TCG UK Tech Cluster Group

Grass roots report to central government on issues and opportunities within our regions

Who we are

As a collective group of individual organisations, we make up the UK Tech Cluster Group and are working at a grass roots level with tech and digital companies across the UK.

The individuals that participated in the findings of this report are from separate organisations. However, as part of our roles, we all speak to businesses – both tech and non-tech – day-in-day-out. This means we are acutely aware of the challenges, as well as the enormous opportunities, faced by businesses that either operate in – or are seeking to embrace - tech.

While it's acknowledged that each of our 'hubs/organisations' operate in different ways, we have a shared objective of growing and supporting the growth of the UK tech sector.

It is widely appreciated and advocated within our group that, for tech to be a thriving sector within the UK, there must be joined-up working between tech companies and non-tech sectors. Part of our role is to bridge the gap, not only by translating terminologies and demystifying jargon, but by making introductions that often result in SME tech companies winning work with more traditional organisations.

We are all unified by offering bespoke and responsive support both to tech companies and to non-tech companies, who can benefit from integrating digital solutions into their environments and improving productivity as a result.

A key component of our role is to work with tech founders to help them learn the business skills they need to succeed and to work with business people who have an idea for a tech product, but no idea how to develop or take it to market. Some of this manifests in providing support on business development and marketing to tech founders or supporting business people/entrepreneurs with technical specifications.

Objective

Coming together as a group, this collaborative report highlights the key issues facing the tech sector and what we believe should be addressed, to deliver a more sustainable tech ecosystem that can play a significant role in powering UK Plc. It highlights emerging issues and themes that we believe – if addressed – could unlock the vast further potential that technology promises.

Results of discussions

From discussions within the group, there were four emerging themes and topics that were discussed.

01. The policy and funding environment
02. Key skills development for working across sectors
03. Supporting innovation
04. Development of a coherent infrastructure for support organisations.

1. The policy and funding environment

Developing the ecosystem

With such a heavy focus on scale-ups, start-ups are under-supported – and it is critical that we ensure that the pipeline of innovative, new businesses remains strong. Without start-ups, there can be no scale-ups, and thus an ecosystem begins to age.

Arguably the aggregate of job creation in many start-ups is just as important as supporting scale-ups. By focusing on scale-ups, it also means that ecosystems are in danger of becoming top heavy.

There also needs to be less focus on the language of start-ups and scale-ups and more about the whole ecosystem.

Investment

As a group, it was recognised that the investment landscape across the UK is not uniform. While access to public-backed investment funds has improved in recent years, private investment varies region to region. Some hubs have active angel investor networks while in others these are yet to mature. There are also still issues with investment being centred around London tech companies. One of our hub members said “We have a really dense network of angel investors in the region, but most of their investment is going back into London. They aren’t investing on their door step.”

Across the group it was highlighted that investment on its own brings less benefits than when it is combined with business support initiatives, especially in newer, more emergent ecosystems. Future investment schemes should consider ways to ensure that investment and support are intrinsically linked.

Funding models

It is acknowledged by the group that public funding is not agile enough to meet the needs of the sector and there is a sense that there is a disconnect between central government and grass roots.

Some of our hubs have entirely disengaged with public funding to become privately financed. They believe that being privately financed is the only way to ensure the responsivity necessary to meet the needs of their ecosystems. This focus on private funding is positive, but the disengagement from working with public funding leaves large gaps of market failure in the sector underserved.

Public funding, ERDF for example, has too often been associated with certain criteria of 'outputs' and one size does not fit all when it comes to supporting the tech sector. Equally, funding - such as business investment funds - will pay for capital expenditure and many of the tech companies we are speaking to do not need factory, machinery or equipment; they need people and skills.

Local Enterprise Partnerships

While there are beacons of successful working relationships with some of our hubs and their respective Local Enterprise Partnerships (LEPs), it is widely felt that often the LEPs across the country do not understand, and are not always responsive enough, to the needs of the tech sector.

2. Key skills development for working across sectors

Digital Skills

The digital skills issue remains a major problem across all our regions. There is a general consensus between all of us that the skills issue is a multi-faceted challenge that cannot be resolved with a ‘one size fits all’ approach - what might work in one region may not work in another. Intervention has to be targeted, and funded, to deliver for individual areas. It is not a matter of simply putting coding on the national curriculum. The issue needs to be overcome by understanding what is happening at a grass roots level in terms of skills needs.

Soft Skills

There is also another dimension to the skills issue in that it isn’t just about growing and attracting technical talent, but to train people who work in tech to develop the ‘soft skills’ necessary for business success. This is true from students through to tech founders.

It can become problematic when a tech founder finds him or herself at the helm of a growing organisation, hiring staff and interacting in a business environment, if they are not sure how to communicate effectively.

We find that technical teams often request HR, leadership and management skills development and some of our hubs have started to offer courses to support this development. These softer skills are the ones that are needed when ‘working across sectors’ too, so that the full potential of cross sector collaborations and business opportunities can be reached.

3. Supporting innovation

Supporting innovation is a key priority for our cluster members. We bring together both non-tech companies and tech companies to encourage and enable innovation within a supply chain, to ultimately increase and improve productivity. Our role is to manage and nurture the relationship between supply and demand. The relationship between the two needs careful management and often our role is not only translating jargon but building trust.

Innovation from the sector

As we are a trusted, known and impartial third party, we communicate with non-tech companies. We are in a position to 'sell' them the idea of innovation as something that is not only possible (when they may not have realised that there was an issue) but also feasible. It's about making sure they're ready to adopt new technologies and understand how innovation can improve their productivity. For some companies, the thought of introducing innovative tech, despite knowing it will improve productivity, can be overwhelming.

Educating the 'demand' side of the marketplace also creates new commercial opportunities for tech start-ups and scale-ups, helping make the ecosystem more robust.

Innovation in the sector

As tech companies grow and become more established, they can also become embedded in patterns of working and thus also need support to enable them to expand their own technical skills and create further innovative solutions to thrive. So, enabling the tech sector to continually innovate is just as important. We need an emphasis on awareness and support for tech companies to carry out speculative research and development themselves; this will consequently contribute to UK national R&D investment targets.

As one member of our group says "it's about finding ways to give them aggregated capacity to innovate. The ability to horizon scan, the ability to develop innovation strategies and cultures within their business, and the ability to take those innovations to market effectively...definitely small companies have a capacity problem when it comes to innovating and often it's about the technology leading the market need."

For example, with 5G connectivity development, we need to be on top of the products and services that can be created on top of it.

4. The development of a coherent infrastructure for support organisations

As the UK Tech Cluster Group, we need an infrastructure in place that connects us all so that we can share best practice, learn from one another and connect support.

As one of our members said “We need more joining up of what people are doing across the country. We might be struggling through one particular aspect and may not have the expertise or capabilities… being able to know who is doing what in other areas, in other clusters, joining forces to do things. There are opportunities to work with wider ecosystems, to be able to say to a client ‘we can join the dots with other national centres’”.

Whilst this may be its ambition, the group feels that Tech Nation is not meeting the needs of the tech community; specifically, there is a top down approach and thus they are failing to understand grass roots issues.

While valuing the intention and work that Tech Nation does, we believe that the structure of the organisation means that Tech Nation is not properly in touch with local ecosystems. This is a role the Tech Cluster members do well but could do better with more capacity and coordination.

We also see a lot of similar initiatives happening within regions. While there should be an element of choice for any public body, national, city or local authority to invent their own initiatives, often we see people reinventing initiatives that have already been tried and failed or putting something in place that can disrupt an ecosystem. More coordination between clusters would allow the sharing of best practice.

Conclusion and ambition

Across all themes discussed, there is a disconnect between central government and grass roots ecosystems. Initiatives appear to be informed by a top down approach.

By presenting our collective voice, our ambition is to create a more effective communications stream to ensure that a broad range of issues affecting the tech industry – ranging from direct support to public funding – will be led by a grass roots up approach.

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