

CBI NI DIGITAL FORUM

14TH DECEMBER 2018



AGENDA

Time	Agenda Item
08:00 – 08:10	Welcome and introductions <ul style="list-style-type: none">• Angela McGowan, Director, CBI NI
08:10 – 08:30	NI Digital Economy: Taking Stock, Looking Ahead <ul style="list-style-type: none">• Owen Sims, Senior Policy Advisor, CBI NI
08:30 – 09:00	Foreign Direct Investment Strategy <ul style="list-style-type: none">• Alan Wilson, Head of International Investment, Invest NI
09:00 – 09.20	Discussion on key digital issues and opportunities facing NI firms
09.20 – 09.25	Any other business <ul style="list-style-type: none">• Further actions
09:25 – 09.30	Wrap-up and close

ATTENDEES

Name	Title	Company
Tom Gray	Chief Technology Officer	Kainos
Susan McKane	Head of Catalyst Belfast FinTech Hub	Danske Bank
Catherine Harrison	Vice-President HR	First Derivatives
Seamus Cushley	Director, Blockchain, FinTech & Innovation	PwC
George Maybury	NI Central Government Sector Manager	BT
Tara Simpson	Managing Director	Instil Software
Damian McAreavey	Project Manager	Etain Ltd
William Hamilton	Managing Director	Liberty IT
John Healy	Vice President & Managing Director	Allstate
Michael McEnery	Education Manager	CCEA
Alan Wilson	Head of International Investment	Invest NI
Paul Moore	Core Development Manager	Civica
Angela McGowan	Director, Northern Ireland	CBI
Owen Sims	Senior Policy Advisor	CBI

BACKGROUND: THE CBI NI DIGITAL FORUM

- The CBI NI Digital Forum has been established to:
 - Develop policy for Northern Ireland's Digital Economy;
 - Inform organizations of developments within the economic environment for digital skills and investment; and
 - Convening companies with policy-makers and government officials.
- Output will take the form of policy recommendations to help construct a Digital Strategy, but will be mainly shaped by members. Intends to meet **quarterly**.
- Meetings are an opportunity to:
 - **Discuss the digital economic environment within the Northern Irish economy.**
 - **Discuss your Digital 'State of Trade' (e.g. projects, adoption challenges).**
 - **Engage with senior members of Invest NI on international investment and skills strategy.**

NI DIGITAL ECONOMY: TAKING STOCK, LOOKING AHEAD



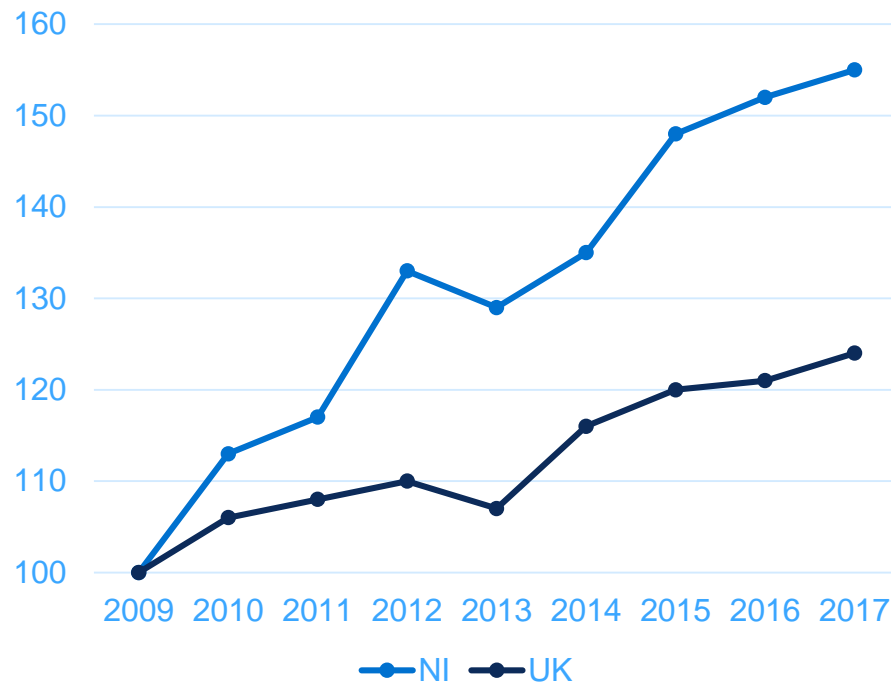
OVERARCHING CLAIM

“The digital economy has been successful in Northern Ireland, but a number of barriers are hindering growth.”

£3.2bn

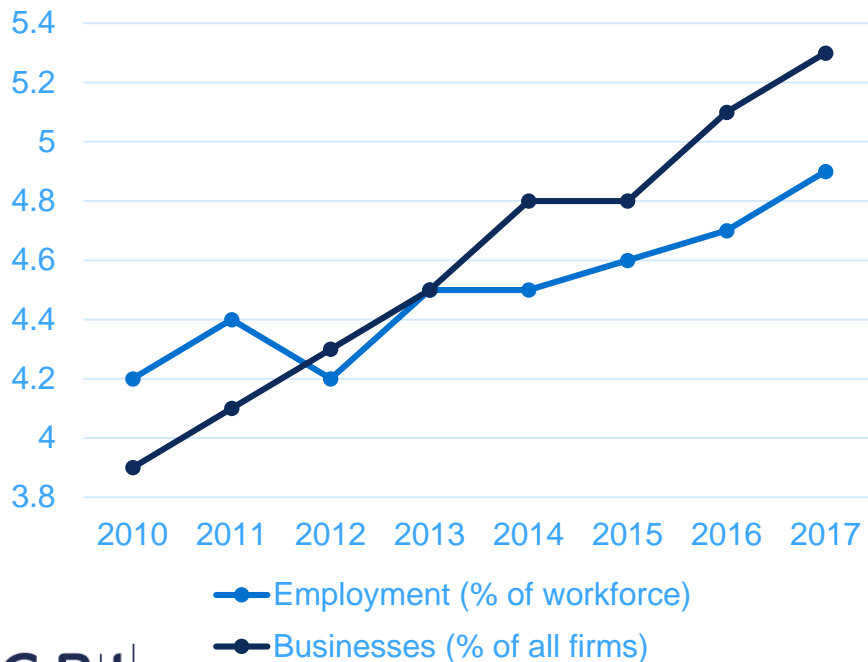
generated through direct, indirect and induced (*spillovers*) in GVA. It now generates over 8% of NI total GVA.

Digital Economy Activity Index



JOBS GENERATED BY DIGITAL ECONOMY

Composition of workforce



45,541

workers currently employed in the knowledge economy.

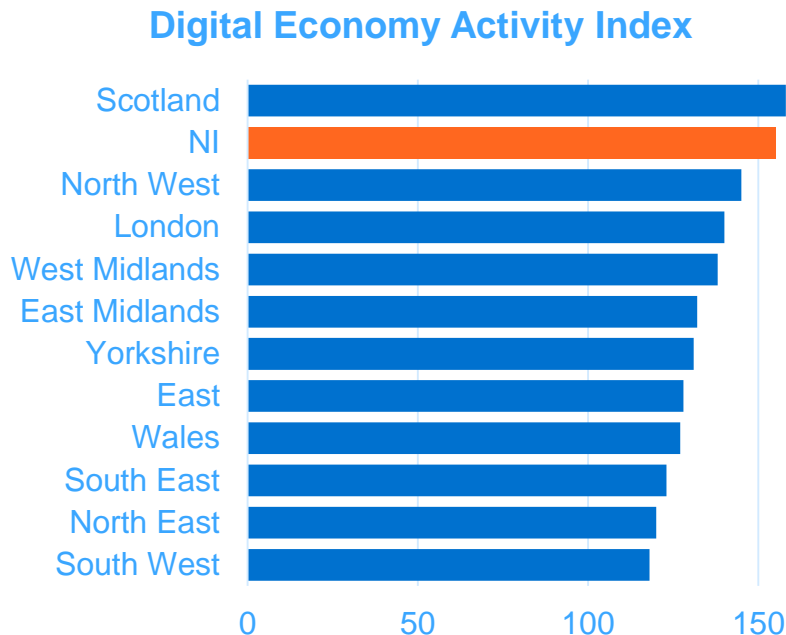
79,000

direct, indirect and induced jobs in 2017, accounting for 8.5% of total NI employment.

~1.73

One of the largest multipliers in the Northern Irish economy.

SUCCESS OF THE DIGITAL ECONOMY

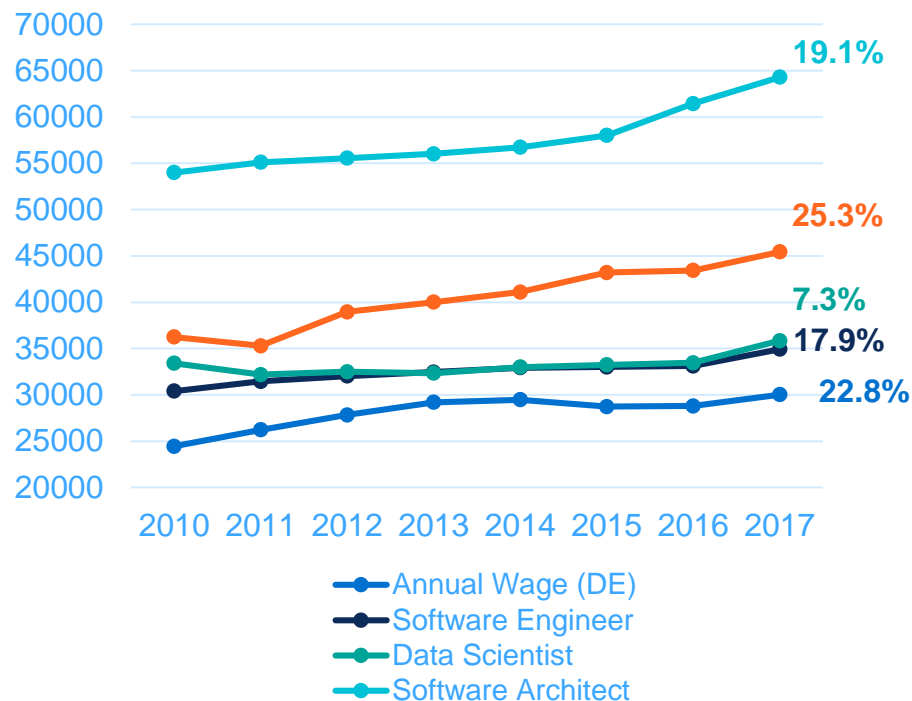


- NI has been the second fastest growing region in terms of Knowledge Economy activity, second only to Scotland.
- However:
 - It is starting from a relatively low base.
 - There are a number of indicators that show the environment is unstable.

SKILLS: RISING WAGE COSTS

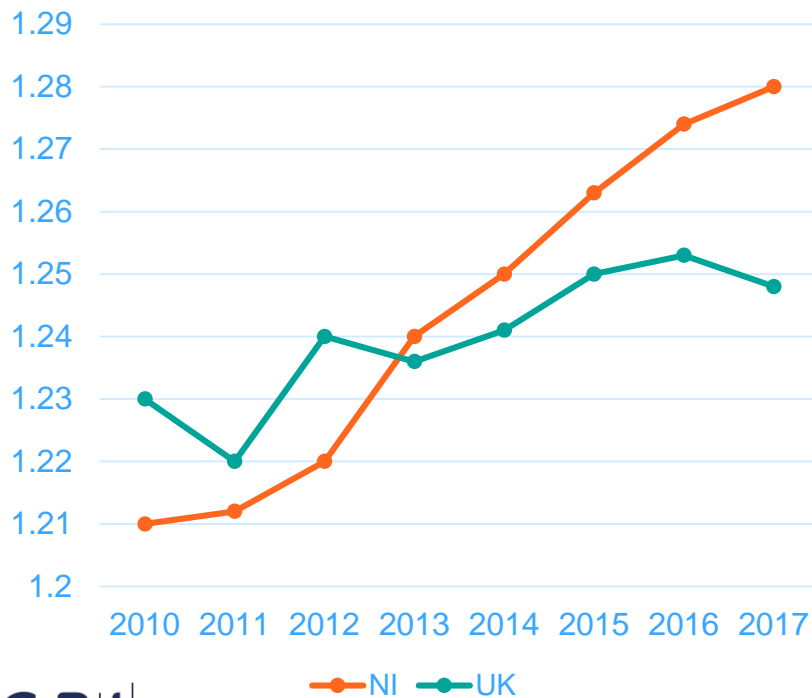
- Overall, average wage in private sector in Northern Ireland: **£22,717**.
- Is **25%** lower than in Public sector.
- On average, wages in the knowledge economy have increased by **22.8%**, now average over **£30,000**.
- **“Average”**: The digital economy is comprised of SIC codes, as opposed to SOC. Requires parsing out of specific roles.

Annual full-time salaries

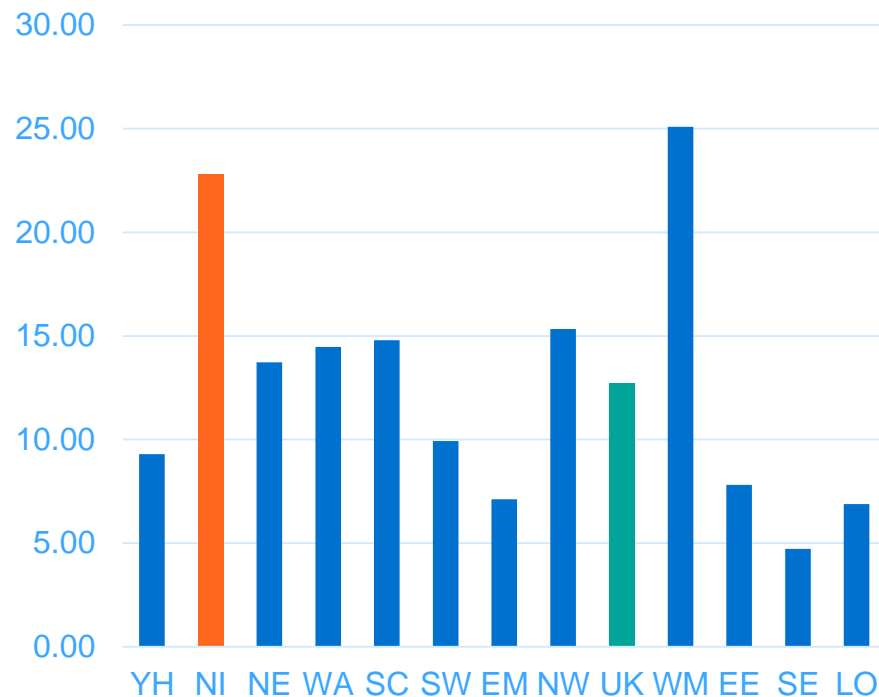


SKILLS: THE PACE OF WAGE INFLATION

(technical roles / average salary) ratio



Annual wage changes (2010 – 2017)



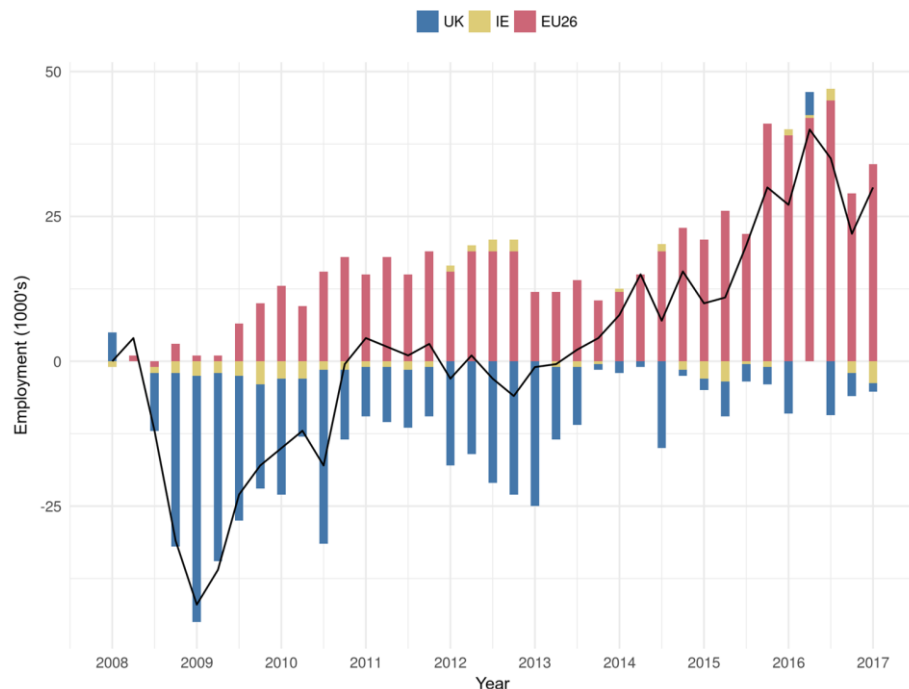
SKILLS: DEMAND ALREADY OUTSTRIPPING SUPPLY

Rank	Subject area	UK vacancies	Skills barometer
1	Computer science	2895	Under-supplied
2	Engineering	1589	Under-supplied
3	Mathematics	1301	Under-supplied
4	Computer software engineering	640	Under-supplied
5	Business administration	545	Over-supplied
6	Electrical engineering	504	Under-supplied
7	Statistics	484	Broadly in balance
8	Physics	430	Under-supplied
9	Computer engineering	234	Under-supplied
10	Economics	154	Over-supplied

- Top 10 disciplines sought by technology / AI employers.
- Many are under-supplied.
- Supporting apprenticeships could be mechanism to resolve this issue, but Apprenticeship Levy?

SKILLS: MIGRATION

Change in employment by country of birth, Northern Ireland, 2008-2017

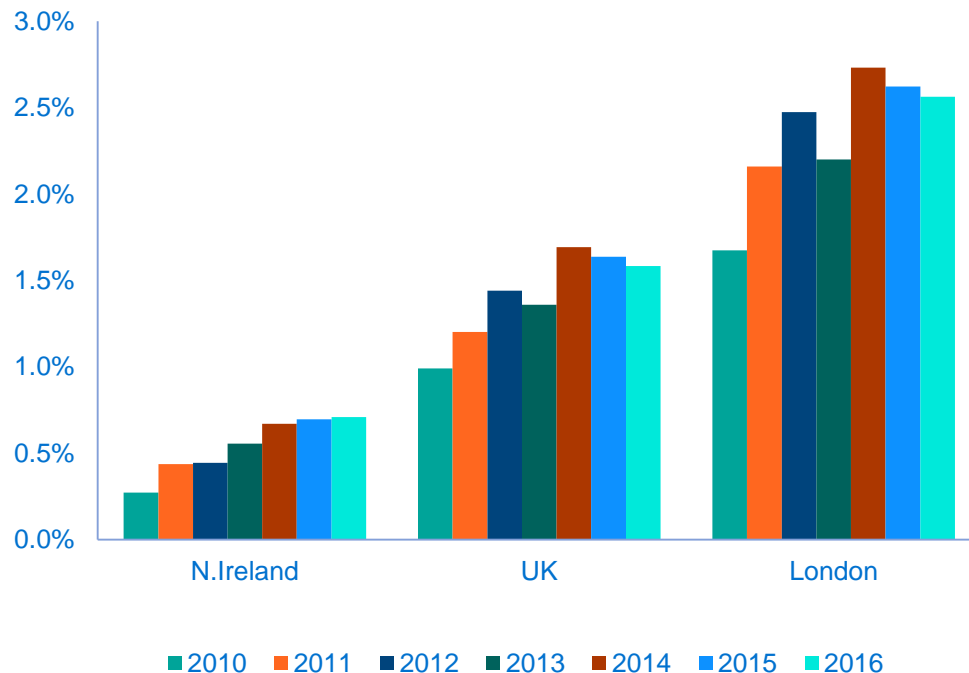


- Northern Ireland is increasingly dependent on supply of migrant labour
- Fills skills gaps at all levels of operational complexity
- Technology sector in NI is exposed to the proposed threshold of £30,000.

FISCAL: START-UP BLOCKERS

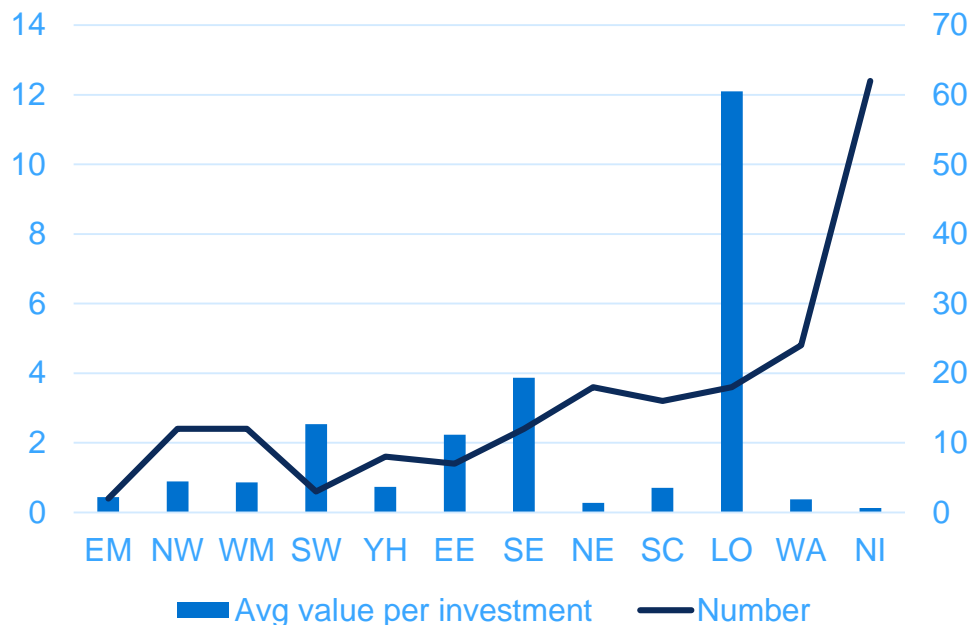
- NI has nearly doubled the number of digital start-ups since 2010.
- Still remains a low % relative the rest of the UK.
- Technology firms have noted:
 - Lack of finance
 - Access to markets
 - Business ratesas the main barriers to growth.

Tech start-ups (% of enterprises)



FISCAL: PRIVATE EQUITY & VENTURE CAPITAL

Amount and value of venture capital



- The number of private equity and venture capital investments to firms in NI has continued to increase over the last decade.
- However, the value of each investment has diluted.
- In terms of the number of enterprises, NI has the highest number of investments but the lowest value.

INFRASTRUCTURE: DIGITAL & PHYSICAL

City Deal

- £350 million available for development of the Belfast City Region
- Looking for £500+ million of private funding
- Momentum to engage with tech firms
- Employing a Digital Officer

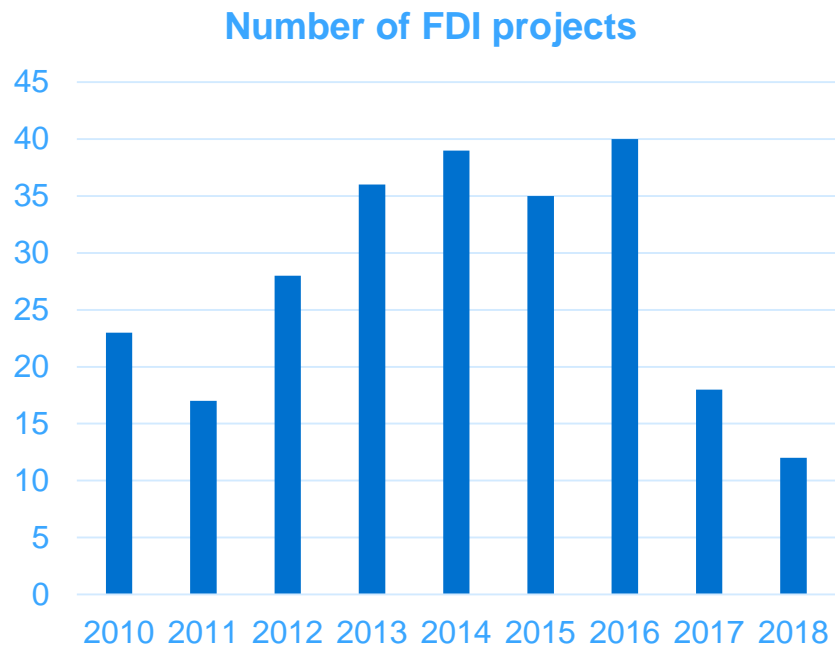
Stratum

- Only 88% of premises in NI have access to at least superfast services
- Falls short of the 95% target set by UK Government
- Up to £200m of funding could be made available

Belfast/Ireland

- Translink have proposed better connecting Dublin & Belfast Enterprise
- Reduces time & increases frequency
- Makes journey 'commutable'
- Could provide access to workforce.

FDI: COMPLEMENTED WITH ECONOMY



- FDI increases employment
- Employees hired by foreign companies tend to have a higher GVA, but the calculation is skewed.
- Smaller economies are more exposed and prone to capital flight.
- Investment must be made in the wider digital economy alongside FDI
 - Develop a *virtuous cycle*

OTHER CONCERNS

- Lack of Executive
- Impact of Brexit on:
 - Future labour supply
 - Cross-border cooperation
 - Capital flows
 - Free flow of data
 - Digital Single Market
- The Future of Work

OPPORTUNITIES

- Review of the 14 – 19 curriculum
- Permanent Secretaries given more decision-making power
- City Deals
- Corporation Tax
- Success in Ireland
- Focus FDI on specific target areas for growth (e.g. AI clusters)
- Facilitate knowledge spill-over

QUESTIONS FOR FORUM

- What other areas of concern are firms currently facing? Future concerns?
- When do you expect your business to feel its most acute digital skills needs?
- What should the CBI prioritise with respect to influencing policy?
- How do you want the digital economy to be represented?

PRIORITIES FOR 2019

Tech Group plays the leading role in setting the digital and technology policy agenda for the CBI

- This meeting is an opportunity for technology leaders to shape and identify the major digital priorities for this year
- Are we focusing on the right issues? What are the critical priorities in the coming months?



Securing the free flow of data

- Highlighting the importance of data flows to the whole economy and achieving a data deal with the EU
- Shaping a competitive UK data protection regime



Shaping the flagship Digital Charter

- Identifying where industry and government can collaborate, technological solutions and regulatory red lines
- Maintaining a focus on ensuring the UK is the best place to grow a digital business



Delivering world leading digital infrastructure & improving cyber security

- Influence Government rollout of quality business-dedicated connectivity



Engaging in international digital initiatives

- Influencing major proposals on issues from digital tax to the Digital Single Market



Embracing digital across all sectors & examining trust in technology

- Help firms understand, adopt and prepare for digitisation
- Examine data and privacy landscape to explore how government and business can improve trust in tech



Access to global talent

- Making the evidence based case for skilled migration which is crucial to firms across the economy