

# Sound Investments

The Case for UK Music Tech

July 2025

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# Foreword

Cliff Fluet

Chair, Music Technology UK

**As the new Chair of Music Technology UK, I'm proud to introduce the first Sound Investments UK music tech sector report.**

My own journey in music tech has spanned nearly three decades – advising, investing in, and championing innovative companies at the intersection of music, law, and technology. I've seen first-hand how transformative this sector can be, not just for artists and entrepreneurs, but for the entire creative economy. My passion for music tech comes from a deep belief in its power to unlock creativity, drive economic growth, and keep the UK at the forefront of global innovation.

The UK has always been a global leader in music, thanks to our talent, heritage, and entrepreneurial spirit.

Our music tech sector is full of promise, with startups driving innovation in everything from audio tech to AI. But while early-stage investment is available, it's still tough for companies to secure the funding they need to grow and scale.

This report highlights both our strengths and the challenges we face. To keep music tech at the heart of the UK's creative economy, we need a joined-up approach – combining government support, regional investment, and sector-specific funding. There's real momentum now, with new government focus and the potential for more patient, mid-stage capital to help companies expand globally.

It's also vital that our sector reflects the diversity of the UK. We must support underrepresented founders, build digital skills nationwide, and foster inclusive practices so everyone can take part in this growth.

Music tech is about unlocking creativity and supporting everyone in the music ecosystem – from artists and labels to educators and fans. Collaboration, responsible regulation, and clear paths to scale are key.

I hope this report offers useful insights and inspires action from funders, policymakers, startups, and industry leaders. The UK has a strong record of early-stage innovation, but keeping our best ideas here will take commitment and partnership. By working together, we can help British music tech companies thrive on the world stage while staying rooted at home.

At MTUK, we're committed to supporting the people and ideas that make our sector exceptional. The future is bright if we seize the opportunities ahead. Let's keep music and innovation moving forward, together.





A portrait of Matt Cartmell, a man with short brown hair, wearing a dark t-shirt, looking directly at the camera with a slight smile.

# Foreword

**The UK music tech sector stands at a critical juncture. Behind the frequent headlines of startups launching exciting innovations lies a more complex reality: brilliant entrepreneurs dealing with daily challenges alone – challenges that could and should be solved collectively.**

Through extensive research and in-depth conversations with a diverse range of music tech founders, investors and key stakeholders, we have uncovered several critical challenges: funding, lack of regional parity, strategic support, accurate data and regulatory clarity.

The UK music tech sector needs an integrated infrastructure to deal with these challenges and compete globally. Industry fragmentation limits sector success, while face-to-face networking and better-connected communities have transformative potential. Networks replace isolation with peer learning and real business growth.

This is why Music Technology UK exists – not merely as a trade association, but as the connective tissue to transform isolated innovators into the world's most connected, supported, and globally competitive music tech ecosystem. And doing it by working closely with our partners in the music industry. For instance, we'll work with major and indie rightsholders, managers and artists to support the creation of flexible licensing solutions that can accommodate novel uses of music.

We want to see a future where an entrepreneur in Manchester has the

same access to capital, talent, and international markets as one in London; where breakthrough innovations launch globally from the UK with built-in regulatory clarity and international partnerships.

By 2030, when an entrepreneur anywhere in the world thinks about building a music technology company, their first question should be: "How can I get plugged into the UK music tech sector?"

While this report tells the story of great creative potential constrained by systemic challenges, it also illuminates a path forward. Through coordinated development we can make the UK the obvious choice for music tech innovation, investment, and global scaling.

Special thanks go to Helena Kosinski, our colleague on the MTUK Advisory Board, who has masterminded this report's development; and to Cliff Fluet for agreeing to chair our organisation, and for his unlimited support from Day 1.

**Matt Cartmell**

Chief Executive, Music Technology UK



# Executive Summary

## Rapidly developing technologies have changed the way we create, consume and distribute music globally.

Further accelerated evolution driven by new modes of consumption may be coming down the line, and while this spells uncertainty it also suggests vast growth potential for the global music market – expected to be worth \$110.8bn (£81bn) by 2032<sup>1</sup>. The UK is uniquely positioned to take advantage of this opportunity, blending an unrivaled musical heritage with impressive tech innovation.

The UK has a remarkable pedigree of globally-recognised music tech brands – from Marshall, Vox and Orange to Solid State Logic, Focusrite and, of course, Abbey Road Studios. But critical structural barriers are becoming increasingly apparent, barriers that may prevent new

innovators from scaling to their full potential and limit the UK's continued position as a leader in music tech innovation.

Funding is core to the challenge. Only 4.6% of companies founded in 2023 and 2024 received funding, a significant drop from an average of 20% for companies founded in the eight years prior. Whilst early-stage investment seems to be improving, growth capital and the transition to Series A proves even more challenging, with limited follow-on capital constraining growth.

The funding that is available is largely failing to reach the breadth of the UK's innovation hubs: London captures 94% of all funding despite being home to around a half of the UK's music tech companies.

International dynamics increasingly shape the sector's trajectory. U.S. investors now provide 39% of later-stage funding, enabling UK companies to access growth

capital and scale globally. Nearly half of acquisitions involve U.S. acquirers, reflecting both the global appeal of UK innovation and the challenge of retaining domestic ownership in the long term.

Despite these structural challenges, founders are optimistic about the sector's potential whilst acknowledging the need for targeted intervention. Coordinated action between government and the needs of private investors will be essential to address funding gaps and unlock the sector's considerable growth potential.

This is why we are focusing on the following five strategic priorities for the music tech sector.

**USD\$493M**

**(£360M) was  
invested in UK music  
tech companies  
between 2020-2024**



## Executive Summary

#1

# Gain recognition of music tech's centrality in the creative industries



**2025 has seen the Government's Industrial Strategy identify the creative industries as one of eight key growth-driving sectors.**

MTUK encourages the Government to recognise music tech as a core sector within its creative industries focus. Music tech is a bridge between the UK's world-leading music industry and its thriving tech landscape, creating a multiplier effect that benefits both industries. Not only that, but also a convergence point between multiple high-value UK creative industries: gaming, AI and immersive media, demonstrating how investment in music tech creates ripple effects across the entire creative and technology landscape.

A Parliamentary showcase would drive recognition of the music tech sector's substantial importance as part of the UK's creative industries. It would demonstrate the sector's valuable role and highlight the investment opportunity.

That recognition of the centrality of music tech to the creative industries also needs to extend to funding. On 23 June 2025, the Creative Industries Sector Plan was launched, setting out an ambitious target to

**increase annual investment in the Creative Industries from £17 billion to £31 billion (\$23.3 billion to \$42.5 billion) by 2035<sup>2</sup>.**

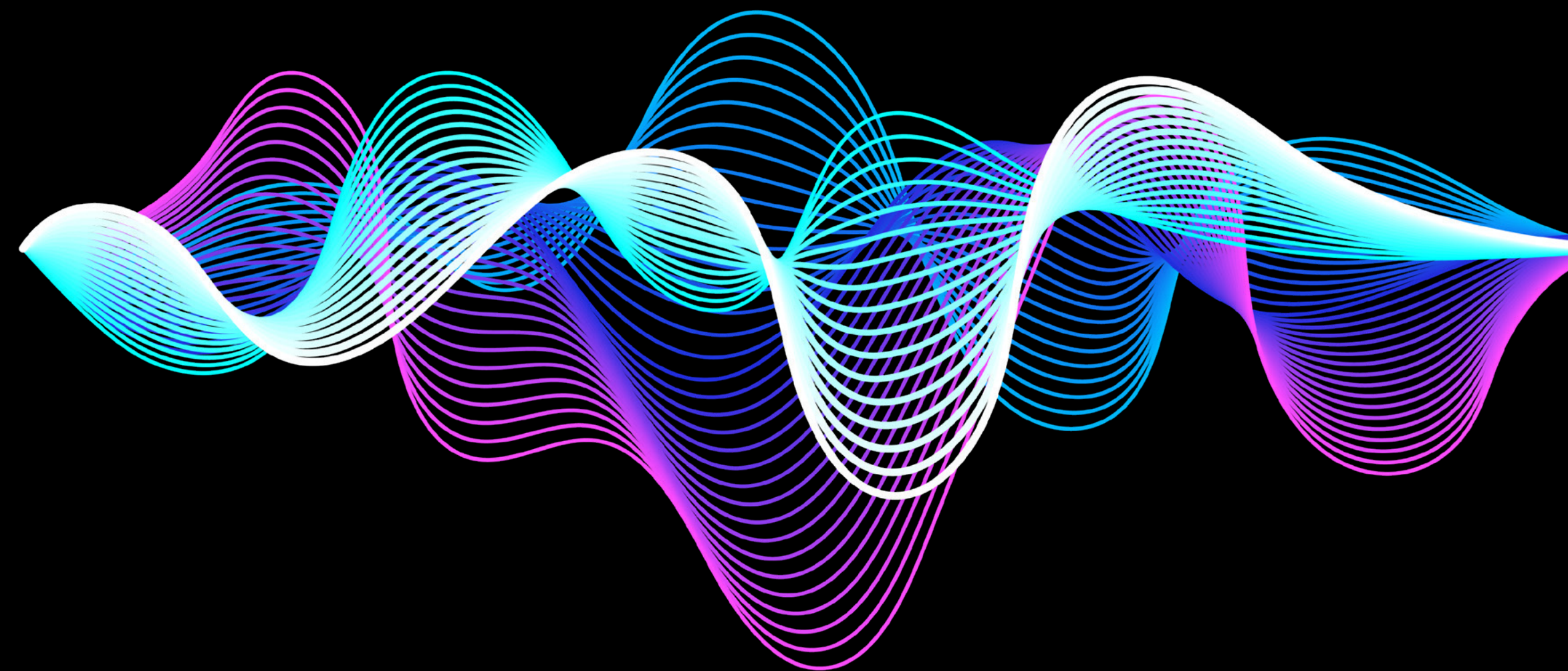
The Sector Plan outlines the aim to invest up to £30 million (\$41 million) over three years in a music growth package to support emerging artists, alongside a new industry-led ticket levy on arena gigs to support the grassroots sector.

The Government should recognise that music tech performs a key role in enhancing and supporting the broader music ecosystem – unlocking new efficiencies, revenue streams, and global opportunities for artists, rights holders, music venues and more. By ensuring music tech's role is considered when allocating this and future funds, the Government will support every part of the music ecosystem.



#2

# Unlock private investment



**On 23 June 2025, The Secretary of State for the Department for Business and Trade announced a new £4 billion (\$5.5 billion) initiative. The British Business Bank Industrial Strategy Growth Capital will be invested through the Bank's existing capabilities across the eight growth-driving sectors – including creative industries – crowding in another c.£12 billion (\$16.4 billion) of private capital.**

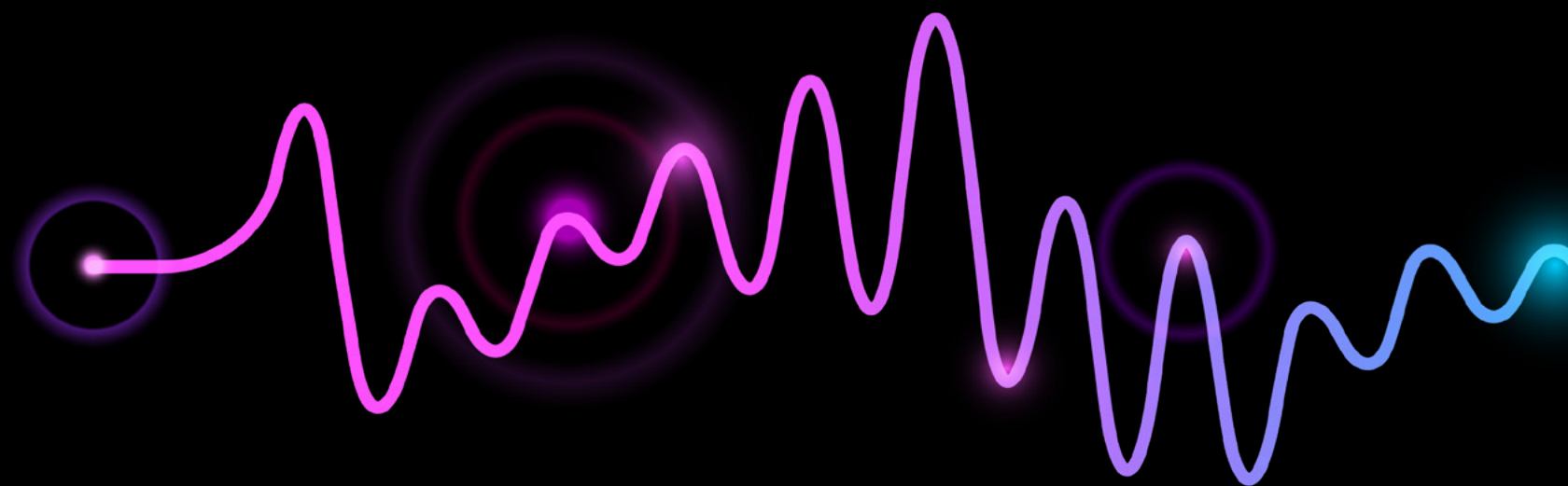
We suggest that the Government commits to investing a fraction of the private capital raised by this initiative to form a high-value Music Tech Innovation Fund.

Secondly, we suggest a promotional focus on EIS and SEIS, the UK Government initiatives designed to encourage investment in early-stage businesses by offering tax reliefs to individual investors. While the schemes are well-regarded among those familiar with the UK startup ecosystem, there is evidence that broader awareness – especially among new or potential investors – could be improved. Tax rules and eligibility criteria are complex, which may deter some individuals from participating without expert advice.

**Increasing awareness and simplifying the process could potentially unlock more angel investment.**

#3

# Drive strategic coordination of support organisations



**The UK music tech sector benefits from a robust ecosystem of support organisations that have established vital infrastructure for innovation and growth.**

Notably, Innovate UK's commitment to emerging technologies has enabled an impressive upward trend in grant funding over the last three years.

Other noteworthy organisations include: Digital Catapult, the UK innovation agency for advanced digital technology; London & Partners' Grow Music initiative, supporting music tech startups and scaleups through a 12-week business support programme; and the Department for Business and Trade (DBT), through its international trade initiatives.

These programmes have collectively created a strong foundation of

support upon which UK music tech companies can build. MTUK's own partnerships – from collaboration with Digital Catapult on the Bridge AI High Growth Accelerator to the recent DBT-supported music tech mission to Los Angeles – demonstrate the value these organisations bring in connecting startups and scaleups with mentorship, funding opportunities, and international markets.

**What now remains is a critical need for a more integrated, strategically coordinated framework to leverage the combined strengths of these organisations to address systemic challenges.**

The sector requires sustained, interconnected pathways that enable companies to progress seamlessly from early-stage innovation through to scaleup and international

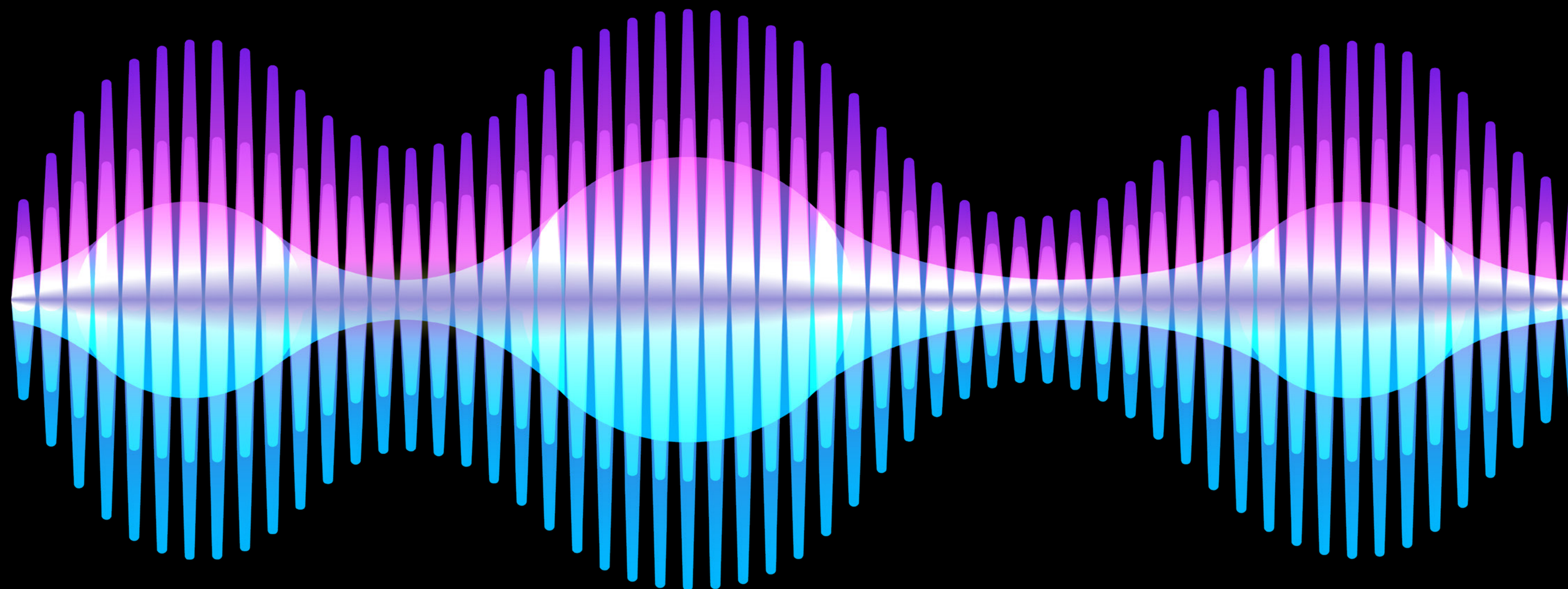
expansion. This coordinated approach would maximise the potential of these organisations and create the long-term stability that startups, scaleups and investors need.

Currently, data in this space lacks completeness and accuracy, with our analysis relying primarily on second-party data sources that often contain gaps and inconsistencies. The role of MTUK is key, alongside industry partners, to offer independent, data-driven insights that inform and support the wider music and tech ecosystem. However, more investment and effort is needed to amplify the quality of the data and fill these significant gaps. This report forms a vital first step in that direction. However, in order to continue to build better data sets and undertake rigorous economic analysis, further cross-ecosystem support is required.



#4

# Encourage international export opportunities

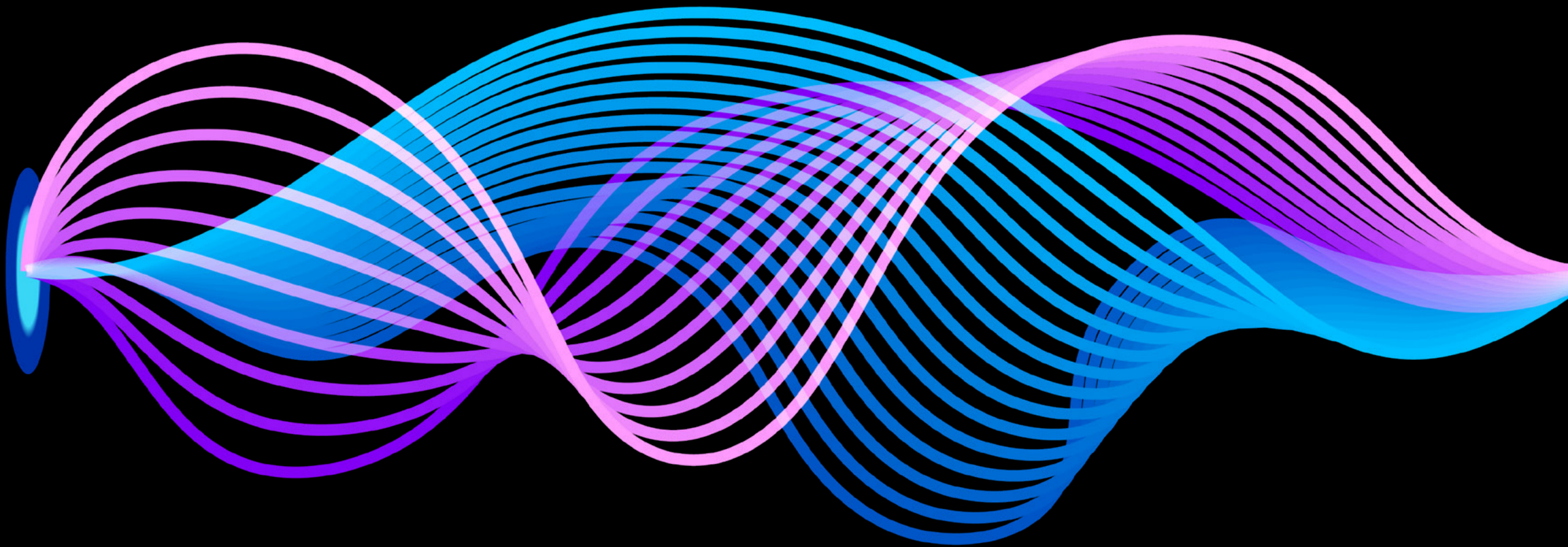


**UK music tech companies lack access to targeted export support and international market intelligence specific to their sector needs.**

This is why further tailored export programmes are needed to facilitate more opportunities to build global partnerships. While continuing to focus on the U.S. is vital, we recommend further export programmes to those outlined as priority markets in the UK Government’s Creative Industries Sector Plan, including Australia, India and the European Union. MTUK supports the global market expansion of music tech by maintaining a presence at key global events including SXSW, London Tech Week and more.

#5

# Fasttrack regulatory clarity on AI



**The current legislative uncertainty around AI is exacerbating the investment challenge.**

Regulatory clarity will decide whether we become a world leader or lose out to countries with governments that make faster decisions. When investors cannot assess legal risk, capital flows elsewhere, leaving innovative UK startups and scaleups underfinanced while their international competitors scale rapidly.

By addressing licensing inefficiencies the Government will be able to help create frameworks to enable fair compensation for all, without stifling the growth of the AI sector. Solutions focused on benefiting

copyright owners should include clear and accessible information regarding the ownership and licensing status of musical works; flexible licensing solutions that can accommodate novel uses of music including those involving AI; and support for rightsholders’ control over how their works are used.

**MTUK is playing its part by providing an environment where tech, music and creative industries can collaborate to develop AI tools that benefit all.**



# The Path Forward

## The UK music tech sector is at an inflection point.

The UK's recorded music revenues have achieved a decade of continuous growth,

**growing by 4.8% in 2024 to £1.49 billion (\$2.04 billion)<sup>3</sup>.**

The technology enabling this success deserves proportional support. Coordinated action across government, investors, and companies can transform music tech from a perceived niche into a recognised strategic asset and core to the UK's creative industries.

The convergence of music tech with AI, gaming, and extended reality presents a unique window of opportunity. Countries investing now will dominate the creative technology market of 2035. The UK's choice is simple: lead or lose this transformative opportunity.



# Key Metrics

## #1 Early-stage funding is active, but scaling is harder

Eight companies received grant support and 54 raised seed funding between 2020 and 2024, yet only 14 progressed to Series A – highlighting strong early interest but a sharp drop-off in follow-on investment.

## #2 London based companies dominate investment

Although 57% of UK music tech companies are based in London, they attract 94% of the total funding amount – highlighting a strong capital centralisation in the city.

## #3 Audio tech leads funded subcategories

Audio tech is the top-funded UK music tech subcategory since 2020, followed closely by marketing tools, live streaming, data/analysis/finance/royalty solutions and GenAI – showcasing a broad spread of innovation areas.

## #4 USD\$493M (£360M) was invested in UK music tech companies between 2020-2024

UK music tech funding spiked in 2021 at over USD\$220M (£161M), followed by a drop-off – indicating a post-COVID surge and subsequent correction.

## #5 Funding opportunities remain for underserved subcategories

While some verticals like hardware and live streaming are most likely to be funded, others, such as software/app development, business playlist/music solutions, education and music management tools, see far fewer funded companies, pointing to untapped or underserved opportunities in the sector.

## #6 Company formation peaked in 2020

2020 saw 75 new UK music tech startups, likely driven by pandemic-era digital shifts. 18.67% of companies founded over the past decade have received investment with more recent cohorts particularly underfunded. Just 3.57% of 2023 and 5.56% of 2024 companies secured backing. This growing funding gap suggests shifting investor appetite, tougher economic conditions, or unique barriers facing music tech.

## #7 U.S. capital dominates larger rounds

While UK investors are key at early stages, U.S. investors account for 39% of later-stage deals, signalling that scaling UK companies often rely on U.S. capital to grow further.

## #8 Acquisitions are increasing

41 UK music tech companies have exited via acquisition since 2015, with over 70% of those happening since 2020 – driven by both sector maturity and difficulties in raising follow-on funding.

## #9 Acquisitions span the sector

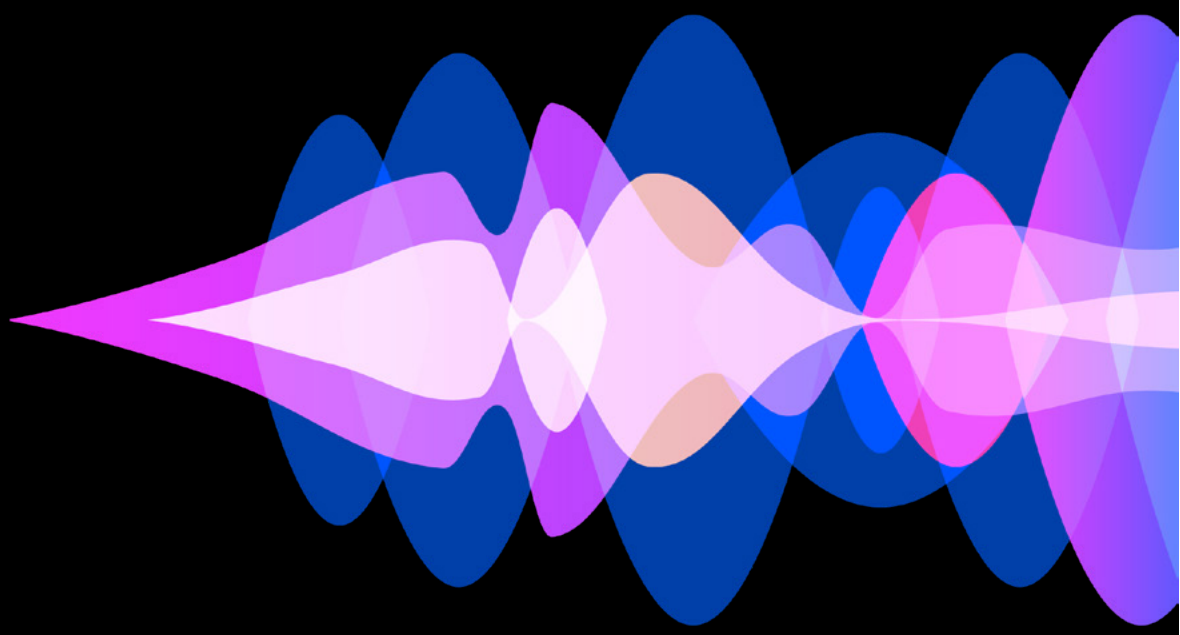
Exited companies come from a wide range of subcategories, from production and GenAI to ticketing and wellness, showing that consolidation is happening across the full spectrum of music tech.

## #10 U.S. companies lead acquisitions

48% of acquisitions are by U.S. firms, compared to 26% by UK companies – indicating that while UK and EU funds support early growth, the long-term beneficiaries are often U.S. buyers.



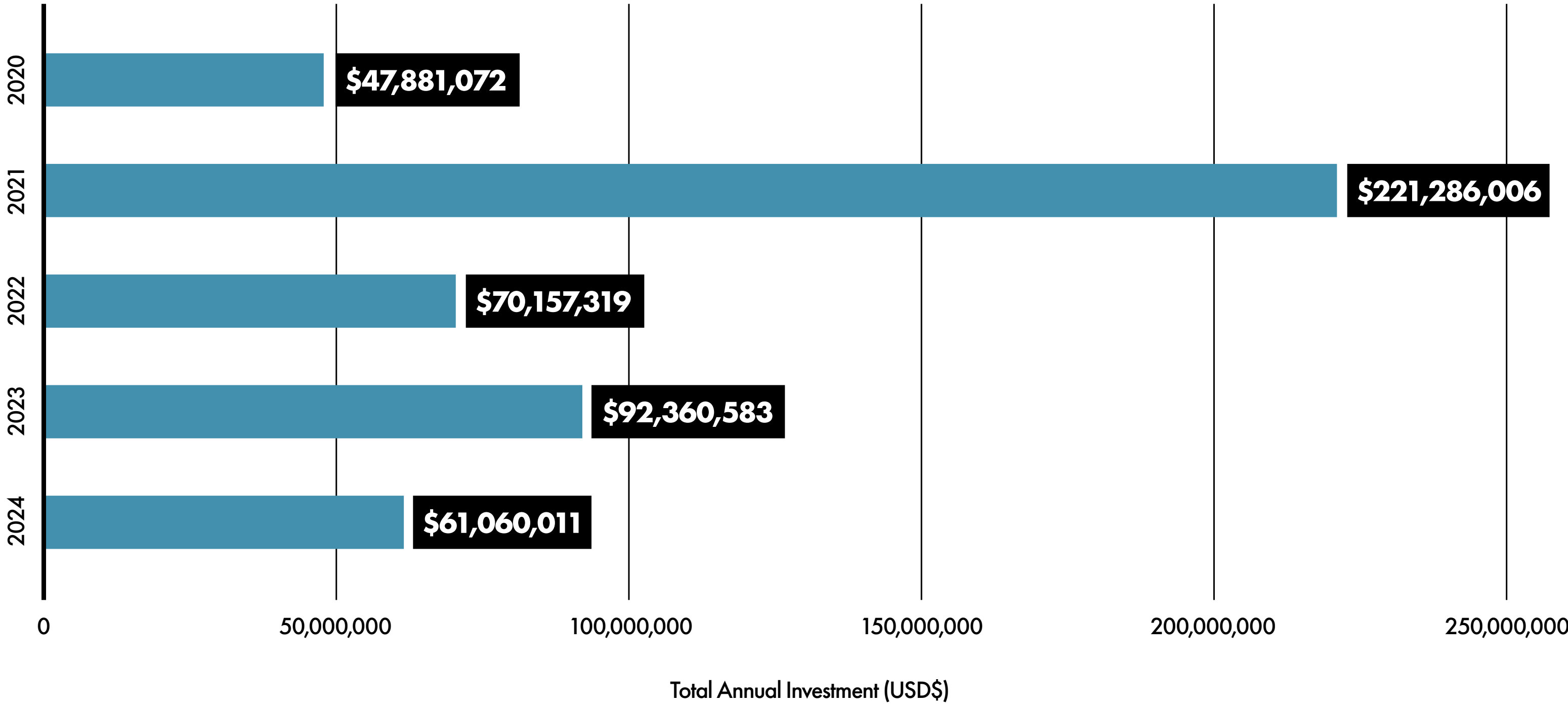
**UK music tech startup investment has stabilised at **USD\$50-100 million** (£37-73M) annually over the past three years, following the typical investment capital pattern of a COVID-19 slump in 2020 and subsequent surge in 2021.**



**Key Metrics (continued)**

Total Investment into UK Music Tech Companies

Source: Music Technology UK / Tracxn



# Why Music Tech Matters Now

“ You can’t escape music without going through technology these days. It’s just a part of the DNA.”

Rishi Patel, Managing Partner and Co-founder, Plus8 Equity

The UK’s deep-rooted musical heritage and cultural affinity for music provide a strong foundation for music tech innovation. This long-standing global influence gives UK-based startups and scaleups both credibility and a competitive edge in building technology for the music industry.

“ Music is baked into Britain’s culture. And I think the UK music industry is one of the strongest music sectors in the world... We also have one of the strongest angel investment industries in the world, third strongest in the world.”

Chantal Epp, Founder & CEO, ClicknClear

This cultural strength is now being matched by a vibrant and dynamic music tech ecosystem. The combination of musical legacy, technological talent, and entrepreneurial ambition has made the UK a hub for music tech innovation.

“ 60-70% of the companies we spoke to so far are UK-based... I’m very amazed by what I saw. Honestly, now thinking retrospectively, the history of the UK and music and all that stuff, it shouldn’t be a surprise.”

Daniel Ibri, Co-Founder and Managing Partner, Mindset Ventures

Music tech is a fast-evolving, hybrid sector of the global creative economy. As a critical component of the UK’s creative and tech industries, music tech represents a significant opportunity for economic growth and cultural influence. However, the UK finds itself at a pivotal juncture, where the choices made by policymakers and investors will determine whether the nation leads or lags in this increasingly important field.

**With the Creative Industries Sector Plan now in motion, urgent action is needed to ensure that music tech isn’t overlooked, as it sits at the intersection of high-growth sectors like AI, gaming, and immersive media.**



# The Investment Opportunity

**Our research shows investment in UK music tech dropped 35% year-on-year to \$61 million (£45M) in 2024.**

Historically long hold periods and lower returns compared with other verticals mean that the sector is often overlooked by investors. As part of the UK's creative industries, which the Government aims to grow from £17 billion to £31 billion (\$23.3 billion to \$42.5 billion) by 2035<sup>4</sup>, music tech has a prime opportunity to secure a substantial share of that investment.

Over the years, the broader music industry has had to figure out the transition to digitisation from a predominantly physical and local market business to a global one. This global music industry – recorded, live, tech provides a larger investment potential. And a potential which evolves alongside the rest of the industry. Over the last couple of years we have seen growth in the music creator ecosystem (eg. Digital Audio Workstations, distributors, gig booking tools) and more investment into independent music catalogue IP.

**“Over the last 40 years, music has, as a whole, grown pretty consistently year on year. The mediums and the forms of delivery have shifted around... It has consistently grown, and it has been resilient through the cycle. This is proven to be somewhat recession-proof.”**

**Carl Olsson, CEO and Co-Founder, Creativ Partners**

The trend in investment shows that where there is appetite, it tends to focus on B2B (metadata services, marketing and promotion tools) and creator monetisation models (fan clubs/content) that are perceived as scalable and lower risk.

Within the last decade there have been more sophisticated B2B music tech solutions (such as B2B marketplaces, audio tech and metadata solutions) than in previous years. These types of B2B investment can be more attractive to investors as they can require lower initial investment capital to get to revenue generation, compared to consumer platforms which can require huge marketing and development costs.

**“We’ve had fantastic support from people who really understand the music industry... I think investors who are more generalist are definitely harder to convince about music as a standalone. The question that always comes up is, does it have a big enough addressable market, so usually the application has to be beyond music.”**

**James Morrison, Co-Founder and CEO, planet.fans**

UK music tech companies have historically faced funding challenges due to narrow comparative frameworks that don't account for the sector's unique characteristics. Traditional investment models, which often benchmark against large tech incumbents or unrelated high-growth sectors, have sometimes overlooked the distinctive value propositions within music technology.

Angel investor Hazel Savage notes that the recorded music industry's scale has traditionally meant “there are not that many \$1 billion exit opportunities within our industry.” However, this perspective reflects past market conditions

rather than future potential. The modern music tech ecosystem extends far beyond recorded music revenues, encompassing live entertainment, creator tools, audio technology and emerging platforms that serve the broader creator economy.

While historical exit patterns may have influenced investor perceptions, the sector's expanding scope and the growing global creator economy suggest new opportunities for significant returns that don't necessarily follow traditional unicorn scaling patterns.

The sector experienced a period of significant disruption during the digital transition, when traditional business models were being dismantled faster than sustainable new ones could be established.

**Chantal Epp, Founder & CEO of ClicknClear, observes that**

**“The music industry suffers from a few failures where investors have invested their money, lost it, and then decided, ‘I’m not going to touch the music industry again.’”**

# The Investment Opportunity (continued)

This prejudice misinterprets the temporary challenges of an evolving sector as inherent flaws, and it conceals the potential for music tech to be a transformational investment category.

Today's music tech landscape operates on fundamentally different foundations to those of 10 years ago: established streaming economics, mature creator monetisation platforms, proven SaaS models and new industry tools. Forward-looking investors are increasingly recognising that historical performance during a period of industry transformation may not predict future potential in a growth-oriented market.

To increase investor interest, the strategic positioning of a company as something other than the music industry has proven to be a successful investment-raising shift.

**Kimberly Dickson, Founder, HyperTribe,** says,

**“ We often focused the narrative around music to education in our later stages of fundraising, so not defining ourselves just in music to become more receptive to sector-agnostic investors.**

**Changing the narrative to ed-tech was important to draw comparisons of the potential of the business based on other market segments. That got a lot further than anything else and gave us good industry benchmarks for our forecasting.”**

Meanwhile, investors like Best Nights VC maintain a clear focus on business-to-consumer solutions even when their portfolio companies also incorporate B2B elements. This consumer-centric approach reflects the commitment to empower attendees and participants rather than just industry stakeholders or venues.

**“ We definitely are B2C focused. Our focus is on what is empowering the attendee. So we're always saying that the B2C side is the most crucial.”**

**Andrea Rosen, Portfolio Manager, Best Nights VC**

A growing trend in investment is a shift towards backing startups that solve large, clearly defined problems with scalable, defensible

solutions, particularly those with global potential, regardless of their domestic market size. This is especially relevant in the UK, where the music tech sector may be niche locally but can address global industry pain points.

**“ We look into two optics. One is the size of the problem they're solving... i.e., if they're attacking a big and painful problem and are really solving it.”**

**Daniel Ibri, Co-Founder and Managing Partner, Mindset Ventures**

Investors increasingly focus not only on the size of the opportunity but also on how well a start-up can defend its position.

**“ Can they protect what they're doing? Or if they really solve this problem, will there be another three, four start-ups doing the next thing the next day?... It's more like defensibility and uniqueness and the size of the problem they're taking.”**

**Daniel Ibri, Co-Founder and Managing Partner, Mindset Ventures**

Investors are increasingly drawn to enabling, cross-cutting technologies that can integrate with existing market structures. These innovations tend to offer immediate, scalable value rather than requiring wholesale market disruption.

**“ The people that I am seeing are very much more cross-cutting technologies, things that can integrate into larger systems or processes... enhancing an offer in that market, and increasing that market share.”**

**Emma Fadlon, Investment Projects Lead, Innovate UK Business Connect**

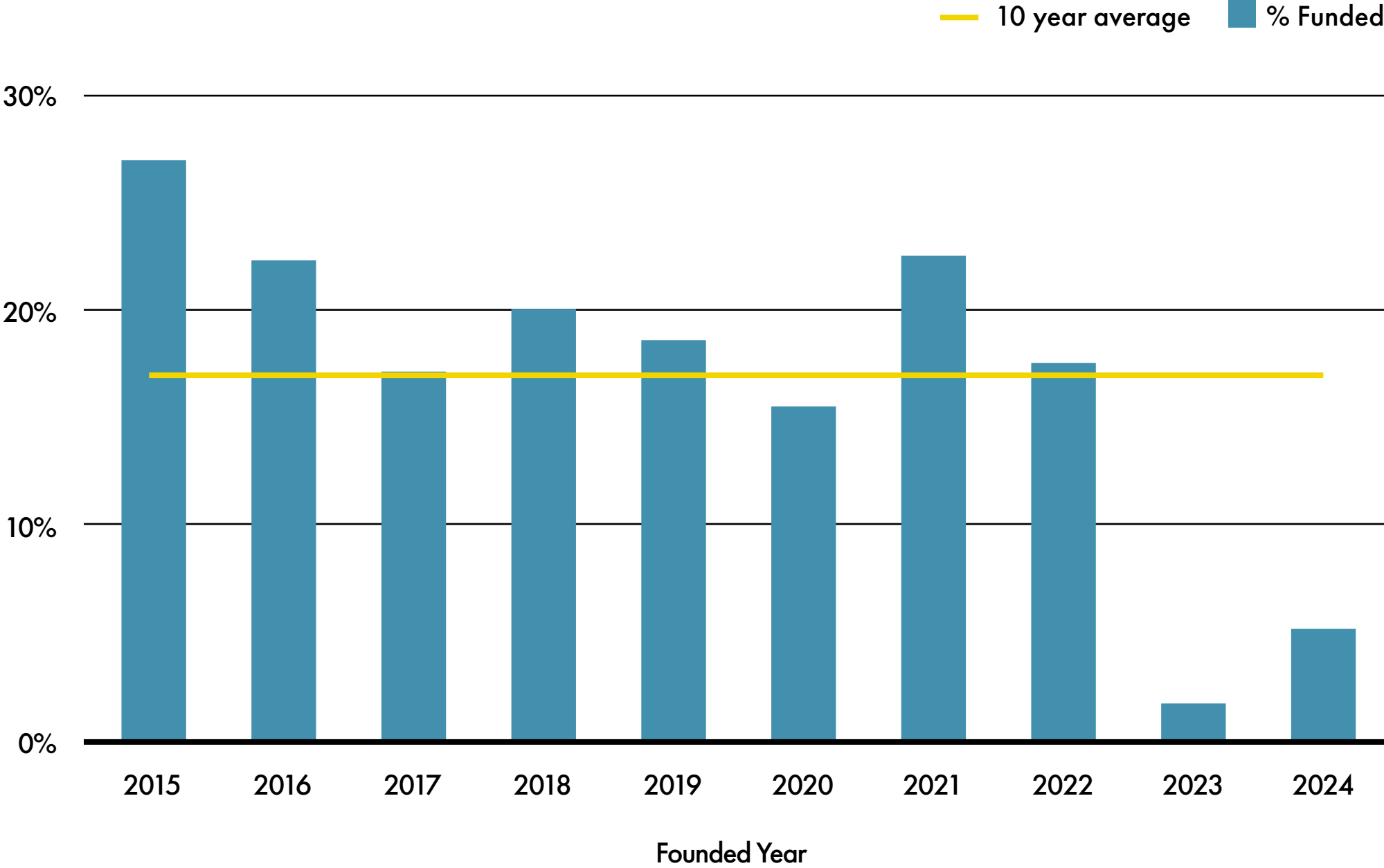
This alignment between scale, urgency, and defensibility reflects a broader shift in investment priorities, favouring purpose-driven, high-impact ventures that can withstand fast-moving competition.



# The Investment Opportunity (continued)

## % of UK Music Tech Companies Funded by Year Founded

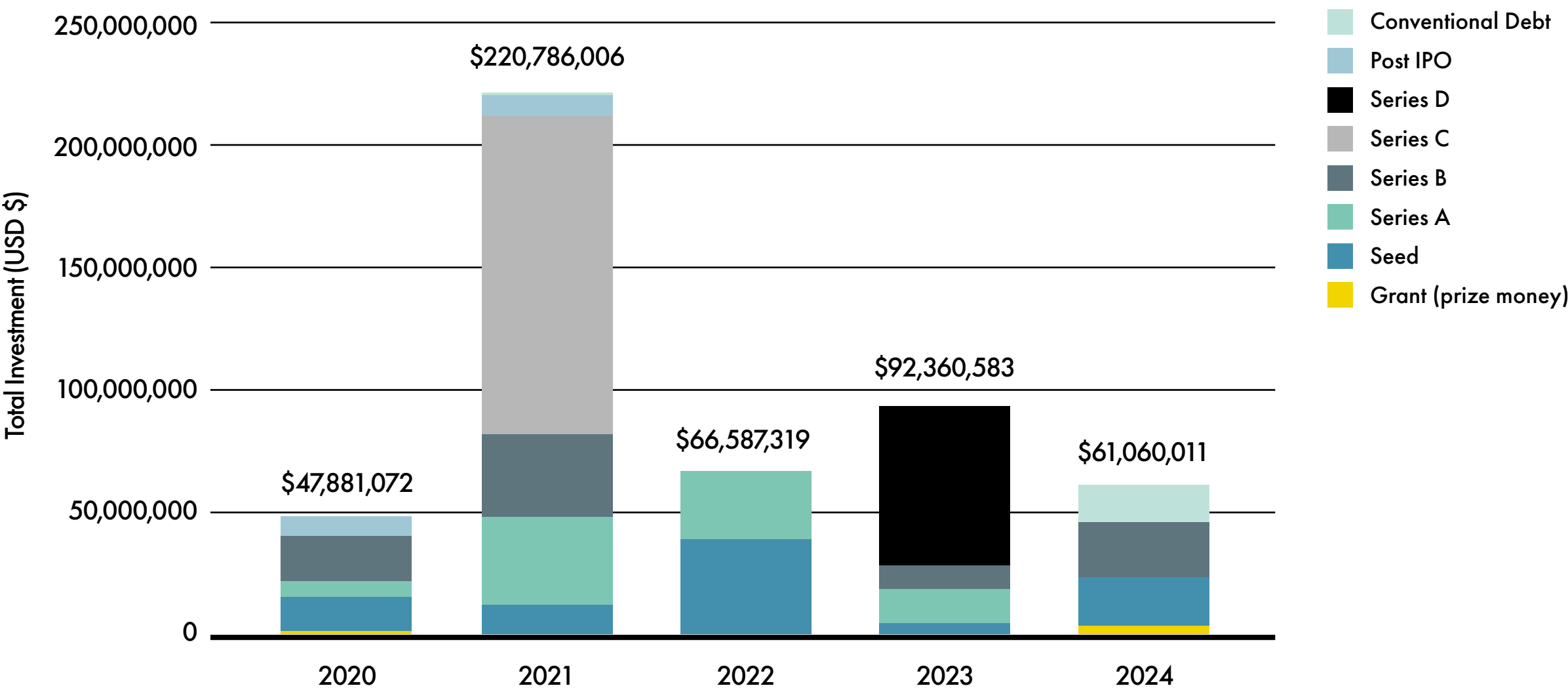
Source: Music Technology UK / Tracxn



UK music tech startups founded between 2015 and 2021 had the highest funding success, with 28% of companies founded in 2015 receiving funding, with a noticeable decline for companies founded in 2023 and 2024 – highlighting either a funding lag for newer startups or a tougher investment climate in recent years.

## Total Investment Into UK Music Tech Companies by Investment Type

Source: Music Technology UK / Tracxn



UK music tech investment has seen consistent early-stage activity from 2020 to 2024, with seed rounds regularly contributing substantial funding peaking in 2022 at over \$38M (£28M). Series A funding was strongest in 2021 and 2022 but tapered off by 2024. Larger growth-stage rounds were less frequent, with occasional spikes such as a major Series C in 2021 and a Series D for Dice in 2023. While early-stage capital remains accessible, the data highlights a more limited pathway to securing later-stage funding.

# Yoto



**Ben Drury**

Founder, Yoto

**Ben Drury is a serial entrepreneur who previously founded digital music platform 7digital before co-founding Yoto with Filip Denker in 2017, driven by concerns about children's screen time after becoming a parent. Yoto creates interactive, screen-free audio experiences for children, using physical cards to play music, stories, and educational content through its connected speaker system.**

**Founded:**

2015 (though operations began in 2017)

**Stage:**

Series B (with additional debt funding)

**Employees:**

179 employees as of 2024

**Raised:**

Total of \$74.4M (£54.3M) across multiple rounds – including \$23M (£16.8M) Series B (June 2024) led by Chan Zuckerberg Initiative, plus \$15M (£11M) debt funding from HSBC (October 2024)

**Investors:**

Chan Zuckerberg Initiative (Mark Zuckerberg & Priscilla Chan), DNS Capital, Acton Capital, HSBC, Burda Principal Investments, JamJar Investments, Paul McCartney, and others



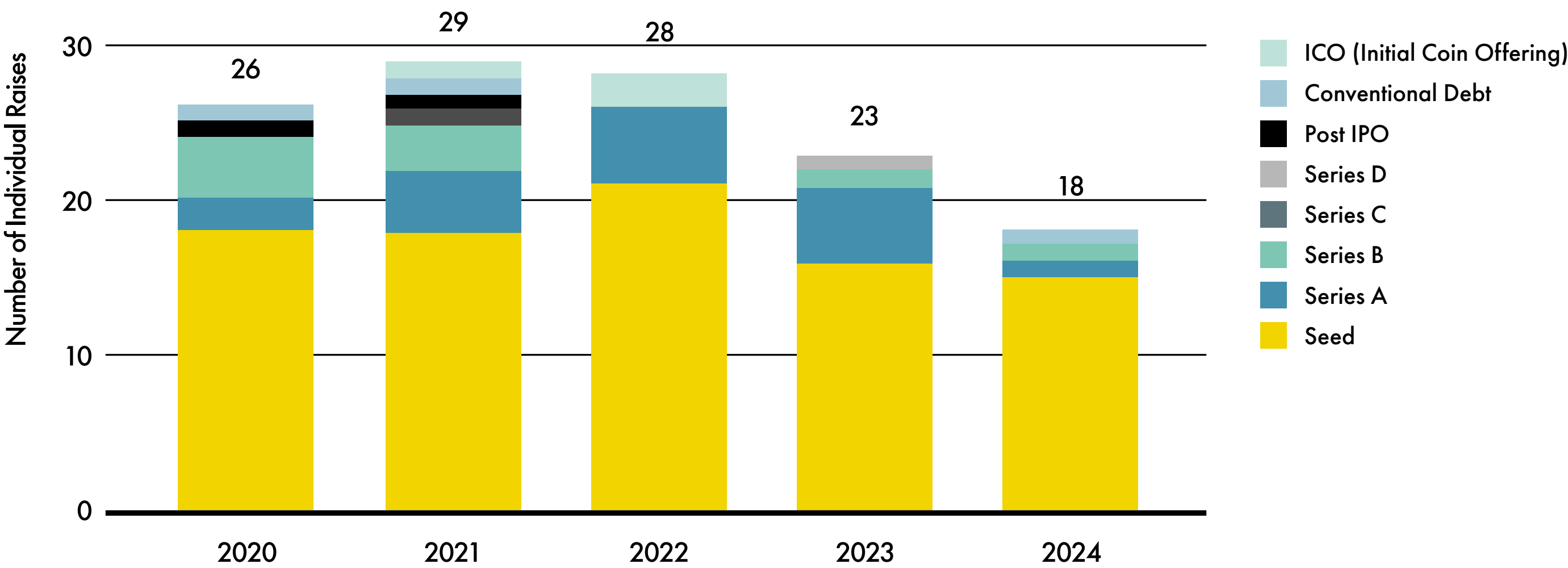


# The Investment Opportunity (continued)

## Funding Gaps: From Seed to Scale

### Total Individual Funding Raises by UK Music Tech Companies\*

Source: Music Technology UK / Tracxn



Since 2020, music tech funding has been heavily concentrated at the Seed stage, with 88 rounds making up the majority of the 135 total deals, while later-stage activity has been comparatively limited and has declined in recent years.

Type of Funding	Average Round Amount 2020-2024 (USD \$)	Total Rounds
Seed	\$987,631	88
Series A	\$5,069,683	17
Series B	\$9,349,602	9
Series C	\$129,560,350	1
Series D	\$65,000,000	1
Post IPO	\$8,453,175	2
Conventional Debt	\$5,115,950	3
ICO (Initial Coin Offering)	\$1,356,667	3

Source: Music Technology UK / Tracxn

Early-stage funding dominates music tech investment activity, with 88 Seed rounds averaging just under \$1M (£0.73M) and 10 grants averaging \$419K (£308K). This concentration of early-stage deals highlights strong support for innovation at the outset, while only 17 Series A rounds were raised and fewer still beyond, indicating a more selective path to later-stage capital.

# The Investment Opportunity (continued)

The UK provides relatively robust early-stage funding, aided by tax incentives like SEIS and EIS. However, as startups begin to grow and require larger investment rounds, many find themselves stuck in a funding limbo.

Hannah Williamson, Senior Investment Manager, Edge VC, highlights the difficulty of moving from proof-of-concept to scale:

“Getting those businesses from that early stage, pre-seed startup, to that Series A is where there’s a bit of a gap.”

Without a pathway for sustained funding, many startups either stagnate or seek growth capital from overseas, increasing the risk of losing UK-based talent and IP.

While these tax incentives drive seed-stage investment, pure market opportunity should be the primary investment motivation rather than tax advantages. This focus on fundamental business value rather than financial incentives creates more sustainable investment decisions.

# Sustainability and the Need for Long-Term Capital Partners

Several stakeholders point to the need for a more sustainable and realistic funding ecosystem, one that doesn’t rely on the traditional VC model of endless up-rounds. Carl Olsson, CEO and Co-Founder, Creativ Partners, captures this well:

“That next round may not be there... particularly in this industry. There’s a need for a type of private equity capital that can come in earlier and support the companies with more material investment that can unlock step-change, as well as with operational support and strategic direction... You need a stable capital partner who can fund the business from that early stage all the way through to maturity.”

John Acquaviva, Managing Partner, Plus8 Equity, highlights a similar tension: while UK tax incentives have helped build a strong seed-stage market, they don’t necessarily support long-term growth.

“England still leads seed rounds mostly because of the EIS scheme. While we’re more pure capitalists, we’re not excited by these schemes. Additionally, we’re not British, and we’re not looking for tax write-offs, per se.”

As a result, many UK founders eventually look to the U.S. for scale funding, but this often comes with strings attached.

“Founders being frustrated... ‘I can’t raise my A round here. That’s the frustration. I can’t raise growth capital here. What can I do?’ And a lot of U.S. investors [say], ‘I will invest and I’ll lead your Series B or Series A, but you’re gonna have to do a Delaware flip,’”

Acquaviva notes.

Early-stage music tech founders increasingly rely on specialist angels who understand the intricacies of the space. This makes personal networks and sector-specific credibility vital.



## The Investment Opportunity (continued)

Positive recent news is that there are corporate venture capital (CVC) funds which have announced intended investment into the music tech sector. Yamaha Corporation announced that Yamaha Music Innovations Fund I, LP (YMIF), a corporate venture capital fund, began investing out of a dedicated \$50M (£36.5M) fund in May 2025. And Midwich Ignite is the deep tech investment arm of Midwich Group PLC (a UK AIM listed company), one of the world's leading audio, video, and lighting specialist distributors, which has invested in audio tech this year.

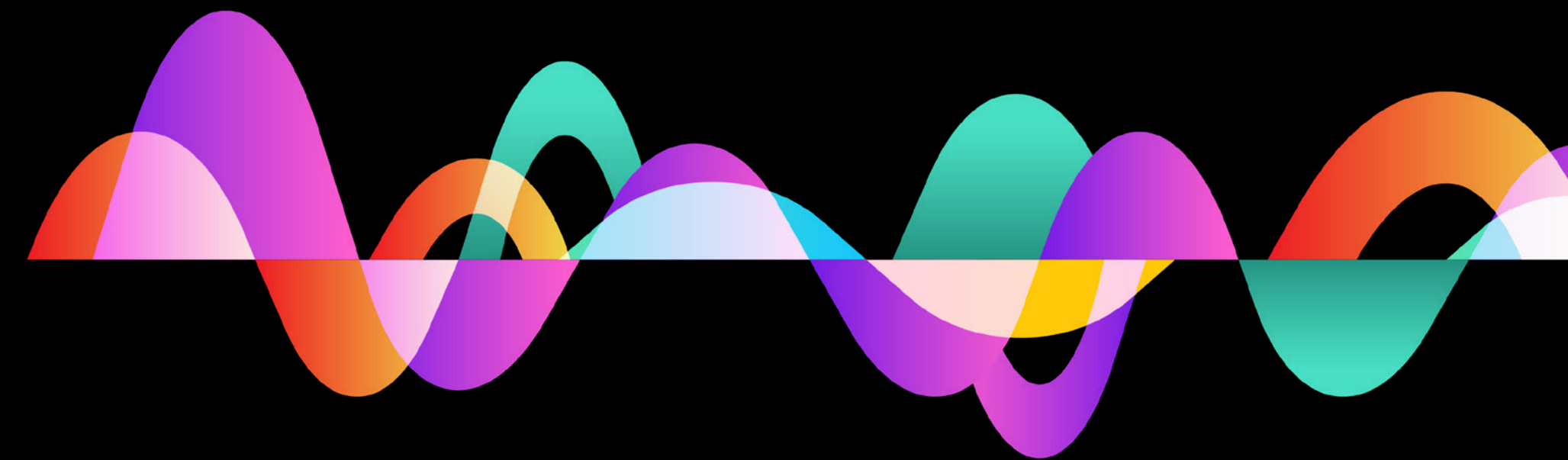
Corporate venture fund investments in music tech startups and scaleups peaked with 24 in 2022, but have since declined sharply to 11 investments in 2023 and 14 in 2024, reflecting the broader downturn in venture capital activity. Some corporate venture funds, meanwhile, have become more selective, choosing only those startups and scaleups that align closely with internal strategy.

“ When I spoke to Sony’s Corporate Venture fund they were saying that they were not focussing on UK investments, unless there was a strategic fit. They were more interested in content for the (African) diaspora, and their focus then was Nigeria where they have made significant investments.”

Emma Fadlon, Investment Projects Lead, Innovate UK Business Connect

**To fully unlock the UK’s music tech potential, stakeholders must focus on closing the early growth / scale funding gap. This means incentivising patient capital, supporting sector-specific VC funds, and expanding government-backed scale-up initiatives.**

**In short, it’s not just about starting more companies, it’s about helping the best ones to grow and stay.**



# The Investment Opportunity (continued)

## Top Music Tech Subcategories That Have Raised Funding 2020-2024

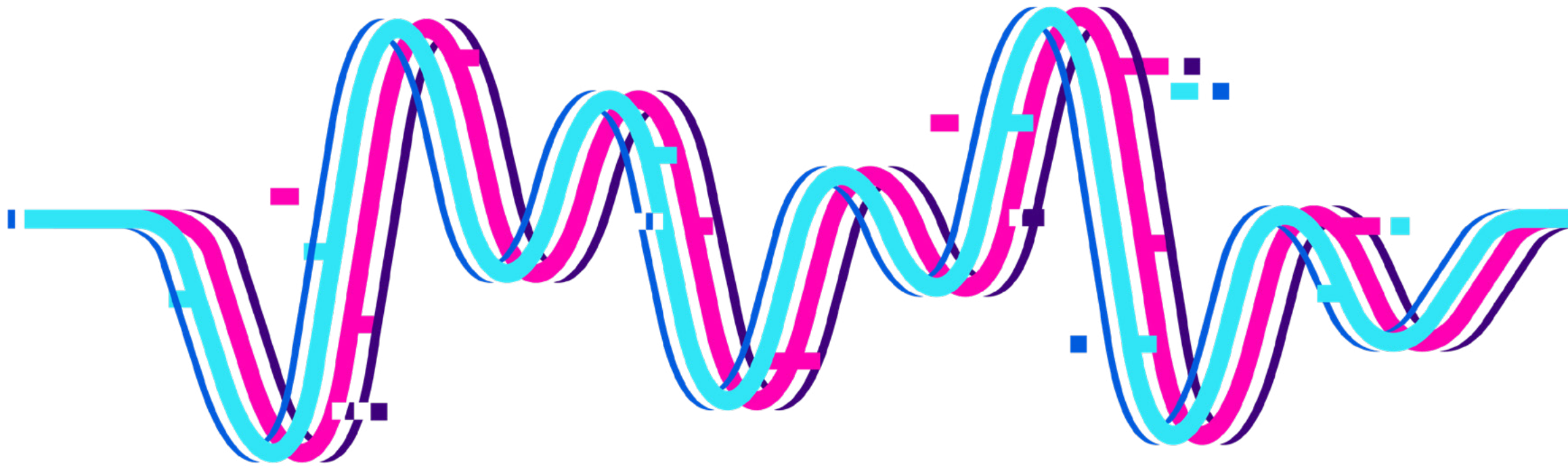
[Companies are limited to a single subcategory designation]

Music Tech Subcategory Name	Total Companies Funded
Audio Tech	6
Marketing / Promotion Tools	5
Live Streaming	5
GenAI	5
Data / Analysis / Royalty / Finance Solutions	5
Radio / Streaming	4
Production	4
Music Distribution	4
Video Creation, Production or Distribution	3
Ticketing	3

Source: Music Technology UK / Tracxn

The top sub category of music tech that has raised funding since 2020 is audio tech with six audio tech companies raising money. These include Audoo, IRIS and Vollou. Followed closely by Marketing / Promotion tools (FanCircles, Levellr and un:hurd music) and Live Streaming (Condense Reality, Driift), GenAI (Bronze, DAACI) and Data / Analysis / Royalty / Finance solutions (Blokur, Salt, MUSO).

Music tech spans a wide range of categories, and investors are open to opportunities across this diverse landscape.





# Condense Reality



**Nick Fellingham**

CEO and Co-founder

Condense Reality

**Nick Fellingham is the CEO and Co-founder of Condense Reality who taught himself machine learning in 2012 and is building AI to stream real people into generated worlds.**

**Founded:**

2019

**Stage:**

Seed

**Employees:**

10+

**Raised:**

\$6.4 million (£4.7 million)

**Investors:**

LocalGlobe (lead), 7percent Ventures, Deeptech Labs, Tom Blomfield (Monzo founder), Grace Ladoja MBE, Ian Hogarth (SongKick founder), BBC Ventures and others





# The Investment Opportunity (continued)

## Music Tech Subcategories Most Likely to Get Funded

Music Tech Subcategory Name	Total Companies	Total Funded	% funded
Hardware	10	8	80%
Live Streaming	13	9	69%
Metadata Database	6	4	67%
Video Creation, Production or Distribution	9	5	56%
Health / Wellness	4	2	50%
Ticketing	8	4	50%
Karaoke	4	2	50%
B2C Marketplace – Instruments	4	2	50%
NFT	10	4	40%
GenAI	25	9	36%

Among UK music tech subcategories, Hardware, Live Streaming, and Metadata Databases have the highest funding rates, with 80%, 69%, and 67% of companies in each category securing investment, respectively. These high percentages suggest targeted investor interest or a greater reliance on early capital to launch. In contrast, broader or emerging areas like GenAI and NFTs, despite having more companies – 25 and 10, respectively – show lower funding rates at 36% and 40%. This suggests that while some niche areas attract a high proportion of investor interest or depend on initial funding to start operations, broader categories may face more competition for capital.

Source: Music Technology UK / Tracxn



# DAACI



**Rachel Lyske**

COO, DAACI

**As COO of DAACI Generative, Rachel Lyske is pioneering AI-based music composition technology that puts composers and artists front and centre. Lyske leverages her Royal Academy of Music training and experience coaching award-winning artists to ensure DAACI becomes the premier composition tool for any brief, anywhere.**

**Founded:**

October 2021

**Stage:**

Seed

**Employees:**

28

**Raised:**

\$4.9 million (£3.6 million)

**Investors:**

UK Research and Innovation, Universal Music Leisure Ltd, Ben Levine, David Russell, Edward Foster, Queen Mary University of London, Keith Palmer, Shift, Steve Bradley, Tim McIntosh

A large graphic on the right side of the page featuring the DAACI logo. The logo consists of the word "DAACI" in a white, stylized, sans-serif font. It is centered within a large, circular graphic made of many concentric, slightly offset lines in shades of blue and purple, creating a sense of motion or a stylized sound wave. The background of the entire page is black.

DAACI



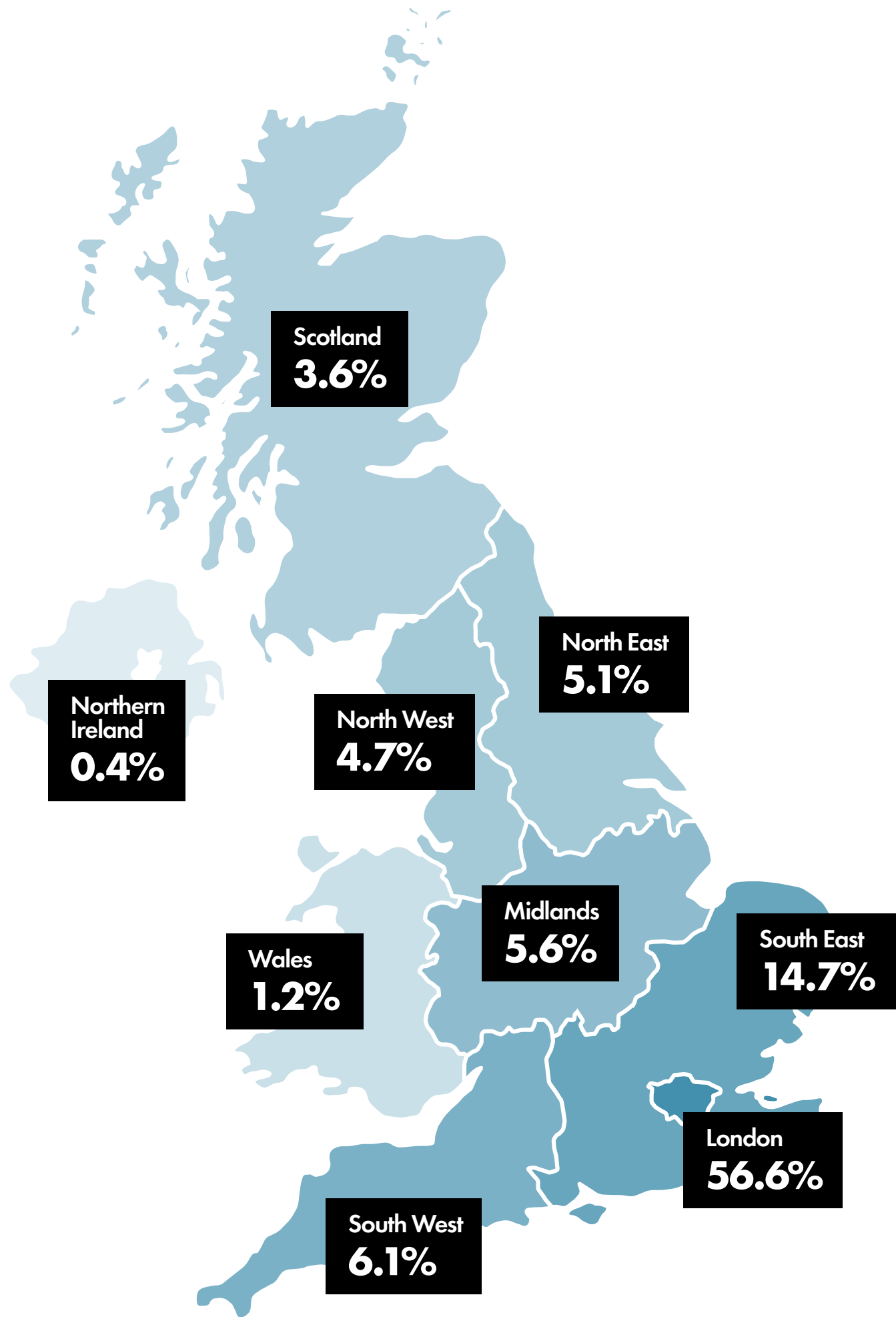
The Investment Opportunity (continued)

Unlocking Regional Growth

Headquarter Location of Music Tech Companies

Source: Music Technology UK / Tracxn

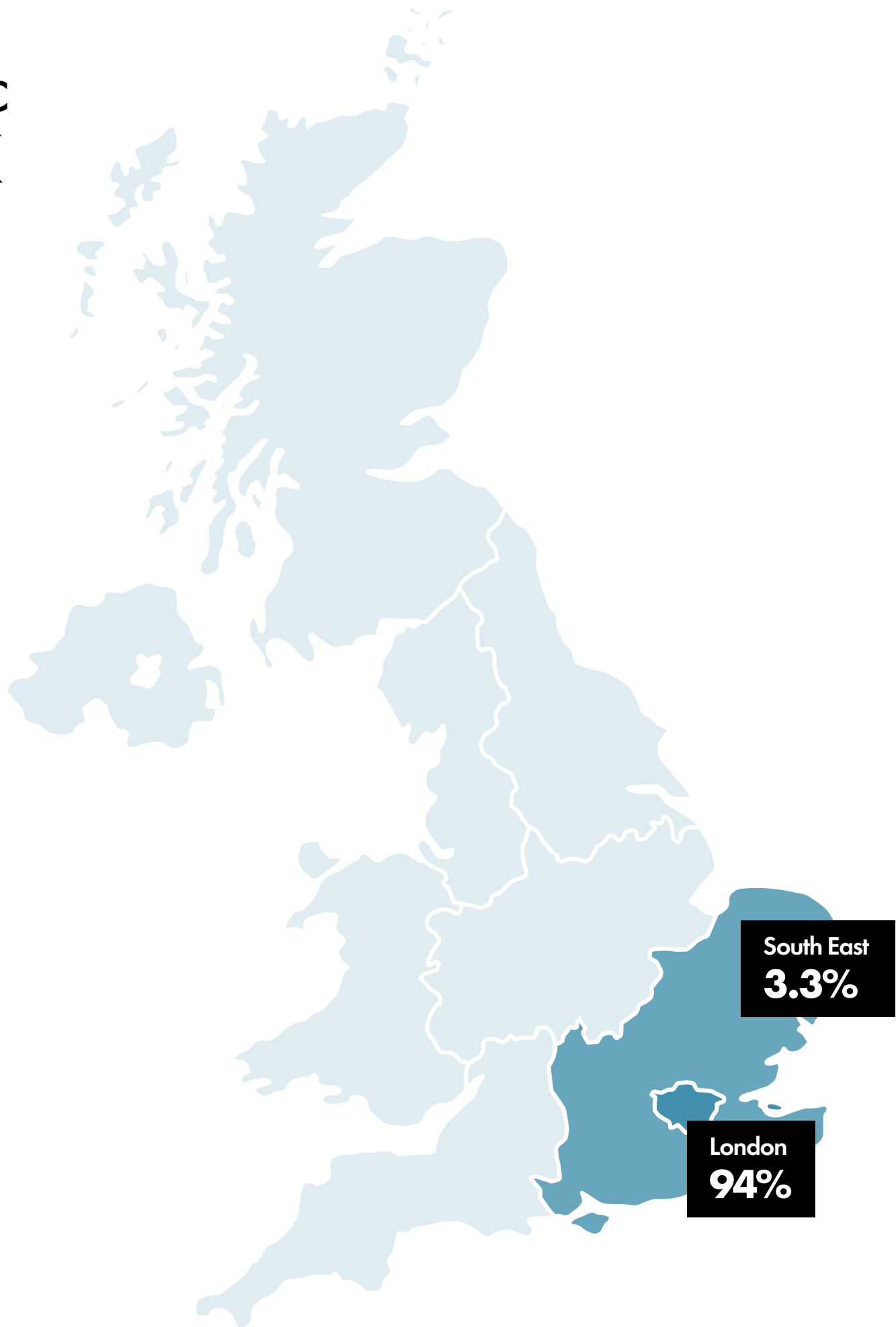
The majority of music tech companies in the UK are headquartered in London and the South East, with other English regions represented equally. Fewer companies are HQ'd in Scotland, Wales and Northern Ireland representing an opportunity to support business growth in creative sectors around the country.



Total Investment in Music Tech Companies per UK Region (2020-2024)

Source: Music Technology UK / Tracxn

Although only 57% of music tech companies are based in London, they account for 94% of the total investment raised.





# The Investment Opportunity (continued)

## Music tech has the potential to drive meaningful economic development across the UK.

By creating jobs and supporting new businesses, particularly in regions outside London and the Southeast, the sector can help address geographic disparities.

While London remains a key hub, the South East of the country is the second most invested area, with companies in Oxford, Cambridge and Reading. In other major UK cities such as Manchester, Leeds, Newcastle, Bristol and Birmingham there are new music tech companies, but with limited funds raised. These regions offer new opportunities to develop and test technologies in diverse settings, strengthening the UK’s broader music tech landscape, and should not be overlooked.

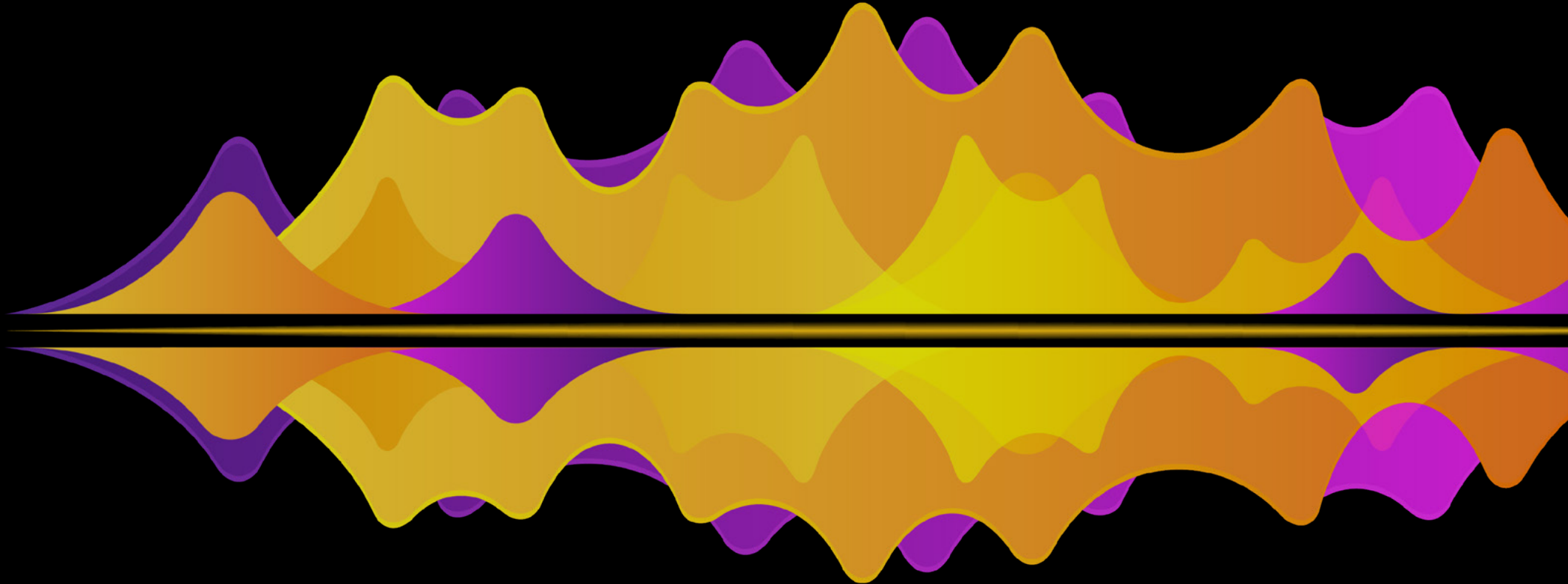
“London may be the epicentre, but there’s real momentum building in places like Manchester, Bristol, and beyond. These cultural hubs are ripe for music tech innovation and shouldn’t be underestimated.”

Andrea Rosen, Portfolio Manager, Best Nights VC

By nurturing talent and infrastructure outside the capital, the sector can promote more balanced economic growth across the UK.

Investments in regional innovation hubs and targeted funding programs will be key to realising this potential, fostering inclusive growth that benefits communities across the country.

Unlocking the full potential of UK music tech means closing talent gaps, embracing diversity, expanding beyond London, and recognising the sector’s powerful cultural and economic impact.





# Maintain Altitude



**Oliver Moira**

Founder and CEO

Maintain Altitude

**“Building where music meets gaming.”**

**Oliver Moira, a music industry visionary who co-founded Black Butter Records (30B+ streams), has assembled an elite gaming team with 150M+ mobile installs to build Maintain Altitude. This rare combination of deep music expertise leading seasoned gaming veterans is creating something entirely new at the intersection of music and gaming.**

**Founded:**

2022

**Stage:**

Seed

**Employees:**

8

**Raised:**

\$1 million (£730k)

**Investors:**

Hiro Capital and industry veterans from Candy Crush and Guitar Hero



Maintain Altitude



# International Landscape

## A key cultural challenge is the UK’s lower tolerance for failure compared to countries like the U.S.

This has a chilling effect on both founders and investors, making them more reluctant to take risks or admit when something isn’t working. As Rachel Lyske, COO, DAACI, said,

“In the U.S., if you make a mistake, or if you fail, it’s like, next, doesn’t matter. You’ve learned from it. Move on. There’s a fear in the UK to appear vulnerable... to say – We’re messing this up, can anyone help us?”

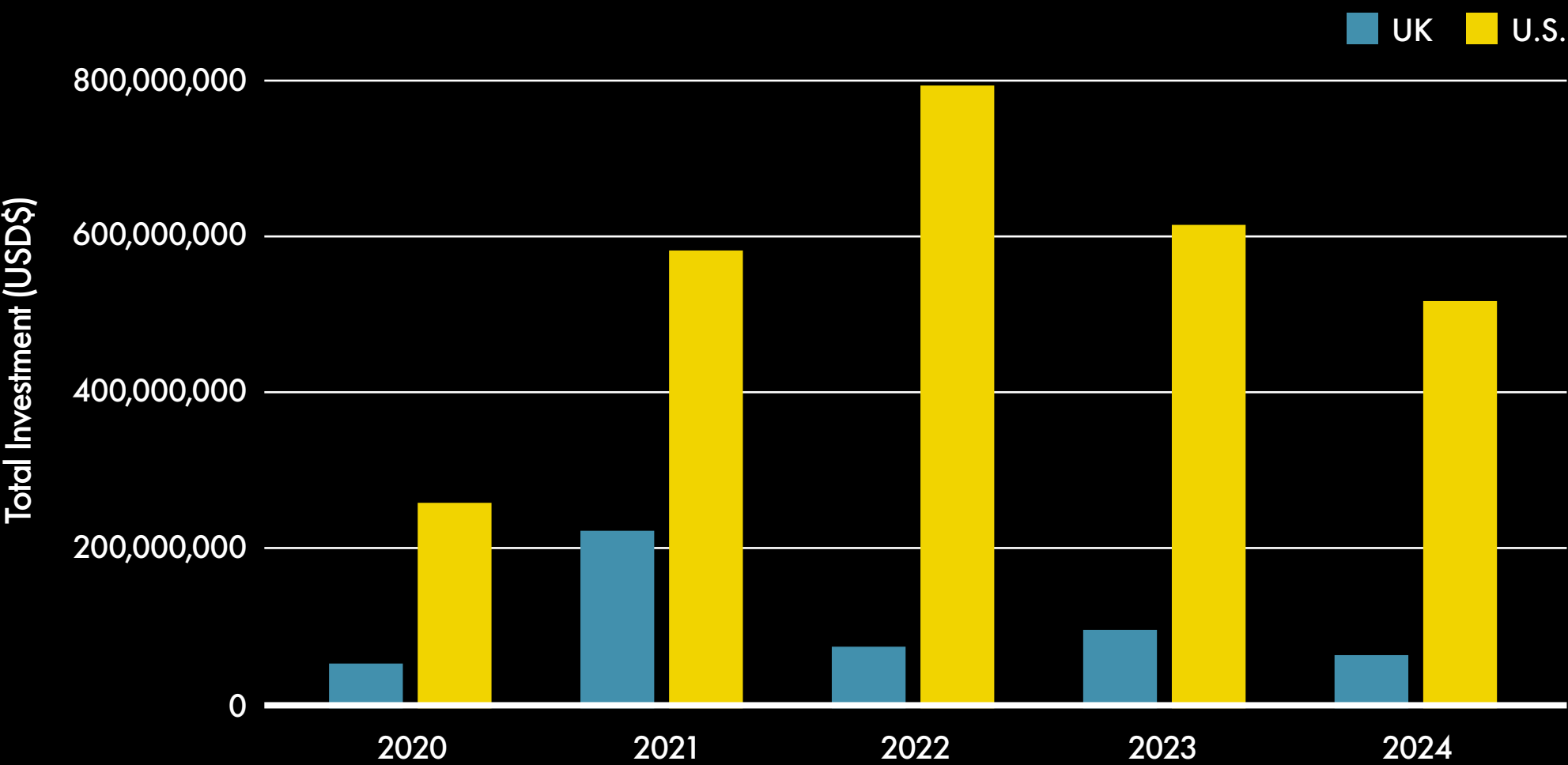
James Morrison, Co-Founder and CEO, planet.fans, adds that the American approach of fast testing and iteration could offer a blueprint for fostering a more dynamic innovation culture in the UK:

“America is different. I think they are more willing to fail fast, test, learn, try new things... finding ways to reward and breaking the status quo more often within the UK music scene is probably where I’d focus.”

# UK vs U.S. Investment and Investors

## Total Investment in UK vs. U.S. Music Tech Companies

Source: Music Technology UK / Tracxn

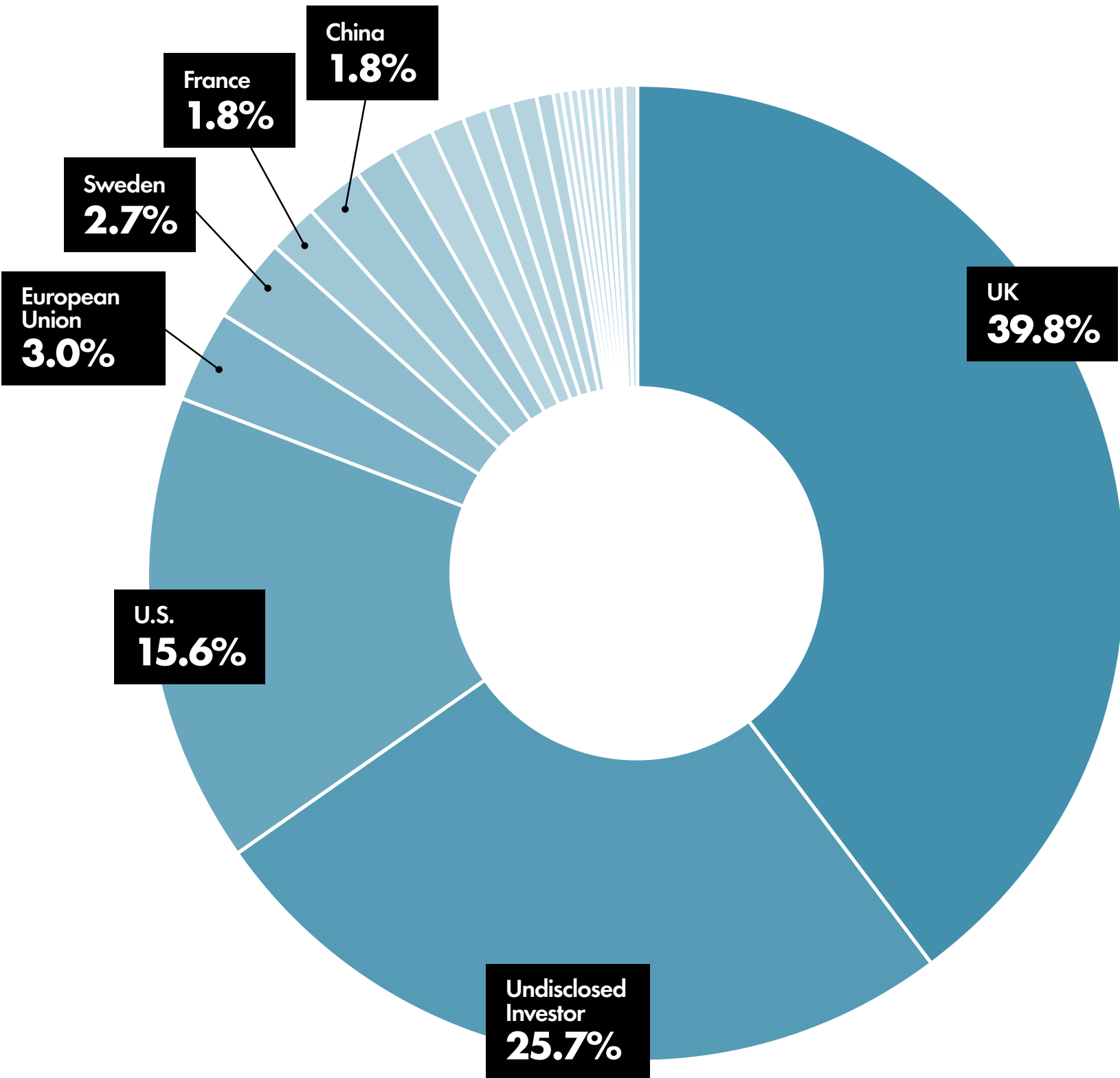


Between 2020 and 2024, the U.S. consistently attracted significantly more music tech investment than the UK, which is not surprising given the size of the market, with annual funding ranging from \$254M to \$795M (£185M-£580M). UK investment peaked in 2021 at \$221M (£161M), 38% of U.S. funding that year, but in other years, UK investment ranged from between 9% and 18% of U.S. levels. Across the five-year period, UK funding equated to roughly 15% of the U.S. total.

# International Landscape (continued)

## Location of Investors Across Angel, Grant, Seed and Series A (2015-2024)

Source: Music Technology UK / Tracxn



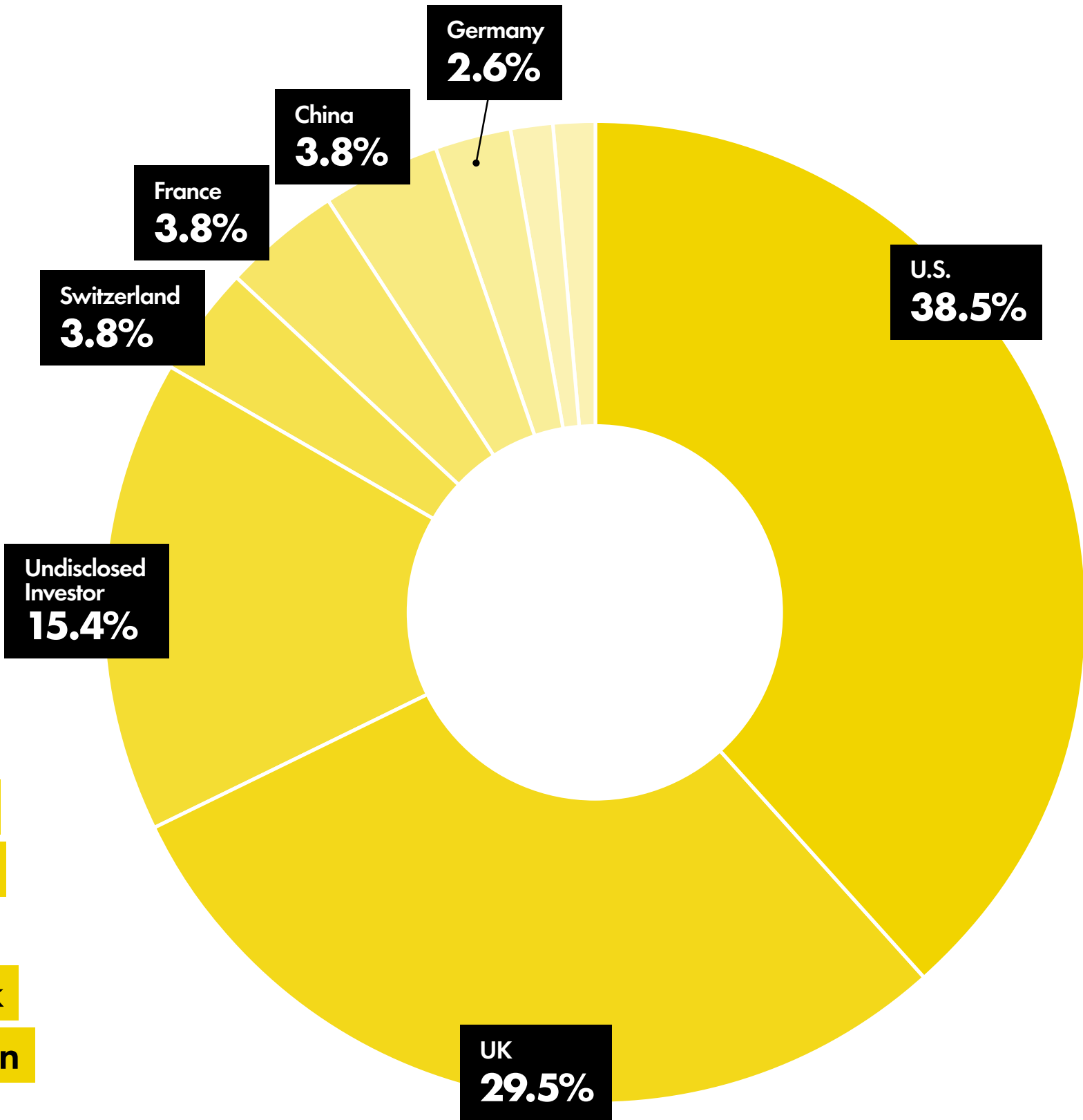
Within early rounds (up to Series A), there is a strong domestic investor base. UK-based investors account for the largest share of music tech investment activity, making up 40% of all rounds, followed by the U.S. at 16%. The remainder is either undisclosed investors or from a diverse mix of countries including Israel, Germany, China, and France.

“ Lots of the early investors were European, British... and then, as we grew and went into late stage funding, I think that was when more American funding came in.”

Dominic Hodge, Head of Music, Yoto

## Location of Investors Across Series B, C, D, Debt Rounds and Post IPO (2015-2024)

Source: Music Technology UK / Tracxn



While early-stage investment in UK music tech is largely driven by domestic backers, U.S. investors account for 39% of larger rounds, making them the most active group at the upper end of the market. This underscores a clear trend: as companies scale and seek bigger funding rounds, capital is increasingly likely to come from the U.S. rather than the UK or Europe.



# ClicknClear



**Chantal Epp FRSA**

Founder & CEO

ClicknClear

**Chantal Epp FRSA is an award-winning entrepreneur, 2X world champion cheerleader, and pioneer of ParaCheer (disability-inclusive cheerleading) who launched ClicknClear in 2018 after discovering the music licensing challenges in choreographed sports when a major label sued the cheerleading industry. ClicknClear is a music rights tech and licensing company tackling trillions in copyright infringement risk for choreographed sports by providing a scalable billion dollar licensing solution.**

**Founded:**

2018

**Stage:**

Seed

**Employees:**

10

**Raised:**

\$1.85 million  
(£1.35 million)

**Investors:**

1818 Venture Capital,  
unbundled vc, HERmesa,  
John Gleasure, David  
Braben, Omar Berrada,  
Scott Mackin and others





## International Landscape (continued)

# Global Scalability: Can the UK Compete?

**Expanding a music tech startup beyond the UK is both a strategic imperative and a complex challenge. While the domestic market is rich in creativity and talent, it remains relatively small, pushing many companies to seek growth internationally.**

As Luana David, Investment Associate, Supernode Global puts it:

**“If the UK market is not big enough, then what are their plans for expansion... are you planning to expand into other, bigger markets, whether it's the U.S., whether it's other markets, do you have that global vision?”**

For most, the United States remains the primary target. Hazel Savage, an angel investor, notes:

**“The U.S. is still the most dominant market... the U.S. massively outsizes everywhere else in the world in terms of investment, and also how early those investors will invest.”**

For UK startups and scaleups, this means navigating not only product development and innovation, but also global positioning and access to capital.

To support international ambitions, distributed hiring has become a key strategy. It allows startups and scaleups to access specialised skills that may not be available locally, control costs, and diversify their teams. As Rachel Lyske, COO, DAACI, shared:

**“We have people in Greece, we have people in Spain, we have people in Tanzania, we have people all over the place... Hiring the best people from the rest of the world is the way you kind of give yourself that advantage.”**

But global scaling involves more than assembling an international team. It demands a clear value proposition, strong local partnerships, cultural adaptability, and legal readiness. Companies like Yoto have shown how regional alliances and locally relevant products can drive success abroad. However, dealing with global rights holders and navigating international regulations remains a complex, often time-consuming effort.

Recognising these hurdles, government and industry support are playing a growing role. Trade missions, export support, and targeted funding have become essential tools. In June 2025, MTUK, backed by the UK Government's Department for Business and Trade, led a trade mission to Los Angeles with ten UK-based music tech startups and scaleups. These initiatives aim to foster partnerships, open new markets, and enhance UK startups and scaleups' global competitiveness.

**“Some of those trade missions where you have a collective of founders from within the music space is a hugely exciting prospect for all parties... being part of a collective is valuable on so many levels, from partnering up with like minded founders all the way through to getting access to bigger conversations as a combined proposition.”**

James Morrison, Co-Founder and CEO, planet.fans

**“The industry has changed since 20 years ago and I have been pounding the drum that we need to do something different. Where is the money flowing effectively, where is cash getting injected, where are the business opportunities, and that's where music tech felt like a good starting off point.”**

Valentina Baccianella, Sr. Trade & Investment Officer, Department for Business and Trade



# International Landscape (continued)

For established businesses, international expansion should be seen as a step-change opportunity, requiring significant capital not just to sustain, but to scale.

“ It doesn’t need my capital to survive. It needs my capital to evolve... maybe you have a small niche company that’s doing \$5 million revenue and is at break even... but there’s an opportunity to unlock step change through capital which can help the company scale, enter new product areas, geographies, or consolidate peers, thereby unlocking meaningful profit generation.”

Carl Olsson, CEO and Co-Founder, Creativ Partners

The good news is that many music industry challenges are universal. This consistency opens the door for scalable solutions once they’ve proven successful in one market.

“ Most of the problems in music are global problems. They have different approaches, different specific issues per country, sometimes per regulation, but the problems are universal. What I see here with rights management in Brazil is the same issues in the U.S., the same issue I see in the UK.”

Daniel Ibri, Co-Founder and Managing Partner, Mindset Ventures

## Most Active Investors\* (2015-2025)

Investor Name	Preferred Round	Number of Rounds
Techstars	Seed	7
7percent Ventures	Seed	6
Tileyard	Seed / Series A	5
Warner Music	Seed / Series A / Series B	3
Octopus Ventures	Series A	3
LocalGlobe	Seed	3
Index Ventures	Series B	3
VAM Investments	Series A	2

Source: Music Technology UK / Tracxn

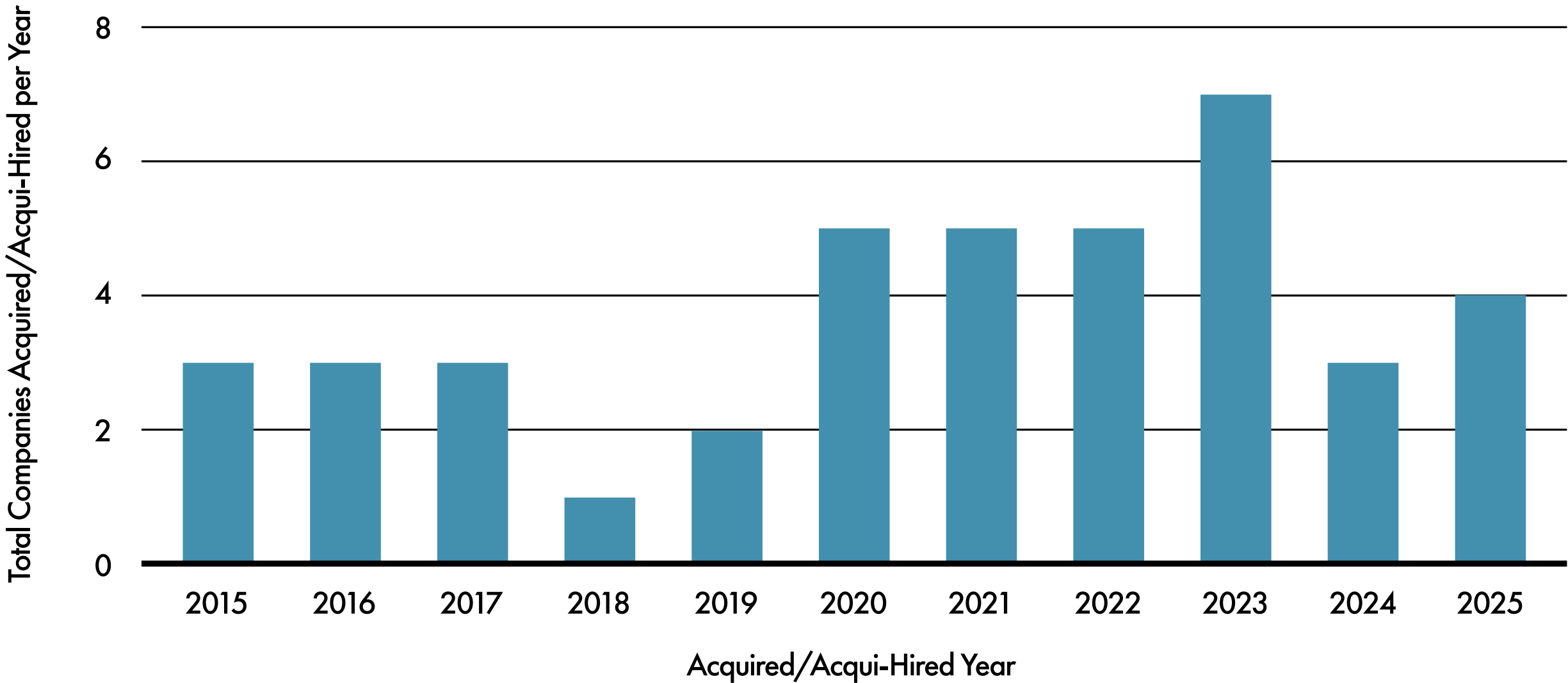
UK music tech companies need tailored export support and market intelligence to access global opportunities. MTUK urges focused export programmes for instance to Australia, India and the European Union, and will champion the sector internationally at major global events.

\* not including government grant funding

# UK Music Tech Exits

## UK Music Tech Companies Acquired/Acqui-Hired per Year

Source: Music Technology UK / Tracxn



Since 2015, 41 UK music tech companies have exited via acquisition, with a noticeable uptick in recent years. Over 70% of all exits occurred between 2020 and 2025, possibly driven in part by challenges in raising further investment and increased consolidation. Notably, in 2025 alone to date, there have already been 4 exits.

The acquired and acqui-hired companies between 2015 and 2025 represent a wide range of music tech subcategories, spanning everything from production and marketing tools to GenAI, audio tech and data solutions.

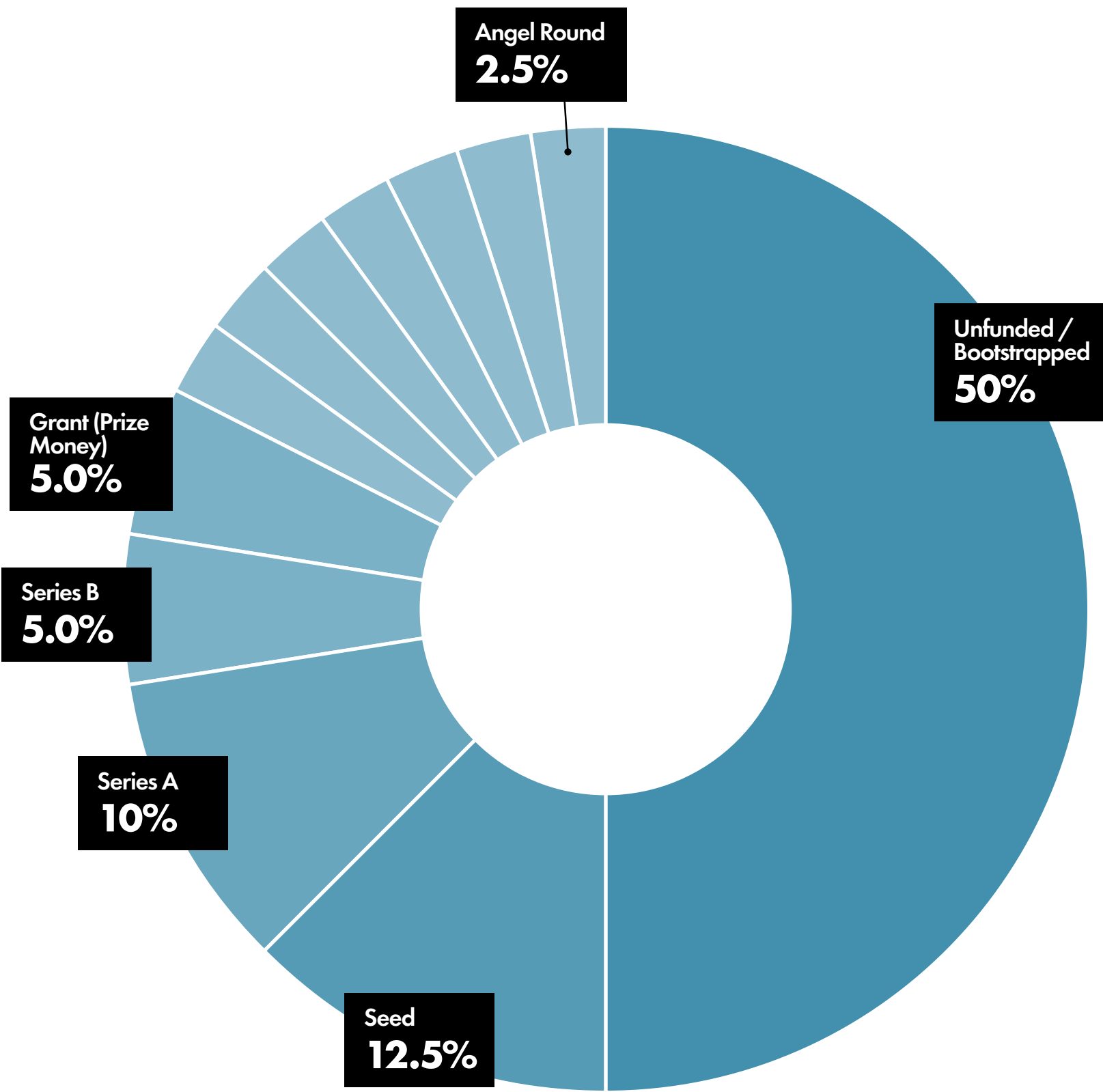
Music Tech Subcategory	Total Acquired/Acqui-Hired Companies (2015-2025)
Production	4
Audio Tech	4
Marketing / Promotion Tools	3
GenAI	3
Data / Analysis / Royalty / Finance Solutions	3
Video Creation, Production or Distribution	2
Social	2
Radio / Streaming	2
Playlist Solutions	2
Hardware	2
B2C Marketplace – Music	2
B2B Marketplace – Music Licensing	2
Ticketing	1
Sheet Music Tech	1
Music Distribution	1
Metadata Database	1
Live Streaming	1
Health / Wellness	1
Fan Club / Contest	1
Digital Instruments / Music Making	1
Business Playlist / Music Solutions	1
B2B Marketplace – Live Booking	1



# UK Music Tech Exits (continued)

## Company Investment Stage at Exit (Companies Acquired or Acqui-Hired 2015-2025)

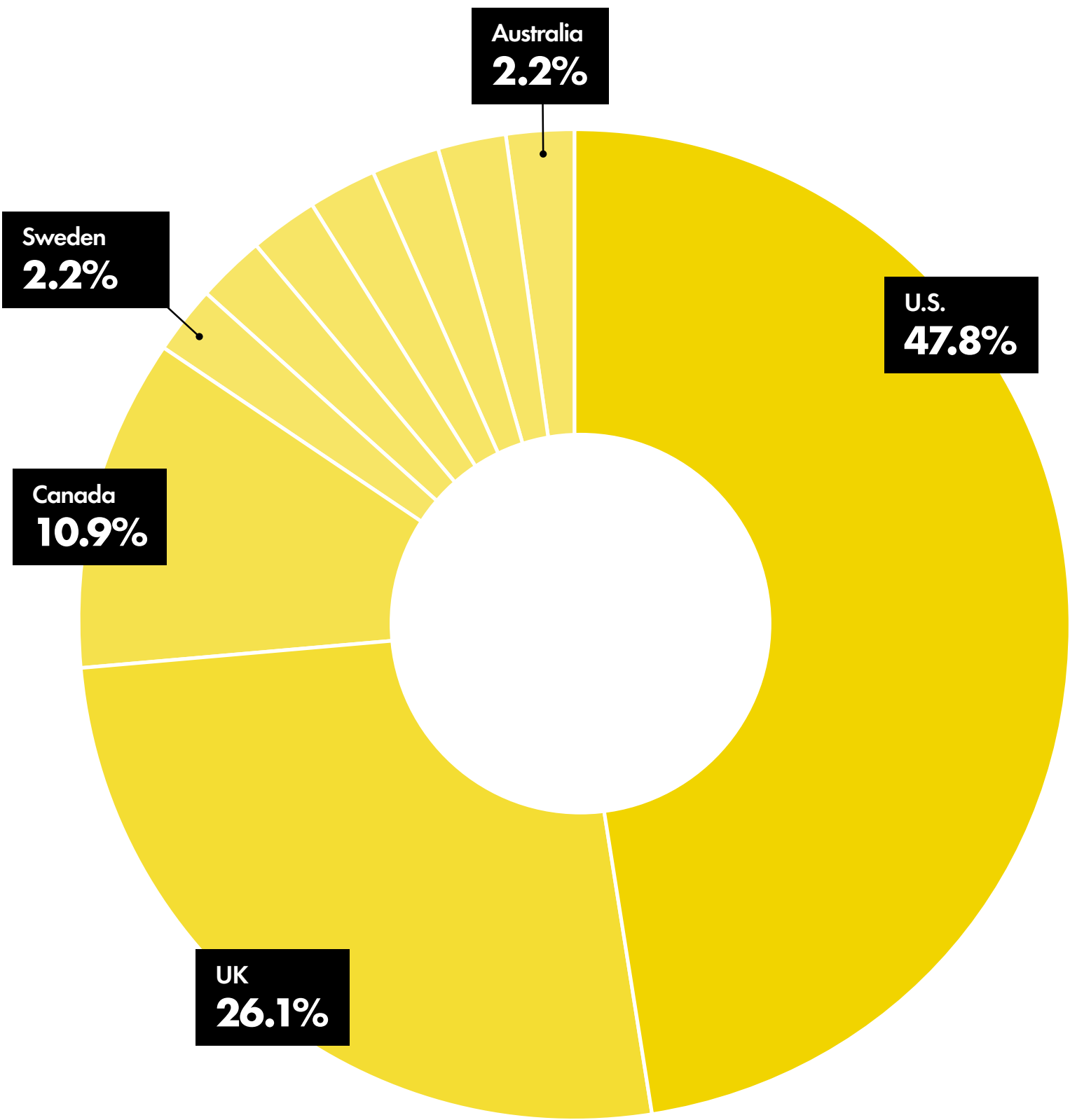
Source: Music Technology UK / Tracxn



The data shows that over half of music tech companies acquired had no prior funding (21 out of 41), highlighting a trend of early-stage or bootstrapped businesses being bought before reaching significant institutional investment stages.

## Location of Companies Acquiring UK Music Tech Companies (2006-2025)

Source: Music Technology UK / Tracxn



U.S.-based companies lead acquisitions in the UK music tech sector, accounting for 48% of all deals, while UK companies represent 26%. The remaining 28% are spread across various countries including Canada, Sweden, Japan and others. This pattern suggests that UK and EU funding often supports startups and scaleups that are ultimately acquired by larger U.S. firms, allowing the U.S. to benefit longer term from UK talent and investment, and underscoring a strong transatlantic connection in the market.

# Focus Areas for Regulators and the Industry

## Product-Market-Industry Fit

**In an article published in April 2024 in Music Business Worldwide, Vickie Nauman, Founder and CEO, CrossBorderWorks, suggested that not only do tech startups and scaleups in the music space have to find product-market fit, but that they also have to operate within the constraints of the industry, and navigate a complicated ecosystem where opportunities can require substantial investment.**

An intricate web of stakeholders – artists, labels, songwriters, publishers, performance rights organisations, collective management organisations, distributors and managers – can create a bewildering maze for industry newcomers.

Successful music tech products must navigate the complex needs of multiple stakeholders. Achieving product-market-industry fit requires more than just technological excellence – successful music tech companies demonstrate clear problem-solving capabilities rather than offering merely interesting features.

“Is this product or service solving a problem for anyone? That’s the crucial point. Are there insights from industry or consumers that this is something that will add value to their business or customer experience, and it’s not simply a nice-to-have?”

**Laura Helm, Head of Creative Industries, Digital Catapult**

UK music tech startups and scaleups are uniquely positioned to leverage the country’s rich musical heritage. However, translating this cultural capital into commercial success requires a nuanced approach.

“Someone gave me a really good bit of advice when we started out this business – if you are trying to impact the artist and fan relationship, you can’t just build it for the artists and the fans. You have to build it for the entire ecosystem.”

**James Morrison, Co-Founder and CEO, planet.fans**

Pursuing relevant awards and external recognition helps boost awareness and build credibility within the industry. This strategic approach to visibility complements traditional marketing efforts and can support fundraising initiatives.



# Focus Areas for Regulators and the Industry (continued)

“We’ve been very conscious of entering the right awards and looking for recognition in the market... that helps boost your awareness in the industry. It can open many doors.”

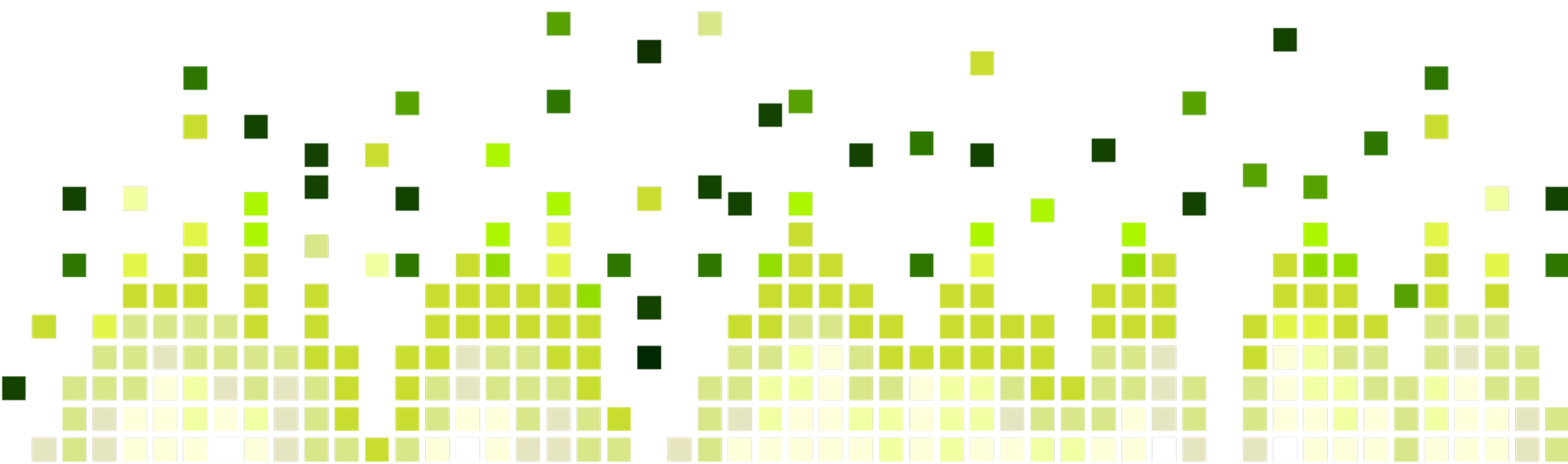
Dominic Hodge, Head of Music & Sound, Yoto

Encouragingly, the major music companies have established significant support programmes for early stage startups in the UK. Universal Music Group operates Abbey Road REDD<sup>5</sup>, a London-based music tech incubator that has supported 20 companies raising \$100 million

(£73 million) collectively, while Sony Music UK has partnered with Digital Catapult to launch the Black Founders Programme, a 13-16 week accelerator specifically supporting Black entrepreneurs in digital entertainment using technologies like AI, blockchain, and AR/VR. In 2024, Universal Music’s Digital Innovation team launched UMusicLift, an online hub designed to support early-stage music tech startups with educational resources, industry guidance and pathways to partnership.

Sony Innovation Fund<sup>6</sup> operates from multiple global offices, including the EU, with over \$430 million (£314 million) assets under management, and while no longer running, Warner Music Group, through its WMG Boost

multi-million dollar fund and Techstars Music have invested in early-stage music tech companies across areas like AI, blockchain, and streaming technology. Grow Music, launched by the BPI in partnership with London & Partners, is a 12-week accelerator based at Abbey Road Studios that offers mentorship, networking, pitch events, and an Angel Investing School for 25 London-based music-tech scale-ups, backed by nearly \$273,000 (£200,000) of UK Shared Prosperity Fund<sup>7</sup> support. The existence of these initiatives indicates that the music industry is aware of the difficulties associated with early-stage funding and is taking meaningful steps to address them. Nonetheless, there remains a need for additional support from stakeholders.



<sup>5</sup> REDD Incubator Deck, 2025    <sup>6</sup> Sony Innovation Fund website, 9 July 2025    <sup>7</sup> Grow London website, 9 July 2025



# Audoo



**Ryan Edwards**

Founder, Audoo

**Ryan Edwards is a former FinTech executive who also had a UK top 10 hit in his early 20's. He founded Audoo in 2018 after discovering he wasn't paid royalties when his song was played in a department store, revealing a massive gap in public performance royalty tracking.**

**Founded:**

2018

**Stage:**

Series A

**Employees:**

23

**Raised:**

\$24 million (£17.5 million) total funding, including a recent \$5 million (£3.7 million) round (October 2023)

**Investors:**

Sir Elton John, Björn Ulvaeus (ABBA), Sir Paul McCartney (MPL Ventures), Adele, Adam Clayton (U2), John Illsley (Dire Straits), Steve Sidwell (Grammy Award Winning Composer) Mindset Music (by Mindset Ventures) Cutting Edge Group and the Edinv Family Office





## Focus Areas for Regulators and the Industry (continued)

# Licensing & Regulatory Readiness for AI

### The UK Government's Consultation on Copyright and Artificial Intelligence received over 11,500 submissions before the closing date, reflecting significant public and industry engagement with the issue.

The consultation sought views on how to balance the interests of the creative industries and the AI sector, with a focus on copyright law as it relates to AI model training.

Among the creative industries and rightsholders there was strong opposition to the Government's preferred "opt-out" model, which would allow AI companies to train models on copyrighted content unless the rightsholder explicitly opts out.

Meanwhile, the UK Government passed the Data (Use and Access) Act 2025. While the Act was not originally designed to address copyright issues raised by AI, the topic became a point of contention during its passing. In response to ongoing concerns about the impact of AI on

the UK creative industries, certain members of the House of Lords proposed amendments that would have required AI developers to disclose their use of copyrighted materials in training their models. However, the government opposed these amendments, and they were ultimately not included in the final version of the Act, which received Royal Assent on June 19, 2025.

While the government has committed to providing a progress statement on AI and copyright in six months and continues to assert that no changes will be made unless they benefit creators, the music industry views the current situation as leaving artists vulnerable to having their work used without permission or payment.

**"The rapid change of technology and legislation around GenAI – there's lots of moving parts at the moment around how that will pan out, and how artists and labels and other companies are going to be able to protect their IP."**

Rachel Lyske, COO, DAACI

The result of all of these 'moving parts' is deep uncertainty, which means that some investors now avoid licensing-heavy AI models entirely.

**"I think AI models where there is no licensing involved... that would be the only type of AI that I would look at,"**

Hazel Savage, an angel investor, continues.

**"It doesn't matter whether it's for search, for generative, for streaming, it's just that the cost of doing business is too high."**

MTUK has emphasised that while generative AI poses complex challenges, it is only one aspect of AI's broader potential in the music industry. Benefits include more accurate and faster revenue distribution for artists and rights holders. MTUK supports a balanced approach to regulation that protects intellectual property while encouraging responsible innovation. MTUK proposes greater transparency for attribution and licensing of rights, involving the development of systems

and practices that ensure clear and accessible information regarding the ownership and licensing status of musical works. We also call for flexible licensing solutions that can accommodate novel uses of music, including those involving AI. This could include streamlined processes for obtaining licenses for older works that are not actively managed or for works with unclear rights.

All of this should exist alongside support for rightsholders' control over how their works are used, rather than imposing compulsory licensing or collective rights management.

## Focus Areas for Regulators and the Industry (continued)

# Music Content Licensing

### Beyond AI, traditional content licensing remains a major challenge for UK music tech startups and scaleups.

Many products rely on access to music rights, yet navigating the licensing landscape is often slow, opaque, and prohibitively expensive. As **Chantal Epp, Founder & CEO, ClicknClear**, explains,

“Rights holders and startups spend a lot of time working through all of the particulars in a deal, and when a company is doing something new that doesn’t have an existing framework, it takes more time to get everyone on the same page.... The time it takes to do a deal can exceed the runway of a company so founders have to manage cash flow and funding rounds more strategically to ensure they can survive the deal negotiations.”

For early-stage companies, this creates a Catch-22. Startups and scaleups are expected

to secure licenses to validate their products, but investors hesitate to fund companies where initial capital simply flows to licensors rather than product development or user acquisition. **Hazel Savage** presents the historical perception of investors:

“If I’m going to hand you a cheque, you’re going to hand that cheque straight to the licensee, and there’s really no exchange of value there. It doesn’t really move that company along.”

Investors instead prioritise genuine customer demand towards proving there’s a viable company. This can leave startups and scaleups in a challenging position unable to prove the feasibility of their business.

At the same time, investors value complete transparency about licensing status and regulatory challenges rather than overconfidence or misrepresentation. A clear understanding of licensing requirements and a specific plan to address them demonstrates founder maturity and risk awareness.

“It’s better to be straightforward about where the challenges are, because that allows us to see what the potential risks are, but also know how to be able to help if we’re actually going to make the investment.”

**Luana David**, Investment Associate, Supernode Global

“Music tech, quite often has to... integrate into quite a complex stack. You’re a platform technology, it’s much harder for an investor to see where the return on investment is going to be than if you are a widget or a gadget.”

**Emma Fadlon**, Investment Projects Lead, Innovate UK Business Connect

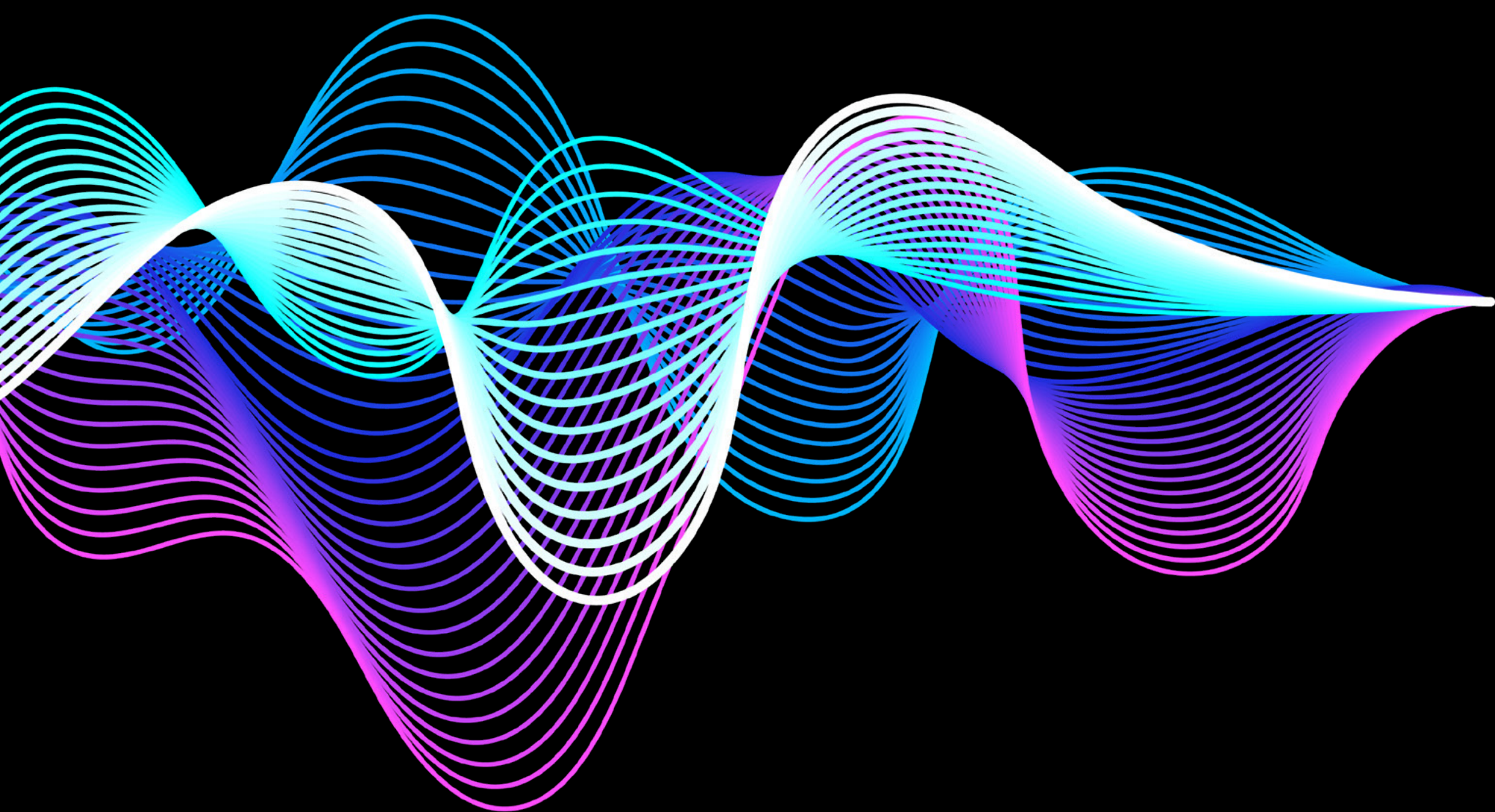
Addressing these barriers requires both policy and industry reform. MTUK recommends streamlining licensing processes, fostering greater collaboration across music, tech, and creative industries and making it easier for startups and scaleups to experiment without prohibitive upfront costs.



**Uncertainty around AI copyright is deterring investment in UK startups. MTUK urges the Government to provide regulatory clarity and improve licensing frameworks to unlock growth, ensure fair compensation, and keep the UK competitive in the global AI and creative industries landscape.**



**Expanding globally offers massive opportunity for UK music tech, but only with the right timing, cultural insight, and long-term strategic support.**



## **Focus Areas for Regulators and the Industry (continued)**

# **Timing and Cultural Fluency: Keys to Successful Expansion**

### **The timing of international expansion is critical.**

Expanding too early can damage long-term prospects, while waiting too long risks losing first-mover advantage. Founders must be strategic and prepared before taking the leap.

**“ If you’re expanding internationally, one of the important things is to time it correctly. I’ve seen many startups mess it up because they try to go international too soon. They just burn the bridge... And then going again is way harder, because they’ve already burned the contacts with lots of potential customers.”**

**Daniel Ibri, Co-Founder and Managing Partner, Mindset Ventures**

Cultural fluency is just as important as timing. Business practices vary significantly across regions, especially in the relationship-driven music industry. Success often hinges on understanding local expectations and negotiation styles.

The UK’s English language foundation creates natural advantages for expanding into major markets like the U.S., Canada, and Australia. This linguistic and cultural alignment facilitates faster international growth compared to non-English speaking European startups and scaleups.

**“ Being from the UK has a big advantage when going to the U.S. just because of the shared language, the culture, many things will be similar, and those that are different, you can adapt from.”**

**Dominic Hodge, Head of Music & Sound, Yoto**

## Focus Areas for Regulators and the Industry (continued)

# Talent Gaps: Bridging Music and Tech

### Finding developers with both strong technical skills and a deep understanding of the music industry remains a persistent challenge for UK music tech companies.

This specialised talent gap often creates bottlenecks that delay product development and limit growth potential.

“ Trying to find good developers who understand music and can understand the data side of it, and care enough... When you don't come from the music industry, you don't understand what master rights and publishing rights are and how important that is within data structures for music.”

Chantal Epp, Founder & CEO, ClicknClear

Without this sector-specific knowledge, teams may struggle to build scalable, effective products, particularly in a competitive hiring landscape where fintech, gaming, and other high-growth sectors often offer more attractive compensation. Still, the UK's global reputation in the creative industries provides a strong foundation for music tech to thrive.

“ Music within the UK is part of that beating heart of the creative industries in the UK. So I think there's lots of amazing talent, exciting opportunities in this space.”

Hannah Williamson, Senior Investment Manager, Edge VC

To address talent shortages and enhance competitiveness, many companies are now embracing more flexible working models. For instance, Yoto's hybrid approach has allowed the company to extend its talent reach

beyond London, hiring skilled professionals from across Europe. This flexibility has become a key advantage in sourcing specialised skills and supporting retention in an increasingly competitive market.

“ We had, like, a fully hybrid company... I think that's allowed us to reach a kind of broader pool of talent, because we're not necessarily saying people have to come in five days a week and travel or relocate.”

Dominic Hodge, Head of Music & Sound, Yoto

Remote and hybrid work models are proving to be more than just a post-pandemic adjustment, for some they are becoming strategic tools that help music tech companies overcome talent bottlenecks and unlock access to a broader, more diverse talent pool.



# planet.fans



**James Morrison**

Co-founder, planet.fans

**James Morrison is a former AEG executive who co-founded planet.fans, to transform one way transactional relationships between artists and their fans into thriving communities. planet.fans creates personalised membership hubs, for fans to return to, whilst delivering a better understanding of those that show up again and again in real life.**

**Founded:**

2020

**Stage:**

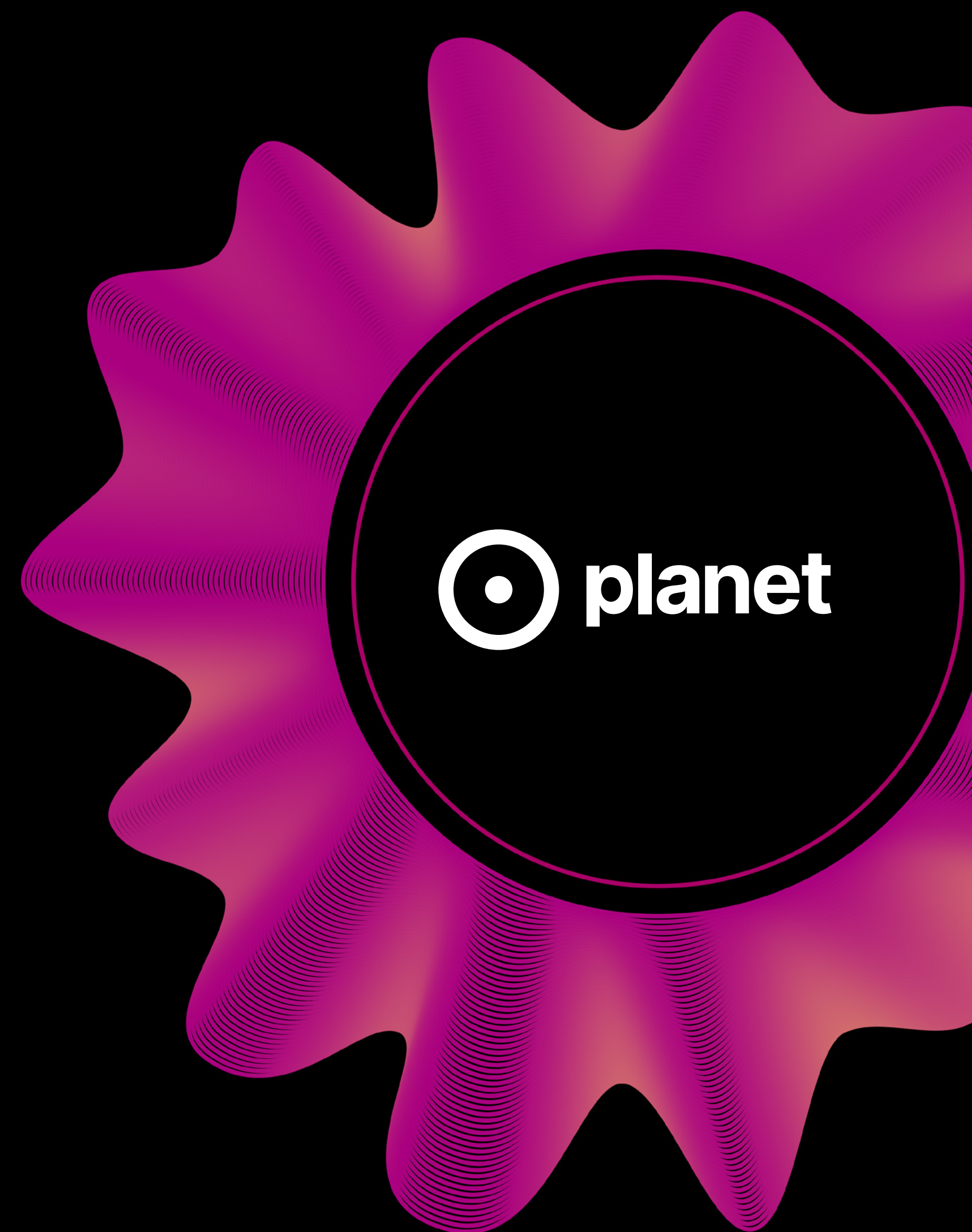
Seed

**Employees:**

12

**Investors:**

Ben Lovett (Mumford & Sons/Venue Group),  
IE Ventures (IE Music's investment arm),  
Sam Piccione (OVG International), TTB Capital



Focus Areas for Regulators and the Industry (continued)

Addressing Diversity and Inclusion

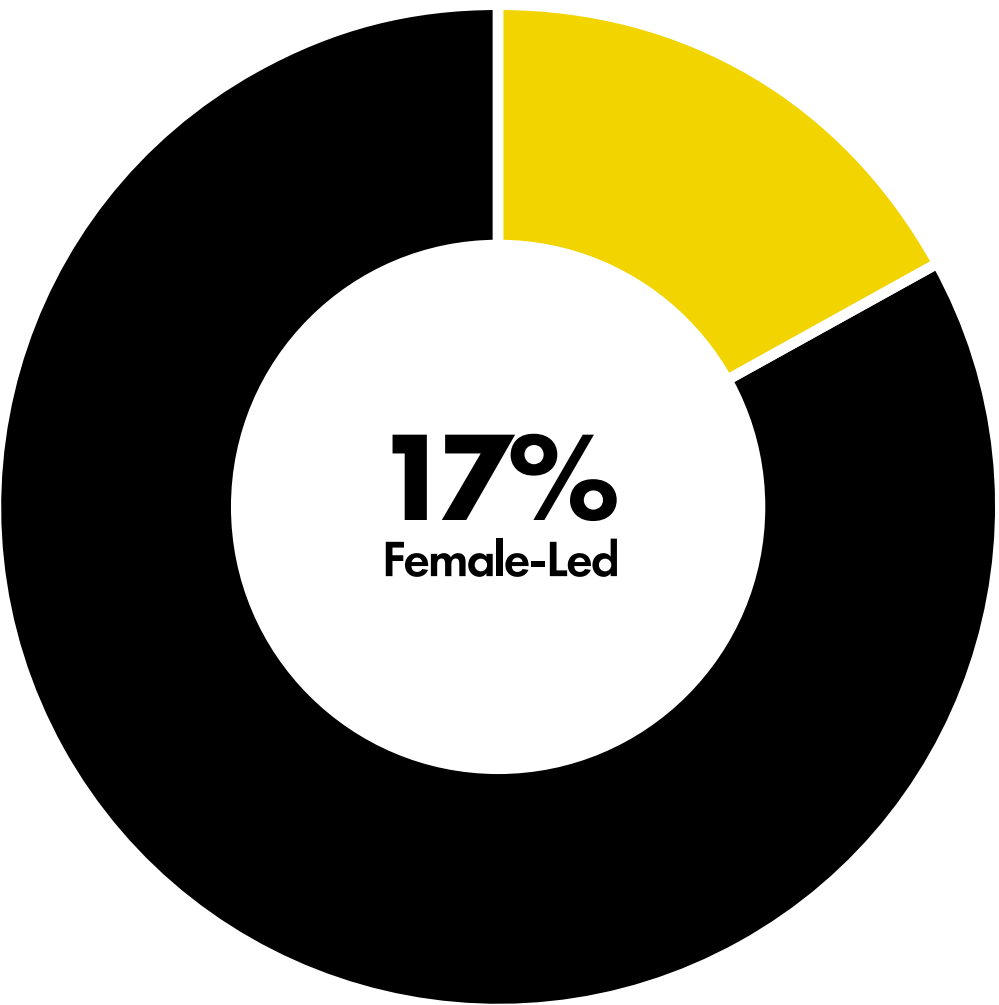
Though often viewed as progressive, the music industry, and by extension, the music tech sector, faces significant challenges around diversity and inclusion.

Women and underrepresented groups remain disproportionately absent from leadership roles and encounter systemic barriers to entry and advancement.

And within the MTUK ecosystem the numbers are clear: just 17 percent of Music Technology UK’s member companies are led by women, a proportion slightly smaller than the UK average of 19.1%<sup>8</sup>.

% of Music Technology UK Member Companies That are Female Led

Source: Music Technology UK, Member Analysis, 2025



A female founder shares a candid perspective on these disparities,

“ I’ve raised significantly less money than [x company] has raised working in a similar space, yet I have more success with global deals. How has he raised more than four times the amount I have in roughly the same time? To me, that shows a gender-bias in investment.”

These inequities not only limit individual opportunity but also constrain the sector’s ability to innovate and reflect the diversity of its audiences. Addressing them will be critical for long-term sustainability. Key recommendations include:

- Setting clear diversity targets
- Offering tailored support for underrepresented founders
- Embedding inclusivity in product and service design

Initiatives like the Black Founders Programme are showing positive results in helping diverse entrepreneurs access growth funding and development opportunities. These targeted initiatives address specific barriers that underrepresented founders face.

“ SymphoME is a great example of this - an innovative platform transforming musical education through AI and gamification. SymphoME were part of Digital Catapult’s Black Founders Programme and went on to secure funding from Innovate UK to further develop their product, taking it to the next level.”

Laura Helm, Head of Creative Industries, Digital Catapult



## Focus Areas for Regulators and the Industry (continued)

# Cultural and Social Impact

Music tech holds promise not just economically but socially and culturally. It can help promote diversity, support underrepresented voices, and shape a more inclusive industry. Programmes like Digital Catapult's Black Founders initiative are already making strides in this area. And MTUK has launched FemTUK, MTUK's space for female identifying founders or future founders to share, learn and discuss issues that often slow down or prohibit female founders from getting their ideas to market.

In addition, the sector plays a key role in preserving and projecting the UK's cultural heritage and soft power.

“ The UK still has a huge amount of soft power when it comes to our musical heritage... I'm hopeful that we can stay relevant.”

Hazel Savage, Angel Investor

By supporting innovation in how music is created, distributed, and experienced, music tech helps ensure the UK continues to lead globally in both culture and technology.



# MTUK Action Points

**This report has identified critical structural barriers constraining UK music tech growth: a fundamentally shifted investment landscape with limited long term funding and a lack of regional parity, legislative uncertainty around AI technologies and the isolation experienced by entrepreneurs navigating a complex industry ecosystem.**

MTUK is implementing a comprehensive strategy that addresses these systemic challenges through targeted intervention across multiple stakeholder groups.

## **Bridging industry and innovation:**

A core focus is building deeper partnerships with the established music industry to ensure startups and scaleups understand market dynamics before they develop too far down the technology path. Too often, brilliant innovations fail not because of technical limitations, but because they don't align with how the music industry actually operates.

MTUK will expand its advisory panels to feature a broader range of music industry experts, including major rights holders, the independent sector, artists, management, live music operators, DSPs and others. In this way, we can create the feedback loops essential for building solutions that the music industry genuinely needs and will adopt.

## **Building investor interest:**

MTUK will work directly with angel networks, venture capital firms, and institutional investors to articulate the sector's distinctive value proposition. We will develop investor engagement programmes, promoting enhanced awareness of EIS and SEIS tax relief schemes, and facilitating connections between startups and investors with relevant portfolio experience.

We will advocate for government recognition of music tech's centrality within the creative industries, including the establishment of a dedicated Music Tech Innovation Fund from the £4 billion (\$5.5 billion) British Business Bank Industrial Strategy Growth Capital initiative.

## **Coordinating ecosystem support:**

MTUK will support the strategic coordination of the UK's robust ecosystem of support organisations – from Innovate UK and Digital Catapult to the Department for Business and Trade – creating integrated pathways that enable companies to progress from early-stage innovation through to scale-up and international expansion. This includes providing the data-driven insights essential for informed decision-making.

## **Enabling global expansion:**

MTUK will advocate for tailored export programmes that provide UK music tech companies with targeted support and international market intelligence. Beyond maintaining focus on the crucial U.S. market, we will facilitate expansion into priority markets including Australia, India, and the European Union.

## **Accelerating regulatory clarity:**

MTUK will work with the Government to fast-track regulatory clarity on AI technologies, creating frameworks that enable fair compensation for rightsholders while supporting innovation. We facilitate collaboration between tech, music, and creative industries to develop AI tools that benefit all, ensuring the UK captures leadership in this transformative area.

Our final call to action extends to all stakeholders: the music industry, investment community, and policy makers. Join us in building the infrastructure that transforms the UK from a collection of brilliant individual innovators into the world's most connected and successful music tech ecosystem.



# Methodology

## Methodology and Data Sources

This report is based on a combination of qualitative and quantitative research methods, including:

- Data from Tracxn: Tracxn is a globally recognised private market intelligence platform, trusted by over 850 investment professionals across more than 50 countries. Their platform is built to support VC and PE firms, investment banks, corporate strategy teams, accelerators, universities, and journalists in efficiently discovering, evaluating, and tracking startups, scaleups and private companies. Tracxn maintains profiles on over 3–4 million entities across more than 2,500 industry feeds and 2,700 sectors, covering both emerging and mature tech verticals such as AI, fintech, VR, blockchain, IoT, and more. Each includes funding history, executive team details, investor rounds, acquisitions, financials, cap tables, app data, user metrics, and news. Their data acquisition model is a hybrid of AI-powered automation and expert analyst oversight.

- Manual data clean-up and additional research on companies.
- In-depth interviews with 15 key stakeholders in the UK Music Tech sector, including entrepreneurs, investors, and public agencies. The full list of interviewees and their affiliations is provided below.
- Analysis of secondary data sources, including industry reports, market research and company financial data.
- Desk research of relevant academic and policy papers.

The report also draws on the expertise and insights of the MTUK team, who have extensive experience working with music tech startups and scaleups and supporting the growth of the ecosystem.

Exchange rate: Values converted from USD to GBP using the rate of 1 USD = 0.73 GBP as of 30 June 2025.

## UK Music Tech Definition

[for the purposes of the report analysis]

A Music Tech company is:

- A company that makes its primary revenue from the development, production, and exploitation of technology, rather than from exploiting the commercial assets of the music industry (e.g., musical compositions, master recordings, live musical performances, or artist brands) or from analogue product manufacturing (e.g., vinyl, guitar manufacture).
- The technology either contains a musical component/music asset (composition, recording, live performance, brand) or provides a service to the music industry (to artists, record labels, publishers, PROs etc).
- Development, production, and exploitation of technology can be B2C or B2B.
- The company must be headquartered in the UK.

In summary, the key distinction should be how the primary revenue is earned by a company. If it's primarily from rights exploitation, then it's more endemic to the traditional music industry than music tech.

## List of Interviewees

- 1 John Acquaviva & Rishi Patel, Plus8 Equity
- 2 Valentina Baccianella, Department for Business and Trade
- 3 Kimberly Dickson, HyperTribe
- 4 Luana David, Supernode Global
- 5 Chantal Epp, ClicknClear
- 6 Emma Fadlon, Innovate UK Business Connect
- 7 Laura Helm, Digital Catapult
- 8 Dominic Hodge, Yoto
- 9 Daniel Ibri, Mindset Ventures
- 10 Rachel Lyske, DAACI
- 11 James Morrison, planet.fans
- 12 Carl Olsson, Creativ Partners
- 13 Andrea Rosen, Best Nights VC
- 14 Hazel Savage, angel investor
- 15 Hannah Williamson, Edge VC



# Acknowledgements

**This inaugural report would not have been possible without the dedication and expertise of many individuals and organisations who contributed their time, insights, and support over the past four months.**

We extend our deepest gratitude to our core project team: Helena Kosinski, who provided exceptional leadership throughout the project; Rufy Ghazi, Audience Strategies, who expertly led the industry interviews, ensured we captured valuable perspectives from across the industry, and extended her excellent organisational skills to keep us on track; Gareth Deakin from Sonorous Global, who added his vast expertise to the direction of the report; and Matt Cartmell, Chief Executive, who gave his full backing to the project. Thank you all for your significant time and efforts.

Our sincere thanks go to all the interviewees who generously shared their time and insights, providing the rich qualitative foundation that makes this report so valuable. We are equally

grateful to the companies that agreed to be featured, allowing us to showcase real-world examples and case studies that bring our findings to life. Special thanks also go to board members Jane Dyball and Helen Sartory, and to Alex Cole, Pascal de Mul, and Richard Hinkley for their constructive feedback throughout the process.

We acknowledge the helpful and responsive team at Tracxn for their support with data extraction and cleanup for our quantitative analysis. We also extend our appreciation to Lewis Silkin for their support, especially in the final stages and for the launch. The report's visual impact and clarity are thanks to the excellent design work by Phil Tyler of Lewis Silkin and Chris Woods and Gemma Hoskins at Westgate Comms, who transformed our research into an accessible and engaging format.

Special recognition goes to our PR partners at Fourth Pillar for their strategic communications advice, and to London & Partners for their promotional backing, helping us reach the widest possible audience with our findings.



**Finally, we thank everyone else who contributed to making this inaugural report a reality – from initial concept through to final publication. Your collective efforts have created something truly valuable for the industry, and we look forward to building on this foundation in future editions.**



# About Music Technology UK

## **Music Technology UK exists to drive recognition of the UK as a global leader in music tech innovation.**

We stand side by side with the UK's world-leading music industry to maximise opportunities for investment and growth. By building innovative and productive partnerships with music industry stakeholders and supporting new and existing initiatives, Music Technology UK aims to create greater value for all.

Music Technology UK envisions a thriving UK music tech ecosystem recognised globally for innovation, collaboration, and growth. To achieve this vision, our objectives are to:

### **Foster industry leadership:**

Position the UK music tech sector as a global leader in innovation and development by advocating for progressive policies and practices.

### **Cultivate growth and investment:**

Stimulate the growth of music tech startups and scaleups by facilitating access to capital, mentorship, and strategic partnerships.

### **Create productive partnerships:**

Create an environment where music tech pioneers and the entire music industry can explore innovative new ways of working together, with the aim of increasing value for all parts of the music industry.

### **Nurture talent and innovation:**

Collaborate with educational institutions to create clear pathways for emerging talent, fostering a culture of innovation that perpetuates the sector's growth.

### **Expand global reach:**

Empower UK music tech entities to extend their influence and operations internationally, amplifying their presence on the world stage.

### **Integrate across media:**

Leverage the convergence of music with other creative industries to unlock new opportunities and foster interdisciplinary innovation.

### **Strengthen community networks:**

Build a robust network within the music tech community to facilitate knowledge exchange, support, and collective advancement, engaging with existing music industry networks and membership bodies.

### **Champion economic advantages:**

Negotiate and provide access to resources and opportunities that yield financial benefits for our members, allowing them to reinvest in their growth and success.

These objectives aim to create a dynamic and sustainable environment where the UK music tech sector can flourish, contributing to the cultural and economic fabric of the nation.

About Music Technology UK (continued)

Board



**Matt Cartmell**  
Chief Executive



**Cliff Fluet**  
Chair



**Gareth Deakin**



**Claire Mas**



**Helen Sartory**

Advisory Board



**Jane Dyball**



**Jon Eades**



**Rick Gleave**



**Helena Kosinski**



**Rachel Lyske**



**Amanda Schupf**



**Simon Scott**



**Paul Trueman**



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AIMS API s.r.o.  
Aiode LTD  
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Ampollo  
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beatchain  
BeatHive  
Big Cookie  
BMAT  
Bonza Music  
Brainchild Creative Studio  
BSB TV  
Cactus Innovations Ltd  
Cantilever Music  
CastRooms  
Chromaesthesia Limited  
CIRKAY  
ClicknClear  
Condense Reality  
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Dublive  
Electric Sheep  
Ellevate Studios Ltd  
Evolution Music Ltd  
Feedback  
Figaro

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On Air  
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Openstage  
Panaudia  
planet.fans  
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Readychips  
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Repped Music  
Revelator Ltd  
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Riffidum  
rightsHUB  
RoEx Audio  
Round Group Limited  
RT60 (RT Sixty Ltd)  
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Songcards  
SoundInfluencers  
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SpinBard  
Stage Portal  
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This Great Adventure  
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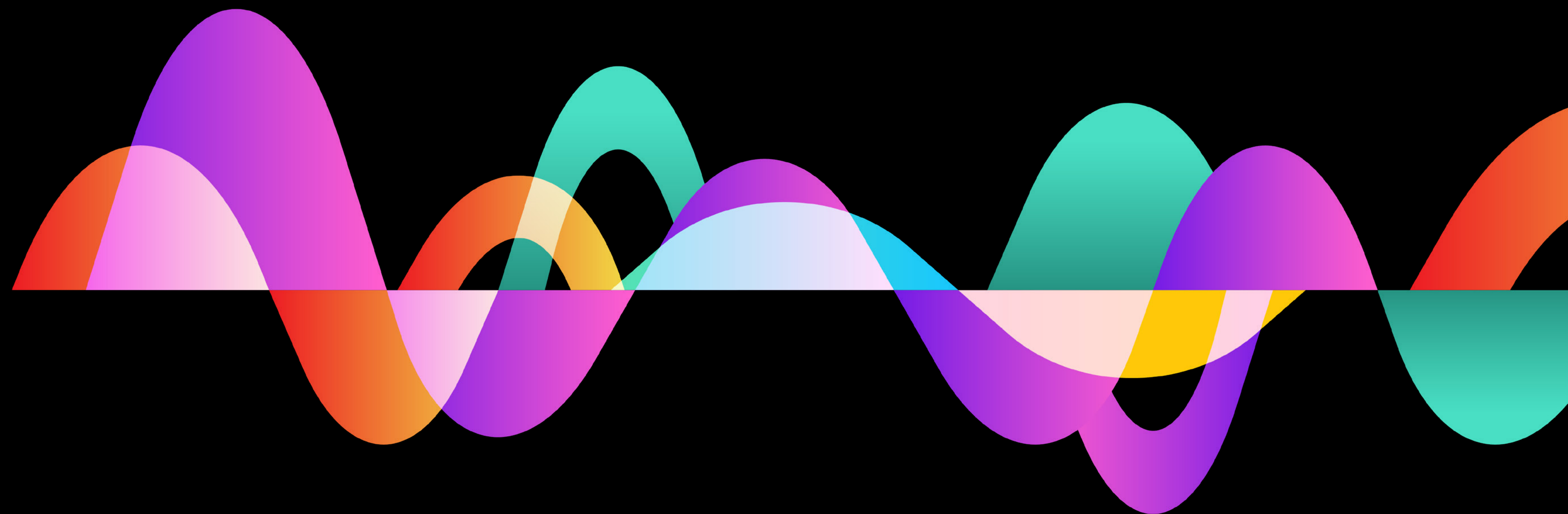
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Audible Magic  
d&b group  
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Songtradr  
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