

DCMS

Create Growth Programme

Event report Innovate UK KTN
Investor Roundtable One

18th April 2023
1 America Square
London
EC3N 2LB

Summary

This is the first investor event in a series of events that are part of the Department of Culture Media and Sport (DCMS) Create Growth Programme. The programme is supporting the development of high growth potential creative industries in the six appointed regions in England through targeted support.

Innovate UK KTN brought together a group of investors, creative industry business leaders and regional stakeholders for a roundtable, both in person in London and online in the first of a series of events to give the opportunity for active discussion and networking to those interested in the investment landscape of the Creative Industries in the UK. We set out to explore both the challenges and opportunities open to investors from the sector. With the aim to understand what needs to be done to increase investment into the sector regionally and nationally and ultimately feeding into the continuing plan for the programme.



Key Take Aways

The event was well attended, we offered a hybrid experience, we had an interesting mix of people both in the room and in the “zoom room”. We had investors from larger groups as well as angels and family offices. A large contingent from Creative UK including their investor team, some people from the region teams and also a few creative businesses – some on the start of their journey into investment and some that had been through Seed and are now exploring Series A, and we were really pleased to meet one company who has been awarded funding through the programmes first grant funding competition.

- The discussion supported many of our assumptions, and we’re confident the development of the programme will serve this audience well
- We received good insights into how to develop the detail of the planned content and events
- The event provided value, the conversation serves as both knowledge exchange and the desire from all in the room for networking (during our first coffee break one of the investors asked me if we could make sure that we encouraged people to move tables).
- We had expected people to drop off after lunch – this didn’t happen! Everyone stayed for the afternoon session and kept the same amount of energy and momentum which we were incredibly grateful for. This demonstrates an appetite to engage further with creative industries.

Themes arising

Market knowledge is a challenge

The subsectors within creative industry are diffuse, overlapping, sometimes specialist and distinct and sometimes so interconnected it becomes unclear what founders want you to buy in to. All of this results in a market that is difficult to investigate or navigate.

- *“Where is the boundary”* of the creative industries
- There are struggles with terminology across the board *“we're all talking a different language ... or the same language but with a different syntax?”*
- Can we create opportunities to *“window shop”* by exploring the industries more generally to get a sense of everything on offer
- Case studies *“are vital for the conversation”*
- Will the investor be *“buying the project, the person, the team, the tech? what are we investing in?”*

We have a relationship problem

Somewhat resulting from a lack of understanding of how they operate the sector has developed a bad reputation amongst some Investors, creative industries tend to be perceived as being high risk.

- *“Some companies have a bad rep”*
- The sector seems to want *“more money and faster”* than others

- If you're going to work with someone so closely, for a long period of time, you want to know if they are *"a good person"*
- The sector *"tends to be perceived as being high risk"*
- Each side has different drivers:

"IP management and strategy - IP is a company's most valuable thing - why give it away?"

"Person centred passion centred idea - investors drive is different"

- We need *"myth busting to happen because it very much is not about a dragons den set up"*
- *"We could do with a Tinder for this"*
- We need *"a creative industries broker - that can negotiate for creative businesses"*
- Also *"it would be great if we could have an Ian Livingstone* for each subsector"*

and *"can we identify champions - ambassadors in subsectors"*

*[Sir Ian Livingstone CBE](#) is a game industry veteran who has worked hard to support the games sector as a Skills Champion active member of Ukie and other sector groups.

The clear need for knowledge exchange

Information overwhelm

We seem to be in a position where we have both too much information and also not enough.

- *“There’s so much info - how do you find it?”*
- *“It’s a challenge to navigate”*
- Access to market intelligence is restricted, general information tends to be free while specialist info is expensive.
- This also somewhat plays into the need for sector ambassadors to help demystify
- Some of the businesses in the room weren’t aware of the support they could get from the British Library
- Where to go *“How do you make contact? Is there a centralised resource?”*

Is there a tool for that?

There was a bit of discussion on the tools already available on the market and it was often brought up that we could do with a “Tinder” for businesses and investors to find each other and meet, although, it’s important to say Tinder is often a short-term solution whereas there probably needs to be more of an old school matching making approach:

- Free to use investor search engine - [shipshape](#)

- [Beahurst](#) - database of companies and deals, what money has come into the business and where from – pay for access
- [Capitol Pilot](#) - offer a paid for rating service for companies to help them identify the gaps in the offer they're making to investors

Understanding investor behaviour

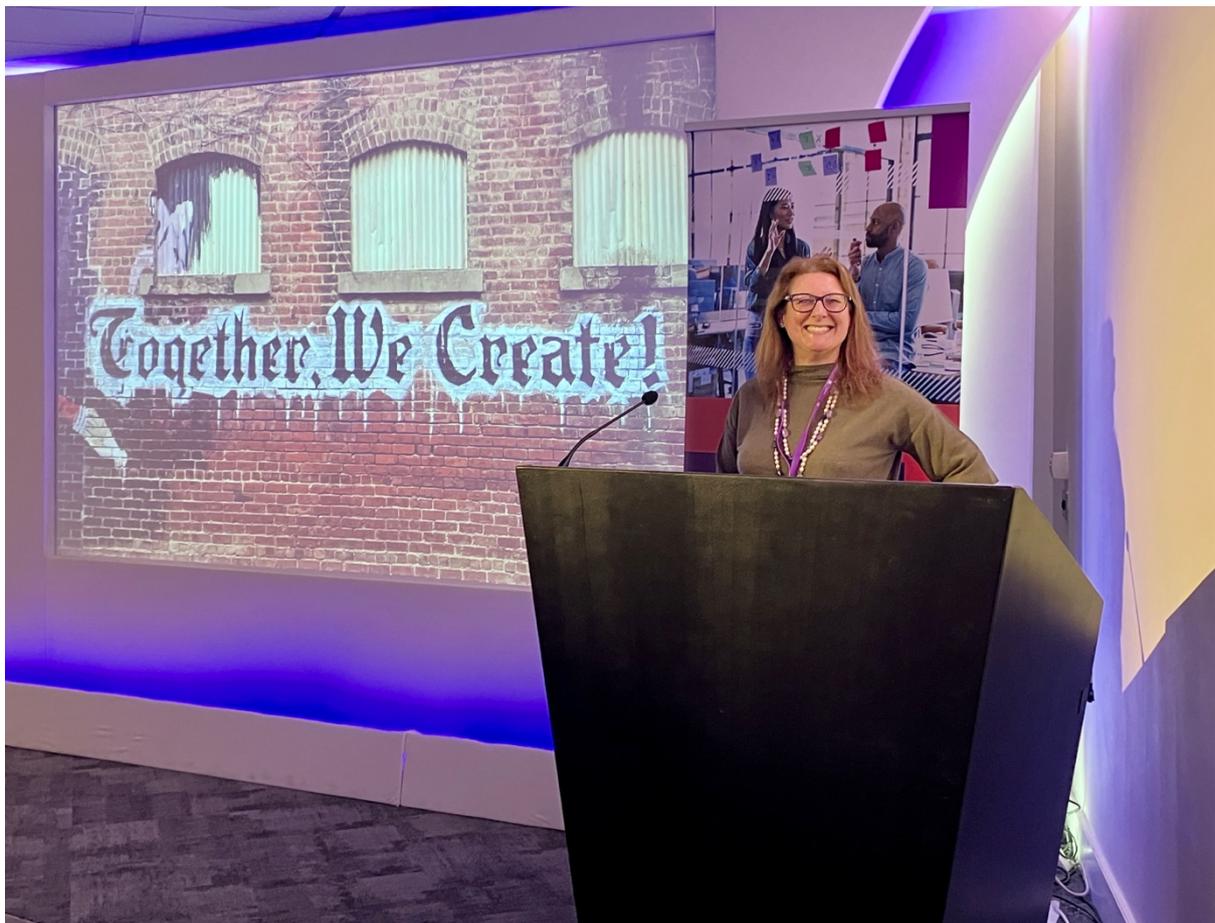
As the conversation unfolded, we were able to pull out pieces of information to identify investor behaviour.

- UK investors are (typically) conservative – taking a long time on discovery, needing a lot of details
- Whereas European and US investors are *“more likely to experience FOMO”* and are therefore quicker to spend money
- In the *“US investment tends to be more entrepreneur led rather than ‘professional investors’”*
- *“Investors talk to each other over Whatsapp, giving hot tips to their mates to bring in co-investment to grow businesses together”*
- These closed private networks create a challenge it means there is a strong *“need for more and better regional access to networks”*
- Because of all the challenges discussed above *“there aren’t enough investors interested in the sector, so for those that are looking at the sector it is an issue to find co-investors”*

Feedback

Towards the end of the day in the final session we were really pleased to hear thanks from one of the investors to the room

“A wonderful exercise in understanding”



Recommendations

Increase Market Knowledge

We are creating a programme of content and events to help investors navigate the sector and to help develop understanding.

Broker and Build Relationships

With the events we will be hosting over the next few years as part of the programme we will endeavour to foster relationships across the businesses in each of the regions with investors.

Exchange knowledge

As well as hosting events to build relationships we will look for every opportunity to exchange knowledge.

Background

DCMS is supporting the development of high growth potential creative industries in the six appointed regions in England through targeted support.

The region's Combined Authorities and Local Enterprise Partnerships will be working with eligible businesses to unlock their growth potential.

As part of the programme Innovate UK is providing a finance fund of up to £7 million to help creative businesses in the Create Growth Programme regions to explore new innovation projects that will stimulate growth and attract private investment.

Follow the programme here - <https://iuk.ktn-uk.org/programme/creative-growth/>

Get in Touch

Authors

The Innovate UK KTN team working on this project would love to hear from you if you want to know more about the programme or are interested in attending future events.

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