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Creative Enterprise Evolve

# Investing in Innovation and Creativity

UKBAA
UK Business Angels Association

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# Foreword

## Jenny Tooth OBE

**Chief Executive,**
**UK Business Angels Association**

**As the trade body for angel and early stage investing, we have been delighted to continue our work with Creative England and the British Film Institute and also UKIE on the Creative Enterprise Evolve programme during this past year, with a view to putting the spotlight on investment opportunities in screen-focused content businesses from High-end TV to film, games, video, animation and VR/AR.**

It is notable that our collaborative work on the Evolve programme has been taking place during one of the most challenging times ever known for small businesses across the UK, with so many sectors impacted by the pandemic. Yet this crisis has offered many exciting growth opportunities for creative innovators, in areas such as screen, gaming and media bringing innovative and disruptive products, services and applications which have been transformative in the way we have lived, worked and played during these difficult times. Many of these businesses are now seeking investment to build on their growth opportunities identified under the pandemic and are ready to take advantage of equity investment to build on their growth opportunities and enable them to effectively scale.

Our work under Evolve has been focused on bringing greater awareness and understanding to the investment community of the important opportunities offered through these subsectors. We have connected with over 40 industry experts who have joined us as guest speakers throughout the 2020-21 curated programme of events and I should like to use this opportunity to thank most sincerely for giving their time and expertise to support the Evolve programme. For this final event in the series, we are delighted to be bringing before you a group of companies who reflect the range of innovative products and services that are offered in the screen -focused sector and I hope that you will find some interesting potential investment opportunities.

Finally, I want to take this opportunity to thank our community of angel and early stage investors who have joined us for the Evolve programme of activities over the last few months. In having joined us you are supporting our mission to shine a light on the many exciting investment opportunities that exist within the creative industries.

# Foreword

## Mehjabeen Patrick

**Chief Financial and Investment Officer**

**Creative England**

**Creativity is the UK's not-so-secret weapon. Before the pandemic hit, our country's ability to rethink, redefine and reinvent the realms of TV, gaming, digital media and smart tech was second to none.**

Big ideas were responsible for injecting a staggering £115.9bn gross value into the UK economy all while creating over 2 million jobs, many of which were based in the regions. They accounted for over £36bn of our global service exports and by the end of 2019, our creative industries were growing at 4 times the speed of the whole UK economy. In the months that followed much has changed to say the least and yet despite enduring a year of unprecedented challenges, UK creativity still remains our greatest asset.

At Creative England, our guiding mantra has always been to invest in and support the next generation of creative innovators from all across the nation. It's something that not even a stop-start lockdown or never ending stream of Zoom calls could stop us from doing. Unlike most industries, the UK's screen sector has managed to adapt to socially distanced working better than most. Gaming companies and animation houses have thrived, while our renewed interest in engaging and interactive entertainment and streamed media has shone a new light on the untapped potential of the country's versatile storytellers and digital innovators.

Throughout it all, we've been on-hand to offer financial support and guidance during this brave new world of creative change. By offering crucial early-stage investment, business loans and mentor-led advice to high-growth-potential business, we've seen many of the companies we've worked with throughout 2020 go on to achieve long-lasting success - much to the delight of new investors. Together with UKBAA and BFI, we couldn't be more delighted to be associated with an array of exciting SMEs that are changing the way the world works, connects and unwinds. It's living proof that, given the right support and mentoring, not even a global pandemic can stop our not-so-secret weapon from continuing to defy expectations.

# Meet the Evolve Cohort

## Charisma.ai

Charisma.ai is a branching narrative platform powered by AI. Our unique differences are that: Charisma.ai is easy to use for writers - allowing them to focus on creative excellence and compelling stories. It immerses audiences inside stories, so they can talk to characters voice-to-voice and influence the progress of the storylines as a result. We also collaborate with television producers, networks and creators to support the production process, and provide masterclasses for partners to enable them to use Charisma.ai within their own productions.

Our team operates at the intersection of creative industries and AI, has been recognised by multiple organizations for its innovation, including Creative England, Digital Catapult, UK5G, StoryFutures, XR Stories, Sky Studios, the BBC, and Vertigo Films among others.

Charisma.ai
@AiCharisma
annette@toplayfor.co.uk

## The Comedy Crowd

Crowdsourcing the best comedy content. We empower the world's largest community of comedy creators, giving a platform to exciting undiscovered talent and enabling brands to harness the engaging power of comedy.

thecomedycrowd.com
@thecomedycrowd
jon@thecomedycrowd.com

## Gritty Talent

Gritty Talent is a Bristol based media-tech company, delivering smart digital products and services for the TV and Film sector.

Our mission is to build clever technology that equips the creative industries with a strong, plentiful supply of the best creative talent.

Our core technology, the Gritty Talent app, connects emerging and diverse on and off-screen talent with decision makers in TV and Film, via a seamless digital service.

grittytalent.tv
@GrittyTalent
mel@grittytalent.tv

# Meet the Evolve Cohort

## INTERFLIX

INTERFLIX is a brand and entertainment company that creates interactive content for the masses.

We produce interactive adverts alongside original interactive films, both providing custom data on audience preferences. We allow the audience to choice where the story is heading, creating a bespoke viewing experience. We turn stories into adventures that audiences can control.

interflixmedia.com

harry@interflixmedia.com

## Kinicho

Kinicho makes the sound in your headphones more lifelike. Personal audio devices continue to advance in technology while we consume ever more content through them. However, the user audio experience has been left decades in the past.

We are personal audio's next evolution. Our Sonic Reality Engine® software allows hardware and device manufacturers to meet consumer demand for more realistic media experiences. It provides real-time, ultra-high-definition quality while decreasing the energy consumption of wireless, battery-powered devices. Our team has 50+ years across audio design, research, and development know-how to deliver 'the stereo for the 21st century.'

kinicho.com

@kinicho

garry@kinicho.com

## Moonraker

Established in Bristol in 2013, Moonraker has built a strong local and international reputation with producers and broadcasters creating award winning visual effects content for Television, Commercials, Museums and Visitor Attractions. Our Studio houses a strong team of the industry's leading artists who innovate, design and digitally craft visual effects for any screen. We have recently started production on original IP content for the Giant Screen market and are in the process of expanding our immersive digital output.

Our core technology, the Gritty Talent app, connects emerging and diverse on and off-screen talent with decision makers in TV and Film, via a seamless digital service.

moonrakervfx.com

@moonrakervfx

jon@moonrakervfx.com

# Meet the Evolve Cohort

## Nemorin Film & Video

Nemorin Film & Video is a pioneering, fast turnaround, full service branded video production agency. We partner with the world's most exciting media owners, agencies and brands, reaching B2B and B2C audiences globally wherever they are - online, on social, on TV, at events, in store, out of home.

As marketing teams can struggle to demonstrate ROI from their video investment, we are developing a SaaS platform that uses AI to help them measure exactly how well their online video campaigns work - and to identify the creative elements that make them work.

nemorin.com
@NemorinCreative
graham@nemorin.com

## Parity Pictures Ltd.

Connecting Commissioners to Content by Uniting untold stories with un-tapped audiences. Founded by Entrepreneur Dominique Unsworth MBE with the support of Producer Lesley-Anne Macfarlane. We will develop a continuous pipeline of over-looked and under-utilised, culturally and socially diverse storytellers; packaging, pitching & producing their work, matching them to Film, TV & digital commissioning opportunities, building reputation, cost-efficiency and profit margins year on year.

Building on 21 years of success with social enterprise Resource Productions CIC, developing diverse talent for the mainstream, having seen under-represented voices diluted, Parity Pictures will now bring those voices together to take their work to the next level, maximising impact, seizing the diversity Zeitgeist and generating profit. Exciting new audiences with the stories they crave, by producing content, winning awards, making money and changing the world!

paritypictures.co.uk
@DomUnsworth
Dom@resource-productions.co.uk

## Radical Forge

Radical Forge was founded in 2017. It has developed into an adaptive and daring company that truly goes beyond, not only with its own projects but for a growing list of partners. Going from strength to strength Radical Forge has grown and succeeded to become an established name within the industry as a place of creativity, innovation and adventure.

Our core technology, the Gritty Talent app, connects emerging and diverse on and off-screen talent with decision makers in TV and Film, via a seamless digital service.

radicalforge.com
@RadicalForge
tom@radicalforge.com

# Meet the Evolve Cohort

## STAGESCREEN

stagescreen.tv

ch@stagescreen.tv

STAGESCREEN films major stage events, especially musicals, distributing them globally via event cinema, TV and video-on-demand. This creates valuable IP which generates revenues over a very long period, as well as making profits from the initial showings. STAGESCREEN's multi-award winning team has excellent industry contacts – unique and necessary for its strategy to corner its market. In 2020 STAGESCREEN filmed Riverdance 20th Anniversary Show which despite covid is already 50% in profit, heading towards 100% shortly. STAGESCREEN is seeking £1.75m in debt and equity to acquire a library of performance films to exploit, and to accelerate its production plans and growth.

## Topaz Virtual Productions

topazone.com

ian-armstrong

ian@topazone.com

TVP is a dedicated Virtual Productions studio offering a range of spaces, services and skills targeted at the Advertising, Film and High-End TV production markets. It provides LED Volumes, Xr stages, Volumetric Capture and Green Screen facilities in one place that can host a wide range of production requirements, small and large.

Content creation for a new brand campaign, film requiring the latest technology using a blend of gaming software and LED or a second unit filming location based scenes without the need to travel TVP can provide all of the spaces, services and skills required to deliver a successful production.

# Investing in Innovation & Creativity

## 14 October 2020

**The official launch event on 14th October, during the BFI's 2020 London Film Festival, UKBAA and Creative England brought together a panel of industry experts to delve into the tremendous opportunities offered for early-stage investors in creative screen businesses and explore how integral the creative industries are to economic recovery in a post-pandemic world.**

### Ian Livingstone CBE

**Co-founding Partner, Hiro Capital & Chairman, Sumo Group Plc**

Ian Livingstone is a pioneer and legend of the global video game industry and was made a Commander of the British Empire (CBE) for his services to the UK video games industry. He co-founded two billion-dollar games companies, Games Workshop (Warhammer) and Eidos (Lara Croft: Tomb Raider) for whom, as Executive Chairman, he led the successful London IPO. As well as his role in Hiro, Ian is Non-Executive Chairman of Sumo Group PLC, a leading London-listed cross-platform games developer.

### James McClurg

**Director, Startup Investments & Partnerships, Sky (Venture Capital)**

James heads up Sky's Startup Investment and Partnerships team. James joined the joined the team, at formation, in 2013 and has been investing in and partnering with relevant technology startups in the US, UK/Europe and Israel over the period. Example investments include: FlavourWorks (Interactive Content), Circle (Connected Home), Fubo (OTT Sports), Molotov (OTT TV entertainment), Roku (OTT streaming & media), Sharethrough (Native Advertising) and Whistle Sports (Social Video). Previously, James was an Investment Manager of a London-based venture capital fund and a Strategy and M&A consultant at Deloitte (London).

### Travis Baxter

**Angel Investor, Chair of Object Matrix, Mentor**

Former Bauer, Emap and RTL Group exec Travis Baxter has been appointed as Chairman of Object Matrix. Object Matrix, based in Cardiff, is a provider of object storage and nearline archive solutions to the media/entertainment industry.

Travis is currently Consultant Content and External Affairs Director with Bauer Media in the UK, a Board Member of Quill (electronic publishing) and Karnaval (a digital media business in based in Turkey).

# Deep dive into the creative industries with Evolve's experts

## Creative England's Mehjabeen Patrick discusses the investment challenges and opportunities in the screen sector

The creative industries contribute £111.7bn GVA to the UK economy. Over £8bn of that is attributed to businesses from the creative screen sub-sectors, a space that has been performing strongly during the COVID-19 pandemic. We sat down with Mehjabeen Patrick, Chief Financial & Operations Officer at Creative England, to talk about the opportunities in the space and the perceived barriers to investment.

Creative England is an organisation that supports businesses across the country, with a focus mainly outside of London. They have been advocating about the barriers and challenges that creative businesses face in terms of being able to grow, scale and attract investment. In 2018 Creative England launched Creative Enterprise: Evolve, an intensive investment readiness programme set up to support small and early-stage businesses within the screen sector. Explaining more about the programme Mehjabeen says:

"We find that creative businesses are generally not as well-equipped to receive investment or to attract the investor interest, because they are not so familiar with the language or the trends, or really getting their business to a stage where it makes sense to an investor and it paints the right picture. Evolve is essentially focusing on businesses who are looking for investment or should be looking for investment. What we do is we work with these businesses to get to the numb of what will help them to grow, scale and attract investment. We spend a lot of one on one time with them to get to know them, and really get them investment ready. The reason for setting this program up was to help screen businesses look at their business and their offering and make them more attractive to investors but also to educate and expose the investor community to exciting investment opportunities in this space."

The screen sector covers a wide range of businesses including film, television and games. These are all things that have become integral to modern society yet the appetite to invest in them isn't as voracious as you may expect. Mehjabeen explains:

"I think there's the lack of awareness on both sides. Screen businesses and the creative sector is generally is made up of lots of small businesses. It's quite fragmented in that sense. There's a lack of sufficient data to give investors confidence and pique their interest. There's also a perceived risk level that is assigned to small businesses and that they are riskier because the creative businesses, or screen businesses generally, are dealing in ideas and creative thinking, not in bricks and mortar or things that investors can see and use as collateral."

That notion of risk is something that isn't supported by the data that's available, which shows that in some cases screen-focused businesses are less risky for investors than some other businesses. Mehjabeen sees education as the key but she also believes that creative businesses need more support to help them speak the language that investors understand.

Throughout the pandemic, society has turned to screens for comfort whether that be gaming, computers or film and television. The increased reliance on screens has made investors look at the space in a different way.

"I think the pandemic has shown the power of creativity generally. It's shown the ability of the creative sector and screen businesses to quickly respond and come up with solutions."

"I think the pandemic has shown the power of creativity generally. It's shown the ability of the creative sector and screen businesses to quickly respond and come up with solutions. We know games businesses, which are one of the types of screen businesses that we support, have really benefited from the pandemic. That's a fortunate outcome of an unfortunate situation we all find ourselves in. The pandemic has impacted lots of sectors badly but the games sector came out on top in the sense that they had been used to working in this way for a very long time, and everything that the games sector is used to doing, is now something other sectors have to do. Investors I think are a listening and paying attention a bit more, after seeing this sector is resilient and can survive big things like this."

Virtual production and adapting to providing content digitally is something that Mehjabeen sees as a growing trend, especially during the last few months. The annual BFI London Film Festival, which is supported by BFI, has had to move the entire event online due to the pandemic.

"The human contact and ability to be in a room with other individuals to network and exchange ideas, that's definitely something that we are all missing. I think it's strange, it's different and it's challenging but being able to actually do it virtually and do it the way that for instance London Film Festival has adopted to this virtual world, is really heartening and encouraging. I think it's really important things like these do carry on happening, even if it's in different ways than we are used to. There's a lot of new technology that is helping people connect, even in these situations. I'm hoping filmmakers and people who really need these events, and these important dates in our calendar, really use it in the best possible way they can."

The future of cinema as we know it has been dealt a blow this week with the news that Cineworld is to close its doors due to the impact of the pandemic and the postponement of blockbuster films such as the latest James Bond film 'No Time To Die', which has been delayed for a second time to April 2021. Could we see a world where cinema utilises online platforms to reach customers on a more permanent basis?

"There's a lot happening in this sector. The Cineworld news has been quite sad and challenging but things are evolving, and new ways of doing things are coming up and people are adopting, and businesses are pivoting. I think there was a change happening in the way we watch theatrical films and the pandemic to some extent may have accelerated that trend. Cinema has its place in society and I am hopeful of it coming back but it is true that it may not in the way we know it. The future of independent feature films might be linked more closely to digital streaming in the future than the theatres. Its going to be interesting time for the sector as we come out of the pandemic and adopt to the some of the changes it has thrown at us. There will be a lot of challenges that the industry will face and they will have to come up with solutions. Some of those solutions are different ways of doing these things so we can evolve the sector, and we can evolve the industry. I think our relationship with cinema will definitely change."

While the cinema industry regroups and plans a way forward, Mehjabeen is excited about the opportunities that are out there in other parts of the screen sector for investors. She says:

"There's the opportunity of getting involved with games businesses who are seeing a boom. That opportunity was there before COVID but it's rise, growth and profitability now during this time has actually made it even more attractive. There's opportunity in AR and VR. This is my personal opinion, that this pandemic has perhaps given another opportunity for the whole immersive space to do more. There are a couple of companies we've come across who are thinking of how they can create some of the things that we used to do before in AR and VR so that people can enjoy the things they did before, in virtual and augmented reality."

# Evolve Investor Ambassador: Sky Ventures' James McClurg

Coinciding with the launch event, we also spoke with one of the launch event's panellists, James McClurg - Director, Startup Investments & Partnerships, Sky (Venture Capital), to further dissect the vast investment opportunities in the creative industries.

James McClurg started his career at Deloitte in London where he worked in the M&A and Strategy teams. Working across multiple industries, including both public and private sectors, James discovered that his passion lay in the creative sector and in venture capital. After leaving Deloitte, James moved into venture capital working for a small London VC firm with a broad investment portfolio.

When a role at Sky came up, James knew that he would be able to realise his ambition of working in the creative and media sector. Heading up Sky's Startup Investment and Partnerships team since 2013, James' job is to engage the media industry with startups to both invest and partner. Explaining Sky's approach to investing James shares:

"At Sky we engage with startups in two ways; to bring new products or services to our customers, or to make us more efficient in terms of our operations. My role is to make sure we're tapping into some of the best leading-edge and early-stage private sector companies out there, and to make sure that we're not doing everything in house. We're not just dealing with the large incumbents, we're working with some of the best companies that are leading an industry, even if they're smaller in size it doesn't mean they can't be the best in the industry. Anything that enhances our core – which could be TV, mobile, and broadband – is always interesting to us. That can be consumer-facing or that can be our operations that underlie that. We've invested in companies like Roku, we rebranded their hardware to support our launch of NOW TV."

With entertainment platforms looking for new ways to engage with consumers, particularly during the global pandemic, Sky has been exploring interactive content.

"On the other side of things from a consumer, or content point of view, we more recently invested in a company called Flavourworks that are based out of London, and they create interactive drama series. The consumer watches the drama play out and they can influence what happens to the characters. It's almost like an immersive theatre experience, but you can bring it into your home."

Since March, more people have been at home due to the pandemic, which has resulted in more television being consumed both through traditional mediums and via digital platforms. Discussing his observations James says:

**"More people are watching more at home so there's definitely opportunity for companies that are wanting to produce and deliver content direct to the home, and we can help do that.**

We'll continue to do more exciting things in our platform. For example, we brought FiiT (a fitness experience), Highbrow (an education experience) and PlayWorks (a gaming experience) to our customers on our platform – all in the last few months."

**For the full article - covering James' take on what to consider once you've identified an investment opportunity and what he sees as the future for the creative industries - see here.**

# Exploring the UK Animation Sector

## 8 December 2020

**UKBAA, Creative England and Animation UK, with support from Animation UK, hosted an investor round table exploring the explosive opportunities for investing in innovating animation businesses.**

**The UK animation sector has a global reputation for creative and technical excellence, boasting an estimated value of £1.6bn. With an impressive history of creative and commercial success, the animation sector is driven by emerging technologies and brilliant storytelling, and notably, is one of the strongest screen-based sectors in the UK.**

**From the investors backing successful animation founders, to the leaders paving the way in the industry – the round table delved into the animation sector, pinpointing what a scaling business looks like and highlighting the investment opportunities driving growth in the sector.**

### Liz Brion

**Partner, Grant Thornton**

Liz is a tax specialist partner at Grant Thornton advising businesses in the technology, media and telecommunications (TMT) sector with a particular expertise in intellectual-property-based businesses. Liz has extensive experience of the issues facing businesses and their owners at key milestones in a company's life cycle, whether that be expanding into new territories, refinancing and raising new capital or debt, acquisitions and IPOs, and eventual exit. Liz has supported the promotion of the UK creative industries in developing and introducing the specific tax incentives for the sector, working closely with key trade bodies and HMRC, and also championing tax breaks for investors in those companies, leading a team that has been recognised as the best in these markets.

### Miles Bullough

**Co-founder & Managing Director, Wildseed Studios**

Miles is co-founder and Managing director of Wildseed Studios, investing in new talent, new ideas for all media everywhere. Miles has nearly 30 Years in the TV and Film Business and for the last 20 years, he has been an Executive Producer finding projects, financing them, overseeing production and distribution. Nick was previously Head of Broadcast at Aardman Animations and before that MD of comedy at Absolutely Productions

## Oli Hyatt MBE

**Creative Director, Blue-Zoo Animation**

Oli has been Creative Director at Blue-Zoo Animation for 14 years, helping it thrive through difficult times for the animation industry. His most recent show Olive the Ostrich is a huge hit on Nick Jr, and has been sold right around the world. He is the Director of Alphablocks Limited, the company behind CBeebies Phonics show Alphablocks as well as being the chair of Animation UK. His work for Animation UK sees his time split between meetings at Westminster on the Creative Sector Advisory Group, the Creative Skillset committee and selling in the tax break overseas with the help of Film London, the BFI and UKTI.

## Kate O'Connor

**Executive Chair, Animation UK**

Kate is senior consultant in creative industries, working with both private and public-sector clients in the UK and Internationally.

In addition to running her consultancy practice, Kate is also currently Executive Chair of Animation UK, now part of the newly formed UK Screen Alliance the trade body for VFX, post-production and film studios. She represents the sector at senior government level, developing business, export and skills related policy to support the growth of the industry.

Kate is a Co-Director of XR Stories and SIGN and Chair of the Partnership Steering Board, as well as chairing the BFI Screen Industries Research Advisory Group, and a Trustee of You Make IT-a London based charity providing support for women in the creative industries.

Kate is a Fellow of the Royal Society of Arts and a member of BAFTA and a representative and advisor to the BAFTA Learning and New Talent Committee.

## Alix Wiseman

**SVP, Distributions & Acquisitions, 9 Story**

An international media professional with 25 years in the business, Alix Wiseman leads 9 Story's distribution and acquisitions efforts. Prior to joining 9 Story, Alix was at Aardman Animations where she set up the studio's dedicated distribution division in 2006 and led the efforts on titles such as Shaun the Sheep and Wallace & Gromit. Alix started her career at Channel 4 Television in London, followed by a stint at Entertainment Rights (since acquired by Classic Media and then DreamWorks). A UK & US national raised in Latin America, Alix is based in 9 Story's Dublin studio, Brown Bag Films.

# Deep dive into the UK's animation sector

## Following the 'Exploring the UK Animation Sector' event, we chatted to Animation UK Executive Chair Kate O'Connor.

Animation UK is a trade body for the animation sector and it was set up formally four years ago after serving as a campaigning body for the decade prior. Its job is to create the right business climate for the growth of the industry, which includes a number of responsibilities such as campaign for the introduction of tax relief and securing investment and funding in content to enable wider business growth. The organisation works very closely with a number of industries bodies including BFI and the British Film Commission, and is part of the UK Screen Alliance representing allied sectors VFX and Post production.

In 2008 the animation industry with production spend at a low of £28m the UK sector was trailing behind competitor markets. That's one of the reasons why Animation UK was set up. Kate explains:

"Animation UK was set up to draw attention to this small but hugely well-regarded production sector, which was suffering from lack of investment and profile. This work achieved that recognition and since the introduction of tax breaks in 2013 and there has been growth. It was an almost immediate shot in the arm because it meant that the animation studios and production companies here could compete effectively with Canada and France, and other growing animation markets."

From 2008 to 2016 the animation sector has recorded growth of 400% in production spend. But the most important point Kate explains is the huge potential for growth.

**"There's huge potential. The market overall, globally, is estimated at $250 billion and growing. Our market share is relatively small compared to this potential, we want to increase our market share.**

This is something we are so good at in the UK, animation companies are really recognised for their creativity, the characters, the humour, technical excellence and innovation, essentially for storytelling and creating new worlds. That's where the greatest potential comes in; both in terms of investment in the animation content and then the downstream revenues that can accrue.

Downstream revenue is one of the most attractive reasons for investors to explore and get involved in the animation sector. That's where the opportunity is, Kate says.

"Animation merchandising, animation licensing, animation pre-sales and exports, is where downstream returns can be seen. With less than a decade of increased production, the cycle can take up to five before that downstream revenue really kicks in. We're just seeing the benefits of some of the great UK brands making significant downstream revenues from the characters and the animation they produced in 2015/2016."

The animation sector enables investors to invest in businesses production companies rather than specific projects. Kate believes this is another reason the sector should be attractive:

"Obviously content is at the heart of animation, so investment in content is essential, but it is the long-term investment in the business, that will reap the rewards in a five to seven-year period potentially, or quicker in some cases. The multiples of the returns are very significant if we get that right. The investors are not investing in projects so much but in businesses and that means therefore there are other tax advantages. There's serious investment in longevity."

"There's huge potential. The market overall, globally, is estimated at $250 billion and growing."

**For the full article - where Kate provides specific examples of animation-focused businesses that have experienced exceptional growth and covers how the sector was able to successfully adapt in response to the pandemic - see here.**

# Investing in Innovative Screen Businesses – Exploring the Games Industry

## 16 February 2021

On 16 February 2021 we hosted an exclusive investor roundtable, exploring the exciting investment opportunities in the UK gaming sector.

The UK has one of the largest and most innovative gaming markets in the world, illustrated by its impressive growth over recent years. Game development and publishing directly contributed £2.91bn in GVA to the UK economy in 2019, the largest contribution to the national economy on record, demonstrating the continued health of the sector (UKIE). The investment landscape for the sector is especially diverse, incorporating everything from sales of hardware and boxed games, to toys, events, merchandise, magazines and films.

For this instalment, Evolve partnered with UKIE to explore the investment opportunities in the ever-growing, dynamic gaming sector.

### Steve Tinkler

**CFO, Tonic Games**

Steve is CFO at Tonic Games: a Development & Publishing group who create original games and invest in independent developers globally. Around 300 people strong; they bring together developers Mediatonic and Fortitude Games, along with publishing label, The Irregular Corporation.

### John Clark

**CEO, Curve Digital**

A Tencent and Sega veteran, John Clark is CEO at Curve Digital. Clark is a well-regarded leader in the UK games industry and has held senior roles at Eidos, Sega and Tencent. He was EVP of publishing at Sega, where he worked for almost 13 years, and was part of the team that drove Sega's PC digital business. Prior to being appointed CEO at Curve, he was VP of partnerships in Europe for Tencent.

### Dr Jo Twist OBE

**CEO, UKIE**

Jo is CEO of Ukie, the trade body for UK games and interactive entertainment, making the UK the best place in the world to make, sell and play games. She is also Deputy Chair of the British Screen Advisory Council, London Tech Ambassador, Chair of the BAFTA Games Committee, an Ambassador on the Mayor of London's Cultural Leadership Board, and Creative Industries Council member.

### Ian Livingstone CBE

**Co-founding Partner, Hiro Capital & Chairman, Sumo Group Plc**

Ian Livingstone is a pioneer and legend of the global video game industry and was made a Commander of the British Empire (CBE) for his services to the UK video games industry. He co-founded two billion-dollar games companies, Games Workshop (Warhammer) and Eidos (Lara Croft: Tomb Raider) for whom, as Executive Chairman, he led the successful London IPO. As well as his role in Hiro, Ian is Non-Executive Chairman of Sumo Group PLC, a leading London-listed cross-platform games developer.

# Evolve Investor Ambassador: Ian Livingstone - Co-founding Partner, Hiro Capital

As part of Evolve, we celebrate leading industry investors to help provide further insight into what it looks like to invest in screen-based businesses, in keeping with this mission we sat down with games industry legend Ian Livingstone - Co-founding partner at Hiro Capital to explore the games sector.

As a passionate gamer, Ian turned his hobby of board games into a hugely successful career and became widely known as a pioneer and founding father of the UK games industry. His career began in 1975 when he co-founded Games Workshop, launching Dungeons & Dragons in Europe, and later Warhammer and the retail chain. Whilst he is no longer with the company, it currently has a staggering valuation of more than £3bn on the London Stock Exchange. A creative person himself, Ian co-wrote the Warlock of Firetop Mountain, the first Fighting Fantasy gamebook in the series which has gone on to sell over 20 million copies worldwide. In 1984 Ian designed Eureka, the first computer game published by Domark, and later joined their board where he oversaw a merger that created Eidos plc in 1995. Taking on the role of Executive Chairman at Eidos, Ian launched global video game heavy weight, Lara Croft: Tomb Raider.

Driven by his entrepreneurial spirit, Ian began focusing on angel investing in 2013 shifting his attention to how his expertise could help innovative start-ups grow. Ian has enjoyed a number of successful investments in games companies, attributed to his extensive sector knowledge but also taking advantage of the fact that, "there simply aren't enough investors actively engaged in the space." In addition to his angel investing and supporting businesses early on, Ian is also co-founding partner at Hiro Capital, a venture capital fund working to close the funding gap that exists for games businesses when they reach Series A and B rounds.

Ian believes there is a huge opportunity in the video games sector in terms of unicorn potential. He notes, "Today's generation interacts with the world through digital devices. They prefer interactive entertainment to passive entertainment.

**The video games industry generates revenues of $220bn a year globally. There are 3bn players and hundreds of millions of spectators watching games being played online."**

Ian explains that gone are the days when games were only consumed on PCs or consoles. Technology constantly evolves the industry and provides new opportunities. "Apple saw the opportunity to widen the market with its touchscreen. You simply swipe your finger across the screen to play a game and conveniently access all the content you could wish for via the App Store. Easy-to-play casual games and instant access to content has made video games a mass market phenomenon."

**Read the full article for more on the investment opportunities in gaming, how to approach deals and the future of the sector.**

# Why now is the time to be investing in the UK's games sector, according to Tonic Games CFO Steve Tinkler

**The UK gaming sector is unparalleled in its size, scope and potential. In 2019 alone, game development and publishing was directly responsible for pumping a record-breaking £2.19bn into the UK economy – and with the pandemic leading many to reassess their relationship with the genre, that figure's only going to increase. According to Steve Tinkler of Tonic Games, another panelist from the 'gaming exploration' round table, it couldn't be a better time to get involved.**

"It's fascinating where the sector is at now and also its potential," says Tinkler, CFO of the company behind lockdown hit Fall Guys: Ultimate Knockout. "It's widely quoted that the gaming space globally is larger than film and music combined, and as recently as a couple of years ago around thirty thousand jobs in the UK were directly attached to the sector. It's absolutely huge." Founded in 2005 by Dave Bailey and Paul Croft, Tonic is now a 350-strong team. Last summer, they found viral success with their free-for-all party multiplayer Fall Guys and as lockdown became the new norm, its popularity hit the stratosphere. "What's really exciting is how the pandemic has impacted the industry and what that means going forward," adds Tinkler. "It's going to play an increasingly larger role."

Unlike other sectors, the gaming industry has managed to weather the ongoing pandemic storm and come out stronger on the other side. It's also seen first hand how users of all ages have started using the sector for a range of new and therapeutic purposes to help them through difficult times. "At the start of lockdown, we saw record numbers of players across most platforms, a trend which has continued throughout the past ten months. The sector is doing very well but there's also been an undercurrent of more positivity around games," suggests Tinkler. "What I found really interesting when the first lockdown hit, was the change in narrative within the media about the games sector. Things swung quite quickly towards wellbeing, mental health and ways for people to interact. It was really nice to see."

This new narrative shift brought with it a swathe of new players from a wide range of demographics, further boosting the scope and scale of an already booming sector. "You saw it open up to people who wouldn't have associated themselves as gamers beforehand," continues Tinkler, detailing this ongoing trend. "The success of Fall Guys was probably linked to the global success of people of all ages and demographics playing it. It's a very accessible take on the battle royale genre, non-violent and super colourful. It's been fascinating to see the different reasons people come to play the game," he says. "It could be that people just want thirty minutes at the end of the day just to unwind. It's not necessarily about competing or winning, it's a form of distraction or a way to catch up with friends," admits Tinkler. "You're getting a much broader audience but also much broader reasons why people want to come and play."

For any skeptical investors wondering whether this trend is just another flash-in-the-pan fad, Tinkler is confident that the opposite is true: it's a new change that's here to stay: "It's definitely been a lifeline and it'll be interesting to see what happens from here on out. I think what we've done as an industry is capture a lot more people that will stick around because they've realised this is not just something to do because you can't leave the house – it's a really enjoyable pastime," he tells us. Together with his co-panelists John Clarke of Curve Digital, UKIE CEO Dr Jo Twist, Hiro Capital co-founder Ian Livingstone and Creative England CFO/COO Mehjabeen Patrick, it's this topic that Tinkler hopes to discuss during next week's virtual discussion. "It's not a short-term thing that's happened due to lockdown but actually it's something that's here to stay and there's an awful lot of opportunities for investors to capitalise on that."

What's more, through Tonic's work supporting new games companies through The Irregular Corporation, Tinkler has seen first hand just how smart and resilient emerging developers have become. It's yet another reason for investors to feel more confident about backing new talent: "Businesses are becoming much more sophisticated in how they're run within the games industry, full of sustainable businesses that are actually really sensible investment opportunities," reveals Tinkler. "They're businesses that are being built to last and I hope viewers come away from our panel discussion confident that this is a space they can invest in," he smiles. "There are so many interesting companies that could really benefit – and you could get substantial returns."

# Investing in Innovative Screen Businesses – Media Tech Deep Dive

## 16th March 2021

**Media Tech is a robust and highly innovative creative sector that is powered by the fusion of interactive content and digital experiences. From film, TV, and visual effects, to content streaming, digital advertising, publishing, AR and VR and more, Media Tech is cross-cutting and drives growth in many other innovative sectors.**

**From the investors backing successful Media Tech founders, to the leaders paving the way in the industry – the round table unpicked this robust sector, pinpointing what a scaling business looks like and highlighting the investment opportunities driving growth in the sector.**

### Steve Cottam

**CEO, Antstream Arcade**

Steve Cottam is the founder and CEO of Antstream Arcade, the world's first freemium cloud gaming platform. Antstream Arcade was founded in 2013, and completed its Series A funding with Tencent, the world's largest gaming company, in March 2019. Steve played his first game in 1982 and became a self-taught coder on the ZX Spectrum and Amiga computers. Early in his career he launched and sold his first game Nitro Racers in 1994, before moving into a successful career leading IT projects working in the banking sector. With gaming still very much in his DNA, Steve created Antstream as a way to bring the most beloved games to gamers around world. His belief in centralising content is the driving force to fulfil his vision of creating a gaming service as ubiquitous as Spotify and Netflix. He is eminently positive and lives by the mantra 'Whether you believe you can or you can't, you're right!'

### Fiona Dent

**CEO, Makerversity**

Fiona has over 25 years' experience pioneering innovation in the highly-disrupted and competitive media sector. She has led some of the UK's most visible media names including Wallpaper*, Ideal Home, Homes & Gardens, Woman & Home, Marie Claire, Woman's Weekly, Country Life and has extensive experience across luxury, fashion & beauty, interior design, health & wellbeing, travel, food, entertainment and technology. Fiona is the CEO of Makerversity, the iconic, international maker membership community, headquartered at Somerset House London. She is also an active angel investor and is a member of the angel investor network 24 Haymarket and the Royal College of Art's investor group, AngelClubRCA.

## Gina King

**Partner , SVP, Operations & Community, Supernode Global**

Gina brings 20 years of business experience working with corporates, startups, and investors. Gina began her career in the TMT investment banking team at Jefferies. During her tenure at the firm, Gina was instrumental in developing and leading the global marketing function. She then founded and operated two startups – a wine marketplace for events and an AI powered smart coach via a mobile app. Gina is currently Partner and SVP of Operations and Community at Supernode Global, a venture capital firm that invests in early-stage media technology companies. In this role, Gina actively seeks, discovers, and supports entrepreneurs building the next generation of significant media-tech companies. To help drive innovation within media, Gina is working on building a network of networks – the most interconnected media-tech ecosystem that supports the development of new technologies and business models and serves as the conduit for growth for media's most ambitious startups.

## Simon Windsor

**Co-Founder & Joint Managing Director, Dimension**

Simon is an award-winning producer and creative who has been at the forefront of immersive and extended reality (XR) content, technology and storytelling for over 10 years. Inspired by the concept of the Metaverse and a mixed reality future, in 2010 Simon was part of the team that launched String, one of the very first mobile AR platforms. In 2014, he co-founded pure-play immersive entertainment studio Hammerhead, and launched volumetric filmmaking studio Dimension in 2017 – becoming the first Microsoft Mixed Reality Capture studio partner. In 2020 the two companies merged as Dimension Studios and the result is a new breed of rapidly growing XR and virtual production studios, operating internationally.

Leading a slate of global productions across entertainment and sport, Simon's recent credits include Madonna at The Billboard Music Awards 2019, Britannia VR, Sky Scope for Sky Sports at The Open, and Balenciaga: Afterworld. His work has been featured at Sundance, Venice, Aesthetica, and Cannes festivals.

# Evolve Investor Ambassador:
## Angel Investor Travis Baxter

**We sat down with Travis Baxter, a Business Mentor for the Evolve programme, who has years of experience working in media, radio broadcasting and the wider creative industries to discuss the opportunities in the space.**

Travis got his start in radio broadcasting when he was living in Plymouth while attending college. After knocking on the door of Plymouth's local commercial radio station (one of 17 at the time!), Plymouth Sound, Travis was offered the opportunity to fill in presenting a lunchtime show on the station for six weeks during the summer of 1977. Explaining how his career blossomed after that experience, Travis recalls:

"When I left college, I did some work overseas in commercial radio and then came back and worked for a new station in Devon called Devon Air. After that I worked for the BBC for the local service in Devon and then went to work at Radio 2."

With fair a degree of serendipity Travis had embarked on a career in radio broadcasting, his entry into angel investing and the investment world more widely began later in his career. He explains:

"I worked for the BBC for five years and then I launched a radio station, which was a joint venture between RTE and RTL. I ran that business and worked with RTL group across Europe for about 10 years through until 1998. I was Managing Director of a number of businesses for RTL and this enabled me to move from the programme making I was doing at the BBC, to being an executive of a commercial media business. After RTL I spent five years doing some angel investing of my own and in addition working for a private equity firm called Advent International. I was as an operating partner with Advent, which included being Chair of a market leading national media business in the Netherlands and NXD of a major business in Poland."

When it comes to making investments, Travis' first consideration is always the team and if his experience and expertise can bring something to the table.

"I am generally looking at the world through my personal experience of electronic media, which I guess is pretty much everything these days. I look at an investment and say to myself, of all the things that this business is working on, are there things in my background that enable me to understand it, I don't want to have to do the dangerous thing of investing in something I don't understand.

Travis also looks at what a business is trying to do to understand if there's a natural pattern of human behaviour around it. He says:

"Social media, for example, it allows me to talk to you and lets me show you things that are interesting to me and vice versa. That's hardly a particularly innovative piece of human behaviour. We've been doing this, since we were created. It's just that the technology is enabling that behaviour to take place in a slightly or sometimes dramatically different way."

Historically, the creative industries have been overlooked by investors for a number of reasons. The space can be wrongly viewed as intangible but in actuality it's just as tangible as any other sector. Sharing his thoughts Travis comments:

"What I do think has held back investors to a degree in this sector, especially for smaller companies, is the pitch, commission, produce then pitch again nature of a lot of independent production. While the market has been built around this the world is now very different and enables content makers to be much more independent from one or two leading commissioners – usually the major free to air TV companies.

**“I think if you’re a professional investor, and you want to do this seriously, sure it is the ideas that are key, but at the end of the day, it’s this interplay between ideas and the technology that works with those ideas to make them come alive. The technology usually is tied into monetisation options.”**

*— Travis Baxter*

This independence opens up much more opportunity to produce great creative work for many different end users and for the production owner to exploit their IP in many new ways.

It changes the investment profile in my view from pitch, commission, produce and pitch again to building a great creative idea into a multi layered product offering with multiple revenue sources, and the IP ownership opens the door to recurring revenues and long-term business growth.

In many respects there are elements of the investment attractiveness of scalable software companies that now come to apply to investment into the creative industries.”

As for what investors should look for when they’re considering investing in the space, Travis says:

“I think if you’re a professional investor, and you want to do this seriously, sure it is the ideas that are key, but at the end of the day, it’s this interplay between ideas and the technology that works with those ideas to make them come alive. The technology usually is tied into monetisation options.”

The pandemic, which affected much of 2020 and continues to disrupt our lives in 2021, has significantly changed our habits and the way we work.

“Media consumption generally during lockdown has gone up, it’s substituted event and external activity. You don’t go to the pub or restaurant, you do something which is media related in your home. Whether that becomes a permanent change in terms of the increased amount of people’s time spent with electronic media in particular will become evident in the coming years but the pandemic has, as we all know, been a major change for all creative industries.

I’m sure the pandemic will accelerate the journey into IP delivered creative offerings. That’s an opportunity for everybody but it’s also a threat if you have a legacy business dependent on a more traditional business model. For early stage creative businesses, I think this is a once-in-a-lifetime opportunity as consumer change due to external forces (pandemic) combine with the transformational technology and monetisation changes of the last 10 – 15 years – to open the door for a plethora of successful new businesses, both large and small, to emerge.”

# Evolve Investor Ambassador: Supernode Global's Gina King

**Coinciding with our event focused on Media Tech, we spoke with Gina King, Partner & SVP of Operations and Community at Supernode Global, to find out a little bit more about emerging trends and the exciting opportunities for investors.**

Drawn to how media shapes culture, Gina King has always been passionate about the multifaceted role that media plays in forming our beliefs. Her career spans 20 years, starting from her time in the TMT investment banking team at Jefferies, where Gina was instrumental in developing and leading the global marketing function. While working at Jefferies, Gina was exposed to enterprise level companies, but it wasn't until her time working in Silicon Valley on a start-up, that she noticed there was an incredible opportunity for startups to transform the media landscape through technology.

Fast forward, Gina is now Partner & SVP of Operations and Community at Supernode Global, a UK venture firm that invests in early-stage media technology companies, with a particular focus on seed stage businesses building tools and platforms. In her role, Gina scouts and supports entrepreneurs building the next generation of significant MediaTech companies.

When looking at the role creative tech businesses play in elevating how we consume and interact with content, there is no better time for innovation to pair with creativity. Gina sees an opportunity for growth in a breadth of areas including ecommerce, audio, gaming, and platforms that empower content creation.

**"I think it's really exciting right now because there is so much prevalence of content. We are consuming content in so many different mediums and I don't think people realise the impact that media has on their lives.**

If you stop and think about it, you're connected through social media to your friends and family, you're sharing content, you're watching TV or films on Netflix, or Amazon Prime or Apple TV. And at the same time, you probably also listen to podcasts."

Looking at emerging trends, Gina explains that there is so much opportunity with media-enabled technologies because demand for innovation in digital experiences is at an all-time high. From ecommerce fashion platforms reimagining physical experiences, to content creators recording and producing their own music – personalisation of digital experience is at the highest it has ever been.

"Right now, there is a lot of live streaming ecommerce taking place. There is a unique opportunity offered by platforms and brand websites, where you chat and instantly connect with someone about the product. Shopping for instance, is a traditionally physical experience that is being replicated online and is no longer just transactional, it is now more experience driven."

**For the complete article, including how investors assess a media technology business, we encourage you to head to our website.**

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