

LONDON
& PARTNERS

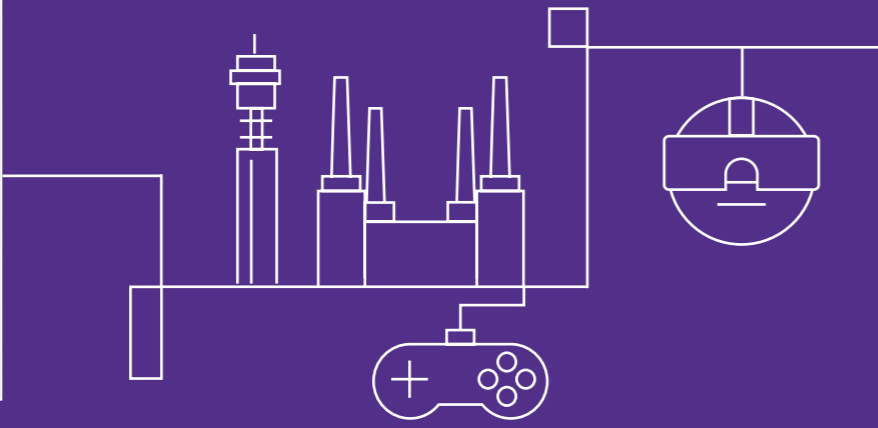
LONDON'S CREATIVE FRONTIER

A GLOBAL
IMMERSIVE
TECH
LEADER

November 2022



dealroom.co



FOREWORD

from Louise Conolly-Smith

Head of Creative at London & Partners

London is a thriving centre for immersive technologies from augmented reality, virtual reality and mixed reality to the Metaverse, making it a perfect destination for international immersive companies to setup and scale.

London's strength in immersive technology is driven by the city's tech and creative ecosystems rapidly coming together and pushing the boundaries on what can be achieved in the virtual world. This is firmly supported by London's expertise in finance and business which plays a key role in access to funding, VCs and business growth programmes.

As a result, we have already seen immersive technology being used across the city's high growth sectors from fashion and gaming to real estate and medicine – offering never

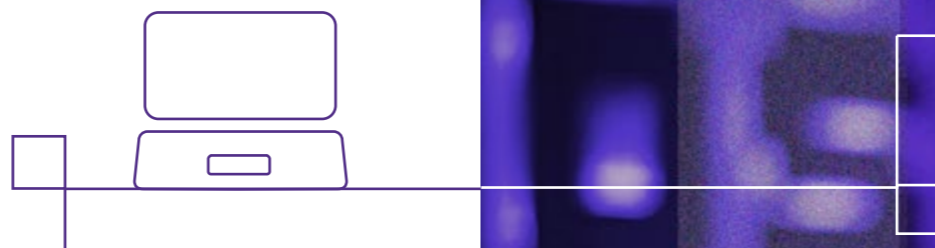
before seen ways of communicating and engaging with audiences and enabling incredibly rich digital experiences.

It is exciting to see London leading the way on immersive technology in Europe with its strong roots in creative and tech, numerous investment opportunities and already thriving companies in this space.

As immersive technology continues to take-off and develop globally, we look forward to continuously welcoming more game changing companies as they look to start and grow in London.



INTRODUCTION



REPORT OVERVIEW:

A snapshot of the global immersive tech landscape

Commissioned by London & Partners in partnership with Dealroom, this report explores the global immersive technology landscape identifying the leading global hubs for investment as well as the innovative companies forging new paths in this space.

Findings demonstrate that immersive technology start-ups are on track to raise record investment both in Europe and on a global scale. London emerges as a clear front runner in this space, ranked number one in Europe and fifth globally.

Technologies which fall under the wider immersive technology umbrella investigated in this report include **Augmented Reality** which enhances user's surroundings by adding digital elements to a live view, **Virtual Reality (VR)** which provides a simulation of an artificial environment with the use of a headset and motion

sensors and **Mixed Reality (MR)** which combines elements of both AR and VR where real-world and digital objects interact. It also includes **Haptics** which enables physical sensation through 3D touch on an interface and the **Metaverse** which offers a virtual reality space in which users can interact with a computer-generated environment and other users, using VR and AR.

From AR, VR and MR to haptics and the Metaverse – investment in immersive technology is growing at lightning speed across the globe and experiencing uptake across several sectors from gaming, fashion and film to healthcare, education, and retail. This report demonstrates how new technology is ushering in a more immersive future for everyone, poised to radically changing the way we connect and engage through technology.



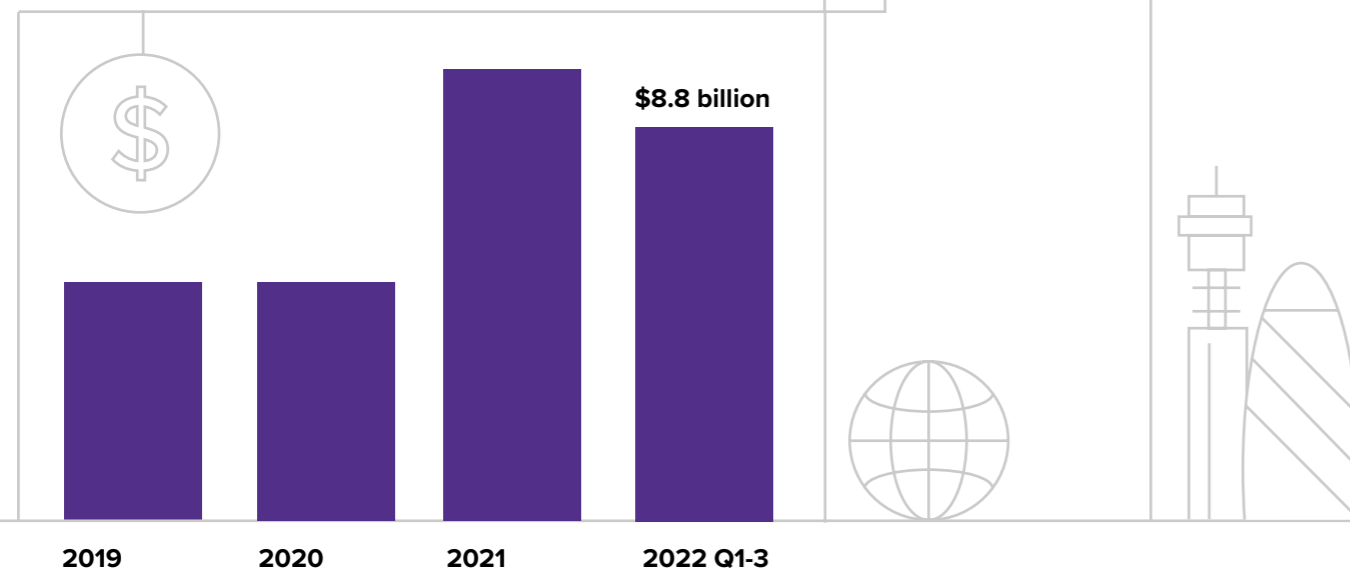
Key findings on the immersive tech landscape

Immersive tech is bucking the trend for startup investment in 2022

Immersive tech startups, working in Augmented, Virtual and Mixed reality, and developing Metaverse technology, are continuing to attract investment in 2022. Globally immersive tech startups are on track to raise record investment this year.

In Europe, startups have already surpassed all previous annual funding totals, with \$1.4B raised in the first three quarters of 2022.

GLOBAL IMMERSIVE TECH VC FUNDING



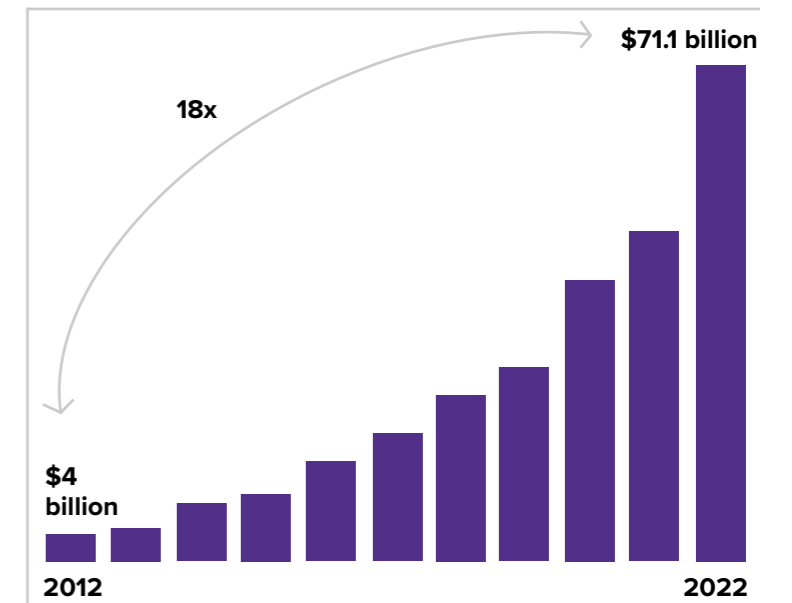
Source: Dealroom.co

Europe is a fast-growing centre for immersive tech innovation.

The combined value of European immersive tech startups has grown 18x in the last 10 years. The ecosystem is now worth a combined \$71.1B.

In addition European funding is flying in 2022. European immersive tech startups are on track to raise ~50% more in funding even than last year's record total, growing faster than global immersive tech investment.

COMBINED VALUE EUROPEAN IMMERSIVE TECH



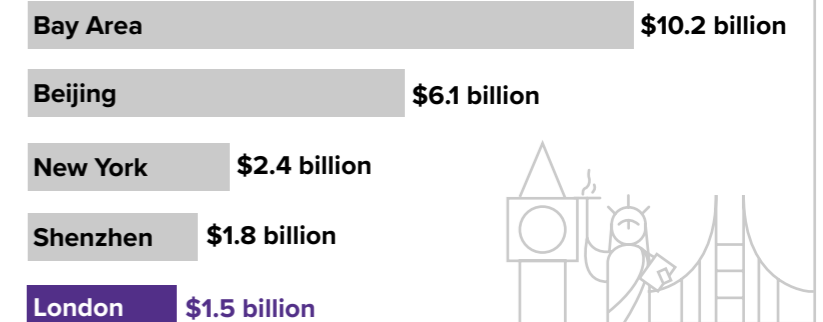
Source: Dealroom.co

London is the centre of European innovation, and a leading global immersive tech player.

London ranks first in Europe, and fifth globally for investment into immersive tech companies in the last five years, and continues to rank in the top five for 2022 funding.

London's particular strength lies in Metaverse, which attracts 56% of immersive tech funding in the city, led by gaming, defence and Metaverse unicorn Improbable.

IMMERSIVE TECH FUNDING, 2017-PRESENT



Source: Dealroom.co





NIANTIC

What does Niantic do?

Niantic is the world's leading augmented reality (AR) company. We are the creator of mobile, AR, and location-based games such as Pokémon GO, Pikmin Bloom, and Ingress: Prime, which encourage people to discover new places, meet new people, and get healthier along the way. Niantic is also empowering creators around the globe to develop new AR and location-based experiences which will bring virtual content and experiences into the real world.

Why did Niantic choose London?

The decision to be based in London comes down to being able to access a unique mix of talent, either as Niantic employees or partners. London provides access to leading universities and academics in the field of computer vision along with some of the best and most diverse developer and creative minds in the world.

How has London supported Niantic's growth?

London has supported Niantic's growth in a number of ways. Our teams here are at the forefront of research and development in augmented reality. Our developer partners in London are creating valuable and innovative AR prototypes using our Lightship platform and of course, the players of our games are exploring London every day and helping us build our passionate community here.

What trends does Niantic see in the AR space?

We believe that Niantic's technology is changing the way people play, interact, and connect with one another and that AR will continue to lead the transformation by uniting the digital and physical worlds in what we like to call the real world metaverse.

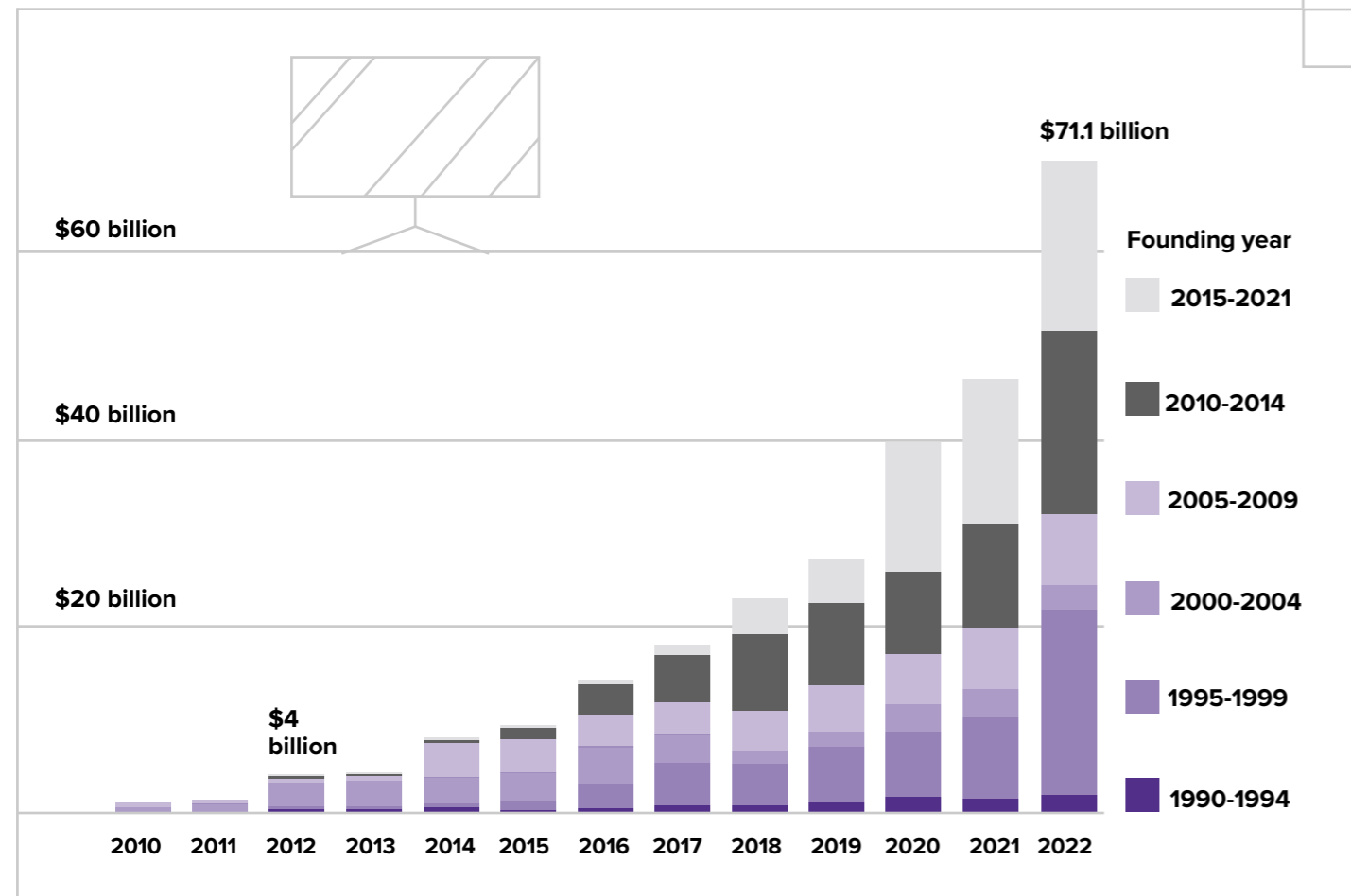


The European immersive tech startup ecosystem...

is now worth more than **\$71.1B** in combined enterprise value, up more than **18x** in 10 years.

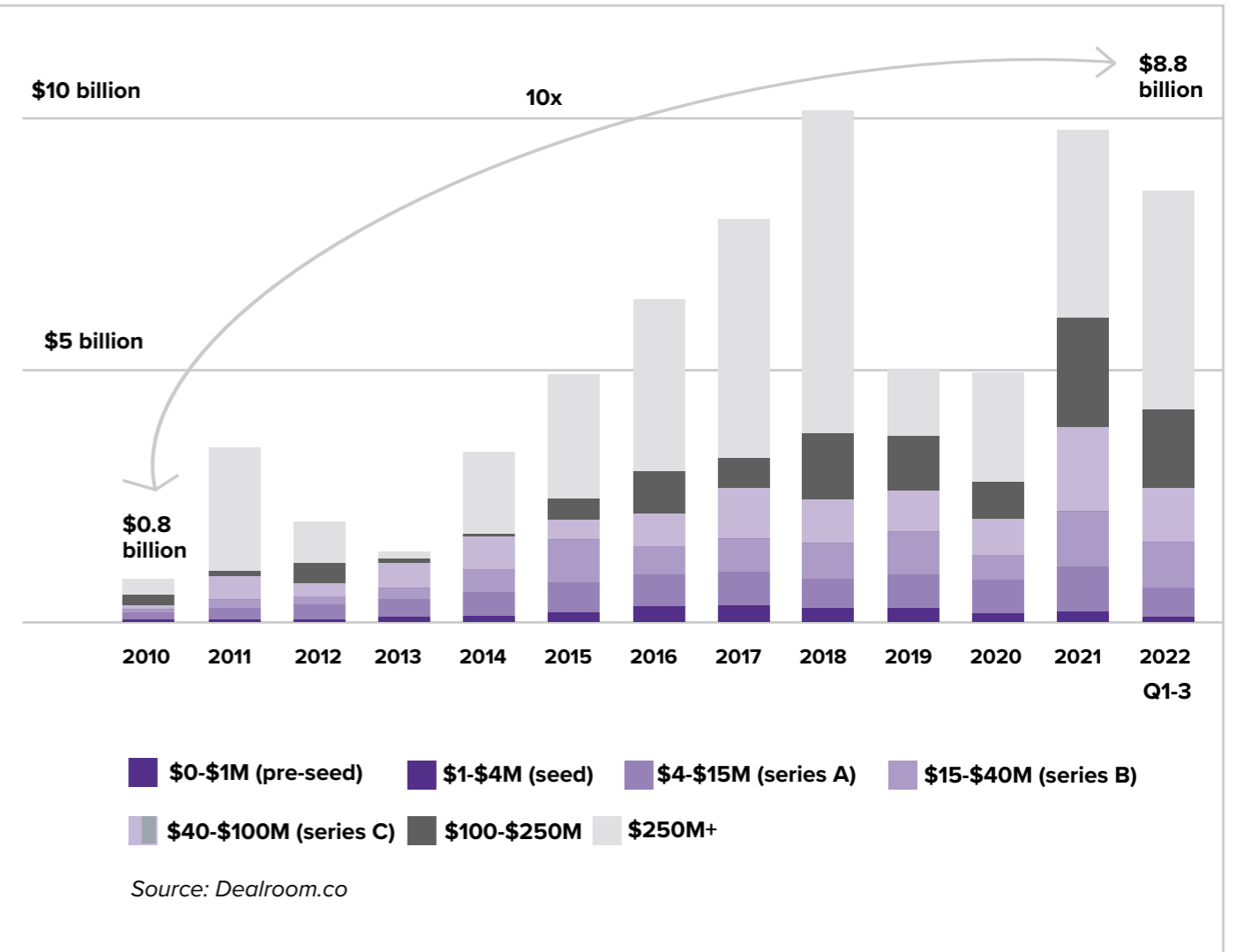


COMBINED VALUE OF EUROPEAN IMMERSIVE TECH COMPANIES



Source: Dealroom.co

VC INVESTMENT IN GLOBAL IMMERSIVE TECH STARTUPS

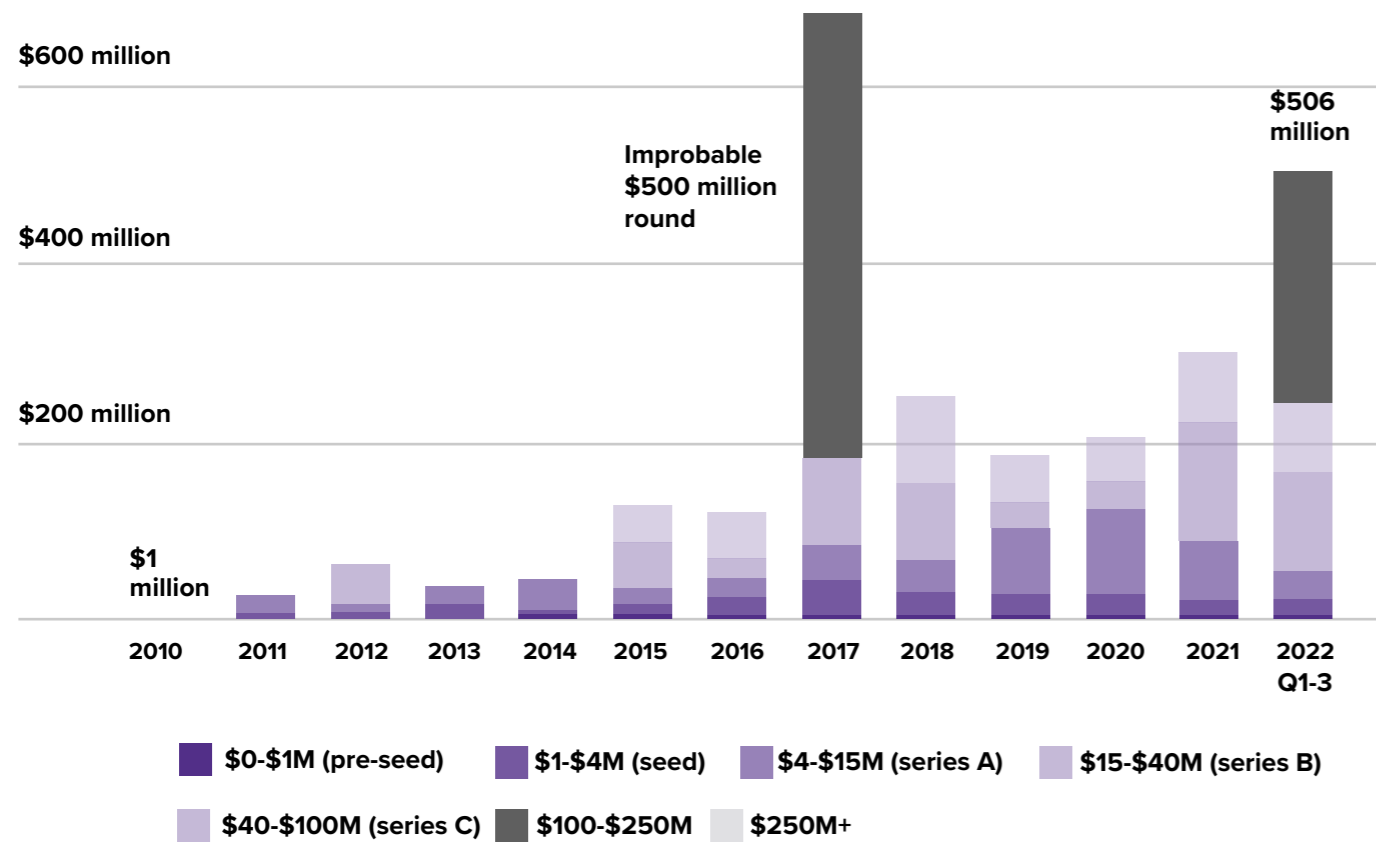


The European immersive tech scene has been growing steadily every year...

with 2022 funding already well above last year's total, bucking the trend of VC overall.



VC INVESTMENT IN UK IMMERSIVE TECH STARTUPS



Source: Dealroom.co

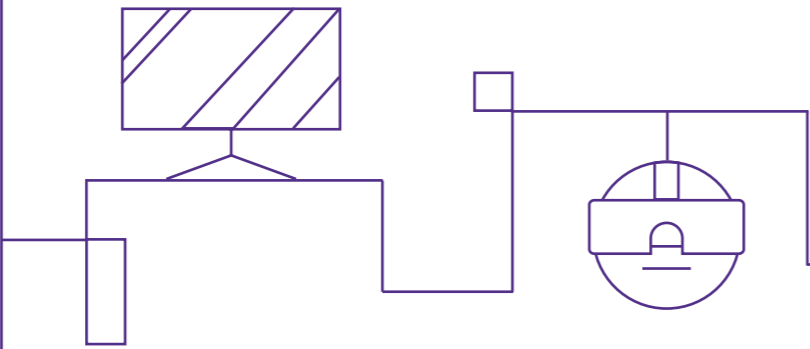
VC INVESTMENT IN IMMERSIVE TECH BY EUROPEAN COUNTRY



	2017	2018	2019	2020	2021	2022
United Kingdom	\$673m	\$220m	\$185m	\$195m	\$299m	\$505m
Switzerland	\$23m	\$282m	\$7.6m	\$86.9m	\$134m	\$278m
France	\$41.6m	\$52.6	\$60.9m	\$26.7m	\$59.9m	\$233m
Estonia	–	–	–	\$2.1m	\$13m	\$56.8m
Sweden	\$12.6m	\$15.6m	\$24.3m	\$14.6m	\$66.7m	\$48m
Denmark	\$12.7m	\$15.4m	\$43m	\$12.47m	\$63m	\$47m
Finland	\$15.1m	\$46.9m	\$12.7m	\$75.6	\$52.8m	\$46.1m
Germany	\$21.7m	\$36.4m	\$180m	\$38.5m	\$250m	\$43.3m
Belgium	\$16.2m	\$4.3m	\$5.1m	\$20.8m	\$11.9m	\$33.1m
Netherlands	\$50.6m	\$4.1m	\$14.7m	\$315k	\$27.2m	\$19.3

Source: Dealroom.co





FOV VENTURES

What does FOV Ventures do?

FOV Ventures is the go-to fund in Europe for ambitious founders building a startup for the Metaverse — the successor state of the Internet and a trillion-dollar opportunity. We invest at the earliest stage and as a specialist fund aim to add value through our domain expertise and global network.

Why did FOV Ventures choose London?

London is a melting pot of technical talent as well as a rich ecosystem within a number of different industry verticals currently embracing the Metaverse, from fashion to gaming to entertainment and media. As a specialist fund a key value add for our start-ups is what we call our 'Edge Network,' which includes leaders from a number of the larger international platforms that have strong presences in London, including Epic, Google and Meta.

How has London supported FOV Ventures' growth?

For us it is important to be operational in London as it is one of a number of key hotspots for the Metaverse across Europe. The key elements for us are talent, network, and capital. London is still extremely strong in the overall European

venture capital landscape, and we already have a large number of co-investors in our portfolio companies here.

What trends does FOV Ventures see in the Metaverse?

We believe the Metaverse represents a trillion-dollar opportunity over the next decade offering the potential to fundamentally change the way we play, socialise, learn, shop, and entertain ourselves. It will also fundamentally change the way we work, collaborate, design, and create. In doing so it will touch most professions and even create new ones.

To create the Metaverse we'll need new tools and infrastructure for creators and developers to make this possibility a reality. So far, we're particularly excited about these so-called 'Picks and Shovels' of the Metaverse.

We see the Metaverse as a longer-term trend and we're probably in year 5-6 of a much bigger 10-15-year evolution of the Internet and a shift in the way we do computing. We think London will play a big role in that just as it did with previous generations of the Internet.



Metaverse accounts for the biggest proportion of London immersive tech investment, raising over half of London immersive investment.

LONDON IMMERSIVE TECH FUNDING 2017-2022 BY SUB SECTOR.



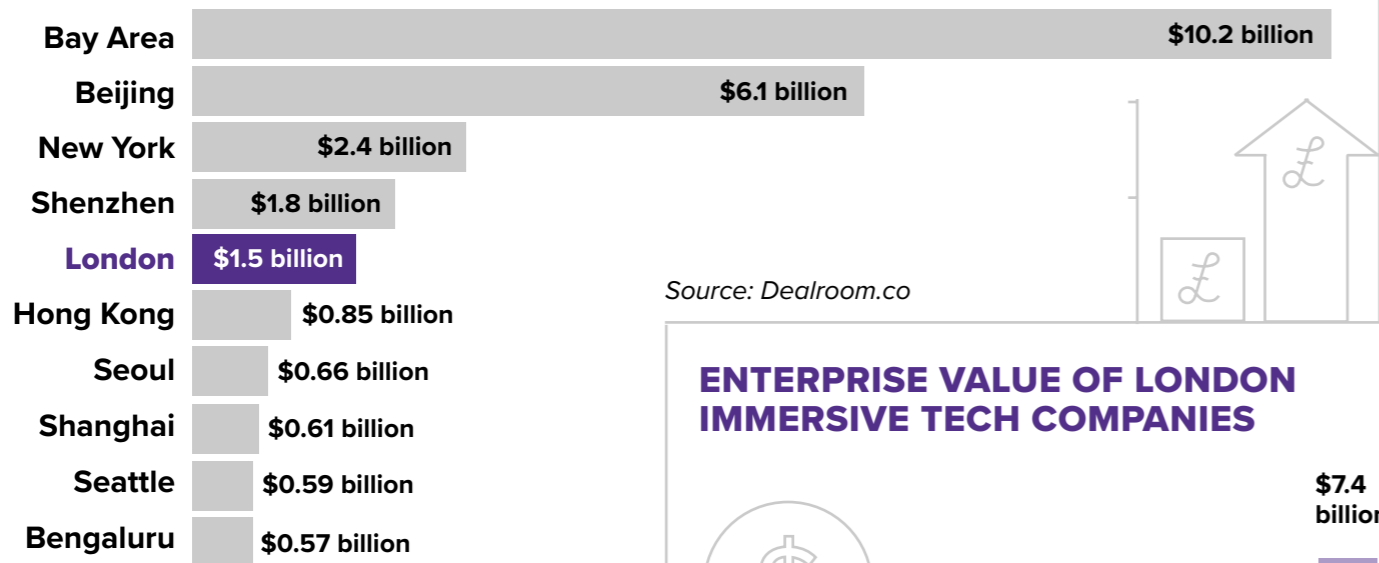
\$1.5 billion

Source: Dealroom.co

London ranks fifth globally...

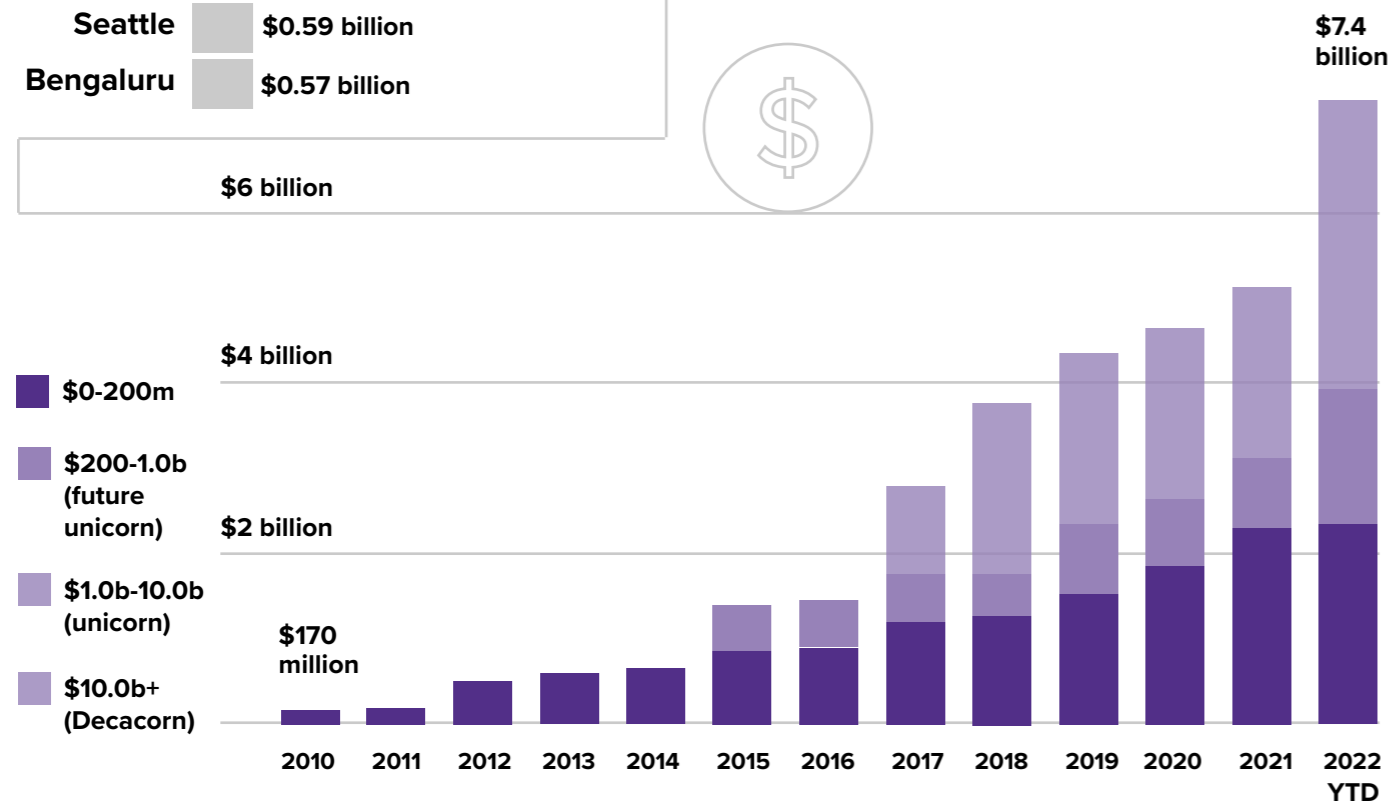
for immersive tech investment in the last 5 years.

VC INVESTMENT BY CITY, 2017-Q3 2022 INCLUSIVE



Source: Dealroom.co

ENTERPRISE VALUE OF LONDON IMMERSIVE TECH COMPANIES



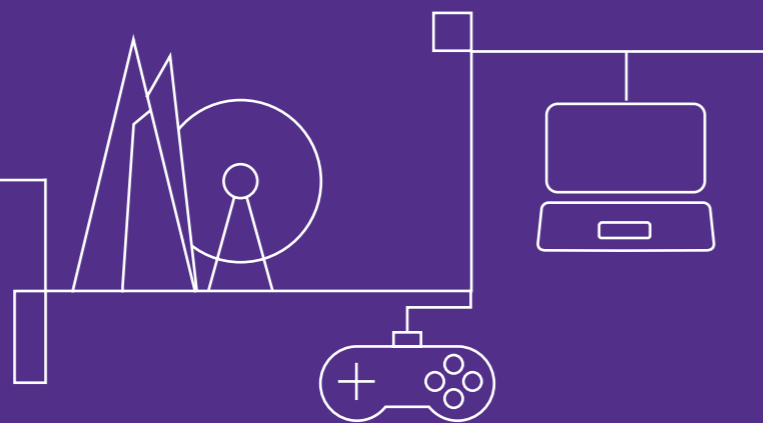
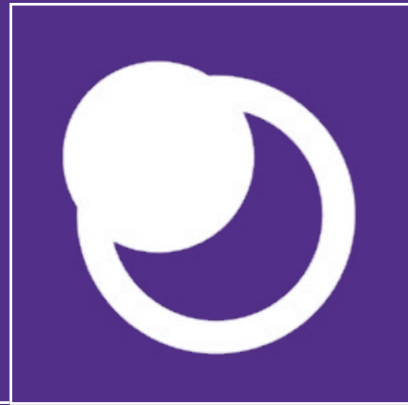
London also retains its fifth spot so far in 2022, for immersive tech funding, and first in Europe.

VC INVESTMENT IN IMMERSIVE TECH BY GLOBAL CITY HUBS (CITIES WITH 2+ IMMERSIVE TECH FUNDING ROUNDS IN 2022)

Source: Dealroom.co

	2017	2018	2019	2020	2021	2022
Bay Area	\$1.7b	\$1.7b	\$2.2b	\$950m	\$2.7bm	\$1.1b
Hong Kong	-	-	\$11m	\$19m	\$204m	\$616m
New York	\$85.3m	\$136m	\$327m	\$149m	\$1.1b	\$577m
Bengaluru	\$5.6m	\$500k	\$8.7m	\$15.9m	\$26.8m	\$510m
London	\$598m	\$107m	\$129m	\$69.7m	\$182m	\$416m
Singapore	\$1.5m	\$3.7m	\$40.6m	\$13.1m	\$254m	\$218m
New South Wales	\$9.5m	\$2.9m	\$15.9m	-	\$63.1m	\$202m
Zurich	\$183k	\$197m	\$3.2m	\$82.9m	\$8.4m	\$157m
Paris	\$29.6m	\$36.1m	\$46.6m	\$19.5m	\$44.6m	\$108m
Seoul	\$4.8m	\$505m	\$12.7m	\$44.3m	\$18.4m	\$72.8m





MOONHUB

What does Moonhub do?

At [Moonhub](#), we are transforming learning at scale to create state-of-the-art training experiences through our patented virtual reality technology.

Why did Moonhub choose London?

London is the heart of the European tech scene. A growing ecosystem and an ever-expanding network of the brightest people from every corner of the world.

How has London supported Moonhub's growth?

At the beginning of the year, we were a team of six, now we are twenty spread across two offices from 7 different countries and who are all in love with this city, just like we are. They see it as a city that can help them grow. London is a city with fertile opportunities ready to be seized. We are in the start-up capital of Europe, with access to incubators, co-working spaces and investors who believe in our mission not to mention a rich talent pool.

What trends does Moonhub see in immersive technology?

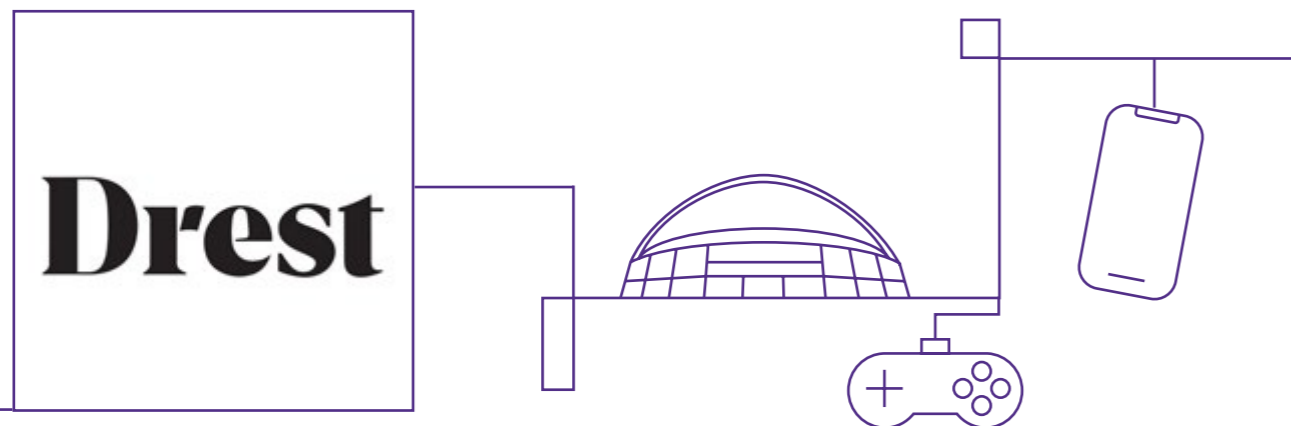
From a XR perspective, businesses

integrating AR and VR in their acquisition channels is so refreshing, and something that will become the norm very soon. Apple's VR/AR headset and Google relaunching its Glass. The mass consumption of Instagram and Snapchat's AR features and TikTok's XR commercial integration is a testament that we are in the best time to be in the immersive technology space.

AR enhances what is offered by institutions, educators can curate their teaching content to grow out of the traditional and transport their students to remote locations. The technology also democratises the learning modules for differently abled and special needs students. XR provides an interactive gateway to gain knowledge more easily and intuitively.

XR will be a significant change for the education sector. Educators and students can bring their concepts and ideas to reality, deepening learning, expanding collaboration, and heightening connections amongst one another.





DREST

What does Drest do?

Drest is a gaming company which merges the creative worlds of luxury, beauty, and lifestyle with the infinite possibilities of the Metaverse. It provides a platform for user-generated content created through style challenges enabling users to easily discover, interact with and digitally own over 250 luxury brands. The digital clothing assortment can be shopped via the brands or Farfetch.

Why did Drest choose London?

London was the obvious choice for the Drest HQ. Within the fashion industry, London is known not only for nurturing some of the best creative talent in the world, but it's also the birthplace of e-commerce, with pioneers such as Dame Natalie Massenet and luxury marketplace Farfetch. London is innovative and forward-thinking and the perfect home for Drest.

How has London supported Drest's growth?

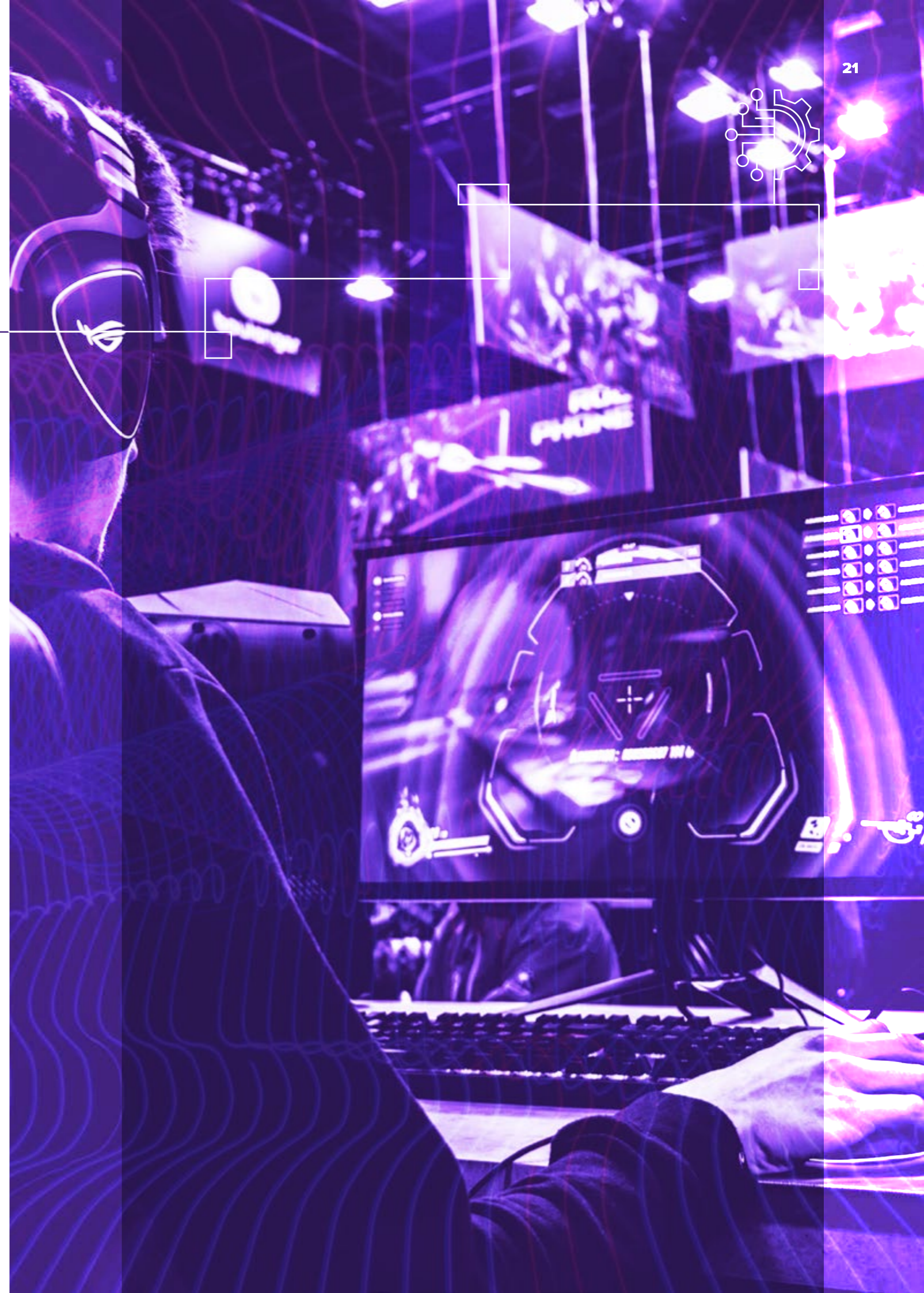
Drest employs exceptional talent across the globe, but London remains the perfect place to bring together

our unique business - the beauty and inspiration of fashion, the speed and ingenuity of tech, and the accessibility and democracy of gaming. London represents and inspires them all.

London has offered us multiple growth opportunities. While we started our journey as a business with a strong team with fashion and luxury backgrounds, we quickly understood we needed additional expertise to help the business scale. Over the past year we have recruited talent to head up our Growth, Business Development, Engineering and Tech teams here in London with very strong experience in gaming.

What trends is Drest seeing in immersive technology?

The fashion industry has embraced the Metaverse as a marketplace. Drest offers a Real-Virtual-Real experience, where the game is based on real-life product which can be owned digitally or in the real world. Digital communities are also growing as people seek to interact with like-minded individuals in the digital world.





There's no question London is a global hub for creativity, tech innovation and talent - that's why it's been a home to our UK team for some time. Some of our most exciting and creative Augmented Reality innovation is built right here in the city.

Ed Couchman, Snap Inc.

The logo for Factory 42, featuring the word "FACTORY" in white and "42" in a red and green gradient.

FACTORY42



It's an exciting future and the UK, with its incredible pedigree of its creative industries, and the right policy and practical support, has every opportunity to lead the world in immersive tech.

John Casey, Factory 42

The logo for FundamentalVR, featuring the word "FUNDAMENTAL" in white and "VR" in a red and green gradient.

FUNDAMENTALVR



One of the main reasons for selecting London was the fact that the talent is here, unlike anywhere else in Europe. It's got the right combination of skills and talent, but also people want to be here, it's a place where people come from across Europe to work. London's been a great factor in our success, the environment is right, the culture is right, and you've got the right supportive environment in terms of tax, and in terms of regulation to support businesses like ours.

Chris Scattergood, FundamentalVR

LONDON

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Methodology & definitions

STARTUPS & VENTURE CAPITAL

This report focuses on companies in the internet age, i.e. after 2000. Most but not all unicorns are VC backed.

Companies included in the analysis are tech-driven. Industries include software, ecommerce, online marketplaces, hardware, ICT infrastructure. The full industry & business model taxonomy can be found online

Investment numbers refer to venture capital investment rounds such as seed, series A, B, C, late stage, and growth equity rounds. It excludes debt or other non-equity funding, lending capital, grants and ICOs. Buyouts, M&A, secondary rounds, and IPOs are treated as exits: excluded from funding data, but included in exit data.

UNICORNS

A unicorn is defined as a tech-driven company that has reached a \$1 billion valuation, on the basis of a funding round (unrealised), acquisition or IPO (realised).

There are some notable edge-cases:

- Companies that IPO-ed at or above \$1 billion but subsequently dipped below that valuation, are still included as \$1B+ exit (examples: Alfa, Rovio, eDreams).

- Some companies have at some stage reached a \$1 billion but subsequently raised, IPO-ed or were acquired below that value. In this case the company is not counted as a unicorn (examples: Blippar, Home24, Fanduel, Ulmart, Conduit, Wonga, VE Interactive, Powa).

- If a unicorn moved HQ, the company is counted in the country where it reached unicorn status. Occasionally companies received dual HQ status.

IMMERSIVE TECH

For immersive tech we have included companies with Augmented Reality (AR), Virtual Reality (VR), Mixed Reality (MR) and Metaverse products and applications at the core of their business.

UNDERLYING DATA

Dealroom's proprietary database and software aggregate data from multiple sources: harvesting public information, user-submitted data verified by Dealroom, data engineering. All data is verified and curated with an extensive manual process.

Most underlying data from the report is available online via app.dealroom.co. For more info please visit dealroom.co or contact support@dealroom.co