SUSTAINING GROWTH

Scaling companies in the UK ecosystem

Facilitator:
Cristina Lisii, Shott Scale Up Accelerator Lead, Royal Academy of Engineering

Panellists:

Josh Robson, Chief Policy Officer, ScaleUp Institute

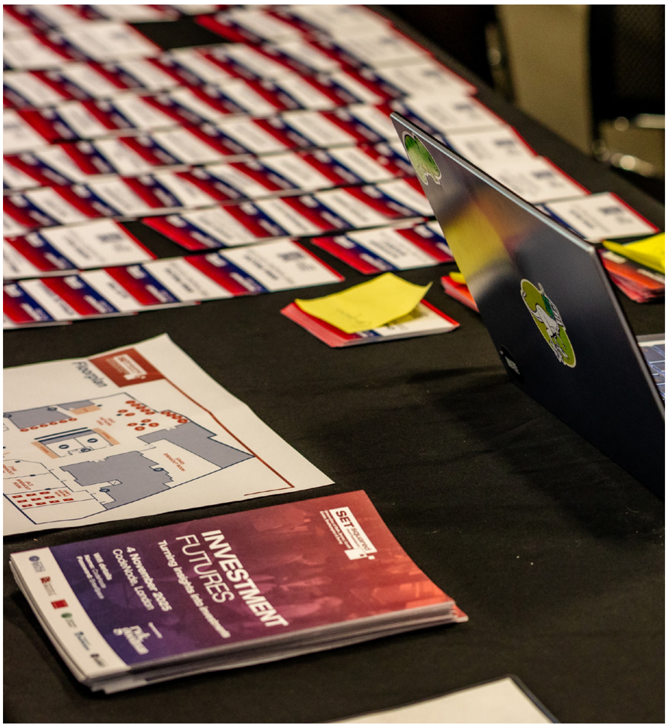
Callum Newton, Senior Research and Consultancy Associate, Beauhurst

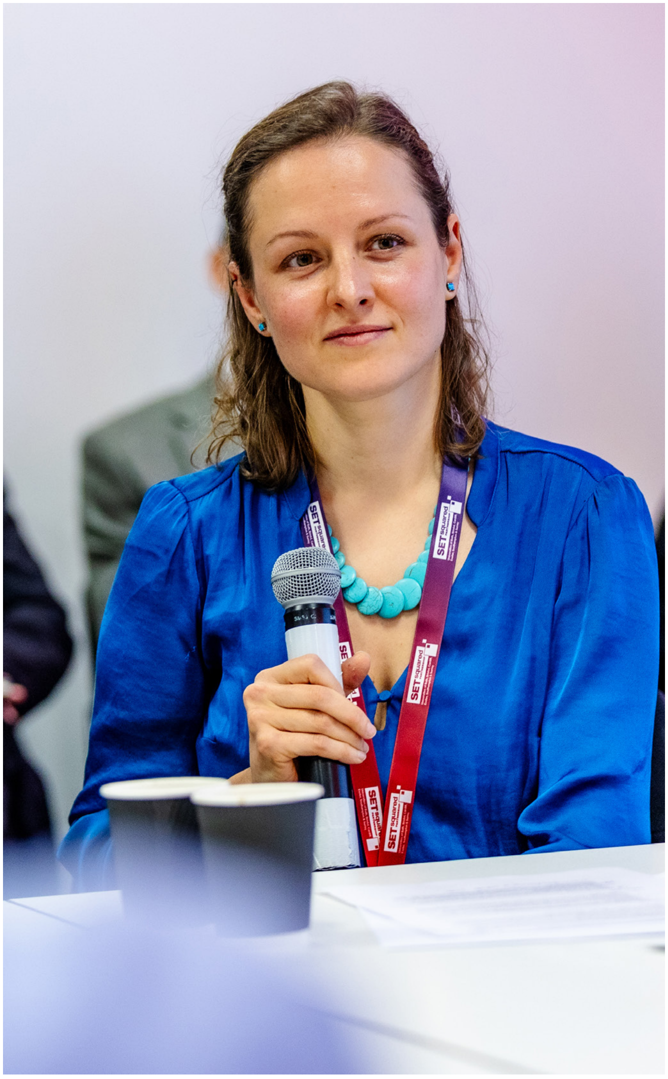
Toby King, Chief Executive Officer, iFAST Diagnostics

In 2026, the UK remains a global leader for innovation, boasting Europe's largest technology ecosystem and the world's third-largest venture capital market. However, for scale-ups, the landscape is marked by a paradox: while launching a tech company in the UK is straightforward, scaling it remains a significant challenge.

As these companies transition from proof-of-concept to global expansion, they face a multifaceted scaling gap driven by funding, talent acquisition, and regulatory and structural challenges.

To address these challenges, this Investment Futures panel brought together experts to explore the UK scale-up ecosystem, led by **Cristina Lisii, Shott Scale Up Accelerator Lead at the Royal Academy of Engineering.** The in-depth discussion dissected the scale-up challenges facing the UK in 2025, offered insightful solutions, and looked ahead to initiatives introduced this year that aim to address the issues restricting the UK's scale-up success.





Cristina Lisii, Shott Scale Up Accelerator Lead, Royal Academy of Engineering

What does a snapshot of the UK scale-up ecosystem and the challenges faced by growth companies look like?

This was tackled by **Josh Robson, Chief Policy Officer at the ScaleUp Institute**, a private-sector, not-for-profit company focused on making the UK the best place in the world to scale up a business: "In the UK, there are about 5.5 million SMEs, which generate about £2.6 trillion to the UK economy. That's a massive number. But more than half of that, around £1.4 trillion, comes from just 34,000 companies and those companies are growing at more than 20% a year. Those companies are not intrinsically special. When you hit that growth rate, the challenges that you would face in other sector verticals fall away, and your growth is your defining feature. And companies that are growing more than 20% tend to have more in common with other companies growing at that rate than they do with others."

> *"Now, when we think about it through that lens, there's an overarching set of three challenges, and interestingly, number one is not money. A lot of people assume that money is the biggest challenge for high-growth businesses, but the number one challenge highlighted by scale-ups consistently is market access."*
> **Josh Robson, Chief Policy Officer, ScaleUp Institute**

Josh elaborated:

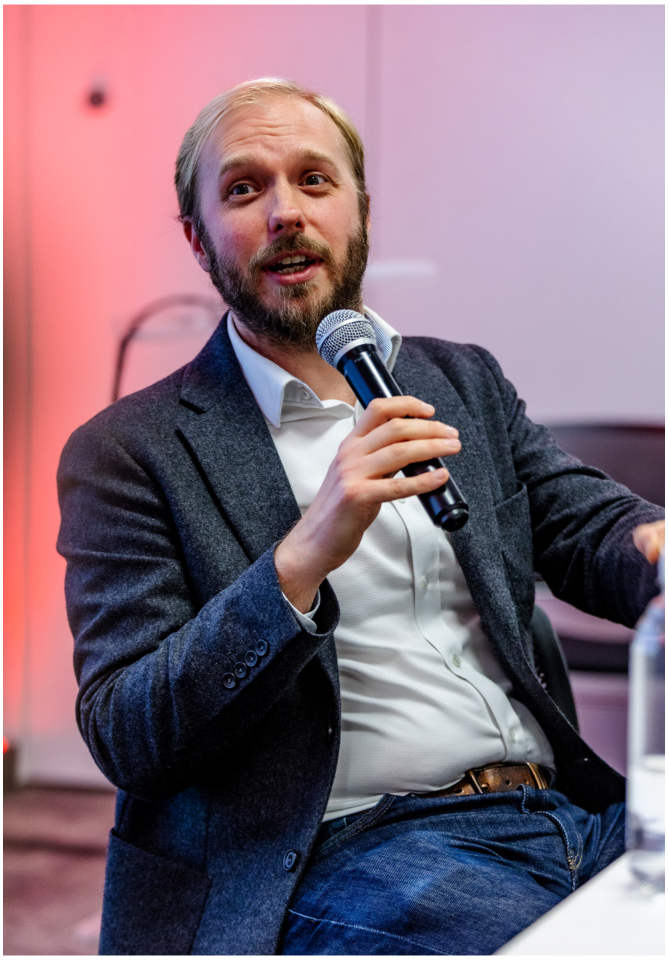
"If you think about that, the second challenge makes more sense, but the second challenge is also not money. The second challenge is talent. And that's because these companies are looking at how their innovation, their product, their overarching market presence can be expanded, and they're then looking at the people and the skills that they need to realise that market dynamic, and then they're looking at the money – the third challenge.

David Merton, Executive Director, Fulcrum Asset Management

"As a company grows even bigger, those three challenges become ever more complex and intertwined, and that's why one of the big things that we talk about at the ScaleUp Institute is having a connection point for that business so that they know where to go to get help to navigate the complexities."

To build on this, **Callum Newton, Senior Research and Consultancy Associate at Beauhurst**, a data source for every UK and German private company, said there are many misconceptions about what scale-ups look like in the UK:

> *"When people think of scale-ups, they instantly think of AI, quantum, high-growth tech-oriented firms, primarily based in London or the South East. The latter part is broadly true, but the fastest growing sectors for scale-ups include manufacturing, wholesale, distribution – the businesses that fly under the radar but are crucial to the UK economy."*
> **Callum Newton, Senior Research and Consultancy Associate, Beauhurst**



Josh Robson, Chief Policy Officer at the ScaleUp Institute

Have there been policy interventions that help with scaling up?

“There’s been a lot of growth-related government policy slowly happening over the past 10+ years focused on unlocking the capital plateau, and that is now coming into fruition,” said **Josh Robson.** Scale-ups often hit a wall at Series B and C rounds, where the domestic pool of patient capital – long-term, high-risk investment – pales in comparison to the US market. This often forces the UK’s most promising high-growth firms to seek foreign acquisition or list on overseas exchanges, leading to a ‘brain drain’ of intellectual property and economic value. The UK government is addressing this through new pension reforms that aim to unlock up to £50 billion to create a high-growth economy. This is further supported by Innovate UK’s Growth Catalyst scheme, a £130 million programme designed to bridge the gap from Seed to Series A and beyond

Josh noted:

> *“There’s less happening in relation to policy interventions addressing specific market access challenges than we would like, and there are still issues around talent acquisition. For example, overseas and export-related policies could be more attuned to growth. There’s been some focus on the Procurement Act and how that could lean more into supporting high-growth companies. There are useful government initiatives, but I think more could be done to strategically identify and connect growing companies to those programmes, including local skills plans and connecting university research with businesses directly.”*
> **Josh Robson, Chief Policy Officer, ScaleUp Institute**

Josh further explained:

“I think the skills needed for growth are diverse. Senior-level talent can often be as fundamental as bringing in fresh graduates to create a more joined-up approach to addressing different challenges. We also need to enhance the channels for people with specific skills to connect with growth businesses and vice versa.

“Overall, there’s a lot that’s positive in relation to policy. I think creating the sharp focus that’s needed to deliver that to the businesses is the next big push.”

What are the challenges for MedTech companies, and how can they be navigated?

“When you start up, fundraising is the number one challenge,” said **Toby King, Chief Executive Officer, iFAST Diagnostics,** which is developing a game-changing antimicrobial susceptibility test that identifies the most appropriate antibiotic to treat a bacterial infection in 3-4 hours. “Government initiatives, such as the Seed Enterprise Investment Scheme (SEIS) and the Enterprise Investment Scheme (EIS), which offer tax incentives to encourage individuals to invest in high-risk, early-stage companies, are helpful, but it is still hard. MedTech isn’t everyone’s cup of tea, particularly diagnostics. There are many investors who won’t touch diagnostics for one reason or another. So, it is something of a numbers game – you must approach a lot of investors. Having those tax incentives in place is helpful for arranging early-stage investment, and for R&D. Once you get going, R&D tax credits for a company like us are a big deal and very helpful. Some of the semi-government-backed investors, such as UKI2S, are good.”

Toby highlighted:

> *“In terms of talent, finding young graduates is straightforward. We know where to look. It’s sourcing senior people that’s more challenging, particularly if you haven’t done it before. Having a network of people you trust to come in or introduce you to talent is invaluable. Understanding that you don’t necessarily need everyone full-time is important, that way you avoid ending up with a financially hungry organisation, burning through huge amounts of cash every month because you’ve got a full-time COO, CFO and Director of HR - realising that a few hours a week often is all you need.”*
> **Toby King, Chief Executive Officer, iFAST Diagnostics**

Toby went on to explain:

“With regard to market access, one of the biggest challenges was figuring out the regulatory environment. In MedTech, you’ve got a different regulatory environment in each territory that you’re working in, and then within each territory, there’s significant uncertainty.

“Furthermore, when you’re in a real niche area like diagnostics, going to the Department of Trade and saying, ‘I want you to tell me all the countries where I can sell my product with this particular regulatory approval' generally doesn’t get you very far. You really need to fend for yourself and go out and find the consultants and other people.”

How are successful scale-ups capitalising their growth, and is there any correlation between different funding strategies and sustained growth?

"When looking at successful scale-ups – as a proxy, we'll use companies which have successfully exited the market," explained **Callum Newton.** "Over the last decade, there has been a little bit of diversification in terms of financing; some companies are using crowdfunding, but it's quite clear there is a disproportionate reliance on institutional investors. That can be banks or corporate finance, but the most common form is private equity and venture capital. If you're looking for a correlation, the loosest one I can provide is that successful companies are not using venture debt."

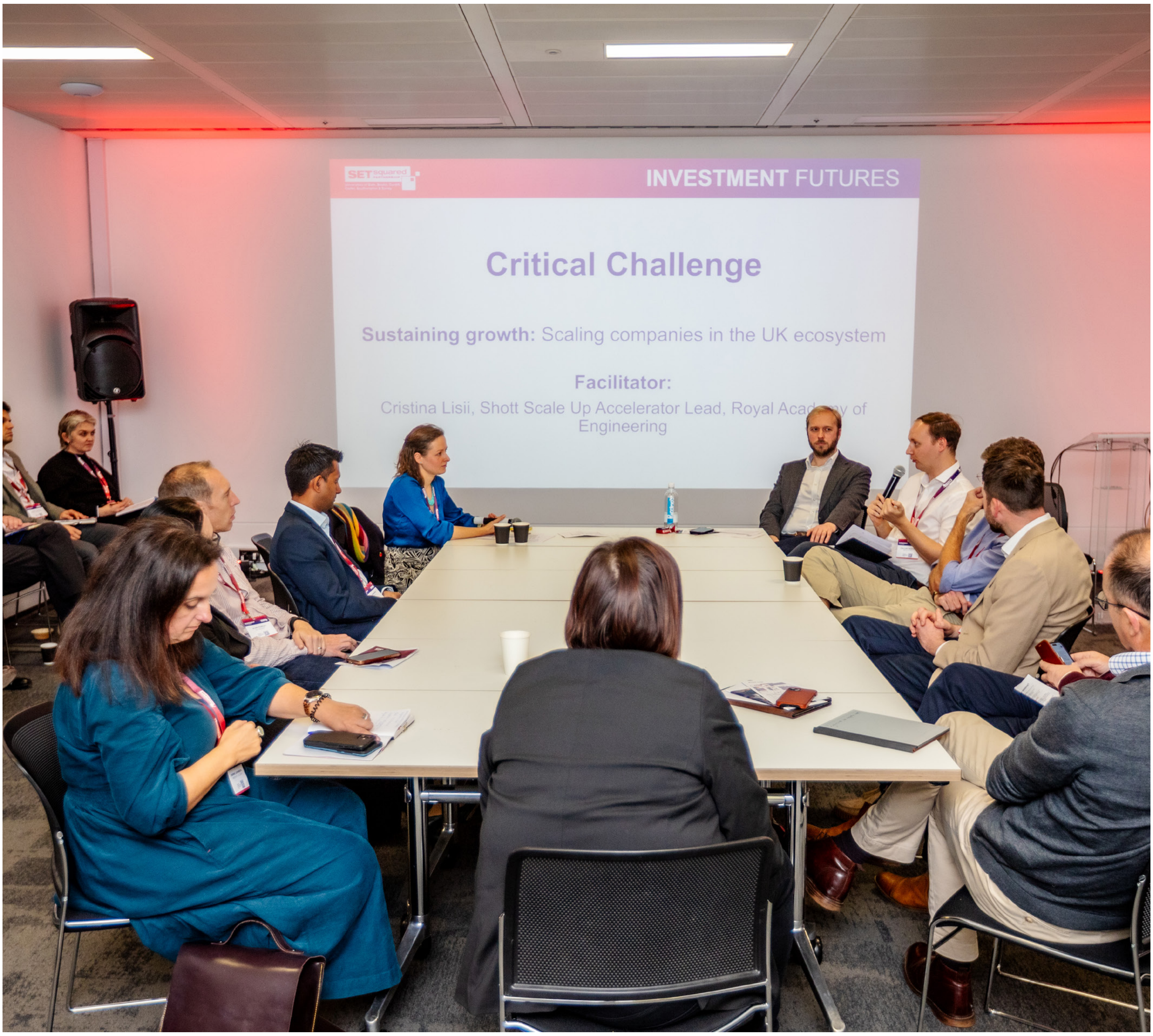
Josh Robson added: "Now that's not to say that debt isn't used by scale-ups, but it's not an indicator of scale-up growth because debt is an important component for many businesses all the time, but it's not something that supercharges growth."

Josh also observed:

> *"In relation to equity debt, there aren't that many options in the UK, so it's not that there is a lack of necessary demand; it's the lack of options around it because we don't know what it is."*
> **Josh Robson, Chief Policy Officer, ScaleUp Institute**

Josh went on to explain:

"Innovate UK grants followed by equity are specific indicators of a high-growth company, and the reason for that is that Innovate UK grants are often a kitemark for investors. It means that the careful work around the IP and its commercialisation has already been done."



What drives companies to overseas investment, and why is it important to address the scale-up gap in the UK?

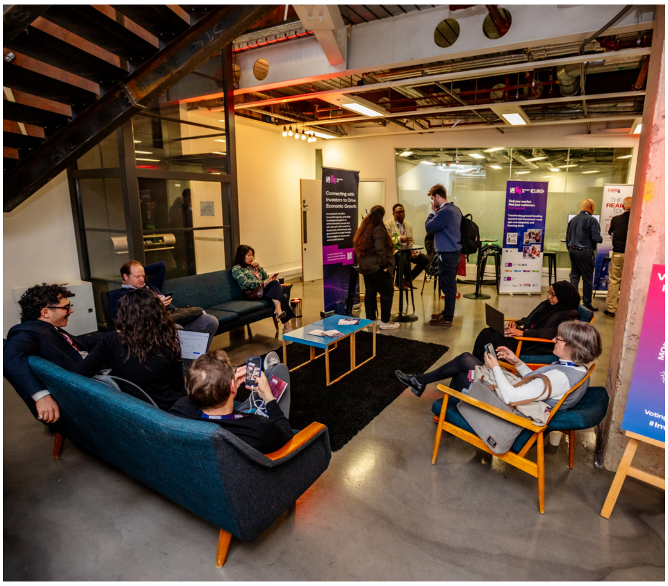
"UK companies are quite good at getting overseas investment. If you've got a great idea, there's money out there," said **Josh Robson.** "When you look at how funding flows into high-growth companies in the UK, Series B and C investment starts to fall off a cliff. At that point, you can see that the appetite for risk among UK investors changes compared to overseas investors, who are more likely to lean in and support. If a company wants to stay in the UK for the long term, it doesn't currently have the options and must go to an overseas investor to get that larger ticket size.

"By freeing up more institutional capital, we can reach further down into the C stage to make sure funds flow all the way through, and we'll then have more domestic investors with the risk appetite to support a company's journey."

Toby King added: "My experience is that it's harder to get US funding into UK start-ups than you might imagine because a lot of US investors have got plenty to look at. If you're in Silicon Valley, why would you invest in a company that's 6,000 miles away, with an 8-hour time difference?

"If you have a £50 million fund, then you've got limited horsepower to follow through. Equally, if you've got a £400 or £500 million fund, you don't want to be investing at C stage because the ticket size is too small and you end up having to invest in 1,000 businesses, which doesn't make sense to anybody. So, there is a scale-up gap, and debt isn't an option because you've got no assets. No one is going to lend you loads of money based on your IP.

"MedTech takes a long time, especially if you're doing hardware. So, you do have that chasm to cross, and it's hard, and that's why a lot of companies fail. It is difficult to raise money; it always takes longer than you think, and VCs have a short fund life window, so that is an issue. Finding working capital while gradually ramping up the business is a big challenge.



"It's very easy as a start-up to end up getting distracted and then suddenly you're a year behind where you thought you were going to be and then you're another year behind and then you've got too many mouths to feed – the onus is on the company to deliver what they say they're going to deliver to the investors and then that enables you to bring new investors in.

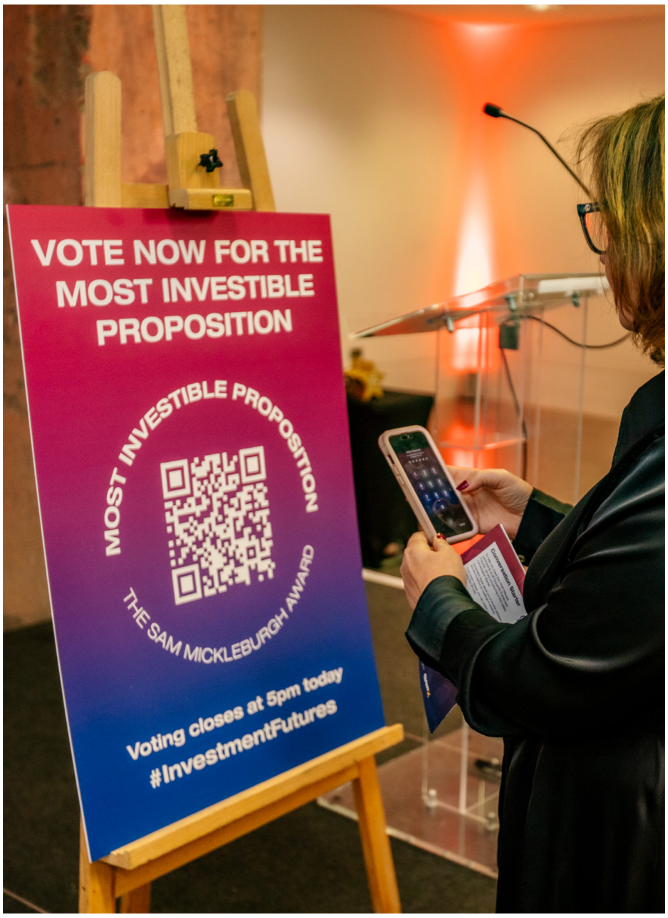
"In MedTech, the most common exit route is acquisition. Again, it's about delivering what you say you'll deliver and being in the right space to build relationships early with big corporate investors. One of the major criticisms of UK start-ups is that they sell out too early."

Callum Newton agreed:

> *"We do have an IP problem in that we're very good at setting up novel innovative companies that attract good levels of investment, but then they reach a certain point, get acquired and move overseas."*
>
> **Callum Newton, Senior Research and Consultancy Associate, Beauhurst**

Callum concluded:

"There needs to be more capital and tax relief alongside a policy to foster support to encourage growth and retain the IP and talent in the UK."



Key takeaways

The discussion highlighted the many challenges for scale-ups. 2026 marks a pivotal shift in policy, with initiatives such as Innovate UK's Growth Catalyst scheme and pension fund reforms aimed at unlocking billions in domestic capital. The government wants to transition the UK economy from a start-up-friendly environment to a scale-up nation, simplifying the path for high-growth firms. Success for UK technology companies now depends on their ability to bridge the gap between innovation ambition and operational execution in an increasingly volatile global market.

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