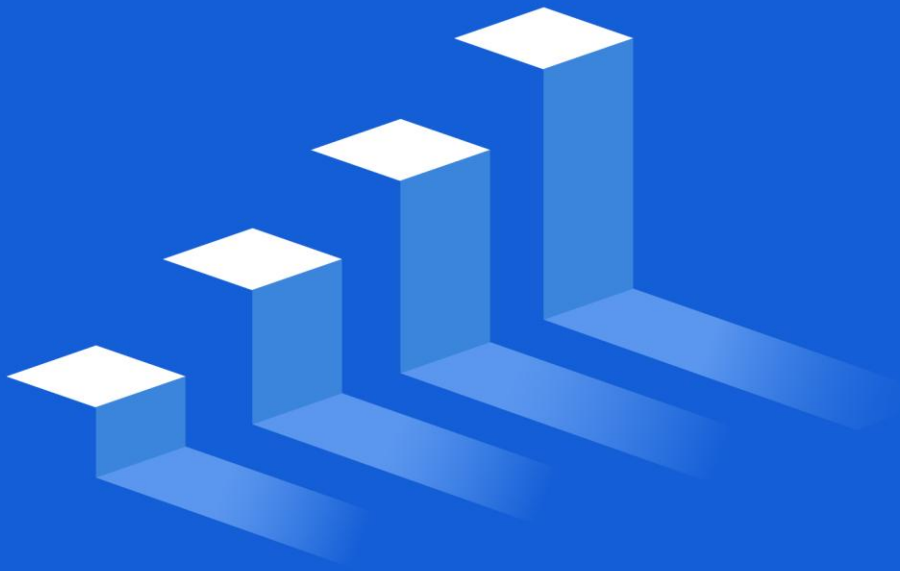




Scaling Scotland: Building the Engine for the Next 50 Years of Prosperity

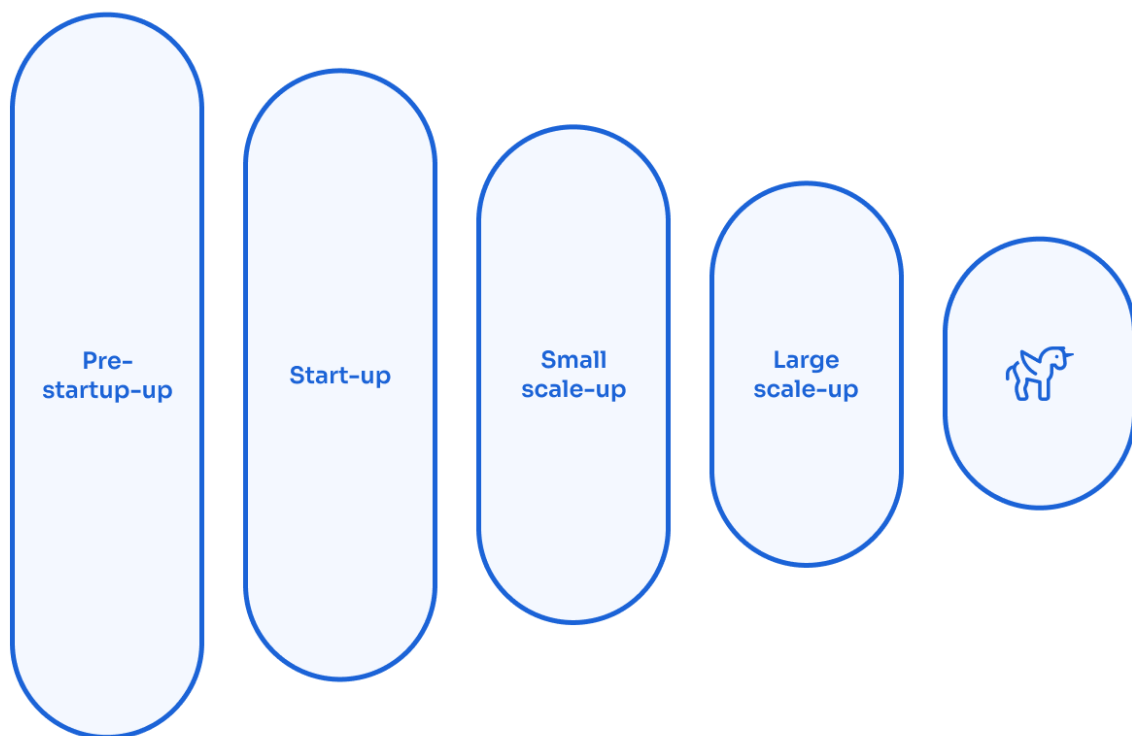
Shane Corstorphine & Scottish Scale-Up Panel

The purpose of this report

This report is the natural next step in Scotland's journey from a start-up nation to a scale-up economy. It has been written to live alongside the landmark work of Mark Logan's Scottish Technology Ecosystem Review (2020), and Ana Stewart's Pathways report (2023). It builds on the work of these vital reports shaping Scottish entrepreneurial focus, and the infrastructure to support early-stage ventures. This report zones in on the scale-up pathway highlighted in Sherry Coutu's 2014 Scale-up Report on Economic Growth, focussing on how to tackle Scotland's current challenge: how to help more of those promising, ambitious start-ups grow into large, globally competitive companies.

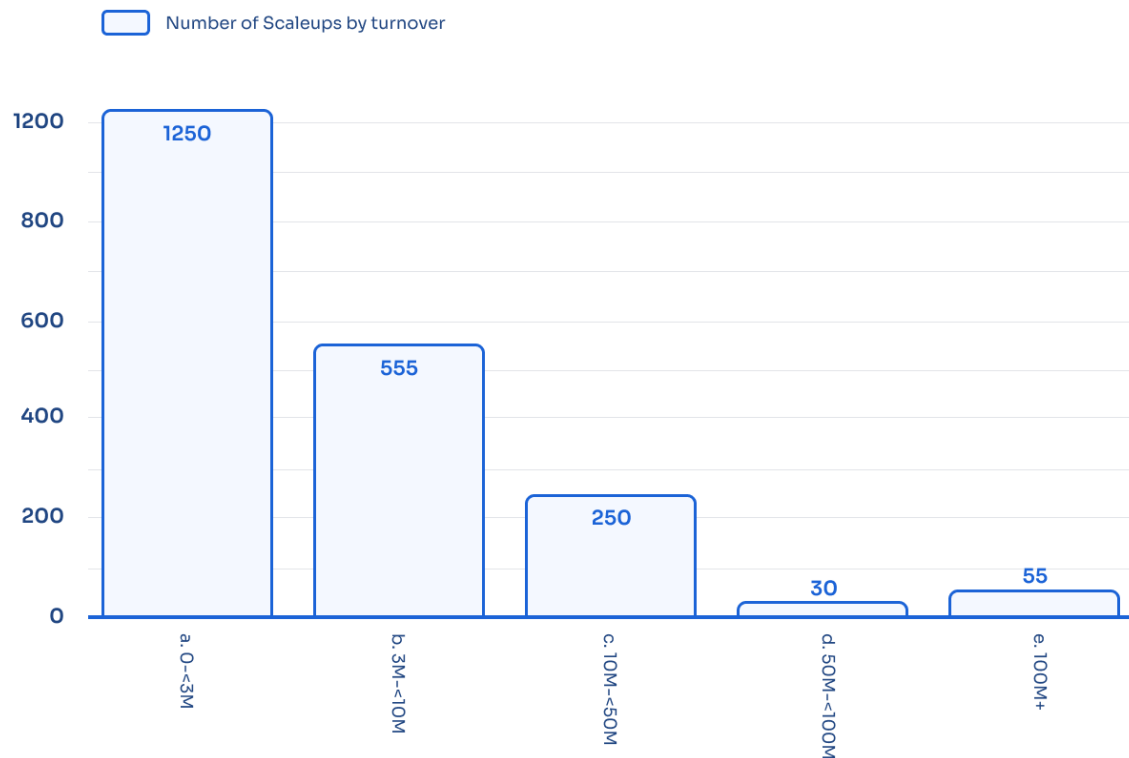
This work is complementary to the extraordinary progress already made. Its purpose is to strengthen our entire economic ecosystem, making it healthier for everyone, from new founders to established leaders. It aims to help ensure that scaling becomes an easier journey, one that is accessible to more businesses, is measurable, repeatable, and professional, underpinned by clear leadership at every stage.

As the Scottish Technology Ecosystem Review outlined, the Entrepreneurial ecosystem should be viewed as a funnel. Logan's report called out how tangible interventions at the start-up stage have already proved transformative to the wider end of the funnel.



Source: Mark Logan Scottish Technology Ecosystem Review (STER)

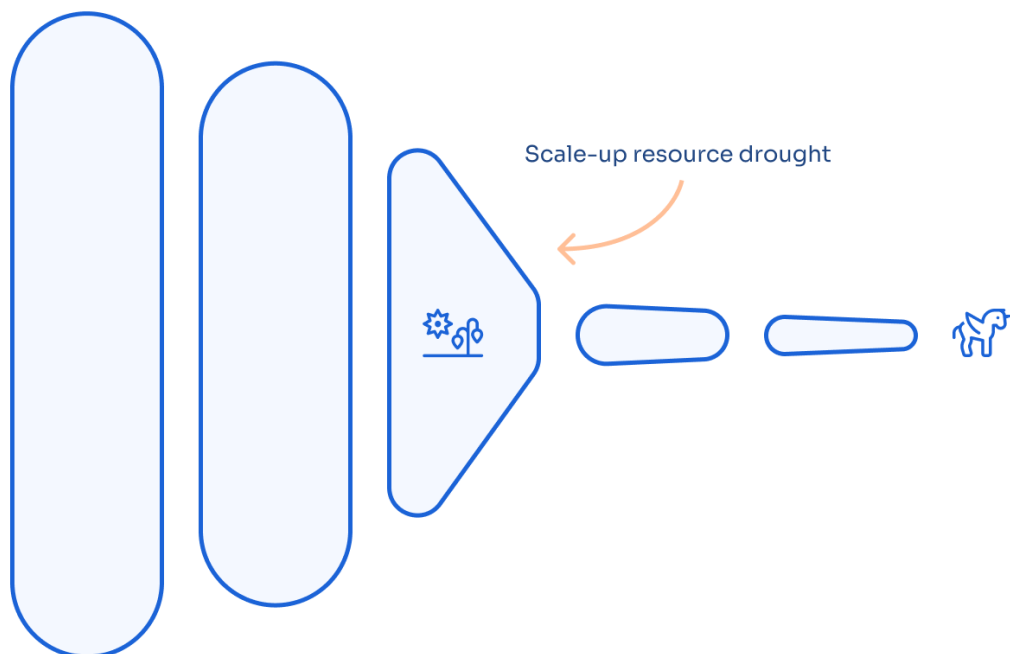
When viewed alongside the ScaleUp Institute's most recent data, it becomes clear that Scotland experiences a notable collapse in this funnel at the small-to-large scale-up stage. Today, Scotland has around 1,520 scale-ups with revenues up to £5m, with only 285 in the £5–10m bracket, 250 between £10–50m, and just 85 above £50m (ScaleUp Institute, 2024).



Source: ScaleUp Institute Annual Review 2024

Our funnel in Scotland therefore looks more like this:

The blocked ecosystem (2025 and beyond)



Source: Mark Logan Scottish Technology Ecosystem Review (STER)

The recommendations in this report are designed to address this growing need and widen the funnel for start-ups to progress through and scale. The recommendations have been designed to work in parallel with, not in place of, the continued development of Scotland's start-up ecosystem. Start-up progress must not slow; rather it must be matched with an equal commitment to building the conditions for sustained scale.

How to use this document

This document is designed to be a guide. Each section is structured around four critical pillars of scaling (Business Capability, Talent, Funding, Market Expansion & Internationalisation). With each pillar, we set out the key challenges, insights from peers and 15 actionable recommendations to address them.

Each recommendation is accompanied by suggested KPIs to indicate how progress might be measured. These are illustrative and expected to evolve as initiatives mature, ownership becomes clearer and tangible progress is made.

The report indicates where responsibility for each initiative could potentially sit. The Panel has taken the view that ownership should sit with the private sector where possible, with the public sector playing a supporting role. Too often, reports default to government as the primary problem-solver. The success of our scale-up economy is in all of our interests, and it is our conviction that much stronger collaboration between the public and private sectors will increase the pace of execution. Sustainable solutions will come from the private sector, supported (and where necessary enabled and backed) by public bodies or the Government. Occasionally the report suggests a range of bodies as the 'owner' and in these cases, collaboration will be essential.

As a business evolves from start-up to scale-up and from fledgling scale-up to larger scale-up certain playbooks exist to help them transition from reactive and unstructured to professional, scalable organisations with clear leadership. These playbooks typically begin with making operating systems measurable and repeatable. Drawing on the Panel's collective experience and extensive interviews, we believe these same approaches can be applied to Scotland's scale-up ecosystem.

The recommendations and initiatives are therefore a blend of "tactical", unlocking a specific constraint; or "playbook", setting our ecosystem up for scale. Each recommendation includes an objective to define what success might look like. While initial quantifiable targets were drafted, these have been removed until ownership and resourcing are confirmed. Once those are in place, clear targets should be put in place as quickly as possible.

Foreword



Scotland is at a turning point. The choices we make now will shape our economy, our communities, and our place in the world for the next 50 years. We have the opportunity to build an engine for growth that creates high-quality jobs, and recycles talent, leadership, and capital back into the ecosystem. This is not just an economic mission, it is a national one: about ambition, confidence, and ensuring that the next generation inherits a stronger, more resilient Scotland.

Scotland is a small, dynamic, and entrepreneurial nation, we must position ourselves as a test bed for the rest of the UK. A place where ambitious companies can prove ideas quickly, access experienced talent and find the support they need to build and grow large, resilient businesses.

Closing our scale-up gap could mean 138,000 more high-value jobs and £22 billion in additional annual company revenues (ScaleUp Institute, 2024). That is not just a number for economists to dwell on. It represents more opportunities for our young people to build their careers here, more resources for public services, and more Scottish companies competing - and winning - on the global stage. But it will not happen by chance. It requires deliberate choices, long-term commitment, and the alignment of policy, investment, and talent behind a shared goal.

I am grateful to Deputy First Minister Kate Forbes for initiating this work and recognising its urgency. By bringing together entrepreneurs, investors, and ecosystem leaders, we have sought to understand not just why too many promising businesses stall before reaching scale, but how we can change that.

Scotland is already transforming the early stage of its growth pipeline. The Scottish Technology Ecosystem Review, TechScaler, the strength of our angel syndicates, the impact of Scottish EDGE, strategic investments from Scottish Enterprise, Highlands and Islands Enterprise, Scottish National Investment Bank, South of Scotland Enterprise, and the reach of Scottish Development International, GlobalScot, Foras, The Hunter Foundation, ScotlandIS, Turing Fest and Entrepreneurial Scotland have all helped to create a world-class launchpad for high-potential ventures. It is a foundation to be proud of and every major data source shows that we are making clear and rapid progress.

The challenge now is to unlock the next stage: helping more companies scale from 50-500 employees and from £10-500 million turnover - into large, globally competitive businesses. That means widening the latter part of the funnel, learning from global exemplars, and ensuring our support systems are optimised for sustained scale.

While much of the Panel's expertise lies in technology, and tech companies often find it easier to scale more quickly and internationally, the principles and recommendations here apply to all ambitious Scottish businesses.

I want to thank the more than 75 founders, leaders, and investors who shared their insights; the advisors who grounded this work in evidence and Richard Simpson and Gillian Laird at Limitless for helping us tell this story clearly. I'd also like to thank the Hunter Foundation and

their Scale-up 2.0 alumni for patiently completing our questionnaire, giving us more evidence and anecdotes to deeply understand the scaling challenges.

Finally, and most significantly, I want to give a huge thank you to my fellow panel members and those advising us for their tireless commitment to this report underpinned by their genuine passion for Scotland's entrepreneurial ecosystem.

We have the platform, the ambition and the talent in development. What we need now is the collective will to act. If we choose to move forward together, we can power up Scotland's engine for growth and create prosperity, opportunity, and resilience for generations to come.

The Approach

The independent Scottish Scale-up Panel (SSUP) was established in January 2025 following a conversation between Shane Corstorphine and the Deputy First Minister Kate Forbes, about the economic importance of scaling firms. Through more than seventy-five founder and investor conversations, the Panel examined why so few Scottish businesses scale beyond fifty employees and identified practical, ecosystem-wide interventions. The challenge is clear: while Scotland produces a healthy number of businesses that reach the 50–250 employee bracket, they are smaller on average than UK peers, employing 67 people on average versus 100 and generating £14.7m in revenue versus £20m (Scottish Government, 2024). Closing this gap could mean 138,000 more high-quality jobs and £22bn in additional revenue for the Scottish economy (ScaleUp Institute, 2024).

Furthermore, Scottish Enterprise analysis suggests that doubling the number of scale-ups in Scotland over the next decade could generate around 75,000 additional high-quality jobs. If, in parallel, existing scale-ups were supported to grow by a further 20%, this could add close to 100,000 more jobs and around £20bn in turnover (Scottish Enterprise, 2024). Taken together, these scenarios underline both the scale and the importance of this opportunity over the next 10 years.

The work was delivered in two phases:

- **Phase 1: Discovery and Research**

The first phase was structured around four core pillars: Business Capability, Talent, Funding and Internationalisation and Market Expansion. Each had a dedicated team that conducted more than 75 in-depth interviews with scale-up founders, leaders, investors, advisors and ecosystem stakeholders. In addition, The Hunter Foundation surveyed their Scale-up 2.0 cohort giving further insight into the challenges with scaling.

- **Phase 2: Implementation**

Phase 2 developed holistic recommendations that cut across multiple pillars, framing opportunities to solve systemic barriers. These practical recommendations, KPIs and initiatives have been designed to allow the Private Sector and Government to act in partnership.

It is important to again note that the panel recommendations default to a private sector solution in the first instance and then revert to a public sector solution if no obvious private sector solution stands out.

The Four Pillars

In her 2014 Scale-up Report, Sherry Coutu CBE outlines the five key “growing pains” of scale-ups as:

- Finding employees to hire who have the skills they need
- Building their leadership capability
- Accessing customers in other markets / home market
- Accessing the right combination of finance
- Navigating infrastructure

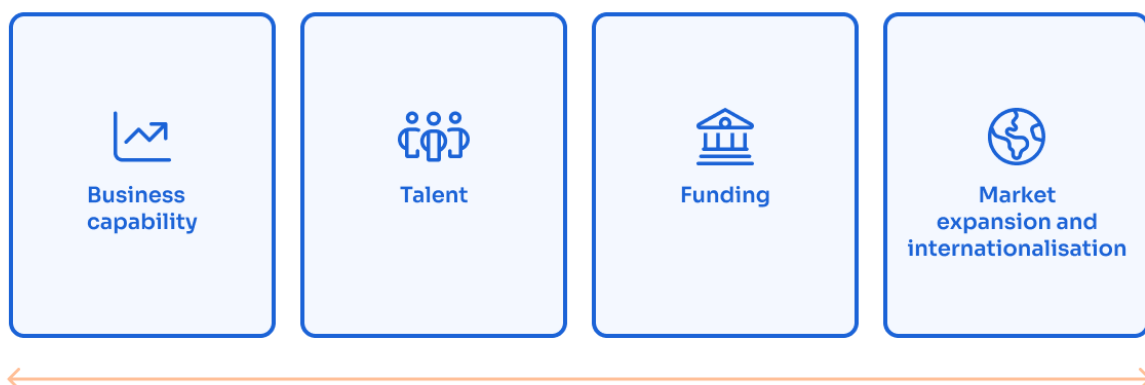
A decade later, the ScaleUp Institute’s Annual Review 2024 outlined the challenges UK scale-ups are seeing, with Scottish scaling firms mirroring these albeit with heightened talent issues:

- Access to markets (62% UK, 58% Scotland)
- Talent and Leadership (54% UK, 66% Scotland)
- Finance (47% UK, 42% Scotland)
- Infrastructure (28% UK, 28% Scotland)
- Tax (28% UK, 18% Scotland)

The report also outlines the priorities for scaling as:

- Find the Talent
- Facilitate access to Markets
- Building domestic Growth Capital
- Accelerate and build local scale-up ecosystems
- Keep scale-ups centre stage
- Develop leaders
- Demonstrate Social Value

These data points combined with local market insights specific to Scotland allowed the panel to focus on the following focus areas for the Scottish Scale-up ecosystem to thrive:



The four pillars of Business Capability, Talent, Funding and Internationalisation & Market Expansion represent key systemic factors that most determine whether companies succeed in scaling beyond the £10m-£50m turnover stage. They:

- Capture the root causes of stalled growth at the critical mid-scale stage.
- Provide levers that both the Private Sector and Government can influence.
- Are mutually reinforcing, with progress in one amplifying the others.

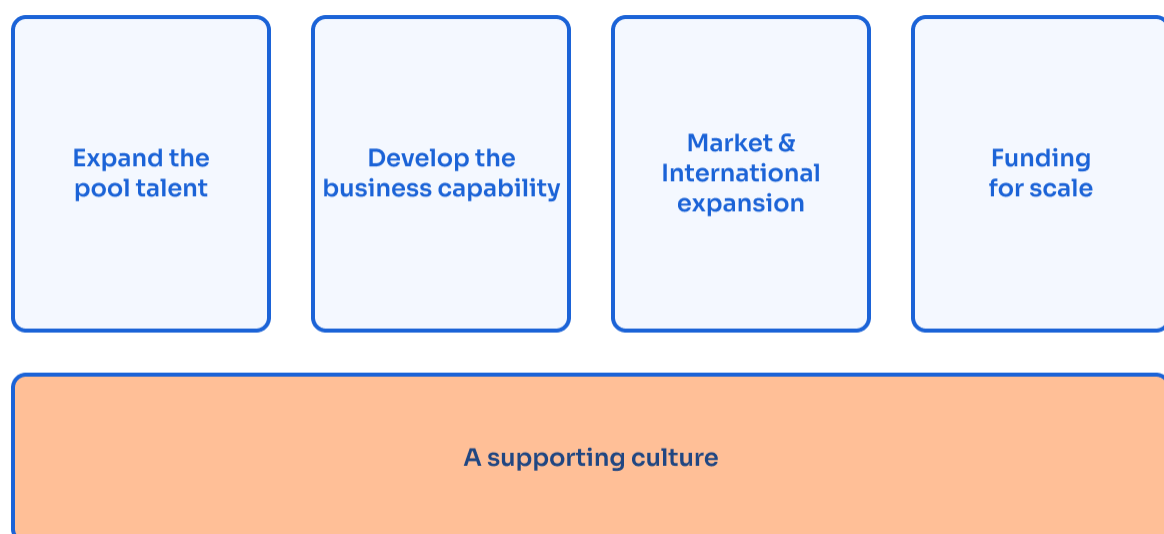
Culture: The Missing Foundation

In early discussions with the Deputy First Minister, the Panel agreed that culture was too broad a subject to address fully in this report. Yet through more than 75 conversations with founders, investors, and advisors, one insight is impossible to ignore: without a deliberate entrepreneurial culture strategy, Scotland will struggle to unlock its scale-up potential.

Culture is the base on which the four pillars: Business Capability, Talent, Funding and Market Expansion & Internationalisation must rest. A supportive culture shapes ambition, resilience, and recycling of talent and capital. Without it, our ecosystem risks unintentionally encouraging caution and missing the chance to turn more of our promising young businesses into intentional, globally competitive scale-ups.

It was also noticeable in our founder interviews how few of the scale-ups were female-led. This highlights a cultural as well as structural challenge: if a large proportion of Scotland's entrepreneurial talent is not starting or scaling, we are operating with one hand tied behind our back. The Pathways report provides a clear roadmap at the start-up stage, and its recommendations must also be carried forward into the scaling journey to ensure that more female founders progress to building large, globally competitive firms.

The Ecosystem



Four Cultural Barriers Holding Scotland Back

During our conversations, cultural comments or concerns tended to be focused around one or more of four key themes:

1. Belief, Will, Risk and Resilience

Scale-up journeys are volatile. Ecosystems thrive when peers, media, politicians and policymakers cheer on ambition. Without this, some founders often feel the pressure to sell early or risk burnout.

2. Celebration of Scale, not just Start

Scotland does not consistently celebrate the entrepreneurs who scale substantial businesses. In Estonia, founders are treated as national assets; here, ambition is often dampened. Ireland has commissioned a TV series around Entrepreneur of the Year to drive awareness and celebration. Sweden and Estonia have government advisory boards largely consisting of scaled entrepreneurs.

3. Learning from Failure

In places like Boulder, failed ventures rapidly redeploy talent; in California, failure is seen as experience. In Scotland, stigma around failure can make exits slower and more painful, delaying the recycling of talent and ideas. In California, it is expected that c.45% of new businesses will fail before 5 years and 65% in the first 10 years (Clarify Capital, 2025). Our scale-up ecosystem is still maturing and so we should expect higher failure rates than theirs and build a culture and ecosystem that embraces it and supports founders to build their next company.

4. Fostering operational ownership as an engine of ecosystem growth

Scaling founders, investors and boards who embrace equity schemes and are motivated to create wealth deep into their organisation must be held up as exemplars. Having ownership and 'skin in the game' with employees and management teams (as well as founders) brings a greater ambition for scale, alignment with creating shareholder value and ability for talent attraction. Early-stage US investors typically look for founding management teams to have more than 50% of company equity. Furthermore, the ecosystem benefits hugely when this happens. At Skyscanner's exit, over 15% of equity sat with employees, spawning new founders, executives, and investors. In Scotland, equity distribution often remains narrow, limiting the recycling of skills and capital. Aligning incentives with management teams is particularly challenging given angel expectations, cautious follow-on funding, and complex cap tables. Tackling this requires both cultural and structural change and when it works, the benefits to the ecosystem are transformative.

Recommendation

The Panel recommends commissioning a National Entrepreneurial Culture Report / Review / Taskforce to explore how Scotland can embed entrepreneurialism into its identity over the next 10–20 years, designed with both government and private sector.

The Panel Members

The panel was selected to ensure breadth across the four pillars, with members bringing both operational experience and ecosystem expertise. Together, they combine insights from scaling business, investment, government and leadership development.



Shane Corstorphine
Panel Chair

Shane Corstorphine is a former CFO, SVP Growth and senior leader at Skyscanner, where he helped build one of Scotland's first unicorns and oversaw its growth from 70 people to multi-billion-pound exit. Now an advisor, investor and non-executive, Shane works with founders across the UK and internationally on scaling, internationalisation and leadership development. As Panel Chair, he brings first-hand experience of growing a Scottish company into a global success and a deep commitment to strengthening Scotland's scale-up ecosystem.

Business Capability



Rebecca Moore

Panel member

An experienced COO and entrepreneurial operator with leadership roles at Mac's Adventure and Skyscanner. As well as deep experience in operational scaling, Rebecca brings a wealth of knowledge in what it takes to build resilient, high-growth organisations.



Tannya Gaxiola

Panel member

Tannya Gaxiola is COO of Turing Fest, where she puts on events to support the UK's tech ecosystem, with a focus on building and funding better tech businesses. Prior to Turing Fest, Tannya's career spanned from Wall Street to being an entrepreneur and small business leader. She's worked in Europe and the Americas in industries ranging from candy to telecom to higher education, always with a focus on finance and strategy.

Talent



Duggie Carlyle

Panel member

Duggie Carlyle is the founder of Carlyle Executive Search and has spent two decades recruiting leaders and building teams for some of Scotland's most successful scale-ups. Duggie brings deep knowledge of the talent barriers businesses face as they grow.



Caroline MacGregor

Panel member

Caroline MacGregor led people transformation in global businesses before returning to Scotland to CPO roles within high-growth tech scaleups. As a talent adviser to scaleups, Caroline specialises in aligning people strategies with business growth and building leadership pipeline.

Funding



Heleen Kist

Panel member

Heleen Kist is a former McKinsey, independent consultant with over 20 years' expertise in the (tech) SME ecosystem, as CEO, investor and advisor. She has designed and helped set up many public sector interventions in access to finance for SMEs in the UK and beyond.



Peter Lawson

Panel member

Peter Lawson is Chair at law firm Burness Paull and a leading corporate M&A lawyer with experience of advising businesses operating across Scotland, the UK and internationally. His client-facing role places Peter at the heart of commercial guidance for boards and business owners on sophisticated public and private M&A work.

Market Expansion and Internationalisation



Richard Lennox

Panel member

Richard Lennox is the former COO at Current Health and a senior leader at Skyscanner, where he scaled Scottish-founded firms to global markets and oversaw exits worth over £1.5bn (or \$2bn). Now advising scale-ups through Original Angle, Richard brings first-hand experience of international expansion, regulatory navigation, and sustainable scaling.



Paul Mason

Panel member

Paul Mason is a corporate finance partner at CT with extensive experience advising high-growth companies. Paul brings a strong perspective on funding strategies and scaling pathways for ambitious Scottish firms and is researching the Scottish Entrepreneurial Ecosystem at Strathclyde University.

Why this matters now?

30 Years of HQ Decline in Scotland

Business across the world is rapidly changing as advances in technology and AI shapes and influences the future of industries like never before. Scotland has often been a world leader in the shaping of the future however, over the past three decades, Scotland has experienced a steady erosion of its headquarters economy. In the early 1990s, we were home to a diverse roster of nationally and globally recognised employers across manufacturing, finance, retail, energy, and technology. These HQs anchored communities, provided global market access, and developed the leadership pipelines that fuelled wider economic resilience.

Today, many of those anchor businesses, for example Scottish Equitable and Stagecoach, have been acquired, relocated, or have closed altogether. Strategic decisions that once shaped markets from Edinburgh, Glasgow, Aberdeen, or Perth are now made in London, New York, or elsewhere. Surviving HQs are fewer, smaller, and less globally influential, and in many cases, less embedded in Scotland's long-term economic future.

Economic Anchors Then and Now

1990s: A Strong Foundation

Scotland's HQ economy spanned multiple sectors:

- Finance: Bank of Scotland, Standard Life, RBS, Clydesdale
- Insurance: Scottish Equitable, Scottish Provident, Scottish Amicable
- Transport: Stagecoach, Caledonian MacBrayne
- Engineering & Energy: Weir Group, Babcock, Wood Group, Aggreko
- Media & Retail: Johnston Press, Goldbergs, Clydesdale (retail), Jenners
- Manufacturing & Tech: Motorola, NEC, Sun Microsystems, NCR

These firms brought not only jobs, but the market influence, governance capability, and senior leadership experience that allowed Scotland to compete internationally.

2000–2006: Silicon Glen in Retreat

At its peak, Silicon Glen employed 48,000 people in electronics manufacturing and design. By 2004, this had fallen to ~25,000 as Motorola, NEC, Sun Microsystems, and others closed or relocated. More than 20,000 jobs disappeared in just six years (Fraser, 2016).

Policy efforts of the time focused on attracting replacement employers and repurposing sites, but stopped short of embedding the leadership capability, scale-up finance, and export pathways needed for home-grown firms to take their place. Sweden, facing similar industrial decline, invested in professionalising boards and building export capacity, retaining HQ-level influence in companies like Ericsson. It is no accident that Sweden is now one of the world's top performing entrepreneurial economies.

2008–2016: Financial Crisis and Capital Flight

The 2008 crash reshaped the world's financial markets. Its impact created ripples across the global landscape, including Scotland. Not only in the context of banking but also in Scotland's once world-leading life insurance industry being 'hollowed out'. Scottish Equitable (acquired by Aegon), Scottish Provident (absorbed into Abbey National and later Phoenix), and Scottish Amicable (taken over by Prudential) all lost their independence during the 1990s and 2000s. These institutions had trained generations of actuaries, fund managers, and executives; providing the leadership depth that contributed significantly to Scotland's financial services ecosystem. Their absorption into larger multinationals meant thousands of jobs shifted, and critical decision-making functions migrated south or overseas.

Between 2001 and 2016, more than 40% of Scotland's high-growth firms were acquired or closed; many at the critical £10m–£50m turnover stage where growth capital, experienced boards, and international expansion become decisive (Bachtler, 2017).

Building for scale, not just for sale

This reflects a wider cultural tendency: too many businesses have felt the pressure to build for sale, not for scale. M&A data shows Scottish firms are acquired younger than peers in comparator economies, often before they have the turnover, market share, and operational resilience to keep HQ functions in Scotland. When this happens, leadership, decision-making, and high-value roles can be easily relocated.

By contrast, firms that build to scale are more likely to retain their strategic base post-acquisition. Skyscanner is a standout example: founded in Edinburgh in 2003, it scaled into a global travel search leader before its sale to Trip.com in 2016. Nine years later, its HQ and largest office remain in Edinburgh, sustaining hundreds of high-value jobs and continuing to develop global leadership talent.

2016–Today: Loss of Economic Anchors

The last decade has seen the attrition continue:

- Johnston Press (publisher of *The Scotsman* and *i*) saw revenues fall from £245m in 2015 (Johnston Press, 2015) to collapse in 2018, with flagship titles' combined value dropping from £160m to £4m (Sweeney, 2018).
- Stagecoach, founded in Perth and once a global transport player, sold its operations in 2022, moving strategic control away from Scotland.
- Ballantine Castings, a Bo'ness ironworks operating for nearly 200 years, entered liquidation in 2025.

Surviving large SMEs are smaller on average, employing 67 people versus a UK average of 100, and generating £14.7m in revenue versus £20m (Scottish Government, 2024).

Lessons from Abroad

- **Spain** reversed HQ decline in the 2000s with a range of initiatives including *Beckham's Law* (Appendix i), attracting global executive talent and creating conditions for firms to scale domestically before sale.

- **France** launched *La French Tech* in 2013 (Appendix ii), creating a unified national brand, targeted scale-up support through the Next40/120 programme, and international diaspora hubs; this drove record venture funding, 25+ unicorns, and made Paris a top five EU start-up ecosystem.
- **Cyprus** introduced a targeted expatriate tax regime (Appendix iii), using generous incentives to attract highly skilled professionals and entrepreneurs, building a position as a hub for international business and technology.
- **Sweden** embedded governance and export strategies into growth policy, helping firms scale globally while keeping HQs domestic.
- **Estonia** built a digital-first economy and e-residency model (see Appendix iv), enabling global reach and access to global talent without losing HQ functions.

Why This Matters Now

Reversing HQ decline means tackling both structural and cultural barriers. We must:

1. Rebuild leadership capability and board professionalism to guide businesses past the growth cliff.
2. Unlock growth-stage finance to support scaling before sale.
3. Attract and retain global executive talent to anchor HQs here.
4. Strengthen international market access so scaling firms can compete globally from a Scottish base.

Put simply: we must enable and create the environment so that more businesses are enabled to build for scale, not just for sale. By shifting the growth culture, Scotland can produce firms with the resilience, bargaining power, and operational depth to keep decision-making centres here; even after acquisition. The prize is an engine of growth for the next 50 years, creating better jobs, higher productivity, and a dynamic, globally competitive economy.

The Ecosystem Explained

Scotland already has the raw ingredients: ambitious founders, innovative ideas, and a strong base of early funding. What is needed now is the right environment around those founders: leadership, capital, and coordinated support that allows them to focus on building at pace.

It's clear that Scotland has built a vibrant start-up base. Yet evidence clearly shows that we are failing to convert many of these ventures into productive scale-ups that continue to anchor ecosystem decision-making, recycle talent, and compete globally. Much like the scale-ups themselves, for the ecosystem to thrive, we must address the four mutually reinforcing pillars: **Business Capability, Talent, Funding and Market Expansion & Internationalisation**. Each is essential, but it is their interaction that drives momentum. Challenges in one quickly undermine progress in the others.

This section of the report therefore looks not only at the challenges within each pillar, but at the systemic challenges that shape the whole Ecosystem.

At the heart of this challenge are the founders themselves. These individuals are like gold dust, making immense personal and financial sacrifices to build the businesses that can power Scotland's future economy. The panel recognises that the transition from start-up to scale-up is hard and as a supporting ecosystem we must find the solutions that make it easier. By surrounding them with the right Boards and leadership structures, founders gain the confidence to take the next steps, ultimately, to become a mega scale-up that recycles skills, leadership, and ambition back into the ecosystem. This virtuous cycle, exemplified by Skype's impact on Estonia, is what Scotland now must replicate.

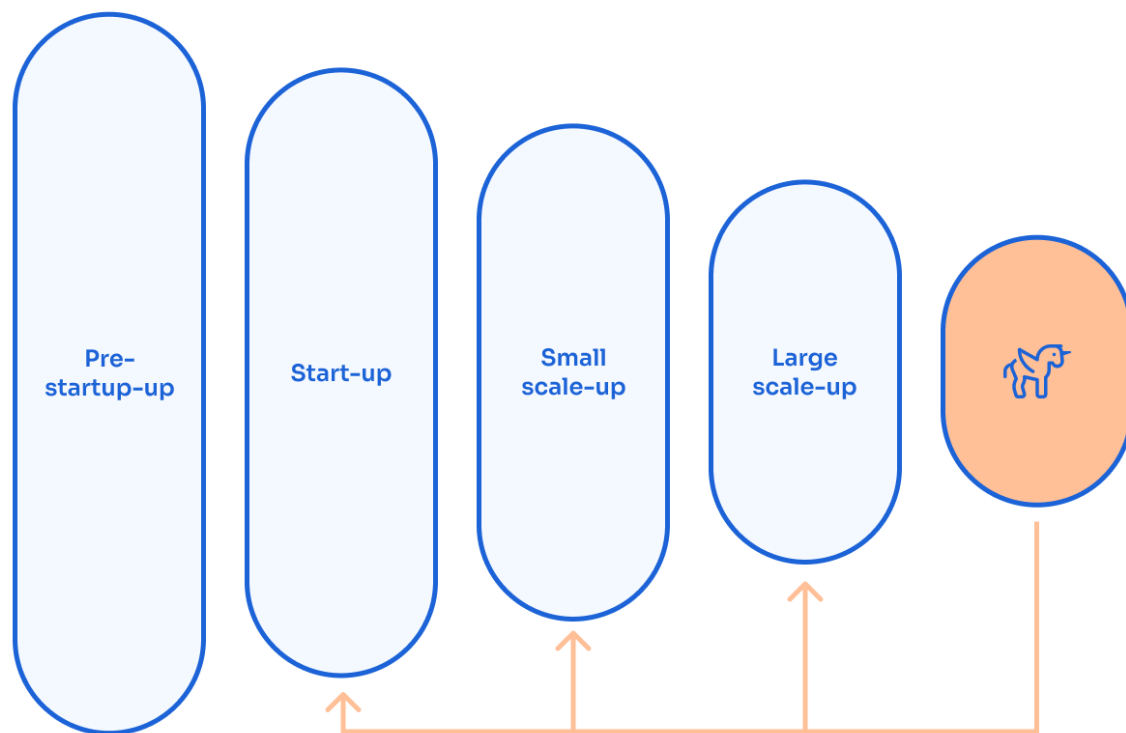
Unlike some comparable ecosystems, Scotland has a very limited pool of capital and much of the underlying support is publicly funded. A significant proportion of start-ups and scale-ups who raise capital do so with public funding. This positions the Scottish Government and other public bodies as being more influential than may perhaps be seen elsewhere. It is in a unique position to ensure that early-stage start-up investments are done with the anticipation of future scaling. This significant centralised ownership brings great potential to shape the ecosystem quickly and bring change for scaling, and with aligned incentives and empowered public bodies, it can be a real accelerator for long-term success.

The uniqueness of this public support therefore represents a unique challenge and a unique opportunity. Longer term, the need for public capital should reduce, the ecosystem should stand on its own merits, and the panel recognises that the balance over time should shift to a more sustainable private model. The journey will be challenging, and we will need our public bodies to be given agency, funding and clarity of direction coupled with relentless execution if we are to make the transition over the next 15 years.

The prize is significant; more businesses of scale will not only generate high quality jobs and more tax revenues but will also lead to a more sustainable ecosystem. As you will see throughout this report, Scotland is particularly short on scale-up talent which has a knock on impact to creating more scale-ups. Global venture capital is also attracted to pools of healthy scale-up activity, also helping create a self-fulfilling ecosystem where more scale-ups will lead to even more scale-ups.

The Ecosystem Impact

“more scale-ups will lead to even more scale-ups”



Source: Mark Logan Scottish Technology Ecosystem Review (STER)

Ecosystem-wide Challenges

From the 75 founder, investor, and advisor interviews, key themes stood out: Scotland's ecosystem is rich in potential but hampered by systemic barriers that cut across all four pillars. These challenges risk minimising the dynamism and productivity needed for companies to push past the growth cliff.

1. Leadership and Experience Gap

Founders often lack access to senior operators who have scaled before. When experienced leaders exit Scotland, their knowledge is rarely recycled back into the ecosystem and those that do remain do not have the individual capacity to fill every gap. This leaves founders without the local role models, advisors, or board members who can guide them through the complex challenges of scaling. There is a trend where the few large scale-up founders we have, have often had a large scaler (£100m+ revenue) as a mentor/provocateur or as a Board member but this is rare for most of our smaller scale-ups. The same is true with scaling executive teams. Our successful large scale-ups often have had at least one senior leader who has scaled up before and can pull the rest of the team up with them. Yet this often happens sub-consciously with founders rarely thinking about team succession and Board planning in this way. As a result, the importance of executive search firms to help find and recruit this talent is often undervalued – considered in P&L cost terms rather than potential value creation for employees, shareholders, stakeholders and the overall ecosystem.

66% of Scottish Business leaders in the Scaleup survey flag Talent and Leadership as key challenges for future growth. Only 4 in 10 have a board and cite key leadership skills gaps in sales and business development (53%), Strategy Development (47%) and Brand building & development (41%).

2. Cultural and Foundational Ambition

Many Scottish companies begin with (and have often been counselled to begin with) modest intentions and only discover their scale-up potential by chance rather than design. Without early signals or encouragement, founders can feel isolated in their ambition and may default to safer, more conservative choices. With stronger cultural support and visible examples of “going big,” more founders could confidently pursue long-term growth.

3. Access to Later-Stage Capital

Founders who have built strong early traction often face difficulties raising Series A and B rounds. The capital exists but accessing it locally can be slow and may come with restrictive terms – often down to the capital being conservative in nature. Raising genuine Venture Capital funding typically requires international investor networks and experience that many founders do not yet have. Without tailored support, they are forced to spend disproportionate time fundraising, pulling focus from building their businesses. Arguably, Scotland has very little genuine local venture capital and yet the venture capital label is applied to everything from angel minority investors, through syndicates and tax friendly EIS and VCT based funds. These operate on a different risk profile and as such access to long term – high risk/high return capital can only be obtained through broader UK and international sources.

4. Government and Public Sector Agility and Alignment

Founders value public sector support but frequently find processes fragmented, slow, or mismatched with the urgency of scaling. The challenge is not their ambition nor intent, but that the pace of public bodies can struggle to match the pace of high-growth companies and the depth of value-add support, leaving opportunities untapped.

5. Ecosystem Complexity

Founders describe Scotland’s support landscape as confusing: there are many organisations offering help, but no clear “single door” to access the right support at the right time. This creates duplication, wasted effort, and unnecessary barriers for leaders already stretched by the demands of scaling.

6. Lack of Long-Term Strategy

Founders often feel caught between conflicting priorities and fragmented “cluster” strategies. Without a unified, measurable long-term plan, it is hard for them, or their investors, to see a clear pathway from start-up to large, globally competitive company.

In the sections that follow, we outline the key findings under each pillar, followed by practical recommendations that the private sector, public sector and government can deliver to create a more dynamic, productive scale-up economy to drive an engine for growth in Scotland.

Pillar 1 – Business Capability



Rebecca Moore
Panel member

Objective

Equip founders and their teams with the strategic, operational and advisory support that they need to move confidently from start-up into scale-up. Ensuring that capability and ambition underpin Scotland's growth engine.

The Key Themes

1. Lack of experienced scale-up guidance
2. Limited support to penetrate and modernise long-established industries
3. Pace of public sector processes does not always match pace of business
4. Many scale-ups evolve without being structurally set up to scale



Tannya Gaxiola
Panel member

Pillar 1 – Business Capability

The Key Themes Explained

Theme 1: Lack of experienced scale-up guidance

“There’s not a huge market of people who’ve been there and done it.”
Interviewee 147

Founders often have a clear vision and strong early traction, and with greater access to experienced operators they can more easily translate that into scalable systems. Leadership teams can become consumed by day-to-day operations, leaving little time for strategy. Local advisory ecosystems are often dominated by traditional professions rather than entrepreneurial operators who have scaled before.

This is not about a lack of founder ambition. It is about ensuring founders have access to the right role models, advisors, and frameworks that make scaling more predictable and less costly.

Theme 2: Limited support to penetrate and modernise long-established industries

“Scotland’s domestic market should be an ideal test bed for innovation, but founders find it difficult to break into traditional industries such as healthcare, construction, and property.” Interviewee 15

Scotland’s domestic market is an ideal test bed for innovation before expanding more globally, and with more open access to traditional industries such as healthcare, construction, and property, founders could validate solutions faster and use this as a launchpad for international growth. Cultural resistance to change, and government and public sector incentives that may favour incumbents, can make it harder for new entrants to gain traction.

For founders, this means slower validation cycles and delayed access to revenue. With the right mechanisms, Scotland’s small, connected market could instead provide a powerful launchpad for international competitiveness.

Theme 3: Pace of Public Sector processes does not match pace of business

“The speed of government doesn’t match the speed of business, where support is available, therefore the opportunity is often missed.”
Interviewee 48

Founders value public sector support but describe the processes as slow, bureaucratic, and difficult to navigate. Applications and reporting can demand significant time and effort, diverting focus from growth.

The issue is not founder readiness but a mismatch between the speed of high-growth firms and the pace of government and public sector bodies. Faster, clearer processes, co-designed with entrepreneurs, would unlock more opportunities.

Theme 4: Many scale-ups evolve without being structurally set up to scale

“We have this problem that many of our scale-ups are accidental scale-ups. They didn’t set out to build a big business.” Interviewee 78

Many Scottish businesses were not originally founded with the intent to become large global companies. They often grow organically from solving a local problem, and only later discover their scale-up potential. Without early structures such as forward thinking, value adding boards, senior leadership teams, and scalable operating models, growth can stall or feel overwhelming. SUI research further bears out these points and the difference in spontaneous versus structures scales as laid out in their report on: The Scale of Need: Understanding the Talent Development needs of ScaleUps.

This is not a failure of vision; it reflects the reality that scaling is a steep learning curve. Normalising that journey, and ensuring support exists to help founders professionalise earlier, would reduce inefficiency and improve outcomes.

Pillar 2 – Talent



Caroline MacGregor
Panel member

Objective

Enable Scottish scale-ups to access, attract and develop the leadership talent they need at every stage of growth from 'recycled' operators to global executives, mentors and future leaders.

The Key Themes

1. Scale-Up leadership talent rarely recirculates
2. Scotland lacks positioning as a destination of choice for experienced scale-up talent
3. Practical mentorship and advisory networks are missing
4. No clear 'career bridge' exists for senior corporate leaders moving into scale-ups
5. There are gaps in leadership development for those already in role
6. Scotland's scale-up culture and ecosystem can be overly risk-averse.



Duggie Carlyle
Panel member

Pillar 2 – Talent

The Key Themes Explained

“...experienced talent is a challenge, particularly when you look at the Scottish ecosystem.” Interviewee 10

Theme 1: Scale-up leadership talent rarely recirculates

“There’s not much talent that recycles back in that has successfully scaled businesses.” Interviewee 10

When Scottish companies exit, experienced leaders often move abroad, or they are absorbed by the acquirers. With the right mechanisms we can recycle their skills and lessons back into the ecosystem, creating a powerful pool of scale-up expertise. Founders regularly highlight the absence of a structured way to retain or repatriate these individuals; especially in product, growth and technical leadership. Without this, businesses often stall at 30-50 people.

Theme 2: Scotland lacks positioning as a destination of choice for experienced scale-up talent

“We don’t have that go big or go home mentality yet” Interviewee 58

Whilst lifestyle is a draw, many senior hires from outside Scotland see barriers that deter relocation:

- **Tax and cost:** Higher personal tax and costs such as stamp duty drive up salary expectations and shorten company runways.
- **Fallback risk:** Candidates worry that if the role doesn’t work out, there are few equivalent opportunities locally, especially outside financial services.
- **Lack of visible pathways:** Senior hiring is often reactive, leaving no predictable route for talent considering a move.

Theme 3: Practical mentorship and advisory networks are missing

“There’s not a huge market of people who’ve been there and done it.” Interviewee 62

Once companies pass 50 employees, founders often feel ‘on their own’. Informal guidance from peers who have scaled before is rare, while formal advisory structures are often investor-driven and can lack operational depth. Fractional executives can provide short-term relief, but founders highlight the absence of trusted, practical mentorship networks that can help them anticipate pitfalls and avoid isolation.

Theme 4: No clear 'career bridge' exists for senior corporate leaders moving into scale-ups

"Leaders used to large teams and deep resources can struggle to adapt to the speed, ambiguity and lean structures of a scale-up." Interviewee 9

Many scale-ups look to corporates for senior hires, but transitions are often found to be unsuccessful. Leaders used to large teams and deep resources can struggle to adapt to the speed, ambiguity and lean structures of a scale-up. Founders see potential value in this talent but there is no structured pathway to help corporate executives reskill and acclimatise. Onboarding support and peer coaching could make these transitions less risky for both sides.

Theme 5: There are gaps in leadership development for those already in role

"...good individual contributors are not always good managers or leaders of leaders." Interviewee 25

With external talent being scarce, many companies focus on growing their own leaders. Founders state that a staff shift from individual contributor to 'leader of leaders' is difficult without structured support. Knowledge gained in short programmes can easily be lost without reinforcement, leaving leaders underprepared.

Theme 6: Scotland's scale-up culture and ecosystem remain overly risk-averse

"You miss all the shots you don't take... but coming in late means we're always fighting uphill." Interviewee 22

Founders describe the culture as 'cautious'. Few executives leave secure corporate roles for scale-ups and ambitions are often framed locally rather than globally. This conservative mindset filters into talent decisions, with hiring often delayed until a gap is critical. The fear of failure can weigh heavily which impacts dynamism and discourages bold choices.

Pillar 3 – Funding



Heleen Kist

Panel member

Objective

Improve the funding environment for Scottish companies with £10m+ revenue and the potential to scale 10x. This sits within the broader context of ambition, capability, global capital dynamics, and public investment strategy.

The Key Themes

1. There is capital for winners; capability and talent are the real constraints
2. Early exits are not failure; but constrained ambition narrows the ecosystem
3. The early-stage funding engine feels like it has slowed, and the pipeline is thinning
4. Mobility is usually part of building global scale
5. Funding at this stage is available for the right type of business, but market gaps will always exist
6. Corporate and venture debt options are underused
7. Scotland has under-leveraged assets in GlobalScots and Young Company Finance



Peter Lawson

Panel member

Pillar 3 – Funding

The Key Themes Explained

“There’s a valley of death between start up and scale-up and a lot of companies just fall through the cracks.” Interviewee 16

Theme 1: There is capital for winners; but capability and talent are the real constraints

Investors are willing to back strong Scottish companies. The challenge for many founders is less about the availability of capital and more about the support structures around them. Many lack access to experienced commercial leaders who can help with:

- Designing capital stacks with the right balance of equity, debt, and strategic investment,
- Navigating term sheets and growth milestones,
- Framing compelling scale narratives for investors,
- Attracting and retaining senior talent with international experience.

Without this guidance, the journey to becoming “investor ready” can be unnecessarily costly and complex. This is not always a question of founder ambition, but of ensuring the right leadership, advisors, and role models are in place to give founders the confidence to scale globally.

Since the creation of the Scottish National Investment Bank in 2020, Scotland’s deal landscape has strengthened considerably. Average deal sizes have risen 110% since 2019, with Scotland outperforming the UK average in the £2–10m range in 2024. The number of deals above £10m has also increased, from 8 in 2019 to 17 in 2024. Investors such as BGF, Equitix, Puma and Maven are increasingly active, alongside Par Equity’s new innovation fund, helping to deepen the pool of capital available to scaling firms (SNIB, 2023).

This progress is encouraging, and we must continue to build momentum. Yet what Scotland lacks is genuine venture capital of the kind that fuels outlier companies. Three elements are missing:

- **High-risk, high-return capital** prepared to back potential billion-pound outcomes, rather than incremental growth, whilst being comfortable with complete loss.
- **Specialist investors**, with depth of experience, knowledge and network in specific sectors rather than generalist approaches.
- **Value-add teams**, bringing operator experience, international networks and scaling playbooks that extend far beyond financing.

Today, Scotland’s funding market works relatively well for “predictable” businesses, but for the most ambitious outliers, those placing long term bets and capable of becoming global category leaders, the absence of this type of capital can be a binding constraint.

Beyond capital, founders highlight a gap in value-add support. Unlike leading global VCs, most Scottish investors are staffed by financiers rather than former operators. This leaves scaling founders without the strategic playbooks, networks, and hands-on guidance that operator-investors typically provide. Public bodies and co-investors should prioritise building

value-add capability, dedicated operator support, sector-specific expertise, and structured advisory capacity, to strengthen scaling outcomes.

“I want to eradicate the ‘not bad for a wee company from Scotland’ mindset.” Interviewee 81

Theme 2: Early exits are not failure; but constrained ambition narrows the ecosystem

“It would be easier to get a trade sale, sell the company at £40–50 million, walk away with a few million in your back pocket’ and Bob’s your uncle.” Interviewee 139

“We want to scale it up so that we can exit and have a retirement fund - that would be quite nice - but it’s got more potential than that as well.” Interviewee 29

Many founders choose to exit in the £10–50m range for personal, financial, or lifestyle reasons. These decisions are understandable and can bring real benefits: recycling capital into the ecosystem, retaining jobs locally, and seeding future ventures.

The concern arises when founders who want to go further feel unable to do so when ambition is capped by lack of confidence, role models, or practical support. Founders who wish to build £100m+ companies need tools and encouragement to stay the course.

Theme 3: The early-stage funding engine has slowed and the pipeline is thinning

“There is a failure in the ecosystem to provide a viable secondary market for early-stage angel investors to exit. This traps their capital and complicates cap tables for later investors. A fix for this secondary market is needed... angels should naturally get out when VCs come in, but this isn’t happening, which limits the recycling of experienced angel capital into new ventures.” Interviewee 7

Scotland’s start-up engine, powered by angels and co-investment, has been a success story. But today, many angels are tied up in “zombie” companies, the pipeline of new high-growth firms is thinning, and messy cap tables discourage later-stage investors. There is also a lack of domestic at scale patient capital in the market. Both SNIB and BBB have an important role to play in cornerstoning funds and investments, building out UK capabilities to remove the friction for scaling businesses through raising funds entirely within Scotland or the UK (see Interviewee 12 quote below). There is an opportunity to build stronger links with both London VCs as well as European and US VCs.

Founders find themselves caught in a cycle of raising small, incremental rounds rather than accessing larger, more strategic investment. This consumes time, dilutes ownership, and often slows growth momentum. The issue is not a lack of founder effort but a funding model that doesn’t recycle capital efficiently and lacks structured exit routes for early investors.

Without action, Scotland risks both a shortage of large scale-ups and a weakening pipeline behind them.

“Deals you can do with Scottish Enterprise and the Scottish National Investment Bank are brilliant... but I’ve rarely found somebody raising large amounts entirely here.” Interviewee 12

Theme 4: Mobility is usually part of building global scale

“...he would not have raised his Series B round without going to live in New York.” Interviewee 14

According to the SUI, over half of Scottish scaleup leaders (55%) perceive that the majority of funding is available in London and the SE of England. To attract significant later-stage capital, founders are often required to spend time in London, the US, or other investor hubs. They may also be required to incorporate an entity in the home market of their new investor. This is a reality of scaling globally. Other ecosystems, such as Israel, accept that while commercial growth may require international HQs or leadership presence abroad, R&D and jobs can remain at home.

Scottish founders deserve the same clarity: mobility should be seen as a normal part of scaling, not as a threat to Scotland’s economy. With the right infrastructure and incentives, commercial success abroad can still mean value and employment at home.

Theme 5: Funding at the scale-up stage is available and keen, but gaps will always exist

“What would be termed a pre-seed round in London, raising £5–8 million, would be considered a Series A minimum in Scotland...” Interviewee 12

For the highest-potential companies with strong teams and compelling stories, capital is available. But there are many worthwhile, scalable companies that miss the thresholds for private investment, particularly as they are now competing globally for funds. The playing field is not level when competing for capital with a business that is based close to a VC fund’s home base and where a long-term relationship has been made. There is a place for public intervention in this area of market failure, but founders often face mixed messages about where to look, and how public-backed funders such as SE and SNIB operate.

Clearer communication is needed so that founders and their advisors can understand:

- Where in the funding stack each public institution operates,
- Whether their priority is commercial returns (beyond State Aid requirements), mission impact, or both,
- How they add value alongside private co-investors.

Clarity here would give founders the confidence to target the right funders at the right time.

Theme 6: Corporate and venture debt options are underused and not well understood

“Equity is still the default in Scotland. Debt is treated as a dirty word, when in reality it can be a really good option for high-growth businesses.” Interviewee 61

Whilst bank lending is the lifeblood of the SME funding space, for the young, high potential, often technology-based companies, traditional debt is neither appropriate nor offered. Many founders of such companies default to equity or grants, unaware of alternative options such as non-dilutive venture debt, structured share transfers, or corporate investment. For the right companies, these instruments can extend runway and provide flexibility without giving up ownership too early.

There is often reluctance from founders when it comes to corporate tie-ups, but they can be an excellent way to access both funding and commercial opportunities. Venture debt providers are, similarly, eager to support Scottish businesses. The issue is a lack of visibility and trusted guidance around how to use these funding routes appropriately. Targeted education and advisory support could unlock better capital and commercial planning for scale-ups.

Theme 7: Scotland has under-leveraged assets in GlobalScots and Young Company Finance

“Warm introductions from peers or diaspora accelerate traction more than formal programmes. Institutional initiatives like GlobalScots are valued but not always visible when you need them.” Interviewee 76

SUI 2024 Survey Insight

Scottish Scaleups want access to relationship managers to support access to investment (7 in 10); 5 in 10 want more briefings on investment trends and opportunities as well as "meet the investor" or similar showcasing events; 4 in 10 want better access to peers and mentors who have raised before. (ScaleUp Survey)

Founders consistently highlight the value of introductions, the right investor, board member, or corporate partner at the right time. Networks like GlobalScots are well-intentioned but are perceived to lack the structure and tools to consistently connect founders to relevant opportunities.

Likewise, Young Company Finance is one of the few credible data sources on Scottish investment activity. With support, it could evolve into a national growth signal platform that helps founders gain visibility and attract investors, or GlobalScot supporters, while marketing Scotland's dynamism to the world.

Pillar 4 – Market Expansion & Internationalisation



Objective

Enable Scottish scale-ups to internationalise earlier, faster and with greater confidence by aligning funding, leadership, networks and cultural ambition with global expectation.

The Key Themes

1. Drip-feeding funding restricts internationalisation capabilities
2. Culture, ambition, and work ethic need to align with international expectations
3. Internationalisation plans are developed too late and implemented poorly
4. Experienced leadership is needed when entering new markets
5. Personal networks often outperform institutional support



Pillar 4 – Market Expansion & Internationalisation

The Key Themes Explained

According to the ScaleUp Institute Survey, 8 in 10 Scottish Scaleups are looking to expand into future export markets; 6 in 10 report they are already exporting.

The Key Markets are the EU (59%); North America (54%); Middle East (38%) and Australasia (37%). They experience key barriers in finding partners and local support in overseas markets; Access to customers; and having the right level of finance in place to deliver.

Theme 1: Drip-feeding funding restricts internationalisation capabilities

“Raising small, incremental rounds consumes time and energy, reducing focus on strategy and international growth.” Interviewee 29

Founders report that raising small, incremental rounds consumes time and energy, reducing focus on strategy and international growth. Without sufficient upfront funding, businesses struggle to test markets, adapt products, and build credibility abroad. This is not a lack of ambition, but a symptom of funding structures that are too cautious and risk averse.

Theme 2: Culture, ambition, and work ethic need to align with international expectations

“International investors and customers expect bold ambition and often relocation. Cultural caution, or narratives that discourage self-promotion, can undermine credibility abroad.” Interviewee 69

International investors and customers expect bold ambition, discretionary effort, and often a willingness for leadership to relocate. Founders highlighted that some cultural beliefs around fundraising, general discouragement of self-promotion and tempering of bold visions can undermine credibility abroad. This is rarely about founders lacking ambition, it is about the ecosystem not yet creating the conditions that fully support it.

Theme 3: Internationalisation is often considered later in the journey, yet when planned earlier and supported effectively it can accelerate scale

“Founders often focus too narrowly on the domestic market before testing international product-market fit. This creates misalignment when entering larger markets and leads to costly missteps.” Interviewee 67

Founders often focus too narrowly on the domestic market before testing international product-market fit. This creates misalignment when entering larger markets and leads to costly missteps. Those who succeed typically start with “backward planning”, identifying their target market early and working back.

Theme 4: Experienced leadership is needed when entering new markets

“Entering a new market requires deep operational experience, local knowledge, and the ability to avoid pitfalls. Yet Scotland has too few leaders with this background.” Interviewee 129

Founders repeatedly stressed the importance of having people around them who have “been there before.” Entering a new market requires deep operational experience, local knowledge, and the ability to avoid pitfalls. Yet Scotland has few leaders with this background, and founders often find themselves learning the hard way.

Theme 5: Personal networks often outperform institutional support

“We just moved to Berlin for a year, partly family adventure, but also to get closer to the VC community - you need to be where the conversations are.” Interviewee 67

Founders consistently reported that warm introductions from peers, diaspora, or mentors accelerate international traction more than formal programmes. Institutional initiatives like GlobalScots are valued but not always visible or structured in a way that supports immediate needs.

Recommendations and Measures of Success

The Panel's recommendations are designed to break through Scotland's scale-up barriers and unlock long-term growth. Each is mapped to one or more of the four pillars, ensuring clarity of purpose and measurable impact.

What sets this report apart is the recognition that responsibility is shared. Government alone cannot deliver the conditions for scaling. Industry leaders, boards, investors, and founders must also play their part. These recommendations therefore identify not only what should be done, but also who should do it.

A clear vision for the ecosystem

Establishing a long-term goal, Scotland must set itself an ambitious objective. We believe this should be in the region of having 10 new unicorn companies (valued at over \$1bn) and a further 50 major-scale-ups (>£50m revenue) by 2040. This goal needs to be apolitical in the sense of ambition with public sector and private sector working hand in hand towards achieving this goal. Every milestone reached on this journey should be celebrated by all who support the ecosystem, small and large, public and private. This would immediately change the narrative of ambition for founders at all stages. Without a clear statement of intent, much like in business, the end goal is lost.

At the heart of being able to appropriately support the transformation from an early-stage ecosystem to a scaling ecosystem is a single, unifying proposal: the digitisation and coordination of the ecosystem through the creation of a single, tech and AI first enablement layer that empowers all of our ecosystem bodies with data, direction, alignment and minimises duplication (and therefore spend across all other bodies).

For the purposes of this report, we refer to this concept as the Scottish Scale-up Enablement Hub (SEH). Importantly, SEH could be standalone or housed within one of the existing Public Sector players and supported by bodies such as the ScaleUp Institute. We do not see this as a new standalone, political body but it must be an evergreen, unifying layer that strengthens and connects existing institutions and not bound by the same talent restrictions as the public sector. The Hub must be free to operate as a high performing organisation, embracing the best talent and technology. This cornerstone proposal underpins the ability to execute across many of the recommendations but should be seen as part of a wider continuum, alongside start-up support and the delivery of *Pathways*.

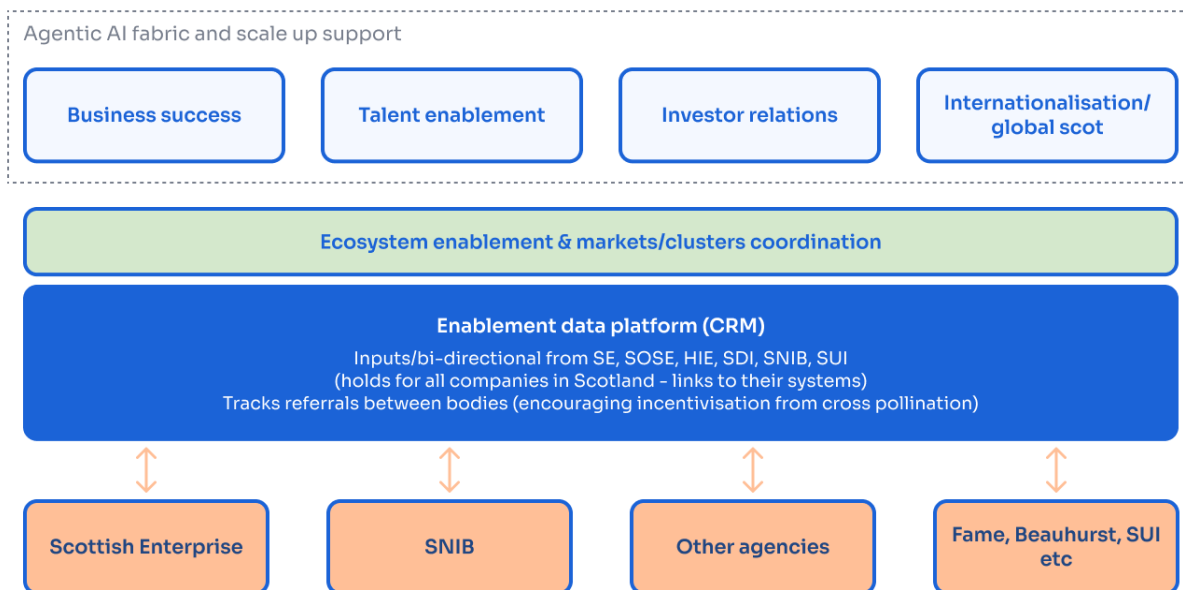
The Hub would act as the heavily tech enabled orchestration layer the ecosystem needs; shifting Scotland from a fragmented, ad hoc landscape to one that is measurable, repeatable, scalable, and clearly led. Now is the time: with the rise of agentic AI and AI-enabled training, Scotland can deliver world-class concierge-style support at minimal cost, predicting challenges before they occur and giving founders access to best practice at speed.

The diagram that follows illustrates the four interconnected layers that bring this vision to life:

- **Orchestration Layer:** establishing the SEH itself as a central, non-political hub fed by and supporting all key players in the ecosystem, including partnering with the ScaleUp Institute
- **Data Platform:** creating a clean, comprehensive, real-time view of Scotland's scale-up companies; who they are, how they are performing and what support they will predictively need. This should align with the *Pathways* recommendation for a centralised founder database but expanded to capture the full universe of Scottish scale-ups which the ScaleUp Institute can further support development of. By doing so, we can track not only growth performance but also diversity gaps, ensuring progress is inclusive.

- **Agentic AI Concierge Layer:** a people light, predominantly agentic AI layer to simplify navigation, provide playbooks and best practice supporting scale-ups across talent, funding, investors, and internationalisation.
- **Leadership Layer:** a strategic tier of entrepreneurial operators, public institutions and government working constructively to ensure the right decisions are being made, communicated and measured to support the delivery of a long-term strategy for Scotland's growth.

Together, these layers lay the foundations for a more coherent and powerful scale-up ecosystem; one capable of unlocking Scotland's next engine of growth and generating thousands of new high-value jobs over the next decade.



ScaleUp Institute 2024 Survey Insight:

- 70% of Scottish Scaleups want access to relationship managers to support access to investment; 5 in 10 want more briefings on investment trends and opportunities as well as "meet the investor" or similar showcasing events; 4 in 10 want better access to peers and mentors who have raised before (ScaleUp Institute, 2024).

Recommendation 1

Establish a Scottish Scale-Up Enablement Hub (SEH)

Objective

Build a single, tech-enabled orchestration platform (SEH) to shift Scotland's ecosystem from fragmented and ad hoc to measurable, scalable, and clearly led.

Please Note - The proposal is not for another public body, but for a digital-first orchestration layer that strengthens communication and reduces duplication across existing institutions. Building on existing fora the SEH should focus on technology-enabled data sharing and coordination. Its primary role is to help the ecosystem operate with greater speed, alignment, and efficiency, with private and public sector leadership and support.

Pillars

- ✓ Ecosystem (all)

Recommended Initiatives	Who?
Build out SEH either under Scottish Enterprise, within Scottish Government or standalone (e.g. building on YCF) – it is essential that it must not be inhibited or slowed down by government and politics. SEH would ideally be funded in 5-year cycles but report to key stakeholders quarterly.	Scot Gov Scottish Enterprise SNIB Supported by SUI
Establish an unremunerated SEH Board with operators and public leaders. Proposed make up: 5 Scale-up operators/entrepreneurs, CEO SEH, CEO ScaleUp Institute, CEO SE and CEO SNIB	Scot Gov Scottish Enterprise
SEH Board to review and oversee the development of the platform and tech enabled layers. SEH operators will also have a role to review and provide feedback on the identified top 5 highest potential scale-ups each quarter, with feedback given re future support available / needed.	Scottish Enterprise SEH SNIB Supported by SUI

Recommended measures of impact:

- Company scaling support KPIs
- Investor engagement KPIs
- International funding KPIs
- Talent KPIs
- Scale-up operational & financial performance KPIs

Recommendation 2

Build a Single Scale-Up Data Platform within the SEH

Objective

Provide key ecosystem players with a real-time, single view of all Scottish scale-ups, their performance, support history, and *predicted* needs. Investment in the correct AI powered platform would support the accuracy of those predicted needs based on user inputs. It should be noted that, over time, this is likely to be a cost saving measure, reducing reliance on expensive, analogue in-person services.

Pillars

- ✓ Ecosystem (all)

Recommended Initiatives	Who?
Build orchestration-layer data platform which is overseen by SEH	Scot Gov Scottish Enterprise SEH SNIB Supported by SUI
Track companies from inception to graduation/failure; incentivise referrals.	SEH Scottish Enterprise SNIB Clusters Hunter Foundation Supported by SUI YCF
Encourage scale-ups to share operational data and soft data (such as surveys) in exchange for support access. Use this data to predict what support will be needed ahead	SEH Scottish Enterprise SNIB Supported by SUI Clusters
Monitor impact of all standalone initiatives vs impact on entire ecosystem.	SEH Full ecosystem SNIB Supported by SUI
Build real-time dashboards of ecosystem health.	SEH SUI

Encourage ecosystem continuous improvement insights through allowing specific data access (with suitable non-disclosure agreements) to educational and research institutions such as Strathclyde business school and Fraser of Allander Institute in return for insights and analysis.

SEH
Universities
Research bodies
SNIB
Supported by SUI
Clusters

Recommended measures of impact:

- Accuracy, completeness, timeliness of database
- Dashboard engagement metrics
- MoM growth of ecosystem referrals
- 3rd party API consumption

Recommendation 3

Create an ecosystem leadership layer focused on scaling

Objective

Align ecosystem bodies under a long-term, technology-first strategy to support ever-more scaling companies.

Pillars

- ✓ Ecosystem (all)

Recommended Initiatives	Who?
Revisit Scotland's National Innovation Strategy, to ensure alignment with UK Modern Industrial Strategy.	Scot Gov SEH
Simplify and re-focus Scotland's cluster strategy to align with Scotland's National Innovation Strategy. Create a centralised and consistent cluster best practice playbook based on the existing FinTech Scotland cluster rather than starting each cluster organically.	Scottish Enterprise Scottish Government FinTech Scotland Existing clusters SNIB Supported by SUI
Publish monthly scorecards (via Data Platform) that give insight as to ecosystem health by cluster and stage of scaling. Ensure this is directly linked to the objectives of the National Innovation Strategy.	SEH SNIB Supported by SUI
Clarify full entrepreneurial funnel and appropriate support at each stage. Clarify where Scottish Enterprise funding ends and where SNIB funding begins, ideally offering a continuum of finance.	SEH Scottish Enterprise SNIB
Ensure this leadership layer has mandate and agency to lead the ecosystem, not just publish reports.	Scottish Government SEH
Keep Government informed on speed, agility and key investment terms from significant Public and Private bodies.	SEH Scottish Enterprise Scottish Government SNIB Supported by SUI

Recommended measures of impact:

- Ecosystem understanding of Innovation Strategy
- Consistency and clarity of Cluster strategy and efficiency of execution across all
- SEH NPS from ecosystem players on clarity of direction
- Public sector NPS and breadth of real time knowledge and visibility across the ecosystem.

Recommendation 4

Develop a tech enabled concierge-style support layer

Objective

Simplify navigation for scale-ups; provide world class best practice, talent, investor, and internationalisation support.

Pillars

- ✓ Talent
- ✓ Funding
- ✓ Market Expansion and Internationalisation

Recommended Initiatives	Who?
Build concierge layer with 4 “outcome focused” largely Agentic AI squads (Business Success, Investment relations, Talent enablement, international expansion). By squad, what we mean is “outcome focused multi-disciplinary team”.	Scottish Government Scottish Enterprise SEH
Review the current approach and running GlobalScot under a new tech enabled international expansion squad within SEH.	Scottish Enterprise SEH GlobalScot SDI
Establish co-working spaces in key global cities for Scottish companies and provide low cost, high value infrastructure and networking opportunities. Techscaler and SDI have made good progress towards this goal with regular programmes showcasing Scottish companies in global ecosystems. It is time for this work to be expanded with ambition, learning from international best practice e.g. many European nations have permanent space in Silicon Valley.	Scottish Enterprise SDI Techscaler Private
Within the International Expansion squad, build or partner with private sector to create/access a centralised repository of international market-specific insights, playbooks and case studies either within SEH or alternative as can be accessed by the full ecosystem.	SEH SDI GlobalScot Private
Ensure Investor relations squad is an enabler for both Scottish Enterprise and SNIB as well as other key ecosystem players such as tour Angel syndicates and investment houses. Consider the use of a private sector partnerships to build out the Investor relations squad.	Scottish Enterprise SNIB Private

Simplify and educate scale-ups on the various Tax Efficient Incentivisation and Equity Schemes that are available such as EMI and SIP schemes.	SEH Private
With HMRC support, automate 90%+ of the company valuation process to allow Scale-ups to carry out 6-monthly valuations quickly and with minimum expenditure.	UK Government Private
Clarify “stories” and perpetually market the Scotland Scale-up Ecosystem Internationally to i) Potential investors; ii) Top global talent; and iii) Potentially lucrative corporate relationships for players in the Scottish ecosystem; and, nationally to i) as per International above; ii) continue to expand awareness of the support that is available at varying stages of maturity (across full ecosystem); iii) continue to re-iterate the Scottish Scale-up strategy and communicate performance against that strategy (both good and bad).	SEH Private
Consolidate investor-relations and deal-flow activity across SNIB, Scottish Enterprise, clusters and diaspora networks into a single coordinated pipeline operated via SEH to improve quality, speed and transparency for both founders and investors.	SEH SNIB Scottish Enterprise Clusters

Recommended measures of impact:

- Scaling support KPIs
- Investor engagement KPIs
- International funding KPIs
- International expansion and support KPIs
- Talent marketplace KPIs
- Ecosystem awareness KPIs
- Percentage of scale-up equity residing with staff that aren't founders or investors

Recommendation 5

Make Scotland an attractive proposition for experienced relocating executive leaders

Objective

Attract both returning Scots *and* international hires to create a recirculating leadership talent pool.

Pillars

- ✓ Talent
- ✓ Business Capability

Recommended Initiatives	Who?
Build marketplace tech for exec matching on a give to get basis within private sector. Allow self-serve and embed recommendation and referral levers so the network can spread well beyond Scotland's diaspora quickly.	Private Scottish Enterprise
Pilot tax incentives (e.g. Beckham's Law) and stamp duty relief to attract top senior talent into our highest potential scale-ups.	UK Government Scot Gov
Create "20 Day Intro to Ecosystem" akin to Finland's 90-day Finn Program.	Scottish Enterprise Entrepreneurial Scotland Clusters
Build "red carpet" playbook for relocating execs.	Private

Recommended measures of impact:

- No. of senior hires relocated/returned (target: ~50 per year)
- % diaspora vs international
- Recirculated leadership appointments

Recommendation 6

Deliver structured scale-up coaching and expand practical mentorship and advisory networks to deliberately stretch ambition.

Objective

Equip founders and scaling leaders (of businesses with >50 employees) with structured coaching, peer learning and access to trusted advisory networks with experience of scaling companies up to and beyond £250m.

Pillars

- ✓ Funding
- ✓ Talent
- ✓ Business Capability

Recommended Initiatives	Who?
Build scaling best practice content platform directly or partner with private sector to give scale-ups access.	Techscaler Scottish Enterprise SNIB Supported by SUI Private
Develop or partner with private sector to deliver best practice, AI enabled, competency frameworks.	Techscaler Private
Launch scale-up mentor/advisor/fractional matching platform to include international as well as domestic talent. Allow self serve and embed recommendation and referral levers so the network can spread well beyond Scotland's diaspora quickly.	Techscaler Scottish Enterprise Private Supported by SUI
Expand GlobalScot platform to create a single searchable database with AI powered matchmaking.	Scottish Enterprise SEH
With the absence of venture capital style “value add teams” within public bodies it is essential they utilise and encourage private consultancies and high quality fractionals for scale-ups.	Private Scottish Enterprise SNIB

Build out a range of peer learning groups for different stages of scaling up. Facilitate “graduation” between them.	Hunter Foundation Private Techscaler Leverage SUI work with IUK
Develop a training and knowledge platform to help educate operational entrepreneurs and board members on how to think with ambition and set super scaling strategies to deliver outsized growth and impact with their businesses.	Scottish Enterprise ScaleUp Institute
Significantly step up Internationalisation readiness mentoring and coaching through matching GlobalScots and other diaspora experts to companies by geography and industry. La French Tech serves as a globally leading example.	SEH SDI Global Scot Private Leverage SUI work with IUK
Further develop Funding education and readiness programmes.	Private

Recommended measures of impact:

- % of scale-ups reporting mentor use
- Number of vetted fractionals onboarded
- Pulse survey ratings on mentor/advisor value
- Usage of best practice playbooks and competency frameworks
- No. of founders completing training and rating it as value adding/time well spent
- Increased founder/exec access to relevant international advisors
- Increase in £50m+ firms in Scotland

Recommendation 7

Strengthen Board capability, risk appetite and accountability

Objective

Ensure scale-up Boards are made up of operators that have the scale-up experience, capability and risk appetite that matches the ambition and potential of the company.
Improve overall board accountability and refresh boards to evolve with company needs.

Pillars

- ✓ Talent
- ✓ Business Capability

Recommended Initiatives	Who?
Develop a peer to peer learning on 'what a good board looks like and how to ensure it adds value'	Clusters Private Techscaler Leverage SUI work with IUK
Create an open-source, give-to-get non-executive director (NED) database with continuous confidential assessment of NED capability to match stage and type of scale-up	Private Clusters
Where not already doing so, Public Sector investors should build and deploy a database of outstanding operators to act as their Board directors instead of/whilst also taking an observer seat for their Investment Director.	Scottish Enterprise SNIB Leverage SUI work with IUK
Create scale-up NXD specific training to support more experienced ex-operators to become high quality, high value NXDs.	Private
Facilitate shadow boards and advisory boards to support scale-ups with sprint based, stand alone projects.	Private Leverage SUI work with IUK Clusters

Publish national best-practice Scale-up Board framework (especially focused on talent, cadence and impact as well as legal and governance) with investor-backed input adoption.	Private
Continue to encourage adoption of best practice for all funding from Public Sector sources.	Scottish Enterprise SNIB

Recommended measures of impact:

- Founder rating of board impact
- NXD assessments
- NXD matches via platform
- Number of Advisory sprint-project boards assembled
- 80% of boards adopt tenure/rotation guidelines by 2027

Recommendation 8

Create a pool of entrepreneurial operators.

Objective

Increase leadership capability by developing pools of high quality entrepreneurial operators who have experience with rapidly scaling up. Increase leadership bandwidth by developing pools of high-quality founders associates and executive support roles.

Pillars

- ✓ Talent
- ✓ Business Capability

Recommended Initiatives	Who?
Build Scottish ‘founders’ associate’ programme to supply partially funded junior talent to support early-stage exec teams with extra bandwidth for execution. In addition to helping companies, this will naturally develop the next generation of founders and executives. Consider licensing an existing private sector platform such as “Jumpstart” to enable this quickly	Entrepreneurial Scotland TechScaler Private
Develop and roll out Entrepreneurial Operator training programmes and support.	Scottish Enterprise Entrepreneurial Scotland TechScaler
Develop or partner with the private sector to build a mentorship programme for People functions and provide access to People tools to support high potential scale-ups	Clusters Scottish Enterprise Private TechScaler Leverage SUI work with IUK

Recommended measures of impact:

- Number of founders associate type roles embedded in Scottish scale-ups and start-ups
- Number of Entrepreneurial Operator appointments made in Scotland’s Scale-ups
- NPS of new roles
- Maturity score for impact of People Function within Scottish scale-up

Recommendation 9

Reform public co-investment to reduce drip-feed follow-on funding, recycle talent faster, and redirect capital to the highest-potential companies.

Objective

Avoid drip-feed funding and free up capital and talent.

Pillars

- ✓ Funding
- ✓ Talent
- ✓ Ecosystem (all)

Recommended Initiatives	Who?
Consider capping Scottish Enterprise co-investments to only two follow-on rounds if no “new/incoming” investor to validate strength of offering and valuation (following an assessment of potential impact given current portfolio). Taking up pre-emption rights should not be counted as a follow-on round.	Scottish Enterprise
Market spin-out opportunities to stalled founders encouraging them to move from low potential/failing start-ups to new higher potential ones.	Scottish Enterprise Universities Clusters
Consider a one-off exercise to dramatically reduce (by 15-20% or more) the Scottish Enterprise Co-Invest portfolio. Equity could be given back to employees for £1 so, should the company turn around, the ecosystem still benefits. This would free up resources for the higher potential companies as well as allowing Angels to access loss relief and potentially re-invest in other businesses. Alternatively look to pass this book to another private fund to manage.	UK Government Scottish Government Scottish Enterprise Private
Introduce a ‘right to sell on the secondary market after 5 years’ clause for future co-investments, providing flexibility for early investors while maintaining alignment with long-term growth.	Scottish Enterprise SNIB

Recommended measures of impact:

- Fewer follow-ons, larger first rounds
- Faster business failure/recycling
- More 2nd+ time founders
- Smaller, more focused Co-invest portfolio

Recommendation 10

Expand access to high-value growth capital (£3m–£10m) by marketing Scotland internationally and connecting highest potential scale-ups with specialist investors.

Objective

Secure more growth capital (£3m–£10m) from more specialist investors.

Pillars

- ✓ Business Capability
- ✓ Funding
- ✓ Market Expansion and Internationalisation
- ✓ Culture

Recommended Initiatives	Who?
Build perpetual international marketing “invest in Scottish Scale-ups” strategy and story	SEH YCF TechScaler
Roll YCF into SEH Investor Relations	YCF SEH
Government to part fund a ‘Scale-up Week’ with sector/cluster focused investor days. Each day to be hosted and part funded by the most appropriate UK advisor for that Cluster	Public Sector Investors SEH Private BBB/SNIB
National FLOWW deal for SEH to surface top performers to Global specialist investors	LSE/FLOWW SEH Scottish Government IUK/BBB/SNIB

Recommended measures of impact:

- No. of companies securing growth capital

- Quantum of genuine VC funding per year
- Crowding-in £

Recommendation 11

Review potential of moving SNIB and Scottish Enterprise funding models to full P&L ownership.

Objective

Explore perpetual funding and full P&L ownership to support higher risk/return scale-ups.

Pillars

- ✓ Funding

Recommended Initiatives	Who?
SNIB to be allowed to retain balance sheet gains and losses long term	UK Government Scottish Government SNIB
Scottish Enterprise to be able to retain P&L reserves rather than have an annual sweep back to Scottish Government	UK Government Scottish Government Scottish Enterprise
As opposed to an arbitrary loss budget, investment write downs should be carved out of the Scottish Enterprise P&L for budget purposes. Overall portfolio IRR should be the key success measure	UK Government Scottish Government Scottish Enterprise
Clarify the investment strategies of the public funders i.e. level of commercial returns sought vs addressing market failure and publicise the 'continuum of finance' on offer.	Scot Gov SNIB Scottish Enterprise

Recommended measures of impact:

- Scottish Enterprise co-investment and SNIB investment terms should aim to be consistent, on-market and founder friendly
- Reduced follow-on funding for medium and low-grade investments
- Improved co-investment fund IRR, within 'market failure' expectations.

Recommendation 12

Support founder friendlier terms and meet desired investment returns through more Venture Debt deals for Scale-Up businesses.

Objective

Increase the number of venture debt deals with scale-ups in Scotland. Creating appropriate returns for investor balanced sheets whilst also preserving equity for founders, employees and future investors – allowing Cap Tables a longer runway to scaling.

Pillars

- ✓ Funding

Recommended Initiatives	Who?
Improve availability and visibility of venture debt for mid-sized scale-ups	Private Scottish Enterprise SNIB BBB
Educate scale-up exec teams and Boards on risk-reward of venture debt	Private

Recommended measures of impact:

- Entrepreneur awareness of venture debt options
- The number of venture debt products available in the market for various stages of growth
- The £amount of venture debt funded yearly

Recommendation 13

Raise funding literacy and deal readiness across founders and C-suite to avoid broken cap tables and strengthen negotiation.

Objective

Build founder and CFO capability to prevent broken cap tables.

Pillars

- ✓ Funding
- ✓ Business Capability

Recommended Initiatives	Who?
Expand education and toolkits to cover key investment terms and implications. Create “market view” using BVCA guidelines and partner with AI tools from companies such as Wordsmith.ai so Exec teams can truly understand term sheets for all potential deals.	Private SEH Techscaler
Teach funding strategy to founders, execs and Boards so they can understand the implications of more small funding rounds vs fewer and larger. They should understand the nuances of funding timing as well as how to build world class corporate comms and investor relations.	Private SEH
Build a national advisor register with give-to-get access for Scale-ups. Continuously monitor advisor deal activity and update NPS/feedback on Advisors.	SEH
Create a cap table diagnostic tool and programme to perform cap table health checks and educate investors	TechScaler SEH

Recommended measures of impact:

- Better term sheets in founder favour
- Fewer “broken cap tables”

Recommendation 14

Create a “Scale-Up Lane” in government to fast-track visas, procurement, and planning for Scotland’s 25 highest-potential businesses.

Objective

Provide fast-track access to government services.

Pillars

- ✓ Business Capability

Recommended Initiatives	Who?
Pilot “Scale-up Lane” for visas, planning, procurement and SDI support.	UK Government Scottish Government SDI
Streamline Government approval processes with, where possible, delegated authority for individual investments or transactions within Scottish Enterprise or SNIB, while maintaining appropriate governance for investments outside of remit.	Scottish Government Scottish Enterprise SNIB

Recommended measures of impact:

- ✓ Response times reduced to 24 hours with resolution times reduced to 25% of current

Recommendation 15

Commission a National Growth Culture Report to set out a 10–20-year strategy to support the creation of world leading businesses, IP and leaders.

Objective

Set a 10–20 year entrepreneurial culture strategy with clear initiatives and measures of success.

Pillars

- ✓ Eco-system

Recommended Initiatives	Who?
Research international best practice	Private SEH Techscaler
Outline SMART recommendations and initiatives	Private SEH
Define Government/private roles	SEH

Recommended measures of impact:

- Report published 2026
- Policy adoption within 2 years
- Founder and entrepreneur NPS re supportive culture for Scaling businesses

Conclusion

Scotland stands at the threshold of a new chapter. We have the chance not only to close the scale-up gap but to create an economy of genuine abundance: more high-quality jobs, stronger businesses rooted here, and communities that thrive on the benefits of shared growth. The £22 billion opportunity before (ScaleUp Institute, 2024) us is not just a statistic, it represents the possibility of better lives and greater resilience for our nation.

We can picture a Scotland where ambition is normal, not exceptional. A place where entrepreneurs are backed with the right talent, boards, and capital to compete confidently on the world stage. Where success inspires more success, and where each business that scales, creates ripples of opportunity around it.

Realising this future will take collective effort. The themes and recommendations in this report set out a clear direction, but progress depends on many hands working together; founders, investors, advisors, government, and communities. Above all, it requires us to embrace our entrepreneurial mindset: to act on the initiatives that resonate, to move forward with conviction, and to see the opportunities to build something better.

The next 50 years of Scotland's prosperity can be brighter than the last. If we choose to act with optimism and purpose, we can create a scale-up nation that is admired internationally and felt locally: a Scotland of abundance, opportunity, and shared success.

Glossary

Clusters: Industry-led consortia (e.g., FinTech Scotland) enabling collaboration, innovation and scaling within sectors.

FLOWW: A fintech/private markets infrastructure platform. FLOWW provides end-to-end regulated functionality for raising, managing, and distributing capital in private markets, including deal creation, syndication, compliance (KYC/AML), documentation, investor/fund management, and settlement.

GlobalScot: An international business network connecting Scottish companies with diaspora and sector experts to support global growth and investment.

HIE (Highlands and Islands Enterprises): Regional economic development agency for the Highlands and Islands, providing investment, advice and infrastructure support.

IUK (InnovateUK): UK innovation agency providing grant and commercialisation support.

Mergers and Acquisitions (M&A): The process through which companies consolidate, either by merging into a single entity (merger) or by one company purchasing another (acquisition).

SDI (Scottish Development International): International trade and investment for Scotland.

SE (Scottish Enterprise): National economic development agency across innovation, company support and co-investment.

SNIB (Scottish National Investment Bank): Provides patient capital and co-investment for scaling companies, with capacity to invest up to £50m.

SOSE (South of Scotland Enterprises): Regional development agency for the South of Scotland, offering funding and strategic support to businesses and communities.

SUI (ScaleUp Institute): Independent UK body focused on data, policy and best practice for scaling businesses.

YCF (Young Company Finance Scotland): A specialist publication and data service tracking early-stage and growth company investment activity in Scotland. YCF provides intelligence on equity deals, investors, and trends, offering one of the few consistent data sources on Scottish entrepreneurial finance.

Appendix

Appendix i

Beckham's Law expanded

In 2005, Spain introduced the so-called *Beckham's Law* (officially the Special Expatriate Tax Regime) as part of a deliberate strategy to attract international talent. While widely known for its impact on football, its real significance lay in creating a more competitive environment for companies to recruit global executives, technologists and specialists. The policy demonstrated how a clear, well-branded intervention can make a country a more attractive base for high-growth businesses.

Key features:

- **Flat tax incentive:** Eligible foreign workers paid a **24% flat tax** on Spanish-sourced income up to €600,000, rather than progressive rates that reached 45–47%.
- **Time-limited benefit:** The regime applied for up to **six years**, providing certainty for internationally mobile professionals.
- **Exemption for foreign income:** Earnings generated outside Spain were excluded, encouraging executives with global responsibilities to base themselves there.
- **Refinements over time:** Following criticism, professional athletes were excluded from the scheme in 2010, but the regime continues today for skilled workers and business leaders.
- **Economic effect:** Strengthened Spain's ability to compete for high-value talent across finance, research and technology, signalling openness to international expertise.

Appendix ii

La French Tech

In 2013, France launched La French Tech as a government-backed initiative to position the country as a leading global innovation hub. Its significance lies not only in supporting start-ups but also in creating a powerful national brand, connecting founders with capital, talent, and international markets. The programme demonstrates how a coordinated, well-resourced framework can accelerate scale-up growth and global visibility.

Key features:

- **National brand & mission:** A single identity uniting start-ups, investors, policy-makers, and support networks, led by the French Tech Mission within the Ministry for the Economy.

- **Next40/120 programme:** Annual selection of 120 high-growth companies (Next40: the most promising; FT120: additional scale-ups) given bespoke government access, media visibility, and tailored support.
- **Talent attraction:** The French Tech Visa simplified entry for international entrepreneurs, employees, and investors, reinforcing France's pull for skilled workers.
- **Inclusion & diversity:** French Tech Tremplin supported underrepresented founders, broadening participation in the ecosystem.
- **International reach:** 60+ French Tech Communities abroad engaged the diaspora, supported global expansion, and promoted "Brand France" at major events such as CES and Web Summit.
- **Investment backing:** Significant government funds channelled through Bpifrance, including a €400m Seed Fund, €1bn Sovereignty Fund, and a €2.5bn DeepTech Plan.
- **Economic effect:** France exceeded its target of 25 unicorns by 2025 ahead of schedule, achieved record VC investment (>€11bn in 2022), and established Paris as one of Europe's top five start-up hubs.

Appendix iii

Cyprus' Expatriate Tax Regime

In recent years, Cyprus has implemented a competitive tax regime aimed at attracting foreign executives, entrepreneurs and highly skilled professionals. Like Spain's Beckham's Law, the scheme was designed to enhance the country's ability to draw international talent and anchor global businesses.

Key features:

- **Income tax exemption:** 50% exemption on personal income tax for new residents earning over €55,000 per year, applicable for up to **17 years**.
- **Target group:** Skilled professionals, senior executives, and entrepreneurs relocating to Cyprus.
- **Corporate angle:** Complemented by one of the lowest corporate tax rates in the EU (12.5%) and a network of double-tax treaties, making it attractive for international firms to base operations there.
- **Talent effect:** Positions Cyprus as a regional hub for technology, finance, and shipping by drawing in executives and skilled workers who might otherwise locate in London, Dubai, or elsewhere.

Appendix iv

Estonia's e-Residency Model

Launched in 2014, Estonia's e-Residency programme was the world's first government-issued digital identity for non-residents. It was designed to attract globally mobile entrepreneurs and make Estonia a base for digital business activity. The scheme has been so successful that if counted as a population, e-residents would form Estonia's second largest "city." Its significance lies in extending Estonia's reach beyond its borders, embedding the country into global entrepreneurial networks without requiring companies to relocate physically.

Key features:

- **Digital identity:** Provides a government-issued, secure digital ID allowing entrepreneurs anywhere in the world to access Estonia's digital services.
- **Business formation:** Enables e-residents to establish and manage EU-based companies entirely online, including banking, tax filing, and compliance.
- **Global scale:** Over 100,000 e-residents from 170+ countries, creating more than 25,000 companies. This community is now effectively one of the largest by population in Estonia.
- **Entrepreneurial reach:** Particularly attractive to founders from outside the EU seeking access to the European single market, professional services, and trusted regulatory frameworks.
- **Revenue model:** Generates income for Estonia through company registrations, taxes, and associated services while creating new international business linkages.
- **Economic effect:** Strengthened Estonia's global reputation as a digital-first economy, enabled SME and start-up formation at scale, and demonstrated how digital infrastructure can extend national influence far beyond physical borders.

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