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Brexit may Leave Britain with IT Worker Shortage, Loss of Start-up Capital

According to published reports, the British vote last week to leave the European Union raises new issues for the global technology industry.

The loss of EU agreements allowing highly skilled workers to move freely between countries has British tech firms, and other global technology firms with offices there, concerned whether Brexit will fundamentally harm the industry's ability to attract highly skilled workers from other European countries.

This is one of a number of reasons why British tech firms strongly opposed Brexit. According to a technology industry survey, 87 percent of British technology firms wanted to stay in the EU, and 70 percent were concerned that a vote would damage London's reputation as a technology hub.

Another major reason for industry opposition was the loss of access to start-up capital through major venture capital funds like the European Investment Fund, which backs an estimated 41 percent of venture capital investments in Europe. If Britain is no longer part of the investment network, an important source of funding is dried up, at least until Britain can negotiate its own arrangements with the Fund.

And like other industries, some foreign technology companies that previously looked to London as an ideal place to enter the European market may now look elsewhere.

-Techserve Alliance Industry Update, June 2016