

# Manchester, the engine room of the Northern startup powerhouse

*The Northern city is cementing its place as the UK's biggest tech hub outside of London, attracting capital, talent, and ambitious entrepreneurs in the process.*

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Once the centre of the UK's industrial revolution, Manchester is now the home of a new technological revolution.

Outside of London, Manchester is the biggest hub for startup activity, and has long been waving the flag for Northern tech. Across the city, there are over 1600 startups which employ over 60,000 people. The city has produced several unicorns, including data productivity cloud platform Matillion, ecommerce giants Boohoo, The Hut Group (THG), AO.com, and car marketplace AutoTrader.

Over the past decade, the character of the city has transformed to reflect this new high-tech economy. Enterprise City is a new 'tech, media, and creative' cluster in central Manchester around the Old Granada Studios, while MediaCityUK has sprung up in Salford, a short train ride from the centre.

These developments are now drawing in numerous global tech companies, like Microsoft and Siemens, as well as recent UK successes like Starling Bank and Booking.com.

Looking to choose Manchester as the home for your startup? Here's everything founders need to know:

# Manchester's growing funding ecosystem

Manchester's landscape for venture capital is on an exciting trajectory. In 2023, Manchester-based startups raised £532M, a 50% increase from 2021.

It was this that attracted ZEBOX, an international incubator for sustainable supply chain startups to Manchester, having already launched a presence in Singapore, the US, Marseille, Guadeloupe, and the Ivory Coast: "Greater Manchester has fast become one of the UK's dominant tech hubs, with the city-region outperforming much European larger cities for investment and business growth," says Martin Bremner, Head of ZEBOX UK.

International investors like ZEBOX are paying more attention to startups emerging from the Northern hub. Analytics platform Peak AI drew investment from Softbank's Vision Fund, while Matillion, one of Manchester's latest unicorns, drew investment from Silicon Valley-based investor Lightspeed Venture Partners. Other sizable raises in recent years include electric vehicle charging infrastructure Be.EV (£110M in 2022) and customer engagement platform Connex One (£93M in 2022).

Manchester is also seeing a growing cluster of locally-based investors looking for high-growth potential startups. Praetura Ventures offers a hands-on investment approach that supports across all areas of growing a business, and has taken stakes in the likes of Peak AI and Modern Milkman over the last few years. Other early stage funds include DSW Ventures and KM Capital, an early stage investor run by a team of operators who have worked at prettyslittlething, Betfair, and Zoopla.

The Business Growth Fund has invested around £450M into the North West of England over a decade. They take a flexible approach to funding, offering a mix of equity and loan notes for growth and/or cash out to

existing shareholders.

*Fund Her North* is an organisation bringing together 40 women in the funding ecosystem (VCs, angels, etc) to back female-led businesses in the North of England. Backed by a collective investment of £1.2B they have invested over £200M in female entrepreneurs. Other angel syndicates include *Manchester Angels* and *GC Angels*.

Looking further down the funding timeline, Manchester's community of private equity firms invest bigger cheques at later stages. *Puma Private Equity* operates at the Series A stage and beyond, and is the PE arm of fund manager, Puma Investments. Puma is a generalist VCT and EIS investor, offering growth equity investments of £2M to £10M.

Other PEs include *Maven Capital Partners*, *NorthEdge Capital*, and *YFM Equity Partners*, the latter of whom last year closed a £95.5M fund to back exciting high growth potential businesses.

## Drawing upon Manchester's talent community

Startups based in Manchester have a vast pool of talent to draw upon. ZEBOS's Martin Bremner saw tremendous potential in the skills that Manchester nurtures, ranging from advanced manufacturing to net zero to the creative and media sectors.

"Manchester's regional ecosystem for hiring is characterised by its diversity, innovation, and supportive infrastructure," Martin explains.

The University of Manchester (UoM) ranks 8th in the UK and 51st globally according to *Times Higher Education*. With over 40,000 students from around 160 countries, it has a diverse and vibrant student population—over half of whom choose to pursue a graduate career in the

city. For Engineering and Technology, it ranks 4th in the UK, after only Oxford, Cambridge, and Imperial. UoM is home to the *Innovation Factory* which helps cultivate and incubate groundbreaking innovations from within the university and turn them into commercially viable ventures.

Alongside UoM there is *Manchester Metropolitan University*, which ranks 56th in the UK according to Times Higher Education. Manchester Met is the top rated university for degree apprenticeships. *Innospace* is located at Manchester Metropolitan University, and offers a business incubator and coworking space for startups and entrepreneurs, with access to business advice and networking events.

*University of Salford* sits at the heart of MediaCityUK. They've invested heavily into providing students with the most up to date facilities and learning experiences including Europe's first fully climate controlled Energy House.

## A growing community for entrepreneurs in the North of England

Manchester's recent success in technology is no doubt feeding back into the ecosystem, with the growth of support hubs and communities for founders. More than just a desk space or source of capital, these networks enable founders to lean on the collective knowledge and experience of other entrepreneurs.

For entrepreneurial support, there's *Greater Manchester Chamber of Commerce*, the largest Chamber of Commerce in the UK. They provide over 5000 companies access to support and services to help cut costs, raise their profile, and grow their business.

Then there's *Manchester Digital*, which describes itself as the 'home of Greater Manchester's digital and tech businesses'. They host regular

events, run training initiatives to upskill workers for the tech sector, as well as having a comprehensive jobs and apprenticeships bulletin. They also publish an annual *Startup Review*, providing an overview of the region's tech sector.

*MIDAS* is Greater Manchester's inward investment promotion agency, credited with helping hundreds of businesses relocate or expand in Greater Manchester. By offering free advice and assistance to potential investors, and elevating the profile of Manchester's businesses, they're aiming to boost the city's tech credentials.

If you're looking for physical places to work, there's plenty of choice. *Bonded Warehouse* sits at the heart of Enterprise City, a former railway terminus and later part of the old Granada Studios. It has a range of coworking spaces and creative studios, and has become a hub of innovation.

It's also worth checking out *Bruntwood*, one of Manchester's biggest property managers, with a range of coworking spaces and offices across the city. They've recently launched *Bruntwood SciTech* - 'innovation ecosystems' that offer high quality office space as well as laboratories and specialist business support.

The development of *MediaCityUK* in Salford has established a creative hub away from the city centre. As well as numerous work spaces, it's home to various 'test-and-learn environments', like the Vodafone 5G Incubator, an innovation hub to foster experimentation around 5G, high-speed fibre and IoT, as well as *HOST Salford*, an innovation hub committed to building a diverse and inclusive tech community in Greater Manchester.

Manchester really has the best of both worlds, the enviable size and scale of a major city, with fantastic supply of talent and capital, while remaining

a reasonably affordable place to start a business. The trajectory of startup growth in the city shows the potential for founders looking to set up or bring their business to the UK.

*The Commercial Department of the British Embassy in Paris provides support to French companies wishing to set up in the UK. Click [here](#) to find out more.*



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