Growth signals

What the UK's fastest-growing companies reveal about unlocking economic growth

November 2025

Foreword

Britain's best days still lie ahead. If we want them to arrive faster, we need to listen to the signals, not the noise, around how to grow a sluggish economy.

There's no shortage of doom and gloom about the UK. But when you spend time with the founders and leaders of the country's fastest-growing companies - showcased in this report - a very different picture emerges.

Lutz Schüler

CEO
Virgin Media O2

These businesses are innovating, hiring, and scaling. They're making bold bets on next-generation technologies like AI and quantum, new markets, and new ways of working. And they're doing it here in the UK because they believe in its potential.

Increasingly though, this optimism is not enough and the UK faces a company confidence crisis. Businesses feel as though they are operating in a system that is stifling their ability to grow, forcing them to look elsewhere as they attempt to scale up.

This report is about listening to those businesses. They are sending out clear growth signals – practical indicators of what enables firms to thrive, and warnings about the barriers holding them back. We must listen to these signals and act upon them if we are to unlock the UK's potential.

At Virgin Media O2, we believe connectivity is essential economic infrastructure to support businesses and we're investing billions of pounds in next-generation networks. But we also know it's just one ingredient. As this report shows, Britain's digital infrastructure needs agile regulation, patient capital, a strong talent pipeline, and long-term policy stability if we're serious about unlocking a new wave of British-led growth.

The opportunity is clear. Let's back the businesses already building it.

Joint foreword: UK growth leaders

The UK can lead the next wave of innovation, but we need the environment to match our ambition.

We are the leaders of some of Britain's fastest growing businesses: the startups, scale-ups and mid-sized firms that are building, exporting, hiring, and innovating across the country. We see the promise of AI, digital transformation, and a more competitive UK economy But we also see the practical barriers:

Connectivity that still lags behind in too many areas.

Regulation that can't keep pace with real-world innovation.

Funding gaps that hold back growth.

A talent system that's too slow to adapt.

Short-term policy making that makes it hard to plan.

This report captures what we experience every day. If we want the UK to lead in the age of AI and digital growth, we must treat these challenges not as inevitable but as solvable. If we don't, we'll see more businesses like ours leave the UK.

The "growth signals" in this report are real. They come from our experiences, insights, and journeys as some of the UK's fastest growing businesses. They explain what helps us thrive and what is holding us back. We're sending them and it's time they were heard.

Signed by:

Wenmiao Yu
Co-Founder and Director of Business Development, Quantum Dice

Daniel Kim
Chief Financial Officer, Synthesia

Jacob Ayres-Thomson
Founder and CEO, 3AI

Varun Bhanot
Co-Founder and CEO, MAGIC AI

Roy Hotrabhvanon
Founder and CEO, PlayerData

Dr Will Hicks
Co-Founder and Chief Scientific Officer, Air Aware Labs

Louise Thomas
Co-Founder and CEO, Air Aware Labs

Conrad Ford
Chief Product and Strategy Officer, Allica Bank

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Executive summary

The UK stands at a pivotal moment. The convergence of artificial intelligence, quantum computing, and advanced digital infrastructure presents an unprecedented opportunity to drive transformational economic growth. Generative AI alone could boost UK GDP by up to £400 billion by 2030.

While global competitors race to dominate these next-generation technologies, the UK has a clear path to leverage world-class research capabilities, a vibrant startup ecosystem, and deep sector expertise to lead in deploying these technologies across high-value industries.

Our research, drawing on a nationally representative survey of 2,000 UK businesses and in-depth interviews with founders of some of the country's fastest-growing companies, reveals a stark paradox. Although the UK excels at starting businesses, it struggles to scale them.

Britain's startup ecosystem is world-class, with universities producing exceptional talent, accessible early-stage funding, and regulatory stability that provides investor confidence. Yet as businesses attempt to grow from promising startups to global leaders, they encounter mounting friction. 72% of businesses say they are growing despite the system, not because of it. 56% of startups report declining confidence in the UK as a place to scale, and 60% have considered relocating abroad in the past twelve months.

This confidence crisis is not hypothetical. From quantum computing pioneers to AI innovators, Britain's most ambitious businesses increasingly view overseas markets, particularly the United States, as more conducive to growth. Without decisive action, the UK risks becoming a launchpad for innovations that scale elsewhere.

Five systemic barriers consistently emerge across regions, sectors, and company sizes. Digital infrastructure gaps, regulatory rigidity, lack of access to late-stage funding, talent bottlenecks and a lack of long-term certainty are all cited as key barriers that are holding back growth. Addressing these is crucial to ensuring that the next-generation of high-growth businesses manage to scale and stay in the UK.

Businesses are not asking for wholesale transformation. They are asking for practical, actionable change across five key “ingredients.” Making progress on these ingredients can ensure that the UK’s most promising businesses can lead the next wave of economic growth underpinned by the technological revolution.

The government has made promising initial steps. The Modern Industrial Strategy, AI Opportunities Action Plan, and establishment of the Regulatory Innovation Office demonstrate clear commitment to fostering innovation. Planning reforms and AI Growth Zones signal a recognition of these challenges. But our research shows more must be done to translate this vision into real change.

This is not a story of British decline but of untapped potential. The UK does not need to build the largest AI models or match US compute capacity dollar-for-dollar. Instead, Britain can lead where it has genuine competitive advantage - deploying breakthrough technologies across sectors where the UK already holds global leadership. The businesses driving Britain's growth potential are ready, the technologies are available and the opportunity is unprecedented. The choice is clear: continue producing brilliant innovations that scale elsewhere or create the conditions for those innovations to scale here. The ingredients for success are known and now it is time to act.

£400bn

UK GDP boost from Gen AI by 2030

72%

Businesses are growing

56%

Startups declining confidence in UK

1.1

The global moment:

Why this technology revolution is different

£250bn

Global AI-related investment in 2023

50%

More productive: AI-using firms

If you only looked at the headlines, you might think Britain's economy had lost its spark. But beneath the surface a very different story is unfolding, one of innovation, investment, and invention. And crucially, one of growth.

A new wave of next-generation technologies is changing how the economy works. Artificial intelligence, quantum computing and advanced digital infrastructure are converging at speed, with the potential to reshape productivity, industry, and Britain's global competitiveness.

What makes this moment different is not just the power of each technology on its own, but how they interact and accelerate one another. AI depends on powerful compute infrastructure and vast datasets; quantum computing will one day supercharge that intelligence; and both can transform fields like biotech, climate modelling, and advanced manufacturing. Together, the convergence of these force-multipliers have a compounding effect that enables breakthroughs across science, health, and industry.

> "Artificial intelligence stands out not only as a powerful technology wave on its own but also as a foundational amplifier of the other trends. Its impact increasingly occurs via a combination with other trends, as AI both accelerates progress within individual domains and unlocks new possibilities at the intersections."
>
> **McKinsey Global Institute**
> "The Next Tech Revolution" (2023)

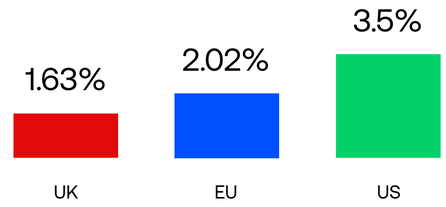
> "What's new is the stack: these technologies layer, each unlocking new layers of value creation... AI needs chips and data, but also produces code, drugs, and designs; biotech needs AI to interpret genomes; the stack compounds."
>
> **Andreessen Horowitz**
> "Electro-Industrial Stack"

Unlike previous innovations that extended human effort, technology is becoming increasingly capable of decision-making, learning, and adapting, not just doing. And while global and UK-specific estimates of the economic gains vary, they are clear that it could be transformative: generative AI alone could boost UK GDP by up to £400 billion by 2030, according to PwC. Investment has moved at rapid speeds to meet these next-generation technologies. Globally, over $250 billion was invested in AI-related ventures in 2023 (Stanford AI Index, 2024), and early adoption is already delivering measurable gains, with AI-using firms 50% more productive on average than their peers (OECD, 2023).

> "We are witnessing the emergence of general-purpose technologies that will change not just one sector, but every sector. The winners will be those who move first and scale fast."
>
> **Erik Brynjolfsson**
> Senior Fellow at the Stanford Institute for Human-Centred AI (HAI)

> "This will be 10 times bigger than the Industrial Revolution and probably 10 times faster, as well."
>
> **Sir Demis Hassabis**
> CEO, Google DeepMind

Research & development: % GDP



1.2

Unlocking growth in the UK market:

Playing to our strengths in the value chain

Just like past industrial revolutions, early movers will be rewarded - with growth, resilience, and influence. There is a global race underway to lead the next-generation of technologies, and it's moving fast.

Capital, talent, and geopolitical leverage are already clustering around countries that act decisively. Those with the greatest speed and scale won't just shape tomorrow's economy, they'll shape the standards, norms, and rules of the digital world.

Today the frontrunners in AI are clear

- The United States is dominating frontier model development and private investment.
- China is building whole-of-society infrastructure to scale AI deployment.
- The EU is moving fast on regulation, compute capacity, and cross-border coordination.

This wave of activity has made some in the UK nervous, and with good reason. Many are worried that the UK risks being squeezed between global superpowers unless it acts quickly and decisively. There are real structural challenges to overcome:

The UK has attracted just $28 billion in private AI investment since 2013 - only around 6% of the global total, compared to $500 billion in the US and $119 billion in China (Stanford AI Index, 2025).

The UK holds just 3% of global AI compute capacity, while the US commands 75% (Tony Blair Inst, 2024)

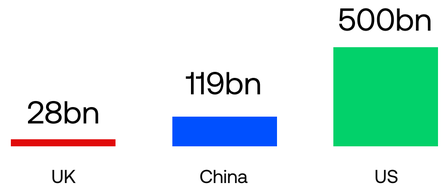
Only 16% of UK businesses report using AI – on par with the EU average but significantly behind the US (35%) and China (58%) (OECD, 2023).

Access to advanced computing infrastructure remains limited: the UK's total data centre capacity is estimated at 3.6 GW, compared to 20 GW in North America (The Times, 2025).

But there is also a clear strategic opportunity if the UK plays to its strengths. We may not lead in building the largest foundational AI models, but the UK is uniquely positioned to lead in deployment, turning AI into real-world value across sectors like professional services, fintech, healthcare, and the creative industries. These are areas where Britain has global leadership, deep regulatory experience, and world-class talent.

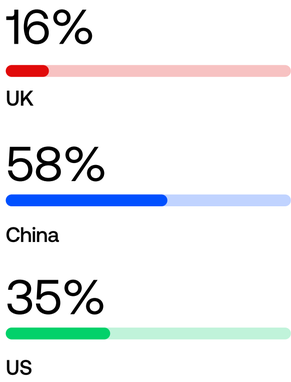
This is tried and tested logic. Countries don't need to own every layer of technological development to capture significant value and economic benefit.

AI investment since 2013 ($)

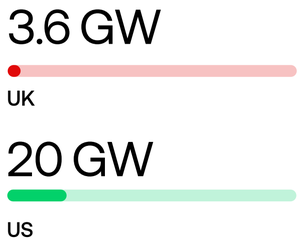


Global AI compute capacity

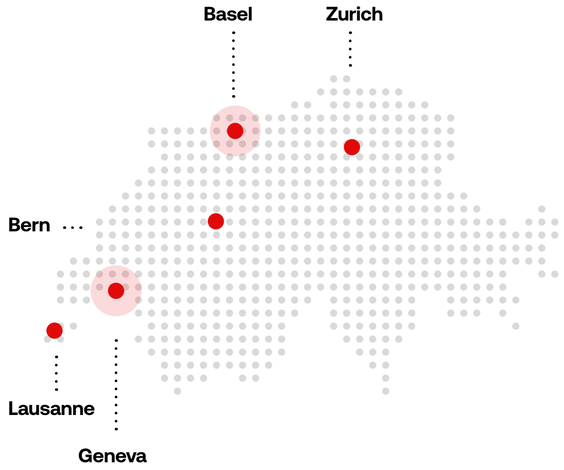
Businesses using AI



Total data centre capacity



Case study:
Switzerland's health and life sciences sector



Health Valley

Switzerland clearly demonstrates this logic, showing how focused positioning within high-value sectors can deliver outsized returns. The country isn't the world's biggest healthcare system, but it leads in high-value biomedical innovation through ecosystem design and strategic focus.

The Health Valley, centred around Geneva and Basel, comprises approximately 1,000 biotech and medtech firms employing over 25,000 professionals – creating one of the world's most dense clusters of life sciences excellence. This cluster thrives thanks to leading universities (EPFL, University of Lausanne), pharmaceutical multinationals (Roche, Novartis), and aligned regulatory and innovation networks.

1,000
Biotech & medtech firms

25,000+
Professionals employed

Switzerland's success comes not from trying to compete across the entire pharmaceutical value chain, but from owning specific, high-value segments where it has competitive advantages: research excellence, regulatory expertise, and access to capital.

The lesson for the UK is clear

Focus on owning key parts of the value chain where you have existing strengths, rather than trying to build everything from scratch.

1.3

The role of telecoms:
About this report

The following sections draw on a nationally representative survey of British businesses, alongside in-depth interviews with some of the UK's fastest-growing companies. These businesses sit at the heart of the UK's growth story, offering a clear window into what is required for the country to seize its moment and turn growth potential into tangible success.

The telecoms sector will be foundational in this revolution. The networks being built today are already enabling the UK's next-generation of businesses to innovate. Just as earlier waves of connectivity underpinned the rise of mass communication, social media, video streaming and gaming, today's investments in next-generation digital infrastructure are opening the door to fresh opportunities.

Digital networks are the arteries of modern innovation. They carry the data that powers AI systems, provide the capacity for real-time applications, and connect research institutions to global compute resources. In short, connectivity is the bedrock of technological transformation.

But this is not a one-way relationship. Our infrastructure makes innovation possible, and innovation in turn drives the evolution of and demand for our networks. Growth is the shared outcome.

When startups and scaleups face barriers to connectivity, their potential to drive growth is held back. When they thrive, they fuel demand for better networks, creating a cycle of innovation and investment.

That is why Virgin Media O2 has a direct stake in understanding and addressing the challenges holding back the UK's most promising businesses. The Government has rightly recognised the importance of this ecosystem. The critical question now is how do the firms at the leading edge of growth feel about the environment in which they operate, and what support do they need to scale?

This report provides the answer. Our research sheds light on these businesses' appetite, ambition, and the barriers they face, revealing opportunities where decisive action by government can help unlock the UK's full potential. By listening to and understanding these perspectives, we can ensure the country is fully equipped to seize the moment.

1.4

The UK policy:
Context

In its first year in power, the Labour government has explicitly committed to working with businesses to create the conditions they need to thrive – understanding that we are in a critical moment and without the right government policy, we risk losing out.

> "The AI industry needs a government that is on their side, one that won't sit back and let opportunities slip through its fingers. And in a world of fierce competition, we cannot stand by. We must move fast and take action to win the global race. Put simply, our message to those at the frontier of AI capabilities is this: We want to be the best state partner for you anywhere in the world... That's the measure of our ambition."
>
> **Keir Starmer**
> AI Opportunities Action Plan

To this end, the government has already made promising strides. Planning laws are set to be liberalised to enable new AI Growth Zones with fast-tracked approvals and enhanced energy access. Meanwhile, the AI Opportunities Action Plan provides a clear blueprint for how the UK aims to lead in artificial intelligence, with public-private partnership embedded throughout.

The recently published Modern Industrial Strategy, with its dedicated digital and technologies sector plan, outlines how the government plans to unlock growth in the technologies of the future, including through dedicated funding towards R&D, access to finance, and more strategic planning processes.

Finally, the creation of the Regulatory Innovation Office signals a recognition that too often regulation for businesses bringing new, innovative products and services to the UK market has been burdensome and, in cases, stifled growth. In principle, the Office should help reduce these burdens on business and strengthen Britain's position as a global hub for innovation.

While these initial steps are welcome and demonstrate a clear commitment to fostering innovation, more remains to be done. Success will ultimately depend on translating strategic vision into tangible action that businesses can rely on, ensuring that the UK does not just participate in the global technological revolution but actively leads it.

2

State of play:
How UK businesses and startups are growing

Our national survey of 2,000 UK businesses – evenly split between startups and established firms – reveals a business base that is ambitious, resilient, and determined to grow. Yet many encounter systemic friction: from patchy digital infrastructure and regulatory delays to gaps in funding and skills.

This section explores how different businesses, across regions, sectors, and sizes, are navigating today's economic environment – drawing on survey insights and first-hand perspectives from the founders and CEOs of some of the UK's fastest-growing companies.

2.1

Growth outlook:
Optimism risks turning to confidence crunch without action

Research shows that startups demonstrate a significantly stronger appetite for growth than established firms. Nearly two-thirds (64%) plan to increase investment over the coming year, compared to just 38% of other firms. They are also almost twice as likely to describe themselves as "very optimistic" about the UK's long-term economic potential.

"In the UK, we've spent the past 15–20 years building a strong startup ecosystem — not just funding, but also advice and support on how to scale great businesses. We're still some way behind the US, which has had a decades-long head start, but we're probably in joint second place alongside hubs like New York, Tel Aviv, parts of the Middle East, and Scandinavia. Our ability to nurture world-class tech companies now puts us ahead of most countries globally."

Conrad Ford
Chief Strategy Officer of Allica Bank

"The UK tech sector is thriving, and the country has firmly established itself as Europe's AI hub. [The UK] is dynamic, resilient, and powered by a world-class innovation ecosystem."

Daniel Kim
Chief Financial Officer, Synthesia

Yet this optimism comes with a caveat. A large majority of respondents (72%) say they are growing despite the system rather than because of it, citing regulation, infrastructure, and political uncertainty as key barriers.

"I recently spoke with someone who played a key role in building SpaceX in the US. He told me that he didn't think they would have achieved their level of success in Europe or the UK due to regulatory hurdles. Furthermore, limited investor risk appetite means that kind of project would not receive sufficient funding. Whilst the UK excels at creating startups, when it comes to scaling, barriers often drive them overseas – usually to the US."

Jacob Ayres-Thomson
Co-Founder and CEO of 3AI

2.1

Growth outlook:

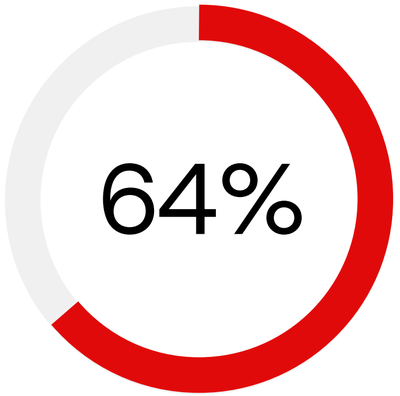
Optimism risks turning to confidence crunch without action

Confidence also varies by region. Optimism is highest in London and the South East, while firms in the North East, Wales, and Scotland are the least positive about the future. London companies in particular stand out for their willingness to invest, but this bullishness is tempered by a deeper unease about long-term political stability.

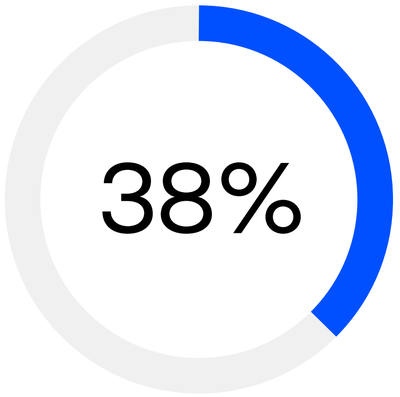
Perhaps most strikingly, businesses are increasingly seeing other overseas regions as more favourable for growth. Among startups, 68% view the US as the leading region globally, with the UK trailing behind both the EU and Singapore. This sentiment is reflected in declining confidence with 56% of startups and 58% of all businesses reporting a drop in confidence in the UK as a place to innovate and scale over the past 12 months. Unsurprisingly, this has translated into relocation considerations, with 60% of startups and 53% of all businesses having contemplated moving abroad in the past year. One in five (20%) start ups have said they're "very likely" to leave by 2028.

This “founder flight” phenomenon is well-documented among larger, global companies - such as ARM’s US listing and the plans of promising fintech Wise to follow suit. In 2024, 88 companies de-listed from the London Stock Exchange, resulting in a net loss of around £100bn in value. While this trend receives less attention among smaller, scaling businesses, the concern is no less pressing. It reflects broader challenges in the UK’s business environment for its most innovative companies. To retain the next generation of promising businesses – and those that will drive the next wave of economic growth – these issues must be urgently addressed.

Startups plan to increase investment

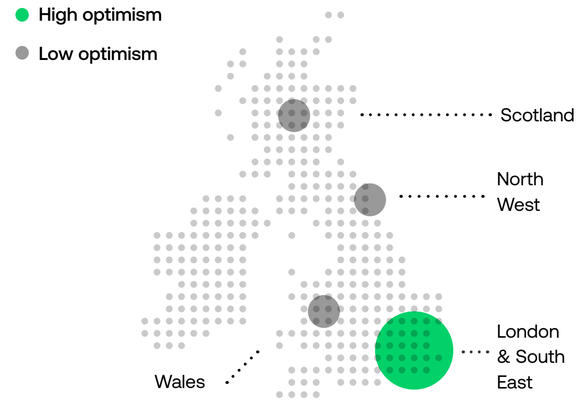


Startups

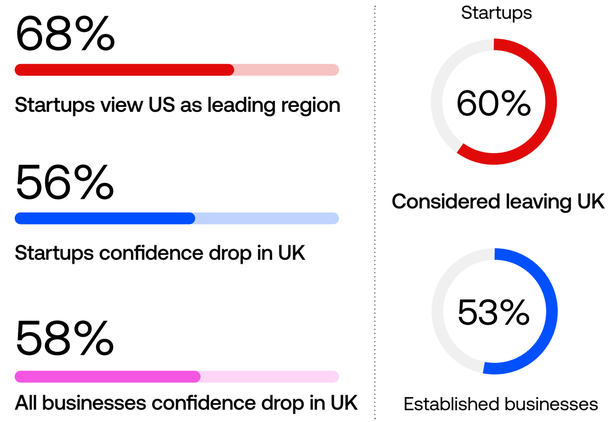


Established businesses

Optimism in UK by region



View overseas regions better for growth



2.2

Talent and skills:

Strong foundations, but scaling stalled by shortages

The UK benefits from a world-class specialist talent base, anchored by leading universities and research centres. Across hubs such as London, Oxford, Cambridge, Manchester, and Edinburgh, graduates with expertise in AI, quantum, data science, and advanced technologies are feeding directly into the startup ecosystem. This supply of highly skilled individuals provides the technical foundation that allows early-stage businesses to innovate and build products.

"The talent pipeline is world-class – our universities are producing really skilled graduates in engineering, data science, and tech. That gives us a strong foundation for innovation."

PlayerData

"The UK's deep AI talent pool allows us to recruit exceptional people locally and, as the world's second-largest AI market, it offers fertile ground for innovation."

Synthesia

"The UK's universities are leaders in quantum research, which creates a pipeline of skilled people – from internships onwards – that companies like ours can rely on."

Quantum Dice

However, despite this impressive pool of specialist talent, the UK faces a significant challenge in equipping its broader workforce with the technical skills necessary to benefit from the technological revolution offered by new technologies like AI.

Talent challenges are reflected in the numbers:

75% of businesses report difficulty hiring digital or technical talent.

The average time to fill a digital role is 3.8 months and one in three companies have had to cancel tech projects due to a lack of available skills.

Startup founders we interviewed reflected this challenge, recognising that while the UK had a strong knowledge base from which to build a business, companies report growing challenges in accessing and retaining top talent, particularly at scale.

Looking ahead, businesses anticipate a significant shift in workforce skills. Around 70% of future hires are expected to require basic AI literacy while 25% will need deep AI expertise, highlighting the growing importance of AI competence across sectors. Despite this, only 1 in 4 businesses feel it is straightforward hiring the digital talent their business requires.

Other countries are catching up: Eastern Europe, for example, offers highly skilled digital workforces at a fraction of the UK cost, and many UK firms are increasingly hiring remotely from abroad to fill critical roles. At the same time, attracting international talent to the UK has become more difficult due to visa restrictions and global competition for skilled workers. This situation risks companies considering satellite offices based abroad, thereby channelling key jobs and investment away from the UK.

"We must recognise the importance of upskilling the wider workforce if the UK is to fully capitalise on its expertise in areas like machine learning. This means equipping people with the skills to work with technologies such as AI from an early stage, ensuring that as businesses scale, there is a broad, capable workforce ready to take on the skilled roles they create – otherwise we risk losing out to international competitors, that are already ahead of us."

3AI

"One of the main hurdles to scaling a business in the UK is talent, with visa restrictions and skills gaps making hiring global talent harder."

Synthesia

Clearly, while the UK continues to produce high-calibre talent, scaling companies encounter a significant bottleneck. Without more effective strategies to upskill the existing workforce and to retain, match, and attract skilled workers - both domestically and from abroad - the growth of the UK's most promising tech businesses risks being slowed.

Talent challenges

75%

Of firms find it difficult to hire digital or tech talent

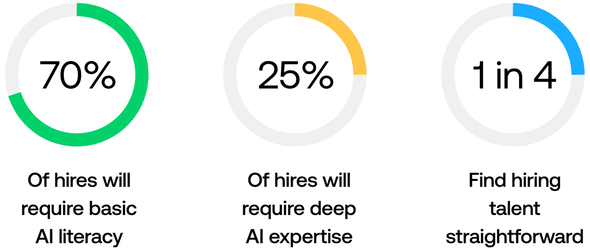
3.8 months

Average time to fill a digital role

1 in 3

Companies had to cancel projects due to lack of tech talent

Future digital talent hires



Of hires will require basic AI literacy

Of hires will require deep AI expertise

Find hiring talent straightforward

2.3

Digital Infrastructure:

Connectivity gaps threaten to curb innovation

Digital infrastructure is increasingly recognised by startup founders and the broader business community as a critical enabler of business operations and long-term growth. Far from being a luxury, robust and reliable digital connectivity is now seen as a foundational technology that underpins innovation, competitiveness, and operational efficiency, particularly for companies at the forefront of emerging technologies.

> "[Strong, reliable digital networks] are absolutely business-critical... We see network providers as channel partners, democratising access to innovative quantum technologies such as Quantum Entropy-as-a-Service, as well as to support large-scale data transfers and remote testing."
>
> **Quantum Dice**

> "High-quality digital infrastructure is helping us scale internationally and collaborate with global partners. Connectivity is the backbone of our innovation, competitiveness and long-term growth, and central to our business operations."
>
> **Air Aware Labs**

> "As an AI video platform, we move enormous amounts of data on a daily basis. Reliable, high-speed broadband and connectivity directly affect our efficiency, cost control and customer experience. In our world, connectivity isn't just infrastructure, it's a competitive advantage."
>
> **Synthesia**

While business leaders acknowledge that the UK has a solid digital infrastructure foundation, many highlight that the country still lags behind international peers, particularly the US and China, in terms of deployment speed, consistency, and the capacity required to fully support emerging technologies. This gap is significant and set to grow, with rapid and reliable infrastructure deployment essential for scaling advanced technologies such as quantum computing, AI applications, and cloud-based innovation.

> "The UK has strong intent, funding, and infrastructure commitments. A good example is the £2 billion Compute Roadmap, which sets out a plan to embed next-generation computing solutions into national compute infrastructure and to strengthen digital sovereignty. That gives confidence to both founders and investors. But this momentum has to be sustained if we're to scale up and keep pace internationally."
>
> **Quantum Dice**

> "The UK has solid foundations, but other countries are moving faster in digital infrastructure and adoption. Failing to follow suit risks seeing the UK fall behind."
>
> **PlayerData**

This challenge is reflected across the wider startup ecosystem: 65% of firms report productivity losses due to slow broadband or mobile coverage, 77% of startups cite poor connectivity as having held back their growth, and 70% believe the UK's infrastructure is not ready for next-generation technologies.

2.3

Digital Infrastructure:

Connectivity gaps threaten to curb innovation

When it comes to regional connectivity, firms also cite concerns with disparities. While metropolitan areas are generally accepted as having exceptional digital connectivity, rural regions are at risk of being left behind.

> "Our customers are disproportionately outside metropolitan centres and there's no doubt that they tend to be less well-served – our data shows us that. We're not in a great position in terms of our connectivity at a local level outside of metropolitan areas compared to other peer countries. And it feels like that must be solvable..."
>
> **Allica Bank**

> "5G rollout is improving, but rural gaps and slower adoption remain... there's progress in digital rollout, just not parity with the likes of other leading countries yet... we'd love to see symmetrical gigabit connection, a universal full-fibre rollout, and stronger indoor 5G coverage universally."
>
> **Synthesia**

This disparity at the local level has real implications for businesses and their customers – hampering expansion and local economic growth:

Insights from these founders underscore a clear message: maintaining and expanding the UK's digital infrastructure is not simply a matter of keeping up, but rather it is essential for securing global competitiveness, attracting investment, and enabling startups to scale, both nationally and internationally

The telecoms industry is already responding to the challenge, investing billions to upgrade the UK's gigabit broadband networks, extending 5G coverage, and rolling out new full-fibre wholesale networks. Meanwhile, companies like O2 Daisy are helping SMEs adopt digital tools, from cloud services to IoT connectivity and AI-powered products. These steps are significant, but they require broader government support to unlock the full benefits of investment.

Businesses recognise the need for this, with 78% believing that driving better investment in broadband and mobile connectivity should be a UK government priority. Doing so is seen as a defining factor in whether the UK can fully capitalise on its innovation and wider growth potential.

Connectivity challenges

65%

Of firms report productivity losses due to slow broadband or mobile coverage

77%

Of firms say poor connectivity has held back growth

70%

Believe UK infrastructure not ready for next-gen tech

78%

Of firms believe investment in broadband & mobile connectivity should be a UK government priority

2.4

Investment and access to capital

Across the UK, business leaders consistently highlight a strong and supportive ecosystem for starting a company domestically, especially for those operating in tech and innovation-driven sectors.

Startup founders in particular note a supportive early-stage ecosystem, with access to pre-seed and seed capital that enables them to develop viable products, test market hypotheses, and attract initial customers. Government-backed schemes such as the Enterprise Investment Scheme (EIS) combined with early-stage venture capital, make it possible for founders to take the leap from concept to launch with a degree of confidence that is rare in many other markets. This early accessibility to capital underpins the UK's vibrant startup scene and explains why the country consistently produces high-potential, fast-growing businesses.

However, this supportive environment at the earliest stages does not always translate into smooth scaling up. Conversations with founders at some of the UK's fastest growing businesses indicate that access to funding becomes significantly more challenging beyond Series A and B rounds. Many startups struggle to secure the larger, growth-stage investments required to expand operations, enter new markets, or build the infrastructure necessary for international scaling. This funding gap is slowing growth and forcing promising businesses to scale more cautiously than they would in other global markets – and, in a number of cases, forcing them to relocate abroad. This is evidenced in the data, with 60% of startups having considered relocating abroad in the past 12 months, with more than half citing difficulties in accessing capital and funding as a key factor in doing so.

> "Growth capital is one of the biggest barriers to scaling [in the UK]. Access to late-stage funding is limited compared to the US, often forcing founders to look abroad."
>
> **Synthesia**

> "Funding is a key issue. While the UK provides strong early-stage support – pre-seed and seed rounds are healthy – there's still a significant gap at Series A and beyond. For deep tech spin-outs, that gap makes it harder to compete with US start-ups to capture the global market."
>
> **Quantum Dice**

60%

Of startups having considered relocating abroad in the past 12 months

> "Startups generally face high uncertainty, often with long R&D cycles as well as the challenge of scaling digital and physical infrastructure – and access to early-stage capital is crucial. In a conservative investment environment, investors might shy away from businesses without proven revenue streams but it's chicken and egg in that there needs to be willingness to invest early to fund innovation which then unlocks growth and commercial impact further down the line."
>
> **Air Aware Labs**

This phenomenon is true for companies across the UK, with 46% of all businesses (and 45% of startups) saying that raising funding to scale has been difficult. They cite more public-private funding schemes (30%), simpler funding processes (36%) and better support to connect with international investors (25%) as key levers to alleviate these challenges.

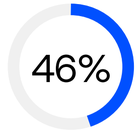
Concerningly, difficulties in accessing later-stage investment are compounded by regional disparities and sector-specific challenges. For instance, companies outside of London and the South East frequently report fewer local investors with the appetite or capacity for larger funding rounds, while certain sectors - such as deep tech - face particularly high capital requirements that are difficult to meet domestically.

The result is a tension in the UK ecosystem. While founding a business is feasible and relatively low risk, achieving the scale needed to compete globally requires navigating an uneven and sometimes constrained funding landscape. Addressing this gap is seen as critical for ensuring that the UK not only produces innovative startups but also retains and grows them into world-leading companies. By strengthening access to growth-stage capital and encouraging more domestic investment in later funding rounds, the UK could unlock the next stage of its entrepreneurial potential and fully capitalise on the coming technological revolution.

Funding

Startups

Report difficulty in raising the funding needed to scale



Established businesses

Key levers to alleviate challenges

30%

Want more public-private funding schemes

36%

Want simpler funding processes

25%

Want better support to connect with international investors

2.5

Regulatory landscape:

The need to balance robustness with agility

The UK is recognised globally for its robust and predictable regulatory environment. Businesses value the certainty that comes with a system known for its transparency, thoroughness, and strong consumer protections. This reputation provides confidence for investors and customers alike, reinforcing the UK's standing as a trusted place to operate and grow a business.

> "The UK's rule of law and regulatory stability is undoubtedly a fundamental in why it is such a good place to do business. We kind of take this for granted, but it really should not be underestimated. It's essential for trust and investor confidence."
>
> **Allica Bank**

However, this strength is also seen as a weakness. For many fast-growing businesses, the regulatory landscape can be rigid, slow-moving, and overly complex. Rather than enabling innovation, it can create bottlenecks that limit the ability of firms to scale quickly, test new models, or adapt at pace to international competition.

1 in 2 (48%) of all businesses say regulations have increased costs.

44% of all businesses (and 48% of startups) cite regulations as a key factor in delaying the launch of products.

40% of businesses (and 44% of startups) say excessive regulations have created uncertainty and confusion.

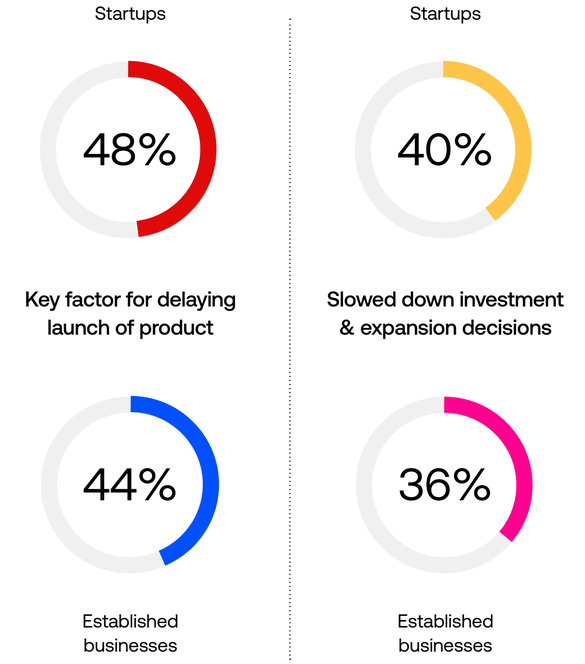
36% of businesses (and 40% of startups) say the UK's regulatory landscape has slowed down investment and expansion decisions.

> "The UK's regulatory system is world-class in terms of trust and security. That trust is definitely needed and valued compared to some of our international competitors. But the processes are too slow and the regulation doesn't reflect business requirements – it's outdated and siloed in design."
>
> **3AI**

This balance between security and stifling is most keenly felt in high-growth, high-regulation industries such as fintech, healthtech, and deep tech. Founders often report that while the UK provides a safe and credible environment to launch, the weight of regulatory compliance can make it difficult to compete with international rivals who benefit from more agile frameworks.

> "We need clarity on export and investment regulations for quantum and next-generation compute technologies, as this directly affects market and investor selection. Currently, it's unclear and overly burdensome."
>
> **Quantum Dice**

Regulatory challenges



48% (1 in 2)

Businesses say regulations have increased costs

2.5

Regulatory landscape:

The need to balance robustness with agility

Even in sectors where regulation is highly valued – in areas like FinTech – the pace of the system can be a problem. The challenge here is not the existence of regulation, but the pace and flexibility of regulatory bodies. Businesses emphasise that the UK could benefit from more "sandboxes" and testbeds, allowing companies to trial innovations in controlled environments without years of approval delays.

When compared to other regions, the UK is increasingly viewed as a difficult place to scale a business:

48% of all businesses and 52% of startups say UK regulations are harder to deal with when compared with the EU.

48% of all businesses and 52% of startups say UK regulations are harder to deal with when compared with the US.

The research clearly points to a strong appetite for businesses to be engaged more closely in regulatory design – with 78% of all businesses and 79% of startups saying doing so would help them to scale up more effectively.

This tension means many businesses feel they are growing despite regulation, rather than because of it. For the UK to retain and scale its most promising firms, founders argue it will need to embrace more adaptive, responsive regulation that balances its reputation for rigour with a recognition of the speed required to compete in global markets.

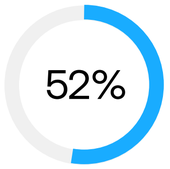
Failing to do so risks the UK losing some of its most promising businesses to international competitors – with startups citing regulatory burdens as the single biggest factor (58%) in considering relocation abroad.

Regulatory challenges

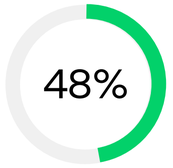
58% Startups

Considering relocation abroad

Startups

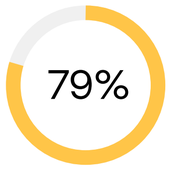


UK regulations harder to deal with than US

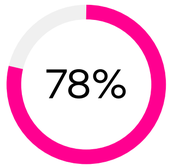


Established businesses

Startups



Appetite for businesses to be engaged more closely with regulatory design



Established businesses

Challenges scaling businesses in the UK

52% Startups

48% Established businesses

UK regulations are harder to deal with than EU

"What's needed is more input from business. We're the ones being regulated, but too often we're not involved in the process. Governments should really be asking us for input – obviously not in making the regulations themselves, but where we would like to see regulations, how they can be smoothly implemented, the processes involved in adhering to them... that is still lacking..."

3AI

The five growth ingredients

Our survey data and interviews with founders and CEOs across the UK reveals a clear set of signals. Businesses may face their own distinct challenges, but common frictions are consistently holding them back.

The UK has the right foundations to seize the opportunities of the technological revolution, but removing these barriers is essential if we are to unlock that potential.

Through our research, we have identified five key ingredients that can make the difference. These are not abstract aspirations but priorities grounded in tangible, actionable needs voiced time and again by businesses of every size, sector, and region.

Tackling these five areas is critical to attracting investment, accelerating innovation, and enabling UK firms to compete – and win – on the global stage. Together, they provide the building blocks of a growth ecosystem, helping ambitious companies progress from early promise to international leadership, while ensuring the UK retains and nurtures its most dynamic businesses.

In the following section, we examine each ingredient in turn, showing how they can collectively create the conditions for sustainable growth and long-term competitiveness.

1.

Future-proofed digital networks

Digital infrastructure that can keep pace with and support technological change

2.

Agile regulatory environment

Responsive frameworks that keep pace with emerging technologies

3.

Capital incentives

Patient funding to bridge the gap from idea to export

4.

AI-ready talent

A diverse, adaptable workforce that can power digital transformation

5.

Long-term certainty

A clear industrial vision that encourages investment and strategic risk-taking

1

Future-proofed digital networks:

Digital infrastructure that can keep pace with and support technological change

Time and again innovative businesses highlight the need for low-latency, high-capacity digital infrastructure as a foundational ingredient for unlocking growth. Without it, day-to-day operations – and the cutting-edge products being developed – cannot flourish. Like the technologies they support, digital networks are not static.

They must evolve to keep pace with rapid technological change and the pressures this creates: rising demand and data traffic, growing cybersecurity threats, the rollout of new technologies such as fibre and 5G standalone, and ever-higher user expectations. Government policy must recognise this reality and create the conditions for digital networks to scale and adapt, so they can continue to underpin the economic growth the UK needs.

Ask

To unlock growth and innovation, the UK needs regulatory and policy frameworks that give investors confidence to continue upgrading and expanding both fixed and mobile digital networks. This requires continuing the “fair bet” approach in fixed, ensuring those who take on commercial risk have a credible opportunity to earn a return, while also preventing dominant players from entrenching their position. In mobile, government must bring forward an ambitious policy commitment to spurring long-term investment.

Sustaining competition in fixed networks

Maintain a stable regulatory framework that enables sustainable infrastructure competition, with strong safeguards against anti-competitive behaviour by incumbents and long-term certainty over infrastructure access.

Supporting deployment at pace

Continue to remove practical barriers to rollout by reforming access challenges (such as to multi-dwelling units), modernising streetworks regulation, and ensuring planning rules align with the technical requirements of 5G.

Incentivising long-term mobile investment

Taking inspiration from the “fair bet” in fixed markets, establish a long-term commitment to investment for mobile, with spectrum and planning policies that reduce rollout costs, regulatory approaches that reward innovation, and safeguards to ensure fair competition as the sector diversifies.

Driving digitisation of planning

Replace paper-based systems with modern, data-driven solutions to make the planning process simpler, faster and more efficient, supporting better decision-making and accelerating delivery.

2

Agile regulatory environment:

Responsive frameworks that keep pace with emerging technologies

The UK has long benefitted from regulatory stability, providing the certainty needed to start and grow a business. However, that stability should not come at the expense of agility where most appropriate and beneficial. Too often, slow, outdated and fragmented regulatory frameworks constrain innovation and growth. As technologies, markets and consumer expectations evolve, the regulatory framework must be capable of adapting to new opportunities and challenges. In doing so, the government can help to facilitate the international competitiveness the economy needs to grow.

Ask

To unlock the UK's full growth potential, government should commit to properly resourcing and modernising the regulatory environment in ways that preserve certainty while enabling innovation.

Properly resourcing regulators to keep pace with innovation

Even where regulation is well designed, under-resourced regulators can become bottlenecks, slowing approvals, creating uncertainty, and limiting the UK's ability to compete internationally. Fixing this can ensure UK regulators not only provide the stability businesses rely on, but the responsiveness innovators require to grow.

Establish fast-track pathways for regulatory approval

For innovations that meet safety thresholds, regulators should provide fast-tracked pathways to bring these products to market. The Innovative Licensing and Access Pathway is a good example of this, getting the most transformative new medicines to patients in the healthcare system more quickly. The Regulatory Innovation Office is a step in the right direction, but more is needed to ensure regulation keeps pace.

3

Capital incentives:

Patient funding to bridge the gap from idea to export

A strong innovation pipeline requires more than great ideas. It demands access to capital that allows those ideas to scale into globally competitive businesses. While the UK has no shortage of world-class research and entrepreneurial ambition, too many start-ups and scale-ups face a “valley of death” between early-stage development and successful international expansion. Short-term funding cycles and risk-averse investment structures leave promising companies either unable to reach their growth potential or pushed to relocate abroad in search of the patient capital they need to scale.

Ask

To meet this challenge, the government must foster an investment environment that bridges the gap between initial early-stage support and established investment opportunities. That means mobilising patient capital to give companies the runway they need to move from idea to export. By bridging this financing gap, the UK can secure home-grown innovation, create quality jobs, and build globally leading firms that anchor economic growth for the long term.

Expand and modernise public–private investment vehicles

Successful schemes like the British Business Bank and Innovate UK show how catalytic government support can de-risk early investment and crowd in private finance. These should be expanded with dedicated funds for frontier technologies (AI, quantum, green tech) where global competition is fiercest.

Strengthen tax incentives to reward patient capital

Schemes such as EIS and SEIS have proven effective at stimulating angel investment, but they are skewed toward early-stage funding. Complementary incentives for later-stage and follow-on investment are needed, rewarding investors for holding equity longer and supporting companies through scale. Aligning tax policy with long-term growth can encourage investors to continue involvement.

4

AI-ready talent:

A diverse, adaptable workforce that can power digital transformation

To fully capitalise on the technological revolution, the UK needs a workforce equipped with the skills to meet the demands of emerging technologies such as AI. While the country benefits from an impressive pool of specialist talent and world-leading universities, many businesses struggle to access the broader technical skills required to grow and scale. To meet this challenge, the government must create flexible, inclusive, and sustained skills pathways that enable businesses to attract, develop, and retain the talent needed for the technological revolution.

Ask

To unlock growth and innovation, the UK needs policies that ensure access to a pipeline of skilled workers capable of meeting the demands of emerging technologies. This requires a coordinated approach across apprenticeships, learning and development, and employer-led reskilling initiatives.

Protect cross-generational reskilling routes

Ensure apprenticeship funding continues to support learners of all ages, not just those under 25. Apprenticeships are essential for young people entering the workforce, as well as for older workers reskilling or changing careers in response to technological disruption. Restricting funding or limiting higher-level apprenticeships would narrow the talent pool and weaken the UK's ability to adapt to change.

Promote flexible and accessible skills pathway

Encourage employers to offer learning and development programmes - including apprenticeships - that are flexible in timing, structure, and delivery to meet the needs of both school leavers and adults. Companies should also embed innovation in delivery, such as hybrid learning, rolling induction points, and condensed programmes, to broaden access and help match skills supply with business demand efficiently.

Support sustained employer investment in skills and development

Recognise that upskilling and reskilling are ongoing requirements, not one-off interventions. Employers should be supported through incentives, tax relief, or other mechanisms to maintain sustained investment in learning and development infrastructure. Policy decisions should not inadvertently reduce the capacity of businesses to invest in their workforce.

5

Long term certainty:

A clear industrial vision that encourages investment and strategic risk-taking

For scaling businesses, one of the single most important enablers of investment – at any stage – is long-term certainty. Whether in AI, quantum, advanced manufacturing, digital infrastructure, or any other sector, companies need confidence that regulatory frameworks, tax policy, and government priorities will remain stable enough to justify large-scale, multi-year commitments.

Too often, policy has shifted with political cycles, deterring investment and weakening the UK's international competitiveness. To meet this challenge, the government must embed predictability into its policymaking, providing businesses with the clarity and confidence they need to scale.

Ask

To unlock the UK's growth potential, government policy must give scaling businesses confidence in the long-term direction of travel. This requires embedding predictability across regulatory, fiscal, and strategic decision-making.

Establish clear and stable policy roadmaps

Publish sectoral roadmaps that set out long-term goals, timelines, and regulatory expectations. From quantum technologies to AI adoption, clarity on government intent enables businesses to plan multi-year investments with confidence. Sudden reversals or short-term interventions undermine investor trust and weaken the UK's position globally.

Commit to regulatory consistency

Ensure that regulatory frameworks evolve in partnership with industry, with sufficient transition periods before changes take effect. Certainty over timelines and processes allows businesses to align compliance and investment strategies without unnecessary disruption.

Conclusion

1. **Future-proofed digital networks**
2. **Agile regulatory environment**
3. **Capital incentives**
4. **AI-ready talent**
5. **Long-term certainty**

The UK stands at an inflection point. The convergence of emerging technologies and advanced digital infrastructure presents an unprecedented opportunity to drive economic growth, productivity gains, and global competitiveness. Yet our research shows that while the UK produces world-class innovation and attracts ambitious entrepreneurs, systemic barriers are preventing our most promising businesses from reaching their full potential.

The evidence from our survey of 2,000 UK businesses and interviews with leading founders shows that the UK excels at the early stages of innovation – our universities produce exceptional talent, our early-stage funding ecosystem supports ambitious founders, and our regulatory reputation provides confidence to investors and customers. But as businesses attempt to scale from promising startups to global leaders, they encounter systemic friction that slows their growth and, increasingly, drives them to consider relocating abroad.

This is not a story of British decline, but of untapped potential. The entrepreneurs we spoke to – from quantum computing pioneers to AI-powered healthcare innovators – are not asking for full system upheaval. They are asking for the basic conditions that allow innovation to flourish: reliable digital infrastructure that can support next-generation technologies; regulatory frameworks that move at the speed of innovation; access to the patient capital needed to scale breakthrough innovations; a workforce equipped with the skills the future economy demands; and the long-term policy stability that encourages strategic investment.

These five growth ingredients are not abstract policy aspirations. They are practical, actionable priorities that consistently emerge from businesses across all regions, sectors, and sizes. And we are not beginning from a standing start.

The government has already made strides in these areas. The recently published Modern Industrial Strategy and its dedicated digital and technologies sector plan is a welcome step, with measures to improve access to growth finance to help startups scale. The AI Opportunities Action Plan provides a roadmap to harness the potential artificial intelligence has to offer, with clear commitments to consult with businesses leading in the technology's development.

And the establishment of the Regulatory Innovation Office has the potential to cut red tape for businesses at the forefront of emerging technologies. However, as the businesses we spoke to clearly said, policymakers must go further and ensure these plans translate into real change across the UK's business landscape.

The choice facing Britain is clear: we can continue to produce brilliant innovations that scale elsewhere, or we can create the conditions for those innovations to scale here, generating jobs, attracting investment, and establishing the UK as a leader in the industries that will define the next decade. The ingredients for success are known. The question is whether we have the collective will to act on them.

The next chapter of Britain's economic story is being written now, in the labs, offices, and boardrooms of our most ambitious companies. Whether that story is one of missed opportunities or transformational growth depends on the choices we make today. The businesses are ready. The technology is available. The opportunity is unprecedented.

Now it is time to act.

About Virgin Media O2

16,000
Employees

45 million
UK broadband, mobile, TV and home phone connections

300
Retail stores

18.5 million
Homes passed

10 billion+
Investment in our networks and services

99%
National coverage with 4G

1,000
Apprenticeships since merging in 2021

80%
Outdoor national coverage with 5G

Virgin Media O2 combines the UK's largest and most reliable mobile network with a broadband network, offering and the fastest widely-available broadband speeds.

We're a customer-first organisation that brings a range of connectivity services together in one place with a clear mission: to upgrade the UK.

Virgin Media O2 is a major investor in the UK. We employ around 16,000 people, 300 retail stores and have committed to invest at least £10 billion in our networks and services. To bring new opportunities to people across the nation, we've created 1,000 apprenticeships and we're not stopping there

We have around 45 million UK connections across broadband, mobile, TV and home phone. Our fixed line services are available to 18.5 million homes alongside a mobile network that covers 99% of the nation's population with 4G. Our outdoor 5G coverage has now reached 80% UK population following the switch on of next-generation 5G Standalone at the start of 2024.

Through our B2B venture, O2 Daisy, we play a leading role supporting entrepreneurs, businesses, enterprises and the public sector with their digital transformation through a range of connectivity, security, cloud and tailor-made services. We are also the network of choice for mobile virtual network operators giffgaff and Sky Mobile, as well as managing a 50:50 joint venture with Tesco for Tesco Mobile.

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