

STARTUP GUIDE

#startupeverywhere

Startup Guide London

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STARTUP GUIDE LONDON

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FOREWORD

Sadiq Khan / Mayor of London

London is – as it always has been – where the world comes to do business. We are home to some of the world’s great institutions of banking, insurance and consulting. A city of innovation, of ideas and of exciting new talent, our future is bright as a world leader in digital technology.

We are attracting record levels of inward investment from companies who see the city as the gateway to Europe. And we are the leading European center for technology and life sciences, with our world-leading universities attracting thousands of international students. This is one of the most desirable cities to live and work in, and is the most open, welcoming and cosmopolitan city in Europe. More than 300 languages are spoken here and more than a third of our residents were born overseas. We remain the world’s most popular city as a tourist destination, and welcomed a record 18.6 million international visitors in 2015.

I’m passionate about supporting digital technology and innovation, and I am committed to doing everything that I can to share the message that London is open to the world’s brightest minds and best ideas. We will do everything possible to help our tech sector to flourish, and I hope to see many more great tech companies and entrepreneurs coming to London to start and grow their businesses.

Sadiq Khan

OVERVIEW

London, England

[Key Features]

- A huge number of startups: over 275,000 companies which employ nearly 1.5 m people. Since 2005, these companies have raised €8.3 billion.
- Low administrative barriers to new company formation.
- A strong financial sector that favors fintech and crowdfunding startups.

- Home of several world-leading universities such as Imperial, UCL, Kings and London School of Economics.
- More 'unicorns' (billion-dollar startups) than any other European city,
- which helps provide visible role models and experienced mentors.
- Extremely high cost of living: very high housing and office rental costs.
- High cost of talent (higher than elsewhere) – those with digital skills are in particularly high demand.

Notable startups

Scaleups

- food ordering and delivery platform Deliveroo (raised €87.5 m)
- online e-commerce platform Made.com (raised €71 m)
- advertising software company AppNexus (raised €253.5 m)
- loans company Borro (raised €150.8 m).

Unicorns

- media engagement app Shazam (raised €114 m)
- peer-to-peer money transfer service Transferwise (raised €79.5 m)
- online payday lender Wonga (raised €127.8 m)
- global community of fashion boutiques FarFetch (raised €171 m).

Founders would consider starting up in London for the following top reasons:

- Ecosystem 14.4%
- Access to Capital 14.8%
- Access to Talent 14.4%
- Burn Rate 14.3%

[City Ranking]

European founders had up to 5 votes from a list of 30 cities

1. Berlin
- 2. London**
3. Amsterdam
4. Barcelona
5. Lisbon
6. Dublin
7. Stockholm
8. Munich
9. Copenhagen
10. Vienna

Sources: European Digital Index 2016, Startup Heatmap Europe 2016

LOCAL COMMUNITY PARTNER

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Helping startups and scale-ups grow, and corporates adopt more entrepreneurial approaches to innovation, is what we love to do. The UK, led by London, has one of the most diverse startup ecosystems in the world, which – despite #Brexit – continues to receive more investment than any other European city.

As leading independent advisors playing a key role in the London startup sector, newmedia2.0 offers startups (and other companies) help to shape their propositions, business and marketing strategies, find investors and partners, build teams and skills, go to market, launch and growth plans, and connect with our substantial network. We have worked with a high number of UK and international startups, who come to London to set up and grow their businesses, helped investors and corporates find startups, and led design hackathons and innovation programs (e.g., smart city/urban innovation), offering startups opportunities to meet established firms and the public sector to innovate and create new partnerships. We also offer a London Digital Learning program, lecture on innovation and entrepreneurship at leading UK universities, and have advised the UK Government and Connecting Tech City steering group.

We work closely with London's leading technology network Tech London Advocates, Tech City, Greater London Authority (GLA), London and Partners, Future CitiesCatapult, Here East and many of London's other key private and public sector organizations working to support London's startup sector. Finally, we have founded and chaired Tech Nordic Advocates, Northern Europe's largest network of tech leaders from entrepreneurs to startups, scale-ups, mentors, experts, investors and established tech company leaders – the first non-UK off-shoot of Tech London Advocates and Global Tech Advocates (see Russ Shaw 'Interviews') – offering London startups and scale-ups an international network and platform for growth into other global startup and tech hubs.

newmedia2.0 are committed to supporting London startups, and proud to have been selected to produce this Guide – a fitting tribute to London as Europe's leading startup hub. We hope with Startup Guide London, we can help more entrepreneurs navigate the London startup landscape, and facilitate their journeys to becoming successful businesses, built and grown in London.

Jeanette Carlsson
CEO, newmedia2.0

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ESSENTIALS

London Essentials

London is home to more companies than any other city in Europe, and according to the Inc. 5000 Europe List 2016 is the fastest city for high growth businesses on the continent.

This growth is reflected across the whole city, with coworking spaces and startup accelerators popping up in all corners of the capital. Venture capital funding has improved too. Thanks to the growing number of high-profile accelerator programs and a government mission to prioritize the growing fintech sector, there are fewer barriers to securing funding in London. Heralded as Europe's biggest metropolitan melting pot of language, religion and culture, London is growing and growing fast.

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Before You Come

There are a few things you should get out of the way before landing in London. Getting a National Insurance number is imperative to live and work in the UK. It is a unique personal account number

used to ensure that the National Insurance contributions and tax you pay are properly recorded on your account. The process of getting a National Insurance number can take up to several weeks, so plan ahead and book an appointment on the phone before arriving. The kind of visa you can apply for depends on your own country's agreement with the UK and the type of business you'll be setting up. Check with your embassy and relevant government institutions (gov.uk/check-uk-visa). Ensure you have health insurance coverage while you get set up and that you have paperwork to prove who you are, such as a passport or other documents. You will need to show landlords and leasing agents your identity papers too so they can check that you have leave to stay in the UK. It is ideal to have enough saved to cover up to three months' rent for a security deposit. House hunting in London can be stressful, so arrange for accommodation while you get on your feet.

Cost of Living

Asking locals for recommendations on where to eat and drink is always a good idea. Generally, a basic lunchtime menu in the business district will set you back £10. According to expatistan.com, utilities for one month in an 85 m² flat will cost around £204 for two people, and the hourly rate for cleaning help starts at £11. The Family and Childcare Trust Survey for 2016 reports that fifty hours childcare a week for a child under two in London in a nursery is £302.17, and with a childminder is £286.48. A dinner for two in a neighborhood pub will cost around £35, while a dinner for two at an Italian restaurant, including appetizers, main course, wine and dessert, will be around £68. Restaurants located next to big landmarks may be more costly.

Cultural Differences

It's no exaggeration to say that London is one of the most multicultural cities in the world. You could eat a different meal out every night and still taste something new. The joy with London is that there's never a dull moment. This can get a bit hectic of course, which is why there are so many beautiful parks and pubs to relax in – but with so many famous museums and galleries, world-class theater and nightlife, and countless hidden gems to seek out, it's impossible to just stay indoors. With the right attitude and spirit of adventure, you will see and do things that you won't see anywhere else. So explore, enjoy and experience it for yourself.

Renting an Apartment

Finding a place to stay in London can be hard, even for existing residents. Rooms for rent are snapped up just as quickly as they become available. The best places to find a room on late notice are sites such as [Kangaroom](http://Kangaroom.com). If you want to do it the more conventional way, however, and go through an estate agent, [Zoopla](http://Zoopla.com), [Right Move](http://RightMove.com) and [OpenRent](http://OpenRent.com) are the most popular options, but are better suited to those looking for a whole apartment to rent. As in all cities, it is important to carry out checks on private landlords. The median price of renting a one bedroom flat or studio generally ranges from £700 to £2,000, depending on the size and location. Staying with friends at the beginning can give you a base for checking out potential places. You will need to be on your toes if you want to secure the room you want.

See [Flats and Rentals](#) page 226

Finding a Coworking Space

London is brimming with shared places to work, and it's a good idea to spend a day cycling, bussing or tubing around the city to see which one best caters to your needs. Some have larger offices on offer, such as Here East, and some you will need to apply to in advance due to high demand – for example, Rainmaking Loft, which has branches spread across the city. Others are smaller, and working in a kooky office – maybe next to a mini golf course, like at Runway East – might be just the thing to inspire you. Some places offer whole offices that you can fit out yourself (for example, TechSpace), while others have spacious areas where entrepreneurs can join easily and cheaply (like TMRW). If you're in need of something more suave, there will be something for you at Interchange, designed by DRS under Tom Dixon. For a map of coworking spaces in London go to growthhub.london. The web page is funded by the Mayor of London, and provides free advice on premises as well as business support.

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Insurance

Thanks to the NHS, the UK has one of the best national health systems in the world, free at the point of use for all its citizens. As long as Britain is part of the EU, citizens of member nations can access the NHS for free as part of a reciprocal EU healthcare agreement via their European Health Insurance Card (EHIC). An EHIC can be obtained from your home EU nation. If you are coming to the UK from outside the EU for more than six months, you will be required to pay a health surcharge at the time of your visa application. This will give you access to the NHS until the time of your visa renewal, when the health surcharge will apply again. If leave to remain is granted you can then access the NHS just like any other citizen. Health insurance is an optional extra which you might want to arrange for additional peace of mind. Some employers in the UK also offer health insurance as part of their additional benefits to employees. For more information on accessing the NHS as a visitor or immigrant to the UK, please visit nhs.uk.

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Visas and Work Permits

If you're looking to start a business in London and you're from outside the European Economic Area (EEA) and Switzerland, you could apply for a Tier 1 (Entrepreneur) visa. To apply, you must be able to prove you have access to at least £50,000 in investment funds. The earliest you can apply is three months before you travel, and you should get a decision on your visa within three weeks. It is worth noting that this will cost £1,204 if you apply online or by post, and £963 if you apply in person outside the UK (gov.uk/tier-1-entrepreneur/overview). You can work in the UK for a maximum of three years and four months with this visa. Other options could be to study first in higher education and get permission to work, then look at the Graduate Entrepreneur route to startup your business. While the UK remains a member of the EU, EU and EEA nationals have permission to live and work in the UK.

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Starting a Company

Registering a business in the UK is quite straightforward, particularly compared to other European countries. However, you may wish to seek advice as to the best way to register your company to suit your activities. Most businesses can be registered as a sole trader, limited company or 'ordinary' partnership. It's simpler to set up as a sole trader, but you're personally responsible for your business' debts. You also have some accounting responsibilities. If you form a limited company, its finances are separate from your personal finances, but there are more reporting and management responsibilities. An 'ordinary' partnership is the simplest way for two or more people to run a business together as you share responsibility for your business' debts and each have accounting responsibilities as well. If you take on your own employees, agency workers or freelancers, you have some other responsibilities, such as running payroll, paying for their National Insurance and providing workplace pensions. Getting into a good coworking space, incubator or accelerator to begin with, where costs will be significantly less and you'll get help with getting up and running, might be a good idea. Visit gov.uk for more information on setting up a business.

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Opening a Bank Account

To set up a bank account in the UK you'll need your National Insurance number, so make sure you sort that out first. Most banks require that you already have a job and address in the UK before opening an account, so give your chosen banks a call to be clear on their requirements before setting those wheels in motion. Popular bank chains in the UK include Barclays, Halifax, HSBC, Lloyds Bank, NatWest, Royal Bank of Scotland and TSB. They each have varying levels of interest offerings depending on current promotions, so it is worth shopping around.

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Taxes

Tax contributions in the UK differ depending on how the business is organized (e.g., whether it is sole trader or partnership). With so many complicated tax rules currently in place, it can be difficult to know exactly which ones apply to you, so seek advice from HMRC (Her Majesty's Revenue and Customs) if you're unsure. There are a few common taxes you will have to pay as a small business owner. The main ones are: income tax, which you pay on your business' profit once it goes over the personal allowance of £11,000; corporation tax, which is currently 20 percent for all companies; and VAT, which you'll have to register for if you make a turnover of more than £83,000 a year. Other income sources such as income from savings, investments and property would count towards the personal allowances. Because keeping on top of taxes can be difficult on your own, most businesses, large and small, and even freelancers, will hire accountants to keep bookkeeping in order – this is highly recommended if you seek accounting advice. Visit gov.uk for more information on registering your business and business tax.

See Accountants page 225

Telephone Contracts

Mobile phone signal varies throughout the UK. If you're planning on traveling in and out of London a lot, look for a network that has no additional roaming fees in foreign destinations. Broadband