

Deloitte Technology Fast 50

Ten year review and 2009 survey



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“The Deloitte Technology Fast 50 gives great profile to technology companies and is internationally recognised as being one of the most important business awards in the sector.

David Halstead, Lead Partner, Deloitte UK Technology Fast 50 and Deloitte Technology Fast 500 EMEA Programmes

Foreword

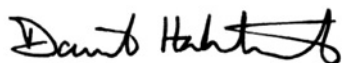
With the nominations for our 2010 national competition now open, it feels an appropriate time to reflect on what has been a fascinating period for the UK's technology companies.

Over the last decade the sector has faced periods of feast and famine which have both brought their share of opportunities and challenges. One consistent theme throughout this time has been the vision and unwavering entrepreneurship of those whose companies who have ranked in the Deloitte Technology Fast 50. Many of these companies have gone on to even greater success following their placing in our competition.

We estimate that UK Technology Fast 50 companies have generated in excess of £5 billion of wealth for their owners since ranking, featuring many of the sector's largest acquisitions and IPOs of recent years. We profile some of these stories in the following pages, together with recent winners.

We have also commented on the survey of the 2009 entrants. Perhaps in keeping with the historical over-performance of the Deloitte Technology Fast 50, we should not be surprised that 43% of our respondents felt the recent economic conditions had either a positive or no effect on their business.

This country continues to contribute disproportionately strongly to the global technology scene. At Deloitte we remain unreservedly committed to a sector in which the UK is a true world-leader; it has been a tremendous privilege to lead the UK Technology Fast 50, and have a glimpse into the future of the industry. I wish the very best of luck to our previous winners and look forward to meeting the UK's 50 fastest growing technology companies in 2010.



David Halstead

Lead Partner, Deloitte UK Technology Fast 50 and Technology Fast 500 EMEA Programmes

“Winning the Fast 50 and being recognised by one of the leading consultancies in the world has been fantastic for marketing and enhanced our brand.”

Phil Walker, MD EMEA, Thunderhead, Winners, Deloitte Technology Fast 50 2008
Technology Fast 500 EMEA 2008

Ten year trend analysis

Fast 50 Facts

In the last ten years, companies who ranked in the Deloitte Technology Fast 50 have generated more than £5bn of wealth for their shareholders in exits and IPOs since entering the competition. IPOs include Cambridge Silicon Radio (#19 in 2003) worth £732million and Abcam (#5 in 2004) now worth £460 million.*

Company	Year ranked in Technology Fast 50	Ranking	Acquired by	Value of Acquisition (in millions)
Cambridge Antibody Technology plc	2002	29	AstraZeneca	£702
Lastminute.com	2004	1	Travelocity	£577
Acambis	2004	19	Sanofi Pasteur	£276
Easynet Group	2005	25	Sky	£223
Symbian	2006	48	Nokia	£264
Apatech	2009	3	Baxter International	\$330
Cambridge Display Technology	2002	1	Sumitomo	\$285

*correct as of July 2010

With more than a decade of competitions behind us, 2010 feels like a good time to reflect on some of the data, trends and successes the Deloitte Technology Fast 50 has revealed.

Sector breakdown

Software companies led majority of rankings

Previous winners over the last ten years have come from a mix of industries, although four of the last five winners have been in the software sector.

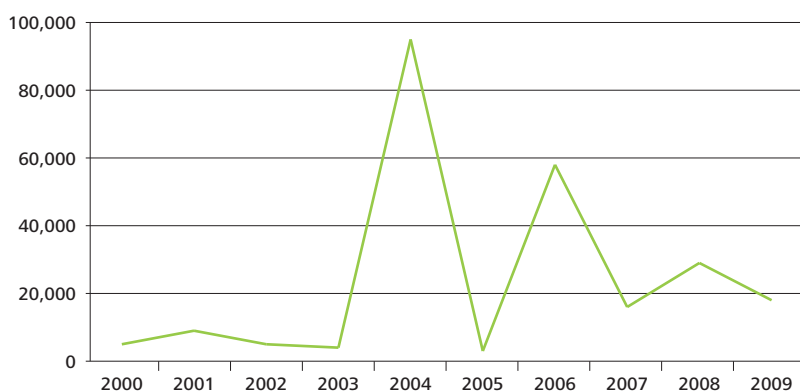
Year	Company	Sector
2000	Phytopharm	Biotechnology
2001	Sourcing Partnerships	IT Services
2002	Cambridge Display Technology	Electronics
2003	Active Hotels Limited	Internet
2004	Lastminute.com	Internet
2005	Trigold	Software
2006	MX Telecom	Telcommunications
2007	ByBox Holdings	Software/Logistics
2008	Thunderhead	Software
2009	Distribution Technology	Software

Trends in revenue growth

A phenomenal growth rate at the top, but average growth rates were more consistent

The percentage growth achieved by the winner has always been astounding; however, it is also interesting to observe the five year growth for an average member of the Deloitte Technology Fast 50 as well as for the lowest-ranking member. There is a clear upward trend across the year, indicative of the continued great innovation and development in the United Kingdom. 2004 stands out as the year for the highest growth, led by Lastminute.com who had an incredible 96,512% five-year growth rate. Second in 2004 was Antisoma Plc, with a growth rate that would have won them the top Fast 50 prize in eight out of the other nine years. Timing is everything!

Figure 1. Highest Technology Fast 50 growth (%)



Fast 50 Facts

The consistent return of companies to the top 50 ranking suggests a trend of sustained growth and success.

Those who ranked in each of the last 3 years include: Bloxx, Broadbean, Excelian, OB10, Redtray and Rocela.

All the Top 3 in 2008: Thunderhead, Ubisense and PicoChip went on to feature in the 2009 Deloitte Technology Fast 50 ranking.

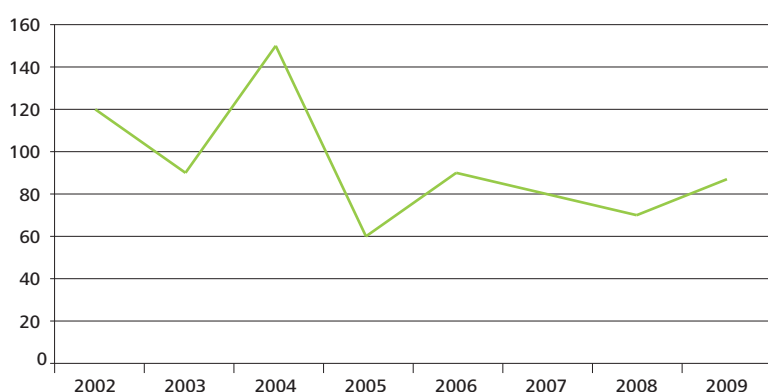
UK companies and Deloitte Technology Fast 500 EMEA

Making an impact on the international stage

Since 2005 UK companies have made steady progress in reclaiming a high proportion of the Deloitte Technology Fast 500 EMEA ranking.

An average of 1 in 5 of Deloitte Technology Fast 500 EMEA companies over the last 7 years have been UK businesses. This demonstrates that the spirit of entrepreneurship and innovation, coupled with business acumen and vigour, is alive and well in the UK technology sector.

Figure 2. Total number of UK companies in Fast 500 EMEA ranking



Fast 50 profile

Thunderhead Ltd 2008 Winners

Thunderhead's main product Thunderhead NOW empowers business users to own the end-to-end process of creating and maintaining customer communications and delivers significant efficiencies and cost savings. The software also helps clients increase customer engagement, improving customer satisfaction, loyalty and revenue. As a result, Thunderhead NOW provides significant return on investment, commonly within one year of deployment. Due to its unique combination of business user control, open standards-based architecture and broad enterprise capabilities, Thunderhead has quickly established itself as a clear market leader and is one of the fastest-growing software companies in the world. The company counts leading organisations such as Allianz, Bank of America, BUPA, HSBC and Prudential as customers. Thunderhead continues to be privately held, with no outside investment, and its growth is 100% organic.

CEO Glen Manchester

Website www.thunderhead.com

Year Founded 2001

Location: Catalyst House, 720 Centennial Court, Centennial Park, Elstree, Hertfordshire WD6 3SY, UK

“A relentless focus on client issues, a clear vision, and a passion for great software.”

Phil Walker, MD EMEA, Thunderhead, Winners of the Deloitte Technology Fast 50 and Deloitte Technology Fast 500 EMEA 2008 when asked about the factors that influenced their winning revenue growth

“I'm inspired by excellence, particularly if it's around an innovative approach ... on the sporting field and in any walk of life.”

Ben Goss, CEO Distribution Technology, Winners, Deloitte Technology Fast 50 2009, when asked about what inspires him

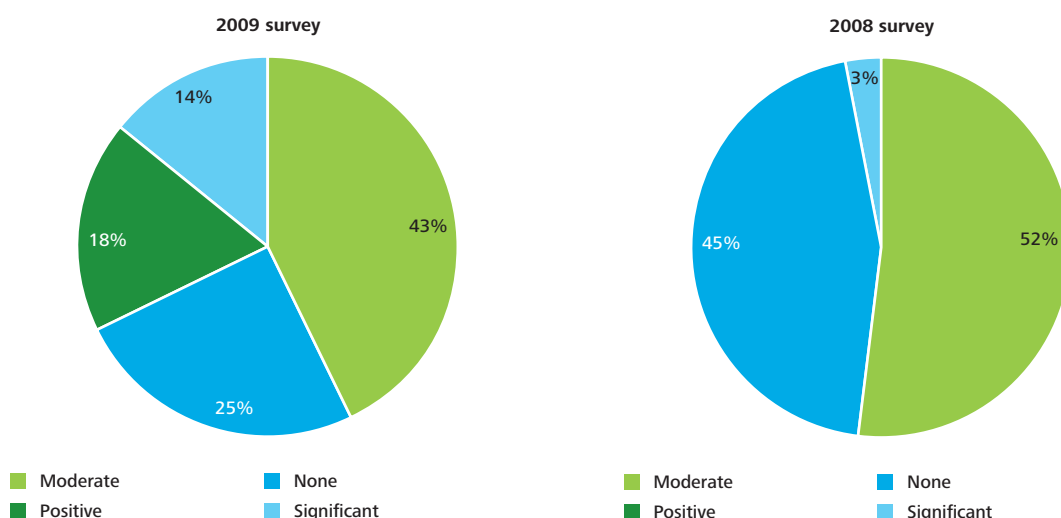
Survey of 2009 entrants to the Deloitte Technology Fast 50 – the headlines

Impact of the recession

Turning challenges into opportunities

Respondents to our 2009 survey of fast growing technology companies were positive in the face of adverse conditions. However, as the recession hit, the experience became more black and white.

Figure 3. What impact has the recession had on your business?



We expected a greater proportion of respondents to cite having been impacted negatively by the economic slowdown; we did not expect almost a fifth of respondents to note a positive effect. This was mainly attributable to:

The Internet – a cost saver. The power of the internet was highlighted as a cost saver, for both online retailers for whom consumer demand increased and for internet service providers who found their customer base building as players previously outside of their targeting range sought a more economical service.

Outsourcing and streamlining. Cost cutting has been high on the agenda of the majority of the big company CEOs and CFOs in the UK following the onset of the recession with the outsourcing and streamlining of back office functions a key opportunity for small-tech companies.

Marketing. The 2008 survey indicated that many of our survey respondents saw marketing as an area to cut costs during tougher economic times. From the 2009 entrants we found that businesses actually invested more time in their marketing activities. This greater focus did not necessarily lead to higher marketing costs as management sought to get more value for money from their marketing strategies.

“Our business mind set has had to dramatically change as we have grown from a smaller business into something considerably bigger ... Procedure, process and the right management is key to supporting and maintaining growth.”

2009 survey respondent

Operational concerns

Planning for prosperity

Operational structure has become a key operational concern for management, over-taking employee acquisition and retention which has been management's primary concern in previous years.

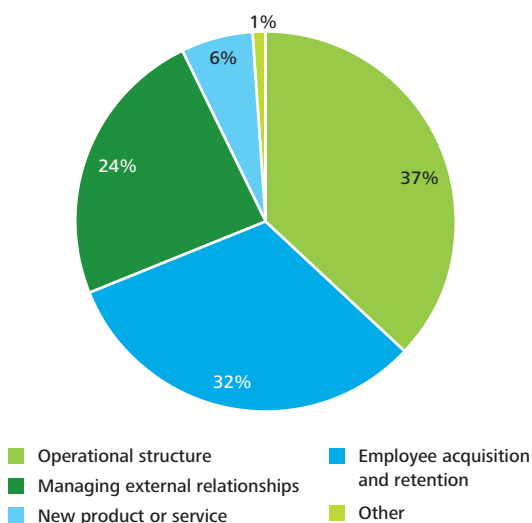
During the economic downturn many businesses have looked inwardly to find efficiencies and cost savings. This focus has brought attention to the need to establish viable systems and processes which are capable of expanding fluidly with operations when growth does come.

“The biggest operational challenge is the recruitment of new staff to meet growth requirements alongside the adaptation of internal processes. As the two biggest challenges have remained the same for a number of years, the business is geared to adapt quickly to the changes required.”

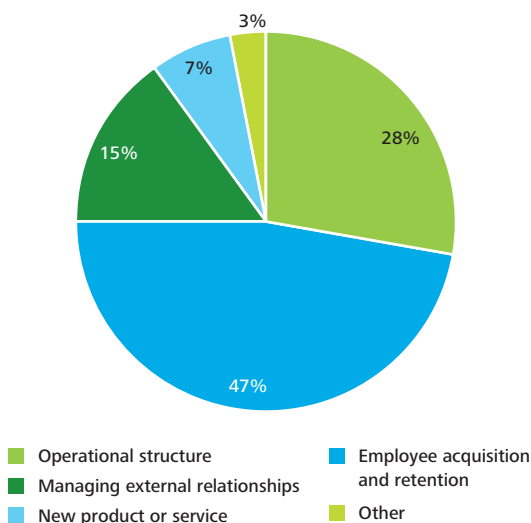
2009 survey respondent

Figure 4. What is your company's biggest operational challenge in managing your company's rapid growth, and how are you addressing it?

2009 operational concerns, answer to 2009 survey



2008 operational concerns, answer to 2008 survey



The need for efficient, adaptable systems and processes may have been highlighted when margins are under pressure but the value in creating these is applicable to all stages of a business's life cycle. A good system may be one that is often unnoticed while it functions smoothly and it is only when issues arise that it becomes the focus on attention.

As is often the case, prevention is preferable to cure. Attempting to fire fight operational constraints is often more costly in terms of time and resources than trying to ensure that future problems are considered and mitigated in the first place, during the planning stages of product or service development.

Senior management and cross-division involvement from an operational perspective in the early stages of development may prevent root problems before they are created.

This use of resources may cut into time and funds that are otherwise allocated to other more prominent areas which are associated with growth, such as client or offering development, but only from a short-term perspective. Ultimately the more streamlined an organisation is, the more competitive it is likely to be.

Fast 50 profile

Distribution Technology 2009 Winners

UK-based Distribution Technology provides financial planning and sales technology to financial institutions such as banks, insurers, large IFAs and Distributors.

Founded in 2003, the company supplies a range of financial software products that enable financial institutions to pinpoint key products and cross-sell to customers in a fast and efficient way via advisors and across multiple channels. Currently, Distribution Technology provides software to 25 major financial services organisations in the UK, including Aegon, BNP Paribas, Friends Provident, Prudential and Scottish Widows.

Over 25,000 advisers are currently registered on the company's Planning and Sales platform in the UK, and over 1,000 use it internationally. Looking ahead, Distribution Technology sees significant opportunities and has been investing significantly in R&D to extend its product lines.

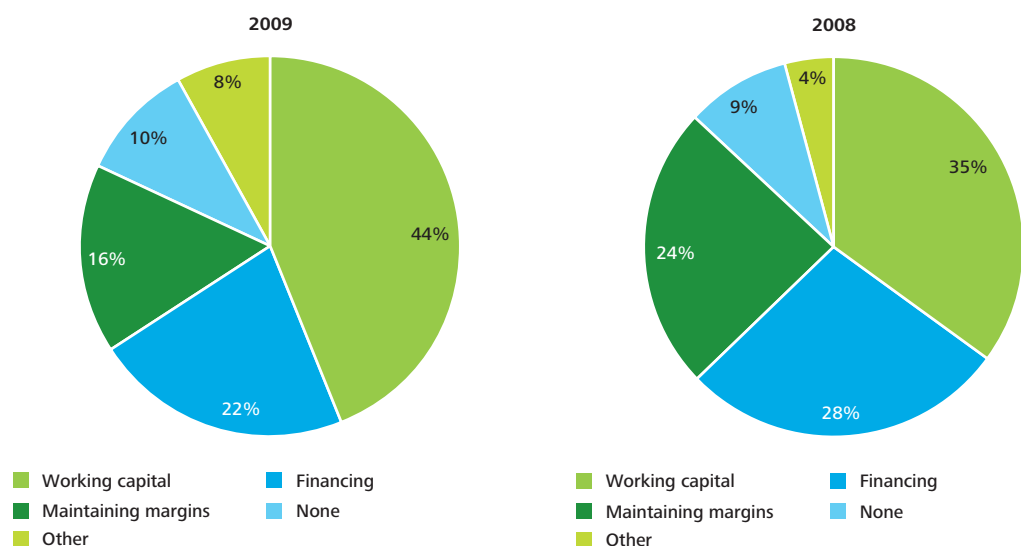
CEO Ben Goss
Website www.distribution-technology.com
Year founded 2003
Sovereign House, Vastern Road, Reading RG1 8BT, UK

Financial concerns

Working capital still the biggest challenge but UK Technology Fast 50 companies take firm action

Working capital management continued to be the greatest challenge for the respondents to our survey and, as expected, combined with the lack of availability of finance, this has become even more fundamental in the past 12 months.

Figure 5. What is your company's biggest financial challenge, and how are you addressing it?



“Winning the Fast 50 [is] ... a great recruiting tool ... the Deloitte brand is really good for that.”

Ben Goss, CEO, Distribution Technology

Many of the Deloitte Technology Fast 50 companies took firm actions to meet this challenge, including:

- Improving working capital by strengthening credit control teams, facilitating more timely cash collection.
- Negotiating more favourable payment terms with key suppliers.
- Tightening financial controls and improving financial forecasting system.
- Actively managing operating costs including periodic efficiency reviews.
- Introducing improved contract terms with customers such as by offering discounts for upfront payment.
- Maintaining closer working relationships with banks and customers.
- Making better use of low cost activities such as social networking to reduce marketing spend.

Obtaining external finance through debt and equity also remains a primary financial challenge. To access new markets and maintain innovation, companies seek funding to expand their business to a multi location operation and to invest in the research and development increasing headcount.

“The combination of working harder for existing clients and increasing marketing and lead generation efforts has meant that we have been able to sustain impressive growth.”

2009 survey respondent

Fast 50 Facts

3 current FTSE 100 companies have been previous Fast 50 companies, and comprise a combined £17bn of value at July 2010:

- ARM (market cap £4.2bn)
- Shire (market cap £8.2bn)
- Autonomy (market cap £4.6bn)



2010 Deloitte Technology Fast 50

www.fast50.co.uk

Nominations now open

How to apply

The Deloitte Technology Fast 50, the UK's pre-eminent technology awards programme, is an annual ranking of the country's 50 fastest-growing technology companies based on percentage revenue growth over five years. Deloitte launched the programme over a decade ago to celebrate the world-class achievements of the UK technology sector. To qualify for the ranking, companies must meet the definition of a technology company, as defined by the eligibility criteria of the programme.

To enter the Deloitte Technology Fast 50 Awards for 2010 please complete and submit the online entry form by midnight on 17 September 2010.

Eligibility criteria

UK Deloitte Technology Fast 50 eligibility criteria

1. The company must have been in business for a minimum of five years.
2. The company must be considered a technology company, which is defined as:
 - producing technology;
 - manufacturing technology-related products;
 - be technology intensive, or use unique technology to solve problems; and
 - devoting a high percentage of effort to technology R&D.

3. The parent company must be UK-owned and have its headquarters in UK (subsidiaries of UK or multinational organisations do not qualify).
4. Operating revenues must be at least £34,000 (50,000 Euros) for the first financial year of the 5 year period and £540,000 (800,000 Euros) for most recent financial year.
5. All submissions must be accompanied by signed accounts for the first and last financial year being measured in the competition. Unless a statutory exemption is being taken, these accounts should be unabbreviated and audited.

To apply companies must:

- Complete the online entry form including details of company revenues for the last five financial years.
- Provide soft (PDF) copies of signed accounts for the first and last financial year being measured in the competition. Unless a statutory exemption is being taken, these accounts should be unabbreviated and audited.

The Deloitte Technology Fast 50 is part of a national and international programme run by Deloitte. Qualifying entrants of the UK Technology Fast 50 programme will be put forward to the Deloitte Technology Fast 500 EMEA Programme (Europe, Middle East & Africa), along with entrants from other national programmes run by Deloitte in the EMEA region.

“Winning the Fast 50 has meant a great deal to Distribution Technology ... we’ve been introduced to a number of people ... and that’s led to more new business.”

Ben Goss, CEO Distribution Technology, Winners, Deloitte Technology Fast 50 2008

Key dates

- Deadline for entries: 17 September 2010.
- Winners announced: 22 October 2010.
- Deloitte Technology Fast 50 UK Awards and Technology Fast 500 Awards: 25 November 2010.

Why apply?

Benefits of ranking in the 2010 Deloitte Technology Fast 50 includes:

- Regional media publicity and heightened national profile.
- Likely interest from investors, partners and high quality talent.
- Submission to the prestigious **Deloitte Technology Fast 500 EMEA programme** (the Europe wide ranking).
- Networking opportunities with industry peers at the prestigious 2010 Awards ceremony on 25 November.

Ensure you are recognised

Apply now: visit www.fast50.co.uk to find out more, see whether you are eligible and begin your application.

Contact Fast50@thbln.com for more information



“Our business has actually thrived during the recession. Many companies are looking to cut costs and streamline their services and this is where we can help.”

2009 survey respondent

About the 2009 Deloitte Technology Fast 50 Survey

Our findings are based on a survey of over 150 executives from across the United Kingdom who applied to enter the Deloitte Technology Fast 50 programme between June and September 2009.

The Deloitte Technology Fast 50 is a group of the 50 fastest-growing Technology companies in the country. These companies, which span a wide range of Technology sub-sectors, have one objective in common: a strong track record of growth and success.

We asked two principal questions:

“What is your biggest operational challenge?”

“What is your biggest financial challenge?”

Not all companies provided a response to all questions, whilst some considered that they were not faced by any such challenges.

Other companies identified multiple challenges. Wherever possible, we have categorised these challenges into one over-riding factor. Where the stated challenges have been more diverse, we have identified the highest priority challenge to that company and categorised this challenge accordingly, whilst remaining cognisant of the other issues that the company has also raised.

In order to generate a greater range of more detailed and specific responses, respondents were not asked to categorise their biggest challenge. Accordingly, we have used our judgement to best classify companies’ evaluations of their biggest challenges. This has allowed us to summarise the matters identified in our survey and draw conclusions on the key observations and themes therein.

We have included a number of quotes throughout this publication which reflect the responses.

Authors

Julian Rae
Director
01223 259809
jrae@deloitte.co.uk

Paul Avery
Senior Manager
020 7007 8381
pavery@deloitte.co.uk

David Crockett
Manager
0207 303 7183
dcrockett@deloitte.co.uk

Edited by

David Halstead
Partner
01223 259434
dhalstead@deloitte.co.uk

About the Deloitte Technology Fast 50

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The Deloitte Technology Fast 50 awards are all about revenue growth driven by leading intellectual property, and are a celebration of entrepreneurship and innovation.

For more information about the Deloitte Technology Fast 50 programme and the application process for 2010.

www.fast50.co.uk

About Deloitte TMT

The Deloitte LLP Technology, Media & Telecommunications Industry Group is represented in each sector of the firm: audit; tax; consulting; and corporate finance. The UK practice includes more than 1,500 professionals dedicated to helping their clients evaluate complex issues, develop fresh approaches to problems and implement practical solutions.

Clients of Deloitte LLP include some of the world's and the UK's top software companies, computer manufacturers, wireless operators, satellite broadcasters, advertising agencies and semi-conductor foundries – as well as leaders in publishing, telecommunications and peripheral equipment manufacturing.

For more Deloitte thought leadership relevant to your business

www.fast50.co.uk

IFRS for SMEs in your pocket

Planning for the proposed removal of UK GAAP.

Deloitte Technology M&A Survey report

Biannual survey of UK technology companies focusing on their outlook for M&A activity over the next twelve months.

www.fast50.co.uk

Soar to New Heights: 2009 Deloitte Technology Fast500 EMEA Ranking and CEO Survey

The Deloitte Technology Fast 500 EMEA programme recognises technology companies that have achieved the fastest rates of annual revenue growth in Europe, the Middle East and Africa during the past five years.

www.deloitte.co.uk/fast500emea

When the crunch bites

The results of our survey of companies in the 2008 Deloitte Technology Fast 50 programme, had some positive messages despite tough economic conditions.

www.fast50.co.uk

The Deloitte CFO Survey

A quarterly survey of Chief Financial Officers and Group Finance Directors of major UK companies. The survey has established itself as the benchmark for gauging the attitudes of major corporate users of capital in the UK to valuations, risk, equity and credit financing.

Download the latest survey at

www.deloitte.co.uk/cfosurvey

TMT Predictions

An in-depth view of the biggest trends to impact the technology, media and telecommunications sectors in the year ahead.

View or download the Predictions at

www.deloitte.com/tmtpredictions

2010 TMT Global Security Study

www.deloitte.com/tmt



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