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**KINGSLEY NAPLEY**

WHEN IT MATTERS MOST

# KN Tech Law Roundup

## Winter 2022/2023



We issue this edition of the KN Tech Law Roundup against a backdrop of glum economic news as the nation battens down the hatches to deal with the prospect of a prolonged recession. The tech sector, although resilient, certainly hasn't been immune to the economic downturn. A wave of [job losses](#) has swept across the sector since the summer, as businesses which scaled too quickly in recent years have been forced to re-think their personnel strategy in order to plan for the recession. Unsurprisingly, investment activity in the sector is also decreasing - in Q3 2022 VC investment in the UK [fell to its lowest level since Q3 2016](#). The number of VC deals fell from 865 in Q2 to 575 in Q3, with the value of those deals falling from £8bn in Q2 to £4bn in Q3.

### What are the positives?

Opportunities can arise from adversity and tech founders should stay aware of those which they can capitalise upon in the current economic climate. Whilst we suspect many remain to be convinced that the government is capable of "turn[ing] Britain into the world's next Silicon Valley", as Jeremy Hunt stated in his recent Autumn Statement, some recent government policies are clearly of benefit to the tech sector. Kwasi Kwarteng's [mini-budget](#) saw the extension of the EIS and VCT tax relief schemes alongside increases to the amounts that can be raised under the SEIS scheme and, whilst much of that mini-budget has been reversed by Hunt, those policies survived. As a result, the key tax reliefs which help to drive investment into tech startups and scaleups should remain in place throughout the economic downturn.

It's also not doom and gloom in every subsector of the tech industry. By way of example, the UK's climate tech sector is currently [rapidly expanding](#), with investment into that sector doubling from £3.48bn in 2021 to £6.54bn in 2022 (so far). It's clear that investment funds for growth are available for truly innovative businesses which are able to satisfy the more rigorous due diligence requirements of VCs, who are now being far more considered than in recent years before parting with their cash.

For sensibly-run scaling tech businesses which do secure funding and continue to grow in the downturn, hiring talent should now be less of a challenge than it has been recently. The wave of tech sector job losses in 2022 has resulted in a market full of experienced talent looking for new opportunities, albeit without as many businesses in competition to recruit them.

Taking onboard sound advice from all angles will be of benefit to founders looking to weather the economic storm and, to that end, we've curated a wide selection of our recent content for this edition KN Tech Law Roundup, including blogs from our 'Lifecycle of a tech startup series' on [VC investment](#), [data protection compliance](#) and [incentivising employees](#), as well as a podcast on key issues to bear in mind when drafting a [SaaS agreement](#).

Do get in contact with any of the team with your feedback or any suggestions for future topics you would like covered, or indeed if there is anything in this edition that you would like more information on.

Kind regards,  
KN Tech Law Team

## Lifecycle of a tech startup series: VC Investor

Blog

Lifecycle of a tech startup series:  
VC Investor



In episode 14 of our 'Lifecycle of a tech startup' series, [Emer Hughes](#) looks at VC investment and some of the terms they look for when making an investment in a business.

[READ THE BLOG](#)

## Lifecycle of a tech startup series: Data Protection

Blog

Lifecycle of a tech startup series:  
Data Protection



In episode 13 of the 'Lifecycle of a tech startup' series, [Andrew Solomon](#) looks at the laws surrounding GDPR and what must be done to ensure KNow Wear are fully compliant with data protection laws.

[READ THE BLOG](#)

## Lifecycle of a tech startup series: Incentivising Employees

Blog

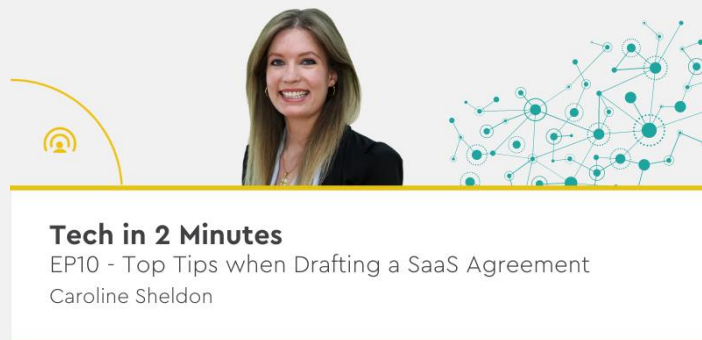
Lifecycle of a tech startup series:  
Incentivising Employees



In episode 12 of the 'Lifecycle of a tech startup' series, [Matt Spencer](#) explores leaning into the startup's potential and using share options as a way to attract the best talent, despite not being able to compete with its larger and more established competitors on salary.

[READ THE BLOG](#)

## [Tech in Two Minutes - Episode 10 - Top Tips when Drafting a SaaS Agreement](#)



In the tenth episode of our Tech in Two Minutes podcast series Associate [Caroline Sheldon](#) speaks about the top tips for suppliers to consider when drafting their software as a service agreement.

[LISTEN NOW](#)

### WATCH

#### [Investor Academe Ask Me Anything with Emer Hughes](#)

In the latest instalment of Angel Academe's "Ask Me Anything" Investor Academe series, Sarah Turner quizzes [Emer Hughes](#) about the whys and wherefores of term sheets, and their importance to angel investors. Click [here](#) to watch.



### Angel Academe

Supported by Kingsley Napley for over five years, Angel Academe is an award-winning network dedicated to investing in female-founded tech businesses and introducing more women to angel investing. If you're a female-founded tech startup currently fundraising, applications are currently open for the [Angel Academe 2023 pitch events](#). If you're a high-net worth individual interested in knowing more about the angel investment process, you can find out more and contact the team on the [Angel Academe website](#).

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