TC GROUP BUSINESS ADVISORS & ACCOUNTANTS

TECH & MEDIA SECTOR OUTLOOK 2026

ADVICE AND GUIDANCE FOR THE YEAR AHEAD

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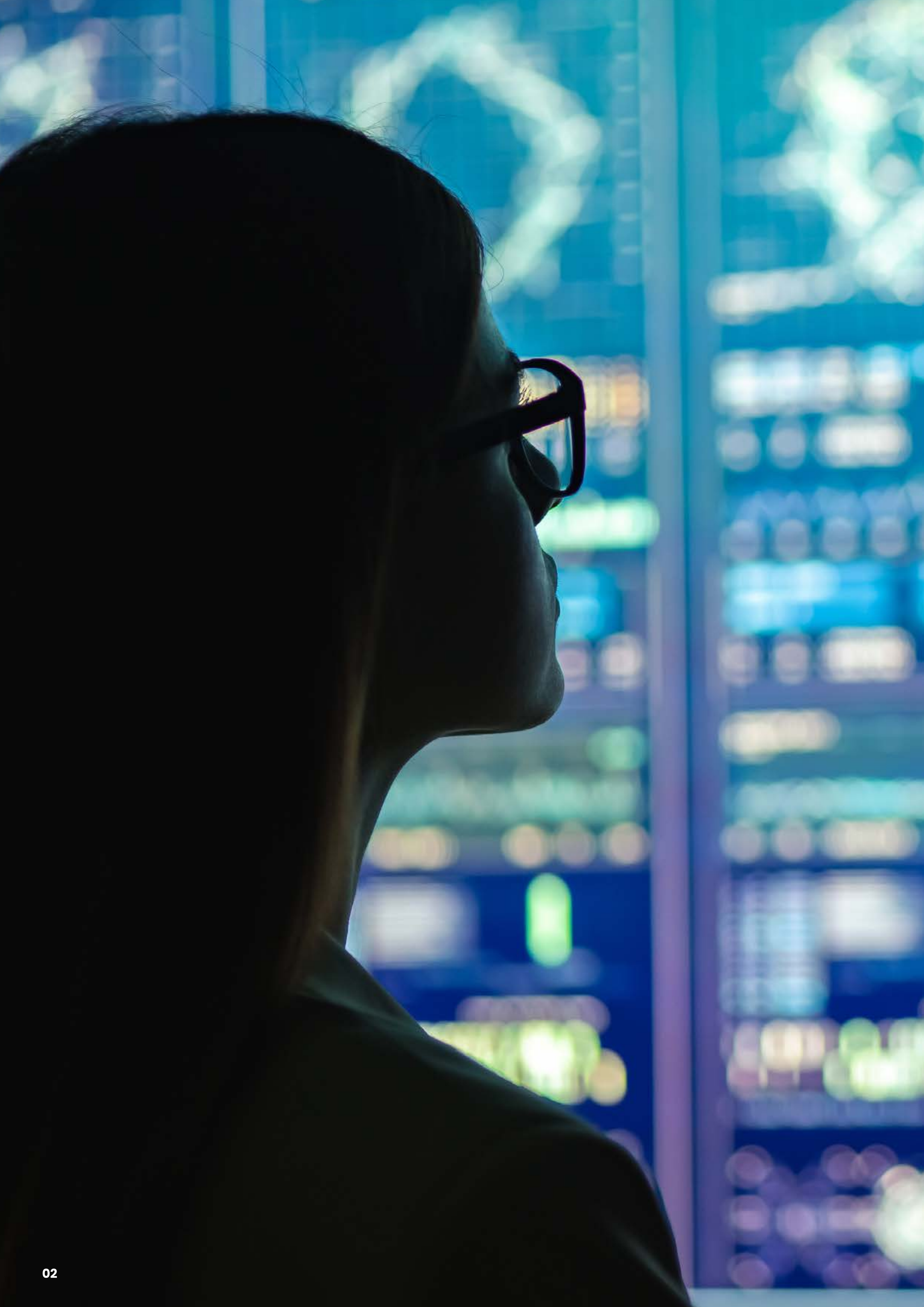

TECH & MEDIA SECTOR OUTLOOK:
ADVICE AND GUIDANCE FOR THE YEAR AHEAD

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THIS YEAR FEELS MORE ABOUT POSITIONING FOR SUSTAINABLE GROWTH

EDITOR'S NOTE

WELCOME TO OUR 2026 TECH & MEDIA SECTOR OUTLOOK.

If 2025 was about recalibrating after the highs and volatility of previous years, 2026 feels more about positioning for sustainable growth. Headlines continue to focus on AI, cyber threats, and regulatory pressures, and while these matters are important, success comes from focusing on the levers you can control.

Last year, fundraising in the UK tech sector was quieter than the heady days of 2021 and 2022, yet the market remained resilient. Investment continued in AI infrastructure, clean energy, and digital marketplaces, even if mega deals were fewer and valuations more disciplined. Consolidation accelerated, AI matured from novelty to operational necessity, and companies increasingly focused on measurable outcomes over hype.

This Outlook brings together insights from across the sector, providing analysis of AI adoption, cyber resilience, fundraising patterns, regulatory evolution, M&A trends, tax, talent strategies, and more. The aim is simple: to offer a clear, honest view of the trends shaping the UK tech ecosystem in 2026, and practical prompts to help you plan, invest, and grow with confidence.

Thank you to everyone who contributed, and to the clients, partners, and networks who continue to place their trust in us. We hope you find the insights useful as you make strategic decisions for the year ahead.

DAVE HAILEY,
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Inspiring Hertfordshire Awards 2024 FINALIST Business of the Year: Medium to Large

UK TECHNOLOGY INDUSTRY OUTLOOK 2026:

OPPORTUNITY, DISCIPLINE AND EXECUTION

BY DAVE HAILEY

If the past few years were defined by volatility, 2026 feels more like a year of positioning. The UK technology sector enters the year with renewed confidence, but also with a sharper sense of realism. Artificial intelligence, cyber resilience and regulatory change continue to dominate headlines, yet the companies that will outperform are those that focus less on hype and more on disciplined execution.

For small and mid-sized technology businesses in particular, the environment remains finely balanced. Agility, innovation and speed remain powerful advantages, but capital constraints, talent shortages and rising compliance demands mean that success increasingly depends on choosing the right priorities and executing them well.

A MORE DISCIPLINED FUNDING LANDSCAPE

After the exuberance of 2021 and 2022, fundraising activity has settled into a more sustainable rhythm. In 2025, approximately £12.5 billion was raised across the UK tech sector, with deal volumes remaining healthy even as valuations became more disciplined. Large AI infrastructure rounds captured headlines, but the real story for SMEs lies in a shift towards profitability, capital efficiency and demonstrable traction.

For founders and boards, this marks a permanent change rather than a temporary pause. Investors are increasingly focused on quality of revenue, clarity of use of funds and a credible path to scale. For smaller and mid-sized businesses, this rewards operational maturity and financial discipline, but it also places pressure on leadership teams to articulate a clear investment narrative grounded in execution rather than ambition alone.

ARTIFICIAL INTELLIGENCE: EMBEDDED, NOT EXPERIMENTAL

Artificial intelligence has moved decisively from experimentation to expectation. Across recruitment, customer service, forecasting and software development, AI is now embedded within day-to-day operations. For SMEs, this creates a genuine productivity opportunity: the ability to scale output without scaling headcount.

However, AI adoption in 2026 is as much about governance as it is about capability. Human-in-the-loop oversight, robust data controls and clear accountability frameworks are becoming essential, particularly as UK and EU regulation evolves. Smaller companies that approach AI with clarity of purpose and measurable outcomes will benefit most; those that deploy it without structure risk operational error, reputational damage and regulatory exposure.

CYBERSECURITY AS A BOARD-LEVEL ISSUE

Cybersecurity has become one of the defining strategic issues for UK tech businesses of all sizes. The UK was among the most targeted countries globally in 2025, with attacks growing more sophisticated and increasingly AI-enabled. For SMEs, the challenge is acute: threat levels are enterprise-grade, but resources rarely are.

The most resilient organisations are reframing cybersecurity from a technical issue into a board-level risk discipline. This means embedding cyber risk into strategic planning, stress-testing incident response, and prioritising preparedness and recovery alongside prevention. For many mid-market tech firms, demonstrable cyber resilience is now a commercial differentiator rather than simply a defensive measure.

REGULATION, TRUST AND COMPETITIVE ADVANTAGE

Regulatory complexity continues to increase, particularly in areas such as AI governance, data protection and online safety. While compliance can feel burdensome for smaller businesses, it is also becoming a source of competitive advantage. Customers, partners and investors increasingly expect evidence-based compliance rather than assurances.

Recruitment technology illustrates this shift clearly. Platforms are evolving from basic applicant tracking systems into integrated operating models that structure data, reduce bias and enable defensible decision-making. Trust, transparency and governance are fast becoming differentiators in crowded markets, particularly for SMEs competing against better-funded peers.

TALENT AND TAXES

The 2025 Budget made a lot of headlines and many of them negative. However, there were also some positive changes affecting tech businesses which should hopefully encourage investment and incentivisation of key employees. Enterprise Investment Scheme (EIS) limits expanded, and Enterprise Management Incentives (EMI) schemes now offer more flexibility.

There was though a lot of less positive news for the sector, including reduction in Venture Capital Trust relief and Business Asset Disposal Relief rising to 18% as a knock to the entrepreneurs.

Talent shortages in AI, cybersecurity, cloud architecture and data analytics remain one of the most significant constraints on growth. Large enterprises continue to exert pressure on salaries, leaving SMEs to compete through culture, flexibility and long-term alignment. In response, many companies are broadening their approach: investing in upskilling, accessing international talent pools and placing greater emphasis on locking in their key individuals.

Long-term incentive plans, such as the EMI, as well as growth shares and phantom shares, are proving vital in keeping talent motivated, aligned, and committed. By linking reward to long-term performance, employees think and act like owners, fostering culture, operational excellence, and sustainable growth.

Strategic planning around tax efficient fundraising, improving working capital through accessing of tax incentives such as R&D credits and adoption of blended salary and share-based rewards packages is therefore critical.

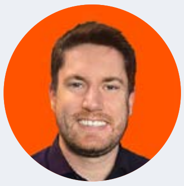
LOOKING AHEAD: EXECUTION OVER OPTIMISM

The UK technology sector in 2026 is not short of opportunity, but it is unforgiving of complacency. Innovation alone is no longer sufficient. The businesses that thrive will be those that combine ambition with governance, agility with resilience, and growth with operational discipline.

For founders, boards and investors alike, the message is clear: innovation alone is insufficient. Resilience, trust, and strategic execution define who thrives in 2026.

Good luck to you all!

AUTHOR: DAVE HAILEY, PARTNER & HEAD OF TECH & MEDIA, TC GROUP



Dave is a Partner and heads up our Tech & Media department at TC Group. He has extensive experience in supporting tech businesses, whether they're early-stage and pre-revenue or preparing to exit.

Dave has advised on large corporate transactions, including business sales, and has held the position of FD/NED for many of his clients.

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BUDGE UP: BRIGHT SPOTS IN THE BUDGET FOR TECH BUSINESSES

BY GRAHAM BOAR

There's been a lot of doom and gloom in the last couple of budgets, with the government scrabbling around for extra taxes to balance the books. However, tech start-ups buck that trend somewhat, as the tax announcements most relevant to the industry include some positives:

1. ENTERPRISE INVESTMENT SCHEME (EIS) – BIGGER ROUNDS, BROADER ELIGIBILITY

The government confirmed that EIS will continue beyond its previous sunset date, with reforms that significantly increase the scope for fundraising.

From April 2026:

Annual fundraising limit doubles:
- £5m → £10m for standard companies
- £10m → £20m for Knowledge Intensive Companies (KICs)

Lifetime limit doubles:
- £12m → £24m (standard)
- £20m → £40m (KICs)

Company size thresholds rise:
- Gross assets test lifted to £30m (was £15m) before share issue and £35m (was £16m) after.

Whilst we more often see companies ineligible because of the 7-year (standard) / 10-year (KIC) age limit than the size limit, these are welcome changes at a time when plenty of taxes are suffering at the hands of deliberate fiscal drag.

2. ENTERPRISE MANAGEMENT INCENTIVES (EMI) – MORE FLEXIBILITY FOR TALENT

EMI options have long been the go-to option for incentivising employees in cash-constrained start-ups. The Budget expands eligibility from April 2026:

Employee headcount limit doubles:

- 250 → 500

Gross assets threshold quadruples:

- £30m → £120m

Limit on value doubles:

- £3m - £6m

Option lifespan extended

- 10 years → 15 years

Again, this broadening of the eligibility criteria is a welcome amendment and sends a positive message to the sector about having the confidence to make plans that involve using these valuable reliefs.

3. VENTURE CAPITAL TRUSTS (VCTS) – RELIEF REDUCED

One less welcome change is the reduction of VCT income tax relief from 30% to 20% from April 2026. We sometimes see an overlap period where funding from VCTs and EIS investors is being considered, and it may well be that businesses look to stick with EIS a little longer whilst demand for VCTs cools. Whilst this is a negative change, our reflection is that we would prefer to have this cut than a cut involving the EIS regime.

4. CAPITAL GAINS TAX AND BUSINESS ASSET DISPOSAL RELIEF

The previous budget set a staggered increase in CGT rate for Business Asset Disposal Relief (BADR) from 10% to 18%, which takes full effect in April 2026. This follows the reduction of the lifetime limit a few years ago to £1m and means the maximum individual benefit from the regime is £60,000 in tax. This is a negative for founders, for whom this may be the principal tax relief enjoyed.

Whilst it also impacts those with EMI shares at an exit event, a capital gains receipt at that time still compares very well to income taxes for those persons.

5. SALARY SACRIFICE

The intended charging of national insurance on salary-sacrificed pension contributions from 2029 is bad news for employers and employees alike. We expect to see a rush to use up pension contribution allowances in the years before these changes take effect.

PRACTICAL STEPS

For those with existing EMI schemes it may be possible to extend existing 10-year limits to 15 years without triggering a tax event. This should be explored where it could benefit the engagement of existing holders as well as new ones.

For companies approaching the limits of EIS relief it is sensible to consider a final eligible round, the effect of the size extensions and/or whether KIC status is a realistic option to extend eligibility.

Founders should keep in mind the existing BADR 'dilution' rules, whereby a claim for relief can be made at the point when fundraising dilutes the founder below the 5% mark. As BADR is made steadily less valuable, using it at the earliest opportunity starts to look more attractive.

AUTHOR: GRAHAM BOAR, TAX PARTNER, TC GROUP

Graham's a seasoned Tax Partner and brings a unique blend of expertise and client-centric approach to our team. As a Fellow member of ICAEW and a full member of the Society of Trust and Estate Practitioners, he holds a distinguished position in the field.

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FOUNDERS LIVE CAMBRIDGE: A RECAP OF 2025'S THRIVING PITCH EVENTS

Founders Live Cambridge continued to be a dynamic platform for innovative entrepreneurs throughout 2025, showcasing early-stage businesses and creating invaluable connections.

Hosted by TC East, the three events held in Cambridge last year brought together talented founders and a diverse audience of investors, tech enthusiasts, and professionals.

As part of the global Founders Live network, these events connect Cambridge to a community spanning 140 cities in 50 countries. With a mission to empower entrepreneurs, Founders Live provides opportunities for startups to gain exposure, connect with investors, and engage with a vibrant, worldwide ecosystem.

HERE'S A RECAP FROM EACH OF THE EVENTS:

March 2025:

The first Founders Live Cambridge event of 2025 set an inspiring tone for the year. The fireside chat featured Dr Daniel Marco, Co-Founder of Virilitas Labs, who previously won the September 2024 Founders Live event. His journey, insights, and practical advice resonated strongly with the founders in the room.

PITCHERS:

- Paxmata
- Cellestial Health
- The Hustle Factory
- Opto
- Justify

Each founder delivered an engaging 99-second pitch, showcasing remarkable passion and dedication. After a close audience vote, Nataly Hastings, Co-Founder at Cellestial Health, was announced as the winner.

Cellestial Health is developing breakthrough therapies for neurodegenerative diseases by targeting astrocytic networks, offering a novel approach to slowing or halting disease progression.

June 2025: AgriTech Edition

This AgriTech-themed edition brought together innovators tackling some of the sector's biggest challenges. The fireside chat featured Belinda Clarke, Director of Agri-TechE, who shared her journey, insights into the fast-evolving AgriTech landscape, and valuable guidance for founders.

PITCHERS:

- Viridian Seeds
- HyveGeo
- Versatile RobotX
- EcoNomad Solutions
- Zayndu

The 99-second pitches were dynamic and impactful, and the audience voted Ilan Adler, CEO and Co-Founder of EcoNomad Solutions, as the winner.

EcoNomad Solutions is an award-winning agritech start-up developing small-scale waste-to-energy systems that help livestock smallholdings operate more sustainably and off-grid through affordable, easy-to-use proprietary technologies.

November 2025:

The final Founders Live Cambridge event of the year was a MedTech-focused edition, delivered in partnership with Medilink Midlands and filled with pioneering healthcare innovations.

The evening opened with a highly insightful fireside chat featuring Professor Dean Fathers from the Health Innovation Network. He reflected on his career in MedTech, shared key lessons, and offered practical advice for founders aiming to create meaningful impact in healthcare. You can read the full interview on page 14.

PITCHERS:

- Japeto
- NeuroPath Biosciences
- C-Prio
- Anthrotek
- Lyzeum
- Alz Care

Their pitches showcased cutting-edge solutions aimed at improving patient outcomes, advancing diagnostics, and transforming care delivery. Neil Wright, Managing Director at Alz Care, won the vote, recognised for his mission-driven approach and clear vision.

Alz Care is developing a Near Infrared Light therapy device in double-blinded clinical trials for Alzheimer's, with early research showing potential for concussion, mTBI and PTSD. The company is now seeking funding to advance trials and commercialise a device aimed at improving memory, recovery from brain injury, and quality of life for those affected by trauma.

A YEAR OF IMPACT, INNOVATION, AND COMMUNITY

2025 continued to strengthen the momentum of Founders Live Cambridge, bringing together early-stage founders, investors, industry leaders, and ecosystem supporters across three high-energy events. From AgriTech to MedTech and beyond, these events provided invaluable opportunities for founders to share ideas, gain insights, and grow their networks.

A special thank you to Mills & Reeve for hosting the events at their offices and for their continued support of the Cambridge founder community.

TC Group look forward to hosting more events in the future.

If you're interested in pitching, please scan the QR code or reach out to Dave Hailey.

Here's to another year of groundbreaking ideas and inspiring success stories.

FOUNDERS LIVE

A CONVERSATION WITH PROFESSOR DEAN FATHERS

CHAIR OF INNOVATION NETWORK

BY TC GROUP & PROFESSOR DEAN FATHERS

During our recent MedTech themed Founders Live event, TC Group had the pleasure of interviewing Professor Dean Fathers, Chair of the Health Innovation Network. He spoke about his career journey, reflected on the evolution of the UK MedTech landscape, and shared his perspective on the challenges and opportunities facing today's innovators.

To begin, could you give us a brief introduction to your background and journey across healthcare and life sciences?

I started my first business at eight, selling second-hand ties on an army garrison. Since then I've founded and exited a number of companies, chaired charities for more than three decades, founded research centres at three universities, and held NHS leadership roles since my mid-thirties. Today I chair a Health Innovation Network and sit on the board of the Academy for Healthcare Science.

If there's a theme that runs through it all, it's curiosity. I've always wanted to understand how things work, systems, organisations, people, and how to improve them.

You've been involved in multiple innovation networks across the NHS. What is the role of the Health Innovation Networks in accelerating MedTech adoption?

Health Innovation Networks (HINS) were created to answer a simple question: how do we get academic research into the NHS faster?

Fifteen years ago, it took around 15 years for 5% of research to reach mainstream adoption. We improved that to 50% within five years.

We're now two years into a new five-year licence with a bigger ambition:

- Stronger national coordination across all 15 HINs
- A single knowledge system so innovations don't get "lost" regionally
- International partnerships, recent work with Scandinavia, Bulgaria and others
- Integration with the Department of Health's Digital Innovation Passport, which will give companies a "badge" signalling they've passed regulatory, efficacy and economic tests and can be adopted across the NHS.

If your solution is proven, the aim is that it shouldn't sit unused. That's a major cultural shift.

Cross-sector collaboration is often cited as essential for innovation. How critical is it in MedTech?

It's absolutely fundamental. John Cleese once shared his five principles of creativity with me, and they've stuck with me ever since: put the right people together, give them space and time, make the environment enjoyable, and when you think you've reached the answer, push further. That last leap is where innovation truly happens.

True collaboration means drawing on other people's resources and expertise - intellectual, financial, social, human. No one organisation succeeds in isolation. Early in my career I worked with a Japanese automotive manufacturer that viewed its supply chain not as external vendors but as part of its family. That mindset shaped how I work today. Innovation requires that level of shared purpose.

How has the UK MedTech ecosystem evolved in recent years? What's improving, and what remains challenging?

The UK has become more fragmented, and that makes us less attractive to global companies. We have less than one percent of the world's population but used to hold six percent of the global health-tech market. That's now closer to three percent, and it's shrinking. Fragmented systems and variable collaboration have contributed to that decline.

But there's enormous potential. The UK is on the brink of being a global leader in AI-enabled MedTech. We're beginning to co-design services with citizens rather than designing for them. And we're starting to treat complaints and feedback as opportunities for innovation rather than irritations. The key challenge now is rebuilding trust, between organisations, between innovators and the system, and between the system and the public. Trust is what unlocks investment and adoption.

What do you see as the biggest challenge for MedTech innovators trying to scale in the UK?

The most common issue is that innovators fall in love with their technology too early. I mentor clinical entrepreneurs who have mortgaged their homes before they've even worked out whether the idea can scale or whether the business model makes sense.

Another big challenge is protecting intellectual property. People often share too much too soon when they try to test market appetite. And many misunderstand the NHS: it isn't a single market. It's hundreds of organisations, each with its own pressures and processes. If adopting your innovation requires replacing something expensive or politically sensitive, that's a major barrier.

Above all, innovators must understand their customer and their value proposition. Without that, scaling becomes guesswork, not strategy.

Where do you see the most exciting areas for MedTech right now?

Diagnostics continues to evolve quickly, and AI is transforming decision-making across the board. But the area I find most exciting is robotics.

Surgical robotics will deliver far greater precision. AI-powered diagnostic robots could see and interpret things more accurately than the human eye. And humanoid robotics could reshape social care and mental health by supporting people in their homes, spotting deterioration early, or even advising on lifestyle decisions.

It's a space that's moving fast, and it will be transformative.

If you could offer founders just one piece of guidance, what would it be?

Know who you're serving and know how your innovation will generate value. If you can't clearly see the route to commercial success, you probably don't have a solution that will sustain itself.

Remember that the NHS always weighs opportunity costs. Your technology doesn't just have to be good, it has to deliver clear, material benefit over whatever it replaces.

Are there recurring missteps you see early-stage MedTech companies make, particularly around clinical validation, regulation or engagement with the NHS?

Not seeking advice early enough. Innovators often try to do everything on their own, and it slows them down. Build advisory networks. Draw in people who've already crossed the chasm. Just be careful not to give away your intellectual property while doing it.

My earlier ventures struggled because I tried to carry the burden myself. The more successful ones came from surrounding myself with people who were better than me in specific areas. Momentum grows when you share it.

If you could change one thing about the UK MedTech innovation ecosystem, what would it be?

I'd change the investment models used by UK equity houses. They're simply not designed for life sciences. They work well for fast-food chains or pure software businesses, but MedTech requires patient capital and a different understanding of risk and time horizons.

Countries like the US, the Netherlands and Ireland have investment models that genuinely support this sector. Unless we adapt, we'll keep losing our brightest innovations overseas.

AUTHOR: PROFESSOR DEAN FATHERS, HEALTH INNOVATION NETWORK

Health Innovation
North East and North Cumbria

Dean has held numerous Commercial, Public and Academic roles across the health, care and life science sector.

As well as being Chair of the Health Innovation Network for the NHS North East and North Cumbria ICB region (and member of the National Health Innovation Network Committee), Dean is also Non-Executive Director of the Academy for Health Care Science (where he chairs the Academy's Life Science Steering Group) and the Independent Chair of Quality Safety and Risk at Voyage Care Group. With an extensive commercial career of over 30 years, co-founding organisations like Diagnostic Healthcare Limited, which he exited in 2020, Dean is still a serial investor, advisor or Non-Executive Board Director to organisations including ATMPS, Blüm Technology Group, CAL International, Cerina Health, Digital4Health, GreenKite, Klip Global and NSmart Solutions.

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INVESTOR READINESS IN LIFE SCIENCES: WHAT REALLY ATTRACTS CAPITAL

BY ZICKIE LIM

The UK life sciences sector continues to demonstrate remarkable resilience and growth, even in a challenging global investment environment. With the UK ranking as the third largest biotech cluster worldwide, investment in life sciences remains substantial. In 2024, £2.3 billion was invested in the sector, and early indications suggest 2025 will exceed that figure, driven by both established players and high-potential startups.

Yet, attracting capital in life sciences is far from straightforward. Unlike technology startups with shorter timelines, life sciences ventures often face lengthy development cycles, rigorous regulatory hurdles, and high capital intensity. From preclinical studies to clinical trials and eventual commercialisation, the journey can span a decade or more, making investor readiness a critical factor for success.

UNDERSTANDING INVESTOR READINESS

Investor readiness in life sciences involves preparing a venture to a stage where equity investors are confident in its potential. There are seven key pillars that define whether a life sciences venture is prepared to attract investment:

1. **Scientific Validation** – At the heart of any life sciences investment is the technology or product. Investors seek robust preclinical and clinical data demonstrating that the concept is viable, scalable, and differentiated from existing solutions. Establishing a credible scientific advisory board or leveraging well-respected scientific founders can further strengthen confidence.

2. **Regulatory Strategy** – Clear pathways to regulatory approval are vital. Whether pursuing US FDA approval, European Medicines Agency (EMA) validation, or UK MHRA clearance, understanding timelines, costs, and market entry strategy is crucial. Investors want assurance that regulatory challenges are anticipated and strategically addressed.

3. **Market Opportunity** – A thorough understanding of market potential is essential. Investors expect companies to articulate the Total Addressable Market (TAM), Serviceable Addressable Market (SAM), and realistic market capture (SOM). Equally important is clarity on reimbursement pathways, pricing strategies, and potential regulatory or policy changes that could affect adoption.

4. **Business Model and Commercial Strategy** – A compelling business model demonstrates how the product or technology will generate revenue. This includes a clear path to market access, early traction signals, partnerships, and a roadmap for scaling the business.

5. **Team and Execution Capability** – Life sciences ventures often originate from highly academic or scientific teams. Investors look for a balanced leadership structure with both scientific expertise and commercial acumen. Demonstrating a track record of execution and fundraising experience enhances credibility.

6. **Capital Strategy** – Understanding the funding journey is critical. This includes identifying key milestones, mapping capital requirements, and planning fundraising rounds with realistic valuations and timelines. An informed syndicate strategy, including understanding the mix of investors and their compatibility, is equally important.

7. **Legal Preparedness** – Founders must ensure share structures, intellectual property, contracts, and governance documents are in order. Protecting IP, securing key employees and consultants, and having robust corporate governance reduces risk and ensures smooth fundraising.

WHAT INVESTORS LOOK FOR

Investors seek clarity, scalability, and strong narratives. They want to understand the problem being solved, the solution proposed, de-risking strategies, and the path to commercial impact. Scalable ventures with high-quality teams and a clear exit strategy—whether acquisition or IPO—are more likely to attract funding. Early traction, validation, and partnerships further strengthen the investment case.

COMMON PITFALLS

Despite these guidelines, founders often stumble by overemphasising science at the expense of commercial strategy, underestimating timelines and budgets, neglecting investor research, or relying on inexperienced advisors. Effective preparation across the seven pillars can prevent these missteps and significantly improve fundraising outcomes.

LOOK AHEAD

In life sciences, investment readiness is not just about having a promising technology; it is about preparing a venture comprehensively for the scrutiny and expectations of investors. By focusing on scientific validation, regulatory strategy, market opportunity, commercial model, team capability, capital strategy, and legal readiness, founders can enhance their chances of securing the capital necessary to bring transformative solutions to market. Ultimately, success requires thinking like an investor: anticipating risks, demonstrating potential, and articulating a compelling story of impact and growth.

AUTHOR: ZICKIE LIM, PARTNER, HEAD OF VC & INVESTMENTS, MILLS & REEVE LLP

MILLS & REEVE
Achieve more. Together.

Zickie heads up our venture capital and investments team. Her clients range from institutional fund managers, investment funds, business angels and angel groups, corporates and family office funds to those seeking such funding, namely entrepreneurs, start ups and spin outs and scale ups. Zickie is passionate about working with entrepreneurial technology and life sciences businesses with disruptive technology and business models.

Sources praise Zickie Lim's "deep sector knowledge, thorough understanding of specific limitations and ability to move mountains at late notice".

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UK TECH FUNDRAISING IN 2025

BY DOUGLAS LAWSON

Some mega raises in the fourth quarter made 2025 a successful year for UK tech sector fundraising. Our data and research suggest that £15.2 billion was secured during the year across 5,668 transactions. This represents a fall in deal volumes but an impressive increase in equity raised versus 2024, when £12.5 billion of new money was invested across 6,264 transactions. The recipients in both years were overwhelmingly tech or tech-enabled businesses.

Whilst the 2025 result indicates a healthy ecosystem, the performance remains well below the heady days of 2021 when total new money raised by UK private companies was £20.1 billion. But to compare the current year to this period is misleading. The COVID years saw an extraordinary boom in capital flows into tech opportunities. This turned out to be cyclical, rather than structural, and the current environment is more like a return to normal than a bear market in venture capital investment.

When using gross new money raised as a barometer of a healthy funding environment, caution should be exercised. The dial will always be moved by the number of 'mega deals' which complete in any given period. We define these as fundraisings of over £100 million into private companies. We reported 12 mega deals in 2025. Some of the largest raises in the year-to-date include AI infrastructure provider, Nscale, which raised £818 million in the largest Series B round in European history; battery storage developer, Field (formerly Virmati Energy), which secured £200 million; electric bus charging supplier, Zenobe Energy, which completed a £126 million deal, as part of a larger debt and equity package; and recruitment marketplace, Job and Talent, which was funded with £104 million of new money.

Common themes amongst funded companies include the use of the words 'artificial intelligence' in descriptions or even trading names, and the preponderance of down rounds, especially amongst the cohort that have returned for capital after last raising at elevated valuations in 2021. In 2024 we also recorded 12 mega deals, including self-driving tech startup Wayve, which raised an impressive $1 billion from Softbank at a valuation of $8 billion, enough for entry into the FTSE100 if it were a public company. Other notable deals involved clean energy provider Octopus Energy and Monzo, the digital bank.

Looking at transaction volumes, it appears that it is the earliest stages where activity was most impacted. Our data suggests Pre-Seed stage raises, which we define as investments of under £1 million, are down 10% year-on-year. The declines in Seed (£1-3 million round sizes), Series A (£3-10 million) and Series B+ (£10-100 million) investment were all in the single digit percentages.

One thing that doesn't change is the dominance of London and the South East in venture-land. In a typical year, about two-third of total equity deployed into start-ups and scale ups across the stages will end up in the bank accounts of businesses in this region. This is disproportionate to the number of new businesses created – less than half of company formations since 2020 originated in London and the South East.

The lopsided allocation of capital is as much down to the source of the capital as anything else. Whilst the angel investor ecosystem might be healthy in the regions, with a few exceptions, venture capital firms congregate in London.

This is more a function of where the capital lives than anything else. Excluding crowdfunding platforms and Government-backed investors, six of the top ten investors (by volume) in 2025 are based in London. A further three have networks of regional offices, but this includes a London presence. There is no doubt that there is a preference for capital to stay in the capital. The supply versus demand imbalance this creates drives higher pricing in the South East versus other regions, something that some investors, such as the newly-formed PXN Group, seek to use to their advantage by investing at lower pre-money valuations.

If raising multiple rounds of equity at increasing valuations is a measure of progress, the real measure of success or failure comes at exit. This is where we move from evidence-backed data to conjecture. We can now look back on the 2021/22 period as a boom for the recipients of venture capital. The funds were plentiful and, supported by a mania for tech companies in what was predicted to be a new 'stay at home' world and near-zero interest rates, valuations skyrocketed. The issue now is how to demonstrate profitable exits in an environment where buyers are paying attention to the fundamentals. If valuations of Covid-vintage investments are under-water, there may be strong resistance to crystalise losses.

Investors want to raise new funds on the back of strong performance, not portfolio company impairments; founders don't want their proceeds compromised by higher-ranking instruments eating into their equity value; and management don't want to see their options being valued out-of-the-money. Where this reality is not accepted, the availability of new funding may be limited by a dearth of exits.

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Doug Lawson co-founded MarktoMarket in 2017. MarktoMarket is the gold standard provider of data on SMEs and its platform is used by hundreds of corporate advisory, accountancy, legal, private equity and venture capital firms. Prior to MarktoMarket he spent his career in fund management after qualifying as a Chartered Accountant with EY and working in corporate finance.

He co-founded Amati Global Investors, a smaller company specialist fund manager with over £1 billion of assets under management, exiting when a 49% stake was acquired by Mattioli Woods plc in 2017.

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R&D IN THE TECH INDUSTRY

BY JOSHUA STACEY

The technology sector is one of the most dynamic and fast-evolving industries, driven by constant innovation and the need to stay ahead of competitors. From artificial intelligence to cybersecurity, businesses are investing heavily in projects that push the boundaries of what is technically possible. While many organisations may have explored the opportunity to reclaim a portion of these costs through the UK's Research & Development (R&D) tax relief scheme in the past, given the rise of more unscrupulous R&D advisors, there is also a good chance that these same companies may have encountered pushback from HMRC. This has led to a significant amount of uncertainty and distrust in the scheme as a whole.

Qualifying R&D activities in tech often arise when companies seek to resolve scientific or technological uncertainties, situations where the solution is not readily available or easily deduced by a competent professional. These uncertainties typically occur in areas such as software development, where businesses create novel platforms, develop new algorithms, or integrate systems in ways that go beyond standard practice. Artificial intelligence and machine learning projects are other areas which can qualify when they involve designing models that improve predictive accuracy or efficiency, where existing frameworks cannot deliver the required performance. Similarly, cybersecurity initiatives that develop advanced threat detection systems or encryption methods to overcome limitations of current technologies often meet HMRC's criteria. Other examples include cloud and infrastructure engineering projects that build scalable architectures or appreciably improve performance under unprecedented constraints, as well as emerging technologies such as quantum computing, blockchain and edge computing, which inherently involve tackling unknowns.

While the scope for qualifying activity is broad, HMRC applies strict criteria to ensure claims are legitimate. Activities that merely optimise existing systems or apply well-established techniques are unlikely to qualify. HMRC expects evidence of technological uncertainty and a systematic process of investigation, including experimentation, testing and iteration to overcome these uncertainties. Recent HMRC updates have increased scrutiny on claims, particularly in software development, where routine coding or configuration changes are often misclassified as R&D. Companies must demonstrate that their work involved genuine advancement, not just commercial adaptation.

Accepted R&D claims can significantly reduce tax liabilities or generate cash credits, providing vital funding for innovation. For tech businesses, this relief can enable projects that might otherwise be financially unfeasible, supporting growth and competitiveness in a rapidly changing market. However, incorrect or poorly substantiated claims risk rejection and potential penalties. A compliance-first approach, ensuring reports align with HMRC's legislative definitions, is essential. At TC Group, we specialise in crafting robust, defensible claims that minimise risk and maximise acceptance.

From AI-driven analytics to next-generation cybersecurity, the tech industry is rich with opportunities for qualifying R&D. If your organisation is undertaking projects that push technological boundaries, expert guidance can help you unlock the full benefit of R&D tax relief. Contact TC Group to learn how we can support your claims and keep your innovation strategy compliant and future-ready.

AUTHOR: JOSHUA STACEY, SENIOR TECHNICAL ANALYST, TC GROUP

Joshua is a seasoned Senior Technical Analyst and Systems Engineering Graduate with extensive experience delivering successful R&D tax relief claims across a broad range of industries. Joshua specialises in translating complex technical activity into clear, compliant R&D narratives while collaborating closely with teams in engineering, manufacturing, software and scientific fields.

Joshua's background also includes involvement in HMRC compliance checks, guiding clients through detailed enquiries and ensuring claims consistently meet stringent technical and legislative standards. Joshua is known for his analytical mindset, structured approach and excels at identifying qualifying innovation, mitigating risk and securing valuable tax benefits for businesses of all sizes.

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VIDEO GAMES EXPENDITURE CREDIT (VGEC):
TAX RELIEF FOR GAME DEVELOPMENT

BY KATHRYN HILL

A couple of years ago, the UK introduced the Video Games Expenditure Credit (VGEC) as the new tax relief for video game development. This relief replaces its predecessor, Video Games Tax Relief (VGTR), whereby for all new developments since April 2025 VGEC now forms the central government incentive supporting the UK's thriving games and interactive entertainment sector.

At its core, VGEC is an above-the-line expenditure credit—operating similarly to the Research and Development Expenditure Credit (RDEC) used in the wider innovation landscape. The credit is calculated as a percentage of qualifying "core expenditure", covering activities such as design, coding, animation, asset creation, and quality assurance. VGEC does though carry a heavy UK expenditure requirement, whereby;

- At least 10% of the "core expenditure" (broadly design, production and testing of a video game) must be incurred and consumed within the UK, and
- Total qualifying spend is then capped at the lower of 80% of the project's total core expenditure and the amount of UK core expenditure.

To access the credit, a company must be the Video Games Development Company (VGDC)—the entity responsible for designing, producing, testing and delivering the final game. The game must be intended for commercial release and must pass the British Film Institute (BFI) cultural test, ensuring it contributes creatively, culturally, or economically to the UK. This test remains broadly consistent with the previous VGTR rules.

VGEC offers a headline credit rate of 34%, which appears as income "above the line" in the profit and loss account. The credit is taxable, giving a typical net benefit of around 25.5% (assuming a corporation tax rate of 25%) of qualifying expenditure. That is relatively similar to the effective rate of credit afforded by VGTR at 25%. This structure may though be commercially preferable because it directly boosts EBITDA, improving visibility of project economics and supporting investment decisions.

Where a project is loss-making, the credit can be paid out in cash by HMRC, providing an important source of non-dilutive funding for early-stage and scale-up studios. Costs that do not qualify include marketing, distribution, user acquisition, hardware, hosting and ongoing live-ops work beyond the initial launch.

VGEC sits in a broader ecosystem of UK innovation incentives. Many companies in the gaming and interactive tech space continue to access R&D tax relief alongside VGEC, provided the same expenditure is not claimed twice. Together, these incentives make the UK one of the most competitive jurisdictions globally for games development.

For tech and gaming companies embarking on new productions, VGEC now represents the primary mechanism for securing tax-efficient support—modernising the incentive framework and strengthening the UK's position as a world leader in creative technologies.

Important to note for 2026, however, that there remains a choice for any developments which commenced prior to April 2025 as to whether to adopt VGEC or still apply VGTR rules as transitional rules remain in effect for those developments up to April 2027 and it could prove advantageous to make use of VGTR until its ultimate expiration date.

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With over 20 years' experience, she's worked in both practice and industry dealing with various areas of taxation throughout her career.

Kat places great importance on understanding her clients' businesses to establish what's important to them and also how the variety of tax reliefs on offer could benefit them. She believes that to prepare clients for potential changes in tax legislation, it's crucial to be one step ahead of HMRC's continual revisions.

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BUSINESS STRATEGIES THAT SUPPORT LONG TERM STAFF RETENTION

BY ALISON PRICE

Retention is a topic that everyone in the tech sector talks about, but when you strip it back, it is not really about salary or surface level benefits. It is about something far more fundamental: engagement, ownership and belonging.

People stay when they feel genuinely invested in the company's success. One of the most effective ways to achieve this, particularly in tech businesses where growth and competition move quickly, is to give your key people a stake in the future value they are helping to create.

For many tech companies, the answer lies in long term incentive plans, known as LTIPs. These reward employees not with a one-off bonus, but with value directly linked to long term company performance. The impact can be profound. Teams begin to think like owners. They start asking the right questions, caring about margins, focusing on client retention, improving product development and behaving in ways that naturally support sustainable growth.

From early-stage startups to established tech businesses preparing for funding rounds or planning an exit, LTIPs have become one of the most effective tools available for keeping the talent you have worked so hard to attract.

WHY LTIPS ARE PARTICULARLY POWERFUL IN TECH

Tech businesses operate in high pressure, fast evolving environments. Products change, investment cycles bring ambitious targets, and teams are expected to scale quickly. Stability depends on people who are motivated not just by their role today, but by the future they are actively helping to build.

Long term incentives support exactly this mindset. When employees know that their personal reward is tied to business performance over several years, they start to think strategically. They make decisions with a longer horizon in mind, prioritising product quality, customer relationships, operational efficiency and commercial outcomes. They also value collaboration more, understanding that shared success leads to shared reward.

Tech businesses that implement LTIPs often see clear improvements in behaviour and culture. Teams communicate with a stronger commercial focus, senior employees remain committed through demanding development cycles, and organisations experience deeper loyalty across their workforce.

CHOOSING THE RIGHT LTIP FOR A TECH BUSINESS

Every tech business is different, and the most suitable incentive structure depends on the stage of growth, the ownership model and the long-term plan for the company, whether that is attracting investment, building towards an exit, or supporting steady expansion. The three most commonly used LTIP structures in the tech sector are Enterprise Management Incentives, Growth Shares and Phantom Shares.

ENTERPRISE MANAGEMENT INCENTIVES (EMI)

Best suited to early stage and scaling tech businesses.

EMI is the most widely used LTIP for small and medium sized tech companies. It helps growing businesses retain and motivate key people at a time when cash may be needed for development, hiring or product investment.

Key advantages

- No tax or National Insurance when options are granted or exercised (*)
- Gains taxed as capital rather than income
- Options can be linked to time based or performance-based conditions
- Particularly attractive to engineers, developers and technical specialists
- Strong alignment with future value creation

(* Subject to the agreed grant date market value being paid at exercise)

Eligibility basics

- The business must carry on a qualifying trade
- Fewer than 250 employees (extending to 500 in April 26)
- Gross assets under £30m (extending to £120m in April 26)
- Employees must meet minimum working hour requirements
- Each employee can hold up to £250k pounds of EMI options
- Options must be exercised within 15 years (extended from 10 years) of grant date

The government acknowledged the importance of EMI schemes during the 2025 Budget, as they increased limits as referenced above, effective for EMI schemes where contracts are entered into from 6 April 2026 onwards, to allow more businesses to qualify and for longer.

GROWTH SHARES

Ideal for larger tech businesses or where EMI is not available.

Growth shares give employees real equity, but only in value created above an agreed hurdle. This makes them particularly effective for companies moving into later stages of growth.

Well suited to

- Later stage scale ups
- Venture backed companies with complex cap tables
- Pre revenue deep tech or hardware businesses
- Organisations preparing for future investment rounds

Why growth shares work

- Employees benefit only from future value, reducing founder dilution
- Focuses the whole team on growth from the point the shares are issued
- A flexible alternative for companies that do not qualify for EMI

PHANTOM SHARES

Ideal for founders who want to reward growth without issuing equity.

Phantom shares mimic the financial benefits of equity without issuing actual shares. Employees receive a cash payment based on the future value of the business.

Commonly chosen by companies that

- Want to maintain a tight ownership structure
- Face investor or intellectual property constraints on share issuance
- Are preparing for a sale and want a clean and simple incentive model
- Prefer not to dilute existing shareholders

Points to consider

- Payments are taxed as income rather than capital
- Simple to administer and highly flexible
- Particularly effective for businesses nearing a sale or liquidity event

BUILDING A CULTURE OF LONG-TERM COMMITMENT

LTIPs do more than reward financial success. They shape behaviour, reinforce accountability and strengthen team cohesion. In tech businesses where innovation, expertise and rapid problem solving are crucial, retaining the people who carry that knowledge is essential.

When implemented well, LTIPs reshape how employees view the business. Their work becomes part of a shared mission, not just a job. In a sector defined by fast change and intense competition, long term incentives offer what tech companies need most: a committed, motivated team focused on building future value.

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RED ALERT: CYBER SECURITY. A STRATEGIC IMPERATIVE FOR UK BOARDS IN 2026

BY DAVID KEELING

Cyber threats are accelerating faster than most UK leadership teams can track. Attacks are more frequent, more targeted and increasingly capable. Microsoft reports that 57 percent of companies saw an increase in security incidents driven by AI, clear evidence of how rapidly the landscape is shifting.

In 2025, the UK became the second most targeted country for cybercrime worldwide. High-profile attacks on Marks & Spencer, Harrods, Jaguar Land Rover and the NHS made the headlines, but hundreds of smaller organisations faced the same pressure without national attention or the budgets to recover easily.

THE NEW REALITY: A STORY PLAYING OUT IN EVERY SECTOR

The National Cyber Security Centre handled 429 significant incidents last year, a 50 percent rise. Of these, 204 were nationally significant, affecting councils, hospitals and critical infrastructure. Financial impact is severe: some breaches approached £30 billion in remediation costs. Average incidents now total £190,000 for SMEs, while enterprise breaches often exceed £300 million.

These figures translate directly into downtime, lost trust and crisis-level pressure on leadership. Cyber risk is now a core business issue, not an IT problem.

AI IS REWRITING THE RULES OF ENGAGEMENT

AI is driving productivity, but it is equally transforming cyber crime. Microsoft expects 1.3 billion AI agents to be in use by 2028, reshaping digital behaviour across industries.

Attackers are using AI to scale and refine their techniques. DeepStrike found that AI-driven phishing attacks have increased more than 4,000 percent since 2022. These messages easily bypass filters and trick even trained staff. Targeted phishing reached a 54 percent click-through rate in 2025, contributing to a 50 percent rise in criminal profitability. Worryingly, 57% of organisations have experienced an increase in security incidents related to AI.

Attackers are highly organised. They gather publicly available data, mimic internal communication styles and automate outreach across thousands of targets. As organisations digitise, their attack surface expands. Microsoft now tracks 1,500+ threat groups, including 600 linked to nation-state activity.

HASHJACK: THE THREAT MANY BOARDS HAVE NOT PREPARED FOR

Among emerging risks, HashJack stands out. This sophisticated technique embeds hidden commands into trusted websites. When AI-powered assistants interpret those pages, they can be manipulated into leaking sensitive data or carrying out unauthorised actions.

It is subtle, difficult to detect and highly effective. As organisations introduce more AI agents into their workflows, this attack vector will grow. Boards must integrate AI governance into their core risk strategy.

LESSONS FROM 2025: LEADERSHIP SHAPES RESILIENCE

- Supply chain risk is a major weak point. Only 14 percent of UK organisations assess supplier cyber risk, even though attackers increasingly exploit partners and vendors.
- Human behaviour remains the most common entry point. The NCSC took down 1.2 million phishing campaigns, yet many still reached employee inboxes.
- Preparedness matters more than prevention. Organisations with rehearsed incident response plans recovered faster and experienced less disruption.
- Structured controls work. Companies with Cyber Essentials saw 92 percent fewer insurance claims, demonstrating the value of adopting proven frameworks.

WHAT BOARDS NEED TO PRIORITISE IN 2026

Looking ahead, several priorities demand board focus.

- Secure AI, set policies, train teams, monitor use, protect data, enforce compliance.
- Strengthen ransomware response and recovery planning
- Increase due diligence on suppliers and partners
- Ensure cloud environments are configured correctly
- Standardise controls for hybrid and remote workforces
- Prepare for stricter UK and EU regulation
- Invest in training and cyber hygiene as a cultural norm

Cyber security is now a strategic discipline. It belongs in forward planning, investment decisions and leadership accountability frameworks.

THE BOARD'S ROLE: OWNERSHIP, VISION AND CULTURE

Boards set the direction for organisational resilience. Directors must challenge their assumptions, review their risk appetite and ensure the business has both the technology and the expertise required to stay protected. Response plans need regular testing. Supplier risk must be continuously monitored. Staff need training that reflects modern threats, not outdated content.

The most resilient organisations are those where cyber security informs business planning rather than reacting to it.

FINAL WORD: ACT WITH INTENT

The threat landscape is accelerating. Cyber security belongs at the top of every board agenda. Protect your people, protect your operations and protect the future of your organisation.

How Intercity Helps UK Organisations Stay Ahead

Intercity partners with organisations to strengthen resilience and prepare for the inevitable. Our board-level consulting gives leaders plain-speaking, practical guidance that cuts through complexity and supports confident decision-making.

AUTHOR: DAVID KEELING, MANAGING DIRECTOR, INTERCITY

intercity

David Keeling is an experienced leader with a long career in the technology sector. Over the years, he's held senior roles at companies like Logica, Acision, Bango, and Anatwine, building a strong track record of driving growth and innovation. In 2018, he took on the role of CEO at Centrality, a UK-based Microsoft Solutions Partner known for providing outstanding technical expertise and customer service.

Under his leadership, Centrality went from strength to strength, becoming one of the most accredited Microsoft Service Partners in the UK. In April 2024, Centrality was acquired by Intercity, marking an exciting new chapter. Following the acquisition, David joined Intercity's board as Managing Director of a new division, bringing Centrality's expertise in Microsoft solutions into the wider Intercity group.

David is passionate about technology and how it can empower businesses to achieve more. He's also a firm believer in nurturing talent and fostering a strong team culture, ensuring people are at the heart of the success story.

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OUTLOOK ON THE RECTECH SCENE

FROM HIRING TOOLS TO TRUST INFRASTRUCTURE

BY KALPESH BAXI

THE RECTECH MARKET HAS REACHED A CLEAR INFLECTION POINT.

What began as a collection of tools designed to digitise recruitment workflows – most notably the ATS, has evolved into core infrastructure for how organisations recruit, manage risk and maintain trust at scale. While RecTech originally sat firmly within recruitment agencies, its scope has expanded significantly. In-house talent teams now face many of the same pressures: increasing application volumes of generic CVs, rising expectations from hiring managers and candidates, increasing regulation, and the growing influence of AI on decision-making.

RecTech is no longer judged on features alone. It is increasingly judged on whether it enables credible, defensible hiring in a noisy, AI-heavy market.

2025 BACKDROP: WHAT M&A SIGNALLED TO OPERATORS

For operators inside RecTech businesses, 2025 was a telling year.

Following the valuation corrections of 2023–24, M&A activity returned with far greater discipline. Buyers were not acquiring for scale or AI credentials alone. Instead, they focused on capability gaps, operational leverage and integration fit.

Large platform owners such as Bullhorn, Access Group, SAP and Workday were active in strengthening their ecosystems, using acquisition to accelerate capability rather than rebuild core platforms. The emphasis was on shortening time-to-market and reducing execution risk.

The most attractive RecTech businesses were those that could be embedded naturally into existing workflows and tech stacks. Automation that removed genuine recruiter effort, screening and assessment tools that helped restore signal in the face of AI-written CVs, and workflow orchestration that improved speed without increasing risk all featured strongly.

For operators, the signal from 2025 was clear: buyers were paying for usefulness, reliability and trust-readiness, not novelty.

That context shapes the outlook for 2026.

AI AND AUTOMATION: EMBEDDED, BUT UNEVENLY APPLIED

AI is now firmly embedded in recruitment vocabulary. New and incumbent platforms alike position it as a differentiator across sourcing, screening, matching and automation.

In practice, the most effective uses of AI are understated. They sit inside processes, quietly removing repetitive work, smoothing bottlenecks and improving consistency. Where AI is delivering value, it allows recruiters to spend more time on judgement, stakeholder management and candidate engagement.

Where organisations struggle is not access to AI, but integration and design. Legacy systems, fragmented tech stacks and poor data foundations limit the impact of even the most capable tools. AI does not fix broken process – it often amplifies it.

As the market matures, buyers are becoming less interested in AI claims and more focused on measurable operational outcomes.

SCREENING, VETTING AND THE DECLINE OF THE CV SIGNAL

One of the most material shifts in recruitment has been the challenge of the CV as a reliable signal.

Candidates now routinely use generative AI to write, optimise and submit applications at scale. The result is higher volume but lower signal clarity. CVs are increasingly polished, increasingly similar, and sometimes factually incorrect.

Across agencies and in-house teams, hiring decisions are gradually shifting away from CV-led filtering toward more reliable signals such as skills, assessments and structured evaluation. CVs remain an important part of the process, but they are no longer the primary source of trust.

This is accelerating the move toward skills-based hiring becoming more mainstream. As this continues, systems will need to be capable of capturing, structuring and interpreting skills data, supported by clear ontologies that allow meaningful cross-referencing across roles, candidates and talent pools.

VOLUME MANAGEMENT: DESIGNING FOR SCALE, NOT SIMPLICITY

Application volumes are not just increasing; they are becoming increasingly generic.

One-click apply, remote work and AI-assisted job search have normalised high volumes of low-differentiation CVs. For teams reliant on manual screening, this creates significant operational drag.

For agencies, this affects margin and delivery quality. For in-house teams, it undermines hiring manager confidence and candidate experience.

Automation has therefore evolved from a speed play into a resilience strategy. The most valuable RecTech is not simply fast, but scalable, able to process volume efficiently while maintaining fairness, consistency and auditability.

REGULATION: "SHOW ME" IS THE NEW BASELINE

Alongside operational pressure sits a tightening regulatory environment.

The EU AI Act, alongside emerging US frameworks such as New York's AI Action and the California AI Act, is changing expectations around AI in hiring. Organisations must now be able to evidence how AI is used in screening and decision-making, not simply state that it is.

This places real pressure on legacy systems. Many were never designed for explainability, audit trails or AI governance. As a result, compliance is no longer a back-office concern; it is a strategic differentiator.

Trust is no longer assumed. It must be demonstrated.

FOCUS AREAS FOR 2026

Looking ahead, several themes will define RecTech in 2026:

- Higher standards, as point solutions proliferate but buyers apply sharper filters.
- Continued consolidation, including strategic and distressed acquisitions.
- Operational leverage over novelty, with AI judged on outcomes, not claims.
- Skills-based hiring becoming more mainstream, requiring systems with robust ontologies to structure and cross-reference skills data.
- Compliance by design, not retrofit.
- Trust as a differentiator, particularly for platforms positioning themselves as AI-driven.

For RecTech operators, the questions to focus on are increasingly clear:

- Where do you add real value?
- How do you materially improve cost, time or quality?
- Do you understand your direct and indirect competitors?
- Which recruiter edge cases can be turned into meaningful features?
- And if you position as an AI product – how do you earn trust?

OPPORTUNITY: FROM THE ATS "SYSTEM OF RECORD" TO THE RECOS

RecTech will continue to evolve from being the place where vacancies and candidates are stored to becoming the Recruitment Operating System (RecOS) that underpins how hiring actually functions.

That means orchestrating workflows, integrating data, embedding governance and supporting decision-making across the full recruitment lifecycle – not simply recording activity after the fact.

AI brings significant opportunity, but also material risk. Regulation will act as a guiding force rather than a constraint. The organisations that succeed will be those that enable trustworthy efficiency: hiring that is fast, fair, defensible and human.

The future of RecTech is not about replacing recruiters.

It is about equipping them to operate credibly, compliantly and competitively in a far noisier market.

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INTERNATIONAL EXPANSION

THE FUNDAMENTALS AND PITFALLS

BY RICHARD SERGEANT

The decision about when to move out of the comfort zone of dealing purely within a domestic market is often driven by a number of key factors and can have very different outcomes and impacts on the business as a whole.

When entering into a new territory you are walking into an environment where the regulatory, tax, compliance and cultural differences can be quite different to your own - and making mistakes can be costly.

Fundamentally though international expansion takes on a number of distinct guises, some of which could include:

A new operational base: In other words looking to set up a permanent establishment to either conduct sales, develop products, or perhaps distribute goods.

Developing new sales and supplier relationships: So, looking to trade or sell goods and services to new customers in other markets directly, or to source materials and goods that you need, or even create partnerships for sales distribution.

Both provide different advantages and pitfalls to consider carefully, and it's best not to do this in isolation of your existing operation.

SOME OF THE KEY AREAS TO CONSIDER ARE:

Assessing the opportunity fully: Which location would suit you best and why? Is it to be nearer your customers, strategically interesting to access wider markets, or puts you closer to your suppliers?

What kind of business entity do you need? Exploring the advantages of different types of business structure should help you increase tax efficiency and make sure the compliance demands are proportionate to your activity. Examples of the sorts of underlying considerations in this respect are;

- Whether to create a standalone entity within the overseas jurisdiction or to trade as an overseas branch of an existing UK entity, and
- If a separately legal entity is to be incorporated overseas, is that as a subsidiary of the existing UK entity or under alternative ownership? Plans as to funding, particularly if looking at external investment, can have a big impact in this respect

How much will it cost? A full budget analysis should be undertaken covering set up, initial execution, short term and long costs. International expansion doesn't have to be significant investment, but thinking it through may open up the opportunity to seek investment and take advantage of any government backed incentives.

Ensuring you get the right advice should be an essential part of your initial thinking to ensure you are set up for success from the very start. Working with your globally connected accountant will help minimise the risks, leave you in a position to make well informed decisions, and ensure that you are continually supported over the long term.

The most important aspect however is having the enthusiasm and drive to make it work, and having a great team around you at all times.

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UNDILUTED FOCUS AND INTESTINAL FORTITUDE...

BY NICKY DIBBEN

The last year has been The Year of Noise. Social media noise. AI noise. Global turmoil noise.

We think that we need to shout louder to compete, and that the answer is spreading ourselves more thinly and trying to do all the things, all the time, for all the people, using all the platforms, with all the partners. But it's not.

The answer, somewhat paradoxically, is to do less.

So what do we need to do to get the customers and/or investment our business needs?

This begins with focus, which can only be achieved through clarity.

Which requires taking a long hard look at your business. Who should you be serving? What exactly should you be providing and what is your business model? What vertical markets are really contributing? Are you being distracted by services and being pulled every which way by customers when really you want to be a product business? Can you properly differentiate yourself in a way that is meaningful to customers? And most importantly, what is your business trying to achieve over the next year? And for the love of all things marketing please don't answer "more leads": this is merely an input on the way to your real goals.

This focusing needs to be ruthless, and involves making decisions! For instance, when I joined a global telecoms equipment company as VP Marketing they'd been selling into more than 150 countries.

The first thing my VP Sales and I did was prioritise, and for the next year only nine countries got any headspace, and budget; the rest were kept in a 'holding pattern'. The result? We doubled sales in a year.

Additional examples of this decision making.

1. Getting really specific on your vertical markets: you can't serve them all.
2. Choosing your social media: this will depend upon where your clients 'hang out'. You absolutely do not need to be active on a multitude of platforms. Pick one or two max.
3. Getting clearer on your messaging: it has to be specific enough that your customers recognise themselves and their problems, and this is tied into deciding what customers you're going to focus on. Generic won't do it.

Following this undiluted focus comes the 'intestinal fortitude' part.

This is simple yet difficult, and requires just a few steps.

4. Pick the period of time you're focusing on.
5. Be really clear about and what's in scope for that period.
6. Say no to everything that isn't clearly inside the agreed priorities and scope of focus.

In my nine countries example, the sales team would quite often ask for budget for activities outside those: the answer was always no, because anything else would just be the thin edge of the spec creep wedge!

And this is where the fortitude part comes in. Saying no seems scary and risky, but part of being successful, whether it's getting initial traction, more customers, or interest from investors, is to demonstrate that not only are you focused, but you have the ability to deliver on that focus!

So instead of noise and busyness, with focus and fortitude, comes your progress and business!

AUTHOR: NICKY DIBBEN, INVENTION MARKETING

INVENTION MARKETING

Deeptech and high-tech businesses choose Nicky to help them develop and execute on best practice commercialisation and marketing strategies. From spinouts or start ups just beginning to commercialise their technology, to established companies seeking new product or market opportunities, Nicky focuses on translating innovation into commercial success. Nicky established Invention Marketing 25 years ago, and brings her own 360° Marketing framework to help businesses make sense of marketing. As well as her consultancy practice, Nicky is a mentor on several acceleration programmes.

Email: ***nicky@invention-marketing.co.uk***
Web: ***www.invention-marketing.co.uk***

TESTIMONIALS

Whether addressing a simple payroll query or handling complex shareholder mergers and acquisitions, we have always found the team to offer solid, down-to-earth advice and support. We feel TC Group have a great understanding of our needs and requirements, and we consider them very valued partners in assisting us.

Anthony Hogarth
Financial Director, Creative Distribution Ltd

TC Group's Tech and Media team provide us with essential services, including accounts, tax, payroll, bookkeeping, VAT, and EMI scheme support. Their responsiveness and timely communication have made the entire process incredibly smooth. They are always easy to deal with, addressing our concerns promptly and thoroughly. This level of support has truly made things hassle-free for us, allowing us to focus on what we do best. We have no hesitation in recommending TC Group.

Matt Bunn
Co CEO, Form1 Partners

Meeting the Tech & Media team at TC Group was a game changer for us as an early-stage tech start up. They took the time to understand us as a business, and me as a founder, and are using their wealth of experience to help transform our vision into a viable business, assisting us in the initial incorporation stage and subsequent business requirements, thus giving us the assurances we needed that we were doing things correctly.

Their expertise in the tech sector has been instrumental, and we're really excited to see where our continued collaboration takes us.

Mark Golab
Co-Founder, Cambridge Surgical Models

We've always found the team to be responsive, helpful, and proactive in suggesting ways for us to improve our processes, which has made our lives much easier as we grow our business.

Jack Waley-Cohen
Co-Founder/COO, What3Words

The open, friendly and genuinely interested approach of all staff was highly motivating for the business founders, who subsequently raised just over £1m in their seed round. They have been supporting us through all stages of the start-up journey and we are excited to see what the future holds.

Dr Jurgen Fink
CFO, Obrizum Group

Working with TC Group has been invaluable for our business. Their expertise in the tech and media industry has lifted the administrative burden from our shoulders, allowing us to focus on what we do best - being creative.

Their on-hand support, particularly in areas like accounting and tax, has been instrumental in keeping us efficient and compliant. Their assistance with business planning, one-off tasks, and navigating a complex debt recovery process has been exceptional, making them a vital part of our team.

Warren du Preez
Director, WN Studio

TC Group makes accounting, payroll, and tax services effortless. Their team is responsive, efficient, and always on hand to handle our needs with ease. The service is not only seamless but also great value for money, giving us expert support without unnecessary costs. We highly recommend TC Group.

Sam Furr
Co-Founder & CEO , Tappable

OUR PARTNERS

BOKS International - www.boks-international.com

BOKS International is a Top 20 global alliance of expert firms with more than 100 quality-assured members in over 70 countries around the world.

With a rapidly growing global presence, our cross-border service offering facilitates the international operations of businesses of all sizes and ambitions.

Caxton - www.caxton.io

Caxton is a secure, trusted, and scalable alternative to traditional banking for any of your payment or expense requirements. Caxton's platform provides the added value service of International Payments service, reducing risk, manual processes, saving time, and cutting costs. Faster payroll payments options go beyond BACS, ensuring timely payments - even during system outages, building in a resilience measure to your current banking choices. Safeguarded accounts improve fund visibility and reconciliation, reducing risk.

For more information please contact: Nathan.cook@CAXTON.IO

Danescor - www.danescor.com

Danescor is a leading provider of M&A professional services, transactional software and proprietary market intelligence in a complete holistic solution serving corporate customers in NA, UK and Europe. The company's unique business model, market leading software and unrivalled corporate data enables companies to achieve their strategic M&A ambitions delivering top quartile results efficiently and effectively.

Elephants Child - www.elephants-child.co.uk

Elephants Child is a holistic Business Advisory company that can complement the services that we provide at TC Group.

They support SME business leaders and their senior management teams in enjoying greater profits through achieving valuable growth, preparing for exit, accessing funding and driving turnaround.

Fathom - www.fathomhq.com

Fathom combines insightful reporting, fast cash flow forecasting and actionable financial insights into one refreshingly easy business management solution.

Founders Live - www.founderslive.com

Founders Live is an ecosystem created to inspire, educate, entertain, and connect entrepreneurs around the world. In 125+ cities and 50+ countries, the Founders Live experience includes unique 99-second pitch competitions, website, videos, livestream conversations, posts, podcast, member community and more.

GrantUp - www.grantup.co.uk

GrantUp specialises in grant writing and funding for innovators who are determined to make the world a better place. We love working with organisations that are constantly innovating to make the world a better place. Our goal is to get every great idea the funding it deserves and make them a reality.

Insignis - www.insigniscash.com

Whether you are looking to deposit £100,000 or £100 million, our platform provides seamless access to thousands of competitive deposit accounts in one place. Start to diversify your cash reserves with just one application form and choose from a range of deposit products to match your company's liquidity needs. All banks and building societies on our platform offer FSCS protection, subject to eligibility and FSCS rules. For FSCS-eligible clients exceeding the protection threshold, we provide access to over 15 investment-grade banks.

Medilink Midlands - www.medilinkmidlands.com

Medilink Midlands is dedicated to driving growth in the MedTech and life sciences sectors by helping businesses overcome barriers to success. As a membership organisation, we provide innovation business support, offering tailored services that empower our members to innovate, grow, and thrive.

With our deep industry knowledge and strong networks, we connect our members to key stakeholders across academia, business, and clinical communities. This helps foster new collaborative partnerships, enhances access to funding opportunities, and provides strategic guidance for navigating the increasingly complex health innovation landscape.

We represent the full spectrum of the industry, from early-stage start-ups to multinational organisations, spanning both public and private sectors. By offering practical support, expert advice, and a platform for knowledge-sharing, we enable our members to achieve their goals and drive success.

Metro - www.metrobankonline.co.uk

If you're looking to discuss banking, please feel free to reach out to Local Business Manager Ben or Local Director James at Metro Bank in Cambridge. Metro Bank provides a relationship approach to banking for businesses of all sizes as well as a range of products and services.

If you would like to find out more, please feel free to reach out directly to
Ben: Ben.doughty@metrobank.plc.uk or James: James.Zimmer-Smith@metrobank.plc.uk

Mighty Accounting - www.mightyaccounting.com

Mighty is a specialist accounting firm and platform for freelancers and early stage creative and tech agencies. With our in-house tech and specialist accountants, we support founders through their early growth phase and, when they reach the scale that benefits from a larger firm, we introduce TC Group to support the next stage of their journey.

OUR PARTNERS CONTINUED

Mills & Reeve - www.mills-reeve.com

Mills & Reeve are the legal advisers behind some of the UK's most successful technology businesses. We work with start-ups and scale-ups from pre-seed to Series B.

We also act for entrepreneurs leading fast-growth businesses through to IPO and work closely with global technology giants and their investors. Our specialist team provides the full range of legal services that you need, always with a focus on your objectives.

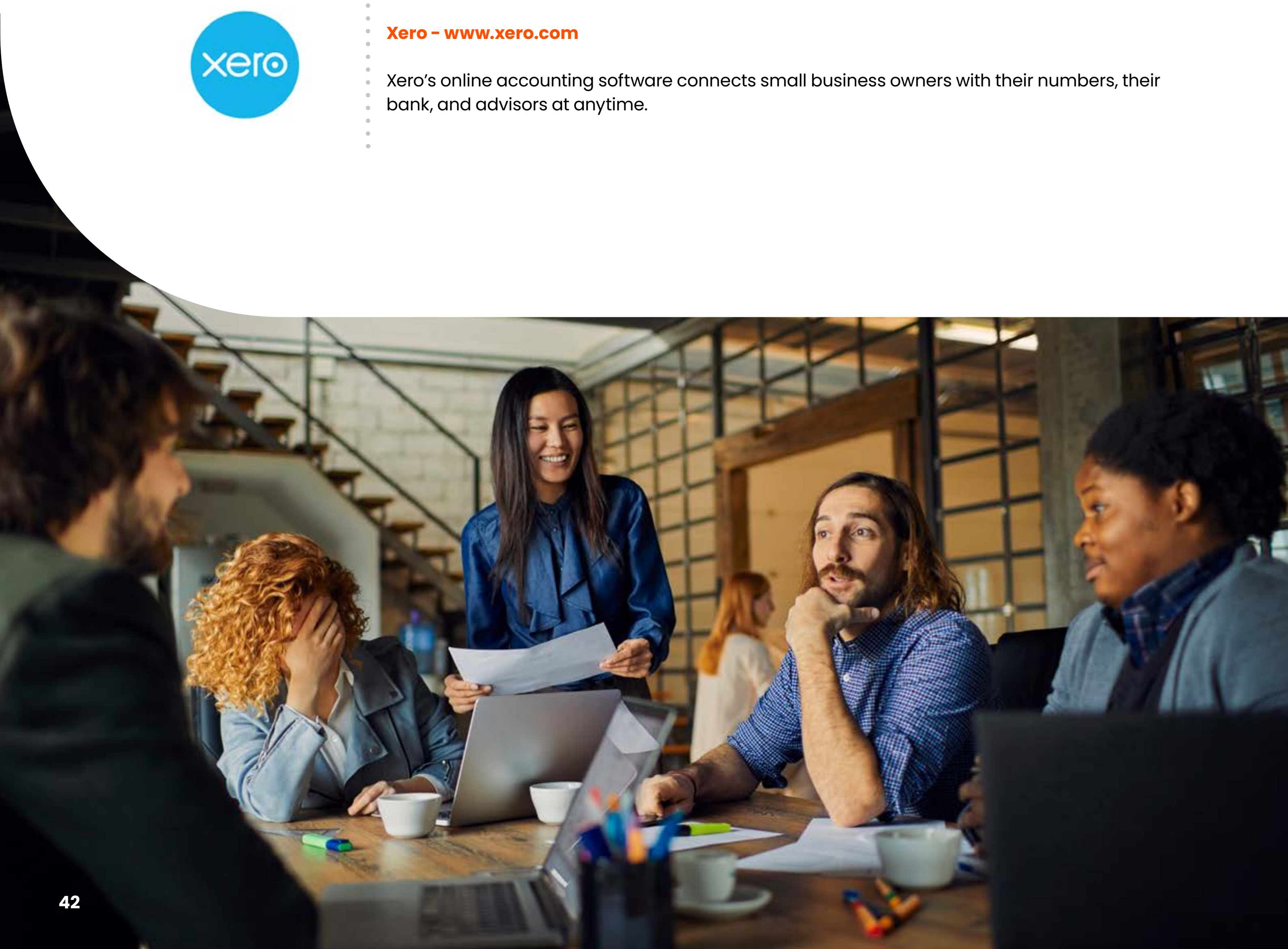
WorldFirst - www.worldfirst.com/uk

WorldFirst is a UK-based foreign exchange company. It offers currency exchange and international payments.

WorldFirst is a fully regulated, non-bank provider of global business payments. WorldFirst provides a platform enabling businesses trading multi-nationally to collect revenues, establish local accounts in 14 currencies & process payments anywhere in the world using faster, low cost, local routing networks. Their platform also seamlessly integrates with Xero to automate transaction reconciliation.

Xero - www.xero.com

Xero's online accounting software connects small business owners with their numbers, their bank, and advisors at anytime.



OUR SERVICES

At TC Group, we understand that no two situations are the same. That's why we work with you one-to-one to gain a complete understanding of your business needs and tailor our solutions to suit you. Our specialist knowledge of the tech and media sector means we truly understand the challenges and opportunities within your industry.

COMPLIANCE

- Audit and Statutory Accounts
- Corporate Tax
- Grant Assurance Reports
- Personal Tax
- Company Secretarial Support
- Cap Table Management

OUTSOURCING SERVICES

- Board, Investor and Management Reporting Packs
- Cash flow Forecasting and Budgeting
- Real-Time Bookkeeping
- VAT Returns
- Supplier Payment Runs
- Credit Control Support
- Payroll and Pensions Administration
- P11Ds
- HR Services

ADVISORY

- Outsourced FD Services
- Business Advisory and Tax Planning
- R&D Tax Credits
- (S)EIS Advance Assurance
- Investors and Shareholder Agreements
- Long Term Incentive Plans, Including Share Option Schemes
- Exit and Succession Planning
- Corporate Finance
- National and International Expansion
- Finance Function Reviews, Systems Implementation & Training
- Financial Planning

If you're looking for more support or feel your current accountant doesn't fully understand your business or the sector you operate in, come and have a chat with us. We're confident you'll find our approach both refreshing and effective.

TECH & MEDIA SECTOR OUTLOOK 2026

GET IN TOUCH

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TC Group is the trading name of TC Group Holdings Limited (Company no: 11251664) and the other companies in its group. TC Group Holdings Limited's registered office is The Courtyard, Shoreham Road, Upper Beeding, Steyning, West Sussex, United Kingdom, BN44 3TN.