

FIN(4)FW051

Finance Wales Inquiry

Response from Cardiff University

I am pleased to provide evidence on behalf of Cardiff University to assist this inquiry regarding the current operation and future role of Finance Wales.

Cardiff University's interaction with Finance Wales dates back to March 2000 and the advent of the Wales Spinout Programme, an all Wales-HEI initiative which provided financial support and mentoring for university based spinout ventures. In Cardiff's case this funding was of strategic importance and dovetailed with other funding initiatives including SMARTCymru and the University's own £4M investment fund (Cardiff Partnership Fund). Successful ventures initiated with this funding include: PWL Ltd which floated on AIM (as part of Modern Water Plc) in July 2007, raising £30M and the acquisition of Cardiff Research Consortium (Health Outcomes Group) Ltd for nearly £1M by Healthcare Knowledge International in 2005.

In 2007 Cardiff University entered into a strategic partnership with AIM listed company, Fusion IP Plc to provide management and finance in support of its spinout company activities. In parallel Fusion IP concluded a Memorandum of Understanding (MoU) with Finance Wales to afford the latter the opportunity of co-investing alongside Fusion in Cardiff University spinouts. This partnership has been extremely successful to date and has resulted in Finance Wales participating in 26 investment rounds totalling £5.5M in Cardiff University spinouts and has levered >£35M in co-investment since 2007, the vast majority much of which has been raised outside Wales. Earlier this year the MoU with Finance Wales was extended to include Swansea University. Furthermore the existence of and support offered by Finance Wales has been a key factor to encourage high-tech, high growth companies to relocate to Wales, including Diurnal Ltd (a Sheffield University spinout).

In conclusion the creation of high-tech ventures based on the outcomes of university research is very challenging and there are only a few UK investors currently operating in this space. These include:

Fusion IP: <http://www.fusionip.co.uk/>

Imperial Innovations: <http://www.imperialinnovations.co.uk/>

IP Group Plc: <http://www.ipgroupplc.com/>

Cambridge Innovation Capital: <http://www.cambridgeinnovationcapital.com/>

These funds operate at a much earlier stage than most venture capital investors, and certainly the banks, and it is of distinct advantage for Wales to have a financial

vehicle in Finance Wales that can invest alongside such funds and lever co-investment from outside Wales in support of a knowledge based economy.

I hope this brief summary is helpful, but please don't hesitate to contact me for further information.

Kind regards

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