Economic Recovery and Resilience: Investing in our Future

Discussion Report - Digital Technologies and Economic Recovery

<u>Host</u>:   Paul Wheelhouse, Minister for Energy, Connectivity and the Islands
<u>Facilitator</u>:   Steven Drost, Chief Strategy Officer, CodeBase
<u>Scribe</u>:   Amy Angus, Scottish Government

Summary

The discussion centred around the implementation of the recent Logan Review of Scotland's tech ecosystem, and how this can support economic recovery post-COVID-19.

Introduction and Background

The Minister for Energy, Connectivity and the Islands opened the session by highlighting the importance of digital and tech as key to economic recovery, reflecting on the high rate of growth in the sector and the resilience of businesses that have embraced technology in the face of the pandemic. He introduced the Logan Review as an ambitious report that will elevate the tech ecosystem and outlined the related commitments made by the Scottish Government, including the creation of a new network of Tech Scalers that will support 300 - 500 tech start-ups, a new Tech Ecosystem Fund to make strategic investments in activities that will support tech start-ups to succeed, and the further work commissioned by the Deputy First Minister on improving Computing Science education in schools. The Minister welcomed the thoughts of the group on how best to form a close collaboration with industry as we move forward with the implementation of the Report, and introduced the facilitator Steven Drost.

Topics discussed:

<u>Introduction</u>

Steven Drost began the session with discussion on what an ecosystem is, the dynamics between its building blocks, and how the Logan Review represents the local maxima.

<u>Industry collaboration on Logan implementation</u>

A number of participants were from organisations that have existing strong channels into different parts of industry and reflected that collaboration with the organisations that have this reach is key to providing a channel between government and industry to mobilise and engage on the implementation of the report. There was discussion

around identifying the right stakeholders that can collaborate on the Report's implementation, and balancing inclusivity and execution when building plans.

There was recognition of the Report as a great piece of work for the holistic way it looks at the ecosystem, and how systems thinking could be applied to look at interactions between actors in the ecosystem and opportunities to build on flow and interconnectivity, and feedback/ growth loops such as recycling of talent. There was discussion on how the Logan Review is an opportunity for Government to ask for leadership but also to show leadership.

Business response to COVID-19

There was discussion around recent research on entrepreneurship that showed that start-ups were facing the same problems regardless of industry, including disruption of sales, networking opportunities, and communication methods due to COVID-19. This has presented advantages with more opportunities to speak to decision makers by video call, however high functioning ecosystems need entrepreneurs to be talking to each other at peer level to help each other overcome challenges.

New business models in a virtual world were discussed, with lots of learning to be taken from how other countries have responded to the pandemic, including learning on virtual sales and commercialisation.

Digital transformation across all sectors

The need to challenge government on priorities was then discussed, with reflections that there are too many priorities in Scotland. Rather than prioritising vertical industries, digital needs to be prioritised as an enabler across all industries to drive vertical productivity growth. Thinking needs to be unconstrained and an ambitious, digital culture embedded across Scotland.

There was reflection on how great initiatives like City Deals can sometimes feel disconnected from an SME point of view, and how digital should be embedded to drive City Deals.

There was further reflection on opportunities for SMEs to intersect with many sectors, the need for access to digital knowledge and creativity, and how focusing on one sector can result in missed opportunities. Scotland is rich in assets already that are not always valued or high priorities, e.g. agriculture and logistics, but we should not constrain the application of the Report across sectors that don't seem attractive.

Silo'ing of sectors was identified as part of the problem, and the concept of every company being a software company discussed as an important component with huge potential. The Logan Review gives us the ability to take a powerful toolbox and not be constrained by markets, conveying the message that digital is relevant to all sectors.

Digital talent and education

There was discussion around high global demand for digital talent and the need for more entrepreneurial spark, particularly in more vulnerable communities. Building our

academic base of highly skilled people was seen as a priority alongside promoting Scotland as the best place to live and work.

There was reflection on the work to be done on Computing Science education in schools, with concerns expressed around seeing a bright future but not being bold enough to seize it, and how crucial action is here.

Closing Comments

Steven Drost wrapped up the session by reflecting on the huge amount of potential digital brings, with the hard stop of COVID-19 showing us that things that seemed eternal and brittle can move faster than assumed. Steven encouraged the group to take the love for the place we live in, rally around the ecosystem and come together to make the report's recommendations real.

The Minister closed the session by thanking everyone for their input, and summarising the importance of a plan of action, prioritisation, the need to consider digital as an enabler across all other sectors, and the Government's leadership in taking the report forward.

Scottish Government
December 2020