

UK TECH EXTENDS LEAD OVER EUROPE

London, 11 June 2018 - As London Tech Week begins, new figures prepared by Dealroom and Tech Nation for the Government's [Digital Economy Council](#) illustrate the extent to which the UK is outpacing other European countries such as Germany and France.

- **EUROPE'S TOP COMPANIES:** The UK has a consistent track record of producing successful tech companies. At present, 13 unicorns with a combined value of \$23bn (37% of Europe's total) are based here. This is a growing share with more than 33% of European unicorns since 1990 coming from the UK
- **EUROPE'S TOP INVESTORS:** The UK is home to 7 of Europe's 10 leading unicorn hunter funds. The UK is also the largest provider of capital to the EU after the US, providing 22% of VC investment in 2017.
- **EXCEPTIONAL BASE FOR TALENT:** 2.1 million people are employed in the digital tech economy and the UK has 813,500 professional software developers as of 2017. The UK is also the number one destination for tech talent, with 21.5% of all international movers coming to the UK.
- **STRONG FUTURE:** The UK has more companies in the tech sector valued at more than \$250m than any other country in the EU and with 51 companies the potential to become \$1bn+ companies.

The UK contributes 13 of Europe's 34 unicorns, worth 37% or \$23bn in value

The UK's unicorns (private companies valued at \$1bn) include Benevolent AI, Darktrace, Deliveroo, Farfetch, Funding Circle, Improbable, The Hut Group, TransferWise, Revolut and Oxford Nanopore. The total value of these companies is estimated at present at \$23bn, out of a combined value for all 34 European companies of \$62bn. The UK's current unicorns are now worth more than the \$17bn value of France and Germany's unicorns combined. Aside from London, the UK counts three additional cities with at least one unicorn - Manchester, Oxford, Cambridge - and Abingdon, a town in Oxfordshire. The UK has now produced 25 \$1bn+ exits since 2010, which is as many unicorns as Israel, Sweden and Germany combined. Over a third of the European companies formed since 1990, that have gone on to be billion pound businesses, are from the UK. In the last few years, several of these companies have come to the stock market, including Zoopla, Blue Prism Just Eat and Purplebricks.

The UK is home to 7 of Europe's 10 leading unicorn hunter funds

The UK is where Europe comes for startup funding, with seven of Europe's top 10 venture capital investors based here. The UK provided 22% of all venture capital invested in Europe in 2017. Only the US is a bigger investor in Europe, providing 26% of funds, and the UK remains significantly ahead of Asia, which provides 13% of the VC funds invested in Europe. Within Europe, UK investors are those which are most actively investing outside their own country. In most European countries (including France, Germany, Sweden, Netherlands, Spain) about 20 to 25% of foreign investment comes from UK-based investors. During 2017, there were 229 non-domestic funding rounds led by UK-based investors. In contrast,

German investors made 140 investments in companies outside their own country, while France had 86 non-domestic funding rounds during 2017.

The UK now has 51 potential unicorns, illustrating the maturity of the UK ecosystem

Dealroom.co analysis shows there are 51 potential unicorns, currently based in the UK, illustrating the growing momentum of the UK ecosystem. These are companies that are currently valued at between \$250m to \$1bn and are emerging from a wide spread of sectors including fintech, healthtech, AI, e-commerce and proptech. These potential future unicorns are typically growing fast and have a combined value of \$18bn.

The UK Government is supporting £14bn of public and private initiatives to support growing businesses

The Government is backing public and private initiatives worth up to £14bn which are designed to support research in academia, startups and growing businesses. Money committed to unlock investment in technology and innovation includes more than £6 billion for UK Research and Innovation which brings together the seven Research Councils, Innovate UK and a new organisation, Research England. BGF, which was established by five high street banks in consultation with Government, has funds of £2.5bn to invest in growing businesses and has now invested in 225 companies, including many early stage tech companies. The Digital Economy Council and Digital Economy Advisory Group brings government and the tech community together to implement the Department for Digital, Culture, Media and Sport's UK Digital Strategy.

The UK now employs 2.1 million people in the digital tech sector. Every 50 minutes a digital tech job is created in the UK

The Tech Nation 2018 report calculates that in total 2.1 million people are now employed in the digital tech economy - this includes both people working in the digital tech industries and people carrying out digital tech jobs in non-digital industries. The average salary for a job that requires digital tech skills is £42,578 which is significantly higher than those which do not (£32,477). Three of the top ten global computer science institutions are based in the UK and four of Europe's top 10 universities and business schools whose alumni have created \$1bn companies are based here.

There is huge appetite from institutional investors for UK tech

Two of the UK's most active tech investors are Woodford Funds, which invests in early stage companies through its Patient Capital Trust and Baillie Gifford, an early investor in technology which has had success with Funding Circle, Orchard Therapeutics, Skyscanner and Transferwise in the UK. Other institutional investors have also indicated their intention to step up early stage investing including Legal & General and Aviva. Meanwhile the UK's leading universities have launched large funds that are intended to bring the best and most innovative of the universities' research to market. Oxford Sciences Innovation has raised over £600m to invest in developing the next generation of spinout companies, while Cambridge Innovation Capital, which is focused on healthcare and technology startups, has raised £125m to date and is currently raising additional capital.

View the full London Tech Week UK Tech Report slide deck [here](#)

Matt Hancock, Secretary of State for Digital, Culture, Media and Sport, said:

“These new figures show the UK is the digital dynamo of Europe and we are achieving our goal to be the best place in the world to start and grow a tech business. More than a third of Europe’s tech firms worth more than a \$1 billion were developed in the UK and venture capital investment into our country last year exceeded Germany, France and Sweden combined. Through our Digital and Industrial Strategies we are creating the right conditions to turn brilliant tech ideas into world-beating global businesses and pushing the boundaries of science to change people’s lives for the better.”

Eileen Burbidge, Partner at Passion Capital, HM Treasury Special Envoy for Fintech and Chair of Tech Nation, said: “The UK is a great place for a tech investor to be right now and I see founders with huge ambition and appetite to build global companies every day. In fintech particularly we are already a global leader and I am excited to see what further great things come out of the intersection of the UK’s financial services expertise and its deep tech knowledge.”

Gerard Grech, chief executive, Tech Nation, said: “At Tech Nation we are helping ambitious tech entrepreneurs to build their businesses and are seeing new companies formed every day. The UK has so many advantages including world-leading universities and capital markets that are helping to drive the UK’s position at the centre of European tech. As we prepare to leave the EU, there is an unprecedented opportunity for growth. We must make the most of it.”

Nicola Mendelsohn, VP of EMEA, Facebook, said: “Having opened our new UK offices in London last November, we are more committed than ever to supporting the UK’s ambitious digital vision. By the end of the year, we will have created 800 new jobs, making this Facebook’s biggest engineering site outside the US. The UK has a flourishing entrepreneurial ecosystem and international reputation for engineering excellence which is why we want to be here, building our own company and helping other entrepreneurs build theirs.”

Will Shu, Founder, Deliveroo says: “Deliveroo is proud to be a British company, exporting our technology around the world. In just five years we have created work for riders and growth for restaurants in markets across the globe while delivering millions of meals to our customers. None of this would be possible without the creativity and talent of the team in London, an incredible city and the place we call home”

Cindy Rose, UK CEO, Microsoft, said: “The UK has a unique role at the heart of the global technology industry. We know through our work with start-ups, scale ups, corporates and government that as a nation we are embracing digital transformation at scale. But we cannot ignore the looming skills crisis. If we are to maintain our place in the digital economy of the future, we must focus on encouraging more young people, and especially more young women, into the sector. There’s no doubt that every successful business needs a combination of great people supported by great technology.”

Doug Gurr, UK Country Manager, Amazon, said: “The UK is a fantastic place to do business. We have been here for 20 years, invested £9.3bn since 2010 and this year strengthened our long-term commitment to the UK with plans to create an additional 2,500 jobs, taking our total UK workforce up to 27,500 by the end of 2018. UK tech talent is key to our global operations and innovation, all of which benefits hundreds of millions of our customers around the world.”

Samir Desai, co-founder and CEO at Funding Circle, said: “We are seeing the rise of disruptive technology companies right across the country due to the remarkable talent and creativity here. These companies can be pioneers on a global stage, providing jobs and careers for future generations.”

Stephen Welton, chief executive of BGF, said: “The shortage of growth capital provision on any meaningful scale was the catalyst for the creation of BGF in 2011. Since then, we have been able to support hundreds of brilliant UK businesses to grow, including in the technology and innovation sector and we have also helped to change the culture around investing, with many more institutions and the Government now recognising the advantages of a patient, long-term approach to helping UK SMEs to scale up.”

Wendy Tan White, Board Trustee Alan Turing Institute, Board Member Tech Nation, said: “As an entrepreneur and an investor I see that momentum in the UK technology sector is building relentlessly, helped by a world-class research and academic environment. Ambitious entrepreneurs no longer have to leave this island and head to the US to build the company of their dreams. Our commitment to science, research and deep tech is already starting to pay off but the big benefits are still to come, as we develop global authority in the fields of artificial intelligence and deep tech.”

Saul Klein, Partner at LocalGlobe, said: “The UK’s long history of producing successful £1bn+ businesses shows that we have the talent and the attitude to build bigger and better technology companies. Some of the most exciting developments of the next decade are taking place at startups and universities across the UK, supported by a world-class ecosystem of experienced entrepreneurs who have already built successful businesses and are now investing in the next generation of startups.”

Suranga Chandratillake, Partner at Balderton Capital, said: “We are seeing clear trends emerging in the UK technology sector such as the overlap between health and computing and the use of AI for enterprise software. The UK can accelerate its lead in these areas as the Government continues to provide a supportive environment for cutting edge research.”

Contact:

Nadia Kelly - nadia@burlington.cc;

Sayula Kirby - sayula@burlington.cc

About Dealroom.co

Based in Amsterdam, Dealroom.co is a proprietary global database providing business intelligence on innovative companies and venture capital. Dealroom's software, database and bespoke research help to stay at the forefront of innovation and identify growth & strategic opportunities. Among its clients are firms such as McKinsey & Company, Boston Consulting Group, Microsoft, Stripe, Deloitte, Ernst & Young, Sony, and other world-leading Silicon Valley firms, venture capital and buyout firms, multinationals and governments. Dealroom data has been extensively featured by the Financial Times, BBC, The Economist, The New York Times, The Washington Post, Bloomberg, Reuters and dozens of other leading publications.

About data & methodology

Dealroom data is maintained daily by processing public news-flow, artificial intelligence, contributions from founders and investment firms and manual research by a local research team. Thanks to its European focus, Dealroom has grown into the most comprehensive European dataset, tracking 37% more rounds (in 2017) than its nearest U.S. peer.

Venture capital funding includes only new equity investment. Excluded are: debt, lending capital, grants, ICOs, secondary rounds, buyouts, M&A and IPOs. Europe excludes Israel, unless specified otherwise.

For more questions on methodology please contact support@dealroom.co

About Tech Nation

Tech Nation is the new organisation to help accelerate the growth of the digital tech sector across the UK. Launched in April, it builds on the past work of Tech City UK and Tech North to make the UK the best place in the world to imagine, start and grow a digital tech business. Its mission is to empower tech entrepreneurs to grow faster through knowledge and connections, to build a UK economy that is fit for the next generation. It does this by running growth programmes, developing digital entrepreneurship skills through its online Digital Business Academy, through its visa scheme for exceptional talent and by championing the UK's digital sector through data, stories and media campaigns. www.technation.io

A data-rich version of Tech Nation 2018 can be found at Technation.io/report2018.