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# UK Tech Ecosystem update

DECEMBER 2020

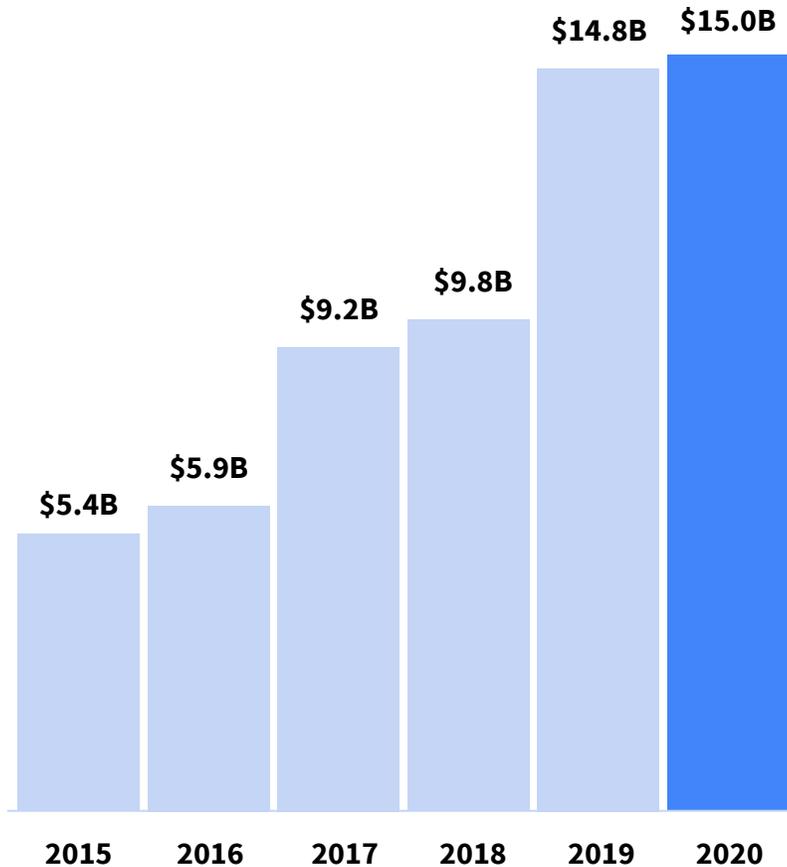
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Department for  
Digital, Culture,  
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# UK startups and scaleups raised record investment in 2020, closing \$15B in VC funding, despite challenging macro conditions.

Venture capital investment in UK



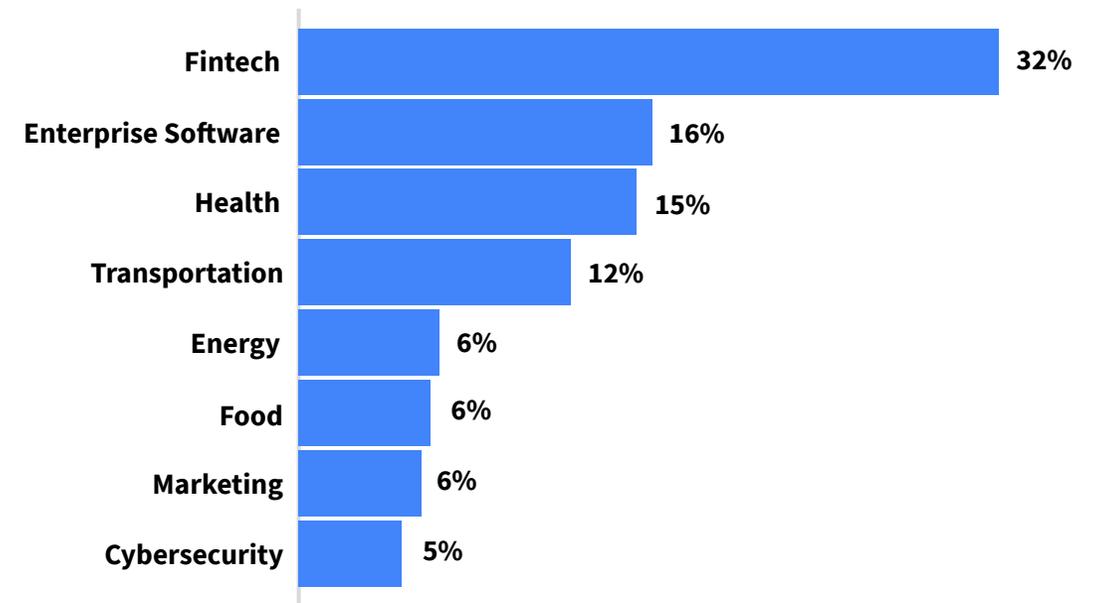
Top UK rounds in 2020

 <b>\$500M</b> London	<b>Ki</b> <b>\$500M</b> London	* <b>AFRIVAL</b> <b>\$400M</b> London
 <b>\$333M</b> London	<b>octopusenergy</b> <b>\$360M</b> London	<b>CAZOO</b> <b>\$310M</b> London
<b>GYMSHARK</b>  <b>\$264M</b> Solihull	 <b>infobip</b> <b>\$200M</b> London	 <b>snyk</b> <b>\$200M</b> London
<b>ZENOBĒ</b> ENERGY <b>\$198M</b> London	 <b>checkout.com</b> <b>\$150M</b> London	 <b>GRAPHCORE</b> <b>\$150M</b> Bristol
 <b>exclaimer</b> <b>\$133M</b> Farnborough	<b>IMMUNOCORE</b> <b>\$130M</b> Abingdon	 <b>hopin</b> <b>\$125M</b> London

# Tech hubs of Oxford, Newcastle and Glasgow showed the highest investment growth in 2020, and Fintech continued to be the leading UK tech sub-sector.

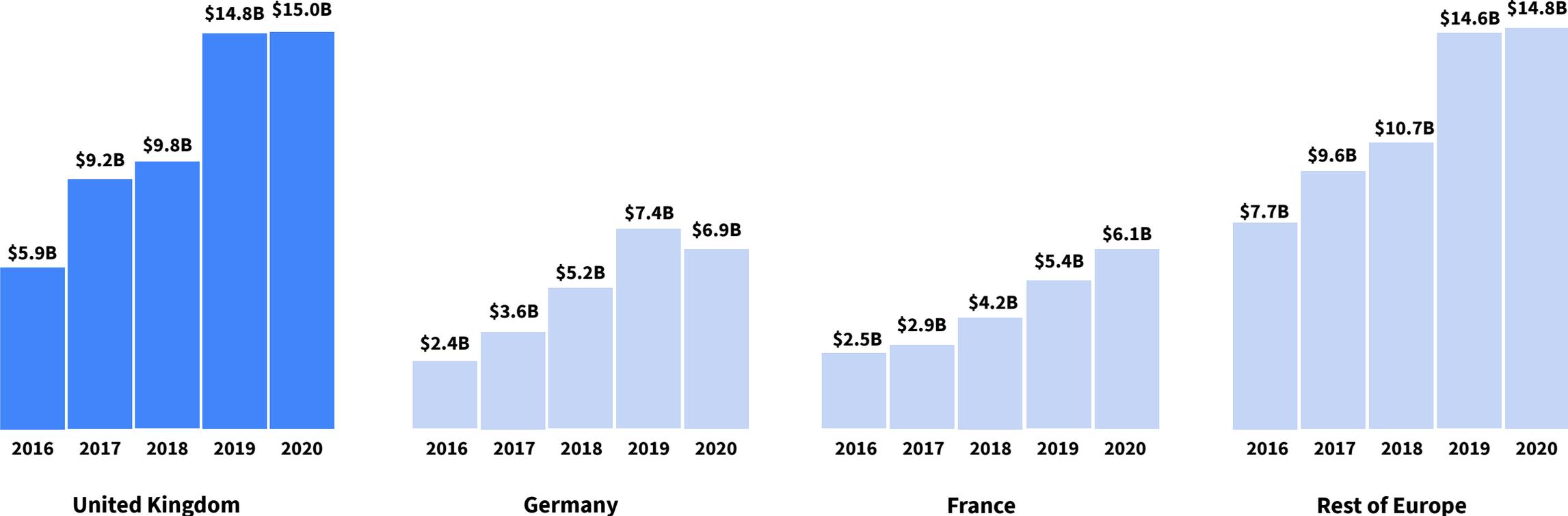
Venture capital investment by city/hub	2019	2020
London	\$10.7B	\$10.4B
Oxford	\$135M	\$532M
Cambridge	\$496M	\$265M
Bristol	\$441M	\$192M
Edinburgh	\$166M	\$112M
Manchester	\$223M	\$71M
Newcastle upon Tyne	\$21M	\$60M
Leeds	\$34M	\$45M
Glasgow	\$17M	\$43M
Cardiff	\$100M	\$38M
Belfast	\$27M	\$22M
Birmingham	\$33M	\$8M

Venture capital investment in UK by sector (2020)



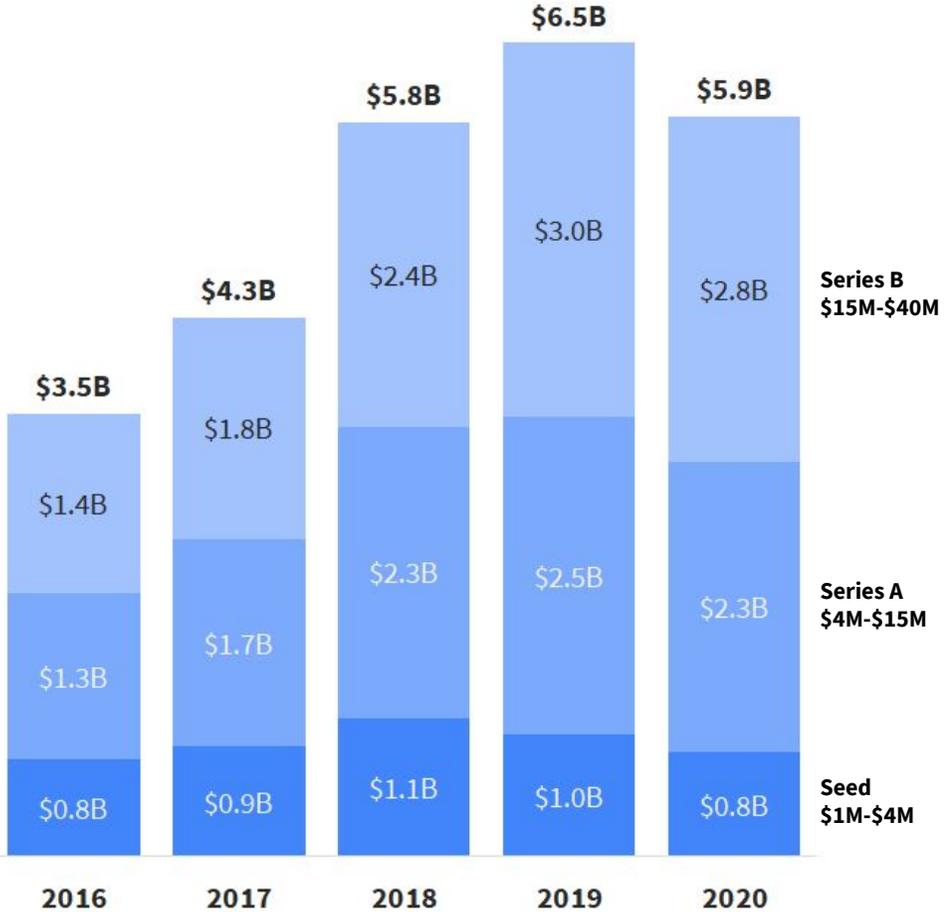
# The UK tech continues to outperform all European neighbours in 2020, raising more than Germany and France combined in 2020.

## Venture capital investment

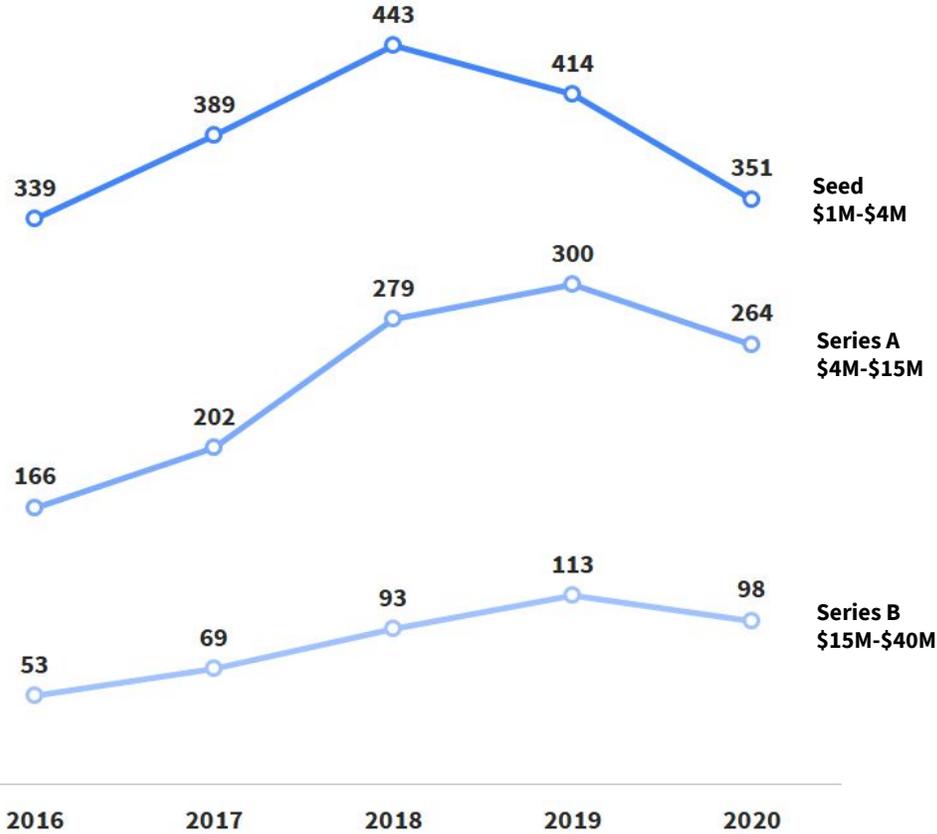


# Early-stage and scaleup investment has shown resilience in 2020, posting higher totals than any previous year other than 2019.

VC investment per round type



Number of rounds per round type



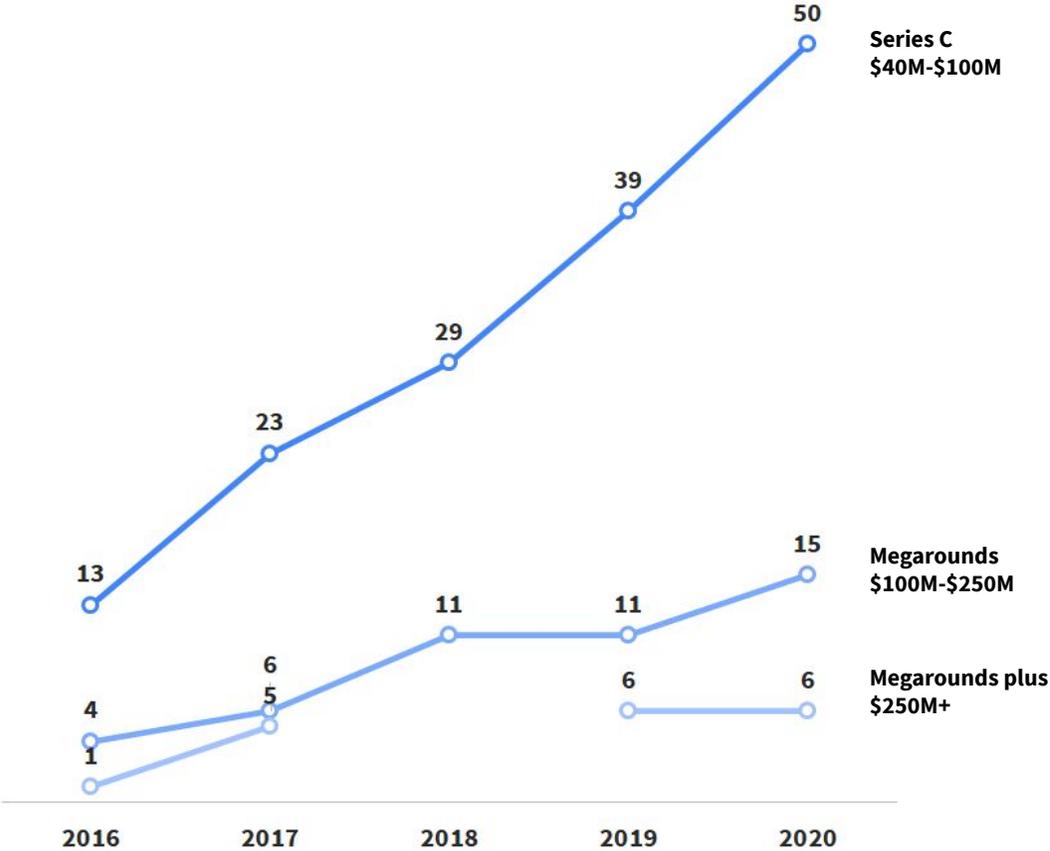
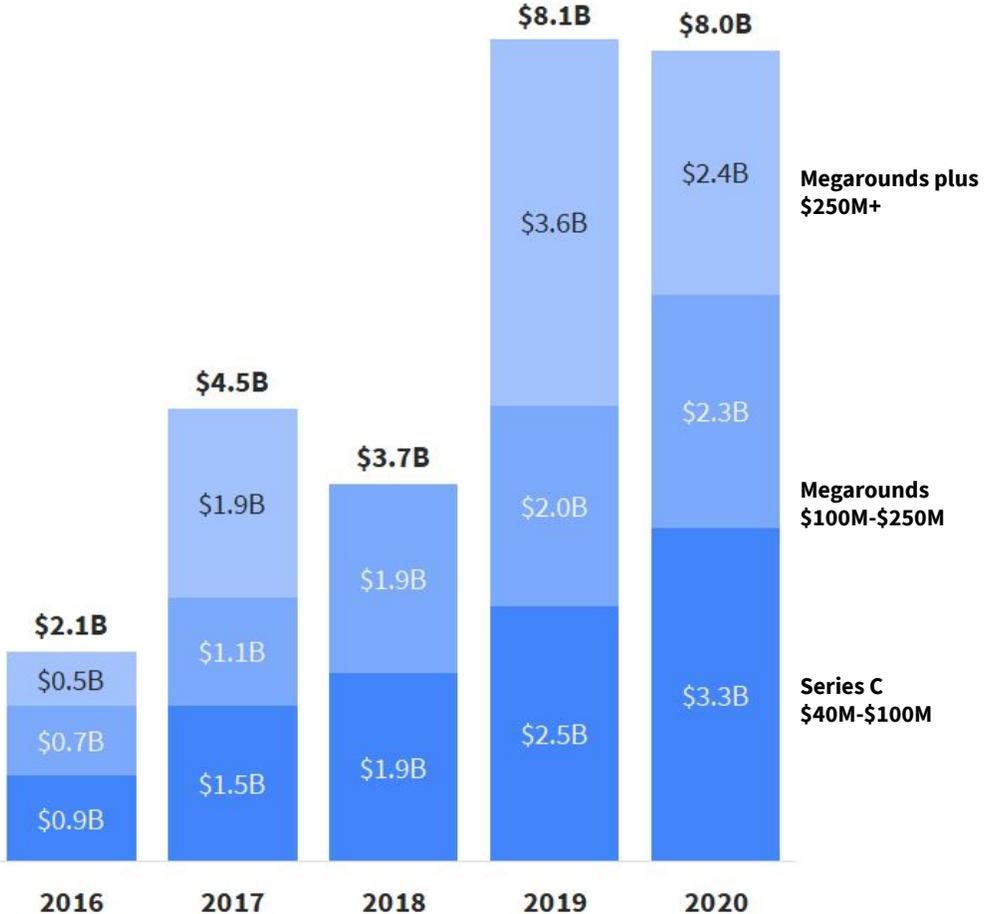
Source: Dealroom.co.

Note: Investment data for 2020 until December 14th. The labels "Seed", "Series A" are standardised labels per Dealroom.co method, not the reported labels as they are not consistently applied.

# The UK is a successfully maturing tech ecosystem. Series C rounds have seen consistent growth in recent years, both by deal count and total investment.

VC investment per round type

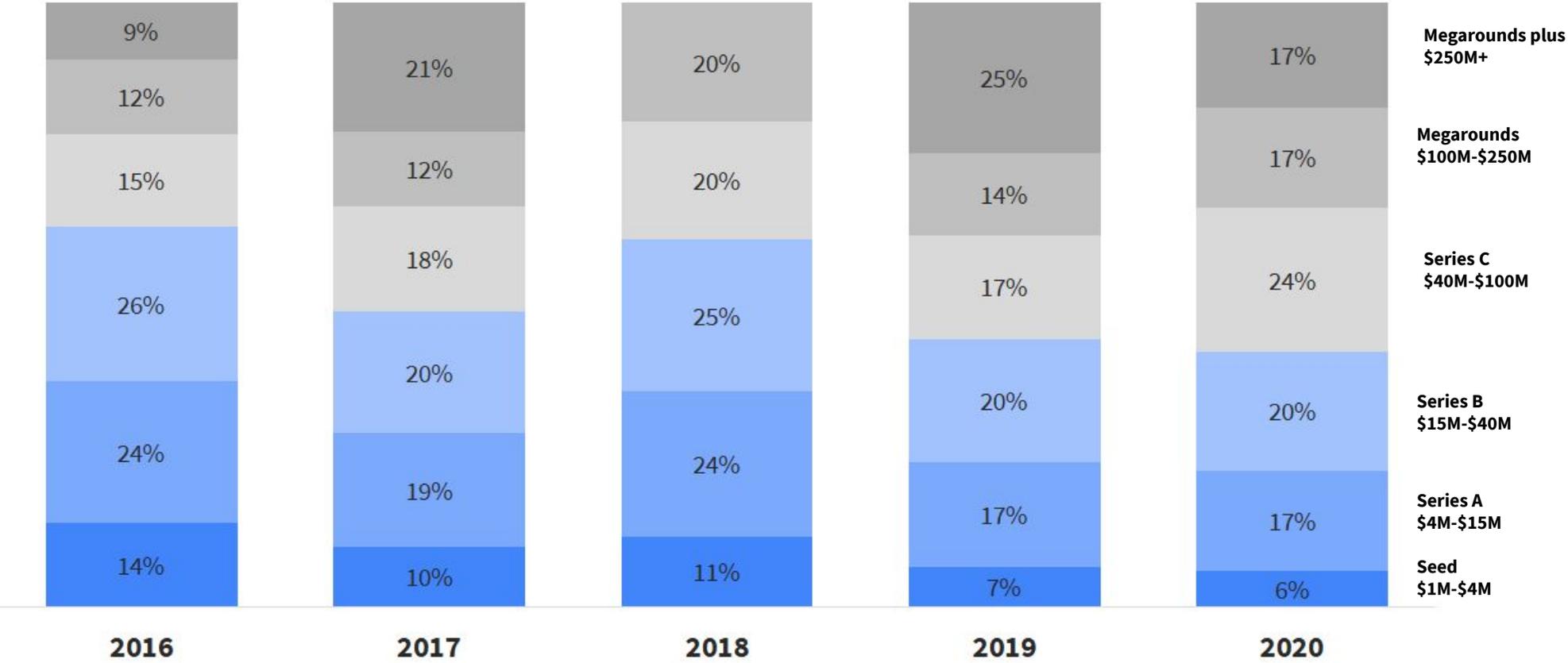
Number of rounds per round type



Source: Dealroom.co.  
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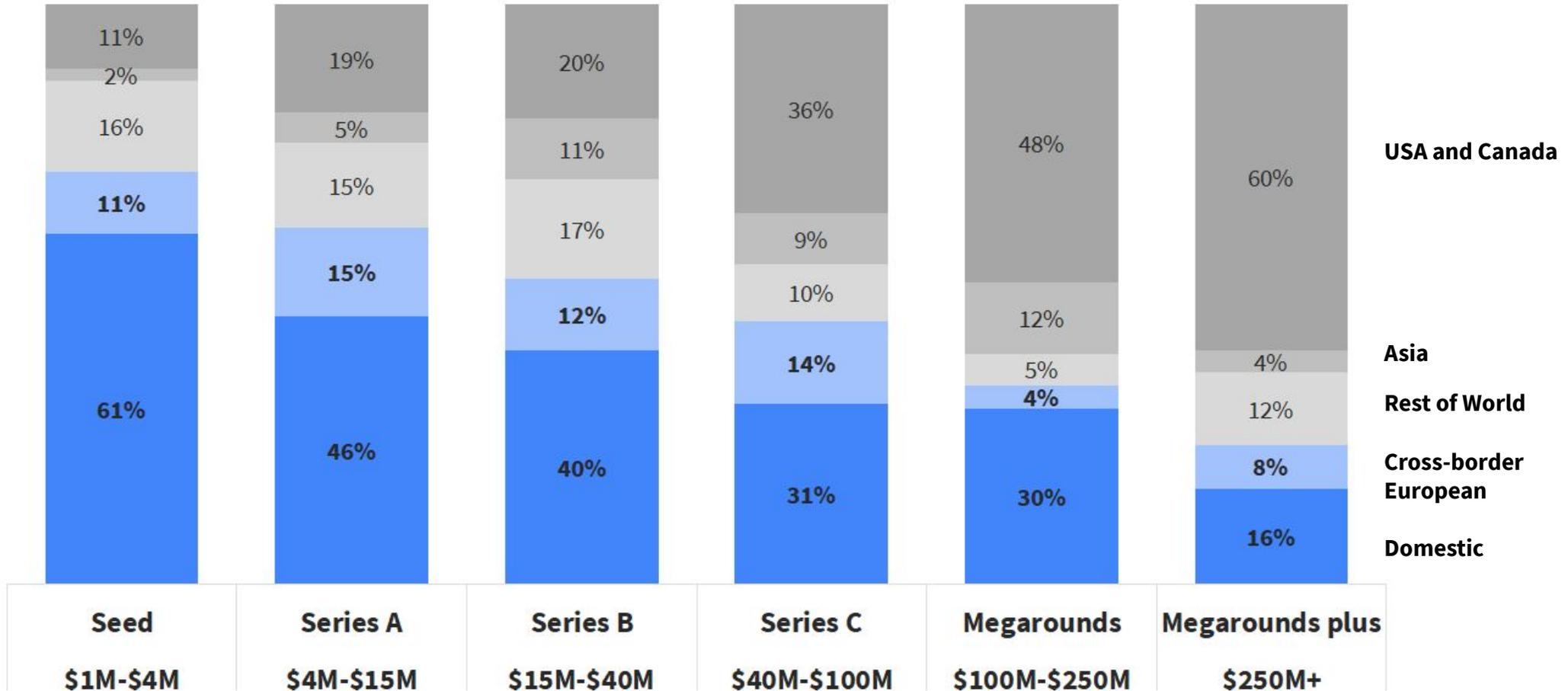
# Late-stage funding is making up an ever greater share of UK investment, though a pipeline of venture-backed startups must be maintained at Seed stage.

% of investment in UK by round type



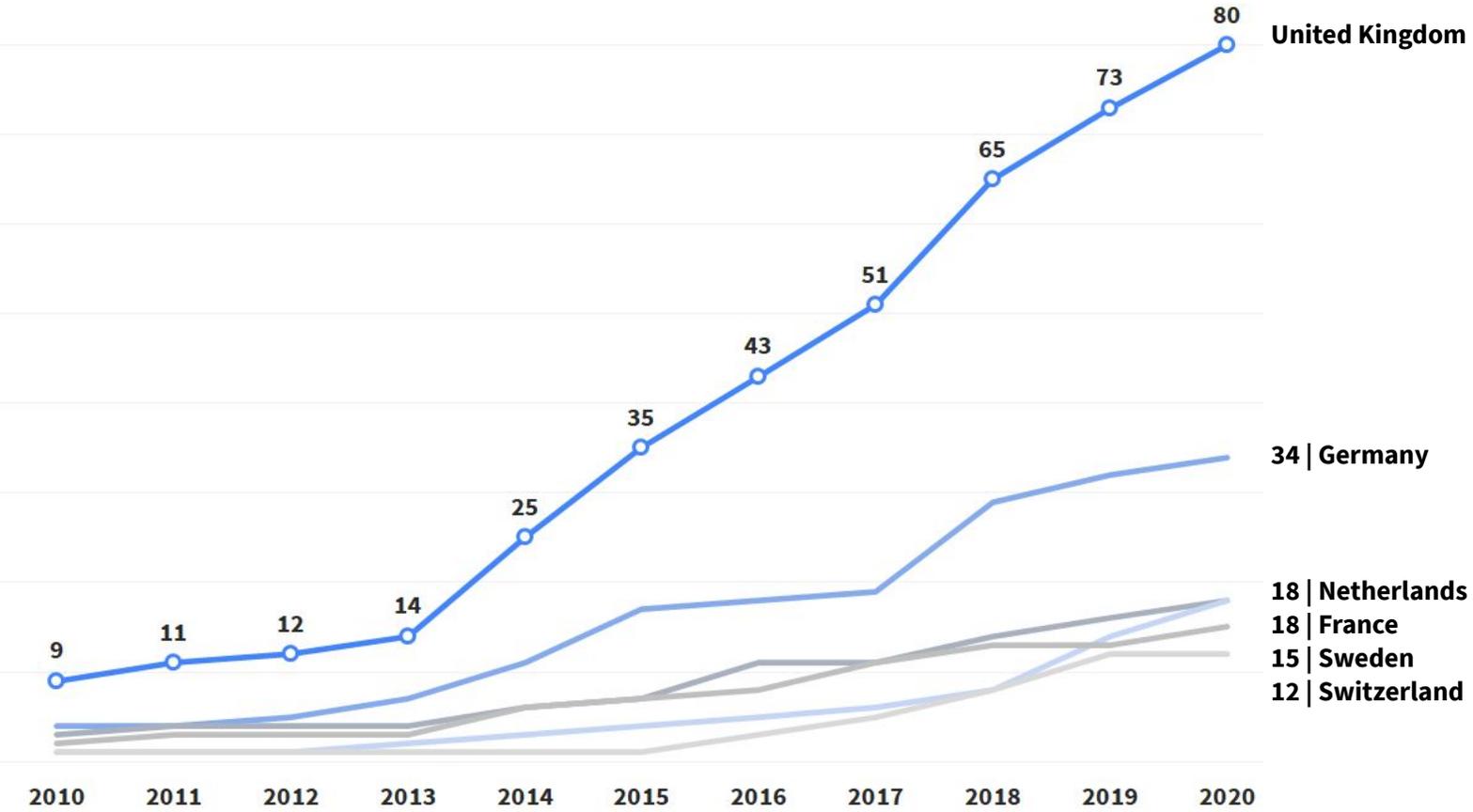
# Foreign investors are very active in late-stage UK funding rounds, with domestic and European VC investors dominating at early stage.

% of investment in UK (2020) by source and round size



# 7 UK companies reached unicorn status in 2020, taking the total to 80 billion dollar tech companies produced in the UK.

Cumulative number of European unicorns created by year \$1 billion valuation was reached



## New unicorns in 2020

**United Kingdom: 7**

\* AFFIVAL, gousto, octopusenergy, CAZOO, GYMSHARK, infobip, hopin

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**France: 4**

alan, MIRAKL, CONTENTSQUARE, Voodoo

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**Germany: 2**

LILIUM, TIER

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**Netherlands: 2**

mollie, MessageBird

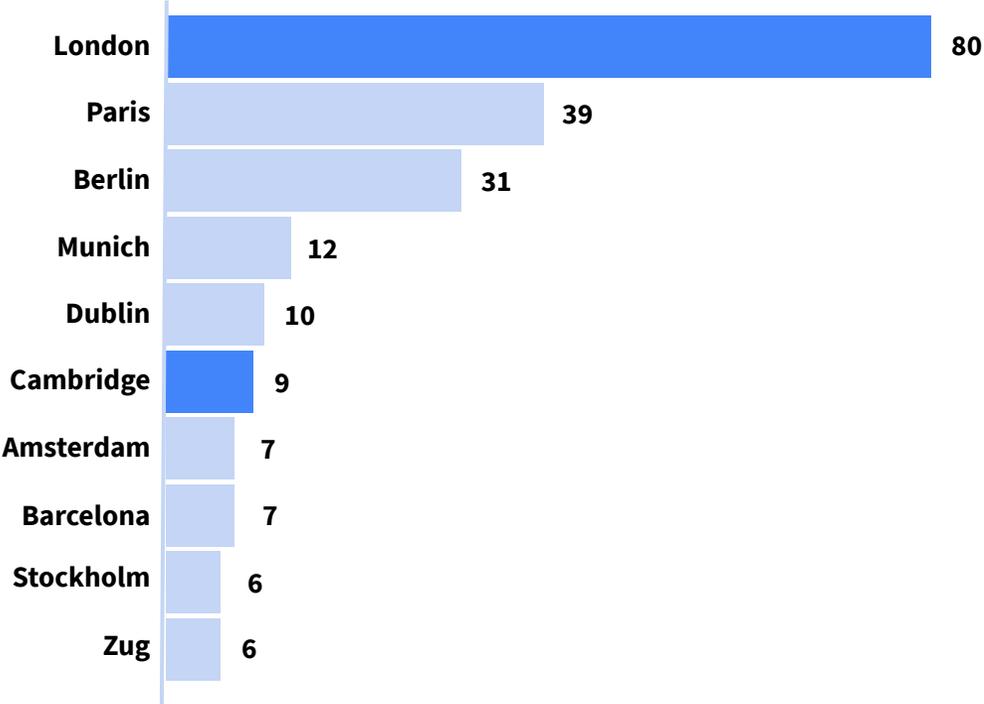
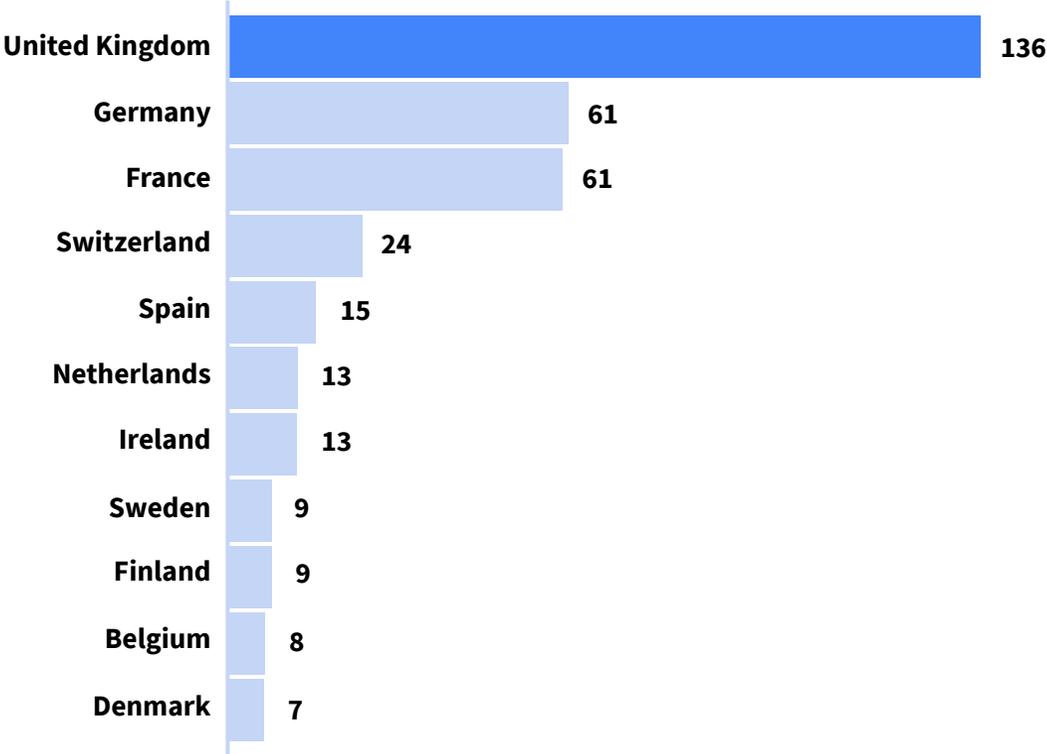
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**Sweden: 2**

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# The UK is also home to 136 potential future unicorns, with London and Cambridge amongst the top 10 European hubs.

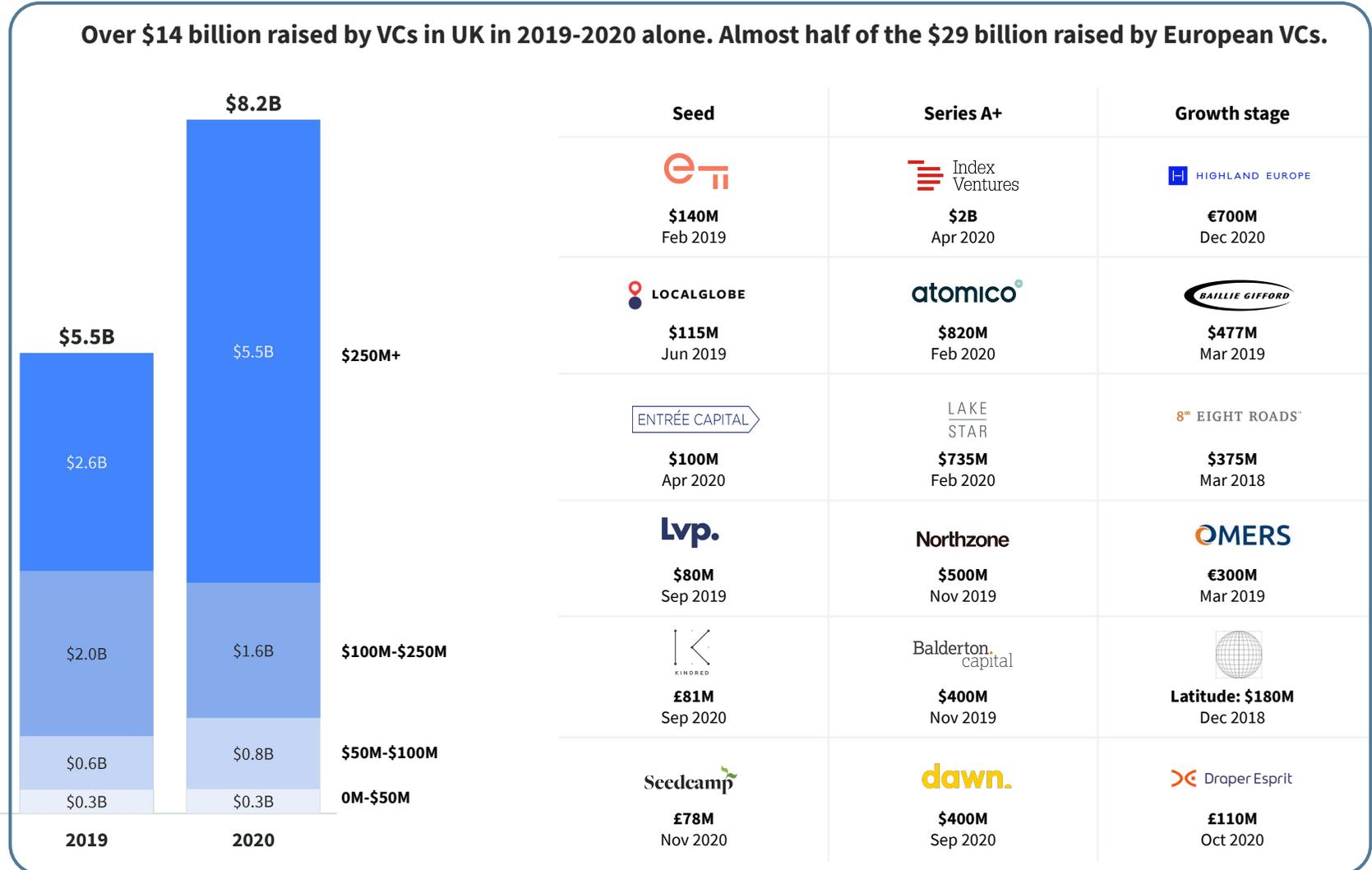
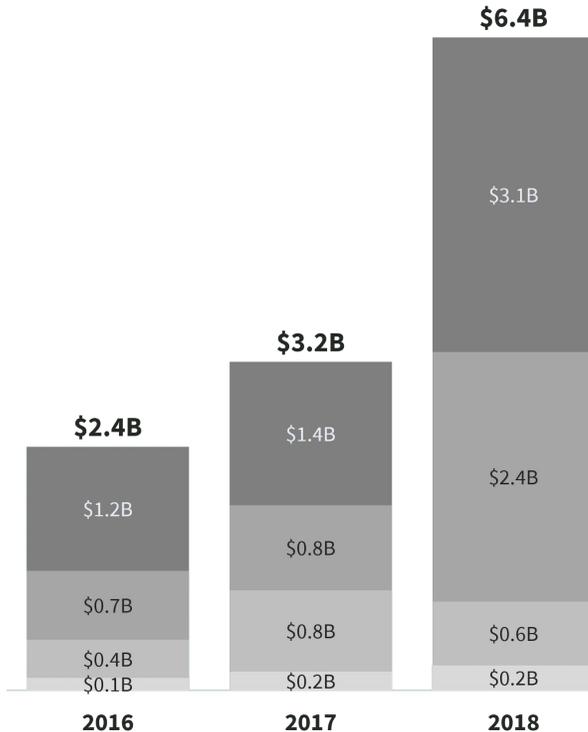
Number of potential future unicorns



# UK VCs have record levels of dry powder ready to deploy in 2021 and beyond, having raised \$14B in 2019 and 2020 alone.

## New funds raised by VCs in UK

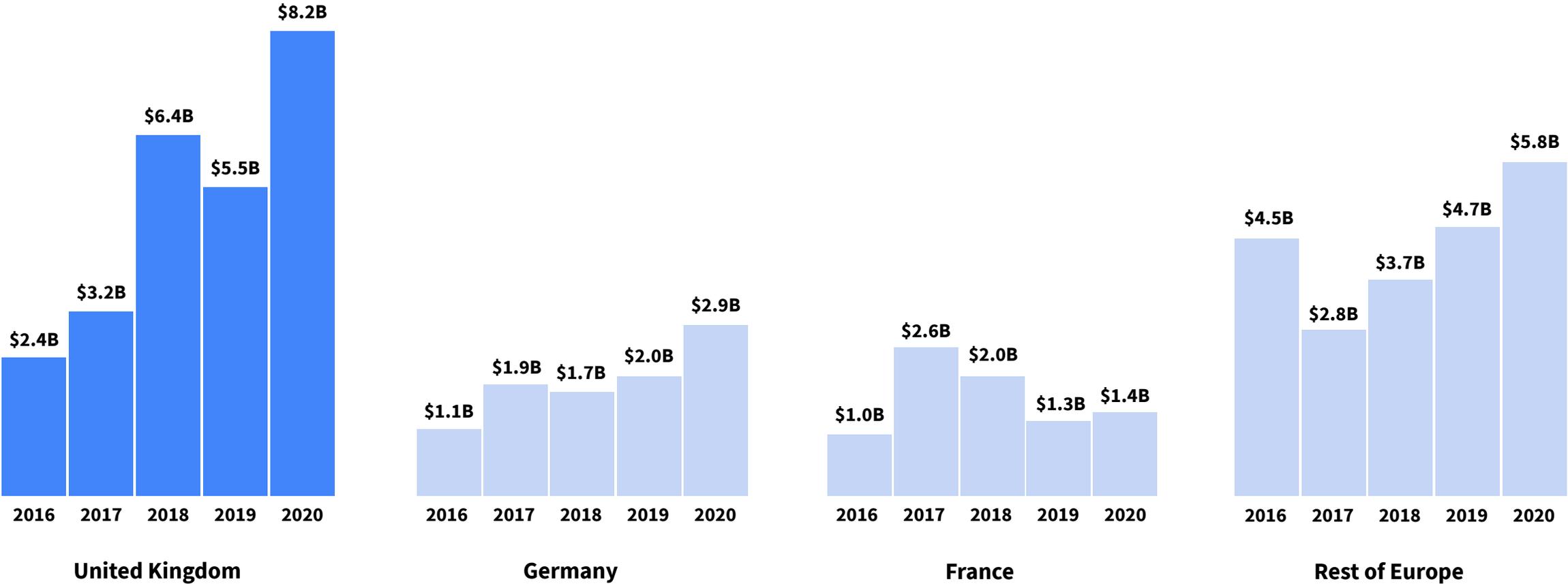
Over \$14 billion raised by VCs in UK in 2019-2020 alone. Almost half of the \$29 billion raised by European VCs.



Seed	Series A+	Growth stage
 <b>\$140M</b> Feb 2019	 <b>\$2B</b> Apr 2020	 <b>€700M</b> Dec 2020
 <b>\$115M</b> Jun 2019	 <b>\$820M</b> Feb 2020	 <b>\$477M</b> Mar 2019
 <b>\$100M</b> Apr 2020	 <b>\$735M</b> Feb 2020	 <b>\$375M</b> Mar 2018
 <b>\$80M</b> Sep 2019	 <b>\$500M</b> Nov 2019	 <b>€300M</b> Mar 2019
 <b>£81M</b> Sep 2020	 <b>\$400M</b> Nov 2019	 <b>Latitude: \$180M</b> Dec 2018
 <b>£78M</b> Nov 2020	 <b>\$400M</b> Sep 2020	 <b>£110M</b> Oct 2020

# European venture capital funds are disproportionately centred in the UK.

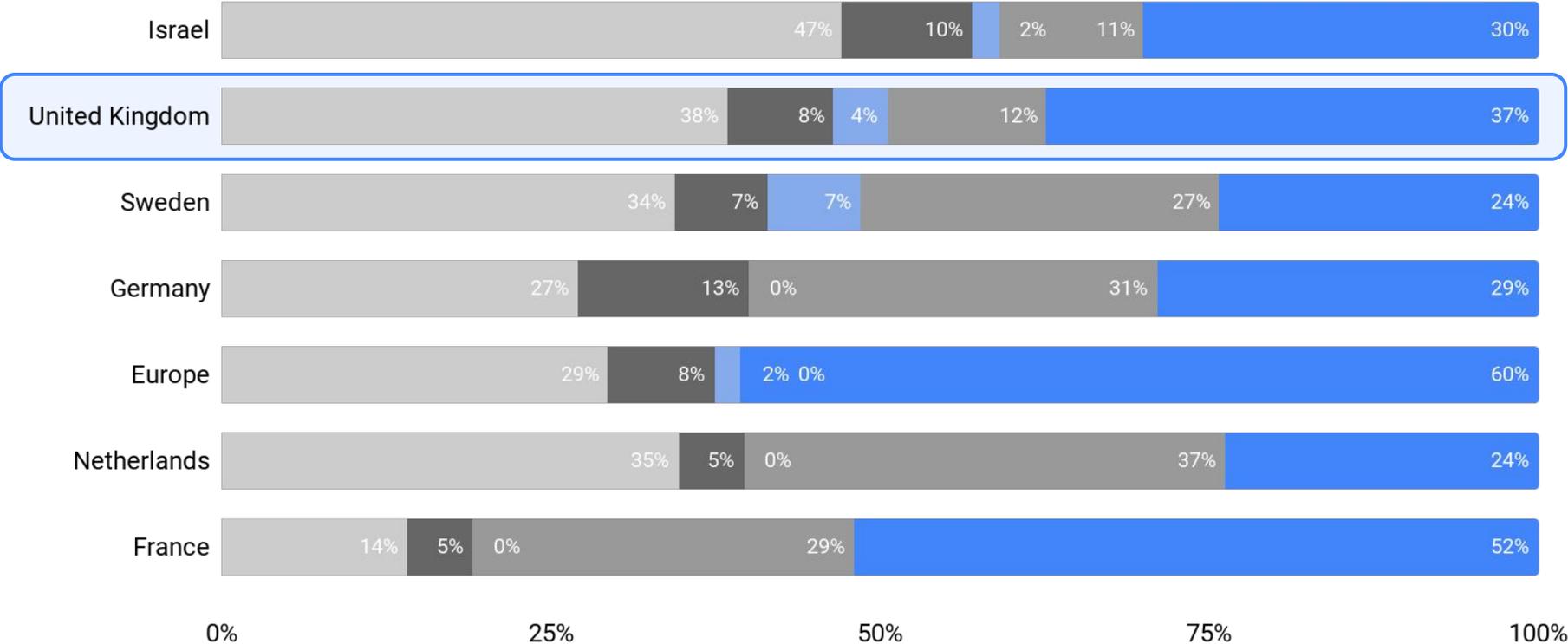
New funds raised by European VCs



# Foreign investment is a sign of strength, with the UK investment landscape diversified for resilience.

% of foreign investment (2020) by country and source

USA and Canada   Asia   Rest of World   Europe cross-border   Domestic



For Israel and the UK, the high proportion of foreign investors reflects strong global investor appetite, especially from the USA and Asia (a sign of strength).

Germany and Sweden now has the lowest % of domestic capital of any major tech hub.

France wants to attract more foreign capital, especially from the USA and Asia.

# Methodology & 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 tech driven company 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 \$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, Fanduel, Ulmart, Conduit, Wonga, VE Interactive, Powa).
  - If a unicorn moved HQ, the company is counted in the country where it reached unicorn status. Occasionally companies received dual HQ status.

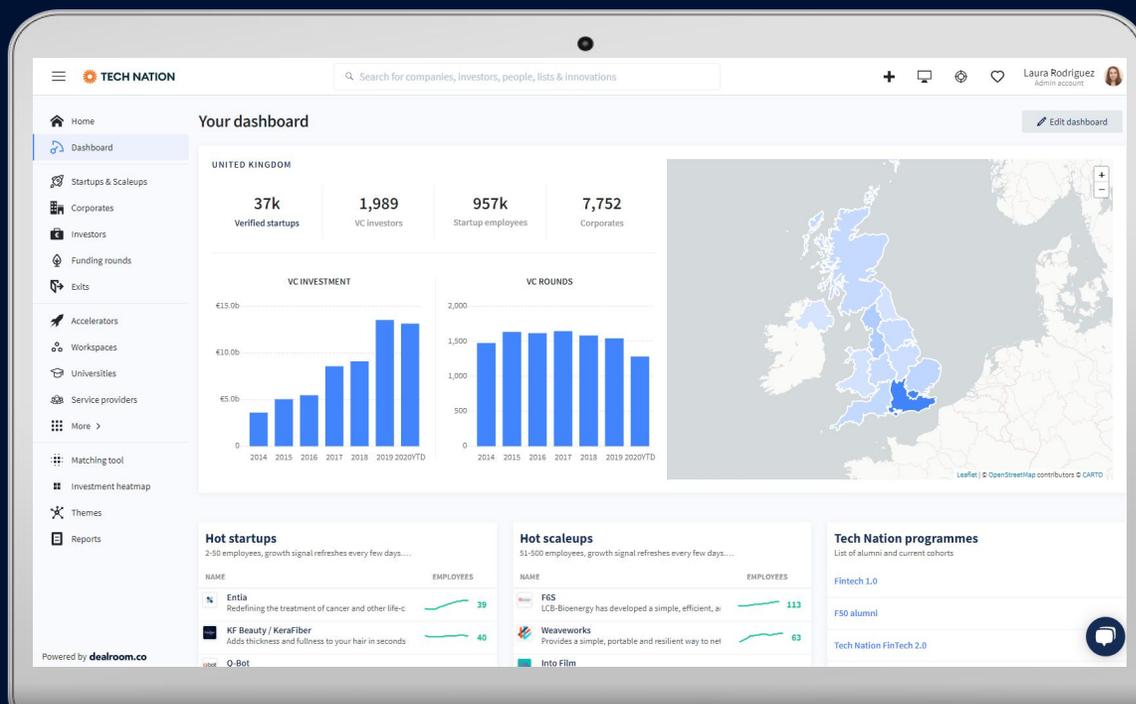


- This report focuses on companies in the post-internet age, i.e. after 2000. Most but not all unicorns are VC backed.
- Companies included in the analysis are tech-driven. Industries include software, ecommerce, online marketplaces, hardware, ICT infrastructure. The full [industry & business model taxonomy](#) can be found online



- Dealroom's proprietary database and software aggregate data from multiple sources: harvesting public information, user-submitted data verified by Dealroom, data engineering. All data is verified and curated with an extensive manual process.
- Most underlying data from the report is available online via <https://datacommons.technation.io>. For more info please visit [dealroom.co](https://dealroom.co) or contact [support@dealroom.co](mailto:support@dealroom.co)

# The most complete and detailed picture of UK's tech ecosystem, in partnership with Tech Nation: [datacommons.technation.io](https://datacommons.technation.io)



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