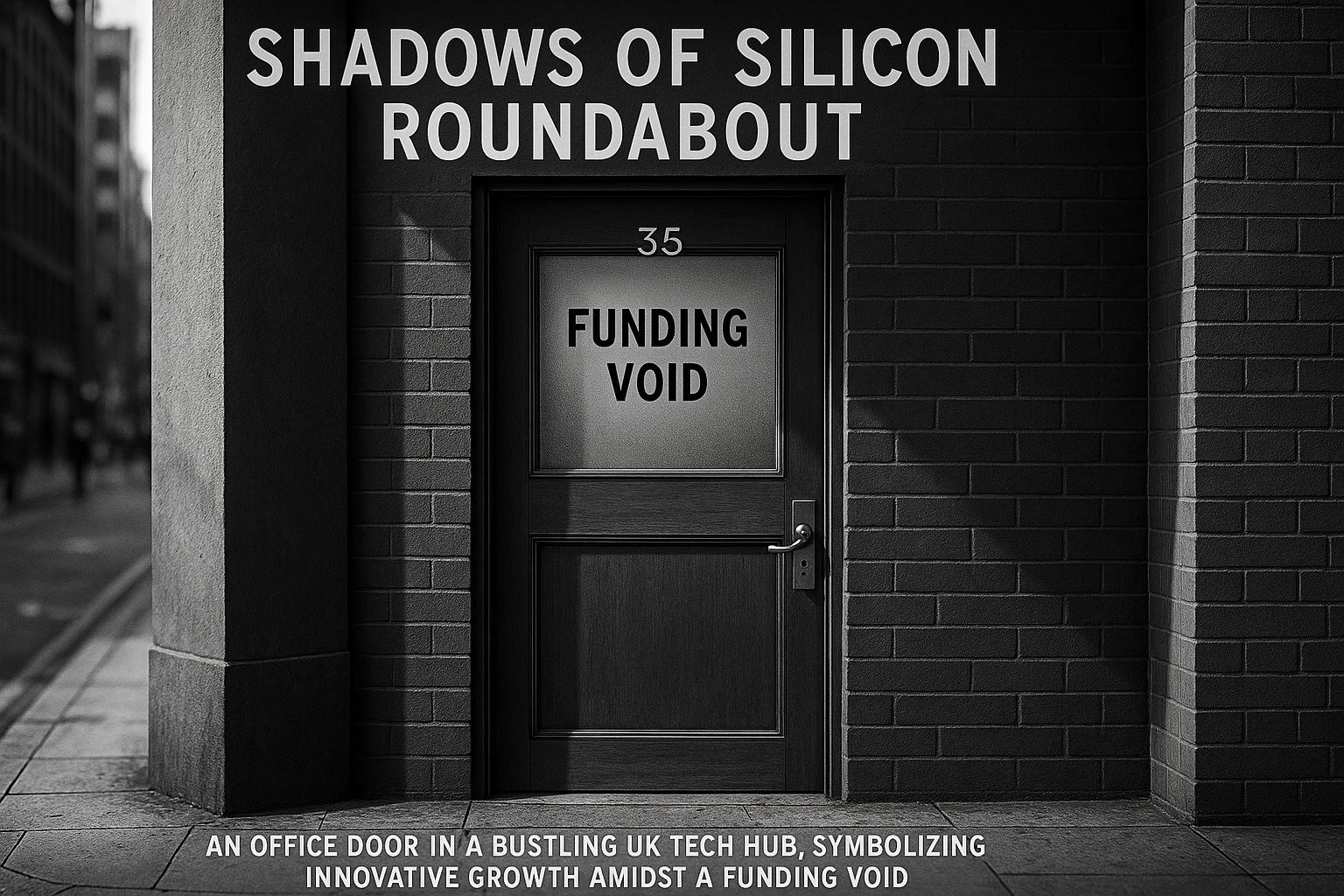
# UK scale-ups lead European tech dominance amid funding shortfall and rising valuation



UK technology firms continue to assert their dominance on the European stage, particularly among scale-ups generating $100 million or more in annual recurring revenue (ARR). Dealroom's latest Thoroughbreds 100 report highlights 100 such companies across Europe, the Middle East, and Africa (EMEA), with the UK leading as the most prominent home country, boasting 22 entrants compared to Germany’s 17. These high-growth firms collectively generated a striking $168 billion in revenue last year while supporting 367,000 jobs, underscoring tech's critical economic footprint in the region.

Within the UK cohort, well-known FinTech giants like Revolut and Wise figure prominently, reflecting the sector’s overall dominance with 30 Thoroughbreds across EMEA. Enterprise software follows closely behind, featuring companies such as France’s Mistral AI. Other notable UK companies in the report include the HealthTech firm Flo Health, the EdTech unicorn Multiverse founded by Euan Blair, and MedTech company Immunocore, which stands out as the only UK Thoroughbred led by a female CEO, Dr Bahija Jallal. Highlighting the strength of this UK tech ecosystem, London and its surrounding innovation hubs—termed the "New Palo Alto"—host seven of Europe’s ten most valuable tech firms founded since 1990.

Yoram Wijngaarde, founder and CEO of Dealroom, remarked on the significance of the Thoroughbreds ranking, emphasising that it shifts focus from speculative promise to proven performance, identifying companies underpinned by strong customer demand and lasting value. "Europe is no longer merely emerging; it is a demonstrable engine room for national, regional, and global champions," he said, framing these scale-ups as significant regional assets rather than risky ventures.

The UK’s venture investment scene also impresses within Dealroom’s updated Power Law Investor Ranking, where London-based Phoenix Court—parent company of LocalGlobe, Latitude, and Solar—emerges as the top investor across EMEA's high-growth spectrum, including Thoroughbreds, colts ($25–100 million revenues), and unicorns. Phoenix Court is one of only two European funds, alongside Index Ventures, to make the global top 20. Saul Klein, co-founder and executive chair at Phoenix Court, cautioned that the true test of success lies in business fundamentals rather than high valuations alone. Reflecting on a decade of backing UK companies, Klein highlighted the necessity of sustained growth investment to ensure value creation remains in Europe and compounds for future generations.

This surge of business creation and growth contributes to the UK tech sector’s impressive overall valuation of approximately £1 trillion, marking a 20% rise year-on-year and a near ninefold increase over the past decade. Industry data reveals that the UK now employs over 1.8 million people within tech startups, doubling the workforce since 2020, and continues to outpace other European countries in investment raised—reportedly securing $16.2 billion in 2024 alone, exceeding Germany and France combined. Additionally, UK tech companies accounted for an estimated 32% of European venture capital funding in the first half of 2024, with significant capital flowing into AI, FinTech, and energy sectors.

Despite this robust momentum, Dealroom points to a substantial funding shortfall at the scale-up stage when compared with the Bay Area, estimating a $57 billion gap. This discrepancy represents a major investment opportunity for both institutional and long-term investors focused on sustaining European tech’s growth trajectory.

Supporting the sector's vibrancy, The Sunday Times 100 Tech rankings have identified the UK's fastest-growing tech companies, led by Manchester’s Evergreen Life with annual sales growth exceeding 550%. Investment activity in 2024 demonstrates particular strength in AI and MedTech, with companies like IMU Biosciences and ForthStar securing multi-million-pound funding rounds to advance innovative products and technologies.

The broader European context also confirms the UK's integral role as the continent’s leading tech ecosystem, employing over three million people and having created 144 unicorns and hundreds of future-proof startups and scale-ups over recent years. UK investors remain second only to the US in driving European tech funding, contributing more than a fifth of total capital invested across the continent.

In sum, the UK’s technology sector stands at the forefront of Europe’s innovation landscape—not only as a breeding ground for pioneering companies exceeding $100 million in revenue but also as a magnet for venture capital and investment confidence. Still, capital gaps at later growth stages highlight the ongoing need for strategic, long-term investment to sustain scale and global competitiveness.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://businesscloud.co.uk/news/uk-tech-firms-lead-dealrooms-100m-arr-thoroughbreds-100/)
* Paragraph 2 – [[1]](https://businesscloud.co.uk/news/uk-tech-firms-lead-dealrooms-100m-arr-thoroughbreds-100/)
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* Paragraph 6 – [[2]](https://businesscloud.co.uk/news/uk-tech-sector-is-now-a-1-trillion-economy/), [[6]](https://businesscloud.co.uk/news/uk-tech-secures-lions-share-of-2024-euro-venture-funding/)
* Paragraph 7 – [[1]](https://businesscloud.co.uk/news/uk-tech-firms-lead-dealrooms-100m-arr-thoroughbreds-100/), [[6]](https://businesscloud.co.uk/news/uk-tech-secures-lions-share-of-2024-euro-venture-funding/)
* Paragraph 8 – [[4]](https://businesscloud.co.uk/news/sunday-times-100-tech-rankings-revealed/), [[5]](https://businesscloud.co.uk/news/the-150-game-changing-tech-deals-of-2024/)
* Paragraph 9 – [[3]](https://businesscloud.co.uk/news/uk-tech-sector-still-no-1-in-europe/), [[7]](https://businesscloud.co.uk/news/uk-at-heart-of-europes-tech-sector-investment/)

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## Bibliography

1. <https://businesscloud.co.uk/news/uk-tech-firms-lead-dealrooms-100m-arr-thoroughbreds-100/> - Please view link - unable to able to access data
2. <https://businesscloud.co.uk/news/uk-tech-sector-is-now-a-1-trillion-economy/> - The UK tech sector has achieved a valuation of £1 trillion, marking a 20% increase from the previous year and a ninefold rise over the past decade. This growth is largely attributed to pre-exit companies, indicating significant potential for future acquisitions or public listings. Additionally, UK startups now employ over 1.8 million people, doubling the workforce since 2020. The UK remains Europe's leading tech ecosystem and ranks third globally, surpassing the combined value of France and Germany's tech sectors. In 2024, UK startups raised $16.2 billion, outpacing Germany and France combined.
3. <https://businesscloud.co.uk/news/uk-tech-sector-still-no-1-in-europe/> - The UK's tech sector continues to lead Europe, with a combined market value of $1 trillion and a workforce exceeding three million. In 2022, UK tech companies raised £24 billion, more than France and Germany combined. Over the past five years, the UK has created 144 unicorns (companies valued over $1 billion), 237 'futurecorns', and over 85,000 startups and scale-ups, solidifying its position as Europe's top tech ecosystem.
4. <https://businesscloud.co.uk/news/sunday-times-100-tech-rankings-revealed/> - The Sunday Times 100 Tech rankings highlight the UK's fastest-growing tech companies. Leading the list is Evergreen Life, a digital health services provider based in Manchester, with a 554.09% annual sales growth. Other notable companies include Allica Bank, UrbanChain, and Peppy Health, showcasing the diverse and rapid growth within the UK's tech sector.
5. <https://businesscloud.co.uk/news/the-150-game-changing-tech-deals-of-2024/> - In 2024, the UK tech sector witnessed significant investment activity, particularly in AI businesses. Notable deals include MedTech IMU Biosciences raising £11.5 million to revolutionise immune-powered precision medicine, and Manchester-based ForthStar securing $10 million (£8 million) in funding from Griffin Gaming Partners to aid development for the free-to-play game studio.
6. <https://businesscloud.co.uk/news/uk-tech-secures-lions-share-of-2024-euro-venture-funding/> - UK technology companies secured 32% of European venture capital funding in the first half of 2024, raising £7.4 billion. This was driven by later-stage rounds in AI, FinTech, and energy sectors, with significant investments such as Wayve's £861 million Series C round for automated driving technology.
7. <https://businesscloud.co.uk/news/uk-at-heart-of-europes-tech-sector-investment/> - The UK plays a vital role in supporting European start-ups, being the second-largest investor in the continent after the US. In 2017, UK investors were behind 21% of the $26 billion invested in European tech companies, with the UK supplying more than a fifth of the total capital invested in Europe.