

The UKRI logo consists of the letters 'UK' stacked above 'RI' in a white, bold, sans-serif font, set against a dark blue square background.

UK
RI

The Innovate UK logo features the text 'Innovate' above 'UK' in a white, sans-serif font, positioned to the right of a purple square graphic that is partially obscured by the UKRI logo.

Innovate
UK

An aerial photograph of a solar farm, showing rows of solar panels tilted at an angle, with a dirt road running through the middle. The panels are dark blue with white grid lines, and the surrounding area is green grass.

Welcome



Innovate
UK

Future Economy Investor Partnerships: Investor Selection April 2024

Applicant briefing

18th April 2024

The webinar will start at 14:00.

- We are currently on mute, whilst waiting for more people to join
- We will conduct a sound check before the briefing starts
- Please ensure that you are dialled in, either by computer or phone, so that you can hear the briefing.
- If you have any audio issues, please dial in from a fixed line.
- The briefing will be recorded and available for you

Agenda

- **Welcome and introductions**

- Bruce Colley
- Jemima Jones
- Dawn Manser

- **Part 1**

Background, scope and delivery of the investor partnerships programme

- **Part 2**

Applying through the Innovation Funding Service, application questions

- **Part 3**

Submitting your application, assessment and investor selection



Introduction to Innovate UK and UKRI



UK Research and Innovation

We work with the government to invest over £7 billion a year in research and innovation by partnering with academia and industry to make the impossible, possible. Through the UK's nine leading academic and industrial funding councils, we create **knowledge with impact.**



**UK Research
and Innovation**

Innovate UK

- We are the UK's innovation agency
- We support business-led innovation in all sectors, technologies and UK regions
- A key delivery body of the Government's Innovation Strategy

Our Mission

To help UK businesses grow through the development and commercialisation of new products, processes, and services, supported by an outstanding innovation ecosystem that is agile, inclusive, and easy to navigate.



Innovation Strategy



Plan for Action



Our Priorities

Strategic Themes



**Future
Economy**



**Growth
at Scale**



**Global
Opportunities**



**Innovation
Ecosystem**



**Government
Levers**

Strong Foundations



**Science &
Research
Strengths**



**Design
Expertise**



**Societal Impact
& Responsible
Innovation**



**Innovation
Talent & Skills**



**Equality
Diversity &
Inclusion**



**Place &
Levelling Up**



Strategic Theme

Growth at Scale



- Growing, innovating businesses are key to a strong, sustainable, and competitive UK economy
- The UK ranks 3rd in the world for start-ups, but only 13th for scaling businesses
- We will strengthen our ability to help businesses to grow and scale. We will think beyond projects and novel products to increase focus on the company and its growth journey

Global Market Access

Supporting SMEs to enter the supply chains of the future

Prepare for Growth

Developing leadership and commercial skills, IP, business models, and use of standards

Growth Capital and Resources

Increasing investment through Loans, Investor Partnerships, British Business Bank, etc.

Innovate UK Business Growth

Providing businesses with bespoke innovation and growth support services



Strategic Theme

Future Economy



- The future economy will be very different as we improve the quality of life for all, protect the environment and conserve Earth's resources
- To help UK business realise the opportunities, we will deliver ambitious and purpose-driven programmes in 4 areas:



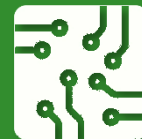
Net Zero

Innovations in energy, transport, agriculture, buildings, manufacturing and more



Health & Wellbeing

Innovation in diagnostics, medicines and novel therapies, connected health, diet and more



Technologies

Developing 7 technology families to help solve the world's biggest problems and grow the UK economy



Foresight

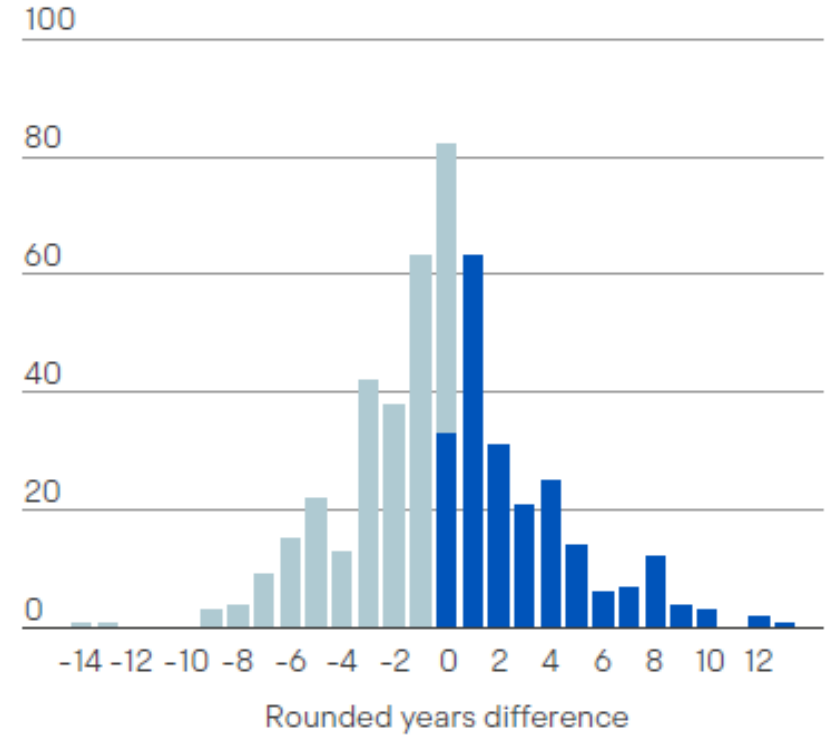
Horizon scanning to enable an agile and intelligent respond to disruptive, emerging technologies

The 'capitalisation challenge'

£16.7bn
of equity invested into the UK's smaller businesses in 2022, a decline of 11% compared to 2021

Matched Innovate UK / British Business Bank companies in the Bank's Equity portfolio

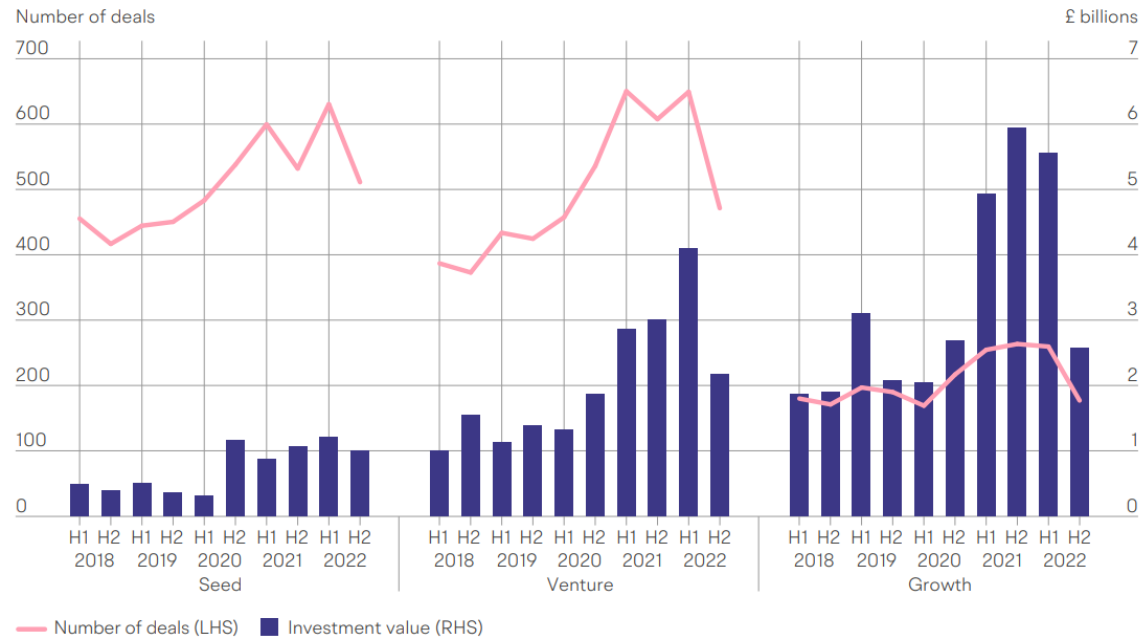
Number of companies



- Company received funding from the Bank after their Innovate UK award started
- Company received funding from the Bank before their Innovate UK award started

Number and value of equity deals over time by stage

Source: British Business Bank analysis of Beauhurst data

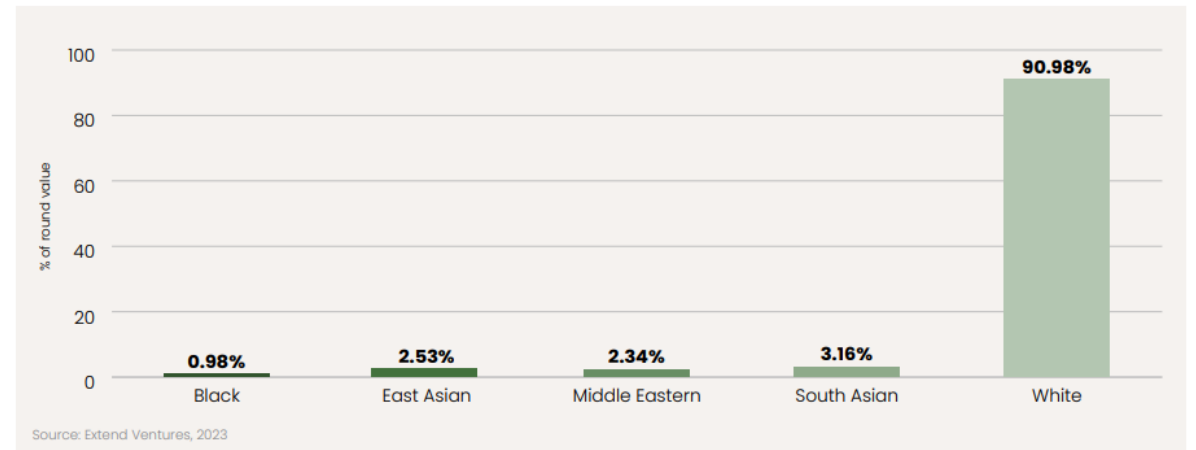
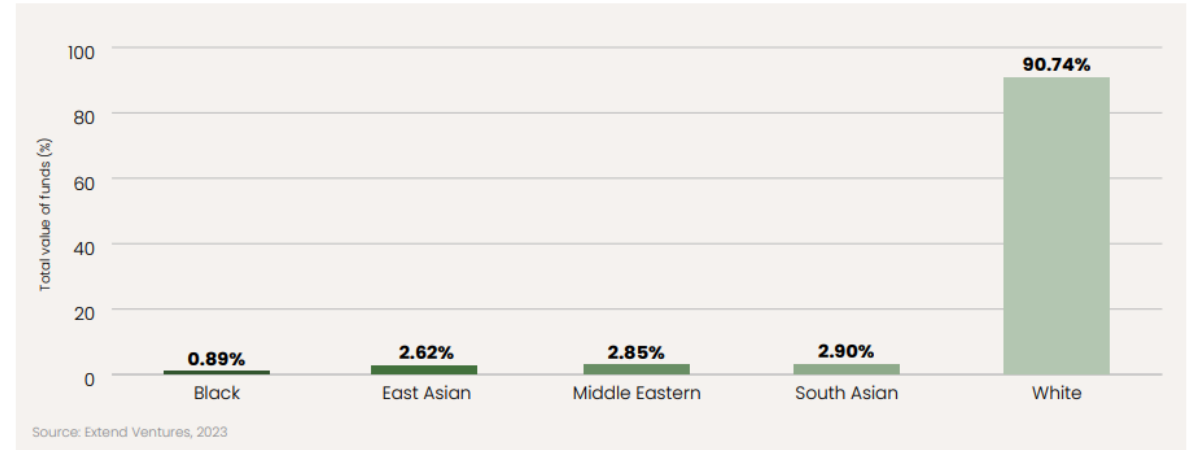
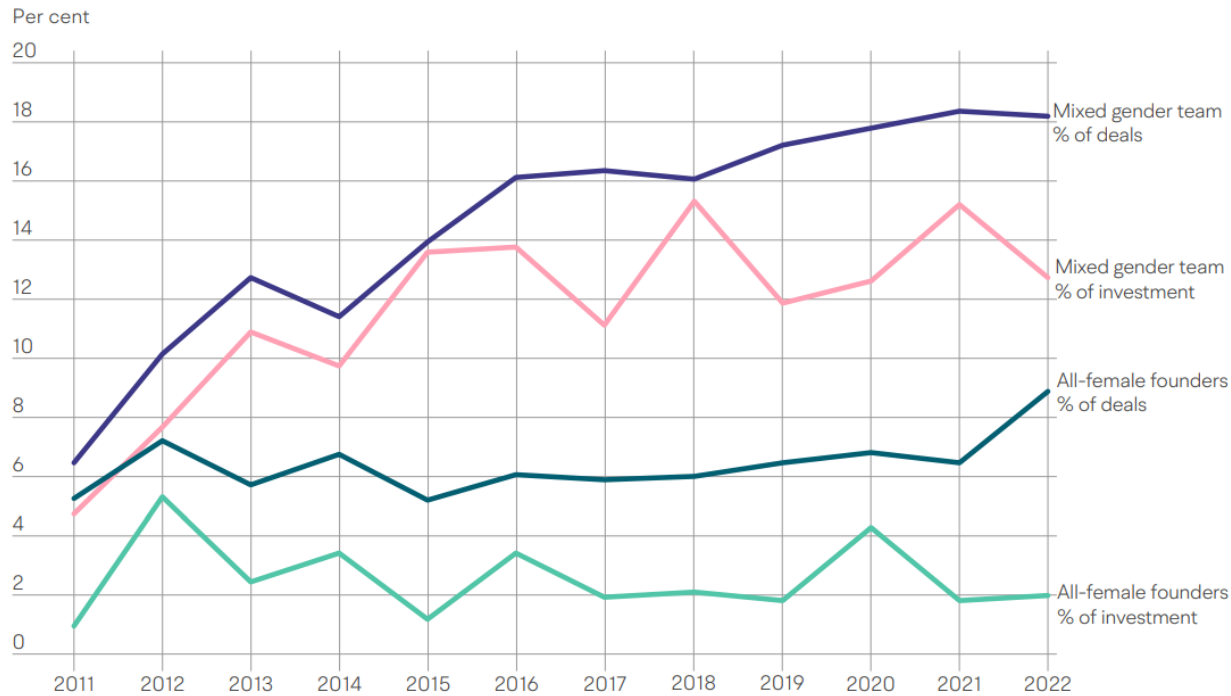


The 'inclusion challenge'



Proportion of equity deals and investment received by all-female and mixed gender founder teams

Source: British Business Bank analysis of Beahurst data



Investor Partnerships: accelerating investment

Addressing challenge of innovative SMEs that need:

- support for innovation and
- access to capital

Bringing together:

- grant funding
- innovative R&D projects in future economy areas
- aligned VC and Angel equity investment

Delivering:

- accelerated investment
- growth at scale through innovation

Innovate UK

- Validate quality early-stage R&D projects via independent assessment
- Non-dilutive finance via grant funding
- Access to UK wide companies
- Monitoring of projects

Investor Partner

- Identification of investible company
- Equity finance to capitalise the business
- Access to markets, contacts and experience
- Commercial influence on company

Maximise
impact and
reduce risk

Portfolio of businesses

- Funded to develop IP and capitalised for growth
- Strong, commercially exploitable asset
- Good team with aptitude for growth
- Structure to support scale

293

Investees

£111M

Grant Committed

£1bn

Total Investment Raised

71

Investors

£57M

Grant Deployed

£322M

Aligned Investment

Scope



Innovate
UK



Summary

- Up to £80m of grant funding to businesses in the current Spending Review period
- Aligned investment of at least £100m led by our investor partners, with expectation of over £400m follow-on investment
- Supporting companies with R&D projects aligned to our future economy focus areas and equality, diversity & inclusion ([Innovate UK Plan for Action](#))
- Supporting early stage R&D projects with sizes from £100k to £1m and later stage projects up to £2m
- Regular SME funding rounds starting in March 2023 and running until July 2024
- We expect full commitment of grant funding by summer 2024. It is our ambition to seek further funding in the next Spending Review to enable us to deliver programmes in the future.

Current specific areas of focus

Net Zero

- capital intensive technologies
- power
- critical circular materials
- heating and retrofit
- battery technologies for transport and energy storage
- mobility
- resource efficiency for materials and manufacturing

Next generation digital technologies

- Creative Catalyst
- Bridge AI

Health and Wellbeing

- Biomedical Catalyst
- Cancer Therapeutics
- Mindset

Equality, diversity & inclusion

- innovations from diverse founders or senior decision-makers that are from under-represented groups and are role models
- innovations outside of the future economy theme areas, including those that support under-served communities and groups

The funding within the Future Economy programme for the current Spending Review period is nearly fully committed, therefore specific themes with funding available are limited. Future programmes expect to cover a broad scope.

If funding is made available, we may also run programmes with other government departments such as Defra and DCMS or linked to our Launchpad programme.

Investor partners



Investor partners

Application through the Innovation Funding Service to demonstrate:

- **credibility** as an investor – strategy and track record
- **capacity** for investment – overall and in relation to the programme
- **capability** as an investor – approach and team
- **commitment** – strategic alignment with the programme and how it will be impacted by being part of the programme
- your approach to **equality, diversity and inclusion**
- **financial standing** – information on financial position, assets under management and regulatory status

Assessment and financial due diligence, depending on prior engagement and ‘accreditation’ through investment from BBB or similar

Investor selection panel will decide whether to onboard as an investor partner, which may include an interview

Application process opened 15th April and closes 15th May 2024



Investor partners

What sort of investors do we partner with?

- Venture capital
- Corporate VC
- UK-based... International... Regional
- Specialists, deep tech, sector specific and generalist
- Financial investors, strategic investors, impact investors, charities

What sort of investments do they make?

- Equity
- Quasi-equity (convertible loan notes)

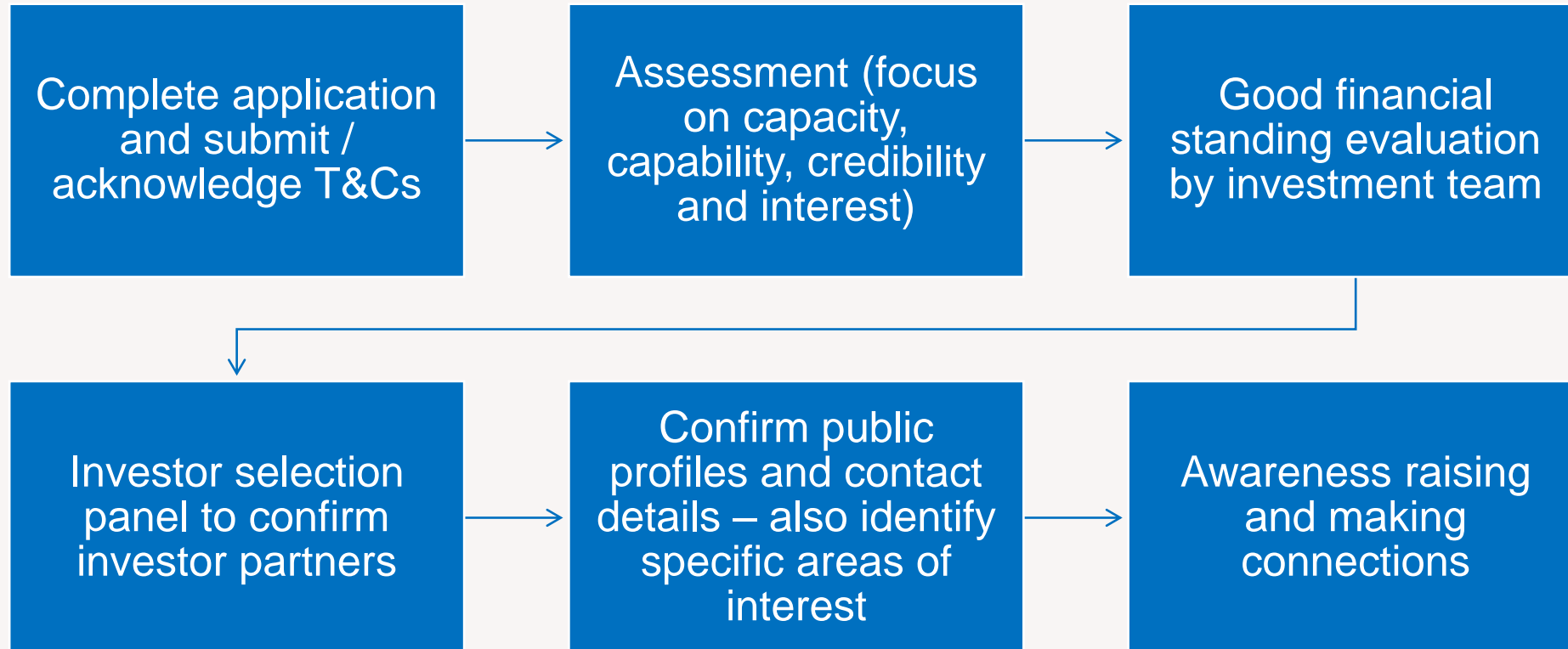
What sort of stage of investment?

- Seed / post seed
- Pre-series A / Series A
- Leading or significant role in syndicate

“Angel investor partners”

- An organisation that can represent angels
- Brings investment capacity from one or more angel groups
- Manages the alignment in our process with the SME

Investor selection process



SME funding opportunities



SME Projects - eligibility and funding

Research category	Project size	Grant available (as a % of total project costs)	Project duration	Aligned investment
Feasibility study	£50K to £300K	70%	6 to 12 months	The investment must be at least equal to the grant funding
Industrial research	£100K to £1M	70%	6 to 15 months	The investment must be at least equal to the grant funding
Experimental development	£250K to £2M	45%	12 to 15 months	The investment must be at least twice the grant funding

[Research category definitions](#)

Expression of interest

We want SMEs to engage with investors before submitting a project application

This will help ensure that the project is eligible and in scope and that the business has a reasonable likelihood of securing investment

Investor partner to submit expression of interest:

- Outline R&D project description from SME
- Fit with Future Economy scope and specific areas of focus
- Project costs and grant request (based on category of R&D)
- Amount of investment sought
- Expected investment structure / role of investor partner
- Additionality of investment
- Traction in investment process

Funding decisions

What are we looking for:

- a high quality application within our future economy focus areas
- confirmation that the grant award is accelerating the investment (additionality)
- likelihood of the investment completing (traction)

The additionality and traction are determined principally from the information provided in the expression of interest. This information is confirmed with the investor prior to the funding decision.

Applications below the innovation project quality threshold will not go to funders panel.

Funding decisions will be made on a portfolio basis

We would normally expect a deal to complete within 3 months of the funders panel.

Additionality and traction

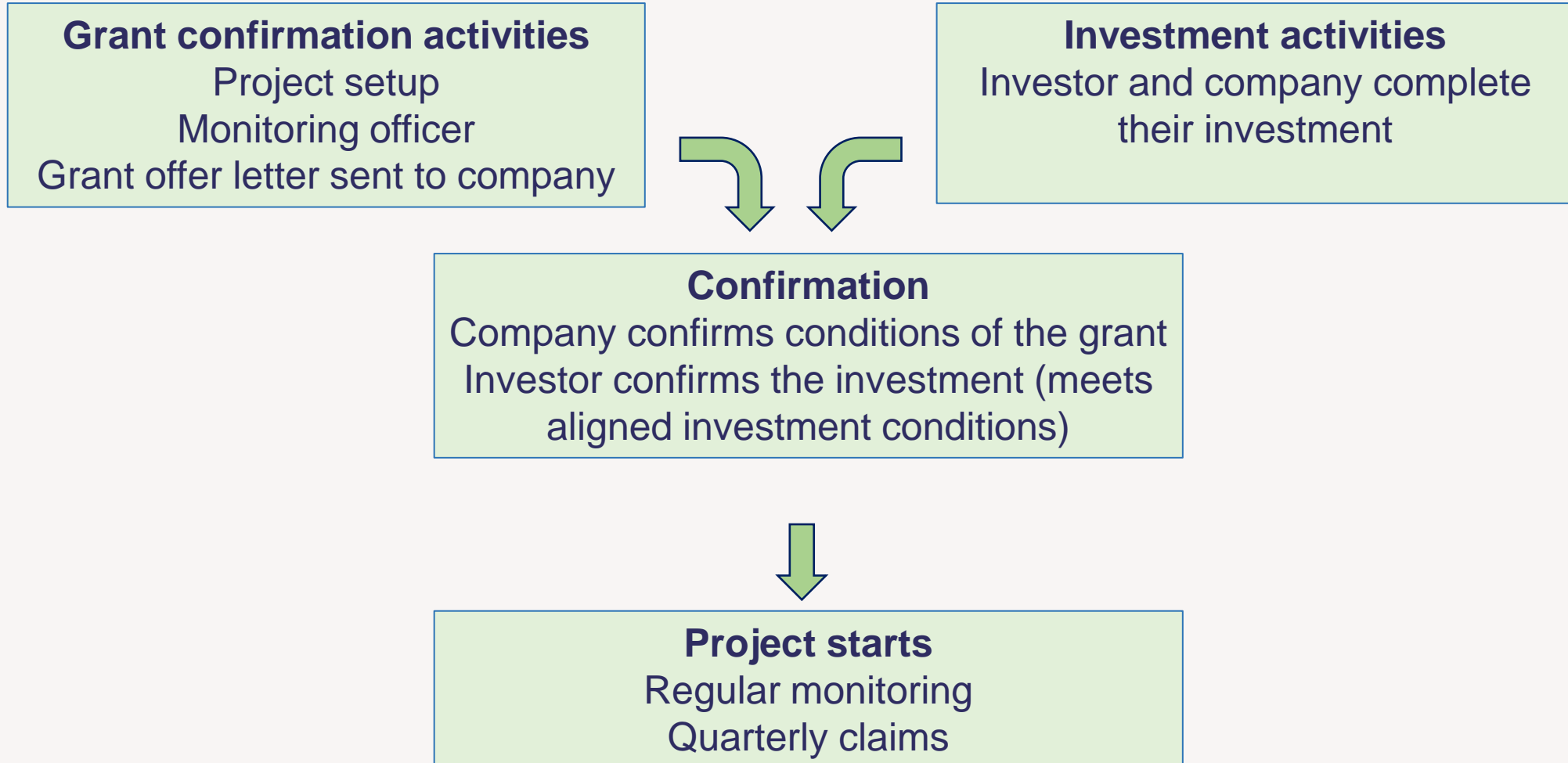
Additionality factors

- Investment amount vs grant
- Existing portfolio company
- Proportion of investment from investor partner
- Diversity
- Region
- Alignment to specified areas of focus

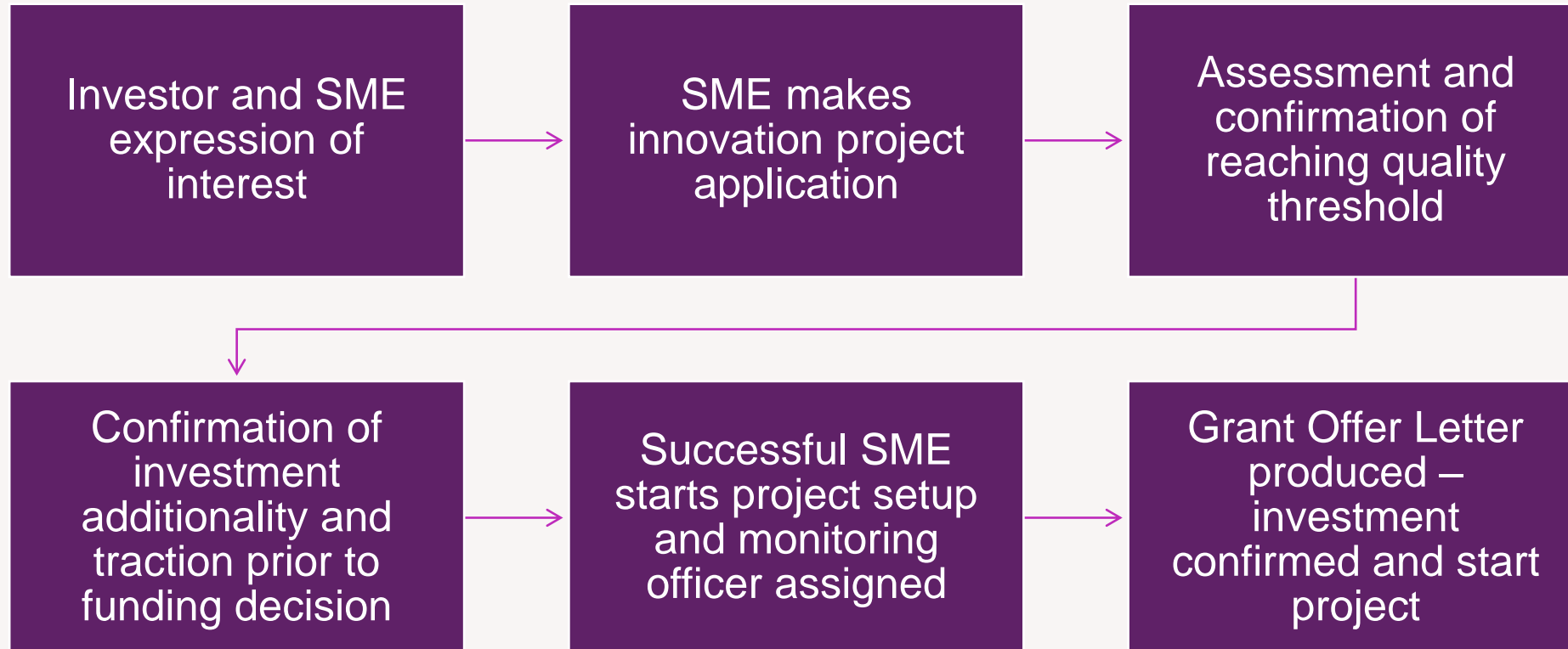
Traction factors

- Stage of completion
- Level of commitment
- Level of support
- Number of investors involved

Investment confirmation and project start



SME application process



Innovate UK additional opportunities



Investor Engagement in Action - Examples



Innovate UK Business Connect

Supporting connections between investors and businesses through flagship events.



Investor Connect

Floww will be powering Investor Connect – an Innovate UK initiative to better connect companies and investor networks.



Innovate UK Products & Services

Connecting investors to Innovate UK, its products & services and domain areas such as Innovation Loans.



Foresighting & Horizon Scanning

Supporting investors to understand future technologies and markets to support the development of their investment thesis.



Innovate UK

Business Connect

Scope Q&A





Applying through the Innovation Funding Service (IFS)

Search for a funding competition and review criteria

GOV.UK Innovation Funding Service
Dashboard Assessor status Sign out

BETA This is a new service – your [feedback](#) will help us to improve it.

[Innovate UK](#)

Innovation competitions

Filter competitions **2 competitions**

Keywords

Innovation area

[Update results](#)

[Innovate UK Investor Partnerships: SME round 4](#)

UK registered businesses can apply for grant funding alongside private investment from selected investor partners.

Eligibility
This competition is open to single applicants only.

To apply your organisation must:

- be a UK registered [micro, small or medium sized business](#) (SME)
- have been invited to apply by an investor from our pool of selected investor partners

Open now
Opened: 31 August 2023
Closes: 25 October 2023

[Innovate UK Investor Partnerships: Investor Selection August 2023](#)

Investors can apply to partner with Innovate UK to invest in innovative SMEs aligned with grant funding.

Eligibility
To be considered as an investor partner you must:

- be an investor
- demonstrate that you are credible, have capacity for investment and have the capability to be an Innovate UK investor partner
- confirm an interest in investing in businesses innovating in one or more of the future economy areas described in the [Innovate UK plan for action](#)
- demonstrate your good financial standing

Open now
Opened: 30 August 2023
Closes: 20 September 2023

GOV.UK Innovation Funding Service
Dashboard Assessor status Sign out

BETA This is a new service – your [feedback](#) will help us to improve it.

[Back to all competitions](#)

Funding competition

Innovate UK Investor Partnerships: Investor Selection August 2023

Investors can apply to partner with Innovate UK to invest in innovative SMEs aligned with grant funding.

Competition opens: Wednesday 30 August 2023
Competition closes: Wednesday 20 September 2023 11:00am

[Start new application](#)

Or go to [your dashboard](#) to continue an existing application.

Summary **Eligibility** Scope Dates How to apply Supporting information

Description

Innovate UK is inviting investors to partner with us. Together we will support growth in UK [micro, small and medium-sized enterprises](#) (SMEs) by aligning Innovate UK's grant funding for R&D projects alongside your investment.

There is no Innovate UK funding awarded to applicant investors. Grant funding will be awarded by Innovate UK to applicant companies (SMEs) to cover a proportion of eligible project costs alongside your aligned investment from or led by one or more investor partners. The investment will typically be in the form of equity but may include other forms of funding, such as convertible loans.

We aim to create a broad "pool" of investor partners to invest in SMEs innovating across the [future economy investor partnership programme](#) and at all stages of business growth. The investor partnership programme will cover specific themes within the future economy, as described in [Innovate UK's plan for action](#), in particular:

- net zero
- health and wellbeing
- next generation digital technologies and technology families

Lead Applicant: create an account

The lead applicant must create an account:

UK registered businesses

Use Companies House lookup as it speeds up our checks by providing your company number. You are unable to enter this at a later date.

The screenshot shows the 'Create your account' page for UK registered businesses. The header includes the GOV.UK logo and 'Innovation Funding Service'. A beta notice states: 'BETA This is a new service - your feedback will help us to improve it.' Below this is a 'Back' link. The main heading is 'Create your account Your organisation'. An information icon indicates: 'Your organisation must be UK based to receive funding from Innovate UK'. Under the 'Business' section, there is a sub-heading 'Find your organisation on Companies House' and a prompt 'Enter your organisation name or registration number'. A search input field contains 'nomensa' and a 'Search' button. Below the search results, it says 'Companies House search results' and 'Select your organisation from the options below'. A single result is shown: 'NOMENSA LTD', '04214477 - Incorporated on 10 May 2001', and '13 Queen Square, Bristol, BS1 4NT'.

The screenshot shows the 'Please sign in or create an account' page. The header includes the GOV.UK logo and 'Innovation Funding Service'. A beta notice states: 'BETA This is a new service - your feedback will help us to improve it.' Below this is a 'Back' link. The main heading is 'Please sign in or create an account'. There are two columns: 'Used this service before?' with a 'Sign in' button, and 'New to this service?' with a 'Create account' button. The text for 'Used this service before?' says: 'Please sign into your Innovation Funding Service account.' The text for 'New to this service?' says: 'If you haven't used the new Innovation Funding Service before you will need to create an account.'

The screenshot shows the 'Sign in' form. The header includes the GOV.UK logo and 'Innovation Funding Service'. The main heading is 'Sign in'. There are two input fields: 'Email address' with the prompt 'Please enter your email address.' and 'Password' with the prompt 'Please enter your password.' and a 'Show' button. Below the password field is a link: 'Need help signing in or creating an account?'. There is a section titled 'My email and/or password isn't working' with the text: 'If you applied previously using the old service, you will need to create a new account.' and a link: 'Forgotten your password?'.

Investor Details

- **Application Team** – You can invite colleagues from your own organisation to help you complete your application
- **Application Details** – Enter the name of your investment firm (or equivalent), the date when you would be able to make your first investment and the period (up to 2 years) during which you wish to be an investor partner
- **Equality, Diversity and Inclusion survey** – You must complete the survey about your investment firm through the link as part of your application
- **Investor Summary** – Short summary of your organisation, how you invest, your regulatory status, your investment approach, the types of businesses you invest in and the size of your typical investments
- **Public Description** – Provide a description that we can use to promote you as an investor partner and enable SMEs to contact you. SMEs will be encouraged to identify and contact suitable investors from the pool during their application process

Application Questions

Application Form		Appendix
Question 1	Your financial standing (not scored)	Yes – mandatory
Question 2	Your approach to equality, diversity and inclusion (not scored)	Yes - optional
Question 3	Your credibility as an investor	Yes – optional
Question 4	Your capacity for investment	Yes – optional
Question 5	Your capability as an investor partner	Yes – optional
Question 6	Your alignment to the future economy investor partnership programme	Yes – optional

Detailed guidance available on IFS

Terms and conditions

You are agreeing to these by submitting your application.

[Investor Partnerships terms and conditions](#)

Application Questions

- **Your financial standing** – Provide information about your financial position, your assets under management, your regulatory status and any investment from public funds (e.g. British Business Bank).
- **Your approach to equality, diversity and inclusion** - Describe how you encourage diversity within your management team and portfolio companies
- **Your credibility as an investor** – Describe your investment strategy, how you add value to your portfolio companies, how you encourage equality, diversity and inclusion and how you deliver growth.
- **Your capacity for investment** – Describe the size and deployment of your investment capital and the capital available for aligned and follow-on investment relating to this investor partnership programme.
- **Your capability as an investor** – Describe your approach to investing, decision making and governance. Provide details of your team. Describe your approach to managing your portfolio.
- **Your alignment to the future economy investor partnerships programme** – Explain how your investment strategy and portfolio align with the Innovate UK plan for action and future economy scope. Describe how your investment strategy may change as a result of the investor partnership programme. Describe the future economy areas that are of particular interest to you.

Submitting your application



Editing a submitted application

test
Application number: 242
Competition: 599 Covid de minimis round 2

Awaiting assessment

Application submitted

[Reopen](#)

Reopen by clicking here

Terms and conditions
You must agree to these before you submit your application.

[Award terms and conditions](#) ✓ Complete

[Review and submit](#) [Print your application](#)

Remember to press
'Submit application'

Terms and conditions Open all

[Award terms and conditions](#) ✓ Complete +

[Submit application](#)

Need help with this service? [Contact us](#)

Assessment and investor selection



Our assessment and investor selection process

All investor selection decisions are made by an investor selection panel. The panel is made up of senior members of our investment and future economy teams, with an independent chair. Independent expert members may be invited where appropriate.

Application questions from new investor partners will be independently assessed by assessors drawn from a pool of experts with investment experience and expertise.

The financial standing of all applicants will be evaluated by our investment team. We will take account of investment received from public sector organisations (e.g. British Business Bank) as an indicator of previous due diligence.

Assessors are unable to contact you regarding your application content. Therefore, your application should contain:

- a justification for your alignment with the investor partnership programme
- clear and concise answers
- the right amount of information
- no assumptions

We recommend you review the competition brief and guidance for help.

Interviews

The investor selection panel may invite you to interview. This will be to seek clarification to enable the panel to make a selection decision.

We will inform you:

- how the interview will be arranged (typically virtually for convenience)
- how many people may attend the interview
- how long your presentation should last (typically 10 minutes)
- how long a Q&A session, led by members of the panel, will last (typically 20 minutes)
- how you should provide presentations and presenters' names ahead of the interview

Key Dates

Timeline	Dates
Competition Opens	15 April 2024
Briefing Event	18 April 2024
Submission Deadline	15 May 2024 11:00
Invite to Interview	5 July 2024
Interview Panel	18 July 2024
Applicants Informed	22 July 2024

Q&A



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Contact

Customer Support Services

0300 321 4357 (Monday - Friday 9am-12pm and 2pm-5pm)

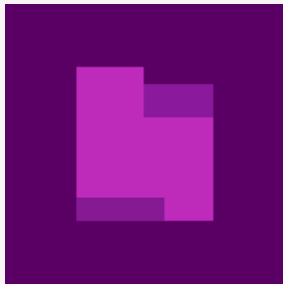
support@iuk.ukri.org

UKRI Website:

<https://www.ukri.org/what-we-do/our-main-funds-and-areas-of-support/browse-our-areas-of-investment-and-support/investor-partnerships-future-economy-programme/>

Innovate UK Business Connect Website:

<https://iuk.ktn-uk.org/programme/investor-partnerships-future-economy/>



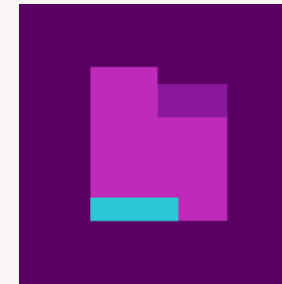
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ukri.org/councils/innovate-uk



**Innovate UK
Business Connect**

ktn-uk.co.uk



**Innovate UK
Business Growth**
innovateukedge.ukri.org

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