



Innovate
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Key Findings Report

Investor Forum for Professional and Business Services

London

23 March 2026



Executive Summary

This event brought together investors, policy leaders, corporate venture specialists and market participants to examine **how capital can better support innovation and growth** in professional and business services.

Throughout the day, a clear picture emerged of a sector with **strong underlying potential**, but one that still sits in an awkward position within the UK investment landscape. Professional and business services is economically significant, increasingly shaped by AI and digital tools, and home to a growing number of investable businesses. Even so, many contributors suggested that the sector remains **harder to classify, value and fund** than more established venture categories.

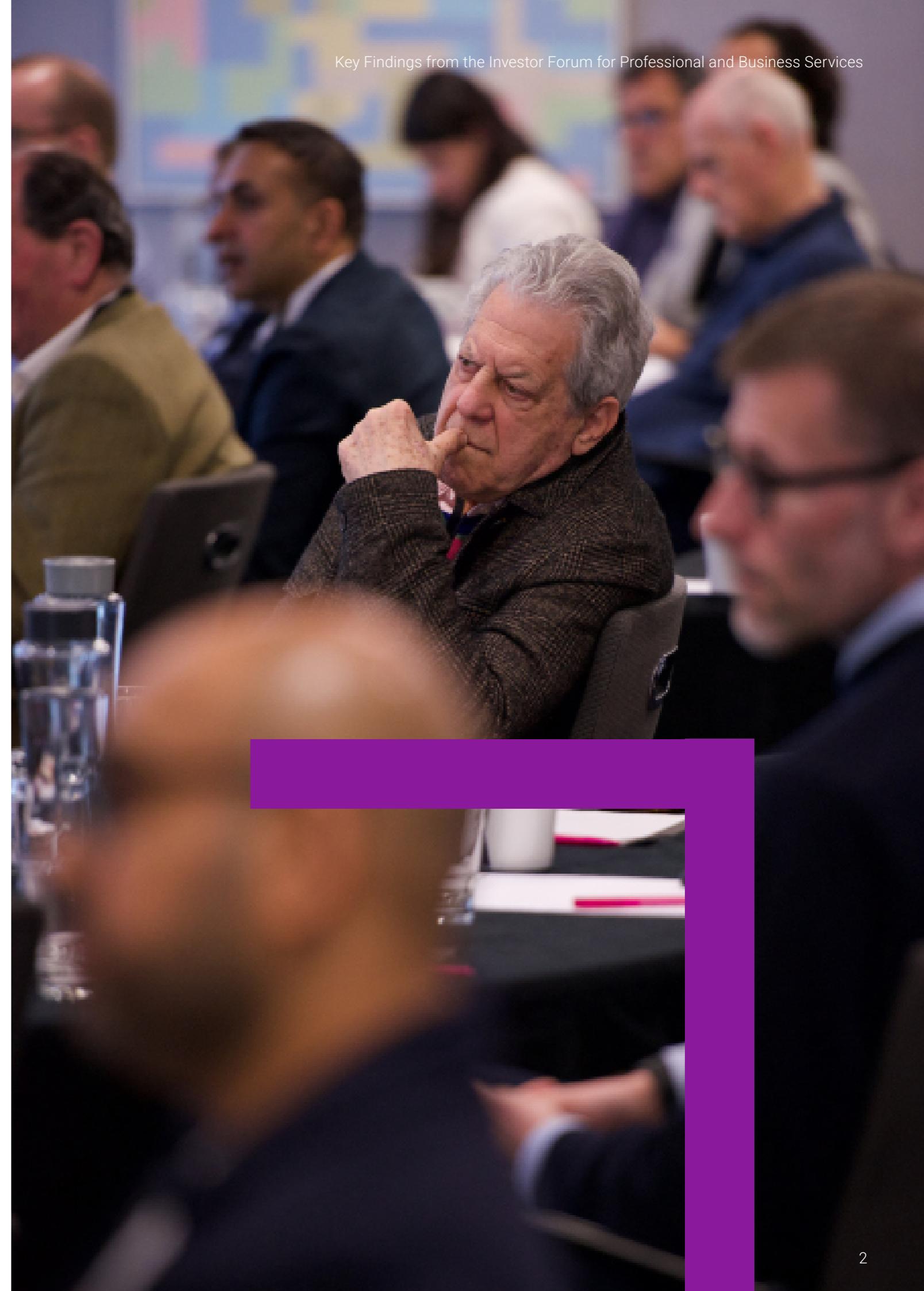
A recurring theme was that demand-side change is now accelerating investment interest. In legal, consulting, accountancy and adjacent services, clients are increasingly expecting technology-enabled delivery, greater efficiency and more scalable service models. Panellists described **a shift away from labour-intensive models towards offers that combine specialist expertise, technology and intellectual property**. That transition is making **the sector more attractive to investors**, but it is also creating new questions about defensibility, routes to scale and where long-term value will sit as AI capabilities evolve.

The discussions on **capital** formation highlighted both strengths and weaknesses in the **UK system**. Speakers pointed to **strong universities, trusted institutions, deep sector expertise and a credible innovation ecosystem**. At the same time, they repeatedly returned to familiar structural constraints: **limited later-stage capital, uneven regional access** to finance, cautious growth expectations and **difficulty moving businesses from early traction to meaningful scale**. Several contributors argued that the UK performs well at producing start-ups, but less well at supporting them through the stages where larger rounds, stronger investor confidence and more ambitious scaling strategies are required.

Liquidity and capital recycling formed another central part of the event. Panellists argued that raising capital cannot be separated from returning it. With IPO activity subdued and private companies staying private for longer, **secondary markets are becoming more important** as a route for founders, employees and early investors to realise value. Contributors discussed the growth of direct secondaries, LP-led transactions and new market infrastructure intended to support controlled liquidity events. The broader message was that **better liquidity pathways are essential if capital is to recycle efficiently through the UK market**.

The event also provided practical insight into how public and private finance can be aligned. The Innovate UK Investor Programme session showed **how non-dilutive grant support can be combined with investor engagement to help de-risk innovation and attract aligned private capital**. That session reinforced a wider theme from the day: effective growth finance depends not only on the availability of money, but on timing, structure, confidence and coordination.

Astrid Ayel
Professional, Business and Financial Services Lead
Innovate UK Business Connect



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Event welcome and introduction

The session opened with a welcome from Astrid Ayel, who set out the purpose of the investor forum and positioned professional and business services as a major part of the UK economy.

Astrid described the sector as a **high-value area of activity** that is now being reshaped by artificial intelligence and data-driven technologies. Her remarks focused on how legal, accountancy and consulting firms are **adopting new tools to automate routine tasks, improve decision-making and redesign service delivery in ways that could make businesses more scalable.**

After framing the event within a wider policy and investment context, Astrid noted that the sector is now **recognised by government as one of the eight growth sectors** in the industrial strategy, and highlighted public backing through Innovate UK, the Economic and Social Research Council and UKRI. She explained that the aim of the forum was to make innovation in professional and business services more visible, more investable and more scalable by bringing together investors, funders and sector specialists.

Sebastien Paillet then widened the focus to the investment environment. He argued that professional and business services may become **one of the sectors most affected by AI-led change**, while also noting that the wider funding climate remains difficult. He described a market in which capital is being drawn strongly towards AI, while other forms of innovation face greater pressure. His remarks pointed to the need for **thoughtful capital deployment** so that innovation in the sector can grow in a way that is both commercially viable and sustainable for the wider economy.



Astrid Ayel
Professional, Business and Financial Services Lead
Innovate UK Business Connect



Sebastien Paillet
CEO
ScaleX Invest



Panel Discussion: What is driving specialist investment in Professional and Business Services (PBS) and what is holding it back?

Martin Martinoff opened the session by positioning professional and business services as a sector at an **inflection point**. He invited the panel to explore both the attraction of the sector and the reasons capital has not yet flowed into it at the same level seen in fintech or life sciences.

Socheat Chhay began from the perspective of a large services group undergoing its own transition. He explained that Sopra Steria is moving away from a model based primarily on selling people and time, and towards what he described as **end-to-end offers combining IP, technology and service delivery**. In his view, this shift has moved rapidly from digital

transformation to AI transformation. That, he suggested, is one reason the sector is becoming more interesting to investors. Established services firms can see that their future competitiveness depends on **combining specialist expertise with new technologies**, while **start-ups** are emerging that may become **partners, acquisition targets or future competitors**.

Shruti Ajitsaria reflected on how that change has unfolded in legal services over the past decade. When Fuse began, she said, legal technology was a niche interest pursued mainly by firms willing to experiment. It was not seen as essential. What has changed, in

her account, is **client behaviour**. In-house legal teams are now buying and using technology themselves, keeping more work inside their organisations and changing the nature of what they expect external firms to do. As a result, **legal technology** is no longer peripheral. It is **becoming part of the core commercial expectation** placed on law firms, including in formal procurement processes where clients now ask what tools firms are using and what efficiency gains they can offer.

Katie Ramsey described PBS as a sector with very large potential but more **limited visibility in the investment market**. She noted that the size of the opportunity runs into the trillions

when wider services categories are included, yet venture funding into legal technology and PBS remains modest compared with sectors that currently dominate investor attention. In her assessment, **PBS may yet have its own equivalent of a fintech moment**, but it has not reached that point. One reason is that businesses in this space often struggle to **fit neatly into conventional venture narratives**. Investors may recognise value, but still question whether a business is sufficiently **scalable, defensible or distinct from hours-based service delivery**. For that reason, some businesses are more readily understood and funded when described as software or AI companies rather than as PBS businesses.

Continued - Panel Discussion: What is driving specialist investment in Professional and Business Services (PBS) and what is holding it back?

Xavier Van Hove offered a more segmented view of the market. In accounting, he argued, technology adoption is already far advanced, with a small number of platforms dominating much of the market and materially changing how businesses and lenders operate. In legal services, however, he said **trust remains a major limiting factor**. While basic tasks may increasingly be assisted by AI, he did not believe the market had yet reached a point where clients or investors are ready to **rely on technology in place of lawyers for more complex work**. He also argued that the **effect of AI varies by company size**. In large organisations with mature systems and processes, the gains may be incremental. In smaller businesses, the impact can be more significant because technology substitutes for capabilities they would otherwise struggle to afford.

A central part of the discussion focused on **what makes a PBS business genuinely investable**. Ajitsaria argued that strong

propositions in legal technology require more than a good tool or compelling technical story. They also need to **understand the operating environment** of the firms they are trying to serve, including data structures, confidentiality requirements and internal risk controls. Without that **practical fit**, products may fail long before they reach procurement or pilot stage. Chhay, from the investor side, spoke about **uncertainty created by the rapid development of large AI models**. He questioned how smaller, specialist companies will sustain value if foundational model providers move directly into vertical use cases such as legal or accounting. He also pointed to **valuation volatility**, suggesting that AI businesses may face a reset as expectations become more grounded.

From there, the discussion moved to the **UK's position in the global market**. Ramsey argued that the country has significant advantages: a **strong venture ecosystem, international standing in legal and financial services,**

growing AI adoption, and formal recognition of professional and business services within government industrial strategy. Ajitsaria added that the UK benefits from legal stability, respect for the rule of law and a willingness to innovate within established frameworks. She suggested that these qualities make the country a dependable environment for building and testing new business models. Chhay highlighted the depth of the UK innovation ecosystem and the possibility of combining **long-established service strengths with new IP-led models**.

The panel was equally clear, however, that structural barriers remain. Van Hove argued that the UK performs strongly in start-up creation but less well in helping firms scale, largely because of **later-stage capital constraints**. Chhay pointed to the **difficulty of creating enough supported pathways** between start-ups and large enterprise customers, particularly where pilots are needed to de-risk adoption. Ajitsaria added

that in legal technology especially, **products are often competing in a global rather than a purely domestic market**, making it harder for UK location alone to serve as a lasting moat.

In closing, the tone became more constructive. Ajitsaria stressed the **strength of the UK legal tech ecosystem** as a connected community that has matured over time. Chhay echoed that optimism, arguing that the UK has the foundations to build stronger combinations of **technology, IP and professional services**. Ramsey encouraged firms to **make more of their existing enterprise traction and to use the support available across government**.



Panel Discussion: Mobilising capital for UK growth

Scott O'Brien opened the session by linking the discussion on capital formation to the wider challenge of building growth businesses in the UK. He positioned the panel as an exploration of **how different parts of the investment system fit together, from angel and seed funding through to the later-stage capital required for companies to scale**. The conversation moved between regional finance, institutional capital, pension fund participation and the question of how professional and business services businesses can become more investable.

Bethan Cousins began with the early-stage market, describing the role of the Development

Bank of Wales in building venture capacity in a region where pre-seed and seed funding can be difficult to access. She explained that the organisation has invested in Wales for more than two decades and has developed a dedicated angel network to help bring investors together at the earliest stages. Her emphasis was on syndication, local intelligence and catalytic capital. Rather than acting alone, the aim is to **help create the conditions in which early-stage businesses can raise funding with a stronger local support base behind them**.

Ian Connaty widened that point by describing the **British Business Bank's Regional Angels**

Programme. He noted that angel finance is important across the country, but especially outside London, where assembling the first meaningful round can be harder. He argued that regional angel networks do more than supply capital. They create critical mass around businesses that may otherwise struggle to attract attention from national investors. He also stressed that venture capital is only one part of the picture. Outside London in particular, **growing businesses often rely on a broader mix of finance, including debt, bootstrapping and other forms of support**.

David Foreman brought a more pointed perspective on risk and growth. He argued

that professional and business services has historically traded on trust and reliability, but that **the market is now changing fast enough to reward those willing to move more decisively**. In his view, businesses that can take calculated risks, particularly around technology adoption, may be able to outpace incumbents. He also made a strong case for regional growth, but on explicitly competitive rather than sentimental terms. Customers, he said, do not choose a service because it is based in Manchester, London or elsewhere. They choose on quality and price.

This led into a broader discussion of capital efficiency and the UK funding environment.

Continued - Panel Discussion: Mobilising capital for UK growth

O'Brien suggested that one of the strengths of the UK market is that **companies often operate with smaller amounts of capital and lower valuations than comparable US businesses**. Ant Barker agreed that the UK raises less money at every stage, particularly at scale-up, and noted that **where later-stage money is raised it is often led by overseas investors**. From Aviva's perspective, he explained, corporate venturing can play a useful dual role. Large institutions can invest in early-stage businesses, but they can also help them **become enterprise-ready through collaboration, co-creation and piloting**.

O'Brien then turned to the difficult transition from early revenue to scale-up. He described a common issue in the innovation loan programmes run by Innovate UK, where businesses may have grant funding and promising technology but limited equity behind them. For debt finance to be viable, he said, there must be evidence of commercial traction, realistic fundraising plans and a team capable of carrying the business forward.

Cousins agreed that this is a challenging inflection point. **The issue is not only capital availability, but confidence in the team, the quality of customer relationships and the visibility of future revenue**.

Foreman pushed back on the idea that early profitability should be the default aim. Comparing the UK with the United States, he argued that British businesses and investors often **become cautious too early**. Once a software company reaches a few million in annual recurring revenue, the instinct in the UK can be to move towards profitability. In the US, he suggested, the instinct is more often to push harder for much larger scale. For him, the problem is not simply the availability of capital, but **the mindset** surrounding it.

Connaty added more structure to that argument by explaining the economics of fund size. A company raising a substantial Series B round needs lead investors with sufficiently large funds to write meaningful cheques. While the UK now has more funds of that size than

it once did, he argued that the real weakness becomes clearer as companies move beyond those stages. That is where the efficiency of the ecosystem starts to break down.

The discussion then shifted to institutional capital, particularly pension funds and the **Mansion House agenda**. Barker said that progress is being made, but more slowly than many expected. Fees, track record and fund structure all remain obstacles. She described Aviva's long-term asset fund approach as one attempt to create a vehicle that can invest patiently in UK businesses while operating on a fee basis more acceptable to defined contribution pension schemes. Connaty made a similar point from a systems perspective. The challenge, he said, is to design mechanisms that allow capital to move through the market effectively, from asset allocators to funds and then on to companies.

In the final part of the session, the panel returned to professional and business services specifically. Cousins said the sector has

always been of interest where conventional funders have struggled to engage, provided the business has a strong team, a clear plan and some defensible advantage. Barker described **PBS as a natural fit for corporate investors because large organisations are also customers of these businesses**. Foreman concluded by arguing that founders in the sector must present themselves as **growth businesses, not simply service businesses with incremental expansion plans**.



Panel Discussion: How can we recycle capital? Building liquidity in UK markets

Sebastien Paillet opened the session by shifting the focus from **how capital is raised to how it is returned and recycled**. He framed liquidity as a necessary part of a healthy innovation ecosystem, noting that without credible routes to realisations, limited partners and public institutions will have less capital available to invest in new companies. The panel therefore concentrated on how the secondary market has evolved, why it has become more important, and what infrastructure is still needed to support it.

Romain Stokes began by setting out the scale of the issue. He described a very **large stock of private technology value that remains**

illiquid, including a substantial number of late-stage private companies that are neither moving quickly towards IPO nor obviously heading for acquisition. In his account, **secondaries have become the missing link between long-held private value and realised returns**. He distinguished between direct secondary transactions, LP-led portfolio sales and GP-led processes, arguing that all three are now growing in relevance as managers come under greater pressure to convert paper gains into distributions.

The panel agreed that the market changed significantly after Covid, when IPO activity slowed sharply and many expected exit routes

failed to materialise at pace. Alan Vaksman argued that this created a **structural liquidity problem** rather than a temporary slowdown. In his view, the issue was not a shortage of strong assets, but a shortage of cash events. He said that pressure built particularly on complex cap tables containing employees, angels and family offices, many of whom needed liquidity sooner than traditional long-horizon institutional investors.

Mark James offered a slightly different emphasis. While agreeing that demand for liquidity has risen, he argued that many companies are not simply waiting for public markets to reopen. Instead, some are choosing

to remain private for longer while still wanting to provide controlled liquidity to early investors and employees. He used this to explain the rationale for the **London Stock Exchange's new private securities market, built on the PISCES framework**. As he described it, the model allows company-led, intermittent auctions in which shares can change hands through public market infrastructure without requiring the company to become permanently listed.

Continued - Panel Discussion: How can we recycle capital? Building liquidity in UK markets

William Dovell added that **the understanding of secondaries has also matured**. He argued that founder liquidity is no longer viewed automatically as a negative signal. In some cases, **allowing founders or employees to sell a modest portion of their holdings can reduce financial pressure and create better operating conditions for the business**. He also explained that, particularly at the later stages of the market, secondary components are increasingly being attached to new growth rounds because larger funds need more ways to deploy capital and existing shareholders want opportunities to sell.

The conversation then moved to what makes a company suitable for direct secondary activity. Dovell said that the most relevant opportunities often sit **around Series B and Series C**, where businesses are scaling quickly and there is enough operating history to judge actual performance against earlier plans. He highlighted clean cap tables, understandable share structures and the ability to test management forecasts against subsequent

delivery as important factors in underwriting. The panel also noted that earlier-stage companies are often less suited to secondary activity because existing investors are still too early in their holding period and the shareholder base is less likely to be seeking liquidity.

Valuation emerged as one of the central themes. Vaksman described a market that is becoming increasingly stratified, with the most sought-after private companies sometimes trading at premiums while less visible companies face steep discounts. He explained that **primary round pricing is often the first anchor**, but that **secondary markets** are beginning to develop their **own pricing logic**, especially where enough transaction history exists. Dovell and Stokes both emphasised that discounts are often a rational reflection of illiquidity, timing and uncertainty rather than simply a sign of weakness. Stokes added that some limited partners are themselves sceptical of reported NAV marks where no real transaction evidence exists, which makes

price discovery in the secondary market an increasingly important part of market discipline.

The panel closed with brief practical advice. Vaksman stressed the importance of understanding **secondaries as a tool for attracting and retaining talent**, particularly where share ownership forms part of the reward structure. James said that awareness and familiarity remain major barriers, but that **market infrastructure is beginning to catch up with demand**. During the discussion, the clearest shared view was that **stronger liquidity pathways will be essential if the UK wants to recycle capital more efficiently**, support confidence in private markets, and create better conditions for future investment.

Innovate UK Investor Programme - Unlocking co-investment potential

Hemaxi Bhatt opened the session by explaining the **purpose of Innovate UK's Investor Partnerships programme** and placing it in the context of the wider funding challenges facing innovative businesses.

She described a common problem for growth-stage companies: they often need support both to develop and validate innovation and to raise private capital at the right moment to scale. The programme, she said, is intended to bring those two elements together in a more coordinated way by aligning public grant funding with investor engagement.

Bhatt explained that Innovate UK's role is to support early-stage research and development through grant funding, including independent project assessment, non-dilutive support and ongoing monitoring. Investor partners, by contrast, bring commercial expertise, equity finance and market access. In her account, the value of the programme lies in combining those strengths early, so that **public funding helps de-risk innovation while private investment helps shape commercial direction and accelerate growth.**

She then outlined the scale of the programme since its launch as a pilot in 2017. According to the figures shared in the session, **443 investees have been supported across a wide range of sectors.** Bhatt said **£184 million in grant funding had been committed, with £132 million already deployed.** She also highlighted the breadth of the investor network, with **109 investor partners** having worked

through the programme. That collaboration, she said, had led to £486 million of aligned private investment alongside Innovate UK support, helping to leverage a much larger overall investment total. Her central point was that the programme is not only supporting innovation projects, but actively **crowding in private finance and helping businesses scale faster.**

The presentation also covered the recently closed Growth Catalyst competition. Bhatt said more than half of the applications had been nominated by an investor partner, and that 60 per cent of those applications were moving to the next stage. She noted that commitments of just over £100 million had been made to more than 200 businesses, with work now focused on processing the selected portfolio.

Turning to how applications are assessed, Bhatt said **the programme looks for ambitious businesses actively seeking investment and able to demonstrate a structured and credible R&D plan.** Applications must align with the specific themes of the competition in question, and she stressed the importance of reading the terms carefully once a call opens.



Hemaxi Bhatt
Credit and Investment Specialist
Innovate UK

Continued - Innovate UK Investor Programme - Unlocking co-investment potential

the terms carefully once a call opens. A particularly important feature is evidence of traction with an investor partner before application, since early engagement is treated as a signal of quality and commercial credibility.

She set out three consistent areas used in funding decisions: **innovation quality, additionality and traction**. Innovation quality is assessed through the relevant sector lead and must show a genuinely innovative project. Additionality focuses on whether the grant will unlock new aligned investment, including the proportion of private investment relative to grant support. Traction relates to the likelihood of investment completing within a realistic timeframe, including clarity on syndication, level of commitment and any conditions attached.

Bhatt also addressed several practical points raised during the session. She said the next competition was expected to launch in the summer, once Innovate UK had aligned its processes with the new strategic prospectus. She explained that the **investor partner panel currently includes around 200 investors** and directed attendees to the Innovate UK website for further details. She also encouraged businesses to **begin conversations with investor partners early**, ideally before a competition opens, so that investor interest is already forming when the application window begins. In response to concerns about founder access and the wider funding landscape, she said Innovate UK was reviewing its broader support offer strategically and that more clarity should emerge in the new financial year.

She also addressed the place of professional and business services within the new industrial strategy framework. Although PBS was not listed as a stand-alone priority in the recently closed competition, she explained that Innovate UK still sees it as an important part of the innovation landscape. In practice, support is being channelled through priority areas such as digital, frontier technology, AI and cyber security, where enabling technologies are being applied in professional services contexts.

The session concluded with a practical overview of funding mechanics. Bhatt described three categories of supported project: feasibility studies, industrial research and experimental development. These differ in project size, duration and the ratio of aligned private investment required. Smaller early-stage projects can access higher grant percentages, while experimental development projects require larger project sizes and at least double the grant amount in aligned investment. She closed by encouraging attendees to monitor upcoming announcements, noting that a new competition was expected in the summer following alignment with Innovate UK's recently published strategic prospectus.



Closing remarks

The closing remarks reinforced that the forum was intended not only as a series of discussions, but also as a starting point for further **connections between investors, founders and sector stakeholders**.

The emphasis was therefore on maintaining momentum and helping delegates turn conversations from the day into follow-up meetings and potential collaborations.

Attendees were also told that further outputs would follow from the event. These included an **investment landscape focused on professional and business services**, a summary report based on the day's discussions, and a video highlights package. Delegates were directed to QR codes displayed on tables and at the registration desk so they could sign up to the newsletter and receive these materials when published.

Although brief, the closing segment helped bring the day together by linking the panel discussions and presentations to a set of practical follow-up actions. The remarks left delegates with a clear route for staying connected, accessing future insights and continuing conversations beyond the event itself.

It was clear throughout the day that interest in professional and business services is real, and AI is increasingly part of that opportunity:

- **investability** is being judged through proof rather than novelty
- the **UK challenge** is as much about system fit as it is capital volume
- **confidence in PBS** is still developing rather than fully settled

Thus, with stronger evidence, better routes to capital and more visible examples of scalable success, the interest in investing in PBS has the opportunity to turn into repeatable investment outcomes.

“

The priority now is to identify the high potential businesses emerging in this space and help create the validation, connections and investment pathways they need to scale for impact.

Astrid Ayel
Professional, Business and Financial Services Lead
Innovate UK Business Connect

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There's capital available where you think that there is going to be a customer who gets this, buys it, and there's traction because they trust it.

Attendee

”

The use of AI in this report

This report has been prepared using qualitative material captured during the event. The primary source material comprises live event attendee audio recordings which were transcribed and systematically reviewed to identify recurring themes, areas of agreement, points of challenge, and unresolved tensions. The analysis reflects only the content of spoken contributions made during the sessions.

Artificial Intelligence was used as a supporting analytical tool in the preparation of this summary report. Its role was limited to processing, structuring, and synthesising discussion material and did not replace human judgement, interpretation, or editorial oversight at any stage.

AI was primarily used to assist with the following activities:

- Audio Enhancement: Removing background noise and boosting speaker voices to ensure clarity of transcription.
- Transcription support: Converting recorded discussions into text to

enable systematic qualitative analysis.

- Thematic organisation: Supporting the identification and grouping of recurring topics, concepts, and areas of emphasis within and across the discussions.
- Comparative synthesis: Assisting in the organisation of material across multiple events to enable side-by-side comparison using consistent analytics lenses.
- Drafting support: Helping to structure narrative summaries in a clear and consistent format based on direction provided by the project team.

Disclaimer

The Lorefully team acted solely in a facilitation and evidence-capture capacity during the workshop. Lorefully team members were not actively engaged in the substantive discussions and did not contribute domain expertise to the sessions. We do not claim subject matter expertise in the technical or policy areas discussed within this report.

¹ Footnote goes here [Links underlined](#) Remove URLs where possible



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About Innovate UK Business Connect

Innovate UK Business Connect is the home of the UK's innovation networks, connecting businesses, researchers, investors and partners to accelerate innovation.

As a strategic delivery partner to Innovate UK, part of UK Research and Innovation (UKRI), we combine data, insight and sector expertise to connect people and opportunities, helping ideas move from concept to scale.

To discuss findings and insights shared within this report, please contact:

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