

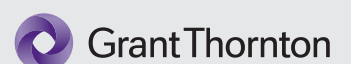
megabyte



# THE WINNING COMPANIES 2022

The UK's best-performing  
tech scale-ups

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### GLOSSARY

#### Peer Group Acronyms

##### Software & Digital Platforms

BANI	Banking & Insurance
BC	Business & Consumer
ENT	Enterprise
GH	Government & Healthcare
IND	Industrials
SI	Security & Infrastructure

##### ICT & Digital Services

BPO	Business Process Outsourcing
ITC	IT Consulting
ITMS	IT Managed Services
TS	Telecoms Services
VARs	Value-Added Resellers

#### Report Acronyms

MBO	Management Buyout
SBO	Secondary Buyout
P2P	Public to Private
IPO	Initial Public Offering
FPO	Follow on Public Offering

#### Document Information

All share prices, valuations and Scorecard data are quoted as at the close of business on 21st January 2022.

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## WELCOME TO THE megabuyte Emerging Stars awards 2022



**Ian Spence**  
FOUNDER & CHAIRMAN,  
MEGABUYTE

### Resilience in abundance

Welcome back! After a COVID-induced one-year bye, the Megabuyte Awards are back with a vengeance, and the stand-out theme across the three categories within the Megabuyte100 is the amazing resilience demonstrated by the strongest UK tech companies during the COVID pandemic. Remarkably, growth rates have hardly budged for the best companies in the sector, and this is particularly impressive for the scale-up companies represented in the Emerging Stars category. So, the first thing I have to say is an even more emphatic than usual congratulations to all 25 Emerging Stars companies, and to the award winners in particular.

#### Pandemic, what pandemic?

When we last compiled the Emerging Stars in early 2020, the world was a very different place. But in some ways, for this group of companies, it seems to be a case of plus ça change when it comes to outstanding financial performance. In 2020, the average organic growth rate for our Emerging Stars cohort was 45% but, two years and one pandemic later, it has barely moved to 46%.

Given that most of the companies in the group are also profitable, this is a remarkable achievement in normal times, but it is hard to overstate how impressive it is to achieve this level of growth at the height of the pandemic.

#### Digital transformation: what we didn't know...

In my foreword from the 2020 report, I talked about the 2020's being the decade of accelerated digital transformation. While I like to think that was a thoughtful bit of punditry, I could not possibly have predicted how COVID would act to turbo charge digital transformation, and the best scale-up companies have undoubtedly been a beneficiary of that dynamic. As rapid digital transformation now becomes the norm, I expect the gap between well positioned companies and those that have underinvested in growth, to widen. As such, I wouldn't be surprised to see the Emerging Stars organic growth rate actually increase further next year.

#### Flow of capital

Perhaps not at all surprising then that investors have flooded into this part of the market. 15 of the 25 Emerging Stars companies this year are externally backed, up from a low of just four in 2018. And of the 15, one third have taken this investment in the last 12 months. This access to capital can only be positive for the sector. Moreover, as my colleague Robert Warenjo points out in his exec summary below, this access to capital has enabled some of last year's winners to turn from the hunted to hunters, with many more of them using their funding to augment their strong organic growth with acquisitions.

Regular readers of these reports and attendees to our events will know that I am always careful to thank our sponsors. Not because manners require that I do, but because everyone at Megabuyte genuinely appreciates their support. And that support has never been more welcome than over the last couple of years. So, I say a particularly heartfelt thanks this year, especially to our lead sponsors Grant Thornton and NatWest, who have supported Emerging Stars from the get-go.

#### Published by the team at megabuyte

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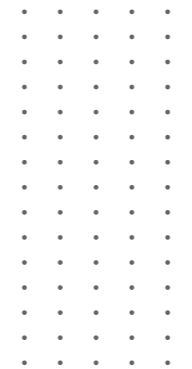
# The Industry Leaders of the Future

## Executive Summary

The Megabuyte Scorecard has developed into a key component of Megabuyte's day-to-day research, giving the research team and subscribers the ability to quickly understand the relative performance and health of businesses, and increasingly the consistency of a company's performance over time. Having tailored the methodology to businesses with revenues of between £3m and £10m, we have been able to identify and celebrate the latest batch of top performing scale-up companies. In this report, we expand on the Scorecard methodology, provide analysis on the 2022 Emerging Stars, review what previous winners have been up to, and look at which companies might break out into our two other flagship awards programmes: the Megabuyte50 and Megabuyte Quoted25.

“It's fantastic to see Answer Digital's progress recognised as a shortlisted company in the Emerging Stars award series yet again. The external independence validates our strategy and, with the current year going even better, will hopefully see us qualify in next year's Megabuyte50!”

Gary Parlett CEO, Answer Digital  
Emerging Stars 2022 – Top 15 Company  
Best Performing Peer Group Company 2020 (ITC)  
Emerging Stars 2019 – Top 10 Company



#emergingstars

“We're delighted that Razorblue has been included in the Megabuyte Emerging Stars programme for the second time. The accolade is a testament to the hard work of our staff, supporting customers through the worst of the pandemic while also helping them digitally transform.”

Dan Kitchen CEO, razorblue  
Emerging Stars 2022 – Top 20 company  
Best Performing Peer Group Company 2020 (IS)

## NEW ORIENTATION EFFORTS BEAR FRUIT

Megabuyte's coverage has more than doubled to over 5,000 Software & Digital Platforms and ICT & Digital Services companies since the 2020 Emerging Stars awards. Within this, Megabuyte now covers an estimated 1,000 companies that have revenues between the Emerging Stars revenue criteria range of £3-10m, in the process making an even more competitive pool of companies eligible for the awards.

As a group, this year's Emerging Stars delivered average organic revenue growth of 46%, far exceeding the average for this year's winners in the Megabuyte50 (31%) and Megabuyte Quoted25 (16%) awards. Moreover, the strong one year organic growth is materially ahead of the average medium-term revenue CAGR (of 30%), suggesting that growth for these businesses has accelerated following the COVID-19 outbreak.

Analysing the 25 Emerging Stars in greater details shows that there are 19 new entrants this year, including the Overall Best Performing Company, driven by the fact that companies in this size range tend to experience greater volatility in financial performances (exacerbated by COVID) and due to many Emerging Stars either being acquired or outgrowing the revenue criteria. In terms of composition, this year featured the highest ever proportion of ICT & Digital Services companies (16 versus 9 in the Software & Digital Platforms sector) and the highest ever proportion of externally funded firms (15 versus 8 owner managed and 2 publicly listed).

## 2022 AWARDS

This year's winners of our two outstanding achievement awards are: LDC-backed provider digital services consultancy FSP (Overall Best Performing Company); and AIM-listed smart metering network provider CyanConnode (Fastest Growing Company). The Emerging Stars programme also recognises the very best companies in 8 of the 11 ICT & Digital Services and Software & Digital Platforms peer groups (there are no awards for Banking & Insurance, Industrials and Value-Added Resellers this year as no companies are present in the 25), with further details found on pages [10-15].

## EMERGING STARS FLIP TO CONSOLIDATORS

The extended time since the last awards programme has given us plenty more corporate activity to dissect from the last Emerging Stars winners. While history tells us that Emerging Stars tend to find themselves as more of a target than an acquirer given their smaller size, the trend reversed for the class of 2020 as they completed nine acquisitions compared to only three being acquired (all by overseas trade buyers). Fundraising highlights feature several investments from private equity and venture capital and one capital markets placing.

## THE NEXT MID-MARKET COHORT

The Emerging Stars programme acts as an early warning system for the Megabuyte50 and Megabuyte Quoted25 companies, as highlighted by one of the Emerging Stars from the last awards placing 10th in the Megabuyte50 this year. From the 2022 Emerging Stars, we have identified seven privately-owned prospects that, on their current revenue growth trajectories, look likely to exceed the Emerging Stars upper revenue limit of £10m in their next set of results, and, assuming continued/improved profitability, are strong candidates for the Megabuyte50 (or Megabuyte Quoted25 should they choose to IPO).

# Our Proprietary Benchmarking Methodology

**megabuyte scorecard**

An *expert tool* for companies and the investor and advisory communities seeking to measure and understand companies' performance relative to peers.

## WHAT DOES A 'GOOD' TECH SCALE-UP COMPANY LOOK LIKE?

The Emerging Stars programme aims to talent spot future mid-market leaders from a cohort of smaller UK private and publicly-listed companies. While some of these companies are relatively young, many have been operating for several years but have recently found a rich growth seam. So, how does one go about assessing which companies are performing better than others? The Megabuyte Scorecard provides technology companies, their investors and advisers a standardised methodology to benchmark company performance.

## HOW DOES IT WORK?

The Megabuyte Scorecard is a proprietary benchmarking methodology developed by the research team at Megabuyte, pooling over 60 years of experience analysing ICT Services and Software companies. Compared with the seven key measures used for the Megabuyte50 and Megabuyte Quoted25 methodology, the Scorecard Lite system used for Emerging Stars assesses five key measures and is more focused around growth – two each for revenue growth and margins, and one for overall size. These are weighted to reflect what we believe is the optimum balance for scale-up companies.

## WHO QUALIFIES?

Companies eligible for the Emerging Stars programme are drawn from the peer groups covered in the Megabuyte universe. For a company to be considered, it must also be UK-headquartered and domiciled, have generated revenues of £3-10m in its latest financial year, and have up-to-date accounts for a three-year period. Companies that have undergone significant M&A or other such transformational events are excluded.

### → Growth:

There is more weight on organic growth (measured for the most recent year), whilst also recognising the importance of M&A and longer term growth through a four year CAGR measure.

### → Profitability:

Adjusted EBITDA margin less capitalised R&D is seen as the optimal measure of P&L profitability and value added, as well as the trend of the margin over a four-year period.

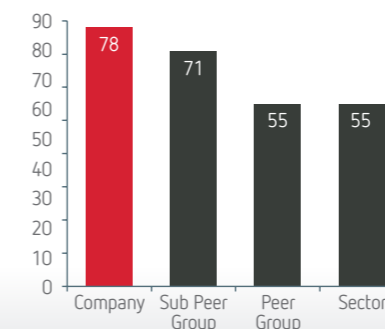
### → Size:

This measure reflects the fact that, while size does not in itself mean that a company is good or bad, the law of large numbers means that it is harder to generate organic growth, in percentage terms, as a company gets larger.

## IT'S ALL ABOUT THE QUARTILES

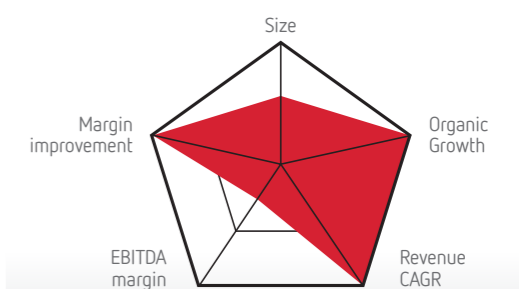
Companies are placed in quartiles for each of the five KPIs which, combined with the KPI weighting, produces an overall score out of 100. The quartile placings give a clear view of relatively strong and weak areas for each company, against its immediate peer groups, broader sectors, and the Megabuyte universe, and therefore highlight areas of potential improvement. Note that these quartiles are 'live', changing on the Megabuyte platform as and when companies are added to the Scorecard or the financials of existing companies are updated; it is a truly empirical measure of company performance. Throughout the report, readers will see a company's primary score represented in our Quartile Radar 'spider' charts, an example of which is shown in Figure [2].

Figure 1: Benchmarking Scorecard performance across sectors



Source:  
– Megabuyte

Figure 2: Diving deeper into Scorecard performance metrics



Find out more about our Scorecard methodology at  
[www.megabuyte.com](http://www.megabuyte.com)



# Emerging Stars 2022 Rankings

## Presenting the 2022 Emerging Stars

The tables in this section summarise the key data and Scorecard rankings for the class of 2022, as well as how the companies have moved relative to the 2020 Emerging Stars awards; as a reminder, we paused the awards programme in 2021 due to the COVID-induced delays to company accounts reporting. We focus on the peer group category award winners in greater detail in the next section but, here, it is interesting to look at some of the high-level dynamics of the group.

There are 19 new entrants in this year's Emerging Stars, including the overall winner FSP. The high number of new entrants has been a feature of every Emerging Stars awards, reflecting the fact that companies in this size range tend to experience greater volatility in financial performances (exacerbated by COVID), combined with many Emerging Stars either being acquired or outgrowing the revenue criteria. The latter is highlighted by two of the 2020 Emerging Stars graduating into this year's Megabyte50 and Megabyte Quoted25 (see who on page 21).

Of the six companies to retain a spot in the Emerging Stars, SecureCloud+ and Jola were the top performers, as both retained their overall rankings at second and fourth respectively. All the remaining returners fell down the rankings compared to their 2020 positions except for Datum Datacentres, which climbed up from seventeenth to eighth overall.

“ Being recognised as one of Megabyte’s Emerging Stars validates our efforts to unlock the true potential of Envitia through recent years. We look forward with confidence and have our sights set on pushing into Megabyte’s mid-market Megabyte50 league table. ”

Nabil Lodey CEO, Envitia

Best Performing Peer Group Company 2022 (ENT)



The Emerging Stars awards  
THE WINNING COMPANIES 2022

The Emerging Stars  
TOP 25 RANKINGS

## The Top 5 Performing Companies

Rank	Trend	Company	Peer Group	Ownership	Latest Investor(s)	Revenue (£m)	Score	Prev Rank
1	NEW	FSP Overall Winner & Best Performing Company (ITC)	ITC	Externally Funded	LDC	8.6	90	-
2	-	SecureCloud+ Best Performing Company (ITMS)	ITMS	Externally Funded	Livingbridge	9.4	89	2
3	NEW	Envitia Best Performing Company (ENT)	ENT	Externally Funded	Maven Capital Partners	8.4	88	-
4	-	Jola Best Performing Company (TS)	TS	Externally Funded	BGF	6.7	88	4
5	NEW	Cardinality Best Performing Company (BC)	BC	Externally Funded	Maven Capital Partners	3.7	88	-

↑ Higher  
↓ Lower  
- Unchanged  
NEW New entrant

## Emerging Stars companies 6-25

Rank	Trend	Company	Peer Group	Ownership	Latest Investor(s)	Revenue (£m)	Score	Prev Rank
6	NEW	Bromcom Computers Best Performing Company (GH)	GH	Owner Managed	-	7.5	86	-
7	NEW	Lightfoot	ENT	Externally Funded	Volpi Capital	7.2	85	-
8	↑	Datum Datacentres	ITMS	Externally Funded	UBS Asset Management	5.5	82	17
9	NEW	RealVNC Best Performing Company (SI)	SI	Externally Funded	Livingbridge	8.7	82	-
10	NEW	Nolan Business Solutions	ITC	Owner Managed	-	6.6	80	-
11	↓	Answer Digital	ITC	Owner Managed	-	8.2	79	5
12	NEW	Ripjar	ENT	Externally Funded	Winton Ventures, Accenture, Long Ridge Equity Partners	7.9	79	-
13	NEW	Avantra (formerly known as Syslink)	ENT	Externally Funded	Synova Capital	6.4	78	-
14	NEW	Absoft	ITC	Owner Managed	-	7.9	78	-
15	NEW	CyanConnote Overall Fastest Growing Company	TS	Public	-	6.4	78	-
16	↓	Orbital Internet Group	TS	Owner Managed	-	5.3	77	9
17	NEW	Twisted Fish	ITMS	Owner Managed	-	8.6	77	-
18	↓	razorblue	ITMS	Owner Managed	-	6.7	77	16
19	NEW	bChannels Best Performing Company (BPO)	BPO	Externally Funded	WestBridge	9.9	76	-
20	NEW	Mobius Networks	TS	Externally Funded	NVM Private Equity	4.4	76	-
21	NEW	PCI Pal	ENT	Public	-	7.4	75	-
22	NEW	Granby	BPO	Externally Funded	Enterprise Ventures, NatWest	7.2	75	-
23	NEW	Pinnacle	TS	Owner Managed	-	4.5	75	-
24	NEW	Garrison Technology	SI	Externally Funded	Dawn Capital, IP Group, BGF, NM Capital	7.6	74	-
25	NEW	BoilerJuice	BC	Externally Funded	Livingbridge	9.0	74	-

Find out more about our awards and view all Emerging Stars 2022 winners at [www.megabyte-awards.com](http://www.megabyte-awards.com)



# Emerging Stars Award Winners

Recognising the UK's best-performing future mid-market leaders among smaller, private and publicly-listed companies.

In addition to the accolade of being a Megabyte Emerging Star, we also recognise the leading companies in 8 of the 11 peer groups, the Fastest Growing Company and the Best Performing Company overall. Here, we congratulate our 2022 award winners and provide some detail on their Scorecard performance.

First, we'd like to commend the Outstanding Performance Awards Winners. The winner of the Best Performing Company overall is LDC-backed provider digital services consultancy FSP (formerly known as Foundation SP). FSP almost doubled its adjusted EBITDA to £2.5m on revenues up an all-organic 46% to £8.6m in its latest results ending December 2020 despite a pandemic-driven

slowdown in the early stages of the COVID outbreak as activity rebounded strongly in the second half, supported by accelerated digital transformation trends.

Secondly, AIM-listed smart metering network provider CyanConnode has won the Fastest Growing Company overall with a medium-term revenue CAGR of 77%. This was boosted by its pro forma organic revenue growth of 228% in its latest year ending March 2021, driven by the resumption of a previously delayed £10.5m Indian contract and the commencement of projects in India and Thailand following lockdowns.

“RealVNC's current strong trajectory, supported by our recent Livingbridge investment, is the product of several years of hard work, and to be recognised as one of Megabyte's Emerging Stars is a fantastic reflection of the team's performance so far, but also future potential.

Adam Greenwood-Byrne CEO, RealVNC

Best Performing Peer Group Company 2022 (SI)

## Outstanding Performance AWARDS

Recognising outperformance across the Emerging Stars universe

Best Performing Company  
Overall

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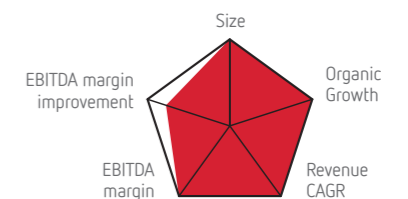
FSP

OWNERSHIP: Owner Managed

FSP provides digital strategy, programme delivery, Cloud engineering, bespoke application development, data, automation and cyber security services to medium and large enterprise clients.

**MEGABUYTE VIEW:** FSP has seen a sustained period of strong organic revenue growth and profitability on the back of healthy demand for its strong technology capabilities and business / IT strategy consultancy services. It has invested heavily in developing its customer proposition and is now able to deliver IT services across bespoke application development, data, automation and, more recently, cyber services. Combined with circa 40% of revenues coming from recurring sources, a focus on developing long-term client relationships, and multiple avenues for growth both with existing and new customers, and FSP looks very well placed to continue outperforming.

COMPANY SCORE



Fastest Growing Company  
Overall

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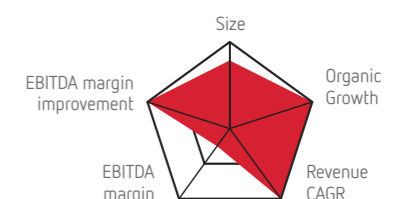
CyanConnode

OWNERSHIP: Public

CyanConnode provides wireless communication technology for smart metering, lighting, and IoT applications. In the UK, it has contracts to support smart meters in remote areas where conventional cellular connectivity is not available.

**MEGABUYTE VIEW:** CyanConnode's recent rapid growth reflected several large contracts in India and Thailand coming through after pandemic-induced delays. This momentum is continuing in the current year with forecast 45% revenue growth, though Cyan remains unprofitable and cash consuming.

COMPANY SCORE



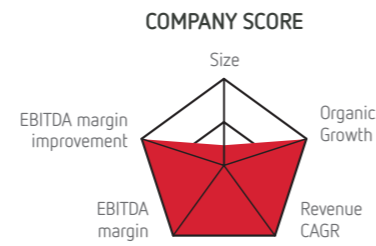
**Software & Digital Platforms PEER GROUP AWARDS**  
Recognising best-in-class performance within individual peer groups

Best Performing Company  
Business & Consumer Software



Cardinality provides an AI-driven data ingestion and analytics platform focused primarily on the telecoms sector.

**MEGABUYTE VIEW:** Cardinality's recent success is underpinned by its focus on the highly resilient and increasingly data hungry telecoms sector, having made great progress expanding into tier 1 mobile operators primarily across Europe. This demand will grow as data sources become more prevalent (from technologies like 5G) and a growing number of firms adopt data-driven decision making to improve operations and reduce costs. Cardinality also has the option to widen its addressable market through extending into other sectors after already establishing a presence in the utilities market.

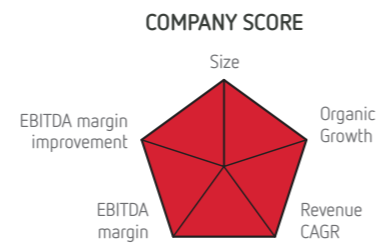


Best Performing Company  
Enterprise Software & Overall



Envitia provides geolocation and data modelling, architecture, and analytics software solutions and related services primarily to large defence and public sector organisations in the UK and US.

**MEGABUYTE VIEW:** Envitia's now established management team along with its revised strategy, focused on public sector expansion, has fuelled 30%+ organic growth and notable margin improvements in recent years. And while Envitia has started to look beyond the public sector, namely to critical national infrastructure and adjacent markets, we believe there remains plenty of runway for Envitia to scale in its core market where many organisations remain unaware of their siloed geospatial data and its potential use cases.

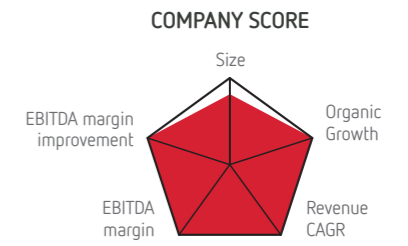


Best Performing Company  
Government & Healthcare Software



Bromcom Computers provides Management Information Systems (MIS) to UK schools.

**MEGABUYTE VIEW:** For many years the education sector had resisted migrating core MIS solutions to the Cloud which, for Bromcom being an early investor in the technology, caused frustration. However, Bromcom's 'if you build it, they will come attitude' is now paying off with the adoption of Cloud solutions accelerating. Key factors behind this include a realisation of the cost benefits, the move from local authority run schools to MATs, resulting in the re-evaluation of IT estates, and COVID-19 driving a requirement for remote and flexible working.

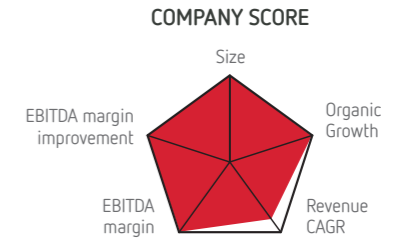


Best Performing Company  
Security & Infrastructure Software



RealVNC provides remote access software and cross-platform m2m connectivity technology to IT service providers, enterprise IT teams, and the telecoms industry.

**MEGABUYTE VIEW:** RealVNC's excellent financial performance is the product of significant strategic change since 2018, including new management, a radical shift in the sales and marketing strategy, modernising the branding and, more recently, focusing on the opportunities for its core machine interconnect technology beyond screen sharing. This all helped tempt Livingbridge to invest through a recent MBO, and will drive continued strong double-digit ARR, revenue and EBITDA growth.



Find out more about our awards and view all Emerging Stars 2022 winners at [www.megabyte-awards.com](http://www.megabyte-awards.com)

## ICT & Digital Services PEER GROUP AWARDS

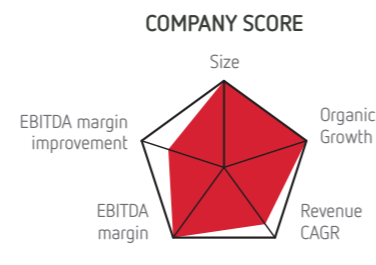
Recognising best-in-class performance within individual peer groups

### Best Performing Company Business Process Outsourcing



bChannels provides marketing solutions to help technology businesses identify, engage and maximise value from their partner channels. It focuses exclusively on the B2B technology sector.

**MEGABUYTE VIEW:** bChannels has really hit its stride in recent times. It began the transition from bespoke consultancy to data-led products several years ago and is now enjoying the fruits of its labour. A proprietary database maps over 500,000 technology partners globally with key attributes, leveraging advanced data analytics tools to understand their size / technical capabilities and the possible value to an OEM in a working relationship. This has proved a significant driver of value to its customers, which are increasing data-led in their approach to marketing, supporting healthy trading for bChannels and a strong outlook.

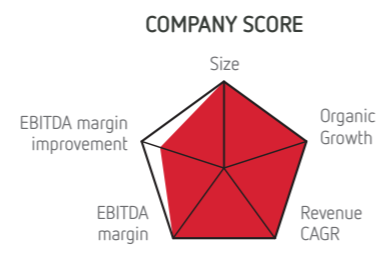


### Best Performing Company IT Consulting



FSP provides digital strategy, programme delivery, cloud engineering, bespoke application development, data, automation and cyber security services to medium and large enterprise clients.

**MEGABUYTE VIEW:** FSP has seen a sustained period of strong organic revenue growth and profitability on the back of healthy demand for its strong technology capabilities and business / IT strategy consultancy services. It has invested heavily in developing its customer proposition and is now able to deliver IT services across bespoke application development, data, automation and, more recently, cyber services. Combined with circa 40% of revenues coming from recurring sources, a focus on developing long-term client relationships, and multiple avenues for growth both with existing and new customers, and FSP looks very well placed to continue outperforming.

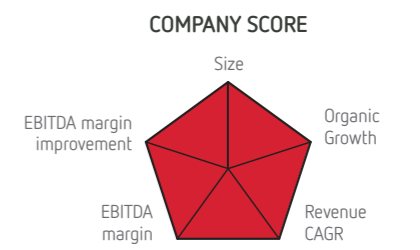


### Best Performing Company IT Managed Services



SecureCloud+ provides Cloud and related IT services, including private Cloud managed services, networked collaboration services (for use on military manoeuvres!), enterprise mobility and other security-related services focused on defence and public sector at various levels of security clearance.

**MEGABUYTE VIEW:** SecureCloud+ has just about retained its Emerging Star status with latest accounts to March 2021 showing EBITDA up 28% to £1.8m on revenues up 34% at £9.4m, albeit undershooting target growth of 50%. Promised continued growth in fiscal 2022 will surely take it above the £10m revenue cut off and into potential Megabyte50 qualification.

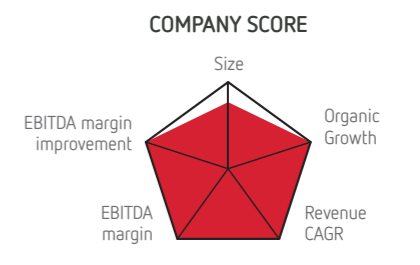


### Best Performing Company Telecoms Services



Jola is a mobile airtime platform provider focussed on mobile machine to machine (m2m) data services, targeting the retail, transport, logistics, public sector and broadcasting sectors through the channel. Its founders previously built similar channel focused business Griffin, which was sold to MDNX.

**MEGABUYTE VIEW:** Jola's automated, partner-led network aggregation model for m2m/IoT continues to deliver strong growth and profitability, attracting BGF as an investor in March 2021 on a £2m EBITDA run rate, and helping Jola retain its Emerging Star status. EBITDA is on track to double in just the latest year. Meanwhile, Jola has now launched an M&A strategy alongside organic growth, commencing with zapappi in January 2022



Find out more about our awards and view all Emerging Stars 2022 winners at [www.megabyte-awards.com](http://www.megabyte-awards.com)



# Analysing the Emerging Stars of 2022



## New origination efforts bear fruit

Megabuyte is now tracking over 5,000 companies across the Software & Digital Platforms and ICT & Digital Services sectors. This is more than double the total from our last Emerging Stars awards two years ago, driven primarily by Megabuyte's accelerated efforts to map out the technology ecosystems at the smaller end of its coverage.

Within this, Megabuyte covers an estimated 1,000 companies that have revenues between the Emerging Stars size criteria of £3-10m (both on an actual and estimated basis), as well as a further 2,500 below the £3m revenue mark. From this, the total number of companies eligible for the Emerging Stars reduces to 205 as we require audited financials, within which 103 are owner managed, 80 have received external private funding and 22 are publicly listed.

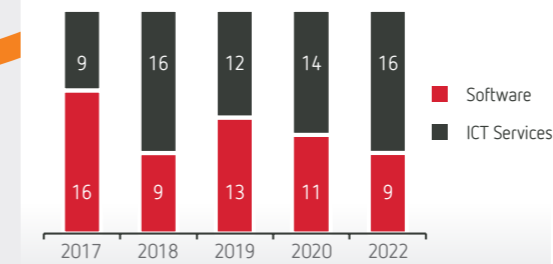
### INVESTORS PILE INTO EMERGING FIRMS

Turning our attention to this year's 25 Emerging Stars shows the highest proportion of ICT & Digital Services companies (16) in the five-year history of the awards. This could be partly explained by the stronger short-term drivers for ICT around working from home versus Software, such as demand for equipment and accelerated digital transformation programmes. The strongest representation was in the Telecoms Services (5), IT Consulting (4) and IT Managed Services (4) peer groups. Meanwhile, the Software & Digital Platforms sector (9) was carried by a high representation from the Enterprise Software peer group (5), counting 3rd placed Envivia as its top performer and, for the first time, didn't feature any fintech companies.

Segmenting the 25 Emerging Stars by ownership shows the highest proportion of firms that have received external funding from private equity, venture

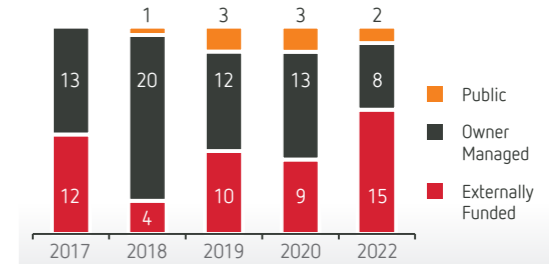
capital or other private investor institutions (at 15) in the history of the awards, while also producing a clean sweep of the top five. One contributing factor to this is the rush of investment activity in the last 18 months, which led to five of this year's Emerging Stars taking institutional funding for the first time. This has been catalysed by an abundance of investment capital ready to deploy and fears over a capital gains tax rises (before it was deferred). In a corresponding move, the number of owner managed firms fell to their lowest ever total (8), but still featured 2 in the top 10, led by 8th placed Bromcom Computers. The number of listed companies has always remained low due to the fewer number of firms choosing to IPO in this size range, with this year featuring 2 (versus 3 in the past two awards series), led by the Fastest Growing Company award winner and 15th placed CyanConnode.

Figure 3: Composition by Sector



Source: - Megabuyte

Figure 4: Composition by Ownership



### COVID ACCELERATED GROWTH

This year's 25 Emerging Stars recorded average organic revenue growth of 46% in their latest year, which is three times higher than the top / fourth quartile boundary for the entire 205 dataset. This also far exceeds their average medium-term revenue CAGR of 30% (double the top quartile boundary), supporting accelerated growth for these businesses following the COVID outbreak. Lower medians for both growth

metrics at 34% and 22% respectively highlight there are a few very high growth performers skewing the averages. The greater focus on investing for growth over profitability is also evident in the average adjusted EBITDA margins of 9.0% (third quartile), albeit improving at a rapid rate (+21.1pp). Meanwhile, a higher median EBITDA margin of 18.0% highlights there are a few highly loss-making firms that skewing the group average.

Table 1: How the Megabuyte Emerging Stars universe performs

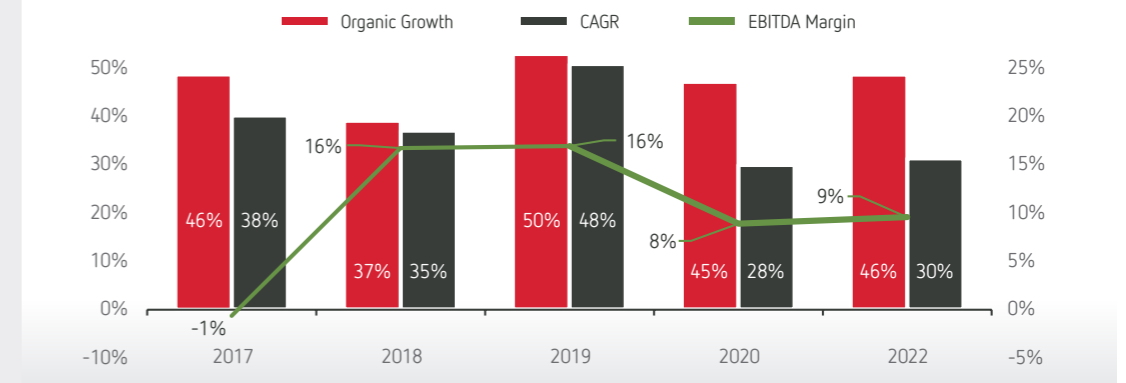
	Size Revenues (£m)	Organic Revenue Growth	Revenue CAGR	EBITDA Margin	EBITDA Margin Expansion (pp)
1st Quartile					
Boundary	4.6	-12.0%	-4.4%	-18.5%	-2.5
2nd Quartile					
Boundary	6.4	0.0%	4.0%	3.0%	0.6
3rd Quartile					
Boundary	8.2	15.3%	16.3%	12.7%	4.9
4th Quartile					
Emerging Stars avg.	7.2	45.9%	29.6%	9.0%	21.1
Emerging Stars median	7.4	34.0%	22.3%	18.0%	6.0

Source: - Megabuyte

### HOW DOES THE CLASS OF 2022 STACK UP TO PRIOR YEARS?

When you compare the financial metrics to previous Emerging Stars classes, the 2022 average growth and margin metrics are almost identical to 2020, though have the added accolade of contending with a global pandemic. Nevertheless, the metrics fall notably short of an impressive all-round year in 2019, albeit when EBITDA recognition rules weren't including capitalised R&D costs (a rule introduced in 2020).

Figure 5: Average Emerging Stars metrics through the years



Source: - Megabuyte

# Corporate Activity

## Where are they now?

### A look back at the Emerging Stars class of 2020

There is an elevated volume of deals to review compared to prior years due to the extended time since the last awards (as we paused the awards programme in 2021 due to COVID). Most of the activity is from M&A and, while history tells us that Emerging Stars tend to find themselves as more of a target than an acquirer given their smaller size, the trend reversed for the class of 2020. Fundraising highlights featured several investments from private equity and venture capital and one capital markets placing.

#### EMERGING STARS FLIP TO CONSOLIDATORS

There are seven companies that turned to the acquisition trail since becoming an Emerging Star in 2020, including Beeks Financial Cloud (of Velocimetrics), CIPHR (Digits), ENSEK (NrgFin), Impero (Netop & ContentKeeper), Incremental Group (Redspire & Adatis), Jola (zapappi) and razorblue (Sarn Technologies). All these acquisitions were domestic purchases except for ENSEK (Belgium) and Impero (Australia & Denmark). In the opposite direction, three companies were acquired by overseas trade buyers, including Altus (by Equisoft), ContactEngine (NICE Systems) and PRISYM ID (Loftware).

Investment activity featured SBOs at Datum Datacentres (backed by UBS Asset Management) and CIPHR (ECI), while Orbital Internet Group and Jola took institutional funding for the first time (from Mobeus and BGF respectively), Impero raised more money from its existing backer Investcorp and Beeks Financial Cloud completed an FPO.

View all previous years' Emerging Stars winning companies at

[www.megabuyte-awards.com](http://www.megabuyte-awards.com)

Table 2: Emerging Stars 2020 Corporate Activity

Company	Peer Group	2020 Ranking	Transaction Type	Role	Target/Acquirer/Investor	Deal EV
Altus	ITCON	12	M&A	Seller	Equisoft	£21m*
Beeks Financial Cloud	ITMS	3	M&A	Buyer	Velocimetrics	£1m
Beeks Financial Cloud	ITMS	3	FPO	-	-	£5m
CIPHR	ENT	14	SBO	Seller	ECI	£125m*
CIPHR	ENT	14	M&A	Buyer	Digits	£2m
CloudCall Group	TS	24	P2P	Seller	Xplorer	£34m
ContactEngine	ENT	10	M&A	Seller	NICE Systems	£180m*
Datum Datacentres	ITMS	17	SBO	Seller	UBS Asset Management	£39m*
ENSEK	BC	11	M&A	Buyer	NrgFin	£1m
Impero	GH	19	GC	Seller	Investcorp	£6m
Impero	GH	19	M&A	Buyer	Netop	-
Impero	GH	19	M&A	Buyer	ContentKeeper	-
Incremental Group	ITCON	21	M&A	Buyer	Redspire	£20m
Incremental Group	ITCON	21	M&A	Buyer	Adatis	£34m
Jola	TS	4	SBO	Seller	BGF	£41m
Jola	TS	4	M&A	Buyer	zapappi	£1m*
Orbital Internet Group	TS	9	GC	Seller	Mobeus	-
PRISYM ID	GH	15	M&A	Seller	Loftware	£80m*
razorblue	ITMS	16	M&A	Buyer	sarn Technologies	-

Source:  
- Megabuyte  
- Company Accounts

NB:  
- All deal values with an \* are Megabuyte estimates  
- FPO: Follow On Public Offer



#emergingstars

“ Being shortlisted for a Megabuyte Emerging Stars award is a vindication of our patient data centre revenue and profit growth strategy over the years, which also attracted UBS as an investor last year. We look forward to using this new investment to grow into the Megabuyte50. ”

Dominic Phillips CEO, Datum Datacentres  
Emerging Stars 2022 - Top 10 company  
Emerging Stars 2020 - Top 20 company

# Prospects for Megabyte50 & Megabyte Quoted25

## What now for the class of 2022?

We expect that most of this year's winners will not feature again in next year's Emerging Star awards because several firms are on course to outgrow the Emerging Stars revenue criteria, some are likely to be subject to M&A, and because more companies in this size range tend to experience greater volatility in financial performances.

We also expect the composition of the Emerging Stars to continue to lean towards firms that have received external funding from private equity, venture capital or other investor institutions. This is due to the sheer amount of private equity and venture capital funding still available to deploy and the attractiveness of the technology sector, particularly following the accelerated digital transformation themes since the COVID outbreak.

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## TOP PROSPECTS FOR MB50 & Q25

We have identified seven privately-owned prospects from the class of 2022 that, on their current revenue growth trajectories, look likely to exceed the Emerging Stars upper revenue limit of £10m in their next set of results, and, assuming continued/improved profitability, are strong candidates for our privately-focused Megabyte50 awards. This is assuming they don't undertake an IPO over the next year, which would instead put them in the running for the Megabyte Quoted25 awards.

We'd also like to commend the progress made by previous Emerging Stars CIPHR, Access Computer Consulting and Beeks Financial Cloud in their latest financial years, as it has enabled them to graduate to our mid-market focused Megabyte50 and Megabyte Quoted25 awards this year. This underlines the potential for Emerging Stars businesses to maintain their high growth trajectories and establish themselves in the UK mid-market tech industry.

Table 3: Top prospects for Megabyte50 & Megabyte Quoted25

Company	Peer Group	Ownership	Revenue £m	Revenue CAGR	EBITDA Margin
FSP	ITC	Externally Funded	8.6	34%	29%
SecureCloud+	ITMS	Externally Funded	9.4	48%	19%
Envitia	ENT	Externally Funded	8.4	27%	21%
Jola	TS	Externally Funded	6.7	55%	18%
Twisted Fish	ITMS	Owner Managed	8.6	22%	18%
bChannels	BPO	Externally Funded	9.9	8%	13%
BoilerJuice	BC	Externally Funded	9.0	23%	10%

Source:  
– Megabyte

“ We are delighted to have the progress we've made at bChannels over the past several years recognised by the Megabyte Emerging Stars awards series. Developing a proprietary database of the global technology partner ecosystem has been transformational to our Channel Marketing proposition and we look forward to building on this momentum.

Phil Gowing CEO, bChannels

Best Performing Peer Group Company 2022 (BPO)



### About the Megabuyte Award Series

The annual Megabuyte Emerging Stars awards identify the UK's best-performing scale-up technology companies, as defined by their Megabuyte Scorecard rating.

They are part of the annual Megabuyte100 award series, which collectively identifies the UK's 100 best performing technology companies and includes the Megabuyte50 awards (privately-owned technology companies) and the Megabuyte Emerging Stars awards (tech scale-ups), alongside the Megabuyte Quoted25 awards.

For further information about our awards visit [www.megabuyte-awards.com](http://www.megabuyte-awards.com)



### About Megabuyte

We are a company intelligence service.

Megabuyte analyses the financial and corporate strategy of early stage, scale-up and mid-market companies in the UK tech and digital sectors, providing data, insights and expert analyst opinion on individual companies, their peer groups and broader sector trends. The proprietary nature of our content, unavailable through other data or information providers, our independence, and our focus on actionable insights have made us an indispensable resource for over 3,000 of the sector's leading CxOs, investors and advisers.

Our research is available online, through subscription, or on a bespoke project basis. Learn more at [megabuyte.com](http://megabuyte.com)



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