

# SCALEUPS: ENERGISING THE ECONOMY

ScaleUp Annual Review 2021



**HIGHLIGHTS**

## ACKNOWLEDGEMENTS

Our thanks to our partners, supporters and contributors to this document.

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## 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.

## 3 key principles 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.

# Introduction

**Paul Scully MP,**  
**Parliamentary Under-Secretary of State for Small  
 Business, Consumers and Labour Markets**  
**Government Scaleup Champion**

**Scaleups are crucial for driving job creation, generating inward investment for the UK and acting as motors for regional economic growth. The ScaleUp Institute Annual Review 2021 is a valuable collection of data and expert insights, charting the landscape of this important sector and illustrating the barriers to growth.**

After a year where we have continued to tackle the effects of COVID-19, the scaleup sector continues to punch above its weight: these firms may be small in number, but they have a major impact, contributing £1.0trn to the UK economy and employing 3.2 million people.

We know there are ongoing challenges for the sector – the amount and speed of finance required for innovative startups and scaleups is different from other SMEs, and it takes time and risk to build a high-growth company. Scaleups still struggle to access the right people and feel at risk of losing out to competitors.

To address these challenges, the government has set out an ambitious programme of activity to make the UK the best place to start and scale a business. This includes publishing our Innovation Strategy, the government's vision to make the UK a global hub for innovation by 2035. As part of the Strategy, we are reducing complexity for scaleups and other innovative businesses by developing an **online finance and innovation hub, jointly run by Innovate UK and the British Business Bank**. Furthermore, in 2022 we will introduce both the **High Potential Individual and Scaleup visa routes** to attract and retain high-skilled, globally mobile innovation talent all with a view to help UK business scale.

One of our key aims in bolstering the business ecosystem is to promote a culture of enterprise across the UK – we are doing this by developing a **new Enterprise Strategy** that will seek to ensure that every business that wants to invest and grow has the means and know-how to do so.

As we look ahead to the coming year, we are committed to working collaboratively to tackle these barriers and focus on fostering growth and high achievement within the scaleup landscape right across the UK.

<sup>1</sup>Business demography HG enterprises, 2018.

<sup>2</sup><https://www.gov.uk/government/publications/uk-innovation-strategy-leading-the-future-by-creating-it/uk-innovation-strategy-leading-the-future-by-creating-it-accessible-webpage>



## Rt Hon Rishi Sunak MP, Chancellor of the Exchequer

*“It’s fantastic to see some of our most innovative business leaders and scaling entrepreneurs, as well as practitioners from across the UK’s scaleup ecosystem, come together today for the ScaleUp Institute’s Annual Review.*

*“I’m sorry I can’t be there to join you, I know you will be hearing from a strong line up of speakers throughout the morning.*

*“I want to take a moment to re-emphasise the Government’s commitment to addressing the challenges you face and enabling UK firms to scale up for the long term.*

*“Scaleup businesses are key to driving growth, creating jobs and critical to our future success.*

*“I want the UK to be the most exciting and dynamic place in the world for business, which is why the Autumn Budget and Spending Review committed to record investment in skills and innovation. We are significantly increasing support for business-driven innovation through an increase to Innovate UK’s core budget, reforming the scope of R&D tax reliefs to include cloud computing and data costs, expanding the British Business Bank’s regional angel investor programme to improve access to finance for innovative businesses across the UK, and continuing with Help to Grow to turbocharge SME productivity, the Start Up Loans Scheme – supporting 33,000 entrepreneurs through loans and mentoring – and have started a new co-investment venture capital fund called Future Fund: Breakthrough.*

*“To attract the best global talent we are introducing the new Scale-Up Visa in Spring 2022 and a new Global Talent Network – all part of our plan to make our visa system for international talent the most competitive in the world.*

*“These measures will support scaleups to access finance and talent, enabling UK firms to scale up for the long term, transform lives, and make this country a science and technology superpower.”*

# Foreword

Adam Hale  
Chair, ScaleUp Institute



*Businesses are hungry to grow. They want to drive the post-pandemic recovery, looking to new markets and fresh opportunities that will come from COP26 and other developments.*

**As I reach the end of my second year as Chair of the ScaleUp Institute I want to pay tribute to how scaleup businesses have dealt with the perfect storm of challenges they have faced these past 12 months. They have been tested in ways none of us were expecting.**

Not only have the UK's scaling firms had to contend with the continuing impact of Covid, but they have also had to be agile in responding to the new relationship with Europe. Plus considering how they can help tackle the climate emergency as our inaugural Green Economy Index reflected. Yet they have pivoted and evolved and remain ambitious with nine out of ten expecting to grow in the coming year and a quarter of them planning to grow more than 50%.

So much of this ambition comes from the entrepreneurial and innovative spirit of scaleups but also their ability to pursue their ambitions is testimony to the resilience of the ecosystem that has developed to support them. It has been very gratifying to see ever more public/private actors joining this maturing ecosystem. And it is pleasing to see Government Ministers reference time and time again the importance of scaleups to our economic renewal and put policy on the right track to support them, which culminated in the recent Budget and Comprehensive Spending Review.

In the last two years we are really seeing how scaleups are driving forward the

use of new technologies. Many are currently using big data or AI as part of their day-to-day operations and they are looking to do more, planning to further exploit these technologies for growth with four in ten expecting to use AI, three in ten big data, and one in five planning the use of robotics. This continuing innovation is dialling up their need for technical and digital skills and is why I am so passionate about getting this right in early years education and developing the pipeline of talent we need for the future.

The ecosystem needs to do everything possible to help them continue to be innovative. Last year I said to do this we had to put a focus on three core activities: **Segment, Engage and Scale**. This is happening but we need to maintain a relentless focus on these and build on progress.

It is vital that not all businesses are treated the same; scaleups have very special demands and needs and so **Segment** remains important. We need to identify at the earliest stage those growing companies and direct support and resources towards them.

The October Budget recognises that need for segmented support – with differentiated solutions for scaleups – because scaleups grow more and they need different help.

Early identification of scaleups is also important in bringing them together with other entrepreneurs and those who have succeeded in growing their own businesses in a peer group environment to form a 'Community of Success'. In May, the ScaleUp Institute and Innovate UK launched a nationwide network of peer groups across all areas of the UK, from Scotland to East Anglia and from Northern Ireland to the North East. These groups from Innovate UK's portfolio of highly innovative, scaling business leaders aim to create a sustainable network and provide a structured and confidential forum. It is in such trusted networks that entrepreneurs can help each other solve challenges, evaluate opportunities, and plan strategies. I am delighted that feedback from these peer groups has been very positive.

Clear evidence from the scaleup programmes we endorse and the

regions that we identify as exemplars is that success comes when we **Engage** more proactively with our scaleups. Progress comes quickest where there are dedicated relationship managers and enablers contacting them with tailored support whether it be opening doors to markets, providing access to finance or helping them find and recruit talented people. And while I recognise that these have been challenging times for many of those supporting UK business, there must be no let up on engagement with scaleups – there are big hurdles ahead. For example, the battle for talent is getting tougher and scaleups are continuously looking for senior boardroom expertise, including strategy, marketing and sales expertise.

challenges and grew their businesses. In the years to come we hope to celebrate your achievements with you.

One such celebration and a highlight of the past year was the inaugural Scaleup Week led by BGF working with the ScaleUp Institute, to bring together scaleup leaders across the UK to unlock potential, accelerate growth and turn the spotlight on the crucial issues as well the opportunities for growing businesses. Many thanks to the Prime Minister and the Secretary of State for Business, Energy and Industrial Strategy for their contributions to the Week.

We continue to work around the country to break down the barriers to scaling with initiatives like our Regional

and I also want to give my thanks to the ScaleUp Institute's partners who have helped us progress so far on this journey. Our partners, ambassadors and scaleup champions are devoting so much energy and resources to maintaining and growing the ecosystem as well as making the case for scaleups and their contribution to the UK economy. Huge thanks also to the Institute's team who are, themselves, an innovative and growing scaleup. Thanks also to board members who have been extraordinarily engaged and supportive over the last year. **Let's all Keep Energising the ScaleUp Ecosystem.**

As we look ahead to 2022 I remain strongly optimistic. Yes, there are concerns about the future, about whether the UK will become harder to do business in. From what I hear directly from scaleups and the results of our survey show, these businesses are hungry to grow. They want to drive the post-pandemic recovery, looking to new markets and fresh opportunities that will come from COP26 and other developments. I am confident the ecosystem will grow and strengthen further to provide them with what they need, building on the forward-looking agenda we set out in the 2021 Review. The UK can become the best country in the world to scale.

*The UK can become the best country in the world to scale.*

And finally, I will repeat what I see as my fundamental message as Chair of the ScaleUp Institute: we must keep encouraging ambitious businesses to **keep Scaling**. Stay optimistic, challenging times will always create opportunities for the ambitious and innovative to differentiate themselves, to demonstrate their potential and grow. Around you are successful peers with great stories to tell; join them in peer networks to share how they overcame

Finance roundtables and growth capital education sessions with the British Business Bank. We are delighted to have the support of our finance partners from across the country to increase the knowledge of growth capital and the options available for scaling businesses as they fulfill their ambitions.

Developing the scaleup ecosystem is only possible with collaboration

# Executive overview

Irene Graham  
CEO, ScaleUp Institute



As economic rebuilding takes shape, it is clear that we will need to foster our innovative, sustainable businesses to help create the clean, green, healthy, safe, resilient world we all desire and that our scaleup businesses will play a pivotal role in attaining these goals.

**This 2021 Scaleup Review is published as the world faces multi-societal challenges and a climate change emergency that demands urgent sustainable action.**

The decade is in its infancy but has already presented the greatest global test of nations in this century. Here in the UK we have not only faced the uncertainty of the Covid pandemic but also the dawning of a new era outside the EU.

As economic rebuilding takes shape, it is clear that we will need to foster our innovative, sustainable businesses to help create the clean, green, healthy, safe, resilient world we all desire and that our scaleup businesses will play a pivotal role in attaining these goals.

When we set out on our scaleup journey with the establishment of the ScaleUp Institute at the end of 2015, **we wanted to make sure the public, private and education sectors recognised the scaleup segment of our UK business community** as crucial to the UK economy and our future sustainability.

**We wanted an ecosystem** – at local, regional and national level – across corporates, academia, funders, governments – **to rise up and support these innovators with global aspirations.**

**Decisive change was needed to advance our status as a ScaleUp Nation and progress our international competitiveness.**

The ScaleUp Institute recommended practical actions to be taken across the scaleup challenges in talent, leadership, markets, finance and infrastructure. We delivered nationwide education through our course on *Driving Economic Growth through Scaleup Ecosystems* on how to achieve this through ecosystem alignment, and provided insights on exemplar regions and initiatives that could be replicated and leveraged. We have been engaged and provided insights in important reviews like the Kalifa Fintech Review.

**This year we have reached a significant milestone** – with a pivotal recognition in both the UK Budget and Comprehensive Spending Review of the vital role of scaleups to the UK economy and its future success and a series of announcements designed to bolster the trajectory of our Scaleup sector.

- *Innovative, fast-growing firms will likely be a key driver of future growth – despite accounting for less than*

*1% of UK companies, such firms add £1 trillion to the UK economy, and account for the majority of net employment growth and output growth.*

- *‘The scaling up of high growth, innovative small businesses will be especially important to the UK’s future economic success, given their pivotal role in creating wealth and jobs.’ (17 – ‘Small businesses and productivity: Fifteenth Report of Session 2017-19’, Business, Energy and Industrial Strategy Committee, UK Parliament, 2018).*

*Recognising this, the government is announcing measures that enable these businesses to access the talent, ideas and capital they need to evolve and thrive.*

This policy direction is supported by an Innovation Strategy embedded in vital R&D and collaboration so sought after by scaling firms; transformative sector initiatives designed to propel the UK to be a pre-eminent power and hub of Science and Technology in such scaleup areas as Life Sciences, Fintech, Creativity and the Green Economy. It includes significant investment in key initiatives and agencies to take this forward, encompassing the expansion

of Innovate UK and the British Business Bank to foster their collaboration with scaling businesses, as well as the broader scaleup ecosystem, as recommended in our recent joint Future of Growth Capital Report.

**Long-term priorities of the ScaleUp Institute in addressing scaleup needs are also coming to fruition.** The Government now: *has a National Plan for Growth; will launch a ScaleUp Visa in 2022, which we have long recommended and on which we are advising; has rolled out sectoral strategies on Fintech and Life Sciences, which we have contributed to continued to expand peer-to-peer activity, including the roll out of the Innovate UK EDGE regional scaleup peer groups; is supporting the expansion of leadership programmes such as with Help to Grow.*

Furthermore, an ambitious programme of reform is underway designed to unleash patient growth capital to the UK scaleup economy with the deployment of the £375m Future Fund: Breakthrough to help scale up

the most innovative, R&D intensive businesses; the launch of the £200 million Life Sciences Fund; the £20m Medicines and Diagnostics Manufacturing Transformation Fund, and a wider range of initiatives to unlock deeper pools of institutional capital. These include the Kalifa Review of UK Fintech; the Listings Review conducted by Lord Hill, and related follow on consultations such as the Primary Markets Review by the FCA, the Wholesale Markets and Prospectus Regime Reviews by HM Treasury, as well as the ongoing work of the Bank of England’s Productive Finance Working Group and the introduction of the Long Term Asset Fund model.

Building a long-term sustainable consistent and at scale ‘fit for growth’ business infrastructure, with deep and versatile capital pools is a shared trait of countries ahead of the UK in their scaleup journey, and so these initiatives are all significant planks for the UK to accelerate its scaleup pathway.

**Our 2021 ScaleUp Survey shows our scaling business leaders are as ambitious and innovative as ever, with global plans and intentions to grow in the coming 12 months.**

And against the backdrop of the Government’s evolving scaleup agenda, **the private and education sectors are also stepping up and continuing to develop scaleup initiatives**, adapting them to the new ‘hybrid’ world. Existing initiatives that the ScaleUp Institute has endorsed such as Alderley Park, Babraham Research Campus, British Library’s Innovating for Growth Programme, Careers and Enterprise Company, TechNation’s Upscale expanded. Newly endorsed groups such as Debate Mate, the Royal Academy of Engineering’s Scaleup Accelerator and BizSmart are now having a measurable impact. More financiers are proving their scaleup credentials, more high growth relationship management teams are being put in place, and **many initiatives continue to be embedded locally** such as Scale Up Scotland and Manchester’s Global Scale-Up Programme – although there is concern over future sustainable funding given 1 in 3 have been ERDF backed.

Combined, these are critical initiatives which must be nurtured and further expanded if we are to propel our long term scaleup trajectory upwards. We must maintain the momentum as the challenges from our international competitors grow and we must resolutely continue to respond to our scaleup leaders’ concerns.

We now have 33,445 scaleups as of 2019 – 24% up on 2013; a healthy scaling pipeline of 16,830 businesses; burgeoning sectoral clusters, and early indications from our initial review of Companies House for our upcoming ScaleUp Index are that we have many more scaleups breaking through the £10.2m turnover and £5.1m asset level.

However, we still have key regional disparities, which are persistent in some local areas and a slowing down of previously strong scaleup growth rates in others. This means we cannot be complacent, we need to continue to double down and keep the pace and focus on our scaleup initiatives. We need to share knowledge, build clusters and leverage what works across communities. We need to continue to break down silos and build scaleup identities. We must resolutely nurture our scaling pipeline to breakthrough to scaleup and our scaleups to breakthrough to the global leaders they wish to be.

In 2021 our scaleups remain diverse (across sectors, geographies, gender and ethnicity), highly innovative, international, productive, and with their eyes fixed on the future, both from a societal perspective – over half of scaleups (55%) say they are a social business, operating in the green economy or ESG compliant – and technological advancement. Through the pandemic and in response to changes in international trade and the drive towards a greener economy they have remained resilient, pivoted and evolved, and are continuing to adopt new technologies and ways of working with 4 in 10 expecting to use AI, 3 in 10 big data, and 1 in 5 dialling up the use of robotics (21%).

Our 2021 ScaleUp Survey shows our scaling business leaders are as ambitious and innovative as ever (72% have invested in innovation and R&D), with global plans and intentions to grow in the coming 12 months. 9 in 10 are expecting growth, with half anticipating scaling above 20% and for 1 in 4 that growth to be above 50%. Many are already exporting and of those who currently are not trading abroad, seven in ten plan to go global – more than in 2020. In direct response to covid, one in three employed new staff and one in ten are moving to larger or new premises while four in ten are focussed on developing new collaborations and partnerships, these trends are particularly evident in the life sciences and technical sectors. The creative industries and professional services have also sought to boost collaborative activities with 5 in 10 saying that this activity has increased.

However on the downside, scaleup confidence remains fragile and five in ten of our scaleup CEOs remain concerned

that there is insufficient support for their needs – which is particularly acute in certain sectors such as education and hospitality and also for diverse and female founders – while four in ten have concerns about the UK being a good location for doing business in the next few years, notably in the manufacturing, hospitality, creative, and scientific and tech sectors.

Every year we assess a range of 11 factors that could be barriers to our scaleup CEOs growth ambitions – and in 2021 again we see – Access to Markets, Talent, and Growth Capital as the top of mind issues our scaleup CEOs are grappling with as they pursue their ambitions to expand at home and enter new markets in America, Australasia, the Middle East, China, India and other parts of Asia.

In 2021 scaleups remain clear that the UK is failing to make enough headway to close the market access gap. Equally, talent pressures and constraints are rising. This year access to Markets remains the most pressing issue for the majority of our scaling firms, with 1 in 3 citing it as their single key issue. Talent follows very closely on its heels and is on the rise again as a significant barrier to growth, particularly for our larger scaleup firms. Indeed in many respects there is a very close correlation between these two issues. Scaleup leaders have identified as a priority the need to find individuals for strategic marketing and branding roles in their senior leadership team and they see as critical a need for international talent in opening new markets.

Access to appropriate growth capital stays firmly fixed as the third barrier and priority with 5 in 10 scaling businesses using or expecting to raise some form of equity in 2022 but still four in ten perceiving there is insufficient growth capital to meet their needs. And although awareness of equity options is improving a large proportion of scaleups based in the regions consider capital is more skewed to London and the South East. Infrastructure to support growth and leadership development also remain key priorities in 2021 – and we are seeing infrastructure slightly creeping up as an issue – but overall there is a sense that these challenges are being tackled through scaleup initiatives which must be maintained.

Continuing to develop a robust, agile ecosystem, flexible enough to support scaleup growth remains vital. The building up of local, regional and national tailored, segmented and relationship managed scaleup solutions is essential if we are to deliver to our full scaleup potential.

The ScaleUp Institute will continue to play its part in

fostering this and in 2021 has been pleased to be engaged in a number of initiatives that take our ecosystem in this direction. Together with Innovate UK EDGE we launched a peer-to-peer national network for over 120 of its most innovative businesses across all regions and nations of the UK. Working with the British Business Bank we have undertaken over 13 roundtables and advisory community sessions reaching over 450 ecosystem leaders. Collaborating with UKBAA and our colleagues in DCMS, Greater Manchester, West of England and West Midlands we have helped evolve the Creative Sector Scale Up programme and undertaken deep research of the angel finance community, which is so essential to our scaling businesses early growth – 5 in 10 scaleups using equity have received investment from business angels. In June 2021 this collaboration led to the launch of the Invest in Creative toolkit – a peer-to-peer investor learning platform for the creative sector. Already attracting over 200 investors from family offices, to institutional and international investors, who have some £300m of investment capacity, this is an exemplar of what can be achieved in boosting scaleup sector knowledge. We will continue this work in 2022 and step up our engagement with local scaleup communities and sectors as they evolve their scaleup offerings and identities, including the strategic CAN DO Scale review of scaleups in Scotland and the next steps on the Life Sciences ScaleUp taskforce. We also remain committed to building solutions with our partners to scaleup needs. In 2022 we will turn our attention to making NED access easier; ensuring international access and collaboration is more tailored to scaleups, and meeting the marketing and branding needs of scaleups through our partnership with WPP and Group M. We will also continue our drive with the British Business Bank and finance colleagues to close the scaleup finance gap and information asymmetries on growth capital.

As we take stock of our 2021 review findings, we know that we cannot let up on the determined focus the ecosystem needs to put on our scaling business community.

As we head into 2022 we are looking to our scaleups to help drive the recovery and rebuilding of the economy. We need their ambition and hunger for growth to prosper as a nation across all regions, to create the jobs of tomorrow and to develop the innovative services and products to tackle future challenges.

We have started on the journey and are making tangible progress on significant scaling challenges but building a

sustainable long-term flourishing ScaleUp Nation needs concerted, consistent, co-ordinated and long term action. If we are to become the place that is in the world renowned for scaleup growth across sectors, geographies and boundaries and thereby advance our international competitiveness we must in 2022 be even more focussed, collaborative and action oriented. In order to do this we must:

- Leverage and build on what works to create, at scale, long term sustainable interventions,
- Align people and funding resources to our scaleup and growth sectors championing their case
- 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, nuturing across markets, talent and growth capital. Nurturing our scaling pipeline and scaleups in a proactive manner to enable their fullest growth.

Underpinning all of this of course remains the ongoing need, whether in the public or private sector, to segment efficiently, using data ever more effectively to identify our scaling businesses and tailor solutions for them; to relationship manage them, and nurture them through their scaleup journeys, linking them much more easily to the private and public resources available to support their growth.

As the Covid-19 pandemic recedes we are looking to our scaleups to help drive the recovery and rebuilding of the economy. We need their ambition and hunger for growth to prosper as a nation across all regions, to create the jobs of tomorrow and to develop the innovative services and products to tackle future challenges. Across the ecosystem we must take concerted action to eradicate the remaining barriers that are holding back their growth.

If we are to see ambitious companies growing across sectors, geographies and boundaries; if we are to become the global leader for scaleup growth and by doing so advance our international competitiveness we must act now.

# 2021 HIGHLIGHTS OF THE YEAR

## DECEMBER / JANUARY / FEBRUARY

Westminster Business Forum policy conference: Fintech in the UK and priorities for the independent strategic review  
SUI participated in the Encouraging investment, supporting regional development and enabling industry growth session



Scale-Up Forum: Regional Review 2020 (Manchester Alliance)



"BEIS – Evidence Session: Post-pandemic economic growth: Industrial Strategy"



Kalifa FinTech Strategy Review – SUI participant and contributor to the Kalifa Review



British Business Bank roundtable: Post COVID-19 support and recovery

Supporting Innovative and High Growth SMEs (Scale Ups): Roundtable with the BEIS Secretary of State

Financial Times: How 'scale-up' business became the engine of job creation

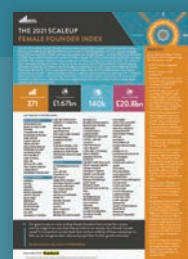


ScaleUp Institute responds to HMT Listings Review and Consultation Solvency II

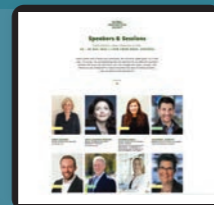


Advisory participant on APPG for Entrepreneurship

## MARCH / APRIL / MAY



International Women's Day – Female Founders Index



EUREKA Global Innovation Summit Session: Scaling your business internationally

ScaleUp Institute Local Summit



Creative Leaders Festival

Launch of Innovate UK EDGE peer networks

The launch of the Scaleup Finance Regional Programme with BBB (March-November 2021)

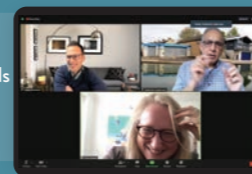


ScaleUp week

SUI publishes first Scaleup Green Economy Index



Innovation Forum Hong Kong: The Trends of Investing in Tech Start-ups

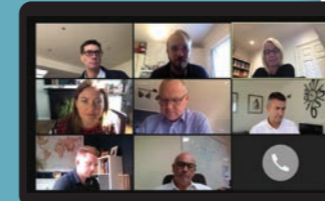
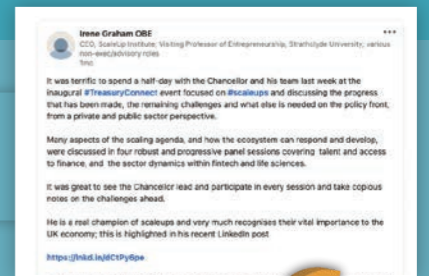


## SEPTEMBER / OCTOBER / NOVEMBER

SME Action Group Meeting: Chaired by Minister Scully



Treasury Connect Conference



SUI was part of the Life Sciences Scale-up Taskforce

A Budget for ScaleUps.



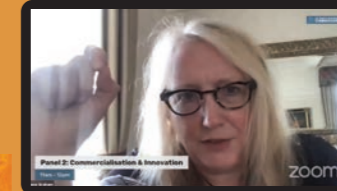
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## JUNE / JULY / AUGUST



Minister Scully and SUI on a London Scaleup Safari including Scale Space



Evidence session on Science, Research & Innovation Commercialisation and Innovation session

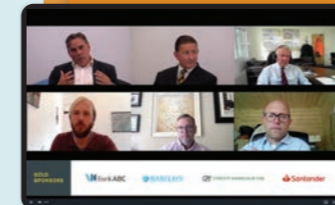
Launch of Invest in Creative with UKBAA, regional partners and DCMS



Scaleup Talent Thought Leadership Roundtable on Digital Computer Science and Technology skills



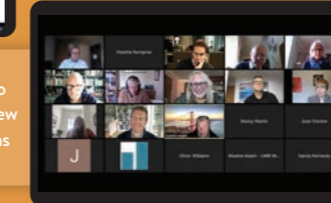
SUI Board meets and team gathers in person for first time in 12 months to Shuffleboard



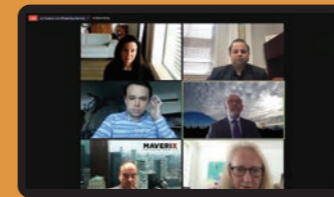
Post-Brexit trade – separating the rhetoric from reality



SUI participates in the Can Do Scotland scaleup strategy review and thought leadership sessions



Launch of the Government's Innovation Strategy (which SUI gave input to) in Sheffield at the AMC



Research Money: 20th Annual Conference: Co-creating Economic Recovery: New Models for Innovation Support. Session: Off-the-Shelf or Custom Fit: Best Practices in Supporting Scale-Ups



# A GUIDE TO SCALEUPS

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 £338,000 turnover per employee.



## SCALEUPS ARE INNOVATIVE

3 in 4 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

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



## SCALEUPS ARE ACROSS ALL SECTORS

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

# WHY SCALEUPS MATTER



## SCALEUPS CREATE HIGH QUALITY JOBS

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



## SCALEUPS ARE DIVERSE

39% of all scaleups have at least one female director



## SCALEUPS ARE GOOD CORPORATE CITIZENS

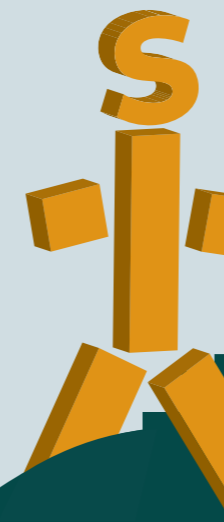
Over half describe themselves as being a social business, operating in the green economy or meeting ESG goals. 70% of scaleups offer opportunities to young people through work experience, internships or apprenticeships. They offer apprenticeships at twice the rate of typical firms.



## THEY PLAN TO GROW

9 out of 10 scaleups expect to grow again in the coming year. Half expect 20%+ growth, 1 in 4 expect to achieve 50%+ growth in either turnover or employment.

## SCALEUPS IN THE UK



33,445

SCALEUPS

27,565

TURNOVER

12,600

EMPLOYEES

6,720

SCALING BOTH

24%  
SINCE 2013

OUTSTRIPING  
GDP GROWTH BY  
12%

£1.1trn

## SCALEUPS GENERATE

> £1.1trn, 50% of UK SME economy, despite representing less than 1% of UK companies

## DRIVERS OF LOCAL GROWTH

### 8 FACTORS ASSESSED



Access to skilled talent



Clusters and hubs



Access to equity



Lending



Large firms



Start-up density



Start-up survival rate



Public transport

### QUALITATIVE FACTORS



Knowledge sharing

Peer networks

Local supply chains

NEDs



Active university engagement

Training

R&D collaboration

Scaleup-graduate interaction



Local collaboration

Collective ecosystem

Cooperation

Ambition an identity

### 3 FACTORS THAT MADE A DIFFERENCE



Access to skilled talent



Clusters and hubs



Access to equity



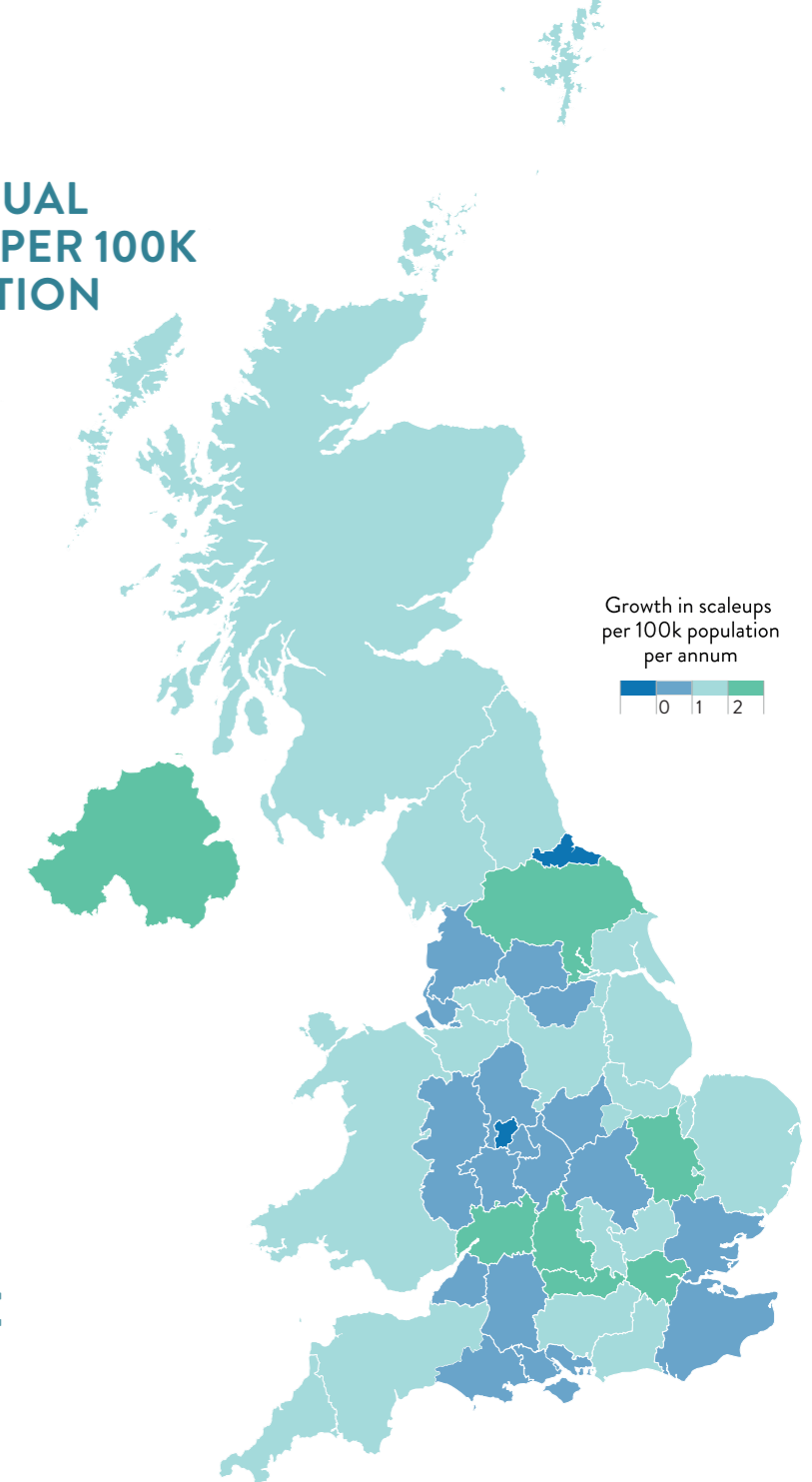
# SCALEUP GROWTH IS SLOWING DOWN AND LOCAL DISPARITIES REMAIN – LEVELLING UP IS A PRIORITY AND CONVERSION OF SCALING PIPELINE KEY

LOCAL GROWTH RATES IN NUMBER OF SCALEUPS PER 100K POPULATION

LOCAL AREA	TREND		SCALEUPS PER 100K	
	2013-19	2013-18	2019	2018
London	2.9	3.1	81.3	79.3
Northern Ireland	2.6	2.6	47.3	44.4
York and North Yorkshire	2.6	2.7	55.5	53.4
Thames Valley Berkshire	2.5	3.3	70.0	71.9
Oxfordshire	2.4	2.4	68.7	66.2
Cambridgeshire and Peterborough	2.4	2.3	64.3	61.6
Gloucestershire	2.4	3.4	60.4	63.1
Coast to Capital	1.7	2.6	49.7	52.5
Enterprise M3	1.6	2.6	65.2	68.5
Hertfordshire	1.6	2.0	55.5	56.1
Cornwall and Isles of Scilly	1.4	2.5	45.5	49.3
Cheshire and Warrington	1.4	2.3	58.1	61.2
Wales	1.4	1.6	38.5	38.2
New Anglia	1.3	2.2	42.2	45.7
Scotland	1.2	1.5	40.2	40.3
Heart of the South West	1.2	1.5	42.0	42.2
North East	1.2	1.1	38.6	36.8
Buckinghamshire	1.1	1.6	58.8	60.2
D2N2	1.1	1.5	41.6	42.6
Hull and East Yorkshire	1.0	1.6	42.4	44.1
Greater Manchester	1.0	1.5	47.4	48.9
Greater Lincolnshire	1.0	1.7	37.5	40.4
Cumbria	1.0	1.6	42.0	44.1
West of England	0.9	2.1	50.6	56.0
South East	0.8	1.9	41.7	46.2
Dorset	0.8	1.1	46.5	47.3
Liverpool City Region	0.8	1.0	35.3	35.8
Sheffield City Region	0.7	1.6	36.9	40.6
Worcestershire	0.7	1.2	52.9	54.9
The Marches	0.6	2.1	43.8	50.7
Leicester and Leicestershire	0.6	0.1	53.3	50.3
Leeds City Region	0.5	1.3	45.0	48.3
Lancashire	0.5	1.0	44.7	47.1
Solent	0.4	1.4	38.0	42.9
Greater Birmingham and Solihull	0.4	0.4	44.2	44.1
South East Midlands	0.4	0.6	47.1	48.3
Stoke-on-Trent and Staffordshire	0.3	0.5	42.3	42.9
Swindon and Wiltshire	0.3	1.0	40.8	43.7
Coventry and Warwickshire	0.0	-0.3	47.4	45.9
Tees Valley	-0.1	0.1	32.5	33.4
Black Country	-0.9	-1.4	36.7	35.2

## MAP OF AVERAGE ANNUAL CHANGE IN SCALEUPS PER 100K POP, BY DEVOLVED NATION

# 2013-2019



ONS IDBR 2010-2019

## THE SCALING PIPELINE

16,830

The total number of businesses growing between 15-19.99% in 2019.

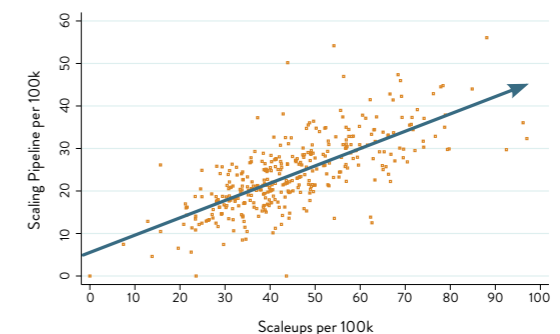
1.7m

People employed by scaling businesses in 2019.

£474bn

The total amount of turnover generated by scaling businesses.

SCALEUP DENSITY VS SCALING PIPELINE DENSITY

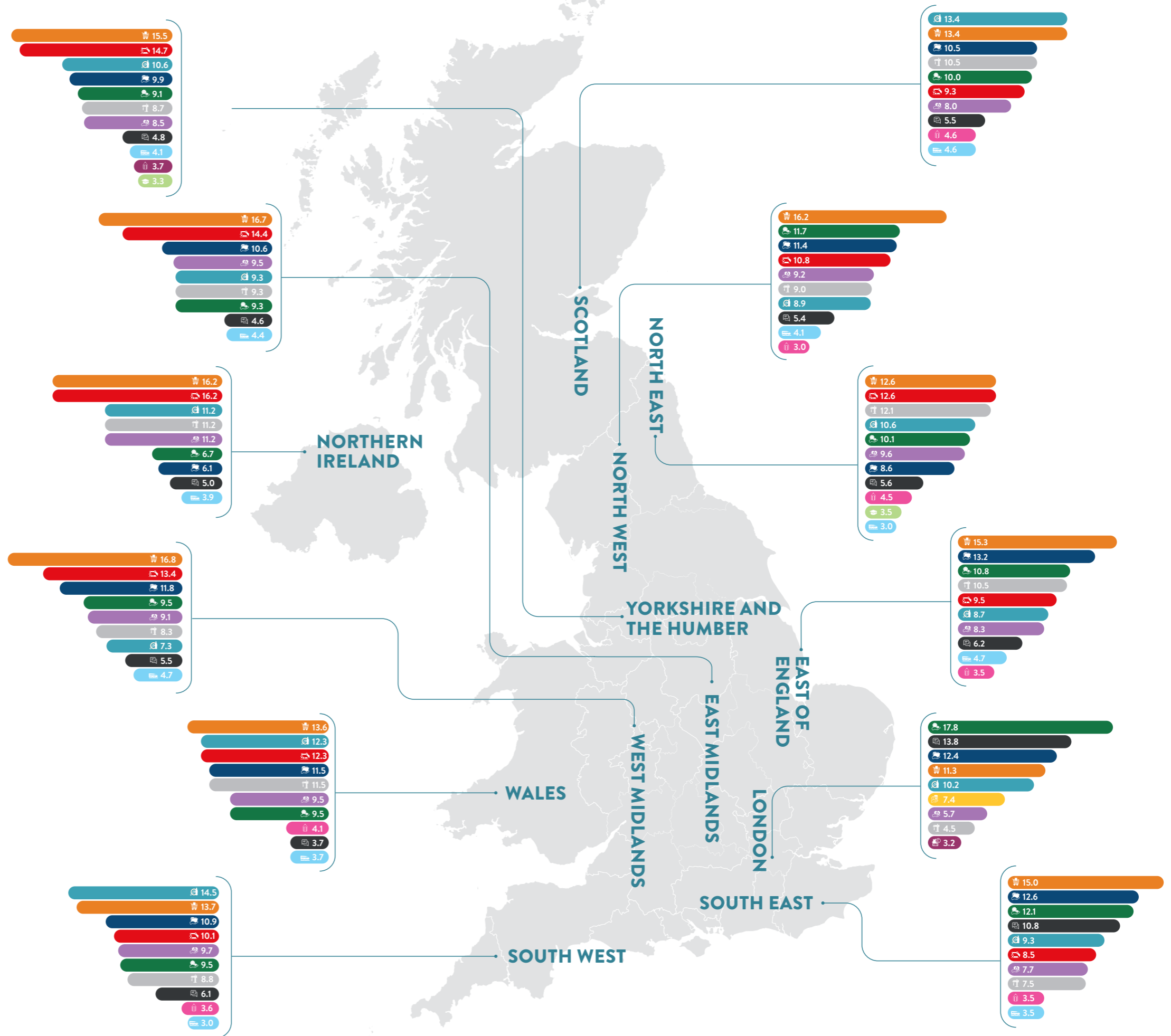


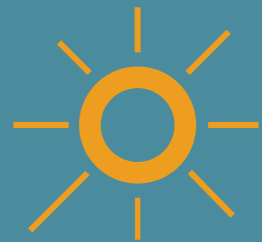
There is a strong positive relationship between a local area having a strong scaling pipeline and a strong scaleup population. The graph below plots this relationship.

# REGIONAL SCALEUP SECTOR CLUSTERS

Our research has identified sectoral clustering as a driver of scaleup growth. On this map we identify the established regional clusters (>10%) of scaleups across the UK as well as those emerging (>3%). The ScaleUp Institute will continue to refine this analysis in coming months and across 2022.

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





£1.1trn

The total amount of turnover generated by scaleups, up from £1trn in 2018. This combined turnover of all SMEs is £2.2trn.

£32.6m

The average turnover of a scaleup compared to £29.5m in 2018.

96

The average number of employees in a scaleup, compared to 103 in 2018.

## THE SCALING PIPELINE

16,830

The total number of businesses growing between 15-19.99% in 2019.

1.7m

People employed by scaling businesses in 2019.

£474bn

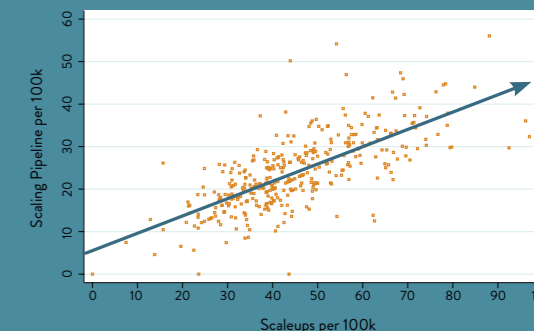
The total amount of turnover generated by scaling businesses.

PIPELINE DENSITY PER 100K POPULATION

Pipeline Scaling Businesses per 100k (15-19.99%)

5 10 15 20 25 30 35

SCALEUP DENSITY VS SCALING PIPELINE DENSITY BY LOCAL AUTHORITY DISTRICT



33,445

The total number of scaleups in the UK.

3.2m

People employed by scaleups in 2019, across all sectors and local areas of the UK economy.

# THE SCALEUP LANDSCAPE

**LONDON, NORTHERN IRELAND, YORK & NORTH YORKSHIRE**

The three localities which have seen the highest scaleup growth relative to their population in 2016-2019.

**WHOLESALE/RETAIL, INFORMATION & COMMUNICATION, AND MANUFACTURING**

The three sectors which have seen the highest growth in scaleups since 2018.

**TOP LOCAL AUTHORITIES: CAMBRIDGE, CRAWLEY AND HARLOW**

saw the fastest scaleup growth outside of London.

24%

The increase in the total number of scaleups from 2013. This compares to 12% GDP growth over the same period. There were 6,460 more scaleups in the UK in 2019 compared to 2013.

## VISIBLE SCALEUPS

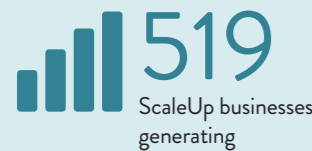


Trending towards

10,000+

visible scaleups, according to initial insights from Companies House.

# 2021 SCALEUP SURVEY AT A GLANCE

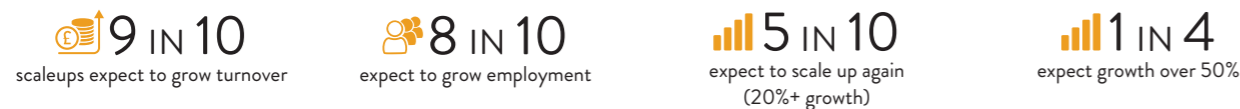


These scaleups came from across all regions and sectors. They vary considerably in age, and many are long established businesses



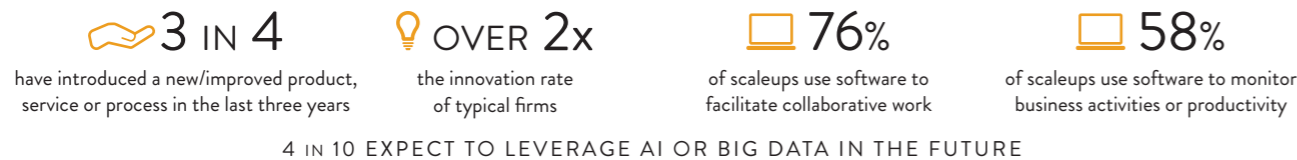
## THEY REMAIN AMBITIOUS

9 IN 10 SCALEUPS EXPECT TO GROW THEIR TURNOVER AND/OR EMPLOYEE HEADCOUNT IN 2021

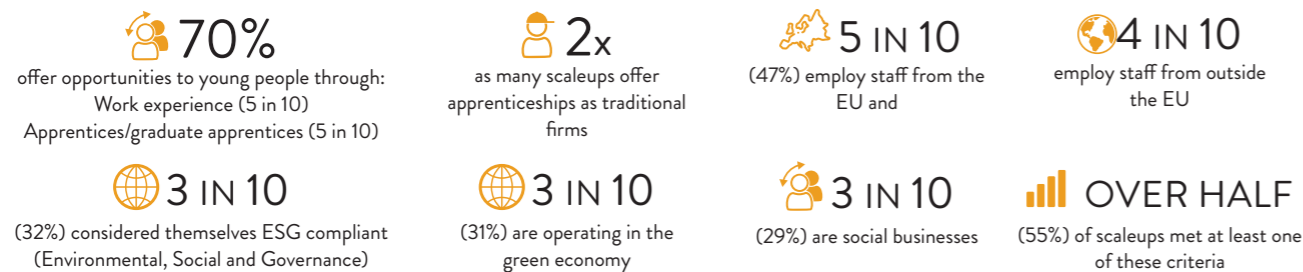


## THEY ARE HIGHLY INNOVATIVE

9 IN 10 SCALEUPS HAVE BEEN INVOLVED IN SOME INNOVATIVE ACTIVITY IN THE LAST 3 YEARS



## THEY ARE GOOD CORPORATE CITIZENS



**SCALEUP MARKETS** **76%** scaleups sell primarily to other businesses (B2B) with **24%** selling direct to consumers (B2C)

## THEY ARE INTERNATIONAL



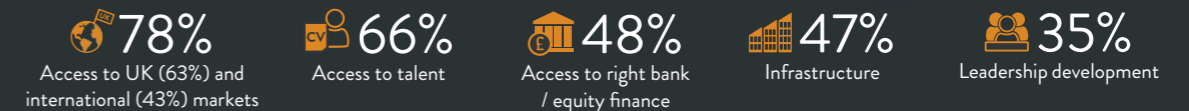
## B2B SCALEUPS HAVE (OR ASPIRE TO HAVE) LARGE CORPORATES AND GOVERNMENT AS CLIENTS



# LOOKING FORWARD

High ambitions continue but concerned it will become harder to scale in the UK with limited support and barriers to be addressed

## THE KEY FACTORS THAT WILL ALLOW SCALEUPS TO CONTINUE TO GROW ARE:



When picking their top priorities, access to Markets is the most important to scaleup leaders followed by access to Talent and access to Growth Capital.



## KEY SOURCES OF FUTURE HELP TO GROW ARE LOCAL:



## SCALEUPS WOULD LIKE EASIER ACCESS TO GOVERNMENT RESOURCES OF:



**6 IN 10**

would like a single point of contact to act as a relationship manager for them. Scaleups are happy to be identified on a public record, with 64% stating that their scaleup status should be shared on an opt-in basis.

## SCALEUPS KNOW THEY ARE DOING WELL

50% agree that they are outperforming their peers. However a similar proportion feel there is little support for businesses like them (46%) and 4 in 10 have concerns about whether the UK will continue to be a good place to do business (38%).

# KEY CHALLENGES



### MARKETS

Three quarters of scaleups sell to other businesses or government, with the rest primarily selling direct to consumers (24%).

Only 2 in 10 scaleups collaborate with government while 4 in 10 sell to the UK government; 4 in 10 collaborate with universities; and 3 in 10 collaborate with corporates while 6 in 10 B2B scaleups sell to them. Scaleup leaders cite selling into both government and large corporates is made more complicated by complex processes (63%), being able to spot relevant contracts to bid for (53%) and the time it takes to win a contract (45%). They value a relationship management approach and are keen to do much more with the private and public sectors.



### TALENT

Key future skills for scaleup employees are critical thinking (70%) and cognitive flexibility (44%). 5 out of 10 employ staff from overseas (47%). 5 in 10 of which they believe is vital/very important they can continue to do so (47%).

When they consider their current leadership team, the skills that are felt to be most

critical for future growth are around Strategy development (61%), Sales and business development (58%) and Brand building, marketing and communications (57%).



### INTERNATIONAL MARKETS

Scaleups are already doing business across the world, and want to do more in regions such as North America, India, Australasia, China and Latin America. Key barriers to exporting are difficulties finding overseas partners, limited access to international customers, not having the talent to make overseas sales, and uncertainty over Covid. Dedicated support to provide introductions to buyers overseas is valued.



### LEADERSHIP

Just over half of scaleups (55%) have a Board or similar governance structure and a further 12% have plans to establish one in the future. They are diverse: 33% of these Scaleups had a female founder, 16% have a female CEO and 29% have women on the Board.

Scaleups are looking for support from a network of peers (32%) and non-executive directors (36%). They also want to develop



### FINANCE

Eight in ten scaleups are using external finance (82%). Of those, 4 out of 10 feel they do not have the right finance in place for their business (45%). Three in ten scaleups are using equity finance and two in ten plan on using it in the near future. Many cite a fear of losing control (24%) and the short term focus of investors (23%) as their reasons for not using external finance. The knowledge gap about equity finance appears to be closing – the percentage of scaleups who do not know anything about equity finance remains at 5% having fallen from 10% in 2019.



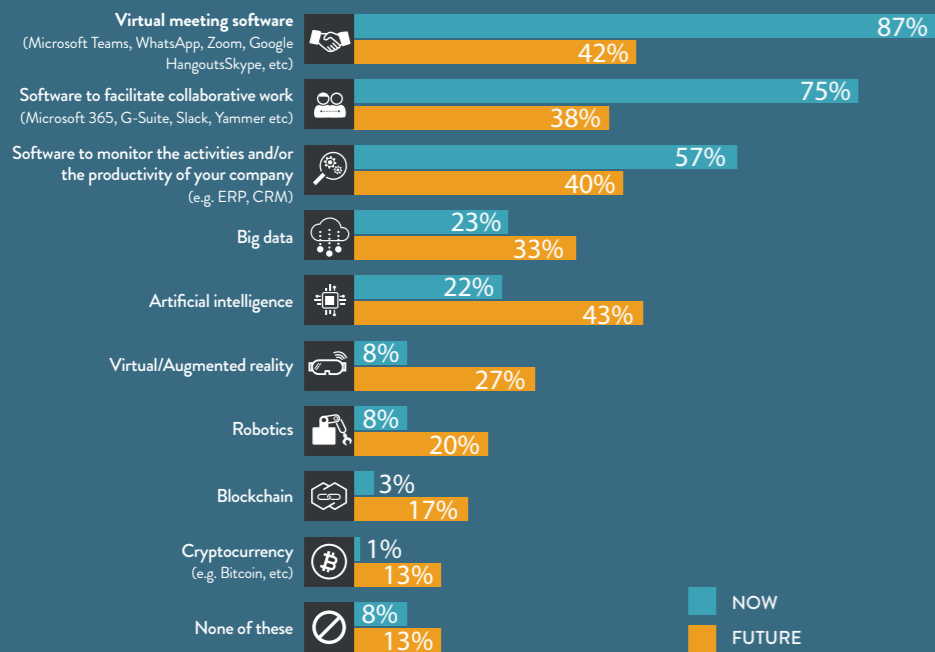
### INFRASTRUCTURE

Infrastructure remains a critical component to get right for our scaleups, with 47% saying it was vital or very important. Scaleups are also seeking greater support from universities and R&D facilities.

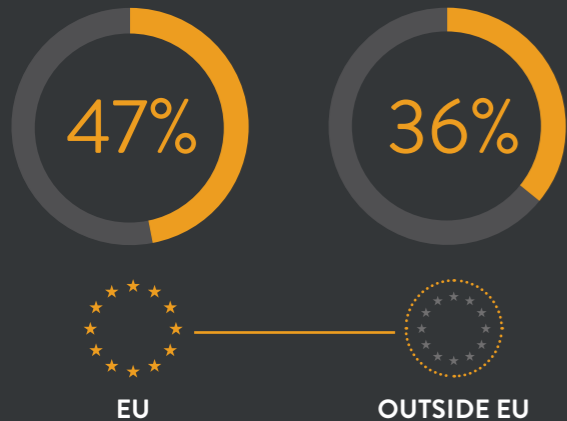
# The Talent, Skills and Leadership perspective



**Scaleups:** As innovators and early adopters, collaborative software is the most used technology currently, with AI, Big data, monitoring software and VR/VR dialling up in the future



**Talent:** Scaleups are significant UK employers with access to international talent also key. 1 in 5 scaleups (21%) say that a quarter or more of their staff come from outside the UK.



**45%** FAST TRACK VISA IS VERY IMPORTANT/VITAL

**FIND OUT MORE ONLINE:** ScaleUp Visa, International Talent

## TOP SKILLS



**75%** SOCIAL



**66%** TECHNICAL

## KEY FUTURE SKILLS



**70%** CRITICAL THINKING



**44%** COGNATIVE FLEXIBILITY

**2 X RATE OF SIMILAR FIRMS**



**70%** OFFER OPPORTUNITIES TO YOUNG PEOPLE



TRAINEE GRANTS



ENTREPRENEURIAL EDUCATION



CAREERS ADVICE



WORK PLACEMENTS



EMPLOYER ENCOUNTERS



VOCATIONAL COURSES



ACCREDITATION DIGITAL SKILLS

53%



Grants to support employers taking on trainees

51%



Inclusion of entrepreneurial and leadership education models

49%



Better understanding of businesses like yours within careers advice and guidance

47%



Grants to support employers offering apprenticeships

39%



Funding for 6 month work placements (e.g. Government "Kickstart" scheme)

39%



Increasing the number of 'employer encounters' students have with businesses like yours

37%



More vocational skills courses

32%



Clearer accreditation of digital skills for all young people

## BUILDING LEADERSHIP CAPABILITY

In 2021 we asked the scaleups to rank their roles needs at senior leader and Board level which are laid out in the table – this indicates where.

Scaleup continue to rank recruiting leaders with experience of growing a business as the most important factor (**53%**) followed by developing skills of the existing leadership team (**48%**).

**58%** of scaleups responding have a formal board (or governance structure) in place.

**26%** do not have a board and have no plans at present to establish one.

### BOARD/SENIOR MANAGEMENT SKILLS DESIRED BY SCALEUPS

Strategy development	61%
Sales/Business Development	58%
Brand building/Marketing/Comms	57%
Innovation/Product development	39%
Finance/Fundraising	31%
Compliance	12%
HR	12%
Risk Management	10%



**4 IN 10**

WANT BETTER ACCESS TO

ACCESS TO NEDs ACCESS TO A NETWORK OF PEERS AND EXPERIENCED GROWTH LEADERS

**DEVELOPING THE SKILLS OF THE SENIOR TEAM IS A CRITICAL PART OF OUR SCALEUPS GROWTH STRATEGY**

Developing the skills of the senior team **55%**

**TRAINING FOR STAFF IS SUPPORTED BY:**

- 75%** IN-HOUSE TRAINING
- 48%** MENTORS
- 47%** PRIVATE LEADERSHIP/SKILLS COURSES
- 36%** COACHES
- 35%** FE COLLEGES
- 34%** INDEPENDENT CONSULTANTS
- 24%** UNIVERSITIES

# The Markets Perspective



COLLABORATION



INTERNATIONALISM



PROCUREMENT

76%

PRIMARYLY SELL TO OTHER BUSINESSES OR GOVERNMENT (B2B)



24%

SELL DIRECT TO CONSUMERS (B2C)



FIND OUT MORE ONLINE:

Corporate Collaboration and International Markets, Innovate UK and the Innovation Strategy

SCALEUP INSIGHTS



57%

Sell to large corporates

30%

Collaborate with large corporates

37%

Collaborate with Universities/Business Schools

36%

Aspirations to sell to large corporates

24%

Sell to local government

14%

Sell to UK Government

23%

Collaborate with Government

33%

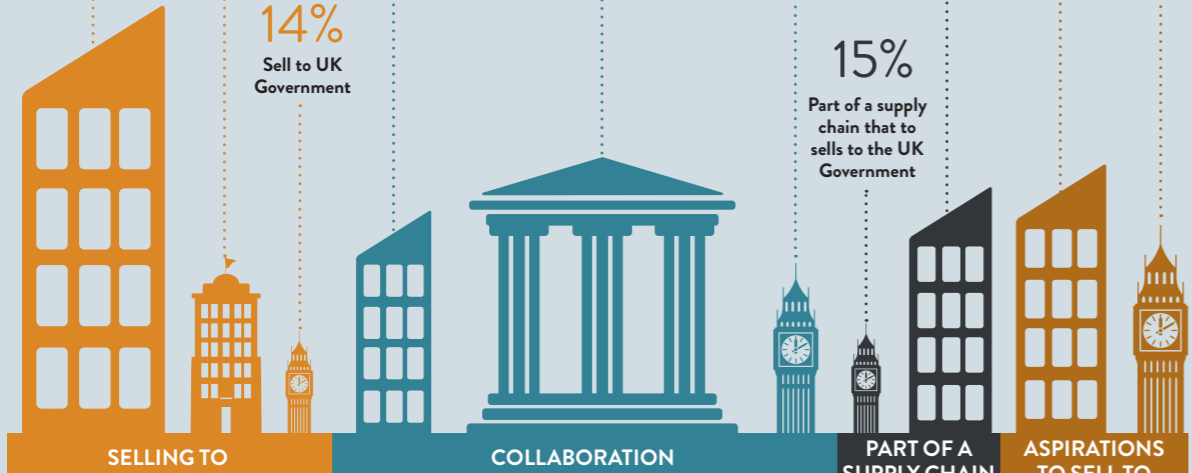
Part of a supply chain that sells to large corporates

28%

Aspirations to sell to Government

15%

Part of a supply chain that sells to the UK Government



## WE NEED TO BREAK DOWN BARRIERS TO EXPORTING

MARKETS FOR SCALEUPS ALREADY EXPORTING OR LOOKING TO EXPORT IN THE FUTURE



## INTERNATIONAL MARKETS



73%

Looking to future export markets



48%

Better introductions to buyers overseas



27%

DIT point of contact



27%

Scaleup trade mission

# 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 Jan-Dec 2020.

Scaleups are champions of growth and innovation and also powerhouses of productivity, but they still face obstacles to growth – a notable one being access to markets. Government procurement – at both national and local level – is a huge potential market for scaleups and proven to be a tool leveraged by the US Government to foster scaleup growth. Although progress has been made in the UK, it remains slow and the scaleup gap remains significant. Since our first Procurement Index, 40% more scaleups have won Public procurement contracts – an increase of c.27% from 2018 to 2019 and 10% from 2019 to 2020. However, they still make up a small proportion (1.5%) of the total suppliers awarded government contracts in 2020 and in 2020 contract value and number fell with visible scaleups.



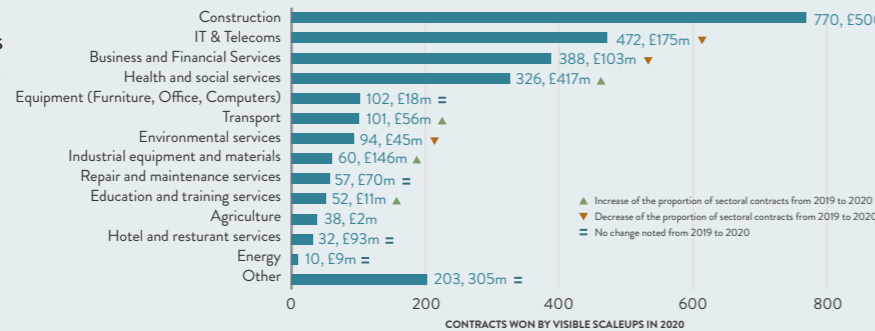
This compares to...  
**23,286** SME peers winning  
**28,508** contracts and appear on  
**1,797** frameworks  
**10,411** Large corporates winning  
**23,531** contracts and appear on  
**1,737** frameworks

Visible scaleups won almost **3%** of all awards issued in 2020



In 2020 Visible Scaleups suppliers, accounted for less than 2% of the total Procurement suppliers. The first half of 2021 shows... **2.5%** OF SUPPLIERS ARE SCALEUPS. **£1.3bn** VALUE. **1.8%** TOTAL VALUE OF ALL AWARDS ISSUED.

Similar to previous years, most Public Procurement contracts issued to scaleups in 2020 were in the construction sector (28%)

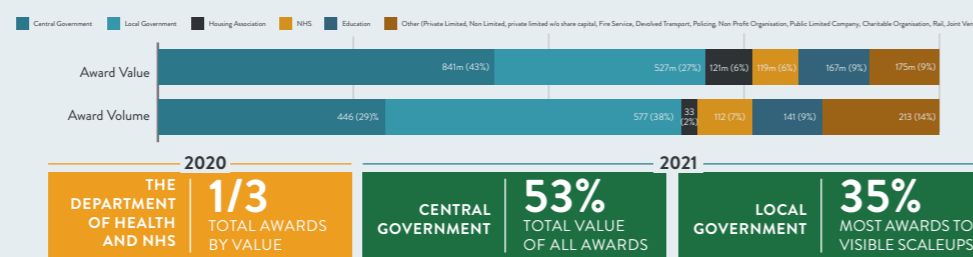


**29%** OF CONTRACTS GIVEN TO THE CONSTRUCTION SECTOR IN 2021

Top most common contract sectors issued to scaleups since 2018: IT & TELECOMS, BUSINESS AND FINANCIAL SERVICES, HEALTH AND SOCIAL SERVICES.

## BUYERS

In 2020, Central Government was the largest buyer by value, while Local government buyers issued the most contracts



## TOP BUYERS (BY NUMBER OF AWARDS AND VALUE)

TOP BUYERS BY VALUE OF AWARDS

BUYER NAME	CONTRACTING AUTHORITY	TOTAL AWARD VALUE	NUMBER OF AWARDS TO VISIBLE SCALEUPS
Department of Health and Social Care	Central Government	£518.83m	42
Hertfordshire County Council	Local Government	£93.22m	9
Department for Education	Central Government	£53.94m	18
South Tyneside Metropolitan Borough Council	Local Government	£53.55m	10
Academies Enterprise Trust	Education	£43.33m	2

TOP BUYERS BY NUMBER OF AWARDS

BUYER NAME	CONTRACTING AUTHORITY	TOTAL AWARD VALUE	NUMBER OF AWARDS TO VISIBLE SCALEUPS
FCDO Services	Central Government	£3.65m	57
Cumbria County Council	Local Government	£740.62K	43
Department of Health and Social Care	Central Government	£518.83m	42
London Borough of Waltham Forest	Local Government	£232.83K	35
Ministry of Defence	Central Government	£34.23m	34

In 2020: **THE DEPARTMENT OF HEALTH** HIGHEST IN VALUE AWARDS WORTH MORE THAN THE COMBINED VALUE OF THE REST OF THE TOP TEN. **BIGGEST BUYERS** CONTRACTS AWARDED CONCENTRATED ACROSS FEW SECTORS. **FCDO SERVICES** PART OF THE FOREIGN & COMMONWEALTH OFFICE.

LOCAL BUYERS FROM 9 OUT OF 12 CONTRACTING REGIONS ISSUED THE LARGE MAJORITY OF THEIR PROCUREMENT CONTRACTS TO THEIR LOCAL SCALEUPS

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	50	11	7	5	13	2	5	4	3	5	25	27
East Of England	8	43	61	10	37	0	7	9	20	1	16	9
London	20	43	238	20	90	4	12	36	38	7	25	25
North East	4	2	9	25	13	0	1	1	0	0	4	4
North West	17	11	23	13	116	1	8	6	5	9	27	23
Northern Ireland	0	0	3	3	10	29	3	3	2	2	3	1
Scotland	6	3	5	1	3	3	79	1	3	2	5	4
South East	10	15	58	3	33	1	9	33	13	3	26	13
South West	7	11	9	1	18	0	4	15	40	1	5	4
Wales	2	0	3	4	2	0	2	0	6	38	7	1
West Midlands	12	16	38	3	33	3	35	3	18	6	24	22
Yorkshire And The Humber	14	9	22	16	23	1	14	5	29	8	8	68

However, most contracts issued by East of England contracting authorities were equally distributed to Scaleups in East of England and London; and West Midlands contracting authorities issued almost equally the majority of their procurement contracts to scaleups based in North West (15%) South East (15%), London (14%), East Midlands (14%) and West Midlands (14%). South East contracting authorities issued most contracts to London-based scaleups (31%) and then South East based scaleups (28%).

## TOP CONTRACTS AWARDED TO VISIBLE SCALEUP

SCALEUP	DESCRIPTION	REGION	CONTRACTING AUTHORITY	CONTRACT TITLE(S)	SECTOR	VALUE
Oxford Nanopore Technologies Ltd	Oxford Nanopore Technologies develops a range of portable DNA and RNA sequencing devices, that are also capable of characterising epigenetic modifications.	South East	Department of Health and Social Care	Provision of LamPORE testing materials	INDUSTRIAL EQUIPMENT AND MATERIALS	£112.66m JUL
Globus (Shetland) Ltd	Globus designs protective gloves for the manufacturing, engineering, construction, healthcare, oil & gas, and waste management industries.	North West	Department of Health and Social Care	Supply of FFP3 Respirators	OTHER	£93.71m JUL
Care By Us Ltd	Care By Us provides nursing and home care services.	East of England	Hertfordshire County Council	The Provision of Reablement and Support at Home – Strategic Lead Provider Services	HEALTH AND SOCIAL SERVICES	£84.00m JUL
Abingdon Health PLC	Abingdon Health specialises in medical diagnostics on samples taken outside of the body.	Yorkshire and The Humber	Department of Health and Social Care	Lateral Flow Test Kits	HEALTH AND SOCIAL SERVICES	£75.00m DEC
Bluetree Design And Print Ltd	Bluetree provides commercial printing services, specialising in large format print and 3D POS design and production.	Yorkshire and The Humber	Department of Health and Social Care	Supply of Personal Protective Equipment for Healthcare Workers for the Care of Patients with Suspected or Confirmed Novel Coronavirus (COVID-19)	HEALTH AND SOCIAL SERVICES	£64.10m JUN
Health Care Resourcing Group Ltd	A healthcare recruitment business that provides permanent and temporary staff to clients that include the Ministry of Defence (MOD), NHS, HM Prisons and private sector companies.	North West	South Tyneside Metropolitan Borough Council	Help To Live At Home Service	COMMUNITY AND SOCIAL SERVICES	£52.66m MAR
Ask Real Estate Ltd	Property construction and redevelopment company, specialising in urban developments for the commercial, retail and hospitality sectors.	North West	Home Group	Home Group – Appointment of a Developer for a New Head Office	CONSTRUCTION	£30.00m NOV
Monarch Acoustics Ltd	Monarch Education Furniture manufactures furniture for schools and colleges.	East Midlands	Department of Health and Social Care	Supply of Personal Protective Equipment for Healthcare Workers for the Care of Patients with Suspected or Confirmed Novel Coronavirus (COVID-19)	HEALTH AND SOCIAL SERVICES	£28.80m MAY
Axis Europe PLC	Axis Europe provides property related services such as building repairs and maintenance to both the private and public sector.	London	Optivo	Sussex Responsive Repairs and Void Works	REPAIR AND MAINTENANCE SERVICES	£28.00m APR

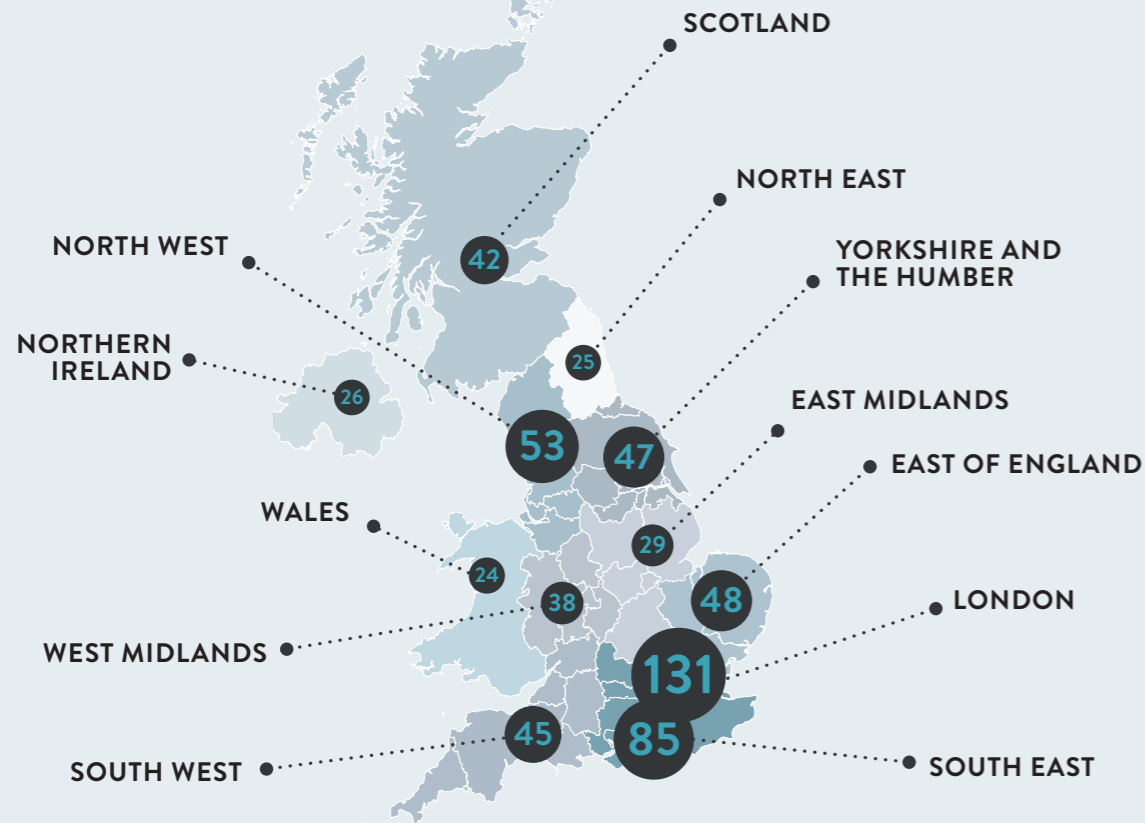


**6 of the top 10** awards were related to the COVID-19 pandemic in providing protective equipment, test kits, training material and supporting services.

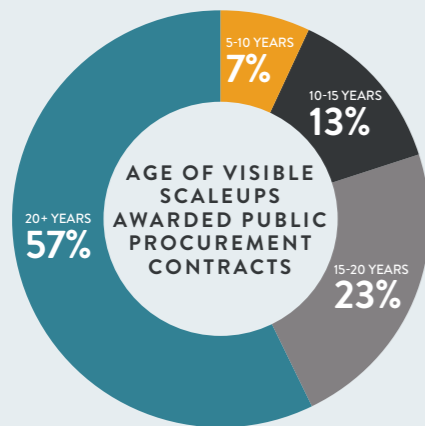
**OXFORD NANOPORE TECHNOLOGIES WINNER 2 of the 10 largest awards**

**THE DEPARTMENT OF HEALTH AND SOCIAL CARE issued over 50% of the top ten contracts by value in 2020**

Like in previous years the visible scaleups that won contracts issued in 2020, were largely concentrated in London and the South East.

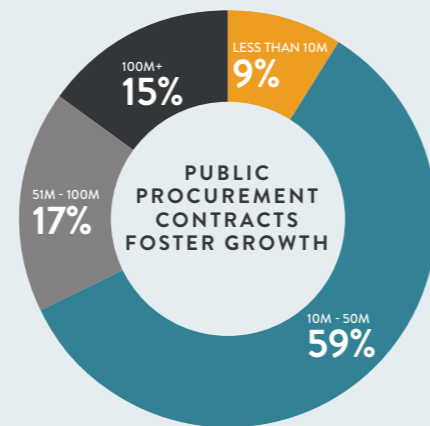


TOP REGIONS OUTSIDE LONDON



More experienced scaleups awarded most public procurement contracts

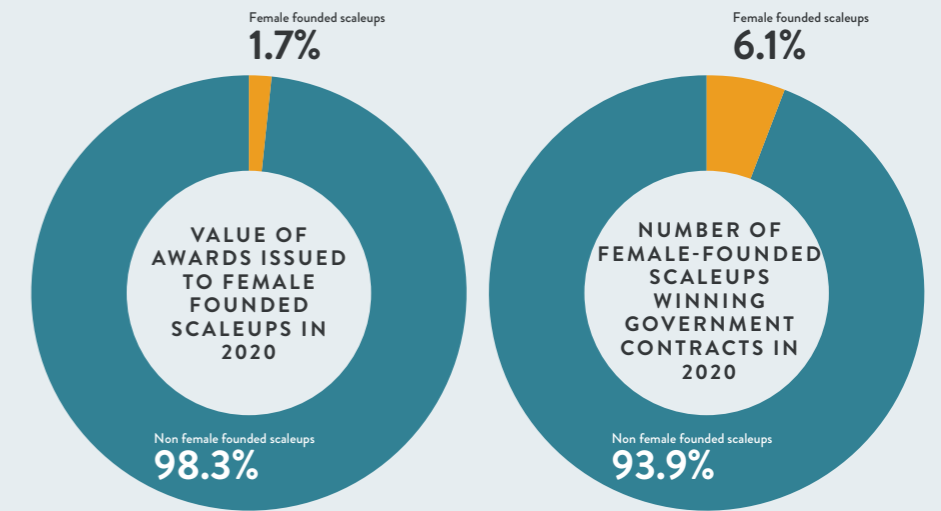
**8 in 10** contracts awarded to scaleups aged more than 15 years old



**6 in 10** scaleups awarded a procurement contracts in 2020, had turnover between £10m-£50m

**36** FEMALE FOUNDED SCALEUPS WON PUBLIC PROCUREMENT CONTRACTS

WORTH **£32.5m**



In 2020 **2x** more FF scaleups won government contracts with a... **3x** higher award value compared to 2019

B.C.B. International Limited	Board Intelligence Limited	Bodywise (UK) Limited	C & C Catering Equipment Limited	Cadline Limited
Capital Care Group Limited	Cdsm Interactive Solutions Limited	Diabetes Digital Media Limited	Diversity Travel Limited	Direct Medics Limited
Ebeni Limited	Eden Scott Limited	G3 Remarketing Limited	Gibbs Hybrid Limited	H & A Mechanical Services Limited
Hobbs Rehabilitation Limited	In Cloud Solutions Limited	J & B Hopkins Limited	Lemon Business Solutions Limited	Let ME Play Limited
London Hire Limited	Mega Resources Limited	Middleton Food Products Limited	Montpeliers (Edinburgh) Limited	Morningside Pharmaceuticals Limited
Nurse Plus And Carer Plus (UK)	Pacific Care Limited	Polecat Limited	Potential Limited	Q5 Partners LLP
Quantumdx Group Limited	R.N. Wooler & Company Ltd	Resolute Care Limited	The Agency of Someone Limited	W M Donald Limited
Yesss (A) Electrical Limited				

PUBLIC PROCUREMENT & NET ZERO

IN 2020, **7** SCALEUPS WERE AWARDED **8** CONTRACTS WHICH DIRECTLY REFERENCED NET ZERO. THESE CONTRACTS CAME FROM A VARIETY OF SECTORS, INCLUDING:



RENEWABLE ENERGY PROJECTS



SUSTAINABLE TRANSPORT WITH A FOCUS ON ELECTRIC VEHICLES



THE DEVELOPMENT OF ENERGY-EFFICIENT HOUSING SYSTEMS

**5 in 8**

AWARDS WERE ISSUED BY CENTRAL GOVERNMENT

OVER THE LAST 5 YEARS

**1,022** CONTRACTS AWARDED DIRECTLY REFERENCED TO NET ZERO

**62** OF THESE WERE AWARDED TO 35 VISIBLE SCALEUPS

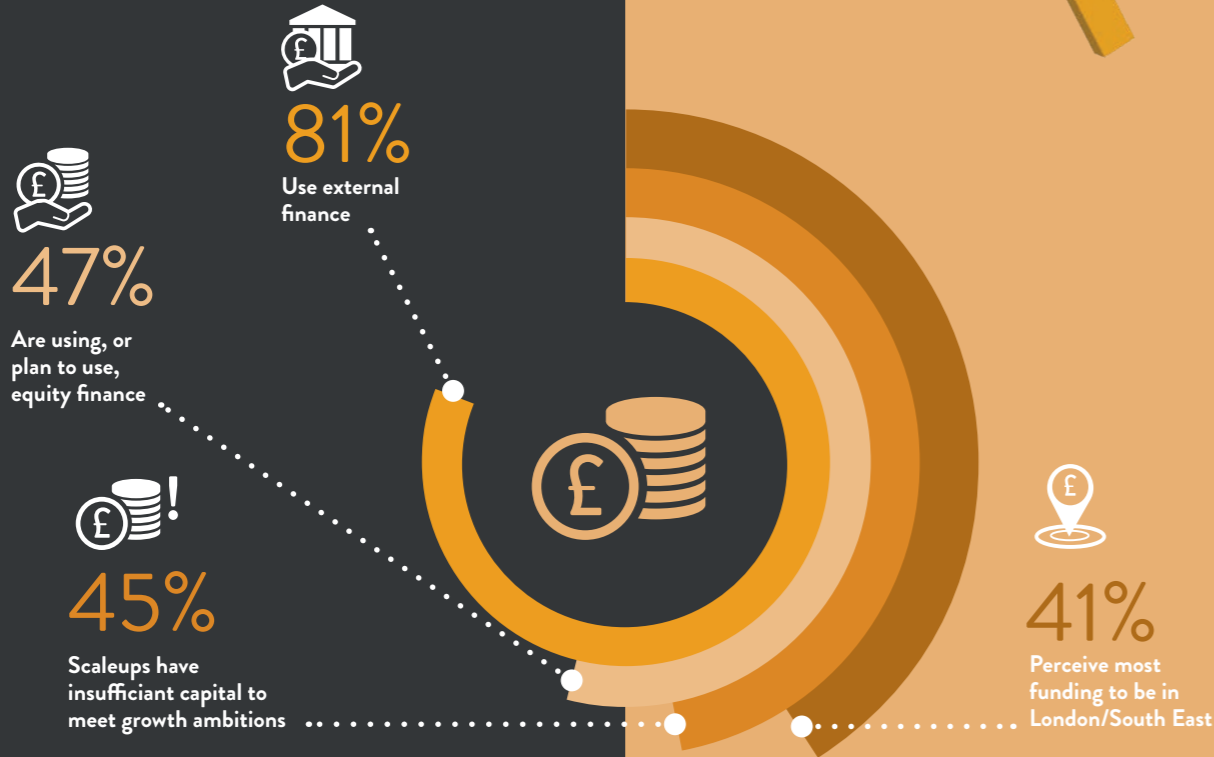
WORTH **£75m**

MOST PROMINENT SCALEUPS WINNING CONTRACTS  
Vivid Economics, Chargemaster, Gemserv and Oxford Policy Management

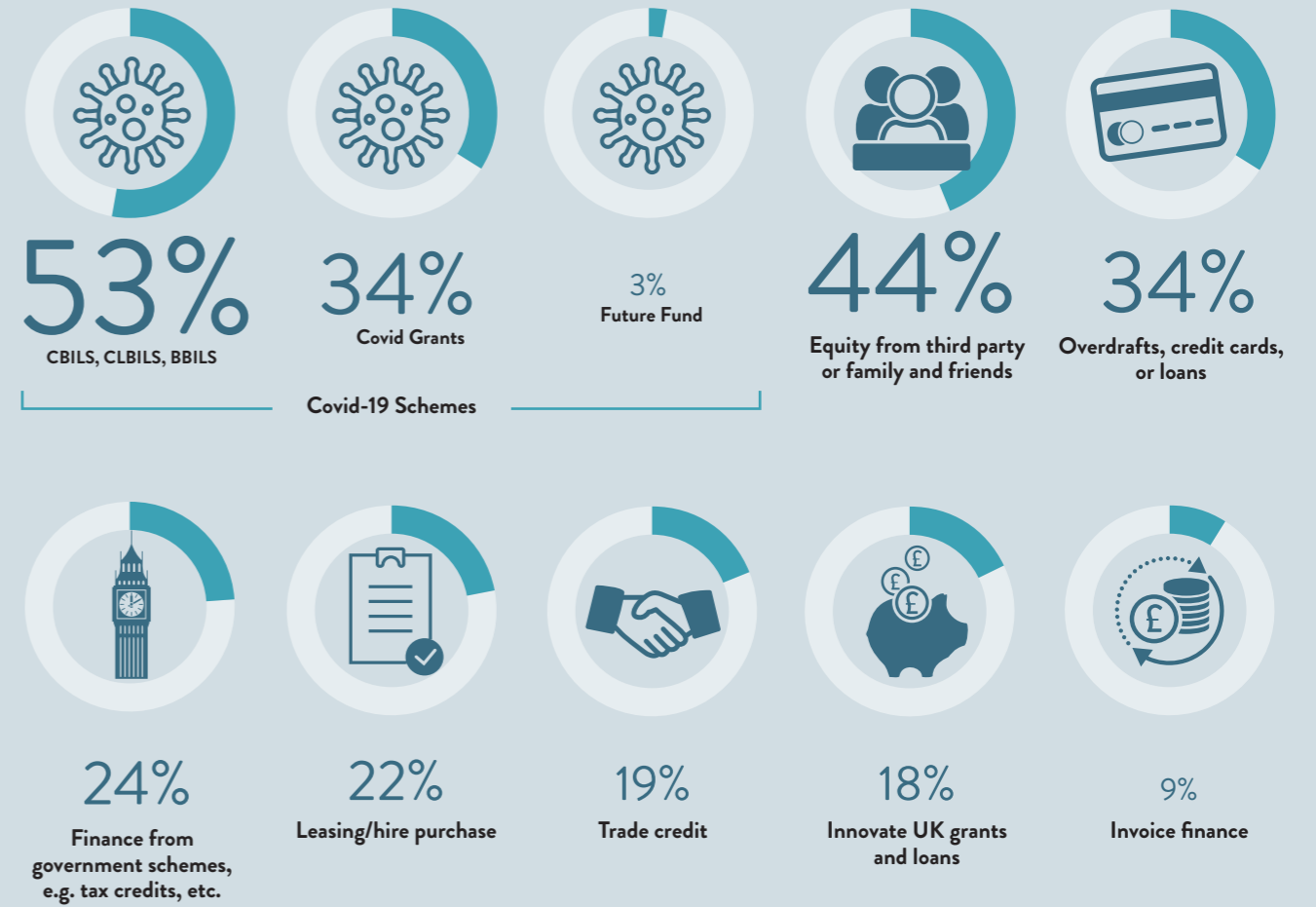
**£46.8m** ACCOUNTING FOR OVER HALF OF THE TOTAL VALUE



# The Finance Perspective

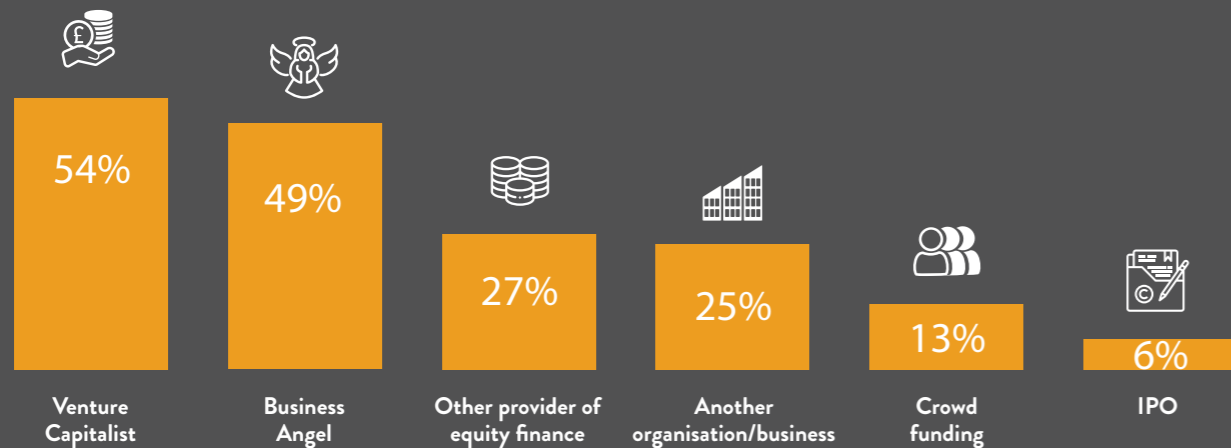


## SOURCES OF FINANCE



## KEY SOURCES OF EQUITY

Positively there is greater awareness of equity finance with scaleup leaders saying they don't know anything about this type of finance halving from 10 to 5 percent since 2019.



## BARRIERS TO FINANCE



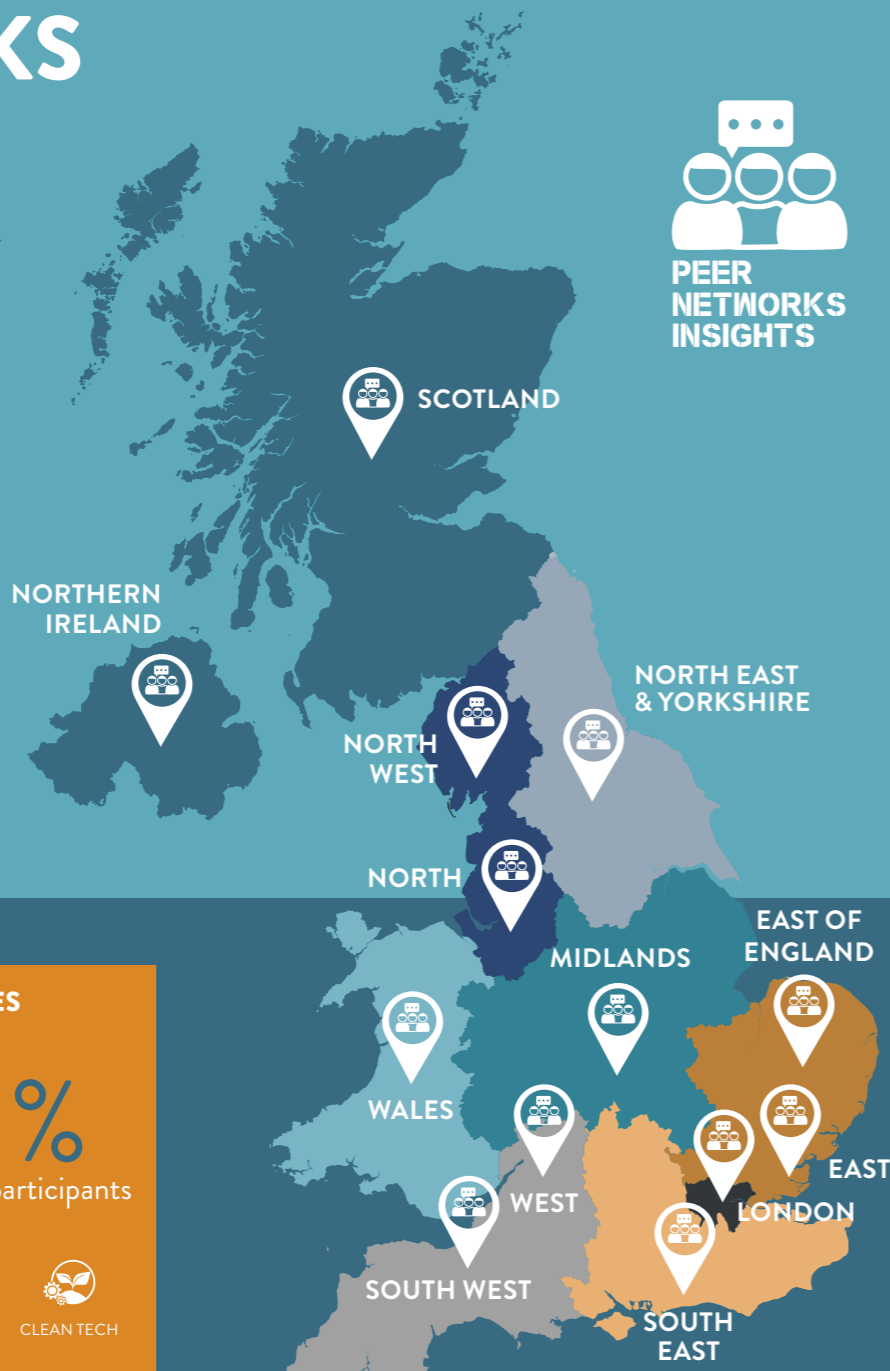
# ENERGISING SCALEUPS THROUGH PEER NETWORKS



Scaleup Leaders consistently tell us about the great value they derive from learning from their peers. Strong, trusted peer networks between scaleups can have a powerful impact on their individual performance, and they must be fostered.

Progress has been made across the country with many programmes embedding peer to peer activities in existing support and establishing new purpose built groups for local scaleups.

Innovate UK EDGE and the ScaleUp Institute have also piloted regional groups around the UK for scaling innovation-led businesses within Innovate UK's portfolio.



**OVER 120 BUSINESSES ENGAGED SO FAR**

**20%** female participants | **11%** BAME participants

ADVANCED MANUFACTURING	ENGINEERING	CLEAN TECH
HEALTH TECH	FOOD & DRINK	CONSTRUCTION
BIO / LIFE SCIENCES	MATERIALS TECHNOLOGY	AGRICULTURE
PROFESSIONAL SERVICES	MARKETING / ADVERTISING	AUTOMOTIVE
		RETAIL

## 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.

<p><b>INNOVATION</b></p> <ul style="list-style-type: none"> <li>Accessing grants and funding – how to make successful applications</li> <li>Developing an innovation culture</li> </ul>	<p><b>BUILDING LEADERSHIP CAPACITY</b></p> <ul style="list-style-type: none"> <li>Developing soft skills and behaviours, e.g. communication</li> <li>Building out top teams</li> <li>Succession planning</li> <li>Accessing NEDs and building a board</li> </ul>
<p><b>ACCESS TO FINANCE</b></p> <ul style="list-style-type: none"> <li>Accessing different forms of growth capital, different types of investors</li> <li>Working capital for growth</li> <li>Planning exit</li> </ul>	<p><b>ACCESS TO MARKETS</b></p> <ul style="list-style-type: none"> <li>Building sales and markets</li> <li>Setting up a sales team, building metrics, etc.</li> <li>Branding &amp; marketing</li> <li>Managing supply chains</li> <li>Accessing international markets</li> </ul>
<p><b>TALENT &amp; SKILLS</b></p> <ul style="list-style-type: none"> <li>Attracting and retaining talent – being a 'destination for talent'.</li> <li>Creating a culture of scaling up</li> <li>Talent mapping and workforce planning</li> <li>Building wellbeing &amp; resilience in teams</li> <li>Managing conflict</li> </ul>	

## PEER TO PEER: COMMUNITY OF SUCCESS



# NATIONAL AND LOCAL PROGRAMMES

TOTAL PROGRAMMES: 202

GENERAL WITH SCALING ELEMENTS

61

SCALING FIRM FOCUS

77

SUI ENDORSED / ONE TO WATCH

64

## NATIONAL PROGRAMMES ENDORSED & ONES TO WATCH

### TALENT

DEBATEMATE  
CAREERS & ENTERPRISE COMPANY  
F4S (FORMERLY FOUNDERS4SCHOOLS)  
GOOGLE DIGITAL GARAGE  
LIFESKILLS, CREATED WITH BARCLAYS  
TEACH FIRST: CAREERS LEADER PROGRAMME

### LEADERSHIP

ROYAL ACADEMY OF ENGINEERING: RAENG  
SCALE UP ACCELERATOR  
GOLDMAN SACHS 10,000 SMALL BUSINESSES UK  
TECH NATION: UPSCALE  
THE SUPPER CLUB  
VISTAGE

### MARKETS

SHARING IN GROWTH (SIG)  
SILICON VALLEY COMES TO THE UK (SVC2UK)  
MATCH MAKER VENTURES

### FINANCE

CAMBRIDGE INNOVATION CAPITAL (CIC)  
FROG CAPITAL  
MMC VENTURES  
ACCEL  
AMADEUS CAPITAL  
BALDERTON CAPITAL  
BERINGEA

BGF  
BRITISH BUSINESS BANK: ENTERPRISE CAPITAL FUND  
CROWDCUBE  
DRAPER ESPRIT  
EIGHT ROADS  
ENVESTORS  
INDEX VENTURES  
IP GROUP

LDC  
LIVINGBRIDGE  
NOTION  
OCTOPUS TITAN VCT  
PARTECH  
SANTANDER GROWTH CAPITAL FUND  
BREAKTHROUGH PROGRAMME  
SCOTTISH EQUITY PARTNERS  
SEEDRS

### INFRASTRUCTURE

BARCLAYS EAGLE LABS  
FCA REGULATORY SANDBOX  
NATWEST ENTREPRENEUR ACCELERATOR  
DIGITAL CATAPULT

## ✓ SUI ENDORSED / ONE TO WATCH

### YORKSHIRE AND THE HUMBER

10

MANUFACTURING GROWTH PROGRAMME  
NORTHERN POWERHOUSE INVESTMENT FUND  
STRATEGIC BUSINESS GROWTH PROGRAMME  
SPARK FUND  
✓ SHEFFIELD CITY REGION: RISE

PRODUCT AND PROCESS INNOVATION  
THE SUPPLY CHAIN NETWORK  
MANUFACTURING CHAMPIONS PROGRAMME  
STRATEGIC BUSINESS GROWTH PROGRAMME  
AD:VENTURE

### NORTHERN IRELAND

11

HALO BUSINESS ANGEL NETWORK (HBAN)  
IOD ACADEMY  
KERNEL CAPITAL  
SCALING FOR GROWTH  
TECHSTART NI  
WAY TO SCALE

ACCESS TO FINANCE  
AMBITION TO SCALE  
LEADERSHIP 4 GROWTH  
LEADER PROGRAMME  
SCALEX ACCELERATOR PROGRAMME

### EAST MIDLANDS

25

HIGH PERFORMANCE LEADERSHIP PROGRAMME  
SCALE UP MANAGEMENT AND LEADERSHIP PROGRAMME  
BUILDING BETTER SUPPLY CHAINS IN GREATER LINCOLNSHIRE  
DIGITAL DEVELOPMENT PROGRAMME  
DIGITAL GROWTH PROGRAMME  
GAIN ENTERPRISE GROWTH PROGRAMME  
GRANTS4GROWTH  
GREEN BELLE  
LEICESTER CREATIVE BUSINESS DEPOT  
LORICI & BUSINESS INSPIRATION PROGRAMME  
MANUFACTURING GROWTH PROGRAMME  
MIDLANDS ENGINE INVESTMENT FUND  
SKILLS SUPPORT TO THE GREATER

LINCOLNSHIRE WORKFORCE  
SOLSTICE  
EXECUTIVE LEADERSHIP AND MANAGEMENT  
GREATER LINCOLNSHIRE AGRI-FOOD INNOVATION PLATFORM (GLAIFP)  
INVEST TO GROW  
LEICESTER INNOVATION HUB  
THE BIG HOUSE PROGRAMME  
✓ CRANFIELD SCHOOL OF MANAGEMENT: BUSINESS GROWTH PROGRAMME  
DIGITAL UPSCALER  
WOMEN IN LEADERSHIP COURSE  
SMART INNOVATION AND NETWORKING FOR GROWTH  
BUSINESS GROWTH GRANT  
✓ BIZSMART

### WEST MIDLANDS

22

THE PLATINUM GROUP  
BUSINESS ENERGY EFFICIENCY PROGRAMME  
MANUFACTURING GROWTH PROGRAMME  
MIDLANDS ENGINE INVESTMENT FUND  
SMARTER GROWTH  
AGRI-TECH GROWTH AND RESOURCES FOR INNOVATION  
AMCASH BUSINESS SUPPORT SERVICES  
ASTON SMALL BUSINESS GROWTH PROGRAMME  
BUILT ENVIRONMENT CLIMATE CHANGE INNOVATION (BECCI)  
CREST  
FOCUS DIGITAL PROJECT

INNOVATION VOUCHERS  
KEEN  
✓ PRODUCTIVITY THROUGH PEOPLE  
SMART CONCEPT FUND  
SCITECH INNOVATION HUB  
✓ BIZSMART  
ASTON BUSINESS MENTORING PROGRAMME  
WM CREATIVE SCALE UP PROGRAMME  
CREATIVE BUSINESS RESPONSE AND RESILIENCE PROGRAMME  
ELEVATE GROWTH PROGRAMME  
BETADEN

### WALES

4

✓ DEVELOPMENT BANK OF WALES  
ACCELERATED GROWTH PROGRAMME

SETSQUARED SCALE UP PROGRAMME  
SUSTAINABLE SCALE UP CLUSTER

### SOUTH WEST

10

TRANSFORM  
✓ ENGINE SHED  
HEART OF THE SOUTH WEST GROWTH SUPPORT PROGRAMME  
ENTERPRISE SOLUTIONS  
✓ PRODUCTIVITY THROUGH PEOPLE

SCALE-UP PROGRAMME  
✓ INSPIRE ELITE (OTW)  
CIOS INVESTMENT FUND  
FUTURE FOCUS  
CIOS SKILLS HUB

### SCOTLAND

18

YOUNG PRESIDENTS ORGANISATION  
LEADERSHIP ESSENTIALS  
MIT ENTREPRENEURSHIP DEVELOPMENT PROGRAMME  
PRINCIPALLY WOMEN  
RURAL LEADERSHIP PROGRAMME  
SALTIRE FELLOWSHIP LEADERSHIP DEVELOPMENT PROGRAMME  
SCALE UP SCOTLAND LEADERSHIP PROGRAMME  
SCOTTISH ENTERPRISE LEADERSHIP

✓ GROWTH ADVANTAGE PROGRAMME  
✓ PRODUCTIVITY THROUGH PEOPLE  
UNLOCKING AMBITION CHALLENGE  
YOUNG PRESIDENTS ORGANISATION  
✓ SCALE UP SCOTLAND  
✓ SCOTTISH ENTERPRISE GROWTH INVESTMENT TEAM  
✓ SCOTTISH EQUITY PARTNERS  
PATHFINDER ACCELERATOR  
IMPACT30  
NEXUS

### NORTH EAST

11

ARCH  
SUPPLY CHAIN NORTH EAST  
BESPOKE BIDS LTD (BBL)  
BUSINESS SCALEUP SERVICE  
✓ SCALE-UP LEADERS ACADEMY  
HOLDERNESS COAST, FISHERIES LOCAL ACTION GROUP (FLAG) FUNDING

NORTHERN POWERHOUSE INVESTMENT FUND  
SCALEUP NORTH EAST  
EXECUTIVE WOMEN LEADERS  
SKILLS FOR GROWTH  
BOOST BESPOKE PROGRAMME

### NORTH WEST

19

✓ ALDERLEY PARK  
CHESHIRE AND WARRINGTON GROWTH HUB  
GREATER CONNECTED  
NEW MARKETS 2  
NORTHERN POWERHOUSE INVESTMENT FUND  
RECIPE4SUCCESS  
SPARK2SCALE  
STEP INTO HEALTHCARE  
GROWTH CATALYST  
MBA BUSINESS SCALE-UPS

✓ PRODUCTIVITY THROUGH PEOPLE  
SCALE-UP FORUM  
CREATIVE SCALE-UP PROGRAMME  
TWO ZERO  
INNOVATION SPRINT PROGRAMME  
E3M FUTURE INNOVATION FUND  
GATHER  
✓ GREATER MANCHESTER GLOBAL SCALE UP PROGRAMME  
EXCEED  
HROUGH PEOPLE  
SCALE-UP FORUM

### EAST OF ENGLAND

26

CAMBRIDGE WIRELESS  
FUTURE BUSINESS CENTRES  
SCHOOL FOR SCALE-UPS  
TRAINING COURSES  
APPRENTICESHIPS NORFOLK  
BUSINESS SUPPORT  
✓ CAMBRIDGE CLUSTER INSIGHTS  
MANUFACTURING GROWTH PROGRAMME  
NEW ANGLIA ADVANCED MANUFACTURING GROUPS  
SCALE UP NEW ANGLIA  
SCALEUP ADVICE  
ACCELERATE CAMBRIDGE  
✓ BABRAHAM RESEARCH CAMPUS

✓ CRANFIELD BUSINESS GROWTH PROGRAMME  
INNOVATION BRIDGE  
KEEP+  
KNOWLEDGE TRANSFER PARTNERS  
LOW CARBON INNOVATION FUND  
ARISE  
STRATEGIC BUSINESS GROWTH PROGRAMME  
SILVER TO GOLD GROWTH PATHWAY  
SCALE UP MASTERMIND PATHWAY  
SCALE UP MASTERCLASSES  
SCALE YOUR BUSINESS  
GROWTH WORKS  
ONE NUCLEUS

### SOUTH EAST

23

BUSINESS UNITED  
FINANCE SOUTH EAST  
FUTURE BUSINESS CENTRES  
✓ LEVEL39  
✓ OCTOPUS TITAN VCT  
ESCALATOR PROGRAMME  
✓ MAYOR OF LONDON'S INTERNATIONAL BUSINESS PROGRAMME  
✓ INNOVATING FOR GROWTH  
MANUFACTURING GROWTH PROGRAMME  
SCALE UP ASHFORD  
SCALE UP BERKSHIRE  
SOUTH EAST BUSINESS BOOST  
THAMES VALLEY INVESTMENT NETWORK

KEEP+  
KNOWLEDGE TRANSFER CENTRE  
✓ BRITISH LIBRARY INNOVATING FOR GROWTH (ENDORSED)  
✓ BAMBOO CLUB  
✓ SCALE UP NETWORK  
✓ CEO CLUB  
✓ HENLEY BUSINESS ANGELS  
ESCALATE  
BUSINESS INVESTMENT FUND CAPITAL GRANT SCHEME  
HARWELL CROSS-CLUSTER INDUSTRIAL ENGAGEMENT PROOF OF CONCEPT



# LOCATION, LOCATION, LOCATION

Driving UK economic growth through scaleup ecosystems

## LOCAL EXEMPLARS

2017/18 ● 2019/20/21 ●

**SCOTLAND:** COMBINING SCALEUP FORCES, PUBLIC AND PRIVATE SECTOR PARTNERS COLLABORATE TO BRING BENEFITS TO SCALEUPS

**MANCHESTER UNIVERSITY:** SCALEUP FORUM POWERING LOCAL PEER-TO-PEER NETWORKS

**NORTHERN IRELAND:** 2021 A YEAR OF SCALEUP RESILIENCE

**LIVERPOOL:** MASTERING SCALING UP THROUGH MBAS, LEADERSHIP PROGRAMMES & AN INNOVATION FUND

**GREATER BIRMINGHAM AND SOLIHULL:** DEVELOPING CROSS SECTOR SCALEUP SUPPORT

**WORCESTERSHIRE:** COMMERCIALISING INNOVATION AND GROWING LOCAL CLUSTERS VIA SEGMENTED SCALEUP SUPPORT AND PEER LEARNING

**WEST OF ENGLAND:** CREATIVE SCALEUP SUPPORTING LOCAL CLUSTERS

**HEART OF THE SOUTH WEST:** LEVERAGING UP: BUILDING ON LEARNING FROM WHAT ALREADY WORKS

**CORNWALL & ISLES OF SCILLY:** SCALING IN RURAL AND COASTAL LANDSCAPES THROUGH SEGMENTATION AND TARGETED ACTION

**SCALEUP NORTH EAST:** A PROGRAMME DESIGNED AND DELIVERED BY ENTREPRENEURS, FOR ENTREPRENEURS

**LANCASHIRE:** BOOSTING LOCAL GROWTH BY DEVELOPING A PLATFORM FOR SCALEUP LEADERS

**LEEDS CITY REGION:** BUILDING PUBLIC/PRIVATE COLLABORATION AND SECTOR FOCUSED SUPPORT FOR SCALEUPSS

**GREATER MANCHESTER:** TAILORED PROGRAMMES TO POWER UP SCALEUPS IN TARGETED SECTORS, HELPING THEM GROW AT HOME AND ABROAD

**SHEFFIELD CITY REGION RISE:** CONNECTING THE TALENT PIPELINE

**D2N2:** BUILDING ON WHAT WORKS - LEARNING FROM UPSCALERS

**CAMBRIDGESHIRE AND PETERBOROUGH:** ENABLING SCALEUP THROUGH DATA DRIVEN OBSERVATION, MAPPING AND TAILORED ENGAGEMENT

**NEW ANGLIA:** SCALEUP NEW ANGLIA BUILDING A LOCAL SCALING PIPELINE WITH STRUCTURED REFERRALS ON TO THE ESCALATOR OF SUPPORT

**OXFORDSHIRE:** SEGMENTING SUPPORT FOR SCALEUPS AND DEVELOPING WORLD CLASS INFRASTRUCTURE

**THAMES VALLEY BERKSHIRE:** SCALEUP BERKSHIRE: CONNECTING SCALEUPS TO GROW THROUGH SHARED IDEAS, EXPERIENCES AND OPPORTUNITIES

**SOUTH EAST:** ADOPTING A TAILORED APPROACH TO SCALEUP SUPPORT BUILDING ON LESSONS LEARNED

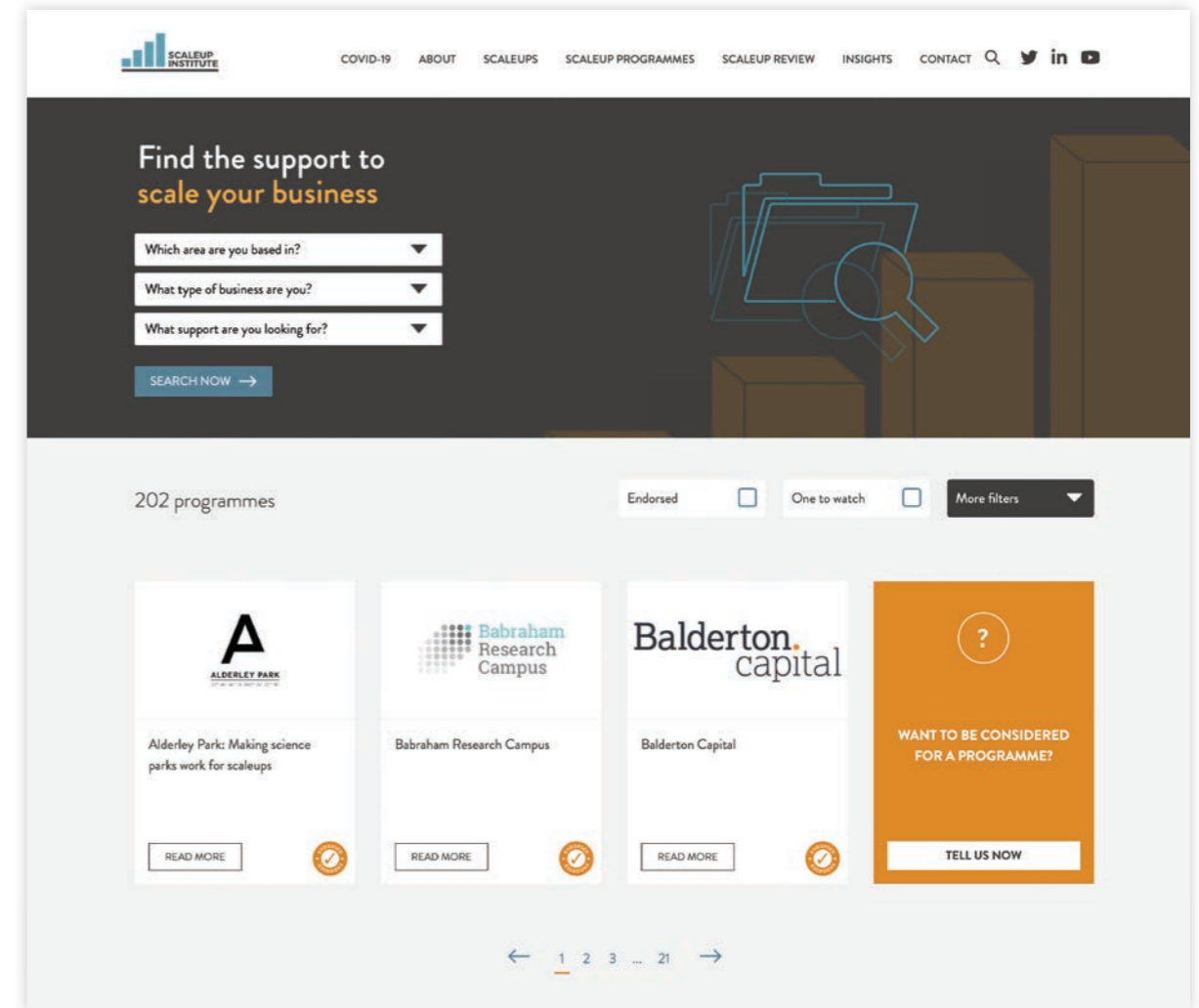
**COAST TO CAPITAL:** SUSTAINING SCALEUP SUPPORT WITH RELATIONSHIP MANAGEMENT AND PEER ENGAGEMENT

## SOME OF THE PROGRAMMES EMERGING SINCE DEG

- Scaleup Northeast
- Scaleup Berkshire
- Scale Up Lancashire
- Scotland Can Do Scale



FIND OUT MORE ONLINE: SUPPORTING SCALING BUSINESSES – The journey since 2014

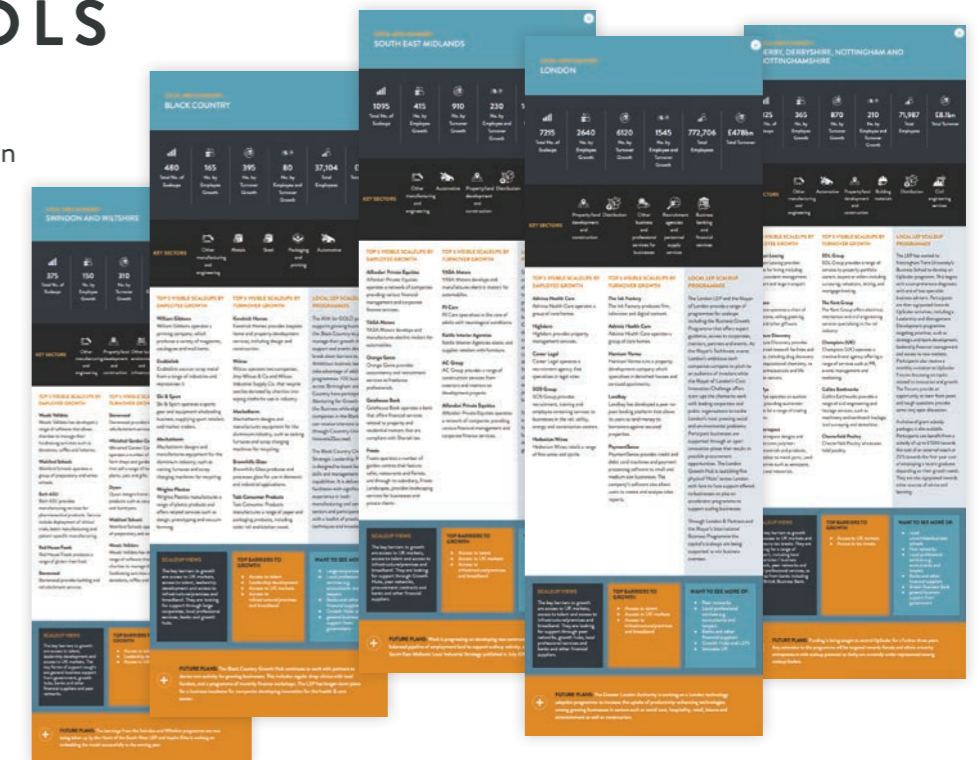


## LOCAL TOOLS

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



# LEADING PROGRAMMES

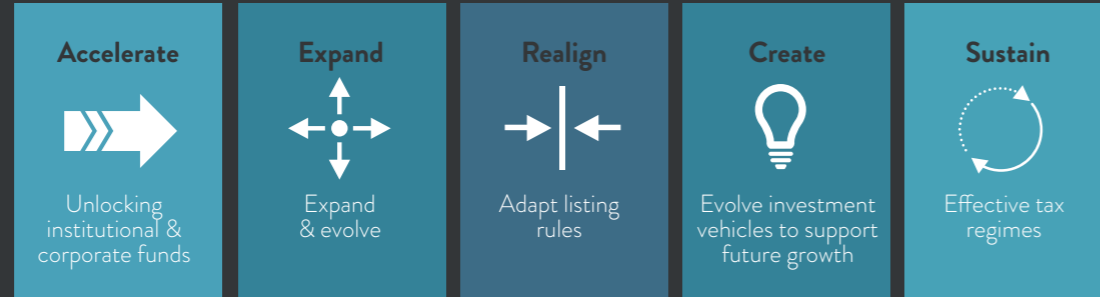
 <p>Talent and Skills</p>    	  
 <p>Leadership</p>          	     
 <p>Markets</p>   	  
 <p>Finance</p>                    	 
 <p>Infrastructure</p>       	   

# NEW CASE STUDIES

 <p>Talent and Skills</p>  	
 <p>Leadership</p>     	
 <p>Markets</p>  	
 <p>Finance</p>        	
 <p>Infrastructure</p>  	

# ENERGISING THROUGH THE FINANCE CONTINUUM

## ADDRESSING THE GROWTH CAPITAL GAP



SCALEUP INSIGHTS

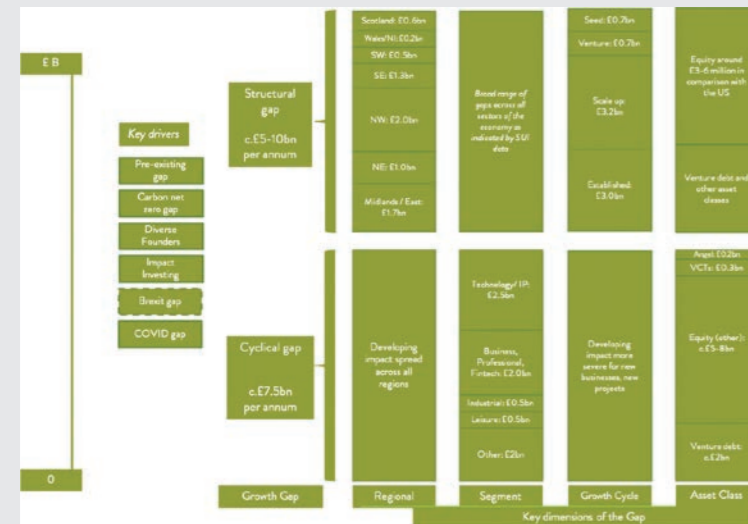


FIND OUT MORE ONLINE: Growth Capital and British Business Bank insights

# GAP

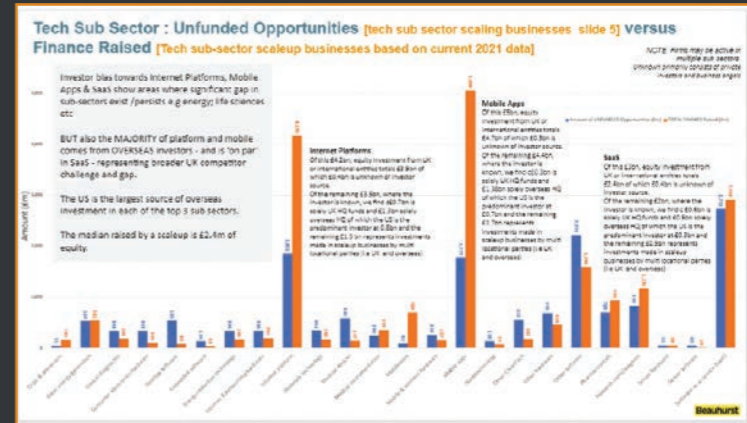
## FUTURE OF GROWTH CAPITAL RECOMMENDATIONS

- 1 Create a 'National Blueprint for Growth'
- 2 Accelerate the unlocking of Institutional and Corporate Funding
- 3 Expand and build upon the British Business Bank and our Devolved Nation Development entities, and Regional Funds
- 4 Expand the role and scale of Innovate UK
- 5 Create a Future Opportunity Fund



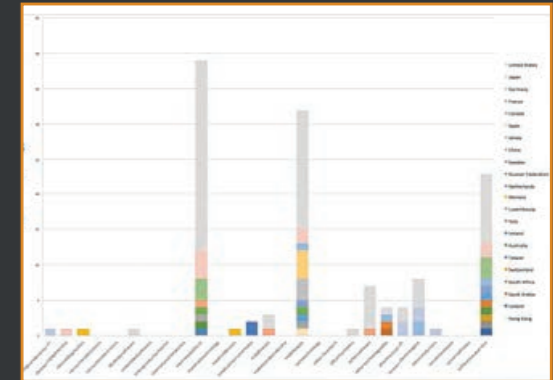
## FUTURE OF GROWTH CAPITAL REPORT - MARKET GAP SUMMER 2020

# growth capital



## PROXY PATTERNS

Proxy pattern of investment per tech sub sector. Shows extent of US investment in Internet Platforms, Mobile Apps and SaaS, other country focus and where there is limited overseas engagement. As well as other country interest.



ENERGISING THROUGH EDUCATION  
BRITISH BUSINESS BANK  
REGIONAL ROUNDTABLES

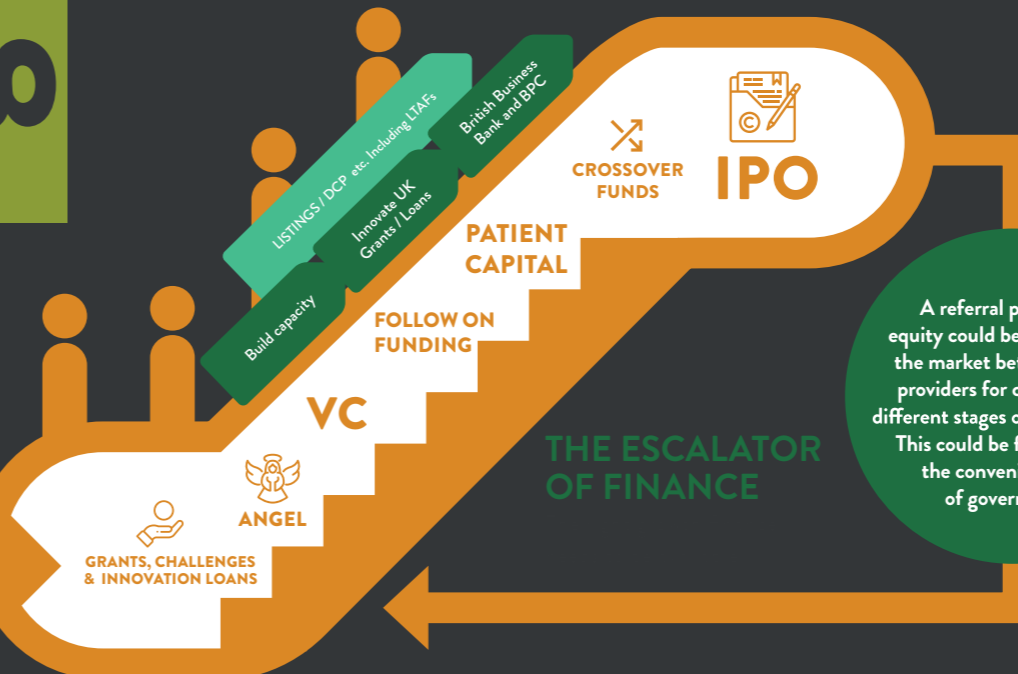
8x roundtables

5x education session

450+ attending delegates

# £15bn

THE RIGHT GROWTH FINANCE NEEDS TO BE AVAILABLE



A referral process for equity could be developed in the market between equity providers for companies at different stages of their journey. This could be facilitated by the convening power of government.

# ENERGISING SCALEUP SECTORS

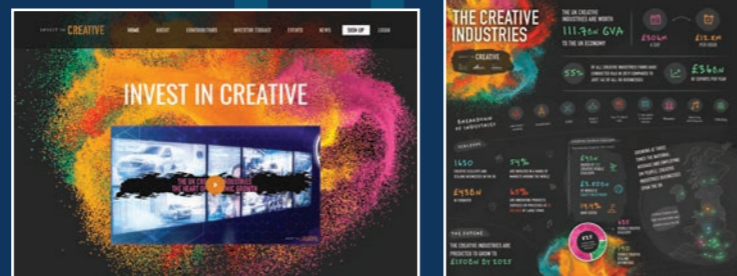
**200+**  
investors have signed up to the platform with an approximate investment capacity of **£300m**.

## CREATIVE INDUSTRIES

Peer to Peer Learning about investing in the creative industries via 5 sector-specific modules drawing on more than 50 investors, industry experts and successful founders.



**Link to Insight:** Driving investment and growth in the creative industries



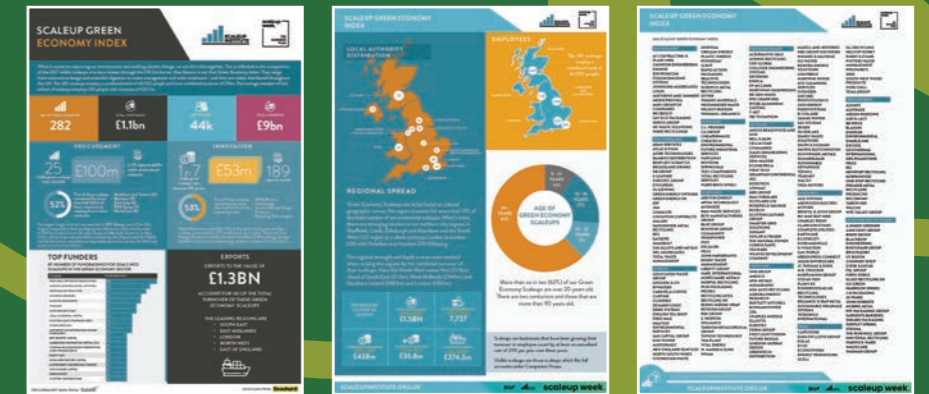
## GREEN ECONOMY

**31%**

of scaleups say they are operating in the green economy

**32%**

1 in 3 scaleups are innovating to reduce their carbon output and energy consumption or improve environmental performance.



## FEMALE FOUNDERS



**39%**  
of visible scaleups have a female founder or director.



**Link to Insight:** Scaling Perspectives: Diverse Scaleup



## LIFESCIENCES



**Link to Insight:** Building the UK as a Life Sciences superpower – the power of clusters and collaboration

## FINTECH



**Recommendations at a glance: 5 point plan**

- Policy and Regulation**
  - Deliver a digital strategy for fintech that is aligned to the government's digital strategy.
  - Deliver a digital strategy for fintech that is aligned to the government's digital strategy.
  - Deliver a digital strategy for fintech that is aligned to the government's digital strategy.
- Skills**
  - Develop a digital strategy for fintech that is aligned to the government's digital strategy.
  - Develop a digital strategy for fintech that is aligned to the government's digital strategy.
  - Develop a digital strategy for fintech that is aligned to the government's digital strategy.
- Investment**
  - Develop a digital strategy for fintech that is aligned to the government's digital strategy.
  - Develop a digital strategy for fintech that is aligned to the government's digital strategy.
  - Develop a digital strategy for fintech that is aligned to the government's digital strategy.
- International**
  - Develop a digital strategy for fintech that is aligned to the government's digital strategy.
  - Develop a digital strategy for fintech that is aligned to the government's digital strategy.
  - Develop a digital strategy for fintech that is aligned to the government's digital strategy.
- National connectivity**
  - Develop a digital strategy for fintech that is aligned to the government's digital strategy.
  - Develop a digital strategy for fintech that is aligned to the government's digital strategy.
  - Develop a digital strategy for fintech that is aligned to the government's digital strategy.

# 2020 RECOMMENDATIONS PROGRESS

	STRONG PROGRESS	PROGRESS	FURTHER PROGRESS NEEDED	SIGNIFICANT PROGRESS NEEDED
<b>01</b>				
<b>02</b>				
<b>03</b>				
<b>04</b>				
<b>05</b>				

**USE DATA TO IDENTIFY AND FACILITATE CONNECTION TO AND ACCESS BY SCALEUPS**

The forthcoming National Data Strategy must specifically create clear protocols for the effective sharing of business data held within HMRC between national and local government agencies – for the purpose of enabling targeted engagement of scaling firms to gain access to the expanse of relevant Government support programmes, including procurement, Innovate UK, export, finance and visa services. It should build upon the recent work of the ScaleUp Institute with Government on the targeting of engagement, and tap into datasets that combine ONS, Companies House and HMRC datapoints to enable stakeholders to fast track solutions to scaleup leaders.

Further, we believe a verification process should be developed allowing local and national stakeholders in the private sector to verify the ‘Scaleup status’ of a business, enabling wider services and ‘fast track’ solutions to be applied.

If necessary, legislation should be passed to enable this strategy to be implemented effectively and be factored into the delivery of the National Data Strategy. In the meantime, the scaleup data pilots initiated with Government should be continued and built upon.

**ENHANCE SCALEUP OPPORTUNITIES TO ENGAGE IN PEER TO PEER NETWORKS**

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.

**CONNECT TALENT – DEVELOP A SCALEUP VISA AND ENSURE TALENT SCHEMES ALIGN TO SCALEUP NEEDS. MANDATE COMPUTING IN SECONDARY EDUCATION**

A ‘Scaleup Visa’ should be made available in communities where there are 100+ scaleup companies to enable scaleup leaders, across all sectors, to recruit the staff they need to increase their capacity to grow. The Government should make the international skills needs of scaling businesses a priority. Local authorities, education establishments, advisory and finance companies should be able to be sponsors of such visas. Ecosystem players should work closely to connect University leavers with these schemes to ensure that graduate and post graduate talent educated in the UK has every chance to contribute to the growth and skills needs of regional scaleup businesses. A fasttrack process should be acted upon on aligned to Recommendation 1 above.

The National Skills Guarantee, Apprenticeship, and Kickstart programmes should be made as accessible to scaleups as possible. As recommended in the Logan Report, Computing Science (Computing in England and Wales) should be a mandated subject from the first year of secondary school with private sector experts and entities leveraged in its delivery on a more coordinated basis and entrepreneurship should be fostered. Government should use their convening and promotional power to ensure that students at schools, colleges and universities come into contact with scaleup business leaders leveraging such entities as Careers Enterprise Company.

**ALIGN FUNDING TO LOCAL SCALEUP INITIATIVES AND CREATE SCALEUP HUBS IN EVERY LOCALITY / STRATEGIC SECTOR TO INCREASE THE SCALEUP DENSITY AND TRENDS OVER TIME**

Funding for local communities should continue to be tied to the effective deployment of initiatives that close the scaleup gap as well as the results and impacts that they have on the number of scaleup businesses in their area. Every local area should have a scaleup strategy, tackling the key scaleup challenges and creating a local ‘ecosystem hub’ of scaleup excellence. A scaleup cluster map should be developed based on currently available datasets, dovetailing with the National Data Strategy.

**DEPLOY LOCAL SCALEUP CHAMPIONS**

All local communities should appoint a Scaleup Champion and develop a relationship management structure for scaleup businesses. These emerging networks should use Government data as a foundational part of proactive outreach Account Management to scaleup companies to provide access to wider programmes and services that will benefit them on their growth journey.

<b>06</b>	<b>SEGMENT SCALEUPS LOCALLY &amp; NATIONALLY</b>
<b>07</b>	<b>ALIGN GREATER EXPORT RESOURCES TO SCALEUPS, AT HOME AND ABROAD, INCLUDING DEDICATED INTERNATIONAL PROGRAMMES</b>
<b>08</b>	<b>SIMPLIFY AND INCREASE SCALEUP ACCESS TO PUBLIC PROCUREMENT AND R&amp;D COLLABORATION</b>
<b>09</b>	<b>IMPROVE CORPORATE/ SCALEUP COLLABORATION</b>
<b>10</b>	<b>CLOSE THE GROWTH CAPITAL GAP</b>

**SEGMENT SCALEUPS LOCALLY & NATIONALLY**

The Government – in any, initiatives including the forthcoming Industrial Strategy Refresh, Business Support Review and Comprehensive Spending Review (expected 2021)– should ensure that there is distinct segmentation of scaleups as a ‘sector’ and funding for impactful business support (whether it be mentors, leadership or networks) has a significant focus and segmentation towards our scaleup businesses, which are generators of wealth, exports and productivity to the UK economy. No gap in scaleup support provision should be allowed to arise in light of the UK’s changing relationship with the EU.

**ALIGN GREATER EXPORT RESOURCES TO SCALEUPS, AT HOME AND ABROAD, INCLUDING DEDICATED INTERNATIONAL PROGRAMMES**

We recommend that central Government further embeds its export strategy and further progresses greater alignment and proportion of resources to scaleups. This should include building on the EITA service to ensure deployment of dedicated scaleup relationship managers, at home and abroad, dedicated trade missions and insights targeted towards our scaling firms and markets of interest. All local areas should set up a local export programme for scaling businesses, such as that developed by the Mayor’s International Business Programme in London and now the Global Scaleup Programme in Manchester.

The implementation of this strategy should include the development of a ‘Scaleup Desk’ in all Embassies to enable scaleups to access local markets.

**SIMPLIFY AND INCREASE SCALEUP ACCESS TO PUBLIC PROCUREMENT AND R&D COLLABORATION**

The Public Sector should increase its buying and strategic partnership with scaleup companies by objectivising procurement champions to this end and ensuring their objectives are aligned and measured to a common standard; including targets for working with scaleups. Utilising Government data, all public bodies should improve the way opportunities are promoted to scaleup companies. The Government should continue the evolution of Contracts Finder to become a smart / ‘light touch’ procurement platform and continue to develop more scaleup specific ‘meet the buyer’ events working with local areas, as well as build on the current work underway as regards sandbox environments. There is opportunity to leverage UKRI/ Innovate UK to create more meet the buyer opportunities and engage links to University access for scaling firms. UKRI should be encouraged to forge even closer links with companies within the Innovate UK portfolio and the deployment of the Frascati principles should be reviewed. Full implementation of stated intents, such as with the R&D roadmap, and better implementation of procurement initiatives in the public sector – such as the the Small Business Research Initiative should be better used and embedded across government departments to work with scaling businesses (e.g. Transport); the USA Small Business Administration ‘anchor client model’ should be emulated.

**IMPROVE CORPORATE/ SCALEUP COLLABORATION**

Large companies should report on the level of collaboration and procurement they source from scaleup companies. Any procurement contracts with Government should require an increase in the amount of business undertaken with scaleups as part of the contracting process which should be monitored. Large corporates should 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 creation of a Collaboration Charter.

A ‘signpost’ platform to facilitate corporate interaction with scaleups to boost awareness for opportunities should be considered.

**CLOSE THE GROWTH CAPITAL GAP**

Government should use its convening power to work with the private sector through a ‘Taskforce Implementation Group’ to accelerate the unlocking of Institutional (Pension and Insurance) Funds and Corporate Funding to address the widening growth capital gaps across the funding ecosystem from angel to IPO. This should include progressing ; amendments to legislation, removal of regulatory barriers and addressing of information, knowledge and regional asymmetries, to enable the crowding in of existing significant private sector capital. The Government should expand and build upon the British Business Bank by strengthening the regional presence with empowered decision making deployed under a national framework, and continue the developments of its products along with Scottish Investment Bank (SIB), Development Bank of Wales and Invest NI. 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 continue and be expanded. No gap in scaleup support provision should be allowed to arise in light of the UK’s changing relationship with the EU. Growth finance should be included as core curriculum in all local scaleup leadership programmes enabling them to seek out and secure the most appropriate funding at each stage of their company’s growth.



# 2021 RECOMMENDATIONS



1

## DATA

Use data to identify and facilitate connection to and access by scaleups.

2

## TALENT

Connect Talent – Implement the Scaleup Visa and ensure talent schemes (such as apprenticeships / work experience) are dialled up and aligned to scaleup needs. Ensure enhanced connections between scaleups and educators leveraging Careers Hubs. Mandate examination of, or develop appropriate accreditation for, Computing (including Digital skills) in Secondary Education. Continue to foster Lifelong learning.

3

## SCALEUP CLUSTERS & HUBS

Align funding to local scaleup initiatives and create Scaleup Hubs in every locality / strategic sector to increase the scaleup density and trends over time. Make the UK a frictionless environment in which to operate, to locate, and to scale.

4

## CHAMPION SUCCESS

Deploy Local Scaleup Champions. Knowledge share. Scale up and coordinate interventions that work.

5

## SEGMENTATION

Segment Scaleups Locally & Nationally; including dedicated relationship managers for scaling businesses as part of a High Growth Team strategy.

6

## EXPORT

Align greater export resources to scaleups, at home and abroad, including dedicated international programmes.

7

## PROCUREMENT

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

8

## COLLABORATION

Improve corporate / scaleup collaboration.

9

## PEER TO PEER

Enhance Scaleup Opportunities To Engage In Peer To Peer Networks.

10

## GROWTH CAPITAL

Close the Growth Capital Gap across the continuum of finance; increase connectivity between investors and scaleups and the knowledge in both.

## 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

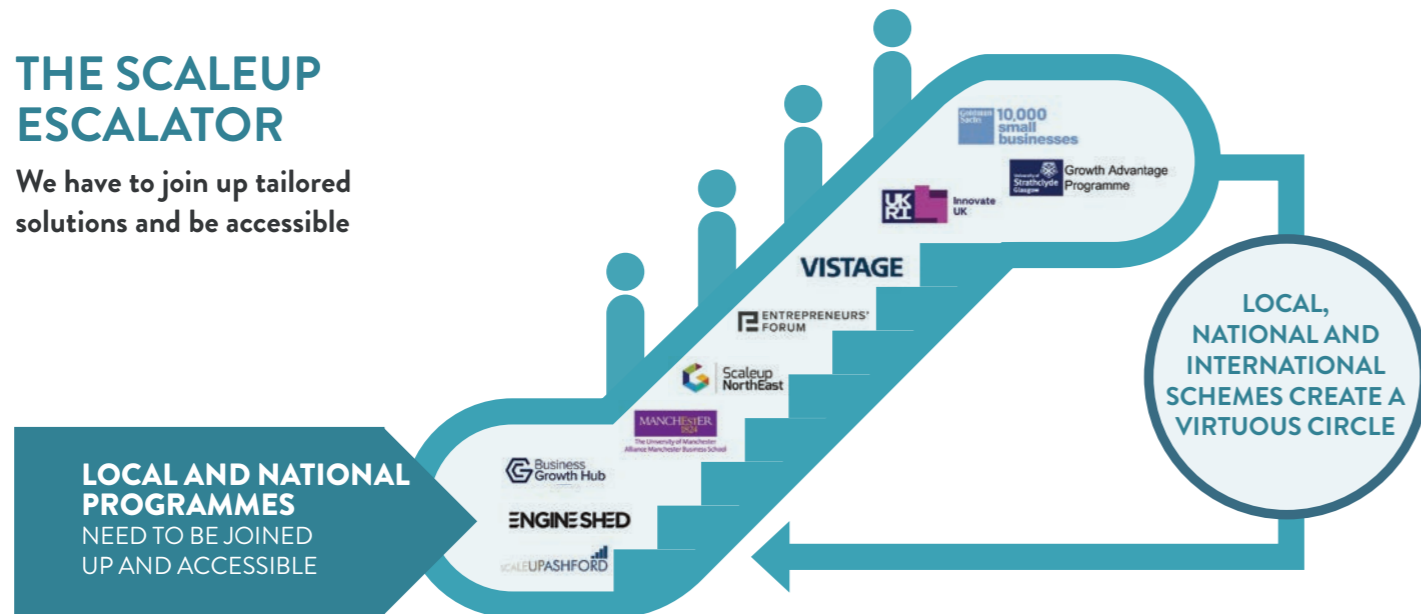


### THE INFRASTRUCTURE GAP

Navigating infrastructure

## THE SCALEUP ESCALATOR

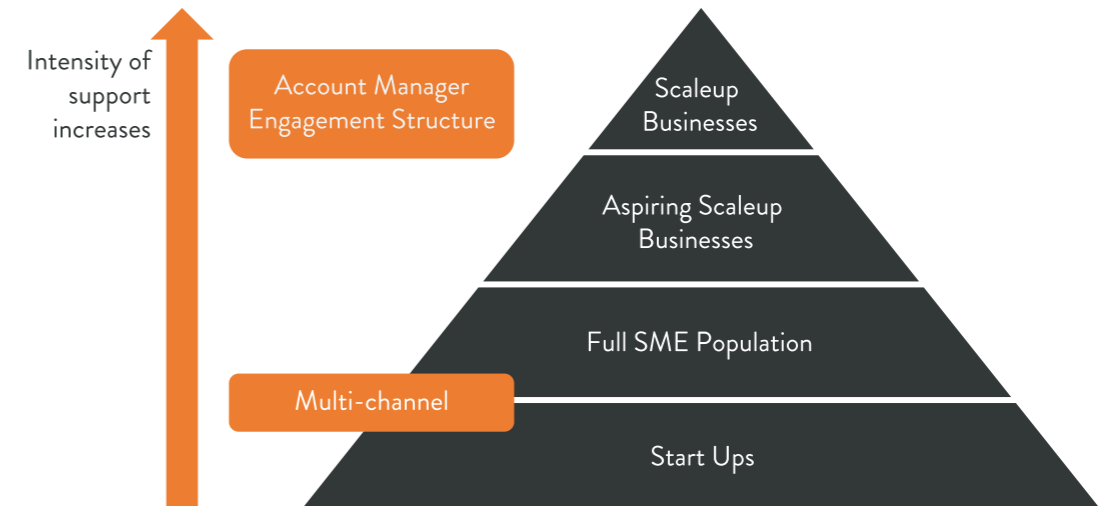
We have to join up tailored solutions and be accessible



## WE NEED TO SEGMENT BUSINESSES

According to growth, aspiration and potential

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.



## WE HAVE TO HARNESS 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 ENABLE TARGETED SCALEUP SUPPORT, 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

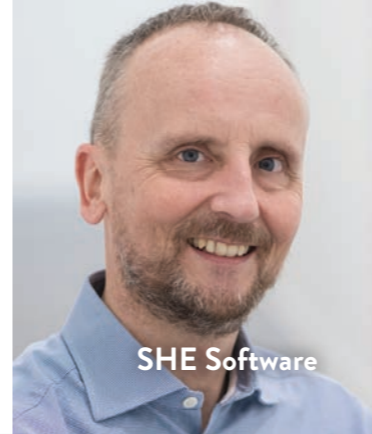


WE NEED TO CHAMPION SCALEUPS – THEIR SUCCESS STORIES AND ROLE MODELS

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.



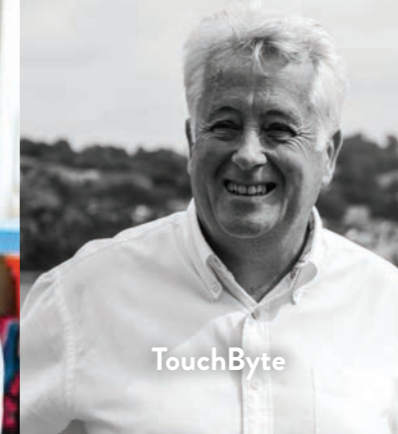
# SCALEUP STORIES



SHE Software



The Strings Club



TouchByte



Zerolight



Cutitronics



Chase Plastics



Olivehorse



Consilia Legal



Bio-Bean



DPO Centre



Robin AI



SnapDragon Monitoring



87 Percent



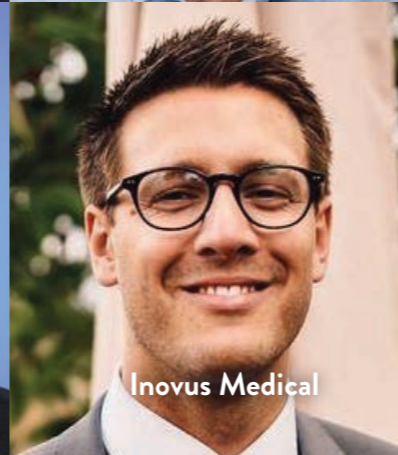
Doris Jones



Connect Assist



Future DJs



Inovus Medical



Triggera



Evenbreak



Ooni



Gousto



Iceotope



Fundamentals



Otto Car



Form 3a



Urban Planters



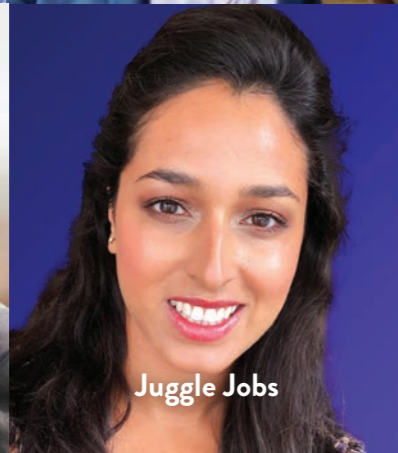
Guykat



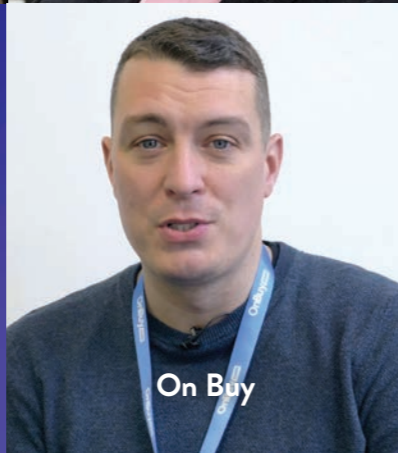
The Figaro Shop



Neueda



Juggle Jobs



On Buy



Loop Technology



Sales Geek



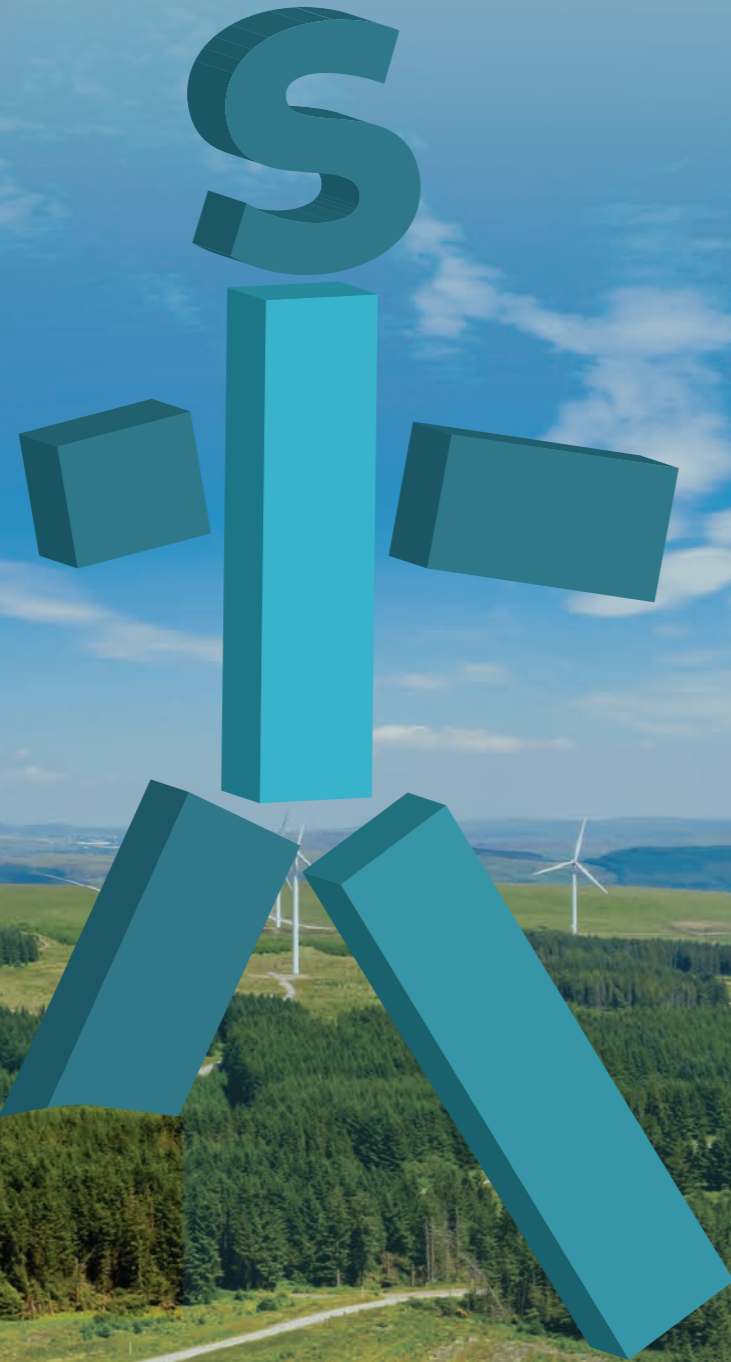
Absolutely Collagen



Sponge Hammer



Blake Mill



## 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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