

The UK: A leading digital nation?

Ideas and thoughts from the tech community



#UKDigiStrategy

INTRODUCTION

Brands2Life is one of Europe's leading communications and public affairs agencies and we work with digital and tech-based businesses of all shapes and sizes. When the Government announced it was developing its vision for the UK digital sector, we knew this would create both a challenge and opportunity for our clients and other organisations in the tech sector.

The new UK Digital Strategy, expected soon after the EU Referendum, will set the foundations for government's support and regulation of the digital economy for the next five years.

With disruption and tech innovation happening at such a rapid pace, a five-year strategy will only stand the test of time with continuous support and collaboration with every part of the tech community.

Yet getting the attention and input of a

fragmented, rapidly evolving and hard-to-define community isn't easy.

So with this in mind we decided to create an easy, open opportunity for businesses, charities, think tanks and sector lobby groups to pinpoint what they are looking for in the UK Digital Strategy. We asked them to tell us what the Government should do in the short and longer term to support the UK digital sector.

Some clear themes and priorities recurred throughout, namely:

- The need for more effective and credible digital education and training
- Ensuring equality of opportunity and bridging the gap between the digital haves and have-nots by delivering nationwide connectivity
- Better financial support and tax incentives, particularly for SMEs

- Policy and regulation that can evolve with tech innovation

We have pulled out some of the quotes and ideas, capturing the essence and flavour of what the tech community thinks matters.

The good news is that the sector has the energy and ideas to partner with the Government and politicians appear to have the appetite to listen. Our particular thanks go to Matt Warman MP, Chair of the All Party Group for Digital Infrastructure, for providing a foreword on how government can hope to make this 'revolution' sustainable for all.



FOREWORD BY MATT WARMAN MP

Britain's technology sector leads Europe. When the internet's giants look to expand beyond Silicon Valley, it is often to London and the UK that they look before anywhere else in the world. The revolution that Tim Berners-Lee began with the World Wide Web is broadening and deepening, and very few economies are as digitally driven as that of Great Britain.

This happy state of affairs is no accident, with projects such as Tech City, Tech North, a National Curriculum that now includes coding and the award-winning Government Digital Service all part of an approach by a government that has consistently backed the technology sector.

If the UK is to continue to build on that success, government must make sure that there is a skilled workforce, an adequate infrastructure and sensible, pragmatic arrangements available for funding innovative, fast-growing new businesses.

Politicians are in the peculiar position of having to plan how to catalyse a revolution that must neither be constrained by nor allowed to ride roughshod over present industries. Policies should welcome disruption, even though revolutions seldom welcome policies.

While it may be fine for Facebook to follow founder Mark Zuckerberg's dictum of 'Move fast and break things', it is not sustainable, politically or economically, for government.

For some that will be too slow, but for most it should feel challengingly quick.

I'm grateful to Brands2Life for organising this survey of the UK technology industry, and I hope the results are both interesting and useful to those who must draw up the overarching Government Digital Strategy.

It is clear to me that the challenges identified by the respondents, while not all new, show a

willingness among businesses and the public sector to work together to create a landscape that means Britain continues to be a place not only where leading digital businesses can start, grow and flourish, but also where the ongoing digitisation of both existing businesses and government services can continue apace.

Only then will the UK secure its place at the forefront of the global technology landscape, and become among the first nations on Earth where innovations such as drones, driverless cars and chatbots are among the technologies that safely power productivity and economic growth to a new level.

Matt Warman
18th April 2016

“The Government should show sustained leadership to tackle the three key barriers to digital inclusion of motivation, skills and access.”

Helen Milner
Chief Executive, **Tinder Foundation**



IMPROVING DIGITAL SKILLS AND EASING VISA RESTRICTIONS FOR TECH TALENT

The need to upskill the nation is one of the tech sector's top priorities. Many see it as essential for ensuring all members of society are able to benefit from the changing nature of work that new technologies are creating, and preventing people from being left behind. It is not just raw tech such as coding people want to see more of, but the creative application of IT as well.

With this in mind, many organisations urgently want more initiatives to improve skills and tuition at all levels of the education system, from school to university, and in both core IT and computer science subjects as well as other areas of the curriculum.

Lalage Clay from the leading skills group **Tech Partnership** called for “an exciting, creative tech curriculum in schools ... not a relentless focus on coding skills” to ensure the sector can find the “talented, creative people of both sexes it needs”.

Likewise Ben Roome, CEO of **at800**, which is supporting the rollout of 4G mobile services in the UK, felt a broad range of skills including “data handling, analytics, coding and creativity must become central to the national curriculum.”

As digital affects everyone, it needs to become

integral to every aspect of education. John Jolliffe, European Government Relations Lead at major software company, **Adobe**, summed up this aspiration. “Ensure everyone in school today is able to express themselves digitally, develop digital creativity and use digital tools to improve problem-solving skills.”

To underpin this, government needs to make sure learning is supported at different life stages. Investing in the training and salary of teachers would keep good teachers in teaching, while incentives could also make teaching more relevant to the needs of business and enhance the status of apprenticeships.



“We need to demystify tech and inspire young people. It’s #notjustforgeeks.”

Rob Lamb
Cloud Business Director, **EMC**

Julian Stone, CEO of IT consultancy **Pythagoras**, suggested “performance or bonus schemes” to incentivise “schools and colleges to promote IT GCSE.” Peter Hounsome, Managing Director of data solutions company, **Sagacity Research Ltd** thought “sufficient investment must be ensured for the delivery of high quality tech-related teaching and learning throughout the compulsory/post compulsory education system.”

Claire Braithwaite, Tech Advisor at the economic development agency, **Manchester Growth Company**, thinks stronger links between schools and businesses are needed.

“Address the gap between the skills level of graduates and school leavers and the needs of business by ensuring educators are incentivised, including through Ofsted, to increase learners’ contact with business leaders.”

Technology itself creates new opportunities to improve access to learning. “Supporting our universities to offer high-quality online degrees is vital,” according to Rajay Naik, CEO of online learning company **Keypath Education**. “Such provision will fuel innovation, boost exports, extend access and keep our £18bn sector at the vanguard of the world.”

Rules around skilled migration are hampering the ability for businesses to attract the best global talent. Veronique Barbosa, Head of Partnerships at global money app, **Revolut**, commented “We need to ease the ability to bring in tech talent from outside the UK”.

A man with a beard, wearing a dark blue jacket, is shown in profile from the chest up, looking intently at a laptop screen. The background is a bright, out-of-focus office window with a view of a city skyline. The overall lighting is soft and professional.

“Helping SMEs develop digital business skills is an important issue that is often over-looked. A government-backed campaign, making a compelling argument about how the internet can help smaller businesses grow, would raise awareness. Targeted initiatives could then help businesses acquire the skills and confidence to convert their interest into reality.”

Russell Haworth
CEO, **Nominet**

Tackling the deficit requires looking at the needs of business and the current workforce, not just future working generations. According to **Enterprise Nation**, there are a record five million small businesses trading in the UK, yet around half do not have a website or use social media to grow.

The Government's flagship apprenticeship programme still seems to have a long way to go before it is viewed as a credible solution. As preparations are made to introduce the new apprenticeship levy, Lalage Clay of the Tech Partnership felt "high quality apprenticeships could be part of the answer but graduates,

returners and existing workers are vital too." But Claire Braithwaite of the Manchester Growth company, thinks government needs to "transform the apprenticeship 'brand'." Meanwhile Lord Ralph Lucas thinks more "industry-led short specific qualifications for returners" would be more helpful.

Government could also make a difference equipping businesses to be digital and making the most of tech innovation.

Rob Lamb, Cloud Business Director of **EMC**, said government-backed support should come in the form of a "A National Big Data

Programme and Code for Responsible Analytics" to "encourage businesses to exploit data whilst protecting citizens' rights".

Similarly David Phull, VP and General Manager for UK & Ireland at cloud and virtualisation software business **VMware**, felt that "With the support and encouragement of the UK Government, all businesses – from large to small – can begin to see what is possible if they truly transform their use of technologies and skills for the digital age."



“Make sure consumers aren’t left behind in the race for a digital Britain. Enabling a genuine Universal Service Obligation and extensive rollout of superfast broadband should allow widespread access to digital services.”

Richard Neudegg
Head of Regulation, **uSwitch**

DELIVER BETTER DIGITAL INFRASTRUCTURE OR RISK LEAVING MANY BEHIND

Plans to implement a new broadband Universal Service Obligation (USO), ensuring everyone in Britain is able to access a minimum 10Mbps by 2020, are under development by Ofcom. Significant questions need to be addressed over whether this goes far enough and it can be delivered efficiently.

But this cannot get in the way of a clear strategy to improve infrastructure, seen as a 'must have' for continued growth of the digital economy and, importantly, for not leaving many behind. Poor connectivity in both rural and urban areas risks stifling innovation so tech businesses and organisations are calling for more ambitious investment, especially as we move to a data-driven economy.

"Roll out broadband everywhere and then leave it to the entrepreneurs. The key is infrastructure" says Mark Strachan, Founder of online car hire

service, [Whitecar.eu](#).

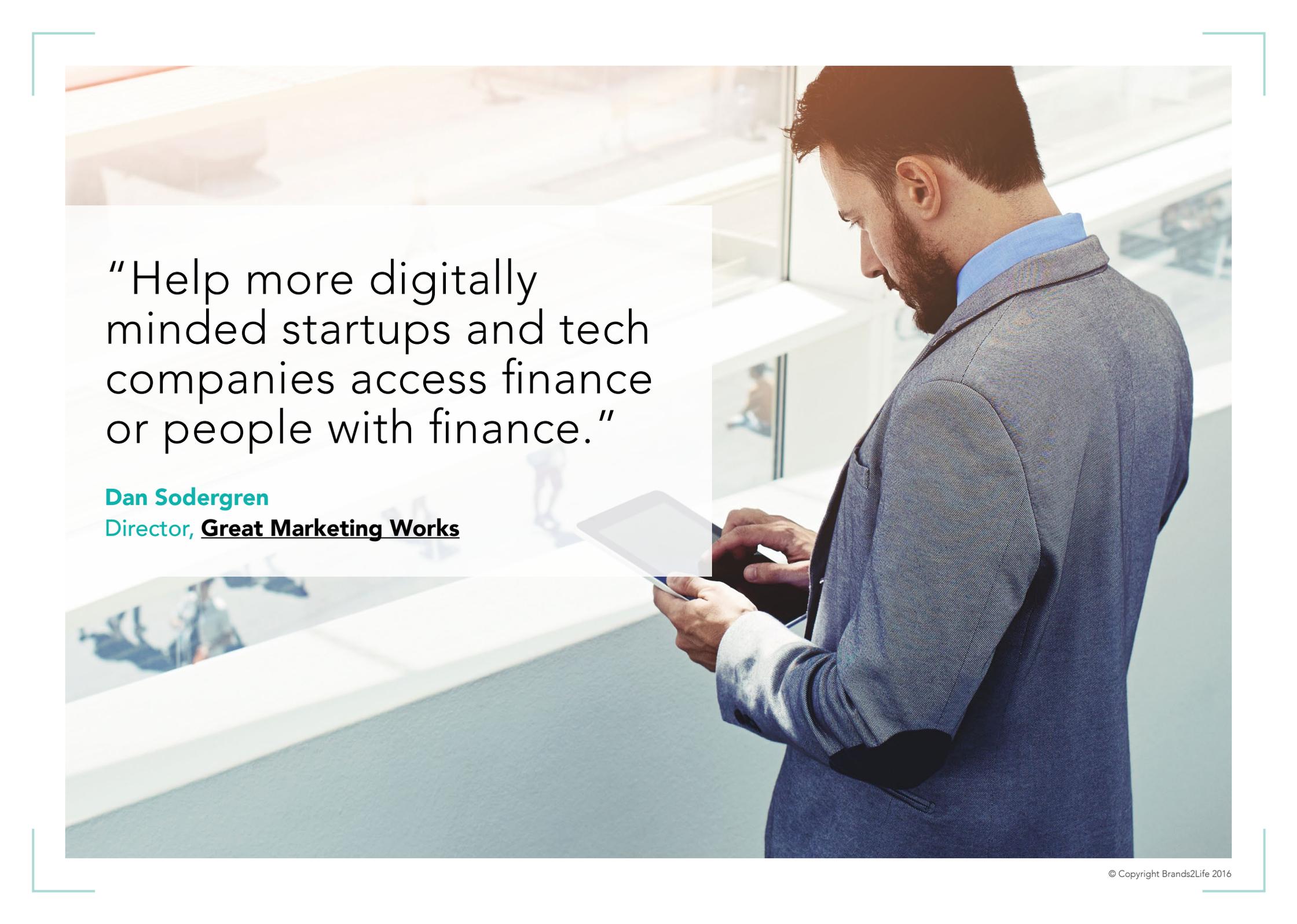
It's not just about download speeds, but uploading too for an increasingly data-driven economy. "The current asymmetric model (typically 0.5 Mbits) makes uploading content to websites, or interaction with government digital services nigh on impossible in many parts of the country" says EMC's Rob Lamb.

Another critical element of the digital infrastructure strategy the Government needs to address is connectivity for workers on the move. Jag Singh, Investor at start-up accelerator, [Collider](#), called for government to "open up access to Network Rail's mobile network to offer more reliable connectivity for commuting workers."

Perhaps surprisingly even large tech communities in London still struggle as data requirements increase. "Whitehall exchange

is still not upgraded and this is the heart of London" says Simon Gordon, owner of online platform [Facewatch](#)

Finally, Mat Sears, Communications Director at telecommunications company, [EE](#) posted a reminder that telecoms companies are still struggling with planning laws and other rules which hamper their ability to build and maintain networks. "We need to ensure that our mobile infrastructure is not held up by policies that do not allow us to evolve and expand it easily and quickly" he said.

A man with a beard, wearing a blue suit jacket and a light blue shirt, is shown in profile from the side, looking down at a tablet computer he is holding with both hands. He is standing in a modern, brightly lit office or public space with large windows and white architectural elements. The background is slightly blurred, showing other people and office furniture. The overall tone is professional and tech-oriented.

“Help more digitally minded startups and tech companies access finance or people with finance.”

Dan Sodergren

Director, **Great Marketing Works**

SUPPORTING INNOVATION AND ENTREPRENEURSHIP THROUGH FINANCE AND THE TAX SYSTEM

A key concern is the supply of funding and helping tech businesses and entrepreneurs across the whole of the UK navigate funding opportunities.

Veronique Barbosa of Revolut thinks that there's more that can be done through government backed loan schemes, calling for extra money to be pumped into Startup Loans UK and through other avenues "to ease funding opportunities for early stage start-ups."

And regional disparities need addressing, with calls from Claire Braithwaite of the Manchester Growth Company to "increase the flow of funding into tech businesses in the regions: 75% of tech businesses are based outside London yet 80% of VC investment goes into businesses

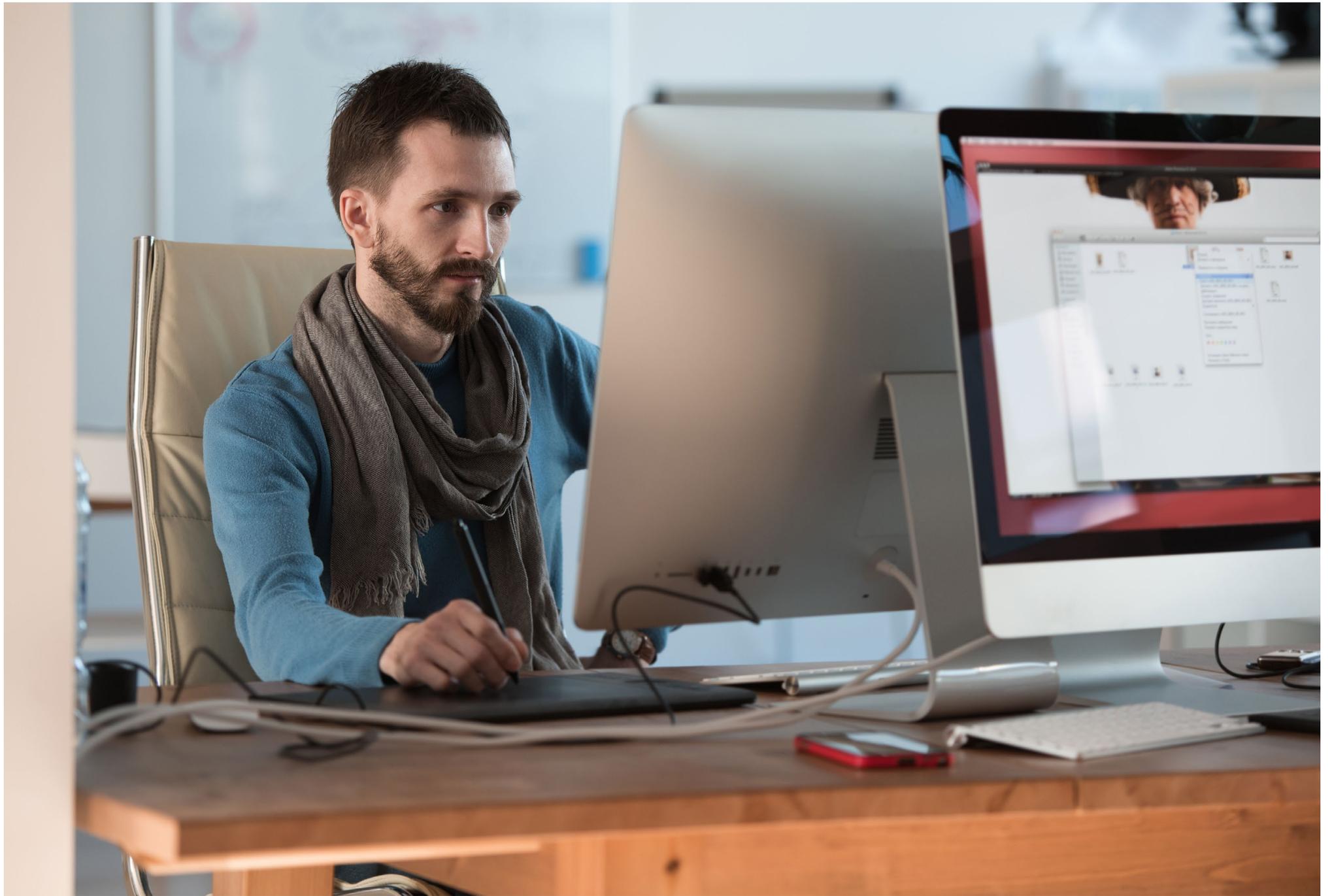
in the capital. Support identification of deal flow pipelines and promote competition in the regions for deals between investors."

Broader support programmes could help SMEs get online and take advantage of technology, as well as more tangible support like co-working spaces. Emma Jones, Founder of entrepreneurial business community **Enterprise Nation** suggests government should introduce "a programme of Digital Vouchers to offer subsidised support to small businesses on how to use digital tools and technologies."

A few respondents working with tech hubs wanted local authorities to prioritise better deals for start-ups and 'free office space' Collider's Jag Singh, commented that councils

should already be offering business rates relief to co-working spaces "but many aren't."

The tax system is one of the main levers available to the Government for supporting the tech sector. To boost investment, improvements could be made to key schemes for incentivising investment from VCs and institutional investors. The Enterprise Investment Scheme (EIS), a series of UK tax reliefs to encourage investments in small unquoted companies, and Seed Enterprise Investment Scheme (SEIS), are not working as well as they could and need, according to Jimmy McLoughlin, Head of External Affairs at the **Institute of Directors**, to be "protected and widened". Jag Singh felt the schemes had become distorted with "too many



startups getting 'dumb money' investments from investors who have no interest in the long term viability of the company, and see it as a quick/cheap tax dodge."

Respondents suggested policy levers to attract more institutional capital to help scale tech in the UK. Dan Morgan, Head of Policy and Regulation at the FinTech membership organisation **Innovate Finance** said "greater support for equity over debt is key... state aid restricts tax levers at this level but wider policy options should be explored."

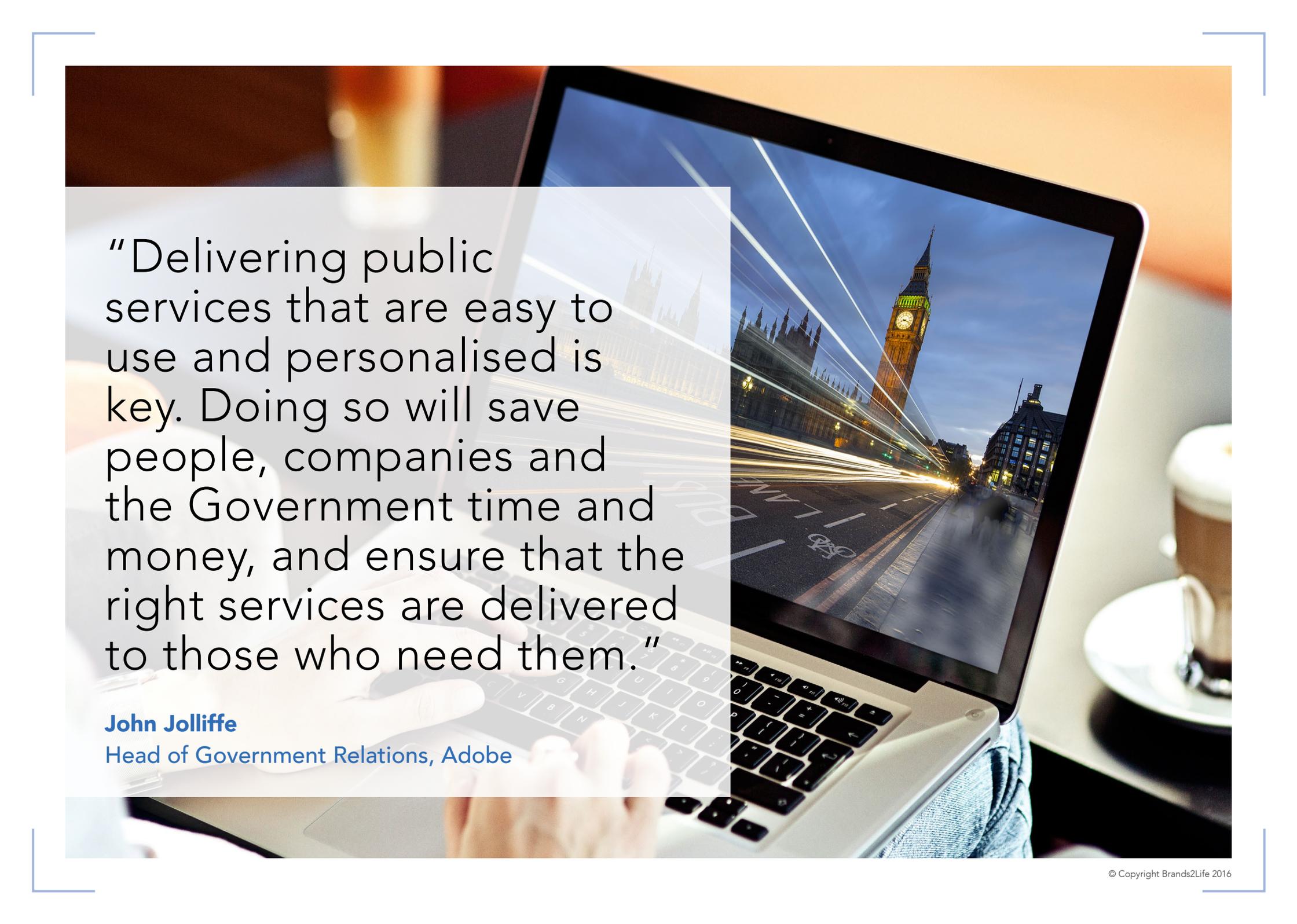
In addition, introducing higher R&D bands of relief would "help companies' finance their own tech efforts" according to Dan Sodergren of marketing consultancy Great Marketing Works.

Rob Wirszycz, Managing Partner at Meguro LLP thinks government should "continue with the investment tax breaks, and look at the tax regime to support flexible working."

In emerging sectors, like the sharing economy, the Government is already taking steps to incentivise growth through the tax system. Chancellor George Osborne announced the world's first sharing economy allowance in his Budget last month, enabling individuals to earn up to £2,000 tax-free. Debbie Woskow, CEO, home exchange club, **Love Home Swap** and Founding Chair of trade body, **Sharing Economy UK** felt "this was a colossal win for Britain and showed how the Government is taking note of the changing nature of work" but added she would "like to see this grow

over time in the same way as the Rent A Room Allowance, which increased from £4,250 to £7,500 in 2015."

Some, such as Philip Kallberg of online restaurant alternative **EatAbout**, want the Government to take a bigger role in supporting the emerging trends such as the sharing economy and to look to "provide services (e.g. insurance products) aimed specifically at sharing economy startups."



“Delivering public services that are easy to use and personalised is key. Doing so will save people, companies and the Government time and money, and ensure that the right services are delivered to those who need them.”

John Jolliffe

Head of Government Relations, Adobe

DRIVING DIGITISATION THROUGH THE PUBLIC SECTOR

Technology has been front and centre of the Government Digital Service's mission to transform citizen services right across the public sector. While the Government has made strides with its digital programme in recent years, the private sector feels there's still a long way to go.

Recognition of the public sector's power to support burgeoning UK industries such as MedTech, EdTech and CyberTech must become more engrained in the Government's

thinking according to one of our contributors who wished to remain anonymous.

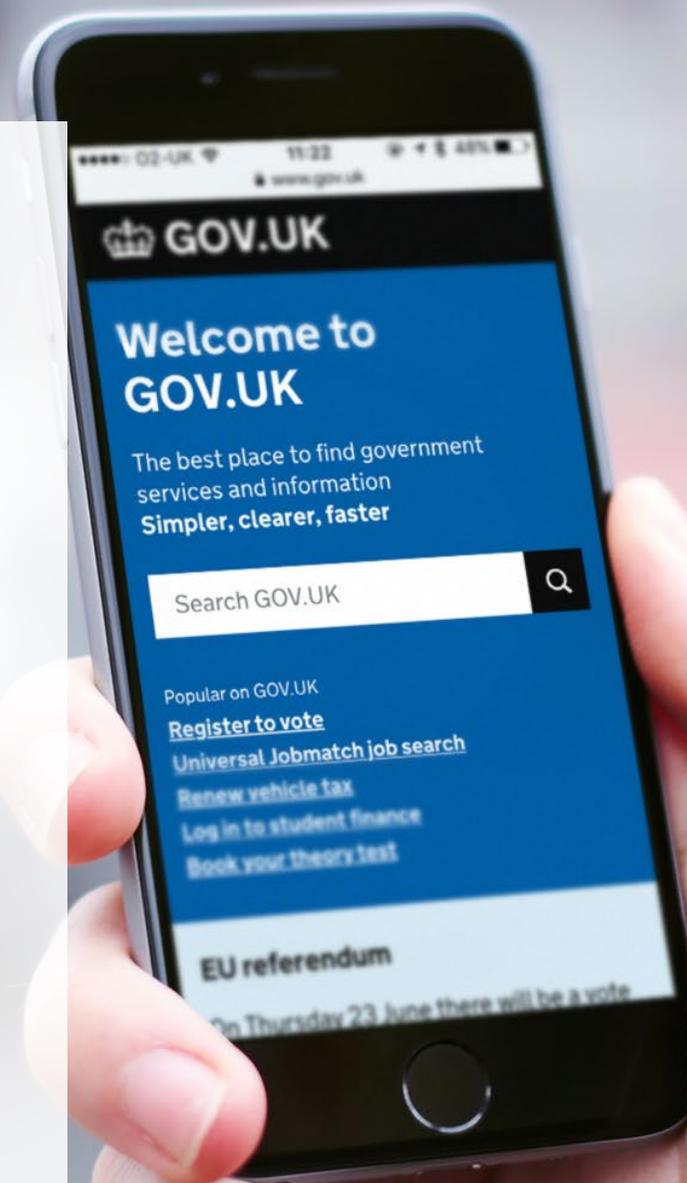
On procurement, there's more to do around opening up contracts to a wider variety of companies and enabling more risk taking and innovation in the public sector. Rob Wirszycz, Managing Partner, Meguro LLP thinks the Government should ["make it much easier for the public sector to buy from young companies."](#) And a change in culture is needed

to encourage risk taking by the civil service. Lord Lucas called for the Government to ["back civil servants when they innovate, procure products and services from SMEs, and use new tech."](#)

Overall, technology businesses of all sizes feel they have a lot to offer Government and can help accelerate progress and unlock big economies of scale, in particular in local government, which has seen less digitisation.

“Government spending can have a greater impact by bringing ideas, capabilities, funding and mature projects together, ensuring funding is not simply replicating an innovation elsewhere, but building on it to create projects of sufficient scale to solve problems for our citizens and showcase our tech skills to the world.”

Russell Haworth
CEO, Nominet



Tendering offers an opportunity for local councils to embed digital into their programmes. Ade Adeyemi, of the **Fabian Society Executive Committee** and **UCL NHS Foundation Trust** observed “Local councils spend millions on goods and services. Each new tender/procurement is an opportunity to improve digital innovation. Councils and local commissioning bodies should be assessing the extent of digital inclusion and innovation within their tender responses where appropriate.”

“Digital in local government brings the promise of radically improved citizen services and substantial savings. Progress is being made but the prize remains. The Government should sponsor an environment of open standards, governance and common services to unleash both local innovation and the scale economics of 433 UK local authorities.”

Jonathan Bradshaw
Director of Technology, **Agilisys**



“Develop legislation to support innovation with particular emphasis on regulatory agility.”

Ben Brabyn
Head of **Level39**,

Credit: -JvL-, CC BY 2.0)

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RESPONDING TO TECHNOLOGICAL CHANGE THROUGH REGULATION

The current complexity of changing laws and decision-making at any level of Government – local, national, or European – creates a huge challenge in terms of getting the regulatory environment right when sectors are being turned on their head by tech innovation.

Policymakers need to be linked in to the wider tech community to anticipate the ethical and social impact that arise from tech innovation. Their challenge is to enable innovation while ensuring open, competitive markets, and robust protections for consumers.

Jag Singh suggests government starts to “include a digital impact assessment process for all legislation coming online in the UK (and EU)” to place digital at the heart of all policy making. Could we see a future where there is a ‘digital chapter’ in any government strategy that looks at how data analytics solutions or

cloud computing can support a better service and insights or which apps and social media strategy will work best with citizens?

There are organisational challenges in delivering effective digital regulation too. Now that digital transformation and technology impacts every sector and corner of government, being coordinated enough is not easy as Digital Economy Minister, Ed Vaizey, **admitted** recently. at800’s Ben Roome, thinks this could be addressed with “a dedicated Digital Ministry with a Cabinet-attending Secretary of State (that would) send the message that it is a vital sector underpinning the social and economic fabric of the UK.”

Unsurprisingly the tech community would like to see policymakers thinking and planning for the longer term, but at the same time remaining agile and able to respond quickly to unpredicted

events. One contributor who preferred to remain anonymous said government should “expand the proactive approach to regulation in the FinTech and Autonomous Vehicles space to more emerging digital technologies such as drones, and distributed ledgers.”

Finally how will the Government’s long term economic forecasting be impacted by tech innovation? Debbie Woskow of Love Home Swap and Sharing Economy UK, has pointed to one relevant example. “In the UK right now, we face a measurement problem. Digital technology and the rise of the sharing economy has reshaped how we live and work. So much so that the way we collect official statistics is now out of date. The Government needs to work with us to establish how we can modernise measurement of the UK’s economic health.”

We are pleased so many from across the tech sector have chosen to join our debate “The UK: A leading digital nation?” with MPs, techUK, Nesta and Sharing Economy UK. We look forward to exploring these ideas further.

ABOUT BRANDS2LIFE

Brands2Life is a digitally-led, integrated communications agency working with innovative companies from start-ups through to global digital transformation businesses, combining tech sector expertise with specialist disciplines like public affairs, digital, and PR.

We are recognised as leaders in our field in the UK and beyond. Last year, global public relations industry analyst organisation the Holmes Report, described Brands2Life as “the defining European Tech PR firm of the decade,” and awarded us their SABRE award for Best

Technology PR Agency in Europe for the third year running. In 2015 we were voted the UK PRCA’s Large Consultancy of the Year.



For more information please contact

Natasha Thomas
Head of Public Affairs
natasha.thomas@brands2life.com
T: +44 (0)20 7592 1200

www.brands2life.com
www.twitter.com/brands2life