

FINAL

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UK creates 15,000 new IT companies in just a year as UK's 'app economy' grows

- **Increased investment from financial services into 'FinTech'**

The number of IT companies in the UK has jumped by 15,000 in the last year, rising from 306,000 in 2013 to 321,000 in 2014, as the boom in 'app' and 'FinTech' companies drives business creation, reveals research from NoPalaver Group, a leading provider of accounting services to IT contractors.

NoPalaver says that Google estimates put the contribution of the 'app economy' to the UK at £4 billion, expected to rise to £31 billion by 2025*, and that the sector is set to attract increasing numbers of entrepreneurs and venture capital investment.

The UK's 'app economy' is centred around London's 'Silicon Roundabout', home to many household names and influential start-ups including:

- King Digital, creators of Candy Crush, which recently announced quarterly revenues of \$496 million
- Mind Candy, makers of Moshi Monsters
- New taxi app, Maaxi, launched as a direct competitor to Uber with financial backing from financier Nat Rothschild

Amazon has also announced plans to open a major office in the area in 2016 with over 5,000 employees.

Technology start-ups in London are thought to have attracted £1.4 billion of venture capital investment in 2014**.

NoPalaver explains that the vast majority of IT professionals in these start-ups are likely to be sole traders or self-employed contractors, many of whom are employed on short-term contracts to assist in the delivery of a specific project.

Increased investment from financial services into 'FinTech'

NoPalaver says that one major driver of growth in the 'app economy' is the increased investment from big businesses in 'FinTech' applications. These enable financial services companies to provide their expertise and services to customers through an increased use of technology, lowering operating costs without impacting on service provision.

NoPalaver notes that the rise of 'Big Data' – the growth in the volume of data and the speed with which it is collected and analysed – in financial services presents companies with opportunities for improved customer service and more efficient operational processes.

Technology is also creating opportunities for new start-ups hoping to win market share from traditional financial services companies, for example, online-only peer to peer lenders which would previously have been unable to compete with their more established rivals, NoPalaver continues.

Graham Jenner, Director at NoPalaver, explains: “The UK, particularly London, continues to prove itself a breeding ground for technological innovation and offers attractive investment opportunities.”

“Alongside the boom in consumer and retail apps, technological innovation is currently bringing the biggest shake-up to financial services since the launch of online banking. This is an area where London has a massive headstart against any European rivals thanks to the close links – both physically and professionally – with the City, which means that app entrepreneurs are exceptionally in tune with the financial services market.”

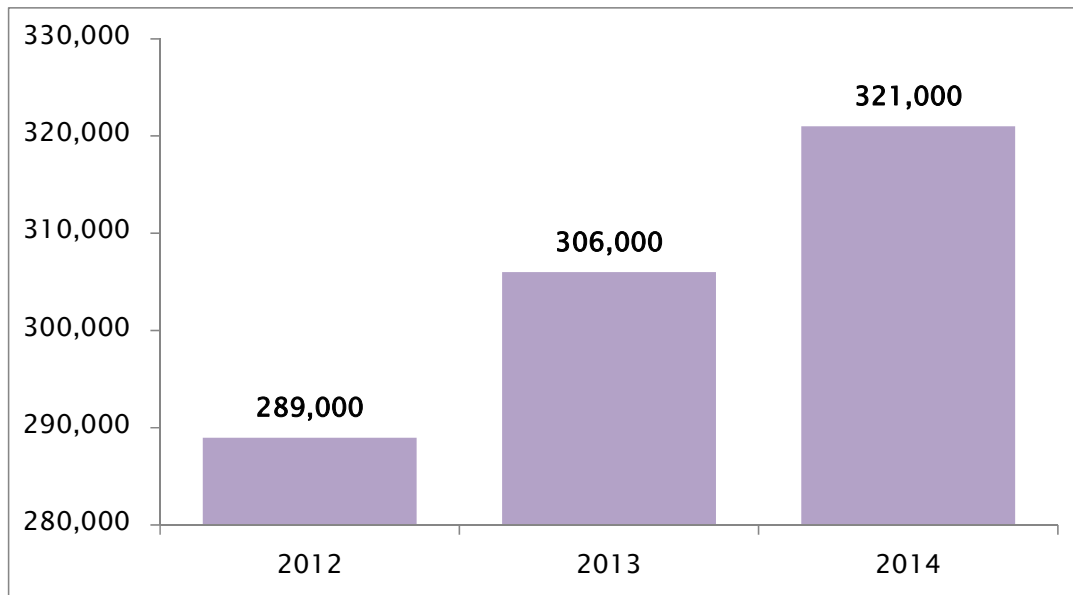
Sole traders still account for the majority of IT companies in the UK

NoPalaver notes that the vast majority of UK IT companies remain sole traders (79%) or small companies with less than 50 employees (21%).

NoPalaver points out that even in the larger IT companies, the majority of the workforce will be self-employed contractors as the flexibility offered is beneficial to both the contractor and the business. The skills of the contractor can be used to get projects off the ground and once their skills have been utilized, the contractor can move onto their next project.

Graham Jenner continues: “Increasing numbers of IT professionals now view self-employment as a viable option and are encouraged by the improving economic climate to set-up their own company.”

The number of IT companies in the UK has jumped 5% in the last year



* Research commissioned by Google.

** Research for London & Partners by CB Insights.

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About NoPalaver

The NoPalaver Group provides accountancy, taxation and payroll services to agencies, businesses, contractors and personal service companies. The NoPalaver Group includes:

- NoPalaver Accountants, which provides specialist accountancy support to contractors working through limited companies.
- NoPalaver Umbrella, which employs and payrolls contractors in all sectors.
- NoPalaver CIS, which helps construction companies, agencies and sub-contractors in the construction industry with self-employment status, payroll and CIS tax issues.
- NoPalaver Contractors, which assists contractors in other industries with employment status issues.
- NoPalaver International which provides solutions to contractors, agencies and employers working overseas or bringing workers from overseas to the UK.

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