

FIN(4)FW013  
Finance Wales Inquiry  
Response from Clearstream Technology Ltd

Further to reading information provided online with regards to this review and in particular comments relating to Finance Wales; we would like to submit the following comments on behalf of our organisation; Clearstream Technology Ltd, is an SME business based in Church Village RCT, and was established in 2006 in the ICT sector. We have invested several million pounds developing a G-Cloud Accredited Data Centre near Cardiff allowing the local IT industry to begin offering Cloud and Internet services, and directly we provide much needed internet and server hosting facilities in South Wales.

Raising funding for growth has been a challenge since 2008, and has been sourced variously from shareholders, profits, WAG grants, Finance Wales loans, a bank mortgage and crowd sourcing (Funding Circle).

Of all of our funders, we have been very pleased with the support and involvement from Finance Wales, and would like to work more with them in future. In providing loan funding for our Data Centre expansion, the Finance Wales team has been responsive, professional, courteous, insightful, and commercially practical. Although an organisation with regional “public spirited” objectives, they successfully operate as a commercial pragmatic funder, and they were able to quickly understand and discuss our plans with a commercial mind-set, whilst maintaining sight of the value of the investment to the local area.

Finance Wales carried out appropriate due diligence and business planning with us, but we feel they struck an appropriate balance for between commercialism and risk management. By comparison, our WAG grant process was hugely laborious, lacked commercial insight, ran to geological timescales, and with hindsight absorbed more effort than it provided benefit. The process and culture gap between our fast-moving high-tech business, and the Public Sector, was an education for us and we are unlikely to explore this route again.

Bank lenders (variously RBS and Barclays) have been consistently reluctant and risk-adverse. They begrudgingly dribble out limited funding, only with onerous Directors guarantees. This is surprising as we operate in an attractive, high-growth sector, with a long track record, and we receive investment approaches from VC Funds almost every week.

So in summary we feel Finance Wales fills a very important gap in business funding in South Wales, which we currently could not see Government or the Banking sector filling in the short to medium term.

If asked, I think I'd recommend using funding wasted on grants to “enable” more lending by either (i) reducing the risks to borrowers through guarantees (so encouraging innovation and entrepreneurship) or to increase the returns for commercial lending (i.e. 6% from borrower increased to 8% to lender) to create a bigger pool of available investment. Both ideas would be cheaper than grants, and if ran commercially would be more help to businesses like ours.

In our opinion, Finance Wales is a credit to, and huge advantage for, the Welsh economy.

Steven Bevan ACMA

Finance Director

