

Tech start-ups

UK tech sector raises \$3.6bn venture capital in 2015

Strong investor appetite for London-based start-ups and fintech groups sees record inflows into country



London's Silicon Roundabout: the UK capital has yet to produce a company the size of Facebook or Google
Murad Ahmed, European Technology Correspondent
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British technology companies raised \$3.6bn from venture capitalists in 2015, as strong investor appetite for London-based start-ups and fintech groups resulted in record levels of [tech investment](#) flowing into the country.

The UK tech sector received 70 per cent more funding from VCs last year, compared with 2014, with start-ups gaining just \$2.1bn in 2014, research reveals.

The majority of the funding was obtained by London-based tech groups, which raised a total of \$2.28bn, an increase of \$1.3bn on the same period a year earlier.

The data, collated by research company CB Insights and London & Partners, which promotes the London Mayor's office, suggests growing investor confidence that UK start-ups can compete on the global stage — despite having [lagged behind](#) their international rivals for decades.

Since 2010, UK tech groups have raised \$9.7bn, with London-based companies accounting for more than half of the national total.

However, the numbers continue to pale in comparison to the cash pouring into their Silicon Valley rivals. According to the US National Venture Capital Association, \$35.7bn was invested in tech companies by US venture funds in 2014 alone.

Eileen Burbidge, a founding partner at venture capitalist Passion Capital and a tech adviser to a number of UK governmental bodies, said the figures reflect steady progress for the British tech scene.

“It is a chicken-and-egg situation,” she said. “More entrepreneurs results in more great companies, which means more money coming to follow to support that growth.”

One area of strength is fintech, where nimble [start-ups](#) are trying to disrupt the established business models of banks. It is believed that UK challengers have an advantage over Californian start-ups through their proximity to London's financial sector.

\$35.7bn

Sum invested in tech companies by US venture funds in 2014

In 2015, UK fintech groups involved in significant funding rounds include Ebury, a group that helps small businesses trade internationally, which raised \$83m; Funding Circle, the peer-to-peer lender, which raised \$150m; and WorldRemit, a money transfer group, which [raised \\$100m](#).

It remains to be seen whether British technology groups will be adversely affected by changing investor sentiment towards tech groups internationally. In recent weeks, some Silicon Valley start-ups have [struggled](#) to raise money due to growing scepticism that these groups can justify their high valuations.

Ms Burbidge said the UK benefits from having a relatively nascent tech scene, where investors and entrepreneurs have exhibited less "exuberance" than the US.

"I don't think we saw quite the same degree of inflation as the States had . . . I think valuations ran a lot further ahead in the States than here, and if it's slowing down a little bit there, that will have less effect here as we didn't get ahead of ourselves."

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