

**Under embargo until 00:01am GMT on Wednesday 4<sup>th</sup> November 2020**

## **Manchester flies past Cambridge as UK's second most attractive city for tech investment for the first time**

- VC investment in all tech companies in Manchester reached \$687.6m in 2019, up from \$199.1m in 2018<sup>1</sup>
- There are 4,235 open tech vacancies across the Greater Manchester region
- The success of The Hut Group IPO, which floated with a market capitalisation of £5.4bn, demonstrates the calibre of tech companies in the region
- Tech businesses in Manchester employed more than 100,000 people in 2019 and these businesses are crucial to keeping up UK productivity in the face of Covid-19
- The average IT sector salary in Manchester is 12% higher<sup>2</sup> than non-tech salaries
- In-demand roles include cloud data architects and software engineers

**Manchester, 4<sup>th</sup> November:** Manchester has cemented its reputation as the fastest-growing tech city within Europe, with VC investment reaching \$687.6m in 2019, up from \$199.1m in 2018. The Northern city is now only second to London when it comes to investment, overtaking Cambridge for the first time.

Manchester tech has had a stellar year, in part thanks to the successful IPO of e-commerce giant The Hut Group which has demonstrated the calibre of tech companies across the region. The area's rich heritage in manufacturing has helped to power the city's growing e-commerce industry with other unicorns in Manchester including Auto Trader UK and On The Beach Holidays.

Thanks to these fast-growing tech companies, the digital tech sector in Manchester employed more than 100,000 people in 2019 according to data from ONS, Tech Nation, the UK network for ambitious tech entrepreneurs, and job search engine [Adzuna](#). Yet the industry has the capacity to grow even more, with high demand for talent across a variety of companies. There are 3,690 IT vacancies across the city alone, with 4,235 open jobs across Greater Manchester.

The figures on how Manchester's tech sector has grown are published as the Government's Digital Economy Council and Tech Nation host a digital roundtable on 4 November to discuss the challenges facing the tech sector as it works to create jobs and help the region recover from the impact of the coronavirus on jobs.

The virtual lunchtime discussion, hosted by Saul Klein, founding partner of LocalGlobe, is one in a series of roundtables taking part with tech executives, investors and entrepreneurs across the country. Local companies, investors, university representatives and other ecosystem participants will be brought together to learn, share and collaborate on the challenges posed on

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<sup>1</sup> Data from Tech Nation and Dealroom, [datacommons.technation.io](http://datacommons.technation.io)

<sup>2</sup> Data from Adzuna, September 2020

the current crisis. The learnings will be fed back to the DCMS (Department for Digital, Culture, Media and Sport).

Success story The Hut Group is the company seeking the most new recruits in the region, followed by TalkTalk and Sage. The most in-demand job in the city is for software developers, followed by NET developers and front-end developers.

According to Adzuna, the city is a key area for employment and those with the correct skills are well remunerated: the average IT salary in the city is £49,765, over £12,000 more than the average salary across the city at £37,197, according to Adzuna data. While data architects are among the best-paid workers in the city, having seen average salaries for this role increase 17.5% in 2019 to £80,567.

As with other regions in the UK, there is growing demand for cloud skills in Manchester as businesses increasingly put their operations on the cloud. Across the UK, the demand for cloud computing as a skill has grown by 22% from 2018 to 2019<sup>3</sup>. One of Manchester's potential unicorns, UK Fast, is one of the UK's leading cloud providers with clients including ApprovedFood.co.uk and The Dean Trust and Chester Zoo.

**Minister for Digital Caroline Dinenage said:** "Manchester's tech star has been rising for the past few years and the recent success of The Hut Group has helped to cement the city's reputation as an industry hub to rival the capital.

"These new figures show it is creating new jobs and opportunities, and I am delighted that some of the country's leading tech talent are coming together to discuss how we can help further strengthen the UK's reputation as Europe's leading tech player."

**Dr George Windsor, Head of Insights at Tech Nation said:** "New data on Manchester's tech industry demonstrates how much the city's tech credentials have grown and it's great to be able to celebrate the successes of startups across the region. This event will be a perfect opportunity to bring together some of the best minds in the North West to discuss how the sector can help both the national and regional economic recovery."

**Andrew Hunter, co-founder, Adzuna:** "We're seeing demand for tech jobs surging across Manchester with high salary offers to entice skilled workers from across the UK. As the country looks to move forward from Covid-19, attracting the right talent will become even more competitive."

**Michael Brennan, CEO at tootoot and Stribe:** "I was attracted to setting up our HQ in Manchester as a result of the strong networks and excellent talent in the city. We've had tremendous support from the Greater Manchester Combined Authority and local councils in the work we're doing with tootoot to give children and young people a voice, and with our new

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<sup>3</sup> Data from Tech Nation, A Bright Future 2.0 report

product Stribe that helps makes it easier for business leaders to support the wellbeing of employees whether they are working from home or the office. As we look to expand over the next year, I couldn't imagine being in a better place."

**Safe Hammad, CTO & Co-Founder, Arctic Shores:** "Over the last 10 years, Manchester has transformed into a thriving technology hub attracting businesses and talent alike, and is now home to several prominent tech success stories. Arctic Shores chose to headquarter in Manchester to take advantage of great access to talent, and for Manchester's unwavering "can do" attitude that's so important for businesses in their early stages of growth."

**Matthew Scullion, CEO and founder of Matillion:**"Famously the birthplace of the first industrial revolution, Manchester is one of Europe's leading hubs for technology - the main driver of the UK economy. Much innovation has come from the region, including the first computer, called Baby, which is currently at the Museum of Science and Industry in Manchester. Matillion is proud to be based in the region leading the way with digital tech."

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#### **About [Tech Nation](#):**

Tech Nation is the growth platform for tech companies and leaders. Tech Nation fuels the growth of game-changing founders, leaders, and scaling companies so they can positively transform societies and economies. We provide them with the coaching, content, and community they need for their journey in designing the future. Tech Nation has years of experience facilitating and helping UK tech companies scale, both at home and abroad. Over 20 cohorts and 600 companies have successfully graduated from Tech Nation's growth programmes. Alumni include Skyscanner, Darktrace, and Monzo.

#### **About Adzuna:**

[Adzuna](#) is a smarter, more transparent job search engine used by tens of millions of visitors per month. We love using the awesome power of technology to bring together every job in one place, help match people to better, more fulfilling jobs and keep Britain working.

Adzuna supply real-time data to the Number 10 Dashboard, the cabinet office and Office for National Statistics labour market indices. In 2018, Adzuna won the contract to run Find a job, one of the British government's most used online services.

Adzuna.co.uk was founded in 2011 by Andrew Hunter and Doug Monro, formerly of eBay, Gumtree, Qype and Zoopla and is backed by leading Venture Capital firms Passion Capital, LocalGlobe, Index Ventures and Smedvig Capital.

We've spent a decade developing smarter, more transparent job search so jobseekers worldwide (we're in 16 countries) can zero in on the right role faster.

### **Case studies:**

#### **Tootoot and Stribe:**

When tootoot's founders, CEO Michael Brennan and CTO Kieran Innes, decided the growing startup needed a new HQ in 2018 they looked to Manchester before settling at the Tech Incubator, in the city's Technology Centre. The company, which provides the tootoot platform to schools and sports groups to allow students to raise issues anonymously and its sister platform Stribe which makes it easier for business leaders to support the wellbeing of employees, was welcomed to the northern city with open arms, and has received investment from GC Angels and the Greater Manchester Combined Authority.

Tootoot's 10 employees work across the Berwick-Upon-Tweed office and the Manchester HQ, though the majority are now working remotely. The pandemic hasn't stopped the business however which has been pushing ahead with its new Stribe platform. After hiring two new developers and a digital designer last year, along with plans to add new sales and marketing hires to the team to help promote Stribe, the startup has achieved 81% year-on-year growth annually since 2016.

It helps that the company hasn't struggled when it comes to new hires. One of the reasons to move to Manchester was to be part of the city's growing ecosystem and take advantage of the highly-skilled talent in the region. Though Berwick-Upon-Tweed will be close to the founders' hearts thanks to growing up in the area, a large city like Manchester offers more choice and makes it easier to attract developers. The local authorities in the North West have been particularly open to working with startups - Wigan Council offers Stribe to its employees, and has also received investment from the Combined Authority. The startup is having a positive impact on the local area too. It is working with the Greater Manchester Good Employment Charter, a voluntary membership and assessment scheme to improve employment standards, and is drawing attention to the excellence in tech in the region thanks to its various awards including being named as one of the GP Bullhounds Northern Stars Winners 2020 and as a Tech Nation Rising Star 2020.

#### **Arctic Shores:**

Arctic Shores is on a mission to revamp hiring practices, by asking no questions and removing bias from the pre-hire assessment process. Instead, the SaaS HR tech company combines cognitive neuroscience with interactive mobile-friendly tasks for potential hires that allows employees to see beyond experience and use real candidate behaviour to make objective decisions. After launching in Manchester in 2014, the company recently raised \$5.5m in its Series A round from Beringea and Candy Ventures.

Covid-19 hasn't slowed down Arctic Shores, which expects to achieve 30% growth this year. It now has offices in London, Cologne and Singapore, alongside the Manchester HQ, which serve customers in over 45 countries including Kantar, Coca Cola, Siemens and PwC.

Though all staff are temporarily remote, Arctic Shores has hired 25 people to its now 70+ strong team, with plans to hire at least 10 more over the next 12 months. In particular the company is building out its engineering and customer teams to support its product ambition as it scales - it's looking for JavaScript and Scala engineers with a passion for learning.

If its access to engineering talent that will help Arctic Shores grow, then being in Manchester certainly helps. Co-founders Robert Newry and Safe Hammad have seen the city grow into a formidable Northern tech hub, in part thanks to the access to great talent, a supportive tech community and a great quality of life. The company has great links with Manchester Business School, and is investing in future talent by offering work experience slots to students from local schools to try out software development. The entrepreneurial spirit of the city has helped Arctic Shores grow over the past few years and will be integral to its success in the future.

### **Matillion:**

Since 2011, Matillion has been flying the flag across the world as an example of the high-calibre tech that is coming out of Manchester. With dual HQs in the northern city and Denver, Matillion's software empowers customers such as GE, Bose, Zapier and Vistaprint to extract data from different sources, load it into a chosen cloud data warehouse and transform it into analytics-ready insights.

So far, the company has raised \$60 million from the likes of YFM Equity Partners, Scale Venture Partners and Sapphire Ventures. This growth streak has been sustained too, for three years Matillion achieved 100% growth year-on-year, and managed 90% in 2019.

Matillion doesn't just impress its clients and the wider business community, the company was named as one of The Sunday Times Hiscox Tech Track 100 fastest-growing companies in Britain, but also its staff as earlier it received a Best Places to Work recognition for both its US office locations. This year alone the company has hired 78 new staff, and plans to hire 75 - 100 over the next 12 months with software skills, such as Java experience, and enterprise account management in particular demand - the company says these are pivotal growth roles right now. Around 77% of its staff are from the UK and Europe and it can take up to 54 days to fill a vacancy.

When it comes to hiring, there is always a lot of competition for software engineers because that's what many other companies are looking for. But Matillion says its benefits from being based in Manchester, thanks to the steady flow of graduate and postgraduate talent from the local universities, three of which it has partnerships including Salford University, University of Manchester and Manchester Metropolitan University, not to mention the city's vibrant tech community.

