

# London's tech hub looks to capture 'MIT magic'

By Megan Woolhouse | GLOBE STAFF    FEBRUARY 06, 2013



OLI SCARFF/GETTY IMAGES

**British officials have high hopes for the Silicon Roundabout and the nearby former Olympic Park as a home to a new technology center.**

LONDON — One of this city's most talked about places is an unremarkable traffic rotary dotted with steel gray ventilator shafts that sits in the shadow of a giant billboard.

Yet Silicon Roundabout, as it's known, is the epicenter of the British government's effort to turn London into a global technology hub. The name is a play on California's Silicon Valley, but UK leaders are looking to Massachusetts in efforts to boost their nation's high-tech economy as a future job creator.

They are studying entrepreneurship at the Massachusetts Institute of Technology and taking lessons from Kendall Square to better understand how to turn the roundabout — and the former Olympic Park located nearby — into a global magnet for technology ventures.

The British government embedded its Boston-based former consul-general Phil Budden at MIT for the last several months. Now there are preliminary discussions about creating a satellite office of the Cambridge Innovation Center, the Kendall Square incubator that is home to hundreds of MIT-spawned start-ups, in London.

“We’d like to get that MIT magic, taking great science and turning it into real companies, to rub off,” Budden said recently. “They are a world-class education center for entrepreneurs, the entrepreneurs that everybody wants to get a piece of.”

Silicon Roundabout was simply the gritty Old Street Roundabout about a decade ago when a few technology start-ups opened up there, attracted by the area’s affordable rents in a notoriously expensive city. The success of a few of those start-ups, businesses such as Last.fm, Moo.com, and Dopplr, attracted other entrepreneurs.

Two years ago, the British government decided to back the effort and embarked on a plan to boost its growth, dubbing a wide swath of East London as “Tech City.”

The nation was in the throes of a deep recession at the time, and government leaders enacting steep budget cuts pointed to the growing tech cluster as a way to revive the nation’s battered economy, create jobs, and promote what leaders have called their “prosperity agenda.”

Today, Tech City encompasses a meandering 7-mile section of East London that includes Silicon Roundabout and Olympic Park. Property values have soared, and the

### GLOBAL COMPANIES MOVING TO LONDON’S TECH CITY

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Establishing a technology development center

■ **SILICON VALLEY BANK**

Opened first UK branch in Tech City

■ **VODAFONE**

Launching new technology lab and incubation center

British government hopes to boost its size and visibility on the world stage, while promising locals improved neighborhoods and job creation.

“The UK is in a global race, and I am determined that we as a government continue doing everything we can to equip the UK to compete and thrive in that race,” Prime Minister David Cameron said recently.

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By government estimates, there are now about 1,300 tech companies in Tech City. Last year, Google Campus opened a seven-story center where programmers and others can meet for coffee or a game of pool.

The building is anonymous — with no outward markings that it is owned and managed by Google — but the company offers mentoring and help to aspiring entrepreneurs.

Amazon.com Inc., the world’s largest retailer, also situated a new center in Tech City last year, where hundreds of software engineers and programmers focus on the next generation of TV and film services. Telecommunications giant Vodafone Group PLC also opened its own technology lab and incubation center in the area last year. And Silicon Valley Bank opened its first UK branch in London in 2012.

Benjamin Southworth, deputy chief executive for UK Trade & Investment, the arm of government promoting Tech City, said Massachusetts has more venture capital firms and funding than all of the United Kingdom, generally because London’s financial culture is more conservative than California’s or Boston’s.

“We’re trying to get high-net-worth guys involved,” Southworth said of Tech City. “Everybody always says, ‘You have so much money in London.’ But what we also have is the attitude of aversion to risk.”

Government officials have launched a marketing effort to showcase the United Kingdom’s vast cultural offerings with the hope of attracting what it calls the “creative digital class.”

Officials used the Olympics as a way to showcase the city’s fashion, design, and music offerings, promoting the city and nation at a venue called Hackney House, a circus tent

erected on an empty East London lot, and using it to promote industry by day and host cabaret singers, art, and local music at night.

The government has also helped sponsor social events at local pubs and art galleries geared to helping the city's already bustling scene for young people interested in technology and culture. Such events add to the excitement surrounding Tech City and offer networking opportunities in a nation where one in five twentysomethings is unemployed.

And British government officials recently announced a \$78 million plan to redevelop Silicon Roundabout itself, constructing a civic building on the site that offers classrooms, shared work spaces, and workshops for use by start-ups, entrepreneurs, and the wider community.

Back in Massachusetts, British consulate officials routinely take representatives from area companies, politicians, and potential investors overseas to show what Tech City has to offer.

About 30 companies from the United States have opened in Tech City in the last two years, consulate officials said, and many more Massachusetts companies have expressed strong interest.

And Budden has been working with professors at the MIT Center for Entrepreneurship on ways to build London's reputation and make the city more attractive to foreign entrepreneurs, workers, and investors.

Fiona E. Murray, the faculty director of the MIT Center for Entrepreneurship, visited Tech City twice in recent months to aid the government effort.

Murray, a British native educated at Oxford University and Harvard, said she thinks the city needs to draw more experienced international entrepreneurs ready to turn start-ups into job-generating giants.

"Two-person businesses are not going to build the economy in London," she said of small start-ups. "Mixing it with entrepreneurship and experience, it's a powerful thing to do."

Murray works with a steady stream of student entrepreneurs at MIT who help make Kendall Square one of the densest and most established technology clusters in the world.

She said MIT, unlike other schools, does not give any investors or governments “privileged access to our students” or the companies they create, noting that entrepreneurs ultimately decide where to locate.

But she admitted a soft spot for her homeland.

“The first place I’m likely to help is the UK, it’s where I’m from and the place I care most about,” She said. “London is a special place, and I think there’s a tremendous opportunity [there] to do some wonderful things.”

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