



Press Release

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Launch of the London Technology Fund

“Helping to close the equity gap”

Nicky Gavron, Deputy Mayor of London, is launching the £15m venture capital fund, the London Technology Fund (LTF), on Monday 27 June 2005 at the Royal Society. The LTF will be funded by the London Development Agency (LDA) and the European Regional Development Fund. It will support technology start-ups throughout Greater London, helping to turn world class research into world class business.

This major initiative follows research carried out for the LDA, which showed the need for support and funding for high technology start-ups in London. It showed that high technology start-ups fall into the ‘equity gap’, where traditional venture capitalists are deterred from investing by the risks and uncertainties relative to other opportunities. The LTF will address this market failure by providing finance, matched by other investors, to young businesses created by spin-outs from London’s universities and research institutes as well as start-ups by London’s entrepreneurs who wish to exploit the wide range of technologies established or emerging in the London economy.

The initiative is a key component of the network of support designed to help technology entrepreneurs in London, which includes programmes to help new technology companies become ‘investment ready’ and access to specialist proof-of-concept funds for the NHS Innovation Hubs and 22 of London’s university colleges.

The Managing Director of the London Technology Fund will be Dr Tony Diment. Dr Diment has a PhD in nuclear physics from Queen Mary, University of London and has over 20 years experience in venture capital.

Dr Diment will be supported by a full time team, as well as a technical advisory board and a network of expert consultants who will provide specialist advice on the different technology sectors and help with management team building and mentoring.

The Fund will be managed by Company Guides Venture Partners (CGVP).

Nicky Gavron, Deputy Mayor, said:

“The London Technology Fund is a real practical step to address the challenge highlighted by the London Development Agency’s research showing the need to tackle the ‘equity-gap’ facing high technology start-ups in London. London has a huge wealth of talent and pool of technical innovators. But these innovators need support to get their ideas off the ground and developed to the point where they can access existing finance. This is exactly what the London Technology Fund is going to do. The result will make London’s economy more innovative, leading to stronger growth and more jobs.”

Mel Barrett, Director of Business Development at the LDA, said:

“This fund is part of our work to support exciting new companies in London so that the capital retains its position as one of the world’s leading business locations. It also strengthens the crucial links between London’s universities, exciting new start-ups and investors here, which is crucial if we are to maintain the capital’s economic dynamism.”

David M^cMeekin, chairman of CGVP, said:

“It has been evident for some time that early stage technology companies were experiencing great difficulty in attracting investment finance and this initiative funded by the LDA and the ERDF should go a long way to close the ‘stage’ part of the equity gap in London. This fund should complement The Capital Fund, which I am delighted to say has been so successful in meeting the strong demand for small sums of equity from high growth SMEs in London.”

Jonathan Tillson, Head of GLA, Business and Europe Division, Government Office for London, said:

“This fund is very good news for London. It demonstrates how European Structural Funds can join with other sources of support to help create an environment that promotes business and entrepreneurial activity in London.”

The London Technology Fund will be funded by:



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- Notes to editors -

1. Biography of Dr Diment

Dr Tony Diment started his career as a founder director of an Imperial College spin-out and then worked in industry prior to joining the leading European venture capitalist 3i, where he specialised in information technology investments and helped to build management teams for start-ups. He left 3i to join Gresham Trust, where he was an Executive Director, and then set up his own business advising venture capital funds for the European Bank for Reconstruction and Development and the US Agency for International Development, as well as managing a university-owned consultancy. In 2000 he was recruited as MD of the specialist early stage technology venture capital fund, Cambridge Research and Innovation. He left after the remaining assets were distributed to shareholders in 2004. He has served as Chairman of the British Venture Capital Association's Legal & Technical Committee and has been a non-executive director of two quoted Venture Capital Trusts specialising in early stage technology.

2. The London Technology Fund

The London Technology Fund (LTF) will focus on the equity gap for technology companies at the very earliest stage of development, with strong growth prospects and based in Greater London. It will be able to invest in a series of tranches over a number of years alongside other investors, contributing up to a maximum of £1.5m from its own resources to the total investment made in a single company – resulting in total investment from LTF and co-investors of £3m or more.

The focus of the Fund will be on the following technology sectors:

- Communications
- Computer (hardware, internet, semiconductors and software)
- Other electronics related
- Biotechnology
- Medical (instruments, pharmaceuticals and healthcare)
- Emerging technologies (such as nanotechnology)
- Energy
- Environment
- Physical sciences and engineering
- New materials
- Value added manufacturing

Whenever it invests, it will do so on a 'matched basis', which means it will invest alongside other investors. The Fund will be happy to work with investors already known to a company or help entrepreneurs to find investors. It has developed a streamlined investment process with an initial web-based application that helps entrepreneurs identify and provide the essential information needed for prompt decision-making. The website will be operational from 28 June. See www.londontechnologyfund.com.

3. Company Guides Venture Partners

The London Technology Fund will be managed by Company Guides Venture Partners (CGVP), which was formed by the founders of Company Guides Limited (CGL). CGL specialises in providing corporate finance advice to high growth companies in the technology, media and telecoms sector requiring between £2m-£20m. CGVP and CGL are authorised and regulated by the Financial Services Authority.

4. The Equity Gap

Venture capital has traditionally been more readily available for established companies seeking larger sums than for start-ups or for small and medium-sized enterprises (SMEs) seeking small sums. This reflects the lower risks of investing in established companies and the potential for higher returns in absolute terms on larger investments. This has resulted in an 'equity gap' for start-ups (the 'stage' gap) and for SMEs seeking small sums (the 'size' gap).

Government has been tackling this problem by a series of initiatives, including the Regional Venture Capital Funds (see below) and the Enterprise Capital Funds, which are in preparation.

5. The Capital Fund

The Capital Fund is the £50m Regional Venture Capital Fund (RVCF) for London, the largest of the nine funds established throughout England by the DTI to help close the equity gap for SMEs seeking small sums of investment. Initial investments cannot be greater than £250,000.

Over the past 2½ years The Capital Fund has made over 35 investments in some 25 companies across London in all sectors from software to retail businesses. The Fund is sponsored by the LDA and has the majority of its investors drawn from the private sector. David McMeekin is chairman of The Capital Fund.

The Fund is managed by YFM Venture Finance Ltd which is authorised and regulated by the Financial Services Authority.

For further information see www.thecapitalfund.co.uk.

6. London Development Agency

The London Development Agency (LDA) is the Mayor's agency for business and jobs. It prepares the Mayor's business plan for London and mobilises the support and resources of hundreds of partner organisations to help build a thriving economy for London's people, businesses and communities. The LDA is dedicated to improving sustainability, health and equality of opportunity for Londoners.

7. European Regional Development Fund

The European Regional Development Fund (ERDF) is one of the funding streams under the 2000-06 London Objective 2 Programme. The Objective 2 Programme, which is managed by the Government Office for London (GOL), provides approximately £180m in European Structural Funds - £160m from the ERDF and £20m from the European Social Fund – for the capital until 2006, to tackle barriers to economic opportunity in specific areas in London that suffer badly from industrial decline, deprivation and low economic activity. For more information, visit GOL's website www.gos.gov.uk/gol.

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