What’s happening in the UK technology scene?

Since the industrial revolution the UK has been renowned for technology development, but in the last few years there has been an acceleration of growth in the ICT sector, making the UK one of the hottest locations for technology outside of the US. So why is this?

Market Opportunity: The UK is Europe’s leading market for software and IT services, with a value of £58bn per annum. Many companies that choose to set-up in the UK find that they can access clients more easily than in other markets as the UK remains the number one destination for companies to set-up their European Headquarters. Furthermore there are more than 22m home broadband connections in the UK, and 77 per cent of adults have fixed or mobile broadband. The UK is the biggest e-commerce and m-commerce market in Europe; UK consumers spend more per head online than any other country. Since UK consumers are early adopters, and are moving from online to mobile, driven by use of big data analytics, there is a significant market opportunity for inward investors.

The UK Tech Eco-system: The Tech Nation report (published earlier this year by TechCityUK, and available as a free download) gives an overview of the UK tech clusters by city and region. London’s Tech City (Silicon Roundabout) is well established as a strong tech hub particularly in the area where tech meets the creative sector, leading to the growth of companies not only in big data analytics, artificial intelligence and cyber security but also in mobile apps, gaming and augmented reality. A recent innovation has been the creation of the world’s first fashiontech incubator – Centre for Fashion Enterprise – in the heart of East London. Tech Nation also highlights the strengths of a further 20 clusters from Brighton to Edinburgh; each of these clusters has its own specialities such as fintech in Belfast and Leeds and data analytics in Bristol and Cambridge. The Tech North initiative is showcasing the strengths of seven key cities in the North of England: Liverpool, Manchester, Sheffield, Leeds, Hull, Newcastle and Sunderland. For instance Newcastle is the home to Ignite 100 one of the UK’s most successful tech accelerator programmes, the Centre for Doctoral Training in Cloud Computing for Big Data, and Science Central, a new real estate development in conjunction with the University of Newcastle, to support companies particularly working on smart cities and Internet of Things technologies.

Innovation: The UK government is supporting innovation in a number of important technology areas; for example earlier this year it was announced that £140m would be invested in world class research on the infrastructure and cities of the future, and £40m in research into IoT. InnovateUK (the UK’s Innovation Agency) supports collaborative technology development programmes for large and small companies to work with each other and with universities. There are further initiatives to support early stage companies such as Smart Awards targeted at proof of market/concept/prototype studies and IC Tomorrow which focuses on key themes such as augmented reality, wearsables and data analytics. InnovateUK has also set-up 10 Catapult Centres which form a network designed to transform the UK’s capability for innovation in specific areas and help drive future economic growth. The Digital Catapult, based in London’s new Knowledge Quarter (located around the British Library in King’s Cross) and with regional hubs too, is a focal point to rapidly advance the UK’s best digital ideas to market; it provides entrepreneurs, small businesses, researchers and corporate organisations with a space in which they can work, meet and collaborate. Similar Catapults have been set-up to focus other key areas such as Future Cities, Satellite Communications and Transport Systems. A further £42m investment has been the creation of a national institute for data science – The Alan Turing Institute – named after the famous codebreaker and pioneering computer scientist; it is also based in the Knowledge Quarter and represents a partnership with five leading universities in the field of data science: Cambridge, Edinburgh, Oxford, UCL and Warwick.

Entrepreneurship: the UK represents a very attractive location for entrepreneurs and early stage companies as there is now a mature environment to support their growth. With the most active VC market outside of the US, a vibrant business angel community, more than 30 well-established accelerator programmes across the country and a network of experienced mentors, it is not surprising that there has been such a rapid growth of the tech scene in the UK. Valuations of early stage companies have increased steadily stimulated by initiatives like UKTI’s Global Entrepreneurs Programme, supporting inward investor entrepreneurs, and TechCityUK’s Future Fifty Programme which is designed to accelerate the growth of high potential digital SMEs.
Incentives: The UK has a number of tax breaks and incentives that are designed to support innovation and technology development. For example research and development (R&D) tax credits entitle early stage companies to tax relief at 230 per cent; for every £1 spent on R&D in the UK £2.30 which currently equates to 46p for every £1 spent, can be put against the company's corporation tax liability. (for larger companies and members of large groups, an expenditure credit is available, currently worth 28.8p for every £1 spent. Further incentives such as the Enterprise and the Seed Enterprise Investment Schemes are designed to assist investors to invest in UK start-ups.

Talent: With four of the world's top 10 universities in the UK, and many others with strengths in specific technology areas like data science, artificial intelligence and cyber security, there is ample opportunity for companies to hire the staff they need for growth. A well-established talent pool and well-developed intern and apprentice programmes ensure that there is a complete spectrum of available skills.

How UK Trade and Investment can help: UKTI has a presence in more than 100 markets around the world and a team of international investment advisors and sector specialists. Please contact your local office for an initial consultation www.gov.uk/ukti

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