



University of  
**Strathclyde**  
Engineering

# Funding and Business Opportunities Workshop

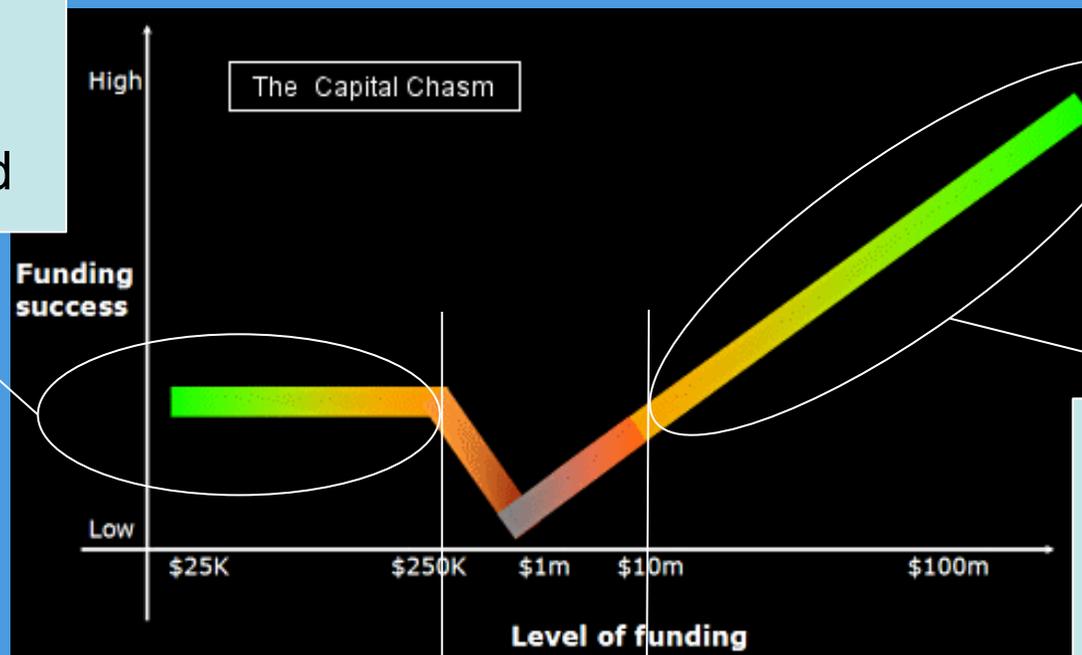
## Scotland's Hydrogen Future

Edinburgh, 15 / 16 September 2009

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# How can companies in the H2FC sector successfully traverse the “capital chasm”?

Support for early-stage product / technology development is reasonably good



Capital availability less of an issue once business has taken off

Securing first round of “transition” funding can be a challenge

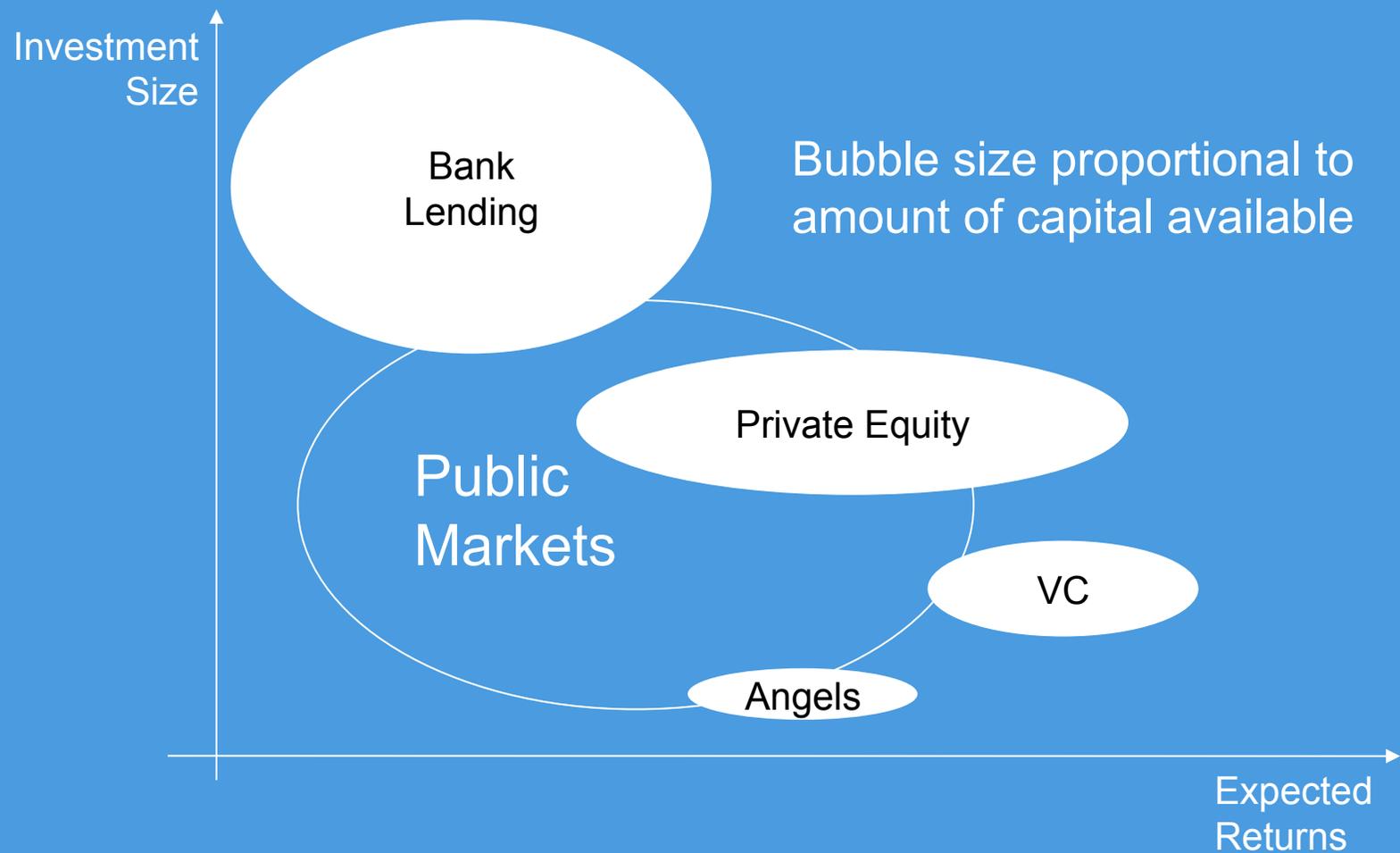
# The conditions for commercial investment in new energy remain highly volatile

- Overall returns to the NEX over 5 years still look better than NASDAQ but
- Recently overall market volatility has been magnified in the sector





# Identifying suitable investors – all investor types have their “sweet-spot”



# Some key considerations when seeking commercial funding

- “Ideal” amount of funding
  - Trade-off between securing sufficient funds and limiting amount of dilution
- Arriving at a “reasonable” valuation
  - VCs will look to achieve 10x return over 5 years for successful investments
- Risk vs. returns
  - How can you help the investor to mitigate risk and increase the potential returns?
- Public or private markets
  - Public markets can be source of relatively cheaper money but what about ongoing public scrutiny?
- What other support can my investors offer?
  - e.g. strategic support, business relationships

# Getting the business commercially ready

- Identify markets that might gain traction early on
  - Balance targeted market approach but be ready to act opportunistically if appropriate
- Cement channel relationships
  - Leverage existing value chains
- Securing pilot projects on commercial terms
  - Develop business systems
  - Test quality management systems
- Round out the management team
  - “Soft-circle” if necessary?

Need to recognise that progressing these key business issues will support the case for funding

# Workshop Timetable

<b>Activity</b>	<b>Time Allotted</b>
Brainstorming Issues	15 minutes (3 x 5 mins)
Grouping Issues	5 minutes
Voting	5 minutes
Strategy Development	10 minutes
Report Back	5 minutes

## Focus on 3 key questions – be specific

1. What are the principle externalities affecting the development of H2FC in Scotland?
  - e.g. inclusion in specific policy measures
2. What are the most important business issues to address when preparing a H2FC company for funding?
  - e.g. securing relevant expertise for management team
3. What are the main inhibitors to gaining commercial traction for H2FC businesses?
  - e.g. lack of appropriate sales channel

## Group themes and vote on most important

- What main themes emerge from the analysis?
  - Try to identify 3 – 5 clusters of themes emerging from the complete list
- Use your stickers to vote which issues you think are most important across the 3 questions
  - Apply as many or as few stickers to each of the themes to indicate the importance you place on each theme
  - Remember, you only have 5 votes each!!

# Suggest strategies to address key issues

- What strategies might we employ to address these key funding and commercial issues?
  - If you wish you can focus on those that have been identified by voting as most important but don't feel constrained by this
  - e.g. if the issue is obtaining suitable government incentives then you may address this through lobbying

# Report Back

- Offer a (very!) brief summary of your discussion