

# SCALEUP PLANET

EVOLUTION & REVOLUTION

ScaleUp Annual Review 2023





## ACKNOWLEDGEMENTS

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## WE ARE HERE TO ...

### **ENSURE SCALEUPS ARE A NATIONAL PRIORITY**

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

### **ENGAGE AS A NATIONAL DATA OBSERVATORY**

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

### **EDUCATE ON WHAT IS NEEDED TO CREATE AND FOSTER A LOCAL ECOSYSTEM**

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

### **ENHANCE KNOWLEDGE OF SCALEUPS**

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

## **THREE KEY PRINCIPLES THAT GUIDE OUR WORK:**

**1**

### **DATA AND EVIDENCE**

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

**2**

### **SEGMENTATION**

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

**3**

### **CLIENT CENTRIC AND LOCAL**

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

**We believe these principles 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.**



# 2023 HIGHLIGHTS OF THE YEAR

## NOVEMBER/ DECEMBER/JANUARY/FEBRUARY

In November 2022 SUI shared UK insights to European and international innovation leaders at the Taftie CEO Policy Forum which was held in Brussels under the Innovate UK Presidency.



Hosted Life Sciences investment roundtable discussion with BBB and the BioIndustry Association.



Participated in a series of Treasury Connect conferences across the country in 2023.

Partnered with the British Business Bank (BBB) at Raising Scaleup Capital - North East.



Undertook a workshop on growth with Stratford Council and with Coventry and Warwickshire Growth Hub



## MARCH / APRIL / MAY

SUI contributed its view on 'From profitability to opportunity: The investor view on the tech downturn' at the TLA & GTA Investor Showcase 4.0.



SUI hosts a Creative Roundtable at Group M with the Rt Hon Lucy Frazer KC MP, Secretary of State for Culture, Media and Sport to discuss the barriers to scaling up in the creative sector with a focus on investment, including R&D and internationalisation.



Panel discussion at the Westminster Media Forum policy conference, "Adapting to meet the future of the creative industries."



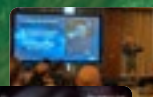
Irene joined as a panellist on 'From profitability to opportunity: The investor view on the tech downturn' at the TLA & GTA Investor Showcase 4.0

SUI contributed to the panel discussion as part of IUK and LSE new partnership to discuss creating a continuum of public and private support that aims to drive investment into the UK's scaling companies.



SUI was a lead partner at the SME XPO 2023. Organised by the Evening Standard, focussed on scaling businesses and dedicated to ambitious SME founders and decision-makers looking to scale.

SUI contributed to the discussion at Bio-Integrates Conference on BIOTECH Funding



Responded to key scaleup related consultations. March: R&D Tax Reliefs Review: Consultation on a single scheme and UK Trade Commission Consultation. May: LIFTS Call for Evidence and Financial Services Regulation: Measuring Success (HM Treasury)



SUI and The Scottish National Investment Bank (SNIB) partnered to publish a state of the nation report, Scaling Up Scotland, in relation to Scotland as a base for scaling businesses.



Panel on 'Scaling Success: How Innovation and Investment Ecosystems Drive Exponential Growth for Businesses and Attract Investment' at Climb 23.



Female Founders Index published on International Women's Day and the insights were shared in The Times, highlighting the number of fast-growing companies co-founded or founded by women had risen by more than a third in the past two years



Discussing all things scaleup at the British Chambers of Commerce Global Annual Conference, along with Solange Chamberlain, CEO Leadership Transition & Planning at NatWest, Joel Blake OBE, Founder of GFA Exchange and Andy Gregory, CEO at BGF.





## JUNE / JULY / AUGUST

The fourth of our 3 day Driving UK Economic Growth through Scaleup Ecosystems 2023 course at Coventry University Technology Park in partnership with Innovate UK. This brought together over 100 private, public and education ecosystem players from across 10 regions and investment zones to consider how they evolve their local scaleup economy and utilise the learnings from international and UK counterparts to achieve that.



Responded to key scaleup related consultations



June: AI regulation: a pro-innovation approach (DSIT), Strategic steer to the Competition and Markets Authority (DBT) and Smarter regulation non-financial reporting review: call for evidence



August: Evidence to Treasury Select Committee

Mansion House reforms announced picking up on many long term SUI policies as commented on in HMT press release and TODAY programme.



In June SUI hosted a deepdive on building your brand and enhancing your board with Non-Executive Directors for the Innovate UK Scaleup Programme Alumni.

SUI attended London Tech Week, panel discussions and Regulatory Horizons Council roundtable on Innovation.



The Global Trade Review UK 2023 debating "Devolve to evolve – strategies for trade growth"



The Times CEO Summit 2023.

Contributing to the debate on trade at Trade Unlocked 2023, a national conference that brought together hundreds of businesses of all sizes to discuss and address the challenges of the current trading environment. SUI joined a discussion on 'Freeing trade: what needs to be done?'



## SEPTEMBER / OCTOBER / NOVEMBER

BIA Regional Focus 21st Sept: Stevenage Bioscience Catalyst



Masterclass delivered on ScaleUp Finance at the Cog X Festival



SUI chaired a discussion at the Empowering Black Business Forum on the Business Case for Black Female Led Companies.

Joined the Innovation Forum in Cambridge to share insights with Hong Kong Invest about developing a scaleup ecosystem



Responded to key scaleup related consultations:



September: Pension trustee skills, capability and culture: a call for evidence



A Norwegian delegation joined SUI to learn about building effective scaleup ecosystems and cluster development; SUI also shared UK insights on the development of our scaleup economy.



SUI contributed to discussion on 'From startups to scaleups: what's needed in the long-term?' at Connected Britain 2023.



Celebrating our scaleup stories



Annual Review 2023



SUI and BBB hosted a Scaleup Finance Day education event at Sci-Tech Daresbury.



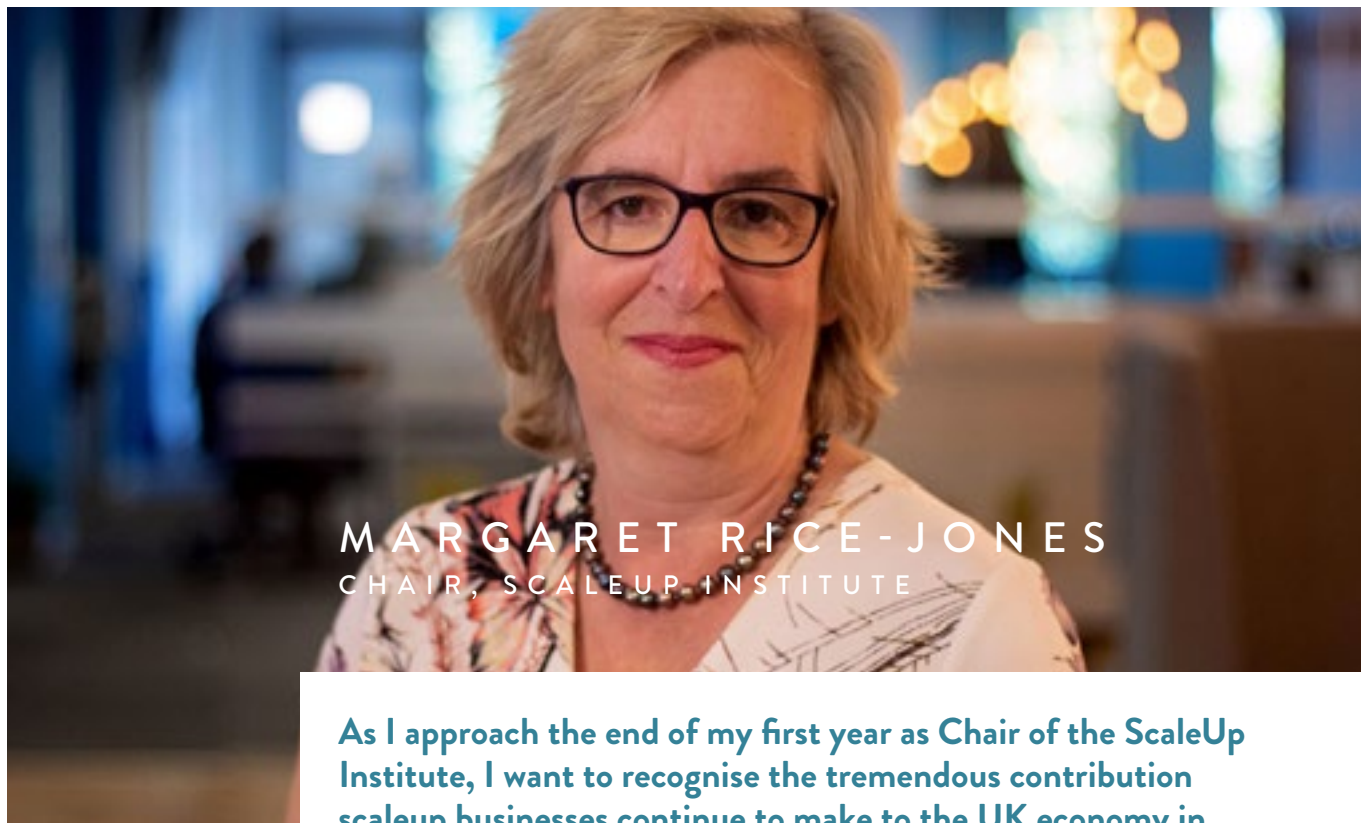
Partnering GROW on their GROW SUMMIT and Retreat with Silicon Valley

SUI chairing and hosting deep dive into accessing growth capital for the Innovate UK Scaleup Programme Alumni at LSE





## CHAIR'S FOREWORD



MARGARET RICE-JONES  
CHAIR, SCALEUP INSTITUTE

**As I approach the end of my first year as Chair of the ScaleUp Institute, I want to recognise the tremendous contribution scaleup businesses continue to make to the UK economy in challenging times.**

The last few years have tested the resilience of our scaleups, with the effects of the pandemic, geopolitical dynamics and inflationary pressures continuing to impact operations and confidence.

This has had the effect of reducing scaleup numbers overall, but thanks to the entrepreneurial, resilient and innovative spirit of scaleup businesses, many are getting bigger and continue to push forward. Their significance to the UK economy is still growing, now being 58 per cent of the UK's overall SME output and their contribution to our science and technology advancements, including creative, finance, manufacturing, wholesale and green industries are significant.

It is clear that we cannot be complacent; scaleup confidence is fragile, regional and diversity disparities continue, and the ScaleUp Institute's mission is more relevant than ever. We need to redouble our efforts as an ecosystem to remove the barriers to growth that our ambitious scaleups are facing.

There are practical steps that we can take collectively to remove friction from the system.

Having been involved with scaling businesses in many parts of the UK myself, I know the importance of having a strong local cluster and scaleup support network, with proactive engagement. Getting access to the right board, peer groups, mentors and investment options, underpinned by tax stability, is vital, along with receiving proactive help in connections to customers at home and abroad, including R&D collaborations. Having a local ecosystem committed to helping you scale provides confidence, boosts productivity and,



when done well, enables more seamless connections to opportunities.

The ScaleUp Institute's role, working with the ecosystem across the country, to help develop our local and national scaleup communities, and breaking down barriers to growth, remains our key priority.

I have witnessed the contribution the whole ecosystem continues to make in advancing these efforts and the progress being made in various areas including, the Edinburgh and Mansion House reforms and Compact now underway; the Capital Markets Industry Taskforce; the work of Innovate UK, British Business Bank and national development banks to evolve their scaleup services; alongside the commitment local and international areas, working with us, are making to seek to put greater emphasis towards their local scaleups and fostering more.

Making sure the initiatives in hand reach every part of the UK and every UK scaleup, no matter their location or background, will demand even greater collaboration, segmentation and focus.

I want to give my thanks to the ScaleUp Institute's Board, partners, ambassadors and scaleup champions who have helped us progress so far on this journey and the Institute's team for their tireless commitment to our mission.

Our collective work is not yet done, with much more to come.

We must keep encouraging ambitious businesses to keep scaling and work even closer together to address the stubborn barriers to market, talent and funding access that persist, alongside ongoing regional and diversity challenges.

As we look ahead to 2024, I am looking forward to meeting many of you on our ScaleUp Britain regional tour, with the London Stock Exchange, WPP and our key partners.

As 2024 unfolds, our high-performing scaleups will continue to play a vital role in the UK economy, innovating to meet our national and global challenges.

Let's double down on our collective efforts to make the UK truly the best place to Start, Scale and Stay!



# EXECUTIVE SUMMARY



IRENE GRAHAM  
CEO, SCALEUP INSTITUTE

Today, many would say we are at a pivotal moment that will determine the future of this planet and its human inhabitants. As we face the choice of how we engage with the technological revolution and leverage it to the benefit of society, humanity and planetary longevity.

The world at present faces an unprecedented set of challenges: from heightened geopolitical disruption, to the ongoing effects of climate change and adjustment from the Covid pandemic, to conflict that has led to even greater global tension and pressure on resources and costs. At the same time opportunities abound in utilising technology, including AI, to effect transformational change whilst mindful of risks and balance.

It is against this backdrop that the 2023 Scaleup Review is published and we take stock of the UK scaleup landscape as we head into 2024.

Scaleup businesses remain at the forefront of opportunities, generating new ideas; new solutions to world problems and drivers of local economies.

They remain a key to future UK prosperity - now representing 58% of UK SME output at £ 1.3 trillion despite only accounting for 0.5% of the business population - and despite the domestic and global challenges, they remain optimistic about their growth outlook, with 9 in 10 expecting to grow next year, and a further 1 in 5 expecting this growth to be above 50%.

The ScaleUp Institute is now nine years into our mission to make the UK the best place in the world to scale a business, not just start one, and we have seen the awareness of scaleups and their importance to the UK economy increase over this period, alongside recognition of their need for specific tailored and segmented support. We are also starting to see continued concrete action to tackle some of the longest standing challenges that scaling businesses face, and despite global pressures, we must not lose momentum.

In 2023, we have witnessed an increasing swell of ecosystem actors – including institutional investors – leaning into scaleups, and we have made progress on a number of key ScaleUp Institute recommendations. In particular:



- Affirming the UK's membership of Horizon Europe - an important partnership for scaleups
- The Procurement Act and progress on the reviews by Sir Patrick Vallance<sup>1</sup> alongside the Investment Research review<sup>2</sup> which align to scaleup needs
- On commitments to building out clusters and investment zones, and sectoral strategies, including taking forward the Life Science ScaleUp Taskforce recommendations, and Creative Sector Growth programme

And

- Significantly, in the package of measures now underway to address the growth capital gap in unlocking institutional capital including: The Edinburgh and Mansion House Reforms, coupled with Mansion House and BVCA Compacts, alongside the LIFTS initiative and Capital Markets Industry Taskforce: combined, represent pivotal steps forward in unlocking institutional capital towards growth companies.
- Alongside at the national level, the creation of DSIT and DBT which should bring greater cohesion to scaleup policy.

This is real progress and picks up many of the recommendations we have made in our prior reviews and papers such as our Future of Growth Capital report.

However, these initiatives need to be implemented at pace and they need to cut through to scaling businesses in every sector, locality and diversity.

At present our connectivity with scaleups is not sufficiently proactive or consistent. We still need to organise and collaborate much better and take lessons from our international counterparts, including in fostering account management and high growth teams. We can use data to far more effect – pinpointing scaling firms and ‘fast tracking’ relevant resources, as well as through Open Data Access and Sandboxes that provide them with tools to enable their scaleup pathway. This includes leveraging data held in HMRC more effectively - which the Data Protection and Digital Information Bill should enable.

In the challenging economic environment that we face, it is essential that every lever is pulled to support companies to grow. The ScaleUp Institute will continue to work with the Government, private and education ecosystem at local, regional, national and international levels to achieve this.

## LANDSCAPE OVERVIEW

As we examine the UK's landscape, scaleups continue to make a substantial contribution to the UK economy in every sector and locality. Challenges such as the impact of COVID-19, geopolitics and supply chain issues have led to a decline in the total number of scaleups to 28,410 (down from 33,955). Nonetheless, there is a significant pipeline

of 13,170 potential scaleups awaiting conversion and, as highlighted above, they remain significant contributors to the UK economy. We also note the power of our science and tech base, - moving to second in scaleup sector significance - from fifth in 2013.

Positively, scaleups are also getting bigger with an increase in larger scaleups to 10,161 now listed on our Visible Index<sup>3</sup> having crossed the £10.2 million turnover and/or £5.1 million asset threshold. This represents a 164% increase since we began tracking visible scaleups in 2017. Among these scaleups, 325 are listed on AIM, 53 university spinouts and 745 are founded by women. We have also tracked 63 unicorns, with 157 created since 1998, including 19 university spinouts, which we have analysed in detail this year. (see page 24)

The ScaleUp Index also consistently reinforces the importance of the core government agencies of Innovate UK and the development banks. Grants to scaleups by Innovate UK of £375m, which have leveraged £8.67bn of private sector money – a 23x multiplier – highlight the ‘kitemark’ effect that it has in crowding in private sector backers to scaling businesses. The British Business Bank has backed 86 investment firms, 50 of which have invested in one or more visible scaleups since 2011.

These are all positive signs but we cannot afford to ignore, as warned last year, the concerning slowdown in the pace of scaleup growth.

Whilst our cities and regions continue to harbour vibrant and diverse scaleup clusters, notably outside of London, including Bristol, Cardiff, Birmingham, Leeds, Liverpool, Manchester, Edinburgh, Oxford, Thames Valley and North Yorkshire; there has been a slow down in this growth, with regional disparities still needing to be tackled and only 17 local areas enjoying some form of scaleup growth, with only 2 achieving greater than 1 per 100,000 of population in successive years.

As part of our work to address this hiatus and imbalance, in June 2023, the ScaleUp Institute, hosted our fourth “Driving Economic Growth through ScaleUp Ecosystems” residential programme, supported by Innovate UK, at Coventry University. Once again we brought together ecosystem representatives from across the UK's regions, including Investment Zones, to provide tools and lessons learned from scaleup ecosystems worldwide, to enable them to collaborate on plans to drive forward their local scaleup economy and embed scaleups into Local Strategic Economic Plans.

Given the changes to the funding landscape and increased devolution, it is critical that the right expertise is fostered within local ecosystems to enable scaleup growth, particularly during this time of economic challenge.

We need to continue to double down and keep the pace

<sup>1</sup> Pro-innovation Regulation of Technologies Review

<sup>2</sup> <https://www.gov.uk/government/publications/investment-research-review>

<sup>3</sup> Private companies large enough to be declaring their turnover and employee numbers in filed annual accounts at Companies House.

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 increase the engagement of UK funds with UK scaleups. We must nurture our scaling pipeline to break through into scaleups and our scaleups to break through into becoming global leaders.

### SCALEUP CEO HORIZON

As we head into 2024, the confidence of our scaleup leaders is fragile but they remain going for growth.

The 2023 ScaleUp Institute's survey covers 306 scaleup CEOs from across all sectors collectively generating £1.8 billion, employing almost 10,000 people, from across the whole of the UK. These scaleup leaders remain diverse, highly innovative, international, productive, and with a strong social focus. 9 in 10 have engaged in some form of innovation activity over the last three years, with 8 in 10 introducing a new product or service. 5 in 10 already export and 7 in 10 are looking to do more next year with a clear focus on global expansion. More than 50% say they are either a social business, operate in the green economy or are ESG compliant. They invest heavily in research and development with 6 in 10 utilising funding raised for R&D, with AI seen as a significant opportunity by all of them.

However, not unexpectedly, scaleup CEOs have critical concerns about macroeconomic factors impacting their growth; with inflation their most significant concern and their belief in the UK being a good place to scale a business is dampened in 2023, with 6 in 10 scaleup CEOs now saying it is harder to grow a business in the UK now than in the past – up from 4 in 10 in 2021.

Yet despite all of these concerns and headwinds, the overwhelming majority – 9 in 10 – still expect to grow in 2024: with 1 in 5 expecting to grow more than 50%.

This is testament to the resilience, focus and ambitious mindset of our scaleup leaders.

However, there remains persistent barriers to their growth ambitions. Their primary concerns going into 2024 revolve around access to domestic and international markets, talent acquisition and retention, and accessing growth capital, alongside building leadership capacity and having the local infrastructure – space – to scale. This means that on a longitudinal basis these have been their top 5 issues for the past 10 years, with market access the number 1 issue for 3 years running.

To help achieve their potential, leaders emphasise the need for consistency and commitment to local and national growth initiatives and tax incentives.

They regard local hubs and enterprise agencies as

key facilitators for accessing resources from both the public and private sectors. Access to research and development, as well as the surrounding infrastructure, remains essential, and the scaleup CEOs express a need for easier access to these resources. Furthermore, they seek enhanced connectivity with universities, advisors, investors, and local resources. They are clear that enterprise agencies and growth hubs have value and majority want to be known and relationship managed: 73% would like a single point of contact to act as a relationship manager for them, up slightly from last year (70%) and the majority want data that they supply to the Government to be used to identify them to fast-track them through to appropriate public and private sector resources.

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

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

Regarding market access, 8 in 10 scaleups operate in the B2B market, while 2 in 10 focus on B2C. These differing markets present unique challenges and opportunities that require more targeted support. B2B scaleups, who want to double their opportunities with corporates and government, encounter complex processes and difficulties in accessing key decision-makers and contract opportunities. In contrast, B2C scaleups require assistance in enhancing brand awareness, choosing the right marketing channels, and understanding and influencing their target audience. Both private and public sectors can take practical steps to address these issues, such as organising more “meet the buyer” events, appointing dedicated scaleup procurement managers, and increasing funding, including corporate venturing, for scaling firms.

International expansion is a significant factor of scaleup success; and the ScaleUp Institute's work evidences exporting as a key predictor of scaleup potential. 7 in 10 scaleups remain focused on global expansion in 2024, to markets such the Middle East, Australasia, and other parts of Europe outside the EU. We need to improve our support for their international aspirations by providing better introductions to overseas buyers, tailored scaleup trade missions, market information, alongside dedicated scaleup points of contact, and ‘scaleup desks’ overseas to ease their pathway to new markets.

Talent recruitment and retention continues to be one of the foremost challenges highlighted by scaleup CEOs.



Companies are actively hiring talent across the UK and internationally, employing various measures to build and retain their talent base, including offering apprenticeships and returnerships. 8 in 10 offer opportunities to young people – twice the rate of other firms. They want more employee encounters and better careers advice with businesses like theirs, including enhanced funding for apprenticeships/work placements and more teaching of entrepreneurship. There is a critical need for sales and business development, marketing and brand expertise, particularly in their leadership teams. In their future hires they are predominantly seeking people with resilience and flexibility alongside excellent capabilities in people management, collaboration and critical thinking. They believe hybrid working is here to stay and are focused on team development as well as recognising their need to evolve their talent and board plans; 4 in 10 want more help in accessing Non-Executive Director networks, and 5 in 10 help in finding mentors and peer networks.

As high adopters of new technology – not surprisingly, when we assess some of the key roles they are now seeking to fill – a good range of their requirements are in digital and engineering skill sets: They want to see in the deployment of Maths to 18 a focus on skills for the modern workplace, including AI, coding financial modelling, statistics and investment training, such as that undertaken in the US.

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

Turning to growth capital, scaleups remain much heavier users of finance – across its multitude of forms – than their SME counterparts with 8 in 10 having some form of funding. Of those utilising finance 58% are already using or planning to use Venture Capital and 48% angel investment. From our 2023 ScaleUp Index, we can also see that BGF holds its position as the most active investor in our scaleup cohort (2013–2022). Crowdfunding platforms Crowdcube and Seedrs also continue to be prolific backers of scaleups.

However, 5 in 10 of our scaleups remain of the view that they do not have sufficient capital to meet their current growth trajectory, and a similar number still perceive that much of the funding resides in London and the South-East. Moreover only 3 of the top ten investors by value are based in the UK, with Cayman Islands based DST Global narrowly edging out Japan's Softbank Vision Fund to be the largest; these two are followed by Silicon Valley Based Accel.

From the perspective of scaleup CEOs the taxation system in the UK is a key plank to enable the scaling up of their ventures: EIS, SEIS, R&D tax reliefs, and Capital Allowances have all played important roles in supporting their investment opportunities. These need to remain in place – and be consistent – to ensure we encourage, and give confidence, to our scaleups to invest and grow in the future. How we raise awareness of these schemes and make them – particularly for R&D – as broad and as easy to access as possible is a key task from our scaleup leaders.

Further, scaleup leaders are supportive of the Edinburgh and Mansion House Reforms and the ability to unlock institutional money to aid in their growth, but 8 in 10 are sceptical about if this money will reach them. To combat this a clear programme to connect this capital to companies that need it across the whole of the UK, and in all of our growth sectors, is essential. Scaleups are clear about what would make a difference to their finance access from: more finance mentors; and investor and sector curated briefings, structured referrals between investors and relationship managers at investors.

In the nine years the ScaleUp Institute has been scanning our scaleup horizon ScaleUp CEOs have been consistent on their needs. Today, their forecast message is clear: despite cloudy economic predictions ahead, they are bright about their ability to grow; leveraging AI and technology; innovating and pushing forward on international expansion but they need the ecosystem to Blow Away stubborn market, talent and finance barriers, and to proactively connect solutions to scaleups that 'cut through' and with confidence fragile we need consistent long term policies for scaleups to feel secure in their future R&D and investment plans.

We need to continue the focus on scaleup initiatives encouraging local clusters, getting skilled talent and capital into the regions and building scaleup identity, as our research into the Drivers of Local Growth highlights. We cannot afford to leave any area behind.

The policy agenda we set out when the ScaleUp Institute was established in 2015 remains as powerfully relevant today. The public, private and education sectors must continue to recognise the scaleup segment of our UK business community as distinctive and work with these innovators with global aspirations to support their further growth.

## POLICY OUTLOOK

ScaleUp Institute research consistently underscores the critical importance of implementing long-term, at scale interventions, building on what is working. The building up of local, regional and national tailored, segmented and relationship-managed scaleup solutions is essential if we are to deliver our full scaleup potential.

As we head into 2024, the scaleup challenges ahead

remain clear and consistent, and we have identified clear priorities to match them.

### AS AN ECOSYSTEM WE MUST:

- Continue to use the data available, including HMRC data sets (tax and National Insurance data), to allow better engagement with the scaleup community and fast-tracking of relevant solutions to scaleup leaders, ensuring through the Data Protection and Digital Information Bill that progress on identifying how government datasets can be shared more effectively across departments;
- Crack the Markets Access issue, which remains fragmented, unclear, and complex. The Procurement Act is a step forward in the public arena, as was the review by Sir Patrick Vallance which should be implemented in full. There are also simple things we can do to correct market barriers, such as being more organised and developing scaleup relationship managers and high growth teams; meet the buyer events and scaleup 'desks' situated within overseas embassies/innovation agencies and banks. Further, we can be more like our US counterparts in leveraging public procurement and R&D investment into innovative scaleup firms by using the Government spending power at local and national level as anchor clients and being more effective in the deployment of the SBRI and Regulatory Sandboxes, with open data, and 'passport' capabilities. This should include 'allocation' of Department Budgets to scaling & R&D intensive firms. This is not about spending more but spending more wisely.
- Ensure corporates who want to do more with scaleups learn from their peers that do it well, with consideration of a A Procurement Charter to help showcase those corporates and procurers who adhere to best practice. Corporate venturing should be further encouraged.
- Leverage initiatives such as GROW, Catapults and sectoral hubs: to help scaleups access new markets, every region should have a GROW programme, mirroring the successful model in London.
- Progress our talent pipeline by actively promoting use of the Scaleup Visa so that companies can access the right skills for their growth, and ensure it is 'fit 'for the fast track' intended' and
- Work more collaboratively with our education system, improving alignment with scaleup needs and connections with scaleup leaders through internships, work placements, apprenticeships and job opportunities. Local Skills Improvement Partnerships should have a scaleup plan and focus. These connections can be fostered through expansion of existing platforms and impactful initiatives such as those endorsed by the ScaleUp Institute which include Founders4Schools and Careers Enterprise Company, as we seek to bring more entrepreneurship to schools.
- Continue to focus on digital and tech skills shortages. There is good work being undertaken in this area but we must see the 'siloed' actions being more collaborative. The Digital Skills Council has a key role to play here alongside private sector initiatives such as FutureDotNow and the existing initiatives endorsed by the ScaleUp Institute including Google Digital Garage and Barclays Life Skills.
- Maintain the momentum to close the leadership needs of our scaleup businesses; peer to peer groups and mentoring remain important and need to continue, as well as the development of greater connections to non-executive directors who can add value to a scaleup's board and more specific Finance Mentors would be valued.
- Continue to foster university collaboration with scaleups, including as we consider how to help our most promising spinouts to scale and University Resources opening further, introducing a more balanced weighting of investment to KEF initiatives. Innovate UK Innovation Fellowships should also seek to have wider engagement with scaling firms and support the crossover between academia and business. .
- Connect capital that is expected to be released through the Edinburgh and Mansion House Reforms to scaleup businesses that are seeking to grow, across all sectors and all areas of the UK. This means the private sector working together even more closely to step up and provide new solutions, new benchmarking and research tools, and collaborations to foster larger pools of scaleup growth capital across the country and initiatives to connect the capital locally. Initiatives such as the Capital Markets Industry Taskforce led by the London Stock Exchange Group has a vital role here, along with the continued work of the British Business Bank, Bank of England on the productive finance and net-zero agenda and the Mansion House and BCVA Compacts.
- Consider the permanency of the British Business Bank and Innovate UK to the UK economy. Now is the time to drive certainty into the ecosystem and give confidence to investment by giving greater permanent status to these institutions for the long term, mirroring international counterparts. They both have a proven and critical positive impact in fostering our larger scaleups.
- Ensure consistency of tax initiatives to boost confidence to invest; maintain and promote existing initiatives to close the growth capital knowledge gap and connectivity asymmetries. EIS/SEIS/VCTs,



Capital Allowances and R&D should be consistent and maintained with better awareness raising, and ensure they remain 'fit for purpose' at the critical scaleup phase of a business, by removing restrictions on the 7 and 10 year rules that exist under the VCT and EIS schemes and extending these to 15 years to enable the long term follow on funding at the scaleup stage of growth through to Unicorn status.

- Strengthen our ecosystem structure that supports growth, particularly developing locally situated clusters and hubs. From work we have assessed in Denmark, Ireland and the US, and our own quantitative analysis of local growth drivers, the ScaleUp Institute has seen the evidence of how these can make a real difference to enabling scaleups with inclusion of scaleup champions and relationship managers within them; alongside growth resources. The ScaleUp Institute has a range of exemplars and endorsed case studies such as ScaleUp North East, ScaleUp Scotland, Alderley Park; Babraham Research Campus, ScaleSpace and Stevenage Bioscience Catalyst that can be fostered, replicated and leveraged.
- Take the opportunity in the new investment zones to foster greater investor and scaleup connectivity. The infrastructure supporting scaleup growth is crucial. Local clusters and hubs are instrumental in fostering scaleups, and successful initiatives and hubs should be expanded and leveraged. To ensure that every part of the country focuses on scaleups, every location's Strategic Economic Development Plan should include a scaleup segment, and Investment Zones should have dedicated resources and provide structured showcases and referrals between investors. As the UK evolves its public business support services at local level consideration should be given to the umbrella this is given of UK Enterprise, or England at least modelling UK nations counterparts, with England Enterprise.

For our part the ScaleUp Institute remains committed to its role as the **OWL**: - the Observatory of trends; the Wisdom provider on what works and Wavemaker for scaleups; Leaning into the ecosystem to foster and nurture understanding, knowledge and local scale up growth.

Our **10 point plan** for scale is moving forward but is not yet fertile in every area.

We will remain relentless in our focus of work with the private, education and public sectors to deliver upon this.

In 2024 we will also seek to do more to help join the dots between scaling firms and resources, with collaboration of our partners and local ecosystem leaders, including through our Round UK ScaleUp Britain Tour working with London Stock Exchange, WPP and our partners, alongside local ecosystem leaders.

Continuing to develop a robust and agile ecosystem that is 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.

Our 2023 review findings send a clear message that we must not let our determined focus on scaleups slip. The economy needs these ambitious businesses to flourish and the ecosystem must redouble its efforts to support them.

## IN SUMMARY

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

As we lay out our policy imperatives for 2024, we must focus on maintaining the momentum:

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

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

We know that a scaleup pathway is being carved out but it needs to be an easier, more joined up, proactive and collaborative one, making sure scaling firms can plant secure roots, to scale further and stay here for decades to come.

The scaleup community continues to change our planet in extraordinary ways, and can be transformed further by us being a powerful force in propelling it forwards to new and brighter horizons.

# 10 POINT GROWTH PLAN 2023 RECOMMENDATIONS

1

## DATA

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

Government Data - such as that held within HMRC - should be utilised to spot scaling businesses early and fast track them into the relevant Government and private sector resources and support to drive UK economic growth. The Data Protection and Digital Information Bill should enable this and be utilised effectively.

2

## SEGMENTATION

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

Scaleups have different needs from other small and medium-sized businesses, and this needs to be recognised in policies and tailored support programmes at both national and local levels across the private, and public sectors. Segmenting services in to 'Start-up, Scaleup, Stay Ahead' has been shown to be a clear, recognisable terminology for companies.

3

## RELATIONSHIP MANAGEMENT AND HIGH GROWTH TEAMS

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

Proactive, Relationship management structures and High Growth teams are widely used in the private sector to oversee their client base, Government at local / national level should also seek to develop such mechanisms this to engage with the UKs high growth business population and help them to continue their growth, with frictionless access to Trade Missions, Procurement, R&D collaboration; Finance and Leadership development services. This should take learnings from Scottish Enterprise; InvestNI; Ireland Enterprise, Innovate UK with their proactive account management models and how export ITAs are strengthened. As the UK evolves its public business support services at local level, consideration should be given to an umbrella body, such as UK Enterprise, or Enterprise England, to work alongside devolved nation counterparts

4

## HUBS AND CLUSTERS

Develop a strategy to encourage local hubs and clusters: a nexus bringing together the different elements which businesses require to grow

Effective hubs provide a focal point for the different elements scaleup businesses need curating access to investors, talent, mentors, peer networks, and helping to facilitate corporate engagement and procurement opportunities. The most successful hubs utilise a Relationship Management structure to aid this process. The Investment zones; freeports; Catapults, Growth Hubs and sectoral hubs around the country should evolve scaleup account managers and high growth services. Local Skills Improvement Plans and Strategic Economic Plans should have a clear ScaleUp focus and ScaleUp proposition, working with the private and education sectors, such as those developed in North East and Scotland.

5

## EXPORT

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

DBT should continue to segment its export services and maintain and expand its proactive ITA network to scaling businesses and high potential export businesses. We recommend a 'ScaleUp Desk' is created in all overseas embassies/ innovations agencies to enable scaleups to access local market knowledge, and that Scaleup focused trade missions are rolled out in every region modelling the GROW programme in London.

6

## PUBLIC PROCUREMENT AND R&D

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

The New Procurement Act is a good opportunity to ensure stronger access to public procurement for scaleups. Implementation of the recommendations made by Sir Patrick Valance in his letter on delivering national priorities through public procurement should be actioned at pace alongside the next steps for the Procurement Act. Procurement champions within Government departments should be given clear objectives to increase buying and strategic partnership with scaling companies, with clear KPIs and a carve out of budgets towards scaleup and R&D collaboration/ investment with them, as the USA undertakes. Procurement opportunities should be streamlined and more scaleup specific 'meet the buyer' opportunities put in place. There should be the expansion of the SBRI and of Regulatory Sandboxes towards scaling firms, with 'passport' and open data opportunities explored. A Procurement Charter should be considered.



7

## CORPORATE COLLABORATION

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

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

8

## TALENT

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

The Scaleup Visa' needs to be better showcased and reviewed to ensure it provides the fast track it was intended to do. A matter SUI will engage with HO on. Building the Talent Pipeline. Needs even more focus on Entrepreneurship at schools; an uplift in scaleup employer encounters via utilisation and expansion of existing platforms and impactful initiatives. In reviewing the education curriculum balance is needed between STEM and STEAM. Maths to 18 should be fit for the modern era covering technical and practical skills such as investment by giving an understanding on e.g. equity / VC, funding similar to US counterparts. For digital skills a third party accreditation system, such as that used for music grades, should be rolled out for digital skill Apprenticeships should be further fostered and evolved, and be more flexible to accommodate the needs of scaleups, including throughout supply chains. As we consider how to help our most promising spinouts to scale and open up further University collaboration there should be a more balanced weighting of investment to KEF initiatives. There is also opportunity to further leverage Innovate UK's role post spin out to support commercialisation through the scaling cycle and expansion of IUK Innovation Fellowships to scaleup firms should be explored.

9

## PEER TO PEER

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

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

10

## GROWTH CAPITAL

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

Initiatives<sup>1</sup> underway to unlock institutional capital must continue at pace, with clear focus on how to ensure capital is deployed towards and connected to scaleup businesses. This should include progression on the role of British Business Bank to facilitate this and the stronger fostering of VC skills and knowledge of the UK growth economy across Institutions and continuing work to ensure diverse founders and areas across the whole of the UK are connected to investment resources. Maintenance and expansion of British Business Bank schemes should continue including regional funds, angel programmes and Future Fund: Breakthrough. As with international counterparts, more permanency to agencies such as the British Business Bank and Innovate UK should be considered with the flexibility to adjust to changing market needs.

EIS/SEIS/VCTs, Capital Allowances and R&D should be consistent and maintained with better awareness raising, and ensure they remain 'fit for purpose' at the critical scaleup phase of a business, by removing restrictions on the 7 and 10 year rules that exist under the VCT and EIS schemes and extending these to 15 years to enable the long term follow on funding at the scaleup stage of growth through to Unicorn status. R&D should also continue to be evolved to ensure it includes optimal scaling dynamis (e.g. expenditure on lab development).

For investors and VCs, the UK should develop stronger offerings for VC training, building upon existing programmes in the UK and taking lessons from international counterparts such as the Kauffman Fellowship in the US.

Investment zones should foster investor hubs; investment briefings and connections; finance mentoring and provide structured showcasing of businesses and opportunities for referrals between investors. Further consideration should be given to the mechanics to enhance further broader equity investor and advisory guidance/ referrals.

<sup>1</sup> Edinburgh and Mansion House Reforms, coupled with Mansion House and BVCA Compacts, LIFTS initiative and Capital Markets Industry Taskforce

# WHY SCALEUPS MATTER

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



## SCALEUPS ARE PRODUCTIVE

Scaleups are more productive than their peers, generating an average of **£504k** turnover per employee.



## SCALEUPS ARE INNOVATIVE

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



## SCALEUPS ARE ACROSS ALL SECTORS

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



## SCALEUPS ARE INTERNATIONAL

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



## SCALEUPS ARE DIVERSE

**39%** of all scaleups have at least one female director.



## SCALEUPS CREATE HIGH QUALITY JOBS

Scaleups help create high-quality jobs with more satisfied employees – employing **2.6m** workers.



## SCALEUPS ARE GOOD CORPORATE CITIZENS

**6 in 10** describe themselves as being a social business, operating in the green economy or meeting ESG goals. **7 in 10** scaleups offer opportunities to young people through work experience, internships or apprenticeships. **1 in 5** are providing opportunities via returnerships.

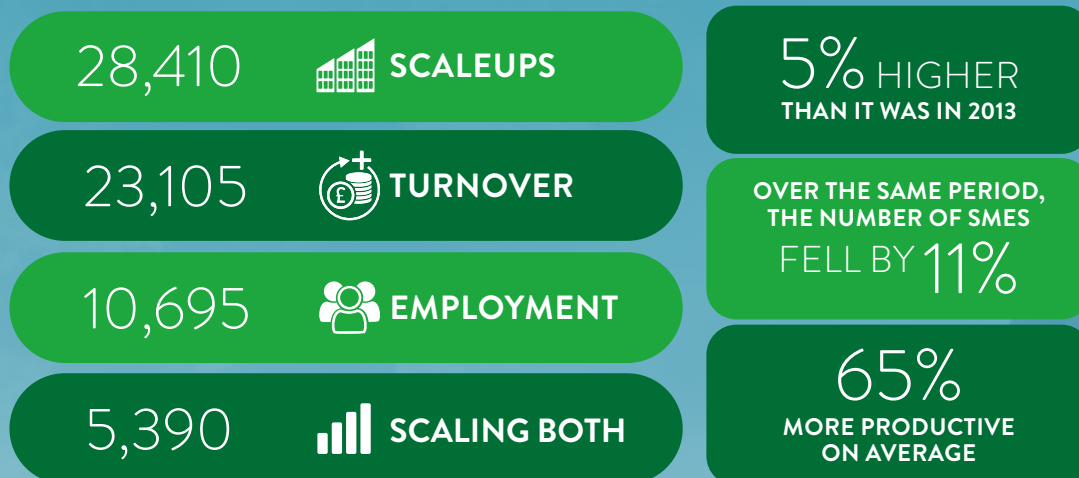


## THEY PLAN TO GROW

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



# SCALEUPS IN THE UK



## SCALEUPS ...



SCALEUPS GENERATED  
A TOTAL TURNOVER OF

£1.3trn

FOR THE UK ECONOMY



The UK's 5.58m SMEs generate a total turnover of £2.3trn. Scaleups generate £1.3trn in turnover, equivalent to 58% of this total output, despite making up just 0.5% of the UK business population

## THE SCALING PIPELINE



# ONS SCALEUPS AND PIPELINE BY REGION

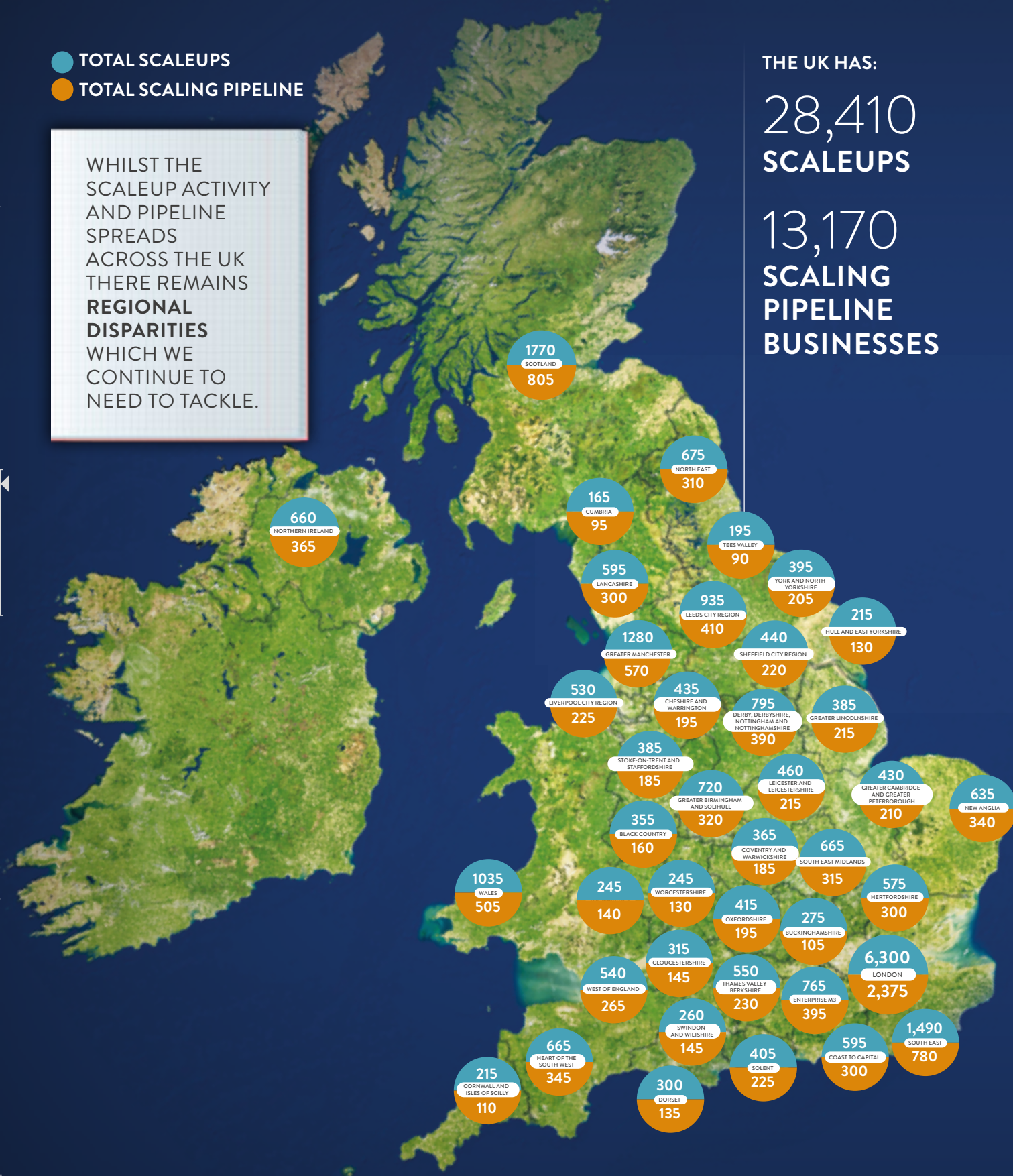
- TOTAL SCALEUPS
- TOTAL SCALING PIPELINE

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

THE UK HAS:

28,410  
SCALEUPS

13,170  
SCALING  
PIPELINE  
BUSINESSES

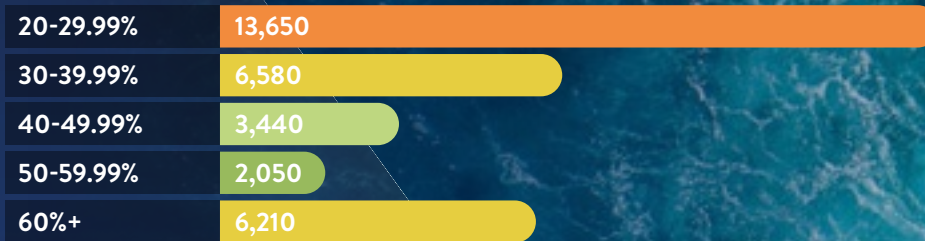




# ONS GROWTH RATES

## REGIONAL AND SECTORAL

### SCALEUPS



### SCALING PIPELINE



ONS IDBR 2018-2021

### SCALEUP AND SCALING PIPELINE GROWTH SEGMENTS - BY REGION / DEVOLVED NATION

When looking at overall numbers of businesses growing (turnover and/or employment) by more than 10% we are able to see with greater clarity the disparities that exist across the UK.

For all regions, one in three businesses growing by more than 10% are in the 10-19.99% growth segment except Northern Ireland, where this proportion is 40%.

London has the highest proportion (14%) of scaleups growing by more than 60% compared to all other regions which are approximately 7-9%.

### SECTORAL CONTRIBUTION TO TURNOVER

The three biggest sectors contributing to turnover are Information & Communication; Admin & Support Services; and Professional, Scientific & Technical.

In the Finance & Insurance sector, the turnover of those growing by 60% is similar to the combined turnover of those growing between 10-59.99%.

ONS IDBR 2018-2021

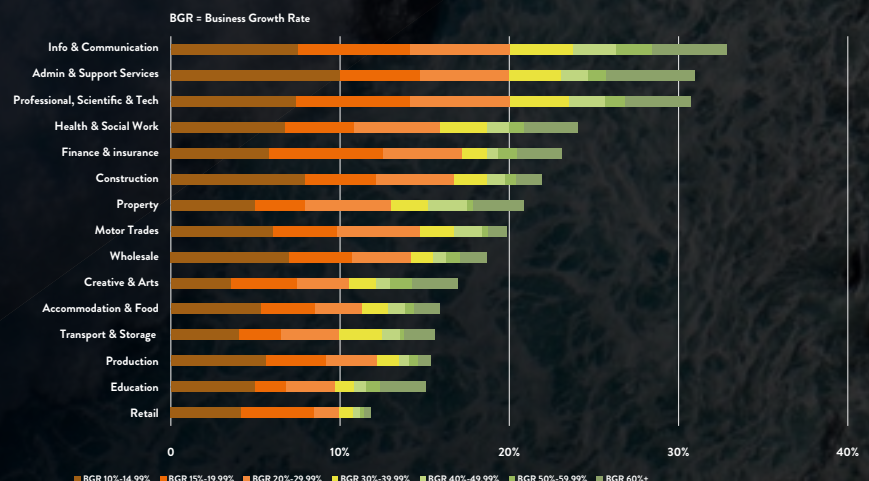
### GROWTH SEGMENTS BY SECTOR

DISTRIBUTION OF SCALEUPS AND PIPELINE BUSINESS BY GROWTH SEGMENT



### GROWTH SEGMENTS - SECTORAL CONTRIBUTION TO EMPLOYMENT

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



# ONS GROWTH DENSITY AND CHANGE BY AREA

SCALEUP DENSITY DATA BY LOCAL AREA / DEVOLVED NATION

Local Area/Devolved Nation	8-Year Trend: Average Growth in scaleup density	Scaleups per 100k pop	
	2013-2021 (since monitoring began)	2021	2020
York and North Yorkshire	1.0	48.1	54.1
London	1.0	71.6	82.3
Liverpool City Region	0.4	34.2	37.7
Wales	0.4	33.3	37.9
Northern Ireland	0.4	34.7	46.4
New Anglia	0.4	37.8	44.8
Greater Manchester	0.4	44.6	50.6
Oxfordshire	0.4	57.1	66.7
North East	0.4	34.3	38.9
Thames Valley Berkshire	0.3	57.9	71.4
Gloucestershire	0.3	48.7	60.1
Heart of the South West	0.3	37.1	42.9
Greater Lincolnshire	0.3	33.8	41.7
Hertfordshire	0.2	47.9	54.4
D2N2	0.1	36.1	43.6
West of England	0.1	46.1	54.5
Cornwall and Isles of Scilly	0.1	37.4	43.4
Scotland	-0.1	32.3	42.2
Sheffield City Region	-0.1	32.0	38.2
Hull and East Yorkshire	-0.1	35.3	40.7
Coast to Capital	-0.2	37.9	48.5
South East	-0.2	34.9	42.8
Leeds City Region	-0.2	39.8	46.7
Greater Cambridge and Greater Peterborough	-0.2	48.0	65.1
Buckinghamshire	-0.3	49.5	56.7
Solent	-0.4	32.9	37.1
Lancashire	-0.4	38.8	43.6
Cumbria	-0.4	32.9	41.0
Dorset	-0.4	38.4	47.0
Swindon and Wiltshire	-0.5	34.8	40.6
Tees Valley	-0.5	28.8	31.0
Cheshire and Warrington	-0.6	44.9	55.3
The Marches	-0.6	35.1	45.0
Stoke-on-Trent and Staffordshire	-0.8	33.9	40.4
Enterprise M3	-0.8	48.8	61.4
Leicester and Leicestershire	-0.9	42.6	51.5
Greater Birmingham and Solihull	-0.9	35.0	42.7
South East Midlands	-0.9	37.3	46.8
Worcestershire	-1.1	40.5	51.8
Coventry and Warwickshire	-1.1	38.7	48.3
Black Country	-1.6	29.3	37.8

Note:

**Green** shading indicates where change in scaleup density since 2013 is positive OR scaleup density in 2021 is greater than 35.

**Light orange** shading indicates where change in scaleup since 2013 is between -0.5 - 0 OR scaleup density in 2021 is between 33-35.

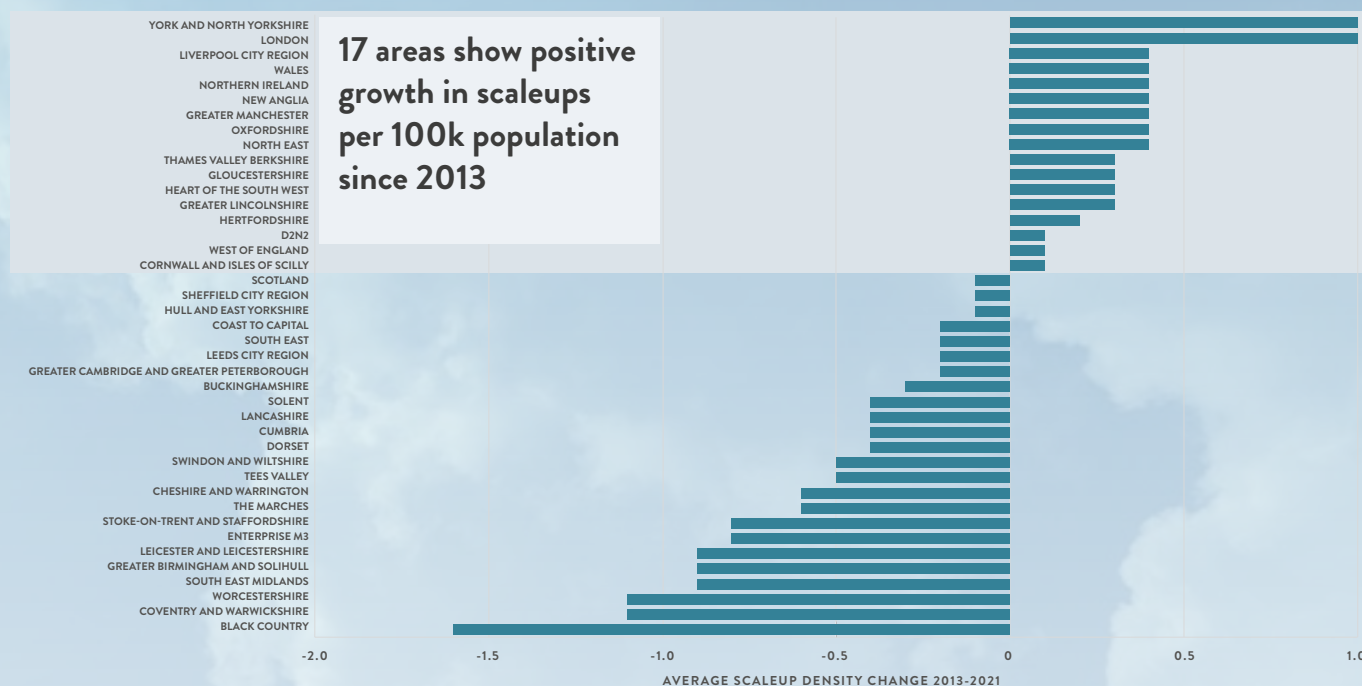
**Dark orange** indicates where change in scaleup since 2013 is less than -0.5 OR scaleup density in 2021 is less than 33.

Source: ONS IDBR 2010-2021



## SCALEUP GROWTH ACROSS LOCAL AREAS

AVERAGE CHANGE IN SCALEUP DENSITY



Source: ONS IDBR 2018-2021

## DENSITY OF SCALEUPS

PER 100K POPULATION, BY LEP/DEVOLVED NATION

### Scaleups per 100k population

- GREATER THAN 50
- 40-50
- 35-40
- 30-35
- Fewer than 30

#### AREAS WITH THE HIGHEST SCALEUP DENSITY:

- LONDON
- THAMES VALLEY BERKSHIRE
- OXFORDSHIRE
- BUCKINGHAMSHIRE
- ENTERPRISE M3
- GLOUCESTERSHIRE
- YORK & NORTH YORKSHIRE
- GREATER CAMBRIDGE/PETERBOROUGH

## DENSITY OF SCALING PIPELINE

PER 100K POPULATION, BY LEP/DEVOLVED NATION

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

- Greater than 25
- 20-25
- 15-20
- Fewer than 15

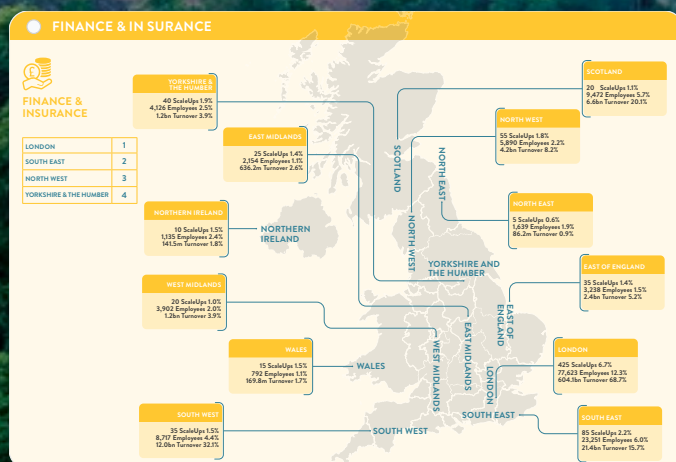
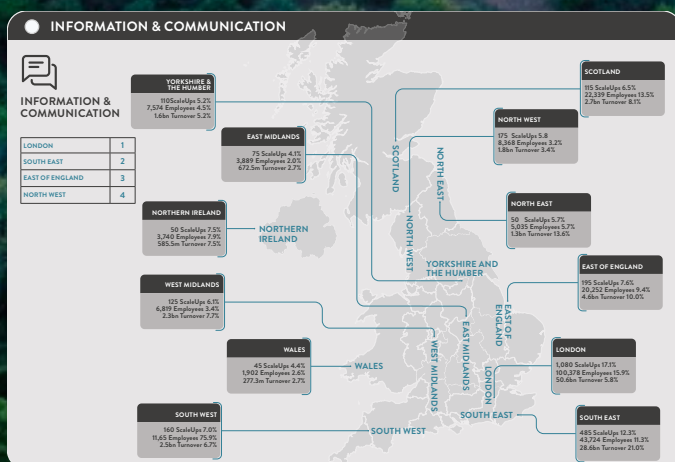
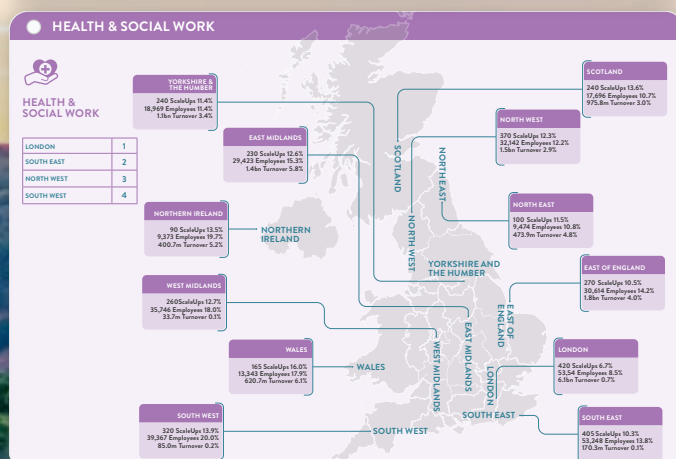
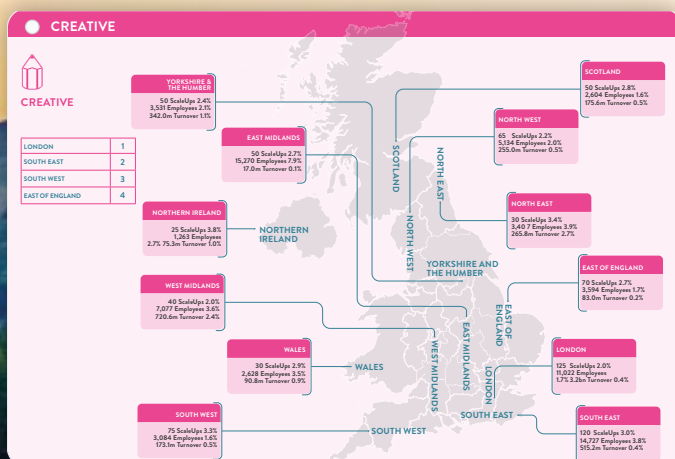
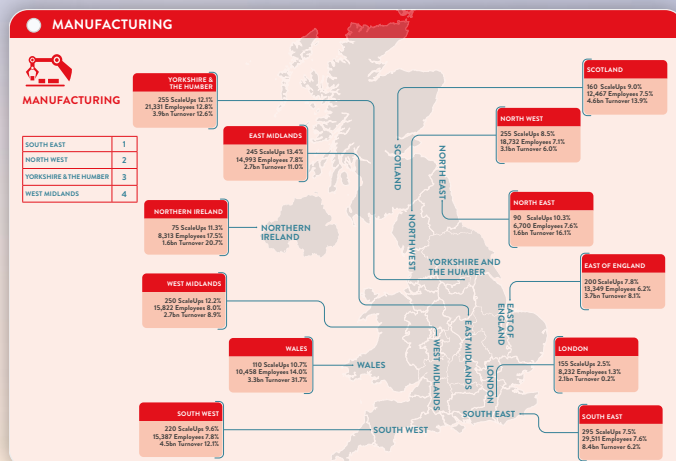
#### AREAS WITH THE HIGHEST SCALING PIPELINE DENSITY:

- LONDON
- OXFORDSHIRE
- ENTERPRISE M3
- HERTFORDSHIRE
- YORK & NORTH YORKSHIRE

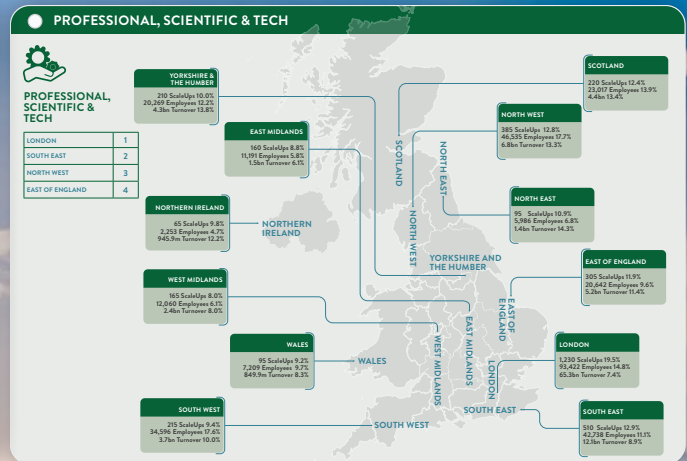
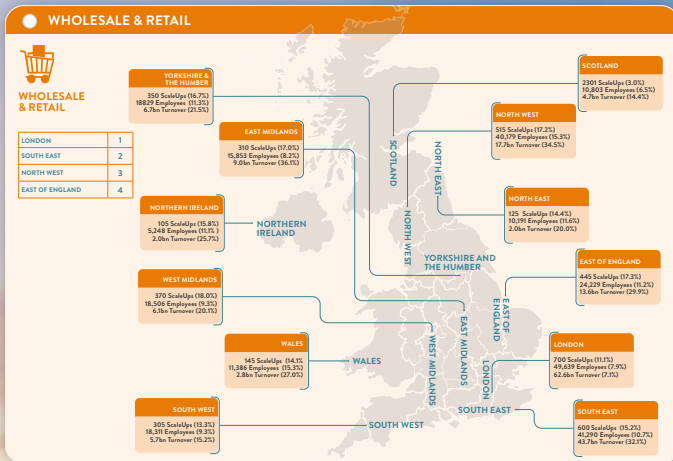
Source: ONS IDBR 2018-2021

# SECTORAL AND REGIONAL CLUSTERING

ScaleUp Institute research has shown that the development of clusters and hubs is a key enabler of local scaleup growth. Therefore it is important we track our cluster evolution across the country and what is enabling them.

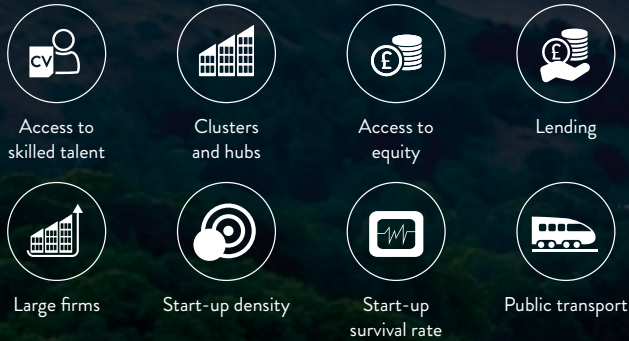






## DRIVERS OF LOCAL GROWTH

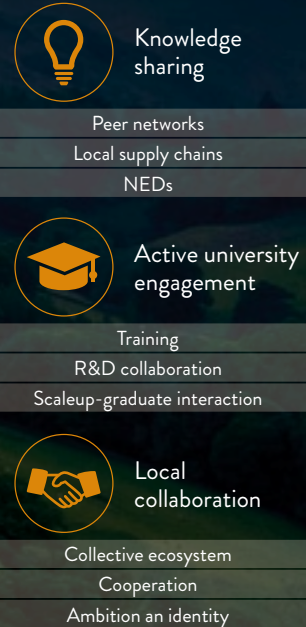
### 8 FACTORS ASSESSED



### 3 FACTORS THAT MADE A DIFFERENCE



### QUALITATIVE FACTORS


















# ONS REGIONAL CLUSTER BREAKDOWN

The figures below show the sectors with more than 3% proportion of scaleups in each region and nation of the UK along with the top 3 growth sectors in each locality.

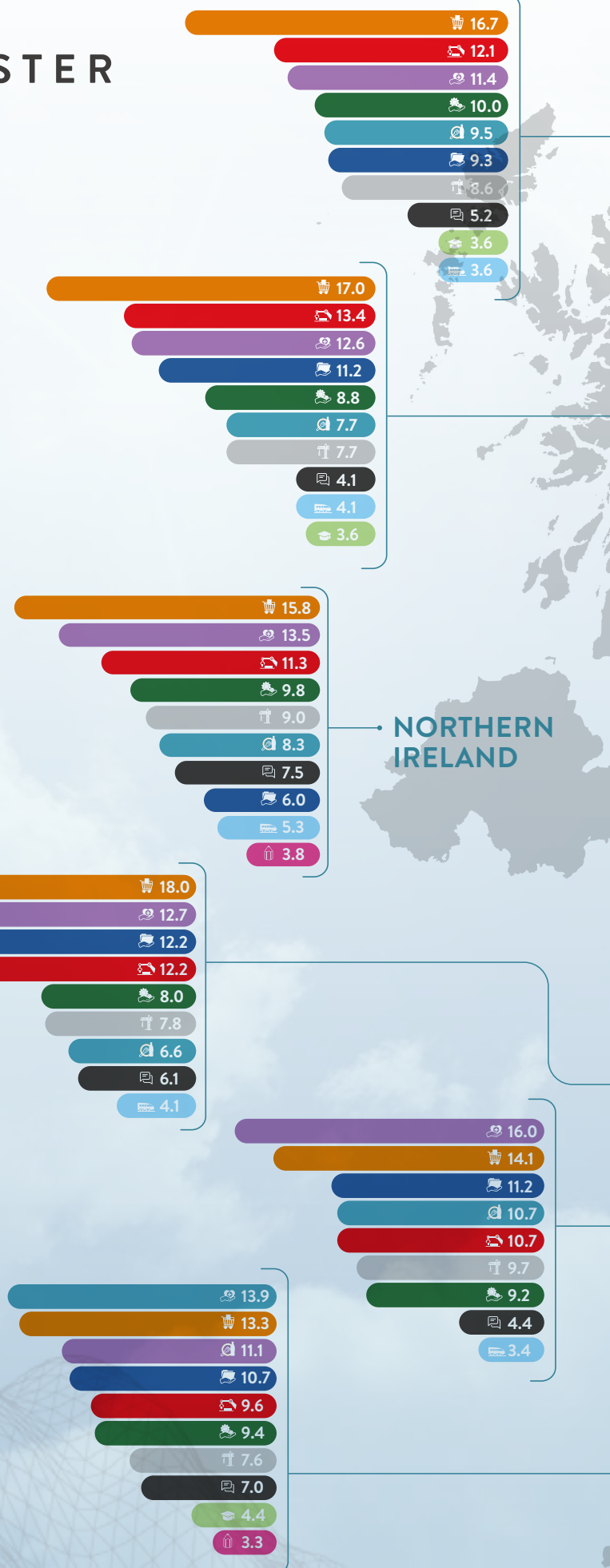
## Top sectors

- **Wholesale & Retail** remained one of the top three sectors in all regions except London where it ranked as the fourth biggest sector. It also increased in proportion throughout, with only a slight decrease in Northern Ireland.
- **Health and Social work** continued to grow in most regions in 2021 increasing its rank in ten regions compared to its rank in 2020. It now appears as one of the top three sectors in 9 out of 12 regions.

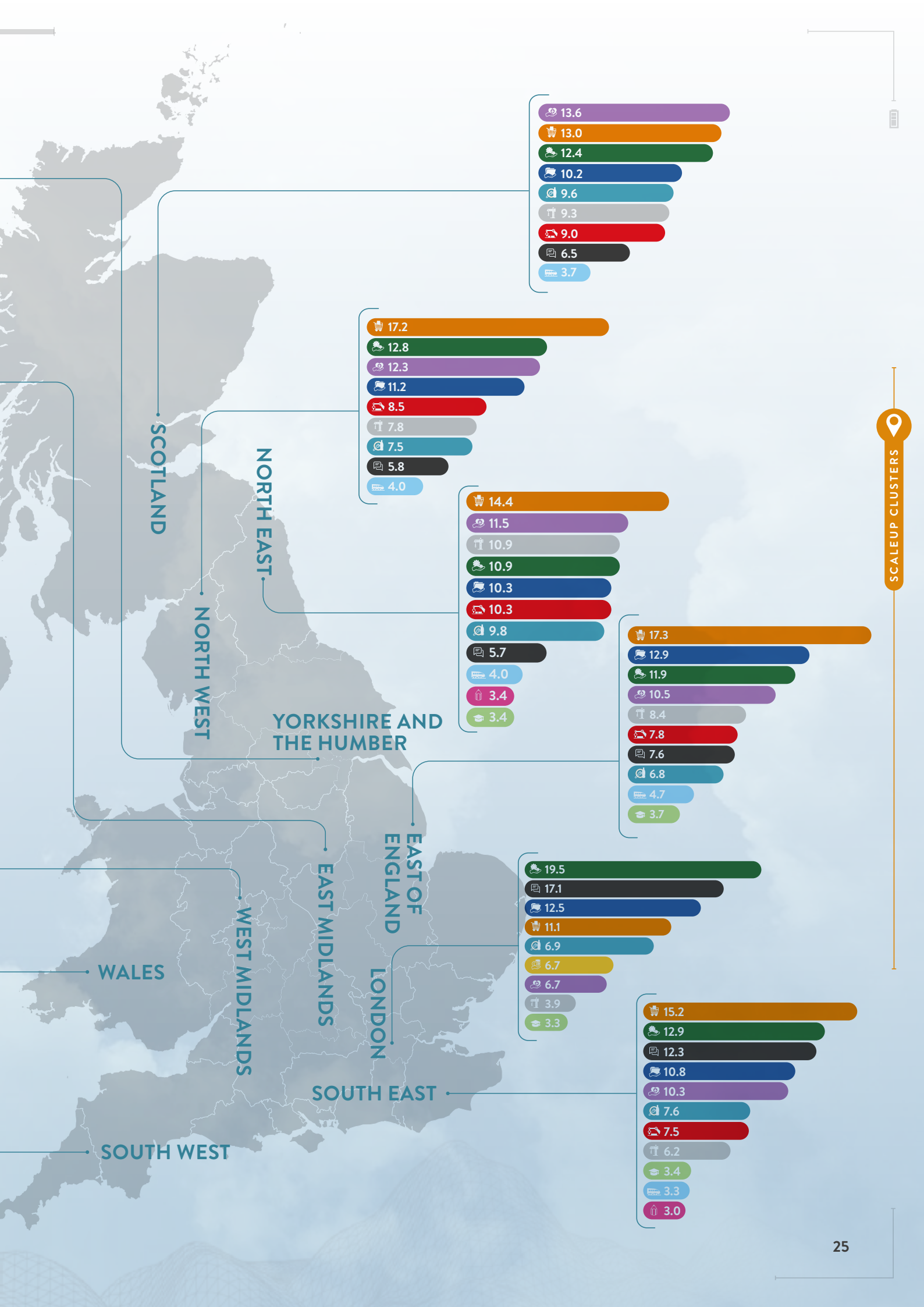
## KEY

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

Source: ONS IDBR 2010-2021







# ONS CLUSTERS BREAKDOWN


WITH LARGEST  
PROPORTIONAL GROWTH


## KEY


↔ Change in SU cluster proportion

 Admin & Support Services


 Creative & Arts


 Education


 Finance & Insurance

 Health & Social Work


 Info & Communication

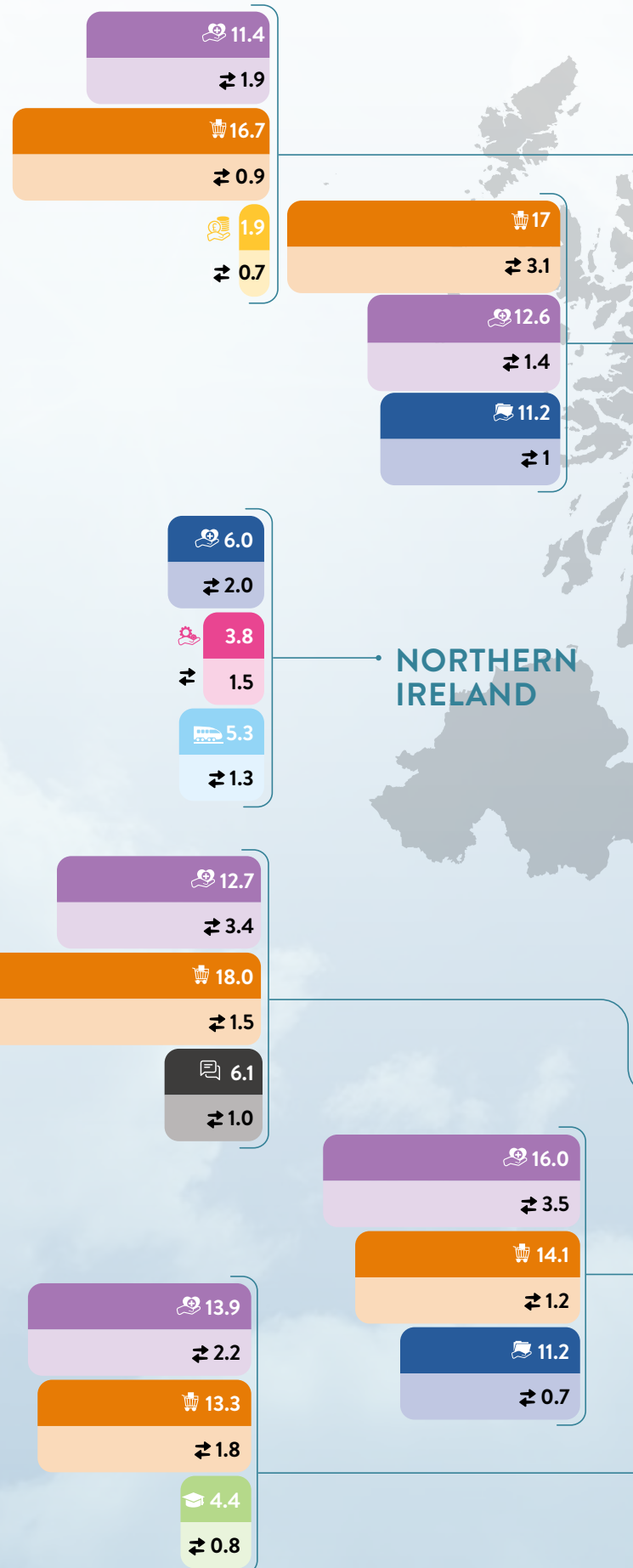
 Professional, Scientific & Tech

 Real Estate

 Transport

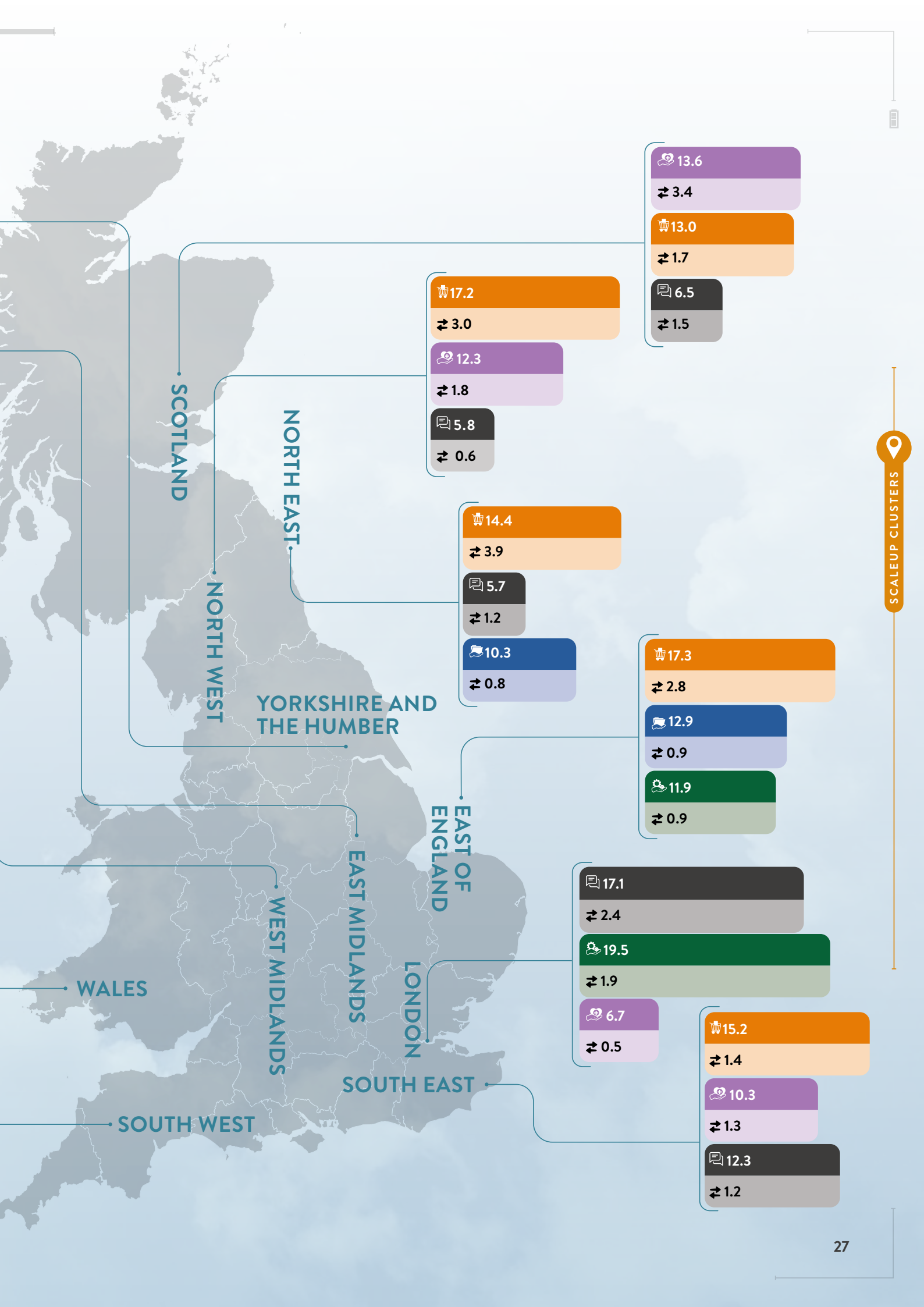
 Wholesale & Retail

 Other Service



Source: ONS IDBR 2010-2021





# VISIBLE SCALEUP GROUPS

## THE SCALEUP INDEX 2023

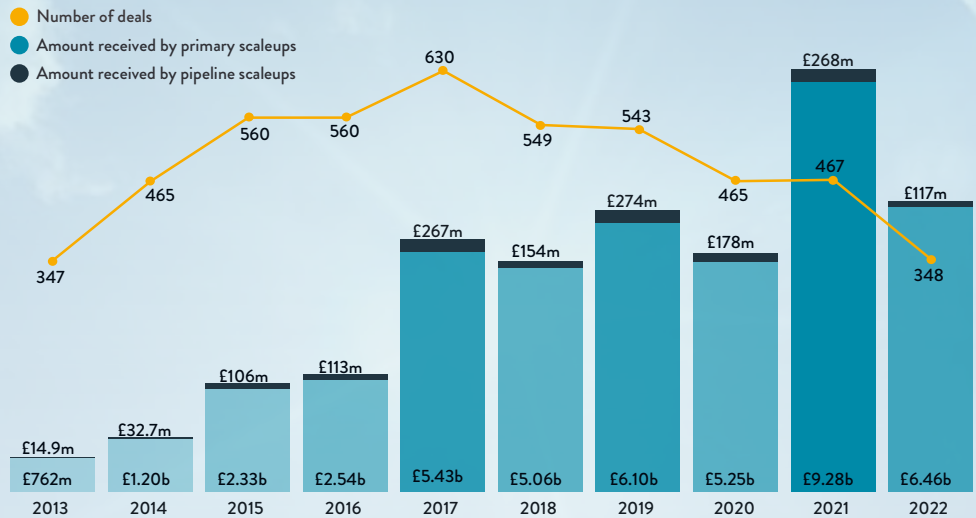
Based on Companies House data this shows the number of scaling businesses breaking through the £10.2m barrier in 2023

**72,857**

visible scaling legal entities examined

**10,161**

companies in the scaleup cohort



### TOP-LEVEL SECTORS BY NUMBER OF SCALEUP COHORT COMPANIES (2023)

Business and professional services	3,817
Industrials	2,185
Personal services	1,188
Technology/IP-based businesses	1,187
Built environment and infrastructure	1,136

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

BDO	353
RSM	241
AZETA	205
pwc	202
Grant Thornton	168

### TOP INVESTORS IN THE SCALEUP COHORT BY NUMBER OF DEALS (2013-2022)

BGF	147
Crowdcube	97
Seedrs	86
Octopus Group	71
Parkwalk Advisors	50
Balderton Capital	49
Scottish Enterprise	48
Mercia Asset Management	48
Index Ventures	44
MMC Ventures	40

### TOP INVESTORS IN THE SCALEUP COHORT BY VALUE OF DEALS (2013-2022)

Digital Sky Technologies (DST Global)	£2.49b
Softbank Vision Fund	£2.46b
Accel Partners	£2.09b
Government of Singapore Investment Corporation (GIC Private Limited)	£2.04b
Insight Partners	£1.93b
Tiger Global Management	£1.82b
Coatue Management	£1.54b
Ribbit Capital	£1.42b
Blossom Capital	£1.36b
BGF	£1.34b



The British Business Bank has backed 86 investment firms, 50 of which have invested in one or more of the scaleup cohort that is the focus of this year's Scaleup Index (2013-2022).

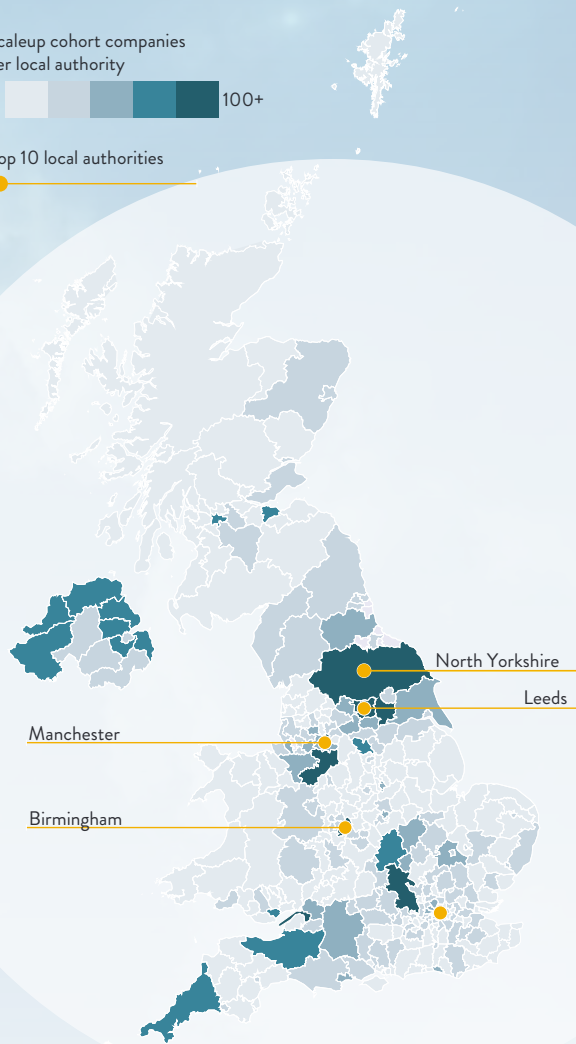


## VISIBLE SCALEUPS IN THE UK BY LOCAL AUTHORITY

Scaleup cohort companies per local authority

1 100+

Top 10 local authorities



## REGIONAL RANKING (COMBINED COHORT)

London	2,296	South West	716
South East	1,399	East Midlands	697
North West	1,176	Scotland	504
East of England	916	Wales	334
Yorkshire and the Humber	827	North East	295
West Midlands	763	Northern Ireland	234



SCALEUP CLUSTERS

AIM listed companies in the scaleup cohort

325

Academic spinout companies in the scaleup cohort

53

Scaleup cohort companies with IUK Grant Funding

516

Total Grant Funding into scaleup cohort

£375m

Scaleup cohort companies with Equity Funding

1,520

Total Equity Investment into scaleup cohort

£46b

People employed by the scaleup cohort

1.82m

Total turnover by the scaleup cohort

£373b

Scaleup cohort companies

10,161

Scaleup cohort companies with a female founder

703

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

EG Group	£25.3b
State Oil	£8.82b
JCB	£5.68b
Czarnikow	£3.55b
bet365	£2.87b

## TOP SCALEUP COHORT COMPANIES BY EMPLOYEE COUNT (BASED ON LATEST FINANCIAL ACCOUNTS)

EG Group	55.2k
PayStream	25.4k
City and County Healthcare Group	17.5k
Workwell	14.5k
Mach Recruitment	13.5k

Data Analysed by Beauhurst

**Beauhurst**

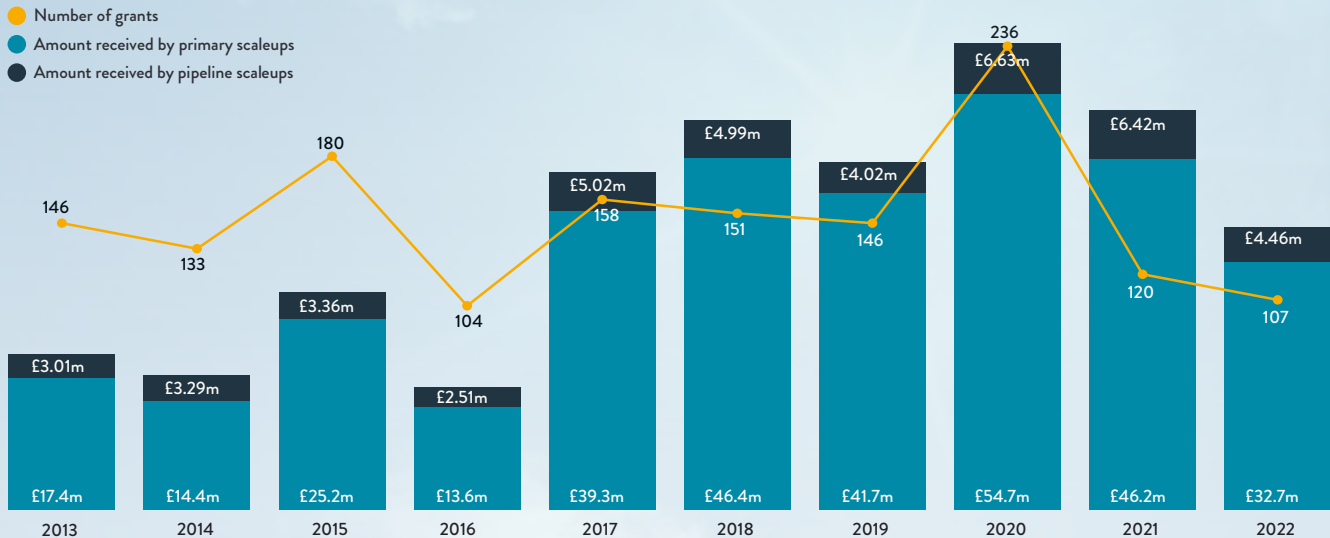
**SCALEUP INSTITUTE**

# VISIBLE SCALEUP GROUPS

THE SCALEUP  
INDEX 2023

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

## INNOVATE UK GRANT FUNDING INTO THE SCALEUP COHORT (2013-2022)



## TOP ACADEMIC INSTITUTIONS FOR SCALEUP COHORT SPINOUTS (2013-2022)

University of Oxford	21
University of Cambridge	6
University of Bristol	3
University of Birmingham	3
University College London	3
Imperial College London	3
University of Strathclyde	2
University of Sheffield	2
Queen's University Belfast	2

Data Analysed by Beauhurst

**Beauhurst**





# REGIONAL SCALEUP TOUR 2024

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NEWSLETTER TO  
FIND OUT MORE



## UNICORN INSIGHT

The ScaleUp Institute has undertaken an overarching review of the various analyses of UK unicorns. We recognise that some of these reports have looked at the historical creation of unicorns overtime and others have looked at Unicorns at a given point of time. This insight reconciles those two elements by looking at the historical trends since 1998 and current moment in time to the end of 2022.

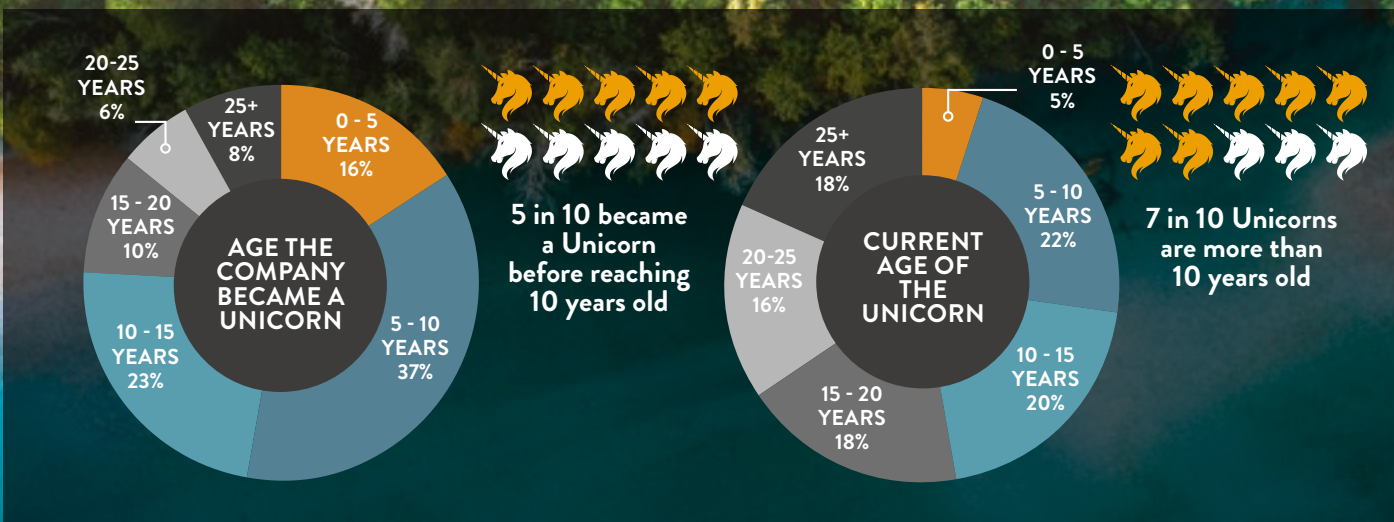
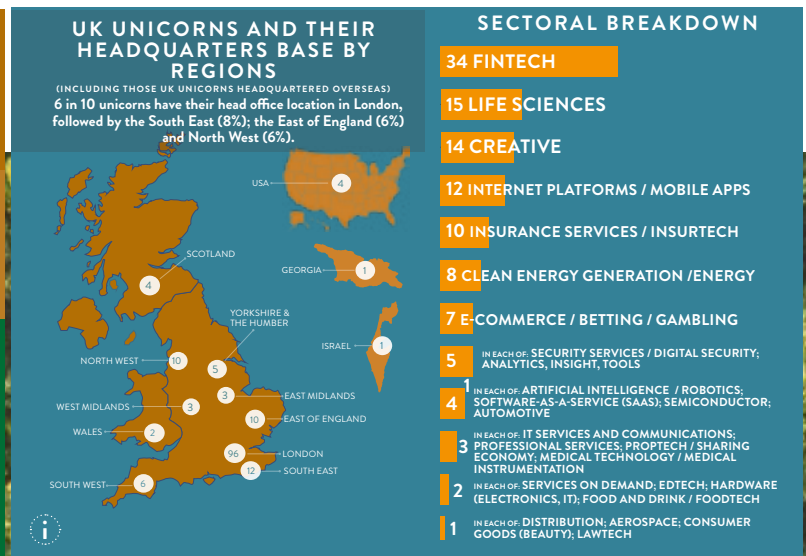
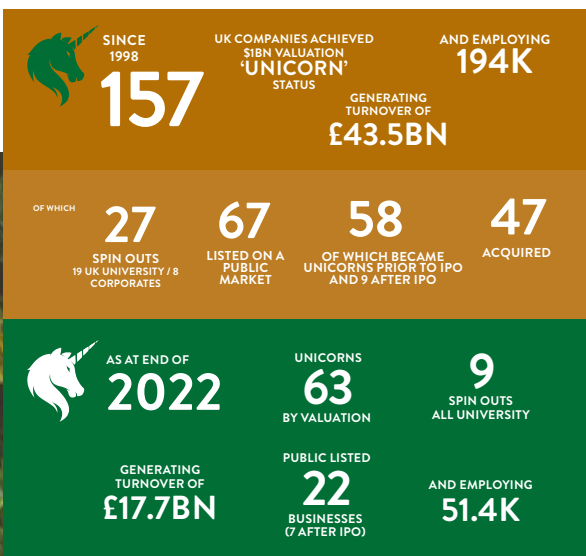
The landscape of UK unicorns, companies valued at over \$1 billion since 1998, reveals some key patterns and trends. In assessing a multitude of different analytical resources<sup>1</sup> that have provided UK Unicorn statistics, SUI observes that since 1998 the UK has generated 157 unicorns of which 63 have current valuations over \$1bn, as of 2022. Combined, they have generated £43.5bn in turnover; employ 193,752 people and by the time they reached the \$1bn valuation they had raised £32.4bn in investment.

Though the majority of these unicorns are now more than 10 years old, 53% reached Unicorn status before 10, with the key period of Unicorn status being reached between 5 and 10 years old. Unicorns have significant scaling episodes with average growth rates being 67 per cent. London emerges as the primary hub for unicorns, but there is also significant presence in the South East, East of England, and North West regions. The finance sector, particularly fintech, leads the way in number, followed by life sciences and the creative industries. University spin outs account for 19 of the UK's Unicorns.

UK unicorns are truly global, over 79% are exporting/have an international presence outside the UK, particularly in the EU and the United States. Founders and directors exhibit a diverse mix of nationalities, showcasing the multinational nature of the unicorn ecosystem. While 43% of unicorns have gone public, with 38 listed on the London Stock Exchange and

25 in the US, since 2018 there has been a significant shift to US listings over UK listings. Strikingly too, at every stage of the investment ladder, there are significant international, mainly US investors, over UK ones. This predominance heightens significantly from series C round onwards, emphasising both the early stage risk appetite of international players and their depth in follow-on funding. In addition, starkly when it comes to institutional investors the key players barring two, (Baillie Gifford, British Business Bank) are international not UK.

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





## UNICORN SPIN OUT

### 19 SPUN OUT OF UK UNIVERSITIES FROM THE 157 UNICORNS

#### UNIVERSITY OF CAMBRIDGE

- ABCAM **7**
- ARM
- AUTONOMY
- DARKTRACE
- GYROSCOPE THERAPEUTICS
- IMPROBABLE
- VIRATA CORPORATION

#### UNIVERSITY COLLEGE LONDON

- AUTOLUS **3**
- BIOVEX
- ORCHARD THERAPEUTICS

#### UNIVERSITY OF OXFORD

- ADAPTIMMUNE **3**
- IMMUNOCORE
- OXFORD NANOPORE TECHNOLOGIES

#### IMPERIAL COLLEGE LONDON

- CERES **1**

#### MANCHESTER UNIVERSITY

- TELECITYGROUP **1**

#### UNIVERSITY OF EDINBURGH

- FANDUEL **1**

#### UNIVERSITY OF BATH

- VECTURA **1**

#### UNIVERSITY OF BRISTOL

- GRAPHCORE **1**

#### UNIVERSITY OF DUNDEE

- EXSCIENCIA **1**

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



Innovate UK

GRANTS

OF THE 157 UNICORNS 29 COMPANIES RECEIVED 103 GRANTS WORTH £107.4M OF WHICH 10 CURRENT UNICORNS RECEIVED 21 GRANTS WORTH £16.3M



## OVERSEAS PRESENCE

79% ARE EXPORTING/ HAVE A PRESENCE OUTSIDE OF THE UK



**78%**

HAVE OFFICES IN THE EU



**55%**

HAVE OFFICES IN THE USA

**45%**

HAVE OFFICES IN THE REST OF THE WORLD



**53%** OF UNICORNS TARGET ONLY B2B MARKETS

23% ARE EXPORTING IN CANADA  
66% ARE EXPORTING IN THE USA

88% ARE EXPORTING IN THE EU

13% ARE EXPORTING IN CHINA AND JAPAN

33% ARE EXPORTING IN AUSTRALIA

## UNICORNS THAT UNDERWENT AN IPO



**67**

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

**38**

LISTED ON LONDON STOCK EXCHANGE

**25**

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

**2**

IN EU AND A FURTHER 2 HAD DUAL LISTINGS AT LSE AND NASDAQ

**1 EU**

**8 US**

**32 UK**

**PRE 2018**

Includes 2 dual listings

NUMBER OF IPOs BY MARKET

**1 EU**

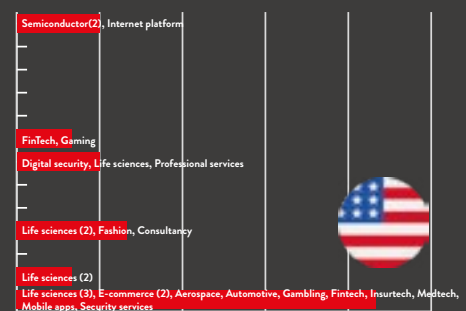
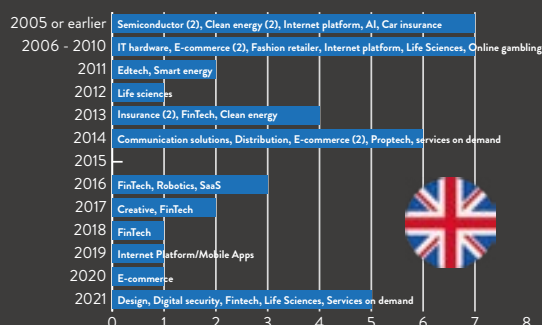
**19 US**

**8 UK**

**2018 ONWARDS**

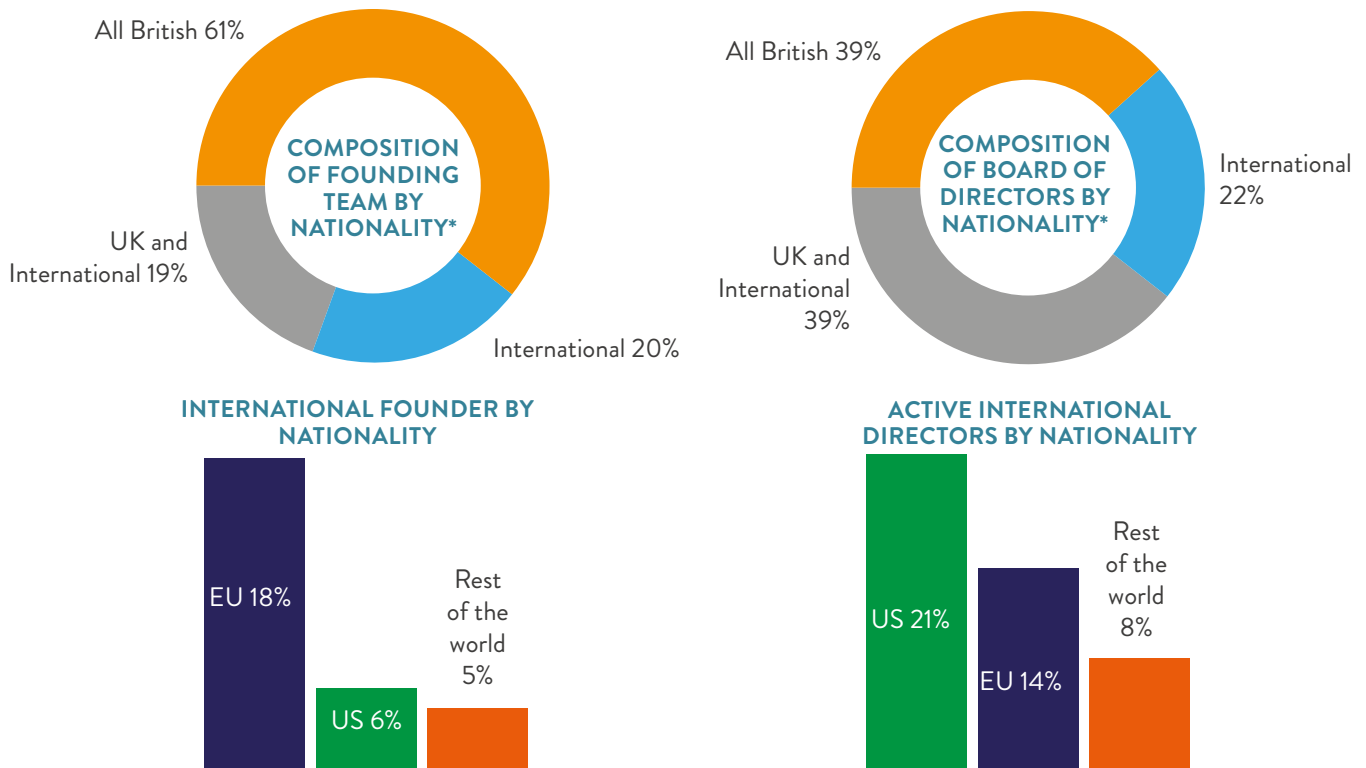
THIS SHIFT IS OCCURRING ACROSS SECTORS AND IS PARTICULARLY NOTABLE IN LIFE SCIENCES: - 7 LIFE SCIENCES UNICORNS HAVE LISTED IN THE US SINCE 2018 AND 1 IN UK IN THE SAME TIME PERIOD.

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



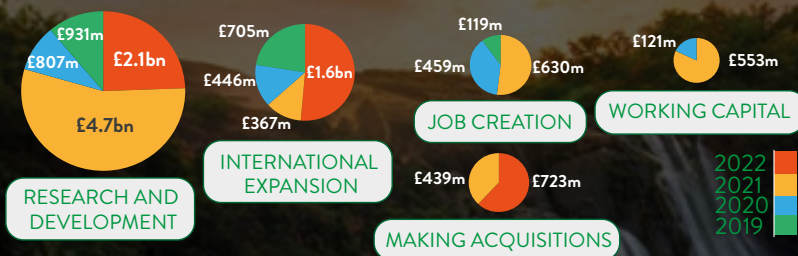
## FOUNDER AND BOARD MAKE UP OF UK UNICORNS

Includes individuals with dual nationalities



## USE OF FUNDS BY CURRENT UNICORNS

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

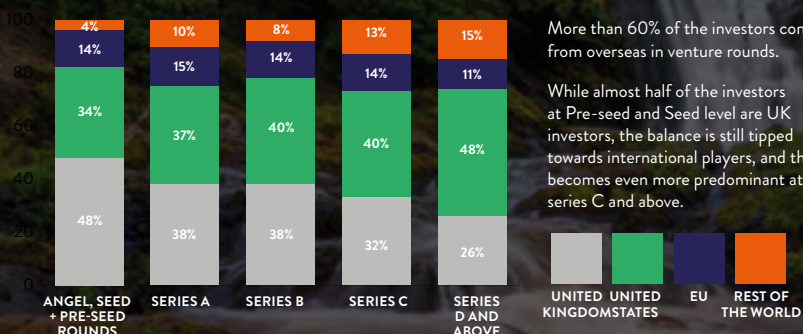


14

UNICORNS HAVE AT LEAST 1 FEMALE FOUNDER

headquartered outside London

## CURRENT UNICORN INVESTOR PATTERNS



Across sectors:





## TYPES OF INVESTORS

295 PE / VC

117 INVESTMENT PARTNER / INDIVIDUALS / ANGELS

37 CORPORATE VC

15 INVESTMENT BANK

7 PENSION FUND / SWF

Hongyou Investment | Ontario Teachers' Pension Plan | Qatar Investment Authority | RPMI Railpen | Saudi Arabia's Public Investment Fund | Tencent & British Business Bank

7 HEDGE FUNDS

6 ASSET/INVESTMENT MANAGER

















Baillie Gifford | BlackRock | M&F Fund | Millenium Management | Varadero European Special Opportunities | Wellington Management















6 OTHER

5 FAMILY OFFICE



## TOP INVESTORS BY NUMBER WHO HAVE BACKED 3 OR MORE UNICORNS

Investor who have backed 3 or more Unicorns	Number of companies funded	Nationality of funder
Index Ventures	9	United States 
DST Global	7	Cayman Islands 
LocalGlobe	7	United Kingdom 
Accel	6	United States 
Balderton Capital	6	United Kingdom 
General Catalyst	5	United States 
Baillie Gifford	4	United Kingdom 
BlackRock	4	United States 
Insight Partners	4	United States 
Lightspeed Venture Partners	4	United States 
Molten Ventures	4	United Kingdom 
Passion Capital	4	United Kingdom 
SoftBank	4	Japan 
Temasek Holdings	4	Singapore 
Andreessen Horowitz	3	United States 
Fidelity Management and Research Company	3	United States 

Google Ventures	3	United States 
Greyhound Capital	3	United Kingdom 
Hoxton Ventures	3	United Kingdom 
JamJar Investments	3	United Kingdom 
Kohlberg Kravis Roberts	3	United States 
NJF Capital	3	United Kingdom 
Northzone	3	United Kingdom 
Octopus Ventures	3	United Kingdom 
Salesforce Ventures	3	United States 
Sapphire Ventures	3	United States 
Seedcamp	3	United Kingdom 
Silicon Valley Bank	3	United States 
Tiger Global Management	3	United States 
Vitruvian Partners	3	United Kingdom 

## NUMBER OF INVESTORS BY COUNTRY



£1.3trn

The total amount of turnover generated by scaleups up from £1.2trn in 2020. The combined turnover of all SMEs is £2.3trn

65%

more productive on average

28,410

The total number of scaleups in the UK.

£46.8m

The average turnover of a scaleup compared to £34.3m in 2020

93

The average number of employees in a scaleup.

SCALEUP  
PLAY

2.6m

people employed by scaleups in 2021, across all sectors and local areas of the UK economy

**TOP LOCAL AUTHORITIES:**  
SCARBOROUGH,  
HARROGATE, ORKNEY  
ISLANDS, MIDLOTHIAN,  
EPSOM AND E WELL

saw the fastest scaleup growth outside of London and the South East.

**WHOLESALE & RETAIL;  
PROFESSIONAL,  
SCIENTIFIC &  
TECHNICAL; AND,  
INFORMATION &  
COMMUNICATIONS**

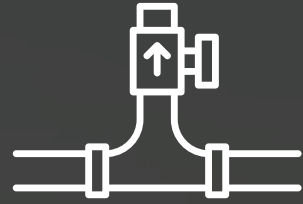
makeup over a third of scaleup population; when combined with Accommodation & Food, Manufacturing, and Health & Social Work, these represent 64% of the scaleup population.



 13,170


The total number of businesses growing between 15-19.995 in 2021

## THE SCALING PIPELINE



 1.3m

People employed by scaling businesses in 2021

 £414bn

The total amount of turnover generated by scaling businesses in 2021

# SCALEUP NETWORK



64%

of scaleups are located outside London and South East



5%

The increase in the total number of scaleups since 2013. Over the same period, the number of SMEs fell by 11%.

### VISIBLE SCALEUPS



10,161

in the scaling cohort



generating £373bn  
in turnover



employing 1.8m

# 2023 SCALEUP SURVEY

## AT A GLANCE

**306**

ScaleUp businesses generating

**£1.8bn**

turnover and seeking to grow this to £2.3bn in 2024

**£182k**

turnover per employee



### THEY REMAIN AMBITIOUS DESPITE SIGNIFICANT HEADWINDS

**36%**

have female founder/CEO

**9 IN 10**

scaleups expect to grow their turnover  
and/or employee headcount in 2024

**6 IN 10**

say they are out-performing  
their peers

**1 IN 5**

expect growth over 50%

**9 IN 10**

scaleups expect to grow turnover

**7 IN 10**

expect to grow employment



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



### MACROECONOMIC FACTORS AFFECTING SCALEUPS

The current economic climate has made scaleup leaders more cautious about things generally in the business and the extent to which they can recruit. They are most apprehensive of:



**5 IN 10**

increasing costs to the  
business



**4 IN 10**

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



**4 IN 10**

lower levels of business  
/ consumer confidence



**3 IN 10**

energy crisis



**3 IN 10**

supply chain delays /  
disruption



**2 IN 10**

geopolitical uncertainty  
and conflict in Eastern  
Europe

### AND CONFIDENCE REMAINS FRAGILE



**58%**

worry about whether the UK will be a good location for a business  
in a few years' time, a significant increase from 2022 (50%)



**57%**

agree it is harder to grow the business now  
than in the past, similar to 2022 (58%)



**48%**

feel there is very little support available for  
businesses like theirs, similar to 2022 (50%)

### HOWEVER THEY ARE HIGHLY INNOVATIVE AND INTERNATIONAL

**9 IN 10**

scaleups have been  
involved in some  
innovative activity in the  
last 3 years. Twice the  
rate of typical firms



**58%**

of scaleups use software  
to monitor business  
activities or productivity



**5 IN 10**

expect to leverage 5G  
and Internet of Things in  
the future, and...



**4 IN 10**

expect to use Big data

**5 IN 10**

export

**7 IN 10**

plan to export in the  
future.

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

**3 IN 10**

are currently leveraging AI

twice the level seen in 2022. With **7 in 10**  
expecting to use this technology in the future.

**7 IN 10**

see AI as a way to do things better  
and more quickly, and...

**6 IN 10**

see opportunities for business growth

### HOWEVER

**8 IN 10**

have concerns about the quality  
and accuracy of content generated  
as well as the data security and  
privacy implications. With...

**8 IN 10**

believing that AI should be  
regulated by an independent global  
entity, such as a UN group

### THEY ARE GOOD CORPORATE CITIZENS

7 in 10 offer opportunities to young people through  
internships / work experience / apprenticeships.  
1 in 5 are providing opportunities via returnships

**3 IN 10**

(31%) considered themselves ESG compliant  
(Environmental, Social and Governance)

They are seeking greater collaboration with  
educational institutions and new models of  
how to use the Apprenticeship levy

**4 IN 10**

(35%) are operating in the green  
economy

**4 IN 10**

(39%) employ staff from the EU and

**3 IN 10**

(33%) employ staff from outside the EU

**3 IN 10**

(30%) are social businesses

**6 IN 10**

(56%) scaleups met at least one of these  
criteria



**80%**

scaleups sell primarily to  
other businesses (B2B)  
The client base of B2B scaleups is mainly corporate.



**20%**

selling direct to consumers (B2C).



# LOOKING FORWARD

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

## SCALEUPS TOP BARRIERS TO FURTHER GROWTH

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

 **64%**  
Access to UK and international markets

 **58%**  
Access to talent

 **38%**  
Access to the right bank / equity finance

 **32%**  
Infrastructure and access to R&D facilities

 **32%**  
Leadership development

## LOCAL ACCESS TO RESOURCES TO FACILITATE GROWTH IS VITAL KEY ENABLERS ARE:

 **5 IN 10**  
Peer Networks

 **5 IN 10**  
Local professional services

 **4 IN 10**  
Mentors & NEDs

 **4 IN 10**  
Universities


## SCALEUPS WOULD LIKE EASIER LOCAL ACCESS TO:

 **6 IN 10**  
Innovate UK; Public sector funding for R&D & innovation

 **5 IN 10**  
Tailored growth support and flexible leadership programmes

 **5 IN 10**  
Growth Hubs/LEPs & Devolved Enterprise Agencies

 **5 IN 10**  
Advice on Business Funding / Introductions to investors

 **7 IN 10**  
would like a single point of contact to act as a relationship manager for them.  
**7 IN 10** believe it would be helpful to be 'kitemarked' as a scaleup.

**6 IN 10** are happy to be identified on a public record and that their scaleup status should be shared, with a similar proportion stating this should be on an opt-in basis.

## SCALEUP MARKETS

Scaleups are seeking to **DOUBLE** their ability to sell into Government and want increased opportunities for collaboration.  
**4 IN 10** are also seeking to work more with large corporates.

When exporting **5 IN 10** scaleups are seeking support through:

- > Better introductions to buyers overseas
- > Single point of contact for scaleups at the Trade Department in the UK and overseas
- 4 IN 10** want:
- > Tailored scaleup export trade missions and information on market opportunities
- > Local international trade hubs and export peer groups

The system has too much friction in it which needs addressing:

**5 IN 10** cite complex procurement processes as a key issue with Government and corporates; with the same proportion stating challenges around the time it takes to win a contract  
**3 IN 10** also have issues finding opportunities to bid for

To make access easier across the public and private sector:

**7 IN 10** want access to key decision makers and a dedicated account manager  
**5 IN 10** want more "Meet the buyer" style events  
And a similar number want government and corporates to have a dedicated fund for working with innovative high growth businesses

## SCALEUP PEOPLE, TALENT & LEADERSHIP

Scaleups are keen to access/engage the next generation of workers via  
**7 IN 10** - Work placement

**6 IN 10** - Career advice, Employer Encounters, and Entrepreneurial education modules  
**5 IN 10** - Vocational courses

They are seeking Key future skills:

**5 IN 10** rate People management; and **4 IN 10** rate Critical Thinking, Resilience & flexibility and Decision Making skills as key traits needed. And would like to see proposed expansion of Maths education to 18 to include the interplay with modern technologies as well as how business investment and funding works

Scaleups are seeking to attract and retain talent via

- > **7 IN 10** - Improving salaries
- > **6 IN 10** - Offering more flexible working patterns, Improving employee benefits, and Increasing investment in training and reskilling



**72%** scaleups either have a board or plan to create one.  
At a senior level critical skills needs are around Sales & Business Development; and, Brand Building & Comms.

## SCALEUP FINANCE

 **78%**  
scaleups use external finance

However, **5 IN 10** scaleups using finance do not think they have the right amount / type of funding in place to support their growth ambitions

And, **6 IN 10** feel that most of the money and business advice is provided in London / the South East

To improve their access to investment  
**6 IN 10** want

- > Relationship managers in local Investment Zones
- > "Meet the investor" opportunities
- > Access to finance mentors and peers
- 5 IN 10** want
- > Regular investment briefings
- > Structured referrals between investors
- > Sector briefings and insights
- > Relationship managers at investors

AND these scaleups are planning to invest in  
**6 IN 10** in

- > Changes to product / service design and/or offerings
- > Research and development
- 5 IN 10** in
- > Capital expenditure (e.g. machinery and equipment)

**8 IN 10** have used or plan to use at least one of R&D Reliefs, Capital Allowances or EIS/SEIS schemes however there is a desire for a greater commitment from Government to continue them, an increase in the amounts that can be claimed, and making the schemes easier to understand and apply for.

# THE TALENT, SKILLS AND LEADERSHIP PERSPECTIVE

SCALEUPS ARE KEEN TO DO MORE WITH YOUNG PEOPLE AND APPRENTICES AND ARE SEEKING:

40%

Greater collaboration with educational institutions

36%

Flexibility in how the Apprenticeship Levy can be spent

32%

To know more about how schemes work

27%

To know how other companies have done it

20%

The Apprenticeship Levy be accessible for temporary workers

18%

Greater opportunity to deploy the Apprenticeship Levy spending throughout the supply chain

Using Maths and modern technologies - statistical analysis, modelling, AI, advanced coding, etc

71%

'MATHS TO 18' PLAN

How business funding, investment and venture capital works

52%



67%

OFFER OFFER APPRENTICESHIPS OPPORTUNITIES TO YOUNG PEOPLE

THE EDUCATION SYSTEM HAS A CRITICAL ROLE TO PLAY NOT ONLY IN EQUIPPING YOUNG PEOPLE WITH THE SKILLS THEY NEED FOR THE FUTURE BUT ALSO IN GUIDING CAREER CHOICES AND SUPPORTING SCALEUPS DEVELOP THE SKILLS OF THEIR CURRENT WORKFORCE.



WORK PLACEMENTS

66%



CAREER ADVICE

64%



EMPLOYER ENCOUNTERS

57%



ENTREPRENEURIAL EDUCATION

55%



47%

VOCATIONAL COURSES



39%

ACCREDITATION DIGITAL SKILLS

## KEY FUTURE SKILLS

MOST IMPORTANT SKILLS FOR THE FUTURE WORKFORCE



52%

PEOPLE MANAGEMENT

CRITICAL THINKING

41%

RESILIENCE & FLEXIBILITY

38%

JUDGEMENT & DECISION MAKING

35%

ADAPT TO NEW TECH

34%

PROBLEM SOLVING

32%

ORIENTATION / INITIATIVE

30%

CREATIVITY

30%



## BUILDING LEADERSHIP CAPACITY

The majority of scaleup leaders, 8 in 10, consider it vital to upskill their current top teams. With 6 in 10 also focused on developing leadership skills in their middle management. While 5 in 10 are keen to hire leaders with experience of growing a business, a similar proportion also consider promoting internally as an important factor for growing their business.

57% of scaleups have a formal board (or governance structure) in place and 4 in 10 remain keen to access networks of non-executive directors to support their ongoing development.

28% do not have a board and have no plans at present to establish one.

### Board/senior management skills desired by scaleups

Sales / Business Development	65%	Innovation / product development	29%
Brand building / marketing / communications	47%	HR / Talent / Culture Management	24%
Strategy development	40%	Compliance/Risk Management	19%
Finance / Fundraising	34%		

## SCALEUPS WANT BETTER ACCESS TO



**4 IN 10**

ACCESS TO NEDS  
& MENTORS;  
DOMESTIC &  
INTERNATIONAL  
MARKET  
PROGRAMMES



**5 IN 10**

PEER NETWORKS; TAILORED  
GROWTH SUPPORT &  
FLEXIBLE LEADERSHIP  
PROGRAMMES; ADVICE ON  
FUNDING & INTRODUCTIONS  
TO INVESTORS

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

Developing the skills  
of the senior team

**75%**



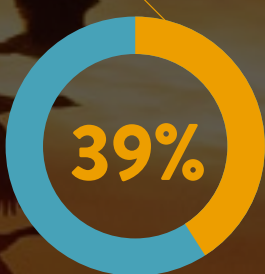
**6 IN 10**

SCALEUPS HAVE A  
BOARD



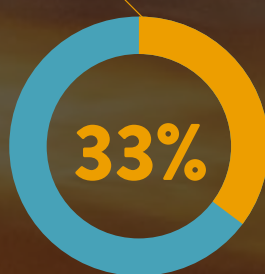
Scaleups are significant UK employers with access to international talent also key. They attract skilled workers to the UK and also recruit to their own overseas operations with 1 in 5 having a least one internationally based employee and 7% of scaleups saying that they have at least a quarter of their workforce based outside of the UK.

SCALEUPS EMPLOY  
STAFF FROM THE EU



EU

SCALEUPS EMPLOY  
STAFF FROM  
OUTSIDE THE EU



OUTSIDE EU

## ACCESS TO INTERNATIONAL Talent

WHILE

**1 in 10**

ARE PLANNING  
TO USE THE  
SCALEUP VISA



**7 in 10**

LACK SUFFICIENT  
KNOWLEDGE ABOUT  
THIS NEW VISA

# SKILLS GAPS

## WORKFORCE SKILLS GAPS AND RECRUITMENT CHALLENGES



### TRAINING FOR STAFF IS SUPPORTED BY:

80% IN-HOUSE TRAINING 

66% MENTORS 

53% PRIVATE LEADERSHIP/ SKILLS COURSES 

50% OFF-THE-SHELF ONLINE COURSES 

42% COACHES 

27% UNIVERSITIES 

20% FE COLLEGES 

20% SETTING UP OWN TRAINING ACADEMY 



### DIGITAL, COMPUTING & TECHNICAL SKILL SETS CHALLENGING FOR RECRUITERS TO FIND:



36% DIGITAL MARKETING, SOCIAL MEDIA, ETC.

34% CODING / PROGRAMMING / DEVELOPMENT (INCL FOR AI / MACHINE LEARNING / ROBOTICS / UX)

33% GENERAL DIGITAL LITERACY

33% DATA ANALYTICS (INCL. USE OF BIG DATA) AND DATA VISUALISATION

29% CYBER SECURITY

### NEW TALENT ATTRACTION

What scaleups are doing/ planning to do to attract and retain talent

70% IMPROVE SALARIES

60% FLEXIBLE WORKING ARRANGEMENTS

60% IMPROVE EMPLOYEE BENEFITS

59% INCREASE INVESTMENT IN UPSKILLING

25% BCORP/ SOCIAL ENTERPRISE / EMPLOYEE OWNERSHIP

22% ATTAIN AN EMPLOYER ACCREDITATION / BETTER STANDARDS

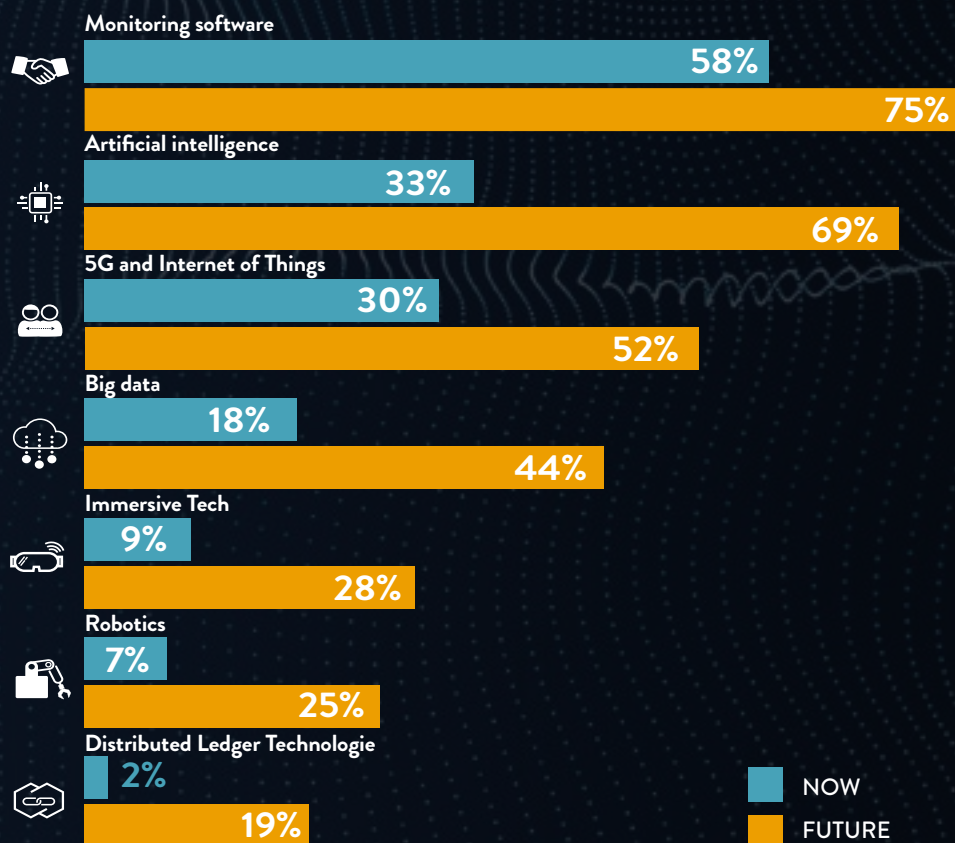
15% 4 DAY WORKING WEEK



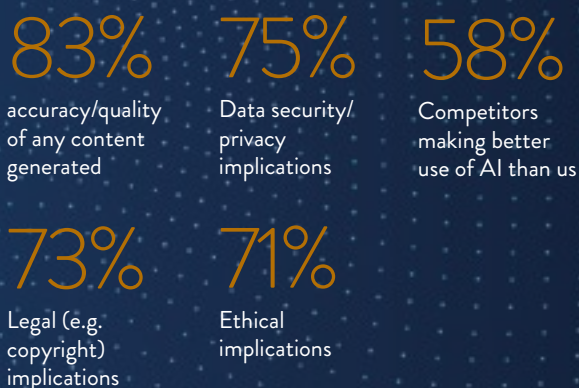




Scaleups remain at the forefront of tech adoption. Software to monitor their activities and/or productivity continue to be most commonly used and scaleups are wanting to seek it the most in the future as well. Artificial intelligence, 5G and Internet of Things, and big data are some of the other tech skills scaleups are leveraging and/or want to leverage to a greater extent.



## POTENTIAL ISSUES OR CONCERNS ABOUT USING ARTIFICIAL INTELLIGENCE



## SCALEUP ATTITUDES TOWARDS ARTIFICIAL INTELLIGENCE

% AGREE



## 5 IN 10 SCALEUP LEADERS

THINK THAT AI SHOULD BE REGULATED BY AN INDEPENDENT GLOBAL ENTITY, SUCH AS A UN GROUP



# PEER NETWORKS UPDATE

**Scaleups remain hungry for peer engagement with 5 in 10 responding to the 2023 scaleup survey seeking this type of support.**

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

Cohort events run in June and October for the Innovate UK Scaleup Programme alumni community have brought together leaders from over 60 businesses with leading industry experts to solve their most pressing challenges. These focused on building brands, developing boards with NEDs, and access to growth capital, including routes to IPO.



NORTHERN IRELAND



SCOTLAND

NORTH WEST

NORTH EAST & YORKSHIRE

NORTH

MIDLANDS

EAST OF ENGLAND

WALES

WEST

LONDON

SOUTH WEST

SOUTH EAST



**PEER TO PEER IMPACT**

## NETWORKS HELP LEADERS:

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



INTERNATIONAL



NATIONAL



REGIONAL



LOCAL & PROGRAMMATIC

**PEER TO PEER:**  
COMMUNITY OF SUCCESS





## 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.



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

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

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

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

## INNOVATE UK EDGE PEER GROUPS COMMON THEMES



### TALENT & SKILLS, AND ORGANISATIONAL DEVELOPMENT

- Attracting and retaining talent - becoming a 'destination for talent'
- Standing out in the 'war for talent'
- Creating a culture of scaling up
- Talent mapping
- Onboarding talent overseas (dealing with different culture/legal requirements)
- Ownership structures / B-Corps and Social Purpose



### BUILDING LEADERSHIP CAPACITY

- Developing soft skills, e.g. communication, coaching, influencing
- Building out top teams
- Succession planning
- Accessing NEDs and building a board
- Managing board configuration, CEO/Chair dynamics
- Developing a leadership culture through the organisation



### INFRASTRUCTURE

- Managing relocation



### ACCESS TO MARKETS

- Building sales and markets
- Setting up a sales team, building metrics, etc.
- Managing supply chains
- Accessing international markets
- Working with large corporates and navigating procurement
- Dealing with different international regulations
- Building your brand identity



### ACCESS TO FINANCE

- Accessing different forms of growth capital, different types of investors
- Working capital for growth
- Planning exit



### INNOVATION

- Accessing grants and funding - how to make successful applications
- Implementing new technologies / ways of working
- Utilising AI



### PEOPLE MANAGEMENT

- Building wellbeing & resilience in teams
- Managing conflict
- Restructuring for growth
- Performance management
- Reward structures (responding to market conditions)

## OVER 180 BUSINESSES ENGAGED SO FAR

**25%**  
Female participants

**10%**  
BAME participants

**99%**  
rate group meetings as excellent

**83%**  
frequently apply group learnings in their business

**9.5/10**  
on average recommend Innovate UK  
EDGE peer group



## PEER GROUPS

As a leader of a scaleup, what has been the value of being in an Innovate UK EDGE peer group?



**Henrik Hagemann**  
CEO, Puraffinity

A green technology company incorporated in 2015 focused on designing smart materials for environmental applications.

“It’s been incredible. The value would be getting insight from your peers about their challenges, but also input on my own challenges. We have actually rolled out an entirely new coaching programme for everyone in the organisation based on just one recommendation that came from a peer group session - and this has honestly been one of the best decisions I’ve made this year. It helps that everyone in my group is also hardware related; they can actually talk shop to me about the sorts of coaching programmes relevant to the hardware manufacturing sector.

“There is also the emotional health and mental health side of the founder journey. I know that I will have to go for this group of people that I respect and tell them how I’m doing. Am I going to work an overnighter when I know I have to go and talk about how my sleep is? And it gives a sense of perspective and accountability. And they’re not judging you. They’re not stepping in to solve it. They’re just listening and giving you a forum for you to get your thoughts out with other people. That is so freeing at times.”



**Julie Evason**  
CEO, Health Diagnostics

A digital business offering healthcare support software in the form of health checks and other solutions that empower people to make lifestyle changes.

“Being part of an Innovate UK EDGE peer group has provided valuable insights and a sense of camaraderie with other business leaders facing similar challenges. The diverse mix of businesses within the group, including those in engineering, coatings, IVF, and digital marketing, offered a unique perspective for a digital business like us. The peer group sessions facilitated open

discussions where members shared their experiences, frustrations, and solutions. The opportunity to learn from others’ experiences, both positive and negative, helped in gaining a broader understanding of common business issues. The peer group also fostered a supportive environment where accountability and idea exchange played a crucial role.”



**Steven Winterbottom**  
Managing Director, Tozer Seeds

A vegetable plant breeding company based in the UK, marketing seeds across the world including the USA, Netherlands and Spain.

“I’ve found immense value in participating in an Innovate UK EDGE peer group. Beyond merely addressing industry-specific challenges, the peer group serves as an invaluable sounding board, facilitating the exchange of nuanced ideas and experiences among a diverse array of participants. Despite the company’s relatively

larger size within the peer group, my experiences often contribute positively to discussions, fostering a dynamic, two-way learning process that extends beyond sector-specific matters to encompass broader business concerns.”



**Dan Wood**  
CEO, Keit Industrial Analytics

A spectrometer company that develops breakthrough Fourier-transform infrared spectroscopy (FTIR) technology for industrial process monitoring and control applications.

“I’ve greatly enjoyed being part of the peer group. Beyond the structured environment that prompts CEOs to step back from daily operations, the exchange of experiences among peers has proven invaluable. This platform transcends the isolation often associated with leadership, offering a collective space to discuss challenges and solutions. It serves as a form of stress reduction,

affirming that shared struggles are not unique. The peer group’s greatest contribution lies in fostering idea exchange and problem-solving, creating a supportive community for CEOs facing similar growth-related hurdles.”



# INNOVATE UK EDGE SCALEUP PROGRAMME

## BUILDING AN EFFECTIVE ALUMNI COMMUNITY

The Innovate UK Scale Up Programme is aimed at highly innovative, ambitious scaling businesses and companies able to disrupt existing markets and establish an international markets strategy. After an intensive phase of one-on-one support, scaleups transition to become part of the alumni community, receiving ongoing support including key account management.

As part of this they also participate in masterclasses and exclusive events that help them establish stronger connections with the private sector delivered in partnership with the ScaleUp Institute and its network of leading experts on key challenges facing alumni companies. There are currently ninety companies that have joined or are in the process of joining the scaleup alumni community.

In 2023, masterclasses were held in June and October bringing together leaders from over 60 alumni businesses with leading industry experts to solve their most pressing challenges. The June session focused on two key areas on the minds of our scaleup leaders - leveraging effective marketing tools to build and enhance your brand and practical ways to develop and evolve your board. Participants heard from leading brand specialists from WPP and its agency Wavemaker Select as well as talent and NED experts

from Nurole, Equity Chair and BGF. While in October, the alumni engaged with leading debt and equity investors from across the escalator of finance at the London Stock Exchange. The scaling businesses also had the opportunity to address their questions directly with industry leaders via roundtable discussions and one to one support.

Further masterclasses are planned for 2024 which will continue to mobilise and leverage expertise from across the scaleup ecosystem and be tailored to the needs of the alumni.





# SEVEN HABITS OF EFFECTIVE SCALEUP BOARDS

As companies scale, so does their need to build up the capacity of their board - 57% of scaleups have a formal board (or governance structure) in place and 4 in 10 are keen to access networks of non-executive directors to support their ongoing development. Developing a well-structured and high-performing board takes time but there are key principles that scaleups can follow.

Building upon these principles in 2023 the ScaleUp Institute and Innovate UK have launched a new pilot initiative as part of the Innovate UK EDGE Scaleup Programme to help participating companies to source the right high-calibre Non-Executive Director (NED) to bolster the skills, expertise and governance of their business and keep scaling ambitions on track.

## It has a clear purpose

It sounds straightforward; the board has to be aligned around the vision for the company.

But don't assume that it is, cautions Oliver Cummings, CEO of board search specialist Nurole. "If you ask all your board members separately to write down the purpose of the board and then bring them together, you'll see there is often a big disconnect."

A clear focus on purpose is particularly important at the time of taking an external investment. "A founder-oriented scaling business that is taking on external funding will have non-founders coming onto the board so everyone has to understand and buy into the mission of the company," says Cate Poulson, head of BGF's Talent Network, which has one of the UK's most extensive networks of board directors. "That mission will evolve and that can be quite challenging for founders." Founders should have conversations with investors about their personal goals and mission and how that aligns to the investors' ambitions and objectives.

## It is a blend of the right people and skills

Putting together a board is a bit like a jigsaw puzzle, says Oliver Cummings, and founders don't immediately know what pieces they need. It requires hard thought and regular analysis to get the right mix of people and skills on the board.

It starts with the chair. Founders of scaleups frequently ask about the specific value that a chair can immediately bring, observes Cate Poulson. Yet a key skill of the chair is their ability to build a high performing team; "it's their job to see that the CEO has got the right skills and people around them. There is real value in having someone who is focused on building this team and who can coach the founders through this process of change."

Run a proper process when recruiting a new board member, urges Cindy Casciani, managing director of EquityChair. One by-product of the process of interviewing and meeting candidates is

that a CEO will have focused discussions with a variety of senior business people; treat them as mini-strategy sessions. But don't try to solve an immediate business problem through making a board appointment.

Don't make the assumption that a new member of the board will automatically open up their black book of contacts. Some might, says Cate Poulson, but never as much as founders think they will. "Appointing a big industry name is a brand endorsement - they're allowing you to use their brand in association with yours."

It's very helpful for the board to have "a CEO whisperer," says Oliver Cummings - "someone who has been in a CEO's shoes and who understands the loneliness of the role. Others can rationalise but they can't empathise."

When taking on external institutional investment, founders should make sure that they understand the potential of the appointed investor director to add value to the board. A founder may not be able to choose them based on their skills and experiences but can gain from cross-pollination as they are engaged with many other businesses. But remember that there may be tensions for investor directors, says Cindy Casciani: "they will always wear their investor hat first."

And be very mindful of a board candidate's capacity to give the appropriate amount of time. When assessing a candidate, people often put more weight on their experience and their motivation - and put less on their capacity to perform the role, says Oliver Cummings. "It is always a conversation to have," says Cindy Casciani, "particularly as the first six months of a new appointment will be more intense."

## It's lean but also diverse

Scaleups that take multiple rounds of investment - and when in each one investors insist on taking a board seat - can see the size of their boards mushroom. It's a thorny problem for this particular group of scaleups, observes Cate Poulson, as it results in "a large



board that is overloaded with the one skill of investing” and where board meetings become more like shareholder meetings. As an investor, BGF favours small, lean and agile boards, she says. One way to unlock a more diverse pool of boardroom talent is to introduce more first time chairs and BGF is introducing more women into the role.

For a board to remain lean and yet also be diverse in thought and experience is difficult. “There’s no perfect fixed number,” says Oliver Cummings. “Each board has to find its balance of diversity of thought and the ability to apply hive mind thinking about problems, with the need for efficiency and decision-making.”

### **It regularly reviews its own effectiveness**

Scaling is about permanent transformation and the board should be constantly assessing itself against its alignment around strategic goals, people and skills, board processes and decision making.

As a business scales, there will be plenty of triggers for adding or changing the board apart from just the arrival of new investors, says Cindy Casciani. This might be the requirement for a NED with operational expertise in a particular international market. It might be that a chair who has led a business through exponential growth does not have much exit experience. It might be that the founder needs to move into a different role.

As Oliver Cummings puts it: “the litmus test for a scaleup leader to ask of their board is: is it your highest return on time invested for any given period?” Boards, he says, should change quite quickly. “While a few exceptional individuals will grow with you as a business, the value-add from most board members will be relatively brief; they will be good at helping the business through a particular phase of growth.” So the composition of a board of a business that successfully grows revenues from £10m to £50m, for example, may not be appropriate for taking the business up to and beyond £100m.

Cummings says that independent board reviews are “under-utilised” and that most boards don’t have clear performance reviews with board members. But there are digital tools that can be used. To review the capabilities of the boards of its portfolio companies, BGF has a partnership with BoardClic, a digital platform for board performance and effectiveness evaluation.

### **It gets the processes right**

Effective scaleup boards focus on the basics, ensuring that board meetings are well prepared with a clear agenda. “Each board paper must have a clear ask,” says Oliver Cummings, “so that the board knows whether its purpose is to inform, to discuss, or to decide.”

Getting board processes right is particularly important in many founder-led businesses where decision making can be instinctive. “If we are making an investment, everybody has to be clear about how decisions will be made,” says Cate Poulson. “By avoiding confusion, clear board processes can speed you up rather than slow you down.”

Board packs are frequently detailed about operational issues and KPIs but these will not inform the board for strategic debate. “They can spend more time reflecting on what has been done when they should be focused on the future and the resources required to deliver on that future growth,” says Cindy Casciani. “The challenge is to ensure that you’re always looking forwards.”

### **It has a healthy culture**

Effective boards also have open and honest communication channels beyond the formal meetings, creating time and opportunity for quality strategic conversations and deep-dive discussions.

“Effective boards are not just well informed about what is happening inside the company but about what is happening in the market outside,” says Cate Poulson. “All board members have good networks: the chair knows the investor landscape; the CFO has good relationships with the banks; all the executives are members of peer groups. All of that interesting, rich intelligence is then brought to the board meeting in a board pack that is not overly detailed but contains all the salient points. It was circulated a week prior to the board meeting and everyone has read it and submitted their questions in advance. You are then ready for a good discussion - 20 per cent of the time is spent on what has happened and 80% on what will be done next.

Relationships between board members should develop outside of board meetings. While Oliver Cummings observes that some board members “have got very comfortable with being remote,” it is important to invest time in building relationships by holding board meetings in person and having dinner together afterwards.

### **It draws on other resources**

Just as scaleup leaders can be supported by mentors, coaches and peer networks, so the board can draw valuable support from external resources - such as the use of advisory boards, senior advisers and ‘fractional’ executives.

Advisory boards are not used as much as they should be. In the life sciences sector, frequent use is made of advisory scientific boards: a life sciences scaleup can access a wide range of expertise without having scientists as voting directors.

Cate Poulson sees many advantages in the Board Apprentice programme, which places individuals as board apprentices on boards for a year to gain firsthand experience, through observation, of the workings and dynamics on boards. “It is a real fast track to greater board diversity,” she observes.

And the scaleup board can benefit from its own executive leaders serving as NEDs or senior advisers in another organisation. “High performing CEOs tend to have one such independent role because it reframes the way they think about their own business,” says Oliver Cummings.

# THE MARKETS PERSPECTIVE



COLLABORATION



INTERNATIONALISATION



PROCUREMENT

80%



PRIMARILY SELL TO  
OTHER BUSINESSES OR  
GOVERNMENT (B2B)

20%



SELL DIRECT TO  
CONSUMERS (B2C)

## WHAT WOULD HELP B2B SCALEUPS



69%

ACCESS TO KEY  
DECISION MAKERS  
AND A DEDICATED  
ACCOUNT MANAGER



54%

DEDICATED  
APPORTIONMENT OF  
FUNDING TO WORK WITH  
SCALING BUSINESSES



52%

'MEET THE BUYER'  
STYLE EVENTS  
AND CURATED  
MATCHMAKING

## WHAT WOULD HELP B2C SCALEUPS



55%

SUPPORT TO  
CREATE COMPELLING  
CONTENT



53%

ABILITY TO MONITOR  
IMPACT OF CAMPAIGNS  
AND BRAND  
RECOGNITION



52%

SUPPORT TO  
DEVELOP THE  
BRAND OF THE  
BUSINESS

## BARRIERS FOR B2B SCALEUPS



Complex  
procurement process

54%



Time taken to win  
a contract

47%



Finding out about  
opportunities to bid

32%

## BARRIERS FOR B2C SCALEUPS



Costs associated with  
advertising

45%



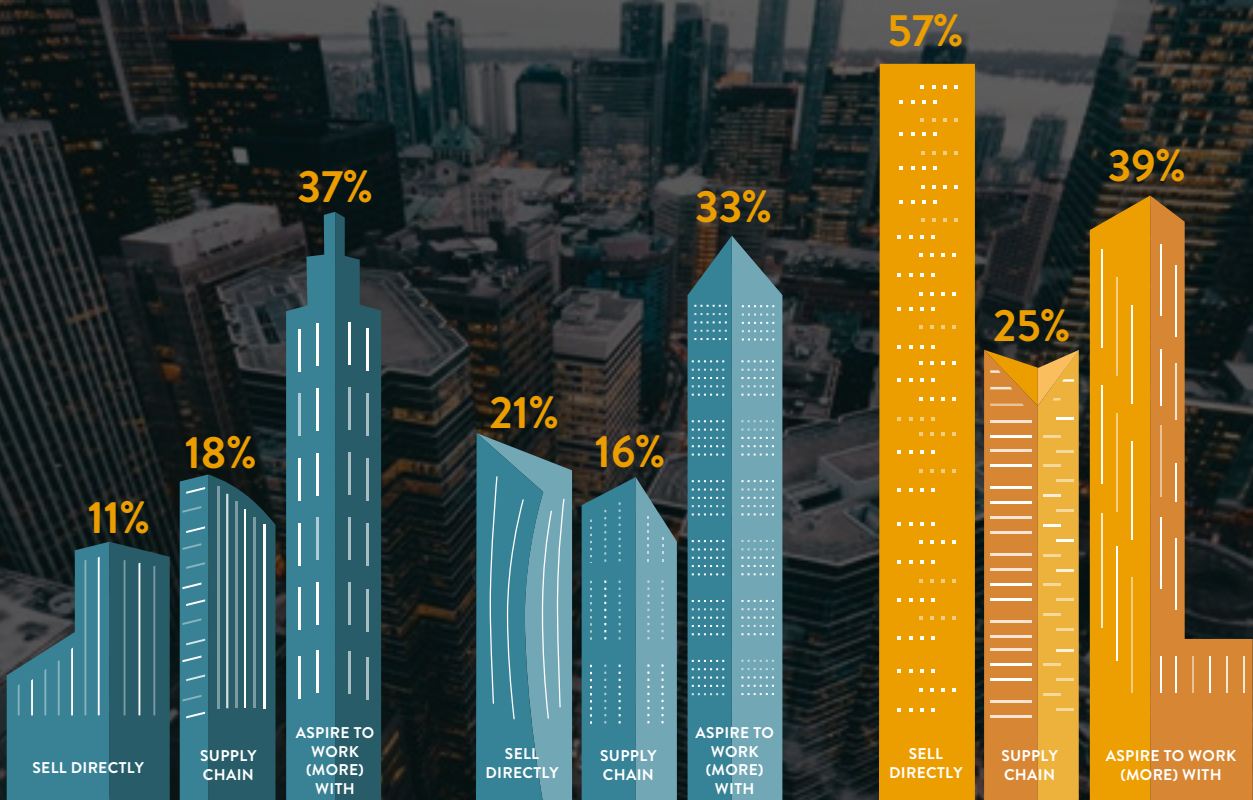
Brand  
awareness

37%



Competition from  
larger incumbents

37%



NATIONAL GOVERNMENT

LOCAL GOVERNMENT

LARGE CORPORATES



# WE NEED TO BREAK DOWN BARRIERS TO EXPORTING



**7 IN 10**

LOOKING TO FUTURE EXPORT MARKETS



**5 IN 10**

CURRENTLY EXPORT



## KEY BARRIERS TO OVERSEAS TRADE

**43%**

Finding local support / partners in overseas markets

**43%**

Limited access to customers overseas

**34%**

Not having the people/talent to win overseas sales

## MOST VALUABLE TYPE OF EXPORT SUPPORT

**5 in 10**

Better introductions to buyers overseas

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

**4 in 10**

Tailored scaleup export trade missions and information on market opportunities

Local international trade hubs and export peer groups

# SCALEUP PUBLIC PROCUREMENT

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

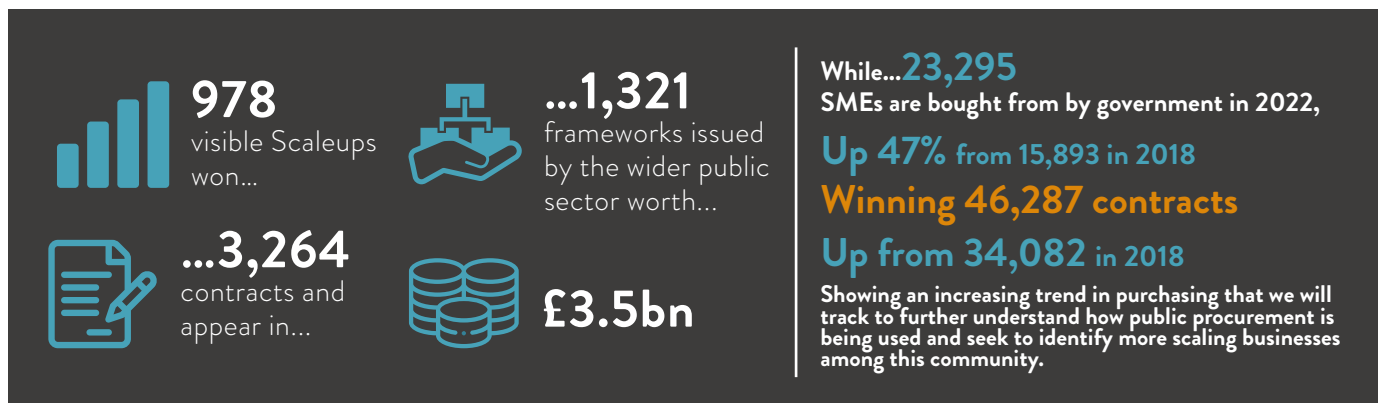
Data analysed by ScaleUp Institute using Tussell database, based on the period January - December 2022.

Access to Markets has been consistently identified by scaleups as an important or vital factor to future growth and since 2019 this has been the most important factor to scaleup growth - for the domestic as well as the international market. Scaling businesses are more productive than others in their sector and are highly innovative. It presents a clear advantage to the economy if they are provided more opportunities to work with the government.

Scaling businesses have high aspirations to work with the government but report facing multiple barriers including the time-consuming

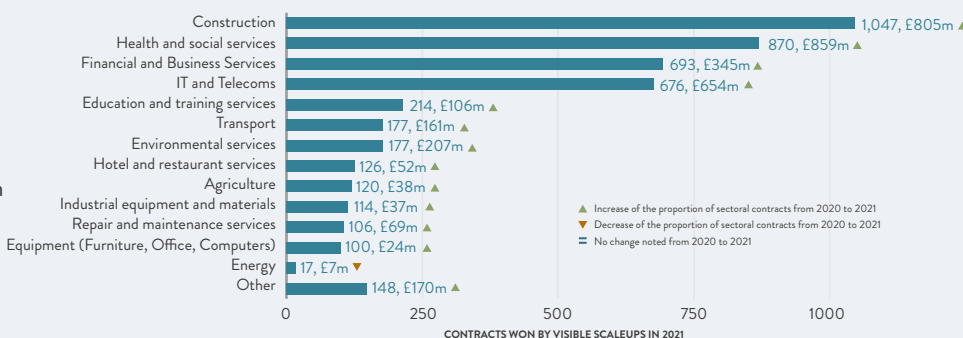
and complex procurement process. When responding to the Scaleup Survey, they believe that dedicated account management and dedicated pools of funding would enable them to realise their ambitions.

The UK government is in the midst of reforming its procurement regime which is a much needed focus and could be vastly beneficial to scaling businesses.



## MOST COMMON CONTRACT SECTORS TO SCALING BUSINESSES REMAIN CONSISTENT SINCE 2018

Most Public Procurement contracts issued to scaling businesses in 2022 were in the construction sector (23%) followed closely by Health and Social services (19%)



Construction remains to be the biggest sector as 23% of contracts to scaling businesses in 2022 were given for this sector

**CONSTRUCTION**

**HEALTH & SOCIAL SERVICES**

**FINANCIAL AND BUSINESS SERVICES**

**IT & TELECOMS**

**23%**

The combined value of contracts in **CONSTRUCTION** and **HEALTH & SOCIAL SERVICES** is £1.7bn - about half of the total contract value to scaling businesses



# TOP BUYERS

TOP BUYERS BY VALUE OF AWARDS

BUYER NAME	CONTRACTING AUTHORITY	TOTAL AWARD VALUE	NUMBER OF AWARDS TO SCALING BUSINESSES
East Sussex County Council	Local Government	196.3m	8
Department for Education (DfE)	Central Government	190.2m	59
Home Office	Central Government	148.4m	24
King's College Hospital NHS Foundation Trust	NHS	100.4m	5
Norfolk County Council	Local Government	93.0m	4
Catalyst Housing Group Ltd	Housing Association	89.0m	2
NHS England	NHS	88.8m	46
Kent County Council	Local Government	85.9m	21
Leeds Teaching Hospitals NHS Trust	NHS	80.2m	3
Lincolnshire County Council	Local Government	76.4m	9

TOP BUYERS BY NUMBER OF AWARDS

BUYER NAME	CONTRACTING AUTHORITY	TOTAL AWARD VALUE	NUMBER OF AWARDS TO SCALING BUSINESSES
Cumbria County Council	Local Government	1.1m	182
Milton Keynes Council	Local Government	1.2m	118
NHS Midlands & Lancashire CSU	NHS	4.5m	106
Ministry of Defence (MOD)	Central Government	59.1m	83
Bristol City Council	Local Government	11.1m	68
Department for Education (DfE)	Central Government	190.2m	59
Department for Work and Pensions (DWP)	Central Government	42.9m	53
NHS England	NHS	88.8m	46
UK Research and Innovation (UKRI)	Central Government	3.9m	41
London Borough of Haringey	Local Government	3.3m	40



## + BIGGEST BUYERS

TOP 10 BUYERS AWARDED CONTRACTS WORTH **£1.1BN** = 30% OF THE TOTAL VALUE IN 2022

**DEPARTMENT FOR EDUCATION (DFE) & NHS ENGLAND**

THE TWO AUTHORITIES WERE THE TOP 10 BUYERS IN 2022 - BOTH BY VALUE AND NUMBER OF AWARDS

**CUMBRIA COUNTY COUNCIL & MILTON KEYNES COUNCIL**

THE 2 LOCAL COUNCILS AWARDED 300 CONTRACTS TO SCALING BUSINESSES IN 2022. THIS FORMS ALMOST 40% OF THE CONTRACTS ISSUED BY ALL TOP 10 BUYERS.

## 11 OUT OF 12 LOCAL CONTRACTING AUTHORITIES BUY LOCALLY

SCALEUP REGION	CONTRACTING AUTHORITY REGION											
	East Midlands	East Of England	London	North East	North West	Northern Ireland	Scotland	South East	South West	Wales	West Midlands	Yorkshire And The Humber
East Midlands	40	7	6	5	5	0	1	9	13	3	8	10
East Of England	6	38	67	2	9	0	4	36	5	2	29	9
London	38	28	143	24	20	2	15	62	24	5	13	20
North East	7	1	7	62	2	0	12	1	1	1	3	14
North West	20	13	20	19	260	0	16	11	21	6	98	14
Northern Ireland	4	2	0	0	0	14	2	0	1	1	1	0
Scotland	2	6	6	3	1	0	75	7	14	3	3	4
South East	10	21	48	10	20	0	7	146	23	1	10	32
South West	6	8	9	5	17	0	1	11	99	1	18	4
Wales	0	1	1		12	0	3	2	2	34	2	0
West Midlands	23	9	23	8	15	0	2	11	66	8	62	22
Yorkshire And The Humber	15	20	15	17	16	0	16	27	12	2	13	57

Only West Midlands contracting authorities issued the majority of their contracts to scaling businesses from the North West. North West, Northern Ireland and Wales contracting authorities awarded more than half of their procurement contracts with scaling businesses to those based locally.

## TOP CONTRACTS AWARDED TO VISIBLE SCALING BUSINESSES

SCALEUP	DESCRIPTION	REGION	CONTRACTING AUTHORITY	CONTRACT TITLE(S)	SECTOR	VALUE
Savoy Ventures	Provides non-emergency patient transfer ambulance services	East Of England	King's College Hospital NHS Foundation Trust	Core Non-Emergency Patient Transport Service	TRANSPORT SERVICES FOR HEALTHCARE	£100.1m* DEC
Medequip	Sells medical and orthopaedic goods for the elderly and people with disabilities	London	Norfolk County Council	Integrated Community Equipment Service	HEALTH AND SOCIAL SERVICES	£92.0m AUG
Care Fertility	Provides fertility and other gynaecology services	East Midlands	Leeds Teaching Hospitals NHS Trust	Provision of Fertility and other Gynaecology Services in Leeds	HEALTH AND SOCIAL SERVICES	£80.0m JAN
Healthcare Pro	Provides community healthcare equipment for people with mobility constraints to the NHS and local authorities	East Midlands	Lincolnshire County Council	Lincolnshire Community Equipment Services (LCES)	HEALTH AND SOCIAL SERVICES	£73.7m SEPT
Equal Experts Uk	Develops software for businesses	East Of England	Home Office	HMPO Digital Future Services - Case Working	IT SERVICES	£59.9m MARCH
Care Outlook	Provides home care services	South East	East Sussex County Council	ESCC - SS - Contract Award of Lead Provider Home Care and Support in East Sussex	HEALTH AND SOCIAL SERVICES	£50.8m JULY
Care At Home Services	Provides home care services	South East	East Sussex County Council	ESCC - SS - Contract Award of Lead Provider Home Care and Support in East Sussex	HEALTH AND SOCIAL SERVICES	£50.8m JULY
Apex Prime Care	Provides home care services	South West	East Sussex County Council	ESCC - SS - Contract Award of Lead Provider Home Care and Support in East Sussex	HEALTH AND SOCIAL SERVICES	£50.8m JULY
Wonde	Business and domestic software development	East Of England	Kent County Council	SC22220152 - E-Voucher Distribution Provider	BUSINESS SERVICES	£50m JULY
Specialist Lift Services	Lift service provider	London	Catalyst Housing Group	Passenger Lift Maintenance Works	CONSTRUCTION	£49m MAY

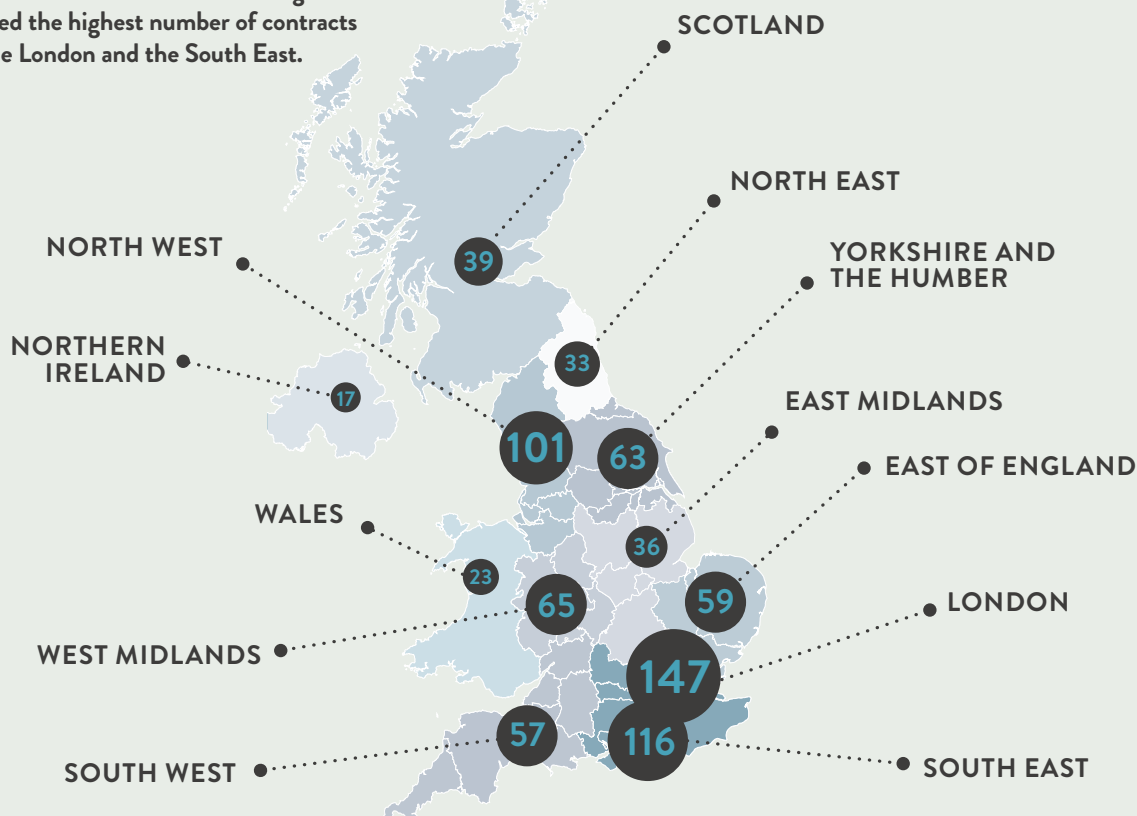
8 of the top 10 awards were in the **HEALTH SECTOR** worth a total of **£548.3m** and 2 were in the **IT AND CONSTRUCTION SERVICES**.

THE BIGGEST CONTRACT IS ISSUED TO **SAVOY VENTURES** which provides Non-Emergency Patient Transfer ambulance Services (NEPTS).

King's College Hospital NHS Foundation Trust awarded **£100.1m** to provide NEPTS along with Guy's and St Thomas' NHS Foundation Trust.

6 out of 10 of the top awards were issued to scaleups **OUTSIDE LONDON AND THE SOUTH EAST**.

7 out of 10 scaling businesses winning public procurement contracts in 2022 were located outside of London and the South East. The North West region received the highest number of contracts outside London and the South East.





## TOP REGIONS OUTSIDE LONDON

BY TURNOVER  
North West  
£3.6bn



BY EMPLOYMENT  
North West  
28,903



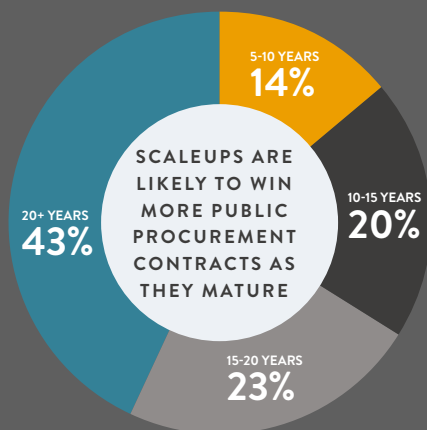
BY FUNDING RAISED  
South East  
£123.7m



BY GRANTS WON  
Scotland  
£20.1m

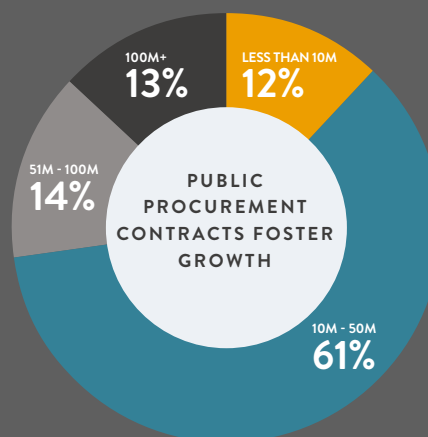


BY EXPORTS  
Yorkshire  
and The Humber  
£281.6m



**7 in 10**

contracts awarded to scaleups aged more than 15 years old



**6 in 10**

scaleups awarded procurement contracts in 2022 had turnover between £10m - £50m

## PUBLIC PROCUREMENT & NET ZERO

IN 2022, **30** SCALEUPS WERE AWARDED **46** CONTRACTS VALUED AT **£32.4m** WHICH DIRECTLY REFERENCED NET ZERO. THESE CONTRACTS CAME FROM A VARIETY OF SECTORS, INCLUDING:



DECARBONISATION AND  
ENERGY EFFICIENT HOUSING



DATA GOVERNANCE FOR  
EMISSIONS REPORTING



CLIMATE CHANGE ASSESSMENT  
AND ADAPTATION



RENEWABLE ENERGY  
INSTALLATION AND RESEARCH



OXFORD POLICY MANAGEMENT  
WON THE BIGGEST CONTRACT  
WORTH

**£9.4m** to conduct research  
on resilience of education systems in  
face of climate change



PHS HOME SOLUTIONS AND  
IFF RESEARCH, WON

**4** awards each  
PHS to deliver a range of energy  
efficiency measures and IFF to conduct  
evaluations of net zero schemes



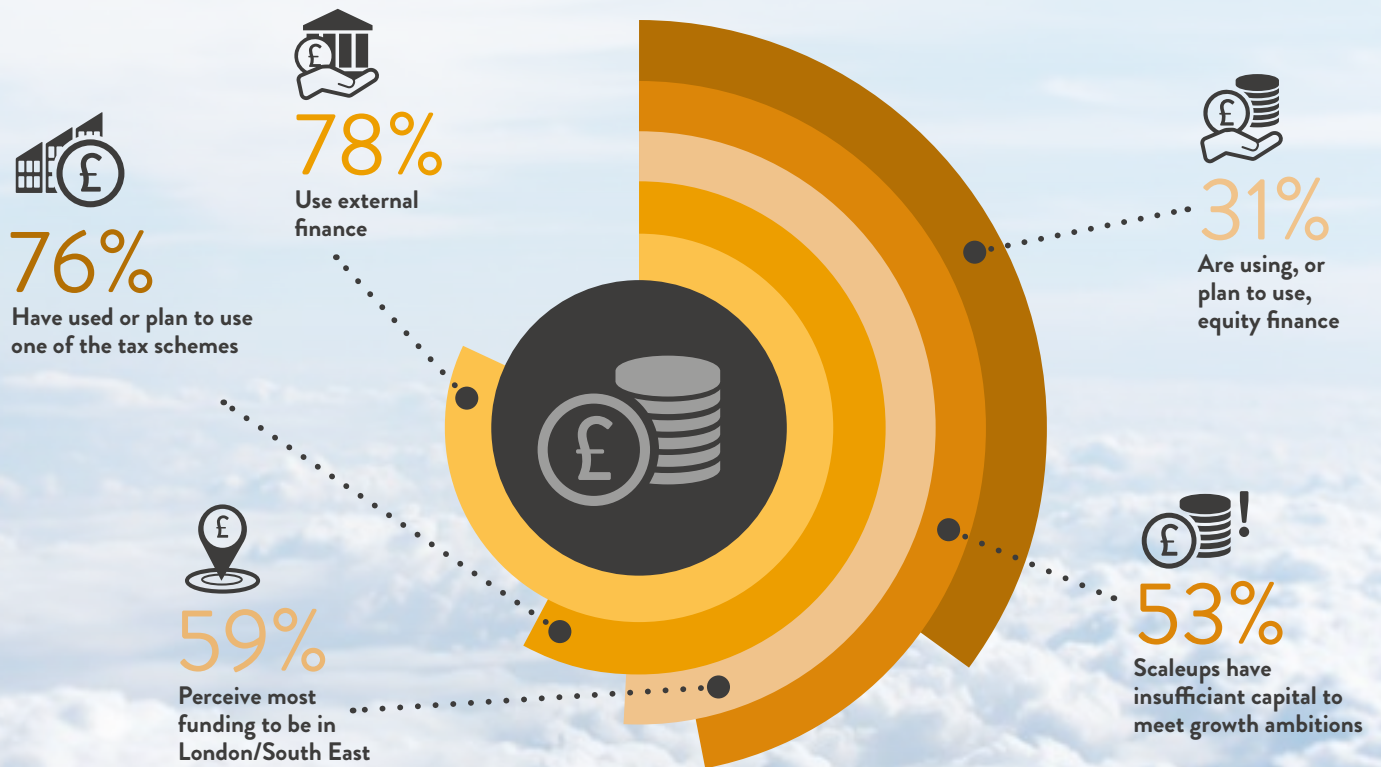
LOCAL  
GOVERNMENT  
BUYERS ISSUED  
THE MOST GREEN  
ECONOMY  
CONTRACTS -  
**21 contracts**  
worth  
**£12.2m**



CENTRAL  
GOVERNMENT  
ISSUED

**14** contracts  
worth  
**£19.7m**  
(highest in value)

## THE FINANCE PERSPECTIVE



### BARRIERS TO FINANCE

**SUITABILITY OF DEAL**  
29%



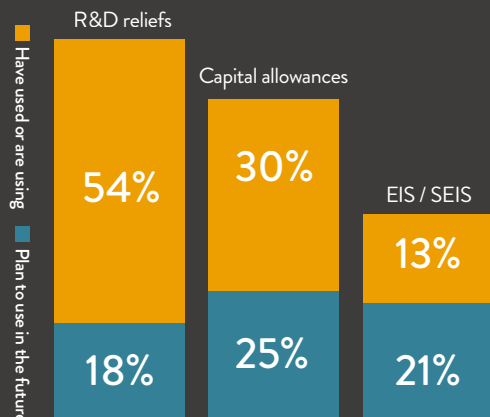
**INVESTOR FIT**  
25%



**UNSURE OF WHAT TO DO**  
19%



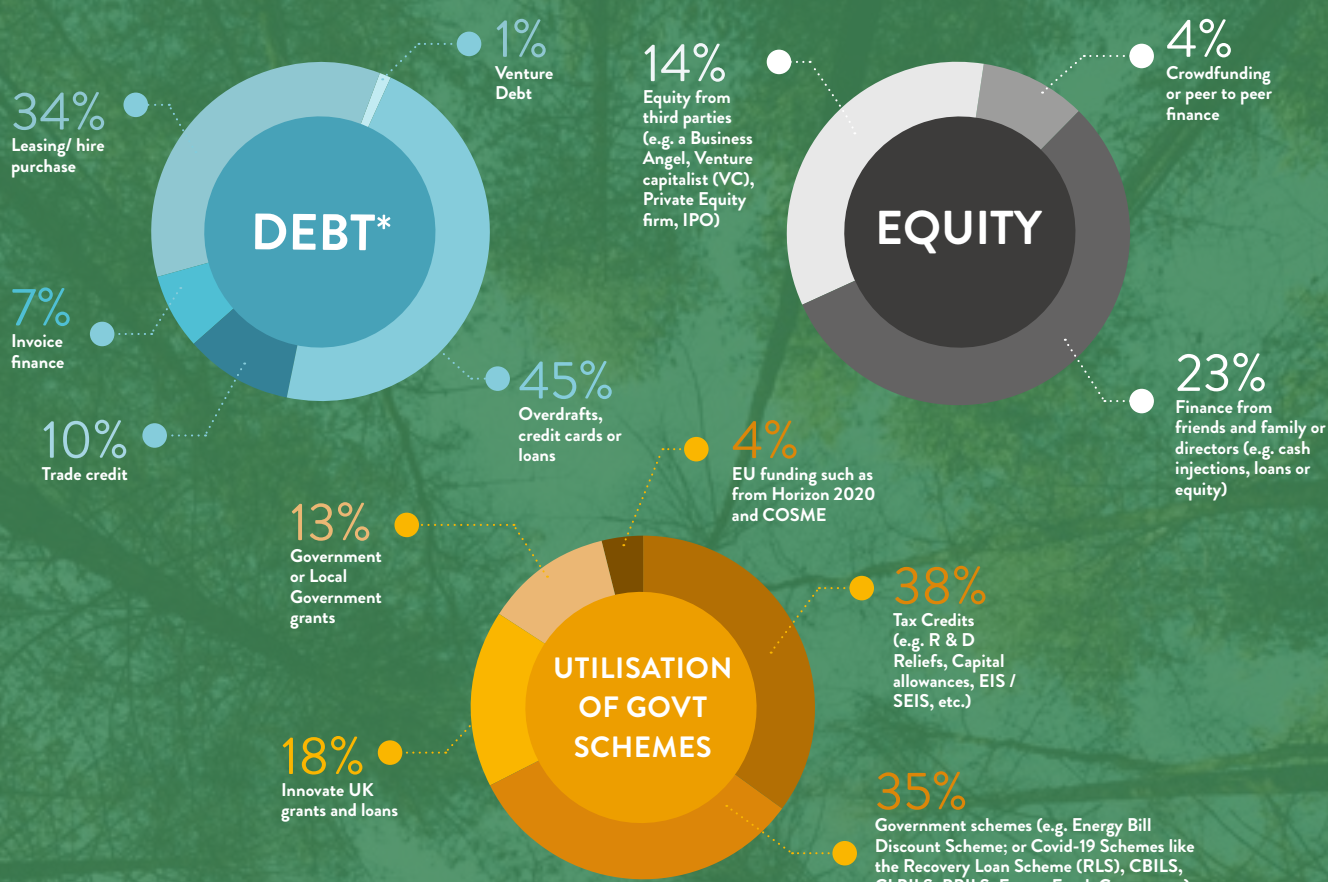
### TAX SCHEMES



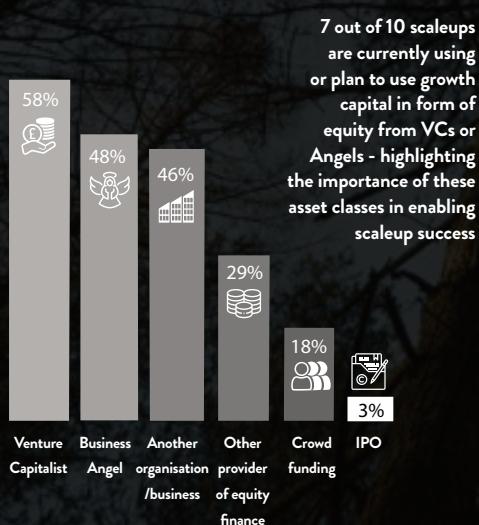
Increased awareness of such schemes	51%
Making schemes easier to understand/apply for	34%
Expanding the range of things we are able to claim for	34%
If it was recommended to me by someone I trust (e.g. accountant, lawyer, etc)	33%
Increasing value of any allowance we are able to claim for	25%
Commitment from Government to continue offering these schemes beyond current time periods	23%



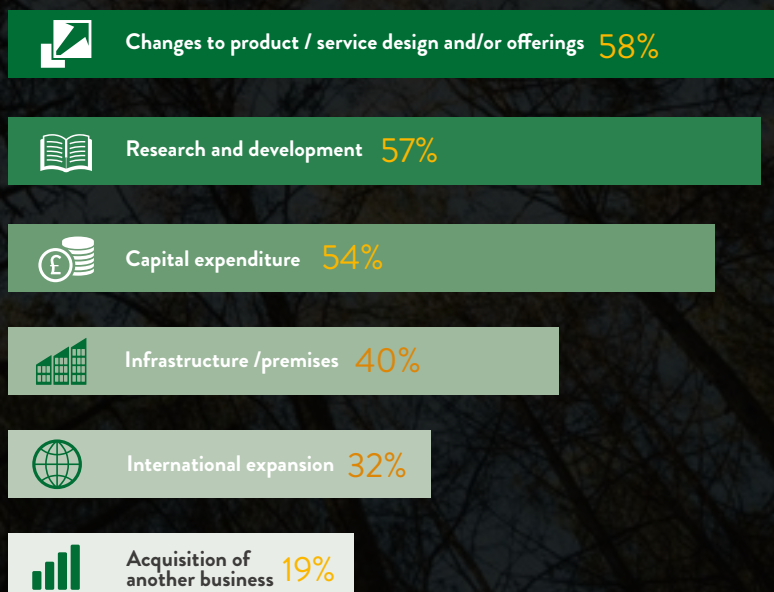
## SOURCES OF FINANCE



## KEY SOURCES OF EQUITY



## PLANS FOR INVESTMENT



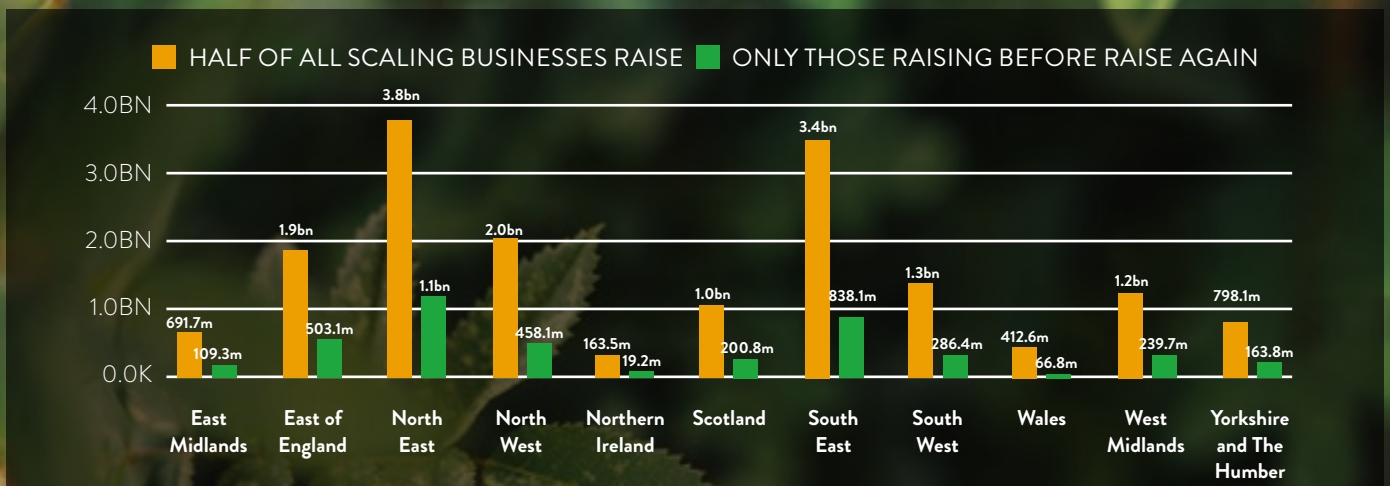


# ENERGISING THROUGH THE FINANCE CONTINUUM

ADDRESSING THE GROWTH CAPITAL GAP

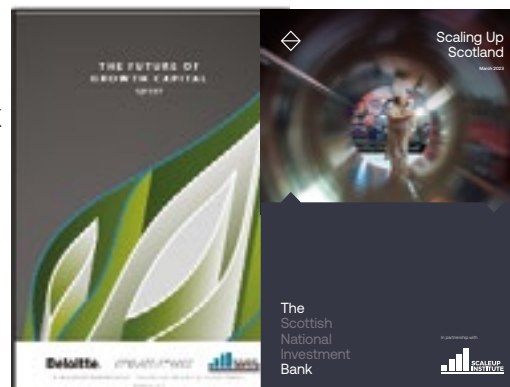


## SCALEUPS ARE SEEKING SUPPORT TO ACCESS INVESTMENT



## 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



## ACTIVITIES TO BRIDGE THE GROWTH CAPITAL GAP

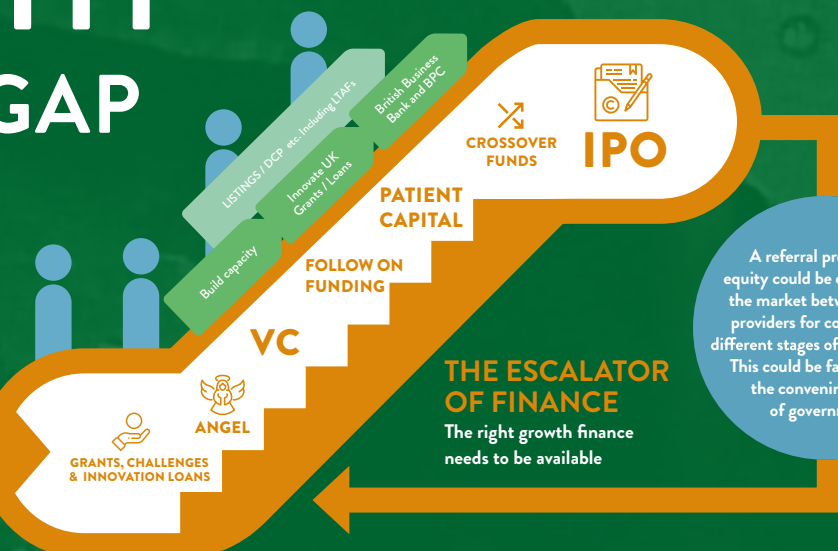


There are a range of activities taking place to unlock pension funds and institutional monies, including the Mansion House Compact, Edinburgh Reforms, Venture Capital Investment Compact, Capital Markets Industry Taskforce and the Rachel Kent Review of Investment Research and the Spinout Review. Despite this 8 in 10 scaleup leaders are sceptical about whether this new institutional capital will reach them.

# £15BN GROWTH CAPITAL GAP



THE RIGHT  
GROWTH  
FINANCE  
NEEDS TO BE  
AVAILABLE





# GROWTH CAPITAL ROUNDTABLE

What are the key trends in the growth capital marketplace?



LONDON STOCK EXCHANGE

**Marcus Stuttard**

Head of AIM and UK Primary Markets, LSE



BRITISH BUSINESS BANK

**Stephen Welton**

Non-executive Chair,  
British Business Bank - and former  
founder, CEO and Chair, BGF



DEVELOPMENT BANK OF WALES

**Rhian Elston**

Investment Director,  
Development Bank of Wales



SCOTTISH NATIONAL INVESTMENT BANK

**Nicola Douglas**

Executive Director,  
Sustainable Investment

**What have been the key trends in the market for growth capital in the past 12 months?**

## STEPHEN WELTON

The key trends inevitably mirror and reflect what's currently happening in the economy and 2023 has been a more difficult year with a slowdown across the venture capital industry as markets adjusted to tightening economic conditions. So, of course it's a test for the strength and depth of the scaleup ecosystem which we have built up so much over the past ten years to see how deep rooted some of the changes have been.

We have gained much better quality data - and here the ScaleUp Institute has played an important role - which we can triangulate with the range of financial and non-financial support to help turn our scaleups into domestic and international champions. Back in 2011 when BGF was established the ecosystem was much shallower than today and plenty of people thought BGF had been created to fill a gap that didn't actually exist. Since then, it has backed more than 500 companies and invested over £4bn, which has been significantly additive to the market in providing long-term growth capital. And importantly we can also see that more broadly in the funding ecosystem which is deeper, broader and not as London centric though there remains much to do on that particular front. Venture and venture growth capital is an important contributor to economic growth, and at the British Business Bank we are continuing to invest in and build the UK's patient capital ecosystem to ensure companies and entrepreneurs can access the finance they need to build world class businesses. In just five years, British Patient Capital, a commercial subsidiary of the Bank, has become the largest domestic investor in UK venture and venture growth opportunities and will continue to invest whatever the market cycle.

With more building blocks in place we now face an environment of greater economic stress with higher interest rates and war in Europe. And yet the need to invest in the future industries that will drive economic growth is even more important. So if the last 12 years have taught us one thing, it is to keep going and keep building.

## MARCUS STUTTARD

There has been a global slowdown in public and private markets but there has still been activity: this year we have had 23 IPOs - nine of which have been on AIM - and approximately £13.5bn has been raised in follow-on capital.

The Chancellor has announced the Edinburgh and the Mansion House Reforms. They are all aimed at addressing the challenges associated with unlocking institutional and corporate funding. In your view, what are the key aspects and will they unlock more UK institutional capital for scaleups?

## STUTTARD

The Capital Markets Industry Taskforce highlighted the fact that over the past 25 years UK pension funds have reduced their allocation to equities from 73% to 27% and within that had cut their allocation to UK equities from 53% to just 6%. There is now a real focus on the results of that de-equitisation.

The Mansion House Reforms and the Mansion House Compact, which was signed by nine UK pension funds, are helpful and positive towards increasing the allocation to equities of UK pension funds.

There is a momentum and pace of reform as well as a consensus about the importance of putting policies, regulation and incentives in place to enable companies to start, grow and scale and stay in the UK.

## WELTON

The Mansion House Reforms were a key and critical staging point but we have not reached the end destination. Plenty of studies have shown the UK is well behind international comparators in terms of long term equity investment through our pension funds, both in public and private markets. They also demonstrate the higher net returns that can be created.

I would like to see a world in which allocations from the large pools of capital of the DC pension funds and the insurance companies are increased generally to UK equities and to



investments in private markets in particular, as this is where so many of the future growth champions will emerge. If we are successful in accessing that capital, it will be economically significant to the UK. The challenge is to come up with the structures and approach to turn that into reality.

#### RHIAN ELSTON

There is huge potential to direct more capital at both startups and scaleups but pension funds will need to ensure they can meet their primary role of protecting individual pensions.

It is also important to ensure this doesn't exacerbate the current inequality in how venture capital and private equity is invested across the UK. There is the potential that institutional and corporate investors default to the larger and more established fund managers predominantly based in the South East. This could be further impacted by the pooling of local authority pension funds. We believe the most effective and efficient way of reaching SMEs with growth capital is to have locally based fund managers with teams on the ground.

**The government has also launched several reviews of the UK capital markets, such as the Listings Review, the Secondary Capital Raising Review, the Investment Research Review: are there particular initiatives and recommendations that you believe should be priorities in helping to release institutional capital into scaling businesses?**

#### STUTTARD

They will all help. There is a really open conversation about the opportunities to make the UK capital markets more internationally competitive but also how to make the funding and disclosure continuum from seed to growth to scaleup to IPO more seamless.

In addition to the reviews, we have been working with the government on the Intermittent Trading Venue to allow private companies to have access to periodic liquidity. This will enable early shareholders and employees to get liquidity for their shares; VC investors will be able to access an efficient platform for finding liquidity; and access to periodic liquidity will enable larger institutions to invest in the private company asset class as cross-over investors.

#### WELTON

Globally, companies are staying private for longer because of the ability to raise increasing amounts in private markets and, relatively speaking, the simplicity of doing that when compared to public markets. So, the reviews are helpful in recognising that we need public markets to be simple, understandable and accessible. We don't want our public markets to be seen as less flexible than their private alternatives because there are many investors who will only invest in public markets. We need to think of this as a continuum with private markets handing over to their public counterparts in a seamless way.

Not enough domestic investors are investing in British companies, which we will only meaningfully address by adding much needed liquidity and capital to both our public and private markets. Get this right and we get into a virtuous circle, providing more risk capital to more private companies in new emerging sectors who can then become scaleups and access the UK capital markets to carry on their growth journey.

**What demand are you seeing at a regional and are there sectors in which you see particular growth capital investment demand or opportunities?**

#### NICOLA DOUGLAS

Demand for growth capital has remained high but supply has been more constrained. Providers of equity growth capital have been retrenching as perception of risk in the asset class increases, impacted for some time now by valuation drops in listed market tech stocks which read across into the private asset class. The broader economic landscape also affects investment appetite, with higher inflation and higher interest rates impacting the cost of investment into areas where businesses need to invest to scale - such as people, premises, trading assets, and technology.

In practical terms we see a flight to relatively lower risk assets, which typically means earlier stage, pre-revenue and new investments are less attractive to investors than later stage growth cap assets with revenues and more established business models. We've also seen a trend where investors are more cautious about backing new investments and are preserving capital to back existing portfolio cases, which makes it more difficult if you are looking for new investment from new investors.

Business models which support energy transition and/or net zero with scalable technology approach, asset-light business models, SAAS business models are consistently evident - but as an impact investor we have to choose carefully those which drive greatest impact to the markets ecosystems they serve.

#### ELSTON

At the moment the disparities are being addressed by more funding, particularly public funding being directed at the regions. This is positive but we also need to ensure the supply of quality opportunities, which means investment in investment readiness and scaleup support.

In Wales, specialisms in sectors such as fintech, cybertech, climate tech, agritech and compound semiconductors are being developed.

#### WELTON

We are moving in a positive direction but the weight of London and the South East is not going to change overnight. Regionally, there are greater levels of deal activity which in turn leads to a stronger professional advisory presence which creates the knowledge base to support other companies.

New clusters will emerge around new industries, and they won't just be based in London. Decarbonisation is a good example of this; it's going to require a lot of investment and innovation and that will happen regionally. Another obvious regional strength is life sciences around Cambridge. We need to keep pushing hard here, as there is no reason why the UK cannot be one of the leading destinations for life sciences investments in the world.

One very big bright spot over the last 18 months has been the university sector where real progress has been made in supporting the commercialisation and the spin-outs of research from universities on a more nationwide basis. It is still fledgling but shows a viable way to deliver more targeted private investment into R&D.

**STUTTARD**

Some regional barriers have been broken down by the widespread adoption of technology and the ability for companies to do investor roadshows and to connect with advisors and investors virtually.

We have made our investment into Floww, which helps companies across the UK to connect with a much broader set of investors. It continues to grow as a network, increasing the number of companies and investors on the platform. This year it got FCA authorisation to conduct capital raising transactions on the platform. So it's definitely gaining scale and attention.

Government interventions and British Business Bank funding are helping to plug some regional gaps as well. We'll see more companies benefit from these regional interventions and continue to grow without having to look outside of the UK for later stage and follow-on funding - that's an exciting prospect.

**From your perspective, are you seeing a greater knowledge and take up of equity funding among scaleup businesses?**

**DOUGLAS**

The equity funding ecosystem in Scotland is well developed and the nature and efficacy of equity funding is generally well understood. What can sometimes not be as apparent to management teams is the true market conditions for equity funding - so changes such as the reduction in valuations are more readily apparent if you are an investor or professional adviser who is regularly active in the fundraising market. However, if you are the principal of a business that only raises infrequently, this may not be apparent and there is a time lag to market conditions and shifts in investment terms becoming more common knowledge. This can create expectation gaps. The message here is to take views from a range of parties and not just focus on historic benchmarks which may be out of date or no longer relevant.

**Among the investment community, what steps need to be taken to build greater capacity and expertise?**

**WELTON**

In order for institutional capital to be deployed intelligently and thus create value for money and long term returns, it has got to be smart. So, there is an increasing need to create a depth of sector expertise, knowledge and talent to help investors understand the underlying technologies and sector trends.

**The investment vehicles that will actually deploy this capital will be central to this capability.**

The British Business Bank is the largest domestic investor in UK venture and venture growth funds and a cornerstone investor to many smaller and newer funds, helping them to crowd in private sector capital. Investments by British Patient Capital are a driving force for innovation behind scale up Britain by investing in VC and growth funds and helping to unlocking billions in further private investment. Total commitments, including capital from other institutional investors, now total more than £10.7bn, meaning that other third-party investors have committed a further £9.1bn alongside the Bank. The Enterprise Capital Funds programme helps to develop and maintain venture capital provision by lowering the barriers to entry for emerging fund managers and for those targeting under-served areas of the market. The larger and more successful these funds become, the more analysts and experts they can employ to develop their investment strategies.

**STUTTARD**

For many scaling businesses and emerging and nascent sectors, investor education is absolutely vital. Here the Investment Research Review, which has looked at how to improve the availability and the quality of research and to make sure that it is distributed to a broader set of investors - including individual investors who are an important part of the investment landscape - is very helpful.

**DOUGLAS**

What can make businesses stand out and more investible and attractive is having a team which has experience of commercialising and monetising businesses plans - attracting executive level managers with proven experience in P&L responsibility or a track record of delivering for investors in the past into younger scaling businesses can be a challenge. Investors can help develop non-exec and exec networks to create pools of talent to feed from. Recognise that finding the right teams and balancing the relatively higher compensation and equity incentivisation required to secure them is not easy. Founders may need to recognise a step sideways to bring in experienced CEOs, COOs or sales directors is needed to allow the business to scale - and investors need to provide for this additional cost in their investment plans.

**What more could be done for connecting and educating scaleups to the most appropriate forms of growth capital?**

**ELSTON**

This is a key role for the intermediary network and the benefit of peer to peer network groups. More education is needed for accountants to better explain the benefits of different forms of growth capital to their customer base. Peer to peer networks are very effective once they are up and running but it takes resources and commitment to get them off the ground.

**WELTON**

The Holy Grail is that you start up a business using money from friends and family and then through angel investors to professional growth capital investors and then into public markets. We have examples at all of those levels, but we don't have the necessary depth at all of those levels. When I look at the structure of the market, I am positive. There is nothing that we aren't doing - but there is quite a lot that we are not doing at scale. So, the policy objective is not to reinvent the roadmap; we have to ensure that we are allocating smart people and money in the right areas of the roadmap.

**ESG credentials and the net zero agenda have become a central focus in new investments and businesses as well. Are investors allocating more weight to ESG considerations when investing in high-growth companies?**

**DOUGLAS**

Absolutely. The pace of change and adoption of ESG and sustainable policies is changing business models and attitudes to risk. What were once differentiated ESG policies are becoming essential hygiene factors without which investors won't even look at a business or will see it as the expected minimum. As an impact investor, where we see greatest attraction are business models which not only live and breathe a net zero philosophy in their own business but which, through their technology or service offering, can decarbonise and address the net zero equation in other higher carbon-footprint sectors. The market is still developing in terms of consistently applying a premium for business models with strong net zero models - typically still driven by economics of growth in the value of the service provided as opposed to the carbon footprint reduction per se.





**THE  
MARKETS GAP**  
Accessing customers  
other markets /  
home market



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



**THE FINANCE  
GAP**  
Accessing the  
right combinations  
of finance

# THE FIVE KEY GAPS



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



**THE  
LEADERSHIP  
CAPACITY GAP**  
Building their  
leadership capability



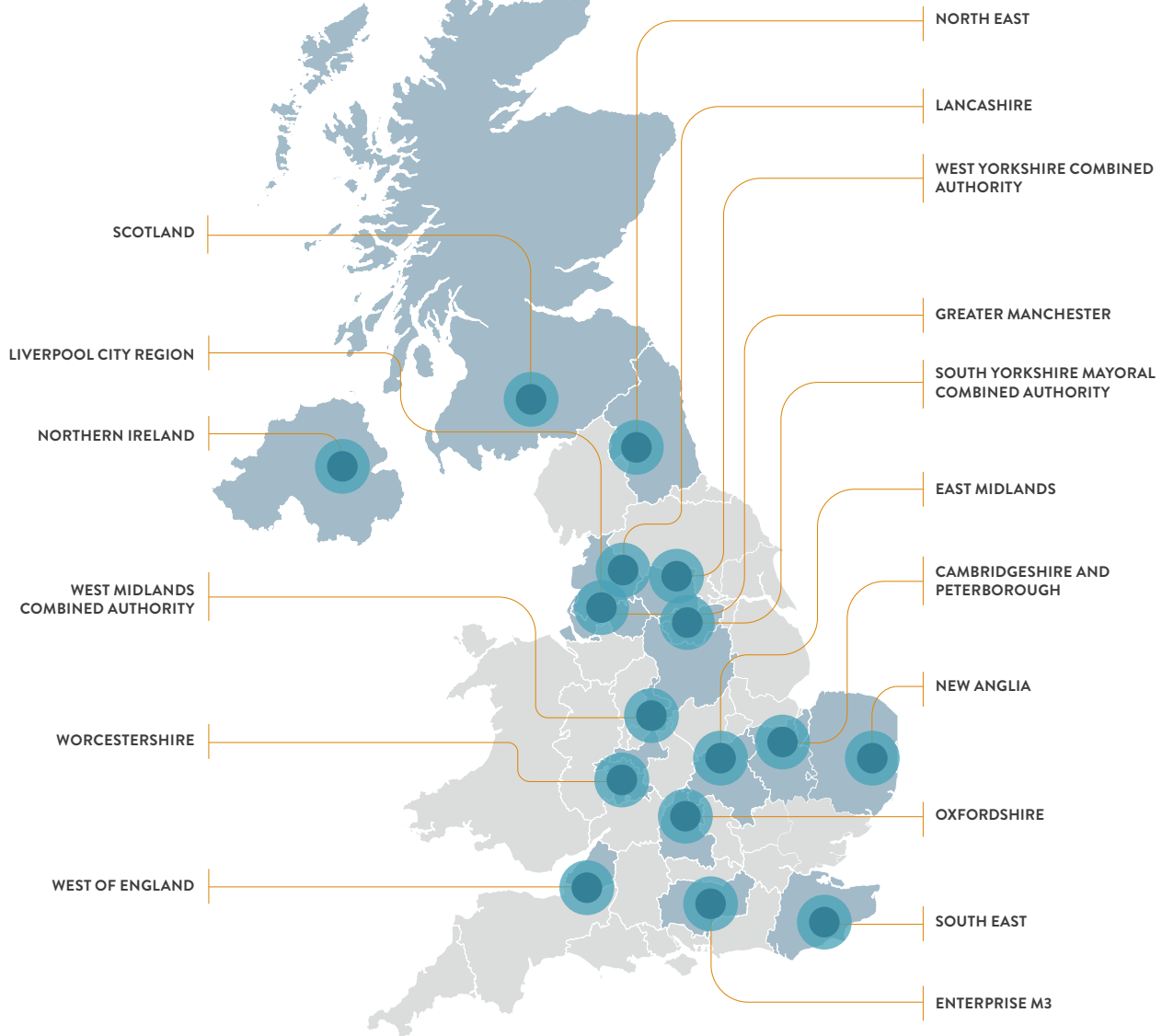
**EVIDENCE AND CASE STUDIES**





## EXEMPLAR AREAS IN 2023

### DRIVING UK ECONOMIC GROWTH THROUGH SCALEUP ECOSYSTEMS



### LOCAL TOOLS

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

#### THESE INCLUDE:

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



# SCALEUP SUPPORT

## NATIONAL & LOCAL PROGRAMMES



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

### TOTAL PROGRAMMES: 241

GENERAL WITH  
SCALING ELEMENTS

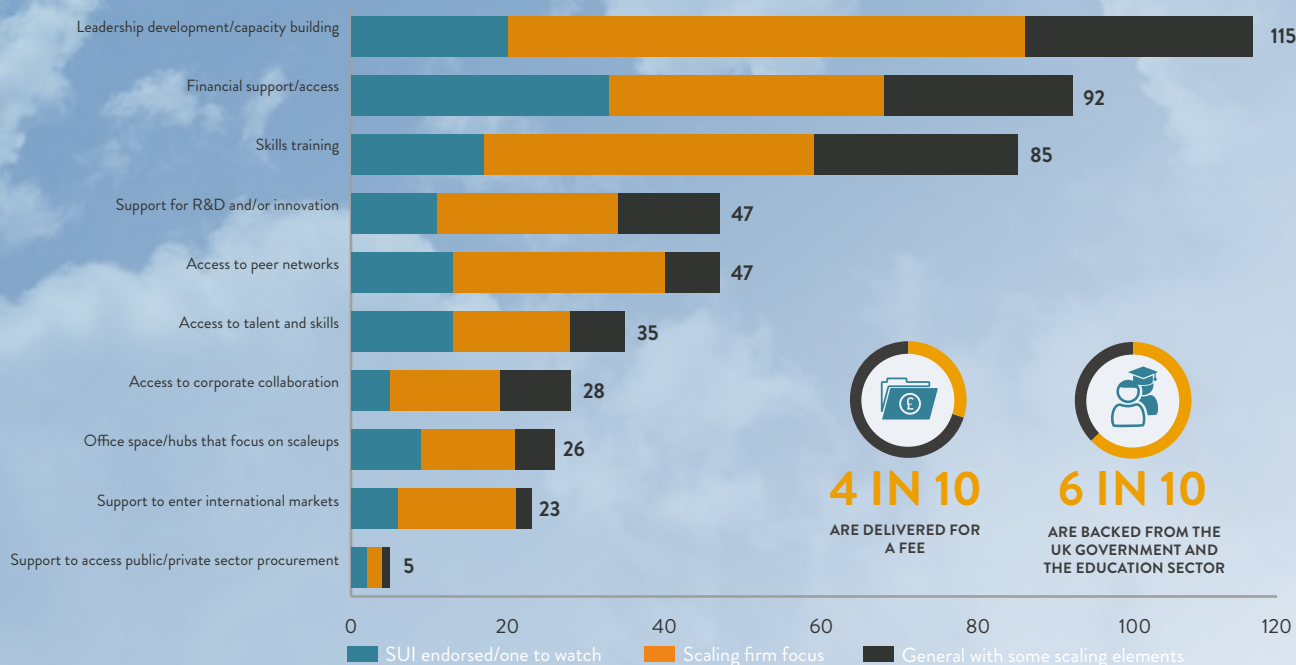
93

SCALING  
FIRM FOCUS

75

SUI ENDORSED /  
ONE TO WATCH

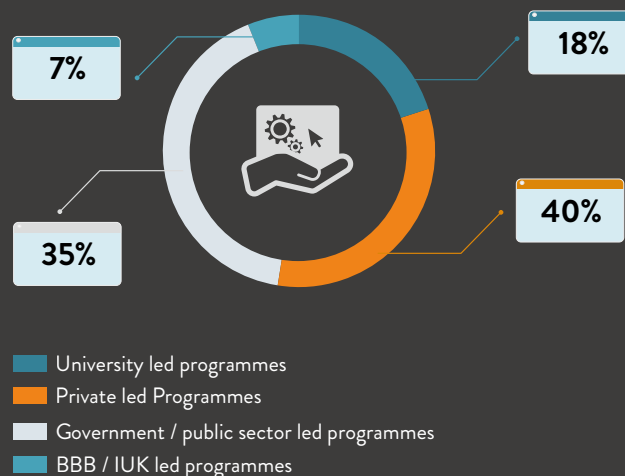
73



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



SCALEUP  
SUPPORT  
FINDER







# LEARNING IN AND LEARNING

## THE DRIVING ECONOMIC GROWTH PROGRAMME

**In June 2023, the ScaleUp Institute in partnership with Innovate UK held the fourth of its high impact economic development course, Driving UK Economic Growth through Scaleup Ecosystems - a Scale Up Master Class Program for Economic & Innovation Growth Teams.**



Held over two and a half days at the Coventry University Technology Centre, the course brought together more than 100 participants from local areas and authorities, growth hubs, universities, business schools and private sector players, as all are crucial to the development of our scaleup ecosystem and to addressing scaleup challenges.

Delivered alongside Professor Daniel Isenberg, one of the world's leading authorities on scaleup ecosystems, the course introduced participants to international exemplars from the US (Boston, Silicon Valley, Ohio), Canada, Israel and Asia, as well as contributions from domestic and international entrepreneurs, academics, financiers and sector experts.

After a series of interactive lectures, exercises and case discussions, each of the 10 participating regional teams developed and presented their plan for stimulating and evolving economic growth in their localities. The ScaleUp Institute is in regular contact to support the teams as they evolve and implement their plans.

### WHAT THE DELEGATES THOUGHT

"I found the Driving Economic Growth programme not just a reaffirmation of what's needed to build sustainable local ecosystems but also how we blend innovation and investment as core pillars, using best practice and live examples of where this has worked well. It also emphasised the need for a collaborative and engaging role with a wide range of stakeholders to ensure we achieve economic growth objectives. The session overall was a great opportunity to not only learn but also to take away tangible actions which can be implemented locally."

**Amin Vepari, Business Finance & Scaleup Lead, Lancashire County Council**

"It was a fantastic opportunity to take part in this programme and work closely with a diverse group of business leaders to listen, learn and be inspired by Professor Dan Isenberg. I found this program invigorating and thought provoking, making me challenge the way in which we tell our story. We need to be bolder, braver and

shout louder about the success we have in our region. Having the opportunity to compare our own business support ecosystem with other successful regions such as Boston and Manizales-Mas, it was clear we are already doing some great work and can easily build on the lessons we have learned and heard about to build our own version of inclusive growth in the Liverpool City Region."

**Janice Mears, Head of Business Growth Platform Liverpool City Region Growth Company**

"I'd highly recommend the Driving Economic Growth course as a way to connect with ecosystem stakeholders nationally to enable cross-pollination of ideas, sharing of best practices, and group problem solving within regional groups. The opportunity to hear from incredible leaders and learn about interesting case studies made for an inspiring few days. The key learning for West of England was how best to identify potential scaleups and take a collective approach in supporting them."

**Elly Rowley, Regional Ecosystem Manager, South West & South Central, NatWest**

"The course provided valuable insights from across the globe. Professor Isenberg provided depth of knowledge and provided frameworks that our multi-disciplined regional team actively applied to the North East. The course effectively transferred knowledge between regional teams which was particularly useful as the structural and political landscape undergoes a tectonic shift."

**Colin Bell, Director, North East LEP**

"The Driving Economic Growth course provided a wonderful national and international view of the economic factors that really support scaleup businesses. The opportunity to contribute within a group of peers, in addition to the sage insights provided by Professor Dan Isenberg allowed shared learning into the key levers within ecosystems that can allow regional business scale up to truly thrive. Great contacts were made and relationships formed, as well as many catalysts for regional scaleup action."

**Jason Kingston, Director and Founder, Cube Thinking**

“I found the Driving Economic Growth course very beneficial as it made me aware of different approaches and challenges not only in the region, but nationally and internationally. There are common themes, and the various case studies highlighted this, and really brought the stories to life. To hear from different stakeholders across the country was insightful and enabled peer to peer learning as it showed the varied approaches to scaleups, and plans for the future to support scaling businesses.”

**Justine Chadwick, High Growth Business Specialist,  
CW Growth Hub**

“It was great to be invited to the Driving Economic Growth course. We were able to bring an enthusiastic cross-sector delegation and establish a team approach to exploring opportunities for increasing scaleup growth in our region. The course provided case studies and valuable insights about how other areas had overcome barriers to drive economic growth. Co-promotion of good news from businesses is an essential factor, as is adopting a pro-active, collective approach to account managing potential scaleup businesses to optimise their growth outcomes. Since the course, we have established a steering group and are planning delivery of a pilot with targeted companies in Basingstoke and Farnborough, supported by partners from the public and private sectors.”

**Sally Thompson, Head of Business, Commercial and Skills  
EM3 Local Enterprise Partnership**

“The Driving UK Economic Growth through ScaleUp Ecosystems programme has greatly benefited both me and the SME Productivity and Innovation Centre at Edge Hill University. It has allowed the Centre to strengthen its best practices and compare our scaleup activities to national and internal standards. Personally, I gained two key takeaways from the programme, one of which was Professor Dan Isenberg’s emphasis on the significance of having a “sticky concept” that is concise and purposeful.”

**Simon Bolton, Associate Dean (Enterprise, Innovation and  
Knowledge Exchange), Chair Professor of Innovation  
Edge Hill University**

“The Driving Economic Growth course is an amazing opportunity to learn from, and be inspired by, Professor Daniel Isenberg and the organisations he has worked with as they have developed their scaleup ecosystems. The key to the success of the course is that the ScaleUp Institute brings together teams from across the UK who are committed to developing the ecosystem in their region and the course provides real momentum for the teams to take forward their plans.”

**Dr Fiona Whitehurst, Senior Lecturer in Management,  
Newcastle University Business School**

## CLUSTERS AND THE ROLE OF THE UNIVERSITY: REFLECTIONS FROM CAMBRIDGE

Professor Tim Minshall was one of the guest speakers at Driving Economic Growth. Since joining the University of Cambridge in 2002, Tim has been very active in the development of innovation and technology management activities across the University and with companies in the Cambridge cluster. He is currently Head of the Institute for Manufacturing (IfM).

He described how the Cambridge cluster has grown “from almost nothing” in the 1960s into being one of the largest and most successful technology clusters in Europe. Every cluster goes through its evolutions and changes, he said, “and Cambridge is definitely doing that at the moment.”

There were five key components that work together to drive innovation in a cluster, he said. Every cluster needs its generators of ideas. In Cambridge this came through its universities, who develop the talent and knowledge of its students, researchers and research faculties, and through the research and spin-outs from its corporates.

The cluster also needs to provide the infrastructure such as space for startups but also for the ongoing growth of scaleups. One particular example he highlighted was the collaboration between Barclays Eagle Labs and Judge Business School, ensuring that the business school’s offer is linked to the support and needs of local scaleups.

The cluster also needs to have a professional services community - the people who can help to support the growth of local scaleups as well as to invest in them.

He emphasised that there has to be a community that brings everyone together. These activities only work if there is coordination across the community, he said, to ensure that there is no duplication of effort. “Things will start and work for a time but then won’t be needed,” he said. “The cluster has to be dynamic to reflect the changing external environment.”

He then described how the Cambridge cluster is responding to new factors. The levelling-up agenda, with an increased focus outside of the south-east, means that Cambridge is asking how it serves the UK as a whole. Post-Brexit, how can Cambridge support the UK? What is the role of Cambridge in helping Britain to be a science superpower? With research that affects the whole world and with a globally unique ecosystem, what can they play together for the UK? And finally, what do the global changes post-pandemic mean for Cambridge?

To deliver on its goals, Cambridge needs to focus on key success factors: growth capital, infrastructure, talent, research funding, leadership, and local, regional and national government.

He also emphasised that a cluster has to address local and important issues. There can be a fixation on the number of startups or unicorns, he observed, but other impacts must be considered such as how clusters support wider objectives and how they deliver equitable, resilient and sustainable growth.



# LEADING PROGRAMMES



Talent and Skills



Teach First



Leadership



inspire

ENTREPRENEURS' FORUM



Markets



Santander | Navigator



Finance



Infrastructure



# NEW CASE STUDIES



Talent and Skills



Leadership



Edge Hill University | SME Productivity & Innovation Centre



HORIZON37



Markets



Finance

Foresight



MAVEN

octopus investments



Infrastructure





## THE 5 KEY SCALEUP CHALLENGES

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



**THE MARKETS GAP**  
Accessing customers other markets / home market



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



**THE FINANCE GAP**  
Accessing the right combinations of finance



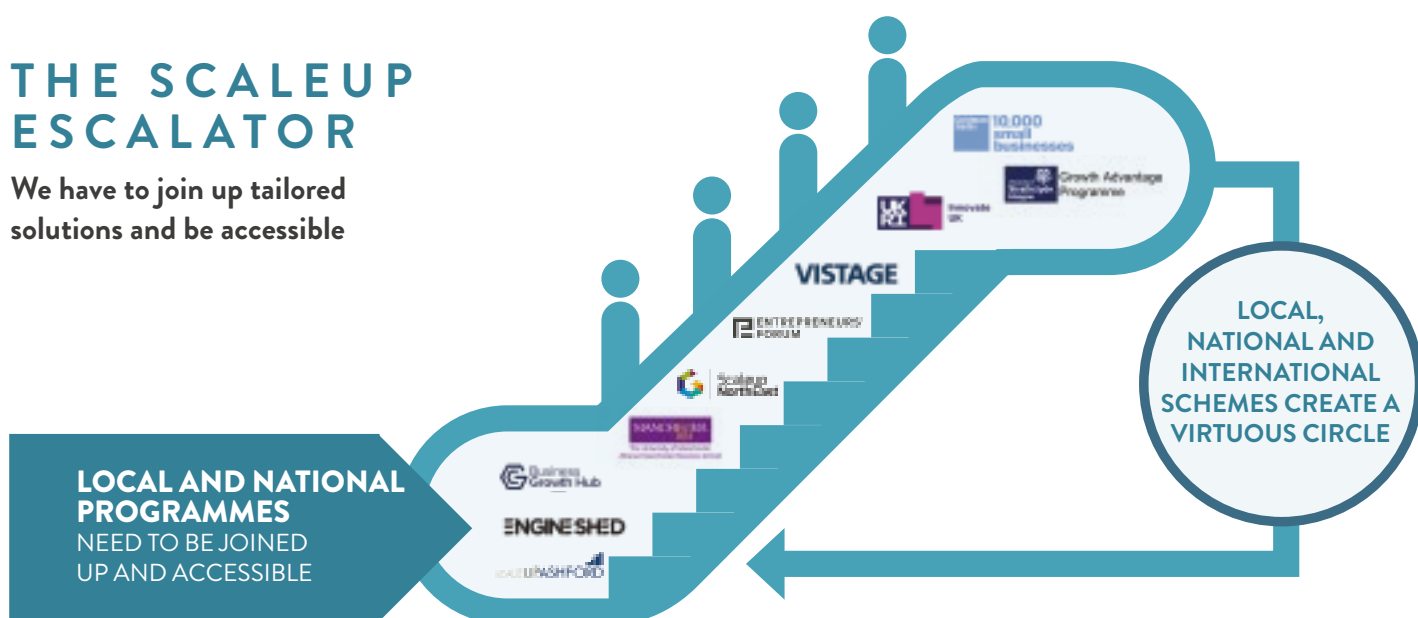
**THE INFRASTRUCTURE GAP**  
Navigating infrastructure and access to R&D facilities



**THE LEADERSHIP CAPACITY GAP**  
Building their leadership capability

## THE SCALEUP ESCALATOR

We have to join up tailored solutions and be accessible



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.

# WE NEED TO SEGMENT BUSINESS

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

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



## LOCAL HUB

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

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



## ACT COLLECTIVELY AND ALIGN RESOURCES

To address our scaleup challenges

TARGETING, COORDINATING & PROMOTING SCALEUPS

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



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



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



WE NEED TO CHAMPION SCALEUPS  
THEIR SUCCESS STORIES AND ROLE MODELS





# SCALEUP STORIES



Astrid & Miyu



Aurigo



Cheeky Panda



Flexi-Hex



Inovus Medical



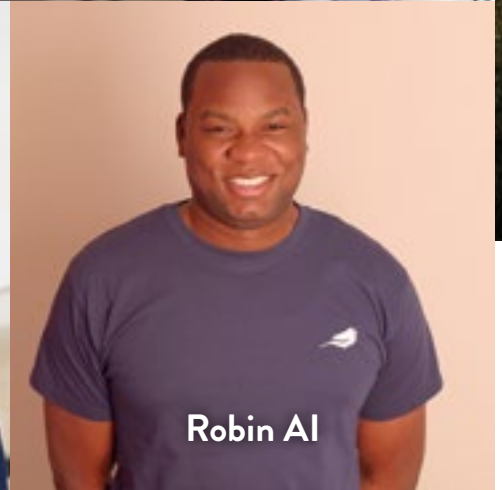
Kugali Media



MGM Global



Pricecheck



Robin AI





Safehinge Primera



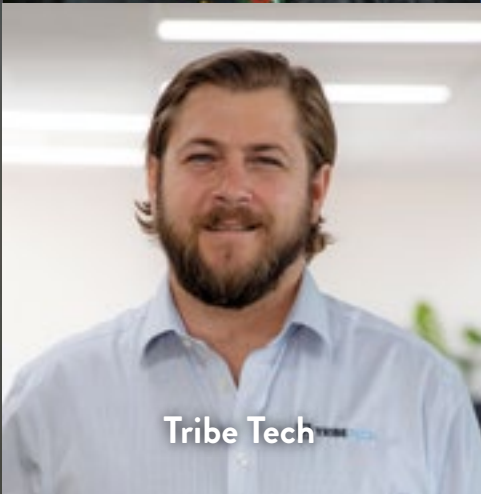
SnapDragon Monitoring



Sygnature Discovery



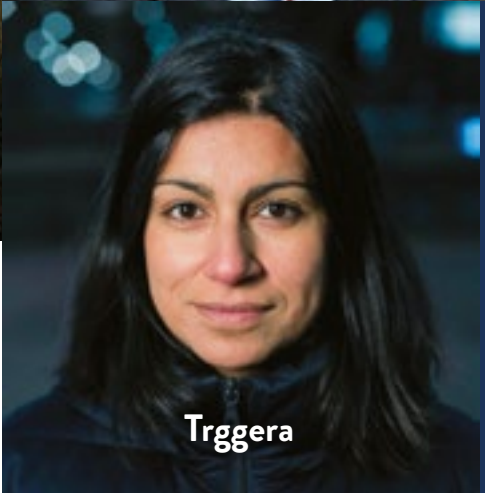
Texthelp



Tribe Tech



Tribosonics



Trggera



Upskill Digital



Wellbeing Farm



## 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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