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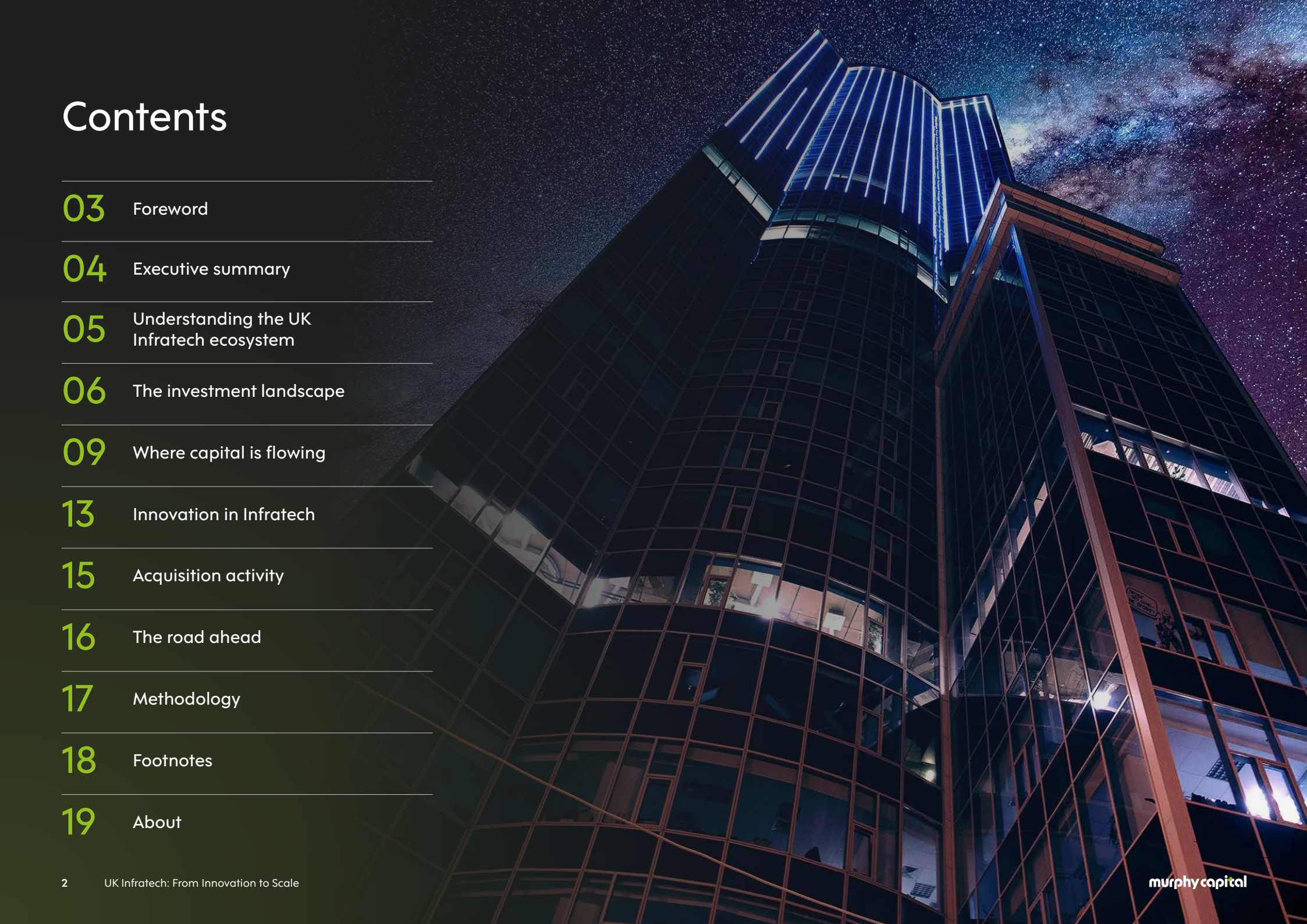
UK Infratech: From Innovation to Scale

Insights for founders, investors and infrastructure leaders

AUGUST 2026

Contents



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Foreword

Infrastructure is entering a new era. Across the UK and beyond, the scale of investment being committed to energy, transport, water and the built environment is unlike anything we have seen in recent decades. Delivering that investment faster, more efficiently and more sustainably will require a new generation of technologies, and the businesses capable of bringing them to market.

The findings presented in this report reinforce that opportunity. UK Infratech attracted a record £439m of equity investment in 2025, despite fewer funding rounds, with average deal sizes rising to £2.68m. At the same time, investment is increasingly flowing towards venture and growth-stage businesses. Together, these trends demonstrate a clear shift: capital is concentrating in businesses capable of commercial deployment at scale, while the broader ecosystem becomes more selective.

Mike Carpenter

Managing Director
Murphy Capital

THE COMPANY

Murphy has spent 75 years delivering some of the UK's most complex infrastructure programmes. That experience has given us a clear understanding of where the industry's greatest challenges lie and where technology can make the biggest difference.

Murphy Capital was created to help bridge that gap. We invest in early-stage and growth-focused companies across three strategic verticals: the Future of Construction, Supply Chain and Greentech. What differentiates us is not simply the capital we invest, but the opportunity to work alongside one of the UK's leading infrastructure businesses, providing access to live projects, operational expertise and a trusted network of customers and partners that can help innovative businesses validate, deploy and scale their technologies.

THE REPORT

Produced in partnership with Beauhurst Insights, this report provides a data-driven view of the UK Infratech market, examining the investment, innovation and commercial trends shaping the sector. We hope it provides valuable insight for founders, investors and infrastructure organisations alike.

The future of infrastructure will be shaped by bold ideas, ambitious founders and partners who can help turn innovation into commercial reality.

At Murphy Capital, we are committed to being that partner.

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Executive Summary

KEY FINDINGS

Capital is increasing, but concentrating:

UK Infratech equity investment reached £439m in 2025, while deal volumes declined, indicating fewer but larger funding rounds.

The market is maturing:

Venture and growth-stage companies captured almost 79% of Infratech equity investment in 2025.

New company formation has weakened:

Foundations fell sharply in 2024 and 2025, while cessations continued to rise.

Greentech and Digital & AI are leading investment activity:

Greentech attracted the highest total equity investment across the three verticals, while Digital & AI was the highest-funded sector across each vertical.

Commercialisation is the defining challenge:

Founders increasingly need access to live deployment environments, customers and operational expertise, not capital alone.

Implications for founders, investors, and industry leaders

These findings point to clear implications for founders, investors, and infrastructure leaders alike.

For founders, it demonstrates that companies need to move beyond proof of technical capability to scale, raise capital and exit. Momentum is shifting; the highest-value opportunities will likely favour businesses that can demonstrate real-world deployment use cases, measurable performance benefits, and a credible route to customer adoption.

For investors, commercialisation support is essential. Infratech companies often operate in complex procurement environments where routes to market are slower than in software-only sectors. Investors that can provide customer access, operational insight and deployment opportunities will be better positioned to help portfolio companies scale.

For infrastructure leaders, innovation is increasingly becoming a core delivery issue. Technologies leading the way in productivity, resilience, cost certainty and sustainability are now a central part of major programme delivery rather than sitting on the periphery of infrastructure strategy.

£439m
Investment in 2025
PAGE 6

79%
Captured by Venture & Growth stages
PAGE 7

2,116
UK Infratech companies
PAGE 5

£580m
Greentech investment
PAGE 10

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Understanding the UK Infratech ecosystem

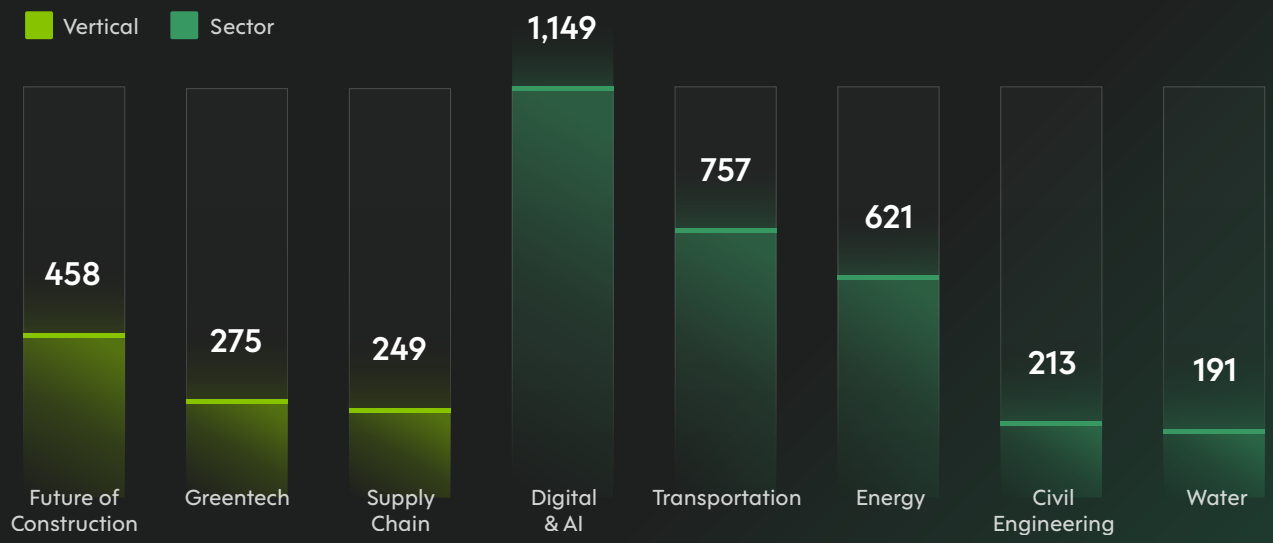
Infratech is a broad and rapidly evolving market, with businesses developing everything from AI-powered construction software and digital twins to low-carbon materials, robotics, energy systems and advanced sensing technologies. Despite its growing importance, there is no single accepted definition of the sector.

We identified a bespoke cohort of UK companies whose core activity is the development or application of technology, both hardware and software, to infrastructure. Drawing on our investment thesis, these companies are organised across three strategic verticals (Future of Construction, Supply Chain and Greentech) and five infrastructure sectors (Energy, Transportation, Water, Civil Engineering, and Digital & AI).

The resulting cohort comprises 2,116 companies. While Digital & AI is the largest sector in the cohort, tallying 1,149 companies, traditional infrastructure areas such as Transportation and Energy are well-represented. This underlines how the sector operates at the intersection of established industrial activity and cutting-edge technological innovation.

Digital & AI companies dominate the UK Infratech ecosystem

Figure 1: Infratech sector and vertical company populations



2,116 companies

660 FUNDED COMPANIES

664 GRANT-FUNDED COMPANIES

258 PATENT HOLDERS

These companies highlight the breadth and maturity of the UK Infratech ecosystem. Of the 2,116 businesses identified, 660 have raised equity investment, 664 have secured grant funding, 258 have filed patents, and 128 are university spinouts. These characteristics reveal how commercial growth, innovation and technology transfer are all shaping the development of infrastructure technologies.

To understand how the market is evolving, this report examines three themes: the equity investment landscape, exploring how much capital is flowing into UK Infratech and where; innovation activity, using grant funding, patenting and spinout data to identify where new technologies are being developed; and acquisition activity, assessing what it reveals about exit dynamics and market consolidation.

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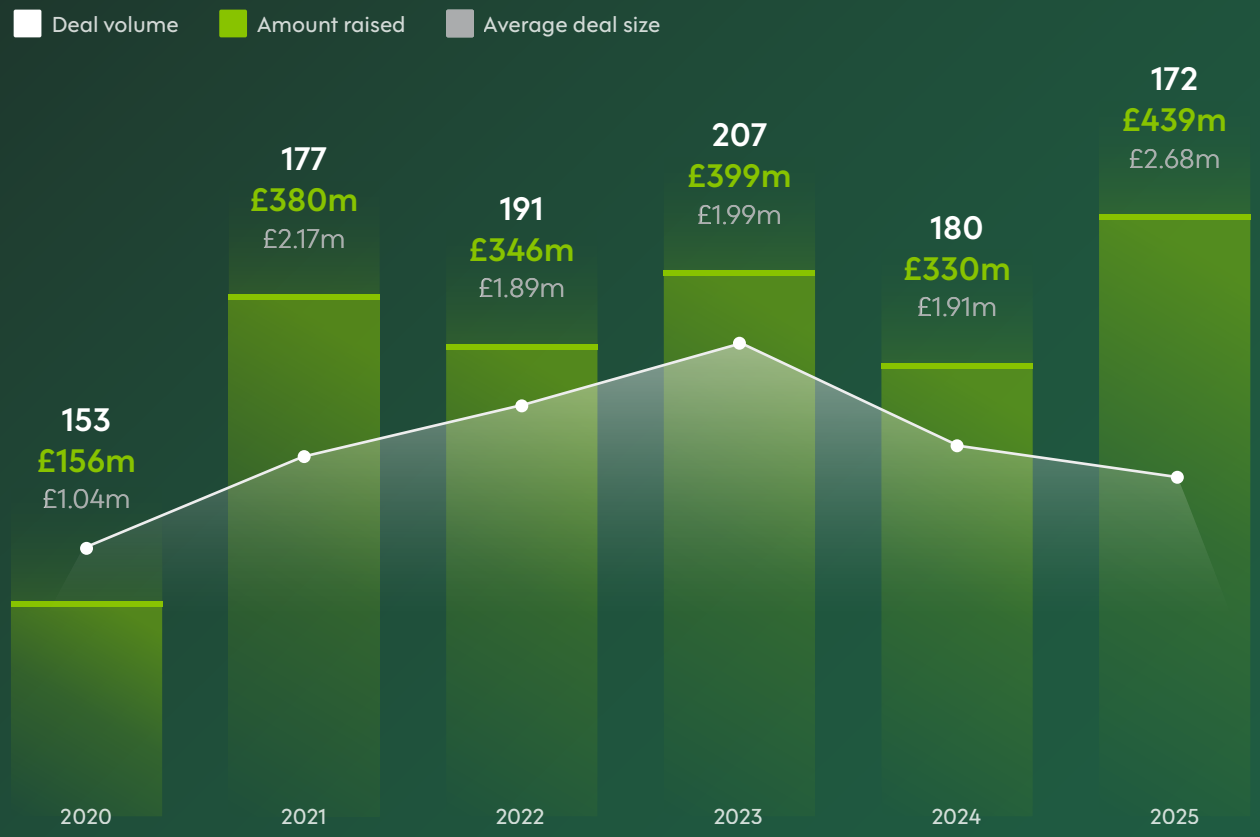
The investment landscape

Equity investment reached a six-year high in 2025, driven by fewer but larger funding rounds.

Figure 2: Equity investment into UK Infratech companies (2020-2025)



2025 recorded the highest level of equity investment into Infratech since 2020.[2] However, this was driven by larger average deal sizes - £2.68m in 2025 vs £1.04m in 2020 - rather than an increase in deal activity. 2021 is the only other year which recorded average deal sizes of more than £2m (average size £2.17m), reflecting the broader Covid-19 surge in equity investment.

Deal numbers, meanwhile, rose year on year from 2020 to 2023 before going on to decline, with a drop of 16.9% between 2023 and 2025. This shift towards fewer, larger deals mirrors the wider UK equity market in 2025, where total equity raised grew 3.43% from 2024 to reach £24.0bn in 2025, even as deal numbers declined by 7.87% across the same period.[3]

Infratech companies face particular funding hurdles, as many "do not fit into either traditional venture capital or conventional infrastructure financing".[4] Infrastructure more broadly is also experiencing a "pivot towards bigger, more sophisticated transactions",[5] with potential investors exercising greater selectivity in their choice of targets. The growth in total Infratech funding therefore points to a more selective market, where opportunity is concentrated among a smaller number of higher-quality, more scalable companies.

£439m

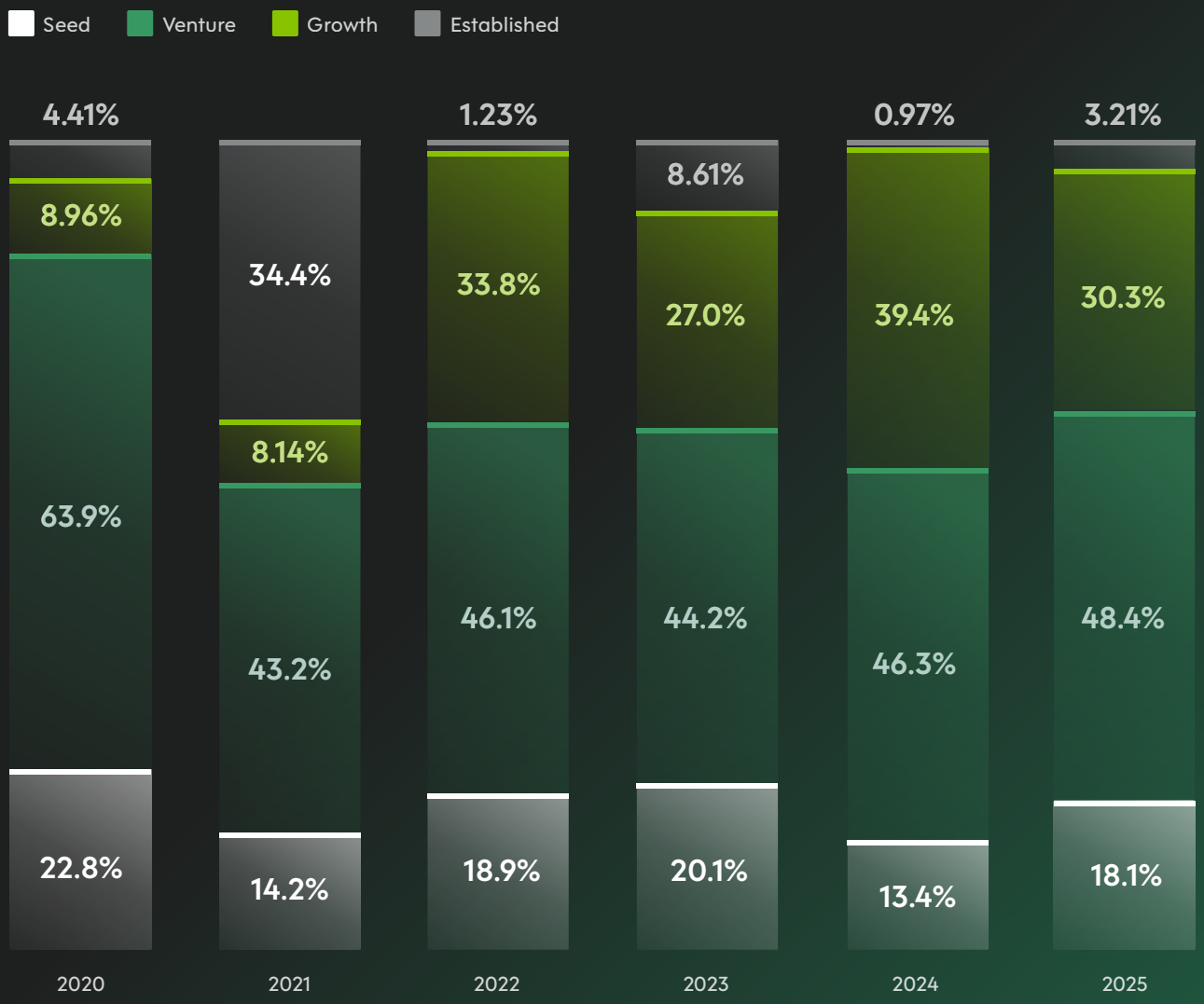
Equity invested in 2025

£2.68m

Average deal size in 2025

Growth-stage Infratech companies captured an increasing share of equity investment

Figure 3: Proportion of equity investment by stage of evolution (2020-2025)



This selectivity is reflected in the changing distribution of investment across stages of evolution.[6] Between 2020 and 2025, the proportion of equity investment secured by growth-stage companies increased from 8.96% to 30.3%, reaching a peak of 39.4% in 2024. Venture-stage businesses continued to attract the largest share of investment throughout the period, accounting for between 43.2% and 63.9% of annual funding. Together, venture and growth-stage companies accounted for almost 79% of total Infratech equity investment in 2025. At the earlier end of the funding cycle, seed-stage investment remained comparatively stable over the period, fluctuating between 13.4% and 22.8% of total funding.

While this suggests continued investor support for early-stage innovation, the vast majority of capital is being directed towards venture and growth-stage businesses. Investors are increasingly concentrating on businesses that have progressed beyond early market validation and can demonstrate a credible path to commercial deployment and scale.

79%

of 2025 investment captured by venture and growth-stage companies

39.4%

peak share of growth stage investment

13-23%

of investment secured by seed-stage companies

Rising cessations and weaker formation led to a net decline in Infratech companies in 2025

Figure 4: Company foundations and cessations (2016-2025)

The shifting concentration of capital to later-stage businesses has occurred alongside a sharp decline in company formation. After several years of relatively stable growth, the UK Infratech ecosystem entered a period of contraction in 2025.

Company formations increased steadily from 111 in 2016 to a peak of 145 in 2021 and remained above 120 annually through to 2023, suggesting strong entrepreneurial activity and continued innovation across the sector. However, formation activity fell sharply thereafter, declining to 71 companies in 2024 and just 50 in 2025; a 64% decrease compared with 2023. Meanwhile, company cessations rose steadily from 19 in 2020 to 86 in 2025. The convergence of these trends resulted in a net decline in the number of Infratech companies in 2025, marking a significant shift from the expansion seen in the preceding decade.

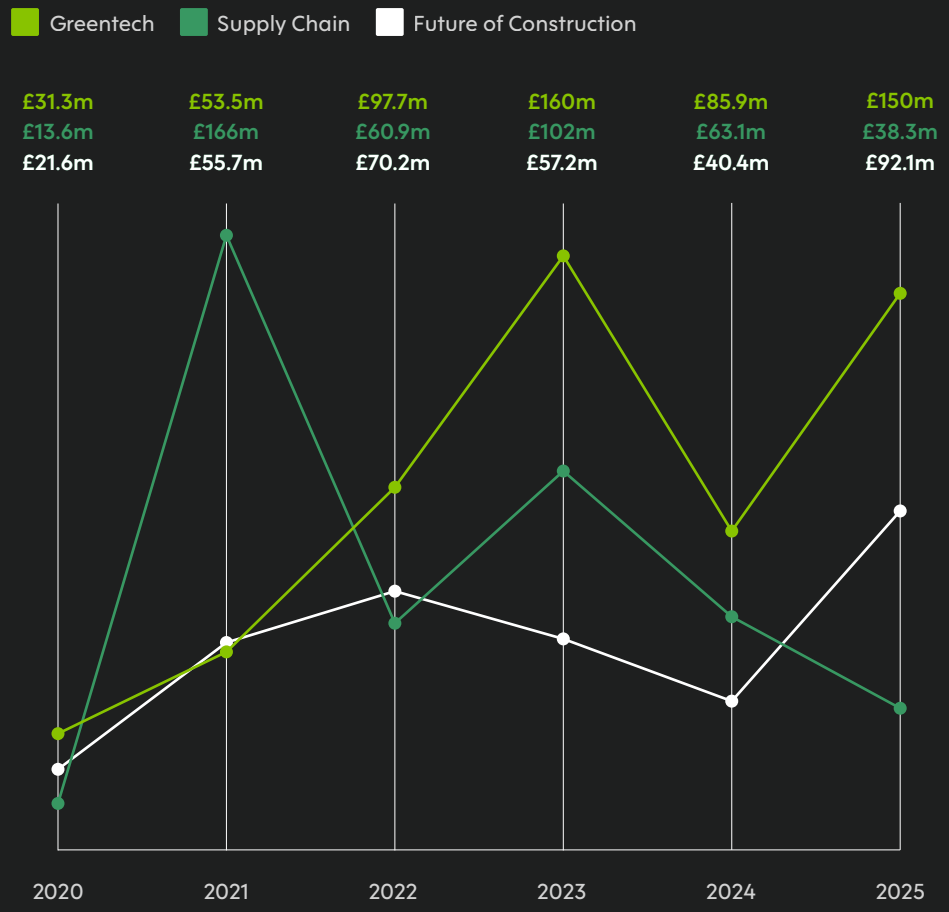
This pattern reflects pressures across the wider UK construction industry, where insolvency levels remain elevated. Construction recorded the highest number of company insolvencies of any sector in the 12 months to November 2025, with 3,973 insolvencies, while the insolvency rate remained 23.5% above pre-pandemic levels despite easing slightly year-on-year.[7] Persistent cost inflation, labour shortages, constrained project pipelines and the impact of higher interest rates have continued to place pressure on margins and cash flow, particularly for smaller firms.

The result is a structurally more difficult ecosystem than the one seen at the start of the decade. While Infratech continues to attract significant investment, fewer new companies are entering the market, while existing businesses face increasing pressure to secure capital, win contracts and survive. This reinforces the central theme of the report that access to capital matters, but so does access to customers, deployment environments and commercial support.

Where capital is flowing

Greentech attracted the most equity investment across all Infratech verticals

Figure 5: Equity investment by vertical (£) (2020-2025)



Digital & AI was the highest-funded sector across all three Infratech verticals

Figure 6: Total equity investment by vertical and sector (£) (2020-2025)

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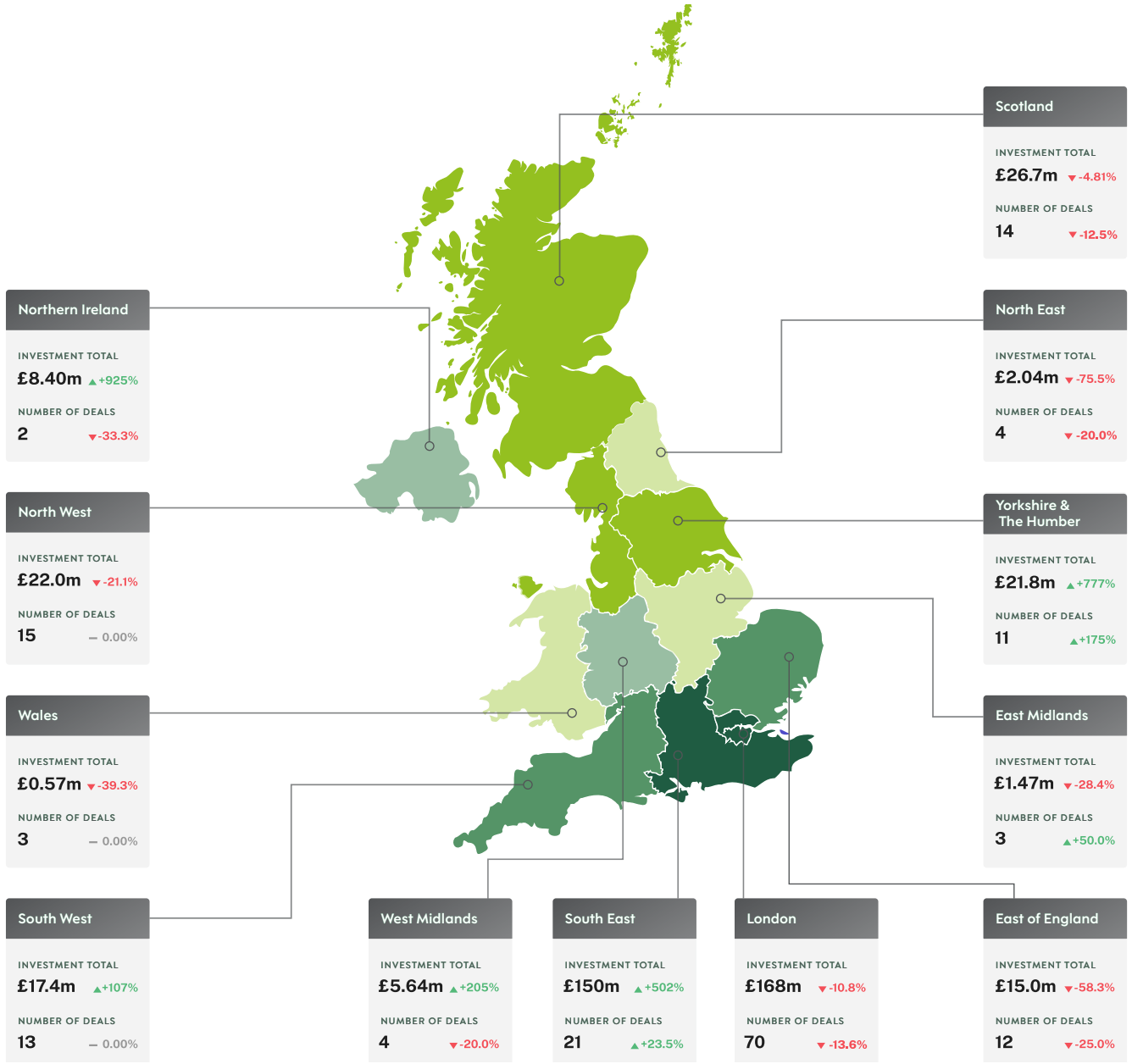
Across the three Infratech verticals, Greentech has consistently attracted the most equity investment, raising £580m in total between 2020 and 2025, compared with £445m for Supply Chain and £337m for Future of Construction. The only individual year defying this trend was 2021, in which Supply Chain companies raised £166m, driven for the most part by a £120m megadeal into construction software development company Causeway. Greentech companies were also involved in the most deals (272) between 2020 and 2025, indicating broad investor appetite for this vertical.

Within each of the three verticals, Digital & AI companies raised the most capital and were involved in the largest number of deals between 2020 and 2025. This dominance reflects both how heavily Infratech is underpinned by Digital & AI tools and the growing market space taken up by AI, accounting for 32% of UK equity investment in 2025.[8]

The UK government's Net Zero targets have created regulatory and commercial incentives for companies to improve energy efficiency, strengthen supply chain transparency and report on carbon emissions. For Greentech companies, this is not simply a compliance story; it is a growing commercial opportunity. This pressure is particularly acute in infrastructure, where complex procurement processes, embedded carbon and energy-intensive delivery models create significant demand for technologies that can reduce cost, risk and emissions simultaneously. Against this backdrop, and as the 2050 Net Zero deadline grows closer, there is considerable scope for Greentech investment to continue increasing.

While equity investment increased overall in 2025, the regional picture remains varied

Figure 7: Equity investment and deal volume by region (2024-2025)



While the UK experienced a nearly 33% increase in equity investment from 2024 to 2025, the regional picture is uneven. Seven of the UK's regions saw decreases in equity investment, with the sharpest decline in the East of England. Overall deal numbers fell by 4.44%, further underscoring the shift towards fewer but larger transactions.

London remained the dominant investment hub, but its share of the UK total dropped from 57.1% to 38.3%, while its absolute equity total declined by 10.8%. The capital's tally of new company incorporations also declined by 32%, suggesting a slight moderation in its market. Investment nonetheless remained concentrated within established clusters, with Scotland securing £26.7m and the North West £22m. Both regions benefit from infrastructure innovation initiatives, such as the Scottish Futures Trust's dedicated Infratech arm, which works with industry groups and the public sector to accelerate Infratech adoption,[9] and the HyNet Industrial Decarbonisation Cluster,[10] which supports low-carbon infrastructure development in the North West.

Within the North West, Greater Manchester stands out as a growing technology hub.[11] Home to 65 active Infratech companies,[12] Greater Manchester accounted for £6.26m of equity investment in 2025, almost a third of the North West's total. The region hosts the Innovation Greater Manchester partnership and is currently undergoing a period of digital and infrastructure development;[13] it has been approved as the site of the planned Civil Service Digital Campus and has recently secured a £420m investment wave for industrial, infrastructure and construction growth,[14,15] increasing opportunities for Infratech companies. Yorkshire and The Humber reported the largest increases in both total funding and deal count, at 777% and 175% respectively, while the South East was the only other region to record growth in both metrics. In both cases, these gains were driven by a small number of large transactions rather than broad-based investment activity: £79.2m secured by AALTO, a South East-based stratosphere Infratech company, and £17.2m concentrated across two companies in Yorkshire and the Humber, LIDAR sensor developer Phlux Technology and vehicle data provider Volteras.

Greater Manchester

65
active Infratech companies

£6.3m
investment in 2025

Home
of Murphy Capital

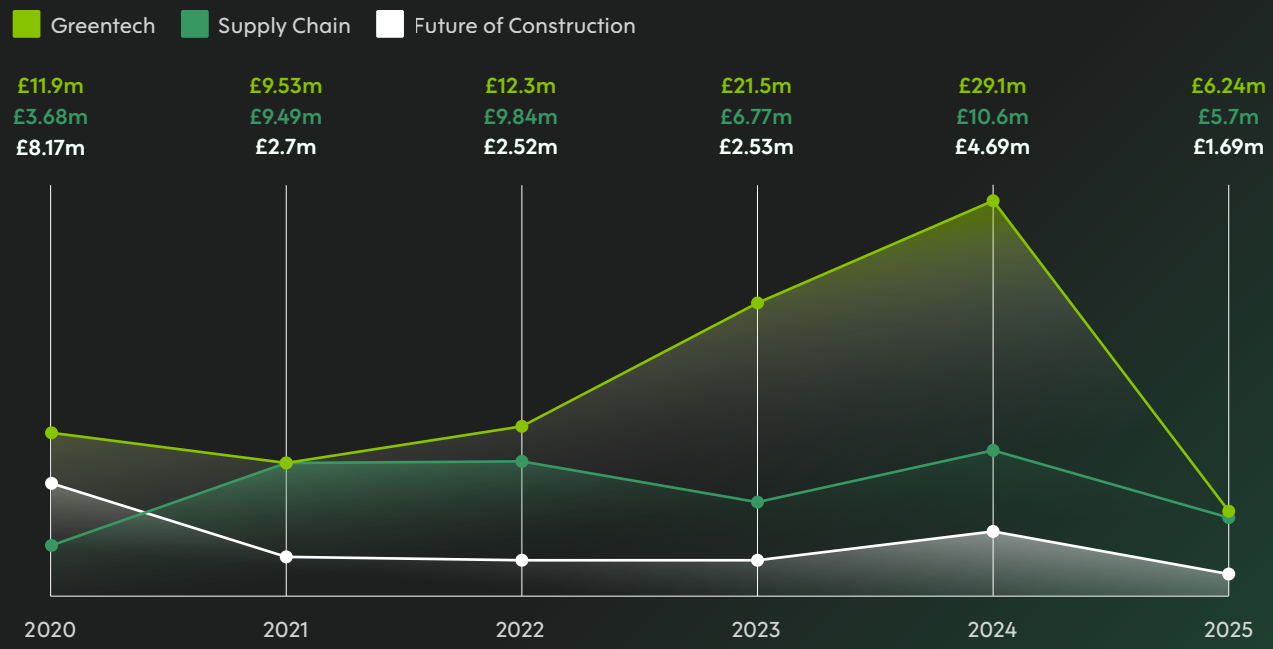
Innovation in Infratech

Patterns in innovation activity broadly mirror those seen in equity investment. Grant funding,[16] awarded to companies developing new technologies and processes, became more concentrated in Greentech between 2020 and 2024, rising from £11.9m to a peak of £29.1m. This trajectory aligns with the expansion of UK government sustainability-related funding programmes during the period, including the Green Industries Growth Accelerator, a £960m fund announced in August 2023 to support clean energy supply chains;[17] and the Net Zero Innovation Portfolio, which provided funding for low carbon technologies and systems between 2021 and 2025.[18] Strong policy momentum around net zero commitments, including the publication of the Net Zero Strategy (2021) and Powering Up Britain: Net Zero Growth Plan (2023), is also likely to have created favourable conditions for heightened grant activity in Greentech-related areas.

Among the remaining verticals, funding to Supply Chain Infratech companies was more volatile, rising from £3.7m in 2020 to a high of £10.6m in 2024, with a notable dip in 2023. This pattern may reflect growing policy and industry focus on infrastructure resilience, domestic industrial capability and critical material security, themes that gained prominence following the Covid-19 pandemic and subsequent geopolitical disruptions.

Greentech remained the largest recipient of grant funding despite a sharp decline in 2025

Figure 8: Grant funding awarded to UK Infratech companies by vertical (£) (2020-2025)



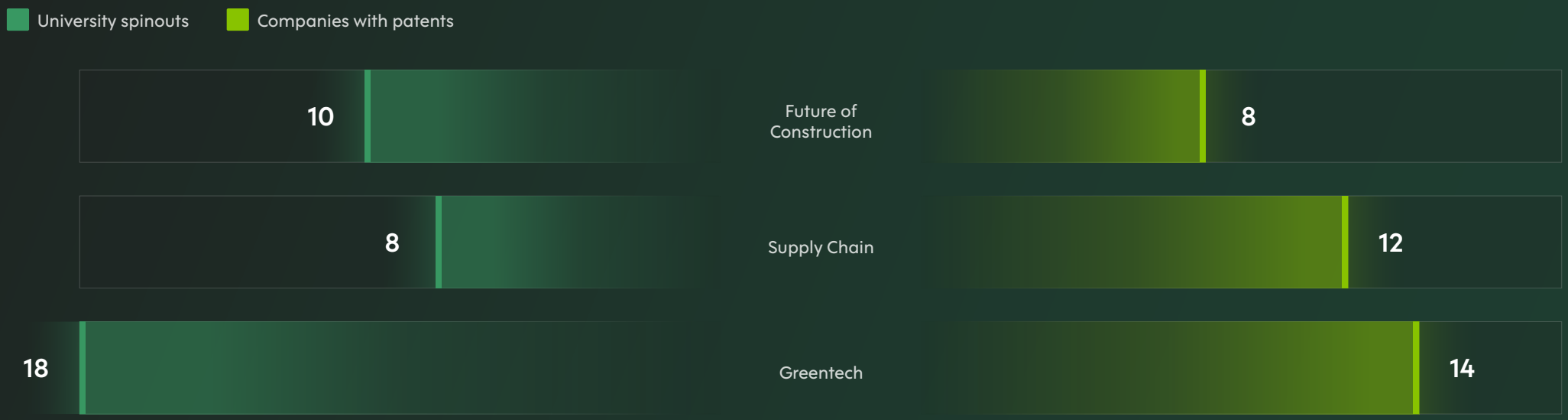
Future of Construction received comparatively modest support throughout, peaking at £8.2m in 2020 before declining significantly to £1.7m across just 15 grant awards in 2025, despite a temporary recovery in 2024.

Across all three verticals, grant funding fell in 2025 and the total grant awards declined by 53.3% to 129, the lowest figure recorded between 2020 and 2025.

This followed Innovate UK's decision to pause its Smart Grants programme for the 2025/26 financial year and shift towards fewer, more targeted programmes,[19] reflecting a more targeted approach to grant allocation rather than reduced demand for innovation. This highlights a key dynamic in the Infratech market: innovation is supported by policy and public funding, but commercial scaling remains dependent on access to real-world deployment environments, customers and operational evidence.

Greentech and Supply Chain exhibit the highest levels of innovation activity within UK Infratech

Figure 9: Patenting and university spinout companies by vertical (2020-2025)



Alongside grant funding, patent and spinout activity provides additional insight into the UK's Infratech innovation landscape, indicating where new ideas are being translated into commercial technologies and businesses.

Greentech recorded the highest levels of both university spinout activity and patenting between 2020 and 2025, accounting for 50% of total spinouts and 41.2% of companies filing patents. This reinforces the wider funding patterns identified in this report and suggests that Greentech is not only attracting capital, but also generating a significant share of the UK's underlying Infratech innovation activity. Greentech's leadership across these measures reflects a favourable environment created by decarbonisation policy and regulation, as well as initiatives such as Cleantech for UK, which promotes the commercialisation of early-stage IP.[20]

Within these verticals, innovation activity is concentrated in Energy and Digital & AI. Together these sectors accounted for almost 70% of university spinouts, while Digital & AI alone represented 43% of companies filing patents. This reflects the research-intensive nature of these technologies, where competitive advantage is often built on proprietary intellectual property and close links with university research.

By contrast, Water and Civil Engineering recorded comparatively low levels of patenting and spinout activity. In the water sector, lengthy procurement processes and complex regulatory requirements can make it more difficult for SMEs to develop, trial and commercialise new technologies.[21] Ofwat's £600m Water Innovation Fund is intended to stimulate innovation across the sector,[22] and may help to redress this imbalance over time.

Acquisition activity

Acquisitions of Infratech companies have remained broadly stable since 2022

Figure 10: Acquisitions of UK Infratech companies by year (2020-2025)

Equity-backed acquisitions of UK Infratech companies have remained broadly stable since 2022, holding at between nine and 12 per year.[23] The total acquisition count, which includes companies without equity investment, tells a similar story of steady growth over the period, rising from 17 in 2020 to 27 in 2024. Equity-backed acquisitions have remained broadly flat while total acquisitions have grown, suggesting that consolidation activity in the sector is increasingly being driven by the acquisition of non-equity-backed businesses, pointing to strategic trade buyers absorbing smaller or bootstrapped companies rather than investor-led exits materialising at scale.

For Infratech founders and investors, the implication is that trade sale is not a near-term certainty, and that building towards exit readiness is likely to require longer-term commercial support, sustained traction, customer adoption and evidence of deployment at scale.

41
acquisitions in 2025

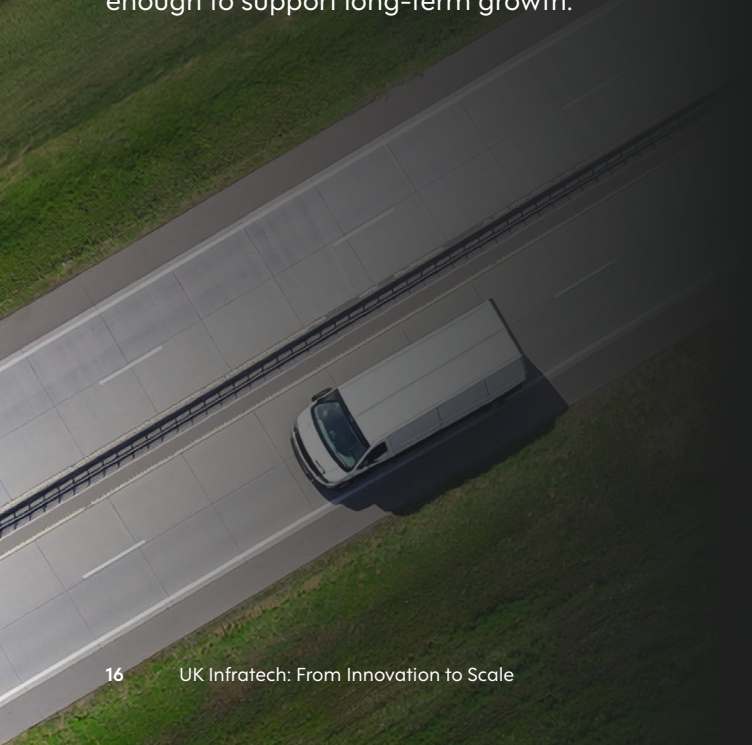
12
equity-backed acquisitions in 2025

3.4x
increase in total acquisitions since 2020

The road ahead

The findings throughout this report point to a UK Infratech market that is becoming more selective, but also increasingly mature.

Record levels of equity investment, rising average deal sizes and the growing concentration of funding in venture- and growth-stage businesses all suggest that investors are placing greater emphasis on companies with proven technologies and clear routes to commercial deployment. At the same time, the sharp decline in company formations and rise in cessations highlight a more challenging environment for new entrants, reinforcing that access to capital alone is no longer enough to support long-term growth.



Looking ahead, investment is likely to continue flowing towards technologies that address the infrastructure sector's most persistent operational challenges. AI will remain an important enabler across all three Infratech verticals, but its commercial value will be judged increasingly on measurable outcomes rather than technical capability alone. Businesses that can demonstrate improvements in project delivery, asset performance, workflow automation and decision-making are likely to remain well positioned to attract both investment and customer adoption.

The transition to lower-carbon infrastructure is also expected to remain a defining investment theme. The prominence of Greentech across equity investment, grant funding, patenting and university spinout activity reflects the continued importance of technologies that support decarbonisation, energy efficiency and more resilient infrastructure systems. As regulatory requirements evolve, these structural drivers are likely to remain an important source of demand for innovation.

These dynamics also point to an increasingly important role for investors capable of supporting commercialisation as well as funding. At Murphy Capital, this means combining capital with access to live infrastructure projects, deployment environments, procurement pathways and operational expertise to help founders validate, deploy and scale solutions in real-world environments.

As technologies move beyond pilot projects towards deployment at scale, founders often require access to industry partnerships that can accelerate validation, adoption and long-term growth.

Ultimately, the next generation of UK Infratech leaders will not be defined solely by innovation, but by their ability to translate innovation into measurable commercial value. Although conditions for new entrants have become more challenging, the continued growth in total equity investment suggests that investors remain willing to back businesses capable of demonstrating strong commercial potential. For founders, the opportunity is clear: the market is rewarding businesses that can move from concept to deployment, and from deployment to scale.

> “Capital helps companies grow. Access to customers, projects and operational expertise enables them to scale.”
>
> **Mike Carpenter**
> Managing Director, Murphy Capital

Methodology

2,116

UK Infratech companies

Companies by sector

Digital and AI	**1,149**
Transportation	**757**
Energy	**621**
Civil Engineering	**213**
Water	**191**

Companies by vertical

Future of construction	**458**
Greentech	**275**
Supply Chain	**249**

660

have raised equity investment

664

have secured grant funding

258

have filed patents

128

are university spinouts

Definition of Infratech

For this report, a focused definition of Infratech was adopted, including only companies whose core business is developing and applying technology, both hardware and software, to infrastructure. This definition was also informed by Murphy Capital's investment framework and focuses on businesses operating across five infrastructure sectors (Energy, Transportation, Water, Civil Engineering, Digital & AI) and three verticals (Future of Construction, Supply Chain, Greentech).

Identifying Infratech companies

For each sector and vertical, companies were identified using a combination of Beauhurst's proprietary industry classifications, Standard Industrial Classification (SIC) codes, and infrastructure- and technology-related keyword searches. The resulting cohorts were then reviewed and refined through a manual validation process to ensure relevance.

Sectors and verticals

Companies may be assigned to multiple sectors and verticals where their activities span different areas of the Infratech ecosystem. As a result, company counts presented at the sector and vertical level are not mutually exclusive and should not be summed.

Data for the report was collected by Beauhurst Insights and finalised on 16 June 2026.

Footnotes

1 As many businesses operate across multiple sectors and verticals, these categories are not mutually exclusive.

2 To be included in this report, an investment must be some form of equity investment made between 1 January 2020 and 31 December 2025.

3 Beauhurst, 2026. "The Deal 2026: Review of 2025 Equity Deals".

4 Cendon Garcia, David, 2026. "New €70 Million GVC Gaesco Fund Targets InfraTech Startups Focused on Energy, Industry and Digital Infrastructure".

5 McKinsey & Company, 2026. "Infrastructure: Investing to Support Global Growth".

6 Beauhurst classifies companies into Stages of Evolution using a proprietary methodology based on multiple indicators of business maturity rather than funding rounds alone. For detailed applicability criteria and illustrative characteristics of companies at each stage, see "How does Beauhurst select Stages of Evolution?" on the Beauhurst website.

7 The Insolvency Service, 2026. "Company Insolvency Statistics: December 2025".

8 Beauhurst, 2026. "The Deal 2026: Review of 2025 Equity Deals".

9 Scottish Futures Trust, 2026. "Infrastructure Technology".

10 Liverpool Bay CCS Limited, 2026. "HyNet Hub".

11 Defined as the 10 boroughs comprising the Greater Manchester Combined Authority (Bolton, Bury, Manchester, Oldham, Rochdale, Salford, Stockport, Tameside, Trafford and Wigan).

12 Defined as companies located in Greater Manchester whose Companies House status is "Active".

13 Innovation Greater Manchester, 2026. "Innovation Greater Manchester".

14 Innovation Greater Manchester, 2026. "Innovation Greater Manchester".

16 Grant funding data in this report relates to grants awarded to Infratech companies between 1 January 2020 and 31 December 2025.

17 Department for Energy Security and Net Zero, 2023. "Huge boost for UK green industries with £960 million government investment and major reform of power network".

18 Department for Energy Security and Net Zero, 2021. "Net Zero Innovation Portfolio".

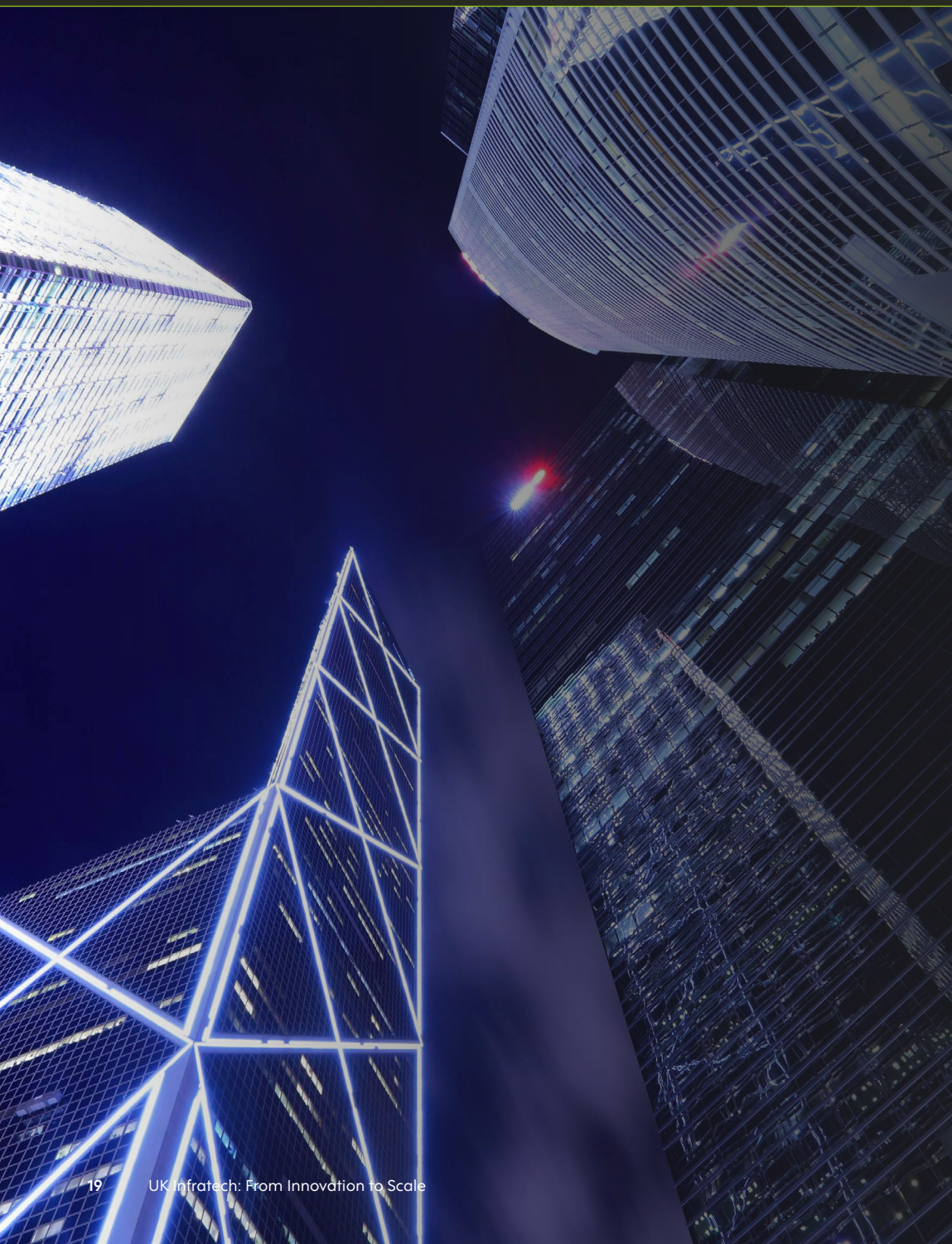
19 Innovate UK Business Connect, 2025. "Innovate UK Is Developing New Funding and Support Packages for Innovative SMEs".

20 Cleantech for UK, 2026. "Building the Next Generation of Cleantech Champions".

21 British Water, 2026. "New Barrier Selected For Water Innovation Implementation Programme".

22 Ofwat, 2026. "Water Innovation Competitions".

23"Equity backed" acquisitions refers to the acquisition of a company that has received equity investment at any point. In 2025, Beauhurst expanded its acquisition coverage to include all acquisitions of UK companies, regardless of whether they had previously received equity investment or met another of Beauhurst's growth or innovation signals. Consequently, the increase in the total number of acquisitions in 2025 should be treated with caution.



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Murphy Capital is the dedicated investment arm of Murphy, investing in early and growth stage companies across infrastructure, construction, and enabling technologies. Backed by Murphy's strong balance sheet and long-term strategic commitment, Murphy Capital partners with management teams to scale innovative businesses aligned to the Group's core sectors. In addition to capital, Murphy Capital provides strategic support, sector expertise, and access to operational networks to accelerate growth and deliver sustainable value.

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BeauhurstInsights

Beauhurst Insights deliver analysis, interpretation and commentary on the UK's economy to our clients across the public and private sectors, transforming high-quality data into economic understanding.

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