



FASTER, HIGHER, STRONGER SCALING TOGETHER

SCALEUP ANNUAL REVIEW

2024 HIGHLIGHTS



REFLECTIONS ON THE UK SCALEUP ECOSYSTEM OVER THE PAST TEN YEARS



It's worth observing that scaleups don't always fail because of the ecosystem. I have been an over-eager early-stage investor myself. What we think can be a high growth business often turns out to be an 18-month wonder. Sometimes that's because it turned out to be not such a great idea as initially thought by those who backed it and its founders.

Macro-economic factors are hugely relevant. Just as many people ignore the fact that there was a great deal of excitement around the high-growth sector of the economy when interest rates were zero - and that was not just in the UK - so higher interest rates tend to find out things that aren't so great in different rhymes and ways. Many such factors are just a fact of life, including the fact that the UK has got a relatively low savings rate. Some things can't be solved unless we as a nation are forced or encouraged to change our economic choices.

Today the environment and the awareness of the scaleup ecosystem by Whitehall has changed and is changing dramatically. When I was a Treasury minister in the Conservative government there wasn't such a policy focus on this area. There is now a sharper focus and it is escalating.

It's important to view the UK scaleup scene in context. People will point out how far behind we are - but that is usually compared to the US. We are one of the best places in the world for this kind of stuff and we are the second best among Anglo-Saxon English-speaking democratic nations.

The ScaleUp Institute is a leader in emphasising the crucial distinction between startups and scaleups. Generally, we don't do that badly with startups. Where we have issues is in the valley of death and scaling up and growth funding - and the ScaleUp Institute is right on the cutting-edge with its evidence and knowledge about this.

There are no necessarily straightforward or easy answers to any of these issues but the Scaleup Institute is all over those that deserve attention and development. It needs to keep banging the drum!

JIM O'NEILL, BARON O'NEILL OF GATLEY
CHAIR, NORTHERN GRITSTONE

"I was delighted to welcome the ScaleUp Institute's Annual Review, given the progress made since the ScaleUp Institute was set up. Scaleups are a critical part of employment creation and make a significant positive impact to UK economic growth across all sectors. The Government will continue to work closely with the ScaleUp Institute to support UK growth."

GARETH THOMAS MP
MINISTER FOR SERVICES, SMALL BUSINESSES AND EXPORTS



THE SCALEUP INSTITUTE'S CORE PURPOSE IS TO:

ENSURE SCALEUPS ARE A NATIONAL PRIORITY

embedded into the local fabric of the communities in which they operate, with solutions delivered across the private and public sector to break down the barriers they face.

ENGAGE AS A NATIONAL DATA OBSERVATORY

providing insight on the scaleup ecosystem across the UK, disseminating and analysing the most recent data, ensuring scaleup businesses are on the map and providing benchmarks for the landscape each year to see where more can be done. Acting also as an international barometer and assessor.

EDUCATE ON WHAT IS NEEDED TO CREATE AND FOSTER A LOCAL ECOSYSTEM 'MATCH FIT'

for scaling businesses at every stage of their growth journey, and to highlight well-evidenced impactful programmes and practices from which others can learn, emulate and improve.

ENHANCE KNOWLEDGE OF SCALEUPS THROUGH RESEARCH, DATA, POLICY AND ANALYSIS,

to understand their needs and which localities of the country have the greatest requirement for private and public sector engagement, resources and investment to propel scaleup business growth.

THREE KEY PRINCIPLES THAT GUIDE OUR WORK:



1

DATA AND EVIDENCE

Building upon what works: We will rigorously assess interventions and programmes based on data and evidence of measurable impact.

2

SEGMENTATION

Businesses are not homogeneous - scaling business must be treated as a separate segment with bespoke solutions.

3

CLIENT CENTRIC AND LOCAL

Scaleups value locally delivered solutions - even when a programme is national. In a growing company, time is a scarce commodity and community level engagement is essential, alongside active relationship management.

These principles we believe should be at the heart of efforts to overcome the challenges which scaleups have continually identified to their growth. We will continue to champion them.

ACKNOWLEDGEMENTS

Our thanks to our partners, supporters and contributors to this document.
Report design by NEO and Studio™
www.neoposition.com / www.studio™.design

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Published by the ScaleUp Institute
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The full ScaleUp Annual Review can be accessed at:
www.scaleupinstitute.org.uk/scaleup-review/

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CHAIR'S FOREWORD



MARGARET RICE-JONES CHAIR, SCALEUP INSTITUTE

As we approach ten years from the inaugural ScaleUp Report and subsequent creation of the ScaleUp Institute, I am truly encouraged by the progress made over the past decade to make the UK the best place to not only start but to grow and scale a business.

Scaleups are now fully recognised as a vital segment of the UK economy and their significant economic contribution to the UK is now, more than ever understood, along with the issues that need to be tackled if we are to foster their further growth. The ScaleUp Institute's insights have played a critical role in this understanding both at home and abroad. Today, we see a 27 percent increase in UK scaleup numbers since 2013, with more getting bigger and forward movement in our international standings.

The UK scaleup ecosystem across the private, public and third sector is more vibrant than ever. Scaleups are driving forward with innovation, global aspiration and solving of key societal problems. The new Government has affirmed its commitment to enabling businesses to grow and scale, already progressing key initiatives such as the National Wealth Fund; the British Growth Partnership; pensions, education, and planning reforms, to seek to address long term scaleup gaps.

However, whilst it is right that we reflect positively on the past year and decade, it is also important to recognise that ten years on, whilst progress has been made, many of the same fundamental challenges remain. Some of

the immediate Post-COVID and inflationary pressures may have reduced, but access to talent, access to capital, access to markets and infrastructure continue to remain consistent themes in scaleups' top challenges. Our largest ever ScaleUp CEO survey of 800 leaders in 2024 is clear on their priorities to see more R&D and regional funding access; easier more joined up pathways to procurement, collaboration. Additionally they seek export opportunities and tailored growth support, a clear industrial strategy with a stable tax regime, and proactive account management.

Ongoing challenges and clear needs are evident – alongside fragile scaleup confidence and stubborn regional disparities. It is critical in this next decade we double down to solve the barriers to scaling with proven, impactful solutions, shared learnings, better cross-referrals and increased connectivity.

To drive that connectivity and shared learning, the ScaleUp Institute, in 2024, has increased its regional activity and launched with the London Stock Exchange, and its wider partners, Scale Up Britain. This is an initiative, working with local communities, designed to increase knowledge on funding options; public sector and University growth programmes; capital markets developments such as PISCES; and connect scaling business to peers, investors, and talent. In 2024 over 1200 individuals have participated across Scotland; Yorkshire; North East; North West; South West and the Midlands. Wales, Liverpool and Northern Ireland are already planned in the first half of 2025.

Looking ahead, the ScaleUp Institute will continue to prioritise practical steps to solve scaling needs. Specifically, we need to continue to leverage and build on what works to create

long term sustainable interventions. This includes: advancing efforts to develop clusters and hubs; progressing account management, R&D and procurement enablers; segmenting even further our scaleup base. We need to tailor solutions to every level of growth including at mid market level.

As we all continue this journey together, I want to pay a particular tribute to the dedicated and talented people (past and present) of the Scale Up Institute. I also want to recognise the partners, ambassadors and entrepreneurs that had the foresight to establish an entity that seeks to collaborate with all and impart insights for all. Not only has the ScaleUp Institute had impact in the UK but its learnings and insights have been adopted internationally in countries from China to Singapore and from Georgia to the Nordics.

Looking to 2025, our innovative and ambitious scaleups will be even more crucial in helping the UK economy grow, delivering jobs and opportunities up and down the country to meet a range of domestic and global challenges.

Closing the UK's scaleup gap was never going to be a sprint but we are firmly on track to progressing our scaleup mission. We will drive faster and to 'higher heights' if we work ever more collaboratively to scale together and create more businesses that Start, Scale and Stay in the UK!



CEO

FOREWORD



IRENE GRAHAM OBE CEO, SCALEUP INSTITUTE

It is hard to believe that it is ten years on since the original *ScaleUp Report* which the ScaleUp Institute was born out of by the private sector.

The ScaleUp Report sought to understand why, according to the OECD, the UK was 3rd in the world at startups but 13th at scaling up. It assembled a comprehensive body of evidence that demonstrated how important scaleup businesses are to the success and long-term health of the UK economy.

Since then the ScaleUp Institute has committed to removing the barriers to scale in the UK and ensuring scaleups are recognised as a distinctive segment of our UK business economy.

We have focussed on fostering the knowledge, understanding and awareness of scaling businesses across the public, private and education sectors.

We have sought to ensure the growth of scaleups through targeted interventions in the private and public sector, based on robust research, evidence and sharing of insights and learnings. This has included running dedicated education courses on *Driving Economic Development through ScaleUp Ecosystems* across the country to enable local areas to come together to evolve solutions for the specific needs of their local scaleup and scaling firms.

THE SCALEUP LANDSCAPE : A DECADE OF SCALEUP RESILIENCE AND GROWTH

This year's tenth annual survey of scaleups and analysis of the broader ecosystem gives us a moment to reflect on the progress since 2014.

Much has happened along the way: an exit from Europe; a global pandemic and shifting global geopolitics with multi Government changes.

However, despite these challenges progress has been made:

- new initiatives and new policies have emerged in the private and public sector to address scaling challenges, including, the new Government giving a level of permanency to a National Economic Development Bank through the British Business Bank and creating a National Wealth Fund, and Innovate UK evolving its ScaleUp Programme.
- the public and private sector stepping up their focus on scaleups including through establishment of high growth relationship teams focussed on scaleups, and dedicated hubs and scaleup leadership programmes such as Techscalers; ScaleSpace; Barclays Eagle Labs, Innovate UK's ScaleUp programme.
- local regions and devolved nations, through our direct engagement alongside Driving Economic Development Courses, have evolved scaleup solutions, such as ScaleUp North East; ScaleSpace; ScaleUp Scotland, Ascend, Liverpool John Moore University ScaleUp MBA
- there are more finance solutions emerging from IP lending; venture debt; University and Local Government Pension spin out fund collaborations such as in Northern Gritstone, the South West and Scotland, and Mansion House signatories beginning to evolve their scaleup solutions; to UKEF mobilising its General Export Facility; and the new Government confirming its commitment to listings; regulatory and pension reforms; backing the Capital Markets Industry Taskforce and PISCES (Private Intermittent Securities and Capital Exchange System) - working with the London Stock Exchange.

UK scaleups have also remained resilient, ambitious and growth-oriented through the decade.

Today, bouncing back from the post pandemic slowdown, there are 34,180 scaleups in the UK – up by 27% from 2013 - and there are a further 16,450 in pipeline, spread across the country in all sectors. We have seen a resurgence of scaleups in Accommodation and Food, and particular growth in those operating in Wholesale & Retail; Professional, Scientific & Tech. sectors.

More scaleups are achieving significant size, with 10,895 companies included in the 2024 visible Scaleup Index having crossed the £10.2 million turnover and/or £5.1 million asset threshold. This represents a 183% increase from 2017. Among these scaleups, 330 are listed on AIM, 79 are Unicorns and 771 are female founded, up 5 per cent from 2023, with the Invest in Women taskforce focused on how we can propel more forward.

Scaleups remain a key to future UK prosperity - now representing 55% of UK SME output at £1.45 trillion despite only accounting for 0.6% of the business population. A contribution that climbs even further, when adding in the scaling pipeline, to a level of 69% of UK SME output at £1.81

trillion despite only accounting for 0.9% of the business population when combined.

And despite the domestic and global challenges, they remain optimistic about their growth outlook, with 9 in 10 expecting to grow next year, and a further 1 in 4 expecting this growth to be above 50%.

In absolute numbers, the UK has climbed up in global scaleup rankings reflecting the impact of a decade of focused support, strong private-sector partnerships, and government policy aimed at enabling growth.

While this is encouraging movement forward there is still work to be done.

WE CANNOT REST ON

OUR LAURELS

Other countries are Doubling Down on scaleups taking learnings from the UK and ScaleUp Institute insights which they adopt at pace.

2024 also shows a significant slow down in scaleup investment, and deal velocity.

Whilst the ongoing contribution of Development Banks and Innovate UK to the scaling economy are vital and remain well evidenced in the Index - international money still remains a key enabler of UK scaling companies through the growth cycles.

As the scaleup landscape continues to evolve, the UK's commitment to enabling scaleups must remain agile and forward-looking to ensure we can truly build large scale consequential businesses that start, scale and stay here.

Just as much as ever, scaleups are pivotal to the UK's competitiveness, and ensuring their continued success is essential to the country's future economic strategy.

In 2014 the ScaleUp Report identified 5 key barriers to scale in access to talent; markets, finance, infrastructure and leadership and these challenges, despite progress, remain as valid today as then, as evidenced in the sentiments of our 2024 scaleup leaders sentiments outlined below.

They remain central to the ScaleUp Institute's mission to address.

At present our connectivity with scaleups is not sufficiently proactive or consistent. We still need to organise and collaborate much better and take lessons from our international counterparts, including in fostering account management and high growth teams. We can use data to far more effect – pinpointing scaling firms and 'fast tracking' relevant resources, as well as through Open Data Access and Sandboxes that provide them with tools to enable their scaleup pathway.

In the challenging economic environment that we face,



it is essential that every lever is pulled to support companies to scale and we will continue to work with the Government, private and education ecosystem at local, regional, national and international levels to achieve this.

SCALEUP CEO HORIZON

This year's survey of UK scaleup leaders was the largest ever conducted by the ScaleUp Institute. .

Taking insights from 852 scaleup CEOs from across all sectors collectively generating £5.75 billion, employing a combined workforce of over 160,000. These businesses span nearly every sector and region of the UK, giving us a comprehensive picture of the challenges and opportunities they face.

These scaleup leaders are diverse, highly innovative, international, productive, and with a strong social focus. 9 in 10 have engaged in some form of innovation activity over the last three years, 5 in 10 already export and 7 in 10 are looking to do more next year with a clear focus on global expansion. More than 50% say they are either a social business, operate in the green economy or are ESG compliant. They invest heavily in research and development with 72% saying they will use the money they raise for R&D, with AI seen as a significant opportunity by all of them.

Not unexpectedly, scaleup CEOs voiced their critical concerns about macroeconomic factors impacting their growth; with inflation their most critical concern on this front, and again in 2024 their belief that the UK is a good place to scale a business is dampened, with 6 in ten scaleup CEOs continuing to say it is harder to grow a business in the UK now than in the past.

Yet despite all of these concerns and headwinds, the overwhelming majority 9 in 10 still expect to grow in 2025: with one in four expecting to grow more than 50%.

However, stubborn consistent barriers to scaling remain, with - for the fourth consecutive year - access to markets continuing as the key challenge for our scaleups (62%), followed by talent and leadership (54%); finance (47%); then infrastructure (28%) and for the first time, tax (28%) coming to the fore clearly reflecting the uncertainties on direction of travel, though this should now settle post the Budget announcements. This means that on a longitudinal basis, apart from tax, these have been the consistent top issues for the past 10 years. Whilst policy measures are moving in the right direction we still need to 'cut through' and take concerted efforts to remove them.

They are also clear on the priorities they have heading into 2025 and how the public and private sector can help. Scaleup CEOs strongly support the Government's

focus on delivering, as immediate priorities, tax certainty, a National Wealth Fund and expansion of the British Business Bank to address funding needs and regional access to growth capital. They view adoption of an Industrial Strategy and commitment and access to R&D Funding positively, and are keen to see the opportunity that the Small Business Strategy brings, as an ability to revise business support to improve access to local tailored and dedicated scaleup resources, including those support to international expansion. They agree with the Government's focus on these as key priorities to address in this coming year. To help achieve their potential, leaders emphasise the need for consistency and commitment to local and national growth initiatives and tax incentives.

They regard local hubs and enterprise agencies as key facilitators for accessing resources from both the public and private sectors. Access to research and development, as well as the surrounding infrastructure, remains essential, and the scaleup CEOs express a need for easier access to these resources. Furthermore, they seek enhanced connectivity with universities, advisors, investors, and local resources. They are clear that enterprise agencies and growth hubs have value and majority want to be known and relationship managed: 8 in 10 up from 2023, and the majority believe it would be helpful to be kitemarked as a scaleup and want data that they supply to the Government to be used to identify them to fast-track them through to appropriate public and private sector resources.

Scaleup CEOs also want more tailored support that offers guidance on funding options, investor introductions, and better connections to R&D and talent resources available at universities and business schools.

Nurturing and retaining these innovative, export-led companies within communities and enabling their scaleup development is vital in the current economic context. These businesses are central to our local communities, future job opportunities and the prosperity of regions and nations across the UK.

Regarding **Market Access**, differing markets present unique challenges and opportunities that require more targeted support. B2B scaleups, who want to double their opportunities with corporates and government, encounter complex processes and difficulties in accessing key decision-makers and contract opportunities. In contrast, B2C scaleups require assistance in enhancing brand awareness, choosing the right marketing channels, and understanding and influencing their target audience. Both private and public sectors can take practical steps to address these issues, such as organising more "meet the buyer" events, appointing dedicated scaleup procurement managers, and increasing funding, including corporate venturing, for scaling firms.

International expansion is a significant factor of scaleup success; and the ScaleUp Institute's work evidences exporting as a key predictor of scaleup potential. 7 in 10 scaleups remain focused on global expansion in 2024, to markets such as the Middle East, Australasia, and other parts of Europe outside the EU. We need to improve our support for their international aspirations by providing better introductions to overseas buyers, tailored scaleup trade missions, market information, alongside dedicated scaleup points of contact, and 'scaleup desks' overseas to ease their engagement in new markets. In this regard, the pilot programme of dedicated export account managers soon to roll out in the North, based on ScaleUp Institute insights, is welcomed.

Talent recruitment and retention continues to be one of the foremost challenges highlighted by scaleup CEOs. Companies are actively hiring talent across the UK and internationally, employing various measures to build and retain their talent base, including offering apprenticeships and returnerships. 5 in 10 offer opportunities to young people. They want more employee encounters and better careers advice with businesses like theirs, including enhanced funding for apprenticeships/work placements. and are supportive of the Growth and Skills levy review and what is needed from it. There is a critical need for sales and business development, marketing and brand expertise, particularly in their leadership teams. In their future hires they are predominantly seeking people with resilience and flexibility alongside excellent capabilities in people management, collaboration and critical thinking. They believe hybrid working is here to stay and are focused on team development as well as recognising their need to evolve their talent and board plans; 6 in 10 want more help in accessing Non-Executive Director and fractional executives, and 4 in 10 help in accessing peer networks.

As high adopters of new technology – not surprisingly, when we assess some of the key roles they are now seeking to fill – a good range of their requirements are in digital, cyber and engineering skill sets and they want to see in the upcoming education reforms a focus on skills for the workplace, including AI, coding, financial modelling, statistics and investment training, such as that undertaken in the US. In terms of future skills, they are looking for the ability to work with / adapt to new technology, people management and active learning.

Of course, it is also critical to be able to attract the very best international talent to want to work with innovative UK companies and our scaling CEOs are clear how the visa system can be improved. . The Scale Up Visa has an important role to play here, and we were pleased to see this introduced. However, awareness of the Scaleup Visa remains limited among the majority of these companies and we need to make sure it offers the fast track it was originally intended to do, an area we are exploring further with the Home Office.

Turning **Finance and Growth Capital**, scaleups remain

much heavier users of finance – across its multitude of forms – than their SME counterparts with 8 in 10 using it. Of those utilising finance 54% already using equity finance or plan to use it. From our 2024 ScaleUp Index, we can also see that BGF holds its position as the most active investor in our scaleup cohort (2013-2022) with the British Business Bank's role in the ecosystem coming further to the fore in 2024.

However, 7 in 10 of our scaleups remain of the view that they do not have sufficient capital to meet their current growth trajectory, 6 in 10 still perceiving that much of the funding resides in London and the South-East.

Whilst the ongoing contribution of Development Banks and Innovate UK to the scaling economy are vital – and in 2024 47% of European growth market capital has been raised on AIM – international money still remains a key enabler of UK scaling companies through the growth cycles. And in every stage of the finance continuum the UK still needs to address regional and sector disparities and knowledge asymmetries.

In 2024, more positively than last year, 6 in 10 ScaleUp CEOs believe new funding initiatives will reach them, 4 in 10 remain sceptical, and 7 in 10 of our scaling CEOs do not believe they have the right funding for the growth aspirations, with 9 in 10 are still not yet aware of the significant capital markets changes taking place, reflecting both the need for continued knowledge transfer; and investment briefings which scaleup CEOs are clear are beneficial and valued. This reinforces the important role of the ScaleUp Britain initiative being undertaken with the London Stock Exchange and broader ScaleUp Institute partners, which we will be continuing in 2025.

POLICY

As we move into 2025, we need to accelerate progress on our 10 point plan for scaleup growth.

It is encouraging that the new Government has placed 'making the UK a **start up and scaleup** nation' at the core of its Growth Mission. Building on its Startup Scaleup review, which we took part in, it has already moved at pace on key long term recommendations made by the ScaleUp Institute, as highlighted above, in relation to:

- expanding **British Business Bank** programmes, giving it permanency with a more flexible mandate;
- creating a **British Growth Partnership** as an aggregator to attract and deploy institutional capital;
- establishing the **National Wealth Fund**.

These, combined with committing to R&D funding; pension reforms, PISCES (Private Intermittent Securities and Capital Exchange System) and placing VCT/ EIS and SEIS on a long term footing, represent significant milestones for the UK economy as we seek to build larger consequential scaleup companies, and build out our continuum of capital from early stage to IPO – to address



sectoral, diversity and regional disparities, alongside meeting infrastructure demands.

We now need to see these plans implemented quickly and embed, connect and reach scaling firms across the country in a seamless manner.

Particularly, if we are to mitigate further potential slowdown on investment flows, arising from broader tax changes, and drive liquidity into the market, as well as realise the fullest opportunities the Pension Reforms and Mansion House Compact bring.

Investment Zones and Catapults can play an important role in connecting and convening capital with scaleups in localities and should work with the British Business Bank, to allocate dedicated resources to foster such. More structured showcasing and referrals between investors should continue to be evolved.

Taking these initiatives forward we will also need to continue our efforts to improve the risk appetite and scaleup knowledge of institutional players, recognising international institutional money often comes in right at seed level. The BVCA Compact, Regulatory reforms, CMIT activities can all play their part in tackling this, alongside Venture Fellowship schemes, which we have recommended evolve and the ongoing role of UKRI/ Innovate UK. The Kent review needs full implementation and initiatives such as that in Scotland under Interface could be potential routes to further enhance investor connectivity and knowledge.

With momentum progressing on the Growth Capital and Funding side, in 2025 we must significantly move the dial on stubborn issues that have not shifted sufficiently yet as relates to:

- market access;
- data enablement;
- coordinated account management and high growth teams
- consistent local scaleup cluster growth with tailored scaleup programmes that recognise the different stages of scaleup growth

The Government's commitment to a modern Industrial Strategy and Small Business Strategy should foster these aims; providing an opportunity to: reform procurement practices, develop deeper sectoral scaleup solutions, and assess how public business support is better coordinated and tailored to scaling firms - through their life cycle - including at mid market level. As part of this consideration should be given to how we develop a UK Enterprise / England Enterprise Agency mirroring models in Ireland and Scotland.

These Strategy reviews, coupled with Skills England, give the further opportunity to realign the skills and education agenda to scaleup and future economy needs, which should also leverage learnings from Innovate UKs work on ICE skills.

We need to be thoughtful in the evolution of apprenticeships and find a way for level 7 to be maintained whilst bolstering entry levels. .

Specifically, on **Market Access**, as we have evidenced for some time, there remains much more we can do in corporate and government collaboration and procurement to truly carve out opportunities for scaling businesses, alongside fostering corporate venturing, and end to end export support.

- Government should have a more dedicated R&D Innovation procurement process, similar to international counterparts like the US with simpler and speedier access; through fast track; passporting; meet the buyer and sandbox options, supported by a National Audit Office and Public Accounts Committee with clear growth objectives.
- We should be prepared to commit longer and larger term funding in our grant processes as the US and other markets do, so that we can truly follow on and capitalise on innovations and take inventions to full commercialisation.
- We need to follow the customer - not simply 'projects' - and join up Government and private sector resources towards scaling businesses better through referral processes. The MOUs signed by the British Business Bank and Innovate UK should assist in this area and need to fully operationalise.
- Whilst the pilot account management / export services soon to launch in the North based on SUI insights are welcomed, and UKEF continues to evolve with further work underway to review how they become more engaged with scaling firms, there is more to be done to ensure this works for scaleups.

All of which is focused on how we use existing resources and the procurement lever to more effect than spend more.

Data Enablement: Since its inception the ScaleUp Institute has evidenced the need for better use of government data to support UK scaleups, emphasising how timely data access helps fast-growing companies find the right advice, secure investments, and build networks.

As a critical data hub, the UK Government should prioritise sharing data across departments and with local institutions to drive regional growth. The integration of *Government Digital Service*, and the *Central Digital and Data Office*. DSIT, including the AI incubator, alongside the Smart Data Council and the *Data (Use and Access) Bill*, should support this. Open Data should be our mantra.

This consolidation must translate into practical, cross-departmental actions that make key data - including HMRC data - accessible for growth. DSIT's collaboration with devolved regions will also be essential, providing a

model for best practices and facilitating local solutions.

The *Data (Use and Access) Bill*, introduced earlier this Autumn has potential to streamline data access. Real progress hinges on legislation that aligns with the government's economic objectives, placing government-owned data in service of scaleup growth. Short-term initiatives can also make a difference, like the *Data Enabled Change Accelerator (DECA)* project, which demonstrated the power of targeted, data-driven messaging in encouraging scaling businesses to engage with dedicated scaleup support resources. Ultimately, unlocking government data to support scaleups will reduce friction and connect these companies with essential resources.

Local Scaleup Cluster Growth: We need to ensure every Local Growth Plan has a plan for scaleups - such as that in the North East, Dundee and Liverpool - and local areas should continue to develop their local clusters, maps and hubs with scaleup resources, leveraging what works across the country.

The fact we now have a Council of Nations and Regions, alongside a collaborative Mayoral force means that cross-pollinating of good scaleup practice and initiatives should be easier and more consistent, building on ScaleUp Institute exemplars, such as the Grow London Mayoral programme which should be adopted by all. UK Government Settlements with cities and Combined Authorities should contain a clear scaleup allocation. In 2025 the SUI will continue its convening of local areas to share good practice and programme evolution.

There is a real opportunity for universities and business schools, as community anchors, to further engage with their scaling communities. The growing collaboration and establishment of University engaged funds, mirroring the leadership of Northern Gritstone, such as those now emerging in Scotland and the South West, is to be encouraged. This will aid our spin out to scaling phase and the latest data of the range of university scaleup spinouts is notable.

Universities should also coordinate with scaleups to align training with real-world job demands. ScaleUp Institute research shows that scaleups are willing to invest in training through partnerships with higher education, but clear, long-term strategies are essential to ensure that these investments align with business needs.

Planning reforms should support scaleup growth and the ongoing emergence of physical sectoral hubs.

As the scaleup ecosystem matures and a broader Comprehensive Spending Review is considered, fiscal constraints mean that the way we organise ourselves better, with ever greater collaboration between the public and private sector, will be fundamental.

IN SUMMARY

We must be focused on building upon programmes that are

already working, and implementing at pace the Reforms that are underway to meet the needs of scaleup businesses. This means grasping the 'moment in time' and fully delivering on initiatives to unlock UK patient capital for scaleups, procurement and export opportunities, and developing the right mechanisms for these to be deployed towards them. It also means developing a clear, proactive Relationship Management structures within Government, education and private sector players, at local and national level, to ensure a clear point of contact for these companies and to help curate the services that they will need as they grow.

As we lay out our policy imperatives for 2025, we must focus on maintaining the momentum:

- Leverage and build on what works to create, at scale, long term sustainable interventions, deployed at local level.
- Champion the case of our scaleups and growth sectors, aligning the right people and making available the best funding resources.
- Build clusters and hubs - at a local level - connecting our scaleup communities to the talent, finance and markets that they need to propel their growth.
- Build a robust continuum of finance and joined-up scaleup solutions across markets, talent and growth capital.
- Segment our business population, identifying scaleups at a local level and ensuring that programmes are tailored for their needs, building upon the distinction of 'start up', 'scaleup', and 'stay ahead', including following through the growth cycle and embracing the mid market scaleup level.
- Develop cluster maps, relationship management and high growth teams to support scaleup growth.

If we are to see ambitious companies growing across sectors, geographies and boundaries - and by doing so advance our international competitiveness - we must act collectively and champion the cause of our scaleups, engage with them to support their routes to markets, innovation and talent, and ensure all our resources are aligned to their needs and enable their scaling.

We need to double down on what is working; build upon those institutions and initiatives, including tax enablers, that have proven impact; accelerate what is in train; and embed national and regional 'structures' for the long term.

For our part the ScaleUp Institute remains committed to championing the case for scaleups, ensuring that the necessary resources, talent, and market access are within reach for these vital businesses. Working closely with all our partners, we will continue to provide the research evidence and policy analysis essential for effective evidence-based policymaking and delivering practical solutions, while playing our vital role as a convenor within a connected scaleup ecosystem to drive both economic and societal advancement across the UK so that we can scale stronger faster higher together.



2024 RECOMMENDATIONS

As the Government seeks to evolve its Industrial Strategy, Small Business Strategy and Trade Strategy and Education Reforms, consideration should be given to the following matters. The Private Sector should also adopt and lean in to these recommendations:

1 DATA

Use existing data to identify and support scaleup businesses at an early stage

Government Data - such as that held within HMRC - should be utilised to spot scaling businesses early and fast track them into the relevant Government and private sector support to drive UK economic growth. The Data (Use and Access) Bill should be utilised effectively to enable this alongside the integration of various data activities into DSIT, including the AI incubator, alongside the Smart Data Council. Open Data should be our mantra.

2 SEGMENTATION

Segmentation is key: recognising scaleups as a specific segment of the SME economy; making sure specific policies and initiatives are tailored to their needs through the Growth Journey

Scaleups have different needs from other small and medium-sized businesses, and this needs to be recognised in policies and support programmes at both national and local levels across the private and public sectors. This distinction should be consistent across the whole of Government, at both local and devolved levels as we evolve StartUp, ScaleUp, Stay Ahead policies. We can also segment within scaleup groups to ensure we are following through the growth cycle. This should be further assessed as part of the Small Business Strategy including at mid market level. As part of this consideration should be given to how we develop a UK / 'England' Enterprise Agency mirroring models in Ireland and Scotland.

3 RELATIONSHIP MANAGEMENT AND HIGH GROWTH TEAMS

Build effective Relationship Management High Growth Teams and deploy Local Scaleup Champions: making it easier for scaleups to access programmes and support

Proactive, Relationship management and high growth team structures, often also referenced as 'concierge' services, are widely used in the private sector to oversee their client base. As part of the upcoming Small Business Strategy, Government should seek to develop this to engage with the UKs high growth business population and help them to continue their growth, with frictionless access to Trade Missions; Procurement; R&D collaboration; Finance, and; Leadership development services. To make this type of structure effective, it must make efficient use of Government data, as noted in Recommendation 1.

4 HUBS AND CLUSTERS

Develop a strategy to encourage local hubs and clusters: a nexus bringing together the different elements which businesses require to grow. Every Local Growth Plan should include a plan for Scaleups. Settlements with cities and Combined Authorities should contain a clear scaleup allocation.

Effective hubs provide a focal point for the different elements scaleup businesses need curating access to investors, talent, mentors, peer networks, and helping to facilitate corporate engagement and procurement opportunities. The most successful hubs utilise a Relationship Management structure to aid this process. The Investment zones, freeports, Catapults, Growth Hubs and sectoral hubs around the country should evolve scaleup account managers and high growth services. Every Local Growth Plan should include a plan for Scaleups, and Settlements with cities and Combined Authorities should also contain a clear scaleup allocation.

5 EXPORT

Target greater export resources to scaleups

As part of the upcoming Small Business Strategy, and forthcoming Trade Strategy the Government needs to progress greater alignment and proportion of export focused resources toward scaleups. This should include building on the International Trade Advisor service by connecting it to emerging relationship management teams as piloting in the North. We recommend a 'ScaleUp Desk' is created in all overseas embassies/ innovations agencies to enable scaleups to access local market knowledge, and that Scaleup focused trade missions are rolled out to Investment Zones and key city regions, mirroring successful programmes already in place. UKEF should continue to evolve its engagement with scaling firms.

PUBLIC PROCUREMENT AND R&D

Simplify and increase scaleup access to public procurement and R&D collaboration

Government should have a more dedicated R&D Innovation procurement process, similar to international counterparts like the US. This should include simpler and speedier access through fast track; passporting; meet the buyer and sandbox options, supported by a National Audit Office and Public Accounts Committee with clear growth objectives. The Government should seek to commit longer and larger term funding in our grant processes as the US and other markets do, so that we can truly follow on and capitalise on innovations and take inventions to full commercialisation, including making better utilisation of 'Contracts for Innovation' and expanding Regulatory Sandboxes. These should all follow the customer - not simply 'projects' - and join up Government and private sector resources towards scaling businesses better through referral processes.

As part of this, the new Procurement Act should be implemented in a way that ensures the Public Sector increases its buying and strategic partnerships with scaling companies. Procurement champions within Government departments should be given clear objectives to increase buying and strategic partnership with scaleup companies, with clear KPIs and a carve out of budgets towards scaleup and R&D collaboration with them. Procurement opportunities should be connected to Government account management teams with a priority to connect scaleups to appropriate opportunities.

6 CORPORATE COLLABORATION

Improve the connection between scaleups and large corporates

Large companies should report on the level of collaboration and procurement they source from scaleup companies, and seek to learn from those that are exemplar collaborators; and consider further how they can engage more transparently with their scaleup supply chain, through peer to peer activity, and the creation of a 'Corporate Collaboration Charter'. Government and private sector should look at how to encourage stronger Corporate Venturing in the UK.

7 TALENT

Implement the Scaleup Visa effectively and ensure talent schemes align to scaleup needs, and strengthen connections between scaleups and educators.

Develop a more coherent strategy for utilising the ScaleUp Visa alongside Overseas Talent Hubs and trade missions and follow through on the commitment to reform and expand the Apprenticeship Levy to provide greater flexibility to accommodate the needs of scaleups as outlined overleaf. Further consideration should be made on retaining level 7 Apprenticeships whilst balancing lower entry levels. As Education Reform through Skills England takes shape: Entrepreneurship and more scaleup employer encounters should be provided via utilisation and expansion of existing platforms and impactful initiatives, such as the Careers Enterprise Company. Balance is needed between STEM and STEAM. The planned Education Reform should be fit for the modern era covering technical and practical skills such as investment by giving an understanding on equity / VC, similar to US counterparts. For digital skills a third party accreditation system, such as that used for music grades, should be rolled out for digital skills. As we consider how to help our most promising spinouts to scale and open up further University collaboration there should be a more balanced weighting of investment to KEF initiatives. All areas of the country should seek to replicate the Northern Gristone model of funds as we support start up to scaleup, with Scotland, and the South West already engaged in this activity

8 PEER TO PEER

Enhance scaleup opportunities to engage in peer-to-peer networks, NEDs, and high quality leadership programmes

The public, private and education sector should continue to work together to close the gap on provision of high-quality flexible scaleup leadership programmes, including mentoring, peer networks and matchmaking of non-executive directors who have scaled businesses before. Better connections should also continue to be made between national programmes and local ecosystem leaders.

9 GROWTH CAPITAL

Close the growth capital gap across the UK and increase knowledge in both scaleup and investment communities in every part of the country.

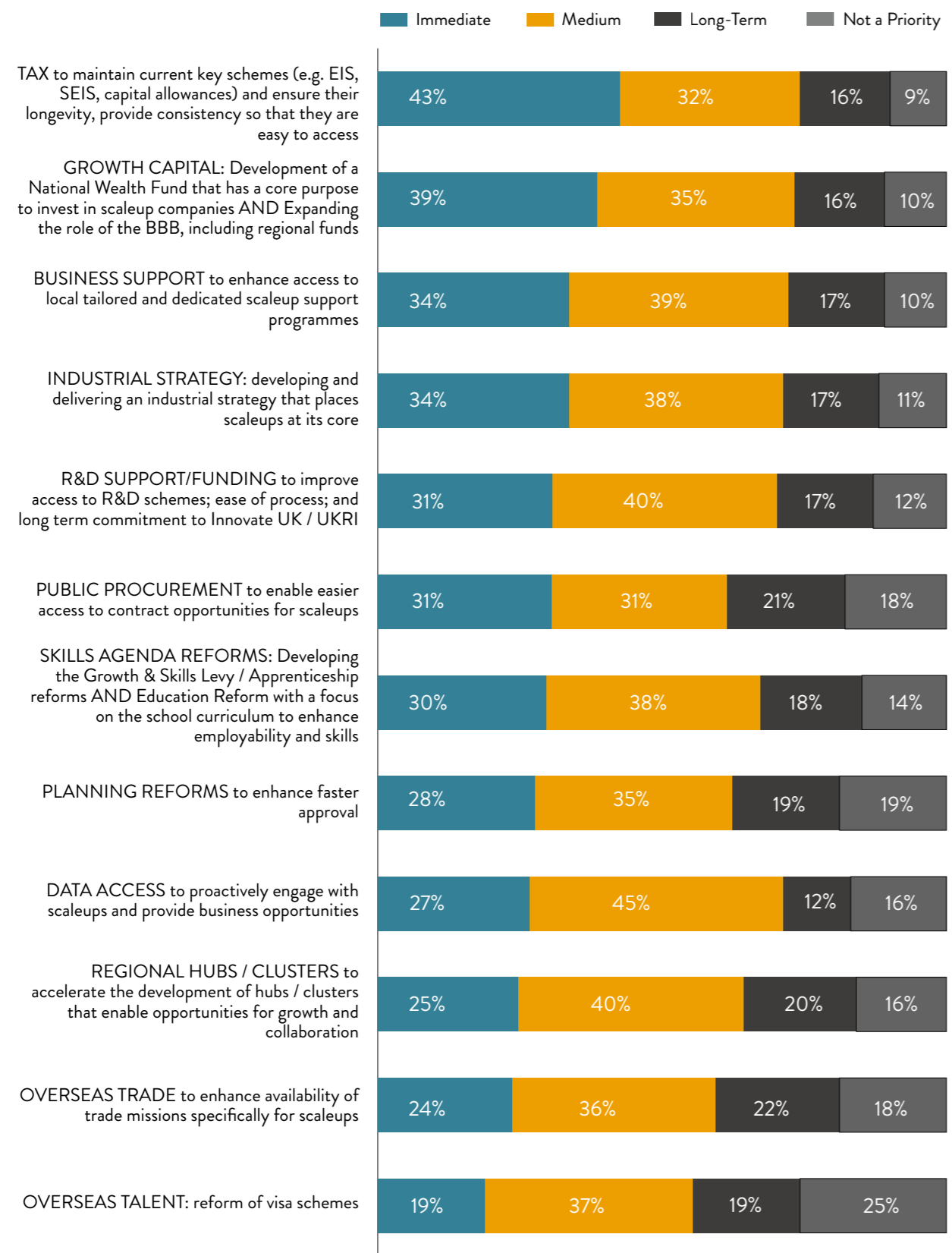
Initiatives underway to unlock institutional capital, including the National Wealth Fund, British Growth Partnership, PISCES and the Mansion House Compact, must continue at pace, with clear focus on how to ensure capital is deployed towards, and connected to, scaleup businesses. This should include stronger fostering of VC skills and knowledge of the UK growth economy across Institutions, and work to ensure diverse founders and areas across the whole of the UK are connected to investment resources.

Maintenance and expansion of British Business Bank schemes should continue beyond the next Spending Review period, including Regional Funds, Angel Programmes, Life Sciences Investment Programme and Future Fund: Breakthrough. The role and scale of Innovate UK and its direct deployment of innovation capital to our most innovative, early stage and scaling businesses should also be expanded and given permanence in the same manner as the British Business Bank. The UK business taxation system - notably EIS/SEIS/VCTs, Capital Allowances and R&D - should be consistent and maintained with better awareness raising and flexibility, including beyond the new 2035 horizon.

LIGHT GREEN: significant progress being made but much more to do to ensure the initiatives underway are at scale and reach every scaleup everywhere
HALF AND HALF: progress is being made but it is inconsistent and needs doubling down on to reach every locality across the public, private and education space
LIGHT BLUE: progress is being made, but much remains to be done to implement further and see concrete impact for scaleups



GOVERNMENT PRIORITIES



SCALEUP BRITAIN SUPPORTS LOCAL COMMUNITIES AND SCALING BUSINESSES ACROSS THE UK, ENABLING EASIER ACCESS TO FUNDING, MARKETS AND TALENT.



WHY SCALEUPS MATTER

Our ambition is that the UK becomes the most fertile ground for businesses, not only to start up but to scale up and grow.



SCALEUPS ARE PRODUCTIVE

Scaleups are more productive than their peers, generating an average of **£449k** turnover per employee.



SCALEUPS ARE ACROSS ALL SECTORS

Scaleups span the economy: the majority of them operate in sectors outside of technology.



SCALEUPS ARE DIVERSE

37% of all scaleups have at least one female director.



SCALEUPS ARE GOOD CORPORATE CITIZENS

4 in 10 scaleups say they are socially focused, operating in the green economy and/or meeting ESG goals.

5 in 10 offer opportunities to young people through internships / work experience / apprenticeships.



SCALEUPS ARE INNOVATIVE

9 in 10 scaleups have introduced or improved a product/service/process in the last three years, twice the rate of large firms, and they are significant adopters of new technologies.



SCALEUPS ARE INTERNATIONAL

5 in 10 scaleups are involved in international trade, in a range of markets across the world. **7 in 10** are looking to expand further internationally especially in emerging markets.



SCALEUPS CREATE HIGH QUALITY JOBS

Scaleups help create high-quality jobs with more satisfied employees – employing **3.2m** workers.



THEY PLAN TO GROW

9 out of 10 scaleups expect to grow again in the coming year. **1 in 4** expect to achieve **50%+** growth in either turnover or employment.

SCALEUPS IN THE UK



SCALEUPS

34,180



TURNOVER

29,120



EMPLOYMENT

11,485



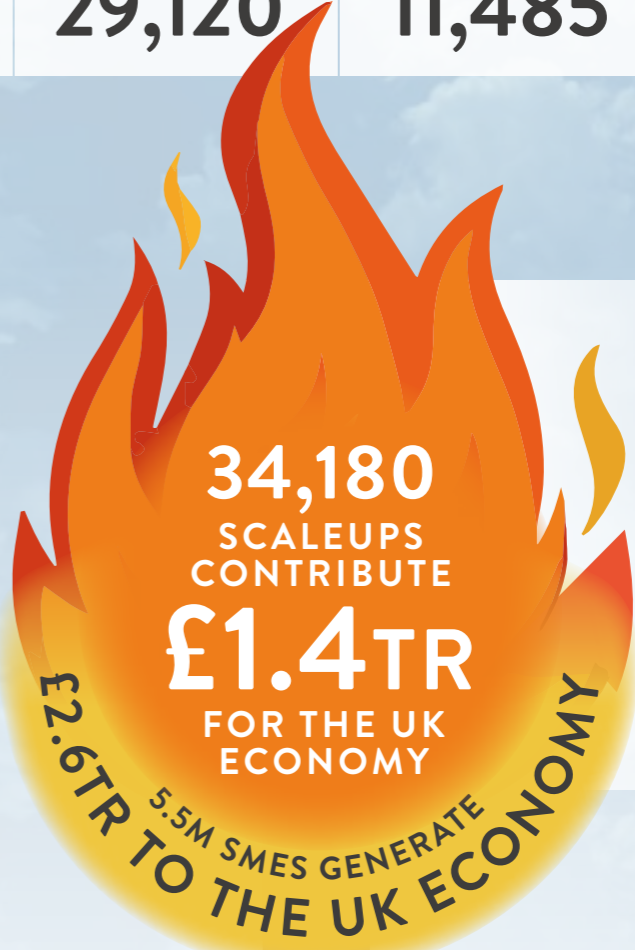
SCALING BOTH

6,425

SCALEUPS ...

EMPLOY **3.2m** PEOPLE

HAD AN AVERAGE TURNOVER PER EMPLOYEE OF **£449,317**



SCALEUPS CONTRIBUTION IS EQUIVALENT TO **55%** OF THE SMES TOTAL OUTPUT, DESPITE MAKING UP JUST **0.6%** OF THE UK BUSINESS POPULATION



THE SCALING PIPELINE



1.4m

PEOPLE EMPLOYED BY SCALING BUSINESSES IN 2022



16,450

THE TOTAL NUMBER OF BUSINESSES GROWING BETWEEN 15-19.99% IN 2022.



£359bn

THE TOTAL AMOUNT OF TURNOVER GENERATED BY SCALING BUSINESSES.



ONS SCALEUPS AND PIPELINE BY REGION

● TOTAL SCALEUPS
● TOTAL SCALING PIPELINE

WHILST THE SCALEUP ACTIVITY AND PIPELINE SPREADS ACROSS THE UK THERE REMAINS **REGIONAL DISPARITIES** WHICH WE CONTINUE TO NEED TO TACKLE.

THE UK HAS:

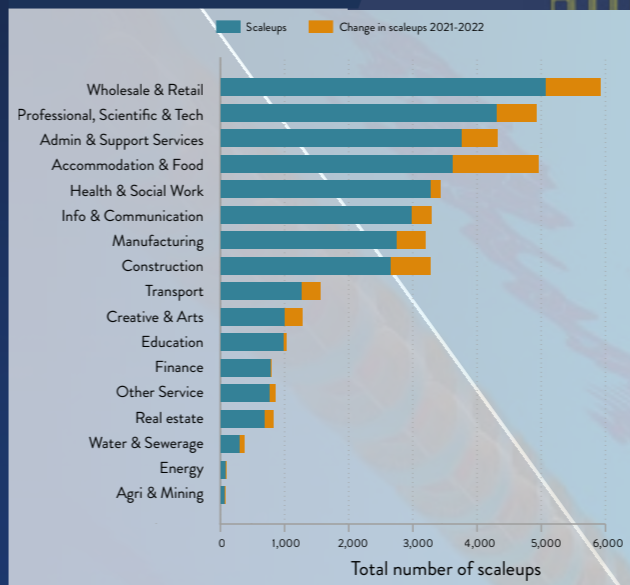
34,180
SCALEUPS

16,450
SCALING
PIPELINE
BUSINESSES

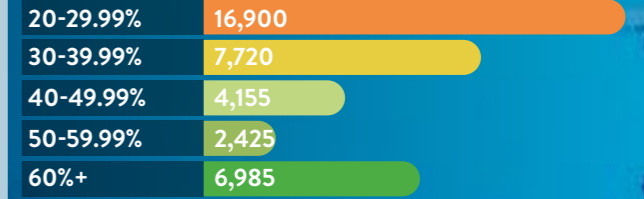


ONS GROWTH RATES REGIONAL AND SECTORAL

SCALEUPS BY SECTOR



SCALEUPS



SCALING PIPELINE



ONS IDBR 2018-2022

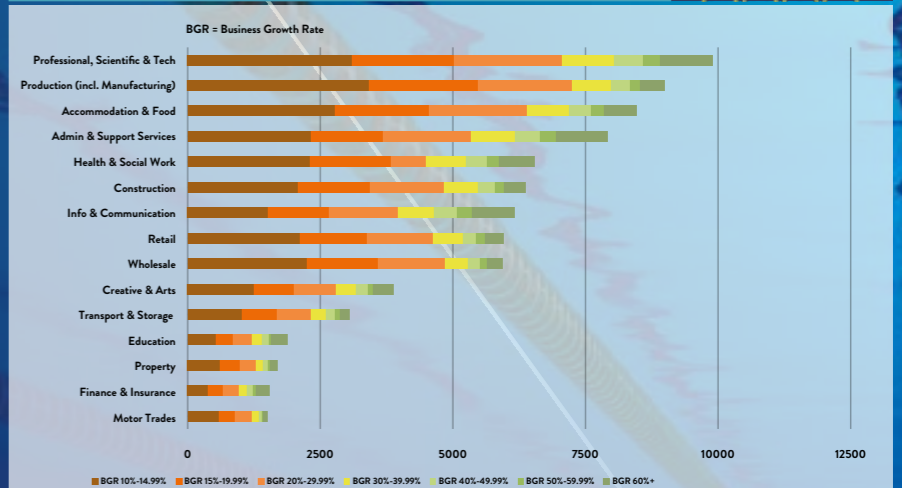
SCALEUP AND SCALING PIPELINE GROWTH SEGMENTS - BY SECTOR

When looking at growth rates of all business growing (turnover and/or employment) by more than 10% across sectors we can see the growth patterns in different sectors.

Production (incl. Manufacturing) has highest proportion (61%) of those growing between 10-19.99% whereas for Info and Comms, this proportion is only 43%. On the other hand, Info & Comms has the highest proportion of those growing by 60% or more.

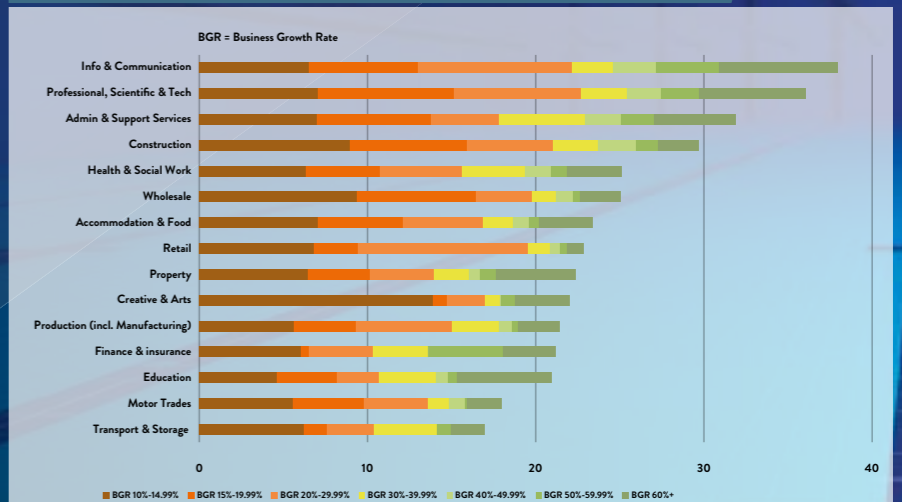
GROWTH SEGMENTS BY SECTOR

DISTRIBUTION OF SCALEUPS AND PIPELINE BUSINESS BY GROWTH SEGMENT



GROWTH SEGMENTS - SECTORAL CONTRIBUTION TO TURNOVER

CONTRIBUTION TO TURNOVER BY SCALEUPS AND PIPELINE BUSINESSES AS A PROPORTION OF UK BUSINESSES WITH MORE THAN 10 EMPLOYEES



SCALEUP DENSITY BY LOCAL AREA

WHO ARE OUR GOLD, SILVER AND BRONZE MEDALISTS AND UPCOMING STARS?

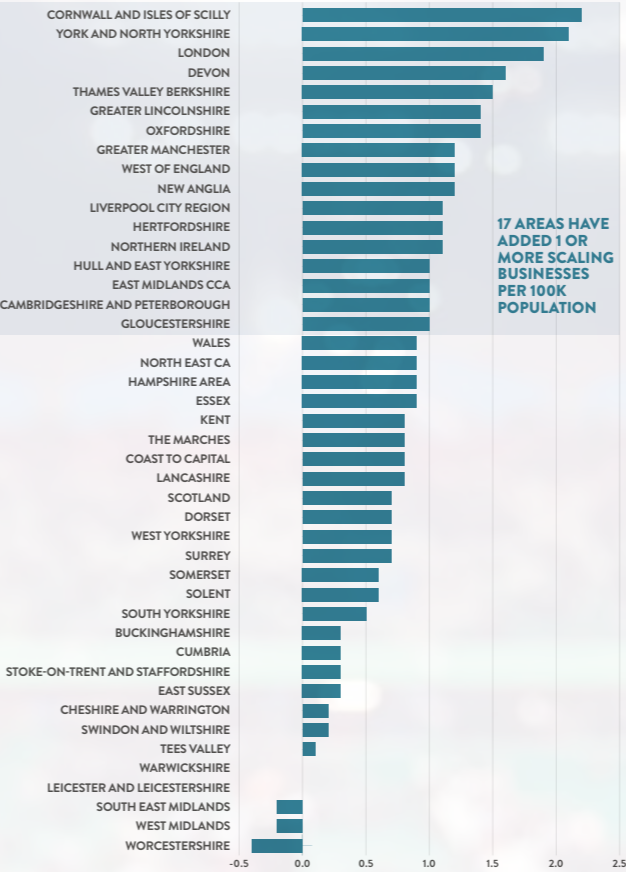
SCALEUP DENSITY DATA BY LOCAL AREA / DEVOLVED NATION

Local Area/Devolved Nation	9-Year Trend: Average growth in scaleup density	Scaleups per 100k population		No of Scaleups (2022)
	2013-2022 (since monitoring began)	2022	2021	
CORNWALL AND ISLES OF SCILLY	2.2	56.3	37.4	325
YORK AND NORTH YORKSHIRE CA	2.1	58.6	48.1	485
FORTH VALLEY	2	40	28	120
LONDON	1.9	81.3	71.6	7,210
EDINBURGH & SOUTH EAST	1.7	45	35	625
DEVON	1.6	49.1	38.6	605
THAMES VALLEY BERKSHIRE	1.5	68.8	57.9	660
OXFORDSHIRE	1.4	66.4	57.1	490
GREATER LINCOLNSHIRE	1.4	44.1	33.8	505
WEST OF ENGLAND CA	1.2	56	46.1	665
GREATER MANCHESTER CA	1.2	52.5	44.6	1,530
NEW ANGLIA	1.2	45.2	37.8	765
HERTFORDSHIRE	1.1	56	47.9	675
NORTHERN IRELAND	1.1	41.3	34.7	790
LIVERPOOL CITY REGION CA	1.1	41.1	34.2	645
SOUTH OF SCOTLAND	1.1	34	26	90
CAMBRIDGESHIRE AND PETERBOROUGH	1	59	48	535
GLOUCESTERSHIRE	1	55.2	48.7	360
HULL AND EAST YORKSHIRE	1	45.5	35.3	280
EAST MIDLANDS CCA	1	44.4	36.1	990
TAY CITIES	1	34	24	265
HAMPSHIRE AREA	0.9	62.2	50.6	485
ESSEX	0.9	45.5	37.3	855
NORTH EAST CA	0.9	39.6	34.3	790
WALES	0.9	38.3	33.3	1,200
LANCASHIRE	0.8	48.7	38.8	755
THE MARCHES	0.8	46.8	35.1	330
COAST TO CAPITAL	0.8	46.5	37.9	735
KENT	0.8	43.2	34.4	810
SURREY	0.7	62.9	47	505
DORSET	0.7	47.8	38.4	375
WEST YORKSHIRE CA	0.7	47.7	39.8	1,135
GLASGOW CITY	0.7	37	32	685
SOLENT	0.6	41.2	32.9	510
SOMERSET	0.6	39.9	34	230
SOUTH YORKSHIRE CA	0.5	37.7	32	525
AYRSHIRE	0.5	26	23	95
BUCKINGHAMSHIRE	0.3	55.3	49.5	310
STOKE-ON-TRENT AND STAFFORDSHIRE	0.3	42.7	33.9	490
EAST SUSSEX	0.3	39	28.3	215
CUMBRIA	0.3	38.8	32.9	195
CHESHIRE AND WARRINGTON	0.2	51.5	44.9	505
SWINDON AND WILTSHIRE	0.2	40.6	34.8	305
TEES VALLEY CA	0.1	34.1	28.8	235
WARWICKSHIRE	0	53.5	41.7	325
LEICESTER AND LEICESTERSHIRE	0	49.3	42.6	540
HIGHLANDS AND ISLANDS	-0.1	40	34	195
SOUTH EAST MIDLANDS	-0.2	43	37.3	775
WEST MIDLANDS CA	-0.2	37.7	31.7	1,115
WORCESTERSHIRE	-0.4	45.1	40.5	275
ABERDEEN CITY & SHIRE	-2.1	43	39	210

Source: ONS IDBR 2010-2022

SCALEUP GROWTH ACROSS LOCAL AREAS

AVERAGE CHANGE IN SCALEUP DENSITY

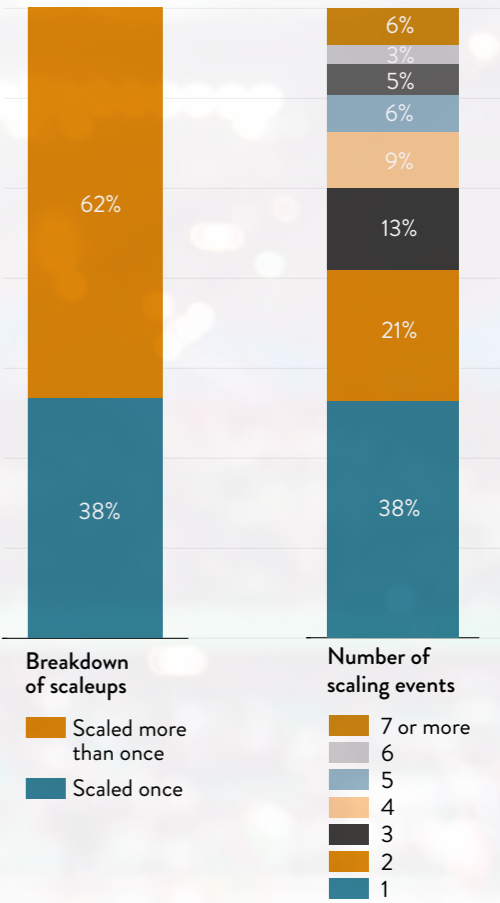


AVERAGE SCALEUP AND SCALING PIPELINE DENSITY CHANGE 2013-2023

ONS IDBR 2013-2022

SCALEUPS SCALE MULTIPLE TIMES

SCALEUPS KEEP SCALING
SCALEUPS ARE LIKELY TO SCALE REPEATEDLY, TWO THIRDS DO SO MORE THAN ONCE



Source: ScaleUp Institute analysis of Business Structure Database 2002-2022
Note: Total number of scaleup firms analysed is 211,998

DENSITY OF SCALEUPS

PER 100K POPULATION,
BY LOCAL AREA/DEVOLVED NATION

Scaleups per 100k population

- GREATER THAN 60
- 50-60
- 45-50
- 40-45
- Fewer than 40

AREAS WITH THE HIGHEST SCALUP DENSITY:

- LONDON
- THAMES VALLEY BERKSHIRE
- OXFORDSHIRE
- SURREY
- HAMPSHIRE AREA

DENSITY OF SCALING PIPELINE

PER 100K POPULATION,
BY LOCAL AREA/DEVOLVED NATION

Pipeline scaling businesses per 100k (15-19.99%)

- Greater than 30
- 25-30
- 20-25
- Fewer than 20

AREAS WITH THE HIGHEST SCALING PIPELINE DENSITY:

- HAMPSHIRE AREA
- YORK AND NORTH YORKSHIRE
- GLOUCESTERSHIRE
- THAMES VALLEY BERKSHIRE
- LONDON



INTERNATIONAL BENCHMARKING USING AI

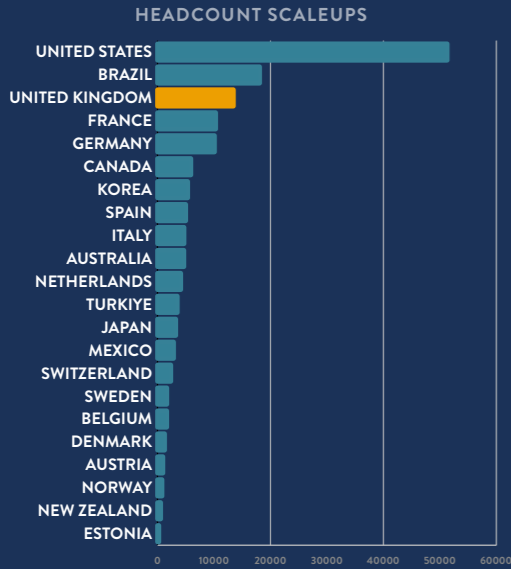
In collaboration with GlassAI, the ScaleUp Institute has conducted a benchmarking analysis to understand where the UK currently stands against its international counterparts in terms of absolute number of employment scaleups.¹

¹ China has been excluded from this analysis as it is difficult to assess the market there using these methods.

THIS REVEALS THAT:

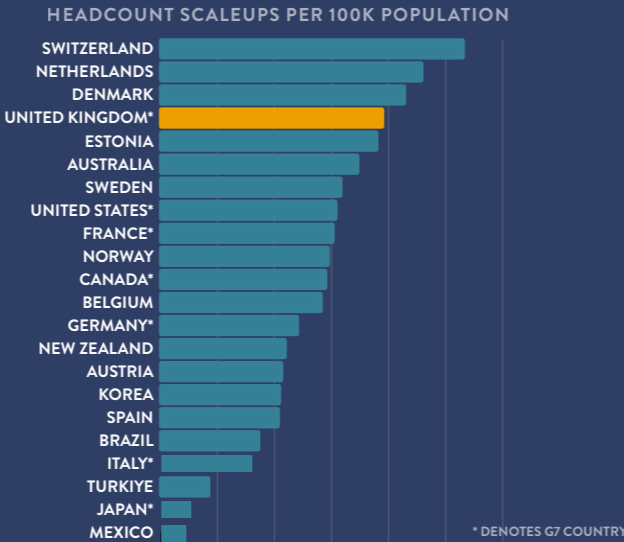
UK STANDING ON AI-IDENTIFIED EMPLOYMENT SCALEUPS

When compared with international peers, the UK, with 13,443 in absolute numbers of employment scaleups, is third behind the United States (51.3k) and Brazil (18.1k). While according to data compiled by the economic research platform, StartupBlink, the UK is 2nd for the absolute number of startups (with the US in first place).



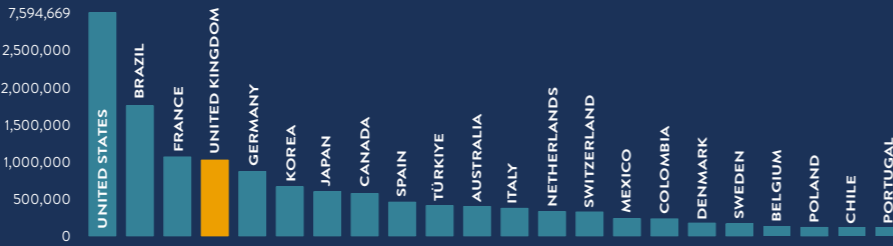
DENSITY OF SCALEUPS PER 100K POPULATION

When assessing employment scaleup density per 100k population for economies with at least 1m population, the UK ranks fourth behind smaller European nations. However, it has the greatest density of scaleups among the seven major industrial countries in the G7, significantly above the US and European peers.



JOBS CREATED BY SCALEUPS AROUND THE WORLD

In terms of the numbers of jobs created by scaleups, the UK is in fourth behind the US and Brazil but also France.



NEXT STEPS

While this analysis provides an improved understanding of the numbers and density of employment scaleups around the world it does not replicate the methodology for identifying growth used in the OECD's 2014 report which placed the UK at 13th in the world. The ScaleUp Institute is continuing to access and analyse new datasets to triangulate how far the UK's ecosystem has progressed over the last decade.

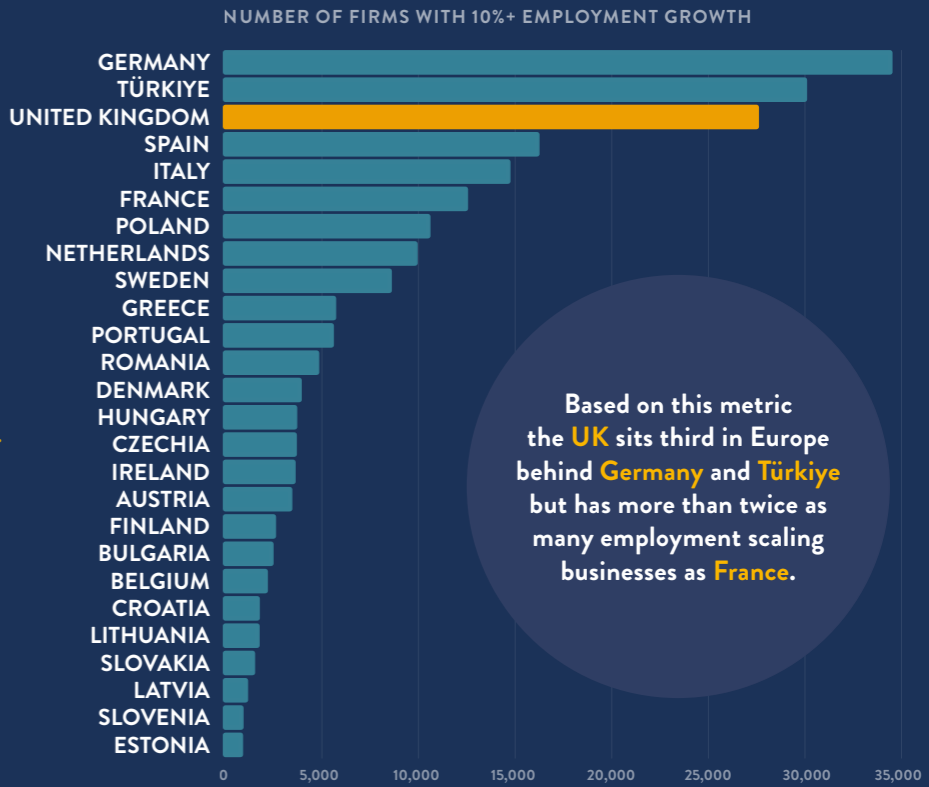
SCALEUP BENCHMARKING ANALYSIS IN COLLABORATION WITH



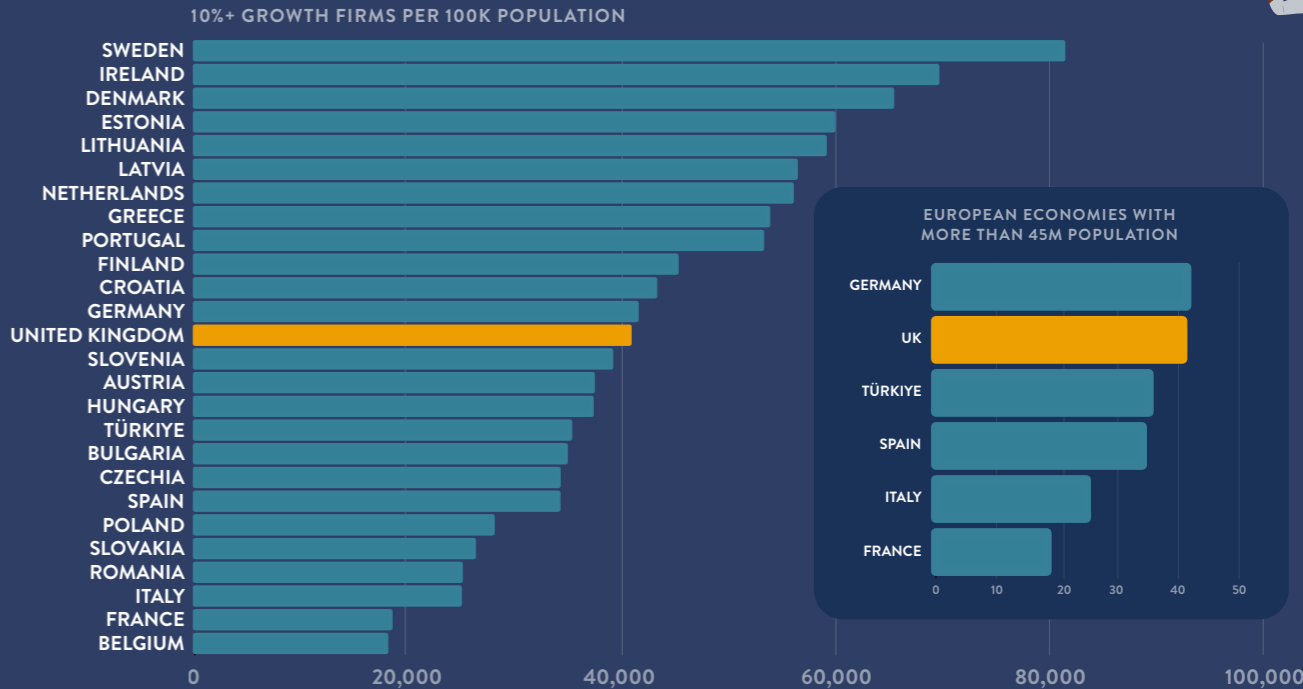
GLASS AI research based on OECD High-Growth Definition: All enterprises with average annualised growth greater than 20% per annum in employee headcount, over a three year period and with 10 or more employees at the beginning of the observation period.

ASSESSING THE GROWTH PIPELINE IN EUROPE

Analysis of new data from Eurostat shows how the UK stands against its European peers on firms with **employment growth of greater than 10% per annum**. This data captures the pipeline of scaling businesses alongside employment scaleups in each nation.



The picture is less clear when assessing the density of these scaling businesses per 100k population, with the UK 13th among European peers. However, the vast majority of these economies are significantly smaller with only 4 having a population of greater than 10m and only one, the Netherlands, with a GDP of more than US\$1trillion. Compared to countries with more than 45m population the UK is a close second, on par with Germany.



ANALYSIS BASED ON DATA FROM:

Eurostat definition of growth enterprises: All enterprises with average annualised growth greater than 10% per annum in employee headcount, over a three year period and with 10 or more employees at the beginning of the observation period.

ACCOUNT MANAGEMENT AND
CONCIERGE SERVICES -
LESSONS FROM OVERSEAS: ENTERPRISE IRELAND

SCALEUP
INSIGHTS

The account management approach used by Enterprise Ireland (EI) resembles a banking relationship, where each client has a dedicated development advisor, or account manager.

These advisors, managing portfolios of 30 to 40 clients, deeply understand their clients’ businesses, including their ambitions, strengths, and challenges. The role extends to identifying both financial and non-financial support, matching the needs of each client with EI’s wider resources - ranging from early-stage funding to leadership and competitiveness training, balance sheet support, and global market access initiatives.

Through their global markets team, EI facilitates clients’ access to international customers and partners, ensuring companies are ready for the market they target. This involves checking that the company has the capacity and commitment for market expansion. The account management function is segmented by sectors, enabling account managers to recognize industry-specific trends and challenges. This sector-based organisation connects Irish-based teams with their international counterparts, setting priorities and avoiding client overload by focusing on market-ready opportunities.

A core entry pathway to EI is through the high-potential startup (HPSU) program, where EI takes equity stakes in innovative startups, providing substantial support from the beginning of their journey. This pipeline is actively sourced through EI’s local network and partnerships with entities like the Local Enterprise Offices (LEOs), ensuring promising companies are noticed early. For startups that meet the criteria - typically less than five years old with international potential - EI offers an initial equity investment structured to foster rapid market entry and test viability affordably.

EI has a flexible strategy framework, governed by a three-to-five-year plan under the oversight of an independent board. Within this, EI sets strategic goals while retaining autonomy to pivot resources towards sectors or initiatives that show evolving importance, such as a recent focus on female founders.

In scaling support, EI works proactively, sourcing talent and building teams around companies. They prioritise leadership development programs, which have transformed CEOs’ perspectives and growth strategies. Moreover, account managers act as crucial filters, guiding companies to focus on realisable market opportunities rather than getting distracted by less feasible ventures.

Leveraging Ireland’s extensive overseas diaspora and the proximity to embassies, EI’s approach extends to nurturing relationships with potential clients and even government officials within target markets. Through these networks, EI identifies buyers’ needs and proactively matches Irish companies with the best solutions, often positioning EI as a trusted intermediary. This hands-on, relationship-based model differentiates EI’s support framework, with a growing emphasis on technology to monitor and refine support in real time, ensuring both government and private sector collaboration contribute to scalable, sustainable growth for Irish companies on the global stage.

COMMON ‘GROWING PAINS’ EXPERIENCED BY SCALE-UP COMPANIES

Phase	Number of employees	Key challenges
Finding product-market fit	10 to 50	<ul style="list-style-type: none">As companies expand their employees from 10 to 50, it becomes harder for everyone to be a generalist and necessary to recruit people from other companies or from universities.Leaders struggle with moving from ‘knowing everyone’ to having a limited number of people reporting to them.
Product-market fit	50 to 100	<ul style="list-style-type: none">As companies grow rapidly from 50 to 100 employees, they typically need to introduce formal processes and staff with managerial and administrative experience in implementing these. This can bring about a ‘culture clash’ with ‘veteran’ employees who have been used to more informal modes of working, and it can be uncomfortable for many who are unaccustomed to so much change.Companies will often have to re-locate premises at least once during this phase. New systems will have to be adopted and the company will have to learn to train people as it takes on greater numbers.
Product or geographic extension	100 to 500	<ul style="list-style-type: none">This phase often requires numerous changes of premises and locations to meet the requirements for new domestic and international markets. It can be unsettling for employees more accustomed to a stable business.The company will need to introduce new systems and experienced leaders who have worked in larger companies. Employees and advisors who have worked in a scale-up during this growth stage know what to do. For everyone else, this can be particularly difficult.
Product and geographic extension	500 to 2,000	<ul style="list-style-type: none">This phase often involves relocating several times and increased specialisation across geographies and product lines. Once a company has ‘product-market fit’, it needs to do one or both of these to get to the scale achieved in other countries.This is why helping companies with trade missions is so critical and is especially important to the UK because our market of 64 million consumers is smaller than others. UK scale-ups have to export more if they are to scale at the rate of similar companies in the US, for instance.



UNDERSTANDING MID-MARKET SCALEUPS

Mid-Market Scaleups are defined as enterprises with average annualised growth greater than 20% per annum in employment or turnover, over a three year period and with 10 employees at the beginning of the observation period and (1) employees between 50-250 OR (2) turnover between £10-£50m.

New analysis of data from ONS IDBR reveals that of the 34k scaleups in the UK, there are 7,915 scaleups with between 50-250 employees and 5,650 which have a turnover between £10m-50m.

SCALEUPS WITH 50-250 EMPLOYEES

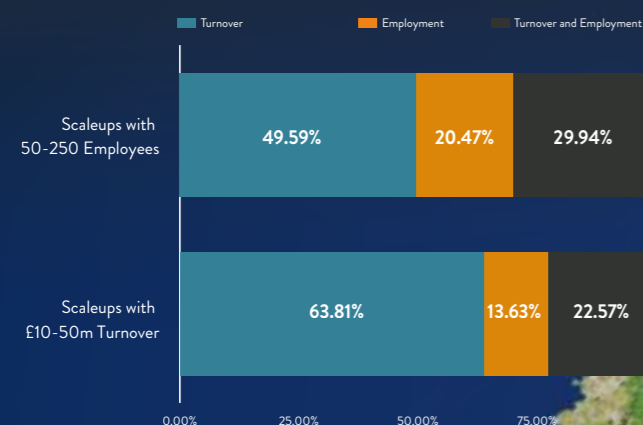


SCALEUPS WITH £10-50M TURNOVER



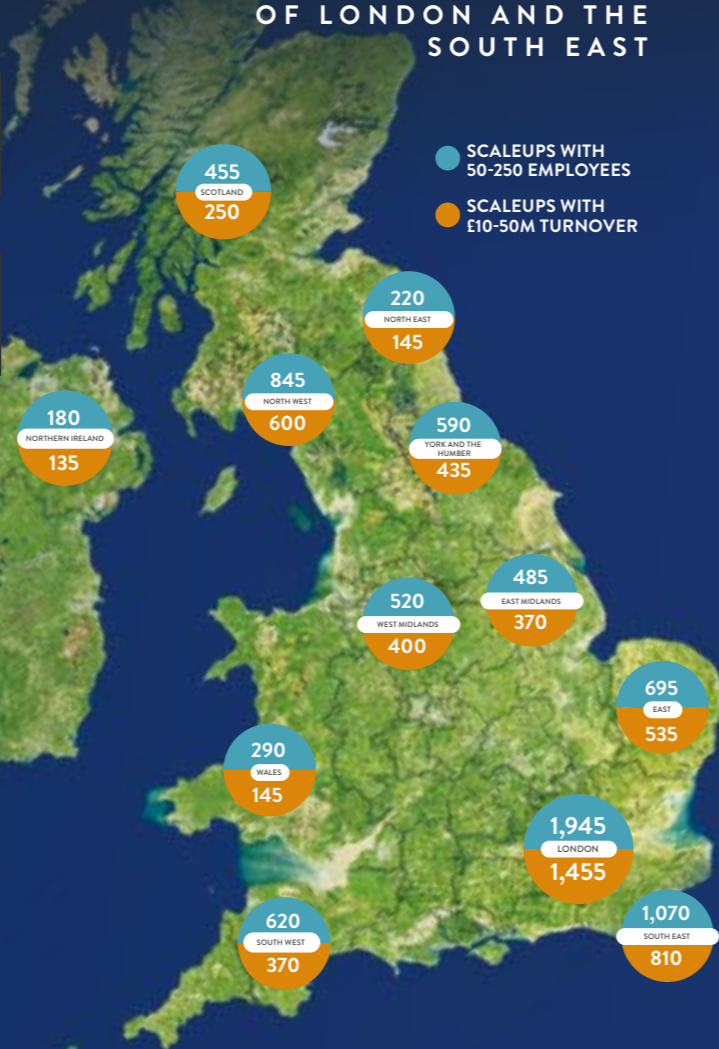
MID-MARKET SCALEUPS ARE MORE LIKELY THAN THEIR PEERS TO BE GROWING BY BOTH TURNOVER AND EMPLOYMENT AND THOSE WITH 50-250 EMPLOYEES ARE MUCH MORE LIKELY TO BE SCALING BY HEADCOUNT

THESE MID-MARKET SCALEUPS ARE FOUND ACROSS THE UK - 60% ARE BASED OUTSIDE OF LONDON AND THE SOUTH EAST



TOP SECTORS FOR MID-MARKET SCALEUPS

Despite being the top sector for mid-market scaleups with 50-250 employees, Health and Social Work scaleups are far less likely to have a turnover or between £10m-50m.



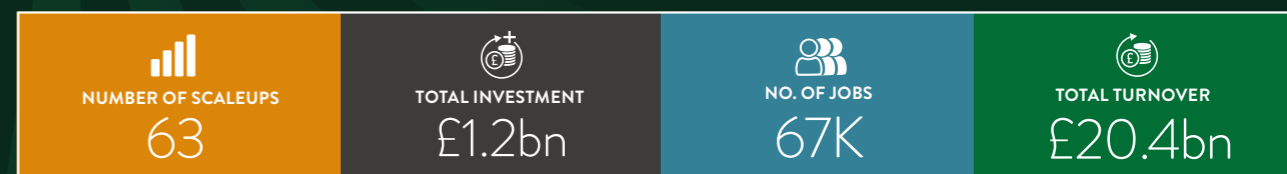
"The ScaleUp Institute has – in terms of its focus and consistency over ten years - consistently championed the agenda, created better data and deeper insights, and brought people together. And it has galvanised others to take action. It has become a focus for national government policy, for the devolved administrations and for the business support ecosystem across England."

RICHARD JEFFERY, NATIONAL DIRECTOR, GC BUSINESS

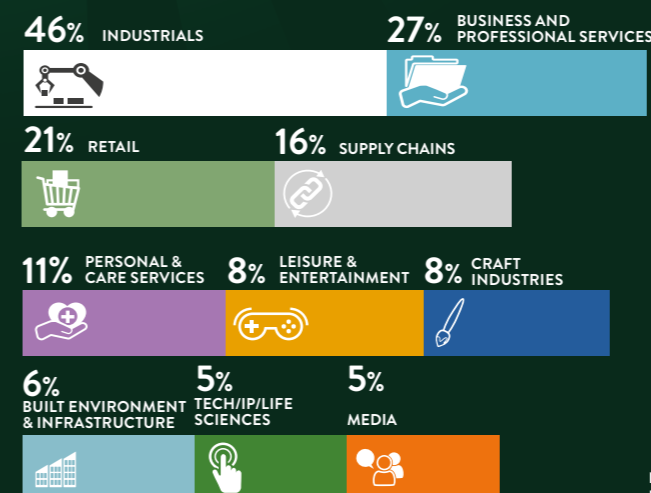


THE 2024 SCALEUP INSTITUTE FEMALE FOUNDED SUPER SCALEUPS

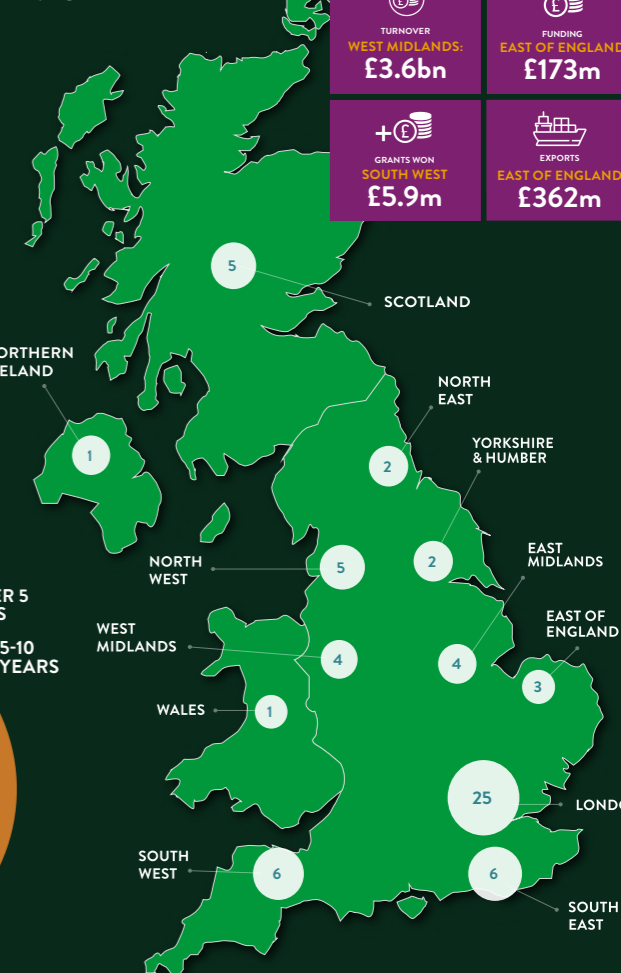
The Female-Founded Super ScaleUp Index puts a spotlight on the 63 female founded / cofounded visible scaling businesses, identified from Companies House data, who have broken through the £50 million turnover threshold and continue to grow, with many having global success.



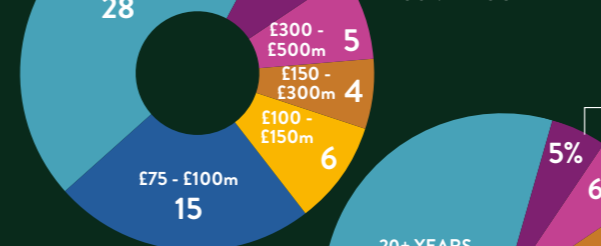
KEY SECTORS



FEMALE FOUNDED SUPER SCALEUPS CLUSTER MAP VISIBLE DATA

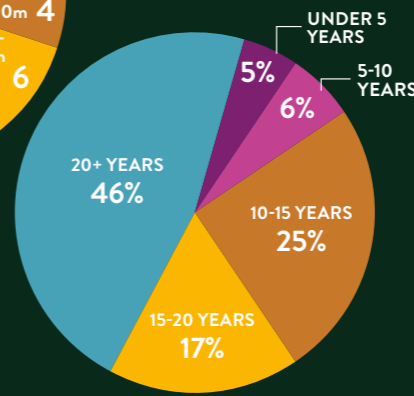


TURNOVER BREAKDOWN FOR £50M PLUS



BUSINESSES BY AGE

Almost a half of the 63 female founded super scaleups (46%) are operating for over 20 years and generate the 76% (£15.5bn) of the total £20bn turnover.



- Darktrace Starling Bank**
2 unicorns which are also Female founded super scaleups
- Female founded super scaleup underwent an IPO**
Darktrace (LSE, 2021)
- Academic Spinout**
Darktrace from the University of Cambridge

TOP FUNDERS BY NUMBER OF FUNDRAISINGS

3 funders backed by UK development banks, including British Business Bank are driving investment into scaling female founders.

INVESTOR	FUNDRAISINGS	INVESTOR	FUNDRAISINGS	INVESTOR	FUNDRAISINGS
CROWDCUBE	5	MOLTEN VENTURES	3	GOLDMAN SACHS	2
BGF	4	TENELEVEN VENTURES	3	GROWTH EQUITY	2
JTC GROUP	4	BALDERTON CAPITAL	2	INDEX VENTURES	2
KKR TECH GROWTH	4	BERINGEA	2	INSIGHT PARTNERS	2
SUMMIT PARTNERS	4	C VENTURES	2	INVOKE CAPITAL	2
CHRYSLIS	3	FIDELITY INVESTMENTS	2	MILLENNIUM MANAGEMENT	2
INVESTMENTS	3	GENERAL CATALYST PARTNERS	2		
HIGHLAND EUROPE	3				
JUPITER MERIAN	3				

"The whole point was to put scaleups at the forefront of the agenda and what the ScaleUp Institute has accomplished over the last 10 years is that scaleups are part of every single conversation and mentioned in every single agenda."

SAHAR HASHEMI OBE, CO-FOUNDER, BUY WOMEN BUILT

ONS REGIONAL CLUSTER BREAKDOWN

The figures below show the sectors with more than 3% proportion of scaleups in each region.

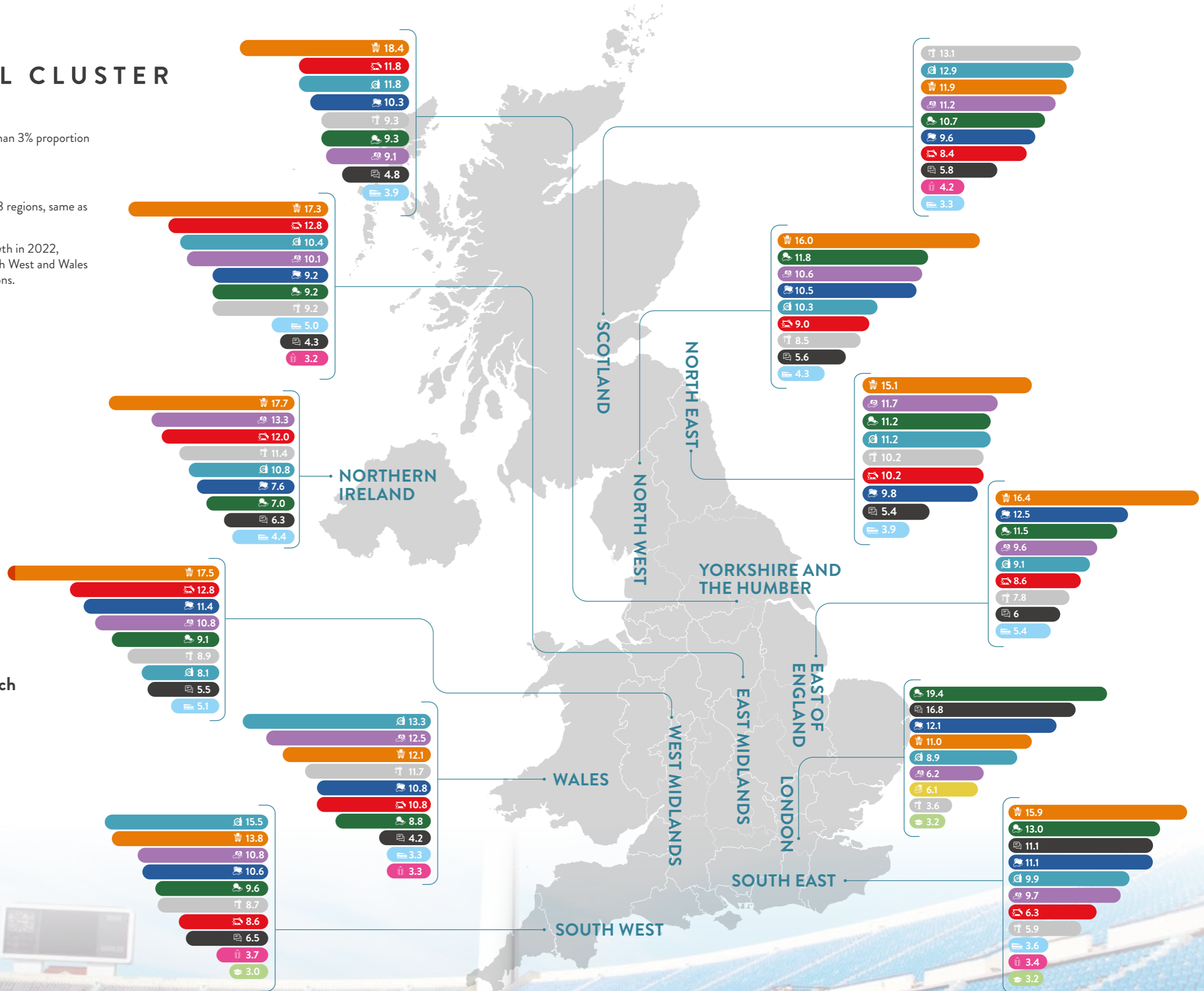
Top sectors

- **Wholesale & Retail** remained top sector in 8 regions, same as 2021.
- **Acomodation & Food** saw the highest growth in 2022, becoming the top sector in 2 regions - South West and Wales and one of the top 3 sectors in 4 more regions.

KEY

- Accommodation & Food
- Construction
- Admin & Support Services
- Creative & Arts
- Education
- Finance & Insurance
- Energy
- Health & Social Work
- Info & Communication
- Manufacturing
- Professional, Scientific & Tech
- Transport
- Wholesale & Retail
- Real Estate
- Other Service

Source: ONS IDBR 2010-2022



ONS CLUSTERS BREAKDOWN

WITH LARGEST PROPORTIONAL GROWTH

The figures below show the top 3 sectors with biggest proportional growth in scaleups in that sector.

Top sectors

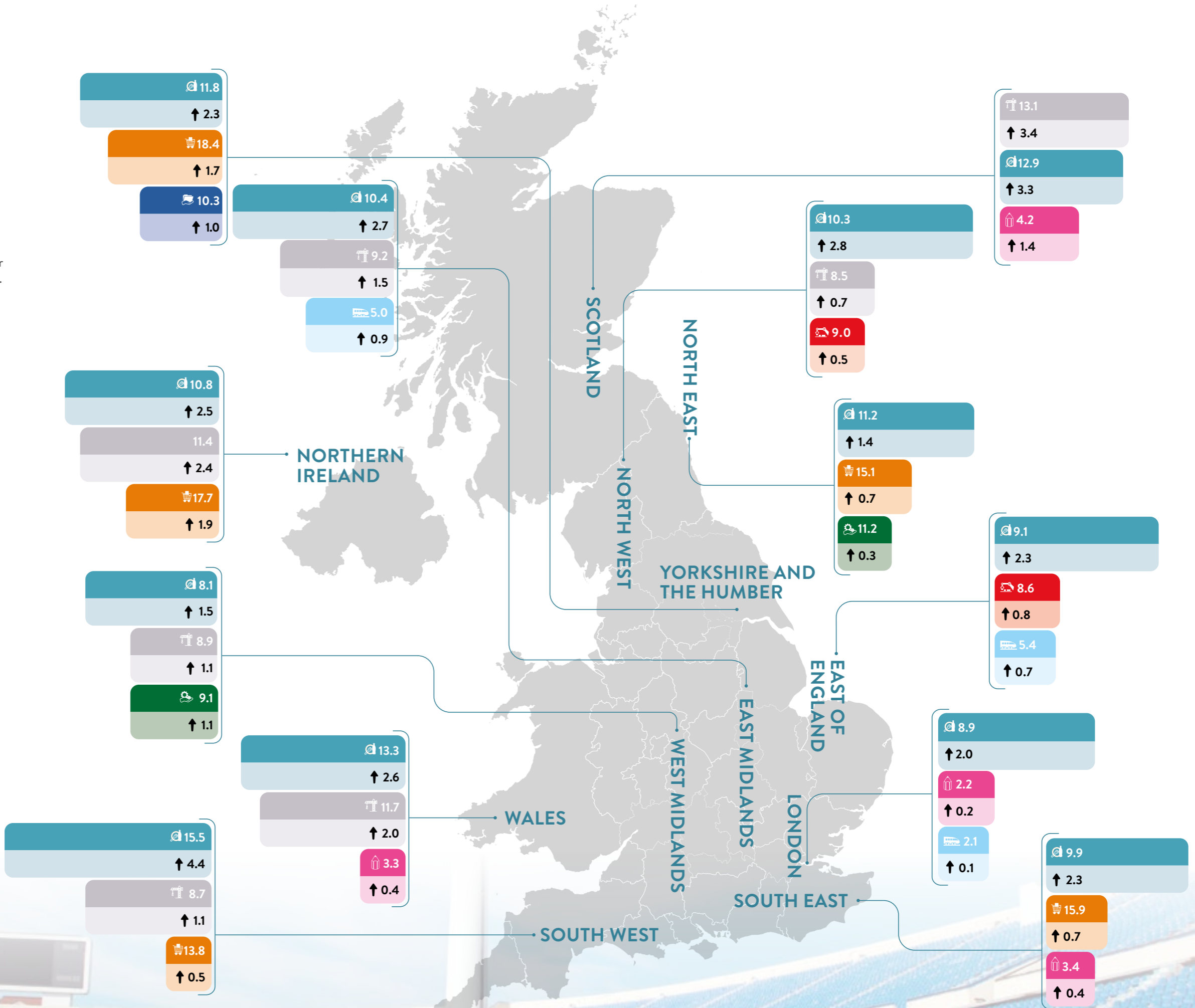
- **Acomodation & Food** appears as a top growth sector with significant proportional growth across all regions.
- **Construction** was one of the top 3 growth sectors in 7 out of 12 regions.

KEY

↔ Change in SU cluster proportion

- 🍽️ Accommodation & Food
- 🏗️ Construction
- 📁 Admin & Support Services
- 🎨 Creative & Arts
- 🎓 Education
- 💰 Finance & Insurance
- ⚡ Energy
- 👨‍⚕️ Health & Social Work
- 💬 Info & Communication
- 🏭 Manufacturing
- 🔬 Professional, Scientific & Tech
- 🚆 Transport
- 🛒 Wholesale & Retail
- 🏠 Real Estate
- 💬 Other Service

Source: ONS IDBR 2010-2022



MAPPING SECTORAL SCALEUP CLUSTERS

As part of Invest 2035: the UK’s modern industrial strategy the Government has identified 8 priority sectors: **Advanced Manufacturing, Clean Energy, Creative Industries, Defence, Digital and Technologies, Financial Services, Life Sciences, and Professional Services.** This new strategy seeks to drive long-term sustainable growth in sectors of the UK economy.

The ScaleUp Institute’s research on the drivers of local scaleup growth has shown that understanding and enabling sectoral clusters is a key driver, alongside access to talent and access to growth capital.

To deepen our ability to leverage and grow key scaling sectors SUI, in collaboration with The Data City, have undertaken analysis of scaleup clusters using a density-based clustering algorithm and Real Time Industry Classification (RTIC) to understand sectoral dynamics of scaling businesses.

These sectoral maps highlight the local clusters of scaleups across the UK operating in Advanced Manufacturing, Fintech, Lifesciences, Net Zero & Clean Tech, Tech & AI, Creative Industries, Agritech, Telecoms and Professional Services. And a new online tool enables further exploration of these scaleup clusters.

DRIVERS OF LOCAL GROWTH

8 FACTORS ASSESSED

3 FACTORS THAT MADE A DIFFERENCE

QUALITATIVE FACTORS

Peer networks

Local supply chains

NEDs

Training

R&D collaboration

Scaleup-graduate interaction

Collective ecosystem

Cooperation

Ambition an identity

ADVANCED MANUFACTURING

682 SCALEUPS	57,298 EMPLOYEES	£13.7bn TOTAL TURNOVER	£8.3bn INVESTMENT	£505.4m GRANTS RECEIVED	4.6% FEMALE FOUNDERS	61.5 AVE GROWTH RATE PER ANNUM
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SUPPORT FOR THE CLUSTER

Across the UK a range of support with sector specialism exists:

Universities, e.g. Cambridge's Institute for Manufacturing, Cranfield's Centre for Advanced Manufacturing and Warwick's Manufacturing Group.

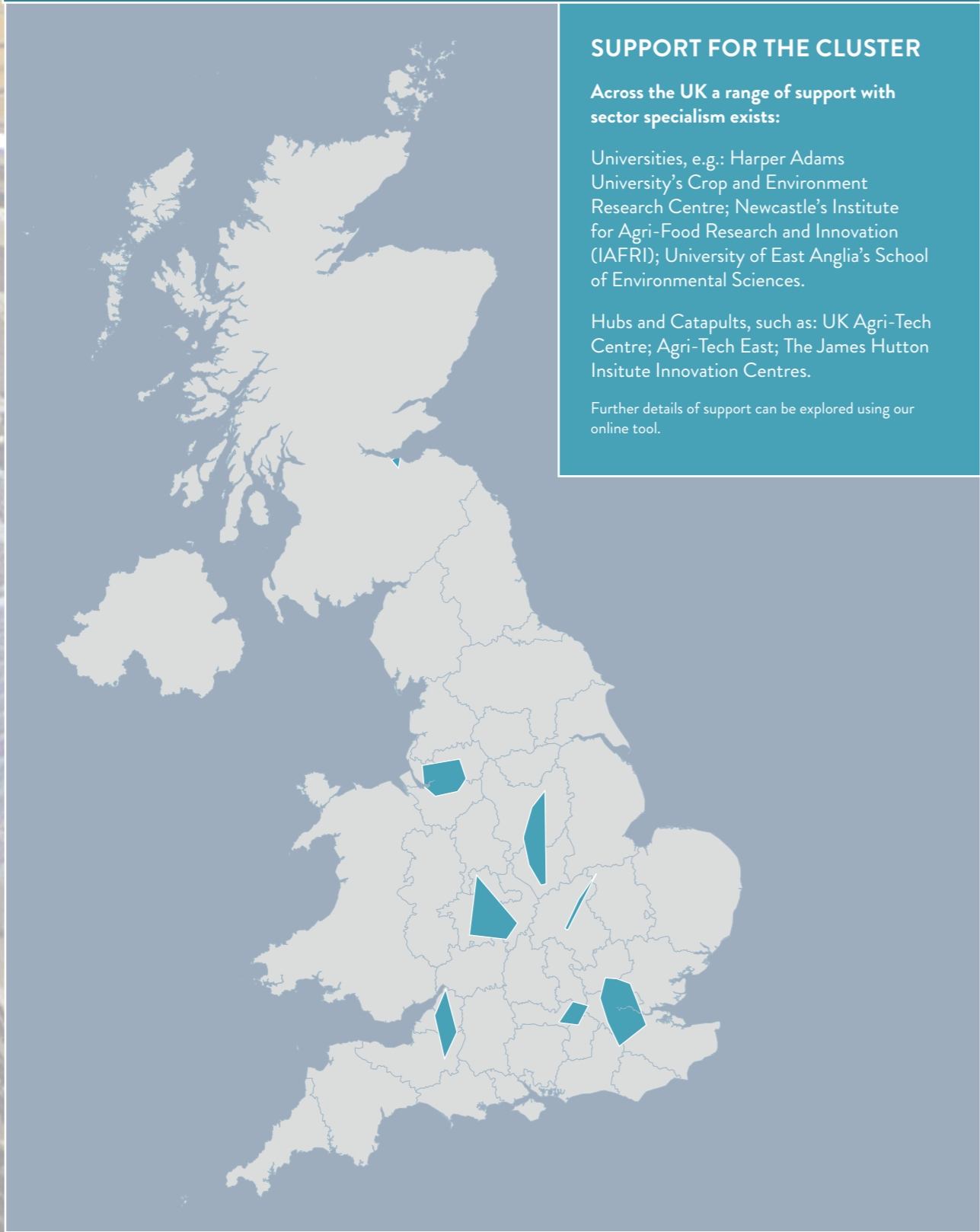
Hubs and Catapults, such as: High Value Manufacturing Catapult Centres in Sheffield, Coventry and Bristol; and National Manufacturing Institute Scotland in Paisley.

Growth Programmes, inter alia: Sharing in Growth; Shott Scaleup Accelerator; Made Smarter; Watchtower Lancashire; NAAME; and a range of sector agnostic programmes.

Further details of support can be explored using our online tool.

AGRITECH

257 SCALEUPS	24,249 EMPLOYEES	£5.8bn TOTAL TURNOVER	£1.4bn INVESTMENT	£369.6m GRANTS RECEIVED	7.3% FEMALE FOUNDERS	51.5 AVE GROWTH RATE PER ANNUM
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SUPPORT FOR THE CLUSTER

Across the UK a range of support with sector specialism exists:

Universities, e.g.: Harper Adams University's Crop and Environment Research Centre; Newcastle's Institute for Agri-Food Research and Innovation (IAFRI); University of East Anglia's School of Environmental Sciences.

Hubs and Catapults, such as: UK Agri-Tech Centre; Agri-Tech East; The James Hutton Insitute Innovation Centres.

Further details of support can be explored using our online tool.

CREATIVE INDUSTRIES

1,580 SCALEUPS	247,708 EMPLOYEES	£64.7bn TOTAL TURNOVER	£6bn INVESTMENT	£277.2m GRANTS RECEIVED	11.1% FEMALE FOUNDERS	54 AVE GROWTH RATE PER ANNUM
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SUPPORT FOR THE CLUSTER

Across the UK a range of support with sector specialism exists:

Universities, e.g.: Creative Industries Policy and Evidence Centre at Newcastle; Cardiff's Clwstwr project; University of the Arts London (UAL)

Hubs and Catapults, such as: Digital Catapult; Creative Central NCL; MediaCityUK, Manchester.

Growth Programmes, inter alia: British Library Get Ready for Business Growth; Create Growth Programme; LCR Gather; and a range of sector agnostic programmes.

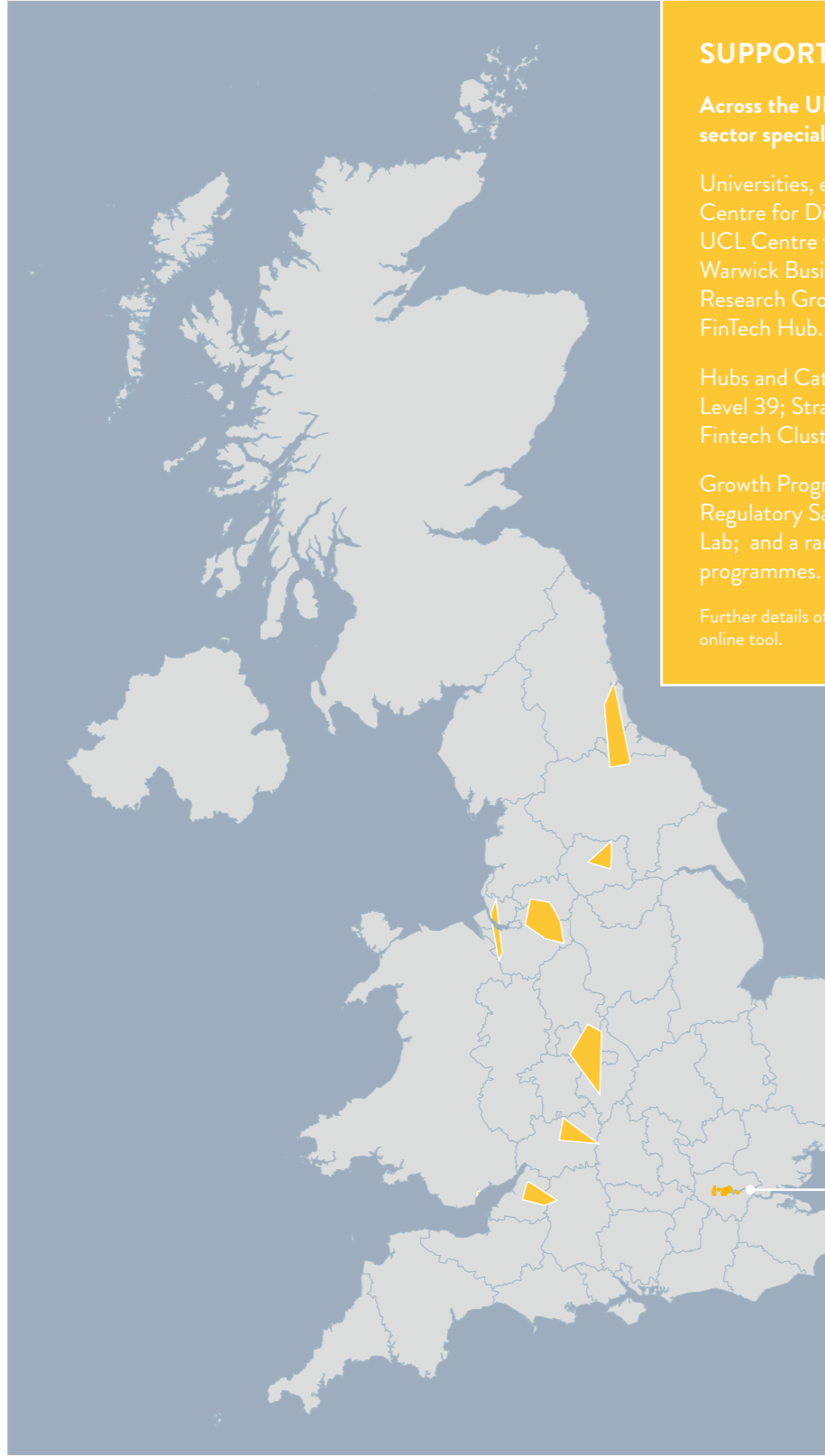
Further details of support can be explored using our online tool.

"It is recognised that scaling up is a problem in the UK – and that is not just in creative industries. And the reason we know that we don't do it well has got a lot to do with the ScaleUp Institute's championship and work – it has done a great deal to put this more firmly in the public eye. The Institute gave some extraordinarily valuable information to the Creative Industries Advisory Group inside UKRI. It revealed starkly both the possibilities for the creative industries but also the fact that we're not doing it well enough. I really value its commitment to and thinking about what creative industries specifically need."

PROFESSOR CHRISTOPHER SMITH
AHRC EXECUTIVE CHAIR AND
UKRI CREATIVE INDUSTRIES
SECTOR CHAMPION

FINTECH

916 SCALEUPS	224,378 EMPLOYEES	£33.8bn TOTAL TURNOVER	£31.5bn INVESTMENT	£30.1m GRANTS RECEIVED	4.5% FEMALE FOUNDERS	78.4 AVE GROWTH RATE PER ANNUM
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SUPPORT FOR THE CLUSTER

Across the UK a range of support with sector specialism exists:

Universities, e.g.: Imperial College London's Centre for Digital Finance and FinTech; UCL Centre for Blockchain Technologies; Warwick Business School's FinTech Research Group; University of Edinburgh's FinTech Hub.

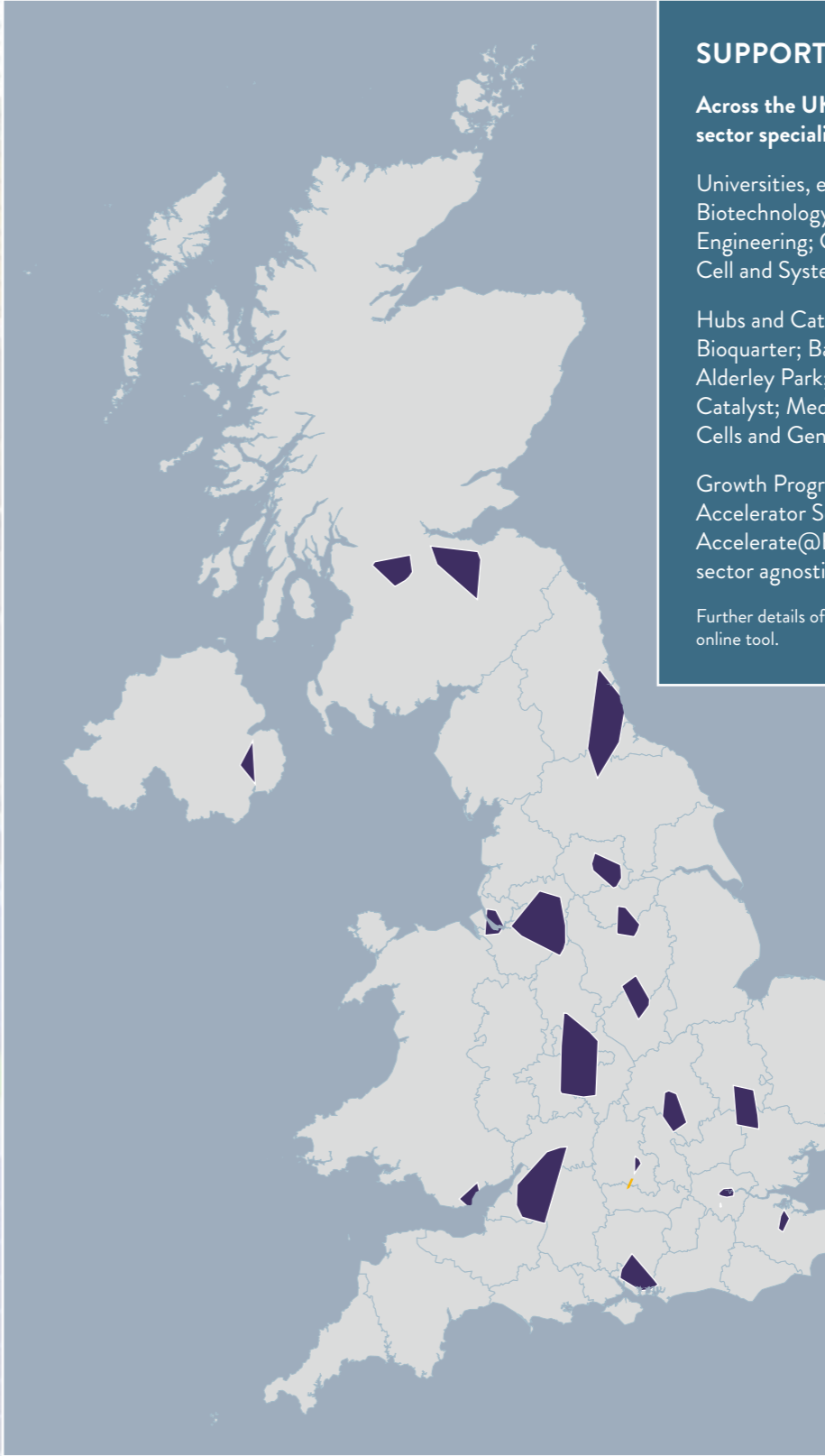
Hubs and Catapults, such as: Rise London, Level 39; Strathclyde Business School Fintech Cluster.

Growth Programmes, inter alia: FCA Regulatory Sandbox; FinTech Innovation Lab; and a range of sector agnostic programmes.

Further details of support can be explored using our online tool.

LIFESCIENCES

2,308 SCALEUPS	291,226 EMPLOYEES	£72.4bn TOTAL TURNOVER	£31.5bn INVESTMENT	£1.5bn GRANTS RECEIVED	7.1% FEMALE FOUNDERS	75.1 AVE GROWTH RATE PER ANNUM
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SUPPORT FOR THE CLUSTER

Across the UK a range of support with sector specialism exists:

Universities, e.g.: Manchester Institute of Biotechnology; UCL Institute of Biomedical Engineering; Glasgow Institute of Molecular, Cell and Systems Biology.

Hubs and Catapults, such as: Edinburgh Bioquarter; Babraham Research Campus; Alderley Park; Stevenage Bioscience Catalyst; Medicines Discovery Catapult; Cells and Gene Therapy Catapult.

Growth Programmes, inter alia: Innovation Accelerator Service; STEP INto Healthcare; Accelerate@Babraham; and a range of sector agnostic programmes.

Further details of support can be explored using our online tool.

When we started the concept of scaleup was unfamiliar; the word wasn't even used. Now it's become part of the mainstream. That's the ScaleUp Institute's biggest success.

As founder members of the ScaleUp Institute we have seen the value of it persistently making the case for scaleup - providing the data backbone for policy arguments and the networking opportunities for us to work across sectors. Without the ScaleUp Institute banging the drum consistently this agenda would not be as central to the UK's economic story as it is.

I have used its insights to understand which investors are deploying capital into the ground right now.

STEVE BATES OBE
CEO, BIOINDUSTRY ASSOCIATION



NET ZERO & CLEAN TECH

2,124 SCALEUPS	230,898 EMPLOYEES	£280.5bn TOTAL TURNOVER	£8.4bn INVESTMENT	£31.5bn GRANTS RECEIVED	4.2% FEMALE FOUNDERS	57 AVE GROWTH RATE PER ANNUM
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PROFESSIONAL SERVICES

3,117 SCALEUPS	415,369 EMPLOYEES	£50.7bn TOTAL TURNOVER	£2.5bn INVESTMENT	£31.5bn GRANTS RECEIVED	15.4% FEMALE FOUNDERS	55.6 AVE GROWTH RATE PER ANNUM
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TECH & AI

4,572 SCALEUPS	1,262,340 EMPLOYEES	£259.1bn TOTAL TURNOVER	£73.9bn INVESTMENT	£2.7bn GRANTS RECEIVED	7% FEMALE FOUNDERS	71 AVE GROWTH RATE PER ANNUM
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SUPPORT FOR THE CLUSTER

Across the UK a range of support with sector specialism exists:

Universities, e.g.: Imperial College London; Edinburgh Centre for Robotics; University of Southampton Cyber Security Research Group; University of Cambridge Machine Learning Group; University of Oxford Robotics Institute.

Hubs and Catapults, such as: Digital Catapult; Compound Semiconductor Applications Catapult; Harwell Science and Innovation Campus; BetaDen; Business Cyber Centre; Tramshed.

Growth Programmes, inter alia: Shott Scaleup Accelerator; Tech Nation Upscale & Future Fifty; The ScaleUp Accelerator; Techscaler; and a range of sector agnostic programmes.

Further details of support can be explored using our online tool.

There's not a day that doesn't go by when I don't talk about the ScaleUp Institute. It is such an important organisation for our ecosystem. It has its finger on the pulse of what needs to be done and is highly collaborative.

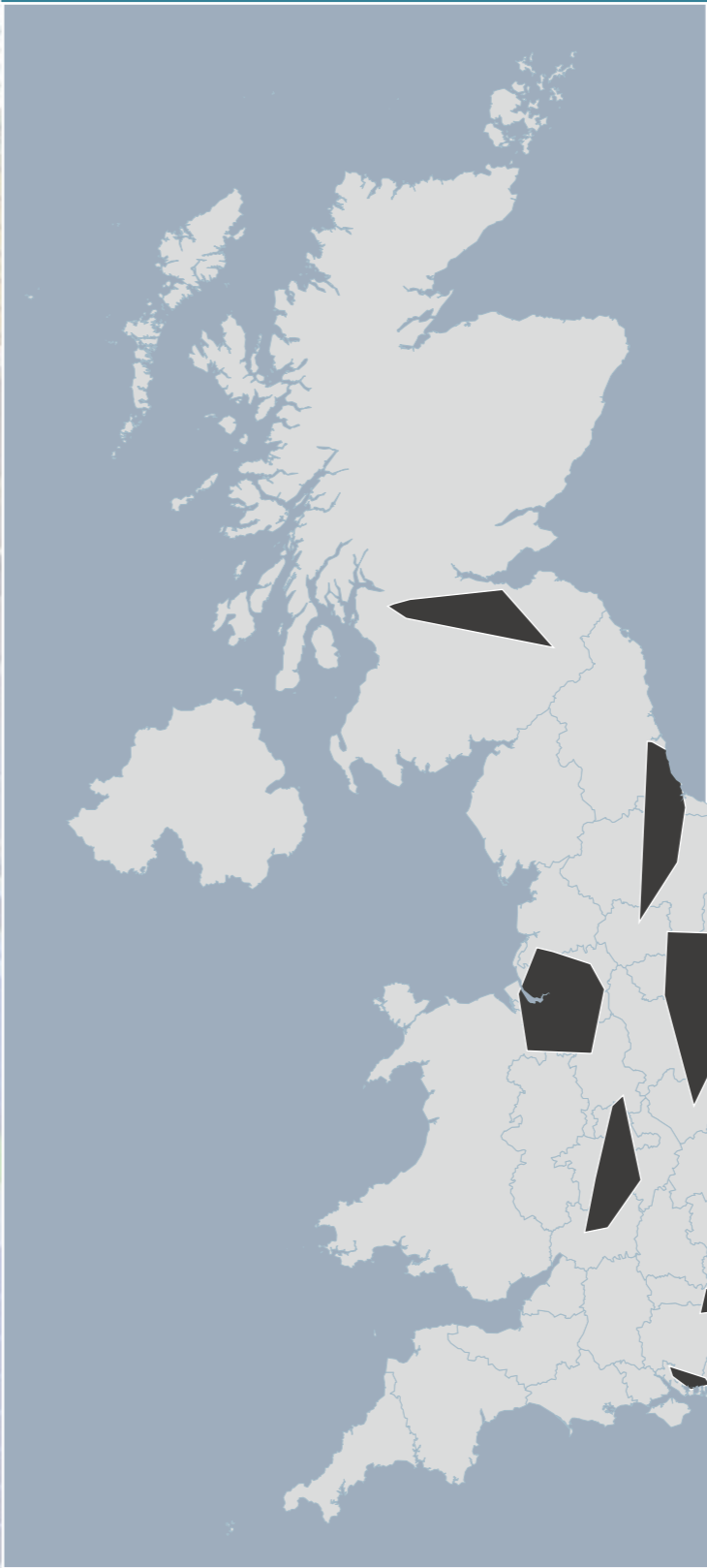
We have vibrant scaling ecosystems in some areas - such as fintech or AI - and there's an important role for the ScaleUp Institute to help ensure we build successful scaling businesses and ecosystems in emerging areas of the economy and across many vertical tech sectors - from semiconductors and space tech, from creative tech to bioengineering.

RUSS SHAW CBE
FOUNDER, TECH LONDON
ADVOCATES AND GLOBAL TECH
ADVOCATES



TELECOMS

413 SCALEUPS	52,073 EMPLOYEES	£50.7bn TOTAL TURNOVER	£73.9bn INVESTMENT	£12.9m GRANTS RECEIVED	2.2% FEMALE FOUNDERS	64.5 AVE GROWTH RATE PER ANNUM
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SUPPORT FOR THE CLUSTER

Across the UK a range of support with sector specialism exists:

Universities, e.g.: King's College London Centre for Telecommunications Research; University of Surrey Institute for Communication Systems 5G/6G Innovation Centre; University of Edinburgh Institute for Digital Communications.

Hubs and Catapults, such as: Digital Catapult; Compound Semiconductor Applications Catapult; Adastral Park; Cambridge Wireless; MediaCityUK, Manchester.

Growth Programmes, inter alia: Shott Scaleup Accelerator; Tech Nation Upscale & Future Fifty; The ScaleUp Accelerator; Techscaler; and a range of sector agnostic programmes.

Further details of support can be explored using our online tool.

VISIBLE SCALEUP GROUPS

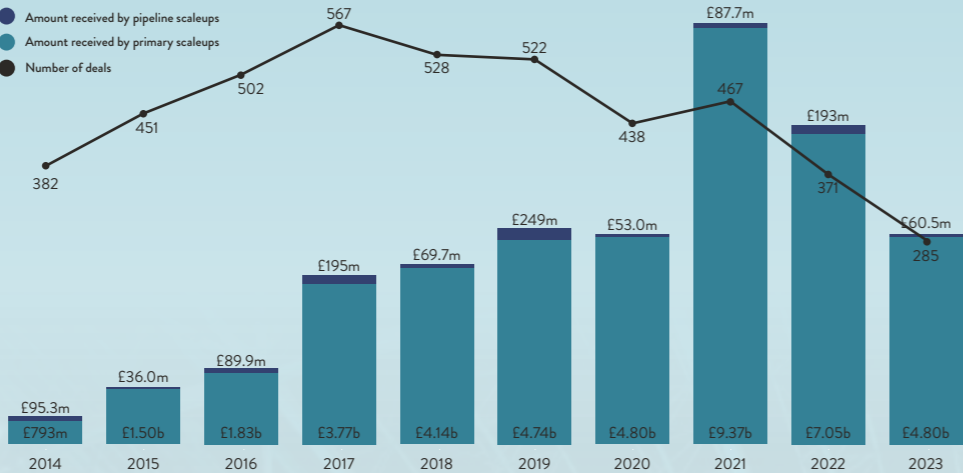
THE SCALEUP INDEX 2024

Based on Companies House data this show the number of scaling businesses breaking through the £10.2m barrier or £5.1m in assets in 2023

95,047
visible scaling legal
entities examined

10,859
companies in
the scaleup cohort

EQUITY INVESTMENT IN SCALEUP COHORT (2014 - 2023)



TOP INVESTORS IN THE SCALEUP COHORT BY NUMBER OF DEALS (2014 - 2023)

BGF	118
Republic	108
Crowdcube	83
British Business Bank	76
Octopus Group	58

TOP INVESTORS IN THE SCALEUP COHORT BY VALUE OF DEALS (2014 - 2023)

Accel Partners	£1.87b
Insight Partners	£1.86b
Hg	£1.63b
General Atlantic	£1.61b
Cambridge Innovation Capital	£1.58b

TOP-LEVEL INDUSTRIES BY NUMBER OF SCALEUP COHORT COMPANIES (2024)

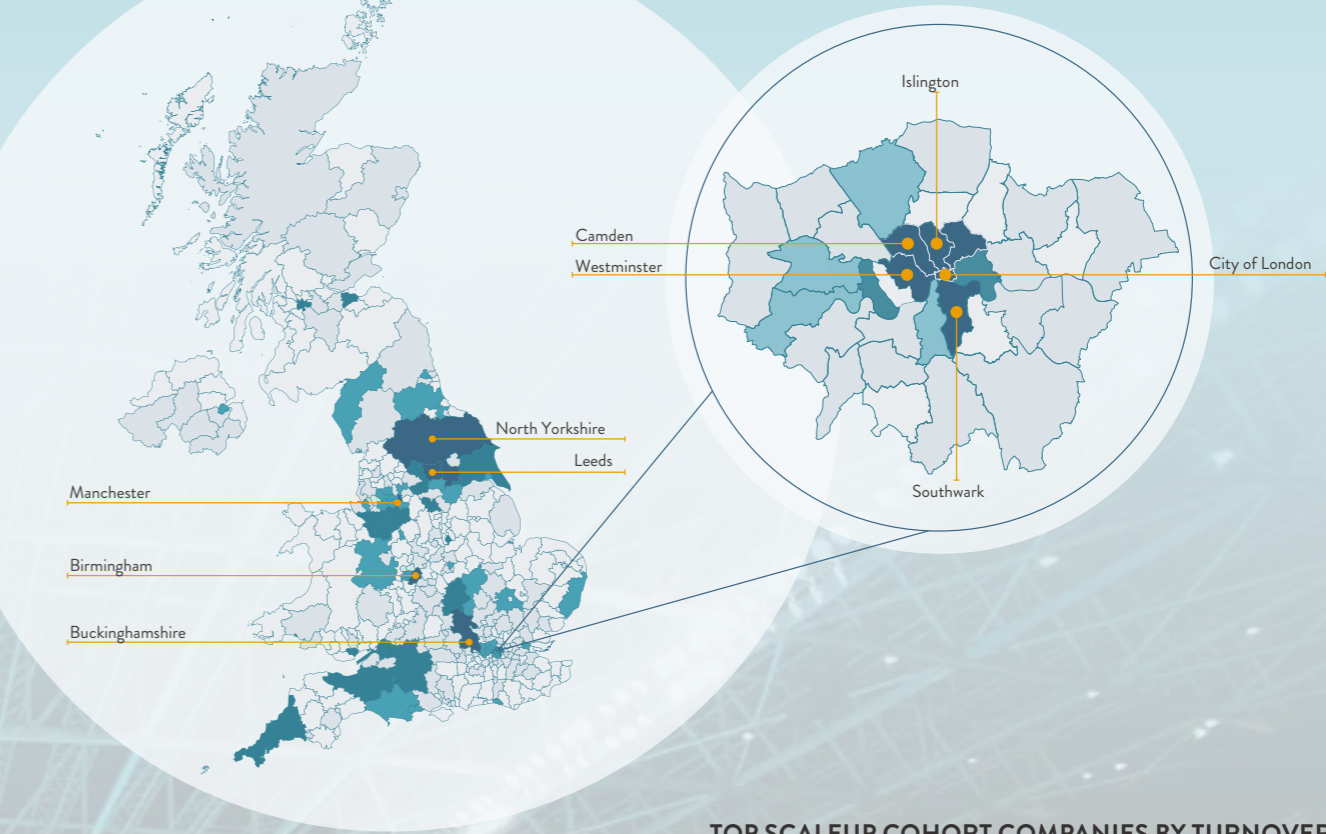
Built and infrastructure	2,967
Distribution and commerce	2,752
Materials and manufacturing	2,287
Lifestyle and entertainment	2,127
Professional services	2,045
Technology-based businesses	1,692
Healthcare and wellbeing	1,684
Travel and transportation	1,243
Environment, agriculture and waste	768
Financial services	719

TOP ADVISORS TO THE SCALEUP COHORT (BASED ON LATEST FINANCIAL ACCOUNTS)



The British Business Bank has backed 95 investment firms, 55 of which have invested in one or more of the scaleup cohort that is that focus of this year's Scaleup Index (2014-2023).

LOCAL AUTHORITIES BY NUMBER OF SCALEUP COHORT COMPANIES (2024)



TOP LOCAL AREAS/NATIONS BY NUMBER OF SCALEUP COHORT (2024)

London	2,265
South East	604
Scotland	602
Greater Manchester	514
Leeds City Region	392

Companies in the scaleup cohort

10,859

Academic spinouts in the scaleup cohort

48

Total turnover by the scaleup cohort

£384b

People employed by the scaleup cohort

2.05m

Scaleup cohort companies with equity funding

1,568

Total equity investment into scaleup cohort (2014-2023)

£43.9b

Scaleup cohort companies with IUK grant funding

504

IUK grant funding into scaleup cohort(2014-2023)

£400m

Scaleup cohort companies with a female founder

771

AIM listed scaleups

330

TOP SCALEUP COHORT COMPANIES BY TURNOVER (BASED ON LATEST FINANCIAL ACCOUNTS)

EG Group	£22.2b
Octopus Energy	£12.5b
State Oil (Prax Group)	£8.67b
Motor Fuel Group	£5.62b
EMR	£4.14b

TOP SCALEUP COHORT COMPANIES BY HEADCOUNT (BASED ON LATEST FINANCIAL ACCOUNTS)

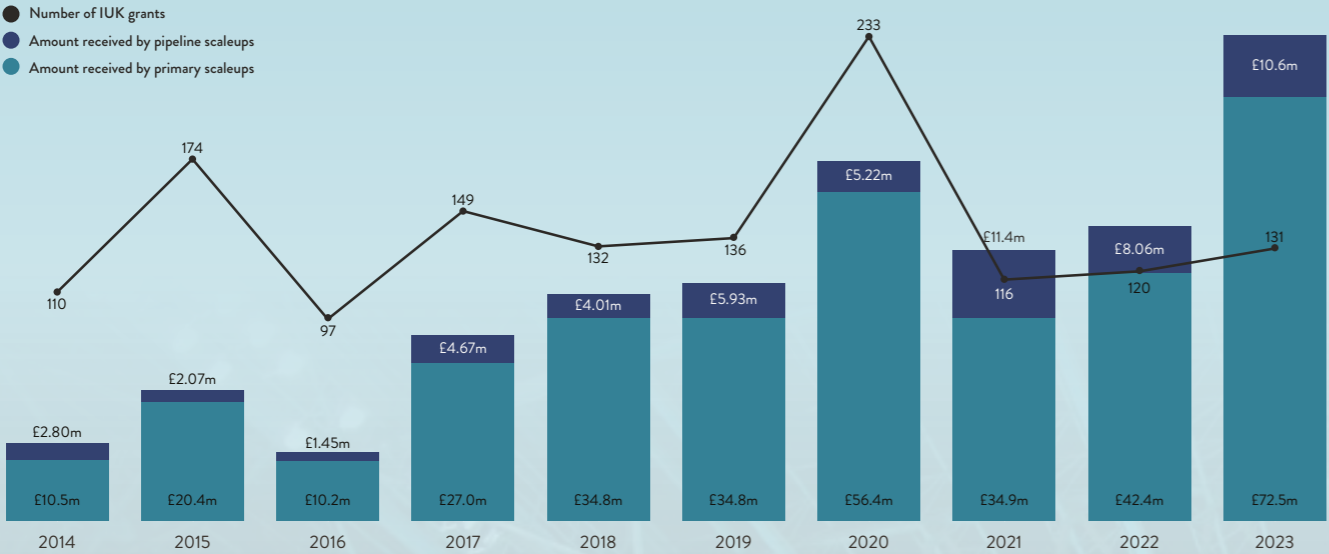
EG Group	53.5k
Paystream	32.9k
OCS	16.5k
Echo Sourcing	16.1k
Howden Group	14.5k

VISIBLE SCALEUP GROUPS

THE SCALEUP INDEX 2024

Based on Companies House data this show the number of scaling businesses breaking through the £10.2m barrier in 2023

INNOVATE UK GRANT FUNDING RECEIVED BY SCALEUP COHORT (2014 - 2023)



 The 504 scaling businesses receiving £400m Innovate UK grants secured £9.61bn in private investment. A multiple of 24x the initial sum highlighting the kitemark effect of Innovate UK. In the 10 years since the Scaleup Report and establishment of the ScaleUp Institute, there has been over a six-fold increase in Innovate UK grant value provided to scaling businesses.

TOP ACADEMIC INSTITUTIONS FOR SCALEUP COHORT SPINOUTS (2024)

University of Oxford	12
University of Cambridge	7
University of Bristol	4
University of Southampton	3
University of Edinburgh	3
University of Strathclyde	2
University of Birmingham	2
University College London	2
Queen's University Belfast	2

Data Analysed by Beauhurst



UNICORN INSIGHT



The ScaleUp Institute undertook a follow up of the overarching review of the various analyses of UK unicorns, first conducted in 2023. We recognise that some of these reports have looked at the historical creation of unicorns overtime and others have looked at Unicorns at a given point of time. This insight reconciles those two elements by looking at the historical trends since 1998 and current moment in time to the end of 2023.

The landscape of UK unicorns, companies valued at over \$1 billion since 1998, reveals some key patterns and trends. In assessing a multitude of different analytical resources that have provided UK Unicorn statistics,

SUI observes that since 1998 the UK has generated 168 UK 'born' unicorns of which 79 have current valuations over \$1bn, as of 2023. Combined, they have generated £81bn in turnover; employ 219k people.

Though the majority of these unicorns are now more than 10 years old, 6 in 10 reached Unicorn status before 10, with the key period of Unicorn status being reached between 5 and 10 years old. London emerges as the primary hub for unicorns, but there is also significant presence in the South East, East of England, and North West regions. The finance sector, particularly fintech, leads the way in number, followed by life sciences and the

creative industries. University spin outs account for 20 of the UK's Unicorns.

UK unicorns are truly global, over 84% exporting/have an international presence outside the UK, particularly in the EU and the United States. Founders and directors exhibit a diverse mix of nationalities, showcasing the multinational nature of the unicorn ecosystem. While 39% of unicorns have gone public, with 25 in the US, since 2018 there has been a significant shift to US listings over UK listings.

Strikingly too, at every stage of the investment ladder, there are significant

international, mainly US investors, over UK ones. This predominance heightens significantly from series C round onwards, emphasising both the early stage risk appetite of international players and their depth in follow-on funding.

This UK Unicorns insight explores the growth, internationalisation, leadership and investment dynamics of companies who have achieved \$1bn valuations, highlighting the opportunities and challenges present in this vibrant and rapidly evolving landscape within the UK market, offering essential information for investors and stakeholders.



UK UNICORNS AND THEIR HEADQUARTERS BASE BY REGIONS

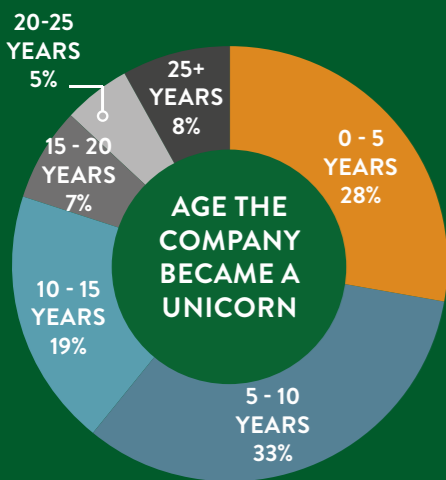
(INCLUDING THOSE UK UNICORNS HEADQUARTERED OVERSEAS)
6 in 10 unicorns have their head office location in London, followed by the South East (8%); the East of England (6%) and North West (6%).



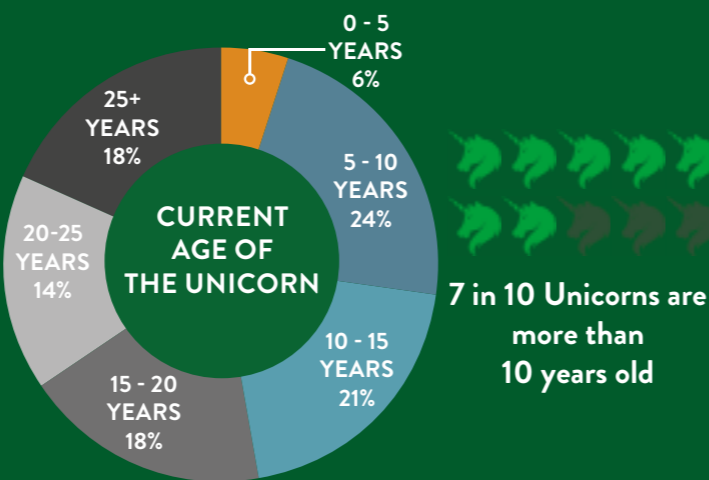
SECTORAL BREAKDOWN



The data in this report was prepared for the Capital Markets Industry Taskforce, but the report and analysis should not be taken as representing its views.



6 in 10 became a Unicorn before reaching 10 years old



7 in 10 Unicorns are more than 10 years old

UNICORNS THAT UNDERWENT AN IPO



66

UNICORNS UNDERWENT AN IPO WITH THE MAJORITY LISTING ON THE UK STOCK EXCHANGE UNTIL 2018 WHEN MAJORITY SINCE HAVE LISTED IN THE US

38

LISTED ON LONDON STOCK EXCHANGE

25

LISTED ON ONE OF THE US EXCHANGES (NYSE OR NASDAQ)

2

IN EU AND A FURTHER 1 HAD DUAL LISTINGS AT LSE AND NASDAQ

NUMBER OF IPOs BY MARKET

1 EU

8 US

32 UK

PRE 2018
Includes 2 dual listings

1 EU

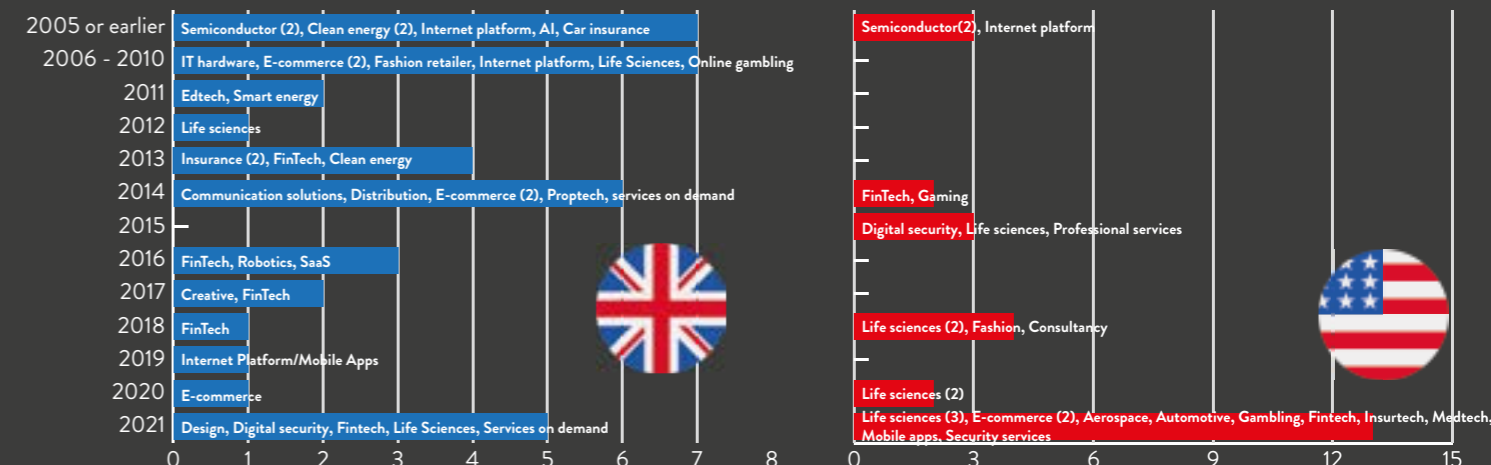
18 US

7 UK

2018 ONWARDS

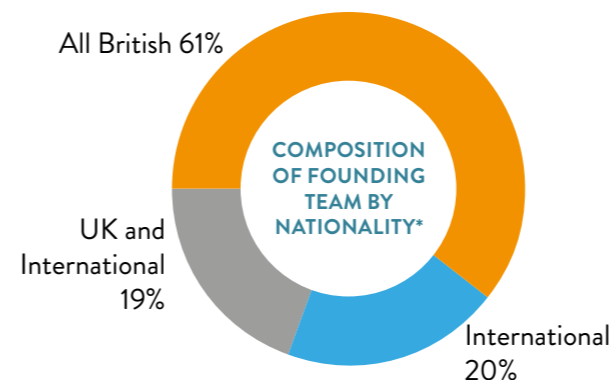
THIS SHIFT IS OCCURRING ACROSS SECTORS AND IS PARTICULARLY NOTABLE IN LIFE SCIENCES: - 7 LIFE SCIENCES UNICORNS HAVE LISTED IN THE US SINCE 2018 AND 1 IN UK IN THE SAME TIME PERIOD.

THERE IS A 'SPAC EFFECT' HERE WHICH NEEDS FURTHER CONSIDERATION IN THE UK - 7 OF THE 13 UK UNICORN LISTINGS IN THE US IN 2021 WERE VIA SPAC MERGERS.

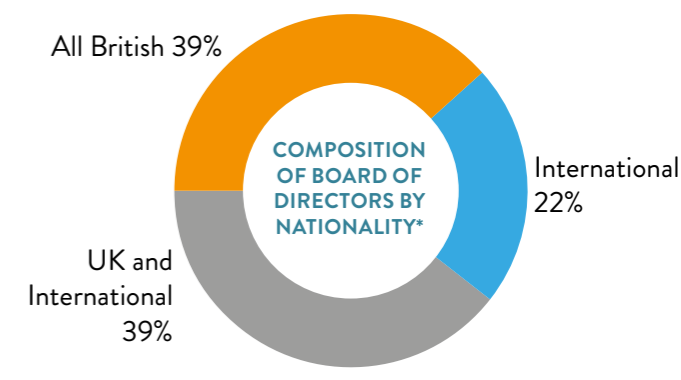
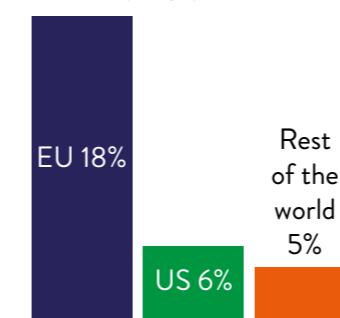


FOUNDER AND BOARD MAKE UP OF UK UNICORNS

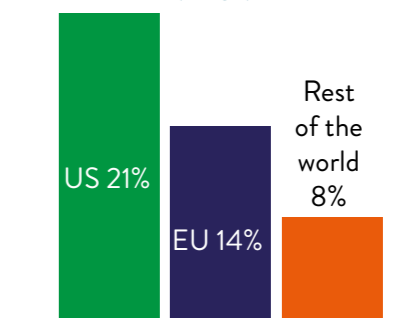
Includes individuals with dual nationalities.



INTERNATIONAL FOUNDER BY NATIONALITY



ACTIVE INTERNATIONAL DIRECTORS BY NATIONALITY



UNICORN SPIN OUT

19 SPUN OUT OF UK UNIVERSITIES FROM THE 168 UNICORNS

UNIVERSITY OF CAMBRIDGE
6

- ABCAM
- DARKTRACE
- ARM
- GYROSCOPE THERAPEUTICS
- IMPROBABLE
- VIRATA CORPORATION

UNIVERSITY COLLEGE LONDON
4

- SYNTHESIA
- AUTOLUS
- BIOVEX
- ORCHARD THERAPEUTICS

UNIVERSITY OF OXFORD
3

- ADAPT IMMUNE
- IMMUNOCORE
- OXFORD NANOPORE TECHNOLOGIES

IMPERIAL COLLEGE LONDON
1

- CERES

MANCHESTER UNIVERSITY
1

- TELECITYGROUP

UNIVERSITY OF EDINBURGH
1

- FANDUEL

UNIVERSITY OF BATH
1

- VECTURA

UNIVERSITY OF BRISTOL
1

- GRAPHCORE

UNIVERSITY OF DUNDEE
1

- EXSCIENTIA

8 SPUN OUT OF MAJOR CORPORATES

ARQIVA | CENTESSA PHARMACEUTICALS | DAZN GROUP | DIALOG SEMICONDUCTOR | PAYSAFE | RIGHTMOVE | TRAINLINE | KYMAB

UKRI **Innovate UK** **GRANTS**

OF THE 168 UNICORNS, 29 COMPANIES RECEIVED 146 IUK GRANTS WORTH £118M

OVERSEAS PRESENCE

84% ARE EXPORTING/ HAVE A PRESENCE OUTSIDE OF THE UK

67% HAVE OFFICES IN THE EU
38% HAVE OFFICES IN THE USA
23% HAVE OFFICES IN THE REST OF THE WORLD



52%
OF UNICORNS TARGET ONLY B2B MARKETS



13



UNICORNS ARE
CO-FOUNDED BY
FEMALES

These are across sectors :



Fintech



Edtech



Internet
Platform



Insurance



Creative Life Sciences



Digital Security



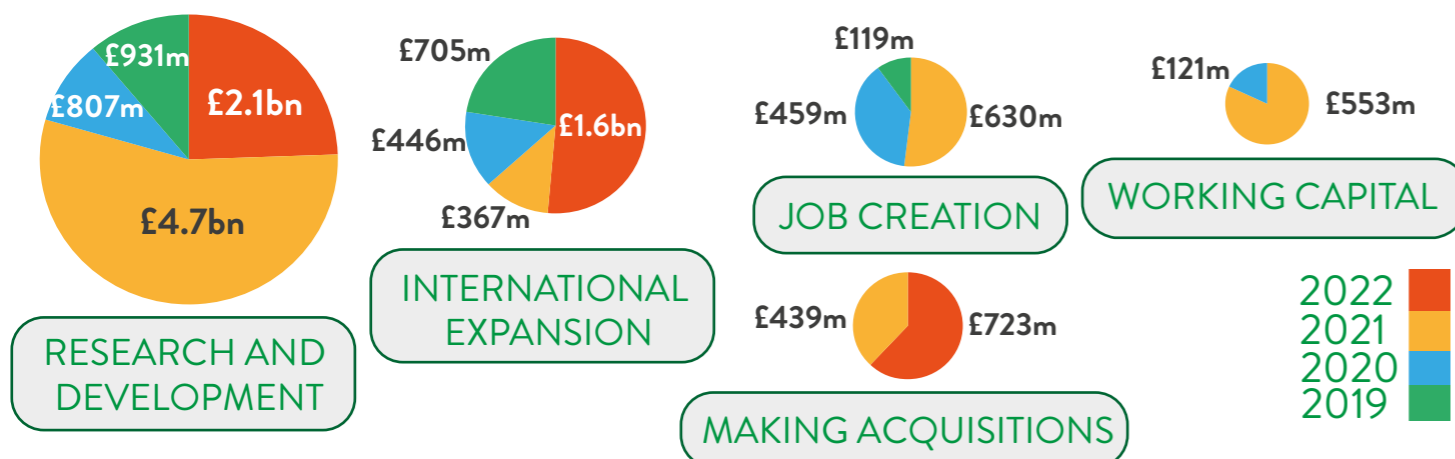
Betting



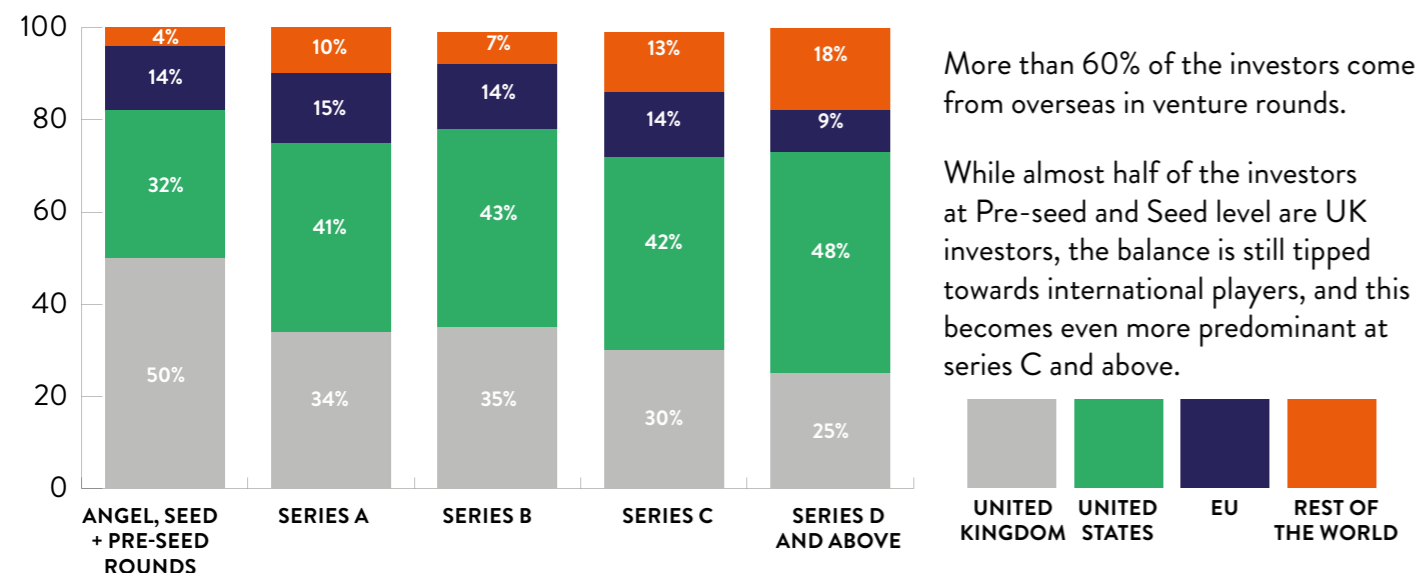
4 are
headquartered
outside
London

USE OF FUNDS BY CURRENT UNICORNS

Unicorns use the majority of their equity funds for 'Research and Development' - In 2021 and 2022, c.70% of total amount raised was used for R&D; highlighting their drive for innovation



CURRENT UNICORN INVESTOR PATTERNS



TYPE OF INVESTORS



TOP INVESTORS BY NUMBER WHO HAVE BACKED 3 OR MORE UNICORNS

Investor who have backed 3 or more unicorns	Number of companies funded	Nationality of funder
Index Ventures	9	United States
DST Global	7	Cayman Islands
LocalGlobe	7	United Kingdom
Balderton Capital	7	United Kingdom
Accel	6	United States
Insight Partners	6	United States
General Catalyst	5	United States
Lightspeed Venture Partners	5	United States
Molten Ventures	5	United Kingdom
Baillie Gifford	4	United Kingdom
BlackRock	4	United States
Passion Capital	4	United Kingdom
SoftBank	4	Japan
Temasek Holdings	4	Singapore
Seedcamp	4	United Kingdom
Andreessen Horowitz	3	United States
Fidelity Management and Research Company	3	United States
Google Ventures	3	United States
Greyhound Capital	3	United Kingdom
Hoxton Ventures	3	United Kingdom
JamJar Investments	3	United Kingdom
Kohlberg Kravis Roberts	3	United States
NJF Capital	3	United Kingdom
Northzone	3	United Kingdom
Octopus Ventures	3	United Kingdom
Salesforce Ventures	3	United States
Sapphire Ventures	3	United States
Silicon Valley Bank	3	United States
Tiger Global Management	3	United States
Vitruvian Partners	3	United Kingdom

NUMBER OF INVESTORS BY COUNTRY



£1.4trn

The total amount of turnover generated by scaleups up from £1.3trn in 2021. The combined turnover of all SMEs is £2.6trn

34,180

The total number of scaleups in the UK.

3.2m

people employed by scaleups in 2022, across all sectors and local areas of the UK economy

95

The average number of employees in a scaleup.

27%

The increase in the total number of scaleups since 2013. Over the same period, the number of SMEs fell by 13%.

39%

more productive on average

£42.5m

The average turnover of a scaleup compared to £47m in 2021

65%

of scaleups are located outside London and South East

VISIBLE SCALEUPS



10,859

in the scaling cohort



generating

£384bn

in turnover



employing

2.05m

TOP SECTORS FOR SCALEUPS

Those operating in
WHOLESALE & RETAIL
PROFESSIONAL
SCIENTIFIC & TECH
ADMIN & SUPPORT SERVICES
ACCOMMODATION & FOOD

account for 49% of all scaleups in the UK.

GOLD MEDAL WINNING SCALEUPS

THE SCALING PIPELINE

16,450

The total number of businesses growing between 15-19.99% in 2022

£359bn

The total amount of turnover generated by scaling businesses in 2022

1.4m

People employed by scaling businesses in 2022

2024 SCALEUP SURVEY

852
SCALEUP BUSINESSES

GENERATING
£5.8bn
TURNOVER AND SEEKING TO
GROW THIS TO £7.2BN IN 2025

162k
ARE EMPLOYED BY SCALEUPS, AND
THIS IS EXPECTED TO GROW TO 199K



These scaleups came from across all regions and sectors. They vary considerably in age, and many are long established businesses

37% have a female founder

SCALEUPS ARE AMBITIOUS

9 IN 10
scaleups expect to grow their turnover and/or employee headcount in 2025

8 IN 10
expect to grow employment

6 IN 10
scaleups expect to grow turnover

1 IN 4
expect growth over 50%

6 IN 10
say they are out-performing their peers

BUT CAUTIOUS ABOUT MACROECONOMIC FACTORS

The current economic climate has made scaleup leaders more cautious about things generally in the business and the extent to which they can invest and recruit.

THEY ARE MOST APPREHENSIVE OF:



5 IN 10
increasing costs to the business



4 IN 10
legacy of UK's exit from the EU (Brexit)



4 IN 10
lower levels of business / consumer confidence

AND CONFIDENCE REMAINS FRAGILE

59%

worry about whether the UK will be a good location for a business to grow in the future, on par with 2023 (58%)

61%

agree it is harder to grow the business now than in the past, slightly higher than 2023 (57%)

52%

feel there is very little support available for businesses like theirs, similar to 2023 (48%)

SCALEUPS ARE INNOVATIVE

9 IN 10

scaleups have been involved in some innovative activity in the last 3 years.

6 IN 10

use software to monitor business activities or productivity, with 8 in 10 planning to

AI utilisation continues to grow

5 IN 10

are currently leveraging AI

7 IN 10

have collaborated or are seeking to collaborate with public, private, university or international partners

6 IN 10

Scaleups also plan to leverage 5G and Internet of Things, and Big Data

9 IN 10

plan to adopt it

HOWEVER

They are seeking support and improvements to enable innovation including:

- Faster application processes for funding
- Wider remit for innovation grants / funding
- Facilitated collaboration with Government
- Structured 'follow on' to enable rapid commercialisation

AND HIGHLY INTERNATIONAL

5 IN 10

export

7 IN 10

plan to export in the future

Their key markets are the **EU and North America**. But are also focused on emerging markets in **Australasia** and the **Middle East**.

4 IN 10

employ staff from outside the UK

3 IN 10

having employees based overseas

THEY ARE GOOD CORPORATE CITIZENS AND WANT TO DEVELOP THEIR EMPLOYEES

4 IN 10

scaleups say they are socially focused, operating in the green economy and/or ESG compliant

3 IN 10

identify as Family Businesses

5 IN 10

offer opportunities to young people through internships / work experience / apprenticeships

GROWTH & SKILLS LEVY

Scaleups want access to the new Growth & Skills Levy to:

6 IN 10

Upskill staff at all levels

5 IN 10

Develop management skills; and Bring in new talent

6 IN 10

Apprenticeships; and Work placements / internships

5 IN 10

Modular courses; and Traineeships

Using the funding to support:

LOOKING FORWARD

SCALEUPS TOP BARRIERS TO FURTHER GROWTH

When forced ranked the following challenges appear in their top 3 to overcome

62%

Access to UK and international markets

54%

Talent & leadership development

47%

Access to the right bank / equity finance

28%

Infrastructure and access to R&D facilities

28%

Access to tax breaks

LOCAL ACCESS TO RESOURCES TO FACILITATE GROWTH IS VITAL

KEY ENABLERS ARE:

6 IN 10

Local professional services

6 IN 10

NEDs & fractional execs

4 IN 10

Universities

4 IN 10

Banks / Financiers

SCALEUPS WOULD LIKE EASIER LOCAL ACCESS TO:

6 IN 10

Tailored growth support

5 IN 10

Innovate UK; Public sector funding for R&D & innovation

5 IN 10

Programmes to expand internationally / export

5 IN 10

Advice on Business Funding / Introductions to investors

4 IN 10

Local/regional Government support (from CAs & Devolved Enterprise Agencies, etc.)

4 IN 10

Peer Networks



SCALEUP MARKETS

51% of scaleups are primarily selling B2B with large Corporates their biggest client base. They are seeking to **DOUBLE** their ability to sell into Government and Corporates.

However friction remains:

4 in 10 cite complex procurement processes and challenges around the time it takes to win a contract.

They want:

5 in 10 access to key decision makers and a dedicated account manager.

4 in 10 more "Meet the buyer" style events.

Exporting scaleups are seeking support through:

5 in 10 Better introductions to buyers overseas.

4 in 10 Single point of contact at the Trade Department in the UK and overseas; and More information on trade missions / market opportunities.

B2C Scaleups experience challenges around:

5 in 10 identifying / targeting new customers.

4 in 10 Competition from larger incumbents; Brand awareness; and Finding new channels to market.

They want:

4 in 10 Support to develop their brand.

3 in 10 Greater ability to monitor campaign impact and brand recognition; and Training / support on advertising options.



SCALEUP PEOPLE, TALENT & LEADERSHIP

Almost all scaleups are experiencing a skills or recruitment challenge with **4 in 10** seeking individuals with advanced technical and/or broad operational business skillsets (e.g. finance, legal, HR, etc).

They are eager to attract and retain talent with **6 in 10**:

Improving salaries;

Improving employee benefits; and

Increasing investment in training and reskilling;

The education system plays a significant role

4 in 10 Scaleups are also keen to access/engage the next generation of workers through:

Careers Advice & Employer Encounters.

Scaleups are also engaged with Universities and Business Schools to access:

Skills from Students; and Senior research professionals / Academics; Flexible R&D & infrastructure.

But they want greater clarity on what support is available.

8 in 10 would be willing to pay for this support if it met their talent and growth needs.

6 in 10 scaleups either have a board or plan to create one.

8 in 10 want to develop the skills of the senior team.

With critical skills needed around Sales & Business Development; and, Brand Building & Comms



SCALEUP FINANCE

7 in 10 do not think they have the right funding in place to support their growth ambitions.

AND 6 in 10 feel that most of the money and business advice is provided in London / the South East.

DESPITE THIS 6 in 10 scaleups are confident that activities to bridge the growth capital gap will reach them.

HOWEVER 4 in 10 remain skeptical.

AND 9 in 10 are still not yet aware of all of the significant capital markets changes taking place.

To improve their access to investment

Scaleups want:

5 in 10 Relationship management support.

4 in 10 Briefings for businesses & investors on sectors & trends; and "Meet the investor" opportunities.

Scaleups also want the tax regime to be prioritised by the new Government. **8 in 10** have used or plan to use at least one of R&D Reliefs, Capital Allowances or EIS/ SEIS schemes, however there is a desire for claims to be processed more rapidly, an increase in the amounts that can be claimed, and for the schemes to be easier to understand and apply for.

THE SCALEUP ECOSYSTEM: PRIORITIES AND CHALLENGES FOR THE FUTURE



Key players in the scaleup ecosystem discuss today's top priorities – and the critical challenges that lie ahead.

FIND THE TALENT

"Talent remains a key challenge," said Charlotte Keenan, Head of Corporate Engagement and Global Head of 10,000 Women, Goldman Sachs. She described this as a multifaceted challenge, noting that in a survey of business owners who had participated in the Goldman Sachs 10,000 Small Businesses UK programme, more than half (55%) said they were unable to find the talent they need, and only 12% believed the education system is equipping young people for the future of work.

Other talent challenges include competing with larger firms and the challenge of finding and securing international talent. "It's hugely complex but we need to grip it," she said, "because unless these businesses are getting the talent that they need to grow, it will continue to be a huge barrier."

"Going from startup to scaleup is tricky and difficult and we lose a lot of startups when they start to scale because they don't get it right," said Russ Shaw, founder of Tech London Advocates and Global Tech Advocates, "so having both homegrown and overseas talent with experience of scaling businesses is really important."

"We need to build homegrown talent but also have an immigration system that allows us to bring in the best and brightest from all over the world with experience of scaling businesses," said Priya Guha, Venture Partner at Merian Ventures.

"Access to talent is probably the most significant challenge at this moment in time in Liverpool City Region," agreed Janice Mears, Head of Business Growth at Liverpool City Region, noting that skills gaps remained particularly in sectors such as technology, engineering and manufacturing.

FACILITATE ACCESS TO MARKETS

The public sector had to be better leveraged as a customer for scaleups, said Priya Guha. "The government procurement system can be a key stimulant for tech sector growth in the UK," she said. "It's valid for all sectors but is particularly valid for NHS reform; we have this huge government single-payer system that could be leveraged to accelerate the growth of health tech in the UK, but we haven't quite seized that prize yet."

"Scaleups are started by founders who see a need in the market but government and large corporates are missing out on the innovation that they can provide as agile suppliers who are often more in tune with customer needs," said Sahar Hashemi, co-founder of Buy Women Built.

"Scaleups want access to big contracts," said Janet Coyle. "Our Grow London Global trade missions are taking scaleups overseas and giving them access to corporates in those markets. We're helping them to reach the right decision-makers and it's resulting in proof of concepts, deals and partnerships."

"There is still a long way to go in supporting scaleups on their international growth," said Richard Jeffrey, National Director of

GC Business. "Their needs aren't just about exports; it's as much about partnerships, innovation collaborations, raising global finance, and understanding rules and regulations. I would like to see more of a focus on this and a better alignment between national and local – there's a mismatch between central government and local ecosystems here."

"The UK has had many impressive early-stage tech businesses who have used international markets as a route to scale," said Priya Guha. But, she warned, "we need to keep a watchful eye on that growth not resulting in those companies changing their HQs. How do we enable international markets to be a tool for growth but without companies repositioning themselves outside of the UK?"

BUILDING DOMESTIC GROWTH CAPITAL

The UK needs to get the funding continuum from pre-seed through seed to scale and an effective public market for our scaleup economy," said Steve Bates, CEO of the BioIndustry Association. This was echoed by Janet Coyle, Managing Director of Grow London at London & Partners, who also identified growth capital as a leading challenge. "We've got to get this right although it will take time. It's particularly hard for scaleups in the life sciences space."

For Russ Shaw, access to scaling capital was the number one priority. "We would like more of that scaling capital to come from the UK. One of the risks of having lots of overseas investment is that those investors will guide companies elsewhere when they are ready to make their next big jump. American investors in British scaling businesses would like them to think about listing in the US rather than in the UK. Singaporean investors will suggest expansion to Singapore. Those conversations happen a lot. When that happens, wealth, jobs and insights leave the country. If we have a depth of British money going into British scaleups, that risk is reduced."

"Business owners tell us that navigating the capital landscape effectively is really hard," says Charlotte Keenan. "We have some of the most dynamic, creative, innovative businesses anywhere in the world – and the capital is out there. It is a question of making the plumbing work."

**"BUSINESS OWNERS TELL US THAT
NAVIGATING THE CAPITAL LANDSCAPE
EFFECTIVELY IS REALLY HARD,"**

ACCELERATE AND BUILD LOCAL SCALEUP ECOSYSTEMS

The vital importance of creating communities that connect companies with capital, expertise and advice was emphasised by Marion Bernard, investment director at Northern Gritstone. "We have amazing science and technology in Leeds, Manchester and Sheffield and we have the ecosystems created by the universities," she said, "but we don't have anything comparable to Boston's Kendall Square, which has taken decades to grow organically and known as 'the most innovative square mile on the planet.' We need to accelerate our ecosystem development by borrowing skills and processes from other places and then adapting them to fit our market."

"While support exists, many scaleups are unaware of the programmes available or find them difficult to access due to stringent eligibility criteria or administrative burdens," said Aldo de Leonibus, CEO of Inventya. "The regional landscape is particularly confusing, with a multitude of programs varying by location, making it challenging for scaleups to navigate. There's a pressing need for cohesive national programmes like the Innovate UK Scaleup Programme, which can provide consistent support across regions and help companies identify the most appropriate resources."

In addition, he said, "there are notable regional differences in resources, infrastructure, and investment opportunities. Scaleups outside major hubs like London may face additional hurdles due to less developed local ecosystems and fewer networking opportunities."

Consistency and certainty are important for building local ecosystems, said Richard Jeffery. "Stability in the system enables the focus on scaleups to survive. You have to keep on at it."

KEEP SCALEUPS CENTRE STAGE

A number of contributors emphasised the importance of maintaining local and national political focus on scaleups.

"Notwithstanding the macro-economic challenges, policymakers must focus on startups and scaleups and treat this area as one that they can genuinely influence," said Lord Jim O'Neill, chairman of Northern Gritstone.

"The top priority is continuing to ensure that the scaleup economy is seen as a distinctive element of the business landscape requiring bespoke solutions to realise its potential," said Dr Fiona Whitehurst, Senior Lecturer in Management at Newcastle University Business School. "This needs to be at national and a more local level – with all public authorities producing economic growth plans that have a robust, industry-informed strategy for scaleups."

DEVELOP LEADERS

"There's not yet enough focus on helping people go through periods of growth and change in the business and what it means for them as individuals," thought Richard Jeffrey. "The most successful scaleups that we work with are those where they're led by individuals who've learned that they've got to reinvent themselves as they go through those changes. We could do more work on understanding the role of the leader of scaling businesses and supporting them through those changes."

DEMONSTRATE SOCIAL VALUE

"Entrepreneurs now have to show not only economic value but social and community value," said Michael Hayman, Chair and co-founder of Seven Hills. "The challenge is to create growth companies nationwide that are not just hitting generic metrics of growth but address issues such as gender, ethnicity and inclusivity."

CONCLUSION

"While we've made considerable progress, several priorities remain for further developing the scaleup economy," summarised entrepreneur Ammar Mirza, who was former Chair of the Business Growth Board and SME representative on the North East Local Enterprise Partnership. "Addressing the skills gap - particularly in technical and leadership roles - remains a crucial challenge. There's also a pressing need to improve access to patient growth capital and to enhance support for internationalisation and market access. Strengthening local ecosystems and fostering cross-regional collaboration are critical to ensuring scaleups can thrive across all regions. However, significant challenges persist, particularly in areas such as scaling productivity, navigating regulatory environments, inclusive growth and maintaining growth momentum in an uncertain economic climate."



THE TALENT, SKILLS AND LEADERSHIP PERSPECTIVE

WHILE SKILLS DEVELOPMENT IS AN IMPORTANT ROLE FOR EDUCATORS, SCALEUP LEADERS WANT IMPROVEMENT IN CAREER GUIDANCE AND HOW THEY CAN CONNECT WITH YOUNG TALENT THROUGH ENCOUNTERS AND WORK EXPERIENCE



4 IN 10

Better understanding within careers advice



3 IN 10

More 'employer encounters' with students

- Clearer accreditation of digital skills for young people
- Enhanced Maths curriculum, incl. how it relates to modern technologies
- Education on business funding, investment and capital
- Focus on Interpersonal skills, teamwork & collaboration
- Vocational courses
- Entrepreneurial education modules
- Focus on Creativity



50%

SCALING BUSINESSES OFFER OPPORTUNITIES TO YOUNG PEOPLE VIA APPRENTICESHIPS, INTERNSHIPS AND WORK EXPERIENCE

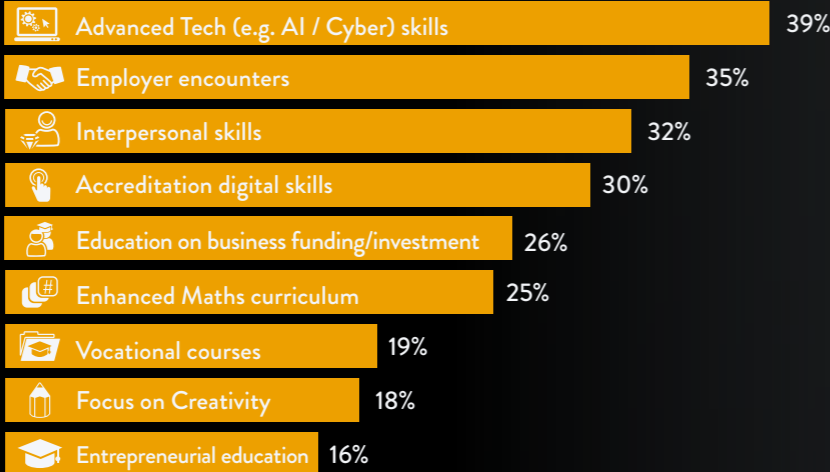
TOP 5 FUTURE SKILLS FOR THE WORKFORCE



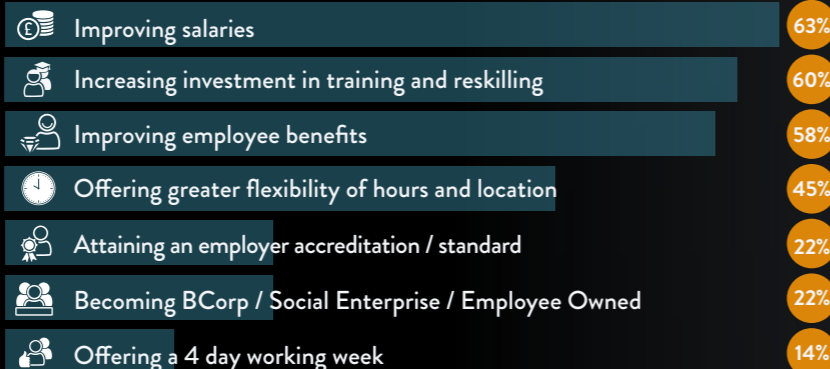
ABILITY TO ADAPT TO NEW TECH
PEOPLE MANAGEMENT
ACTIVE LEARNING
CREATIVITY
RESILIENCE & FLEXIBILITY

Talent, at all levels of the business, is a key barrier to ongoing growth, with 5 in 10 stating a priority to retain their existing staff; while 4 in 10 prioritising attraction of new employees from the UK and 3 in 10 highlighting an additional need to attract skills from overseas.

WORKFORCE SKILLS GAPS AND RECRUITMENT CHALLENGES



NEW TALENT ATTRACTION

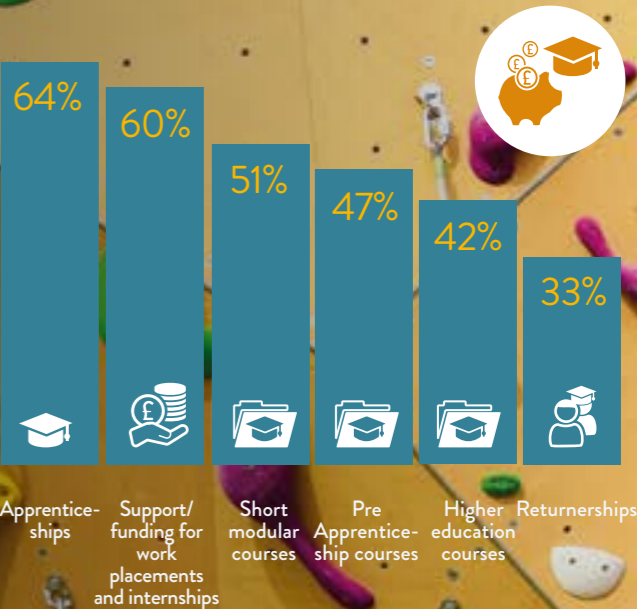


GROWTH & SKILLS LEVY

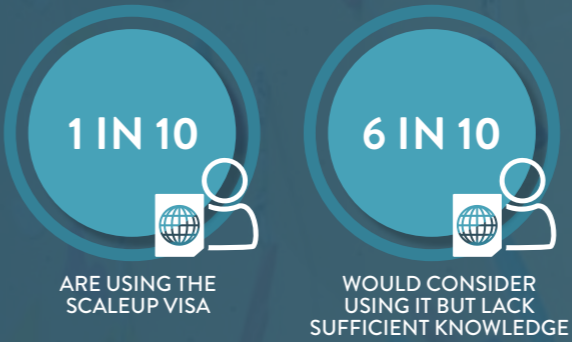
THE NEW GOVERNMENT HAS ANNOUNCED A PLAN TO BROADEN THE APPRENTICESHIP LEVY TO A GROWTH AND SKILLS LEVY TO GIVE MORE FLEXIBILITY IN HOW THE FUNDING CAN BE USED. SCALING BUSINESSES WOULD LIKE TO USE THIS LEVY TO...



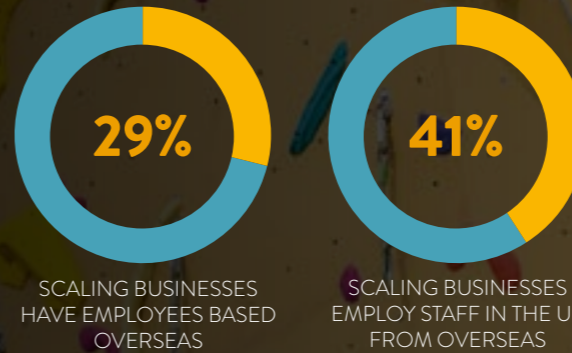
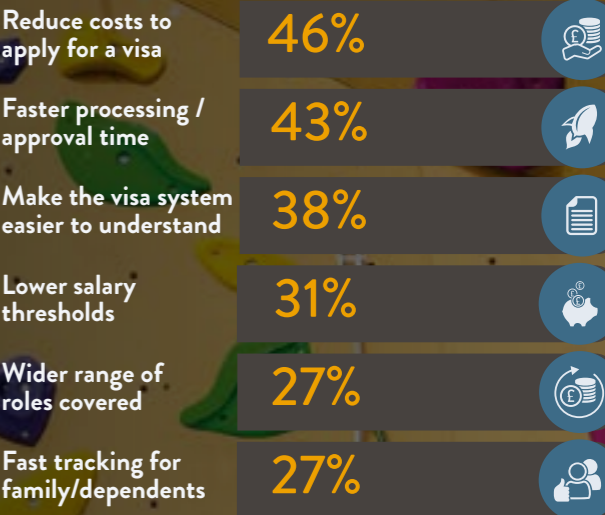
SCALEUP LEADERS WANT THE NEW SCHEME TO PRIORITISE THE FOLLOWING:



ACCESS TO INTERNATIONAL TALENT



SCALING BUSINESSES WANT CHANGES TO THE VISA SYSTEM TO MAKE IT EASIER TO ACCESS



"The ScaleUp Institute has been relentless in ensuring that scaleups are talked about, seen, valued and understood. It has also harnessed data about scaleups which has also been hugely valuable."

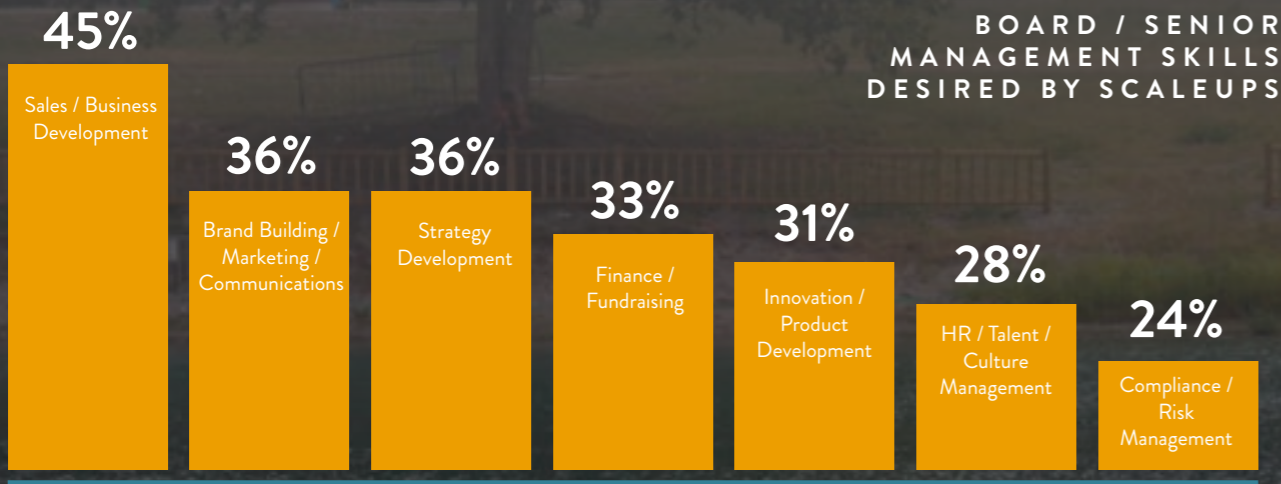
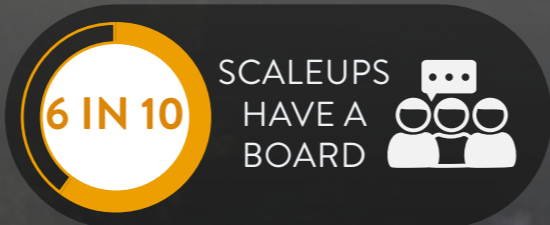
CHARLOTTE KEENAN
HEAD OF CORPORATE ENGAGEMENT AND GLOBAL HEAD OF 10,000 WOMEN, GOLDMAN SACHS

THE TALENT, SKILLS AND LEADERSHIP PERSPECTIVE

BUILDING LEADERSHIP CAPACITY

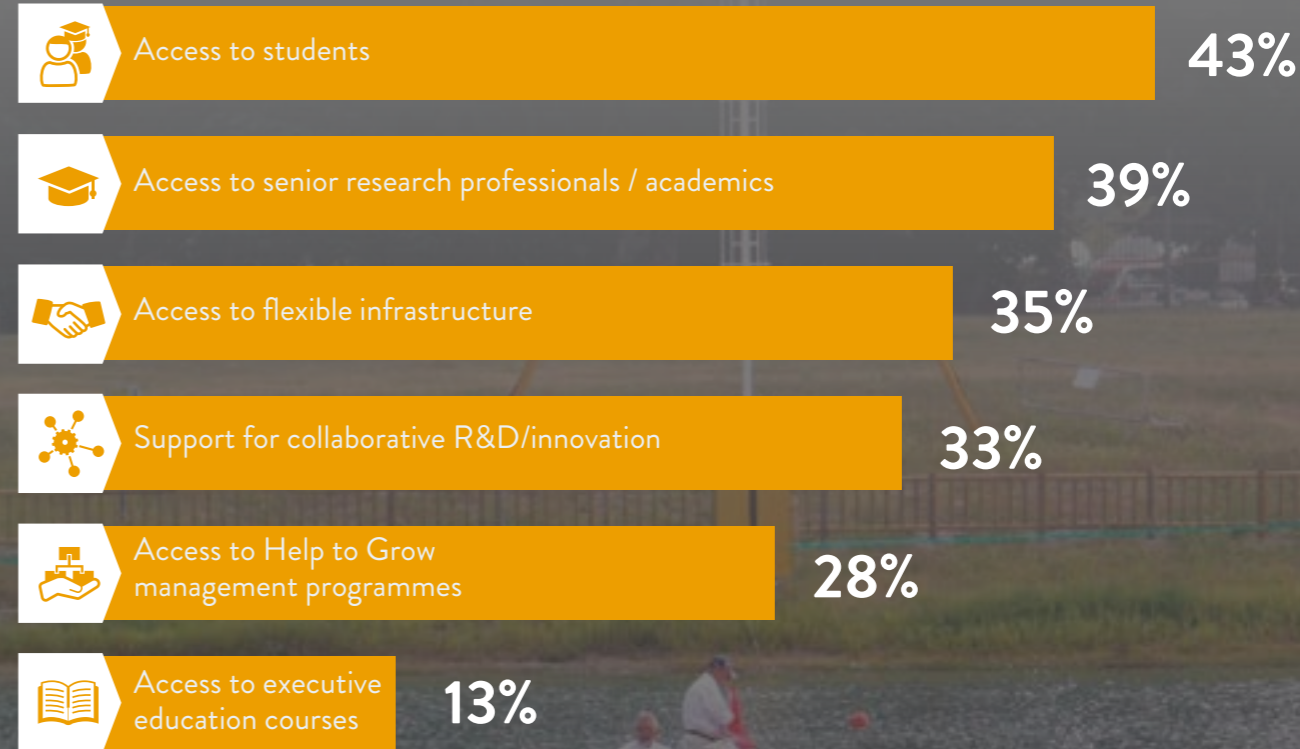
As a business grows and develops there is often a need to enhance the capabilities of the leadership team with **8 in 10** saying that upskilling of the current top team is vital to ongoing growth.

7 in 10 also want to develop leadership skills in their middle management tiers. Access to effective business support is crucial.



WORKING WITH UNIVERSITIES & BUSINESS SCHOOLS

Scaling businesses are engaging with universities and business schools in a variety of ways.



TO FILL THESE SKILLS GAPS AND CONTINUE TO GROW, SCALEUPS ARE LOOKING AT DIFFERENT WAYS TO BOLSTER THEIR TOP TEAMS



INSIGHT: FEMALE LED SCALEUPS

While highlighting similar challenges to accessing new markets and talent as their peers, female scaleup founders & ceos state their top 1 barrier to ongoing growth is access to finance and growth capital.

THEY ARE LOOKING FOR KEY LEADERSHIP SKILLS TO DEVELOP THEIR TOP TEAMS:

- 7 IN 10** Sales & Business Development
- 5 IN 10** Finance & Fundraising

TO SUPPORT THEIR GROWTH THEY WANT ACCESS TO:

- 7 IN 10** Dedicated, tailored scaleup support
- 5 IN 10** Advice on funding & Introductions to potential investors; Access to Mentors; Support to expand internationally

THEY WANT EASIER LOCAL ACCESS TO:

- 6 IN 10** Innovate UK; Professional Services
- 5 IN 10** Banks/Financiers; Help to Grow schemes

BUT THEY WANT EASIER ACCESS. TO FACILITATE THIS, SCALEUP LEADERS WOULD LIKE...



PEER NETWORKS UPDATE

Scaleups remain hungry for peer engagement with 4 in 10 responding to the 2024 scaleup survey seeking this type of support.

Innovate UK Business Growth and ScaleUp Institute peer groups continue to offer a confidential, supportive, yet challenging, forum for the leaders of innovative, scaling businesses to get new ideas, resolve critical issues and share good practice. They have helped leaders explore a range of issues from themes as diverse as becoming a B-Corp to use of AI as a tool for growth.

UKRI Innovate UK Business Growth



NETWORKS HELP LEADERS:

- Make decisions quicker
- Gain confidence in their decision-making ability
- Build leadership capacity
- Share issues and concerns
- Learn people management skills

PEER TO PEER: COMMUNITY OF SUCCESS

LOCAL & PROGRAMMATIC

REGIONAL

NATIONAL

INTERNATIONAL

Enhancing international connectivity for a selective group of UK scaleups with peers in key global markets

Bringing together scaleup peers from every part of the UK more broadly and with sectoral focus at key national events like the ScaleUp Annual Review

Joining up scaleup leaders at a regional level from various local & programme solutions in cross cutting peer networks

Local, private and education peer activities provided by a range of ecosystem players as part of programmes



KEY ELEMENTS OF EFFECTIVE SCALEUP PEER NETWORKS

PARTICIPANTS SHOULD ALWAYS DRIVE THE AGENDA FOR DISCUSSION.

Not the sponsors of the network or those who organise or facilitate the meetings.

EFFECTIVE CURATION REALLY MATTERS.

Enabling members to share different experiences and expertise at appropriate events and forums can optimise peer learning.

HAVE A MIX.

Peer networks work well as both cross-sector and sector-specific groups. Trust between individual members is built more effectively and quickly if they are not commercial competitors.

INCLUDE SCALEUPS AT DIFFERENT STAGES OF BUSINESS GROWTH.

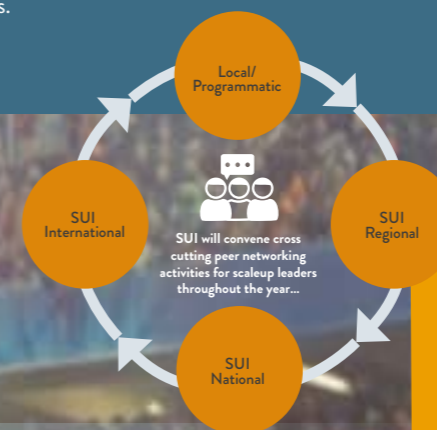
Scaleup leaders learn more effectively from peers who have encountered similar issues to their own, particularly if recently.

DISCUSSIONS MUST BE CONFIDENTIAL.

Effective peer groups discuss their plans, strategy, finance, and people in an open and frank environment.

MAKE EACH MEMBER ACCOUNTABLE TO THE GROUP.

Scaleup peer networks should report on their progress to one another, testing plans and assumptions with time bounded measurable goals.



LEVERAGING NON-EXECUTIVE DIRECTORS FOR GROWTH



Access to networks of non-executive talent has consistently been a key leadership priority for scaleups. In 2024, 6 in 10 are seeking access to this level of talent to support their ongoing growth and development of their top teams.

Over the last twelve months, Innovate UK and the ScaleUp Institute have piloted a new support offer with 20 highly innovative scaling

companies to source the right high-calibre Non-Executive Director (NED) to bolster the skills, expertise and governance of their business and keep scaling ambitions on track.

The support aims to enable participating scaleups to establish a board or refine the structures that already exist, while leaning into the seven key principles of an effective board:

7 KEY PRINCIPLES

- 1 IT HAS A CLEAR PURPOSE
- 2 IT IS A BLEND OF THE RIGHT PEOPLE AND SKILLS
- 3 IT'S LEAN BUT ALSO DIVERSE
- 4 IT REGULARLY REVIEWS ITS OWN EFFECTIVENESS
- 5 IT GETS THE PROCESSES RIGHT
- 6 IT HAS A HEALTHY CULTURE
- 7 IT DRAWS ON OTHER RESOURCES

OVER 250 BUSINESSES ENGAGED SO FAR

20%
Female participants

10%
BAME participants

4.83/5
average group meeting rating

84%
frequently apply group learnings in their business

9.5/10

on average recommend Innovate UK Business Growth peer group

THE MARKETS PERSPECTIVE



COLLABORATION



INTERNATIONALISATION



PROCUREMENT

51%



PRIMARILY SELL TO
OTHER BUSINESSES OR
GOVERNMENT (B2B)

49%



SELL DIRECT TO
CONSUMERS (B2C)

WHAT WOULD HELP B2B SCALEUPS



5 IN 10

ACCESS TO KEY
DECISION MAKERS
AND A DEDICATED
ACCOUNT MANAGER



5 IN 10

'MEET THE BUYER'
STYLE EVENTS
AND CURATED
MATCHMAKING



4 IN 10

BETTER ACCESS
TO CONTRACTS
FOR
INNOVATION

WHAT WOULD HELP B2C SCALEUPS



4 IN 10

SUPPORT TO
DEVELOP THE
BRAND OF THE
BUSINESS



4 IN 10

ABILITY TO MONITOR
IMPACT OF CAMPAIGNS
AND BRAND
RECOGNITION



3 IN 10

TRAINING/SUPPORT
TO UNDERSTAND
DIFFERENT ADVERTISING
OPTIONS

BARRIERS FOR B2B SCALEUPS

4 IN 10



Complex procurement
process



Time taken to
win a contract

3 IN 10



Time taken to
get paid



Having correct
finance in place

BARRIERS FOR B2C SCALEUPS

5 IN 10



Identifying/targeting
new customers

4 IN 10



Finding the right
channels to market

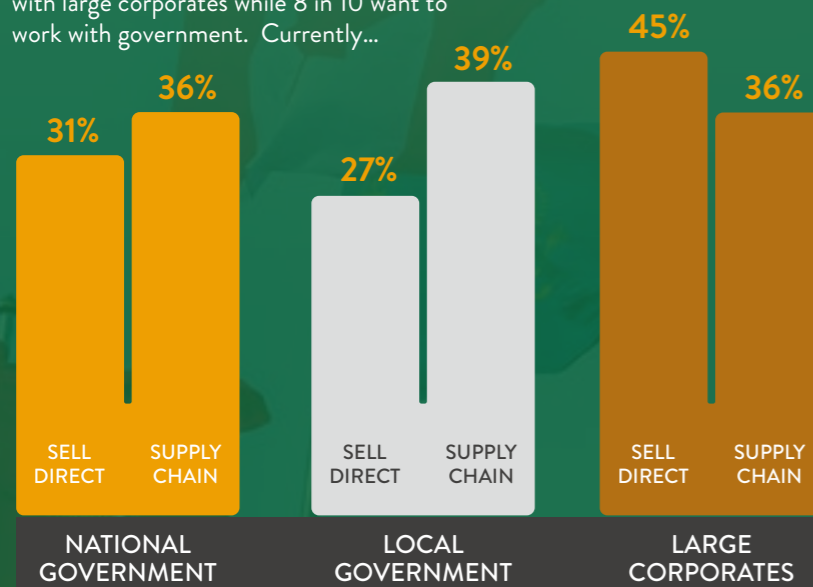


Brand
awareness



Competition from
larger incumbents

Among B2B scaleups 9 in 10 want to work with large corporates while 8 in 10 want to work with government. Currently...



SCALEUPS WANT SUPPORT TO INNOVATE AND COLLABORATE

42%

Faster application process
for innovation grants /
funding

38%

Wider remit for
innovation grants /
funding

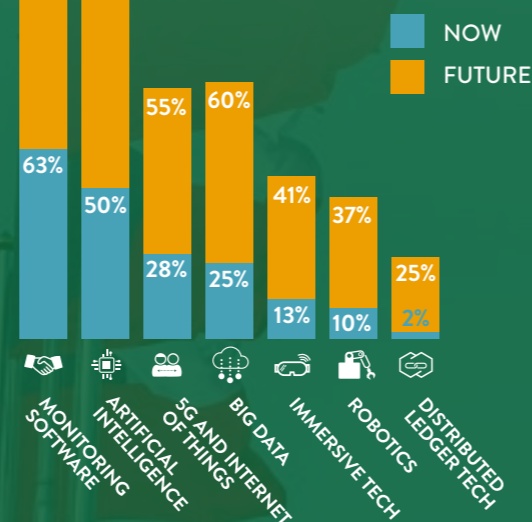
37%

Facilitated
collaboration with
Government

35%

Structured
'follow on' grant
schemes

SCALEUPS REMAIN AT
THE FOREFRONT OF
TECH ADOPTION



WE NEED TO BREAK DOWN BARRIERS TO EXPORTING

HIGHER BARRIERS



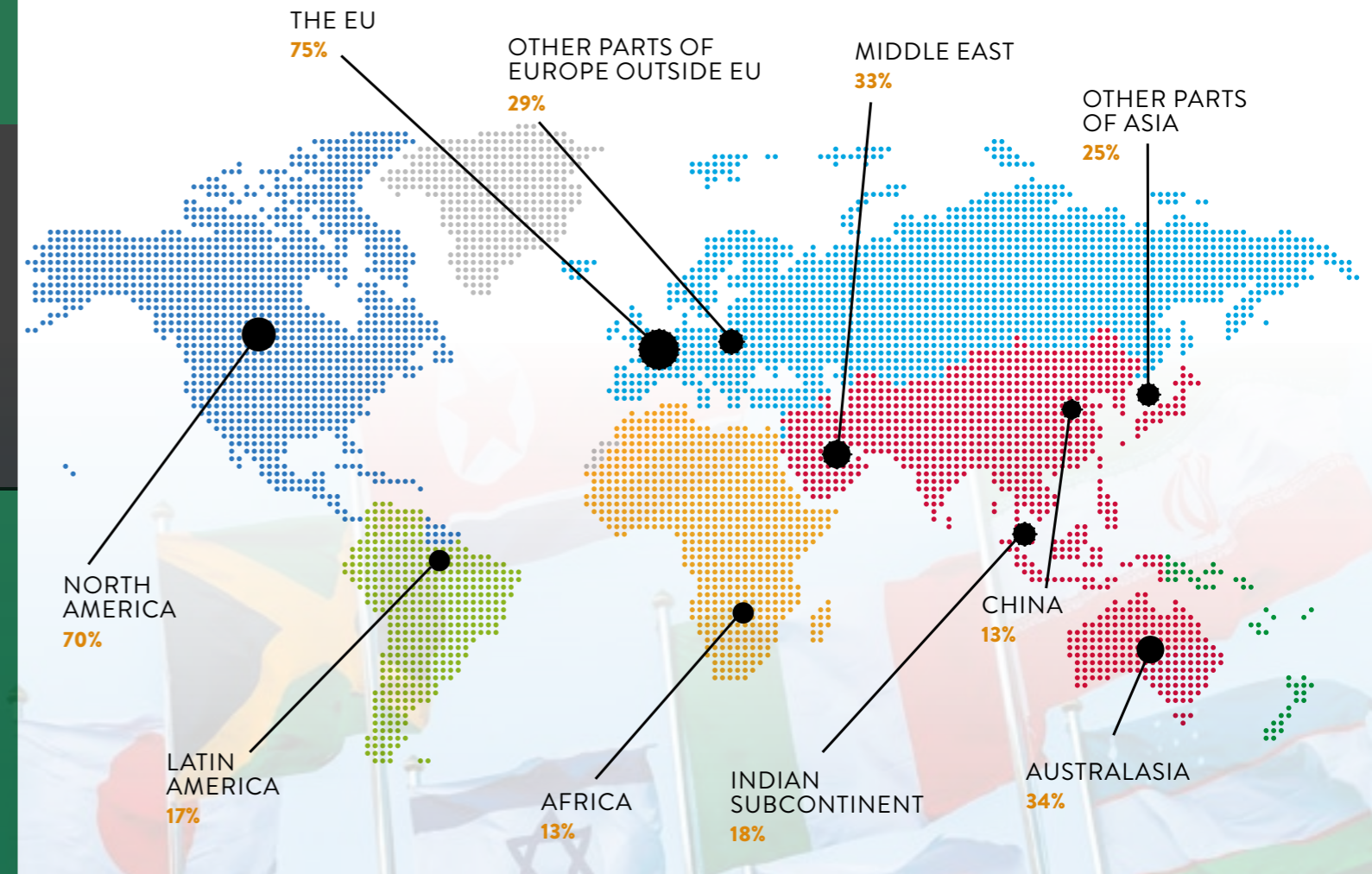
5 IN 10

CURRENTLY
EXPORT



7 IN 10

LOOKING TO FUTURE
EXPORT MARKETS



KEY BARRIERS TO OVERSEAS TRADE

4 IN 10

Finding local
support / partners in
overseas markets

Uncertainty due
to current world
events

3 IN 10

Limited access to
customers overseas

WHAT EXPORT SUPPORT IS WANTED

5 IN 10

Better introductions to
buyers overseas

4 IN 10

Single point of contact
for scaleups at the Trade
Department in the UK
and overseas

More information
on trade missions
/ market
opportunities


SCALEUP PUBLIC PROCUREMENT

Based on visible scaleups from Companies House data, excluding charitable and third sector scaleups and listed companies.

Data analysed by ScaleUp Institute using Tussell database, based on the period January - December 2023.

Over the years, SUI has collected data from c.3000 scaleup leaders across sectors - Access to Markets has been consistently identified by scaleup leaders as one of the top 3 growth challenges. Scaleups are highly productive - they generate £1.4trn in revenue which is equivalent to 55% of the SME output. However, when it comes to procurement, they only won 4% of the contracts compared to 60% won by all SMEs. This scaleup gap is why it is crucial for the UK government to promote segmentation and tailored policy, solutions and services for scaleup firms in our public and private sectors.

There is significant opportunity to work more with scaleups but despite attempts by the Government to streamline processes scaleup CEOs still state they face significant barriers in accessing public procurement contracts in the time it takes to win a contract (39%) and complexity of the procurement process (37%). When responding to the Scaleup Survey, they believe that dedicated account management and more 'Meet the Buyer' styles events as well as Improved access to Contracts for Innovation (formerly SBRI) would help improve their access to UK public procurement.



1,064
visible Scaleup businesses won...



...591
frameworks issued by the wider public sector worth...



...3,172
contracts and appear in...



£3.8bn


SMEs won **47,752** awards worth a total of **of £28bn equivalent to 60%** of all public procurement awards and **19%** of the total value awarded in 2023

While, for scaling businesses, only **4%** of all awards and **3%** of the total value of public procurement awards in 2023 was won by scaling businesses


37% of **1,064** visible scaling suppliers had also won an award in 2022



LOCAL GOVERNMENT
£1.3bn
PROCUREMENT CONTRACT VALUE
1,488
NUMBER OF AWARDS




CENTRAL GOVERNMENT
£1bn
PROCUREMENT CONTRACT VALUE
638
NUMBER OF AWARDS



TOTAL TURNOVER
£33.5bn



TOTAL INVESTMENT
£6.2bn



TOTAL EMPLOYMENT
296K




TOTAL EXPORTS
£875m


MOST COMMON CONTRACT SECTORS TO SCALING BUSINESSES REMAIN CONSISTENT SINCE 2018			
Most Public Procurement contracts issued to scaling businesses in 2023 were in the construction sector (30%) followed closely by Health and Social services (20%).			
Construction remains to be the biggest sector as 30% of contracts to scaling businesses in 2023 were given for this sector		CONSTRUCTION, HEALTH & SOCIAL SERVICES, FINANCIAL & BUSINESS SERVICES, IT & TELECOMS	
SECTOR	CONTRACTS	SECTOR	CONTRACTS
Construction and Real Estate	1,574	Industrials, Chemical and Mining products	294
Health, Life Sciences and social services	955	Postal, admin and public services	222
IT and Telecoms	786	Education and training services	214
Financial and Business services	623	Research & development services	199
Transport	441	Agriculture and Food products	150
Repair and maintenance services	342	Energy	71
Environmental Services	339	Hotel and restaurant services	60
Equipment (Furniture, Office, Computers)	299	Recreational services and equipment	52
		Clothing and footwear	18

PUBLIC PROCUREMENT & NET ZERO


In 2023, 37 scaling businesses were awarded 56 contracts valued at £115m which directly referenced Net Zero. These contracts came from a variety of sectors, including




Decarbonisation and Energy efficient housing



Carbon impact analysis and emissions reporting




Sustainability research into different sectors



Renewable energy installation and research

TOP BUYERS

TOP BUYERS BY VALUE OF AWARDS				TOP BUYERS BY NUMBER OF AWARDS			
BUYER NAME	CONTRACTING AUTHORITY	TOTAL AWARD VALUE	NUMBER OF AWARDS TO SCALING BUSINESSES	BUYER NAME	CONTRACTING AUTHORITY	TOTAL AWARD VALUE	NUMBER OF AWARDS TO SCALING BUSINESSES
London & Quadrant Group	Housing Association	£350.1m	2	Westmorland and Furness Council	Local Government	£2.3m	118
The Education Authority - Northern Ireland	Central Government	£270.3m	15	NHS Midlands & Lancashire CSU	NHS	£53.3m	91
Ministry of Defence (MOD)	Central Government	£175m	63	Bristol City Council	Local Government	£21.7m	73
HM Revenue & Customs (HMRC)	Central Government	£142.7m	19	Cumberland Council	Local Government	£1.2m	65
Department for Education (DfE)	Central Government	£115.3m	59	Ministry of Defence (MOD)	Central Government	£175m	63
Caerphilly County Borough Council	Local Government	£102.3	6	Milton Keynes Council	Local Government	£3.2m	60
City of London Corporation	Local Government	£93.9m	16	Department for Education (DfE)	Central Government	£115.3m	59
Department for Work and Pensions (DWP)	Central Government	£93.2m	35	UK Research and Innovation (UKRI) (DSIT ALB)	Central Government	£5.7m	57
NHS England (DHSC ALB)	NHS	£92.1m	47	NHS England (DHSC ALB)	NHS	£92.1m	47
NHS Leicester, Leicestershire and Rutland Integrated Care Board (ICB)	NHS	£90.8m	1	NHS Property Services	NHS	£7.1m	44



+ BIGGEST BUYERS
TOP 10 BUYERS AWARDED CONTRACTS WORTH **£1.5BN** = **39%** OF THE TOTAL VALUE IN 2023

MINISTRY OF DEFENCE,
DEPARTMENT FOR EDUCATION AND
NHS ENGLAND
(DHSC ALB)

THE THREE AUTHORITIES WERE THE TOP 10 BUYERS IN 2023 - BOTH BY VALUE AND NUMBER OF AWARDS

5 OF TOP 10 BUYERS BY VALUE OF AWARDS WERE CENTRAL GOVERNMENT BUYERS

AVERAGE AWARD VALUE BY CENTRAL GOVERNMENT BUYERS WAS **£1.6M**.
AVERAGE AWARD VALUE OF LOCAL GOVERNMENT BUYERS WAS **£855K**

10 OUT OF 12 LOCAL CONTRACTING AUTHORITIES BUY LOCALLY

SCALEUP REGION	CONTRACTING AUTHORITY REGION											
	East Midlands	East Of England	London	North East	North West	Northern Ireland	Scotland	South East	South West	Wales	West Midlands	Yorkshire And The Humber
East Midlands	40	7	14	4	26		3	11	9	2	11	5
East Of England	16	42	63	3	11		7	32	10	5	16	28
London	24	29	276	20	20		16	89	77	11	23	37
North East	1	6	14	86	9		3	4	3	1	8	25
North West	11	5	58	9	239	1	15	9	18	3	91	20
Northern Ireland		2	1	1	1	24	1		4	1	2	3
Scotland	2	2	7	16	6		109	3	4	2		2
South East	18	14	95	5	9	2	14	67	32	19	18	15
South West	6	11	34	2	6	1	3	23	155	5	17	9
Wales	4	2	9		1		1		6	42	2	3
West Midlands	16	10	57	1	20	1	2	10	35	5	36	12
Yorkshire And The Humber	21	7	52	10	18	1	9	18	25	3	10	86

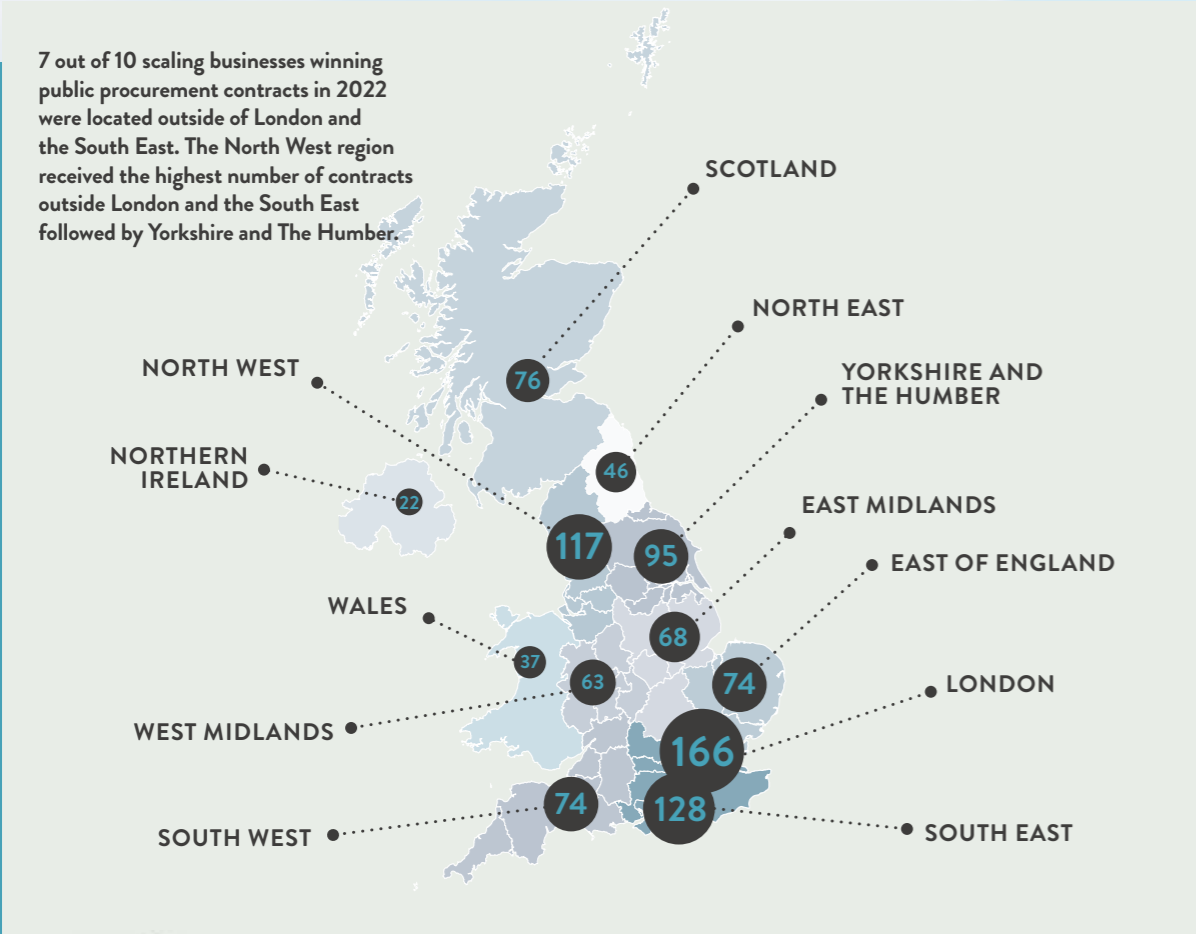
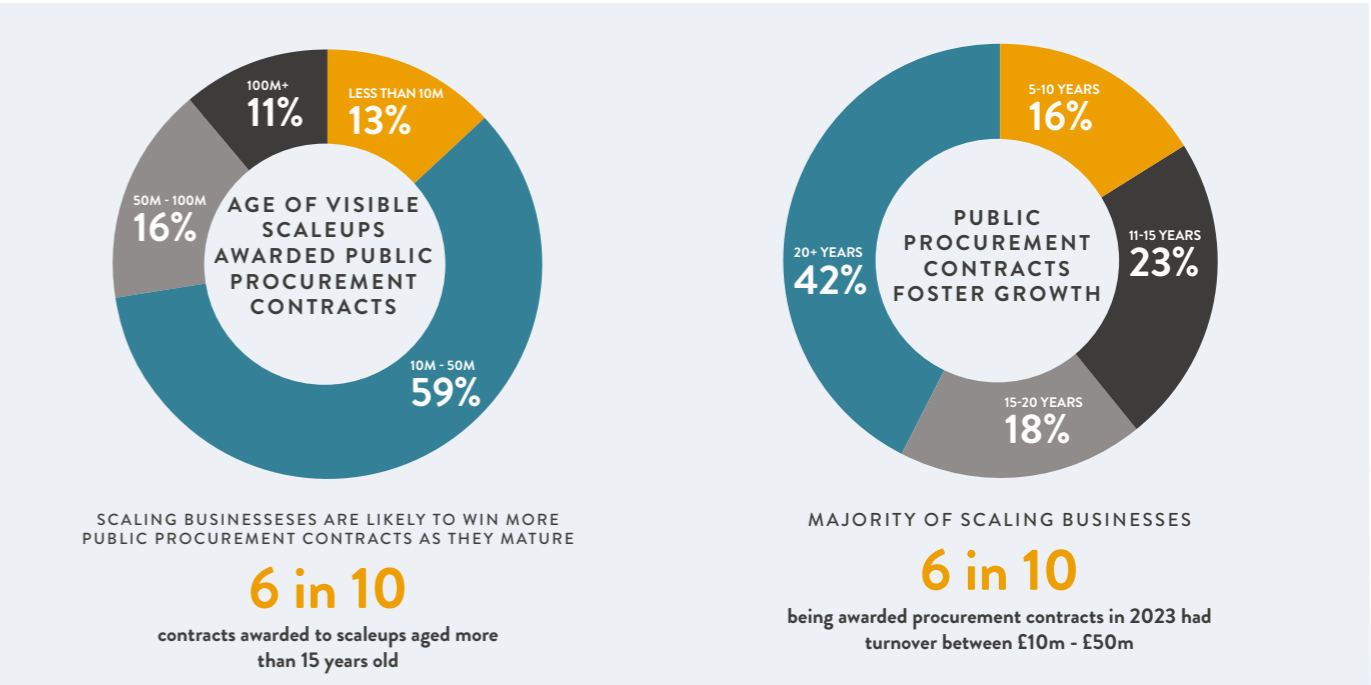
South East and West Midlands contracting authorities issued the majority of their contracts to scaling businesses outside their region (London and North West respectively) North East, North West, Northern Ireland and Wales contracting authorities awarded more than half of their procurement contracts with scaling businesses to those based locally.

TOP CONTRACTS AWARDED TO VISIBLE SCALING BUSINESSES						
SUPPLIER	DESCRIPTION	REGION	CONTRACTING AUTHORITY	CONTRACT TITLE(S)	SECTOR	VALUE
Amber Construction Services	Construction services	London	London & Quadrant Group	Major Works Investment Programme	CONSTRUCTION	£350M
CHC Group	Facilities management services	Northern Ireland	The Education Authority - Northern Ireland	Planned and Responsive Maintenance and Minor Works	CONSTRUCTION	£103M
Sykes & Son	Property development and construction	London	City of London Corporation	Minor Works Measured Term Contracts	CONSTRUCTION	£92M
ERS Transition Services	Patient transport and healthcare courier services	Yorkshire And The Humber	NHS Leicester, Leicestershire and Rutland Integrated Care Board (ICB)	Provision of Patient Transport Services	TRANSPORT SERVICES FOR HEALTHCARE	£91M
	Patient transport and healthcare courier services	Yorkshire And The Humber	NHS Midlands & Lancashire CSU	Provision of Patient Transport Services	TRANSPORT SERVICES FOR HEALTHCARE	£53M
Robert Price & Sons	Building material supplier	Wales	Gaerphilly County Borough Council	Building Materials Supply Partner	CONSTRUCTION MATERIALS AND INDUSTRIAL EQUIPMENT	£90M
Reds10	Interior design and project consultancy	London	Ministry of Defence (MOD)	Modular Buildings Framework Alliance Agreement	CONSTRUCTION	£72M
	Interior design and project consultancy	London	AECOM Limited	Temporary Modular Student Accommodation	CONSTRUCTION	£50M
Logan Construction	Property development and construction	London	Department for Work and Pensions (DWP)	DWP Fit Out, Refurbishment, Minor Works, Capex Projects and Life Cycle Work	CONSTRUCTION	£71M
Connexin	Telecommunication utilities	London	Connexin Limited	Gigabit Infrastructure Subsidy Programme - Regional Supplier	TELECOM INFRASTRUCTURE	£59M
Wonde Limited	Application Software and Data management	East Of England	Kent County Council	Cash out vouchers for FSM vouchers	FINANCIAL SERVICES	£52M

7 of the top 11 awards were in the **CONSTRUCTION** SECTOR worth a total of **£828m** and remaining were in **TRANSPORT** services for **HEALTHCARE, TELECOM INFRASTRUCTURE AND FINANCIAL SERVICES**

THE BIGGEST CONTRACT IS ISSUED TO **AMBER CONSTRUCTION** which provides **construction services**

6 out of 11 of the top awards were issued to scaleups **OUTSIDE LONDON AND THE SOUTH EAST**



LEARNINGS FROM INTERNATIONAL COUNTERPARTS			
	USA	ISRAEL	OTHER COUNTRIES
SIMPLIFYING PROCUREMENT PROCESS	Federal Procurement data systems to track performance future needs A simplified acquisition procedures for lower-value contracts to reduce the administrative burden on both the government and suppliers	Digital platforms providing accessible information on procurement opportunities, contract awards, and supplier performance to enhance transparency	New Zealand's Government Electronic Tenders Service Estonia - Integrated e-procurement system and Open data Accessibility
ENCOURAGING INNOVATION	Small Business Innovation Research programme run by Small Business Administration (SBA) The Other Transaction Authorities (OTAs) : allow federal agencies to engage with non-traditional contractors, particularly in the tech sector	Sector Specialised procurement programs , particularly in defence and cyber security Israel Innovation Authority links procurement with innovation Pilot programs and prototype testing as part of its procurement strategy, particularly in high-tech sectors	
FOCUS ON SMALL BUSINESSES - TARGETED SUPPORT AND OVERCOMING FINANCIAL BARRIERS	Quotas for contracting with small businesses, including diverse businesses through SBA Mentor-Protégé Programs : pair large contractors with small businesses to help develop capabilities Prompt Payment Act	Supports incubators and accelerators that focus on developing solutions for public sector challenges and encourage small innovative businesses Reduced bureaucratic hurdles and targeted support for SMEs to help them compete for contracts	Canada's Office of Small and Medium Enterprises with targeted support for SMEs Republic of Korea's SME network loan program and advance payment provision Singapore's Enterprise Development Grant - early stage/ scaling businesses eligible for 70% of funding for approved projects
CAPACITY BUILDING AND PROFESSIONAL DEVELOPMENT	Programs like the Federal Acquisition Institute and Defense Acquisition University ensure that procurement officers are well-trained and equipped to manage complex contracts	Close collaboration between different sectors, including government, industry, and academia	

THE FINANCE PERSPECTIVE



BARRIERS TO FINANCE

INVESTOR UNDERSTANDING OF OUR SECTOR
35%

GIVING UP CONTROL
31%

INVESTOR FIT
29%

LACK OF SECURITY OR COLLATERAL
29%

SCALEUPS WANT MORE FROM INVESTORS OF:

5 IN 10

Relationship management support

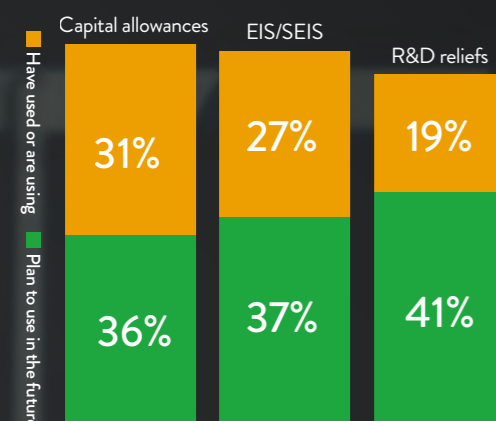
4 IN 10

Briefing for businesses & investors on sectors & trends
“Meet the investor” and other events showcasing your business

3 IN 10

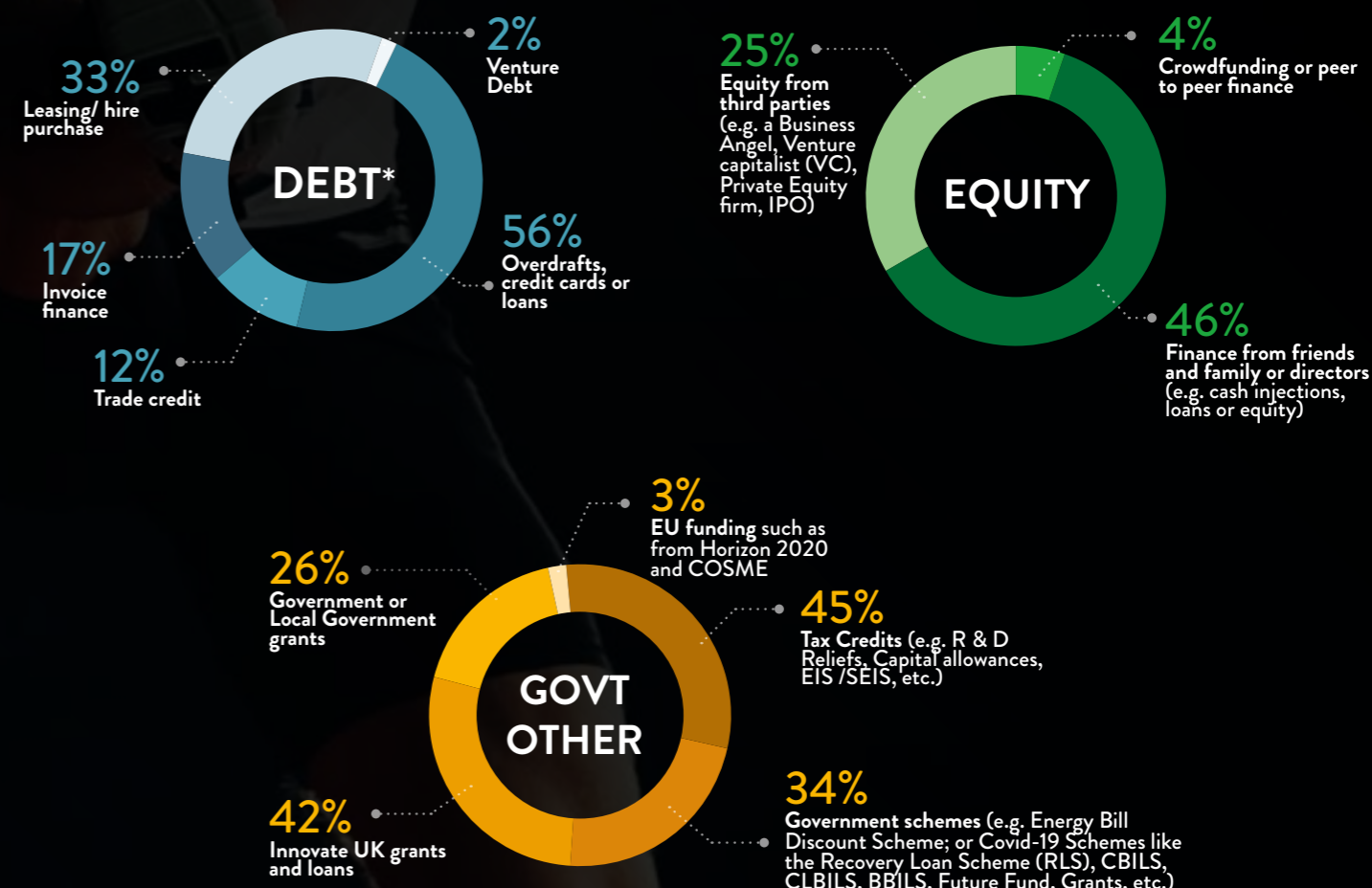
Better access to finance mentors and peers who have raised funds before
A more structured referral process
Increased regional presence of the British Business Bank between investors

TAX SCHEMES

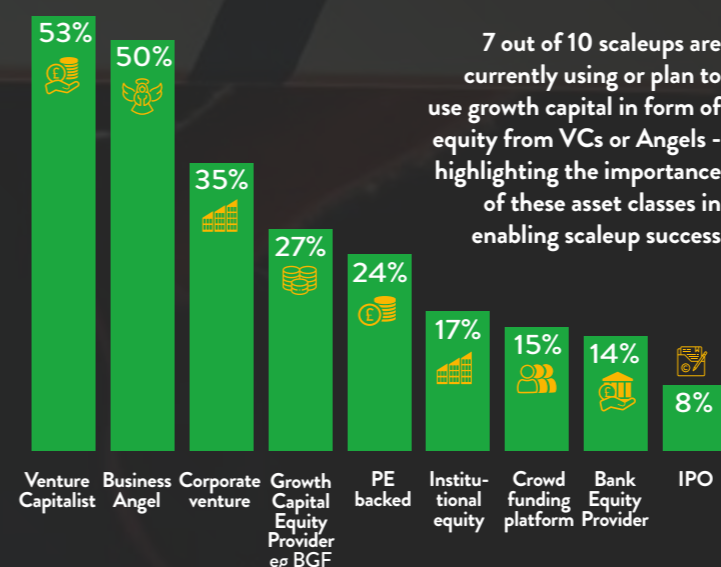


Faster claim processing/settlement	43%
Increasing value of any allowance we are able to claim for	38%
Commitment from Government to continue offering these schemes beyond current time periods	38%
Making schemes easier to understand/apply for	35%
Expanding the range of things we are able to claim for	34%
If it was recommended to me by someone I trust (e.g. accountant, lawyer, etc)	32%

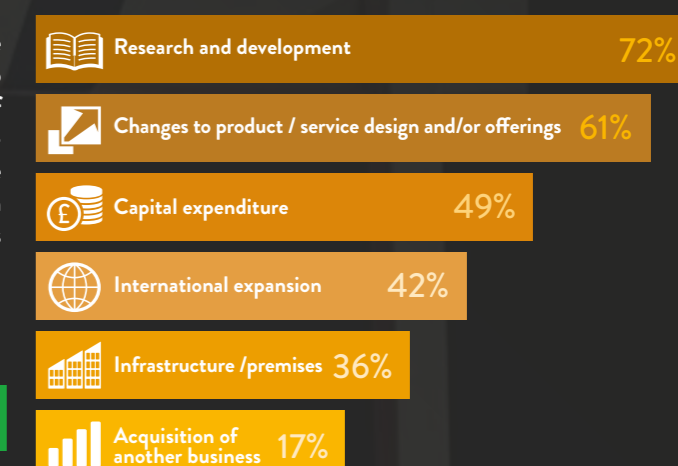
SOURCES OF FINANCE



KEY SOURCES OF EQUITY



PLANS FOR INVESTMENT



“The ScaleUp Institute has focused on the scaleup ecosystem through a lens of credible data and economic analysis. It has given us all the data and materials to assess both the status quo and the opportunities ahead. That’s been absolutely fundamental. It has also been vital in shining a light on the pan-UK picture for scaleups.”

PRIYA GUHA MBE
VENTURE PARTNER, MERIAN VENTURES

GROWTH CAPITAL: THREE PERSPECTIVES



The landscape for growth capital is rapidly evolving and many vital steps are being taken but challenges remain.



MARCUS STUTTARD HEAD OF AIM AND UK PRIMARY MARKETS LONDON STOCK EXCHANGE GROUP

THE IMPACT OF CAPITAL MARKET REFORMS

The UK has possibly the most ambitious capital markets reform agenda anywhere in the world right now. The purpose of these reforms is not only supporting the UK's place as a global financial centre. For scaleups, these reforms will help their scaleup journey by making the public markets more accessible. And the benefits of these reforms will come through as market conditions continue to improve. There is a lot to be positive about.

The main market listing rules are the first component. We are making sure that companies can join the UK markets and that there are no unnecessary barriers in place to stop them from doing so; that the UK capital markets are attractive to founder-led businesses, and that companies listed in the UK can compete with those listed overseas on a level playing field. That is vital in helping companies start, scale and stay in the UK.

The rewriting of the listing rules will reduce the cliff edge between private and public markets. They will make it easier for private companies to go public: through measures such as reducing the free float from 25% to 10%; and allowing management teams, founders and existing shareholders to retain dual class shares, to make the transition to a new ownership structure more seamless. The reforms will also make it easier for existing public companies to raise capital more efficiently.

UNLOCKING DOMESTIC CAPITAL

Over the past few years, there has been a much wider debate about the importance of unleashing the pension capital in this country.

There is now greater recognition of the extent of de-equitisation but also of the scale of the opportunity that exists for our domestic funds to increase their exposure to the UK economy and to UK equities - not just at the listed level, but throughout the funding continuum - so that companies get

greater access to domestic capital at an earlier stage.

The number of exciting spin-outs coming out of our universities is increasing. The Angel and VC community is more vibrant than a decade ago. Tax incentives, such as EIS, SEIS and VCTs have all been materially beneficial.

But it is vital for these companies to have access to domestic capital to ensure that they continue to scale and stay in the UK. If they take later-stage capital exclusively from the US, Asia or the rest of the world, then the centre of gravity of those businesses may gravitate towards the capital. The recognition of the importance of domestic capital going into domestic businesses has significantly changed over the past few years.

A tangible demonstration of this was the signing of the Mansion House Compact. A number of signatories to the Compact are already starting to deliver or create vehicles to direct DC pension capital into UK private companies.

The Government has launched the pension fund review and there is a focus on consolidating local authority pension schemes to make sure that those pension schemes have the scale and the infrastructure to be able to invest in a broader set of asset classes, including private scaling businesses.

TACKLING LIQUIDITY CONSTRAINTS

One of the constraints that scaling businesses face is liquidity. To support the scaling of private companies, we have seen the continued evolution and focus on the creation of the world's first cross-over market between the private and public markets - PISCES. Its development is critical. It should make it easier for scaling businesses to have earlier, more organised, periodic access to liquidity.

On PISCES, between the liquidity windows, private companies who choose to join will remain fully private. This market will provide early-stage investors, employees, angels, VCs, and other existing shareholders with the option to exit companies or realise investments earlier than they ordinarily would have had the opportunity to do so. It will also enable new investors to get exposure to private companies earlier than they ordinarily could do.

THE FACT THAT THE CAPITAL BASE OF THE BRITISH BUSINESS BANK'S £7.9BN COMMERCIAL PROGRAMMES IS BEING PUT ON A PERMANENT FOOTING IS VERY SIGNIFICANT AND WELCOME

It's a huge development for the UK and we're making really good progress.

RAISING VISIBILITY AND ENGAGING WITH SCALEUPS

The package of capital market reforms is wide-ranging. Other key elements include Rachel Kent's review into sell-side research and the review of the Stewardship Code.

The recent ScaleUp Britain campaign has been super beneficial in raising the visibility and awareness of this whole package. The response has been very positive.

I think it has opened the eyes of many scaling businesses to the level of support that is available, the opportunities and the reforms that are taking place. It has increased confidence and facilitated the conversations and brought people together, to match national and local capital with local businesses.

CONFIDENCE IS RETURNING TO EQUITY MARKETS

The past two years have been challenging globally, with a net outflow of funding from UK equities. Many of the factors behind this - higher interest rates, inflation and political uncertainties - have not been confined to the UK.

But the picture is changing. There is more confidence. Capital is out there - and it's being deployed. Across our markets, over £20bn was raised in the first half this year - more than in the whole of last year.

STEPHEN WELTON CHAIRMAN, BRITISH BUSINESS BANK

CROWDING IN INSTITUTIONAL CAPITAL

The fact that the capital base of the British Business Bank's £7.9bn commercial programmes is being put on a permanent footing is very significant and welcome. It allows the Bank to re-invest its commercial returns over the long-term, catalysing more capital into UK companies. It will also allow the Bank to deploy its capital more flexibly.

The clear example of that is the creation of the British Growth Partnership. Once this regulated entity has been authorised and set up, it will be a very significant moment for the bank.

Currently the level of UK institutional exposure to the early stage and scaleup economy is minimal. The Business Growth Partnership will crowd in UK pension fund and other institutional investment into VC funds and innovative businesses, supported by a cornerstone government investment. Over the coming months the British Business Bank will seek to raise hundreds of millions of pounds of investment for this model, with the aim of

making investments by the second half of 2025.

Our aspiration is to leverage the core skills and capabilities of the bank so it is attractive for pension funds to gain exposure to the early stage and scaleup economy.

It's just one new way of addressing this issue but there is no one solution here. We want a strong public sector approach which catalyzes activity and can be used to crowd in a wide variety of different players. One example is the Long-Term Investment for Technology and Science (LIFTS) initiative where both successful bidders, Schroders Capital and ICG plc, are expected to begin making investments via their new vehicles in late 2024.

And then we also need large individual asset managers and pension fund groups to come up with their own strategies - you can see this in the formation of Future Growth Capital by Phoenix Group and Schroders.

What is now undoubtedly true - and has not been the case before - is that institutions are developing their private market strategies. What those strategies are and how effective they will be is the next question.

Collectively, this is going to increase the flow of risk capital - and that is the big prize.

A CLEARLY DEFINED FUNDING ESCALATOR

The British Business Bank has an extensive reach across the UK and the funding escalator is now easier to define. For entrepreneurs and academics coming up with ideas, we now have a Memorandum of Understanding with Innovate UK and that collaboration will help establish clear pathways for innovation to be commercialised in the UK.

We're working with angels to help them to scale up their investments. We are already the UK's largest domestic investor in venture and venture growth capital and the most active late-stage investor in UK life sciences and deeptech. We have a focus on the future economy and we are helping to grow the ecosystem of fund managers. The scaleup gap is being addressed by crowding in the pension funds.

IT'S VITAL THAT WE ENSURE THAT ALL PARTS OF THE COUNTRY HAVE WHAT THEY NEED.

We need to continue to power the Golden Triangle because it's enormously successful and needs to continue to be so, while our Nations and Regions Investment Funds, which amounted to £1.6bn in 2023, are a proven way of getting capital outside of the Golden Triangle.

The regional economy is critically important and there are some good building blocks in place. Ten years ago, many professional



THE REGIONAL ECONOMY IS CRITICALLY IMPORTANT AND THERE ARE SOME GOOD BUILDING BLOCKS IN PLACE.

communities in many cities in the UK had been hollowed out but there has been reinvestment. That needs to be maintained. Local advisors, lawyers and accountants facilitate the connectivity between companies to capital.

THE QUESTION OF RISK APPETITE

There remains a big disconnect between the potential to develop those companies which emerge out of research and universities into becoming scaleups. There is a gulf between the risk appetite of the capital providers and the risk requirement of many of these emerging companies.

The challenge is to get capital into those businesses and opportunities which are not yet a surefire bet. We have to look at nascent sectors where the prize is not as immediately obvious but where capital requirements are significant and the risk profile is different.

The US tech sector over the past 20 years is a clear example of how scale, ambition and capital has created enormous companies. It's an open question to us in the UK as to whether we could do that. We have the academic base, we have the talent, and the capital is there, but do we have the risk appetite to get behind these businesses in a way that is impactful on a global basis?

FINANCE SECTION

The UK needs to get the funding continuum from pre-seed through seed to scale and an effective public market for our scaleup economy," said Steve Bates, CEO of the BioIndustry Association. This was echoed by Janet Coyle, Managing Director of Grow London at London & Partners, who also identified growth capital as a leading challenge. "We've got to get this right although it will take time. It's particularly hard for scaleups in the life sciences space."

For Russ Shaw, access to scaling capital was the number one priority. "We would like more of that scaling capital to come from the UK. One of the risks of having lots of overseas investment is that those investors will guide companies elsewhere when they are ready to make their next big jump. American investors in British scaling businesses would like them to think about listing in the US rather than in the UK. Singaporean investors will suggest expansion to Singapore. Those conversations happen a lot. When that happens, wealth, jobs and insights leave the country. If we have a depth of British money going into British scaleups, that risk is reduced."

"Business owners tell us that navigating the capital landscape effectively is really hard," says Charlotte Keenan. "We have some of the most dynamic, creative, innovative businesses anywhere in the world – and the capital is out there. It is a question of making the plumbing work."

TIM EVANS INVESTMENT DIRECTOR, CREATIVE UK

THE MARKET FOR GROWTH CAPITAL IN THE CREATIVE INDUSTRIES

Despite the positive policy positioning for the creative industries, it has been a challenging year for all parties engaged in financing the startup and scaleup ecosystem. The last two years of high inflation, increased energy costs and the impact of the Hollywood writers and actors strikes has, in many ways, been far more damaging than the pandemic.

From a growth capital perspective within our own fund, we're seeing a reduction in new deals, with more money going into existing portfolio clients.

Where scaleups are concerned, this reduction does not necessarily reflect a reduction in available funds. Our

recent sector review supports this, as it identified many providers who are still active at scaleup stage. Things are tougher in the startup space where an increasing misalignment between investors and clients means that we are seeing a proliferation in proposals lacking cornerstone investors. This misalignment is the trickle-down result of the challenging environment that we've all been operating in. Investee companies are less resilient due to increasing costs and growth being harder to acquire; while investors – facing a much higher cost of investment – are putting deals on the table which are often unpalatable for investees, leading to terms being rejected and fundraises postponed.

SECTOR INVESTMENT DEMANDS AND OPPORTUNITIES

The growth capital investment demand in the creative sector is primarily for early-stage equity. The opportunity for investors is to get in there early with innovative businesses and to take meaningful stakes in exciting ventures that may well grow to become future sector leaders.

The challenge is that despite the excellent growth figures – with the creative industries generating £125bn for the UK economy according to the last statistics from the ONS – there continues to be a lack of understanding of the opportunity of investing in the creative industries. Where there is appetite and understanding, that willingness tends to be at a later stage, meaning investment is available for businesses once they are post-revenue and turning over meaningful sums. With fewer and fewer investors willing to support early on, it is harder for creative businesses to reach that post-investment stage and that's become particularly acute in the past 12 months. Angel investors, for example, are far more hesitant and this reflects the

YOU'VE GOT TO UNDERSTAND THEIR JOURNEY FROM STARTUP RIGHT THROUGH TO EXIT

broader economic environment of this previous year and a perception that their investment is safer in the bank.

CONNECTING AND EDUCATING SCALEUPS IN THE CREATIVE SECTOR TO THE MOST APPROPRIATE FORMS OF GROWTH CAPITAL

Investment readiness is a significant challenge for the creative industries and helping creative companies speak the language of investors is incredibly important. That means helping creative businesses to use their storytelling talents to better articulate the strengths of opportunity of investing in their businesses. It is also important to recognise that the necessary work is not all on the side of the businesses.

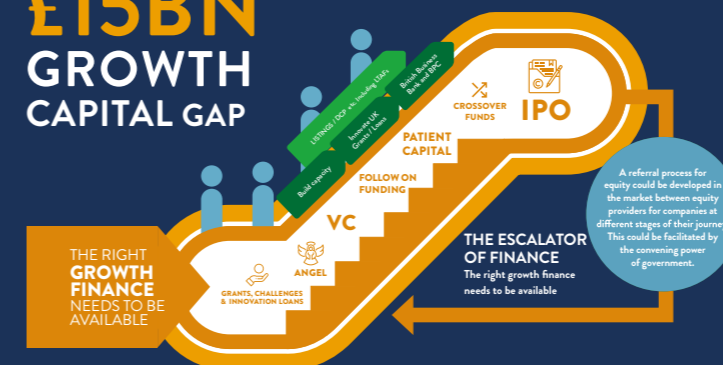
Investors also need to "invest" in their own education. There is much to be gained, but you can't invest in creative businesses without first understanding the business models and methods of achieving success. To understand these models and methods, you've got to come and spend time with creative businesses. You've got to understand their journey from startup right through to exit. Which means you've got to take some risks, get involved and engage with organizations, such as Creative UK, who are experts in this space.

REGIONAL DEMAND AND DISPARITIES

There's a national need for early-stage interventions which is seen acutely in the lack of early-stage equity and

R&D funding for content creators. But the reality is that the disparity is more acute in the north than it is in the south. There is a positive story here, with regional and combined authorities displaying fortitude in the face of tough budgets to fund some of those challenges. The North East region is a great example of what can be done when local authorities are motivated. The North East Combined Authority is investing through funds in partnership with Creative UK to specifically address the regional disparity that is stark in the creative sector. And what's really interesting here, is that they are not only addressing these challenges, but taking them head on with innovative approaches like the North East Success Fund.

£15BN
GROWTH
CAPITAL GAP

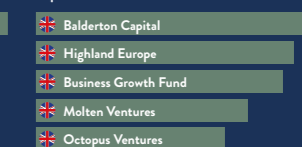


TOP INVESTORS AT DIFFERENT FUNDING ROUNDS

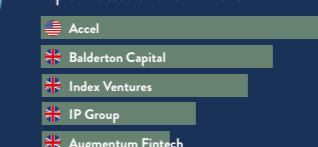
Top 5 investors for SERIES A



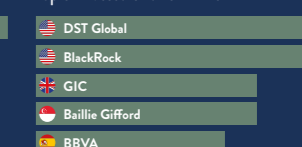
Top 5 investors for SERIES B



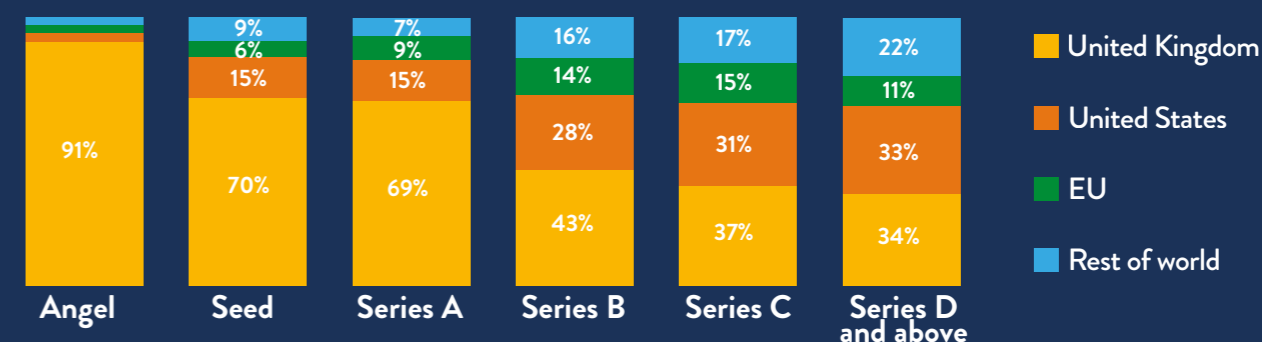
Top 5 investors for SERIES C



Top 5 investors for SERIES D



INVESTORS BY NATIONALITY AT FUNDING STAGES



THE ROLE OF UNIVERSITIES IN LOCAL SCALEUP ECOSYSTEMS INSIGHT FROM SCALEUP BRITAIN



Increasingly, universities and business schools are becoming anchors of their local scaleup economies. In a series of discussions across the UK, ScaleUp Britain explored how universities are working together to support local scaleups from spin-out to scaleup through investment funds, growth programmes, R&D, and building clusters. And, as Professor John Anderson said at the Glasgow Scale Up Britain event, a surprising amount has been going on. The stories just need to be told.

At the heart of these developments lies collaboration. The appetite among scaleups to collaborate is there; ScaleUp Institute research shows that a majority of scaleups will pay to engage with a university or business school if that institution's offer is right for their business.

UNIVERSITIES ARE COLLABORATING TO ESTABLISH REGIONAL, LOCALLY DIRECTED INVESTMENT FUNDS

Northern Gritstone was founded in 2021 to invest in science and deep tech early-stage companies in the North of England including spinouts from the universities of Leeds, Manchester and Sheffield. Since inception, it has invested in 25 companies from seed through to series D. "Our creation is recognition of the importance of university research and innovation to early-stage company formation and growth," said Marion Bernard, investment director at Northern Gritstone.

It is not the only investment company that has come into existence over the past ten years to invest in university innovation. Edinburgh University's venture investment fund Old College Capital started in 2012 and has grown phenomenally. It has a portfolio of more than 80 companies which have received investment of over £100m. OCC made 29 investments in 2023.

New funds are being announced. The SETSquared Partnership universities and leading regional investment firm QantX have announced plans for a new £300m spin-out focused investment vehicle to catalyse the creation and growth of science and technology companies addressing global challenges. Combined, the SETSquared Partnership of six universities – Bath, Bristol, Cardiff, Exeter, Southampton, and Surrey – has a research portfolio of over £600m and has produced over 230 spin-out companies through collaboration across vibrant regional innovation ecosystems. This new investment vehicle will drive a much-needed step change in early-stage patient capital, expertise, and support available to University spin-outs and start-up companies in the region that are working in areas of true global impact – such as sustainability, clean energy, and transformative healthcare.

As part of Scotland's National Innovation Strategy, a National Innovation Fund will see universities such as Strathclyde, Glasgow and Edinburgh working to design and develop one fund to invest in early-stage growth companies up to Series A here in Scotland. While the University of Strathclyde already has two investment funds – one for student founders and an investors fund that will invest up to £400,000 with follow-on capacity, the National Innovation Fund "is the most exciting piece in the jigsaw," thought Meryl Levington, Director of Innovation and Industry Engagement, University of Strathclyde.

NEW INFRASTRUCTURE IS COMING ON STREAM TO

FACILITATE COLLABORATION – BUT THE PACE OF DEVELOPMENT NEEDS TO ACCELERATE

"Scaleups have to be in the room to gain access to economic capital, information, networks and advice," observed Eleanor Shaw, Professor Eleanor Shaw, Dean and Professor of Entrepreneurship, University of Glasgow. "What universities can do is provide that room to bring people together." That means providing new and welcoming spaces which can foster inclusivity and diversity. Universities have not traditionally been great at this stuff, she observes. One lesson from MIT: provide really good coffee.

There may appear to be bountiful capacity compared to a decade ago but the growth in local ecosystems means that demand is outpacing supply. Take deeptech in the south west, noted Marty Reid, Executive Director of SETSquared. In collaboration with the University of Bristol Science Creates already has two deeptech incubators in Bristol and a third is under construction. He also noted the Future Space innovation centre at the University of West of England and that the University of Bath had "ambitious plans," but all of these developments "will not yet be quite enough to help our talented businesses meet their potential."

UNIVERSITIES ARE DEVELOPING NEW PROGRAMMES FOR SCALEUPS

The new collaborations are offering accelerator programmes that connect companies with funding, expertise and access to markets. This year Northern Gritstone launched NG Studios – an accelerator program to connect founders with advice and industry expertise, including from those who have successfully scaled businesses.

The University of Strathclyde is running a Scottish Impact Investor Readiness Programme to encourage ambitious businesses and their leaders to think about their impact and how to integrate this into business growth strategy, alongside their ongoing Growth Advantage Programme which has been endorsed by the ScaleUp Institute.

In Liverpool City Region, Edge Hill University's SME Growth Observatory has developed a unique methodology to spot place and sector-based growth potential businesses, and its High Growth Innovation Sprint programme, which supports scaleup potential businesses to enhance their strategic growth plans with specific focus on building leadership and workforce capacity, is another demonstration of the role that universities across the country can play as anchor institutions in the scaleup ecosystem.



MORE THAN PROVIDING A PIPELINE OF GRADUATES, UNIVERSITIES ARE ENGINES OF TALENT FOR SCALEUPS

"The days of institutional silos in higher education have long gone," thought Lorna Edwards, Head of Business Engagement at Abertay University. She pointed to the Abertay cyberQuarter – an £18m cybersecurity research and development centre housed within Abertay University. The centre has been jointly funded by the University and the UK Government (£5.7m) and Scottish Government (£6m) through the Tay Cities Region Deal. "Talent is the major problem in cybersecurity," she said. "There is a worldwide shortage of cybersecurity skills." From leading research to partnerships with Further Education Colleges and schools, Abertay is creating a cluster of companies based on its supply of talent.

As an advanced R&D-intensive economy the UK is unusual in that so much of its research happens in universities, said Professor Kieron Flanagan, Professor of Science and Technology Policy at the Alliance Manchester Business School. "That makes universities necessarily central to research and innovation ecosystems."

He described the ways that the strength of research activity in universities benefits the economy: "increasing the stock of useful knowledge; connecting to global knowledge networks; training people; creating new methodologies, approaches, techniques; forming networks and stimulating new

interactions and increasing the capacity for problem solving; and, of course, creating new firms." It was important to focus on the people contribution. "Universities attract people to places and often keep them there."

PROVIDING AN ECOSYSTEM AND SUPPORT FOR FOUNDERS

"Building and scaling a high-performing team that grows with the business is not easy," said Northern Gritstone's Marion Bernard. "Co-founders and CEOs have to think strategically about the team they need to deliver on company milestones, the structures that need to be in place and the way to foster and maintain culture in periods of team growth."

Northern Gritstone hired a Talent Director this year to provide advice and support to its portfolio companies as they put in place the people they need along that journey.

BE EASY TO NAVIGATE

The biggest challenge for many scaleups is navigating the ecosystem, said Kerry Sharp, Director, Entrepreneurship & Investment at Scottish Enterprise. To assist them, Scottish Enterprise produces a Scottish Entrepreneurial Ecosystem Guide which provides a guide to all the incubators, accelerators, co-working spaces, innovation assets, support and networking organisations, specialist support, private companies and consultancies, and finance and investment.

GLASGOW PANEL
Kerry Sharp, Director, Entrepreneurship & Investment, Scottish Enterprise
Professor Eleanor Shaw, Dean and Professor of Entrepreneurship, University of Glasgow
Lorna Edwards, Head of Business Engagement at Abertay University
Meryl Levington, Director of Innovation and Industry Engagement, University of Strathclyde
Danny Helson, Head of EIE Programme Delivery & Investor Relations, University of Edinburgh
Chair: John Anderson

BRISTOL PANEL
Alex Warner, Deputy Principal, Weston College
Lisa Kehoe, Head of Impact Development, University of Bristol
Briony Phillips, Founder, Bristol Business Bugle
Marty Reid, Executive Director, SETSquared
Chair: Irene Graham

MANCHESTER PANEL
Marion Bernard, Chief Investment Officer, Northern Gritstone
Simon Bolton, Associate Dean (Enterprise and Employability) / Chair Professor of Innovation, Edge Hill University
Kellie Noon, Network Manager – Ascend Scale-up Programme, Greater Manchester Growth Hub
Elizabeth Scott MBE, Executive Director, Turing Innovation Catalyst Manchester
Kath Mackay, Chief Scientific Officer, Bruntwood SciTech
Kieron Flanagan, Professor of Science & Technology Policy, Alliance Manchester Business School
Chair: Irene Graham

But for scaleups to cut through into the university space isn't always easy – there was plenty of discussion about finding the proverbial front door.

"Within the university, every researcher is motivated to make a difference and wants to engage – which is a great starting point," said

Lisa Kehoe, Head of Impact Development at the University of Bristol. "But universities are big, complex organisations. In the past they have tried to have one front door. We have moved from this – we're aiming for No Wrong Door." This means that within the university, there is shared understanding of the mission, of potential routes for collaboration and of the staff who are delivering on this collaboration.

"We are making our front door wider," said Strathclyde's Meryl Levington. "Our job is to find you the right support not the other way around," said Abertay's Lorna Edwards, pointing out that the university's website has a single email address for businesses.

"We are putting a lot of effort into solving problems – such as the 'where is the front door of our university?' for people who are looking for support and knowledge exchange," said Alliance Manchester Business School's Professor Kieron Flanagan. This was being addressed through initiatives such as its Scaleup Forum in which the ScaleUp Institute is a partner.

"The figures - courtesy of the ScaleUp Institute of course - speak volumes. The number of scaleups nationally was 11,575 in 2015 and by June 2024 had almost tripled to 34,180. This increase despite a global pandemic, supply chain disruptions and severe geopolitical instability.

Increasingly, thanks in large part to the work of the ScaleUp Institute, policy and programmes are taking into account the specific needs of scaleups. It has been vital in bringing together partners in the region – such as the universities, Entrepreneurs' Forum, RTC and now the North East Combined Authority – to focus on scaling businesses. As a result, initiatives such as ScaleUp North East and the Entrepreneurs' Forum ScaleUp Leaders' Academy are flourishing.

Having the ScaleUp Institute which is focused on ensuring scaleups are a national priority, dedicated to enhancing knowledge about scaleups, providing and disseminating robust analysis of the scaleup economy, and supporting local ecosystems is vital."

DR FIONA WHITEHURST,
ASSOCIATE DEAN
ENGAGEMENT AND
PLACE SENIOR
LECTURER IN
MANAGEMENT,
NEWCASTLE UNIVERSITY
BUSINESS SCHOOL



EXEMPLAR AREAS IN 2023

DRIVING UK ECONOMIC GROWTH THROUGH SCALEUP ECOSYSTEMS

“The data and evidence provided by the ScaleUp Institute has been critical, as it has helped us get the buy-in from local political leadership about the importance of focusing on scaleups. It has helped us to keep a tight focus and maintain the momentum of our activities. And they have helped us develop concepts and ideas.”

JANICE MEARS
HEAD OF BUSINESS GROWTH,
LIVERPOOL CITY REGION



LOCAL TOOLS
ANNEXES DETAILING ALL LEP
AREAS AND EACH DEVOLVED
ADMINISTRATION ARE
AVAILABLE ON THE SUI WEBSITE.

THESE INCLUDE:

- Number of scaleups
- Top scaleups in the area
- Local Scaleup Programmes
- Local Scaleup Views
- Top three barriers to growth
- What scaleups want more of
- What next / future plans

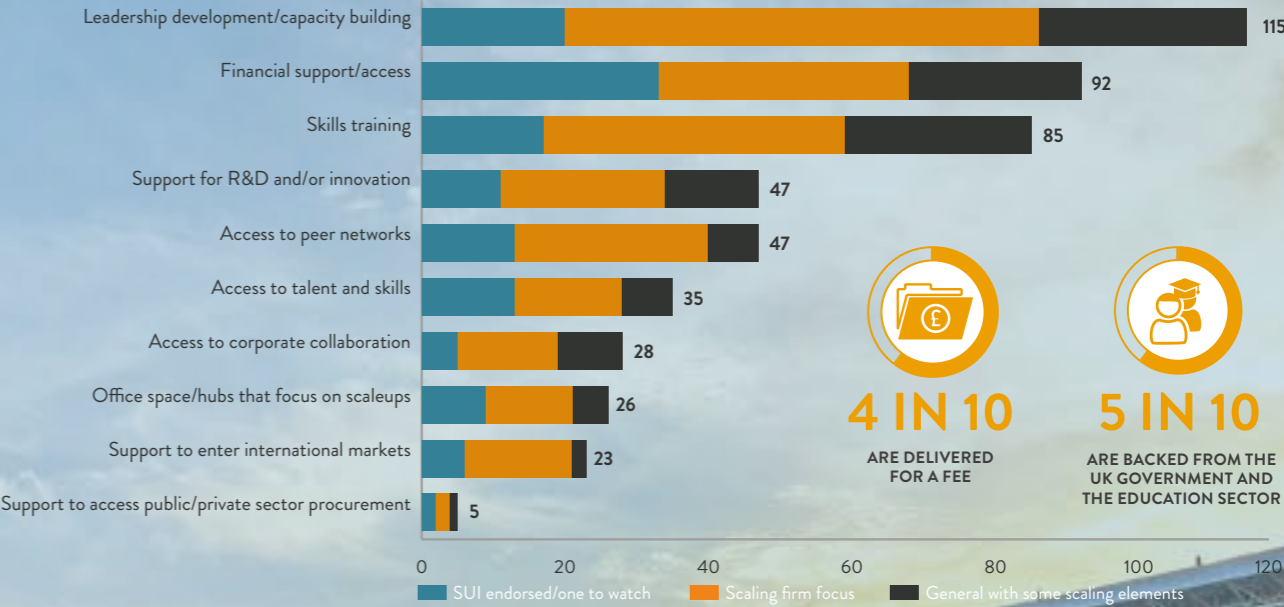


SCALEUP SUPPORT
NATIONAL & LOCAL PROGRAMMES



The ScaleUp Institute’s latest mapping suggests that there are over 240 programmes that have either been set up specifically for scaleups or have support that can aid scaling, details of which can be found on the ScaleUp Support Finder on the Institute’s website.

TOTAL PROGRAMMES: 228



4 IN 10

ARE DELIVERED FOR A FEE



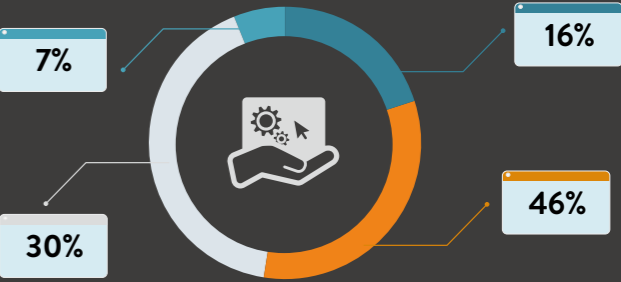
5 IN 10

ARE BACKED FROM THE UK GOVERNMENT AND THE EDUCATION SECTOR

There are also a range of public and private programmes across the UK – find out more on the scaleup support finder [here](#).



SCALEUP
SUPPORT
FINDER



- University led programmes
- Private led Programmes
- Government / public sector led programmes
- BBB / IUK led programmes



LEADING PROGRAMMES



Talent and Skills



Teach First



Leadership



GATHER + BEYOND

inspire

ENTREPRENEUR FORUM



Markets



Finance



Infrastructure



L39

CATAPULT Digital

NEW CASE STUDIES



Leadership

GATHER + BEYOND



Finance



THE 5 KEY SCALEUP CHALLENGES

Remain with access to UK and international markets and talent dialling up



THE TALENT AND SKILLS GAP
Finding employees to hire who have the skills they need



THE MARKETS GAP
Accessing customers other markets / home market



THE LEADERSHIP CAPACITY GAP
Building their leadership capability



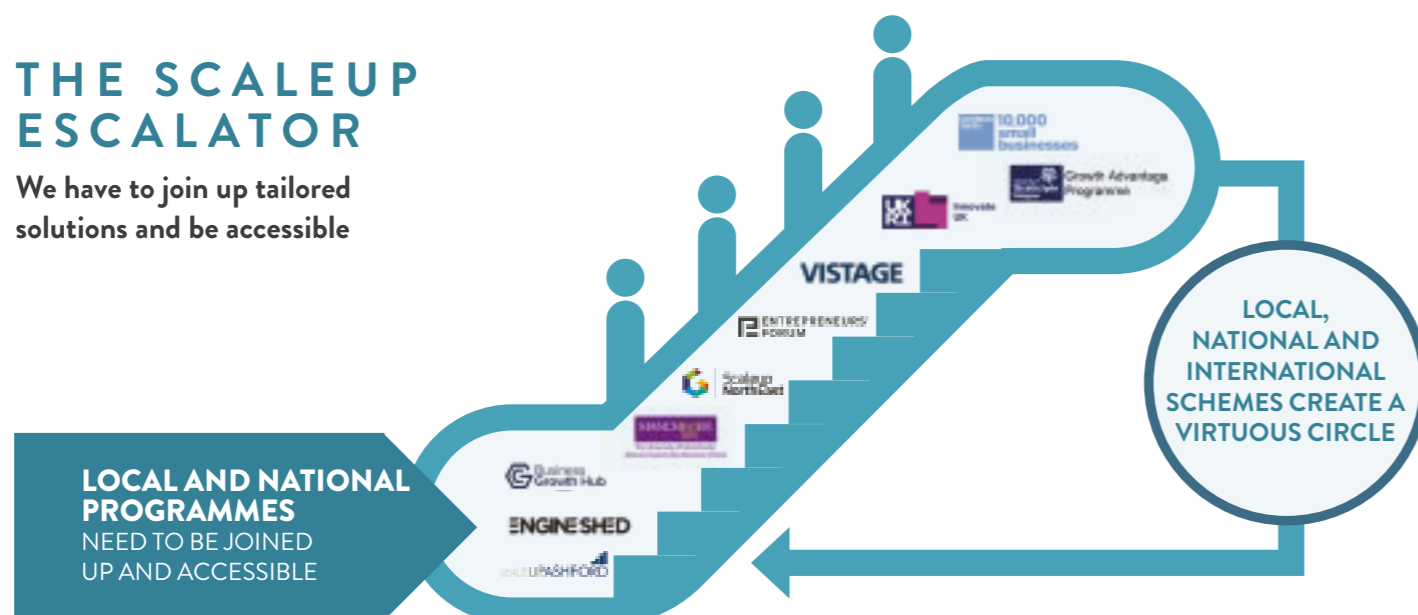
THE FINANCE GAP
Accessing the right combinations of finance



THE INFRASTRUCTURE GAP
Navigating Infrastructure and access to R&D facilities

THE SCALEUP ESCALATOR

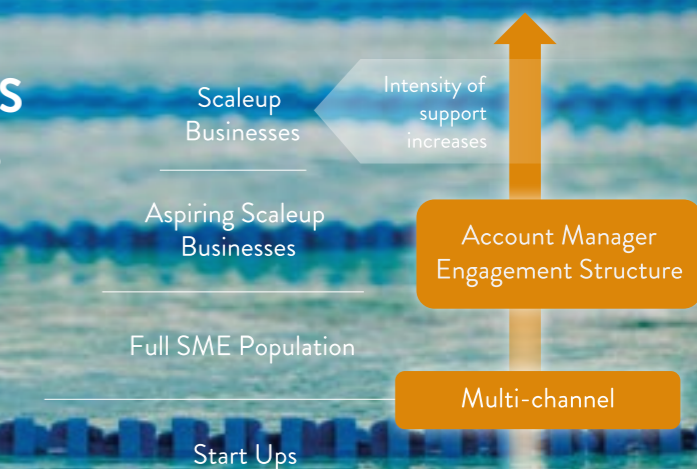
We have to join up tailored solutions and be accessible



WE NEED TO SEGMENT BUSINESS

And create high growth teams and relationship management for our scaleups.

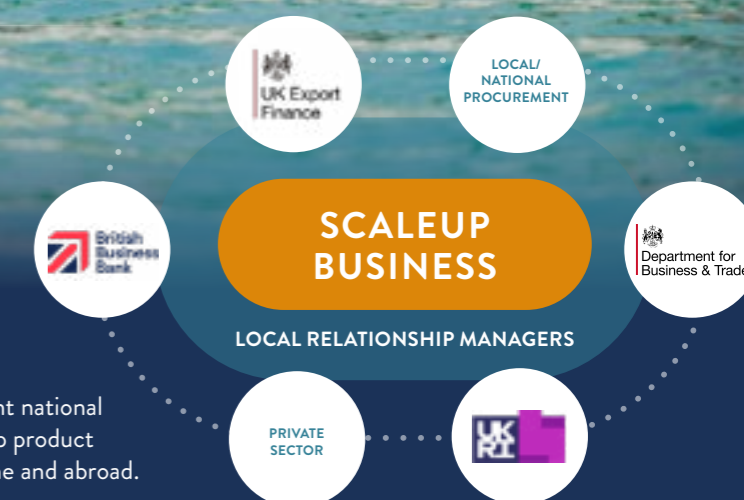
Account Managers will actively engage with Scaleup Businesses within local areas, working with them to understand their developing needs as they grow. They will provide appropriate suggestions, and make sensible introductions both within the local ecosystem and relevant national programmes across the public and private sector.



LOCAL HUB

Put the customer at the centre: scaleups value relationship management and being 'put on the map'... develop your high growth team

Account Managers will actively engage with Scaleup Businesses within local areas, working with them to understand their developing needs as they grow. They will provide appropriate suggestions, and make sensible introductions both within the local ecosystem and relevant national programmes across the public and private sector. ScaleUp product specialists reside in government specialised areas at home and abroad.



ACT COLLECTIVELY AND ALIGN RESOURCES

To address our scaleup challenges

TARGETING, COORDINATING & PROMOTING SCALEUPS

SCALEUP ECOSYSTEM	ENTREPRENEURS	GOVERNMENT	EDUCATORS
	LARGE CORPORATES	MEDIA	INVESTORS
SUPPORT	TALENT	CUSTOMERS	INFRASTRUCTURE
	LEADERSHIP	FINANCE	



WE NEED TO USE DATA TO BEAM IN ON OUR SCALEUPS AND CHAMPION THEM, INCLUDING VERIFICATION OF THE 'SCALEUP STATUS' OF A BUSINESS TO FAST TRACK SOLUTIONS TO SCALEUP LEADERS



WE NEED TO LEVERAGE BETTER WHAT WORKS THROUGH SUI INSIGHTS, KNOWLEDGE EXCHANGE AND GOOD PRACTICE



WE NEED TO CHAMPION SCALEUPS THEIR SUCCESS STORIES AND ROLE MODELS

We need to build clusters and hubs with joined up solutions and nurture our scaling pipeline and scaleups in a proactive relationship manner to enable their fullest growth.



THE SCALEUP INSTITUTE

The ScaleUp Institute is a private sector-led, not-for-profit organisation focused on collaborating with policy makers, corporates, finance players, educators and government at a local and national level.

Our mission is to help the UK to become the best place in the world to grow a business as well as start one, and enable our existing high-growth businesses to scale up even further.



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