ScaleLeaders

Building Thriving Scaleup Ecosystems

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Birmingham, October 2024

"Some events leave you thinking differently, and the ScaleLeaders Birmingham gathering was one of them. It wasn't just about discussing ideas - it was about turning them into action, with a clear focus on what scaleups need to thrive.

We designed the day to ignite meaningful conversations, dive into the strengths of regional ecosystems, and tackle the pressing challenges high-growth businesses face today.

What stood out was the authenticity of the discussions and the practical ideas that emerged - a testament to the strength of learning and connecting together."

Matt Johnson, Managing Director, Form

ScaleLeaders

ScaleLeaders is a programme that unites regional authorities, ecosystem leaders, scaleups, and funders in support of scaleup ecosystems.

Offering a blend of learning, networking, inspiration, and actionable insights to help leaders navigate challenges and seize opportunities to grow their economies.

Form

Form is a proud B Corp committed to accelerating high-growth digital, creative, and tech businesses globally. We partner with cities and regions to deliver targeted support for high-growth businesses and their leaders, driving inclusive and economic growth.

Our expertise helps hundreds of businesses scale sustainably and responsibly each year.
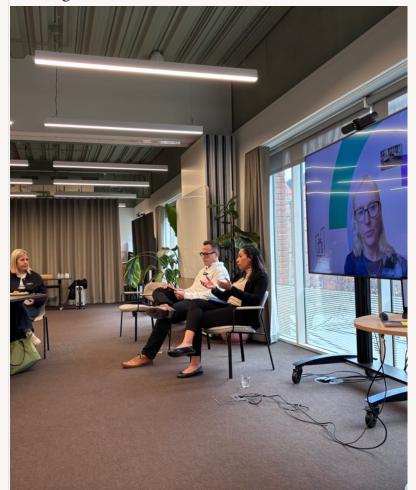
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Driving Scaleup Success: Innovating with Pilots and Testbeds

Hannah Griffiths, Chief of Staff for Jacobs Europe and Külle Tärnov, from the FinEst Centre for Smart Cities in Estonia explored the role of demonstrators - pilots, testbeds, and living labs - in supporting the growth of high-potential businesses and advancing regional innovation.

Insights

Stakeholder Alignment is Crucial but Often Complex

A recurring challenge is aligning diverse stakeholders. While enthusiasm might drive initial stages, long-term alignment on goals and outcomes is vital to prevent fragmentation and delays.

Hannah highlighted a project where months of groundwork yielded limited commitment from stakeholders.

Külle noted that city-based projects often struggle with bureaucracy and conflicting agendas, making frequent communication and a shared vision essential.

Start with Commercialisation in Mind

A successful demonstrator needs to think beyond being just a *"proof of concept."*

Early planning for market relevance and scalability is key.

Engaging end-users early validates the project's value, increasing chances of investment and broader adoption.

Tackle Regulatory Challenges Proactively

Navigating from a controlled pilot to a commercial rollout is rarely smooth.

Engaging regulatory bodies early can streamline this process, ensuring policies support rather than hinder deployment.

Leverage the Ecosystem for Long-Term Success

Strong ecosystems - including local authorities, universities, and industry - can turn short-term pilots into sustained successes.

Külle shared how community-rooted projects gain broader buy-in and long-term relevance.

Define Success Metrics from the Start

Clear metrics help track progress, communicate value, and secure funding.

Establishing measurable outcomes early builds a compelling case for scaling.

Sector-Specific Challenges

Every sector reacts differently to demonstrators.

In urban mobility and social care, logistical and operational challenges dominate.

For tech-driven fields like AI or fintech, the focus is on market readiness and rapid scalability.

Healthcare is shifting toward service-oriented innovation, emphasising patient outcomes over infrastructure

Sustainability and Data-Driven Approaches

The rise trend of "meta cities" - that utilise AI and data to manage urban systems more effectively - is transforming how cities operate by streamlining operations, making urban systems more responsive, and helping environments meet the needs of residents and businesses in real time.

Global Insights with Ryan Wain, MD, Tony Blair Institute for Global Change

Ryan explored the global forces reshaping innovation, work, and economies - emphasising how challenges can be turned into opportunities.

He urged attendees to strategically leverage these trends for regional growth and innovation.

Insights

The Transformative Power of AI

Ryan highlighted artificial intelligence as a game-changer across industries. The global AI market is projected to grow 526% to $1.3 trillion by 2030. 72% of businesses have integrated AI into at least one function. With over 800 regulatory measures under review globally, collaboration between governments and industries is key.
Ryan encouraged regions to embrace AI not just as a tool but as a strategic advantage, combining it with local innovation policies to create competitive economies.

Workplace Evolution and Demographic Shifts

The way we work is transforming, with one in six jobs expected to become remote. Ryan emphasised that regions must adapt quickly, as flexibility and strategic positioning will play a critical role in attracting and retaining a competitive workforce.

Global Population Growth

By 2050, the world population is expected to reach 9.7 billion, with Africa leading this growth.
Ryan urged regions to focus on workforce readiness and adaptability, emphasising that how regions position themselves will determine their competitive edge.

Sustainability and Energy Transition

Sustainability is no longer optional. By 2025, renewables are expected to become the primary energy source globally.

"Emissions don't care about borders, and we shouldn't either,"

Ryan called for cross-border solutions to tackle climate change. He stressed that adopting sustainable practices can drive innovation while addressing global environmental challenges.

Healthcare Innovation and Precision Medicine

Ryan underscored the potential of data-driven healthcare.

With 30% of prescription drugs proving ineffective for patients, personalised medicine offers a solution.

The market is expected to exceed $5.7 trillion by 2030, creating opportunities for regions investing in healthcare innovation.

Education and Lifelong Learning

Automation and AI are reshaping education.

By 2025, half of the global workforce will require reskilling.

Ryan highlighted the importance of education infrastructure that supports continuous skill development, making economies more resilient in the face of these changes.

Digital Infrastructure as a Growth Driver

The adoption of digital IDs presents unique opportunities:

Digital IDs could unlock GDP growth of 3%-13% by 2030, according to McKinsey.
Ryan encouraged regions to invest in robust digital infrastructure to streamline public services, enhance security, and drive economic growth.

Strategic Sectors for Regional Impact

Taiwan's dominance in producing 90% of the world's advanced semiconductors highlights both risks and opportunities.

Ryan suggested that regions could benefit by developing semiconductor initiatives.

With the global space economy expected to reach $1 trillion by 2030, Ryan pointed to aerospace as an emerging field ripe for regional investment.

Scaleup Insights with Tom Adeyoola, Exited Entrepreneur, Co-Founder of Extend Ventures, Non-Executive Director at Channel 4, and Angel Investor

Tom shared his unique perspective on the entrepreneurial journey and the forces shaping scaleup success.

Insights

The Unplanned Path to Founding

"I hadn't always aspired to be a founder," Tom began. Starting his career in management consulting, he hadn't envisioned building his own business. *"Entrepreneurial paths aren't always straight, and often the most impactful journeys begin in unexpected ways."*

The Courage to Let Go

One of Tom's key lessons was the importance of making tough decisions.

"The difference between good businesses and bad ones is the ability to kill bad ideas," he said.

Founders often cling to ideas that don't work, draining resources and delaying progress. Tom stressed that knowing when to pivot is essential for long-term success.

Partnerships as Growth Multipliers

"Once you get a 'giant' on board, the value capture is immense,"

Reflecting on his partnership with Tesco at Metail. The collaboration expanded Metail's reach and credibility, demonstrating how larger partnerships can unlock opportunities scaling businesses can't achieve alone

Patience and Market Readiness

"The market wasn't ready, but we stayed patient," Tom said of Metail's virtual fitting room technology.

Retailers were initially hesitant to adopt the innovation, but by focusing on early adopters and building long-term value, Metail survived until the market caught up.

Networking with Openness

"Serendipitous connections have made all the difference," Tom shared.

While strategic networking is important, he encouraged founders to remain open to chance encounters that often lead to transformative opportunities.

Financial Discipline in Tough Times

"Disciplined financial management is critical in uncertain times."

Tom recounted how a collapsed exit forced his team to reassess priorities, reduce costs, and remain agile.

This experience underscored the importance of managing resources strategically, especially during periods of uncertainty.

Advice for Scaleup Founders

"Go out and find those businesses that are going to help you; they won't find you," Tom advised.

Reflecting on the early days of Metail, he shared how crucial it was to seek out the right partners and mentors, though finding them was often a challenge.

Tom encouraged business owners to leverage technology, such as AI tools, to identify allies - a resource that would have been transformative in his early days but wasn't available at the time.

Scaleup Ecosystem Regional Exchange

A space for leaders to share real-world insights and experiences in building and supporting scaleup ecosystems.

Participants openly discussed what hasn't worked, what has, and what the biggest opportunities for growth might be.

Positive Themes and Opportunities	Challenges and Areas for Improvement
Ecosystem Collaboration and Networking Participants emphasised the importance of connecting founders, industry leaders, universities, and investors. *"External networking between different sectors is just as essential as networking within a business."*	**Fragmented Support Systems and Ecosystem 'Noise'** Many found the ecosystem too fragmented, with uncoordinated resources creating confusion for scaleups. *"We need to cut through the clutter and create a clear, connected pathway for scaleups."*
Agility and Knowledge Sharing Agility and adaptability were identified as essential, with a *"learning mindset"* helping regions stay innovative. Participants valued experimenting and learning from both successes and failures.	**Bureaucratic Constraints and Short-Term Funding** Bureaucratic obstacles and quick-fix funding cycles hinder progress. *"Long-term problems can't be solved with short-term funds."*
Targeted, Long-Term Support and Funding Sustained, *"laser-focused"* funding for high-growth businesses is crucial for long-term economic stability. *"Long-term economic stability, job creation, and regional prosperity depend on sustained financial support."*	**Lack of Scaleup-Specific Support** Many resources target startups, leaving scaleups without the tailored support they need to grow. Support for scaleups should include longer-term funding, strategic advice, and wrap-around services.

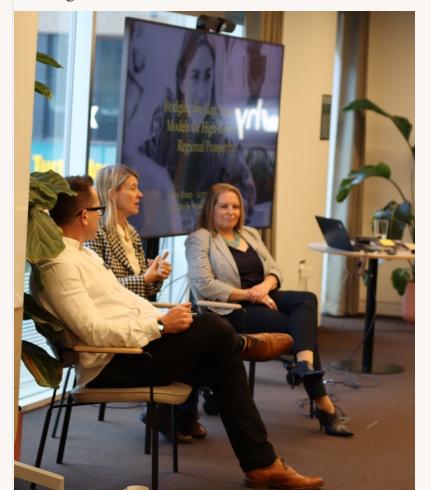| Positive Themes and Opportunities	Challenges and Areas for Improvement
Public-Private Partnerships and Regional Autonomy Strong enthusiasm for partnerships to create tailored, localised solutions. *"Regional issues need regional solutions."*	**Navigating Stakeholder Expectations** Misaligned priorities and timelines between government and private sectors create friction. *"Sometimes it feels like we're speaking different languages."*
Leveraging University Talent and Data Universities were seen as strategic assets, contributing to talent pipelines, startups, and workforce growth. Public data can guide smarter decision-making to address local needs.	**Regional Competition and Barriers to Investment** Major hubs like London dominate talent and investment, making it harder for regions to compete. *"The big cities have a gravitational pull."*
	Challenges in Identifying High-Growth Businesses Better metrics and data are needed to identify promising scaleups and direct resources effectively. Current methods are inconsistent and risk missing high-growth potential.

Bridging the Funding Gap: Effective Investment Models for Scaleups

Dr. Lisa Smith, Founder and CEO of Midlands Mindforge and Kerry Sharp, Director of Entrepreneurship and Investment at Scottish Enterprise offered a deep dive into the challenges and strategies behind structuring, launching, and sustaining investment funds.

Insights

Sustainability and Investor Confidence

Kerry underscored the importance of *"continuity and confidence"* to secure investor backing, especially in uncertain times. She explained how adaptable models that align with market conditions are better positioned to retain private-sector interest.

Lisa emphasised how Midlands Mindforge tailors its approach to meet the unique needs of super tech businesses, providing time and resources to achieve breakthroughs in challenging markets.

Diversity and Inclusion

Diversity remains a critical gap in investment, with Kerry pointing out the *"underrepresentation of female investors as a persistent challenge."*

Lisa added that Midlands Mindforge actively supports *"diverse leadership within the companies they support,"* ensuring underrepresented groups have access to capital. Both speakers emphasised that fostering diversity in leadership and funding not only addresses inequality but strengthens the overall ecosystem.

Weathering a Tough Investment Climate

Lisa described 2023 as a *"nuclear winter for investment,"* citing a sharp 76% drop in *"funds of funds"* funding.

Kerry noted that agile models, such as co-investment funds, can help private investors make more targeted decisions, maintaining momentum even during market downturns.

Patient Capital for Deep Tech Success

Lisa highlighted the unique demands of Super Tech businesses.

"Deep tech requires longer timelines and substantial R&D before commercialisation," she explained.

"Patient capital gives these ventures the time and resources to achieve breakthroughs without the pressure for immediate returns."

Unlocking New Funding Sources

Pension funds emerged as a promising avenue for sustainable investment. With their long-term return goals, they could bring much-needed stability to the funding landscape.

Lisa revealed that Midlands Mindforge is exploring pension fund involvement, describing it as an exciting opportunity to expand resources for high-potential businesses.
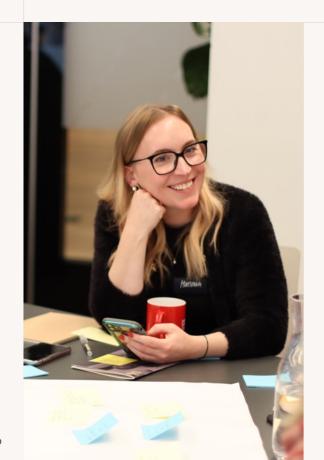
Equitable Capital Distribution

Kerry emphasised the importance of ensuring *"capital is accessible to underrepresented business groups."*

She detailed how Scottish Enterprise partners with investors to champion diversity, ensuring funding is allocated to a broader range of businesses.

Lisa echoed this commitment, stating that inclusive funding models not only benefit minority-led businesses but also create stronger and more dynamic ecosystems.

A special thank you to the incredible community who joined us, and the cast of speakers who generously shared their experiences and candid insights.

If these conversations have sparked your interest, we invite you to join us as we continue shaping the future of scaleups together - join us for more at the next ScaleLeaders event.

Stay involved

Stay connected with us and keep an
eye out for more ways to get involved.

If you would like to play a part, join the
community or explore how we can
help grow your ecosystem, please reach
out to Darren.

Darren@form.studio

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organisations we partner with to impact people, profit and the planet positively.