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# LONDON CALLING

The UK tech hub can  
take your business to  
the next level

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fitzgerald & law

RACONTEUR  
CUSTOM PUBLISHING

## CONTRIBUTORS:

**Kathryn Hopkins,**  
**economics correspondent**  
**at The Times**

Kathryn is property and economics correspondent at The Times. She previously worked as a spokeswoman at HM Treasury and as an economics reporter at the Guardian.

**Charles Orton-Jones,**  
**editor-at-large**  
**at Londonlovesbusiness.com**

Charles is the former Professional Publishers Association Business Journalist of the Year. He is editor-at-large of Londonlovesbusiness.com and editor of EuroBusiness magazine.

# ALL ROADS STILL LEAD TO LONDON

Kathryn Hopkins

The UK's decision to leave the European Union was unexpected but has done nothing to dampen interest in setting up in London. In the period after the vote, June 2016, London & Partners (the Mayor of London's official promotional company) saw an increase in queries compared to the previous year, with US enquiries going up 22 percent over the period. These companies are still attracted by London's location, the ease of doing business, access to talent and government support for foreign direct investment.

In the past decade, London & Partners has seen US tech investments more than double in volume. It has helped hundreds of US companies set up in the capital and created thousands of jobs in the process.

London based tech firms attracted \$8.2 billion in venture capital funding in 2016, demonstrating that the sector is prominent - and rapidly growing.

"London is Europe's commercial hub, offering an unrivalled scale and quality of talent, connectivity, world-leading universities, diversity, culture and lifestyle," says Dan Hanmer, senior director at CBRE, the global property consultancy that helps US tech firms find offices in London.

There are several reasons why London has become the most credible place for US tech firms to set up their European headquarters.



London has an impressive transport infrastructure, making it a suitable base for European headquarters. It has six international airports, four of which are ranked in the world's top 100 by Skytrax, the air travel rating site.

Four universities in or near London (Oxford, Cambridge, University College London and Imperial College London) were in the top ten QS World University Rankings 2015-16.

In addition, London has over 38 accelerators and over 80 co-working spaces, which allow companies to collaborate, troubleshoot and ultimately improve product development.

Finally, as well as bridging the time zones between the US and Asia Pacific, London is also home to some of the best cultural attractions in the world such as the National Gallery, the British Museum, Tate Modern, the Tower of London and the Palace of Westminster.

“By seeing London, I have seen as much of life as the world can show”

Samuel Johnson

**230** languages spoken in the city

Direct flights to over **330** destinations

**38** business accelerators - more than across Europe, including Techstars, Future Fifty and London Stock Exchange's Elite

# A CITY FOR ALL SHAPES AND SIZES

Charles Orton-Jones

“London gave us access to markets across Europe, the Middle East and Asia which would have been difficult without being in the UK”

Molly Nasky  
CFO  
Techstars

London is a city with significant growth opportunities for companies of all sizes, from small start-ups to large established players. These two case studies of American companies look at why they chose London as a launchpad to expand further afield – and how they achieved success.

## TECHSTARS

The brainchild of David Cohen, Brad Feld, Jared Polis and David Brow, Techstars is probably the most well known start-up accelerator to have appeared worldwide in recent years.

The company was founded in 2006 in Boulder. In 2007, the first Techstars program was run with 10 entrants, half of which were subsequently acquired. Not bad for the first round.

In 2013, Techstars decided to take itself overseas. The first international city it chose? London.

Techstars opened its London office in 2013 and raised \$34m in its first London program. This success continued and by 2014, the London office had partnered with Barclays on the famous Barclays Accelerator. London proved the ideal platform for continued growth and Barclays programs, powered by Techstars, can be found in New York as well as South Africa and Israel.

Techstars has positioned itself as the world-leader in mentoring entrepreneurs with a phenomenal track record of raising funds. Start-ups can apply for enrolment on a Techstars program and be judged by the program's directors. If accepted into a program, each company receives immediate investment plus access to the Techstars network and three months' support.

Techstars management team is certain that the move to London was instrumental in achieving growth.



"London gave us access to markets across Europe, the Middle East and Asia which would have been difficult without being in the UK" explains Molly Nasky, who was CFO at the time.

"The city is buzzing right now. It's an awesome time to be here. With the combination of London's excellent, innovative reputation and growing pool of international talent, more exciting disruptive developments are inevitable", says Kiki Stannard, partner at Fitzgerald & Law.

## TECHSTARS TIMELINE

### 2006

Founded in Boulder, CO.

### 2007

Techstars is running its first program which is a success with entrants from New York to San Francisco; around \$4m is raised in funding for the first cohort.

### 2009

Just 2 years after the first program, the 2009 Boulder program raises \$97m. Techstars Boston opens its doors and raises \$60m in its first program.

### 2011

Techstars expands into Seattle and New York; Techstars also launches the Global Accelerator Network, connecting similar accelerators worldwide to share ideas and maintain standards.

### 2012

The company continues to open programs, this time focusing on verticals such as Cloud and Microsoft Azure. The Powered by Techstars brand continues to grow.

### 2013

The first international office, in London, is opened. It is headed up by Jon Bradford.

### 2014

The Barclays Accelerator is launched in London, tapping into the exploding Fintech scene in the UK.

### 2015

Techstars launches the Techstars Foundation, with a view to improving diversity in entrepreneurship.

### 2016

Inspired by the success of the London expansion, Barclays Accelerators open up in Germany, South Africa and Israel. Also, continuing to focus on verticals as well as geographies Techstars Music is announced, offering some of the Techstars magic to start-ups engaged in all aspects of the music industry.

### 2017

In a frenetic 11 years, Techstars has positioned itself as the best accelerator on the market and has raised over \$3bn for 922 program members. Of those members, around 90% are either still operating or have been successfully acquired. Techstars continues to expand globally and is having its first APAC program in Adelaide, Australia.

## APPIT VENTURES

Another great American success story is Appit Ventures, a company which provides application development services.

Founded in Denver, CO in 2012 Appit Ventures set about building a reputation for innovative solutions and great client relationships. Things move fast at Appit Ventures and the leadership team knew that to succeed internationally, they would need to set up a London office to enable it to access markets across EMEA.

The company's CEO and founder, Rob Carpenter was charged with ensuring the London set-up was a success.

"In our short history, Appit has not been afraid to acquire businesses we think can help us accelerate our growth. Expanding into London through an acquisition seemed like a great way to get a running start there" Carpenter explains. Appit Ventures identified a target and initiated discussions to purchase the business from the existing owner. The deal completed in January 2017.

"It had to be economical and productive," Carpenter continues "and I have nothing but good things to say about doing business in London.

The expansion was nowhere near as costly or problematic as some would have had me believe. London is a good place to do business: trustworthy, reliable and having visited in January 2017, is a cool place to be."

# THE FINTECH HUB

Kathryn Hopkins



Technological innovation in the financial services industry has received significant funding and support, as the UK Government seeks to nurture the country's financial services industry against a fast-moving and competitive global economic backdrop.

Financial technology (also known as fintech) is one of the hottest areas of investment at the moment and one of the scariest developments for banks. Many lenders are losing business to more innovative and customer-focused startups offering cheaper, faster, online services.

London is leading the way in Europe, with two fintech startups already reaching "unicorn" status - the coveted \$1 billion (£650 million) valuation. They are international money transfer business TransferWise and peer-to-peer business lending firm Funding Circle.

"London continues to be a fantastic place to grow a financial technology company," says Samir Desai, chief executive officer and co-founder of Funding Circle. "In just five years, the Funding Circle marketplace has become the fifth largest net lender to small businesses. The money we raised allows us to go on to create a sustainable, category-defining business"

According to the publicly funded organization Tech City UK, London has become the Fintech capital of the world with more people in the sector

than in any other city, over 61,000 (more than New York).

What's more, there are a number of programs in existence to help these companies, such as Level39, Europe's largest accelerator space for financial technology with over 140 companies.

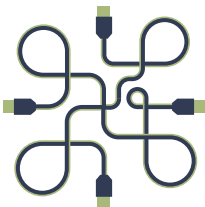
The brainchild of property company the Canary Wharf Group, and based in One Canada Square in the Canary Wharf business district in East London, Level39 brings together Canary Wharf Group's existing financial and professional services tenants and connects them with London's burgeoning technology scene. Members are put in the same room as experienced entrepreneurs, technology investors and industry experts to boost traction and access to markets.

In November 2014, Canary Wharf Group also launched the Cognicity Challenge to promote the development of smart cities technology and the interconnectedness of systems in future cities. It comprises six individual challenges, each of which targets key areas of city development.

Sir George Iacobescu, chief executive and chairman of Canary Wharf Group, says: "When we opened Level39 in March 2013 we could only dream that within two years we would have attracted nearly 170 financial and smart cities start-ups spanning three floors totalling 80,000 square feet.

“London continues to be a fantastic place to grow a financial technology company”

Samir Desai, CEO and co-founder of Funding Circle



of space in Canary Wharf's iconic One Canada Square."

According to CBRE, the global property consultancy, Canary Wharf is now home to London's most concentrated cluster of Fintech start-ups, housing many of the hundreds of companies set up to develop and provide financial technology. The SouthBank, a couple of miles west along the River Thames, is in second place.

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Overall, particular opportunities exist in London in four Fintech sub-sectors: payments, platforms, software and data analytics, according to a report published by the Department for International Trade. It found that the cards and payments [b]Xi g]fmis [oing through g]Vg]U]h]U transformation attracting a wide range of independent innovators and market entrants. This includes London's Monitise, a technology and services company that has grown in little over a decade to become a world leader in mobile money.

Several [b]ei Y d'U]z:fa g [b]W X[b] Wc:k XZ bX[b]z dYff]hc!dYff 'YbX[b]z f]U]b] abX dYfg:bU k YUH. m]Lb]Ya Ybh Uj k Y'' as aggregators, have demonstrated the viability of innovative Fintech. One example the DIT report cites is Market Invoice, a London-based Fintech company that developed an online marketplace, allowing companies to sell outstanding invoices (confidentially) to raise working capital.

And in terms of software, London has a history of developing innovative solutions for risk management, payments, banking, asset management and capital markets, insurance and accounting.

The financial data analytics market – including analytics around credit reference, capital markets and insurance – is being transformed by the increased speed and connectivity of technology.

#### CACHEMATRIX

Over the past four years, an average of two or more US Fintech companies a month establish London based operations, through which they can penetrate the wider European market.

Cachematrix is one such success: "Cachematrix is another growing company which has decided to pick London as a European base, because of the city's position as a Fintech hub", explains Melissa Christopher, partner at Fitzgerald & Law.

"Being in London allows them to offer the lifestyle that appeals to the type of people they want to employ and those people can liaise with other staff and customers in normal UK business hours."

Cachematrix's London office is in the iconic Canary Wharf building, which houses the highest concentration of Fintech companies in London alongside the Level39 ecosystem.

The area is also home to some of the most exciting companies in funding, blockchain and cyber security.

“London has become the Fintech capital of the world with more people employed in the sector than in any other city... (more than New York)”



# CREATIVE INDUSTRIES CASE STUDY: MAKER STUDIOS

Kathryn Hopkins

“A global hub for entrepreneurs, start-ups and infrastructure, and government support is great.”

Rene Rechtman,  
president inter  
at Maker Studios, Inc.

The creative industries (film, TV, music, gaming and the associated arts are big business in the UK. Government figures estimate that they are worth £76.9 billion per year to the UK economy and account for around 1.8 million jobs. This massive contribution is at an all time high and equates to £8.8 million per hour.

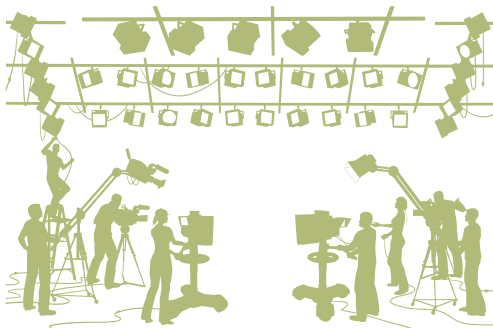
At the same time, exports from the sector are also up, as the creative industries once again demonstrate what a powerful driver of growth they are for the UK economy.

For this reason, the UK Government offers creative industry tax breaks: seven corporation tax reliefs that allow qualifying companies to claim a larger

deduction, or in some circumstances claim a payable tax credit, when calculating their taxable profits.

There are lots of exciting developments taking place in the sector. One company that is changing the landscape is Maker Studios, the largest content network on YouTube. It chose London as the home of its international head-quarters and has since gone on to open an office in Singapore.

It attracts more than 10 billion views every month with over 650 million subscribers. With 55,000 independent creator partners from more than 100 countries, it is home to top digital starts, channels and content.







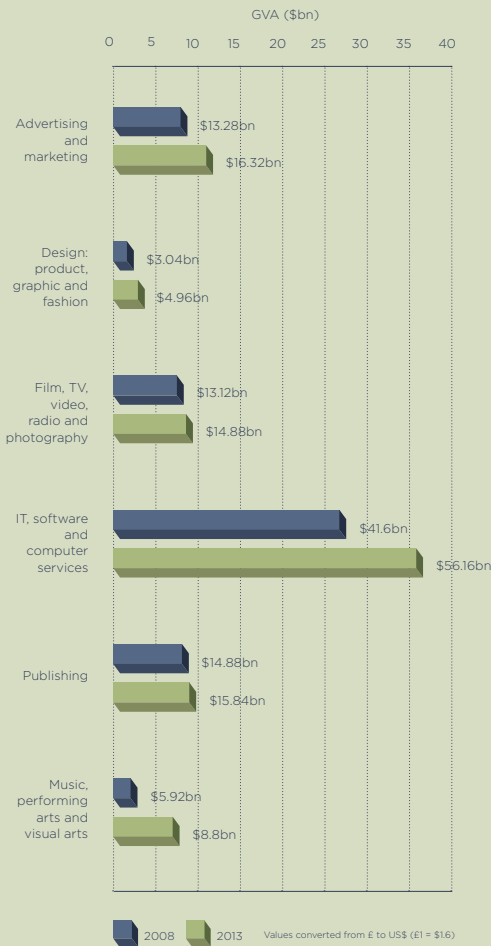
Its history dates back to 2009, when a group of content creators who had established themselves on YouTube joined forces in Los Angeles, CA to drive audiences to a single destination: The Station.

The team pooled their resources to create content with a talent-first mindset and ultimately expand as Maker Studios. This eventually became a global media brand with tens of thousands of creators, millions of subscribers and billions of fans worldwide.

Now a subsidiary of The Walt Disney Company, Maker Studios is the global leader in short form video and the largest content network on YouTube. It is the only network that provides partners with a full range of vertically integrated services including development, production, promotion, distribution, sales, marketing and merchandising.

“Working across the media and entertainment world, focused on short-form content on social platforms like YouTube, requires the best creative talent,” explains president inter at Maker Studios, Inc. Rene Rechtman. “London is a great location for an international HQ as it sits nicely between US, Asia and LatAm. It’s also a global hub for entrepreneurs, start-ups and infrastructure, and government support is great.”

## GROSS VALUE ADDED (GVA) OF THE CREATIVE INDUSTRIES



Source: Department for Culture, Media & Sport, 2015

# THE CITY OF LONDON

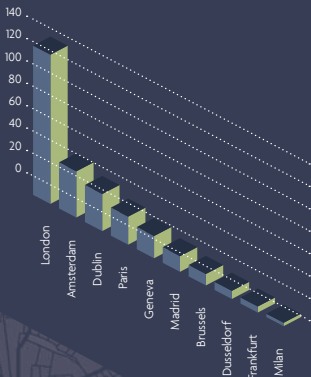
## KEY STATS

- **1.46m** in digital employment in th UK
- **63%** increase in new funding between 2014 and 2016
- **43%** of total European (inc. Israel) tech unicorns (\$bn start-ups) in London

Source: Tech City UK

## NUMBER OF HQs IN EUROPEAN CITIES

Source: London & Partners



WEMBLEY



OXFORD



LORD'S  
CRICKET  
GROUND

KING'S CROSS  
ST PANCRAS  
INTERNATIONAL  
Paris in 2h35  
Brussels in 2h20



PADDINGTON  
STATION  
Heathrow in 15m  
(every 15 m)

SOHO



VICTORIA  
STATION

Gatwick in 30m  
(every 15m)



HEATHROW



TWICKENHAM  
STADIUM



GATWICK

## LONDON

### #1 GLOBALLY FOR OPPORTUNITIES AVAILABLE TO BUSINESSES AND INHABITANTS

PwC, Cities of Opportunity, 2015



CAMBRIDGE

#1 in software and multimedia development and design

#1 in world university rankings

#1 globally for economic clout



### CITY RANKINGS FOR EUROPEAN INNOVATION & ENTREPRENEURSHIP

1 / LONDON

2 / Helsinki

3 / Barcelona

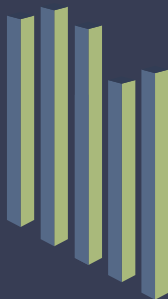
Source: CITE, 2015

# THE CITY FOR MARTECH

Charles Orton-Jones

“the Martech industry will grow from \$20 billion in 2014 to \$32.4 billion in 2018”

IDC



When M&C Saatchi launched the world's first artificial intelligence billboard this summer, chief marketing officers took note. The London agency's pioneering campaign used a 'Darwinian' algorithm to assess the billboard viewers' reactions before adjusting its images accordingly. The promotion was for a fictional coffee brand named Bahio, but the implications were very real: London is entering a new era of marketing, where technology shapes campaigns and creative content.

In the US, market data consultancy IDC predicts the Martech industry will grow from \$20 billion in 2014 to \$32.4 billion in 2018. In the UK, Martech firms recorded revenue growth of 25 per cent in 2015-16.

London's strength in Martech is based on a number of factors. A recent poll revealed 62 percent of London's Martech firms cited local quality of life as a key reason for company location – more than any other digital sector.

This is certainly the case for The Outside View, a London start-up working with data to predict property trends for real estate agents. "We're not just in London, we're specifically in Shoreditch – environments matter," says chief executive officer Rob Symes. "You need a counterculture vibe if you're trying to change how things have been done. We have that in Shoreditch, but then we can go and sell our products in affluent Mayfair and it's only 15 minutes away. That's amazing."

Symes is right. London's Martech sector is based on the capital's world class advertising industry and supported by strong economic performance in parallel sectors such as finance, property and retail.



US giants Eventbrite, Tableau and Salithru have each established London based operations, through which they can penetrate the wider European market.

Pinterest is another. "Pinterest is one of many exciting, high profile companies that have chosen London as a European base, because of the city's position as a Martech hub within Europe," explains Melissa Christopher, partner at Fitzgerald & Law.

"I'm yet to come across another city with such a vibrant entrepreneurial scene and such a 'global' outlook on life and business."

Pinterest's London office is also in Shoreditch, alongside the other 40,000+ tech companies within inner London. Just up the road is Cognifide, a ten year old Martech consultancy that helps the likes of Adobe and Microsoft manage their digital estates.

Ray Kane is its chief growth officer. Why did the company choose London? "We have all the key ingredients here – the language, VC finance, US companies," Kane says. "I can't see anywhere else in Europe where that's happening. Can you?"

“Pinterest is one of many exciting, high profile companies that have chosen London as a European base, because of the city's position as a Martech hub within Europe”

Melissa Christopher, partner at Fitzgerald & Law

# LONDON TECH STYLE

Charles Orton-Jones

“The goal is to reimagine the global consumer’s experience in fashion and retail”

Not so long ago, Burberry rocked the fashion world. The quintessentially British brand live-streamed its 2015 London Fashion Week shows to users of the Japanese messaging app LINE – the first brand to do so on the platform. It was a bold move, targeting LINE’s 600 million global users.

Once inextricably linked to tradition and nobility, the 159 year old fashion house has reinvented itself through partnerships with LINE, Google and Twitter. Burberry was the first to make its new collection available to buy online months before it hit the high street. Now Burberry finds itself at the heart of London’s fashion revolution. The city that spawned miniskirts, punk, Vivienne Westwood, Alexander McQueen and Stella McCartney (to name a few) is at it again. Except this time around it’s not just about the fabrics or the cut – it’s about the technology.



London’s emerging designers and high end brands are working with smart-phones, social media, real-time data, 3D printing and wearables. The goal is to reimagine the global consumer’s experience in fashion and retail.

One such brand is Topshop. Visit their flagship store at Oxford Circus, London and you’ll be greeted by sales assistants armed with iPads – ready to look up any item you can’t find on the shelf.

During London Fashion Week, Topshop incorporated a real-time data feed directly from Twitter into six billboards. This enabled shoppers to see which items were trending on the catwalk and make purchase decisions accordingly.

Real-time technology was a theme at the show, with designer Henry Holland partnering with VISA Europe to slash the time that consumers have to wait to buy the clothes on parade. Rather than a typical six month lead time, fashionistas, such as Alexa Chung and Daisy Lowe, wore rings pre-loaded with money that enabled them to order clothes straight off the catwalk – a veritable fashion buffet.





Australian business Westfield also broke new ground, when it hosted the first 24-hour hackathon to take place in a shopping mall in its Shepherd's Bush branch in West London.

Thanks to a partnership with Decoded Fashion – a US organization committed to connecting fashion and technology via events – a select group of 60 hackers were invited to find new ways of enhancing the consumer experience.

Participants included fashion retailer ASOS developers, augmented reality specialists, senior lecturers from the London College of Fashion, and UX designers.

Of course, London wouldn't be London without some countercultural and theatrical edges. Labels like East London's Kovert are reacting against our reliance on smartphones by designing jewellery with inbuilt wearable technology.

Kovert wearers can leave their smartphones alone, but still be alerted by vibrations in their ring or bracelet if they have important notifications.

Art school Central St Martins College of Art and Design graduate Amy Winters, meanwhile, has developed Rainbow Winters, a clothing line that reacts to light and sound, thanks to incorporated nanotechnology. Amy has taken a radically different approach – fusing the cutting edge of science with the high art of fashion to create pieces especially for music videos, concerts, award ceremonies, advertisements, magazine and red carpet events.

With 3D printing labs like makersCAFE and Fab Lab London already popular in the capital, it's only a matter of time before Londoners are printing their very own technicolor dreamcoats at home.





# LONDON 2020: WHAT THE FUTURE HOLDS

Charles Orton-Jones

“The city's population will grow by over a million in the next five years, hitting ten million before New York City does”

London is already Europe's leading city for finance, marketing, fashion and sport. The city is investing heavily to extend its lead over rivals.

By 2020 the city will have a new rail route called Crossrail. This high-speed link extends far further than the traditional limits of the capital, beyond Canary Wharf to the east and to Reading in the west. Crossrail means you can travel direct from a meeting at Level39 to Microsoft's campus in Reading in under 70 minutes. The journey to Tottenham Court Road to visit Google's store or Facebook's London HQ will take 12 minutes. The route also includes a direct connection to Heathrow Airport, halving journey times from the center of the city to the airport.

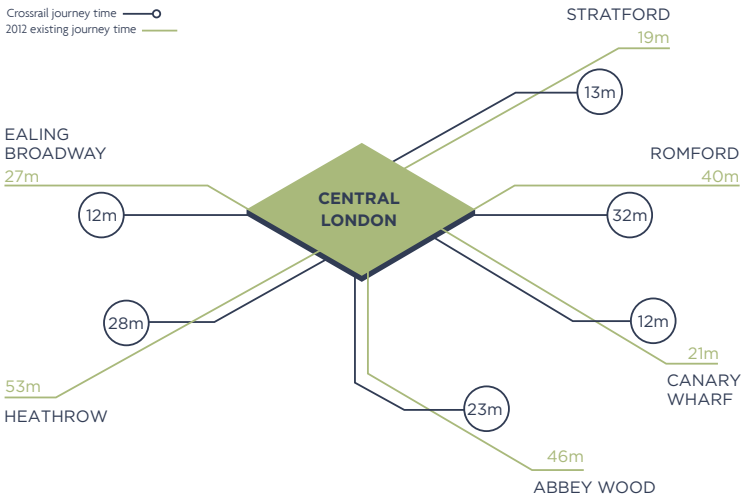
Travelling to the Midlands is set to improve too, with the construction of High Speed 2 (HS2), a project to connect London to Birmingham and beyond. HS2 is planned to be under construction in 2020, so the chief appeal for tech firms will be the flood of contracts flowing from the £42 billion budget.

London is Europe's most popular city as a destination for graduates. Its population will grow by over a million in the next five years – the fastest rate of acceleration ever, hitting ten million before New York City does. This will expand the local job market and the sheer volume of high earners will cement London's position as a global talent magnet.





## JOURNEY TIMES WITH CROSSRAIL



Internet connectivity is already good in the capital and it will soon get faster and stronger. The Mayor of London has committed the city to being an early adopter of fifth generation (5G) mobile network coverage. The tube (London's subway) is also rolling out wifi. And residential fiber optics has taken off, with most providers already offering 1,000Mbps.

Air access will expand. There are plans for a third runway at Heathrow to improve the city's international links. This means easy access to the fast growing emerging markets in the Middle and Far East.

Quality of life will improve alongside infrastructure investments. The city center will become an ultra-low emission zone, keeping heavily

polluting vehicles out and using technology like PaveGen to solve problems, while investment in parks and green spaces will continue. The city plans to increase tree cover by at least 5 percent by 2025 and the same again by 2050. This will help London to remain a green, healthy city and a great place to live and do business.

With a competitive tax system, business-friendly regulation, an unparalleled skilled workforce and its dynamic financial markets, London is already the most entrepreneur friendly city in Europe. By 2020, the city will only have grown stronger and more international, becoming the tech capital of the world.

“Corporation tax is one of the lowest in the G20 and is still being reduced”

# LONDON: THE LOGICAL CHOICE

Charles Orton-Jones



- 1 Venture capital investment into London's technology companies approached \$10bn in 2016
- 2 Share of all European funding deals (including \$500m corporate minority investment in London based OneWeb)
- 3 FDI projects recorded in 2015, a 20% increase on 2014

Source: CB Insight

*London is the ultimate springboard to other locations; time zones, talent, languages and technical infrastructure are all assets to be exploited by businesses seeking global success*

Jamie Richardson,  
partner, Fitzgerald & Law

London is the gateway to Europe. According to Jamie Richardson, partner at Fitzgerald & Law, it's the logical choice for tech companies. London is the ultimate springboard to other locations; time zones, talent, languages and technical infrastructure are all assets to be exploited by businesses seeking global success.

As specialists in global expansion, Fitzgerald & Law is a one-stop shop for US companies looking to expand into London.

With an office in San Francisco and a global network of consultants, we can help advise you on all aspects of your expansion to the UK, helping you put together the business case for London and introducing you to all the right people once you have settled in.

Whether you have a question about tax, banking services or accounting, or even if you just want to know how to hire the best employees in London, we have you covered.

We have been helping US companies expand overseas for more than 20 years. Whether you need light-touch advice or a full-service program, we can meet your needs.

Our international team of chartered accountants, lawyers, tax, HR, financial services and IT professionals are available to assist you. Together we can maximize your investment in the city and further afield.

Get in touch with us now to find out how London can help your business reach the next level.





**LONDON**  
A PARTNERS



Department for  
International Trade

