Association for Competitive Technology

Rt Hon Andy Burnham MP
Prime Minister
10 Downing Street
Westminster
London
SW1A 2AA

9 September 2026

Dear Prime Minister,

A welcome letter from the tech SME members of the Association for Competitive Technology (ACT)

We, the members of the Association for Competitive Technology (ACT), are writing to congratulate you on your appointment as Prime Minister and welcome you to the role.

ACT is a global technology trade association representing startups, scaleups, and small and medium-sized enterprises (SMEs). They work with us, their UK members, and members from around the globe to advocate for a policy environment that takes into account our real-world challenges and supports innovation, access to capital, job creation, and the ability of small technology companies to grow and compete globally.

Through ACT, we've enjoyed a positive working relationship with the previous administration and officials across the Department for Science, Innovation, and Technology, the Competition and Markets Authority, the Intellectual Property Office, and beyond.

Knowing that supporting SMEs and delivering economic growth are at the heart of your mission as Prime Minister, we are reaching out in our capacity as entrepreneurs and innovators working at the coalface of the British tech economy to flag some of the issues that are most affecting our sector and which can be addressed quickly and easily, with no need for additional public spending or primary legislation.

Market Access and SME Finance

For small businesses and independent developers, growth depends on two things: the ability to reach customers and access to capital. ACT recently released an analysis highlighting that there are still significant issues around tech SME funding. For example, there is a sizable gap in available funding between £350k and £1.5m, which is a massive reason why so many British tech SMEs struggle to scale here and are forced to move overseas to reach their potential. The full report, *Funding the Founders - A Roadmap of Startup-Driven Reforms to Jumpstart UK Economic Growth*, features 11 recommendations for improving access to funding for innovative companies like ours.

Capital formation in the digital economy depends on predictable pathways to scale and achieve liquidity, particularly through pro-competitive mergers and acquisitions. For startups, a barrier to exit is a barrier to entry. When merger policy becomes overly expansive, slow, or unpredictable, it doesn't simply affect dealmaking at the end of a company's journey. It raises perceived risk at the beginning, reducing investor appetite, tightening terms, and leaving small businesses with fewer viable options to finance growth, hire, and bring new products to market.

Our Ask: *The new Government should seek to improve funding opportunities for tech SMEs, where real sector growth in the UK lies, and close the funding gap that prevents so many SMEs from scaling. They should also reduce unnecessary barriers to global market access for small tech businesses. Lawmakers should also ensure that merger policy is grounded in demonstrated harms and provides clearer, more predictable review processes, so that pro-competitive deals are not discouraged, and small innovators can access the investment needed to scale and compete globally.*

Artificial Intelligence

Artificial intelligence (AI) is already powering tools across healthcare, agriculture, logistics, accessibility, fraud prevention, and productivity. Many of these products are being built by startups and small tech businesses, but the global AI policy landscape is moving fast and in different directions, creating a compliance maze that smaller teams like ours feel first. As governments roll out new AI rules, the details of implementation increasingly shape whether our businesses succeed across markets.

Our Ask: *Any regulation policymakers consider must be risk-based and scalable, accounting for AI's context and intended uses. A technology-neutral approach is essential to fostering innovation while managing risks. Overregulation jeopardises investment in AI-driven solutions and widens the gap between large incumbents and small innovators.*

Competition and Curated Online Marketplaces

For startups and independent developers, curated online marketplaces (COMs) are the infrastructure that helps our teams successfully reach users. COMs reduce distribution friction and provide tools that many companies like ours cannot easily replicate on their own, including payments, fraud prevention, security review, and user confidence that a product or service is legitimate. Global competition proposals modeled after the EU's Digital Markets Act (DMA) are increasingly targeting these ecosystems with broad 'access' requirements, including pressure for sideloading, alternative app stores, and broad mandates that limit how marketplaces manage risk and protect users. When rules are vague or keep shifting through guidance and enforcement, small developers feel the disruption, derailing release cycles, increasing security burden, and making it harder to plan, grow, or access capital.

Our Ask: *Policymakers should pursue a regulatory environment that encourages COMs supporting small business growth and consumer choice without weakening the safeguards that make curated marketplaces reliable and secure. Policymakers must avoid one-size-fits-all mandates that default to sideloading, forced catalog sharing, or broadly restrictive marketplace protections. Instead they should advance targeted, evidence-led measures with clear requirements, workable timelines, and space for proportionate compliance that small teams can actually meet.*

Standard-Essential Patents

Balanced standard-essential patent (SEP) licensing frameworks are important for ensuring small businesses like ours can use standardised technologies (Wi-Fi, 5G, video encoding) to interoperate and compete. Unfortunately, some SEP holders who have voluntarily contributed their patents to a standard aren't living up to their commitments. When SEP holders break their promises to license on fair, reasonable, and non-discriminatory (FRAND) terms, it harms competition and creates significant problems for small innovators. As small tech companies increasingly innovate in rapidly advancing fields like AI and the internet of things (IoT), many are not only implementers of standards but also potential SEP holders and contributors to the next generation of standardised technologies. SEP licensing rules must work for both sides of the ecosystem by supporting the efficient use of standardised technologies for licensees while preserving fair and reasonable compensation for the value of the SEP for licensors.

Our Ask: *Policymakers must support a clear and transparent SEP licensing framework, which ensures fairness, prevents anti-competitive behaviours, and upholds the integrity of FRAND commitments. This will empower small businesses like ours and drive innovation, particularly in areas where emerging technologies like AI and IoT play a pivotal role in economic growth and consumer value.*

Privacy, Encryption, and Children's Online Safety

We support measures that protect children online from privacy violations and harmful content. But a growing set of 'safety' proposals are steering services toward two high-risk defaults: intrusive age verification and weakened encryption. Age gates often depend on collecting IDs, facial images, or behavioural signals, turning routine access into surveillance and forcing us to store and protect sensitive data we never needed in the first place. When that data is exposed, the harm is immediate and real, as the 'Tea breach'[1] made painfully clear. These systems are also easy to bypass in practice, which means smaller teams like ours can end up facing the liability and trust fallout. At the same time, efforts to introduce client-side scanning or backdoors weaken end-to-end encryption and create new breach opportunities across the digital economy, putting everyone at risk for identity theft and financial ruin.

Our Ask: *Policymakers should pursue child-safety policies that have rational data collection requirements, reduce patchwork compliance burdens, and target risk where it is highest. Protecting kids online should not require building a surveillance infrastructure that puts all users at greater risk. Finally, leaders and policymakers should protect strong encryption as essential infrastructure for privacy and trust and reject proposals that would weaken end-to-end encryption.*

To learn more about these issues, please visit our *Global App Economy Conference 2026* and also take a look at the recent *Funding the Founders* report.

We are optimistic that your administration will further build on the work done by your predecessor and continue striving to create an economic and regulatory environment that will allow all British tech entrepreneurs and SMEs to innovate, grow their businesses, and succeed right here in the UK, creating skilled jobs and economic growth across the country. A positive response to the issues raised above will go a long way to enabling us and those like us to achieve that.

Once again, our congratulations and very best wishes in your new role.

Yours Sincerely,

ACT Members

A Jar of Insights	floe technology	Qube Catalyst
AI in Schools	Footfalls Smartex Limited	Rocking Tech Ltd
AlterSapiens	HDK Solutions Ltd.	Shoo Social Media Ltd
Appnalysis	Hiizzy	Simply Stories
ASK DT LTD	Hokfam	Skillora Sports Ltd
AUDITSU Ltd	iimpro	Sprintworks Ltd

[1] Hackers steal images from women's dating safety app that vets men https://www.bbc.co.uk/news/articles/c7vl57n74pqo

Augmented Solutions Ltd	Kin.	Stars Edge Ltd
Bloomsuite Holding Ltd	Layers Studio	Study Dog Ltd
BR Tech Ltd	Manulytica Ltd	The Changely
Claire and Oscar Productions LTD (musoplay)	Mintycode	TL Tech Ltd
Cogio Ltd	Nebula Labs Limited	Tot Tracker
Cyclopic Ltd	Novatura	Trot to Market AI Ltd.
Factoree Ltd	Nuke from Orbit	Twelve Oaks Software Ltd
Faileas Ltd	Pravi Ltd	