



SOCIAL RESEARCH NUMBER:

51/2023

PUBLICATION DATE:

05/06/2023

Alacrity Scheme Evaluation

2016 - 2021

Mae'r ddogfen yma hefyd ar gael yn Gymraeg.

This document is also available in Welsh.

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Title: Alacrity Scheme Evaluation

Subtitle: 2016-2021

Author(s):

Oliver Allies, Paula Gallagher, Declan Turner, Tony Jones

wavehill

Social and economic research

Full Research Report: Allies, O; Gallagher, P; Turner, D; Jones, T;
(2022). *Alacrity Scheme Evaluation: 2016-2021*. Cardiff: Welsh Government,
GSR report number 51/2023

Available at: <https://www.gov.wales/alacrity-scheme-evaluation-2016-2021>

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For further information please contact:

Name: Ceri Davies

Relationship Manager South East

Welsh Government

Cathays Park

Cardiff

CF10 3NQ

Email: kasemployabilityandskillsresearch@gov.wales

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Glossary

Acronym/Key word	Definition
Alacrity C	Alacrity Cyber
Alacrity G	Alacrity General
DBW	Development Bank of Wales
GVA	Gross value added
HEI	Higher Education Institution
HESA	Higher Education Statistics Agency
ICT	Information Communication Technology
KRPC	Kanata Research Park Corporation
MI	Management Information
MS	Microsoft
MVP	Minimum viable product
TWF	The Waterloo Foundation
VFM	Value for Money

1. Introduction/Background

1.1 In September 2021, the Welsh Government commissioned Wavehill to undertake an evaluation of the Alacrity Programme. The programme (which launched in 2011) aims to provide participants with the knowledge necessary to set up and successfully manage a digital start-up. The programme consists of two elements:

- An initial programme of intense support to participants run by the Alacrity Foundation.
- A seed fund for the creation of new Welsh-located technology companies (led by graduates of the initial programme of support), managed by Wesley Clover.

Evaluation

1.2 The evaluation has been commissioned with the following aims, to:

- Review the design, management and implementation of the Alacrity programme to assess its suitability in supporting the achievement of its aims and objectives (taking account of the previous evaluation which covers 2011-2015). This will include understanding efficacy of implementation, success factors and unexpected consequences.
- Assess the impact of the programme, with particular consideration of the immediate and longer-term outcomes and whether these have been achieved and can be attributed to Alacrity.
- Review of engagement and participation with international firms, and work undertaken to contribute towards being an ambassador of innovative activity in the regional economy.
- Review whether and how well the programme supports the delivery of key Welsh Government priorities, including the Employability Plan, Economic Action Plan, the Well-being of Future Generations Act.
- To make recommendations for future policy development based on lessons learnt from the evaluation.

1.3 The emphasis of the evaluation is on the first phase of the programme run by the Alacrity Foundation (referred to by the Welsh Government as the 'boot camp' phase but essentially the 15-month programme of support up to and including the provision of seed funding to incorporated organisations). A two-stage approach to the evaluation was specified.

First stage of the evaluation

1.4 The **first stage** involved undertaking a high-level Value for Money assessment of the Alacrity Foundation to ascertain whether the “Alacrity programme appears to be less-expensive, reasonably the same, or more-expensive than programmes designed to deliver similar outputs?”

Methodological Approach

1.5 The first stage of the evaluation involved the following tasks:

- Scoping interviews with 10 representatives who have had a close involvement in the design, implementation and management of Alacrity. The interviews were conducted on a one-to-one basis in a virtual manner (via MS Teams).
- A desk-based review of various documentation associated with the Alacrity programme including the previous evaluation, board minutes and a key paper on progress and performance produced by the Alacrity Foundation to aid the assessment.
- An evidence review of comparator schemes (where these have been identified) to explore similarities and also data availability to determine their potential usefulness as benchmarks in judging the performance of Alacrity from a value for money perspective (see Appendix 1 of this report).
- The development of a theory of change to set out how the Alacrity intervention is intended to work, mapping the journey from the participant perspective through to graduation and seed funding. The theory of change in turn (alongside questions set out within the tender specification) has informed the development of the evaluation framework for the depth evaluation of the programme.

- The compilation of a high level of value money assessment based on the evidence gathered in the preceding tasks.

1.6 The evidence gathered through the initial stage of the evaluation is retained, either within the main body or annexes of this report.

Second stage of the evaluation

1.7 The **second stage** (this stage) has involved a more in-depth evaluation exploring a host of key questions associated with the programme and seeking to fulfil several further objectives, namely:

- To evaluate the impact of the programme against its aims and objectives
- To explore the effect of the COVID-19 pandemic on delivery of the programme for the graduates
- To understand and establish how the Alacrity programme is progressing in relation to becoming sustainable or evergreen
- The likelihood of the programme attracting private investment in the future.

Methodological Approach

1.8 The second stage of the evaluation has involved:

- Semi-structured interviews (by Microsoft Teams or telephone) with 10 stakeholders who are either involved in the management and delivery of Alacrity or who sit on the Board of the Alacrity Scheme. The interviews sought to gather their perspectives on the success and impact of the programme to date.
- Depth interviews with 33 current and former (since 2016) participants of the Alacrity Scheme. Consent to participate in the research was sought by Alacrity from all participants (where contact details were available) who had enrolled on Alacrity since 2015. Of the 112 who had enrolled on the programme between 2015 and 2021, 52 consented to being contacted as part of the evaluation. Of these, 50 provided a telephone number through which to contact them (and were therefore considered as viable contacts). Engaging with 33 of these participants therefore meant that the fieldwork secured a healthy response rate of 66 per cent.

A copy of the research tool used with Alacrity participants can be found in Appendix 2 of this report.

Methodological Limitations

- 1.9 There are few interventions comparable to the Alacrity scheme, undermining the ability to benchmark the scheme's relative success. Assessing the value, benefit and return of investment of the programme is challenging as a result and is further undermined by the nature of the scheme itself with several businesses likely to scale rapidly in the near future, which would increase the value for money obtained.
- 1.10 The approach to engaging with participants of the Alacrity programme has involved securing their consent prior to contacting them to participate in the evaluation. There are inherent selection biases with this approach that the evaluators had no control over with those with a particularly positive perspective (and negative perspective) on the programme more likely to consent to engagement. This heightens the risk of polarisation in the views obtained and/or that the views are unrepresentative of the programme participants. Three of the 33 respondents left the programme early (this is proportionately considerably lower than the benchmark figure for the programme as a whole), whilst seven of those who responded did not incorporate, again this is proportionally lower than the programme wide benchmark figure. This should be borne in mind when interpreting findings and feedback from participants through the evaluation.

2. Context

- 2.1 The Alacrity programme aims to create the next generation of digital entrepreneurs in Wales. The Foundation offers an applied educational programme over a 15-month period that involves teams of (predominantly) university graduates developing real, business focussed projects with public and private sector mentors. If the teams are successful, they have the opportunity to launch start-up companies which address challenges (and therefore fulfil a market need or opportunity) faced by sectors or large organisations.
- 2.2 At its launch, Alacrity was guided by Welsh Government economic development policy set out (in 2010) within [Economic Renewal: A New Direction](#) which sought a shift in existing publicly funded support provision for businesses with an increased focus on jobs and growth. This reflected the socio-economic situation at the time with severe recessionary effects from the financial crisis constraining economic recovery and growth.
- 2.3 The policy focussed on (initially) six priority sectors for investment: ICT; Energy and Environment; Advanced Materials and Manufacturing; Creative Industries; Life Sciences and Financial and Professional Services. Whilst resources for existing businesses were sectorally targeted, the need to generate new businesses remained a core priority. “There remains a role for Government in encouraging entrepreneurship – it is vital for developing a strong economy and therefore crucial for our future prosperity.”¹

Collaboration Agreement

- 2.4 The Alacrity Foundation was incorporated on the 7th of March 2011 and registered as a charity the same year. The original collaboration agreement involved signatories from the Welsh Government, Wesley Clover, the Waterloo Foundation and Andrew Probert. The agreement was superseded in 2016 when a revised agreement was established, at which point, Andrew Probert left the consortium. The revised agreement reflected adjustments and learnings garnered in the first few

¹ Welsh Government (2010) *Economic Renewal: A New Direction*, Welsh Government

years of operation and provides a useful overview of the programme's aims, namely to:

- prepare graduates for entrepreneurship through teaching and training
- provide mentoring in applied research and development through a research and development and training environment and process known as the 'Boot Camp'²; and,
- if market conditions prevailing at the relevant time are sufficiently conducive, exploit opportunities that are identified during the Boot Camp through establishment of new and sustainable technology companies to be based in Wales in which they, Founders and Alacrity, are among the initial shareholders.

2.5 In terms of performance measures, the agreement refers to few quantifiable deliverables for the programme. Where deliverables are contained within the agreement, they are high level in nature and described as ambitions rather than as a performance measure and include:

- A 'hope' to create an 'evergreen' funding model for Alacrity within seven years from the date of the agreement (clause 2.2)
- An acknowledgement that the objective is for, on average, three ventures to be launched in each Investment Year during the Investment Period. (clause 2.5)

2.6 The revised agreement commenced from 1st September 2016 through to 31st August 2021 (with remaining budget within the contract supporting the operational function of the Foundation until 30th November 2021).

Policy Alignment

2.7 Alacrity has remained closely aligned to government policy since it first commenced and 2011 saw the launch of the Smart Specialisation platform for Wales. The European Commission invited each region to develop a research and innovation strategy for smart specialisation. The Welsh Government produced an [Innovation](#)

² The Term Boot Camp to describe the 15-month programme has been superseded where the Bootcamp element is now an initial Technical Bootcamp lasting five weeks, followed by a Business Bootcamp lasting 4-5 weeks at the outset of the programme. The rest of the programme is then delivered in three phases: Ideation; Design & Build, and Scale.

[Strategy](#)³ in 2014 which drew on findings from Science for Wales which identified areas in which Wales has existing strengths across various industrial and research sectors. Four grand challenge areas for priority investment in innovation capacity were identified including ICT and the digital economy. It also illustrated the importance of a broad definition of innovation and referenced Alacrity as ‘another good example of the promotion of entrepreneurship in Wales.’

2.8 In 2017, the Welsh Government published their [Economic Action Plan, Prosperity for All](#) containing five Calls to Action designed to support and overcome the challenges of the future:

- Decarbonisation
- Innovation, Entrepreneurship and Headquarters
- Exports and Trade
- High Quality Employment, Skills Development and Fair Work
- R&D, Automation and Digitalisation.

2.9 The nature of activity being delivered through Alacrity contributes to each of these to varying extent (and is referenced as doing so on the Alacrity website)⁴. In 2018 the Welsh Government published an [Employability Plan](#)⁵, focussed around a four-point plan for the economy in Wales. The Alacrity programme aligns particularly well to two points within that plan, ‘responding to current and projected skills gaps’ and in ‘preparing for a radical shift in the world of work’ through an education and training system to prepare Wales for the challenges and opportunities of tomorrow.

2.10 In 2021, the importance of the digital economy in Wales was further illustrated by Welsh Government through the publication of a [Digital Strategy for Wales](#)⁶ which is driven by a clear vision of ‘improving the lives of everyone through collaboration, innovation and better public services.’ The strategy will be delivered through six missions. Alacrity is aligned with two of the six missions in particular:

³ Welsh Government (2014) *Innovation Wales*, Welsh Government

⁴ see the [government webpage of Alacrity](#)

⁵ Welsh Government (2018) *Employability Plan*, Welsh Government

⁶ Welsh Government (2021), *Digital strategy for Wales – how we will use digital, data and technology to improve the lives of people in Wales*, Welsh Government

- **Digital skills:** Create a workforce that has the digital skills, capability and confidence to excel in the workplace and in everyday life.
- **Digital economy:** Drive economic prosperity and resilience by embracing and exploiting digital innovation.

2.11 Underpinning Welsh Government policy is the [Wellbeing of Future Generations Act 2015⁷](#) which outlines seven well-being goals to ensure we are all working towards a legally-binding, common purpose. The goal associated with *A prosperous Wales* seeks for Wales to be ‘*an innovative, productive and low carbon society which recognises the limits of the global environment and therefore uses resources efficiently and proportionately and which develops a skilled and well-educated population in an economy which generates wealth and provides employment opportunities, allowing people to take advantage of the wealth generated through securing decent work*’. The Alacrity scheme is particularly aligned to this goal whilst also contributing to *a healthier Wales, a resilient Wales, a more equal Wales, and a globally responsible Wales* given its aspirations for strengthening the digital economy through entrepreneurial activity that responds to the challenges the economy faces.

Delivery Model Overview

Introduction

- 2.12 The section provides an overview of the delivery model for the programme and is based on scoping interviews and the review of key documentation with subsequent reflections from wider stakeholders and participants. It has been structured to reflect a theory of change model (figure 2.1) for ease of reference/reflection.
- 2.13 A theory of change explains how an intervention is expected to work (setting out all of the steps expected to be involved in achieving the desired outcomes), the assumptions made, the quality and strength of the evidence supporting them, and

⁷ Welsh Government (2015) Well-being of Future Generations (Wales) Act 2015 Essentials Guide, Welsh Government.

wider contextual factors.⁸ Developing a theory of change typically involves considering the proposed inputs (what investment/actions will take place) and the causal chain that leads from these inputs through to the expected outputs (what is delivered or produced), outcomes (the early or medium-term results), and, ultimately, impact (the long-term results).

Theory of Change

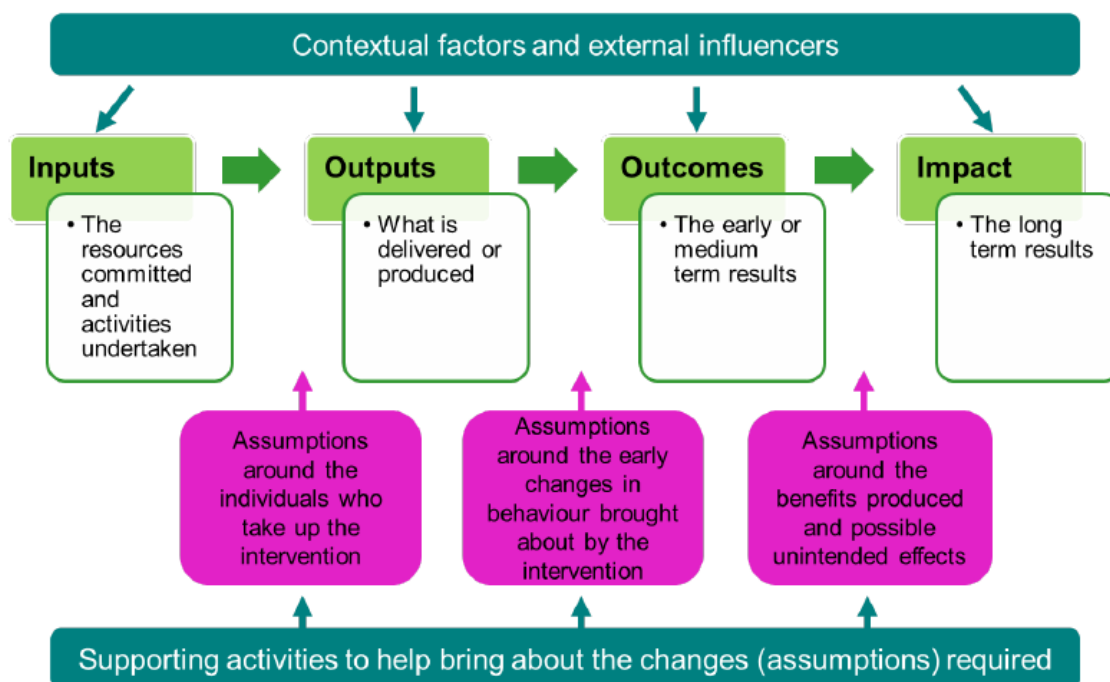
2.14 The theory of change provides a key foundation for the evaluation in the following ways:

- It has been used to map key evaluation questions for the remainder of the study linked to the indicators of success and the underlying assumptions tested through the evaluation.
- It provides the basis for a more detailed process review and design of research tools to ensure all aspects of the programme are explored.
- It provides the basis for the impact analysis, and the value for money assessment to ensure that the key routes to impact are tested through the various evaluation tasks.

2.15 The evaluation framework associated with the theory of change (and key questions set out within the tender specification) which shaped the methodological approach (and key discussion areas) for the evaluation can be found in Appendix 3 of this report.

⁸ There are several tools that can be used to explore how an intervention is expected to work, often described as the 'programme theory'. These include a theory of change, logic mapping, log frames, benefits mapping, and system mapping. All of these processes involve the mapping of causes and effects. See Chapter 2 of the Magenta Book.

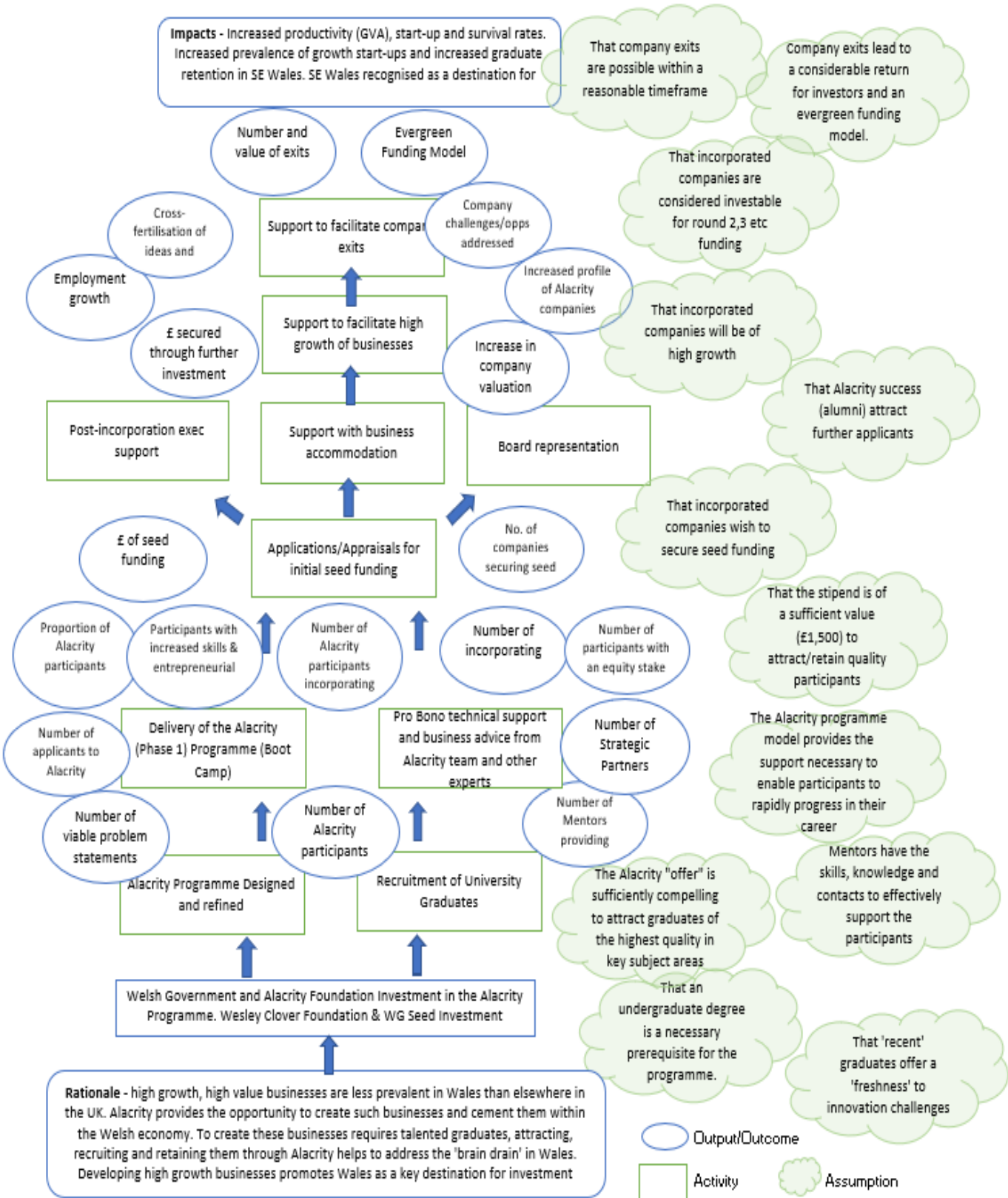
Figure 2.1: An example of a linear theory of change⁹



2.16 The theory of change for the Alacrity Scheme was developed as part of Stage 1 of the evaluation and is presented in figure 2.2 below. It informed the key areas of investigation within Stage 2 of the evaluation (presented within the evaluation framework in the Appendix). The remainder of this section reflects on the theory of change and considers the fidelity of the delivery model to the theory whilst also reflecting on the assumptions set out within it.

⁹ HM Treasury (2018) Magenta Book

Figure 2.2: Theory of Change



Rationale

- 2.17 The Alacrity programme seeks to support the creation of business opportunities in Wales in response to industry challenges/issues or opportunities that will lead to the incorporation of high growth, high value businesses – businesses which are less prevalent in Wales than elsewhere across the UK. The businesses will be based in and around Newport and are contractually required to remain in the local area (unless/until the initial investors in the organisations – namely the Welsh Government, the Alacrity Foundation and Wesley Clover Foundation – collectively no longer hold majority shares in the organisation). This is designed to support the economically peripheral area around Newport that suffers from multiple issues of deprivation and to aid the retention of these businesses in Wales.
- 2.18 The programme seeks to attract and retain some of the brightest, most capable graduates from across the UK but particularly from Wales and the West of England, enhancing their abilities through an intense programme of training, mentoring and wider support. This directly addresses a key challenge faced by the Welsh economy associated with a ‘brain drain’ as graduates are lost from Wales following graduation or fail to return to Wales after graduating in their pursuit of what are often perceived to be stronger career prospects elsewhere.
- 2.19 External (to the businesses created) investment is sought to facilitate the rapid growth of the businesses incorporated through the programme. Initial seed funding is provided by the Welsh Government, the Wesley Clover Foundation and the Waterloo Foundation with second round funding typically obtained through the Development Bank of Wales. The programme is looking to diversify and increase the source of investment from venture capitalists and business angels and in doing so, promote Wales as a key destination outside London and the Southeast of England for business investment.
- 2.20 The programme also provides a mechanism through which existing, larger organisations can implement innovation in response to the challenges that they encounter.

2.21 Perspectives on the rationale and associated vision for the programme amongst management and delivery staff and wider stakeholders were largely consistent with that set out through the scoping phase. Stakeholders spoke of the role of the programme in attracting, retaining and creating high calibre entrepreneurs in high growth, sustainable businesses that will generate a substantial, positive impact on the local economy.

Inputs

Programme Funding

- 2.22 Welsh Government support for the initial Programme (2011-2016) amounted to £2.83m, match funded by the private sector investors, broken down as a £316,500 per annum contribution to the running costs of the Alacrity Foundation (boot camp) and £250,000 per annum towards the seed fund. According to the specification for this research, the funding sought to enable the delivery of 10 new start-ups (two per annum) created in Wales (it should be noted this differs from clause 2.5 within the collaboration agreement which referred to three start-ups per annum) with Welsh Government investing a maximum of £125,000 of seed funding into each new company and, in return, receiving 25 per cent of the initial shareholding for that company.
- 2.23 A further five years of Welsh Government funding was agreed from 2016, with a total commitment of £3.45m – £440,000 per annum towards an expanded boot camp and with, once again, a £250,000 annual contribution to the seed fund. The maximum Welsh Government investment into each start-up company remained at £125,000.
- 2.24 The breakdown of funding for the programme is set out in table 2.1 below. It should be noted that Wesley Clover's donation has come via its Ottawa-based investment vehicle, Kanata Research Park Corporation (KRPC). Its annual contribution is partly in cash and partly 'in-kind'. The latter comes in the form of the provision of personnel and other services at an agreed cost.

Table 2.1: Overview of funding committed to the Alacrity Programme

Funding source	Sep 16 - Aug 17	Sep 17 – Aug 18	Sep 18 – Aug 19	Sep 19 – Aug 20	Sep 20 – Aug 21	Total (£)
Alacrity Scheme “Boot Camp” Investment						
Kanata Research Park Corporation (KRPC) – cash	291,500	262,795	258,979	255,048	251,000	1,319,322
KRPC – in kind	123,500	127,205	131,021	134,952	139,000	655,678
Waterloo Foundation (TWF)	25,000	50,000	50,000	50,000	50,000	225,000
Welsh Government	440,000	440,000	440,000	440,000	440,000	2,200,000
Total Operational Prog	880,000	880,000	880,000	880,000	880,000	4,400,000
Seed Fund Investment						
KRPC	200,000	200,000	200,000	200,000	200,000	1,000,000
Welsh Gov – seed funding	250,000	250,000	250,000	250,000	250,000	1,250,000
TWF	50,000	50,000	50,000	50,000	50,000	250,000
Total Seed Fund Investment	500,000	500,000	500,000	500,000	500,000	2,500,000
Total Programme Investment	1,380,000	1,380,000	1,380,000	1,380,000	1,380,000	6,900,000

Stipend

- 2.25 There are no fees associated with participating in the programme with graduates receiving a monthly (tax free) stipend of £1,500 over the 15-month period (equivalent to £22,500).

2.26 The stipend plays a crucial role in both attracting and sustaining participant engagement on the programme. Amongst participants, 27 of the 33 interviewed described the stipend as a very important factor when considering joining the programme, with the remainder describing it as somewhat important. Whilst on the programme the importance of the stipend rose, with 29 of the 33 describing it as very important, the remainder somewhat important.

Alacrity C

2.27 In November 2019, a delivery contract was agreed and signed with UK Government for the Alacrity C programme to offer a themed programme that addressed specific issues the Government has in the cyber security field. The programme secured four stage payments totalling £0.5m.

2.28 It is understood that the UK government pays all direct costs associated with the Alacrity C programme and contributes to the overheads. Companies incorporated through Alacrity C remain eligible for Welsh Government seed funding.¹⁰

Mentors

2.29 Additional investment into the programme is derived from external mentors of the Alacrity scheme, many of whom volunteer their time to support and guide participants through the Alacrity programme. Several engaged through the evaluation spoke of their links to Simon Gibson (Programme Director) and/or Sir Terry Matthews as key in facilitating their introduction to and engagement with Alacrity.

¹⁰ Board Briefing Note – Alacrity C – 12th November 2020

3. Alacrity Delivery Model

- 3.1 The delivery model for the Alacrity programme has been continually refined through learning since 2011. This section reviews all elements associated with the model, drawing on documents and feedback from stakeholders and participants.

Promotion and Recruitment

- 3.2 The programme is promoted on social media (through Twitter, Instagram and LinkedIn) with individuals identified based on their background/interests (typically identified via LinkedIn) alongside the specific targeting of universities (and specific departments within universities) and through attendance and promotion at various events. The programme is focussed on the enrolment of recent graduates (the average age of those on the programme is 24). Data for those enrolled between 2016-2021 shows that 36 per cent (40/112) of those enrolled on the programme were previously domiciled in Wales (the proportion of Wales domiciled enrolments has risen in recent years with 40 per cent of enrolments since 2019 living in Wales at the point of application to the Alacrity programme). It is understood that the team are now considering whether to enrol non-graduates on the programme, although it is unclear what routes to promotion and recruitment for this cohort would be used.
- 3.3 Several stakeholders spoke of the challenges of recruitment for the programme which, in part, related to challenges of building awareness of Alacrity and attracting individuals to relocate to Newport. As outlined above, an increasingly diverse approach to marketing and promotion has been deployed in a bid to boost the numbers of applicants to each cohort of the programme.
- 3.4 Stakeholders also spoke of the desire to engage more females on the programme. Between 2016-2021, 19 per cent (21/112) of participants recruited to the programme identified as female; the 2020/21 cohort was particularly successful with 28 per cent of those enrolled (8/29) identifying as female. Furthermore, three female trustees are represented on the board and the programme engages in various promotional activity to boost rates of female enrolment.

Participant perspectives

- 3.5 Whilst there are a variety of routes for promoting the programme, stakeholders cited the importance of promotion via universities for recruitment. This is reflected in responses from graduates where nine of the 33 respondents cited the university as the route through which they became aware of the programme. A further six respondents found out via word of mouth, three of these had friends/family associated with the programme whilst a further three found out through friends who had previously participated in Alacrity.
- 3.6 When asked what attracted them to the programme participants spoke of the intensive support available to enable them to start their business (12/33). They also referenced the stipend (10/33) and the fact that the programme reduced the level of risk traditionally associated with starting a business.

*It's the entrepreneurship angle, I liked how it de-risked the entrepreneurship cycle, a lot of people have to work full time and then do it in their spare time, I liked how it gave you a full year to cook up your business idea while also getting paid. **Alacrity Participant***

*It looked to be too good to be true, the fact that I could learn technical programming skills whilst earning a stipend. It felt a bit like a once in a lifetime chance, I come from a working-class background and the options to start up a business with funding was very appealing and also it would take me in a direction at a time when I was unsure what I wanted to do after just leaving university. **Alacrity Participant***

*I've always wanted to start my own business or toyed with the idea but with my family background and their resources available to me it probably wasn't something I'd be able to do so it was the funding and also the expertise and networks available. **Alacrity Participant***

- 3.7 Participants were asked whether they had any concerns regarding the Alacrity programme prior to their enrolment. The main concerns related to the perceived legitimacy of the programme. Applicants reiterated perspectives amongst stakeholders regarding the uniqueness of the offer and whilst this is an asset of the programme, it made it difficult for prospective applicants to benchmark the programme against other provision, particularly when, as several mentioned, the offer felt “too good to be true.”
- 3.8 A further five respondents were concerned about their technical ability and whether it would be sufficient to secure a position on the programme, whilst four raised concerns about the location of the programme in relation to the opportunities that the location may present to them and the attractiveness more generally of Newport as a city to relocate to.

Application Process

- 3.9 The application process typically commences with an initial conversation with applicants who are then (where these conversations have proved fruitful) encouraged to submit a CV. For those applying who are likely to be more technically aligned, they are required to undertake an aptitude test. Stakeholders spoke of how some individuals need support for the training assessments – where initially they might score poorly, they are given materials and are signposted to websites that might help them (if they wish to undertake the assessment again).
- 3.10 Interviews (virtual or face to face) are tailored to an applicant’s interest (depending on whether they are technically orientated, or business orientated). The first stage interview tends to be virtual and then a subsequent interview is typically (depending on COVID-19 related restrictions) undertaken face to face. Staff described the process as particularly thorough and importantly so to help build rapport and ensure that the candidate has the necessary attributes to be successful through Alacrity. Staff estimate that approximately 70-80 per cent of applicants to Alacrity secure a position on the programme although it is understood that considerable filtering takes place prior to interview.

Delivery Model

3.11 Once recruited onto the programme, participation in the Alacrity scheme broadly involves the suite of stages outlined in table 3.1 below.

Table 3.1: Alacrity programme structure

Phase	Key elements	Modules
“Pre-season” phase	<ul style="list-style-type: none"> ▪ Technical boot camp ▪ Business lead placements ▪ Form teams and business boot camp ▪ Initial project assessment ▪ Customer experience week ▪ Presentation and personal presence 	
Phase 1 (ideation): 2 months (tech, design & project and guest mentoring) throughout	<ul style="list-style-type: none"> ▪ Negotiation skills ▪ Company culture and values ▪ Project and product ideation 	<ul style="list-style-type: none"> ▪ Ideation ▪ Research skills and methods ▪ Market analysis and designing the business ▪ Future trends ▪ The reflective entrepreneur
Phase 2 (design and build): 4-5 months (tech, design & project and guest mentoring throughout)	<ul style="list-style-type: none"> ▪ Monthly update panels ▪ Rev Engine ▪ Business Practices ▪ Incorporation ▪ User testing MVP ▪ Investor Readiness 	<ul style="list-style-type: none"> ▪ Market analysis & designing the business ▪ Build & scale the business ▪ Future trends ▪ The reflective entrepreneur
Phase 3 (build and scale): 5- 6 months (tech, design & project throughout) and additional ad-hoc mentoring	<ul style="list-style-type: none"> ▪ Monthly one to one updates ▪ recruitment ▪ Sales process ▪ Technical scrutiny ▪ Product delivery ▪ Business plans ▪ Investor Readiness 	<ul style="list-style-type: none"> ▪ Build & scale the business

Incorporation and Seed Funding

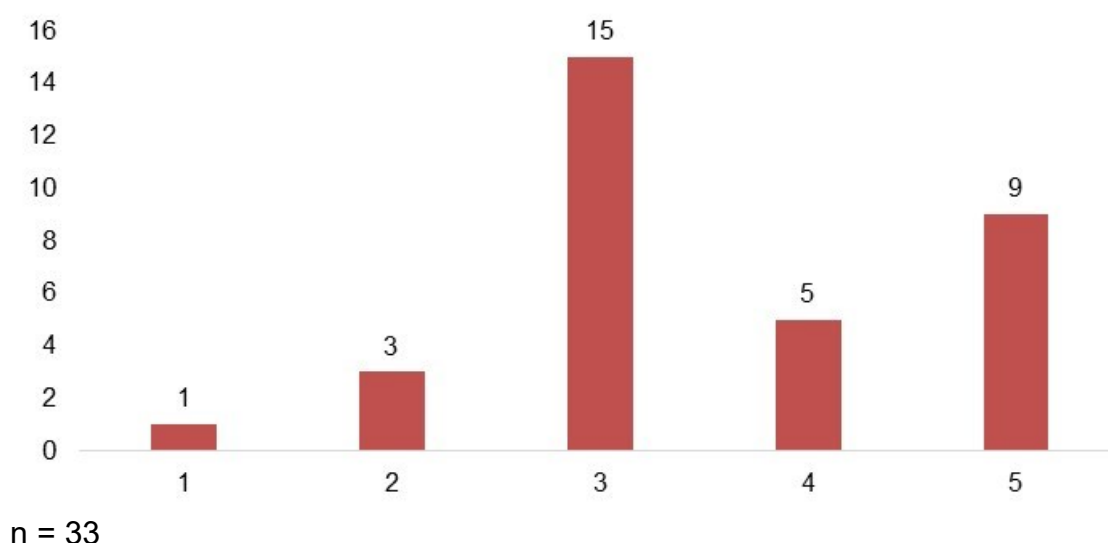
Support provision – ‘pre-season’

- 3.12 The programme of support commences with a ‘pre-season’ phase which, for those who are technical specialists, includes a technical boot camp (this initially took the form of an introduction to the likely coding activities associated with the programme but was subsequently enhanced to operate as more established technical bootcamp operation) and weekly testing whilst there are placements for business leads. Typically, around 20 percent of participants are reported to drop out as a result of the bootcamp as this gives a strong sense of the skillsets amongst the participants. The business ‘leads’ (those who have joined the programme with entrepreneurial and commercial skills more than technical ability) also then (following placements) undertake a business boot camp several weeks into the programme. Throughout this process participants are considering who amongst their fellow participants they might wish to work with in a team.
- 3.13 Towards the end of the pre-season phase team allocations begin. Whilst this is led by the Alacrity programme team, candidates are confidentially surveyed to gather a sense of who they would or would not like to work with and to help maximise the complementarity of skills sets and personalities.

Participant perspectives

- 3.14 Participants were asked to rate the process of matching individuals to teams which initially takes place at the commencement of the ideation phase (out of five with one being very unsuccessful and five being very successful). Figure 3.1 below illustrates that respondents most commonly rated the process as 3 out of 5 although over one quarter (9/33) rated the process as five out of five. Where scores were lower than expected this related to turbulence amongst the teams that participants were initially placed in. There were also concerns raised amongst some participants that the process appeared to be somewhat ad hoc in nature. There is evidence of an improvement in ratings amongst participants of more recent cohorts with the mean average rating since 2020 rising to 4.1 out of 5 (based on 18 respondents) compared to a mean average across all respondents of 3.6 (2016-2021) and of respondents on cohorts prior to 2020 of 3.3 out of 5.

Figure 3.1: From your perspective, out of 5 how successful was the matching of individuals into teams early on within the programme?



Phase 1 – Ideation

- 3.15 The ideation phase involves the newly allocated teams responding to a series of (typically three) challenges introduced by strategic partners. Some challenges represent an immediate need for an organisation whilst other challenges may be more strategic, or opportunity based. Teams respond to those challenges through research and then pitching an idea to address the challenge/fulfil the potential opportunity. There is an emphasis on encouraging teams to assess the extent to which there is a gap in the market to respond to the challenge presented and whether, in response to the challenge, there is the possibility of a scalable business. Ideas and plans are continually challenged to help get the best possible ideas that will bring forward solutions, these are undertaken with support from the programme team in addition to the strategic partners (who may be the origin of the challenge). It is understood that during this phase (which lasts for around 3-4 months) several changes to team composition will be made.
- 3.16 This phase is described by stakeholders as being far from linear, some challenges require a series of adaptations in approach and refinement in scope whilst others are more straightforward in determining a potential solution.

- 3.17 It is understood that mentoring in these initial phases of the programme is heavily weighted towards the internal staff however they also encourage participants to network and set up meetings with external representatives.

Strategic Partners

- 3.18 The strategic partners are the primary source of challenges within the ideation phase; however, these partners typically initially engage with the programme in a mentoring role. As the organisations cement their involvement with the programme it is understood they tend to progress on to becoming strategic partners, bringing forward ideas and challenges for the Alacrity team whilst retaining a close involvement in supporting the teams (in a mentoring role) in their journey through the programme. These organisations also, in turn, provide access to their networks and 'open doors' to other organisations and opportunities for Alacrity participants. The mentoring element is typically undertaken in a voluntary capacity.

*If they ever needed anything, or insight into anything, without shadow of a doubt I would help in any way I could, I think the ideas they produce are amazing and there's more to come from them with more support. It's about bouncing ideas around and talking about different opportunities that they could benefit from. **External Mentor***

- 3.19 Securing a sufficient number of strategic partners is a key challenge of the programme. Whilst the role of recruiting strategic partners sits within the realm of the Head of Partnerships at Alacrity, all members of the team play an active role in partner recruitment (with the stature of senior figures associated with the Alacrity programme, an important draw). Furthermore, beyond the initial recruitment of stakeholder organisations, there is the challenge of sustaining their involvement in the programme and bringing forward a host of challenges over time.
- 3.20 In responding to the challenges, frameworks are used around disciplined entrepreneurship ([MIT Bootcamp frameworks](#) for example) to help produce strategic direction in the development of products in response to the identified problems.

- 3.21 The ideation phase generates a considerable amount of evidence from a combination of primary and secondary research activities. Teams are then required to produce a situation analysis from that research against a chosen innovation challenge/opportunity which begins to emerge as a backbone of their business plan. The analysis provides a direction of travel within that market, illustrating how they might compete in that market and what features they need within their business. This in then subjected to scrutiny by the Alacrity team.

External Mentor's Perspective on this Phase

It was really organic, I just responded to the need and followed their interest, followed my interest a bit as well. There are no forms to fill in, which was brilliant. What I suppose was really gratifying from my point of view is how I could see that what had been discussed, had been taken on board and then you'd see it in the next iteration of the product.

It was about the relationship, not the quantity but the quality of that relationship building, relationship with the team so that they could just pick up the phone or send an email. And on a Sunday evening, get in touch to say, 'we're a bit stuck on this' or 'what do you think of that or 'who else should we contact about that', 'can we come and show you the latest version of this product.'

Participants perspectives on the ideation phase

- 3.22 Participants spoke of the value of the ideation phase in developing their ability to problem solve and to evaluate a suite of business ideas or challenges. They valued the intensity of the phase and the exposure to a range of strategic partners and mentors:

The biggest bonus in that environment was the number of contacts and different partners that Alacrity introduced me to - people I would never have been able to access without Alacrity. We chose the project we did because we met so many different contacts that were having the same issue that we were working on a solution for.

Alacrity Participant

*It was definitely intense, and I think maybe that's what was useful about it, every 2 weeks we explored a new idea, so to be given a problem, research everything about it and then pitch a business based on that idea within 2 weeks, although it was very intense it gave us a pretty deep understanding of all the criteria we needed to then go on when we had our final idea. **Alacrity Participant***

*This was the most beneficial part of the whole programme...we pitched several iterations of our original idea and through feedback and mentorship we're now working on the idea...it shows you how to pitch, how to structure ideas, it helps you understand product management. **Alacrity Participant***

*I found them very useful, I ended up not being in the team that I did all of these challenges with, but we learned after each scenario, after each business case we learnt and we got better, so I found that very useful. **Alacrity Participant***

- 3.23 Five of the participants also spoke of the role that the ideation phase played in cementing relationships amongst the team. *We went through 3 or 4 ideas so the process was good for the team to sit down and discuss as this gelled us as a team, we got to listen to each other's viewpoint and how individuals on the team would work, so this process was a particularly good tool to see everyone's skillset and if we are aligned in our outlook and thinking".*
- 3.24 Only three respondents felt that they gained limited use from the ideation phase, primarily this related to the nature of challenges they were faced with (with a perspective that the challenges presented little by way of opportunity to viably scale a business).

3.25 When asked if there were any improvements that could be made to this phase, six participants referred to the quality and quantity of ideas presented to them to work on and a further seven respondents referred to increased commitment from strategic partners associated with ideas (which they described as variable) and mentoring support during that phase. Seven respondents could think of nothing that would have improved this phase for them.

Phase 2 – Design and Build

3.26 At the commencement of the second phase, team representation tends to settle and the business leads focus on business plan development whilst the technical leads focus on the design and build of a product, drawing on additional resources and support as and when they require it. The phase involves continual development, reflection and refinement and culminates in the development of the business plan.

3.27 During this phase, Wesley Clover representatives begin engaging with the teams monthly to provide feedback on the investment potential of the emerging business ideas. More widely amongst the internal support team the support role tends to transition from a mentoring approach to an investor standpoint (alongside the external investor perspective). Stakeholders expressed the importance of building links with investors early within the programme to help establish which investors might be interested in investing and building up that interest from an early stage and to better understand what will be the key attractors that would aid their likelihood of investing.

3.28 Participants spoke of the importance of mentoring support throughout this phase *“we had problems where one of our projects fell through so having regular meetings with Mentors and specialists that were validating our ideas was very helpful.”* However, feedback on the usefulness of that support did vary:

*I found more support from previous cohort members more useful than the mentors themselves...I thought the tech mentors were quite fixed in their ways in terms of what tech they used, and we got quite pigeonholed with some tech as a result. **Alacrity Participant***

3.29 Several (in addition to the individual who referenced them above) spoke of the importance and value of the alumni (previous cohorts), specifically through listening to their experiences, the challenges they had faced and how they had got to where they are now. More generally, the levels of positivity associated with perspectives from that phase were typically influenced by the perceived quality and relevance of support the teams received from mentors and strategic partners. That said, there was a spread of views on which elements of support from the design and build phase were most useful (ranging from the internal support of the management and leadership team, through internal mentors, external specialists, strategic partners and technical support providers). However, in several instances respondents referred to the usefulness of the technical support but felt the programme would benefit from additional personnel as the support on offer seemed stretched.

Support from the strategic partners was particularly good for our team, we had very responsive partners who were very enthusiastic about being involved with our project and they were the ones who were most valuable to get support from because they were living and breathing the problem. Alacrity Participant

Support from industry mentors and other professionals and friends of the charity was extremely valuable in terms of learning about different areas of the business and getting in touch with people who were in the industries that we were looking to break into. I'd say that was one of the strongest support points of the Alacrity network and the insights we got from our mentors were insights that we never would have got on our own. Alacrity Participant

The internal team are very good here, they tend to have very big networks themselves so we're able to leverage their mentors and they're able to introduce us to external mentors as well, so that was very useful. There are two aspects of the internal mentors, so each team is assigned 1-2 mentors that we see daily, and we tend to leverage their external network a lot and that gives us a very good perspective. Alacrity is like a bubble so it's good to have that external individual coming in and for us to question their practices etc.

Alacrity Participant

- 3.30 When asked in what ways this phase of the programme could be improved, feedback was again wide ranging. Most commonly (five respondents) referred to the need for additional support from the mentors who held technical expertise. Other participants referred to issues that were very specific to the situation of their emerging business and its growth trajectory. In this sense the feedback is illustrative of the diversity of situations arising from Alacrity participants and the associated challenges that the Alacrity team have in trying to respond or support a response to the various issues that may emerge. There is also something of a divergence in the positivity of feedback amongst participants which at this stage of the programme appears increasingly influenced by the progress and success each team ultimately secured.

Phase 3 – Build and Scale

- 3.31 Further refinement of the product takes place during this phase, leading to the development of a minimum viable product (MVP) to test with customers as the focus shifts to customer acquisition. Typically, the first customer would be the strategic partner, to further strengthen that relationship and to draw heavily upon the insight and expertise that they can offer. Once again product design and development are anticipated as being an iterative process with continual refinement based on the initial feedback obtained.
- 3.32 Towards the end of this process (15 months on from initial recruitment) the Alacrity team take a step back in the aim that teams work more autonomously with a shift in focus and role amongst the programme team towards governance.

External Mentor - Reflections

I'm a mentor on the programme. I haven't really stopped working with it. I met with the team really, when they first coalesced, and sort of talked them through some of the options because they were looking for a pain point in a business sense to solve. So, I sort of talked around a few options with them, I think I gave about three different business scenarios that they could kind of dive into that were pain points in my industry.

And then throughout the development process, I would meet with various members of the team to help them refine that product. And I think it was really wide ranging in terms of the functionality of the product or even just sort of suggestions about other business models that they might look at to see how they could apply.

I then just encouraged them to kind of a sense check it by putting them in touch with different contacts of mine, and then we gave them some trial data to run through the system so that they could demonstrate it to others.

Welsh language provision

- 3.33 Nine of the 33 participants described themselves as Welsh language speakers (four fluently). All nine respondents confirmed that no elements of the support were delivered in Welsh, and none would have preferred provision to be in the medium of Welsh.
- 3.34 The lack of Welsh language provision on the programme was echoed by stakeholders interviewed as part of the evaluation who highlighted that the programme attracted the majority of its participants from the rest of the UK or internationally. Furthermore, stakeholders described how Welsh culture is already very strong in the delivery model due to Alacrity being Welsh based in its origin, design and delivery.

COVID-19

- 3.35 On the 23rd of March 2020, the first national lockdown in response to the COVID-19 pandemic was announced by the UK Government.¹¹ This meant that all UK households were required to remain at home and not mix with individuals outside their household for a period unspecified at the time. For Alacrity, this necessitated a rapid transition in the provision of support to a remote, digital offer. Social restrictions of varying severity remained in place through several pandemic waves for almost two years with all restrictions finally removed in spring 2022.
- 3.36 For the Alacrity programme the pandemic affected programme delivery in various ways. Observing the dynamic of Alacrity participants in the early stages of their participation during the pandemic has not been possible due to remote working, heightening the challenges around initial team formation. The programme had encouraged extracurricular activity amongst teams to help build relationships, however social restrictions curtailed these opportunities. Equally support brought the role they play in terms of their duty of care with Alacrity participants, particularly with regards to their mental health into renewed focus (and included a week within the programme dedicated to mental health). The pandemic also led to an enhancement in pastoral support more generally for participants who faced multiple additional challenges because of lockdown (some overseas participants for example who were unable to return home to see family). Furthermore, mentoring and ongoing support in relation to the progress through the programme was delivered through virtual means.
- 3.37 Participants were asked as to the extent to which the covid pandemic impacted on the support they had received. Ten respondents were not able to identify any issues, however several echoed the challenge of team building identified by stakeholders, whilst four respondents reflected on how the frequency of support during the pandemic increased.

¹¹ See [address to the nation on Coronavirus 23 March 2020](#) for full details of the announcement.

*Overall, the support increased during the pandemic; for example prior to the pandemic we would have one meeting each day with our mentor but when we transitioned to remote working, we would have a morning session with our mentor and then an afternoon session to ensure we had everything we needed. We were also monitored more closely during the pandemic. **Alacrity Participant***

*I wouldn't have said it had any effect on the support, in fact sometimes it meant there was more support because our mentors were almost always available on Zoom, it meant that obviously we weren't in the office which is a great environment to be, especially when you're doing a start-up but in our team we tried to create an office environment on Zoom as much as we could, so although it was definitely impacted there were benefits and negatives. **Alacrity Participant***

Impact of COVID-19 on Incorporated Businesses

- 3.38 Amongst those who had incorporated by the time of the pandemic, the impact on the development and progress of their business was described as mixed. An inability to meet in person again caused frustrations for some and impacted on team building (particularly where new staff have been recruited), however others flagged the benefit of less travel and that connecting with clients had become easier during the pandemic.

*It probably made it easier actually, I had to reach out to a lot of people to try and replace the project partner and to build up the network because essentially where we were was a team with no solid experience in entrepreneurship, no experience of financial markets and we had no contacts either, so having Covid just made it easier to reach out to the number of people that we needed to and have the calls, I could have 3 calls in a day whereas I wouldn't have been able to travel to say London, Birmingham and somewhere in Wales all in one day. **Alacrity Participant***

Seed funding

3.39 At the culmination of the three phases, participants (graduates) of the Alacrity programme will incorporate their business where:

- They successfully graduate from the programme delivered by the Alacrity Foundation
- They have a clearly identifiable product or service in place
- They have a clearly identifiable customer in place
- There is a clear pathway to securing revenue.

3.40 Where all these features have been met, the teams can proceed with the incorporation of a new start-up company, with determination of the suitability of initial seed funding then taking place. Based on evidence contained in the previous evaluation report it is understood that the following steps inform the decision on the pursuit of seed funding:

- **Identification of the opportunity** - uncover or assess specific concepts with potential customers and strategic partners that may represent a significant market opportunity.
- **Shaping the opportunity** - work with the investee team to shape the opportunity and establish its viability; and
- **Following external advice and formal review** - a formal plan is presented to the seed fund's investment committee for consideration and potential funding approval. In the event of investment proposals being unacceptable, the plan and investment proposal may be revised, or the graduate teams may be directed to other potential opportunities. If proposals are accepted, experienced non-executive directors are appointed to the newly financed company.¹²

¹² Cardiff University (2015) A Review of the Alacrity Foundation

Post incorporation

- 3.41 Following incorporation, companies are invited to base themselves within incubation facilities offered by Wesley Clover. Mentor support is offered on an ad hoc, ongoing basis through specialists and those assigned non-executive directors.
- 3.42 Several of the incorporated companies have sought subsequent rounds of investment to help in the scale up of those with the strongest growth prospects. Development Bank of Wales (DBW) has emerged as a key investor at this stage, and it is understood that of the seven companies that have secured additional funding, four have secured at least some of this funding through DBW.
- 3.43 Consideration of the progress, outcomes and impacts arising from participation in this phase of the programme for all participants is explored in the next section.

4. Progress, Performance and Impact of Alacrity

Introduction

- 4.1 This section reflects on qualitative feedback alongside the various quantifiable indicators of progress and performance of the Alacrity scheme to inform an assessment of the progress, added value and impact of the programme.

Qualitative perceptions of progress

- 4.2 Both stakeholders and participants referred to evidence of progress in the programme's delivery model with participants enrolled on cohorts prior to 2020 flagging how, having engaged with participants of subsequent cohorts, the delivery model had become more structured and refined.

I think it is going from strength to strength, certainly as a team. September 2020/21 was [our] best year yet and things are looking really good. Add value into the wider ecosystem too. We work really effective as a team as we are very different and diverse. Want to keep improving. Stakeholder

- 4.3 The additional numbers recruited to the programme (aided by the additional investment through Alacrity C) had provided a useful critical mass of participants and helped reduce levels of risk associated with people leaving the programme.

Quantifiable indicators

- 4.4 When considering the outputs and outcomes of activities associated with the Alacrity Scheme, there are a variety of quantitative indicators that can be attributed to the intervention and reflect on a participant's journey and the programme's associated theory of change (as outlined in figure 2.2). Against this context the limited range of performance indicators set out within the collaborative agreement for the programme is notable.

Outputs

- 4.5 From an outputs perspective it is unclear whether the programme has sought to recruit a specific target of participants each year (this may for instance be driven by the quality of applicants to the programme). However, annual participant numbers have shown an expansion from 13 candidates to 18 before expanding to 30 for the most recent cohort following an injection of investment from UK Government and the associated creation of the Alacrity C (Cyber) programme (which accounts for 12 of the participants). Key output indicators could therefore typically include:
- No. of applicants to the Alacrity Programme (which would give a sense of programme performance in relation to raising awareness of the programme, perceived quality of the brand/relevance of the offer and penetration of the marketplace more generally).
 - Proportion of applicants selected for the Alacrity Programme (stakeholders have suggested approximately 70-80 percent of applicants securing a position on the programme, however it is understood that there is an early stage filtering process that takes place prior to the calculation of this proportional figure).
 - No. of applicants commencing the Alacrity Programme (it is understood that very few participants drop out prior to programme commencement, following their selection to the programme).
- 4.6 A key factor that underpins the success of the programme is the quality of challenges/opportunities used in the programme and the associated support, insight and networks that are presented via the programme team, mentors and strategic partners. Indicators of performance could typically include patterns/trends associated with the:
- Number of challenges brought forward for the programme (for each cohort)
 - Number of mentors associated with the programme
 - Number of hours of mentor support provided to the programme (in kind and purchased)
 - Number of strategic partners associated with the programme

- Number of hours of strategic partner support provided to the programme (in kind and purchased).

4.7 The collection of this data has not been requested by programme funders, but it is likely that a framework of this evidence could be drawn together by the Alacrity team or at least captured going forward should the Welsh Government wish to provide ongoing funding to the programme and seek to monitor these aspects.

Outcomes

4.8 Outcomes for the programme, as result indicators, tend to be found towards the latter stages of a participant's journey through Alacrity. They include consideration of the drop-out rate for the programme which gives a sense of the success of the recruitment and team allocation processes. Reviewing management information provided by the Alacrity team, the programme experienced a dropout rate of 35 per cent (25/71) based on analysis of participant journeys recruited through cohorts from 2015/16 through to 2019/20.

4.9 An associated outcome indicator is the number of participants and/or the number of teams who ultimately graduate from each cohort of the programme. Furthermore, the number of graduating participants who stay on and incorporate with the team is a further key indicator of success. Of the 46 participants (65 per cent) who completed the programme, 32 (70 per cent) incorporated with an Alacrity company.

Outcomes by participant type

4.10 Of the 111 respondents within the management information held for Alacrity, 21 (19 per cent) identified as female whilst 17 (15 per cent) identified as being of a Black Asian or minority ethnic origin. Outcomes data for females (in terms of programme completion rates) were very similar to those for all participants with 67 per cent completing the programme compared to 64 per cent overall (discounting those who remained on the programme). However, for those of a black or a minority ethnic origin, rates of completion were less than half those programme-wide (31 per cent). These rates may have been influenced by challenges with Visas for example (which one interviewee from a Black, Asian or minority ethnic background referred to) with

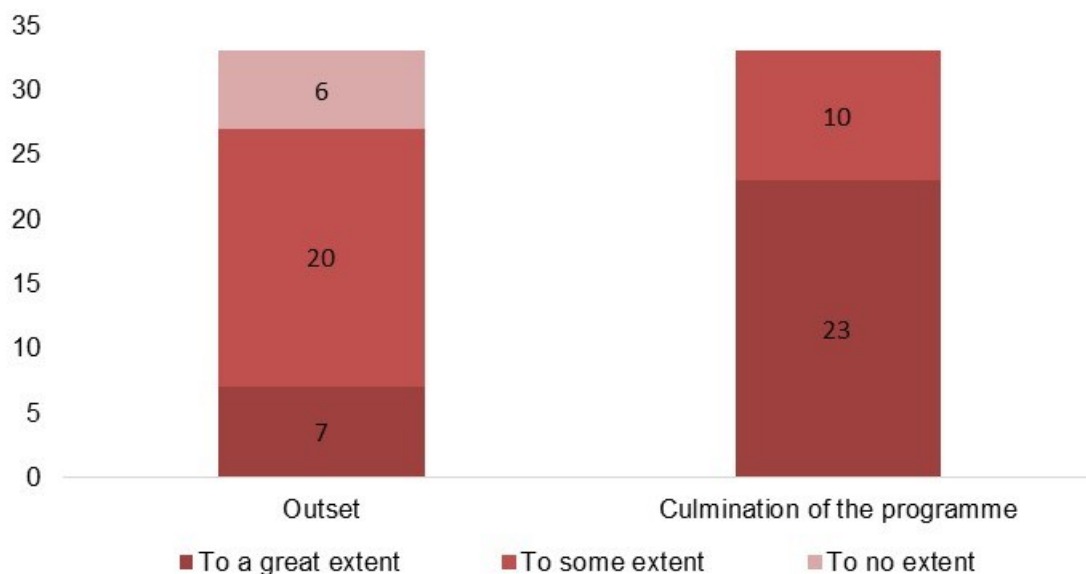
two participants who lived overseas prior to enrolment not completing the programme.

- 4.11 Participants who responded to the depth interviews and did not incorporate an Alacrity company were asked what led to them leaving the programme early. One individual secured a job offer from another organisation whilst two other participants had a change in personal circumstances which led to them leaving early.
- 4.12 Regardless of destination, the participants of Alacrity have been in receipt of intensive support over a 15-month period. They therefore have been equipped with a range of skills and expertise that should lead to them embarking on a steep career trajectory, deploying their knowledge and skills in any business they work for/on. Understanding the added value to them and those surrounding them, given the intensity of support they have received would provide useful insight into the wider, training and support relating outcomes derived from the Alacrity Programme.

Skill Development

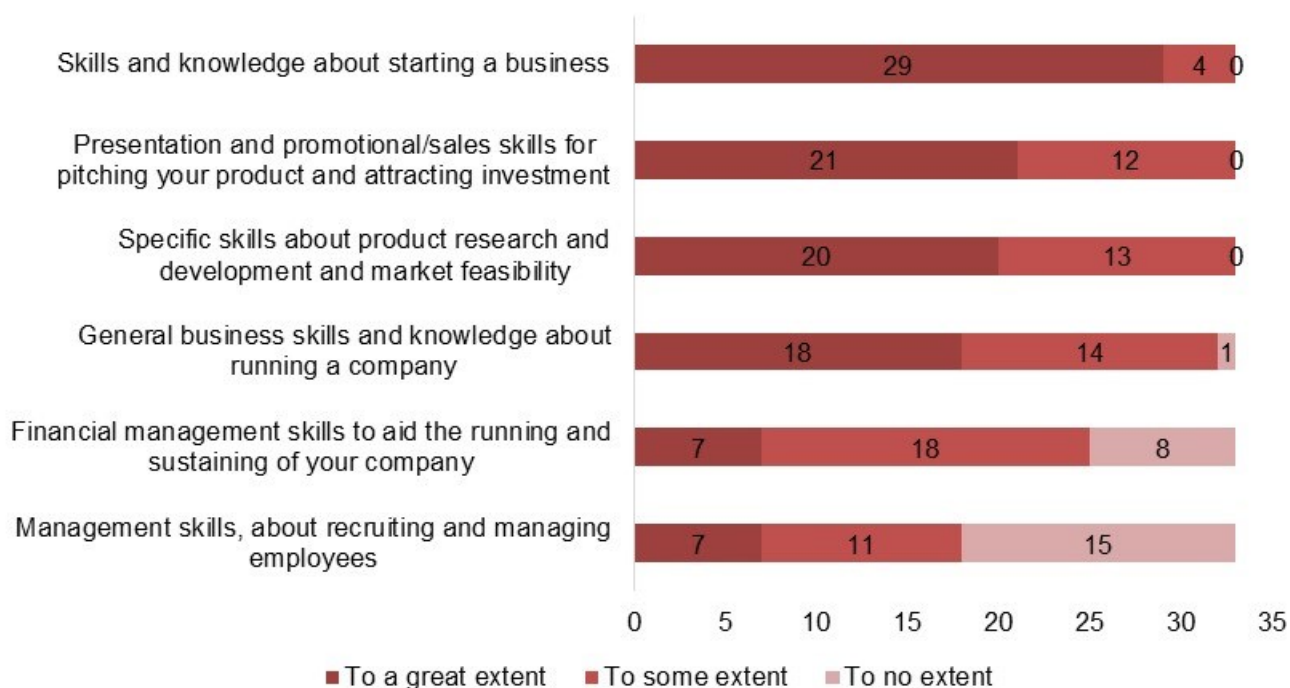
- 4.13 To ascertain the additional skills and expertise obtained through participating in the Alacrity programme, participants were asked about the extent to which they felt they had developed a range of skills through participation in the programme. Participants were first asked about the skillset amongst their team and whether they had the necessary skills, firstly at the outset and subsequently at the culmination of the programme to form a business. Figure 4.1 below illustrates how, for a minority of respondents (seven), they felt they had the necessary expertise to form a business at the start of the programme. That figure rose to 23 respondents when reflecting on the position of the team at the culmination of the programme with the remaining respondents perceiving their team as having the skills to form a business to some extent.

Figure 4.1: Do you feel *that* your team had the necessary skills at (the outset and the culmination of the programme) to form a business?



4.14 Participants were then asked about the extent to which their skills had developed through their participation in Alacrity using a series of statements. Their feedback is presented in figure 4.2 below and illustrates that skills for starting a business, pitching for investment, conducting product research and running a company were acquired by all respondents through their participation in Alacrity.

Figure 4.2: To what extent do you feel that you have developed the following skills through participation in the programme?



n=33

4.15 When asked what other skills participants had developed through the programme, 18 of the 33 respondents referred to enhanced technical/coding skills, whilst 15 respondents referred to softer skills around confidence and communication whilst a further seven respondents referred to team working skills.

*I think personal skills, such as the soft skills required when managing teams and workflow skills (how to make the operation more efficient through processes) and marketing skills. I also feel my sales skills have evolved and stakeholder management skills have improved - keeping investors happy and engaged. **Alacrity Participant***

*I think it's forced me to be a little less introverted, when I go to events, I just force myself to speak to more people who I've never met before. **Alacrity Participant***

*General interpersonal skills particularly when it comes to meeting top business professionals, strategy partners and just having that interaction with them is something I've never done before, so that ability to interact with people I would not normally have made contact with. Also, interpersonal relationships with my team, I'd never been part of a team of 4-5 and working towards the same goal and depending on each other. **Alacrity Participant***

*Presentation skills are much better, confidence, public speaking, ability to network and being able to find people who may be able to help you. **Alacrity Participant***

- 4.16 When asked if there were any skills that they felt they wanted to develop prior to Alacrity but didn't get the chance, 13 respondents said that they did not think so whilst five respondents referred to additional general business skills, five respondents referred to attracting/raising investment or pitching their product/service (which suggests given figure 4.2 that several felt the skills they acquired within this area could be enhanced) whilst a further four respondents spoke of more advanced coding skills.

Graduate situation

- 4.17 Those responding to the participant survey were asked about their current situation. Table 4.1 below illustrates that 16 of the 33 respondents (48 per cent) are currently employed within the business they incorporated through the Alacrity programme, ten are employed elsewhere whilst two are currently unemployed. Of the 14 respondents who had completed the programme but were not with an incorporated business, half incorporated a business through Alacrity. These respondents left the positions for various reasons, however two cited the stress and negative impact on mental health through operating their business as reasons for leaving. A further two respondents reported an inability of secure funding to sustain their business.

It was a really difficult decision, but I stepped away from the business. The main reason was lack of financial support; you get that 250k which is amazing to get that funding when you are as inexperienced as we were. That money went but we were never able to get that next big investment to really get the business going.

Alacrity Participant

Table 4.1: Current situation of Alacrity participants

What is your current situation?	N
Employed within the business I incorporated through the Alacrity programme	16
Employed in a business not associated with Alacrity	10
In full-time education/ training	1
Unemployed, looking for work	2
Other/ none of the above (employed by Alacrity)	1
Still on the alacrity programme	3

N = 33

Alacrity Graduate Location

- 4.18 After equipping individuals through intensive support with a suite of skills, a key objective for the Alacrity programme is to retain the knowledge and expertise developed through the programme in Wales. For incorporated businesses who take seed funding they are contractually required to remain in Wales however the risks for those completing the programme in relocating out of Wales (where they do not incorporate a business or subsequently leave that business) are likely to be considerable. To explore the likelihood of relocation, participants were asked where they are currently based.
- 4.19 Twenty-four (73 per cent) of the 33 respondents remained in Wales illustrating a relatively high level of retention in Wales. Respondents who were working with a business incorporated through the Alacrity programme were more likely to have relocated outside of Wales than those who were no longer with an incorporated business (31 per cent of those in Alacrity incorporated business living outside Wales compared to 24 per cent of Alacrity graduates who are not with an incorporated business). This is perhaps reflective of the fact that through increased levels of

remote working, employees have greater flexibility in where they are based and that Newport is close to the border with England, and it is entirely feasible for staff to commute in from England.

4.20 Further analysis of participant location and relocation is presented in table 4.2 below. Based on those participants interviewed, six of the 12 who lived outside Wales prior to enrolling on the programme were, at the point of interview, no longer in Wales. Of the seven who were living in Wales whilst studying at university, five remained in Wales whilst 13 of the 14 who permanently lived in Wales on enrolment, remain there, these strong indicators of graduate retention.

Table 4.2: Alacrity participant locations on enrolment and currently

Living in Wales at Enrolment	Current Location		
	Wales	England	Overseas
Yes - full time	13	1	0
Yes -whilst studying/at university	5	2	0
No	6	5	1

Alacrity “leavers” - Job Outcomes

4.21 Of those participants involved in the evaluation fieldwork who did not incorporate with a business, all who were working full time had secured a role that could be categorised using SOC¹³ as a professional occupation and mostly in managerial or senior manager roles. Respondents were working in the following roles and illustrates the prominence of software engineering positions amongst the respondents:

- Lead Software Developer; (managing a team of 4-5 developers)
- Software Engineer Manager
- Software engineer HEO (Higher Executive Officer)
- Mechanical engineer
- UXUI Design Manager
- Senior Software Engineer
- Products manager
- PHP Engineer
- Research Associate
- Junior software engineer.

¹³ Standard Occupational Classifications

4.22 When asked the extent to which the support and experience participants received through Alacrity had influenced them securing that role and their progress in their career more generally, seven of the ten felt to a great extent, whilst one said to some extent (two not at all). Some of the comments from those who described it as a great extent included:

*It just gave me the skills to be able to get the job in the first place and the confidence to be able to be a valued member of the team and not feel like I'd come out of university with little experience, all the pitching experience gave me confidence to contribute more within the role and make the role my own. **Alacrity Participant***

*Alacrity was pivotal, it looked great on the CV and gave me a rounding of experience and helped me to identify where my strengths are and where I am passionate. It allowed me to transfer my skills from industrial design to digital product design. It gave me an awareness of code which in turn allows me to converse with Developers which is a crucial part of my current role. **Alacrity Participant***

*Because of that start up experience, if you compare a year and a half of start-up experience to a year and a half of graduate experience it makes a big difference and also having lived at that intensity and covering that variety of roles sort of gives you a slightly different mindset. I started at [my current] company 2 months ago and I'm already eyeing up either a promotion or a double promotion by the end of the year and I'm looking at what people I want to bring into a sustainable start up. **Alacrity Participant***

4.23 Participants were asked about their earnings in this role, nine of the ten respondents were willing to provide details on the salary. The salaries have been benchmarked against salaries of those students who undertake a computer science postgraduate degree and graduated in 2017/18 (as a broad proxy comparator to those who participate in Alacrity) and were then surveyed 15 months later in 2020.¹⁴ Amongst the HESA data, 22 per cent of students, 15 months after completing their postgraduate degree, earned more than £39,000. Amongst survey respondents, three of the nine respondents graduated the Alacrity programme prior to 2019 and therefore have had considerably longer to progress in their careers than those capture through the HESA data, they have been removed. Of the six remaining who divulged their earnings, three earned more than £39,000. Furthermore, all individuals from the Alacrity programme earned more than £30,000 whereas amongst the comparison group 45 per cent were earning in excess of £30,000. The data therefore suggests (even when accounting for inflationary effects between 2020 and the time of the Alacrity evaluation fieldwork in early 2022) that those who have participated in Alacrity have higher earnings potential than individuals who undertook a postgraduate degree in computer science. However, the small number of cases available for comparing the evidence means that this data should be treated with due caution.

Incorporated Businesses

4.24 The number of businesses incorporated through the Alacrity programme is the overarching indicator expressed within the collaborative agreement. The agreement refers to the incorporation of three businesses per annum although several stakeholders referred to a target of two businesses per annum. Between 2016-21 six businesses were incorporated which is below target. However, at the time of the research there were expectations for a considerable uplift in the number of incorporated businesses within the 2021-22 cohort with five incorporations planned (it is understood that ultimately, four of this cohort incorporated). This is explored further within the value for money assessment in Section 5 of this report.

¹⁴ HESA (2020) *Graduate Destinations, Graduate Outcomes Survey*, Higher Education Statistics Agency

Seed Funding Applications

- 4.25 The number of successful applications for seed funding (and the associated volume or value of seed funding invested in incorporated companies) could be considered as a key performance indicator, however, it is understood that seed funding from the Welsh Government at least is restricted to two incorporated companies per year. Prior to 2021 this level of seed funding has proved ample as incorporations have typically fallen short of that annual allocation, however at the time of the evaluation there was anticipated to be five company incorporations (four ultimately incorporated) through the 2021/22 cohort all of which are eligible for the seed funding.
- 4.26 Where participants of the depth interviews had secured seed funding for their business, they were asked what role it played in the business' development. Ten of the respondents used seed funding to pay salaries or hire staff, two used the funding to develop content for their business whilst two respondents referred to using the seed funding to pay for office space or equipment. Respondents were asked about the implications should seed funding have not been available to them; over half (8/15) felt they would not have been able to set up the business whilst five respondents felt that the business would have been side-lined as a venture to enable them to focus on securing sufficient income to live, reducing the momentum or stalling the growth of that business.

Post incorporation location

- 4.27 Post incorporation most businesses have located either in Newport or Cardiff. Nine of the respondents have located their business at the Wesley Clover Innovation Centre illustrating the importance of this facility as an initial incubator space for the newly established businesses. The respondents described how the centre had been advantageous for them as it offered a rent free or discounted rent facility and for those at the centre or more widely based around Newport, they described the benefit of being in close proximity to the Alacrity team.
- 4.28 Amongst participants they described the networking and ongoing mentoring support since incorporating as of most value to them.

*Definitely the monthly meetings we have with our chairman (head of Alacrity); he helps us with industry contacts, and he has current ideas. We are looking for a board member and this process of finding and securing a board member has (so far) gone really well thanks to him. **Alacrity Participant***

*Introductions to investors. Wesley Clover are looking to tighten investment so we are looking to attract new investors - if there is a potential investor visiting Wesley Clover or having dealings with them, they will facilitate an introduction to us. **Alacrity Participant***

*The network of contacts is definitely the strongest and general advice on different investment opportunities that we've come across since incorporating, recruiting and hiring and how to interview people and some technical guidance off some of the mentors as well and on our strategy and sales too. **Alacrity Participant***

- 4.29 Respondents could think of little that could be improved regarding support post incorporation, however four respondents referred to how administrative support would likely have been of particular use.
- 4.30 Respondents who had incorporated were asked who their primary customers were and the role that Alacrity played in securing these. Ten of the 16 respondents highlighted that the initial introduction to their primary customers had been through the Alacrity team, illustrating the importance of their role.

Growth Projections

- 4.31 Those overseeing incorporated businesses are particularly ambitious and optimistic about future growth prospects regardless of the point at which they are operating post incorporation.

Depending on when our investment comes in, our financial year ends in October so if the finance comes in before the end of May, we will be looking to multiply our revenue between 1.5 and 2 times.

Alacrity Participant

Our original business plan was to have ten clients by the end of 2022; we have four good leads in the pipeline, and I am confident we will have the ten by the end of 2022.

Alacrity Participant

No sales last year, we're looking to acquire two customers forecasted this year with the hope that we can push that further and get three or four.

Alacrity Participant

- 4.32 The respondents of incorporated businesses were involved in organisations who collectively employed (at the time of interview) 40 members of staff. When asked about their targets in their current financial year in relation to employment, they collectively expected to hire an additional 20 staff – a 50 per cent increase on existing employment levels. Were these expectations of growth extrapolated across all incorporated businesses this would represent (based on employment figures reported by Alacrity) a further 32 jobs created over the next 12 months.
- 4.33 In addition to employment growth, post incorporation there are series of outcome indicators that could be used to assess the progress and performance of businesses created through the scheme. Standard performance metrics associated with, turnover (sales) and profits are all key outcome indicators for consideration. However, these indicators are constrained by the early stage nature of these businesses (where for example profit may be foregone in a pursuit of investment and growth).

- 4.34 Furthermore, with the goal of driving up growth, securing second round and subsequent rounds of investment, the scale of that investment and the company valuation inferred by that investment for growth orientated businesses provides an objective benchmark of company value and illustrates the perceived commercial viability and growth prospects of incorporated businesses by prospective investors.
- 4.35 That said, one of the ultimate goals for the programme and particularly in the context of running the Alacrity programme in a way that no longer requires public sector finance is to secure company exits. The number and value of company exits would therefore offer key indicators of progress and success.

Reflections (stakeholder and participants)

- 4.36 Reflecting on the delivery model, those involved in fieldwork provided their perspectives on its key strengths. Stakeholders spoke of the benefit of engaging with recent graduates who are yet to pick up certain habits or approaches acquired through previous commercial experience, then witnessing how rapid their progress is.
- 4.37 Several stakeholders spoke of the strength of governance and leadership of the programme and the passion that exists amongst the leadership team to make Alacrity a success. Others spoke of the quality of external partners and external mentors that have been attracted to the programme and the skills and networks they bring to the Alacrity Scheme. That said, one stakeholder felt that partnership engagement could be better structured and organised and that further work on the quality of these partners would increase the attractiveness of the programme to potential applicants. Others referred to the structured nature that the programme has evolved to become and the continual refinements to the delivery model.
- 4.38 When considering areas for improvement, one of the challenges identified by multiple stakeholders related to the continuity and scale of funding for the programme. Enhancing the funding offer and diversifying the source of that funding is a key aim of the programme. This has started to come to fruition through accessing funding through UK Government and via the Community Renewal Fund. One stakeholder noted however the risk associated with pursuing multiple sources of funding that this influences the core ethos and delivery model of Alacrity.

- 4.39 There remain concerns amongst stakeholders about the profile of Alacrity and the need to raise this. There was acknowledgement amongst stakeholders that this had improved recently but there remained concerns given the uniqueness of the model as to how you market and promote the offer. Similarly, stakeholders welcomed efforts to increasingly embed Alacrity within the wider business support ecosystem in Wales and to make more of the Alacrity alumni. Community nights have been introduced with key presenters on specific themes that bring Alacrity companies and graduates together alongside external businesses.
- 4.40 One stakeholder also felt that perhaps there were opportunities to increase links with other Higher Education Institutions (HEIs) across Wales.
- 4.41 Amongst participants, when asked about improvements to the programme seven respondents referred to the need for enhancements in the technical training that is offered.

*I think the technical support could be improved in terms of accessibility and more in-depth, learning to code is quite in-depth and challenging so a bit more support around there. **Alacrity Participant***

*More tech support inhouse, if there was a development arm to Alacrity that helped with building planning pages or with constant code reviews, something like that I think would be really helpful. **Alacrity Participant***

*I think more technical mentorship - you have the initial 5 weeks in the technical bootcamp with Nathan, he an exceptional teacher, but you don't get much after that. None of the leadership team have tech backgrounds so to have someone on a permanent basis would be good. **Alacrity Participant***

4.42 A further four respondents referred to more support generally and particularly so from mentors (primarily those who are external)

*I think it's down to having that breadth of mentorship so I think there should be more mentors. **Alacrity Participant***

*I think there needs to be more support and structure in the project partnership bit - more commitment from the partners and more partnerships available to the cohort. **Alacrity Participant***

4.43 Other suggestions were wide ranging including clarity on/increase equity for participants by two respondents (reiterated by several stakeholders), more support post incorporation from three respondents and consideration around the role and relationship between Alacrity and Wesley Clover from three respondents, whilst four respondents could think of no way in which the offer could be improved.

4.44 Several respondents also offered some final feedback on the programme

*It's a really great programme, when I went through it (2018) they were clearly going through a transitional period. As I understand it now during our cohort and the cohort after, Alacrity were still tweaking the programme and I hear it is a lot better these days. **Alacrity Participant***

*It's been a really, really humbling process, I've learnt quite a lot and as a result of the experience in the last one and a half years I've become a completely different person. **Alacrity Participant***

*I've seen it come on leaps and bounds and Alacrity is changing more towards an academic master's kind of programme which is good. I was in the building the other day - the first time since lockdown - and it was really changed, it had the wow factor. **Alacrity Participant***

I think it's great Alacrity is attracting businesses to set up in Wales and encouraging individuals to live in this country and contribute to the Welsh economy. Looking back it was a massive success for me, although I didn't go on to set up a business, I'm in a good position and I'm doing something I love and that has come from my involvement in Alacrity. If I was ever going to set up my business and go down the entrepreneur route, I would definitely be using both the business skills & the coding skills I learnt at Alacrity. **Alacrity Participant**

5. Value for Money Assessment

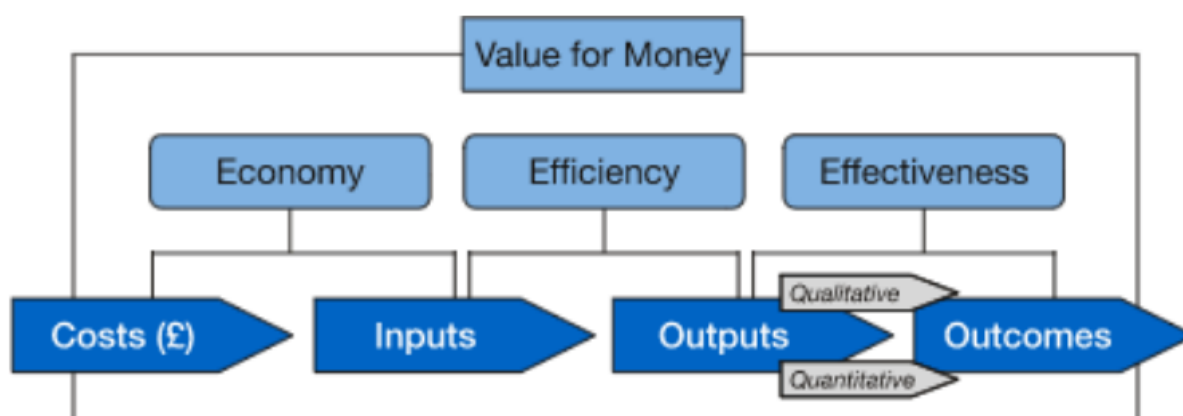
Introduction

5.1 A key outcome from the scoping phase of the evaluation was a high-level value for money (VFM) assessment of the programme.

5.2 The VFM has been tackled through several approaches including the use of the three e's (and particularly the cost efficiency and cost effectiveness of Alacrity) approach to value for money as used by the National Audit Office and as set out in HM Treasury's Green Book. The three E's relate to:

- **Economy**: minimising the cost of resources used or required (inputs)
- **Efficiency**: the relationship between the output from goods or services and the resources to produce them
- **Effectiveness**: the relationship between the intended and actual results against spend

Figure 5.1: Value for Money approach



5.3 The assessment has drawn heavily upon a report produced by the Alacrity team¹⁵ which has been appraised as part of this process.

¹⁵ The Alacrity Foundation (2021) *The Case for Welsh Government Continuation Funding*

5.4 Whilst evidence has been gathered where possible from comparator schemes, data sharing restrictions and confidentiality clauses/disclosure agreements mean that it is not possible to explicitly state the relative value for money benchmarks in this section, hence these have been referred to in the narrative without identifying the actual figure or the comparator scheme it relates to.

Programme Costs

5.5 Costs for the programme are set out in table 2.1 earlier within this report and amount to £6.9m of investment between 2016 and 2021. It should be noted that these calculations differ from those contained within the Alacrity report which appear to exclude the Welsh Government contribution to the seed fund.

In-Kind Contributions

5.6 It is worth noting that a considerable volume (and therefore value) of in-kind contribution is made to the programme, primarily in the form of time freely given by mentors and strategic partners to participants of the programme prior to graduation and incorporation and also as non-executive directors of incorporated companies. It is understood that no financial return is gained through this approach, however further investigation through fieldwork would be necessary to determine any opportunity costs associated with the investment of their time in the scheme/incorporated companies.

Alacrity C

5.7 As outlined earlier within the report, the Alacrity Programme secured £0.5m from the UK government in November 2019 to offer a themed programme that addressed specific issues the Government has in the cyber security field. The UK Government pays all direct costs associated with the Alacrity C programme and contributes to the overheads.

5.8 Alacrity C has also recently received an additional commitment of £0.5m from UK Government allowing the commencement of a further C cohort (with 12 Founders) in September 2021 (this second investment of £0.5m has been excluded from the VFM assessment).

5.9 Whilst there is scope therefore to invest in companies incorporated through Alacrity C (it is understood that they remain eligible for Welsh Government seed funding), at the time of the research, companies are yet to incorporate through Alacrity C. The costs associated with Alacrity C have therefore been excluded for the current value for money assessment when benchmarked against outcomes for incorporated companies (as, at the time of writing, they are yet to contribute to the number of incorporated companies), however they have been retained when exploring VFM indicators associated with the initial ‘bootcamp’ phase.

Activities and Outputs (Cost Efficiency)

- 5.10 Benchmarking the nature of support offered through the Alacrity Programme to participants is particularly challenging. However, given that the vast majority of participants are recent graduates, and the programme is delivered in an intensive manner over a 15-month period, the most relevant benchmark (aside from the comparator programmes identified in the previous section) in terms of costs would appear to be a master’s degree and indeed this is the basis upon which the Alacrity team have benchmarked programme costs in their Continuation Funding paper.
- 5.11 Whilst the training offered by Alacrity might be comparable or more intensive than a master’s course, the provision is unaccredited and therefore could be perceived externally as inferior to a master’s degree. Determining the perception, role and impact of the support provision prior to incorporation through Alacrity was one of the objectives of the fieldwork with participants. That fieldwork has identified that participants perceive that neither they nor their employers (where employed in an organisation) perceive the provision received through Alacrity as inferior to a master’s degree.
- 5.12 The Alacrity report benchmarks fees for a master’s in Computer Science against the costs per founder. The report summarises costs that range from £24,625 from Queen Mary University through to £42,814 for the University of Cambridge; the various fee levels presented equate to a mean average fee of £31,107. However, **the report fails to specify that these fees are for international students only.** Evidence provided to the Welsh Government in March 2021 shows that 20 per cent of all those enrolled on the Alacrity programme were international students and

therefore theoretically liable for these fees were they to choose the master's in Computer Science, leaving 80 per cent who were not. By way of comparison the mean average tuition fees for a master's in Computer Science for UK residents across the selected Universities within the Alacrity Paper equates to £13,738.¹⁶

- 5.13 Applying the relevant mean average tuition fee (depending on their origin) to those enrolled since 2016 equates to a benchmark average cost of £17,136.
- 5.14 The Alacrity continuation funding paper reports an average cost (in terms of Welsh Government funding per Founder) of £27,812 since 2011. A subsequent paper to Welsh Government in March 2021 identifies an average cost (in terms of Welsh Government funding) of £23,913 per student and £33,846 per student who completed the programme (the paper refers to the costs from 2013 onwards but this would appear to be an error as the figures equate to 2016-2021 spend).
- 5.15 The analysis within the paper notes that almost 43 per cent of the costs are associated with the Stipend and other direct Founder costs which, when stripped out, reduce the Welsh Government cost per student to £13,726. However, this assumes that only Welsh Government funding is associated with contributing to these direct costs. It would seem reasonable to assume though that, alongside the Welsh Government Funding, cash funding from KRPC and the contribution of the Waterloo Foundation to the operational programme both contribute to these direct costs (there is no evidence that these direct costs are ringfenced to the Welsh Government contribution), with the UK government investment contribution towards Alacrity C also contributing to them in the most recent year.
- 5.16 Table 5.1 sets out the various evidence used in the analysis associated with the cost efficiency of the programme. The costs associated with the Alacrity C programme have been added to the figures as the graduates starting the programme have been included in the calculations.

¹⁶ Evidence on tuition fees by university can be provided on request.

5.17 The direct costs have been calculated as £937,217. When calculated as a proportion of the cash contribution to the operational programme (£4,244,322) based on a presumption that these are not ringfenced to Welsh Government investment, this equates to 22 per cent of programme costs and the analysis is presented towards the bottom of table 5.1.

Table 5:1: Cost efficiency estimates and analysis- 2016-2021

Operational Programme Cost	
Welsh Government Funding	£2,200,000
KRPC – Cash	£1,319,322
KRPC – in kind	£655,678
Waterloo Foundation (TWF)	£225,000
UK Gov't investment in Alacrity C Programme	£500,000
Total Operational Programme Cost	£4,900,000
Cost Per Participant	
Total number of Graduates who started the programme	92
...of which the no. of Graduate who started the Alacrity C Programme	12
Cost per participant	£53,261
Public sector funding cost per participant (WG and UK Gov't)	£29,348
Welsh Government funding cost per participant (excluding Alacrity C)	£27,500
Cost Per Participant Excluding Direct Costs	
Direct Costs (Stipend and other direct Founder costs)	£937,217
Cost per participant excluding direct costs	£43,074
Public sector funding cost per participant excluding direct costs (as a percentage (22%) of total costs)	£22,891
Welsh Government funding cost per participant excluding direct costs (as a percentage (22%) of total costs) and Alacrity C participants	£21,450

5.18 Based on the analysis above the costs of delivering the Alacrity programme, per participant, with direct costs primarily associated with the stipend removed, remains higher than the average fees to participate in a master's in Computer Science.

However, when benchmarked against comparator schemes (where data is available and when considering the relative elements of the provision available) the cost per participant (cost-efficiency) is broadly comparable.

Outcomes (Cost Effectiveness)

Completion rates

- 5.19 The Alacrity report refers to a completion rate (the proportion of participants completing the 15-month course) of 70 per cent. However, the tender specification for this evaluation suggests an average completion rate of 66 per cent whilst the management information data provided to Wavehill by Alacrity suggests a completion rate (up to 2020) of 65 per cent. The Alacrity team have shared board reports with the evaluation team and the latest of which provides further insight into completion rates for the 2020-21 cohort. Estimates based on this evidence are presented in table 5.2 below and illustrate that typically six out of every 10 participants complete the initial programme.

Table 5.2: Completion rates 2016-21

Year	Total started	Total completed	Completion rate
2016-17	13	6	46%
2017-18	13	8	62%
2018-19	18	11	61%
2019-20	18	12	67%
2020-21	30	18 (estimated) ¹⁷	60%
Average	18	11	59%

- 5.20 Once again, completion rates of this nature are broadly similar with those comparator schemes that report this information.

¹⁷ Based on a review of data presented in the October 2021 Board Report.

Start-Ups

5.21 The objective set out within the agreement is for the launch of three business ventures per year, although the Welsh Government have identified two business starts per year within the specification for this research. For the 2016-21 period the list of organisations presented in table 5.3 below have commenced trading. It is clear from this table, that as with the previous five-year programme of funding (from 2011-2016), the programme has failed to consistently meet the target of two (or three depending on which source of evidence you refer to) business incorporations per year. The incorporation rate assumes that a team is made up of up to four individuals (so the intake for each year has been divided by four). The 'conversion' rate to incorporation of those teams is lower than comparative schemes which typically operate at around 50-60 per cent of teams forming, incorporating. That said, there are a considerable number of emerging businesses through the current cohort being reported (at the time of this research) as likely to incorporate in 2022.¹⁸

Table 5.3: Alacrity companies that have started trading 2017-21

Year Trading Commenced	Total Started Trading	Estimated incorporation rate¹⁹
2017	2 (Hut 6 & Codeherent)	50%
2018	1 (Volunteer Space – ceased trading)	25%
2019	0	0%
2020	1 (Surple)	20%
2021	2 (Haelu)	40%
Total	6 companies	
2022 (anticipated)	4 companies	53%²⁰

¹⁸ Four of the organisations on the current cohort ultimately incorporated.

¹⁹ Based on an assumed c.4 members per team (at enrolment).

²⁰ The 2022 figures were confirmed following completion of the report.

5.22 Assessing the cost effectiveness of the programme based on cost per business incorporated equates to £408,000 per business incorporated. This is considerably higher than traditional start up programmes, however, these are largely unsuitable as a benchmark. Against other comparator schemes the costs associated with Alacrity are higher (partly linked to the lower conversion rate outlined above), however when in-kind costs are removed from the calculation, they present a similar level of cost effectiveness to comparator initiatives (where the evidence is available).

Table 5.4: Cost effectiveness 2016-2021

Cost effectiveness - 2016-2021	
Welsh Government Funding	£2,200,000
KRPC – Cash	£1,319,322
KRPC – in kind	£655,678
Waterloo Foundation (TWF)	£225,000
UK Gov't investment in Alacrity C Programme	£500,000
Total Operational Programme Cost	£4,900,000
Companies	12
Cost per Company Incorporated	£408,000
Cost per Company Incorporated excluding In Kind funding	£353,700

5.23 The cost effectiveness assessment is narrow in its focus, as illustrated by the theory of change presented in Section 2, and based on the impacts reported by participants, there are a host of other outcome indicators that should be considered in determining the return and added value of Alacrity. The emphasis on incorporations overlooks the potential added value that individuals have derived from their participation in Alacrity. The skills, knowledge and experience gathered through participation is expected to accelerate that individual's progress in their career and (it is hoped) would bring organisational benefits (in the form of increased sales, profits or productivity) to any organisations in which they are based.

Earnings Enhancements

- 5.24 Analysis presented in Section 4 shows that earnings of those individuals who participated in Alacrity but ultimately did not incorporate a business are higher than average earnings for those individuals who participants in a postgraduate degree in Computer Sciences. Adding parameters associated with the timing of data capture post participation (in either the postgraduate degree or the Alacrity programme) whilst also incorporating inflationary effects identifies that on average, Alacrity graduates earn £5,000 more per annum than individuals who participated in a postgraduate computer science degree, 1-2 years after graduating from the programme.
- 5.25 Unfortunately it is not possible to assess the extent to which that earnings differential will be sustained throughout a participant's career. It also does not account for the fact that Alacrity participants may have been the more ambitious higher quality individuals and may always have obtained higher earnings regardless of their participation in Alacrity. Furthermore the analysis is based on a low number of respondents with a high chance of sample error. Using benchmarks²¹ on persistence rates for previous evaluations, it is reasonable to presume (using a conservative estimate) that the effects of the support persist for at least three years. With such an intensive support programme, it is likely that the benefits would persist for far longer, but this would require a longitudinal comparator assessment of earnings. Reflecting on the fact that 30 per cent of Alacrity participants complete the programme but choose not to incorporate with Alacrity, based on 112 participants, this equates to 34 participants from the 2016-21 cohort. **A relatively crude calculation of this added value therefore shows gross additional earnings for those 34 participants of approximately £510,000 over a three year period when compared to those who completed a postgraduate qualification in Computer Science.**

²¹ Pricewaterhouse Coopers (2008) Impact of RDA Spending, DBERR

Company Valuations

- 5.26 The approach to cost effectiveness assessment outlined in table 5.4 above also fails to account for the value, or potential value of the businesses that have been incorporated.
- 5.27 Valuing early-stage start-ups is notoriously difficult with little science involved. In the absence of data, a Berkus style approach²² is sometimes used (which tends to overstate the value) or an arbitrary figure applied. A more robust approach, where possible, is to draw on external valuations derived from historical funding activity. This approach has been adopted by Alacrity for those businesses in receipt of seed funding but at an early stage of, or pre-trading. There is a risk that again, this overstates company valuation given the somewhat unique nature through which that seed funding is awarded. For those companies that are trading, Alacrity has applied a scorecard approach (this is a preferred approach) although the detail and formulae underpinning the scorecard indicators were unavailable to the evaluators.
- 5.28 The Alacrity paper places emphasis on the estimated valuation of incorporated companies for determining the value for money associated with Welsh Government investment. The paper presents estimates that led to a cumulative valuation of all incorporated companies of £28.45m and the paper refers to a return-on-investment figure of £5.21 for every pound invested.

²² Guidance on the Berkus style approach can be found [here](#)

Table 5.5: Alacrity company valuations²³

Company	Valuation (£)
Talkative	10,000,000
Hut 6	8,000,000
Enjovia	3,000,000
Codeherent	2,000,000
Reliving/Reworking	1,300,000
Learnium	750,000
CulturVate	500,000
Haelu	500,000
Intuitix	500,000
Persona/Sumoshift	500,000
Surple	1,400,000
Volunteer Space	
Total	28,450,000

5.29 The ratio however relates to seed and Round 1 investment only and excludes the £4.9m investment in the pre-incorporation phase of the programme between 2016-21 in addition to the 2011-16 investment (estimated to be £3.165m).

5.30 The organisations incorporated through Alacrity would not be able to access seed funding without the pre-incorporation support so it would seem reasonable to factor the pre-incorporation (bootcamp) support into the assessment of value for money. Whilst various approaches can be adopted in the value for money assessment of incorporated companies, re-applying the return-on-investment assessment using Alacrity valuations against the wider valuations would offer one approach to informing this judgement. However, it should be noted, with five incorporations anticipated amongst the 2021-22 cohort, that up to £3m of additional valuation could be attributed to these newly incorporated organisations using the Alacrity approach to valuation (were all six to successfully access seed funding).

²³ The Alacrity Foundation (2021) *The Case for Welsh Government Continuation Funding*

Table 5.6: Return on Investment using revised costs

Estimated Operational Programme Cost 2011-16	£3,165,000
Operational Programme Cost 2016-20	£4,900,000
Seed Fund and Round 1 investment in incorporated companies	£5,555,000
Total Investment	£13,620,000
Alacrity Valuation of Incorporated Companies	£28,450,000
Additional Earnings of Graduates in non-incorporated companies	£510,000
Multiple on investment	2.13

5.31 Valuations have been secured from the Development Bank of Wales (DBW) for those companies incorporated through Alacrity who have subsequently secured Round 1 funding through DBW. Confidentiality clauses restrict the evaluators from supplying individual company valuations from DBW however a comparison of the sum of valuations for Alacrity companies invested in by DBW compared to valuations placed on companies within the Alacrity paper illustrates that DBW is, on average, valuing incorporated organisations at 31.4 per cent of Alacrity valuations.

Applying this ratio across all valuations equates to a revised valuation of all incorporated companies of £8.9m or an investment ratio of 0.69.

5.32 Neither method for estimating company valuations is considered particularly robust (with the external funding valuations, whilst robust at a company-by-company level, undermined by the small sample of incorporated companies in receipt of external funding and therefore subjected to external valuation). There is also a wider question to reflect on as to the extent to which company valuation is the optimum route for Welsh Government when determining value for money and return on investment in the Alacrity Programme and links back to consideration of the goal of that investment.

5.33 When this indicator is benchmarked against other schemes of a similar duration and nature, the comparative figure for similar schemes lies in between the two return-on-investment figures albeit closer to the Alacrity valuation (the higher return on investment figure) than the figure derived from external valuations of a small sample

of the incorporated organisations. However, in a similar manner to the Alacrity programme, the company valuations received by the evaluator have been developed by the managers of the comparator programmes.

GVA estimates for incorporated companies

- 5.34 An alternative approach to quantifying the value for money derived from the incorporated companies is through estimations of the gross value added generated by the operation of those companies.
- 5.35 The most robust way to estimate GVA for businesses typically requires information on profits, employee costs and depreciation. However, with recent start-ups that are planning to rapidly scale-up, profit margins will be compromised and often, non-existent. An alternative is to use turnover-GVA ratios, however, once again, turnover figures may misrepresent the situation of a recent start-up. Furthermore, this evidence is currently unavailable to the evaluators.
- 5.36 A further alternative is to apply matched-sector GVA per employee figures to the number of employees appointed to the organisations. Most companies incorporated through Alacrity have been registered with Companies House within derivations of 2 digit SIC (standard industrial classifications) codes: 61 (Telecommunications), 62 (software development and technology service activities) or 63 (Information service activities including data processing). The mean average GVA per employee across these SIC codes²⁴ is £112,619. This would seem a reasonable benchmark to use as whilst high growth/innovative companies would typically inflate this figure, GVA per employee figures tend to be lower amongst small/start-up businesses counteracting that inflation.

²⁴ Using Annual Business Survey Data and employee data (BRES) for Great Britain. Figures are based on 2016 data so have been uplifted to account for inflation.

- 5.37 There would appear to be a degree of contradiction within the Alacrity paper with page 9 of the report stating that “Our companies now employ 145 full-time equivalent people”, however later in the report, within the table associated with company valuations, the paper states that incorporated companies collectively account for 73 employees. The latter figure for employees has been used to obtain the latest annual figure for gross additional GVA and equates to an **annual estimated gross additional GVA of £8.2m**.
- 5.38 Table 4.7 overleaf draws on evidence presented in small firm exempt accounts filed on Companies House to identify the number of employees for each incorporated organisation. The data provides a further indication of employment levels alongside a sense of the growth trajectory (in employment terms) of incorporated businesses. The latest employee numbers match those reported by Alacrity across all organisations with the exception of Enjovia where 4 employees are recorded in the latest accounts they submitted (in December 2021 and related to company operations up to March 2021) compared to the 12 employees reported by Alacrity.
- 5.39 GVA per employee figures have been used to calculate gross additional GVA, annually and cumulatively for the programme. Adjustments have been made to enable a calculation of net cumulative GVA allowing for:
- **Deadweight** the extent to which activity through Alacrity (and the incorporated companies in particular) would have taken place in the absence of investment is assumed to be minimal/non-existent but would need exploring with a selection of strategic partners/mentors to confirm.
 - **Displacement effects** arising from incorporated companies taking market share from other organisations (assumed to be minimal given the focus on serving new/emerging markets through the organisations incorporated by Alacrity) but further insight into the different companies would aid this assessment.
 - **Leakage effects** arising from staff or organisations relocating outside of Wales (again assumed to be minimal given the strict criteria associated with company location and retention however they are likely to be greater for those who have chosen not to stay with Alacrity organisations with Management Information (MI) suggesting that c.38 per cent of participants have relocated outside of Wales from

the 2015/16-2019/20 cohorts) however 31 per cent of those interviewed as part of the evaluation live outside Wales.

- **Attrition or Persistence Rates** particularly for the assessment of cumulative impact from the programme. Currently, for example, the entire added value of an incorporated organisation is attributed to the Alacrity programme. However, it is reasonable to apply a level of attrition to this attribution over time, this would be determined through consultation with founders/employees and/or non-executive directors to understand the role and extent of ongoing support to these organisations.
- **Multiplier effects – indirect and induced** derived through employment and supply chain impacts which are expected to be reasonable at the Wales (national) level aided by the close support of Wales based companies yet reduced by proximity of the border with England and therefore estimated to be 1.3.

Table 5.7: Employee numbers over time for Alacrity organisations

Company	Number of employees						
	2016	2017	2018	2019	2020	2021	
Talkative					7	9	13
Hut 6			5	8	11	12	11 ²⁵
Enjovia	4	4	4	4	4	4	4 ²⁶
Codeherent	4	4	4 ²⁷		6	7	7
Reliving/Reworking					4	4	
Learnium	4	7		5	5	4	5
Culturvate				5	5	3	
Haelu							28 ⁵
							(founders)
Intuitix							5 ²⁹
							(founders)
Persona/Sumoshift				4	3	4	
Surple					5	4 ³⁰	
Volunteer Space				4	4	0	0
(dissolved)			(founders)	(founders)			
Total employees	12	20	34	54	51		65
Annual GVA est.(gross)	£1.2m	£2.0m	£3.5m	£5.7m	£5.7m		£7.3m
						Persistence	3 Years
						Cumulative GVA (gross)	£25.56m
						Deadweight	Negligible
						Displacement	Negligible
						Leakage	31%
						Multiplier estimate (indirect and induced)	1.3
						Cumulative net additional GVA	£22.9m

VFM Assessment Summary

5.40 The robustness of the value for money assessment remains hindered by multiple factors:

²⁵ It should be noted that interviewees reported nine employees

²⁶ The annual accounts reported to Companies House state that the average number of persons employed by the company during 2021 amounted to four. The Alacrity paper references nine employees at the company in 2021.

²⁷ 2016-2018 employment figures are assumptions

²⁸ It should be noted that interviewees reported six employees

²⁹ It should be noted that interviewees reported eight employees

³⁰ It should be noted that interviewees reported two employees

- The nature of the initiative – focussing on high growth start-up businesses in the digital sector where current and potential value are particularly difficult to determine.
- That a host of outcome elements have not been fully accounted for through the assessment, undermining the breadth and depth of the assessment of added value derived from the Alacrity programme.
- That there is limited evidence available to verify some of the assertions being made around performance and progress (and in some instances where this has been obtained there is a degree of variation in the findings).
- That very few comparator programmes exist and where they do, they are commercially run with little data available on their true success, restricting the number of initiatives against which to benchmark Alacrity.

5.41 The assessment is therefore an outline indication of value for money for the Alacrity programme only and should be treated as such. Significant changes in valuations of incorporated businesses will clearly have substantial impact on the return on investment generated by the programme.

Value for Money Assessment

5.42 When benchmarked against comparator schemes that have similar goals the data indicates the following:

Cost Efficiency

- **That the programme represents *reasonable* value for money in terms of cost-efficiency (cost per participant)**
 - The programme compares poorly to the cost of completing a master's in Computer Science, but when career trajectories of those students are benchmarked against Alacrity participants to identify the added value to the individual of Alacrity participation it is evident that Alacrity participants benefit from higher earnings than the comparison group.
 - The programme offers slightly better value than comparative schemes on a cost efficiency basis.

Cost Effectiveness

- When benchmarked against other programmes that seek to support individuals to start businesses, the programme represents poor value for money (on a cost per business start basis) but this overlooks the considerable potential of the businesses supported and illustrates the importance of focussing on schemes that seek to create and support high potential scale up businesses only.
- The programme has underperformed relative to comparator schemes and contractual targets in relation to the proportion of participant teams it has been able to 'convert' into company incorporations. This results in lower conversion rates and higher costs per business incorporated compared to other, similar schemes. However, the uptick in incorporations this partially offsets the relative underperformance of previous years, as four teams incorporated in 2022.

Return on Investment

- The company valuations on which Alacrity has based its own return on investment calculations appear inflated (although it is impossible, with the existing evidence available to confirm this) and the degree of variation between these and the DBW valuations (where they exist) is considerable. That said, there are two, possibly three companies that appear to be scaling rapidly and nearing the point of a potential exit, however until a firm bid is placed for these organisations (or subsequent rounds of external investment which warrant a revised valuation are secured) it is difficult to determine the accuracy of the valuations.
- The return-on-investment figure (investment ratio) quoted in the Alacrity paper is also considered to be inaccurate as it fails to account for the initial investment in the Bootcamp phase of the programme. Without this initial investment, teams would not be able to incorporate, and these costs cannot be excluded from the calculation (which appears to have been undertaken as if Welsh Government 'entered' the programme as a seed funder only).
- Calculating an initial return on investment based on GVA per employee appears to present reasonable value for money for the programme (although adjustments to obtain net additional calculations are yet to be applied to these figures and

further detail on the nature of these roles (full time/part time, location and salary level for example) will be an important factor that informs this assessment).

- The initial research appears to show that considerable added value exists when compared to other schemes in the post-incorporation support infrastructure (the seed funding, the ongoing mentor support, the networks and incubator provision) which may be influential in the strength of growth in the small number of businesses with greatest growth prospects.

5.43 In judging value for money for the programme an ongoing challenge is the clarification of the overarching aim associated with Welsh Government investment in the programme. Alacrity place great emphasis on securing a return from company exits and the achievement of an evergreen funding model as the overarching goal, however, despite Welsh Government seed funding in incorporated companies, it is unlikely that the strength of emphasis associated with this overarching goal is reflected within Welsh Government.

5.44 Welsh Government policy (particularly within the Economic Action Plan) is centred on addressing the deficiency in productivity and the attraction and retention of highly skilled graduates in Wales. Alacrity is closely aligned to this policy area and therefore the rapid growth and continued retention of incorporated companies within Wales would appear to be the priority for Welsh Government whilst the retention of individuals who have participated in the Alacrity programme is also, clearly of benefit.

6. Summary of Findings and Recommendations for Future Funding

Overview

- 6.1 The Alacrity programme is an ambitious, intensive programme of entrepreneurial support that has successfully led to the incorporation of innovative, digital businesses in and around Newport, several of which are scaling rapidly.
- 6.2 Whilst the programme has been in operation since 2011, the Alacrity team have, over the 2016-21 funding period, enhanced the delivery model with continual refinement and revision to create a more structured approach to generating innovation and entrepreneurial activity. Various stakeholders and participants from earlier cohorts of Alacrity identified ways in which the support offer has improved during the latter stages of the five year programme, particularly from 2019 onwards.

Programme delivery

Recruitment

- 6.3 The marketing and promotion of a programme with the uniqueness of Alacrity is a challenge, illustrated by feedback from participants who were unable to benchmark the offer against similar provision and in several instances who feared it 'too good to be true'. This highlights the level of investment necessary to promote the programme and the importance of securing recognised brands/corporations as strategic partners to help endorse the offer.
- 6.4 The programme has been in operation for 11 years and therefore is increasingly able to draw on examples of success and an established brand for attracting participants to future rounds of the bootcamp. That said, securing sufficient numbers of quality applicants remains a challenge. It is hoped that the deployment of an increasingly diverse approach to marketing and promotion will boost the numbers of applicants to each cohort of the programme.
- 6.5 The need to increase the number of good quality applicants is linked to the fact that reportedly, an estimated 70-80 percent of applicants secure a position on the programme (after an initial filtering process). This may be the result of a highly effective initial screening process which leads to only the most suitable individuals applying to the programme. However, comparator schemes allude to higher rates

of attrition at this stage and promote the importance of a high volume of applicants that drives intensive competition from initial engagement.

Stipend

- 6.6 A considerable portion of financial investment through the programme is expended on the offer of a stipend for the 15 month period prior to incorporation. Feedback from programme participants illustrates the importance of this offer, in firstly attracting individuals to the programme but also in enabling their focus and sustaining their engagement throughout that period.

Alacrity Programme Team

- 6.7 The role of the leadership team in the Alacrity programme cannot be understated. Their stature and passion for the programme have been critical in attracting strategic partners and mentors to Alacrity of a particularly high quality, generating considerable added value to the support offer associated with the delivery model.
- 6.8 The quality and relevance of support offered through the Alacrity programme is also one of its key strengths. This is reflected in the fact that participants were widely positive about the support they had received with the main issues being limitations in the support (personnel) available. Concerns were particularly evident in relation to the levels of technical support available. Provision of this nature is particularly costly so perhaps a pool of technical support providers that can be drawn upon on an ad hoc basis is something that could be considered.

COVID-19

- 6.9 The COVID-19 pandemic emerged during March 2020 placing strain on programme delivery. Despite this, the programme support shifted rapidly to a remote offer with enhanced pastoral support provided to participants. As a result, the Alacrity team were able to minimise any impact arising from the pandemic on participants through what appears to have been a highly effective response to the situation.

Progress and Performance

- 6.10 The programme inevitably suffers from a degree of attrition with individuals dropping out of the programme during the initial phase and following completion of the boot-camp. Despite strong positive perceptions regarding the quality of support the number of businesses incorporating through Alacrity over the 2016-21 period has been lower than anticipated. That said, the latest cohort (2022) resulted in four incorporated businesses which in part reflects the injection of resource associated with Alacrity C but also possibly reflects the impacts of the recent refinements to the delivery model.

Retention

- 6.11 For incorporated businesses there is a contractual requirement for their operations to remain in Wales (whilst the funding partners remain majority shareholders) however there is no such requirement for those individuals completing the programme but who did not incorporate an Alacrity company. However, leakage of impact through individuals relocating out of Wales is lower than expected with most of those who either lived or studied in Wales prior to enrolling on Alacrity remaining in Wales after participating in the programme, regardless of the extent of their journey through the Alacrity scheme.
- 6.12 Amongst those Alacrity participants who also participated in the evaluation, a greater proportion of those employed by an Alacrity business lived outside Wales than those who were not employed by an Alacrity business. This risk of relocation and therefore, 'leakage' from the Welsh economy is perhaps heightened following the pandemic as individuals are increasingly likely to work remotely.

Impact of Provision

- 6.13 Indications from the small number of participants who responded to the evaluation, had completed Alacrity and therefore benefitted from the intensive support but did not incorporate a business typically attributed Alacrity support to securing their existing job role. Furthermore, salary data suggests these individuals were in receipt of higher earnings and therefore appear on a steeper career trajectory when compared to graduates of a postgraduate degree in computer sciences. Capturing

additional information from these 'early leavers' would likely prove valuable to Alacrity in quantifying the range of added value of the Alacrity Programme to participants, regardless of outcomes.

Recommendation

Gaining consent to engage participants for several years after their participation with Alacrity will help build on the evidence base of added value from the programme for individual participants.

Post incorporation support

- 6.14 For those who incorporated a business, they were particularly positive about the support they had received, utilising the considerable seed funding and extensive networks to help test and refine the offer and to establish their marketplace.
- 6.15 Once again, the senior leadership team within Alacrity and Wesley Clover have played a crucial role in securing prospective customers for a number of the businesses with whom the newly incorporated businesses can test their product.

Alumni

- 6.16 As additional cohorts pass through the Alacrity scheme the alumni grows. Interaction between various cohorts aids the development of an ecosystem of highly skilled, innovative entrepreneurs. This leads to opportunities for Alacrity participants to be employed in other Alacrity companies further cementing that ecosystem.
- 6.17 Establishing this ecosystem presents opportunities for collaboration. It also helps develop a critical mass of organisations attractive to external investors. Sustaining the Alacrity model will help to further this agenda.

Welsh Government Investment

Governance and monitoring requirements

- 6.18 The funding provided by the Welsh Government to the Alacrity programme for the 2016-2021 period has been invested to secure incorporated businesses of high growth potential. Where quantifiable indicators within the funding agreement are evident, they are drafted as aspirations and there is inconsistency in the performance measures within the agreement and those being reported by the

Welsh Government. Were Welsh Government to continue funding the programme, consideration should be given to both the performance metrics and their requirements for monitoring the progress of Alacrity.

6.19 Indicators that would appear sensible for consideration would include:

- The number of businesses incorporated through the programme.
- The number and proportion of Alacrity individuals/graduates transitioning into the incorporated businesses.
- The retention rate of Alacrity graduates within incorporated businesses (over a specified period).
- The destination (location) of Alacrity alumni or graduates who leave the programme after completion and of Alacrity graduates employed within Alacrity companies.
- Detail on the ongoing performance of Alacrity companies, particularly those in receipt of seed funding, such as sales (both in terms of value and the number and origin) of buyers.
 - Profit margins.
 - Paid employment numbers (both as a total number of employees and as full-time equivalents)
 - 12/24 month projections on employment and turnover to help understand the “health” of incorporated business (especially where inactivity or dormancy may occur).

6.20 Since 2016, the Welsh Government has contributed 50 per cent (rising to 55 per cent when in-kind contributions are removed) of total investment in the Alacrity programme. As the primary source of funding in the programme, consideration should be given to the role and remit of Welsh Government (Welsh Government representatives) on the Board of Alacrity and how progress is monitored on the programme.

Recommendation

Were Welsh Government to continue investing in the programme, this should be linked to clearer, more tangible performance criteria and clarity over the role and remit of Welsh Government representatives in the governance of the programme.

Seed Funding

- 6.21 Currently all incorporated businesses are eligible for seed funding, but if the Alacrity programme is successful in its continued expansion there will be insufficient seed funding to meet the demands of all businesses. Consideration will need to be given as to whether this seed fund becomes competitive or whether the scale of seed funding (per incorporated company) is reduced to enable its distribution more widely.
- 6.22 The Alacrity paper on continuation funding proposes that the Welsh Government does not contribute to a new seed fund. The evaluators concur with this proposal. Welsh Government funding is not typically structured as an investment from which to potentially gain a return whilst the Development Bank of Wales (DBW) holds the Technology Seed Fund which appears ideally suited to the Alacrity programme. The fund provides equity investments of £50,000-£250,000 to support tech businesses in Wales and indeed is the route through which several of the incorporated businesses have already secured funding (through a round of investment following the initial seed round as Round 1 funding). Furthermore, it is understood that the removal of Welsh Government seed investment would make seed investment through DBW a more straightforward process as there are less complications to address around state aid. In this regard, it would be beneficial to the DBW were the Welsh Government to step back from seed investment. Furthermore, it would encourage incorporated businesses at Round 1 investment to look for and attract other sources of investment into Wales to support scaling. It is therefore our view that bringing DBW funding forward to act as seed rather than Round 1 funding would be the most appropriate route forward for investment at incorporation for the Alacrity programme.

Recommendation

Welsh Government withdraws from seed funding Alacrity companies with DBW instead playing a lead role in driving that seed funding investment.

Programme Funding

- 6.23 The Alacrity programme has now entered its 11th year of operation with Welsh Government providing funding throughout. The programme has progressed at a slower rate than anticipated, however feedback and evidence on performance illustrated that the programme is becoming well-established with supplementary funding from multiple sources being pursued and (often) secured, and company incorporations increasing. Against this background the Alacrity team anticipate several portfolio companies will achieve exit events in the next five years which, anecdotally (from several stakeholders interviewed during the evaluation) would align the timeframe to exit (company sale) to other initiatives (across the UK) of a broadly similar nature. It would therefore seem reasonable to consider the tapering of Welsh Government investment over a similar timeframe in anticipation of these exits. Tapering funding provides further impetus to secure exits and achieve an evergreen funding model whilst providing clarity of forward funding over several years (thereby enabling Alacrity to plan and seek out other resource as necessary).

Recommendation

That Welsh Government consider the implementation of a tapered funding model for the Alacrity Programme over the next five years.

- 6.24 Whilst the approach to the tapering of funding is very much a matter for negotiation, something along the lines set out below would appear a reasonable balance in terms of providing sufficient foresight of a reduction in funding whilst placing a clear emphasis on the need to secure exits within the available timeframe. By way of comparison, total investment over the five year period would equate to 29 per cent of the investment made over the 2016-21 period, or a reduction of £2.46m of investment by the Welsh Government.

Table 6.1: Future funding proposals

	Year 1	Year 2	Year 3	Year 4	Year 5	Total Investment
Operational Programme	£370,000	£315,000	£205,000	£95,000	£0	£985,000
Seed Funding	£0	£0	£0	£0	£0	£0
Total Funding	£370,000	£315,000	£205,000	£95,000	£0	£985,000

Appendix 1: Comparator Schemes

Introduction

Comparator schemes provide a useful basis for benchmarking programme performance and for value for money. The Alacrity Foundation paper on continuation funding places emphasis on the uniqueness of the programme offer. Following desk-based research the evaluators concur with the Alacrity team in that within Wales, there appears little with which to compare the programme. Looking beyond Wales to the rest of the UK, comparison schemes are evident (including two referred to within the Alacrity paper). These schemes are outlined below.

Antler

Antler describes themselves as working with founders from the earliest stages to ensure that they have a big impact and to accelerate their growth through their investment platform and network.

They refer to being the “world’s largest early-stage investment platform, enabling exceptional people to build the defining companies of tomorrow”.

Based in c.12 locations throughout the world, in the UK, Antler is based in London and offers a three-month programme focussed on Venture Development, dedicated to helping people find a co-founder then developing and testing a start-up hypothesis. At the end of this stage the team may pitch to the Investment Committee. Successful teams will then enter the Antler portfolio and benefit from the Launch stage, where support focuses on helping to build the product before raising further funds.

- Selected founders get a grant of £4,000 paid in two instalments during the first phase. Where a team pitches successfully to the Investment Committee this will lead to an investment of £120,000 for a 10 per cent equity stake in each company.
- For all companies invested in, £40,000 is used to cover the program fees with the remaining £80,000 in the bank to start building the foundations of the business.
- 60,000 applications to date.
- 2,000 selected founders.
- 300 start-ups funded.

In the first London programme 13 companies were founded from a cohort of just over 70 participants.

Entrepreneur First

[Entrepreneur First](#) runs cohorts in London twice a year with between 50-100 prospective founders taking part. The approach involves the successful 50-100 applicants (typically 10 per cent of all applications) coming together for a weekend at a campus or hotel followed by a three-month challenge process for testing out ideas and working relationship with other potential co-founders. After three months of this process (during which time living costs of £2000 per month through a stipend are covered by the scheme) the company/company idea will be presented by participants to the investment committee with the aim of securing further funding. At this point EF invest £80,000 in return for 10 per cent of the emerging company. After a further three months of developing the company/company idea, teams then pitch to hundreds of investors.

In terms of prospective participants, EF supports recent graduates and/or those with a few years of industry experience – those who believe they have the skills to set up the company by themselves but would be more successful with the extra support.

StartupBootCamp

The [startupbootcamp](#) is open for applications for three months (the programme typically engages applicants at a later stage than Alacrity where there is a core team and an MVP in place), once applications close, the top applicants are invited to a 3-day selection session where the applicants meet the investment team, mentors and partners. This concludes with 8-12 teams being invited to join the three-month programme.

For three months the selected start-ups collaborate with mentors, partners and investors to scale their businesses. In addition, the teams benefit from €15k to cover living expenses during the programme along with free office space and industry partner deals. Each programme culminates with a Demo Day, a one-day event with up to 1,000 guests who join to support the start-ups as they continue to scale their businesses.

Launchpad

The [Launchpad programme](#) is based at Falmouth University and has emerged from an initial pilot of the Alacrity programme. The model involves working closely with strategic partners to identify gaps that need new to market solutions, particularly in markets that offer the greatest innovation potential.

The programme recruits participants who for the first three months research and review different market opportunities whilst exploring team roles and co-collaborations. At the culmination of the three months ideas are pitched to the Launchpad team and then taken forward and developed over a further nine months with intensive support from mentors, technology specialists and strategic partners leading to the development of a prototype or minimum viable product.

Alongside the development of their business, founders also undertake an MSc in Entrepreneurship. The course is designed with the aim of integrating seamlessly with the Launchpad programme.

In the second year (the incubation phase) incorporated organisations are located in the Launchpad incubator while they finalise investment plans and continue to receive tailored support from coaches and mentors at Launchpad.

For 12 months of their participation in the programme participants of Launchpad receive a stipend worth £16,000.

Zinc

The [Zinc programme](#) describes itself as “backing exceptional talent to build new commercial solutions that solve the most pressing societal issues”. The programme is a full-time 12-month programme that seeks to build new companies. The companies are to be mission led, tackling a big societal problem. Participants join as individuals with teams created during the first stage of the programme and they don't need to have a business idea but are expected to come with a passion for the mission.

The first 3 months (the Match phase) sees Founders explore and experiment with potential co-founders until they find the right partnership to build their business whilst also deep diving into a problem they want to solve, gaining insights and building commitment to a focus area.

In months 4-6 founders launch their product and company and by month 6 Zinc will decide which of the new companies progress to the accelerate phase.

In the Accelerate phase (months 7-10) – having received investment of £75,000 upon incorporation – the goal is for venture to set themselves up to succeed in the resource phase. Then in months 10-12 the ventures progress with solution development, working on providing desirability, feasibility and viability in order to achieve the backing needed for the next 18 months.

Financially teams are supported through the stages of forming a business through a stipend for the first 6 months, followed by the £75,000 investment upon incorporation and a further £150,000 investment when full seed funding is secured.

The debut programme saw 55 prospective founders and entrepreneurs participate, resulting in 17 new companies being formed with Zinc securing £3m in seed investment prior to the commencement of the second cohort on the programme.

Cambridge Future Tech: Venture Builder

The [Cambridge Future Tech](#) programme works with founders of early-stage technology start-ups who typically are well equipped technologists but light on commercial and operational expertise to identify the necessary human resource required to introduce that talent directly into the business.

The CFT team partner with founders from 'Day-Zero' working to turn nascent deep technology innovations into viable businesses with the resources and structure required for success. They help founders becoming investment ready coaching them in pitching and making relevant introductions. They will be involved in negotiating investment and the due diligence process.

Appendix 2: Graduate Survey Tool

Are you happy to continue with the survey? Yes/No (if no end call)

Introduction

1. As an introduction, could you confirm in which year you attended the Alacrity Programme?
(Drop down 2015 to date)
2. Can you recall how you found out about the programme?
 - Through someone who has already been through the Alacrity Programme
 - At an event
 - At my university (please confirm how – for example a presentation by the Alacrity team)
 - Websearch
 - Linked in
 - Twitter
 - Word of mouth via another route (and if so, who from, in what role)?
 - Other advertising or marketing (e.g. radio, newspaper advertisement, email newsletter)
 - An event (careers fair, etc.)
 - Other

Q2a (if through an event) Please explain what this event was

Q2b (if other) Please specify how you found out about the programme

3. Which of the following best describes your situation prior to joining the Alacrity Programme?
 - Self-employed
 - Employed full-time
 - Employed part-time
 - Unemployed, looking for work
 - Unemployed, not looking for work (carer, maternity/paternity leave etc.)
 - In full-time education/ training
 - In part-time education/ training
 - Something else
4. What did you find appealing about / particularly attracted you to the Alacrity programme?

5. Had you always wanted to start a business?
- a) Yes
 - b) No
6. What, if any, concerns did you have about applying / being recruited to the programme?
7. Prior to joining the programme were you living in Wales?
- Yes – full time
 - Yes -whilst studying/at university
 - No
 - Other

Alacrity Programme - Pre-season phase

We understand that the initial phases of the Alacrity programme were primarily geared around bootcamps and activity that would help to identify the project you were going to work on and establish your team.

8. From your perspective, out of 5 (1 being very unsuccessful, 5 being very successful) how successful was the matching of individuals into teams early on within the programme?
- a) Please explain why you scored it this way
9. Do you feel that your team had the necessary skills at the outset to form a business?
- To no extent/some extent/great extent
10. Do you feel that your team has the necessary skills at the culmination of the programme to form a business?
- To no extent/some extent/great extent

Ideation Phase

We understand the next phase of the Alacrity programme involves the opportunity to respond to a selection of challenges by conducting research on their feasibility and potential and pitching an idea to respond to the challenge (often referred to as the Ideation phase).

11. In what ways (if any) did you find the exploration of challenges useful?

12. What, if anything, could be improved about the ideation phase?

Design, Build and Scale

Following the ideation phase, the emphasis of the programme of support switched to the development of your team's chosen idea. Throughout the following 9-11 months you would likely have received a range of support from different people to help you with your business idea.

13. Reflecting on that period which particular elements of the support did you find most useful? when considering your response please reflect on the different elements of support (that offered by the internal team, support offered mentors, support offered by the strategic partner representatives)

14. Which elements did you find least useful or areas where the offer could be improved?

Stipend

15. Throughout your time on the Alacrity programme you received a financial stipend, how important was this to you when considering joining the programme (very/quite/a little/not at all)

16. How important was it whilst on the programme (very/quite/a little/not at all)?
a) Why do you say this?

Participant Journey and Impact

17. To what extent do you feel that you have developed the following skills through participation in the programme?

Skills/Expertise	To no extent	To some extent	To a great extent
Skills and knowledge about starting a business.			
General business skills and knowledge about running a company?			
Specific skills about product research and development and market feasibility?			
Presentation and promotional/sales skills for pitching your product and attracting investment?			

Financial management skills to aid the running and sustaining of your company?			
Management skills, about recruiting and managing employees?			

18. What other skills, if any, have you developed as a result of your participation in the Alacrity Programme?

19. Are there any skills you feel that you wanted to develop prior to participation in Alacrity, but didn't get the opportunity to do so? Which were these?

Welsh Language

20. Are you a Welsh language speaker?

- a) Yes fluent
- b) Yes basic
- c) No

21. Was any of the support delivered

- a) (If answered a or b to the above) In Welsh?
- b) (Ask all?) Bilingually

22. Would you have preferred the support to be delivered in...?

- Welsh
- Bilingually
- I was happy with English only

COVID-19 impact (ask of 2019/20, 2020/21, 2021/22 cohorts only)

23. What impact (if any) to the COVID-19 pandemic have:

- a) On the support you received through the Alacrity programme
- b) On the development and progress of your business?

Current Situation

24. Could you confirm in which country you are currently based?

- Wales
- England
- Scotland
- Northern Ireland
- Other (Please state _____)

25. What is your current situation?

- a) Still on the alacrity programme (**Q42**)
- b) Employed within the business I incorporated through the alacrity programme (**Q27**)
- c) Employed in a business incorporated through Alacrity but not one incorporated by my team (**Q26**)
- d) Employed in a business not associated with Alacrity (**Q34**)**35**
- e) Self-employed (**Q34**)**35**
- f) Unemployed, looking for work (**Q34**) **Q39**
- g) Unemployed, not looking for work (carer, maternity/paternity leave etc.) (**Q38**) **Q39?**
- h) In full-time education/ training (**Q40**) **41**
- i) In part-time education/ training (**Q40**)**41**
- j) Other/ none of the above (please describe what you are now doing _____ - then go to **Q43**)

If Q25 equals = c, d,e,f,g,h, or i

Q25a Did you incorporate a business through the alacrity programme?

Yes

No

Q25ai Why are you no longer involved in this business?

Probe – is the business still in operation / when did it close and why

25b did you complete the alacrity programme?

Yes

No

Q25bi At what point in the Alacrity Programme did you leave? (*Please confirm if pre/post incorporation and estimate number of months with programme*)

Q25bii What were the reasons that led to you leaving the programme?

(Note that some of the respondents may have been chosen to leave whilst others may have decided themselves to leave, it will be important to distinguish this in their response)

26. (If 25c) How long after the business incorporated did you join that business? (Years and months) **now Question 28**

27. (If 25b) <seed in whether secured seed funding> - what role did the seed funding play in the development of your business?

- a) What do you think may have been the implications for your business if it hadn't received seed funding?

28. Following incorporation, where did you base your business? (Location and name of facility)

- a) What advantages did you gain from locating your business there?
- b) Are you still in that location? (yes/no)
- c) (If no) Where do you move the business to and for what reasons did you relocate?
- d) How long ago did you move? (years/Months)

29. What are the key challenges you and/or your business have faced since incorporating?

30. What support have you received through the Alacrity Programme since incorporating?

- a) Reflecting on this support what elements do you feel have been most useful to the business
- b) Could the support you have received since incorporating be improved at all?

31. Which organisations (if any are the primary customers for your organisation's products/services?) - list of organisations

- a) What role (if any) did the Alacrity programme team play in securing these customers

32. How many people does your business currently employ? Full time_____, Part time_____

33. What targets do you have for your business in the current financial year in relation to?

- a) Sales (please confirm how this compares to last year)
- b) Employment?

Now go to Q43

34.– What is your current job title/role?

- a) For how long have you been in that post?
- b) Have you been employed in other posts since you left Alacrity? (If yes, what were they)

35. To what extent do you consider the support and experience you received through Alacrity as influencing your progress in your career/securing that role? Great/some/none at all

- a) Why do you say this?

36. One element we are using to assess the impact of Alacrity on those who participated is to compare the career journeys of participants on the programme with individuals who did not participate. The most commonly used metric to use is an individual's annual salary. As a reminder this information is confidential and will not be shared with anyone, could you possibly tell me your annual salary?

a) (if refused) In which of the following bandings does your salary sit (bandings up to £150k)

Now go to Q43

37. (if 25 f/g) At what point in the Alacrity Programme did you leave? *(please confirm if pre/post incorporation and estimate number of months with programme)*

a) What were the reasons that led to you leaving the programme?

38. (if 25= f/g only) For how long have you been unemployed?

Now go to Q43

39. What course are you doing?

a) What is the name of the college/university where you are undertaking the education/training?

Close (ask all)

40. Reflecting on all we have discussed and your experience of Alacrity, is there anything about the structure or nature of the support you have received that could be improved at all?

41. Is there anything else you would like to tell us about your experience of the project?

Thank you for your time

Appendix 3: Evaluation Framework

		Indicators deployed	
Evaluation Question	Criteria	Quantitative (Outputs and results)	Qualitative sources
Process			
<ul style="list-style-type: none"> How does Alacrity reach individuals and attract them to the programme? Where do applications for programme come from Are recent graduates the most suitable cohort to draw from? Is an undergraduate degree a necessary prerequisite for the programme? 	<ul style="list-style-type: none"> How did participants hear about the programme? Why do individuals apply to the Alacrity programme? What role/influence does the stipend play in influencing their engagement What universities, what courses are the graduates from? How many applications are received that don't get accepted? Is there a lot of competition for places on the programme? Is there a waiting time from application to starting on the programme? 	<ul style="list-style-type: none"> Desk based analysis to determine: <ul style="list-style-type: none"> Number of applications per year Applications by university graduate Enrolments by university Desk based review of comparator schemes 	<ul style="list-style-type: none"> In-depth interviews with project team (recruitment) Fieldwork with Alacrity participants
<ul style="list-style-type: none"> What are the demographics of the graduates/employees on the programme/graduating companies? 	<ul style="list-style-type: none"> Ethnicity, gender, disability 	<ul style="list-style-type: none"> Desk based analysis of MI data and board reports 	
<ul style="list-style-type: none"> Welsh language related issues 	<ul style="list-style-type: none"> How prevalent is Welsh language usage? <ul style="list-style-type: none"> Amongst Participants In delivering the programme How is Welsh language usage identified? In what ways (if any) is the desire to participate in the programme in the medium of Welsh explored? <ul style="list-style-type: none"> What level of demand is there for this? If there is demand, how is this addressed? 	<ul style="list-style-type: none"> Desk based analysis of MI/Board reports on Welsh Language 	<ul style="list-style-type: none"> In-depth interviews with project team Fieldwork with Alacrity participants

		Indicators deployed	
Evaluation Question	Criteria	Quantitative (Outputs and results)	Qualitative sources
<ul style="list-style-type: none"> Approaches to the recruitment of expertise/interested parties 	<ul style="list-style-type: none"> How does Alacrity engage with stakeholders, mentors and partners? How effective is engagement on the programme with external companies, other parties, and relationship building? 	<ul style="list-style-type: none"> Number of companies, strategic partners and mentors engaged on Alacrity Number of viable problem statements 	<ul style="list-style-type: none"> In-depth interviews with project team
<ul style="list-style-type: none"> Is the advice and guidance provided whilst undertaking the programme consistent and accurate? 	<ul style="list-style-type: none"> Have the R&D services provided by mentors been reviewed in terms of quality and applicability? How do programme facilitators ensure that they are aware of the latest information to build the tech start-up companies? 		<ul style="list-style-type: none"> Fieldwork with Alacrity participants In-depth interviews with project team
<ul style="list-style-type: none"> What challenges have been faced delivering the programme by the facilitators, the individuals on the programme, and how have they been overcome? 	<ul style="list-style-type: none"> Locations Technology Resource/capacity to deliver Covid-19? 		<ul style="list-style-type: none"> Fieldwork with Alacrity participants In-depth interviews with project team
<ul style="list-style-type: none"> The added value and impact of strategic project partners on the Alacrity programme 	<ul style="list-style-type: none"> How do the programme facilitators engage with employers? (Strategic project partners) How do the graduates on the programme engage with employers? 	<ul style="list-style-type: none"> Number of companies, strategic partners and mentors engaged on Alacrity Est. no. of hours contributed to the Alacrity Programme Value of in kind contributions 	<ul style="list-style-type: none"> Fieldwork with Alacrity participants In-depth interviews with project team

Impact			
<ul style="list-style-type: none"> • What is the cost of delivering the programme? 	<ul style="list-style-type: none"> • What inputs to the programme are there in terms of funding and the sources of funding? 	<ul style="list-style-type: none"> • Desk review of financial data 	<ul style="list-style-type: none"> •
<ul style="list-style-type: none"> • How effective is the programme? • Is 15 months an appropriate duration for a programme of this length? 	<ul style="list-style-type: none"> • Dropout rates • How are individual “graduations” from the programme determined • Graduate destinations and progress post programme? • What adjustments to programme delivery (including duration) would improve the offer? 	<ul style="list-style-type: none"> • Desk review of management information • No. of participants who remain employed/ hold an equity stake in an Alacrity business 	<ul style="list-style-type: none"> • Fieldwork with Alacrity participants • In-depth interviews with project team
<ul style="list-style-type: none"> • What happens to the graduates on the programme after 15 months? 	<ul style="list-style-type: none"> • How many stay with the Alumni companies set up? How long do they stay for? Why? • If they don’t stay with the incorporated companies, why do they leave? • Have the skills gained through the programme been used after having left the programme? • Were there elements of the programme that have been more useful than others since completing the programme? 	<ul style="list-style-type: none"> • Graduate roles • Graduate salaries relative to Computer Science MSc graduates (if available) 	<ul style="list-style-type: none"> • Fieldwork with Alacrity participants
<ul style="list-style-type: none"> • How many companies have been set up as part of the Alacrity foundation since 2015? 	<ul style="list-style-type: none"> • Target Outcome – creating of 10 new SMEs in Wales, has this been achieved? • What role/added value does the seed funding bring to incorporated companies 	<ul style="list-style-type: none"> • Desk based review of management information 	<ul style="list-style-type: none"> • Fieldwork with Alacrity participants
<ul style="list-style-type: none"> • What has happened to the companies set up since 2015? 	<ul style="list-style-type: none"> • Have these been sold? To whom? For how much? Are they based in Wales or elsewhere? • Have the companies been dissolved? 	<ul style="list-style-type: none"> • Desk based review of management information exploring: <ul style="list-style-type: none"> • Employment (and salaries), sales, t/o, investment secured 	<ul style="list-style-type: none"> • Fieldwork with Alacrity participants • In-depth interviews with project team

Impact			
<ul style="list-style-type: none"> To what extent is the Alacrity programme aligned to Welsh Government Policy 	<ul style="list-style-type: none"> How do the programme and the companies growing out of it align with the Economic Action Plan and, more specifically, with the calls to action? How do the programme and the companies growing out of it contribute to the Foundation Economy 		<ul style="list-style-type: none"> Desk based review
<ul style="list-style-type: none"> What is the return on investment? 	<ul style="list-style-type: none"> For companies For the graduates – skills, salaries, For the Welsh economy For the companies that the tech start-ups are set up to support? 	<ul style="list-style-type: none"> Desk based review of management information exploring: <ul style="list-style-type: none"> GVA for incorporated companies, growth prospects, career trajectories of graduates etc 	<ul style="list-style-type: none"> Fieldwork with Alacrity participants
<ul style="list-style-type: none"> Has the programme been cost-effective (compared to alternatives and compared to doing nothing)? 	<ul style="list-style-type: none"> Cost per unit (outcome, participant, etc.) What were the costs of delivering the programme? Has the intervention been cost-effective (compared to alternatives and compared to doing nothing)? What is the most cost-effective option? 	<ul style="list-style-type: none"> Desk based review of management information in relation to cost per participant, incorporated company, job created Review of the performance of comparator schemes 	<ul style="list-style-type: none"> Fieldwork with Alacrity participants In-depth interviews with project team

