



September 24, 2020

BSA SUBMISSION TO THE UK COMPREHENSIVE SPENDING REVIEW

BSA | The Software Alliance (“BSA”),¹ the leading advocate for the global software industry, welcomes the opportunity to provide input to the United Kingdom’s Comprehensive Spending Review. Digital economy further transforms and grows the economy, helps build social and economic resilience and recovery, and enables global trade. In this increasingly digitized world, the software industry plays a fundamental role of enabling other sectors. Enterprise software optimizes the use of digital technology to support and enhance how private and public sector organizations operate, innovate, and service their citizens and customers. The UK software industry accounts for at least £145 billion of total UK value-added growth; it supports approximately 700.000 UK jobs directly and almost 3 million indirect jobs.² The software industry also significantly advances innovation, contributing to the raising competitiveness of UK companies across sectors and geographies.

The COVID-19 pandemic has presented one of the most complex challenges governments have faced in modern times. It has rapidly forced many aspects of public life to a remote environment, be it work, health services, or learning. The crisis also further highlighted the importance of the digital economy and the benefits of digital transformation for governments, companies, and citizens. The digital economy should be fully integrated in the UK’s Comprehensive Spending Review as a way to support short-term recovery and enable long-term growth and prosperity.

BSA wishes to offer concrete recommendations on the role that the software industry can play to support the following priorities of the UK’s Comprehensive Spending Review:

Strengthening the UK’s economic recovery

- Recommendation 1: Enable businesses’ digital transformation
- Recommendation 2: Modernize government agencies’ approach to digital technologies
- Recommendation 3: Empower today’s and create tomorrow’s high-skilled workforce

Investing in infrastructures, innovation, and people

- Recommendation 4: Deploy universal, affordable, and secure high-speed Internet access.

Strengthening the UK’s place in the world

- Recommendation 5: Promote global policy frameworks that support continued innovation and digital trade.

¹ BSA | The Software Alliance (www.bsa.org) is the leading advocate for the global software industry before governments and in the international marketplace. Its members are among the world’s most innovative companies, creating software solutions that spark the economy and improve modern life. With headquarters in Washington, DC, and operations in more than 30 countries, BSA pioneers compliance programs that promote legal software use and advocates for public policies that foster technology innovation and drive growth in the digital economy.

BSA’s members include: Adobe, Akamai, Atlassian, Autodesk, Bentley Systems, Box, Cadence, Cloudflare, CNC/Mastercam, IBM, Informatica, Intel, Intuit, MathWorks, McAfee, Microsoft, Okta, Oracle, PTC, Salesforce, ServiceNow, Siemens Industry Software Inc., Sitecore, Slack, Splunk, Trend Micro, Trimble Solutions Corporation, Twilio, and Workday.

² Software.org, The Economic Impact of Software—UK, October 2018, https://software.org/wp-content/uploads/EU_2018_Economic_Impact_factsheet_UK.pdf

Strengthening the UK's economic recovery

Covid-19 has impacted modern societies in unprecedented and dramatic ways. Job losses resulting from the related economic consequences of the pandemic are one of many indicators. In August 2020, ONS estimated that the number of employees in the UK on payrolls decreased by approximately 695,000 compared to figures in March 2020. As the UK economy undergoes this dramatic disruption, embracing the digital transformation can help rebuild the economy and create a long-term competitive edge for UK businesses.

Software providers are creating new capabilities and tools to support digital transformation. In sectors from agriculture to advanced manufacturing, technologies like cloud computing, blockchain, data analytics, and artificial intelligence (AI) enable innovation, create jobs, and promote productivity, safety, and environmental responsibility. For example, companies can move their operations online and reach new consumers by using software and cloud services. These technologies can also help governments to reach citizens in a secure and efficient manner, improve digital inclusion, and help build tomorrow's workforce.

Recommendation 1: Enable businesses' digital transformation

- **Help organizations adopt digital technologies.** Digital technologies improve business operations, facilitate remote work and collaboration, and make organizations more resilient to future disruption. They also help modernize sectors—from health services and education to agriculture and construction—that have to date been slow to adopt technological innovations and in so doing can improve their delivery of products and services. For example, cloud technology powers programs such as a cow-monitoring system that gives farmers constant information on the health of their cows, allowing them to boost milk production, smooth the calving process, and ensure healthier animals.³ Covid-19 has accelerated this digital transformation as companies move online to remain operational. To further encourage the uptake of digital technologies, the government should incentivize investment in software and cloud technology, provide resources and training to help industries, in particular small businesses, to adopt these technologies as a way to facilitate business continuity and recovery.
- **Ensure security of technology.** In many organizations, remote work has exposed the need for security of technology used in distance work. The UK Government should continue to raise awareness of the importance of sound security practices and promote policies that allow organizations to constantly keep up with the evolving cyber threat landscape, determine how to both manage risk and ensure resilience in a remote work environment, and promote best practices. For example, the use of identity management solutions should be promoted as it can bolster organizational security by providing employees secure access to databases and critical work applications from nearly any device or location. A McKinsey study estimates that in the UK digital ID could unlock economic value equivalent of 3% of GDP in 2030.⁴

Recommendation 2: Modernize government agencies' approach to digital technologies

- **Improve Government Agencies Digital Presence and Offerings.** For many agencies, citizen requests changed dramatically amid lockdown and isolation mandates. The best prepared offices were able to innovate and scale alternative digital channels to remain engaged with citizens. Technology can be used creatively to prepare for future citizen needs and to support them through associated technology capabilities. It can also help government agencies transition from paper-based processes to digital processes by leveraging digital

³ Microsoft, Connected cows help farms keep up with the herd, at <https://news.microsoft.com/features/connected-cows-help-farms-keep-up-with-the-herd/>.

⁴ In Brief "Digital identification: A key to inclusive growth," <https://www.mckinsey.com/~media/McKinsey/Business%20Functions/McKinsey%20Digital/Our%20Insights/Digital%20identification%20A%20key%20to%20inclusive%20growth/MGI-Digital-identification-In-brief.pdf>

technologies such as web analytics, content management, multichannel communication tools and electronic signatures.

Recommendation 3: Empower today's and create tomorrow's high-skilled workforce

- **Leverage technology for workforce development.** Incentivizing the use of technology such as machine learning that can help the workforce adjust to changes across industries. The UK Government can also help build the highly-skilled workforce of tomorrow by improving access to STEM education, including digital curricula, through investments, public-private partnerships, and by training more STEM-qualified school teachers.

Investing in infrastructures, innovation, and people

Software innovation is opening up almost limitless opportunities to tackle problems in new ways that improve people's lives. For example, data analytics can help increase efficiency, productivity, and competitiveness across all sectors, from healthcare and manufacturing to transportation and energy. The ability to leverage these digital technologies will rely in part on adequate Internet access.

Recommendation 4: Deploy universal, affordable, and secure high-speed Internet access.

- **Expand broadband access.** The UK Government should prioritize policies that promote the deployment of broadband in areas lacking broadband infrastructure, particularly in rural areas. Even in areas where broadband infrastructure is available, access widely varies among income groups, and across and within geographies. Ensuring universal, affordable, and secure high-speed Internet access will enable businesses and citizens to take full advantage of the digital transformation and will contribute to digital inclusion.
- **Deploy and secure 5G networks.** With their exponentially faster connection speeds, capacity, and communications response times (i.e., low latency), future 5G networks will allow organizations to maintain critical operations in a secure, virtual manner. 5G will create myriad new opportunities for business and individuals by powering the Internet of Things and other emerging technologies. Cloud and software technologies are at the heart of what makes these new technologies unique and innovative and they bring inherent advantages for managing and securing networks. To unlock the full 5G potential, the UK should foster an environment that facilitates the development of new security technologies and methodologies and should contribute to building international consensus around security approaches.

Strengthening the UK's place in the world

In 2021, the United Kingdom will enter a new era outside of the European Union and will have to redefine its economic and geopolitical posture on the global stage. To solidify its growth objectives, the UK needs to ensure it remains an attractive market for businesses and solidifies its international influence in the global trading system.

Recommendation 5: Promote global policy frameworks that support continued innovation and digital trade

- **Engage fully on the international stage.** The value of the data-driven economy sits in the ability of companies to operate across borders, reach new markets, and service customers regardless of location. Convergence of rules and compatibility of mechanisms—in particular in the areas of privacy and international data flows—play a critical role in growing cross-border business around the world. The UK should continue to engage fully in the World Trade Organization to advance these 21st century digital trade rules (particularly through the Joint

Statement Initiative on e-commerce) as well as a broader sign of commitment to multilateralism against digital protectionism trends emerging across the world.

- **Promote forward-looking digital trade rules.** The UK stands to benefit significantly from pursuing a forward-looking digital trade agenda. By accessing the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and its strong digital trade provisions in the e-commerce chapter, the UK will enhance its prospects of maintaining and sharpening its competitive edge in software development, cloud computing, and AI. The benefits of these provisions will inure not only to UK citizens, but also to service providers and manufacturers that rely on data analysis, AI, and cloud computing services to grow. These kinds of modern trade provisions will serve as a critical example for other countries hoping to develop their own digital trade rules and set an important precedent for future trade negotiations around the world.

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