DTI 1998 Competitiveness White Paper: Some background and introduction

Intellect Knowledge Economy Campaign
Knowledge Economy Working Party Meeting
Russell Square House
4th November 2003

A personal view from:
Prof. Jim Norton
Independent Director
Former Director Cabinet Office
Performance & Innovation Unit
e-Commerce team
Issues to be covered

• The context in which the White Paper was developed.

• Was the basic analysis sound?

• What does benchmarking indicate?

• Were the initiatives taken successful - a personal view?

• What are the key issues now for Intellect members?

• A closing thought...
The White Paper context...

- History of ‘Hezeltine’ Competitiveness White Papers.
- Need to revitalise DTI.
- Background of first DTI Future Unit report.
- Led to first Performance & Innovation Unit report
A contemporary slide produced for the DTI’s Departmental Strategy Group on the Future Unit “Converging Technologies” Report

- Peter Mandelson is positioning DTI as:
  - “the Department of the Future”; and
  - “giving priority to the development of the knowledge-driven economy”, impacting all sectors of UK industry, manufacturing and service alike.

- He has tasked the Future Unit to “champion the development of the knowledge-driven economy”. This will be achieved through the work of DTI’s sectoral and regional units. It will be at the heart of the forthcoming Competitiveness White Paper.

- The report’s recommendations reflect the significant further multi-disciplinary work required to ensure that that the UK’s social, economic and institutional developments remain in step during this period of rapid and complex change.
# Issues to be covered

- The context in which the White Paper was developed.
- Was the basic analysis sound?
- What does benchmarking indicate?
- Were the initiatives taken successful - a personal view?
- What are the key issues now for Intellect members?
- A closing thought...
Was the basic analysis sound?

The challenge of the knowledge driven economy:

“In the global economy, capital is mobile, technology spreads quickly and goods can be made in low cost countries and shipped to developed markets. British business therefore has to compete by exploiting capabilities which competitors find hard to imitate. The UK’s distinctive capabilities are not raw materials, land or cheap labour. They must be our knowledge, skills and creativity.”

Source: Our Competitive Future building the knowledge driven economy. Dec1998
Issues to be covered

• The context in which the White Paper was developed.

• Was the basic analysis sound?

• What does benchmarking indicate?

• Were the initiatives taken successful - a personal view?

• What are the key issues now for Intellect members?

• A closing thought...
The above twelve indicators (shown in white) formed the basis for the BAH benchmark

Source: BAH Benchmark report November 2002
Recent Benchmarks: Booz Allen Hamilton 11/02

Extract from the Executive Summary of International e-Economy Benchmarking:

- The UK has the second best environment for e-commerce among the benchmark group of nine countries.

- Assessed against the quantitative multi-indicator benchmarking framework designed for the Information Age Partnership, Booz Allen Hamilton & INSEAD, the UK has not yet reached its target of being the best environment for e-commerce, but has made substantial progress since 1998 when the target was set.

- The UK has many environmental strengths, although these have not yet been translated into high levels of uptake and use of the Internet.

- The UK’s relative strengths are in its Market and Political Environments, Business and Government Readiness for e-commerce.

- Its relative weaknesses are in Citizen Uptake, Government Uptake and to a lesser extent in Infrastructure.

Source: BAH. Covering Australia, Canada, France, Germany, Italy, Japan, Sweden, UK and USA
Which Countries score highest?

**Market**
- Sweden, USA, UK

**Political**
- USA, Australia, UK

**Infrastructural**
- Japan, USA

**Citizen Readiness**
- Canada, USA

**Business Readiness**
- Sweden, Germany, UK

**Govt. Readiness**
- USA, Canada, Australia, UK

**Citizen Use**
- Canada, Sweden, USA

**Business Use**
- USA, Sweden, Germany

**Govt. Use**
- Sweden, Canada, USA, Australia

**Citizen Impact**
- USA, Sweden

**Business Impact**
- USA

**Govt. Impact**
- Sweden, Australia

Source: BAH. Covering Australia, Canada, France, Germany, Italy, Japan, Sweden, UK and USA
But a following wind: Communications spend as a proportion of household income has been steadily increasing across the OECD countries…

*Communications includes Telecommunications equipment and services and postal services

Source: OECD SNA Database

Hungary, Norway, Slovak Republic, Switzerland and Turkey are not included
Issues to be covered

• The context in which the White Paper was developed.

• Was the basic analysis sound?

• What does benchmarking indicate?

• Were the initiatives taken successful - a personal view?

• What are the key issues now for Intellect members?

• A closing thought...
White Paper Commitments

- Building UK capabilities
- Collaborate to compete
- Competitive modern markets
- Innovation and entrepreneurship in government
- Measures to tackle the productivity gap (as set out in the 1998 Pre-Budget Report)
**Building UK capabilities: A personal view…**

<table>
<thead>
<tr>
<th>Successes</th>
<th>Failures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ensure that by 2002 the UK provides the best environment in the world for</td>
<td>Appoint a Special Representative for the Digital Economy.</td>
</tr>
<tr>
<td>electronic trading.</td>
<td></td>
</tr>
<tr>
<td>Launch new support services aimed at helping one million UK businesses to</td>
<td>Consult on corporate venturing and review public financial markets for</td>
</tr>
<tr>
<td>get wired up to the digital market place by 2002.</td>
<td>small businesses.</td>
</tr>
<tr>
<td>Tax incentives to encourage R&amp;D in SMEs.</td>
<td>Recommend ways of making more of the commercial potential of the outputs</td>
</tr>
<tr>
<td>Establish a national network of Faraday Partnerships</td>
<td>of public sector research establishments.</td>
</tr>
<tr>
<td>Provide advice to 10000 start-ups a year through Business Links.</td>
<td>Launch a second round of Foresight.</td>
</tr>
</tbody>
</table>

Source: Personal opinion focusing on areas within the ambit of Intellect
Collaborate to compete: A personal view…

Successes

- Set up new Business Link Centres of Expertise to provide local access to new specialist services.
- Fund up to ten proposals from sectors to improve their supply chains adapting the SMMT Industry Forum model.
- Examine whether there is scope to lower barriers to immigration that prevent entrepreneurs and skilled professionals from coming to or remaining in the UK.
- Substantially support the CBI’s Fit for the Future campaign.

Failures

- Increase the ‘Invest in Britain Bureau’s focus on attracting high-value projects.
- Look at specific ways to work more closely with local government to support new investment and business competitiveness.
- Create the conditions which encourage the formation and growth of clusters and set up a Ministerially-led team to look at biotechnology clusters.
- Review how the planning system can best help promote the needs of clusters.

Source: Personal opinion focusing on areas within the ambit of Intellect
Competitive modern markets: A personal view…

**Successes**
- Maintain the UK’s position as one of the world’s most open economies.
- Remove legal obstacles that stand in the way of electronic commerce.
- Provide the OFT with an extra £15M over three years to enforce the new Competition Act more effectively.
- Establish a voluntary licensing scheme organisations providing secure electronic messaging.

**Failures**
- Implement an action plan to modernise the intellectual property rights system.
- Reform telecommunications regulation.
- Review with the British Standards Institution what can be done to accelerate standards setting.
- Ask the Accounting Standards Board, in consultation with others, to look at the scope for better guidance on disclosure of intangible assets.

Source: Personal opinion focusing on areas within the ambit of Intellect
Innovation and entrepreneurship in government: A personal view...

<table>
<thead>
<tr>
<th>Successes</th>
<th>Failures</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Ensure that by March 2001, 90% by volume of routine procurement of goods by central government is conducted electronically.</td>
<td>- Carry forward the work of the Future Unit to champion the knowledge driven economy.</td>
</tr>
<tr>
<td>- Ensure that by 2002, 25% of Government services are accessible electronically.</td>
<td>- Provide better information for SMEs building on the Enterprise Zone web-site.</td>
</tr>
<tr>
<td>- Develop a competitiveness index, based on a set of competitiveness indicators, to measure the UK’s progress.</td>
<td></td>
</tr>
</tbody>
</table>

Source: Personal opinion focusing on areas within the ambit of Intellect
Issues to be covered

• The context in which the White Paper was developed.

• Was the basic analysis sound?

• What does benchmarking indicate?

• Were the initiatives taken successful - a personal view?

• What are the key issues now for Intellect members?

• A closing thought...
What are the key issues now for Intellect members?

- Lack of follow through from research & development into implemented innovation?
- Continuing productivity gap against major competitor nations?
- Difficulty of nurturing new industry clusters?
- Continuing public sector problems with the “people dimension” of information systems mediated business change?
- Continuing weakness in manufacturing and very visible ‘low end’ service job losses to transition economies (such as India).

Source: Some suggestions based more personal perceptions than researched fact...!
**Issues to be covered**

- The context in which the White Paper was developed.
- Was the basic analysis sound?
- What does benchmarking indicate?
- Were the initiatives taken successful - a personal view?
- What are the key issues now for Intellect members?

- A closing thought...
A closing thought…

Where is the life we have lost in living?
Where is the wisdom we have lost in knowledge?
Where is the knowledge we have lost in information?

*TS Eliot, Choruses from ‘The Rock’, 1934*

And a codicil for the 21st century…
Where is the information we have lost in data?