



UK outlook

# Optimism and perseverance – a recipe for success from UK innovation leaders

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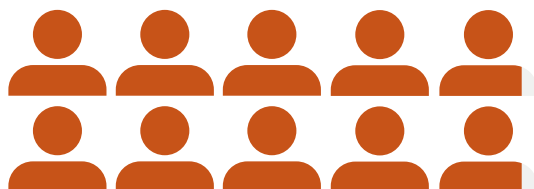
**Innovation businesses in the UK are gaining traction and growing. After a strong 2014, executives expect a continued upswing in 2015. However, they are taking nothing for granted. Though capital is plentiful and 2015 looks to be another remarkable year, more than three-quarters of executives say fundraising is a challenge.**

**From business conditions to hiring, leaders in our *Innovation Economy Outlook 2015* survey express optimism tempered by realistic expectations. Although most executives expect their businesses to grow, they know that the road ahead will not be easy.**



## Executives are optimistic about 2015, but conditions remain tough.

Most innovation leaders in the UK expect 2015 to be good for business.

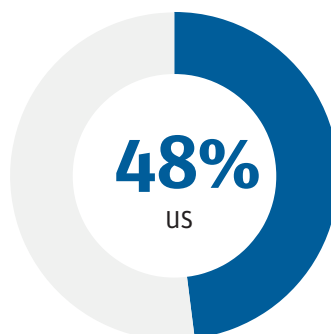


# 97%

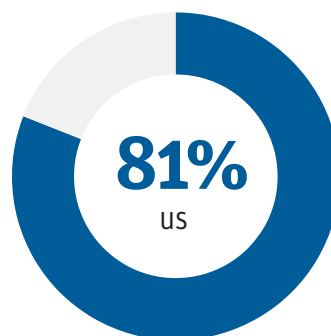
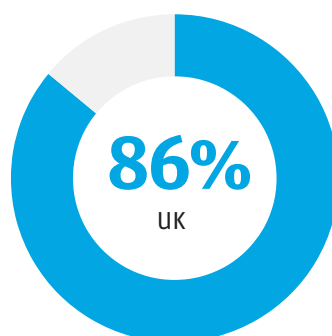
say business conditions in 2015 will be as good or better than in 2014.

More than half successfully raised private capital in 2014, which is good news. Even better news: most – and slightly more than in the US – say it's tough to raise capital, which means quality control is working as it should.

**Leaders who raised private capital in 2014**



**Leaders who say it's challenging to raise capital**



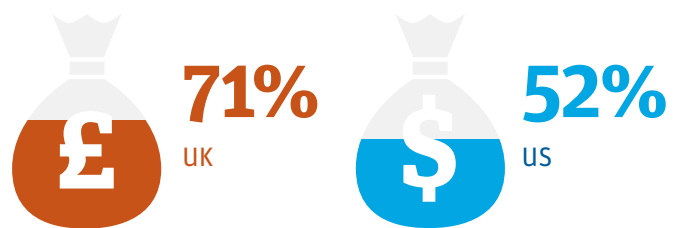
“The UK life science sector is finally buoyant after many years of hardship, but early-stage funding remains challenging.”

—Life science executive

## Individuals top the list of funding sources, as debt financing grows in importance.

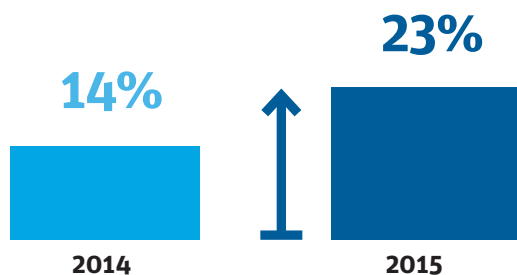
UK businesses are significantly more likely than US businesses to have raised funds from individuals. But contrary to popular belief, more and more businesses are raising debt as part of their overall funding strategy. As debt financing continues to gain traction among UK businesses, it's beginning to resemble the debt-financing approach of their US counterparts.

### Raised money from individual investors

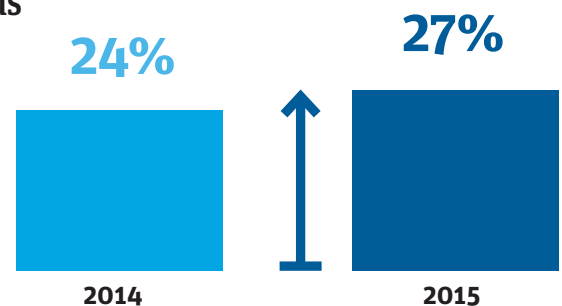


### Businesses that obtained a loan or other credit financing

UK



US



## Growth will come from abroad, most notably from the US.

More than half of UK respondents said revenues will come from another country, with the US topping the list.

**73%**

of respondents who expect international revenue say the majority of that revenue will come from the US.

**54%**

said revenues will come from outside the UK.

“We continue to see the best opportunities in overseas markets, especially in the US.”

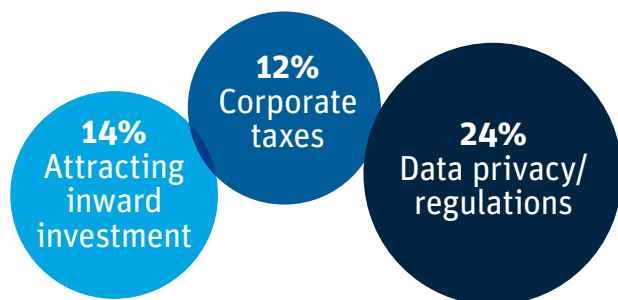
—Software executive



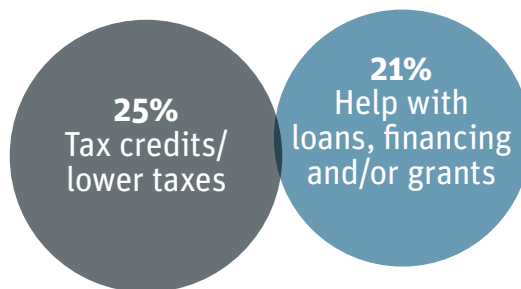
## Tech executives want the government on their side.

Executives want the government's help to ensure access to the markets, money and people they need. Specifically, they want policies that lower taxes and encourage investment.

### Top policy concerns




### Most important thing the government could do to help in 2015




## Innovators say they would feel the impact of an EU departure.

Most executives we surveyed would not be in favour of a decision to leave the European Union.

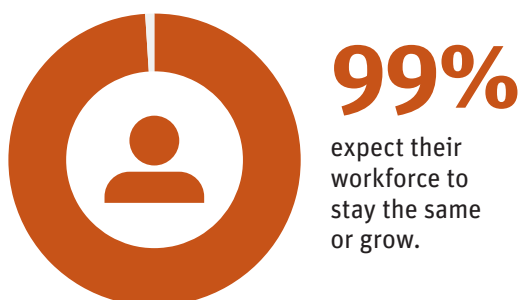
 **64%**  
say it would have a negative effect.

**34%**  
say it would have no effect.

 **2%**  
say it would have a positive effect.

## As businesses grow, leaders know they'll need more than tech talent to thrive.

Only one of the UK leaders we surveyed expects their employee count to shrink. But as entrepreneurs look to scale, they have a challenge on their hands. They need more than the tech talent to develop a great product – they also need people with the skills to market it, sell it and develop their brand.



### Most critical skills in 2015

 **35%**  
Sales/marketing

 **61%**  
STEM skills

**96%**  
say it's challenging to find people with the skills they need.

## Drawing in talent from abroad will be crucial.

Policies that impact immigration and access to an international workforce are in demand.

### Public policy priorities



**17%**

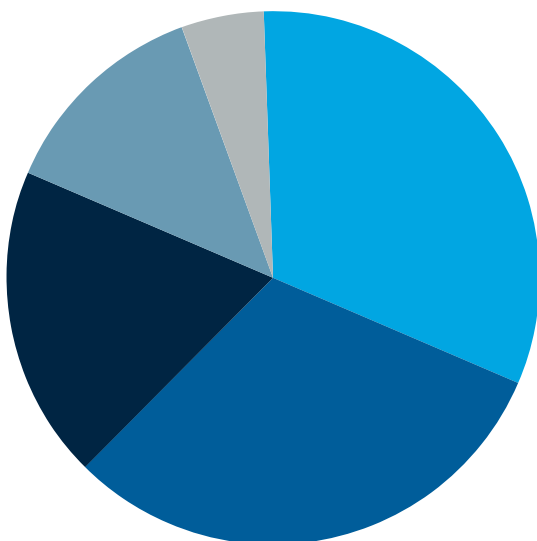
of businesses say immigration is top of mind when it comes to public policy.

**11%** say the best way government can help is to **reform immigration policies and allow more foreign workers.**

## Employees look to entrepreneurial businesses for personal growth.

Innovation businesses are seeing a new generation of graduates who care about what a business stands for and who believe career development opportunities will be greater at small, fast-growing businesses than at larger corporations. In attracting talent, businesses believe factors other than salary are more important to new employees.

### Key selling point in attracting new employees



32% **Brand, culture, mission, reputation**

31% **Personal growth opportunities**

19% **Employee equity**

13% **Other**

5% **Salary**

## About the *Innovation Economy Outlook 2015 UK* survey

Our sixth annual survey of executives from innovative businesses worldwide offers insight into what's on the minds of leaders in the global innovation economy today. In the *Innovation Economy Outlook 2015* survey, we received more than 1,100 responses from executives around the world – including more than 100 from the UK. We are presenting our findings in two reports: the *Innovation Economy Outlook 2015 UK* report and an accompanying global report. Survey participants represent businesses ranging from startups to global enterprises, answering questions on how their innovation businesses are doing, from past performance to future prospects, and the challenges and opportunities they foresee.

**Total UK respondents**  
**124**

### Industry sector



**92%**  
Technology  
(net)



**5%**  
Healthcare  
(net)

**3%**  
Other

### Profitable



**44%** Yes  
**56%** No

### Primary place of business

**72%**  
London

### Ownership



**6%**  
Public

**94%**  
Private

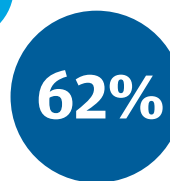
### Revenue stage



**24%** Pre-revenue



**14%** More than £16 million in revenue



**62%** Up to £16 million in revenue

## About Silicon Valley Bank

For more than 30 years, Silicon Valley Bank (SVB) has helped innovative businesses and their investors move bold ideas forward, fast. SVB provides a range of targeted financial services and expertise through its office in the UK. With commercial and international banking services, SVB helps address the unique needs of innovators. *Forbes* named SVB one of America's best banks (2015) and one of America's best-managed companies (2014). In 2014, SVB was recognised as Service Provider of the Year for the third year in a row at the Investor Allstars Awards in London.

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