



LONDON
& PARTNERS

London: Europe's global tech city

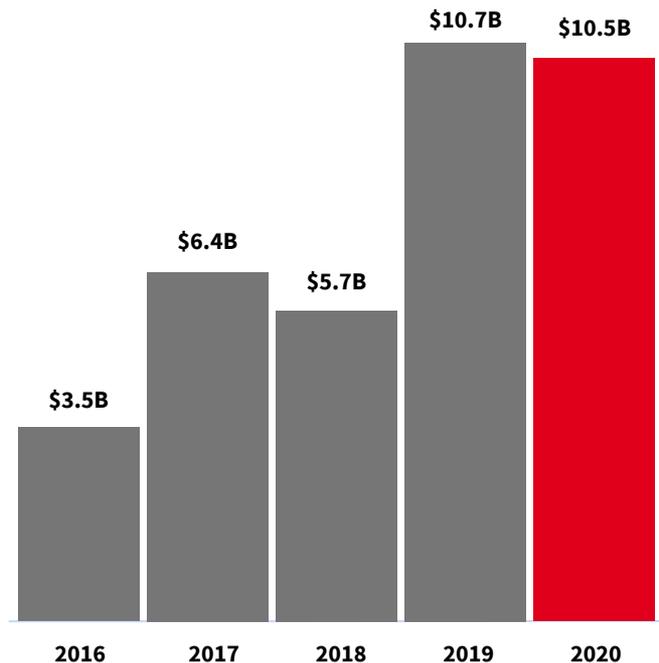
January 2021

Key takeaways

- VC investment into London's tech sector **remained resilient in 2020** despite the global pandemic with the capital's tech companies raising a total of **\$10.5B in VC funding** last year – close to the record levels (\$10.7B) seen in 2019
- The future outlook for London's tech scene looks promising – London VC firms raised record levels of fresh capital to deploy in 2021, Europe's largest number of future unicorns and high levels of investment across some of the fastest growing global sectors for tech VC funding
- London is the driving force behind Europe's tech ecosystem – with the UK capital accounting for more than a quarter of all European venture capital investment in 2020 and significantly higher levels of VC investment than any other European city over the past five years
- On the world stage, London is Europe's truly global tech city, ranking as the second fastest growing tech ecosystem in the world since 2016 and consistently featuring as the only European **city in the global top 10** for VC investment
- London's tech sector is showing increasing levels of maturity, with growing levels of a later-stage funding and a more **internationally diverse** mix of investors entering its ecosystem

London tech companies raised near record investment in 2020, accounting for more than a quarter of all European venture capital investment.

Venture capital investment in London

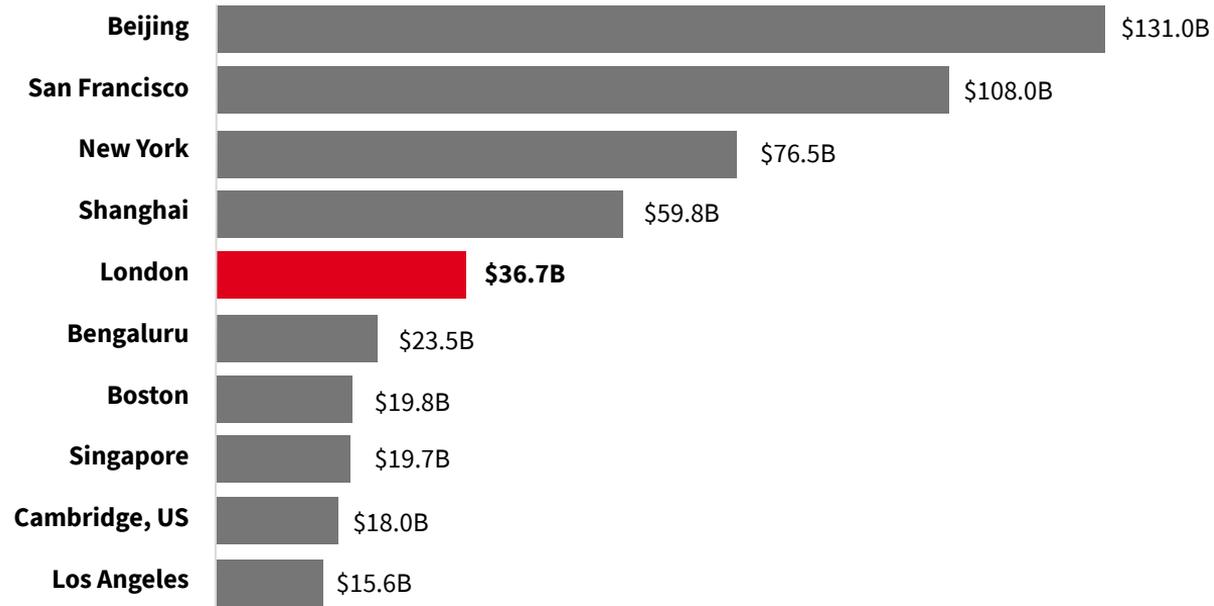


Top rounds in London 2020

 \$500M Series D	 \$500M Growth Equity	 \$400M Growth Equity
 £300M Late VC	 £252M Series A	 \$310M Series D
 \$200M Series A	 \$200M Series D	 £150M Growth Equity
 \$150M Series B	 \$125M Series B	 \$120M Series B

London is the only European city in the global top 10 for VC investment since 2016.

Total VC investment global hubs 2016-2020

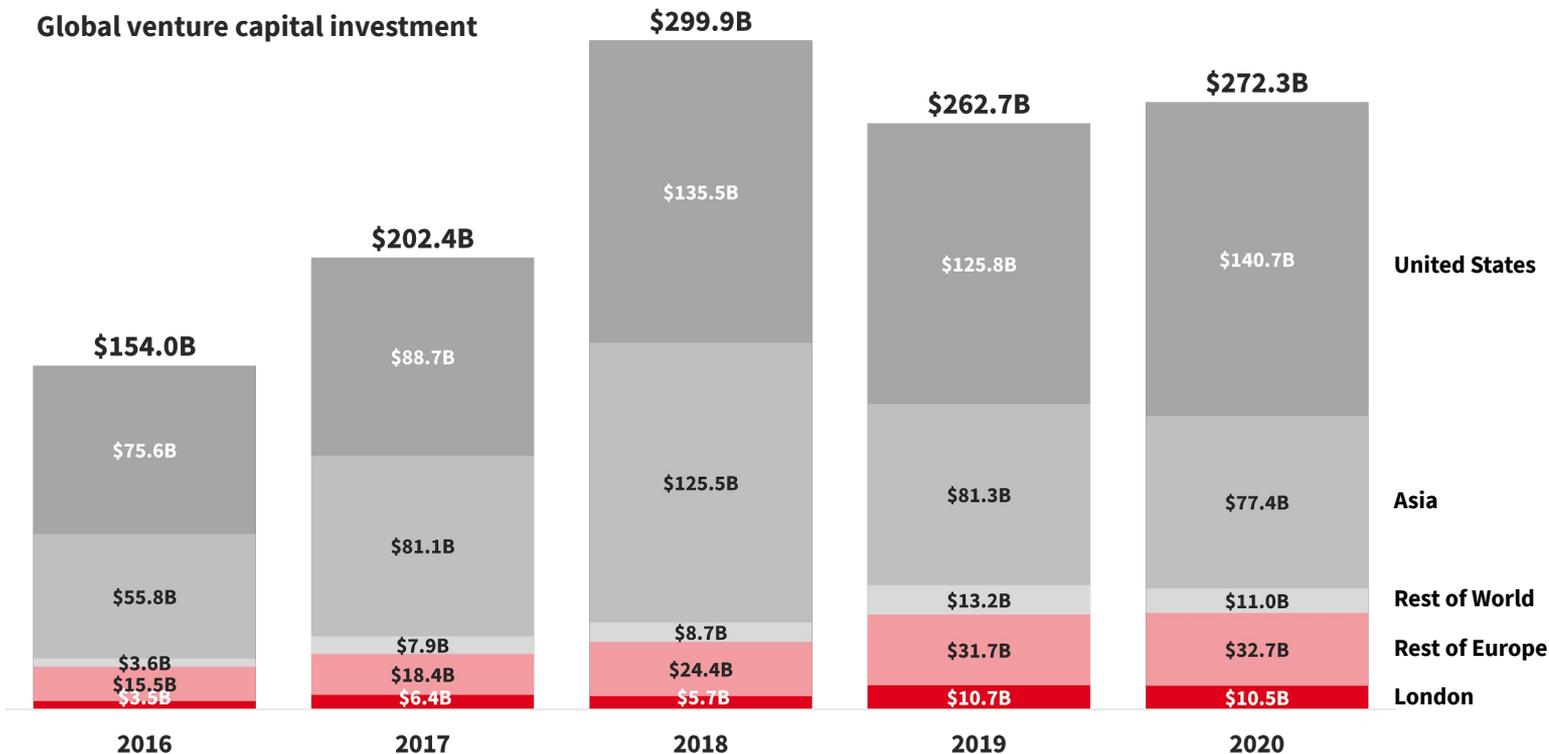


London has been the second fastest-growing mature tech ecosystem in the world since 2016, with investment growing 3.0x in five years.

VC investment global hubs: 2016 vs. 2020		2016	2020
Bengaluru	5.4x	\$1.3B	\$7.2B
London	3.0x	\$3.5B	\$10.5B
Munich	2.7x	\$0.3B	\$0.7B
Berlin	2.5x	\$1.2B	\$3.1B
Paris	2.5x	\$1.3B	\$3.3B
Mumbai	1.7x	\$0.7B	\$1.2B
San Francisco	1.5x	\$14.3B	\$21.5B
New York	1.4x	\$11.0B	\$15.2B
Toronto	1.4x	\$0.7B	\$1.0B
Shanghai	1.3x	\$7.9B	\$10.5B
Shenzhen	1.0x	\$1.5B	\$1.5B
Beijing	0.7x	\$22.2B	\$16.6B

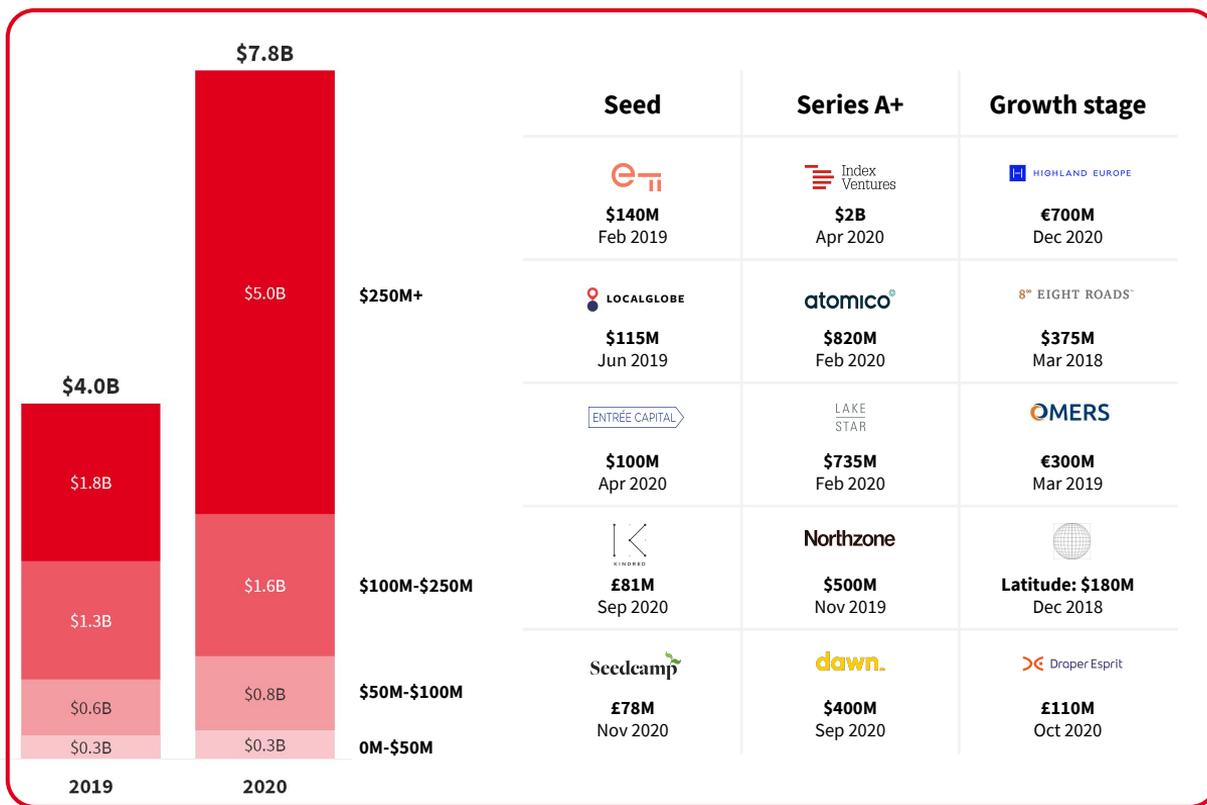
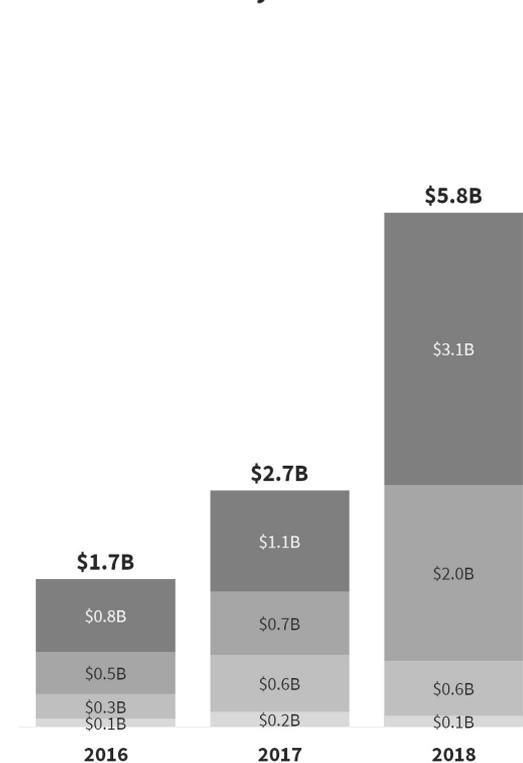
2020 was not only a strong year for London – global and European VC showed resilience despite the pandemic.

Global venture capital investment



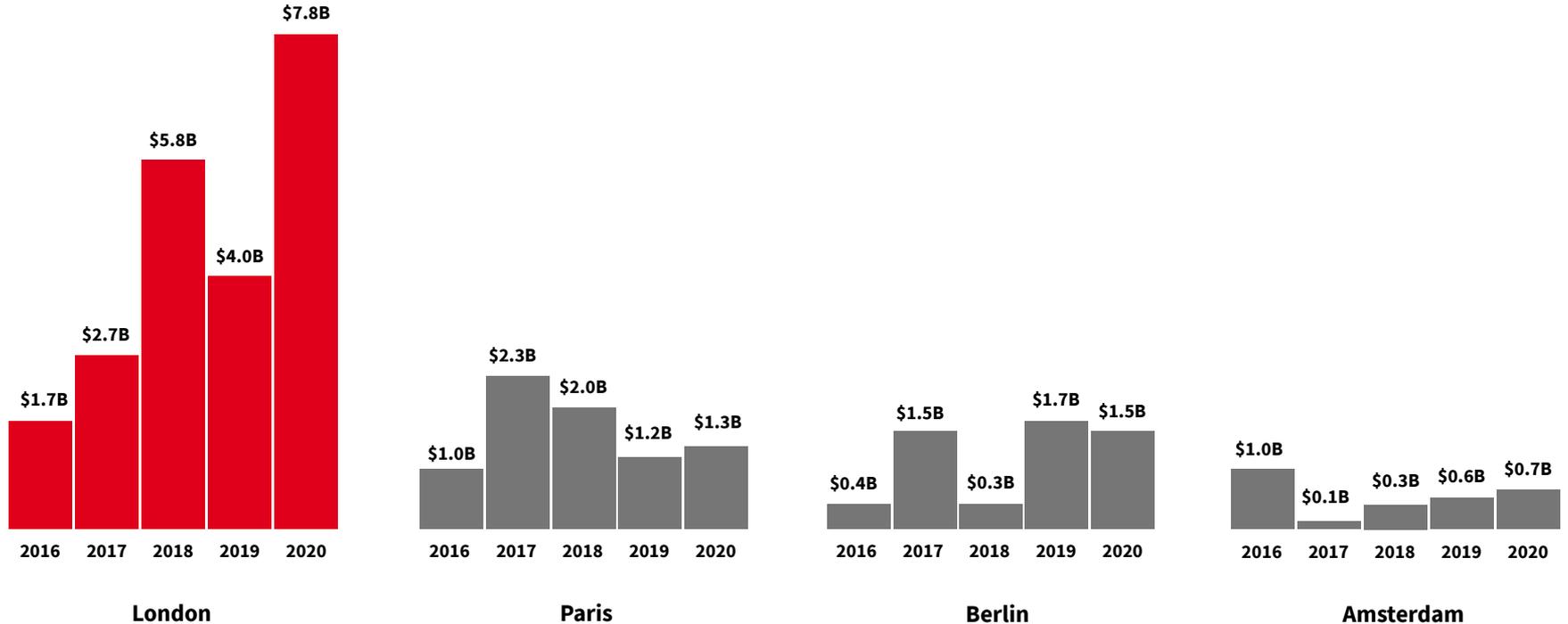
VCs in London have record levels of dry powder ready to deploy in 2021 and beyond, having raised \$12B in 2019 and 2020 alone.

New funds raised by VCs in London



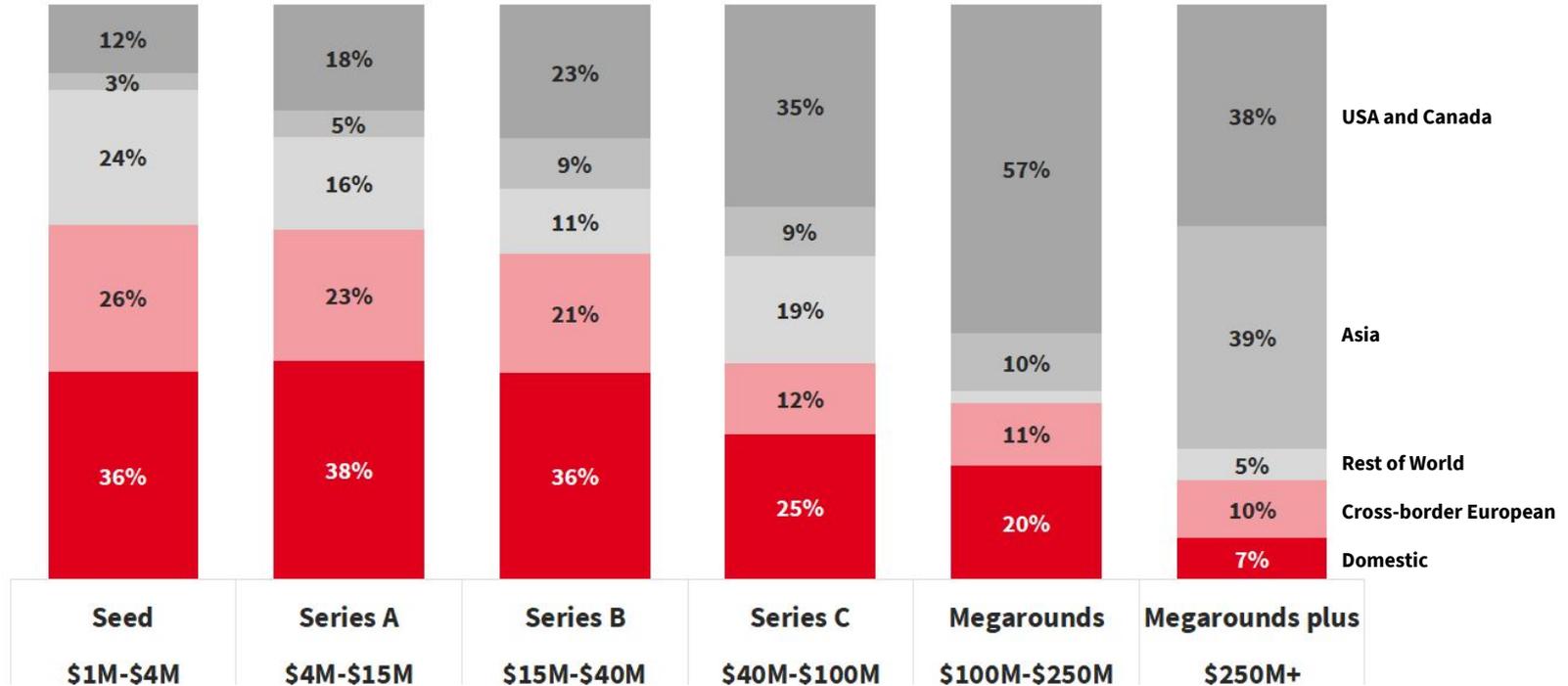
London is the preferred destination for VC investors – a third of new European funds have been raised in London in the last two years.

New funds raised by European VCs



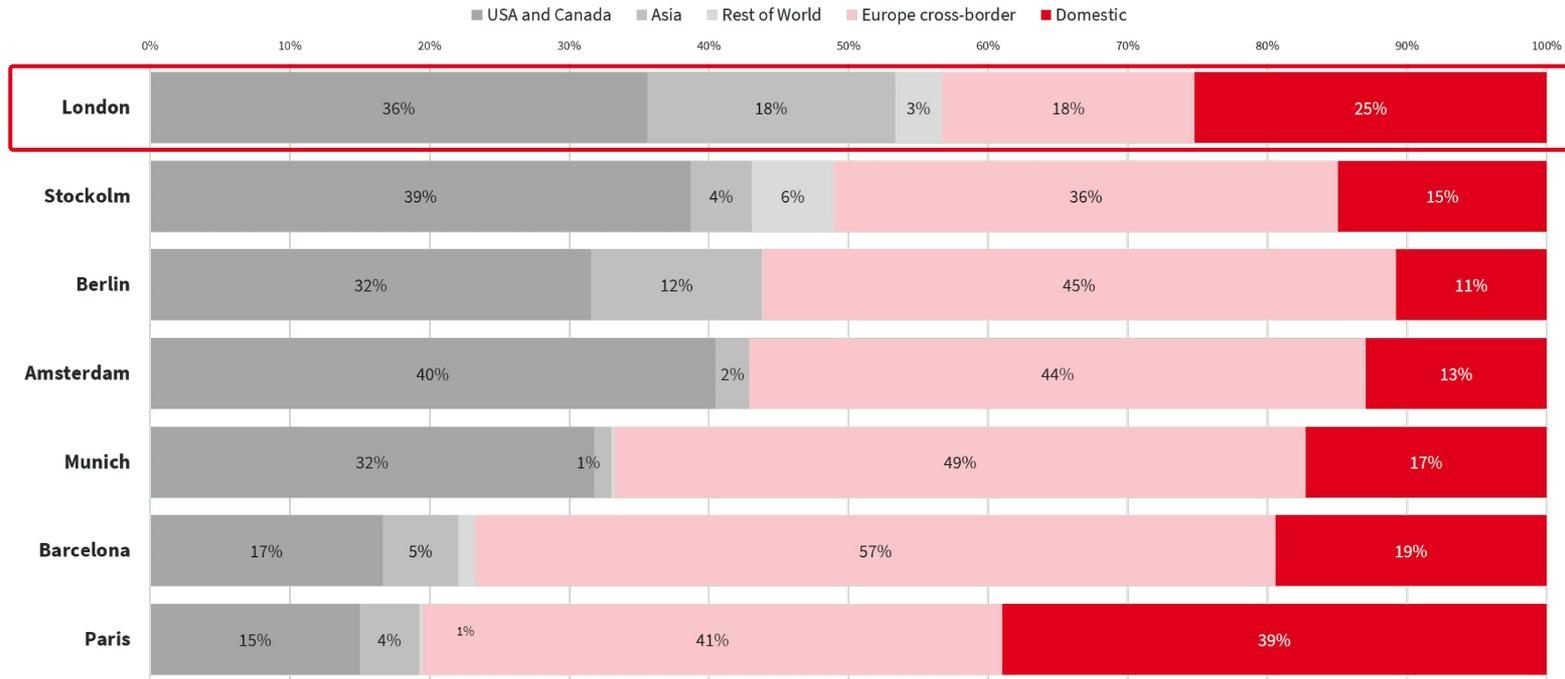
London startups also attract high levels of international investor interest, particularly at later stages of growth.

% of investment in London (2019-2020) by source and round size



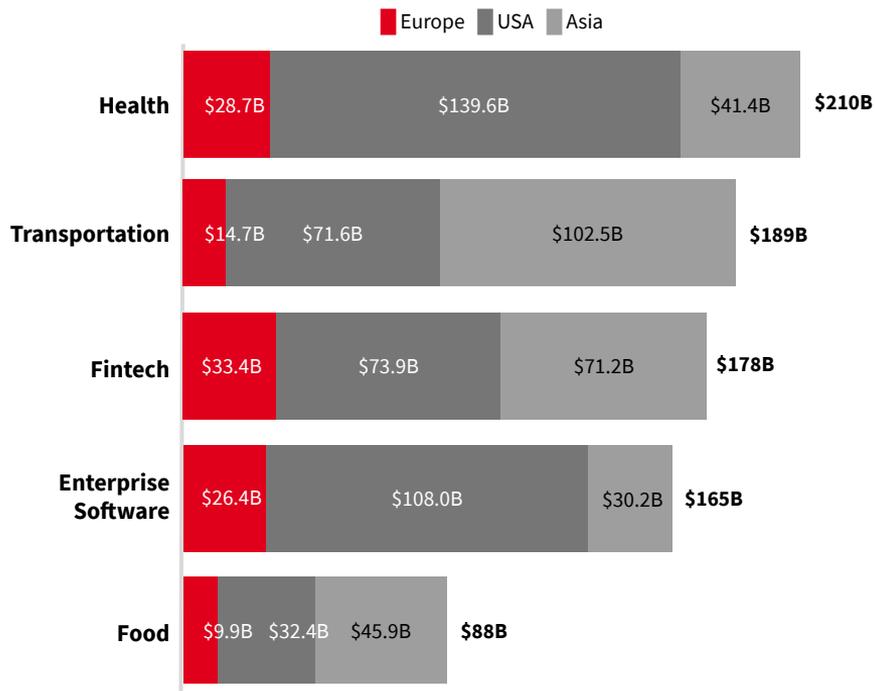
London startups have a more internationally diverse mix of investors compared to other European tech ecosystems, with 57% of capital coming from outside Europe.

% of foreign investment (2019-2020) by city and source

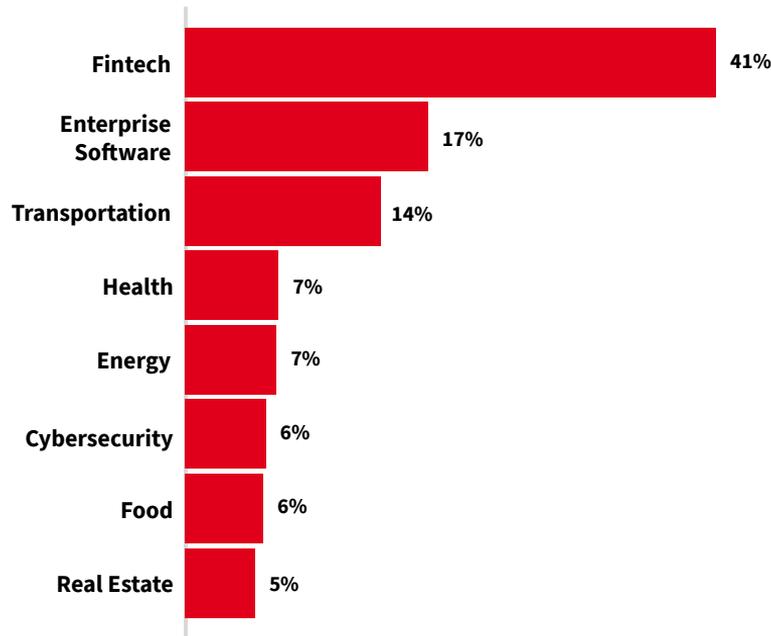


London's biggest sectors for VC investment are also among the fastest-growing global startup sectors.

Global VC funding in five fastest-growing sectors (2016-2020)

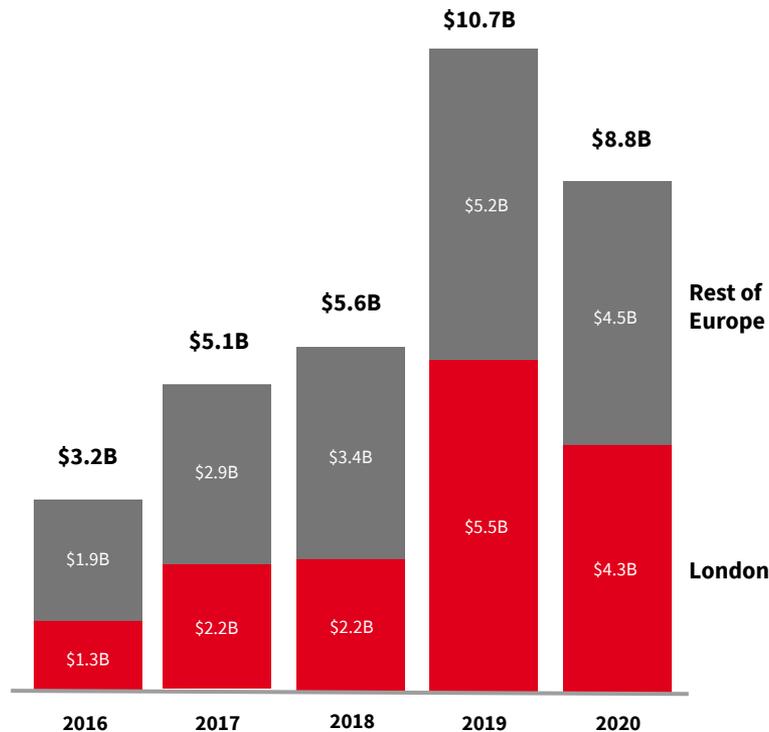


Venture capital investment in London by sector (2020)



In 2020, London raised almost half of all Europe's fintech capital.

Amount invested in fintech startups



VC investment in fintech by city	2019	2020	% change
London	\$5.5B	\$4.3B	-22%
Paris	\$0.6B	\$0.7B	+5%
Berlin	\$1.3B	\$0.5B	-60%
Stockholm	\$1.0B	\$1.1B	+15%
Amsterdam	\$0.1B	\$0.2B	+77%
Munich	\$0.1B	\$0.1B	-17%

Top London rounds in 2020

Revolut

\$500M
Series D

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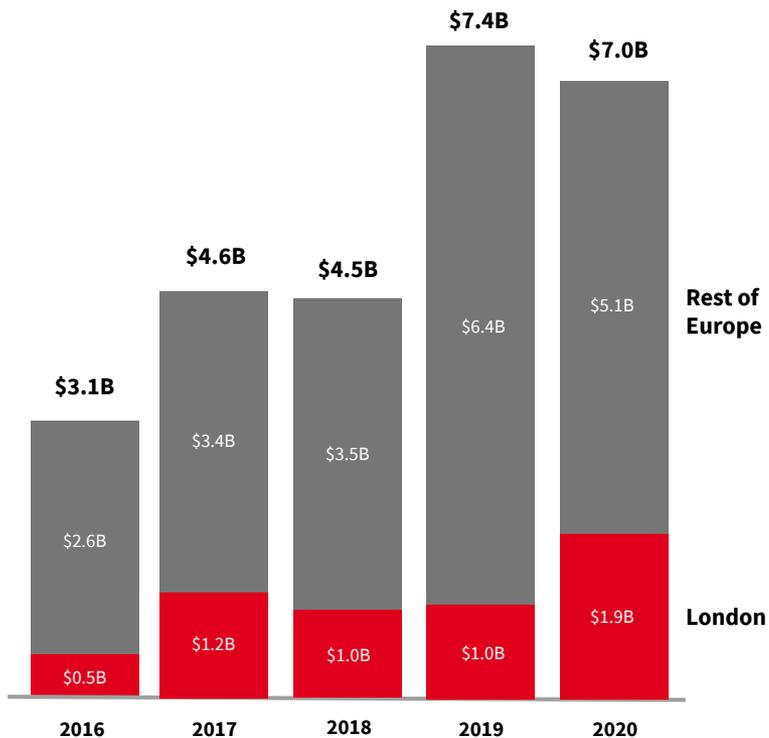
\$500M
Growth Equity

checkout.com

\$150M
Series B

Enterprise Software investment in London is double that of any other European city, and continued to grow in 2020.

Amount invested in enterprise software startups



VC investment in enterprise software by city	2019	2020	% change
London	\$1.0B	\$1.9B	+82%
Paris	\$0.7B	\$1.0B	+35%
Berlin	\$0.7B	\$0.6B	-13%
Stockholm	\$0.1B	\$0.0B	-71%
Amsterdam	\$0.1B	\$0.3B	+192%
Munich	\$0.5B	\$0.2B	-61%

Top London rounds in 2020



\$200M Series A



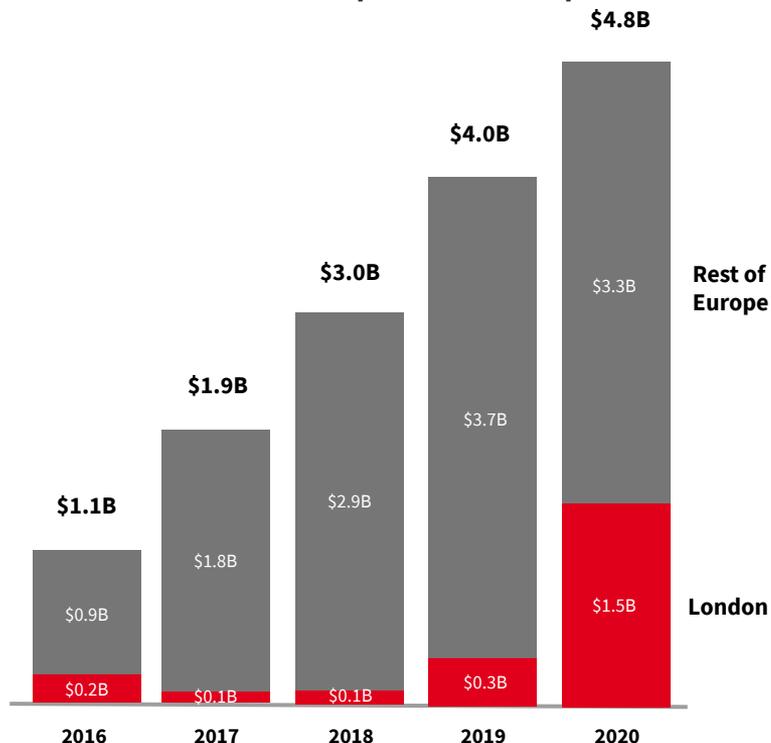
\$200M Series D



\$80M Series E

Investment into London-based transportation startups has grown 7.5x in five years.

Amount invested in transportation startups



VC investment in transportation by city	2019	2020	% change
London	\$0.3B	\$1.5B	+340%
Paris	\$0.2B	\$0.1B	-51%
Berlin	\$0.8B	\$0.8B	-5%
Stockholm	\$0.2B	\$0.2B	+2%
Amsterdam	\$0.1B	\$0.3B	+262%
Munich	\$0.6B	\$0.1B	-86%

Top London rounds in 2020

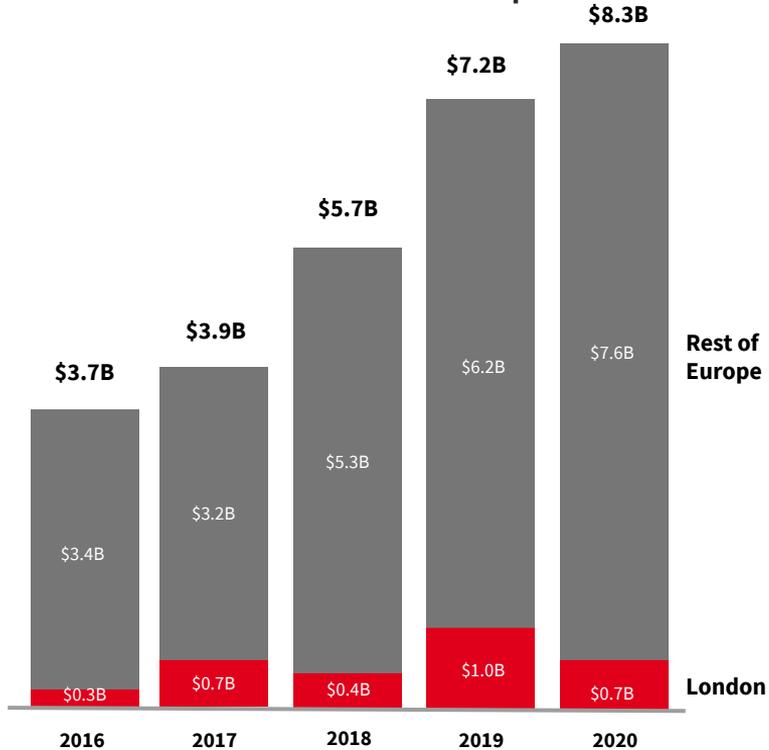
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ARRIVAL
\$400M
Growth Equity

CAZOO
\$310M
Series D

ZENOBĒ
ENERGY
£150M
Growth Equity

London healthtech startups collectively raised more than any other European hub.

Amount invested in healthtech startups



VC investment in healthtech by city	2019	2020	% change
London	\$1.0B	\$0.7B	-29%
Paris	\$0.7B	\$0.5B	-31%
Berlin	\$0.4B	\$0.4B	-5%
Stockholm	\$0.1B	\$0.3B	287%
Amsterdam	\$0.0B	\$0.1B	270%
Munich	\$0.1B	\$0.2B	+68%

Top London rounds in 2020



\$100M
Convertible



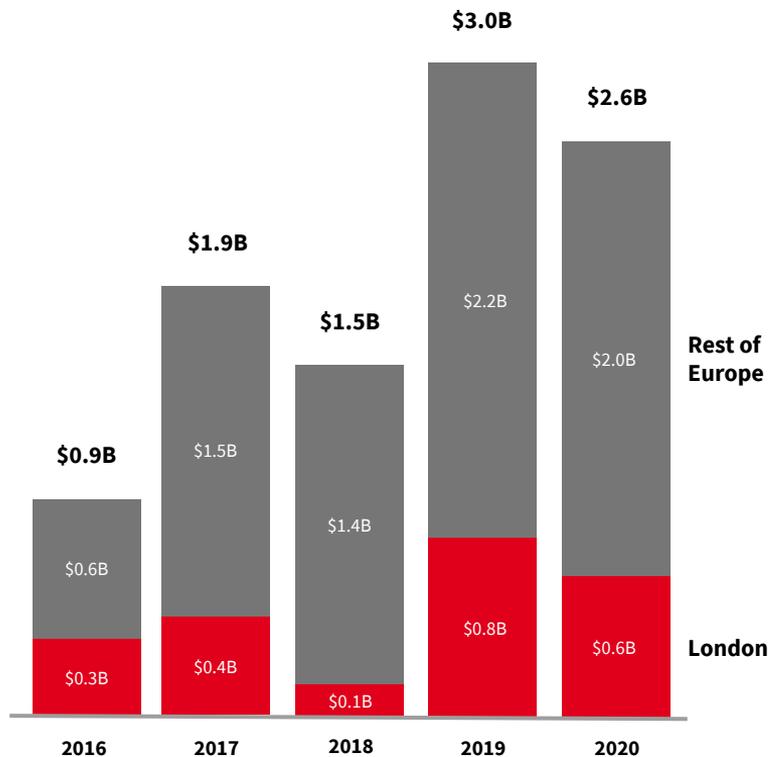
\$80M
Series B



\$70M
Series B

London-based Karma Kitchen raised Europe's biggest foodtech round in 2020.

Amount invested in food startups



VC investment in foodtech by city	2019	2020	% change
London	\$0.8B	\$0.6B	-21%
Paris	\$0.1B	\$0.2B	+63%
Berlin	\$0.2B	\$0.2B	-11%
Stockholm	\$0.1B	\$0.1B	+4%
Amsterdam	\$0.2B	\$0.0B	-94%
Munich	\$0.0B	\$0.0B	+34%

Top London rounds in 2020



\$333M
Series A



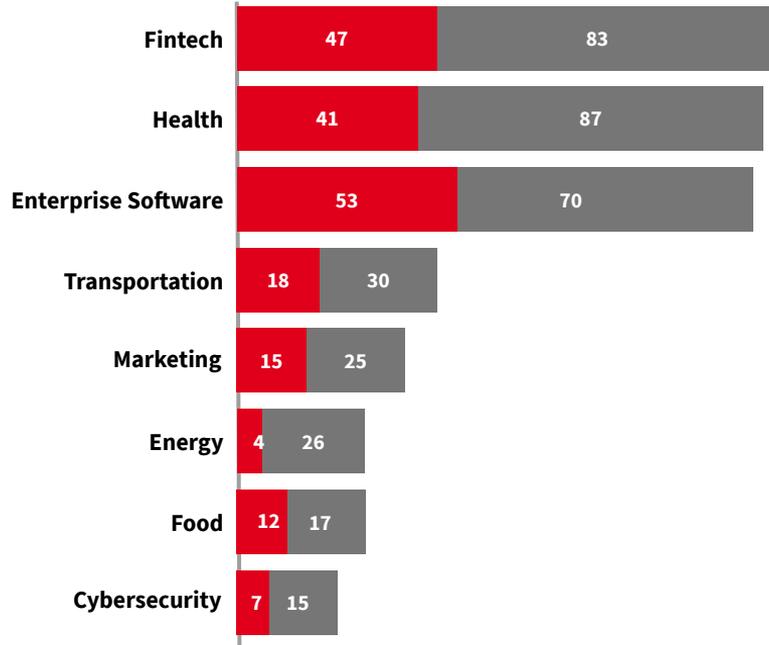
\$70M
Series C



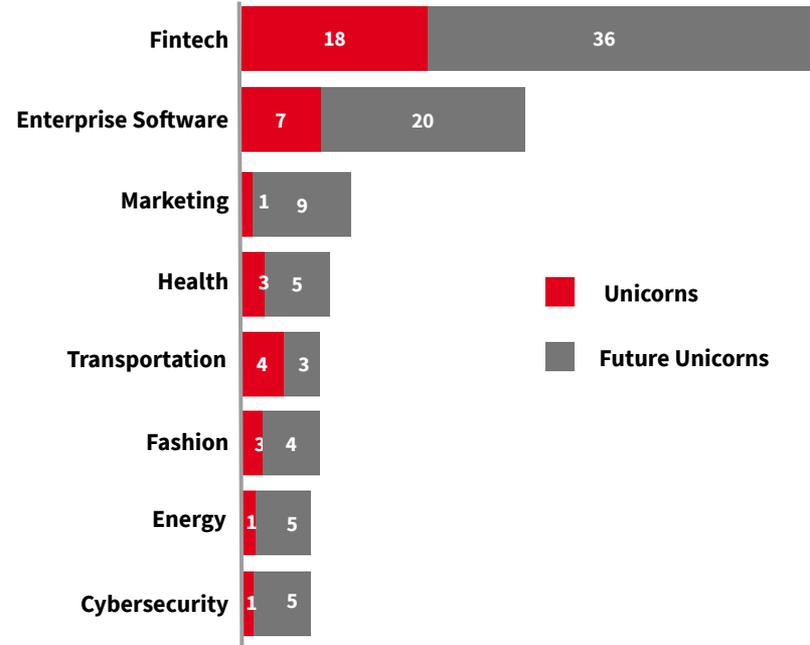
\$41M
Late VC

Fintech ranks #1 in Europe and London for unicorns and future unicorns.

European unicorns and future unicorns by industry



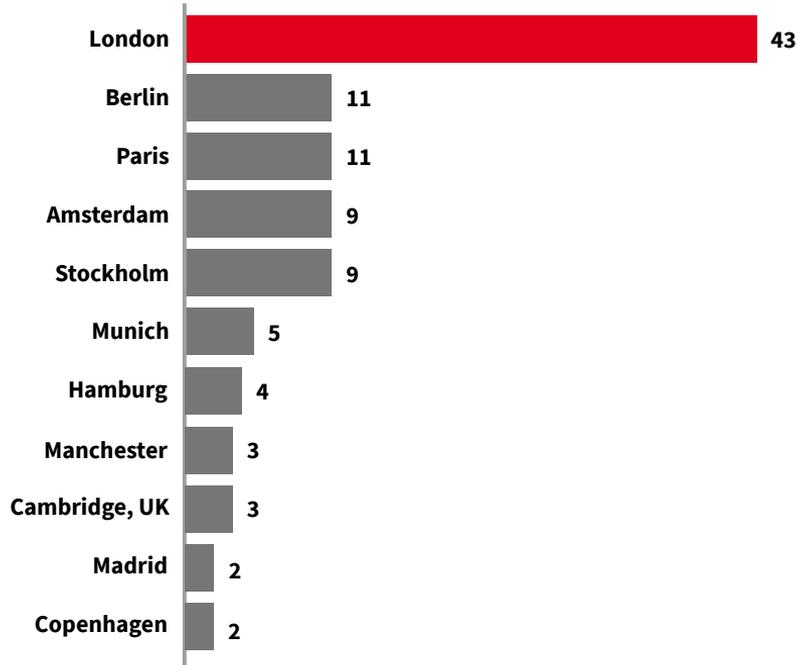
Unicorns and future unicorns by industry in London



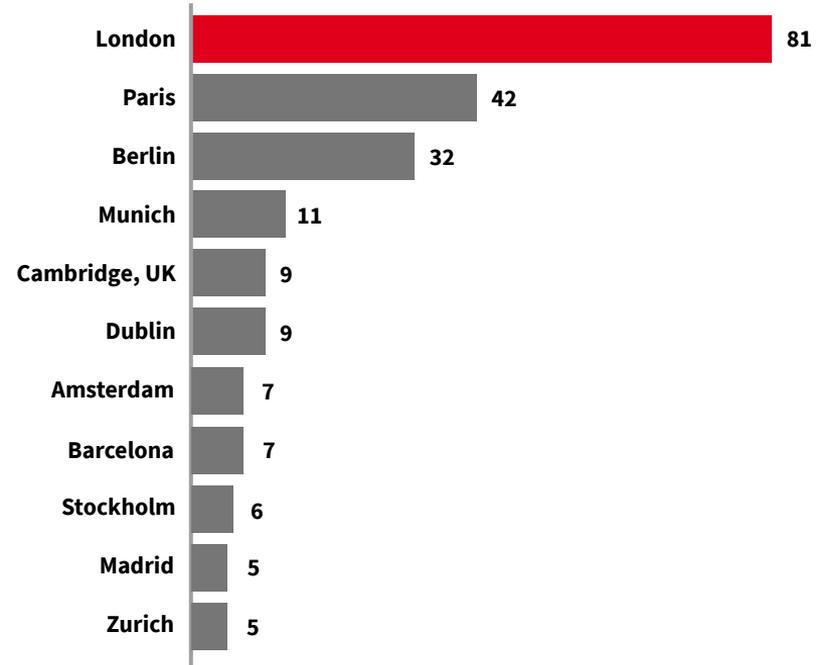
■ Unicorns
■ Future Unicorns

London is the unicorn capital of Europe.

Number of unicorns by city



Number of future unicorns by city



Methodology and definitions

- Investment numbers refer to venture capital investment rounds such as seed, series A, B, C, late stage, and growth equity rounds. It excludes debt or other non-equity funding, lending capital, grants and ICOs.
- Buyouts, M&A, secondary rounds, and IPOs are treated as exits: excluded from funding data, but included in exit data.
- A unicorn is defined as a rapidly scaling company (and tech enabled) that has reached a \$1 billion valuation, on the basis of a funding round (unrealised), acquisition or IPO (realised).
- There are some notable edge-cases:
 - Companies that IPO-ed at or above \$1 billion but subsequently dipped below that valuation, are still included as a \$1B+ exit (examples: Alfa, Rovio, eDreams).
 - Some companies have at some stage reached a \$1 billion but subsequently raised, IPO-ed or were acquired below that value. In this case the company is not counted as a unicorn (examples: Blippar, Home24).
 - If a unicorn moved HQ, the company is counted in the country where it reached unicorn status. Occasionally companies received dual HQ status.
- A future unicorn is defined as a tech driven company valued at over \$250 million but less than \$1 billion, excluding acquired and/or public companies.
- This report focuses on companies in the information age, i.e. after 1990. Most (but not all) unicorns are VC backed.



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