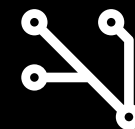




LONDON'S TECH INVESTMENT SHOWCASE



CONTENTS

- 02 INTRODUCTION
- 04 **CHAPTER 1**
LONDON'S TECH INVESTMENT
LANDSCAPE
- 14 **CHAPTER 2**
STARTING AND SCALING
- 22 **CHAPTER 3**
LONDON ON THE WORLD STAGE
- 32 CONCLUSION
- 33 SPONSORS
- 34 STARTUP SUPPORT

INTRODUCTION

RUSS SHAW, FOUNDER
TECH LONDON ADVOCATES & GLOBAL TECH ADVOCATES

“Any business ecosystem is built upon the strength of two factors — its people and the money it attracts.”

London has experienced a period of unprecedented growth in its technology sector. From a concentration of like-minded entrepreneurs gravitating towards the low rent of Old Street roundabout, an industry has been created that dominates market headlines, boasts billion-dollar valuations and employs more than 300,000 people in the capital.

For a city built on centuries of reinvention, evolution and creativity, London feels like a natural home for digital innovation. We must ensure that the tech startups and scaleups that have defined the last five years of the city's economic growth continue to thrive.

Any business ecosystem is built upon the strength of two factors — its people and the money it attracts. London's tech companies will need to fill one million extra jobs by 2020 and the sector is currently facing challenges around diversity and immigration. However, grassroots initiatives are inspiring change, with coding courses, apprenticeship schemes and online courses cultivating home-grown talent and industry influencers lobbying hard to keep London open.

Entrepreneurs, CEOs and founders are looking to investors for the capital to inspire growth. A series of tumultuous geopolitical events, confusion around Article 50 negotiations and a number of high profile unicorn implosions have raised new questions that require answers from London's investment community.

As a result, the next year will be crucial for London's tech community. All the promise and hype of the current decade will be put to the test as the ecosystem proves its ability to produce, fund and scale world-beating tech businesses.

All the constituent parts that attracted record levels of tech investment are still here: a critical mass of entrepreneurs, investors, service providers and government bodies. Now the private sector needs to focus on the qualities that make London unique — innovation, the confluence of global ideas and talent — to continue momentum and assert a magnetic force on the world's investment landscape.

As ever, Tech London Advocates is galvanising the private sector to speak with one voice around the most important issues facing the city's tech companies. That is why the Investor Showcase, and this accompanying report, will share the views of the investors and entrepreneurs who will shape the future of London tech investment. TLA will also announce the Funding Connector, a new initiative set to match exciting startups with investor capital.

Don't forget, five years ago everyone was asking if London could create a tech industry at all. We're stronger than we've ever been, and now is the time to prove it.

The journey continues...





01

LONDON'S TECH INVESTMENT LANDSCAPE

*“Opportunities exist amidst challenges
and London’s entrepreneurs have always
relished adversity”*

Over the past five years, London has changed beyond recognition. The city has reinvented itself as the capital of European technology, ready to compete with Asia and Silicon Valley. This year, we are set to go further, attracting record levels of investment to power startup and scaleup growth.

Opportunities exist amidst challenges and London’s entrepreneurs have always relished adversity. The city is primed to capitalise on the growth of the tech and digital industry, driven by mature legacy technologies and the emergence of new verticals. As investors look to release capital, London is ready to build on its successes, continuing its transformation into a global tech hub.

This chapter shares the insights of those who have created a tech investment landscape in the city, and those who will define its future.



PARIS PETGRAVE

FOUNDER, RARE SEED CAPITAL

London and the UK are buzzing with new technology ideas, innovative startups and entrepreneurial zeal. As an early stage seed funding firm, we keep a close eye on new developments in the tech landscape and I can say that political upheaval and economic uncertainty have done little to dampen the passion and ingenuity that is poured into new businesses every day.

One of the great strengths of London's startup scene is its inclusivity. As a firm, we are committed to investing in founders from diverse backgrounds. Innovation thrives on variety and while there is still a lot of work to do, we are confident that the capital has the breadth of talent from different backgrounds to create one of the world's most diverse investment ecosystems. We should all work hard to protect this in the coming years.

"I feel confident that London's technology ecosystem will continue to grow at pace – producing the next generation of ground-breakers and disruptors"

Technology is currently leading the way in the investment market. There's so much to be excited about, especially in the emerging emphasis on deep-technologies, such as AI and big data. I feel confident that London's technology ecosystem will continue to grow at pace - producing the next generation of ground-breakers and disruptors.



JACQUELINE DE ROJAS

PRESIDENT, TECHUK

There is no doubt that Brexit looms large over the UK tech sector. Issues of crucial importance, such as how the government will secure the free flow of data and what a new trade deal might look like for a sector which is 80% services, remain unsolved. Adding to concern is the question of how, given this referendum's focus on immigration, the UK can continue to be a welcoming place for global tech talent.

There are impacts being felt even before the negotiations get underway. The devaluation of sterling is already having some effect and could become more significant post-June when the currency hedges taken out by some businesses come to an end.

Having said all that, the UK tech sector is still leading us through uncharted waters, creating new ideas and inventions at an incredible pace. In that context, we can be assured that the UK can continue to influence and be successful at a global level if it remains powered by tech.

All-in-all there remains a sense within the sector that the UK is a good place to start, invest and grow. While Brexit certainly throws up challenges, there are also emerging opportunities, such

"Tech remains the fastest growing part of the UK economy, hoovering up 72% of venture capital"

as tech enabling a smarter migration system and facilitating new cross-border trading mechanisms.

Investment also remains strong. According to Tech Nation 2017, tech remains the fastest growing part of the UK economy, hoovering up 72% of venture capital and equity funding in 2016 which is equivalent to around £9.2 billion.

Confidence has also been buoyed through the clear political backing for tech. The Spring Budget expressed that the UK should remain "at the forefront of the global technology revolution" and the National Productivity Fund has committed to £23 billion to digital infrastructure, 5G and upskilling in STEM by 2020/21.

These signals give the sense that, whatever happens over Brexit, the UK will continue to nurture innovation and entrepreneurship, and that the tech sector will remain a driving force of our economy.



DEBU PURKAYASTHA

3RD EYE

I try my best to contribute in a small way to companies as they look to scale their business models, build their global expansion strategies and realise their exits. It would be naïve to say the challenges facing tech companies in the UK and Europe haven't been exacerbated in the past twelve months, but not necessarily in the way people might think.

Whilst the media narrative might focus on issues relating to the European Union, from passporting to the single market, the UK still hasn't found compelling answers to many of the big questions facing British tech.

Foremost - when does the first \$100 billion tech company emerge from the UK? Can we scale a British tech startup to global success? Are London's entrepreneurs leading sector trends rather than following them? Does our community understand regulatory challenges not just in the UK but in India, Israel and China as well? Are they baking this into their business plans?

Take artificial intelligence, one of the most hyped sectors across the

"We need entrepreneurs working alongside policymakers and social bodies to find scalable, durable & long term solutions"

technology industry. Companies applying machine or deep learning to a specific industry are immediately global in scale, yet in many, if not most, countries the regulatory (and societal) landscape doesn't yet exist to accommodate rapid disruption. These are complex issues that the UK tech industry isn't necessarily considering yet and we need entrepreneurs working alongside policymakers and social bodies to find scalable, durable and long term solutions.

VCs need to engage with the bigger questions and work alongside their portfolio companies to guide them around these issues. The next five years aren't just crucial for London's tech investment landscape, but also for the relationship between tech, society and individuals. London needs to lead the path forward!



SIMON CALVER

PARTNER, BGF VENTURES

"Since the beginning of this year, we have seen a marked increase in investment"

The past nine months certainly haven't seen the dramatic slowdown some anticipated after the decision to leave the European Union. The London tech ecosystem remains buoyant, with a large number of London based funds raising the capital that will enable the city's tech companies to enjoy rapid, sustainable growth.

Since the beginning of this year, we have seen a marked increase in investment in firms operating within the 'deep tech' sector. Deep tech – those companies that work with sophisticated infant technologies – has developed into a popular destination for investor capital, with a marked increase in platforms being developed to accommodate new and emerging technologies. As a

result, we are currently seeing a number of artificial intelligence companies reaching maturity, as well as virtual and augmented reality tech firms attracting next-level investment.

That said, technology investment operates on a cyclical basis. In three-to-five years, companies that are currently considered hallmarks of 'deep tech' may well be considered typical, and the next phase of disruptors will be ushered in to replace today's firms.

The challenge that the current climate presents to investors is the difficulty differentiating between these on-trend companies, identifying which have the potential to scale, and being sensible in understanding the scaling process.



ANNA BOFFETTA

BALDERTON CAPITAL

During my career, I have studied in Bangalore, worked for a startup in New York and advised tech companies across Europe. I was drawn to London as there is a strong and unique community building here. London is perfectly placed to attract exciting entrepreneurs from Europe, experienced European professionals returning home from the USA, and sought-after core-technologists from academia. This powerful combination makes London the world's most exciting tech melting pot.

I am proud that my firm, Balderton Capital, embodies this. Behind the doors of our King's Cross office you will find an investment team boasting two former founder-CEOs who built businesses worth a combined \$7.5bn, a senior leader from Uber – the world's biggest breakthrough tech success story, fintech specialists from the UK and software experts from the Nordics.

More importantly, the same is true of our portfolio companies. We scour the continent in our quest to identify tech

“London’s technology companies represent the diverse and multidisciplinary city from which they hail”

startups with the potential to achieve global scale. London’s technology companies represent the diverse and multidisciplinary city from which they hail, and I regularly meet companies that couldn’t have been founded anywhere else.

I am also a co-founder of Diversity VC, an organisation designed to promote diversity in the venture capital community. London’s technology industry is flourishing, and VCs like us fund the future leaders. We believe these entrepreneurs deserve an investment community that represents society. And the data tells us that diverse teams outperform their less-diverse equivalents, so by making London’s tech scene fairer for all, we will also make it even stronger.



PROFESSOR MISCHA DOHLER

KING’S COLLEGE LONDON

What does London need to become the best city in the world to live, work and do business in? There is plenty to entertain people who live here, it’s not short on green spaces and some of the world’s biggest businesses have a presence here. In fact, as it stands, London has a lot of what is needed to be a great global city. But if it is to continue to support innovation and attract both talent and investment from around the world, I would argue investment in digital infrastructure needs to be a priority.

The future of cities lies very much in the adoption of new and emerging technologies. In smart homes and businesses, connected cars and connected services. Preparing for this future is futile if we don’t have access to fast internet speeds across the city. The public and private sector must work together to lay the foundations

“The future of cities lies very much in the adoption of new and emerging technologies”

for a future built on connectivity and integration, with an emphasis on 5G and IoT to boost productivity and improve livelihoods.

According to the London Mayor’s Office, moving from basic broadband to superfast broadband could add around £4bn to London’s economy by 2024. London needs to stand shoulder to shoulder with those in the likes of Hong Kong, New York and Tel Aviv, to take the lessons from these early adopter cities and replicate them here.

London is sitting on strong foundations of ingenuity and innovation. If we take care of digital infrastructure, the rest will follow.



MAGGIE RODRIGUEZ-PIZA

CHIEF EXECUTIVE, FUNDING LONDON

Over the past year, we have seen a fundamental shift in the focus of investment in the UK. An emphasis on “deep tech” defines the investment environment, with AI, big data, virtual and augmented reality receiving the attention of investors.

Analysis of venture capital investment into London’s tech sector found that AI and machine learning have proved particularly attractive, with investment totalling £85.75m in 2016 – almost 20 times the £3m raised in 2011. At Funding London, around 50% of our investment over the past six months has been in the deep tech sub-sector. This increased investment comes despite a continued slowdown in overall capital venture investment, which has seen a relative reduction in the rate of outlay in the London tech ecosystem.

The UK is renowned for producing and attracting world-class talent, supporting the development of deep tech businesses by providing them with the expertise to drive the growth of new technologies. Whilst Brexit will likely

have an acute impact on the recruitment of European talent, the UK will continue to be the destination of choice for international talent. The onus is on the government to review the process of tech recruitment, with the expansion of visa programmes an important step to ensure that we satisfy the talent requirements for UK technology companies.

Despite lingering political uncertainty, London continues to attract investment far in excess of European counterparts, with the shift towards deep tech investment representing confidence in London’s long-term ability to produce class-leading tech companies.

“At Funding London, around 50% of our investment over the past six months has been in the deep tech sub-sector”



MANISH MADHVANI

CO-FOUNDER, GP BULLHOUND

“London continues to lead the way for tech investment, with the capital attracting more money than any other major European city”

In 2016, European technology sectors continued their rapid growth, challenging US dominance through the development of tech companies that match innovation with stability and profitability.

It was the year that Europe’s unicorns – tech companies with a value of \$1 billion – began to outperform their US rivals. The continent’s billion-dollar businesses generated an average of \$315 million in revenue, \$186 million more than their American counterparts. A measured approach from investors and entrepreneurs across Europe has led to a total 47 unicorns, including the development of Europe’s first \$10bn tech company – Supercell, the Finnish game developer.

Whilst it would be easy to suggest that the decision to leave the European Union might stunt the sector’s progress, the resilience of UK tech should not be underestimated. Last year saw an

increased appetite for investment in digital businesses across Europe, particularly in London and the UK. Our investment data revealed that, in the immediate aftermath of the referendum from June 23 to September 30, 873 deals closed in the technology sector.

London continues to lead the way for tech investment, with the capital attracting more money than any other major European city in 2016. More than £6.7bn was invested into UK tech firms, with London accounting for more than a third of the total. The volume of deals is also on the up - there were 4,009 in the technology industry in Britain alone in 2016, up from 2,858 the previous year and 1,714 the year before.

The figures show that the London tech ecosystem is built on strong foundations. From the world-class talent coming out of UK universities to a mature investment environment, the UK is well on the way to cementing its status as a global tech hub.



02

STARTING AND SCALING

“London’s tech investment activity has historically focused on early stage businesses”

A strong tech ecosystem must produce startups and encourage scale either through to a successful exit or global expansion. London’s tech investment activity has historically focused on early-stage businesses and the journey to cultivating a concentration of tech companies with a valuation of \$1bn has been a challenging one.

Even before the difficulties of the past twelve months, the shadow over London’s tech sector was a question about the city’s shift from a startup ecosystem to a scaleup ecosystem. Some of the characteristics are starting to emerge – startups acquiring startups, entrepreneurs eschewing early exits for long term growth and investment in the talent pipeline – but more needs to be done.

This chapter shares the insights of those experiencing the growth trajectory from startup to scaleup, and injecting the growth capital required to do so.



JEFF LYNN

CEO AND CO-FOUNDER, SEEDRS

London operates a diverse and robust tech investment ecosystem. The sector has grown materially over past year, leveraging a range of angels, venture capitalists and non-traditional investors to drive growth. At Seedrs, we have created a marketplace for early stage investment, allowing big and small investors to engage with the tech ecosystem by providing advice and support.

As UK tech has grown, we have seen more and more investors look to release capital, drawn to London's tech and digital industry by its diversity and depth. Since last year, we have seen a broadening in the sector, with an array of verticals attracting investment at the early stage.

Whilst some infant sub-industries have begun to attract a larger proportion of investor capital, this investment represents a broadening – rather than a shift – at the early stage. As a result, London has developed its credentials

“London has developed its credentials as the location of choice for ‘deep tech’ startups”

as the location of choice for ‘deep tech’ startups, building on the capital's success in digitising historical strengths like the explosion in fintech and eCommerce. Platforms like Seedrs allow all types of investors to access early-stage equity, offering a platform for growth.

Investors would be wise to spread capital throughout the country, investing in tech hubs like Bristol and Cambridge where we have seen the next generations of tech businesses begin life first hand.

By meeting these investment challenges, London will continue on its present trajectory, confirming its status as the preeminent location for technology startups in Europe and beyond.



TOM ADEYOOLA

FOUNDER & CEO, METAIL

London is home to one of the world's most advanced tech ecosystems. According to the Tech Nation report published earlier this year, the tech and digital sector is growing 32% faster than the rest of the UK economy. This is great news for the entrepreneurs, disruptors and innovators who underwrite a successful tech ecosystem. At Metail, we have been able to leverage London's world-class ecosystem to successfully scale our business, growing to over 60 employees based in offices in London and Cambridge.

London has the potential to play a vital role in the international tech ecosystem, contributing to the next generation of global tech companies which are likely to be dominated by the likes of Alibaba and Tencent from Asia. As technology shrinks the distance from East to West, we must

“London has the potential to play a vital role in the international tech ecosystem”

be ready to develop a relationship with the Asian tech industries, sharing knowledge, talent and capital between tech and digital sectors.

To ensure that London plays a global role, we must continue to attract international talent from all sectors. We must support the movement of people, ideas and capital to ensure the tech industry continues its present rate of growth. By looking outward, the UK tech sector will continue attracting world class talent and investment to produce tomorrow's tech success stories.



GONÇALO DE VASCONCELOS

CO-FOUNDER & CEO, SYNDICATEROOM

UK tech investment is in a very strong position, even allowing for increased uncertainty around Brexit and the upcoming election. At early stage and Series A in particular, companies benefit from an educated and international workforce, access to a wide range of experienced investors and a favourable time zone.

While we still do not compete with the deep pockets of Silicon Valley when it comes to late stage investment, our startups and scaleups are highly competitive. Companies that exit create lucrative return for their investors, who are then able to put these back into early stage companies, meaning that the UK ecosystem continues to grow.

One area where the UK leads the world is in fintech, where London is the global capital. Fintech is emerging in a tightly regulated sector, so we are not seeing the exponential growth associated with

“Companies benefit from an educated and international workforce”

Airbnb or Uber, but we are still seeing tech companies that create a great deal of value.

The UK's Financial Conduct Authority is miles ahead of international competitors, and has enabled some great innovation through its Sandbox and other initiatives. Just this year we created the world's first fund that invests entirely autonomously in early stage companies, and while the FCA were very rigorous in questioning us and testing our hypothesis, they were still happy to allow this when they established that it was a strong concept. I expect our fintech sector to continue to attract investment and lead international innovation in the medium and long term.



JAMES CLARK

HEAD OF TECH & LIFE SCIENCES, PRIMARY MARKETS,
LONDON STOCK EXCHANGE

The story of the UK's emergence as a tech powerhouse has been interwoven with the growth of Tech London Advocates. In the years since 2010 a series of developments in the tech industry, supported by the business and policy communities, has taken a small but thriving tech scene into a powerhouse that competes at a global scale in some key sub-sectors like fintech and machine learning.

Supporting this growth has been the UK's investment community, and whilst tech needs angel capital to get going, and VC to build and scale, sometimes forgotten is the role of the UK public markets which provide robust support for the sector.

So what does that support look like? Over the last three years, the UK markets have displayed their versatility in supporting tech companies across a range of sizes from Worldpay which listed in late 2015 with a record \$4bn deal, to Edinburgh's FreeAgent which floated on AIM at the end of 2016 with a valuation of \$35m - becoming the UK's first equity crowdfunded IPO in the process.

But support extends beyond listing. Tech companies already on our markets have continued to raise money through follow on rounds. Indeed, in Q1 2017, with 193 equity offerings, London Stock Exchange has led the world in deal activity. Of those deals, 21 deals, or 11%, were tech follow on deals that raised \$1.3bn. This activity is good for companies and their early stage investors, highlighting the appetite and knowledge of public market investors

to back good companies who choose to stay independent.

Once public, tech companies continue to perform well in the UK. London Stock Exchange offers the deepest and most liquid pool of international investor capital, with investors eager to back tech companies not only at IPO but throughout their lifecycles.

Since early 2015, the UK has seen significant outperformance of tech issuers and indexes when compared to US exchanges. The average price performance for 2016 UK tech IPOs ran at 145 per cent, almost triple that of the performance of tech IPOs on US exchanges in the same period. And despite some big name IPOs in the US so far this year, the story of UK outperformance remains.

Across a range of examples within the tech industry, the valuations of UK listed tech businesses runs counter to received wisdom. What we observe is that differences in valuation are more often explained due to differences in companies rather than in exchanges. In some outstanding cases, we see examples like AIM-quoted Merseyside company Blue Prism, which has seen its valuation increase seven fold in little more than a year since IPO.

At London Stock Exchange, we look forward to stronger and deeper engagement with the UK's tech community. For companies, we offer a path to continued independent growth, and for investors, we offer liquidity as well as returns in the future.



BEN LUCKETT

MANAGING DIRECTOR, AVIVA VENTURES

“Britain remains one of the most sought after outlets for domestic and international investment”

The UK remains an exciting and dynamic place to invest, with London home to a tech ecosystem loaded with exciting developments. Across the country, from Cambridge to Bristol, tech clusters are ensuring that the UK's ecosystem extends beyond the capital.

Our tech and digital sector exists within a competitive global environment. If the UK is to maintain its position within the international tech ecosystem, it must continue to develop its credentials as a destination for scaling businesses. With an impressive startup ecosystem in place, the stage is set to ensure that the UK has the infrastructure to allow businesses to successfully scale into

larger enterprises. Investors must ensure that they are ready to invest in promising startups, supporting innovative new businesses by providing them with a platform to mature in the UK.

Despite predictions of uncertainty as the UK negotiates an exit from the European Union, strong fundamentals in the tech ecosystem will ensure that Britain remains one of the most sought after outlets for domestic and international investment. We must build on the progress we have made in developing an unrivalled investment framework to start and scale companies, adjusting the appetite for investment to help develop an environment which allows businesses to grow into the tech titans of tomorrow.



JENNY TOOTH OBE

CEO, UKBAA

The tech and digital sector represents the most exciting opportunity for angel investors today. Over 78% of the angel investment that we have seen at the UKBAA this year has been in technology companies. Tech is a non-homogeneous industry, offering a wide range of opportunities which align with the diverse interests of angel investors.

Many angel investors are also following the current trend and focusing on ‘deep technologies’, supporting a new generation of AI, big data and IoT startups that will mature into the unicorns of tomorrow. An interest in these facilitator technologies has added significantly to the value of the angel investment ecosystem, encouraging the development of a connected investment system that supports early stage ventures as they scale. Angel investors play a key role in offering their tech investee businesses support and

“Tech is a non-homogeneous industry, offering a wide range of opportunities”

advice as well as early stage capital whilst connecting them to the existing ecosystem from startup through to scaleup. Technology has also acted as an enabler of angel investment. A maturing fintech industry has facilitated investors to engage and co-invest through online investment platforms.

The future is bright for angel investment in tech. Providing that the UK government continues to support and further develop the EIS and SEIS schemes and develops measures to plug the funding gap left by the European Investment Fund, the angel investment economy will continue to thrive and back great tech entrepreneurs.



03

LONDON ON THE WORLD STAGE

“London cannot survive without the flow of capital from the US and the increasingly dominant Asian markets.”

London is, and always has been, a meeting point for the world's ideas, people and commerce. The future of the tech sector will depend upon international connections and relationships for talent and investment, but also the cultural diversity that makes the city so unique.

Tech entrepreneurs need to develop a strong voice in the changing regulations, visa routes and political agreements that will fall into place during the next two years of Brexit negotiations. But, perhaps more importantly, they need to cultivate their own links with the international tech community.

London cannot survive without the flow of capital from the US and the increasingly dominant Asian markets.

This chapter shares the insights of those striving to connect London with international tech hubs, and ensure the city's tech expertise resonates on the world stage.



MICHAEL HAYMAN MBE

CO-FOUNDER, SEVEN HILLS

The UK has the potential to be the best place in the world to start and grow a technology business. It has a thriving ecosystem with the ambition, agility and ideas to make it a world leader. And the thing about potential is that it gives you something to realise.

Britain is known the world over for its ingenuity. From advanced manufacturing, to fintech, AI to cyber security - we are recognised leaders in investable technologies and cutting edge ideas. According to the latest report from technology investment bank GP Bullhound, Britain is home to four fintech unicorns, compared with two in the rest of Europe.

We also have the infrastructure needed to nurture the next generation of tech titans. Spaces such as Level39 and Rocketspace have invested in creating environments which not only give a home to startups and scaleups but also connect them into London's network of investors and advisors, who can help them to take flight.

“Brand Britain stands for innovation, creativity and quality the world over”

We have reputation on our side. Brand Britain stands for innovation, creativity and quality the world over. But it is a hallmark that we need to work hard to protect. Brexit has led many to question how enduring it will be in the future. The way we are perceived is important – we need to be seen as an open, confident country with the attitude to succeed. It's not beyond our grasp.

The world is changing and it's changing fast. Bill Gates famously said that we tend to overestimate what can be done in two years and underestimate what can be done in ten. This is a view that tech itself has largely undone. It's a sector that is driving change in almost everything we do. With it comes rapid growth and tremendous commercial opportunity. Britain has what it takes to win a very significant piece of the action.



PRIYA GUHA

ECOSYSTEM GENERAL MANAGER, ROCKETSPEACE

Any global tech hub is built on collaboration. From my time in Silicon Valley, I have seen first hand how a successful tech sector is dependent on an open and optimistic environment, where knowledge and working practice is shared across the industry.

London's ability to generate startups is unmatched. According to figures from StartUp Britain, over 200,000 startups began life in London last year. But too many of them face huge obstacles to the high growth they aspire to. The challenge now is for London to help its startups scale into the tech giants of tomorrow, fostering innovation by providing support for new businesses.

The emergence of co-working spaces, accelerators and incubators over the past five years has contributed to a culture of shared knowledge and IP. Global investors are looking to the

“The challenge now is for London to help its startups scale into the tech giants of tomorrow”

UK to expend capital, banking on London's ability to effectively scale new businesses and create stable, profitable companies.

As London builds on its status as a global tech hub, the UK is perfectly positioned to attract scaling capital from investors looking to find the British tech titan to rival Silicon Valley's Facebook or Google and China's Tencent and Alibaba. By leveraging its industry diversity, strong knowledge base and maximising collaboration, London will emerge as the place where startups can successfully scale.



AFTAB MALHOTRA

GROWTH ENABLER & TLA INDIA
WORKING GROUP LEAD

The UK's startup ecosystem is an engine of growth for our entrepreneurs, established companies and economy as a whole. At GrowthEnabler we use artificial intelligence to score early stage tech startups, and we are seeing enormous opportunity in sectors like AR/VR, IoT and artificial intelligence, to name just a few.

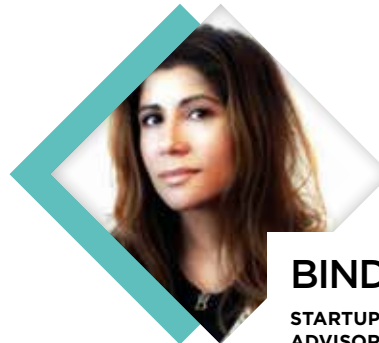
The first wave of disruption brought us global titans such as Google, Facebook and Uber, which reshaped our lives and markets. We are now seeing incumbents fight back and produce innovation of their own. This typically comes from startups, and takes the form of company incubators, partnerships and acquisitions. These play a big role in London's investment ecosystem, and corporations are now becoming partners in industry disruption, rather than just victims of it.

Many commentators underestimated the ability of incumbents to evolve and adapt to stay at the top of their sectors, and this second wave of disruption is causing established companies to consider major innovation, and work closely with startups to achieve this.

"Corporations are now becoming partners in industry disruption, rather than just victims of it"

One challenge larger corporates have when investing in this investment innovation is identifying the companies with the most potential. Many turn to their network to find targets, but complain of incomplete information. That is why we have just launched GrowthEnabler Pii, which uses machine learning to score startups and identify the most innovative startups across a range of tech sectors. We're working with a range of FTSE100 companies to help them disrupt themselves and every day we see the strength of London's tech investment.

We are seeing a different dynamic in India, where a young and ambitious population is creating a lot of innovative startups, but they do not have the same strong incumbents for partners. India would be a great place for UK companies to find partners and make investments, and I expect we will see more of this in future.



BINDU KARIA

STARTUP EXPERT, CONNECTOR, ADVISOR & TLA
ADVISORY BOARD MEMBER

When it comes to technology ecosystems, London packs a massive punch. Throughout my career, I've been lucky enough to travel the world exploring startup and innovation ecosystems, all the while connecting London's startup community with investors, government, large corporates and advisors around the globe. What is always clear, is the respect that London's technology community has internationally. We won't lose this overnight. But this reputation will need to be nurtured and protected in the future.

We need to make sure Britain's tech innovators continue to have access to the skills they need to fly. Scaleup talent should be at the top of the agenda – otherwise we risk losing the momentum that has helped to put London's tech scene so firmly on the global map over the past ten years.

"Talent should be at the top of the agenda"

Having grown up in Kenya, UK and Canada, I've always loved being based in London. I've witnessed and been part of such incredible growth in the UK tech sector since 2000. Companies and founders here definitely have the same ambition and the same mindset as those you'll find in the Valley. Combined with the proximity to what is still the world's foremost financial centre, you've got the ideal breeding ground for world-leading technology firms.

We shouldn't lose sight of this. We need to maintain confidence and make sure that tech priorities, like access to talent, continue to be championed over the coming years.



SHALINI KHEMKA

E2EXCHANGE

London's ecosystem is unrivalled. It has a high calibre of founders, angel investors, advisors and leading corporate organisations – all of which come together to create the perfect environment for success.

I've been in the business of making these kinds of connections since 2011 and have been able to witness the power of networks, using them to build long lasting relationships. This is one of London's strongest advantages and is set to become even more important in the coming years.

These relationships need to be maintained beyond our shores as well. If we can forge closer ties between ourselves and other technology hubs around the world, we'll find ourselves in an even stronger position.

Fostering connections between Britain and India has long been a mission of mine – and it's clear to see why. It is the third largest startup ecosystem in the

"If we can forge closer ties between ourselves and other technology hubs around the world, we'll find ourselves in an even stronger position."

world and is making strides in the likes of fintech, edtech and healthtech.

If we work together, we can tackle anything. And our politicians realise this. I've had the honour of being asked to join Mayor of London Sadiq Khan's Business Advisory Board. It's the first of its kind and technology members, such as Nicola Mendelsohn, vice president of Facebook and Debbie Wosskow – founder and CEO of Love Home Swap – have all vowed to contribute ideas which will hopefully help London to continue its powerful economic growth. We'll be making sure the voice of the technology sector is heard loud and clear in City Hall.



GAVIN POOLE

HERE EAST & TLA ADVISORY BOARD MEMBER

"London has always been a city that celebrates innovation, prioritises collaboration, harbours creativity"

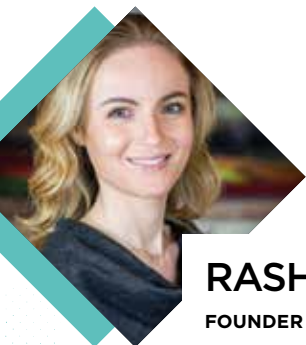
London will only be able to compete with the largest hubs for tech, design and business in the world if it has the space and infrastructure for tech companies to grow.

When we show tenants and prospects around Here East, the £100m+ re-development of the former press and broadcast centre on the Olympic Park, we remind them that the characteristics that will consolidate London's position as a world leader for innovation aren't new.

London has always been a city that celebrates innovation, prioritises collaboration, harbours creativity and has

built a globally renowned research base through its world-leading universities. The only difference is that tomorrow's great minds and inventors need superfast broadband speeds, flexible commercial leases and space to house not just workshops and studios but also servers and the next generation of manufacturing and hardware.

Amidst all the concerns about London's future, what better message could we send to the global tech community than opening the doors of our most exciting infrastructure projects to become future homes of the world's leading entrepreneurs.



RASHA KHAWAJA

FOUNDER & CEO, TOUCAN VENTURES

At Toucan, we operate within the London investment market, providing capital to emerging businesses in London. We service the ecosystem as a whole, offering investment to the 48% of companies who seek it but do not necessarily operate in the tech space. Although tech is an enabler, we look for exciting startups who operate outside of the tech and digital environment, offering support and guidance to scale a diverse portfolio.

In London, we see a range of diverse businesses and hungry individuals who offer solutions to problems that most people would struggle to imagine. We offer 30 to 50 thousand pounds as early stage investments, bringing smaller companies into our programme and providing them with the network

“London is a creative hub, and creatively needs support, structure and networking.”

and support structure that they need to grow successfully.

London is a creative hub, and creatively needs support, structure and networking. We offer a concise support package, offering our portfolio companies mentoring services and extending advice to new businesses inexperienced in legal, IT, branding, PR and recruitment issues.

By ensuring that we provide these supporting services in conjunction with capital, we can ensure that London builds a safe, sustainable ecosystem built to last.



DANIA ZHOU

CHINA SCIENCE AND MERCHANTS GROUP

“The UK will continue to create the kinds of innovative technology companies that we want to invest in and partner with.”

London presents huge opportunities for global investment firms such as ours. As one of China's leading private equity houses, we have a unique vantage point from which to view the city and the attractiveness of its technology sector. Having created an extensive network of investments and partners in China, we have sought to find new international opportunities to release capital. London and the UK are firmly at the top of our list of target markets, along with Israel, Germany, Japan and Russia.

We look to the UK for advanced technologies. Last year, we signed an agreement with startup incubator

Founders Factory to invest in the technology startups set to solve tomorrow's problems. We're particularly interested in its focus on artificial intelligence companies – an area that we see growing in prominence over the coming years as existing businesses mature and new firms enter the sector.

There is much to be attracted to by London and we are just at the start of our relationship with British firms. We aren't worried about the perceived threats from things like Brexit, as far as we're concerned, the UK will continue to create the kinds of innovative technology companies that we want to invest in and partner with.

CONCLUSION

London's technology ecosystem is navigating uncertain waters. The country is about to enter the Brexit process, the results of which will undoubtedly have an effect on the startups, scaleups and established companies which call London home.

But if any city can weather a storm, London can. Over the last ten years, it has completed its transformation into a truly global tech city. By leveraging world-class talent with a comprehensive support structure, the city has cemented its position as the capital of European technology.

There is so much to celebrate. The tech sector is attracting record levels of investment throughout every stage of the investment pipeline, with a supporting ecosystem that provides individuals with the tools they need to successfully scale a business.

London boasts an impressive array of tech companies. These innovators operate within a diverse group of sub-sectors, each tackling a unique problem and drawing on a deep pool of domestic and international skills.

Increasingly, startups based here are finding the infrastructure and support they need to scale. There are world-class accelerators, co-working spaces, mentorship programmes and networking opportunities. Those who look for help can find it.

These credentials are not easy to erase and the evidence of London's strength and confidence can be found in these pages. We've heard from founders, financiers, advisors and connectors. All have pledged their unwavering support for London tech and their ambitions for its future.

Investors can be confident that the success of London's tech startups and scaleups is set to continue...

SPONSORS

We would like to thank our sponsors and partners, whose support has made the production of this report possible:

INVESTOR SHOWCASE
HOST:



LEAD SPONSOR:



EVENT SPONSOR:



TLA SPONSORS:



RUSSELL REYNOLDS ASSOCIATES

zumtobel group



STARTUP SUPPORT





ABOUT TECH LONDON ADVOCATES

Tech London Advocates is a private sector led coalition of over 4,600 expert individuals from the tech sector and broader community who have committed to championing London's potential as a world-class hub for tech and digital businesses.

It strives to support London's tech startups and high-growth businesses in finding new investment, new talent and continued success.

Tech London Advocates is an independent organization, sponsored by Breakthrough Funding, Cisco, City of London Corporation, Cocoon Networks, Here East, Hewlett Packard, Penningtons Manches LLP, Russell Reynolds Associates, Salesforce and Zumtobel Group.

www.techlondonadvocates.org.uk

[@techlondonadv](https://twitter.com/techlondonadv)