

UK's digital tech sector has created one tech 'unicorn' a month for last year

London, 10 June 2019 – As London Tech Week begins, figures compiled by Tech Nation and Dealroom for the Government's Digital Economy Council reveal that the UK has created 13 new unicorns in the last year and is behind only the US and China when it comes to creating fast-growing global tech companies.

UK is third in the world for producing successful tech companies

- The UK is behind only the US and China for total number of unicorns created
- London ranks second to the Bay Area for the number of fintech unicorns, at 18
- UK tech has created more \$1bn companies than any other European country and Israel
- Since last year's London Tech Week, 13 new unicorns have been created bringing the total number of UK unicorns to 72

In the past year, 13 UK companies have reached valuations of more than \$1bn – the equivalent to creating a tech unicorn every month – and this takes the total number of UK billion-dollar firms to a staggering 72. More than a third of Europe's fastest-growing tech companies are now based in Britain and only the US and China - with vastly bigger populations and resources - have done better than the UK. London remains the acknowledged centre of Europe's tech sector, producing 1 in 5 (21 per cent) of the continent's fast-growing unicorns. The capital has produced 45 unicorns worth \$148bn.

Towering tech leadership in Europe and Israel

- The UK leads Europe emphatically when it comes to venture capital investment in technology - with \$35bn invested between 2013 and 2018
- 2019 on track to be an even better year, with record H1 VC investment of \$5bn
- \$3.5bn of new VC funds raised in 2018
- 75 companies on the path to unicorn status (worth at least \$250m) - accounting for 30% of the next-generation of technology unicorns in Europe.

The rate at which unicorns are being created in the UK is continuing to increase and since 2012 the UK has produced as many unicorns as Israel, Germany, the Netherlands and Sweden combined. Notable investment rounds in the first five months of 2019 included Greensill, Checkout.com and Starling Bank in the fintech sector and Deliveroo and Ovo Energy. The funding pipeline shows little sign of stopping, with new venture capital funds raised reaching \$3.5bn during 2018. The UK is home to four out of five of Europe's leading unicorn hunter venture capital funds.

Responsible tech retail

- The OECD has given the UK its highest overall score for the quality of regulatory practices.
- Initiatives like Financial Conduct Authority's regulatory sandbox are enabling innovative companies to flourish
- Centre for Data Ethics and Innovation is helping to maximise the benefits of data-enabled technologies
- The Online Harms white paper demonstrates leadership while encouraging innovation

The UK is ambitious to lead the world in creating a responsible digital tech sector and is setting new standards for responsibility and ethics in technology. Policymakers have worked hard to find a balance between the need to support innovation and to ensure technology companies grow ethically and responsibly. Policy aims have been supported by £14bn of capital funding awarded to UK firms via public and private sector initiatives supported by the UK Government alongside its Business Growth Fund, UK Research and Innovation, the British Business Bank and its Industrial Strategy.

Tech is inclusive

- UK has six cities - Cambridge, Oxford, Manchester, Leeds, Bristol and Edinburgh - that are home to at least two unicorn companies.
- Leadership in Europe across fintech, retail, deep tech/ industrial and healthcare

While London is a world-leader in tech, the rest of the UK is also home to thriving clusters of successful tech innovation. The sector is driving job creation in cities right across the UK, with 2.1 million people now employed in the sector and employment growing at a rate of more than 10 per cent a year. The strongest jobs has been growth seen in Manchester, Belfast, Birmingham, Reading, and Leeds. New roles being created are for both skilled tech staff - including software developers and engineers - and staff in non-tech roles including accounting, legal, marketing, sales and product management.

Digital Secretary Jeremy Wright said: "As entrepreneurs and investors arrive in the capital for London Tech Week, we must celebrate the achievements of the UK's booming tech industry which is attracting record levels of investment and employing millions of people up and down the country.

"These brilliant figures show we are currently punching high in the global pecking order and, thanks to our strong fundamentals of skills and talent, business environment and world-leading research, the future is extremely bright.

"The tech sector is playing a crucial role in helping us deliver an economy that works for everyone through a modern Industrial Strategy for jobs and growth."

Eileen Burbidge, chair of Tech Nation and partner Passion Capital: "There's never been a better time to be working in the UK digital tech sector. We are really punching above our

weight, as demonstrated by the fact that a third of Europe's unicorns have been produced here and 30 per cent of future unicorns are also based in the UK. I am delighted to see that in addition to tech overall, in quite a few sub-sectors such as fintech we are already global leaders with more fast-growing unicorns than cities like New York, Shanghai and Beijing. I'm confident that we will be producing many more world-class fintech companies, uniting our country's expertise in financial services and deep tech, along with world-leading digital tech companies across all categories."

Gerard Grech, CEO, Tech Nation, said: "These figures show the extent to which the UK digital tech sector is rivalling those in the US and China, after an incredibly strong year of investment backing for fast-growing UK companies so far. The UK's digital tech sector continues to go from strength to strength with unicorns now being produced right across the country. Tech Nation is working to help this rapid growth on the ground through its network of experienced entrepreneurs who can help ambitious founders and their leadership teams scale their businesses faster through targeted insights and growth programs."

Cindy Rose, CEO, Microsoft UK: "The UK continues to be at the forefront of digital transformation. At Microsoft, our work with start-ups and scale-ups confirms that the potential of the UK tech sector is growing daily. However, if we are all to share in the benefits of the future digital economy, we cannot afford to rest on our laurels. We have to develop better digital skills across all age groups and we must attract more young people, and especially more young women, to work in this essential and dynamic industry."

Nicola Mendelsohn, VP EMEA, Facebook: "We're proud to have our largest engineering office outside the US based in London, and be part of one of the fastest growing and innovative industries in the UK. At Facebook, we want to support startups and growing businesses because a strong tech industry can benefit us all. It's exciting that the UK is punching above its weight on the international scene and we will continue to invest here to be part of this dynamic tech sector."

Ronan Harris, Vice President & MD UK & Ireland, Google: "The UK is a global pioneer of digital innovation, with UK tech companies at the heart of driving this success. We need to make sure that everyone can make the most of this opportunity and at Google we are working to help businesses and entrepreneurs reach their potential. We believe the technology industry can have a great future in the UK and are looking forward to working to help shape that future."

Doug Gurr, UK Country Manager, Amazon: "The UK is a fantastic hub for tech companies with world-class universities and a dynamic start-up culture. As an employer of 27,500 people in the UK, we look forward to continuing to invest and grow our presence here, developing exciting and innovative products and services in the UK that benefit our customers around the world."

Mayor of London Sadiq Khan said: "London is Europe's leading tech hub and is helping to create even more jobs and investment for the capital and the wider UK economy. As our city's tech ecosystem continues to grow it's important that we encourage greater inclusivity and

diversity across the tech sector and ensure that London stays open to investment and talent from around the world. London Tech Week is a fantastic opportunity to demonstrate our city's strengths to a global audience and I look forward to an exciting week of events."

Andy Burnham, Mayor of Greater Manchester: "The digital tech sector is thriving in Greater Manchester and the North West, creating brilliant new jobs and attracting people from right across the country to work here. By building truly innovative businesses, with global reach, Greater Manchester is creating opportunities for the future and is challenging and outperforming many of the world's fastest growing tech hubs."

Will Shu, founder and CEO of Deliveroo: "Deliveroo was born in London and we are proud to support the UK's growing and diverse tech hub. One of the reasons we are able to grow our strong engineering team is the incredible talent and investment that the UK has access to. We are determined to continue our expansion both here in the UK and across the globe."

Sarah Wood, Co-founder & Chair, Unruly: "These are exciting times for UK tech. This data confirms a significant step-change in the UK technology sector as our vibrant start-up ecosystem matures into a scale-up nation, where ambitious entrepreneurs can start and scale world-class global tech companies."

David Richards, CEO and co-founder of WANdisco, said: "The numbers speak for themselves. The digital sector is the way forward, both in terms of societal progress and job creation. While London is rightfully celebrated for the unique place it holds in the global tech landscape – from access to global connections, to the capacity to successfully scale a business – we mustn't restrict ourselves to the confines of the M25. The likes of Bristol, Leeds and Belfast – where we have an office – are showing that Britain has phenomenal potential and ability to innovate, and is doing so in a range of different regions. We have tremendously talented people across the country, building businesses and generating ideas that are world beating. What we now have to do as a tech ecosystem, is support the innovation taking place and provide the funding entrepreneurs deserve. Technology is the ultimate democratising force, and the growth we've seen in cities beyond London is a testament to that. Let's now back British businesses in every region, and offer capital that facilitates their scaling."

Juergen Maier, chief executive of Siemens UK: "It's exciting to see the extent to which the tech sector is spreading across the regions of the UK, creating good jobs and opportunities for lots of people. And there is so much more we can do. Tech in the UK is changing traditional industries like manufacturing, the energy sector and transport and making them more efficient and sustainable."

Jamie Heywood, Uber's Regional General Manager for Northern & Eastern Europe: "The UK is hugely important to Uber. Millions of Brits rely on Uber to get a reliable service at the touch of a button whether that's a car, an electric JUMP bike, real-time Public Transport routes

or food to your door. We are proud of the team we have built in the UK, and it is a reflection of the outstanding tech talent available across the country. "

Guillaume Pousaz, founder & CEO of Checkout.com: "I started my fintech business in the UK because of the quality of the engineering talent, forward thinking regulator and overall energy of the start-up scene. We are building a global company from London and are excited about offering a better way for businesses to process e-commerce transactions, while creating jobs for future generations."

Tom Blomfield, co-founder and CEO, Monzo: "The UK is one of the best places in the world to start and grow a tech business not least because its consumers are some of the most enthusiastic about tech in the world. The UK also has the talent, ambition and tech knowledge to build brilliant companies that are capable of being truly global businesses."

Sabby Gill, Managing Director, UK & Ireland, Sage: "As one of the UK's biggest software businesses, we are delighted to see a host of ambitious young technology companies being formed in this country, which is a melting pot of tech talent. It is particularly gratifying to see so many tech companies are thriving outside London and especially in our home town of Newcastle."

Bryan Dove, CEO, Skyscanner: "It's never been a more exciting time to be a technology company in the UK. We are seeing more and more great businesses and that's a testament to the quality and diversity of talented people living and moving to the UK. While Skyscanner is a global company, our roots are in the UK with 60% of our team based between Edinburgh, Glasgow and London. We're lucky to be part of a thriving tech community in each of these cities: communities which demonstrate the strength of the sector across the nation."

Suzanne Ashman, partner, LocalGlobe: "Our excitement about the UK technology sector is strong. Ambitious entrepreneurs no longer have to leave this island and head to the US to build the company of their dreams. The UK's 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."

Suranga Chandratillake, general partner at Balderton Capital: "At Balderton, we have never been so confident in European tech. We are now attracting some of the world's best talent and have created a supportive environment where tech companies can scale and have global impact. The UK has long held an established position at the forefront of this, leading in areas like fintech, AI and healthtech. This ecosystem is now creating companies who are solving solve some of the biggest social problems in the world, from improving the delivery of healthcare to creating fairer financial services."

Stuart Lunn, CEO and Founder of LendingCrowd: "At LendingCrowd we are proud to be part of a burgeoning digital tech and fintech scene in Scotland. With a rich heritage of inventors,

entrepreneurs and innovators Scotland has become a key hub for the UK digital tech sector, with Edinburgh being the largest UK fintech city outside of London.”

Nigel Toon, co-founder and CEO of Graphcore: "UK tech is producing global businesses, and Graphcore is proud to be contributing to its success. In Bristol, London and now Cambridge, we are hiring a world-class team in science, engineering and software that is building the future of machine intelligence."

Aldo Monteforte, Chief Executive and Founder of The Floop said: "When The Floop was starting in 2012 we considered several possible locations for our headquarters but the stand-out choice was Sheffield. Its burgeoning digital culture is built on a heritage of engineering innovation and with abundant highly skilled talent, Sheffield has proved a solid base from which to expand and export our insurance telematics capabilities globally. The Floop is evidence that there's world-leading innovation taking place outside of London and the South East."

Tom McGillicuddy, CEO, Tickr said: "The UK is the go-to hub for tech investment and innovation in Europe and has one of the fastest-growing start-up ecosystems anywhere in the world. It's not difficult to see why, with no shortage of accelerator programmes, tech events or government support, encouraging entrepreneurs to kick start their businesses. And it's not just London that's drawing in tech talent. Coming from Liverpool, tickr is proof of the inventive talent being mobilised in cities outside of London, and we are proud to be challenging traditional assumptions about impact investment from our base in the north"

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About Tech Nation:

Tech Nation, the leading scaleup network for entrepreneurs, works to make the UK the best place in the world to 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 and media campaigns, including the annual Tech Nation Report. Technation.io/report2019

About Dealroom.co

Based in Amsterdam, Dealroom.co is a proprietary global database providing insights 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.