

## Press release

FOR RELEASE: 10 MARCH 2025, 00:01 AM

### UK tech sector strengthens as confidence and investment surge

- *UK remains a leading destination for tech businesses, with increased confidence in business conditions*
- *AI adoption and global expansion drive sector growth, but energy costs and taxation remain key challenges*

**LONDON, 10 March 2025** – techUK today launches the findings of a new survey of UK tech business leaders, revealing a broadly positive outlook on the UK's business environment and the future of the tech sector. The survey, conducted by Public First, polled 250 UK tech businesses, uncovering key insights into the sector's strengths, challenges, and opportunities for growth.

### A competitive business environment

The UK remains an attractive location for tech businesses, with 87% of respondents of the survey finding it easy to operate in the UK and within the tech sector. Access to digital infrastructure was also rated highly (85%), reinforcing the UK's position as a leading hub for technology-driven enterprises.

While ease of trading with the EU (69%) and accessing government support (67%) ranked lower, sentiment remains broadly positive, and overall accessibility has improved since 2024. Notably, the ease of accessing government support has still increased by 20%, while hiring both general workforce (+19%) and talent with specific skill sets (+18%) have also seen significant positive shifts.

Over half (54%) of tech businesses now say it is easier to do business in the UK than in other markets in Europe and North America, a notable rise from 34% last year. This growth in confidence underscores the UK's continued appeal as a global tech hub.

However, energy costs (52%) and business taxation (42%) were flagged as major challenges, increasing by 11% and 12% respectively since 2024. Addressing these concerns will be critical in ensuring sustained sector growth.

### Optimism in the tech sector

Due to this positive outlook, tech companies are considering UK expansion. When considering the most important factors motivating expanding in the UK, infrastructure (50%), local talent availability (30%), and customer demand (26%) were identified as the top

motivators. Additionally, 86% of businesses say partnerships are crucial to their success, particularly collaborations within the sector (62%) and with the UK Government (43%).

UK tech firms also remain focused on international expansion, with 80% planning to enter new markets in the next five years. The United States is the top destination of choice, with interest soaring to 47% in 2025, up from 27% in 2024. However, confidence in the UK's tech sector remains high, with 66% believing it will outperform international competitors.

Overall, tech businesses express strong optimism about their industry's future, with 77% expecting medium-term growth. This confidence surpasses expectations for the broader UK economy (70%), though views on economic performance are mixed. While 55% believe the UK economy will outperform its peers, 22% anticipate weaker performance - rising to 33% among SMEs.

## **AI and technology adoption are on the rise**

The adoption of AI and emerging technologies continues to gain traction. Over three-quarters (77%) of tech leaders report growing customer interest in AI tools, rising to 83% among larger firms. The primary drivers of AI adoption include increased productivity (56%), enhanced innovation (48%), and improved customer experience (42%).

While AI presents opportunities, barriers remain, with security and privacy concerns (34%) being the top challenge. Additionally, the complexity of AI (28%) and high implementation costs (27%) pose obstacles. Addressing these issues through improved security measures and better training will be crucial for wider adoption.

Beyond AI, broader technological adoption faces challenges related to cost (41%), complexity (37%), and energy expenses (34%). Tackling these hurdles will be key to accelerating digital transformation across industries.

### **Julian David OBE, CEO of techUK, said:**

"This survey underscores the UK's resilience as a global tech leader. With increased confidence in the business environment, improved access to talent, and strong investment in digital infrastructure, the UK is well-positioned for future success.

"However, challenges such as energy costs and taxation must be addressed to sustain this momentum, and we must ensure our regulatory environment continues to support tech innovation and growth. The sector's growing appetite for AI and international expansion shows the exciting opportunities ahead, and we look forward to working with the government and industry to build on this progress."

### **Neil Ross, Director for Technology, Media and Telecoms at Public First said:**

“Our results show UK continues to be an attractive market for tech companies, supported by strong business fundamentals and an explosion in demand for new technology and artificial intelligence.

“However, the rising costs of doing business in the UK are beginning to leave their mark. Smaller tech businesses are notably less confident and are less convinced by the new Government’s first steps. Bringing these costs down while maintaining a strong business environment and further encouraging demand for new technology will be the key to growth as the Government sets out its Industrial Strategy.”

**-ENDS-**

## Notes to Editors

The full report can be downloaded [here](#).

[techUK policy hub](#)

## About techUK

techUK is the technology trade association that brings together people, companies and organisations to realise the positive outcomes of what digital technology can achieve.

With over 1,000 members (the majority of which are SMEs) across the UK, techUK creates a network for innovation and collaboration across business, government and stakeholders to provide a better future for people, society, the economy and the planet.

By providing expertise and insight, we support members, partners and stakeholders as they prepare the UK for what comes next in a constantly changing world.

## About Public First

Public First is a policy, strategy and opinion research consultancy. We combine public opinion expertise with deep knowledge of the policy landscape to deliver data-rich, coherent policy arguments that are ready to implement and politically feasible. Public First is a company partner of the Market Research Society and members of the British Polling Council.