

Case-study: Santander Breakthrough Programme

1) Description of initiative(s)

- Financing and support programme for selected fast-growth companies – £500k-£25m turnover, growing at 20% per year for past three years in either profit, turnover or employees, not based in any sector/cluster/supply chain/geography
- £200m available mezzanine fund.

2) What need does this solve for scale-ups?

(1) Coordination, connectivity and promotion	(2) Access to Skills	(3) Leadership Capacity Building	(4) Customers (Domestic & Export)	(5) Financing	(6) Infrastructure
	Works with university partners to fund graduate interns from local universities with Breakthrough customers (target is 1,500 interns placed 2013/14).	Fill gaps in support functions e.g. HR and marketing. Also supports with ‘masterclasses’ from market-leading companies e.g. Google.	Trade missions to Brazil, UAE etc. to stimulate sales/relationships in other markets.	Provides a form of mezzanine financing that seeks not only a much lower rate of return than a private equity investment (10%) but also repayment terms that won’t impinge on cashflow (money is advanced solely in the form of debt, repayable at an agreed point in the future. In other words, the bank receives its return solely through interest repayments, with the rate set at 5% over LIBOR paid quarterly and a further 5% rolling up).	

3) Which stakeholders in the ecosystem are involved with running this?

Entrepreneurs	Ecosystem umbrella organisations	Government (national/ local)	Private sector	Investors/financers	Education providers
Later-stage, scale-ups Various entrepreneurs engage with the programme as speakers and mentors	London Chamber of Commerce (involvement with trade missions)	BIS, UKTI	Google, LoveFilm, McLaren, Saatchi Masius	Santander	Santander works with its 72 university partners in the UK

Example activities

		£50m government funding, close ties with UKTI for trade missions	Google, LoveFilm, McLaren, Saatchi Masius		
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4) What does success look like? What impact/outcomes are expected?

- 1,153 new jobs created specifically out of these deals. Creating one new job for every £21k of investment (vs. 1:£50k in other programmes).