

A close-up photograph of a hand holding a gold microchip over a circuit board. The background is blurred, showing more of the circuit board and other components. The lighting is dramatic, highlighting the texture of the chip and the skin of the hand.

SouthTech

**Mission critical for
economic prosperity**

Technology Companies: The Way Forward

Symposium Report commissioned by



The south of England is home to worldclass technology companies, and their success is vital if the country is to continue to develop and sustain a knowledge-based economy.

But what are the specific operational and strategic issues which have an impact on their ability to grow and achieve their potential? How is it possible to build long-term value in a such a constantly dynamic market?

Companies with market leadership credentials as well as those with the ability to achieve that position provide a barometer reading in a report which has been co-commissioned by MHA MacIntyre Hudson.

To preface the launch of the SouthTech report, a symposium hosted by MHA MacIntyre Hudson considered what could materially determine whether we are going to be able to continue to develop and exploit our knowledge base.

Let's start by what still motivates you about your involvement with technology, and what would you say is the most profound change in the technology sector in the last few years?

Frank Bennett (Deputy Chairman, Cloud Industry Forum): "I've been in IT since the days of mainframes and I like being on the cutting edge of things, the potential for bleeding age, and the constant innovation that technology brings. The biggest game changer for me has to be the cloud."

Alex Tatham (Managing Director, Westcoast): "Work is much more fun than fun, said Noel Coward. What I find is that there is something new to do in a technology business every day, and there are opportunities everywhere; so much potential for growth. Cloud computing would be the biggest game changer - so far."

Lyndon Stickley (Managing Director, Stratagem): "I'm pleased to see a sense of social purpose as well as business purpose becoming more of a priority among companies. The impact of the cloud is ubiquitous, typified by teenagers talking cloud language in everyday speak; the world works in a very different way now."

Darron Antill (CEO, Device Authority): "The challenge is that young people are so familiar with apps; companies need to be able to keep up with them whether they are an employee or customer."

Tallat Mahmood (Director of M&A, MHA Macintyre Hudson): "Whole industry sectors are changing and streamlining processes and it's continuous because of technology. It's a fact that smaller businesses can effectively compete globally against multinational competition."

Keith Errey (CEO, Isansys): "Very much what we are doing now hasn't been done before. Technology enables small firms not just to look at a market sector, but actually revolutionise them. Data, its use and misuse has been the biggest change, and now the concept of getting machines to carry out our thinking processes."

John-Paul Norman (Director of Technology, Security & Governance, Amicus ITS, part of the Aura Technology Group): "I have the pleasure of being a geek and I see technology as a true enabler. The most profound change is the recognition of data privacy and governance - General Data Protection Regulation (GDPR) is an enabler of good governance because it will result in people having more trust in data. That in itself will be a real step change."

Patrick Christian (CEO, Culloma Technologies): "I love making technology work and then converting that into dollars. That's motivated me for decades. I enjoy being able to be on the wave of the internet which has made everything more global."

Lesley Reeve (Chief Operating Officer, FISCAL Technologies): "With technology there is always a problem to solve; you never get to think it's done because there's always something to develop, and that's the fascination. The speed of predictive ability is extraordinary. Seeing the way children are figuring out life using technology is also really fascinating."

Paul Sparkes (Commercial Director, Iplc): "To use a surfing analogy, it used to be said that you would be lucky to ride one ultimate wave in your lifetime, but with technology it can happen time and time again. The cloud for me is the ultimate leveller. It means for the first time, SMEs can compete on a level

playing field with corporates, and we are really only seeing the tip of the iceberg. I also see how the new generation of employee can face massive disappointment with how technology is deployed in the workplace if it isn't as up-to-date as their own devices. That results in a sense of being disenfranchised, that the working environment is somehow alien to them and the way they live their lives."

How can we specifically address the skills gap - Is STEM, the school curriculum based on the idea of educating students in four specific disciplines (science, technology, engineering and mathematics) working? What else should the education system be providing, from primary level through to university?

Frank Bennett (Deputy Chairman, Cloud Industry Forum): "The issue is multi-dimensional because not everyone is going to be gifted in STEM subjects, and that doesn't mean they don't have a valuable role to play in society. I'd be more interested to know if we can teach commonsense and the responsible use of technology."

Keith Errey (CEO, Isansys): "We need to have a wide cultural background, from courses such as philosophy, and I would argue that the school curriculum is already too narrow. By A-levels, students are down to three subjects. We needed a broader base so that people are genuinely educated. Schools shouldn't be about training or just focusing on STEM subjects."

Lyndon Stickley (MD, Stratagem): "STEM translates to core subjects which students need to get right, irrespective of their chosen career. It should be from university onwards that shapes you for work - that's where the difference is made. Interestingly, last year, seven per cent of eighteen-year-olds opted for apprenticeship degrees, up from three per cent. They gain the qualification with no debt, and a better focus of what work is about; this is how companies can better shape what they need from their graduates."

Alex Tatham (MD, Westcoast): "Ninety per cent of computer graduates are male, so clearly something must be putting women off at a time when technology most needs them.. The adoption of the Gatsby Career Benchmarks will mean a child will have better careers education in their secondary years, and my belief is that if they 'touch' a business once a year for that five-year period, there will be a better connection. I want to see 50,000 students in the Thames Valley having that business exposure in the next five years."

Lesley Reeve (COO, FISCAL Technologies): "I've just been looking at statistics which show a huge drop-off of girls doing science subjects for their GCSEs and then again for A-levels. We need to examine what is the cause. As employers we are going to have to work closer with education if we are to see more women in the technology workplace. For example, we have an A-level student who had demonstrated a real interest in coding and business."

John-Paul Norman (Director of Technology, Security & Governance, Amicus ITS): "Our board knocked out the need for candidates to have a job-related degree. Actually my degree is in environmental biology. What a degree should be about is learning to be fleet of foot

in thought; it's about being able to effectively identify, approach and address problems."

Paul Sparkes (Commercial Director, Ipllicit): "It's been a perennial issue. I did work experience in the 1990s at an IT company and they allowed me to work part-time on a paid basis which I was still in secondary education. I'm a big advocate of interns so people can make the choice to go straight into work or to continue to higher education. I realised that if I went to university to study a technology subject, what I would learn was going to be out of date by the time I got my degree."

Patrick Christian (CEO, Culloma Technologies): "There's still a 'cultural' issue in this country. You don't pick it up consciously but there's still something of a stigma with anything relating to engineering. My daughter-in-law designs robots which makes cars, but she comes from a family where her mother and father are both engineers."

Lesley Reeve (COO, FISCAL Technologies): "We need to have role models like her. If you ask eighteen-year-old girls who their role model is, it's likely on their smartphone they'll will show you a picture of a You Tuber."

Alex Tatham (MD, Westcoast): "Our culture needs to change if we are going to make the UK Silicon Island."

What is your take on the impact of artificial intelligence, robotics, and machine learning?

Lyndon Stickley (MD, Stratagem): "AI is the ultimate breakthrough technology. The US market for AI is now said to be \$40billion, and ultimately in the UK alone it will be worth

\$630billion. But two quotes scream out at me about it. The first is that a study suggests that 50% of customers will base their decisions on AI rather than the brand; if AI says that's the product or service to go for, they will. So the sale will be more technology driven than about marketing. The second is that a report says there is a 50% chance of machines being able to out-perform all human tasks in forty years. That spells more than decimation of the working world as we know it. Companies will have to face up to what is going to happen to their markets. They can only make a profit if people are in a position to buy their products and services, and if they aren't earning, they can't."

Patrick Christian, (Chief Executive, Culloma Technologies): "But we have to put it into perspective. Much the same was said about the invention of the spinning loom in the Industrial Revolution. I actually asked our marketing person to drop the expression artificial intelligence from our website - its association with the surreptitious collection and use of data doesn't have a good resonance just now."

Paul Sparkes (Commercial Director, Ipllicit): "What I would say is that if this is the Industrial Revolution version two, then before, adoption took longer and the latest version of the spinning loom wasn't introduced every few months. And today, because billions of connected devices already exist across the world, the platforms for adoption of new technology are in place. Certainly there is a lot of emperor's new clothes about what is being said about AI, but it does have the power to transform everything we do."

Keith Errey (CEO, Isansys): "But can AI provide a better settlement for the Kurds in Syria? Will it stop sea levels rising? Can it tell

us what religion should be followed? It can help by pointing to possible solutions.”

Lyndon Stickley (MD, Stratagem): “That assumes that we know better. The reality is that if we think AI isn’t efficient, that’s because it’s too early in the development of machine learning. If there is human intervention, it means AI needs to learn more.”

Frank Bennett (Deputy Chairman, Cloud Industry Forum): “Will we have the trust as human beings to let go? Will AI be able to help or take into account emotion?”

John-Paul Norman (Director of Technology, Security & Governance, Amicus ITS): “The most successful way to achieve governance though, to give one example, is to remove emotion in order to get a truly accurate black and white position.”

Keith Errey (CEO, Isansys): “But is there a right or wrong answer to every question?”

Patrick Christian (CEO, Culloma Technologies): “Where technology works better is where it enhances rather than replaces human endeavour.”

Frank Bennett (Deputy Chairman, Cloud Industry Forum): “With all of the considerations which have been raised, clearly there is a political and societal dimension to AI. For me, I think there are so many frivolous conversations about AI because it’s so new, but our children will be impacted by the choices we make today.”

Lyndon Stickley (MD, Stratagem): “With the emergence of machine learning and the need for more trust and governance, the fact that ninety-six per cent of all code, globally, is written by men will create unconscious

bias and inadvertently perpetuate sexism - AI could effectively turn back the clock on many aspects of women’s equality. An example of this was with credit card limits only recently, where seemingly identical profiles, apart from gender, were receiving significantly different limits, with the men receiving more than the women.”

Is there appropriate funding for UK technology companies to scale? Can (or should) we level the playing field with Silicon Valley?

Keith Errey (CEO, Isansys): “In terms of investment in technology, the UK is being overtaken; by Israel to give one example. We have to go to the US to get funding. There’s some lovely talk about financing technology in the UK, but investors want a safe bet. But it does shock me how much cash US technology companies can burn. I could put a quarter of that money to much better use!”

Alex Tatham (MD, Westcoast): “An ambitious technology company in the UK will need to show it has a paying customer on board and something of a sales pipeline to gain meaningful investment.”

Paul Sparkes (Commercial Director, Ipllicit): “Even the larger funders want to see a proven revenue stream.”

Lyndon Stickley (MD, Stratagem): “The typical VC technology investment model is that one in ten companies will be a star, and maybe one or two more will work. This model applies to both the UK and US, though the numbers, both gains and losses, are many many times higher in the US because of their attitude to risk. I know of a company

which has spent £300,000 on development, has no customers, no defensible IP, but it set a £6million valuation for its latest round of fundraising. This type of 'disconnection' works well in the US but less so here and I don't believe we'd benefit from a US approach. Culturally in the UK we want to see evidence of traction, and that's right. Crowd funding can also be nuts though, even in the UK. It can be 'follow the piper'; he or she is in, so I'll invest £10,000 as well."

Tallat Mahmood (Director of M&A, MHA Macintyre Hudson): "Private equity says it is keen to invest if the profits are there. If a company has a minimum of a £1million bottom line, it can have more serious conversations with investors."

We'll finish with a consideration of the role of government and politicians.

Lesley Reeve (COO, FISCAL Technologies): "Our politicians are so disconnected with how a technology company, or business in general, actually functions. And if you try to explain your situation, you're met with blank expressions."

John-Paul Norman (Director of Technology, Security & Governance, Amicus ITS): "The G-Cloud initiative is meant to allow SMEs access to government contracts, which is wonderful. But do SMEs have the resources to manage the process?"

Paul Sparkes (Commercial Director, Iplc): "I want to see even more digital leadership from government, following on from 'making tax digital' because it leads to companies gaining better productivity."

Tallat Mahmood (Director of M&A, MHA Macintyre Hudson): "Early stage technology companies spend a disproportionate amount of time trying to find grant funding. And when they succeed, they find that the work it works can be that they have to spend money they haven't got first and then claim it back."

Lyndon Stickley (MD, Stratagem): "The political elite is disconnected from both the businesses and the workers. Their focus is on the self-serving short-term issues, basically on whatever they need to do to get re-elected to continue their career rather than delivering a sound economic strategy."

Alex Tatham (MD, Westcoast): "We need vision. The key is for our politicians to give the country a sense of hope, and I'm not sure that the new generation is going to be motivated to vote for middle-aged politicians who don't know how to offer anything which is meaningful to them."

Frank Bennett (Deputy Chairman, Cloud Industry Forum): "If a politician has no experience or real understanding of business, how can they address the challenges we have been discussing?"

The symposium was chaired by Jason Mitchell, Head of Technology, Partner, MHA Macintyre Hudson



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