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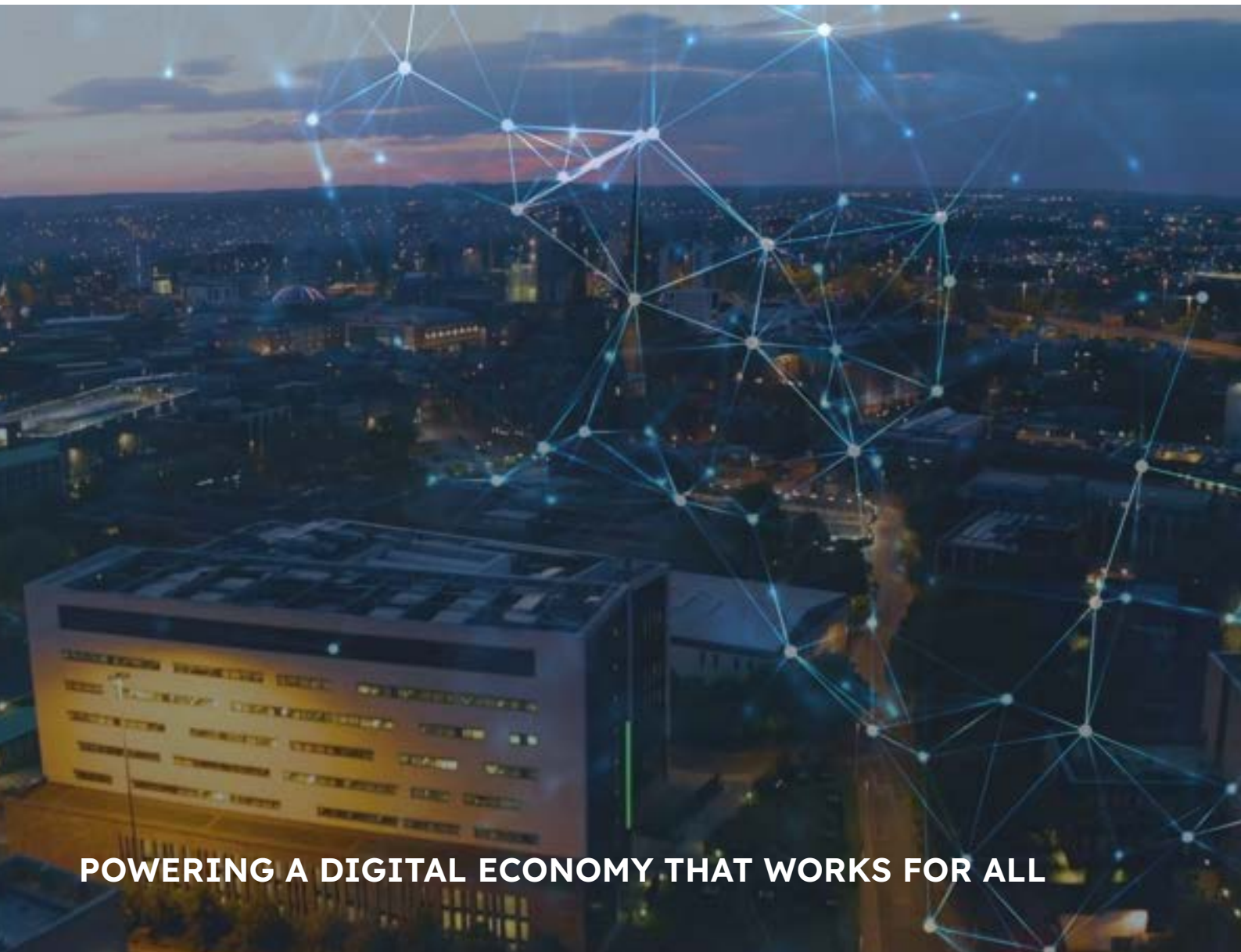
West Midlands Tech Review 2025

Scaling Innovation, Shaping Inclusive Growth.



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Foreword from Richard Parker, Mayor of the West Midlands

Technology is rapidly changing people's lives across the West Midlands. From how we travel and work, to how we learn, make things, and even how we care for others.

This review shows how our region is on the rise with a fast-growing tech sector that now makes up 20% of our economy and provides jobs for tens of thousands of local people. From HealthTech breakthroughs to AI-powered cybersecurity, this is no longer just a promising tech cluster, it's a national growth engine with global ambition.

With leadership from TechWM, investment in skills and innovation and delivery across our thriving tech ecosystem, we're showing the world what's possible when you back local talent and their ideas.

We're pioneering 5G-power technologies to help people live at home for longer, and we're turning our new Investment Zone sites into places where exciting new digital tech is developed into game changing innovation that will impact the region and beyond.

I also want to make sure the benefits of this progress reach everyone and that innovation means inclusion. That means helping young people into tech careers, supporting businesses to scale up and boost productivity, and making sure no one is left behind just because they can't get online.

We've got the plans, partnerships, and tools we need to turbocharge this sector - from our ambitious Digital Skills Consortium to the region's bold Digital Roadmap.

Now we're ready to do even more. I want the West Midlands to lead the way in making the UK a global leader in AI and tech adoption – and to be the place where the country builds its digital future. I know we will do this through continued innovation and backing from the government and the technology sector.

My Regional Growth Plan and our long-term West Midlands Futures work are all about turning that vision into action – with better jobs, stronger skills, and making sure every community benefits from our tech-driven future.

This review is a call to action. To tech leaders, investors, educators, and entrepreneurs, help us make sure tech helps deliver our priorities. Jobs for everyone, journeys for everyone, homes for everyone and growth for everyone.

Richard Parker,
Mayor of the West Midlands

Foreword from Andy Hague, CEO, TechWM

The West Midlands has never lacked ambition. But what we've achieved over the past few years goes far beyond aspirations—it's evidence of a region that is not just talking about transformation but delivering it at pace and scale.

In 2022, we were already heralded as the fastest-growing tech region in the UK. Fast forward to today, and the West Midlands tech economy is valued at £15.8 billion, with bold plans to reach £100 billion by 2030. Over 144,000 people now work in tech across 2,400+ companies. From global investments and homegrown unicorns to thriving digital clusters in AI, gaming, cybersecurity and HealthTech, we are leading one of the UK's most dynamic innovation economies.

This report captures that leap—both in performance and in mindset. It reflects the results of our collective action across the public, private and academic spheres, and the power of purposeful collaboration. It's also a call to think bigger, act bolder, and ensure that growth is inclusive, sustainable & anchored in place.

Through TechWM, we've championed digital skills, convened strategic alliances, and unlocked investment pathways for startups and scaleups. But we know that to continue this momentum, we must double down on a unified regional narrative, address the funding cliff for high-growth businesses, and embed real-time digital adoption and AI capability across every sector.

The missions of the Digital Economy Playbook have laid a strong foundation. Now, as this review shows, we are pivoting from potential to maturity—from a promising ecosystem to a critical national growth engine. And as set out in the WM Futures Green Paper and our emerging theory of regional economic growth, our success will increasingly be measured not just by how fast we grow, but by how well that growth is created and shared.

The West Midlands is ready to lead. This report tells the story of how we got here—and where we're going next. Let's build it. Together.

Andy Hague,
Chief Executive Officer,
TechWM

Executive Summary

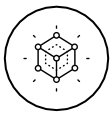
Executive Summary

The West Midlands is stepping confidently into its next chapter as a digital leader. Building on a foundation of industrial heritage, civic collaboration, and youth-driven dynamism, the region has made significant progress in transforming its tech ecosystem. With an estimated digital economy value of £15.8 billion[1] and a strategic target of £100 billion by 2030[2], the region is pursuing inclusive, innovation-led growth with renewed purpose.

The past year has seen the regional tech community coalesce around five priority missions outlined in the **2024 West Midlands Digital Economy Playbook**:

CREATING A UNIFIED REGIONAL VOICE

PROJECTING GLOBAL LEADERSHIP



DRIVING DIGITAL DIFFUSION ACROSS SECTORS

LEADING IN APPLIED ARTIFICIAL INTELLIGENCE

BUILDING A WORLD CLASS TECH ECOSYSTEM

These missions have guided investment, skills development, infrastructure rollout, and global engagement—positioning the region as a distinctive player in the UK's innovation economy.

AI continues to be the region's standout opportunity. With over 300 AI companies[3] and deep academic-industry collaboration, the West Midlands is poised to lead in health AI, manufacturing automation, and creative applications. At the same time, the region faces structural challenges: public R&D investment lags behind other regions, scale-up finance remains scarce beyond £5 million rounds[4], and SME adoption of emerging tech is uneven.

Cybersecurity has emerged as a national asset and a regional differentiator. The Midlands Cyber cluster, supported by accredited universities and advanced facilities like the Hereford Cyber Quarter, is enabling AI-powered security innovation. Cyber now intersects with key regional strengths—from health and finance to energy and logistics—and is central to building sovereign digital infrastructure.

1. TechWM supercharges region's tech sector with £1mn investment (October 2023) West Midlands Combined Authority.
2. West Midlands Digital Economy Playbook, West Midlands Tech Review (March 2024)
3. West Midlands Digital Roadmap 2024-2027
4. *British Business Bank – MEIF II invests > £17 m since Feb 2024.*

Executive Summary

The review also aligns with the **West Midlands Futures Green Paper**, which states digital as a cross-cutting enabler of inclusive economic growth. This includes commitments to SME digital adoption, infrastructure enhancement, skills equity, and international visibility through branding campaigns like “It Starts Here”.

This vision is underpinned by a strategic shift towards systems thinking, inspired by the ideas in "**Towards a West Midlands Theory of Economic Growth**.” Rather than focusing narrowly on clusters, the region is investing in the interconnected subsystems that enable productivity and inclusion—skills, infrastructure, governance, innovation, and place.

The region’s progress is real, but incomplete. To achieve its ambitions, the West Midlands tech community must now:

- STRENGTHEN A UNIFIED DIGITAL AND AI STRATEGY
- SCALE UP TRANSLATIONAL R&D AND SPINOUTS
- CLOSE THE SCALEUP FINANCE GAP
- ALIGN DIGITAL SKILLS PROVISION WITH MARKET DEMAND
- EMBED AI AND CYBERSECURITY IN BUSINESS SUPPORT
- AMPLIFY THE REGION’S GLOBAL TECH NARRATIVE

The West Midlands is no longer simply catching up. It is forging a new model of place-based, digitally inclusive growth—one that blends industrial resilience with next-generation technologies, and connects local talent to global opportunity.

With the youngest and most diverse population in Europe, the West Midlands must embed youth voices into its digital strategy—not only as beneficiaries, but as active stewards of the region’s innovation agenda.

The West Midlands' digital economy is now worth £15.8 billion — with over £600 million in VC raised in the last year alone, the region is accelerating towards its ambitious £100 billion valuation target by 2030.

WEST MIDLANDS TECH ECOSYSTEM SNAPSHOT

£15.8bn
ECONOMIC VALUE

Current estimated value of the West Midlands digital economy

£100bn Target GVA by 2030

~£600mn
IN VC RAISED OVER 2024

£5mn
FUNDING CLIFF

Scaleups face difficulty progressing past early-stage investment rounds.

~300+
AI COMPANIES

£9bn Projected AI Contribution by 2035

Across manufacturing, health, and creative tech.

72% ↑
FDI

In 2023, with 127 projects, including 67 in Birmingham

144,000+
WORKERS

across 2,400+ tech companies

52,000
NEW DIGITAL ROLES

created since 2019, aligned with earlier projections

5G
NEAR UNIVERSAL COVERAGE

Across the region, alongside strong broadband & data centre infrastructure.

Statistics as of 2025

A Thriving Tech Ecosystem Ready to Lead

The West Midlands is at a defining moment in its digital and technological journey. Over the past five years, the region has laid solid foundations for a globally competitive tech economy. From being one of the UK's fastest-growing digital ecosystems to becoming home to over 300 AI companies, the West Midlands is proving that innovation, inclusion, and infrastructure can converge to shape a future-ready economy.

In 2025, the Midlands' combined tech startup ecosystem reached a $19 billion market valuation, reflecting a 20% growth in value since 2020[5], driven by sustained investment and startup performance. The region secured $292 million in venture capital (VC) funding in 2024 alone[6], highlighting investor confidence. With 7 unicorns now calling the region home[7], the Midlands is increasingly recognised as a serious player in the global innovation landscape. *(Source: Tech Nation Rising Stars of 2025)*

Despite structural challenges and gaps in national visibility, the region has achieved significant progress. In 2023 alone, the West Midlands recorded 127 Foreign Direct Investment (FDI) projects—a 72% rise compared to the previous year[8]—and Birmingham secured more FDI projects than any other regional UK city in over a decade. With an estimated tech ecosystem value of £15.8 billion and ambitions to reach £100 billion by 2030, the region is stepping into its next phase of digital transformation with purpose and momentum.

5,6,7 Tech Nation Rising Stars 2025 Report - The UK's Most Promising Early Stage Tech Startups
8 Birmingham becomes UK's Top City for investment outside London (2025) Greater Birmingham Chambers of Commerce.

POWERING A DIGITAL ECONOMY THAT WORKS FOR ALL

From Momentum to Maturity

The digital sector in the West Midlands is no longer emerging—it is evolving. While the region continues to house vibrant clusters in gaming, creative content, and health technology, recent years have seen the rise of AI-driven innovation and integrated infrastructure. The AI ecosystem alone is projected to generate £9 billion in additional GVA by 2035[9] through applications in manufacturing, health, and creative tech. The West Midlands' unique convergence of traditional industries with modern technologies positions it as a prototype for a hybrid industrial-digital economy.

However, the region still contends with critical headwinds. Between 2017 and 2022, the digital economy cluster saw a contraction in business numbers and employment[10], exposing vulnerabilities to global economic shocks, including Brexit and the pandemic. Public R&D funding remains disproportionately low compared to national counterparts, and regional tech firms remain underrepresented in national Series A and mega VC rounds. Bridging the gap between capability and visibility is now an urgent strategic imperative.

Driving Inclusive Growth Through Systems Thinking

This approach complements the progress already underway through the five missions articulated in the *2024 West Midlands Digital Economy Playbook: creating one regional voice, driving digital diffusion, building a world-class tech ecosystem, projecting global tech leadership, and leading in applied AI.* These missions have helped focus the region's collaborative efforts and are increasingly embedded in strategies across public services, SME support, infrastructure development, and talent pathways.

Guided by the "**Towards a West Midlands Theory of Economic Growth**," this review pivots from siloed sector development toward systems thinking. In this framework, the digital economy is not an end in itself but a catalysing infrastructure for inclusive and sustainable prosperity. The 12 interconnected productivity subsystems—from economic geography and skills to infrastructure and governance—form the architecture of this new approach.

Our polycentric geography, young and diverse population, and industrial heritage offer a distinctive configuration for tech-led inclusive growth. Strategic coordination is required across policy domains and institutional actors to fully leverage this advantage. Through initiatives such as the Innovation Accelerator, the AI Adoption Blueprint, and the West Midlands Digital Skills Consortium, the region is beginning to construct a digitally empowered civic infrastructure that is both future-facing and place-sensitive.

Visibility on the global stage is also critical. **Birmingham Tech Week**, powered by **TechWM**, is now the UK's largest regional tech festival. Drawing over 8,000 attendees annually, the event amplifies the region's innovation story, convening startups, corporates, investors, and international delegations. With spotlights on AI, cybersecurity, quantum, and frontier tech, the festival reinforces the West Midlands as a globally relevant hub of digital transformation.

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9 Region ripe for AI-led growth but more needs to be done to support investment – report (2025) Greater Birmingham Chambers of Commerce.

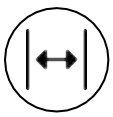
10 West Midlands Clusters Workstream Synthesis Of Research Project Findings (2025) West Midlands Combined Authority

West Midlands Futures Green Paper: Digital Economy Focus

The West Midlands Futures Green Paper outlines a 10-year roadmap centred on "***Growth for Everyone***," emphasising inclusive, equitable, and innovation-led prosperity. The digital economy is positioned as one of the five regional growth-driving clusters, alongside HealthTech, Clean Energy, Advanced Manufacturing, and Professional Services.

Key commitments from the Green Paper include:

Driving tech adoption across SMEs and public services, with a specific focus on under-digitised sectors.



Closing the public-private R&D investment gap, addressing regional disparities in funding, and ensuring more balanced innovation growth.

Strengthening digital infrastructure, particularly through 5G deployment and AI capacity-building.

Expanding the tech and digital workforce, with a strong commitment to diversity, youth inclusion, and place-based upskilling.

Promoting the region's innovation brand globally through initiatives like "It Starts Here" to attract investment and top talent.

The Green Paper recognises that the digital sector serves not only as a standalone cluster but also as a transformative force across other priority industries. It directly connects innovation assets such as the Digbeth Creative Cluster, the Birmingham Knowledge Quarter, and the West Midlands 5G Testbed to this broader strategic ambition.

The region's future growth will depend on integrating these digital strengths with inclusive education, translational R&D, and better connectivity across sectors and places. This review reflects and reinforces those priorities, aligning with the Green Paper's ambition to position the West Midlands as a national exemplar of tech-led, inclusive, and sustainable economic development.

Cluster Assets & Sectoral Integration

Cluster Assets & Sectoral Integration

The West Midlands' digital economy is anchored in dynamic clusters that transcend sectoral boundaries.

HealthTech and MedTech are poised for transformative expansion. These sectors now contribute approximately 8% of the UK's total medtech turnover[11], underpinned by strong translational research assets and regional initiatives like **West Midlands Life Sciences Week**. Hosted in a region rich in scientific heritage and centrally located, the programme connects healthcare professionals, researchers, and businesses to accelerate innovation in diagnostics, data-driven care, and digital therapeutics. The growing ecosystem is tightly linked to the region's ambition to scale up translational R&D and life sciences investment.

Cybersecurity has become one of the region's most important assets. With more than 50 dedicated organisations in the **Midlands Cyber cluster**, the West Midlands is now recognised nationally for its growing base of commercial and academic cyber expertise. The presence of two **National Cyber Security Centre**-accredited universities (Birmingham and Warwick), alongside initiatives such as the **Hereford Cyber Quarter and Solihull-based Telecoms Lab**, has cemented the region's role as the UK's engine of predictive, AI-driven cyber innovation.

Cyber capabilities are being deployed across sectors critical to UK infrastructure—from energy and utilities to advanced manufacturing, finance, and health. As cyber risks evolve in complexity and severity, the West Midlands is building sovereign capability in cybersecurity that will be vital not just for regional resilience, but for national strategic security.

Going forward, cybersecurity must be positioned as a cross-cutting enabler of digital transformation, investment attraction, and skills development. Building a dedicated cyber innovation strategy that intersects with the region's AI and industrial strengths will unlock further growth and global leadership potential.

11 A 2024 update: Birmingham: A thriving tech hub (2024) DIGITAL BIRMINGHAM.

The Birmingham Innovation Precinct project represents a major strategic investment in the future of the region — projected to deliver ~10,000 high-value jobs and generate over £1.3 billion in GVA annually.

The Birmingham Innovation Precinct - University 4.0 in Action

In a time of stagnant growth, low productivity and geopolitical instability, the UK needs universities that can evolve beyond their traditional academic model to become engines of social and economic transformation.

Universities have always been at the heart of knowledge and innovation, but by embracing inclusive innovation and working in strategic partnership with industry, government and society, they can create thriving innovation ecosystems which deliver sustainable, place-based development and inclusive growth. This is the promise of the University 4.0 model: the integration of academic expertise with diverse societal needs to deliver real-world impact.

At Aston University, the University 4.0 model is our driving force. Rather than being an inward-looking knowledge hub, we are an active participant in our regional ecosystem, embracing our role as a civic anchor and delivering tangible change for our students, staff, the businesses we work with and the community around us.

A flagship example of this transformative work is the development of the Birmingham Innovation Precinct, located within the Birmingham Knowledge Quarter and part of the West Midlands Investment Zone. This innovation cluster, co-locating the quadruple-helix of academia, industry, government and community, will be a dynamic hub of knowledge, research and enterprise. It will unlock foreign direct investment, drive business growth and transformation, address global challenges such as net-zero and health inequality, and provide at-scale skills development for critical sectors.

THE BIRMINGHAM INNOVATION PRECINCT

- 1.35 million square feet of commercial and innovation space
- 2,200 homes, with 15% designated as affordable housing
- 400 hotel rooms equipped with state-of-the-art conference facilities
- 15 hectares of public realm and open space
- 500,000 square feet of cultural and community space

The Birmingham Innovation Precinct development will transform a 20-hectare area adjacent to Aston University into a vibrant innovation ecosystem which nurtures groundbreaking ideas and fosters enterprise. It will be a city within a city, where groundbreaking innovation and exciting new businesses seamlessly exist alongside sustainably designed and built housing and thriving public spaces.

The Birmingham Innovation Precinct - University 4.0 in Action

The foundation of the precinct is the Woodcock Street facility, which will house the triple-crown accredited Aston Business School, the Aston Integrated Healthcare Hub, the Aston Business Hub and the Green Energy Centre.

Designed to ignite entrepreneurial spirit, the **Aston Business Hub** is a place where ideas transform into market-leading ventures. The mission is to support business in the tech and innovation sectors with tailored resources, academic collaboration and a world-class infrastructure.

The **Aston Integrated Healthcare Hub** will be a new model for community healthcare that offers preventative health and wellbeing services, while showcasing digital healthcare advancements.

The **Green Energy Centre** will deliver sustainable energy solutions to the Precinct with net-zero emissions.

The **Sir Peter Rigby Digital Futures Institute** has been established to provide thought leadership on the defining trends of the 2020s: Industry 4.0, digitalisation and AI.

The **SPARK The Midlands** pre-clinical accelerator programme is also hosted within the B-IP, supporting academics, healthcare professionals and entrepreneurs in bringing their healthcare products to meet the demands of real unmet clinical needs.

The Birmingham Innovation Precinct project represents a major strategic investment in the future of the region — projected to deliver around 10,000 high-value jobs and generate over £1.3 billion in Gross Value Added annually.

Its success will drive long-term economic growth, increase productivity, and attract further private and institutional investment. But delivering on this potential requires a unified approach: we need to mobilise capital, align incentives, and build strategic partnerships that go beyond traditional silos. This is an open invitation to investors, innovators, and institutions to be part of a high-impact growth story.

Get in touch: BIP@aston.ac.uk
Find out more: https://www.aston.ac.uk/2030-strategy/our-impact/birmingham-innovation-precinct

“With over £15.8 billion in economic value and the largest number of emerging tech companies outside London, the region is a magnet for innovation and a catalyst for success. Time to take it to the next level.

– David Plumb, Chief Innovation Officer, Innovation Group, University of Warwick

Innovation-Driven Growth – A Blueprint from Warwick Innovation District

The West Midlands stands on the cusp of a transformational opportunity. As the UK seeks to rebalance its economy and accelerate innovation-led growth, our region—rich in industrial heritage and research excellence—is uniquely positioned to lead.

Our tech sector, a vital engine of economic renewal, continues to show immense potential. Anchored by a strong industrial base, the West Midlands is undergoing a profound digital transformation. By embedding advanced technologies across manufacturing, healthtech, and createch, we are unlocking new levels of productivity, expanding market reach, and laying the groundwork for globally competitive sector clusters.

This momentum is supported by our world-class research institutions. The University of Warwick, in collaboration with 16 leading universities, recently launched the £3 million Midlands Innovation Partnership[12]. This initiative is a bold statement of intent: to attract international investment and establish the Midlands as a global centre for research, science, and innovation. It signals our collective ambition to elevate the region's innovation credentials and drive sustainable economic impact.

Crucially, scale-up businesses—those growing at over 20% annually—are the lifeblood of this future economy. Although they represent just 1% of UK firms, they contribute over half of all new job creation. Between 2021 and 2023, West Midlands scale-ups generated 250,000 jobs[13], nearly double the output of the remaining 99% of businesses. These firms stimulate demand for skilled talent, fuel supply chains, and are more resilient during economic shocks. In short, they are not just high-growth—they are high-value.

However, realising our full potential requires confronting persistent barriers. The 2024 Scale-Up Institute Report highlights three key challenges in the West Midlands:

Access to Growth Capital: Our region suffers from limited availability of seed and scale-up funding. Investors remain scarce and risk-averse compared to London and the South East, stifling opportunities for high-potential ventures.

Skills and Talent Gaps: A shortage of leadership, technical, and digital capabilities—alongside talent retention issues—continues to constrain growth.

Fragmented Ecosystem: Coordination across the public, private, and academic sectors remains inconsistent, weakening support systems for business expansion.

12 Driving International Trade (2025) Midlands Innovation.

13 Scaleup Annual Review 2024 Highlights Scaleup Institute

Innovation-Driven Growth – A Blueprint from Warwick Innovation District

To overcome these challenges, we must invest—not just in capital, but in capability. We need targeted infrastructure, fit-for-purpose workspace, and the conditions that help our brightest talent thrive here—not leave. The recent £10 million in CCF-RED funding from UK Government is an encouraging step, signalling belief in the region's innovation ecosystem. But we must go further, faster.

This is a pivotal moment. By aligning public and private sector leadership around a shared vision, we can transform the West Midlands into a powerhouse of innovation and inclusive growth. The foundations are in place. Now it is a matter of ambition, coordination, and delivery.

The West Midlands has the talent, the institutions, and the industrial backbone to lead the next chapter of the UK economy. It's time we realise that potential—at scale.

> *"In the heart of the UK, the West Midlands stands as the nation's most exciting tech impact cluster – a dynamic fusion of three cities and multi-sector hubs, alive with talent and collaboration. Here, where worlds meet, boundaries are broken, and futures are forged. With over £15.8 billion in economic value and the largest number of emerging tech companies outside London, the region is a magnet for innovation and a catalyst for success. Time to take it to the next level.*
>
> - David Plumb, Chief Innovation Officer, Innovation Group - University of Warwick

As champions of innovation and collaboration, we are thrilled and proud to be founding patrons of TechWM - to support an ecosystem that connects talent, nurtures startups, and powers digital transformation across the West Midlands. This partnership reflects our unwavering commitment to shaping a bold, tech-enabled future—right here at the heart of one of the UK's most vibrant innovation hubs.

UK businesses face over 1,200 cyber attacks per week — yet only 13% assess supply chain cyber risk. The opportunity to lead with AI-driven prevention has never been clearer.

Cybersecurity Breaches Survey 2022 - Gov.uk

Predictive Cybersecurity as a Regional Asset – Perspective from SCC

Building a resilient digital economy: Why the West Midlands must lead on predictive cybersecurity.

As the digital economy accelerates, so too does the scale and sophistication of cyber threats. The West Midlands is home to an expanding community of tech-driven businesses, advanced manufacturing hubs, and public sector organisations – all of which now face a common risk: the rising tide of cybercrime targeting high-value infrastructure, supply chains, and data ecosystems.

In recent months, several high-profile organisations – including household names with deep resources and established security programmes – have fallen victim to serious cyberattacks. These breaches have disrupted supply chains, damaged brand trust, and prompted widespread questions about the adequacy of traditional defences. The reality is stark, as even the most recognised brands can no longer rely on reactive tools that only detect threats after damage is done.

UK businesses face over 1,200 cyber attacks per week on average, with the number rising by 40% year-on-year. Meanwhile, only 13% of organisations assess cyber risk across their supply chains – despite the fact that many breaches originate via third parties[14]. The need for a new approach that shifts from reactive protection to proactive, intelligence-led prevention is clear.

This is where innovation must step in. Advances in AI and machine learning are now making it possible to anticipate threats before they materialise. By analysing vast datasets across the surface, deep and dark web, as well as real-time network telemetry, emerging cybersecurity solutions can flag vulnerabilities, identify active targeting, and map risk across extended supply chains – weeks before an attack hits. This is no longer science fiction – but an area where the UK, and the West Midlands in particular, can lead.

Post-Brexit, many UK organisations have been left with reduced access to international threat intelligence. This has widened what many experts refer to as the 'intelligence gap' – a blind spot exploited by cybercriminals and hostile actors. Bridging this gap requires strategic investment, sovereign capabilities, and regional leadership.

That's why the West Midlands has a unique opportunity. With a legacy of defence innovation, a growing pool of cyber talent, and a powerful public-private tech ecosystem, the region is well placed to become the UK's capital for predictive cybersecurity. Investing in this capability creates the conditions for secure digital growth. Startups, SMEs, and multinationals all need confidence that their operations, IP and supply chains are protected. When that confidence exists, investment follows.

14 Cybersecurity Breaches Survey 2024 GOV.UK

Predictive Cybersecurity as a Regional Asset – Perspective from SCC

At SCC, we see growing demand from organisations seeking to go beyond traditional cybersecurity measures. They want to know who is targeting them, how, and why – not just after an attack, but long before. This mindset shift is reshaping how boards approach risk, regulation, and resilience. In fact, research shows AI-powered tools can reduce response times by up to 95% – a game changer for businesses with limited in-house capacity.

> *“As the West Midlands cements its role as a tech powerhouse, cybersecurity cannot be a footnote. It must be part of the foundation.*

By embedding cutting-edge threat intelligence and predictive defence capabilities into the region’s digital infrastructure, we can not only protect what we’ve built – but ensure we’re ready for whatever comes next.

Infrastructure, Investment, and Commercialisation

Infrastructure, Investment, and Commercialisation

Investment in physical and digital infrastructure has underpinned much of the West Midlands' progress. With near-universal 5G coverage, advanced fibre networks, and multiple data centres, the region offers a resilient backbone for digital innovation.

The Birmingham Knowledge Quarter and Coventry-Warwick Gigapark demonstrate how spatial strategies can drive cluster synergies and R&D intensity.

Yet scale-up finance remains a bottleneck. Although early-stage capital flows through the Midlands Engine Investment Fund and angel syndicates have grown, a cliff-edge remains post-£5 million. Retaining local IP and talent through Series B and C funding will require the establishment of more robust investment vehicles and investor confidence anchored in clear regional narratives.

> ***We're thrilled to scale the new British Business Bank Syndicate programme—it has the potential to be a genuine game-changer for grassroots investment across the UK.***

– Fred Soneya, Co-Founder & General Partner, Haatch

Unlocking Grassroots Investment – A Perspective from Haatch

£80m raised	**Haatch has invested in 200+ funding rounds**
>900m total portfolio value across **120+ companies**	**93** co-investments with British Business Investments (£20m Regional Angels commitment)
10 active West Midlands portfolio companies	**2 recent exits at 6.55–7.4x** (Re-flow & Native Teams, Mar–Apr 2025)

Haatch at a glance

The West Midlands is back on the radar of growth-stage investors—but founders still face a cliff-edge once they outgrow £5 m cheques. KPMG's *Venture Pulse* shows local companies raised £69.8 m in Q4 2024, up 78 % QoQ[15]. Digital FDI has followed, with 67 new projects landing in 2023—second only to London. Yet fewer than one in five Midlands spin-outs stay local for Series B, taking talent and IP value south-east or overseas.

What's working:

Early-stage capital: Midlands Engine Investment Fund II (MEIF II) launched in Feb 2024 with £400 m for loans and equity tickets up to £5 million[16]. Its first 70 deals have already deployed £17 m alongside private co-investors.

Angel-syndicate partnership: The brand-new £7 m BBB Angel-Syndicate Co-Investment Platform, managed by Haatch, backs five emerging groups —including two female-led syndicates—crowding institutional money into first cheques[17].

Grass-roots pipelines: The newly merged Rising Stars × One-to-Win programme (see case study) raises the UK's largest prize pot for early-stage founders—£3 m of catalytic capital[18].

Public-sector appetite for data: WMCA's Digital Roadmap 2024-27 commits to region-wide digital-twin adoption, opening a procurement channel for local AI, IoT and simulation vendors.

15 KPMG Venture Pulse Q4 2024 – Midlands firms secure £69.8 m (Oct–Dec 2024)

16 British Business Bank – MEIF II invests > £17 m since Feb 2024

17 Haatch to manage £7 m BBB Co-Investment Platform backing emerging angel syndicates

18 £3 m prize pot as Tech Nation merges Rising Stars with One-to-Win Business Cloud

Unlocking Grassroots Investment – A Perspective from Haatch

The Capital Gap

Scale-ups needing £20–30 m rounds still depart the region. Private funds alone will not plug this without a policy signal. Three targeted changes could unlock the next £5 billion of regional GVA:

1. **Scale the BBB Angel-Syndicate Co-Investment Platform:** Grow today's £7 m pilot to a £50–100 m national facility, so the Bank can co-invest alongside dozens of regional angel syndicates at pre-seed and seed. A 5× public-money multiplier would inject > £250 m of private capital into the UK's earliest stages, with a strong pull for regions outside London.

2. **Data-led public procurement**: Roll-out WMCA digital-twin pilots across all infrastructure projects and mandate that ≥ 20 % of every new digital contract goes to West Midlands SMEs.

3. **Make SAFEs & zero-interest convertibles SEIS/EIS-eligible**: Current rules exclude most convertible instruments; updating the legislation would redirect an estimated £150 m of angel capital toward UK (and Midlands) pre-seed rounds[19].

British Patient Capital modelling suggests every £1 of early-stage public equity crowds in £4 of private money; scaling the BBB platform alone could generate £1 bn of new investment and £5 bn of follow-on GVA by 2030.

£3 million launchpad for Midlands founders

On 24 April 2025, Wolverhampton hosted the first combined Tech Nation Rising Stars Regional Final and Haatch "One-to-Win" (OTW) showcase, creating the UK's largest early-stage competition.

Finalists pitch to investors from Haatch, Rigby Group, SCC and Wealth Club, while receiving nine weeks of mentoring. Alumni results speak for themselves: last year's OTW champion Inicio AI closed a £6 m round just six months after the win.

19 EIS relief on convertible loans: a guide for company investors (2024) Online Business Startup

Skills, Talent, and Digital Inclusion

Skills, Talent, and Digital Inclusion

The West Midlands' demographic dividend is a strategic advantage—but only if met with coordinated upskilling. The region continues to experience shortages in high-demand areas such as data science, cybersecurity, and cloud architecture. Skills initiatives have yielded progress: digital bootcamps and apprenticeships now play an important role in workforce readiness. However, employer surveys reveal a misalignment between training provision and labour market realities.

The West Midlands Digital Skills Consortium provides a model for regional coordination. Its focus on employer-led curricula, inclusive talent pipelines, and how lifelong learning should be scaled into a comprehensive digital skills blueprint for the region. Without this, the region risks digital exclusion compounding broader inequalities.

To complement these efforts, the inaugural National Youth Technology Congress—anchored in the West Midlands—brings together young people, educators, tech employers, and policymakers to co-design the future of digital skills. This youth-led forum reflects the region's commitment to building an inclusive pipeline of digital talent, grounded in lived experience and real-time insight. By giving young people a formal seat at the table, the Congress is shaping not just how we train, but who our digital economy is truly for.

77%

of West Midlands organisation respondents are looking to hire within 12 months

West Midlands Digital Skills Consortium Employer Survey 2025

Workforce Trends in the Tech Hiring Landscape

We are already seeing a renewed vigour by hiring managers keen to hire and onboard new tech talent ahead of the summer slowdown, supported by a talent pool that will now entertain new opportunities and a marketplace that can support these moves.

This has resulted in a **25% uplift in marketplace** activity in comparison to 2024 here at SF Technology.

Digital Skills Market Demand

Whilst holistically there is regional positivity around the demand for tech skills as we move deeper into Q2, uncertainty over the geopolitical landscape, high interest rates and limited high value VC/PE investments have tempered business leaders' appetite to launch large-scale growth plans and transformations, instead airing on the side of caution and taking a 'business as usual' approach.

Whilst this approach is completely justifiable, it has led to the SMEs/ start/ scale-up end of the market focussing on experienced hires who can become operationally valuable far more quickly than juniors and graduates.

It is, however, hugely pleasing to see PLCs, higher education and not-for-profits doubling down on their commitment to graduate and junior candidate tech talent attraction and retention. Exploring new talent attraction channels through bootcamps, apprenticeships and higher education partnerships has driven growth in graduate and junior vacancy numbers, supported by the appetite to upskill and promote internally to reduce hiring costs.

Tech-enabled manufacturing and engineering firms are now leading the way in capital investment into automation and IoT technology, driving high demand for software and hardware engineers with the associated wage inflation as organisations compete for this highly skilled talent.

Whilst start-up/ scale investment has been lukewarm so far this year, the demand for software development, data, cloud, architecture, design and product-led skill sets have remained high, driven by the regional commitment of consultancies and big tech companies such as Accenture, IBM, Microland, Capgemini, Fujitsu, Infor, Advanced, BT and TCS.

Workforce Trends in the Tech Hiring Landscape

Talent Attraction Trends

Whilst 2023 was all about wage inflation and the 'need for speed' to secure top talent, the brakes were well and truly applied in 2024 with 2025 showing only marginal easing.

Whilst job vacancy numbers remain workable, we have seen polarising attitudes between hiring companies and candidates.

Hiring managers have become increasingly cautious in hiring decisions, slowing recruitment processes down to find the 'perfect fit'. This is driven by the huge increase in well-qualified candidates applying for vacancies coupled with a decreased business appetite for hiring risk.

The candidate experience is often suffering as a result, with frustrations arising from speed of process and lack of feedback, especially as job searches are born out of redundancy situations.

Companies who are securing the best talent in this market are the ones who are 100% invested in a thorough, yet timely recruitment process, have empowered their hiring managers to make decisions, and have maintained a flexible approach to hybrid working.

> *"Whilst it would be amiss of me to ignore tough market conditions within the digital space, we are hugely fortunate to have a region filled with great people, great organisations and great ideas that will see us continue to make waves in the international tech world!*
>
> *– Jack Stockport, Technology Business Manager, SF Technology*

> ***The regional blueprint for digital skills will bring together education, industry, and policy to identify key roles, close training gaps, and create real pathways into digital careers.***

– Victoria Pargetter-Garner, Director of Digital Skills & Commercial Impact, TechWM

Solving the West Midlands Digital Skills Puzzle

Unlocking the digital skills challenge isn't just about plugging a gap — it's one of the region's greatest economic opportunities. Given the industries rooted in the West Midlands, the potential gains from automation and digital adoption could be transformative. Yet, despite years of effort, the skills gap remains a stubborn issue for educators, employers, and policymakers alike.

Part of the problem? "Digital skills" means different things to different people. It's an umbrella term that covers everything from helping older adults access online banking, to cybersecurity and cloud engineering, right through to the frontiers of quantum computing. All are important — and all have a role to play in boosting social mobility, inclusion, and productivity. But which digital capabilities will really move the needle for our tech sector and wider growth clusters?

That's the question the **West Midlands Digital Skills Consortium (WMDSC)** set out to answer. Formed by *TechWM in partnership with the West Midlands Combined Authority, IBM UK Ltd., SF Technology, AND Digital, the Greater Birmingham Chambers of Commerce, and Skills West Midlands and Warwickshire*, the Consortium is focused on impact: where can we make the biggest difference, fastest?

To get there, we needed insight. Earlier this year, the Consortium launched a major research exercise including an employer survey and workshops. We explored the most in-demand digital skills, barriers to recruiting and upskilling, and the day-to-day challenges employers face when trying to adapt to digital change.

The findings were candid and clear:

Many businesses, especially SMEs, **favour experienced hires** over entry-level talent — they simply lack the time and resource to train up new starters.

There's **reluctance to invest in training without confidence the skills will remain relevant**, especially in a fast-moving tech landscape.

A lack of funding and accessible training means many **SMEs can't afford to upskill staff** — even when they want to — without risking business disruption.

Solving the West Midlands Digital Skills Puzzle

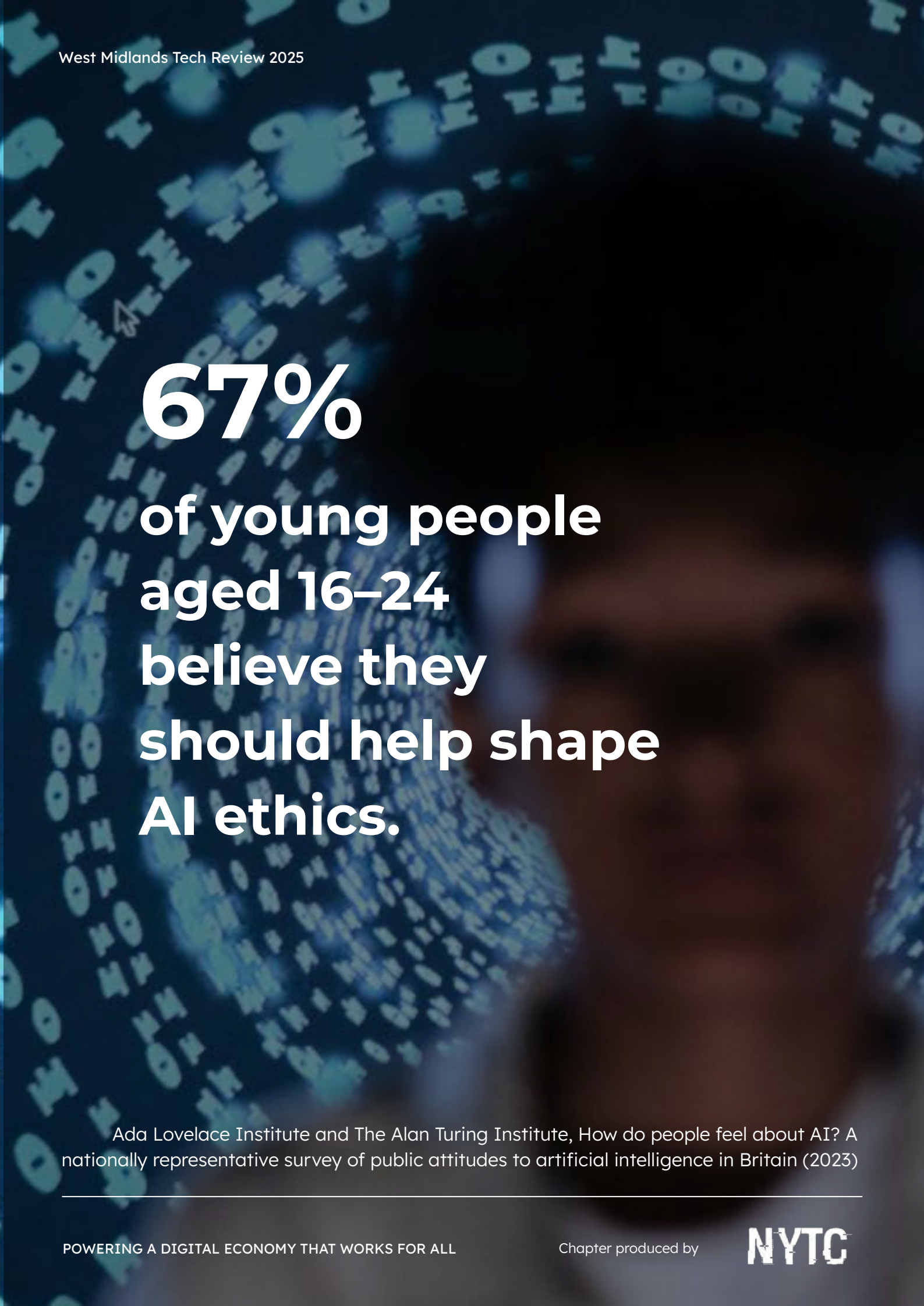
These challenges are real, but not insurmountable.

Using these insights, WMDSC is developing a regional blueprint for digital skills. Working across education, industry, and policy — the so-called 'triple helix' — we're defining the roles and capabilities most critical for growth, identifying where training is falling short, and mapping clear, practical pathways into digital careers.

The approach is evidence-led, drawing from our own research alongside wider regional and national datasets. This will help decision-makers design both responsive short-term interventions and long-term strategies to build a digitally capable workforce.

Our primary focus aligns with the West Midlands Futures Green Paper strengthening provision at Level 4 and above. But we're also zeroing in on the cliff edge at Level 3, where too few learners are progressing into higher technical training. Tackling these barriers is key to building a robust pipeline of digital talent for the future.

TechWM is helping bring people together to shape the future of digital skills in the West Midlands — but this is a shared mission. We're keen to collaborate with others who care about building a stronger, more inclusive tech sector.



67%

of young people aged 16–24 believe they should help shape AI ethics.

Ada Lovelace Institute and The Alan Turing Institute, How do people feel about AI? A nationally representative survey of public attitudes to artificial intelligence in Britain (2023)

Youth at the Helm: Shaping a Responsible Tech Future

The West Midlands stands at the forefront of the UK's digital transformation. As the nation's most diverse region with the youngest population in Europe, it has a unique opportunity to pioneer a digital future that is inclusive, ethical, and youth-driven.

At the National Youth Technology Council (NYTC), we're flipping the script. Founded in Wolverhampton, we're the UK's first youth-led body dedicated to shaping digital and emerging technology policy, governance, and development. Our mission is to bridge the gap between youth perspectives and technology governance, ensuring the digital landscape evolves with the insights and needs of its youngest stakeholders.

Our partnership with TechWM aims to position the West Midlands not only as a leader in emerging technologies and AI but also as a model for inclusive governance and youth co-production. By embedding youth perspectives into the core of technological advancement, the region can set a national precedent for youth-led digital leadership.

The Imperative for Youth-Centric Tech Governance

The West Midlands' young, diverse population is its greatest asset. Yet, youth voices remain underrepresented in tech policymaking.

- **10–15%** of local authority digital strategies **involve explicit youth engagement**[20]
- **67%** of young people aged 16–24 believe they should help **shape AI ethics**[21]

To bridge this disconnect, the NYTC proposes a **three-pillar policy** agenda to integrate youth voices into the region's tech ecosystem, supporting two missions of the West Midlands Digital Economy Playbook: Leading in Applied AI and Building a World-Class Tech Ecosystem.

PILLAR 1. UK Youth Digital Rights Charter: We advocate for a collaborative charter involving youth, government, and industry. This would enshrine digital rights around:

DATA PROTECTION

ONLINE SAFETY

ALGORITHMIC FAIRNESS

PLATFORM ACCOUNTABILITY

20 21 Ada Lovelace Institute and The Alan Turing Institute, How do people feel about AI? A nationally representative survey of public attitudes to artificial intelligence in Britain (2023)

Youth at the Helm: Shaping a Responsible Tech Future

PILLAR 2. National Digital Citizenship Curriculum: We propose a curriculum focused on:

AI Ethics, Digital Wellbeing, Media Literacy, Data Privacy, and Platform Design Awareness

Support for families through Parenting Plans, Device Agreements, and Parental Control Guides

The West Midlands, with its robust EdTech sector and commitment to social innovation, is ideally positioned to pilot this comprehensive approach to digital education.

PILLAR 3. Youth-Driven Tech Audits: Young people should help evaluate technologies that shape their lives. Trained youth panels would partner with auditors and ethicists to assess: **Transparency:** Evaluating the openness of algorithms and data usage; **Fairness**: Identifying and addressing biases that may disadvantage certain youth demographics, and; **Inclusion**: Ensuring that digital platforms are accessible and equitable for all young users.

Institutionalising youth tech audits reinforces responsible AI and cultivates a new generation of informed digital citizens.

Call To Action

The West Midlands has a choice: outsource ethics to London and Silicon Valley, or lead as the UK as the place where tech grows smarter, fairer, and younger. We call on:

1. **Universities** to co-produce and co-fund the Digital Citizenship Curriculum.

2. **Tech Firms & Local Authorities** to pilot the Charter and Tech Audits.

3. **Funders & Policymakers** to invest in NYTC as the UK's home for youth-led digital innovation.

This isn't charity. It's a competitive advantage.

The NYTC stands ready to partner - *Let us build a digital ecosystem that is co-created with the very individuals who will inherit it.*

Artificial Intelligence as a Defining Opportunity

Artificial Intelligence as a Defining Opportunity

Artificial Intelligence represents both the West Midlands' most significant economic opportunity and its greatest strategic test. The UK Government's AI Opportunities Action Plan identifies the need for regions to be a frontrunner, but the path to West Midlands leadership requires deliberate action.

Our region's core assets include over 300 AI enterprises[22], research institutions such as the Alan Turing Institute at the University of Birmingham, and infrastructure such as the nLighten data centre. The next phase calls for sector-specific AI playbooks, a regional AI marketplace, and targeted investment in AI-ready infrastructure. Strategic specialisms should be clearly articulated around health AI, industrial AI, and creative AI. This would not only attract inward investment but also drive adoption across SMEs and public services.

To truly capitalise on these assets, AI must be positioned as a foundational tool for boosting regional productivity. At its core, AI enables organisations to reimagine operations—automating repetitive tasks, enhancing decision-making, and unlocking efficiencies that traditional methods cannot achieve. For the West Midlands, where lagging productivity continues to constrain growth, AI offers a catalytic opportunity to reverse this trend. Applied effectively across sectors—from precision manufacturing and digital health to transport and creative industries—AI can significantly elevate output, free up human potential, and fuel the next wave of economic expansion. In this context, AI isn't just a technological advantage—it is a strategic necessity for delivering inclusive, innovation-led growth.

22 West Midlands Digital Skills Roadmap 2024 - 2027

POWERING A DIGITAL ECONOMY THAT WORKS FOR ALL

IBM's commitment to the West Midlands is a testament to our belief in the power of technology to drive regional development.

AI Productivity: Transforming IBM and organisations in the West Midlands

No matter the industry or geography, every business leader seeks growth. The details of how an enterprise achieves growth will vary as industry dynamics shift, economic conditions fluctuate, and governmental policies change. However, one constant remains: productivity enabled by AI and automation is likely to be at the heart of transformational growth.

> “Productivity isn't everything, but in the long run, it's almost everything.
>
> – Paul Krugman

This sentiment underscores the importance of productivity, not just for cost savings or efficiency, but for creating self-funding mechanisms that enable investment in innovation, driving growth and prosperity.

In the West Midlands, IBM has been actively involved in driving transformational growth. By leveraging our AI and automation capabilities, we have partnered with local enterprises to enhance productivity and foster innovation. Our collaboration with businesses in the region has led to significant advancements in operational efficiency and economic growth. IBM's commitment to the West Midlands is a testament to our belief in the power of technology to drive regional development.

AI is transformational because it presents ways to boost productivity that did not exist before. The potential productivity gains are staggering. At IBM, this isn't just theory: AI and automation have helped drive USD 3.5 billion in productivity gains across the company since January 2023. Any enterprise transformation journey begins not with questions about technology, but with questions about business strategy and a growth mindset. In that context, if you had the opportunity to rethink and reshape every aspect of how your business operates, what would you do?

We, ourselves defined a transformation strategy and vision: “**IBM as Client Zero**.” We applied our hybrid cloud, AI, and automation capabilities internally, together with strategic partner technologies and our consulting expertise, to unleash a new era of growth and become the most productive company in the world.

AI Productivity: Transforming IBM and organisations in the West Midlands

In the two years since, in addition to USD 3.5 billion in productivity gains, this helped drive USD 12.7 billion in free cash flow in 2024, enabling investments in growth through talent, innovation, and acquisitions. We knew what we wanted to do, but for such a large undertaking, it was essential to have the right frameworks to operationalise our productivity initiatives. By establishing a solid foundation, we've been able to move with speed and resilience. We have three guiding principles, built around the mindset of challenging the status quo at every turn.

First, **eliminate operational complexity.** As Peter Drucker famously said, “Nothing is less productive than to make more efficient what should not be done at all.” We evaluate not only if something is working as it should, but whether it needs to be done in the first place. Next, **simplify and accelerate end-to-end workflows**, which begins with putting the right foundation in place. Then, **automate manual tasks and embed AI everywhere**. With our leading IBM watsonx© AI and automation tools, we help to augment the skills of our people by eliminating repetitive tasks. This enables our talented workforce to focus on more challenging, rewarding, and impactful work with the time they save—which was an estimated 3.9 million hours in 2024.

The results of this approach have enhanced experiences for clients, partners, and employees, and created significant productivity gains for IBM. Some of these dramatic outcomes include HR transformation, customer support, and IT modernisation. The lessons we have learned are not unique to IBM. While technology is the great enabler, it is new behaviours and leadership that make a transformation sustainable. Whatever you are trying to achieve within your organisation, we have the partnerships, the technology, and the unmatched consulting expertise to advise you on the right strategy and integrate it all together. Our own experience has taken us far beyond pilots and theory to real productivity. But we believe this is just the start of what AI will help us achieve.

We're ready to bring extreme productivity to life in the West Midlands Region.

Charting the West Midlands' Next Digital Horizon

Charting the West Midlands' Next Digital Horizon

The West Midlands is at a pivotal moment. The goal is clear: harness technology to drive inclusive, place-based prosperity and assert global innovation leadership. This chapter lays out the key levers needed to turn momentum into lasting, systemic impact.

1. **Champion a Unified Digital & AI Strategy:** Align public and private actors behind a common mission. A clear articulation of AI and digital specialisms will position the region to lead nationally—and connect globally.

2. **Build Robust Scale-Up Finance Infrastructure:** Address the persistent post-£5 million funding cliff. A regional scale-up fund, combined with global VC engagement, is essential to retain IP, talent, and ambition in the region.

3. **Accelerate SME Digital Adoption Across Sectors:** Make digital adoption a default, not a differentiator. Embed tools and tailored advisory services within existing business support systems to raise productivity across the long tail of firms.

4. **Launch a Regional Digital Skills Blueprint:** Employer-led, data-driven, and future-focused. The skills pipeline must be mapped to emerging demand, and interventions scaled across lifelong learning pathways.

5. **Establish a Regional AI Marketplace and Infrastructure Roadmap:** Create a dynamic platform for AI exchange. Combine compute investment with access to data, regulatory sandboxes, and testbeds to drive business-ready innovation.

6. **Strengthen Global Narrative and Place-Based Branding:** Tell the region's story—coherently and confidently. Campaigns like *It Starts Here* must be amplified to position the West Midlands as an investable and internationally relevant tech hub.

7. **Enhance University–Industry–Public Sector Collaboration:** Go beyond partnerships. Embed innovation pipelines through spinout accelerators, translational R&D hubs, and co-invested facilities within designated investment zones.

8. **Institutionalise Youth Governance in Digital Policy:** Embed youth perspectives in digital governance through formal structures such as the Youth Digital Rights Charter, youth advisory roles in tech development, and co-designed digital education. Partnering with bodies like NYTC will ensure long-term digital legitimacy, ethics, and inclusion.

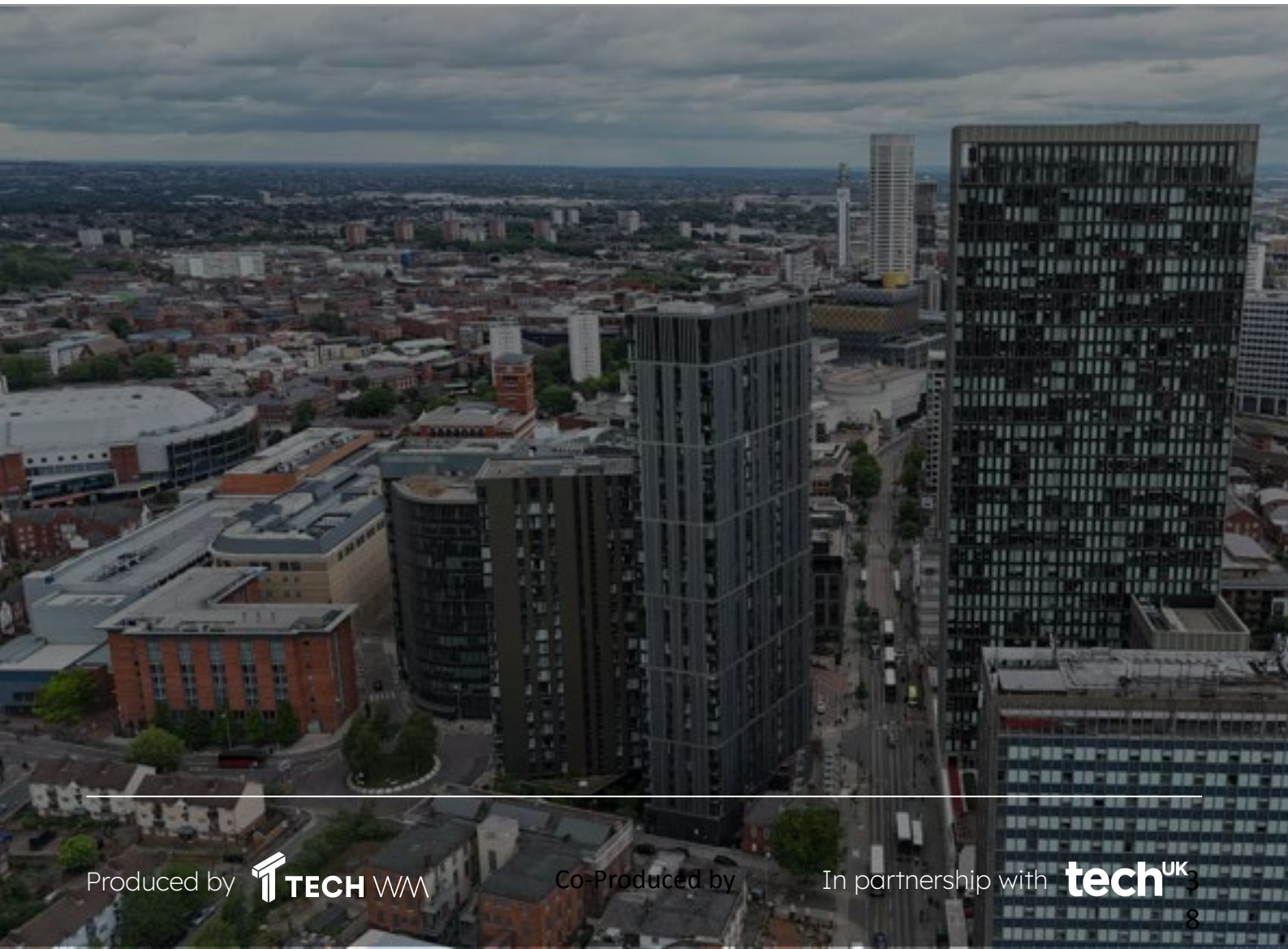
Charting the West Midlands' Next Digital Horizon

The region now stands at a moment of inflection. The infrastructure is in place. The talent is here. The clusters are vibrant. But only a systems-led, collaborative approach can translate these assets into long-term sovereignty and prosperity.

If the West Midlands commits to unified leadership, strategic coordination, and purposeful investment, it will not only lead the next phase of UK digital growth—but redefine what regional innovation means for the 21st century.

This is not just an opportunity to grow.
It is an opportunity to **grow well, widely**, and **wisely**.

The West Midlands is ready. Let's lead.



Producer, Partner & Collaborators

Producer

TechWM is an independent, not-for-profit Community Interest Company (CIC) at the heart of the West Midlands' tech ecosystem. Established to accelerate the region's digital economy, TechWM supports high-growth tech businesses through access to world-class support, investment, and international opportunities. The organisation also champions digital skills development, influences policy, and fosters cross-sector collaboration — all with the aim of positioning the West Midlands as a globally recognised tech hub.

Partner

Collaborators

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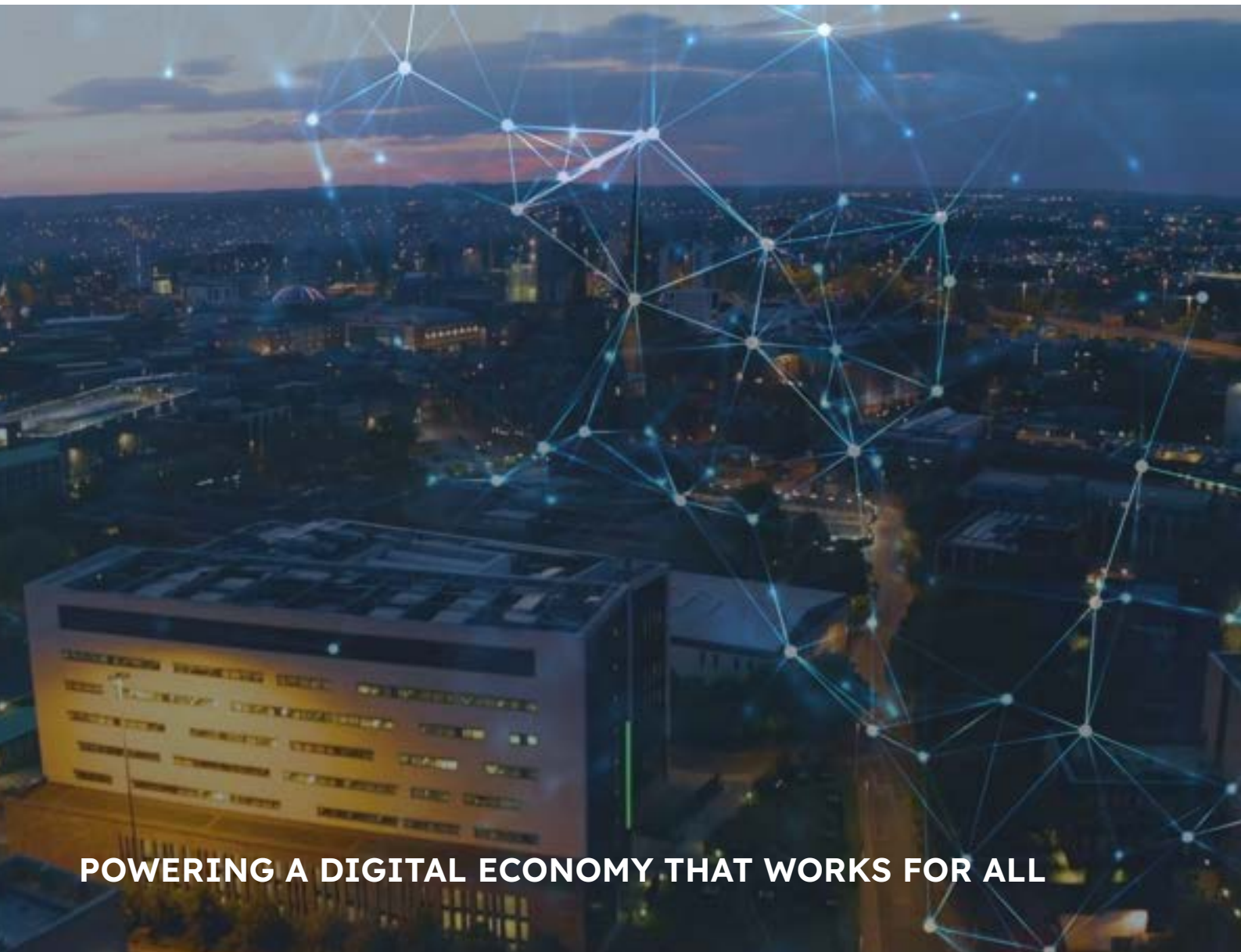
Scaling Innovation, Shaping Inclusive Growth.