




Unlocking **growth**

Creating tech ecosystems to stimulate
local economies - April 2023 Update

 **BARCLAYS** | **Eagle Labs**

 **Beauhurst**



Introduction

We are delighted to present this updated version of the October 2021 report, *Unlocking Growth: Creating Tech Ecosystems to Stimulate Local Economies*. Featuring new and comprehensive data for 2021 and 2022, we delve into the flourishing high-growth tech ecosystems of Belfast, Glasgow, Greater Manchester, Southampton, and Cardiff.

Similar to a natural ecosystem, tech ecosystems prosper through the cooperative and competitive interplay of various components. A well-rounded support system is essential to nurture and develop the UK's high-growth tech ecosystems at a local level. This entails the presence of investors, investment-ready companies, educational institutions, accelerators, incubators, and effective local governance that actively promotes growth via partnerships and innovative initiatives.

As the UK aims to become a global science and technology superpower, fostering these tech hubs is crucial to driving economic growth and innovation. We're thrilled to share the successes and ongoing developments in these dynamic tech ecosystems, reflecting the UK's renewed commitment to fostering innovation and progress.



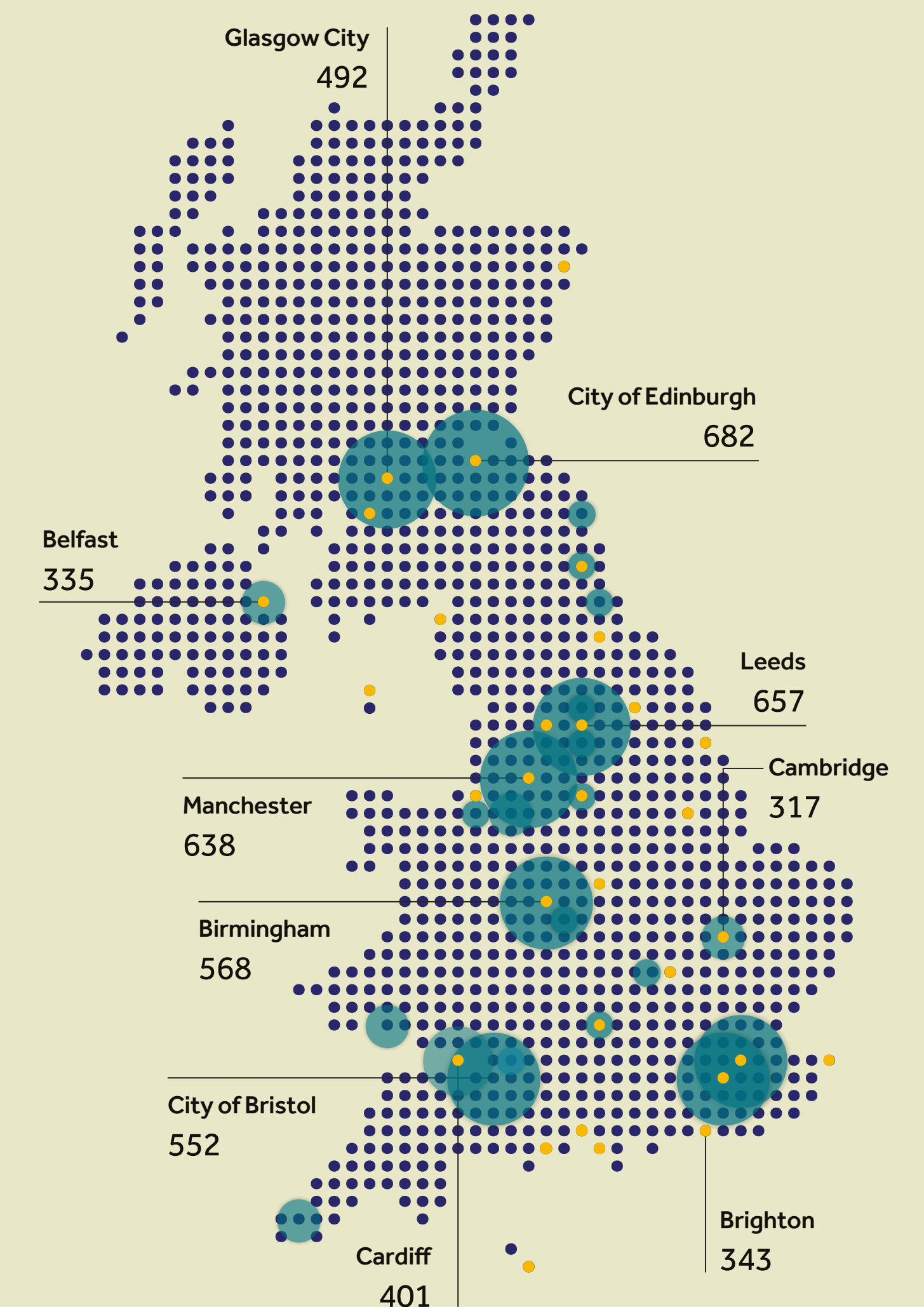
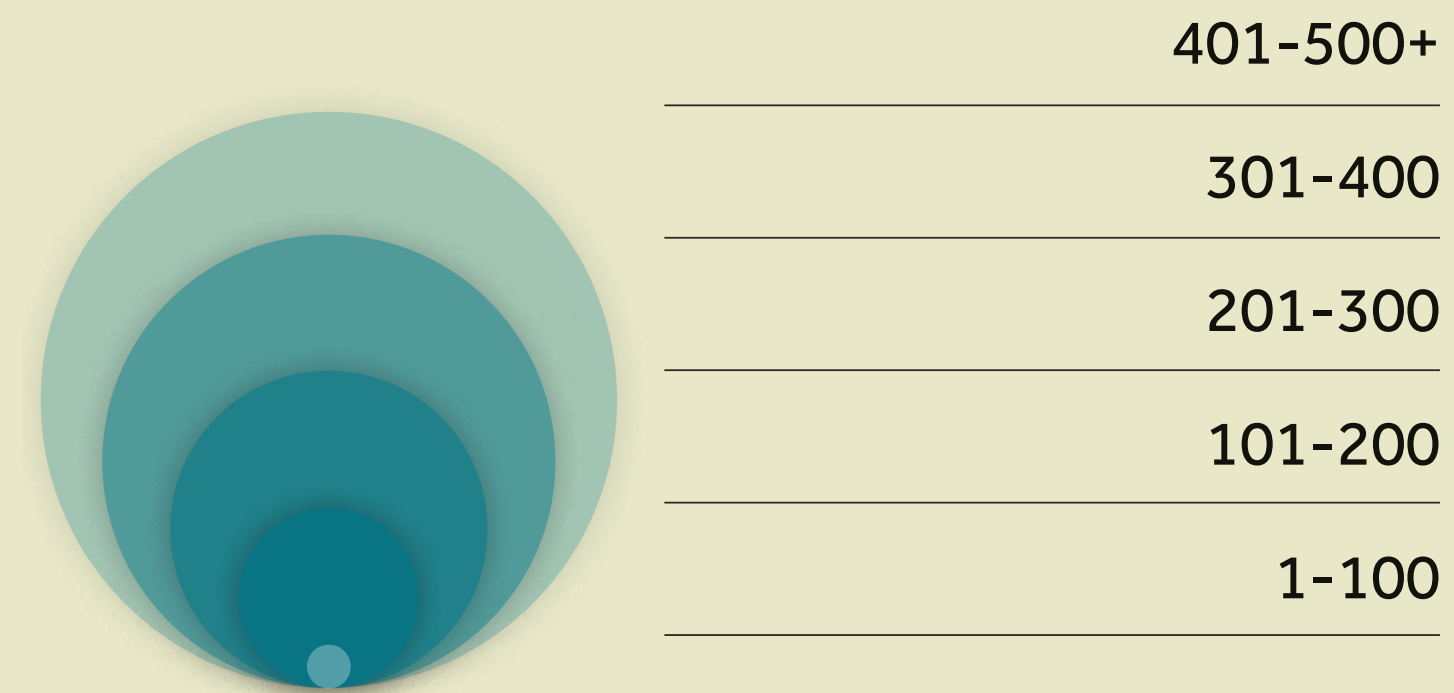
Top tech ecosystems

The map showcases the top 10 thriving UK technology and high-growth ecosystems outside London. The leading local authority areas for private, high-growth companies by population are the City of Edinburgh, Leeds, and Manchester. Manchester's figure is even more impressive when considering the Greater Manchester area, which encompasses 10 local authorities including Wigan, Bolton, and Stockport. Greater Manchester is home to 1,703 technology and high-growth companies, which reflects the dynamic technology ecosystem in the city and surrounding local authorities.

Top technology and high-growth ecosystems outside of London by local authority (2022)

- Barclays Eagle Labs location

Number of high-growth companies



Belfast: Headline stats

19,777

active companies

355

active high-growth companies

162

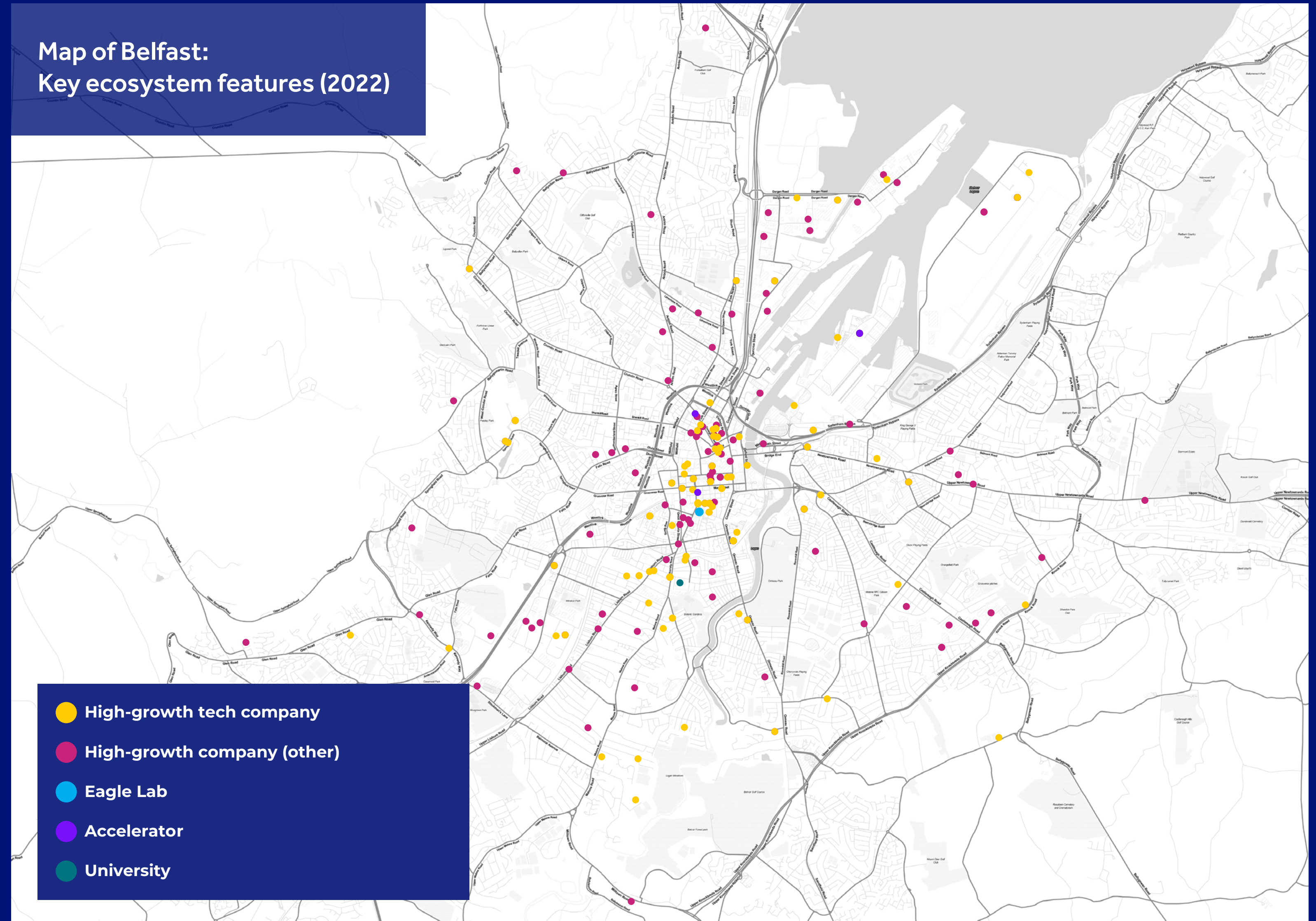
active high-growth tech companies

Belfast: Map

Belfast boasts of a thriving ecosystem of high-growth companies and startups. This dynamic ecosystem is concentrated mainly in the centre and northern areas of the city, but it also extends across the city. One of the most prominent clusters of tech companies and startups is located just south of Belfast City Hall. Out of the multiple innovative businesses present in this city quarter, a notable one is Germinal, an AgriTech company that develops cutting-edge technology solutions for pest resistance and crop yields.

These companies are all conveniently situated near local support providers Ignite Accelerator and Barclays Eagle Labs located at Ormeau Baths, serving as hubs for the city's technology community, and offering central locations for networking, collaboration, and innovation.

Map of Belfast:
Key ecosystem features (2022)



Belfast: Equity investment

Between 2013 and 2022, high-growth companies in Belfast received £301m in equity investment through 353 deals. Of these, 84.1% were secured by tech companies, with a total investment of £262m. In 2022, companies in the capital secured a record-breaking £82m in equity investment, indicating continued interest and investment in the city's technology community.

One standout company that received a significant amount of investment was Axial3D, a HealthTech company that uses medical scans to create 3D-printed bone models. The company secured £13.2m in equity finance across two deals, with investment coming from various sources, including Stratasys, a US-Israeli 3D manufacturing firm. The high-growth ecosystem experienced a surge in investment last year, with funding increasing by 75% from £56m in 2021 to £98m in 2022.

Key figures: (2013-2022)

£301m

total equity investment

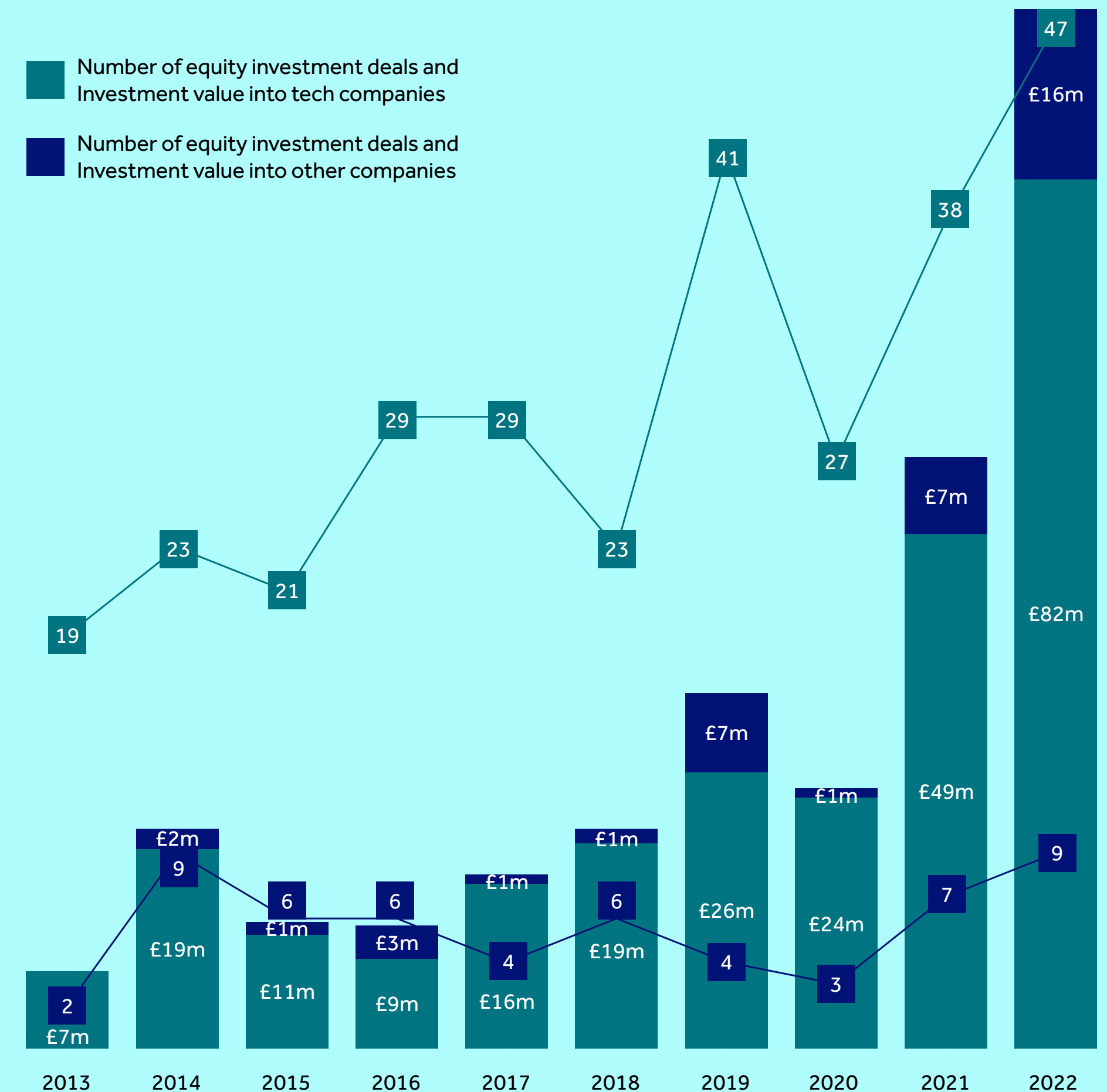
353

total deals

£262m

total tech equity investment

Deal numbers and value of equity investment to Belfast-based tech companies (2013–2022)

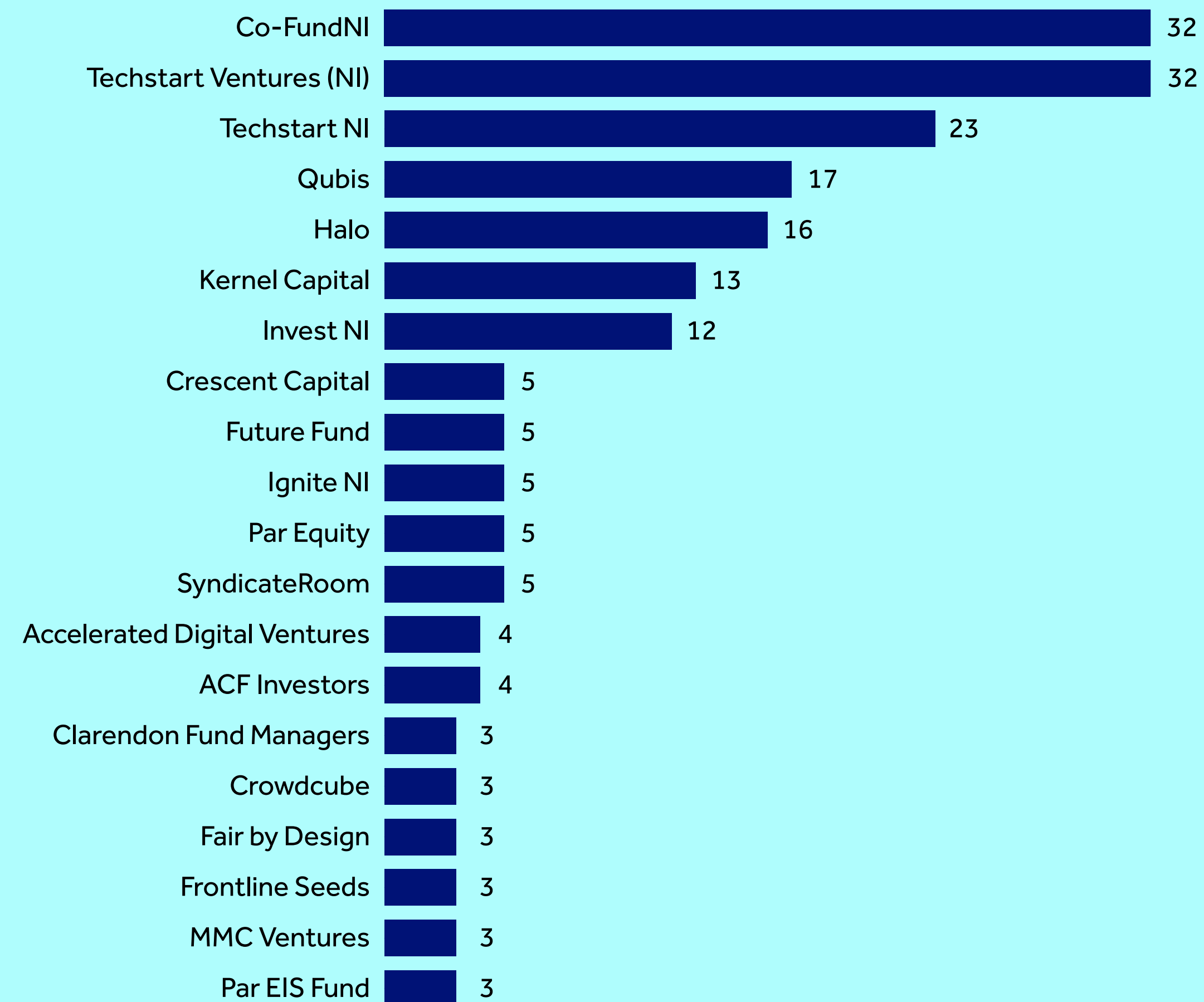


Belfast: Top investors

In recent years, Belfast has emerged as a thriving hub for innovation. With a total of 55 deals completed between 2013 and 2022, Techstart NI and Techstart Ventures have emerged as the leading investors in Belfast-based tech companies. Their investment portfolio includes Kraydel, a hardware specialist that develops technology to monitor elderly individuals living alone. Not far behind is Co-FundNI, with 32 deals.

It is noteworthy that the vast majority of investors included in this ranking are located in Northern Ireland itself. This serves as a testament to the strength and self-sustaining nature of the ecosystem in Belfast, which has the ability to attract and retain local investors who are committed to driving innovation and entrepreneurship in the region.

Top investors into Belfast-based tech companies by number of equity deals (2013–2022)



Cardiff: **Headline stats**

38,382

active companies

401

active high-growth companies

117

active high-growth tech companies

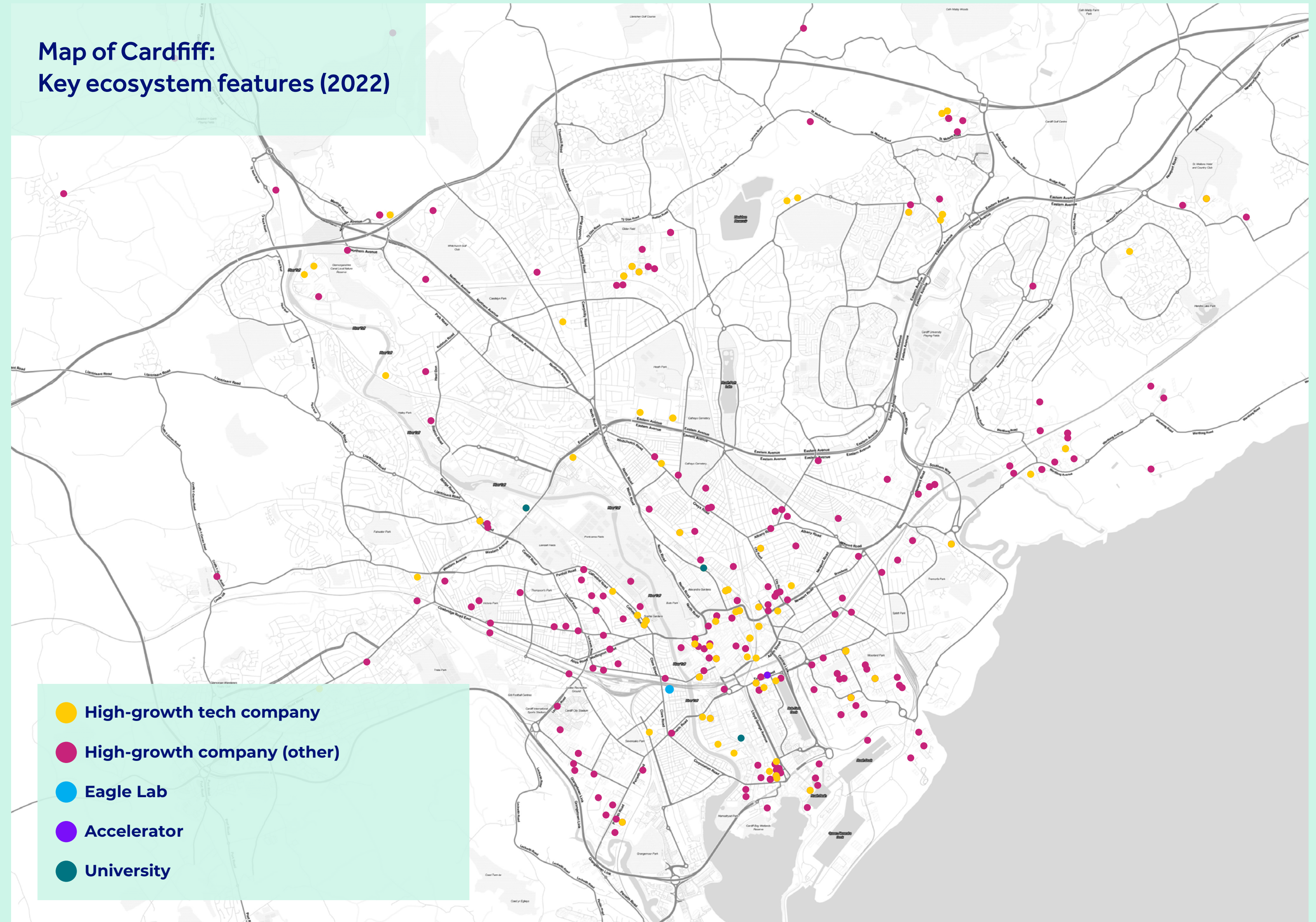


Cardiff: Map

Cardiff's high-growth tech company population is concentrated around Cardiff Central railway station and Central Square as well as Callaghan Square and north towards Cardiff Queen Street station. The broader high-growth company population is more dispersed across the city but with relatively high density in the city centre.

The Barclays Eagle Labs team are centrally located at Tramshed Tech, just across the River Taff from Cardiff Central railway station. Businesses are also supported by the city's centrally located universities and their associated amenities.

Map of Cardiff:
Key ecosystem features (2022)



Cardiff: Equity investment

Cardiff's high-growth tech companies secured 77.4% of all equity finance raised by high-growth companies in the city. Last year was a record year with £43m raised by high-growth tech companies in the city, bucking a wider UK trend of declining investment during the year in the face of more challenging economic conditions.

Life sciences company Jellagen raised £10m in investment during 2022 via two equity deals from backers including Wales Flexible Investment Fund and Thai Union Group. Jellagen develops and produces jellyfish collagen that has applications in a range of processes including tissue engineering and wound healing.

Key figures: (2013-2022)

£359m

total equity investment

443

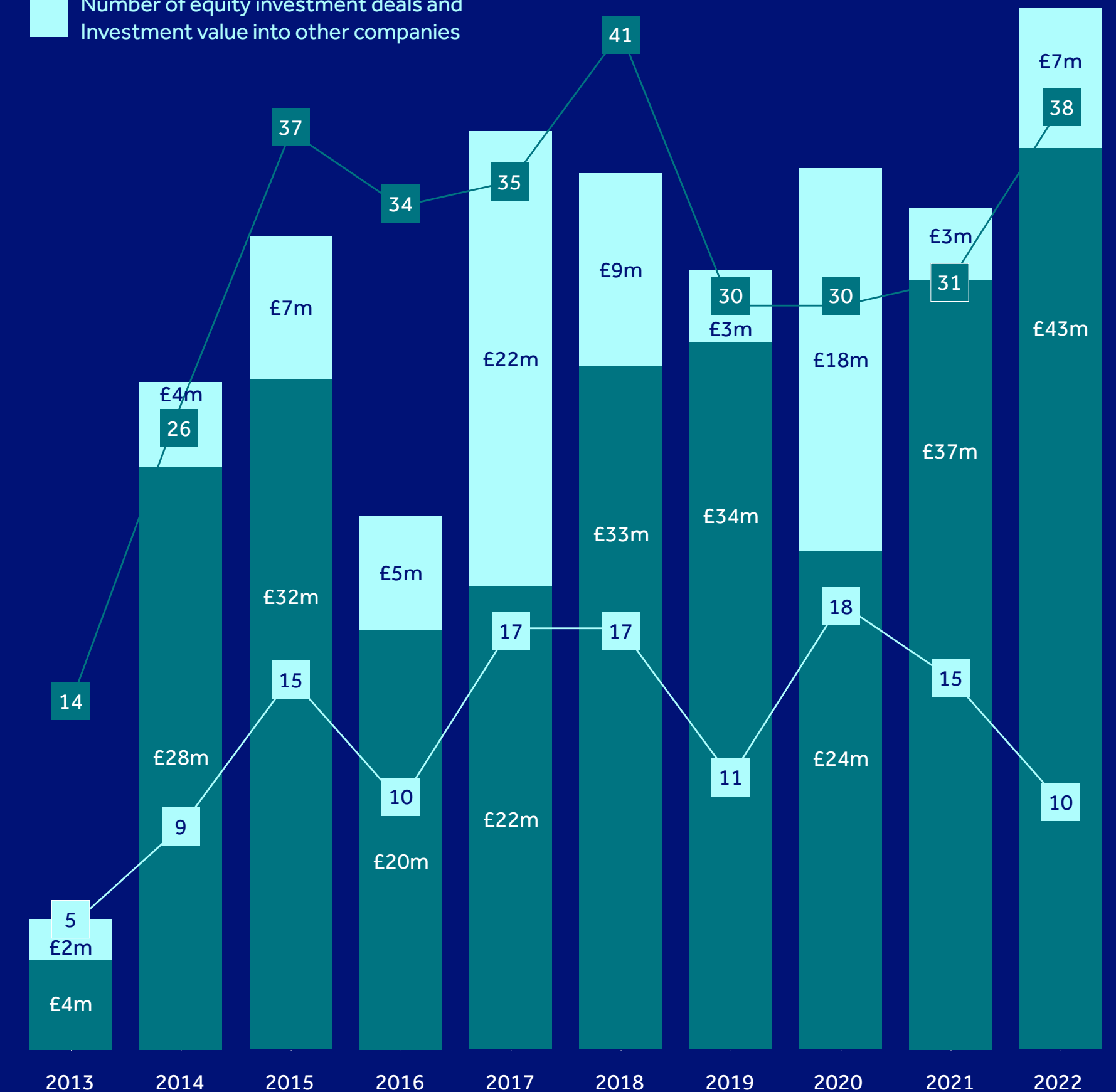
total deals

£278m

total tech equity investment

Deal numbers and value of equity investment to Cardiff-based tech companies (2013-2022)

■ Number of equity investment deals and Investment value into tech companies
 ■ Number of equity investment deals and Investment value into other companies



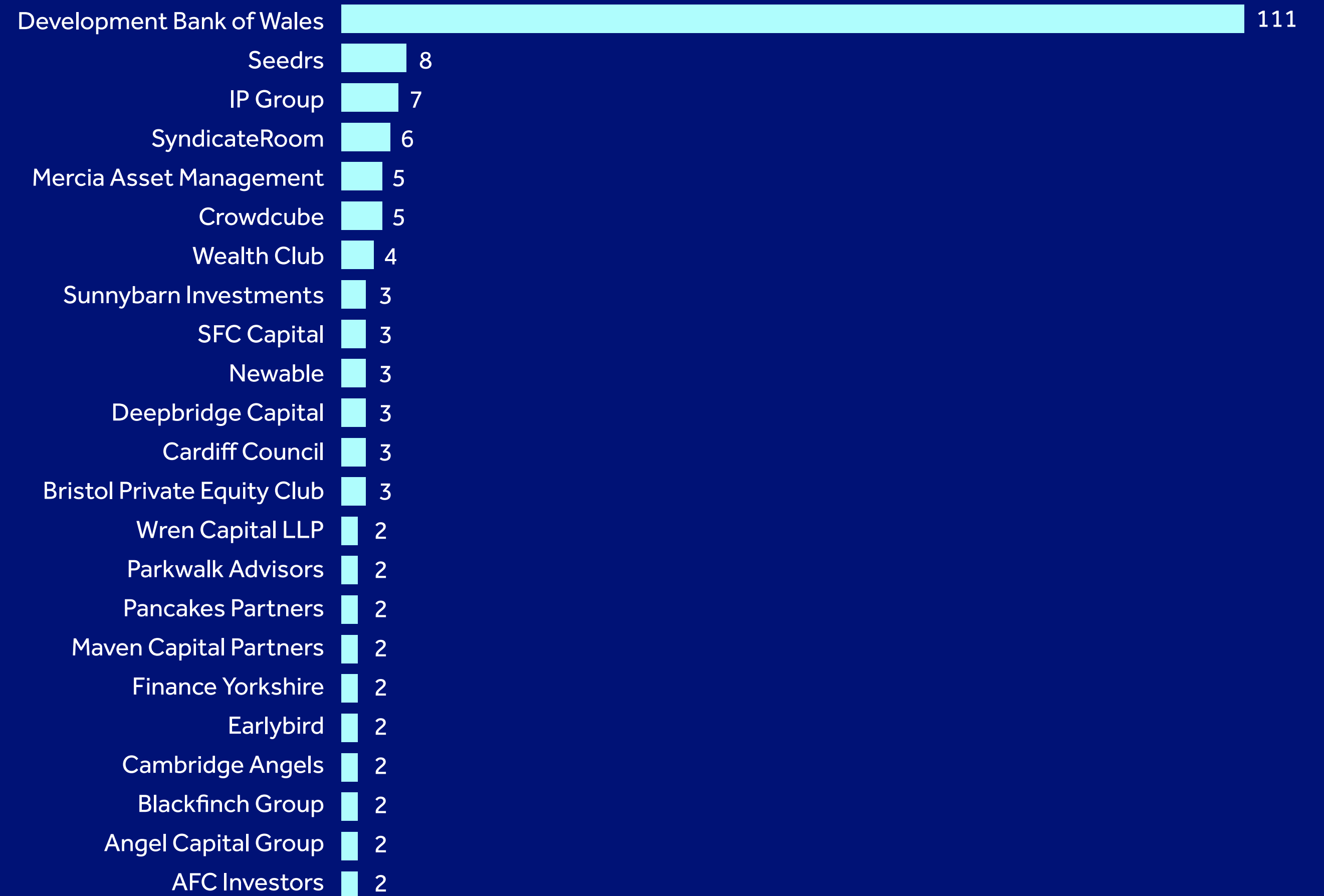
Cardiff: Top investors

The Development Bank of Wales is the top investor in high-growth tech companies in Cardiff, participating in an impressive 111 deals via a number of funds including its Technology Venture Investments fund.

Set up by the Welsh government, the Development Bank aims to boost the economy of Wales by providing finance to high-potential companies across a broad portfolio of equity and loan funds. Part of the Development Bank’s power is its ability to co-invest alongside private investors, helping companies to access more investment and expertise.

Another popular method for raising capital was crowdfunding, with the well-known platform Seedrs ahead of other investors in the region by the number of deals it has facilitated.

Top investors into Cardiff-based tech companies by number of equity deals (2013–2022)



Glasgow: Headline stats

49,570

active companies

487

active high-growth companies

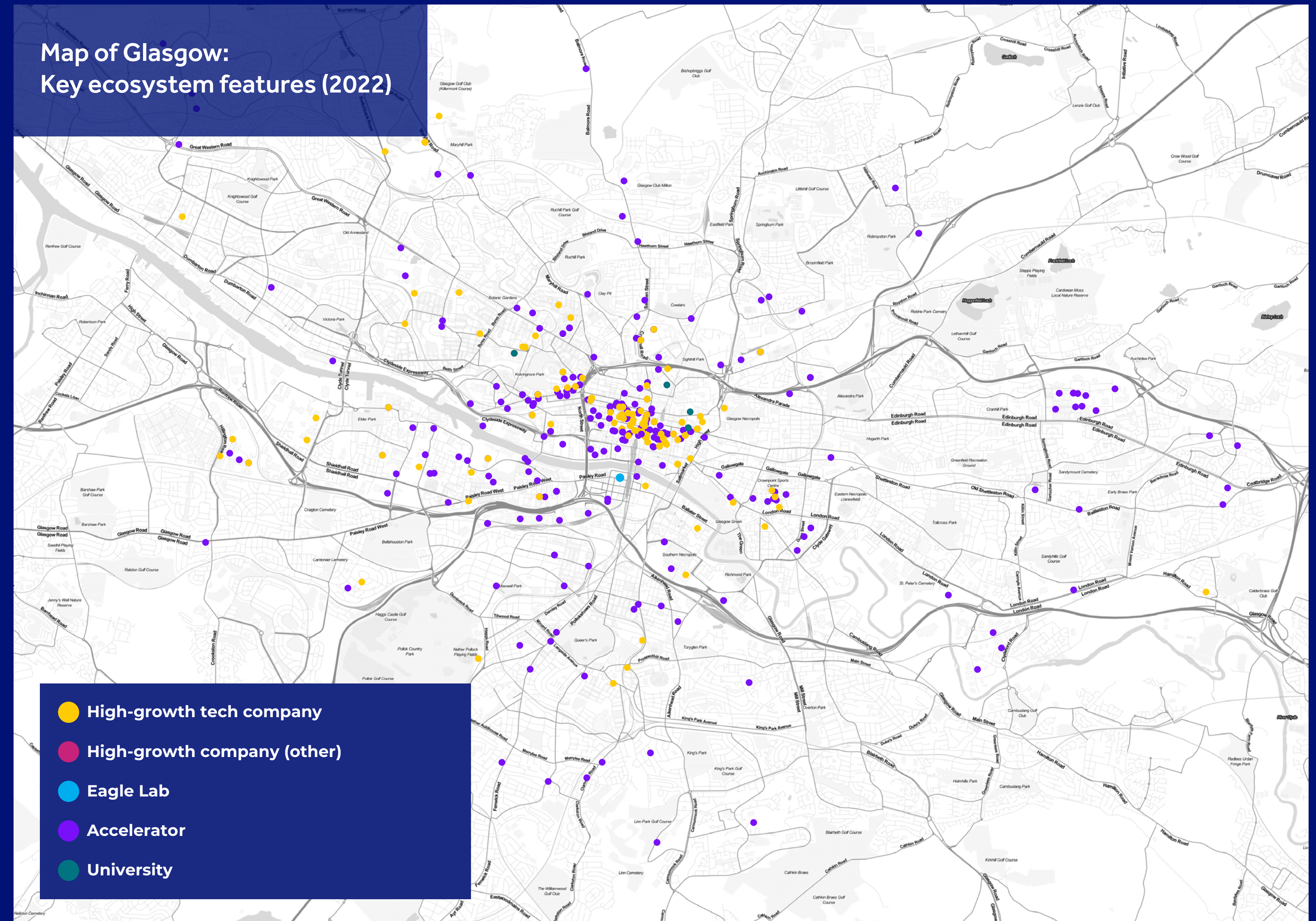
162

active high-growth tech companies

Glasgow: Map

A majority of the high-growth companies in Glasgow are situated in close proximity to the city centre and the eastern region of Merchant City. This strategic location provides various benefits, including easy access to accelerators and universities. Being in the key business hub enables these companies to leverage the abundance of expertise and support available in the city.

In addition to the eastern cluster, there are also a few dispersed clusters located around Kelvinbridge and Gallowgate. These clusters are strategically located near key transport links, allowing for easy access to the city centre and beyond.



Glasgow: Equity investment

Over the past decade, Glasgow-based companies have secured a total of £553m in equity investment via 570 deals. Of these deals, an overwhelming majority (70.3%) went to technology businesses, with a total of £376m in equity investment raised. This trend underscores the city's growing reputation as an attractive destination for tech investors and is indicative of the dynamic and innovative nature of its tech industry. Additionally, its strong entrepreneurial ecosystem, with a variety of accelerators, universities, and business hubs, may have been instrumental in driving innovation and research. In fact, 2020 marked a record year for tech investment and further cemented the city as a prominent UK tech hub when quantum technology company M Squared secured a £12.5m equity deal backed by the Scottish National Investment Bank (SNIB).

Key figures: (2013-2022)

£553m

total equity investment

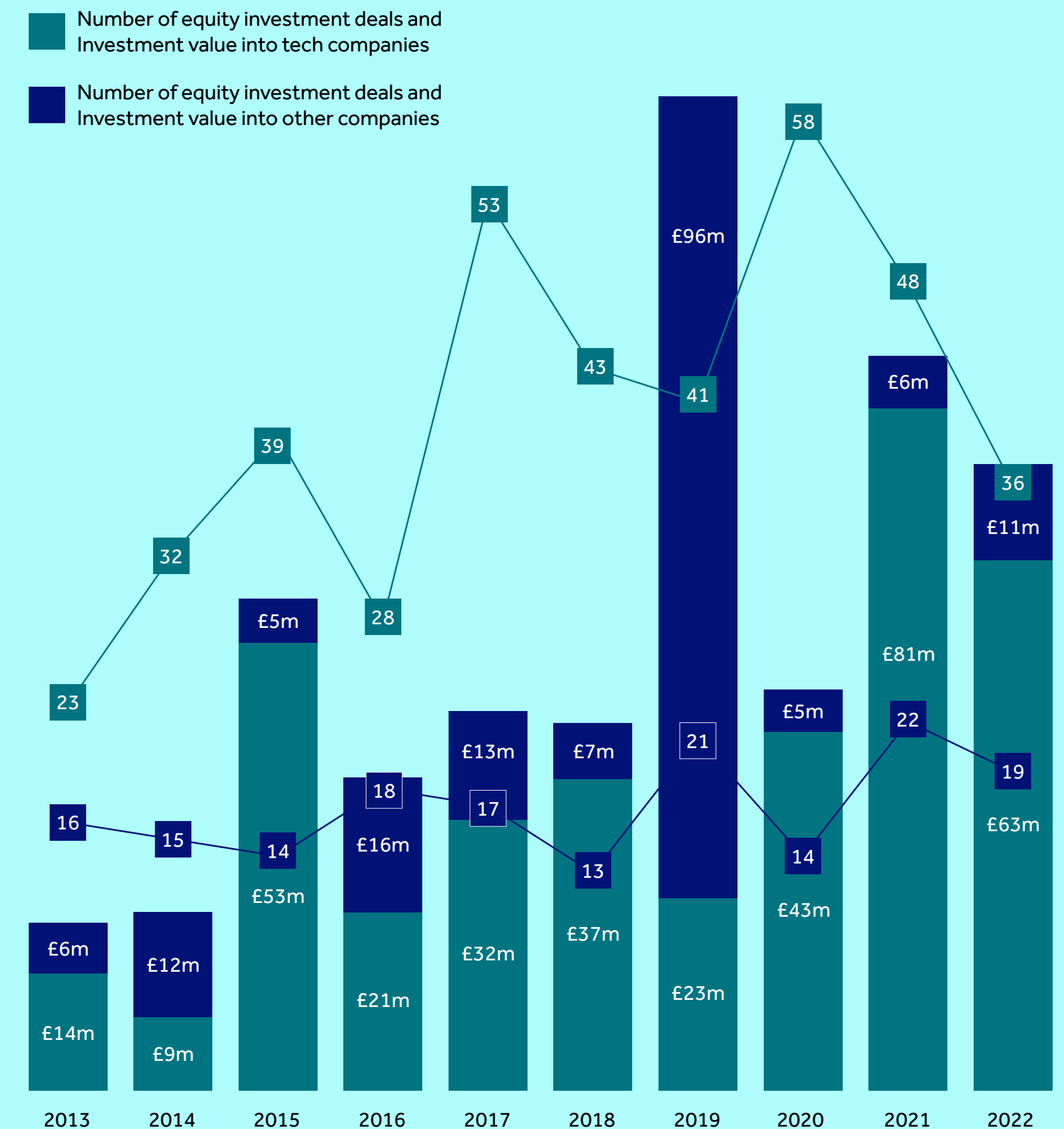
570

total deals

£376m

total tech equity investment

Deal numbers and value of equity investment to Glasgow-based tech companies (2013–2022)



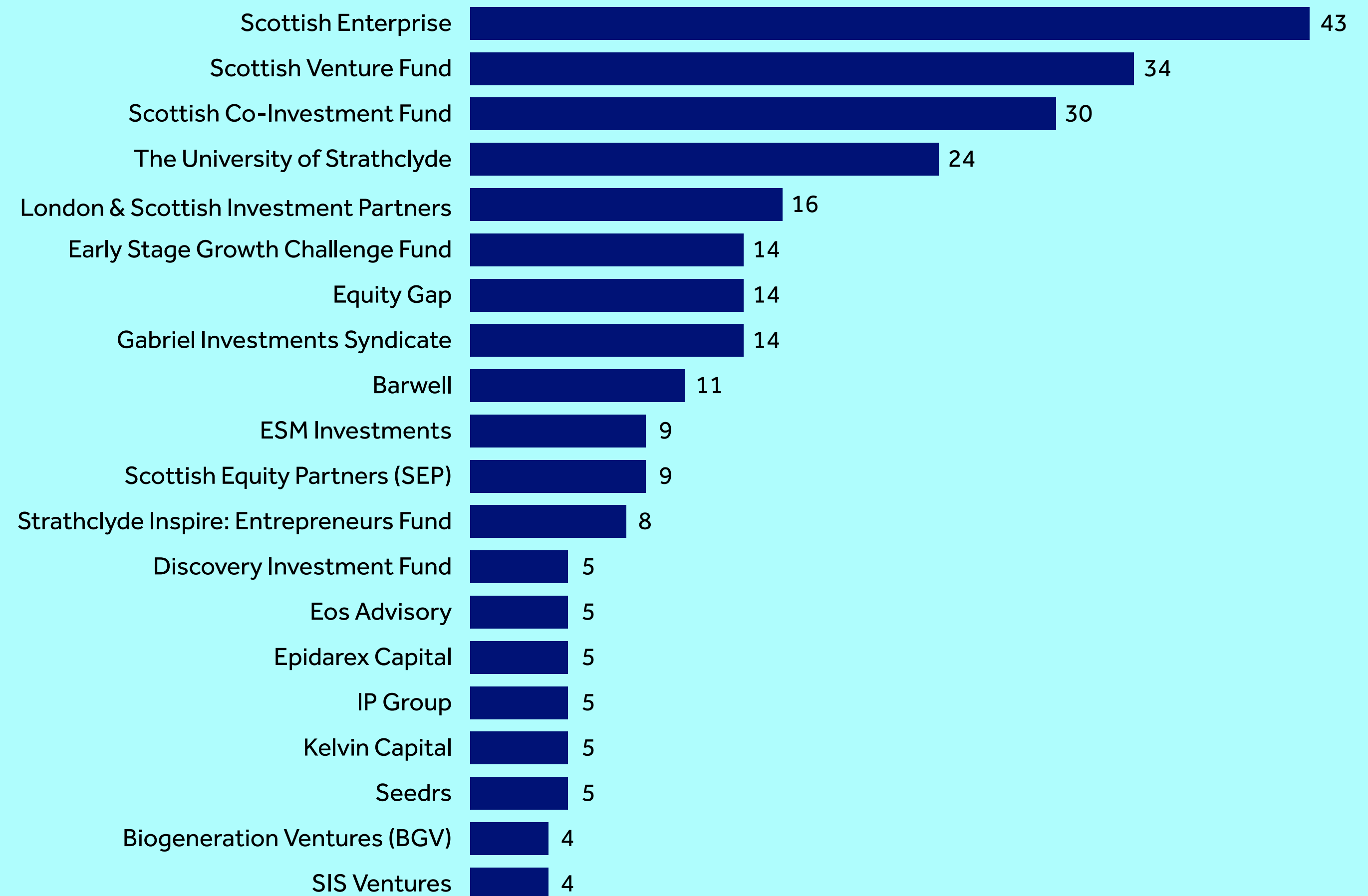
Glasgow: Top investors

Glasgow-based tech companies have received significant investment from both public and private entities. Scottish Enterprise, a non-departmental public body of the Scottish Government, has played a crucial role in supporting the local tech industry.

Its associated funds, such as the Scottish Co-investment Fund, Scottish Venture Fund, and the Early Stage Growth Challenge Fund, have been actively investing in Glasgow tech companies. Scottish Enterprise's efforts have resulted in a total of 121 deals, making it the largest investor in the city's tech ecosystem.

Another prominent investor is the University of Strathclyde, with a total of 24 fundraisings. The institution's investment arm, Strathclyde Inspire, also facilitated eight equity deals through its Entrepreneurs Fund, which provides early-stage investment to university-related enterprises.

Top investors into Glasgow-based tech companies by number of equity deals (2013–2022)



Manchester: Headline stats

61,160

active companies

638

active high-growth companies

257

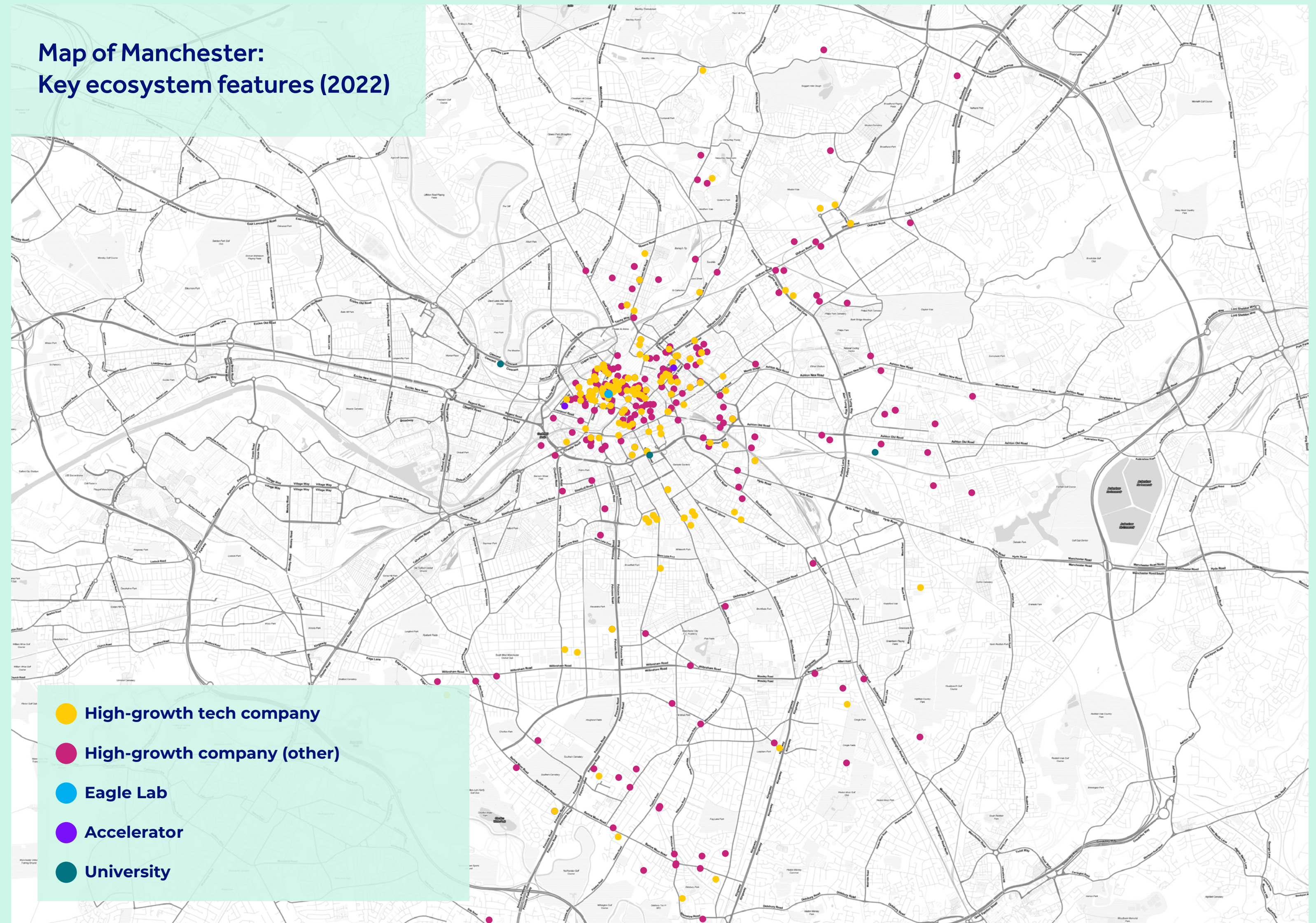
active high-growth tech companies

Manchester: Map

The majority of high-growth companies in Greater Manchester are located in the Manchester local authority area, with other areas such as Trafford, Stockport, and Salford also hosting significant high-growth company populations. The region's technology companies are clustered in the Manchester city centre, particularly in the Central Retail District, Spinningfields, and the Northern Quarter.

Launched in 2022 in Lincoln Square, the Greater Manchester Digital Security Hub (DiSH), led by a consortium including Barclays Eagle Labs, Plexal, Lancaster University and The University of Manchester, offers digital security businesses access to co-working and incubator space, mentors and coaching, dedicated growth programmes via Barclays Eagle Labs, and an industry accelerator run by Plexal.

Map of Manchester:
Key ecosystem features (2022)



Manchester: Equity investment

High-growth companies in Greater Manchester secured £3.43bn in equity investment via 1,773 deals between 2013 and 2022. This includes £2.43bn secured by tech companies via 1,104 deals, demonstrating the attractiveness of Manchester-based tech firms to investors. A record £529m was invested in Greater Manchester-based tech companies during 2021, as investors responded to the increased importance of technology companies in day-to-day life after a year of living with the impact of the pandemic. Trafford-based cloud integration specialist, Matillion, raised £180m (\$250m) via two deals from a collection of US investors including Sapphire Ventures and Lightspeed Venture Partners.

Greater Manchester's high-growth companies secured £596m via 198 deals in 2022 — a significant achievement in a more challenging environment attesting to the strength of the ecosystem.

Key figures: (2013-2022)

£3.43b

total equity investment

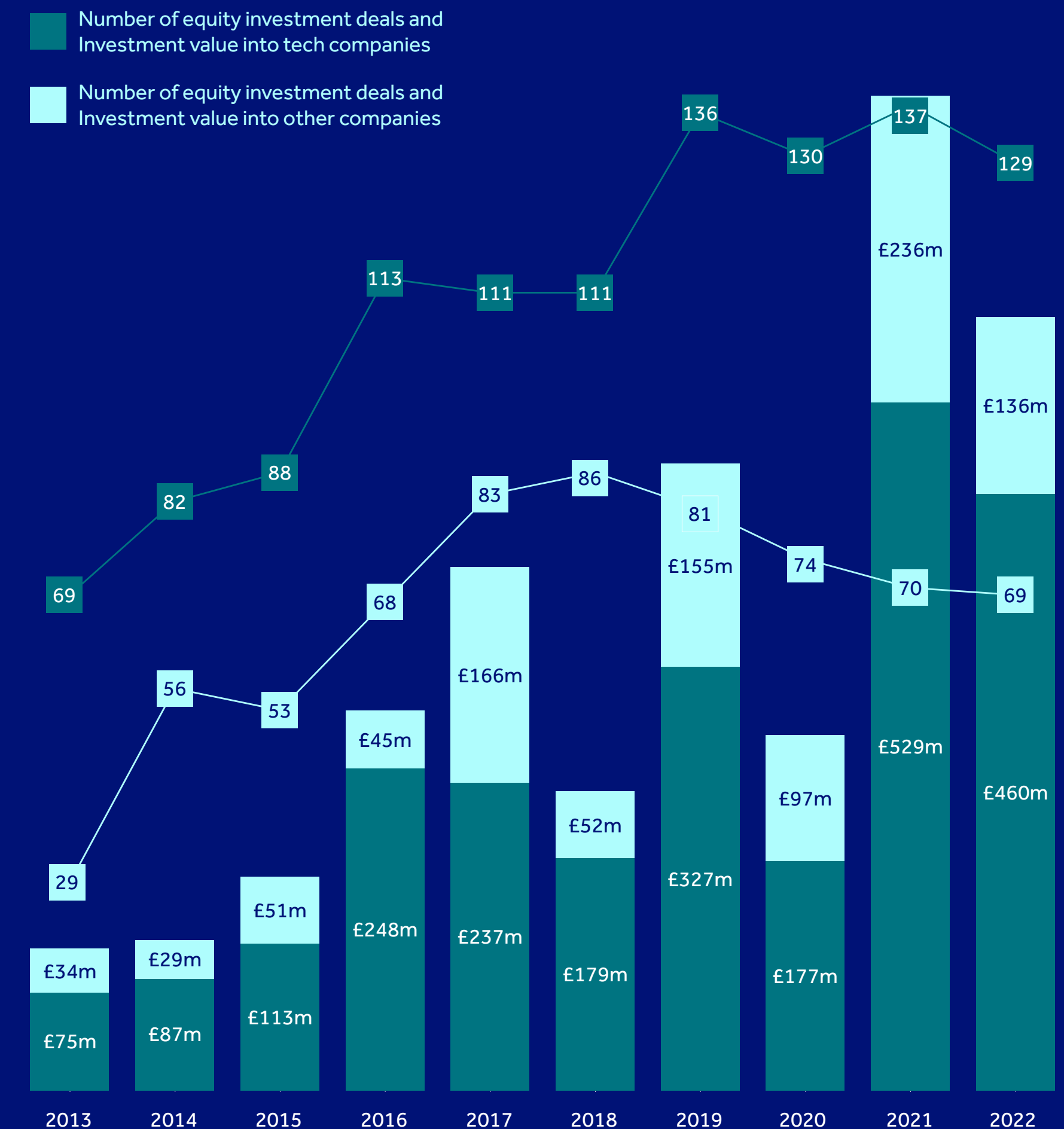
1,773

total deals

£2.43b

total tech equity investment

Deal numbers and value of equity investment to Greater Manchester-based tech companies (2013–2022)



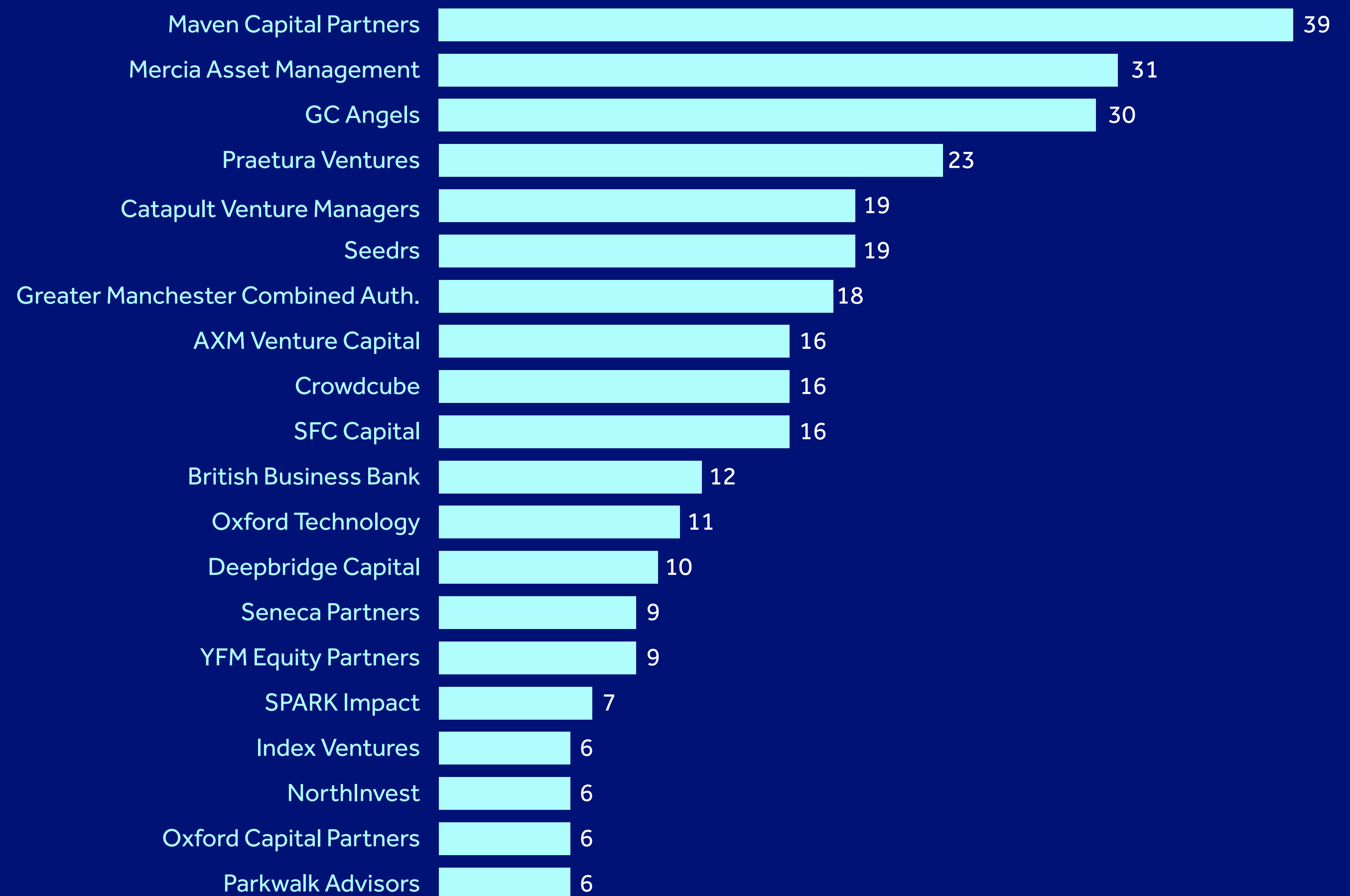
Manchester: Top investors

Since 2013, the top tech investor in Greater Manchester companies by number of deals is Maven Capital Partners. The team have backed 39 deals since 2013 via a range of funds including the Northern Powerhouse Investment Fund (NPIF) which is a collaboration between the British Business Bank and 10 Local Enterprise Partnerships (LEPs) in the North West, Yorkshire, the Humber and Tees Valley. Maven has 11 offices across the UK, including a Clarence Street location in Manchester.

Next up is Mercia Asset Management, participating in 31 deals. Mercia also has 11 offices across the UK, including a Manchester office on Deansgate.

Coming in third with 30 deals is GC Angels (Growth Company Angels). Founded in 2015, GC Angels is an initiative run by the Growth Company that connects high-net-worth individuals with businesses in the North West that are seeking investment.

Top investors into Manchester-based tech companies by number of equity deals (2013–2022)



Southampton: Headline stats

13,408

active companies

90

active high-growth companies

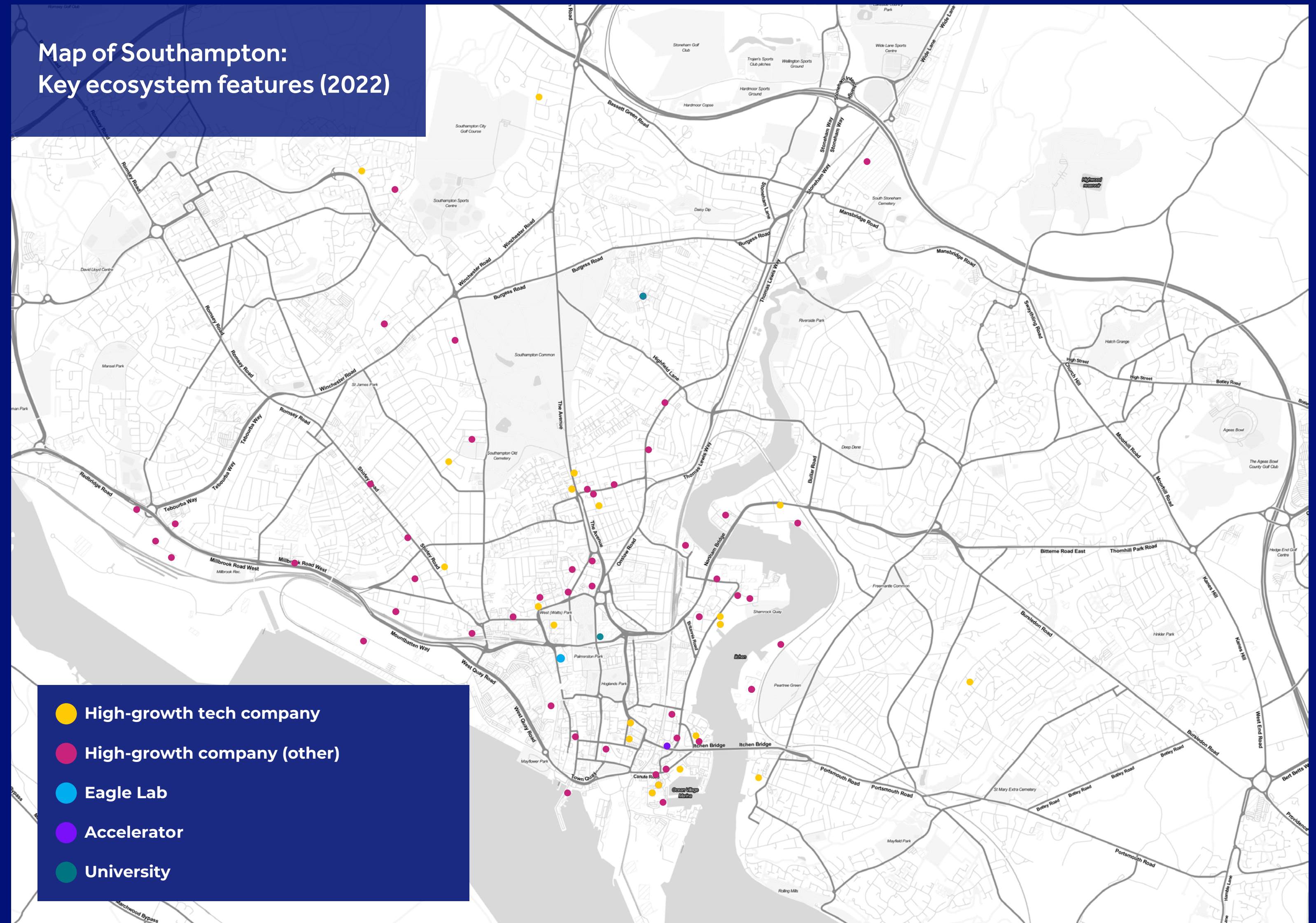
29

active high-growth tech companies

Southampton: Map

The companies that comprise Southampton’s emerging tech ecosystem are located around the city’s centre, with some clustering around the Ocean Village Marina and the west end of the Itchen Bridge. The city’s approachable size makes face-to-face collaboration easy, as does the central location of ecosystem participants such as Solent University and the city’s Eagle Lab on Portland Terrace.

The city’s broader high-growth company population is arrayed around the city centre and on arterial roads in the surrounding neighbourhoods.



Southampton: Equity investment

Southampton's high-growth tech companies secure the majority of equity investment into companies in the city, accounting for 84.0% of all the investment raised between 2013 and 2022. Investment has been down in recent years, likely reflecting a more challenging fundraising environment for businesses due to the COVID-19 pandemic and more difficult macroeconomic conditions.

In 2019, Igloo, an air source heat pump provider, secured a notable £20.0m investment from Japan's Osaka Energy. Subsequently, in 2022, Igloo was acquired by Wiltshire-based Good Energy.

Key figures: (2013-2022)

£125m

total equity investment

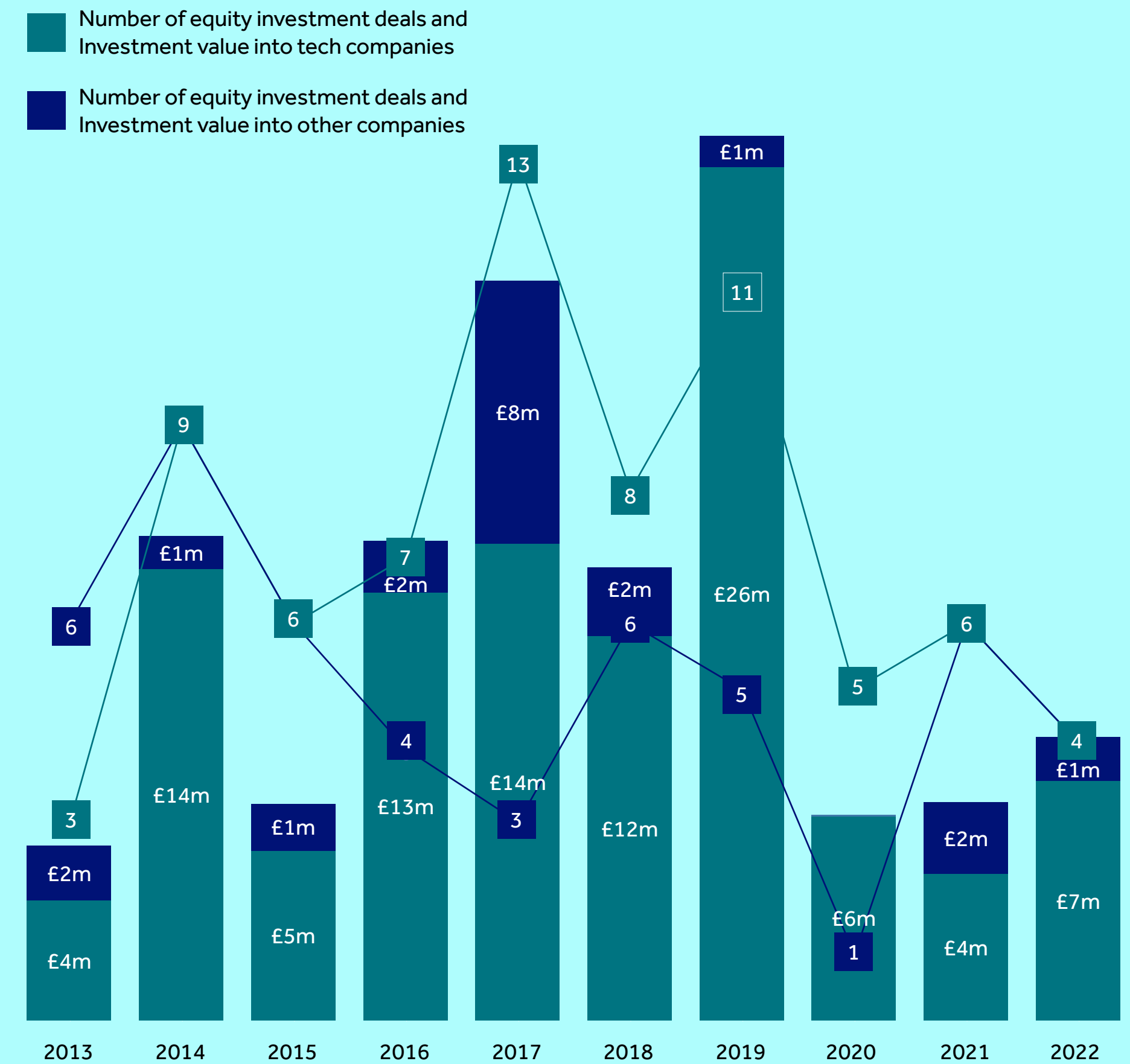
122

total deals

£105m

total tech equity investment

Deal numbers and value of equity investment to Southampton-based tech companies (2013-2022)

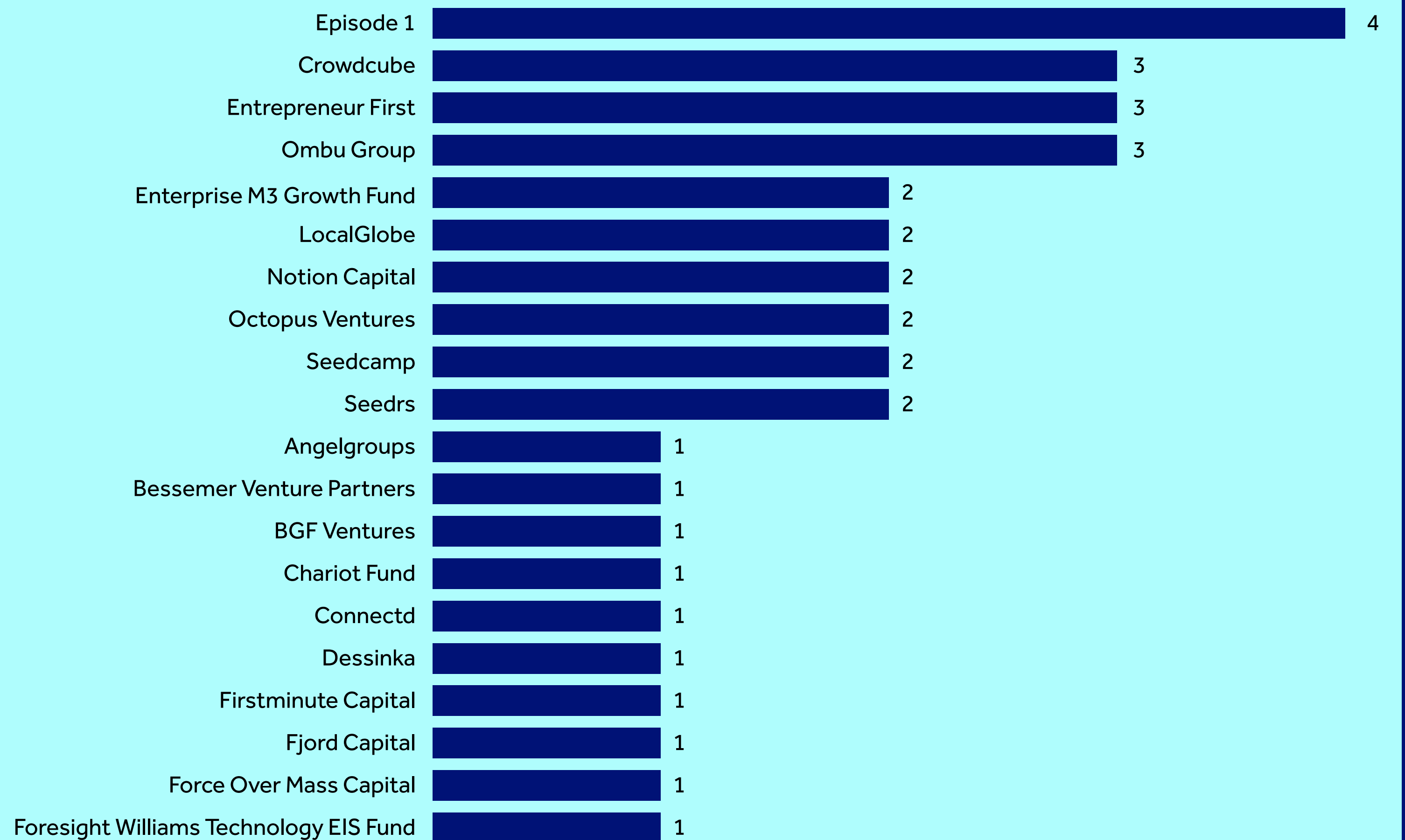


Southampton: Top investors

Episode 1 is the top investor in high-growth tech companies in Southampton over the past 10 years. It is a seed-stage fund focused on software companies and investing between £500k to £2m. It backed AimBrain, which was developing biometric security software, prior to the company’s acquisition by US security company BioCatch in 2020.

Crowdfunding platform Crowdcube is involved in the second-largest number of deals in the city. Crowdfunding refers to the practice of raising investment from members of the public (“the crowd”) and is a popular and important means of securing initial investment among early-stage companies.

Top investors into Southampton-based tech companies by number of equity deals (2013–2022)



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 eaglelabs@barclays.com

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