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The Scottish CROWDFUNDING REPORT 2016

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Disclaimer: This report was produced by twintangibles. Any views expressed within it are those of the authors and do not necessarily reflect those of the supporters.

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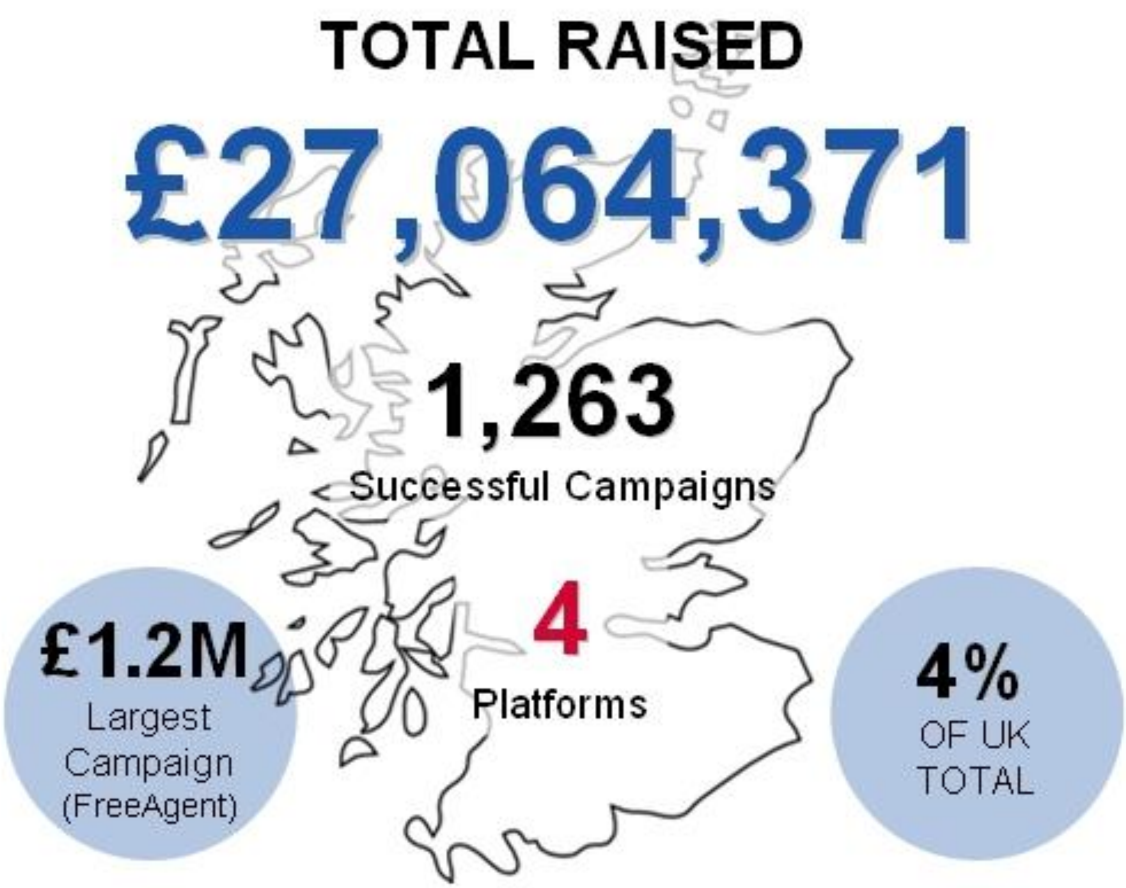
INTRODUCTION

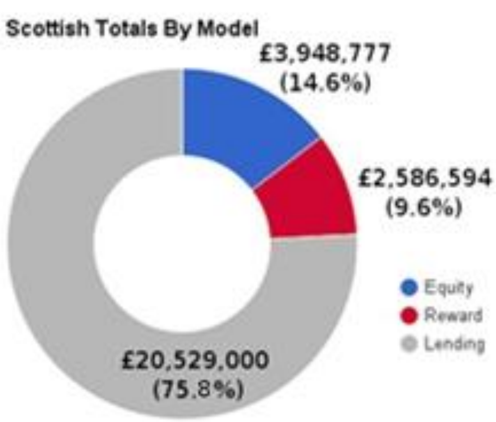
This report was commissioned by Glasgow Chamber of Commerce, Harper Macleod, Santander and LendingCrowd as an update to the original report "Crowdfunding – The Scottish Perspective" published in 2013. The remit was to review and assess the development of the crowdfunding sector in Scotland since the original publication. Until now that publication has been the only Scottish focused assessment of crowdfunding.

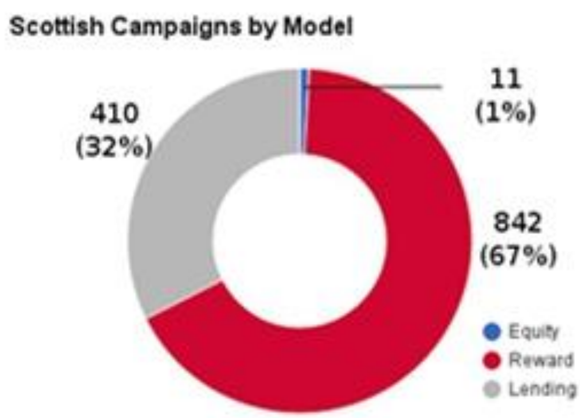
The report is researched and written by twintangibles and follows a similar method to the original report using a mixed methodology of literature review, an extensive range of interviews, data collection and analysis, survey based content and focus groups. As such it provides both a quantitative and qualitative analysis informed by hard data and anecdotal capture to provide a rich and nuanced overview of the current state of the crowdfunding sector in Scotland. In keeping with the original report it makes particular reference to the position of Scottish crowdfunding in and of itself and as part of a wider UK crowdfunding sector. It has particular interest in understanding how the sector is composed at a point in time and how it has developed in the three years since the original publication.

The format of the report is to synthesise the research and material sourced to provide commentary and high level overview and to explore certain specific aspects in greater depth. The emphasis of the report is the relevance and application of crowdfunding in a business context and in this we include private, public and third sector organisations.

The Scottish Crowdfunding Report 2016







Data gathered for Lending, Equity and Reward Business Crowdfunding October 2014 – September 2015

EXECUTIVE SUMMARY

- Crowdfunding raised £27,064,371 in Scotland between October 2014 and September 2015.
- Crowdlending (P2P) to businesses was largest sector valued at £20,529,000.
- Reward campaigns raised £2,586,594.
- Equity campaigns raised £3,948,777.
- The proportion of the value of UK crowdfunding raised in Scotland has risen from below 1% in 2013 to 4%.
- Both activity levels and awareness of crowdfunding are up.
- There is a generally more positive view of crowdfunding amongst the financial community.

Crowdfunding in Scotland has developed significantly in terms of its scale, scope and diversity since the original “Crowdfunding – the Scottish Perspective” report was published in 2013.

£27,064,371 was raised by Scottish business crowdfunding in the period of study addressed by this report compared to less than £1,000,000 in the 2013 report.[1]

This total represents more than 4% of the comparable UK total and, as such, is a significant expansion of the Scottish share of UK crowdfunding from a position of less than 1% in our previous report. At a time when the sector as a whole is growing very rapidly this represents a considerable achievement and indicates that whilst the UK sector has grown rapidly the Scottish part of that has grown faster still.

Some 1,263 successful projects were completed in the 12 months of the study window and this demonstrates a significantly increased level of activity, and a wide range of business size, sector and location being engaged in the crowdfunding process.

The largest part of the sector is the crowdlending or P2P marketplace contributing some £20,529,000 in value largely aimed at financing expansion and growth. The rapid growth of the P2P part of crowdfunding in Scotland mirrors similar expansion in the rest of the UK. It is also worth noting that the £1,500,000 loan raised by Diet Chef on LendingCrowd financed an exit for early stage investors and demonstrates increasing sophistication in the role and use of crowdfunding in an organisation’s financing strategy.

Equity campaigns are growing in number and the single most valuable project in Scotland was the FreeAgent campaign for £1,214,905 on the Seeders platform. Food

[1] This report draws on crowdfunding data for the period October 2014 to September 2015 and a range of survey and interview based data gathered between September 2015 and February 2016 whilst the 2013 report looked at data from 2012

and Drink was the most popular sector raising £1,776,966 of the £3,948,777 total. FreeAgent is an Edinburgh based cloud based accounting software firm and is the subject of one of the case studies included in this report.

The reward crowdfunding sector is particularly active in terms of number of campaigns (842) and as a percentage of the UK market at 6.9% it is the largest of the three sectors in terms of UK share. Raising £2,586,594 in total, the average value of a campaign was £5,436 and the Scottish campaign success rate was significantly higher than the UK average.

Scottish platforms have emerged covering the three main models studied, those being reward, equity and lending. At the time of the 2013 report Scotland had only one active crowdfunding platform that being BloomVC and operating in the reward sector.

MAIN FINDINGS

The commissioning and publication of "Crowdfunding - The Scottish Perspective" in 2013 was in response to the emergence of the crowdfunding industry at a time of capital constraint, and the need to understand more particularly what was happening in Scotland. To that point most other crowdfunding reports were dealing with crowdfunding at a UK, European or Global level.

The report found that whilst there was activity and engagement with crowdfunding across Scotland, and some notable success stories, when compared to the UK totals the sums raised in the Scottish crowdfunding market did not reflect the relative value of the Scottish economy as a part of the wider UK economy. From a total of £200 million raised across the UK by crowdfunding in 2012, Scotland had raised less than £1 million of that. This was significantly less than 1% of the total raised. When compared to the value of the Scottish economy as part of the wider UK economy, it seemed a surprisingly low level of activity and value created. At a time when it was widely acknowledged that finding funding, particularly for SMEs, was very challenging, the report questioned if this apparent underutilisation of an emerging funding source represented a missed opportunity.

The publication of the report prompted discussion and reflection from a range of observers and commentators, and the findings were even considered at Scottish Government level. Whilst there has been debate around what might have been the appropriate figure for Scotland to have raised in that period, there has been little disagreement that the actual sums raised were lower than might have been expected. A range of suggestions were put forward by many commentators in an effort to account for this lower than expected uptake. These suggestions ranged from the notion that Scotland had a lower demand for finance; a lack of distinctly Scottish platforms; an over reliance on public funding; an aversion to debt based finance and many others. We were unable to find evidence to support any of these suggestions as being true, impactful or proportionally distinctive from the rest of the UK and so no firm conclusion was reached.

What we have to acknowledge in this latest report is that considerable progress has been made in the Scottish Crowdfunding market in the past three years. Mirroring the growth and development of the sector at a UK and global level, Scotland has expanded its crowdfunding activities in all aspects from value created, to number and diversity of projects, number of platforms and to general visibility and awareness.

A notable development is that at a time of great growth across the UK, Scotland has gathered a greater share of the UK marketplace than in 2013 so going at least some way in addressing a key concern from the previous report. At a time when the UK market has been growing rapidly, the ability of the Scottish sector to claw back a more proportionate share of the totals would indicate that Scotland has had a more rapid expansion that the rest of the UK, albeit from a low base.

In order to illustrate the findings more fully and to place them in context we should begin with a review of how the UK crowdfunding landscape has developed in the past three years.

The Continued Development of Crowdfunding Since 2013

Since 2013 the crowdfunding industry has continued to grow significantly at both a global and UK level. Global figures suggest that crowdfunding will have raised some $34 Billion[2] in 2015 and will, in all probability, double that figure for 2016.

The UK dominates the European crowdfunding sector and is regarded by many as the global leader of the industry. In a European context the UK dominates by virtue of the sums raised and, in a global context, it is the diversity of model and platforms operating that mark it out.

Specifically it is the vibrant and established equity crowdfunding sector which makes the UK stand out globally. By embracing crowdfunding in all of its forms and, operating with a regulatory framework that is seen from abroad to be comparatively friendly to this rapidly emerging sector, the UK leads the world. This may be challenged in the coming years as the USA has, after considerable delay, finally enabled legislation to permit equity crowdfunding to retail investors at a Federal level. This opens up the development of a potentially very large market place with a business finance tradition which has traditionally placed a stronger emphasis on equity than the UK. At a European level, whilst there is interest in developing a pan European market place for equity crowdfunding, the regulatory hurdles are considerable and whilst it is possible to identify some examples of cross border deals at present it is far from being a unified and single market and shows little prospect of it becoming so in the near future.

In the wider alternative finance space, which embraces more types of novel funding than simply crowdfunding, the UK commands some 74.3% of the European market by value in 2014 and experienced average growth of 154% between 2013 and 2014[3]. Alternative finance includes a broad range of activities like Invoice Trading and Pension Led funding and the vibrancy and growth of this sector is a subject of considerable study. For the purposes of this report however we are focusing specifically on crowdfunding and have made no attempt to track or assess these other forms of funding, important though they are.

On the regulatory front the UK has embraced significant change since the publication of the original Scottish report. In April 2014 the Financial Conduct Authority (FCA) introduced new and additional regulatory provision dealing specifically with crowdfunding. This included additional regulations for the equity crowdfunding sector, and the introduction of wholly new regulatory provision for the crowdlending (P2P) sector, lobbied for in large part by the lending sector itself.

The FCA acknowledged that the risks inherent in an investment will vary depending on the underlying assets and accepted that shares which are secured or asset-backed perhaps by way of a renewable energy installation or which are issued by more established companies, have lower risk than start-up businesses launching unproven technology or new business ideas. Having said that however, the FCA takes the view

[2] Massolutions
[3] Alternative Finance Benchmarking report – p13

that investors still faced significant risks when buying a non-readily realisable security. The risks that they identified included the risk of capital loss, the risk of dilution of shareholder value, the risk that dividends will not be declared and illiquidity risks.

In 2014, the FCA published further guidance on social media and customer communications which outlined proposed rules on how social media should be used to avoid breaching existing financial promotion rules. Financial promotion rules are designed to catch communication which includes an invitation or inducement to engage in investment activity and are a significant set of regulations for any crowdfunding platform to navigate.

The FCA consultation paper was intended to:

- clarify and confirm the FCA's approach to the supervision of financial promotions in social media;
- help people understand how they can use social media and comply with the FCA's rules;
- remind people that the rules are intended to be media-neutral to ensure that consumers are presented with certain minimum information, in a fair and balanced way, at the outset of any interaction with them; and
- set out specific areas that platforms need to consider, and provide some solutions and illustrative examples.

More recently, in 2015, the FCA carried out a general review of the implementation of the rules put in place the previous year. Later this year, the FCA will be carrying out a full post implementation review of the rules to ensure that the platforms are being compliant.

The regulations were broadly welcomed but have not been without their critics. Some have suggested that they fail to acknowledge the distinctive nature of risk mitigation methods in crowdfunding and run the risk of stifling such a young industry. A review process is scheduled acknowledging their emergent and evolving status.

The growth of crowdfunding is a function of both demand and supply side factors and the increasing number of projects being listed on platforms is being matched by the flow of funds to meet much of that demand. The UK Government has continued to provide funds through The Department of Business, Innovation and Skills (BIS) and the British Business Bank onto some of the crowdfunding and wider alternative finance market platforms. This trend of civic and quasi governmental bodies becoming engaged with crowdfunding in a range of ways is becoming increasingly common and is a tacit recognition that crowdfunding is seen as having a role to play in advancing the aims and ambitions of these organisations. Perhaps the most noticeable trend in growing funding supply is the rapid growth of institutional funds which are flowing in ever greater sums particularly on the crowdlending (P2P) platforms. By way of illustration if we look at the loan book of one of the UK's main Business P2P platforms, the number of single lender loans has grown from none in 2012 to constitute more than 50% of its loans in 2015.

This may not be replicated across the entire sector or all platforms but it is a distinctive trend on this larger platform and suggests a growing trend in the sector.

The continuing SEIS and EIS schemes, whereby investors can de risk some of their investments through tax advantages, are facilities drawn on by many, indeed most, successful equity crowdfunding offerings. These schemes have undoubtedly played a significant part in making the offers attractive to investors and there is a strong correlation between an offer having one or both of these eligibilities and their relative potential for successfully funding. These sorts of incentives are widely seen as important elements in the growth of equity crowdfunding in the UK.

Whilst generally seen as important initiatives in encouraging investment in early stage business, they are not without their critics. In the course of producing this report we have heard a number of comments suggesting that there is a perception amongst some that it is causing participants to underestimate risks and skew judgments.

The launch of the P2P ISA provision in 2016 (whereby it will become possible for investors to place some of their P2P investments in a tax advantageous ISA wrapper) will almost certainly encourage further retail investment flow onto the P2P platforms as high street opportunities continue to be hard to come by in a period of continued subdued interest rates.

These tax provisions and other interventions seem to indicate a generally positive stance from the UK Government towards alternative finance and financial innovation more generally, and crowdfunding in particular.

The range and number of crowdfunding platforms has also burgeoned in the time since the release of the 2013 report. Some of the major reward platforms like Kickstarter have established UK based presences making it more straightforward for UK organisations to register and receive any funds raised. Whilst Kickstarter remains the most commonly used reward platform in Scotland and the UK more widely, the largest UK founded reward platform, Crowdfunder, has emerged from the consolidation of several platforms to become a significant and established player even extending their offer to embrace Community Share Issues.

At the time of the original report publication in 2013 only one Scottish crowdfunding platform existed, that being the reward platform BloomVC. The report noted the embryonic phases of other Scottish platforms at that time. Since then we have seen the emergence of two equity platforms namely the Glasgow based Squareknot and the Edinburgh based ShareIn. Squareknot has recently merged with Growthdeck and ShareIn has pivoted to position itself as an innovative provider of authorised equity micro sites to service the growing DIY crowdfunding market place.

In the P2P space the arrival of Edinburgh based LendingCrowd has brought a significant and growing presence into Scotland.

Platforms have raised significant investment for their own development through their own crowdfunding activity. By way of example Crowdfunder, the UK Rewards based platform, raised more than £1.3M in 2015 through a share issue on a crowdfunding platform to underpin their growth ambitions. This type of investment is increasingly common and necessary as the marketplace begins to settle and mature. Along with the enhanced regulatory requirements now placed upon the Equity and P2P platforms, it is becoming more challenging for smaller new platforms to emerge without having either a distinctive or niche model and without considerable financial backing. The revenue model of most platforms is reliant on considerable deal flow to make them viable in the longer term and, as such, growth is imperative for most. This makes for a lively and busy market place amongst platforms with growth, acquisition and repositioning all apparent and likely to continue to be for some time. The innovative nature of the UK crowdfunding market seems to provide a fertile ground for the development of niche and innovative approaches to the application of the general principles of crowdfunding to address specific issues, challenges and market failures and, as such, we expect to see more new platforms emerge with novel offerings.

The growing marketplace has also led to the development of a range of complimentary industries to service the sector. These include data aggregators and analysis providers, complimentary and integrated e-commerce offerings, fulfilment support services, and marketing and promotional offerings to name but a few.

It would be remiss for a report focusing on Scottish crowdfunding to not make mention of BrewDog in its overview. BrewDog has continued to blaze a trail in launching a further platform crowdfunding campaign – Equity for Punks IV – a £24 million equity round during which they have also utilised Crowdcube, the Equity crowdfunding platform, to offer a further gateway to the share sale and a fixed term bond. In our conversations and interviews we have found the BrewDog experience is an intriguing conundrum in the story of the wider Scottish crowdfunding sector. Whilst many acknowledge the importance of BrewDog in raising awareness of the opportunity presented by crowdfunding, particularly to a Scottish audience, the distinctiveness and perceived unconventional nature of their approach has caused some to think that crowdfunding is potentially “not for them” as they cannot match the counter culture BrewDog model.

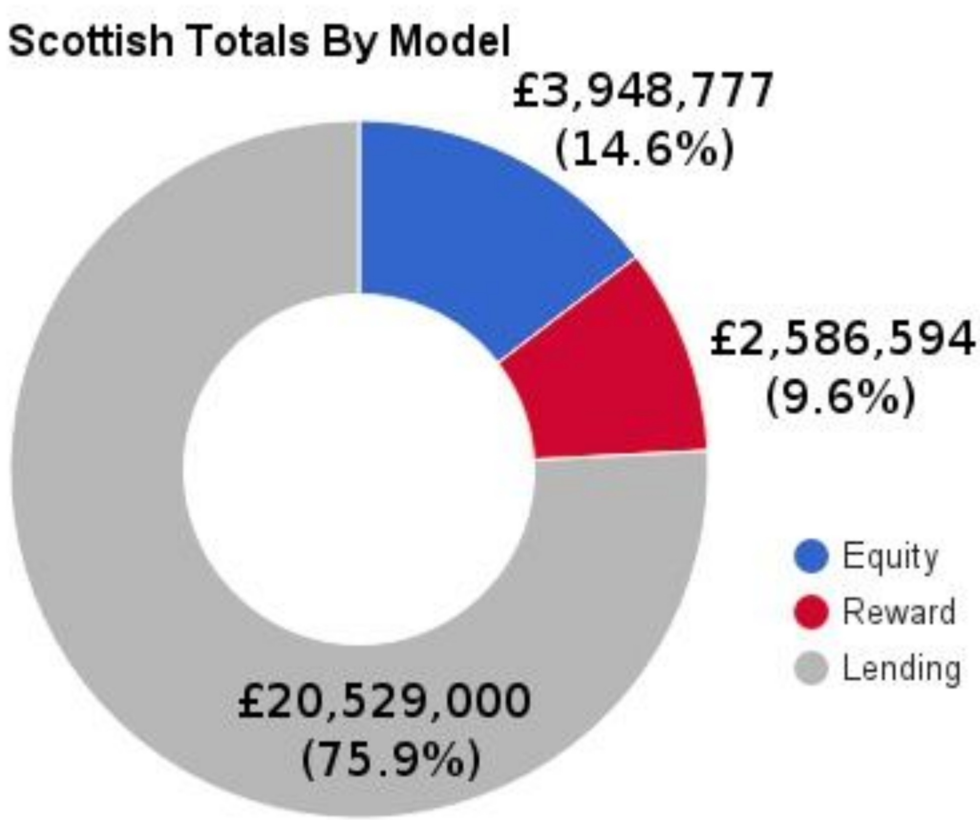
Activity Levels and Value Created

Our research shows that for the period of study – the 12 months from October 2014 to September 2015 - there were 1,263 successful crowdfunding projects in Scotland raising £27,064,371 across the three forms studied, those being Reward, Equity and Lending (P2P) campaigns.

Model	**Raised**			**Campaigns**		
	UK	Scotland	%	UK	Scotland	%
Equity	£101,603,677	£3,948,777	3.9	301	11	3.7
Reward	£37,681,900	£2,586,594	6.9	7,123	842	6.0
Lending	£465,940,440	£20,529,000	4.4	6,752	410	6.1
Total	**£605,226,017**	**£27,064,371**	**4.5**	**14,176**	**1,263**	**6.0**

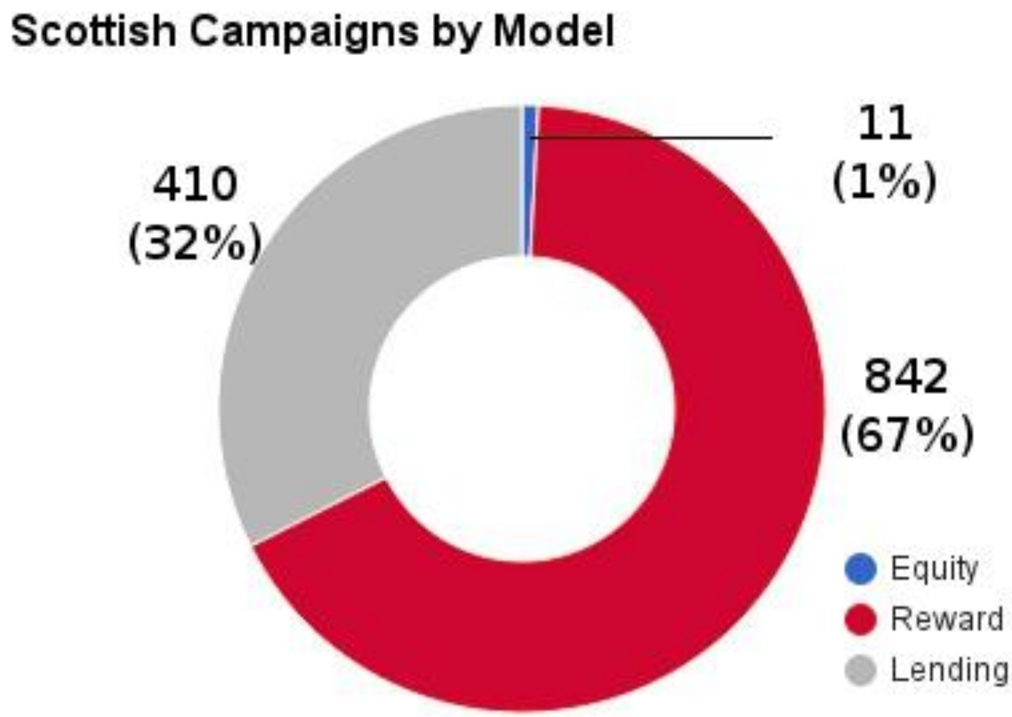
Table: Scottish Crowdfunding totals by model

Note: The detail of each of these three models is explored in greater detail in separate sections of the report below.



Graphic: Scottish Crowdfunding totals raised by model

The development from 2013 is considerable in both absolute and relative terms. The sums raised represent around 4.5% of the UK total whereas in 2013 Scotland accounted for less than 1%. In terms of the number of projects or campaigns a 6% share shows a level of engagement that was not present in 2013.



Graphic: Scottish Crowdfunding number of campaigns by model

The remarkable expansion of P2P lending accounts for the surge in the total raised, in common with the rest of the UK, but the presence of equity totals is important to note as well. In sourcing case study material for the 2013 report it was challenging to find a range of Scottish based examples particularly in the Lending and Equity models. At the time no Scottish firm had successfully run an Equity crowdfunding campaign on a platform. This has changed considerably. We were able to find examples of campaigns in Reward, Lending and Equity with relative ease and of widely varying value and in many sectors. We have selected a few for further detailed commentary and include within the report.

This is a significant development and is in keeping with the general UK wide growth in crowdfunding over the same period.

Whilst the growth is significant we believe that there is still some way to go in capturing the proportional part of the UK crowdfunding marketplace.

The apparent concentration of crowdfunding activity in the Central Belt is noticeable from the Equity and Reward models. Whilst we do not have the data to test this in the P2P space we have no reason to believe this would show a markedly different distribution. Clearly this will reflect in large part the population distribution but there may also be other factors at work. We note with interest the GoOn UK project's analysis of basic digital skills[4]. In their mapping of digital inclusion they highlighted a spread of levels of both awareness and skill across the UK including Scotland and indicated that reflected levels of exclusion were applicable to both individuals and to organisations. We have no hard evidence to suggest that there is correlation between digital skills and uptake of crowdfunding across Scotland but we would suggest that the core competencies which are used to define and test competency levels in the GoOn framework have direct relevance to skills required to prosecute a crowdfunding campaign. In our discussions and interviews in developing this report we found a range of views on the penetration of both connectivity and digital skills across Scotland and feel that this is an area warranting further investigation.

Awareness and Sentiment

The awareness and understanding of crowdfunding appears to have grown in Scotland in the past three years based on our interviews and focus groups. We found a much higher level of awareness of the concept of crowdfunding in almost all of our discussions, and within that a greater understanding of the four main distinctive models. Our survey, however, suggests lower levels of recognition by comparison to the 2013 numbers but that amongst those respondents the recognition of crowdfunding is much more even in its awareness of the four models which would seem to suggest a greater level of sophistication of understanding. This would be in keeping with the anecdotal and quantitative data. This was particularly true for intermediaries and third parties notably banks and professional groups all stating that the subject of crowdfunding is increasingly being raised by clients.

It is also worth noting that there is a noticeable and sustained appetite to explore the possibility and to consider crowdfunding as a potential funding mechanism with 50% of respondents saying that they would consider using it to meet their funding needs. In the 2013 report some 54% of respondents said they would consider it. What seems to have changed in the interim is that more of those prepared to consider it are now apparently trying it.

There were, however, indications that some continue to be wary or cautious of crowdfunding because of a lack of recognisable cases either from their sector or from their region. As such the concentration of crowdfunding activity in the Central Belt in Scotland, in as much as it is possible to track on the data we sourced, is perhaps a self reinforcing phenomenon in that the more Central Belt projects there are, the greater the awareness and apparent applicability to the rest of the business community in that area. Given the population distribution in Scotland it is entirely reasonable to expect to find concentration in the cities and urban areas. However, the offering of crowdfunding as a mechanism to reach out widely and to do that online (thereby breaching what might otherwise be traditional geographical constraint) means that it should have potential

[4] https://www.go-on.co.uk/resources/heatmap/

even in more remote and sparsely populated spaces. It has been suggested that in order to nurture and encourage the spread into more dislocated areas, more recognisably local and familiar examples need to be highlighted and shared.

The relative visibility and presence of platforms in Scotland has been a subject raised in many of our conversations in developing this report. A number of interviewees expressed disappointment at the perceived unwillingness of some of the major platforms to be seen to be actively courting the Scottish market place. At the same time we encountered considerable anecdotal evidence of the importance of contact, advocacy and recommendation on the part of platforms in encouraging participation in crowdfunding and in platform selection. In our analysis of the equity crowdfunding sector in particular it is apparent that Crowdcube is the most used platform in terms of number of Scottish based projects and that Crowdcube did have an office and dedicated representative in Scotland for a period of time. We would be cautious about drawing a strong correlation however as Crowdcube is the UK's dominant equity platform in terms of numbers of projects and so their prominent position in Scotland by campaign numbers may simply be an extension of the visibility that their UK status would provide. The role of third parties and other intermediaries and advisors, such as professional service firms, was also acknowledged in the process of encouraging more Scottish firms to consider crowdfunding as an option.

It seems that whilst crowdfunding is very much founded in the idea that it is possible for those seeking funding to easily take the initiative and "ownership" of the process by engaging with a platform directly, there continues to be sufficiently high barriers to entry for the more cautious business that third parties in various forms do play an important part in helping businesses become sufficiently confident and reassured to both take the step to use crowdfunding and to make that process a successful one.

In terms of recognition and engagement, our survey ranked Funding Circle as the most recognisable of all crowdfunding platforms just edging out Kickstarter, and Kickstarter as the most visited. This is an interesting finding but with Funding Circles focus on business lending it may be that the business orientation of most of the survey respondents shows that they have perhaps achieved some targeted penetration of the sector that they seek to address. Whilst the number of respondents in the 2016 survey is lower than in 2013 it is noticeable that the level of recognition and engagement with platforms is now much more evenly spread across the four main forms of crowdfunding. That is to say in 2013 it was the Reward platforms which stood out as the most highly recognised beyond those offering the other forms of crowdfunding. In this more recent survey the recognition levels appear to be much more even across the four models suggesting a more sophisticated understanding of the sector. This would be supported by the anecdotal feedback we gathered from our interviews and focus groups. This trend is also apparent in the recognition of the models themselves. In 2013 the spread of awareness between the "most heard of" form, that being Reward, to the "least heard of" was 29% whereas the spread in 2016 is only 11% and in this recent survey, it is the Equity model which is the most recognised of the four.

The continued position of Kickstarter as both well recognised and viewed is not a surprise given that we have noticed that the name has, in many cases, become almost synonymous of crowdfunding in all its forms in much the same way that Hoover is both a noun and verb denoting both a brand and an activity.

In terms of how the crowdfunding market could be further developed in Scotland we have found a range of views in our discussions and interviews in the process of developing the report and a common request was for more information and more recognisable case studies and exemplars. In terms of the survey findings these are consistent with those anecdotal views and the findings in 2013 in that the need for further information to be made available, access to support and advice and training are all considered important elements which would encourage businesses to take up the crowdfunding opportunity.

Demand For, and Access to, Finance

Any analysis of crowdfunding and its position in the funding of business needs to be considered in the context of the changing finance needs of business. The historical dependence of UK business on bank finance has meant that the impact of the financial crisis was felt very strongly in the business community, particularly amongst SMEs. The importance of SMEs to the Scottish economy and their contribution to economic growth remains significant. As at March 2015, there were 359,050 SMEs in Scotland accounting for 99.4% of all private sector enterprises, for 55.6% of private sector employment and 39.4% of private sector turnover[5].

Crowdfunding may have specific application for SMEs as they appear to find it hardest to access finance, there being good evidence to suggest that larger firms find it easier to source finance than SMEs[6].

During the period between the two Scottish reports, the challenges for business funding would appear to have remained fairly acute. As banks have sought to rebuild their loan books and reduce their exposure, access to finance for businesses has proven to be challenging and there has unquestionably been some long term damage in the relationship between banks and particularly small business as a result of the process.

At the same time evidence suggests that the trend for demand for external finance was a downward one from 2012 to 2014[7] and that the use of external finance has declined since the financial crash. The Small Business Survey 2014 suggests that only 31% of Scottish SMEs applied for finance in the three years preceding the report and that this is lower than 45% in the Scottish Government's 2012 Access to Finance Survey. In our survey we found 52% of respondents were seeking funding, slightly down on the 2013 responses at 56%.

[5] Scottish Key Facts February 2016
[6] The Deloitte CFO survey shows that the net percentage balance of large corporates who reported that credit was 'available' remained high at 79% in 2015
[7] SME Access to Finance Report 2014 – Office of the Chief Economic Adviser

Banks are increasingly exploring opportunities in the crowdfunding sector with both Santander and RBS having relationships with platforms like Funding Circle and Crowdfunder. Outside of the UK, banks have actually acquired crowdfunding platforms.

This is a trend we would expect to continue, not least because an informal agreement that has been in place, whereby banks who turn down a business loan request offer that client the option to have their details passed to an alternative finance provider for consideration, will become mandatory.

It was clear from our conversations and focus groups that there is an increasing awareness that a richer funding mix and a funding strategy is becoming more common in businesses and that the various participants in that process are more prepared to entertain and work within such arrangements.

If we accept that there has been a generally downward pressure on demand for bank finance, the growth in the scale and use of crowdfunding is an interesting development. Whilst we do not argue that the growth of crowdfunding and alternative finance is responsible for a decline in demand for bank lending, it is clearly providing some element of finance need that would once almost certainly have been met by banks. It also demonstrates a willingness on the part of business to explore the use of crowdfunding as a valid and available source of finance. This view is in part underpinned by our survey which showed a higher proportion of respondents willing to use crowdfunding than in 2013, and from the anecdotal findings of our surveys and focus groups.

Whilst banks emphasise both publicly and privately that they are ready and willing to lend, and there has been significant Governmental encouragement for them to do so, we found in our interviews and focus groups that there is a feeling that banks are still not lending as they, the potential borrowers, would like or perhaps as banks once did. In many cases the sentiment was that where lending is taking place it is doing so in the context of greater demands being placed on the borrower or that perhaps not all that is being sought is being made available.

There was also a general view that businesses were being forced to take a more sophisticated view of seeking finance, where needed, and so consider a more diverse range of sources than simply bank funding.

Statistically looking at sources, such as the European SAFE Report, bank loan rejections for SMEs in the UK have declined considerably from 18% in 2013 to 4% in 2015, and this is a considerably lower rate than in countries such as France (10%) or Ireland (17%) for example[8].

In terms of preference of funding sources, our survey suggests that Grants ranked highest as the most preferable source of funding. This has not changed since 2013.

[8] Survey on the Access to Finance of Enterprises (SAFE) Analytical Report 2015

Grants, Public Sector Funding and crowdfunding all ranked ahead of Bank Loans as a preferred source of funding in our survey findings.

That said after a difficult period there is evidence that businesses are enjoying more success in accessing bank funding, including in Scotland, with a record share of businesses (62%) being successful in accessing credit in the last quarter of 2015[9]. This is not a Scottish limited phenomenon as the pan European SAFE report sites a declining loan rejection rate for SMEs[10].

Anecdotally from our interviews the greatest criticism of the use of bank lending was the time taken to process applications and the sense that the process has become rigid and impersonal with decisions being taken in a mechanistic and not locally or case sensitive way. The general sense of inflexibility seems to be echoed in the survey findings where, when asked which bank was considered most innovative, the general view was that none demonstrated much innovation.

The purpose of the use of the funds sought continues to be predominately for expansion and growth and the sums sought, in our survey, have shifted somewhat to see a larger number seeking sums over £500,000.

The Role of Crowdfunding

Banks do still remain the key provider of business finance and whilst we have found evidence of a continued problematic perception of banks, for many businesses our survey shows that most businesses do still look to make use of bank finance to meet at least part of their funding need.

But the emergence of crowdfunding as an alternative option, or as a credible part of the financing mix, cannot be underestimated. We also found in our discussion and interviews that crowdfunding is now acknowledged and accepted by the more traditional and established finance sector in a way that it would not have been just a few years ago. In a number of our discussions with finance professionals many reflected that crowdfunding is “definitely filling a gap”.

This is in large part reflected in the significant expansion of P2P lending. It has been estimated that in 2014 the UK alternative finance market provided over £1bn worth of business finance to over 7,000 small and medium sized firms. This is equivalent to 2.4% of the total national bank lending to SMEs and whilst still a relatively small sum, its emergence from a standing start has been rapid and the growth potential, if sustained, will see that percentage share increase significantly. AltFi Data estimate that 2015 P2P lending values were approximately 76% higher than those in 2014[11].

[9] FSB Voice of Small Business Index Quarter 3, 2015
[10] Survey on the access to finance of enterprises (SAFE) Analytical Report 2015
[11] Small Business Finance Markets 2015/16

In his speech at Bloomberg in October 2015 Ian McCafferty, External Member of the Monetary Policy Committee, Bank of England stated in the first half of 2015 P2P lending to SMEs was "*less than 20 percent of the flow of net bank lending to SMEs.*" McCafferty was moved to point out that *"we may well be seeing the early stages of some important changes to the architecture of business finance"* and that whilst *"these alternative sources of funding are small, ... they are growing fast and may well, in due course, help to solve the age-old problem of the 'funding gap' faced by SMEs*[12]*."*

This commentary is interesting in that it acknowledges the emergence of crowdfunding as a factor of note but the suggestion is that it is meeting a historical funding gap perhaps more than filling a current shortfall created by the financial crisis. A question arising and perhaps tacitly posed, is will this foothold created by meeting a historical market failure provide the bridgehead for alternative finance to begin to replace traditional bank finance?

This acknowledgement of the growing role of these new sources of finance is widening and at a University of Edinburgh Business School's Credit Risk and Credit Control conference, a survey of 200 credit experts found three-quarters (75%) felt alternative lenders now pose a threat to banks and traditional lenders, with 19% believing such lenders to be a "big threat".

But not all commentators are as positive and Lord Adair Turner, former head of the FSA, has recently been highly critical in terms of the perceived risk to the lender, a view strongly rebutted by the P2P industry.

The "distinctiveness" of crowdfunding as a form of finance and its "unique benefits" are the subject of some debate. Advocates would suggest that a great "diversity of expectation of return" can be found in some crowdfunding making the funding more "patient". The market "validation" and insight derived from a successful crowdfunding campaign is pointed to by others as being a form of real-time market testing and product development running in parallel with the funding process. The network development, visibility and awareness raising associated with a very public campaign are also evidenced by the pro crowdfunding lobby as distinctive and additional value is derived from the practice. Critics would be less convinced and rebut each of these assertions. Nevertheless it is worth noting that in our discussions with successful crowdfunders, many do cite and endorse these benefits and some of the case studies in this report include examples, like the Scorpion Light, of businesses building crowdfunding deliberately and strategically into their business models as a statement of their confidence of these advantages.

In terms of the Scottish crowdfunding market the £27M sum raised is still comparatively small. But this does represent a more than ten fold increase since the 2013 report and has brought the proportionate sum raised in Scotland as part of a UK total much more in

[12] UK business finance since the crisis – moving to a new normal? Speech given by Ian McCafferty, External Member of the Monetary Policy Committee, Bank of England p18

line with what might have been expected. If the UK crowdfunding market continues to grow year on year as it has since 2013 and the Scottish part of that mirrors the growth rate, it will begin to become a significant and important arm of the business funding system.

The relevance of crowdfunding is commonly cited as is its position in the funding cycle and its relevance particularly to SMEs and early stage finance. Whilst we have acknowledged that SMEs are of significant importance to the Scottish economy, it is important to bear in mind that Scotland has a higher number of medium and large enterprises per 10,000 population than the UK as a whole, and a lower number of small enterprises per 10,000.

Along with the relative importance of the Public Sector in Scotland, this may have some influence on the rise of crowdfunding as a source of finance although this would be difficult to quantify.

This may mean that the applicability of crowdfunding may for some time be slightly subdued by comparison to other areas in the UK because of its perceived lower relevance to either public sector funding and/or its relevance to funding of larger firms.

Conclusions

In the past three years crowdfunding in Scotland has emerged as an increasingly important source of viable funding for business. This has happened against a back drop of subdued demand for bank finance and a general constraint on the availability of finance.

Not only have the absolute totals raised grown considerably, the relative proportion of the Scottish crowdfunding market as a part of the UK market has grown significantly and so goes some way to address one of the key observations of the 2013 report.

The diversity of both model and application of crowdfunding has grown considerably with a wide range of organisations participating. Awareness levels have gone up and there appears to be a more complete and sophisticated understanding of the possibilities crowdfunding presents. The acceptability of crowdfunding as a valid source of funding has begun to embed itself across the finance industry with fewer instances of outright condemnation and considerably less caution about the sector.

The growth in value of crowdfunding in Scotland reflects the growth in the sector across the UK as a whole but importantly the proportionate part of that market which is located as investment in Scotland has gone up considerably.

The dominance of P2P lending as a sector, in terms of sums raised, in Scottish crowdfunding is in common with the rest of the UK. With projections for the growth of this sector extremely positive at a UK level there is good reason to believe that this will be reflected in Scotland.

Scottish platforms have emerged to service each part of the crowdfunding sector, and the diversity of funding on offer makes it increasingly applicable to a wide range of businesses.

There is an apparent concentration of crowdfunding activity in the Central Belt.

This is a positive and encouraging indication that Scotland is active and engaged in the emerging crowdfunding sector, but we believe that there remains considerable scope for continued growth and development across Scotland more widely.

THE DATA BY CROWDFUNDING MODEL

The Scottish Crowdfunding Report 2016

LENDING

TOTAL RAISED

£20,529,000

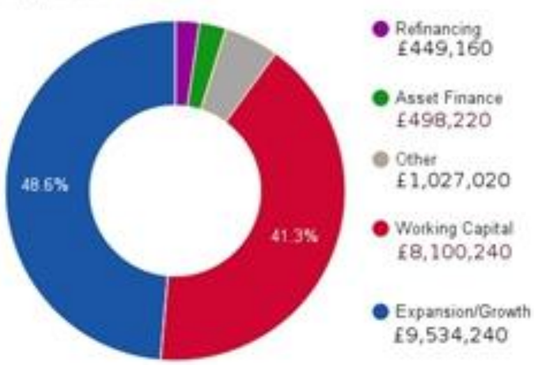
410

Successful Campaigns

£50K Average Loan

10% Average Interest

Top 5 Loan Uses



Top Seven Borrowing Sectors

Data gathered for Lending, Equity and Reward Business Crowdfunding October 2014 – September 2015

P2P Lending Observations

- P2P business lending was the largest sector valued at £20,529,000
- Scotland has its own P2P platform LendingCrowd
- Manufacturing and Engineering largest borrowing sector

The emergence of the P2P lending as the dominant part, by value, of the crowdfunding sector continues apace and this trend is as apparent in Scotland as it is elsewhere. Lending on these platforms is both business and consumer lending but for the purposes of this report we have focused on business lending only and not sought data from any of the consumer lending platforms.

The continued growth of this area is a function of a range of factors and not least the lack of significant available returns for the retail investor in most high street products providing a steady supply of lending funds.

The tacit support and endorsement of this mode of crowdfunding by the UK Government demonstrated by its placement of funds onto platforms via the British Business Bank, the introduction of the regulatory controls by the FCA in 2014 and the flow of institutional money onto platforms has ensured its rapid scaling up and set the sector to progressively become a supplier of capital worthy of note and recognition to business.

The introduction of the P2P ISA this year will, in all likelihood, bring about further growth in this model of crowdfunding as the tax advantages to the retail investor of making use of this facility will go some way to ensure a continued supply of lenders. It must be recognised however that the significant growth in the sector has come from the flow of institutional money onto the platforms and this again is showing no evidence of slowing at present.

Since the publication of the original report in 2013 we have seen the establishment of many more platforms and notably a Scottish based lending platform in LendingCrowd. At the same time the number of Scottish based businesses seeking, and receiving, loans has also grown considerably.

Based on our research the value of P2P lending in Scotland over the period of study was £20,529,000 which represents around 4.4% of the UK total of £465,940,440.

Totals	#Loans	% of Total	Total Loan Value	% of Total	Avg. Loan	Avg. Interest	Avg. Term Weeks
Scotland	410	6.07	£20,529,000	4.41	£50,070	10.12	46.86
UK	6752	100	£465,940,440	100.00	£61,163	10.06	48.97

Table: Comparison Scottish and UK lending figures

The lending was made up of 410 loans which represent around 6.1 % of the UK total loans. So proportionately more loans, but creating slightly lower proportionate value.

This is reflected in the average value of a Scottish loan was just above £50,000 with the UK average being just above £60,000.

The average interest rate is 10% and the average duration of a loan term is just under 4 years at 47 months.

When we look at the purpose of the lending amongst Scottish firms it is apparent funding for Expansion and Growth just outstrips those seeking Working Capital.

Loan Purpose	Value	# Loans	Avg. Loan
Cash Flow	£20,000	1	£20,000
Commercial Mortgage	£109,380	2	£54,690
Office Purchase	£187,500	1	£187,500
Tax Payment	£286,500	12	£23,875
Asset Purchase	£316,740	14	£22,624
Refinancing Loan	£449,160	13	£34,551
Asset Finance	£498,220	11	£45,293
Other	£1,027,020	23	£44,653
Working Capital	£8,100,240	147	£55,104
Expansion/Growth	£9,534,240	186	£51,259
Total	**£20,529,000**	**410**	**£50,071**

Table: Scottish Crowdlending by loan purpose or use

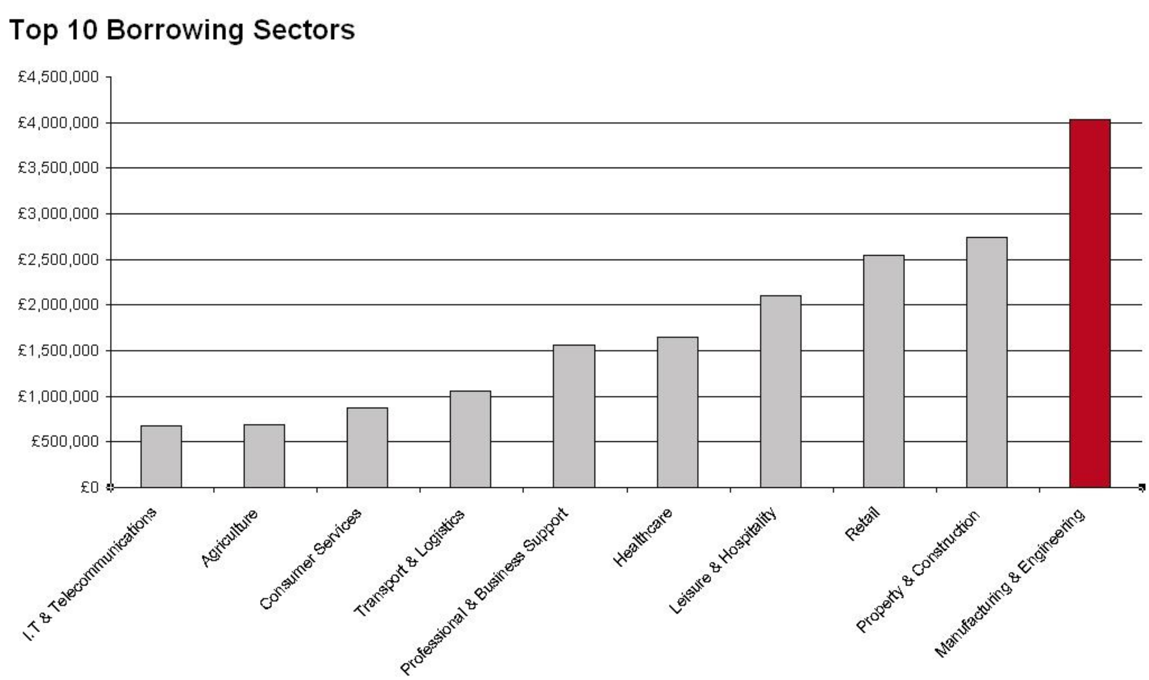
The “purpose” descriptions are consolidations from several platforms and each categorise purpose differently so these purposes are only broadly indicative and loans may have been categorised differently had they been lodged on a different platform.

It was also possible for us to examine the lending by sector of the borrowing company. The largest sector by some degree is Manufacturing and Engineering. Whilst it is not possible to be more granular in terms of breakdown of these sectors it is often commented that Engineering in particular, whilst an important part of the Scottish economy, is an activity which may perhaps not lend itself so readily to either the Reward or Equity models as they can seem less appealing or compelling to a wider “crowd” to back. But it is the diversity and wide applicability of crowdfunding when considered over all its models that demonstrates that there is often an option for even less fashionable or less crowd pleasing business sectors and it is in the P2P sector that the Engineering has clearly found its niche.

Manufacturing on the other hand is the second largest contributor of GDP in Scotland after Energy and so such a significant sector would be expected to take a prominent place in the breakdown of active sectors. It is also the sector which would, through its manufacturing activities, include a considerable part of the Food & Drink sector which is so dominant in the Equity sector.

By Sector	Value	# Loans	Avg. Loan
Arts & Entertainment	£196,600	8	£24,575
Other	£302,880	8	£37,860
Education & Training	£378,800	9	£42,089
Wholesale	£520,240	11	£47,295
Automotive	£572,120	13	£44,009
Finance	£641,280	13	£49,329
I.T and Telecommunications	£681,580	18	£37,866
Agriculture	£689,680	14	£49,263
Consumer Services	£872,620	16	£54,539
Transport and Logistics	£1,051,400	18	£58,411
Professional and Business Support	£1,558,520	38	£41,014
Healthcare	£1,642,740	23	£71,423
Leisure & Hospitality	£2,100,160	43	£48,841
Retail	£2,540,420	61	£41,646
Property and Construction	£2,743,700	62	£44,253
Manufacturing and Engineering	£4,036,260	55	£73,387
Total	**£20,529,000**	**410**	**£50,071**

Table: Scottish borrowing by Sector



There is a clear range of average loan size sector by sector, running from the lowest found in the Arts & Entertainment sector with an average of £24,575 to £73,387 in the Manufacturing & Engineering sector.

What was noticeable in our conversations with participants in this sector is that this method of sourcing funding is not a final solution having exhausted other options but that, in many cases, it is becoming a preferred option for seeking funding for perceived reasons of relative simplicity and speed.

There was a common acknowledgement that the interest rate was, in many cases, higher than typically available through a bank loan but that the process was, in their opinion, much quicker to get a decision and to process the transaction. There was a distinct sense that the pace of decision was an important decision factor in choosing this approach.

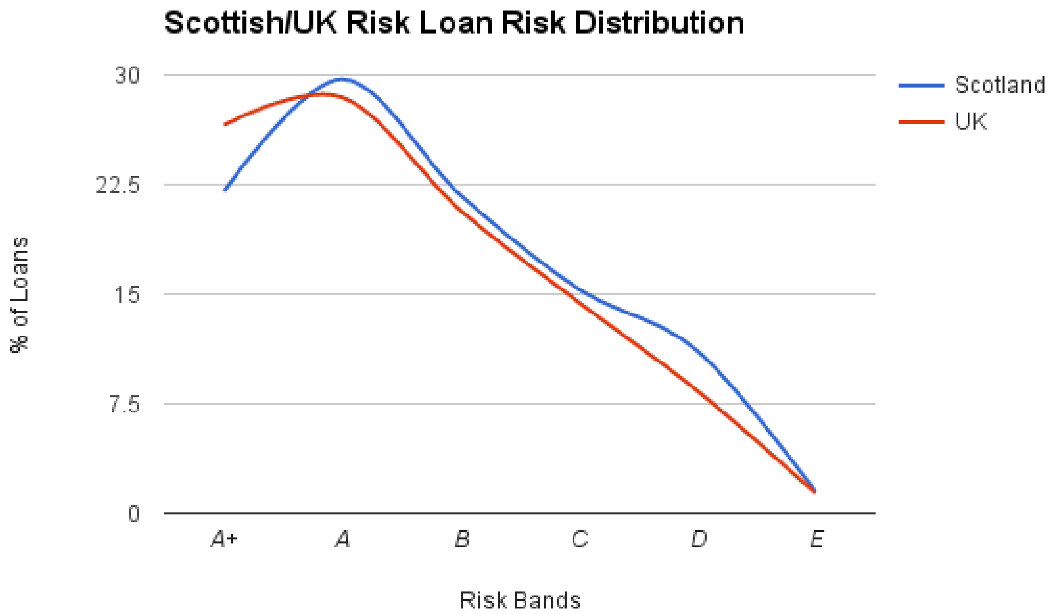
It is worth noting that we found in our analysis of those data sets which were across the UK that the average value of a Scottish loan was consistently lower than Wales, England and Northern Ireland and the average interest rate marginally higher than England and Wales. That said it was also apparent that Scotland raised a greater value of loans than Wales and Northern Ireland. Whilst we do not hold complete UK data sets for analysis, these trends were consistent where observable and we are confident a cross UK comparative analysis would confirm this to be a consistent observation.

A feature of P2P business lending is the risk classification of the organisations taking the loans. This classification, applied by the platforms, typically affects the interest rate the loan attracts. The distribution of Scottish borrowers across those risk bands is reasonably consistent with the UK averages with around 75% of the lending to businesses rated in A+ to B credit risk bandings on a scale running from A+ to E. (A+ being the lowest risk, and E being highest)

Risk Bands	**A+**	**A**	**B**	**C**	**D**	**E**	**Total**
Scotland	89	120	88	62	45	6	410
%	22.03	29.70	21.78	15.35	11.14	1.49	100
UK	1794	1922	1397	973	567	93	6746
%	26.59	28.49	20.71	14.42	8.40	1.38	100

Table: Lending by Risk band comparison Scotland and UK

However it is apparent that, on average, the UK has a slightly higher proportion of A+ risk rated firms seeking loans than in Scotland which may account for the moderately higher average interest rates found on Scottish loans. This is more easily seen in the Chart on the following page.


Scottish/UK Risk Loan Risk Distribution
30
22.5
15
7.5
0
% of Loans
A+
A
B
C
D
E
Risk Bands
Scotland
UK

The Scottish Crowdfunding Report 2016

REWARD

TOTAL RAISED

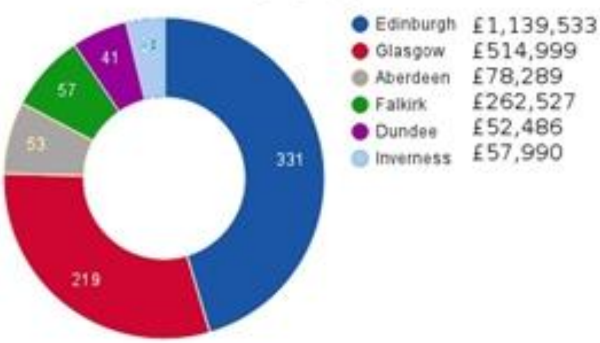
£2,586,594

842
Successful Campaigns

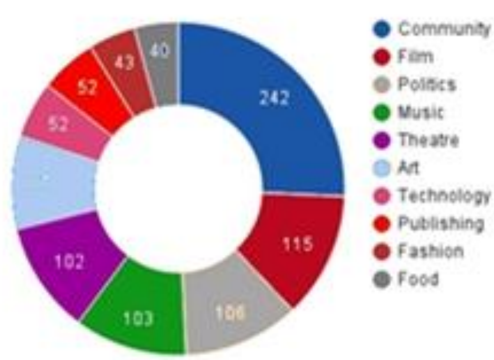
£5,436
Average Campaign

31%
Success Rate

Main Centres of Funding By Projects



Projects by Category



Data gathered for Lending, Equity and Reward Business Crowdfunding October 2014 – September 2015

Reward Observations

- £2,586,594 raised by Reward crowdfunding in Scotland
- Scotland has a higher success rate than the UK average at 31% compared to 23%
- Scottish campaigns raise significantly less than the UK average
- Edinburgh had the highest number of projects and the highest success rate
- Of the UK's 113 Reward campaigns categorised as political, 48 were in Scotland

The Reward model of Crowdfunding is the most readily accessible of all of the crowdfunding models, not requiring the trading history of the Lending model and the legal complexity, diligence or valuation exercises required by the Equity models. It has very much been the most visible of the models with the names of platforms like Kickstarter and Indiegogo becoming synonymous with crowdfunding and in increasingly common usage.

Often underestimated in terms of its business application our interviews highlighted a number of businesses that have used this method as the only funding option available to them, particularly for micro and start up businesses and, perhaps more importantly, some who have fully integrated this mode of funding into their strategy for reasons over and above the purely funding value. For product innovation and validation it is increasingly regarded as an important opportunity and one of our case studies, the Scorpion Light product from Blind Spot Gear, in particular highlights this.

It should not be a surprise to find that with such an open and accessible model, it is this mode which has seen the largest number of individual projects raising some funds in Scotland, at 842, across the period studied and the three models observed with 1,317 projects launched in total. Of the 842 projects raising some funds 410 reached their target.

	PROJECTS	% SUCCESS
SCOTLAND	1,317	31.10%
UK	13,982	23.30%

Table: Comparative Success Rates Scottish and UK reward campaigns

Note: Success rates in these figures are calculated using only those projects which reached their target or exceeded it.

A subject of common comment on crowdfunding is the persistently low success rates for many campaigns. This is the product of a number of factors. Firstly not all ideas brought onto crowdfunding platforms are necessarily good ones, nor should they be expected to be. An important part of the purpose of crowdfunding is to winnow out weak ideas and to enhance good ones. It is also the case that many campaign owners are poorly prepared for the process of managing an intensive and demanding process and this results in a poorly executed project.

It is noticeable then that in the figures available, Scottish campaigns have a higher success rate than the UK average. Scotland being 31% when compared to UK average of 23%.

The split between Flexible and Non Flexible funds is an important distinction and it is worth describing this distinction in order to make the figures more useful. In a Non Flexible or “all or nothing” project a target is set and this target must be reached in order for the project owner to receive any funds. Failure to reach the target means that the reward purchasers do not receive the rewards and are not charged and the project owner receives nothing.

In a Flexible or “Keep it all” model a target is set but the campaign owner receives whatever is raised regardless of whether the target is reached or not and all purchased rewards are paid out. In both Flexible and Non Flexible projects it is possible to exceed a target total. We have made a distinction here in the figures between both Flexible and Non Flexible projects that reach their target and beyond it and those that do not. We have deemed that only those projects, Flexible or Non Flexible, which reach or exceed their total to be considered a successful project. This allows us to properly reflect the actual sums raised whilst still recognising the difference between the two models where appropriate.

To that end the two tables below split the figures between, in the first table, projects both Flexible and Non Flexible which reached their target or beyond and, in the second table, the sums raised, and retained, by Flexible projects which did not reach their target.

All Projects Reaching Their Target & Beyond (100%+)		
	Projects	**Raised**
SCOTLAND	410	£2,228,810
UK	3,255	£34,432,037

Table: Reward campaigns reaching Target total and beyond UK and Scotland

Flexible Projects Raising Money But NOT Reaching Target		
	Projects	**Raised**
SCOTLAND	432	£357,783
UK	3,868	£3,249,863

Table: Flexible Reward campaigns not reaching their target total UK and Scotland

Totals Raised	
SCOTLAND	£2,586,594
UK	£37,681,900

Table: Reward crowdfunding totals raised UK and Scotland

The split between Flexible and Non Flexible is comparable to the UK average with the Flexible projects counting slightly higher.

However it is worth noting that the difference in average sums raised between these two methods of running a project is considerable, those being £5,436.12 for Non Flexible Scottish projects and £828.20 for Flexible ones.

Looking at the average value of successful campaigns there is some considerable difference between Scotland and the UK. On average UK campaigns raised nearly twice as much. If the Scottish campaigns had achieved the UK average a further £2M would have been raised. The average sums raised is based on the 100%+ totals as they can only really be regarded as those that have met their own success criteria.

	Total Projects	**Successful Projects**	**Raised**
SCOTLAND	1,317	410	£2,586,594
UK	13,982	3,255	£37,681,900

Table: Total Reward project numbers UK and Scotland

	Total Backers	**Avg. Raised**	**Avg. Pledge**	**% Success**
SCOTLAND	61,469	£5,436	£51	31.10%
UK	879,353	£10,578	£52	23.30%

Table: Total Reward backers and Average pledge UK and Scotland

Note: Total backers includes backers of both successful and unsuccessful projects and average pledge is calculated based on successful and unsuccessful projects. Average raised includes ONLY successful projects.

The diversity of project within this model, in terms of sector, size and location, is considerable.

Platforms

Kickstarter was the most selected platform but only marginally ahead of Indiegogo and Crowdfunder is a significant player. It is noticeable that the relative share of each main platform is more balanced in Scotland than across the whole of the UK.

	Kickstarter	**Indiegogo**	**Crowdfunder**	**Other**	**Total**
SCOTLAND	539	495	262	21	1317
UK	7013	4236	2495	238	13982

Table: Main reward platforms by campaign numbers

Note: This includes ALL projects launched and not just successful projects.

Location

When considering the geographical distribution of reward crowdfunding in Scotland, Edinburgh produced the largest number of projects and the largest total raised (more than £1M) along with a remarkable success rate of 43%. The spread of reward campaigns across Scotland is very diverse and touches all areas.

Location	Projects	% Success	Projects reaching or exceeding target	Raised
Edinburgh	462	42.90%	198	£1,009,219
Glasgow	365	23.60%	86	£385,800
Aberdeen	92	17.40%	16	£54,054
Falkirk	81	33.30%	27	£255,578
Dundee	75	34.70%	26	£47,611
Inverness	48	22.90%	11	£43,942

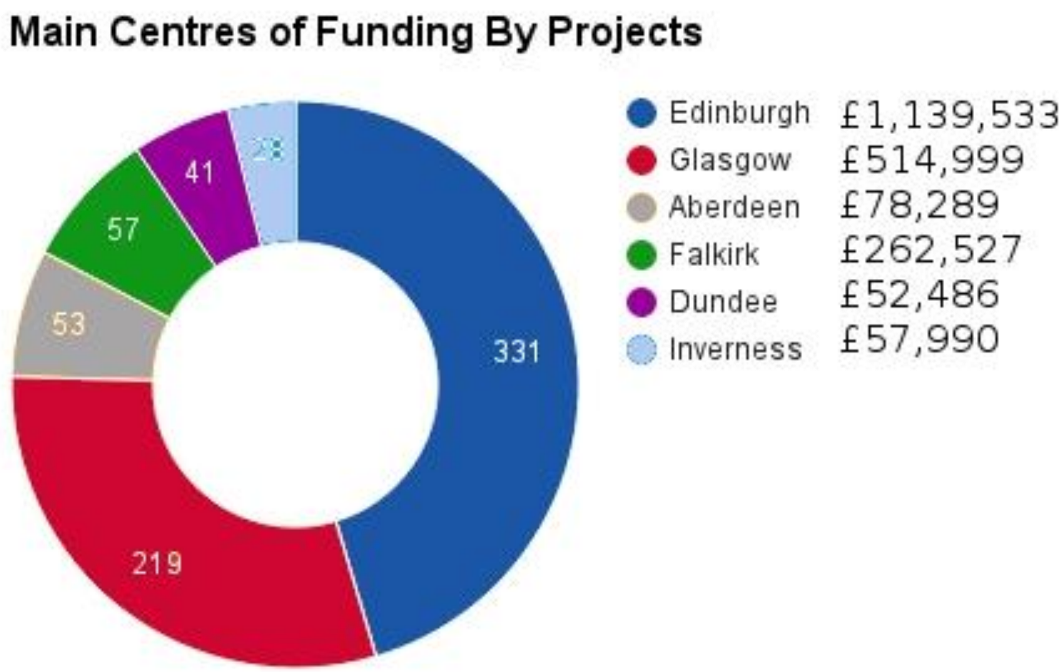
Table: Reward campaigns by success and location

Location	Flexible Projects Raising Funds but NOT reaching target	Raised
Edinburgh	133	£130,314
Glasgow	133	£129,199
Aberdeen	37	£24,236
Falkirk	30	£6,949
Dundee	15	£4,875
Inverness	17	£14,048

Table: Flexible reward campaigns by location

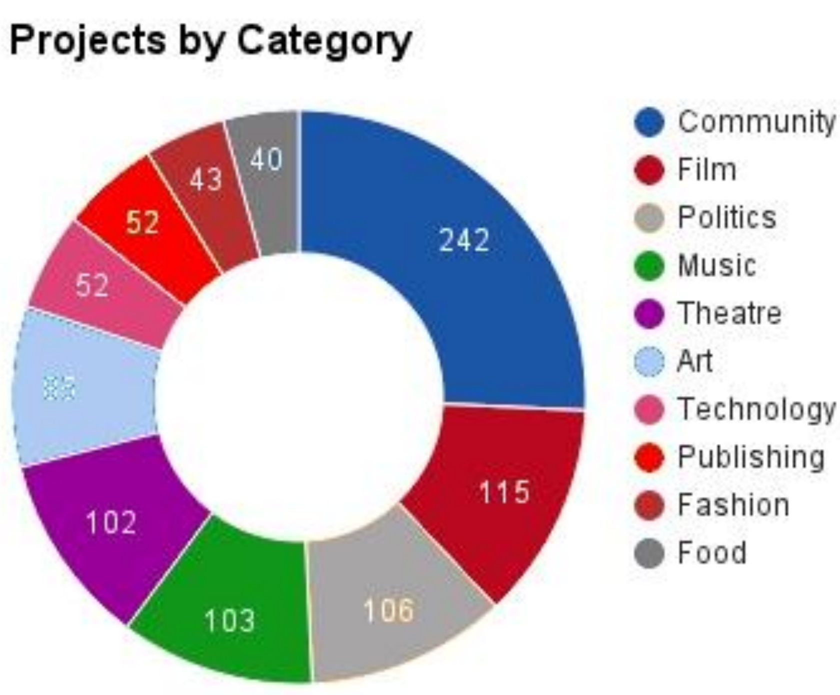
Location	Total Raised	Avg. Raised	Avg. Pledge
Edinburgh	£1,139,533	£5,097	£56
Glasgow	£514,999	£4,486	£49
Aberdeen	£78,289	£1,831	£32
Falkirk	£262,527	£3,378	£44
Dundee	£52,486	£8,439	£56
Inverness	£57,990	£6,342	£41

Table: Average success of reward campaigns by location



Graphic: Scottish Reward Crowdfunding by location

The most popular category selected for launched projects in Scotland was "Community". These figures reflect only the top 10 categories. These figures reflect the gross numbers of projects launched and includes failed projects and, as such are an indicator of activity not success.



Graphic: Scottish Reward Crowdfunding by campaign category

Rank	Scotland	No. of Projects	UK	No. of Projects
1	Community	242	Community	2037
2	Film	115	Film	2012
3	Politics	106	Technology	1032
4	Music	103	Music	1014
5	Theatre	102	Publishing	918
6	Art	85	Art	888
7	Technology	52	Fashion	614
8	Publishing	52	Design	577
9	Fashion	43	Video Games	560
10	Food	40	Theatre	533

Table: Top 10 Categories for Reward Crowdfunding by Number of Projects

If we look at the distribution of these categories with the number of projects as a percentage of the total projects launched then a point of note is a number of categories where there is some significant divergence in the number of projects launched in Scotland by comparison to the rest of the UK. We have selected the most marked divergence categories below.

Scotland	No. of Projects	%	UK	No. of Projects	%
Charity	3	0.23	Charity	15	0.11
Film	115	8.73	Film	2012	14.39
Politics	106	8.05	Politics	234	1.67
Publishing	52	3.95	Publishing	918	6.57
Technology	52	3.95	Technology	1032	7.38
Theatre	102	7.74	Theatre	533	3.81

Table: Reward Categories with strong divergence Scotland and UK

The most notable is that of campaigns categorised as Political with 8% of Scottish projects categorised this way by comparison to a UK average of 1.7% This may in part be influenced by a hangover effect of the post independence referendum period as our study period begins in October 2014 and there may have been some campaigns spilling over into October post the September vote.

The Theatre category has a noticeably higher total in Scotland when compared to the UK total, potentially reflecting the role the Edinburgh Festival has on the number of smaller theatrical productions seeking this type of funding. One surprising figure is that of Film with the figures for Scotland considerably lower than the rest of the UK.

In terms of successful projects by category the top 10 categories are as follows

Rank	Scotland	#	%	UK	#	%
1	Community	72	17.6	Film	562	17.3
2	Theatre	65	15.9	Community	385	11.8
3	Politics	48	11.7	Music	332	10.2
4	Music	44	10.7	Art	251	7.7
5	Film	26	6.3	Theatre	222	6.8
6	Art	26	6.3	Publishing	212	6.5
7	Publishing	16	3.9	Design	166	5.1
8	Design	12	2.9	Technology	139	4.3
9	Dance	8	2	Games	105	3.2
10	Comic	8	2	Fashion	96	2.9

Table: 10 Most Successful Project Categories by number of successful campaigns

A couple of points to note here are the relatively high success rates of Community projects in Scotland when compared the rest of the UK and the surprisingly poor success rates for Film in Scotland. The stand out is the number of successful projects categorised as Politics. In the rest of the UK Politics was the 15th most successful category and had constituted only 2% of successful campaigns.

The Scottish Crowdfunding Report 2016

EQUITY

TOTAL RAISED

£3,948,777

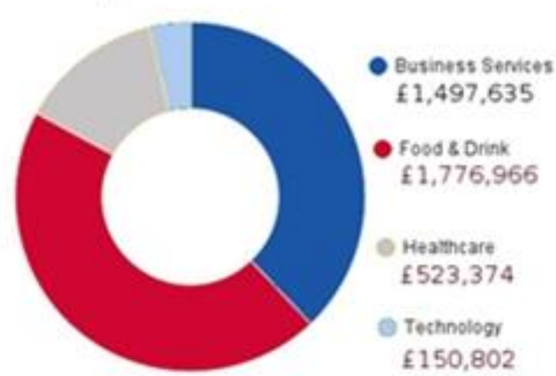
11
Successful Campaigns

£1.2M
Largest Campaign (FreeAgent)

4%
OF UK TOTAL

Equity Value By Location

Totals By Sector



Data gathered for Lending, Equity and Reward Business Crowdfunding October 2014 – September 2015

Equity Observations

- Equity Crowdfunding campaigns in Scotland raised £3,948,777
- This figure is 3.9% of UK total
- There were 11 campaigns
- Food & Drink Sector was the most valuable sector raising £1,776,966
- Edinburgh had the highest number of campaigns and most value
- All campaigns had either SEIS or EIS eligibility

For the period of the study Equity Crowdfunding campaigns in Scotland raised £3,948,777 from 11 campaigns. This compares with a UK total of £101,603,677 from 301 successful campaigns. In the 2013 report there was not a single example of a successful platform based equity crowdfunding offer.

The most valuable raise in that period in absolute terms was FreeAgent the Edinburgh based accounting software firm who raised £1,214,905 on the Seedrs platform in July of 2015. The smallest successful raise during the study period was LetPal raising some £70,000 on Squareknot in August of the same year.

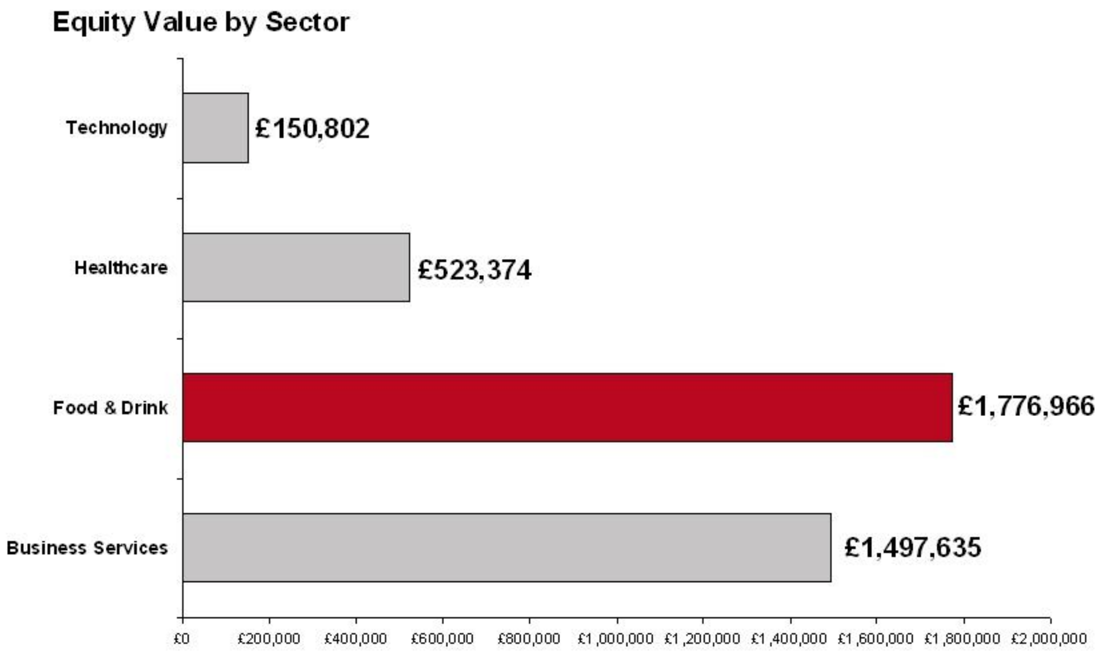
The deals fell into four broad categories, those being Business Services, Food & Drink, Healthcare and Technology. By category the values are:

Sector	Total Value
Business Services	£1,497,635
Food & Drink	£1,776,966
Healthcare	£523,374
Technology	£150,802

Table: Scottish Equity Crowdfunding by Sector

Whilst the categorisation of projects by project owners and platforms can be somewhat subjective, the distribution witnessed in Scotland across these four main groups is not unusual in and of itself as they are broadly in line with the wider UK trends. The strength of the Food and Drink element reflects a general trend to artisanal food being apparently an attractive sector in crowdfunding, and also reflects the prominence of that sector in the Scottish economy. The two most well known equity platforms, Seedrs and Crowdcube, list eCommerce, Food & Drink, Finance and Technology, Retail and Consumer Products as their most active sectors.

Other major Scottish economy sectors, Financial Services and Oil & Gas, whilst present are not particularly strong in crowdfunding and perhaps as such we should not be surprised to find Food & Drink standing out in the Scottish analysis.



Graphic: Scottish Equity Crowdfunding value by sector

Scotland's Food and Drink sector makes a significant contribution to its economy in terms of employment (estimated at around 116,000 jobs), a turnover of around £14.3BN and GVA of £5.3BN – based on 2013 analysis[13]. Recent reports indicate that we will likely see rapid growth in 2016 with the Food and Drink Report 2016 suggesting that revenue growth might be 20% this year.

We should caveat the dismissal of Financial Services by mentioning that Alternative Finance is a strong niche in equity funded start-ups but is often categorised as Finance Technology.

In terms of some of the specifics we can say that across the 11 campaigns the average equity offered is 15.2% which is not wholly out of step and comparable to Crowdcube's average of 13.7%.

The average individual investment was £1,676.76 which again is comparable to the average investment on Seedrs and Crowdcube of £1,794.79.

Average Number of investors was 214 so a bit higher than the average on Crowdcube and Seedrs being 187 when averaged across the two platforms.

Things have changed considerably since the publication, in 2013, of the first "Crowdfunding – The Scottish Perspective" report. At that time there was not a single example of a Scottish business executing a successful equity crowdfunding campaign

[13] Scottish Key Facts February 2016 Scottish Enterprise.

on any platform. BrewDog had blazed a trail in their DIY model but this had not translated into other Scottish firms actively embracing the model for finance. At that time there was considerable wariness not to say suspicion and derision for equity crowdfunding from many in the established finance industry. We found little sophisticated consideration of the sector in our interviews and there was no Scottish based platform.

By 2015 we find a significantly transformed position. A wide range of equity campaigns have now been successfully executed on crowdfunding platforms. Scotland has witnessed the establishment of Scottish based platforms and the established financial services sector has gone some way to being more aware of and in some cases warming significantly to equity crowdfunding.

That is not to say that in the established investor community there is an absence of scepticism. There is an acceptance that this is not a passing fad and is here for the long term, and that it does have a role to play where other funding modes are unlikely to meet demand. But there is continued caution from many who remain concerned at perceived risk and continued comment on the potential difficulty presented by the danger of “messy share tables” for firms as they move through different funding cycles. As the sector matures and businesses that have used crowdfunding move through these different funding phases, things are likely to become clearer for these more established market players.

It is worth pointing out that out of the three sets of crowdfunding data that we collected, it is the equity crowdfunding sector which represented the lowest percentage of the wider comparable UK crowdfunding. So there is still progress to be made if this sector is to reflect something closer to the relative proportional value of the Scottish economy to the wider UK economy.

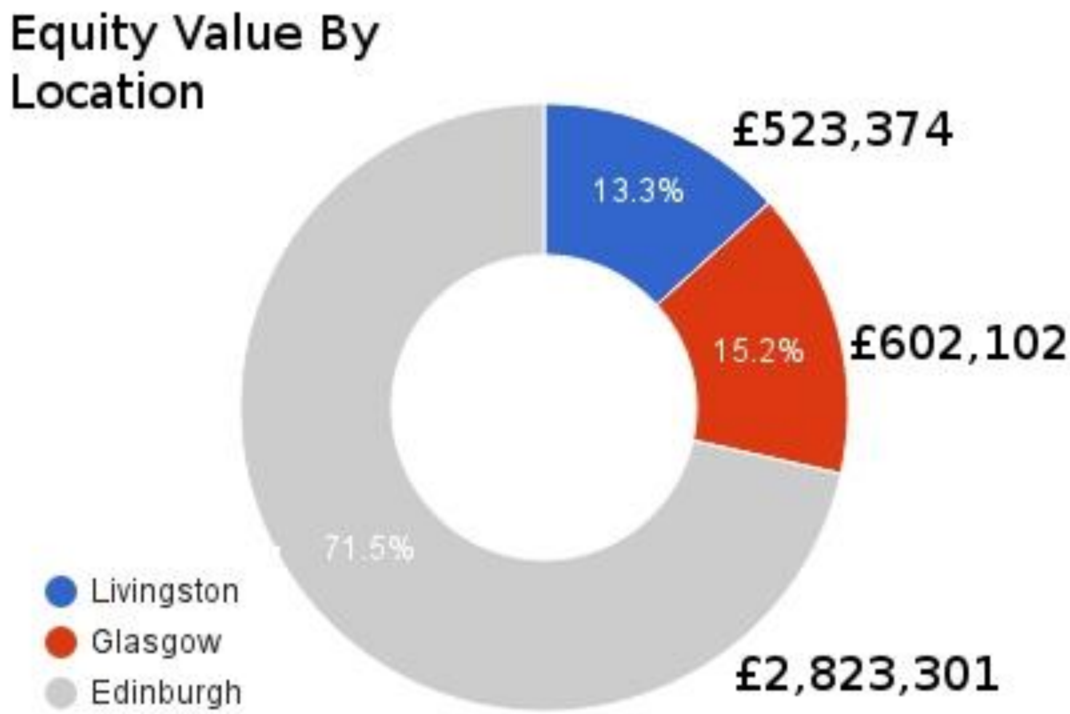
This slight under representation was not a complete surprise however. According to the British Business Bank[14] Scotland appears to “buck the UK trend of increasing crowdfunding deals and falling angel network deals”. In other words all other parts of the UK seem to show increasing numbers of equity crowdfunding deals and decreasing Angel deals but Scotland has the opposite. The common response to this in our experience has been that this is a reflection of a high concentration of active Angel investors in Scotland. We have found no evidence to support or rebut this.

In considering this sector the dominance of London and the South East of England in equity crowdfunding can have a tendency to distort comparisons. The concentration of high net worth individuals in London and its surroundings, its position as a major financial centre, and a presence for most of the platforms in the capital will almost inevitably have an impact on the number scale and relative success of campaigns emanating from that area. With that in mind, it is worth noting that Edinburgh does dominate the Scottish equity crowdfunding space in terms of both number and value of deals, accounting for 6 of the 11 campaigns and £2.8M of the funds.

[14] Equity Crowdfunding in the UK: Evidence from the Equity Tracker British Business Bank

Location	Total Value
Livingston	£523,374
Glasgow	£602,102
Edinburgh	£2,823,301

Table: Scottish Equity Crowdfunding by location



That said the flow of Scottish businesses on to the platforms is steady and a different window of analysis would have yielded other results and these would not have been wholly Central Belt examples.

Just missing out on inclusion in the figures, for example, is one case from the Highlands in MacGregor's bar in Inverness which raised £170,000 on the Squareknot platform. Similarly Angels Den has completed a number of Scottish crowdfunding campaigns but none fell within the window of analysis.

It is also worth bearing in mind that neither of the Scottish crowdfunding reports has included a BrewDog campaign in its totals as none has closed within the study period. These campaigns do stand out for a number of reasons but had the current BrewDog raise of £25M, if successful, been included in these figures it would have moved the number significantly in a more positive direction particularly from a Scottish/UK comparison standpoint.

Another development which should become more common, as the market matures and the time from initial crowdfunding rounds increases, is that of "exits" whereby investors should realise the returns. This has been commonly regarded as a key "proofing point" for the crowdfunding approach as it, as the term suggests, represents the completion of the investment life cycle for many investors. Successful exits whereby investors do see an acceptable return on their investment will build confidence for some participants. Thus far there have been no Scottish crowdfunding exits but they are now beginning to emerge. One notable occurrence in 2015 was that of Camden Brewery which had run a successful campaign on Crowdcube for £2.75 M and was acquired by Anheuser-Busch InBev for around £85 million. The campaign and subsequent acquisition were not without controversy not least in terms of the different initial valuation placed on the shares offered to the crowd and those offered to an institutional investor. This was resolved but it is worth noting that the exit was made at a valuation above that of the offer.

The number and value of subsequent exits will be an important development and area of study for the industry and its watchers.

APPENDICES

Glossary

All or Nothing – Also known as Fixed Funding - A model of running a crowdfunding campaign whereby a target sum is set to be raised within a defined time frame and, if that target is not met, then any commitments made by backers are deemed void and not paid.

Alternative Finance – A collective term used to describe novel and new modes of finance, often facilitated by new technologies, and which are different, and thereby "alternative", to the established and traditional models of finance. Crowdfunding is regarded as part of the Alternative Finance sector.

Auto Crowdfunding – Also known as DIY crowdfunding, is a circumstance where a crowdfunding campaign is run without using the services of shared platform.

British Business Bank (BBB) - British Business Bank is a state-owned economic development bank established by the UK Government. Its aim is to increase the supply of credit to small and medium enterprises (SMEs) as well as providing business advice services.

Campaign – The process of running a crowdfunding project to raise money via the crowd.

Community Share Issues - Community Share Issues are offers of a form of equity called "withdrawable share capital". This type of share capital can only be issued by co-operative societies, community benefit societies and charitable community benefit societies.

Crowd Validation – The idea that support of a crowdfunding campaign by the crowd lends the idea or company running the campaign some validation in the eyes of the crowd and, by extension, a wider group or marketplace.

Crowdfunding – The process of raising money by putting an open call to a distributed group of supporters (the crowd) generally over the internet.

Crowdlending – Also called P2P or Market lending. The crowdfunding model whereby a loan request is offered online to a crowd of lenders and is constructed by direct facilitation between the lenders and borrower often resulting in a loan made up of a large number of small loan parts.

Donation Crowdfunding – The model of crowdfunding whereby finance is collected for a project and the backers receive no tangible return for their backing making it, in effect, a donation.

Disintermediation – The idea that online technologies can permit a direct connection between participants in a process thereby taking out “intermediaries” who would once have been necessary to facilitate the process.

DIY Crowdfunding - Also known as Auto crowdfunding, is a circumstance where a crowdfunding campaign is run without using the services of shared platform.

EIS (Enterprise Investment Scheme) - a TAX arrangement designed to help smaller, higher-risk companies raise finance by offering tax relief on new shares in those companies that qualify. For the investor, it’s a tax efficient way to invest in small companies. People can invest up to £1,000,000 in any tax year and receive 30% tax relief. They are, however, locked into the scheme for a minimum of three years.

FCA – Financial Conduct Authority – the UK financial regulatory body.

Fintech – A phrase used to describe novel mechanisms of financial transactions by utilising the opportunities presented by digital technology to either facilitate new models, disintermediate an established model or to bring new participants in to the process. It is commonly focused on raising finance but can encompass many forms of financial transaction.

Equity Crowdfunding – The model of crowdfunding which involves the selling of shares or financial instruments to the “crowd”.

Fixed Funding - Also known as All or Nothing - A model of running a crowdfunding campaign whereby a target sum is set to be raised within a defined time frame and, if that target is not met, then any commitments made by backers are deemed void and not paid.

Flexible Funding – Also known as Keep it All - an option for running a crowdfunding campaign where any monies raised are kept regardless of whether a target is met or not.

Keep it All – Also known as Flexible Funding - an option for running a crowdfunding campaign where any monies raised are kept regardless of whether a target is met or not.

P2P Crowdfunding - Also called Crowdlending and Market Lending. The crowdfunding model whereby a loan request is offered online to a crowd of lenders and is constructed by direct facilitation between the lenders and borrower often resulting in a loan made up of a large number of small loan parts.

Platform – An online web based portal and service provider which offers the technical and transactional facilities to host and process a crowding in campaign for crowdfunding campaign owners and backers.

Reward Crowdfunding – A model of crowdfunding where a series of “Rewards” or “Perks” are offered to backers in return for financial contributions.

SEIS (Seed Enterprise Investment Scheme) A tax incentive similar to EIS aimed at encouraging early stage, or "seed" investment in young companies. Investors, including directors, can receive initial tax relief of 50% on investments up to £100,000 and Capital Gains Tax exemption for any gains on the SEIS shares.

Target – The financial totals that a crowdfunding campaign aims for.

Methodology

This report is derived from a range of activities and processes and, as such, constitutes a mixed methodological approach. In the interests of clarity and transparency we describe here our approach to its main components.

Literature Review

A literature review for general economic indicators and broader context setting was undertaken and a limited bibliography is included as part of the report appendices.

Survey

The survey data was gathered using an online survey hosted by Survey Monkey. The survey was publicised through multiple channels including email lists, newsletters, social media and public events. The dispersal and reach of the communications was assisted by many participants both directly involved and self initiated and so was not a targeted or constrained call to participate. Where possible the survey was presented as a Finance survey as opposed to a Crowdfunding survey. The survey was anonymous and in three parts dealing firstly with profiling the participant's organisation, the finance need, attitude and knowledge of crowdfunding. Responses were collected over the latter part of 2015 and early 2016 and we received 100 responses. Only Scottish located responses have been included in the report's analysis and findings.

Those completing the survey were given the opportunity to nominate a charity to receive a £50 donation. The Salvation Army was randomly selected from the list of nominated charities and received the £50 donation.

Crowdfunding Data

In gathering data for such a report we are faced with a number of challenges including accessibility of data, comparability of data and what to include in what is a growing and diverse and sometimes poorly defined sector. This report faced those challenges directly and our decisions in how we met them are set out here so as to provide greater clarity to those drawing on the contents to inform their own analysis.

We gathered data from a number of sources including individual platforms and also using data aggregators. This included direct provision of raw data, collection of published data and through screen scraping and manual capture.

Our reporting period was 01/10/2014 – 30/9/2015 and we have included only campaigns and calls that closed during this period.

In common with all reports of this type the data gathered is not complete or comprehensive as not all platforms were able, or prepared, to provide data. We would contend however that the sample set is extensive and includes the main players and is therefore highly indicative of the broad trends and characteristics of the sector and where comparison is drawn between UK as a whole and Scotland in particular the consistency of the data sets means that the comparisons are, in our view, sustainable and valid. As this is a business focused report we chose not to include any personal lending data in the P2P space as this we believed was not appropriate. We also excluded property sites from the equity sector, and we have not sought to analyse the Donation model as we took a view that this has a very limited role in business and or commercial funding. There is a continuing debate around what should and should not be included in the crowdfunding sector and we both acknowledge and contribute to that debate. For the purposes of this report we have not included invoice trading and numerous other forms of alternative finance for reasons of both our own definitions of what should be considered crowdfunding and, importantly, and to remain consistent for comparison to the original report.

In gathering data for analysis from many sources it is necessary to bring together groups with often clashing or not directly compatible classifications. We have endeavoured to be as fair and accurate as possible in the normalisation process and have usually resorted to following the conventions of some of the larger data providers and aggregating smaller groupings into their schema.

We have tried to be consistent in the presentation of data across the piece however, in some cases it has not been possible to provide identical formats between the three main crowdfunding types reported on namely Equity, Lending and Reward. In some cases either data was not available or not collected by providers making it impossible to provide identical groupings.

A particular challenge has been in identifying Scottish specific data. Few platforms or aggregators sort or classify their data by geographical location and this has been a challenge to deal with. Where available we have made use of Postcode indicators to analyse the data more accurately for location. We acknowledge that is not always a perfect solution when dealing with individuals and or company data but feel it is a reasonable compromise especially when applied in a consistent manner to all geographical data sets. Where this type of detail has not been available we have not been able to provide this more granular analysis, but we feel it would be helpful if some standard of geographical data classification was applied to crowdfunding platforms so as to make this type of valuable analysis more readily possible as the sector continues to grow. We would like to thank all of those platforms who did provide data and the aggregators, The Crowdfunding Centre and Crowdsurfer for their assistance.

Focus Groups

Our focus groups took place in Inverness and Glasgow and included selected and invited participants representing a wide range of opinions and perspectives. The focus groups were facilitated by twintangibles and recorded for analysis and annotation purposes. They were anonymous events and a list of participants will not be shared. We would like to thank the participants for sharing their time, views and experience.

Interviews

We have undertaken more than 30 interviews with a wide range of groups and individuals to capture a diverse set of perspectives and attitudes. This has been a valuable and rewarding part of the process and we would like to thank all of those who participated. Some did so on an understanding of anonymity. We have included a list of thanks in this report and many of the interviewees and contributors are included in that but for the reasons stated above this is not a comprehensive list.

Case studies

The case studies included in the report were drawn from a short list reviewed by the Steering Group for the report. The Steering Group was made up of representatives from the supporters. We would like to thank those who agreed to be included in the case studies for being prepared to share their stories with you.

Editorial

The purpose and focus of this report was established jointly between twintangibles and the supporters at the commissioning stage. The subsequent work including data gathering analysis and report content was completed by twintangibles. The sponsors and their representatives were given access to drafts of the material for review, presentation and formatting purposes only. The conclusions and decisions regarding the inclusion or omissions of content or material were left entirely to twintangibles. Any errors, oversights, or omissions are therefore entirely the fault of twintangibles.

Executive Summary of 2013 Report

The financial crisis has resulted in a contraction in the availability of bank finance for business. This has profound implications for SMEs in the UK which rely heavily on bank finance. The Breedon Report estimated that the gap between supply and demand for SME finance in the UK is between £26 billion and £59 billion over a five year period.

56% of Scottish SMEs in our survey are actively seeking finance, predominantly for innovation and new product development, but are struggling to secure this. Does alternative finance provide some answer to this problem of constraint and if so, how well set is Scotland to take advantage of it?

Crowdfunding is one form of alternative finance that is becoming increasingly mentioned and this report sought to understand the Scottish perspective.

Crowdfunding is a rapidly emerging form of alternative business finance that raised US $2.7 billion globally in 2012, with a projected growth to US $5 billion in 2013. Crowdfunding is a method of raising money by collecting a large number of small investments together to form a significant sum, typically using the internet and social media. It is bringing a new group of investors into the finance market who bring with them both funds and new ideas and often different expectations of return than more traditional investors.

Whilst awareness of the term ‘crowdfunding’ is reasonably high, our research suggests that Scotland is not making full use of this opportunity, probably raising less than £1 million in 2012 when it could reasonably have been expected to create a £16 million fund.

NESTA estimates that the UK market was worth £200 million in 2012 and should grow to £300 million in 2013. Based on these figures, the Scottish economy, being c. 8% of the UK economy, could have created some £16 million worth of funds in 2012 and £24 million in 2013. Our research suggests that probably less than £1 million was raised in 2012 and, whilst the figure is growing, it is well short of the sums potentially available. In addition, no Scottish company has succeeded in running an equity based campaign on any of the main platforms. This is in spite of the fact that a Scottish company, BrewDog, is widely regarded as having been at the forefront of pioneering the concept of equity based crowdfunding in previous years.

The UK is an acknowledged leader in crowdfunding and operates all forms. These are:

- Reward – where a reward, typically a product or service, is offered in return for a pledge of money;
- Equity – where small parcels of non tradable shares are offered to the crowd in return for an investment;
- Peer 2 Peer (P2P) lending – a loan is made up of many small contributions and made available to a borrower;

- Donation based – where money is pledged for no specific tangible return.

The UK government is directly involved with crowdfunding and is using £30 million from the Business Finance Partnership to directly invest in companies through the P2P platforms Funding Circle and Zopa, meeting the first 20% of any eligible loan that manages to find the remaining 80% from other lenders on the platforms. We also found evidence that match funding bodies such as the West of Scotland Loans Fund are increasingly prepared to match against funds raised through crowdfunding.

Other civic bodies are also getting involved in crowdfunding, including Universities and Councils who see it as a highly effective mechanism of targeted investment with other beneficial outcomes.

Scottish SMEs seem to have a reasonably high level of at least basic awareness of the term crowdfunding, with some 76% of our survey having said they had heard of it. 54% said they would consider crowdfunding as a mechanism for raising finance but at present they do not appear to be using it.

The typical sums sought by Scottish firms in our survey were in the range £5,000 to £50,000. These sums are well within the commonly raised totals by crowdfunding campaigns in its various forms, and so it seems a well suited mechanism to provide funds for the market.

Scotland has only one active crowdfunding platform at present – BloomVC, a reward based platform – but there are at least two new Scottish platforms, ShareIn and Squareknot, due for imminent launch. That said, all UK platforms are open to Scottish firms.

There are no clearly defined causes for the apparent under-utilisation of crowdfunding in Scotland. We recommend that further work is undertaken to identify more clearly any factors underlying the apparent under-usage of crowdfunding in Scotland.

Whilst grant funding remains the most commonly sought finance option, some 54% of respondents said they would consider using crowdfunding as a financing scheme. When asked what might build their confidence to do this, our respondents suggested that more information, support and advice would build confidence to make greater use of crowdfunding.

We have found in the course of the research that crowdfunding does not enjoy universal approval with a small number of trenchant critics. That said, there was little appetite amongst the respondents to our survey for any additional regulatory steps to be put in place. Indeed, the regulators, whilst keeping a close eye on developments, are not as yet proposing any significant adjustment to existing framework. P2P lending will fall under the regulation of the Financial Conduct Authority (FCA) in 2014, a move lobbied for by the P2P platforms themselves. There seems to be an understanding that for crowdfunding to expand, the principle of low transaction costs on crowdfunding platforms needs to be maintained and that overburdensome regulation would put that at risk. A balance is therefore being sought between managing risk to investors and nurturing an emerging sector. The direct Government involvement in P2P lending through the Business Finance Partnership does seem to have created some level of confidence in the concept of crowdfunding as a valid and appropriate method of raising business finance.

Crowdfunding seems to have considerable possibilities to provide much needed investment to the Scottish business community being both a readily accessible route to organisations of many types, and one that seems to match many of the financial needs of SMEs, as captured in our survey.

In the interim, to encourage some additional take up of the opportunities provided we recommend that, where measures are taken, these should seek to build confidence and improve understanding of the opportunities, risks and fundamental principles that underpin crowdfunding. We recommend that this awareness and understanding is developed for all potential participants in the crowdfunding process including those seeking funds and investors, and that it is also developed in groups such as allied bodies and professions and, most importantly, in the governmental and public institutions responsible for shaping the environment within which crowdfunding operates.

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CASE STUDIES

Lending Cases

- Standing Stones Hotel
- SortmyPC
- Logicalware
- Diet Chef

Standing Stones Hotel

http://www.standingstoneshotel.co.uk/

Location: Orkney

Crowdfunding Model: **Lending**
Platform: **LendingCrowd**
Loan Sought: **£60,000**
Loan Term: **60 months**
Credit Band: **B+**

The Standing Stones Hotel is a long established hotel in Stenness, Orkney. When it was acquired by new owner Alan Tulloch it was a 2 star hotel serving the seasonal tourist trade of the islands.

With an ambitious plan to reposition and restore its status, Alan undertook an investment programme expanding significantly its catering and banqueting facilities and upgrading to a 4 star rating.

"We are not a large hotel, but food and drink is very important to what we do and we can deliver up to 3500 meals a week in Summer time." Alan told us. *"We wanted to make sure we served both the local market and the tourist market. The funding allowed us to finish a permanent marquee addition to the building so we can seat 300 so it more than doubles our capacity, and we are now an important wedding venue."*

In describing their path to using P2P lending Alan says that they did find funding available from other sources but not on the terms he wanted to accept. *"Banks have become impersonal. The decision at the bank these days is simply whatever the computer says but the hospitality trade is all about people! LendingCrowd was the sort of finance we needed. It was quick and painless and we liked the fact that, although it is an online platform, we found the process really personal."*

Alan had become increasingly aware of crowdfunding as a source of finance in the past few years largely as a result of hearing about others running crowdfunding campaigns for specific projects. So when they were looking for finance, crowdfunding was already something he was considering.

"We were aware of it and so we had decided to explore it a bit more. I was particularly interested in looking to work with a Scottish company as well, so LendingCrowd fitted the bill."

"I think our loan was on the platform for about 15 days, so it was quick and we just let the platform get on with it. We would do it again!"

SortmyPC

http://www.sortmypc.co.uk/

Location: Edinburgh

Crowdfunding Model: **Lending**
Platform: **Lending Crowd**
Loan Sought: **£73,000**
Loan Term: **60 months**
Credit Band: **B+**

SortmyPC is an Edinburgh-based company providing IT support and solutions to SMEs across Scotland. The company also services a more local domestic market, offering IT support in the home. Established in 2004, and currently working with over 1,000 clients on both a contract and an ad-hoc basis, the company aims to provide professional and straightforward IT advice and solutions at an affordable price. They offer a wide range of services including ongoing IT support packages, Microsoft Office 365 setup, support and management, Cloud data storage and management solutions, as well as PC, Mac and laptop repair; temporary broadband solutions; business and home network advice; and set-up, purchase, installation and management of hardware and software packages.

Gordon Sayers, Managing Director of SortmyPC, started his journey into the IT business world more than 11 years ago. SortmyPC has grown its customer base steadily and in the last 3 years through a merger and an acquisition. Along with business partner Angus Kerr, he has navigated the need to finance that process of growth and understands the importance of access to finance to make it possible. He has now found that it is crowdfunding that can make it possible.

"Crowdfunding has been a revelation for us – we would not be in the position we are now without it. This is helping us to create new jobs, take on apprentices and really move the business forward."

In late 2013, SortmyPC merged with a local IT business, increasing the size of the company by approximately 30%. *"We were expanding and needed investment to sustain that growth. We spent three months talking to banks and got nowhere."*

Gordon explored the alternative options and the lending model of crowdfunding came up and a quick success on a P2P platform convinced them of the benefits of the model. *"It took all of the pressure off and allowed us to grow quite considerably through 2014."*

So when another growth option came up, Gordon approached a Scottish Platform, LendingCrowd to find the solution. *"LendingCrowd, being a bit smaller than some of the* *others in the sector, are very nimble and so much more approachable and really helpful."*

Five weeks after their pitch for funding went live, SortmyPC reached its loan target of £73,000. 25 individual Investors placed 55 separate bids for the loan.

"This has allowed us to consolidate all of our borrowing. We are aware that the borrowing on P2P can be more expensive but it works for us. We didn't think of going back to the bank and after our experience talking to them previously it would take a lot to convince me to go back to any bank for lending again."

Logicalware

https://www.logicalware.com/

Location: Edinburgh

Crowdfunding Model: **Lending**
Platform: **Lending Crowd**
Loans Sought: **£15,000 & £45,000**
Loan Term: **24 months & 48 months**
Credit Band: **A & B+**

Logicalware provide a cloudhosted customer service solution which enables its clients to manage inbound emails, social media and chat interactions in one place. Providing this solution on a monthly licence basis provides the company with regular monthly income.

Donald Cameron, CEO of Logicalware, explained that the service meets the needs of businesses with high numbers of web based client interactions. *"These can be diverse and complex depending on the client needs, so our software manages the capture of the inquiry, applies business logic to route it to the appropriate person or department in the organisation, and tracks and monitors that process*. Our customers include retail companies – Maplin and French Connection, travel companies – Booking.com and Ryanair, insurance brokers – Brightside and charities including WWF and Action for Children."

The pricing model is quite novel in that it is not a licensing model but a month to month rental. *"This makes our cash flow very steady"* Donald told us *"but we need to use investment to grow and acquire the clients."*

Donald had found the experience of dealing with banks increasingly disappointing. *"They have become so rigid and constrained with their inability to look at a specific case on its merits and so it's a lottery if you get funding or not."*

LendingCrowd are a client of Logicalware and through this connection they became aware of the possibilities of crowdlending. *"We experimented first time with just a £15,000 loan in 2014."*

The process went well and Donald described it as being quick, straightforward and personal and *"What you would hope a bank would be like."*

The experience encouraged Logicalware to come back for a further loan of £45,000 in 2015.

"We were asked relevant questions based on our ability to repay the loan." Reflecting in the secondary market feature on the platform where lenders can sell on their loan parts Donald pointed out *"None of our loan parts are currently being traded, we see that as a sign of confidence in us."*

Diet Chef

https://www.dietchef.co.uk/

Location: Edinburgh

Crowdfunding Model: **Lending**
Platform: **Lending Crowd**
Loan Sought: **£1.5m**
Loan Term: **60 months**
Credit Band: **A**

Founded in 2008 by Kevin Dorren and Andrew Veitch, Diet Chef is an Edinburgh based business helping people lose weight by creating and delivering pre prepared specialist meals. The meals have controlled portion sizes and calories and are delivered directly to the doors of their more than 150,000 clients. Described as being like having a personal chef on hand the company has seen significant and rapid growth.

The business has quickly established itself as the UK's largest diet home delivery company. As part of that expansion process the company took on a significant investment from private equity backers some four years ago. The investment underpinned their rapid expansion with turnover growing from £8 Million to £15 Million in that four year period.

By 2015 the founders were looking to provide an exit for those investors who had seen the early promise of the firm and wanted to do that by buying back the equity that they had sold. Having considered the options it seemed that crowdfunding, and P2P lending in particular, might be the way to underpin what, in effect, was a management buyout. *"We are a pure ecommerce set up, very flexible and we were looking for something that felt right for our type of business."* Andrew Veitch told us.

Looking around for options Diet Chef found LendingCrowd, also located in Edinburgh, and decided to explore that option. Andrew recalls the process of engaging with the platform as being the sort of thing they were looking for. *"LendingCrowd were very flexible, just like us, and the legal and due diligence process was really thorough but very slick."*

Raising the £1.5 M loan in less than 6 weeks Andrew was impressed with the process. *"It created a lot of interest and the fees worked well for us. They seemed to understand the type of business we are, they felt like us!"*

Reward Cases

- Scorpion Light
- Websters
- LooBlade

Scorpion Light

http://www.blindspotgear.com/

Location: Glasgow

Crowdfunding Model: **Reward**
Platform: **Kickstarter**
Target: **£21,000**
Raised: **£45,171**
Funding Period: **February 2014 – April 2014**

The Scorpion Light from Blind Spot Gear is a highly portable, flexible and affordable lighting product for film. It is described by its developers as "Taking lighting to the limits of your imagination."

Blind Spot Gear is, in the words of its co-founder, Billy Campbell a *"bedroom idea"* in that it was a sudden insight and launched by a group of friends from home.

"The idea for the Scorpion Light came from my experience of working in the documentary film making industry. It became apparent that there wasn't a suitable product for us to use. The lighting products industry had not kept up with the camera development."

"You can't go to a bank and get some money to take on such an early stage idea" he told us. *"Kickstarter on the other hand allows you to take a complete prototype product and get market validation and an early customer base, so it wasn't a last resort for us it was first and, frankly, our only option at the time."*

Being active in the film business Billy and his co founders were able to identify and build relationships with key influencers prior to launching their crowdfunding campaign. Targeting £21,000 the campaign pulled in more than £45,000 and the value of the crowd didn't stop there.

"For us the 6 months between the end of the funding campaign and the product being released was really busy. You have to be honest with the market and say 'This is what we think, what do you think?' We bombarded our customers with questions about what they wanted, what their preferences would be when there was a choice, and the result is you have a product the market wants. We sent them samples and all sorts. Working alone you would not get that sort of insight. The resulting product was completely different in terms of its specifications from the prototype but it's a MUCH better product."

With the Scorpion Light now available and selling globally, with 70% of the sales in the US, Blind Spot Gear have already brought other products on through crowdfunding. Now crowdfunding is a key part of their strategy. *"I don't see why any business wouldn't* *do this first these days. It's such a great proof of concept. If you don't prove it on Kickstarter you have either to change it or just start again."*

Clearly convinced of the benefits of crowdfunding for his business, Billy added *"For us there was no down side. Obviously you have to work hard but you have to do that anyway. Banks should be shaking in their boots because you don't need them anymore."*

Billy's advice to others thinking about crowdfunding includes doing a lot of research to establish what works. "*There is lots of information out there*", and spending time building relationships with bloggers well ahead of your campaign.

Websters

http://www.webstersglasgow.com/

Location: Glasgow

Crowdfunding Model: **Reward**
Platform: **Crowdfunder**
Target: **£25,000**
Raised: **£33,310**
Funding Period: **December 2014 to February 2015**

Websters is a theatre in what was formerly the Lansdowne Parish Church in the West End of Glasgow. An A-listed Gothic Revival church it is in need of restoration and alteration to both save it from decline and transform it into a multipurpose venue. To open up to the public the first parts of a larger project, to develop a theatre space seating almost 190 people and a community event space and bistro, they sought to raise money through a crowdfunding campaign.

Describing the successful campaign David Robertson, Project Director at Websters, told us *"The project was driven by absolute need but, on the practical side, the sum sought – £25,000, also had to be big enough to be worth pitching for and investing the time."*

The recognition and acknowledgement of the demanding nature of the campaign was a common theme to our discussion with David. *"It was a very demanding process and it was not helped by our being less familiar with it as a mechanism to raise money. You need organisers and people that can commit the time to do it, and you need to have influencers on board to get the outreach working."*

One challenge highlighted by David was the difficulty in establishing what the "hook" for the campaign would be. In the first instance his team had thought the building itself and the Theatre would be what really captured the attention but the reality was that it was the stained glass windows designed by the noted designer Alf Webster, that created the most engagement. A novel "advent type" reveal of different images of figures from the windows brought a creative and competitive element to the campaign and the digital versions of the images also became rewards.

Whilst it was primarily a reward campaign, with 8 reward categories ranging from £5 to £5,000, a number of loans emerged from the project and David believes the success of the campaign is playing a part in influencing other funding providers as well. *"The rewards were almost secondary, people believe in what we are doing."*

In David's view, whilst it took around three months to run from starting to getting the money, it was still comparatively quick and, in many ways, a preferable experience to many big loan and grant application processes.

A significant, and unexpected challenge, were the barriers experienced by some backers in going through the necessary steps to actually transact a reward purchase. In an increasingly online world where many use ecommerce and online banking without a second thought, it is important to remember that there are still many that find this difficult and confusing. David's advice is to ensure that you guide them, reassure them, help them and support them through the process otherwise you will lose both them and the money.

In some final advice in how to make a project a success, David reflected that it is a very creative process and not formulaic, and emphasised the need to acknowledge the personal nature of the connection and how honesty and transparency is essential as a result.

LooBlade

Location: Edinburgh

Crowdfunding Model: **Reward**
Platform: **Kickstarter**
Target: **£20,000**
Raised: **£51,018**
Funding Period: **October – November 2015**

Garry Stewart describes his invention LooBlade as a revolution in toilet-cleaning technology. *"A germ-killing, quick-drying, reinvention of the toilet brush which uses an 8-blade silicone head to enhance cleaning power."*

To take the idea to a market ready product, Garry turned to crowdfunding as the method of funding that process. *"Crowdfunding has moved fast as it is one of the most democratic and accessible forms of finance."*

Not enamoured with Banks as sources of finance, having experienced first hand the challenges of the 2008 crash, crowdfunding seemed the preferable alternative. *"The crowdfunding audience is immense and they are looking for innovation. Its remarkable that a toilet brush can perform as well as it did. But it was innovative and unusual so ….!"*

Conscious of the very public nature of crowdfunding Garry took steps to ensure his innovation was secure before proceeding. *"I had already tied down the innovation from an IP point of view. I have a good background in IP so feel pretty confident about it."*

Preparation was a key factor in all that Garry did to make the project a success having already undertaken some testing and created a more polished look by using professional designers. *"We had done a good deal of market testing to establish what people wanted by way of colour choices so we knew how to present it and what to include in our pitch and we learned that the functional and visual aspects were really important."*

The benefits of being part of such a global activity became apparent through the course of the campaign. *"Distributors would not have found me without Kickstarter. I have pan European deals, Japan, the Middle East, India and all of them came to me because they saw the product on the platform and loved it."*

But the process was hard work and Garry reflected on the demanding side of running a campaign. *"You really have to live it. My wife said 'Might I see you anytime soon?' It was hard work but I really enjoyed myself in doing this. You need to keep making updates to keep it real and you have to deliver!"*

When asked for advice for anyone considering a similar project Garry offered *"You need to go in eyes open and be aware that you are playing in a big field. Take time to understand what you are presenting and do it professionally."*

Despite all the hard work Garry was emphatic about his enthusiasm for the process.

"Would I do it again? Oh yes!"

Equity Cases

- Find a Player
- FreeAgent
- Mara Seaweed

Find a Player

https://findaplayer.com/

Location: Glasgow

Crowdfunding Model: **Equity**
Platform: **Seedrs**
Target: **£110,000**
Raised: **£150,802**
Equity offered: **11.00%**
Funding Period: **July 2015 - August 2015**
SEIS Eligible

Find a Player is a smartphone app that makes it easier for people to find, organise and play sports.

The app covers over 140 different sports and has 2 core functions:

1. Acts as a local hub between players and games.
2. Automating and simplifying the game organisation process.

It allows users to set up their own sporting activity and invite their friends directly from their phone contacts. Thereafter, if they're still short of numbers, it helps connect the organiser to local people who might be interested in filling their empty spots. From the flipside it also shows people who are looking to get more active what's on in their area and any activities that have open spots.

The idea of Find a Player had been in development for some years prior to its crowdfunding round. The App had already been developed into a functioning "proof of concept" before Jim Law, its founder, took up an opportunity to base himself in the Entrepreneurial Spark accelerator in Glasgow.

"Our first couple of versions were a bit unstable and we knew before we started to really push the marketing we had to rebuild from the ground up, giving us a product that was totally stable, extremely usable and therefore scalable " Jim told us *"and that needed finance".*

Conversations were held with numerous angels and VCs. While everyone loved the concept, the finance required was not forthcoming. *"Maybe we were not asking for enough, maybe it was too small a deal for them?"*

A test release of the App quickly gathered 3,500 downloads with only limited marketing and outreach *"That experience validated the cost acquisition rate per user and proved there was a demand for what we were offering. This gave us something to take to potential investors and a number of individuals said they wanted to invest some significant 5 figure sums. So we decided to do the round via crowdfunding"* Jim recalled.

"The benefit of crowdfunding was that it allowed us to tie it all together really clearly. Investors could see what they were getting on a very transparent, credible platform and see who else was involved, and it gave us a solid PR element as well."

Having decided that crowdfunding was the way to go, Jim and his team considered the next steps. As the App is a free download they did not feel it was suited to a reward model and settled on an equity based approach.

"We looked at a number of platforms and when Andy Murray teamed up with Seedrs we thought there was good potential for a sport related App on a platform being backed by a hugely popular sporting personality. The nominee model Seedrs use was also very attractive. It makes the admin side of things much easier and Seedrs also handled the legal aspects well for us, although obviously we still had our own lawyers go over the deal. Seedrs were very thorough in checking our pitch and validating everything that we'd written. It gave me a good deal of comfort knowing how diligent they were being, I like to deal with people who you can instantly tell are extremely professional and take their job very seriously."

Having settled on a target of £110,000 and an upper limit of £150,000 Jim and the team pulled together the people who had already expressed an interest in funding some part of the business and publicly launched the campaign *"On a Friday evening around 5pm".* By 11pm on the Sunday they had hit their initial £110,000 target. It had taken just over 2 days.

The speed of the project surprised Jim. *"We didn't do a lot of marketing because I had already done a good deal of work in identifying the likely investors before we went live. I was happy for people to invest as long as they knew the risks, and we were very, very clear on that. About 70% of our backers put in less than £1000, we got a lot of £20s."*

When asked about the experience Jim told us that he struggled to find downsides *"It's a great way of bringing it together in a very public and transparent way, especially as a way to get the folks that have expressed support for your business in the past to actually get involved. It's also great PR if you're successful. We got public validation, lots of opportunities came to us after the campaign and the success of it gives you real credibility."*

Jim's enthusiasm is tempered, however, with a strong grasp of the realities and practicalities of the process. *"It's not for everybody. Some people have a perception you can just chuck an idea onto a crowdfunding platform and people will start throwing money at you, that's nonsense, it's not how it works at all. You have to be extremely well prepared and able to make a very strong case for why it'll work. You have to be able to take criticism and respond in an open way, you can't get defensive."* Listing some of the must haves for a potential crowdfund he offered *"You have to really know your product and you have to validate all that you say. You have to choose your platform with care. You also need to know your monetisation model, and know your competitors."*

FreeAgent

http://www.freeagent.com/

Location: Edinburgh

Crowdfunding Model: **Equity**
Platform: **Seedrs**
Investment sought: **£1,000,000**
Raised: **£1,013,350**
Equity offered: **3.26%**
EIS Eligible

FreeAgent is an Edinburgh based award-winning cloud accounting software company whose product is specifically designed for freelancers and micro-businesses. Founded in 2007 by people with freelancing consultancy backgrounds, none of whom were accountants, there was a clear understanding of the needs of their client group. The target market is a large one with 95% of UK businesses having fewer than 10 employees.

FreeAgent has enjoyed considerable growth and success, winning awards and now has 90 employees and 40,000 paying customers.

Ed Molyneux, CEO and co founder of FreeAgent explained how they have funded this growth *"Our funding strategy is emergent. We have done 6 different rounds of finance each progressively larger and the funders are largely angels and they are very much in it for the long run."*

Conscious of how funding can affect the business Ed and the team have chosen their path with care. *"We have taken a more steady sustainable growth pattern. Going with larger funders like VCs you are often driven by the exit and may be forced to do "unnatural things" for the business."*

For Ed crowdfunding just represented one of the steps on that funding path. *"We looked at our options and we asked our customers what they thought and we got a very positive reaction form our customer base."*

With 40,000 subscribers FreeAgent already had a useful 'crowdasset' to call upon. But enthusiasm and insight does not always convert to action. *"As it turns out people are measurably more optimistic about what they can do than what they will do. So the reality is that crowdfunding is a much harder slog than you might imagine."* Ed recalled.

The choice of Seedrs as a platforms was driven, in large part, by the nominee structure typically used by Seedrs. *"The Board just wanted a less complicated share table."* Ed told us.

The crowdfunding round ran during June and July of 2015 aiming for just over £1M. *"This valued us pre money at £30 million and this was quite unusual for many of the platforms where you have often early stage companies looking for a larger proportion of a lower valuation. We are a much later stage business than many others on these platforms."* Ed reflected.

700 investors and some additional funding from Braveheart brought the round in successfully. "*The customer base really did convert."* Ed remembers. *"Predominately our backers on Seedrs were our customers. We had a good deal of £20 investors!"*

The process was demanding however. Ed acknowledges that whilst the cost of the funding was comparatively cheap, the cost in terms of time and effort on the part of him and his team was considerable. *"We are fortunate in that we have a great comms team but they were taken away from their day to day roles for quite a considerable time to do this, and I was personally very involved. We wanted to be very open with people and to ensure that the messaging was consistent. But, on the other hand, we did see benefits from raising the visibility of the business which of course we had to do as part of the process."*

When asked about advice for others considering a similar project Ed offered *"I am very glad we had a team of people to put the process together. It had to be slick, so don't underestimate the work. The bar in design and clarity is high so don't underestimate it."*

Mara Seaweed

http://maraseaweed.com/

Location: Edinburgh

Crowdfunding Model: **Equity**
Platform: **Crowdcube**
Target: **£500,000**
Raised: **£527,750**
Equity: **13.72%**
EIS Eligible

Mara Seaweed's mission is to "Nourish Body and Soul" with an award-winning range of nutritious, and delicious shake-on seaweed flakes. Founded in 2011 by current CEO Fiona Houston and business partner Xa Milne, the company has enjoyed great success and recognition including being Best Producer Finalist in 2015 – BBC Food & Farming Awards, and winning Best Artisan Product in 2016 – World Food & Beverage Innovation Awards.

Like most young businesses Mara Seaweed were aware that they needed an injection of finance in order to grow. *"I had managed to get a substantial proportion of support from private investors but I liked the democratic quality of crowdfunding. That appealed and it allowed us to reach so much further."* Fiona told us.

Banks, in Fiona's view, were not a realistic option. *"Banks are not prepared to share the risk and make the journey with us at this stage. The crowd are."*

Mara Seaweed settled on Crowdcube as their platform of choice for the offer, seeking £500,000 for 13% of equity. Fiona describes Crowdcube as being very professional and that the due diligence process they required of Mara Seaweed as very being thorough but valuable. *"The due diligence process is such a good and useful one. You should do it anyway as it is helpful for any investment process."*

The process of running the campaign was a very demanding one. Fiona recalled it as *"Very gruelling! There is a lot of work and you are very exposed to both the good and bad of social media and it takes a great deal of time and I had to commit the time to it. There is no one else that can do the work on the campaign. I had to be the voice of the campaign."*

The duration of the project in the round was considerable as well, starting before the campaign went live on the platform. *"This is not a trivial thing, you have to take it seriously and you must accept it will take a significant chunk of resource both before and during the campaign, and it doesn't end then either."*

But Fiona believes there were additional benefits for Mara Seaweed in going down this path *"It's a great marketing tool and your pool of investors is a really useful resource. They are engaged and advocates and you can get really good information from them."*

The Survey

The survey was conducted online and received 100 responses – 88 of which were located in Scotland, and this 88 constituted our sample set.

47% (39) of these respondents described themselves as located in Glasgow, 18% (15) in Edinburgh, 7% (6) in Angus, 6% (5) in the Highlands and the remaining respondents from a range of locations.

A broad range of sectors was represented but the largest groupings were Financial Business and Professional 30% (20), Self-classified/Other 21% (14) and Third Sector/Charity 9% (6).

57% (38) were in small or micro businesses of between 1 and 9 employees.

A key filtering question was "Are you currently seeking funding or investment for your organisation?"
Yes 52% (35)
No 48% (32)

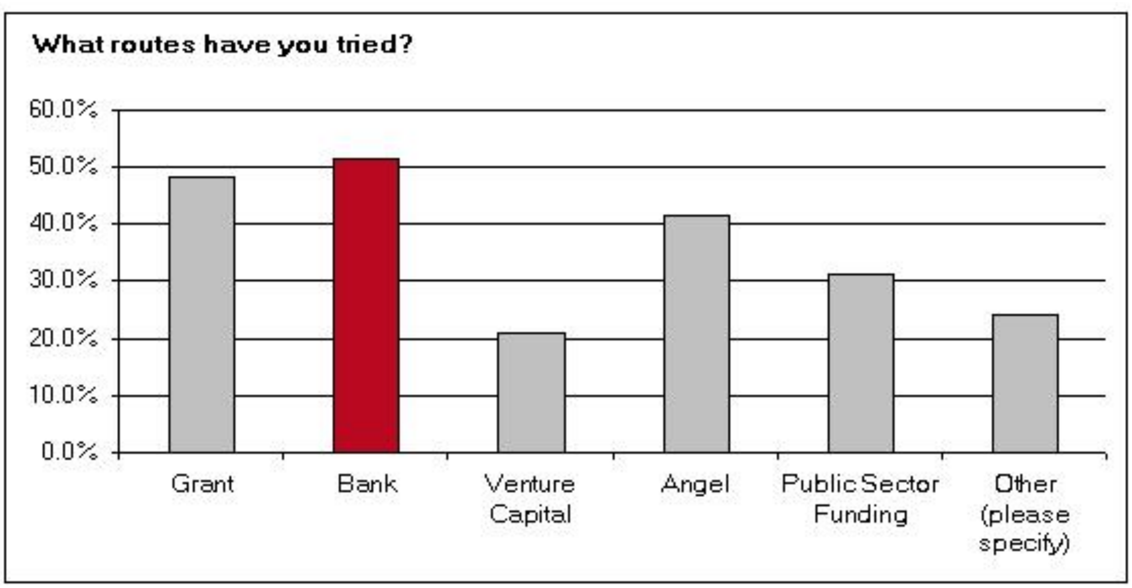
Only those seeking funding were routed to further questions about the specifics of their funding needs.

How much funding are you seeking?		
Answer Options	**Response Percent**	**Response Count**
0-£1000	2.9%	1
£1,001-£5,000	11.8%	4
£5,001-£20,000	11.8%	4
£20,001- £50,000	8.8%	3
£50,001 - £100,000	11.8%	4
£100,001 - £250,000	17.6%	6
£250,001 - £500,000	5.9%	2
£500,001 - £1million	20.6%	7
Above £1million	8.8%	3
answered question		**34**

What is the funding for?		
Answer Options	**Response Percent**	**Response Count**
Startup (Seed Capital)	14.7%	5
Working capital	17.6%	6
Expansion	23.5%	8
R&D	8.8%	3
Innovation or a new product	23.5%	8
Company survival/maintenance	0.0%	0
Asset purchase	5.9%	2
Repayment of other finance	2.9%	1
Other (please specify)	2.9%	1
answered question		**34**

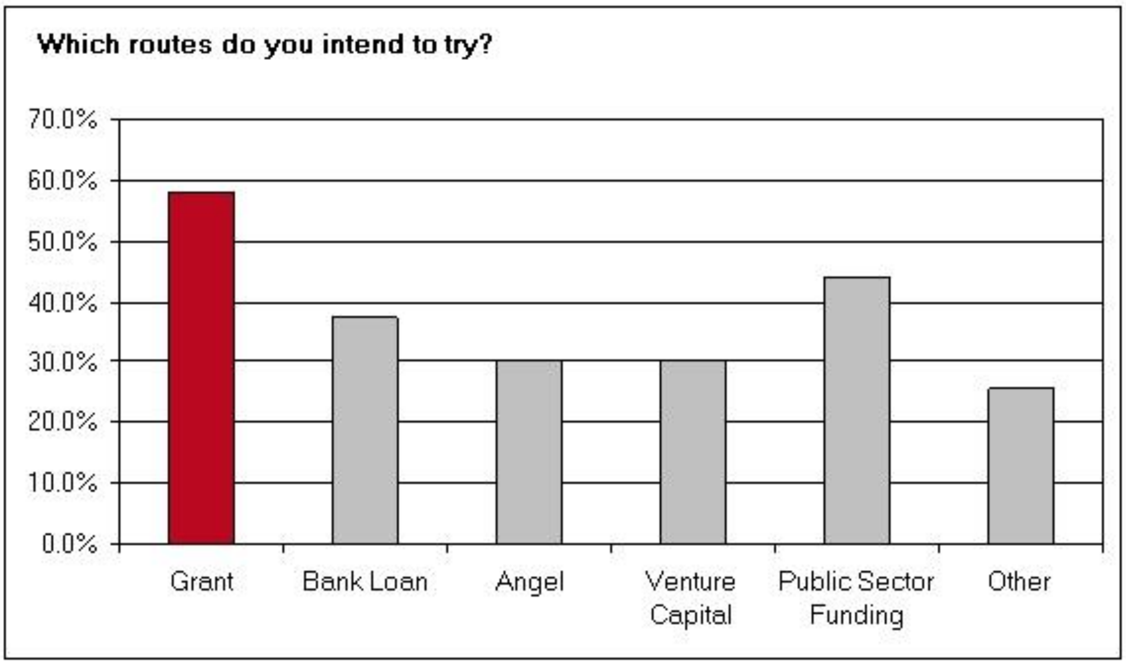
What routes have you tried?		
Answer Options	**Response Percent**	**Response Count**
Grant	48.3%	14
Bank	51.7%	15
Venture Capital	20.7%	6
Angel	41.4%	12
Public Sector Funding	31.0%	9
Other	24.1%	7
answered question		**29**

Note: “Other” included 3 mentions of Crowdfunding

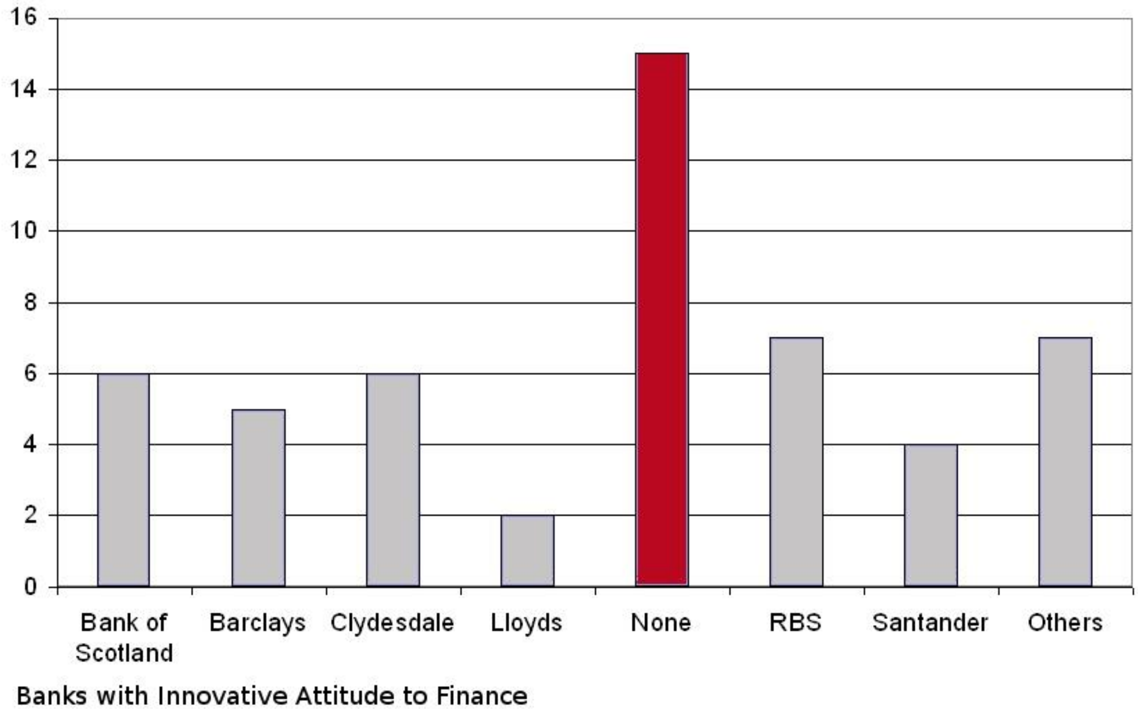


Which routes do you intend to try?		
Answer Options	**Response Percent**	**Response Count**
Grant	58.1%	25
Bank Loan	37.2%	16
Angel	30.2%	13
Venture Capital	30.2%	13
Public Sector Funding	44.2%	19
Other (please specify)	25.6%	11
answered question		**43**

Note: "Other" included 4 mentions of crowdfunding

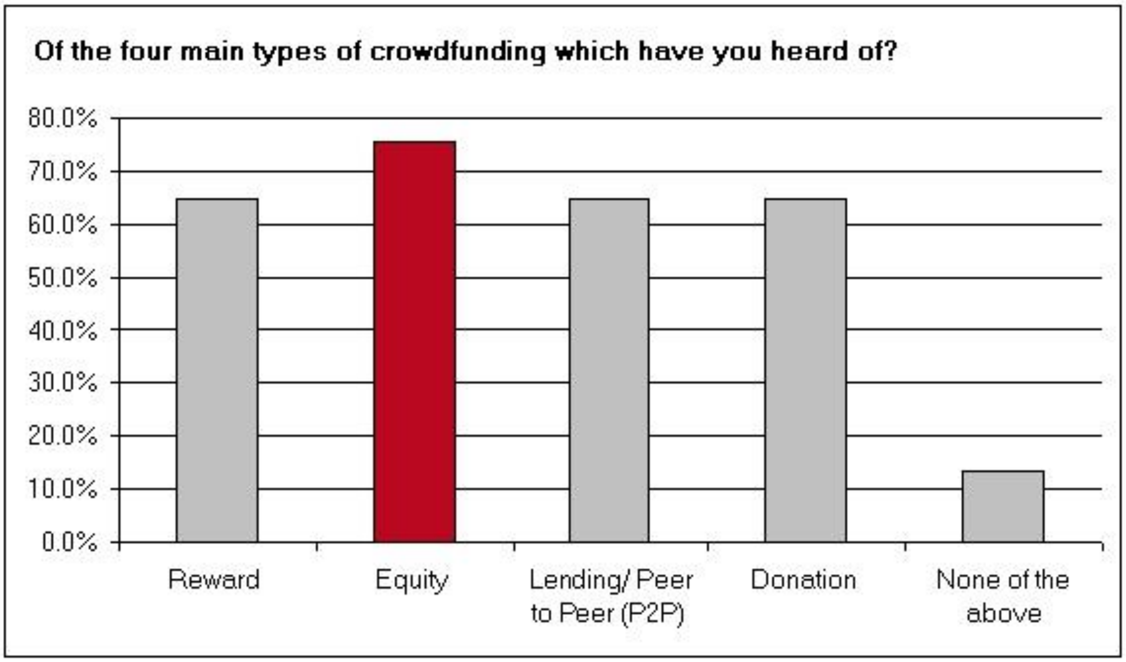


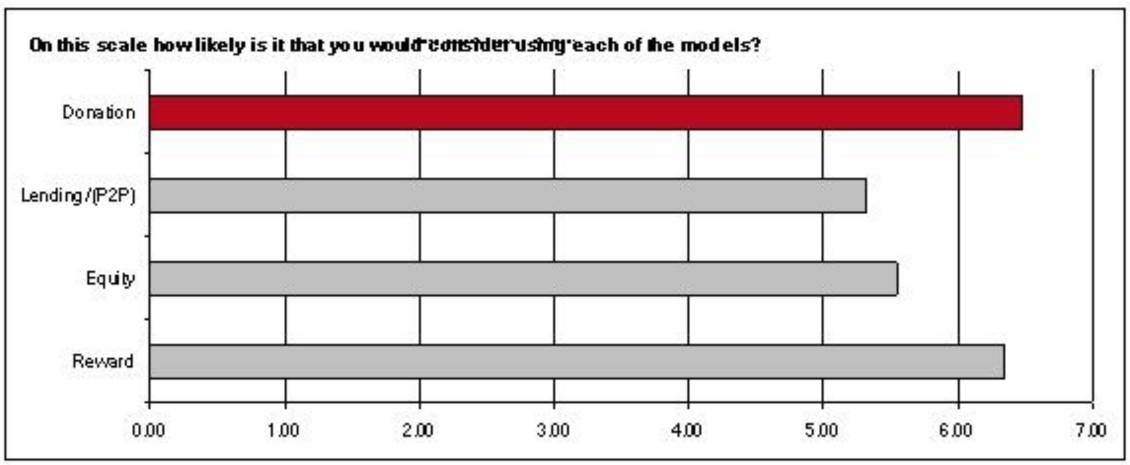
Which bank do you consider to be most innovative in its attitude to business finance?



Would you consider using, or have you already used, crowdfunding to fund your business?		
Answer Options	**Response Percent**	**Response Count**
Yes	50.0%	29
No	32.8%	19
I don't know	17.2%	10
answered question		**58**

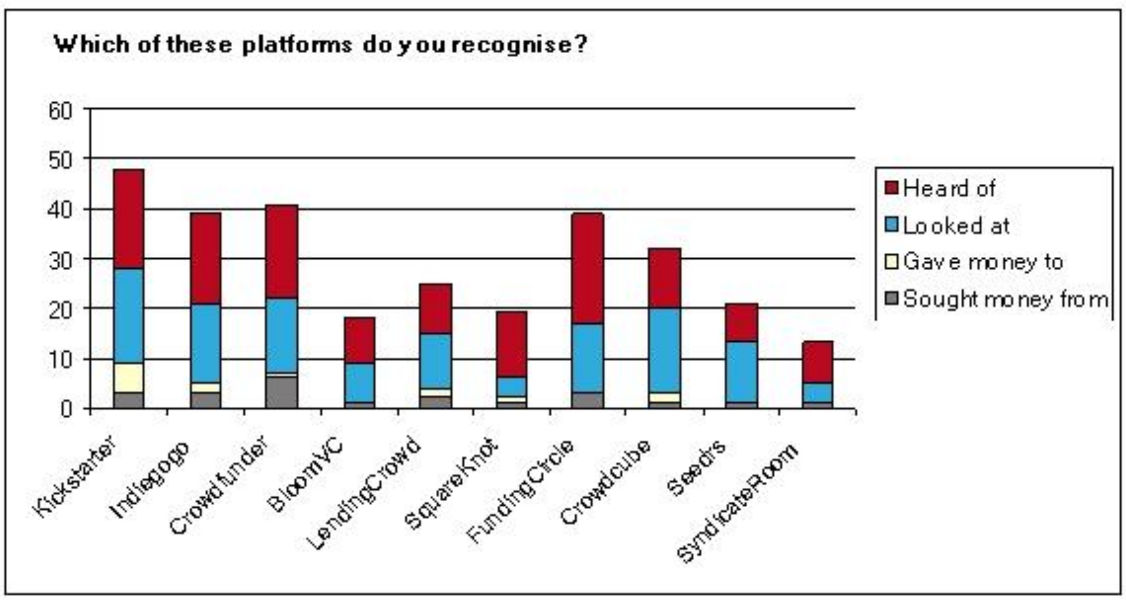
Of the four main types of crowdfunding which have you heard of?		
Answer Options	**Response Percent**	**Response Count**
Reward	64.9%	24
Equity	75.7%	28
Lending / Peer to Peer (P2P)	64.9%	24
Donation	64.9%	24
None of the above	13.5%	5
answered question		**37**



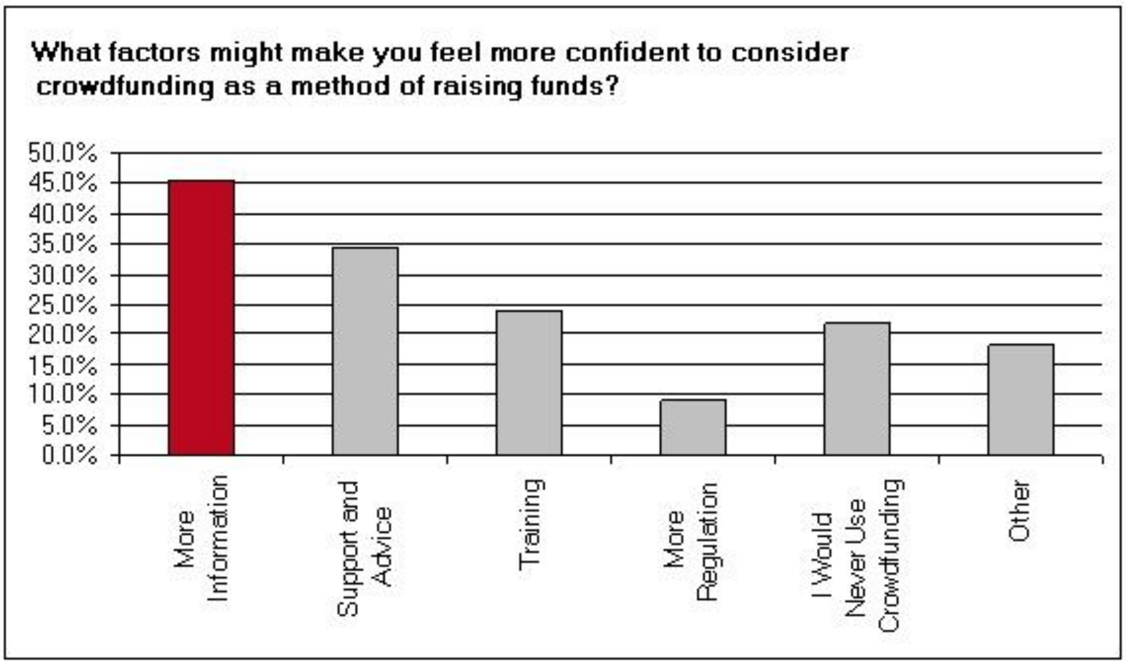


Note: This question was based on Likert scale of 1-10 where 1 was "Would Definitely Not Use" and 10 "Would Definitely Use" The graph shows the weighted averages for each model

Which of these platforms do you recognise?					
Answer Options	**Heard of**	**Looked at**	**Gave money to**	**Sought money from**	**Response Count**
Kickstarter	20	19	6	3	38
Indiegogo	18	16	2	3	32
Crowdfunder	19	15	1	6	34
BloomVC	9	8	0	1	20
LendingCrowd	10	11	2	2	26
SquareKnot	13	4	1	1	23
FundingCircle	22	14	0	3	37
Crowdcube	12	17	2	1	29
Seedrs	8	12	0	1	23
SyndicateRoom	8	4	0	1	18



What factors might make you feel more confident to consider crowdfunding as a method of raising funds?		
Answer Options	**Response Percent**	**Response Count**
More Information	45.5%	25
Support and Advice	34.5%	19
Training	23.6%	13
More Regulation	9.1%	5
I Would Never Use Crowdfunding	21.8%	12
Other (please specify)	18.2%	10
answered question		**55**



In producing this report we spoke to, and sought information from, a very wide range of people and organisations. We list here a number of those to whom we would particularly like to extend our thanks for their time and contribution.

Angus Council
Ben Aronsten
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Nelson Gray
Shelley Hague
Steve Hand
HIE
James Hoare
Fiona Houston
Robin Jackson
Barry James
Owen Kelly
Sandy Kennedy
Jim Law
Linc
Alan Long
Magnus Macdonald
Mike Mackenzie
Kenny Macleaod
Hamish Malcolm
Professor Colin Mason
Peter McColl
Scott McCullogh
Ed Molyneux
Todd Nugent
Stuart Patrick
Jess Ratty
RBS
Rebuilding Society
Andrew Robertson
David Robertson
Gordon Sayers
Seedrs
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