

Profile of the Gatekeeper/Administrator - Kevin Grainger

Kevin has a successful track record in the commercial software sector. Having gained a B.Sc. in Physics at St. Andrews University he then embarked on an entrepreneurial career in IT which has spanned over 30 years.

Kevin was a semi-finalist in the Ernst & Young '*Entrepreneur of the Year Awards*' in 2001 and 2003 for his involvement in two of the IT businesses which he co-founded, and has since exited from.

More recently he acts as a mentor and advisor for young technology businesses. Kevin has both the technical and business acumen to be able to objectively vet the many applications which will come in from new technology businesses.

Membership & Investment Transaction Fees

There is an annual membership fee of £250 which runs from the member's date of joining the Syndicate and covers the 6 meetings during the year.

There is a £250 transaction fee charged to each member participating in an investment.

There are no further costs charged to the members by the Syndicate.

The membership and transaction fees cover the management costs for the Syndicate and any other associated costs such as room hire, website etc. Management accounts are presented to members at every meeting.

The Syndicate has its own bank account into which membership fees are paid. All finances are then controlled and managed by the management company on behalf of the syndicate.

If members choose to make an investment offer they will decide the terms of their offer and will agree any external transaction costs involved with the investee business as part of their offer.

Further information

For further information on the EOS Technology Investment Syndicate, or to discuss membership, please contact the Syndicate's gatekeeper :-

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In Greek mythology Eos was the goddess of the dawn. Eos, preceded by the Morning Star, is seen as the mother of all the stars and planets; her tears are considered to have created the morning dew



EOS
Technology Investment Syndicate
A new dawn in seed funding for technology startups

Syndicate overview

The EOS Technology Investment Syndicate ("*EOS*" or "*the Syndicate*"), based in St. Andrews, is an exclusive group of private individuals who meet on a regular basis to review exciting new science and technology investment opportunities. The members of the syndicate make all their own individual investment decisions, and if they do decide to invest in a particular opportunity they do so on a personal basis rather than via the syndicate as a whole.

EOS provides 'seed equity funding' to start-up, or early stage, science or technology businesses operating in a range of sectors such as software, renewables, bio-medical, oil and gas, marine, etc. Specific investor knowledge of these technologies or sectors is not required by the individual syndicate members, as technology specialists will have vetted the applications before they are presented.

The investment opportunities presented to the Syndicate's members will have been selected not only for their science or technology excellence, but also for their market potential, management team and exit potential. They will be predominantly (but not exclusively) Scottish based businesses, often spin-outs from Scottish universities. They will generally be pre-revenue.

The objective of the Syndicate is to identify for the members exciting new businesses which require an initial round of equity funding and which have a strong possibility of a successful exit for the investors, typically within 3 to 5 years. These opportunities will offer significant tax benefits to the investor through the HMRC EIS or SEIS schemes.

Membership of EOS is by invitation only.

Members meetings

There are 6 members' meetings a year, held on a weekday evening at a private venue usually in St. Andrews, but occasionally in Edinburgh. During these meetings the members are given presentations from two, or sometimes three, science or technology businesses, carefully selected from dozens of applications by the Syndicate's 'gatekeeper' in conjunction with the Syndicate's Board and advisors.

The meetings are formally organised with an agenda going out two weeks in advance setting out details of the presenting companies including business plans, financial forecasts, and investment summary. This allows members to decide if they are interested in attending that particular meeting. There will also be occasional update presentations from businesses which have already received an investment from EOS members.

Members are allowed to bring one family member, and one friend who may be a prospective member, as guests to any meeting if they wish. Attendance must be registered with the Syndicate's gatekeeper in advance of the meeting.

Investment decisions & process

Following the presentations from the businesses seeking investment, each member makes their own personal investment decisions. There is no obligation, nor commitment, for a member to make any investments.

Members may decide to club together to make an investment offer to a particular business, or they may invest individually. There will be no investments made by the Syndicate as a whole.

The typical seed funding investment requirement for any one opportunity is likely to be in the range of £20k to £150k. This investment would usually be provided by a small group of the Syndicate's members who have a mutual interest in that particular investment opportunity. Where possible the members' investments will be leveraged by matched funding from public sector loans or equity investment.

It is likely that out of the 12-18 investment presentations given to the members in a year, only a few of these will secure funding from the Syndicate's members.

If they choose to make an investment, the typical investment range for an individual member may be anywhere between £5k and £25k depending on the level of funding being sought and how many other members are participating in that investment, but is not limited to this level.

The Syndicate strives to present tax efficient investment opportunities which are eligible for schemes such as the HMRC Seed Enterprise Investment Scheme (SEIS).

The Syndicate has applied to become an investment partner of Scottish Enterprise (SE) and Scottish Investment Bank (SIB) which will present the opportunity for 50/50 co-funding, thus leveraging the members' investment. However, this application and the SE/SIB approval process will take some time and may not be available for the first few investments.

The member, or group of members, who make a particular investment offer are party to the full due diligence process which the Syndicate's gatekeeper/administrator manages on their behalf. Any external professional fees for the due diligence and the transaction will be paid for by the investee business under the terms of the investment offer.

Each member participating in an investment transaction will pay a transaction fee of £500.

If an investment offer is made by a member, or a group of members, they will usually nominate one of the Syndicate members, or the Gatekeeper, as a Non-Exec Director to represent the investors on the board of the investee business. The fees for this Non-Exec Director member will be paid for by the investee business and agreed as part of the investment offer.

The investee business will formally report back to EOS on a regular basis.

Management of the Syndicate

The Syndicate is managed by a 'not for profit' company limited by guarantee (EOS Syndicate Management Limited - reg. no SC478867).

The syndicate members elect the board of this management company annually. The board consists of a small number of EOS members and two external professional advisors who are legal and financial/tax experts.

The Board members' profiles are shown on the Syndicate's website, however all other members' identity will not be publicised.

The management company is responsible for managing the Syndicate's finances and financial reporting. Copies of the board minutes and the Syndicate's accounts are made available to all members.

There is a secure Dropbox account through which all documentation is shared with members confidentially.

Gatekeeper of the Syndicate

The management company appoints a 'Gatekeeper' to run all the day-to-day aspects of the Syndicate, which include:-

- Sourcing suitable investment opportunities by visiting universities, attending technology and investment conferences, participating in investment and technology networks, and via the Syndicate's website.
- Vetting and short-listing applications, then liaising with the Board to select 2 or 3 of the short-listed applications to be presented at each members meeting.
- Preparing potential investee businesses for the members' meetings. This involves several meetings with each presenting business to ensure their business plan, financial forecasts and investor presentation are of suitable quality to put in front of the members.
- Preparing and managing all members meetings.
- Managing any investment transactions made by members.
- Managing the Syndicate's website and Dropbox site.

One of the founding members of the Syndicate, Kevin Grainger, is the current gatekeeper. As a member of the Syndicate, who is himself looking for investment opportunities, Kevin has a vested interest in ensuring that the best quality of opportunities are presented.

The appointment and terms of the contract with the gatekeeper are subject to annual review and approval by the members.