

Speech: Jeremy Wright speaking at the launch of the TechNation Report 2019

Thank you very much.

It has been a successful and exciting few days for our DCMS sectors.

Last week, four English football teams qualified for European finals, the first time ever that all the finalists have come from the same country.

And this report shows that our digital economy is leading the way in Europe too.

We are fourth in the world for scaleup investment after only the USA, China and India.

Thirty five per cent of Europe and Israel's tech unicorns have been created in the UK.

And last year, total venture capital investment in UK tech topped six billion pounds, more than any other European country.

This report is a worthwhile reminder of how far we have come. And it makes a number of interesting recommendations which we will study with interest.

There is still work to do if we want to stay on top.

So today I wanted to talk briefly about what change we need to see if we are to keep this momentum going in the years ahead.

Encouraging investment

First, we need to encourage investment.

Today's report tells a compelling story in this area. Investment for UK high-growth digital tech firms grew 61 per cent between 2017 and 2018 – driven in large part by our ambitious tech scaleups.

And in the growing fintech sector, we were ranked number one in the world for scaleup investment.

Despite this positive outlook, there are some firms that can find it challenging to raise capital, particularly within the tech for good sector.

If we want mission-driven tech businesses to have a positive impact on society, then we need to help them flourish and scale up, through giving them the right support and funding.

So we have announced that we are backing the UK's leading dedicated supporter of social tech – the Social Tech Trust – to set up a new investment fund.

This fund will provide ventures with the access to capital that they need at the right time, so that we can boost our already thriving tech for good sector, which was valued at 2.3 billion pounds last year.

The aim is to raise up to 30 million pounds for this investment fund, to help ventures focused in three key areas of social transformation: health, wealth, and communities.

This is part of a package of support, including a fund of one million pounds to drive social tech innovation in civil society, to help develop solutions to tackle social isolation and bring communities together.

We also need to encourage innovation friendly regulation, especially for start-ups, which already face so many challenges in their formative years.

Modern businesses require modern regulation – and the UK is leading the way in embracing change.

The Financial Conduct Authority's Green Tech Fintech Challenge is a good example.

It supports a number of firms, including many of our dynamic start-ups, in developing products and services to help our transition towards a greener economy.

The challenge provides guidance and live market testing, which can be essential in helping a product overcome the hurdles faced by businesses.

I want our regulators to carry out their essential roles – preventing harm, and providing certainty to businesses and trust to citizens – whilst supporting the innovation that has helped us deliver these exceptional results.

Skills and talent

My second point is about having the best possible tech talent here in the UK.

The report shows the UK is the number one destination for tech talent, employing five per cent of all tech scaleup employees globally.

Success requires an immigration system that welcomes the world's top tech talent.

Like our Tech Nation Visa, which enables the brightest and best to come and work in the UK's digital technology sector.

And our Entrepreneur and Graduate Entrepreneur visas, which have recently been revived in response to feedback from the tech sector.

As we leave the EU, we need a future immigration system based around bringing skilled people to the UK. I know this is a priority for you and I will continue to – reflect your needs at the Cabinet table and beyond.

It is also pleasing to see that cyber, AI, and Cleantech are all featuring in the top ten sectors for employment in high-growth tech firms.

This shows that the newest and most exciting technologies are being developed right here in the UK. But we need to make sure everyone feels the benefits.

Digital technology is continuing to transform the nature of work and the skills that are valued by employers.

And the best way to futureproof our economy in a time of unprecedented change is to promote digital skills. And I know that this is a view shared by employers too.

From making coding in the curriculum compulsory at school age, through to supporting a more flexible labour market and expanding digital training for adults, we have a far-reaching programme to support digital skills.

Our Digital Skills Partnerships have made huge strides to improve digital capability right across the country.

And our AI Sector Deal included a focus on skills and talent, by developing new industry funded AI Masters programmes, cutting-edge PhD places and creating a globally respected fellowship scheme.

This work is so important.

Because we cannot become a truly digital nation until we have a skilled, digital workforce that makes use of all the available talent.

Regional tech economy

Finally, I want to talk about the importance of our regional digital economies.

It is easy as we gather here in the heart of the capital to focus our attention on London.

There is no doubt that London is one of the world's great hubs for technology and commerce. And we don't want to change that.

London-based companies receive billions of tech investment every year, almost twice as much as their European counterparts.

But we have a crucial opportunity to use technology to drive regional economies and help deliver prosperity right across the country.

I have been pleased to see that the report illustrates that over the last 12 years, we have seen a much greater distribution of investment all across the UK, rather than just in the capital.

It shows that although 36 per cent of tech investment is now in London, the East of England has seen a massive 206 per cent increase in capital investment over the past twelve years.

This means that many of our towns and cities have thriving tech ecosystems and are creating fast-growing businesses that are competing successfully with European capitals.

Sixty UK unicorns have now been created outside of London.

And in terms of unicorns, Manchester is neck and neck with Amsterdam, while Oxford and Cambridge combined are outperforming Berlin and Paris.

Last year, Tech City UK and Tech North evolved into Tech Nation.

This wasn't just a rebranding but reflects the Government's commitment to supporting tech pioneers wherever they are based.

And Tech Nation's Enterprise Engagement Managers, who work alongside key digital partners in their host region, are a key part of our vision for future success.

This means rolling out the best physical infrastructure all across the UK, for example through unlocking the potential of full fibre and 5G.

And also through making sure we unlock the potential of our rural digital economies, through TechNation and also by using all the other levers that we have as a Government.

Conclusion

After this speech, I am taking the Eurostar to the VivaTech summit in Paris. So I am very grateful to you for hosting this event at Kings' Cross...

That summit brings together leaders from the tech sector, civil society and Government to discuss how to get the best from new technologies.

And I will be taking this report with me.

What better way to show that we remain an innovative and outward looking nation, open to new ideas, investment and talent from all across the world.

This report tells a story of innovation and ingenuity.

And our challenge now is to write the next chapter.

Thank you very much.