

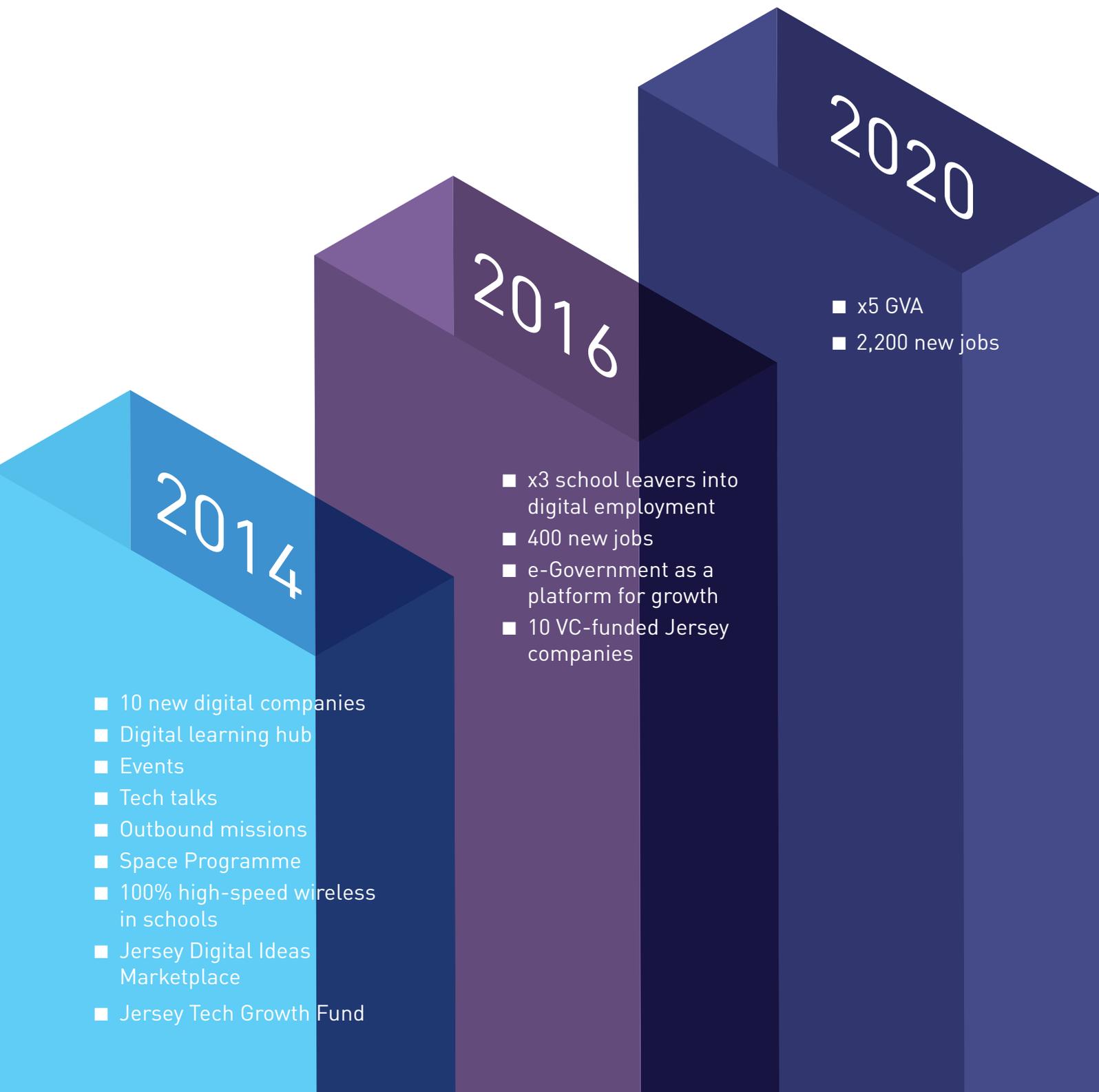


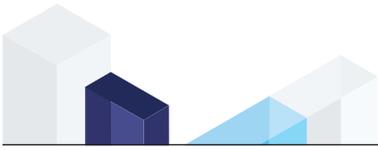
DIGITAL JERSEY

PROMOTING TECHNOLOGY AND INNOVATION

STRATEGY & BUSINESS PLAN

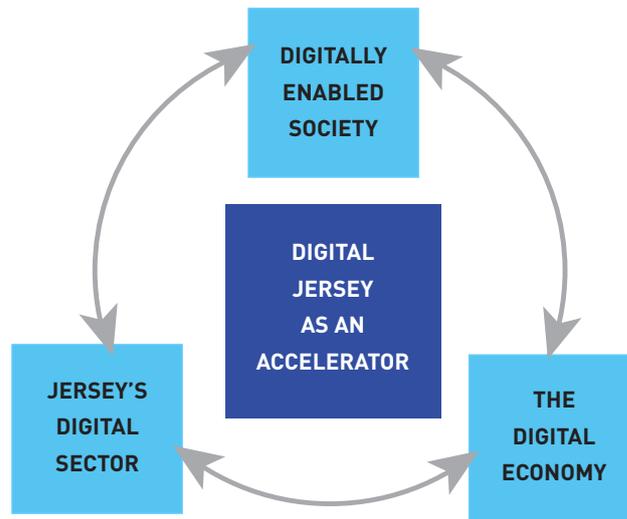
Executive Summary





PURPOSE

The purpose of Digital Jersey is to act as an accelerator for the digital economy and as an accelerator for a digitally enabled and connected society. The 'digital economy' includes both the digital sector itself and the application of technology across all sectors.



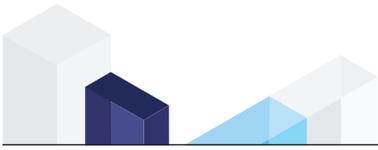
OBJECTIVES

Digital Jersey has three primary objectives:

- 1 To support sustainable economic growth in Jersey's digital industry, as measured by sector contribution to GVA, job creation and the number and 'health' of digital businesses.
- 2 To enable a connected, digital society and enhanced quality of life in Jersey, as measured by an increased provision of online services by government, changes in the IT education curriculum, improved skills and awareness in the general population, and the development of essential 'digital' infrastructure.
- 3 To establish Jersey as an internationally well-regarded 'digital centre', as measured by ranking in key indices, recognition in target media and online statistics, the results of industry surveys and sector-specific inward investment.

These objectives flow into the four priorities established by the States of Jersey's Economic Development Department (EDD) Enterprise Strategy:

- 1 Improving the productivity of business in Jersey and reducing dependence on inward migration.
- 2 Support for high-growth firms in high-value activity.
- 3 Attracting inward investment in high-value-added activities.
- 4 Ensuring that regulation does not impede business.



Digital Jersey's primary objectives translate into the following SMART targets:

- By 2020, the digital economy will have grown by a factor of five from its 2013 level
- By 2020, employment in the digital sector will be increased by 2,200 – four times higher than its 2013 level of 560
- By 2016, there will be 400 new jobs in the digital sector in the island
- By 2018, there will be five times more Jersey students finding work in Jersey's digital sector than in 2013
- Jersey will have a reputation as a preferred jurisdiction for investment target sectors, including e-health, e-government, data ownership and other strategic areas
- By 2017, Jersey residents will use innovative services that will enhance their well-being, delivered over an e-government platform that gives equal access to all

Digital Jersey will establish an impact evaluation framework, along UK Treasury Green Book guidelines, in order to measure the impact resulting from the activities deployed to reach these targets, their outputs and outcomes.

DIGITAL JERSEY'S STRUCTURE

Digital Jersey is comprised of:

A board, combining on- and off-island Non-Executive Directors, giving a strong base of knowledge and experience to facilitate sector growth and export business.

An executive who, with the guidance of the board, devises and executes activities intended to meet its primary and intermediate objectives.

Technical Action Groups, which engage with the communities who will experience growth and benefit from Jersey's evolution towards being a 'digital island'. These communities include the private sector, the public sector, students, and residents. The TAGs are substantially responsible for developing and delivering work streams around: developing Jersey's competitive propositions, education & skills, business development, regulation & legislation and government & infrastructure.

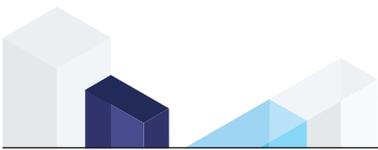
BACKGROUND

Digital Jersey is an independent organisation, funded by the States of Jersey and responsible for promoting Jersey as a leading centre for digital excellence. Digital Jersey became operational in February 2013 with the appointment of Chief Executive Officer Ted Ridgway Watt.

Working alongside government and industry, Digital Jersey coordinates activities that improve the environment for digital business and individuals in Jersey; these activities include skills development, technical innovation, legislative and regulatory change, social connectivity and research & marketing.

Digital Jersey coordinates strategies and activities that enable:

- Jersey to develop and attract digital businesses
- The digital sector to create sustainable employment
- Digital businesses to make substantial contributions to the island's economy and diversification strategy
- A connected digital society



CHALLENGES

To succeed in this endeavour, Jersey faces serious challenges, including the island's late entry to a digital strategy, major competition from other jurisdictions and the significant incentives provided elsewhere, the lack of critical skills available in Jersey and long-term challenges in IT education, not least the lack of a university. Low levels of local innovation and a small, though excellent, IT sector focused on services rather than IP creation are also factors. Fewer than 600 people work in the independent IT sector, with the majority of these delivering services to the financial and public sectors. Furthermore, there is little track record for tech start-ups, diversification or collaboration. Finally, the high cost of data connectivity is perceived to be an obstacle to growth.

ADVANTAGES

Jersey has a good proposition for broad inward investment projects, with quality of life, a light tax regime and robust legislation examples of attraction factors.

However, the island also has two good enablers for growth in a knowledge-driven economy: a bold plan for total connectivity and strong social capital; the latter a proven ingredient of success in sustainable centres of excellence and the hardest to create quickly.

SWOT

The characteristics of Digital Jersey are shown below as a SWOT analysis. Note that this applies to both the community of businesses, students & residents and to Digital Jersey Limited.

<h3>STRENGTHS</h3> <ul style="list-style-type: none">■ DJL is a well-conceived and supported project■ Strong early engagement with DJ and good access to government■ High-calibre board■ Jersey strengths (tax, finances, skills, legislation and regulation, quality of life)■ Social capital■ Offshore reputation■ Geographical location	<h3>WEAKNESSES</h3> <ul style="list-style-type: none">■ Low numbers in digital sector■ Small cohort in education■ Limited capacity for population increase■ Existing digital capability inward focus■ Slow rate of change in States of Jersey■ Lack of appetite for diversification■ Low entrepreneurial activity
<h3>OPPORTUNITIES</h3> <ul style="list-style-type: none">■ Gigabit project and "walled garden" test bed proposition■ Focused development of new sectors (data, e-health, social gaming, e-government)■ Competitive regulation and/or legislation■ University of Jersey■ Well-integrated skills pipeline fit for Jersey's employment needs■ Tech investment from Jersey■ Potential to move quickly	<h3>THREATS</h3> <ul style="list-style-type: none">■ Lack of engagement by industry■ Constraint on inward migration■ Global competition in new markets■ Other jurisdictions' earlier positions■ Data/IP legislation too slow■ Data connectivity cost



CRITICAL DEPENDENCIES

Delivering Jersey's bold but achievable targets requires the following critical dependencies to be in place:

- No barriers to inward migration of essential skills and talent. Development of on-island skills is a key priority but will take time to gain momentum. In the early years of the plan, these skills will need to be imported
- An education programme that accelerates employment of students and re-skilling of employees towards the digital sector
- The communications environment must be exceptional in terms of service reach, domestic and business capability and competitive data pricing
- A compelling inward investment proposition for digital companies, financed by the States of Jersey
- A funding regime that encourages investment in the digital sector
- The effective development of an e-government platform that delivers improved services to citizens and facilitates the development of new services and business opportunities
- Continued support by the States of Jersey for Digital Jersey Ltd

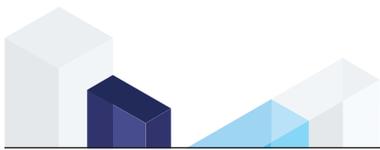
SKILLS, GROWTH AND FUNDING

As Jersey must engage in diversified business and new enterprise to grow, the sector needs new talent. To embark on new endeavour, Jersey has four sources of skills:

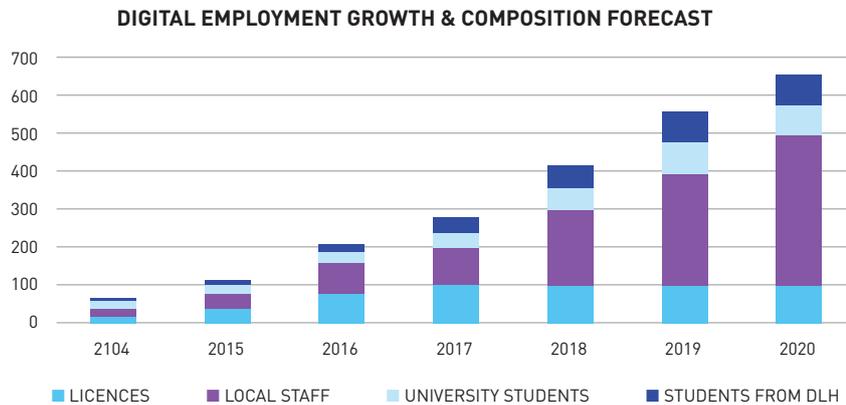
- The independent developer community: numbering fewer than 50, these have a higher than average overseas business and generally have greater agility than companies
- Students of ICT-related subjects: approximately 25 per annum come into employment or job seeking from Highlands College, whilst around 15 per annum return to Jersey within 10 years of graduating in the UK
- Imported, licenced professionals: the fastest way to establish new competences in the island. This has been a consistent strategy across other jurisdictions intent on driving growth in a new sector
- Diversification by existing businesses and re-skilling of workers for digital endeavour. In Jersey, many existing ICT businesses have focused on the domestic market with marginally differentiated products and have not demonstrated an appetite for diversification

To meet the employment demands implicit by the 'factor five' economic growth target, we note that:

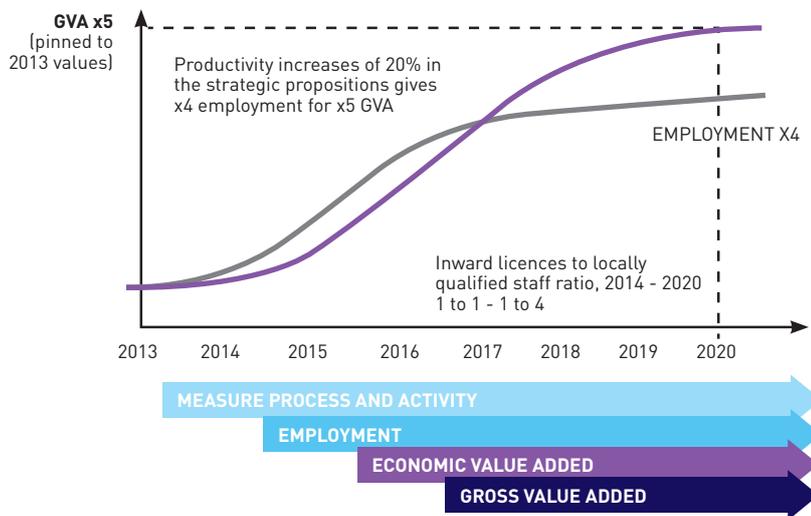
- Early activity increase in the sector will come primarily from imported talent
- Students effectively make continuing education choices at an early stage and so any strategy, policy or incentive applied now will still see a delay before significant changes can be effected amongst school leavers - although the Digital Learning Hub (DLH) could accelerate digital sector employment amongst those choosing not to go to university



Hence, in the initial stages of growth, the prime source will come from imported skills and the secondary source the migration of locally employed people to the digital sector, then school leavers and graduates. Enacting an achievable growth in these employment sources could give 2,200 new jobs by 2020.



Looking at the composition of employment growth, we see the s-curve, below, reflecting a slow start in both new employment and graduating students. This represents the difficulty in migrating skills to new endeavour in the digital sector and of the early career choices made by students, many of whom who will have made decisions now that will affect their education choices in 2017.



The critical dependencies will determine how quickly employment and then economic returns will flow from activities and processes to stimulate growth.

Growth needs to be underpinned by a thriving investment market

The complementary resource required to drive the sector growth is funding. As a major player in financial services, Jersey should be ideally placed to position itself as a centre for tech funding.

Businesses require a complete pathway of funding and this need presents a specific opportunity for Jersey with its deep expertise in financial services.

Initial start-up funding should be complemented by assistance from the Economic Development Innovation Fund – this mechanism has been in preparation for some time but must now be made available immediately.



FUNDING

Digital Jersey is grant-funded by the States of Jersey's Economic Development Department. The level of funding required to support the processes and programmes to meet its SMART objectives is £916K in 2014 and £1116K for 2015. It is intended that, in future, funding could be supplemented by membership fees.

KEY PROGRAMMES AND NEAR-TERM DELIVERABLES

The primary objectives will be met against these challenging and prevailing conditions through programmes and projects that set out to build capacity and enhance capability, with Digital Jersey acting as an accelerator for the digital economy, Jersey's digital sector and our digitally enabled society. Outcomes will include:

A JERSEY TECH GROWTH FUND

providing small/mid-cap and up to growth equity investments from the island, managed by the private sector

AN EDUCATION PROGRAMME

that complements the schools and Highlands College's provision of services and includes a Digital Learning Hub, a five-year Space Programme and a 3D printing programme

THE DIGITAL LEARNING HUB

will help students, school leavers and others to acquire the skills and knowledge needed by Jersey's growing digital sector, directly contributing to the drive to reduce dependency on inward licences. Local businesses will need to support the hub with course material and mentors

COMPETITIVE PROPOSITIONS

that support Jersey's strengths in areas of high opportunity and provide a focus for investment, pre-competitive collaboration and training

TARGETING THE CREATIVE SECTOR

to create and deliver more digital content from the island, through seminars, training and outbound missions



Selected near-term activities and targets	To year-end 2014	2015
New employment in the digital sector	65	115
New companies created in Jersey	6	8
Inward investments – new companies	8	10
Outbound missions – companies attending	15	20
Growth incentive package	Agreed with EDD, active	
Digital Learning Hub	Operational, 40 students	70 students
Jersey Space Programme	Initiate programme	In curriculum
Major tech conference hosted in Jersey	✓	
Co-working space for start-up companies	Co-located with DLH	
Formation of Jersey Tech Growth Fund	Fund formed	Fund operational
Funding applications – Innovation Fund and other	8	12
Apple iTunes store in Jersey	✓	
Monthly tech seminars to extend the reach of the sector	✓	
3D printing programme in schools	✓	
Formation of Channel Islands Info Sec Forum	✓	
Jersey Digital Ideas Marketplace	6 applications	10
Cisco NVI hub in Jersey		Yes/pending
Initiate target sector development	E-health, social gaming, e-money	
Establish baseline data for economic activity of the sector	Publish	
Create impact evaluation framework	Publish	Use

CONCLUSION

The digital sector represents a clear and compelling opportunity for economic diversification for Jersey, offering the potential for high growth with relatively low capital expenditure.

Jersey is late to the gate and faces stiff competition from jurisdictions able to offer compelling incentives around taxation and resource mobility.

Digital Jersey has developed long-term objectives for a five-fold increase in economic activity by 2020, supported by a four-fold increase in employment and definable social benefits. These long-term objectives are founded on, and complemented by, detailed and cohesive programmes and near-term targets and attainments. Given that the critical dependencies will be in place, with the aligned support of all stakeholders, the digital sector can become a vital pillar of Jersey's economic and social strength.