



# Raising early-stage equity finance for VocTech

Wednesday 13<sup>th</sup> September

# Session Outline

Practical information we've gained through our investment activity:

- when and why to raise equity,
- the pros and cons versus other forms of funding,
- how to position your business for success,
- the state of the investment market, and
- what to look for in an investor (and what different investors are looking for in you)



# What is equity finance:

**Venture capital:** typically provided to **early-stage, high-potential companies** in the interest of **generating a capital return** through a realisation event such as an **IPO** or **trade sale** of the company.

## *Other sources of capital:*

### **Private Equity:**

Focus on more mature, established companies

### **Debt Financing:**

Borrowed money. Doesn't dilute ownership or control but business must make regular interest and principal payments

### **Invoice Financing:**

Borrowing using invoiced sales as security

### **Grant Funding:**

No repayment, interest or ownership. Some have 'clawback' clauses and take a charge on assets funded by the grant

# Is Venture Capital right for me?

*Venture capital investment has many benefits but also comes with challenges...*

**Long term capital**

**No repayments**

**Alignment of interests**

**Capital for growth**

**Expertise and guidance**

**Validation and credibility**

**Equity dilution**

**Time consuming process**

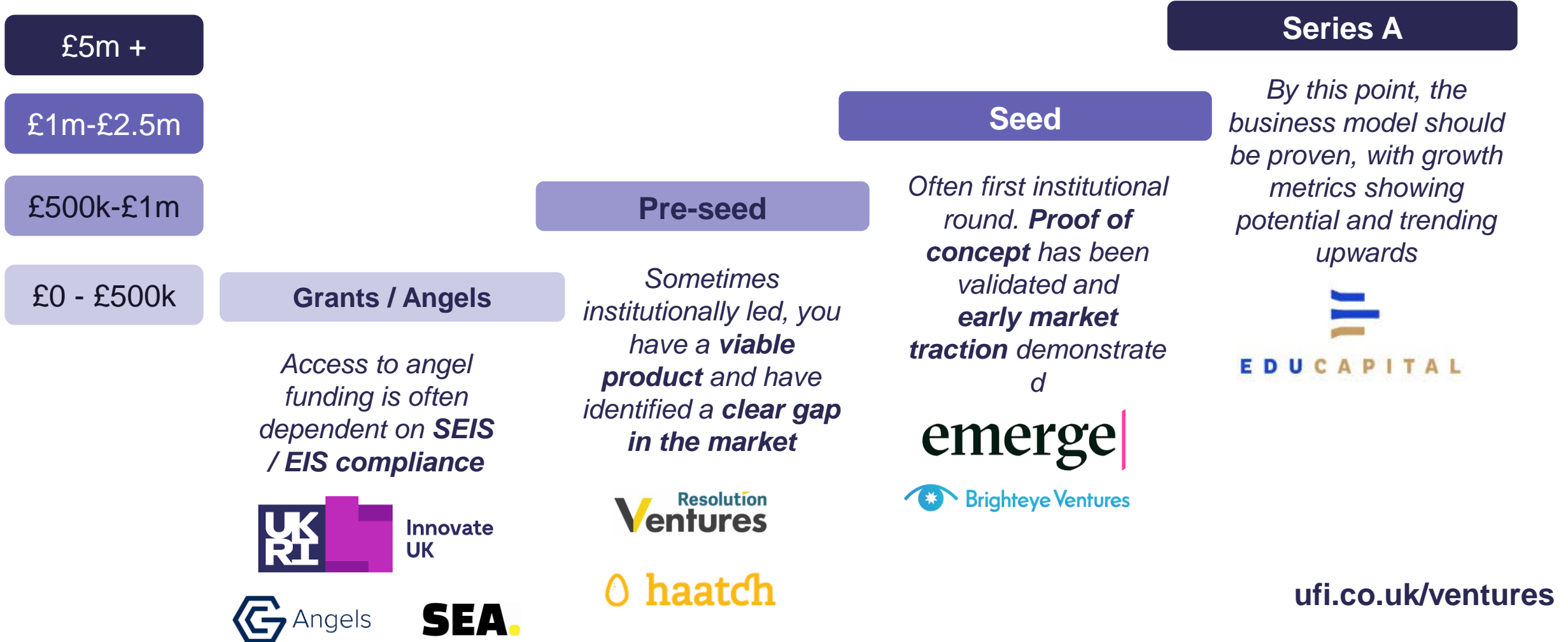
**High barriers to funding**

**Some loss of control**



# Equity Funding Ladder

Often teams go through several rounds of fundraising, with different requirements...



# Positioning yourself for success

*There is no right time to fundraise – except maybe don't start in August!*

## Understand the problem and the opportunity

- *What is the market opportunity?*
- *Have you validated your idea?*
- *Can you articulate this concisely?*

## Have a clear go to market plan

- *Who is your target customer?*
- *How will you reach them?*
- *How do you plan to monetise / scale?*

## Build a winning team

- *How does your background and skills help?*
- *What are the current gaps in the team?*

## Be prepared for the process!

- *Do you have a business plan / pitch deck?*
- *Have you researched your ideal investors?*

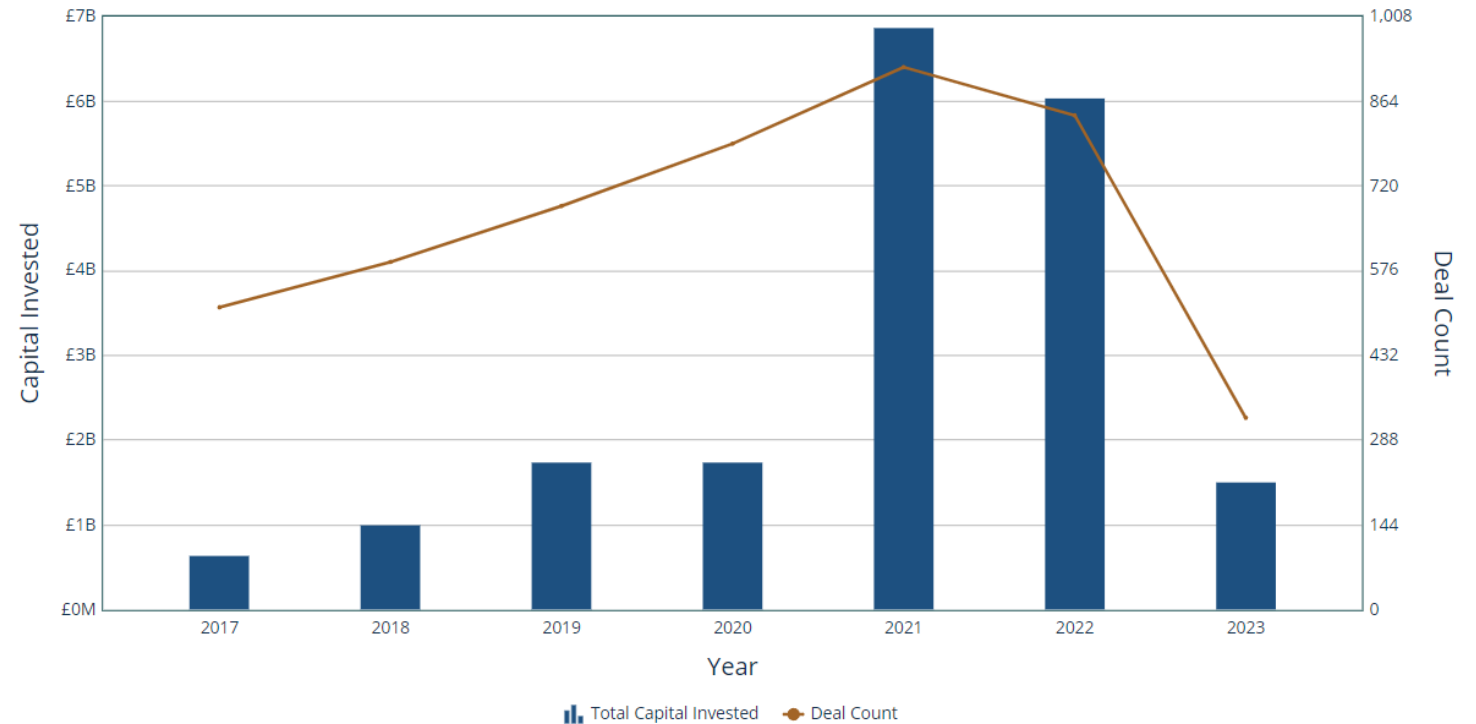
# VocTech Venture Capital Funding Landscape



The VocTech market has **retracted globally** in both **capital invested** and **deal count** since the highs of 2021.

All is not lost though – the market is moving back to **pre-pandemic levels** with Europe appearing particularly resilient.

Capital Invested & Deal Count



Source: PitchBook Data



# What to look for in an investor

- Will they provide valuable guidance? Eg sector knowledge, start-up experience, help with exit.
- Do they have aims other than a financial return?
- What is their investment time horizon?
- Can they invest over multiple rounds?
- What is their reputation in the market?
- Chemistry.





# What VocTech investment trends are we seeing?



## Micro-Learning

- Bitesize content
- Audio & video clips (edutainment)
- Corporate learning

## Coaching

- Especially for 'white collar' roles around soft skills & management training

## Job boards that include training solutions

- In areas with high vacancy rates

## Creative Economy

- Notable increase
- Broad demographic

# What are we expecting to see in the next 6 months?



*We see a lot of applications promising AI as a key value add but we haven't seen this really creating a step change for vocational learning yet. We expect this to change in the next 6 months.*

## No Code

- Will coding bootcamps need to focus on “checking” or more specialised area as No Code solutions become more sophisticated
- DevOps + Cyber skills growing in demand

## Generative AI

- Solutions that use screen scraped data and AI to create learning content (but limited focus on pedagogy)
- AI learning from proprietary data sets – to provide insights and personalised corporate learning

## L&D > Employee Engagement

- L&D has often been used as a benefit or employee engagement tool
- Seeing more ROI focussed solutions

## Niche Targeting

- Solutions being very precise in their user groups or use cases.
- Hyper-focus on niche to get fast initial growth, but can these then scale above this?

# Future Themes

- Green Skills
- Older workers
- Construction
- Marginalised groups
- + ?

## Ufi Ventures

The UK's specialist investor in EdTech for adults; giving people and businesses the skills needed for work, now and in the future.



[ufi.co.uk/ventures](https://ufi.co.uk/ventures)



# What type of investment do we offer?

We **invest for equity**, typically alongside other investors as part of a syndicate

We typically invest at an early stage with our first investment ranging from **£75k-£150k**

We reserve funds for **potential follow-on investment** of up to **£1m** per company

Sector expertise and **rich network or support** within a portfolio community

# Ufi Ventures Investment Thesis



Drive skills development and flow of talent into areas of the economy where there are significant skills shortages.

Enable wider adoption of vocational learning, and better vocational skills development.

Reach under-served or hard-to-engage communities and supports them with better access to training and jobs.



# Thank you! Questions?

We'll add you to the Ufi Ventures bulletin list which provides access to our reports and investment news.

We'll also send you a copy of this slide deck.

## Additional Resources:

[A Global Mapping of Angel Networks](#)  
[FundFinder by Concept Ventures](#)  
[Connectd. Startup Ecosystem](#)  
[Shipshape VC Search](#)

Get in touch with the team:  
[ufi.co.uk/contact-ufi-ventures](https://ufi.co.uk/contact-ufi-ventures)



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