

US and Asian investment in UK tech skyrockets: Sector has already attracted more foreign capital in seven months than it did for the whole of 2018

- **\$6.7 billion has been invested in UK tech companies in the first seven months of 2019**
- **More than half (\$3.7B) of these investments have come from America and Asia**
- **UK tech has now overtaken the US for foreign investment, per capita**
- **The sector is averaging \$1bn a month from both foreign and domestic investors**
- **The top 30 foreign-funded companies have created more than 5,000 UK jobs**
- **This talent is being celebrated in Tech Nation's Bright Tech Futures Awards**

Wednesday 21st August, London - The UK tech sector has attracted more foreign investment in the first seven months of 2019 than it did during the whole of last year, [according to latest industry figures](#), and has overtaken the US for foreign investment, per capita.

Research prepared for the Digital Economy Council by [Tech Nation](#) and Dealroom.co shows that between January and July this year, UK-based tech firms received a staggering \$6.7 billion in funding – with \$3.7 billion, or 55%, coming from American and Asian investors thanks to billion dollar tech companies such as energy supplier OVO Energy and food delivery startup Deliveroo.

The sector is attracting an average of \$1bn a month from both foreign and domestic investors – one and a half times the amount raised during the same period last year – making the UK one of the most attractive and dynamic markets in Europe.

What's more, during the second quarter of 2019, investments in UK tech smashed previous records by more than a billion dollars putting the sector on track for its best year to date. If this trajectory continues, the UK sector is on course to exceed \$11bn worth of investment before the end of the year. By comparison, UK tech firms raised a total of \$8.7bn from January to December 2018.

Overseas Investment

These record-breaking figures have undoubtedly been boosted by an extremely keen interest in UK tech by investors in the US and Asia.

Twice the value of US and Asian investments have been made into the UK tech scene since 2013 compared to those made in Germany, and six times as many as those in France. The total amount of investment in the UK from these sources has surpassed \$3.7bn in the first seven months of 2019.

With the exception of Germany, this surge in foreign investments from US and Asian investors is higher than the amount received by the whole of the rest of Europe. Since 2013, this takes the total amount of money put into the sector by US and Asian investors to \$14.6 billion compared to a respective \$6.5bn and \$2.5bn into Germany and France.

In fact, the UK is attracting more non-domestic capital, per capita, than the US, and is on China's heels in terms of total non-domestic capital.

Investments from US corporates have risen by 3 percentage points in the past six years, while Asian Venture Capital investment, alongside Asian corporate funding which didn't exist as a funding source in the UK in 2013 has jumped to 6% and more than 20% respectively. The latter having surged significantly in the past two years. The majority of funding across all rounds still comes via venture capital.

The biggest drivers of this investment include fintech Checkout.com, which received \$230m from Insight Partners; supply chain finance firm Greensill, having received \$800m from Japan's Softbank; London-born Deliveroo which recently achieved \$575m Series G funding from the likes of Amazon and Fidelity; and Bristol-based OVO Energy, the recipient of \$220m via Tokyo's Mitsubishi Corporation.

Closer to home

Although the majority of recent money has come from foreign investors, since 2018 37% of investments in UK tech have come from domestic sources. Only France and Netherlands exceed the amount of homegrown funding.

That said, the UK attracts a much broader mix of investors than its neighbours. Over the past six years, at least a third (32%) of capital has come from either the US, Japan or the rest of the world, with the rest attributable to local or European sources. In comparison, France receives the least amount of foreign investment across the continent, followed by Germany.

Having a steady mix of funding sources proves the market is not only attractive to a wide range of investors and investment types, it offers stability. This, coupled with the recent surge in global investment, paints a positive future for the sector as a whole.

High-Value Deals

The surge is in part due to the rising number of high-value deals. During the second quarter of 2019 more than \$1.9 billion came via deals involving investments of \$100 million or more.

Across the country, the number of global investors increases the higher the round size, with the data showing that the percentage of deals involving at least one foreign investor peaks when the value of an investment totals \$50 million or more.

An incredible 92% of deals of this round size in London involved a foreign investor. But this is not exclusive to the capital, in fact, quite the opposite. High-value deals made outside of London, like that of Bristol's OVO Energy, also had high levels of foreign investment.

Paying it forward

Beyond the amount of cash flow such investments can put into the wider economy, the rising interest in UK tech is having a significant impact on the creation of jobs, particularly high-paying jobs, in the sector.

As an analysis of the data reveals, the top 30 companies that have received the most foreign investment in the past three years – including StarlingBank, Skyscanner, Darktrace, Checkout.com – have collectively created more than 5,000 new positions.

In 2016, a total of 10,100 people were employed by these leading UK tech firms. By 2018, this had risen to 13,600 and in 2019 to date, this figure sits at 14,900 and rising.

When looking at the sector as a whole, recent [research](#) from Tech Nation found that in at least five UK cities, one in ten of the workforce is now involved in digital tech and a total of 2.1 million people work in the industry across the UK.

Digital tech roles offer salaries on average 10% higher than in other industries, and it's not just tech jobs that are opening. A total of 230,000 non-tech jobs, including roles in HR, marketing, communications and more, were advertised in the tech sector in 2018.

The Bright Tech Future Awards

Stepping back to look at the bigger picture, the upsurge in investment in the UK's technology industry is a vote of confidence in the UK's technology industry talent. The ability of young businesses to recruit and nurture talent - either from within the UK itself or from overseas sources - has been pivotal in building the vibrant, sustainable and scalable technology sector we see today.

Yet for this growth to continue, it's vital the sector continues to encourage skilled people to train, join and stay within the industry. With this in mind, Tech Nation, in partnership with the UK Government and The Digital Economy Council, set up The Bright Tech Future Awards to encourage companies in the sector to identify and nominate their most talented team members.

Each company can enter up to three members of staff for the Bright Tech Future Awards and nominees can be working in any role except C-Level.

Successful nominees will be invited to attend the Bright Tech Future Awards event later this year. The closing date for nominations is 8 October. Invitations to the event will be sent to successful nominations by 25 October.

To find out more about how to nominate a team member please apply [here](#)

Commenting, Secretary of State for Digital, Culture, Media and Sport, Nicky Morgan, said:

"These fantastic figures show the confidence overseas investors have in UK tech with investment flows from the US and Asia at an all time high.

"We have a longstanding reputation for innovation and the statistics endorse our reputation as one of the best places in the world to start and grow a digital business.

"Today we are also launching our Bright Tech Future Awards to recognise the strength and depth of our talent and I encourage bosses to nominate their staff for one of these prestigious prizes."

Natalie Black, HM Trade Commissioner, Asia Pacific said:

"Today's figures demonstrate investors' confidence in the UK tech sector, which continues to go from strength to strength growing one and half times faster than any other sector in the economy. By attracting a broader mix of investors, particularly from Asia, we are showing that the UK's tech sector is one of the most competitive in the world with a stable, bright future."

Eileen Burbidge, Chair of Tech Nation said:

"Investment in the UK tech sector has been steadily rising for years and as these latest figures demonstrate, the momentum is increasing. It is incredibly gratifying to see that in addition to domestic and European investors, British tech innovators are also attracting US and Asian investor attention and allocation. The fact that this is growing is a testament to the strength and depth of our entrepreneurial talent, coupled with the dynamic and deeply engaged ecosystem that has been established here in the UK."

Commenting on the Bright Tech Future Awards, Gerard Grech, CEO of Tech Nation said:

"It is encouraging to see these latest investment figures, with \$6.7 billion being invested in UK tech companies in the first six months of 2019, more than the whole of 2018 already. This speaks to the ongoing dynamism of the tech sector and to the talented individuals driving the success of these ventures right across the UK. To recognise the crucial role talented staff play, we are launching the Bright Tech Future Awards, where we are inviting companies from all over the UK to nominate and recognise their most talented team members and future tech leaders."

Emma Jones, CEO of Enterprise Nation and Tech Nation Board member, said: "Ten percent growth in employment from the top 30 tech companies in this report tells us that international investment is having a positive, meaningful impact on the lives of many people across the UK. It's a positive sign that these pioneering tech companies are making this happen, and creating shared prosperity as a result of their incredible growth."

Commenting on the increase in US investment Suzanne Ashman, partner at LocalGlobe said: "These latest figures cement the UK tech sector as a global leader when

it comes to digital innovation. The influx of US and Asian investment not only proves just how valuable our expertise is to foreign markets, it will help attract the next generation of tech talent to go onto even bigger and better things."

Naoki Kamimaeda, partner, Global Brain, said: "Global Brain, a major Japan-headquartered VC fund, regards the UK as a leading global source of high quality venture capital deal flow. Accordingly Global Brain established a physical presence in the UK early in 2019 and has rapidly built a portfolio of six UK technology company investments, with more anticipated shortly. Global Brain has witnessed support from the Capital Investment group within the Department for International Trade (DIT) and DIT Japan that has been invaluable for ramping up its activities in the UK."

Will Shu, founder and CEO of Deliveroo, said: "Deliveroo is proud to be a British tech company. We are growing quickly, building our London-based tech team. The UK is a fantastic place to start and grow a tech company, attract talent and, ultimately, turn great ideas into products and services that consumers know and love. These figures underline the real potential that the UK tech sector has."

Commenting on the increase in US investment Guillaume Pousaz, the founder of Checkout.com, said: "From its high-quality engineering talent to its cultural diversity and unparalleled energy around the startup scene, the UK tech sector presents unique qualities and it's no wonder US investors are flooding into it. With tier one investment firms managing to attract and retain the very best talent, US investment will only strengthen the UK's leading position in the coming years."

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