

# UKTI Venture Capital Unit

Withdrawn 27 May 2019



# Why invest in the UK?

As good investment prospects go, the UK is second only to the USA - and right now it's a much less crowded market. That won't last long, though. More and more of the world's venture capitalists are waking up to the opportunity the UK presents.

## Investor confidence

Investors have more confidence in the UK than any other European nation



AT Kearney Foreign Direct Investment Confidence Index 2015

*Investors not playing in this field are missing out*

- Sherry Coutu, venture capitalist

## Venture capital growth

Venture capital investment in the UK is growing 50% per year

**\$2.57bn\***  
raised in 2013

across 842 deals

**\$3.85bn\***  
raised in 2014

across 1,006 deals

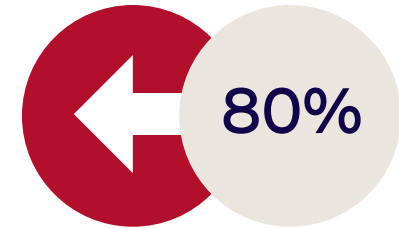
*The quality of expertise in early stage technology and innovation is well recognised as a strength in the UK. Additionally, a dynamic and buoyant marketplace and Government support for early innovation, through organisations like Innovate UK, provides a great environment for venture capital investment in the UK*

- Phil Smith, chief executive, Cisco UK and Ireland and chairman, Innovate UK

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# Why now?

Thanks to a number of different factors, investment conditions in the UK are better right now than they've ever been.



## Academic Support

4 of the world's top six and seven of Europe's top 10 universities are in the UK

## Industry Support

70 accelerators and counting

## Government Support

UKTI supports 80% of inward investment projects

## Fertile ground for promising startups in a range of sectors

### Cybersecurity



Sector worth \$28 billion\* and forecast to grow

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### Cleantech



\$930 million+\* raised through Entrepreneur Missions

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### Fintech



\$539 million venture capital in 2014

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### Life Sciences



\$741 million\* venture capital in 2014

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### Digital



\$1.6 billion venture capital in 2014

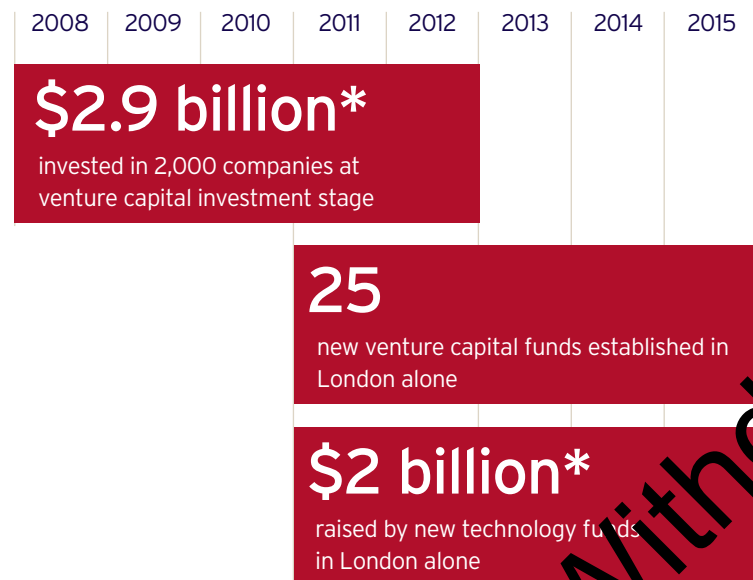
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\*Converted from another currency using exchange rates from UKForex. Amounts may have been rounded both before and after conversion.

# The new Silicon Valley

The USA - and Silicon Valley in particular - still leads the world in Venture Capital, thanks in large part to a mature investment infrastructure built up over the years. Imagine getting in at the beginning of the Silicon Valley venture capital scene. That's where the UK is today.

## Years in the making



## Unicorns

The UK's unicorns - startups with billion-dollar valuations - include Skyscanner, Zoopla and Just Eat.

**17**

UK Unicorns

**8**

of the 17 became unicorns between June 2014 and June 2015

**\$40 billion+\***

Total value of UK-based unicorns

## New UK unicorns

| Unicorn        | Latest round               | Valuation     |
|----------------|----------------------------|---------------|
| Farfetch       | \$86 million               | £1 billion    |
| Blippar        | \$45 million               | \$1 billion+  |
| Funding Circle | \$150 million              | \$1 billion+  |
| Adaptimmune    | \$176 million IPO (NASDAQ) | \$1.2 billion |
| Shazam         |                            | \$1 billion   |

*Foreign investors are giving UK tech startups the big money and large valuations usually lavished on Silicon Valley groups*

- Robert Wardrop,  
 Centre for Alternative Finance,  
 Cambridge Judge Business School

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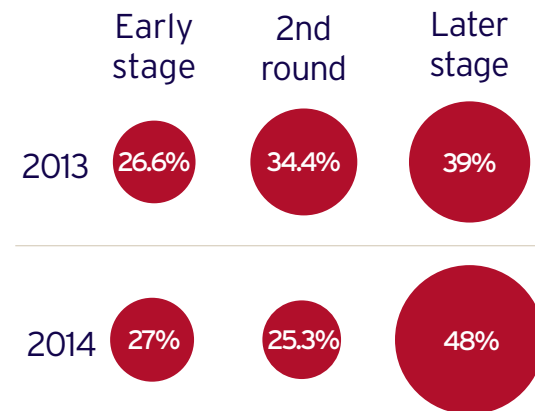
# Engine of a European revolution

Europe is proving itself to be an investment powerhouse - and the UK is dominating the market.

## The European market is maturing...

As more startups survive for longer, venture capital investment allocations are shifting to later-stage deals.

### Percentage of capital invested per year



## ...and the UK leads the charge...



## Tech company venture capital investment deals struck in Europe in 2014



## ...with London setting the trend

After years of investment and development, London's Tech City is one of the world's most vibrant tech startup clusters.



**\$18.6 billion\***

Predicted economic activity to be created by Tech City by 2025

*The venture capital scene in the UK is one of the most advanced in Europe, with highly trained scientists and engineers and an entrepreneurial mindset. A large proportion of the investments we have done in Europe have been in the UK. As such it makes sense for Saudi Aramco Energy Ventures to be based here*

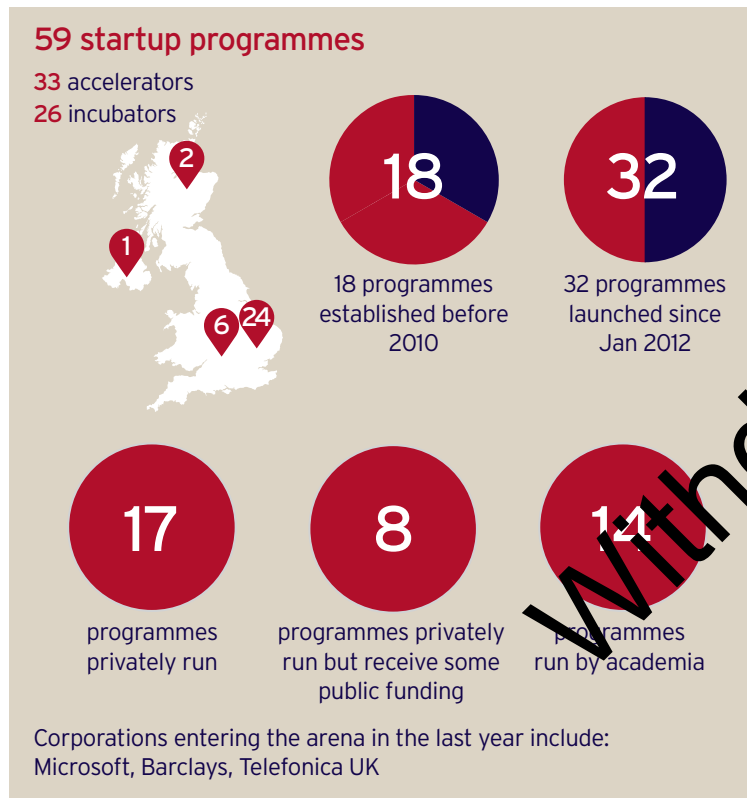
- Hans Middelthon, managing director, Saudi Aramco Energy Ventures Europe

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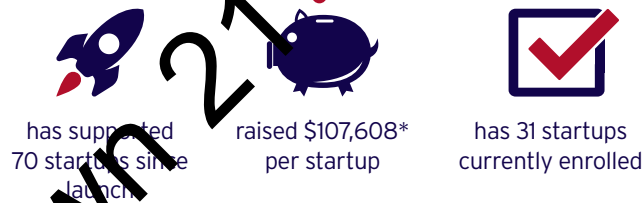
# Accelerators and incubators

The UK startup incubator ecosystem has experienced extraordinary growth over the past five years, including the emergence of many accelerators: a new kind of for-profit incubator.

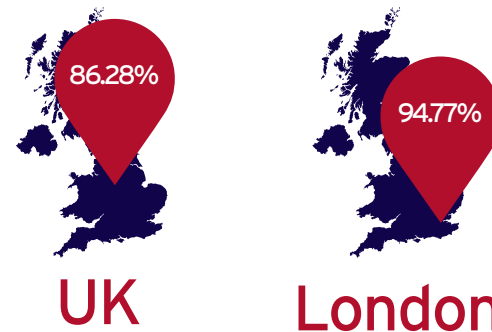
## More support for startups...



## ...means more startups survive On average, each programme:



## Average survival rate for startups:



*There's no other place in Europe that's even close*

- David Kabiller, co-founder, AQR

*The UK is the main hotbed for sophisticated VC investors in Europe*

- Thilo Schneider, legal director, Pinsent Masons

# Accelerators and incubators

The UK's accelerators and incubators are as diverse as the startups they support.

## FinTechCity

**Sectors:** Fintech

**Launched:** 2013

50 startups

FinTechCity keeps a master list of more than 1,000 European Fintech firms, and every year invites a panel of experts to select 50 that are transforming financial services. Inclusion in The FinTech50 gets firms on the radar of key investors and customers faster and more cost-effectively than any marketing campaign could achieve.

## Barclays Accelerator

**Sectors:** Fintech

**Launched:** 2014

21 startups

Barclays Accelerator is an intensive 13-week programme, providing startups with expert coaching, co-working facilities, access to Barclays data and technology, and an opportunity to pitch at a prestigious demo day. The programme also affords access to Barclays decision-makers and the Techstars Global Accelerator Network.

## MassChallenge UK

**Sectors:** Agnostic

**Launched:** 2015

90+ startups

London's largest accelerator

MassChallenge UK provides early-stage companies with free office space, mentorship, education, training and networking opportunities for four months of every year. Participants in the accelerator programme also have a chance to win a share of £500,000 in cash awards. As a "no strings attached" accelerator, MassChallenge UK does not take fees or equity from startups it supports.

*As an industrial technology-focused venture fund investing in North America and Europe, we are very impressed with the innovation and investment opportunities the UK has to offer. UKTI plays an important role in improving the ecosystem by facilitating introductions between international venture funds and UK-based startups and also preparing those startups to increase their chances of securing much-needed funding for their endeavours*

- Gina Domanig, managing partner, amerald Technology Ventures

# Corporate venture capital

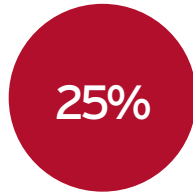
Following UKTI introductions, more and more corporate venture capital units are becoming active in the UK. UKTI speaks the language of corporate venture capital, and is highly active in helping units establish themselves and connect with relevant UK deal flows.

## What is corporate venture capital?

An equity investment made by a corporation into a high-growth-potential business, usually to develop the parent corporation's strategic capabilities and/or provide it with a financial return.



1,200+  
corporate venture capital  
units in the world



25%  
of all venture capital deals involve  
corporate venture capital

## Corporate venture capital in the UK



## Case Study: Google Ventures

In 2014, Google Ventures set up in London with a \$100 million annual investment target, aiming to use the UK as a gateway to access and develop startups across Europe.

Bill Marris, managing partner at Google Ventures, said Europe's startup scene shows "enormous potential", pointing to companies such as Spotify as examples.

*Wander through the excellent Science Museum in London, and you'll see inventions that transformed history... These marvels from the past still influence our lives today, and are tangible examples of how fearless exploration and entrepreneurship can literally change the world...*

*We can't predict the kinds of inventions the Science Museum might showcase 10+ years from now, but we do know European startups will be essential to this future, and we can't wait to see what they create.*

- Bill Marris, managing partner, Google Ventures, July 2014

*The support system in the UK in terms of mentoring, access to finance and Government help at most stages of an entrepreneurial journey is within the top three in the world. My interactions with the UKTI have been prompt and valuable, connecting me with corporate venture capitalists around the world*

- Peter Cowley, investor director, Martlet; entrepreneur; UK Angel Investor of the Year 2014



# Government support

The UK Government provides extensive support for UK innovation and technology: from cutting-edge university research; to R&D collaborations through Innovate UK funding and its catapult centres; to UKTI, which has offices in every major economic centre in the world to support UK exports and inward investment.

## Direct funding: British Business Bank

The British Business Bank (BBB) supports UK businesses with high growth ambitions to find the early-stage finance they need by investing in a range of equity funds focused on UK businesses and supporting high growth loans.

### VC Catalyst Fund

Invests in commercially viable venture capital funds that might otherwise fail to reach a satisfactory first close. Enables private sector investment already committed to those funds to be unlocked and invested in growth companies.

### Enterprise Capital Fund (ECF)

Has over \$620 million of fresh capital to back new funds which combine private and public money to make equity investments in high growth businesses.

### Angel CoFund

Makes equity investments of between \$155,000 and \$1.5 million in smaller businesses in the UK. Invests alongside strong syndicates of business angels to support businesses with strong growth potential.

## Tax incentives

| For Seed Enterprise Investment Scheme (SEIS) qualifying investments  | For Enterprise Investment Scheme (EIS) qualifying investments  | For investment in Venture Capital Trusts                               |
|--|--|--|
| <ul style="list-style-type: none"> <li>Income tax relief up to 50% of the amount invested</li> <li>Capital gains tax without up to 14% of chargeable gains invested</li> </ul> | <ul style="list-style-type: none"> <li>Income tax relief of 30% of the amount invested</li> <li>Capital gains tax deferral for the life of the investment</li> </ul> | <ul style="list-style-type: none"> <li>Tax relief up to 30%</li> </ul> |
| <ul style="list-style-type: none"> <li>Tax-free capital gains when sold</li> <li>Inheritance tax relief</li> <li>Loss relief</li> </ul>  |  |  |

All reliefs are subject to conditions. Contact UKTI for full details.

A Venture Capital Trust (VCT) is a company whose shares trade on the stock market, but which makes money by investing in other companies.

*The outstanding science, the increasing availability of local venture capital and experienced management teams, as well as the favourable environment provided by Government initiatives makes the UK our natural beachhead for life science venturing in Europe.”*

- Jens W. Eckstein PhD president, SR One (USA)

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# UK Trade and Investment

UK Trade & Investment (UKTI) is the UK's award-winning trade and investment agency. UKTI supports about 80% of all inward investment projects and offers ongoing support to investors that establish a base in the UK. UKTI also helps UK-based companies achieve their potential by exporting and succeeding in the global economy.

## Paladin Capital Group

Paladin Capital is a multi-stage private equity firm, headquartered in Washington DC and with offices in New York City and Silicon Valley, which invests in growing companies at venture and expansion stage.

After working closely with UKTI's Venture Capital Unit, Paladin Capital has decided on an office in London, through which it will invest directly in UK and European companies. This will be one of Paladin's first offices outside the USA.

*When we first decided to open an office and an investment Fund in Europe, London was an obvious choice for one of our main locations. It was through the support and introductions we received from UKTI's Venture Capital Unit that our decision was confirmed. UKTI were very proactive and helpful in introducing us to the ecosystem of growing UK businesses. They also supported us with introductions to potential Limited Partners and have been providing support across a range of services – from visa requirements to finding office space. We have just launched our first €100 million European Fund and are seeing great deal-flow from the UK*

- Alex O'Kinneide, managing director and head of Europe,  
Paladin Capital Group  
May 2015



*UKTI has been an excellent partner for us at Amadeus, helping us with international relationships all over the world. It is a pleasure to work with such a dedicated and well-informed team*

- Hermann Hauser, partner,  
Amadeus Capital Partners

# Sectors

Entrepreneurship and innovation are flourishing across the economy, with five sectors offering particularly rich opportunities for venture capital.

## Cybersecurity



Sector worth \$28 billion\* and forecast to grow  
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## Cleantech



\$930 million+\* raised through Entrepreneur Missions  
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## Fintech



\$539 million venture capital in 2014  
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## Life Sciences



\$741 million\* venture capital in 2014  
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## Digital



\$1.6 billion venture capital in 2014  
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*The UK is rapidly establishing itself as the 21st century hub for venture capital. With a flourishing VC industry in its own right, and across multiple diverse sectors, it is also the bridge between Silicon Valley and Tel Aviv, other leading centres for technological innovation*

- Tim Hames, director general, BVCA

\*Converted from another currency using exchange rates from UKForex. Amounts may have been rounded both before and after conversion.

# Cybersecurity: a fast-growing sector

British companies are already at the cutting edge of this essential industry - from protecting critical national infrastructure from cyber attack to preventing consumer cybercrime.

## State of the sector

|         | 2014  | Forecast                                    |
|---------|---|---|
| Size    | <p><b>\$28 billion*</b> value</p> <p><b>2,000+</b> companies</p> <p><b>40,000</b> employees</p> | <p><b>30%+</b> per year growth</p>          |
| Exports | <p><b>\$2.42 billion*</b></p>   | <p><b>\$3 billion*</b> per year by 2016</p> |

## What's behind this growth spurt?

### Domestic demand

E-commerce is a major UK industry - and one that demands robust cybersecurity.

*77% of people in the UK have bought or ordered goods or services online*

(highest proportion in the European Union)

### Government support

The UK Government has identified cyber-attack as a Tier-1 security threat to the UK. To combat this, the country needs a more resilient digital environment. The Government is investing heavily to achieve this goal.



GCHQ, the world-renowned agency responsible for the security of the UK's cyber connections and infrastructure, accredits cybersecurity products, systems, services and professionals - so customers and investors alike can have confidence in their quality.

### Academic pipeline

- 13** UK universities are recognised Academic Centres of Excellence in cybersecurity research
- 3** Cyber Research Institutes established
- 2** Centres for Doctoral Training established

*The National Cybersecurity Programme will invest \$1.4 billion\* between 2011 and 2016*

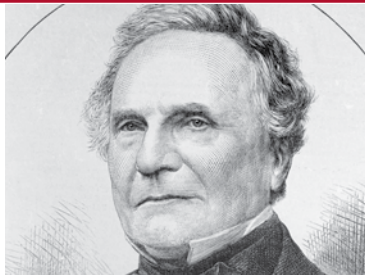
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# We invented this sector

The UK has always been, and continues to be, a world leader in developing and improving cybersecurity - not to mention the very information technology that makes it necessary.

Then...



**Charles Babbage, 1791-1871**  
Inventor of the programmable computer



**Alan Turing, 1912-1954**  
Pioneer of cryptanalysis



**Tim Berners-Lee, 1955-**  
Inventor of the World Wide Web

and  
Now



**2014**  
Lockheed Martin and Restoration Partners start a virtual cyber cluster: around 100 companies with UK-based intellectual property, providing innovative new cybersecurity products



**2015**  
CyLon, the UK's first cybersecurity accelerator, is established - giving startups access to potential investors, collaborators and clients



**Today**  
16 recognised cybertechnology clusters boost idea-sharing and collaborative working. Innovate UK's Cybersecurity Launchpad invests \$775,000\* in 7 SMEs in mid western England

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# Case study: CertiVox

CertiVox is a venture capital-backed software company based in London, with offices in Sofia, Bulgaria, Dublin, Ireland; and Tokyo, Japan.

CertiVox M-Pin uses two-factor authentication to eliminate the need for passwords - and the cybersecurity risks that come with them.

*In early 2014, CertiVox started to seek funding for a growth round. As part of the process we were introduced to the venture capital arm of UKTI, who were very helpful and proactive in connecting us with prospective investors.*

*One of these was NTT DOCOMO Ventures, NTT Group's corporate venture capital firm. They are based in Japan, and the UKTI team helped facilitate a number of meetings, culminating in a significant investment by them. This was DOCOMO's first investment in Europe and, together with follow-on investment from Octopus Ventures, was the cornerstone of our B round.*

- Ian Peacock, chief financial officer, CertiVox  
May 2015



*The validation this gave also helped us close additional funding from two new investors, Paladin Capital and Mitsui. The support from UKTI has been invaluable*

- Ian Peacock, chief financial officer,  
CertiVox  
May 2015

# Cleantech: a global priority

With expertise in renewables, energy efficiency and low-carbon transport - among other areas - the UK's thriving cleantech sector is addressing a range of global development issues.

## With UK cleantech attracting more and more venture capital...

Venture capital and private equity investments in UK cleantech companies:

2009-10 **88**

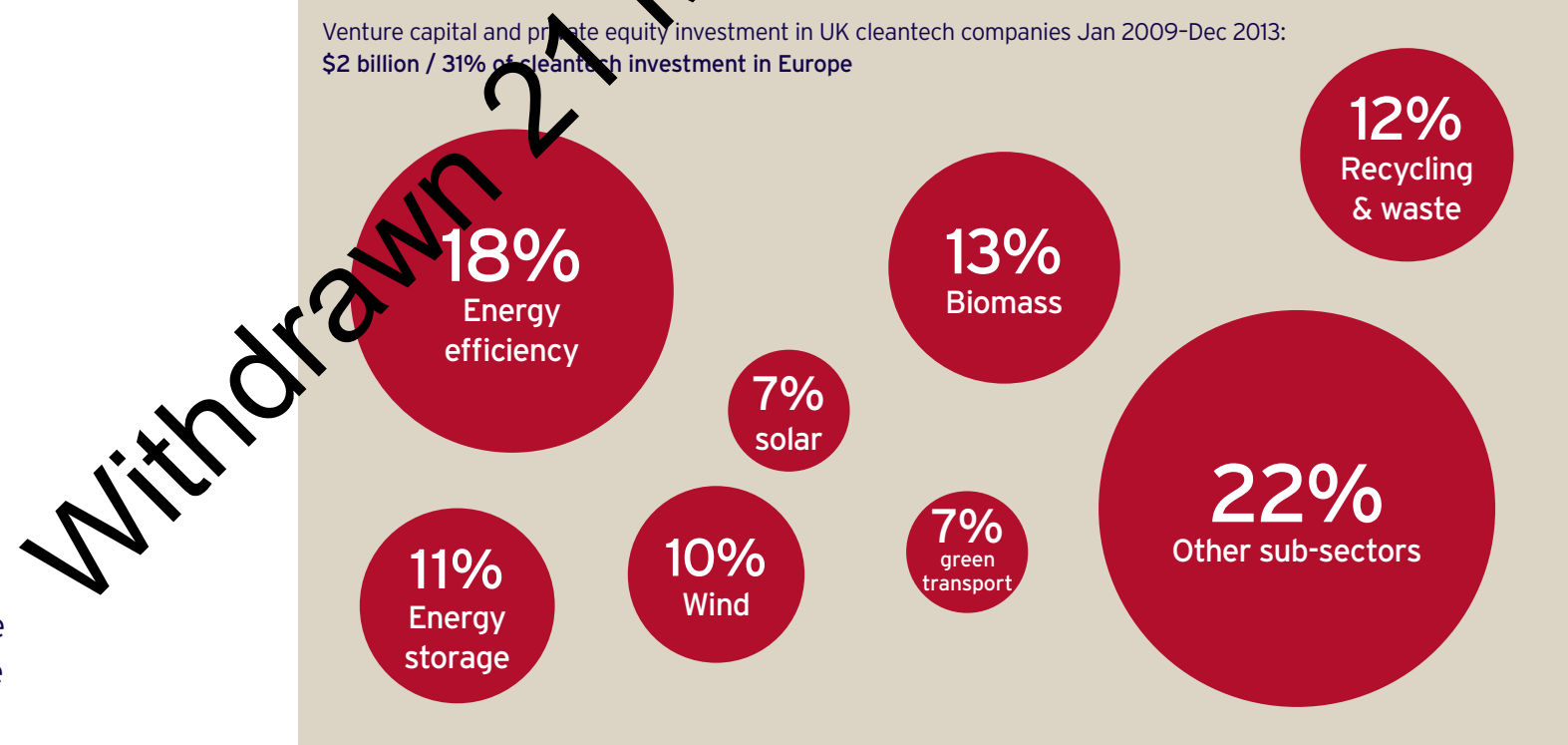
2012-13 **106**

2013: UK cleantech companies secure \$1.5 billion+ on the public markets - more than in any year since 2008

## ...the UK is becoming the cleantech capital of Europe.

26% of European cleantech companies are headquartered in the UK

Venture capital and private equity investment in UK cleantech companies Jan 2009-Dec 2013: \$2 billion / 31% of cleantech investment in Europe



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# Environmentally friendly

The UK's history of research and development, sound business environment, advanced financial services sector and strong government support combine to provide the ideal environment for cleantech innovation.

## Innovation Centres



In September 2013, Bluestone Global Tech announced a nearly \$8 million\* collaboration with the National Graphene Institute to bring new products to market

## Catapults

Catapults are technology and innovation centres that use Innovate UK funding to create critical mass in areas that require:



Costly large-scale facilities



Experts who know how to capitalise on them

The Offshore Renewable Energy Catapult is the UK's flagship technology innovation and research centre for offshore wind, wave and tidal energy. It accelerates the development, testing, commercialisation and deployment of offshore renewable energy technologies, enabling a vibrant sector driven by research and innovation, collaboration and enhanced knowledge, that generates affordable, low carbon power and considerable UK economic benefit.



# Case Study: Carbon Clean Solutions

Founded in 2009, Carbon Clean Solutions (CCS) develops solvents that can remove carbon dioxide (CO<sub>2</sub>) from power and process plants' emissions.

CCS's solvent combines the advantages and eliminates the drawbacks of existing carbon capture solutions. Amines require high energy; salts require large equipment and react slowly. CCS's unique Amine-Promoted Buffer Salts require small equipment and low energy, and react quickly - reducing costs by as much as 50 percent.

The solvent has been successfully demonstrated at plants in the UK, EU, USA and India, and will be operational at the world's largest demonstration plant by the third quarter of 2015. CCS has filed six patents to protect its innovations.

Through the support of UKTI's Venture Capital Unit, the company has raised a new tranche of funding from private clean energy investors. The US\$5.2m investment will support the scale-up and commercialization of the company's breakthrough solvent technology that increases the energy efficiency and lowers the cost of carbon capture and reuse within the energy and industrial process markets.

Raised:



grant funding



equity

Market size (estimated):



a year in oil and gas



a year in industrial hydrogen and fertiliser production



a year in emission control at power and cement plants

*We are enabling conversion and reuse of CO<sub>2</sub> by reducing the cost of capture by 50 percent*

- Aniruddha Sharma, CEO, Carbon Clean Solutions

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# Fintech: a world leader

The UK's world-leading financial centre is a catalyst for Fintech innovation.

## The UK is the fastest-growing region for Fintech investment

Deal volumes have grown

**74%**

per year since 2008

Fintech investment has increased

**51%**

per year since 2008

Global average: 26% per year

Silicon Valley: 23% per year

\$539 million\* venture capital funding for UK Fintech in 2014

Half the total investment in European Fintech / as much as all other European Fintech businesses put together

## Why is UK Fintech thriving?



Large, technologically sophisticated customer base



London, global trading hub and financial services capital of the world



Excellent financial services infrastructure



Good availability of business capital



Supportive regulatory approach

*...it is perhaps the Fintech market that is giving the UK the edge over rival European markets*

- Thilo Schneider, legal director,  
Pinsent Masons  
February 2015

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# London: gateway into Fintech

England's capital is an innovation centre in both traditional and emergent Fintech.

## Traditional Fintech

Large incumbent technology firms supporting the financial services sector

## Emergent Fintech

Small firms using new technology to bring financial services directly to consumers - often disrupting existing business models in the process

## Fintech accelerators

London is home to a number of accelerators specialising in Fintech innovation. They offer Fintech startups office space as well as access to global networks of investors.



## Tech City

Also known as Silicon Roundabout, Tech City is a cluster of technology startups in East London.

Tech City is the UK's most popular startup destination, attracting more than 15,000 new companies in the year to April 2013.



*As one of the most robust entrepreneurial ecosystems in the world, London was an obvious choice as a location for Telefonica to launch a Wayra academy. Unbeatable access to a diverse pool of international startup founders combined with access to world-class investors and corporate partners makes the UK one of the world's most exciting startup communities*

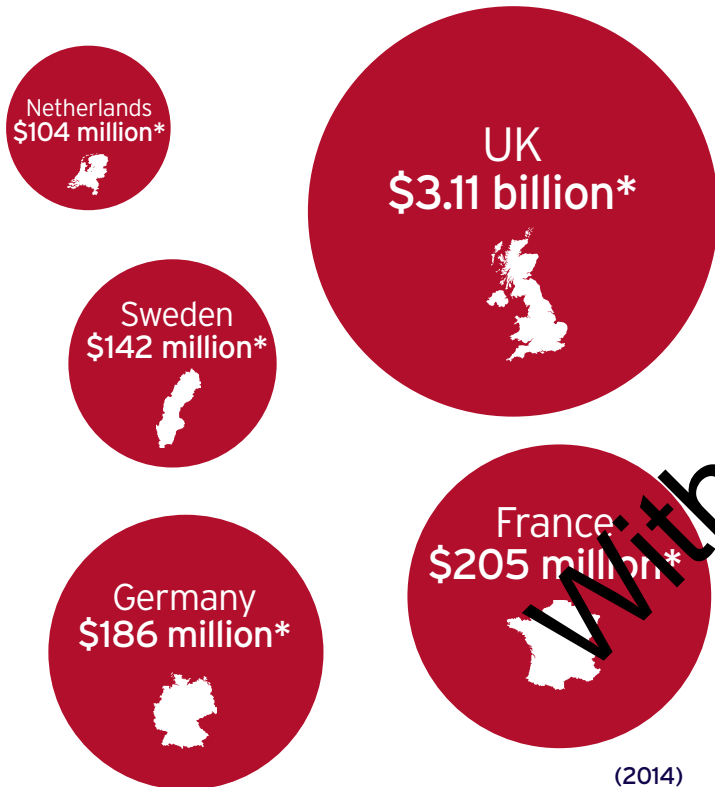
- Gary Stewart, director, Wayra UK & Wayra UnLtd

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# Alternative finance

As mainstream banks continue to curb lending, startups and SMEs are turning to alternative finance such as crowdfunding and peer-to-peer (P2P) lending.

The UK dominates the European market for alternative finance.



(2014)

## Crowdfunding

Lets firms sell stakes online to many small investors, instead of holding out for a few big investments. UK crowdfunding platforms are ahead of the competition thanks to:

### Reduced regulatory risk

the UK has more advanced crowdfunding guidelines and regulations than any other European destination.

### Tax incentives

the UK's Enterprise Investment Scheme and Seed Enterprise Investment Scheme offer investors tax relief to help young, high-risk companies raise funds.

## Crowdcube

Europe's top crowdfunding platform

**\$150 million+\***

invested since 2011

## P2P lending

Connects borrowers with lenders online, providing cheaper finance than high street banks.

## Funding Circle

**\$65 million**

funding round (2014)

Investors included Union Square Ventures and Ribbit Capital

## P2P Global Investments

The UK's first listed P2P fund.

**\$330 million\***

initial public offering (2014)

**\$383 million\***

share issue (2015)



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# Case study: WorldRemit

It's potentially a multi-billion dollar market. The World Bank estimates that international money transfers total \$529 billion a year - and online transfers represent 5% of the market.

In 2015, Silicon Valley-based investor Technology Crossover Partners - an early backer of Facebook and Netflix - invested \$100 million in WorldRemit, after valuing the firm at \$500 million.

WorldRemit's revenue tripled in 2014 to \$25 million\*, and it expects similar growth in 2015. Headquartered in London, the firm also has offices in Denver, Colorado, and plans to be fully licensed across the USA by 2016.

*The US is a big part of our expansion plan and that is now happening. This funding will certainly fuel our growth in the US.*

- Ismail Ahmed, founder and chief executive, WorldRemit  
February 2015



*The key difference for us is that we're a totally global service. None of the other online players have a truly global footprint. That enables us to do our marketing differently to a company that is focused in one country."*

- Ismail Ahmed, founder and chief executive, WorldRemit  
February 2015

# Life Sciences: a rich heritage

The UK has an impressive history of life science discovery that continues to unlock new clinical and commercial opportunities. Today, the industry spans pharmaceuticals, medical technology, biotechnology and industrial biotechnology - with applications across many more sectors.

The UK's track record in the sector is giving investors confidence...



**Francis Crick,  
1916-2004**

Discovered the DNA molecule  
(with James Watson)  
Nobel Prize for Physiology or  
Medicine 1962



**Sir Robert Edwards,  
1925-2013**

IVF pioneer  
(with surgeon Patrick Steptoe)

...making it the top European destination for life science fundraising

UK total  
innovation capital

2013  
**\$756  
million\***

2014  
**\$2  
billion\***

2014 Venture Capital



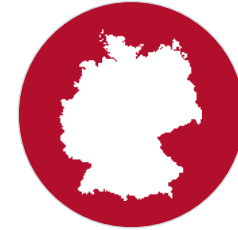
**1st**  
UK: \$741  
million\* (43%  
up on 2013)



**2nd**  
Switzerland



**3rd**  
France



**4th**  
Germany

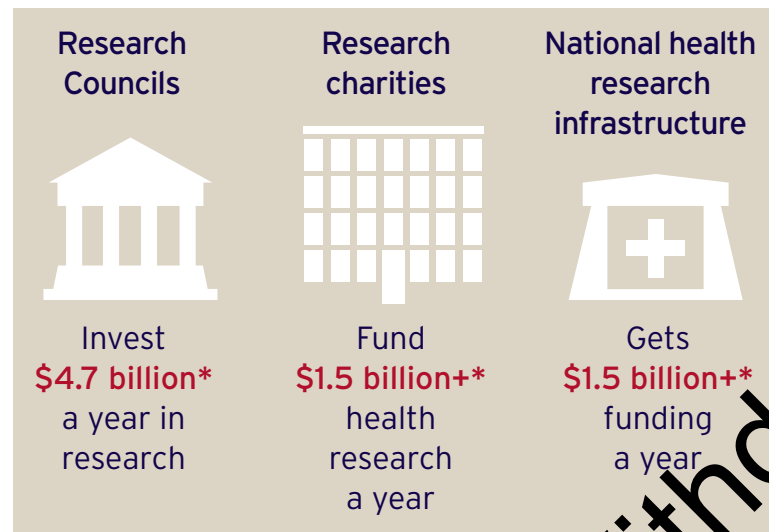
*Life Sciences companies are already generating significant returns for investors and the sector is set to continue to perform strongly in the coming year. There is a huge amount of interest from investors who are not experts but recognise the momentum we are building up and want to be part of it*

- Dr Eliot Forster, executive chair, MedCity

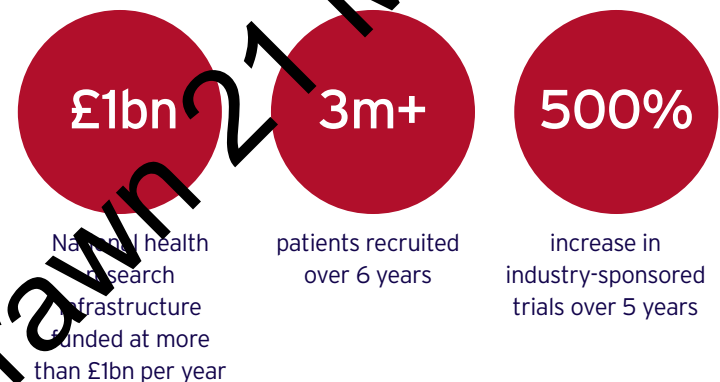
# Maintaining our cutting edge

Home to four of the world's top six and seven of Europe's top 10 universities, and more scientists than any other European country, it's little wonder the UK ranks as the second most innovative country in the world.

## Research funding



## Trials



## National initiatives



**The 100,000 Genomes Project**  
Sequencing 100,000 whole genomes by 2017 to enable scientific discovery and kick-start a UK genomics industry



**UK Biobank**  
Long-term health analysis of 500,000 people aged 40-69 in 2006-2010 to investigate why some people and not others develop particular diseases

*“We have been very successful with our UK investments in the past, mainly because of the combination of highly innovative technologies, excellent management and active financial markets we find here*

- Rainer Strohmenger, general partner, Wellington Partners (Germany)

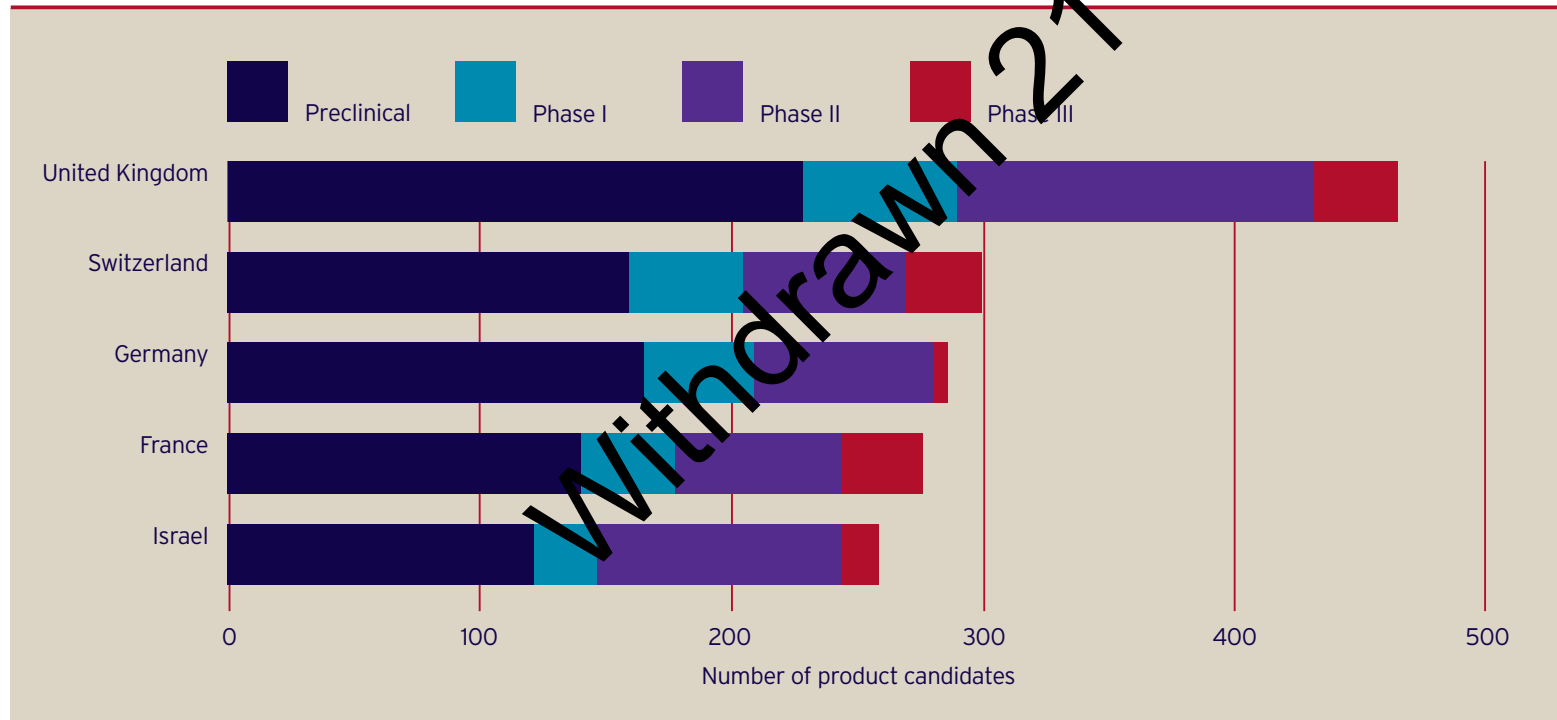
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# Pharmaceuticals

The UK is home to the world's largest healthcare system: the National Health Service (NHS). This creates huge domestic demand - boosting pharmaceutical innovation.

## Drugs in development

The UK had more drugs in the development pipeline in 2013 than any other European country - well ahead of the next most productive nation.





# The Golden Triangle

Cambridge, London and Oxford are known as the Golden Triangle because they attract the vast majority of venture capital investment in UK life science businesses.

|   | 2013   | 2014  |
|---|--|---|
| Venture capital investment in Golden Triangle | \$437.23 million                                 | \$502.64 million<br>71% of UK total                                 |
| Venture capital investment in Cambridge alone | \$126.43 million<br>28% of Golden Triangle total | \$202.65 million<br>28% of UK total<br>40% of Golden Triangle total |

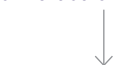
## Oxford Sciences Innovation

Launched in June 2015, Oxford Sciences Innovation is a \$460 million joint venture between Oxford University and its commercialisation arm, Isis Innovation.

It establishes new businesses based on research conducted at Oxford University, providing startups with advice and investment capital.

Since 2000, Isis Innovation has established more than 100 spinout companies based on tech developed by Oxford University researchers, including:

**Oxford Nanopore Technologies**  
Specialists in nanopore-based electronic molecular analysis systems.



**\$58 million\***  
new funding raised in 2014 through private placement of ordinary shares.



**\$310 million+\* valuation**

**Oxford Immunotec**  
Provides advanced immunology tests to improve patient care.



**\$64.3 million**  
raised in a US IPO



**\$191.6 million valuation**

Withdrawn 21 May 2019

\*Converted from another currency using exchange rates from UKForex. Amounts may have been rounded both before and after conversion.

# Digital: a 21st-century hub

The UK has earned a reputation as a global centre for digital technology, with renowned academics and businesses working in media, communications and the internet, and a growing open data movement.

The digital sector is growing and creating jobs, economic growth and national prestige.

**15%** of UK companies formed in 2013-14 were digital companies

**\$90bn** The annual value of the UK software and IT services market

**1.46m** people employed by UK digital companies

2015 is already a record-breaking year for venture capital activity in the UK's digital sector.

**2014**  
(whole year)



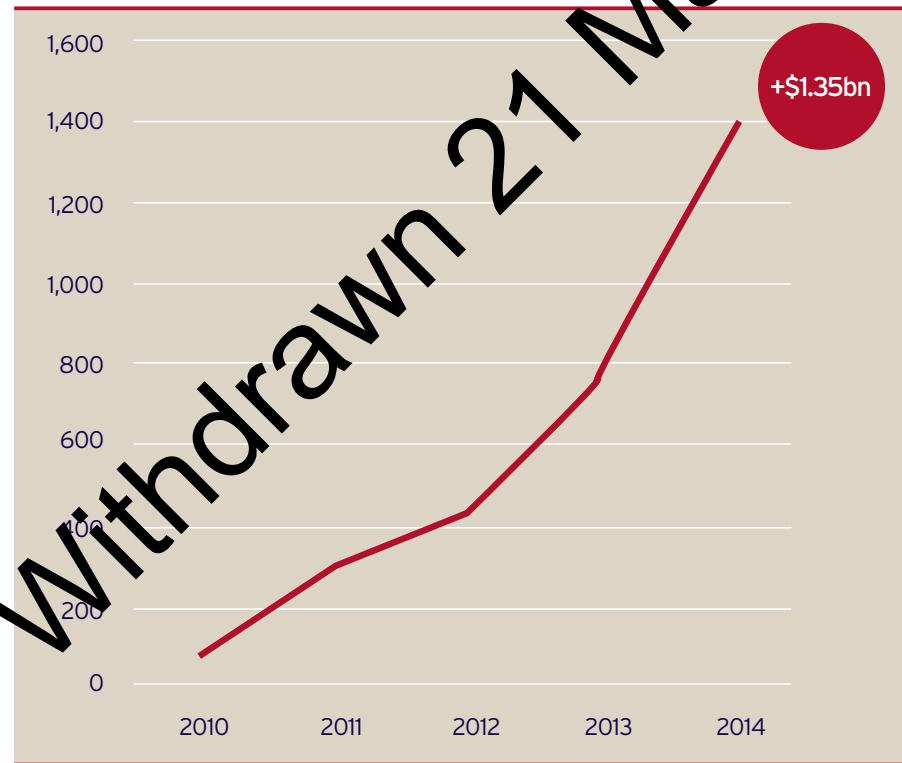
78% higher than 2013

**2015**  
(first two quarters)



record high

London tech investment per year 2010-14 (millions)



London is emerging as Europe's largest hub for digital startups.

**3,000+**

fledgling digital groups call London home.



London-based digital groups raised



a record-breaking \$719 million from venture capital firms in 2013



\$1.4 billion in funding in 2014 - smashing the record again. \$759.2 million from US-based investors

# Case study: Skyscanner

Skyscanner, launched in 2003, is a global travel search engine. Its website and mobile app help users find the best deal for any journey.

In 2013, Sequoia Capital – a large US venture capital firm – made an investment in Skyscanner that valued the firm at \$800 million, making it one of the UK’s 17 tech unicorns. It was reportedly one of the largest investments in a single company Sequoia Capital had ever made.

At the time, Skyscanner had been growing more than 100% year on year for four years straight and had doubled its staff since the previous year.

*“Much remains to be done to make mobile and online travel easier for consumers, from Accra to Zagreb, and Skyscanner is paving these paths. Skyscanner’s success in helping people find the world’s most accurate flight information is just the beginning of what’s possible.”*

*“Skyscanner is one of the best technology companies ever to come out of Europe and is already a leading global player.”*

– Sir Michael Moritz, chairman, Sequoia Capital



25m+

app downloads  
(as of 2013)

25m+

unique website  
users a month (2013)

30+

travel search  
languages offered

UK tech unicorns (startups with billion-dollar valuations)

17 Unicorns

13

Based in London.  
More than twice as many as  
any other European country

\$40.4bn

cumulative value

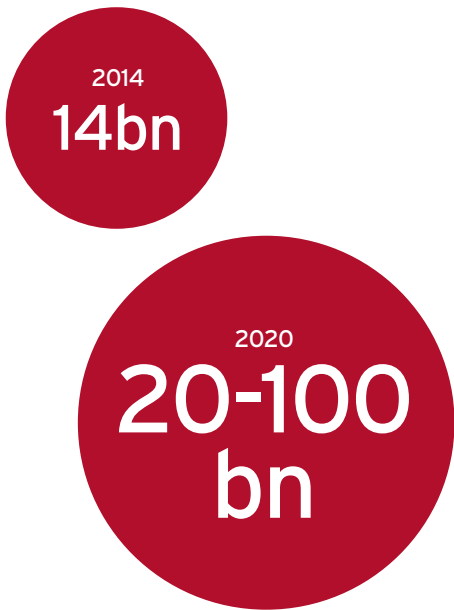
*The UK has always been at the fore front of venture capital investment, but now more than ever. Entrepreneurs’ relief, patent box, EIS and low corporation tax rates combine with world-class R&D and creativity to create an environment where financing entrepreneurship has never been so active nor profitable*

– Neil Foster, corporate finance partner, Baker Botts LLP

# The Internet of Things

Devices communicating with each other without human intervention: that's the idea behind the Internet of Things, and the UK is well-placed to seize its commercial opportunities.

## Connected devices



The UK is well equipped for the Internet of Things to emerge...

- World-class digital infrastructure
- Positive regulatory environment
- Record of adapting to support emerging technologies
- Emerging clusters in Cambridge, London and Liverpool

...and is already strong on both the supply side...

- High technology manufacturing
- Telecommunications
- Digital services

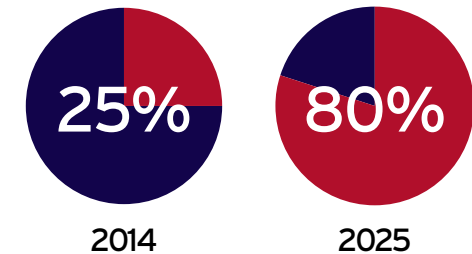
...and the demand side of this new market.

| Sector    | Opportunity           | Potential Saving |
|-----------|-----------------------|------------------|
| Transport | Self-driving vehicles | \$48 billion*    |
| Retail    | Inventory management  | \$4.7 billion*   |
| Energy    | Smart grid            | \$29.6 billion*  |

**\$70 million\***

Innovate UK investment in small-scale Internet of Things demonstrators

## Manufacturers using Internet of Things technologies



# Big Data

We're generating data at an ever-accelerating rate: 90% of the data in the world was created in the last two years. Companies all over the world are racing to commercialise this trend.

## Potential opportunities include:

- Driving research and development
- Increasing productivity
- Transforming public and private sector organisations

## Global market for business data analysis products

**14%** growth in 2011

**\$48bn\*** expected worth in 2016

**\$295m\***

Research Councils UK investment in Big Data and energy-efficient computing

UK organisations are already emerging as leaders in Big Data.

### Met Office

The Met Office supercomputer creates 3,000 tailored forecasts a day

### DataSift

A pioneering Big Data startup based at the University of Reading (UoR) Enterprise Centre. The UoR has secured funding for a multi-million pound environmental Big Data centre

### ConnectTVT

A Thames Valley tech community with collective and growing expertise in Big Data, and a focus on business tech innovation

### SuDash

Uses Big Data analytics to help organisations improve their social media-based customer service

## #8GreatTechnologies

Big Data is one of Eight Great Technologies the Government expects to propel the UK to future growth.

### 1. Big Data

### 2. Satellites

### 3. Robotics & Autonomous Systems

### 4. Synthetic Biology

### 5. Regenerative Medicine

### 6. Agri-science

### 7. Advanced Materials

### 8. Energy Storage

Withdrawn 21 May 2019

\*Converted from another currency using exchange rates from UKForex. Amounts may have been rounded both before and after conversion.

# Case study: Shazam

Mobile app Shazam identifies unfamiliar songs within seconds. The company - founded in London in 2002 - takes a small commission when users buy the identified track, as well as selling advertising within the app.

The app has been downloaded more than 500 million times, and has more than 100 million monthly active users.

In 2014, Shazam raised \$30 million in a single funding round that valued the company at more than \$1 billion.

Its revenues increased by 42% in the 2012-2013 financial year, while its losses narrowed from \$5.28 million\* to \$3.1 million\*.

*We are delighted to welcome our new investors as we further strengthen our balance sheet and continue to effectively execute on our corporate strategy*

- Andrew Fisher, executive chairman, Shazam  
February 2015



*Our move into multiple new environments in 2014 has allowed our users to connect to more aspects of their world while enabling our partners and advertisers to reach our massive and engaged user base like never before*

- Rich Riley, chief executive, Shazam  
February 2015

*“As London continues to be the tech and innovation capital of Europe – and one of the leading and fast-growing hubs of the world – there is palpable and genuine value creation coming from the UK. It’s brilliant to see more and more investment capital coming in to support early-stage, follow-on and growth stage development. UKTI and the Government’s support more broadly has been invaluable to date, and will be critical to maintaining continued momentum*

- Eileen Burbidge, partner, Passion Capital  
June 2015

# Who are we?

UKTI's Venture Capital Unit helps promote and drive more investment into UK innovation – whether through direct investment into UK companies, setting up new UK-based funds or investing in existing UK funds.

The Venture Capital Unit focuses on increasing the amount of venture capital funding available in the UK to support entrepreneurs to grow and export. We do this by:

- Facilitating connections between investors and innovative UK companies seeking growth-capital;
- Providing a bespoke service to investors who are poised to invest in the UK, through tailored investment opportunities and pitching events; and
- Marketing the UK as the venture capital destination of choice.

Please get in touch with the Venture Capital Unit for further advice if you want to invest in exciting, vibrant businesses with the potential to become the next big global players.

Whether you invest directly in UK companies from a non-UK base or are a looking to set up a fund in the UK, you will be part of a rapidly growing destination for venture investment with UKTI here to help you.

*As the home of the first industrial revolution, the UK is a great place for venture investors to find the entrepreneurs turning the second one into reality. Our company benefited from UKTI's Venture Capital Unit in raising growth equity in 2014 at an amount and valuation we could not have envisioned without its help and support*

– James Mawson, founder and CEO-in-chief, Mawsonia



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Withdrawn 27 May 2019



Withdrawn 21 May 2019



#### UKTI

UK Trade & Investment is the Government Department that helps UK-based companies succeed in the global economy. We also help overseas companies bring their high-quality investment to the UK's dynamic economy acknowledged as Europe's best place from which to succeed in global business.

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