

The change in tech startups today versus eight years ago

The UK tech industry has grown remarkably in recent years. Even against the backdrop of a digital skills crisis, fierce global competition and major economic upheavals, the sector has soared to new heights.

It was reported only last month that UK tech had passed a *milestone \$1T* valuation – only the third country to pass this threshold, after tech juggernauts in the US and China.

The scale of this growth has accelerated enormously in recent years, thanks in no small part to the willingness of investors to back both fledging scaleups and established tech firms. In 2010, the UK's tech sector took in £1.2B in VC investment. A decade later, this had increased nearly tenfold to £11.3B, with the lion's share of this growth ticking up in the second half of the decade.

The chief executive of Tech Nation, one of a number of advisory bodies charged with promoting tech growth in the UK, marked the milestone by highlighting the industry had risen to “difficult global challenges and come out stronger”. Having worked within the UK tech industry during this period (as a tech company that develops digital solutions for both tech startups and corporates), this certainly chimes with my own experience.

In fact, many of the changes startups have made to their culture and direction have come about as a direct result of working through the COVID-19 pandemic,

positioning themselves well to benefit from heightened interest and capital investment into global tech.

Diversity becomes a priority

There are two ways of looking at diversity in tech; diversity of background, and diversity of experience. The sector has led a meaningful drive to attract and retain a wider variety of each.

For instance, today's tech startup founder looks very different from that of a decade ago. Then, it was typical to see individuals exit a different sector mid-career to bring their existing resources and relationships to try to exploit a gap they had observed in the market. In 2022, the picture looks markedly different, with all manner of experience levels afforded the opportunity to build a business and develop their tech offering.

In the early days of the pandemic, a government advert encouraging ballet dancers to 'retrain in cyber' was widely derided. However heavy-handed and tonally misjudged this was, those of us with experience partnering with startups will know that part of this rings true.

The growth of the sector has attracted individuals with a variety of different experiences, which has in turn lent the industry greater perspective, foresight and creativity.

That is not to say there is not more progress needed. For example, an entrepreneur's socioeconomic background, not to mention gender and ethnicity, will still have a significant bearing on their likelihood of raising investment for their tech startup.

Further, tech startups' leadership teams are still not as diverse as they could be. Figures from the Tech for Diversity 22 report highlighted 62% of tech workers saying their senior leadership team had women in a minority, while three quarters had almost no ethnic minority representation. Needless to say, this needs to be addressed.

The benefits of a diverse team to a tech company are well-trodden, but still

bear repeating. Organisations with more diversity produce better tech. Many startups have walked into a reputation catastrophe by developing products in the AI or IoT space and, on beta or launch, had significant in-built biases pointed out in public. In a hypercompetitive tech culture in which growth is the strongest currency, reputational damage like this can be difficult to recover from.

Startups are, in turn, increasingly awake to the need to ensure there is a breadth of different experiences and perspectives on the development and leadership sides of the business.

This is by no means a closed issue – while the vast majority of startups say they are actively recruiting for staff from different minority backgrounds, the sector still lags significantly behind the wider economy for female and ethnic minority background leadership representation.

So, while from a personal perspective it has been brilliant to meet with a much more varied collection of startup founders in recent years, more generally there is still some way to go where diversity and inclusion is concerned.

Evolving culture

Culture is another curious topic. The tech industry is still, in some quarters, dogged by a negative reputation earned decades ago – a bad image is easily won, and difficult to shake. While the notoriety for limited attitudes to diversity and inclusion is improving, the progress towards a more positive culture has perhaps received less attention.

The days of the ‘tech bro’ are, it seems, numbered. The convergence of the digital skills shortage and the near-endless resources of the big tech companies mean startups have a constant fight on their hands to retain their best talent. This has led to more flexibility, benefits, and deeper connections between the organisation and its workforce – which extends well beyond table tennis, free fruit and bean bags.

The so-called ‘war for talent’ has led to more dynamic workplaces with positive

working conditions and flexibility for employees. Much like the drive towards experience retail, employers must now offer an 'experience office' rather than just a place to work.

From Glassdoor's top 15 companies to work for in 2022, seven were tech companies. Six of these afforded employees the choice to work fully remote – with Google the big-tech exception.

One thing that is clear from working with numerous startups over the last decade, is the shift in attitudes. 'Hustle' culture is now recognised as unhealthy in some instances; or at least not something that should be glorified at every opportunity, given it can take a notable toll on startup founders and their teams.

Dogmatic leadership attitudes of the past are receding into memory, as we enter an age of the individual. The successful drive to improve culture to insulate against the skills shortage and big tech poaching the best talent has fostered the conditions for greater progress in bringing in more diverse perspectives to the sector – it is clear to see that today's startups are filled with personality and a greater focus on employee wellbeing, which should be celebrated.

Of course, in a more saturated industry, this might mean more failures – but it is exciting to see a thriving industry with a greater variety of approaches to the challenges they face. The startups that embrace this way of running will certainly find themselves well-positioned to meet the next set of challenges as UK tech continues to innovate and evolve.

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