techUK members remain confident about the prospects of the UK tech sector. A large majority (93%) are positive about the sector’s potential for growth over the next two years.

A large proportion of companies have close links with the EU: seven in ten (70%) have customers in other EU countries, while three in five (59%) make use of EU-based suppliers. This applies particularly to large organisations (95% have EU customers and 85% use EU-based suppliers) and those with an annual turnover >£250 million (100% have EU customers and 95% use EU-based suppliers).

Reflecting this, there is a sense that many member organisations need to be compliant with EU rules. While a minority (21%) believe their business should only be subject to UK rules, nearly two thirds (63%) disagree.

A majority believe that key EU policies on trade and investment have a positive impact on their business, including the ability to buy and sell products and services within the EU (69%) and the ability to invest in and do business in other EU member states without restrictions (64%). Those with EU-based customers and suppliers are significantly more likely to be positive about these policies.

On balance, a large majority of techUK members (70%) want the UK to remain a member of the EU. While 15% are in favour of leaving the EU, a further 15% are undecided.

There is a strong sense that the consequences of a potential EU exit are unclear, with just one in eleven (9%) saying the practicalities of leaving the EU are well understood. Two thirds (65%) say a decision to leave the EU would be the cause of significant uncertainty for their business and customers – a significant rise compared to the 2015 research (54%). Overall, three quarters (75%) believe the UK would lose influence on the issues that impact their business if it were to leave the EU.

In the event of an EU exit, just over half believe that a bespoke UK-EU trade deal would be the best option for the UK.
In 2015, techUK commissioned ICM to conduct a membership survey to understand members’ views towards the EU and the impact of EU policies on their business. In early 2016, this research was repeated in order to gain an up-to-date understanding of members’ views ahead of the June 2016 EU referendum.

TechUK provided ICM Unlimited with a database of techUK member organisations. Once de-duped, this contained a total of 789 organisations. An invitation to the online survey was sent to all techUK member organisations on 23 February 2016.

A total of 277 techUK member organisations completed the survey. This represents a response rate of 35%.

Fieldwork was conducted online between 23 February and 7 March 2016.

Data has been weighted to the profile of all techUK member organisations by account category, member type and business size.

Results are based on all respondents (277) unless otherwise stated. An asterisk (*) denotes a value that is greater than zero but less than one. Where results do not sum to 100%, this may be due to multiple responses, computer rounding or the exclusion of don’t knows/not stated.
01 The UK tech sector
techUK members are optimistic about the future

A large majority (93%) are positive about the potential for growth in the UK tech sector – and this positive outlook is consistent across all sub-groups

Q1. How positive, if at all, are you about the UK tech sector’s potential for growth over the next two years?
Base: All respondents (n=277)
02 The European Union
Seven in ten have customers in other EU countries

Seven in ten techUK members (70%) have customers in other EU countries. This rises to 95% among large organisations and 100% amongst those with an annual turnover of >£250 million.

Q2. Does your company have customers in other EU member states?
Base: All respondents (n=277)
Three in five use suppliers based in other EU member states

Suppliers in other EU member states are used by three in five techUK members (59%). However, a large majority of large organisations (85%) and organisations with an annual turnover of >£250 million (95%) make use of EU suppliers.

Q3. Does your company use suppliers based in other EU member states?
Base: All respondents (n=277)
Most believe their company needs to be compliant with EU rules

Compliance with EU rules remains essential for a majority of techUK members, allowing them to deal with customers and suppliers across the EU (76%) and sell products and services across the EU (66%)

Q5. To what extent do you agree or disagree with the following statements?
Base: All respondents (n=277)

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly agree</th>
<th>Tend to agree</th>
<th>Neither/nor</th>
<th>Tend to disagree</th>
<th>Strongly disagree</th>
<th>Don't know</th>
<th>NET: Agree</th>
<th>Percentage change to 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>My company’s customers and/or suppliers operate across the EU and need to be compliant with EU rules regardless of whether the UK is a member or not</td>
<td>41</td>
<td>35</td>
<td>11</td>
<td>9</td>
<td>3</td>
<td></td>
<td>76%</td>
<td>+1</td>
</tr>
<tr>
<td>My company sells products and services across the EU which need to be compliant with EU rules regardless of whether the UK is a member of the EU or not</td>
<td>40</td>
<td>26</td>
<td>16</td>
<td>10</td>
<td>5</td>
<td>3</td>
<td>66%</td>
<td>+5</td>
</tr>
<tr>
<td>My company operates across the EU and needs to be compliant with EU rules regardless of whether the UK is a member or not</td>
<td>36</td>
<td>27</td>
<td>18</td>
<td>10</td>
<td>5</td>
<td>3</td>
<td>63%</td>
<td>+5</td>
</tr>
<tr>
<td>My company only operates in the UK and should only be subject to UK rules</td>
<td>10</td>
<td>15</td>
<td>16</td>
<td>47</td>
<td></td>
<td></td>
<td>21%</td>
<td>+5</td>
</tr>
</tbody>
</table>
EU policies are largely thought to have a positive impact

TechUK members continue to value the opportunities created by EU policies, particularly policies on trade and investment. Significantly more members say that access to skilled employees from across the EU labour market have a positive impact of their business compared to the 2015 research.

<table>
<thead>
<tr>
<th>Policy</th>
<th>% Very positive</th>
<th>% Fairly positive</th>
<th>% No impact</th>
<th>% Fairly negative</th>
<th>% Very negative</th>
<th>% Don't know</th>
<th>NET: Positive impact</th>
<th>Percentage change to 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ability to buy and sell products and services within the EU</td>
<td>33</td>
<td>36</td>
<td>27</td>
<td>31</td>
<td></td>
<td></td>
<td>69%</td>
<td>+6</td>
</tr>
<tr>
<td>Ability to invest in and do business in other EU member states without restrictions</td>
<td>33</td>
<td>31</td>
<td>31</td>
<td>32</td>
<td></td>
<td></td>
<td>64%</td>
<td>+3</td>
</tr>
<tr>
<td>Access to skilled employees from across the EU labour market</td>
<td>35</td>
<td>29</td>
<td>31</td>
<td>212</td>
<td></td>
<td></td>
<td>64%</td>
<td>+11</td>
</tr>
<tr>
<td>Ability to buy and sell products outside the EU without taxes and tariffs on trade flows as a result of EU trade agreements</td>
<td>28</td>
<td>27</td>
<td>38</td>
<td>215</td>
<td></td>
<td></td>
<td>54%</td>
<td>+5</td>
</tr>
<tr>
<td>Direct access to EU funding streams</td>
<td>16</td>
<td>26</td>
<td>52</td>
<td>23</td>
<td></td>
<td></td>
<td>42%</td>
<td>+2</td>
</tr>
<tr>
<td>Indirect benefit from EU funding streams</td>
<td>12</td>
<td>31</td>
<td>48</td>
<td>17</td>
<td></td>
<td></td>
<td>43%</td>
<td>+5</td>
</tr>
</tbody>
</table>

Q4. For each of the following EU policies, what impact, if any, do they have on your business?
Base: All respondents (n=277)
But those with closer EU links are significantly more positive

Companies which have customers in other EU member states, or use EU suppliers, remain significantly more likely to say that EU trade and investment policies have a positive impact on their business.

% NET: Positive impact

<table>
<thead>
<tr>
<th>Policy</th>
<th>Customers in other EU states</th>
<th>No customers in other EU states</th>
<th>Suppliers in other EU states</th>
<th>No suppliers in other EU states</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ability to invest/do business in EU without restrictions</td>
<td>75%</td>
<td>37%</td>
<td>43%</td>
<td>60%</td>
</tr>
<tr>
<td>Ability to buy/sell products and services within EU</td>
<td>79%</td>
<td>44%</td>
<td>49%</td>
<td>62%</td>
</tr>
<tr>
<td>Ability to buy/sell products and services outside EU without taxes and tariffs on trade flows</td>
<td>81%</td>
<td>49%</td>
<td>49%</td>
<td>41%</td>
</tr>
<tr>
<td>Access to skilled employees across EU labour market</td>
<td>77%</td>
<td>44%</td>
<td>44%</td>
<td>44%</td>
</tr>
</tbody>
</table>

Q4. For each of the following EU policies, what impact, if any, do they have on your business?
Base: All respondents (n=277)
Members’ perceptions on direct access to EU funding streams are broadly similar across different sub-groups

But members with commercial operations in Europe remain more positive about indirect benefit from EU funding streams.

Q4. For each of the following EU policies, what impact, if any, do they have on your business?

Base: All respondents (n=277)

% NET: Positive impact

- Customers in other EU states
- No customers in other EU states
- Suppliers in other EU states
- No suppliers in other EU states

Direct access to EU funding streams (grants, government assistance, and funding programmes)

- 39% (Customers in other EU states)
- 47% (No customers in other EU states)
- 45% (Suppliers in other EU states)
- 36% (No suppliers in other EU states)

Indirect benefit from EU funding streams (e.g. Science and Research funding for UK universities)

- 44% (Customers in other EU states)
- 40% (No customers in other EU states)
- 49% (Suppliers in other EU states)
- 34% (No suppliers in other EU states)
Overall views on UK membership of the EU
A majority of techUK members want the UK to remain in the EU

Seven in ten (70%) think that the UK should remain a member of the EU. Only 15% say that they think the UK should leave the EU, while 15% are still undecided.

Q8. Should the United Kingdom remain a member of the European Union or leave the European Union?
Base: All respondents (n=277)

% NET: Remain in the EU
- All: 70%
- Business size:
  - Micro: 59%
  - Small: 71%
  - Medium: 66%
  - Large: 82%
- Turnover:
  - <£10 million: 67%
  - £10 - £50 million: 65%
  - £50 - £250 million: 64%
  - >£250 million: 93%
Those in favour of remaining (70% of respondents) most commonly cite international investment and trading relationships as benefits

Three quarters (76%) of members who want to remain in the EU believe it makes the UK a more attractive location for international investment. A similar proportion (75%) believe it allows the UK to get a better deal in trading relationships with Europe.

- The UK is a more attractive location for international investment: 76%
- The UK can get a better deal in its trading relationships with Europe: 75%
- The UK is more globally competitive within the EU: 71%
- The UK can attract more skilled workers from across the EU: 66%
- The UK can get a better deal in its trading relationships with the rest of the world: 53%
- The UK can create more jobs within the EU: 42%
- Other: 10%

Q9a. Which, if any, of the following statements describe why you think remaining in the EU would be the best option for the UK? Base: All respondents who believe the UK should remain in the EU (n=193)
Among members who wish to remain in the EU (70% of respondents), there are concerns around the uncertainty of the business environment in the event of a potential EU exit.

Three quarters (73%) are concerned about the uncertainty of the business environment and the risk this poses to their company. Two thirds (65%) say the UK will be less attractive as a location for foreign investment.

Q9b. In your view, which, if any, of the following describe the potential impact of a decision to leave the EU on your business?

- The business environment will be more uncertain and risky for my company: 73%
- The UK will be less attractive as a location for foreign investment: 65%
- The UK will have less influence on the issues that matter to my business: 58%
- The UK will have to trade internationally on less favourable terms: 55%
- My company will be less confident about its ability to create new jobs: 35%
- Other: 3%
- None of the above: 3%
- Don't know: 1%

Base: All respondents who believe the UK should remain in the EU (n=193)
Those who wish to leave (15% of respondents) tend to believe an EU exit would increase the UK’s ability to adapt in the global economy.

Nine in ten (91%) of those who wish to leave think that there will be an increase in the UK’s flexibility and ability to adapt. Two in three believe the UK will be more globally competitive outside the EU.

Q10. Which, if any, of the following statements describe why you think leaving the EU would be the best option for the UK?

- The UK will have more flexibility to adapt in a fast changing global economy
- The UK would be more globally competitive outside the EU
- The UK can get a better deal in its trading relationships with the rest of the world
- The UK could attract skilled migrants from around the world, not just the EU
- The UK will be a more attractive location for international investment
- The UK could create more jobs outside the EU
- Other

Base: All respondents who believe the UK should leave the EU (n=43*)

*NB: Low base size (43)
Those who wish to leave the EU (15% of respondents) are concerned that remaining in the EU would mean that the UK does not have enough influence on issues that matter to their business. Two thirds (64%) think that a drawback of remaining is that the UK does not have sufficient influence in the EU on the issues that matter to their business. Over half (54%) say that their business is restricted by the regulatory burden imposed by the EU.

Q11. In your view, which, if any, of the following describe the main drawbacks of remaining in the EU for your business?  
Base: All respondents who believe the UK should leave the EU (n=43*)

<table>
<thead>
<tr>
<th>Drawback</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>The UK does not have sufficient influence in the EU on issues that matter to my business</td>
<td>64%</td>
</tr>
<tr>
<td>My business is restricted by the regulatory burden imposed by the EU</td>
<td>54%</td>
</tr>
<tr>
<td>The UK is too focused on EU markets to the detriment of trade with new markets in non-EU countries</td>
<td>38%</td>
</tr>
<tr>
<td>The UK is less open and competitive which is detrimental for my business</td>
<td>27%</td>
</tr>
<tr>
<td>Other</td>
<td>14%</td>
</tr>
<tr>
<td>None of the above</td>
<td>11%</td>
</tr>
</tbody>
</table>
The majority of members have not started to prepare for a potential EU exit

Three in five (62%) say their company has made no preparations for a potential decision to leave the EU. Just 8% say their company has held some internal discussions on the immediate implications of a potential decision to leave the EU.

82% of micro organisations vs 36% of large organisations

Q12. To what extent, if at all, has your company started to prepare for a potential UK decision to leave the EU?
Base: All respondents (n=277)

- My company has made no preparations for a potential decision to leave the EU: 62%
- My company has held some internal discussions on a potential decision to leave the EU, but no next steps have been agreed: 29%
- My company has held some internal discussions on the immediate implications of a potential decision to leave the EU: 8%
- My company has undertaken detailed scenario planning for a potential decision to leave the EU: 1%
Potential consequences of leaving the EU
Most believe that the UK would lose influence outside the EU

Three quarters (75%) think the UK would have less influence on EU issues relevant to their business if the UK were to leave the European Union. Just one in five (18%) believe the UK’s level of influence would remain the same.

Q7. If the UK were to leave the European Union, do you think the UK would have more influence, less influence, or about the same level of influence on the EU issues that would continue to impact your business?

Base: All respondents (n=277)
An EU exit would cause uncertainty for many businesses

Just one in eleven (9%) feel the practicalities of leaving the EU are well understood, and two in three (65%) think a decision to leave the EU would be the cause for significant uncertainty for their business and/or customers.

Q6. To what extent do you agree or disagree with the following statements?
Base: All respondents (n=277)

- **The practicalities of leaving the EU are well understood**
  - Normally agree: 18%
  - Tend to agree: 7%
  - Neither/nor: 24%
  - Tend to disagree: 60%
  - Strongly disagree: 0%
  - Don’t know: 2%

- **A decision to leave the EU would be the cause of significant uncertainty for my business and/or my customers**
  - Strongly agree: 30%
  - Tend to agree: 35%
  - Neither/nor: 11%
  - Tend to disagree: 11%
  - Strongly disagree: 11%
  - Don’t know: 0%
The future of the European Union
Members are unsure about the proposed alternatives to EU membership

Just over half (53%) believe that if the UK were to leave the EU, a bespoke deal for UK-EU trade deal would be the best option. A quarter (25%) don’t know what arrangement would be best for the UK’s future relationship with Europe.

Q13. Taking into account the interests of your company, if the UK were to leave the EU, which, if any, of the following would be the best option for the UK in terms of its future relationship with Europe?

- A bespoke UK-EU trade deal: 53%
- Operate on the basis of World Trade Organisation rules: 10%
- A Customs Union: 7%
- None of the above: 2%
- Don't know: 25%

Base: All respondents (n=277)
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