Scaling Professional and Business Services in the UK

Find out how tech firms access capital and grow across legal, accountancy and consulting technology

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UK Research and Innovation

whitecap COMMERCIAL CLARITY™

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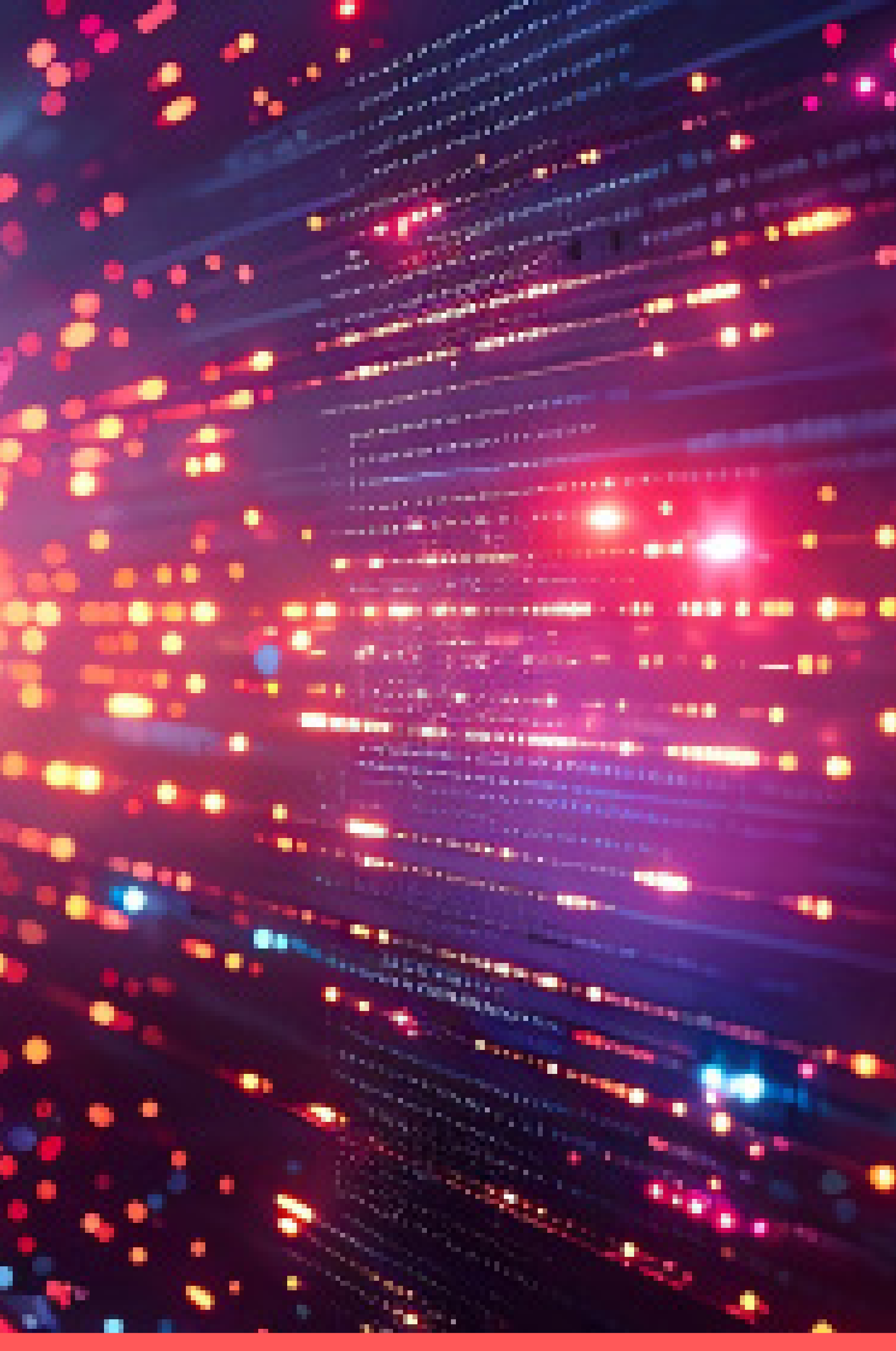

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Executive Summary

Executive summary

Professional and Business Services (PBS) Tech presents a substantial long-term opportunity given the sector is worth £300 billion per annum to the UK economy and supports one in every seven jobs. PBS Tech operates at the core of high value professional services and once adopted, become embedded in everyday workflows. The opportunity lies in increasing productivity, creating new business models and solutions for under-served markets.

Capturing this value depends on how effectively PBS Tech firms move from pilots to repeatable, procurement ready deployment. This transition is where future scale can be established.

While this report focuses primarily on investment and scale pathways for B2B propositions, the wider opportunity also includes direct consumer facing models that help individuals, sole traders and smaller businesses directly access legal, accounting and advisory support.

Investment Landscape for PBS Tech

More than 2,000 PBS Tech firms operate in the UK, yet only 15-20% have secured external investment – well below comparable sectors. PBS Tech firms typically receive strong support at early experimentation and at later stages of growth. The stage where pilots are turned into real, everyday use, with approvals in place and consistent adoption, is not well supported. At this point, firms require capital and coordination, while evidence of progress is primarily operational.

As a result, operational maturity often precedes revenue momentum, shaping how progress is perceived across the ecosystem.

Investors

Durable value with delayed financial signals

For investors, PBS Technology offers exposure to products that can become integral to professional practice. Once embedded, switching costs and repeat use support stable, defensible growth. During the transition from pilot to scale, however, progress is most visible in live deployments, converted pilots and reduced client risk, with revenue acceleration typically following later.

This sequencing can make assessment less straightforward using conventional benchmarks, particularly for hybrid service–technology models where service delivery supports workflow integration.

Founders

Depth of adoption before visible scale

Founders building PBS Technology often create value through adoption rather than early financial performance. Repeat use, workflow integration, assurance processes and governance sign off underpin scalability once scale is reached.

At the transition stage, it can de difficult to communicate this progress succinctly. Service delivery – while central to embedding technology and generating reusable product components – can obscure external perceptions of maturity, leaving firms appearing earlier stage than their operational position suggests.

Ecosystem support

Enabling routine deployment

The PBS Tech opportunity is realised when firms move beyond pilots into routine, procurement ready use. This requires coordination between buyers, operational teams and investors, along with clear governance and assurance. While early stage support is widely available, less attention is given to this transition phase.

When the pathway from pilot to reference customer to wider deployment is unclear, adoption takes longer to reach visible scale, even where underlying demand is strong.

Public support

Anchoring long term value in the UK

PBS Technology is closely linked to a £300 billion per year UK sector that supports around 1 in 7 jobs, creating the potential to anchor multi-billion-pound annual value domestically. Even modest levels of impact or capture translate into significant figures – e.g., 1% of sector value equals ~£3 billion per year, rising to £15–£30 billion annually at 5–10% – with this value likely to be recurring and long-term due to deep integration into professional workflows.

Public-private sector support has been effective in enabling early development and validation. The opportunity now lies in sustaining momentum as firms reach live deployment and governance maturity.

As firms approach this stage, the domestic growth pathway becomes less clearly articulated. Without consistent recognition of operational adoption and reusable validation outputs, PBS Tech firms may look beyond the UK as they expand. Strengthening this phase is central to securing the full economic and strategic value of PBS Tech in the UK.

Investment Structural Characteristics

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Structural characteristics of PBS Tech investment

PBS Tech stands apart in its market structure. The sector is large and heterogeneous, encompassing more than 2,000 tech firms across legal, accounting and consulting technology. Yet only around 15–20% of these companies have attracted external investment. Smaller and more specialised segments such as RegTech and MarTech, by contrast, see investment participation closer to 50–60%, despite a far narrower company base. Scale, in PBS Tech, has not translated directly into capital penetration. This reflects both investor behaviour and changing competition.

Big Four firms are offering bundled agentic solutions, and US platform consolidation is reshaping the addressable market for UK PBS-tech scale-ups. At the same time, consolidation of UK mid-tier accountancy firms, largely driven by overseas private equity, is reducing the number of buyers and influencing how capital is allocated.

A further distinction lies in comparative investment dynamics. FinTech illustrates an alternative pattern: with more than 8,000 firms and roughly 37% having received investment, it combines breadth with relatively high capital engagement. This reflects faster validation cycles and more standardised benchmarks. PBS Tech operates under different conditions, where performance signals emerge less quickly and comparability across firms is weaker.

The mechanics of value creation further distinguish PBS Tech. While similar dynamics are present in parts of B2B FinTech, returns here are more consistently generated through improved judgement, reduced risk, compliance assurance and time savings for highly skilled professionals, with value that is slower to evidence and harder to standardise.

These benefits are typically realised only once technologies are deployed in live settings and embedded in daily practice. Early indicators therefore provide a less complete picture of value than in sectors where adoption and impact can be observed more immediately.

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Something like $900 billion globally is the size of the opportunity… the amount of funding that we're seeing into the sector is a lot smaller compared to other sectors that are dominating. For LegalTech globally it's about $1½–3 billion. Further the wider PBS sector, it's $15–25 billion.

Head of Department, UK Government

There is very little to benchmark out there… a CRM platform for legal services — what's the typical, average pipeline conversion metric? I don't know. There isn't one.

Fundamentally, you're backing a group of people to provide good services to their clients.

Investor, Growth Capital and Private Equity

There's not a lot of IP protection for business process type software. So most of the barrier comes from the fact that you have customers, that it's trusted, that it's secure, that it's a centralised platform that other people log into.

Founder, LegalTech Scale-up

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Structural characteristics of PBS Tech investment

Adoption dynamics form a separate consideration. PBS Technologies are introduced into environments with legal, financial and reputational consequences, making uptake cautious and trust dependent. Advances in AI and workflow tools now allow deeper integration into core professional processes, shifting deployment from pilots toward operational use. Once embedded, however, such systems tend to become mission critical, with persistence reinforced by workflow integration and switching costs.

Finally, business models and investment pathways shape outcomes. Human expertise remains central, with many PBS firms relying on human in the loop delivery to support governance and accountability. Businesses often begin with service led models and evolve gradually towards more productised and repeatable offerings as workflows are codified. Capital engagement reflects this trajectory: early stage activity is evident, while larger allocations tend to follow demonstrated revenue, management depth and governance – milestones that are often reached with the support of public funding and partnerships that de-risk adoption and validate performance in live environments. In a sector of this scale, even modest changes in participation – such as a higher share of firms receiving investment, more investors remaining active at later stages, or incremental growth in cheque sizes – can therefore have a meaningful aggregate effect.

Source: The Data City, 2026; Beauhurst, 2026; Whitecap Analysis, 2026

PBS Tech has yet to translate scale into capital penetration

PBS Tech has yet to translate scale into capital penetration

MarTech
1362
companies

58%
sector investment

RegTech
792
companies

51%
sector investment

FinTech
8188
companies

37%
sector investment

PBS Tech
2280
companies

19%
sector investment

Investor Landscape

3

PBS Tech investor landscape

The investor landscape for PBS Technology is broad but uneven. Capital comes from a mix of venture capital, private equity, corporate investors and a well established angel network, providing depth at early stages but thinner coverage as companies mature.

Early stage activity dominates

Early stage investment is the most active part of the market. Angels and small specialist funds dominate pre seed and seed rounds, typically committing £100,000 to £2m. Investments are frequently syndicated and often supported by public or co investment capital. At this stage, backing is closely tied to founder credibility and domain expertise rather than formal performance metrics.

Selectivity increases at Series A

As in other technology sectors, the field narrows as institutional investors back a smaller number of companies. In PBS Tech, however, this selectivity is shaped by the need for clearer product definition, repeatable delivery and deeper integration into professional workflows – signals that are often less standardised and slower to evidence than in more conventional software markets. Funding rounds are larger but less frequent, generally in the low single digit millions.

A pronounced gap at growth and scale

Later stage capital is scarcer still. Only a limited number of investors operate at growth and scale, where minority investments of £5m to £30m are typical. Capital flows mainly to businesses with established revenues or profitability, experienced management teams, diversified client bases and strong governance. Relative to other technology sectors, this stage shows the most pronounced funding gap.

UK and Europe at the centre

PBS Tech investment is centred on the UK and Europe. Local knowledge and networks remain important due to client relationships and regulation. International investors, especially from the US, are more likely to invest when PBS businesses look like scalable software platforms rather than local, practice-based solutions.

“

A lot of these businesses are deeply linked to local regulation and professional practice, which means investors need proximity and understanding of those markets.

You have a lot of different types of investors looking at this space… venture capital, corporate venture, private equity, angels… but they are not all operating at the same stages or with the same risk appetite.

CEO, Investment Analytics Platform

We see interest coming from a wide range of investors, but the amounts and the stages at which they're comfortable investing are very different compared to other technology sectors.

When you move into Series A, investors become much more selective. They want to see clearer product definition, evidence that it's repeatable, and that it really fits into professional workflows.

Head of Department, UK Government

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High evidential thresholds across stages

Across stages, evidential thresholds remain high. Investors place strong weight on governance, client risk and execution capability, particularly where AI is involved.

This reinforces a cautious and selective investment culture and contributes to slower capital deployment than in more standardised technology markets.

Limited sub-sector specialisation

Few funds specialise exclusively in a single PBS sub-sector. With limited exceptions, such as dedicated LegalTech vehicles, most investors treat PBS Technology as a broad category, typically assessing opportunities through adjacent lenses such as SaaS or FinTech. As a result, PBS propositions are often evaluated alongside more standardised software or financial technology models, with relatively limited alignment to themes such as the future of professional work. Portfolio construction therefore tends to spread exposure across multiple sub-sectors rather than concentrate it in one.

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We invest in the early years, typically from around $100,000 to a few million. We need the solutions to have a clear client view and to be scalable.

Head of Department, Corporate Venture Investor

Our sweet spot is businesses that are SEIS or EIS approved and raising less than £450,000.

Director, Angel Investor Network

Through Enterprise Capital Funds we put around £2 million into each business, and through the Regional Angels Programme we allocate £5–15 million.

Senior Manager, Public Finance Organisation

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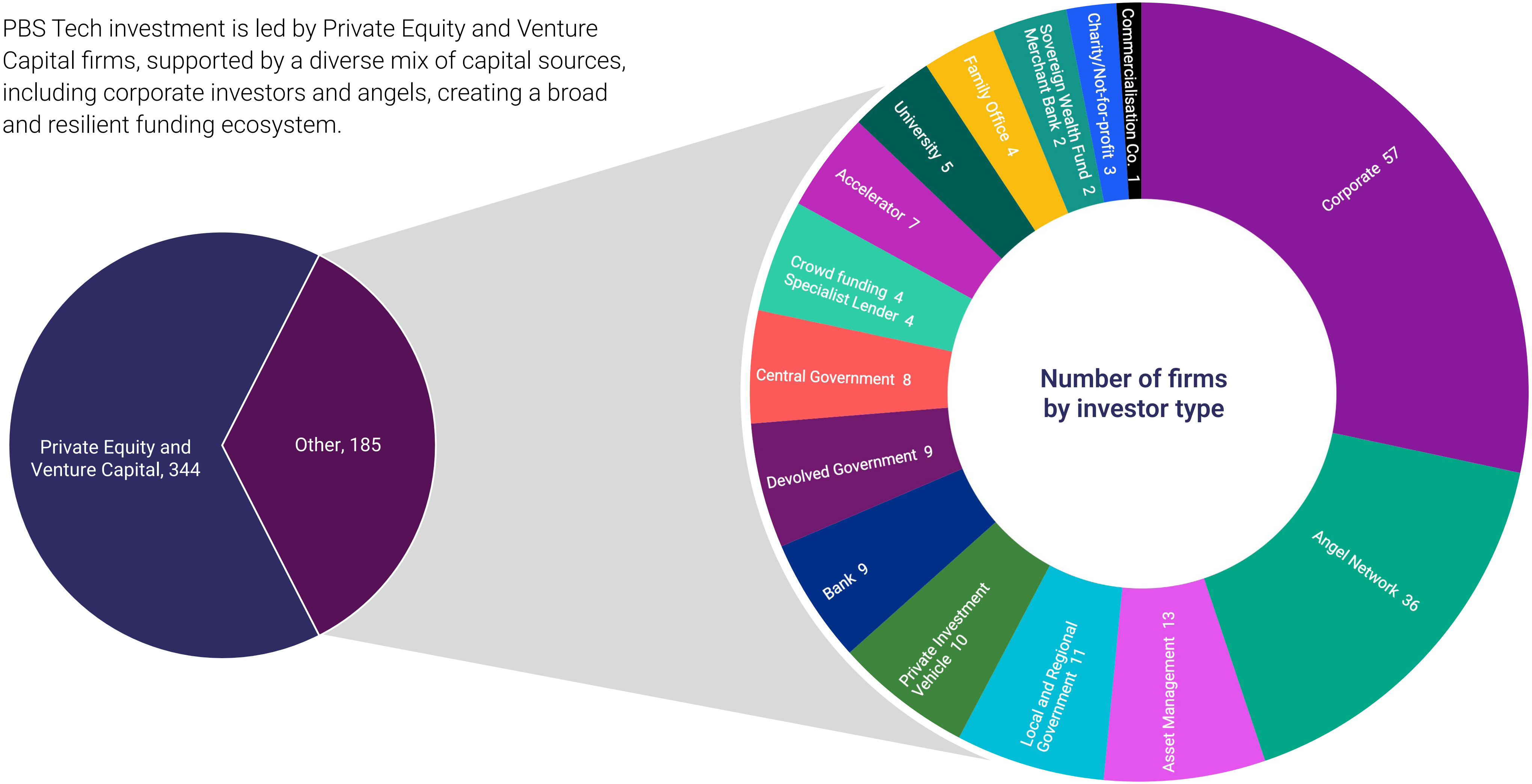
PBS Tech investment is led by Private Equity and Venture Capital firms, supported by a diverse mix of capital sources, including corporate investors and angels, creating a broad and resilient funding ecosystem.



Leading PBS Tech Fund Managers

British Business Bank, Seedcamp, Mercia Ventures, Fuel Ventures, YFM Equity Partners, Crowdcube, Maven, Scottish Enterprise, Ascension, Phoenix Court, SFC Capital, Republic, Octopus Ventures, Index Ventures, Syndicate Room, Portfolio Ventures

Source: The Data City, 2026; Beauhurst, 2026; Whitecap Analysis, 2026

4 Investment Activity and Innovation Patterns

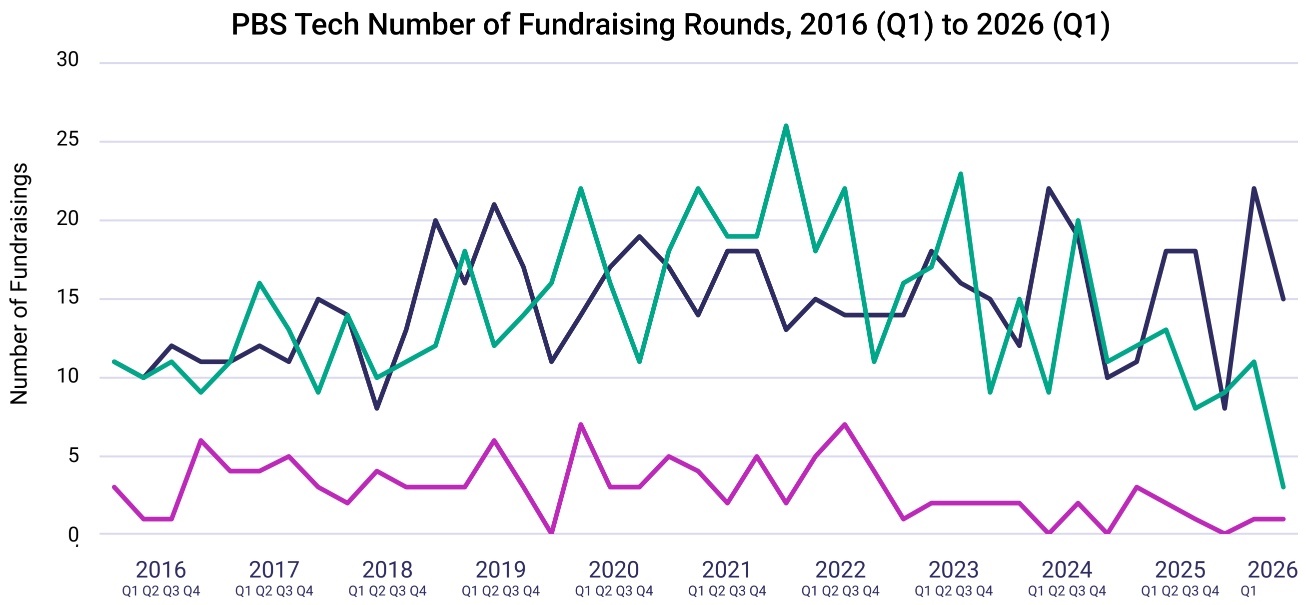
PBS Tech investment activity and innovation patterns

Investment activity across PBS Tech varies primarily by sub-sector maturity rather than overall market conditions.

Over the 2016-2026 period, average quarterly fundraising rounds sit at approximately 3-4 in AccountingTech, 13 in LegalTech and 15-16 in ManagementConsultingTech. This divergence reflects differing stages of development rather than uniform responses to market cycles.

KEY:

- Total value of fundraisings - LegalTech
- Total value of fundraisings - AccountingTech
- Total value of fundraisings - ManagementConsultingTech



Different parts of professional services are not at the same point on the curve. Accounting is much more advanced, consulting sits somewhere in the middle, and legal is still building momentum.

CEO, Investment Analytics Platform

The technologies that attract capital are the ones that scale expertise rather than replace people… it's about extending capacity across workflows.

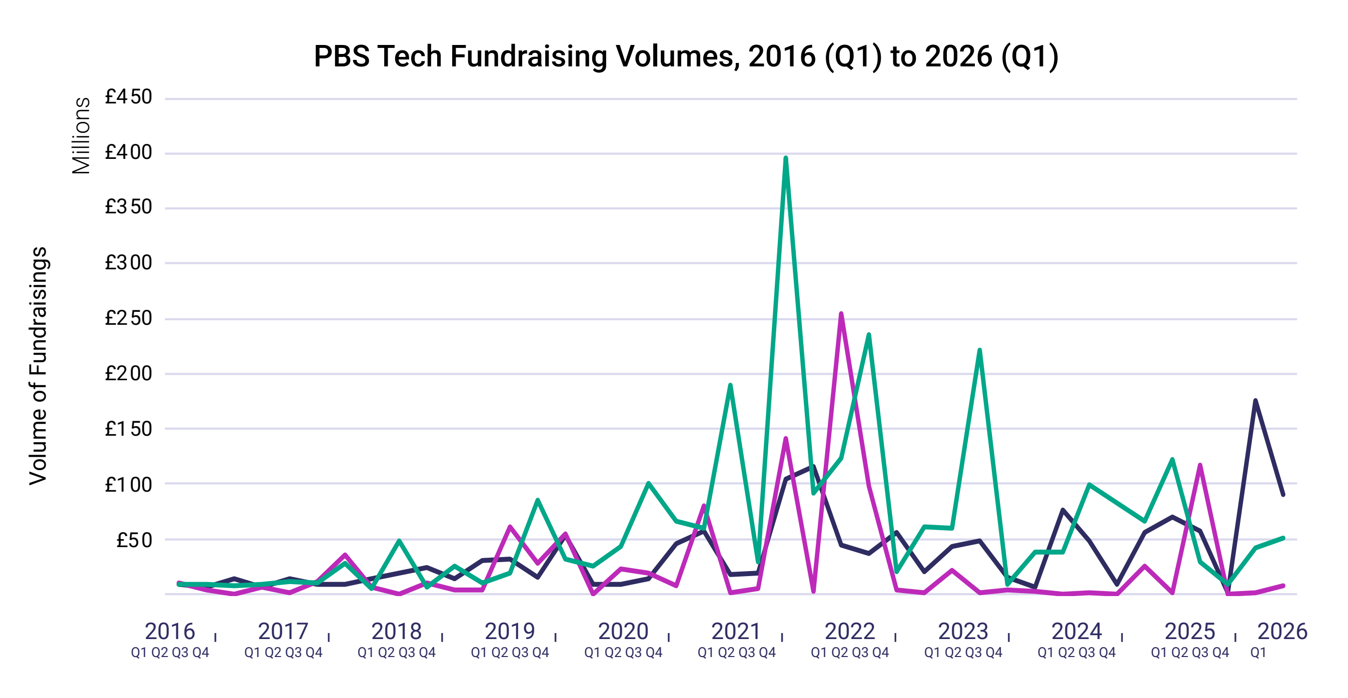
CEO, Investment Analytics Platform

We're moving from point solutions to systems that can operate across multiple workflows, increasingly with some level of autonomy.

CEO, Investment Analytics Platform

PBS Tech investment activity and innovation patterns

Fundraising by deal volume shows that the 2021–22 technology investment peak was most pronounced in ManagementConsultingTech (c.£400m), followed by Accounting Tech (c.£250m). In contrast, LegalTech followed a different trajectory, with fundraising peaking later in 2024–25 at around £175m. This lag suggests that LegalTech is at an earlier stage of development, with investment momentum still building.



KEY:

- Total value of fundraisings - LegalTech
- Total value of fundraisings - AccountingTech
- Total value of fundraisings - ManagementConsultingTech

> Legal is finally getting to the point where firms of all sizes are starting to engage with technology, but it's still much earlier than other parts of professional services.
>
> **Partner - Corporate Tech Incubator, Global Law Firm**

> In accounting, the sector is already very, very heavily penetrated. You've got Xero and QuickBooks… they represent about 95% of our accounting platform, and it's taken two decades to get there.
>
> **Managing Partner, Growth Credit Fund**

PBS Tech investment activity and innovation patterns

Exit activity remains limited, with one notable exception.
Across PBS Tech, relatively few firms have reached large-scale outcomes or successful exits. Investment remains concentrated in seed, venture and early growth stages, with limited progression into later-stage scale or liquidity events. AccountingTech stands apart, recording the highest number of exits relative to its size, despite comprising a much smaller base of firms (~50 companies compared to ~300+ in LegalTech and ~250+ in ManagementConsultingTech). This reinforces its position as the most mature PBS Tech sub-sector.

> We started building AI agents before they were called AI agents… the AI agents we've built will do somewhere between 50 and 60% of audit and about 40% of tax.
>
> **Founder, Digital Technology Company**
>
> In accounting, many propositions have either exited, consolidated, or effectively become part of broader financial technology platforms.
>
> There are not many examples yet of very large exits in professional services technology. Most of the activity is still at seed, venture and early growth.
>
> **CEO, Investment Analytics Platform**

	Exited	Established	Growth	Venture	Seed
Accounting	11	3	11	7	7
Legal	18	10	29	59	73
Management Consulting	8	12	29	78	38
TOTAL	**37**	**25**	**69**	**144**	**118**

Where capital is deployed, it clusters around technologies that scale expertise rather than replace it.
Across all three sub-sectors, investment is concentrated in AI- and automation-led platforms that improve productivity, consistency and decision quality. The emphasis is on systems that codify expertise and extend capacity, rather than displacing professionals outright.

Future value in PBS Tech will be created not by replacing professionals, but by re-engineering how expertise is delivered: Using technology to expand reach, improve efficiency, and enhance judgement quality while maintaining trust and accountability.

Common innovation themes across PBS Tech

Despite differences in maturity, innovation across PBS Tech converges around three themes:

1

Democratisation of professional capability.

Many PBS Technologies lower barriers to access by digitising services for SMEs, sole traders and under-served users. Tools such as **Making Tax Digital (MTD)** platforms, analytics products for smaller consultancies and LegalTech solutions that widen access to legal services all point to a broader expansion of professional capability beyond traditional firm structures.

2

From automation to autonomous workflows.

Automation is moving beyond isolated task execution towards more autonomous, end to end workflows. In consulting, agentic AI systems are increasingly used to streamline research, surface insights and generate draft deliverables at speed, with applications spanning onboarding, risk monitoring, pitch development and client personalisation. As these systems become embedded in daily workflows, expectations are rising around data quality, workforce readiness and responsible implementation.

3

Intelligence depends on systems, not models alone.

The performance of agentic AI is determined less by model sophistication than by the strength of the surrounding infrastructure. Effective deployment requires trusted data inputs, mechanisms for reasoning and coordination, and the ability to retain context over time. Weak data foundations or fragmented tools undermine reliability and trust, limiting scale. As a result, value creation is increasingly concentrated in integrated systems that support consistent, explainable and repeatable outputs within core professional workflows.

Implications

The central opportunity in PBS Tech lies in redesigning how expertise is delivered.

Future value will be created not through standalone tools, but through systems that integrate domain knowledge, automation and data into everyday professional practice. As agentic capabilities become less novel and more expected, competitive advantage will rest on safe, scalable deployment and deep workflow integration.

PBS Tech innovation is therefore best understood as a structural shift in service delivery, rather than a short term efficiency play.

> “We’re looking for next-generation technologies that can be embedded into client workflows, not just point solutions.”
>
> **Head of Department, Corporate Venture Investor**

Access to Capital

5

Access to Capital – structural gaps

The nature of the constraint

Constraints on access to capital in PBS Tech are structural. They stem from a persistent misalignment between how capital is allocated – using metrics optimised for rapid, visible scaling – and how value in PBS typically accumulates, through trust, governance and cumulative embedding.

The system functions adequately at entry but weakens at the point where firms must convert credibility into scale. While PBS Tech remains a relatively nascent and evolving category, these constraints reflect not only sector maturity but a deeper misalignment between prevailing investment frameworks and the way value in PBS businesses is created.

This produces a market in which innovation remains strong and early backing is common, yet progression into durable, later-stage platforms remains the exception rather than the norm. The issue is not a shortage of capital in aggregate, but a shortage of capital aligned to the way PBS businesses grow.

Where the capital stack thins

The scale-up transition

The most pronounced gap sits between early commercial validation and institutional-scale growth. At this point, PBS firms have demonstrated relevance and client adoption, but have not yet translated embedded use, governance maturity and delivery depth into the standard metrics typically required by growth investors. Capital becomes less continuous, increasing execution risk and slowing momentum.

Upper growth and expansion

Beyond this transition, capital availability narrows further. Larger rounds are concentrated among a relatively small subset of firms that already resemble conventional enterprise software businesses. For others, the absence of intermediate growth capital can constrain strategic choice, encouraging earlier exits, partial sales, or extended periods of sub-scale growth.

“

Investors still ask very quickly: is this scalable, is it hours-heavy, does it have a protectable moat? Often it ends up being repackaged as an AI or SaaS investment.

Later-stage capital tends to go to a small number of companies that already fit familiar software patterns.

Head of Department, UK Government

There's a long transitional phase where companies are productising what used to be bespoke. That phase is absolutely necessary, but it's also the hardest to fund.

Series A is where a lot of companies struggle. You're too advanced for the early-stage story, but you don't yet look like something a growth investor can underwrite.

CEO, Investment Analytics Platform

Our investment strategy… focuses on minority investments of between £5 million and £30 million in scale-up businesses with EBITDA of £1–2 million or recurring revenues of £3–4 million.

Investor, Growth Capital and Private Equity

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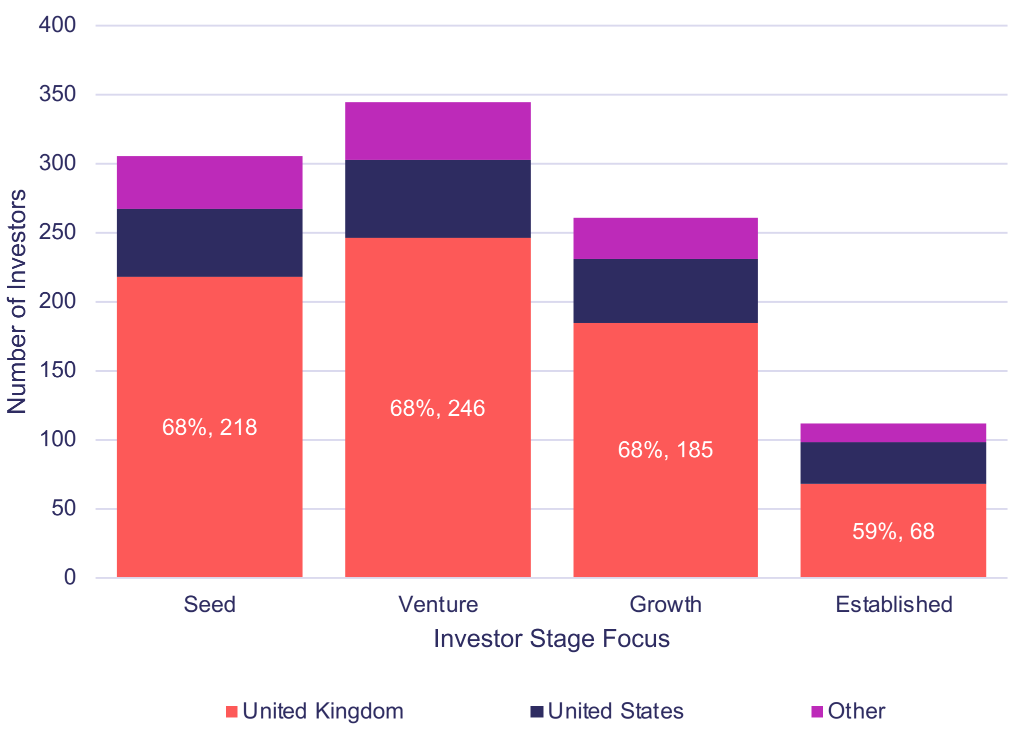
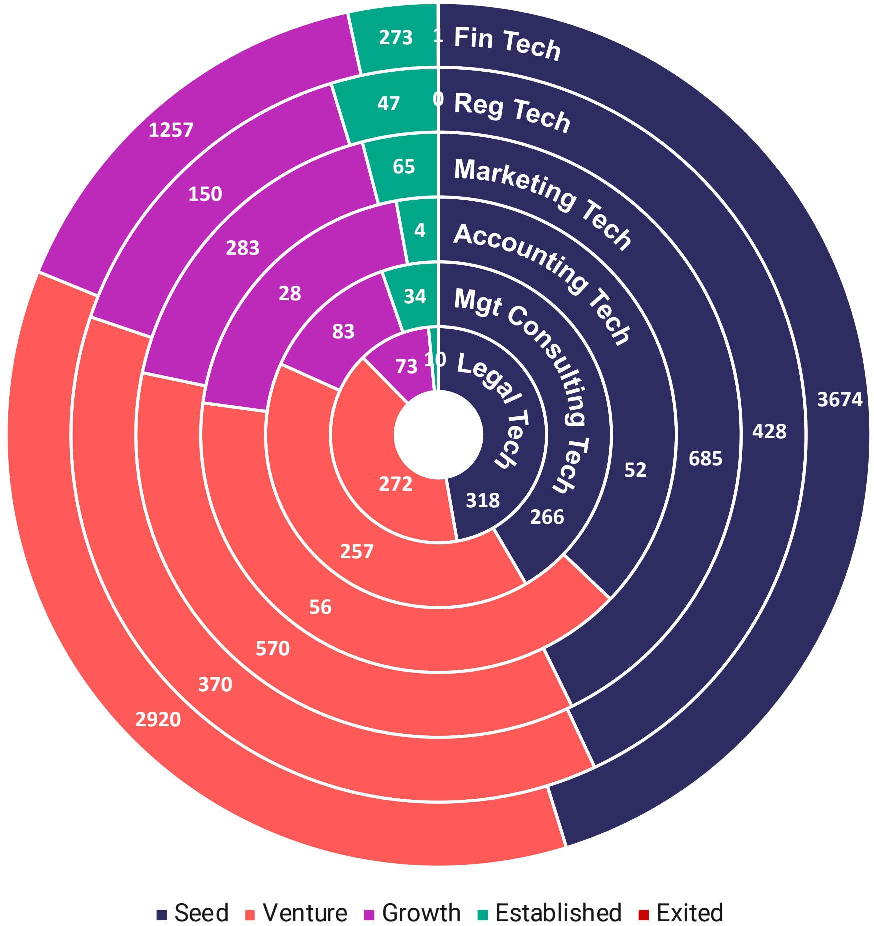
Investment Stage Focus of Funds and Geography



Source: The Data City, 2026; Beauhurst, 2026; Whitecap Analysis, 2026

Fundraisings by Stage in PBS Tech Sectors in the sector over the last 10 years



> As companies grow, the pool of locally anchored investors shrinks very quickly compared to other tech sectors.
>
> For investors, diligence is heavier and confidence takes longer. For founders, progress is harder to signal because growth is about depth, not just speed.
>
> US investors are often better positioned to support longer scaling trajectories, especially when value builds over time.

CEO, Investment Analytics Platform

Geography as a release valve

Domestic capital markets provide breadth at early stages but more limited depth at scale. As funding requirements increase, the pool of locally anchored investors contracts more sharply than in some comparable technology sectors.

Overseas capital, particularly from the United States, increasingly acts as a release valve at scale, providing lead capital that complements, rather than replaces, domestic participation.

This reflects differences in capital depth, fund size and tolerance for longer scaling trajectories. US investors are often better positioned to underwrite enterprise models in which value accumulates over time. The risk for the UK is that firms mature elsewhere, shifting long-term value capture and strategic control offshore.

Business models and capital allocation[1]

Hybrid delivery structures

Models that retain human involvement to manage risk, quality or accountability are often valued at a discount, reflecting underwriting frameworks that place strong weight on gross margins, operating leverage and revenue scalability, rather than weaker underlying demand. Even where human involvement strengthens adoption and defensibility, it complicates comparison with pure software benchmarks. Capital constraints therefore arise partly from underwriting heuristics rather than weak fundamentals.

Transitional business states

Firms moving from bespoke delivery to repeatable products occupy an unstable middle ground. They have outgrown early-stage narratives but do not yet fit growth-stage templates. This transitional phase is widespread and frequently under-financed, despite being central to long-term scalability.

Governance-intensive propositions

Where trust, assurance and compliance are core to the product, costs are incurred early while benefits accrue over time. Capital markets tend to reflect this timing mismatch in pricing and cheque size, even though governance intensity underpins resilience and enterprise adoption.

> Most of the barrier comes from the fact that it's trusted, it's secure, and it's a centralised platform that other people log into.
>
> **Founder, LegalTech Scale-up**

Sub-sector exposure to capital risk

Capital constraints vary across PBS sub-sectors because investors assess and price risk differently depending on how technologies are used within professional workflows and how markets are structured. Three factors are particularly important.

1. In decision-critical domains, where technology directly informs legal, financial or advisory judgement, perceived downside risk is higher. This raises evidential thresholds and narrows the pool of investors willing to underwrite scale.
2. Where value is realised through outcomes such as risk reduction, judgement improvement or time savings, impact is harder to translate into short-term growth metrics. As a result, firms may be priced conservatively despite strong long-term potential.
3. In fragmented markets, particularly those serving SMEs, investors often assume higher execution risk due to challenges around customer acquisition and revenue concentration.

Across these cases, access to capital is shaped less by market opportunity than by how clearly value can be evidenced and underwritten within prevailing investment frameworks.

Maturity, benchmarks and capital allocation

Differences in capital availability reflect not only sector maturity, but how maturity is priced. While all technology sectors experience a narrowing of capital as companies progress, this effect is more pronounced in PBS Tech due to weaker alignment with prevailing investment benchmarks.

Capital markets typically rely on templates derived from established software categories, where performance is assessed through metrics such as rapid ARR growth, high gross margins, clear operating leverage and comparability to existing SaaS or FinTech peers. These benchmarks work well where value is quickly visible and standardised. PBS Technologies, however, often do not conform to these templates at the point where scale capital is required. Firms may demonstrate strong adoption, workflow integration and governance maturity, but show slower revenue acceleration, lower early margins due to service components, and less directly comparable peer groups.

As a result, they can be penalised both for being too early to meet mature-sector expectations and for no longer fitting early-stage growth narratives.

This benchmarking mismatch contributes to under-allocation at key transition points. Capital is withheld not because opportunity is absent, but because emerging PBS models do not align cleanly with prevailing investment frameworks. The effect is to slow progression precisely when firms are consolidating governance, productising delivery and preparing to scale.

Two-sided frictions

On the investor side, the challenge lies less in appetite than in the timing and visibility of returns. Investment decisions are typically anchored in revenue growth, margin profile and scalability, yet in PBS Tech these signals often emerge later than underlying adoption. As a result, investors may delay or reduce allocations despite strong evidence of client usage and workflow integration.

On the founder side, progress is harder to translate into metrics investors prioritise. Value is established through depth of adoption – repeat use, embedded workflows and reduced client risk – while revenue acceleration follows more gradually.

This misalignment can weakening negotiating position, lengthening fundraising cycles and shape strategic choices as firms adapt to fit prevailing investment expectations.

The structural scale-up gap

Taken together, these dynamics create a persistent scale-up gap. Capital is allocated according to frameworks that reward rapid, legible growth, while PBS Technologies mature through embedding, assurance and cumulative adoption. The misalignment is most consequential at the point where firms should be scaling fastest.

Closing this gap does not require more capital overall. It requires capital designed for how PBS value is created: patient in structure, sophisticated in governance, and aligned with long-term value formation rather than short-term visibility. This implies shifts across the capital stack – from institutional LPs shaping fund mandates and time horizons, to venture and growth investors adapting underwriting frameworks, and greater participation from corporate and strategic investors aligned to long-term adoption.

> We’re not convinced yet to see a full FinTech moment in PBS… I don’t think we’re there yet, and that does present an opportunity.
>
> **Head of Department, UK Government**

6 Infrastructure Providers

Infrastructure Providers

Infrastructure providers – including accelerators, corporate programmes, networks and industry bodies – operate as intermediaries within the PBS Technology ecosystem. Their core function is not capital provision itself, but the coordination of relationships between founders, professional customers and investors, particularly where direct market signals are weak or slow to emerge.

Accelerator participation is correlated with higher rates of equity funding, primarily because these programmes improve visibility and signalling. Structured cohorts, curated investor access and third party endorsement help firms translate early traction into legible narratives for capital providers, even where formal metrics remain underdeveloped.

The value of infrastructure provision is greatest where it facilitates customer engagement, rather than generic startup support. Programmes that connect firms to professional buyers – through pilots, trials or early delivery opportunities – enable technologies to be tested in operational contexts and generate credible reference points. This form of mediated access is particularly important in PBS markets, where direct experimentation between startups and professional firms is costly and difficult to initiate.

Engagement with infrastructure varies across sub-sectors. AccountingTech firms participate in accelerators less frequently than firms in other PBS segments, reducing exposure to these coordination mechanisms. This lower level engagement aligns with comparatively lower investment activity in the sector, although recent developments – such as the rollout of Making Tax Digital for Income Tax in April 2026 – may act as a catalyst for increased adoption and future investment.

Some firms engage with multiple accelerators and networks and are marginally more likely to raise funding, although the effect is limited. Multiple participation more plausibly reflects fragmentation in the support landscape – requiring founders to assemble complementary forms of access, expertise and validation – rather than serving as a reliable indicator of readiness for investment.

Corporate and corporate sponsored accelerators address a distinct gap by anchoring innovation activity within established professional organisations. By framing challenges around real client needs and operational constraints, these programmes help firms align product development with buyer expectations and procurement realities. Their impact, however, is constrained by the small number of firms they can support at any one time and the time limited nature of their engagement.

At later stages, infrastructure provision thins. Few organisations act as trusted intermediaries capable of supporting coordination between scale up firms, institutional investors and professional customers simultaneously. As a result, founders often face a discontinuity between early validation environments and the requirements of large scale adoption and investment.

Our role is really about addressing equity gaps by backing fund managers and programmes rather than picking individual companies ourselves.

Senior Manager, Public Finance Organisation

We're interested in solutions that are tested with real clients and embedded into real workflows, not just theoretical innovation.

Corporate-led programmes are powerful because they force startups to align with real client needs, real procurement processes and real delivery constraints.

The most effective programmes are the ones anchored in real operational challenges, where startups can test their solutions inside a professional environment.

Head of Department, Corporate Venture Investor

Founders often go through several accelerators and networks because no single programme gives them everything they need.

Director, Angel Investor Network

A big part of what we try to do is connect founders with the right networks – customers, investors, partners – because those signals don't always emerge naturally in this sector.

Accelerators and programmes help companies become visible. They help founders articulate the story in a way investors can understand, even when the metrics are still developing.

Head of Department, UK Government

What really matters is giving companies access to real lawyers and real client problems, not just generic startup advice.

It's very difficult for a startup to just walk into a law firm and experiment. The risk, the data, the confidentiality issues make that almost impossible without an intermediary.

These programmes help startups understand how professional buyers actually think and buy, which is often very different from what they expect.

Partner - Corporate Tech Incubator, Global Law Firm

A big part of what we do is preparing founders for investment and helping them understand what investors are looking for.

The ecosystem tracker and our programmes help connect startups with law firms, regulators and investors in a more joined-up way.

Director, LegalTech Ecosystem Support Organisation

We were backed by Microsoft — they didn't give us cash, but they gave us in-kind benefit… access to their global professional services sales teams, which was hugely helpful.

Founder, Digital Technology Company

In accounting, we see far less participation in accelerators compared to legal or consulting tech. A lot of firms just don't engage with those programmes.

Managing Partner, Growth Credit Fund

There's a real drop-off in structured support once companies move beyond early stage.

Investor, Growth Capital and Private Equity

Infrastructure Providers vs. Equity Raised

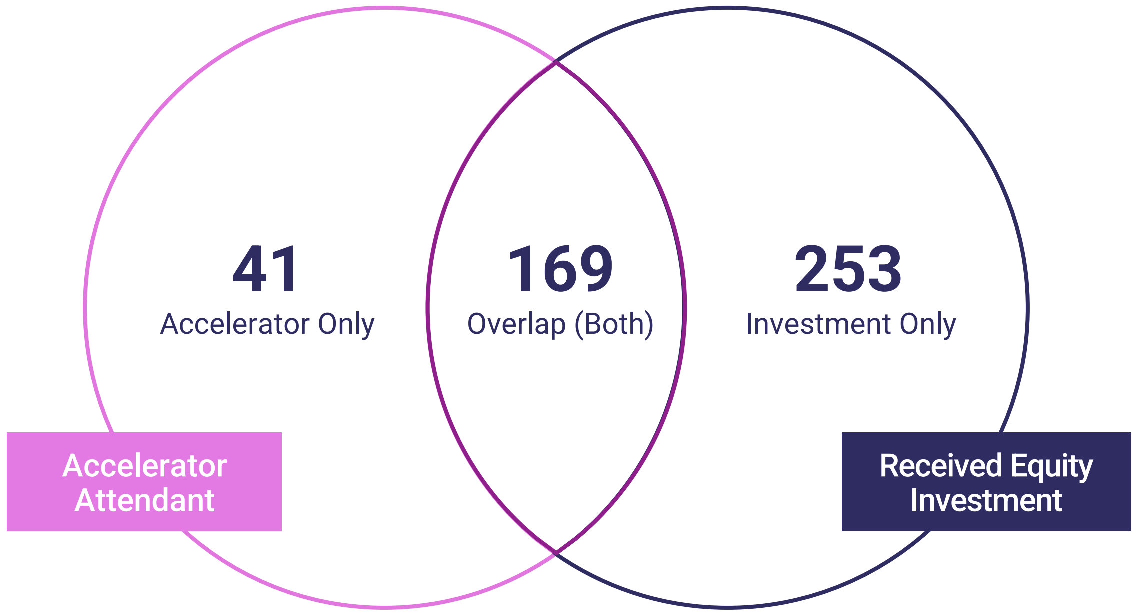
A useful point of comparison lies in financial services, where the FCA regulatory sandbox provides a standing mechanism for coordinated testing under shared rules. The scale and continuity of this model have reduced friction between innovators, customers and regulators.

While PBS markets differ materially, analogous sector wide mechanisms – particularly in LegalTech and AccountingTech – could strengthen coordination, reduce duplication and support progression beyond early commercial stages.

The opportunity for infrastructure providers therefore lies less in expanding the volume of programmes than in deepening their systemic function: creating clear steps from validation to adoption, aligning incentives across market participants and reducing coordination failures at critical transition points.

In practice, this includes structured pathways from pilot to reference customer, shared validation standards that can be reused in procurement and investor diligence, and sustained coordination between scale-ups, buyers and capital providers. Done well, this would improve capital efficiency and support more consistent progression from innovation to scale.

PBS Companies – Accelerator Attendant and Equity Investment, 2026



Source: The Data City, 2026; Beauhurst, 2026; Whitecap Analysis, 2026

Actionable Recommendations

Recommendations

Stakeholder	Core problem	Actionable recommendations
Investors	Investment frameworks undervalue trust-based, governance-heavy scaling.	• Establish a transition stage PBS mandate (post pilot, pre-scale) with £3–8m tickets and longer holding periods, co-investing where appropriate with the British Business Bank (BBB)'s Industrial Strategy Growth Capital. This provides investors with access to under-served, high-potential companies at the point of value inflection, while enabling public actors to retain more scale-up activity and long-term value within the UK. • Base investment decisions on a broader set of leading indicators, including adoption depth alongside revenue growth: workflows live, pilots converted, and governance approvals secured. While revenue remains central, these indicators provide earlier and more reliable signals of future scale in PBS Tech, where monetisation typically lags adoption. • Underwrite hybrid service–technology models where service delivery demonstrably codifies workflows or reduces client risk. • Structure later stage rounds to be compatible with British Growth Partnership, Mansion House and Long-Term Asset Fund (LTAF) Individual Savings Account (ISA) capital, anchoring firms domestically before turning to US lead investors.
Founders	Operational progress is hard to signal within prevailing investor benchmarks, particularly for B2B propositions.	• Lead with operational evidence: live deployments, repeat use, governance sign-off and switching costs created by workflow integration. For B2C solutions, founders should also evidence how they acquire users, drive repeat engagement and deliver measurable user outcomes. • Use service delivery deliberately to inform the product roadmap, developing repeatable features, codified workflows, and reusable components. • Sequence growth by using pilots, public funding and contracts to de-risk adoption before raising institutional scale capital. • Secure named reference clients to substitute for weak short-term financial comparables.

Recommendations

Stakeholder	Core problem	Actionable recommendations
Infrastructure providers	**Market coordination breaks down at the scale up transition.**	• Replace generic acceleration with defined adoption pathways linking pilot to reference customer to procurement ready deployment. • Act as neutral convenors between scaleups, professional buyers and investors to reduce bilateral coordination costs. • Focus support on late stage adoption and procurement readiness, where ecosystem provision is currently thinnest.
Policymakers / Public finance	**A structural scale-up gap drives premature offshore scaling.**	• Run challenge led competitions and supported pilots anchored in real PBS use cases, with funding tied to live deployment and governance maturity rather than technical novelty. • Encourage / support the development of funded projects to generate standardised validation outputs (governance evidence, assurance processes, workflow usage data) reusable in procurement and investor diligence. • Sponsor sandbox style mechanisms in LegalTech and AccountingTech to reduce duplicated compliance and validation effort. • The British Business Bank could play a role in providing domestic transition and growth capital and act as a cornerstone investor alongside the British Growth Partnership, aligning deployment with Mansion House reforms and LTAF/LTAFISA structures to retain UK anchoring at scale.

About this report

PBS Tech refers to technology-enabled businesses whose products and services support the Professional and Business Services (PBS) sector.

Scope of PBS Tech

The report focuses on specific Professional and Business Services (PBS) sub-sectors – LegalTech, ManagementConsultingTech, and Accountancy and Audit Tech – aligned with the UK Government's Industrial Strategy growth-driving sectors.

These sub-sectors are treated as distinct from adjacent categories such as FinTech, RegTech. Accordingly, references to the PBS investment landscape in this report relate solely to investment in technology firms serving the explicitly defined PBS sub-sectors outlined above.

Objectives

This report identifies active investors in UK PBS to build a clear picture of who is currently deploying capital. It examines how PBS Tech moves from pilot to scalable, commercial-ready deployment, shown through governance approval, workflow integration, and repeat adoption.

It identifies Structural Gaps by pinpointing where capital flow is obstructed. This includes stages, business models, and sub-sectors that are blind spots. It also explores how investors, founders, ecosystem support, and public finance interact during this transition.

The report then assesses how to optimise Ecosystem Infrastructure to improve connection and scalability. It delivers targeted recommendations to improve capital accessibility, support innovation growth, and strengthen sector competitiveness.

Approach and Methodology

The methodology combined desk research and qualitative insights. Quantitative evidence on investors, deal flow, and PBS sub-sectors was gathered using established datasets, including The Data City and Beauhurst.

This was complemented by targeted semi-structured interviews with investors, founders, industry infrastructure providers, and network organisations. Key learnings from the Innovate UK PBS Investor Forum (March 2026) were also integrated.

A thematic analysis was then conducted to identify recurring patterns and inform the key findings presented in this report.

Acknowledgements and Project Team

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Glossary of Terms

AccountingTech / Accountancy & Audit Tech: One of the core PBS tech sub-sectors focused on software and platforms designed to standardize, automate, and streamline accounting and audit practices.

AI (Artificial Intelligence): Technology used in core professional processes—such as agentic AI systems in consulting—to automate research, surface insights, and generate deliverables.

Angel Network: An organised group or platform of angel investors that connects early-stage businesses with individuals who invest their own money, often pooling capital, experience and contacts through syndicates.

BBB (British Business Bank): A public finance institution and fund-of-funds provider that acts as a cornerstone investor to deliver domestic transition and growth capital to UK firms.

Big Four: The dominant global professional services networks, noted in the report for reshaping the market via bundled agentic AI offerings.

British Growth Partnership: A public-private investment vehicle designed to deploy capital alongside institutional reforms to anchor scaling firms domestically.

Commercialisation Company: A company established to bring research, intellectual property, technology or other knowledge assets to market, often through licensing, partnerships, product development or spin-out activity.

ConsultingTech / ManagementConsultingTech: A PBS tech sub-sector characterized by AI-led platforms that streamline research, risk monitoring, and pitch development.

Devolved Government: A sub-national government or administration that has been given responsibility for certain policy areas by a central or national government, with the scope of its powers defined by law or constitutional arrangements.

Economic and Social Research Council (ESRC): The UK's largest funder of economic, social, behavioural and human data science."

FinTech (Financial Technology): Tech platforms designed to automate and improve traditional financial services and accounting processes.

FCA (Financial Conduct Authority): The UK regulatory body overseeing financial markets and compliance standards.

Growth Capital: Equity funding (typically minority investments of £5m to £30m) aimed at mature firms with established revenues, diversified client bases, and strong governance.

Hybrid Service–Technology Model: A business model combining technology development with human-in-the-loop service delivery to manage risk, ensure accountability, and codify workflows.

Infrastructure Providers: Intermediaries (such as accelerators, networks, and industry bodies) that coordinate relationships, customer engagement, and procurement pathways between founders, buyers, and investors.

IS8 (Industrial Strategy Sectors): The UK Government's eight growth-driving sectors, which include the specific professional and business services bounded by SIC codes 69 and 70.

LegalTech / LawTech: A rapidly expanding PBS tech sub-sector focused on technology and automated tools that scale legal capability, contract management, and compliance operations.

Glossary of Terms

LTAF / LTAF ISA (Long-Term Asset Fund): Regulated UK fund structures designed to channel long-term institutional and retail capital into private, scaling businesses.

Mansion House Reforms:
A UK financial policy framework utilized to align institutional capital structures with long-term domestic scale-up investments.

MarTech: Software designed to streamline and automate marketing operations,

Merchant Bank: A specialist financial institution that provides corporate finance services such as capital raising, underwriting, syndication and advisory support, typically for companies rather than retail customers.

MTD / MTD ITSA (Making Tax Digital): A UK government digital tax initiative (including the April 2026 rollout for Income Tax) that acts as a critical catalyst for AccountingTech adoption.

NGPFS (Next Generation Professional and Financial Services): An Innovate UK and ESRC programme that helps professional service sectors, including accounting and law, and the financial service sectors, including insurance, lending, advisory and payment services, develop and use digital technologies.

PBS (Professional and Business Services):
A knowledge-based economic sector worth £300 billion annually to the UK, encompassing legal services, accountancy, and management consulting.

PBS Tech: Technology-enabled businesses whose software, platforms, or systems explicitly support, codify, and scale expertise within the PBS sector.

PE (Private Equity): Institutional capital firms that, in the context of this market, are actively consolidating UK mid-tier accountancy practices and shaping buyer dynamics.

Private Investment Vehicle: A private legal structure, such as a fund, company, partnership or trust, used to hold or pool capital and make investments on behalf of selected investors rather than the general public.

RegTech (Regulatory Technology): Tech solutions that automate compliance, risk management, and regulatory reporting for businesses.

Scale-up: A mature tech firm moving past initial validation into rapid growth, formally characterized by a 20%+ annualized increase in headcount or revenue over three years.

Seed / Pre-seed Capital: Early-stage funding rounds (typically £100,000 to £2m) dominated by angel networks and small specialist funds, backed primarily on founder credibility.

Series A / B / C Funding: Sequential institutional investment rounds where selectivity increases based on product definition (Series A), repeatable delivery (Series B), and expansion (Series C).

Sovereign Wealth Fund: A government-owned investment fund that manages public wealth for financial objectives, often investing across financial assets for long-term national or strategic benefit.

VC (Venture Capital): Institutional investment funds providing early-stage or growth equity to high-potential startups, though rarely specializing in a single PBS sub-sector.

Innovate UK

As the UK's innovation agency, we back the nation's most promising deep tech businesses in the UK's priority sectors: providing the funding, expert support and connections that help them start, scale and stay in the UK. If you're an innovative business ready to scale, we're ready to back you.

Find out more about the Innovate UK and Economic and Social Research Council Next Generation Professional and Financial Services Programme at https://iuk-business-connect.org.uk/programme/next-generation-professional-and-financial-services

Whitecap Consulting

Whitecap is a regionally focused strategy consultancy which works across a wide range of sectors, including Professional and Business Services. The firm typically works with boards, executives and investors of predominantly mid-sized organisations and helping clients analyse, develop and implement growth strategies.

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