

Brexit vote has not sparked a tech exodus



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Reviens Leon!” the French technology community cried. After years of the country’s brightest entrepreneurs leaving for tech hubs in Silicon Valley or London, those who remained mounted a campaign last year, which translates as “Come back Leon”, to encourage them to return home.

You might have thought, then, that Britain’s vote to leave the European Union in June, would have been celebrated by the group. In the run-up to the vote, Britain’s technology industry vocally and almost universally put its weight behind the remain cause.

There were warnings that promising startups would flee to Dublin, Berlin or Paris and funding would dry up, just as the UK is getting its own cadre of billion-dollar “unicorns” and London truly establishes itself at the heart of the European tech scene.

In the days after the vote, there were claims that funding rounds had been cancelled due to “Brexit clauses” in contracts and that companies were considering moving.

The reality, though, has not been quite so bleak. Yes, Brexit hasn’t happened yet, and it continues to worry the technology industry, but the impact of the vote itself has been decidedly less severe than one might have feared in June. According to Nathalie Moreno, a lawyer at Lewis Silkin who specialises in helping French tech startups set up in the UK, her business is as good as ever. Bad news for Reviens Leon.

Ms Moreno says that while entrepreneurs and staff continue to have fears about the single market and regulation, the clear advantages of setting up a business in London over France, from tax relief to flexible labour laws and better funding, make hopping across the channel a no-brainer for many, even after the referendum.

“I wish I could say the French system is now more reliable and favourable but it’s not,” she says. “The short term impact has been very low.”

Funding has slowed down, this much is true. Investment into British technology startups peaked around the beginning of the year, slowed down in the run-up to the vote and has been lower since. But it is not clear that this is really linked to Brexit.

In an ecosystem that still pales in comparison to the US, industry funding figures are often skewed by one or two major deals instead of being representative of a broader trend, and besides, the pattern has been similar in much of Europe and the world: technology investors across the West have become stingier in recent months after a sugar rush last year that supercharged many unsustainable valuations.

Matt Clifford, the chief executive of Entrepreneur First, an accelerator that invests in and nurtures promising young startups, says that if anything the falling pound has made it easier for Americans, who are responsible for a significant amount of investment in the British tech scene, to put money in. Brexit clauses in fundraising sheets, which forced

startups to take less money or give away more of their companies, were rare, and most likely an attempt by opportunistic investors to capitalise on uncertainty.

As for our startups fleeing? [According to officials in Berlin, a prospective post-Brexit European tech hub, a grand total of five startups have relocated from London since the referendum.](#)

This comes despite a major push to entice them: in July, German officials hired a van to drive around London loudly painted with the slogan: “Dear startups, keep calm and move to Berlin.”

Frankly, it wouldn’t be surprising if five startups had moved from Berlin to London in that time: many young companies will relocate from time to time. And meaning no offence to those who have taken the plunge, none of them has had the effect that one of London’s biggest startups leaving would do.

The truth is that right now, the attractions of the UK, and in particular London, significantly outweigh any post-referendum uncertainty for technology startups. The talent from universities including Oxford, Cambridge and Imperial College London, proximity to the City of London, the English language, tax incentives and lack of red tape (in comparison to many rival destinations) outweigh them right now. For now, startup founders and venture capitalists seem to generally agree that this will continue to be the case after Brexit.

This isn’t to say that the UK’s tech community supported leaving: they didn’t, and would still say now that they would prefer it hadn’t happened.

There are still significant concerns about Brexit Britain, largely related to access to talent: many founders and a significant proportion of employees at tech startups are EU nationals; they will want assurances that they can both stay in the UK and that they will be able to hire high-skilled staff afterwards.