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Evaluation of the Northern Ireland  
Seed Accelerator Programme, 2015-18

A Report by Hatch Regeneris  
August 2019

# Invest Northern Ireland

## Evaluation of the Northern Ireland Seed Accelerator Programme, 2015-18

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## Introduction

- i. Hatch Regeneris was commissioned by Invest Northern Ireland to undertake an independent evaluation of the Northern Ireland (NI) Seed Accelerator Programme (the Accelerator Programme from here on) between November 2015 and October 2018.
- ii. Between November 2015 and May 2017 the Accelerator was delivered by StartPlanet NI (a partnership between Xcell Partners Limited and StartPlanet Limited), covering the first two cohorts of 15 businesses. From October 2017, and covering the third cohort of 10 businesses, the programme has been delivered by Ignite Holdings Ltd. Ignite also now delivers the Propel Pre-Accelerator programme, where earlier stage teams are supported to advance closer to the point of revenue generation and investment readiness. Propel acts as a feeder programme to the Accelerator<sup>1</sup>.

## Evaluation Approach

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- iii. We have focussed the qualitative analysis contained in this evaluation on the Accelerator as it has been delivered most recently, and how it will be delivered for the remainder of the delivery period, i.e. under the Ignite Accelerator. This is to provide the analysis, findings and recommendations that are most relevant to future delivery. This covers:
  - Section 2 on the strategic and economic rationale for the programme
  - Section 3 on the Accelerator support offer
  - Section 4 on the alignment and complementarity of the programme with wider NI provision of finance and support to high growth start-ups.
- iv. Our quantitative assessment of programme performance, output activities, spend, (contained in Section 4) and economic impact generated (Section 5) covers the entirety of the delivery period up to October 2018.
- v. The evaluation is undertaken in line with HM Treasury's Green Book guidance on appraisal and evaluation: "Appraisal and Evaluation in Central Government", Current Edition, HM Treasury<sup>2</sup> and Northern Ireland Guide to Expenditure Appraisal and Evaluation (NIGEAE)<sup>3</sup>.

## Key Lines of Enquiry

- vi. Across the evaluation we answer a set of questions aimed at assessing the on-going requirement for the Accelerator, its effectiveness in delivery and the benefits generated by participants and for the Northern Ireland economy. These are set out below and divided into our five evaluation chapters.

<sup>1</sup> Under the SPNI Propel was operated as a standalone programme and not formally positioned as a feeder for the Accelerator programme.

<sup>2</sup> <https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government>

<sup>3</sup> <https://www.finance-ni.gov.uk/topics/finance/northern-ireland-guide-expenditure-appraisal-and-evaluation-nigeae>

## **Section 2: The Strategic & Economic Rationale**

- Does the underpinning rationale for the Accelerator stand, in terms of the market failures, strategic aims and/or equity issues that it is seeking to address?
- Does the Accelerator draw sufficiently on best practice and lessons learned from Accelerator programmes delivered elsewhere?

## **Section 3: The Accelerator Support Offer**

- Does the current Accelerator delivery model represent an appropriate means for delivering against programme objectives?

## **Section 4: Alignment & Complementarity**

- Does the Accelerator complement (and not duplicate) other support for high growth start-ups provided by Invest NI and other providers in Northern Ireland?

## **Section 5: Programme Performance: Spend, Outputs & Outcomes**

- How has the programme performed to date against inputs, outputs, outcomes and impact targets, and are these targets appropriate?
- Have risks been managed and mitigated appropriately?

## **Section 6: Assessing the Impact on the Northern Ireland Economy**

- What economic impact has the Accelerator generated to date, and what is it likely to be generated in future? Does this represent a strong return on the investment being made by Invest NI?

## **Consultation**

vii. We have consulted with a wide range of participants, delivery staff and wider stakeholders to inform the evaluation:

- Invest NI Delivery consultation: covering the core Accelerator team at Invest NI, including the Programme Manager and three of the five current Client Executives who provide individual on-going support to businesses to access the suite of SME support services delivered by Invest NI.
- EDO delivery consultation: covering the Programme Director and Ignite Holdings Ltd CEO, Accelerator Programme and Assistant Programme Managers and Entrepreneurs in Residence (EIR) tasked with coaching participants.
- Wider Invest NI consultation: covering the Directors of Skills & Competitiveness, Corporate Finance and Property Solutions.
- Stakeholder consultation: including Catalyst Inc., Queens University Belfast, and Techstart NI. We also consulted with the founder/owners of Ormeau Baths, which provides accommodation for businesses during the year in which they are engaged in the Accelerator.
- Business Interviews: with 15 of the 25 businesses supported to date, including all 10 of the most recent (third) cohort.

# 1. The Strategic & Economic Rationale

## Key Findings & Recommendations

The Accelerator continues to:

- support the aims and objectives set out in key Northern Ireland strategy and policy, on a number of fronts
- address fundamental market failures in the provision of risk capital and support for seed and early stage businesses
- address a clear need to increase rates of business start-up and growth, productivity, export sales and FDI in Northern Ireland.

In particular, the Accelerator addresses information failure. This relates to entrepreneurs' understanding of and confidence in establishing a business, the means to raising investment and establishing sustainable patterns of high growth. This is identified as a key barrier to business start-up and growth in NI, where entrepreneurs suffer a heightened fear of business failure<sup>4</sup>.

Our review of evaluation findings and wider literature based on other accelerators suggests the Ignite Accelerator is already delivering much of what is seen as best practice. It also points to the importance of strong partner and stakeholder collaboration and data collection and sharing.

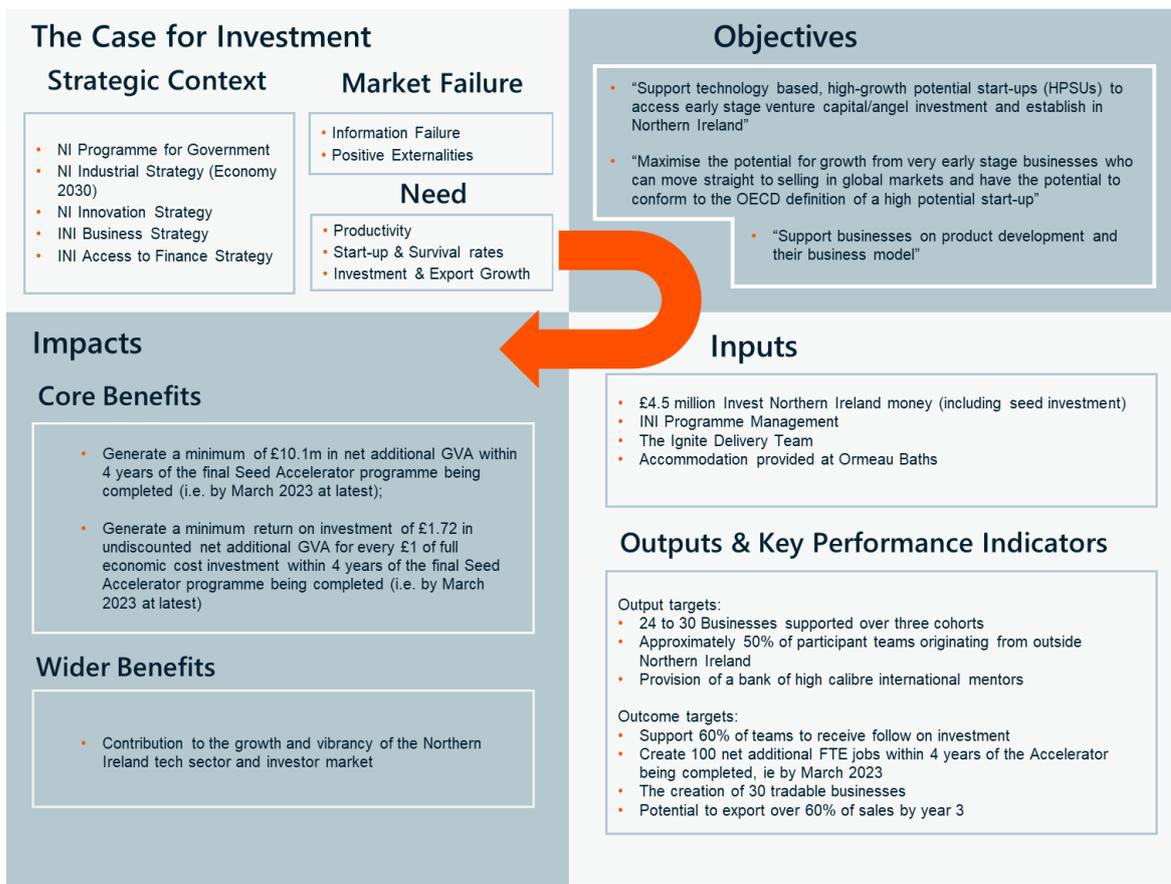
- 1.1 In this section we set out the areas of NI strategy that the Accelerator is set to secure progress against, the underpinning rationale and need for public investment in the programme. We also provide a summary of findings from a review of the best practice and lessons learned from other accelerator programmes, from UK and international accelerator case studies and wider literature and evidence.

## The Programme Logic Model

- 1.2 The logic model shown below establishes the underpinning requirement for the Accelerator and the programme inputs, outputs and outcomes that have been agreed. It provides an overview of:
- the underpinning logic for public investment, including the strategic context, strategic and economic need and market failure rationale
  - the proposed response through the Accelerator
  - programme inputs, outputs, outcomes and impact targets.
- 1.3 We explore the Accelerator objectives in further detail in Section 3, to explore alignment with the package of support provided by Ignite, and benefits being realised by participating businesses.

<sup>4</sup> Based on data from the Global Entrepreneur Monitor, see para. 1.15.

Figure 1.1 Accelerator Logic Model



Source: Hatch Regeneris

## Strategic & Policy Context

- 1.4 The Accelerator continues to align with and support the aims and objectives set out in key Northern Ireland strategy and policy, on a number of fronts.

### Invest Northern Ireland's Business Strategy for 2017-21<sup>5</sup>

- 1.5 The Invest NI Businesses Strategy calls for Invest NI to emerge as a strategic partner and "a catalyst for sustainable regional growth" in Northern Ireland, with ambitions to:
- support the development of local infrastructure, to enable export-led businesses to grow and attract inward investment
  - become a leader in entrepreneurship and facilitate engagement with partner organisations and wider stakeholders
  - reduce the complexity of the business landscape and help to progress businesses in their journey.
- 1.6 The Accelerator represents a clear response to these aims. Section 3 explores the position of the Accelerator within the wider landscape of early-stage business support in Northern

<sup>5</sup> [secure.investni.com/static/library/invest-ni/documents/invest-northern-ireland-business-strategy-2017-2021.pdf](https://secure.investni.com/static/library/invest-ni/documents/invest-northern-ireland-business-strategy-2017-2021.pdf)

Ireland. It makes recommendations on how to enhance alignment and complementarity with other services operating in the same space.

1.7 The Accelerator closely links with four overarching areas of focus outlined in the Invest NI Business Strategy:

- **A focus on entrepreneurial companies:** the Accelerator deepens Invest NI's support for teams of entrepreneurs establishing businesses with the potential to grow at scale.
- **A focus on growth sectors and key export markets:** the Accelerator is focused on businesses looking to capture some of the growing international markets for a wide range of technological solutions. It supports businesses to access networks of investors and clients that will enable them to increase export sales.
- **Increasing scale-ups:** the Accelerator works with participants to achieve plans for high growth, by developing leadership qualities, refining business planning and supporting relationships with investors.
- **Encouraging businesses to stand out:** the Accelerator works with businesses with standout technological solutions that have the potential to be used widely and internationally. It supports them to realise plans for job creation and large-scale turnover growth, and in doing so it promotes Northern Ireland as a place for business.

## The Draft Programme for Government Framework 2016-21<sup>6</sup>

1.8 The Accelerator stands to deliver directly against three of the 14 outcomes that form the focus of the Draft Programme for Government. Table 1.1 provides a summary of the indicators and measures that could be used to track the contribution of the Accelerator Programme to these outcomes.

Table 1.1 NI Programme for Government: Direct Outcomes, Indicators & Measures for the Accelerator Programme			
Outcomes	Indicators	Measures	Links with NI Accelerator
O1: A strong, competitive, regionally balanced economy	I20: Increase the size of the economy	Private Sector Northern Ireland Composite Economic Index (NICEI)	Supporting businesses to be more competitive in domestic & international markets.
	I21: Increase the competitiveness of the economy	External sales	Supporting businesses to identify and capitalise on new, emerging and developed markets.
O5: An innovative, creative society, where people can fulfil their potential	I22: Increase innovation in our economy	Regional innovation ranking	Strengthening the resilience of businesses and driving growth in employment and turnover.
O12: A place where people want to live and work, to visit and invest	I40: Improve our international reputation	National brand index	Attracting inward investment, business relocation and economic growth in Northern Ireland. Supporting start-ups that present the opportunity for standout technological solutions and growth.

Source: Draft Programme for Government Framework 2016-21; Hatch Regeneris.

<sup>6</sup> <https://www.northernireland.gov.uk/sites/default/files/consultations/newnigov/draft-pfg-framework-2016-21.pdf>

1.9 Going forward, the Accelerator could also contribute more indirectly towards the following outcomes set out in the Draft Government Framework:

- **O6: More people working in better jobs:** Accelerator activity could encourage businesses to cluster and expand employment, with potential to attract large, high-value employers to Northern Ireland.
- **O13: To connect people and opportunities through our infrastructure:** Accelerator activity could lead to wider opportunities for collaboration, as businesses in each supported cohort interact and work with one another and investors are attracted to work with NI-based companies.

## Economy 2030: An Industrial Strategy for Northern Ireland<sup>7</sup>

1.10 The Draft Industrial Strategy proposes a Framework for Growth based on five pillars. This is closely related, and in response to, the UK Government’s Industrial Strategy White Paper. The pillars cover overarching themes including: inclusivity, prosperity and achieving economic rebalance. The Accelerator Programme will help to underpin progress against:

- **Pillar 1 - Accelerating Innovation & Research:** by supporting innovative businesses to develop new stand out digital technologies.
- **Pillar 3 - Driving Inclusive Sustainable Growth:** by supporting business start-ups to establish sustainable high-growth patterns in expanding tech markets.
- **Pillar 4 - Succeeding in Global Markets:** by preparing businesses for the growth opportunities and barriers to growth associated with internationalisation.

## The Northern Ireland Innovation Strategy 2014-2025<sup>8</sup>

1.11 The Accelerator will contribute directly to the four key themes outlined in the Innovation Strategy, as summarised in Table 1.2.

Table 1.2 Key Links with Northern Ireland Innovation Strategy		
Key Innovation Areas (& summary description)	Relevant Strategy Achievements / Actions	Links with NI Accelerator
<b>Culture Change</b> <i>“Changed attitudes and behaviour towards collaboration, and openness towards the use of new ideas, innovation and risk taking”</i>	Strong leadership to drive innovative growth	Coaching offered to business teams, to understand opportunities and barriers to growth.
	Celebrate innovation	Through investor events, Accelerator marketing and promotion of key success stories.
	Increase investment in supporting / stimulating collaborations	Through intensive cohorts, that stimulate collaboration among supported teams.
<b>Knowledge Generation</b> <i>“creating an environment which encourages research and creativity”</i>	More companies, particularly local SMEs, investing in R&D	By stimulating the market for innovative solutions and SME investment in product development.
	Prioritise support in areas which will have the greatest potential economic impact for NI	By targeting FDI clients ad businesses in high-growth tech sectors with scope to increase export growth.

<sup>7</sup> <https://www.economy-ni.gov.uk/sites/default/files/consultations/economy/industrial-strategy-ni-consultation-document.pdf>

<sup>8</sup> [https://www.economy-ni.gov.uk/sites/default/files/publications/deti/Innovation-Strategy-2014-2025\\_2\\_0.pdf](https://www.economy-ni.gov.uk/sites/default/files/publications/deti/Innovation-Strategy-2014-2025_2_0.pdf)

<b>Knowledge Exchange</b> <i>“facilitating exchange &amp; access to quality information across all sectors to support economic growth”</i>	More international partnerships and collaboration	By exposing participants to international investors, supporting expansion into international markets and by targeting international businesses with the potential to relocated to NI.
<b>Knowledge Exploitation</b> <i>“Transformation of knowledge into products and services which can add value and be exported”</i>	Support businesses with high growth and export potential	By targeting businesses with high-growth potential to establish and compete in international markets.
	More companies accessing finance to exploit their knowledge and IP	Through support to secure investment and exposure to venture capitalists and business angels.

Source: Innovation Strategy 2014-2025; Hatch Regeneris

## The Invest NI Access to Finance Strategy

- 1.12 The Accelerator also aligns with Invest NI’s provision of finance for SMEs. It feeds Invest NI’s suite of funds by providing a flow of high-growth businesses with investment potential.
- 1.13 We look at the fit with individual Invest NI and Northern Ireland access to finance support schemes in Section 3.

## The Rationale for the Accelerator

### Market Failure

- 1.14 The Accelerator is designed to address two core market failures in the provision of risk capital and support for seed and early stage businesses:

#### 1) Information failure

- 1.15 The economic appraisal references two information failures, which the Accelerator is designed to address, and which constrain growth of early stage businesses:
- Imperfect Information:** many early stage entrepreneurs do not have ready access to the full knowledge and experience required to establish a high growth business. 31% of people surveyed for the 2017 Global Entrepreneur Monitoring (GEM) in NI felt they have the skills, knowledge and experience to start a business, compared with more than 40% across the UK<sup>9</sup>. Although information and guidance is available, entrepreneurs in Northern Ireland have a higher fear factor re: setting up a business; 45% of entrepreneurs in NI say that fear of failure would prevent them from opening a business, compared to 40% across the UK<sup>10</sup>. This holds back their appetite to raise significant investment and access international markets. This is regarded as a key barrier for businesses start-up and growth in NI and has been raised by Invest NI and key partners delivering entrepreneurial support<sup>11</sup>. The Accelerator can provide access to specialist information, e.g. to demystify and understand channels to raising investment, help early-stage entrepreneurs to develop their business plan

<sup>9</sup> Global Entrepreneur Monitor UK: Northern Ireland Report 2017.

<sup>10</sup> *Ibid.*

<sup>11</sup> E.g. highlighted as a key barrier to business start-up and growth at the June 2014 Access to Finance Conference at Titanic Belfast.

to be more sustainable, carry lower risk of failure and improve chances of establishing patterns of high-growth.

- **Asymmetric Information:** investing in an early-stage business is inherently risky, and venture capital investors often work off partial information when it comes to selecting which businesses to back. The Accelerator selects and supports businesses with the greatest prospects for growth and traverses this asymmetry by bringing participants and investors together. Without such intervention, the market is likely to under-supply finance to early-stage entrepreneurs such as those engaging with the Accelerator.

## 2) Positive Externalities

- 1.16 Innovative high-growth tech businesses can drive economic growth. Beyond the benefits secured by the businesses themselves, they can deliver jobs and increased output for the Northern Ireland economy and stimulate increased competition and innovation in the tech sector. Public investment can be justified to help secure these wider outcomes which might not otherwise occur to the same degree.

## The Need for the Accelerator

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- 1.17 Northern Ireland continues to lag the UK on a number of key economic indicators. The Accelerator is able to boost performance on a number of these:
- **Productivity & the knowledge economy:** average GVA per job in NI is 12.5% below the UK<sup>12</sup>. Knowledge-intensive businesses, a key driver of productivity, represent 15% of all businesses in Northern Ireland vs 32% across the UK<sup>13</sup>. The Accelerator is aiming to create highly productive knowledge businesses and jobs in an emerging tech cluster.
  - **Investment:** data from the British Private Equity & Venture Capital Association (BVCA) shows that NI accounts for just 1% of UK venture capital investment and 5% of companies receiving VC investment (suggesting a lower average size of VC investment per business)<sup>14</sup>. Almost no UK private finance is invested in NI ICT businesses according to BVCA data. The Accelerator's core focus is on supporting tech start-ups to raise investment. The programme can also encourage a more active investment market in NI by demonstrating the emergence of local high-growth tech start-up clusters.
  - **Business start-up & survival rates:** 6,850 new businesses were established in NI in 2017. This represented 11% of all active businesses, compared to a UK start-up rate of 13%. Of those businesses established in 2012 in NI, 69% continued to trade for at least two years. This compares to 74% across the UK. It is the Accelerator's role to support early-stage participants to establish themselves and set out towards sustainable patterns of high-growth.

<sup>12</sup> ONS Regional and sub-regional productivity in the UK, Feb 2019.

<sup>13</sup> Based on the number of businesses operating in ICT, finance, real estate and professional, scientific and technical activities. ONS UK Business Counts, 2018.

<sup>14</sup> BVCA Report on Investment Activity, 2017. BVCA provides data based on its investor membership. It does not provide a full picture on levels of private investment. In particular it may not account for all the investment made in businesses through Invest NI's own equity and loan funds. Nonetheless, it provides the most comprehensive regional comparison available.

- 1.18 The Accelerator is also supporting businesses to grow export sales. Total NI exports in 2018 stood at 36% of GVA, compared to 28% across the UK in 2018. The number of NI exporter businesses in 2018 was 12% of the total business base, compared with 6% across the UK<sup>15</sup>. A higher export rate is unsurprising for an economy with a smaller internal market and large land border to its south. By supporting tech start-up businesses to boost export sales, the Accelerator plays an important role in helping start-ups maintain and grow NI's share in international technology markets and to deliver additional economic growth.

## A Review of Best Practice

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- 1.19 We have undertaken a review of the best practice and learning on Accelerator programmes, drawing on examples of programmes delivered in the UK and internationally and the wider literature and evidence on what works well. Appendix B provides a summary of the more detailed findings from the review.
- 1.20 The review draws on best practice and learning available from the Canada Accelerator and Incubator Program (CAIP)<sup>16</sup>, the Start-up Chile Accelerator<sup>17</sup>, the Canadian Technology Accelerator<sup>18</sup>, the Growth Accelerator<sup>19</sup> delivered in England and the Scottish Smart Accelerator<sup>20</sup> (designed to help low carbon projects develop from concept to commercialisation and implementation). Alongside the wider literature on best practice and learning on accelerators, we have drawn on some of the key points highlighted by Brad Feld (co-founder of the well-known global accelerator TechStars)<sup>21</sup> and Ian Browne, who researched the delivery and benefits associated with accelerators prior to joining the Ignite team that delivers the NI Accelerator<sup>22</sup>. Many of the areas of learning highlighted by Feld and Browne are being put into practice in the NI Accelerator under the most recent cohorts.
- 1.21 The NI Accelerator reflects many of the areas of best practice found elsewhere:
- 1) Delivering high quality mentorship and intensity of support: A key determinant of positive outcomes for participants, the NI Accelerator is providing close contact with a group of mentors that have experience and knowledge that is tailored to the sector focus of the programme. This is with in-line with best practice, as is the need to:
    - maintain the rhythm of an intensive programme
    - balance the demand on participants, something the NI Accelerator is achieving through a well-structured and organised scheduled and highly engaged programme team.
  - 2) Making expectations for the programme and businesses objectives clear early on and ensure participants are a good fit for accelerator support: The NI Accelerator identifies prime candidates from within Ignite and wider domestic and international networks and uses clearly defined targeting. It operates a four stage application

<sup>15</sup> HMRC Regional Trade Statistics, 2018; IN UK Business Counts, 2018.

<sup>16</sup> <https://nrc-publications.canada.ca/eng/view/fulltext/?id=9078bfbf-0b0a-48aa-8738-94bae64f3cfe>

<sup>17</sup> [centreforpublicimpact.org/case-study/innovation-development-in-chile/](http://centreforpublicimpact.org/case-study/innovation-development-in-chile/)

<sup>18</sup> [international.gc.ca/gac-amc/publications/evaluation/2015/eval\\_cta-eval\\_atc.aspx?lang=eng#exec1](http://international.gc.ca/gac-amc/publications/evaluation/2015/eval_cta-eval_atc.aspx?lang=eng#exec1)

<sup>19</sup> Department for Business Innovation & Skills (2015). 'Formative Evaluation of GrowthAccelerator'.

<sup>20</sup> [climatexchange.org.uk/media/1924/rl\\_final\\_draft\\_smart\\_accelerator\\_24\\_02\\_16\\_docx\\_js\\_amb\\_clean.pdf](http://climatexchange.org.uk/media/1924/rl_final_draft_smart_accelerator_24_02_16_docx_js_amb_clean.pdf)

<sup>21</sup> See [brookings.edu/research/accelerating-growth-startup-accelerator-programs-in-the-united-states/](http://brookings.edu/research/accelerating-growth-startup-accelerator-programs-in-the-united-states/)

<sup>22</sup> Browne, I. A Study to Investigate the Business Accelerator Ecosystem in Northern Ireland, Their Efficacy on High Growth Start-ups and the Proposal of A New Framework for a Regional Business Accelerator'. Published prior to joining Ignite.

process to ensure that businesses are the right fit for the programme and understand the demands that will be required of them and expectations regarding benefits. Businesses interviewed for this evaluation have suggested that they had clear expectations of what the Accelerator would do for their business.

- 3) Building positive relationships within accelerator cohorts: The NI Accelerator capitalises on opportunities for structured and unstructured business-to-business learning among a cohort of teams operating in similar fields and based in shared accommodation. The programme focusses on the participants as people, rather than a business idea. This is in line with recommendations from Brad Feld, the co-founder of Tech Stars. Participants have highlighted the major benefit that they have drawn from this form of learning.
- 4) Supporting strategies for investment and growth: The NI Accelerator works closely with businesses to:
  - understand what the introduction of capital will mean for their businesses and how to reach scale
  - raise awareness of investment opportunities.

As outlined in Section 2, there is a need to manage expectations among participants regarding the scale of investment that they could secure and for additional support of customer discovery/engagement for some participants.

- 5) Implementing streamlined programme management and administration: Evidence from other Accelerators suggests that minimising the time sent by the delivery team on programme management and administration can allow closer contact with participants, more intensive support and increased value for money. The NI Accelerator operates an efficient and closely managed schedule to maximise support time and the wider experience of participants.

1.22 We expand on these areas in Section 2.

1.23 The best practice review also points to a number of areas that should be addressed in future delivery:

- 1) Collaboration with other organisations supporting high-growth potential early-stage start-ups: to help share insights on clients and offer complementary services (see Section 3)
- 2) Information sharing between programme management and delivery staff, clients and networks of Accelerator mentors: to help identify client needs and provide enhanced, tailored support provision (see Section 4 and Section 2)
- 3) Long term comprehensive performance data for tracking the progress of businesses and to demonstrate the benefits created (see Section 4).

## 2. The Accelerator Support Offer

### Key Findings & Recommendations

The Accelerator's objectives are aimed at supporting participants:

- to develop their product and business model
- to raise investment
- to maximise their potential for growth and export sales.

Participants report high levels of satisfaction with the Accelerator and the programme is well-regarded by stakeholders.

The Accelerator's core focus is on developing an investor pitch and establishing investor relations.

Ormeau Baths is an ideal environment for supporting a cohort of young businesses based around peer-to-peer learning, close relationships and access to wider support.

Strong relationships are formed within the cohorts, with the Ignite team and with Invest NI Client Executives.

A more formal structure and platform should be put in place for the alumni network. Invest NI should explore the potential to establish a network for the wider NI tech start-up cluster.

Only a small number of businesses have raised investment through a direct contact established through Accelerator visits and events. Businesses are more commonly securing investor interest indirectly and at a later date, albeit building on the contacts and insights from the Accelerator.

Some businesses' expectations of the scale of investment that can be raised have been too high. Participants should be supported to develop alternative plans if they are not able to secure the investment they initially aim for.

The need for wider support on businesses fundamentals varies according to participants' stage of development. Some businesses would benefit from more in-depth support in areas such as team structure, leadership, customer discovery and engagement, product positioning, finance and day-to-day businesses management.

Additional support requirements should be identified at the application stage and the Accelerator team should make an early judgement as whether these are best met by referring participants to other support services before being admitted to the programme.

Although the Accelerator provides support in these areas, some participants need more in-depth help beyond the timeframe and resources currently available. We recommend this is facilitated through existing support available from Invest NI directly. Customer engagement and discovery activities should also be supported through these other business support mechanisms.

### Programme Objectives

2.1 The Accelerator objectives span several areas of support.

2.2 The headline aim is focussed on **raising investment**:

*"To support technology based, high growth potential start-ups (HPSUs) to access early stage venture capital/angel investment and establish in Northern Ireland".*

- 2.3 Within this, the Accelerator Programme is also aimed at promoting **high growth and export sales**:

*“To maximise the potential for growth from very early stage businesses who can move straight to selling in global markets and have the potential to conform to the OECD definition of a high potential start-up”.*

- 2.4 The Accelerator is also tasked with supporting businesses on **product development and their business model**.

- 2.5 It is against these objectives that we assess the support offer provided by the Accelerator below.

## The Accelerator Support Offer

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- 2.6 To deliver against the objectives set out above, the Accelerator offers a range of support to participants over a three-month period:

- 1) **Mentoring**: delivered by a bank of individuals, co-ordinated by Ignite and selected based on their experience in establishing and growing businesses nationally and internationally (particularly tech businesses). Mentoring takes the form of:
  - a series of keynote sessions: on specific topics, including business leadership market validation, product development and design, finance and sales
  - a dedicated mentor: matched to participants based on relevant product, market and sector experience. The dedicated mentor works closely with participants through the duration of their support, providing advice on a range of challenges.
- 2) **Coaching**: delivered by members of the Ignite Team. This is typically led by the Ignite Entrepreneurs in Residence (EIR) who have clear experience of establishing and growing tech businesses and delivering Accelerators. Coaching provides tailored advice throughout the three-month period and at weekly one-to-one sessions. It aims to ensure that participants are:
  - making progress towards their individual aims
  - tackling investment and growth barriers
  - capitalising on the most promising investment and growth opportunities.
- 3) **Classroom-Based Learning**: participants learn in a classroom-based setting, from the Ignite team and EIRs and discuss a broad range of areas, covering some of the fundamentals of good business practice. This includes areas such as team structure, leadership, customer discovery and engagement, product positioning, finance and day-to-day businesses management.
- 4) **Pitch Training**: participants are supported throughout the three-month programme to develop their investor pitch in preparation for meetings and presentations to investors held at the Accelerators events and visits (and post-programme). Pitches are developed and practiced regularly with the Ignite team, EIRs and external trainers.
- 5) **Networking Events and International Visits**: provide the opportunity to meet groups of UK and international investors and business leaders and mentors. Events are aimed at gaining heightened market and product knowledge and awareness,

new contacts and investor and market traction. International visits to Dublin, London and the US are a key focus for the programme. The trip to the US happens early in the three-month programme for each cohort and exposes participants to international investors and businesses operating in major high growth tech markets (including within other start-up facilities). The programme culminates with a demo/showcase in London to an invited audience of investors.

Placing the US trip early within the Accelerator schedule exposes businesses to international investor and business perspectives from the start. Positioning trips to London and Dublin later on in the programme provides a clear focus for participants on gaining investment from communities of investors that are more likely to engage in the UK market.

## The View from Participants & Stakeholders

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- 2.7 The assessment provided in this section is based on the key points arising primarily from consultation with Accelerator participants but also from consultation with the Invest NI programme team, Invest NI staff and organisations delivering wider support and finance for early-stage start-ups in Northern Ireland.

### Overall Perceptions and Satisfaction

#### Overall satisfaction and perceptions are positive

- 2.8 Accelerator participants report high levels of satisfaction. The Ignite team, Invest NI team (including Client Executives) are all well-regarded in terms of the level of experience and quality of support provided. The continuity of support provided through the Invest NI Client Executives is seen as a key benefit to businesses longer term, as they are guided towards appropriate additional support.

#### Early engagement and the application process indicate strong targeting and competitive client recruitment

- 2.9 The application process sees businesses go through a four stage interview process to ensure that they<sup>23</sup>:
- present a genuine opportunity for export and innovation driven high growth
  - are at the right stage of development for the Accelerator (nearing investment readiness and generating some revenue, or close to doing so)
  - understand the intensity of the three-month schedule and need for them to engage fully in the programme to maximise the benefit.
- 2.10 A more detailed application process is undertaken with FDI clients to ensure a clear desire to relocate to Northern Ireland during the Accelerator experience and beyond.

#### Ormeau Baths is an ideal environment for the Accelerator

- 2.11 The Ormeau Baths provides accommodation for all participants during the Accelerator. All businesses are encouraged to locate at the Baths, or within Northern Ireland as a minimum. The majority of teams are based within Ormeau Baths. Some teams are based elsewhere but attend all Accelerator activities at the baths. Businesses are able to remain located at Ormeau Baths up to the December following the three month cohort programme before

<sup>23</sup> Interviews are undertaken face-to-face wherever possible or via Skype/VoIP where needed (eg for FDI clients)

vacating to allow the next cohort to move in. The Baths venue offers close day-to-day contact with fellow participants and the Ignite team.

- 2.12 Ormeau Baths provides access to a separate programme of events, run on an almost daily basis. These events provide a range of additional guidance and support to occupants, covering finance, leadership, marketing and digital solutions. The events organised by the baths draw on knowledge and expertise from across its network of business leaders and are shaped to the needs of occupants. Other events are delivered by wider occupiers at Ormeau Baths, including NI Screen (developing screen industries and investment in NI), Barclays Eagle Labs (supporting NI start-ups and focusing on artificial intelligence) and Digital Catapult NI (providing innovation facilities and advancing digital innovation and research across NI).

### **The relationships formed during the Accelerator generate longer-term benefits**

- 2.13 The relationships formed with the Ignite team, mentors, previous participants and particularly within the cohorts provides participants with major and on-going benefits. Informal peer-to-peer support and co-operation among participants can make programme outcomes more sustainable and help develop a collaborative tech cluster in Belfast.
- 2.14 A number of participants have said that a more formal Accelerator alumni network with periodic meet ups, might maximise these benefits. We recommend that options to deliver such a network and meeting/events are explored, within or beyond the current programme delivery period.
- 2.15 Invest NI should explore the potential to establish a network for the wider NI tech start-up cluster. As a minimum, the alumni network should tie in with wider networks of tech start-ups across NI.

## **Reflections on the Balance of Support**

### **Investor pitching and meets are the core focus and major benefit**

- 2.16 Among the core objectives of the programme participants are exposed to international investor communities and supported to develop an investor pitch and establish investor relations. A majority of the participants see these aspects of the programme as the major source of the benefit they gained from the Accelerator.

### **Some businesses have inflated expectations of the investment they may generate**

- 2.17 The core focus on raising investment and trips to engage with the investor communities (especially the US trip) raises expectations among some participants about the value of investment and markets they could secure. Although the exposure to international investor communities is seen as a positive by participants, this part of process needs to be handled with caution, balance and realism, especially for businesses at an earlier stage of development.
- 2.18 The Accelerator team must ensure business expectations are based on a realistic understanding of what is achievable. Participants should be supported to undertake a hard-nosed evaluation of their business proposition and to develop alternative plans should they not secure their initial investment goal.
- 2.19 Some businesses have said that the focus on investor pitching and engagement overlooks the need for support and guidance on how to conduct the investor conversations and negotiations that follow initial meetings.

- 2.20 So far, only a small number of businesses have raised investment with a contact made directly through the Accelerator's visits and events. It has been more common for Accelerator businesses to access investment indirectly and following the formal completion of the programme.
- 2.21 The Accelerator keeps in touch with businesses after receiving support, to guide investor conversations. Going forward, the Accelerator team should explore guiding participants on how to approach later stage negotiations, e.g. in terms of the value sought, equity taken and wider positioning of their business/product(s).

**The need for wider support on business fundamentals varies according to the stage of development**

- 2.22 Some participants have stressed the benefit they have derived from classroom-based learning on businesses fundamentals such as finance, operations, team structure and leadership (around one third of participants). It appears that earlier-stage businesses typically get more benefit from this element of the programme.
- 2.23 There is a need for balance in the quantity of classroom learning that is incorporated into an intensive Accelerator schedule. Where possible:
- classroom sessions should be tailored to the needs identified by participants.
  - additional needs identified within the classroom setting should be picked up by participants' one-to-one mentor
- 2.24 Clear lines of communication and information sharing are required between programme management and delivery staff, clients and networks of Accelerator mentors to help identify client needs and provide enhanced, tailored support provision.

**Some businesses require additional support on product development and customer discovery**

- 2.25 Some businesses appear to need more support on fundamental businesses areas such as commercial viability, exporting, product development and customer engagement/market discovery than the Accelerator can offer. There is a risk that the focus on securing investment overshadows the need to ensure that participants:
- are confident on all business fundamentals
  - have properly assessed the positioning/marketing of their product(s) among the most viable and promising customers
  - have access to support for additional product development where required.

**There is a resulting need for more tailored support and clear links into wider services**

- 2.26 The Accelerator needs to identify how support can be tailored to reflect the stages of development and specific needs of each business. Additional support requirements should be identified at the application stage and the Accelerator team should make an early judgement as to whether any additional support needs are best met by tailoring the core programme or by referring participants to other Invest NI and Northern Ireland support services.
- 2.27 Despite the challenges of doing more within a small 3-month window, the delivery team should ensure business fundamentals such as commercial viability and customer engagement/discovery are covered in more detail in the classroom, with coaches and through mentors with specific expertise in these areas. The Accelerator provides support

in these areas, but some participants need more in-depth help beyond the timeframe and resources currently available.

- 2.28 The need for additional product development and customer engagement/validation should be identified at the application stage, with participants referred to grant finance and wider support provision to supplement the support received through the Accelerator.
- 2.29 Within this, the Accelerator should explore how any supplementary support could be provided by other existing providers in Northern Ireland and ensure efforts by Ignite and Invest NI to support alumni are embedded in the programme's achievements.

## 3. Alignment & Complementarity

### Key Findings & Recommendations

There are a wide range of programmes in Northern Ireland delivering support and access to finance for early-stage businesses. The Accelerator has a distinct offer which can contribute to the emergence of a vibrant tech sector in Belfast.

Ignite and Invest NI should encourage and where relevant form closer ties to other programmes and providers, to:

- identify opportunities to deliver wider support where needed, especially on business fundamentals, customer engagement / discovery and product development
- provide tailored on-going support to secure more sustainable longer-term outcomes
- share knowledge on the current, past and potential future clients who may benefit from additional growth support and investment
- facilitate information sharing on best practice
- ensure that opportunities among domestic investors are not overlooked.

We recommend that an initial meeting / event be held for managers/directors of all relevant programmes to share best practice, market intelligence to build and sustain relationships.

The Accelerator team should also embark on a series of one-to-one sessions with managers from other programmes delivering investment and growth support to early-stage start-ups. This includes leads at Techstart NI, Catalyst Inc, the HBAN Halo Business Angel Network, QUB, QUBIS and Ulster University and directors of the Invest NI business equity and loan funds. This will help to ensure clear alignment of services across NI and information sharing on best practice and the pipeline of clients requiring additional support and investment.

Marketing efforts should be targeted towards potential FDI clients, NI businesses located outside of Belfast and on facilitating an active on-line presence.

### **There are a wide range of programmes in Northern Ireland delivering support & access to finance for early-stage businesses with high growth potential**

3.1 There is a busy marketplace of private, public and university-led programmes that has helped develop a growing and increasingly vibrant tech cluster in Northern Ireland and Belfast over recent years. It also presents:

- a risk of duplication among services
- a case for co-operation and collaboration between providers to link up support
- a need to ensure that businesses know where / how to access the range of support they need from early-stage ideas through to becoming high growth businesses.

### **The Accelerator has an important, distinctive and intensive offer for the highest calibre start-ups**

3.2 Programmes offering similar support to the Accelerator (in terms of service offer and stage of business development) are:

- **The Catalyst Inc springboard programme:** delivered by the Catalyst NI team and a network of entrepreneurs and business leaders to support entrepreneurs on

business models, sales, marketing and investor readiness. The programme is aimed at individuals / teams at a typically earlier stage of development vs the Accelerator.

- **The Catalyst Inc CEOs Connect network:** a peer-to-peer network of businesses with high growth potential. CEO Connect is designed for CEOs that have raised at least one round of £500k+ investment to share common challenges and learn from each other about securing further investment and growth.
- **The Techstart Investor Awareness Programme:** workshops and events for entrepreneurs aimed at improving their understanding of the investment process, how to prepare for investment and how to maximise the benefit of investment funds.
- **The HBAN Halo Business Angel Network:** a joint initiative between Invest NI, InterTradeIreland and Enterprise Ireland to encourage business angels to operate within syndicates. HBAN also provides a matching service between companies seeking investment and business angels.

3.3 The above initiatives offer a valuable range of support that differs from the intensive package of support provided by the Accelerator. The Accelerator, supported by the above business support, is ideally placed to accelerate HPSU progression towards investment and long term growth in export markets.

#### **The Accelerator should work more regularly / formally with a range of providers**

3.4 There are existing lines of communication / co-ordination between the Accelerator and other start-up support and finance providers. Invest NI and the Accelerator delivery team have established relationships with most of the organisations / institutions listed in Table 3.1. Many of these programmes are sponsored by Invest NI and a significant number of Accelerator participants have already benefitted (pre and post-Accelerator) from these programmes.

3.5 Nonetheless, our discussions with businesses and other providers suggest there is scope for increased co-operation among providers to better link businesses between appropriate services and secure continuity support.

3.6 *The Accelerator should aim to facilitate information sharing between partners on best practice and the pipeline of high potential clients who may benefit from additional growth support and investment.* Such steps could also reduce the risk of duplication and guard against providing business with multiple assists that are not best suited to their needs.

3.7 As well as the initiatives listed under para 3.2, co-ordination is required with earlier and later stage initiatives:

- **earlier-stage programmes:** e.g. to examine the pipeline and readiness for potential Accelerator candidates
- **later-stage initiatives:** e.g. to ensure Accelerator alumni are exposed to all relevant opportunities for follow-on support and investment domestically.

3.8 Levels of communication and co-ordination may differ depending on the relationships already formed and the nature of opportunities for collaboration. We recommend that an initial meeting / event be held for managers / directors of all relevant programmes, with subsequent events / meetings held on a yearly basis at minimum.

3.9 Direct one-to-one meetings should also be held between the Accelerator team to facilitate information sharing and discussions between complementarity and follow-on support / finance services. These engagements should focus on Techstart NI, Catalyst Inc, the HALO network, leads at QUB, QUBIS and Ulster University and directors of the Invest NI business equity and loan funds.

## Routes to provide additional customer exploration/engagement & product development

- 3.10 A number of Accelerator participants have already accessed R&D grants through Invest NI to further develop their product (e.g. by paying for contracted research and technical expertise). Outside of the Accelerator Programme, the scope of Invest NI grants provided to participants should be widened to incorporate funds directed towards customer discovery / engagement, and additional product development where required. Invest NI has a wide range of support mechanisms to assist with further product development/validation and customer discovery.
- 3.11 The ICURe programme led by Queen's University Belfast supports customer and product discovery for research / products at a significantly earlier stage than are being developed / sold by Accelerator participants. Nonetheless, it provides an example of the type of activity that some Accelerator participants would benefit from where they are uncertain of the markets/customers they are looking to capture and / or require additional product validation.

Table 3.1 Summary of Programmes Delivering Finance & Support to High Growth Start-Ups: Pre and Post Accelerator

Earlier Stage Focus (Pre-Accelerator)
<p><b>The Innovation-to-Commercialisation of University Research (ICURe) Programme:</b> supports 34 early-career researchers (ECRs) across two cohorts and provides up to £35,000 to undertake customer discovery and validation activities across NI, Scotland and Northern England. The aim is to determine whether there is a market for products that utilise their research and technology<sup>24</sup>.</p> <p><b>QUBIS Ltd:</b> operating out of Queens University to provide equity finance and support to advance early stage research towards commercialisation and establish spin-out ventures. As well as an equity stake, QUBIS also often holds the IP associated with new research.</p> <p><b>The Techstart NI Proof of Concept (POC) fund:</b> a £3.6m grant fund providing up to £10,000 to support innovative technology towards commercialisation. It can also provide up to £25,000 to a smaller number of teams under 'Concept Plus' grants.</p> <p><b>The Techstart NI university funds:</b> two £1.5m funds supporting early-stage research and spin-out companies from Ulster and Queens University, providing between £50,000 and £300,000.</p>
Later Stage / Expansion Focus (Post-Accelerator)
<p><b>The Techstart NI SME Equity Fund:</b> a £17m fund investing between £50,000 and £250,000, and in cases up to £1m, over a series of funding rounds.</p> <p><b>CoFund NI,</b> a £50m equity fund managed by Clarendon Fund Managers. The fund provides co-investment of between £150,000 and £1.25m up to 50% of a total investment alongside business angels and other private investors.</p> <p><b>The Invest NI Development Funds 1 and 2:</b> managed by Crescent Capital and Kernel Capital, providing a combined £48m for accelerated business growth. Investments typically range from between £450,000 to £1.2m and up to £3m spanning multiple investment rounds.</p> <p><b>The £30m Invest NI Growth Loan Fund II:</b> managed by WhiteRock Capital Partners and supporting export focussed NI SMEs demonstrating growth or strong growth potential with loans of typically between £100,000 and £500,000.</p> <p><b>The £30m Invest NI Growth Finance Fund:</b> delivered by WhiteRock on the same basis as the Growth Loan Fund but providing loans of between £500,000 and £2m.</p>

Source: Hatch Regeneris

## Marketing

- 3.12 The key insights provided by programme delivery partners and stakeholders into programme marketing, focus on the need to:

<sup>24</sup> In the year to 31 March 2020, QUB and the University of Warwick, supported by Innovate UK and the SETsquared Partnership grow the programme across the UK, while retaining a focus on NI, Scotland and the north of England.

- 1) **Capitalise on opportunities to attract additional FDI clients and promote NI as a long-term destination for high-growth tech-firms.** The Accelerator has supported close to its target number of FDI clients but just over half of these have since relocated outside of NI. *The future focus of FDI marketing should be targeted on efforts to identify and sell NI and the Accelerator to businesses that are already exploring relocation and have Northern Ireland on their long list or ties to the country.* This can be best achieved through Ignite's own business and investor networks and through targeted communication and marketing with business, tech and accelerator networks operating across the UK and internationally. Targeted communication and promotion should also be undertaken within the Northern Ireland Connections diaspora network.
- 2) **Capitalise on opportunities to support more firms outside of Belfast.** Although the Accelerator has successfully delivered gains for a number of businesses located outside of the capital, the bulk of economic benefits created from the Accelerator are likely to be generated within Belfast.
- 3) **Promote Accelerator success stories and news.** The tech sector is highly engaged in social media networks and the Accelerator should aggressively promote its achievements and offer. *This will require news stories to be approved for sign-off more quickly than has been the case.*

## 4. Programme Performance: Spend, Outputs & Outcomes

### Key Findings & Recommendations

The programme is being delivered smoothly, backed up by effective co-ordination between Ignite and Invest NI.

The intensive three-month schedule is well-organised and provides a positive experience for participants.

The programme supported five fewer businesses than intended in its first two cohorts, 25% below target.

Core programme spend stands at just under £2.1m and is level with expectations.

Significant progress has been made in terms of the number of businesses securing investment to date (79% of the total).

There is some way to go to meet the programme's FTE job creation target (100 net additional) and turnover (£1m+ per business in 3 years).

The value of seed finance provided to businesses should be reviewed to bring it in line with Accelerators elsewhere within the UK. If possible (i.e. if within the programme budget), seed finance should be extended to £20,000 for the remainder of the current programme. Otherwise, seed finance should be reviewed and increased for any future programme.

The Programme's sector focus on digital technology entrepreneurs should be retained. Retaining a clear sector focus will ensure that participants are tackling and learning from each other on common challenges.

The target for a 50/50 balance between FDI and NI-based clients should be retained to encourage further opportunities to attract FDI HPSUs. FDI clients should be able to demonstrate a credible plan to grow their business from within Northern Ireland either during or after the programme.

A collection of intermediate impact and key performance indicators should be monitored, to track and highlight progress along the pathway to investment and growth.

Participant outcomes should be tracked closely up to 24 months after graduation, to capture more of the scale of benefits derived from the programme. All monitoring data should be consolidated into one easy to use system which is appropriately accessible to both Ignite and Invest NI.

4.1 Discussions with participants, the Invest NI programme and the wider Invest NI early stage business support team suggest that the Accelerator Programme is delivered smoothly and effectively in terms of:

- **Planning and execution:** the three-month schedule of support is planned in detail to deliver a positive and intensive programme experience to businesses alongside managing day-to-day operations. The intensity of the programme is an important characteristic and participants are made aware of the commitment required. Participants appear to have appreciated this from the outset and come to value the benefits associated with a concentrated programme of support.
- **Co-ordination and communication between Ignite and the Invest NI programme team:** monthly update reports are provided to Invest NI alongside

monitoring data, which sets out in detail the progress that has been made on the programme, and by individual teams. This provides an ongoing record of progress, success and any challenges faced. The Invest NI Programme Manager meets with the Ignite Programme Director weekly to discuss progress and any challenges. Invest NI and Ignite also utilise a common platform, to allow the Invest NI Programme Manager to review key information relating to the programme, e.g. 'deep dives' and 'mission control sessions'.

## Monitoring Progress

- 4.2 The detailed monthly spend, outputs and progress reports provided by Ignite should be consolidated with Invest NI's monitoring data into one database. *The monitoring system should be a live copy that is open to all relevant delivery team members, ensuring that a clear and accurate record of progress is maintained.*

## Programme Spend

- 4.3 The total Invest NI spend approved through Invest NI Board Casework for the Accelerator is £4,521,000 covering a five-year delivery period. The total budget for the three years covered by this evaluation is just under £2.1 million. As of June 2019, core programme spend is level with expectations.
- 4.4 The table below shows expectations around the provision of seed finance. Under cohort 3, delivered by Ignite Ltd, all participants have received seed finance as expected through a convertible loan note (CLN). Cohort 1 participants received £15,000 in seed capital. This was significantly lower than what was planned under a (Seed) Enterprise Investment Scheme (EIS/SEIS). The EIS/SEIS was established later under cohort 2 but ultimately no finance was provided.

Table 4.1 Summary of Spend to Date

	Under StartPlanet NI		Under Ignite	Total to Date
	Cohort 1	Cohort 2	Cohort 3	
	<b>Core Programme Costs</b>			
Budget	£829,200	£679,200	£589,800	£2,098,200
Actual	£830,700	£677,200	£563,500	£2,071,400
Actual Vs Budget	+1,500	-£2,000	-£26,400	-£26,900
	<b>Seed Finance</b>			
Budget	£400,000	£400,000	£175,000	£975,000
Actual	£120,000	£0	£170,000	£290,000
Actual Vs Budget	-£280,000	-£400,000	-£5,000	-£685,000

Source: Invest NI monitoring data; Hatch calculations. All core programme costs/spend are inclusive of VAT and rounded to the nearest £100.

## Programme Outputs

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- 4.5 The core Accelerator outputs centre on the provision of support to between 8 and 10 early stage/pre-start tech businesses with high-growth potential, and for 50% of these to originate from outside of Northern Ireland.

### Businesses Supported

- 4.6 Within the first two cohorts, 15 teams were supported against a target of between 16 and 20. Demand for what was an altogether new programme was still building. This is typical for any new support programme, especially where it is specialist in nature.
- 4.7 Although there were more than 150 applicants for both cohort 1 and 2, the application process found that many were not at a sufficient stage of development and/or did not present the high-growth prospects being sought.
- 4.8 Under cohort 3, 10 teams (the maximum) were supported and a further 10 teams have been selected for the fourth cohort being delivered at the time of writing. On-going demand for the Accelerator is reported to be strong.
- 4.9 All 15 businesses interviewed as part of this evaluation had strong potential for high growth at the time they received support. This includes cohort 1 and 2 participants that subsequently wound up their businesses but who are planning and executing alternative business propositions.
- 4.10 All participating teams have been developing new forms of digital technology. The Programme's sector focus, on digital technology entrepreneurs, should be retained. As highlighted previously, participants have benefitted from being part of cohort of like-minded firms. Retaining a clear sector focus will ensure that participants are tackling and learning from each other on common challenges.

### FDI Clients

- 4.11 11 of the 25 Accelerator participants supported to date (44%) have originated from outside Northern Ireland, although just over half of these participants (6 from 11) have since located outside Northern Ireland. A balance has been sought between:
- 1) achieving the programmes aim to attract FDI clients to participate in the Accelerator, locate in NI and increase the scale of FDI and high value economic activity
  - 2) and, ensuring that the right FDI candidates are selected, i.e. that they present a strong prospect in terms of growth and, crucially, that they are likely to relocate to Northern Ireland over the longer-term.
- 4.12 Prioritising 1) above 2) above presents a risk to the programme, that some FDI clients return to their country of origin and the economic benefit generated through the Accelerator leaks outside of Northern Ireland.
- 4.13 We recommend that:
- the target for a 50/50 balance between FDI and NI-based clients is retained
  - targeted efforts are maintained to market Accelerator to potential FDI clients through Ignite's networks
  - efforts should also focus on businesses seeking to relocate and with Northern Ireland already on their long list and/or businesses with some prior connection to the province (ie family ties, supplier or customer links), and which the team believe can develop a credible plan for operating from Northern Ireland.

- 4.14 It should be stressed that there are benefits to Northern Ireland in attracting FDI clients even on a temporary basis. The demonstration effects of creating a more diverse tech start up community can help expose domestic entrepreneurs and firms to more aspirational opportunities and help showcase Northern Ireland as a credible destination for high growth international start-ups to establish themselves.
- 4.15 Elsewhere in the evaluation we have made recommendations to:
- explore the creation of a network for the start-up tech cluster in NI (as an extension of the Accelerator alumni network)
  - work more closely with wider providers of high-growth start-up support and finance
  - and, focus targeted marketing towards identifying and selling NI and the Accelerator to businesses that are already looking to relocate and have Northern Ireland on their long list or have ties to the country.
- 4.16 In acting on these recommendations, Invest NI should work with partners and stakeholders in the tech start-up community to ensure that the growing NI tech cluster and benefits of locating within NI are highlighted and sold internationally.

Table 4.2 Summary of Performance Against Programme Outputs	
Output Target	Summary of Performance to Date
Provision of one highly intensive programme of support per year for a group of 8-10 small teams made up of 2-6 individuals	25 teams supported to date against a target of 24 to 30 The target for team size is consistent with the businesses supported to date.
Approximately 50% of participant teams from Northern Ireland and 50% from other regions/countries outside of Northern Ireland	44% of businesses supported to date have been from outside NI.
Provision of a bank of high calibre international mentors	Ignite provide access to a wide selection of mentors from various businesses backgrounds and with strong experience in starting and growing businesses.

Source: Invest NI monitoring data; Hatch Regeneris Business Interviews.

## Programme Outcomes

- 4.17 There has been strong performance in terms of the number of businesses that have been able to secure investment since engaging with Accelerator (see Table 4.3). Nevertheless, there is some way to go to secure the overall programme target number of jobs (100 net additional FTEs) and turnover (£1m+ per business in 3 years). Many of the participants remain at an early position along their forecast growth trajectory. Some are pre-revenue and employing freelance and temporary staff. Many are still engaged in product development, in establishing target markets and targeting investment. Progress should be tracked carefully as the programme moves towards completion.

Table 4.3 Summary of Performance Against Programme Outputs	
Outcome Target	Performance to Date
<b>Raising Investment</b>	
Support 60% of teams to receive follow on investment	79% of businesses have raised investment since joining the Accelerator to date (Sample:19)
<b>Delivering Jobs</b>	
Create 100 net additional FTE jobs within 4 years of the Accelerator being completed, ie by March 2023 <sup>25</sup>	We estimate that 19 net additional jobs have been created to date <sup>26</sup> (Sample:12)
<b>Delivering New Business Start-Ups</b>	
The creation of 30 tradable businesses	19 of the 25 businesses supported are still trading
<b>Export-Led Turnover Growth</b>	
Potential to generate sales of over £1m over 3 years	55% of businesses suggest they will reach an annual turnover of £1m+ in the next three years (Sample:9)
Innovative enterprises in high technology sectors which have the potential to internationalise rapidly, within two years of start-up Potential to export over 60% of sales by year 3	The majority of businesses we have consulted are targeting expansion into export markets. Many have started to generate international sales. For others, it is too early to say if rapid internationalisation will be achieved.

Source: Invest NI monitoring data; Hatch Regeneris Business Interviews.

## Investment Raised

- 4.18 We have estimated the scale of investment raised by participants as a result of the programme, and the likely scale of investment that could be raised in future.
- 4.19 We estimate that participants have so far raised £6.6 million of investment since joining the Accelerator and a further £11.1 million is forecast over the next three years.
- 4.20 Businesses attribute around half of this investment to the support received through the Accelerator. Some of the balance of investment has been raised *indirectly*, building on the contacts and insights from the programme but these impacts have been set aside from the assessment. Nevertheless, the Accelerator has made a major contribution to the investment prospects of participating businesses over a short time span.

Table 4.4 Investment Raised By Participants		
	Total investment raised	Scale of Investment Attributed to the Accelerator
To date	£6.6m	£3.1m
In the next three years	£11.1m	£6.2m
Total to date and in Future	£17.6m	£9.03m

Source: Invest NI monitoring data; Hatch Regeneris Business Interviews. Sample: 15 to date, 11 over the next three years.

<sup>25</sup> Applies 20% displacement and attribution in line with the approach set out under Section 5, para. 5.13.

<sup>26</sup> Based on consultation with 15 participants reporting job creation attributable to the Accelerator, scaled up to account for the 25 businesses supported to date, and applying displacement at 20%.

## Tracking Wider Key Performance Indicator (KPIs)

- 4.21 There is scope for assessing a wider set of KPIs, either within the current delivery period or beyond. This would allow the delivery team to better understand and promote the outputs delivered by the programme and help understand progress towards intermediate benefits and final outcomes. We set out below a number of indicators that would provide valuable insight, a number of which are already collected but not yet ear-marked as KPIs:
- Number of key note sessions, events and workshops delivered
  - Number of businesses developing detailed business plans/strategies for investment and expansion
  - Number of products developed further towards commercial viability, i.e. between Technology Readiness Levels (TRLs)
  - Number and value of investments made in businesses *directly* as a result of connections fostered through the Accelerator<sup>27</sup>
  - Number and value of investments made in businesses *indirectly* as a result of connections fostered through the Accelerator
  - Number of FDI businesses relocating to Northern Ireland longer term (e.g. for at least 3 years) within 4 years of the Accelerator being completed.

## Accelerator Finance

- 4.22 From cohort 3, Invest NI provided participants with seed finance of £15,000 via a convertible loan note (CLN). An 18 month 'long stop date' means that no finance will need to be paid over that period, unless any default issue arises. After 18 months Invest NI Client Executives discuss repayment options with participants. Ultimately Invest NI is able to take an equity share in participant businesses equal to the sum of the principal value of the CLN<sup>28</sup>. The CLN represents a soft form of seed finance for participants at an early stage in their development.
- 4.23 The long stop date for cohort 3 businesses is in October 2019. We have asked participants if they expect to repay by this point. Although some businesses were not able to provide a definitive response, the majority have indicated that they are likely to repay within the timescale. One participant has already repaid the finance.
- 4.24 Participants have utilised CLN funding to cover a wide range of costs, including relocation costs, supplementary support (e.g. on customer positioning and exploration), marketing and product development.
- 4.25 Crucially, the CLN provides businesses with the resource they need to take part in the Accelerator and while developing an investment proposition. The CLN money allows them to work intensively for three months without some of the financial burden associated with the day-to-day running and management of a business. It also provides ready access to finance that, in many cases, participants would have needed to seek from a bank (with associated interest and charges). For some, given that they do not have a strong trading record, commercial finance would have been difficult to secure.
- 4.26 Overall, participants are happy with the CLN as a financing mechanism. It is seen as a simple form of finance to manage that can be converted into equity based on the value of

<sup>27</sup> This indicator would require clear agreement among partners around attribution in order to assign achievements to the Accelerator.

<sup>28</sup> Any share taken by Invest NI would be at the most senior level, i.e. in line with those held by the company director(s).

the company. Stakeholders have stated that it provides a good balance of risk for Invest NI and Accelerator teams. There are some limited concerns among participants, that the potential future equity stake may cause concern among potential investors. Where this issue has emerged, reassurances and clarifications have been provided to investors and no potential investment has been withdrawn.

- 4.27 Wider stakeholders operating in the market for early-stage finance and support, and a majority of Accelerator participants, have suggested that the value of finance provided falls below what is provided by Accelerators and other similar schemes delivered elsewhere. Based on our discussions, accelerators operating in the UK appear to provide a minimum of £20,000. In the US the value is often higher than this.
- 4.28 The value of seed finance provided to businesses should be reviewed to bring it in line with Accelerators elsewhere within the UK. If possible this should be reviewed and if possible applied to the remainder of the current programme. Otherwise, seed finance should be reviewed for any future programme.

## Assessment of Equality Impacts

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- 4.29 Ignite NI has developed a policy that responds appropriately to the requirements of Section 75 of the Northern Ireland Act 1998 and Disability Discrimination Act 1995. This states that IgniteNI is committed to delivering accelerator programmes that are open and accessible to all, and that promote equality of opportunity between:
- persons of different religious belief, political opinion, racial group, age, marital
  - status or sexual orientation
  - men and women generally
  - persons with a disability and persons without
  - persons with dependants and persons without.
- 4.30 The policy highlights:
- willingness to commit people, time and money to make sure that Section 75 responsibilities are complied with
  - work undertaken with Invest NI to ensure the Accelerator is marketed through channels that reach the widest set of potential applicants
  - measures to account for unconscious bias (blind scoring of applications, multiple application reviewers and peer review)
  - efforts to arrange the programme around the needs of participants with children
  - and, measures taken to make all programme communications accessible, eg to people with sensory, learning, communication and mobility disabilities and those for whom English is not their first language (including Easy Read, Braille and audio formats).
- 4.31 All IgniteNI staff receive equality training aimed at providing a clear understanding of Section 75, the DDA and Ignite's own equality policy, and the skills and knowledge to implement relevant measures appropriately.
- 4.32 Beyond this, the Accelerator stands to make anti-poverty gains, by opening up the opportunity to all to establish a successful high growth business that is capable of providing high value employment for others.

## Assessment of Risk

- 4.33 Table 4.5 summarises the key risks to delivering the Accelerator in line with the programme's objectives and outcomes, and the implications of those risks. It also summarises how the programme acts to mitigate these risks.
- 4.34 Overall, the programme has been designed and is delivered in a way that mitigates much of the risk associated with the factors highlighted below. We have made a number of recommendations in this evaluation that stand to mitigate risk further.

Risk	Implications	Verdict and Mitigating Actions (in place & recommended)
Client Demand	Insufficient demand could lead to an underachievement of outputs, a reduction in the quality of participants and contain the programmes ability to deliver economic benefits for the NI economy.	Beyond cohort 1, demand for the Accelerator has been strong. Reports from the programme team suggest that this will continue over the remainder of the programme period. Demand is stimulated principally through Ignite and Invest NI's own networks and through Invest NI marketing activities. Ignite is a well-established and highly regarded EDO connected to large networks of businesses and investors operating in the tech start-up sector.
Programme costs	Cost overruns would have a negative bearing on the value for money that could be delivered by the programme and on Invest NI's internal budget and its ability to fund other programmes.	Programme spend is in line with expectations. The Ignite team operate a well planned and well organised programme. Ignite and Invest NI work closely together and meet regularly to discuss any emerging issues regarding costs. This has enabled the programme to keep close control of spend.
Co-ordination and alignment	Where the programme does not align and co-ordinate with other providers of high growth start-up support, there is a risk that: <ul style="list-style-type: none"> <li>the programme duplicates support provided elsewhere</li> <li>the programme and wider providers do not build on shared knowledge to maximise the effectiveness of support.</li> </ul>	Invest NI delivers a series of other interventions aimed towards supporting high growth potential start-ups and places each programme within a wider strategy for boosting business creation and growth. Ignite and Invest NI are well-known among other providers and engage with them regularly.  We recommend that to enhance co-ordination and alignment, Ignite should form closer ties to other programmes and providers (see Section 3 for further detail).
Raising investment and delivery economic impact	These areas form part of the core objectives and outcomes for the programme. To deliver against these the programme must provide support that leads to new investment and new businesses and employment growth in NI.	The Accelerator is successfully delivering an intensive programme of support focused squarely on establishing businesses capable of raising investment and generating patterns of high growth. The programme is highly regarded by participants, which are starting to raise investment and deliver economic growth for the NI economy. The programme is also supporting the wider development of a burgeoning tech start-up cluster in Belfast and beyond. This will secure additional investment, business and

		<p>employment growth. We have made a number of recommendations that stand to increase the economic benefit associated with the programme. This includes:</p> <ul style="list-style-type: none"> <li>• the creation of a more formal and wider tech cluster network, to build on the benefits and sell the tech sector in NI more widely</li> <li>• further advice and support to close investment deals, and on product development and customer engagement</li> <li>• targeted marketing aimed at increasing the number of FDI Accelerator clients that relocate in NI over the longer term.</li> </ul>
<p>FDI clients and longer-term relocations to NI</p>	<p>Attracting FDI clients is a key objective for the programme and for Invest NI. FDI clients will bring altogether new investment businesses growth and economic impact. It also acts to expose domestic participants to wider business perspectives and market and to demonstrate to other businesses investors that NI is a place where a start-up can establish and thrive.</p>	<p>The Ignite team and the NI Accelerator are well-known across the UK and internationally. Ignite have built on their international networks to drive FDI demand for the programme. The Ignite team operate a comprehensive four stage application process that focusses with FDI clients on their intentions and prospects for growing a business in NI.</p> <p>We have recommended that:</p> <ul style="list-style-type: none"> <li>• the future focus of FDI marketing should be targeted on clients capable of developing a credible plan to grow their business in NI</li> <li>• Invest NI should work with partners and stakeholders in the tech start-up community to ensure that the growing NI tech cluster and benefits of locating within NI are highlighted and sold internationally.</li> </ul>

Source: Hatch Regeneris

## 5. Assessing the Impact on the Northern Ireland Economy

### Key Findings & Recommendations

The scale of the net additional impacts from Accelerator are uncertain, due to:

- significant growth expectations among participants that are yet to be realised
- many businesses having only recently received support
- some gaps in information on business progress
- some uncertainty on attribution: complicated by the proportion of participants that receive other support.

Our assessment suggests that the Accelerator has created an estimated £1.3 million in net additional GVA for the Northern Ireland economy to date.

The bulk of the economic value generated as a result of Accelerator will emerge over the next three to five years, as the supported teams continue along a pathway to high growth.

Although subject to some uncertainty, we estimate that GVA impacts associated with business supported to date could realistically rise to over £27 million over the next three years. This would put the programme on course to deliver against its targets for economic impact (GVA) and return on investment.

The Accelerator is also making an active contribution to the wider growth of a vibrant tech cluster in Belfast, and demonstrates the strength of the cluster to international businesses and investors. This can secure wider economic benefits for the Northern Ireland economy, in terms of high value job creation and additional investment.

5.1 There are a number of challenges associated with assessing progress against programme outcomes and impacts, especially part way through the programme delivery period:

- **Uncertain investment & growth trajectories:** the Accelerator is deliberately aimed at high potential participants at an early stage of growth. These teams are small and often yet to recruit staff in numbers, generate significant revenues or raise investment. Although they represent some of the strongest prospects for growth, the supported businesses are pursuing ambitious investment and growth targets that carry a significant degree of uncertainty.
- **Support that has only recently been provided:** many participants have only been through the Accelerator recently (within the last year for the latest cohort) and so will only be at the early stages of realising their full potential and planned trajectory for growth.
- **Some gaps in up to date information:** we have spoken to 15 of the 25 teams supported to date. Where we have not been able to gather information on progress from teams directly, we have drawn on monitoring data gathered by Invest NI and Ignite. Although our assessment is not based on a complete picture, this is typical for any assessment of impact where business are being surveyed to provide information on investment, financial and employment growth.

## Estimating the GVA Impact for Northern Ireland

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### Assessing Gross GVA Impacts

#### Establishing Gross Annual Turnover and Employment

- 5.2 We have asked businesses what turnover and employment growth they have created since receiving support through the Accelerator. We have also asked them what growth they foresee over the next three years.
- 5.3 Where we have not been able to speak to participants, we have drawn on employment and turnover growth registered in Invest NI and Ignite monitoring data. Where this information is not available, we have applied the average growth generated by other businesses to date and in future.

#### Converting Turnover Growth to Annual GVA

- 5.4 To convert estimates of gross employment and turnover into GVA, we have applied the ratio between turnover and GVA among Northern Ireland businesses operating in computer programming, consultancy and related activities. This is based on 2017 data from the ONS Annual Business Survey and provides the best available sector fit for Accelerator participants.

#### Assessing Cumulative Impacts Over Time

- 5.5 Annual GVA impacts generated to date are counted over the period since participants started the Accelerator. Future impacts are counted over a period of three years, ie up to May 2022. This aligns with government guidance on the persistence of impacts that can be associated with public interventions. We apply linear growth over these periods towards the gross annual estimates described in para. 5.2

#### Accounting for Failure Rates

- 5.6 As early stage businesses, it is likely that some proportion of participants will not succeed. Two of the 15 businesses supported through the first two cohorts of the Accelerator (13%) have wound up within two to three years, and will not create on-going economic impacts. This compares favourably against failure rates seen among UK start-ups operating in the broad ICT sector. Of those that were established in 2012, 37% had closed within three years.
- 5.7 We assume that the same proportion of cohort 3 businesses will close over this period and downgrade the future impacts associated with this cohort by 13%.

#### Accounting for Relocation Outside Northern Ireland

- 5.8 As stated in para. 4.11, six participants have relocated outside of Northern Ireland since participating in the Accelerator. We have only counted the impacts generated by these businesses during the period they were based in the country.

#### Estimated Gross GVA Impacts

- 5.9 Based on the approach outlined above we estimate that the gross benefits generated as a result of the Accelerator total **£3.3 million** to date, rising to **£28 million** by the March 2023.

## Assessing Net Additional Impacts<sup>29</sup>

### Deadweight & Attribution

- 5.10 To assess the net impacts associated with Accelerator, we need to subtract the deadweight benefits created by participants, i.e. the growth that would occur without the Accelerator support, due to natural business growth.
- 5.11 We asked participants what proportion of gross turnover and employment growth they would attribute to the support received through the Accelerator. Based on quantitative and qualitative estimates provided by the participants we have concluded that 45% of employment and turnover growth could be attributed to the Accelerator. For businesses we have not been able to speak to, we have applied the average attribution rate reported by those businesses we have interviewed.
- 5.12 Given the Accelerator participants are high-growth potential start-ups, it is not surprising that many of them feel confident about achieving growth without Accelerator support. Attribution is complicated by the proportion of participants that receive or go on to receive other financial and wider support from the broad set of NI programmes operating in the high growth start-up space (much of it provided by Invest NI).

### Displacement

- 5.13 Economic impacts generated through the Accelerator will displace some activity from elsewhere in Northern Ireland. The accelerator will facilitate the creation of altogether new businesses and economic growth and attract businesses from high-growth sectors that typically serve international markets. As a result, we anticipate that displacement will be low. To be conservative, we apply a benchmark 20% rate of displacement drawn from the 2014 HCA Additionality guidance.

## Net Additional GVA Impacts

### The bulk of the economic value generated as a result of the Accelerator will emerge over the next three to five years.

- 5.14 After accounting for deadweight and displacement, we estimate that **£1.28 million** in net additional GVA has been created to date. Although this represents 13% of the final GVA target for the programme (to reach £10.1 million GVA by March 2023), the programme is only part way through delivery. Moreover, many of the participants supported so far are at an early position on their forecast growth trajectory.
- 5.15 A further £12.5 million in turnover (cumulative) needs to be generated for the programme to meet its target of £10.1 million of GVA by March 2023. This would represent an average of around £460,000 turnover (cumulative) per business over the five cohorts<sup>30</sup>. On an annual basis this would represent £110,000 per business per year up to March 2023<sup>31</sup>.
- 5.16 Drawing on the achievements so far and the future plans of businesses interviewed, we estimate that business growth among participants supported to date could lead to **£27.1**

<sup>29</sup> Multiplier effects have not been applied. This follows NIGEAE guidance, that second round multipliers should not be applied as alternative uses for public funding would also generate indirect (supply-chain) and induced (expenditure) effects. Leakage has been accounted for in terms of businesses relocating outside of NI (see para. 5.8) but is expected to be negligible in terms of NI-based company employees living outside of NI.

<sup>30</sup> Accounting for businesses supported to date that have wound up or located outside NI.

<sup>31</sup> Accounting for a failure rate of 13% (based on businesses wound-up to date), and the cumulative years, post-support up to March 2023 across existing and anticipated supported teams.

**million** in net additional GVA benefits for the Northern Ireland economy by March 2023 which would significantly exceed the £10.1 million GVA target for the Accelerator.

### Some caution is required in interpreting our future impact estimate

- 5.17 It is typical for interventions supporting early-stage high growth to generate a significant proportion of their impact through a relatively small number of highly successful businesses. A significant part of the future GVA benefits are accounted for by one firm that predicts turnover growth of between £10 million and £20 million over the next three years. We have applied a mid-point for this business in our estimate, but if this forecast were cut in half (to £7.5 million), total GVA impacts would fall from £27.1m to £18.3m. This would still see the programme meet its target for GVA by 2023.

## Calculating the Benefit-Cost Ratio

- 5.18 The Benefit-Cost Ratio (BCR) shows the estimated return on public investment. A BCR of 2:1 indicates a £2 return in terms of economic value for the Northern Ireland economy for every £1 of public money contributed to the project.
- 5.19 As shown in Section 2, £2.1 million has been spent on the programme to date which we estimate has so far generated £1.28 million in net additional GVA and which could by 2023 (subject to businesses continuing to make the progress planned) rise to £27.1 million.
- 5.20 Discounting future benefits at 10%, in line with the NI Guide to Expenditure Appraisal and Evaluation (NIGEAE), this would result in 50p generated for every £1 of public money invested to date but rising beyond £10 by 2022.
- 5.21 Although the Accelerator is only part way to achieving its net additional GVA target, if the estimate of final net impacts turns out to occur, the Accelerator would represent a significant return on the investment made, well in excess of the target 1.72 : 1 BCR it is aiming to achieve.

Table 5.1 Benefit Cost Calculations

	To Date	To date and up to March 2023
Net Additional GVA Benefits	£1.28m	£27.1m
Public Sector Cost	£2.1m	
Net Present Value of Benefits <sup>32</sup>	£1.03m	£21.7m
Benefit-Cost Ratio	0.5 : 1	10.5 : 1

Source: Hatch Regeneris

## Wider Benefits

### The Accelerator is contributing to a vibrant tech cluster in Belfast.

- 5.22 The tech start up community has grown significantly within Belfast over recent years, and over the course of the Accelerator delivery period. Our consultations with organisations and institutions also delivering support to high growth start-ups across NI highlight the positive role of the Accelerator in helping to bring about this growth. The Accelerator is developing tech start-ups with high growth potential. This increases the size of the tech cluster in NI and Belfast in particular. The Accelerator also creates a demonstration effect, showing

<sup>32</sup> Net present benefits are discounted at a rate of 10% in line with NIGEAE guidance. Costs incurred to date are not discounted.

investors and entrepreneurs that Northern Ireland is a good place to establish and grow a tech business and access a wide range of support. The Accelerator also contributes to network and agglomeration effects, whereby a growing tech cluster offers increasing opportunities for collaboration and innovation, access to a highly skilled labour market, suppliers and customers and reduced operation costs associated with this access. Discussions with businesses and stakeholders suggest that these features, and a wider sense of community, are especially important among tech businesses and start-ups that are used to interacting and exchanging ideas with their contemporaries.

## 6. Key Findings & Recommendations

The Accelerator is addressing fundamental market failures and delivering against key NI strategic aims. It provides a distinctive offer in a busy support market and delivers on best practice. It is well regarded by participants and stakeholders and is likely to secure significant gains for the Northern Ireland economy.

- 6.1 The Accelerator continues to address fundamental market failures in the provision of risk capital and support for seed and early stage businesses. In particular, the Accelerator addresses imperfect information regarding the benefits from, and means to raising investment and establishing sustainable patterns of high growth. This is identified as a key barrier to business start-up and growth in NI where entrepreneurs suffer a heightened fear of business failure<sup>33</sup>.
- 6.2 In terms of the underpinning economic and strategic rationale, the Accelerator continues to:
- support the aims and objectives set out in key Northern Ireland strategy and policy
  - address fundamental market failures in the provision of risk capital and support for seed and early stage businesses
  - and, address a clear need to increase rates of business start-up and growth, productivity, export sales and FDI in Northern Ireland.
- 6.3 The Ignite Accelerator is already delivering on much of what is seen as best practice in terms of its model for support and delivery.
- 6.4 Participants report high levels of satisfaction with the Accelerator and the programme is well-regarded by stakeholders.
- 6.5 Ormeau Baths provides an ideal environment for supporting cohorts of young businesses with a shared experience, peer-to-peer learning and access to wider support.
- 6.6 Strong relationships are formed within the cohorts, with the Ignite team and with Invest NI Client Executives.
- 6.7 The Accelerator represents a distinct offer within a busy market for high growth start-up finance and support. It is among the key contributors to the emergence of a vibrant tech sector in Northern Ireland.
- 6.8 The Accelerator is delivered smoothly under Ignite and co-ordination between Ignite and Invest NI is effective.
- 6.9 An intensive three-month schedule for participating businesses is well-organised and contributes to a positive experience for participants.
- 6.10 Significant progress has been made in terms of the number of businesses securing some investment since receiving support.
- 6.11 Our assessment suggests that the Accelerator has so far led to the creation of an estimated £1.28 million in net additional GVA for the Northern Ireland economy.
- 6.12 The bulk of the economic value generated by the Accelerator will emerge over the next three to five years. Although subject to significant uncertainty, we estimate that GVA impacts associated with business supported in the first three cohorts could rise to £27

<sup>33</sup> Based on data from the Global Entrepreneur Monitor, see para. 1.15.

million over the next three years. This would put the programme on course to deliver against its targets for economic impact (GVA) and return on investment.

**We have made a series of recommendations that stand to enhance the effectiveness of the Accelerator in future**

6.13 We recommend that the Accelerator is extended into a sixth cohort to align the programme delivery period for the Propel Pre-Accelerator. We have made a number of recommendations for future delivery throughout the evaluation.

- 1) There is a need for expectation management on the scale of investment that can be raised, and additional support on investor conversations/and negotiations. Participants should be encouraged and supported to develop alternative scenarios and plans if they are not able to secure the investment they require.
- 2) Some businesses require additional support on business fundamentals, product development and customer discovery. Additional support requirements should be identified at the application stage and the Accelerator team should make an early judgement as whether any additional support needs are best met by tailoring the core programme or by referring participants to other Invest NI and Northern Ireland support services.

Clear lines of communication and information sharing are required between programme management and delivery staff, clients and networks of Accelerator mentors to help identify client needs and provide enhanced, tailored support provision.

Some participants need more in-depth help beyond the timeframe and resources currently available. The need for additional product development and customer engagement/validation should be identified at the application stage, with participants referred to grant finance and wider support provision to supplement the support received through the Accelerator.

Within this, the Accelerator should explore how any supplementary support could be provided by other existing providers in Northern Ireland and ensure efforts by Ignite and Invest NI to support alumni are embedded in the programme's achievements.

- 3) A more formal structure and platform should be put in place for the alumni network. Invest NI should explore the potential to establish a network for the wider NI tech start-up cluster. As a minimum, the alumni network should tie in with wider networks of tech start-ups across NI.
- 4) Ignite and Invest NI Client Executives should form closer ties to other programmes and providers, to:
  - complement the Accelerator offer, e.g. in terms of product development, technical support and market engagement
  - identify opportunities to deliver wider support where needed, especially on business fundamentals, customer engagement and discovery, and product development
  - provide tailored on-going support and sustainable longer-term outcomes for the Accelerator participants
  - share knowledge on current, past and the potential future clients that may benefit from additional growth support and investment

- facilitate information sharing on best practice
- ensure that opportunities among domestic investors are not overlooked.

An initial meeting/event should be held for managers/directors of all relevant programmes, with subsequent events/meetings held at least annually. One-to-one meetings should be held managers from the most closely aligned programmes to Accelerator.

Key programmes (including those delivered by Catalyst Inc, TechStart NI and the Halo Business Angel Network) should be invited into the Accelerator at the end of the support period to meet businesses and explore demand for continuity support.

- 5) The value of seed finance provided to businesses should be reviewed to bring it in line with Accelerators elsewhere within the UK. If possible (ie if within the programme budget), seed finance should be extended to £20,000 for the remainder of the current programme. Otherwise, seed finance should be reviewed and increased for any future programme.
- 6) The Programme's sector focus on digital technology entrepreneurs should be retained. Participants have benefitted from being part of cohort of like-minded firms. Retaining a clear sector focus will ensure that participants are tackling and learning from each other on common challenges.
- 7) The target for a 50/50 balance between FDI and NI-based clients should be retained. Nonetheless, FDI clients should only be admitted to the programme where they have a clear plan for how to grow their business from within Northern Ireland.
- 8) The future focus of FDI marketing should be targeted on efforts to identify and sell NI and the Accelerator to businesses that are already looking to relocate and have Northern Ireland on their long list or have ties to the province.

Invest NI should work with partners and stakeholders in the tech start-up community to ensure that the growing NI tech cluster and benefits of locating within NI are highlighted and sold internationally.

- 9) An active on-line presence and targeted marketing should be directed towards potential FDI clients and entrepreneurs located outside of Belfast.

News stories should be approved for sign-off more quickly than has been the case and involve a dedicated resource to deliver this.

- 10) A collection of intermediate impact and key performance indicators should be monitored, to track and highlight progress along the pathway to investment and growth.

Participant outcomes should be tracked closely up to 24 months after graduation, to capture more of the scale of benefits derived from the programme. All monitoring data should be consolidated into one easy to use system which is appropriately accessible to both Ignite and Invest NI.



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