Unlocking investment

Insights into high-growth companies

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BARCLAYS | Eagle Labs

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Beauhurst

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Foreword

The UK is home to one of the most dynamic startup ecosystems in the world, with an incredibly strong research base backed by various universities. It is the third highest-ranked country globally in terms of investment, and is by far the leading hub for venture capital in Europe.

However, the challenging economic headwinds that began in 2022 also impacted the investment environment for startups and scaleups throughout 2023, with some headwinds into 2024. This report analyses market trends and explores key insights and opportunities regarding Investment for UK-based tech founders.

We've witnessed a difficult environment for smaller, first-time fund managers who often invest in new founders and emerging technologies. However, this report demonstrates the continued pipeline of companies coming through crowdfunding and the Enterprise Investment Scheme (EIS) investment is still strong, as is the appetite from smaller retail investors.

I'm pleased to see evidence of some amazing growth deals, with overall equity investment higher than what it was in 2020, demonstrating the resilience of the market. As the macro-economic situation improves, as we all hope, the tech ecosystem in the UK has the underpinnings to turbocharge the next wave of innovation. The small increases for all-female teams and mixed-gender founder teams is welcomed news, and initiatives such as the Barclays Female Founders Accelerator are making waves towards normalising this trend.

The Mansion House reforms and related initiatives can help drive greater levels of investment, towards scaleups in particular, working towards providing them with access to the levels of funding that equivalent companies in the US have.

The UK is well-positioned to develop future technologies in sectors such as ClimateTech, Artificial Intelligence (AI), and Life Sciences. To ensure global competitiveness, we must establish the appropriate frameworks. The government is implementing several interventions, including the Digital Growth Grant (DGG), funded by the Department of Science, Innovation, and Technology (DSIT). The DGG significantly contributes to building these solid foundations.

It has been a great privilege to serve on the Independent Board for the DGG, working with the Barclays Eagle Labs team on a range of programmes and initiatives, that support the UK startup and scaleup ecosystem. The data within this report highlights the impact of this work, how much has been done, as well as how much more there is to do, to further develop the UK's tech ecosystem.

Executive summary

As of May 2024, equity investment in high-growth companies in the UK reached a total of £6.53bn via 2,423 deals. Overall, high-growth companies in the UK secured a higher value of deals in 2023 than previously acquired in 2019 and 2020.

High-growth companies, identified through triggers such as securing equity investment or winning innovation grants, represent only 0.90% of the total UK company population, but generate significant tax revenues, create new jobs, and bring innovative products and services to market. Within the UK, 31.1% of these firms are located in London, followed by the South East and the East of England.

Equity investment in high-growth companies within the UK totalled £18.0bn in 2023. Although full-year figures were strong, they marked a 31.6% year-on-year decline from the total funding secured in 2022. Although the value of equity investment has significantly reduced from the highs of 2021 and 2022, full-year totals in 2023 were higher than the levels secured in 2019 and 2020. The market is recalibrating towards pre-pandemic investment levels, though with substantial activity in AI, quantum computing, and other emerging sectors. This shift underscores a cautious yet optimistic investor sentiment, prioritising innovative and transformative technologies.

As of May this year, UK high-growth companies have secured £6.53bn via 2,423 deals. While this is a slight decrease compared to the £7.09bn secured by May 2023, the difference is not substantial. London maintained its dominance, accounting for 50.4% of the deal count. During this period, seed-stage investments reached £959m, while venture-stage investments totalled £2.48bn.

In the UK, high-growth companies predominantly have all-male founding teams (74.9%) and boards of directors (59.2%). From 2019 to 2023, companies with all-male founding teams secured about three-quarters of annual equity investment by value.

Over the same period, companies with mixed-gender founders increased their share of equity investment from 16.1% to 18.0%, while companies with all-female teams plateaued at around 9.00%. Despite this current position, numerous initiatives are at play to help boost the presence of women in business. Notable among these are the Invest In Women Taskforce and the Female Founder Accelerator, run by AccelerateHER in partnership with Barclays Eagle Labs. These are complemented by the extensive DE&I efforts of Barclays Eagle Labs and DSIT. These initiatives are actively working to champion female entrepreneurship in the UK.

Key investment types in early-stage companies within the UK include angel investors, corporate venture capital (CVC), crowdfunding platforms, private equity (PE), and venture capital (VC) firms. Detailed explanations of each of these investor types can be found in the 2023 Unlocking Investment: Trends for high-growth companies report. Notable investors within this field include Cambridge Angels, specialising in tech startups, and crowdfunding platforms like Seedrs and Crowdcube.

High-growth companies in software-as-a-service (SaaS) and internet platforms secured the most equity deals in the year to May 2024, reflecting strong demand for these services. This trend may be due to the increasing reliance on digital solutions for remote work and online collaboration. High-growth companies operating in the AI and fintech sectors also completed over 200 equity deals between January and May 2024, underscoring high investor interest in these transformative industries.

Introduction to the high-growth ecosystem

High-growth companies are fundamental to the UK's economic landscape. These are companies that have experienced rapid growth or have the potential to do so. To be recognised as high-growth, companies must meet at least one of Beauhurst's eight tracking triggers (listed on page 33). These triggers include securing equity investment, receiving a sizeable innovation grant, or spinning out of an academic institution.

As of May 2024, high-growth companies accounted for 0.90% of the total company population in the UK, with most headquartered in London. Even though high-growth companies constitute a small proportion of the overall UK company population, these businesses often experience sharp increases in revenue, headcount, and/or market share.

Within the current active high-growth population, 26.9% of companies are at the seed stage, navigating the initial phases of development. Venture-stage firms, accounting for 18.2% of the ecosystem, typically feature small teams and may have an uncertain product-market fit. In contrast, companies at the growth and established stages, representing 13.7% and 36.5% of the population respectively, boast larger operations, translating into higher revenues and valuations.

Through innovative products and processes, high-growth companies can be disruptive forces in existing markets, sometimes even creating new ones. With often aggressive growth strategies, these companies can experience rapid scaling, which has inherent risks but also poses large potential benefits. These strategies often cause high-growth businesses to seek VC investment, as venture capital firms are often willing to invest in startups due to their potential for high returns and significant market impact.

High-growth companies are crucial in job creation, market competition, and technological advancement. Their innovation means that incumbent firms must innovate further or risk being replaced, which enhances competition and fosters further innovation within the market.

Regional distribution of high-growth companies

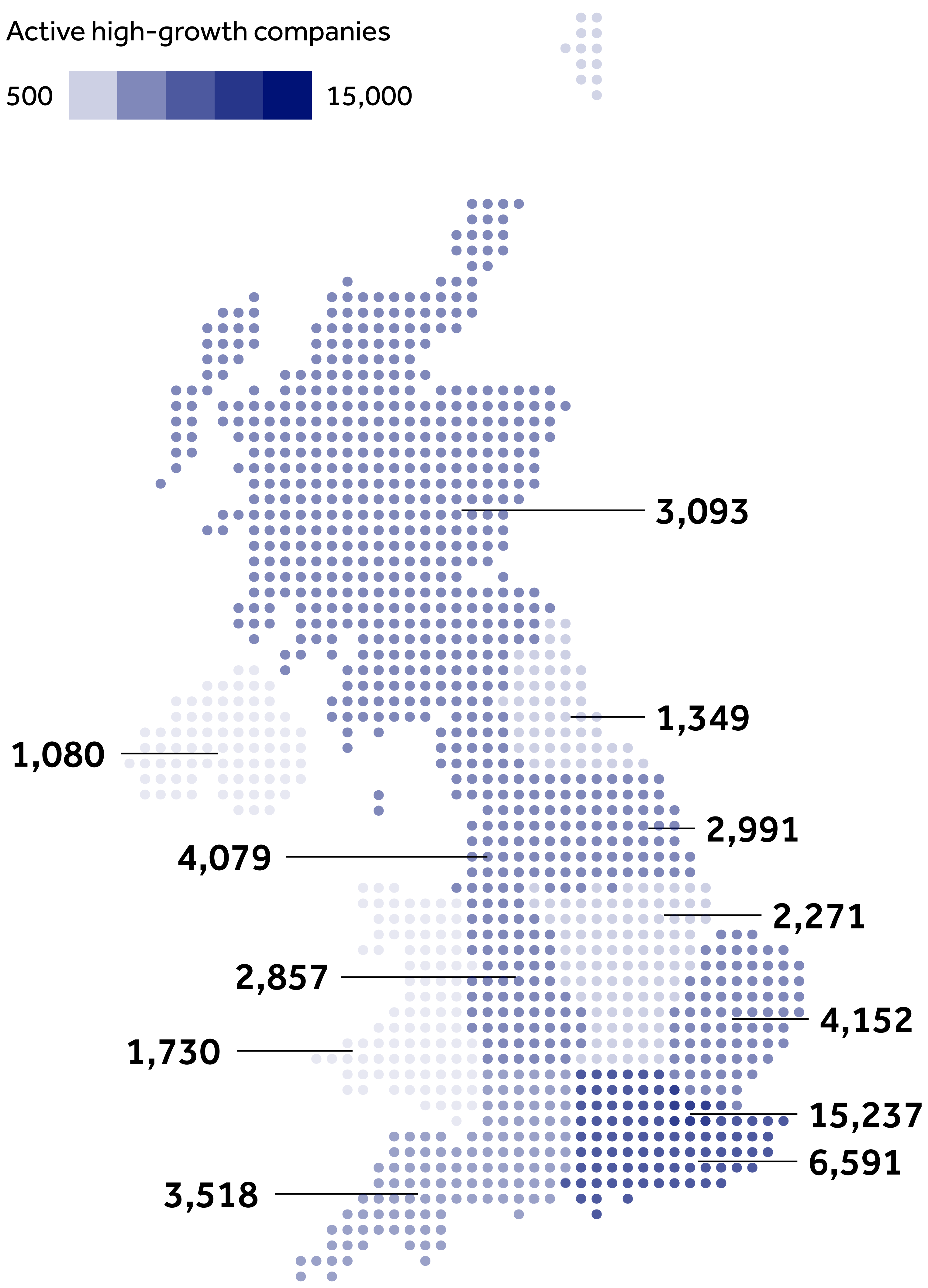
As of May 2024, London is home to 31.1% of the UK's high-growth company population. This concentration reflects London's large business population and reputation as a global financial and political centre. High-growth companies headquartered in the capital include challenger banks Monzo and Revolut.

The South East and East of England are currently home to 13.5% and 8.48% of high-growth companies, respectively. These regions benefit from academic institutions in cities such as Oxford and Cambridge, which support companies through accelerator programmes and specialised facilities.

The academic environment in these cities fosters innovation and provides essential resources for startups, enabling them to scale rapidly. An example is the Scaleup programme offered by Cambridge Judge Business School in collaboration with Barclays Eagle Labs. The programme aims to support growing high-potential tech companies across the nation. During the programme, which is delivered across four months, companies are provided with support to accelerate their business growth.

The North West is home to 8.33% of the UK's high-growth company population, largely due to the cities of Manchester and Liverpool. Manchester has developed a specialisation in media and digital businesses, with key facilities in the city, such as Media City UK, that help to attract high-growth companies.

Active high-growth companies by region (May 2024)



Scaleup Programme 2023 cohort: Orca Scan

Orca Scan is a cloud-based platform that allows users to create, print, and scan barcodes. The software supports offline scanning and offers cloud access for data management, where users can integrate it with tools like Google Sheets and Excel. Its customers include Apple and GSK.

The Cambridge-based company was founded in 2016 by serial entrepreneur John Doherty, who was inspired by his son's request for an app to assist with his summer job, scanning barcodes. Notably, Orca Scan is Doherty's third attempt at starting a business, having two failed previous attempts. "I kept building technically cool products to solve a problem that did not really exist. I would never take the time to speak to potential customers before building something. Orca Scan is my third real attempt at business, and I believe the reason it works so well is because our product roadmap is driven by customer feedback," he says.[1]

Orca Scan has partnered with GS1 UK, a global non-profit organisation that helps retailers transition from traditional barcodes to new QR codes on their product packaging. By simply scanning the QR code, consumers can access detailed product information, such as nutritional and ingredient details, sustainability, and recycling information. Amongst the suppliers adopting Orca Scan's QR codes for their packaging is JUX Foods. Anna Wood, founder and CEO of JUX Foods, is supportive of the new QR code: "It is a fantastic tool to help empower consumers with more information. The QR codes help people build their confidence in purchasing, as we can relay extra information that previously would have been limited by label space."[2]

Orca Scan participated in the Barclays Eagle Labs Scaleup Programme, supported by Cambridge Judge Business School. Doherty credits some of Orca Scan's success to accelerator programmes. Doherty advises entrepreneurs to be careful when taking external investment. "Understand that investment is fuel. Think of taking investment like strapping a rocket to your back. If you have a clear view of where you are going, you'll get there faster. If you're unsure, you'll burn up," he says.[3]

[1] Orca Scan. "John Doherty." Orca Scan, accessed July 2, 2024
[2] JUX Food First In to Beta Test Orca Scan's Digital QR Reader." Cambridge Independent
[3] Doherty, John. "The Orca Scan Startup Journey." Orca Scan, January 2023

Equity investment

In 2023, high-growth companies completed 6,767 deals, securing a total of £18.0bn—surpassing the total annual value in 2019 and 2020. As of May 2024, equity funding volumes reached £6.53bn. Companies operating in emerging sectors like AI, cleantech, and quantum computing have continued to flourish.

London remains the leading investment hub, with companies based in the capital securing over half (50.4%) of the total deals by number between January and May 2024. Despite the concentration of funding in the southern regions, companies in the devolved nations benefit from dedicated business support, such as Techstart Ventures, which provides seed capital across Scotland and Northern Ireland.

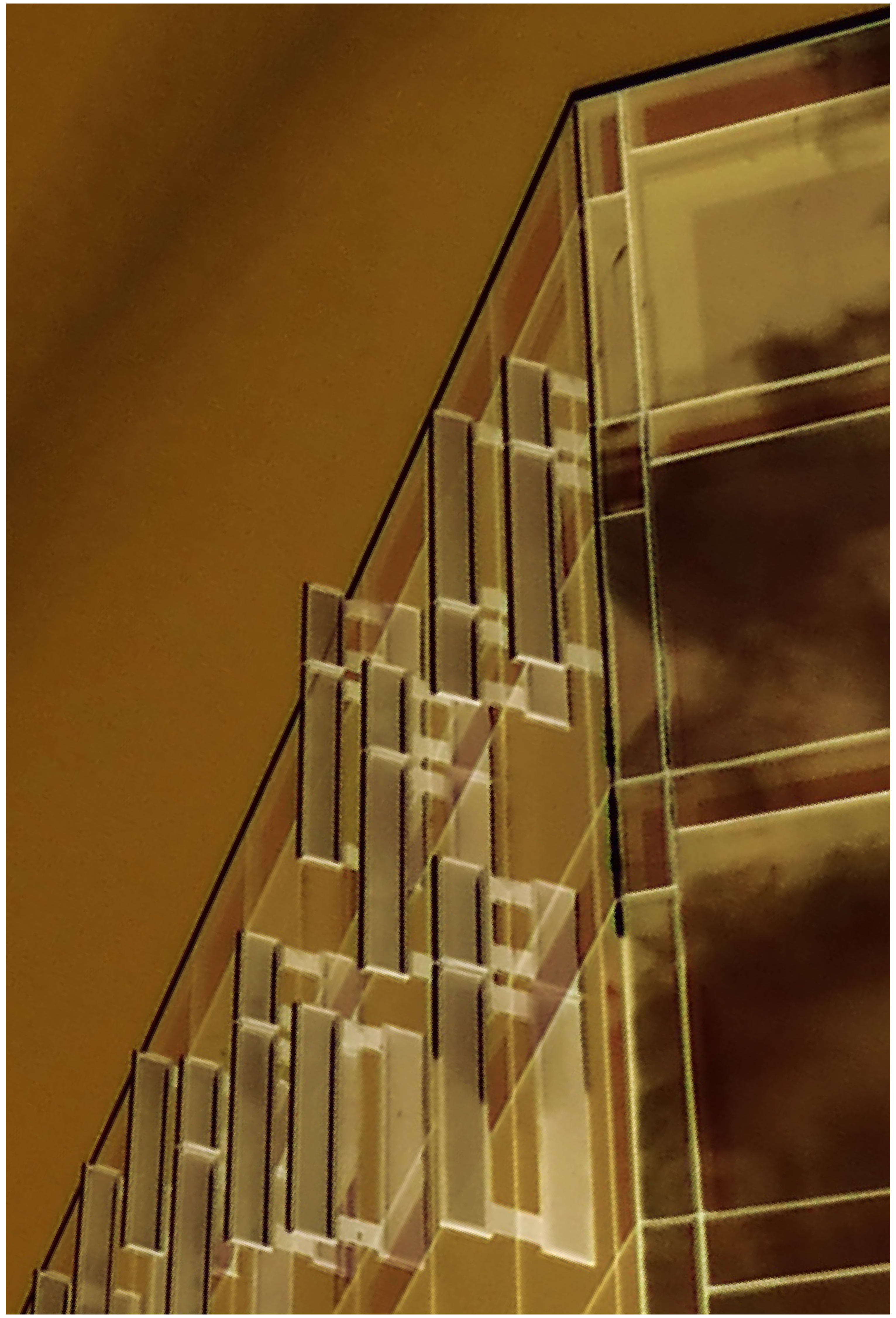
Introduction to equity investment

Equity investment refers to the acquisition of ownership in a company through the purchase of its shares. This type of investment is an important source of funding for businesses across various stages of development, but mostly early-stage. Private equity (PE) and venture capital (VC) firms are the most common sources of equity finance for high-growth companies in the UK. Companies may also obtain equity investment from angel investors or crowdfunding platforms. Detailed explanations of each of these investor types can be found in the 2023 Unlocking Investment: Trends for high-growth companies report.

Companies that secure equity investment often find themselves well-positioned for growth and success, as investors not only bring capital but also strategic guidance, industry connections, and operational expertise.

This blend of resources and knowledge is crucial for companies looking to scale operations, expand into new markets, and/or enhance their technological capabilities. Moreover, investors who support a company's long-term success are often motivated to contribute towards its strategic direction.

Equity investment has a broader economic impact beyond the individual company. By supporting the scaling of businesses, equity investment drives job creation, fosters innovation, and stimulates overall economic growth. This form of financing is particularly instrumental in sectors where the potential for innovation is high but where substantial capital is necessary to undertake research and development (R&D) activities.



Equity investment

Over the last five years, equity funding into high-growth businesses has risen from £16.3bn in 2019 to £18.0bn in 2023. This growth is accompanied by an overall stability in the number of deals, with a median of 7,071. The higher volume of deals reflects the growing presence of high-growth businesses in the ecosystem. A remarkable surge in 2021 saw equity investment peak at £28.4bn and the number of deals reach 7,859. This figure was influenced by the pandemic-related stimulus driving capital into private equity.

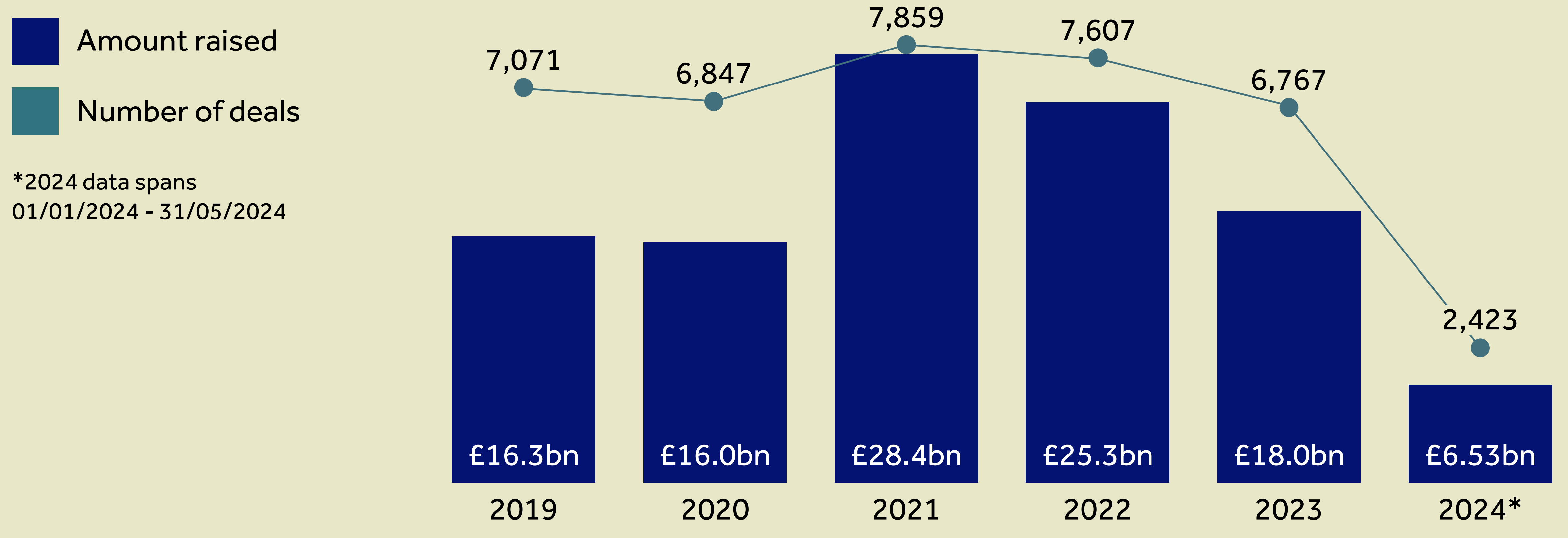
Following this high, equity funding contracted to a strong but reduced £25.3bn in 2022 and further to £17.3bn in 2023, marking a 31.6% year-on-year decline. In the first half of 2023, high-growth companies secured £8.56bn, representing 47.6% of the annual total. The second half of 2023 saw a stronger performance, with £9.47bn raised across 3,179 deals. These were driven by several large transactions, such as a £792m round in December by clean-power battery manufacturer Zenobē.

Additionally, payment processing system SumUp closed a £244m round in December, with backing from Bain Capital and Fin Capital. Overall, despite challenging market conditions, not all companies faced difficulties. Some, like Howden Group and Octopus Group, reported 2023 as their best fundraising year ever, securing singular deals worth £1.17bn and £632m respectively—in both cases to support job creation.

As of May 2024, equity investment into high-growth companies in the UK reached a total of £6.53bn. This figure aligns with the levels of funding observed prior to the record highs of 2021 and 2022. Various initiatives are being run to address the challenge around equity investment. These include government-backed schemes and collaborative projects aimed at fostering innovation and supporting high-growth companies.

While investment volumes are likely to present some challenges in 2024, several sectors will continue to flourish, such as AI and quantum computing, generating investor interest across the country and globally. Several large deals have occurred in 2024. Wayve, a London-based AI company specialising in self-driving cars, secured £840m—the equivalent of $1.05bn—in May 2024. This round is the largest single investment to date raised by any European AI startup. Monzo received an additional £150m in its May 2024 fundraising round, taking its 2024 investment total up to £490m.

Equity investment into high-growth companies (Jan 2019 – May 2024)



Regional distribution of investment

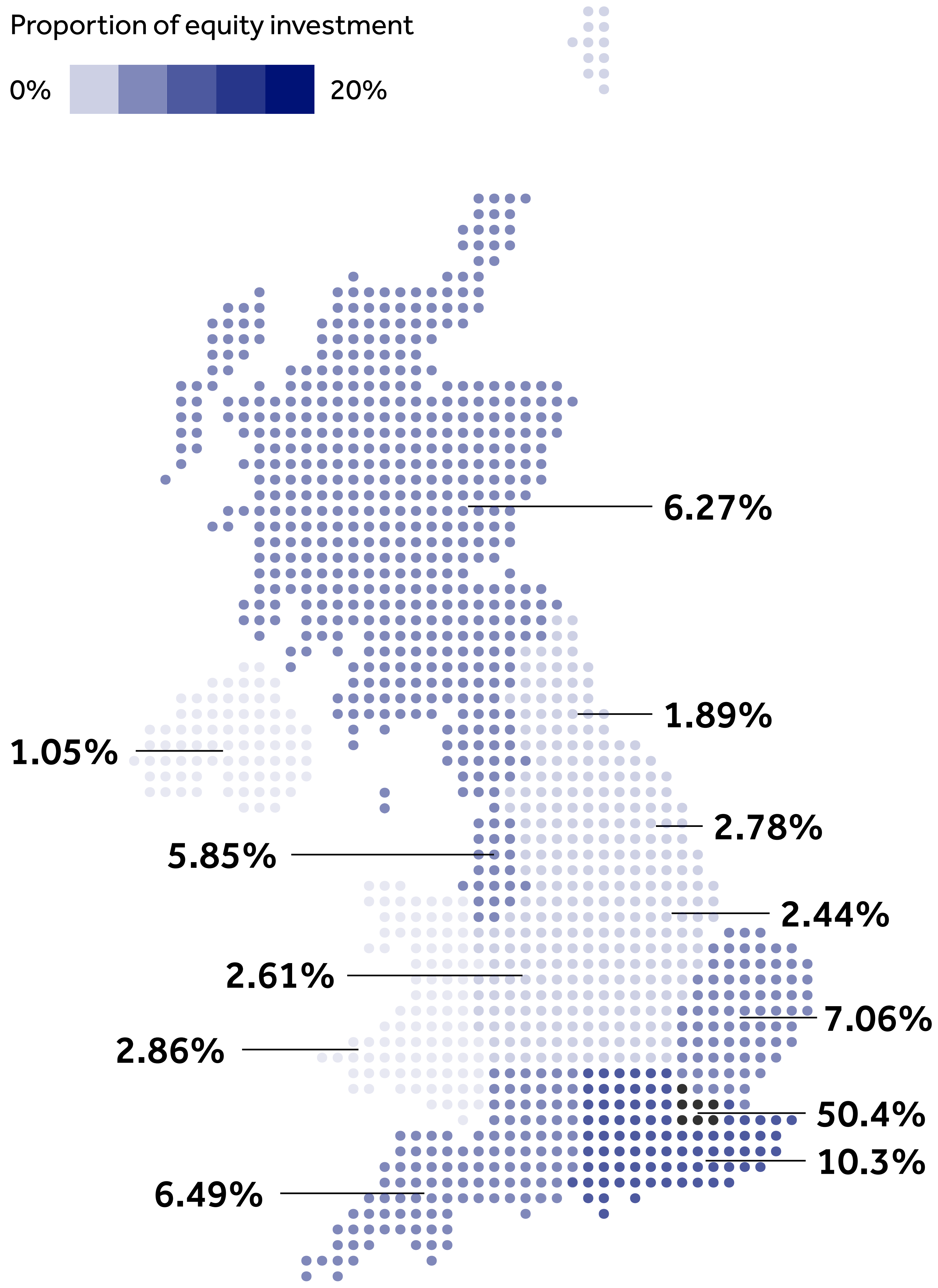
London continues to dominate as the leading investment hub in the UK, with companies based in the capital securing over half (50.4%) of the total deals by count between January and May 2024. Following London, the regions receiving the most investment are the South East and the East of England, which captured 10.3% and 7.06% of the total investment, respectively. Conversely, businesses located away from London were involved in fewer deals, such as those based in Northern Ireland (1.05%) and the North East (1.89%).

The significant concentration of funding in the southern regions is indicative of their dense populations, which foster stronger business connections and enhance access to financial resources as well as a skilled workforce.

However, despite having a smaller population base, the North—which comprises the North East, North West, and Yorkshire and The Humber—collectively secured 10.5% of the total deals in the year to May 2024. This achievement highlights the growing investment opportunities in the northern regions.

To address the disparity in funding opportunities outside of London, DSIT has funded the Ecosystem Partnership Programme (EPP), designed to stimulate innovation and growth in these regions. This initiative partners with and provides funding to organisations deeply embedded into their local ecosystems, thereby supporting startups and scaleups in these regions.

Proportion of equity investment by region (May 2024)



Company spotlights

Netomnia

£30.0m
Amount raised

May 2024
Date

Netomnia specialises in delivering high-speed broadband infrastructure across the UK. Incorporated in 2020, the London-based firm provides fibre optic networks to improve internet connectivity. Netomnia's approach involves the installation of extensive fibre networks designed to provide reliable and fast internet services to urban and rural areas. The company has targeted underserved communities as part of its expansion strategy, aiming to bridge the digital divide and also enhance connectivity in regions with limited access. To date, Netomnia has raised £678m via four rounds of funding. It has been backed by investors including ING Bank, Soho Square Capital, and the UK Infrastructure Bank.

CMR Surgical

£134m
Amount raised

Sep 2023
Date

Founded in 2014, CMR Surgical produces advanced surgical robots designed to assist in various medical procedures. The company's main product is a robotic system engineered to replicate the movements of the human arm, allowing surgeons to perform complex surgeries with enhanced control and greater accuracy. By integrating innovative robotics into everyday surgical practice, CMR Surgical seeks to address the needs of healthcare providers and also improve patient care on a global scale. The Cambridge-based company's mission is to collaborate with hospitals, surgeons, and health systems to expand access to advanced surgical technologies. CMR Surgical has secured a total of £838m in equity via six rounds, with its latest in September 2023 totalling £134m. Co-founder and Chief Medical Officer Mark Slack advises early-stage healthcare innovators looking to raise capital to "be honest and have data to share. Be exceptionally well prepared."[4]

[4] Interview with Mark Slack." Rothschild & Co. June 21, 2022. Accessed July 2024

Startup investment trends

My positive experiences with investors motivated me to establish Connectd. Many early-stage entrepreneurs lack experience and resources, making active investor involvement essential. As startup investment wanes post-2023, it's crucial to support founders, democratise the early-stage arena, and facilitate meaningful connections for innovative ventures lacking traditional networks. Despite the challenges in securing equity investment at the early stage, particularly as 2023 saw a sharp decline from the inflated levels of 2021 and 2022, entrepreneurs who do secure funding gain more than just capital. Angel investors bring invaluable experience and are highly motivated to share their expertise.

The contrast between investment into startup companies and scaleups is significant. Startups often face more hurdles in securing equity investment compared to scaleups. I founded my first startup, RealSport, in 2013, and the most instrumental investor was Nigel Wray (seed investor into Nutmeg, Domino's Pizza, and Simba). His commercial experience was invaluable to us, lending us the solidity of his reputation and great connections alongside honest and insightful advice.

This support continued with RealSport's acquisition by Gfinity and Nigel's investment in my current venture, Connectd.

Connectd's investors have been central to our high-growth journey, helping to inform our critical decisions. Our shareholders were key in the build and launch of our online investor community, and when we were looking to expand into the US, we reached out to our investors who had experience in the US market. They offered deep insights on several areas, including launch geography and team structure, which helped us to hit the ground running.

Roei Samuel
Founder and CEO of Connectd.
Independent Advisory Board (IAB) member.

Scaleup investment trends

The UK maintains its status as Europe's top venture capital hub and ranks third globally in terms of investment, despite economic challenges since 2022. Crowdfunding and the EIS continue to thrive, demonstrating strong interest from retail investors. Notably, equity investment levels have exceeded those of 2020, indicating the market's resilience. As economic conditions improve, the UK tech ecosystem is set to catalyse a new wave of innovation.

The combination of a resilient investment landscape, supportive government schemes, and a culture of innovation positions the UK to continue leading in venture capital and technology development on a global scale. Established SMEs benefit greatly from this environment, which supports their growth and sustainability. The future looks promising for the UK as it builds on its strengths and adapts to emerging opportunities.

By continuing initiatives like the Mansion House reforms and the Digital Growth Grant, the UK is well-positioned to lead in ClimateTech, AI, and Life Sciences, ensuring global competitiveness.

Chris Elphick
Head of Venture Capital at the British Private Equity and Venture Capital Association (BVCA).
Independent Advisory Board (IAB) member.

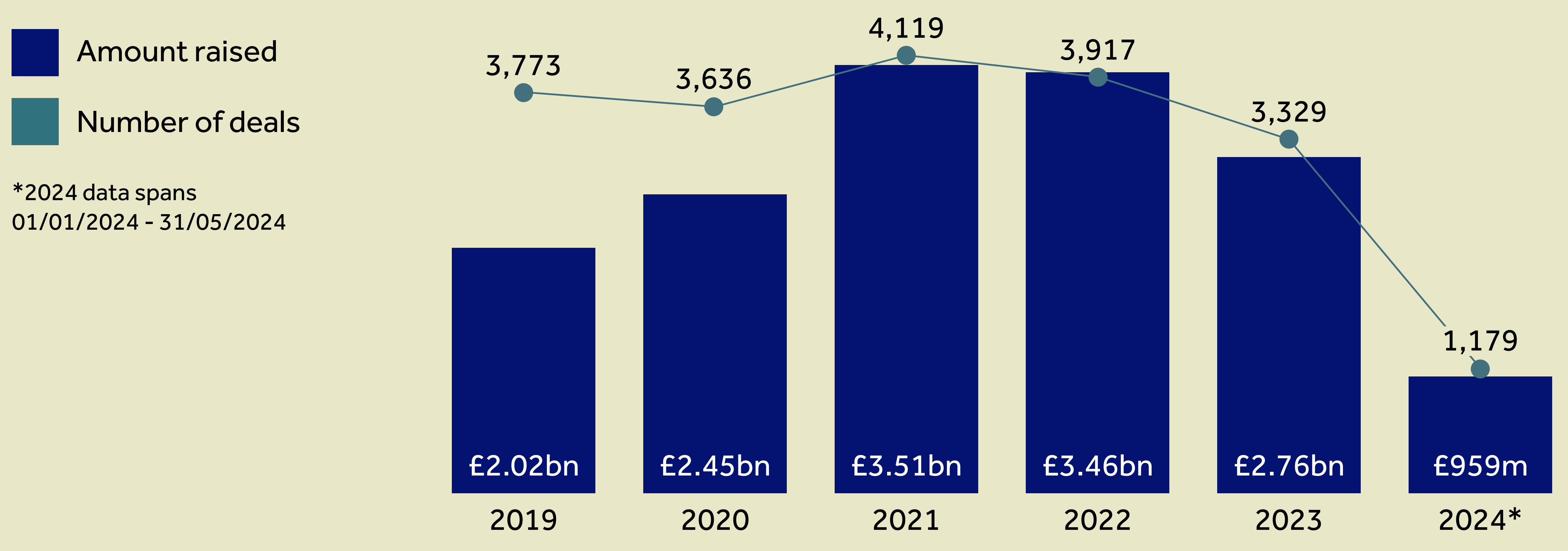
Seed-stage equity investment

As of May 2024, equity investment in seed-stage UK-based high-growth companies totalled £959m via 1,179 deals. While this is a substantial amount, it does reflect a decline in early-stage investment volume compared to previous years amidst economic uncertainty. As noted in the 2023 Unlocking Investment: Trends for high-growth companies report, the level of equity investment for 2023 did not surpass that of 2022. However, it's worth noting that full-year 2023 figures, which totalled £2.76bn, were still higher than those pre-pandemic, highlighting the market's underlying resilience.

Historically, investment into seed-stage companies surged post-pandemic, peaking at £3.51bn in 2021. While seed-stage funding saw a 21.4% decrease between 2022 and 2023, this was less pronounced than the 31.4% drop in overall equity funding for high-growth companies during the same period. This resilience may be attributed to the typically smaller capital requirements of seed-stage investments.

The start of 2024 has posed challenges for the high-growth ecosystem, but there have been notable successes in early-stage deals. One such example is the £27.5m deal secured by Relation in March, led by DCVC and co-led by NVIDIA's venture arm, NVentures. Relation is developing a drug discovery platform to expedite the identification of new therapeutic targets, focusing on bone disease medicines.

Seed-stage equity investment into high-growth companies (Jan 2019–May 2024)



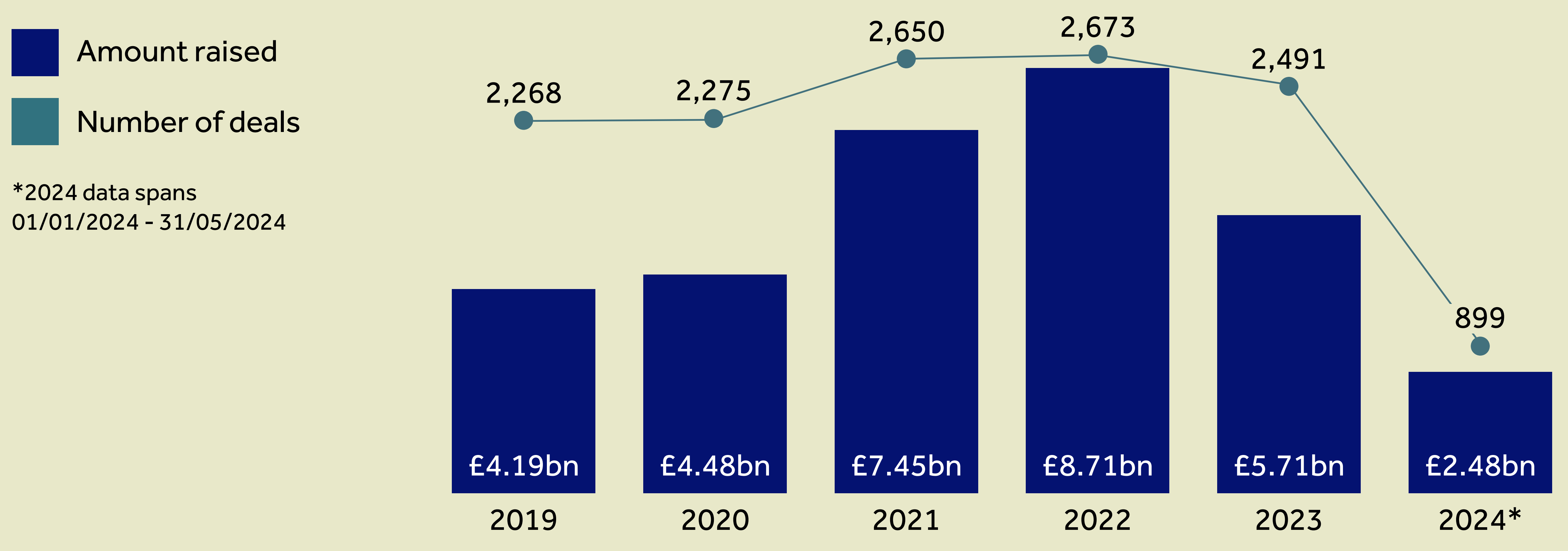
Venture-stage equity investment

Venture-stage companies, having evolved beyond the seed stage, generally exhibit significant growth potential. This is evidenced through various metrics such as increased sales, user base expansions, or regulatory approvals. These metrics often justify the larger capital intake these companies experience compared to seed-stage enterprises. Venture-stage investments are vital for a company's growth, as highlighted by a survey of 2,500 tech workers in the UK conducted by Beauhurst on behalf of Barclays Eagle Labs. The survey outlined that over half of the participants (54.2%) acknowledge that the availability of tech financing directly impacts their company's growth, indicating that financial access to investment is a critical factor for scaling operations.

As of May 2024, equity investment into venture-stage high-growth companies in the UK totalled £2.48bn across 899 deals. This reflects a continuing adjustment from the peak years of 2021 and 2022, when annual equity funding reached £7.45bn and £8.71bn, respectively. In 2023, high-growth companies collectively secured £5.71bn in equity through 2,491 deals. While it is unlikely that the total funding for 2024 will surpass the figures from 2022, investment in venture-stage high-growth companies is set to remain robust going forward.

The start of 2024 saw several substantial deals, including two large deals in January: a £65.2m round by renewable energy specialist Storegga and a £63.0m deal by AI translator tool developer ElevenLabs. Furthermore, despite a broader downturn in deal activity, specific sectors such as artificial intelligence, cleantech, and SaaS continue to draw significant investor interest, poised for ongoing investment throughout the year.

Venture-stage equity investment into high-growth companies (Jan 2019–May 2024)



Scaleup Programme 2023/24 cohort: SatVu

SatVu (short for Satellite Vu) specialises in developing satellites that capture high-resolution thermal imagery from space. Unlike current technology, SatVu's earth observation satellites operate with higher resolution and more frequent updates. One major use of its satellites is to provide insights for tackling climate challenges. “Our mission is to provide data that can assist in the creation of a safer and more sustainable world,” says Anthony Baker, founder and CEO of SatVu. Specifically, this advanced technology promotes sustainability by allowing businesses to manage energy more effectively and governments to understand, plus mitigate the impact of urban heat and extreme heat incidents. Dr Paul Bate, CEO of the UK Space Agency, has praised the company’s approach: “By providing data from the unique vantage point of space, Satellite Vu’s technology can support action to protect our planet and bring us closer to Net Zero.”[5]

Since incorporating in 2016, SatVu has secured £38m in equity funding. In May 2023, it raised £12.4m from UK and US investors such as Molten Ventures, Seraphim and Lockheed Martin. SatVu’s approach to early sales was attractive to investors: “Their $160m in early commitments is a stellar model of pre-launch sales for deep-tech companies, which other climate-tech firms could emulate,”[6] said George Chalmers, Head of Climate at Molton Ventures, at the time.

The May 2023 funding has supported SatVu in achieving its commercialisation goals following the launch of its first satellite with SpaceX in June 2023. One such project includes working with the Japan Space Imaging Corporation. It has also booked two further launches with SpaceX for its second and third satellites.

As a graduate of the 2023/24 Barclays Eagle Labs Scaleup Programme powered by Plexal, Baker offers valuable advice for aspiring entrepreneurs, “You need to look a stage ahead at all times so you can build a business case for the metrics investors want to hear. It’s crucial to show how you’re going to get there.”[7] He also emphasises an important aspect of accelerating climate innovation is to “embrace innovation by continually seeking out and integrating new ideas and technologies, and ensure that all decisions are grounded in robust data analysis and evidence-based insights.”[8]

[5] OKuniewicz, Natalia. "Cities Climate Action Summit 2024 – Meet the Exhibitor: SatVu." Smart Cities World, June 24, 2024
[6] JSatellite Vu. "Breaking Barriers in Climate Action: Satellite Vu Raises Further £12.7m." Satellite Vu, May 24, 2023
[7] Plexal. "Challenges, Opportunities and Achievements Unlocked at Scaleup Stage." Plexal, May 22, 2024
[8] Kuniewicz, Natalia. "Cities Climate Action Summit 2024 – Meet the Exhibitor: SatVu." Smart Cities World, June 24, 2024

Investors

This chapter outlines key investor types in early-stage companies. Examples include angel investors, private equity (PE) and venture capital (VC) firms. More detailed explanations can be found in the previous market update report, 2023 **Unlocking Investment: Trends for high-growth companies**.

Seedrs has facilitated the most seed-stage deals since 2019, followed by SFC Capital and Crowdcube. Companies operating in SaaS, internet platforms, AI, fintech, and cleantech sectors secured the most deals in early 2024.

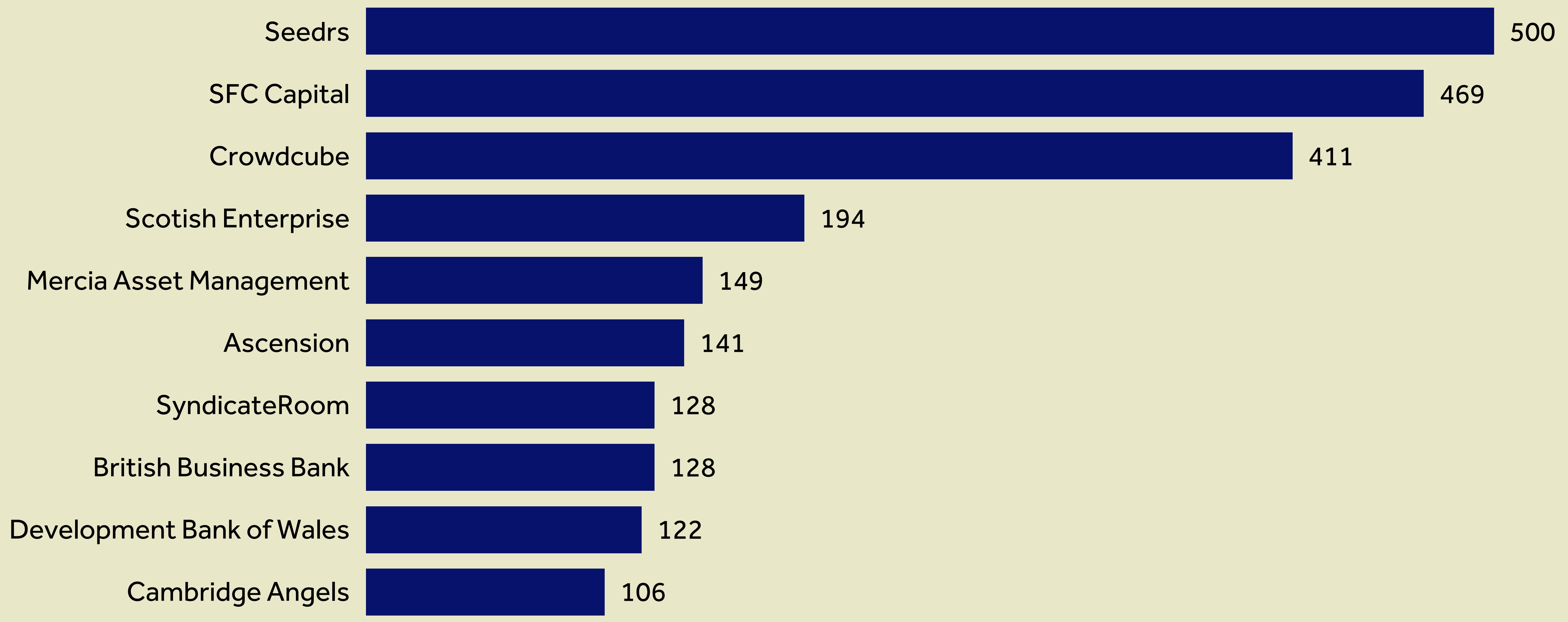
Top investors in seed-stage businesses

Crowdfunding platforms Seedrs and Crowdcube have facilitated the largest proportion of seed-stage equity deals since 2019, facilitating a total of 500 and 411 deals, respectively. These platforms are particularly attractive for seed-stage companies because they offer companies the chance to receive equity financing from a larger pool of investors rather than just one. Crowdfunding means that rather than a single investor parting ways with a large sum, a large number of investors can each contribute a smaller amount. With a smaller amount of the investor's money being at stake, this method may be a more accessible option for seed-stage companies, given that they are often riskier investments.

SFC Capital was the second most prolific investor, participating in 469 deals between 2019 and May 2024. SFC Capital is an early-stage investment company that primarily invests in seed-stage businesses. It combines its network of angel investors with its seed investment funds, allowing angels to invest in startups directly or through a portfolio.

Scottish Enterprise is Scotland's national economic development agency and an active investor in UK seed-stage businesses, particularly those located in Scotland. Since 2019, Scottish Enterprise has participated in 194 equity funding deals. Scottish Enterprise also helps to connect seed-stage companies with investors suitable to their stage of evolution, who can offer specialised support for the companies' development. It also provides additional support beyond investment, including networking events, webinars, as well as business guides.

Top investors into seed-stage companies by number of equity deals (Jan 2019- May 2024)



Investor spotlight: Cambridge Angels

Cambridge Angels is a group of angel investors specialising in early-stage investments, focusing on technology-focused startups. Based in Cambridge, the angel network comprises of entrepreneurs and business leaders with vast experience within the tech sector.

Since its inception in September 2001, Cambridge Angels has invested over £150m into more than 110 portfolio companies. Cambridge Angels typically invest at the seed and Series A round stage. Seed funding is one of the earliest investment stages and provides startups with capital to begin initial operations. Series A funding follows as the first significant round of venture capital financing for companies that have developed a viable product and/or service and are thus ready to scale operations.

The group's investment strategy prioritises high-tech innovations, with investments covering sectors such as AI, biotechnology, and digital health. The portfolio includes companies such as Audio Analytic, which develops AI technologies enabling devices to recognise and respond to sounds, which enhances the functionality of smart home technology. Audio Analytic has raised £16.0m via six fundraising rounds. Another great example is Featurespace, a fintech company that uses machine learning to detect and prevent financial fraud in real time. To date, Featurespace has secured £119m in equity investment via nine deals.

By offering financial support, mentorship, and access to a broad network of industry contacts, Cambridge Angels continues to play a vital role in supporting the development of innovative, high-growth companies.

Investor spotlight: British Business Bank

The British Business Bank is a government-owned business development bank dedicated to improving finance markets for small businesses.

Since its establishment in November 2014, the British Business Bank has facilitated more than £12bn in finance to over 96,000 businesses. The bank supports various funding stages, from early-stage investments to growth capital, helping access necessary financial resources.

The British Business Bank offers a range of programmes to meet financing needs. Examples include the Start Up Loans programme, which provides personal loans for business purposes to help individuals start or grow their businesses, and the Enterprise Finance Guarantee (EFG), which offers lenders a government-backed guarantee for 75% of the loan value, enabling SMEs to secure loans despite insufficient security. The Start Up Loans programme has supported over 105k business ideas and provided a total of £1bn in loans to individuals starting companies in the UK.

By offering finance, business advice, and access to industry networks, the British Business Bank plays a vital role in supporting the UK's small business sector. Its efforts contribute to job creation, economic growth, and enhancing the competitiveness of UK businesses.

Examples of businesses that have benefited from the British Business Bank can be found all across the UK. Notable London-based companies include Dalston's and Pip & Nut. Dalston's, a soft drink manufacturing company, secured a £15.0k Start Up Loan, which enabled the company to expand its workforce and purchase machinery. To date, Dalston's has received £3.98m in equity investment and is stocked in over 9,000 cafes, restaurants, pubs, and stores across the UK. Pip & Nut, producers of spreadable nut butters, received a £10.0k Start Up Loan. Founder and CEO Phillipa Murray stated, "The mentoring that comes with the loan, for me, was far more valuable than the loan itself."[9]

[9] The Start Up Loans Company. "Pip and Nut." Start Up Loans. Published June 17, 2016. Accessed July 2, 2024.

Top sectors by number of equity deals

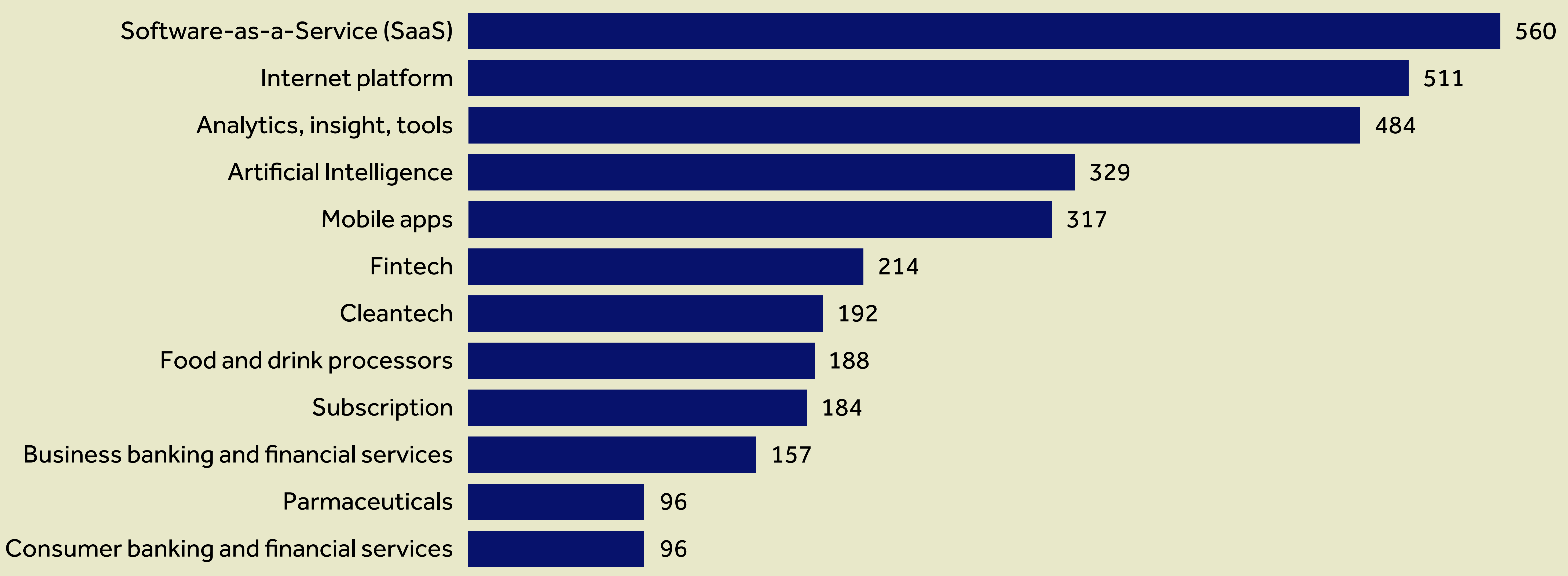
High-growth companies operating in the software-as-a-service (SaaS) and internet platform sectors saw the highest number of equity fundraising deals completed between January and May 2024. This reflects the popularity of the broader software sector amongst investors, as well as the size of both of these sectors, given the demand for these services across the UK. SaaS companies secured 560 deals in early 2024, with internet platform companies securing 511 over the same period. An example is Checkout.com, a SaaS company which develops software that allows businesses to process online payments in multiple currencies. The London-based firm has raised £1.36bn in equity funding since 2019.

Companies operating in AI and fintech sectors completed more than 200 equity deals each between January and May 2024. AI companies continue to innovate at an incredible rate, with the technology becoming increasingly integrated throughout workplaces across the globe.

Fintech companies combine technology and finance to improve financial service offerings or offer entirely new services.

This includes mobile banking services and trading platforms, which often exist as mobile applications. London-based fintech firm Copper operates a software platform providing portfolio management services for crypto assets. The company has raised a total of £238m in equity funding since 2019.

Top sectors by equity deals (May 2024)



Investing in diverse founders

In the UK, most high-growth companies currently have all-male founding teams (74.9%) and boards of directors (59.2%). From 2019 to 2023, companies with all-male founding teams received the majority of equity investment. Investment into companies with all-female founding teams' remained steady but low, fluctuating between 2.15% and 3.25% and securing around 9.00% of deals in 2023.

These statistics highlight the opportunities for improvement in promoting gender diversity in equity investment strategies and leadership within high-growth companies. The Invest In Women Taskforce, led by co-chairs Debbie Wosskow OBE and Hannah Bernard OBE and backed by the UK government, is dedicated to addressing these disparities.

Company demography

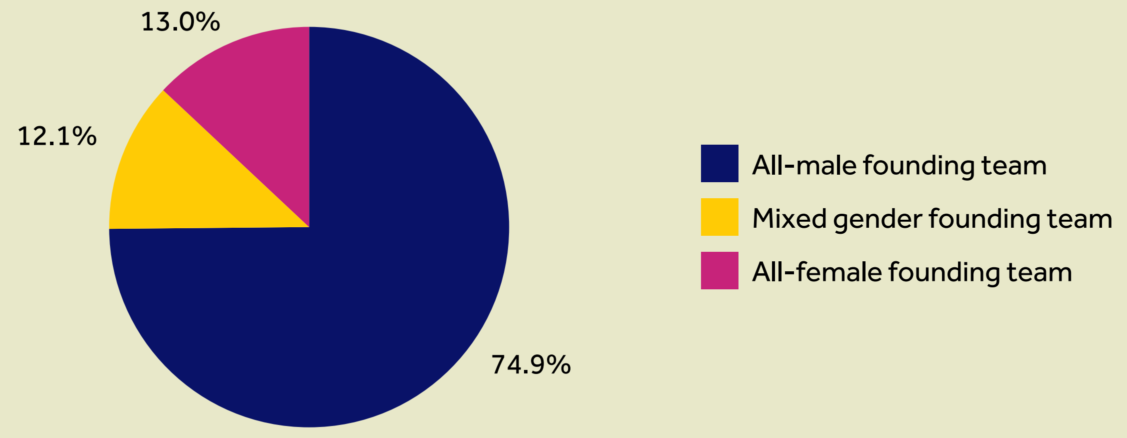
The 2024 company demography follows a similar distribution to last year—most high-growth companies have all-male founding teams (74.9%) and an all-male board of directors (59.2%). Despite this, there is a higher percentage of companies with mixed-gender boards (33.7%) compared to mixed-gender founding teams (12.1%), indicating that women are more frequently present at the board level than in founding roles. These findings are compounded when looking at ethnic minorities. Individuals that identify as Black, represent just 3.00% of the UK tech workforce.[10] This finding is even more pronounced at the gender level—black women make up just 0.7% of the UK IT workforce.[11] This disparity highlights the ongoing need for initiatives to support women's entry and success in entrepreneurship.

Accelerator programmes are one initiative working to support diversity and inclusion within the high-growth ecosystem. Accelerator programmes provide mentorship and guidance to entrepreneurs and early-stage companies. Typically, these programmes help entrepreneurs obtain investment, enhance their business knowledge, and expand their network. Initiatives such as the Barclays Female Founder Accelerator specifically targeting female owners and entrepreneurs to support them in navigating the high-growth ecosystem.

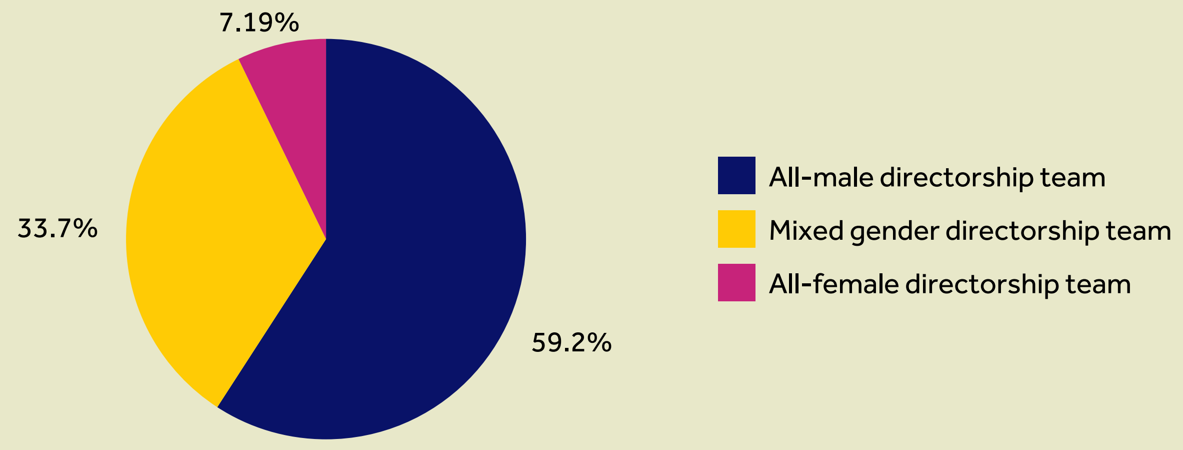
Founders of high-growth companies in the UK are most often in the 40-49 and 50-59 age groups. These age groups likely dominate because of the greater business experience, financial resources, and professional networks, which help them start and grow successful businesses.

[10 & 11] Oliver Bernard, "Unlocking Potential: Addressing Black Under-representation in UK Tech," February 2024

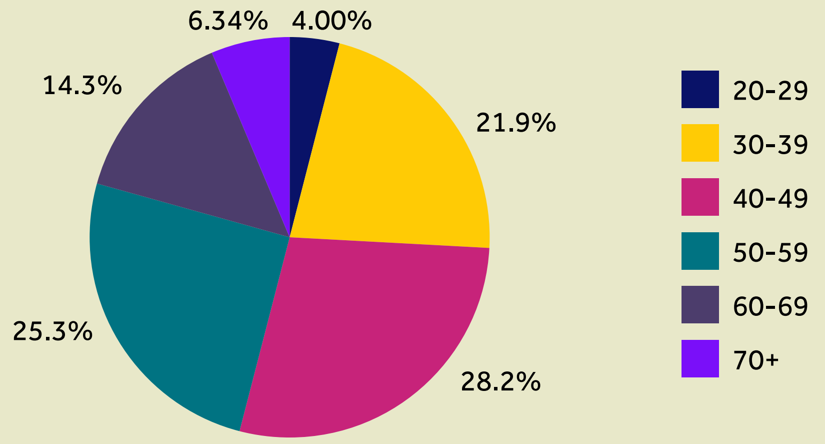
Gender of high-growth company founding teams (2024)



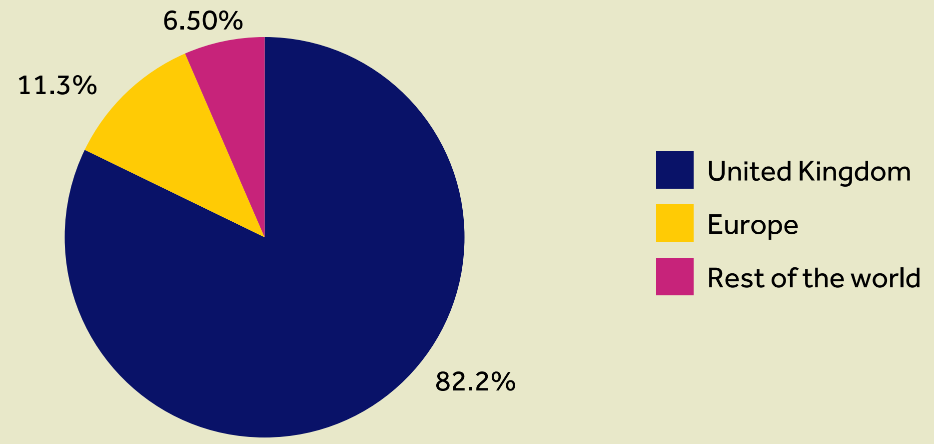
Gender of high-growth company directorship teams (2024)



Age of high-growth company founders (2024)



Nationality of high-growth company founders (2024)

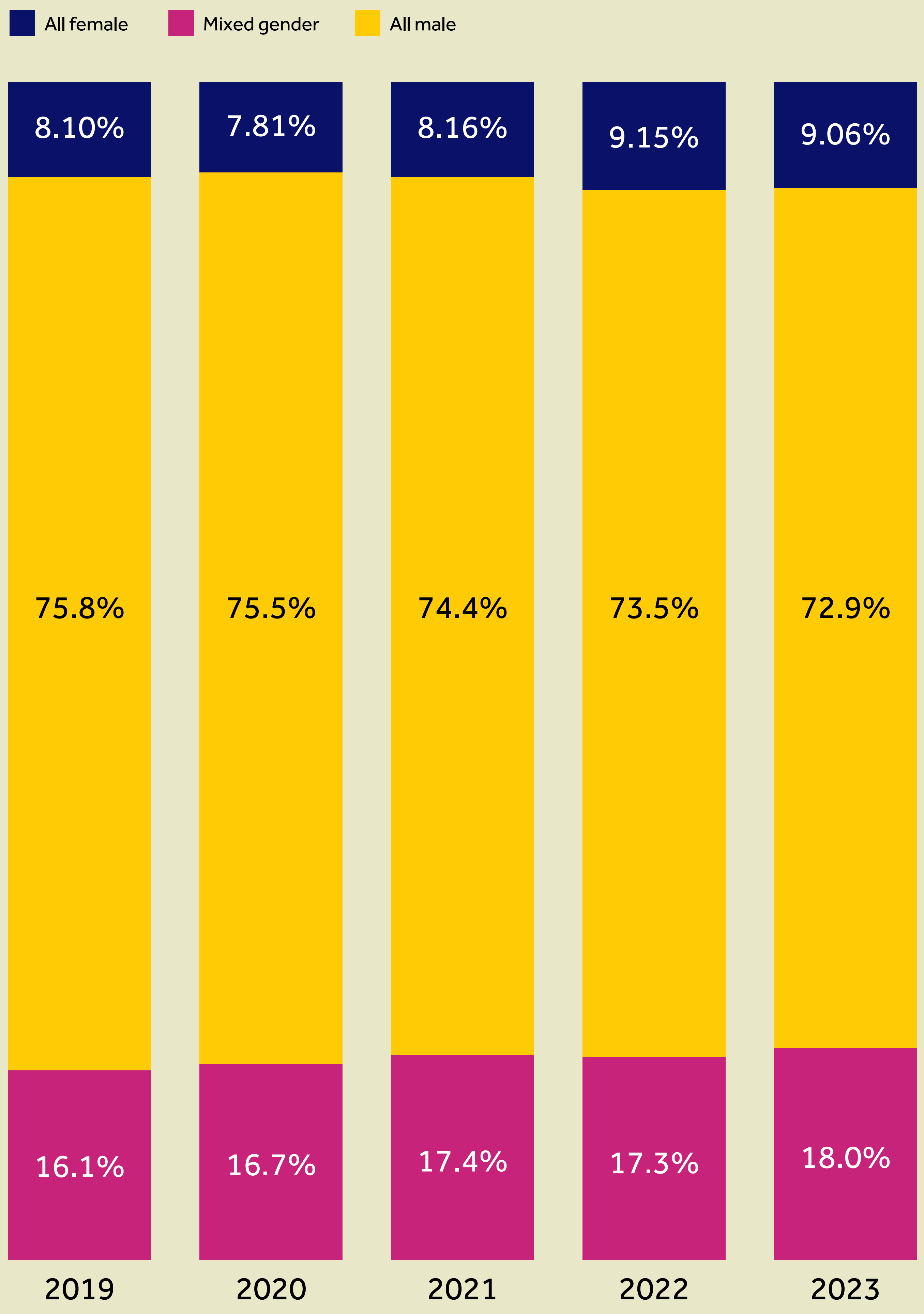


Equity investment

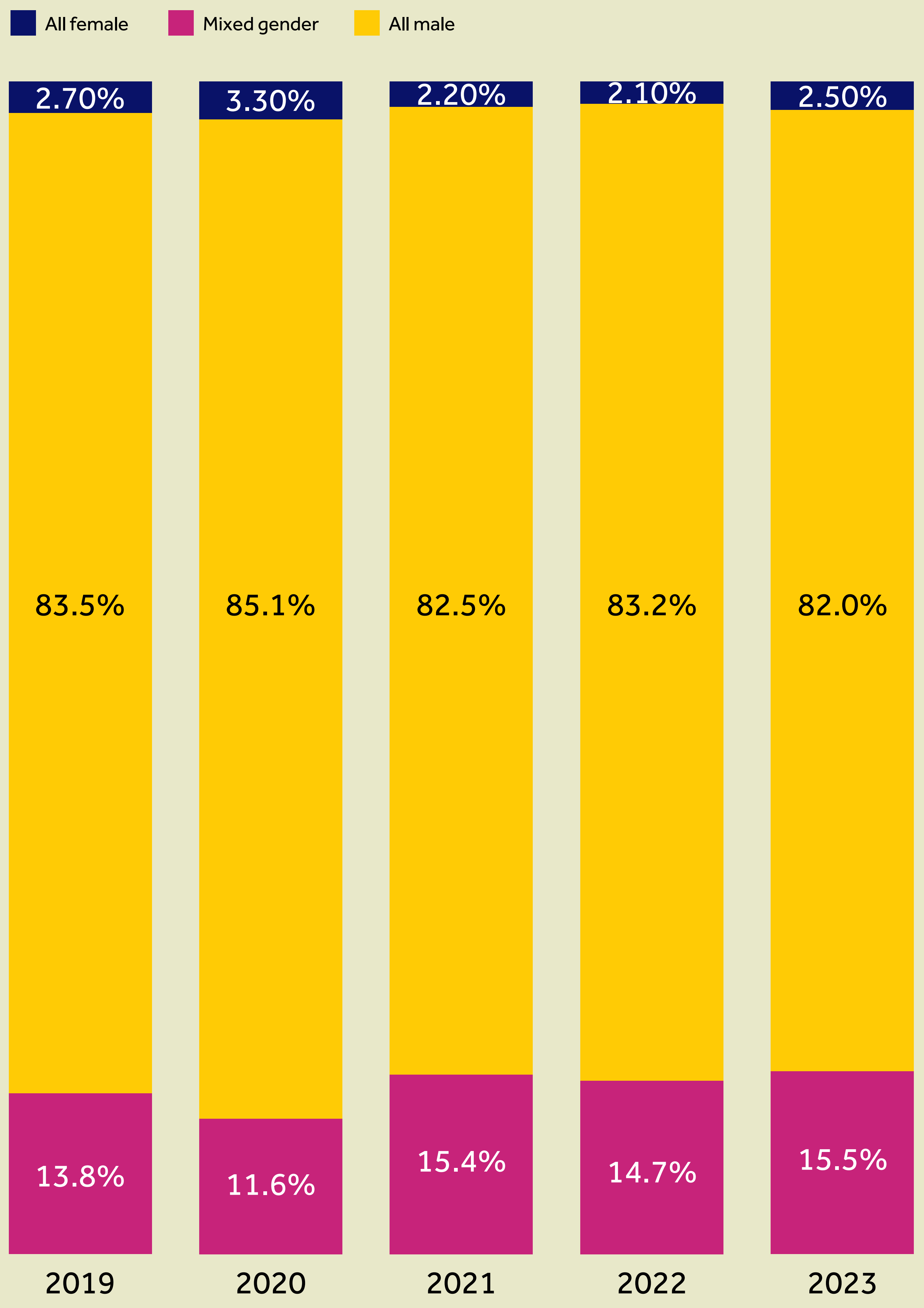
The proportion of equity investment by deal number into companies with all-male teams has marginally declined from 75.8% to 72.9% over the past five years.

Meanwhile, companies with mixed-gender founding teams are steadily securing a greater number of deals, increasing their proportion from 16.1% in 2019 to 18.0% by 2023. This incremental growth indicates a slow expansion in the diversity of teams attracting equity finance. It is encouraging to observe the rise in gender diversity within founding teams. The pace of change also underscores the need for sustained and concerted efforts throughout the ecosystem to enhance these gains.

Proportion of equity investment deal number by founding team gender (2019-2023)



Proportion of equity investment value by founding team gender (2019-2023)



Invest in Women Taskforce

The Invest in Women Taskforce focuses on addressing the funding gap for female entrepreneurs by creating a substantial funding pool through private capital. This initiative aims to support women in overcoming financial barriers to establishing and growing their businesses. The Invest in Women Taskforce aims to create a bespoke funding pool exceeding £250 million through private capital.

Benefits for Entrepreneurs

Female entrepreneurs will benefit from the taskforce through increased access to capital and valuable networking opportunities. This support will help them navigate challenges, scale their businesses, and drive innovation.

Strategic Partnerships

The taskforce collaborates with industry leaders and the government to foster connections between female founders and investors, ensuring a supportive ecosystem for women's entrepreneurship.

"The proportion of equity capital investment going to all-female founder teams has stagnated at around 2% in the UK for the past decade. Now is the time to drive systematic change.
Female entrepreneurs continue to face significant obstacles in securing the necessary support and investment, from initial seed funding to scaling their businesses. We know that women back women, so we need to get more money into the hands of female venture capitalists, and in turn, fund more female powered businesses.
The Invest in Women Taskforce was founded to help drive this change. It is industry led and government backed to enable a new age of public and private sector collaboration and create the deeper, structural change we desperately need."

Hannah Bernard OBE, Head of Business Banking at Barclays UK

Company spotlight: myenergi

"The tech sector still has a way to go in terms of equality and inclusion. It is typically male-dominated and isn't seen as the most attractive industry for women to get into early on in their careers. I have experienced it first-hand and remain committed to tackling the issue in any small way I can," explains Jordan Brompton, co-founder of renewable energy company myenergi. [12]

Incorporated in 2016, myenergi specialises in the development of eco-friendly energy solutions for homes. The company's product line includes solar panel inverters, energy storage systems, and electric vehicle charging stations, all designed for integration into domestic settings. In 2023, myenergi was recognised on several high-growth lists, including The Sunday Times Hundred, North England Fast Growth 50, and J.P. Morgan's Top 200 Women-Powered Businesses 2023.

Brompton highlights the challenges and responsibilities of leading a tech company with a focus on gender equality. "As co-founder of a leading renewable tech business, I have more opportunity than most to lead by example. It is a responsibility I take seriously. As a business, we push hard to recruit, retain, and develop female talent and attend numerous events to attract women into STEM," says Brompton. [12] To support this, myenergi offers apprenticeships, internships, and graduate programmes to foster early interest and to provide practical experience in the renewable energy sector. These initiatives are designed to give participants a solid foundation in technical skills whilst also emphasising the importance of diversity, equality and inclusion within the industry.

Ensuring diversity amongst tech talent is crucial for innovation and representation."At myenergi, we ensure a high percentage of senior roles are taken up by female candidates and work hard to support the advancement of their careers. While far from perfect, myenergi makes a conscious effort to keep gender equity at the top of the agenda and we continue to push hard for positive change," says Brompton.[13]

Looking to the future, Brompton offers advice to aspiring female entrepreneurs: "For any young girl looking to launch their own business, there's a wealth of knowledge, insight and guidance buzzing around digital channels. Get involved in the conversations—follow hashtags, build your network, and put forward your viewpoints".

[12] Stonehage Fleming, "International Women's Day 2024," stonehagefleming.com, accessed May 17, 2024
[13] Myenergi, "Jordan Spotlighted in The Successful Founder," myenergi.com, accessed May 17, 2024

Black Venture Growth 2023 Cohort: Tech1M

Tech1M is a recruitment automation platform that leverages AI to streamline the hiring process. Its AI-driven talent recommendations, combined with video and skill assessments, assist companies in evaluating candidates objectively. As explained by founder and CEO Tommie Edwards, "Tech1M is not just about connecting businesses to talent; it's about enabling these businesses to make informed hiring decisions."[14]

Edwards also emphasises the importance of diversity and inclusion in the workplace. She states, "Creating a diverse and inclusive workplace isn't just about checking boxes; it's about ensuring everyone feels valued and can do their best work. The best companies actively seek out talent from all walks of life. Diversity brings fresh perspectives and ideas to the table, fueling innovation and success."[15] Tech1M was awarded the Outstanding Contribution to Entrepreneurship by Barclays Eagle Labs in 2024, reflecting its active contribution to increasing diversity and inclusion.

Tech1M graduated from Barclays Eagle Labs' Black Venture Growth Programme in 2023. This initiative accelerates the growth of UK-based Black-founded tech businesses through targeted support, mentorship, and investor networking. According to Edwards, "This is one of the most impactful programmes for growth-stage founders. You'll learn from founders at the same stage as you, be prepared with mentors and coaches with practical experience, and meet investors within the Barclays Eagle Labs and Foundervine network."[16]

Since it's establishment in 2022, Tech1M has raised £592k via one round of equity funding. This funding round involved SFC Capital and Techstars.

Edwards believes upskilling people to meet the increasing demand for tech talent globally is crucial. "Thousands of people aspire to have a career in tech but lack the mentorship and expertise needed to succeed,"[17] she says. To address this, Tech1M has initiated a programme that will provide sponsored training for absolute beginners and tech talent looking to upscale their skills. "The goal is to empower youths with the skill and expertise to make themselves indispensable in the global market," she says.[18]

[14] Techpoint Africa. "Tech1M Launches at Founders Connect, Empowering Seamless Global Hiring for Businesses." Techpoint Africa, July 20, 2023
[15] Edwards, Tommie. "Diversity and Inclusion at Work Is a Hot Topic." LinkedIn
[16] Edwards, Tommie. "2 Posts in 1 Week...Ahh Go On Then." LinkedIn, July 1, 2024
[17 & 18] ThisDay Live. "Tech1M Sets to Train One Million Talents in the Tech Industry." ThisDay Live, March 6, 2022

Investment schemes and financial incentives

The Enterprise Investment Scheme (EIS), Seed Enterprise Investment Scheme (SEIS), and Venture Capital Trusts (VCTs) are government initiatives created to encourage investment in high-potential businesses that can further promote the economy. They play a vital role in stimulating investment in early-stage UK businesses and supporting the UK's entrepreneurial ecosystem. The tax year between 2021 and 2022 saw the highest number of companies secure investment under the EIS scheme.[19] Government data shows that 4.48k companies raised £2.31bn under the scheme, the highest amount raised since the initiative was introduced.[20]

[19 & 20] HM Revenue & Customs, "Enterprise INvestment Scheme, Seed Enterprise Investment Scheme and Social INvestment tax Relief statistics: 2023," gov.uk, accessed July 1, 2024

Investment schemes and financial incentives

Category	Seed Enterprise Investment Scheme (SEIS)	Enterprise Investment Scheme (EIS)	Venture Capital Trusts (VCTs)	R&D Tax Credits
What is it?	SEIS aims to help small, early-stage companies raise equity finance by offering tax relief to investors. [21]	EIS helps growing companies raise finance by offering tax relief to investors who buy new shares in those companies. [22]	VCTs are publicly listed investment entities that invest in private early-stage ventures. The VCT scheme was introduced as a tax-based incentive by the government in 1995 to stimulate investments into early ambitious startups, thus propelling economic growth. [23]	R&D Tax Credits are a government incentive designed to reward UK companies for investing in innovation and R&D.
Qualifying requirements	• UK-based • Must employ fewer than 25 people, and possess assets under £350k in value • Must not be listed on any recognised stock exchange except Alternative Investment Market (AIM) • Must not have previously secured funding through VCT and are not eligible for SEIS investments[24]	• UK-based • Must not listed on any stock exchange other than AIM • Total asset value must not exceed £15.0m prior to share issuance and £16.0m subsequently • Must employ fewer than 250 full-time employees at the time of investment and can raise up to £5.00m each year and up to a maximum of £12.0m in their lifetime via the scheme • Knowledge-intensive companies have higher limits[25]	• UK-based • Engaged in commercial activities • Not listed on any recognised stock exchange except AIM or AQSE • Assets < £15m before • < £16m after • < 250 employees (500 for knowledge-intensive companies)[26]	• Projects must contribute to scientific or technological advancements, addressing specific challenges
Suited to	Early stage companies	Venture-stage companies	Venture-stage businesses	Knowledge-intensive industries
Investor type	Individuals seeking high-risk investments	Individuals seeking high-risk investments	Professional investors, institutions	N/A
Investment limits	Up to £250k in lifetime	Up to £5m per year, £12m lifetime, £10m per year and £20m lifetime for knowledge-intensive companies	Up to £5m per year, £12m lifetime, £10m per year and £20m lifetime for knowledge-intensive companies	
Tax relief	50% income tax relief. [27]	30% income tax relief. [28]	30% income tax relief. [29]	Tax credits or cash rebates
Capital gains tax	Exempt on gains from SEIS shares	Deferred if EIS shares are sold	Subject to capital gains tax	
Holding period	3 years	3 years	Varies	N/A
Risk level	High	High	Varies	N/A
Target sectors	Innovative, early-stage sectors	Growing, innovative sectors	High-growth potential sectors	Scientific and technological sectors

[21 & 22] HM Revenue & Customs, "Venture Capital Schemes: Apply for the Enterprise Investment Scheme," gov.uk, accessed May 17, 2024
[23] HM Revenue & Customs, "Venture Capital Schemes: Permanent Establishment," gov.uk, accessed May 17, 2024
[24] HM Revenue & Customs, "Venture Capital Schemes: Apply to Use the Seed Enterprise Investment Scheme," gov.uk, accessed May 17, 2024
[25 & 26] HM Revenue & Customs, "Venture Capital Schemes: Permanent Establishment," gov.uk, accessed May 17, 2024
[27] HM Revenue & Customs, "Seed Enterprise Investment Scheme—Income Tax and Capital Gains Tax Reliefs," gov.uk, accessed July 10,2024
[28 & 29] HM Revenue & Customs, "Tax relief for investors usng venture capital scheme," gov.uk, accessed July 10, 2024

Innovate UK

UK Research and Innovation (UKRI) is the UK's national funding agency, sponsored by DSIT. The UKRI is comprised of seven research councils, Innovate UK and Research England.

Innovate UK is the UK's national innovation agency. It plays a vital role in bolstering business-led innovation by allocating research grants and loans to fund further development. In Q1 2024, Innovate UK awarded £237m via 684 grants to UK businesses. Businesses seeking grant funding must apply through Innovate UK's grant funding competitions, where each submission is assessed by independent experts and a panel from the UK funder. The panel determines the project's merit, financial backing, and the corresponding grant amounts. The system is designed to identify and support the most promising ventures driving innovation within the UK's entrepreneurial landscape.

Recipients include animal wellness company Smartbell. The Cambridge-based company develops software that allows farmers to track and monitor the well-being of their calves. Its monitoring application software helps farmers and owners detect potential diseases up to three days before visual symptoms. Smartbell has won a total of £1.04m via 10 grants. It received £95.9k from Innovate UK in its latest award (March 2024) to optimise the accuracy of its software for commercialisation. Smartbell is just one example of how grant funding works to support promising companies that can positively impact the economy for future generations.

AgriTech Bridge 2023 cohort: Fotenix

Fotenix develops data-driven crop analysis tools for farmers to monitor crop health to increase yield and promote sustainable farming practices. The Salford-based company uses farm cameras and machine learning to capture detailed information about the plant's health, growth, and needs. By processing this data, they create a digital twin of the farm, which is a virtual representation that mirrors the real farm's conditions. This digital model helps farmers manage their resources more effectively by predicting and optimising the use of equipment, labour, and other inputs. "An example would be a desktop camera that is used by plant breeders to identify disease; using it, we halve the time taken to find performing crop varieties that are less susceptible, thus reducing our collective reliance on using large amounts of chemicals when grown in the field", explains Charles Veys founder and CEO of Fotenix .

Fotenix was spun out of the University of Manchester by Charles Veys in 2018. Veys explains, "As a PhD student, I was interested in starting a business, and I used my thesis as an opportunity to put together a business plan for using sensors on farm equipment to try and reduce the environmental footprint of farming." Fotenix participated in the AgriTech Bridge accelerator launched by Barclays Eagle Labs and CodeBase. The company was part of the 2023 cohort. The programme aims to foster collaboration between established businesses and startups to create innovative solutions for a sustainable food supply chain.

Fotenix has been awarded over £2.00m in grants, with its most recent being £163k, which Innovate UK awarded in March 2024. This funding was used to support the development of a system that creates digital replicas of berry farms to prevent overproduction by forecasting yields to match consumer demand. Veys highlights Fotenix's partnership with HAI-tech, a developer of AI root monitoring technology: "Through this partnership with HAI, we will be the first to demonstrate root-to-shoot monitoring in a commercial setting, paving the way for a new wave of capabilities in a sector often excluded from technological advancements." . In addition to grants, Fotenix has also secured £166k of equity investment.

Digital Growth Grant initiatives

Barclays Eagle Labs was awarded a £12m Digital Growth Grant to drive growth and innovation across the UK's tech sector over two years. Here are examples of the initiatives that Barclays is offering to businesses as part of its grant-funded activity.

Eagle Labs Academy
A digital learning platform to help founders start and scale their business. Covering the key aspects of launching and growing a business, with bite-sized lessons that allow you to learn at your own pace.

Black Founder Venture Growth Programme (BVGP)
Launched by Foundervine and Barclays Eagle Labs, this initiative provides targeted support for established Black founder-led businesses to help them drive growth and scale.

Ecosystem Partnership Programme (EPP)
This programme, delivered by Barclays Eagle Labs, supports broader regional development by enabling organisations outside of London to secure funding and deliver initiatives that support the challenges these businesses face in the local area.

Female Founder Accelerator (FFA)
Supports female-led technology businesses by connecting founders with experts from across the entrepreneurial landscape in a series of masterclasses, with the focus on developing their business propositions further. Delivered by AccelerateHER in partnership with Barclays Eagle Labs.

Funding Readiness Programme (FRP)
Delivered by Capital Enterprise and Barclays Eagle Labs, this programme is designed to help growing businesses understand and navigate the UK's funding landscape.

Industry Bridge Programmes
Launched by Barclays Eagle Labs and CodeBase, the Industry Bridge programmes are designed to bring together corporates and startups across numerous sectors including AI, Care and Healthtech, Cyber and Sustainability.

Product Builder Programme (PBP)
Delivered by Barclays Eagle Labs in partnership with Plexal, PBP is designed to help founders accelerate from idea to product faster, and share techniques to validate, develop, test and evolve a digital product idea.

Product Growth Programme (PGP)
Delivered by Barclays Eagle Labs in partnership with Plexal, PGP aims to support startups to accelerate products from MVP to product-market fit.

Scaleup Programme powered by Cambridge Judge Business School (CJBS)
Designed for high-potential scalable businesses, and addresses six core components that are key to business growth.

Scaleup Programme powered by Plexal
The Scaleup Programme, in collaboration with Plexal, supports scaling companies as they navigate their rapid growth trajectory.

Methodology

In scope companies

This equity investment market update covers announced and unannounced equity investment rounds into high-growth, private UK companies between 2013 and May 2024. Beauhurst's high-growth triggers are outlined on this page, as well as the in-scope equity investment criteria and definitions of announced and unannounced fundraisings. For more information on Beauhurst's high-growth triggers or data, please visit www.beauhurst.com.

Equity investment

To be included in our analysis, any investment must be:

- Some form of equity investment
- Secured by a UK company
- Issued between 1 January 2013 and 31 May 2024

Announced and unannounced fundraisings

An unannounced fundraising is an investment made into a private company that is completed without press coverage or a statement from the recipient company or funds that made the investment. These transactions are an integral part of the UK's high-growth economy, accounting for around 70% of all equity transactions.

High growth triggers

- Equity investment
- Academic spinouts
- Scaleups
- High-growth lists
- Accelerator attendances
- Major grant recipients
- Management Buy-outs/ Buy-ins
- Venture debt

Barclays Eagle Labs

Barclays Eagle Labs is an entrepreneurial network providing support to ambitious startup and scaleup businesses, particularly those that are focused on technology and innovation.

Our mission is to connect the UK's entrepreneurial ecosystem through our networks, support and expertise with the aim of helping businesses innovate and grow. We champion inclusivity and are committed to driving positive change and reducing barriers to entry for diverse founders.

We provide dedicated growth programmes, access to experts and a collaborative community designed to help businesses on their growth journey through virtual support and physical spaces across the UK.

Eagle Labs also help to positively disrupt key industries by bringing together corporates, industry bodies, leading universities, startups and scaleups, giving them a facilitated environment to collaborate and innovate.

Whether you're at idea stage, starting, growing, or scaling, Barclays Eagle Labs can support your tech business.

Find out more at labs.uk.barclays

Beauhurst

Beauhurst is the ultimate source of UK private company data.

Through our data platform, we provide data on every UK private company—from investments and hiring status, to patents and trade data—identifying hidden growth, innovation, risk, and ESG signals across UK companies.

Our Research and Consultancy team can provide powerful insights, thought leadership, and data-led reports. Please get in touch if you would like to talk about a project.

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