Scotland's tech scene flourishes with more job opportunities

Scotland is one of the UK's booming tech hubs, raising a total £345M in venture capital funding in 2020. The job market has soared as a consequence, with 31% of all vacancies in Edinburgh being in tech or IT-related.

Scotland has the highest number of verified startups (2,442) outside of London and the South East, according to new data by Tech Nation, the growth platform for tech companies and leaders, and job search engine Adzuna. The number of venture capital rounds increased in 2020 to 96 up from 87 in 2019, despite the challenges of the pandemic.

Last year, two Scottish startups were named among the 10 winners of UK-wide growth platform Tech Nation's Rising Stars programme. Edinburgh's tech for good firm Neatebox and Glasgow-based Talking Medicines received a support package to help them scale, grow and build their networks. Neatbox harnesses tech to help disabled people in their day-to-day lives, while Talking Medicines provides pharmaceutical companies with real-time data intelligence.

Startups and fast-growing scaleups raised significant rounds during the year, including biotech firm Roslin Technologies, which raised £50M in early VC funding in July; rocket company Skyrora raised £25.5M in Series A funding in January; and cryptocurrency wallet and payments platform, Zumo raised a £10M Series A round in November.

Growing potential through hiring

Adequate access to finance and talent are some of the main barriers to growth for startups. This is why the UK government's British Business Bank continues to provide funding for tech hubs. Since it began in 2012, the bank has issued more than 4,700 loans worth £36.7M to small businesses in Scotland. Scottish companies also secured a total of £235M in tax relief from the UK government for research and development projects in 2018/19.

These dynamic tech companies need skilled staff to facilitate their growth plans, with Skyrora alone announcing it was hiring 170 staff for a new site in Fife to contribute to its mission of launching its first rocket into space.

Growing tech companies in Scotland are competing with the likes of Barclays, Sky and Amazon – as well as established unicorns Skyscanner and FanDuel – for talent. As of December 2020, there are 28,295 open job vacancies in Scotland, 4,414 of which are in IT-related roles. In the capital of Edinburgh, 31% of all job roles are in the tech sector, making it the city's fastest-growing sector.

Dr George Windsor, Head of Insights, Tech Nation, said:

"From its roots in the electronics industry, Scotland's tech scene has evolved into a dynamic sector, encompassing everything from space to biotech and fintech. With more companies competing for skilled staff, it's an opportune moment to meet with local entrepreneurs to hear what needs to be done to support this growing tech hub."

The figures on the growth of Scotland's tech industry are published as the Government's Digital Economy Council and Tech Nation prepare to host a digital roundtable on February 3 to discuss the challenges facing the tech sector as it works to create jobs and help the region recover from the impact of

the coronavirus.

Tech talent in demand

The increased demand for skilled tech talent across the country is reflected in the high advertised salaries for open jobs. In Edinburgh, the average advertised salary for tech jobs is £59,776, ahead of the UK average of £53,945. Advertised salaries are even higher for specialist workers including solutions architects, who are tasked with testing, integrating and programming software systems to suit a company's needs, who can command a salary of around £69,532, a 20.7% increase from 2019's figures.

Product managers looking for a new job can expect an average advertised salary of £64,054, an increase of nearly 30% from 2019 figures. There are currently 84 product manager vacancies across the city, demonstrating the strength of Scotland's tech sector.

The UK Government has committed £300M to Edinburgh and the South East of Scotland to help unlock economic growth and boost jobs. This includes the creation of five new innovation hubs in fields, such as robotics and space technologies. A further £13M of investment in six science centres across the UK includes Dundee and Glasgow.

As part of the AI Sector Deal, the UK Government provided £30M of funding for the University of Edinburgh's Bayes Centre to help support the development of world leading technology, attract further investment to the region and support high value jobs for the future.

This week's virtual roundtable is one of a series being held with tech executives, investors and entrepreneurs across the country. Local companies, investors, university representatives and other ecosystem participants will be brought together to learn, share and collaborate on the challenges posed by the pandemic. The learnings will be fed back to the Department for Digital, Culture, Media and Sport (DCMS).

Andrew Hunter, Cofounder, Adzuna, said: "Scotland is a brilliant place to set up a tech base, with tech giants and local enterprises setting up shop in cities including Edinburgh, Glasgow, Fife and Dundee. As companies look to recover from the coronavirus pandemic, hiring the right talent will become a challenge, particularly for specialised roles like product managers and solutions architects."