

A new tech business launched every half an hour in the UK in 2020 as tech company hiring surges back to pre-pandemic levels

- Between January and December 2020, 19,465 new businesses were registered in the Information and Communication sector across the UK
- 116,000 live tech jobs were advertised on 5 March 2021 as tech company hiring returns to pre-pandemic levels
- More than 185,000 tech jobs were advertised in the first two months of 2021
- Tech job vacancies now make up more than a seventh (14.3%) of all vacancies, demonstrating the importance of the tech sector to the economy
- The increase in business births in the tech sector also coincided with a number of government initiatives launched to help people develop their digital skills
- 2020 was a record year for VC investment in the UK, with tech companies receiving \$15bn in funding

LONDON, 11th March 2021: Proving that out of adversity can come opportunity, almost 20,000 entrepreneurs started new tech businesses in the UK last year, according to Government figures, as business births across the entire economy boomed in the final months of 2020. Job creation from the tech sector is also growing rapidly, with live vacancies of 116,000 seen in the first week in March, representing a recovery to pre-pandemic levels.

Data analysed by Tech Nation for the Department of Digital, Culture Media and Sport, based on figures from the Office of National Statistics and Companies House, shows that between January and December 2020, 19,465 new businesses were registered in the Information and Communication sector. This sector covers software development and applications, web building, computer programming and consultancy.

This is the equivalent of a new tech business launching every half an hour throughout 2020.

Digital Secretary Oliver Dowden said:

"Back in 2018 a new tech business was born in the UK every hour. We said we wanted to double that rate and we have.

"Tech will lead the way in helping us build back better and it's fantastic to see so many people kicking off new businesses and creating thousands of jobs up and down the country.

We want to be the most pro-tech government ever and drive a new era of growth. That's why we've announced a raft of measures to back our brilliant tech firms, attract top tech talent and help small businesses grow, alongside setting out ten tech priorities to guide all our work."

The Secretary of State welcomed the creation of tens of thousands of new tech and IT businesses, ahead of setting out his priorities for the digital tech sector in 2021. In another boost to the tech sector, new figures from job search engine Adzuna show that over 116,000 live tech jobs were advertised in March, up sharply from the January figure of 85,000 roles advertised.

Vacancy levels in February (111,000) and March (116,000 so far) demonstrate that the tech sector is almost back to the same level of hiring that was seen at this time last year, before the impact of the coronavirus pandemic on the economy. February 2020 saw 111,000 tech jobs advertised and average salaries in the IT sector reached £54,726 (compared with £51,219 12 months ago).

The tech sector has demonstrated resilience during the coronavirus pandemic and UK tech companies are actively hiring, as a result of strong levels of venture capital investment in the sector and increased demand for digital products and services from consumers and businesses. One in 10 advertised job roles is now in the tech sector, according to figures compiled by Adzuna for Tech Nation at the end of 2020.

More entrepreneurs launched businesses across the Information and Communication category than in agriculture (4,955), production (14,435), motoring (6,405), finance (10,730), real estate (12,135), education (3,125), health and social care (5,915), arts, entertainment and recreation (10,830).

In total, 407,505 businesses were born in 2020 across all sectors, according to the ONS, which represents the highest yearly total since 2017. In fact, business births have been rising at an average of 4% year-on-year for the past four years.

Cause and effect

The increases seen in business numbers generally, but particularly in tech, coincided with a number of factors. 2020 was a record year for VC investment in the UK, with tech companies receiving \$15bn in funding – higher than France and Germany combined. Despite the economic repercussions of coronavirus, Crunchbase records show that \$5.7bn was invested in startups formed in 2020 across the world, demonstrating entrepreneurs' confidence.

The crisis accelerated digital adoption as people were forced to work from home, educate children remotely and shop online, creating opportunities for many startups and scaling tech businesses. For instance, the top 10 startups founded in 2020, in terms of capital raised, are in sectors that were vital during the pandemic. Namely insurance, e-commerce, online payments, healthcare and medical, and mobility.

Overall, UK tech employment has increased by 11% in two years to almost three million and more than a third (37%) of those employed in the digital tech sector are in non-tech roles including legal, marketing, HR and administration, according to analysis of ONS figures. A figure undoubtedly bolstered by the increase in tech business formed during the same period.

Tech hubs come into their own

The ONS data shows that business births were strong across all regions. While most businesses were born in London (107,310), followed by the South East (54,730), company incorporation was also strong in the North West (43,420), Yorkshire and Humber (25,270) and South West (26,520). In the tech sector four cities outside London – Oxford, Leeds, Newcastle and Glasgow – achieved record levels of VC investment in 2020.

Gerard Grech, CEO of Tech Nation said: “Even in the midst of a global pandemic, the UK’s entrepreneurial spirit cannot be dampened. Startups and scale ups formed during these last few months will be ones to watch in the future. Just as companies like Zoopla, DeepMind and Wise were born out of the last financial crisis, these figures give hope that the UK’s next big tech firms will be born out of this one.”

Julia Hawkins, general partner at LocalGlobe, which has invested in more than one company founded in 2020, said: “Dynamic companies are created in challenging circumstances. Given the overwhelming need for digital tools and services over the past year, it’s no wonder that new tech businesses are starting up to counteract the problems of 2020. With more investment appetite than ever and an urgent need to solve the issues we’re facing, the new enterprises established last year could become the future tech giants defining the way we live and work in years to come.”

Alberto Menolascina, co-founder and CEO of Dija, which was founded in 2020:

“Launching a new business during a pandemic isn’t the easiest thing to do. There’s been a few extra hurdles from hiring an entire team remotely, to pitching for investment by video call and not being able to hash out ideas with my co-founder next to me. Yet last year helped demonstrate that there is a real need for a swift and efficient service to provide easy access to food and groceries. We can’t wait to bring innovation and technology to this sector in 2021.”