

UK set to see record year of investment as tech boom grows

The UK tech sector is set to see a record year of investment after a series of deals across the industry saw investment soar to £13.5B in the first six months of 2021. Investment has now tripled the amount achieved by UK tech the same period last year.

The data, which was compiled by Dealroom for the UK's Digital Economy Council and Tech Nation ahead of London Tech Week, also revealed that several mega deals pushed the total investment raised to new highs. More than half of all rounds invested in UK tech have been for more than \$100M. Mega rounds were closed by tech giants including Revolut, which raised £577M in Series E and online events platform Hopin, which raised £289M.

More than 1400 tech companies across the UK have benefitted from the total investment raised this year. The growing figure now cements the UK's position as Europe's leading tech hub, followed by the German tech market which raised £6.2M in the same period.

Founding Chief Executive of Tech Nation, Gerard Grech, said that the UK tech industry is on course for another record high in terms of investment in 2021.

“The success of established companies like Wise, Darktrace and Depop show there is a clear pathway for UK tech companies to make an impact on a global scale.”

An abundance of unicorns

The cash flow into UK tech has also meant the region is now home to a growing number of unicorns. The UK now boasts 105 private companies valued at \$1B or more, with 20 created in the last six months alone. Visual AI company Tractable, and popular marketplace Depop both achieved unicorn status in 2021.

The UK is also home to a growing number of “futurecorns.” Around 153 high-growth companies across the UK are deemed to have unicorn potential, including letterbox delivery platform Bloom & Wild.

Fintech stays at the top

Fintech companies clinched the majority of investments, attracting £4.2B in 2021 so far. UK fintechs also dominate the top 10 valued tech companies across the region, with giants such as Revolut boasting a total valuation of £23B.

Sectors such as healthtech also attracted £2.7B in funding in the wake of greater investor and consumer interest in new healthcare technologies since the onset of the pandemic. Transportation, which suffered a blow in demand in the last 18 months, also bounced back with total valuation of £1.1B across the sector.

Regional investment rises

Behind London, which is now home to 71 unicorns, Oxford, Bristol, Birmingham and Cambridge followed as the UK’s leading tech hubs.

But outside of England, innovation and investment continued to boom in 2021. Scotland’s startups have raised over £50M this year, including a significant £35M round led by one alternative protein company, Enough, alone.

In Northern Ireland, the tech sector continues to bubble as it boasted £18.8M inside 6 months.

Harry Briggs, managing partner at OMERS Ventures, said “there’s never been a better time to be working and investing in the UK’s startup and scaleup sector. The tech sector has the talent, the funding and the ecosystem to be a huge part of driving the country’s future prosperity”

“I’m excited by the number of potential global winners starting to emerge here,” he added.

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