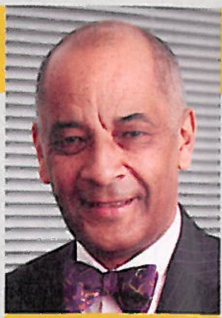
The expert's view

KEN OLISA



Ken Olisa, chairman of Restoration Partners

AS CHAIRMAN OF BOUTIQUE TECHNOLOGY investment bank Restoration Partners, Ken Olisa is particularly well placed to survey the state of the nation so far as the stars of tomorrow are concerned. Encouragingly, the former **International Business Machines (IBM:NYSE)** and Wang Labs man, who also founded and floated tech investment bank Interregnum back in 2000, is upbeat. He starts by pointing out issues which are easy to take for granted but are no less fundamental for that.

'Being based in Britain brings one key thing above all others - the English language, and that's a huge advantage,' he beams. 'You have the language, the legal system and the equity culture. Better still, there used to be a dependence culture, reliance on grants and Government, but that's largely gone now.'

This is not to say the infectiously enthusiastic Olisa, also on the board of **Thomson Reuters (TRI:TSX)** and chairman of the British Basketball Association, is unaware of the challenges that face young firms in particular. 'It may seem like a trivial issue but the benefits that accrue from society of you starting a business are nil. There's red tape and there's tax - if you make money - and there's no let up. We should have lots of enterprise zones to let firms get established and *then* they can pay taxes.' Grimacing at the thought of the controversial proposals put forward by Conservative party donor Adam Beecroft, he adds: 'It should be made easier to hire, correct your mistakes, whereas instead Government is focusing on making it easier to fire people.'

Olisa's firm provides access to capital and its network, as well as advice to a wide range of clients in a manner reminiscent of former British merchant bank SG Warburg. This approach is sadly alien to most investment banks today. He notes 'Funding is problematic but it can be solved. You just mustn't rely on Government to solve it for you because it can't solve much anyway'. Olisa points out research and development tax credits are available and champions enterprise zones, saying 'the funding climate is OK' and advising corporates to take advantage of these opportunities.

He is less convinced the UK is strong at intellectual property incubation and dismissive of venture capital, saying 'It doesn't work, it's done. Very few shoot the lights out like Sequioa. VCTs (Venture Capital Trusts) are a very British construction and it's stupid to buy something just for tax purposes.'

Restoration Partners is looking to do its bit. It is formulating plans to bring together individuals to form a club that will provide capital for deals as principal, so fledgling firms can access funds and investors can target rewards commensurate with the risks involved.

And it is when the subject of business angels floats in to our discussion, that Olisa moves in to overdrive. 'Yes, they will play a much greater role, their time is coming. I think there should be a bourse for them, so entrepreneurs can exchange shares, without losing all their relief. The companies will have shareholders and they will have liquidity. It's like an early-stage stock market where everyone knew each other, so there was trust and you didn't need the regulator. We need local bourses for angels, to create a natural progression for angels' investments and liquidity,' he concludes. (RM)

with it. They are obtaining funding where and as they can, making a difference to the economy and creating value for shareholders.

Our focus is therefore not just on patriotic plays but profitable ones. A good contingent of our prime regional picks (see pages 22 to 26) are technology names. They include Leeds-based **Filtronic (FTC)** and Berkshire-headquartered **Anite (AIE)** both of which are exposed to the wireless telecoms market. Alongside this pair sit energy and commodity trading software specialist **Brady (BRY:AIM)** and Lancashire's business-to-business telecommunications play **Daisy (DAY:AIM)**. This quartet have developed strong niches due to their market-leading intellectual property, as has Wiltshire-based **Latchways (LTC)**, our prime pick for the South West. Service excellence has seen us alight on Wolverhampton's pub operator **Marston's (MARS)** and Welsh agricultural retailer **Wynnstay (WYN:AIM)**. Our respective top selections for London and Scotland, are drinks groups **Diageo (DGE)** and **A.G. Barr (BAG)** both of which are in possession of formidable brands.

Testing times

When *Shares* launched its last *Britain's Got Talent* round-UK odyssey a year ago (see *Cover, Shares,* 14 Jul 11'), it was fair to say the UK's economy was hardly going gangbusters. Regrettably our optimism that the soft economic data at that time was symptomatic of a mid-cycle blip, not the start of a fresh downturn, has been confounded. A 0.3% decrease in first-quarter gross domestic product was the second straight decline and technically left the UK in a recession.

This is despite a number of initiatives launched by the Cameron-Clegg administration since it came to power in 2010. These include:

- Two rounds of funding for the 'Portas Plus' initiatives, where struggling towns and cities are given £100,000 to try and revive their High Streets.
- A £1 million Future High Street X-Fund aimed at town centre rejuvenation.
- A £500,000 Business Improvement Districts scheme to help town centres access loans.
- The NewBuy mortgage indemnity scheme. Even though this initiative has got off to a slow start, with broker Liberum Capital quantifying the number of homes sold at barely 400, **Barclays (BARC)**, Halifax, NatWest, Nationwide and Santander have all backed it. Rates have started to come down to a range between 4.79% for two-year mortgages and 6.09% for loans with a five-year term. Housebuilders participating in NewBuy include **Taylor Wimpey (TW.)**, **Persimmon (PSN)**, **Redrow (RDW)** and **Bovis (BVS)**.

Meanwhile the Bank of England (BoE) has tried to do its bit, by running the loosest monetary policy seen since it was established in 1794. Interest rates have stood at a record low of 0.5% for over three years and the central bank has poured £325 billion in to two separate tranches of quantitative easing (QE) in an attempt to stimulate growth. There is talk the BoE's Monetary Policy Committee (MPC) will unveil a third round, or QE-III, »