

TECH TRACK



September 16, 2012

The cloud helps firms to prosper

Autonomy's founder shares his vision as the fastest growing private technology companies are revealed. By Richard Tyler

Old met new at Lancaster House this summer when the former home of the "grand old" Duke of York hosted the cream of the British technology industry to promote the country's economy during the Olympic Games.

Mike Lynch, founder and former chief executive of Autonomy, one of Britain's most successful technology companies, was among the senior industry players who took to the stage.

Lynch revealed the key trends he believes will drive the global technology industry over the next 12 months.

He focused on cloud computing — the name given to the provision of computing services over the internet — and argued that, despite the hype, it represented an opportunity for entrepreneurs and large companies alike.

He believes that among the winners will be cloud service providers that grab a significant share of the market and then sell different services to their clients. Once the data are hosted by a provider, clients will be reluctant to move. "The data become the asset that can't be moved," Lynch predicted.

What is essentially a new low-cost service delivery mechanism is already being exploited by many of the companies in the 12th annual Sunday Times Hiscox Tech Track 100 league table, which ranks Britain's fastest-growing private technology, media and telecoms companies.

From the email management services provided by Mimecast (No 45) or the hosting services from ANS Group (No 57) to the IT and telecoms services provided by PMGC (No 82), many of this year's companies are harnessing the flexibility and low cost per user offered by cloud-based IT infrastructure.

The rapid adoption of their services by consumers, governments and companies is contributing to the performance of the

firms in this year's league table. Collectively they have achieved average annual sales growth of 81% over the last three years of accounts. Operating in the technology, telecoms and media sectors, their total sales amount to £2.7 billion compared with £521m three years ago, according to Fast Track, which compiles the league table.

Such rates of growth are tempting venture capitalists, with 11 companies raising equity finance in the 12 months to August. In all, 40 companies are controlled by private equity or venture capital firms.

Lynch is launching his own venture fund after his departure this year from Hewlett-Packard, which acquired Autonomy last year for \$10.3 billion.

He said he was assessing companies that are developing technology to help microchips work harder without overheating. "Cool chips seem to be very important. I have been looking at the alternatives," he said. CamSemi (No 29) is one of the firms in this year's Tech Track 100 operating in this area.

The way buying decisions are made in large companies has also changed, Lynch observed, opening opportunities for smaller, entrepreneurial technology firms. "IT vendors used to sell to IT people. The thing that's driving the cloud is the ability for non-IT people to do something," he said, citing, as an example, marketing teams at large companies buying cloud-based search engine and website optimisation services.

Maxymiser (No 28), which tests the impact of changes to consumer websites, is an example of one such fast-growing firm. "The power has shifted away from IT to business units and that is what I think is driving the cloud," said Lynch.

Other trends he cited included the rise of advanced consumer mobile technology, an opportunity being exploited by Alertme (No 9), Mobilewebadz (No 4) and Ubiquisys (No 12). The rapid adoption of combined audio and visual communications over the internet — known as unified communications — is highlighted by Barclays' Sean Duffy on page 2.

Ending with a patriotic flourish, Lynch argued that British companies were well placed to exploit the cloud, citing the progress made by public companies such as ARM Holdings, which featured in Fast Track's first league table 16 years ago. Then it was a small private company with sales of just £17m. Today it has a market value of £7.5 billion.

■ Tech Track 100 is also available to download on The Sunday Times tablet edition for iPad and Android

1 ESSENCE

Digital marketing agency 283.94%

After winning Veuve Cliquot and Moët & Chandon as customers in the past year, Essence should have plenty of bubbly to celebrate its growth.

The digital marketing agency provides strategy, design and advertising services to online giants such as Google, Expedia and Betfair. It has had a busy 12 months, launching a campaign around eBay's first television advertisement in five years and helping Google Chrome to overtake Internet Explorer as Europe's No 1 internet browser. It has also won new customers such as Tesco Mobile, KPMG and Harper Collins.

The company grew from 130 staff to 201 in the year to July 2012, and says it is now one of Europe's largest independent media companies.

Essence was set up in 2005 by Matt Isaacs, Andy Bonsall and Andrew Shebbare. They had worked together for Create Services, a marketing agency and credit-card provider that was known as Accuard before it was bought by Lloyds TSB in 2002. Isaacs was its chief marketing officer, Bonsall was head of customer management, and Shebbare was head of acquisitions. A review at Lloyds led to staff cuts — and gave the three the opportunity to set up on their own.

Essence has a number of strings to its bow, but primarily it offers clients advice on their media strategy and develops digital marketing campaigns for multiple platforms. Competition comes from advertising giants such as WPP, Omnicom and Aegis Media.

Essence devises strategies to hit marketing targets agreed with its clients. For example, if Google wants to achieve a certain number of downloads of its Chrome internet browser in the Czech Republic, Essence will develop a plan to achieve this. It will then monitor what is



GLENN FAMY

Founders Matt Isaacs and Andy Bonsall, with finance chief Mark Nancarrow, thrive by servicing online giants

happening and adjust the strategy if required. Essence says using client data as well as its own removes the potential for dispute.

The company's big break came when it won a 18-month contract with Carphone Warehouse in 2005. This gave it the credibility to attract other big companies as clients, and a deal with eBay in 2008 paved the way for its current focus on truly international companies such as Google.

Essence's Soho office services its

European, Middle East and African operations, while its New York office — opened in 2011 and now with 36 staff — caters for clients in North America. Its revenue comes in the form of retainers, a percentage of a client's media spending, and performance bonuses.

In May 2011, the company branched out into marketing through social media, acquiring Punktlio, a marketing specialist, for a reported £3m. It is looking at other possible acquisitions, particularly in America, and is eyeing a

move into the Asian market in the next three years.

Essence attributes its growth to the following factors: its focus on online marketing; its ability to adapt quickly in a fast-changing digital media landscape; and to delivering for its global clients.

About 90% of the firm's sales come from its 10 largest clients and about 50% come from outside Britain. Essence's sales (taken as total billings) have seen growth of 284% a year, from £3m in 2009 to £170m in 2012.

2 LYCAMOBILE

Telecoms operator 247.25%

Lycamobile sells pre-paid Sim cards and top-up vouchers so people can make cheap overseas calls from mobile phones, particularly to Asia, Africa and America. Started in 2008, the business is a standalone company owned by the people behind Lycatel, the calling card firm. Founded and led by the serial telecoms entrepreneur Subaskaran Allirajah (pictured), Lycamobile hosts its services on a private cloud-based mobile network. Sales at the company's British operation, Lycamobile UK, grew 247%

a year from £2.8m in 2008 to £116.8m in 2011, driven by rising demand and customer loyalty.



4 MOBILEWEBADZ

Advertising provider 217.72%

Software developed by Mobilewebadz enables customers to book advertising space targeted at mobile devices around the world, and it estimates it serves 16.5 billion ads each month. Managing director Kieran O'Keeffe (pictured) founded the business as Smart Tech in 2002 and it started mobile advertising in 2005. Its focus then was on serving ads on gambling sites, but it has now moved into more mainstream advertising and

rebranded itself. Sales grew 218% a year, from £265,000 in 2009 to £8.5m in 2012, thanks to the increasing popularity of smartphones and to expansion overseas.



3 WONGA.COM

Online money lender 244.57%

The online lender Wonga has achieved another year of strong growth after topping last year's Tech Track 100. It has expanded into South Africa and now offers loans to small businesses in Britain. Founded in 2006 by chief executive Errol Damelin (pictured), Wonga has hit back at accusations of "legal loan sharking", saying that it is completely transparent and that 92% of users would recommend it. The London firm's backers include Balderton Capital, Accel Partners, the Wellcome



Trust and TAG, which was an early-stage investor. Sales, which consist of interest and fees, grew 245% a year, from £4.5m in 2008 to £184.7m in 2011.

5 ZBD SOLUTIONS

Display developer 212.80%

Since being spun out of the defence company Qinetiq in 2000, ZBD Solutions has developed ultra low-power LCD screens that can be used as a high-tech substitute for paper. Its customers include supermarket chains in 20 European countries that use this "epaper" for price labels as they can change prices and customer information remotely. Other uses are being found in sectors such as manufacturing and



healthcare. ZBD is backed by DEF Esprit, TTP Ventures, Dow Chemical Company and Trillium International. Sales grew 213% a year from £396,000 in 2009 to £12.1m in 2012 under chief executive Shaun Gray (pictured).

FAST TRACK

Tech Track 100, which ranks Britain's fastest-growing private technology companies, is produced by Fast Track, the Oxford firm that researches Britain's top-performing private companies and organises invitation-only dinners for their owners and directors to network and meet its sponsors. For full ranking criteria, see page 4.

Tech City must take a lead in race for Olympics legacy



The London scene is thriving but Britain needs more world-beating firms, says Hiscox's Steve Langan

AFTER the most glorious summer of British sporting success, attention turns naturally to the legacy of the Olympic and Paralympic Games.

The next generation of athletes may be inspired to make the most of their abilities, but will the government's vision of

a vibrant "Tech City" for east London inspire a new generation of technology entrepreneurs?

In an interview with Fast Track, Rohan Silva, a special adviser to David Cameron and a driving force behind the government's efforts to promote east

London as a global technology hub, said the political commitment for the project came right from the top. "One of the easiest things to get into the prime minister's diary is something to do with Tech City," he said.

Silva cited as an example the fact that venture capitalist Saul

Klein of Index Ventures, which has backed five companies in this year's Sunday Times Hiscox Tech Track 100, sat down with the prime minister last month to discuss ways to open the London stock market to more technology company listings.

Silva said that by revising the listing and liquidity rules, more investors could be tempted to back fast-growing British technology companies. "I hope we can take action on that in the autumn," he said.

Also encouraging is research released last week showing

that venture investment in young technology companies had hit a 10-year high in the first half of 2012.

The biggest deal so far this year was the £40m invested in Just-Eat, an online take-away business at No 31 in this year's Tech Track 100.

Silva said awareness among overseas venture capitalists of the potential within London's technology scene had increased enormously in the two years since Cameron began shining a spotlight on the area.

"There is not a serious tech person in America and Europe

who is unaware of Tech City," he said. "We are at an exciting point: we have this platform; now can planning policies, transport and infrastructure take it to the next level?"

While the drive from No 10 is promising, in my mind the government needs to get behind this sector in a more intelligent and practical way. No more grandstanding by politicians for photo opportunities. No more hiding behind reasons why they can't act. They can, if they really want to enhance the prosperity of future generations in this country. They

should make the investment available, encourage outside capital, and then get out of the way.

My personal wish for the tech industry is that it learns to dream bigger dreams. Just as on the sporting stage, Britain's tech industry has an equal right to win when competing with the likes of America and the new powerhouses of the emerging economies. We must seize the opportunity to create enterprises with world-beating potential.

Having done that, we need more companies to make the

move from having world-beating potential to being world class. Too often British businesses sell out before their time has really come. Look at Microsoft, Apple, Google and Facebook. They didn't sell out early and now dominate the world stage. More British technology companies should do the same.

We at Hiscox are world leaders in providing intelligent insurance solutions for the tech industry, and we will be there for every step of the journey.

■ Steve Langan is managing director Hiscox UK and Ireland

71 STAFFCARE

Pensions software developer 48.65%
From pensions to flexible holidays, Staffcare's software lets firms better manage and communicate the benefits they offer employees. The firm licenses its software and takes a monthly fee for each employee registered. Started in 2004 by Phil Hollingdale, it raised around £3m over two funding rounds.

72 CSA WAVERLEY

IT services provider 48.41%
Managing director Andrew Boyle founded CSA Waverley in 1987. Twenty-five years on, it provides IT services for mainly public sector clients, specialising in health. Getting onto CITHS, the government's Commoditised IT Hardware and Software framework, has been key to growth, as it enabled CSA to work with other public bodies.

73 FLUIDATA

Internet services provider 48.29%
Managing director Piers Daniell founded this high-speed internet service provider in 2004, and two years later bought his own network with a £150,000 investment from a business angel. It now hosts 50 ISPs and is undergoing a £2.5m upgrade.

74 ADCONION MEDIA

Digital advertising distributor 47.96%
Run by Tyler Moebius, London-based Adconion sells online advertising space. It raised £40m in 2008 from a consortium led by Index Ventures, and in May 2011 announced a £21m financing package from Silicon Valley Bank. Adconion's acquisitions include Smartclip, a digital video advertising agency, last November.

75 I AM IT

IT infrastructure consultancy 46.84%
Founded in 1985 as Autodata Products, this London company has gained a new lease of life since Leo Smuga and Dominic McLoughlin bought it in 2007, rebranding it in July this year as I am IT. Sales come from consultancy services and maintaining IT networks for customers that include the BBC and the Science Museum and it is also a reseller.

76 KELWAY

IT services provider 46.83%
London-based Kelway supplies IT services to 3,000 mainly British clients. Founded in 1990 by chief executive Phil Doye at the age of 21, in 2006 Core Capital invested £5m for a 26% stake. Kelway has bought six businesses since 2007, including cloud computing specialist ISC in 2010.

77 LAB21

Clinical diagnostics provider 46.83%
Cambridge-based diagnostic specialist Lab21 performs tests to support personalised medicine and cancer care, and makes infectious disease test kits for clients including the Red Cross. Founded in 2005, the firm, led by Graham Mullis, has made seven acquisitions in the past two years.

78 FUSE8

Digital marketing agency 46.40%
The digital agency Fuse8 builds websites and sells search engine optimisation from offices in Leeds and London. It was founded in 2000, and its customers include Red Bull. During 2011, after a period on AIM, the founders Mark Walton and Andy Hutchinson took the company private again.

79 BELCOM247

Telecoms management 45.52%
When John Giblin and Steve Cardwell saw telecoms companies cutting their numbers of field engineers, they stepped in to fill the gap. Belcom247 installs and maintains data centre facilities and telecoms networks for 70 customers. The London company has offices in Paris, Frankfurt and Amsterdam.

80 M-HANCE

Software provider 45.24%
M-hance develops software for 2,400 organisations, automating back office processes. Previously known as Trinity Computer Services, M-hance formed in 2011 after Jon Moulton's Better Capital backed buyouts of Calyx Software, Gyrosoft and parts of three other businesses. It is led by chief executive Mark Thompson.

81 CENTEK

Oilfield equipment maker 45.05%
Centek makes "centralisers" for the oil industry — devices secured around the casing of pipelines to keep them centred in holes prior to being cemented into place. Founded by Tony Cutmore in 2001 with backing from investors including Millennium Management, this Devon firm has clients that include Shell and BP.

82 PMGC TECHNOLOGY

Telecom services provider 44.65%
PMGC started as Premier Mobile in 1989, and now offers services including hosted IT and cloud computing. Managing director Jason Yeomans bought into the company in 2007 and completed the MBO of Premier Mobile and the acquisition of Phonebox, reversing both into PMGC Technology Group in April 2012.

83 INNOVISE

Software developer 43.86%
Founded by Mike Taylor in 2004, Innovise is split into two divisions. One develops software so facilities managers such as Securitas and Compass can handle job rosters; the other manages complex IT systems for blue-chip clients. Innovise has bought 13 firms since 2004, but its recent rise in sales is also attributed to organic growth.

84 MOSAIC ISLAND

IT development consultancy 43.40%
Mosaic Island was set up in 2006 by David Tyson, Tony Walsh and Matthew Lock-Fuerst, who previously worked for Orange. The Bristol firm designs and

Rising firms to watch

In this feature we showcase five companies that did not meet the criteria of this year's Tech Track 100 league table but have achieved strong sales growth.

The judging panel included representatives of the sponsors of Tech Track 100. A winner from this list will receive a special award at the Tech Track 100 dinner in November.

Company	Activity	HQ location	Year end	Sales, £000
Avecto	Security software developer	Cheadle	Jun 12	4,114
Tony Bolland, Avecto's chief executive, is no stranger to Tech Track: he co-founded the IT firm Vistorm, which was on the inaugural Tech Track 100 in 2001, and also co-founded the software developer AppSense, which featured from 2004 to 2006. Avecto develops software that protects computers by restricting employees' ability to download potentially harmful software.				
Bjss	IT consultancy	Leeds	Apr 12	41,824
Bjss doubled its sales to £42m between 2010 and 2012 thanks to a strong reputation in the financial and energy sectors. Its main services include business analysis, project management and software development. The Leeds-headquartered firm acts for customers such as BP, Thomson Reuters, HSBC, the NHS and the London Stock Exchange.				
Edinburgh Instruments	Scientific instruments maker	West Lothian	Mar 12	8,235
Edinburgh Instruments designs and manufactures technology, including lasers and spectrometers, used in a wide range of scientific fields. Originally spun out of Edinburgh's Heriot-Watt University, it is now seeking investment capital to grow globally. The company appointed former Aggreko managing director Derek Shepherd as chairman earlier this year.				
Gear4	Smartphone accessories maker	High Wycombe	Dec 11	28,946
Gear4 made its name designing accessories for Apple products and now sells a wide range of accessories and products in more than 60 countries. Alongside an extensive range of speakers, Gear4 will this year launch in Britain the Renew Sleep Clock, which tracks users' sleep patterns and wakes them up at the optimum time.				
Ocean Outdoor	Digital media developer	Central London	Dec 11	17,096
Attention-grabbing digital advertising is the main business of Ocean Outdoor. The company has built and runs 30 large displays in London, Birmingham and Manchester, including Europe's largest outdoor advertising site at the iMax near London's Waterloo station. Founded in 2004 as an outdoor print advertiser, Ocean Outdoor changed its focus to digital in 2009.				

implements large IT projects, such as consolidating the systems of Orange and T-Mobile after their merger.

85 MARKCO MEDIA

Digital media agency 42.94%
Formerly a chef working for Gordon Ramsey, Mark Pearson paid £300 in 2007 for a custom-built website that brings together discount deals from other websites. Today, his company operates in 10 countries under brands such as Myvouchercode.co.uk, collating discounts from 20,000 clients including Amazon, Tesco and Dixons. Turnover is commission for sales.

86 CITIHUB

IT consultancy 42.89%
Fast-paced investment banks become even faster using technology delivered by London's Citihub. Its IT systems increase transaction speeds, and it also offers management advice. Led by Chris Allison, the firm has benefited as investment banks spend more on IT after cutbacks following the 2008 economic crash.

87 METRONET (UK)

Internet service provider 42.79%
This Manchester firm provides wireless internet services in Manchester, Leeds, Liverpool and Birmingham, to clients including Manchester City Council and Laing O'Rourke. Led by chief executive Elliott Mueller, in June LDC bought a majority stake for £11m.

88 AUDIO NETWORK

Online music publisher 42.61%
Audio Network has an online library of 50,000 music tracks and 50,000 sound effects, which can be licensed for use in films, TV shows and ads, and works with 350 composers to produce unique pieces. It was founded by chief executive Robert Hurst and chairman Andrew Sunnucks in 2001. Users include Disney and the BBC.

89 FOCUS GROUP

Communications services firm 42.56%
Formerly Focus 4 U, this company has rebranded since diversifying from its origins as a telecoms provider. Today its services include IT infrastructure installation, energy supply and website design. It was founded in 2003 by Ralph Gilbert, Chris Goodman and Paul Tolhurst and is based in East Sussex.

90 FARNCOMBE

Digital television consultancy 41.17%
Digital TV consultancy Farncombe provides advisory and engineering services to the likes of Sky, BT and Virgin. The firm was founded in 1991 and is based in Hampshire. In 2006, managing partners Steve Upton and Jean-Marc Racine bought into the business.

91 ECOMMERA

Online retail services provider 40.69%
Clarins and Space:NK are among the 25 companies with online stores set up and run by London's eCommera. It

recently redesigned House of Fraser's website, taking a share of the increased revenue. Co-founders Andrew McGregor and Michael Ross funded growth with £7.5m from backers including West Coast Capital, Frog Capital and advertising agency WPP.

92 CAMBRIDGE COGNITION

Medical software developer 39.89%
Cambridge Cognition develops computer-based cognitive tests used in academic research, pharmaceutical clinical trials, and early detection screening for conditions such as Alzheimer's, depression, and ADHD. Spun out of Cambridge University in 2002, the company is backed by Pall Mall Partners and YFM Equity Partners.

93 AUTOLOGIC DIAGNOSTICS

Car maintenance software 39.46%
When mechanics cannot diagnose a problem with a car they consult Autologic software, paying a fee for the software and extra for ongoing support. Its biggest market is the US, and Isis Equity backed a £46m management buyout in January, alongside existing backer the Foresight Group.

94 CASCADE TECHNOLOGIES

Industrial instruments maker 39.45%
When organisations need to measure and analyse gas emissions, Cascade Technologies makes the equipment. The Stirling company was spun out of the

University of Strathclyde in 2003 by managing director Iain Howieson, chief scientific officer Erwan Normand and commercial director Richard Cooper. Sales have grown rapidly as it has commercialised its technology.

95 BELL MICROSYSTEMS

IT services provider 39.24%
Founded by Alastair Bell, this Portsmouth company sells IT services, including the supply of IT hardware and software, secure data removal, decommissioning and disposal management. Bell Microsystems also has operations in Singapore, Kuala Lumpur, Moscow and Boston.

96 PORTAL

IT consultancy 39.07%
The Bracknell firm Portal was created in 2006 with the merger of website developer Netinfo and messaging specialist Altis. The firm then bought Time Solutions and Elyzium in its first year. Portal is now led by Shamus Kelly, founder of Netinfo, and offers IT consultancy services, as well as selling IBM products.

97 ZINC AHEAD

Compliance software firm 38.86%
Life sciences firms use software from Zinc Ahead to avoid regulatory and compliance mistakes in their promotional material. Claims about new drugs need support from clinical data and this Oxford firm's software manages the flow of documents to obtain the necessary approvals. It was founded in 2001 by James Brown and Zoe Cottrell.

98 ASLH

Communications provider 38.27%
ASLH develops data transmission hardware for meter equipment used by utilities companies such as Scottish Power and Southern Electric. The collected data is used to monitor energy usage for homes and businesses such as Tesco and McDonalds. Based in Northampton, ASLH was founded in 2003 by chief executive Bill Berry and is planning to expand into gas and solar power.

99 TIM GROUP

Financial software developer 38.26%
Financial brokers use web-based applications developed by London's TIM Group to deliver information to hedge funds, traders and investors. Founded in 2002 by chief executive officer Rich Koppel and partner Colin Berthoud as YouDevise, it rebranded after its merger with the American firm First Coverage in 2011.

100 XEXEC

Rewards administrator 38.21%
All kinds of employees, from bankers to the public sector, can enjoy rewards and benefits thanks to the programme provided by London company Xexec. It was founded in 2000 by management consultant Saul Meyer and investment banker Jackie Benjamin.

RULES OF ENGAGEMENT

The 12th annual Tech Track 100 league table ranks Britain's fastest-growing private technology, telecoms and digital media companies by their average annual sales growth over their latest three years, depending on available accounts.
Criteria: The Tech Track 100 adopts the London Stock Exchange's

Techmark definition of a technology company, which requires a commitment to innovation and operations in one of a number of sectors, including software, telecoms and biotechnology.

Firms had to be registered in the UK and be independent, unquoted and ultimate holding companies.

Sales growth is measured by compound annual growth rate (CAGR) over the latest three financial years. Annualised sales had to exceed £250,000

in the base year and not show a drop from the penultimate to the latest year, where total sales had to exceed £5m.

Exclusions: Excluded companies include pure computer resellers, those under investigation or those that had outstanding court judgments of more than £10,000 against them.

Data collection: Sources used included Bureau van Dijk's Fame, Companies House and Experian's Corporate Researcher. Some companies were

nominated by themselves or by advisers; others were identified through research.

Fast Track also reviewed available draft accounts, management account extracts, pro forma accounts, and



accounts filed in overseas territories.

Incomplete data: Most small firms file abbreviated accounts that do not report sales. For this reason, we may have been unable to obtain sales figures for many companies, and would welcome nominations for next year's league table.
Disclaimer: The firms in the Tech Track 100 are not endorsed, guaranteed or recommended by the sponsors or Fast Track, nor are they necessarily the best-run companies. The league table is based

on historical data and the information

is not necessarily an indicator of present or future performance.

The compiler's decision is final.
Sponsors: Fast Track's sole source of revenue is from sponsors. We would like to thank Hiscox, our title sponsor for the first year, and Barclays, our main sponsor for a fifth year. Nominations for next year's league table can be made at fasttrack.co.uk or sent to info@fasttrack.co.uk.

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