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Special
Supplement



Towards a Better Britain?

Broadband in the Regions
and Nations of the UK

A New Statesman roundtable

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Introduction

The north-east region has a population of around 2.5 million people and over three-quarters of those people live in the 20-mile coastal strip that stretches from Newcastle to the Yorkshire border.

In many areas, the north-east has followed national trends but suffered worse consequences from economic downturns, and lagged behind in the rate of improvement as things recover. How can the region ensure this does not happen with broadband?

Many that looked to the creation of a directly elected regional assembly to act as a catalyst for economic and social regeneration will have been disappointed by the result of November's referendum: the plans were rejected. However, the work of local authorities, the Government Office for the North East, One NorthEast and the existing North East Assembly will continue. As Bob Gibson, chair of the North East Assembly, put it: "It is important to recognise that, whilst a majority have voted against the creation of a directly elected regional assembly, they have not voted against improving the economic prospects of the region or bringing about a better quality of life."

Participants



David Allison

Director of business and industry, One NorthEast



Tony Baker

Journalist, presenter and producer, BBC, ITV



Allastair Balls CB

Chairman, Newcastle Gateshead Initiative; chief executive, International Centre for Life



Jonathan Blackie

Regional director, Government Office for the North East



John Bridge

Chairman, Land Reclamation Trust



James Burke

Business development manager, Northumberland Statagic Partnership



Tom Cosh

Head of the City Technology Office, Newcastle City Council



Joe Docherty

Chief executive, Tees Valley Regeneration



David Haley

North-east regional manager, BT



Sir John Hall

Wynyard Project



Herb Kim

Chief executive, Codeworks



Spencer Neal

Publisher, *New Statesman*



Isobel Robertson

Finance and HR director, North-East Chamber of Commerce



Geoffrey Robinson MP

Member of Parliament for Coventry North West; chairman, *New Statesman*



Ray Smith

Regional director, BT



Paul Walker

Chief executive, The Sage Group plc



Malcolm Wright

Head of new media, ITV Tyne Tees

Towards a better Britain?

Broadband in the regions and nations of the UK



Tony Baker Good morning. The use of broadband and its take up in the north-east region so far has not been spectacularly successful, but BT is hoping it will be more successful as time goes on. We'll also be looking at the part it has to play in the economic regeneration of the region, particularly in the wake of the vote on a north-east assembly.

So, over to Ray Smith, regional director of BT, for the first preamble of this roundtable.

Ray Smith Broadband coverage in the north-east is in line with other regions in the same position as us.

One of the reasons for this that we can think about is: why would people want broadband? We put infrastructure in the ground but we don't do a lot more than that.

We have cut the price of retail and wholesale. Now, from an SME perspective, all the customers who were on 512KB are now on 1MB. All customers who were on 1MB are now on 2MB and all those on 2MB have now had their prices halved. So we are trying to have more and more affordable bandwidth. As I say, however, that is just plumbing. We have a range of available services now to address the particular needs of SMEs. For example, Datasure Content or E-Business Manager, which is a service whereby you can get advice; you can get some offers and security and you have a relation-

ship with someone who is a pseudo-IT department.

In Northumberland they are addressing that particular issue, under the guidance of James Burke, who is here today. James is going to have a capability where people go out to SMEs of all types and they give advice on e-business strategies. They tell you where you are on the e-business ladder and what you would need to change or what equipment and services you could have to actually get further up that ladder.

The interesting area, which I think will be big in this space, is e-procurement and e-purchasing and how we get cost-savings in SMEs as a result of that.

We also need to increase consumer take up. So, be it online music services, video services, films online over broadband – I'll come to that later – or game services; we've seen some products launched where you can do voiceover IP on broadband and there are smaller business applications that I touched on earlier. We are going to need to develop those with partners to actually get to the next phase, otherwise we're not going to rally in terms of take up.

With broadband you can access a lot of content because it is so fast. But at the moment it is not available. It's in archives, difficult to handle and to digitalise. We have a programme that will productise all these different types of content and we will also handle digital rights management. The way ▶



we focus that content is through different devices and different networks.

One of those is through your TV set with a little box, which is very interesting in terms of social inclusion, because you don't need a computer. The concept is called "thousands to millions" There are thousands of people with content who want to get it to millions – whether it be via PC or television or whatever. You can share content and you can choose which groups you want to share it with. If you are interested in it being free, you could just use a password. There might be a charge for it, there might be selected groups or communities of interest that can get to this content and there are different ways of paying or not paying for it.

Potentially in the north-east, and these are just ideas at present, ITV Television, Tate Online, Baltic Online, Northern Film and Media and Northern Grid for Learning would be interested in one content that lots of people could use and access via television as well as via their PC, plus social inclusion projects.

Finally, a bit of a summary and a few questions to throw out. Congratulations to One: it's the first 100 per cent enablement programme in the UK and well done. Is there more stuff we can do like Northumberland? Should it be a regional or local programme? Also, we need new consumer applications to bridge the chasm, so we give people a different reason to come online. Then they get the education and all these other things, but they actually come on for some local content. It is the access from all devices, including TVs; can that help social inclusion?

Tony Baker Any questions for Ray before we move on?

Sir John Hall Thinking about soccer, someone said to me five years ago that, if you had broadband, then you could watch football matches when you were abroad by swiping some card or such. People here follow the football. How can we put it out, instead of having an expensive TV channel?

Ray Smith Oh, we can. The Scottish Rugby Association are doing something like that at a much lower level, where they are taking clips of games and putting them online. That's a very interesting idea – we'll follow up on that.

Spencer Neal Just as a content owner, the issue there might be that their sponsors will have clauses on all exposures.

Tony Baker What happens is that those contracts are for a year or two – at least if your audience is in the UK. But there is a vast overseas market. How do we get to those people?

Jonathan Blackie What's the most successful region looking like in the UK and which countries in the world are really cracking on with it?

Ray Smith Milton Keynes in the south-east. Patricia Vaz who has my job in the south-east, reckons she'll overtake London in the next few months. A lot of that is driven by SMEs, but it's also driven by large companies employing things like flexible working. Therefore it becomes a business need for the home to have broadband, because if you were trying to download a presentation or go online... So, in the world it's difficult to see. In Korea, for example, they've got massive subsidies so you can't see the wood for the trees.

However, all the studies we've done on broadband, the uses of broadband, are pretty similar. You get people who are addicts of the internet, heavy users of e-mail, who possibly might want to upload or download something and they are the first group that you hit. Then everybody across the world hits this slowing – around the 20 per cent line. I think that we can now get away with, hopefully, having not just a £1,000 PC to have access to broadband and its capabilities – that you can actually start to use TV to gain access.

Geoffrey Robinson MP What is the cost of the adaptation?

Ray Smith It's almost like a Freeview box that would be at the end of the broadband. It is a trial that we're doing at the moment. I'd like the north-east to be an early player in trials and in its development. The prices haven't been set yet, but it would be some kind of, "How do I control my TV? How do I control my programming?" I can delay, I can alter some film content. It won't be Sky Football and those other things.

Tony Baker Which brings us, I think neatly, to Paul Walker, chief executive of The Sage Group, who is going to talk about SMEs and broadband. Paul?

Paul Walker What I'd like to do is give a little bit of insight from Sage about how we can educate SMEs to understand what broadband can do.

The IT industry did a huge amount of damage between 1998 and 2001. The whole dotcom world took away a lot of confidence in what IT could deliver. I think it's only in the last year that we've started to see some resurgence, particularly of SMEs starting to think about investing properly in IT again. The way we educate SMEs needs to be done quite carefully. When you introduce the words "digital", "e-commerce" and "e-business", they start to get a little bit edgy.

My figures might not tie up with Ray's, but we've seen SMEs grow in use of broadband from about 16 per cent of the SME population in February 2003 to 37 per cent using broadband today. The data we have from SMEs is that they view increased efficiency as being one of the main reasons why they would invest in broadband and start to think about what the internet and e-commerce can do for their business.

Many businesses in the UK and around the world, still haven't automated a significant part of their business processes. So they've done the very boring back office that we're partly involved in with accounting software, but they have yet to process sales, marketing etc.

The second biggest driver that we see is communication. Our figures show that something like 18 per cent say that is one of the drivers as to why they would move to broadband. Nowadays, that is not just about e-mail it's about t-mail: how can I invoice, receive invoices?

This year we had 40,000 customers start doing e-filing of payroll data and again, that has only happened because broadband is more secure and faster. My political comment would be that government, not this one in particular, does not do a great job in that area. We have got to streamline filing of data for SMEs and larger corporates, but it's not happening. From discussions we had with Customs and Excise many years ago, we're getting there but it's taken far too long.

SMEs understand the need to be connected. But they recognise there is so much content in the world today, even if they have a great business idea, how do they get their content to be seen? Somehow we have to streamline. When you go to Google, how many clicks before you get to your bit? How much do you have to pay Google to make sure you hit it?

SMEs can start to think in certain areas of their business about having home workers. If I want three telemarketers working part-time then, instead of creating offices and desks, broadband can really bring cost savings and make them more

efficient at the same time by using part-time labour.

In my view and in Sage's, the big play for SMEs in the next five or ten years is hosted services. In other words an SME should have to have very little technology content in the office. It should all be out there, managed professionally. It makes them more efficient, means they've got the most up-to-date software, they don't have worry about it. I think broadband's play in the efficiency of the world is that we'll move to hosted service models.

I think we have to be very careful in the use of words. I think people are still cynical about "digital", and "e-business". It has to be about how we can reduce costs. How can we help you become more efficient? How can you use your labour service more effectively?

Businesses like Sage need to get more involved in this. SMEs are still a little bit cynical about whether there's a political agenda or whether there's a real agenda. We've got to get them out of the silo mentality of "this is my business, this is the department". How do you make us more connected to the world and understand what's going on?

Our experience at Sage is that BT, in the last few years, have done a great job in helping the UK move forward.

SMEs are still a bit cynical about whether there's a political agenda, or whether there's a real agenda

Tony Baker Well, thank you very much. John, you wanted to say something.

Dr John Bridge What I think a region like the north-east particularly is interested in is what's happening at the margin. Government data is very bad at picking up marginal change, but that's precisely what we want to pick up because that can inform the type of policies you need. There are a number of people who could provide at the margin some very strong evidence as to how the market is moving, which should then start to inform how government applies resources.

Customs and Excise has got pretty good accurate information. It's available to other departments of state, but it's not in the public realm. I understand that now there is some pressure on government for this not to be the case. I think major providers like BT are also capable of providing very sharp, marginal information about the marketplace.

Paul Walker Just on your point of margin or at the margin, our experience in the UK is that we don't see any regional bias in the use of broadband and the internet in business. ►

Culturally, in the US they are far more likely to use the internet at home or there is a culture of going into the office and using it. Having said that, we know the products that are sold into the SME community in the US and there is very little difference to the UK market and, indeed, the French one.

Geoffrey Robinson MP Government statistics are improving all the time, but you can't often get them in the form that you want. I think with the merger of Customs and Excise and Inland Revenue we shall get a change of attitude.

John Bridge What the RDAs are trying to influence is what the north-east of tomorrow looks like. And the data is telling us what it looks like today and what it looked like yesterday.

David Allison I think it's really about momentum. I guess it's the dynamics of the situation rather than a static situation. The number of north-east companies with a website is now 77 per cent, which puts us in second place compared to the West Midlands. We've got just under 65 per cent of firms that are now using the internet to advertise their products and services, which compares with just over 50 per cent in Scotland and Wales, for example. So there has been a significant take up, though there's a way to go. But, in terms of actually having the infrastructure in place, we're really right up there.

Malcolm Wright There were some things that really struck a chord with me, Paul. One was the whole concept of educating people about broadband. When I was doing some research for this session I spent some time keying various phrases into the net. One was, "What is broadband?" The best definition was: "Broadband is the term used to describe any kind of fast internet access". I then keyed in: "What's an advantage of broadband?" And it said: "Broadband is fast". Now, that's a bit like saying: "This is a green thing." "What's the advantage of it?" "It's green".

Spencer Neal I think Malcolm draws a very good point there. Businesses don't have the ability to call their friends in and say, "Look how good this is".

Tom Cosh The adoption of the education agenda is key. There are two things we're doing at the moment which are pertinent. One is around public sector procurement and it's about saying to SME suppliers particularly, "You need to be aware that local government is going to be procuring from you electronically in two years' time."

Therefore we're running a programme that tenders partnership through One NorthEast money, which will enable 1,000 SMEs in the first instance, and we're hoping to wrap



that up so we can get some funding. Effectively, that's communicating to suppliers of local government, "These are the advantages, this is how you can use the procurement portals that exist in the region." One portal has already started, the Centre of Excellence for Regional Procurement. There's the Business Support Process that sits alongside that to persuade the company how easy it is and solve the problems they might have in how to transact with local government.

The second area is where we're experimenting with a private sector consortium approach. Sage and BT are involved with the SMEs, saying, "If you had a combination of content from a variety of providers, is that going to incentivise you to use broadband more effectively? Will that attack specific business problems you have – whether that's sales and marketing or production, HR, whatever?"

Tony Baker How do you see the programme of development, roll-out and publicity?

Tom Cosh For me the key issue is to actually say that enabling SMEs is a fundamental part of our move towards the knowledge economy. We need to have public and private sector stakeholders agreeing a number of joint actions that are complementary. These companies have got the critical mass that, working within a public sector-funded thing we should be able together to both achieve their economic development objectives.

Joe Docherty I think the council's project of e-procurement will have a major impact in terms of getting through to SMEs. There is evidence that their costs will reduce because they'll be more efficient.

Paul Walker But e-procurement comes after, I think, Malcolm's point about educating people in the north-east about what broadband is. It is fast, but the point is it's on all the time. We just use those vague simple words to our SME community. And when SMEs hear someone say that, they start to get it, "I can just go and check that price, I can start to think about e-procurement, because it's on all the time."

The second key thing is responsiveness. There is a cultural change. When you move to having something that's on all the time you do have to be more responsive.

Malcolm Wright Just to play devil's advocate, I understand why, if you're in the business of selling to SMEs that's entirely what you'd want to do. However, it may well be that the best way of driving broadband's take up forward and broadband usage forward is to actually think about Joe and Jill Public rather than businesses. To use the telephone as an example, it was the businesses that took it up. It only really started having that massive economic and social effect when Joe and Jill Public started using the telephone and finding reasons to do so.

When you move to having something that's on all the time, you do have to be more responsive

Sir John Hall When we were going through this whole debate of the assembly, one thing that came over me was the importance of SMEs in this region. As I understand, 90 per cent of them have 15 employees or less. So if we're talking about the growth of the region, you've got to get through to that sector. I saw the regional assembly as the basis of getting that direction. There is a general feeling in this region, whether the figures are right or wrong, that it lags behind economically in a way that hasn't changed in the last 20 years.

Tony Baker But the political reality, John, is that the proposal has been thrown out decisively and therefore, it falls either to One NorthEast or to the local authorities to take it up. Unless there's some new body we're talking about.

David Allison I think that is a point – that we are going to have to fill that vacuum and take on a leadership role on the whole ICT area as well. That is one of the real benefits to the north-east – it's small enough that, if we get our act together we can make a big difference in a relatively short period of time. One of the strategies we're talking about at the moment

is how do we get the RAV portal, the ICT network, the ICT executive, cohorts and so on and so forth together in a much more cohesive way to try to drive this agenda forward.

Tony Baker Perhaps I could call on Herb Kim to talk to us about social inclusion.

Herb Kim One of the things that always continues to impress me is that the north-east continues to rate second to London with regards to its technology start-up rate.

We're an employer of 42,739 in the north-east; we are home to the UK's most valuable software company, Sage. We've had a recent history of start-up successes by companies like Hewlett Packard (HP), Atari, Sun and Ericsson. So there are some really international, interesting things going on here in the north-east and we are busy building the leading UK broadband infrastructure in this region.

The Sage Gateshead is investing a fair amount as regards supporting education and digital music. The Baltic Mill here in this facility is investing a fair amount with regard to production of digital media. Sunderland, Newcastle, Durham and Teesside are all investing a fair amount of money with regard to the support of education and skills in digital media and digital technology. We've had NetPark in Sedgfield, and the Knowledge Campus is to be opened in 2006.

So, what is our role in this big soup of things? We were launched by the minister Stephen Timms in November and we've been funded by the agency since about January 2004. We support and stimulate growth of regional digital industries and we help develop the assets of our regional universities.

We've now raised about £1.25m for very small SME-type organisations and individual institutes. They've asked us to support and run the regional trade association called Code-works Connect. It has about 200 active members and has grown about 65 per cent in the past year. We're not backing the technology, we're trying to solve a specific problem. I think that has a lot to do with the idea of social inclusion and with broadband.

When we talk about social exclusion the first thing to ask is, "Who is being excluded?" Clearly, you've got rural communities and deprived communities in there. The agency is doing quite a bit to try to get rural communities connected. In deprived communities, there's a fair amount of work with regard to getting computers into schools and to those who currently have no access to that technology.

However, there's a larger group that we are interested in and that's the elderly and the disabled. I've got a three-minute video that summarises this more eloquently than I could. ►

Film

As most people know, the world is ageing, particularly in the more developed nations. Not surprisingly, there is a clear link between ageing and disability. The beginning of the personal technology era was in the early 1980s and the oldest early adopters of that technology would have been in their forties. Those people are only in their sixties now. So it's only now that we are getting people used to using technology in their everyday life being less and less able to access it.

Also, you're going to have the largest, wealthiest and most powerful group of elderly people in history and they are simply going to demand that their needs are served.

A lot of things designed for disability often become mainstream products. The audio tape replaced the reel-to-reel tape. It was originally designed for blind people to listen to audio books; and of course audio tapes ended up swamping the format. BT's best selling home phone was designed originally for people with sight problems. Calloway golf clubs, designed by an ageing Eli Calloway who couldn't hit the golf balls as far or as straight as he used to, ended up becoming the number one brand in that category. The remote control was originally designed for people who couldn't get out of a chair as opposed to wouldn't get out of a chair.

The north-east is documented as being over-represented by the elderly and the disabled. Clearly, we're hoping some of the technologies and devices that are born from the spinouts will lead to new jobs and businesses.

I wanted to end on a slightly provocative note. The question is: what is broadband really? DSL is a serious improvement, but to me it's going from a Ford Focus to a Ferrari, but not to a Learjet. It does things faster, quicker, it's more convenient, but I don't feel we're doing a lot significantly differently than before. With the proviso that the South Korean market is heavily subsidised, I have relatives who get 8MB at home on average. Get enough broadband into the home and the nature of the experience changes. With full screen broadcast video up and down the pipe, you can think of lots of different ways that could impact on the way people do things.

If I were the BBC or a commercial broadcaster sitting here I'd be frightened of this scenario because I become, potentially, a narrowcaster. I'd have to compete with my cousin's birthday party in Seoul as much as I'd have to compete with what's happening on BBC2 – in a small way.

Things like telemedicine become a much more workable reality in a 6MB-into-the-home sort of world. Telecommuting for the disabled – that's another thing, where people have pooh-poohed the videophone for many years; now the nature of that interaction is very important. Should we be thinking about the post-512KB-2MB into the home world



now? Thinking about how do we get that age to happen here so that the UK is actually a real leader in Europe, and not just simply towards the top of the existing table?

Tony Baker Thank you very much, Herb. Any questions?

If no one ever mentions
broadband again, I'd be quite
happy; because its about services

Ray Smith Two things. One is, if no one ever mentions broadband again I'd be quite happy; because it's about services. We are very keen that people develop more and more services, for obvious reasons.

But the second point I want to make is you don't necessarily need more speed to do that video. In fact, the very thing I was talking about under Rich Media is the thing we're trying at the moment, which is television over broadband at the right media onto your television. To some extent it addresses the social inclusion spectre because you don't need to buy a PC. What would be interesting is how we get that content economically to those different devices?

Tom Cosh For me, the big challenge with social inclusion isn't just the ageing agenda but it's that group of young people, young adults, single parents, who really aren't part of our discourse or dialogue at the moment because we don't have a method for interacting with them; they've already opted out of the formal education system. That is the partnership that I



think is the hard challenge, because it's not the old people who are out there causing problems on the estates, who are not turning up at doctors' appointments and wasting NHS time. Maybe we can do the same thing Herb is talking about with the older population and identify some more kinds of e-development business cases for addressing this group.

Tony Baker I just want to throw out a thought, maybe for David to come back to. Who is going to do this and who is going to be responsible for the strategy? Spencer?

Spencer Neal We're thinking of all these new opportunities to put on more stuff, more content and that drew me to think that somehow we're not very good at promoting what is already available.

David Haley Broadband is just infrastructure and, as Ray says, if we never hear the term again we'll be quite happy. I think we talk about choice and about social inclusion and we should not exclude anybody from choice.

Products, services: we're all here to make a buck. Content providers are making sure that people want to see their content, seeing that there's some kickback for them; but the kickback to the public is they're getting access to something they didn't see before. So my view on this is that it doesn't feel to me that we're looking at all the different choices and total inclusion for everybody.

We're seeing where we can target our aim such that we're not excluding anybody, we're including everybody, without actually going to the next step and saying how do we actually do that?

Tony Baker Yes, and whether it needs to be carried forward by some kind of strategic lobby.

David Allison Well, I think it does actually. If we look at some of the headlines, we all know about the productivity gap being about £9bn pounds in the north-east. There are 30,000 pure businesses, but a very significant worklessness issue, a skills issue as well. All of that is coming together in the Regional Economic Strategy, in its first draft at the moment. In the first quarter of next year there'll be a lot of discussion on that. What are the things we feel we need to do if we're really going to tackle the worklessness issue and tackle the productivity gap?

So the timing is good for people to start thinking about this and get their priorities right in terms of moving forward.

Sir John Hall If we look at governance change, what really disconcerts me about this region is I see policies come and go and we've never had a sustainable strategy. We've got to really put something in place which is beyond governments.

I supported the assembly because I thought it was the right thing to do for strategic policy. I've seen it work abroad, in Spain. But now it's out and there's nothing to take its place. We've never really solved the funding problem. If nobody puts in the cash, you're nothing.

Spencer Neal Perhaps we're talking about something here that is as important to society as clean running water. We can talk about bandwidths and megabytes – but you can't have a workplace without broadband.

Alastair Balls Totally unexpected things emerge from transformational technologies and the thing I think is really the challenge for us all is to try to spot what these are and how we can use them to our advantage.

One that I'm very keen on is education. Taking your idea of narrowcast, one of the issues is how can we use this new technology to try to get some of the best teachers projected into all the schools, instead of having the one-to-one? Not destroying the relationship of the teacher in front of the class, but adding to it.

Sir John Hall All the football clubs have learning centres. Thousands of kids come through every week. Put broadband in free, there's your social conscience.

Tony Baker John, about allowing people to watch the games in Spain or wherever else and several other ideas that have come out this morning. Who runs the solutions desk? Who runs the organisation that helps people make that happen? ►

David Allison That's essentially what we're doing. Herb and I were talking earlier about how there are a number of key players in the region that say quite frankly they're not even looking at this outside of the private sector. We've got lots of fragmentation and no way we can put it together and actually drive it in the right way. My ambition is to have one body – and that may sound overambitious – that could lobby the key players and get all the resources together and that's what drives the agenda.

Isobel Robertson I think one organisation may be fine, but you've got two different agendas. You're talking about social engagement with young people and you're talking about SMEs. I think you're selling to very different markets. I totally agree with your comments about scepticism in businesses; they can't afford to take the risk on something that's taken and then they lose all the data and their customers or whatever.

Sir John Hall The most important point is to get the economy going. If you try to spread it too thinly, there's very little cash in the region when you start moving around.

Alastair Balls The vision of being a leader in the UK or a world leader in technology will not happen unless we get much more significant risk capital into the area. Unless we get more of this capital into the north-east, we will continue to struggle.

David Allison It's all leverage. We've got a budget of £300m roughly. If you look at the fact the public sector spends £13.5bn in the region and we've got £300m and we've got to try to influence how we spend the rest. Then if you add on the private sector, it's really about how your intervention is going to make a difference in bringing lots of benefits. You really have to drive it down to specific projects, so you're really looking to see how you can invest relatively small amounts that will create the framework that will attract private sector money because the projects are so exciting.

Malcolm Wright Probably the biggest driver of broadband take up is the e-government agenda, because everybody has to interface with government. The government's spending £2.8bn on forcing local authorities and public organisations to get their "e-act" together.

That is the platform on which you can ride in the things which make e-government more sexy, like football, teaching and so on; things like community channels on broadband. You wrap round it entertainment and information stuff which people find more interesting.



Tony Baker We'll pause on that thought.

Lunch

Tony Baker Could I ask David, who is director of business and industry at One NorthEast, to give us his presentation on "ICT, broadband and the public sector"?

David Allison One NorthEast is really here to drive the prosperity of the region. We've heard about the productivity gap, worklessness and skills issues. But within One NorthEast, my directory of Business and Industry – which, as the single biggest directory in One NorthEast, shows where we are putting an emphasis – is a one-stop shop for business and industry in the application of science. We also want to make sure we take the intellectual property of the region's universities and exploit it, really push this knowledge-driven economy.

In a knowledge-driven economy, the infrastructure becomes perhaps less about, "Let's make the A1 wider". It becomes more about connecting with those customers and markets that are going to actually take the whole agenda forward. So are we linking in with the emerging European states? Do we have direct flights from Newcastle to the States? And also, of course, the whole e-agenda. I'm including it as a key element of the whole infrastructure required to do business in the region.

Looking at how you become more competitive, I've been thinking in three blocks. The first is about making sure everybody does the sensible, smart things of working hard and being more productive, minimising waste; basically just good practice. The e-agenda has an element to do with that.

The next chunk is a bit larger. You make a step change in

your business by adopting new technology and that gives you a step change in productivity.

The third area is by repositioning where you are in your business. Are we being as efficient as possible? And a better understanding of the whole supply chain.

When you introduce products, you grow them, they go into the maturity phase and then decline. Too many of our businesses are in the mature and declining phases. What we're trying to do is to push the region's economy into more new things. The knowledge-driven economy is about selling our designs, thoughts and the efficacy of our products and services rather than computing on a cost basis. This is where we're starting to look more at design. The Knowledge Campus that was mentioned is all about encouraging people to get into collaborative ventures on product design.

The mature and declining phase of the product lifecycle is where we've really got to build up strategic alliances that are going to drive the price down.

We've also got the productivity initiative NIPA. It's now working with Greggs the Bakers, Armstrong Flooring, Barbour jackets and so on. One of the things they are pushing is a digital factory, developing some of the strengths at Sunderland University. That's really all about computer-aided manufacturing and computer-aided design.

The trick to improving our productivity is to work on the supply chain. This involves really making sure we understand where the value is created in each element of the supply chain. Certainly, what we've been talking about today has got a key part to play in that.

Some people will know that we've defined eight key clusters which we think will make a difference to the economy of the region. I think we need to do a lot more work in understanding the business models and supply chains of those sectors. For example, Swan Hunter is clearly saying, "We need to protect jobs." When you look at what it is offering and what the customer actually wants to buy, there is a gap there. But when you start to understand the other facilities and capabilities we have in the region – the universities' design, a lot of the other supply chain companies – we've actually got a lot of things we could put together, either as a real or virtual company. We could start to test the requirements of the Warship Agency and the MoD in a much more productive way. Again, I think the e-agenda is something we could use to make sure that comes together more.

Underpinning all of that, of course, are skills. We've launched the Regional Skills Partnership. Each of the clusters have a role to feedback through a skills specialist into the Regional Skills Partnership to say what are the skills that business needs in this region.

One of the things we are looking at is the urban-rural situa-

tion. Tourism is big for this region. Hoteliers, guesthouse owners, etc are starting to see the benefits of 24-hour access.

Sunderland is a key area in terms of take up on the ICT agenda and now, because we've upgraded the Hilton telephone exchange, the whole of Sunderland has access to broadband provision. Sunderland was declared by the Intelligent Community Forum to be one of the seven most intelligent cities in the world because it is bridging the digital divide, deploying broadband and encouraging innovation within broadband.

In the last four years the region has moved from 11th to fifth position in the DTI's ICT rankings and recently achieved first place in three significant areas. These are online business integration with suppliers, measuring the cost of technology and a propensity to pay tax online.

The Market Town Initiative lets people see what their town has... establishes a sense of community

Finishing on two areas: one is around the regional portal, Northeastlife.com, which is a one-stop shop for learning everything you need to know about what's going on in the region with regard to people, business and visitor attractions. That's very broadly used.

The other area is the Market Town Initiative. We have 13 market towns right now, establishing a virtual presence where people can go in and start to see what their town has? To have that on the web lets people establish that sense of community within the internet.

One of the things mentioned was the access to finance and public finance. While we have the Proof of Concept Fund, we also launched the North-East Co-Investment Fund, where we are looking to match private sector investment – that's £23m focused on hi-tech ventures. All of the Centres of Excellence are seeking to utilise that, but it's open to technology projects outside the Centres of Excellence as well.

Sir John Hall I was in Scotland yesterday and coming back on the train I was reading *The Scotsman*.

The RDA has responsibility for tourism and it was interesting to read that, in Scotland, it went up 20 per cent last year by doing what you're talking about – putting information and services online. If you can get it going, I think it's going to help.

Geoffrey Robinson MP We found that in all the regions. Broadband is absolutely ideal for that.

Alastair Balls The new mantra of One NorthEast is: do more things and do them better. I think this is an area where we can profit from that. Really, what we've got to do is pick a few areas where we can use broadband really successfully and use them as a model to encourage others.

David Allison There are areas like accessibility and the games market that Herb and Codeworks are really looking at. However, what we need to do is distil it down to two or three key pillars that we can actually work on. What I want to make sure of is that we've got an infrastructure that supports it. If the structure's not right we're going to end up with all this fragmentation and I think the more we can bring it together under a few key themes, that will be the right thing to do.

John Bridge One way of doing this funding from One NorthEast and the regional authorities is to put it in regional visitor centres only. This arises from an idea I had years ago, which was that if you want to get more tourists to spend more time and more money in your area you have to slow them down. A visitor centre which can process up to 500,000 people a year using touch-screen technology, that allows them to design in one-day, two-day, three-day or more break. And not only to design it for themselves, but to get all the good things done in one place, is a very exciting concept.

Malcolm Wright If you look at the television industry as an example, there are probably 5 million hours of non-digitised footage dating back over 50 years. A vast amount of that footage is of the regions and of the country, because that's what television companies have been filming. Those are the pictures you need to see in a modern economy, not stills.

Spencer Neal I wonder whether or not every facility that falls within the remit of the tourist authority should be compelled, if they want to take part in the benefits of the Regional Tourism Board, to have a web presence, to be enabled?

Tony Baker There might be some resistance from the foot soldiers of tourism.

Spencer Neal There are a great many people who don't want their B&B enterprise to be any more productive or efficient or to have any more through-put in the way of tourists. They want enough sheets, thank you very much. And if being on the web means they get more customers, they are going to say, "Thanks, no. I don't know how we deal with that."

Tony Baker Around this table there are probably 20 good



ideas about some of the things that could be taken up. So who decides which those ideas are and how they are applied?

David Allison What we need to do is to get the relevant people round the table as much as we can and then come up with the key themes. There will be a variety of things – from the skills agenda, for example, there'll be all sorts of views on how best to train. There's business, there's the whole voluntary sector, there's a whole series of different segments and we're trying to somehow find a way of putting it together.

Sir John Hall One thing you could try to do is put all the quangos on the table and try to assimilate them and bring them together. Wales is doing this now. The Welsh have got hold of them and are getting rid of them, getting the cash on board and getting rid of their powers. It would seem to me we need in some ways a body of people that would challenge the established order – the RDAs. Without the regional assembly we haven't got an independent body now to challenge BT. Are you going to be satisfied with 20 per cent? Is that your economic level? Because that's the attitude in the region.

Geoffrey Robinson MP Yes, while broadband is a key element in the whole thing, in the wake of the assembly vote in the north-east, there is still a need to bring everything together. I don't think the regional vote reflected what people would really like to have.

How are we going to pull the region back together? I would reckon there is still a case, on whatever basis, for an integrated approach. Because it hasn't solved anything, that vote.

Jonathan Blackie We've got regional unemployment at the national average. Crime – we're the safest region in the UK. That is quite a transformation over ten years and a lot of people in this room have contributed to that.

What we're not going to get is a further reorganisation in the form of a regional assembly. Some people have breathed a sigh of relief that we can actually keep the focus of all the people here to deliver these positive initiatives in Northumberland, the Chamber of Commerce in the Tees Valley.

Spencer Neal Perhaps we're missing the trick here. We're missing the fact that the paradigm has shifted and that you could have an assembly which doesn't look like it would have done ten years ago. There's another way of doing it.

Isobel Robertson An e-assembly.

Spencer Neal On a more volatile basis. The transparency broadband allows would perhaps let people decide that on a monthly basis.

Tony Baker Now, could I just ask Malcolm to take us on to our fourth and final preamble?

Malcolm Wright In 1976, on the 100th anniversary of the telephone, a guy called Jake Harper wrote a book called *Telephone: the First 100 Years*. I thought it was worthwhile summarising what Jay Brooks said in it.

The telephone is a lifesaver, which is not to be sniffed at. It suddenly allowed real-time discussions at a distance, which meant minds did not have to be in the same place to achieve things. Therefore, it was accelerating the dissemination of information and became a driver of change. It got rid of delay. It got rid of isolation. It became a tool of efficiency in business and it could be argued that it was the foundation stone of the modern city.

He also looked at the downside of technology, which we ought to be aware of with broadband as well. I remember interviewing Robert McNamara, the American secretary of state for defence, a while ago – talking about the Brezhnev-Nixon years, when they had the hotline. One of the messages that came down the hotline from Brezhnev to Nixon was very brief: "If you want war you'll get war." Messages like that did not shoot across the world in the days before the telephone. There was time to take pause.

Something else he attributed to the telephone is the breakdown of the multigenerational family. Suddenly, it didn't matter if your kith and kin were moving away because you could still converse with them. Localism started to break down. The telephone, he says, is to thank for that.

I think at least you can start to clarify some of the areas where it is going to have an impact on the world in which we live and the people who live in it. I've split it into three areas: social groups; work, home and leisure; and innovation.

What you can see emerging from broadband are new communities of interest which didn't exist before. My son plays computer games with an Austrian guy, somebody from Italy and somebody from Brazil. They don't really speak the same language but the visual language is the same.

There are communities of practice which are emerging now. You can put anything into the internet and get somebody to give you a cogent answer to it. So if you're Ray and you're learning how to compose music, you can get on and say, "Can anyone solve this for me?" Yes, somebody out there can and will. The chatroom is a perfect manifestation of that.

What you see emerging from broadband are communities of interest that didn't exist before

During the Kosovo-Serbia conflict, there was an emerging group in Milosevic's Serbia who were peddling the message that they didn't want bombing by NATO but they wanted Milosevic out. Milosevic shut down the ISPs where that platform was, because that was becoming a very powerful message in the community. There was a community of interest using broadband to push its message through.

So what broadband's doing in that area is accelerating our experience and our sense of shared interests and shared problems and common solutions. I don't think one should underestimate how powerful a tool it is to do that. It's putting us into groupings that have no historical roots.

If you go back again to the early years of the telephone, work and home were very divided. People didn't work, they went to work. There was a division between public and private life. Electronic communication and the telephone started to break that down a bit. Your boss could ring you at home and say, "Are you really ill?" Now those blurred edges have eroded completely. Broadband is allowing us to do that. It's the new society that wasn't there before broadband was there. Broadband allows us as individuals not just to communicate but also to take power over our lives.

We shouldn't lose sight of the fact that broadband isn't just about uploading and downloading information about our taxes and downloading pretty pictures of Hadrian's Wall and so on. It's also about whether the fridge is going to re-order your frozen food because you're running out. Or whether you can ring from Dar-es-Salaam to set the cooker going

because you're going to be back in 24 hours.

If you want an example of how that can really change the physiology of human beings, the Gartner Report that came out earlier this year tells about a new fighter plane being designed in the United States. They brought in fighter pilots to tell them how many dials they could look at visually at one time and take in the information from. The answer was about six. Someone then said, "These aren't going to be the guys who'll fly this fighter plane - it's not going to be ready. Let's look at what 14-year olds can do." So they brought 14-year olds in to test the same equipment. The average number of dials and displays they could read was 12. That's because they're used to working in that multispace environment which we didn't grow up with.

The downside is that broadband increases time pressure. It's firing more and more possibilities at you at the same time as it's firing more and more work at you through things like e-mail. So there's a new concept emerging now called "time poverty". In the broadband world we're all going to have to find that new equilibrium between poverty time and quality time and that's the new dynamic of our world.

Technology changes lives. The light bulb changed people's sleeping and working patterns

We know that technology changes lives. The light bulb changed people's sleeping patterns and working patterns. So broadband is going to release a whole new wave of cultural innovation and cultural influence. I was down at Leeds University the other day and I heard somebody say, "Oh, he's the monkey." I asked my daughter what it meant, and she said, "Oh, he can do anything." There's a website called The Monkey, which has got a catchphrase on it: "I am the monkey, I can do anything". And it's now cult in universities. So the monkey, now, has slipped into the linguistic framework of a whole bunch of people. Again, it's broadband that has brought them that.

One of the businesses I run for ITV is for Signpost, which provides British sign language translation for deaf people. One of the things we've done, using broadband, is to create the only website in the world which is entirely bilingual in sign language and English. The reason we can do that is broadband allows us to stream pictures – moving pictures – onto a website. Suddenly you have an opportunity for deaf people to communicate in their own language without being in the same physical space.

Suddenly everybody's exposed to the same sign language,

so it's also likely that we'll get a more coherent international sign language. Forty million deaf people worldwide will be able to talk to each other through this technology.

So, broadband is changing the world. The one thing we don't know is how it's going to do that.

Tony Baker It appears to me there's so much happening in this area. Perhaps it's possible just for progress to continue and things will happen of their own accord. What are the arguments for intervention?

Herb Kim I think one of the things Sir John talked about, given the demise of the regional assembly campaign, how do we keep some form of political counterweight to at least question some of the things that happen here? It just came to me that the formation of this community online is almost a political action.

Tony Baker So we become one of Malcolm's communities of influence.

Herb Kim Absolutely, and that's the beauty of it. Whether the person you're trying to reach is in Australia or Sunderland, it's equally easy.

John Bridge In the north-east we have, essentially, two economies. Economy A is defined by low skills, low productivity and high employment. Economy B is high skills, hi-tech, high productivity and low employment. It's no surprise that economy A tends to dominate statistical analysis but it shouldn't dominate the policy agenda. The policy agenda is about working on the much smaller economy which has all the right characteristics. I'm going to defend the government at this point. The Regional Economic Strategy has got it right. It is focused on economy B, but getting people in this region to sign up to that is an extremely difficult task. People like ourselves need to say time and time again to the people in the street, "If you want to go backwards, fine." But that isn't an option. The government is going to spend a lot of its money on economy A.

Spencer Neal In our first roundtable at Exeter we had a fellow who effectively runs one of the largest government departments there is and a large regional employer with significant call centres. The two of them were in conversation during the coffee break and they both were saying how fantastic broadband is: they have it at home, but they wouldn't want all their staff to have it.

The point of intervention, I suspect, is in order to jump over that kind of resistance.

Tony Baker I think Herb's suggested a brilliant idea about community of influence using available technology. I can begin to see what it might look like.

Sir John Hall Listening to you, it seems inevitable that this process of change would come. Maybe it's going to happen in any case. What we're trying to do is accelerate that process within this region more than any other place. It may be that with broadband coming in this way, if people don't hook up to it there is going to be a tremendous number of disadvantaged people and what do we do with them?

Tony Baker It's about being able to use influence to help others to connect for the benefit of the region. So we are talking about an acceleration. I think you're right – it would probably happen in any case, but if we want to retain competitive advantage we've got to develop it.

David Haley We had a session on October 20 where we invited what we considered to be customers to talk about – conceptually – broadband, change in e-business, what is going to happen to pick this up off the ground? There were a couple of people around this table there. But whereas at the first event most people there seemed to be looking for advantages to themselves, at this table you can immediately see the kind of people that are here and the messages that will be taken away.

The point for BT coming to this table was to benefit its membership based on the region and to improve awareness. I think something good has started and this process has helped immeasurably.

The strength of any forum is the individuals that make it up. If everyone in that forum has something to say about knowledge of the industry or region, or the benefit of being involved in it then people will listen.

One thing this keeps coming back to – as indeed it should – is education. It's about educating people so everyone understands what e-business means, what broadband means. If we take it to the next level then we're all speaking the same language.

Joe Docherty Does such a forum not already exist?

David Haley There used to be one, and we were on it, but it sort of died out.

Tony Baker I'm not suggesting necessarily an organisation of a limited number of people. But I suppose it could be a website that includes as a first contribution the contents of this meeting.



Spencer Neal You only have to walk up to any newsagent and you can see on those racks are a whole load of bodies of influence – not one of which is elected. They don't have any qualms about getting their ideas and comments funded in the real world, but it does provide a useful coalescence of ideas and so on.

In a way, we have constituted here a group of people who are not entirely like-minded but who do understand the difference between stagnation and progress, if you like. There is a website, www.newstatesman.com/considerthis where every single one of these debates that we've had, and this is the tenth, is available. The discussion is actually going on now and you can join in.

Tony Baker I'm sure everyone will be fascinated to do so and hear what people from other regions as well as this one have to say. I think what we might be beginning to talk about is something that actually helps this region by focusing on initiatives that are already going on and encouraging other initiatives, praising good practice.

Ray Smith Given that David recognises that is his job in those particular areas, then I think how this gets done and the sentiment has to be something he finds helpful. There are roles for companies like BT and Sage, who are more than willing to play in that space – not just out of self-interest, but maybe primarily – but for the good of the region. I'd like to see us being the first region to do something on content.

Tony Baker If there are no other pressing comments from anyone it would be a good time to draw this to a conclusion. I'd like to thank BT and *New Statesman* in particular.



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