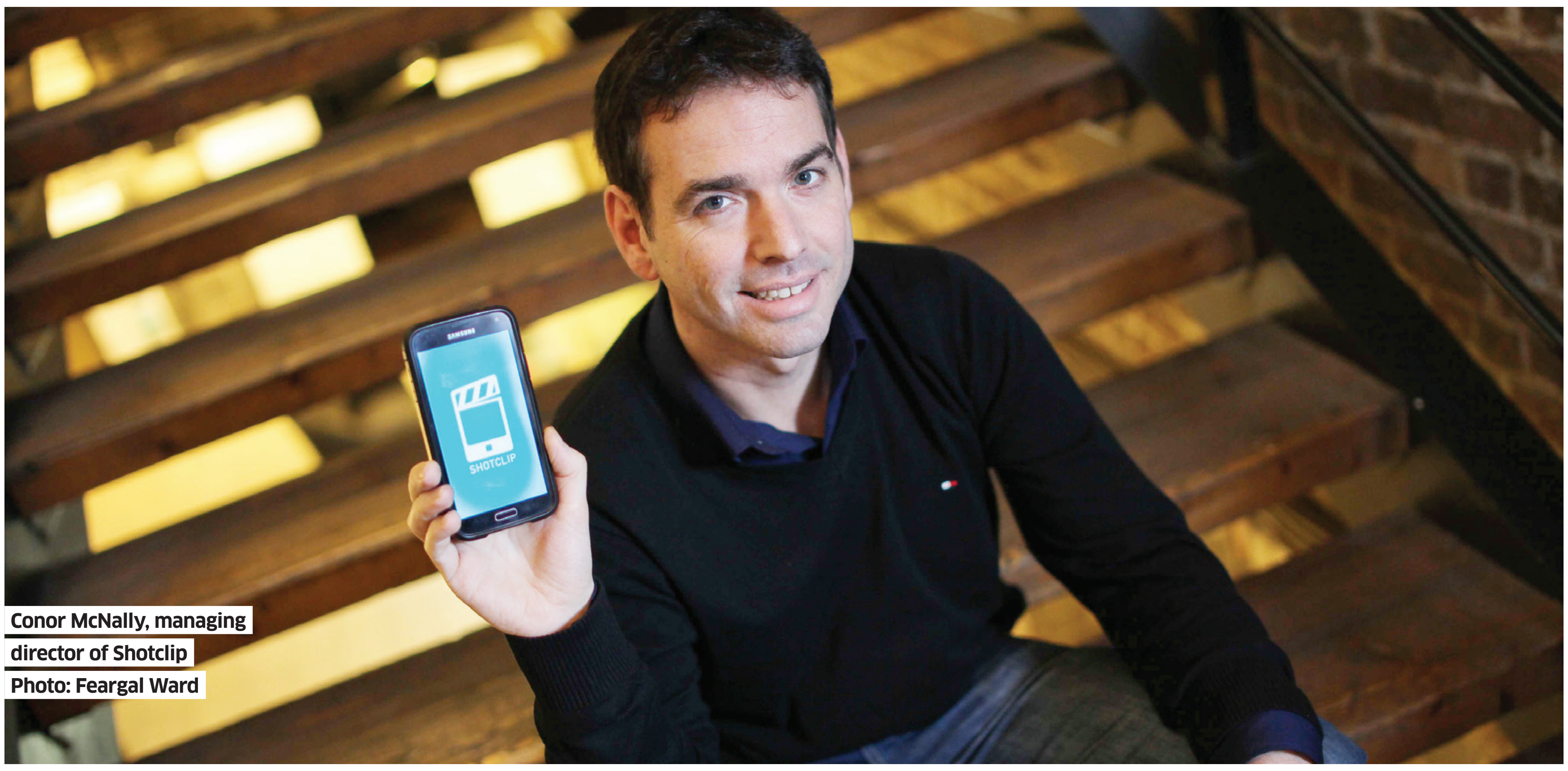
Conor McNally, managing director of Shotclip
Photo: Feargal Ward

Cash-starved start-ups 'need to look to Britain'

Shotclip founder says Ireland's investment community is too conservative, writes **Elaine O'Regan**

Cash-hungry start-ups seeking seed funding should forego Ireland's conservative investor community and opt instead for its more robust British counterpart, according to the founder of Irish social movie-making start-up Shotclip.

"We struggled to get investment here, so we had to go to the UK," said Conor McNally.

"It's really competitive in Ireland and there are limited options. There are four or five seed funds and, if you're not lucky enough to convince one of those, you're kind of stuck."

Established in Dublin, ShotClip has restructured, relocating its headquarters to Newry, Co. Down, to avail of a €340,000 funding boost involving a London-based venture capital house.

"To make it easier to get the funding, we restructured and set up as a Northern Ireland company for things like tax breaks, so we now have our headquarters in Northern Ireland and our office in Dublin is a branch," said McNally.

A software development company, ShotClip is developing social movie-making software that allows users to plan, shoot and edit their own footage using an interactive story-building app on their smartphone or tablet device.

"The kind of thing we're doing is more B2C [business-to-consumer] play, which is generally higher risk, especially for Irish investors, who have a lower appetite for risk and generally invest in B2B [business-to-business] companies," said McNally.

ShotClip has secured stg£200,000 (€250,000) from E-Synergy, a seed fund manager in Northern Ireland, and stg£150,000 (€190,000) from London-based VC Jenson Solutions.

"The process started with E-Synergy," said McNally. "I was knocking on all the doors in the South and I also went north and E-Synergy was the first investor to agree to do a deal with us.

"They work off a 70/30 match funding approach, so you have to go out and find the matching funding.

"In Ireland, there is a lot of angels who want to do micro-investments, but to line all of those up to reach €200,000 is a big challenge. It's easier just to go with a VC fund. We went to London and pitched to numerous VCs there and Jenson came on board."

McNally said securing the funding had been an eight-month process.

"It took quite a while. We got a provisional yes from E-Synergy at the end of June. The summer is a hard time for start-ups because a lot of investors take time off for holidays.

"It was really September before we got our next meeting and then the end of October before Jenson agreed to it.

"The painful part is that you have got two funding sources that have agreed to investing, but then it takes another four months to do all the legal work."

McNally said he would highly recommend that Irish start-ups consider tapping British sources for early-stage funding.

"If they're not lucky enough to get some of the small pool of investors here in Ireland on board, then I would say to them 'do it'.

"There are lot more options and a lot more people to talk to in London, and the investors there are clearer on their rules of engagement. They will give you a definite no a lot quicker," he said.

"A lot of the seed funds here still haven't given me a definite no. They were kind of stringing me along with 'well, if you do this, if you do that', and that is almost more frustrating because the next most valuable thing to a yes is a no because you know it's time to move on."

A beta version of McNally's product, developed over two years, is currently being used by 70,000 trial users online at ShotClip.com.

McNally expects to launch the official version before Christmas, with enhanced functionality and a tiered revenue model priced from €3 per month for individual HD users.

It can be used by individuals, but also scaled up to allow multiple users to make collaborative movies at special events, such as weddings, or for larger-scale global crowd campaigns.

Ninety per cent of ShotClip's 70,000 beta users are based in the US and the remaining 10 per cent are in Europe.

"Our aim is to make ShotClip a mass market global product with one million users by the end of 2015," said McNally, who established the venture in 2010 and, two years later, secured €50,000 in seed funding from SOSVentures.

The following year, the start-up secured €20,000 in funding as a participant in the National Digital Research Centre's [NDRC's] LaunchPad programme in Dublin, where seven of its eight staff are based.

It is the company's most recent funding round, however, worth close to €340,000, that McNally believes will really put ShotClip on the map.

"The whole area of crowd social movie-making hasn't been done yet. It's a complete social platform on web, IOL and android.

"We allow users to make movies using templates for everything you can imagine, from rock concerts to tourist attractions, birthday parties or weddings.

"The user directs the movie and all they have to do is fill up these slots with clips, and then the movie's ready to share."

Users can opt to share footage with others to create a collaborative movie.

"If you take the example of a concert you are at with your friends, you could all be taking the same ten shots," said McNally.

"If you can crowdshare different shots taken by the audience at Glastonbury, for example, you don't have everybody in the crowd competing for the same shots."

Taken a step further, McNally believes ShotClip has added value for consumer brands.

"If brands partner with Glastonbury's organisers, for example, they can run a whole campaign around it, they can feature the crowd movie as it evolves and change it over time.

"They can also use it to run a competition to see who gets into the final version of the crowd movie. It's kind of a social tool that allows a movie to emerge and evolve from the crowd."

Guidance on growing your business like a Rockefeller

BY COLETTE SEXTON

The Mastering the Rockefeller Habits Workshop will be held on Thursday, November 27 in Dublin's Croke Park Convention Centre.

"It's intended for leaders and leadership teams who have businesses that are already growing rapidly at a rate of 20 per cent a year and companies who have the potential to grow rapidly, but are stuck in some way," organiser Paul O'Kelly said.

The one-day workshop will focus on four areas, strategy, people, execution and cash, to help a company grow.

It is based on O'Kelly's consulting experience spanning nearly three decades and hundreds of companies and the Scaling Up book by Venre Harnish.

O'Kelly expects around 100 people to attend the event. Tickets for the event cost €395, but there are discounts for bulk purchases.

They are available from EventBrite.

Gene Browne, chief executive of the City Bin Co, will open the workshop by discussing how he used this methodology to scale his business.

"Gene is an advocate of this methodology and process that we use. He's been using this system to grow his business for a number of years," O'Kelly said.


Paul O'Kelly, organiser of the Mastering the Rockefeller Habits Workshop Feargal Ward

O'Kelly said it was important that companies send their entire leadership teams to the event, saying that one of his clients is sending 16 people from its various European leadership teams to the workshop.

"At the end of the day, attendees will have a clear understanding of what the top requirements are for accelerating growth in a business and how to become more profitable and more efficient as they grow," he said.

"Participants will come away with a framework on how to develop a growth strategy and how to hire and keep the best people on your team."

He added that businesses need to find and attract the best people to "drive the engine of growth".

He said that after the event, participants will have a new system to "set priorities and define strong metrics".

The workshop will be divided into two parts. First, attendees will learn the principle and philosophies behind the Rockefeller method and then they will have an opportunity "to make decisions in the room the day of the workshop on what they have to do when they get back to work", O'Kelly said.

"It'll leave them with a clear action plan of what they will do immediately, what they will do every quarter and what they will do until the end of 2015 in their businesses," he said.

The Lowdown
Business Tips for SMEs

This week: raising finance

BY LAR BURKE


Lar Burke

Raising money is not easy. The banks say they are lending. Businesses and their representative bodies say they are not. We have more venture capitalists and private investors than we have ever had and new sources of business finance have opened up.

Yet, there are ongoing complaints about the lack of finance for businesses. Why? How can two sides of the same discussion have two completely different stories to tell?

One reason for this is that, from a financing viewpoint, your business can't be a small and medium enterprise. "SME" is a great term if you want to describe lots of different businesses – it covers taxis, builders, retailers, wholesalers and more. It also covers the different businesses in each sector e.g. retail takes in corner shops, newsagents, garages, furniture stores, gift stores and a lot more.

All businesses have different financing cycles. This means they have different financing needs and different risk profiles. A typical need for a business will include:

- **Capital expenditure: to buy machinery or equipment (assets)**
- **Working capital: to buy stuff for selling on (working capital)**
- **Ongoing costs: to pay bills and expenses (operating expenses)**
- **One-off costs: to pay for a particular project or investment**
- **Start-up costs: for example, stationery, design costs, set-up**
- **Research & development: to develop products or technology to sell in the future.**

Is a retailer selling newspapers, sweets and milk the same as a retailer selling furniture? The answer is no. When you look at it from a financing viewpoint, the needs of both retailers are different and the risks are different.

Everyone (politicians, commentators, representatives and others) is looking for a financing solution for SMEs, but there isn't a single solution. How can there be a single solution if businesses have different needs and different risk profiles?

There is another reason why we should stop using the phrase "SME". It doesn't make sense in the Irish context.

The EU says you have a medium-sized business if you have less than €50 million in sales and fewer than 250 employees, or sales of less than €10 million and fewer than 50 employees. A lot of Irish firms employ fewer than ten people. In the European context, they are micro-companies. So, when the bureaucrats are drafting up their support schemes for SMEs, they are thinking about businesses that are a lot larger than ours.

"Preferential" is another word for low. A low rate equates to low return. A low return means the level of risk taken has to be low. The lowest risk is with medium-sized, established companies with a proven track record.

So, the outcome is that the EIB funds, with their lower rates, will find their way to the larger, medium-sized businesses. The EIB-backed funds will not be available to smaller firms that haven't established themselves in the market, because they will be seen as too risky.

No one is deliberately excluding our smaller SMEs. They are being indirectly excluded because the criteria set out can only be met by larger SMEs. The EU definition works fine for bigger companies – we just don't have many of them.

A one-size solution doesn't exist. We need to look at the financing needs of the business be it retailer, wholesaler, technology start-up or whatever to figure out a solution that fits the business.

We also need to recognise that smaller businesses are riskier, and help them find ways of reducing this risk. We need to fit the finance to the business – not the business to the finance.

Lar Burke is director of Companymoney.ie

Movers & Shakers

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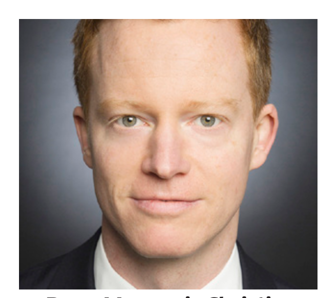
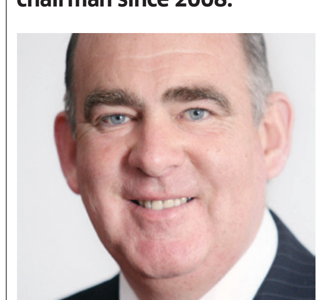
■ Lakeland Dairies has appointed Alo Duffy as its new chairman. A professional dairy farmer based in Monaghan, Duffy has been a member of the dairy processor's board of directors for the past four years. He succeeds Pádraig Young, who has retired from the board having served as chairman since 2008.


■ Dave Murray is Christie + Co's new head of brokerage for Ireland. Murray joins from Ulster Bank Ireland, where he was relationship manager and assistant manager in portfolio disposals for three years. He was also formerly chartered surveyor – hotel broker, valuer and project manager with CBRE for five years.


■ Capita Asset Services has appointed a new non-executive director. Gerry McGinn is chairman of the Strategic Investment Board Northern Ireland, a position he assumed last year. He was formerly managing director of First Trust Bank for two years.


■ Exaxe has appointed a new head of proposition delivery. John Keegan joins from IFDS, where he was head of proposition delivery for four years and head of finance for two years.