

Press release

FOR IMMEDIATE RELEASE: 19 October 2022

UK technology sector experiences a drop in business confidence

- *Business optimism for the sector drops from 79% to 45% as the industry faces economic challenges*
- *Stalling of growth plans across the sector could slow UK economic growth*

LONDON, 19 October 2022: UK economic and worldwide turmoil has caused a significant drop in business confidence across the technology sector, finds a new poll of techUK members.

The technology trade association has today released the results of its latest Digital Economy Monitor, which has found the number of companies believing the outlook for the sector will improve in the next 12 months has fallen from 79% in February to 45% in October. Moreover, more companies believe that the outlook for the sector will worsen in the coming months (34%) than it will remain the same as now (21%).

Sales performance, headcount projections, and investment plans have all fallen compared to previous waves of the survey. In February, 71% of techUK members had indicated increasing sales, which has now dropped to 47%; 70% reported an improvement in investment plans, which has now fallen to 55%; and 60% reported an intention to grow headcount in the UK, which has now reduced to 57%.

techUK, which represents over 900 technology businesses, is concerned about the lack of a long-term plan from the government to support the sector as they navigate these challenges. The technology sector could add a further £41.5 billion and additional 678,000 jobs to the UK economy by 2025¹, however, without a long-term strategy for growth, this projection will not be achieved.

Energy prices (47%) and staff costs (65%) are two main factors impacting businesses, raising doubts that tech businesses will be able to maintain their planned investment and growth plans. As a result, techUK members are planning to deal with increased costs by reducing non-essential spending (32%) and by cutting profit margins (26%). 40% will seek to pivot to new markets or products seeking to increase revenue.

¹ [DCMS Assessing the UK's Regional Digital Ecosystems - 2021](#)

Government support: R&D and innovation

For the third time in a row, techUK members have asked Government for more R&D and innovation support (41%), claiming it would help the industry continue to expand. The sector is also asking for better access to overseas talent (35%), training and skills support (29%), and regulatory changes to support businesses (29%) as the sectors top asks to drive growth.

The tech sector supports the government's plans that place a cap on energy prices for businesses. However members believe further support is needed by reducing business taxes (40%), and creating incentives such as a tax credit to help companies invest in new technology and the retraining of staff to increase productivity (40%).

Commenting on the results Neil Ross, Associate Director of Policy at techUK said:

"The technology sector is resilient and has overcome major challenges such as Brexit and COVID-19, however, recent economic headwinds, rising energy and staff costs as well as longer-term concerns over access to talent are starting to bite.

"If supported, the technology sector has a crucial part to play in helping turn around the UK's economic slowdown and is projected to add £41.5 billion to the UK economy by 2025.

To enable this, the Chancellor must set out a long-term plan on 31 October that gives tech businesses access to the talent they need as well as the confidence and support to invest in R&D, productivity-boosting technologies and skills."

-ENDS-

Notes to Editors

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

techUK's Digital Economy programme and previous versions of the Digital Economy Monitor can be found [here](#).

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 around 900 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.



10 St Bride Street
London EC4A 4AD

techUK.org | [@techUK](https://twitter.com/techUK)

Media Contacts

Margherita Certo

T: (+44) 07462107214

E: margherita.certo@techUK.org

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.