

UK Tech Startup Ecosystem Retains Number 2 Spot In 2023, But Funding Falls 56%

(Tracxn Geo Annual Report: UK Tech 2023)

UNITED KINGDOM, December 13, 2023 /EINPresswire.com/ -- UK Tech Startup Ecosystem Retains Number 2 Spot In 2023, But Funding Falls 56%

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Highlights:

- Total funding into UK Tech startups dropped 56% to \$12B in 2023
- Number of \$100 million+ funding rounds fell to 22 in 2023, from 56 in 2022
- In 2023, 370 acquisitions and four IPOs took place
- Four new Unicorns emerged in 2023
- London took the lead in terms of city-wise funding
- Enterprise Applications, FinTech and Life Sciences were the top-performing segments in 2023

UK, December 13, 2023: Tracxn, a leading global SaaS-based market intelligence platform, has released its Geo Annual Report: UK Tech 2023. The report, based on Tracxn's extensive database, provides insights into the UK Tech space.

The UK Tech startup ecosystem is the second highest funded region in 2023, after the US. Despite this, funding in this region has fallen by 56% compared to 2022. This decline in funding can be attributed to several factors, such as high-interest rates, geopolitical tension and increased energy prices due to the Russia-Ukraine War.

The UK Tech space secured funding worth \$12 billion in 2023 YTD (till December 5, 2023), a plunge of 56% and 64% compared with the funds raised in the same period in 2022 and 2021 respectively. The decline in funding is largely due to the decrease in late-stage investments. Late-stage funding in 2023 YTD fell 66% to \$5 billion, from \$14.8 billion raised in the same period in 2022.

Early-stage funding in 2023 YTD stood at \$5.8 billion, a 44% decrease from \$10.4 billion raised in the same period last year. Seed-stage investments, too, dropped 44% to \$1.2 billion in 2023 YTD, from \$2.2 billion raised in the same period in 2022.

The UK Tech sector observed only 22 rounds that were \$100 million and above, a drop of 62.5% from 56 such rounds during the same period in 2022. Companies like Conigital, Bruntwood and Chebots have managed to raise funds worth \$500 million and higher in 2023.

Enterprise Applications, FinTech and Life Sciences were the top-performing sectors in terms of funding in the UK Tech ecosystem in 2023. Enterprise Applications companies in the UK attracted investments worth \$4 billion in 2023, a sharp contrast from \$12.5 billion raised in 2022. The FinTech segment secured a total funding of \$3.29 billion in 2023 YTD, a drop of more than 71% as against the \$11.41 billion raised in the same period in 2022. Investments into the Life Sciences segment fell 14% to \$1.59 billion in 2023 YTD from \$1.8 billion in the same period in 2022. In addition to being one of the top-funded segments, the Life Sciences space is also the least affected segment compared with the funding in 2022.

The Aerospace, Maritime & Defense Tech segment bucked the trend seen by other segments, witnessing a 12.5% rise in funding to \$229 million in 2023 YTD from \$200 million in 2022.

Four new Unicorns were created in the UK Tech in 2023 till date, as against 13 in 2022. Enable, Zyber 365, Synthesia and Quantexa are the companies that entered the Unicorn Club this year.

In 2023, 370 acquisitions took place, much lower than 508 acquisitions in 2022. Four companies from the UK Tech space went public in 2023, compared with 11 in 2022.

Among UK cities, London, Oxford and Birmingham took the lead in terms of funding in 2023. UK tech startups based in London dominated the funding landscape, raising \$7.1 billion this year, while those headquartered in Oxford and Birmingham raised \$799 million and \$721 million, respectively.

Mercia, BGF and Octopus Venture were the most active investors in the UK Tech space. SFC Capital, Fuel Ventures, and Y Combinator were the lead investors in terms of seed-stage investments, while BGF, Octopus Ventures, and Oxford Science Enterprises were the most active investors in the early stage. SoftBank Vision Fund, Vitruvian Partners and Iconiq Capital are the leading investors in terms of late-stage funding.

Amid the current economic climate, the UK government has been taking various measures to increase investment in the country, including tax incentives, liberalizing the planning system to reduce barriers to investment in new industries, etc.

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networks globally. It has become one of the leading providers of private company data and ranks among the top five players globally in terms of the number of companies and web domains profiled.

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