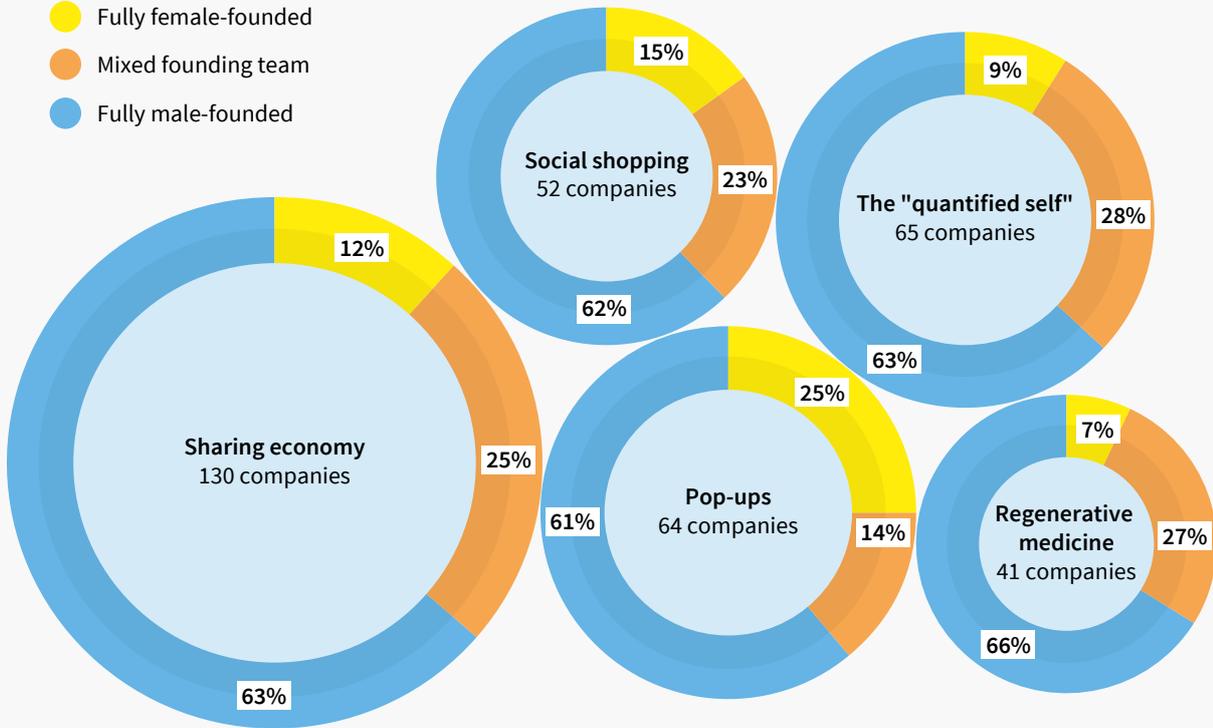
Whilst fintech has the second highest number of female-founded companies of any emerging sector (142), it is one of the worst for representation of female founders, with just 15% of companies women-led.

Emerging sectors with the highest representation of women founders include pop-ups (39%), the 'quantified self' (37%) and eHealth (31%).

19%
of tech businesses
have at least one
female founder

TOP EMERGING SECTORS BY GENDER OF FOUNDING TEAM

- Fully female-founded
- Mixed founding team
- Fully male-founded



There are lots of startups that aren't really scalable or operate in extremely crowded markets. We'd like to see more opportunities that are clearly differentiated for large, but under-served markets.

SARAH TURNER | CO-FOUNDER & CEO | ANGEL ACADEME

Note: These charts exclude any emerging sector that has less than 30 companies operating within it.

Q&A

Laura Stebbing
accelerateHER



AccelerateHER is a solutions-based organisation for addressing the under-representation of women in technology to drive business growth. Part of the Founders Forum, AccelerateHER test, measure, showcase best practices and share learnings across the sector to help build more inclusive and profitable tech businesses. With a background in policy advisory, Laura leads the organisation along with co-CEO Poppy Gaye.

What are your initial reactions to the spread of genders across sectors? The proportional breakdown of female-founded businesses by sector isn't much of a surprise with consideration to the barriers that have kept women from entering tech and founding businesses. For example, the proportion of women in the UK that study STEM subjects remains low at approximately 26% according to a study by STEM Women. To understand the elevated representation of women founders in craft industries, personal services and retail is to unpack the social paradigms that have shaped women's entrepreneurship, education trends and the intuitive sense of any founder to seek opportunities in under-served markets.

Why does there need to be such a focus on gender diversity in tech? There is a non-exhaustive list of reasons as to why gender diversity is essential in every industry, and even more so in technology, which is shaping the world as we know it. As technology increasingly penetrates

our lives, gender diversity is crucial for developing products and services that meet all of our needs. By devaluing or ignoring the contribution of women to fostering an environment of diverse thought, we risk building products and services that only serve half the population.

We've seen this with the rise of Big Data and Artificial Intelligence. Machines that learn from data riddled with bias will enable processes and decisions that could actually reinforce inequality. Look no further than Amazon's failed experiment to alleviate bias in recruitment when they used a flawed dataset which perpetuated the exact issue they were trying to solve. Similarly, Joy Buolamwini's work with the Algorithmic Justice League raises awareness of the risks associated with bias in powerful technologies such as facial recognition. Including women and diverse groups in the process of innovation ensures technology is being built with everyone in mind.

In your experience, what are the most effective ways of supporting female founders? The most effective ways of supporting women founders are enabling access to capital, powerful networks and sponsorship support (where a senior leader actively backs a woman's career through purposeful learning experiences, introductions and advocacy). These three areas make a significant impact — more so when supported by a data-driven, action-focused approach. Spotting role models also provides valuable examples of success. accelerateHER focuses on these initiatives to address the under-representation of women in technology in a measurable and practical way.

What is the biggest change you've witnessed in the landscape over the last few years? The most significant and powerful shift in the tech industry has been an awakening to gender inequality as a societal issue that requires everyone's attention to solve. We're seeing more men in leadership positions — and leaders of all genders across the board — take an active role in driving change by filling the data gap to better understand problem areas and setting KPIs to measure progress.

As an example, the Male Champions of Change in Global Tech Group, co-founded by accelerateHER and the Male Champions of Change Institute in Australia, includes 12 CEOs from tech and digital committed to systemic reform using data in areas like flexible work, care and company culture (this Group includes companies such as the BBC, WPP, WeTransfer and Yoox Net-a-Porter).

However, we still need to see more men at the top step up for equality by putting resources and targets in place that create systems and processes which empower women and under-represented groups. Gone are the days where women are asked to change to meet the demands of inadequate frameworks. We have to rebuild from the ground up to achieve true meritocracy in tech.

How can we change the narrative of gender diversity from a 'woman's issue' to one that affects everyone? Data is an important tool for drawing attention to the issues. McKinsey's oft cited 'Diversity Matters' research shows that gender equity is a win for everyone with the potential of \$12 trillion added to the global economy by reaching gender parity; or that every 1% increase in gender diversity translates into a 3% increase in sales.

Although the numbers make a strong case, we also push people to recognise the basic moral imperative of equality. The commercial benefits are a bonus, but it should be common and accepted knowledge that building businesses which reflect the global population is simply the right and logical thing to do and will allow us to build a future that tackles the enormous challenges facing humanity, and that includes everyone.

“ To understand the elevated representation of women founders in craft industries, personal services and retail is to unpack the social paradigms that have shaped women's entrepreneurship, education trends and the intuitive sense of any founder to seek opportunities in under-serviced markets.

Companies

Methods of growth

There are many mechanisms that businesses can employ to accelerate their growth efforts and exhibit their potential. Across the ecosystem, 55% of ambitious companies use equity funding to grow their business, 27% go through accelerator programmes, whilst just 4% of companies have spunout from a UK academic institution.

When we split high-growth companies by gender, there is drastic variation across the methods of growth, with female-founded companies showing lower engagement rates for nearly all sources of support except accelerators.

Note: Companies can use a number of methods of growth and categories are not mutually exclusive.

METHODS OF GROWTH

3%

of fully-female-founded companies have received a large innovation grant

8%

of mixed founding team companies have received a large innovation grant

11%

of fully-male-founded companies have received a large innovation grant

2%

of fully-female-founded companies have spun-out of an academic institution

4%

of mixed founding team companies have spun-out of an academic institution

4%

of fully-male-founded companies have spun-out of an academic institution

43%

of fully-female-founded companies have received equity funding

67%

of mixed founding team companies have received equity funding

65%

of fully-male-founded companies have received equity funding

56%

of fully-female-founded companies have attended an accelerator programme

36%

of mixed founding team companies have attended an accelerator programme

27%

of fully-male-founded companies have attended an accelerator programme

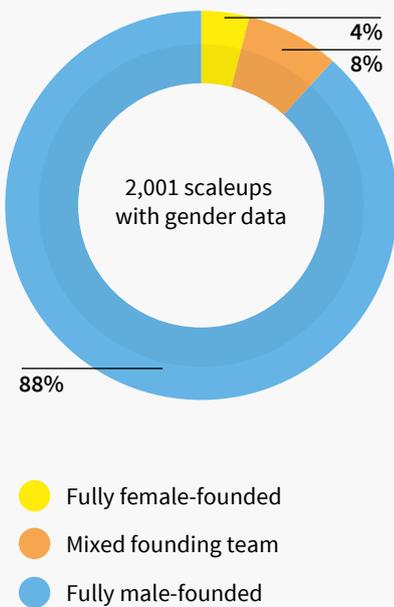
Companies

Scaleups

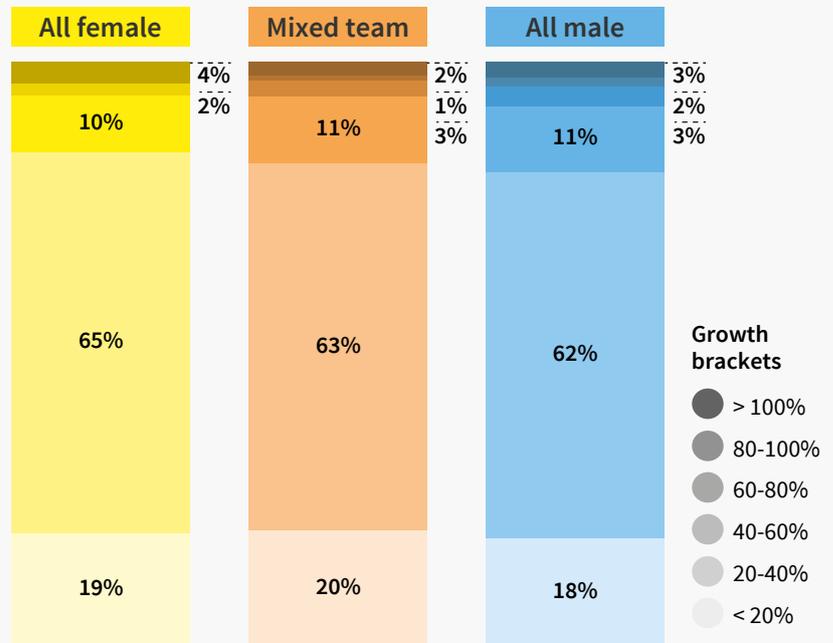
Female-founded businesses are critically under-represented in scaleups, making up just 12% of visible scaleups across the UK. Female-founded companies tend to be younger and predominantly found at the seed stage, which partly explains their significant absence across scaleup companies. Hopefully, as the pipeline of female-founded companies matures, we will see more female-founded scaleups emerge. However, of fully-female-founded companies incorporated between 2001 and 2011, only 5% are

scaleups. 13% of companies of the same generation with mixed founding teams are now scaleups, as are 15% of fully-male-founded companies. Slower growth rates in female-founded companies are also observed when looking at the scaleup's growth in turnover. Female-founded scaleups are less likely to be growing their turnover by over 40%. There are only 8 female-founded companies that are scaling turnover by over 100%, compared to 63 all-male-founded companies.

SCALEUPS BY GENDER OF FOUNDING TEAM



TURNOVER GROWTH BRACKETS



The bulk of most female investment opportunities are still at an early stage and the businesses are generally younger — that shows where the effort should be. It's not around starting up, it's around scaling up.

SARAH TURNER | FOUNDER & CEO | ANGEL ACADEME

Note: A scaleup is a company that has achieved 20% growth or more for 3 consecutive years in either their turnover or employee count. Companies that have had under 20% turnover growth will have achieved over 20% headcount growth over a consecutive 3 year period.

Q&A

Katie Nagy de Nagybaczon
CMS

Katie is a corporate partner at CMS, and helps run the law firm's equiP programme: a 3 year programme for post-seed, pre-series A tech startups with the aim of fueling their growth. The programme began 4 years ago and has since been rolled-out across more than 20 jurisdictions with 130 members worldwide. So far, the equiP team has advised members on over 60 fundraisings and seen 4 companies through to an exit.

How does the equiP programme support tech companies looking to make the jump between startup and scaleup? The period between seed and series A funding is an exciting one for startups, but can also be really tricky. They may have outgrown a specialist startup lawyer, but still struggle to afford legal advice.

We consider ourselves to be a 'virtual accelerator', as we don't provide money or office space, but give members access to £25,000 worth of legal advice at a 50% discount throughout the programme. Members can use these 'golden hours' anywhere across the business, whether that's for an employment dispute, taking out a new lease, IP, corporate or regulatory advice.

We run a range of events including quarterly Peer2Peer dinners for founders on the equiP programme, speed-networking events which introduce the founders to useful industry players and advisers, and we invite our members to a whole host of other CMS events of relevance. We do our best to make warm introductions for members and connect them to our larger clients, opening up our little black book as much as possible for them.

What's the gender split of the equiP programme like and what is being done to improve it? After growing to 70 members in two years, we paused and took a proper look at our membership to find that only a very small proportion of our businesses were female-founded. Not only does this not chime with our core values as a firm, it's also a poor business decision because diversity undeniably produces better results. A very small number of our applicants to equiP were women and I think there

are a number of reasons for this. One of them is the criteria of the programme itself, because it is hard to find female founders that are post-seed and pre-series A. Beyond that, we truthfully don't know what all of the reasons are or which have the most impact, so we're developing a holistic approach addressing as many factors as possible. In Easter we launched our #LeadHers campaign to put more of a focus on recruiting women entrepreneurs to equiP and more widely to play our part in supporting female entrepreneurship.

We acknowledged the fact that we weren't looking for clients in the spaces that you find female founders. Most of the people we were sending out to recruit companies were men, so we made sure our own teams were more diverse. We're also now actively engaging with a number of other female-focused initiatives, including Hatch and Angel Academe, so that they know what we're doing and can help spread awareness to their clients. In July we sponsored the Best High Growth Woman Founder award at the UKBAA Awards, and regularly host female founder networking groups.



Why might female founders be more drawn to accelerator programmes than raising equity? We've found that female founders are more likely to turn up to events that have a female focus or a clear output in the invite. Some accelerators may invest money, but they will also help develop entrepreneurs' skills and grow the business, and I think female founders are drawn to that extra value because they are often very time poor.

On top of that, accelerators are very transparent — you know exactly what you're getting when you sign up, so you can read up in advance and understand the commitment. Equity investment, on the other hand, is a world in which there are a lot of unwritten rules to navigate, which may be more off-putting to women than men. Indeed, it is harder for women to raise equity investment than male founders, so of course they look for other alternatives to help scale their business. And I think there's a self-perpetuating element here too: constantly being told that it's harder for women to raise money can be off-putting, so we have to be conscious of that.

What are your views on female only programmes? Female only programmes are great — we'd love to get to a place where we don't need them anymore — but they are helpful and have undoubtedly played a part in the recent shift in investment trends. When you're a minority in any space, you expend a lot of energy justifying your place there and fighting to make your voice heard. Female-focused programmes mean female founders are not the odd ones out anymore and can put more of their energy into scaling the business.

What are the best ways female founders can be supported and does this differ from the ways male founders should be supported? In terms of initial funding, more seed investment needs to be going towards female-founded businesses. But this is a difficult thing to action. From the VC side we've heard that many simply don't get enough women coming through their investment funnel, and that the blocker is earlier in the funding lifecycle. From the entrepreneurs side, one of the things we often hear is that there are far fewer women investors

for them to pitch their businesses to. This can be especially difficult for founders that start female-focused companies, who are more likely to be women than men. I believe increasing the number of female investors would have a big effect on the number of women successfully raising.

Post-seed, another problem facing women entrepreneurs is a lack of access to networks. Female founders who are slightly further down the line (i.e. have already raised money and have investors who are interested in a follow-on round) often say the area they need support in is getting their product out into the market, and helping them build their customer and client-base through introductions. Services like WeConnect are really useful in helping women entrepreneurs get on the preferred supplier lists of big corporates, who often don't have buying from a diverse set of suppliers as a key priority.

At the end of the day, all founders need individualised support whatever their gender, because every business is different.

More generally, what can the wider ecosystem do to better support female founders in scaling their businesses? I think diversity is about personal responsibility — everyone in the ecosystem has to take responsibility for the decisions they're making, and needs to be aware of their own biases, instead of just leaving the issue to somebody else. If everyone did one thing to progress diversity in the high-growth space then that could lead to a massive change.

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Female only programmes are great and have undoubtedly played a part in the recent shift in investment trends. When you're a minority in any space, you expend a lot of energy justifying your place and fighting to make your voice heard.

Companies

Exits

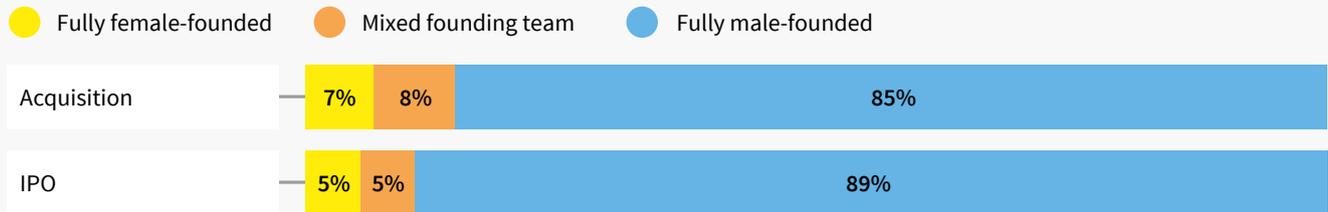
Female-founded companies make up just 15% of high-growth businesses that have exited the private market since 2011. This is intrinsically connected to the fact that few women-led businesses are operating at the later stages of growth, which is when we would expect a company to undergo an IPO or acquisition.

Exits are important transition phases for founders and their companies; as well as realising value for shareholders and investors, they can prompt founders to

start investing themselves. With fewer female-founded companies exiting, we also have fewer female angels investing. This is an example of how one gender gap can reinforce another.

There have been some large exits by female-founded companies in recent years, such as Orchard Therapeutics' £177m IPO. However, of the largest 20 IPOs ever, only two were by female-founded companies.

ROUTES TO EXIT BY GENDER OF FOUNDING TEAM



TOP ACQUISITIONS OF FEMALE-FOUNDED COMPANIES



TOP IPOs OF FEMALE-FOUNDED COMPANIES



With an increasing number of role models in entrepreneurship and investing and the proliferation of communities for female founders that enable better peer to peer learning, we can expect to see more female founders building and exiting larger businesses in the longterm.

SARAH NÖCKEL | FOUNDER, FEMSTREET | INVESTOR, DAWN CAPITAL

Spotlight

finnCap

finnCap is a financial services firm with expertise in corporate advisory, equity investments, buy-outs, mergers and acquisitions. The company leads the Ambition Nation campaign, including the Female Leader Series, which acts as a platform and network for businesses looking to scaleup. CEO and founder Sam Smith joined JM Finn as part of a new initiative to set up a corporate advisory unit, and 10 years later, she began the buy-out process to form finnCap.

Since, she has led finnCap through an IPO, negotiating the expectations of investors as well as employees, who at that time owned 95% of the business.

- Incorporated in 2007, finnCap emerged from a partial, then full, buyout of JM Finn's corporate advisory and broking business.
- The company held five funding rounds, raising a total of £860K.
- They have achieved over 20% growth in headcount between 2014 and 2018.

A word with Sam Smith: *What is the one change you would most like to see in the ecosystem, and how could we implement it?*

I am not sure just one change is what is required — it's more subtle than that. We need to give female founders more confidence by showcasing and connecting more role models, make the financial jargon much simpler to understand so women can make the right funding choices to fuel growth and helping female founders to build networks. More women business angels and more women in senior positions with fund management, VC and PE are also important. So lots to do!



Q&A

Alexia Arts & David Kelnar
MMC Ventures

MMC Ventures manages several venture capital funds that invest primarily in early stage technology businesses. They have invested in and guided the most female-founded companies to successful exits in the UK. David Kelnar is Head of Research at MMC Ventures, building specialist knowledge of the sectors the fund invests in. He also has first-hand entrepreneurial leadership experience, serving as CFO and CEO. Alexia Arts is an Associate at MMC with extensive experience in venture capital funds, working directly to identify start-ups for MMC Ventures.

Anecdotal evidence suggests that women are less inclined to take equity; have you noticed different attitudes between female founders in taking this sort of investment? There has been a 777% increase in the number of equity deals secured by female-founded high-growth companies in the UK from 2011 to 2017. While a welcome development, this still represents just 21% of the total number of deals, so the industry has much more to do. With more venture capital available globally, founders should have more opportunity to select funds that match their ambition and values. We encourage founders to research funds carefully, before deciding with whom to partner.

Have you noticed any change in the volume of female-founded businesses looking for equity in recent years? We're excited to have seen greater volumes of female-founded businesses seeking equity in the last 24 months. In the last quarter alone, we saw a significant uptick. Entrepreneurship is becoming more popular overall; investors are reducing barriers that have inhibited women's access to capital; there is greater support for female founders; and there is

more capital specifically focused on backing female entrepreneurs.

What strengths do you think the MMC Ventures team has in accelerating female-founded businesses? At MMC we have experience backing female-founded businesses, including Wool and the Gang, LoveHomeSwap, Qflow and Unmade. We're keen to champion diversity both within the MMC team (50% of our investment associate team is female and we are looking to improve this across the senior team) and in the entrepreneurs we back. We think it will help us find and support the most promising entrepreneurs. We monitor under-represented groups in venture, including female founders, in our pipeline to ensure we're meeting a diverse range of teams. We take an active role in supporting the companies we back — delivering support, strategic and operational insight, introductions and customers. And, with dedicated funds to invest in companies from the pre-seed stage through to large growth rounds, we can better support founders throughout their journey.



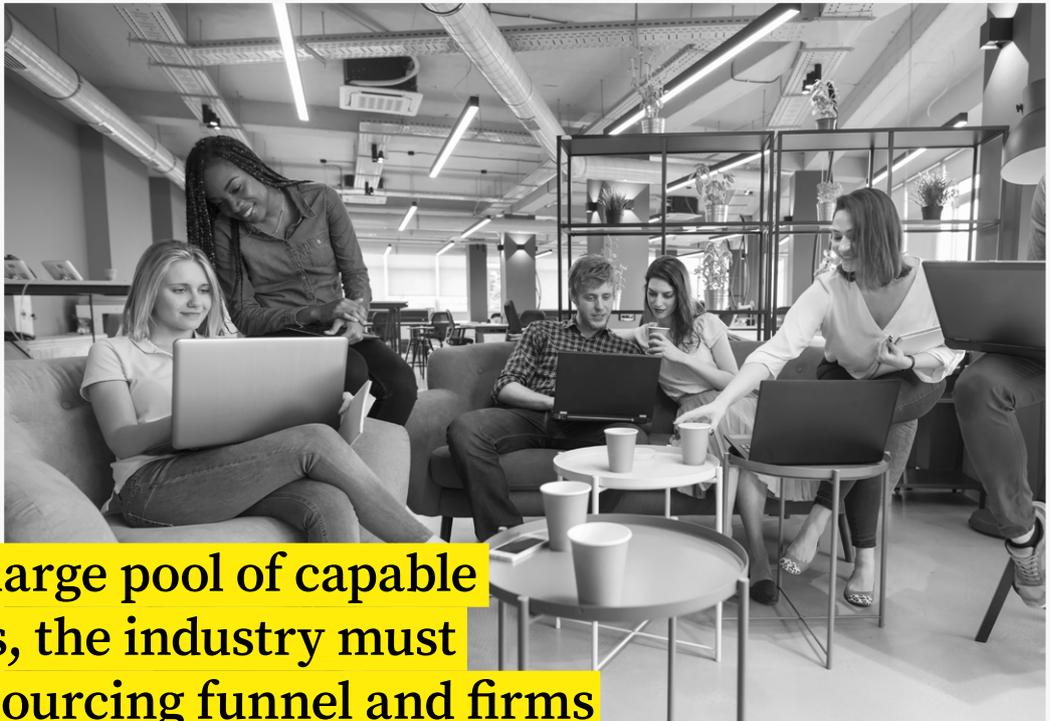
Having representation of women in investor circles is also important. How can we bring more women into venture capital and angel investing?

Female representation in venture capital still lags behind the average for UK working professionals. In 2019 women comprised 30% of venture capital personnel — a small increase from 2017 (Diversity VC). Given the large pool of capable candidates, the industry must widen its sourcing funnel and firms should address shortcomings in their evaluation processes. Firms can highlight positive role models; positions should be widely advertised; job descriptions should avoid language discouraging otherwise capable candidates; and evaluation processes should be scrutinised to minimise unconscious bias.

What are the biggest barriers to a company exit for female-founded companies? How could the high-growth ecosystem better support female-founded companies to exit? Just 10% of Initial Public Offerings (IPOs) by UK high-growth companies have been completed by companies with at least one female founder. With growing numbers of female entrepreneurs, a greater number of role models

leading successful IPOs, and more equitable support, this dynamic should improve. Founders can underestimate how far in advance an exit process can begin, so it's important to build networks of potential advisers and acquirers ahead of time.

The "MeToo" movement has highlighted significant challenges in the industry. Appropriate behaviour which helps women feel more comfortable during networking events, along with a conscious effort to organise more breakfast events over evening events which helps working mothers, have helped to level the playing field for female founders. Venture firms can also provide greater guidance regarding exit processes and actively help founders build their network.



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Given the large pool of capable candidates, the industry must widen its sourcing funnel and firms should address shortcomings in their evaluation processes.



Equity

- Female-founded companies secured 777% more equity deals in 2017 compared to 2011.
- Female-founded companies secured just 13% of total pounds invested in the UK in 2018.
- The proportion of pounds invested into female-founded businesses is in decline, due to the rise of megadeals awarded primarily to all-male-founded companies.

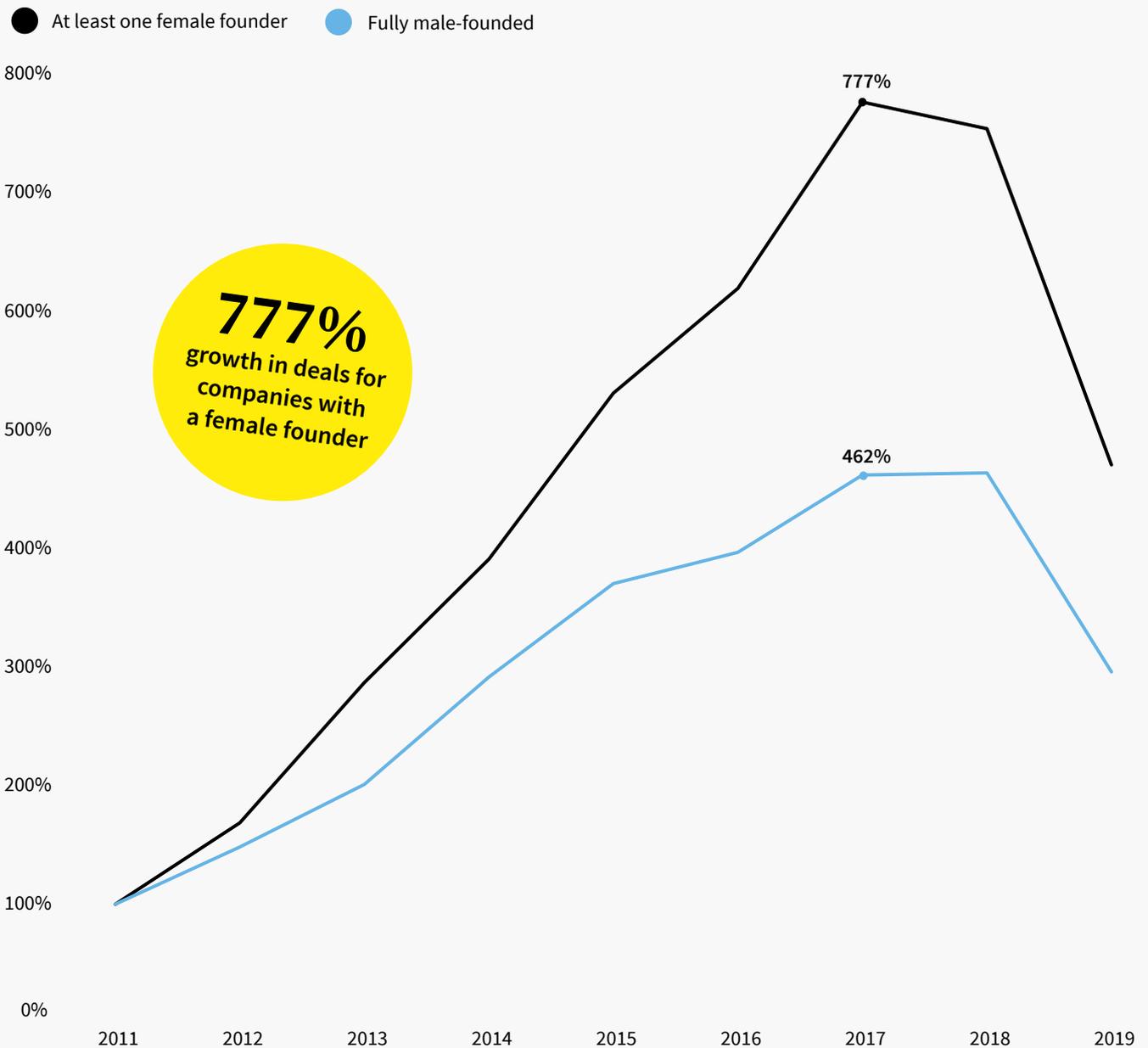
Equity

Number of deals

Over the past eight years, the number of deals secured by companies with a female founder has grown massively, increasing 777% between 2011 and 2017. This is a much more accelerated rate of growth than the number of deals secured by companies with all-male founders, which only increased by 462% in the same period.

When we contextualise these figures within the overall proportion of deals going to teams with at least one female founder, the results are quite positive; this figure stood at just 14% in 2011, and reached a high of 22% in 2017 — significantly closer to the 25% of high-growth companies with a female founder. In 2019 so far, this figure stands at 21%.

GROWTH IN DEAL NUMBERS

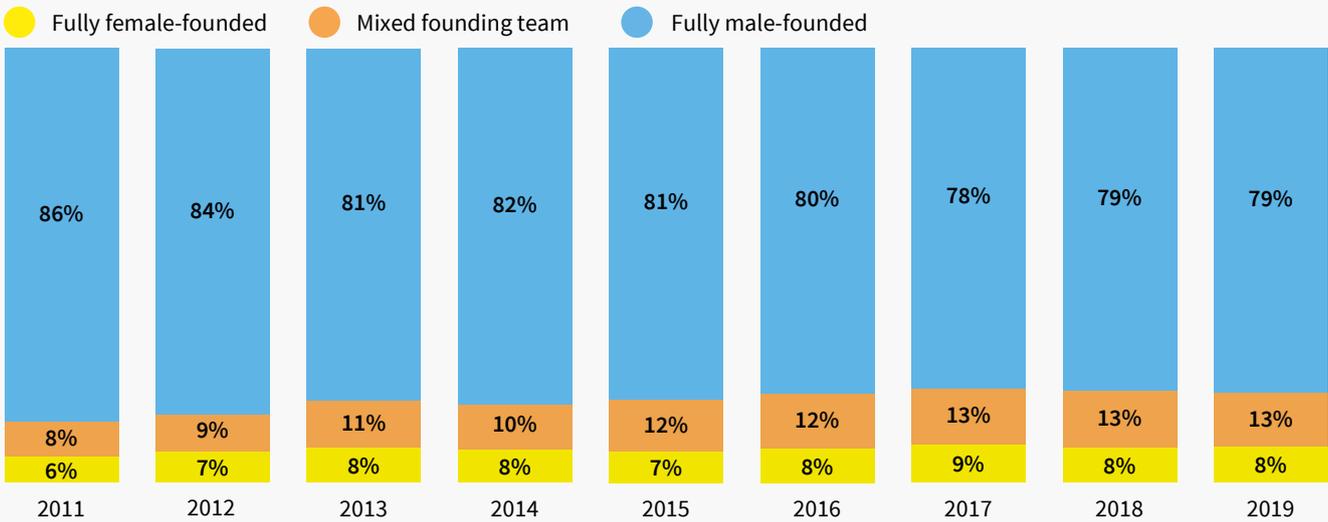


We've seen a dramatic change in the proportion of first time rounds completed by female-founded teams, from 16% in 2011 to a high of 25% in 2017, and a slight dip to 23% in 2019 so far. Despite this plateau in the last two years, it's encouraging to see that figures were proportionate to the overall population of female-founded companies in the high-growth ecosystem in 2017.

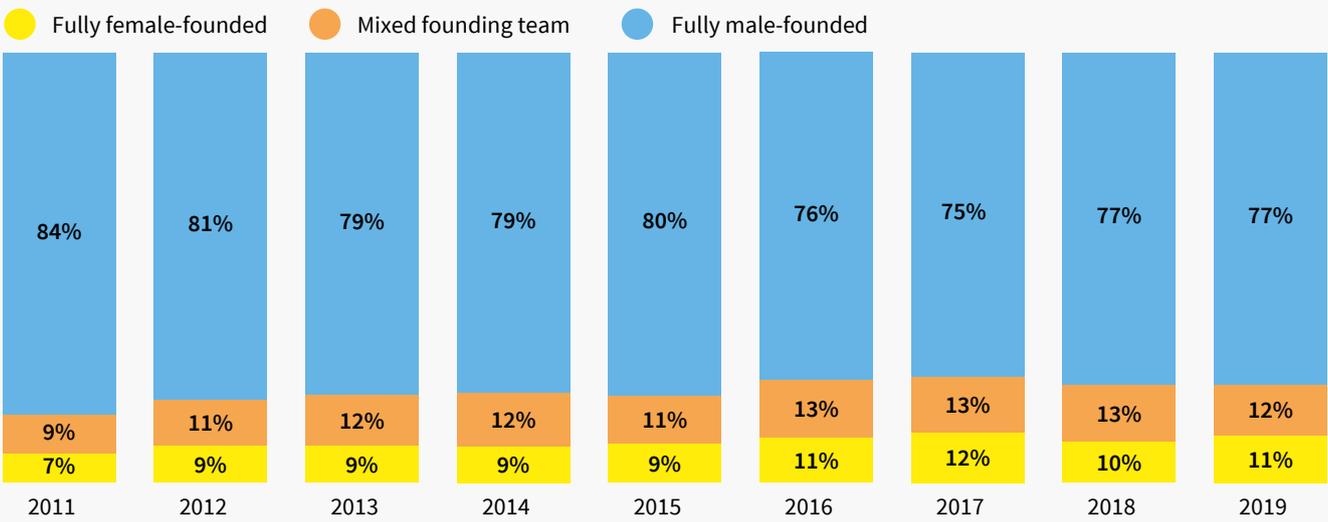
Questions about family, children, as well as general ability means that women have to spend a lot more energy proving themselves, and convincing the table they've established a viable market opportunity.

LU LI | CEO AND FOUNDER | BLOOMING FOUNDERS

PROPORTION OF DEAL NUMBERS BY GENDER OF FOUNDING TEAM



PROPORTION OF FIRST TIME FUNDRAISINGS BY GENDER OF FOUNDING TEAM



Equity

Investment amounts

In terms of raw figures, female-founded companies are receiving more money year on year, and even saw an increase in the amount raised in 2018, whilst all-male-founded companies saw a 4% drop in pounds invested from the previous year. Between 2011 and 2018, funding into female-founded companies increased 18-fold.

However, on average, the value of deals secured by all-male-founded companies are seeing much faster growth each year, meaning that a smaller proportion of

all pounds invested in UK companies is going to female founders. In 2019, all-male founded companies have already received more pounds invested than any year prior, whilst companies with at least one female founder are yet to catch up to the record £1.3b set in 2018.

So far this year, companies with at least one female founder have received just 9% of pounds invested. Included in this figure, all-female founding teams received just 1.5% of pounds invested — the lowest share since our records began.

£514k

avg. amount raised by fully female founding teams

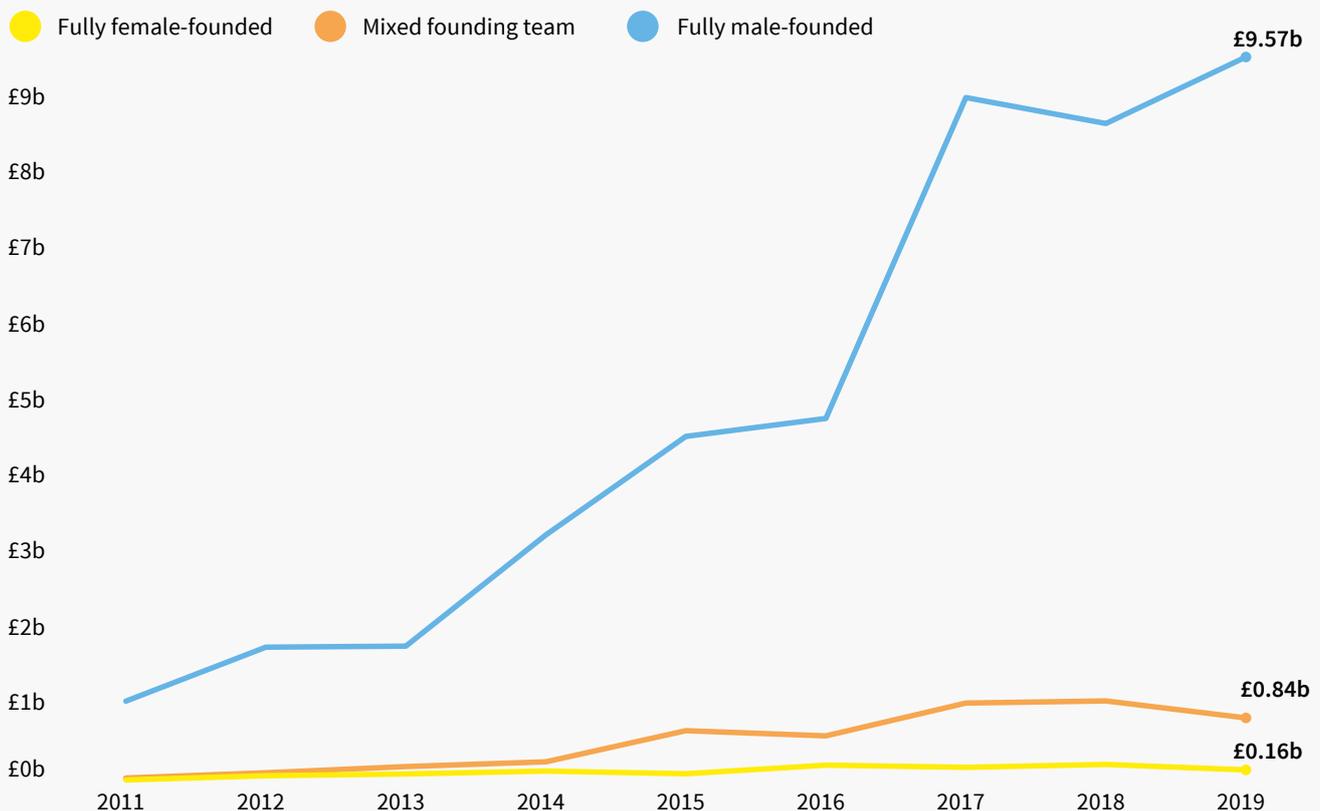
£1.4m

avg. amount raised by mixed gender founding teams

£1.8m

avg. amount raised by fully male founding teams

AMOUNT RAISED PER YEAR BY GENDER OF FOUNDING TEAM

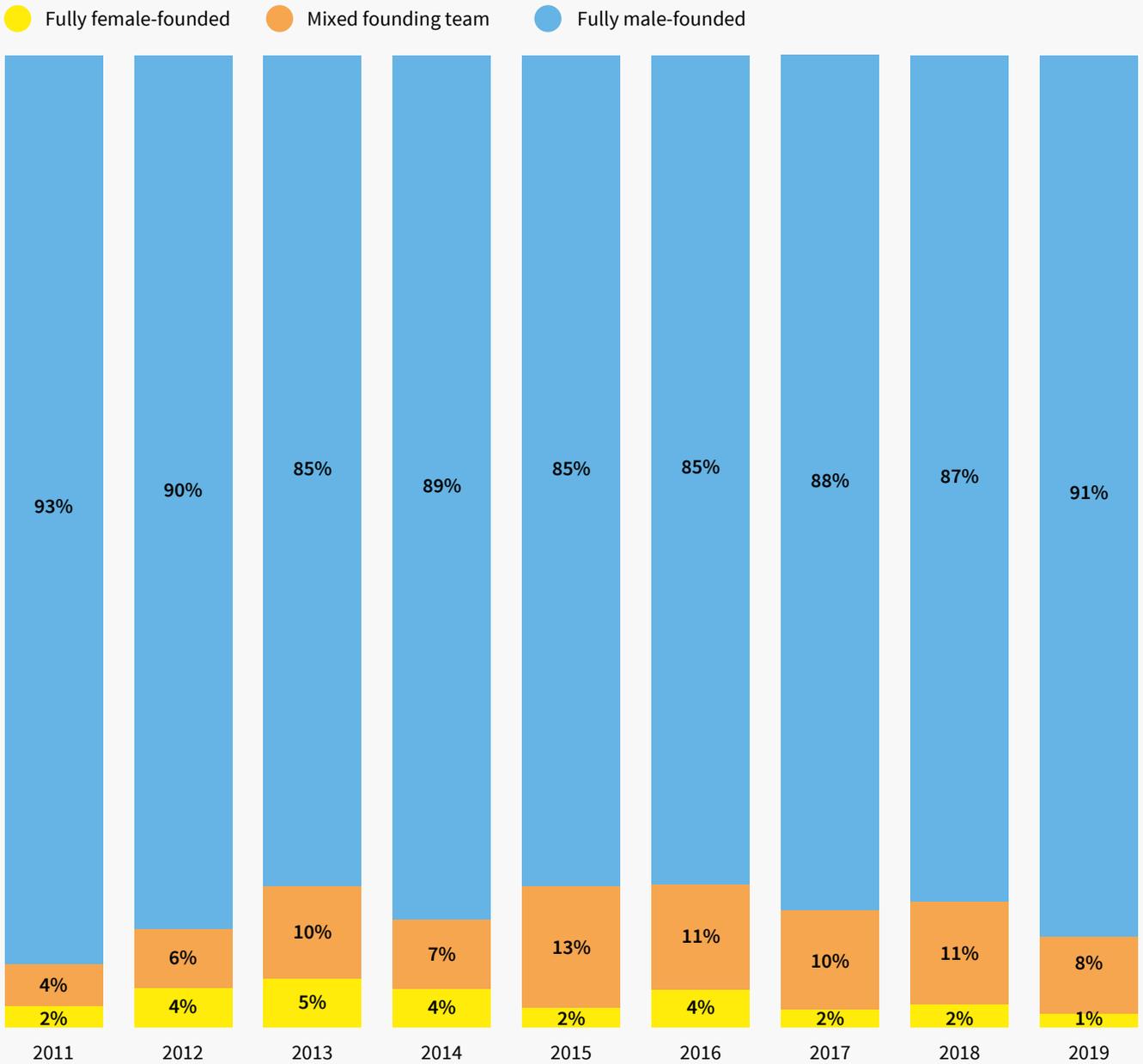


Why is this happening? As we've previously seen, companies with a female founder are more likely to be in the seed stage of evolution. Equity deals secured by seed stage companies tend to be significantly smaller — around £500k on average — than the multi million pound deals completed by venture, growth and established stage companies. Seed-stage deals now account for a lower amount of pounds invested than ever before, due to an increase in deals happening at much higher values.

There are legacy reasons why the majority of later stage funding has been secured by all-male teams. If we become more aware of how we invest in the early stages, this balance will evolve to the benefit of society, the ecosystem and returns for investors.

RITA DHUT | MEMBER OF INVESTMENT COMMITTEE | NEWABLE

PROPORTION OF AMOUNT RAISED BY GENDER OF FOUNDING TEAM



Q&A

Jo Osborne
EVRELAB

Jo is founder and CEO of EVRELAB, a smart tech solution to the lack of transparency in the health and skincare marketplace. The platform provides brands and retailers with simple plug and play options to deliver ingredient transparency right where it's needed: into the hands of those making decisions and those advising at point of sale, whether that be in store or online. Jo is a lawyer by trade, but is now a passionate and experienced entrepreneur with a successful exit to Google under her belt.

How did EVRELAB come about? I grew up in Australia with fair skin and an allergy to an ingredient which was in almost every sunscreen. I've also struggled with acne and rosacea, so finding products that help with each of these without exacerbating another has been incredibly difficult. It took me 8 years of building out detailed spreadsheets to identify what I was allergic to and what products contain those ingredients, which is simply not an acceptable method.

At EVRELAB, we use technology to gather all of this information and standardise it. The financial services industry has mastered the aggregated comparison site, and that's what we're looking to do for skincare — providing one source of truth for consumers and businesses.

Have you always been entrepreneurial? From a very young age, I remember thinking that I wanted more than the standard suburban lifestyle that was playing out before me. When I was still at school I met a local politician, Monica Hayes, who was the first career woman I had ever encountered. She was a figure of female independence who I could aspire to be, and it completely shaped my path: it's much easier to achieve something when you can see what, who and where you want to be.

Are there enough role models for the next generation of female entrepreneurs? There are certainly more female role models in business, but not nearly enough — especially in tech. Neither can these handful of women act as role models for everyone; women running startups — and especially tech startups — all get put into one basket, but all of our needs are entirely different. We're all running very different businesses in different

sectors and different stages of evolution, so support needs to be more tailored and diverse to match this. I have an amazing network of male mentors, which I'm very grateful for. But it's very difficult to find female mentors in this space. I spend a lot of time mentoring other individuals and helping them out. And it's not all about gender, people who are from any minority background need mentorship and role models too.

When did you decide to raise equity and what was that process like? We decided very early on that we needed to raise equity — developing disruptive technology is really capital intensive because we need to make sure that the technology and science behind it is really robust.

When I first went out to investors I approached angels. A couple of serial entrepreneurs helped us over the line with a MVP in late 2016. Angels are really valuable because they're veterans in their space and won't mince their words: they'll tell you if something sucks or not.



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We need an environment that is diverse from the very outset — we can't exclude men from the conversation.

Then we went to seed round. Admittedly, I was naïve about the process, and underestimated the comments women founders receive. Gender had never come into the conversation when I'd raised a seed round under a male CEO, so I thought the press was exaggerating difficulties faced by female founders. But when I was leading the round myself, I was suddenly subject to all of the questions I had read about, like, "interesting, I'll ask my wife what she thinks".

Then, an existing contact and potential investor introduced me to Anya at Voulez Capital. When you look for a lead investor, you need to make sure there's a cultural and personality fit — business will be much harder if there's a mismatch in expectations — and Anya and I immediately hit it off. She understood our challenges on both a product and business level right away, and we went straight into the metrics — it was so wonderful I can't tell you — it changed everything for me.

From angel networks to VCs and government funding, what's it like working with different investor types and was this funder diversity always a goal? It's really great to have different types of investors on board, as they provide different levels and types of expertise. All of our investors help out wherever they can. Though no investor can create revenue for you, they can take a bird's eye view and offer guidance accordingly.

I knew I wanted a range of investors, but not a circus. A crowdfunder tool wouldn't suit me because of the administrative burden, and because you don't get the same highly targeted partners as with institutional investors.

What could the high-growth community do better in order to improve the gender gap? We need an environment that is diverse from the very outset — we can't exclude men from the conversation, because everyone needs to buy into that change in order to make it happen. I've sat through a number of all-women panels talking about problems with funding and gender specific issues, but they rarely produce any meaningful actions.

In general as a community, we have to attack less and educate more. The only way to move the conversation on is with positive engagement that includes everyone — less finger pointing and more practical actions. We need a two-pronged approach: providing women with support with things that aren't fair, and an environment of tangible change. It is slow, but it's happening, so hopefully the next generation will be in a much better position than us.



Equity Megadeals

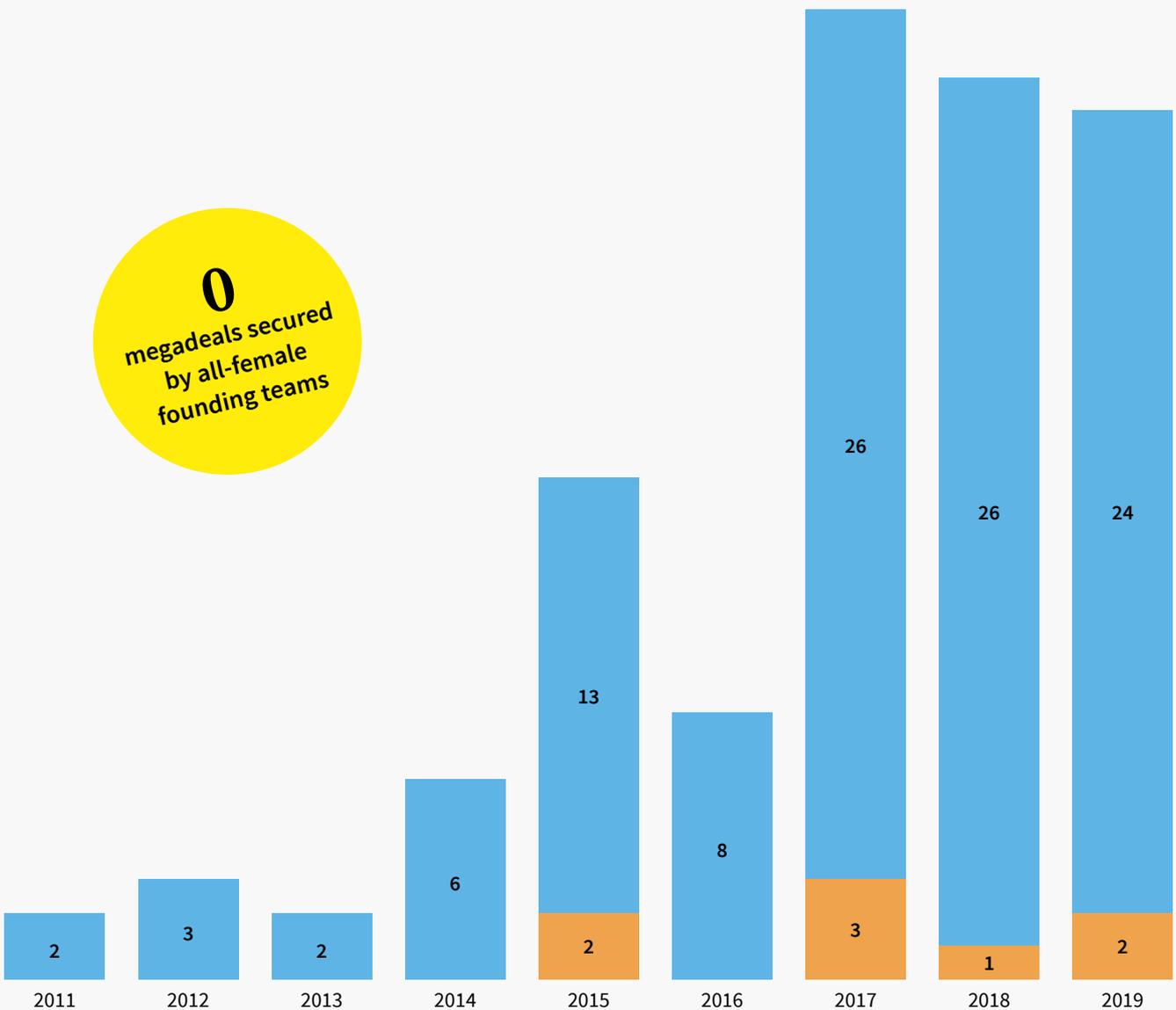
At the extreme end of the scale lie megadeals — equity fundraisings that are greater than £50m. As the high-growth market has matured in recent years, this size of deal has become far more common, from a low of 2 in 2011 to a high of 29 in 2017. Of the 118 megadeals that have occurred since 2011, just 8 have been secured by companies with a mixed gender team. No all-female founding team has ever secured a megadeal in the UK. Although these deals

are only a small proportion of total deals made in the UK, they account for an increasing amount of capital injected into the UK's high-growth companies; 49% in 2019 thus far.

This has massively skewed the proportion of pounds invested towards fully-male-founded companies. Out of every pound invested, 91p has funded companies with an all-male founding team — the second highest proportion of all time.

NUMBER OF MEGADEALS BY GENDER OF FOUNDING TEAM

● Fully-female founded ● Mixed founding team ● Fully male-founded



0
megadeals secured
by all-female
founding teams

Equity

Top deals

The female-founded companies that have secured the largest deals reflect a diverse set of sectors, including gene therapy, payment processing, e-commerce and food manufacturing. While they are large, these top deals do not even approach the total value of the top deals secured by fully-male-founded companies.

All of the top 19 largest equity deals have gone to fully-male-founded companies, including OneWeb (£941m), Greensill (£615m), babylon (£454m) and Deliveroo (£449m). Ten of the top 19 deals were investments into banking and financial services companies, a sector with low representation of female founders.

TOP DEALS BY MIXED GENDER FOUNDING TEAMS

£138m

WorldRemit

WorldRemit develops an online platform enabling people to send remittances abroad. It currently transfers money to 150 countries and has over 4 million customers.

Deal date 03/06/2019
Location London
Total raised £311m, 8 deals

£117m

Orchard Therapeutics

Orchard Therapeutics develops gene therapy treatments for individuals with rare diseases, benefitting over 150 patients across five disease areas.

Deal date 13/08/2018
Location London
Total raised £221m, 3 deals

£115m

Neyber

Neyber partners with employers to enable employees to borrow loans with repayments deducted directly from their salary, at no risk to employers.

Deal date 12/09/2017
Location London
Total raised £151m, 7 deals

TOP DEALS BY ALL-FEMALE FOUNDING TEAMS

£21m

Notonthehighstreet

Notonthehighstreet.com is an online marketplace which offers 'thoughtful gifts', giving creative producers the opportunity to sell their innovative products.

Deal date 28/08/16
Location London
Total raised £45m, 4 deals

£20m

Monica Vinader

Monica Vinader sells jewellery renowned for its unique designs and modern craftsmanship, with stores in London, New York, Dubai and Hong Kong.

Deal date 08/02/16
Location Norfolk
Total raised £24m, 7 deals

£14m

Genius

Genius produces gluten-free food products. Originally starting with loaves of bread, Genius now makes a range of products including pancakes and pies.

Deal date 26/02/13
Location Edinburgh
Total raised £31m, 6 deals

Q&A

Avantika Gupta & Chloe Kuder Newable Private Investing

Avantika is Investment Manager at Newable Private Investing. She has a background in technology commercialisation, search and evaluation and alliance management in life sciences, most recently in pharmaceuticals and animal health. Chloe is Newable Private Investing's Operations and Network Manager. She previously worked at the European Business Angels Network in Brussels for more than three years as project manager and working with partners, programme delivery, investment and commercial support.

What kind of differences do you see in the way that all-male, mixed gender and all-female founding teams approach equity? From our experience, female founders tend to be more cautious and calculated in how they approach fundraising. For example, women often look at the downside of their investment case and highlight how they will mitigate risk, whereas all-male teams tend to focus more on the upside and on the vision and ambition for the company. We are far more likely to hear from an all-male team about how they are “going to take over the world!”

We've also noticed that women-led teams tend to be more open and transparent during the due diligence process and are more effective at answering questions. Female founders are usually more open to feedback but are also more prone to taking criticism personally. Once they've received investment from us, women-led teams are also a lot better at communicating, reporting and keeping us informed than all-male teams.

Have you noticed any change in the volume of female-founded businesses looking for equity in recent years? If so, what do you think the main reasons are for this? We have definitely seen more female entrepreneurs in the last couple of years, and the reasons for this are manifold.

Firstly, we've witnessed, and been a part of supporting, the rise of impact entrepreneurship, diversity-tech and fem-tech areas which female founders are particularly excelling in. On top of this, there have been a number of government and private programmes put in place to support women entrepreneurs, which have helped more female-founded businesses become investment ready. These programmes have also given a platform to some important role models who are inspiring the next generation of female founders.

Even though there is still so much more to be done, the industry's mentality is dramatically changing, with women now more encouraged and equipped to thrive in their professional careers than ever before.

At what part of the investment funnel does the most effort to drive diversity need to be made, or does there need to be a concerted effort at every stage? There definitely needs to be a concerted effort made to increase diversity at every stage of the investment funnel. Investment houses can indeed commit to increasing diversity through a variety of methods, from supporting initiatives fostering diversity, delivering diversity-focused education to committing part of the monies to female-led businesses. But for that, we do need to see even more female-led businesses coming through our doors; despite an uptick in numbers, there are still too few women-led businesses applying for funding. In the last 12 months, Newable Private Investing has received around 1500 applications for funding. Out of these, about 20% only were female-led.

One wonders why women do seem to be less likely to choose entrepreneurship as a career path. We believe a lot of this is down to early education, and that schools and universities need to promote entrepreneurship as a viable, successful and fun way forward for women, just as much as it is for men.

What strengths does Newable have in accelerating female-founded businesses? Since our foundation in the early 1980's, Newable's core belief has centred on generating inclusive economic growth. This informs our purpose of helping businesses at the heart of the economy to thrive. In order to deliver on these goals we have developed a comprehensive platform of products and services across financial services, professional advice and workspace. Working closely with thousands of entrepreneurs each year, we have observed that female-founded



businesses are still confronted by many obstacles, including a lack of role models, and access to finance and business development opportunities. In our view, business acceleration comes from tackling these collectively, rather than individually. This is why, since late 2016, we have been running our Fuelling Ambition programme right across the Newable platform. Its mission is to support female entrepreneurs “from Inspiration to Investment” through tailored support, workshops and events delivered by Newable Innovation Advisers in close collaboration with Newable Private Investing.

Much of our support offer is fully funded, and we also deliver really valuable Innovate UK-funded initiatives. For example, the Global Business Innovation Programme connects many early stage female-founded businesses to international market opportunities. We are also proud to support Innovate UK on their Diversity & Inclusion programmes such as Women in Innovation where we are offering innovation support to the award holders. By doing this, we aim to partly solve the problems identified above and support female-founded business throughout their journey: getting investment ready, crucially with the investment itself, and then being on hand to ensure that the investment is effectively leveraged to scale the business.

Last but not least, we do make it a point of honour to have female representation in our teams. This includes the NPI team itself but also at the investment committee and executive team levels.

What are the biggest challenges in attracting female candidates for positions in funds and how can we bring more women into venture capital and angel investing?

As is the case with female founders, we believe that education and peer learning would solve a big piece of the issue. In an industry that is still at least 90% dominated by men, women are perceived to be more (and also too) risk averse. We believe education on risk taking, on investment opportunities and peer learning from the few female investors who are leading the way in these areas will help demonstrate that this is just a perception, and no more.

Finally, the lack of role models is a key reason why we do not see more women investors. And this is why we feel very strongly that women who are already in the industry should be offered every opportunity to put themselves in the spotlight and become drivers for change.

Equity

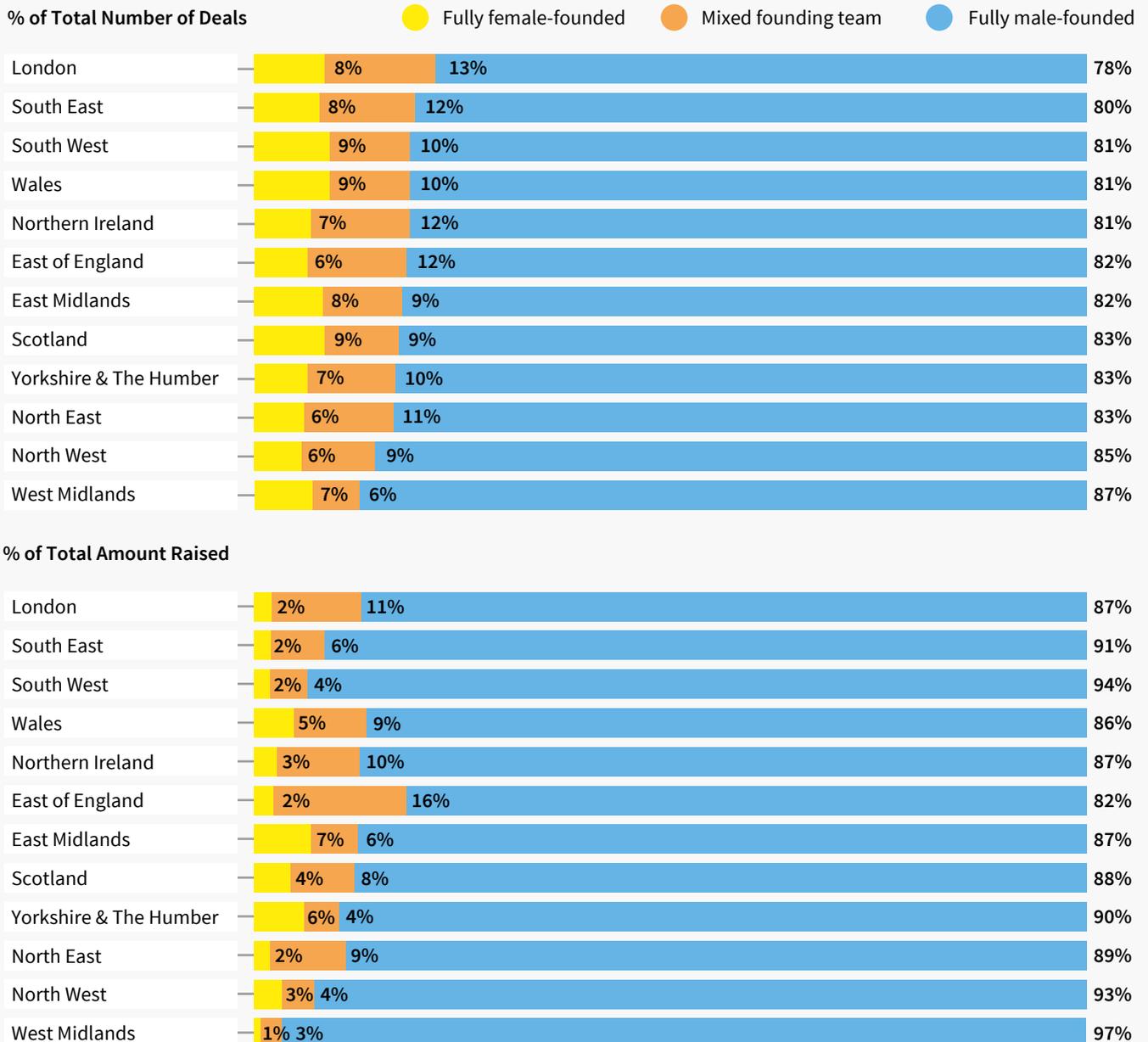
Regional distribution

London sees the highest proportion of deals going to companies with a female founder (21%). This is unsurprising, given that the capital has an extremely developed funding ecosystem, with all kinds of support mechanisms for entrepreneurs. It seems the two most southerly regions, South West and South East, also benefit from proximity to this thriving ecosystem, placing second and third in the rankings.

When looking at the proportion of deals going to businesses with all-female founders, the South West, Wales and Scotland come out on top with 9% each.

The East of England has seen the highest proportion of pounds going to businesses with a female founder (18%), and is the only region with the same proportion of deal volume and pounds invested going to female-founded businesses.

REGIONAL INVESTMENT FIGURES BY GENDER OF FOUNDING TEAM

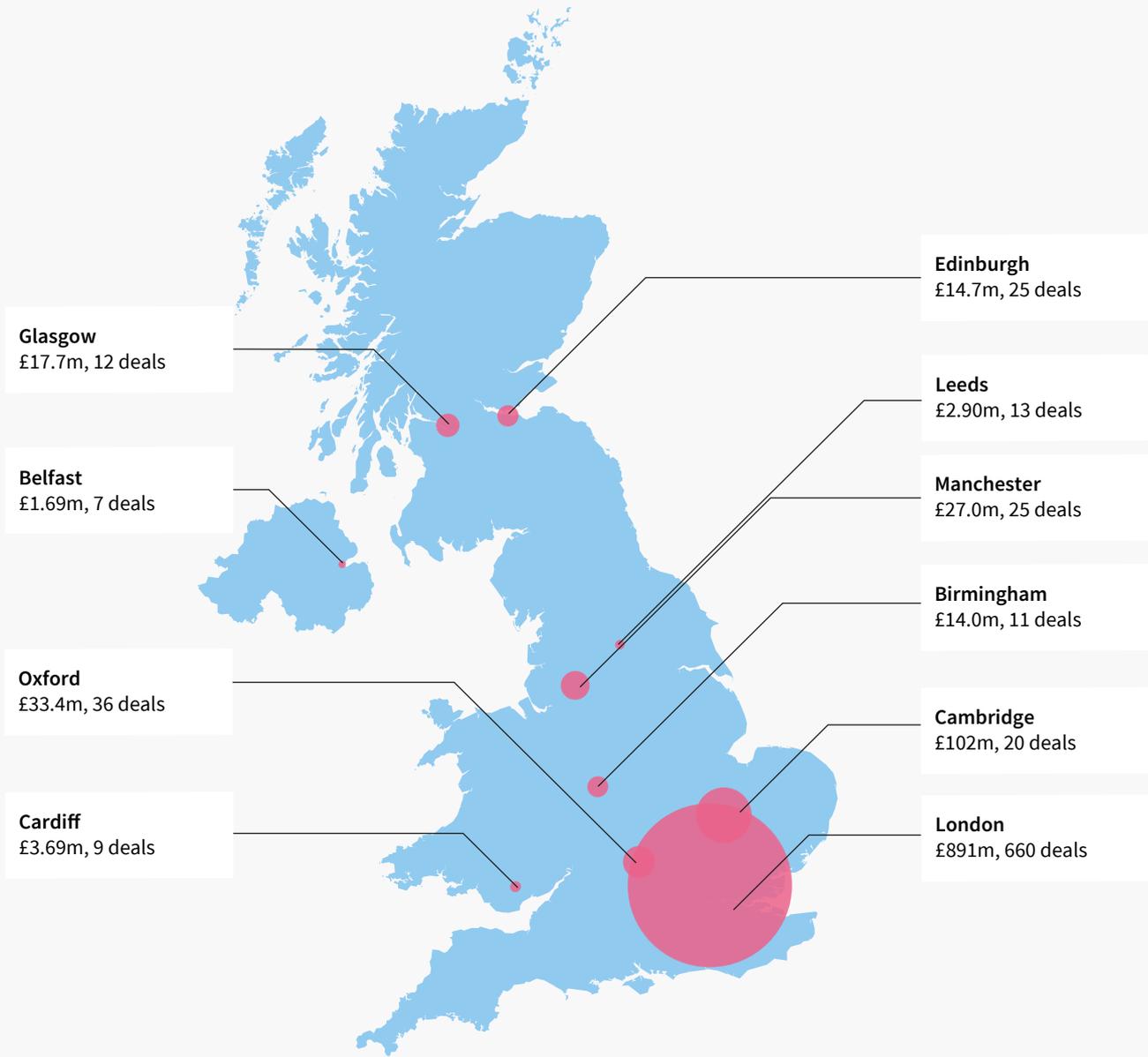


Much of this is down to Cambridge-based unicorn, Darktrace. The digital security spinout was founded by Poppy Gustafsson, Jack Stockdale and Dave Palmer in 2013, and has so far secured £173m of equity funding for its AI software. Wales ranks second, with 14% of pounds invested going to companies with at least one female founder.

It's clear that, despite some recent movement, there's still significant work to be done so that access to equity funding better reflects the makeup of our society as a whole.

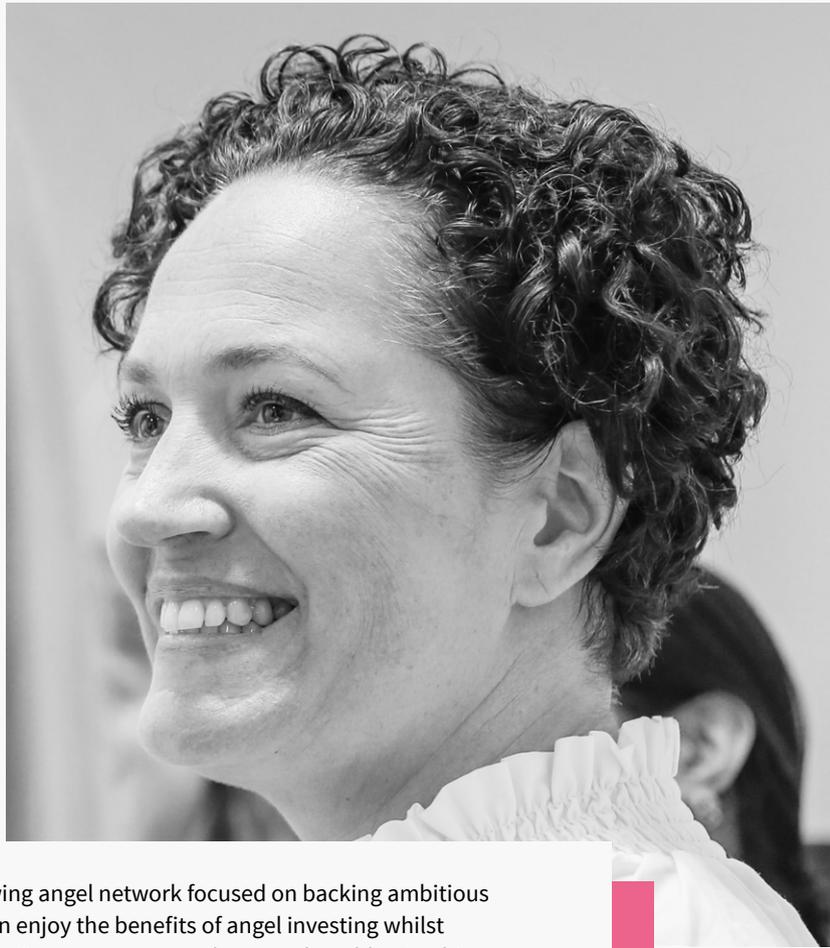
ALICE HU-WAGNER | MD FOR STRATEGY, ECONOMICS AND BUSINESS DEVELOPMENT | BRITISH BUSINESS BANK

TOP CITIES BY VALUE OF EQUITY INVESTMENTS INTO FEMALE-FOUNDED COMPANIES IN 2018



Q&A

Sarah Turner
Angel Academe



Sarah is co-founder and CEO of Angel Academe, a rapidly growing angel network focused on backing ambitious female-founded tech startups. The network helps more women enjoy the benefits of angel investing whilst providing the best UK tech startups with the capital and “smarts” women investors bring to the table. Sarah’s mission is built on the belief that diverse investor and startup teams make better decisions, are more capital efficient and give better return on investment.

What are your initial reactions to the funding data? I’m very encouraged by the increase in proportion of deals involving female founders — it feels like things are moving in the right direction, despite a slight dip in the last two years. The proportion of pounds invested into female-led teams is quite stark, but you have to look at this within the wider context: most female investment opportunities are still at an early stage so raising relatively modest amounts. The data is skewed by large transactions into much older businesses which tend to be founded by men. This shows where the effort should be. It’s not around starting up, it’s around scaling up.

What are the biggest issues from the demand side of investment at the moment? There are a lot of startups that aren’t really scalable or are operating in already extremely crowded markets. These are less likely to get our investors excited. We’d like to see more opportunities that are clearly differentiated and serving large, but under-served

markets. Our investors take time to get to know the teams and businesses we invest in, so we appreciate entrepreneurs who are open, organised and realistic in their approach to due diligence.

What about the barriers for female-led businesses that do have high-growth potential? Women entrepreneurs tell us they are over mentored and under funded. A lot of well-meaning people are trying to support female-founders through mentoring, but may not be best-placed to offer advice if they have no business-building or investing experience themselves. If you’re in the fortunate position of being able to put some capital behind a few founders (and it may not be as much as you think!) that’s a great way to get closer to startup businesses and understand the real challenges that they’re facing.

Breaking down gender barriers has been my obsession for the past six years, and I personally think there needs to be more conversation about

the gender of investors, not just the founders. If we can achieve gender parity at an investor level, then that will generate a pull through the rest of the ecosystem. Currently, the number of women participating in angel investing is very low — and not for financial reasons. Women own 48% of the net wealth in the UK. If they were investing at even half the rate of men, then it would be a huge boost to startup funding. This is what we're working to redress through Angel Academe.

Why is angel investment a good avenue for female founders to consider? Entrepreneurs should consider all types of funding to find what's best for their business, but if you really want to scale your business then equity is the way to go, and that first pot of capital usually comes from angel investors. Angels' risk appetite might be slightly different from VCs, as they're investing their own money and making personal decisions. But they can also move more quickly, may have a closer alignment of interests to the founders and usually have more time and expertise to offer. In terms of how the deal is structured, angel money is often much more generous for the founder than institutional investment.

You've grown Angel Academe to a network of 400 investors, of which 70% are female — how have you done this? Attracting women into angel investing is a numbers game, so I try and speak to as many high-net-worth women as I can by any mechanism. Many women don't have a background in investment, startups or technology, so we offer education and mentoring with experienced angel investors. There's also a significant number of

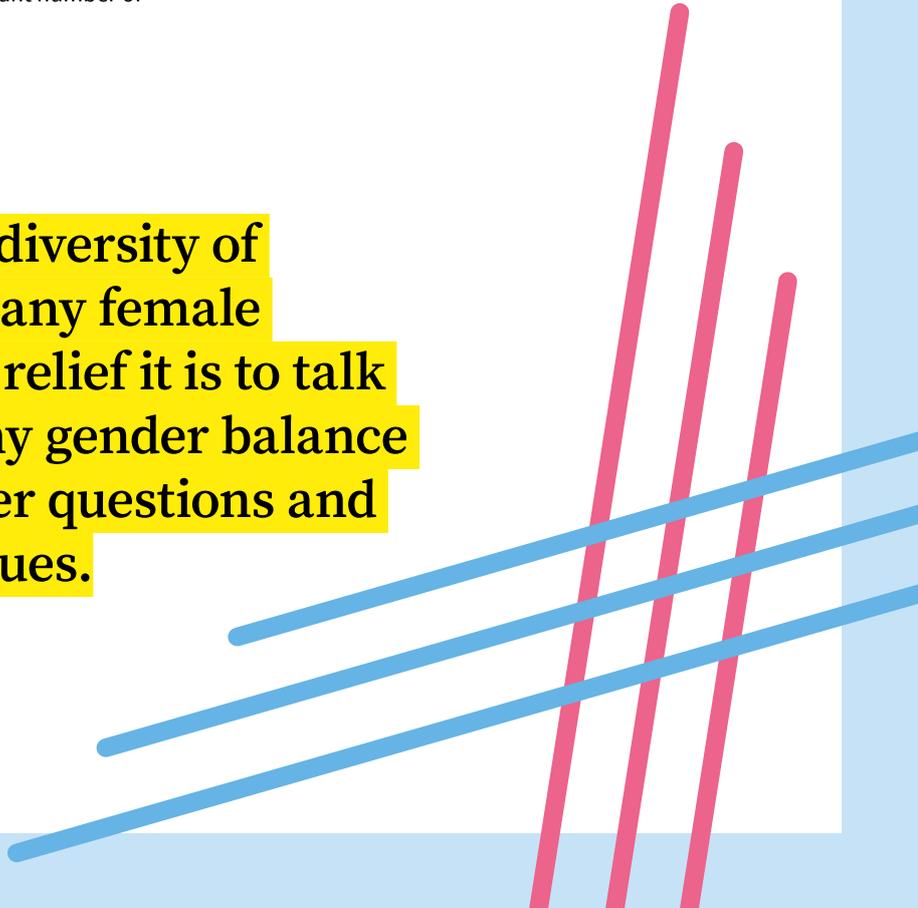
people who are from that world and do want to invest but just don't know how to get started. We have people from all backgrounds in our network working collaboratively to do due diligence and support the businesses they invest in. Of course, we're not trying to exclude men in any way, but we are specifically trying to recruit women. I think that authenticity is also a really important factor to the success of the network — I'm not recommending something I'm not doing myself.

Are female entrepreneurs specifically looking for female investors? I think diversity on the cap table will become increasingly important, not just diversity in founding teams and employees, so all entrepreneurs should be trying to get female investors. As a founder, you need diversity of thought around you. Many female founders tell us what a relief it is to talk to a room with a healthy gender balance — there's less ego, better questions and better alignment of values.

Should we be cautious about gender-focused programmes? I think we do have to be cautious. Many organisations and investors are bending over backwards to support female founders at the moment. That's great, but I've always thought it isn't female founders that need fixing, but the environment in which they operate. That's why we're focussed on building diversity in the early stage investor community.

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Equity

Investor types

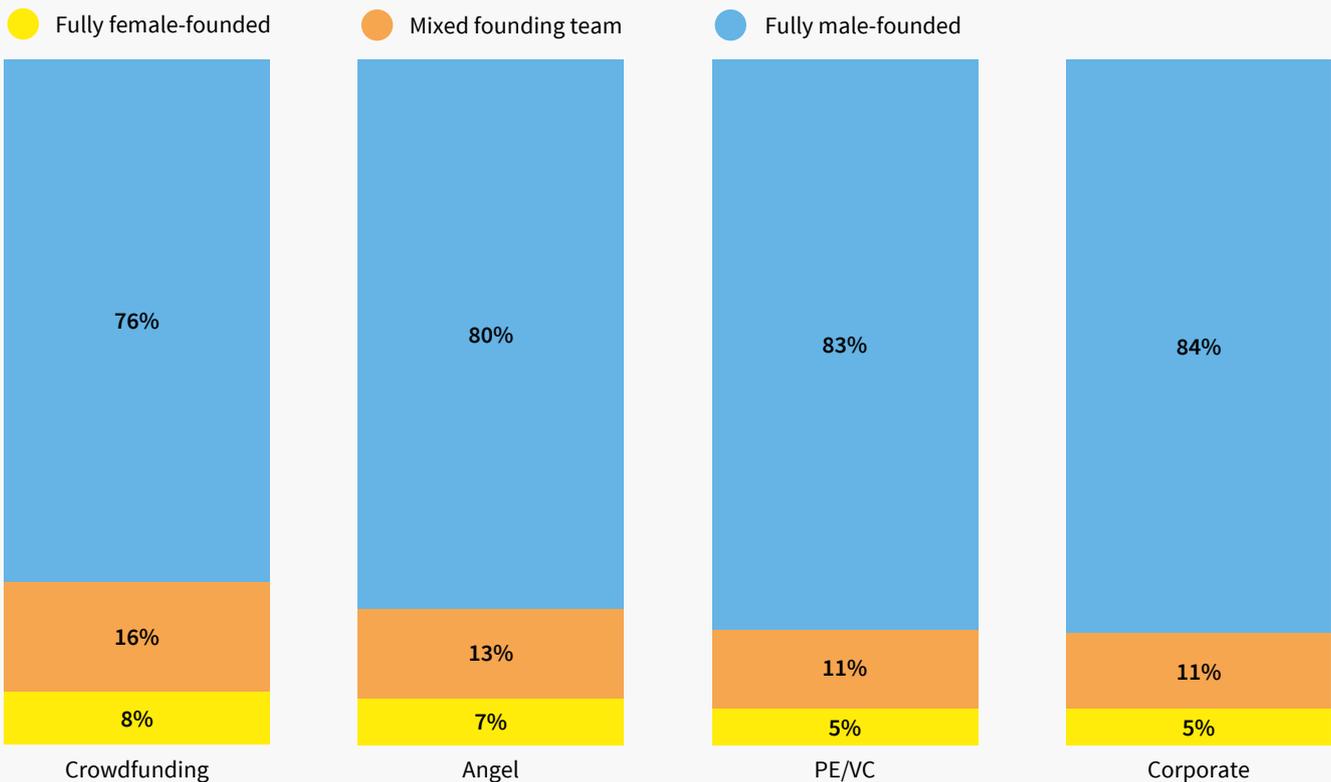
Crowdfunding incontestably comes out on top as the most gender equitable investor type, with 24% of deals going to companies with a female founder. The reasons for this likely come from both sides of the table. For women entrepreneurs, crowdfunding may look like a more attractive route for funding, given that traditional investors have an infamous reputation for gender bias. Crowdfunding is also a more accessible route for those who do not have an investment background to get involved with financing exciting startups, and

hence more women invest through crowdfunding than through traditional institutional funds.

There is also a notable intersection with investment sizes here. Investments that are made through crowdfunding platforms or include participation from angel investors tend to be smaller than those that involve venture capital and corporate funds, with an average deal size of £591k, £1.95m, £5.86m and £9.51m respectively. Given that female-founded companies are more likely to be in the

Crowdfunding is very effective for consumer products, a vertical that's popular amongst female founders. It's also great for proving traction in the early stages, but if you really want to grow you have to play with the big boys — unfortunately, they are the big boys, not the big sisters!
LU LI | FOUNDER & CEO | BLOOMING FOUNDERS

INVESTOR TYPE PARTICIPATIONS BY GENDER OF FOUNDING TEAM



earlier stages of growth than fully-male-founded companies, it's unsurprising that they are also more likely to access forms of funding with a lower average deal size.

Sector trends also come into play. Food and drinks companies and internet platforms are the most common recipients of investments through crowdfunding sites, both sectors in which female founders are well represented: 36% and 25% respectively.

Along with Diversity VC, British Business Bank have done extensive research on the gender disparity across venture capital investment. Their joint report found women are significantly underrepresented in UK VC's pipelines and investments, with 20% of pitchdecks submitted from mixed gender teams and 5% from all-female teams. These converted to 15% and 4% of deals respectively.



Spotlight

JP Morgan

Stephanie Khalef-Wassmer is a senior investment advisor at JP Morgan Private Bank and an advocate and champion for gender diversity, chairing the UK Female Client Strategy and a founding member of the WealthiHer Network.

JP Morgan is a global leader in financial services to corporations, governments, for-profit and not-for-profit institutions and individuals. The firm is committed to the empowerment and advancement of women, and through the Women on the Move initiative and its Global Philanthropy is reaching externally to focus on female clients and the communities where we live and work. With an unparalleled global franchise, roots in thousands of local communities and more than 250,000 employees, JP Morgan is uniquely positioned to have a positive impact on the success of women and girls.

Women entrepreneurs face a variety of additional barriers and challenges compared to their male counterparts when running and growing a business. Access to and awareness of funding may be the number one issue, but there are several other structural and behavioural biases to address too. From the number of girls taking STEM classes, access to networks and mentors as well as a perceived skills gap.

JP Morgan's support to female entrepreneurship is articulated around 4 key pillars:

1. Funding Extending grants and credit to women-owned small businesses directly or through sponsorships and partnerships (Hatch, Newable, OneTech, Vinetta, Etc)

2. Engagement Providing access to networks and mentors through speaker events and programs like Founders Forward

3. Insights & Data Developing digital thought leadership content to address pain points

4. Female Client Strategy By 2025, 60% of the UK's wealth will be controlled by women, but the finance world remains seen as "male dominated". In addition to a dedicated UK Female Client Strategy team, JP Morgan is one of the founding members of the WealthiHer Network, a network of leaders set up to collaboratively change the perception of financial services and to deepen our partnership with women in business.



Q&A

Luke Lang
Crowdcube

Luke Lang is Co-Founder and CEO at Crowdcube. Dedicated to helping UK-based entrepreneurs raise finance, they provide a crowdfunding platform for entrepreneurs, start-ups and growing businesses to connect with potential investors. The platform enables exciting businesses to harness the belief they get from their customers, investors and friends in order to fuel their growth.

What are the biggest barriers facing women entrepreneurs? Firstly a major challenge is to give female founders the confidence to take the plunge with a clever idea. Secondly, an idea may be brilliant, but it still needs cash, and huge barriers to capital still exist, particularly in the more traditional funding space. Biases exist such as the tendency to understate women's technical knowledge, and the failure to recognise familial pressures (which more frequently fall on women) that can prevent people socialising and networking. Thirdly, many women fall out of the mainstream work market, particularly later in life. The average age of the successful founder is 45, and this is an age when juggling home, family and work can be so pressing it forces many women into more family-friendly work.

I'm optimistic though. The combination of flexi-working and sophisticated tech are providing opportunities for women to enter into entrepreneurship like never before. We also have the right ecosystem in place in the UK and Europe to create a female-led tech giant of the future.

Why is crowdfunding such a good avenue for women entrepreneurs looking to raise equity?

From the founder's side, women entrepreneurs often bring powerful communities which seamlessly tie in at multiple levels to the process of crowdfunding. Women tend to establish mission-driven businesses, motivated by challenges they've faced themselves, personally and professionally, which resonate with our investors.

From the investor side, 21% of Crowdcube's 220,000-strong investor community are women. Over the years that we've been working to democratise finance, it's

transpired that women investors are drawn to backing female-led business. At Crowdcube we're incredibly proud to have fuelled the start-up and scale-up efforts of female entrepreneurs like Tamara Lohan of Mr & Mrs Smith, Meg Haggard of Raw Halo and Katherine Massie-Taylor of Mush. These women are creating enormous shared value, connecting communities, and going beyond the boundaries.

What is Crowdcube doing to encourage female founders to raise through the platform? We currently partner with other female empowerment brands such as Every Woman and Enter the Arena. We are pushing harder to get in front of female founders and to educate them on why crowdfunding could be the answer they're looking for.

We're also working to connect female founders with others in our network who have crowdfunded before so they can share experiences and learn.

Finally, the business as a whole is working on Thought Leadership pieces around female founders and investors to highlight challenges and proffer some solutions.

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Women entrepreneurs often bring powerful communities which seamlessly tie in at multiple levels to the process of crowdfunding.



Q&A

Tamara Lohan
Mr & Mrs Smith

Tamara is founder and COO of Mr & Mrs Smith, a travel club allowing hotel lovers to find and book the world's best boutique and luxury stays. Tamara is responsible for delivering on the promises of the crowdfunding raise completed in 2018: to scale the business, to invest in technology, and to expand internationally. Today, the company has offices in London, New York, LA and Singapore, and has more than 1.5 million members worldwide. In 2014, Tamara and her co-founder and husband James were awarded MBEs for services to the British travel industry.

How did Mr & Mrs Smith come about? I co-founded Mr & Mrs Smith with my husband James in 2003 after a disastrous night in a Lake District spa retreat, that was more 'the hotel from hell' than romantic country escape. Out of frustration at not being able to find the sort of stylish boutique hotels we wanted to stay in, we decided to write our own guidebook. We didn't look at properties based on their star-rating, but instead focused on the experience we both cared about: the service, style, could the barman mix a perfect Martini? Was there space for two in the bath? All those details that made a minibreak memorable.

Since that very first guidebook, the business has evolved, and now we are a travel club with more than 1,500 hotels globally, all available to book online and through our team of Smith24 travel experts, available 24/7. We've spent 15 years developing the company's infrastructure and, like our hotels, we strive to continually innovate to keep up with a constantly changing market. And now I'm the COO of the business, looking after the wider commercial needs — with the new developments and products (our range of villas and experiences), it's a really exciting time.

When did you first consider equity investment and why? Our first round of investment involved only friends and family. But we started to think about equity investments and including our members in the process back in 2012 when we decided to launch a retail bond. Not many companies had tried this at the time, so it was a bit of a risk but definitely one that paid off. Our bond members are still some of our greatest advocates and feel very much a part of our journey — which, of course, they are — they helped us get to where we are today.

Last year you raised £5.93m through crowdfunding, how did this experience differ from your previous round? The retail bond issued to our members in 2012 was a much smaller amount to raise (£2 million) and was primarily handled in-house, with no platform and very little press, so it was actually done out of the public eye. In those days, the crowdfunding platforms were in their very early stages, and not as sophisticated as they are now. Using Crowdcube meant the whole process was contained within the platform, so we could access an additional audience interested in investment and successfully present our business.

Why did you choose to go down the crowdfunding route? Members have shaped the success of Mr & Mrs Smith for the last 15 years, and this was an opportunity for them to buy into the company and continue to be a part of our growth. We have an incredibly loyal and active membership base and felt comfortable going to them for support. We wanted to give them the chance to share in our success and liked the idea of having them more involved in the business, which is what happened when we raised money through retail bonds five years ago. Crowdfunding also gave us the opportunity to raise awareness of just how much the brand has developed, from a startup publisher to a fully fledged travel-booking business.

It proved to be the perfect match, as the winning element of our crowdfunding success was the power of our community. Two thousand investors backed the idea of our expansion into the US and our addition of diverse SideStory experiences (our bespoke service offering visitors rich insight to cities using expert guides on the ground), with a combined £6 million. This meant a huge amount to us, as it was a public endorsement of what we had built together and our vision.

In what ways has your gender had an effect on how you went about getting investment and on your business as a whole? I am very lucky to be in business with my husband, who is both hugely supportive and has always treated me like an equal. We are very different and rely on each other's strengths and skills: James is the embodiment of the brand and I'm interested in the tech and commercial side of things. We continually bounce ideas off each other, are not afraid to challenge each other and respect each other's decisions and skillsets. I realise that this is a very fortunate position to be in — especially in tech. I'd like to encourage more women to enter roles in the industry and upcoming entrepreneurs to run their own businesses. The key to this is funding them well enough to maximise their chances of success.

How do you think the gender funding gap should be addressed? By bringing to light examples, spotlighting role models and divulging relevant stats, as well as introducing more diversity within VC firms. The fact is that female-led businesses get less funding than their counterparts; but what makes this so hard to swallow and simply doesn't make sense is that, according to leading insight, female-founded companies generate more revenue. I believe, with strong examples set across all industries and the data to back it up, alongside organisations, networks and platforms that support and champion female-led businesses, we will bring about change — but there's still a long way to go.



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With strong examples set across all industries and the data to back it up, alongside organisations and platforms that support and champion female-led businesses, we will bring about change.



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Grants

- The proportion of large innovation grants awarded to mixed-gender founding teams has grown from 2% in 2012, to 12% in 2019.
- There has been no meaningful in the proportion of innovation grants awarded to all-female founding teams, stagnating at 4%.
- So far this year, 15% of pounds granted have gone to businesses with at least one female founder — the highest proportion so far.

Grants

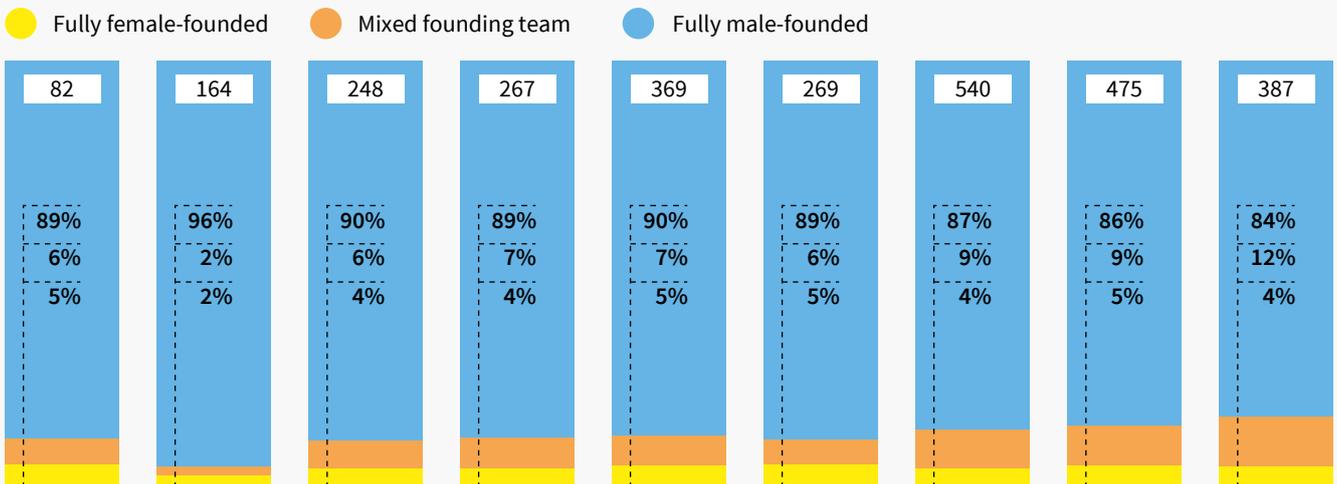
Overview

The distribution of grant funding in the UK is one of the most alarming examples of gender disparity within the ecosystem. There has been no progression in the proportion of large innovation grants (>£100k) awarded to all-female founding teams, which have consistently received just 4-5% of this grant type since 2012. But figures are steadily improving for mixed-gender founding teams, who have grown their share of large innovation grants from 2% in 2012 to 12% in 2019 so far. Still, this figure is very low. So what are the possible reasons for this?

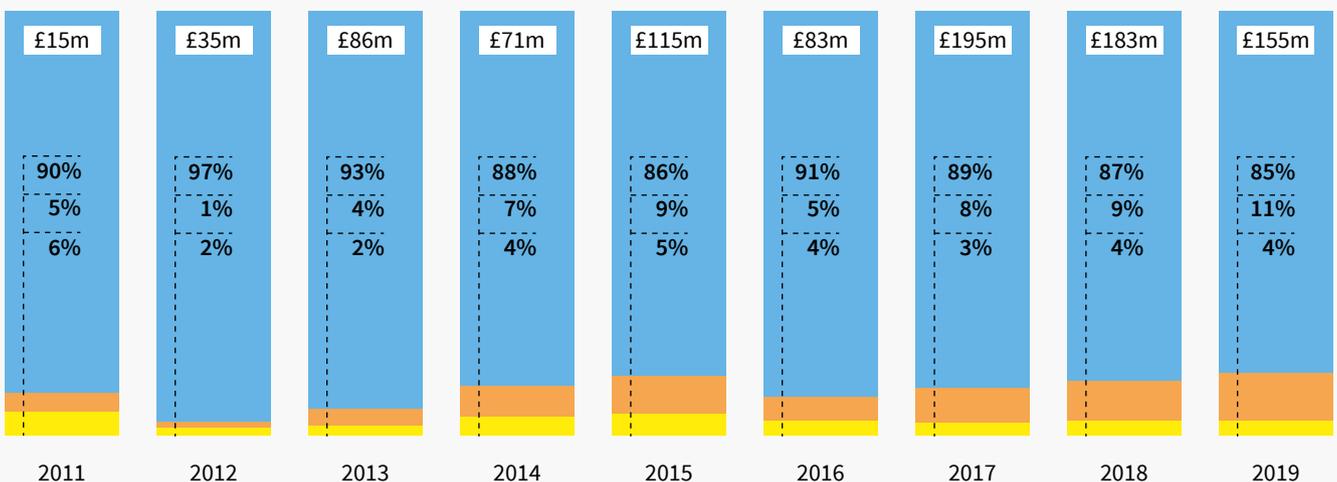
Firstly, there are fewer female-founded companies in the sectors that are most frequently awarded grants than there are across the high-growth population as a whole. 69% of large innovation grants are deployed to companies in the technology and IP sector, within which only 19% of companies have a female founder.

Drilling down into the most common emerging sectors associated with grant recipients, the UK's ambitious artificial intelligence and Internet of Things companies are made up of just 19%

GRANT NUMBERS BY GENDER OF RECIPIENT'S FOUNDING TEAM



TOTAL VALUE OF GRANTS BY GENDER OF RECIPIENT'S FOUNDING TEAM



and 17% of female-founded businesses, respectively. But even taking these sector weightings into account, the proportion of grants going to female-founded companies is still lower than what we might expect.

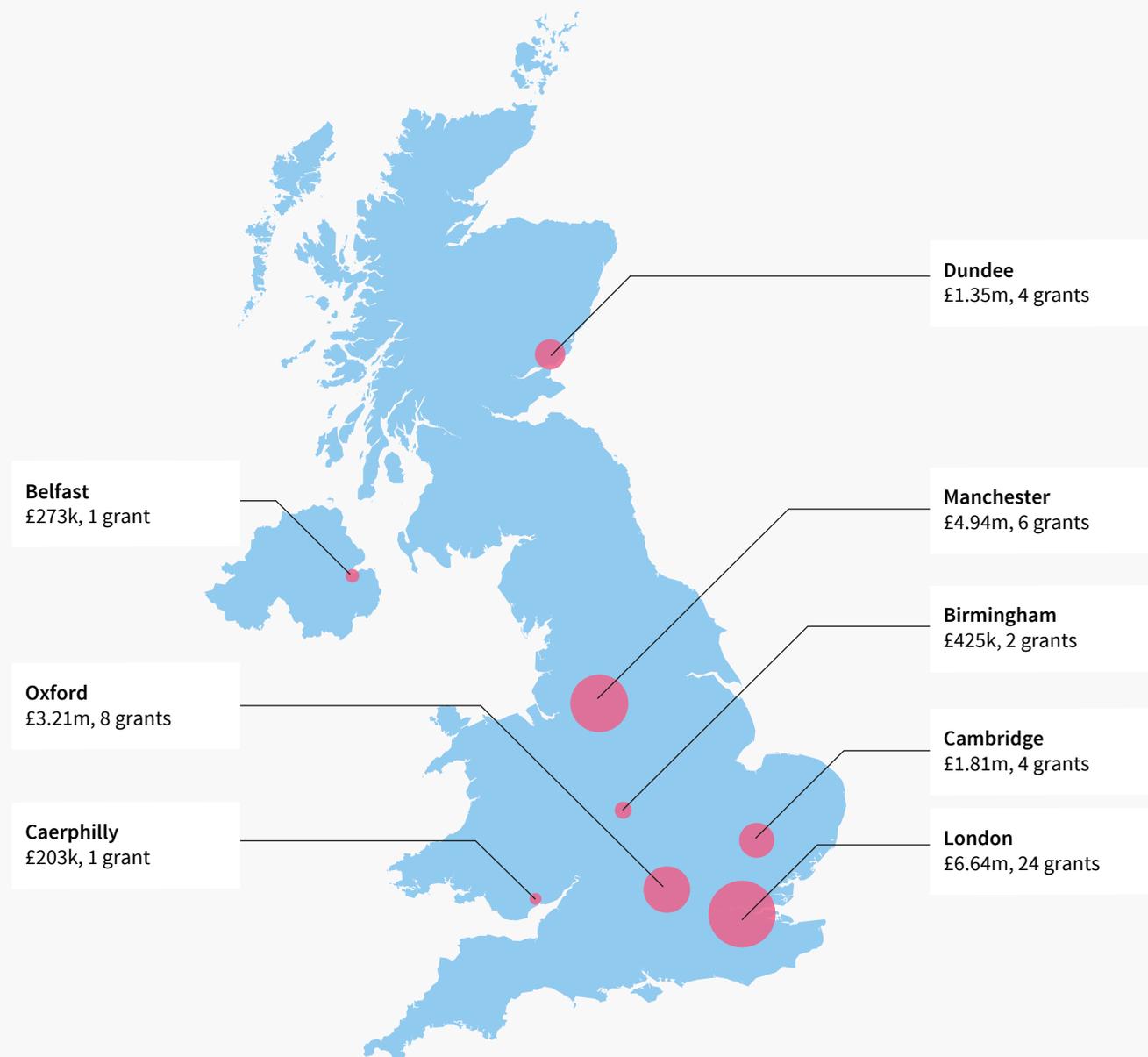
So where else is there a leak? In 2016, Innovate UK found that just 14% of grant applications came from women entrepreneurs. Subsequently, Innovate UK launched the Women in Innovation programme, consisting of a number of initiatives. One element is a partnership

with Getty Images to deliver a series of portraits shattering gender stereotypes, and installing commemorative plaques across the country to recognise female innovators. These are certainly a longer-term play, encouraging younger generations to excel in science and business, building the pool of female founder talent in the long run.

Another aspect of the programme is a woman-only funding competition. This provides specialist support for female founders who are already willing and

able to scale their businesses. 9 winners have each received £50k and a bespoke package of support. Although this isn't classed as a 'large innovation grant', these are still an important part of the ecosystem, helping to build awareness get more women entrepreneurs involved in programmes.

TOP CITIES BY VALUE OF GRANTS AWARDED TO FEMALE-FOUNDED COMPANIES IN 2018



Q&A

Dr Emily Nott
Innovate UK

Emily is Head of Equality, Diversity and Inclusion Programmes at Innovate UK. Emily's focus is promoting diversity and inclusion in business innovation. She has introduced high profile campaigns and programmes for Women in Innovation and Young Innovators. Innovate UK works with people, companies and partner organisations to find and drive the science and technology innovations that will grow the UK economy — delivering productivity, new jobs and exports keeping the UK globally competitive in the race for future prosperity.

What are your initial responses to the data presented?

On the one hand it is disappointing to see this specific data set which provides yet another example of the disparity between funding for businesses led by men and women. On the other, it is encouraging to see the uplift in funding to women-led businesses since 2012. The increase in funding is significant but not sufficient, so we must maintain a focus on addressing this imbalance and continue to take actions that will build on the momentum already started.

It is useful to see the data presented in this way, but it should be noted that smaller grants are out there too. The size of grant that companies apply for will vary according to the maturity of business, sector and whether the grant is supporting a collaboration. In addition, businesses will look to attract funding and investment from a variety of sources and smaller grants can be used very effectively to help businesses leverage much larger sums of public and private funding. We've got to be more aware of the whole funding picture, and the diverse forms of finance that are available.

What is Innovate UK doing to close the gap? When we reviewed our data in early 2016, we found that only 1 in 7 applications to Innovate UK were led by women. Success rates between men and women were also largely equal. We launched our Women in Innovation programme in June 2016 with a simple aim: to get more women innovating in business.

Our big push has been to increase the number of women across the UK applying for our financial

support but also accessing the essential non-financial support provided by the Innovate UK family (the Knowledge Transfer Network, the Enterprise Europe Network and the Catapult Centres).

In the programme so far we have:

- Published new research on the challenges and opportunities in getting more women innovating in the UK. Our research highlighted that the biggest challenge was access to funding and finance. Other important issues flagged were lack of visible role models, the importance of access to the right networks and the value of mentors.
- Provided targeted funding for Women in Innovation including two competitions for Women in Innovation Awards and two Global Business Innovation Programmes to Boston and Israel. By shining a spotlight on opportunities for Women in Innovation in this way we have been able to find women innovators with amazing ideas, provide access to the right support at the right time, and enable the brilliant women we work with to fully achieve their visions.
- Built a community of women innovators who have engaged with our programme. We have delivered a series of Building Success webinars and events across the UK for Women in Innovation to provide inspiration, practical advice and tools and highlight opportunities for innovation support. We recently launched a new online Women in Innovation community to foster networks in the UK and overseas and provide advice and support.

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The increase in funding is significant but not sufficient, so we must maintain a focus on addressing this imbalance and continue to take actions that will build on the momentum already started.



- Created a new group of relatable role models and used the stories of the incredible women we are working with to inspire others. For example, we've launched a photography exhibition with Getty Images to shatter stereotypes and perceptions, and earlier this year, unveiled purple plaques at schools across the UK to celebrate our 2019 Women in Innovation Award winners and inspire future generations of innovators.
- Our Women in Innovation programme has led to a 70% increase in the number of women applying for Innovate UK support. We are absolutely committed to this agenda and I will be sharing our plans to build on the work so far and continue to drive an upward shift in funding towards women-led businesses in March 2020.



Q&A

Alex Haslehurst
Vitruve



London-based Vitruve develops quantified health assessment software for musculoskeletal healthcare professionals, aiming to provide insights into incremental changes in patient motor function. Founded in 2017 by CEO Shane Lowe and CTO Alex Haslehurst, the company has now grown to 5 employees, raising £120k in their first equity round and having received £402k in Innovate UK grants. Earlier this year, Alex was one of 9 women to receive Innovate UK's Women in Innovation grant competition, winning £50,000 in business funding as well as a package of bespoke support to help grow the business.

What's the backstory behind Vitruve? A few years ago, my co-founder Shane and I were speaking to a friend who is a physiotherapist. She was telling us about the considerable difficulties in her job. We were astounded to hear that technology was doing basically nothing to help her do it. Over 30% of the population is living with some kind of chronic musculoskeletal illness, and right now there aren't tools to accurately assess their needs; clinicians are having to rely on subjective tools that are insensitive to incremental change. We were both really driven to do something about this problem, and happened to have the perfect engineering backgrounds to build the appropriate solution.

What are the biggest challenges you've faced as a company? There is a continual stream of challenges when it comes to running a company, but the biggest for us are probably those that come with running a healthcare business. It's very difficult to raise finance because healthcare is a slow and complicated market. And although the NHS is fantastic, attempting to work with the service can be a real turnoff for many investors.

Another challenge was making sure we had the right route to market, and fully understood what it means to be regulated. Actually meeting regulation requirements is next to impossible without capital, because without the help of a consultant (which can be really expensive) and resources to collect the necessary data it's an extremely tough task.

What have been your biggest successes as a company and what mechanisms have helped you to achieve these? There have been some really fantastic moments in our journey so far. We were recently awarded a £300k grant from Innovative UK, which has helped us expand the team and really accelerate the product. We now have an amazing physiotherapist and two fantastic software developers on the team.

Our first demonstrations of the product were also really exciting, there's no feeling like seeing somebody enthusiastic and excited by what we're building.

When did you first turn to grant funding and why? In the beginning, we didn't have the money between us to start the company, and our friends and family weren't able to help out financially. Investors weren't interested at such an early-stage, so we really had to hunt around for funding options. Innovate UK was first financial aid we came across, and the grants we've received have allowed us to run the company full time, making them absolutely invaluable to us.

Congratulations on your success in the Women in Innovation award earlier this year. What kind of platform has the award given you? The award has opened up a lot of networks for us, and Innovate UK has made a big effort to introduce us to journalists and so many other female founders. Having that kind of support system is fantastic.

You've also secured £120k in equity funding, what was the fundraising process like? We had started speaking to a few different investors, and actually met our eventual investors very early on. They originally told us the timing wasn't quite right for them, but a few months later they reached out to us again. We also brought on an incredible angel investor who has been advising us for some time, and met a full range of people who believed in the product (as well as some who didn't!).

The whole process took a lot longer than we were expecting, which was time away from developing the product. In terms of gender, I think we've been pretty lucky as a team — no one directly mentioned anything about it and I'd like to think that no one is thinking about it when I'm in the room.

You recently graduated from TechStars London, how has the accelerator supported you? TechStars have been absolutely amazing for us, I can't sing high enough praises of the programme. They brought through a hundred senior business mentors from all sorts of areas, and every single one really tried to help us — a lot of them introduced us to their own physiotherapists! There's constant support from the in-house mentors, and it's so gratifying to see how much progress you're making each week.

How do you think gender has affected your experience as a founder? This is a really interesting question and is difficult to say. Coming

from a technical background and having done an engineering degree, I've felt like a minority as a woman for a long time, so I didn't really notice a difference from this when I got into business.

There are now so many programs and places to get help as a female founder, and things are so much better than they used to be. Especially within tech, there is a huge amount of conversation acknowledging the need to talk about gender. There is also a lot happening in terms of active support, from VC office hours to communities like Women Who Tech.

Who has been your strongest female role model? It sounds incredibly cheesy but my mum is a data science engineer and technical person who has gone into loads of small startups and really accelerated in her career. She is really fantastic and someone I have always looked up to.

How do you feel about positive discrimination programmes? I don't know, I'm still undecided when it comes to these kinds of programmes. Until there is a statistical balance in the proportion of funding into female-founded businesses, then there is room for positive discrimination. But I would hate to think that I was accepted into any kind of program because I was a woman — I want to be accepted because I'm good enough.





Spinouts

- Across the UK, just 18% of academic spinout companies have a female founder.
- 40% of healthcare product spinouts have a female founder, making it the top sector for representation of female entrepreneurs in spinouts.
- The top universities by proportion of female-founded spinouts are the University of Aberdeen and the Royal College of Art.

Spinouts

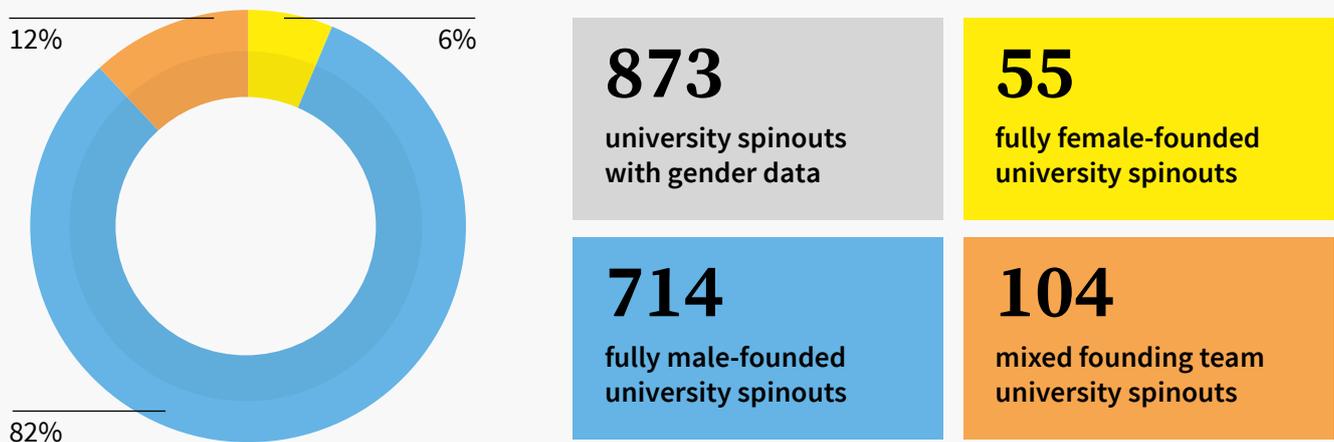
Overview

Spinout companies commercialise intellectual property developed in UK universities by academics and students, though primarily the former. Spinouts therefore tend to be operating in science and technology sectors, where female academics are under-represented.

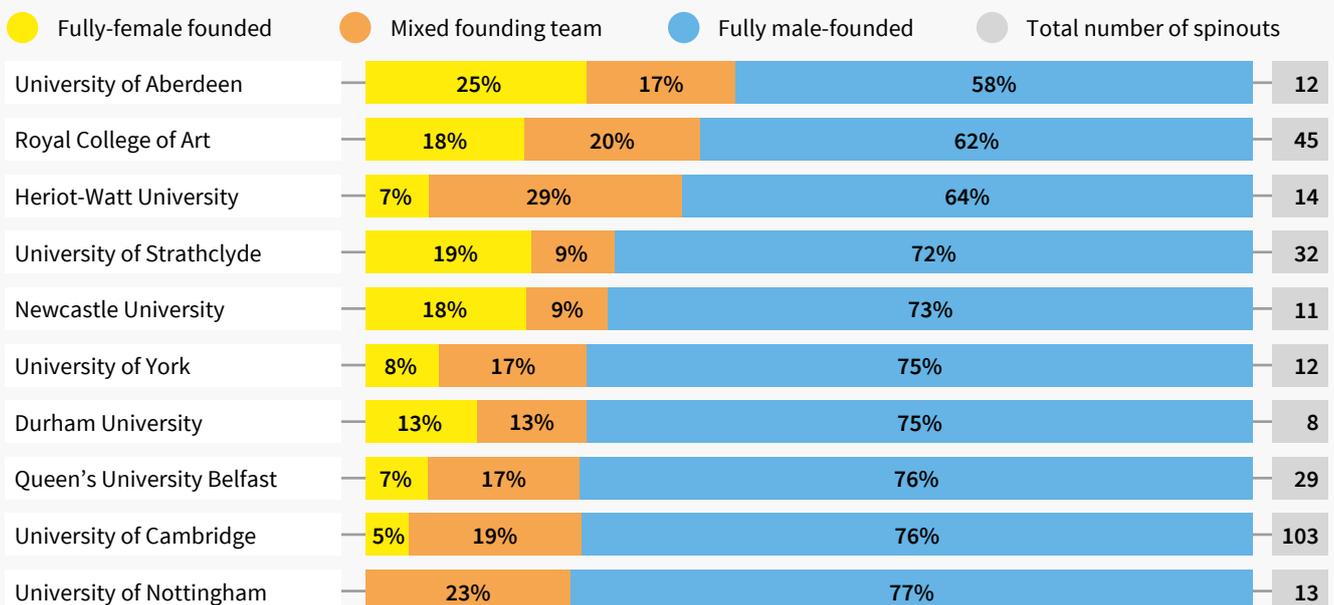
However, some STEM areas are better populated by female scientists than others; top areas for female-founded spinouts include companies that

commercialise healthcare products (where 40% of spinouts have a female founder), information services (36%), pharmaceuticals and cleantech (27% each). Universities can also spinout companies that don't have a STEM focus. Commercialising the insights and findings of teams in the humanities, arts and social sciences, where women are better represented, could help improve the representation of women in the founding teams of spinouts.

SPINOUT COMPANIES BY GENDER OF FOUNDING TEAM



TOP UNIVERSITIES BY PROPORTION OF FEMALE-FOUNDED SPINOUTS



While Cambridge and Oxford come first and second for the number of female-founded spinouts, the feature much lower in the ranking of universities by proportion of spinouts that have a female founder. The University of Aberdeen tops this ranking with 42% of its spinouts having at least one female founder.

The Royal College of Art is particularly prolific, with the second largest proportion of female-founded spinouts and third largest total number. The University of Warwick has spun out 26 companies in total, but none with a female founder.

40%
of healthcare product
spinouts have a
female founder

Spotlight

Royal College of Art

The Royal College of Art was granted university status in 1967, though it had been focused on the teaching of product design since the 1930s. Designers and graduates of the RCA have influenced design across the automotive, furniture, and agricultural sectors. With the creation of InnovationRCA, the enterprise centre for the RCA, in 2012 students and staff at the university are encouraged to commercialise their design expertise, through the founding of spinout companies.

InnovationRCA offers incubation services, intellectual property advice and commercialisation support. Alongside this, the RCA has an associated angel network, AngelClubRCA, and a SEIS/EIS fund, which is managed by Venrex Investment Management LLP.

- 38% of RCA spinouts have been founded by at least one woman, and the institution has the third highest number of female-founded spinouts (17 companies). It is still unclear what leads to these high levels of female entrepreneurship.
- They have the highest number of student spinouts across all academic institutions in the UK.
- As an institution, their gender pay gap is half that of the national average in Higher Education.
- InnovationRCA, the university's centre for enterprise and entrepreneurship, is women-led and has a gender balanced team.



Reference: Griffiths and Humbert (2019), *Gender and University Spinouts in the UK: Geography, Governance and Growth*. Oxford: Oxford Brookes University Centre for Diversity Policy Research and Practice.

Q&A

Ana Avaliani
Royal Academy of Engineering

Ana Avaliani is Associate Director, Business Improvement, and Head of the Enterprise Hub at the Royal Academy of Engineering. Ana and her team work to support the UK's most promising engineering entrepreneurs, helping them startup, spinout and scaleup by providing unique packages of funding, training, networking and mentoring. All programmes are offered free of charge and take zero equity, and accepted entrepreneurs are awarded a lifetime access to the Royal Academy of Engineering's expertise and networks.

There are many factors that contribute to the poor representation of women within the founding teams of spinouts (under 20%). If you could change one thing in the ecosystem to improve this statistic, what would this be?

I can only answer for engineering and technology spinouts. In my opinion the problem starts early on, with a misunderstanding in young people in general of how a career in engineering can help them achieve their aspirations; sadly not enough women choose to study engineering. Only 16% of engineering undergraduates are women, although the 24% of postgrads that are women

bucks the trend somewhat. But this is not purely a talent pipeline issue; we also need to remove the prejudices that women face when they start up and grow their businesses. Universities need to increase access for women to investment and the right support networks. They

should encourage small spinouts to look beyond their established networks, which will be mainly men, for opportunities to diversify when they hire c-suite executives.

What practises could academic institutions and their commercialisation offices put in place to encourage female academics to start-up companies?

Academic institutions are already doing a good job supporting entrepreneurs and some have initiatives to encourage more women to get involved. To support this, we need visible role models who are only a few steps further up the spinout ladder, and can tell the story of their journey in a relatable way. Strong networks or schemes that reach out to women are key, to mentor and encourage women academics to consider entrepreneurship and spinning

out, to help with funding applications, and enable them to access the investment needed to grow their companies.

Female-founded spinouts are less likely to receive innovation grants and receive less investment overall. Do you think this is down to lack of supply or lack of demand? Analysis of funding for entrepreneurs has shown conclusively that female entrepreneurs receive significantly less funding than their male counterparts and are missing out on billions of pounds of investment every year. There is an issue of bias: investors assume women don't know the technical or business side of the startup and it is believed that women are more cautious with their future projections for the business. The investment world is male dominated and male investors don't always get the ideas pitched by female entrepreneurs. It is important that women receive equal access to funding and growth opportunities when they found or govern spinouts, and this responsibility lies with funders. Funding organisations should ensure their criteria and assessment processes are inclusive, and individual funders should do the same.

“

We need visible role models who are only a few steps further up the spinout ladder, and can tell the story of their journey in a relatable way.







Accelerators

- Accelerators are highly popular among female entrepreneurs; 38% of all UK accelerator attendees have a female founder.
- Accelerated companies with a mixed-gender founding team have a lower death rate (16%) than those with single-gender teams (20%).
- 8 of the top 10 accelerators for female-entrepreneurs are headquartered in London.

Accelerators

Overview

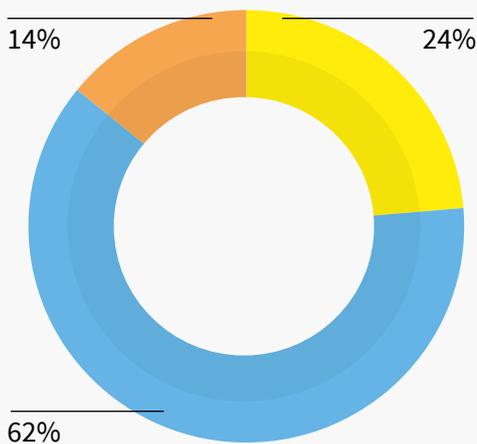
Accelerators are the most popular method of growth for female-founded businesses, and the only method to have an over-representation of women entrepreneurs. Despite making up 25% of the high-growth business population, female-founded companies make up 38% of the UK's population of accelerated businesses.

Accelerated companies have a fairly high death rate amongst all-female and all-male teams (20% for both), but this

is a little lower for mixed-gender teams (16%). All-male founding teams are the most likely to have progressed to a later stage of evolution following an accelerator attendance.

Of our cohort of companies accelerated between 2014 and 2015, 17% of all-male teams are now at Venture stage and 3% at Growth stage, and 44% remain at the seed stage. In comparison, 53% of mixed gender and 64% of all-female teams remain in the seed stage.

ACCELERATED COMPANIES BY GENDER OF FOUNDING TEAM



8,005

accelerated businesses with gender data

1,894

fully female-founded accelerated businesses

4,980

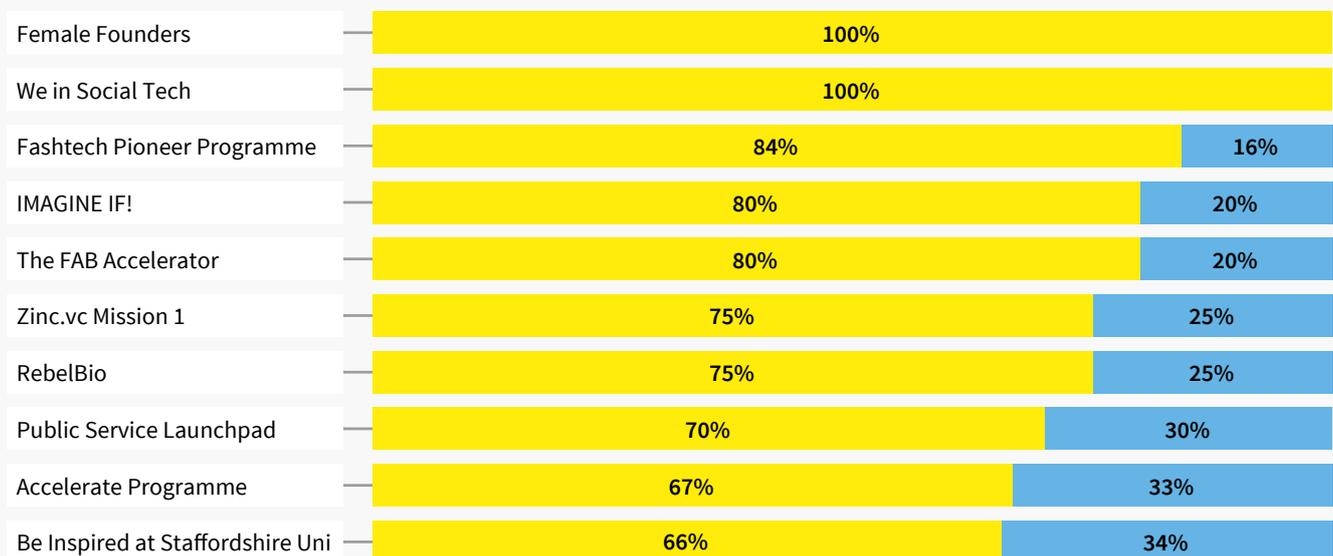
fully male-founded accelerated businesses

1,131

mixed founding team accelerated businesses

TOP ACCELERATORS BY PROPORTION OF FEMALE-FOUNDED ATTENDEES

● Companies with at least one female founder ● Fully male-founded companies

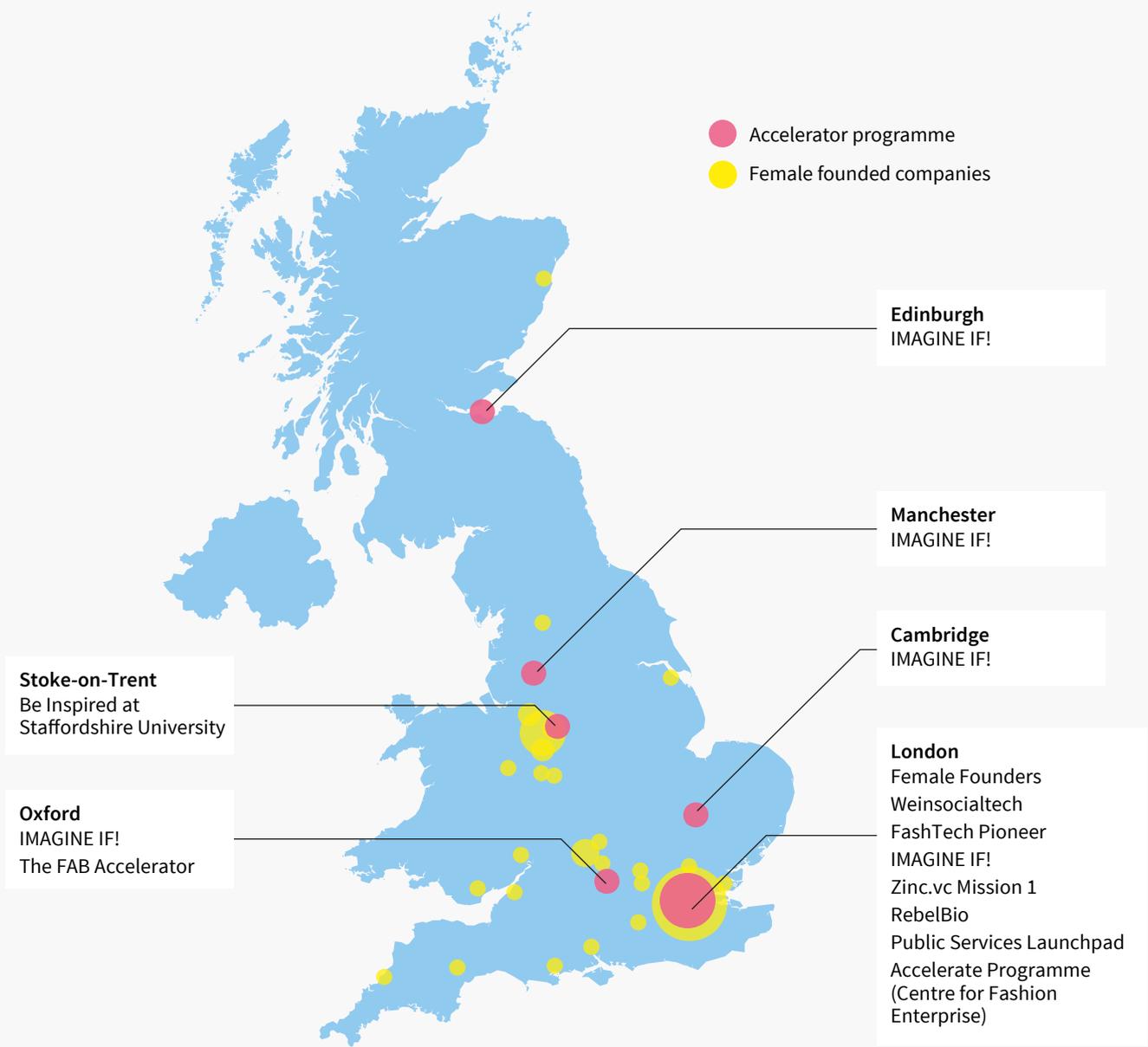


We currently track two accelerators that provide specialist support for female founders, Hatch's Female Founders and We in Social Tech. Run by Hatch Enterprise, Female Founders is a 4-month programme "to help female-led businesses scale their venture, achieve a better market-fit and reach their professional goals."

Some accelerators may invest money, but they will also help develop entrepreneurs' skills and grow the business, and I think female founders in particular are drawn to that extra value.

KATIE NAGY DE NAGYBACZON | PARTNER | CMS

LOCATION OF TOP ACCELERATORS AND FEMALE-FOUNDED ACCELERATEES



Q&A

Dirk Bischof
Hatch Enterprise



Dirk is CEO of Hatch Enterprise, one of the UK's leading community enterprise charities tackling social inequality in London. Hatch supports diverse and underrepresented founders through a variety of dedicated initiatives and programmes. The Female Founders Accelerator offers access to legal and financial business coaches and the opportunity to pitch to a panel of industry leaders and investors at the end of the programme.

What's the story behind the Hatch Female Founders accelerator — when did it become apparent that the ecosystem needed this kind of accelerator?

We started Hatch in 2013 to support entrepreneurs in South London, especially those from diverse backgrounds and those who aren't served well enough by mainstream support and finance. Fast forward 3 years and around 65–70% of our attendees were female. We believe that taking less of a "tech" approach, being focused on supporting entrepreneurs locally, being very approachable and offering in-person programmes might have helped attract more women than the average accelerator does. With this in mind, we thought we had an opportunity to start a specific programme for women who are looking to grow their business. We approached one of our long-term partners, J.P.Morgan and also a friendly law firm, Weil LLP. Together, we built a programme for female founders eager to grow their businesses and find suitable investment.

What kind of support do women entrepreneurs give the best feedback to?

It's really hard to say as the whole one-size-fits-all approach that many accelerators take isn't working. Alongside cohort and group-based programmes, individual support has to be offered through dedicated mentoring, consulting or coaching. Mentoring can be a bit of a hit or miss, despite best efforts to find a good fit. But offering a few one-to-one opportunities often means that at least one of them works out well.

What are the benefits of gender focused programmes like the Hatch Female Founders accelerator?

We've seen female founders opening up about their struggles and challenges to each other, especially as many have to survive and thrive in male-dominated environments. For example, it can be frustrating if you've got a female-specific product or service but you're only ever pitching to men. Having a supportive group of fellow female founders around you can really help with relevant

advice, sharing insights and best practices, as well as relevant contacts. We're currently bringing more women together who are looking at different investing options such as syndicates or investing through crowdfunding platforms.

How will the accelerator develop in the future?

It's hard to say what the future holds, especially in a fast-paced business environment with an increasingly volatile political landscape. We've seen many funds launch for female founders, which is great, but there is still a large gap in the provision of quality, in-person business support. Although a lot can be done online these days, we do believe there will always be a person-to-person element that will deliver value to people.

We believe that there is also an opportunity to combine accelerators with funding and finance, offering more flexible funding models that might look at a combination of equity, debt and even grant funding. Very often, we send entrepreneurs on the runaround to get support and funding, so I think more can be done to bring these things together.

What other mechanisms/programmes could the ecosystem use to improve the gender gap?

There are many individual programme components that could be delivered as stand-alone programmes, from offering legal support, mentoring, coaching and consulting. There are already a number of female founders co-working offers out there too. Overall, I'm not sure whether it's smart to have female-founder-only offers or whether this should also include men, considering that you wouldn't

want to operate your car with just one hand, but two.

As such, I think it's important to build programmes that are inclusive and deliver high value for female founders, for which we should work with as many people, coming from diverse backgrounds.

When do you anticipate that this kind of gender focused support will no longer be necessary?

That is really hard to say, maybe in 15–20 years at the current rate of progress. There is very little actual government support for initiatives like ours. We run these programmes through partnerships with corporates who are "doing good" whilst also providing amazing services to innovative and growth-ready female founders.

“ Having a supportive group of fellow female founders around you can really help with relevant advice, sharing insights and best practices, as well as relevant contacts. ”



Contributors

About Beauhurst

At Beauhurst, we provide research and insight to help professionals discover and track the UK's high-growth companies.

Our data platform, available at beauhurst.com, is a searchable database of information on the most ambitious businesses in Britain. It is used by leading organisations from across the world of finance, professional services, higher education and government to better understand the high-growth economy. We regularly produce reports based on our data, examining a diverse range of topics from investment trends to scaleups; FinTech to accelerators.

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Beauhurst

About Newable

Newable exists to make sustainable profits from helping other businesses to thrive. We do this via a platform of products and services across financial services, professional advice and workspace that is unrivalled in the market. This provides the essential resources that 5.7m UK companies working at the heart of the economy need to take the next step with their business. Newable has consistently generated inclusive social and economic impact since its foundation in 1982. Now employing over 350 professional staff, it has grown to become a national business with a presence from Aberdeen to Brighton. It serves over 20,000 client companies each year. Newable Private Investing is one of the UK's leading early stage investment networks facilitating over 50 deals in the last two years. Newable is substantially profitable, has net assets of over £60m and has ambitious growth plans.

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