

## **New study reveals UK strength in £2.3bn 'tech for social good' companies**

- Research by Tech Nation shows the UK is a leading hub for technology companies tackling challenges in healthcare, education, finance and sustainability
- The tech-for-good sector generated £732 million in turnover in 2018, more than the UK manufacture of consumer electronics
- For-profit tech for social good companies have raised over £1 billion in venture capital funding to date
- Maintaining the UK's unique position requires dedicated, strategic support from venture capital and other organisations

**London, 24th April 2019** – The UK is a global centre for socially responsible technology innovation, according to new quantitative and qualitative analysis prepared by Tech Nation, the UK network for ambitious digital tech entrepreneurs.

'Tech for social good' companies were worth £2.3 billion in 2018, with a turnover of £732 million – larger than the amount generated by the manufacture of consumer electronics in the UK (£634 million). Nearly half (45 per cent) of the 490 companies identified are at an early stage in their journey and have raised only seed funding. These young, dynamic businesses are making contributions in areas including edtech (10.3 per cent of total companies), fintech (9.2 per cent) and artificial intelligence (8 per cent).

These companies have significant knock-on effects for the wider economy. Many for-profit businesses are successfully pursuing both financial and social returns, using sustainable models that create employment and economic growth, as well as an array of positive societal impacts. One of the most striking examples is DeepMind, the London-based artificial intelligence company bought by Google in 2014. Since the acquisition, founders Demis Hassabis and Mustafa Suleyman have been forthright about their ambitions to tackle some of the world's thorniest social and political problems, from healthcare to climate change.

Other successful for-profit tech for good businesses include Bulb, a green, renewable electricity supplier; Sweatcoin, which encourages exercise by paying users according to the number of steps they take; and Elder, a service that helps people find and manage live-in care.

The report also emphasised the importance of social impact investors that value both social and financial return, such as Bethnal Green Ventures and Big Society Capital. To date, profit-seeking tech-for-good businesses in the UK have collectively raised £1.09 billion in venture capital.

Tech Nation's research arrives as the global spotlight is intensifying on the social impact of disruptive technologies, and as consumers are becoming increasingly concerned about the ethical credentials of digital products and services. In the UK, the Department for Digital, Culture, Media and Sport has partnered with the Social Tech Trust to kickstart a fund of up to £30 million to provide access to finance and position the UK as a global leader in socially transformative tech. A further £1 million will be available to incentivise organisations to use tech to help tackle loneliness and bring communities together.

Today the **Digital Secretary Jeremy Wright** will host firms in the sector at a roundtable at Downing Street. Successful British start-ups due to attend includes crowdfunding platform *BEAM*, financial inclusion company *GivingStreets* and cancer support organisation *Live Better With*.

Speaking ahead of the roundtable event, **Jeremy Wright**, said: "I'm pleased to see the UK's 'tech for social good' sector is not only having a positive societal impact but is also making a significant contribution to the economy.

"We are working hard to support those in the field by improving charities' digital skills, boosting access to finance for social tech ventures and backing an awards scheme to celebrate up-and-coming entrepreneurs. I look forward to meeting some of the sector's leading minds today to discuss how we can make sure the UK is a global leader in this area."

Meanwhile, the not-for-profit segment of social tech is also enjoying exponential growth: over half of the organisations currently registered with Companies House (53 per cent) were incorporated after 2014, and 2017 was the highest year on record for registrations.

However, for-profit social tech companies have seen particular challenges, with the number of incorporations having dropped since 2016. The high percentage of early-stage startups in the area highlights the need for policymakers and investors to support companies as they scale and grow – particularly given social tech firms will struggle to match the superstar salaries offered by more established tech giants.

**Gerard Grech, CEO at Tech Nation, said:** "This study provides a fascinating analysis of a fast-emerging sector within 'tech'. These purpose and profit startups range from platforms such as fashion recycling platform Depop to surplus food distribution platform, Olio. We are witnessing a new driver in tech startups. While the profit motive remains high, millennials are increasingly driven by the desire to make a meaningful impact on society. Harnessing the huge potential of tech allows us to really think big. We can have both economic growth as well as positively impacting society and the environment."

**Sarah Wood, co-founder and Chair of Unruly, and board member at Tech Nation, said:** "At a time of uncertainty and flux, the UK is poised to lead the world in applying technology for strategic social ends. Our nation's social safety net, coupled with a lively non-profit sector and

bustling tech ecosystem, allow for a concentration of energy and talent that's second-to-none. We have all the foundational pillars we need to be *the* global hub for tech-for-good; now we need to keep up the momentum and make sure we nurture these businesses as they expand their horizons beyond our shores.”

The Tech for Social Good report is supported by Berenberg and BT who champion the sector. Through their support of the report BT and Berenberg aim to bring heightened awareness to how businesses are using technology to make a positive impact, and to support disruptive technologies which are improving people's everyday lives.

**Richard Brass, Head of Wealth and Asset Management UK at Berenberg, said:** “Tech Nation's analysis is a useful step towards understanding the “tech for social good” landscape across the UK. Alongside BT, we are hopeful that it will bring greater visibility and awareness of how businesses are using technology to have positive social impact. Our wish for this report is that it may act as a catalyst for further engagement and ultimately investment. We look forward to continuing our support of this sector.”

**Andy Wales, Chief Digital Impact and Sustainability Officer at BT, said:** “We are all living in a new world that is being shaped and created by the rapid acceleration of technology and at BT, we are keen to find and support disruptive new technologies that improve people's everyday lives. We also know that collaboration is important, and it's great to have worked with Tech Nation and Berenberg on this report, and we will continue to support and collaborate across the sector to help more people than ever before benefit from ‘Tech for Good’.”