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Emerging Growth Insights and the Fast 50:
Are the UK's tech companies globally competitive?

2023/24

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Foreword

Kiren Asad
Deloitte UK Technology Fast 50
Programme Lead

In a turbulent economic landscape, UK small and medium-sized enterprises (SMEs) are grappling with a host of challenges. They're juggling higher interest rates, escalating costs, and labour shortages. Even the UK government's own goals for SME procurement spending have fallen short, making the outlook increasingly precarious for small to medium-sized companies. The complexities of Brexit have necessitated continuous adaptation in trade and staffing, with new EU regulations creating fresh barriers. The ongoing War in Ukraine is driving global uncertainty and volatile energy prices. The macroeconomic environment and domestic challenges raised questions about how the UK's business community can stay competitive.

Yet, despite this storm of adversity, the UK's technology sector stands as a beacon of resilience and innovation. Against the backdrop of considerable challenges, UK tech companies are not just surviving; they are thriving. The sector continues to show an extraordinary ability to adapt, innovate, and scale, providing a glimmer of hope and a roadmap for global competitiveness amid uncertainty.

The Deloitte Technology Fast 50 annually showcases the UK's 50 fastest-growing tech firms. Having run for 26 years, it's the UK's oldest business growth awards programme and has chronicled the rapid evolution of the country's high-growth tech sector, spotlighting some of its most successful companies.

Our top company this year, Allica Bank, is a London-based digital challenger bank that blends technology and human expertise to support UK SMEs. Through merging technology with human insights, Allica Bank aims to provide a more personalised approach to SME banking and distinguish itself from traditional competitors. Its focus on data and people has contributed to the company securing a significant £386m in equity investment via 12 fundraising to date. Over the last three years, the digital bank has continued to expand and grow rapidly, with offices in Manchester and Milton Keynes and an astounding turnover growth of 85,438%. Taking second place is London-based Yoto, which has developed an innovative speaker designed for youngsters, offering a rich library of interactive content. Both companies are headquartered in London, yet could not be more different. The two are emblematic of the wide breadth and compatibility of the UK's tech ecosystem. Yoto has also experienced significant growth in the last three years, achieving a turnover growth of 66,572%.

As our Fast 50 programme shows, the UK's tech sector is an important driver of economic growth.
The average growth rate of the 2023 Fast 50 winners is an impressive 5,473% across sectors including FinTech, EnvironmentalTech, software, hardware, and media. These companies are growing employment, supporting local communities, and helping solve important societal challenges. Take Glasgow's Utopi, ranked 19th, which offers a real-time IoT platform to enhance ESG and building performance in real estate. It gathers live data using smart tech, displays it on dashboards, and engages communities via a resident app. This offers actionable, contextualised info for residents, aiding real estate decarbonisation.

Or there is this year's number three, Hypervolt, a London company that designs and manufactures advanced and elegant charging solutions for electric vehicles. Its chargers are manufactured in the UK, and customers can schedule and monitor changes via a mobile app.

The Fast 50 programme serves as a reminder that UK tech companies are not just robust but also extraordinarily resilient. They demonstrate that ingenuity and innovation can thrive even in the most turbulent environments. We thank every entrant to this year's programme and extend our sincere congratulations to all those who either made the Top 50 or were category winners in 2023. We hope to see you all again next year!

Introduction to this year's Fast 50

The Deloitte UK Technology Fast 50 awards programme recognises an annual cohort of the most innovative and high-growth technology companies in the UK. Last year, the programme was divided into four categories: the Technology Fast 50, Women in Leadership, Regional Winners, and the Rising Star Award. This year we're proud to announce a new fifth category, CleanTech, which recognises high-growth companies creating innovative environmentally-focused tech products and services. Companies are ranked based on revenue growth over a three-year period. To qualify, companies must fall under the broad umbrella of being "technology-enabled", which can range from owning proprietary intellectual property to manufacturing a technology-related product, being technology intensive, or heavily engaged in research and development.

In the following analysis, we delve into the data behind this year's Fast 50, exploring the geographical spread of these companies, their industry focus, and sources of funding. We also examine key metrics, such as employee numbers and turnover, while identifying the strategic areas of focus that are crucial to their rapid growth. This overview aims to offer insights into the current state and future trajectory of the fastest-growing companies in the UK's tech ecosystem.

Regional distribution

This year's Fast 50 list is heavily concentrated in London, hosting 38 of the 50 companies and mirroring the distribution in 2021. In comparison, last year featured 31 companies with their headquarters in the Capital. London is, of course, a major hub for high-growth technology companies in the UK, reflecting the depth of talent available and access to finance. Scotland follows with four companies, while the South West and Wales region has three. The South East and the Midlands each have two companies, and Yorkshire and the North East has one.

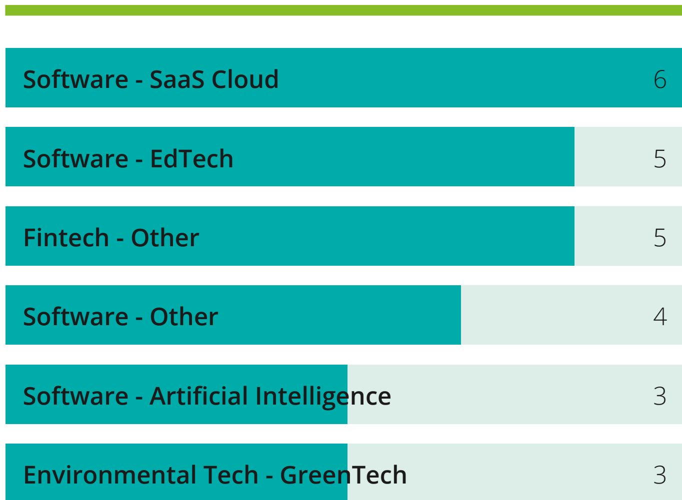
Regional ranking for the Fast 50 companies (2023)

Region	Companies
London	38
Scotland	4
South West and Wales	3
South East	2
Midlands	2
North East	1

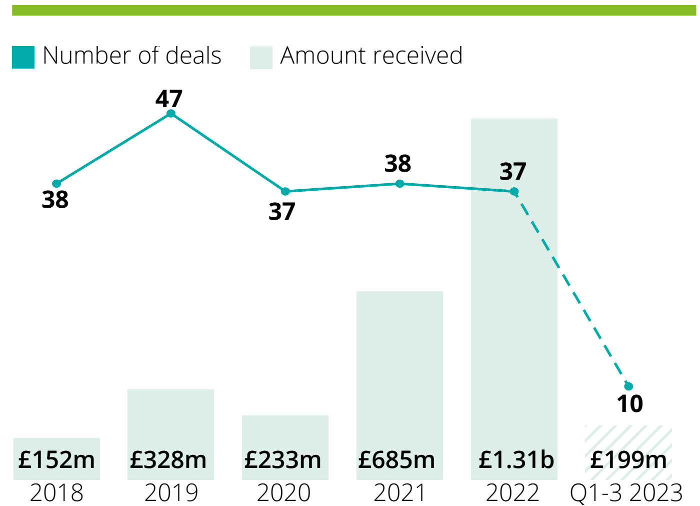
Industry focus and subsectors

The companies operate in a diverse range of tech subsectors, with the top three being SaaS Cloud, EdTech, and FinTech. Other notable subsectors are Artificial Intelligence (AI) with three companies. There is also a presence of companies working on environmental technology, with companies spread across GreenTech, EnergyTech, and CleanTech. While more "traditional" sectors such as software are dominant, the appearance of high numbers of AI and environmental tech companies speaks to shifts in the UK's technology landscape.

Sector ranking for the Fast 50 companies
(2023)



Equity investment into Fast 50 companies
(2018 - Q3 2023)



Sources of funding and support

These firms have collectively secured more than £3.1b from equity fundraising efforts, with 49 of the 50 companies securing equity investment. The median total amount raised through fundraising is £2.02m. The Fast 50 have also won £95.3m in innovation grant funding, with a median grant size of £105k. Beyond sources of funding, 30 companies have also tapped accelerator programmes to support their growth, benefitting from access to mentors, facilities, and networks.

Companies from last year's Fast 50

Thirteen of this year's companies were among last year's Fast 50. It is an impressive feat for a company to appear on multiple Fast 50 lists, as increasingly higher turnover rates make it harder to achieve the high growth rates needed to rank on the list year after year. HealthTech Cera has ranked within the top 10 companies for the last three years running. It is also worth noting that Yoto and Allica Bank's CEOs have previously held leadership roles at other companies that have appeared on the Fast 50.

Employee and turnover metrics

The companies in this year's Fast 50 collectively employ an impressive 14,956 people. A significant proportion of the total employee headcount is accounted for by HealthTech company Cera, ranked seventh, which employs more than 7,000 people. The majority of Fast 50 companies this year are much smaller in terms of headcount, with a median of 73 employees.

In terms of turnover, the total for all companies is an impressive £802m. The median turnover per company stands at £7.06m. These figures indicate a healthy financial performance across the companies—reflecting the eligibility criteria for the Fast 50—but also indicating the wide range in size and revenue across the list.

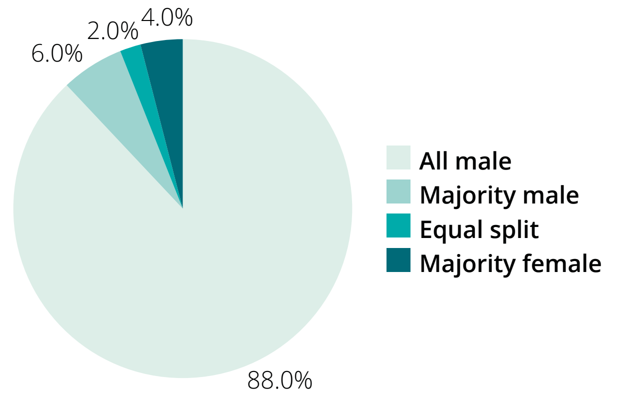
Focus areas to drive further growth

The companies on the list report a diverse array of focus areas; however, several primary areas of focus emerge for these companies: marketing and customer acquisition, capital raising, and strategic M&A. Many companies are also focusing on improving their data analytics capabilities, potentially a move triggered by the value that AI is unlocking from rich data. As one would expect for a list of high-growth companies, customer acquisition and fundraising are top priorities, likely reflecting the attitude required for rapid growth and, in many cases, its capital-intensive nature.

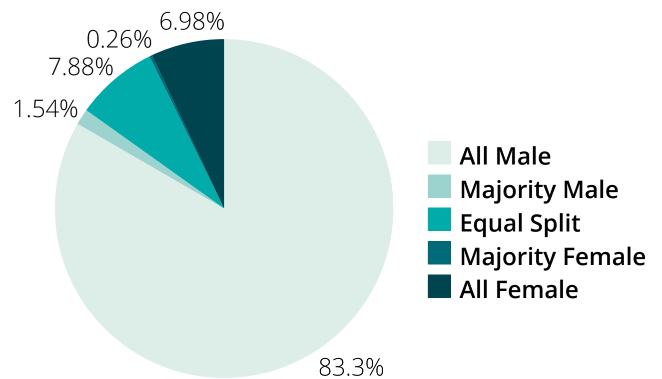
Gender

Gender diversity within founding teams plays a pivotal role in the UK's high-growth economy. A balanced gender mix offers diverse viewpoints and innovative ideas, and has been widely proven to translate into more fruitful financial results. Despite this, the Fast 50 companies and the UK's broader high-growth sector display room for improvement regarding gender parity among their founding teams. The data suggests that a notable proportion of the Fast 50 have predominantly male founding teams, a trend echoed in the UK's scaleups (businesses achieving an average 20% annual growth over three years) as per Beauhurst data. The Fast 50 Women in Leadership category aims to highlight companies led by a woman CEO or with a founding team that's at least 50% women, encouraging greater gender diversity of future cohorts of Fast 50 companies.

Gender composition of Fast 50 founding teams



Gender composition of 20% scaleup founding teams



Summary

The Deloitte UK Technology Fast 50 of 2023 paints a vibrant picture of the UK's high-growth tech ecosystem, with a strong geographical focus on London. While software remains a dominant sector, emergent fields like AI and environmental technologies are making their mark. Collectively, these companies have secured over £3.1b in equity funding, underscoring the essential role of capital in driving growth. Employee numbers across the Fast 50 are significant—and growing. While revenue figures indicate robust financial health, there's room for improvement in gender diversity among founding teams. Data from the companies indicates that customer acquisition and fundraising remain key strategic priorities.

The 2023 winners

UK Technology Fast 50

Rank	Company	Growth %	Region	Sector
1	Allica Bank	**85438%**	London	Fintech
2	Yoto	**66572%**	London	Software
3	Hypervolt	**19236%**	London	Environmental Technology
4	Freetrade	**18090%**	London	Fintech
5	The Original Fit Factory	**14854%**	Scotland	Software
6	Birdie	**5435%**	London	Software
7	Cera	**4842%**	London	Software
8	YuLife	**4832%**	London	Fintech
9	Veremark Ltd	**4592%**	London	Software
10	Urban Jungle	**4102%**	London	Fintech
11	OnBuy.com	**3263%**	South West and Wales	Media & Entertainment
12	Perlego	**2866%**	London	Software
13	Freemarket	**2579%**	London	Fintech
14	Adarga	**2468%**	London	Software
15	Diginius	**1768%**	London	Media & Entertainment
16	Cleo	**1445%**	London	Fintech
17	ion Ventures	**1426%**	London	Environmental Technology
18	Deeper Insights	**1414%**	London	Software
19	Utopi	**1400%**	Scotland	Environmental Technology
20	Reconome	**1288%**	London	Environmental Technology
21	MyTutor	**1266%**	London	Software
22	Sprift Technologies Ltd	**1229%**	London	Software
23	Definely	**1217%**	London	Software
24	Warwick Acoustics	**1167%**	Midlands	Hardware
25	Plum	**1086%**	London	Fintech

UK Technology Fast 50

Rank	Company	Growth %	Region	Sector
26	Moneybox	**1047%**	London	Fintech
27	ClearBank	**996%**	London	Fintech
28	Uni Compare	**992%**	London	Software
29	Moasure	**976%**	Midlands	Hardware
30	Threedium	**962%**	London	Software
31	Smart	**944%**	London	Fintech
32	Rovco	**891%**	South West and Wales	Environmental Technology
33	KidsKnowBest	**869%**	London	Media & Entertainment
34	Amiqus Resolution	**862%**	Scotland	Fintech
35	Pupil	**854%**	London	Software
36	Deep Casing Tools Ltd	**850%**	Scotland	Environmental Technology
37	Multiverse	**839%**	London	Software
38	Intruder	**836%**	London	Software
39	Bramble Energy Ltd	**811%**	London	Environmental Technology
40	Deazy Limited	**753%**	South West and Wales	Software
41	YardLink	**753%**	London	Software
42	UniHomes	**643%**	North East	Software
43	Cognism	**633%**	London	Software
44	Emotech	**629%**	London	Software
45	Zen Educate	**622%**	London	Software
46	Prolific	**613%**	London	Software
47	Forecast	**610%**	London	Software
48	Goodlord	**608%**	London	Software
49	Quorso	**600%**	London	Software
50	Globacap Technology Ltd	**595%**	London	Software

Fast 50 Women in Leadership

Rank	Company	Growth %	Region	Sector
1	Diginius	**1768%**	London	Media & Entertainment
2	GoSpace AI	**585%**	London	Software
3	Good-Loop	**372%**	Scotland	Media & Entertainment
4	Elvie	**294%**	London	Healthcare
5	ToucanTech	**216%**	London	Software

Regional winners

Company	Growth %	Region	Sector
Allica Bank	**99015%**	London	Fintech
The Original Fit Factory	**14854%**	Scotland	Software
OnBuy.com	**3263%**	South West and Wales	Media & Entertainment
Warwick Acoustics	**1167%**	Midlands	Hardware
Bramble Energy Ltd	**811%**	South East	Environmental Technology
UniHomes	**643%**	North East	Software
Epos Now Ltd	**202%**	Cambridgeshire and East	Fintech

Rising Stars

Rising star	Company name	Region	Sector
Deloitte Ventures	**Climate X**	London	Climate Technology
Deloitte	**Roslin Technologies**	Scotland	Biotechnology
Oracle NetSuite	**Toqio**	London	Fintech
Multiverse	**Airfinity**	London	Healthcare
BGF	**Nibble Technology**	London	Artificial Intelligence
HSBC Innovation Banking	**Isometric**	South East	CleanTech

CleanTech Winners

Rank	Company	Growth %	Region	Sector
1	Hypervolt	**19236%**	London	Environmental Technology
2	ion Ventures	**1426%**	London	Environmental Technology
3	Utopi	**2296%**	Scotland	Environmental Technology
4	Reconome	**1288%**	London	Environmental Technology
5	Warwick Acoustics	**1167%**	Midlands	Hardware

Emerging growth companies in context

Navigating the UK tech landscape

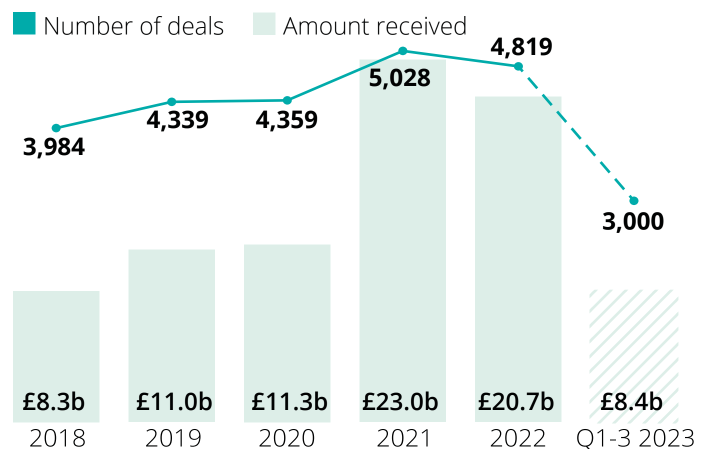
The UK's businesses

There is currently a record number of active companies in the UK (5.3m). Does this mean that business is booming in the UK at the moment? It is not as straightforward as that. There are certainly green lights on the dashboard, but there are amber and red, too.

ONS data shows that the UK's economy is growing: GDP is higher than before the beginning of the pandemic.[1] That's slow growth, but at least not no growth. Where is that growth coming from? There are 268k companies that have seen rising levels of employment—that is only 13.2.% of companies for which a measurement was possible. A significant 39.7% of companies have seen their turnover grow—but that growth, in some cases at least, could be accounted for by inflation. A higher proportion—41.3% have increased liabilities—essentially have taken on more debt. Taken together, these numbers suggest an economy that is stalling.

There are more economic signals we can look at that are relevant for startups and scaleups, in particular about external financing. Rising interest rates are making themselves felt here. Debt financing is less attractive through being more expensive, but equity financing is taking a hit too. The peak year for equity financing (including VC investment, but also angels, family offices and others) was 2021. This year will see the second consecutive annual decline. Changing interest rates not only means investors need to re-visit risk and reward profiles but also that a liquidity crunch is being felt throughout the ecosystem. Fewer exits means less liquidity, means fewer secondaries, means less liquidity, means fewer VCs funds and so on. It is certainly harder to run a tech startup now than it was 18 months ago.

Equity investment into high-growth technology companies in the UK (2018 - Q3 2023)



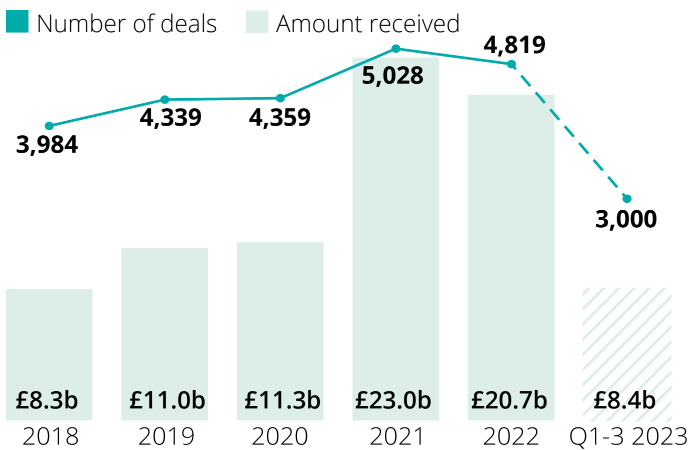
Testing positive for tech

Although there are headwinds, support for tech companies remains strong in some quarters. The Enterprise Investment Scheme (EIS) is one of the best incentives globally to encourage investment in riskier firms. The grants provided by Innovate UK have supported 20k innovative firms to date. The UK's R&D tax credit scheme goes further,supporting nearly 90k firms in the last year alone.[2]

1 GDP monthly estimate, UK: August 2023, 2023

2 Corporate tax: Research and Development Tax Credits, 2023

Grants awarded to high-growth technology companies in the UK (2018-Q3 2023)



There are improvements on the way for high-tech startups as well. Earlier in 2023, the Seed Enterprise Investment Scheme (SEIS) was extended; startups can now receive up to £250k of investment under the scheme, amongst other increases. That change is perhaps the longest-lived positive impact of the then Chancellor Kwasi Kwarteng's "mini-budget".[3] More recently, a different Chancellor, Jeremy Hunt, has launched his "Mansion House Compact". Already more favourably received by pension funds than the mini-budget, the Mansion House compact is a set of reforms to defined contribution pension schemes that aim to unlock an additional £75b for high-growth businesses while hopefully increasing a typical earner's pension pot by 12%.[4] Number 10 also made significant fanfare about the UK rejoining Horizon Europe. The UK has reaped substantial rewards from its involvement in Horizon Europe. Before its departure in 2020, British universities dominated the list of grant recipients, with Cambridge, Oxford, UCL, and Imperial College securing leading positions. Rejoining this programme not only reasserts the UK's commitment to scientific innovation but also serves as a catalyst for research that has the potential to evolve into high-growth spinouts.

Red lights ahead

While the leaders of tech firms will be cheered by the prospect of increased availability of funding, the benefits from the Mansion House Compact will take some time to make themselves felt. In the meantime, there are plenty of other difficulties to navigate. Tax and talent are illustrative examples.

It is widely known that the tax burden in the UK is the highest it's ever been in peacetime.[5] There's no solid sign that that's likely to ease anytime soon. The watering down of Entrepreneurs' Relief into the Business Asset Disposal Relief has put some entrepreneurs off. Mooted changes to Capital Gains Relief fill existing and prospective founders with trepidation. In combination, the message is not supportive or encouraging.

That there are nearly a million job vacancies in the UK speaks to the talent crisis companies are facing. A 2023 survey found that 94% of firms were struggling against a lack of talent.[6]

But talent is an issue at the founder level, too. The proportion of the UK's fastest-growing companies that are run by immigrant founders has dropped in recent years from 49% to 39%.[7] Despite record immigration numbers, the lure for top talent has dimmed. This is not helped when home-grown successes end up listing elsewhere. ARM is a recent example of something systemic that looks like it applies to more than just IPOs.

This status quo seems at odds with the impression one gets when looking at the fast-growing companies in this year's Fast 50. This suggests that there's an opportunity for the UK: with the right regulatory and political environment, even more growth would be possible.

3 SEIS/EIS updates from Kwasi Kwarteng's "mini-Budget" 2022, 2022

4 Chancellor's Mansion House Reforms to boost typical pension by over £1,000 a year, 2023

5 The UK's tax burden in historical and international context, 2023

6 Tech skills shortage still a problem for employers, 2023

7 Job Creators: The immigrant founders of Britain's fastest growing businesses, 2023

What's next in UK tech?

In 2014, there were just under 6,000 high-growth tech companies in the UK. Fast forward to today and there are over 14,000. If that growth rate continues, there could be over 20,000 UK scaleups before the end of the decade. There are tailwinds promising good support for these tech companies, particularly around funding. The Enterprise Investment Scheme (EIS) is one of the best incentives globally to encourage investment in startups. Beauhurst has tracked £150b of equity investment into UK companies (many of them tech firms) from 2013 to 2022. Increases to SEIS and the potential of the Mansion House compact promise further improvements to the funding landscape. The grants provided by Innovate UK have supported 20k innovative firms to date. The UK's R&D tax credit scheme goes further, supporting nearly 90k firms in the last year alone.[8]

Against this backdrop, it seems natural to expect international interest in the UK's tech companies. Andreessen Horowitz celebrated the launch of its London office with a party in early November. Sequoia has been in London since 2021. A Japanese investment firm called NordicNinja recently announced that it would open a London office. International companies, especially those related to finance, tend to pick London. 40% of the high-growth companies acquired in 2022 were acquired by non-UK firms (the US was the most common foreign acquirer).

These stories have to be contrasted with their opposites: Tom Blomfield, part of the founding team of Monzo, left London for San Francisco, citing a lack of ambition in the UK. Instagram and Microsoft have moved and cancelled London office plans, respectively. Despite their strengths, London capital markets have often lost out on high-profile listings, usually to American markets, with ARM being just the most recent example. Commentators had the same feeling when Scotland's Skyscanner sold to a Chinese company—seven years ago. With reforms to the UK listing regime by the Financial Conduct Authority on the horizon, there is optimism that London's capital markets could change for the better. The successful direct listing of FinTech Wise in London in summer 2021 provides a blueprint for how UK technology companies can use public markets to access liquidity.

8 Corporate tax: Research and Development Tax Credits, 2023

So there are mixed views of London and the UK as a home for tech companies. Nonetheless, the tech population is growing. The UK's International Technology Strategy outlined AI, quantum technologies, engineering biology, semiconductors, telecommunications, and big data as sectors where the UK has world-beating potential.[9] There are material events and developments that will help that be the case. The AI Safety Conference in November 2023 is organised by investors and operators with a respected reputation on the national stage.[10] Qatar is planning to invest £4b into UK GreenTech. NordicNinja cited the UK's strength in climate finance as a reason for opening their office in London. Rejoining Horizon Europe means more (and serious) support for the research and development that underpins these sectors. In many of these sectors, the UK has produced internationally important companies: BenevolentAI, Angoka, Cambridge Quantum Computing, Riverlane, and many more.

Is the UK, with its financial and legal services that are the best in the world, able to position itself as an integral part of any internationalisation strategy?

Despite these important companies, the UK is criticised for losing them to foreign acquirers or capital markets. The US has deeper pools of capital, investors who will pay higher valuations, and access to a market that is many times larger than the UK—all things acknowledged by the Hill Review. So where does the opportunity for the UK lie? The UK has great tech underpinned by world-leading research and a highly-skilled talent pool.

The UK's finance sector has benefitted from its timezone. Could this hold the key to the future? Is the UK, with its financial and legal services that are the best in the world, able to position itself as an integral part of any internationalisation strategy?

It seems clear that there is potential for the UK to capitalise on the "new normal", even as it continues to evolve. But to do so, the UK needs to be open to business, talent, and success. Both of the major political parties in the UK have pro-business policies in the pipeline or in their manifesto. They both want to see more pension money invested into UK private companies, for example. But both main political parties hint at changes in tax. In differing guises, both parties have also suggested increasing the tax paid by entrepreneurs when they exit their businesses. Such threats deter new entrepreneurs and put a cap on the ambitions of existing entrepreneurs.

The growth champions who make up the Fast 50 have thrived in the current environment, but we need them to continue to thrive. Politicians should pick up on these companies not as darlings to be championed but as representative of what more companies could achieve with the right support and policies.

9 The UK's International Technology Strategy, 2023

10 Experts to lead AI Safety Summit preparations as new funding announced to modernise healthcare, 2023, 2023

Fast 50 Winner: Allica Bank

First Place Overall
London Regional Winner
85,438% Growth Rate

"What we do is people and data. We don't make fridges; we don't have branches; even our loan documents are electronic. It's people and data, that's it," says Richard Davies, CEO of Allica Bank, explaining his ethos for the London-based fintech.

Allica is an online banking platform with a focus on personalised relationship banking aimed at established SMEs with 10 or more employees. With additional offices in Milton Keynes and Manchester, the company distinguishes itself by pairing advanced digital banking functionalities with dedicated relationship managers with extensive SME banking expertise. Allica Bank provides a full-service product suite for SMEs, encompassing business loans, asset finance, savings, cards, and current accounts.

Allica launched in late 2019 with its first deposit product as a fully authorised bank, having undergone a long journey to secure its bank licence. Since then, the company has undergone substantial growth, building out its tech platform and growing its headcount to 324 employees by the end of 2022. It secured its banking license in 2019 and started issuing loans in March 2020. "We were pretty much born into the pandemic from a go-live point of view," says Davies.

He joined the company in 2020 from Revolut, where he was Group COO and CEO of Banking, having also previously been the inaugural CEO of OakNorth Bank. Davies has also held a range of key leadership positions at major high-street banks like Barclays, HSBC, and TSB, gaining expertise in commercial banking, digital transformation, and strategy.

When Davies joined, the company's tech stack was reliant on a lot of third parties. Based on his experience at Revolut, Davies was keen to bring the company's technology in-house to allow a level of control that could support the rapid launch and iteration of new products. "We've embarked on a journey to really build out quite significant in-house engineering and product capabilities. Since early 2021, we've scaled up our in-house tech teams a lot. We've got about 150 people now who work in tech. All of our loan processing technology is built in-house because we don't think there are any great solutions out there to handle the complexity and scale of our target segment."

Allica's in-house approach to technology has paid off by providing the company with the infrastructure to scale. To finance its growth, the bank has raised £386m in capital, including a £110m series B in 2021 and a £100m series C in 2022. "Last December, we did a £100m round led by TCV, a premier Silicon Valley growth equity fund. They've invested in world-class names like Airbnb, Spotify, and Netflix, validating our tech-driven approach. TCV invest in tech, they do not invest in banks," explains Davies. TCV's investment is clearly a significant proof point of Allica Bank's tech prowess.

While its technology is a point of differentiation, the bank pairs its tech-forward approach with the human touch of experienced relationship managers, catering specifically to the complex needs of SMEs. "Hiring the right combination of people, organising in the right way, with the right ways of working, right architecture, right tooling is what delivers success," says Davies, emphasising the importance of blending tech and people skills.

Allica has faced its share of challenges. Davies acknowledges, "Banking is regulated, and so the bar and the domain knowledge is higher. You can't just hire tech people and ignore the banking side of it." He also mentions that capital raising is always hard and that building the full range of different bank products in such a short span has been challenging but rewarding. Maintaining strategic clarity is a crucial part of the company's growth journey. Davies believes, "Having total clarity of your target segment and value proposition is really critical. We know we exist solely to provide a full-service alternative to the high street banks for established SMEs." He also adds that the FinTech is very disciplined in focusing its technology and people investments to drive value quickly and build a sustainable, impactful business.

With a clear strategic focus, tech-driven ethos, and dedication to serving the SME sector, Allica is not just another name in the financial industry; it is meaningfully addressing underserved needs for SMEs. The numbers speak for themselves, and alongside the rapid revenue growth, Allica became profitable in mid-2022 and has won a wide range of customer-voted awards. Davies sums it up, "It's hard but rewarding when you can feel you're making some sort of difference to the market, to customers, that make up a third of our economy."

Fuelling growth: strategies for scaling at speed

Sonya Iovieno
Head of Venture and Growth
at HSBC Innovation Banking

Scaling your growing business at speed is a subtle science. In recent times, companies have been focused on driving unit economics to reach profitability. While this is a trend that shouldn't go out of fashion, investors are always going to track top-line growth as a lead metric to signal future success.

Sadly, there's no secret formula or one-size-fits-all approach that guarantees a startup becomes a superscaler.

However, three helpful best practices can help maintain that critical balance between stability and scaling at speed.

1. Choose a strategic partner, not a service provider
Sustainably scaling at speed calls for more than just deep pockets. Partnership is key. True financial partners go beyond banking to offer strategic guidance as you navigate your growth journey.

To do that, they need to demonstrate deep expertise in financial solutions for high-growth companies, crafting the right solutions for you at the right time. To provide the best advice, your financial partners should have a deep understanding of your industry and the competitive landscape you operate in, helping you navigate shifting market dynamics.

Most important is the human aspect. A financial partner will be by your side for years while you overcome the challenges of scaling your business. The best relationships go beyond transactions, products, and services. They should be based on trust, openness, and a shared vision for your company. After all, your banker will be alongside you as you grow, so they need to match your energy and ambition, giving you the right products and solutions at the right time.

So, how do you know what to look out for?

Ask yourself:

What is the bank really offering apart from products?

Do they have an established track record and reputation in my space?

What do their existing clients say about their experience?

How do they behave when things aren't going to plan?

It's a decision that can stifle or supercharge your success, so choose wisely.

2. Seek out that entrepreneurial spirit
Your banker needs to be able to do more than just hold the purse strings. If they're going to accelerate your growth, they need to share your entrepreneurial mindset and leverage their experience with high-growth businesses to help you understand whether it's time to make bold decisions or double down on efficiency.

This is particularly true in the fast-moving, competitive world of technology.

Learning whether to double down on local markets or invest heavily in new opportunities comes with time and experience. If they understand your ambition, constraints, and all the markets you're operating in, a high-quality financial partner can help you make the right decisions at the right time. Balancing caution with a cut-throat business instinct is often the difference between success and super scaling.

3. Look for diverse experience
While every business faces unique challenges, there are undoubtedly hurdles that come up frequently when you are growing at speed, particularly internationally.

Avoiding these common pitfalls is another key factor in how quickly and successfully you can scale your business. The key is to find a partner with a nuanced network. Meeting your growth goals means you'll need to navigate everything from employment legislation to government policy while breaking into the right business circles.

Again, you should be able to turn to your bank for guidance. Whether it's lawyers to protect your IP, investors to fund your next equity round, or international networking events that allow you to get your foot in the door, a great partner will open those doors and avoid stumbling blocks well in advance.

At HSBC Innovation Banking, we have a proud history of partnering with high-growth tech and life sciences businesses, creating meaningful connections, and opening a world of global opportunity for entrepreneurs and their investors.

Our dedicated Relationship Managers come with deep sector expertise and extensive investor networks and are experienced in providing financial solutions from seed-stage to IPO and beyond. Whether it's comprehensive banking, debt capital, plans for buyouts, or Global Funds Banking, we empower the bold to leave their limits behind and share their vision with the world.

Funding for growth in turbulent times

Angelina Kuznetsova
Partner, Advisory Corporate Finance and FinTech Lead at Deloitte

Over the past year, the M&A and fundraising landscape has proven to be a formidable challenge for technology and FinTech enterprises in the United Kingdom. This challenge is substantiated by a discernible decrease in deal volumes across all stages, types, and deal ticket sizes. The prevailing investor sentiment has been notably affected by the global energy crisis, compounded by escalating inflation and diminished economic growth rates.

If you are considering fundraising or exploring options on how to finance growth for your business, we have observed the following nine key trends impacting the deal-making landscape and considerations for businesses looking to raise funds.

1. A decline in valuations, influenced by adjustments in public markets and the rising cost of capital, is creating disparities in the anticipated value between prospective buyers and sellers.

2. The lower valuation environment and cautious approach to deploying capital have resulted in more borrowers seeking less dilutive capital solutions, such as Venture debt and ARR financing - with overall debt volumes being heavily correlated to equity deployment trends. There is a wider pool of borrowers interested in these financing solutions, which is culminating in an increased number of lenders, deeper liquidity pools, and a more diverse product set.

3. In line with macro trends, the cost of financing has increased. While pinpointing exact pricing is difficult due to the mix of participants in the markets, which include; banks, family offices, and private debt capital (i.e. debt funds), we have observed pricing closer to 12% from as low as 7% 18-24 months ago. Additionally, fixed pricing has become much less available as lenders are more cognisant of interest rate risk management.

4. Investors are seeking an increased level of downside protection through deal structuring, i.e. deferred considerations, earn-out provisions, and minimum return hurdle rates.

5. There has been increased scrutiny over business plans with a greater focus on deliverability and certainty of management forecasts, accompanied by a rigorous bottom-up analysis applied to all key growth drivers, defensibility of market position, and margins.

6. Investors are placing a strong emphasis on future cash generation, seeking an accelerated path to cash generation and margin enhancement. Therefore, a reduction in costs is now expected, despite an increase in customer acquisition costs.

7. An appetite for bridging rounds has materially diminished, with investors expecting funding that is advanced enough to last to cash generation.

8. We have observed an increased number of internal funding rounds, with existing investors now more focused on supporting their portfolio companies rather than making new investments. As a result, full exits are being delayed until market conditions have improved.

9. Overall, transactions have been taking longer to execute and complete in the current environment, with a higher level of aborted processes.

Despite these changes and challenges mentioned above, several aspects of the current market environment set it apart from previous downturns and make it likely to lead to an increase in M&A activity. Early signs of this are already being observed:

The UK economy is performing better than expected, with a mild recession expected in 2023 and a gradual recovery in 2024. Unemployment is expected to remain low.

> Over the past year, the M&A and fundraising landscape has proven to be a formidable challenge for technology and FinTech enterprises in the United Kingdom.

Private equity and venture capitalist funds have high levels of undeployed capital, which investors are keen to put to work to support the right opportunities.

Private companies with strong financial KPIs continue to attract investors at high valuations, leading to highly competitive sale processes.

Strategic investors are actively seeking M&A bolt-on opportunities, particularly in certain sub-sectors of technology and FinTech, which continue to consolidate. This is likely to provide an additional boost to deal activity and generate exit and investment opportunities for market players who are unable to raise funding from financial investors.

For the foreseeable future, debt financing options available to the venture ecosystem are expected to remain healthy, and whilst debt volumes will continue to be correlated to venture capital deployment, we expect European debt market volumes to become a larger proportion of total capital as interest and market acceptance continues its upward trajectory.

Once valuation adjustments reach a healthy equilibrium, deal volumes across the market could increase.

Investors remain interested in certain businesses, specifically B2B enterprise software, especially those with strong SaaS metrics and KPIs.

We have observed early signs of market recovery and anticipate a pick-up in M&A and fundraising activities towards the early part of 2024. However, this may only be slowed down by the outcomes of pending US and UK elections as the market adjusts its expectations with respect to the potential changes to fiscal policies.

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Throughout this turbulent period, four steps remain that should be followed to increase the chance of a successful transaction:

1. Preparation: Before starting the M&A process, it's crucial to invest time in ensuring the company is appropriately prepared, for example, ensuring that correct documentation is in place and that the company's growth strategy is agreed.

2. Warm up the market: Building relationships with potential buyers or partners before launching a formal M&A process can help to increase the chances of success.

3. Timing: This is key in M&A. Choosing the right inflexion point in the business' growth can help to maximise the value of the transaction. This may involve waiting until the company has achieved certain milestones or has a strong pipeline of future business.

4. Business plan: Ensure the company has a solid business plan backed by historic KPIs, client wins, and a strong pipeline.

If you are looking to explore funding options to support your growth or are considering an M&A transaction, our team of specialists would be very happy to provide support. Please don't hesitate to get in touch with us to discuss your options and how we can assist you in achieving your goals.

Building bridges: startup strategies for corporate collaboration

Andy Robb
Partner,
Deloitte Ventures

As the old saying goes, "no person is an island" and the same can be said of businesses. In today's world, it's not always true that big beats small. To navigate and win competitive markets, we often see that you need to be both fast and stable, scrappy and experienced, risk-takers and measured, creative and methodical, disruptive and credible. So how do you bring it all to the table? By looking outside of your own organisation and partnering for growth.

Startups are often praised for their ability to move quickly, take risks, and innovate, while corporates are valued for their stability, reliability, and experience. By understanding these differences, startups and corporates can work together to create a powerful force for growth and success.

Building a successful partnership for growth is more than just viewing each other as a customer or supplier. Both the corporate and startup need to invest in the relationship to set it up for success from the offset. If you're a startup considering the opportunities to partner for growth, here are three things we recommend investing time into:

1. Aligning on vision

CVCs participated in 21.7% of all European VC rounds in 2022—the highest annual percentage to date.[11] Instead of just seeking capital investment from corporates, startups should look to explore other growth levers—such as market access. To do this, startups need to choose the right partner. It's important to identify a corporate that not only has complementary capabilities, but also shares similar goals, values, and work culture.[12] This ensures that the partnership is founded on mutual understanding and commitment to the vision.

Unsurprisingly, the primary reason for a corporate to collaborate with a startup is to solve problems they cannot solve themselves.[13] Startups should take time at the start of the relationship to deeply understand the problem they would be helping to solve. This not only gives both parties a clear view of product-fit and size of opportunity, but it also helps your champion in the corporate articulate the value of the collaboration to their stakeholders and ultimately gain the support needed to move forward.

11 Pitchbook, CVCs take part in more than a fifth of European VC deals, 2023

12 Collaboration between Startups and Corporates, 2018

13 State of Venture Client Report, 2023

2. Shoot for the moon or stay true to the core?

Corporates looking to collaborate with startups either aim to shoot for the moon or to optimise their core operations. During the pandemic, 85% of CEOs accelerated digital initiatives; however, many struggled to articulate strategy and progress past the initial technology investment.[14] This demonstrates the increased importance for companies to ensure that they place their bets effectively and strategically.

When companies collaborate with startups effectively and at the right level of the organisation, they can increase their chances of success at the core – and at the edge of their business. With better products, improved processes, and reduction in cost being beneficial business outcomes. It is important for startups to note that moon-shot bets often require CxO input, and process optimisation requires localised process expertise from the corporate; to ensure effective decision-making and adoption.

Notably, 41% of startups agree that gaining internal acceptance to pilot their technology is difficult.[15] As such, investing in long-term relationships with key decision-makers on the corporate side is the key to either edge or core innovation being successful.

3. How you'll get there—flexibility and communication

Flexibility and adaptability are also crucial in any partnership. Startups need to be willing to modify aspects of their business model, product offering, or processes to meet the corporate's needs without being engulfed by them—with clear communication being essential to ensure that the requirements from both sides are shared and understood. Both parties should keep each other informed about progress, challenges, and growth opportunities.

Startups should ensure they share their strengths and differentiating USPs to remain at the forefront of a corporate's agenda and remain strategically relevant. One way to do this, where possible, is by identifying the corporate's venturing team. This team will typically act as a convener, helping startups navigate the corporate landscape, bringing the right people to the table, and helping facilitate collaboration.

Collaboration between a startup and a corporate can be the key to unlocking growth and realising combined limitless potential.[16] For a startup, collaborating enables you to tap into valuable resources such as funding, expertise, distribution channels, and industry networks that would be otherwise out of reach. For the corporate, collaboration gives access to innovative technologies, increased agility, and speed to market. When done well, collaborating can create a range of new and exciting opportunities for both parties.

Curious to explore startup collaboration opportunities with Deloitte? Connect with our Startup Ventures team.

14 Deloitte Insights, A new language for digital transformation, 2021

15 Collaboration between Startups and Corporates, 2018

16 Collaboration between Startups and Corporates, 2018

Fast 50 Runner-Up: Yoto

yoto

Second Place Overall
66,572% Growth Rate

"When families find a solution to a problem, they tell everyone in a similar situation because it's very likely to be a shared problem," says Ben Averis, CFO at Yoto. "As a parent, I can put my hand up and say if someone does have clever suggestions to support family life, I'll tell everyone. And we benefit from that at Yoto. Word of mouth is incredible because it's a genuine result of a great product and customer experience, leading to a highly engaged community of families that then go on to talk to others about our products. This helps to spread the word in a really organic way and ultimately helps us with our fast, sustainable growth."

Founded in 2015 in London by Filip Denker and Ben Drury, Yoto is a child-centric interactive audio platform offering screen-free entertainment and education. The company, with a team of over 100 across the UK, North America and France, produces devices operated by physical smart cards for access to audio stories, educational activities, music, podcasts, radio, and sounds. Yoto was inspired by Montessori educational values and focused on promoting independent and creative child-led play. The co-founders, driven by the potential of technology and shared concern over excessive screen time's impact on development, established Yoto to allow kids to listen, learn, and play at their own pace. Ben Averis later joined as CFO, bringing his expertise from Audley Travel to support Yoto's growth.

Montessori education centres on child-led, hands-on learning, focusing on independence and freedom within certain boundaries. These principles are deeply integrated into Yoto's ethos, as Averis elaborates, "A big part of the Yoto proposition is the idea of putting kids in control, but in a safe screen and ad-free environment, which are issues that all modern families are faced with pretty early in their children's lives. Co-founder Ben always stresses that the Montessori principle of kids in control was the first thing that they developed the product for, which is why the player itself is very simply designed and easy for children to navigate."

The business has benefited from word of mouth and support from a loyal community. Averis credits this to the product's ability to solve a real problem for parents: keeping their children engaged in a meaningful way. "From the beginning, we've seen the magic of families buying a Yoto, falling in love with it and telling their friends about it. This word of mouth is hugely important to us, and it's why our Yoto families are always at the heart of everything we do."

Although the company has scaled significantly, it has not been without hurdles. Averis pinpoints challenges associated with managing a physical product, particularly given overseas manufacturing constraints. "When you grow as fast as we have and you're selling a physical product, you have to stay focussed on actually getting that product into the hands of your customers. COVID was not good for supply chains. So a big headwind was supply challenges, whether those were factories that were operating at half capacity because they were under COVID restrictions or there was a shortage of freight options. We had to fight to solve those."

Initially, Yoto relied on equity investment to finance inventory. Now, however, it has multiple offers for high-quality debt, enabling the company to plan its next growth phase. "Because of our success, we now are working with notable banks who offer high quality and economical lending, but that didn't exist a couple of months ago. It was harder to have those conversations when we were not big enough. Now, we've grown fast and we're hitting our numbers and that has opened all these doors to great working capital funding," says Averis.

Yoto faces the challenge of seasonality, as over half of its business comes in the run-up to Christmas. To counter this, the company is focusing on content, which remains in demand throughout the year. With its subscription membership, Yoto Club, now boasting 40,000 subscribers, the company is also investing in original IP. Yoto's BrainBots series, featuring robot characters on educational quests, is a top seller and has enabled the company to develop partnerships with the likes of Merlin Entertainments to co-create content using the IP.

Averis explains developing IP fits with Yoto's mission: "Yoto is a trusted brand. We curate high-quality content that children love. And we plan to continue to double down investing in our own IP, making that a real focus of what Yoto is all about."

Word of mouth is incredible because it's a genuine result of a great product and customer experience, leading to a highly engaged community of families that then go on to talk to others about our products. This helps to spread the word in a really organic way and ultimately helps us with our fast, sustainable growth.

How technology is a critical foundation for growth

ORACLE NETSUITE

Nicky Tozer
SVP EMEA, Oracle NetSuite

Businesses are being pressed to increase profitability, find ways to stay agile, and be more productive. A delicate balancing act, yet one that can be achieved through effective planning and a laser focus on financial data, including top and bottom-line growth. How can emerging companies build resilience and continue to find growth opportunities?

Stay flexible to the macro environment
Emerging companies should prioritise agility as they deal with the effects of the economy. Economic and pricing changes brought on by fluctuations in the market are now the norm, and businesses must act quickly to protect narrowing margins.

Long and short-term business plans should incorporate some element of flexibility, working with finance, inventory, and supply chain data to stress test "what-if" scenarios. For example, businesses can test scenarios such as the impact of raw material prices doubling or supply chain disruptions causing 25% of revenue delays. Then, ask questions such as how cash flow will be affected, what evasive manoeuvres can be taken, and how can risk be lowered with preventative measures.

This all relies on the visibility of real-time, reliable data that provides a single view of the business. When companies lack a clear view of their financial health, it becomes impossible to adapt and plan for possible scenarios. Businesses must keep long-term strategies flexible to maintain business continuity.

Make the most of cloud technology and automation
Achieving this level of data visibility is only possible in the cloud—essential for running critical aspects of a business, including accurate financial reporting, remote management, and enhancing routine operations. Cloud users can automate key processes and avoid manual work, with the full potential of automation left largely untapped with siloed data. With a laser focus on cost-cutting, automation is a great way for your business to do more with less while making employees' roles more fulfilling.

For instance, in finance, automating manual, time-consuming tasks such as month-end close makes data more accurate, allowing finance teams to focus on analysis and respond to market changes. This has the potential to mitigate error, with just one incorrect cell having the potential to cost businesses thousands of pounds, but it also frees up teams for value-added work.

Auto-pricing is another way that businesses can remain flexible and react to shifting market pressures. Further removing the burden from overstretched finance teams and ensuring that international sales rules are met, auto-pricing allows businesses to automatically respond to fluctuating supplier prices and maintain accurate cash flow forecasts. It effectively puts the brakes on if a product or component is getting more expensive or gives the green light to buy at the right price. A key advantage is that these changes happen in real time, not weeks down the line, saving vital funds in increasingly volatile markets.

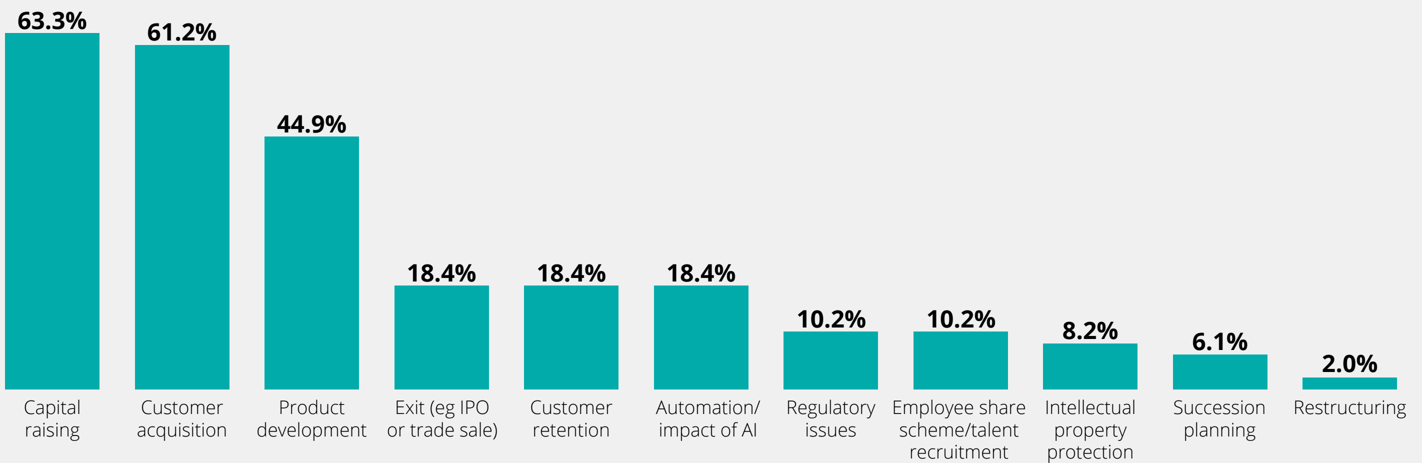
Acquiring new skills and expertise
Technology is only one part of the solution. A key factor for leaders is their ability to remain agile and reactive in the face of new challenges. This can help them develop new skills as their organisations grow. Business owners and management teams should make time for training and learning from peers, experts, and mentors to further grow and enhance their business.

Faced with a volatile trading environment, businesses should refocus their priorities to improve the bottom line. In order to find growth, it is vital to adopt flexible strategies, utilise cloud and automation to enhance workforce productivity and develop varied skills.

Emerging companies should prioritise agility as they deal with the effects of the economy. Economic and pricing changes brought on by fluctuations in the market are now the norm, and businesses must act quickly to protect narrowing margins.

CEO survey: charting the course

Core objectives for the next 24 months



We spoke with CEOs, CFOs, and other top executives from the UK's high-growth tech sector to discuss the obstacles their companies are facing this year and the strategies they're employing to overcome them.

Capital raising challenges

With 63.3% of respondents highlighting it, capital raising has emerged as a pressing priority for high-growth technology companies. A substantial 67.3% of companies are either actively trying to raise or have tried to raise investment in the past 12 months. In comparison to Q3 last year, high-growth tech companies have seen a 49.8% decrease in total equity investment secured this year. UK high-growth tech companies collectively raised £16.6b in the first three quarters of last year, with the equivalent figure for this year at £8.35b. Companies report that securing equity investment has been challenging due to a variety of factors, including high monthly burn rates and economic conditions constraining growth. Other difficulties include stringent investor focus on profitability over growth, unfavourable terms in offers, and decreased valuations compared to previous rounds. Overall, the current investment landscape appears to be highly cautious and investor-centric.

Customer acquisition and business strategies

Naturally, customer acquisition is also on leaders' minds, with 61.2% indicating that this was a key focus for their company. This finding fits with the broader mood across the economy, with the purchasing managers' index showing that UK business activity contracted for the third consecutive month in October, impacted by high interest rates and falling exports. Companies have adapted their strategy to this reality, with 71.4% of companies indicating their current strategy is a balance between growth and cash preservation. Only 12.2% of the high-growth tech companies that responded indicated that they were prioritising growth alone.

AI's growing impact

Against a challenging environment, leaders have a powerful new tool: Artificial Intelligence. Our survey found that 79.6% of companies expect AI to have an impact on their markets or proposition, underlining the need for tech companies across subsectors to be AI-ready. This readiness is not just about implementing new technologies; it is about optimising existing processes and customer engagement models to make the most of what AI can offer.

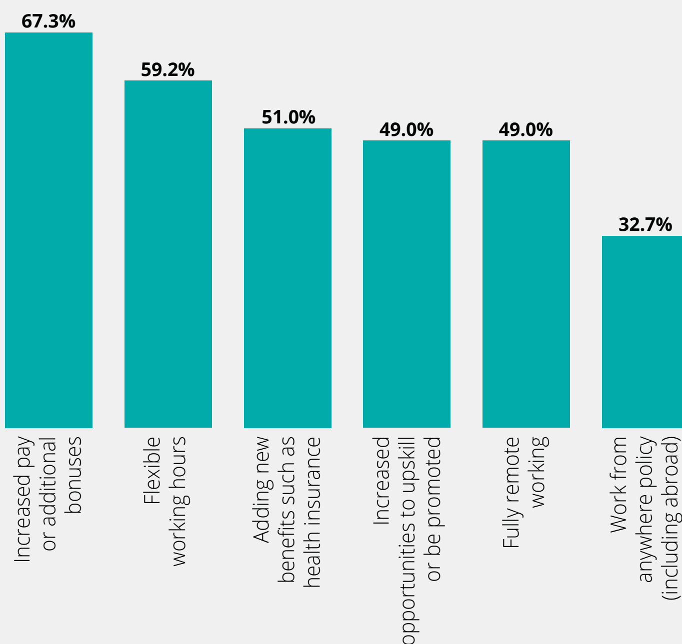
Global expansion trends

When it comes to global expansion, the old adage "West is best" still holds some truth. The US is the most popular destination for companies looking to expand overseas in the next one to two years, with 61.2% identifying it as a focus. Europe, including the Nordics, was a runner-up, with 49% of companies indicating the region is a focus over the next one to two years. It is not all about established markets; some firms are also setting their sights on emerging regions like the Middle East and the Asia-Pacific. Interestingly, a small but significant portion of respondents have no plans to expand internationally, suggesting a calculated focus on domestic growth.

Talent acquisition and retention strategies

In the ongoing battle for top talent, flexible work arrangements are becoming increasingly important. According to respondents, 59.2% of companies have adopted flexible working hours as part of their strategy, while 84.7% operate under a hybrid model. Some progressive organisations have even transitioned to a four-day workweek to enhance employee well-being. Dave Weir, founder and CEO of this year's Scotland Regional Winner, The Original Fit Factory, is no stranger to this approach: "A lot of the things that companies do now, we did years ago. We moved to the four and a half day a week probably three years ago". While many companies have embraced more flexible working, a minority believe that innovation and collaboration are best achieved in a physical workspace alone, challenging the shift to hybrid working. Another key factor in hiring and retention is a company's sense of social or environmental responsibility. A significant 87.5% of respondents reported that their business identifies, to some extent, with having a social, societal, or environmental purpose.

Benefits offered to attract and retain staff



Government support and policy outlook

Of the companies surveyed, an incredible 91.8% have used government growth support schemes such as grants, R&D tax credits and the Patent Box scheme. Given the option to respond freely on government steps to support businesses, survey respondents advocated for a range of government interventions to bolster growth and innovation in the UK. Key areas span from streamlined tax incentives, particularly for R&D, to reduced corporation tax and simplified public procurement for SMEs. Looking ahead, firms anticipate that transparent and stable decision-making, sector-specific regulations in areas like electric vehicles and AI, and a focus on sustainability could significantly benefit their operations. There is significant concern around a potential Labour government's changes to the corporation tax regime, with 37.5% of respondents anticipating that such changes would impact them negatively. There is also a call for international data transfer legislation and ongoing R&D incentives. Collectively, the emphasis is on establishing a stable yet progressive policy environment to facilitate business scalability and innovation.

Conclusion

As we draw conclusions from this year's survey, one thing is evident: the UK's tech industry is a landscape of contrasts. Challenges are met with innovative solutions; expansion plans are balanced with workforce needs and the macroeconomic environment, there is also a collective push for government support. These are not just isolated strategies; they are part of a larger tapestry of resilience and innovation that defines the sector. As the UK's tech sector continues to grow, adaptability remains its greatest asset. Whether it is harnessing the power of AI, embracing flexible work models, or navigating the intricacies of international trade, the industry's leaders are clear-eyed about the challenges that lie ahead and how they plan to overcome them.

As we draw conclusions from this year's survey, one thing is evident: the UK's tech industry is a landscape of contrasts. Challenges are met with innovative solutions; expansion plans are balanced with workforce needs and the macroeconomic environment, there is also a collective push for government support.

How to finance a successful growth journey

Richard Taylor
Head of Growth
Investments at BGF

Companies can grow fast when they are given the right finance, the right advice, and the right skills at the right time. As a high-volume investor that has backed well over 500 companies in the past 12 years, BGF has seen firsthand how this mix of support can accelerate the growth journey of a business.

Finance, in the form of equity funding, is what BGF provides. We have seen time and again the transformative power of an investment between £1m and £20m. It can allow businesses to achieve in a year what would have taken them five or even 10 years to do organically.

Whether it is used for product development, acquisitions, international expansion, or other purposes, finance is a crucial tool for helping businesses achieve their potential.

Advice is also hugely important. To succeed in the long term, a business must deploy its capital wisely. One of the best ways to make good decisions is to seek guidance from those who have done it before. This could include entrepreneurs and investors who have experience scaling businesses in your sector.

Finding the right sources of guidance can be a challenge, but the good news is that the UK has a large and supportive ecosystem for small-to-mid-sized enterprise funding. BGF maintains one of the largest pools of expert business leaders in the country. More than 400 individuals have now been placed on portfolio company boards thanks to introductions from our Talent Network. Time and again, the advice they give has proved invaluable to the management teams who run these businesses.

Imagine having an experienced mentor on call to answer the urgent questions that might keep you up at night. This is what an experienced non-executive chair can provide to your company.

The third piece of the puzzle is skills. It is rare for a growing business to have all the resources it needs. Usually, there comes a time in the growth journey when the business must seek external expertise. However, expertise can be expensive, and growing businesses need to preserve as much cash as they can.

One way to solve this problem is to buy expertise on a flexible basis. For example, by hiring a finance director part-time or on a contract. But recruitment of senior executives takes time and can be costly. BGF assists portfolio companies through our Value Creation team, specifically the Expertise On-Demand service, which connects businesses with skilled executives on an ad hoc or consultancy basis.

Businesses have used Expertise On-Demand for a range of purposes. For example, hiring an ESG expert to slash energy costs, a marketing consultant to boost e-commerce sales, or a part-time finance director to assist with an exit process. In life or business, you are only as strong as the people around you, which is why it is critical to surround yourself with specialists who can provide targeted support.

I've outlined the way BGF helps portfolio companies succeed in their growth journeys. These principles apply to any business, regardless of its funding model. It doesn't matter whether you are a long-established family business, a brand-new university spinout, or the latest venture from a serial entrepreneur. Success in your growth journey depends on harnessing the power of finance to speed up your growth. It depends on advice to help you allocate finances wisely and skills to help you navigate your way to success.

I wish you good luck in growing your business.

Success in your growth journey depends on harnessing the power of finance to speed up your growth. It depends on advice to help you allocate finances wisely and skills to help you navigate your way to success.

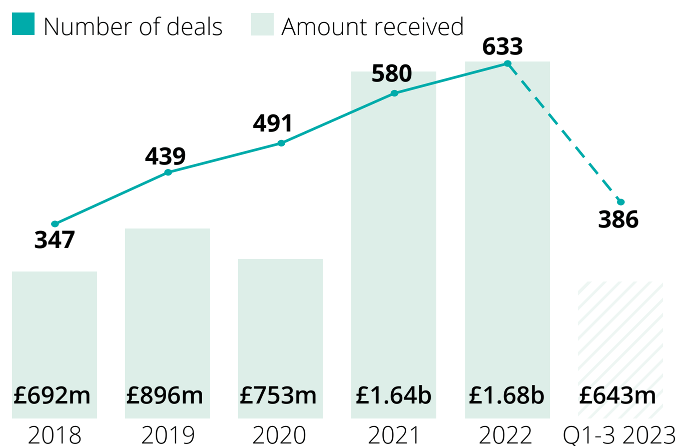
The UK's push for female entrepreneurship in tech

Introduction

More women are launching and founding businesses in the UK than ever before despite the barriers that exist for female entrepreneurs. Perhaps the most significant is the inequality in access to investment. This limitation not only restricts new business growth but also perpetuates existing gender imbalances among early-stage technology ventures. There is a vast amount of unrealised potential in female founders, with the Rose Review estimating that £250b could be added to the economy if women scaled and advanced businesses at the same rate as men.[17] Research released by asset manager BlackRock in November 2023 indicates that companies with more diverse workforces, in terms of gender representation, surpassed their less-diverse peers in return on assets by an average of 29% over recent years.[18] Despite such findings, there is a long way to go in reaching complete gender parity in the business landscape, as women face more challenges in entrepreneurship than their male counterparts. In a mission to diversify the business ecosystem, the UK has seen initiatives such as the Investing in Women Code (IWC), working to reduce gender-based disparities in the entrepreneurial community and bolster the UK economy.

The fundraising landscape

Equity investment in female-led tech companies
(2018-Q3 2023)



The number of active high-growth tech companies in the UK has more than doubled in the last decade to just shy of 15,000 as of October 2023. While this signals the popularity of tech-enabled businesses, companies with a woman founder only account for 21.4% of the population. Even though women are as successful as men in sustaining business once established, they are less likely to pursue entrepreneurship.[19] Women who do pursue entrepreneurship are less likely to seek debt funding or apply to support programmes such as accelerators, which often serve as a pipeline to further investment.[20] Traditional gender conventions and a lack of representation in financial leadership positions contribute to the low number of women entrepreneurs in the UK. Two of the women-led enterprises recognised by the Fast 50 Women in Leadership awards this year are Diginius and GoSpace AI.

17 The Rose Review of Female Entrepreneurship, 2019

18 Lifting financial performance by investing in women, 2023

19 The Rose Review of Female Entrepreneurship, 2019

20 The Good, the Bad, and the Path Forward, 2023

The overall Women in Leadership winner, Diginius, has developed a digital performance software platform to support clients from marketing agencies to e-commerce brands. It was co-founded in 2011 by COO Juliana Burke and CEO Nate Burke. GoSpace AI ranks second in this year's Women in Leadership category. It uses AI to allocate office space to teams when they need it, reducing unused space. It was co-founded in 2014 by CIO Elizabeth Tweedale and CEO Bruce Davison. Since its establishment, the business has secured £3.54m in equity investment.

Global events such as the Russian-Ukrainian war, supply chain disruptions, and a rise in inflation have contributed to more cautious investment strategies, leading to a 10.1% decline in investment in 2022. Amidst an economic downturn, tech-enabled companies remained resilient, raising an impressive £20.7b in equity investment. Male-led enterprises accounted for 89.4% or £18.5b of the total, whereas women-led businesses raised £1.68b or 8.11% of the total. The lower proportion of enterprises led by women in the tech population is a primary outlier in the disparity in investment raised by male and women-led companies.

Creating equal opportunities

With greater access to mentoring and business support programmes, the UK has the potential to create a women-friendly workforce and boost economic activities. For instance, accelerator programmes—initiatives that support entrepreneurs and founders in scaling their businesses—can enhance female entrepreneurship by developing effective measures to create equal opportunities.[21] Beauhurst data shows that male-led companies that had historically attended an accelerator programme accounted for 44% of total investment in tech companies in 2022, in contrast to 2.79% for women-led companies. Women-targeted programmes such as Barclays Eagle Labs Female Founder Accelerator are working to bring more women into entrepreneurship through mentorship classes, teaching women how to value their businesses, interact with investors, and network with a broader community. While disparities in funding continue, the data shows a shift in the landscape, suggesting a promising future for women in entrepreneurship. A more granular analysis reveals that investment in women-led businesses operating in the tech landscape has surged significantly from £692m in 2018 to £1.68b in 2022. The most popular technology-based sector for investment is internet platforms, participating in over 1,000 deals in the past decade, followed by mobile apps (780) and SaaS businesses (736). This remarkable growth can be attributed to the growing presence of women entrepreneurs delving into the technology landscape, heightened interest from investors, and consumer appetite for digitally-driven products and services.

Blockers

Having women in rooms where decisions are made is paramount to growing the UK economy and creating an ecosystem where women in business can flourish. Lack of representation in the investment landscape, particularly in investment teams and committees, influences the rate women-led companies raise and pitch for equity finance. On average, women launch businesses with 53% less capital than men, are less aware of funding opportunities, and are less likely to take on debt.[22] Loubna Bouarfa, the founder of OKRA.ai – last year's Women in Leadership Winner, emphasised the importance of representation in the entrepreneurial community—"It's really important for women to be a part of the new revolution in AI and technology."

21 How and why accelerators enhance female entrepreneurship, 2023

22 The Rose Review of Female Entrepreneurship, 2019

This year's Women in Leadership Winner, Diginius touches on access to funding and the importance of investor and employee relations during the early stages of development. Speaking to co-founders Nate and Juliana Burke, they recall "not knowing how long the investment journey would be." While the company has not raised investment via VC, it has managed to secure £1.68m in equity investment from private and angel investors. Despite deciding not to take on VC funding, the SaaS company has grown at an impressive rate, now working with over 600 agencies in 56 countries. Recalling back on the journey so far, Juliana notes how amazing the company has performed over the years with little funding and few employees.

Representation

Diversified leadership teams are necessary to enhance fundraising experiences for women entrepreneurs and business owners. Greater diversity in teams and committees is associated with more successful outcomes and greater returns. Juliana Burke further draws attention to the pivotal role their board and advisors have played in the company's growth. Interestingly, the two founders highlight how the company's relationship-driven culture has allowed them to rely upon and learn from their advisors.

The IWC's annual report recorded that in angel groups with a higher percentage of female investors, the majority of their total investment went into all-female teams.[23] Suggesting that in instances where women make up part of an investment team, women entrepreneurs are likely to have greater access to equity finance—illustrating the significance of gender representation in the entrepreneurial community.

The UK Business Angel Association's (UKBAA) Angel Investment Task Force established the Women Backing Women campaign in 2022 to increase the number of women angel investors in the UK. This campaign also aims to improve the fundraising experience for women. IWC is a government initiative designed to improve access to finance for women in business. Its latest annual report reveals that IWC signatories account for just under 40% of venture capital deals in the UK and that a higher proportion (35%) of VC deals by IWC signatories involve at least one female founder compared to the broader market (27%)[24]. By creating avenues where women can access mentoring, tools, and finance, initiatives such as IWC show that by increasing representation in financial communities, the UK can work toward creating a more inclusive and women-friendly entrepreneurship ecosystem.

Conclusion

Access to finance remains a significant barrier to women in entrepreneurship. As more women venture into the business landscape, the UK has seen a redoubling of efforts from government and financial institutions to level the playing field for women. The emergence of projects targeted at supporting and enhancing female entrepreneurs highlights the desire and need for a dynamic business ecosystem. While there is still a long way to go in equalling the fundraising landscape for women in business, the future is promising.

23 Investing in Women Code Annual Report, 2023

24 Investing in Women Code Annual Report, 2023

Women in Leadership Winner: Diginius

Fifteenth Place Overall
Fast 50 Women in Leadership Winner
1,768% growth

"It's been a super long journey for us," says Juliana Burke, co-founder and Chief Operating Officer of Diginius. "Most people who understand the industry are amazed about the company we've become, given the number of people we work with and the amount of money invested—it's really small. So it's just a few people working hard for years to build it."

Diginius was founded in 2011 by CEO Nate Burke and Juliana Burke. The London-based company's software integrates with a range of advertising networks and sophisticated tracking tools. Specialising in pay-per-click advertising (PPC), the company caters to a diverse clientele spanning multiple industries—it now works with 700 marketing agencies in 56 countries. Diginius' rapid growth under Juliana and Nate's leadership means that it is this year's Women in Leadership Winner. The category highlights the remarkable achievements of companies with a founding team that is at least half women or that are led by a woman CEO.

"It took us until about a month ago to come up with even a name for our platform," says Nate Burke. "People try to put you in a box like, is it a reporting platform? Is it a bidding platform? Is it analytics? We finally came up with 'digital performance platform'. So our goal is to help companies grow their sales and have their growth and high growth. And so when you do that, you need a unified platform of all your data, not just a good part of it."

Diginius' story starts in the 90s when Nate started and ran an e-commerce company in the US after completing a Computer Science degree and while in an MBA program. Running an e-commerce company helped provide insights into the digital layer needed to run a business online. Like Nate, Juliana is an MBA with long experience in the sector: "We've been working together ever since we got married. So 25 years working together. It works, it's crazy. It has challenges, has huge advantages as well to be married and work together."

The company has grown without taking venture capital, an approach that has proven challenging but rewarding. "I would have loved to take some good US VC money at the rates that they used to give it," says Nate. "It was never the right fit. We'd meet with them and they're like, we don't like your market. We don't think you can do it. Or they would say things like, you've got to earn back all your equity. And we were like, no, we're not desperate anymore." Over the years, the company has raised nearly £2m from a range of angel investors and from brand consultancy Champions UK. Given the development costs for complex software products, it is remarkable that Diginius has achieved such high-growth with so little external investment.

An inflexion point for Diginius was when Google approached it. "It was six or seven years ago," explains Nate. "They wanted to work on a strategic partnership with us, and we did that for a couple of years. However, it didn't work out. So, at the same time, we had a number of our clients want us to go into the Microsoft advertising space more because the performance was so much better than Google. And we approached Microsoft and developed a partnership with them. We've done a lot of work with them. We won European Partner of the Year and then Global Partner of the Year. We're their largest channel partner globally now. So that's obviously made a big difference in our growth."

In conversation with Juliana and Nate, it becomes evident that the team behind Diginius plays a pivotal role in the company's growth. Discussing key milestones, Juliana and Nate highlight an engineer's 10-year anniversary alongside landmark achievements like reaching breakeven, sponsoring the US Search Awards, and having Microsoft host a client meeting for Diginius at its Fifth Avenue office in New York.

Reflecting on the journey, Juliana says, "The best thing—and the hardest thing—about the company, the way I see it, is the people. It's the most rewarding and amazing. So for me to see the people who were there at the beginning, those who were paid nothing, they're still there. And now we can pay them, which is super rewarding."

Juliana prides herself on fostering a transparent and collaborative work environment. Despite the challenges of day-to-day operations at a fast-growing company, she values communication. She mentioned the struggles of balancing work and communication, underlining the significance she places on engaging with her team and the leadership. "At one stage, I made myself go to talk to every person once in a quarter. And it sounds easy, but it's super hard," says Juliana. "It becomes a bigger job the bigger the team is and harder when you have an international team. We have people in Nicaragua, people in Bulgaria, people in Ukraine, people in Serbia, Hungary, Spain, and the US. Every single country is slightly different. The culture is different. The holidays are different. And the way people communicate is different."

For Nate, engaging with the developers on new challenges is among the most rewarding aspects of the job. "You got these deep, complex issues. We just had to scale up our servers again. And you're trying to figure out where you can handle it more efficiently. So, yeah, those kinds of tough problems are fun to work on."

The team-centric culture that Juliana and Nate have created and the operational efficiency it drives is a successful strategy. The approach has not only benefited the work environment but has significantly contributed to the growing reputation and capabilities of Diginius.

The CleanTech landscape: innovation and investment

Introduction

In the dynamic global setting, nations are setting bold targets to combat climate change. The United States' $369b allocation via the Inflation Reduction Act, coupled with China's focus on solar, battery, and electric vehicle technologies, are notably shaping the CleanTech industry. To stay competitive, the UK needs to align its efforts with these global strides, fuelling innovation in both the public and private sectors. Central to this is the UK government's Net Zero Strategy, which has been presented as an ambitious blueprint that outlines a comprehensive pathway to decarbonise every facet of the nation's economy to achieve net-zero emissions by 2050. However, a series of announcements by Prime Minister Rishi Sunak in September 2023 saw a delay in the ban on new petrol and diesel cars to 2035 and relaxed targets for households to switch from fossil fuel boilers. This policy overhaul has generated debate about the UK's commitment to reaching net-zero emissions by 2050. Against this backdrop, UK CleanTech businesses are raising record investment from domestic investors and receiving increased international attention. Regardless of the political approach, many CleanTech entrepreneurs are forging towards a low-carbon future.

In an exciting update to Deloitte's Fast 50 awards, the CleanTech Winners is a new category. The CleanTech companies are geographically diverse, covering regions from Scotland and Wales to the South West. However, London remains a hub for these innovators, largely due to the city's strategic advantages, such as resource accessibility and strong academic partnerships.

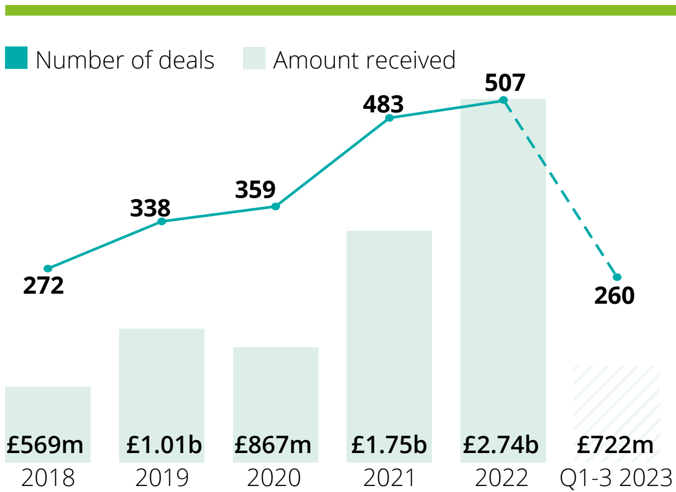
Topping the list in the CleanTech category is Hypervolt, a London-based enterprise established in 2018. The company specialises in the manufacturing of electric vehicle chargers and tailored software solutions for a range of stakeholders, from energy suppliers to end-users. Their mobile application adds another layer of convenience, connecting directly to the charger to enable users to schedule their charging, monitor real-time costs, and even control the charger's solar functionality.

Also making waves in the CleanTech space is Utopi, based in the West of Scotland. This firm offers a unique digital ESG consultancy service. Utopi's platform pulls together ESG data from smart devices and application programming interfaces (APIs) into a cohesive framework. Its app provides a one-stop-shop for viewing a building's ESG metrics, thereby empowering tenants and property owners to minimise both their energy consumption and carbon footprints. Founded in 2019, Utopi has already garnered significant investment of £6.44m and broadened its international presence to include the US, Scandinavia, and Australia.

Equity investment into CleanTech

The UK's high-growth CleanTech sector received significant support via equity investment over the last few years. The total value of deals has risen from £569m in 2018 to £2.74b in 2022. In the same time period, the number of deals has nearly doubled from 272 to 507. The sector witnessed record equity investment figures in 2022, showing remarkable strength amid a wider economic downturn and investors taking a step back following the high levels of market participation seen in 2021.

Equity investment in CleanTech companies
(2018-Q3 2023)



In the first three quarters of 2023, the sector secured 386 equity investment deals. This includes a deal by zero-emission hydrogen fuel producer GeoPura, which raised £36m in February 2023. Recycleye, which develops waste management technology utilising artificial intelligence, also secured £14m in equity investment in the same month. The UK's later-stage CleanTech companies have also been securing funding, with 2022 Fast 50 winner EO Charging receiving £64.4m in equity from Zouk Capital and Vortex Energy in February 2023. The Suffolk-based firm develops and manufactures smart charging technology for electric vehicles.

One of this year's Fast 50 winners, Bramble Energy, has raised significant equity investment. The company develops and manufactures fuel cells, utilising hydrogen as the fuel source. It has raised £45.9m through four equity investment rounds, including a single raise of £40m in 2022.

Alongside domestic activity, there has been a notable surge in the involvement of foreign investors in UK CleanTech ventures. Starting at 19.8% in 2018, the proportion of UK CleanTech deals involving foreign investors reached an impressive 35.5% in 2022. This substantial increase in foreign participation underscores the attractiveness of the UK's CleanTech ecosystem on a global scale, which has been of increasing importance since its departure from the EU. Countries such as the United States, Germany, France, and Japan have emerged as frequent investors in the UK's CleanTech sector. Their keen interest can be attributed to several factors, including the strength of the UK's research and education institutions, its favourable regulatory landscape, and its commitment to innovation in clean and sustainable technologies. Rovco is one firm that has received notable levels of equity investment, including foreign investment. The Bristol-based company has raised £47.3m via nine rounds of fundraising, including a £17.8m raise in 2022, partly funded by Norwegian fund Equinor Ventures and US fund IQT, alongside a host of British funds. It provides offshore tech services to the oil field decommissioning and renewable energy sectors. It also produces underwater surveying equipment, as well as remotely operated vehicles.

These shifts in international interest and flows of energy deals into CleanTech ventures are naturally closely aligned with the global energy transition and are reflective of a fundamental change in investment priorities. The rise of CleanTech underscores the necessity of innovation within the private sector to achieve net zero. As societies increasingly recognise the imperative of reducing carbon emissions and mitigating climate change, CleanTech investments become instrumental in driving this vital energy transition.

CleanTech Winner: Hypervolt

HYPERVOLT

Third Place Overall
CleanTech Winner
19,236% Growth Rate

"The real crux of our platform is not the hardware business. It's an enormous data platform," explains Hypervolt co-founder and CEO Flavian Alexandru. "What we're really doing is we're giving folks like OVO and Octopus an operating system to deploy EV charging. The customer benefit is you're going to get a much cheaper energy tariff. The fact that we sell you pretty boxes is the tip of the iceberg."

Established in 2018, London-based Hypervolt manufactures electric vehicle chargers and develops software to support users, energy suppliers, and installers. Hypervolt's chargers start at £630 and offer users a range of charging modes and the ability to control and monitor charging via a mobile app. The chargers are available in white, black and grey, each emblazoned with the company's distinctive green lightning bolt logo.

Alexandru, along with co-founder Ben Edwards, Chief Technology Officer, started selling chargers in March 2021 at the outbreak of the COVID-19 pandemic in the UK. Despite the headwinds of launching during the pandemic, the company has grown to 80 people and secured £8.5m in equity investment from investors, including Shorewind Capital and Baleen Capital.

Alexandru explains that for him, the Hypervolt journey began with a single statistic: "A long time ago, I read about the notion that the sun emits enough energy in a single second to power all human life for 600,000 years. The challenge lies in how to effectively harness and distribute that energy. I found that the distribution of renewable resources like solar and wind energy is a complex process."

Alexandru says the Hypervolt team is focused on evolving energy trading platforms: "Moving from outdated models of the 1970s to the high-frequency platforms of the 2020s." The impetus for this shift? Alexandru explains that car charging is estimated to account for 30% of energy demand on the national grid by 2035.

In the upcoming year, Hypervolt is on course to achieve a milestone of over 1GW in total connected capacity. This expansion means that, theoretically, if every Hypervolt customer were to charge their vehicles simultaneously, they'd draw about 3% of the UK's energy demand. At the heart of this growth is the Hypervolt UltraGrid, the firm's flagship technology, designed to finely tune consumer demand in real time. With the precision of millisecond adjustments, it can increase or decrease the load across millions of chargers, concentrating efforts by region. This capability aligns consumer use with the availability of renewable energy sources, like offshore wind in the North Sea or solar operations across the country.

Hypervolt chargers contribute to 0.3% of the UK's daily average energy usage, a testament to the significant role the company is playing in the nation's energy landscape—it software is part of the solution to a more energy-efficient grid. "There's a complex engine operating behind the scenes, largely unseen by our customers. In the UK, we have deep data-driven insights into consumption patterns, carbon savings, and even hyperlocal geographic data, such as the Greater London area. We process approximately 3b events from our device fleet on an average day."

Alexandru highlights that the company's competitive strength lies in the integration of its software and hardware: "Our cost of cloud is 50 times cheaper than our competitors, amounting to our most significant USP. So where we've come into that massive benefit is by doing a vertically integrated hardware-software platform, we're able to operate very, very cheaply. And so that cost allows us to do a lot of things, analytics, real-time event streaming." As a result of its software focus, the company has different hiring demands from its competitors, says Alexandru, sourcing talent from the likes of X (formerly Twitter) and Google.

While the company differentiates itself via its software and has invested heavily—around a third of its team are software engineers—it has faced challenges related to being a hardware business. In particular, Alexandru highlights that sourcing and financing hardware as a young and successful company is complicated, especially in the UK. "Fundraising is the number one challenge. We hit a $43m sales rate at about 11 months old, which is hard to finance. I think it took a while to understand quite how significant of a challenge it is to actually raise funds as a London-based hardware business. I would never start another company in London again," says Alexandru. "Even as one of the fastest growing companies in history at that point, we struggled".

It is early days for Hypervolt, but the company has long-term ambitions. "We started the shop with a very long-term plan, with a 30-year plan. It's a good compass for where it could go but we're not trying to not predict too much of the future," says Alexandru. "If we build a successful business, then hopefully, we'll get the opportunity to do the next thing. We have a partnership in the making with one of the world's largest car manufacturers. And that could potentially see us in as many as 10 markets within the next couple of years. So it's really going to be—in the best of ways—very, very intense."

> We started the shop with a very long-term plan, with a 30-year plan. It's a good compass for where it could go but we're not trying to not predict too much of the future.

Apprenticeships: enabling startups to grow through skills

multiverse

Libby Derbyshire
Area Vice President,
UK GTM

Going through growth means constantly adapting to change. New challenges, new opportunities, and new risks are around every corner.

That's true now more than ever: we're living through a period of exponential technological evolution. The advent of AI, for example, is upending every aspect of our work, and businesses, big and small, need to seek opportunities and steer clear of the risks.

Being resilient in this time means having the right skills in place. But the skills that companies need are ever-changing, so there needs to be a mechanism to rapidly deliver skills that are relevant, up-to-date, and ready for application in the workplace.

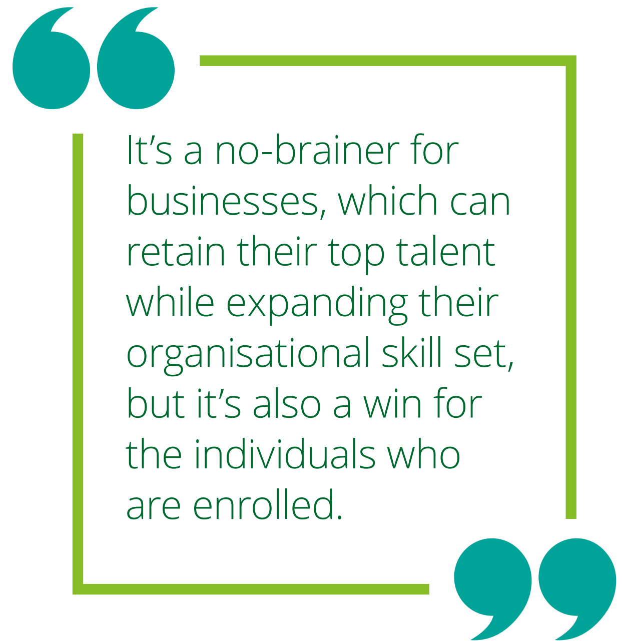
The good news is this mechanism already exists: the apprenticeship. Apprenticeships are often viewed as an alternative to university for school leavers taking their first step into a career. For this function, they are brilliant. Apprenticeships open up access to top careers for young people who simply aren't being reached through traditional grad schemes.

But apprenticeships are not just for people starting their career. Apprenticeships can offer lifelong learning for established professionals, to enhance the role they are currently doing or move into a new one: helping them as individuals keep pace with the changing employment landscape, and your business keep up with its ever-changing skills needs. This has never been more important than in the age of data and the rapid rollout of new technologies.

In partnership with Deloitte, Multiverse is facilitating the funding to support several hundred apprenticeships through levy donations from big organisations towards startups and SMEs.

Through this funding, a growing business can launch an entry-level apprenticeship programme, attracting new talent from diverse backgrounds into the business. Or, they can plug skills gaps by developing people already in the business—whether it's enrolling a non-technical worker on our Software Engineering programme to fill a skills gap or a business leader on our Data Fellowship so they can make data-driven decisions based on the trends.

It's a no-brainer for businesses, which can retain their top talent while expanding their organisational skill set, but it's also a win for the individuals who are enrolled. They get to enhance the trajectory of their career: a third of those individuals enrolled on Multiverse programmes through the Deloitte Skills Hub received a promotion while they were on their apprenticeship.


It's a no-brainer for businesses, which can retain their top talent while expanding their organisational skill set, but it's also a win for the individuals who are enrolled.

There are already 89 organisations that are taking up training from the Deloitte Skills Hub—among them is Goodlord. The PropTech startup has enrolled 20 of its team members on Multiverse's data analytics programmes, enabling them to harness data better to identify revenue-generating opportunities, make processes more efficient, and predict customer behaviour.

Joanna Harman, Director of People, said: "Through the Skills Hub and Multiverse apprenticeships, we're able to offer our teams access to high-quality training. We work in a fast-paced environment with team members who are keen to develop quickly. That's why it's so important to provide them with training that suits their needs but also helps drive the pace within our sector. We're already seeing the benefit in our team's day-to-day output, and know that training will help to develop their long-term careers."

We're offering fully funded professional development opportunities to all entrants of this year's awards. If you recognise these challenges and want to explore how apprenticeships can help, the easiest way to start is to reach out to the Fast 50 team at UKDeloitteFast50@deloitte.co.uk. You can also learn more about the Skills Hub by visiting our dedicated microsite.

Future-proofing your finance function

Simon Martin
Partner, CFO Advisory

Julian Rae
Partner, EGC Audit Lead

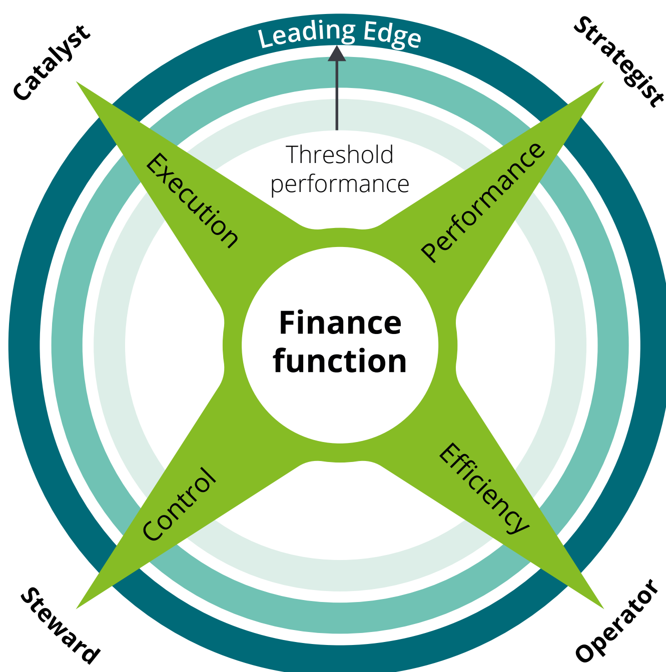
The role of a finance function can be broken down into four distinct 'faces':

Steward – delivering accurate financial reporting and maintaining an appropriate control environment

Operator – building a fit-for-purpose team and operating model with efficient and effective processes

Strategist – providing financial leadership to shape the strategic direction of the business

Catalyst – generating insight and partnering with the business to improve decision-making



All finance functions, no matter the size or scale of a business, need to balance the allocation of time across these four faces, recognising that at different points, the split is likely to vary, and priorities will evolve.

For fast-growing and emerging businesses, this balance is both critical and challenging, given the pace of growth and the ever-evolving list of priorities.

In the Steward area, accurate financial reporting and ensuring the correct allocation of finite resources is fundamental and a foundation on which growth and future investment are based.

As an Operator, finance leaders of fast-growing businesses need to ensure their core finance processes and ways of working are both fit for purpose in the short term but are also scalable and able to grow with the business. Investing in the right people, tools, and technologies—at the right time—is key.

The role of the Strategist often falls to the CFO themselves, who must help balance the ambitions and priorities of founders and investors with the realities of cost control and profitability. Striking this balance can determine the success or failure of a business.

The role of the Catalyst can often be under-valued in scaling businesses, with a perception that the business will 'grow itself'. The best finance functions, though, always have a seat at the table when key decisions are being made and are on hand to provide key analysis at the right time and help manage cash and working capital.

Getting the balance of time right across the four faces is challenging, especially for lean finance functions. In our experience, the best finance teams are those that, from the outset, put in place the foundations that enable them to play all four roles effectively.

A 'future-proofed' finance function is one that:

- Understands the key value drivers of the business and the data that is needed to positively shape decision-making.
- Aligns reporting to these value drivers and delivers insight alongside the key financial metrics and reporting requirements.
- Puts in place processes and controls that safeguard the assets of the business from the outset while still enabling the business to grow and react to market conditions and changes.
- Invests in people and technology with the capacity to scale and grow alongside the business.

One common theme we have observed from working with emerging growth businesses is that getting the basics right early on and successfully 'future proofing' finance can save significant time, effort, and expense in the future. Finance transformation programmes are expensive, and while all finance functions need to constantly evolve and develop, doing this incrementally (rather than as a big bang exercise, for example, in the run-up to a transaction) is a much more cost-effective approach.

Having worked with Emerging Growth companies for over 25 years, I've seen the value of getting the right balance between the "four faces" of the finance function. However, it is easier said than done. In reality, this can often mean the CFO is fire-fighting, going from one emerging issue to another, all in between critical actions like raising finance. However, it's crucial to take the time to plan and ensure you future-proof your finance function and company.

This is why we recently developed our Finance Diagnostic Tool. Designed to help finance leaders of scaling businesses rapidly assess their current and desired level of performance against each of the 'four faces of finance'. The tool can be completed in a couple of hours and helps you quickly identify any areas of required focus and ensure your finance function is fully future-proofed.

The most successful businesses are those that prioritise each of these faces – recognising that they are all important. Those companies invest early in people, processes, and technology to ensure that the business can operate ahead of where it currently needs to. This takes a strong finance leader, demanding resources in the face of other business priorities, but the reward is a leading finance function that maximises the potential of any high-growth enterprise.

Complete the finance diagnostic assessment or get in touch to discuss in more detail how you can future-proof your finance function.

From start to finish: exit planning in a challenging environment

Katherine Fish
Director, EGC Tax

Kiren Asad
Partner, EGC Corporate Finance Lead and Fast 50 Lead

Adam Ray
Partner, Equity Capital Markets

High-growth businesses, especially those with institutional funders, know the importance of having an exit strategy in place early. While IPOs have long been seen as an ultimate ambition of a successful exit, recent difficult economic conditions have led to a record low of companies coming to public markets – both in the UK and globally. This has led to businesses and VC investors exploring other exit options. From private equity deals to M&A, companies are finding new and alternative ways to achieve their exit goals.

We've summarised the trends and practical considerations across three key paths to exit:

1. IPO trends and considerations

It's no secret that public markets have been disrupted by macroeconomic shocks and volatility, leading to fewer companies seeking to go public over the last 12 months. Behind the scenes, many businesses continue to work towards an IPO exit in the next year or two to capitalise on IPO windows re-opening. Private equity firms are also increasingly considering IPO exits for their largest portfolio businesses, as funding for successive secondary sales becomes harder to secure.

No matter the market conditions, one thing remains true for all successful IPOs: it is crucial to begin preparing at least 12-24 months ahead of the target listing date. This will allow you the time to prepare and consider key topics such as equity story, financial and legal datasets, governance, tax structure, and resourcing requirements.

Additionally, choosing the right market for listing is vital, as the requirements to list vary across capital markets. Whichever jurisdiction you decide to list in, the underlying attributes driving valuation will include a proven business model, market growth opportunity, high-quality assets, durability, and an accomplished management team. Furthermore, it will take your business ample time to get this right and achieve a successful IPO.

2. M&A trends and considerations

Having an exit strategy beyond just an IPO is equally important, especially in today's challenging market conditions. A well-rounded path to exit gives founders and management teams a roadmap to follow and pivot when needed.

Exit options for high-growth companies and their investors were relatively straightforward for many years—most companies either went public or were acquired. The menu of possible options has significantly expanded over the last couple of years as direct listings have also become tested-and-proven pathways to the public markets, alongside M&A and secondary sales that have opened additional liquidity options for employees and investors.

According to Beauhurst, just 215 UK high-growth companies have gone public since 2012 versus close to 5,000 companies that have been acquired over the same period, highlighting that entrepreneurial successes don't always end with an IPO.[25] From the investors we speak with, an M&A exit can be just as valuable.

While IPOs have long been seen as an ultimate ambition of a successful exit, recent difficult economic conditions have led to a record low of companies coming to public markets.

3. Dual-track process

Against this backdrop, running a dual-track exit process is becoming increasingly popular. This allows companies to pursue an IPO and M&A exit simultaneously, maximising their flexibility and responsiveness to market appetite.

A dual-track process does bring additional workstreams and demands on management time. Careful planning and execution are therefore essential to make sure you have adequate bandwidth to run both processes successfully and access the benefits of a dual-track.

Once a transaction—of any kind—is in motion, tax can become surprisingly emotive. All eyes are keenly focused on post-tax proceeds. CFOs can quickly find themselves deep in unfamiliar waters of personal and shareholder taxes—potentially across numerous jurisdictions—and expected to know the answers.

25 The UK's Most Successful VC-Backed Exits, 2022

Different types of exits come with different tax complexities. Private equity deals often include a level of reinvestment by management shareholders into the new group, along with the issue of "sweet equity". Trade deals often have a deferred consideration component. The commercial terms of these features can impact the tax treatment, making it essential to get ahead of the expected shareholder tax position to set the commercial parameters for the deal.

No matter the path to exit a business chooses, CFOs will also have to consider issues such as vesting of options (including whether options will actually vest), tax consequences of shareholder reinvestment, and the potential for income tax to arise on proceeds. By preparing ahead of time, CFOs and businesses can equip themselves to navigate the tax landscape and ensure a successful transaction.

In today's dynamic and ever-changing market conditions, it's more important than ever to consider all exit options closely. To ensure a successful exit, it's essential to align your expectations and timetables with those of your investors. By taking these steps, you can ensure a smooth and successful exit.

With so many complexities involved, it's never too early to start planning your resources and building relationships with advisors to manage the process effectively. Get in touch with any of the team below if you'd like to discuss further.

Regional analysis

Regional Winner: The Original Fit Factory

Fifth Place Overall
Scotland Regional Winner
14,854% Growth Rate

"The app is clever enough to know where someone's come from, what they're looking for, what they're likely to enjoy," explains David Weir, CEO of The Original Fit Factory. "We think the app is now the most technologically advanced out there."

From a Glasgow café discussion in 2016 between David Weir and Catherine Chalmers, a core insight around a lack of accessible wellbeing tools has grown into a significant business. Weir, who leads as the CEO, and Chalmers, the CIO, spotted a niche in the health and wellbeing market and created a company to fill it. Its main product, the TruConnect app, now assists millions in achieving their health and fitness goals, offering content from a range of athletes and wellness experts.

While the company started in Glasgow, its reach is now global, with 400 employees working from additional offices in Dubai and Las Vegas, showing its commitment to making wellness tools accessible on a worldwide scale. Over the last two years, the company has expanded by acquiring a portfolio of brands, including partners that were selling its app as part of a package of wellbeing tools and services. Its portfolio now includes more than 30 brands that sell in 120 countries. Its brands include sustainable activewear brand Niyama Sol (Jennifer Lopez was an investor); Virtual Run, an online platform for virtual races; and nutritional supplement brand Smart Protein.

The proprietary technology at the core of the business helps The Original Fit Factory integrate acquisitions and offer customers products based on their fitness and wellbeing journey. The company oversees its product lifecycle from inception to customer support, creating an approach that supports rapid expansion and the immediate introduction of new products. With in-house production capabilities spread across the globe, it maintains a hands-on approach to creating its offerings. The Original Fit Factory's technology serves to make operations more efficient and allows it to swiftly adapt to new market developments, a feat that often eludes more established, conventional brands.

At its core, the company remains focused on the health and wellness sector. Yet, its strategic use of data sets it apart, offering a lens into global market movements and enabling it to anticipate and act upon evolving consumer demands. Data analysis is central to the company's strategy, informing the development of its brands and contributing to consistent growth. The firm attributes its year-over-year expansion to a disciplined approach to technology and data insights.

Weir explains that the company's tech data-backed approach is supported by its experienced team. Its advisory board boasts seasoned executives from prestigious firms such as Hilton Worldwide, Mars, and Three Mobile and includes a former CEO of AOL. The team's professional expertise spans several key markets, including the UK, Northern Ireland, the US, and South Africa, contributing to a wide-ranging corporate perspective. Weir explains the company's approach to finding and retaining the best people: "A lot of the things that companies do now, we did years ago. We moved to the four and a half day a week probably three years ago."

A lot of the things that companies do now, we did years ago. We moved to the four and a half day a week probably three years ago.

The Original Fit Factory is charting a dynamic course for the future. The company is poised to enhance its team wellness solutions with the strategic acquisition of a new app. Anticipation is also building for the rollout of a pioneering range of data-driven wearable devices. In a move set to resonate with consumers, the firm's wellbeing app is slated for a major rebrand, aligning it with a renowned sporting name. Additionally, the launch of a fresh brand developed in partnership with a legendary sportsperson is on the horizon. Cementing these ambitious plans, The Original Fit Factory is finalising an equity partnership with a significant NASDAQ-listed company, a collaboration that promises to underpin the group's growth trajectory.

A focus on health, wellness, and community is yielding dividends with customers and employees, yet The Original Fit Factory remains focused on its founding belief. "We are leaders in this space, but we do not want to lose sight of what is important to us and where our journey began: a world where wellbeing solutions are accessible and available to everyone," says Weir.

Regions in focus

London

1.50m active companies

6,411 high-growth tech companies

£14.1b investment raised by high-growth tech companies in 2022

London stands at the forefront of the UK's tech ecosystem, accounting for 43.4% of the high-growth tech population. Notably, areas such as Hackney, Westminster, and Camden have emerged as prime locations for technology hubs popular among tech businesses from cyber security to HealthTech. In 2022, these companies secured a significant £14.1b in equity investment. Additionally, the Capital benefits from top academic institutions, such as Imperial College London and UCL, which provide a steady stream of innovation and talent, coupled with access to funding and state-of-the-art facilities.

London is home to last year's top-ranked Fast 50 winner, Tripledot Studios, and accounts for 38 (76%) of this year's Fast 50 companies. Winners include cyber security platform Intruder. Based in Hackney, the company specialises in vulnerability scanning and attack surface management. Another Fast 50 winner to watch is spatial data technology company Pupil. The Westminster-based company leverages AI technology to analyse commercial and residential properties and create digital 3D reconstructions of real-world spaces.

Scotland

290k active companies

862 high-growth tech companies

£686m investment raised by high-growth tech companies in 2022

Scotland is a thriving hub for tech innovation boasting 862 high-growth tech companies, which secured an impressive £686m in equity investment in 2022. The region is home to an emerging cluster of life science companies and top academic institutions, such as The University of Edinburgh, The University of Glasgow, and The University of Strathclyde which also offer a wealth of resources and access to a rich talent pool.

This year's Fast 50 winners include four Scottish-based businesses, including last year's Regional Winner Amiqus. This year, health and fitness company The Original Fit Factory takes the top spot as Scotland's Fast 50 Regional Winner. The Glasgow-headquartered company operates multiple brands providing products and services targeted at improving individuals' health and well-being. Brands under its umbrella include Virtual Run and Niyama Sol. The former provides remote running events for individuals worldwide, while the latter is a sustainable lifestyle apparel brand.

Regions in focus

South West and Wales

511k active companies

1,207 high-growth tech companies

£855m investment raised by high-growth tech companies in 2022

The South West and Wales region is an important hub in the UK's tech landscape, home to key cities like Bristol, Cardiff, Exeter, and Bath. The region boasts 511k active companies across sectors, of which 1,207 are high-growth tech firms. In 2022, these tech companies raised an impressive £855m in equity investment.

The region is home to three of this year's Fast 50 companies: Bournemouth-based OnBuy.com, a unique online marketplace founded in 2016 that distinguishes itself by not stocking its own inventory, making it a more equitable trading environment for retailers. Bristol-based Rovco is focused on automating offshore services for oil field decommissioning and renewable energy. Founded in 2015, Rovco has developed technology for autonomous underwater vehicle systems, crucial for seabed mapping and subsea infrastructure inspection. Also based in Bristol is Deazy, a marketplace launched in 2016 that connects businesses with pre-vetted, high-performing development teams for flexible and scalable project engagements.

South East

711k active companies

1,954 high-growth tech companies

£1.97b investment raised by high-growth tech companies in 2022

The South East is home to 711k active businesses, the second highest population of the UK regions, likely due to the region's proximity to London and its associated talent pool, facilities, and investors. The region's high-growth companies raised £1.97b in investment in 2022, second only to London for regional investment.

This year's South East Regional Winner is Crawley-based Bramble Energy. Spun out of Imperial College London in 2016, it aims to make clean technology both scalable and accessible. Bramble has accelerated the production of custom hydrogen fuel cells, which have a variety of uses, from cars to construction equipment.

Regions in focus

Midlands

704k active companies

1,020 high-growth tech companies

£341m investment raised by high-growth tech companies in 2022

The Midlands boasts 704k active firms, the third highest for any region in the UK, of which 1,020 are high-growth tech businesses. Birmingham's high population plays a role in the large number of businesses located in the Midlands, alongside the presence of high-quality universities such as the University of Warwick and the University of Nottingham.

Two of this year's Fast 50 companies are located in the Midlands. Warwick-based Moasure has developed a smartphone app that combines length measure and spirit level functions to allow users to measure and map complex spaces. The app connects to a motion measurement device that tracks movement and elevation to produce accurate visualisations of spaces. The Midlands Regional Winner, Warwick Acoustics, has developed thin and flexible speakers that are incorporated into its own headphones and can also be custom-fitted for automobiles. Its approach saves up to 75% of the weight and power consumption compared to conventional technology. Its speakers also contain no rare earth metals, making them more environmentally friendly than traditional audio technology.

Yorkshire and the North East

435k active companies

840 high-growth tech companies

£556m investment raised by high-growth tech companies in 2022

Yorkshire and the North East is a growing hub for UK tech companies, home to cities like Newcastle and Leeds. The Yorkshire and North East region is home to more than 800 high-growth tech enterprises, which collectively raised an impressive £556m in equity investment in 2022.

Software-as-a-service (SaaS) is the most prominent sector for tech companies in this region, accounting for 23.2% of the tech company population. Last year's Regional Winner, Newcastle-based iamproperty, operates a SaaS business offering auctioneering, conveyancing, and moving services via its property auction company iamsold. Sheffield-based UniHomes represents this year's Regional Winner for Yorkshire and the North East. The company operates a digital rental platform that connects students with landlords and residential properties to lease.

Regions in focus

Cambridge and East England

484k	1,218	£1.40b
active companies	high-growth tech companies	investment raised by high-growth tech companies in 2022

Cambridge and East England is home to 1,218 high-growth tech companies, the third most by region in the UK, despite a population of 484k active businesses, ranking it fifth. High-growth companies in the region have raised £1.40b in investment, with the region only behind London and the South East for total value received.

The University of Cambridge is likely a key factor in the large population of high-growth tech companies. The institution produces a large number of spinout companies, which are typically high-potential, tech-driven companies. This region also has a variety of support mechanisms in place, which help develop the business population. This includes accelerator programmes such as Angels@Essex, which prepares innovative businesses for investment and links them with angel investors.

Epos Now are the 2023 Regional Winner for the Cambridgeshire and East England region. Based in Norwich and established in 2011, Epon Now provides online point-of-sale products for companies within the retail and hospitality sectors. This includes hardware, such as cash tills and printers, as well as software. The software can be tailored to the specific needs of the customer within each industry, for example, stock control software and links to food delivery apps for restaurants.

Northern Ireland

82k	268	£107m
active companies	high-growth tech companies	investment raised by high-growth tech companies in 2022

Northern Ireland is home to 82k active companies, with 268 of these being high-growth tech enterprises. Despite its modest company population, high-growth tech companies in this region have amassed £107m in equity funding.

Academic spinouts play a key role in Northern Ireland's tech sphere, emerging from high-calibre academic institutions such as Queen's University Belfast. These spinouts are prime examples of Northern Ireland's innovation capabilities. Northern Ireland offers a range of support mechanisms tailored for emerging businesses. For instance, the development agency Invest Northern Ireland provides both financial support and expert advice to startups and established businesses. The Catalyst Belfast FinTech Hub is a science and technology hub that looks to provide services to help entrepreneurs grow their businesses. This ranges from coworking space to networking opportunities, which help facilitate collaboration and innovation.

Contacts

Kiren Asad
Partner, EGC Corporate Finance Lead & Fast 50 Lead Partner

kasad@deloitte.co.uk

Andy Robb
Partner,
Deloitte Ventures

anrobb@deloitte.co.uk

Duncan Down
Partner, Transaction Services & Emerging Growth Lead Partner

ddown@deloitte.co.uk

Simon Martin
Partner,
CFO Advisory

simondmartin@deloitte.co.uk

Kariel Parian
Senior Manager,
Emerging Growth Lead

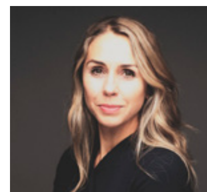
kparian@deloitte.co.uk

Julian Rae
Partner,
EGC Audit Lead

jrae@deloitte.co.uk

Katherine Fish
Director,
EGC Tax

kfish@deloitte.co.uk



Angelina Kuznetsova
Partner, Advisory Corporate Finance & FinTech Lead Partner

akuznetsova@deloitte.co.uk

Adam Ray
Partner,
Equity Capital Markets

adray@deloitte.co.uk

Henry Whorwood
Head of Research and Consultancy, Beauhurst

henry.whorwood@beauhurst.com

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