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HSBC Innovation Banking

# UK innovation 2025 forward look

January 2025

*Image generated by  
Dealroom using Midjourney*



# 2025 in UK tech

## UK tech is worth a combined \$1.2T

The combined enterprise value of UK tech has passed \$1.2T.

The value of the UK tech ecosystem has increased by nine times in the last 10 years, up from a combined value of \$133B in 2014.

Half of this value has been created by companies that have already gone public or exited via M&A. Half is still pre-exit.

## The UK remains Europe's top tech ecosystem

The UK tech ecosystem is worth more than those of France and Germany combined.

The UK has the third most valuable tech ecosystem globally behind the US (\$27.6T) and China (\$5.8T).

UK startups raised \$16.2B in 2024, compared to \$8.2B for Germany and \$7.8B for France.

The UK has produced 181 unicorns, 31% of Europe's total.

## Investment in UK AI startups is on the rise

UK artificial intelligence startups raised \$4.2B in venture capital in 2024.

This represents a record share of UK VC for AI-first startups.

27% of all UK venture capital was raised by AI startups in 2024, compared to 7% in 2014.

The total was driven in particular by five AI megarounds - including a \$1.1B round from Wayve.

## UK tech has created 1.8M jobs

UK innovation is a powerful economic engine.

In addition to creating over \$1T in value, UK tech companies have created 1.8M jobs, at home and abroad.

The most jobs have been created by some of the youngest company cohorts. The startup job growth engine is accelerating.



**Simon Bumfrey**

UK CEO



HSBC Innovation Banking

***“We’re delighted to share the first of our 2025 quarterly UK innovation reports in partnership with Dealroom, showcasing the positive strides made by the UK innovation economy in 2024.”***

“This progress is perhaps best emphasised by the substantial increase in the combined enterprise value of the UK innovation ecosystem, which jumped almost 20% year-on-year to surpass \$1.2 trillion. The growth in enterprise value and continued investment levels into innovation showcases the maturity and significance of the UK innovation ecosystem as part of the wider UK economy particularly in terms of jobs and new company creation.

“In 2024, UK startups provided over 1.8 million jobs cumulatively, a record high and more than double the level of 2019. Supporting the continued development of skilled entrepreneurial, creative, and technical talent will be crucial to building an economy and workforce with the skills to lead the industries of the future.

“Meanwhile, AI proliferation continued to flourish in 2024, with UK startups securing record-breaking investment across a wide range of areas, from generative AI to autonomous vehicles, fintech and life sciences. As AI technology matures, the stage is set for more disruptive innovation underpinned by strong levels of funding, with the UK taking a primary role on the global stage.

“The UK continues to cement its reputation as a global technology leader, excelling in established sectors like fintech while driving innovation in fast-growing areas such as health tech and life sciences. UK companies in this space are pushing the boundaries of advanced technologies like gene editing, while newly minted unicorns are emerging in rapidly expanding fields such as women’s health. The UK is seen as a strong home for international capital and corporates looking to tap into these opportunities.

“Finally, it’s encouraging to see that UK VC firms ended the year with over \$11 billion of dry powder on hand, up 59% on the \$7 billion raised in 2023, suggesting long-term confidence in UK innovation businesses. This ensures there is significant liquidity ready to be deployed for ambitious founders across all life stages looking to scale, create jobs, invest in new technologies and fund M&A activity.

“The team at HSBC Innovation Banking and I are excited about the prospects for UK innovation in 2025 and beyond, and we look forward to working with ecosystem partners across the country to help realise the UK’s incredible potential.”



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## UK tech in numbers

**\$1.2T**

UK tech ecosystem  
value

**1.8M+**

Jobs created

**181**

Unicorns Founded or  
HQ'd in the UK

**\$16.2B**

UK VC raised in 2024

**\$1.1B**

Biggest round of 2024  
(Wayve)

**\$4.2B**

Invested in AI 2024



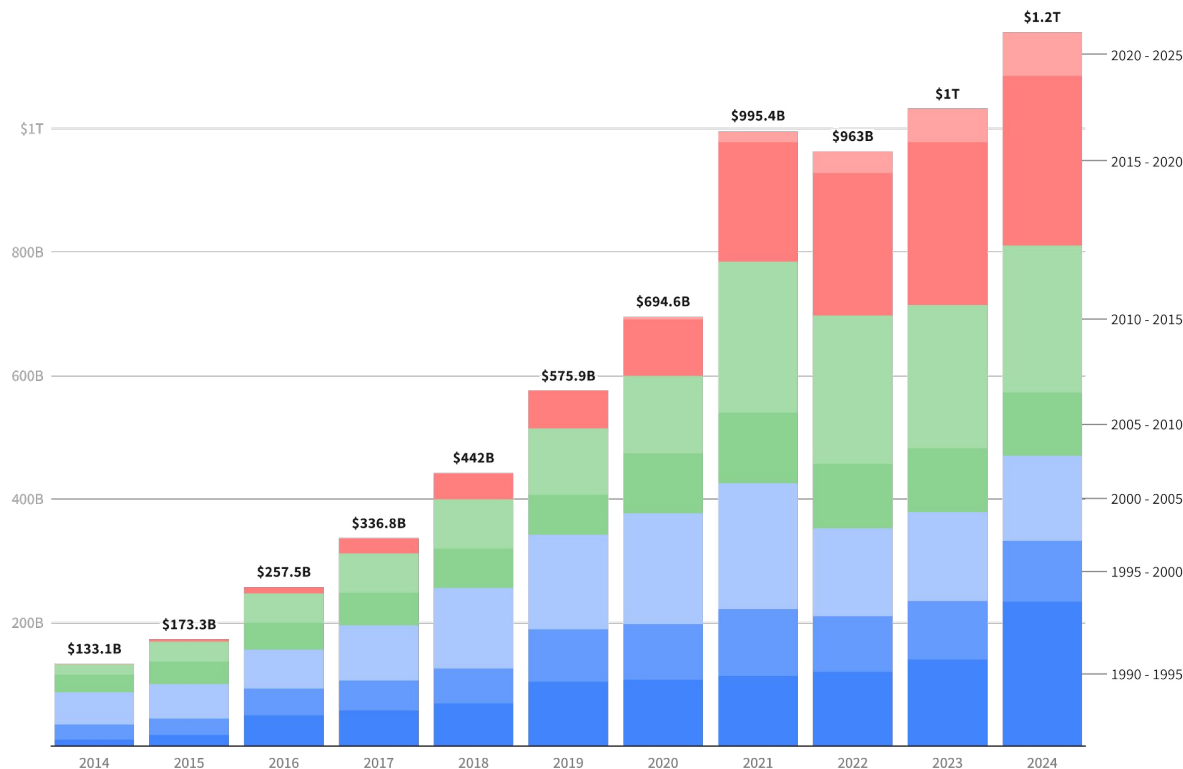
# The UK innovation economy is worth a combined \$1.2 trillion

Half is still pre-exit, with the rest still to be realised over the coming years.

More than 50% of the ecosystem value comes from companies founded since 2010.

[View online »](#)

UK innovation economy combined enterprise value, by founding year





**Nicola McClafferty**

Partner

**Molten**

***“The UK’s \$1.2 trillion innovation economy highlights a maturing ecosystem where founders increasingly recognise they can build world-class tech ventures at home.*”**

“AI’s funding momentum is particularly exciting, as it’s rapidly shaping new consumer experiences and operational efficiencies across sectors. This is a key area of focus for us at Molten.

“The UK has an opportunity to be a global leader here and that’s clearly being recognised in some of the large fundraises we saw last year. At the same time, fintech’s rebound is highly encouraging and reaffirms the UK’s broad innovation capabilities.

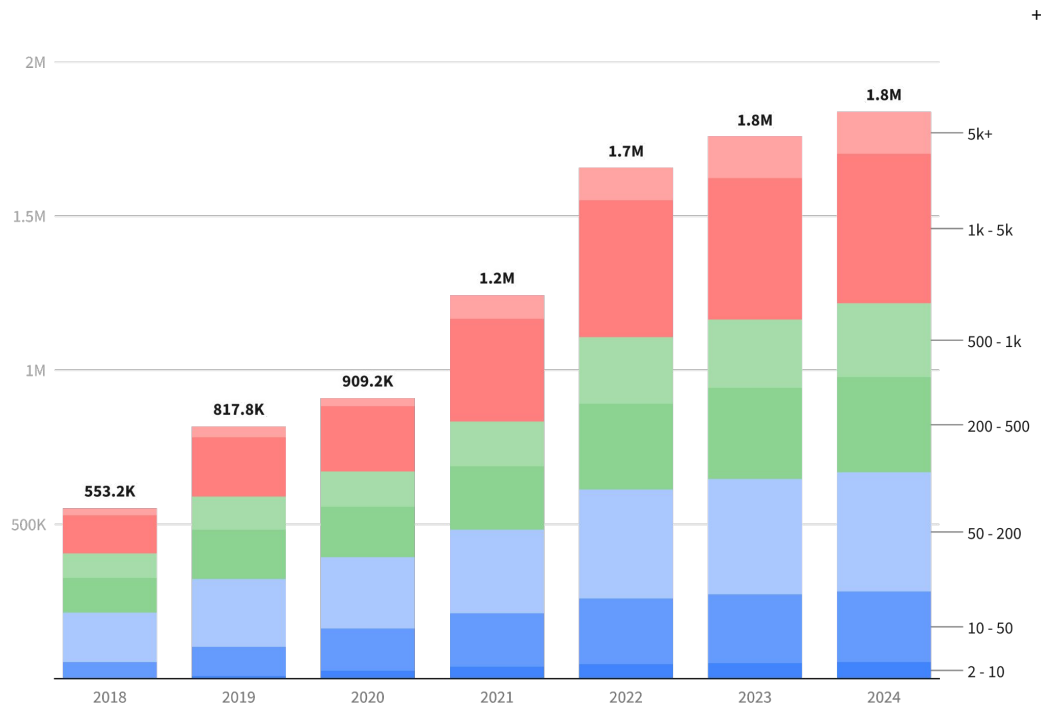
“This data confirms the UK’s position as a leading global ecosystem and we expect to see continued growth in investment, across sectors, from local and global investors.”

# UK startups have created over 1.8M jobs.

UK startups now employ over 1.8M people, having grown their headcount by over 330% since 2018.

Steady growth in jobs from the 1k+ team size cohort indicates the UK has provided fertile ground for startups to scale and mature into larger companies.

UK startup ecosystem jobs, by team size





**Eamonn Gashier**

CEO & Founder

**BlockScholes**

***“The UK benefits from the sophistication of its traditional finance ecosystem which helps foster innovation and growth.”***

“2024 saw fintech as the largest sector for investment with UK based funds and angels recognising the complexities within this sector and sub-sectors such as crypto / blockchain. Block Scholes has benefitted from this support in bringing to life our vision of building a regulated top quality market solution for the crypto industry.

“We believe the UK stands to benefit significantly from the emergence of more crypto-native venture projects, which bring specialised expertise and capital to further drive innovation within the industry. We see 2025 being a game-changing year for crypto / blockchain sector, with further IPOs and acquisitions on the horizon. This sentiment will ripple to the UK, drawing global investors to its vibrant and growing crypto ecosystem – enhancing the UK’s position as the global leader in fintech.”










# The biggest UK venture capital rounds in 2024

The largest rounds came across varied tech sectors and applications, from fintech to quantum computing, femtech to autonomous vehicles.

The largest raise in 2024 came from Wayve, autonomous driving unicorn.

Wayve's blockbuster announcement is one of only eight [UK rounds of \\$1B+](#) on record.

» [see rounds](#)

<b>Autonomous Driving</b> London  \$1.1B Series C - May 2024	<b>Challenger Bank</b> London  \$448M & \$190M Late VC - Mar & May 2024	<b>Energy Storage</b> London  \$396M Growth Equity VC - Jun 2024
<b>Enterprise Software</b> London  \$370M Series C - Oct 2024	<b>Quantum Computing</b> Cambridge  QUANTINUUM \$300M Late VC - Jan 2024	<b>Payments</b> London  \$267M Growth Equity VC - Oct 2024
<b>Data Centres</b> London  \$264M Growth Equity VC - Jan 2024	<b>Femtech</b> London  \$200M Series C - Jul 2024	<b>Computing Infrastructure</b> London  \$155M Series A - Dec 2024



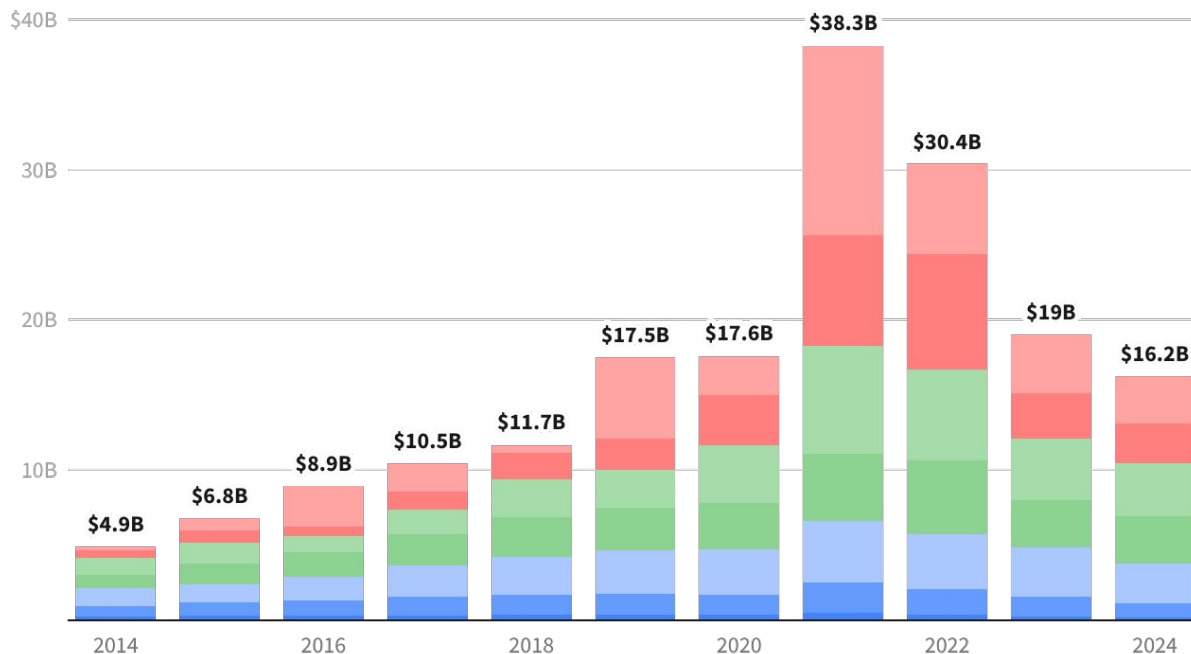
## UK startups raised \$16.2B in 2024

This is less than in 2023, but comparable to 2019/2020, and 3.3x higher than a decade ago.

With the record amounts of dry powder raised in 2024 (see later in report), we can nevertheless expect a strong 2025 for UK VC.

### UK Venture Capital by stage » [view online](#)

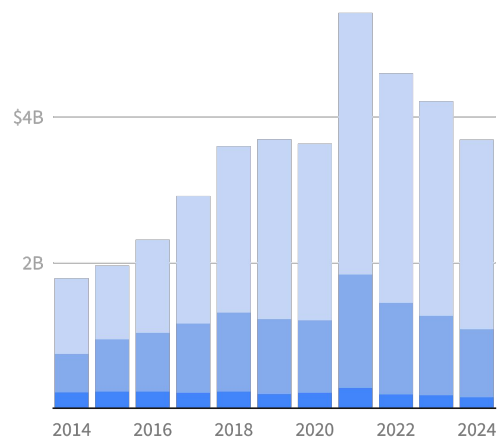
■ \$0–1m (pre-seed) ■ \$1–4m (seed) ■ \$4–15m (series A) ■ \$15–40m (series B) ■ \$40–100m (series C) ■ \$100–250m (mega rounds) ■ \$250m+ (mega+)



# Breakout stage investment accounted for the largest share of funding by stage, with over \$6.5B raised at Series B & C in 2024

## Early stage

■ \$0-1m (pre seed) ■ \$1-4m (seed) ■ \$4-15m (series A)

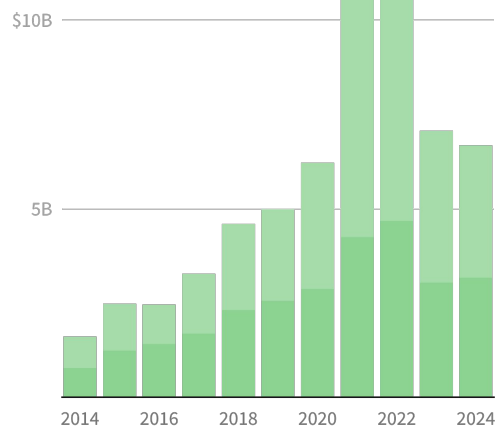


Example  
2024 rounds  
[» view all](#)

**FRACTILE** **TEM**

## Breakout stage

■ \$15-40m (series B) ■ \$40-100m (series C)

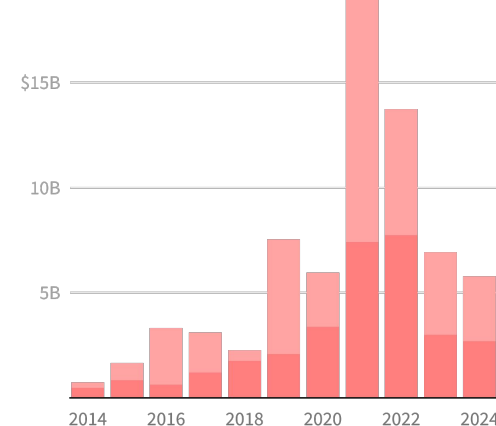


**AMBER**  
THERAPEUTICS

**NAPIER**

## Late stage

■ \$100-250m (mega rounds) ■ \$250m+ (mega+)



**WAYVE**

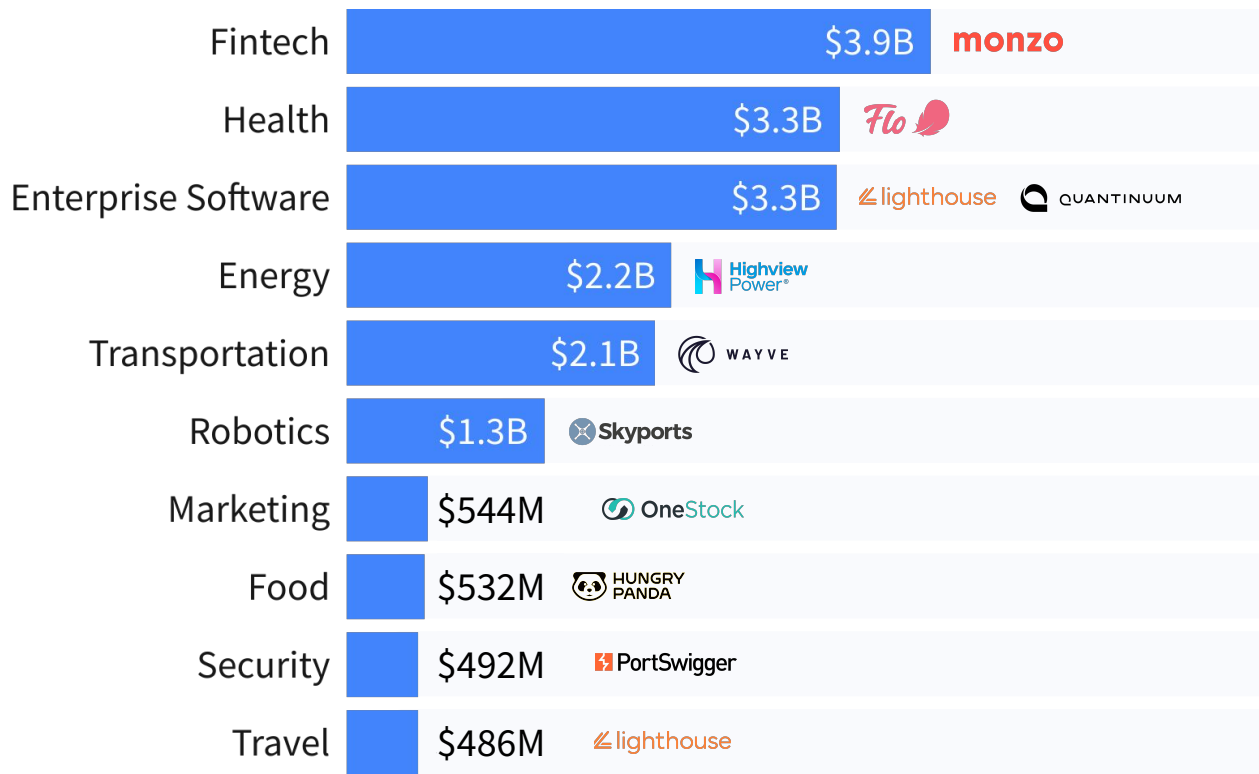
**monzo**

# Fintech is the UK's most funded sector in 2024

Health finished the year just ahead of Enterprise Software in 2024.

Enterprise Software closed the gap in Q4 with over \$1B raised, 65% more than in Q3. The strong quarter was driven by megarounds for [Lighthouse](#), [NScale](#) and [Tessl](#)

UK leading industries for VC investment in 2024 » [view online](#)





**Evgenia Plotnikova**  
General Partner

**dawn.**

***“During Q4 at Dawn we saw extremely high quality dealflow, with great founders building brilliant products.***

“As shown by this report, the AI race continues, and the UK has a serious role to play in it. However, I think we will also see greater discernment from investors - wary of “AI washing” - and going back to basics: companies solving real problems and showing long term defensibility, with low churn and high adoption.

“This year I suspect that we will see an increase in activity in sectors that have not previously been able to effectively utilise software. Healthcare and manufacturing, for example, will respond to additional demand for new technology and benefit from generative AI capabilities which lower barriers to software adoption.”



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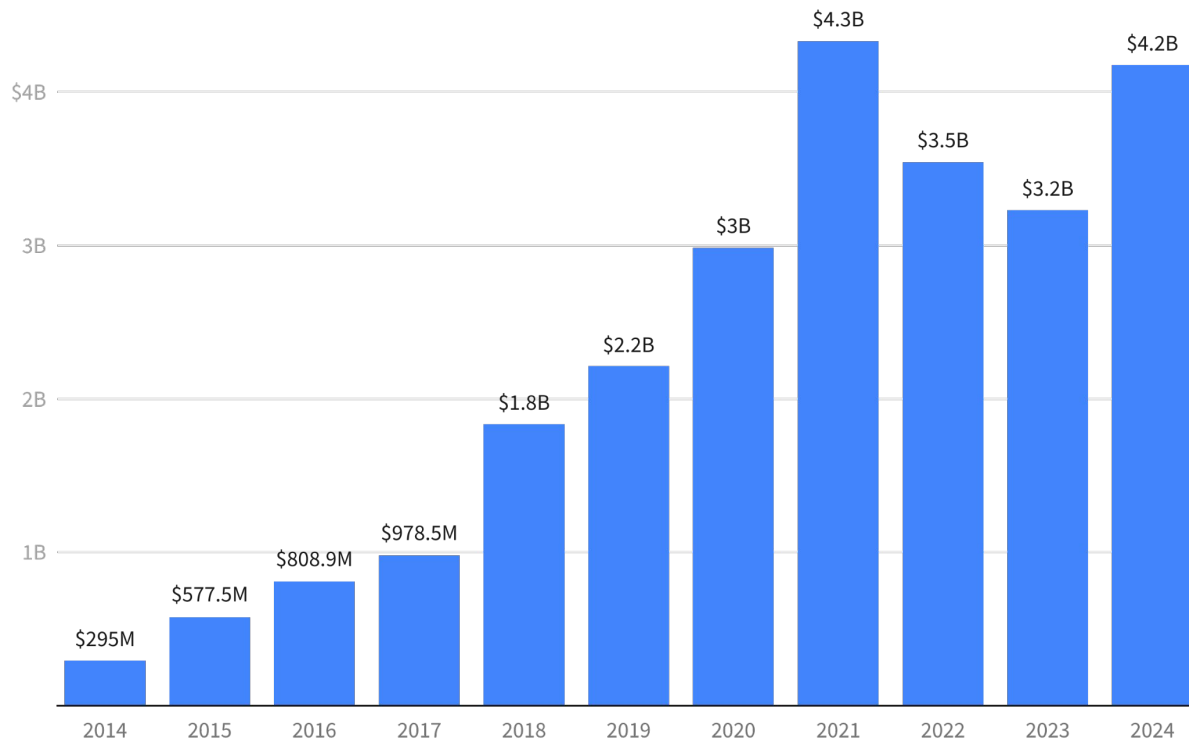
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## UK AI startups raised near-record levels of investment in 2024

Artificial intelligence, while not a sector in itself, is a key technology area that has been a focus for many investors in recent years.

\$4.2B was raised by UK AI startups in 2024. There is clear year-on-year growth in AI-focused startups, proving robust in the face of lower overall VC in 2024.

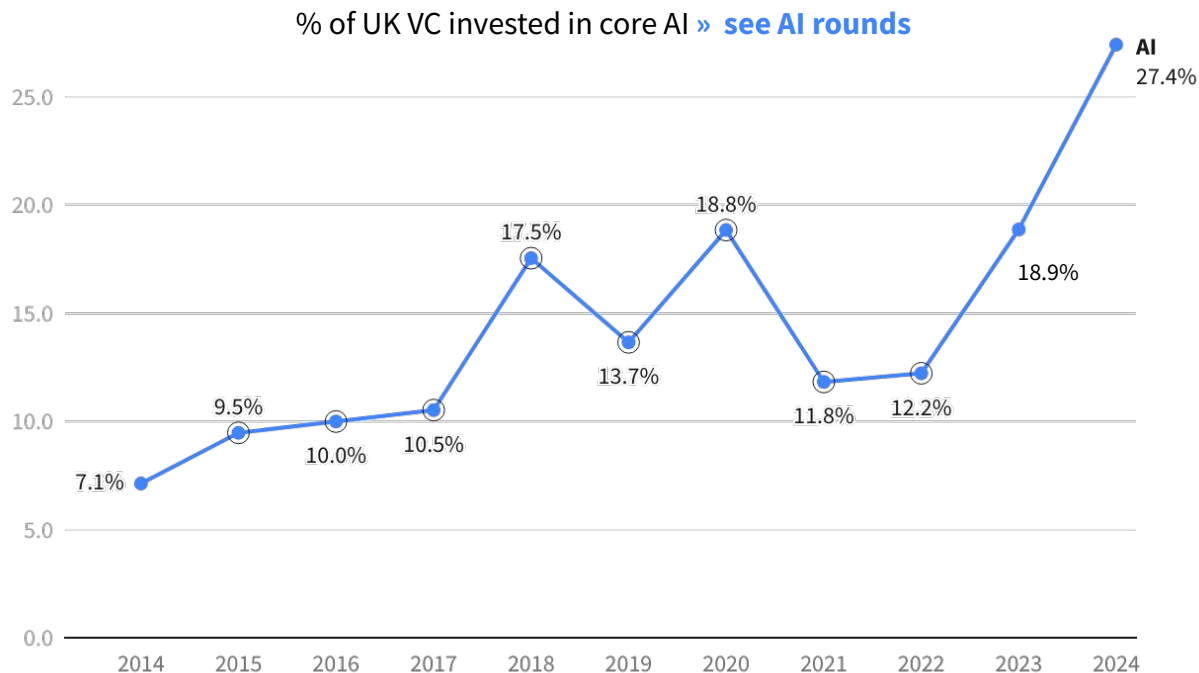
UK venture capital investment in core AI startups





## 27% of all UK venture capital was raised by AI startups in 2024, the highest share to date

5 mega rounds were raised in AI in 2024 - amongst them a \$1.1B round from [Wayve](#).



Notable 2024  
AI rounds



WAYVE

abound



NSCALE





**Simon Kerry**

CEO













***“After a prolonged drought, 2024 has seen a turning point for investment in UK biotech, with £808M secured in Q3, of which £536M was venture investment.*”**

“In light of upcoming global events, from Washington, D.C. to the Middle East, the first 3 to 6 months of 2025 will provide a good indicator of how resilient this recovery could be.”

# The UK remains the #1 country in Europe by VC investment in 2024

The UK has raised more than Germany and France combined in 2024.

Top 10 European countries by VC investment in 2024 » [view online](#)

Country		VC Investment
	UK	\$16.2B
	Germany	\$8.2B
	France	\$7.8B
	Netherlands	\$3.4B
	Switzerland	\$3.1B
	Sweden	\$2.7B
	Spain	\$2B
	Belgium	\$1.2B
	Denmark	\$1.2B
	Italy	\$1.1B



**Triin Linmago**  
Founding Partner

**sie ventures**

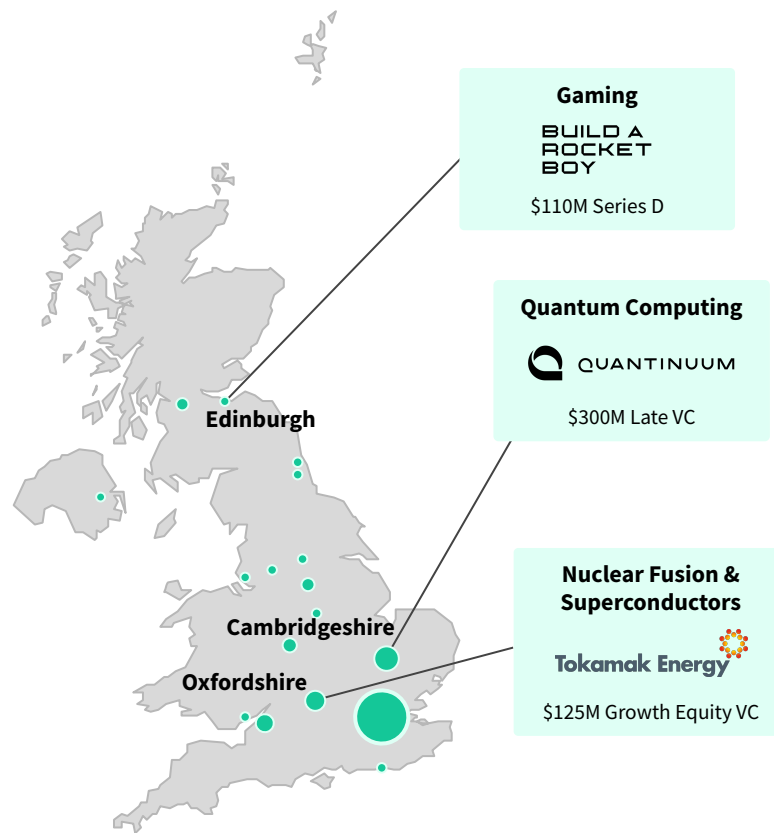
***“As we look at the UK investment landscape in 2025, we see a dynamic mix of opportunities and challenges.*”**

“The growing emphasis on sustainable and tech-focused sectors continues to attract significant funding, with green initiatives and AI leading the charge.

“However, macroeconomic uncertainties and global geopolitical tensions remind us to stay vigilant. The resilience of the UK ecosystem is evident, with investor sentiment leaning towards cautious optimism, particularly as innovative startups and scale-ups show promise despite tightening capital markets. At this juncture, we remain committed to fostering growth through strategic investments, partnering with businesses that are not just navigating these changes but actively shaping the future.”

# Cambridge and Oxford startups raised the most new venture capital outside of London in 2024

Hub	VC invested 2024
London	\$10.7B
Cambridgeshire	\$1.2B
Oxfordshire	\$675M
Edinburgh	\$391M
Manchester	\$386M
Glasgow	\$133M
Newcastle upon Tyne	\$109M
Bristol	\$108M
Belfast	\$87M
Nottingham	\$86M







**Chad Edwards**  
CEO



***“2024 marked the founding chapter of CuspAI, highlighted by our successful \$30M seed round.*”**

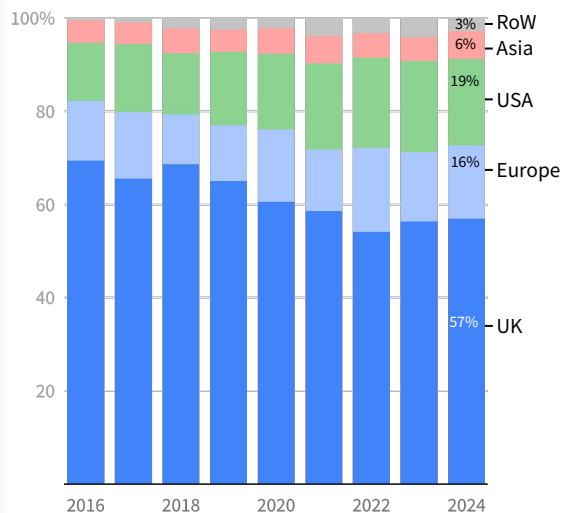
“We were fortunate to be fundraising in a year when investment in UK AI reached an all-time high. Looking ahead, we remain cautiously optimistic that this momentum will persist as investors increasingly recognize the depth of talent and innovation within the UK's AI ecosystem.

“To navigate potential challenges, like many other businesses we have proactively worked to mitigate the volatility in USD/GBP exchange rates observed in the latter half of 2024. Protecting our financial stability against uncertainties stemming from potential monetary policy adjustments, economic growth trends, and geopolitical developments will be a key priority for us and many others throughout 2025.”

# 68% of investment raised by UK startups comes from overseas. This proportion is increasing, and is particularly acute for late-stage rounds

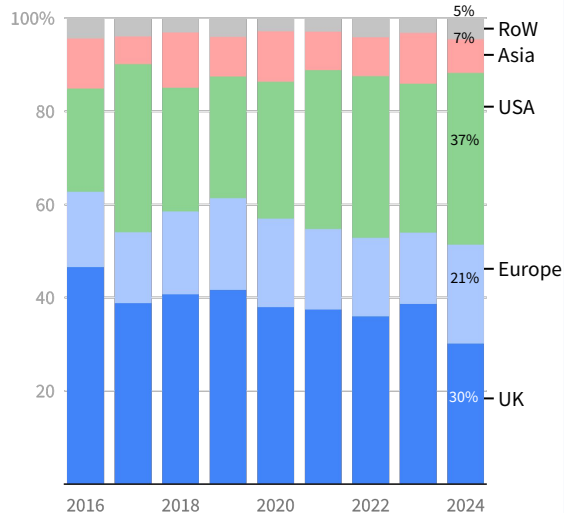
## Early-stage rounds

Source of funds, \$0-\$15M rounds



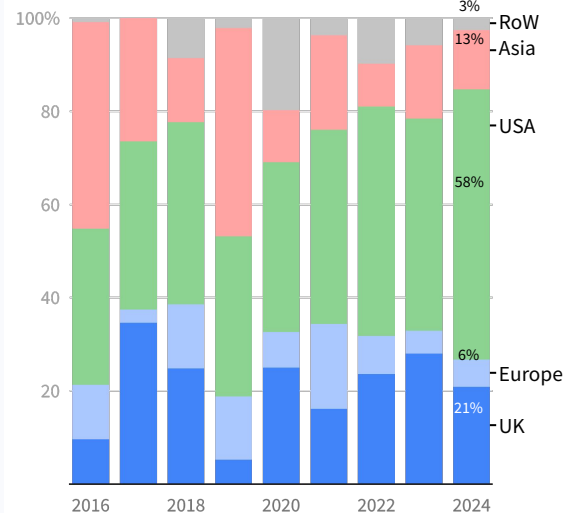
## Breakout-stage rounds

Source of funds, \$15M-\$100M rounds



## Late-stage rounds

Source of funds, \$100M+ rounds

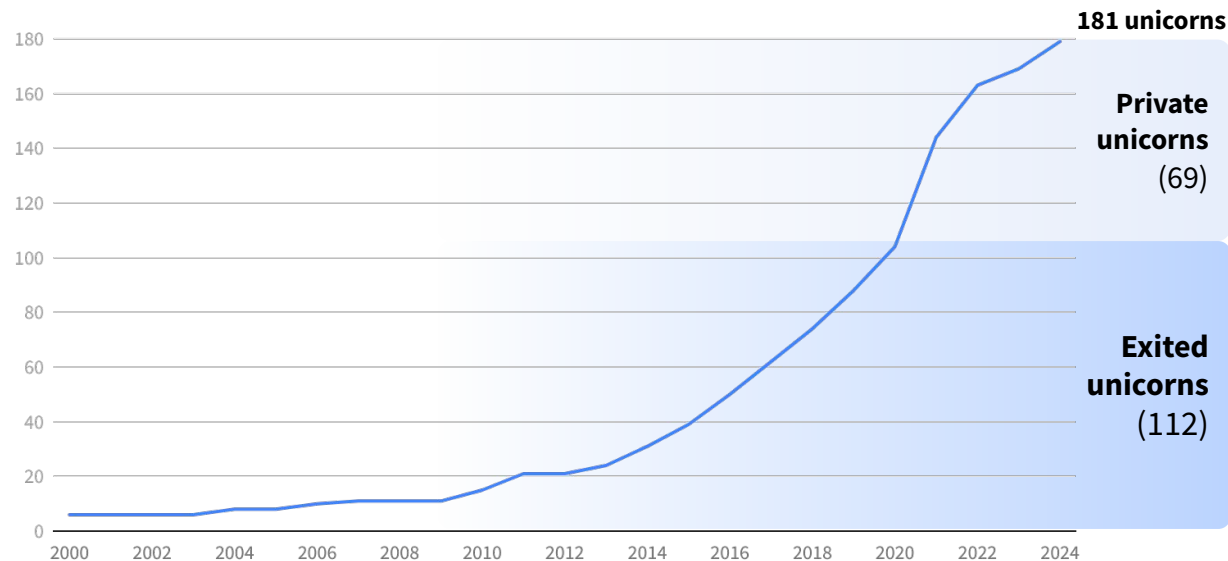


**The UK has now created 181 unicorns.**

**Nine new unicorns were added to the count in 2024.**

Out of the 69 pre-exit unicorns, 31 are based on recent valuations from after 2022, while for 38 their unicorn status is based on older reported valuations.

Cumulative UK unicorns



2024 UK  
unicorns



PREQIN



lighthouse

IntraBio



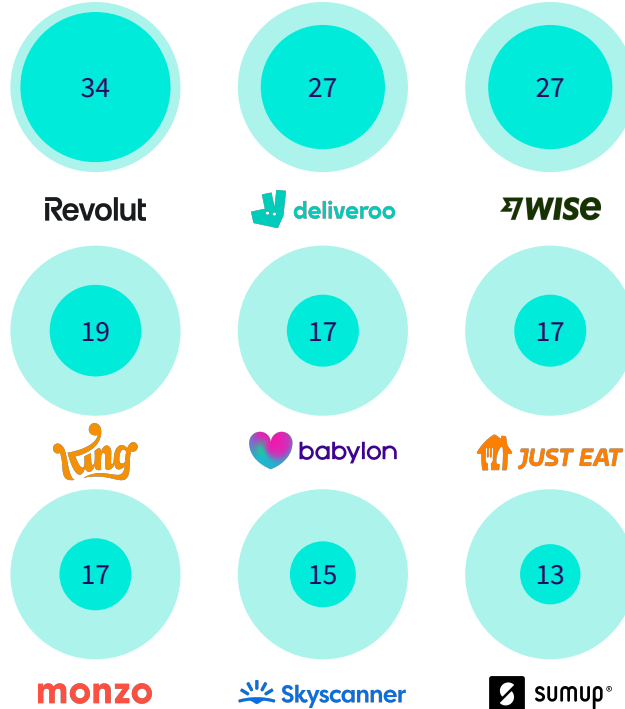
IIElevenLabs

» [see all UK unicorns](#)

# The founder flywheel is in full effect in the UK

UK unicorns are spawning dozens of new startups via staff alumni turned founders.

Number of companies founded by alumni staff



# Some notable UK startups have been busy in 2024 - with 280+ acquisitions, both foreign and home-grown

Acquiror	Target
<b>mimecast</b>	<b>Aware</b> (US) <b>code42</b> (US) <b>Elevate Security</b> (US)
<b>KRAKEN</b>	<b>energetiq</b> (Australia) <b>JEDLIX</b> (Netherlands) <b>kwest</b> (Germany)
<b>lighthouse</b>	<b>HQ revenue</b> (Germany) <b>stardekk</b> (Belgium)
<b>minute media</b>	<b>STN VIDEO</b> (Canada)
<b>multiverse</b>	<b>Searchlight</b> (US)
<b>fetch.ai</b>	<b>ocean</b> (Singapore)
<b>BUILD A ROCKET BOY</b>	<b>PLAY FUSION</b> (UK)
<b>SIGNAL AI</b>	<b>SOCIAL360</b> (UK)



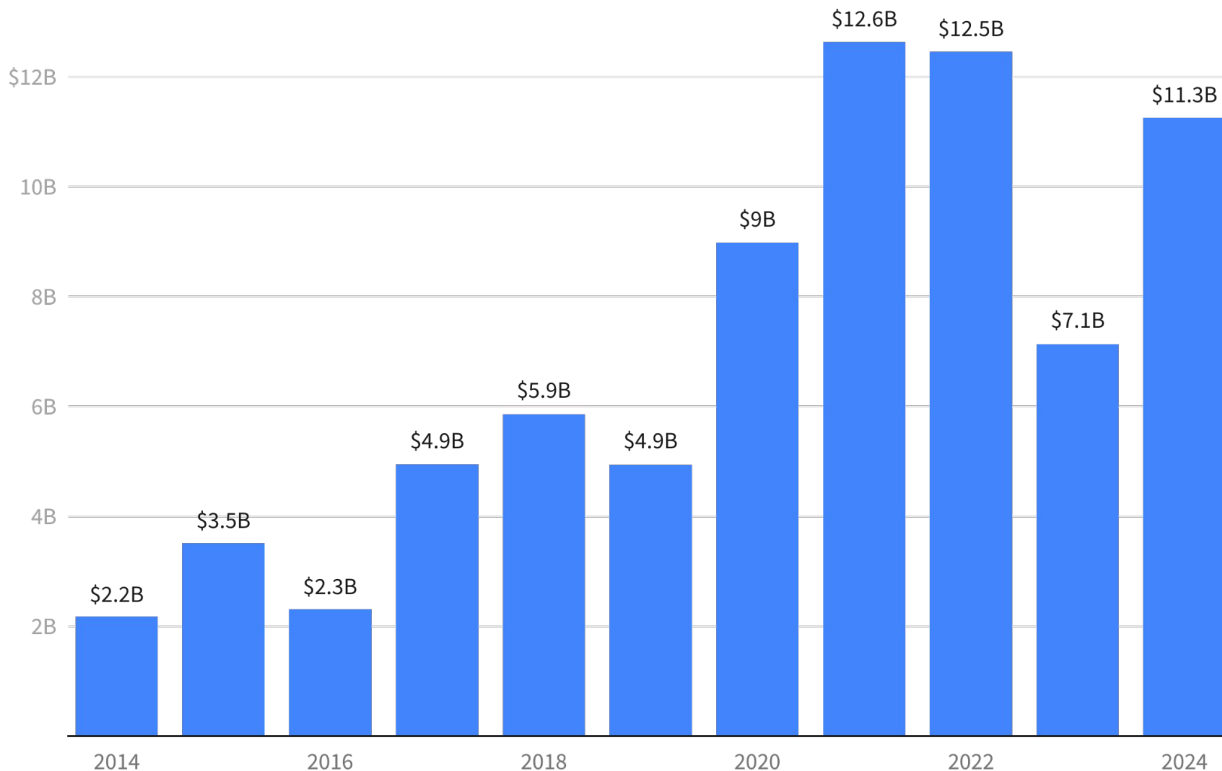
## UK-based VC investors raised over \$11B in dry powder in 2024

With more of the larger funds coming back to market in 2024, VCs raised 59% more in 2024 than in 2023.

With \$11.3B raised this was approaching record levels of new funds raised by UK-based VCs for a single year.

UK VCs have raised \$30.9B in dry powder in the last three years.

UK new VC funds raised » [view online](#)




UK

## Leading UK funds have raised dry powder to deploy in the next generation of companies

[Explore New Funds »](#)

### 10 biggest new UK-based venture funds announced 2024

Fund	Amount	Date
 Index Ventures	\$1.5B & \$800M	Jul 2024
 British Business Bank    Northern Powerhouse Investment Fund	\$870M	Mar 2024
 atomico	\$754M & \$485M	Aug & Dec 2024
Balderton.	\$685M & \$615M	Nov & Aug 2024
 Accel	\$650M	Dec 2024
Plural	\$550M	Jan 2024
<b>20VC</b>	\$400M	Oct 2024

# Methodology.

## What is a startup?

Companies designed to grow fast. Generally, such companies are VC-investable businesses.

When startups are successful, they develop into scaleups (>50 people), grownups (>500 people) and result in big companies. Only companies founded since 1990 are included in this report.

Blog post » [What is a Startup?](#)

## What is a unicorn?

Unicorns are (former) startups that are privately valued at over US\$ 1B, or have achieved a \$1B+ exit via public market or M&A.

A decacorn is a unicorn that is valued at \$10B+.

Blog post » [What is a Unicorn?](#)

## Underlying Data

Dealroom's proprietary database and software aggregate data from multiple sources: harvesting public information, user-submitted data verified by Dealroom, and data engineering. All data is verified and curated with an extensive manual process.

The data on which this report is built is available via [app.dealroom.co](https://app.dealroom.co). For more info please visit [dealroom.co](https://dealroom.co) or contact [support@dealroom.co](mailto:support@dealroom.co). Data for this report was taken in 2024.

## Venture Capital, Investors

Investment are referred to by their round labels such as Seed, Series A, B, C, ... late stage, and growth equity. VC investments exclude debt, non-equity funding, lending capital and grants.

## Sectors

Dealroom's proprietary tech taxonomy consists of 32 fixed industries, 77 sub-industries, and thousands of tags for niche, granular company categorization.

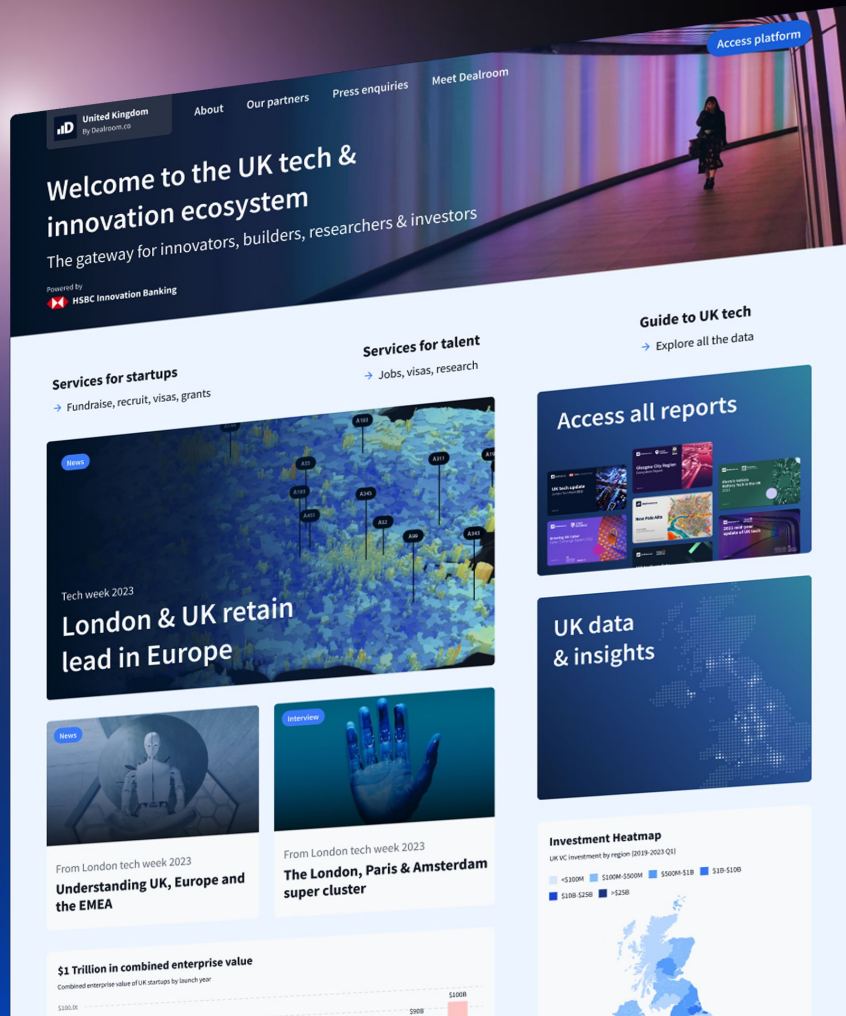
Guide » [Dealroom tech taxonomy](#)

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