

The Windsor Debates: Globalisation and the Digital Economy

Executive Summary

The subject of the first of a series of high level policy debates at Windsor Castle, Berkshire on the 15th/16th June, 2007, was "Globalisation and the Digital Economy".

Key influencers and business leaders from across the Thames Valley and Europe, including Microsoft, Computer Associates, BT, SAS Institute, Daimler Chrysler and PricewaterhouseCoopers, as well as notable experts such as Motorola Chairman, Sir David Brown, Professor of Economics at the Institute d'Etudes Politiques, Patrick Messerlin and His Royal Highness, the Duke of York, joined the invited delegates to debate these challenges and inform policy recommendations.

Delegates discussed two subjects – firstly globalisation and its implications; and secondly the digital economy and its speed of change, preceded by keynote presentations from Sir David Brown, Peter Jungen, President of the European Enterprise Institute and Ed Vaizey, MP. The key headline messages included:

- **Putting knowledge to work** to drive-up UK and European competitiveness.
- **Commercializing knowledge**, its transfer and exploitation in the market place.
- **Embracing globalization** – which is only a threat to those who will not participate – and put it to work to empower people.
- **Increasing inter-disciplinarity and collaboration** to exploit the shortening cycle times of innovation.
- **Exploiting** and understanding how **technology** can help innovation - not just do today's things quicker - to achieve sustained global competitive advantage.
- Ensuring **business-ready**, business-responsive and funded higher **academic institutions**.
- Bringing **Government institutions up-to-speed**, have flexible regulatory structures, building capacity and 'officers' understanding of their local economy to help plan for economic development.
- Build a **culture of innovation**, in schools, academia and business.
- Support appropriate **infrastructure investment**.

Messages and Challenges to Business

- Innovation is essential, not only in new products but in new working practices.
- Business and UK plc has a lot to offer and to compete with however we must recognise that innovation cycles are shortening due to technology; to make money we need knowledge therefore we need to retain innovative entrepreneurs within UK plc and not let them slip in to the Silicon Valley, Asia or elsewhere.
- The consensus view was that too many businesses lack confidence, determination and an innovative mindset.
- Many businesses remain input, rather than output driven, with many top and middle-managers lacking the confidence to implement working practices to support ICT, e.g. flexible working practices.
- Managing the exponential growth of information on the web is vital to ensure it is of the quality, relevance and authenticity to support productivity growth – the next big challenge and potential business opportunity is to find better ways of identifying the good stuff.
- Build the strength and depth of understanding on how to exploit the digital economy from the large corporate to SME sector, through developing knowledge transfer networks and other mentoring initiatives.
- Know, understand and adapt to the competition before cooperating. It is perhaps interesting to learn that China is no by any means a single market – indeed 95% of China's international trade is generated within 160 miles of its coast. What we are seeing now is like the 1st wave of a Tsunami – who knows whether there will be a 2nd or 3rd wave and what form that might take.
- Build and support culture of innovative support UK plc's productivity growth, e.g. skills, training, talent identification and retention, entrepreneurial business support, mentoring, venture capital finance, etc.

Messages and Challenges to Government

- There is a real issue about the ability of Government to adjust to the speed of change and keep pace with the challenges of the digital economy for business.

- We need to encourage entrepreneurship, through support, less regulatory burden and an acceptance that it is normal to fail on the pathway to success.
- An innovative culture must be brought into the curriculum for all ages, from schools to universities and into businesses – this includes funding structures to encourage greater entrepreneurship.
- We need a planning system more akin to managing the economy, than controlling it. Too much planning regulation, out-dated procedures and practices and a general lack of understanding of planning for economic development is hindering business and stifling innovation.
- Business support services are not focused enough on knowledge-intensive or the high productivity businesses.
- Government strategies at various levels appear to place ICT as an option, rather than a fundamental element of future plans and priority.
- Provide the regulatory structures that can support and promote long term, sustained investment (e.g. fibre to the home) in the right quality and quantity of technological infrastructure that can help transform and revolutionise current practises.
- Create the policy framework to drive a knowledge economy as the corner-stone (or cross-cutter) for national strategies in education, business development, infrastructure investment and regional economic development strategies.
- Globalisation is inherently a good thing – it supports democracy; equality; access to education which in turn can empower people in our more deprived communities to participate. Consequently, there is an important link between social inclusion and access to ICT. Globalisation is only a threat to those who do not or will not participate.
- We need to breed a culture of cooperation with emerging markets rather than a culture of competition. We should work with the emerging markets and other cultures to support their growth and help them to develop their working practices, social ethics and environmental values – there are many ways we could influence these things. As we increasingly become the customers of these countries we can influence their standards and values through our procurement processes – indeed it was interesting to note that *subsidiaries* of Multinationals based in China represent over 60% of the growth of exports from China.

Commercialisation Opportunities

- Building Knowledge Transfer Networks and Mentoring schemes.
- Providing the financial structures that support business spin-outs and innovation amongst SMEs (e.g. stronger venture capital financing).
- Continued Market / Sector growth and cooperation with the 'emerging markets'.
- Information collation, proofing and dissemination.
- Environmental management and good practice in procurement, work practices and ethics, etc.

Conclusions

The key conclusions of the Windsor Debate are that:

1. Globalisation has to be embraced if UK plc is to survive and grow to meet the productivity challenges of the knowledge economy.
2. Innovation, cooperation and collaboration will drive productivity growth and the knowledge economy.
3. The necessary ICT skills, development and training structures are included within the national curriculum from an early age.
4. Exploitation, not just use of, technology is a key driver for future economic growth.
5. Removing the barriers that disable businesses ability to grow and support productivity growth, e.g. infrastructure, education, regulatory framework, transport, are crucial.
6. Build structure and practices that can commercialise knowledge and innovation.

Next Steps

There is an ongoing, expanding programme of promotion and dissemination that includes:

Phase One

- Wider awareness raising, which has already been achieved and is ongoing.
- Establishing the key issues as they impact on business and government.

Phase Two

- Facilitate an ongoing debate to refine the issues and understanding amongst stakeholders, for example, some of the 240 events the Chamber hold each year to engage business in the globalization and digital economy agenda.
- Invite comment from the business community.

Phase Three

- Take issues onto the 'next-level' by influencing the agencies and institutions who effect change and action on the ground.