

London Tech Week UK Tech Report

PREPARED BY



FOR THE GOVERNMENT'S DIGITAL ECONOMY COUNCIL

UK Government already supports public and private initiatives in excess of £14bn for growing businesses

Research & Spin Outs

Startups

Scale Ups

UK Research
and Innovation

£6bn



£5bn



£1bn on AI



£2.5bn

“We have set the goal of research and development investment reaching 2.4 per cent of GDP by 2027 - more than ever before. That could translate to an additional £80 billion investment in the ideas of the future over the next decade.” PM, 21 May 2018

Source: UKRI, BBB, BGF and Gv.uk

UK is already home to a huge pool of digital & technical talent

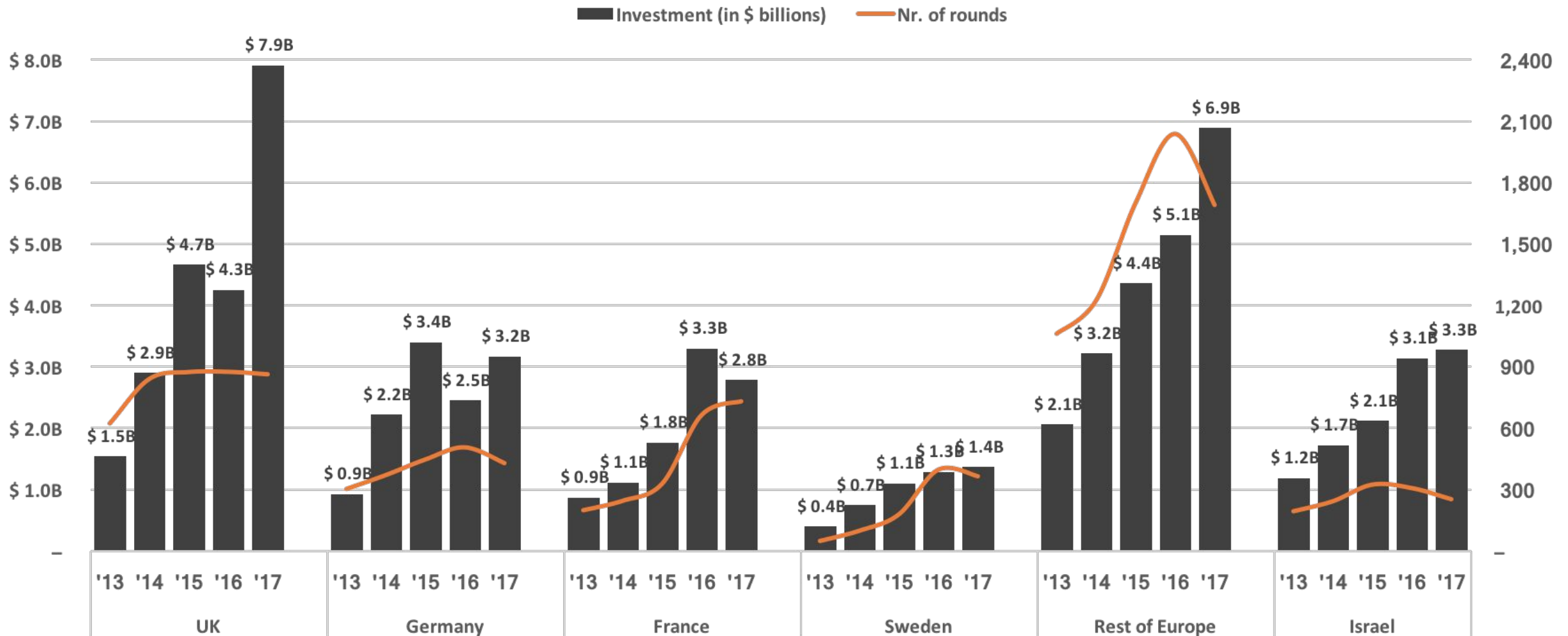
Talent

- 2.1m people currently have jobs in UK digital sector - growing over 10% a year (Tech Nation)
- These jobs pay significantly better than the national average
- 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**)

R&D

- Three of the top 10 global computer science institutions are based in the UK [Times Higher Education World University Rankings for Computer Science 2017 - 2018]
- By city, London is the top hub for professional developers, with 303,594 developers in the city. The next city when ranked by number of professional developers is Paris, with only 181,659 in comparison [Stack Overflow]
- The UK is the number one destination for tech talent moving into - and within - Europe, with 21.5% of all international movers coming to the UK. This number gives the UK a notable lead over the second most popular country Germany, where 13.8% of tech talent migrates [LinkedIn]
- Europe's top technical and business schools remain key sources of entrepreneurial talent. Of the 10 institutions around the world whose alumni have founded European companies that have raised more than €1m, four institutions are based in the UK [Dealroom]
- The UK is home to the largest European tech community, with nearly 200,000 active members in tech Meetup groups. [Meetup]

In 2017, UK venture capital investment exceeded Germany, France and Sweden combined (and even the Rest of Europe)

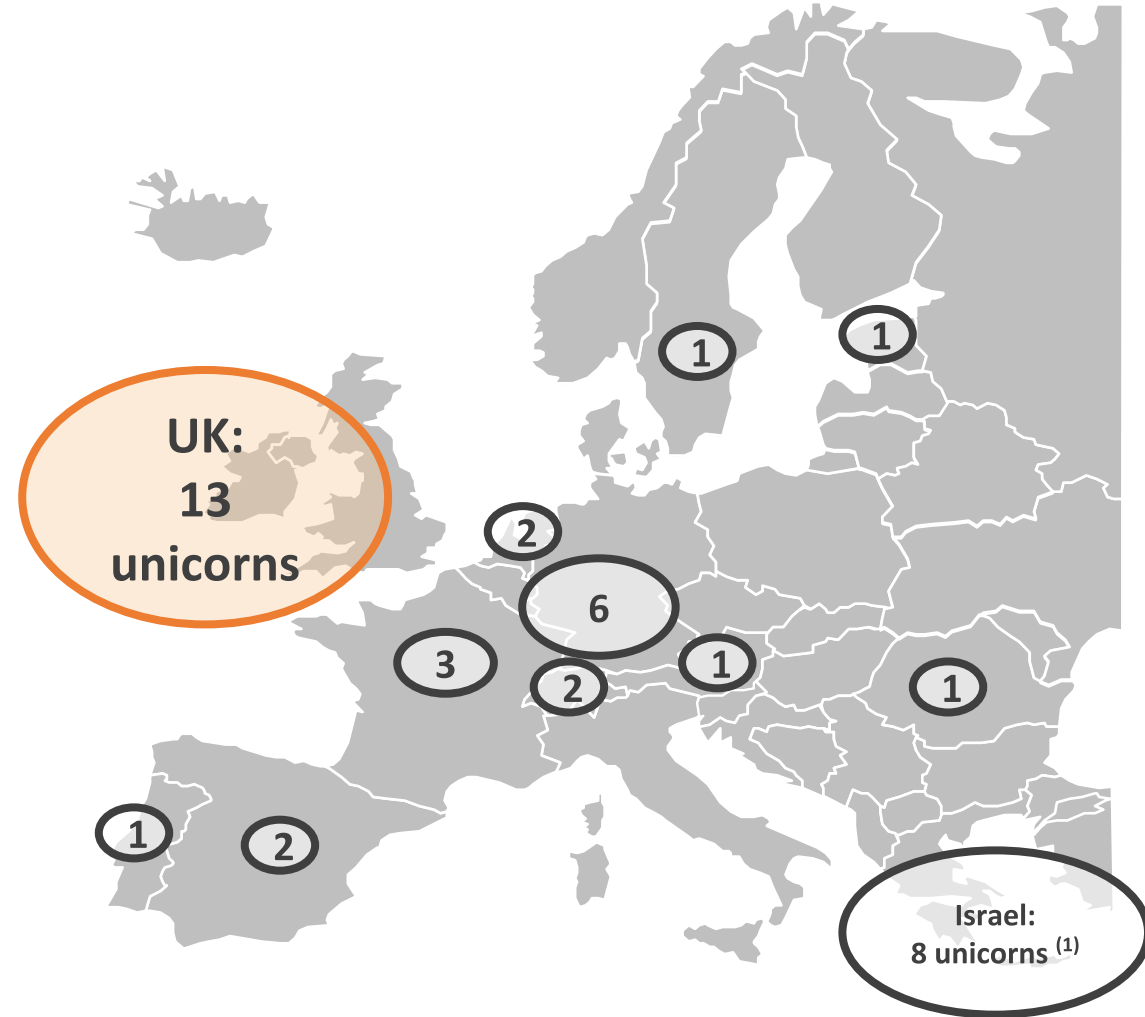
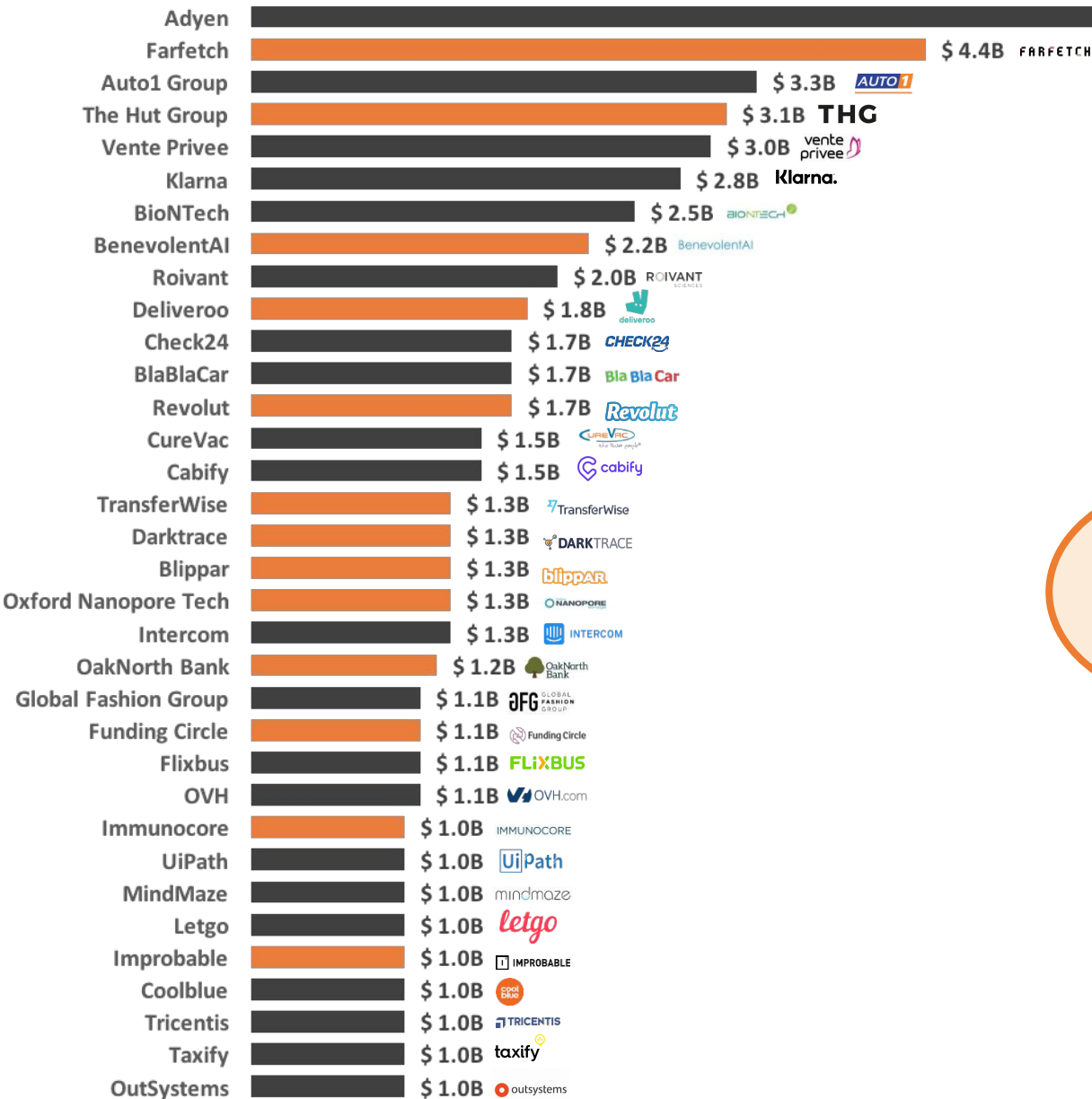


While London is the financial epicenter, businesses are scaling across the United Kingdom

Venture capital investment in \$B (2013-2018 April)



UK accounts for 13 of Europe's 34 unicorns, or 38% ...



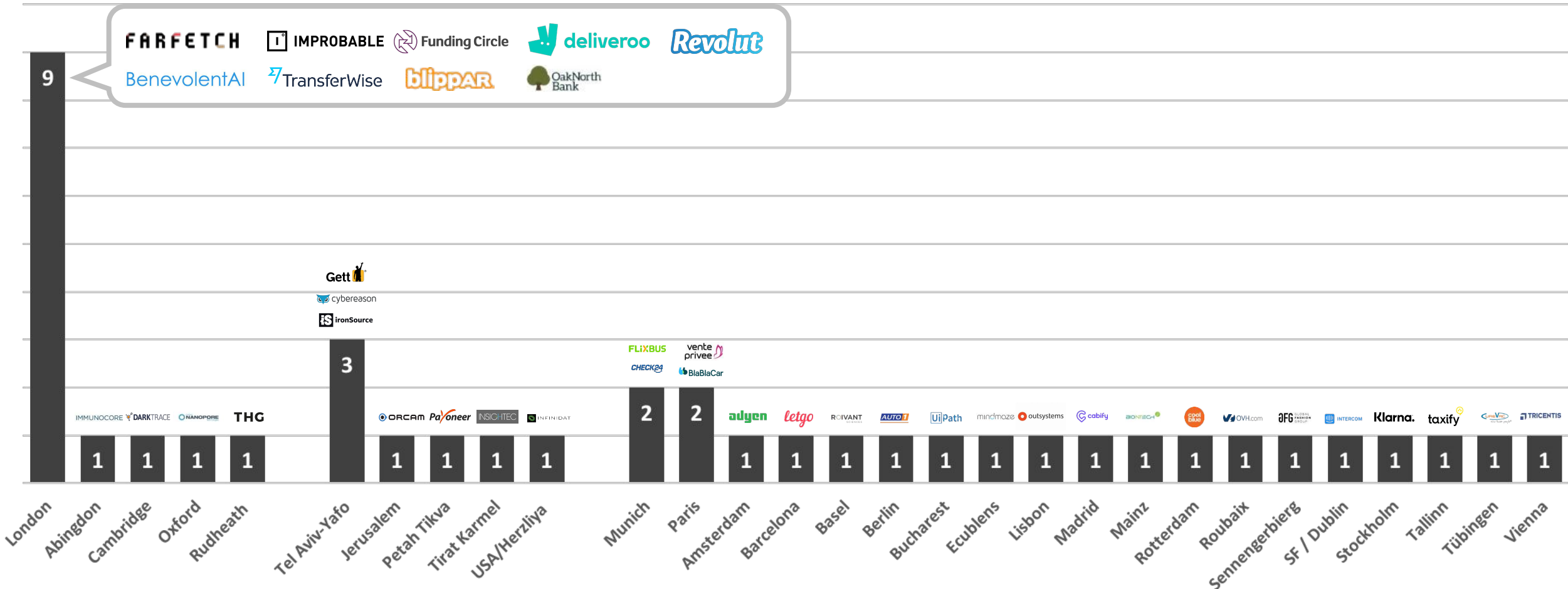
... with a combined value of about \$23 billion, which is about 37% of total European value of \$62 billion

Total value of European unicorns per country

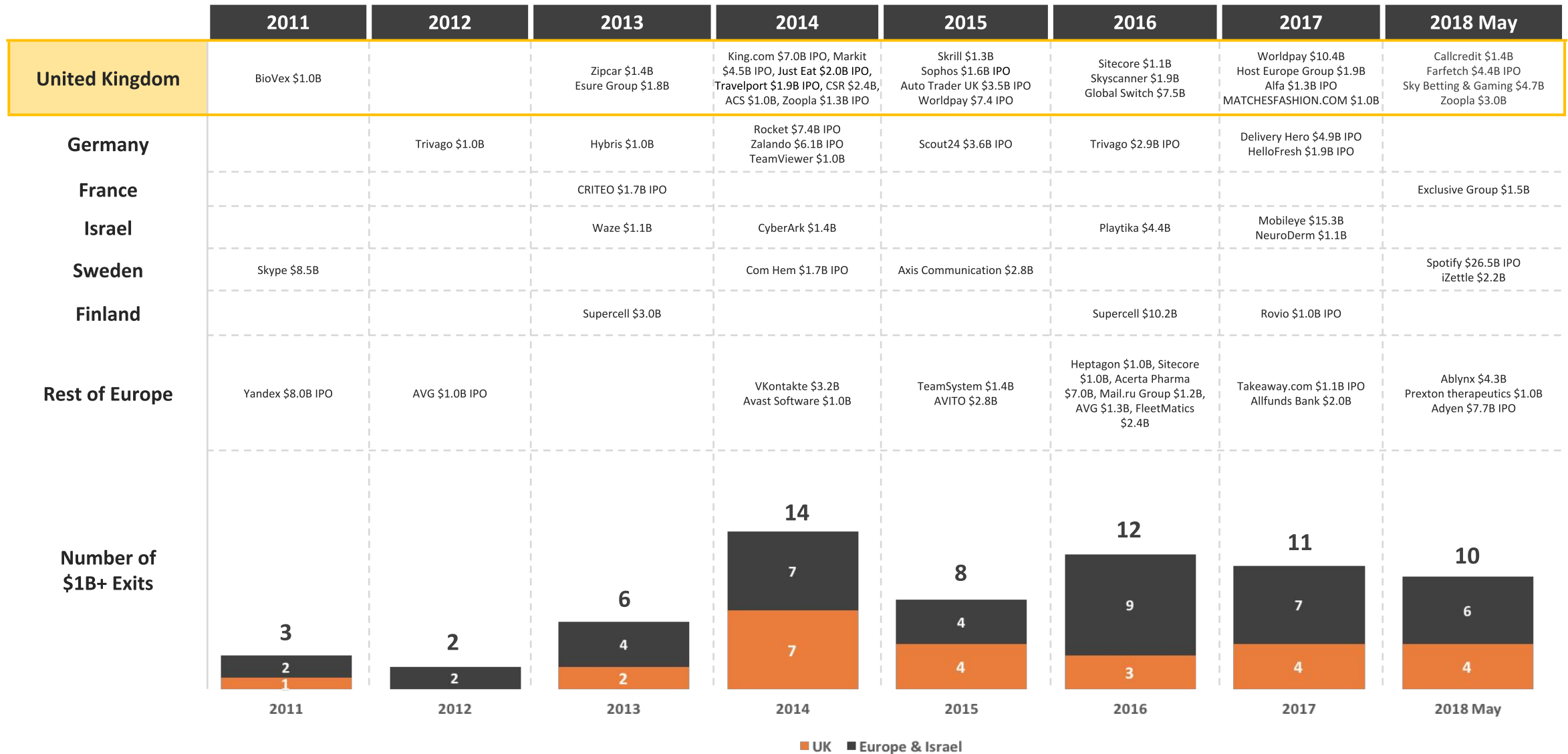
UK	\$ 23B		13 unicorns
Germany	\$ 11B		6
Netherlands	\$ 9B		2
Israel	\$ 8B		8
France	\$ 6B		3
Switzerland	\$ 3B		2
Sweden	\$ 3B		1
Spain	\$ 3B		2

Aside from London, the UK counts four additional cities with at least one unicorn, on par with other major European tech hubs

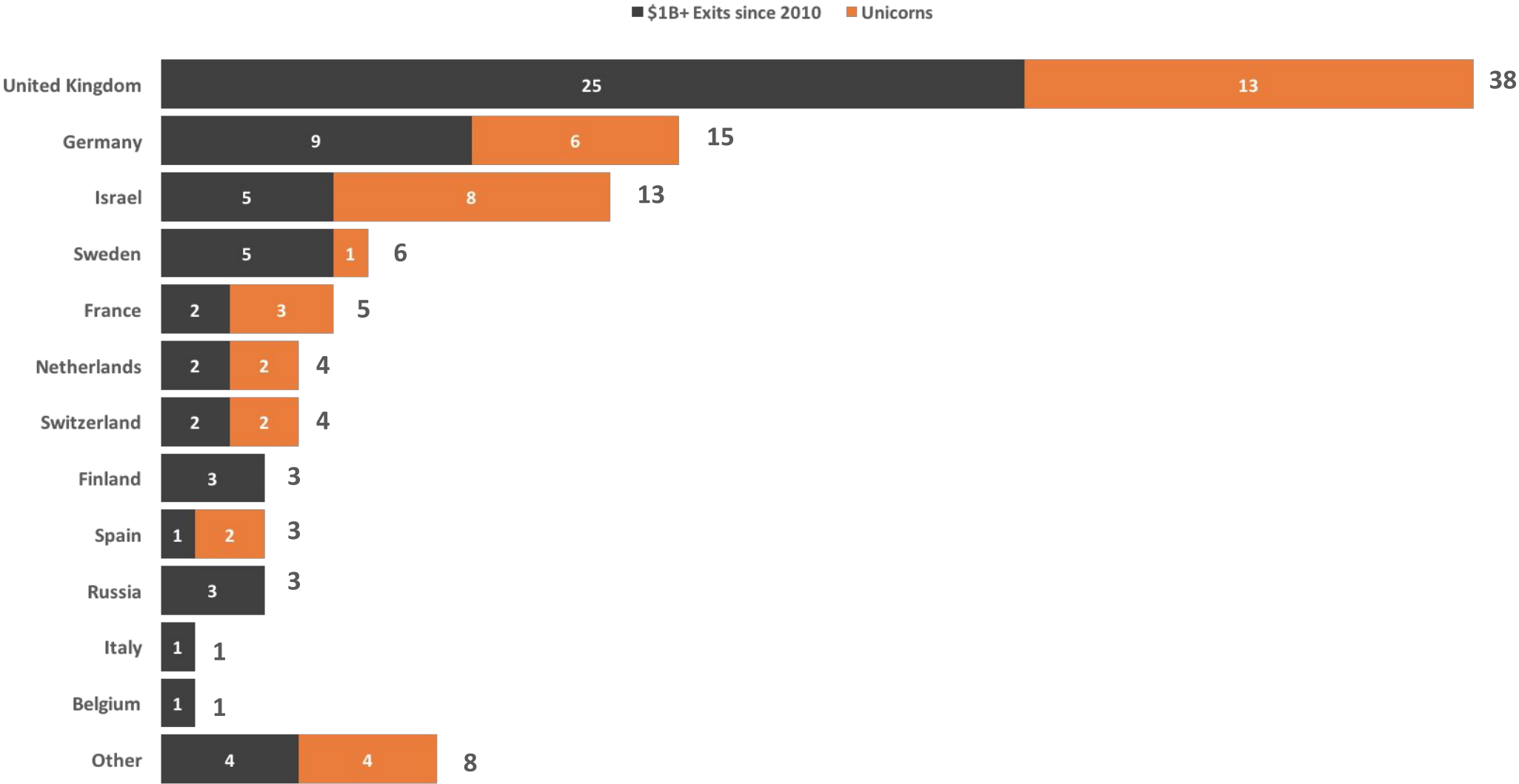
Number of unicorns per city



UK has been the most consistent in delivering \$1B+ exits



Since 2010, the United Kingdom has delivered as many unicorns as Israel, Germany and Sweden combined



Looking further ahead, the UK also leads Europe by number of potential future unicorns

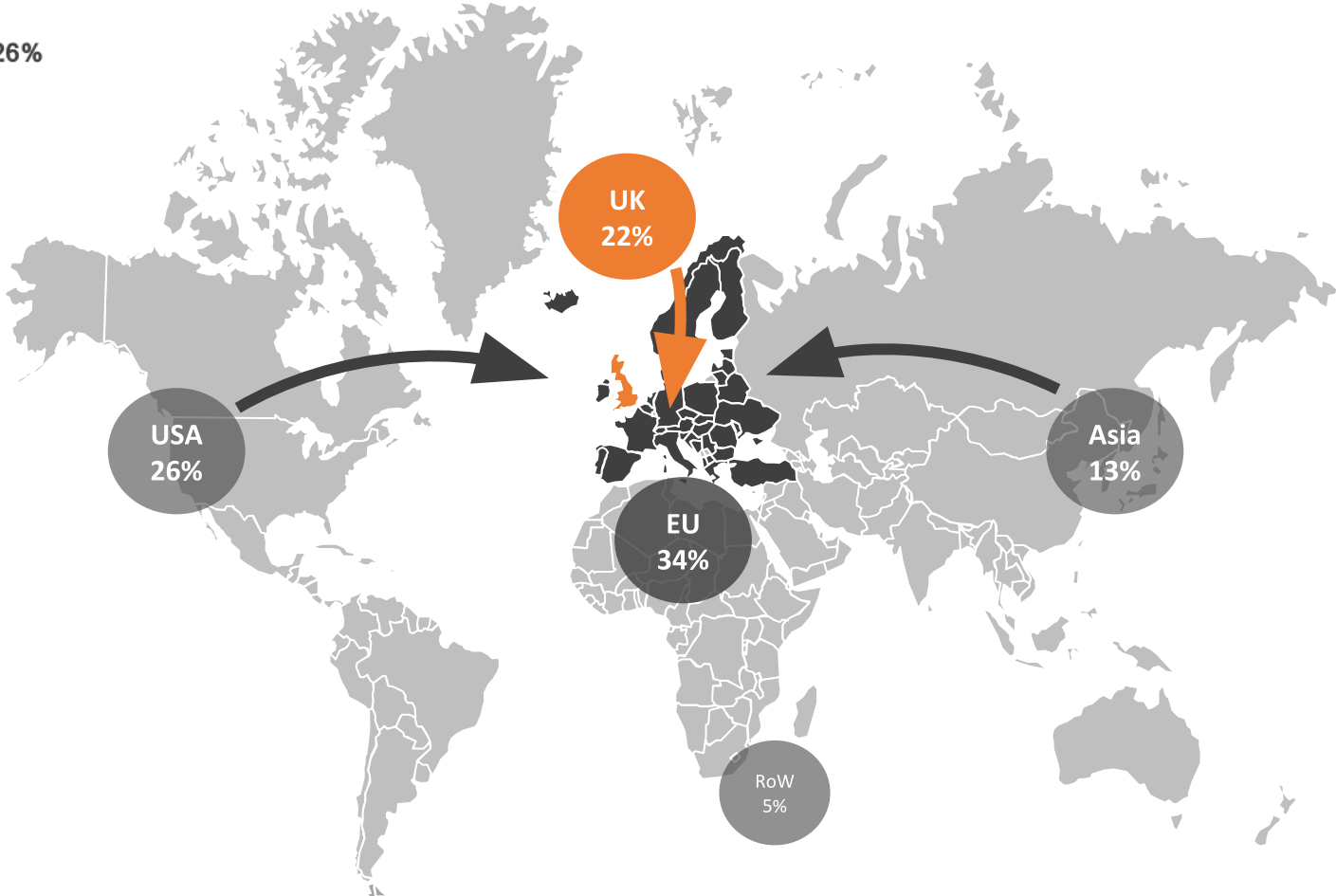
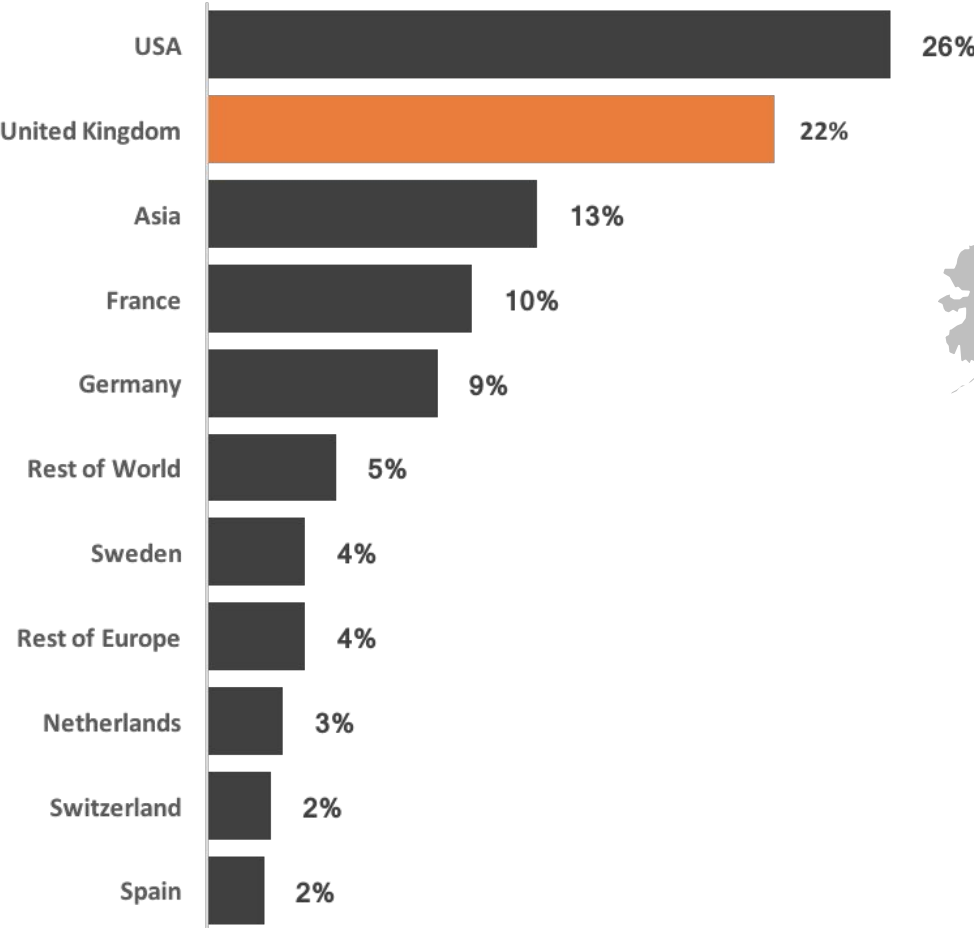
Aggregate value of companies valued \$250M to \$1B

Selected potential future unicorns

United Kingdom	\$ 18B		51 companies
Germany	\$ 12B		31
Israel	\$ 9B		26
France	\$ 8B		21
Switzerland	\$ 3B		9
Netherlands	\$ 3B		6
Ireland	\$ 2B		7
Austria	\$ 2B		4
Spain	\$ 2B		6
Russia	\$ 2B		5
Sweden	\$ 1B		3
Finland	\$ 1B		2

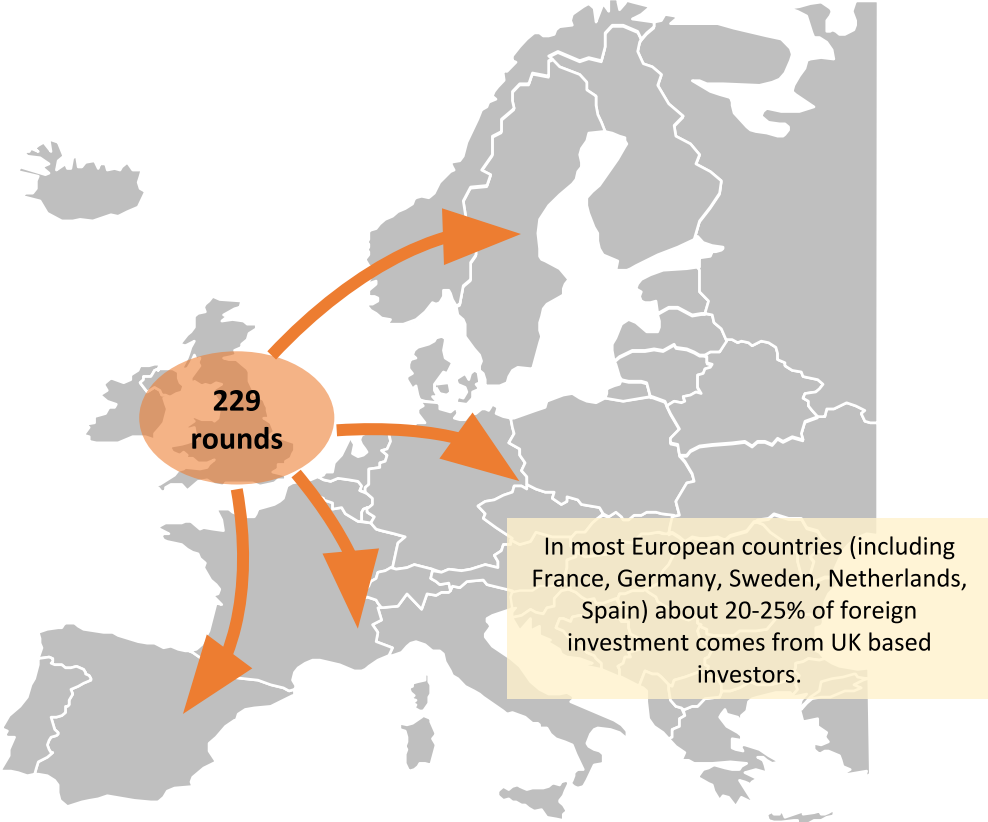
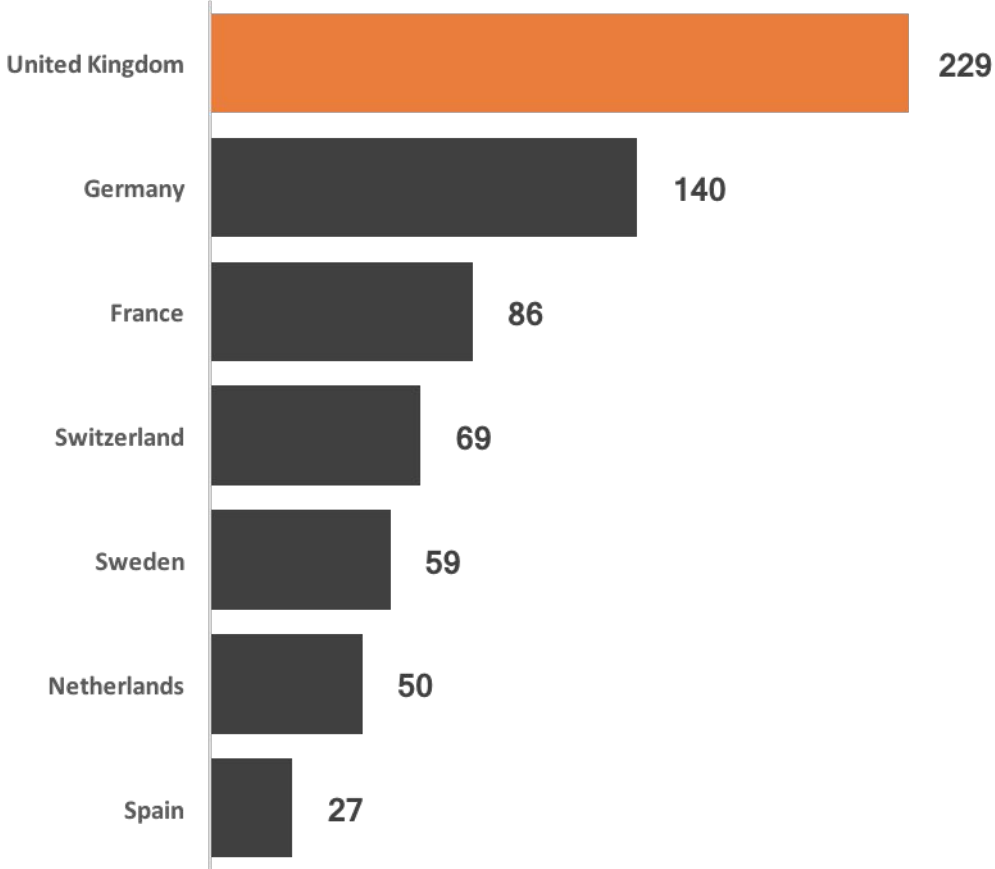
The United Kingdom is Europe's second biggest source of capital, after the United States and just before Asia

Venture capital invested in Europe by investor HQ location (2017)





























































































Within Europe, UK investors are the most actively investing outside of their own country, across the European continent

Number of European non-domestic rounds, by investor location (2017)



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

	Investor	Location	\$1B+ exits		Current unicorns		European unicorns	Investment stage	Stage adjustment factor *		Adjusted score
#1	 Index Ventures	UK	9	+	8	=	 17	Early	2x	=	 34
#2	 Accel Partners	UK / US	5	+	6	=	 11	Early	2x	=	 22
#3	 Rocket Internet	Germany	4	+	3	=	 7	Early	2x	=	 14
#4	 HV Ventures	Germany	5	+	2	=	 7	Early	2x	=	 14
#5	 Balderton	UK	3	+	2	=	 5	Early	2x	=	 10
#6	 Lakestar	Switzerland	3	+	2	=	 5	Early	2x	=	 10
#7	 Northzone	UK / Sweden	3	+	2	=	 5	Early	2x	=	 10
#8	 LocalGlobe	UK	1	+	2	=	 3	Seed	3x	=	 9
#9	 Seedcamp	UK	-	+	3	=	 3	Seed	3x	=	 9
#10	 Atomico	UK	3	+	1	=	 4	Early	2x	=	 8
#11	 Bessemer	US / Israel	3	+	1	=	 4	Early	2x	=	 8
#12	 DST Global	Russia	2	+	6	=	 8	Late	1x	=	 8
#13	 Scottish Equity Partners	UK	4	+	-	=	 4	Early	2x	=	 8
#14	 Point Nine Capital	Germany	1.5	+	1	=	 3	Seed	3x	=	 8
#15	 Baillie Gifford	UK	3	+	4	=	 7	Late	1x	=	 7
#16	 Insight VP	US	3	+	4	=	 7	Late	1x	=	 7
#17	 SoftBank	Japan	3	+	4	=	 7	Late	1x	=	 7
#18	 83North	Israel	3	+	-	=	 3	Early	2x	=	 6
#19	 Baring Vostok	Russia	2	+	1	=	 3	Early	2x	=	 6
#20	 Creandum	Sweden	1	+	2	=	 3	Early	2x	=	 6
#21	 Institutional VP	US	3	+	2	=	 5	Late	1x	=	 5
#22	 Kinnevik	Sweden	4	+	1	=	 5	Late	1x	=	 5
#23	 Temasek	Singapore	1	+	4	=	 5	Late	1x	=	 5
#24	 General Atlantic	UK / US	2	+	3	=	 5	Late	1x	=	 5
#25	 Vitruvian	UK	2	+	2	=	 4	Late	1x	=	 4
#26	 Hoxton Ventures	UK	-	+	2	=	 2	Early	2x	=	 4
#27	 Goldman Sachs	US	1	+	3	=	 4	Late	1x	=	 4
#28	 KKR	UK / US	-	+	4	=	 4	Late	1x	=	 4
#29	 Summit Partners	UK / US	-	+	3	=	 3	Late	1x	=	 3
#30	 Woodford Investment	UK	-	+	3	=	 3	Late	1x	=	 3

Leading investors in the UK by activity and by number of UK unicorns in portfolio

	NUMBER OF UK ROUNDS '17-'18	RANK
Entrepreneur First	51	1
LocalGlobe	39	2
Index Ventures	32	3
Balderton Capital	30	4
Accel Partners	29	5
BGF	28	6
Seedcamp	27	7
Mercia Fund Management	22	8
Octopus Ventures	19	9
Scottish Enterprise	19	9
Notion Capital	18	11
DN Capital	18	11
Atomico	15	13
Amadeus Capital Partners	15	13
RAC	15	13
Force Over Mass Capital	15	13
Touchstone Innovations	13	16
Passion Capital	13	16
London Co-Investment Fund	13	16
Eight Roads Ventures	12	20

Note: number of rounds invested in UK companies by each investor during 2017 and 2018

	GROSS AMOUNT OF UK INVESTMENT ROUNDS '17-'18	RANK
Accel Partners	\$ 1.4B	1
Index Ventures	\$ 1.2B	2
LocalGlobe	\$ 0.7B	3
Baillie Gifford	\$ 0.6B	4
Balderton Capital	\$ 0.5B	5
Toscafund	\$ 0.5B	6
Woodford	\$ 0.4B	7
Eight Roads Ventures	\$ 0.4B	8
Atomico	\$ 0.3B	9
Draper Esprit	\$ 0.3B	10
BGF	\$ 0.3B	11
Seedcamp	\$ 0.3B	12
Highland Europe	\$ 0.2B	13
KKR	\$ 0.2B	14
Notion Capital	\$ 0.2B	15
Touchstone Innovations	\$ 0.2B	16
Passion Capital	\$ 0.2B	17
Octopus Ventures	\$ 0.2B	18
Dawn Capital	\$ 0.2B	19
Vitruvian Partners	\$ 0.2B	20

Note: total size of rounds invested in UK companies by each investor. For example, a \$100M round with four investors, will count as \$100M for each individual investor.
























































	NUMBER OF UK UNICORNS ('11-TODAY)	RANK
Index Ventures	5	1
Woodford	3	2
LocalGlobe	3	2
Baillie Gifford	3	2
Accel Partners	2	5
Balderton Capital	2	5
Seedcamp	2	5
Barclays	2	5
Hoxton Ventures	2	5
Amadeus Capital Partners	1	10
JamJar Investments	1	10
Highland Europe	1	10

Note: number of UK unicorns currently in portfolio, plus \$1B+ exits after 2010. For example: LocalGlobe has one \$1B exit (Zoopla) and two unicorns (Transferwise and Improbable) = 3.

	COMBINED RANK
Index Ventures	1
LocalGlobe	2
Balderton Capital	3
Accel Partners	4
Seedcamp	5
Entrepreneur First	6
Mercia Fund Management	7
Octopus Ventures	8
Scottish Enterprise	8
Notion Capital	9
Amadeus Capital Partners	9
DN Capital	9
Atomico	10
RAC	10
Force Over Mass Capital	10
Business Growth Fund	15
BGF Ventures	15
Touchstone Innovations	17
Passion Capital	17
London Co-Investment Fund	17

Note: combined rank based on the sum of of the previous three ranks.

Selected top unicorn hunters in the UK

	Typically invests onwards from	\$1B+ exits in last 8 years	UK unicorns in portfolio				Other notable UK portfolio companies				
 Index Ventures	Series A	 									
woodford	Series A, B										
 LocalGlobe	Seed										
Seedcamp	Seed										
 ACCEL PARTNERS	Series A										
Balderton capital	Series A										
hoxton ventures	Series A										
 BAILLIE GIFFORD	Series D										
 JamJar	Seed										
 Amadeus Capital Partners	Series A										
 sep	Series A	  									

About Dealroom.co data & methodology



Dealroom.co data

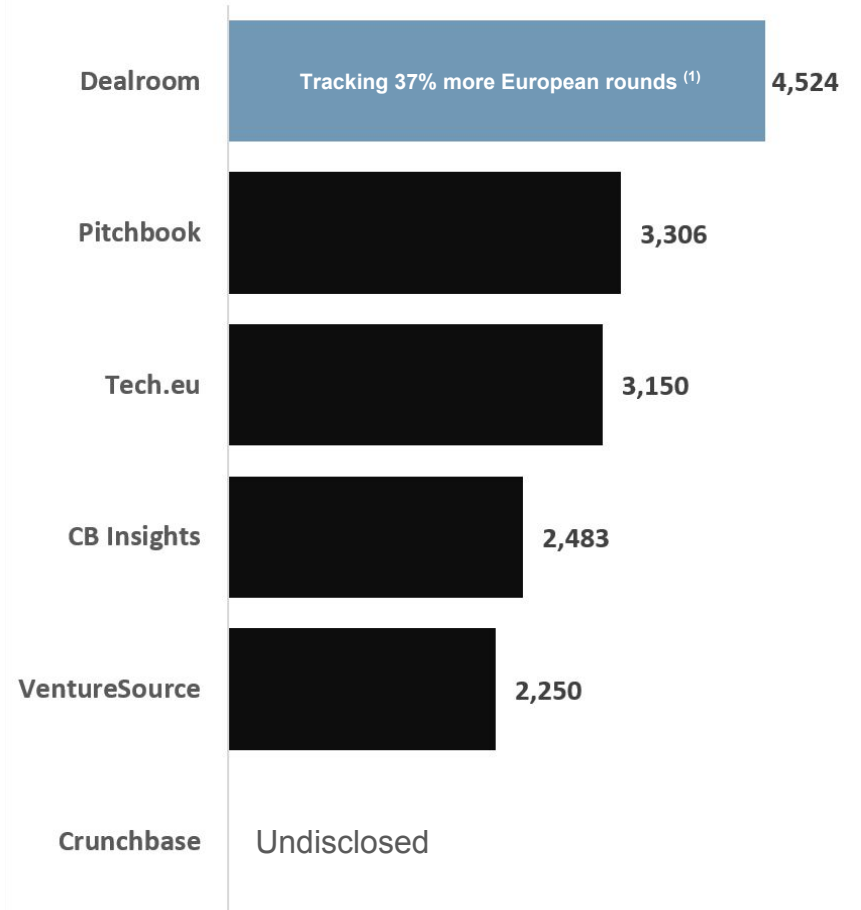
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- Dealroom data has been extensively featured by the Financial Times, BBC, The Economist, The New York Times, The Washington Post, Bloomberg, Reuters and dozens of other leading publications
- Dealroom's software, database and bespoke research help to stay at the forefront of innovation and identify growth & strategic opportunities

Notes on methodology

- Venture capital funding excludes debt, lending capital, grants and ICOs
- Also excluded are secondary rounds, buyouts, M&A, IPOs, post IPO equity
- Europe excludes Israel, unless specified otherwise
- For questions please contact support@dealroom.co

Coverage vs. peers

European rounds tracked in 2017





What We Do:

We empower ambitious tech entrepreneurs to grow faster through growth programmes, digital entrepreneurship skills, a visa scheme for exceptional talent, and by championing the UK's digital sector through data, stories and media campaigns.

See our work at:

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