

# Falling funds and the rise of AI are top of the menu at London tech talks

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For some companies attending London Tech Week this Monday, just being there is an achievement. The sudden failure in March of Silicon Valley Bank (SVB), a financial cornerstone for the UK and US tech industries, had left many British companies wondering how they were going to see out that month. Ashley Ramrachia, chief executive of Academy, a tech company with headquarters in Manchester, said the first he knew of SVB's troubles was on Wednesday 8 March. By Thursday, Ramrachia and others were trying, unsuccessfully, to withdraw funds. By Friday, the Bank of England said it planned to put SVB's UK operation into insolvency and Ramrachia was one of 3,500 customers in Britain scrambling to deal with the consequences. He says that overnight, from a previously comfortable funding position, he was forced to consider how to keep the company above water. "We can just about make March payroll," he remembers thinking. "How are we going to make April?" However, by the following Monday, the British government had helped broker a takeover of SVB UK by HSBC and a crisis was averted. Ramrachia, whose business helps companies train up workers from underrepresented groups (by gender, ethnicity or socioeconomic background) for technology roles, will now be attending tech week without worrying about paying wages. Antony Walker, deputy chief executive of the trade association techUK, says Ramrachia's predicament was not unique. "If that rescue deal had failed, there would have been huge problems for quite a significant number of companies. There were companies that were looking at being unable to pay their bills on a Monday morning," Walker says. So the UK tech sector goes into London Tech Week relatively unscathed, although the central issue for the event also raises existential problems for some: artificial intelligence (AI). Rishi Sunak and Keir Starmer will give their views on AI this week, amid a shift in government stance to a more cautious footing on the technology. Breakthroughs in generative AI – technology that produces convincing text, images and voice from a human prompt – have wowed the public, particularly with the ChatGPT chatbot, but they have also raised concerns that the field is simply developing too quickly. Sunak announced last week that the UK would hold a global summit on AI safety in the autumn, signalling that he has heard those concerns. "I think AI will be the big one," says Walker, in terms of the hot topics at tech week, which runs until Friday. He says the regulatory framework will be discussed by attendees but also the impact on jobs in the sector, which he thinks will be positive. "We see AI in the short term very much as a productivity driver," he says. "A lot of companies that invest in AI make good use of it. It'll help them grow, which could actually be positive from an employment perspective." According to techUK, the sector adds £150bn to the British economy every year and employs 1.7 million people, including employees of US tech companies that have

significant presences in the UK, such as Google and the Facebook owner Meta. There are also big UK players such as the chip designer Arm and Google-owned DeepMind, a world-leading AI company. Even before the existential crisis that swamped SVB and the UK tech sector, there have been concerns about the long-term funding setup for the industry. Those frustrations have been summed up by Arm, which is owned by Japanese investment company SoftBank and has opted for a stock market listing in the US, reflecting the deeper and more tech-savvy pool of capital across the Atlantic. The UK government has been urged to tweak regulations around pension and investment funds to help boost tech investment, but there is also what techUK calls a “cultural issue” in the British investment world, where institutional investors are not “skilled up enough or willing enough” to invest in high-growth sectors such as tech. As a consequence, companies could seek funding from the US and even move there. Building skills, diversifying workforces – as Ramcharia’s company tries to do – and getting talent from abroad in a post-Brexit UK will also be discussed by attendees. If AI offers the ever-changing British tech sector a new direction, some of its fundamental problems remain the same.