CIONET

DISCUSSION SUMMARY

DIGITAL BRITAIN – LAUNCH OF A NATIONAL MOVEMENT

On 26th May twelve speakers and 125 digital leaders joined CIONET for the third Community Event of 2021 in the UK. The event was moderated by Roger Camrass, Research Director of CIONET International and Trevor Didcock, ex-CIO (easyJet, the AA, HomeServe, RAC) and currently Chair of Futurice UK, and organised by Jenniffer Tang, Director of the UK Community Programme. It was sponsored by GitLab and UiPath. Here is a summary of the discussion.

Providing context for Digital Britain

In a post COVID, Post BREXIT world, Britain has much ground to make up compared to the USA and China if it aims to prosper in the emerging digital economy. Apple alone has a market capitalisation exceeding the sum of the entire FTSE 100. We need a clear vision to bolster our position as one of the world's leading digital economies.

Imagine how different the UK would be if 50% of the FTSE 100 were digital businesses by 2030, with each company worth $100 Billion or more. There is clear evidence that we have a vibrant start-up community as well as global giants who are 'digitising' their businesses. But the question is whether this is sufficient to achieve a genuine breakthrough at global scale. The evidence so far is not compelling.

This event was designed to initiate a national movement to put the UK firmly on the digital stage. We were privileged to assemble some of the nation's most talented and influential speakers to help CIONET UK launch the movement.

Does the UK government have a digital strategy?

Coleen Andrews, Director of Market and Suppliers at the Cabinet Office listed ten key features of government policy relating to Digital Britain ranging from acceleration of digital skills and world class infrastructures to collaborative efforts between academia, industry and public services. She pointed out that the UK attracts more inward investment than France and Germany combined, placing us third after the USA and China.

Her office oversees a combined spend of £25 Billion with forty IT vendors within the public sector. This gives government an exceptional call on global technology resources. These resources are being directed towards critical areas such as cyber

security, skills development, legacy upgrades and achieving net zero environmental targets. One significant achievement has been government's ability to encourage small to medium sized enterprises (SME) to grow. Through G-Cloud and simpler procurement frameworks, SMEs now enjoy a third of public sector spend.

Where are our leading sectors in the race fror digital?

In Space: Shravin Mittal, Director of OneWeb, opened the first panel discussion entitled 'where should Britain plant its flag on the digital world stage'. Shravin and the Mittal family have co-invested with UK government to place the UK 'front and centre' in the global space race. OneWeb and Elon Musk's Skytrain are two unique competitors in the low orbit satellite marketplace. 650 satellites have been launched with more expected this month.

OneWeb is essentially an infrastructure project that will help relocate primary components of the space industry into the UK. This could include satellites, launchers, ground stations, antenna devices, much of which are currently built overseas. OneWeb will provide high bandwidth, low latency connectivity across rural Britain as well as to every other region of the world. This will give UK digital businesses a unique distribution channel in the coming years.

In Pharmaceuticals: Maureen Wedderburn, Non-Exec Chair of the Medical Manufacturing Innovation Centre, and former CIO of GSK Manufacturing described how digital has already helped to transform GSK and other leading pharma companies in the UK. Data-driven insights are accelerating the development of new medicines as seen with COVID vaccines. Intelligent automation across the supply chain is driving costs down and improving quality for customers such as the NHS. Data derived directly from patients is helping to personalise medical treatments and thus improve outcomes.

In Education: Alan Brown, Professor on Digital Economy from Exeter University and author of 'Delivering Digital Transformation' spoke of a revolution that is required now in education. The UK is a global leader in research but has struggled to commercialise much of its intellectual property. Centres such as Bristol, Cambridge and Oxford have begun to buck this trend, and there are many established science parks attached to leading universities. However, further effort is required to mirror US establishments such as MIT and Stanford.

Can large incumbents lead in the digital world?

Tarun Kohli, Managing Director & Head of New Propositions at Swiss-Re made an impassioned plea that we don't need 'digital strategies for Businesses'. Instead, he insisted that we need 'business strategies for the digital world'. Digital strategies are about automating current business, or what we call 'modernising the factory'. This will help streamline incumbents but will not produce digital leaders such as Amazon or Alibaba.

The possibility of marrying digital start-ups with leading incumbents presents a way of generating new propositions at scale. New business models are required that will enable such developments, especially as they will often stretch beyond sector boundaries. In Tarun's opinion, technology is no longer a barrier. Instead, he pointed to the need for a change of mindset amongst industry leaders, emphasising curiosity and the willingness to explore new frontiers.

A central role for eco-systems in the race for digital

According to Professor Alan Brown and Tarun Kohli, one of the defining characteristics of the digital economy is the refocusing away from 'products in manufacture' to 'products in service'. Tesla has illustrated that the modern vehicle is an 'iPad on wheels' where software rather than hardware defines a car's features and performance. New sources of value in the digital economy emanate from the interaction between the product and end customer.

In Tarun's view, eco-systems will enable data derived from such interactions to generate new value networks marrying incumbents and start-ups. Those who participate in such eco-systems will find themselves constantly evolving within a virtuous circle. Developing the right platforms can take up to a decade, as Amazon has demonstrated with AWS and Alibaba Cloud which spawned TenCent and Baidu. Long term investment strategies will be a prerequisite for success and could favour a government-led approach.

What are the enablers to achieve digital leadership?

Alison Kay, Managing Partner for Client Services, UK&I at EY described four factors that could stimulate growth in the digital economy:

- Technology led education that focuses on solving the big issues that challenge today's society across the globe such as climate change
- Innovation at scale that enables large corporations to capture new sources of value associated with a data-driven digital economy

- Digital trust that could transform relationships between different sectors of the economy using techniques such as blockchain
- Government policy that encourages the supply side such as tax credits. All speakers recognised that the UK already has some advantage here

Alison stressed that today we have a 'squeeze in the middle' that exists between large corporates and early-stage digital companies. Private Equity pours billions of dollars each year into 'old economy' companies in traditional UK industries such as banking, manufacturing and retailing, looking to rediscover value but rarely reinventing with digital. Venture Capital is financing start-ups. But companies such as Starling Bank had to speak with over a hundred sources of finance before securing a new round of growth capital. The big 'scale-up' gap in the UK is businesses in the range of $50 million-5 billion. In the words of Hermann Hauser 'we are looking for companies such as ARM and Graphcore that can achieve trillion-dollar valuations'.

Technology is essensial ingredient for digital success

Automation: Rory Gray, Vice President, UK&I of UiPath called attention to the lack of automation in today's offices where up to 33% of work activity is entirely repetitive and could be replaced by software-based robots. Much of this work consists of transferring data between applications. The proliferation of new applications and associated databases will, if unchecked, further increase the volume of repetitive, low value work.

Adoption of robotic process automation over the past 5 years has demonstrated that speed, accuracy and productivity can be improved dramatically within all types of business, not just the large or complex. Businesses are now becoming experienced in establishing automation centres of excellence and are rolling out corporate wide programs to boost productivity, improve employee working experiences and drive higher NPS scores in their markets. Automation in this way is proving to be the catalyst for digital transformation. And more of British industry needs to step up to increase their competitiveness I business and for customers and employees.

Open Platforms: Kenny Johnston, Senior Director of Product, DevOps and Enterprise Tech at GitLab described how open platforms are transforming the product creation process by connecting communities of software developers. Combined with public cloud infrastructures, these platforms enable applications to be deployed rapidly around the globe, with hundreds of daily upgrades. They also address security concerns.

As entire sectors become software and data centric, incumbents must learn to use

open platforms and associated tooling to attract and empower the most talented developers. For start-ups, such platforms provide an essential vehicle for the global scaling of software-based products and services.

Next generation infrastructures: Massimiliano Ladovaz, Chief Technology Officer of OneWeb described the defining capabilities of low orbit satellites to be:

- Global coverage that can bridge the digital divide where four billion people remain disconnected from modern networks
- An effective way to serve rural areas of the UK (40% of total geography) where fibre is unlikely to be available
- Offering high bandwidth and low latency that is a quantum improvement on traditional satellite technologies

In Massimiliano's view, low orbit satellites will help revolutionise corporate communications by 2030, with the prospect of 6G mobile as a joint terrestrial and space venture. Space will also answer many of today's security issues.

Leadership and talent are critical

Simon La Fosse, Founder and Chair of La Fosse Associates, supported Alan Brown's comment that traditional educational methods are no longer 'fit for purpose' in the digital age. Few graduates are equipped to work in the commercial sector. Industry rather than academia will need to invest to fill this vital gap.

The UK has created an attractive environment that encourages overseas talent to relocate to our country. Our boards and start-ups reflect a level of diversity and gender/ethnicity equality that surpasses most western countries. Government must remain proactive in designing policies that accommodate the best talent and retain and reward entrepreneurs based in the UK. The recent listing of some thirty IPOs in London this year illustrates that such policies are beginning to work.

What are the challenges facing Digital Britain?

Asheesh Malhotra, Lead Partner for Technology Transformation at EY UK&I made an important point that there is a big difference between 'doing digital' and 'being digital'. Most incumbent organisations are focusing on 'factory modernisation' by employing digital techniques. Few are taking the necessary steps to develop genuinely new digital businesses. He described barriers that will need to be addressed if we are to achieve our global ambitions as:

- Improved access to capital – incumbents will need to adopt a venture capital mindset when examining new investment opportunities. Too much money is being channelled into maintaining legacy systems
- Eco-system formations – there are some points of light in ecosystem and related platform developments in areas such as healthcare and biotech. However, leaders need to collaborate more closely in order for these ecosystems to develop successfully.
- Digital literacy – in addition to higher education, there is an urgent need to educate entire workforces including Boards in digital technologies and business models. Only by doing this can we expect to shift mindsets

Where next?

Roger Camrass summed up the discussions by emphasising the shift in thinking that is taking place today both at the business and technology levels. Incumbents have been preoccupied for over a decade with moves to cloud-first and mobile-first platforms. This has been accomplished to a large extent. Today we are witnessing a new wave of technology-driven imperatives that include 5G and low orbit satellites, artificial intelligence, robotic process automation, open platforms, data analytics and blockchain.

In parallel new business models are proving successful amongst digital leaders and start-ups that involve ecosystems, open platforms and high levels of automation. Boundaries between traditional sectors are blurring as collaboration intensifies in areas of data-driven propositions.

Roger stressed that this is a glorious time for CIOs in the UK as they become centre stage in the digital revolution. He stressed that CIOs must be bold in forcing through digital developments. Our own work at CIONET suggests that digital leaders will need to develop an equal capability between business and technology know-how if they are to influence their peers across the 'C' suite.

Roger Camrass

A pioneer of today's Internet as an ARPA research fellow at MIT in the seventies, Roger has spent over fifty years helping corporations harness the power of new technologies such as cloud, mobile communications, e-commerce, voice recognition and satellite. He was a partner at EY responsible for e-commerce during the dot.com boom. He is a graduate of Cambridge University and MIT, and a visiting professor at the University of Surrey.

Jenniffer Gearheart-Tang

Jenniffer has over 25 years of international corporate experience specializing in innovation, business strategy, marketing & senior executive recruitment at Shell International & Korn/Ferry International. She was Head of Innovation at Shell where she developed an award winning global digital platform – Shell ideas360, which transformed corporate innovation.

Trevor Didcock

Trevor has more than 25 years experience in the leadership of technology in pioneering businesses across a variety of sectors. He was CIO at easyJet, the AA, HomeServe, the RAC and led IT at Mars Confectionery. He now provides board advisory services, is a board member at Futurice and chairs the UK business, is SID at Affinity Water, has a non-executive role on the Programme Delivery Board at the CAA, and invests in and supports a range of digital startups.

About CIONET

CIONET is the leading community of more than 10,000 digital leaders in 20+ countries across Europe, Asia, and the Americas. Through this global presence CIONET orchestrates peer-to-peer interactions focused on the most important business and technology issues of the day. CIONET members join over a thousand international and regional live and virtual events annually, ranging from roundtables, programs for peer-to-peer exchange of expertise, community networking events, to large international gatherings. Its members testify that CIONET is an impartial and value adding platform that helps them use the wisdom of the (IT) crowd, to acquire expertise, advance their professional development, analyse and solve IT issues, and accelerate beneficial outcomes within their organisation.

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