



# **North East** M&A Technology Sector Snapshot

Oct-21 to Dec-21

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# Key M&A Headlines

## Most active M&A sectors by volume of deals done

(Oct-21 to Dec-21)

Software - 14%

IT Services & Outsourcing - 32%

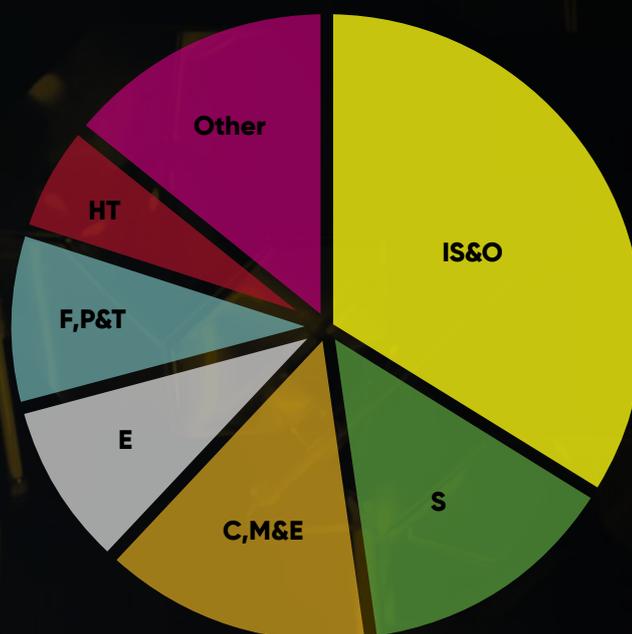
Communications, Media & Entertainment - 11%

E-commerce - 7%

Fintech, Payment & Transaction - 10%

Health Tech - 8%

Other - 18%



## Most active M&A regions by volume of deals done

(Oct-21 to Dec-21)

London - 34%

South East - 9%

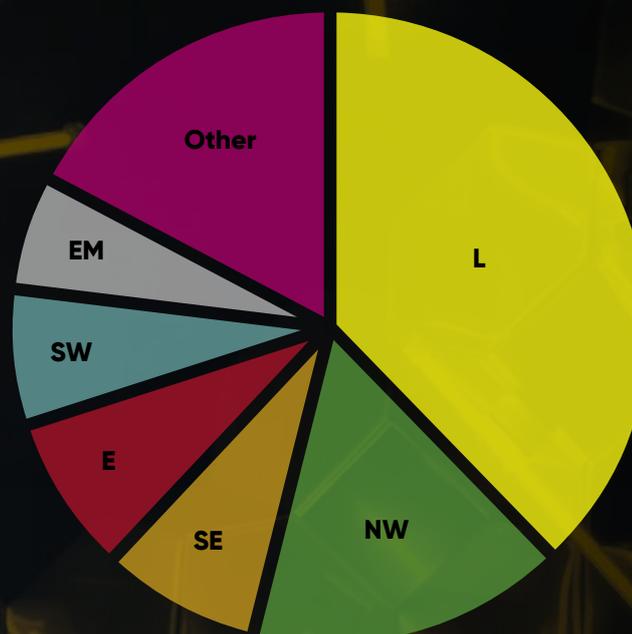
North West - 14%

East of England - 7%

South West - 8%

East Midlands - 5%

Other - 24%



Total deals in the "technology" sector in UK (Oct-21 to Dec-21)

227 Deals

# Introduction

## Welcome to the fourth edition of the North East: M&A Technology Sector Snapshot – a joint production from Ryecroft Glenton Corporate Finance and Mercia Asset Management PLC.

We publish a snapshot each quarter to provide information on national themes in the UK tech sector, as well as focusing on developments closer to home, in the North East.

The snapshot provides an insight into key industry trends, current market data, news and an overview of recent transactions. In this issue, the deal round up covers the three months from October 21 to December 21.

Each quarter we shine the spotlight on a specific sub-sector within the technology industry. This quarter we take a closer look at the FinTech sector.

The UK tech market continues to be very active with 227 deals recorded between October 2021 to December 2021, approximately 40% relating to an acquisition or a sale. In contrast to the last two quarters analysed, IT Services & Outsourcing was the most active sub-sector for M&A in Q3. London continues to lead the way geographically, with 34% of all deals from October to December 2021, albeit the quarter saw a good level of activity in the North East too.

Quarter	Total Deals (UK)	Total deals (North East)	Most active region of total deals	North East share of deals	Most active sector
Q2 - 21	296	9	London (40%)	3%	Software (38%)
Q3 - 21	264	3	London (38%)	1%	Software (34%)
Q4 - 21	227	10	London (34%)	4%	IT Services & Outsourcing (32%)

Sources – MarketIQ

**The UK tech market continues to be very active with 227 deals recorded between October 2021 to December 2021, approximately 40% relating to an acquisition or a sale.**



# A General Round Up of Technology Sector News and Innovation

## General Tech Sector News Update

The last quarter has seen interesting developments within the Technology sector. This section of the M&A Snapshot highlights some recent articles and developments of interest within the industry.

### National

#### How much will 5G technology add to the UK economy?

- "According to new analysis by PwC, 5G technology could be a major benefit to the UK economy as it looks to find its feet in the post-Brexit world. With the nation still reeling from the coronavirus and a deep recession, it could see a boost of £43billion to gross domestic product by 2030 thanks to the application of the new technology."

Article available here: <https://www.consultancy.uk/news/27045/how-much-will-5g-technology-add-to-the-uk-economy>

#### UK startups reached 38% of European unicorn value in 2021

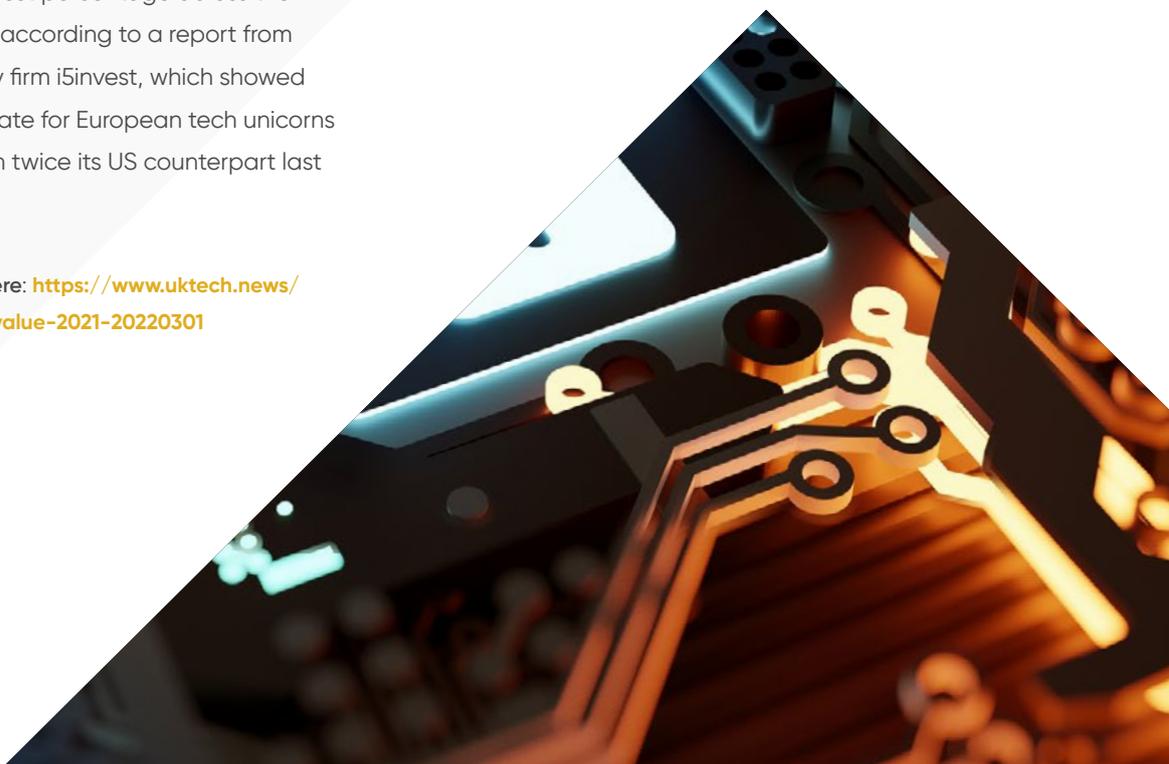
- "UK tech companies made up 38% of the combined valuation of European unicorns in 2021 – the highest percentage across the continent. That's according to a report from financial advisory firm i5invest, which showed that the growth rate for European tech unicorns rose to more than twice its US counterpart last year."

Article available here: <https://www.uktech.news/news/uk-unicorn-value-2021-20220301>

#### UK investment hit £1bn in 2021, revenues soared to £10bn

- Investment in UK cybersecurity companies surpassed a record £1billion in 2021, a 25% increase on the year prior. Government figures show that UK cybersecurity investment last year was spread across 84 companies."

Article available here: <https://www.uktech.news/cybersecurity/uk-cybersecurity-investment-2021-20220217>



## North East

### US-owned Tech company expands with Newcastle headquarters creating 100s of jobs

- "A global leader in security operations has announced the opening of its Europe, the Middle East and Africa (EMEA) headquarters in Newcastle, following a period of continued expansion and rapid growth for the business."

Article available here: <https://www.dynamonortheast.co.uk/us-owned-tech-company-expands-with-newcastle-headquarters-creating-100s-of-jobs/>

### Opencast launches shares scheme to give employees a stake in the firm's future success

- "North East technology consultancy Opencast is to give a third of its shares to its employees to give them a greater stake in its future success. The move to launch a share options scheme will see Opencast founders Charlie Houlton and Mike O'Brien – both 50% shareholders until this point – effectively give away a third of their shares to colleagues."

Article available here: <https://www.business-live.co.uk/professional-services/opencast-launches-shares-scheme-give-22359688>

### 3,000-job Northumberland Gigafactory to go ahead after £1.7bn boost

- "Plans for a 3,000-job battery gigafactory in Northumberland are set to become a reality after multimillion-pound Government funding helped attract £1.7bn from private investors."

Article available here: <https://www.chroniclive.co.uk/news/north-east-news/3000-job-northumberland-gigafactory-go-22821105>

### SAGE's £1.4m investment in the North East to tackle digital skills gap hailed as "transformational" by HM Treasury

- "The chief secretary to the Treasury has welcomed the landmark investment by Sage, the leader in accounting, financial, HR and payroll technology for small and mid-sized businesses, hailing the "transformational" three-year programme which will transform 90,000 young lives in the North East over the next five years."

Article available here: <https://www.dynamonortheast.co.uk/sages-1-4m-investment-in-the-north-east-to-tackle-digital-skills-gap-hailed-as-transformational-by-hm-treasury/>

### Tech giant Aspire steps up operations as it opens Riverside Head Office

- "Aspire, who were crowned North East business of the year 2020, has recently opened its new HQ at the 30,000 sq. ft Pipewell Quay development, based on the site of the former iconic Baja Beach Club, Gateshead Quays."

Article available here: <https://northern-insight.co.uk/technology/tech-giant-aspire-steps-up-operations-as-it-opens-riverside-head-office/>



# The Fintech Sector – Interesting Snapshots

## Revolutionising Consumer Credit

Following the exponential growth of data analytics and data collection methods over recent years, financial institutions now have seemingly limitless opportunities to assess and predict consumer financial behaviour. Technology can be used to inform credit acquisition decisions, while also allowing for more effective account management strategies, such as offering increased credit limits based on recent credit performance.

In the past, credit scores were estimated using subjective decision making by loan officers. This resulted in inaccurate, and often discriminatory, lending decisions. A move to statistical analysis in the 1970s provided new methods to improve decision-making based on metrics such as payment history, credit length and credit mix. However, these methods rely heavily on past information rather than future projections. PwC's research suggests that there may be between 10 million and 14 million individuals (around a quarter of the total UK adult population) who could find it difficult to access credit from mainstream sources, despite having only relatively minor blemishes on their credit history.

Recent advancements include the emergence of companies like LendingMetrics, an intelligence platform that uses data to predict an individual's creditworthiness through predictive insights and automatic decision making, with the aim of removing some of these barriers to credit access. More recognisable names include ClearScore, an app designed to allow consumers to keep track of their credit scores on a regular basis at no cost to the consumer. ClearScore has seen significant growth since its inception in 2014, and currently has over 14 million users globally. This notable growth, along with increased interest within the sector led to a recent investment of \$200million in 2021 by global equity investors Invus Opportunities, valuing the business at roughly \$700million.

The consumer credit market is forecasted to grow significantly again, following a short-lived fall in unsecured lending due to the pandemic. As interest rates remain at historically low levels, IBISWorld forecasts consumer credit to increase to approximately £250billion in 2022; the main beneficiary of this growth being the funeral industry, which has forecast growth of t 7.8% in 2022.

Sources: PwC, Lendingmetrics, MarktoMarket, Ibisworld



## The Coming Age of Robo Advisors in the Financial Services Sector

The increasing use of robots and AI in a variety of industries is hard to miss. However, it is not something that might typically be considered in relation to the wealth management industry. Roboadvisors, or automated investment platforms, may provide a suitable option for those budding investors who are uncertain where to begin in their investment journey or do not have the time to manage their investments. Furthermore, limited organic growth, volatile capital market returns, and fee and margin compression have created a more challenging context. In this shifting paradigm, technology continues to play a critical role in enabling rapid business transformation, as well as driving opportunities for efficiencies, innovation, and value creation. Robo advisors are looking to fill this gap and provide low-cost opportunities for investors looking to dive into the world of low stress investing.

A roboadvisor is an online investment service that asks you about 10-15 simple questions and then puts your money into a suitable basket of investments based on your risk profile. The portfolio is then managed automatically on an ongoing basis, taking into consideration liquidity and rebalancing adjustments. In some cases, the returns achieved by robo advisors can be better than those achieved by traditional investment funds. By way of example, BoringMoney found that £5,000 invested in Nutmeg from October 2012 would be worth £8,252 5years later, while the FTSE100 fell by 3.12% over the same period. Diversification of investments is therefore a key benefit achieved by Robo advisors, limiting the risk of over-exposure to home economies in favour of potential returns elsewhere. However, many robo advisors have only been in the market for a couple of years, so comparisons with shares may not be truly representative due to asset fluctuations from year to year.

A move towards automated investing will lead to a reduction in fees, increasing net returns for investors over the long term. This is because there are typically no management, trading fees or platform costs. Instead, a flat service charge is taken based on the total value of assets invested. As cost-efficiency increases within the sector and assets under management improve, robo advisors will be able to spread maintenance fees across the larger pool of investors, reducing the cost per user.

One of the most notable transactions in the sector was the recent acquisition of Wealthsimple UKs business by Moneyfarm for an undisclosed sum. The acquisition included the transfer of 16,000 customers and adds an additional £272million of assets under management to Moneyfarm's portfolio, currently estimated at £2billion.

However, problems within the industry still remain. Although digital services allow for efficient diversification and portfolio rebalancing, a complaint has been that there is an inability to contact human advisors when necessary, perhaps when the markets begin to fall or an individual wants to talk about a specific strategy. This has provided an opportunity for the larger firms, such as Barclays and Fidelity to offer a 'hybrid' service that encompasses both automated and one-off interactions through an ongoing relationship with a trained advisor. Ultimately, whether a robot or a human manages money comes down to what an investor wants from the relationship. Nevertheless, it will certainly be interesting to see how the Robo advisors fare over the coming years.

Sources: Boring Money, Deloitte, Money Marketing, CNBC

# The FinTech Sector Under the Spotlight

Fuelled by the impact of the pandemic, the concomitant growth of e-commerce and the demand for alternative payment options including consumer appetite for cryptocurrencies, the global financial technology 'fintech' market is predicted to expand at a compound annual growth rate of 25.18% and total \$324 billion by 2026.<sup>1</sup> The UK represents 10% of the total global market share, generating £11 billion in revenue.<sup>2</sup> Within the North East region, established fintech business Sage has recently announced a £1.4 million investment in a three-year programme to upskill 90,000 young learners with digital career skills in conjunction with the Newcastle United Foundation and the Institution of Engineering and Technology, enhancing the attractiveness of the region as a fintech hub.<sup>3</sup> FinTech North maintains a presence in the region at TusPark Newcastle Eagle Labs, hosting a variety of forums, special interest groups, and roundtables to foster growth within the North-East fintech community.<sup>4</sup>

## Industry Trends

The provision of buy now, pay later 'BNPL' services are increasingly regarded as essential to e-commerce offerings and integral to the online payments sector.<sup>5</sup> This is primarily driven by younger consumers who want an alternative to traditional credit options. Emerging fintech companies such as Klarna, a provider of BNPL services to approximately 90 million consumers and 250,000 retailers across 17 countries, have capitalised on this trend by commissioning research which suggests that 60% of credit card users don't understand the accompanying interest rates and charges and calling for greater transparency within the financial services industry.<sup>6,7</sup> As smartphone adoption increases, consumer appetite for mobile banking applications has kept pace; according to Statista, 90% of US users regularly utilise mobile banking apps to monitor their account balance.<sup>8</sup>

Digital-only challenger banks such as Atom Bank, Starling Bank and Monzo have emerged to satisfy market demand. The SME lending landscape has also been disrupted by alternative funding models. Businesses such as Funding Circle, a peer-to-peer lending marketplace, CrowdCube, a crowdfunding platform for early-stage businesses, and FIBR which claims to provide business financing options via a five-minute application process, have transformed traditional debt models and made it easier for earlier stage businesses to access funding. The development of cryptocurrencies such as Bitcoin, Tether and Ethereum, and the adoption of blockchain technologies within banking systems and transaction processing, has also influenced the fintech landscape and created 11 cryptocurrency unicorns in 2021.<sup>9</sup>



## Overview of M&A

The growth trajectory of Newcastle-based Bottlepay illustrates the phenomenon of inflated valuations and early exits which are becoming a feature of fintech M&A. Founded in 2019, Bottlepay is a blockchain-enabled payments platform on which users can transact bitcoin and other currencies.<sup>10</sup> The app facilitates microtransactions without the traditionally associated fees and has partnered with providers such as Twitter and Discord to integrate payment services. In February 2021, Bottlepay raised £11million at a post-money valuation of £51million, from the FinTech Collective, NYDIG and angel investors.<sup>11</sup> In November 2021, Bottlepay was acquired for an undisclosed amount by its shareholder NYDIG, a bitcoin financial services provider which recently raised \$1billion in a funding round that valued the

business at \$7billion.<sup>12</sup> This was a strategic move to acquire Bottlepay's Lightning Network infrastructure and integrate this into NYDIG's bitcoin platform.<sup>13</sup> Another example of rapid valuation evolution in this fast-paced sector, is London-based Checkout.com, provider of a cloud-based payments platform, which despite being valued at \$15billion in December 2021, raised a Series D investment of \$1billion in January 2022 at a \$40billion valuation.<sup>14</sup> Gibraltar-based Bullish Crypto, a digital currency investment platform, was founded in 2021 yet outpaced more established companies such as Credit Karma and Monzo to rank as number 40 on Fintech Magazine's Top 100 Companies list, based on growth potential and market capitalisation.<sup>15</sup>

## Ones To Watch

Durham-based Atom Bank, which claims to be the UK's first app-only banking provider, recently raised £75million from existing investors BBVA and Toscafund, alongside Infinity Investment Partners, at a £435million valuation.<sup>16</sup> This was driven by the company's strong performance over the last nine months, as customer deposits reached £2.5billion and mortgage completions totalled £3billion. Notably, Atom Bank has received positive press for its implementation of a standard four day working week with no salary sacrifice for its 430 staff. The business recently announced its first profitable quarterly results and is preparing for an Initial Public Offering - next year. Newcastle-based Kani Payments, founded in 2018, is a provider of a SaaS reporting and reconciliation tool for challenger banks

and fintech businesses. Kani Payments has reconciled over €8billion payments for global customers, thereby significantly reducing the time, cost and margin of error involved in managing complex and contrasting data sets.<sup>17</sup> Manchester-based Airtime Rewards offers an innovative digital reward currency in which users, who have linked their payment details to the app, are rewarded for transactions made at affiliated retailers, via credit issued to their mobile phone bill. The app currently has 1.89 million members, has generated £11million rewards, integrated with nine mobile network providers, and has partnered with brands such as Boots, Argos, and Adidas.

<sup>1</sup> Fintech Market | Size, Share, Growth | 2022 - 2027 (marketdataforecast.com)

<sup>2</sup> Kalifa Review of UK Fintech - Executive Summary (publishing.service.gov.uk)

<sup>3</sup> Newcastle fintech giant invests £1.4m to back North East tech careers (yahoo.com)

<sup>4</sup> About - FinTech North

<sup>5</sup> <https://www.spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/fintech-m-a-2021-deal-tracker-the-summer-of-buy-now-pay-later-66621620>

<sup>6</sup> <https://www.klarna.com/uk/about-us/>

<sup>7</sup> <https://www.crowdfundinsider.com/2022/02/186889-fintech-klarna-reveals-that-most-consumers-dont-know-how-much-interest-theyre-charged-when-using-credit-cards/>

<sup>8</sup> <https://www.mobileappdaily.com/mobile-applications-in-banking-finance>

<sup>9</sup> Top 11 Cryptocurrency Unicorn Startups in 2021 (failory.com)

<sup>10</sup> <https://bottlepay.com/>

<sup>11</sup> <https://www.uktechnews.info/2021/02/23/bottlepay-secures-11-million-seed-investment-from-angel-investors/>

<sup>12</sup> <https://www.coindesk.com/business/2021/12/14/institutional-bitcoin-broker-nydig-valued-at-7b-in-whopping-1b-funding-round/>

<sup>13</sup> <https://nydig.com/news/nydig-announces-acquisition-of-bitcoin-payments-app-bottlepay>

<sup>14</sup> FinTech Magazine Top 100 Companies | FinTech Magazine

<sup>15</sup> FinTech Magazine Top 100 Companies | FinTech Magazine

<sup>16</sup> Atom Bank valued at £435mn as it targets market listing next year | Financial Times (ft.com)

<sup>17</sup> Kani Payments - Innovation SuperNetwork



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## Some Interesting Deals in the UK Technology Sector

(Oct-21 to Dec-21)

The deals that have been selected below have been chosen to show the variety and diversity of activity in the sector in terms of deal types and sub-sectors.

Date: Closed	Target	Acquirer / Funder	Sub Sector	Target Product Line	Value / Investment funding	Region	Deal Type
18 Jan 2022	Brightpearl Ltd	Sage Group Plc	IT Services & Outsourcing	Develops a cloud-based multi-channel retail management system	c.£225m	South West	Acquisition
17 Dec 2021	HungryPanda Ltd	Multiple investors, including Perwyn & Piton Capital	ECommerce	Provides a food and beverage B2C platform	c.£98m	London	Development Capital
15 Dec 2021	LBG Media PLC	N/A	Communications, Media & Entertainment	Provides digital media and youth content media publishing service	c.£30m	North West	Flotation
07 Dec 2021	Enternships Ltd	Multiple investors, including Frontline Ventures & Beringea	IT Services & Outsourcing	Provides a SaaS-enabled marketplace for workplace learning and development	c.£7.5m	London	Development Capital
07 Dec 2021	SPG Technologies Ltd	Multiple investors, including Techstars & CreditEase	Fintech, Payment & Transaction	Provides financial transaction services through platforms, Paycast and ShieldPay	c.£25m	North West	Development Capital
07 Dec 2021	Sorted Holdings Ltd	Arete Capital & Chrysalis Investments	IT Services & Outsourcing	Develops Software-as-a-Service (SaaS) based delivery management solutions	c.£30m	North West	Development Capital
29 Nov 2021	Thought Machine Group Ltd	Multiple investors, including, JP Morgan & Draper Esprit	Fintech, Payment & Transaction	Develops a digital banking platform	c.£150m	London	Development Capital
26 Nov 2021	Lenderwise Ltd	Fasanara Capital	Fintech, Payment & Transaction	Provides continuous embedded finance via a digital marketplace	c.£85m	London	Development Capital
24 Nov 2021	Celerity Ltd	BGF	IT Services & Outsourcing	Provides high value, complex hybrid cloud and IT managed services	c.£15m	North West	Development Capital
23 Nov 2021	Ieso Digital Health Ltd	Multiple investors, including, IP Group Plc & Morningstar Ventures	HealthTech	Develops digital mental health delivery platform designed to transform mental health delivery	c.£39m	East of England	Development Capital
18 Nov 2021	Ultraleap Ltd	Multiple investors, including, IP Group Plc & Mayfair Equity Partners	Software	Develops ultrasonic free space haptics technology	c.£60m	South West	Development Capital
18 Nov 2021	Wejo Ltd	Virtuoso Acquisition Corp	Software	Provides online automotive data services	c.£168m	North West	Reverse Takeover
17 Nov 2021	Kick ICT Group Ltd	BGF	IT Services & Outsourcing	Provides accounting and ERP solutions, cloud and network infrastructure and other software applications	£8.7m	Scotland	Development Capital
16 Nov 2021	Dubit Ltd	Meta Ventures	Gaming	Develops computer games and virtual worlds	c.£6m	Yorkshire	Development Capital
16 Nov 2021	Synthace Ltd	Horizon & Sofinnova Partners	BioTech	Provides a cloud software platform for automating and improving the success rate of biological research and development	£26m	London	Development Capital

Date: Closed	Target	Acquirer / Funder	Sub Sector	Target Product Line	Value / Investment funding	Region	Deal Type
12 Nov 2021	Ometria Ltd	Multiple investors, including, Octopus Ventures & Summit Action	ECommerce	Provides eCommerce software solutions	c.£299m	London	Development Capital
03 Nov 2021	Darktrace Plc	Vitruvian Partners LLP	IT Services & Outsourcing	Develops artificial intelligence-based software to detect and respond to cyber threats	c.£64m	East of England	Divestment
03 Nov 2021	Selazar Ltd	Foresight, Co-Fund NI & Clarendon Fund Manager	Software	Develops automated end-to-end fulfilment software	c.£20m	London	Development Capital
02 Nov 2021	Permutive Ltd	ACE & Co, EQT Ventures, Octopus Ventures & SoftBank Vision Fund	Communications, Media & Entertainment	Provides an audience platform for publishers and advertisers, which enables media to be traded in a privacy-safe way	c.£55m	London	Development Capital
02 Nov 2021	Current Health Ltd	Best Buy Co Inc	HealthTech	Manufactures devices that monitor multiple health indicators allowing early health deterioration	£300m	Scotland	Acquisition
27 Oct 2021	Audit Xprt Ltd	Ideagen Plc	IT Services & Outsourcing	Provides end-to-end B2B solutions to the FinTech and RegTech sectors using its advanced technology	£6m	North West	Acquisition
27 Oct 2021	Attest Technologies Ltd	Kismet Capital LLC & New Enterprise Associates	Software	Provides a market research and consumer insights platform	c.£44m	London	Development Capital
27 Oct 2021	Degree 53 Ltd	Gamesys Group Ltd (Bally's Corp)	Gaming	Develops online and software solutions for the online gaming industry	£6.6m	North West	Acquisition
26 Oct 2021	Wam Group Ltd	Multiple investors, including, FOMC & Notion Capital	Communications, Media & Entertainment	Provides a virtual reality/ augmented reality ad-tech platform	c.£18.1m	London	Development Capital
20 Oct 2021	Rossum Ltd	General Catalyst Partner, LocalGlobe, Miton CZ sro & Seedcamp	IT Services & Outsourcing	Develops a cloud-based data extraction platform	c.£72m	London	Development Capital
19 Oct 2021	Primer API Ltd	Multiple investors, including, Accel Partners & Balderton Capital	Fintech, Payment & Transaction	Develops an automation platform for payments	c.£36m	London	Development Capital
11 Oct 2021	MPP Global Solutions Ltd	Aptitude Software Group Plc	Fintech, Payment & Transaction	Supply of subscription and billing platforms	c.£39m	North West	Acquisition
11 Oct 2021	Elliptic Enterprises Ltd	Multiple investors, including, Albion VC & Palladin Capital Group	Fintech, Payment & Transaction	Provides digital asset services, specialising in Bitcoin storage services	c.£44m	London	Development Capital
04 Oct 2021	Vinci Legal Ltd	Marlowe Plc	EdTech	Provides eLearning and compliance software as a service (Saas)	c.£54m	London	Acquisition
04 Oct 2021	Beacon Technologies Ltd	8VC, Expa, NorthStar & Upper90	Fintech, Payment & Transaction	Provides technology-driven freight forwarding and supply chain finance services	c.£37m	London	Development Capital

## Some Interesting Deals in the North East Technology Sector

(Oct-21 to Dec-21)

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Date: Closed	Target	Acquirer / Funder	Sub Sector	Target Product Line	Value / Investment funding	Region	Deal Type
24 Dec 2021	Thought Consultancy Ltd	Homejust Ltd	IT Services & Outsourcing	Creates digital solutions using bespoke software and user-based design services.	£600k	North East	Acquisition
07 Dec 2021	Russell Telecom Ltd	Onecom Group Ltd	Communications, Media & Entertainment	Provides business telecommunication and cloud communication services and solutions.	N/D	North East	Acquisition
25 Nov 2021	Dent Reality Ltd	Pi Labs. Sugar Capital, 7Percent Ventures	Software	Develops an Augmented Reality (AR) platform.	£2.5m	North East	Development Capital
29 Oct 2021	Elmtronics Group Ltd	Enterprise Ventures	Green Tech	Installs electric vehicle charging points.	N/D	North East	Development Capital
27 Oct 2021	Flexiroute Ltd	365 Response Ltd	IT Services & Outsourcing	Provides web-based passenger transport automated routing and scheduling software.	N/D	North East	Acquisition
26 Oct 2021	Data Images Software Solutions Ltd	365 Response Ltd	IT Services & Outsourcing	Provides software services specialising in web-based passenger transport scheduling & management applications.	N/D	North East	Acquisition
25 Oct 2021	Digital Communication Systems Ltd	Babble Cloud Holdings Ltd	Communications, Media & Entertainment	Provides telecommunications services.	N/D	North East	Acquisition
22 Oct 2021	Reward Me Now	Latus Health Ltd	Software	Operates an employee benefits platform.	N/D	North East	Acquisition
07 Oct 2021	Mandata Group Ltd	Tenzing Private Equity	IT Services & Outsourcing	Provides cloud-hosted software solutions for the transport and logistics sector.	N/D	North East	Secondary Buy-Out from LDC

Source - MarketIQ



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# A Closer Look at Some Notable Technology Deals Supported by RGCF and Mercia



## Latus Health

Latus Health, a provider of occupational health services designed to protect businesses and promote a healthy workforce has acquired Reward Me Now, an employee health and wellbeing platform.

Reward Me Now, which has already been adopted by several large employers, including Eddie Stobart and Hays Travel, will allow Latus Health to offer businesses a custom-branded app designed to improve employee wellbeing and engagement, including employee rewards for making healthy decisions.

Advising Latus Health on its acquisition of the Reward Me Now business from Redu Group was Ryecroft Glenton Corporate Finance.



## Fostr

North East e-commerce agency Fostr has been acquired by leading digital agency group, IDHL.

Creating high-quality buying experiences, Fostr has built an enviable reputation designing and building e-commerce sites on the Shopify Plus platform for some of the biggest and fastest-growing global luxury, fashion and beauty brands.

These include Gymshark, Victoria Beckham and Beach House Group ("Moon" with Kendall Jenner, Millie Bobby Brown's "Florence by Mills" and "Pattern Beauty" by Tracee Ellis Ross), many of which are based internationally.

The lead advisory and business tax teams at Ryecroft Glenton provided corporate finance and tax advice to the Fostr shareholders.



## Chameleon Technology

Chameleon Technology (UK) Ltd, the leading smart energy technology company has acquired GenGame Ltd, a specialist in consumer energy technology and app development.

GenGame, which works with utility companies including Ecotricity, Green Energy UK and So Energy, will become a wholly-owned subsidiary of Chameleon Technology (UK) Ltd and will exist as an ongoing entity.

The acquisition was funded by Shard Credit Partners under an incremental facility that forms part of an existing £12.5million senior secured unitranche facility provided in support of the primary management buy-out of Chameleon Technology in December 2020.

The lead advisory and business tax teams at Ryecroft Glenton provided corporate finance and tax advice to the shareholders of Chameleon Technology.



## ART Health Solutions

Dr Phill Bell and Dr Paul Smith will use the £800,000 investment to further develop their platform One Wellbeing and expand their Gateshead-based company ART Health Solutions. One Wellbeing assesses employees' cognitive performance by asking them to complete tasks on their smartphone and their physical wellbeing by using data from their smartwatch or fitness tracker. It also takes account of factors that might affect them such as the working environment and schedule.

The app then makes recommendations to employees on ways to enhance their wellbeing and performance and provides data insights for employers on how to help them. Experience with current clients – which include pharmaceutical giant GSK, property agents JLL, office furniture specialists Haworth and consultants 4xi – has shown that it can help achieve significant savings through its recommendations. Phill and Paul previously worked with sports stars such as Chris Froome, Rory McIlroy, Jensen Button, and the England rugby team before moving into consultancy work with large corporates.



## Little Journey

Dr Chris Evans, an anaesthetist working with children, has developed an app to help reduce anxiety in children which has raised £1.5million from Mercia and private investors. He joined forces with product designer Sophie Copley to launch Leeds-based Little Journey, an app that enables patients to take virtual tours of the hospital, with interactive animations explaining what will happen and who they will meet at each stage of their hospital journey. It also includes games, relaxation guides and information for parents.

Little Journey has been shown to reduce anxiety by 30% in high-risk patients, such as those with autism or ADHD, reduce the number of operations cancelled on the day by 42% and improve recovery times by 30%. It is currently being used in over 50 hospitals worldwide. As part of the investment, the company has appointed Dr Nicolaus Henke, Senior Partner Emeritus of McKinsey and Company and former leader of McKinsey's Global Healthcare Practice, as Chair.



## Broker Insights

Broker Insights – the high-growth company whose digital platform is transforming the commercial insurance market – has raised more than £6million in a Series A funding round led by Mercia, alongside Chroma Ventures and a group of private UK and US investors. Brokers Insights' platform – the first of its type for the commercial insurance market – enables insurers to distribute their products more efficiently to regional brokers through automation and collaboration tools. It also provides real-time data to give them greater insight into companies' insurance requirements.

Broker Insights was founded in 2018 by former Aviva senior executives Fraser Edmond and Iain Crole. Its award-winning platform now connects leading insurers such as AXA, RSA, Zurich, QBE, Travelers, Markel, and Hiscox with over 160 brokers. In the past year, the platform has doubled its gross written premiums, the insurance industry yardstick, to more than £1billion.

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**North East: M&A Technology Sector Snapshot is a joint production from Ryecroft Glenton Corporate Finance and Mercia Asset Management PLC.**



# Deals



**Smart Energy Technology**

Provision of Corporate Finance advice and financial and tax due diligence services to Shard Credit Partners on its investment in the Management Buyout (MBO) of Chameleon Technology (UK) Ltd.

**Ed-Tech**

Provision of Corporate Finance advice to the management team of e-Quality Solutions Group on their MBO of the business, in a deal funded by Shard Credit Partners.



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**Unified Telecommunications**

Provision of Corporate Finance advice to the shareholders of Nice Network Ltd on the sale of the business to LDC backed Onecom Group.



**Cybersecurity software**

Provision of financial due diligence on behalf of alternative lender, Thincats who provided a term loan to facilitate the MBO of cybersecurity software provider, SentryBay Limited.

L A T U S



**Employee Welbeing**

Provision of Corporate Finance advice to Latus Health Limited on the acquisition of reward me now.



**Art Health Solutions**

*arthealthsolutions.com*

*£800k equity investment from Mercia  
Gateshead*



**Little Journey**

*littlejourney.health*

*£1.4m equity investment from Mercia  
London*



**Broker Insights**

*brokerinsights.com*

*£4.1m equity investment from Mercia  
Dundee*



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