

Growing and diversifying the supply of private equity investment into Oxfordshire-based science companies

Draft Recommendations

This document is an accompaniment to Advanced Oxford's investment Green Paper, ***Growing and diversifying the supply of private equity investment into Oxfordshire-based science companies***. It provides a summary of the draft recommendations, published in October, 2024.

These recommendations are intended to stimulate discussion and debate. It is Advanced Oxford's intention to translate these recommendations into a deliverable action plan, which will be published in follow up. The data, analysis and commentary which form the basis for these recommendations can be found in the Green Paper. We intend to consult widely on the recommendations and encourage all stakeholders, and those with an active interest in supporting the private capital investment environment in Oxfordshire, to engage with us.

The Green Paper can be found on Advanced Oxford's website:

<https://www.advancedoxford.com/latest-research/>

We are particularly keen to collect responses to the following questions:

- Do you agree with the recommendations?
- Are there any that you do not agree with? It would be helpful if you could say why not.
- Are there any recommendations that are missing or issues that you think should be considered?
- What are the top 5 priority areas?
- Who needs to be involved in discussion and consideration of these recommendations? We are particularly interested in hearing views from individuals/organisations with levers, the ability to support change, resourcing support, influence, willingness to contribute to the development of actions, as well as to help in identifying key stakeholders.

If you would like to contribute, please contact Advanced Oxford: info@advancedoxford.com

Draft recommendations

National policy recommendations

- Continue with the Mansion House compact at pace
- Early stage and seed investment support is needed, in addition to growth financing. The British Business Bank should have more interventions to support early stage and

seed investment such as programmes to support a more diverse group of emerging managers. Co-investment funds, like the Innovate UK investor partnerships, that could be accessed by established angel communities would be advantageous and would rebalance funding to help founders and innovators to get started and would help to encourage more inception stage angel investment activity.

- Oxfordshire needs to be recognised as a region that should be supported alongside other geographies, given the growth potential within the region.
- SEIS and EIS should be expanded to encourage new sources of capital to be invested into supporting innovative start-ups, such as extending SEIS and EIS eligibility to Family Trusts.

Angel investment

- Regular informal education and introduction to angel investment events, led by experienced angel investors, should be developed within the Oxfordshire region, to be delivered, initially at least twice a year, to widen the pool of individuals that might consider becoming angel investors (e.g. current founders, management and executive teams, senior academics, clinicians etc.) and to help connect them to others, including active angels and potential syndicate members.
- Regular syndication of events with other national and global angel networks and VC scout programmes should be considered to help share best practices, promote the Oxford/Oxfordshire opportunity and expose founders to a wider group of potential investors.
- A regular 'clinic' / 'office hours' service should be considered to help founders to better understand what angel communities are looking for and to help them to prepare for approaches to potential investors.
- Regular special interest/sector focused dinners and/or informal events should be trialled to (a) introduce a degree of exclusivity into angel activities, and (b) to help to identify and encourage lead angels for the best companies looking for angel investment.

Broadening the pool of investors that are engaging in the region

- Better signposting is needed that communicates that Oxfordshire is THE place to find innovative talent, to both start and to scale companies. A campaign should be developed to encourage a wider pool of occasional national and global investors to develop and deepen their relationships with the region, including actively targeting them to establish an on the ground presence, connecting them into angels, founders,

academics and companies, including companies that have no affiliation to the University of Oxford.

- The campaign identified above should include a place-based component, which introduces Oxford and Oxfordshire as the 'place to be'. This should include identifying a small number of high quality and vibrant hubs that investors are encouraged to use as their base of operations in Oxford/Oxfordshire, where they can work, hold meetings, engage with the ecosystem and get to know key players and start to connect with founders and management teams. These places should be a blend of co-working space and college common room in a small number of key thematic locations, e.g. central Oxford proximate to the train station, Oxford Brookes Enterprise Centre and the Harwell Campus.
- The message should be communicated by all parties that you are welcome here, that the entire ecosystem is fully open for business at any stage of investment from a first discovery cheque to growth.
- Family Offices provide useful pools of private capital but can be difficult to engage and relationships with the region are still weak. Ways to encourage more Family Offices to engage with the region should be explored, including inviting relevant Family Offices to participate in specialist/sector focused events.
- Real estate investors frequently sit within larger investment companies which have private capital divisions that could potentially invest into companies within the region. However, there may be no established relationship between the real estate investment division and the private capital division, so connectivity with the region is poor. Given that real estate investors into Oxfordshire have a real interest in having a population of well-funded science and technology companies, effort should be made to engage with the private capital and encourage it to sit alongside place-based investments.
- Better story telling is needed about exits. These need to be collected and celebrated just as good news stories about growth and scaling companies, with key commercial success, should be told. Although there are mixed feelings in the region about the role of exits, and a perception that companies are pushed towards exit and founders replaced prematurely, rather than supported on a growth trajectory, it is important to communicate successful exits, as they show the potential of returns for investors. At the same time, there should be more showcasing of companies that are 'in it to grow' to encourage and attract patient capital to the region.

Building a better environment for everyone to flourish

The change of focus of the Local Enterprise Partnership and diminishing regional development funding, driven by the loss of European funding and devolution models in the UK, has reduced the level of business support available for early-stage companies and, in

particular, has resulted in a reduction in innovation-focused support and activities. There are few sources of impartial guidance, support or signposting for founders, academics and innovators. This is true for companies in the University of Oxford ecosystem but is worse for companies that sit outside of the support mechanisms and resources that are available to University of Oxford connected or founded companies. As most successful investment relationships are established through warm introductions and established connections, many companies are unsupported and find it difficult to get started and to break through with investors.

- A consortium of interested parties should come together to establish and deliver an honest brokerage services for all companies, to provide clinics, reviews of business plans/pitch materials, training, signposting, quality assurance, and, where appropriate, introductions to investors. Ideally, these activities would have a place-based component to them and would align with the 'place to be' offer made to investors.
- The city's business schools are currently semi-detached from innovators and investment activity, despite some services and programmes being delivered, e.g. Help to Grow and the Scale-Up Network at Oxford Brookes Business School and Oxford Venture Builder at Said Business School (only open to students and staff). Can these sources of expertise and research be better integrated to support local businesses?
- Development and alumni offices of academic institutions should be engaged to draw in a wider group of globally innovative alumni back to the city to support, fund and guide founders and companies.
- There are surprisingly few incubator and accelerator programmes operating within the region. There is evidence that these programmes provide invaluable support to get companies started, with connections to advice, mentoring and support and a number of the region's innovation-based companies have benefitted as participants. Although the commercial model can be challenging and a variety of programmes have started and stopped over the last decade, it is surprising that a centre of innovation such as Oxford/Oxfordshire, has so few incubation and acceleration activities and it striking that our companies tend to go to London, Boston or San Francisco to access such support, with the risk that they are lost from the region.