

Press Release

vc-net raises £1m from a consortium co-led by The Capital Fund and MMC Ventures

vc-net, a London based telecoms company which has built a dedicated videoconferencing network, has raised £1m in venture capital from a consortium co-led by The Capital Fund, the Regional Venture Capital Fund for London, and MMC Ventures, the value-added syndicate of business angels.

vc-net are the first and only company in Europe to have in place a purely dedicated global "quality of service" network built for videoconferencing traffic. This enables dramatic quality improvements in what is often an erratic technology.

As the network is designed only for live video, customers can benefit from efficiencies and save up to 70% of their running costs. After two years trading, the company already has over a hundred blue-chip customers, including Taylor Woodrow, the Inland Revenue, WH Smith, the European Bank of Reconstruction and Development, Advent International and DeBeers.

"We are very impressed by the uniqueness of vc-net's offering and the number of blue chip customers that they have attracted" says Mike Kennedy, Investment Manager with the Capital Fund. "After speaking to vc-net's customers and reviewing the market we believe that they have the opportunity to build a sizable global business'. Recent large customer wins are testament to vc-net's ability to clearly demonstrate the effectiveness of their service to their customers."

"We welcome this new investment and the experience that the new shareholders bring to the business" said Dan Somers, Managing Director of vc-net. Somers continues "this investment allows us to capitalise on the growth that we are experiencing by implementing further capacity and developing new products."

Bruce Macfarlane, Chief Executive of MMC Ventures comments *"We have been an active investor in vc-net for 2 years, during which we have supported the company from an early-stage and worked with Dan to rapidly grow the business."* He adds *"This is an exciting time for vc-net, and we look forward to helping it fulfill its true potential."*

For further information regarding The Capital Fund, vc-net or MMC Ventures, please refer to www.thecapitalfund.co.uk or www.vc-net.net or www.mmcventures.com .

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The Capital Fund

The Capital Fund can invest in companies based in the 32 boroughs of London and the City. Initial investments can be up to £250,000 and the fund has the ability to invest a further £250,000 after at least 6 months. Under certain circumstances, the fund can invest up to £5m.

The Capital Fund is a £50m Regional Venture Capital Fund managed by London Fund Managers (LFM). The fund has a mixture of public and private sector investors and is sponsored by the London Development Agency. LFM is investing the fund in high potential London-based SMEs in order to achieve a commercial return for the fund's shareholders. The fund was launched in 2002 and will be invested over a period of six years.

When assessing a company for investment, LFM looks for:

- **strong, balanced management teams**
- **clear customer needs for the product/service offered**
- **convincing sales, marketing and fulfilment strategies**
- **potential for high growth in sales, profits and shareholder value**



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The Capital Fund is managed by London Fund Managers which is a division of Yorkshire Fund Managers Limited (YFM).

From 1st April 2004 LFM will be a division of Yorkshire Venture Finance Limited (YVF).

YFM and YVF are both authorised by the FSA and are part of the Yorkshire Enterprise Group. YFM is a member of the BVCA.