SEBASTIAN MCCARTHY
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SENIOR figures within Sir Philip Green’s high street empire are coming together for a crunch meeting today as speculation mounts over the fate of the tycoon’s embattled Arcadia Group.

The troubled fashion firm’s board is set to discuss a controversial insolvency process known as a Company Voluntary Arrangement (CVA), which would involve numerous potential store closures and rental re-negotiations with landlords.

The high-level talks, first reported by Sky News yesterday, are set to be chaired by corporate restructuring expert Jamie Drummond-Smith, who joined the company’s board earlier this month.

While one source told City A.M. today’s meeting is “one of many” the group has been having in recent weeks, it comes amid the growing expectation that Arcadia will launch a restructuring scheme by early June. If the CVA is given the go-ahead by Green and his directors, Arcadia would become the latest in a string of beleaguered high street retail giants that has sought to slash rental costs, pension payments and the size of its current property portfolio.

Major UK retail chains, including New Look and Carpetright, have also embarked on CVAs in recent years following a swathe of industry challenges.

Fear of a major restructuring effort at Arcadia, which counts Topshop and Dorothy Perkins among its best-known fashion brands, has mounted in the wake of rising competition from the likes of online rivals such as Asos and Boohoo.

Earlier this month Drummond-Smith said in a statement: “Arcadia and Topshop Topman have faced unprecedented market conditions on the UK high street.

“We will be supporting the boards as they progress the restructuring options for the businesses to create a stable platform for the group to implement its turnaround plan.”

Green’s retail group has also been hit in recent months by several high-profile departures following misconduct allegations made against the scandal-hit fashion tycoon late last year.

In February Karren Brady resigned as chair of Taveta Investments, the company behind Arcadia Group, after explosive sexual harassment and racial abuse claims were made in the Telegraph against Green, who denies any wrongdoing. She was replaced by Drummond-Smith.

Arcadia declined to comment last night.

GREEN EYES OVERHAUL OF ARCADIA

SHADOW chancellor John McDonnell has said Labour will unleash an economic “revolution” if it wins power.

The Labour MP, who has previously named Soviet revolutionaries Lenin and Trotsky as key intellectual influences, told the BBC yesterday he saw parallels with 1979 when Margaret Thatcher swept to power.

“Things aren’t working for people, so they’re looking for change,” he said.

Asked whether Labour’s policies represented revolution or evolution, he said: “OK, it will be a revolution. Transformative. Because we are going to change society and that’s what’s demanded of us now.”

He added: “It is common sense socialism and the point about that first period of office when we go into government will be to lay the foundations for this transformation.”

Also speaking to the BBC, chief secretary to the Treasury Liz Truss said Labour’s policies would damage the UK economy.

“I think higher taxes just choke economic growth,” she said.

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“I think higher taxes just choke economic growth,” she said.
Can Just Eat deliver the City what it wants?

Tomorrow morning most eyes in the City will be on Mike Coupe, the Sainsbury’s chief executive battling to keep his job. In the firm’s Holborn HQ, the grocery veteran will set out his Plan B after the UK competition watchdog crushed his dreams of a merger with Asda. But 10 minutes down the road near Lincoln’s Inn Fields, fellow blue-chip giant Just Eat will be hosting its annual general meeting and confronting shareholder grumblings of its own. Bereft of a permanent chief executive and in the grip of an intense war with its competitors, Just Eat faces a big task winning round City doubters.

Last week, the group’s first-quarter results revealed that UK order growth came in weaker than expected, and despite a bumper international performance helping to offset the troubles at home, many in the Square Mile still feel anxious over the firm’s future. Among those concerned are analysts at Peel Hunt, who maintain a “sell” rating for the firm. In their latest note to the market, the broker wrote: “The changing landscape of the industry means Just Eat’s uniqueness from data, wholesale discounts and share of voice is shrinking.” “We’ve noticed a number of short-sellers, including opportunust supremo Crispin Odey, increasingly seem to agree with that verdict. Roughly six per cent of its shares are currently on loan to short-sellers, creeping up from four per cent at the start of 2019 and rising from zero since the summer. But it’s not just short-sellers and brokers giving Just Eat’s board a stomach ache, with activist investor Cat Rock heaping pressure on him to prove the shortsellers wrong by evaluating mergers with well-run industry peers, but sources close to the group say it has no plans to change tack.

So what now for the takeaway website giant? It has been ramping up its role in delivery services, pledging to be profitable after one big task winning round City doubters.

UK STUDENTS FEWED Imports estimates sales sales estimates

EMILY NICOLLE

THE WE COMPANY, the firm behind office sharing giant WeWork, has confidentially filed to go public. The firm said late last night it had amended documentation to an earlier filing with the Securities and Exchange Commission made in December last year.

No financial information was revealed in the filing, though The We Company was reported in March to have made a net loss of $1.9bn (£1.3bn) on $1.8bn in revenue in 2018. This rose from a net loss of $923m and revenue of $886m a year earlier.

The firm largely sustains itself through funding from a network of private investors, such as Japanese giant SoftBank which has invested more than $10bn in the We Company to date.

It’s a free market

Treasure trove of Thatcher history up for auction

AUCTION house Christie’s is set to kick off its third auction of items related to former Prime Minister Margaret Thatcher to coincide with the 40th anniversary of her election in 1979. The 170 lots include jewellery, clothes and handbags, with estimates ranging from £100 to £15,000. The online auction will be open for bidding between 2 and 9 May.

FINANCIAL TIMES

MINISTER DEFENDS ENDING EU STUDENTS PER CAP

The UK government has defended plans to stop treating EU citizens as home students if they study at English universities after Brexit. Amid growing criticism of the government’s post-Brexit strategy for higher education, universities minister Chris Skidmore insisted: “It’s not right that we should discriminate against our (non-EU) students.”

UK ADVISERS RECOMMEND NET ZERO EMISSIONS BY 2050

The UK’s chief advisory body on climate change will recommend the govern-ment legislates to reduce greenhouse gas emissions to net zero by 2050, by far the toughest binding target for any big economy. The Committee on Climate Change will set the ambitious new goal for the UK overall, according to three people briefed on the report.

THE TIMES

HEDGE TO PAY RECORD £250 A SQ FT RENT IN MAYFAIR

A 37-year-old hedge fund boss has broken the record for the highest office rent in the UK after agreeing to pay £250 a square foot for his company Steadview Capital’s new headquarters in Mayfair, central London.

TECH BAG TRACKERS HELP AIRLINES HALVE LOST CASES

The number of bags lost by airlines has almost halved in a decade after the introduction of measures encouraging carriers to track luggage through airports. Research shows that the number of “mishandled” bags dropped by 47 per cent over ten years to fewer than 23m last year.

HOME SELLERS HIT AS PROPERTY LISTINGS DIP

The stagnant housing market continues to pose problems for both buyers and sellers, as the supply of new properties has hit a record low. The typical estate agency branch had 37 properties available for sale during March, according to data published by the National Association of Estate Agents.

MARRIOTT PLANNING AIRBNB RIVAL

Marriott, the world’s largest hotel chain is launching a rival service to Airbnb in an attempt to seize a chunk of the home rental business before the latter company swallows it entirely, according to reports.

THE DAILY TELEGRAPH

THE WALL STREET JOURNAL

ROSENSTEIN RESIGNS FROM JUSTICE DEPARTMENT

Deputy attorney general Rod Rosenstein submitted his resignation letter to US President Donald Trump yesterday, ending a tumultuous two years in which he tried to steady a rocky Justice Department and its relationship with the White House.

BITCOIN VENTURE BACKED BY NYSE OWNER FACES DELAY

A plan by the owner of the New York Stock Exchange to make it easier for consumers to pay for purchases in bitcoin faces further delays after the venture, called Bakkt, said it was applying for a licence from New York state regulators.
Boeing will win back people’s trust, says boss

JAMES BOOTH
AND ALEX DANIEL
@Jamesbooth1 @alexmdaniel

BOEING chief executive Dennis Muilenburg promised to win back the public’s trust at the company’s annual meeting last night, following two fatal 737 Max crashes.

Muilenburg faced a grilling from investors over the twin disasters and also saw off a shareholder motion to split his chairman and chief executive roles.

The company has been plunged into crisis by the two crashes which killed 346 people.

Muilenburg told reporters he would continue to lead the company despite the lawsuits, investigations, financial concerns and reputational damage that have followed the crashes.

“I am very focused on safety going forward,” he said after the meeting when reporters asked if he had considered resigning. “I am strongly vested in that. My clear intent is to continue to lead on the front of safety, quality and integrity.”

Muilenburg said the company would have to strive to regain the confidence of the public.

“We know we do have work to do to earn and re-earn that trust and we will,” he added.

The firm is under pressure to deliver a software fix and new pilot training to address the issue which could have caused the crashes - thought to be faulty sensors on its anti-stall system.

US aviation regulatory body the Federal Aviation Administration could clear the plane to fly as soon as late next month, but Boeing has yet to formally submit the new software and training for review.

Last week, Boeing said the financial damage from grounding the 737 Max was at least $1bn (£773m) so far. It has suspended its 2019 financial forecasts as it scrambles to get its flagship model back in the air. Sirius investors dig deep for £2.5bn raising

JAMES BOOTH
@Jamesbooth1

LONDON-listed Sirius Minerals is set to unveil a £2.5bn debt and equity fundraising today as it seeks to develop a potash mine in Yorkshire.

Sky News reported that Sirius is set to announce its largest equity-raising to date, around £400m, as part of a financing package.

The equity will be raised through a placing with existing shareholders, who include Australian mining magnate Gina Rinehart and major City institutions.

Sirius is also expected to announce a debt package that could be worth £1bn (£2.3bn), although Sky sources warned this was yet to be finalised.

Sirius has estimated that the site holds sufficient potash for a century of mining and could support more than 1,000 jobs.

Potash is used in the production of fertiliser.

Sky said investment banks JP Morgan and Liberum were jointly working on the placing.

Sirius did not respond to a request for comment.
Mastercard and Visa agree EU deal to slash foreign card payment fees

JESS CLARK
@jclarkejourn

WASHINGTON will reassess sharing information with allies that use equipment made by Chinese tech firm Huawei in their 5G networks, a US official said yesterday.

“It is the United States’ position that putting Huawei or any other untrusted vendor in any part of the 5G telecommunications network is a risk,” said Robert Strayer, a cyber official at the US State Department.

"It’s a risk to allow Huawei access to the UK’s 5G network on security grounds. It would also be a breach of the conditions for a block re-election of chairman Vernon Hill as the bank co-founder, given his role in the 5G network project,” he added.

“Huawei is consistently denied it has a contract for its branches. The bank’s annual report revealed $10 million in pension payments. The figures confirm the UK is the leading destination for foreign direct investment in Europe, and the third most significant investor in the world, behind the US and China.”

THE TOTAL value of foreign investment stock in the UK increased five per cent to $1.9 trillion (£1.5 trillion) by the end of 2018, figures released yesterday by the Organisation for Economic Co-operation and Development (OECD) show.

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THE UK held more inward investment stock at the end of 2018 than Germany ($920bn), Spain ($659bn) and Poland ($229bn) combined.

International investors continue to recognise the fundamental strengths of our economy – everything from our innovative legal system to our world-leading financial services.”

Metro Bank investors urged to block re-election of chairman

CALLUM KEOWN
@CallumKeownJ

Metro Bank shareholders have been urged to vote against the re-election of chairman Vernon Hill by co-founder Sir Mark Sedwill, launching an independent body which would facilitate Chinese spying.

Huawei’s 5G use ‘is a risk’ says US cyber official

JAMES BOOTH
@JAMESBOOTH1

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Sanlam UK buys asset management firm Thesis

**JESS CLARK**

Sanlam UK has acquired asset management firm Thesis in a “milestone” deal, which will add £1.2bn to its insurance arm.

The firm bought Thesis’ private client business, distribution network, direct support teams and its financial planning business Pallant for an undisclosed sum.

‘Thesis’ offices in Guildford.

Lymington, Chichester and Brighton will join Sanlam’s regional wealth management network.

The deal has boosted Sanlam’s UK private client discretionary assets under management to £4.2bn.

Sanlam UK chief executive Jonathan Polin said: “It was clear from the outset of our discussions with the Thesis management team that we were fully aligned in terms of investment philosophy, culture and an unwavering commitment to client service.

“We have high ambitions to make Sanlam a leader in client-centric wealth management and our acquisition of Thesis is an important milestone in that journey.”

The deal follows a string of acquisitions including Sanlam’s takeover financial planning firm Blackett Walker earlier this month.

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**PREMIUM CONTENT**

### Hostelworld bookers growth slows amid turnaround bid

### JESS CLARK

TRAVEL booking site Hostelworld is looking to improve its app where 40 per cent of bookings were made using the app last year, and use of customer data.

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**DEUTSCHE BOERSE CHAIR TO STEP DOWN IN 2020**

Deutsche Boerse chairman Joachim Faber is to step down following its annual meeting in 2020, it said yesterday.

Faber told the group’s annual meeting in May 2018 that he would not serve another three-year term. The move last year followed accusations that he was partly responsible for Deutsche Boerse’s recent failures, which include a botched deal to merge with the London Stock Exchange.

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### MPs to ramp up pressure on Asda over ‘appalling’ staff contract plan

**SEBASTIAN MCCARTHY**

ASDA is set to face fresh pressure from politicians this week amid accusations that new pay proposals could leave thousands of workers financially worse off.

A campaign addressed to Asda, which demands the grocery giant cancel “unsurprising contract changes”, is set to be backed by a number of MPs in a bid to halt the measures.

Labour MP Siobhain McDonagh has written a letter to politicians to sign that accuses Asda of using potential contract changes as a “smokescreen” for unpaid work and night shifts.

In a scathing letter addressed to Asda boss Roger Burnley and seen by City AM, McDonagh wrote: “We warmly welcome the pay rise that some of your employees will receive under these proposed changes. However, we are utterly appalled that this is the detriment of 3,000 of your staff who are already struggling on a wage that is fractions of what they are entitled to.

She added: “We are completely dismayed that a company of your reputation would use an increase in basic pay as a smokescreen to cut the pay of so many of your most longstanding staff.”

McDonagh, who has warned that the Siobhain McDonagh says 2,700 Asda staff would be worse off

changes would make 2,700 staff members up to £500 worse off every year, told City A.M. that she already has the support of several well-known MPs and is hoping the petition will attract cross-party backing.

Her letter concludes: “We encourage you to ensure that no Asda employee receives a pay cut under these proposals and we hope that you show them a fraction of the loyalty that they have shown to you.”

The supermarket firm recently proposed contract changes for its workers, pledging to hike the basic rate of pay for retail staff.

Responding to McDonagh’s claims earlier this month, Biyldy said: “As a retailer, our job is to serve our customers’ needs. That means we need to have the right colleagues in the right place at the right time. As our customers change the way that they shop, we need to ensure that we have the flexibility to work with them in order to remain competitive.”

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### Dark clouds gather as one-sixth of businesses in financial distress

**ALEX DANIEL**

NEARLY a sixth of British businesses are in financial trouble, amid concerns the UK could suffer a wide-ranging economic slowdown in the coming months.

A report by insolvency firm Begbies Traynor has revealed there are 484,000 UK firms in “significant financial distress”, equal to 34 per cent of economically active businesses.

The Red Flag Alert data for the first quarter of 2019 showed the number of financially distressed firms had risen two per cent year-on-year, up from 457,000 this year.

Meanwhile, the number of businesses in “critical distress” during the same period – often a precursor to insolvency – rose 17 per cent.
BRITONS were more positive about the future economic situation in April than they were in March, but are putting off major purchases amid financial and political uncertainty, a new study has today shown.

Meanwhile, fewer people in the UK were positive about their personal financial situations in April than March and saving rates fell, according to market research institute GfK’s latest survey.

GfK’s overall consumer confidence index remained at minus 13 in April, the same as March and February, only one point above its lowest score in six years.

However, the failure of the score to deteriorate and an increase in the number of Britons saying they feel positive about the economic situation over the next 12 months are the latest signs that the current Brexit impasse is not greatly affecting consumers.

Earlier this month the Confederation of British Industry (CBI) said retailers had reported their first rise in sales for five months, in a sign that shoppers were spending again.

Joe Staton, client strategy director at GfK, said: “It appears it’s a case of ‘keep calm’ when it comes to how confident consumers are feeling right now.

“Consumers are holding firm and remain unshaken by the daily headlines of turmoil and intrigue,” he said.

Ruth Gregory, chief UK economist at Capital Economics, said consumers were influenced by “the recent robust rises that we’ve seen in employment and wages”.

She said: “The fundamentals that are underpinning household spending are still pretty strong.

But low unemployment and roughly on-target inflation meant “consumer confidence would be higher if it wasn’t for Brexit”, she added.

US President Donald Trump has called for the Federal Reserve to cut interest rates.

The US inflation rate fell in March, the latest official figures revealed yesterday, in a development that will keep the pressure on the Federal Reserve to hold back from raising interest rates.

The core annual inflation rate fell to 1.6 per cent in March from 1.7 per cent in February. Economists had predicted that core inflation would stay at 1.7 per cent.

US President Donald Trump has argued that the central bank should cut rates because of low inflation.

The figures released by the US Department of Commerce showed that consumer spending rose in March. Purchases increased by 0.9 per cent in March compared with February.

The department said the rise “primarily reflected increases in compensation of employees”.

Climate change protesters have announced that they will target the Bank of England on Thursday, with demands that future stimulus bond buying is done with green goals in mind.

The protests, organised by campaign groups Positive Money and Fossil Free London, will take place at the Bank on the day it releases its inflation report, and comes after weeks of climate protests in the capital by Extinction Rebellion.

ECONOMIC CONFIDENCE DECLINES IN EUROPE

Confidence in the Eurozone economy fell for the 10th consecutive month in April as managers became markedly more pessimistic about industry amid the continent’s continuing slowdown.

April’s economic sentiment indicator, released by the European Commission, decreased by 1.6 points in the Eurozone and 1.5 points in the EU in April, compared with falls of 0.7 and 0.4 respectively in March.

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Entrepreneurs need to overcome funding reluctance to grow

Suggest external funding to some entrepreneurs and they’ll reel at the slightest mention. A healthy injection of financial capital might not be the answer to every high-performing entrepreneur’s dreams. But chosen well, it can be the catalyst for sustainable growth.

Still, the negative effects of the global financial crisis weigh heavy on entrepreneur funding sentiment. Even though access to finance and patient capital have been addressed, just 36% of small businesses use external funds to grow, British Business Bank recent research shows, down from 44% in 2012.

And it gets even more concerning – the bank’s research reveals that seven in 10 companies would rather stymie growth than take external capital. That’s a pretty stark choice to say the least.

Reluctance to commit to growth investment or finance surely has to come at a cost. Backed by the right expert advice and support though, sustainable funding options can deliver transformative results. They help fast-growth companies create jobs and wealth, boost productivity, and light a torch of optimism in the wider economy.

Trust among entrepreneurs and their funders has some way to go for sure. But that change is already evident. At the Growth Investor Awards last November, the investment provider finalists at the packed event had invested a whopping £3.3 billion into 1145 SMEs. And the nine SME growth champion finalists alone had created 4370 jobs between them.

Now in their fifth year, these awards recognise the stellar work of individuals and companies in the small business investment community. These investors stand out for the real impact beyond investment that they deliver – helping companies the length and breadth of the UK thrive and excel.

What sets this industry celebration apart from other offerings is that it recognises the softer skills that are driving success in SME funding. Size and performance don’t matter as much as the value created. Real value that’s committed to championing purpose beyond money to create rewarding outcomes for people working in companies right across the UK.

When it comes to growth finance, Intelligent Partnership’s ground-breaking 100 Stories of Growth campaign has tapped into growing entrepreneur appetite for debt and credit products. Nearly six in 10 of the hundreds of entrepreneurs that shared their preferences about financial capital use debt products to fuel their growth.

Growth finance is gaining strong momentum in the small business community. The Cambridge Centre for Alternative Finance’s latest research shows that the UK online growth finance industry market alone totalled £6.2 billion in 2017, up 35% on 2016.

With reluctance and fear of funding limiting SME growth, it’s vital to send out a clear message to budding and successful entrepreneurs alike. Taking appropriate capital – along with the added support that quality providers should offer – can be among the most positive decisions that a growth company can make.

Guy Tolhurst is a champion for small business

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Government to take UK fintech startups global

EMILY NICOLLE

The UK’s fintech startups are set to get a boost from the government, with a focus on expansion across borders, international trade secretary Liz Truss announced yesterday.

Building on the so-called fintech bridge agreements signed by the UK and other nations in recent years, a cohort of British startups have been selected for two pilot programmes that will provide them with support from government bodies and regulators.

The young companies include familiar names such as Transferwise and Seedrs, as well as smaller firms including TrueLayer, Complyadvantage and Smart Pension.

The 2019 programmes will run for 10 months, in partnership with the governments of Australia and Hong Kong.

Other fintech bridge agreements have previously been established with China, Singapore and South Korea.

The UK accounts for 11 per cent of the global fintech industry, employing more than 75,000 people with turnover set to surge beyond £100bn by 2030.

Freelayer chief executive Francesco Simoneschi said the programme represented “an excellent way to solidify and grow the UK’s fintech reputation on the world stage”.

Auto Trader accelerates board shakeup with chief’s retirement

ALEXANDRA ROGERS

Online car ad group Auto Trader has promoted its finance officer, to take over

Nathan Coe will take over from Trevor Mather as Auto Trader chief next March

Across the sector, we are seeing companies choosing to bring their customers right into their business, helping determine new products, and becoming shareholders.

We were not surprised at Crowdcube to see investment volumes into fintechs leap from £10m in 2017 to £52m in 2018.

Fee-free stock trading platform Freetrade raised £3m, savings app Chip £1m, payment card Gohenry £6m, and Monzo, the digital bank, a staggering £20m.

Often, these companies do not need to offer customers shareholdings for the cash. At the time of Monzo’s crowdfunding raise in December, it had, just two months earlier, closed an £85m VC fundraise.

Crowdfunding can be thought of as a catalyst for network effects, with companies using ownership to shrink the gap between the cost of acquiring a customer and that customer’s lifetime value.

Eventually, each new customer actively improves the service provided to the best of their abilities. We have shown with our own shareholders, for example, that they invest on average 12 more times than other investors on the platform, as well as referring friends and family.

Meanwhile, the co-creative march of fintechs has forced incumbents to raise their game. Apps like HBNC’s, for instance, have learned from Monzo, Revolut and Starling and continued to be refined by those companies. And the recent partnership between Monzo and Oaknorth, the SME digital bank, which enables the former’s customers to open a savings account with the latter, underlines just how differently the new guard are doing things. Fintechs are forcing change, and co-creation is underlined by crowdfunding, which enables them to ally with their customers for a lifetime.

Between this year’s UK Fintech Week and 2020’s, we should expect to see a serious response from incumbents.

So far, fintechs have provided for them a novel testing and learning ground. Now, their products are better and they are taking customers.

We will see widespread refinement and building-out across the industry: new products, improved offers, grand gestures, and/or expect to see acquisitions – and likely some surprising ones.

Fintechs may have to respond to innovation, or wait for the inevitable sector consolidation.

LONDONERS ARE BOOSTING THE LATEST FINTECH GENERATION

Banks are beginning to sit up and take notice of the meteoric rise of startups, writes Matt Cooper

How differently the new guard are doing things. Fintechs are forcing change, and co-creation is underlined by crowdfunding, which enables them to ally with their customers for a lifetime.

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Fintechs may have to respond to innovation, or wait for the inevitable sector consolidation.

We have only seen the beginning of what UK fintech has to offer, and we are about to witness the co-creative sector maturing.

Fintechs may have to respond to innovation, or wait for the inevitable sector consolidation.

“The best of British

In today’s paper, Queen’s Award report featuring City tech firms must strive to challenge China

CALLUM KEOWN

The UK must not “sit on its laurels” and should have ambitions to challenge China, the London Stock Exchange chief executive told a global fintech summit yesterday.

Nikhil Rathi championed the City as a top global fintech hub but said the UK environment needed to improve.

Rathi said: “Even the local food store owner [in China] will look at you incredulously if you try to pay with cash.”

He said money in Chinese consumers’ mobile wallets was also being invested with the equivalent of $168bn (£130bn) being put into Ant Financial’s Yu’e Bao fund last year, making it the largest money market fund in the world.

He added: “That tells you something about the scale of change that’s before us and the scale of ambition we need to have.”

Auto Trader accelerates board shakeup with chief’s retirement

ALEXANDRA ROGERS

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Eventually, each new customer actively improves the service provided to the best of their abilities. We have shown with our own shareholders, for example, that they invest on average 12 more times than other investors on the platform, as well as referring friends and family.

Meanwhile, the co-creative march of fintechs has forced incumbents to raise their game. Apps like HBNC’s, for instance, have learned from Monzo, Revolut and Starling and continued to be refined by those companies. And the recent partnership between Monzo and Oaknorth, the SME digital bank, which enables the former’s customers to open a savings account with the latter, underlines just how differently the new guard are doing things. Fintechs are forcing change, and co-creation is underlined by crowdfunding, which enables them to ally with their customers for a lifetime.

Between this year’s UK Fintech Week and 2020’s, we should expect to see a serious response from incumbents.

So far, fintechs have provided for them a novel testing and learning ground. Now, their products are better and they are taking customers.

We will see widespread refinement and building-out across the industry: new products, improved offers, grand gestures, and/or expect to see acquisitions – and likely some surprising ones.

Fintechs may have to respond to innovation, or wait for the inevitable sector consolidation.

We have only seen the beginning of what UK fintech has to offer, and we are about to witness the co-creative sector maturing.

Fintechs may have to respond to innovation, or wait for the inevitable sector consolidation.

“The best of British

In today’s paper, Queen’s Award report featuring City tech firms must strive to challenge China

CALLUM KEOWN

The UK must not “sit on its laurels” and should have ambitions to challenge China, the London Stock Exchange chief executive told a global fintech summit yesterday.

Nikhil Rathi championed the City as a top global fintech hub but said the UK environment needed to improve.

Rathi said: “Even the local food store owner [in China] will look at you incredulously if you try to pay with cash.”

He said money in Chinese consumers’ mobile wallets was also being invested with the equivalent of $168bn (£130bn) being put into Ant Financial’s Yu’e Bao fund last year, making it the largest money market fund in the world.

He added: “That tells you something about the scale of change that’s before us and the scale of ambition we need to have.”

Auto Trader accelerates board shakeup with chief’s retirement

ALEXANDRA ROGERS

Online car ad group Auto Trader has promoted its finance officer, to take over

Nathan Coe will take over from Trevor Mather as Auto Trader chief next March

Across the sector, we are seeing companies choosing to bring their customers right into their business, helping determine new products, and becoming shareholders.

We were not surprised at Crowdcube to see investment volumes into fintechs leap from £10m in 2017 to £52m in 2018.

Fee-free stock trading platform Freetrade raised £3m, savings app Chip £1m, payment card Gohenry £6m, and Monzo, the digital bank, a staggering £20m.

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We have only seen the beginning of what UK fintech has to offer, and we are about to witness the co-creative sector maturing.
UK BACKERS of Venezuelan dictator Nicolas Maduro should visit the South American country to see the reality of the devastating economic mismanagement that has forced millions to flee their homes, according to the Colombian ambassador to the UK.

In an exclusive interview with City A.M., Antonio Jose Ardila hit out at those who continue to offer political support to Maduro while South America is struggling to cope with more than 3m refugees fleeing Venezuela.

A million of those have settled in Colombia, and Ardila claimed the humanitarian crisis is on a scale not seen before on the continent.

The UK has announced it is pumping £8m into a dedicated World Bank fund to help Columbia deal with the crisis, with the money being used to help fund infrastructure developments and provide other vital support for the refugees.

Speaking to City A.M. in the Colombian embassy in Knightsbridge, Ardila was clear that it was the Venezuelan government’s catastrophic mishandling of the country’s economy that had caused the crisis.

Yet despite a swathe of world leaders calling on Maduro to stand down as president to allow democratic elections to take place, prominent figures on the left in the UK – such as Labour leader Jeremy Corbyn – have refused to make such a demand.

Ardila has a simple message for them: “Go to Venezuela and look at the conditions that these people are living under. Go to a hospital in Venezuela and go and get treatment there. Travel there, see what the conditions are like. Venezuela is a country that had one of, if not the best, infrastructure in South America, so we’re talking about something that has gone downhill to an incredible degree.”

When asked if he believed those defending Maduro were doing so because of a fondness for the country’s traditionally socialist economic policies, Ardila says: “They should take a look at see what reality is like when a person for example has cancer, has HIV and he has for many years been able to get the drugs in a certain place close to his home. Now he has to travel hundreds of kilometres, go into Colombia to get any treatment. That makes life a little difficult – very, very difficult.”

He adds: “They have mismanaged the country, they have stolen enormous amounts of wealth, you have a group of military [personnel] becoming very wealthy, that’s the way the system works and that supports the regime.”

Venezuela has been gripped by political crisis since January, when the National Assembly ruled Maduro’s victory in the 2018 election was invalid.

The assembly’s leader, Juan Guaido, was declared the new president, but despite backing from the vast majority of South America, the US and the UK, Maduro was able to retain the loyalty of the army and cling on to power.

Crucially for the regime, it still has the support of Russia and China.

As well as giving financial aid, the UK is also providing expertise on the ground to help the Colombians deal with the crisis.

“These are conditions that have not been seen in the continent, in the Americas, ever,” the ambassador says. “The UK is helping us enormously.”
Professional roles, the fact remains that of pay – the investing gap? Even of UK millionaires will be female. Research estimates that by 2020, 53% Centre for Economics and Business with “identified wealth” was average net estate size for UK women. AWH RESTRICTED UPON DELIVERY TO Natacha Engel dramatically quit last weekend after just six months in the role, saying the restrictions around shale gas extraction made her role “impossible”.

Women and wealth: mind the investment gap

Women increasingly hold significant personal wealth. According to the Office for National Statistics, in 2016 the average net estate size for UK women with “identified wealth” was £246,000 (£272,000 for men). The Centre for Economics and Business Research estimates that by 2020, 53% of UK millionaires will be female. But where are these women when it comes to investing their money? Is there, in fact, another gap beyond that of pay – the investing gap? Even though women are increasingly in professional roles, the fact remains that providing for family members at both ends of the generational spectrum is more often taken on by women, with the ensuing personal and financial costs that go with it. Holding money in a savings account is not enough. Between the end of 2007 and the end of 2018, the actual purchasing power – after retail price inflation – of £250,000 left in a bank account would have slumped to £205,748. Investing can provide the answer. But many women view the wealth management industry as male-orientated, unwelcoming and full of jargon. At Netwealth, our female clients are embracing the combination of modern technology with a client-facing service, and find investing to be empowering; it finally puts them at the heart of the investment decision. It offers them control. Women have distinctive preferences when it comes to wealth management. They strongly value clarity and transparency and firmly disapprove of providers who treat them as inferior, or who hide the real costs of their service. Because women are increasingly aware of their financial position, traditional attitudes and approaches to women are no longer acceptable. They are keen to fit their financial decisions into the rest of their busy lives rather than doing it all themselves. I believe that with the help of modern technology women will play a greater role in safeguarding their own and their family’s long-term financial welfare, just as they prioritise their wellbeing in all other areas of their family’s lives.
PROVIDENT GIVEN UNTIL MID-MAY TO DECIDE ON NSF

JOE CURTIS

@joe_r_curtis

NON-STANDARD Finance (NSF) has set 15 May as its final closing date to secure its hostile takeover of rival Provident Financial, urging shareholders to back it to break the “status quo”.

The new date signals a week’s delay to the previous deadline to accept the £1.3bn merger, which has already been voted for by shareholders owning more than 50 per cent of Provident.

Provident’s shares, we urge all remaining Provident shareholders to accept our offer without delay.” Investors have until 1pm on 15 May to accept the bid, NSF said.

The two finance giants have been engaged in a war of words, with Provident earlier this month urging shareholders to reject what it called a “wobbly and flamed” takeover bid.

The firm took the step of launching a 47-page defence against the smaller competitor’s bid, and hired former Sainsbury’s Bank boss Neil Chandler to strengthen its board.

Provident added that NSF’s track record was one of “significant value destruction”, having lost 40 per cent of its share value since its 2015 flotation.

Kuffeler also wrote to Provident shareholders to set out NSF’s plans for the merger, adding that it was “most upsetting” to watch Provident’s “recent significant decline”.

NSF laid out its plan to “turn around Provident’s fortunes”, with Kuffeler vowing to focus on credit cards, home credit, branch-based lending and guarantor loans.

Provident fell from 2,429.21p per share in October 2016 to just a fifth of that value, 519.40p, last week.

Yesterday, however, Provident closed up 3.84 per cent at 519.40p.

Turkey is one of the non-EU countries to see a boost in the number of British visitors.

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FEWER Brits are travelling to EU countries for their summer holidays as the UK’s prolonged Brexit process has encouraged holidaymakers to expand their horizons, according to Thomas Cook.

Both Turkey and Tunisia have benefited from dwindling interest in the EU, the travel agent said yesterday as it revealed close to half of its summer bookings were for countries outside the bloc.

Thomas Cook blamed “political turmoil” from the Brexit negotiations for Brits snubbing traditional holiday hotspots, with non-EU destinations up 10 percentage points at 48 per cent of the firm’s bookings.

The veteran travel firm said it was “clear that the prolonged uncertainty around the manner and timing of Britain’s exit from the European Union has led many to delay their decision on when and where they book for their summer holidays.”

However, Spain remained Thomas Cook customers’ favourite country to visit, followed by Turkey, Greece, the US and Cyprus.

Meanwhile, most of the 3,422 survey respondents said they were still more likely to take a trip abroad than they were last year.

UK holidaymakers shunning EU due to Brexit uncertainties

JOE CURTIS

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LORD MAYOR’S APPEAL

@LMAPPEAL

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business, said: “The Prompt Payment Code is a positive force for good and by naming transgressors we are supporting small businesses in the supply chain.

Several of those named and shamed, including the construction firms, Vodafone and Rolls-Royce, have previously said they will make changes in line with the code.

Last year, Cabinet Office minister Oliver Dowden said serial late-payers would be forced to “clean up their act” or face being prevented from winning new contracts from September onwards.

If a company bidding for a contract has not paid 95 per cent of its suppliers within 30 days, and consecutive six-month periods they may be excluded from the process.

Subdued US and Europe demand fails to dampen Philips earnings

ALEX DANIEL

@alxmdaniel

DUTCH health tech firm Philips shares rose two per cent yesterday despite missing analyst expectations on sales growth in its first quarter results.

The firm, which has shed consumer electronics and lighting divisions in recent years to streamline as a health specialist, was hit by falling demand for hospital equipment in Europe and flat US sales.

Despite disappointing revenue, Philips’ earnings rose six per cent year-on-year in the first three months of 2018 (€1.364m (€1.4m)).

Sales grew just two per cent despite upbeat numbers in China and other emerging markets, missing analyst expectations of a 2.4 per cent increase.

Operating cash flow was €144m, compared with €92m in the first quarter last year, while free cash outflow was €206m, up on €47m.

Despite seeing success in its emerging markets such as China, where sales rose 10 per cent, Philips’ core European and US markets struggled, decreasing one per cent overall and capping overall sales growth at two per cent.

The Dutch-listed firm has pivoted in recent years from consumer products to a health technology firm, selling off Philips Lighting in 2016.

Boss Frans van Houten said: “I am encouraged that the measures taken in the personal health business resulted in improved momentum and a step-up of sales growth, which was led by the high-tears comparable sales growth in the oral healthcare business.”

Blue-chip firms shamed on late payment code

ALEX DANIEL

@alxmdaniel

THE PUBLIC sector’s war on late payments intensified yesterday as 17 big hitters in British business were kicked off a voluntary scheme intended to crack down on the problem, including several blue-chip firms.

Rolls-Royce, Vodafone and BHP Billiton were among the FTSE 100 companies that lost their membership of the Prompt Payment Code, which firms sign up to in a pledge to pay 95 per cent of supplier invoices in 60 days.

A handful of major construction firms were also removed from the scheme, with Balfour Beatty, Interserve, Laing O’Rourke and Persimmon among the culprits.

Kelly Tolhurst, minister for small business, said: “The Prompt Payment Code is a positive force for good and by naming transgressors we are supporting small businesses in the supply chain.

Several of those named and shamed, including the construction firms, Vodafone and Rolls-Royce, have previously said they will make changes in line with the code.

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Union urges block on energy chief’s pay increase

AUGUST GRAHAM

@augustgraham

SHAREHOLDERS in British Gas owner Centrica should block an “unbelievable” pay rise for chief executive Iain Conn, a union representing 15,000 workers at the firm has said.

GMB has written to investors who hold around 80 per cent of Centrica’s shares, asking them to vote against Conn’s 44 per cent remuneration hike to £2.4m, the union said yesterday.

The pay rise was announced just a day after 7,000 British Gas workers accepted cuts to their pensions.

“Ordinary Centrica workers are not being offered four per cent pay rises, never mind 44 per cent. The resulting loss of confidence since the announcement of Iain Conn’s planned rise runs right through the company from top to bottom,” said GMB national secretary Justin Bowden.

The union comes after British Gas lost nearly 750,000 customers in 2018, and profit took a hit.

However, three major advisers to shareholders who own 95 per cent of Centrica have not raised any issues with Conn’s pay.

Centrica declined to comment.

The firm’s four biggest blockers declined to comment or did not respond.
LONDON REPORT

FTSE boosted by travel firms and US and China

Strong economic data from the US and China yesterday boosted UK investor confidence, while travel companies benefited from rising demand for holidays beyond the EU helped to break the FTSE’s three-day losing streak.

Travel groups supported the main index as British holidaymakers drove demand for destinations further afield given the constraints over Brexit. London-listed shares of German tour operator TUI advanced nearly three per cent to their highest since mid-February, while British Airways owner IAG and EasyJet added two and one per cent, respectively.

The world’s oldest travel group, Thomas Cook, jumped 4.1 per cent on the Alternative Investment Market. “US GDP has bolstered risk appetite, and the banking numbers out of the UK have been solid thus far, on hopes that growth is looking better around the globe,” IG Markets analyst Chris Beauchamp said.

Gains on the FTSE 100 were spread across financials, industrials and healthcare stocks. Asia-focused HSBC gave the index its biggest boost following upbeat quarter results from Industrial and Commercial Bank of China, the world’s largest commercial lender by assets. “Any good news from the Chinese banking sector would potentially be a signal of some decent results for HSBC on Friday,” Spreadex Analyst Connor Campbell said.

Barclays also added 2.3 per cent, gaining some ground last week following a slump in profits. Online supermarket Ocado’s shares ended 0.6 per cent lower, after falling as much as 5.4 per cent, as it said an electrical fault caused a blaze at a major distribution centre earlier this year.

Oil majors Shell and BP weighed on the index as crude prices weakened after US President Donald Trump demanded that producer club Opec raise output to soften the impact of Washington’s sanctions against Iran.

LEARNING TECHNOLOGIES GROUP

Learning Technologies Group (LTG) does what it says on the tin: the London-based company provides digital learning services to workplaces. Analysts at broker Canaccord Genuity (CG) love enterprise software, and say they see a good buying opportunity at LTG. The firm recently bought Breezy, a leading HR talent acquisition and recruitment software company, in what CG analysts frame as a growth-adding deal. CG foresees rising sales from now until 2020, and give an unchanged “buy” rating to the stock, recommending a target price of 710p.

OAKNORTH

Entrepreneurs’ bank Oaknorth is bolstering its regional presence with the appointment of four senior team members in Manchester, the Midlands and the south west. Christopher Swarbrick, who has 18 years’ banking experience, joins as a Senior director, debt finance from Eurocap Group. Other new hires include Jamie Thomas, who joins as Head of Structured Finance; and Richard Mayers, who has 20 years of experience. The move is expected to create 10 jobs.

HARWORTH

Land and property regenerator Harworth has announced that Ian Ball will be made its first-ever chief operating officer on 1 May to support the ongoing growth and evolution of its business. This role will provide additional oversight over the company’s new regional operating model, while bringing together the capital growth and income generation teams within a single management structure. Ian already has a deep understanding of the business, originally joining Harworth in 2014 and was promoted to the role of executive director for income generation in 2015 where he has overseen the company’s efforts to increase the quality and breadth of its income base from its business space, natural resources and operations functions. Owen Michaelson, chief executive of Harworth, said: “Ian’s depth of commercial experience, supported by his rigorous analytical methods, will ensure that we maximise available opportunities from our existing and future projects across the north of England and the Midlands.”

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MARKETS

Trade talks hope lifts S&P to record high

The S&P 500 broke above its intraday record high yesterday, building on the view that the bull market has longer to run, after consumer spending rose in March and inflation data was benign.

The benchmark index topped its intraday record of 2,940.91 hit on 21 September, rising to a session high of 2,949.52.

The S&P 500 is now up more than 17 per cent for the year to date.

The Dow Jones Industrial Average rose 0.30 per cent, or 0.04 per cent, to 26,544.39, the S&P 500 gained 1.15 points, or 0.01 per cent, to 2,943.03 and the Nasdaq Composite added 15.46 points, or 0.19 per cent, to 8,161.85.

Hopes of a resolution of the US-China trade war, upbeat earnings and a dovish Federal Reserve have powered the rally in stocks this year, and even though yesterday’s gains were small, strategists said recent new highs encourage further buying.

“It does create pressure to bring more buyers. Today’s headline is going to make the bears less bearish or more worried they’re going to get run over,” said Jim Paulsen, chief investment strategist at The Leuthold Group in Minnesota.

The Fed starts a two-day meeting on today, at the end of which a decision on interest rates will be announced.

Another busy week of earnings is expected, with results due from Google parent Alphabet and Apple among other top names.

Analysts now expect earnings of S&P 500 companies to have fallen just 0.2 per cent in the first quarter, a sharp improvement from a two per cent fall estimated at the beginning of the month, according to IBES data from Refinitiv data.

Ingersoll-Rand shares jumped 6.5 per cent after the Wall Street Journal reported Gardner Denver Holdings is nearing a deal to acquire a unit of the air conditioner maker.

BROKERS NEW YORK REPORT

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Ingersoll-Rand shares jumped 6.5 per cent after the Wall Street Journal reported Gardner Denver Holdings is nearing a deal to acquire a unit of the air conditioner maker.
ONE of us have to cast our minds around very far to alight upon an area of our lives that is currently in a state of flux.

Change, we learn, is the new normal, and I – in common with many others – have made a career of helping people and organisations figure out how to adapt accordingly.

You’d think that we would all be used to it by now. And yet, all of us repeatedly try to resist change.

Now there are good neurological and social reasons for that. We are hardwired to perceive the unknown as a threat – it’s a jungle out there. Our brains make no real distinction between social threats and physical ones – challenges to our status, or autonomy, or our sense of fairness, are every bit as stressful as being chased by a tiger.

The extent of our ambition is to emerge from any change process as soon as possible, and relatively unscathed. We accept a paradigm which says that, when faced with change, the thing to do is to resist, minimise the impact, write some rules, and maybe build a wall. But how to get over this change hump?

A VULNERABLE POSITION

We need to embrace a different paradigm. One which says that the thing to do when faced with change is to step towards the new and unknown thing with an open mind.

Recognise that the period of change in itself can be a valuable and productive place to be.

Change is good. But a leader cannot simply blithely insist that any proposed change has its upsides. We like to think of leaders as all-knowing problem-solvers. But it is clear from the world around us that a point-blank refusal to show vulnerability presents a major threat to good decision-making, and leads to finger-pointing and horrid.

A positive posture towards change means admitting that you don’t have all the answers.

Research shows that leaders who show vulnerability are actually perceived as courageous and inspiring. And the sheer act of admitting that you don’t have all the answers gives others the opportunity and agency to innovate and experiment.

LIKE COMMON PEOPLE

Leaders also need to be crystal clear about the purpose – of their organisation as a whole, and of the specific change programme in question.

An organisation changes best when everyone has the opportunity to understand what is happening and why – and to share in a sense of common purpose.

HEAD FOR THE HEART

Leaders need to be good storytellers. We are 22 times more likely to remember a story than a hard fact, and stories work on our hearts and minds in a way that rational explanations just can’t.

Leaders can tell the story of the organisation, and they can encourage people to tell and share their own stories, to build a rich tapestry around the change.

Leadership, in pursuit of a clear purpose and underpinned by great stories, is the key to a positive change in our personal, professional and communal lives.

Jennifer Emery is global people leader at Arup, and the author of Leading For Organisational Change.
Better incentives are needed to fix our broken care system

The humble post office could become the next high street casualty – unless you help

Robert Colville

The best way to cut through the complexity around social care is to copy an existing model: the pension system

Flows back into the NHS. Hospitals can’t discharge patients who are medically well but have no care in place, meaning that they stay in expensive hospital beds – and new patients arriving at A&E find that there’s no room at the inn. All of this also means that social care is not just a broken market, but a fragmented one, with few economies of scale and a desperate shortage of modern, up-to-date facilities. Astonishingly, productivity in the sector has actually fallen by 20 per cent since 2000, meaning that we are having to pump £3.4bn more in for the same level of output.

Green’s central insight is that the best way to cut through the thicket of complexity and controversy around social care is to copy an existing model, that of the pension system. Of course, in recent years, the retail and banking markets have been completely overturned by the internet, so if we don’t adapt, we risk being left behind. Don’t believe it will serve anyone well to descend into a “them versus us” fight with Post Office Ltd – but they must listen to what subpostmasters and their businesses are telling them, and the need for representational, well-deserved and personal banking transactions. Post Office Ltd is the only business that can impact on physical and mental health, and historically this has been a core purpose. The retail and banking markets have been completely overturned by the internet, so we can’t adapt, and if we do, we can’t do it alone.

Andy Barratt, UK managing director at cyber security consultancy Coalfire

Is the UK on the Huawei to hell?

I have absolutely nothing to back this up, but I do suspect five straight years of political hack-gone-round the country covering elections and referendums has left the media overthinking the case for trains. Surely people are not going to want to accept that doing business in a globally connected world means that Chinese components are an element of cyber risk, and that we should move to guard against these risks effectively. I do not want to see the Huawei ban.

Andy Barratt, UK managing director at cyber security consultancy Coalfire

The stresses of running a family business can impact on physical and mental health, and historically there has been little help for those struggling in our industry. We are changing that by supporting subpostmasters and their businesses holistically in order to help keep them at the heart of the communities that they serve.

What can readers do to help? It’s a cliche, but there is a way “give it more money”. But that can be not only lazy, but actively harmful if it means you stop thinking about how the incentives within those systems actually play out, and how to make them work better.

Calum Greenhow is chief executive of the National Federation of SubPostmasters.

High Speed 1 has to be the country’s best train line. Anyone who still bangs on about the issues around building HS2 should take the 90 minute ride from London to Kent. This is the kind of infrastructure we need urgently building in the UK. But it’s worth acknowledging that no other international vendor has ever been put under this much scrutiny, and at least some of the criticism may be motivated by politics rather than functionality. Huawei’s products are already engineered into the western tech ecosystem, and the huge amount of white labelling that takes place in the industry means that Chinese components are invisible in wall manner of products. Huawei’s already established presence in the UK means that its potential involvement in our 5G infrastructure is, in some respects, beside the point. We need to accept that doing business in a globally connected world comes with an element of cyber risk, and that we should move to guard against these risks effectively.

Andy Barratt, UK managing director at cyber security consultancy Coalfire

@jaggeree
@simondeverell
@tompeck

Is this the campaign? Genius. (@smondeverell)

It’s a fairly bally campaign to be fair. Please ignore the other things we may have done the best job we can. We’re talking about local things now, trust us we’ll be brilliant at that. (@smondeverell)

As Extinction Rebellion announces end of 11 day London protest, the government puts out an urgent appeal for a new distraction. (@havegotnews)
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A new book about austerity has Keynesian economists reeling

NOTORIOUSLY, economists quarrel about almost everything in their subject. But since the publication of John Maynard Keynes’ General Theory of Employment, Interest and Money in 1936, they are supposed to agree on one point: that increases in government spending boost demand and output, and reductions in government spending depress them.

Indeed, according to the theory, a cut in public expenditure causes a drop in aggregate demand which is a multiple of itself. The General Theory postulates that the multiplier might be as high as five or even 10. In other words, a one pound cut in government expenditure depresses the economy by five or even 10.

A purported professional consensus has encouraged left-wing Keynesian economists to preach, with much moral righteousness, against the so-called “austerity programmes” introduced by European governments in the past decade. These include the present Conservative government, since both of its chancellors of the Exchequer – George Osborne and Philip Hammond – have kept a lid on public spending, national income will go down by £50bn or £100bn.

A new book about austerity has Keynesian economists reeling. The Italian authors of a new book called Austerity: When it Works and When it Doesn’t present a radical challenge to textbook Keynesianism.

Alberto Alesina, Carlo Favero, and Francesco Giavazzi claim that when public expenditure is cut, the early negative effect on demand and output is small, certainly less than itself, and three or four years later the effect has more or less disappeared. So if the British government takes £1bn off public spending in 2017, that reduces demand in 2018 by only £4bn or so, and in 2020 and 2021 by next to nothing.

Also, the three are much less happy about attempts to lower budget deficits by raising taxes, when demand may go down by a two-times multiple of the tax increase.

More surprisingly, in some cases it is possible for fiscal austerity in one year to be accompanied by higher demand and output later on. In a 1990 paper by Giavazzi and Marco Pagano, they identified nations – notably Denmark and Ireland in the early 1980s – where retrenchment in government spending was followed by strong economic growth. They offered the startling and oxymoron phrase “expansionary fiscal contraction” to characterise the Danish and Irish episodes.

Skidelsky and the Keynesians regard the notion of expansionary fiscal contraction as bizarre and outrageous, and have not been shy in denouncing their Italian antagonists, who have been labelled “the Bocconi boys” because most of them have taught at Bocconi University in Milan. The phrase recalls that applied to “the Chicago boys” (from the University of Chicago) who advised President Pinochet in Chile’s right-wing dictatorship in the 1980s – it is intended as an insult.

The intellectual battle now under way between the Keynesians and the Bocconi boys is fundamental not just to economics, but also to basic issues in social and political organisation. Do we need a large state sector to help manage the economy? To simplify but not to caricature, the Keynesians say yes and the Bocconi boys no.

The achievement of Alesina, Favero, and Giavazzi’s new book is to bring together economists say no to economics, and to basic issues in social and political organisation. Do we need a large state sector to help manage the economy? To simplify but not to caricature, the Keynesians say yes and the Bocconi boys no.

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TRADING & INVESTMENT

Katherine Denham on avoiding funds with fossil fuel exposure

You can’t eat money and “climate emergency” read some of the signs wielded by climate change protestors last week, as they glued themselves to the London Stock Exchange. As our planet heats up, so does the debate around global warming.

Regardless of whether you agree with the tactics used by the protestors or not, there is no denying that we are on the cusp of a global crisis. According to David Attenborough, we could face irreversible damage to the natural world and the collapse of our societies unless we take dramatic action in the next decade.

But where does the investment world tie into this issue? Vast swathes of the financial industry still profit from commodities like oil, and with much of the world dependent on fossil fuels to provide a large proportion of our global energy, it’s still big business. Admittedly, much of the investment industry has been slow to change, particularly considering that scientists have been warning about global warming since the 1800s.

Money going into “ethical” funds only accounts for 1.5 per cent of all UK investments, according to Darius McDermott from FundCalibre.

But change is happening nonetheless, and many asset management houses now embed environmental, social and governance (ESG) factors into their core processes.

For investors who would rather not superglue their body-parts to buildings, there are other ways of making a stand – either by avoiding those funds that invest in environmentally-damaging companies, or by buying funds that purely focus on sustainability (many of which are developing technology to lower carbon emissions).

Research house Morningstar rates all UK investment funds on “carbon risk” – the lower the score, the more environmentally-friendly the funds tend to be, and vice versa.

Of the 10 funds with the lowest carbon score, nine are in the healthcare sector due to the high exposure to fossil fuels, and emit small amounts of carbon monoxide. “It’s not surprising that fossil-fuel heavy industries score low on carbon emissions as they have a very light manufacturing footprint – the companies invest in are largely asset-light and high-tech in nature,” says McDermott.

Unsurprisingly, funds in the energy sector have the highest risk score, and therefore pose the biggest threat to the environment. The Artemis Global Energy fund, which invests primarily in oil and gas, came out the worst.

That’s not to say that you should avoid all funds in the energy sector. In fact, funds that are focused on alternative energy – which actually inject cash into companies that produce renewable energy or infrastructure – can have a positive impact on the planet.

With a score of 10.33, BlackRock’s BGF Sustainable Energy fund has the lowest carbon risk rating in the sector.

Some “sustainable” funds have a much broader focus – such as investing in firms that are designing components for zero-emission vehicles. Of more than 300 UK funds with an ethical or sustainable investment focus, 21 were granted a top FE rating (meaning that their performance had scored highly in terms of stockpicking, consistency and risk control).

With three of Liontrust’s funds ranked in the top four, the investment house is a clear winner for anyone looking for green investments.

All three Liontrust funds are co-managed by Peter Michaels and Simon Clements, and the top fund – the Liontrust Sustainable Future Absolute Growth – returned an impressive 59 per cent over the past three years, proving that returns and sustainability are not mutually exclusive.

In the past, investors may have shunned these sustainable funds on the basis of giving up some performance for their values, but this is no longer the case.

“The shift from cost centre to profit centre has been a watershed moment for many chief executives, who now see a return to the bottom line from adopting a more efficient carbon footprint,” says Retain Patel, fund manager at EdenTree, the first investment house to focus purely on ethical investing in the UK.

Patel, who co-manages the EdenTree Amity UK fund, says that the investment industry is a great position to shape the debate on carbon, by supporting companies that are stewards of the environment.

“The interest shown by new generations of investors, who are asking difficult questions on climate, will be a catalyst and we are seeing a surge in new products to meet this growing demand.”

If you want to have a positive impact, look for funds that publish the “carbon footprint” of their investments – EdenTree does this for all its funds.

Soon, however, we will get to a point when funds have to be sustainable as a requirement. As McDermott says: “There will be a tipping point where behaving ‘ethically’ becomes essential for a firm to keep clients, and therefore essential to fund houses.”

Ben Yeasley, director of Shore Financial Planning, agrees. “I don’t think I’ve been to a fund manager presentation in the last two years where ESG doesn’t get mentioned. And in five years’ time, it will be a standard part of every investment process.”

In the meantime, investors who care about our planet should select funds that invest in environmentally-conscious companies – the more demand, the more likely investment houses will change their ways. And that might have more impact on our world than gluing yourself to a building ever will.

STUCK IN YOUR WAYS

Some investors are living in a parallel universe

HAVING watched the phenomenal “Avengers: Endgame” over the weekend (and spoiling it for you here, I did take a moment to think about parallel universes. To put it bluntly, it didn’t take a genius like Tony Stark to work out that many market commentators are living in a parallel universe – that is, they can’t remember what happened 20 years ago. Now I very rarely get emotional at the cinema, but I did cry a tad watching the Avengers. Though not nearly as much as I cry inside every time I read yet more sycophancy and ingratiation copy from my peers about companies that have never made money, show no signs of takeaway food online. Apologies if I’m missing some amazing subtlety in interpretation of the business model, but I only have 450 words for this piece of copy, so time is of the essence – a bit like when you are trying to deliver pizza.

Taking a step back before I go on, the City of London, Wall Street and others are all looking for the next big thing – the next Amazon everyone can get behind and pump billions into the momentum trade. It’s a bit like 20 years ago in the heady days before the dot-com bubble burst. Here in 2019, everyone is trying yet again to find a similar cause celebre, with or without sound financial rationale.

So back to pizza, Delivery Hero’s first-quarter statement was only three pages long, but it seems that the market watchers only read the front page, otherwise known as the executive summary (the bit where companies put all the stuff they want you to read).

In this case, it was loaded with fab numbers, such as 93 per cent first-quarter revenue growth. Wow, I thought, this company must be making bundles.

But apparently, their EBITDA, or earnings before everything, was moving aggressively in the other direction last year. To be fair, this was “hidden” on page three of this mighty three-page release, so how can anyone be expected to read the information that far back?

So here’s the number my peers failed to reach: EBITDA for 2018 was a loss of €1.41bn – more than double the 2017 loss of €698.8m. In its outlook for 2019, the company expects to make a loss of between €270m and €320m.

Maybe I’m missing the point, and the first quarter of 2019 has turned in a massive profit, reversing these big losses. In that case I wonder why this wasn’t sung from the rafters on page one of the release? Anyone? Mr Stark? Doctor Strange? The Hulk?

Steve Sedgwick is co-anchor of CNBC’s Squawk Box Europe
Queen’s Awards for Enterprise carry kudos around the planet

Royal Warrants identify companies considered to be at the forefront of trade, innovation and development.

THE QUEEN’S AWARDS for Enterprise 2019 are more than the blue ribbon for identifying UK business success – they are also seen by many in the City as signposting companies in terms of ongoing investment opportunity potential.

When it comes to the runners and riders in terms of innovation, international trade, sustainable development and promoting opportunity through social mobility, here are companies that are seen as favourites to be first past the commercial post.

Each of the companies named as winner has been through a rigorous screening process before the judging panel awarded the Royal Warrant, which previous winners have all reported has resulted in worldwide recognition, increased commercial value, greater press coverage and a boost to staff morale.

The fact that international trade has set the pace in the award stakes since they were launched will be welcome news for the government in terms of overseas revenue as the UK remains in the shadow of Brexit.

All the winners have had to demonstrate that their business has achieved substantial growth in overseas earnings and in commercial success – contingent on the size of their business and sector – through either outstanding achievement over three years or continuous achievement over six years.

This in-depth report looks at four companies that are blazing trails in overseas markets.

Aviation News was set up in 2010 and produces industry journals and organises global conferences serving the international aviation finance and leasing industry.

It has shown triple digit revenue growth in every one of its eight years of business, despite being hit hard by the fall of sterling following the Brexit referendum. Profit margins during the eight years of account have averaged 33%, rising to 41% in the most recent year. In the past five years, Aviation News has donated a percentage of profits each year to various charities.

Adaptavist is a British automation software innovator which is headquartered in London with offices across Europe, North America and Asia.

Its clients range from NASA to Oracle, the BBC to Volkswagen, and Siemens to WD-40. In the last six years, half of the company’s software sales and more than a third of its services revenues have come from clients in 60 countries who make up more than half of the Fortune 500.

Adaptavist has also recently been named in the Deloitte Fastest Growing Companies list and The Sunday Times Top 100 companies.

BioStrata is a specialist marketing communications agency connecting companies in the life science sector with customers worldwide in order to assist in the adoption of cutting-edge products and services that drive scientific discovery and impact the world.

The agency’s international sales over the last three years have grown from £443k to £1 million, an increase of 125%.

Today, it is headquartered in Cambridge, with an office in Boston, USA.

Innovation, while it comes second in terms of the number of awards, is seen to have equal importance, as its innovative companies.

One such innovator singled out to be featured in this report is SciChart.

SciChart’s game-changing innovation was to combine proprietary data resampling algorithms and technology from the gaming industry for speed and performance of graphics with enterprise software applications, resulting in a software library which was able to draw charts, graphs and other visualizations many orders of magnitude faster than competitors.

Like the remainder of the winners, all the companies featured in this report will now be attending a garden party in their honour hosted by Her Majesty The Queen.

Two to watch

Dotmatics, winner of the Queen’s Award for International Trade.

This global scientific informatics provider was founded in 2005 by Stephen Gallagher and Alastair Hill. Recognising there was a growing need in research and discovery for solutions to help manage and interrogate large volumes of scientific data, Stephen and Alastair developed a unique capability allowing researchers to access all of their data, all of the time.

From its UK beginnings, Dotmatics has grown its global reach significantly – overseas sales have increased 375% and exports have risen from 69% to 85%.

It has opened offices in San Diego, Boston, Seoul, Tokyo and Melbourne to serve this global customer base. As a result, Dotmatics receives the Queen’s Award for International Trade.

Stephen and Alastair commented: “We are thrilled to be honoured with this Queen’s Award. “We have worked hard on international trade since the company’s inception and saw it as a necessity for Dotmatics’s success right from the beginning.”

Chipside, winner of the Queen’s Award for Innovation.

Founded by Paul Moorby OBE in 2003, Chipside is a specialist software development company providing digital ticketing and permitting products and services to more than half of all local and national government authorities in the UK.

Chipside enables the simple, effective and efficient delivery of connected city initiatives. The first digital platform of its kind, it automates processes to deliver value cost saving benefits and data analysis opportunities.

Chipside is instrumental in helping local authorities combine large data sets – such as analysis of traffic flows – with real-time on-the-street parking for demand-tariffs and decisions around traffic management policies.

Innovating in innovation to continually improve its software suite, Chipside developed a digital permit platform MyPermit to enable the public to self-service their legal permit needs within local councils, towns, cities, or regional governments.

It has been used by more than three million people in the UK alone.
Aviation News Ltd on cloud nine with international trade accolade

Aviation News Ltd receives award for six years of unbroken international trade growth. Between 2013 and 2018, international sales grew by 1,440% to more than £29 million

By Connell Angus

Aviation News Ltd has been honoured with a Queen’s Award for Enterprise for International Trade. The organisation is one of 201 nationally to be recognised with one of the UK’s most prestigious business awards, with winners approved by Her Majesty The Queen.

The awards were established in 1965, and in their 53-year history they have recognised the achievements of more than 7,000 businesses. They celebrate the success of innovative businesses that are leading the way with pioneering products or services, delivering impressive social mobility programmes or showing their commitment to sustainable development practices.

Based in Trent Vale, Newcastle-Upon-Tyne, Staffordshire, Aviation News Ltd was founded in 2010 by husband-and-wife team Philip and Victoria Tozer-Pennington, along with equity partner and friend Dino D’Amore. Using every spare moment outside of their jobs, the team began the brand with an online daily newsletter for the aviation finance and leasing industry.

Philip was primarily responsible for sales, product development and sometimes commented on the day’s news. Journalist Victoria reported on the daily news, and Dino provided technical and web support. Despite the challenges of being entirely self-funded, the newsletter soon became essential reading for the commercial aviation finance and leasing community.

“We are thrilled to receive this recognition of our six years of consistent growth in international trade,” said Philip, Victoria and Dino. “Starting a new business while raising young families and expanding organically is not an easy task, but this award makes all of those late nights and working weekends more than worth it. We are continuing to grow internationally.”

Their first full print publication, Airline Economics, is respected in the industry for its candour and insightful analysis of industry news and events. Aviation News Ltd is also behind MRO Global, a publication dedicated to the maintenance, repair and overhaul aviation industry, along with several annual reports including the Finance & Leasing Guide, the Aviation Law Guide, and the Aero Engine Yearbook.

Most recently, diversifying away slightly from its core audience, the team launched Aviation Life, a magazine that covers future technology – from vertical take-off air taxis and electric cars to commercial space developments, adventurous travel, food and traveller health, all from the perspective of an aviation industry professional.

Since 2013, Airline Economics has launched Growth Frontiers conferences around the world, with large conventions in Seoul, London, Dubai, Tel Aviv, New York and Hong Kong. The Hong Kong and New York Growth Frontiers conventions are the fastest-growing Airline Economics events, attracting domestic and also international delegates.

Aviation News Ltd also has an Irish subsidiary, Aviation News (Ireland) Ltd, which holds a very large exhibition each May at the Royal Dublin Society.

Aviation News Ltd has shown triple-digit revenue growth in every one of its eight years of business, despite being hit hard by the fall of sterling following the Brexit referendum. Profit margins during the eight years of account have averaged at 35%, rising to 41% in the most recent year. In the past five years, Aviation News Ltd has donated a percentage of profits each year to various charities.

Since inception, Aviation News Ltd has maintained its core aim of reducing costs to delegates and sponsors. Since entering the conference and exhibition space, the company has cut the cost to delegates by 62% and the cost to sponsors by an average of 50%, not only at events, but by compelling competitors to lower their prices.

Over recent years, through innovative deals with suppliers, Aviation News Ltd has been able to demonstrate many events for delegates while holding its margins intact. The levels of spend at the company’s conferences and events continue to be around double that of competitors as it sets the bar ever higher with ultra-large conferences.

Aviation News Ltd is now looking to extend its business model into other sectors, including renewables and general finance.

The company will celebrate its accolade during a royal reception for Queen’s Awards winners in the summer at Buckingham Palace.

The Queen’s Awards for Enterprise include 129 awards for international trade, 61 for innovation, six for sustainable development and five for promoting opportunity.
Adaptavist established as the ‘go-to’ partner for Fortune 500

Queen's Award for Enterprise in the International Trade category ‘testament to hard work and talent of team’ at British automation software innovator

By Richie Bell

WITH ONE IN FIVE employees worldwide spending half their working day doing manual tasks, the need for IT to facilitate automation has never been greater. That’s the underlying reason why British automation software innovator Adaptavist has won the Queen’s Award for Enterprise in the International Trade category.

In the last six years, half of Adaptavist’s sales and more than a third of its services revenues have come from clients in 60 countries who make up more than half of the Fortune 500. Adaptavist helps the world’s most complex companies make radical changes to the way they use software for digital transformation, creating competitive advantage.

This year, Adaptavist’s global expansion will continue with new offices set to open in Kuala Lumpur (Malaysia), Tartu (Estonia) and Madrid (Spain). And this will contribute to its continuing employee growth of 30% year on year.

The firm is also witnessing massive growth, increasing revenue 300% year on year from the cloud and adoption of cloud licences growing by more than 70%. It’s no surprise that Adaptavist has recently been named in the Deloitte Fastest Growing Companies list and The Sunday Times Top 100 companies.

Headquartered in London and with offices across Europe, North America and Asia, its clients range from NASA to Oracle, the BBC to Volkswagen, and Siemens to WD-40.

The company’s ongoing success has been built on its partnership with Atlassian, the Australian-based enterprise software company that provides tools for software developers, project managers, and content management. Atlassian is best known for its issue tracking application, Jira, and its team collaboration and wiki product, Confluence.

Having worked with Atlassian since it developed the early versions of its software – Adaptavist was the first UK company to see the true potential for the software – the company has developed a deep technical understanding of how to implement, optimise and scale these tools.

Today, Adaptavist is the leading Atlassian partner globally for professional services, managed services, training and Atlassian apps. Adaptavist’s top-level partnership status has helped fuel its own growth by providing consultancy, add-on products, training and support services to help enterprises derive competitive advantage from improvements in their software and IT processes, making significant strides to achieve its aim “to be the biggest and best Atlassian partner by all reasonable measures”.

Not that Adaptavist is alone in its market sector. One of its clients – the 150-year-old John Lewis Partnership (JLP) – looked seriously at three potential suppliers, all of them accredited by Atlassian, to find hosting support and consultancy expertise across the complete Atlassian suite of tools.

Claire Nelson, JLP’s methods and tools lead, opted for Adaptavist because of its focus and expertise. “Key factors,” she said “included their passion for the coolest and demonstrable close links to the Atlassian team.”

Adaptavist is now considered the “go-to” partner in the Atlassian ecosystem, frequently recommended by Atlassian itself, especially when the requirement is complex, innovative or another partner has failed to deliver.

Adaptavist is able to deal with the most complex processes and organisations, as well as large-scale implementations. As such, Adaptavist attracts the best talent in its sector and has developed some of the most popular Atlassian apps (add-ons) including ScriptRunner for Jira, which has more than 20,000 active installations (used by around 25% of all Jira instances).

The foundations of Adaptavist are built on the exceptional technical talents of its developers, support engineers and architects that saw the company awarded the inaugural Atlassian President’s Award for Technical Excellence.

“We have an ecosystem partner for many years,” said Atlassian’s president, Jay Simons. “The work they do with some of our largest and most complex Atlassian customers is, by all accounts, superb. They’ve evolved and adapted with our products and continue to demonstrate the strength of our ecosystem and expert partners.”

In addition to its development services, Adaptavist has built a reputation for its diagnostic and problem resolution skills and its consulting advisory services have helped many clients maximise their investment in Atlassian products. All of these services are fully backed up with training both on and off-site to support the end user in making the most of the ecosystem.

Export has also become vital to the Adaptavist success story. With software a core part of every industry, this has created an opportunity for Adaptavist to export its expertise globally. If the company wasn’t able to address a global market for Atlassian add-ons – and customers that use Atlassian and need to find ways to extend, integrate and automate their software – it would be difficult to justify investing in new product development, as the UK alone wouldn’t be a large enough addressable market.

Nor, for that matter, would the company now be able to use the globally revered Queen’s Award.

Commenting on the company winning the Queen’s Award for Enterprise in the International Trade category, Simon Haughton-Williams, CEO of Adaptavist, said: “This is a truly prestigious national award and a great achievement for the business. “It’s a testament to the hard work and talent of the team here at Adaptavist, who pride themselves on creating great products, effective solutions and outstanding service every day so that our customers in turn can be more productive.”
BioStrata combines science and strategy

Headquartered in Cambridge, this international marketing and public relations agency is one that not only claims to be specialist, but actually is.

By Mike Cowley

IT IS NOT DIFFICULT TO understand why BioStrata has won the Queen’s Award for Enterprise in the International Trade category – for here is a specialist marketing communications agency that has effectively broken the mould to underpin the success of its now global life science client base.

Headquartered in Cambridge, the reason given for the award was the company’s international sales over the last three years which have grown from £445,000 to £1,000,000.

But there is more to the BioStrata success story than the booming sales figures reveal. It is down to innovation – being different is the rationale. This is an international marketing and public relations agency that not only claims to be specialist, but actually is.

Started by Paul Avery PhD and Clare Russell PhD in 2014, the founders realised that buyers now controlled the sales conversation, so they would need to deliver more than the traditional, interpretative marketing mix that was failing in the customer-centric, information-rich modern world.

First off, they began to gather a team around them who has been there and done that – fellow PhD-holders, highly qualified scientists, people who had spent time in relevant laboratories, the common denominator being they all spoke the language of life science.

As Paul explains: “We know how life science customers think, feel and buy – after all, we used to be them.”

Now with offices in Cambridge (UK) and Boston (US), the team includes a significant number of people with deep scientific experience and knowledge of the life sciences sector combined with the necessary marketing and public relations know-how. That’s why they have been able to partner with a client base ranging from companies providing life science research tools, diagnostics and lab automation solutions, to those working in the food and environmental technology, biotechnology, drug discovery and pharmaceutical sectors.

With 100 years of experience between them, the BioStrata line-up has turned marketing on its head. Instead of the focus being on outbound methods, chasing customers for their clients, they championed inbound marketing, a strategy that attracts prospects to relevant life science companies.

This is because BioStrata decided that life science is perfectly suited to inbound marketing, as scientific buyers are often cynical about traditional methods with overt sales messages and prefer to make up their own minds based on their own research and analysis. Instead, these knowledgeable audiences prefer to turn to research to find what they want.

So, BioStrata effectively bides the lines on the web with relevant, compelling content about their clients’ products and services, and draws in prospective customers.

And it has worked. One of BioStrata’s early clients was the precision diagnostics company Protagen AG.

“I trusted BioStrata to provide an integrated program of inbound marketing and public relations services over a number of years,” says Dr Georg Lautcham, former CEO of Protagen AG, which was recently acquired by Oncimmune.

“The team’s ethos is centred around collaboration and partnership, which ensured I was able to rely on them to proactively identify new opportunities on a day-to-day basis, but also to provide valuable strategic counsel on key issues when it mattered most.”

Nor has BioStrata rested on its laurels in terms of adopting a different, specialist approach to public relations. In April this year, BioStrata launched Life Science Newswire, a breakthrough targeted press release distribution service to help companies reach industry journalists and editors worldwide with life science and healthcare news they’ll find interesting.

“The year-on-year growth marked by our Queen’s Award helps us to invest in our people and in nurturing creativity and innovation, and to strive for greater success for our clients,” comments Clare.

Sizable draw of SciChart’s innovative software solutions visualised across industries

By Michael White

SciChart Ltd, which creates software to chart big data visualisations for financial services and scientific research companies, has been honoured with a Queen’s Award for Enterprise for Innovation. SciChart is one of only 61 firms to be recognised in the innovation category, and the only software development company recognised within the industry.

Founded in 2010, SciChart designs, develops and sells a software component to business and enterprise to draw fast, visually-appealing graphs, graphics and visualisations in scientific, medical, financial and engineering industries.

Drawing upon his experiences as a software consultant from investment banking to scientific research, director and software architect Dr Andrew Burnett-Thompson identified the need for faster graphics and visualisation in business applications in order to quickly display the large amount of data that scientific or financial firms generate.

SciChart’s game-changing innovation was to combine proprietary data resampling algorithms and technology from the gaming industry for speed and performance of graphics with enterprise software applications, resulting in a software library that was able to draw charts, graphs and other visualisations many orders of magnitude faster than competitors.

As a result, SciChart’s software opened up new markets for their clients, allowing them to create previously-impossible projects, where competitor charting software was simply too slow to be usable.

SciChart’s software is used by all kinds of industries that require fast, real-time, big-data charts, graphs or visualisation on Windows desktop, mobile or embedded systems.

Applications include visualisation of tumour imaging data in cutting-edge cancer research, tracking Formula 1 vehicle parameters during races, analysing real-time financial data for making trading decisions, and providing the charts and graphs for low-cost electrocardiogram devices used in the developing world.

In each of these examples, SciChart’s fast, real-time charts and graphics enabled customers to bring to market cutting-edge innovations at a fraction of the cost and time of developing the graphics software themselves. As a result, SciChart has grown organically from a single-person company to a small business with just under 20 full-time staff, with thousands of customers worldwide and all without outside investment or debt, overtaking established competitors with larger resources.

SciChart has secured a position as “best in class” for charting and graphics software and continues to innovate, driving performance improvements, supporting new platforms and features, helping its customers to conquer new sectors and drive market share.

Dr Burnett-Thompson said: “We are honoured that we have been recognised with this award, and that the UK’s technology sector continues to be celebrated.

“It’s been amazing to see the uptake of SciChart across business and research.

“To have our work recognised for its innovation is a true testament to, not only the team at SciChart, but also our amazing customers and how they have implemented this technology to further scientific causes and business functions.”
WHERE SALOON MEETS SUPERCAR

The Mercedes-AMG GT 63S 4-door serves up supercar pace in a more practical package. Tim Pitt drives it

Pity the poor Mercedes-Benz salesperson. The world’s oldest car company lists no fewer than 33 separate models on its UK website, from A-Class hatchback to S-Class limousine. Factor in engines, trim levels and optional extras, and the list of potential combinations is... a lot.

Such bountiful choice results in over-lap between many models, too. Want a small, swoopy-looking saloon? Pick from the A-Class saloon and CLA. Want a large small, swoopy-looking saloon? Pick from the A-Class hatchback and CLA. Want a large, long, swoopy-looking saloon? Pick from the E-Class and CLS. Oh, and it actually has five doors. Go figure.

The last car – which I’ve been driving this week – is an S-class saloon (of sorts) has more power than a McLaren F1. Driving all four seats (a three-person bench is optional). Mercedes has finally trumped arch-rival Audi at its own game, blending daring design with build quality to shame the Berlin Wall. The only disappointment is the new touchpad interface for the media system, which replaces a vastly superior and user-friendly control.

The AMG GT 4-Door, though, defies such level-headed logic. A Porsche Panamera Turbo S E-Hybrid is more rounded and no less rapid. And, if you can sacrifice two doors, the Bentley Continental GT is even more louche and luxurious. Yet for sheer chutzpah, nothing tops the bombastic AMG. Here’s one car that sells itself.

Thankfully, the blood-and-thunder V8 is all the soundtrack you need. It exhales through four tailpipes with a belligerent bellow, piling on speed with psychotic intensity. Throttle response feels exuberant and there’s ample four-wheel-drive traction, backed up by a belt-and-braces suite of active safety systems. Navigate several sub-menus and the daringly dazed can also select Drift Mode, which effectively makes the car rear-wheel drive. I had stern words with my inner hooligan and left well alone.

I suspect few cars could devour a derestricted Autobahn quite like a GT 63S. However, it’s also agile and engaging at sensible speeds, helped by precise steering and a keen chassis. Around town, the rear wheels turn in the opposite direction to the fronts to aid manoeuvrability, making the car rear-wheel drive. I had stern words with my inner hooligan and left well alone.

Tim Pitt works for motoringresearch.com

"NOT CONVINCED? CHECK OUT THESE ALTERNATIVES..."

<table>
<thead>
<tr>
<th>BENTLEY CONTINENTAL GT</th>
<th>BMW M850I</th>
<th>PORSCHE PANAMERA TURBO S E-HYBRID</th>
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<td>MPG COMBINED: 28.2MPG</td>
<td>MPG COMBINED: 74-80.7MPG</td>
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THE VERDICT:

MERCEDES-AMG GT 63S 4-DOOR

VALUE

DESIGN

PERFORMANCE

PRACTICALITY

VALUE

THE VERDICT:

BENTLEY CONTINENTAL GT

VALUE

DESIGN

PERFORMANCE

PRACTICALITY

VALUE

THE VERDICT:

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THE VERDICT:

BY MOTORINGRESEARCH.COM FOR CITY A.M.

TUESDAY 30 APRIL 2019 | LIFE&STYLE | 23
Crypto AM Shines its Spotlight on Nodal

Wile fintechs wave the flag of disruption and chant ‘financial inclusion for all’, the knights that promise to save the masses from the vagaries of traditional financial services have a more pressing agenda – profit.

Both nascent and established players in consumer-facing financial service industries are searching for the holy grail that delivers droves of highly engaged, loyal, and more importantly, active customers to their platforms. This is what investors want, and this is what fintech needs to secure funding.

CRYPTO AM’s Spotlight on Nodal

Oliver Hibbs-Brockway, CEO, Nodal

Putting simple, Nodal enables HR managers to search for freelancers based on skills verified by others. Further work undertaken via the Nodal platform is verified each time: thereby creating a trust building positive feedback loop. This means HR teams no longer need to spend hours trying to work out whether people really have the skills they say they do, as they will be able to see whether other people are willing to vouch for them.

“I wanted to create a new economy based on trust rather than the ‘it’s who you know, not what you know’ model that continues to plague many industries,” says Hibbs-Brockway.

“We have a digital platform that is free to use,” says Hibbs-Brockway, “costs the minimum to maintain and will always be here.”

Our series on AI, Blockchain, Cryptoassets and Tokenisation

Wile fintechs wave the flag of disruption and chant ‘financial inclusion for all’, the knights that promise to save the masses from the vagaries of traditional financial services have a more pressing agenda – profit.

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Virtual every form of financial service has been disrupted; lending, payments, personal finance, international money transfers, consumer banking, investing and insurance. They have all been given a digital facelift.

FINTECH’S STANDOUT GROWTH

Investors are bullish. According to a recent KPMG report, the growth of fintech investment is impressive: in 2018 global investment in fintech companies hit £111.8bn, with 2,196 deals being concluded.

But despite the market’s growth, and significant amount of money allocated to customer retention, the attrition rate is high. The ease of switching from one service to the next is a double-edged sword for the industry. It’s a crowded space and the competition is fierce.

Once the hype dies down around a new service, user engagement tends to drop off significantly. The email campaigns that clients see as confirmation of the role they played in ‘sticking it to the man’ are soon relegated to the spam folder. Customer loyalty is not in the fintech playbook and it’s the pimple on the nose of the industry that no one wants to talk about.

CHALLENGERS’ VALUE PROPOSITION

The lofty claim of almost all financial services companies is to financially empower their clients. They also assume that everyone wants to build wealth and save money, but if you look at consumer behaviour, their real focus is on spending.

Indeed, the biggest lament of Bitcoin diehards was the lack of ability to spend their coins.

Fintechs were quick to respond and now there are several players that provide a platform for crypto/trad exchange: Wires, Revolut and TenX are some of the companies that offer this service.

Broadly speaking, the value proposition of a challenger bank or crypto/ fiat payment platform is savings on fees, ease of use, speed, the ability to monitor spending and an easy way to save money, and this fits with the financial empowerment agenda.

However – and this is the defining point of the argument – most people do not give much thought to long-term financial health; instead they care more about spending and instant gratification.

The remittance arena is a notable exception, especially in emerging economies where moving money is expensive and logistically challenging.

Given that almost three billion people worldwide remain unbanked, companies such as WorldRemit, for example, have literally been lifelines.

The founder, Dr Ismail Ahmed, launched WorldRemit off the back of his own frustrating and costly experiences of sending money to relatives in Somalia.

Cutting the cost of moving money and increasing accessibility is a key initiative of the World Bank – innovation in this space is well-received by governments and funders.

For the rest of the fintechs, while in theory they are solving pain points such as saving and money management, they will have

“...The system is broken, it’s lost any sense of trust – and I’m out to fix it...”

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For freelancers, Nodal can guarantee that they’ll be paid on time, every time, when accepting work through the platform. This is achieved through a system of smart contracts, the terms of which are automated once placed onto the blockchain. As long as the work is completed in the agreed timeframe, freelancers get paid on the agreed date.

From Minstrell in the construction sector to The Mill in the creative space, we’re already helping some of the best in the business to find the right talent. And this is just the start, there are big plans in place to grow into further sectors and markets this year, with a significant Series B funding round lined up for Q4 and a potential ICO, too.”

So, next time you’re struggling to find the right person for the job, you might want to start your search on the blockchain.

For more information, see http://www.nodal.com
to negotiate the failings of human nature.

In terms of consumer financial health, platforms that offer budgeting and saving tools have proliferated. Challenger banks, retirement-saving platforms and budgeting tools enabled ‘open banking’ are gaining popularity. Crypto-friendly payment companies encourage their users to ‘save’ crypto, and Wirex even offers rewards in Bitcoin.

Platforms that offer budgeting and saving tools have proliferated.

ENCOURAGING PEOPLE TO SAVE

While fintechs have solved many of the bugbears that consumers have with traditional financial services, they have neglected to address the biggest challenge: funding capability is seven years. The UK, and indeed almost the entire globe, is facing a calamity of epic proportions – millions of people are earning their retirement years with little to no cover. The Guardian Life annual review 2018 showed that median households who will take their place are potentially even worse off because many are severely in debt. Many people in the UK carry student debt into their 40s.

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IT IS the semi-final that no one saw coming. Two teams with limited financial resources who were supposed to struggle to make it out of their Champions League group.

Instead, Tottenham and Ajax have claimed some of Europe’s biggest scalps on their path to a final-four clash that will see two of the competition’s surprise packages go head to head.

Underdog stories in the Champions League are few and far between, but with two of them set to intertwine tonight, they have more in common than just their new knack for achieving the unthinkable.

Ajax, who are making their first semi-final appearance since 1997, will visit the new Tottenham Hotspur Stadium having already claimed historic wins at the Bernabeu and Allianz Stadium against Real Madrid and Juventus respectively.

The four-time European Cup winners drew away to Bayern Munich in the group stages as well, and having made their mark on some of Europe’s most iconic stadiums, will be looking to do the same at the continent’s newest.

Spurs were similarly discounted from making it this far, especially after being drawn against Premier League champions Manchester City in the quarter-finals, despite a strong performance against Borussia Dortmund in the round before.

It is just the second time Tottenham have reached the semi-finals – they did so on their European Cup debut in 1962 – but they almost didn’t reach the knockout stages after losing to Barcelona and Inter Milan and drawing with PSV Eindhoven in their opening three group games.

A vital point at Camp Nou on match-day six secured their place in the round of 16 and signified a statement of intent.

The similarities between the two don’t end there, though.

SHREWD OPERATORS

Typically there is a correlation between a club’s wealth and success, most clearly demonstrated by Real Madrid, whose £665m revenue for the 2017-18 season saw them top Deloitte’s Football Money League just as they claimed their third successive Champions League title.

The latest figures place Tottenham 10th, with a revenue of £379m. That is a sharp £70m increase on the year before – largely due to using Wembley Stadium as a temporary home and an improvement in Champions League performance, although a considerable amount of their new stadium’s cost is in the form of debt.

Of the last 16 Spurs were the eighth wealthiest, while Ajax had the lowest income they did not even make Deloitte’s top 30.

They are unable to rely on the same significant broadcast distribution as those in Europe’s top five leagues and so depend upon their ability to develop talented players and the funds from selling them for success in Uefa competitions.

BUCKING THE TREND

Mauricio Pochettino did not sign any players in either of the last two transfer windows as Spurs contended with the cost of their new stadium, yet they have also managed to be competitive on all fronts.

They made a £5m profit on transfers this season with the sale of Moussa Dembele in January and had a net spend of just £16m for the season before, which saw the sale of Kyle Walker for almost £50m as well as Kevin Wimmer and Nabil Bentaleb for around £17m each.

Ajax’s outlay on players is also min-
MEET

Their approaches show money can’t buy work ethic, unity and a guarantee of wins.

TOTTENHAM

Mauricio Pochettino’s side began their campaign with group stage defeats by Inter Milan and Barcelona, but recovered to make it through Group B on away goals. Bonnisa Dortmund were then swept aside 4-0 on aggregate before the dramatic, see-sawing 4-3 second-leg win at the Bernabeu in the last-16 before Cristiano Ronaldo’s Real Madrid, who were stunned 4-1 at the Bernabeu in the last-16 before Cristiano Ronaldo’s Real Madrid, who were stunned 4-1 at the Bernabeu.

AJAX

The Dutch team made it through the group stages unbeaten, impressing with draws against Bayern Munich. The giant-killings began with defending champions Borussia Dortmund were then swept aside 4-0 on aggregate before the 

Borussia Dortmund were then swept to make it through Group B on away goals. Inter Milan and Barcelona, but recovered campaign with group stage defeats by TOTTENHAM

HOW THEY UPSET THE ODDS

RAGNA DEBATS

Ultra-runner and the 2019 Marathon des Sables winner on her gruelling daily regime.

I don’t count weekly distance because I don’t believe that it’s important. It’s about building up strength

...because for me it’s all about building up strength.

once home I’d do some core training before helping my daughter get ready for school.

I like to have a four-to-six hour gap between sessions, so in the interim I take care of any washing, cleaning or work to do with sponsors.

...It’s important to leave a two-hour gap between lunch and the second session.

...I never eat fried food, which is harder to digest, and keep things healthy, gluten-free and as simple as possible with a balance between carbohydrates and protein.

...My second session of the day depends on my training plan.

...Sometimes I’ll do intervals, sometimes I’ll go road cycling, which is good if you want impact way to volume train.

...Depending on what race I have I’ll also do more specific training, like using an indoor incline trainer, or wearing a hypoxic

...I train every day. I like exhaustsing myself and find the feeling of tiredness satisfying, although juggling the workload around home life can be difficult.

...Alongside looking after my four-year-old daughter and doing normal chores I fit in two training sessions every day.

...The fact my husband, Pere Aurell, is also an ultra runner helps, but we don’t often train together because of our differences – he’s strong and I’m fast, so I work with my coach Rafa Flores to focus on what I can do to improve.

...I get up early each morning, drink coffee and have a snack – usually an energy bar, protein shake or cereal – before heading out around 7am.

...People think that because I compete on such a high level I eat a lot of food, but I don’t. I have a 600 calorie breakfast, which is around 9pm, to get enough rest for the next day.

...There are tough times in maintaining motivation, overcoming fatigue and pushing through hard weeks, but it’s always worth it when you cross the finish line.

...Ragna Debats – 2018 double World champion in Skyrunning and Ultra-Trail and female champion of the 34th edition of the Marathon des Sables – is a proud Merrell ambassador. Find out more about her at www.merrell.com

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TOTTENHAM v AJAX

Both teams to score in the first 30 minutes

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HALES AXED

Batsman dropped from England’s World Cup squad following suspension

Alex Hales has been left “devastated” after being dropped from England’s World Cup squad in order to preserve “the right environment”. Hales was axed from the preliminary 15-man squad yesterday after it was revealed the Nottinghamshire batsman is serving a 21-day ban from cricket for recreational drug use.

“The fact all those assurances seem to have been rendered meaningless has understandably left Alex devastated,” the statement read.

ON Rahm continued his rise at the weekend by winning the Zurich Classic and the heartwarming nature of his victory made it even better.

The Zurich Classic has been a team event since 2017 and the format makes it all the more enjoyable, with Rahm winning alongside partner Ryan Palmer in New Orleans.

The Spaniard and American were only playing together because their regular partners, Wesley Bryan and Jordan Spieth, were unavailable. What a lovely coincidence it turned out to be. To see two guys come together and work so well was brilliant and highlighted how successful these kinds of events can be.

Rahm is a world-class player who has been in stellar form recently, but the win marked a great turnaround for Palmer, whose last PGA Tour victory came nearly 10 years ago. He suffered with breast cancer in 2016 and admitted it has been in stellar form recently, but the win marked a great turnaround for Palmer, whose last PGA Tour victory came nearly 10 years ago. He suffering with cancer in 2016 and had a career best 150 for Hampshire last week, is also in the squad to face Ireland on Friday.

Meanwhile, batters Ben Duckett and Dawid Malan have been called up for the ODI in Malahide and the following Twenty20 against Pakistan because Jason Roy has suffered a back spasm and Eoin Morgan and Joe Denly are both carrying knocks.

MERCEDES’ DOMINANCE IS BORING, SAYS VETTEL

Ferrari driver Sebastian Vettel believes Mercedes’ domination of Formula One has made the sport boring, Mercedes have won the past five drivers’ and constructors’ titles and have taken one-two finishes in the four races of this season through Lewis Hamilton and Valtteri Bottas.

“Boring, isn’t it? So boring. It’s not just four races, it has been four years, more or less,” Vettel said. “We have to work harder, work better. We are pushing as hard as we can.”

Hamilton, who is one point behind Bottas, relished the challenge, adding: “Hopefully, at some stage, Ferrari will be in the mix with us.”

SUAZUE’S ARSENAL STINT OVER THROUGH INJURY

Denis Suarez will not play for Arsenal again after being ruled out for the rest of the season with a groin injury. Suarez joined the Gunners on loan until the end of the campaign from Barcelona in January, but has failed to make an impact, managing just six appearances for Unai Emery’s side.

“I am sorry for all the effort and sacrifice made to come to Arsenal hasn’t come to fruition as hoped and you can’t even imagine how angry I am about it, but health comes first,” the 25-year-old midfielder said in a statement yesterday.

ENGLAND CALL UP VINCE, DUCKETT AND MALAN

James Vince has been handed the chance to earn a place in England’s World Cup squad after he was called up to replace Alex Hales in the one-day series against Pakistan. Batsman Vince, who scored a career best 150 for Hampshire last week, is also in the squad to face Ireland on Friday.

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TUESDAY 30 APRIL 2019

GOLF COMMENT

Sam Torrance

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Rahm is a world-class player who has been in stellar form recently, but the win marked a great turnaround for Palmer, whose last PGA Tour victory came nearly 10 years ago. The 42-year-old’s wife Jennifer suffered with breast cancer in 2016 and 2017 while he also changed his putting grip after struggling with a twitchy action on the greens which sent him from inside the top 20 in the PGA Tour putting rankings to 190th.

It was great to see him and Rahm maintaining their form over the first three days to win on 26 under-par, ahead of Tommy Fleetwood and Sergio Garcia, who ensured a strong European presence in second.

I’ve always found team events the best of fun. With the pressure off it’s a chance to let go for a week. With the rounds alternating between four-some and fourball there’s plenty of strategy and ultimately it’s about gelling.

For me foursomes – taking alternate shots – is the hardest format to play because you’ve got to look at the course beforehand and play to each other’s strengths. You often have to bail your partner out if they play a bad shot, but you just have to make the best of it and not apologise.

Fourballs – taking the better placed ball – is a lot more fun. You can play freewheeling golf and go for more difficult shots. Rahm and Palmer complimented each other well and were thoroughly deserving champions.

Elsewhere I was absolutely delighted to see Jorge Campillo win the Trophee Hassan II tournament in Morocco. He’s a real gentleman and after such a long wait it was lovely to see one of the good guys win.

It was Campillo’s 229th European Tour match and his first victory and it came in a manner which will make it even sweeter for the Spaniard. Campillo started the last day one shot behind Erik van Rooyen and bogeyed two of the first three holes to fall back into the pack on a tough course. But maybe his poor start took it even sweeter for the Spaniard.

I beat Raphael Jacquelin to win the tournament back in 2006 and I have really fond memories of the whole experience. It’s a great course and the winner gets a beautiful jewel-encrusted dagger, which I still have in pride of place inside my house. I’m sure Campillo will treasure it just the same.

Sam Torrance OBE is a multiple European Tour winning golfer and media commentator. Follow him @TorranceSam