**Tech Nation 2019 - Summary**

The annual [Tech Nation Report](http://bit.ly/2vRJ84W) in association with the World Economic Forum reveals key statistics on the UK’s booming tech industry.

The report provides a comprehensive look into the evolution of the UK’s tech ecosystem, exploring the drivers that underpin and power economic growth within the sector.

The report explores the wider international landscape, looking specifically at international and national tech investment, areas of potential growth and related specialisms, talent hubs and more.

**UK leads Europe in scale-up investment**

* Scale-up tech investment is 2.5 times higher than expected based on the relative size of the UK economy in 2018
* UK leads Europe and is fourth in the world for scale-up investment after US, China and India
* UK remains a hotbed for tech talent - employing 5% of all high-growth tech workers globally - placing the UK ahead of Japan, France and Indonesia
* To date, 35% of Europe and Israel’s tech unicorns ($1bn valued businesses) have been created in the UK
* UK number one in the world for scale-up investment into fintech firms - generating £4.5bn in funding between 2015 and 2018
* Investment in AI grew almost six-fold from 2014 to 2018.

For the South East of England, headline findings were:

* Turnover from digital tech businesses in the South East is currently £31.94 bn
* Digital tech business count stands at 38,530
* Employment in the digital tech sector has reached 215,000
* Digital tech productivity per worker is £184,000

**Investment**

The UK tech sector performed particularly well in investment last year. In 2018, the UK managed to attract 5% of global high-tech scale-up investment, placing it fourth in the world - ahead of Germany, France and Sweden.

Investment for UK high-growth digital tech firms also grew 61% between 2017 and 2018 – driven in large part by ambitious UK tech scale-ups (tech scale-ups delivered the majority of all tech investments in the UK (80%) in 2018 - £5bn of £6.3bn).

The UK’s strongest tech sub-sector, and where it currently ranks as number one in the world, is fintech, with investment in UK high-growth fintech firms achieving £4.5bn between 2015 and 2018. This is followed by E-commerce, Gaming and SaaS.

London continues to remain the UK’s leader in attracting high-growth tech investment, receiving £9bn from 2015 to 2018 and sits in the top 20 global cities for scale-up investment. Cambridge is second, at £583m, with other UK cities continuing to make considerable ground.

Looking beyond high-growth tech companies, the last 12 years have seen a much greater distribution of investment across the UK. London accounts for 36% of UK tech investment followed by the South East at 30%.

AI start-ups from the UK raised almost double that of France ($400m) and Germany ($300m) combined at $800m.

The report shows international hubs with shared scale-up investment patterns. Clusters are matched based on the investment that companies based there have received over the last five years. Cities were paired where they share similar investment trajectories and dynamics. Brighton & Hove is paired with Perth, Australia and Siheung, China.

When comparing sector specialisms **London, Basildon (Essex), York, Brighton and Leeds** are top e-commerce investment locations, which means they are comparable to the likes of Berlin, Ottawa, Buenos Aires, Tel Aviv and Cincinnati.

**Employment**

In 2018 the UK continued to remain a hotbed for tech talent, employing 5% of all high-growth tech workers globally. This places the UK ahead of Japan, France and Indonesia.

In the UK, Insurtech and Fintech were the biggest employers among high-growth digital tech firms in 2018, employing 24% and 18% of the high-growth workforce respectively.

Cyber, AI, and Cleantech all feature in the top ten sectors for employment in high-growth tech firms. Investment data shows that AI, Cyber and Big Data are growing in importance for UK tech scale-ups. This means that the UK may be about to see more jobs generated in these sectors.

**Growth**

From December 2018 to February 2019, high growth firms in London grew by over 56%, more than anywhere else in the world.

**Innovation**

R&D expenditure in the UK in 2016 represented 1.67% of gross domestic product (GDP).

Businesses and government have put significant financial resources towards the development of a knowledge-based economy. Based on the most recent data from 2016, the UK was ranked 7th globally for R&D expenditure, with spending up £1.4bn to £33.1bn, an increase of 4.3%. This is above the long-term annual average increase of 4.1% since 1990.

Gerard Grech, CEO, Tech Nation commented: “The UK continues to exceed all predictions when it comes to tech growth. This report shows how the UK is a critical hub when it comes to global technology developments, with scale-up tech investment being the highest in Europe, and only surpassed by the US, China and India. This is a testament to the innovation, ambition and tenacity of tech entrepreneurs across the UK. These valuable findings will help inform how the UK as a nation can continue to foster competition and collaboration in an increasingly interconnected world.”