



ROSE REVIEW 2023 SPECIAL WITH SARAH & CLAIRE

6TH MARCH 2023

CLAIRE [00:00:00] Nothing in this podcast is financial advice, and when investing, your capital is at risk.

(Upbeat music builds)

SARAH [00:00:10] Welcome to the Obu podcast, a place for people who are changing what it means to be an angel investor. We'll be talking to business owners who have taken investment and angel investors who are putting their capital, their wisdom and their networks to work to grow diverse-founded businesses. The world of investment is changing and we're inviting you to learn how. Welcome to the Obu podcast.

(Upbeat music gets louder then ends)

CLAIRE [00:00:41] We're really excited today to be back in the studio because we are talking about the Alison Rose Review, the 2023 report. It was first launched back in 2019 and we've been anchoring back to the stats as they look into women's entrepreneurship, ever since the very first review was launched. We're also diving into the Beauhearst The Deal report and the UKBAA Women Angel Insights Report. So loads of good data to wrap our arms around and understand – what does that mean now and what does that mean for the year ahead?

(Segment music change).

CLAIRE [00:01:14] So the Rose Review was first commissioned by the Treasury in 2019 to understand and evaluate the state of women's entrepreneurship in the UK. It's published every year right around this time, and it spotlights and celebrates the progress that has been made and identifies the challenges and where more work is needed.

SARAH [00:01:32] So that's what the Rose Review is. In terms of why it's important, there are a couple of things that we wanted to highlight. So firstly, it's not just about the report. So behind the scenes, the Rose Review team is driving action and creating accountability every week and every month. So yes, the annual report brings all of that together. But the Rose Review team, alongside others, are shaping and influencing government policy, they're providing inspiration to entrepreneurs, they're creating commitment and accountability with the banks and the VCs and angel networks. So actually, the Rose Review is about so much more than just this annual publication. And I think for us, as we've become a partner of the Rose Review, we've really been able to see that taking place behind the scenes. And I think it's important to spotlight



that for people who are maybe digging into the review at the moment. The second piece is that actually the Rose Review and this report enables the UK to take part in a global conversation. So we're really fortunate to work with the 51 in Canada. We've talked about them before, but actually this issue of inequality within entrepreneurship and investment is true in every country around the world. And so it's important that in the UK, us, our government, the Rose Review are part of that conversation, not only to share learning but actually to show where some of those challenges are so that we feel that we are part of a global conversation and importantly so that the UK can tap into the opportunity of women's entrepreneurship and realize the economic benefit, the innovation output benefit. We need to position ourselves as part of that global conversation. I guess then finally, it's really important to us when we think about our area of specialism and that being early stage investment and entrepreneurship. We look to the review to inspire the actions and decisions we make in terms of our business model and how we serve our customers and our audience. But also we're able to share our insights and learnings from working with first time angel investors and early stage entrepreneurs seeking their first investment rounds. We're able to share that research and that insight with the Rose Review team, and I think that really highlights one of the things that's exciting about this report, which is – it's a collaboration, you know, it's a collaboration between large organizations and movements, led by Alison. But it's also about grassroots and what are startups doing, what are local community groups doing? And this report brings all of that together.

CLAIRE [00:04:13] It is really interesting. And I think there were some really big data points that were shared in the very first review. So £250 billion added to the UK economy if women were to start and scale at the same rate as male counterparts. I mean that's something that I think we've all hung onto since, which is the size of the opportunity is significant. Let's dive though, into some of the highlights from this year's report, because we haven't seen as much progress as we would like to see in terms of investment going into women founders. We know it's still 2p in every pound, but the rate of women starting businesses continues to be really high. So 150,000 women did start a business in 2022. That's massive. That's huge. I think it would be remiss of us not to overlay additional data points. So we also know from the research that was led by Joeli Brearley at Pregnant then Screwed that also 43,000 women dropped out of the workforce this year due to the cost of childcare. It's actually an important point is also highlighted in the Rose Review, which is we can't ignore that these two things come hand in hand. And as more and more women are forced out of their work – we saw that through the pandemic as well – take on increased care responsibilities, are facing the cost of childcare, they are looking to more self-reliant ways to earn an income. And sometimes that can mean starting and founding their own businesses. So they are interlinked. And those two things are really important. And there is no ever straightforward way of, well, if we see an increase in entrepreneurship, then these problems over here get solved and vice versa. But I love the fact that the Rose Review this year have connected those two things together and overlaid it because it's complex.

[00:06:05] Yeah.

SARAH

[00:06:06] Female entrepreneurship is a really complex area to solve, which is why it

CLAIRE so many partners. It takes so many people around the table to pull all of the different pieces of the jigsaw together to solve the problem. What else did we find out this year? Increase again in



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150,000 women did start a
business in 2022.

That's massive! That's
huge!

the total number of businesses in the UK. So 20% of all businesses in the UK are now led by women, which is awesome. 800,000 opportunities created giving access to support, so networking, mentoring and masterclasses. A huge number of access to education and information and inspiration. I know we're going to dive into this one quite a lot later on, but let's celebrate the number of now 190 financial services organizations have now signed the Investing in Women's Code, which is up from 134 organizations last year. I think the bit that we found really interesting as we were looking through the report recently is that the emphasis has started to shift from total number of signatories to now a lot more emphasis coming through on the Rose Report, which is, okay, so what are you doing about being a signatory? And that's the bit that I think we were both we got really excited about, which is there's an emphasis on what's the action, what's the point of being a signatory. So called out specifically were improving female entrepreneurs' access to finance, nominating a member of their senior leadership team to support and drive the equality agenda. And what I really, really want to see next is the annual funding data, which is disaggregated by gender. So I cannot wait to see that in the 2024 report. And I think what all brings together and again, as I just mentioned earlier on, is the whole point of the Rose Review is to unlock the value of entrepreneurship. This isn't equality for equality sake, although honestly, that's a good enough argument, but it is because there's a £250 billion economic opportunity. We know that women build more profitable businesses with less capital. They do a great job of being entrepreneurs. So if we can support more women to seek investment, to scale their businesses, to create job opportunities and to reach that kind of milestone of plus £1 million turnover or Series A investment rounds, we know that's when stuff gets really, really interesting and we need to see more women building businesses in line with those kind of goals at the end of it because the opportunity is there, it's clear. So they're kind of some of the data highlights that we wanted to specifically draw out of the report. But where are the places we really want to take a deep dive? What's interesting for us?

SARAH [00:09:03] Yeah, so I guess the first one is just that piece of how uplifting this report feels in terms of celebrating the ecosystem. So change won't happen as a result of a single player within entrepreneurship and investment at the moment. It's going to happen as a result of collaboration and cooperation across the UK. And when you read through this report, it just highlights and tells the stories of so many different businesses, organizations, networks who are playing a role. And so actually as a report this year, feels like a real celebration of that collaboration and that cooperation. I guess the second thing is it acknowledges that the funding gap is still huge. There is no getting away from it. We're not making enough progress when it comes to investment in female founded businesses. There are a few things to focus on there from our perspective and the things that we really believe and really value. So, if we are ever going to start to close that gap, we need to firstly make sure that enough women entrepreneurs are aware of the types of business models that can attract investment and the role that investment can play in their businesses. You know, yes, we've been successful with the #overbeingunderfunded campaign, and that means the Seed Enterprise Investment Scheme deadline will be pushing out to three years from April. But you still need to be thinking about investment early. You need to be thinking about what does my business model look like? How might it attract investment? What type of investors might it attract? And I think there's a real role, particularly for signatories of the Investing in Women code, to think about – where are our touch points with entrepreneurs, particularly in those early set up and starting months, and how can we inform them and educate them about investment and SEIS?



So I think that's the first key thing to call out. Secondly, and obviously something we're hugely passionate about and focused on at the moment is increasing the total number and the diversity of the angel population in the UK. Today, that population is largely homogenous, both in terms of gender, ethnicity, geographic region and location within the UK. We need more women, angel investors and ally investors to start to invest in purpose led innovative, commercially strong female founded businesses. That's another crucial part within the jigsaw, and it's great in the Rose Review to see the work that's being led by Jenny Tooth and the Women Backing Women Campaign, which is calling for an increase from 14% to 30% of angel investors to be women. So that feels really significant and obviously it was wonderful that the #overbeingunderfunded campaign had a shout out within the report. It was quite exciting when we got to that page. I guess the third thing that feels important and really builds on the idea of collaboration and cooperation is how do organizations within the lifecycle of investment really start to collaborate and work together? So our specialism is in early stage investment, first time angel investors. And as we think about launching and building our platform, which will be enabling those deals, you know, how do we partner with the organizations that are doing the investment rounds of £1,000,000 plus? Kind of how do we ensure that we're supporting our entrepreneurs to get ready for that next round of investment? What do those organizations want to be seeing, and how can the role that we play help to prepare and validate that those businesses are now ready to go on to do those investment rounds? So that feels like another important jigsaw puzzle piece and something that I think for us over the next 12 months, we're really excited to start to explore.

CLAIRE [00:13:06] There's quite a lot of emphasis there on... and we've talked a lot already about the ecosystem and the stuff that you don't see in the organisations and the individuals leading these organisations who are, quite frankly, tireless in their pursuit of improving the landscape for women founders. When we look forward now to 2023, what do some of these commitments start to look like?

SARAH [00:13:31] And I think you kind of started to touch on this. So, you know, amazing that there are now 190 signatories to the Investing in Women code. Those signatories are across banks, VCs, angel networks. But again, we're not seeing funding levels increase. And I think what's really exciting with the Rose Review is the role that the Rose Review can play in terms of accountability and and kind of spotlighting best practice from within those organisations, creating spaces for cooperation between organizations who are on the signatory list, both in terms of similar types of organisations. So i.e. large banks talking to each other, but also across, you know, grassroots startups with large organisations because we can be more agile, we're closer to the end user. We've got those that deep insight and that deep understanding. But a high street bank has reach, right? So that's such an opportunity. And I know that that's the role we really want to play a part of. That's an opportunity we can play a role in because – why not make it 8,000 more angel investors?



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We need more women,
angel investors and ally
investors to start to invest
in purpose led innovative,
commercially strong
female founded
businesses.

SARAH [00:16:25] Stretch goal!

(both share laugh)

CLAIRE [00:16:26] Let's go for ten! And I think with that in mind, we have to also start designing everything differently, like the financial services and we've talked about this on a previous podcast, the financial services market is not designed for women. Products and services are not designed with women in mind, and we can't just turn up and go, Oh, P.S. this is for women, all of a sudden, if it's not designed with them at the core. I think increasingly those conversations are happening. I think increasingly organisations, individuals are thinking about – what are the needs of women founders? Now we need to apply the same thinking to what are the needs of women angel investors? How do we talk to them about angel investing? Let's actually even talk to them about angel investing. That would be a start. But if we can start to collaborate with partner with organisations that do want to bring that conversation forward, I think you can absolutely start to hit those numbers and maybe even sooner in 2030, because that would be quite an incredible thing. And I think that would put us in a really interesting global position as well. What we also saw as we were kind of cross-referencing the Rose Review with The Deal and the UKBAA's Women Angel Insights report, is that women are building businesses in really interesting sectors. I think there's a bit of a narrative which are women are building businesses in soft sectors or crafty sectors. It's makes me so mad. Actually. What we can see from the stats is women are building fintech businesses, AI businesses, ad tech, e-health, femtech. You know, these are interesting, exciting sectors. That's where women are seeing problems so that that's where they are building solutions in the form of a business. If we can highlight those to nascent angel investors, increase their awareness of SEIS and EIS schemes which will provide them with tax benefits... like it becomes quite a self-fulfilling prophecy in a really positive way. And the Investing in Women's Code signatories are really critical here, because if they are later stage organisations, if they are later stage funds, they need deal flow, for one. And also they should be helping to support grassroots organisations like ours, and like others. Talking to early stage founders about how to prepare for later stage investment and also have an obligation, I think, to their maybe high net worth clients who have got disposable wealth, who want to do something good with it, who can still expect a return – this isn't philanthropic, this is an investment still – there is an obligation to talk to them about the opportunities beyond investing in property, in ISAs, you know, in the usual stocks and shares. It's like there's a really interesting opportunity and a role for them to play. The last point on this I thought was super interesting, and this was highlighted in Beauhurst's The Deal report, is that a decade ago, so in 2012, half of all deals were pre-seed and seed stage. So they were less than 500 K raises. That number has dropped significantly and those size raises now just make up a third of total deals. We have to get the money moving earlier in the



business cycle in order for them to get used to taking on investment, to be able to grow at a more rapid rate, to be able to just hire people into their businesses and take on more of the opportunity - for them to be able to go on and do later stage deals. So I think it's concerning that those early seed and pre-seed stage deals have dropped so significantly. We really need to spend some time and attention in that space to rapidly increase that rate again.

SARAH [00:20:31] And it's really interesting when you tie that last point to some of the things in the report around enabling the ecosystem. So, you know, continuing to celebrate women's entrepreneurship and to spotlight stories of successful entrepreneurs. It continues to be true: you can't be what you can't see. And I think the more that we can spotlight and celebrate those stories, not only of women entrepreneurs, but actually of women angel investors as well.. kind of let's surface what that experience has been like in terms of, you know, why did I become an angel investor? How am I using my capital, how am I using my network and my cheerleading, how am I opening doors? Those stories are as important if we're going to start to mobilise that early stage investment as you've described. Another way that the Rose Review is going to enable that is through the Invest in Women Hub and the kind of education, the storytelling that that hub can enable. So it will be great to see that relaunched this year.

CLAIRE [00:21:35] Yeah.

SARAH [00:21:36] And then I think finally in this section of the report, the fact that it identifies the challenge of care responsibility, it's kind of the first time that that feels like it's really started to be dug into. And, you know, we've known about it for a long time. We've known through the pandemic that women were disproportionately impacted, and the knock-on impact of that on entrepreneurship. But just really exciting to see that starting to be surfaced as part of the report. Because, again, the more we can surface these issues, we normalise the conversation around them, we start to collect data around them, and then we can start to really inspire and drive action and change. So I guess those were some of the things that were interesting around the Rose Review commitments. We love to use the Rose Review to inspire the action and commitments we take, and we thought we'd be brave and share some of those with our listeners.

CLAIRE [00:22:32] We are being brave. Here we go. (both chuckle) One of the things again that was actually fairly consistent across each of the three reports that we've been talking about today was the regional breakdown. And, slightly depressingly, the North East, East Midlands and Yorkshire and Humberside collectively as three regions secured less investment than just the south east. So we hear that narrative all the time. Kind of London and South-East attract most of the investment



and then anything from Watford upwards, it's not quite,(both share a laugh) it's not quite so fortunate. So one of our commitments to through the platform is we are a UK wide platform. We don't have a particular regional focus or emphasis. And actually it's really important to work alongside local angel groups and syndicate groups to talk about and build awareness of regional investment outside of London and the southeast. So it's really important that through the platform what we build is kind of decertification of investments outside of London and the southeast. There are really exciting businesses, weirdly, in other parts of the UK! And we really need to emphasize the opportunities of those organizations because we know, we work directly with some really brilliant, brilliant business owners who are building really exciting, profitable businesses that I think are overlooked simply because they're not in that kind of London and south east ecosystem. So that's one of the areas where we will make a commitment to spend time and to work alongside other organizations and angel groups in the regions to make sure that we are helping to mobilise investment opportunities in these areas.

SARAH [00:24:26] I think that leads really nicely into our commitment to working with corporates. So we are both ex corporate. No one ever had a conversation with us during our careers around wealth planning and angel investing. That just didn't happen and we know that it still doesn't happen. Actually, senior women, senior allies in businesses, established businesses, have a really exciting opportunity not just to think about how they might invest their capital, but how they might invest their wisdom and their networks and their cheerleading into these startup entrepreneurs and their businesses. So for us, we'll continue our work with corporates, we'll be scaling that this year and importantly, then we will launch our platform.

CLAIRE [00:25:15] Yeah.

SARAH [00:25:16] So in May this year, touch wood, with a bit of good luck, with a good headwind, if our planning comes together, (both chuckle) we'll be launching our platform that will bring together women angel investors and ally investors both first time and experienced onto a platform where they are able to make investments in early stage entrepreneurs. So entrepreneurs who are raising their first investment round via SEIS and importantly not only that being a space where deals can be done, but actually it's about so much more than that. It's about creating an ecosystem where those individuals can come together collectively to really start to transform the startup ecosystem for diverse founders and for that platform to be about more than just getting the deal done. It's actually how do we enable those entrepreneurs to prepare themselves for the next investment round and the investment round that comes after that? How do we help those entrepreneurs to secure contracts? How do we support them to think about scaling



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internationally and that community element and that membership element plays such an important part there. So a big year for us.

CLAIRE [00:26:31] Yeah, huge.

SARAH [00:26:32] Exciting year. Lots going on behind the scenes. We'll probably start to use this podcast as therapy, but that commitment to launch to welcome between 300 and 350 angel investors onto our platform and to close 40 to 45 investment rounds in our year one. That will make a significant dent in some of the stats that we all talk about and quote.

CLAIRE [00:26:58] Yeah, and it's a big deal to say those numbers out loud, right?

SARAH [00:27:02] It is. They've been in a spreadsheet for a long time.

CLAIRE [00:27:05] It's just been in a spreadsheet for a long time. (both laugh in agreement) But it is also really important because we demand transparency from organisations. We want to see more emphasis on the action that is being taken and we want to be able to measure that action. We're not on our own. The Rose Review is calling for it, the UKBAA is calling for it. There are big organizations who are spearheading a lot of those conversations, but it feels right that if we're asking for transparency, then we are also transparent in the mark that we want to make, and especially because we are focusing at pre-seed and seed raises, which means that that deficit that we're seeing over there, which is, you know, just a third now of those deals being done at that level, that's where we can make a change. That's why we can see a shift, and roll on two or three years and you'll see those organisations flow through into their second and third raises and then they get, you know, doubly counted. I don't think you can double count anything. But, you know, they start to make a real difference in terms of the stats that are going to be shared in the 2025, 2026 review.

SARAH [00:28:15] And as we become signatories of the Investment in Women code, there's a real opportunity to be partnering with those organizations in the way that we've described. And some of the areas that we'll be focusing on are partnerships with private market funding vehicles. So which are the organisations that have sector specialism where we can say, 'Hey, what's the opportunity here from a funding perspective, if you're a specialist in femtech or health and beauty?' Look at the businesses that are coming through our pipeline and the deal flow that we're presenting. So how might we collaborate and partner so that those businesses are supported really effectively to scale? And of course, the other partnership for us that will continue to be a priority is with the Rose Review, is with the taskforce, and the Women Backing Women campaign, and that just feels like something we never set out to do. But with the success of the #overbeingunderfunded campaign,

it's just now a real privilege to be able to work alongside those business leaders who have a different set of experience to us. They're involved in different conversations, but we can really contribute to those, and together we can create meaningful change.

CLAIRE [00:29:33] The IMF, back in the heady years of pandemic, reported that women's economic progress would be rolled back 30 years. And I remember us having a conversation at the time saying, not a chance, not if we've got anything to do with it. We are not going to watch all of this work – and sacrifice – for women's equality just to see it rolled back by generations. So one of the principles behind the #overbeingunderfunded campaign was, well 'What's the role that we can play in stopping and preventing that roll back?' And I think we sit here today with that same determination and that same focus, which is we're not prepared to accept that investment is just harder for women. It's not okay. It won't be tolerated.(both laugh) (mimicing the voice of a teacher) It won't be tolerated. But in all seriousness, it's like we know it's hard. We see the data stats. We also know that it hasn't changed in the last four years of reporting. It hasn't changed. It's not improved. But we're not giving up. We're not saying, well, that's it then. It's okay, so what do we do next? What's the next thing? And I do firmly believe – I think you're absolutely right – there was such an emphasis on the Rose Review this year that was positive. There was so much movement and progress that has been made. There are so many more people getting involved now than there were four years ago. Like change is coming. It requires a whole lot more work, but we're in the right place doing the right things. And there's a whole force of people, thousands of people and allies who are just waiting to be employed, I think.

SARAH [00:31:09] Right. And wanting to play a role. Yeah. And that feels like it, as we wrap up this conversation, it's a really great opportunity for us to thank everyone who supported the #overbeingunderfunded campaign. It was incredible to be featured and included in this year's Rose Review, but that wouldn't have happened without the support of the Rose Review team, without the support of the UKBAA and the Women Angel Investment Taskforce. We need to say a special thank you to Rupa Popat, who has supported us behind the scenes for the last year and a half. Natalie Gasson-McKinley at the Federation of Small Business, Virgin Startup and Seedrs who backed the campaign and also to all of those individuals who kind of shared and liked and commented on social media or who signed our petition. That's an example whereby that step that you took, the action that you made has resulted in legislation change. And yes, we led that campaign, but we would not have been able to create that change without cooperation, without collaboration and input. So a really great opportunity for us to pause and to thank all of those people. And I'm sure there's people that I've just missed off the list. We mean you, too. (both laugh) And so I guess in closing, it's just to say go read the report like it is an uplifting read. There is so much exciting work being done. And as you read it, in whatever role you might play, whether you're in corporate world or you're an entrepreneur or an investor or considering becoming an investor,

consider what action you might take. And if you're not sure, come and have a conversation with someone who is in the Rose Review,

(Upbeat music builds again).

SARAH [00:32:53] Who's featured in that report, and explore that, explore what that collaboration or that cooperation might look like.

(Music break)

SARAH [00:32:59] In next week's episode, we talk to Sophia Lerche-Thomsen, award winning wealth manager, financial advisor and investor. We'll be talking to Sophia about women's relationship with wealth, why she's on a mission to close the gender wealth gap and why more of us need to talk about money.

(Music break)

SARAH [00:33:37] For more on how we're reimagining investment and entrepreneurship across the UK, visit obuinvest.com. More real conversations with entrepreneurs and angel investors who, with their capital and their businesses are changing the world for the better.

(Music gets louder then ends)