

City of London

Tech Small and Medium Enterprise (SME) Landscape

2024



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Foreword

Christopher Hayward
Policy Chairman
City of London Corporation

Despite being the old town of London, the City of London is home to a thriving business ecosystem of SMEs. Here, tech and innovation thrive thanks to our reputation as a global financial centre, with access to business infrastructure and a highly skilled workforce.

This report is a testament to that, but we cannot be complacent. To support the tech sector to thrive in the Square Mile, we need to do all we can to encourage growth—a

sentiment underpinning the City of London Corporation’s SME Strategy.

By creating a uniquely City offer, our SME Strategy and broader Destination City Programme will support businesses to start and scale in the City. By increasing visibility and accessibility of our universal support offer to small businesses, unlocking the City’s unrivalled networks and developing a new, targeted support offer we will ensure

that the Square Mile remains the UK’s premier business district.

This report highlights the remarkable growth, resilience, and innovation within the Square Mile.

The City of London Corporation stands ready to support the City’s tech sector, and I am confident that the insights within this report will reinforce the importance of investing in the businesses who are driving our future.

Executive summary

The City of London is a thriving hub for small and medium-sized enterprises (SMEs) operating in the technology sector. Currently home to 2,830 active tech SMEs, the City has become an attractive base for tech entrepreneurs due to its strategic location, world-class infrastructure, and extensive financial networks. Many of these companies develop innovative, tech-driven solutions that leverage the UK's strengths in financial services. Together, these companies reflect the City's function as a bridge between traditional finance and emerging tech, with financial technology (fintech) being the top sub-sector in the City. These companies make up 17.6% of the City's tech SME population.

The tech SME landscape in the City is dominated by early-stage

companies, with 32.7% in the seed stage and 30.1% in the venture stage, underscoring the City's reputation as a launchpad for new ideas. Despite their size, early-stage companies are strong receivers of investment: in the first three quarters of 2024 alone, tech SMEs raised a combined £1.15b in equity across 170 deals, highlighting the robust market interest in tech ventures.

The City of London Corporation is committed to supporting SMEs across all stages of growth. The launch of the SME Strategy in June 2024 further reflects its commitment to enhance finance options, facilitate growth, and expand networking opportunities. The key ambition outlined in the SME Strategy is to build on existing SME support

and develop a targeted and proactive offer that can be deployed in specific sectors and sub-sectors.

Tech SMEs in the City have demonstrated resilience amid broader economic challenges, continuing to attract investment and drive growth in the sector. Between 2019 and Q3 2024, these companies secured £7.2b in equity investment, including a more than twofold increase in fintech funding between 2023 and the first three quarters of 2024. In the last five years, companies like Teya and Thought Machine reached unicorn status, underscoring the City's capacity to support high-growth ventures.

Key findings

2,830

active tech SMEs headquartered in the City

£1.2b

equity funding secured by tech SMEs in the City (Q1-Q3 2024)

32.7%

proportion of tech SMEs in the seed stage of evolution

Fintech

is the leading tech sub-sector in the City

£7.2b

equity raised by tech SMEs in the City (2019 - Q3 2024)

“ SMEs do more than complement larger corporations; they contribute to innovation.

Introduction

The City of London, known for its high concentration of large financial services firms and institutions, is also home to a wide range of small and medium-sized enterprises (SMEs). While banks, law firms, and insurance companies often dominate the City's public image, over 98% of the companies in the area are SMEs.¹ SMEs are defined as businesses with fewer than 250 employees and an annual turnover of up to £36m, or a balance sheet total below £18m.² The large number of SMEs in the UK contributes significantly to the economy's diversity and innovation, despite their smaller individual size.

London's reputation as a global financial centre makes it an attractive business location for SMEs operating in the technology sector. Its infrastructure, access to a highly skilled workforce, and proximity to financial services create a supportive environment for these businesses to grow. Tech SMEs often provide innovative solutions that complement larger companies.

For example, tech businesses like Primer, a payment infrastructure company, and Yapily, which focuses on open banking, provide essential services to both SMEs and large financial services firms, improving the ease and efficiency of financial transactions. Similarly, Fintech Farm, a company working to launch digital banks in emerging markets, exemplifies how tech SMEs within the City can operate globally, with services currently available in countries such as Vietnam and India.

The City of London Corporation launched its first SME Strategy earlier this year, recognising that whilst the City's main industries are financial and professional services, other industries, such as creatives and technology, are now the fastest growing.³

The key ambition outlined in the SME Strategy is to build on the City Corporation's wide range of existing SME support and develop a targeted and proactive offer that can be

deployed in specific sectors and sub-sectors. The main focus is to provide support to early growth firms with unrepresented and diverse founders.

This research into the tech SME landscape in the Square Mile builds on the previous work undertaken by the City Corporation for the SME Strategy, drilling down further into the City's tech ecosystem to understand what the key opportunities are to enhance this sector's growth.

SMEs do more than complement larger corporations; they contribute to innovation. This report is focused on the 2,830 active tech SMEs headquartered in the City of London, exploring their impact, growth trajectories, and founder demography.

¹ City of London, "City of London, Small and medium Enterprise (SME) Landscape, 2023"
² UK Government, "BEIS Small and Medium Enterprises (SME) Action Plan 2022 to 2025."
³ City Corporation's SME Strategy, 2024. City of London, June 10, 2024.

Tech SMEs in the City

The City of London, long established as a global financial centre, has evolved into a significant hub for tech SMEs. Beyond its role as London's financial district, the City's strategic location offers direct access to clients, partners, and investors. The City is supported by an extensive public transport network, connecting businesses within London, across the UK, and internationally. Many tech SMEs in the City are concentrated in the eastern areas, with notable business activity around Bank and Liverpool Street.

The City of London is home to a vibrant community of 2,830 tech SMEs, driving innovation and growth at the heart of the capital's business landscape. The majority of these businesses are in the earlier stages of development, with 32.7% in the seed stage

and 30.1% in the venture stage. Later-stage companies are less prevalent, with only 6.8% being established firms. The predominance of early-stage ventures highlights the City of London's significant traction for innovative companies starting out, positioning it as a launchpad for new ideas and growth.

The advantages of being headquartered in the City are especially clear for fintech SMEs, which have established a strong presence in the centre and east. Their proximity to major accelerators provides significant benefits, including access to office space, mentorship, and funding opportunities. A prime example is the Barclays Accelerator, located just north of the City and run in partnership with Techstars. This programme provides crucial resources

to accelerate innovation and growth in the fintech sub-sector.

Notably, 14.5% of London's active fintech SMEs are headquartered in the City, underscoring the area's role as a bridge between traditional finance and emerging tech. It is the home of more fintech SMEs than any other local authority in the UK, followed by Westminster. Among the companies based in the City is Teya (formerly SaltPay), a payment processing and point-of-sale technology firm that has raised £358m in equity since its founding in 2019, achieving unicorn status by 2021.

Key findings

32.7%

of tech SMEs in the seed stage of evolution

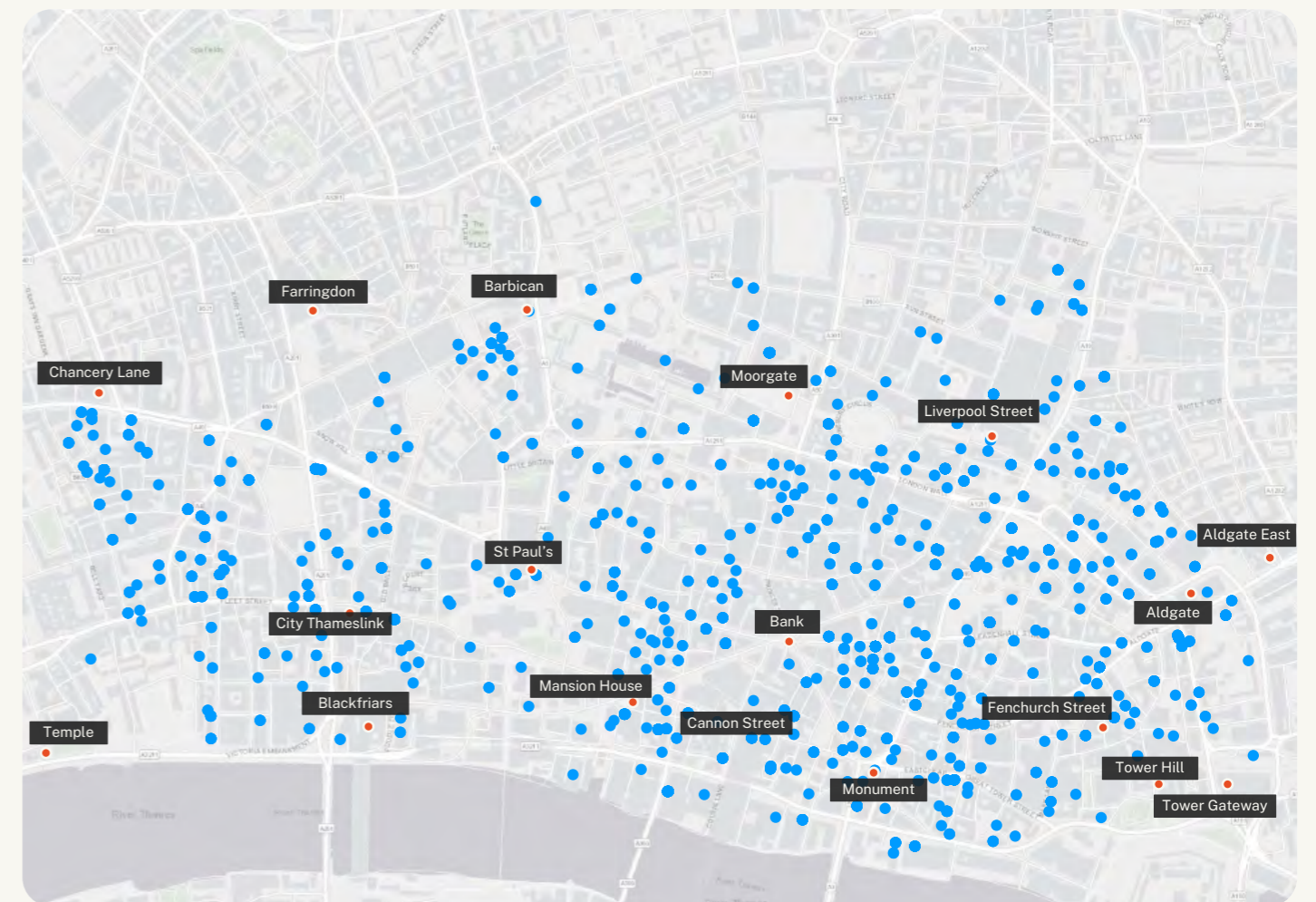
30.1%

of tech SMEs in the venture stage of evolution

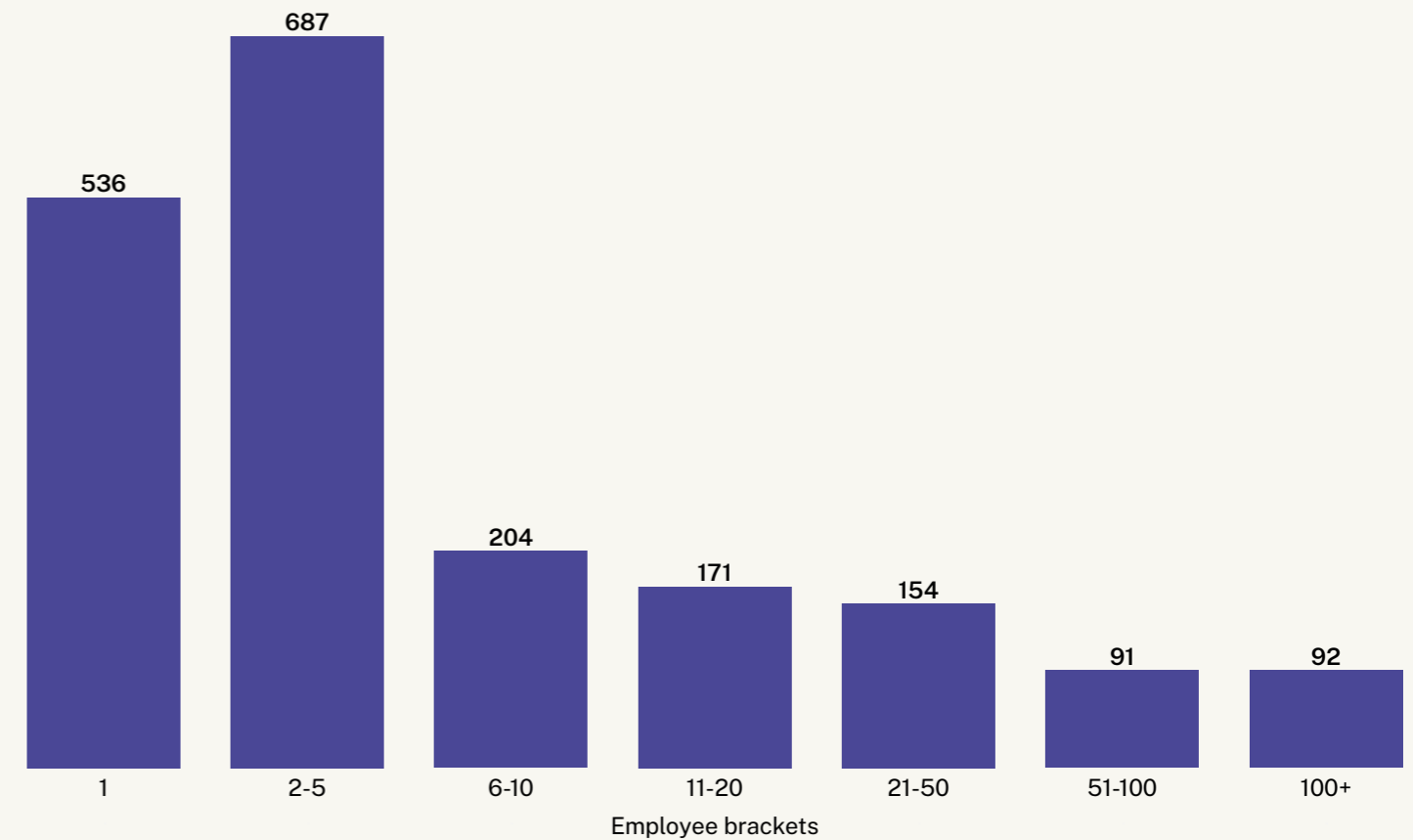
14.5%

of London fintech SMEs in the City of London

Distribution of tech SMEs in the City of London (October 2024)



Distribution of employees in the City of London's tech SMEs (October 2024)



02 Tech company demography

Employee distribution of tech SMEs in the City

Most tech SMEs headquartered in the City of London have teams of five or fewer employees. The largest segment comprises tech SMEs with 2-5 employees, representing 35.5% of all companies. This trend is likely linked to the high proportion of early-stage tech SMEs in the City, which typically operate with streamlined teams as they focus on growth and scaling. This is underscored by the fact that seed-stage firms account for 32.7% of the City's tech business demographic. In the first three quarters of 2024 alone, SMEs with 2-5 employees raised a

combined £92.1m in equity via 48 deals. Among the top-funded tech SMEs was Tilt, a fashion e-commerce platform. It secured £14.2m in April, with backing from Balderton Capital, alongside existing investors TQ Ventures, Earlybird, and Seedcamp.

Single-employee tech SMEs also play a significant role, comprising 27.7% of the City's tech SMEs. These solo entrepreneurs, freelancers, and consultants are key drivers of innovation within the ecosystem. Many of these firms specialise in sectors such as software development,

finance, and IT consultancy, where small, agile structures are the norm. Despite their size, single-employee companies demonstrated impressive performance, collectively reporting £54.8m in turnover in their most recent filings, highlighting the strong value they deliver within their niche markets.



Importance of accelerators

Accelerators play a crucial role in the growth trajectory of participating companies. These programmes offer invaluable resources, including mentorship and access to funding. Highly competitive by nature, accelerators often select applicants with a strong potential for success. As a result, participation in an accelerator is frequently associated with higher survival rates and accelerated growth. These programmes are usually cohort-based and run for a fixed term, often lasting between three and six months.

In the City of London, a diverse range of accelerators caters to the specific needs of different industries and business models. One of the most prominent programmes for tech SMEs in the City is the Grow London Global initiative (previously known as the Mayor of London’s International Business Programme). Part-funded by the European Regional Development Fund, MIBP aimed to support high-growth companies in sectors such as life sciences, technology, and urban innovation, helping them expand into key international markets. The programme had a notable impact on the local SME ecosystem, with 51 City-based

SMEs participating. Among them was Vita Mojo, a software company that collaborates with restaurants to allow customers to design personalised, healthy meal options. Vita Mojo graduated from MIBP in January 2022, and since its founding in 2015, has raised £41.7m in equity funding via seven deals.

Another influential accelerator is the Fintech Innovation Lab London, managed by Accenture. Now in its 12th edition and based in the City, the programme focuses on helping early-stage fintech firms refine their product-market fit.

The success of these accelerators presents an opportunity to provide more tech-focused programmes in the City to enhance and shape the sector further.

Presence types (HQ vs satellite)

In addition to the 2,830 tech SMEs headquartered in the City, there are 2,945 satellite companies registered in the Square Mile. Satellite companies are businesses that, while not physically based in the area, maintain a registered or trading address there. Technology is the leading sub-sector of satellite companies, with 1,178 (40.0%) being classed as tech SMEs. Many companies choose to register in the City to benefit from its prestigious reputation as a global financial hub. This strategic location offers proximity to world-leading financial services firms and institutions, legal firms, and investment banks, facilitating strong investor relations and access to vital professional services.

For international companies, the City’s status as a globally recognised and well-regulated

jurisdiction further enhances its appeal, smoothing the path to securing international investment and partnerships.

Of these satellite companies, 60.0% are physically headquartered in Greater London, with Westminster emerging as the local authority with the highest concentration of businesses registered or trading in the City. Beyond Greater London, the South East accounts for 13.7% of satellite company headquarters, followed by the East of England with 7.13%. The geographical proximity of these regions to London underscores why many firms may opt to register in the City. Among them is Chainvine, a blockchain platform developer headquartered in Basingstoke but registered in the Square Mile.



Sector ranking

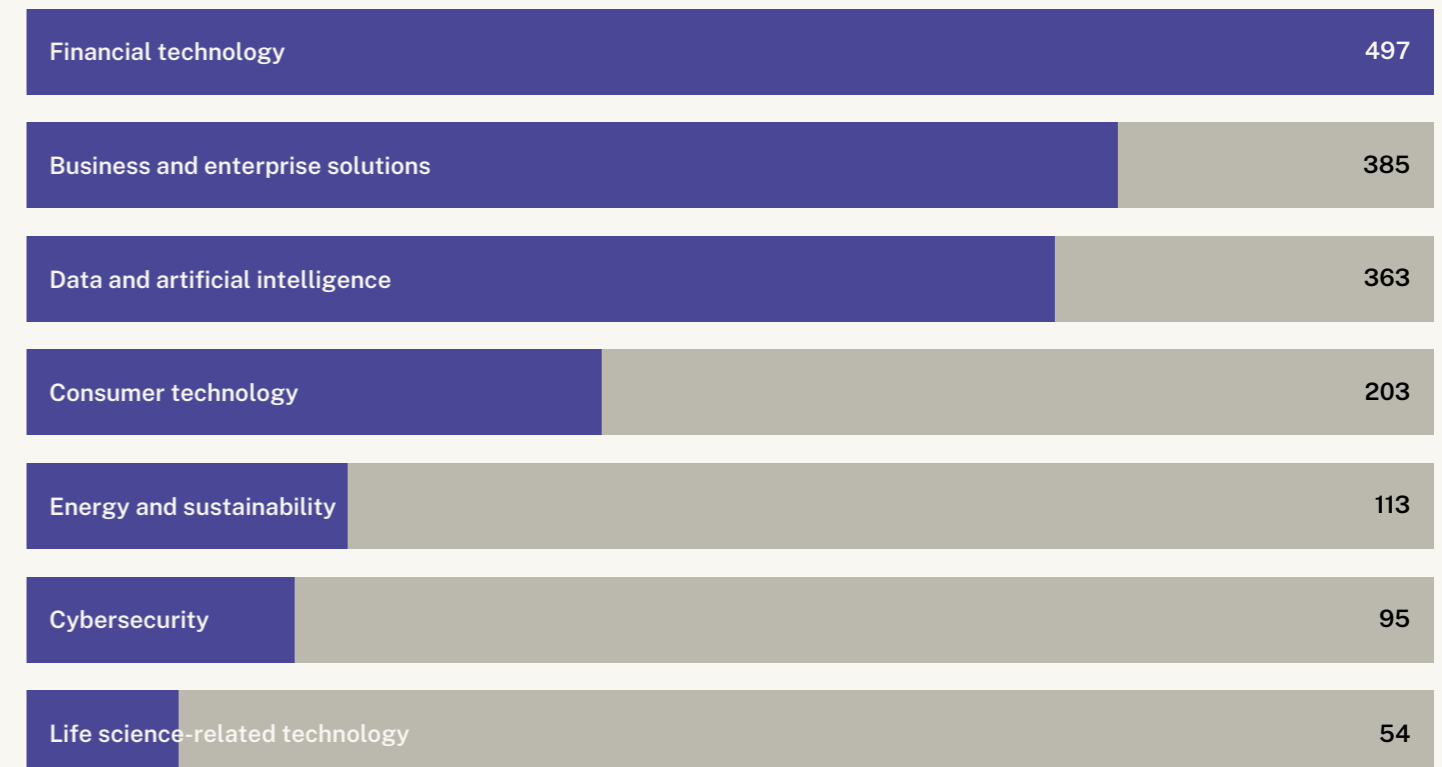
Fintech refers to any technology-driven innovation that transforms business models, processes, and applications within the financial services industry. In the UK, fintech companies span various services—from helping financial services firms and institutions reduce compliance costs to streamlining banking and international transfers for consumers. Unsurprisingly, fintech SMEs dominate the City of London’s tech landscape, comprising 17.6% of all tech companies with 497 businesses. These companies also comprise 14.5% of all fintech SMEs in London, the most out of any local authority.

The data and AI sector is also prominent in the City, with 363 companies. Among the tech SMEs in this sector is Sequence, a software platform creating APIs that enable users to build billing and payment infrastructures. Several accelerators support data and AI companies in the City, such as Lloyd’s Lab, which focuses on startups developing products that can complement Lloyd’s insurance model.

The business and enterprise solutions sector has 385 companies in the City. Given the nature of most tech SMEs in this area, there’s significant overlap with fintech, as many firms provide essential services to financial services companies. This sector includes companies offering human resource management, consultancy, and legal services. One example is Perkbox, a subscription-based employee benefit platform. Prior to its acquisition by Great Hill Partners in June 2024, Perkbox raised £33.6m in equity funding.

Cybersecurity is also a key sector, with 95 tech SMEs based in the City, representing 3.4% of all companies but accounting for 5.2% of London’s cybersecurity SME population. Another example of a company operating in this sector is Mindgard. The London-based firm develops cybersecurity software to protect businesses that use AI technology.

Top sectors by number of tech SMEs in the City of London (October 2024)





Number of tech SMEs by sector and location (October 2024)

● Located in City of London ● Located in London ● Located in UK



“ The future is bright for cybersecurity [...] It’s not an industry that’s just about dealing with attacks. It’s actually an industry about opportunity and growth

– Danny Lopez, CEO Glasswall



GLASSWALL

Case Study: Cybersecurity

Glasswall is a cybersecurity firm specialising in protecting organisations from file-based threats such as malware and ransomware. Founded in 2005, the company has developed a patent-protected approach to managing potentially harmful files—deconstructing them and then rebuilding files to a safe standard before they reach an organisation’s network. It is based out of the Spice Building in the City’s Devonshire Square.

Glasswall’s technology has gained the trust of some highly security-conscious organisations, including the NSA in the US, the UK Government, and NATO. Its City location positions it at the nexus of financial services firms, tech businesses, and government organisations that may need a proactive approach to file-based threats. In addition to its London headquarters, Glasswall also maintains a headquarters in the US, reflecting the US market’s importance for its technology. CEO Danny Lopez has led

Glasswall since 2019. Lopez served as the British Consul-General to New York from 2011 to 2016. He previously held senior roles at Barclays and was the first CEO of London & Partners, the business and tourism agency established by City Hall.

Lopez has noted that despite broader headwinds, the cybersecurity industry is growing. “There are clearly a lot of industries right now, despite everything that we’re seeing in the markets, that are growing, and cybersecurity is definitely one of them. The main reason, of course, is that the source of attacks is only increasing. They are getting more sophisticated. They’re coming from places that we might not have even thought about before—and, therefore, you need great innovation,” says Lopez.⁴

Glasswall’s growth has been supported by equity finance, raising £60.5m via 11 deals from investors, including IPGL, the

family office of businessman and City grandee Michael Spencer. In July 2023, HSBC UK’s Growth Lending fund provided a £5m loan to support Glasswall’s entry into markets in Canada, Australia, and New Zealand.

Lopez believes there is significant opportunity in the cybersecurity industry as leaders become aware that technology needs not only to be defensive but can also enable firms to grow. “The future is bright for cybersecurity, and I think that it’s very important to understand that this is not an industry that’s just about defending or just about dealing with attacks. It’s actually an industry about opportunity and growth because cybersecurity really is an enabler for companies and organisations in the public sector to be able to grow and to do what they do better,” says Lopez.⁵

⁴“Danny Lopez, CEO, Glasswall” Intelligent CISO, last modified July 12, 2022, accessed October 21, 2024.
⁵“Danny Lopez, CEO, Glasswall” Intelligent CISO, last modified July 12, 2022, accessed October 21, 2024.



“ Over a third of the country’s tech SMEs are concentrated in the capital, benefiting from London’s dynamic ecosystem, market access, and a vast network of support nodes



03

Comparing the City of London, London, and the UK

The City of London hosts 2,830 tech companies, representing 4.2% of the capital’s total tech SME population. The City ranks fifth in the number of tech SMEs across all London boroughs, yet it wields significant influence, particularly in the fintech sector. Despite its small size, the City plays an outsized role in the global financial landscape and boasts the highest concentration of fintech companies of any UK local authority. This strong foothold in fintech has positioned the City as a key player in driving innovation and growth, with the potential to expand into a broader tech hub. Fintech companies headquartered in the Square Mile collectively

raised £4.3b in equity funding between 2019 and Q3 2024.

The UK is home to around 170k tech SMEs, with 39.8%—approximately 67.7k firms—headquartered in London. Over a third of the country’s tech SMEs are concentrated in the capital, benefiting from London’s dynamic ecosystem, market access, and a vast network of support nodes. As the UK’s leading tech hub, London provides unparalleled advantages in terms of networking, talent acquisition, and funding, making it a magnet for both startups and scaleups.

London’s tech sector is globally recognised, ranking first in Europe and fourth worldwide for

venture capital investment.⁶ This vibrant investment landscape is supported by a steady influx of skilled talent, with top academic institutions contributing to a pipeline of tech-focused graduates. Such talent pipelines ensure London remains not only relevant but at the forefront of emerging tech trends. The City’s ecosystem is further strengthened by government-backed initiatives such as Grow London, delivered by London & Partners. This programme offers tailored support to startups and scaleups in high-growth sectors like fintech, cybersecurity, and life sciences.

Several well-established tech hubs further enhance London’s appeal by offering resources

like incubators, mentorship, and extensive networking opportunities. One of the most notable is Tech City in East London, centred around Old Street and Shoreditch. Once known as the “Silicon Roundabout”, Tech City has evolved into one of the world’s leading tech clusters, attracting investment from major global players such as Vodafone, Google, and Intel.⁷

Beyond Tech City, Stratford’s Olympic Park has emerged as a significant tech cluster following its redevelopment after the 2012 Olympic Games. Now one of Europe’s largest innovation campuses, the 1.2 million square foot site is home to a mix of startups, global

companies, universities, and research institutions.⁸ At the heart of this transformation is Here East, which hosts three of London’s fastest-growing tech sectors: e-sports, cybersecurity, and the creative industries.⁹

Outside London, the South East is the UK’s second-largest tech hub, accounting for 14.1% of the country’s tech SMEs. The region’s appeal is enhanced by its strong transport links to London, making it an ideal location for those seeking access to the capital without being based there. The South East has benefited from significant investment, with tech SMEs securing £5.8b in equity funding via 2,714 deals between 2019 and Q3 2024. Among the

most active investors is Oxford Science Enterprises, which participated in 60 deals worth £1.1b in the same period.

The South East is also home to several renowned innovation centres, including the Westcott Innovation in Aylesbury, which operates as a hub with a focus on aerospace technologies. The University of Oxford also offers vital resources to tech companies, including office and laboratory spaces, as well as mentorship programmes. This presents a valuable opportunity for enhanced collaboration among key tech hubs, fostering stronger connections and expanding opportunities for innovative tech businesses to thrive.

⁶London Retains Crown as Europe’s Leading Hub for Tech Investment.” London and Partners News. January 12, 2023
⁷“PM Announces East London ‘Tech City.’” GOV.UK November 4th, 2010

⁸“10-Years On: London’s Olympic Park Is Leading Hub for Technology and Innovation.” London and Partners News. July 22, 2022.
⁹“A New Era of Sports: Queen Elizabeth Olympic Park is leading UK destination for esports” May 19, 2023

04 Investment

Equity investment

The City of London lies at the core of the UK's financial ecosystem, operating as a global hub of investment opportunities. It combines a world-class support infrastructure with direct access to a vast and diverse investor base, making it a top destination for capital allocation.

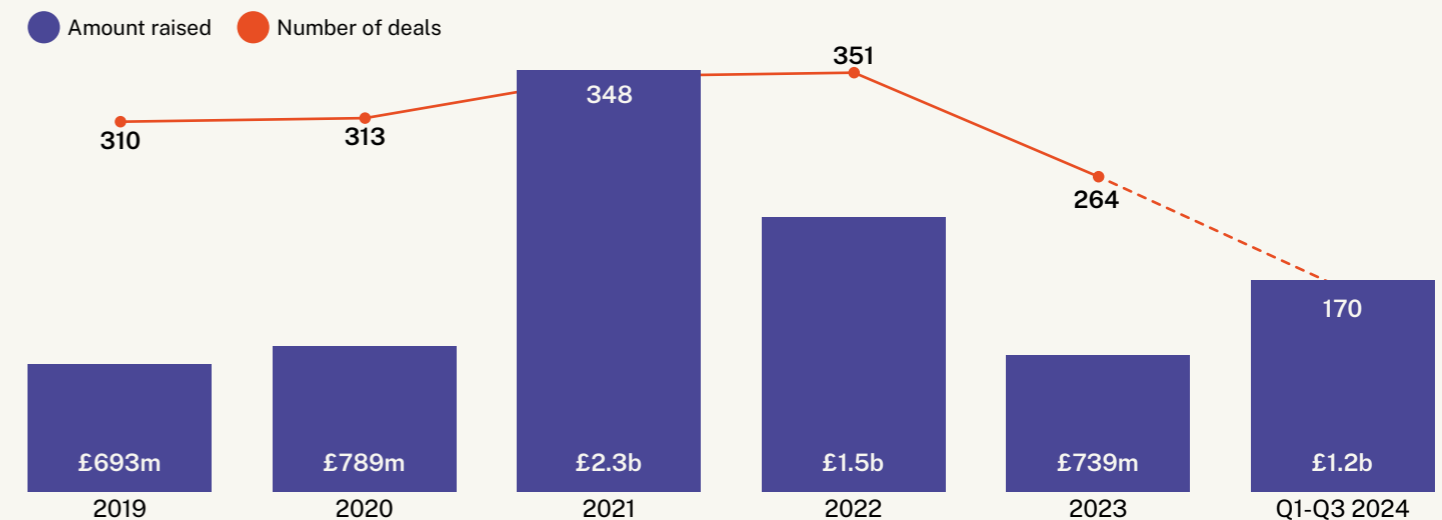
With a high concentration of investment banks, venture capital funds, and private investors, tech SMEs in the City gain a strategic advantage, fostering close, collaborative relationships with their investors. This proximity enhances funding opportunities for SMEs headquartered in the Square Mile.

After a challenging 2023 marked by broader market volatility, 2024 has seen a strong resurgence in private equity activity. By the end of Q3 2024, tech SMEs in the Square Mile raised a remarkable £1.2b across 170 deals. This figure not only surpasses the £739m total raised in 2023, but also reflects renewed confidence in the sector and a strengthening deal-making momentum. However, the number of deals in 2024, between Q1 and Q3, has fallen to its lowest in the last five years, with a 35.6% drop from the 264 deals recorded in 2023. Amid the lower deal volume, there have been larger, higher-value transactions this year,

including a £100m round by F1 Arcade in July. The racing simulation company received backing from investors including Cheyne Capital and Liberty Media to support its US expansion, with new venues set to open in late 2024 and 2025.

The tech sector, in particular, drew in substantial interest, driven by favourable financing conditions that point to a strong pipeline of future deals. This momentum signals a stronger private equity landscape for sustained growth and innovation.

Equity investment into tech SMEs in the City of London (2019 - Q3 2024)



Top investors into tech SMEs in the City

The British Business Bank (BBB) participated in 40 equity deals in tech SMEs located in the City between 2019 and Q3 2024, the most of any investor. BBB focuses on driving sustainable growth and boosting access to finance for SMEs across the UK. It does this through various programmes such as the British Patient Capital's Life Sciences Investment Programme and the Regional Angels Programme. As a key strategic partner in the City Corporation's SME Strategy, the BBB actively encourages commercial banks to increase lending to SMEs by using significant risk transfers (SRTs) to reduce loan risk, expanding financing options for small businesses. Enterprises

that have received BBB funding include software-as-a-service (SaaS) company ScreenCloud, which raised £2.5m in February 2023, and digital superstore WeShop, which secured £10.6m in June 2023. Both funding rounds were supported by the BBB's Future Fund.

Republic and Crowdcube followed closely, each facilitating 38 equity deals with tech SMEs in the City. These crowdfunding platforms allow private companies to sell shares to a crowd of individuals in return for equity. Early-stage companies find crowdfunding to be a more accessible form of investment compared to traditional equity raising, as it provides critical

capital injections. Companies that raised investment via Crowdcube in 2024 include grief counselling platform Untangle (£175k) and food labelling company Mimica (£445k).

Seedcamp (30) specialises in investment in early-stage companies across Europe. Its portfolio includes fintech, AI, and SaaS companies. It has facilitated investment in nine unicorns, including Wise, Revolut, and Grover. This year, the fund has contributed to funding rounds by social commerce app Tilt and computation company Vaire Computing. The former raised £14.2m in April and the latter £3.6m in July 2024.

Top investors into tech SMEs in the City of London by number of deals (2019 - Q3 2024)

British Business Bank	40
Republic	38
Crowdcube	38
Seedcamp	30
SyndicateRoom	23
Octopus Group	17
SFC Capital	16
Fuel Ventures	16
Ascension	14
Notion Capital Partners	13
Tiny VC	12
Scottish Enterprise	12
Phoenix Court Group	12



Investors located in the City

The City of London is a global financial district, home to 245 investment funds. Of these, 72 are private equity and venture capital firms, representing 29.4% of the total funds headquartered in the City. These funds tend to invest in SMEs operating across sectors such as SaaS, healthtech, and financial services. Notable funds in the City include Octopus Ventures, Triple Point Ventures, and Downing.

Octopus Ventures invests in purpose-driven founders, particularly those advancing sustainability, individual empowerment, and healthcare innovation. Since 2008, the City firm has backed founders operating in seven core areas, including B2B software, health, and deeptech.¹⁰ With plans to deploy £10b by 2030 into purpose-driven companies, some of Octopus Venture's portfolio

companies include Elvie, ManyPets, and Biofidelity. Within its portfolio, 32 companies have successfully exited the private market, including property platform Zoopla and mattress manufacturer Eve Sleep. To date, Octopus Ventures has participated in deals worth £3.8b involving 232 companies, with £243m channelled into SMEs within the City of London.

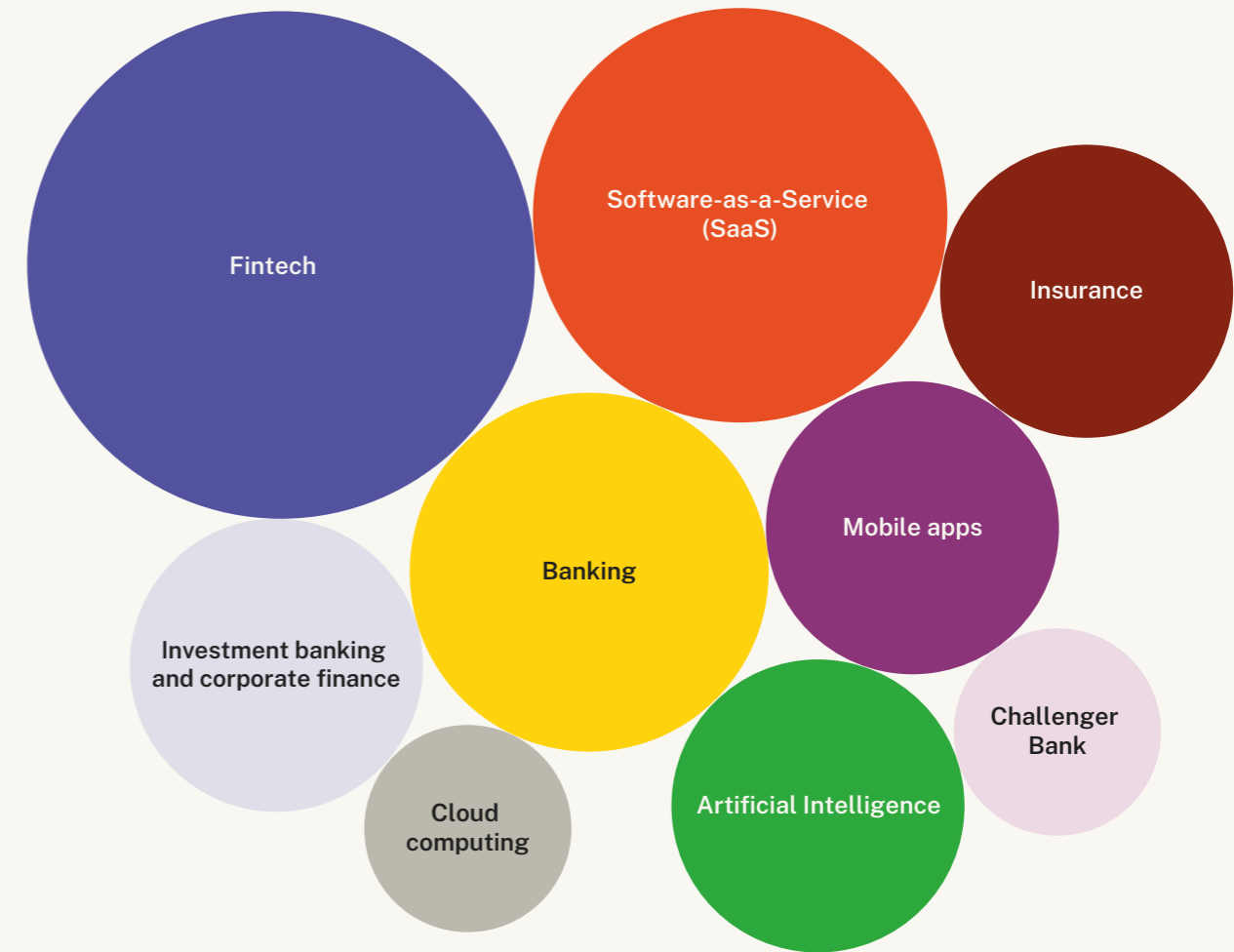
Triple Point Ventures, established in 2017, backs early-stage businesses in high-growth sectors such as B2B software, fintech, artificial intelligence, and healthcare. The firm typically invests between £550k and £2m in seed-stage companies and occasionally pre-seed companies with a strong leadership team. The firm has contributed to deals worth £438m in equity investment into 60 businesses, including Konfir, an employment platform,

and Learnerbly, a professional development service.

Downing channels investments in sectors such as energy, infrastructure, and property finance. Its reach extends beyond London, with offices in Glasgow, Stockholm, and Helsinki. It has participated in 165 equity financing deals worth £655m, supporting companies such as adtech company Dragonfly AI and HR platform Distributed. Its portfolio companies outside of the City include Cambridge-based Cydar Medical and Scotland-headquartered biotechnology firm Invizius.

¹⁰ Deeptech refers to technologies rooted in cutting-edge research and scientific innovation. Companies in this domain typically require significant investments in research and development, as well as considerable time and financial resources.

Top sectors of operation by unicorns in the City of London (2019 - Q3 2024)



05

Unicorn demography

The UK is home to over 50 tech unicorns—private companies valued at \$1b (approximately £780m). London leads the way, accounting for 74.5% of these high-growth businesses, including every fintech unicorn based in the UK. Often hailed as the “fintech capital of Europe,” London also boasts the highest concentration of tech unicorns in Europe.¹¹

The City of London, in particular, provides a unique environment where innovative SMEs can scale up, attract investment, and, in some cases, attain unicorn status. This area combines access to capital, business expertise, and a well-established financial ecosystem, giving ambitious companies the resources they need to accelerate growth.

Early-stage support, including access to funding, mentoring, and networking opportunities, is critical to helping SMEs rapidly expand, disrupt industries, and possibly reach unicorn status.

Currently, there are 11 active unicorns headquartered in the City, representing 28.9% of all unicorns in London. Notable among them are tech leaders such as Monzo and Deliveroo. Collectively, these unicorns have raised £6.7b in equity between 2019 and Q3 2024, while reporting a total turnover of £6.3b in their latest financial year. Furthermore, they constitute a considerable employment base, with an estimated workforce of 28,787.

Key findings

11
tech unicorns
headquartered in
the City

28,787
estimated total
number of employees
(as of Q3 2024)

£6.3b
total turnover in latest
financial year
(as of Q3 2024)

£6.7b
total equity raised by
unicorns in the City
(2019 - Q3 2024)

Top sectors

Unicorn firms based in the City of London are heavily concentrated in the financial technology sector, with nine out of 11 operating in fintech. This dominance reflects the City’s deep-rooted association with the financial industry, which has long attracted banking institutions, insurers, and investment firms. Among these fintech unicorns is Monzo, a digital challenger bank that achieved unicorn status in 2018. Founded in 2015, Monzo has since raised £1.4b in equity funding through 16 deals,

positioning itself as a leader in the digital banking space with a focus on user-friendly mobile banking services. As of October 2024, Monzo has increased its valuation to \$5.9b (£4.6b) ahead of its EU expansion.¹²

Beyond finance, the City of London is also home to two unicorns within the data and AI sector. One of these unicorns is Quantexa, which leverages big data and artificial intelligence to power its decision intelligence platform. The platform can be used to connect different data

sources so that customers can get a full picture of what their data means, hence driving better decision-making. Customers integrating Quantexa’s software include HSBC, Vodafone, and the Cabinet Office. Founded in 2016, Quantexa has raised £286m through six funding rounds, attracting notable investors such as AlbionVC, the British Business Bank, and Dawn Capital.

¹¹ Hunt, Simon. 2023. “London Holds on to Top Spot for Tech Unicorns and Founders.” The Standard. Evening Standard. December 6, 2023.

¹² Matsuda, Tom. 2024. “Monzo Ups Valuation to \$5.9bn in Employee Share Sale ahead of EU Expansion.” Sifted. October 11, 2024.

Founder demography

Key findings

17.2%
of companies with at least one female founder

6.6%
of companies with all-female founding teams

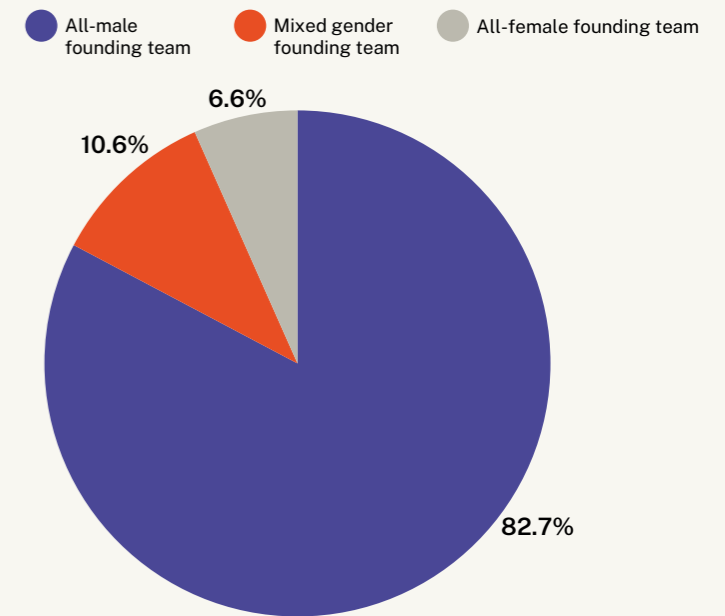
35.5%
of founders aged 40-50

Gender composition

The tech sector has historically been male-dominated. Among the tech SMEs headquartered in the City of London, 82.7% are led by all-male founding teams, while 19.3% include at least one woman in their founding teams. Mixed-gender founding teams account for 10.6% of businesses in the City of London's tech sector, and those founded entirely by women make up only 6.6%. However, the City exhibits a higher level of gender diversity in tech entrepreneurship compared to London as a whole, where only 2.2% of companies qualify as female-founded.

Studies have shown that diverse teams are linked to better financial performance. A report by McKinsey uncovered how companies in the top quartile for gender diversity are 15% more likely to outperform less diverse competitors.¹³ The City of London Corporation is taking steps to address the underrepresentation of women through the Women Pivoting to Digital taskforce. This initiative aims to bring more attention to, and action around supporting women from non-technical backgrounds to pivot to digital roles.

Gender composition of founding teams (October 2024)

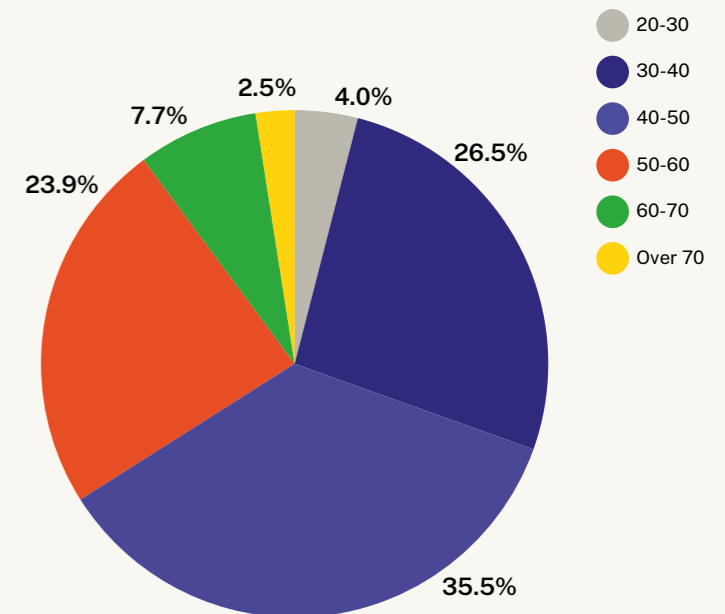


Age composition

Tech SME founders in the City are predominantly between the ages of 40 and 50, with 35.5% of founders falling into this demographic. This age group often brings a wealth of business experience, deeper financial resources, and established professional networks. Such attributes may contribute to their ability to navigate the complexities of building and scaling a company—factors which can be crucial in the highly competitive tech sector.

At the extreme ends of the spectrum, founders in the 20-30 age group account for just 4.0%, while those over 70 represent 2.5%. The relatively low representation among these groups may reflect the challenges of launching a tech venture without substantial professional networks or, conversely, the tendency of older professionals to step back from the demands of a startup environment.

Age composition of founding teams (October 2024)



¹³ Hunt, Dame Vivian, Dennis Layton, and Sara Prince. 2015. "Why Diversity Matters." McKinsey & Company. January 1, 2015.



07

Sub-sector spotlight: Financial technology

The financial services sector has evolved significantly in the last decade, with fintech companies at the forefront of developing cutting-edge innovations to enhance services. The speed of technological advancements and innovations in areas such as AI and blockchain have contributed to the growth of the fintech sector, reshaping traditional financial services. Fintech companies use technology to improve financial services, from payments and lending to wealth management. The UK is home to renowned

fintech companies like Monzo, Revolut, and Starling Bank. The presence of world-class financial infrastructure, leading academic institutions, and a skilled talent pool make the UK an attractive destination for fintech founders and investors. While recent years have seen a turbulent fundraising market, UK fintech companies continue to attract substantial investment. Fintech companies located in the City raised £810m across 69 deals in the first three quarters of 2024, exceeding the total investment for all of 2023.

London houses 59.9% of the nation's fintech SMEs. The capital's dense business population, access to capital markets, and talent make it a prime business base. Of these companies, 497 are based in the City, representing 14.5% of the total London fintech population. Fintech is the most dominant sector in the Square Mile, accounting for 17.6% of the tech population.

Key findings

497

fintech SMEs in the City of London

6.0%

of SMEs with at least one female founder

26.5%

of companies at the seed stage of evolution

£810m

total equity raised by fintech SMEs between Q1 and Q3 2024

Equity investment into City of London fintech SMEs

Investment in fintech SMEs in the City of London reached £802m in 2022, despite a record number of deals (146). This marked a 45.9% decline in total equity raised compared to the previous year, reflecting market conditions that dampened risk appetite. The contrast between the high number of deals and lower total investment indicates a shift toward smaller funding rounds.

In 2023, the downward trend continued, with fintech SMEs raising £354m. Both the number of deals and the amount raised

declined further, reflecting ongoing uncertainty in the economic environment. However, signs of recovery began to emerge in 2024, suggesting the sector is gradually adjusting to shifting market conditions.

In the first three quarters of 2024, fintech companies have raised £810m through 69 deals, surpassing the total investment for the whole of 2023. While the number of deals has decreased, the larger average investment size suggests a return to more substantial funding rounds. This trend reflects growing

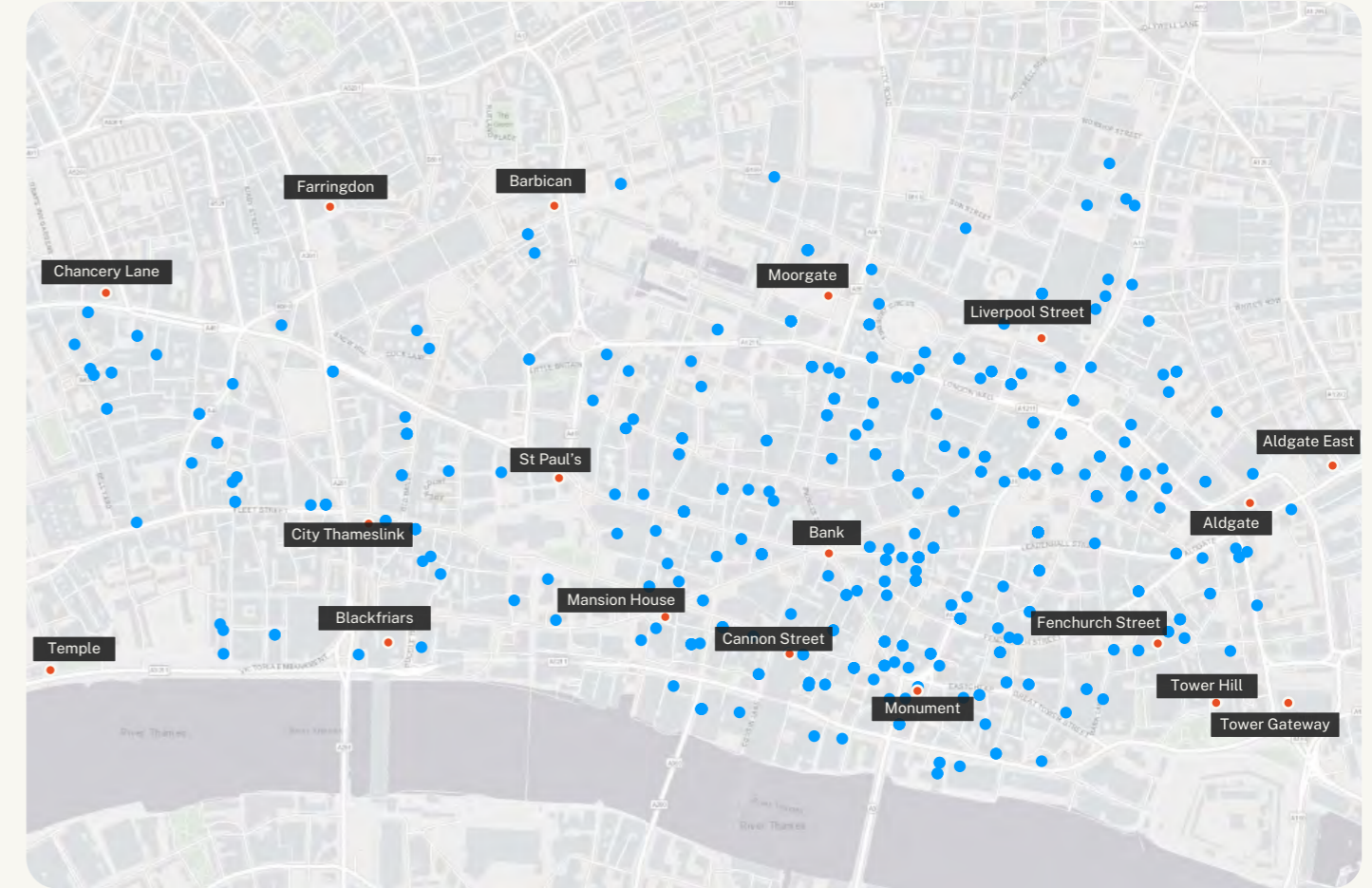
confidence among investors, likely influenced by easing macroeconomic pressures such as reduced inflation and lower interest rates.

While investment levels remain below the peaks of previous years, the increase in funding in 2024 suggests a more stable outlook for the sector. This recovery reflects a cautious but steady adjustment to changing economic conditions, with fintech companies continuing to attract investor interest.

Equity investment into companies in the financial technology sector (2019 - Q3 2024)



Distribution of companies in the financial technology sector (October 2024)



Distribution and impact of fintech across the City

The City of London, long established as both the historical and present financial district, is now a critical hub for fintech SMEs. Of the 2,830 tech SMEs in the City, fintech companies comprise 17.6% of the total—a share that surpasses other high-growth sectors such as data and AI (16.4%) or business enterprise solutions (13.6%). Concentrated within a compact area of just 2.9km, the City alone accounts for 8.7% of the UK's fintech SMEs.

The City remains a dynamic business centre, supporting over 600k workers alongside 8.8k residents.¹⁴ Fintech SMEs are especially clustered towards the east of the Square Mile, near prominent financial landmarks like Bank and Fenchurch Street. There are also other clusters further north in Moorgate as well as more centric ones like St Paul's.

Collectively, fintech SMEs in the City have generated a combined revenue of £6b in their latest financials. Entrepreneurs

are drawn not only by this dynamic market but also by the supportive infrastructure available to businesses. There are several fintech-focused accelerators and incubators in the City, such as the Fintech Foundation incubator. Managed by Integrated Finance, the 12-week programme is designed to equip early-stage fintech startups with the tools needed to bring their ideas to market.

¹⁴Official Census and Labour Market Statistics.



“Technology is making payments and money more convenient, but also maybe more abstract
 – Fiona Roach Canning, co-founder and CEO at Pollinate



Case Study: Fintech

Pollinate is a fintech company based in the City of London that works to improve how banks provide services to small and medium-sized businesses (SMBs). Co-founded in 2017 by Fiona Roach Canning, who became CEO in 2023, Pollinate offers an Experience-as-a-Service (EaaS) platform that integrates merchant acquiring (the ability for an SMB to take payments) and business banking to create intelligent, seamless experiences for merchants. With over 20 years of experience in payments, customer loyalty, and working with SMBs, Roach Canning has been instrumental in shaping the company’s vision and strategy.

Pollinate’s platform offers a range of configurable tools and mini-apps that support banks in managing various aspects of merchant services customer experience, including customer acquisition, onboarding, activation, transaction management, self-service and cross-selling other financial services products.

Roach Canning highlights the significance of the founding team in shaping the company’s direction: “The experienced founding team—including Alastair Lukies CBE, who is chairman of FinTech Alliance, co-founder of Monitise and a member of the Prime Minister’s Business Council—was instrumental in building these relationships and understanding the pain points faced by today’s financial institutions.”¹⁵

As digital payments become more integrated into everyday life, Roach Canning has noticed a shift in how people perceive the value of money. “Payments have become largely invisible and this means that we are becoming more detached from a solid sense of value. Technology is making payments and money more convenient, but also maybe more abstract,”¹⁶ she notes. To counter this, Pollinate’s platform provides banks with tools for their merchants that create transparency, helping merchants understand the value drivers of their business.

From its location in London’s financial district, Pollinate works with major banks such as NatWest in the UK and NAB in Australia. Applying the lessons learned from these successful partnerships, Pollinate is experiencing significant growth opportunities in the US market, having recently partnered with a top US bank. By partnering with banks, Pollinate helps to create a more inclusive and supportive financial ecosystem for SMBs globally.

Pollinate continues to focus on practical solutions for banks and their merchant clients, offering tools that aim to simplify processes and strengthen relationships. Under Roach Canning’s leadership, Pollinate focuses on making financial services more accessible and effective for merchants, emphasising the importance of customer-centric solutions and innovative technology to drive growth and efficiency in the banking sector.

¹⁵ TechRound. “Pollinate: Connecting Banks and SMEs.” TechRound, October 12, 2022.

¹⁶ Roach Canning, Fiona. “Fiona Roach Canning of Pollinate on The Future of Money and Banking.” Authority Magazine. Last modified June 21, 2023.

08

Sub-sector spotlight: Data and AI

The City of London is a popular hub for fintech SMEs. Closely following fintech, the data and AI sector is the second-largest in the City's tech SME ecosystem, driven by its essential role in areas like algorithmic trading, risk management, and regtech. As of October 2024, 363 companies with activities in this sector are based in the Square Mile, representing 12.8% of its SMEs. Early-stage ventures dominate, with 33.0% at the seed stage, highlighting the sector's ongoing dynamism and potential for future growth.

Of these total fintech SMEs in the City, 17.6% have at least one female founder, a figure in line with trends observed across the broader tech ecosystem. Although female founders remain underrepresented, several women-led SMEs are making a substantial impact. One standout is Zamna, a software business developing identity verification for airline passengers. To date, it has raised £8.9m via six funding rounds, attracting investment from Oxford Capital Partners, the London Co-Investment Fund (LCIF), and Spain-based Telefónica Group.

Funding for data and AI SMEs in the City has also reached record levels. So far in 2024, these companies have raised £383m, and with data for the latest quarter yet to be finalised, the sector is on track for its most successful year. This follows a surge in 2022 when investment volumes hit £514m via 146 deals. The increasing flow of capital signals a robust investor appetite for AI innovation in the City.

Key findings

363

data and AI SMEs in the City of London

17.6%

of companies with at least one female founder

33.0%

of companies at the seed stage of evolution

£383m

total equity raised by data and AI companies between Q1 and Q3 2024

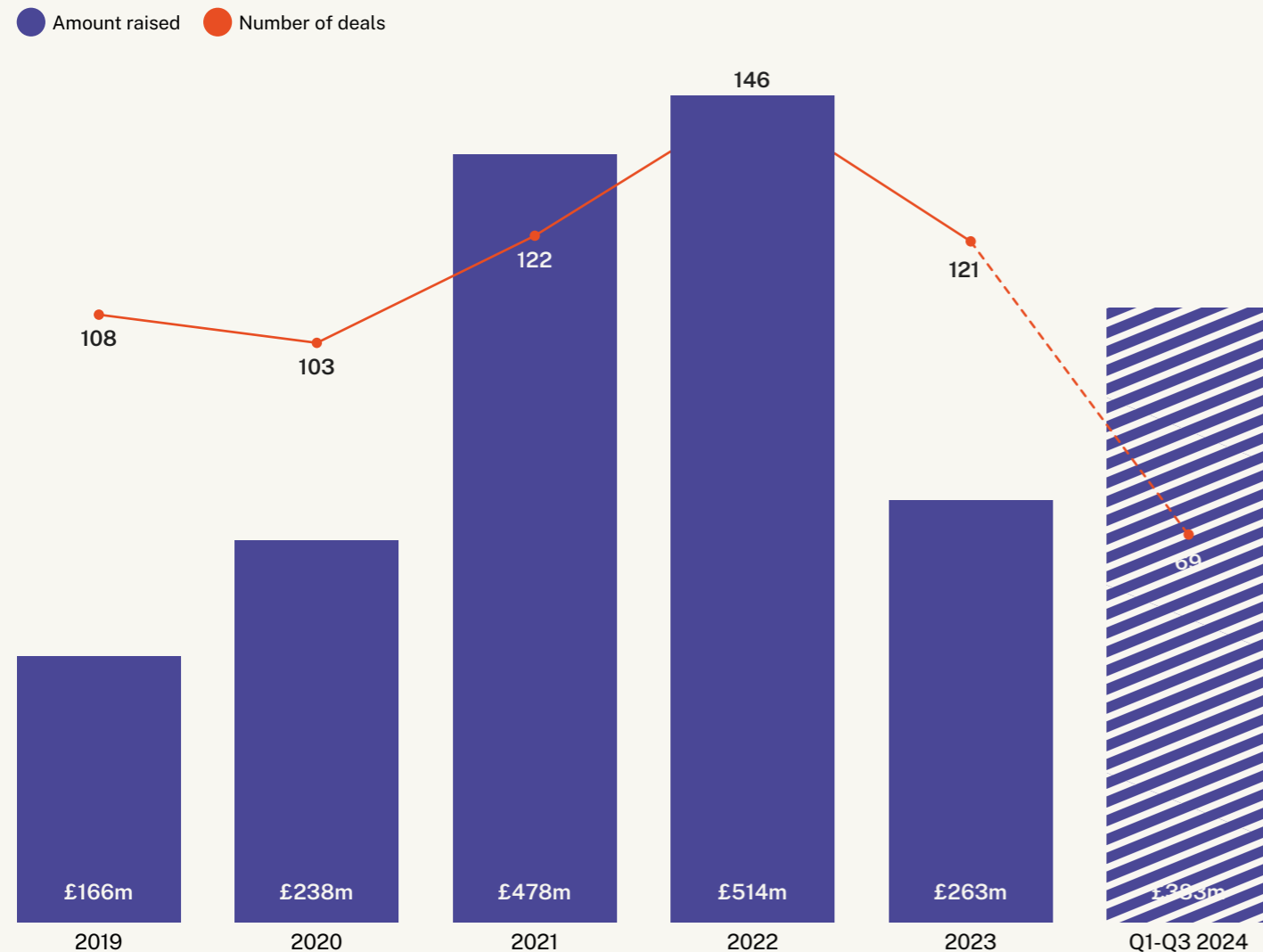
Equity investment

Data and AI SMEs headquartered in the City of London raised a total of £2b in equity investment between 2019 and Q3 2024. Funding surged significantly in 2021, climbing from £238m in 2020 to £478m—a more than twofold increase. The influx of capital into the asset class drove deals, particularly in data and AI, culminating in a further spike in 2022 with £514m raised across 146 deals.

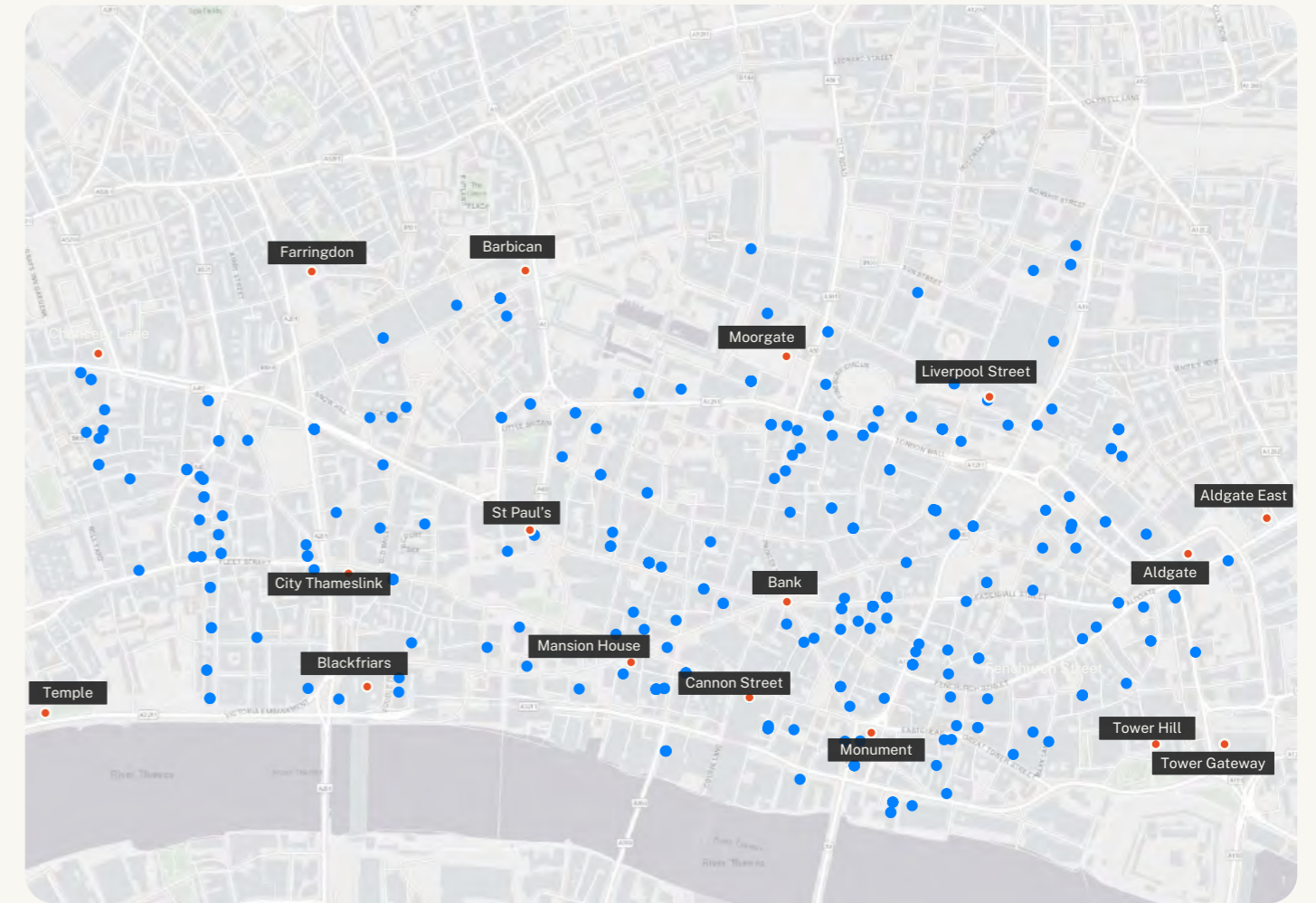
Despite a decline in both deal volume and value in 2023, data and AI SMEs based in the City of London secured £383m in equity funding during the first three quarters of 2024—making it the third-highest total in the past five years. Although full-year data for 2024 is not yet available, new deals in the final quarter have the potential to push the total beyond the record set in 2021.

Despite 2024's substantial increase in funding compared to the previous year, the number of deals dropped sharply from 121 in 2023 to 69 in 2024—representing a decline of 43.0%. This concentration of funding into fewer companies highlights the significant market traction AI firms have achieved. In 2024, larger deals have become more prominent, while previous years saw more numerous but smaller transactions.

Equity investment into companies in the Data and AI sector (2019 - Q3 2024)



Distribution of companies in the Data and AI sector (October 2024)



Distribution across the City

The City of London continues to attract a growing number of data and AI SMEs establishing their headquarters within its boundaries. These firms are distributed across the City, with significant clusters in the north and east, likely drawn by the proximity to East London Tech City, which extends into the nearby boroughs of Islington and Hackney.

Another hub of activity exists south of Chancery Lane and north of Blackfriars, showcasing the diverse ecosystem of innovation within the City.

Among the firms in this western area is KultraLab, a software company aimed at improving employee engagement. Since its launch in 2019, it has raised £5.0m in equity across six funding rounds—with its latest in June 2023.

In addition to the ecosystem of established companies, the City of London is home to 27 active accelerator programmes, many of which cater to fintech firms. However, companies in the data and AI sectors also benefit from tailored support. For instance, Tech Nation's Upscale

programme offers a three-month accelerator designed for early-stage companies, providing them with crucial resources to scale their operations. Among the participants in the 2024 cohort is Focaldata, an AI-powered platform that leverages data-driven insights to help businesses make more informed decisions. Another example is Bethnal Green Ventures' Tech For Good Programme, which supports teams developing technology that addresses social and environmental challenges.



Case Study: AI

PolyAI, a tech company based in Moorgate, specialises in the development of voice-based conversational AI for customer service. Founded in 2017 by Nikola Mrkšić, Shawn Wen, and Eddy Su, the company emerged from the founders' shared experience in large tech companies. As Shawn Wen explains, "Before graduation, we all went to big tech companies—I went to Google, Nikola to Apple, and Eddy to Facebook. But we started to feel it was a good time to do something together. So we all came back to the UK and started the business here."¹⁷

PolyAI's core technology aims to improve customer service by providing an AI system capable of understanding and responding to customers in a human-like manner. This reduces the reliance on human operators and seeks to increase both efficiency and the quality of service delivered. Co-founder Eddy Su explains the company's evolution stating,

"PolyAI started as chatbots. However, we soon realised our natural language understanding technology could do much more than what a chatbot would allow, so we pivoted to the voice channel."¹⁸ Mrkšić adds to this by explaining, "Our voice assistants are customised for each client, considering language, dialect, tone, and style. This personalisation makes the interaction feel unique and enhances the brand experience."¹⁹

PolyAI's headquarters in Moorgate positions the company close to London's Tech City, allowing it to access talent and business networks. The area's central location and connections to the wider tech community probably made it a practical choice for the company. Tech City, originally focused around Shoreditch in East London, has grown into a significant hub for tech companies. It offers an environment where firms like PolyAI can thrive,

given the area's support for innovation and its strong links to both the startup community and established players in the technology sector.

PolyAI has raised significant funding to support its growth. In a recent funding round in May 2024, the company secured £39.5m. This funding will be used for research and development purposes. Looking ahead, PolyAI seems focused on expanding its technology to more industries and geographic regions. The company aims to become a key player in the AI space by continuously improving its conversational AI capabilities and applying them to sectors such as customer service, telecommunications, and financial services. With its base in London, a strong academic and research ecosystem in AI, and significant funding, PolyAI is well-positioned to make a substantial impact on the global customer service market.

¹⁷Generational. "Building PolyAI." Generational.pub. Accessed October 21, 2024

¹⁸Pulse 2.0. "PolyAI Co-Founder Yan Zhang Discusses Conversational AI Technology." Pulse2.com. Accessed October 21, 2024

¹⁹Mrksic, Nikola. "The Evolution of Conversational AI: PolyAI's Journey." CRMxchange, June 2024. Accessed October 22, 2024



Case Study: AI

Robin AI is a London-based legal technology company that uses artificial intelligence to simplify contract review and management. Founded in 2019 by CEO Richard Robinson, a former corporate lawyer, and CTO James Clough, a machine learning expert with experience as a research scientist at Imperial College London and King's College London, the company aims to make contracts more accessible and manageable through the use of AI.

The company's aim stems from Robinson's experience, where he observed inefficiencies in the legal process. "Before I launched Robin AI, I was a corporate lawyer. Increasingly I came to realise that a huge proportion of my time and that of my colleagues was being taken up by repetitive tasks," says Robinson.²⁰ Recognising that these time-consuming tasks often drive up the cost of legal services, Robin AI aims to automate routine work, making

legal processes more efficient and affordable.

"Legal services are too expensive. The majority of the British public cannot afford to access essential legal services. This is Robin AI's goal—to bring down the costs of legal services and make them much more accessible for everyone," says Robinson.²¹ By addressing the high costs and barriers to access, Robin AI aims to offer a more affordable alternative for both individuals and businesses.

Located in the City of London, Robin AI is well-positioned to serve law firms and financial services firms and institutions in the area. Its proximity to key legal and financial hubs allows the company to work with a range of clients, including financial services firms, corporate legal departments, and law firms such as Clifford Chance. The company's growth reflects the broader trend of AI being adopted in the legal sector, where there is increasing

demand for more efficient legal processes.

While London remains its base, Robin AI has also expanded internationally, with offices now in New York and Singapore. This expansion is part of the company's strategy to grow its presence beyond the UK—75% of its revenue comes from the US market. Robin AI has expanded to over 190 employees, reflecting its rapid scaling to meet the growing demand for AI-driven contract management.

²⁰Meet Robin AI: The AI Copilot Helping Law Move at the Speed of Business." Maddynews, December 9, 2023.

²¹Robinson, Richard. "Square Mile and Me: Robin AI CEO Richard Robinson on Making It in the Startup World." City A.M., October 19, 2023.

Conclusion

The City of London continues to assert itself as a pivotal hub for tech SMEs, particularly those operating within the financial technology and professional services sectors. The City is home to 2,830 tech SMEs, 32.7% of which are in the seed stage of evolution, underscoring its role as a key incubator for early-stage innovation. In addition to these SMEs headquartered within the Square Mile, 2,945 more companies maintain a registered or trading address in the area, leveraging the prestige and practical benefits of basing operations in this area.

The wider tech investment landscape has remained resilient in recent years, albeit shaped by significant economic shifts.

Methodology

Identifying SMEs

Small and Medium-sized Enterprises (SMEs) are businesses that fall within a specific size and annual turnover. The general definition is as follows:

- Employee count of fewer than 250
- Annual turnover does not exceed €50.0m
- Balance sheet total does not exceed €43.0m

Technology SMEs

Technology SMEs were identified for this reporting as companies falling within the 'technology' classification developed by Beauhurst.

Despite the broader challenges facing small businesses, tech SMEs in the City of London have continued securing substantial equity investment. Between 2019 and Q3 2024, these businesses collectively secured £7.2b. Following two years of decline, investment data for 2024 suggests a cautious resurgence, hinting at the potential for renewed growth in the funding market for tech SMEs.

The ecosystem not only supports startups but also established firms, fostering an environment conducive to collaboration and the exchange of ideas. Alongside this, the City's global connections offer tech SMEs a springboard into international markets, reinforcing its role as an

Active companies

"Active" companies refers to companies that have an active or dormant Companies House status.

Equity investment

Equity investment refers to capital provided in exchange for company ownership, allowing investors to benefit from growth without requiring repayment, unlike debt. To be included in our analysis, any investment must be secured by a UK company and issued between 1 January 2019 and 30 September 2024.

Founder demography

The founder data in this analysis is primarily based on the information founders have

associated with their directorship records at Companies House. Companies with unidentifiable founder genders are excluded from the analysis. Due to the absence of readily available ethnicity data, the analysis does not include founder ethnicity.

Overall the City of London's tech ecosystem stands as a crucial incubator for high-growth SMEs, offering unmatched access to capital, expertise, and global markets. As investment confidence cautiously rebuilds, the City is well-positioned to sustain its role as a leading tech hub, driving innovation and supporting high-growth tech SMEs that are set to shape the future landscape of financial technology, AI and data, and other core sectors.

associated with their directorship records at Companies House. Companies with unidentifiable founder genders are excluded from the analysis. Due to the absence of readily available ethnicity data, the analysis does not include founder ethnicity.

Announced and unannounced fundraisings

An unannounced fundraising is an investment made into a private company that is completed without press coverage or a statement from the recipient company or funds that made the investment. These transactions are an integral part of the UK's high-growth economy, accounting for around 70% of all equity transactions.



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The City of London Corporation is the governing body of the Square Mile dedicated to a vibrant and thriving City, supporting a diverse and sustainable London within a globally successful UK.

We aim to:
–Contribute to a flourishing society
–Support a thriving economy
–Shape outstanding environments

By strengthening the connections, capacity and character of the City, London and the UK for the benefit of people who live, work and visit here.

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Design

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Funded by
UK Government