

crew

Regeneration Wales
Adfywio Cymru

Techhub Swansea

Case Study



1. Context

Swansea has two large and highly rated universities, and the city has a large university population. However, it has a very low retention rate for graduates, despite enjoying an attractive physical environment.

The development of web based industries presents an opportunity for employment in parts of Wales struggling to create well paid jobs to replace former heavy industry. These hi tech industries, relying as they do on intellectual capital, have tended to cluster around universities.

This case study analyses one initiative, the Techhub, which aims at creating just that clustering effect in South Wales, based in the “Vibrant and Viable Places” programme area of Swansea.

2. Techhub

The Techhub initiative was the idea of three initial IT entrepreneurs who operated out of the local Indycube Co-Working Space in Swansea High St.

TechHub as a concept was originally launched in London in July 2010. Since then, it has grown to encompass half-a-dozen international spaces from Boston to Bangalore via Madrid and Riga in the Baltics. Techhub Swansea was launched in summer 2013, and became the third TechHub location after London and Manchester in the UK. It now occupies three floors of the former Post Office building in Wind St, Swansea.

TechHub was helped in its incubation by a Wales Government Economy, Science and Transport set up grant of £20,000.

Economy Minister Edwina Hart explains:

“The TechHub concept was developed by entrepreneurs for entrepreneurs and promises to provide an environment that will stimulate the growth of new high-tech companies in Wales. Encouraging entrepreneurs and supporting start-ups with high growth potential is an integral part of our strategy to grow the economy and create quality jobs. This private sector initiative is therefore very welcome and will complement Welsh Government supported activities to boost the business birth rate.”

Techhub is supported by a range of partners. These include:

Premier Partners:

- Welsh Government (EST)
- University of Wales TSD
- HPC (High Performance Computing) Wales
- Impact Innovation
- Google for Entrepreneurs
- BT.

Supporting Partners:

- Business in Focus (Business start-up experts)

2.1 The concept

Techhub Swansea is a Community Interest Company, providing co-working space for start-up tech businesses for £150 per desk per month. The idea is that by working with likeminded entrepreneurs in both a physical and virtual space, technology start-ups will:

- work smarter
- develop faster,
- share knowledge with other members
- create a social buzz

In addition, members also have the opportunity to:

- bounce ideas off others in the community
- get advice from people who have already made mistakes
- get support for new products
- attend events held in Swansea and at other Techhubs
- access other Techhubs in Britain and abroad

The international and business support provides credibility and access to wider markets for start-up companies in the Techhub.

Given the high failure rate of new companies, members also have the security of knowing that in all likelihood if their product fails, the advantage of co-working means it is likely that another company in the Techhub community will employ them.



2.2 Development to date

Techhub started with three entrepreneurs who operated on one co-working floor with an adjacent meeting room. By 2015 the organisation has taken over three floors of the building, with the addition of a cafe on the ground floor. One floor is dedicated to co-workers with 30 people and 9 businesses operating there. One of the founder businesses, Veeqo, raised over £1m for development, has grown from 3 to 25 staff and now occupies a whole floor of the building. One room has been dedicated to a community of electronic engineers as a hack space where they can experiment with ideas.

In 2015 DVLA formed a partnership with Techhub and moved its innovation team into the third floor of the Techhub. Announcing the TechHub agreement, the DVLA said it will work with six other technology start-up companies at the Swansea site, in an attempt to up-skill its in-house staff with cutting edge programming techniques, whilst sharing its own in-house knowledge. This will enable it to pursue a strategy of more agile programming, reducing its dependence on large scale contractors and creating the capability to in-sourcing technology.

Since opening in 2013 Swansea TechHub has been encouraging the local development of innovative products and ideas. So far the “ideas to product” business start-up tally is around 40+ productions, with 50 jobs created since Swansea launch and an investment of over £1.4m in companies in Techhub.

Techhub co-founder and CEO Elizabeth Varley says:

“Swansea is a great example of how different elements of the tech start-up ecosystem are coming together to tap into the emerging talent that exists in Wales.

With its proximity to South West UK and that region’s long-standing history of technology innovation, plus great local support from universities and government and a kick-ass founding team, we’re really excited to see what TechHub Swansea can do.”

2.3 Lessons learnt

This sector is a high risk/reward environment with many project and company failures, so there is no guarantee of success. However the clustering effect appears to be working well. Public sector involvement has been limited to enabling and seed corn finance, with the individual entrepreneurs taking the ideas forward. Initially, Techhub benefited from renting offices on a short term pay per desk basis, with the risk shared with a local Housing Association, which meant that they were not exposed to fixed cost of a long term lease and could expand rapidly to fill the available space.

Collaboration between entrepreneurs and large scale companies who are supporting the Techhub has proved advantageous on both sides. Large scale companies can gain agility and an experimental approach to their programming needs, and entrepreneurs gain credibility and access to finance and wider markets.

Further information:

Techhub Swansea – swansea.techhub.com

Veeqo – www.veeqo.com

D.V.L.A – www.gov.uk/government/news/dvla-becomes-sponsor-of-digital-services-initiative-techhub-swansea

For information on the Welsh Government “Vibrant and Viable places” programme – gov.wales/topics/housing-and-regeneration/regeneration/vibrant-and-viable-places/?lang=en

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