The Digital Economy

**Definition:** The digital economy refers to an economy that is based on digital technologies, although we increasingly perceive this as conducting business through markets based on the internet and the World Wide Web.

**Background/Context:** Rapid advances in digital technology and applications has stimulated and enabled a dramatic growth in the global user population. The digital economy is not limited to traditional business models. It encompasses every aspect of modern life; entertainment, health, education, business to banking, the ability of the citizen to engage with government and society tostimulate new ideas and help influence political and social change. A report produce by the Boston Consulting Group predicts that the UK internet economy is likely to grow by 10 per cent per year, reaching 10 per cent of Gross Domestic Product (GDP) by 2015.

Digital networking and communication infrastructures provide a global platform over which people and organisations devise and employ new business strategies, interact, communicate, collaborate and seek information regardless of time and location.

**Key issues:** BCS believes that the key issues affecting the success of the digital economy are:

- Cultivating a trusted environment for technology-enabled innovation to thrive,
- Achieving the right balance to stimulate innovation and business growth while protecting the rights of the individual, intellectual property and privacy,
- Actively address cyber vulnerability and the threat of attack and/or misuse,
- Cultivating a fully digitally-literate society so that citizens are able to use information and technology to take advantage of the growing digital economy.

**BCS position on the key issues:** BCS actively promotes and encourages the cultivation of an internationally agreed legal framework in which innovation flourishes. Progressive UK governments have recognised the need to develop a socio-economic environment in which commerce can thrive. BCS supports the Digital Britain initiative and believes the present UK environment to be generally supportive in the creation and growth of a web-based company. However, the emergence and rapid growth of new disruptive technologies requires constant vigilance to ensure that the impact on the trading environment is accommodated, i.e. Consumerisation of mobile IT.

BCS believes that in a global internet environment national boundaries are transcended where jurisdiction, governance and regulation are obscured. It is essential that the private and public sectors work together in developing and regulating this environment to achieve best practice that protects the rights of our citizens.

BCS was critical of the Digital Economy Act 2010 which was introduced within the UK to regulate digital media. The act has generated a polarity of views and opinions on its merits, or lack of. While BCS supports much of the regulatory and administrative provisions of the act in partnership with the Law Society, it publicly expressed concerns at the following points;

- the lack of consultation and the manner and speed in which the legislation was introduced
- that the act does not actively stimulate growth and innovation in society
- that ISPs are held accountable for monitoring and policing traffic on their networks and warn those infringing copyright, with those who ignore the warnings being subject to some form of penalty
BCS has actively supported Professor Ian Hardgreave’s review of Intellectual Property and Growth, or Digital Opportunity - A review of Intellectual Property and Growth, which focused on UK copyright law. BCS believes that this review has gone some way to clarify thinking around online copyright protection addressing some of the deficiencies of the Digital Economy Act.

BCS has been active in raising public awareness and supporting initiatives to combat Cyber crime which is one of the fastest growing criminal activities on the planet, covering a huge range of online illegal activity, for example financial scams, computer hacking, virus attacks and email stalking.

**BCS activities in this domain:** BCS has been a consistent advocate of increasing citizen awareness and promoting safeguards to protect our personal data and our right to privacy i.e. BCS position on Privacy, protecting individuals from the internet and has published a Personal Data Guardianship Code.

**BCS Entrepreneurs Specialist Group** was formed to engage with entrepreneurial communities to grow the digital ecosystem for the benefit of members and society. The group provides a real-time forum for existing and would-be entrepreneurs to network with an expert group of innovation stakeholders from government, established and emerging technology enterprises and digital support clusters.

BCS Entrepreneurs has also formed a strategic partnership with Enternships.com - an online intern recruitment site which connects ambitious graduates to exciting opportunities in start-ups and SMEs. Coupled with this, BCS also has a memorandum of understanding with The Information Technologists’ Company (ITC) to collaborate over mentoring for digital entrepreneurs.

BCS strongly supports the key attributes highlighted in the McKinsey March 2011 report which are needed to develop a technology cluster as and continue its future development. We believe such clusters can offer many business advantages resulting in meaningful contributions to the wider economy.

BCS is a sponsor of The Coalition for a Digital Economy (Coadec), which works to support legislation and other government policies that foster a vibrant, innovative and sustainable digital economy for Britain. BCS is also a supporting partner of the Tech City Map which uses advanced technology to locate businesses in Shoreditch and reveal the web of connections linking them together and calculate each company’s influence in the community.

BCS fully supports the Technology Strategy Board’s efforts to establish a catapult centre for the connected digital economy. We agree that by creating a network of world-leading catapults centres the UK’s capability for innovation in the seven specific areas will transform and help drive future economic growth.

We further believe that to enable a successful information society, citizens need to gain more value from IT. As a society, that means:
- The impact and value of information must be made relevant to the lives of individual citizens
- Information must be accessible and useable by all individuals and communities
- Citizens should be educated to manage information responsibly and effectively

Our European Computer Driving Licence qualification (ECDL) already provides millions of citizens with the skills they need at work and home.

BCS also works within the academic community to build a better, integrated IT education system (through initiatives such as the BCS Academy of Computing and The Computing at School Working Group). On social issues, the Institute’s expert groups such as the Young Professionals Group, and BCSWomen among others, work to promote access, equality and understanding.