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A Fashion Tech Giant Makes a Commitment to London

On the Runway

By ELIZABETH PATON OCT. 18, 2016



Inspecting the site of the Yoox Net-a-Porter Group's new technology hub at White City Place in West London. The 70,000-square-foot site is to open in March.

LONDON — In the last two decades, London has forged a reputation as the technology capital of Europe and as a global capital of the fashion technology sector — a competitor to New York and Silicon Valley, where creative, commercial and digital talent thrives in a single cosmopolitan place. Some of the biggest names in the fashion industry, especially in e-commerce — such as Asos, Farfetch, Lyst and Yoox Net-a-Porter — have headquarters in the British capital.

But in the wake of [Britain's vote in June to leave the European Union](#), a development that raised the possibility of an immigration crackdown, a drop in foreign investment and economic uncertainty, London's high-ranking position has come into question.

Taavet Hinrikus, the Estonian co-founder of the money-transfer company TransferWise, which says it has a valuation of more than \$1 billion — has [told The Guardian](#) that his company is unlikely to continue hiring at its London headquarters. Peter Smith, chief executive of the financial technology company Blockchain, [said this month](#) that many non-British tech entrepreneurs in London were “deeply offended” by the British government's stance on immigration since the vote.

And while the fashion community has stayed relatively silent on the subject, there is little doubt that businesses have been mulling their options as European capitals on the Continent position themselves as worthy alternatives. Venture capital investments in Britain plummeted 40 percent in the second quarter this year compared with the first quarter, as uncertainty before the vote held investors back, according to data published this week by CB Insights.

Given that climate, an announcement this week from the Yoox Net-a-Porter Group about [plans to centralize its Britain-based technology operations](#) in the BBC's former headquarters in West London has been a welcome vote of confidence.

Yoox Net-a-Porter, a British-Italian company, [said on Monday](#) that it planned to accommodate about 600 staff members in its new technology hub by March, taking two floors — about 70,000 square feet of state-of-the-art (and expensive) office space — in the new MediaWorks building at White City Place. That represents a 20 percent increase in the size of the group's technology team, which the company says will have as many as 1,000 employees in Britain and Italy.

Although a majority of London's technology headquarters are in the east of the city, Alex Alexander, chief information officer of Yoox Net-a-Porter, said the company wished to stay in the west to be close to its other operational base, above the Westfield shopping center. Other big names in the local creative sphere said to be setting up offices in the White City development include the fashion label Stella McCartney and the Royal College of Art.



A rendering of a meeting room in the new Yoox Net-a-Porter Group Technology Hub.

“We were keen to show our commitment to the U.K.,” Mr. Alexander said by telephone from New York, “and felt that bringing all of our technology talent into a single hub was an important step in terms of bringing our five-year plan, which is based on outpacing our competition on mobile, to fruition.”

He brushed off suggestions that London's reputation had been tarnished by the country's decision to leave the European Union.

"We continue to have real confidence in London, regardless of the decision to leave the E.U., and see this investment as an opportunity to reaffirm that," Mr. Alexander said. "We don't see any side effects in terms of talent being drawn here. We are expecting to see a steady flow continue and think the city will remain a world-leading tech hub."

Fashion companies are not alone in doubling down on the British capital. Facebook and Google, among other American tech giants, also have plans to expand their London operations, investing in development and sales teams to fuel their European activities.

Predictably, signs of major technology and fashion companies taking steps to expand its presence in London was met with open arms.

"I am delighted that there will be yet more new tech jobs coming to the capital," said Rajesh Agrawal, London's deputy mayor for business and enterprise. "This highlights once again that London is open for business, new investment and global talent."

For now, the signs for Britain are encouraging. Of Europe's technology unicorns — private companies with a valuation of more than \$1 billion — almost 40 percent are based in the country. Nearly a third of all European venture capital funding comes to Britain.

But it is still early. There is no certainty that Europeans working in Britain will be forced to leave once the withdrawal from the bloc is final, and a report by Balderton Capital shows that while engineers in Berlin or Paris earned on average almost 18 percent less than their London counterparts do, the devaluation of the pound was fast closing that gap.

Whether entrepreneurs looking to start the next billion-dollar fashion technology business might favor Berlin, Dublin or Stockholm — which have established technology sectors and benefit from the European Union's free flow of labor — remains to be seen.