



Propel Pre-Accelerator 2017-21 Evaluation

A Final Report by Hatch
March 2022

Invest NI

Propel Pre-Accelerator 2017-21 Evaluation

March 2022

www.hatch.co.uk

Contents Page

Executive Summary	i
Strategic and Economic Context	i
Financial and Output Performance	ii
Delivery Review	iii
Client Journey and Outcomes	vi
Assessing the Impact on the Northern Ireland Economy	vi
1. Introduction	1
Evaluation Approach	1
Structure of the Report	3
2. Strategic and Economic Context	4
Strategic & Policy Context	4
The Programme Logic Model	7
The Rationale for Public Investment	12
The Need for the Propel Pre-Accelerator	13
A Review of Best Practice	14
Theory of Change	15
3. Financial and Output Performance	17
Monitoring Programme Performance	18
Programme Spend	19
Programme Outputs	19
4. Delivery Review	23
Management and Governance	23
Programme Management and Administration	25
Marketing and Take-up of Support	26
The Support Offer	30
5. Client Journey & Outcomes	35
Client Journey	35
Outcomes	37
Case Studies	38

6. Impact Assessment	39
Limitations of the Impact Assessment	40
Assessing Net Additional Impacts	43
Sensitivity Analysis	47
7. Conclusions and Recommendations	50
Conclusions	50
Recommendations	54

DISCLAIMER AND LIMITATIONS OF USE

Appendix A - Consultees

Appendix B - Beneficiary Case Studies

Appendix C - Full Best Practice Review

Executive Summary

- i. Hatch was commissioned by Invest Northern Ireland to undertake an independent evaluation of its Propel Pre-Accelerator Programme activities between August 2017 and September 2021. This study has been undertaken alongside our evaluation of the Accelerator covering 2017-2021.
- ii. The total budget allocated for the Propel Pre-Accelerator programme during the 2017-2021 period covered by this evaluation is just under £3.06 million. The programme is delivered by Ignite Holdings Ltd, an External Delivery Organisation (EDO) appointed by Invest NI to deliver the programme from August 2017-September 2021.
- iii. The overarching objective of the programme is to maximise the number and impact of innovative, scalable, high growth export-orientated start-up sustainable businesses established in Northern Ireland.
- iv. The findings of this evaluation will be drawn on in the subsequent business case of a future Propel Pre-Accelerator programme.

Strategic and Economic Context

Strategic & Policy Context

- v. The Propel Pre-Accelerator supports the overarching aims and objectives set out in key Northern Ireland strategy and policy, particularly responding to innovative, productive growth as well as encouraging entrepreneurship and greater export-confidence.
- vi. There is a clear and on-going rationale for public investment in the Propel Pre-Accelerator, based-on several market failures, economic need and challenges to the business operating environment relating to the EU exit and Covid-19.
- vii. The Propel Pre-Accelerator is designed to address two core market failures in the provision of support for businesses: Information Failure and Positive Externalities.

The Need for the Propel Pre-Accelerator

- viii. Northern Ireland continues to lag behind on a number of key economic indicators. The Propel Pre-Accelerator is able to boost economic performance and address the changing economic landscape. This includes the potential to:
 - lift productivity rates by increasing knowledge-intensive activity
 - support raising investment for tech start-ups
 - improve business survivorship
 - grow export sales
 - improve access to risk capital and support businesses to be competitive and scaleup, considering the challenges of Covid-19 and EU exit.

A Review of Best Practice

- ix. Our review of the literature and evidence points to a number of areas, which are reflected in the design and delivery of the Propel Pre-Accelerator:
- **Delivering high quality mentorship:** the Propel Pre-Accelerator provides participants with a network of mentors that have experience and knowledge that is tailored to their sector and client needs.
 - **Building positive relationships with cohorts:** the Propel Pre-Accelerator facilitates opportunities for peer-to-peer learning among a cohort of teams operating in similar fields and based in shared office space.
 - **Raising market awareness:** the Propel Pre-Accelerator delivers weekly workshops which focuses on helping entrepreneurs to understand and validate their idea, as well as understand market fit and strengthen the product market proposition.
- x. The best practice review points to a number of helpful aspects which the programme could consider in future delivery:
- 1) Having metrics in place to measure engagement and participation of under-represented groups
 - 2) A distinctive theme for each cohort, which focuses on a particular sector or agenda
 - 3) Understanding and demonstrating the social impact of tech start-ups, through performance data
 - 4) Providing more intensive support, so that more than one cohort can run per annum.

Financial and Output Performance

- xi. Core programme expenditure has been in line with expectations across the four years of delivery.
- xii. The Propel Pre-Accelerator has consistently performed in line with the target of 20 teams supported per annum, meeting the target across nearly all cohorts, and exceeding the target in Cohort 3, where 21 teams were selected to join the programme.
- xiii. There has been significant demand for the Propel Pre-Accelerator, ranging from 180 to 310 applications per cohort. There has been a healthy flow of high-quality companies joining the programme which has contributed to the success of the programme's performance, however take-up from under-represented groups (including women, BAME and disabled people) could be higher to help diversify the cohort and support experience, as well as strengthen the longer-term impacts of the Propel Pre-Accelerator.
- xiv. The levels of investment raised have fluctuated with a total of £4.8m raised investment in Cohort 1 (by six of the 20 participants), £5m raised in Cohort 2 (seven of 20), £8.8m in Cohort 3 (eight of 20). To date, Cohort 4 (four of 20) has raised £885k in investment due to only having completed the support in July 2021.
- xv. There has been underperformance against the target for 45% of teams to raise £180k by year six following support (i.e. July 2027 at the latest), with only Cohort 3 expected to meet this target. In

total, 23 (29%) of the 80 companies are anticipated to reach this target¹. Note that this is based on applying a linear forward projection to existing data and therefore these findings should be treated as indicative with a degree of caution.

- xvi. The average turnover achieved per team has decreased slightly from £115k per team in Cohort 1 to £82k in Cohort 3. Note that these were recorded at the same point in time and probably reflects Cohort 1 having had a few more years to grow their turnover, although some of the difference could have been attributed to Covid-19 and the EU exit.
- xvii. We have taken linear effects based on Cohort 1's performance to illustrate how much turnover could be achieved in the future. If Cohorts 2, 3 and 4 perform similarly to Cohort 1, it is anticipated that six of the 80 (8%) businesses will achieve the target over the next few years. Note that this is an illustration of applying linear effects to existing data and therefore these findings should be treated as indicative with a degree of caution.
- xviii. It is recommended that the investment metrics data should be reviewed, tracked and updated regularly to improve monitoring and accuracy of investment performance. This could involve setting midpoint targets, as well as end of programme targets to better capture investment performance over time.
- xix. There may be a need for better targeting of high potential start-ups, given that the programme is currently underperforming against the long-term investment target. The underperformance could be attributed to the programme supporting very early-stage companies, of which most are still in the development phase. In future delivery, it would be useful to explore whether there are any wider benefits beyond investment which could be monitored that align with the programme's objectives.

Delivery Review

Management and Governance

- xx. There have been effective management and governance procedures in place to oversee and guide delivery.
- xi. The Programme Team and Ignite have built a strong working relationship, which has enabled the programme to adapt as needed. Roles and responsibilities are clear, however there could be further improvements in communication.

Programme Management and Administration

- xxii. There are effective monitoring processes in place for the programme. Monthly reporting is undertaken, and the processes appear to be clear and not too onerous for operational staff.
- xxiii. The marketing and application system for Propel is managed by Invest NI. This has reportedly led to some delays due to the large number of applications. Invest NI should consider within any

¹ Note: This has not been compared to the previous version of Propel support due to there being significant differences between the programmes, which do not allow comparison. The previous Propel programme was not tech focussed. It also applied a different business model, i.e. a two stage approach, with 40 teams on phase 1, followed by a competition to secure a place on phase 2.

future programme whether the criteria can be tightened and made clearer in marketing materials so as to reduce the number of applications and thus the sifting process required.

- xxiv. It can be difficult to measure the performance of companies on the Propel Pre-Accelerator using the standard outcome and impact measures (e.g. turnover, employment and investment raised) due to the programme's focus on supporting quite early-stage / pre-revenue businesses to achieve outcomes which may be considered less tangible, or more difficult to quantify.
- xxv. It will be important to consider some of the wider outcomes of the programme, and whether there is merit in capturing these through the KPIs, for example to measure the spillover effects of Propel and how the programme supports the wider NI ecosystem.

Marketing and Take-up of Support

- xxvi. The Pre-Accelerator's two-stage application process is smooth and efficient, with unsuccessful applicants signposted to other relevant business support programmes.
- xxvii. The Propel Pre-Accelerator programme has received growing recognition and is well known amongst the entrepreneur and start-up community in Northern Ireland. Producing success stories and undertaking interviews with companies has helped to increase wider awareness of the programme.
- xxviii. Propel has been successful in attracting high-quality start-ups and entrepreneurs with growth potential which are appropriate for the programme. The Ignite team have leveraged the NI ecosystem and tried to increase applications through their wider business support network.
- xxix. Ignite oversee the Accelerator's marketing, whereas Invest NI oversee the Propel marketing. The Ignite delivery team would like to see more consistent branding and marketing messaging between the two programmes. It is suggested that the Invest NI campaign manager works directly with the EDO to develop a single campaign that covers both interests, and ensuring that Invest NI are given recognition within marketing.
- xxx. It is important to ensure that marketing approaches and metrics are tracked and shared between Invest NI and the EDO to improve transparency and the consistency of messaging.
- xxxi. There is a need for stronger promotion of the focus and targeting of the Propel Pre-Accelerator and Accelerator programmes, to ensure that wider stakeholders are aware of which programme to refer to and which they are engaging with. There is also a need for stronger branding around Invest NI's involvement with the programme.
- xxxii. It was recognised that more could be done to further enhance take-up across different groups and focus on diversity and representation within the teams supported (improving access to BAME entrepreneurs, disabled entrepreneurs, different age groups, female entrepreneurs, from different parts of NI etc.). Having a dedicated marketing resource within the team could help to facilitate this.
- xxxiii. Demand for the programme is currently exceeding the supply. While not all applicants will be suitable for the support, this suggests a need for extra programme resource to deliver either more teams per cohort, or an increased number of cohorts per year.

The Support Offer

- xxxiv. The process has been effective and businesses which have successfully joined the programme are considered appropriate for the support.
- xxxv. Founders valued the personal support and having a go-to person during the programme who could provide accountability alongside offering support and guidance. Mentors have challenged the thought process and decisions of founders to ensure that they consider their approaches to business development in detail and to enable teams to refocus and improve their business model.
- xxxvi. The Propel Pre-Accelerator is longer than some other pre-accelerator programmes, which tend to run for 8-10 weeks, and could potentially be condensed into three months to allow two cohorts per year to be supported in place of one. However, the consensus is that six months is a more appropriate timeframe over which to deliver the programme content as it allows participants sufficient time to acquire the necessary learning and make progress with implementing changes in their business. Any reduction in duration would risk reducing the quality of the programme and the impacts it is able to achieve.
- xxxvii. The experience of the Ignite team has been a key strength of the programme. Having members of the team with experience as founders has helped establish connections with other entrepreneurs and investors.
- xxxviii. It was noted that there have not been many participants from IP-focused start-ups, university spinouts, and businesses operating in sectors such as life sciences and advanced engineering that are focused on technology. Any future programme should consider whether there is merit in broadening the marketing of the programme to encourage more of these types of businesses to apply and adapting the support to ensure it is well targeted to meet their business needs, or whether this gap in the market would be better met by alternative support provision through a different programme.
- xxxix. It is recommended that the programme engages more with wider Invest NI staff to showcase complementary support available which may be appropriate for the Propel participants.

Responding to Covid-19

- xl. Due to the restrictions in place in response to the Covid-19 pandemic, the programme had to move support online with beneficiaries joining remotely. In some regards, this has benefitted the programme due to:
- Removing geographical restrictions for programme participants
 - Facilitating international participation
 - Easier to fit sessions around business activity
 - Awareness of how to build companies has changed
- xli. However, in other respects, Covid-19 has created challenges for the programme:
- Peer learning environment
 - Businesses/teams more impacted by Covid-19 restrictions
 - Limited travel opportunities

- xlii. A hybrid approach should be adopted going forward, with a mix of office and virtual support to reduce geographical constraints for the programme but with in-person peer learning and networking throughout.

Client Journey and Outcomes

Client Journey

- xlii. The main motivations for joining the programme were to learn the fundamentals of how to start a business. Most businesses were at a very early stage with product ideas and needed support to set up and grow the business.
- xliv. Developing knowledge around business fundamentals has higher priority than gaining an understanding of how to secure investment. There is a clear interest in getting help on operational subjects such as sales, law and compliance, accounting and human resources.
- xlv. Mentorship was commonly mentioned as one of the most valuable parts of the course. However, the quality of mentorship appears to vary by individual mentor. It is recommended that mentors are selected to reflect the sector of the businesses they work with wherever possible. Mentorship support should also be designed to address softer issues vital to business growth, such as business owners' wellbeing.
- xlvi. The programme is quite intense in the first three months. Sharing a content guide for the programme would help participants to better benefit from the content.

Outcomes

- xlvii. Propel has successfully built a network of start-up businesses in Northern Ireland. Businesses make good use of the skills and experience of this network and benefit from the good reputation of the programme and its previous alumni.
- xlviii. The main benefits of the programme for beneficiaries were:
- access to a wider network, including the cohort, previous cohorts and the tech / start-up ecosystem
 - broadened ambitions for business growth
 - widened product, supplier and staff markets, adopting a more global perspective on the business
 - Improved commercial confidence
 - and, overcoming knowledge / financial barriers to starting their business.
- xlix. Having launched their products since joining the programme, many beneficiaries are now looking to raise investment (35%) while continuing to develop their products (30%) and scale the business into new markets (17%) and secure customers (17%).

Assessing the Impact on the Northern Ireland Economy

- I. The scale of the net additional impacts from the Propel Pre-Accelerator are subject to some uncertainty due to:

- the timing of the evaluation, with some businesses having only recently received support or not yet implemented business changes as a result of the support
 - significant growth expectations among participants that are yet to be realised and therefore subject to greater uncertainty
 - the impact, deadweight and displacement estimates being based on self-reported perceptions of participating firms
 - the margin of error for survey responses overall is 17%.
- li. In grossing up from the data in the beneficiary sample to all beneficiaries supported, we made the assumption that the information provided by the sample beneficiaries is representative of the broader population of beneficiaries. To ensure this is most representative, the turnover and employment impacts have been grossed up based on the proportion of total turnover generated in the beneficiary sample, relative to the total turnover generated in the population of beneficiaries.
- lii. Our assessment suggests that the Propel Pre-Accelerator has created an estimated £1.2 million in net additional GVA for the Northern Ireland economy to date.
- liii. The majority of the economic value generated as a result of the Propel Pre-Accelerator is expected to emerge over the next three years. We estimate that the business growth among beneficiaries supported to date could lead to a further £91 million in net additional GVA for the Northern Ireland economy by 2024.
- liv. Due to the uncertainty regarding future impacts estimated and the limitations of the analysis outlined in this section, these impact estimates should be treated with caution and considered as indicative.
- lv. £2.8 million has been spent on the programme to date which we estimate has so far generated £1.2 million in net additional GVA and which could by 2024 (subject to businesses continuing to make the progress planned) rise to £92.2 million. Discounting future benefits at 10%, in line with the Invest NI's Economic Appraisal Methodology², this would result in £0.42 generated for every £1 of public money invested to date, rising to £26.3 by 2024. When the three outlier businesses are removed, the return on investment to date slightly decreases (£0.36) and drops from £26.3 to £5.0 by 2024.
- lvi. The 2016 DCLG Appraisal Guide suggests that anything exceeding a £2 return on public investment represents high value for money. On this basis, the estimates of return on investment to date is low but will become very positive if beneficiaries projected growth materialises.

Recommendations

- lvii. A number of recommendations that should be explored within the upcoming Propel Pre-Accelerator Business Case are outlined below:
- 1) The Propel Pre-Accelerator KPIs should be revisited during the business case that follows this evaluation, to ensure that they are fully capturing the desired outputs, outcomes and impacts of the programme. It is important that the KPIs and associated objectives are set

²The standard discount rate as per NIGEAE is 3.5%. However, as per INI policy a 10% discount rate is applied as projects are usually of a commercial or industrial nature. See 2.8.18 & 2.8.19 in the link: <https://www.finance-ni.gov.uk/articles/step-eight-calculate-net-present-values-and-assess-uncertainties>.

realistically to reflect the businesses' stage of development in which the programme supports.

- 2) The case for increasing the size of cohorts / number of cohorts supported per annum to meet the high demand for the programme should be considered within the options longlist. Any increase in the size of the programme will require a proportionate increase in the programme delivery and management resource (within both the Invest NI programme team and the external delivery organisation programme team) to ensure that the programme quality does not decrease. This option should also consider whether programme targets (i.e. number of teams supported) could be increased to accommodate the high demand for the programme.
- 3) The business case should consider the possibility of the programme providing access to space outside of Belfast, which could be provided through a hub and spoke model, or a membership offer which includes access to flexible workspace in different locations (including locations outside of Belfast).
- 4) The case for introducing resource for a marketing specialist within the delivery team to plan annual targeted marketing campaigns and support with promotion of participating teams (both during and after completing the programme) should be considered.
- 5) The evaluation findings suggest that there is a need for further support beyond the completion of the 6-month period of support. The business case should consider whether additional resource is required to enable the programme team to provide more formalised aftercare support for programme participants and help to support an alumni network.
- 6) The case for opening up support to life sciences, engineering, IP focused start-ups and spinouts should be considered in the design of any future programme.
- 7) Invest NI should consider whether the level of grant currently provided by the programme suitably addresses barriers to participation for all potential beneficiaries.
- 8) A hybrid approach to delivery, with a mix of online and in-person support, would be recommended in any future programme with careful thought into the design of this approach, the timing and location of meetings and events.

1. Introduction

- 1.1 Hatch was commissioned by Invest Northern Ireland to undertake an independent evaluation of its Propel Pre-Accelerator Programme activities between August 2017 and September 2021. This study has been undertaken alongside our evaluation of the Accelerator covering 2017-2021.
- 1.2 The Propel Pre-Accelerator represents a key component of the start-up ecosystem for high potential start-ups in Northern Ireland. The programme provides an important feeder into the Accelerator programme and specifically targets entrepreneurs and start-ups at pre-revenue stage, to provide support with developing and testing their business concept and as a result, achieving business growth and securing future investment. While the Propel Pre-Accelerator focuses on supporting the founder and strengthening the business idea, those who join the Accelerator, have expanded into teams and are equipped with the experience and skills required to focus on raising investment.
- 1.3 The total budget allocated for the Propel Pre-Accelerator programme during the 2017-2021 period covered by this evaluation is just under £3.06 million. The programme is delivered by Ignite Holdings Ltd, an External Delivery Organisation (EDO) appointed by Invest NI to deliver the programme from August 2017-September 2021.
- 1.4 The overarching objective of the programme is to maximise the number and impact of innovative, scalable, high growth export-orientated start-up sustainable businesses established in Northern Ireland.
- 1.5 The programme focuses on supporting technology-based start-ups at the pre-revenue stage, which have the potential to reach £250k by the third year of operation. The focus on the technology sector means that it can help to fast track more technology businesses with potential to scale through to early-stage start-up and secure investment.

Evaluation Approach

- 1.6 The purpose of conducting an evaluation is to gain an independent understanding of project performance, impacts and value for money, in addition to exploring the mechanisms through which these impacts have been achieved and insight into which delivery approaches work and why. This will include reviewing any examples of best practice, challenges experienced, and lessons learnt, which can be used to inform the future development and delivery of programmes of a similar nature.
- 1.7 The evaluation is undertaken in line with HM Treasury's The Green Book: Appraisal and Evaluation in Central Government³, The Northern Ireland Guide to Expenditure Appraisal and Evaluation (NIGEAE)⁴ and HM Treasury's The Magenta Book: Guidance for Evaluation⁵.
- 1.8 Based on the requirements of this evaluation and as set out in our proposal, the approach primarily focuses on process evaluation, theory-based impact evaluation and value for money assessment. The evaluation methodology uses a combination of quantitative and qualitative research methods, drawing on a variety of relevant information, data and qualitative insights including:
 - **A review of background documentation:** including the original Propel Pre-Accelerator specification, signed casework and minutes, Ignite handover documents, monthly reports

³ <https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-governent>

⁴ <https://www.finance-ni.gov.uk/topics/finance/northern-ireland-guide-expenditure-appraisal-and-evaluation-nigeae>

⁵ <https://www.gov.uk/government/publications/the-magenta-book>

etc., to understand in detail the programme's design and development and assess the programme's need, market failure rationale and continued relevance in light of changes to the strategic and economic context.

- **Best practice review:** reviewing examples of pre-accelerator programmes delivered elsewhere to assess the extent to which the Pre-Accelerator has drawn on best practice and lessons from accelerator programmes delivered elsewhere.
- **Detailed analysis of project monitoring data:** captured by the Invest NI team, including programme costs data, beneficiary monitoring data and monthly reports, to assess the programme's performance against financial and output targets.
- **Stakeholder engagement:** to elicit views on project performance, a detailed consultation and engagement process has been carried out to obtain stakeholder insights. Due to the restrictions on face-to-face meetings due to COVID-19, consultations have been carried out remotely through a mix of Microsoft Teams calls and telephone calls targeting:
 - The Invest NI Pre-Accelerator programme team
 - The IgniteNI programme team
 - Wider Invest NI staff
 - External stakeholders
- **Beneficiary consultation:** including one-to-one interviews with a sample of participant entrepreneurs. This approach was designed to explore motivations for seeking support, views on experience and the quality of support provided, outcomes, impacts (actual and expected), attribution and views on how the project could evolve to better meet their needs.
- **Quantitative impact analysis:** to obtain a more detailed view of the economic impacts by grossing up the impacts of the interviewed businesses, carrying out gross-to-net impact calculations and assessing value for money for the net impacts achieved.

1.9 Although the use of self-reported beneficiary information through interviews has its limitations as a means of estimating economic impact, due to the potential for businesses to incorrectly recall or misreport the changes in business performance and the difficulty of estimating the extent to which changes experienced can be attributed to the support received, our evaluation scoping concluded that it was the most appropriate method, given the limited opportunity to use counterfactual methods of impact evaluation due to:

- many of the methods not being appropriate for the Propel Pre-Accelerator programme's scale (ie the limited population of supported beneficiaries)
- methods using administrative datasets (eg the Inter Departmental Business Register, IDBR) to inform counterfactual impact evaluation of projects would not be suitable due to the various time lags in data (meaning it is often at least two years out of date). Bearing in mind the time it could take for quantified benefits to materialise from a programme focused on entrepreneurs and start-ups at pre-revenue stage, and that some of the beneficiaries (particularly those in cohort 4) had only completed the programme very recently, changes in employment and turnover might not yet be evident in the IDBR (even for those businesses which were assisted in the earlier cohorts).
- the small number of potentially feasible methods to construct comparison groups carry considerable risk, may not provide credible answers to evaluation questions and were unlikely to be affordable within the budget for the evaluation.

1.10 The analysis concluded that a robust counterfactual assessment was not feasible within the scope and budget for this study, and that self-reported impact assessment would be the most appropriate impact assessment approach. Although this method has some limitations, it offers a pragmatic solution to:

- capture timely and insightful evidence on outcomes and impacts
- explore additionality quantitatively and qualitatively (capturing self-reported additionality through asking beneficiaries what changes in turnover and employment they have experienced since receiving support, what they would have done had they not received the support, and the extent to which they attribute any changes in business performance to the programme).

Structure of the Report

1.11 The evaluation is structured around the following topics:

- **Section 2. Strategic and Economic Context:** considers the programme logic model, alongside the economic and policy context in which the project was designed and delivered, including the nature of market failure, project objectives and rationale for the delivery approach and a review of best practice from accelerator programmes elsewhere.
- **Section 3. Theory of Change Analysis:** presents a Theory of Change diagram for the programme, which traces the step-by-step rationale for the intervention to its intended outcomes and impacts in a sequential manner and explains the assumptions which the intended outcomes and impacts depend on. The Theory of Change enable us to analyse the project's impacts by reviewing and testing the causal chains thought to bring about change.
- **Section 4. Financial and Output Performance:** reviews programme performance to date against the programme's expenditure profile and output targets and reviews the explanatory factors for any areas of over/underperformance, in addition to the extent to which risks have been managed and mitigated appropriately.
- **Section 5. Delivery Review:** provides a more qualitative analysis of the project's delivery performance and considers the challenges and achievements in terms of different aspects of programme delivery.
- **Section 6. Client Journey and Outcomes:** reviews the beneficiary journey, outcomes achieved and overall satisfaction, drawing on evidence from the one-to-one consultations undertaken with a sample of beneficiaries.
- **Section 7. Impact and VFM Assessment:** reviews the progress that the project has made towards the impacts outlined in the project logic model and estimates the gross and net impacts that have been secured. This section also provides an assessment of the programme's value for money.
- **Section 8. Conclusions and Recommendations:** this section will synthesise the evaluation findings, drawing on evidence from all research strands, outlining the conclusions that can be drawn and recommendations for any future delivery of the programme.

2. Strategic and Economic Context

- **Key Findings & Recommendations**
- The Propel Pre-Accelerator continues to do the following:
- Support the aims and objectives set out in key Northern Ireland strategy and policy, particularly responding to innovative, productive growth as well as encouraging entrepreneurship and greater export-confidence.
- Address fundamental market failures, particularly imperfect information where new entrepreneurs do not have access to all the necessary information needed to start and grow a successful business.
- Address a clear need to increase rates of business start-up and growth, productivity, export sales and FDI. The EU exit and Covid-19 pandemic are recent contextual changes which have enhanced the importance and relevance of the Propel Pre-Accelerator in supporting innovation-led growth and economic recovery in Northern Ireland.
- Reflect areas of best practice found in similar business support programmes, such as delivering high quality mentorship, building positive relationships within cohorts and raising market awareness. The best practice review points to a number of helpful learning points which could benefit future delivery, including adding metrics to measure participation of underrepresented groups and having a distinctive theme for each cohort.

2.1 This section explores the areas of Northern Ireland strategy that Propel is set to secure progress against, the programme's logic model and appropriateness of the programme's design given its objectives, as well as the underpinning rationale and need for public investment in the programme. Findings have also been summarised from a review of the best practice and lessons learned from other pre-accelerator programmes, from UK and international pre-accelerator case studies and wider literature and evidence.

Strategic & Policy Context

2.2 A review of Northern Ireland strategy and policy demonstrates that Propel continues to align with and support key strategic and policy objectives. Common policy themes identified which have most relevance to Propel are: driving innovative, productive growth and encouraging entrepreneurship as well as greater export-confidence in Northern Ireland.

A 10x Economy: Northern Ireland's Decade of Innovation (2021)

2.3 The Northern Ireland strategy sets out ambitions to '*encourage greater collaboration and innovation to deliver a ten times better economy with benefits for all our people*'. There are ten guiding principles identified to help progress this vision, of which three are closely linked with the delivery of the Propel Pre-Accelerator:

- **Inspire the future generations to thrive:** Propel focuses on strengthening entrepreneurial skills of participants and enhancing confidence to leave full-time employment and progress their business concept. Networking opportunities with potential investors and mentoring support enables participants to deepen their knowledge of the market and be in a stronger position to grow their business in the future.

- **Position NI amongst the most competitive small, advanced economies in the world:** Propel supports local, newly-established tech start-ups with the greatest potential to grow through exports, contributing to long term economic growth.
- **Position NI as an optimum place to work, invest, live and visit:** Propel aims to attract investment into NI by connecting participants with experienced investors. This ensures new companies have the means to scale up at a faster rate, resulting in a more diversified business base and contributing to economic growth in Northern Ireland.

Economic Recovery Action Plan: Rebuilding a Stronger Economy (2021)

- 2.4 The strategy sets out a number of priorities to rebuild a stronger, more competitive, inclusive and greener economy in Northern Ireland, as a response to the impacts of the Covid-19 pandemic. This will involve:
- building a higher skilled and agile workforce
 - pursuing and securing better jobs; and
 - producing a more regionally balanced economy.
- 2.5 In light of the changing economic landscape, Propel continues to remain highly relevant in maximising NI's future growth potential. The programme directly supports two of the four key pillars:
- **Stimulating Research & Development and Innovation:** Propel targets entrepreneurs who wish to develop an innovative new technology / product, as well as new start-ups who seek to embed disruptive technologies to internationalise and grow their business. Support elements such as mentoring, and workshops focus on customer and product development.
 - **Promoting Investment, Trade and Exports:** Propel continues to promote entrepreneurship and increase export-confidence, which is a critical factor for attracting inward investment and instilling economic recovery. Investor-readiness is an important aspect of delivery, where participants are encouraged to develop a business plan that outlines export targets.

Building Foundations for a Better Economy: Invest NI Business Plan 2021/22 (2021)

- 2.6 The Invest NI Businesses Plan calls for Invest NI to align interventions with the ambitions set out in the 10X strategy and deliver transformational growth, by supporting Northern Ireland's core technologies and economic clusters over the next decade.
- 2.7 Propel continues to be relevant in driving resilience and innovative growth in Northern Ireland, contributing to the achievement of more jobs, increased investment, and a higher quality of life. The programme closely links with four of the eight drivers of success outlined in the Invest NI Business Plan:
- **Grow external sales:** Propel deepens Invest NI's support for teams of entrepreneurs establishing businesses with the potential to develop technological solutions and access growing international markets. It supports businesses to access networks of investors and clients that will enable them to increase export sales.

- **Innovation:** Propel actively encourages innovation by supporting high value, early-stage tech startups to innovate and develop their idea concept. The programme works with businesses to accelerate new technology solutions into a viable product.
- **Entrepreneurship and Commercialisation:** Propel works with businesses with standout technological solutions that have the potential to be used widely and internationally. It supports them to develop leadership qualities, realise plans for job creation and large-scale turnover growth, and in doing so it promotes Northern Ireland as a place for business.
- **Investment:** Propel works with participants to increase investor readiness, facilitate introductions with investors which helps to attract future investment. This contributes towards the ambition for Northern Ireland to be a global leader in a number of key clusters including digital, fintech and agri-tech.

The Draft Programme for Government Framework 2016-21

- 2.8 Propel directly supports progress against three of the 14 outcomes that form the focus of the Draft Programme for Government. Table 2.1 sets out the outcomes, indicators and measures that have most alignment with the programme.
- 2.9 Note that the Northern Ireland Executive is currently developing the 2021 Draft Outcomes Framework, where the responses from the consultation are now being considered.

Table 2.1 NI Programme for Government: Direct Outcomes, Indicators and Measures for the Propel Pre-Accelerator Programme

Outcomes	Indicators	Measures	Links with NI Propel
O1: A strong, competitive, regionally balanced economy	I20: Increase the size of the economy	Private Sector Northern Ireland Composite Economic Index (NICEI)	Supporting businesses to be more competitive in domestic & international markets.
	I21: Increase the competitiveness of the economy	External sales	Supporting businesses to use disruptive technologies or develop a technology concept to grow their business.
O5: An innovative, creative society, where people can fulfil their potential	I22: Increase innovation in our economy	Regional innovation ranking	Strengthening the resilience of businesses and driving growth in employment and turnover.
O12: A place where people want to live and work, to visit and invest	I40: Improve our international reputation	National brand index	Attracting inward investment through connecting businesses with potential investors and strengthening economic growth in Northern Ireland.

Source: Draft Programme for Government Framework 2016-21; Hatch

Economy 2030: An Industrial Strategy for Northern Ireland

- 2.10 The Draft Industrial Strategy proposes a Framework for Growth based on five pillars. This is closely related, and in response to, the UK Government's Industrial Strategy White Paper. The pillars cover overarching themes including: inclusivity, prosperity and achieving economic rebalance. The Propel Pre-Accelerator programme will help to underpin progress against:

- **Pillar 1 - Accelerating Innovation & Research:** by supporting entrepreneurs and new, innovative businesses to develop stand out digital technologies.
- **Pillar 3 - Driving Inclusive Sustainable Growth:** by supporting business start-ups to establish sustainable high-growth patterns in expanding tech markets.
- **Pillar 4 - Succeeding in Global Markets:** by preparing businesses for the growth opportunities and barriers to growth associated with internationalisation.

The Northern Ireland Innovation Strategy 2014-2025

- 2.11 The Innovation Strategy aims to promote and enhance creativity and innovation across the NI economy, so that by 2025, Northern Ireland will be recognised as an innovation hub and become one of the UK's leading high growth, knowledge-based regions.
- 2.12 The table below demonstrates Propel's continued relevance to the four themes outlined in the Innovation Strategy.

Table 2.2 Key Links with Northern Ireland Innovation Strategy

Strategy Areas	Relevant Strategy Aims	Links with NI Propel
Culture Change <i>"Changed attitudes and behaviour towards collaboration, and openness towards the use of new ideas, innovation and risk taking"</i>	Strong leadership to drive innovative growth	Mentoring and workshops designed to enhance entrepreneurial skills and improve businesses' understanding of opportunities and barriers to growth.
	Celebrate innovation	Through investor events, Propel marketing and promotion of key success stories.
Knowledge Generation <i>"creating an environment which encourages research and creativity"</i>	More companies, particularly local SMEs, investing in R&D	By supporting high growth business start-ups to embed disruptive technologies in their respective sectors and use technological solutions to progress their business concept.
Knowledge Exchange <i>"facilitating exchange & access to quality information across all sectors to support economic growth"</i>	More international partnerships and collaboration	By exposing participants to international investors and supporting future expansion into international markets
Knowledge Exploitation <i>"Transformation of knowledge into products and services which can add value and be exported"</i>	Support businesses with high growth and export potential	By targeting tech start-ups with high-growth potential to establish and compete in international markets.

Source: Innovation Strategy 2014-2025; Hatch

The Programme Logic Model

- 2.13 The logic model shown below provides an overview of the Propel Pre-Accelerator programme inputs, activities, outputs, and outcomes that were agreed at project inception. This has been expanded on for the Theory of Change Analysis, set out in Section 3.

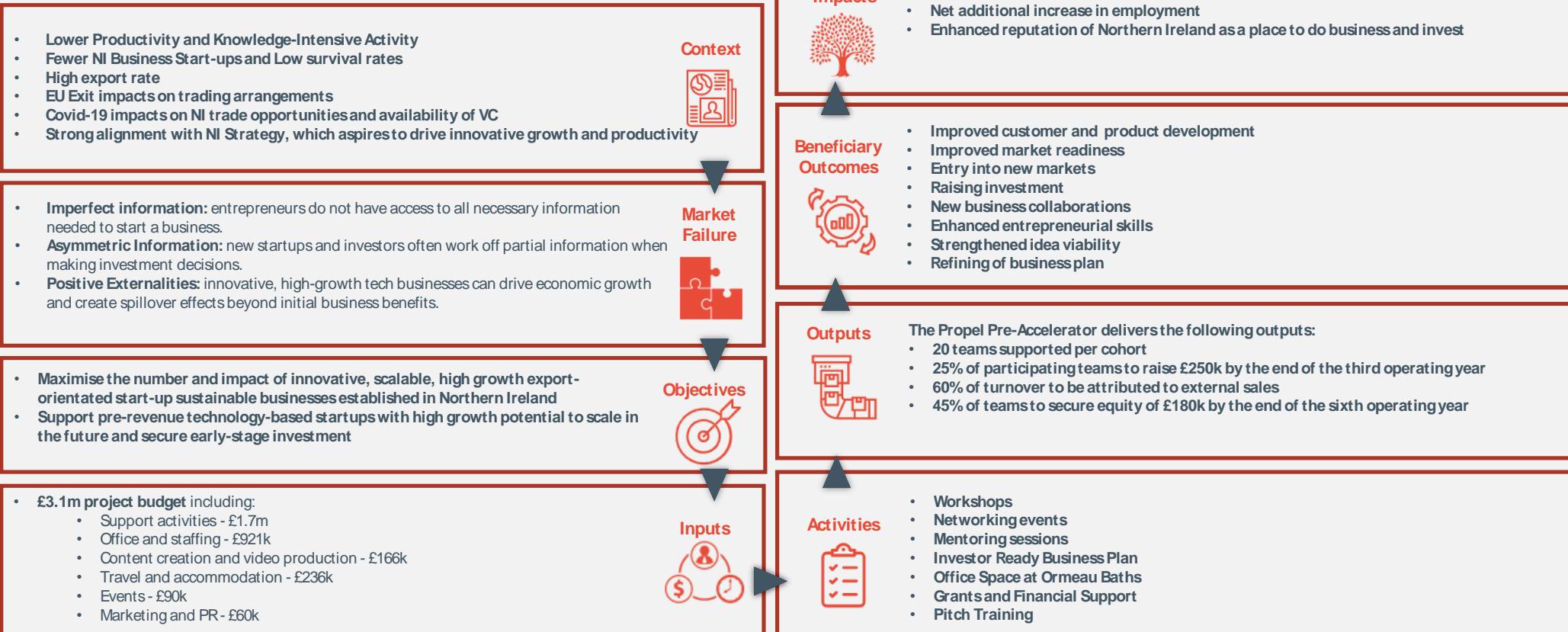
Objectives

- 2.14 The overarching aim of Propel is to support the development of high growth potential start-ups at the pre-start stage in Northern Ireland:

"maximise the number and impact of innovative, scalable, high growth export-orientated start-up sustainable businesses established in Northern Ireland."

- 2.15 Propel focuses on supporting technology-based start-ups at the pre-revenue stage, who have the potential to reach £250k by the third year of operation. The programme's focus on the technology sector means it can help fast track more technology businesses with potential to scale through to early-stage start-up and secure investment.
- 2.16 As referenced in the 2015 Propel evaluation, the programme also has a number of associated aims, which are more operational in nature, that continue to be relevant in the design and delivery of Propel:
- enhance the entrepreneurial skills of participants
 - strengthen participants' understanding of their proposed marketplace and idea viability
 - assist with development of investor ready business plan that outlines targets for securing funding, external and export sales and employment creation.

NI Propel Pre-Accelerator – Logic Model



Inputs

- 2.17 The original budget for the Propel Pre-Accelerator was £3,057,005 (inc. VAT)⁶ for the period 2017-2021. A detailed breakdown of the programme's expenditure is presented in the table below.

Table 2.3 Breakdown of the Propel Pre-Accelerator Programme

Costs	no. (£)	% of total
£15k Grants	£1,200,000	38%
Office and staffing	£921,300	29%
Travel and accommodation	£236,000	7%
Mentors	£225,900	7%
Content creation and video production	£165,700	5%
Workshops and session	£110,400	3%
Top performer award	£96,000	3%
Events	£90,400	3%
Export fund	£72,000	2%
Marketing and PR	£60,200	2%
Total	£3,177,900⁷	100%

Source: Invest NI Monitoring Data; Hatch. All costs are rounded to the nearest 100 and are inclusive of VAT.

Activities

- 2.18 The Propel Pre-Accelerator provides support for up to six months to each cohort and requires participants to leave full-time employment to focus on the business concept. The programme covers a number of support elements which have been designed to assess business strengths and weaknesses of participating teams, as well as contribute to the overarching objectives. The support elements are described in further detail below:

Workshops: Propel's weekly workshops are delivered by external trainers, facilitating peer learning opportunities and aim to enhance key business skills: customer and product development, sales and marketing, pitching and fundraising. 12-16 workshops run throughout the programme and are tailored to meet the specific needs of each participant.

Grant support: £15k grant support provides financial assistance for entrepreneurs who wish to leave employment and work on their business full-time. This aims to de-risk entrepreneurship among participants and attract high quality participants into the programme.

Mentoring is provided over four days and delivered by experienced international entrepreneurs and investors. Each participant is matched with a mentor and receives one-to-one support on a monthly basis. The mentoring sessions seek to help embed the business fundamental skills and knowledge required to grow in the future, as well as develop/refine the business plan.

Office Space: free office space is provided to participants for up to 12 months at Ormeau Baths in Belfast. With access to shared space and "out of office hours" from Ignite staff, the enterprise

⁶ This is the original Propel budget as approved in 2016, before Invest NI's decision in 2017 to source a single EDO to manage the Propel Pre-Accelerator and Accelerator programmes. This was referenced in the 'Budget Monitoring Worksheets Propel Accel - June 2021' spreadsheet provided by the programme team.

⁷ The total costs figure reflects a £121k variance from the original budget in the Terms of Reference for the evaluation, as referenced in the 'Budget Monitoring Worksheets Propel Accel – June 2021' spreadsheet provided by the programme team. The variance has been attributed to the measuring of drawdown to date. The invoice paid in October 2021 is expected to close off this variance.

hub offers an opportunity to network with their peers and receive ad-hoc one-to-one support. During Cohorts 1 and 2, participants were required to spend 2-3 days per week in the Hub.

£250k Credits: subsidised credits are provided to participants, so that they have free access to a range of different business products, services and platforms during the programme. It encourages teams to continue using the products and services beyond the Accelerator as they scale in the future.

Financial Award: additional financial assistance of £20k is awarded on a competitive basis and provided to the top performing 2-3 participants on achievement of high business growth and agreed milestones.

Pitch Training: each participant is offered informal pitching sessions and access to 'pitch clinics' in order to improve investor and market readiness. At the end of the programme, a final showcase enables participants to present to an invited audience of investors and stakeholders.

Invest NI Client Executives are allocated to each participant at the start of the programme and provide a wrap-around support package in helping to diagnose business need and ensuring that the support is being provided which meets their needs effectively. The Client Executives also have responsibility for maintaining contact with participants beyond the programme, helping to signpost participants to relevant support and monitor/track their performance and outcomes. During Cohorts 3 and 4, the Invest NI Client Executives wrap around facility was unavailable due to resourcing issues during the Covid-19 pandemic.

Outputs

2.19 The Propel Pre-Accelerator's SMART targets, as referenced in the Terms of Reference for the Evaluation and Business Case of Invest NI's Propel Pre-Accelerator and Accelerator programmes document, are:

- 80 businesses to have completed the programme over four cohorts between 2017 – 2021.
- 80 businesses to have produced an output to facilitate the ability of the business to raise finance.
- 90% of participant businesses reporting a significant increase in their understanding of their market position and opportunity as a result of programme participation.
- 90% of participant businesses reporting a significant increase in their ability to pitch for funding as a result of Programme participation.
- 90% of participant businesses reporting a significant increase in their understanding of their business funding options.

Intended Outcomes and Impacts

2.20 The programme objectives are underpinned by a number of outcome measures, aimed at generating a measurable economic impact at the level of Northern Ireland:

Regional Economic Impacts

- 25% of participating teams to reach £250k turnover by year 3
- 60% of turnover to be generated from external sales
- 45% of teams to secure average equity of £180,000 by 2027

- Minimum of £20m gross GVA and £7.3m net additional GVA by 2027
- Minimum of 344 gross additional FTE jobs by 2027
- Minimum of 126 net additional FTE jobs by 2027
- Minimum ROI of £2.22 by 2027

Wider Impacts

- Enhanced reputation of the NI economy, as a place to do business and invest

The Rationale for Public Investment

Market Failure

- 2.21 The Propel Pre-Accelerator represents a key component of the start-up ecosystem for high potential start-ups in Northern Ireland. The design and need of the programme provides an important feeder into the Accelerator programme and specifically targets entrepreneurs or new start-ups at pre-revenue stage with developing and testing their business concept and as a result, achieving business growth and securing future investment. While the Propel Pre-Accelerator focuses on supporting the founder and strengthening the business idea, those who join the Accelerator after graduating from the programme, have expanded into teams and are equipped with the experience and skills required to focus on raising investment.
- 2.22 The Propel Pre-Accelerator is designed to address two core market failures in the provision of support for pre-stage businesses:

1) Information Failure

- 2.23 There are two information failures that constrain growth of new start-ups, and are relevant to the design of the Propel Pre-Accelerator:
- **Imperfect Information:** According to the 2019 Global Entrepreneur Monitor (GEM), fewer entrepreneurs (31%) in Northern Ireland feel that there are good start-up opportunities available compared to the national average (39%)⁸. This is often contributed by imperfect information, where entrepreneurs do not have access to all the necessary information needed to start a successful tech business. A lack of knowledge and awareness of start-up opportunities can hold back entrepreneurs to start and grow their business, raise investment and access international markets. This is regarded as a key barrier for business start-up and growth in NI and has been raised by Invest NI and key partners delivering entrepreneurial support⁹. Propel offers targeted workshops and mentoring sessions which are designed to help demystify and support the needs of pre-revenue stage businesses who wish to grow their business and expand into different markets. One-to-one support provided by experienced investors and industry leaders, as well as peer-to-peer learning in the cohorts can boost knowledge transfer and help increase survival rates of start-ups.
 - **Asymmetric Information:** new start-ups often work off partial information when it comes to pursuing investment and choosing suitable finance options for their business. Likewise, investors typically have limited information on new businesses which impacts their

⁸ <https://www.gemconsortium.org/file/open?fileId=50680>

⁹ E.g. highlighted as a key barrier to business start-up and growth at the June 2014 Access to Finance Conference at Titanic Belfast.

decision making when looking to invest in high-potential companies. Propel supports both parties and traverses this asymmetry by bringing participants and investors together. Without such intervention, new-starts are unlikely to have the knowledge and capabilities to be matched with appropriate investors in the future.

2) Positive Externalities

- 2.24 Innovative high-growth businesses can drive economic growth. Beyond the benefits secured by the businesses themselves, they can deliver technological improvements, jobs and increased output for the Northern Ireland economy and stimulate increased competition and innovation in the tech sector. Research¹⁰ suggests that pre-accelerator and accelerator programmes have positive spillover effects on the wider business ecosystem. The launch of an accelerator in UK boroughs (excluding London) is associated with a significant increase in the number and value of investments made by venture capitalists (VCs) into other high value businesses who had not received accelerator support. Public investment can be justified to help secure these wider outcomes which might not otherwise occur to the same degree.

The Need for the Propel Pre-Accelerator

- 2.25 Northern Ireland continues to lag behind on a number of key economic indicators. The Propel Pre-Accelerator is aimed at boosting economic performance in a changing economic landscape:

- **Productivity & the Knowledge Economy:** the average GVA per job in NI is £50,646, which falls 10% below the UK¹¹. Knowledge-intensive businesses, a key driver of productivity, represent 16% of all businesses in Northern Ireland versus 31% across the UK¹². Propel supports entrepreneurs who wish to develop a technological concept as well as new start-ups who use disruptive technologies in 'traditional' industries.
- **Business Start-up & Survival:** 6,625 new businesses were established in NI in 2019. This represented 10% of all active businesses, compared to a UK start-up rate of 13%¹³. Of those businesses established in 2014 in NI, 70% continued to trade for at least two years. This compares to 76% across the UK. Propel aims to improve entrepreneurial skillsets and leadership qualities of participants through tailored workshops, which is important in driving long term growth and business survival.
- **Exports and FDI:** total NI exports in 2018 stood at 36% of GVA, compared to 28% across the UK in 2018. The number of NI exporter businesses in 2018 was 12% of the total business base, compared with 6% across the UK¹⁴. More recently, Belfast has been ranked 9th for FDI performance compared to other European cities. A higher export rate is unsurprising for an economy with a smaller internal market and large land border to its south, however the data suggests that NI is continuing to attract foreign investment. By supporting start-up businesses to grow and boost export sales, Propel plays an important

¹⁰https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/839755/The_impact_of_business_accelerators_and_incubators_in_the_UK.pdf

¹¹ ONS Regional and sub-regional productivity in the UK, Feb 2020.

¹² Based on the number of businesses operating in ICT, finance, real estate and professional, scientific and technical activities. ONS UK Business Counts, 2018.

¹³ ONS Business Demography, 2019

¹⁴ HMRC Regional Trade Statistics, 2018; IN UK Business Counts, 2018.

role in helping start-ups maintain and grow NI's share in international markets and to deliver additional economic growth.

- **EU Exit:** more recently, the departure from the EU has created an uncertain climate for NI businesses in terms of long-term trading arrangements, migration and regulatory changes. By supporting new start-ups to realise their growth ambitions, Propel continues to be relevant in enhancing Northern Ireland's competitive advantage as well as promoting NI as an attractive destination to invest and do business.
- **Covid-19:** more recently, the Covid-19 pandemic has brought significant challenges to businesses in terms of limited exporting and domestic trade opportunities, as well as creating uncertainty over whether to start and grow a business. The impacts of the pandemic have reinforced the need of Propel in ensuring entrepreneurs are supported to focus on their business full-time and contribute to innovative growth.

A Review of Best Practice

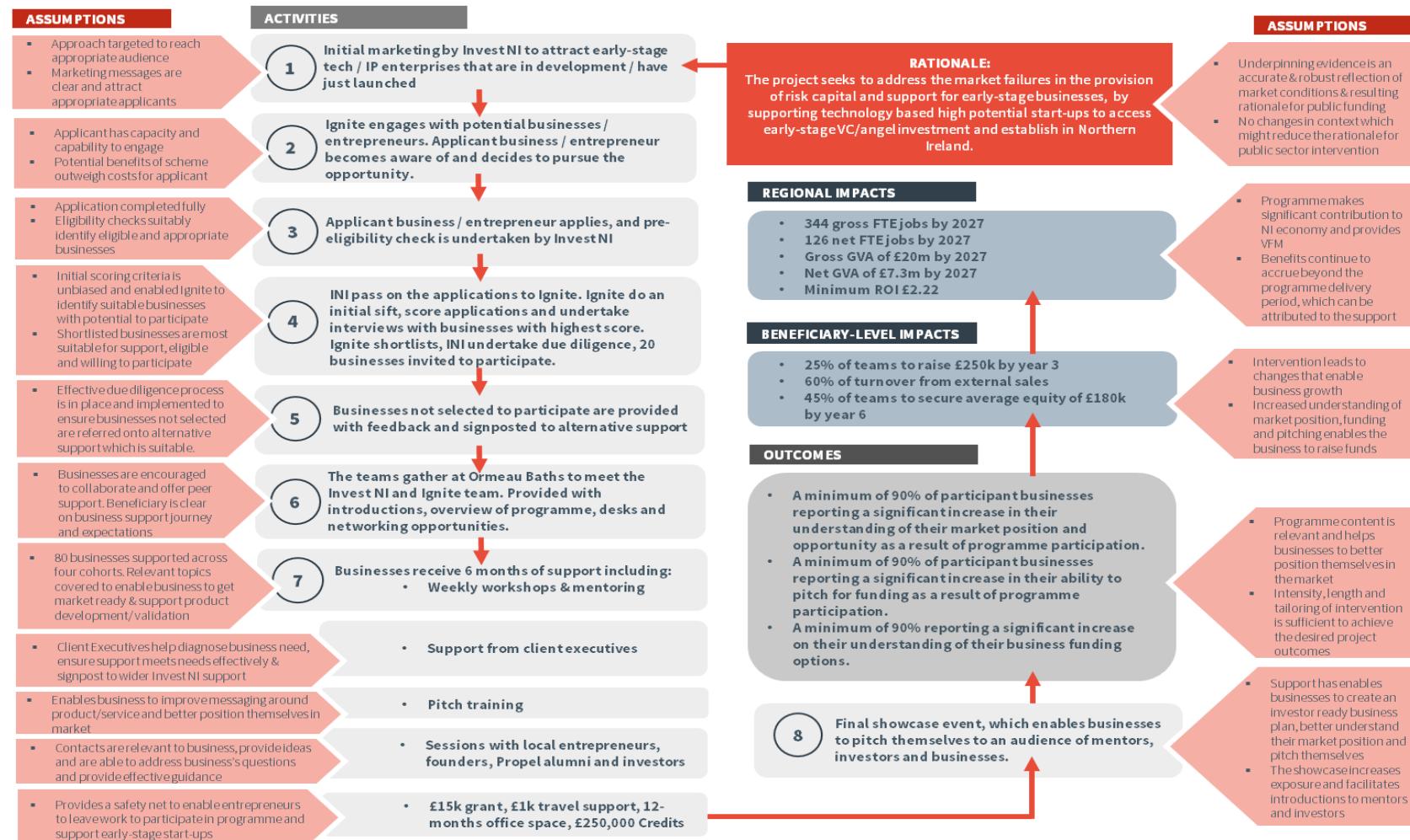
- 2.26 We have undertaken a review of the best practice and learning on pre-accelerator programmes, drawing on examples of programmes delivered in the UK and internationally as well as the wider literature and evidence on what works well. The programmes which we chose to draw comparisons against Propel, include Entrepreneur First, London; Startup Boost in London and Dublin; Alpha Programme in London and Dublin; Alpha Startups, Malaysia; Incubate, Sydney; the Build Program as part of Start-Up Chile; SeedReady Pre-Accelerator, London; and IO Ignition, Ottawa. Where available, supplementary literature and evidence on the UK's pre-accelerator landscape has also been collated and reviewed.
- 2.27 The design and delivery of the NI Propel Pre-Accelerator reflects areas of best practice found in similar business support programmes:
- **Delivering high quality mentorship:** In line with best practice, the NI Propel Pre-Accelerator provides participants with a network of mentors that have experience and knowledge that is tailored to their sector and client needs. There is a strong focus on knowledge sharing and building long-lasting connections with mentors and potential investors.
 - **Building positive relationships within cohorts:** The NI Propel Pre-Accelerator facilitates opportunities for peer-to-peer learning among a cohort of teams operating in similar fields and based in shared office space. The programme focusses on the participants as people, rather than a business idea. This is in line with recommendations from Brad Feld, the co-founder of TechStars.
 - **Raising market awareness:** The NI Propel Pre-Accelerator delivers weekly workshops which focuses on helping entrepreneurs to understand and validate their idea, as well as understand market fit and strengthen the product market proposition. This provides a solid foundation for future business growth and follow-on investment after participation in the programme. The Propel Pre-Accelerator also provides:
 - a range of speakers, mentors and advisors to help widen networks and improve knowledge of different markets and product testing.
 - opportunities to connect with Ignite's international contacts, enabling participants to have a more global perspective when choosing their target markets.
- 2.28 The best practice review points to a number of helpful points which the programme could consider in future delivery:

- 1) **Having metrics in place to measure engagement and participation of under-represented groups** and keeping track of performance of female / BAME / disabled entrepreneurs and start-ups. While participation of female, BAME and disabled entrepreneurs has been tracked by the programme, there is limited data available at the applicant stage, particularly for BAME and disabled start-ups. Going forward, it would be useful to capture this application data and also monitor performance of under-represented groups over time to compare their progress against the total cohort.
- 2) **A distinctive theme for each cohort** to attract a wider set of potential applicants to join the programme. For example, the Alpha Programme's 2021 cohort theme is sustainability, which aims to attract start-ups who have a sustainable solution for their respective sectors. It is understood that this approach was considered before programme inception, however there were insufficient sector-specific start-ups at the time to ensure feasibility.
- 3) **Understanding and demonstrating the social impact of tech start-ups** through comprehensive performance data.
- 4) **Providing more intensive support**, so that more than one cohort can run per annum and additional benefits and outcomes can be secured by entrepreneurs / start-ups. Wider research suggests that most pre-accelerators run for two to eight weeks on a cohort basis. This is actively being considered by the Invest NI team as part of future delivery of a new programme.

Theory of Change

- 2.29 The intervention logic underpinning the need for the Propel Pre-Accelerator is presented in the Theory of Change diagram in Figure 2.1 below. This Theory of Change diagram traces the step-by-step rationale for the intervention to its intended outcomes and impacts in a sequential manner and explains the assumptions which the intended outcomes and impacts depend on.
- 2.30 As such, it is a useful tool to evaluate the Propel Pre-Accelerator, referencing the original intent compared to how the project has performed in practice, and enabling us to analyse the programme's impacts by reviewing and testing the causal chains thought to bring about change.
- 2.31 The theory of change illustrates how the Propel Pre-Accelerator programme proposed to:
- target and attract suitable beneficiaries
 - deliver bespoke support to tech-based high potential start-ups to help them to access early-stage VC/angel investment and establish in Northern Ireland, and ultimately
 - enable the achievement of longer-term economic impacts.
- 2.32 Multiple evidence sources have then been used to test the validity of assumptions underpinning the causal chains, helping to determine the extent of the change, why it is occurring and the likelihood of the desired outcomes and impacts materialising. For this evaluation we draw on evidence from programme monitoring data, delivery and management stakeholder consultations, workshops with wider Invest NI and external stakeholders and the beneficiary telephone consultations to test the assumptions in the theory of change, with a synthesis of the findings outlined in Sections 3-7 of this report.

Figure 2.1 Theory of Change



Source: Hatch

3. Financial and Output Performance

Key Findings & Recommendations

- There are effective monitoring structures in place to track the programme's delivery and performance. These include annual reports produced by Ignite, monthly update reports and the Air Table database.
- There have been challenges in capturing the wider benefits of the programme through the current KPIs. These include better understanding of customer markets, improved business confidence and investor readiness.
- Core programme spend stands at just under £3.06m and expenditure has been in line with expectations.
- The programme has consistently met its target to provide support to 20 participants/teams per year.
- There has been a high volume of applications across all cohorts, which indicates solid beneficiary demand for the programme.
- Consultation feedback suggested that the take-up of teams from underrepresented groups (including women, BAME, disabled people, different age groups and different NI regions) could be higher to help diversify the cohort.
- The programme has supported businesses to collectively raise high levels of investment (£4-8 million excluding Cohort 4). However, there is anticipated to be some underperformance against the target for 45% of teams to secure average equity of £180k by year six following support (i.e. July 2027 at the latest), with only Cohort 3 expected to meet this target. In total, 23 (29%) of the 80 companies are anticipated to reach the target. Note that this is based on applying linear effects to existing data and therefore these findings should be treated with a degree of caution.
- The average turnover achieved per team has decreased slightly from £115k per team in Cohort 1 to £82k in Cohort 3. Note that these were recorded at the same point in time and indicates that Cohort 1 has had a few more years to achieve the average turnover rate. It was suggested that these differences could have been attributed to Covid-19 and the EU exit. As NI is an island economy and has a high level of export activity, it is possible these factors may have impacted Cohort 3 and Cohort 4 businesses' ability to generate higher turnover.
- We have taken linear effects based on Cohort 1's performance to illustrate how much turnover could be achieved in the future. If Cohorts 2, 3 and 4 perform similarly to Cohort 1, it is anticipated that six of the 80 (8%) businesses will achieve the target over the next few years. Note that this is an illustration of applying linear effects to existing data and therefore these findings should be treated as indicative with a degree of caution. It is also important to note that the majority of companies supported by Propel are pre-revenue and at very early stages of development.
- In any future programme, it will be important to review the time periods of KPI targets and associated monitoring data so that it is reflective of very early-stage businesses and ensures the targets will be aligned with expectations in delivery.

3.1 This section provides an overview of Propel's progress against output targets, as well as an assessment of the programme's financial performance. It includes a review of explanatory factors

for any areas of over/under performance and the effectiveness of monitoring processes undertaken by the delivery team.

- 3.2 The analysis draws on a review of programme documentation and data provided by Invest NI, as well as consultations with the Ignite team and Invest NI.

Monitoring Programme Performance

- 3.3 The Propel Pre-Accelerator has a number of monitoring systems in place to track the programme's delivery and performance against its outcome and output targets:

- **Ignite Annual Reports** are disseminated at the end of each delivery year and summarises outcomes and impacts achieved in each cohort, as well as performance of key metrics.
- **Monthly Update Reports** are prepared by the Invest NI team and cover the programme's performance against budgetary and output targets, also capturing qualitative feedback from participating teams.
- **Air Table Database** is an online platform populated by the Ignite team and shared with Invest NI; and includes key metrics, invoicing reports, and governance documents

- 3.4 Alongside this, there are more informal catchups held between the delivery team members and weekly meetings held between the Invest NI Programme Manager, the Ignite Programme Director and occasionally Ignite COO to discuss programme performance and ensure any challenges in delivery are swiftly dealt with.

- 3.5 Consultation evidence suggests that the Propel Pre-Accelerator's monitoring procedures as well as communication and co-ordination between the Ignite and Invest NI teams has been positive overall. There has been a transparent delivery team structure across Ignite and Invest NI in terms of individual roles and responsibilities, which has resulted in effective oversight and reporting of programme performance.

- 3.6 It was suggested that greater cohesion between the application processes for the Propel Pre-Accelerator and the Accelerator, would help improve the efficiency of reviewing applications and keeping track of performance metrics.

- 3.7 When beneficiaries have completed support, the delivery staff signpost them to relevant support and businesses can request office hours with the Ignite team if additional support is required. In future delivery, it would be useful to have a formalised handover process for Propel participants who are interested in joining the Accelerator, which although not a prerequisite, can act as a feeder into the programme.

- 3.8 When businesses complete the programme there is no requirement for a handover as Ignite continues to support them and, in some cases, an Invest NI Client Executive will already be involved in support activities. They can request office hours with the Ignite team at any stage and occasional group sessions are held. As alumni, they are also welcome to join other sessions run for the next year's cohort. This was not part of the Invest NI contract, but they continue to do this as it is the best way to help the founders succeed. Invest NI also signpost them to other support if and when it is required.

- 3.9 There were reflections that business outcomes such as better understanding of customer markets, improved business confidence, and investor readiness have been evident across the cohorts, but more difficult to measure in practice. The delivery team agreed that capturing wider benefits that focus on developing businesses' 'softer skillsets' in tandem with the traditional revenue and investment indicators would improve evidencing the impacts of the programme.

Programme Spend

- 3.10 The total budget allocated for 2017-2021 covered by this evaluation is just under £3.06 million. Overall, core programme expenditure has been in line with expectations across the four years of delivery.

Table 3.1 Summary of Spend to Date

	Cohort 1 (2017/18)	Cohort 2 (2018/19)	Cohort 3 (2019/20)	Cohort 4 (2020/21)
Programme Costs				
Budget	713,200	724,100	735,300	746,800
Actual	686,300	703,900	722,200	709,500
Actual vs Budget	26,900	20,200	13,100	37,300
% of Budget	(96%)	(97%)	(98%)	(95%)

Source: Invest NI monitoring data; Hatch calculations. All programme costs/spend are inclusive of VAT and rounded to the nearest £100.

Programme Outputs

- 3.11 The Propel Pre-Accelerator outputs are centred on the provision of support to 20 teams at the pre-revenue stage, who wish to develop their business concept and have high potential to grow in the future. Of the businesses supported per annum, it aims to support participants to secure follow-on investment, with just under half (45%) of teams expected to secure equity of £180k by the sixth year after participation in the programme.

Businesses Supported

- 3.12 During 2017-21, the Propel Pre-Accelerator has performed in line with the target of 20 teams supported per annum, meeting the target in Cohort 1 and 4, nearly achieving target in Cohort 2 (19 companies joined the programme) and exceeding the target in Cohort 3, where 21 teams were selected to join the programme.
- 3.13 The data suggests there has been significant demand for the Propel Pre-Accelerator, ranging from 180 to 310 applications per cohort. The programme targets and identifies founders based in NI who have a technology solution for their sector and are at the product development stage of their business. Similar to the Accelerator, the programme has benefitted from strong brand recognition in the UK and internationally, as well as the wider networks of the Ignite team, which has helped to promote awareness and boost take-up.
- 3.14 There has been a healthy flow of high-quality companies joining the programme which has contributed to the success of the programme's performance, however take-up from under-represented groups (including women, BAME and disabled people) could be higher to help diversify the cohort and support experience, as well as strengthen the longer-term impacts of the Propel Pre-Accelerator. Over the delivery period, of the 126 participating founders¹⁵ who joined the programme, 31 (25%) were female compared to 95 (75%) who were male. To date, the delivery team have recognised the importance of having more diverse cohorts and have made efforts to attract more under-represented founders to join the programme, by reaching out to networks and attending events to raise awareness of the Propel Pre-Accelerator.

¹⁵ Note: this refers to the number of total founders (126) involved in the programme, rather than individual participant firms (80)

- 3.15 As very early-stage businesses, it is likely that some proportion of participating teams will not succeed. Eight of the 80 businesses supported through the Propel Pre-Accelerator (10%) are no longer trading, which compares favourably against failure rates seen among UK start-ups operating in the broad ICT sector. Of the UK start-ups that were established in 2016, 37% had closed within three years.
- 3.16 For future delivery, it will be important to review Invest NI and the EDO's roles in the selection process to ensure that responsibilities are clear and potential failures are minimised. While current failure rates are relatively low, due to the nature of the programme in supporting very early-stage start-ups, it is expected that the failure rate will increase in future as businesses operate over a longer period of time.

Investment Raised and Turnover

- 3.17 Participating companies have secured follow-on investment, which is tracked as part of the Propel Pre-Accelerator's output performance. Over the delivery period, this has fluctuated with a total of £4.8m raised investment in Cohort 1, £5m raised in Cohort 2, £8.8m in Cohort 3. The strong investment performance in Cohort 3 is largely reflective of a handful of successful businesses who have raised more than £1 million. To date, Cohort 4 has raised £885k in investment due to only having completed the support in July 2021. Overall, this indicates a positive investment performance, with the average investment raised per team being £309k (excluding participating teams in Cohort 4).
- 3.18 Investment is often raised up to five years following support, with investors originating from both Northern Ireland and overseas. Participating companies are encouraged to network and connect with potential investors as well as build investor readiness and confidence when pitching for investment. Of the £4.8m investment raised in Cohort 1, five companies have so far secured £180k three years after completing the programme (i.e. July 2021). If we assume that this linear growth continues for the next three years and we apply the same growth to the remaining cohorts, we estimate that:
- 35% of teams in Cohort 1 will be expected to raise £180k by July 2024
 - 20% of teams in Cohort 2 will be expected to raise £180k by July 2025
 - 45% of teams in Cohort 3 will be expected to raise £180k by July 2026
 - 15% of teams in Cohort 4 will be expected to raise £180k by July 2027
- 3.19 Taking account of the assumptions around linear growth, Cohort 3 has the best chance of meeting and or exceeding the target of 25% of participating teams raising £180k within three years of receiving support. The delivery staff suggested that although cohorts were largely similar in terms of sectors and characteristics, a stronger investment performance in Cohort 3 could be attributed to having a few more VC fundable companies, and there being more capital available in the market in 2020. Note that these findings should be treated as indicative and with a degree of caution due to the wide variety in the type, quality of businesses and technology ideas across the cohorts.
- 3.20 The programme has underperformed against the target for teams to generate £250k in turnover by year three after completing the Propel Pre-Accelerator. When assuming linear growth¹⁶, of the 80 businesses who participated, six (8%) are expected to generate £250k per annum by July 2024 at the latest. By cohort, there are some variations:
- 10% of teams in Cohort 1 have generated £250k p.a. by July 2021

¹⁶ The linear growth is based on the turnover growth of Cohort 1 teams between 2018 and 2021.

- 5% of teams in Cohort 2 will be expected to achieve £250k p.a. by July 2022
 - 10% of teams in Cohort 3 will be expected to achieve £250k p.a. by July 2023
 - 5% of teams in Cohort 4 will be expected to achieve £250k by July 2024.
- 3.21 Note that these findings are based on applying linear effects¹⁷ to existing data and therefore should be treated with a degree of caution given the uncertainty regarding future turnover. The vast majority of businesses supported in the programme are pre-revenue, and at a very early stage of development. Businesses may therefore require further time to implement learnings and achieve considerable turnover growth.
- 3.22 Going forward, it is recommended that the investment metrics data should be tracked and updated regularly to improve monitoring and accuracy of investment performance. There may be a need for better targeting of high potential start-ups, given that the programme is currently underperforming against the long-term investment target.
- 3.23 The delivery team recognised that while some companies have been able to secure investment after completing the programme, there have been wider contextual challenges with raising investment locally at the pre-seed stage (less than £10m). It was suggested that there could be greater alignment between Propel and HBAN (Halo Business Angel Network¹⁸), for example through providing introductions to investors cross-programmes, or through HBAN adding an educational element to the programme to offer advice to Propel beneficiaries.
- 3.24 Attracting investment into Northern Ireland remains an important driver of the programme's success and having both foreign and NI-based investors offers a more diverse network of contacts to the cohorts. We explore this further in Section 5.
- 3.25 Nevertheless, the exposure to investors and the programme's wider business networks in the UK and internationally have contributed to the total investment secured across all cohorts. Of the 80 companies who participated, eight (10%) also joined the Accelerator after finishing the Propel Pre-Accelerator programme which helped them to scale up quicker and secure future seed investment.

Table 3.2 Summary of Propel Performance against Programme Outputs

SMART Output Targets	Performance to date
20 teams supported per cohort	The Propel Pre-Accelerator's performance has been in line with output targets, with 20 participant teams selected in Cohort 1 and 4, 19 teams selected in Cohort 2 and 21 teams selected in Cohort 3.
25% of participating teams to raise	Assuming linear growth, six (8%) of the 80 businesses are expected to raise £250k by the third year after participating in the programme, falling below the 25% target. Using a simple linear projection from

¹⁷ We have applied linear effects on the assumption that Cohort 1's turnover growth between 2018-21 will be the same for the other Cohorts

¹⁸ HBAN is the all-island Business Angel network, a joint initiative between Invest NI, InterTradeIreland and Enterprise Ireland, which provides a matching service between companies seeking investors and business angels.

£250,000 turnover by end of year three	current performance, Cohorts 1 and 3 might see just 10% of their teams raise £250k in turnover while Cohorts 2 and 4 appear on track for just 5% of businesses to meet the target over the next three years. Note that these findings are based on applying linear effects to existing data ¹⁹ and therefore should be treated with a degree of caution given the uncertainty regarding future investment
60% of turnover to be attributed to external sales	While some turnover figures have been high for particular teams, collective performance against the target has weakened slightly between 2017 and 2020. In Cohort 1, turnover totalled £2.29m (average £115k per team) compared to £1.63m in Cohort 3 (average £82k per team). It is expected that turnover growth will increase in the future, as businesses require time to develop sales channels and attract investment. Turnover figures provided were not split out by categories (such as internal, external and import), therefore it has not been possible to assess the proportion of turnover attributed only to external sales. However, Ignite have indicated that based on their assumptions, they would estimate that over 80% of the total revenue is from outside of Northern Ireland (due to the higher revenue figures, i.e. >£500k, being almost 100% from outside of Northern Ireland).
45% of teams to secure average equity of £180,000 by end of year six	Investment raised has been wide-ranging but falling below target across all cohorts except in Cohort 3. Assuming linear growth, 23 (29%) of the 80 businesses are expected to raise £180k by the sixth year after participation in the programme. Note that these findings are based on applying linear effects to existing data and therefore should be treated with a degree of caution given the uncertainty regarding future investment

Source: Invest NI and Ignite monitoring data; Hatch Consultations.

¹⁹ Cohort 1's turnover data from 2018-21

4. Delivery Review

Key Findings & Recommendations

- There have been effective management and governance procedures in place to oversee and guide delivery. Working relationships between Invest NI and Ignite are strong, however there could be further improvements in communication.
- The programme administration, particularly related to the marketing and application system for Propel could have been swifter and more streamlined, aligning the approach with the Accelerator programme. Invest NI noted that administration for cohorts 3 and 4 improved, following digitising the process.
- Programme recognition has increased; however, more could be done to raise awareness of Invest NI's involvement in the programme and signpost to wider Invest NI support.
- Any future programme should ensure that there is sufficient resource in place to plan ahead for an annual marketing strategy and campaign. This could be supported by including resource for a marketing specialist within the delivery team.
- The entrepreneurial experience of the Ignite delivery team has been a key strength of the programme.
- There is a need for increased balance between support with developing a pitch deck / getting businesses investment ready, and business fundamentals.
- There have not been many participants from IP-focused start-ups, university spinouts, and businesses operating in life sciences and advanced engineering who are focused on technology. The programme should ensure that marketing is reaching underrepresented sectors to ensure equal opportunities to apply to the programme, however the programme should continue to focus on the start-ups with the highest potential.
- The Covid-19 pandemic has changed a number of aspects in programme delivery, which has created benefits as well as challenges for beneficiaries. A hybrid approach to delivery, with a mix of online and in-person support, would be recommended going forward.
- Demand for the programme is currently exceeding the supply. While not all applicants will be suitable for the support, this suggests a need for extra programme resource to deliver either more teams per cohort, or an increased number of cohorts per year.

4.1 This section provides a review of how effectively the project has been implemented and delivered, highlighting the factors that explain the project's development and performance. The analysis presented here synthesises the findings from across the different strands of primary research undertaken as part of the evaluation, to provide an assessment of the programme's delivery and management performance. Full details of the approach to stakeholder engagement and a list of consultees is provided in Appendix A.

Management and Governance

Effective management and governance procedures in place

4.2 Within Invest NI, Propel is managed by a Programme Manager and supported by a part-time Executive Officer. The PM holds overall responsibility for the programme; however, the delivery of the programme has been contracted out to an External Delivery Organisation (EDO), Ignite

Holdings Ltd. Other Invest NI staff support the programme including Client Executives and the marketing unit. However, it should be noted that the resourcing and availability of Client Executives was impacted by Covid-19 during Cohorts 3 and 4 (due to Client Executives not having capacity to take on additional clients, which has resulted in beneficiaries in Cohorts 3 and 4 not receiving the wraparound Client Executive support which was designed to be included within the programme). Within Ignite, the roles and main responsibilities of the staff include:

- **The CEO:** The CEO has overall responsibility for the management of the company, contract management and the strategic direction of the company. When Ignite first got involved in the delivery of Propel, the CEO was responsible for setting up the programme from Ignite's side and now engages with the programme as an entrepreneur in residence, supporting teams, managing budgets and forecasts.
- **The Programme Director:** The Programme Director is the main point of contact with the Invest NI Programme Manager. Initially the role was more strategically focused, but this quickly evolved into getting more involved in the programme. The programme director is responsible for operations management, designing the programme, getting speakers in place, setting up workshops, planning activities to fit business needs, running internal and external sessions on a weekly basis.
- **The COO:** responsible for managing internal budgets, payroll, resource allocation and forecasting, liaising with programme director to ensure targets are met, direct mentoring and coaching for start-up founders participating in the programme, creating and executing strategy in partnership with the CEO.
- **The Operations Manager:** helps with the day-to-day operation and support of the Propel Pre-Accelerator (and Accelerator) programme, in addition to being responsible for liaising with Invest NI to keep them updated with information as required, identifying deal flow for the programme, keeping monitoring data about the participating companies up to date, representing Ignite at events, showcases, mentoring sessions and conferences.

4.3 There are effective management and governance processes built into the contract. Monthly management meetings are held where the risk register is reviewed and updated, assurance statements are produced, invoice checks are carried out against spreadsheets etc. However, delivery against each of the KPIs should also be reviewed and reported on as part of monthly meetings. In addition to the more regular monthly meetings, annual meetings are held at the start of the programme by Invest NI to ensure everything is in place for the programme.

Strong working relationships between Invest NI and Ignite, but communication could be improved further

4.4 The Programme Team and Ignite have built a strong working relationship, which has enabled the programme to adapt as needed based on changing circumstances and feedback from clients. Roles and responsibilities are clear and there has been a good level of communication and transparency. There is a shared appreciation of each team's expertise and role in shaping programme delivery.

4.5 The Ignite team have tried to ensure that Invest NI is kept up to date on the performance of businesses being supported by the programme, and that any issues are raised early so that businesses are supported to overcome challenges and to achieve their targets.

4.6 During the application process, there has been a higher level of communication between Ignite and Invest NI. Once businesses are registered onto the programme, the Ignite operations manager handles paperwork for the companies, however there is often communication back and forth with Invest NI to ensure that grant applications are submitted and processed on time.

- 4.7 It was noted by delivery consultees that communication and transparency has improved over time, and that this has largely been due to new reporting measures implemented, such as AirTable which Ignite uses to monitor programme activity, share policies and governance documents which are reviewed monthly by Invest NI. Going forward, the programme should continue to focus on improving communication between Invest NI and any EDO, including maintaining regular communication and meetings to discuss progress and any issues with mentors (the frequency of which are reported to have somewhat declined since the onset of Covid-19)..

Programme Management and Administration

Comprehensive monitoring systems in place

- 4.8 Monitoring processes in place for the programme are broadly considered effective, however any future programme should ensure that the contracts stipulate that all figures required to measure progress against the programme's KPIs are monitored and reported on regularly (e.g. one of the KPIs for the programme is for 60% of turnover to be attributed to external sales, however as noted in the Performance Section of this report, turnover monitoring figures are not currently split out by categories such as internal, external and import, therefore it was not possible to assess the proportion of turnover attributed only to external sales). Monthly reporting is undertaken and the processes in place of this are considered clear and not too onerous for operational staff. The introduction of AirTable, which Ignite use to monitor and share programme activity indicators with Invest NI, has helped to make the process more efficient and transparent.

Programme administration could be swifter

- 4.9 The marketing and application system for Propel is managed by Invest NI. This has reportedly led to some delays due to the large number of applications. For example, with c.350 applications for the most recent cohort, these should be monitored and reviewed on a continual basis as the applications are received, however there have sometimes been delays in getting applications and data from Invest NI and onto Ignite's systems. This system differs from the Accelerator programme, where marketing is led by the EDO and aligning the approach with the Accelerator programme would help to streamline the application process. Marketing should be reviewed for consistency of approach across both programmes.
- 4.10 Currently, applicants are informed in the application form that they must be either capable of commercialisation within the next 6-9 months (if currently pre-trading) or have commenced trading within the last two years and have significant market opportunity (£250k turnover by year 3) with at least 60% of sales to be from exporting. At the selection stage, applications are reviewed across five dimensions: team, market opportunity, product, stage and innovation. There is a heavier weighting placed on the team element as this is what has proven to be a good predictor of success (while the other four elements will change as the business develops).
- 4.11 Invest NI should consider within any future programme whether the criteria can be tightened and made clearer in marketing to reduce the number of applications and thus the sifting process required.
- 4.12 Delays have, at times, also been experienced processing grant payments which can cause difficulties and frustrations for programme beneficiaries, particularly those at an early stage.

Challenging to capture the wider outcomes of the programme through the current KPIs

- 4.13 While monitoring and administration systems are broadly considered effective, it can be difficult to measure the performance of companies on the Propel Pre-Accelerator using the standard

outcome and impact measures (e.g. turnover, employment and investment raised) due to the programme's focus on supporting quite early-stage / pre-revenue businesses to achieve outcomes which may be considered less tangible, or more difficult to quantify.

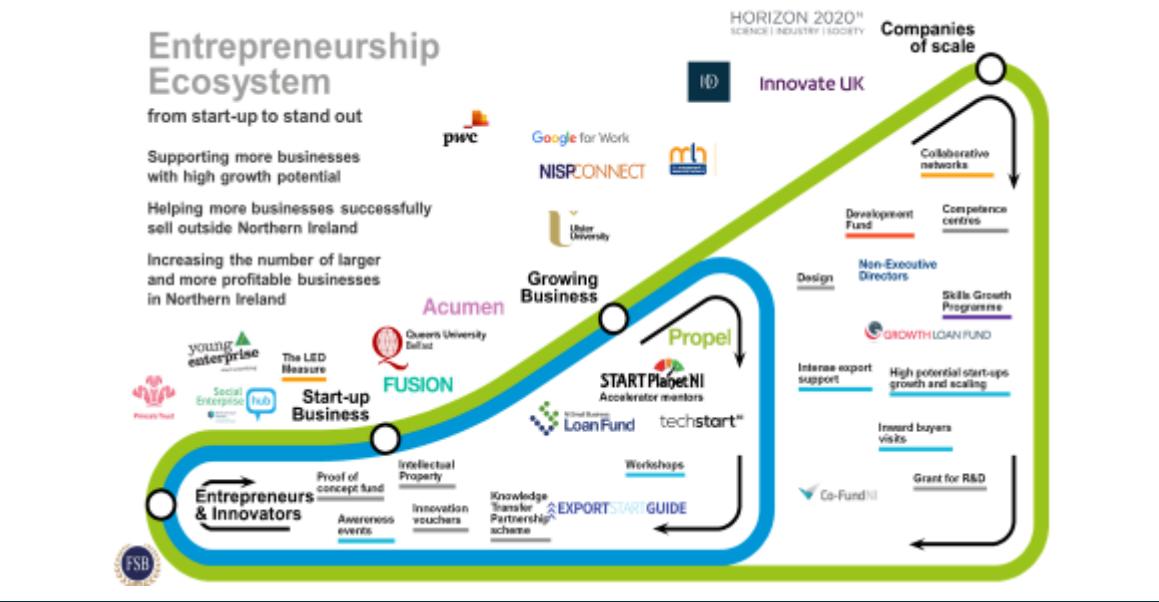
- 4.14 For example, the programme supports businesses to better understand their market fit, customer base and general commercial confidence, in addition to the benefits of peer learning and for these types of outcomes, it can be difficult to track and report on performance. Ignite highlighted that the traditional KPIs often do not evidence the performance and potential which teams demonstrate on the programme and a wider set of benefits of the programme are not captured.
- 4.15 For future delivery, it will be important to consider some of the wider outcomes of the programme, for example to consider the spillover effects of Propel, the extent to which the programme supports beneficiaries to achieve their ambitions or change their mindset, and how the programme supports the wider NI ecosystem. It was anecdotally suggested that the presence of Ignite in NI has contributed to increasing venture capital locally, which has resulted in non-accelerator companies raising higher levels of investment. In tandem, wider research²⁰ indicates that within five years of an accelerator launching in a given region, it was associated with an additional £48 million on average being invested in technology sectors due to the increased exposure to entrepreneurial activity. Although this refers to accelerator programmes, there are similarities between Propel and the Accelerator which can be considered in the wider spillover effects.

Marketing and Take-up of Support

- 4.16 The Propel Pre-Accelerator programme uses a variety of channels to market the programme. These include the promotion of case studies, the Invest NI website, a digital and radio campaign, social media, and word of mouth. A marketing campaign runs for eight weeks and led by the Invest NI Comms team, which targets the NI wider business base, entrepreneurs who are developing an innovative technology or building a business using existing technology to disrupt traditional industries, early-stage companies which are in development or just launched, and ambitious entrepreneurs. The programme is marketed to help feed into the wider business ecosystem, including the Accelerator. This is visually presented in Figure 4.1.

²⁰ <https://www.nesta.org.uk/press-release/new-research-shows-business-accelerators-and-incubators-have-positive-spillover-effects-wider-region/>

Figure 4.1 Propel and the NI Entrepreneurship Ecosystem



Source: Invest NI

Strong programme recognition, but stronger branding required around Invest NI's involvement

- 4.17 The Propel Pre-Accelerator programme has received growing recognition and is well known amongst the entrepreneur and start-up community in Northern Ireland. Delivery consultees reported that Propel has increasingly gained international recognition by business support providers in London, Dublin, the North East and Berlin who have sought to replicate the programme. Producing success stories and undertaking interviews with companies has helped to increase wider awareness of the programme.
- 4.18 However, in consultation with external stakeholders and beneficiaries, the programme was often referred to as the "Ignite programme" and "Propel" and "Accelerator" were referred to interchangeably. There is a need for stronger promotion of the focus and targeting of the Propel Pre-Accelerator and Accelerator programmes, to ensure that wider stakeholders are aware of which programme to refer to and which they are engaging with. There is also a need for stronger branding around Invest NI's involvement with the programme.

NI business support ecosystem has helped to drive referrals onto the programme

- 4.19 Propel has been successful in attracting high-quality start-ups and entrepreneurs with growth potential which are appropriate for the programme. This has contributed towards the strong performance of the programme. The Ignite team have leveraged the NI ecosystem and tried to increase applications through their wider business support network. Ignite indicated that almost a third of teams had been on other non-financial business support programmes previously in Northern Ireland (such as Catalyst, Ulster Bank).
- 4.20 Several businesses consulted also reported that the programme was well-known amongst the start-up community in Northern Ireland and had a good reputation, with many having heard of the programme through word of mouth / recommendations from other businesses in Northern Ireland (including in some cases from Propel / Accelerator alumni who had participated in one / both of the programmes previously).

More consistent messaging required between Ignite and Invest NI

- 4.21 Ignite oversee the Accelerator's marketing, whereas Invest NI oversee the Propel marketing. The delivery team would like to see more consistent branding and marketing messaging between both programmes.
- 4.22 The use of traditional channels to market the programme, e.g. radio and bus stop advertisements were felt to be less effective than other marketing channels available. It was highlighted by delivery staff that a more targeted approach to attracting knowledge economy businesses onto Propel would be more beneficial, ensuring business activity aligns with the eight drivers and associated aspirations identified in the '10x Economy: Northern Ireland's Decade of Innovation' strategy.
- 4.23 It is important to ensure that marketing approaches and metrics are tracked and shared between Invest NI and the EDO, to improve transparency and the consistency of messaging. These metrics can then be used to improve marketing in future and better understand which channels are working well / less well for engaging with appropriate businesses.
- 4.24 Further focus should also be placed on showcasing Propel teams that have gone onto secure investment within 1-2 years after the programme. Promoting successful businesses which have participated in the programme would help to provide promotional collateral, which could help generate wider market awareness of the business and lead to greater programme impacts. This would also help to raise awareness of entrepreneurship in Northern Ireland and the type of successful outcomes which can be achieved, whilst also promoting the programme to potential clients.

Scope to improve diversity within the cohorts and introduce workspace outside of Belfast

- 4.25 While the numbers and suitability of businesses applying to Propel are increasing each year, delivery and management consultees reported that the biggest delivery challenge has been implementing a cohesive, accessible programme across Northern Ireland. The programme does not currently have facilities outside of the Belfast area, which could be a constraint on wider participation.
- 4.26 Invest NI was considering setting up workspaces outside of Belfast and increasing take up from border towns, through partnerships with providers in the Republic of Ireland. Beneficiaries based outside of Belfast asserted that it would be helpful to have office space / flexible work space / incubator space available for teams participating in the programme in other areas of Northern Ireland.
- 4.27 It is recommended that Invest NI draws on wider market research among wider stakeholders and businesses across Northern Ireland to understand the demand for workspace outside of Belfast and to test the type of space which might be beneficial. A membership scheme which would allow flexible workspaces in different locations, rather than just the workspace available in the Ormeau Baths, might be worth exploring. This would help to reduce the geographical barriers to participating in the programme and help sustain workspace elsewhere, while boosting the attractiveness of the scheme.
- 4.28 The Ignite team have taken actions to improve the diversity and representation of cohorts of businesses. For example, they have reached out to female groups and networks to boost take-up among female-led companies. The Ignite Operations Manager has tried to support female entrepreneurship by meeting with female founders on the programme or female alumni at regular female founders' events (around once a month) to enable challenges and experiences facing female entrepreneurs to be shared. She has also spent time ensuring that female speakers and

workshop leaders are involved in the programme. Despite these efforts, attracting female-owned start-ups onto the programme has still been a challenge.

- 4.29 Over the four Propel cohorts delivered between 2017 – 2021, 25% of the participating teams on the programme were female and 75% male. Data provided by Ignite indicates that 5% of programme participants across the Propel 2017-21 identify as BAME and 4% identify as having a disability.
- 4.30 It was recognised by consultees that more could be done to further enhance take-up across different groups and focus on diversity and representation within the teams supported (improving access to BAME entrepreneurs, disabled entrepreneurs, different age groups, female entrepreneurs, from different parts of NI etc.). Having a dedicated marketing resource within the team could help to facilitate this. Part of the marketing role could include promoting accessibility and awareness of the programme to underrepresented groups by producing specific targeted content, engaging with networks, running awareness raising events and going into schools and universities to promote entrepreneurship from an early age. This type of activity should be driven by programme monitoring data and metrics regarding programme participation.

Limited resources for marketing and promotion

- 4.31 It would be beneficial to have a tailored annual marketing campaign for the programme, with targets that are adjusted to reflect monitoring data on representation from different types of participant and to ensure that eligible high potential start-ups across Northern Ireland are aware of, and able to access, the programme and that targeted marketing activities can reach under-represented groups within the programme.
- 4.32 There is an ongoing need for investment in Propel to help secure positive externalities associated with the programme (eg technological developments, economic growth, job creation, increased competition and innovation in the tech sector), which would not come forward without the public investment in the programme. There also continues to be a lack of understanding of the different support available from Invest NI and more widely in Northern Ireland and of which type of support would be most appropriate for businesses at different stages.
- 4.33 This suggests that, despite the high level of interest in the programme, increased marketing efforts are needed to raise awareness of entrepreneurship as a viable avenue, and of distinct offer of the Propel programme, particularly targeted on businesses/beneficiaries that would be most suitable for the programme. An internal marketing campaign should also be undertaken to refresh Client Executives understanding of the programme and it is important to ensure that all teams have dedicated Client Executive support.
- 4.34 Any future programme should ensure that there is sufficient resource and budget in place to plan ahead for an annual marketing strategy and campaign. This could be delivered by funding a marketing specialist within the delivery team. Having a marketing specialist in the team would be helpful for both internal and external communications. A marketing specialist would also be able to help further with social media marketing and promotion of participating teams, both during and after completing the programme.
- 4.35 The programme begins marketing a few months before each cohort is due to start on the programme, however it would be helpful to have longer/continual engagement processes in place to raise awareness of entrepreneurship in Northern Ireland.
- 4.36 External stakeholders highlighted that Propel stands out as having continuously sought opportunities to work with different organisations, which is a unique strength of the programme team. Going forward, there is an opportunity for closer working relationships through developing partnerships with universities and wider business support organisations to better promote

entrepreneurship and contribute towards a more joined-up approach to business support in Northern Ireland.

- 4.37 In order to raise awareness of entrepreneurship in Northern Ireland, Invest NI should consider:
- Leading educational events in schools and technical colleges to boost awareness among young people.
 - Closer engagement and partnerships with local universities to promote entrepreneurship to students and graduates²¹.
 - Seeking a strategic joined-up approach with local councils and NI government, to help simplify the business support landscape. It is acknowledged that the pipeline and support available at different stages of the business journey in Northern Ireland is not as clear as it could be, and a wider business support landscape mapping exercise could help to develop a more joined up (rather than competitive) approach.
 - Having a dedicated resource within the delivery team to help facilitate and promote the diversity and inclusion agenda.

It is worth noting that delivering these types of awareness raising activities would require additional resource. Demand is exceeding supply of the support available.

- 4.38 Data provided by Ignite indicates that the number of applicants for the Propel Pre-Accelerator programme has increased from c.150 in 2018 to c.800 in 2021. Given that only 20 businesses are accepted on the programme, this indicates that the demand is significantly exceeding the amount of support available.
- 4.39 Demand for the programme is currently exceeding the supply. While not all applicants will be suitable for the support, this suggests a need for extra programme resource to deliver either more teams per cohort, or an increased number of cohorts per year.

The Support Offer

Appropriate processes in place to interview teams and signpost unsuccessful applicants to alternative support

- 4.40 Each year, shortlisted applicants for Propel are invited to be interviewed in a large hall in Ormeau Baths. Both Invest NI and Ignite staff lead interviews and ask a set number of questions to each team. Team selection is based on rating:
- whether the product/concept is innovative and scalable,
 - whether the teams are learning from the interviews and adjusting their responses,
 - and, whether the teams seem like they could learn from the programme and would benefit from the cohort environment.
- 4.41 The process has been effective and businesses which have successfully joined the programme are considered appropriate for the support. This is demonstrated by high satisfaction levels among Propel Pre-Accelerator beneficiaries. Beneficiaries who were consulted for the evaluation were asked to rate the overall quality of the support received on a scale from 1=very poor to 5=excellent.

²¹ Note: Invest NI should ensure that any new partnerships introduced avoid duplicating existing support provision through other Invest NI student support schemes such as From Student to First sale (FS2FS)

The average response was 4.8 (with 74% of respondents rating the support five out of five), demonstrating high levels of satisfaction with the quality of the support delivered.

- 4.42 A further example of good practice from the programme can be found in the handling of unsuccessful applicants. The programme has a two-page due diligence document which is populated for teams not accepted onto the programme and forms the basis of a debrief with an Invest NI team member to discuss what went well and to explore alternative support which they could access.

Client journey focused on the founder and concept

- 4.43 Propel targets founders that have identified a problem in a market/sector which they are trying to resolve. Quite often, this involves businesses which are pre-revenue and at a very early stage with an idea/concept. The majority of businesses supported by the programme do not have a product built when they first join the programme. Therefore, the programme focuses on supporting founders to define who their target customers are, better understand their market fit and ensuring that their concept is viable.
- 4.44 Propel tries to keep the client journey consistent for all founders but has flexibility to tailor certain aspects of the support (e.g. bringing sessions forward which are more relevant / would be more immediately beneficial to the teams in the cohort, or inviting speakers onto the programme with skills / experience that would be helpful to the specific cohorts) to ensure that it continues to meet business needs.

One-to-one support and networking opportunities have been effective

- 4.45 Founders valued the personal support and having a go-to person during the programme who could provide accountability alongside offering support and guidance. Mentors have challenged the thought process and decisions of founders to ensure that they consider their approaches to business development in detail and to enable teams to refocus and improve their business model.
- 4.46 Fireside chats have also been successful in exposing teams to wider networks and connections with investors and leaders from around the world. Fireside chats involved a different entrepreneur each week, chosen based on the particular needs of each cohort (some more relevant entrepreneurs were brought back for each cohort, but this was the exception rather than the rule) and teams were given the opportunity to ask questions after each Fireside chat.
- 4.47 Other particularly helpful aspects of the programme were the Mission Control sessions, which brought together all the teams in each cohort to discuss their week, progress made, what went well and less well etc. These sessions helped to keep momentum among the programme beneficiaries. The grants provided by the programme have been crucial to allow founders to step away from their day jobs and focus on the business full time.

The six-month delivery period is considered appropriate by the majority of stakeholders

- 4.48 It is clear that the timing of the programme has been important. Propel is designed to run for six months and has engaged each cohort between January and June where there are fewer holiday related disruptions.
- 4.49 The Propel Pre-Accelerator is longer than some other pre-accelerator programmes, which tend to run for 8-10 weeks, and could potentially be condensed into three months to allow two cohorts per year to be supported in place of one. This has been explored as part of the evaluation research. However, external stakeholders, delivery providers and beneficiaries have advised that six months is a more appropriate timeframe over which to deliver the programme content as it allows

participants sufficient time to acquire the necessary learning and make progress with implementing changes in their business. Any reduction in duration would risk reducing the quality of the programme and the impacts it is able to achieve. Given that Propel is projected to underperform against some of its KPIs (such as the target to raise £180k raised by year 6), delivering a programme with a shorter duration may make it even more challenging for the programme to achieve targets, if these are set at a similar level in any future programme.

A need for more balance between business fundamentals and investment readiness

- 4.50 There needs to be recognition that some of the businesses participating in the programme will become revenue generating, with the ability to sustain profits and grow, without the need for external finance. While support with helping to pitch and getting investment ready has been beneficial for many of the participants, there is also demand for an increased focus on business fundamentals.
- 4.51 Many external stakeholders and beneficiaries have flagged up a need for greater focus on building business fundamentals (the legal side, accountancy, tax, recruiting etc.). The balance of the support appears to be overly focused on developing a pitch deck, rather than on building a strong business and overcoming non-financial barriers to growth. A balanced focus on both investment readiness and business fundamentals might help the programme build a strong business base and Northern Ireland economy.

Better promotion of wider Invest NI support available is required

- 4.52 The programme has not always succeeded in making participants aware of the wider Invest NI support available. Businesses have indicated that they were more likely to hear of wider support from other businesses than directly from Ignite or Invest NI, even though it may have also been very useful for them. Going forward, it is recommended that the programme engages more with wider Invest NI staff to showcase complementary support available which may be appropriate for the Propel participants.
- 4.53 Client executives provide a wrap-around support package from Invest NI, helping to diagnose business need and ensuring that the support meets business needs, but this has been particularly impacted in Cohorts 3 and 4 due to Covid-19, which has caused some resourcing issues. The loss of resource is likely to have impacted on businesses' ability to access all of the support available that could help them grow.
- 4.54 As noted in Chapter 3, it would be useful to have a formalised handover process for Propel participants who are interested in applying to join the Accelerator programme, which can act as a feeder into the programme.

Entrepreneurial experience of the delivery team a key strength of the programme

- 4.55 Delivery, management and beneficiary consultees all agreed that the experience of the Ignite team has been a key strength of the programme. Within the team are people with experience as founders of businesses; working in the university ecosystem; research into the quality of accelerator programmes; attending a US accelerator; and of going to the US to raise investment. This has been invaluable for the businesses on the programme and is reported to have positively impacted the programme's performance.
- 4.56 Having members of the team with experience as founders has also helped establish connections in the entrepreneur and investor space in Northern Ireland, which has helped bring in speakers to assist with workshops with valuable experience to share with the teams participating in Propel.

Gap in current support offer around life sciences, engineering, IP focused start-ups and spinouts

- 4.57 It was noted that there have not been many participants from IP-focused start-ups, university spinouts, and businesses operating in sectors such as life sciences and advanced engineering who are focused on technology. These types of businesses could benefit from the programme content, however this may require a wider variety of speakers and delivery leads with specific relevant expertise, as well as a broader range of mentors with sector specific expertise. It was highlighted that Invest NI and Ignite have worked closely with the Royal Academy of Engineering (RAE) Enterprise Hub, who support engineering and tech entrepreneurs and leaders of high growth SMEs, and that there may be opportunities to collaborate further in future to widen support to start-ups operating in advanced engineering.
- 4.58 Any future programme should consider whether there is merit in broadening the marketing of the programme to encourage these types of businesses to apply, and adapting the support to ensure it is well targeted to meet their business needs, or whether this gap in the market would be better met by alternative support provision through a different programme. The priority for the programme based on the current objectives is to support the start-ups with the highest potential, rather than targeting specific sectors. Therefore, going forward, the programme should ensure that marketing is reaching underrepresented sectors to ensure equal opportunities to apply to the programme, however the programme should continue to focus on the start-ups with the highest potential.

Responding to Covid-19

- 4.59 Due to the restrictions in place as a result of the Covid-19 pandemic, the programme had to move support online and have beneficiaries join remotely. In some regards, this has benefitted the programme by:
- **Removing geographical restrictions for participants:** there is recognition that the physical element of the programme has been a restricting factor for businesses/founders based outside of Belfast. Businesses which already had offices based outside of Belfast appreciated not having to commute to Belfast to receive the support.
 - **Facilitating the participation of international speakers on the programme:** it was reported that speakers from across c.13 countries were able to get involved in the programme, without needing to fly over to NI.
 - **Making it easier to fit sessions around business activity:** particularly for businesses based outside of NI, the time saved on travel could be spent on the business.
 - **Raising awareness of how to build companies remotely:** both the programme team and businesses participating in the programme now have a better understanding of how to build companies remotely. This can be beneficial both in terms of being able to recruit staff from different locations, not needing to have a city-centre office location and being able to raise investment as if the business were based in central London without the need to move to this type of location due to being able to more easily access investors remotely.
- 4.60 However, in other respects, Covid-19 has created challenges for the programme:
- **Peer learning environment:** one of the core aspects of the programme is the cohort format, encouraging the participants to network and collaborate in a peer learning environment. It was more difficult to stimulate this type of environment with participants joining remotely, but delivery staff indicated that the programme has still worked well, and additional sessions had helped to build relationships among the cohort participants.

An element of face-to-face support going forward once Covid restrictions are lifted could be important for the programme to help stimulate collaboration and peer learning.

- **Businesses/teams more impacted by Covid-19 restrictions:** some of the participating businesses were more impacted by the pandemic (e.g. leisure and facilities, travel, entertainment) and found that they needed to pivot their business / respond to immediate business challenges they were facing. This meant they were less able to invest as much time in the programme as they would have liked. Some participating business founders also highlighted that working from home meant more distractions, particularly for those with children at times where schools were closed due to Covid-19 restrictions.
- 4.61 Overall, Covid-19 has meant that participants in years 3 and 4 of the programme received a different experience to those in the earlier pre-Covid cohorts. However, it is worth noting that programme performance in year 3 and year 4 has continued to be strong. The programme has transitioned well and adjusted quickly to providing support through the new online format. However, face-to-face networking after events and meetings has been missed and some businesses may not have benefited as much in terms of softer skills, confidence, inter-personal skills and peer learning as they might have before the pandemic.
- 4.62 While the programme ran fully virtually in 2021 (with a hybrid model in 2020, with the cohort meeting in person before the Covid-19 lockdown was introduced), desk space at Ormeau baths was maintained during lockdown and through the easing of restrictions. This meant that there was initially very low demand for office space from the fourth cohort, but once Covid-19 restrictions were eased, many companies have continued to take advantage of the space.
- 4.63 The contract with Ignite and its contract with Ormeau Baths ended on the 8th October 2021, however, Ormeau Baths has allowed programme teams to continue to use its facilities, free of charge, until 31st December 2021. Ormeau Baths reopened as soon as it was legally allowed to, and it has been used on a daily basis by Ignite and programme teams since then. Ignite has indicated that there are currently still companies in the Ormeau Baths daily, however that there has been a reduced demand for desk space overall. It is expected that this will rebound and anecdotally, delivery staff have indicated that it was more challenging to get the cohort to bond in the fully remote programme in 2021, relative to the 2020 cohort, where beneficiaries met in person for a few months prior to the Covid-19 lockdown.
- 4.64 A hybrid support approach should be considered going forward, with a mix of office and virtual support to reduce geographical constraints for the programme, but still facilitating in-person peer learning and networking through some in-person meetings. This could help remove geographical restrictions and support a more regionally diverse take-up of participants.
- 4.65 Going forward, the location and timing of events should also be reviewed in order to maximise participation and accessibility of events. The requirement to join sessions at particular times can be challenging for example for those with childcare responsibilities and can inhibit participation in the programme from certain groups. Increased flexibility of support should help to increase equal opportunities and accessibility to the programme.

5. Client Journey & Outcomes

Key Findings & Recommendations

- Overall, the Propel programme is very well received by beneficiaries as it has met their expectations by enabling them to start up their business.
- It is recommended that the programme focuses on covering basic information on how to start and grow a business and shares details early on of where to find support on specialist subjects such as law, accounting and human resources.
- As a valuable part of the programme, mentoring can be improved by tracking the quality of mentorship and the fit of mentors for businesses, as well as by ensuring mentors can offer soft support as needed.
- One-to-one advice alongside workshops has been effective. This should continue as a way to provide honest feedback. The opportunity to provide one-to-one support more flexibly should also be considered.
- The length and intensity of the programme is about right, although the first three months are particularly busy. Sharing a plan of programmed content would help beneficiaries to make the most of activities. Activities related to investment should be held later on in the programme once the fundamentals of starting a business are covered.
- Providing feedback on the end of programme showcase would act as an additional opportunity for beneficiaries to build on their learning from the programme.
- A hybrid model of online and face to face delivery would suit the needs of most beneficiaries well.
- Action-based advice has been important in the successful development of Propel businesses.
- Diversity and inclusion activities should be reviewed to ensure they meet the needs of all potential beneficiaries.
- The grant has been an important enabling factor for participation of beneficiaries in the scheme. Invest NI should consider whether this suitably addresses barriers for all potential beneficiaries.
- Beneficiaries have obtained good outcomes and have ambitious growth plans. The high quality and strong network of Propel beneficiaries boosts the profile of beneficiaries, supporting their growth.

5.1 This section provides a review of the client journey and outcomes achieved for beneficiary businesses. Findings are based on consultations with 23 beneficiaries of the programme across programme cohorts.

Client Journey

5.2 Overall, the Propel programme is very well received by beneficiaries. The client journey is appropriately designed to address their motivations for applying for support.

5.3 Motivations for joining the programme centre around learning the fundamentals of how to start a business. Most businesses were at a very early stage with product ideas and needed support to set up and grow the business. Some had specific needs (39% of beneficiaries), for example to commercialise an academic idea (9%) or to secure funding to enable self-employment (22%). It is

clear from consultations that beneficiaries have gained the opportunity to develop skills and knowledge which enabled them to start a business.

Overall, the programme content is effective but could be rebalanced to provide a better coverage of business fundamentals

- 5.4 In terms of programme content, developing knowledge around business fundamentals has a higher priority in the eyes of beneficiaries than gaining an understanding of how to gain investment. Specific needs vary by beneficiary, but there is a clear interest in getting help on operational subjects such as sales, law and compliance, accounting and human resources. It is recommended that the programme focuses more time on covering business fundamentals, including on more specialist subjects and early on. This could include sign-posting to and collaboration with other relevant support, such as the Go For It Programme. Assistance in recruiting non-executive directors or gaining access to academic support and inclusion of more female speakers could also add to the effectiveness of programme content.
- 5.5 Mentorship was commonly mentioned by beneficiaries (48%) as one of the most valuable parts of the course. However, the quality of mentorship appears to vary by individual mentor and depend on mentor-business owner fit. It is recommended that mentors are selected to reflect the sector of the businesses they work with wherever possible. Mentorship support should also be designed to address softer issues vital to business growth, such as business owners' wellbeing.
- 5.6 One-to-one advice could be an important way of applying learnings from workshops and providing a sounding board for business decisions. Some businesses (13%) reported that further benefits could be achieved through more, flexible one-to-one sessions. Elements of the one-to-one support which made this effective were the depth of experience of the Ignite team and the honesty and rigour with which ideas were discussed.
- 5.7 Diversity and inclusion activities should be reviewed to ensure they meet the needs of all potential beneficiaries. The programme is designed to involve female mentors and speakers, and beneficiaries are encouraged to recognise the distinct issues facing female entrepreneurs. However, specific diversity and inclusion activities should be reviewed to ensure that they make the most of beneficiaries' limited time.

The programme design is appropriate, although balancing the intensity across all six months would help businesses to benefit

- 5.8 All beneficiaries felt it was important the programme lasted for six months to allow participants time to learn and then apply content, as well as to build relationships with mentors and the wider cohort. The programme is quite intense in the first three months. Sharing a content guide for the programme would help participants to better benefit from the content. Two beneficiaries felt certain investment related activities such as the Mentor Madness event and practicing pitches could occur later in the programme, once the fundamentals of starting a business had been covered. Providing feedback on the final showcase would also be a useful learning opportunity.
- 5.9 Adaptations to the programme in line with Covid-19 restrictions have worked well. A hybrid model is seen as effective and the programme to benefit from time savings by using online content as well as opportunities for relationship building during face-to-face meetings. Time savings were particularly important given how busy the beneficiaries are, while those which made use of working space at Ormeau Baths benefitted from in person interactions with the local, start-up network.

Outcomes

- 5.10 At the time of consultation, most beneficiaries (83%) had successfully launched their businesses and had business plans in place. Several businesses (26%) were fund raising. This demonstrates the programme has been successful in achieving the central aims of participants.
- 5.11 Participating businesses attribute a relatively high proportion of their business growth to the programme. This is explored further in Chapter 6. Other benefits include tackling barriers to starting their business and adjusting their business based on lessons of the programme. Many of the benefits are attributed to the effectiveness of the Ignite team. Beneficiaries appreciate the effort and experience behind the programme.
- 5.12 There is a risk that the workload of the Ignite team will become too high. Two beneficiaries questioned the ability of the Ignite team to support more cohorts as the network continues to grow, despite measures to encourage the network of beneficiaries to provide support to each other.

"One of the best things about the programme is the Ignite team. Of all the programmes we've been through, we are yet to find any that are as good as them."

The programme supports successful product development and helps to position the beneficiary businesses for growth

- 5.13 A number of businesses (26%) believed that they would not have been able to start the business without joining the Propel programme. The grant was critical to enabling some businesses to actually start-up (13%), however those with more than one founder or which needed to further develop their business required a higher amount of investment than has been available via the grant.
- 5.14 There is a risk that businesses with larger financial needs could be discouraged from applying to the programme despite its relevance. It is not recommended that Invest NI increase the financial support available for all programme beneficiaries, as this could increase grant dependency among the businesses supported. However, there is a need to look at the range of financial support available to these businesses in Northern Ireland and consider whether additional support should be made available through Propel to certain businesses, or whether Invest NI should consider providing preferential access to wider services to Propel alumni.
- 5.15 When asked about the main benefits of the programme, common responses included access to a wider network (including their cohort of beneficiaries, previous cohorts and the tech and start up ecosystem in Northern Ireland) and gaining a broader ambition for business growth. Beneficiaries also spoke about the importance of action-based advice around product development and adopting a more global perspective on the business.
- 5.16 The ambitious outlook encouraged by the programme appears to have encouraged many participating businesses to widen their product, supplier and staff markets geographically so they can make better use of global opportunities. This improved commercial confidence was one of the key benefits expected of the programme. Although they have global ambitions, employees were still mostly based in Northern Ireland.

Beneficiaries report ambitious future plans

- 5.17 Having launched their products since joining the programme, many beneficiaries are now looking to raise investment (35%) while continuing to develop their products (30%) and scale the business into new markets (17%) and secure customers (17%). Most of the businesses (78%) still have

annual turnover under £100k and fewer than five new employees, but continue to expect large increases in turnover and employment over the next three years.

- 5.18 Most beneficiaries (83%) are planning to retain their main business office in Northern Ireland. Many are also planning to set up offices and to hire staff elsewhere. It is clear that businesses are supported by the programme to grow, and to understand that this may involve expanding outside of Northern Ireland. Beneficiaries have also been helped to understand they can grow their business within Northern Ireland and helped to set up a local support network of businesses.

"Propel has definitely opened a lot more doors. Ignite has introduced me to what you can do in Northern Ireland"

- 5.19 Propel has successfully built a network of start-up businesses in Northern Ireland. Businesses make good use of the skills and experience of this network and benefit from the good reputation of the programme and its previous alumni, which supports them in gaining opportunities for future growth and investment.

Case Studies

- 5.20 The case studies in Appendix B ([Error! Reference source not found.](#) to [Error! Reference source not found.](#)) draw on consultation with businesses to provide insights into the experience of participating in the Propel programme. The case studies seek to explore which support was most effective for beneficiaries. The key headlines are:

- The participating businesses were early stage and often pre-revenue.
- It was common for businesses to hear about the support through networks or online advertising.
- Following support, many businesses had launched an early version of their product and were ambitiously growing the business and team.
- The support is tailored to business needs, however greater flexibility in the requirement to attend workshops may be beneficial, given that not all are relevant for all business needs at the time.
- Some elements of the support eg investment advice are more important for some businesses than others.

- 5.21 Challenges encountered by the programme are also reflected. For example, where greater support may be needed, the importance of effectively matching mentors with businesses and ensuring there is sufficient administrative and delivery resource to support businesses, particularly from the Ignite team (who at times, appeared stretched). Where beneficiaries highlighted that further support would have been useful, generally the types of support highlighted included additional support with the legal, financial and accounting aspects of starting a business, further support with how to find and recruit skilled employees and further promotion of the wider Invest NI support offer.

6. Impact Assessment

Key Findings and Recommendations:

- the scale of the net additional impacts from the Propel Pre-Accelerator are subject to some uncertainty due to:
- the timing of the evaluation, with some businesses in the latter cohorts having only recently received support, or not yet implemented business changes as a result of the support
- significant growth expectations among participants that are yet to be realised and therefore subject to greater uncertainty
- the impact, deadweight and displacement estimates being based on self-reported perceptions of businesses
- and, the margin of error for beneficiary responses overall being 17%.

Our assessment suggests that the programme has created an estimated £1.2 million in net additional GVA for the Northern Ireland economy to date.

The majority of the economic value generated as a result of the programme is expected to emerge over the next three years. We estimate that the business growth among beneficiaries supported to date could lead to £91 million in net additional GVA for the Northern Ireland economy by 2024.

Due to the uncertainty regarding future impacts estimated and the limitations of the analysis outlined in this section, these impact estimates should be treated with caution and considered as indicative.

£2.8 million has been spent on the programme to date which we estimate has so far generated £1.2 million in net additional GVA and which could by 2024 (subject to businesses continuing to make the progress planned) rise to £92.2 million. Discounting future benefits at 10%, in line with Invest NI's Economic Appraisal Methodology²², would result in £0.42 generated for every £1 of public money invested to date, rising to £26.3 by 2024. When the three outlier businesses are removed, the return on investment to date slightly decreases (£0.36) and reduces from £26.3 to £5.0 by 2024.

The results from the value for money assessment have been largely attributed to the programme supporting pre-revenue, very early-stage businesses who require time to achieve turnover growth and hence generate GVA impacts.

The 2016 DCLG Appraisal Guide²³ suggests that anything exceeding a £2 return on public investment represents high value for money. On this basis, **the estimates of return on investment to date is low but will become very positive if beneficiaries projected growth materialises.**

²²The standard discount rate as per NIGEAE is 3.5%. However, as per INI policy a 10% discount rate is applied as projects are usually of a commercial or industrial nature. See 2.8.18 & 2.8.19 in the link: <https://www.finance-ni.gov.uk/articles/step-eight-calculate-net-present-values-and-assess-uncertainties>.

²³https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/576427/161129_Appraisal_Guidance.pdf

6.1 This section provides a summary of gross and net additional economic impacts and an assessment of the value for money that the project has secured during its lifetime alongside an indication of its potential future impact.

Limitations of the Impact Assessment

6.2 It is important to recognise that there are a range of limitations in undertaking an impact assessment of this nature, which need to be borne in mind when considering the findings.

Challenges in Self-Reporting Approaches

6.3 A robust counterfactual assessment was not feasible within the current scope and budget for this study. An evaluation scoping exercise concluded that self-reported impacts drawing on beneficiary consultations would be the most appropriate approach to impact assessment.

6.4 An impact assessment using self-reported beneficiary impacts would be considered low on the Maryland Scientific Methods Scale (an objective means of scoring the robustness of different approaches to counterfactual impact evaluation). Although this method has some limitations, it offers a pragmatic solution to:

- capture timely and insightful evidence on outcomes and impacts
- cover all relevant aspects of the outcome and impact indicator framework
- and, explore additionality quantitatively and qualitatively.

6.5 The impact estimates are based on self-reported perceptions of firms on how the Propel support has enabled them to increase their turnover and employment to date, and whether turnover and employment is likely to increase in the future.

6.6 One of the key limitations in this approach is around businesses' willingness to provide information required for modelling. Businesses can often be sensitive about revealing business turnover figures. To reduce this risk, beneficiaries were asked to estimate turnover pre-support, to date and in the future either through a rough approximation or within given brackets, which tends to increase the response rate. Given the uncertainties around estimating future turnover, simplifying assumptions have to be used to estimate gross turnover change, which weakens the quality of the data.

6.7 In order to model factors such as deadweight and displacement, beneficiaries were asked a series of questions which are not straightforward to answer (such as what they believe would have happened had the support not been available). There are inherent difficulties in attempting to answer such questions which again affect the quality of the data produced.

Confidence Intervals

6.8 In grossing up from the data in the beneficiary sample to all beneficiaries supported, we made the assumption that the information provided by sample beneficiaries is representative of information that would be provided by the broader population of beneficiaries. To ensure this is most representative, the turnover and employment impacts have been grossed up based on the proportion of total turnover generated in the beneficiary sample, relative to the total turnover generated in the population of beneficiaries.

6.9 In order to assess the extent of certainty of these estimates, we have assessed the confidence intervals of the sample, which helps to provide further understanding of the robustness of the final data. Overall, there were 23 beneficiaries who took part in consultations, of which:

- six (26%) participated in Cohort 1
 - six (26%) participated in Cohort 2
 - six (26%) participated in Cohort 3
 - five (22%) participated in Cohort 1
- 6.10 Collectively, this represents a 29% response rate (on the basis of 80 beneficiaries in total supported to date). At the 95% confidence level, the confidence interval for the sample as a whole is $\pm 17\%$.

Timing of the Analysis

- 6.11 At the time of the Final Evaluation, eleven of the 23 businesses consulted (48%) had only recently received support, with some continuing to participate in the programme. Therefore, much of the expected impacts associated with the programme have not yet been realised. A number of businesses consulted are still at pre-revenue stage and have no economic benefits to register yet.
- 6.12 The approach taken has addressed this challenge by asking businesses for both turnover and employment growth they have created since receiving support through the Propel Pre-Accelerator and any growth they foresee over the next three years. However, future growth can be difficult to estimate for businesses that have not yet fully implemented changes in the business.
- 6.13 It is also important to note that beneficiary consultations were undertaken between July and early August 2021 during the COVID-19 pandemic, where some businesses would have been experiencing interruptions to normal business, difficult trading conditions, and potential disruptions to their supply chains.

Assessing Gross GVA Impacts

Establishing Gross Annual Turnover and Employment

- 6.14 As part of the beneficiary consultations, businesses were asked to provide their turnover and employment before receiving support through the Propel Pre-Accelerator programme and what turnover and employment growth they have created since receiving support. We have also asked them what growth they foresee over the next three years.
- 6.15 Across the sample of 23 beneficiaries, the following number of businesses indicated gross changes in turnover and employment to date:
- 18 businesses indicated that they had increased their turnover since receiving support from the Propel Pre-Accelerator programme.
 - 12 businesses indicated that they had increased their employment since receiving support from the Propel Pre-Accelerator programme.
- 6.16 The following indicated that they expected gross changes in turnover and employment in the next three years:
- All 23 businesses indicated that they expect a gross increase in turnover over the next three years.
 - 22 businesses indicated that they expect a gross increase in employment over the next three years.

Converting Turnover Growth to Annual GVA

- 6.17 To convert estimates of gross turnover into GVA, a ratio of turnover to GVA at a sector level for each business has been used, based on the sector in which they operate. This is based on the latest data from the ONS Annual Business Survey (2019).

Assessing Cumulative Impacts Over Time

- 6.18 Annual GVA impacts generated to date (i.e. current impacts) are counted over the period since participants started the Propel Pre-Accelerator programme. Similarly, future impacts are based on the beneficiaries' considered projections in business performance over a period of three years since receiving support i.e. up to August 2024. These projections form the basis of each beneficiary's business plan. We apply linear growth over these periods towards the gross annual GVA estimates. This aligns with government guidance on the persistence of impacts that can be associated with public interventions.

Accounting for Failure Rates

- 6.19 As early-stage businesses, it is likely that some proportion of participants will not succeed. Seven of the 40 businesses supported through the first two cohorts of the Propel Pre-Accelerator (18%) have wound up within two to three years and will not create on-going economic impacts. This compares favourably against failure rates seen among UK start-ups operating in the broad ICT sector. Of those that were established in 2016, 37% had closed within three years.
- 6.20 We assume that the same proportion of Cohort 3 and Cohort 4 businesses will close over this period and have therefore downgraded the future impacts associated with this cohort by 18%.

Attributing Impacts to Propel Pre-Accelerator and the Accelerator

- 6.21 Eleven of the 23 beneficiaries (48%) consulted reported that they had participated in both the Propel Pre-Accelerator and the Accelerator. To ensure that impacts were not double counted, we applied the following assumptions to attribute the gross and net additional benefits to the programme:
- If businesses participated in the Propel Pre-Accelerator only, all (100%) of their gross and net additional benefits attributed to the programme.
 - If businesses participated in Propel Pre-Accelerator and the Accelerator, but specifically mentioned Propel contributed more to their growth, 75%²⁴ was attributed to the programme and 25% to the Accelerator.
 - If businesses participated in Propel Pre-Accelerator and the Accelerator, but did not specify any differences in contribution, 67%²⁵ was attributed to Propel and 33% to the Accelerator.

Estimated Gross Impacts

- 6.22 Based on the approach outlined above we estimate that the gross benefits generated as a result of the Propel Pre-Accelerator programme total **£9.6 million** to date, rising to **£267 million** by

²⁴ Only three of the 23 businesses specified that Propel contributed more to their growth than the Accelerator.

²⁵ Eight of the 23 businesses did not specify any differences in contribution between Propel and the Accelerator. The allocation of 67% to Propel and 33% to the Accelerator was based on Propel having a longer duration of support (six months) compared to the Accelerator (three months).

August 2024. This compares to and would go well beyond the gross GVA target of £20m to be created by six years following delivery of the final cohort i.e. 2027.

- 6.23 In terms of job creation, we estimate that gross employment could total 1,089 by August 2024, which well exceeds the target to generate 344 FTE jobs by 2027.

Figure 6.1 Estimated Gross Impacts of the Propel Pre-Accelerator Programme

	Gross Benefits		
	To Date	Future (next 3 years)	Total
Employment	68	1,021	1,089
GVA	£9.6m	£257.3m	£267m

Source: Hatch Interviews with Beneficiaries, July-August 2021, n=23, margin of error =17%.

Assessing Net Additional Impacts

Deadweight and Attribution

- 6.24 This refers to the extent to which the gross change in business performance would have occurred without the beneficiaries taking part in the Propel Pre-Accelerator programme. Our estimates of deadweight draw on business' assessment of two types of outcomes:

- 1) Firstly, we assessed the proportion of gross change in performance that beneficiaries felt was attributable directly to the support from the programme. This was in respect to changes in turnover and employment experienced to date as well as those expected in future. For the 23 businesses consulted, on average:
 - 63% of the gross changes in turnover and employment to date were reported to be attributable to the programme
 - 51% of the gross changes in turnover and employment expected over the next three years were reported to be attributable to the programme.
- 2) Secondly, we assessed what beneficiaries reported they might have done if the support from the Propel Pre-Accelerator was not available. Over half (57%) of businesses reported that they would not have accessed the support at all, and 35% would have accessed similar support elsewhere.

- 6.25 The gross impacts estimated by any beneficiary that indicated they would have received the same support in the same timescales, was removed from the net estimate as part of our deadweight assessment. For those beneficiaries that indicated they would have received support from a different provider and/or would have been of lower quality / occurring later, a proportion of the impacts have been treated as deadweight and removed from the estimate of the net overall impact.

Leakage

- 6.26 This refers to the extent to which economic impacts generated by the programme will leak out of the Northern Ireland economy and benefit other economies.
- 6.27 Beneficiaries were asked where their staff are located. Any jobs outside NI were treated as leakage and removed from the net overall total. For this analysis, we have assumed that the leakage of turnover was the same as leakage of employment. Of the 23 businesses consulted, 15 (65%)

reported that all of their staff are located in Northern Ireland, with five (22%) reporting at least 25-50% of staff located elsewhere.

Displacement

- 6.28 Economic impacts generated through the Propel Pre-Accelerator programme will displace some activity from other businesses in Northern Ireland.
- 6.29 Beneficiaries were asked to estimate the proportion of their direct competitors that operate within Northern Ireland to arrive at an estimate of displacement in GVA and employment. The vast majority (87%) reported that they had no direct competitors in Northern Ireland.

Net Additional Impacts

The majority of economic value generated as a result of the Propel Pre-Accelerator will emerge over the next three years and beyond

- 6.30 After accounting for deadweight and displacement, we estimate that **£1.2 million** in net additional GVA has been created to date.
- 6.31 Aggregating the achievements to date and the future growth expected by the interviewed businesses, we estimate that the business growth among beneficiaries supported to date could lead to a further **£91 million** in net additional GVA benefits for the Northern Ireland economy by 2024. This far exceeds the net GVA target of £7.3m generated by 2027. Due to the uncertainty regarding future impacts estimated and the limitations of the analysis outlined in this section, these impact estimates should be treated with caution and considered as indicative.
- 6.32 In terms of job creation, we estimate that net employment could total 274 by August 2024, which well exceeds the target to generate 126 FTE jobs by 2027.

Figure 6.2 Estimated Net Additional Impacts of the Propel Pre-Accelerator Programme

	Net Benefits		
	To Date	Future (next 3 years)	Total
Employment	25	249	274
GVA	£1.2m	£91m	£92.2m

Source: Hatch Interviews with Beneficiaries, July-August 2021, n=23, margin of error = 17%.

- 6.33 The table below provides a summary of deadweight, displacement and leakage on the gross to net additional impact calculations, using the standard summative assessment summary template.

Table 6.1 Gross and Net Additional Impact for Employment and GVA (total lifetime impacts, including impacts to date and expected over the next 3 years)

Impact Indicator: Employment Unit = FTEs		Impact Area: Northern Ireland	
		Measure	Adjustment
	Gross Impact	1,089	-
	Less Deadweight / Reference Case	476	56%
	Less Displacement	472	1%
	Less Leakage	274	42%
	Net Additional	274	-
	Gross Impact	267.0	-

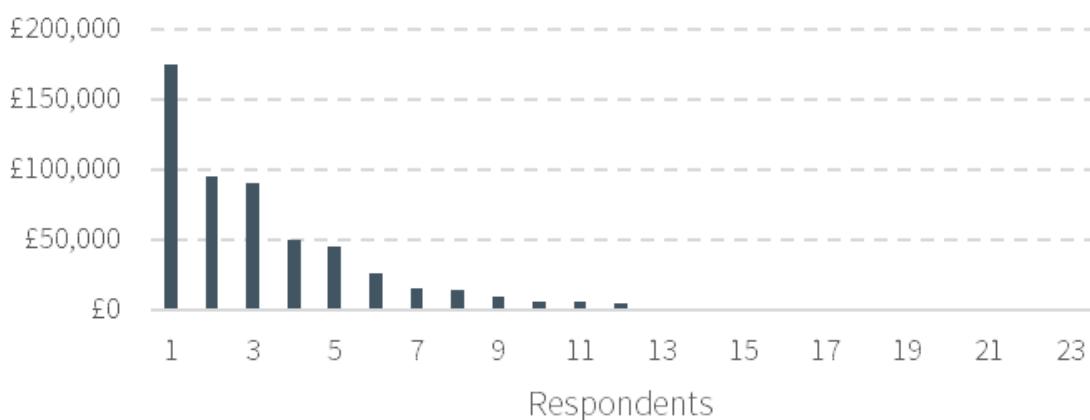
Impact Indicator: GVA Unit = £m	Less Deadweight / Reference Case	206.3	23%
	Less Displacement	205.7	0.3%
	Less Leakage	92.2	55%
	Net Additional	92.2	-

Source: Hatch 2021, drawing on data from beneficiary interviews, July - August 2021

Some caution is required in interpreting our future impact estimate

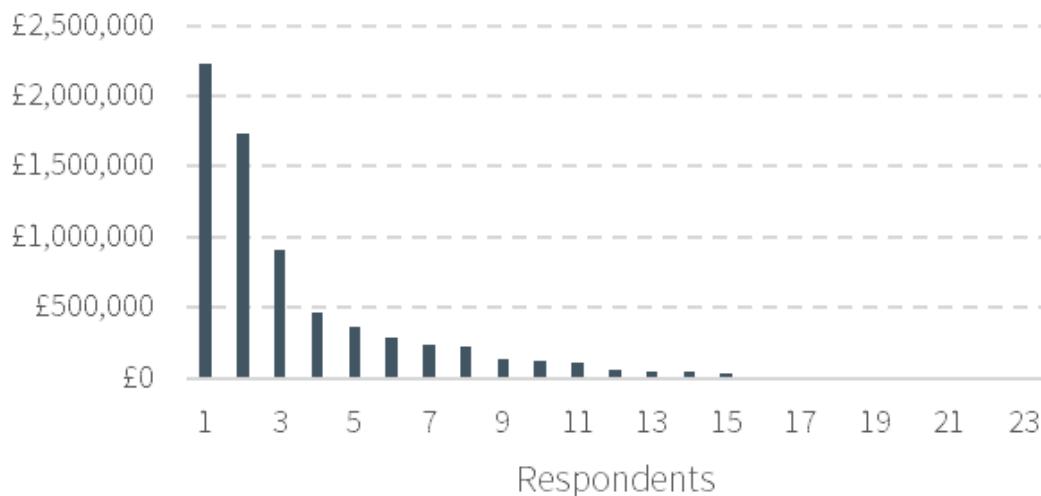
- 6.34 It is typical for interventions which focus on supporting early-stage high growth companies to generate a large proportion of their impact through a relatively small number of highly successful businesses. This is shown visually in the distribution of current net additional impacts, which indicates the majority of total net additional GVA is accounted for by a small number of businesses that have achieved net GVA benefits of more than £50k per annum.

Figure 6.3 Distribution of Net Additional GVA Impacts to Date



Source: Hatch Beneficiary Interviews, July – August 2021

- 6.35 When looking at the net additional impacts expected in the future, the same businesses account for most of these projected benefits.

Figure 6.4 Distribution of Future Expected Net Additional Impacts

Source: Hatch Beneficiary Interviews, July-August 2021

- 6.36 The three outlier businesses predicted turnover growth of between £26 million and £72 million over the next three years and on average, attributed 64% of their future turnover expectations to the support received on the programme. These projections were taken from their individual business plans and assumed to have been developed during the programme. If these individual businesses are removed from the analysis, this reduces the estimated total net additional GVA to date to £1 million and the estimated net additional GVA over the next three years to £16.4 million. This would still see the programme meet its target for GVA by 2024.

Calculating the Benefit-Cost Ratio

- 6.37 The Benefit-Cost Ratio (BCR) shows the estimated return on public investment. A BCR of 2:1 indicates a £2 return in terms of economic value for the Northern Ireland economy for every £1 of public money contributed to the project.
- 6.38 £2.8 million has been spent on the programme to date which we estimate has so far generated £1.2 million in net additional GVA and which could by 2024 (subject to businesses continuing to make the progress planned) rise to £92.2 million.
- 6.39 Discounting future benefits at 10%, in line with Invest NI's Economic Appraisal Methodology would result in £0.42 generated for every £1 of public money invested to date, rising to £26.3 by 2024. When the three outlier businesses are removed, the return on investment to date slightly decreases (£0.36) and reduces from £28.5 to £5.0 by 2024.
- 6.40 The large gap between impact secured to date and those projected for the future can largely be attributed to the programme supporting pre-revenue, very early-stage businesses who require time to achieve turnover growth and hence generate GVA impacts.
- 6.41 The Propel Pre-Accelerator programme will represent great value for money (even when outliers are removed) should businesses projected growth materialise over the next three years.

Table 6.2 Benefit Cost Calculations

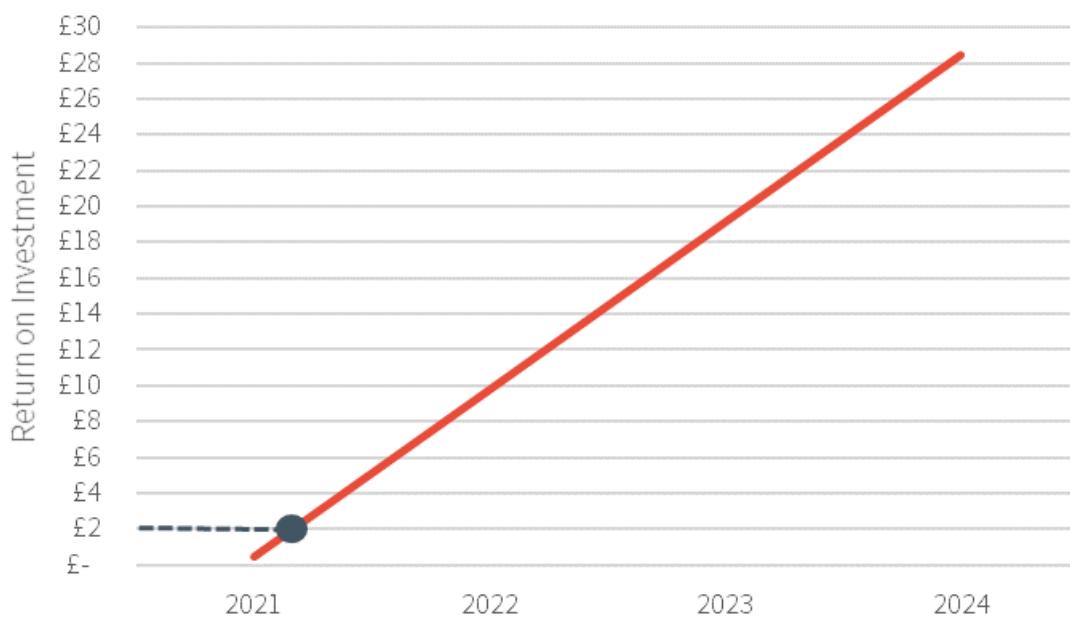
	To Date	To date and up to 2024

Net Additional GVA Benefits	£1.2 million	£92.2 million
Net Additional GVA Benefits (outliers removed)	£1 million	£17.4 million
Public Sector Cost	£2.82m	
Net Present Value of Benefits ²⁶	£1.2 million	£74.2 million
Net Present Value of Benefits (outliers removed)	£1 million	£14.2 million
Benefit-Cost Ratio	0.42:1	26.3:1
Benefit-Cost Ratio (outliers removed)	0.36:1	5.0:1

Source: Hatch

- 6.42 The 2016 DCLG Appraisal Guide suggests that anything exceeding a £2 return on public investment represents high value for money. On this basis, **the estimates of return on investment to date (£0.42) and to 2024 (£26.3) can be judged as reasonable, with potential to be very positive in the future.** The DCLG allows multipliers to be included in their assessment of impacts, which if applied to this assessment, would further boost the net impact of the Propel Pre-Accelerator.
- 6.43 If the return on investment is assumed to grow linearly between now and 2024, the programme is expected to reach a £2 return on investment before 2022. This is presented in Figure 6.5.

Figure 6.5 Return on Investment Projections



Source: Hatch

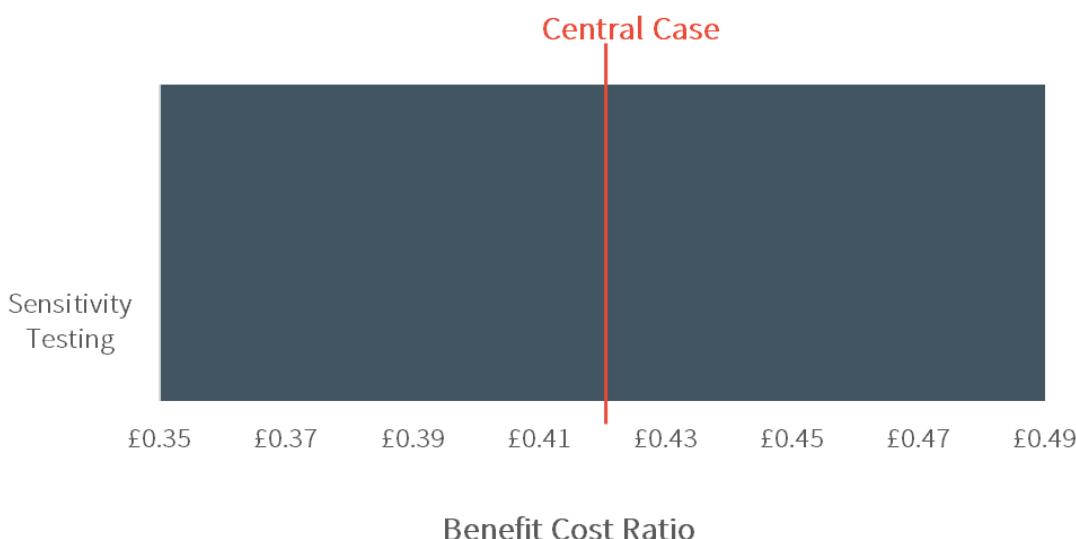
Sensitivity Analysis

- 6.44 The impact analysis is based on beneficiaries consulted with, of which there were 23 in total. Based on the 80 beneficiaries which have been supported to date, this represents a response rate overall of 29% and a confidence interval of ±17%.

²⁶ Net present benefits are discounted at a rate of 10% in line with Invest NI's Economic Appraisal Methodology. Costs incurred to date are not discounted.

- 6.45 This suggests that any data generated from the survey could be 17% higher or lower for the population as a whole than was found in the survey sample.
- 6.46 To a degree, we can use sensitivity testing to analyse the potential effects of some of the unknown factors to get a better sense of the range of potential impacts. Sensitivity testing has been undertaken to test two scenarios where 83% and 117% of estimated current and future impacts are realised.
- 6.47 Figure 6.5 below shows how the overall GVA per £1 funding invested would change if the impacts to date²⁷ were 17% lower and higher than estimated. It demonstrates that the impacts of the programme could lead to a net additional return on every £1 invested of between **£0.35 to £0.49**.

Figure 6.6 Sensitivity Testing and its impact on Propel's Benefit Cost Ratio to Date



Source: Hatch

- 6.48 When the outlier businesses are removed from the sensitivity testing analysis, the impacts could lead to a BCR range of between £0.30 to £0.42.
- 6.49 In terms of future impacts, if overall GVA per £1 funding changed to be 17% lower and higher than estimated, the impacts of the programme could lead to a net additional return on every £1 invested of between **£21.80 and £30.80**.

²⁷ As of June 2021

Figure 6.7 Sensitivity Testing and its impact on Propel's Benefit Cost Ratio in Future



Source: Hatch

- 6.50 When the outlier businesses are removed from the sensitivity testing analysis, the future impacts could lead to a BCR range of between £4.20 and £5.90.
- 6.51 Given the uncertainties around beneficiaries estimating future turnover, we did further sensitivity testing to understand the extent to which lower estimates for future turnover would impact the GVA benefits realised in the next three years. If all beneficiaries were more conservative in their growth projections and reported 30-50% less turnover expected by 2024, this would achieve net additional GVA benefits of between £45 and £63 million and net additional return on investment of between £12.90 and £18.10 per £1 invested. Under each scenario, the future impacts would still exceed the targets to achieve net GVA of £7.3 million by 2027.

Figure 6.8 Sensitivity Testing on Future GVA Benefits and the Benefit-Cost Ratio

	Future (next 3 years)		
	Net Additional GVA Benefits	Net Present Value of Benefits	Benefit-Cost Ratio
30% Less Turnover Estimated	£63.5m	£51.0m	£18.1
40% Less Turnover Estimated	£54.4m	£43.6m	£15.5
50% Less Turnover Estimated	£45.2m	£36.3m	£12.9

Source: Hatch

7. Conclusions and Recommendations

Conclusions

The Strategic and Economic Rationale

- The Propel Pre-Accelerator continues to:
 - Support the aims and objectives set out in key Northern Ireland strategy and policy, particularly responding to innovative, productive growth as well as encouraging entrepreneurship and greater export-confidence.
 - Address fundamental market failures, particularly imperfect information where new entrepreneurs do not have access to all the necessary information needed to start and grow a successful business.
 - Address a clear need to increase rates of business start-up and growth, productivity, export sales and FDI. The EU exit and Covid-19 pandemic are recent contextual changes which have enhanced the importance and relevance of the Propel Pre-Accelerator in supporting innovation-led growth and economic recovery in Northern Ireland.
- The programme reflects areas of best practice found in similar business support programmes, such as delivering high quality mentorship, building positive relationships within cohorts and raising market awareness. The best practice review points to a number of helpful learning points which could benefit future delivery, including adding further metrics to measure participation of underrepresented groups and having a distinctive theme for each cohort.

Expenditure and Output Performance

- There are effective monitoring structures in place to track the programme's delivery and performance. These include annual reports produced by Ignite, monthly update reports and the Air Table database.
- There have been challenges in capturing the wider benefits of the programme through the current KPIs. These include a better understanding of customer markets, improved business confidence and investor readiness.
- Core programme spend stands at just under £3.06m and expenditure has been in line with expectations.
- The programme has met its target to provide support to 20 participants/teams per year across the four years where, as previously noted, there were 19 in Cohort 2 and 21 in cohort 3.
- There has been a high volume of applications across all cohorts, which indicates solid beneficiary demand for the programme.
- The programme has supported businesses to raise high aggregate levels of investment (£4-8 million excluding Cohort 4). However, there has been underperformance against the target for 45% of teams to raise £180k by year six following support (i.e. July 2027 at the latest), with only Cohort 3 expected to meet this target.

- The average turnover achieved per team has decreased slightly for £115k per team in Cohort 1 to £82k in Cohort 3.
- The programme has underperformed against the target for 25% of teams to generate £250k turnover p.a. by year three following support (i.e. July 2024 at the latest), with six (8%) of the 80 businesses anticipated to achieve the target over the next several years. Note that this is based on applying linear effects to existing data and therefore these findings should be treated with a degree of caution.

Delivery and Management

- There have been effective management and governance procedures in place to oversee and guide delivery. Working relationships between Invest NI and Ignite are strong, however there could be further improvements in communication.
- The programme administration, particularly related to the marketing and application system for Propel could have been swifter and more streamlined, aligning the approach with the Accelerator programme.
- Programme recognition has increased, however, more could be done to raise awareness of Invest NI's involvement in the programme and signpost to wider Invest NI support.
- The NI business support ecosystem has helped to drive referrals onto the programme, as well as word of mouth and recommendations from other businesses in NI (including Propel / Accelerator alumni).
- Any future programme should ensure that there is sufficient resource in place to plan ahead for an annual marketing strategy and campaign. This could be supported through including resource for a marketing specialist within the delivery team.
- There have been appropriate processes in place to interview teams and signpost unsuccessful applicants to alternative support.

The Propel Pre-Accelerator Support Offer

- The entrepreneurial experience of the Ignite delivery team has been a key strength of the programme.
- The programme has been very well received by beneficiaries and enabled many businesses to start up their business. The programme design is appropriate, although re-balancing the intensity across all six months would help businesses to benefit.
- The grant provided by the programme has been critical to enabling many businesses to actually start-up, however those with more than one founder or which needed to further develop their business may require a higher amount of investment than has been available via the grant. There is a risk that businesses with larger financial needs could be discouraged from applying to the programme despite its relevance. There is a need to look at the range of financial support available to these businesses in Northern Ireland and consider whether additional support should be made available through Propel to certain businesses, or whether Invest NI should consider providing preferential access to wider services (including suite of Access to Finance funds) to Propel alumni.
- There is significant demand among programme beneficiaries for an increased focus within the programme content on business fundamentals, such as the legal aspects of starting a business, accounting and support with how to recruit and retain staff. Overall, the

programme content is effective but could be rebalanced to provide a better coverage of business fundamentals.

- There is a gap in the current support offer for life sciences and engineering high performance start-ups, and IP focused start-ups and spinouts, which should be explored in the design of any future programme.
- The client journey focus on the founder and concept has been consistent but allowed flexibility to tailor certain aspects of the support. One-to-one support provided by mentors as well as opportunities to network with investors, industry leaders and the cohort have been pivotal for founders in meeting their needs and achieving outcomes.
- The Covid-19 pandemic has changed a number of aspects in programme delivery, which has created benefits as well as challenges for beneficiaries. A hybrid approach to delivery, with a mix of online and in-person support, would be recommended going forward, with careful thought into the design of this approach, the timing and location of meetings and events.

Beneficiary Outcomes

- The programme supports successful product development and helps to position the beneficiary businesses for growth. Beneficiaries have obtained good outcomes as a result of participating in the programme and have ambitious growth plans.
- Action-based advice has been important in the successful development of Propel businesses. One-to-one advice alongside workshops has been effective in supporting participants to address business challenges and implement changes in the business. It should continue to provide honest feedback and the opportunity of more flexibility around the timing and frequency of one-to-one support should be considered.
- The grant has been an important enabling factor for participation of beneficiaries in the scheme. Invest NI should consider whether this suitably addresses barriers for all potential beneficiaries.
- The high quality and strong network of Propel beneficiaries boosts the profile of beneficiaries, supporting their growth.

Assessing the Impact on the Northern Ireland Economy

- The scale of the net additional impacts from the Propel Pre-Accelerator programme are subject to some uncertainty due to:
 - the timing of the evaluation, with some businesses having only recently received support or not yet implemented business changes as a result of the support
 - significant growth expectations among participants that are yet to be realised and therefore subject to greater uncertainty
 - and, the impact, deadweight and displacement estimates being based on self-reported perceptions of firms.
- Our assessment suggests that the Propel Pre-Accelerator programme has created an estimated £1.2 million in net additional GVA for the Northern Ireland economy to date.
- The majority of the economic value generated as a result of the Propel Pre-Accelerator programme is expected to emerge over the next three years. We estimate that business

growth among beneficiaries supported to date could lead to a further £91 million in net additional GVA for the Northern Ireland economy by 2024 (a total of £92.2m).

- Due to the uncertainty regarding future impacts estimated and the limitations of the analysis outlined in this section, these impact estimates should be treated with caution and considered as indicative.

Economy, Efficiency and Effectiveness

Economy

- Economy is achieved where the cost of resources is minimised. As outlined in Section 3, programme spend appears in line with expectations with the exception of slight underspend in the most recent cohort (at the time of evaluation, programme delivery was still ongoing).
- Costs have been minimised by delivering aspects of support online during the COVID-19 pandemic, as well as deploying a small programme team (two employees at Invest NI and four at Ignite). Looking ahead, it is important to ensure there is sufficient programme management and delivery resource available to account for any changes made to the programme.

Efficiency

- Cost efficiency maximises activity or output for a given level of cost. We have reviewed the value for money of Propel Pre-Accelerator across four recent business support evaluations which we have undertaken²⁸. As shown in Table 7.1 below, there are a wide range of costs per net additional job created in the other projects reviewed.
- Based on these comparator returns on public investment figures, the Propel Pre-Accelerator's expected cost per net additional job of £113,519 falls between the median and maximum of the comparator figures reviewed. When considering the programme's cost per net additional job to date and in the future (£10,288), this again falls between the median and maximum ranges.
- The Propel Pre-Accelerator's benefit-cost ratio (BCR) falls between the minimum and maximum of the comparator figures reviewed. When considering the BCR to date and in the future (£26.30), this exceeds the maximum range.
- This indicates that the programme is expected to perform satisfactorily in terms of cost efficiency compared to other public-funded programmes in the short term, with potential to represent great value for money in the long term. However, some caution must be taken in interpreting how the Propel Pre-Accelerator compares to what are a diverse set of programmes, offering different types and intensities of support.

²⁸ Please note these are unable to be publicly shared due to data confidentiality.

Table 7.1 Summary of Comparator Cost Effectiveness Indicators

	Minimum	Median	Maximum
Net Additional Cost per Job (to date)	£7,000	£22,000	£297,000
Net Additional Cost per Job (to date and future)	£900	£6,000	£29,000
Benefit-Cost Ratio (to date)	0.24	1.6	3.3
Benefit-Cost Ratio (in future)	3.9	11.7	19.6

Source: Hatch. Cost per output rounded to the nearest £1,000. Note: based on a review of four recent business support interventions undertaken by Hatch.

Effectiveness

- Effectiveness maximises the benefits created for a given cost. It addresses the quality of the services provided as well as the efficiency of delivery. Effectiveness is another expression for value for money.
- Discounting future benefits at 10%, in line with Invest NI's Economic Appraisal Methodology this would result in £0.42 generated for every £1 of public money invested to date, rising to £26.3 by 2024. When outliers are removed, the return on investment to date slightly decreases (£0.36) and reduces from £26.3 to £5.0 by 2024. This would see the programme exceed its target to generate a minimum of £7.3m in net additional GVA within six years of the final Propel cohort being delivered, i.e. by August 2027 at latest.
- The 2016 DCLG Appraisal Guide suggests that anything exceeding a £2 return on public investment represents high value for money. On this basis, the estimates of return on investment to date (£0.42) and to 2024 (£26.3) can be judged as reasonable, with potential to be very positive in the future.

Recommendations

7.1 Drawing on the evaluation findings, specific recommendations for Invest NI to consider for any future programme delivery are outlined below:

- Invest NI should ensure that any future external delivery organisation includes staff in the programme delivery team with relevant entrepreneurial experience as a founder or experience in raising investment, as this has been highlighted as a unique strength of the programme.
- The Propel Pre-Accelerator programme needs to tackle long-standing issues around the geographical representation of beneficiaries on the programme, ensuring that businesses outside of Belfast are aware of the programme and that the location of programme activities does not inhibit businesses from outside of the capital applying. This should consider a hybrid approach to delivery, to encourage wider take-up and whether this will allow the size / frequency of cohorts to be increased.
- It is recommended that the investment metrics data should be reviewed, tracked and updated regularly to improve monitoring and accuracy of investment performance. This could involve setting midpoint targets, as well as end of programme targets to better capture investment performance over time.
- The programme should improve the targeting of high potential start-ups, given that the programme is currently underperforming against the long-term investment target.
- The programme should carefully review any turnover related KPIs to assess its appropriateness, given the programme supports pre-revenue, very early-stage

businesses. It should also explore whether there are any wider benefits beyond investment and turnover which could be monitored that align with the programme's objectives such as export confidence.

- Any future programme should ensure that the contracts stipulate that all figures required to measure progress against the programme's KPIs are monitored and reported on regularly (e.g. if the current turnover from external sales target remains, the programme should monitor turnover split out by categories such as internal, external and import, to ensure the proportion of turnover attributed only to external sales is captured).
- The programme should also more proactively target under-represented groups, with regards to gender, age, ethnicity and disabilities. It is important for the programme to focus on raising awareness of the programme, and entrepreneurship more widely, among underrepresented groups. However, the programme should also seek to introduce measures that will facilitate the participation of underrepresented groups in the programme (e.g. considering whether increased flexibility around the timing and of support would enable greater participation) and track the outcomes of these groups through programme metrics.
- The programme should consider running a distinctive, sector-specific theme in future cohorts, based on feasibility and beneficiary take-up from different sectors. This should align with DfE's 10x strategy and strategic opportunities being developed. Having a specialist approach which focuses on a particular thematic area would ensure that beneficiaries within certain growth sectors receive tailored, meaningful support which would enable them to target sector-specific barriers and grow within their markets. It is recommended that Invest NI considers introducing sector-focussed targets which align with NI strategy but ensure this is balanced with attracting high growth potential businesses.
- It is recommended that early on the programme covers basic information on administrative subjects such as law, accounting, human resources and recruitment and shares details of where to find support on these subjects. This could include further programme engagement with local lawyers, accountants etc. to speak on these topics and provide guidance to beneficiaries. Activities related to investment should be held later on in the programme once the fundamentals of starting a business are covered. Sharing a plan of programmed content upfront would help beneficiaries to make the most of activities.
- The approach to marketing between the Propel Pre-Accelerator and the Accelerator programme should be aligned, to ensure that the messaging and marketing methods used are more consistent and to help streamline the application process. It is suggested that the external delivery organisation may be better placed to manage the marketing of the programme and application process, provided that sufficient marketing resource is in place to deliver this effectively.
- Invest NI should raise awareness of its involvement in the programme to increase brand awareness and should ensure that programme beneficiaries are signposted to wider Invest NI support where relevant. To ensure programme beneficiaries are aware of wider Invest NI support, Invest NI should ensure that client executives have sufficient resource to engage with programme beneficiaries and understand their needs to be able to signpost effectively. Any external delivery organisation involved in the programme should also be briefed on the wider Invest NI support to be able to signpost to wider support where it would be useful, and the beneficiary would be eligible to access this.

- The programme team should continue to engage with external strategic stakeholders to support the NI ecosystem. Increased focus on forming partnerships with local universities and promoting the programme in local schools would help to support entrepreneurship in Northern Ireland and take-up on the programme from younger entrepreneurs, IP-focused start-ups and graduate spinouts.
 - The format of delivery should be considered in detail, including the design of a hybrid model, which includes a mixture of both online and in-person support. Invest NI should consider how to make the programme more accessible to underrepresented groups through the design.
 - Additional resource could be required to enable the programme team to provide more formalised aftercare support for programme participants and help to support an alumni network.
 - Invest NI should consider whether there would be merit in evaluating a future programme after 2024, to reassess impacts achieved and compare against the findings from this evaluation.
- 7.2 Subject to Invest NI budgets and the availability of funding a future Propel Pre-Accelerator programme should be developed within the upcoming business case and drawing on the findings of this evaluation.
- ## Business Case Tasks
- 7.3 A number of recommendations that should be explored within the upcoming Propel Pre-Accelerator Business Case are outlined below:
- 1) The Propel Pre-Accelerator KPIs should be revisited during the business case that follows this evaluation, to ensure that they are fully capturing the desired outputs, outcomes and impacts of the programme. It is important that the KPIs and associated objectives are set over realistic time periods to reflect the businesses' stage of development in which the programme supports.
 - 2) The case for increasing the size of cohorts / number of cohorts supported per annum to meet the high demand for the programme should be considered within the options longlist. Any increase in the size of the programme will require a proportionate increase in the programme delivery and management resource (within both the Invest NI programme team and the external delivery organisation programme team) to ensure that the programme quality does not decrease. This option should also consider whether programme targets (i.e. number of teams supported) could be increased to accommodate the high demand for the programme.
 - 3) The business case should consider the possibility of the programme providing access to space outside of Belfast, which could be provided through a hub and spoke model, or the provision of a membership which includes access to flexible workspace in different locations (including locations outside of Belfast).
 - 4) The case for introducing resource for a marketing specialist within the delivery team to plan annual targeted marketing campaign and support with promotion of participating teams (both during and after completing the programme) should be considered.
 - 5) The evaluation findings suggest that there is a need for further support beyond the completion of the 6-month period of support. The business case should consider whether

additional resource is required to enable the programme team to provide more formalised aftercare support for programme participants and help to support an alumni network.

- 6) The case for greater promotion of support to life sciences, engineering, IP focused start-ups and spinouts should be considered in the design of any future programme.
- 7) Invest NI should consider whether the level of grant currently provided by the programme suitably addresses barriers to participation for all potential beneficiaries.
- 8) A hybrid approach to delivery, with a mix of online and in-person support, would be recommended in any future programme with careful thought into the design of this approach, the timing and location of meetings and events.

DISCLAIMER AND LIMITATIONS OF USE

This Report was prepared for Invest NI (the "Client") by Hatch Associates ("Hatch") based in part upon information believed to be accurate and reliable from data supplied by or on behalf of Client, which Hatch has not verified as to accuracy and completeness. Hatch has not made an analysis, verified or rendered an independent judgement as to the validity of the information provided by or on behalf of the Client. While it is believed that the information contained in this Report is reliable under the conditions and subject to the limitations set forth herein, Hatch does not and cannot warrant nor guarantee the accuracy thereof or any outcomes or results of any kind. Hatch takes no responsibility and accepts no liability whatsoever for any losses, claims, expenses or damages arising in whole or in part from any review, use of or reliance on this Report by parties other than Client.

This Report is intended to be read as a whole, and sections should not be read or relied upon out of context, and any person using or relying upon this Report agrees to be specifically bound by the terms of this Disclaimer and Limitations of Use. This Report contains the expression of the professional opinions of Hatch, based upon information available at the time of preparation. Unless specifically agreed otherwise in Hatch's contract of engagement with the Client, Hatch retains intellectual property rights over the contents of this Report.

The Report must be read in light of:

- the limited readership and purposes for which it was intended;
- its reliance upon information provided to Hatch by the Client and others which has not been verified by Hatch and over which it has no control;
- the limitations and assumptions referred to throughout the Report;
- the cost and other constraints imposed on the Report; and
- other relevant issues which are not within the scope of the Report.

Subject to any contrary agreement between Hatch and the Client:

- Hatch makes no warranty or representation to the Client or third parties (express or implied) in respect of the Report, particularly with regard to any commercial investment decision made on the basis of the Report;
- use of the Report by the Client and third parties shall be at their own and sole risk, and
- extracts from the Report may only be published with permission of Hatch.

It is understood that Hatch does not warrant nor guarantee any specific outcomes or results, including project estimates or construction or operational costs, the return on investment if any, or the ability of any process, technology, equipment or facility to meet specific performance criteria, financing goals or objectives, or the accuracy, completeness or timeliness of any of the data contained herein. Hatch disclaims all responsibility and liability whatsoever to third parties for any direct, economic, special, indirect, punitive or consequential losses, claims, expenses or damages of any kind that may arise in whole or in part from the use, review of or reliance upon the Report or such data or information contained therein by any such third parties. The review, use or reliance upon the Report by any such third party shall constitute their acceptance of the terms of this Disclaimer and Limitations of Use and their agreement to waive and release Hatch and its Client from any such losses, claims, expenses or damages. This Report is not to be referred to or quoted in whole or in part, in any registration statement, prospectus, fairness opinion, public filing, loan agreement or other financing document.

Readers are cautioned that this is a preliminary Report, and that all results, opinions and commentary contained herein are based on limited and incomplete data. While the work, results, opinions and commentary herein may be considered to be generally indicative of the nature and quality of the subject of the Report, they are by nature preliminary only and not definitive. No representations or predictions are intended as to the results of future work, nor can there be any promises that the results, opinions and commentary in this Report will be sustained in future work. This Disclaimer and Limitations of Use constitute an integral part of this Report and must be reproduced with every copy.

HATCH



www.hatch.co.uk

London: 0207 336 6188 Manchester: 0161 234 9910