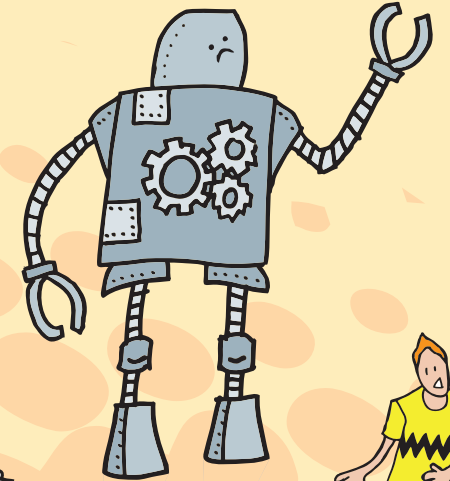# Reboot Britain

How the promise of our new digital age can tackle the challenges we face as a country

Contributions by Lee Bryant, Daniel Heaf, Andy Hobsbawm, Paul Hodgkin, Paul Miller, Julie Meyer, Micah L. Sifry, Tom Steinberg and Jon Watts

Edited and introduced by Diane Coyle

NESTA Making Innovation Flourish

Foreword

It is no secret that we live in a time of great challenge – the economic downturn, heavily constrained public finances and trust in our political classes at an all-time low. In the UK right now we need radical innovation like never before.

Digital technologies – and the networks that they power – provide us with opportunities that we did not have even five years ago. Introduced and edited by Diane Coyle, *Reboot Britain* is a provocative set of essays that explores how we can best take advantage of the growing culture of online participation and exciting new digital tools.

NESTA's *Attacking the Recession* report published earlier this year outlined measures to support a more dynamic and resilient economy. Inspired by this work, *Reboot Britain* asks an important question of all of us in this digital age: given the unprecedented challenges we face, how can we best overcome them by harnessing the unique tools now at our disposal?

We welcome your comments and your views on this publication.

Jonathan Kestenbaum
CEO, NESTA

June, 2009

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Introduction and overview

Diane Coyle
Economist and writer

The essays in this collection were commissioned as 'provocations'. They have lived up to that challenge. The areas covered include education, entrepreneurship, healthcare, climate change, democracy – in fact the whole terrain of politics and public policy.

The breadth of the subject matter is combined with a sentiment common to all of these provocations: that we have gone very much off course. Taken as a whole, they create a strong sense that Britain is at a fork in the road. And that the more time passes without a change of direction, the gloomier our prospects in the UK. In each case the author conveys a sense of urgency about the need to re-imagine, re-invest, re-invigorate our economy and society.

This is not surprising, perhaps, given the context in 2009. Climate change is becoming more of a reality than a distant threat, and people are slowly coming to terms with the implications. The geopolitical context is one of increasing instability, with new nuclear threats as well as the heightened threat of terrorism. We have a uniquely serious financial crisis and the most severe recession for decades. At the time these essays were written, Britain was also in the midst of an extraordinary political crisis, with the popular disgust about some MPs' expenses habits followed by a government implosion.

Reading the contributions by these original minds against this disordered background brought to my mind Mervyn Peake's Gormenghast trilogy. Writing in the late 1940s and 50s, in a post-war, post-empire, austerity Britain, Peake evoked a disintegrating Gothic state unable to change and so doomed to crumble. As its heir, Titus Groan, abdicates and abandons his ancestral home: "He cannot know, wherever he may be, that through the worm-pocked

doors and fractured walls, through windows bursted, gaping, soft with rot, a storm is pouring into Gormenghast."

A melodramatic image, no doubt. Yet each one of the provocations here makes a strong case that the structures and behaviours in place now are not delivering for Britain and simply cannot last. What kinds of significant change are needed?

Placing people at the centre of a more innovative and more agile public sector is Lee Bryant's priority, to enable 'smart' government – 'big' in its inclusiveness, 'small' in its bureaucracy. Fewer initiatives, more open data, and more feedback from users are required to deliver this.

Andy Hobsbawm reminds us that socially motivated activity is an intrinsic part of life and celebrates how this is already being organised and aggregated online in powerful ways. New ways of contributing together with the highly visible ways in which the impact of that participation can be seen hold the potential for an unprecedented level of global action and global understanding.

Paul Miller hopes that an ecology of private start-ups, social entrepreneurs and government investment can be created to deliver services that are better and more effectively targeted. The digital world is not about content, but about organisation, he argues; cyberspace is not a world apart but rather a tool for re-imagining and re-creating the real world.

Micah L. Sifry takes from President Obama's campaigning and early months in government the lesson that open and collaborative

Reboot Britain

Diane Coyle is a leading economist and Managing Director of Enlightenment Economics, an economic consultancy to large corporate clients and international organisations, specialising in new technologies and globalisation. She is the author of several books including The Soulful Science, Paradoxes of Prosperity and The Weightless World.

government with many, many citizens involved is feasible and powerful; and notes that this embrace of online power is 'inherently disruptive': "What happens when those numbers climb into the millions, and people who have been invited to have a voice now expect to be listened to?"

Tom Steinberg assesses where the culture of transparency enabled by the internet can powerfully be applied to parliamentary processes in a way that is truly transformative. This is much more of a challenge than simply becoming competent in the latest tools and technologies, but instead requires a deep level of understanding of the capabilities of the internet together with an appetite for radical openness.

Paul Hodgkin wisely puts the promise of technology in its social context and argues that managers in healthcare must build productive technology-mediated relationships with patients. If they do, they will learn much from the empowered and passionate citizenry.

Jon Watts notes the opportunities the digital world offers new businesses but sounds a warning about the limits, too, for British companies lacking the scale needed to compete effectively in increasingly crowded media markets. He offers some proposals that focus on the needs of emerging UK innovators and, most importantly, on what he describes as: "The collective, collaborative efforts of the people we used to refer to as the audience."

Julie Meyer would also like to see less of the wrong kind of government. She argues that despite a significant cultural shift, Britain is a long way from reaching the destination of 'Entrepreneur Country', and amongst her many recommendations is simply less cash being taken out of new businesses in taxes.

Daniel Heaf wants to ensure Britain controls its own digital destiny by properly directed investment, using public value as a guiding light for private businesses as well as public organisations – and all the more so as taxpayer money is supporting so much new technology investment.

There are common themes in these individual contributions. Three stand out.

The first is the promise offered by new technologies. This varies according to context. It might be the opportunities for green entrepreneurs, or the scope to run services more efficiently, or the democratic promise of connected participation. In each case, though, there is a sense that technology holds out tremendous potential.

The second is the shared diagnosis that existing decision-making and governance structures militate against capitalising on these various opportunities. There is a striking sense of – almost despair – about the inability of Britain's existing policy frameworks to serve people well in the face of both the various threats to wellbeing and the range of opportunities available to address them. Indeed, a number of contributors simply state that people will have to work around government to take advantage of the opportunities.

The third is the need to engage people widely and directly in delivering solutions. This is an inevitable feature of using new technologies effectively. The promise of extremely low-cost access to information and communications can only be realised if everybody is permitted to use them. High-cost information makes hierarchies efficient, just as hub-and-spoke arrangements are the most efficient structure in the world of physical transportation. Conversely, cheap information makes flat networks efficient. The technologies have had a dramatic effect on organisation and processes in business and much of the non-profit world during the past 20 years, and almost none in the public sector. That transformation surely has to happen in government in the next decade or two.

Ultimately, the underlying message of these essays is optimistic, however. Each of them points to future potential emerging from current problems. Perhaps readers will be duly provoked into action.

People power can reboot Britain

Lee Bryant
Co-founder and Director, Headshift

> *We can have both bigger and smaller government at the same time. Our society is capable of running itself better, and cheaper, if we trust people to be part of the solution*

We are lucky to have a stable and relatively functional political system in the UK, for all the recent drama, and we should avoid throwing away that heritage in pursuit of change for its own sake. But in addition to the obvious short-term challenge of rebuilding faith in our political and economic system, we face some difficult long-term issues that require 21st century solutions.
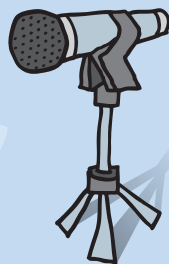
The current political class seems to have no answer to these challenges because they do not have a vision that involves the people, other than as voters or members of focus groups. Faced with the plunder of the banks, their answer has been to bail out the bankers and hope (again) for trickle down effects, rather than invest in people and services to create value and wealth. They have spectacularly failed to deal with both boom and bust, and they continue pulling their big 20th century levers despite the fact these are no longer working. Although the government realises the internet has a key role to play, the recent Digital Britain report shows just how little they understand the online world. Aside from the obvious conclusion that universal broadband (which should be 8Mb as a minimum) is a necessary enabler to an inclusive digital economy, the report seems firmly located in the 1990s world of 'content

providers', copyright restrictions and network operators. We need to show the political elite what to do, and get on with fixing things before they get much worse.

Over the past decade, we have learned a lot about how network thinking and specifically the social web can dramatically reduce the costs of co-ordination and collective action, allowing new ways of involving people in organisational, democratic or social processes. Many people have argued that government and industry should take advantage of these innovations to create more people-powered organisations. Now, in the face of serious crises in both the economy and the political system, and in the middle of a recession that calls into question whether we can even afford 'business as usual', it is time to take a serious look at how we can leverage human talent, energy and creativity to begin rebooting the system to create sustainable, affordable, long-term mechanisms for public engagement.

We have been talking about e-government for years, and have made steady progress with some of the enablers, such as online service provision, the Government Gateway and a growing awareness among civil servants about online public engagement. But so far, this work has remained very much within existing organisational boundaries. It has focused on how to enable communication and limited interaction between government and citizens, but has not yet changed either the workings of government or the role of citizens in that process. The next stage must be to look at how we leverage the vast human

resources that exist both within government and among citizens to accelerate progress and help develop modern, affordable services.

Debates about the role of government have traditionally focused on the rather fatuous issue of 'big government' versus 'small government', more investment in public services or cuts. Yet, there is plenty of scope for government that is 'big' in terms of who it includes, but 'small' in its approach to investment and bureaucracy. Smarter, simpler social technology has a key role to play here.

In the 1980s and early 1990s, we saw ideologically motivated cuts in key public services, and the effects of these are with us today in the form of social problems and a growing gap between rich and poor. From 1997 onwards, we have seen that it is possible to spend a great deal of money on the supply side of public services with diminishing returns at the point of delivery, as the managerial class soaks up a large proportion of this spend. Perhaps more worrying, we have also seen a gradual disempowerment of front-line staff in favour of targets, 'best practice' and centralised, process-based thinking.

We can have both bigger and smaller government at the same time. Our society is capable of running itself better, and cheaper, if we trust people to be part of the solution, rather than passive 'consumers' of services who just get to swap their representatives every four years or so. We need to see government as an enabler or a force multiplier that can combine with the energy and resources of ordinary people to improve governance and public service delivery. But this also means re-balancing our expectations of government and encouraging (and possibly educating) us to take more individual and collective responsibility for our society. Social tools supporting real conversation between government and citizens can help this process and help people develop realistic expectations, rather than unlimited demands (e.g. Scandinavian services with American taxes).

The first thing we can do is to make better use of government spending to make it go further. Government procurement should be treated as a stimulus fund, and used to deliver social and economic benefits as

well as products and services. Big ticket projects in areas such as IT, Health and Defence have a high failure rate, which is made worse by the tendency to select a large supplier and require them to spend all the money up front in one big hit. Instead, it makes more sense to adopt an investment mindset and provide seed funding to various potential suppliers (ideally community groups and small companies as well as generic corporations that specialise in outsourcing contracts), and then provide more substantial first and second round funding to those projects that show potential, until a clear winner emerges. This way, funding can be leveraged to stimulate innovation as well as deliver a service, and an iterative multi-round approach is more likely to pick winners than just handing over the whole thing in one go. Perhaps, drawing on the lesson of Social Innovation Camp and 4iP, a proportion of all departmental budgets should be earmarked for open innovation funds in the hope that we might discover the next SureStart or similar idea.

If we are to target spending on public services better, then we also need better ways of surfacing and identifying need. Too many public sector bodies are created as part of a shiny political initiative and then waste huge sums of money consolidating their own position rather than helping people, before finally being wound down after a few years. The logic of the Vendor Relationship Management movement – that people express their needs and intent and then invite service providers to fulfill them – has potential to create more efficient public service delivery mechanisms. If government wants to use social media, then a good starting point is to listen and learn.

The second thing we can do is harness people power to improve existing democratic and public services. One of the best lessons of the social web is the idea of rapid feedback-driven iteration as an evolutionary model. The launch of a service is just the beginning of a process whereby user involvement and feedback is used to make improvements and refinements. Giving feedback need not be onerous. There is a wealth of (often ignored) behavioural and

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Lee Bryant co-founded Headshift in 2002 to focus on the emerging area of social software and social networking. He has been playing with words and computers since the age of 10, and has a strong belief in the empowering potential of the internet. He is also a board member of a social enterprise, Involve, and a trustee of the Foundation for Science Technology and Culture. Follow him on Twitter at www.twitter.com/leebryant

usage data that can provide useful feedback to developers and designers, even where it needs to be anonymised. Instead of 'experts' gathering requirements, obtaining a huge budget and then spending it all in one go, this evolutionary model seeks to co-create services with users. There is a lot of good thinking emerging around concepts of service (co-)design in the public sector, and perhaps it is time to apply this on a bigger stage. There is both a cost and a quality rationale for citizens to be participants in the process of service delivery, which implies going way beyond the current practice of occasional consultation.

But creating user-driven organisations is not just about rapid feedback from external users; it must also apply internally as well. In government, as in business, we suffer from organisational models that are too expensive and inefficient to succeed in the current climate. We need to place people above process and – assuming we have hired the right individuals and trained them well – let them get on with their job. Key to this is the introduction of simple, social tools that let people develop their own networks within organisations and use these to get things done. Corporate IT has become a blocker not an enabler and we urgently need a new, more human-scale approach to internal communications and knowledge sharing within organisations in both the private and public sector. The boom times of recent years have hidden a great deal of inefficiency, and as revenues recede, we need flatter, more agile organisational structures instead of the stultifying middle management bureaucratic machines that exist because organisations fundamentally don't trust their own people, let alone their customers and users.

The third priority for action has been well documented and argued in the Power of Information Taskforce Report, which is the need to open up data of various kinds that government collects and holds. It should be a requirement of all government-funded projects that they share their data openly, even if it needs

to be anonymised. Projects such as Gapminder show how hidden statistical data can be opened up to create new insights, and the Show us a Better Way proof of concept project shows just how much value could be unlocked by encouraging new and innovative uses of existing data sets.

The big question, though, is how to achieve any of this. In the United States, federal CIO Vivek Kundra recently outlined plans for pursuing these ideas, which is unsurprising since the internet was crucial to Obama's spectacular refactoring of the US body politic. But here in the UK, we have a late 20th century government in its final phase, so we should not expect too much. Perhaps it is better for all of us to simply get on with it and create our own structures and services, as mySociety and others have pioneered.

It is somebody else's turn now, somebody who has a vision for the future.

The 20th century is over.

All together now:
from social media to social good

Andy Hobsbawm

Co-founder, Green Thing and European Chairman, Agency.com

If we re-interpreted John Wanamaker's regularly quoted remark (about knowing half his advertising dollars were wasted, just not knowing which half) for the whole economy, we might say we know that a big proportion of all economic activity is social or altruistic, we just don't know how big.

It is clear that age-old social behaviours like giving directions in the street, parents organising school association events, or doing favours for our neighbours and friends are part of what makes us tick and our societies stick together. But because they happen between the lines of official statistics, we don't see the critical role they play in our everyday lives.

Taking our grandmother's old black and white telly to the council recycling point or picking up ours or someone else's kids from school, for instance, doesn't technically count as a bona fide economic activity even though a body like the US Census Bureau has clear classification codes for similar market-based activities: "NAICS 484210 [Trucking used household, office, or institutional furniture and equipment]" and "NAICS 624410624410 [Babysitting services, child day care]".

The point is that historically the impact of these social behaviours has been, as Harvard law professor and author Yochai Benkler puts it, the "dark matter of our economic production universe" – we know it's all around us but we can't observe it directly. Now however, giving time and sharing expertise and other resources online leaves a trail of clicks, so we're starting to see some direct proof for the first time.

In fact, the internet has always been a perfect fit for these kinds of collaborative volunteer labour donations. The 'network of networks' was built on free, openly shared code – from Perl, Linux and Apache software to send mail, and the web itself.

In other words, these communal impulses are older than our civilisations and an in-built part of how humans behave in groups. Digital tools and network technology hasn't changed this, but it has

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> *Communal impulses which are socially or altruistically motivated are an in-built part of how humans behave in groups. Digital tools and network technology haven't changed this, but they have made new kinds of collective interaction possible*
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made new kinds of collective interaction possible, given us many new channels of social and philanthropic expression, and made it much more potent and visible as an information-based economic activity.

And the range and richness of feedback mechanisms online motivate people to keep on giving, sharing and participating. Community discussion in forums or on blogs and e-mail lists for instance, or the kind of detailed statistical analyses and visualisations of contributions that a project like Climateprediction.net gives its participants: percentages achieved, views, comments, or referrals generated, etc.

Six Of The Best

There are six new and powerful ways the internet is letting individuals express their inborn generosity, contribute to something larger than themselves or, as Tennessee William's Blanche DuBois would have put it, rely on the kindness of strangers all over the world.

1. Mass collaboration
Volunteers can now contribute spare time, specialised knowledge and skills or even surplus computing power to good causes online. Examples include the collaborative production of public information resources like The Katrina PeopleFinder Project and Wikipedia, or unused computing time donated to World Community Grid to research cures for AIDS and cancer.

Meanwhile, electronic advocacy groups like Avaaz are using

creating social markets for goods and services. For example, non-profits like worldwide 'gifting movement' Freecycle reduces landfill by connecting people who want to throw things away with people who are happy to take it off their hands. Or Channel 4 Landshare which links people who want to grow their own food to land they can grow it on.

In the US, "Activism 2.0" businesses like One Block Off The Grid lets residents club together and get group buying discounts on solar panels, while Carrot Mob aggregates consumers in a kind of reverse boycott to only buy from businesses which make the biggest commitment to do good.

3. Micro-donations
It is well known that fundraising small amounts online for political campaigns is now big business. Barack Obama raised more than half a billion dollars from a total of 6.5 million online donations, 92 per cent of which were $100 or less (in fact the average was just $80).

Now there are sites like GlobalGiving and ChangingThePresent in the US or JustGiving in the UK where people can make micro-donations to causes close to their hearts. JustGiving, which lets people set-up their own charity fundraising pages, calculates that 30 per cent of the £460 million pounds they've collected so far would never have been donated without a Web platform to make nearly eight million individual micro-transactions possible.

There are also emerging network-based models like the 'Twestival' event which recently mobilised Twitter communities around the world to host fundraising events in 200 cities where 10,000 people

the internet as the ultimate tool for people-powered political mobilisations. Their global online petitions (one of which collected 1.5 million signatures in just three weeks) demand multinational action on issues like democracy in Zimbabwe or the genocide in Darfur.

2. Mutual aid networks
The Web has spawned a new breed of community-based networks

collected over $250,000 for charity, much of it donated on Twitter using the mico-payment service Tipjoy.

4. Micro-lending
Grameen Bank in Bangladesh pioneered the modern approach to microcredit in the developing world: loans are made to entrepreneurs

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> *Not only are there many new, global channels to find meaning by giving or sharing, but people can see the cumulative effects of their participation as it happens*
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who couldn't borrow money any other way so they can trade their way out of poverty. A typical Grameen customer – 95 per cent are women – takes out a loan to buy a cow, uses the income from selling milk to pay back what she borrowed, and can then carry on making a living.

Based on this idea, Web-based platforms connecting micro-lenders to entrepreneurs to help fight poverty are flourishing. Kiva.org, perhaps the best-known US micro-lending site, partners with local microfinance institutions to distribute the loans in the most effective ways. Other examples include: Rangde.org in India, Wokai.org in China, MyC4.com for Africa or Babyloan.org in France.

5. Public innovation challenges
The idea of competitions with large cash prizes to solve problems has been around for a long time – The Longitude Prize famously offered by Parliament in 1714, for instance – but today the internet makes it much easier to engage a global audience in such challenges.

Commercial firms have been quick to see the value of stimulating innovation to help improve their services. For example, online DVD rental firm Netflix offers a $1 million prize for whoever comes up with a significantly better recommendation engine to help their customers find films they might like.

But encouragingly we're also seeing an increasing number of large cash incentives to solve large-scale social and environmental problems. The Dutch Postcode Lottery's €500,000 Green Challenge prize, for one, or NESTA's £1 million Big Green Challenge fund, which both reward sustainable innovation. Virgin's Earth Challenge is the biggest, with a $25 million pot for anyone who works out a way to take CO_2 out of the atmosphere.

6. Social business resources
Some say that this growing volume of activity based on non-market incentives and values will form a significant part of our knowledge-based economy. There's no doubt that given the recent crisis in

capitalism (or at least the financial system that underpins it) and the realisation that our current models of production and consumption are environmentally unsustainable, an alternative way of doing business needs to be found.

There have always been a number of our most successful capitalists, like Rockefeller or Carnegie, who become our biggest philanthropists. Today it's the likes of Soros, Buffett and Gates who have made as much money as they can out of the existing system and then devoted an enormous amount of it to positive social ends.

But there is a new kind of business emerging which aims to do well by doing good from the start and generate a social as well as an economic return for investors. As a result, new kinds of co-operative resources can be found online that help support this growing sector.

Xigi.net, which is building a database of emerging social capital markets and communities around social, ethical and environmental investment funds, is one. ClearlySo.com, which provides an online marketplace for social businesses to access professional services and finance plus a community where they can share information and experiences, is another.

Means but no meaning

So are all of these examples ways to address the problem identified by Nobel Laureate economist Robert Fogel, whose words keep coming back to haunt us? "People have enough to live, but nothing to live for; they have the means, but no meaning."

It's clear that the internet amplifies the kind of social and altruistic behaviour that forms the "dark matter of our economic production universe". Its existence is not in doubt. Whether we're measuring volunteered time and skills or hard cash, the world has probably not seen anything like the current level of global generosity before.

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Andy Hobsbawm is co-founder of the award-winning public service Green Thing which inspires people to lead a greener life. He is also co-founder and European Chairman of digital marketing firm Agency.com

This is part of a broader trend that explains this new age of giving and sharing: the combination of new collaboration technologies with a renewed search for meaning in our lives.

For instance, volunteering in Britain nearly doubled between 1994 and 2004. In the order of 23 million adults contribute around 90 million hours of voluntary work each week. In those seven days: 18,000 Samaritan counsellors give over 51,000 hours of emotional support, nearly 175,000 Meals on Wheels are delivered by the 95,000 members of the Women's Royal Voluntary Service and 43,000 St John Ambulance volunteers provide first aid training for the best part of ten thousand people.

The reason more people are trying to find meaning in social contribution can be explained by the work of economist Richard Layard. Despite 50 years of GDP growth, he notes, surveys in Britain and American consistently report back that we haven't got any happier. Quite the opposite, mounting evidence of unhappiness is all around us, like rising crime (one in three young British males are convicted of a crime before their thirtieth birthday), alcoholism (since 1950, more and more people are dying from liver cirrhosis), clinical depression (on the up since World War II), youth suicide or days off work.

Now we have a vastly expanded range of ways to make these meaningful contributions online. And not only are there many new, global channels to find meaning by giving or sharing, but people can see the cumulative effects of their participation as it happens. This is an entirely new and extremely powerful combination: the collective power of connected individuals; 'network effects' making the whole ever-greater than the sum of the individual contributions; and people perceiving the growing force of their individual contributions massed together, which stimulates more of the same behaviour.

A care in the world

Einstein believed that: "A human being is part of a whole, called by us the 'Universe', a part limited in time and space. He experiences himself, his thoughts and feelings, as something separated from the rest – a kind of optical delusion of his consciousness. This delusion is a kind of prison for us, restricting us to our personal desires and to affection for a few persons nearest us. Our task must be to free ourselves from this prison by widening our circles of compassion to embrace all living creatures and the whole of nature in its beauty."

There's no doubt that the internet symbolises a potential global connectedness the like of which we've never seen. And this comes at a time when a challenge like climate change represents a global crisis the like of which we've never faced. The only way to tackle something that affects all of us is together, so some level of global consciousness is going to need to take place if mankind can defeat a problem of this scale.

If that's going to happen, it can't be done without the networked intelligence and collectivity represented by the internet and its related technologies. Global solutions for global problems will not be found without the unification of the planet this makes possible. And whatever else we might think about it, a network linking together human brains which aims for a higher level of global understanding is a more unambiguously positive version of progress than, say, hacking genetic code to re-engineer the human body.

In the final analysis, some have argued that in all this new digital technology we risk losing an essential part of ourselves. I believe, on the contrary, that it may help us to find it.
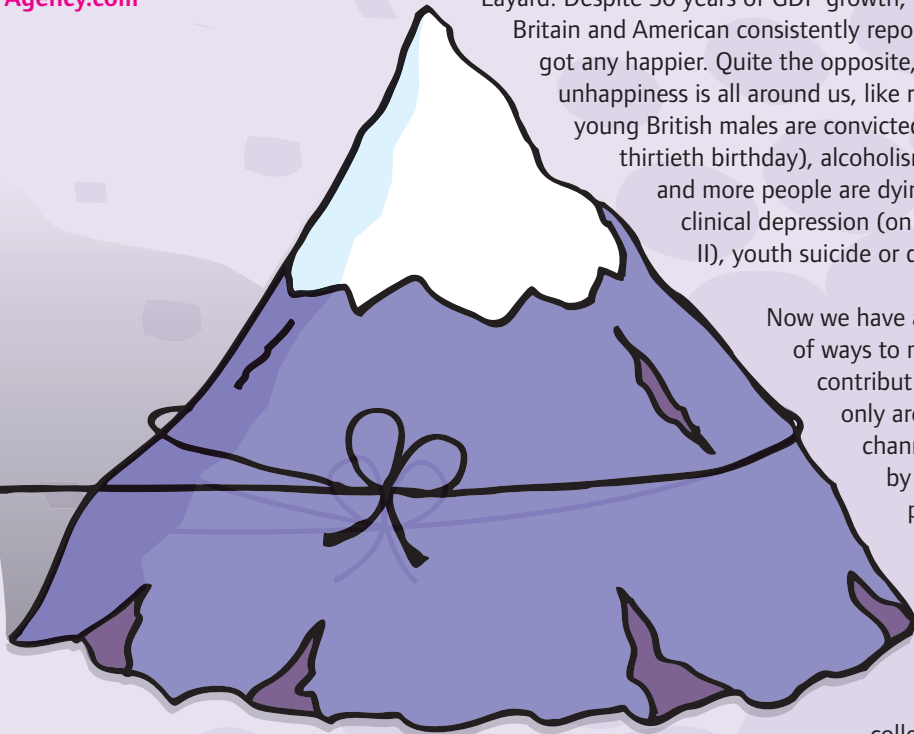
Weary giants and new technology

Paul Miller
CEO, School of Everything

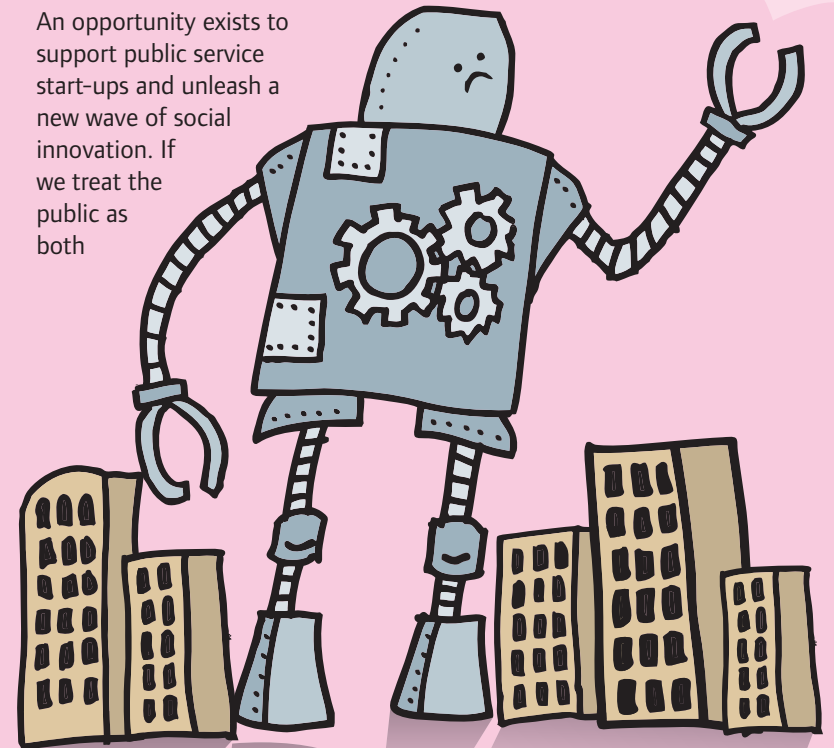**How public service start-ups could transform Britain for the better**

The relationship between government and the internet has always been tense. "Governments of the Industrial World, you weary giants of flesh and steel", typed John Perry Barlow in 1996, "your legal concepts of property, expression, identity, movement, and context do not apply to us. They are all based on matter and there is no matter here." His Declaration of the Independence of Cyberspace spread quickly among the libertarian digerati of the time. For those who craved a space over which governments could have no influence, it was an appealing idea. They also believed that the internet age would herald an era when decentralised technology could do away with the need for government at all.

John Perry Barlow and his friends, of course, were wrong. The internet hasn't swept away government, neither has the internet completely escaped government intervention. Every desk in Whitehall has a computer on it. Almost every service provided by government is dependent on the internet for proper management and delivery. While government has struggled with the openness and speed of information on the internet, as data has become available – sometimes intentionally, sometimes not – government is still very much with us. And in a time of recession and economic turmoil, perhaps seems more central than ever.

But we're still just at the beginning of understanding the relationship between government and the ways that the internet can help deliver public goods – sometimes through government itself and sometimes through new lightweight public service start-ups. As we attempt to understand what might be possible, we need to replace Barlow's black or white 'cyberspace versus government' with a new understanding of the way that online tools could help us to live the lives we want to lead.

An opportunity exists to support public service start-ups and unleash a new wave of social innovation. If we treat the public as both

consumers and producers of services, we tap into 'I will if you will' awareness and solutions. Government and individuals become partners. Online collaboration and networking tools can provide us with a vision for society that runs counter to a paternal or electoral model but still one where government is vital. They point to a participative future.

The 'Why Don't You?' Ethic

If you're of the right generation, you might have grown up with a BBC children's programme during school holidays called Why Don't You? Its full title was actually something of a mouthful: Why Don't You Just Switch Off Your Television Set and Go and Do Something Less Boring Instead? It was all about things you could be doing instead of watching television. There were games to play, places to go, things you could make. Ironically for a television programme, it was against being a telly addict. Fifteen years after the show finished, I think it has lessons for how we should use the internet and how we could use online tools to create public value.

As times have changed in the start-up world and venture capital funding has gone through something of an existential crisis, it has become apparent how reliant the last boom of investment was on online advertising projections. Now that the myth that any service can be supported by advertising has been punctured, both entrepreneurs and investors have come to realise that it's the businesses that help people do things away from the screen that have real value. Tim O'Reilly calls this 'Web meets World' and perhaps the most successful example of it is Meetup.com. Scott Heiferman, Meetup founder, says he built it to help people become organisers. His starting point was Robert Putnam's book Bowling Alone, which charts the decline of community across the US since the 1960s. Meetup now facilitates millions of people meeting up in their local areas across the world. A meetup creates social

capital. It creates community. It helps people get work and find people to start new projects with. What's more, it generates a profit.

What Meetup and the hundreds of other online businesses that facilitate real world activity show is that the real power of the net in the future won't be about information or content – although that's what we use it for mainly these days – its real power is organisation away from the computer itself. The most successful services will be those with a 'Why Don't You' ethic, which encourages us away from the screen and to be active participants in the world outside.

Organise stuff that matters

Tim O'Reilly has also hit a rich seam of debate in saying that programmers should work on 'stuff that matters'. "Is it big? Is it important? Is it going to make a difference to a lot of people?" he asks, because if not, it's not worth doing. Commentator and economist Umair Haque goes further still in his Manifesto for 21st Century Business, calling on Silicon Valley and the wider technology community to really concentrate on solving the big problems we face:

> *"Organize the world's hunger.*
> *Organize the world's energy.*
> *Organize the world's thirst.*
> *Organize the world's health.*
> *Organize the world's freedom.*
> *Organize the world's finance.*
> *Organize the world's education."*

There are a whole host of start-ups already delivering on Haque's ideas. Whether it's Liftshare, or Patient Opinion, Freecycle or School of Everything, the UK already has a vibrant scene of developers and entrepreneurs using technology to work on 'stuff that matters'. What these start-ups show is that it's possible to use the internet to have a real world benefit.
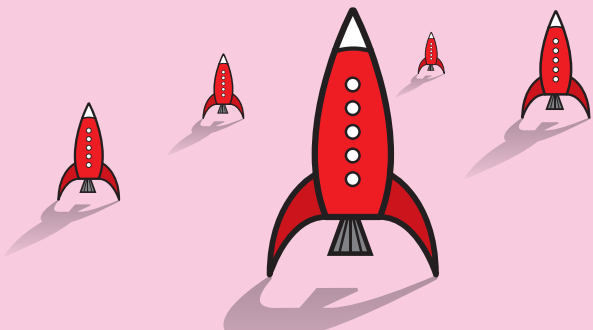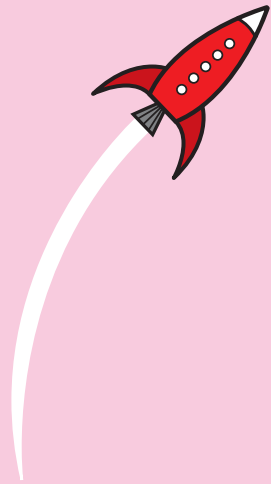
And there are many more to come. One weekend in April last year we opened the doors of the Young Foundation in Bethnal Green for the first Social Innovation Camp funded by NESTA Some of the best coders and designers in the UK showed up but they got a surprise because this wasn't like their day job. We forced them together with people who understood social problems that we wanted them to try and come up with a solution for in the space of a weekend.

In the previous six weeks we'd collected over a hundred ideas for websites that could change the world from people all over the UK and then narrowed those down to six with the help of some expert judges. Over the course of the weekend, the participants not only built prototypes of the services but also fleshed out business plans and ideas for branding and how the sites might spread. They took them from 'idea in the pub' to something that people – whether investors or potential users – could look at and say that it might just work. At the end of the weekend, the teams pitched against one another with a prize awarded to the idea that could show the best 'proof of potential'.

We've now run Social Innovation Camp two more times in the UK (in London and Glasgow) and the idea has spread to several other countries. What makes it work is the mixture of 'fun and fear' – or collaboration and competition – and of course that the participants like the challenge of building something cheap and quick that could change the world.

Why start-ups? (and what they can't do)

This model of starting small is a characteristic of start-ups that I think government needs to understand better. There are several reasons why we should look to start-ups to start providing services that perhaps we have thought could only be delivered by the public sector in the past. In time I hope a new ecology of public sector support, private investment and start-ups can start to make life easier for government. The advantages of a model where start-ups help provide public value are:

• Start-ups can take risks that the public sector cannot. It is almost impossible for government to take risks with digital technology because they generally have to start so big. Whereas start-ups can start small, experimenting with completely different models of organising services from the outside without risking the core service.

• Start-ups are cheap. It takes a few thousand pounds to prototype a digital service, a few tens of thousands to take it to the point where people can really use it and then, if it works, investment can follow. Plenty of start-ups fail along this path but overall, the capital efficiency of the model in creating innovation is unrivalled by anything in the public sector.

• Start-ups form a resilient economic ecosystem. Nobody who works for a start-up expects a job for life and the experience of working in a small entrepreneurial organisation leads many people to then go on and start their own.

However, start-ups can't do everything. There are some things where standardisation is a good thing and some where risk is a bad idea. There are some services that need expert judgement rather than using the crowdsourced judgement of others. I'm not suggesting that public service start-ups should replace core services, simply that they could become a much larger part of the mix.

Overall they provide a way of navigating the point where top-down meets bottom-up. Start-ups can find ways of connecting with public services by coming up with new ideas. But they are also small enough to talk directly to their users, learning how to improve their service day-by-day – something that the public sector struggles with because of the bureaucracy of change.

Start small, aim big

For me there is no question that a flurry of digital innovation could lead to both the better public outcomes and economic vibrancy

Reboot **Britain**

Paul Miller is co-founder and CEO of School of Everything, the award-winning website that helps people who want to learn meet up with people who want to teach. He is also the co-founder of Social Innovation Camp, which hosts unusual, creative events which bring together talented software developers and designers with social innovators to build effective web-based solutions to real social problems. Follow him on Twitter at www.twitter.com/rellimluap
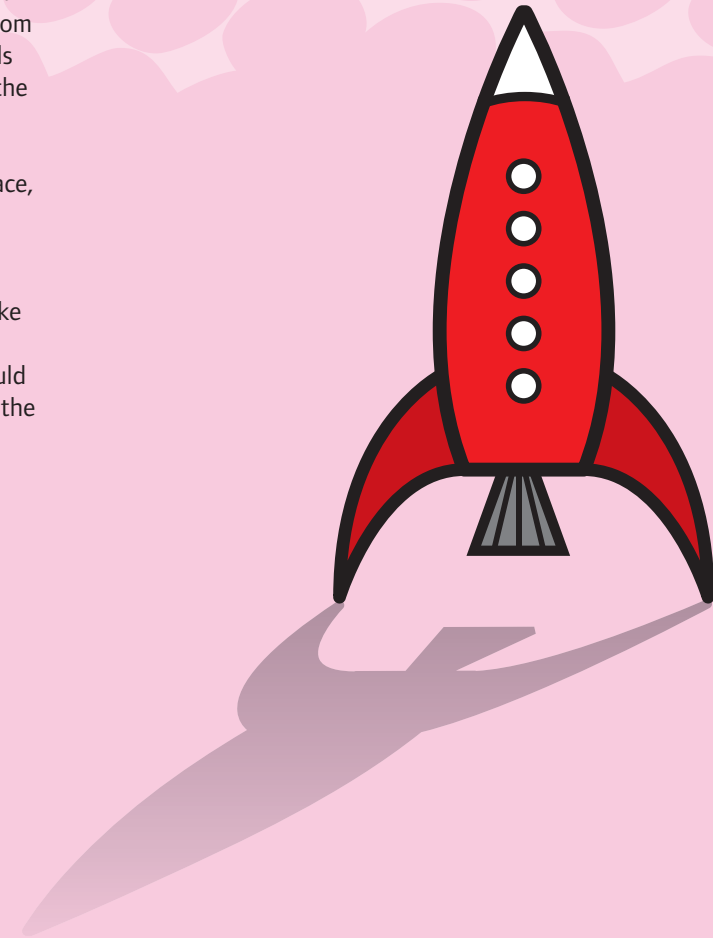
we need to create new jobs and wealth. First, though, government needs to understand that digital is not about content. Thus far I think they have thought about it as a form of media, like television or the radio. It isn't. The internet is becoming primarily a tool for organising the real world, not a new form of distribution for content. A digital strategy that focuses on content will be out-of-date the moment it is published.

The next generation of innovators may not be the usual kind of suspects but rather bored public sector graduate trainees unwilling to climb slowly up the greasy pole before they're allowed to make a difference. And they might be the next generation of technological innovators too. The dot-com stars of this generation may come from the public sector rather than the business and engineering schools of the world because there's massive financial value in changing the world for the better as well.

There was a time when digital technologies were about a new space, detached from the physical. The digerati took William Gibson's word 'cyberspace' and made it their own. This was a place where the pioneers would be safe from governments or corporations or anybody impinging upon their freedom. It didn't quite turn out like that. Actually, there's no such thing as cyberspace. Cyberspace is dead. But I don't think we should mourn it because what we should be working on is much more exciting. What we've realised is that the power of the internet is in changing the real world.

Lessons from America

Micah L. Sifry
Co-founder and Editor of the Personal Democracy Forum

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> *Could Obama be calling for the federal government to embrace the wisdom of crowds? Signs abound*
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On his first full day in office, U.S. President Barack Obama issued an executive memorandum that may someday be seen as signaling the most important shift in how government works in America since the rise of the New Deal. His subject? Not jobs or health care or the environment, but transparency and open government. In five succinct paragraphs, he promised to create an "unprecedented level of openness in government", arguing that it would: "strengthen our democracy and promote efficiency and effectiveness in government."

Most significantly, and in what can only be understood as an explicit tip-of-the-hat to Web 2.0 thinking, he declared that in addition to making government more transparent, it should become more participatory and collaborative:
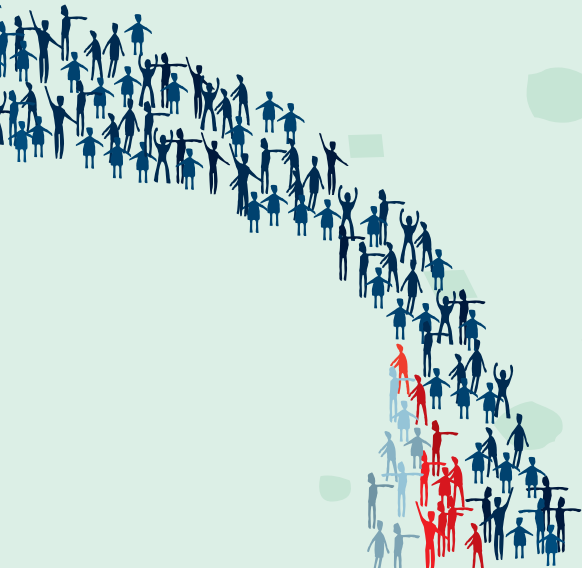
> "Public engagement enhances the government's effectiveness and improves the quality of its decisions. Knowledge is widely dispersed in society, and public officials benefit from having access to that dispersed knowledge. Executive departments and agencies should offer Americans increased opportunities to participate in policymaking and to provide their government with the benefits of their collective expertise and information… Executive departments and agencies should use innovative tools, methods, and systems to cooperate among themselves, across all levels of government, and with nonprofit organizations, businesses, and individuals in the private sector."

The language is dry but the message is clear: It is time to replace Big Government and know-it-all bureaucracy with a more inclusive and porous kind of collaborative governance. Could Obama be calling for the federal government to embrace the wisdom of crowds? Signs abound.

First there were the experiments undertaken by his transition team during the weeks after the election and before the inauguration. On Change.gov, the official transition website, visitors were invited to 'Join the Discussion' on topics like healthcare reform, the economy, and community service, and rate the comments made by others. Several thousand people participated. Then the transition team launched 'Open for Discussion', a gigantic open forum where people were invited to post questions and vote the best ones to the top. Over the course of two rounds, more than 120,000 people voted nearly six million times on more than 85,000 questions. In both cases, top administration officials offered answers to the top-voted issues. Finally, there was the 'Citizens' Briefing Book', an attempt at making sure that at least some iconoclastic ideas from the public made their way directly and unfiltered into the President's hands. More than 125,000 people voted on more than 44,000 submissions, and several months later, the White House Office of Public Engagement released a 32-page .pdf along with a video showing Obama holding the report.

Then there were Obama's own declarations about how his approach to government, and in particular the giant spending plan for economic recovery, the major legislative priority of his first months in office, would be informed by direct public participation in the process. In one online video, he told his supporters that this

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> *The more difficult issue for advocates of opening up a process of 'co-creating' government is what might happen when newly empowered citizens inevitably collide with entrenched interests*
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program would be conducted "with unprecedented transparency and accountability". Clearly aware that his critics were already predicting that Big Government would waste hundreds of billions in taxpayer dollars, he added:

> *"I'll appoint an aggressive Inspector General and a cabinet level oversight board to make sure your money is spent wisely. More importantly, I'll enlist all of you. As soon as this plan is signed into law, Recovery.gov goes live and you'll be able to see precisely where your tax dollars are going. Because this is your democracy, and as I said throughout the campaign, change never begins from the top down. It begins from the bottom up."*

A day later, selling his recovery plan at a town-hall meeting in economically devastated Elkhart, Indiana, he went further in explaining his vision for crowdsourcing the watchdogging of government spending:

> *"We're actually going to set up something called Recovery.gov – this is going to be a special website we set up, that gives you a report on where the money is going in your community, how it's being spent, how many jobs are being created so that all of you can be the eyes and ears. And if you see that a project is not working the way it's supposed to, you'll be able to get on that website and say, 'You know, I thought this was supposed to be going to school construction but I haven't noticed any changes being made'. And that will help us track how this money is being spent... The key is that we're going to have strong oversight and strong transparency to make sure this money isn't being wasted."*

"I'll enlist all of you." "You can be the eyes and ears." These are the words of someone who clearly understands the power and wisdom of a crowd, and the axiom that all of us are smarter than any one of us.

But it's one thing for the President to issue memoranda and make statements about involving the public in a fundamentally new way in their government, and another to get government agencies and leaders to actually change how they do business. So far, the implementation of Obama's vision remains sketchy at best.

Recovery.gov, which is meant to play a central role in collecting, displaying and tracking how billions in new monies are spent, is so far just a placeholder of a website. The Inspector General in charge of that program admits it will take at least until the fall before the site contains much detailed information, and no one is really sure whether it will actually enable visitors to look up information as granular as a specific school construction project or report a subcontractor for failing to deliver promised services or jobs.

In terms of involving the public in a meaningful discussion of policy priorities, the Obama administration has clearly chosen to crawl before it walks, let alone runs. Echoing the experiments on Change.gov, the Recovery.gov office did ask the public for
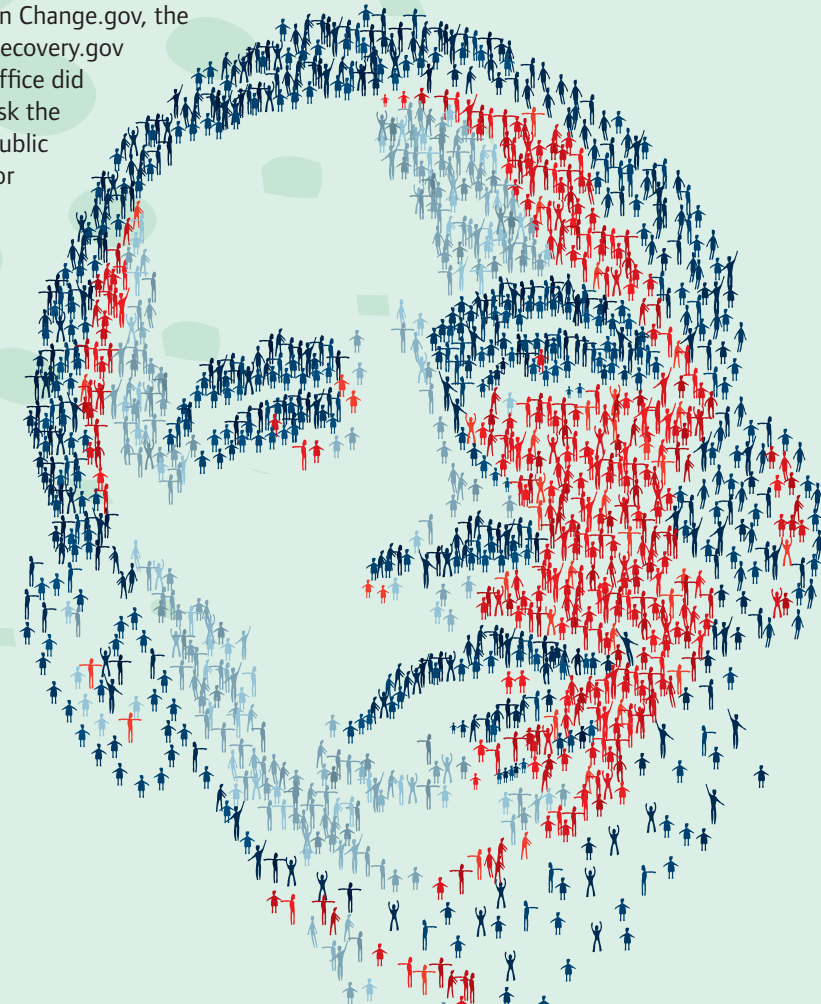
Reboot Britain

Micah L. Sifry is co-founder and editor of the Personal Democracy Forum, a website and annual conference that covers the ways technology is changing politics, and TechPresident.com, an award-winning group blog on how the American presidential candidates are using the web and how the web is using them. Follow him on Twitter at www.twitter.com/mlsif

suggestions on how best to structure its data-gathering systems, and it crowdsourced the prioritisation of those comments. More recently, the Office of Management and Budget and the Office of Science and Technology Policy have embarked on a more ambitious 'open government initiative', inviting the public to brainstorm recommendations on how to implement Obama's day – one transparency memorandum. The goal, in the words of Beth Noveck, the deputy chief technology officer for open government, is to create a structured dialogue aimed at the 'co-creation of government' with 'many people participating in the process'. After a week of open consultation, just over 2,000 people had posted about 900 ideas, thousands of comments, and cast 33,000 votes to help rank them. In later stages of the initiative, government experts were slated to lead an in-depth conversation on the WhiteHouse.gov blog about the top suggestions, and then detailed recommendations were to be drafted using a wiki editing platform.

In late March, the White House press office also took at least one big step towards a more interactive approach to the public, holding an 'online townhall' on the economy, where for two days anyone could post a question or vote one to the top of the pile. Then Obama held a live webcast from the White House where he pointedly responded to most of the top-voted questions. Nearly 93,000 people submitted more than a hundred thousand questions, and more than 3.6 million votes were cast on them. The event was generally deemed a success, but it hit one discordant note when Obama made fun of the fact that questions about legalising marijuana did surprisingly well in the online voting. "I don't know what this says about the online audience", he chuckled, ignoring the fact that somewhere between 40 and 50 per cent of American voters favour the reform.

It remains to be seen just how far the administration will go towards implementing Obama's vision of change. In part, this is because he is juggling many difficult priorities at once. In part, it's because he is traveling uncharted territory. And finally, by offering to involve and empower the public in 'co-creating' government, Obama is unleashing an inherently disruptive force. As his administration's early experiments with crowdsourcing have shown, hundreds of

thousands of Americans are eager to take up his call to participate in new ways – and that's without his having pushed hard to publicise the opportunity. What happens when those numbers climb into the millions, and people who have been invited to have a voice now expect to be listened to?

It isn't just that online collaborative platforms for public input and participation can be gamed, and thus special interest groups or semi-organised pranksters can seemingly hijack such sites to make mischief. Ideally, the more often government enables such interaction to happen, the less meaningful those disruptions will become. It's only when the chance to participate is kept rare that the value of gaming these sites stays high.

The more difficult issue for advocates of opening up a process of 'co-creating' government is what might happen when newly empowered citizens inevitably collide with entrenched interests. Obama's vision of enlisting the public in a new, socially-conscious and transparent process of improving how government works – "You can be the eyes and ears" – may be exhilarating, but it also may lead to all kinds of unexpected consequences. The subcontractor who is skimming Recovery funds that are supposed to be spent on building that new school may be a cousin of the local mayor, who may be tied to the Democratic Party, or his workers may belong to a construction union that endorsed the President's election. In other words, local e-democracy, Obama-style, could easily crash head-on into local power politics.

We don't know yet how this story will play out. But the evolving history of the social web offers one encouraging hint. From Wikipedia to Craigslist to Amazon to Google, the web keeps rewarding those actors who empower ordinary users, eliminate wasteful middlemen, share information openly, and shift power from the centre to the edges. Applying those same principles to government will undoubtedly be messy, but Obama has one thing going for him: it is where technology is already taking us.

Open House in Westminster

Tom Steinberg
Director, mySociety

> *What reforms are possible that just weren't conceivable ten years ago?*

In January 2009 Harriet Harman, the Leader of the House of Commons, stood up in Parliament, and in clear and confident tones didn't announce that she was going to let MPs vote to conceal their own expenses.

You read that right. She didn't announce it, loud and clear. Instead, she said that there was going to be a vote: "To ensure that in respect of allowances paid to Members of Parliament, which is public money, the public can be certain that there is a clear and reasonable set of rules against which money is paid out, that there is a proper audit system to make sure that those rules are obeyed, that the amount is paid under clear headings for each individual Member of Parliament every year and is made public, that it is proportionate and affordable, and that all this is done at a reasonable cost."

This was her way of saying: "We are going to hold a vote which we strongly expect MPs to pass, a vote which we all know will overrule a High Court mandate to publish all MPs' expenses, blocking forever their publication, which, incidentally, we've spent over a million pounds collecting and scanning so far." Actually, it wasn't what she meant to say of course. She meant to say 'Look! What's that behind you?' before running out the door.

As you no doubt are aware, this last ditch attempt to conceal MPs expenses was a failure, partly thanks to fear of the press, and partly thanks to a campaign we ran at mySociety which meant that over 95 per cent of MPs heard protests from their own constituents within just a couple of days. It turned out that the thousands of people who use our Parliamentary transparency website TheyWorkForYou weren't keen on seeing their representatives pass a law that meant they'd be able to see less about what they do.

Now the talk of Westminster is all about democratic reform. By my count there are over 50 different ideas for changing the way our democracy works being touted by different pundits at the moment. They vary from the classic – introducing proportional representation, to those very specific to this scandal – building a block of flats for MPs so that they don't end up owning tax-payer subsidised second homes. The ideas are flowing in from all over the political spectrum, some in newspaper articles, some in tweets, some in fully fledged books like Douglas Carswell and Daniel Hannan's 'The Plan: Twelve Months to Renew Britain'.

What all these ideas, though, have in common is that they propose structural reforms that could have been achieved any time in the last 200 years. They are concerned with questions of who has the right to block a new law, who gets appointed to a committee, how many votes it takes to get someone into office. My view is that these proposals are all interesting, and some may be quite critical for a better democracy. But I am also concerned that they do not see Parliament and the process of making laws as a native to the internet would. They don't ask: "What reforms are possible that just weren't conceivable ten years ago?"

Reboot **Britain**

> *The internet, correctly used, can help alert you to a new proposed law that will affect your life, and only people like you*

Problems relating to finding the right information you need are as old as humanity, and they don't just relate to the traditional questions of when to harvest crops. When the Athenian Demos needed to pick jurists there had to be mechanisms for randomly and accountably allocating roles to citizens. They used a system of specially carved stones and tokens to help them solve this problem. If nobody had been able to carve stone or shape wood the range of options for running their democracy would have been smaller and weaker.

The internet, of course, has transformed our ability to attack information problems, including some just as old as the Greeks. Think of how the internet helps us find people to date, songs to listen to or rare Pez dispensers to buy. It doesn't just do these things exclusively by replicating offline experiences, although it does do that; it solves some information problems in totally new ways, using mechanisms that just weren't possible before the existence of pervasive digital networks. It is important that our democracy starts to look at these radical shifts, and not just the offline-becomes-online parts of the internet, like blogs.

To see what I mean by this, consider two features of the online retailer Amazon. Obviously Amazon lets you type in the name of a band or an album you want and buy it. In that way it is little more advanced than a record shop from the 1960s, or a CDs-by-post catalogue company of the early 1990s. However, most people are also familiar with Amazon's ability to tell you that "people who bought this also bought that", and increasingly "people who looked at this mostly ended up buying that". Furthermore, every time you log into Amazon it looks at the complete history of everything you've bought and suggests totally new books, songs or other items that it has calculated you might like. This is a totally new way of solving the information problem of finding a good song to listen to.

Parliament, and indeed our wider democracy, is full of interesting information problems, all of them untransformed by Amazon-like ingenuity. How do we know that MPs and officials are acting in our interests, rather than other people's? How do we know they've made their decisions based on good evidence? How do we know what issues are coming along next that need dealing with? How do we know what other people are doing to try and influence the political process? How do the sentiments of large numbers of people get fairly and transparently transformed into new laws? How do we even make sure that people know what the proposed laws say in the first place?

Of all these problems it is the last one that I mention here – we need to know more about the laws that are currently being proposed, and we need more people to know about them. Modern politics is clearly mostly about personalities, and a game of who's up and who's down. But when push comes to shove and you're locked up or fined for some unjust reason, it isn't the personalities who put you there – it's a poorly drafted clause in an overly ambitious bill, rammed through carelessly during the middle of an unrelated crisis. One of the most pressing information problems the internet can help solve is the problem of producing better laws, and new laws that more people have seen before they're hit over the head by their practical consequences.

Part of the very reason that politics is about personalities is that laws have traditionally been too boring and incomprehensible to interest people. Over the decades we have seen market pressure amongst newspapers and TV channels force them to admit that they can't make coverage of new laws of interest to most people. But the internet eats for breakfast tasks that are impossible via traditional media, like writing free encyclopedias. With eggs on top.

The internet, correctly used, can help alert you to a new proposed law that will affect your life, and only people like you. It can help other people annotate the bits of the law that you really probably do care about to make what's going on more comprehensible, and it can give you tools to see how that proposal to change the law is different from how things are now, and how it would be if people you trusted had their way. It can tell you who is responsible, and it can give you ways of getting in touch, as well as organising with other people who aren't happy with the putative change. In other words, it can

Tom Steinberg is the founder and director of mySociety, a non-profit, open source organisation that runs many of the best-known democracy websites in the UK. These include the Parliamentary transparency website TheyWorkForYou and the somewhat self-explanatory FixMyStreet.

give you the sort of understanding of a new law that currently even most MPs don't have at the moment, so archaic is Parliament and government's use of tools to help write laws.

But what about Harriet Harman, standing in front of the Commons and brazenly stating that a vote which will reduce something (transparency) will actually increase it? How can the internet help prevent that sort of travesty happening in the future? Despite the scale of the challenge, the internet can help here too.

First, any proposal to vote on anything can be automatically connected to the laws or court rulings that it will change or overrule. This will enable people with particular interests in certain laws or parts thereof to set up alerts that tell them whenever someone is proposing to change something they care about. One can imagine in future that the moment such a vote is tabled, all around the country activists would be immediately informed and able to mobilise even if they don't know each other. By the time Harriet Harman stood up there could have been an MP ready to ask why her statement didn't refer to the substance that the vote was actually going to change.

Second, the process by which bills are tabled can be made more transparent in the first place. Before a motion of the sort Ms Harman presents can be voted on, it clearly needs discussing. Cheap recording and storage should mean that formal policy development meetings involving non-elected civil servants are regularly recorded, by law, and their transcripts and source material made available online, automatically tagged with references to the subsequent vote. If a recording discussing how to prevent the publication of MPs expenses had existed, it is much less likely that the House would have been exposed to such weak excuses.

Finally, MPs can develop a medical doctor-style permanent record which is, like TheyWorkForYou.com's MP pages, an uneditorialised, automatically generated history of their votes, speeches and interests, but boosted by a full record of their

interventions in committees, the amendments they've tabled, their involvement in policy formulation sessions with civil servants, plus a record of their election leaflets and statements in media outlets such as newspapers. It should be a substantial risk for an MP in the future to blot their permanent record by saying that a vote was about one thing when the databases clearly showed it was about another.

These changes are much more difficult than learning how to competently use social media services like blogs or Twitter. They require an immersive knowledge of what is possible on the internet, combined with a steely determination to push change through a system that will be deeply unwilling to sacrifice the pleasures and conveniences of secrecy and obscure procedure. The Speaker must appoint a senior clerk whose sole task is both to bring Parliament in touch with the joys of social media, and to take on the much conceptually tougher problem of proposing to MPs how the entire Parliamentary process can be forged anew in the heat of the internet.

How the new economics of voice will change the NHS

Paul Hodgkin

General Practitioner and CEO, Patient Opinion

> *The trick is to turn away from one-sided sites where citizens abuse staff and instead use the tools of the web to ensure that your comment has an effect*

The idea of rebooting healthcare has instant appeal. Switch off, wipe clean, re-start – nothing could be easier! Why didn't we think of that before? But for anyone who has struggled to change the intractably complicated world of healthcare, the metaphor of a reboot could sound a tad simplistic. After all, human systems and organisations are constructed and mediated through relationships, not code.

But even if relationships themselves aren't susceptible to a quick reboot, their nature is clearly being transformed by code. If Web 1.0 already cut the cost of finding information by an order of magnitude or more, then email, Facebook, Twitter and all the other panoply of Web 2.0 are creating new ways for us to communicate at trivially low cost. That these web-mediated social networks are new and disruptive is clear – just ask the music, travel or retail industries. In this sense we are indeed in the midst of a profound 'rebooting' of how citizens relate to each other and to public services.

It certainly can feel like a new world if you are a manager in the health service. Gone are all those nice comforting iron cages of bureaucratic rationality that you grew up with in the last century. Now it's like the Wild West out there as people blog about you or show everyone the state of your toilets.
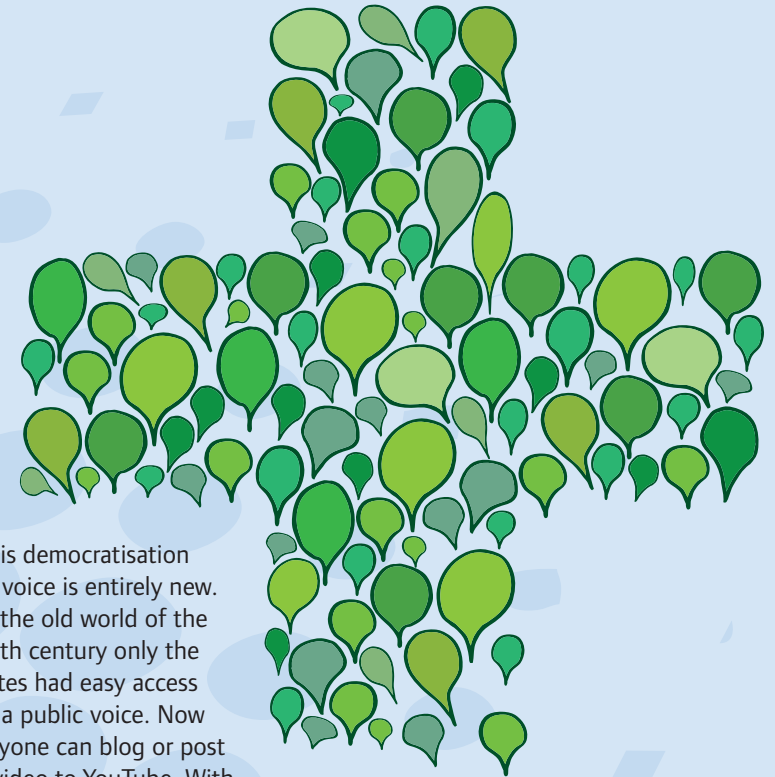
This democratisation of voice is entirely new. In the old world of the 20th century only the elites had easy access to a public voice. Now anyone can blog or post a video to YouTube. With the cost of an on-line voice close to zero, new conversations and new relationships emerge all the time.

Cut the cost of anything and you'll create a glut – and democratised voice is no exception. Give everyone a public voice and all too often those

> *The new economics of the web mean that for the first time service improvement could be driven by the intrinsic desire to find meaning within the experience of disease*

who shout loudest stand at an advantage. But actually most people don't want to shout – they want a conversation that works for them. So the trick is to turn away from one-sided sites where citizens abuse staff and instead use the tools of the web to ensure that your comment has an effect.

On Patient Opinion we use RSS technology to try to ensure that postings about, say, self-harm in Wigan can be directed to the relevant manager at the hospital, as well as the PCT commissioner responsible, MIND and other relevant national groups. These technologies can give busy managers the highly selective hearing they need to order up just the stories that are relevant to their responsibilities – and no more. With the right platform it becomes very cheap to turn a babble of disconnected web-voices into hundreds of useful conversations.

That said, it is now clear that you can give managers RSS feeds tweaked to just their needs but you can't make them use them. All those real live people wanting to have a conversation seem scary. No invisible hand here, just all too warm flesh and blood. So turning cheap voice into useful conversations means treating both sides – patients and staff – fairly. The open blogosphere is too raw and one-sided to be of much use. Previewing all postings before publication, and removing names from negative comments help busy staff who are struggling to find their way in this brave new world.

Sometimes responses remain absent or grossly formulaic but slowly we are all learning how to use these new tools to deliver better services. But it's not just voice that has become cheap. The cost of finding 'people like me' has also fallen making it trivially easy to find others with the same passions or to sustain coalitions.

Such developments may not be entirely benign. 'Shroud wavers on speed' motivated by their personally urgent concerns could undermine the solidarity at the heart of the NHS. The trick as always is to use the new economics of the web to do the things that we all want. Users of Patient Opinion can agree to us contacting them about developments in their local health service. Since their stories are tagged by the service they used and the nature of their concerns, it has become

cheap to identify people who are 'thoughtfully passionate' about local services.

These people were previously very difficult (i.e. too expensive) to find. Now that the unit cost of finding them has declined it turns out that – at least on Patient Opinion – they are quite happy to help, with 30-40 per cent agreeing to contribute their thoughts via email or telephone interviews.

All this opens up the possibility of what has been called 'sous-veillance' – the upward gaze of thousands of citizens empowered by cheap voice to match the powerful downward surveillance information that organisations have long used to assess compliance and control.

'Sous-veillance' and 'shroud wavers on speed' sound like bad news at least for managers, but the same technologies can be developed in much more positive ways. For example, if the NHS saw 'sous-veillance' as a way to create 'open source hygiene' the outcome could be very different. After all, the people with the most intense interest in hospital cleanliness – patients – currently have no means to contribute to the cleanliness of their surroundings. Why not recruit the 100,000 highly motivated patients sitting in NHS beds everyday to the cause of great hygiene? To adapt a favourite phrase from open source software – given enough eyeballs, all superbugs could be dead.

Taken together these economic changes mean two big things for health services. First, there is going to be a significant increase in the power of voice. If the last 20 years have been dominated by policies based on 'exit' – that is choice, markets, and competition – the next is likely to be much more influenced by the politics of 'voice' – public pressure mediated directly on institutions and people to direct change at the local level. Exit, markets and choice will still

Reboot **Britain**

Paul is a GP and still practises in Sheffield but now spends most of his time as Chief Executive of Patient Opinion, a website where patients can rank health services and share the story of their care. In the past Paul has worked as a Consultant to the King's Fund, PCTs, SHAs and the Department of Health. He has published widely including in the BMJ, British Journal of General Practice and the Guardian.

be important but they will take place in, and be affected by, much more public comment, feedback and pressure.

Secondly, this voice will be on the citizens' terms not on those of the NHS. Surveys, focus groups and the rest of the tools that organisations use to find out what 'they' think will still be useful, but the opportunities of cheap voice accrue largely to citizens not to the state. It is trivially cheap to use Twitter to 'tweet' to all your friends about how the nurse has just failed to wash his hands before taking blood from you, but for the hospital it costs time and money to mount any kind of response. Cheap voice has suddenly made loose networks of citizens much more effective whilst representing a complex, and potentially costly threat to organisations.
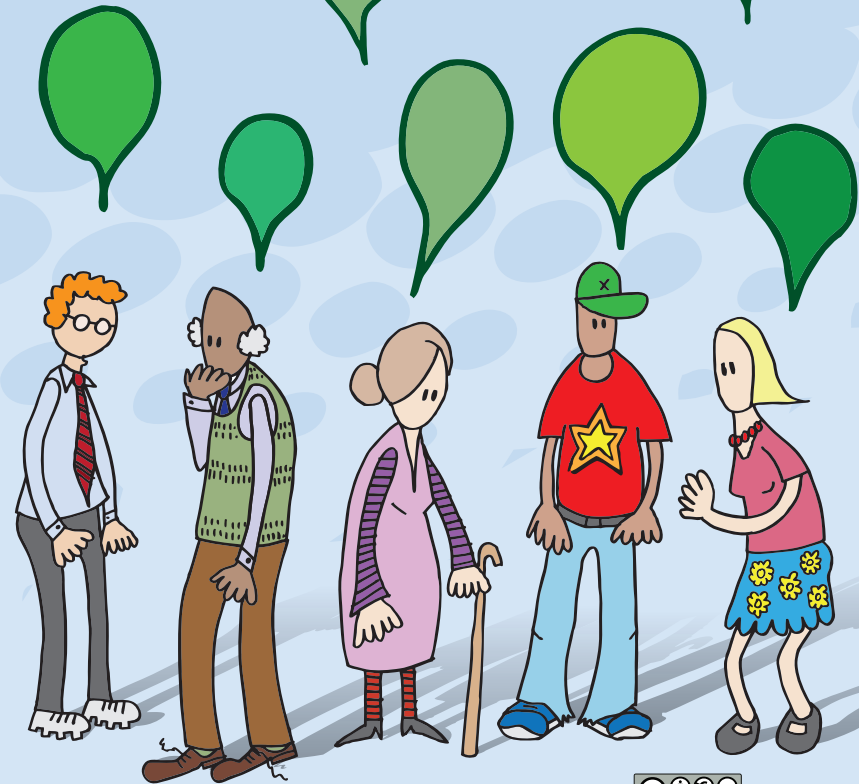
But for me, sitting in my GP's chair, I know that people begin to make sense of the meaningless depredations of disease through telling and re-telling their stories. The web gives everyone new and public ways to tell the story of how we make sense of personal tragedies through small triumphs:

> "Our son was just twelve days old when he died. Throughout this distressing time the staff on the Neonatal Unit were outstanding. They treated him with dignity throughout his short life… the staff made us feel that his life was as significant to them as it was to us. Nurse Jan made a print of his feet and hands and put them together in a card with some clippings of his hair. On Father's Day there was some chocolate for me that was labelled from him."

The telling of such stories, the ability to speak even whilst grieving, has therapeutic benefits. Add the promise that by sharing what you have learnt you might be able to help improve a small part of the world for everyone and the sick are offered that most precious thing, the possibility of themselves being needed for their insights, of giving something back to the community of the well, just at the moment when they feel at their most powerless.

That the new forms of voice can go beyond the passivity of suffering, and begin to make sense of what had previously been

meaningless is perhaps their greatest promise: "Mum's illness was awful but we helped change things for everyone!" The act of helping others is consoling because it reconnects us at a time when we are at our most alone. The new economics of the web mean that for the first time service improvement could be driven by the intrinsic desire to find meaning within the experience of disease. Multiplied by the hundred thousand as only the web can, these transparent, directed dialogues move us beyond both exit and voice and offer new glimpses of redemption in a post-market world.

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The challenges are being exacerbated by consumers' belief that most forms of digital content should be available for free, and by the severity of the current downturn

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Getting the balance right:
social media in a Digital Britain

Jon Watts

Director and co-founder, MTM London

The Digital Britain review has been an ambitious attempt to develop a comprehensive action plan for the media and communications sectors, securing the UK's place "at the forefront of innovation, investment and quality" by developing a set of proposals for legislative and non-legislative measures "that can drive the upgrading of our digital networks, significantly enhance our nati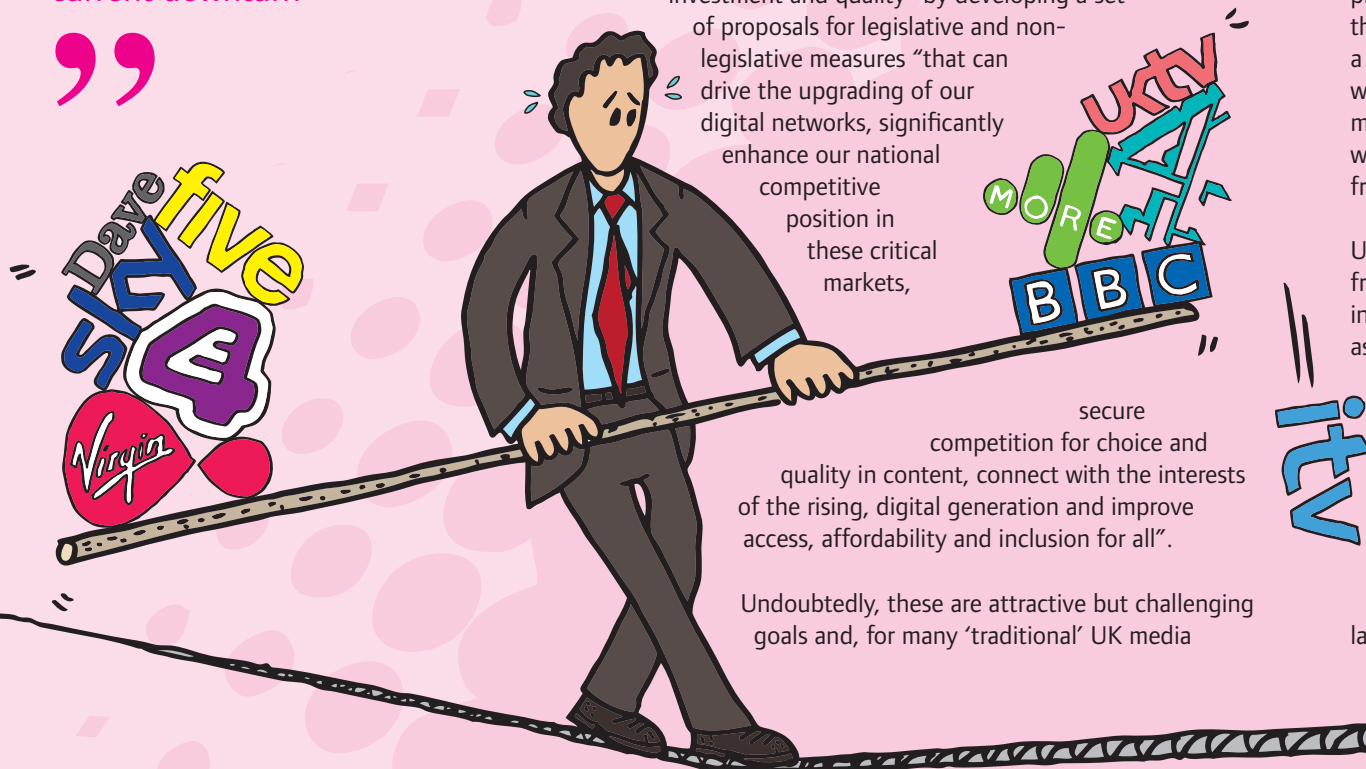onal competitive position in these critical markets, secure competition for choice and quality in content, connect with the interests of the rising, digital generation and improve access, affordability and inclusion for all".

Undoubtedly, these are attractive but challenging goals and, for many 'traditional' UK media

owners, it is clear that the Digital Britain review has been timely. The media sector is experiencing a period of turbulence and dramatic change, creating immense challenges for many companies. The proliferation of digital channels, services and devices has increased the intensity of competition for consumers, who now have access to a far greater diversity of choices and can be far more selective about what they do, when they do it and who they do it with – we have more channels, more web sites, more video games, and many more ways of consuming the news, listening to music, interacting with friends and watching our favourite television shows.

UK consumers can access digital content, applications and services from around the world and have benefited enormously from the investments made by major international digital businesses such as Google, Wikipedia, Facebook, Yahoo!, eBay and Microsoft, as well as from the activities of an ever-expanding universe of venture-backed start-ups, open source initiatives, public and third-sector institutions, social enterprises and technology innovators.

Perhaps most importantly, the collective, collaborative efforts of the people we used to refer to as the audience ("Here comes everyone …") are transforming the media and communications landscape. Traditional broadcasting and publishing models are

> *It will be difficult to safeguard the positions of established incumbents, important though their contributions are, while also encouraging innovation and the emergence of new world-class digital businesses*

fusing with communications networks, enabling new forms and formats. Coase's floor is falling. Large-scale, distributed, networked collaboration, aggregation and social interaction, combined with dramatic reductions in the costs of producing, distributing and sharing media, in all of its many forms, will be disruptive of the mass media economics that have underpinned the media landscape.

UK media owners, many of whom have historically operated in relatively closed markets, relying to some extent upon established, reliable behaviours and patterns of consumer demand, are adapting to a more complex, competitive and challenging market environment. The pressures are most acute for 'traditional' media products or experiences that were undifferentiated, lacking in uniqueness, easily substitutable and available, cheaply and often in superior form, through digital platforms.

Fragmentation – the redistribution of consumption and other behaviours over an expanding universe of properties and activities – is also making it more difficult for many media owners, from commercial Public Service Broadcasters to major newspaper groups, to generate the same kinds of commercial returns from their investments in some kinds of content, especially in markets that have relied heavily upon advertising revenues. These challenges are more acute in some areas than in others: for broadcasters, the economics of scripted comedy and high-end drama are becoming more challenging; for newspapers, the deteriorating market environment is making it more difficult to invest in local, investigative and international reporting and journalism. The challenges are being exacerbated by consumers' belief that most forms of digital content should be available for free, and by the severity of the current downturn.

Clearly, there are risks of overstating the extent, progress and significance of many of these changes – the future may be arriving, but it is still unevenly distributed, and there are elements of technological determinism, reductionism and internet utopianism in contributions to many recent debates.

Television in particular, remains powerful, perhaps more so in a fragmenting digital market; and has proven its ability to adapt to challenging markets. Importantly, television viewing isn't falling, it is growing, with new on-demand platforms providing consumers with much greater choice and control over their viewing. Although many multichannel broadcasters are likely to struggle, the major commercial broadcasters are adapting their commissioning strategies and schedules to reflect the changing market environment and are still generating large audiences. A large majority of UK consumers still regard television, print and radio as their main sources of news and entertainment and offline remains one of the most important drivers of online activity – much of what is currently being consumed online is essentially redistributed content that has been produced elsewhere, for television or for print publications, and would not otherwise be available online. Offline and online are increasingly intertwined.

It is also clear that many so-called 'traditional' UK media owners are adapting successfully to the new digital environment, investing heavily to develop world-class digital properties such as the iPlayer, and pioneering new initiatives such as 4iP. However, the commercial returns generated by these investments have – to date – been limited, with many UK companies struggling to build scale or to generate strong commercial returns from their investments in digital media.

As the Digital Britain Interim Report pointed out, new business models are emerging, but these are not yet compensating for declines in many 'traditional' revenue streams. Where sizeable returns are being generated, the beneficiaries have tended to be major international digital businesses who have been able to invest across many territories – Google, the major US online networks, aggregation platforms and social networks, the Hollywood studios, major games companies – rather than UK companies. Even so, many major international businesses are loss-making.

To some extent, these commercial challenges are unsurprising: as UK media owners move from relatively 'closed' analogue markets into more open 'digital' markets, their returns are likely to fall as

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Jon Watts is a Director and co-founder of MTM London, a specialist digital strategy consultancy focused on the media and communications sectors.

competition intensifies, fragmentation grows and the supply of inventory increases. In many respects, the new digital media market appears to be far kinder to individual entrepreneurs, innovators and artists, who have become less reliant on gatekeepers and can, on occasion, generate sufficient returns to live on, than it is to major media owners. However, the openness of the internet, which makes it easy for new companies to enter the market, also ensures that the scale of the opportunity for most individual players especially in the UK is small, potentially limiting their ability to invest and innovate.

It is not yet clear what the market will or won't be able to provide on a commercially-sustainable basis. As sectors consolidate, it is possible that the winners may emerge more powerful than before. Many major media companies will survive and thrive in Digital Britain, but there will be consolidation, with fewer large-scale commercial media owners investing in original content, a more international, American flavour to much of our media, and a new universe of mostly small-scale, often innovative, engaging and inspiring online properties. The ability to produce high-quality content and services at low cost will be increasingly important. Hits will be bigger, everything else will be niche.

For policymakers, these dynamics create challenges. It is likely that public subsidy, direct or indirect, will be required to support the provision of media in some areas, such as local journalism. However, there are tensions and trade-offs between public subsidies, maintaining an open, competitive international market, supporting innovation and entrepreneurship, and helping UK companies to build strong national and international digital businesses. It will be difficult to safeguard the positions of established incumbents, important though their contributions are, while also encouraging innovation and the emergence of new world-class digital businesses.

A more healthy debate would acknowledge these tensions. Digital creates many new opportunities and holds the promise of a new, more inclusive media. The decline of many of our national media institutions will come at a price. Proliferation will not necessarily lead to more 'good stuff'. The new world is still taking shape.

A day in Entrepreneur Country

Julie Meyer
Chief Executive, Ariadne Capital

Individual Capitalism has come of age

Back in 1998, when I founded First Tuesday – a network of entrepreneurs which many credit with igniting the internet generation in the UK – we were a small group of digerati who met on the first Tuesday of the month to talk about building internet start-ups. We were a 'digital island' of sorts.

Today in 2009, I don't know a single person under 30 who wants to work for someone else. People of this generation see themselves as their own P&L, their own brand, and are familiar with business through programmes like Dragons' Den and The Apprentice.

The rise of the serial entrepreneur, the micro entrepreneur, the young entrepreneur, the portfolio entrepreneur and the lifestyle entrepreneur has been unmissable over the past decade in the UK.

This trend is due to the rise of what could be described as 'Individual Capitalism', a form of business where the basic unit is the individual rather than the corporation. The internet opens up opportunities for how people work – remotely or from home, from their phone, as a small firm looking much bigger than they are – and this shift away from 'Corporation Man' to 'Individual Capitalist' has gained enormous momentum. The recession has created many enforced Individual Capitalists in the form of freelance consultants, but many others are corporate refugees of their own choosing.

So while few of us will make millions from a trade sale of our firms to a multinational, and while we may not call ourselves entrepreneurs, we are actually all becoming 'Individual Capitalists'.

Yet those of us who have run our own firms understand the enormous pressures of keeping a team aligned, meeting the payroll, keeping fixed costs low, staying ahead of the competition, and getting people to buy what we sell. All of society benefits from the work we do to develop our businesses, create jobs and generate wealth. Many of us feel, however, that we go to 'another country' each day when we go to work. The speed and intensity at which we must work, the values it requires to build trust in an organisation, the level of dedication and drive seem inconsistent with the rest of society. Other people just don't get it. I would love for the corporate titan who never has had to worry about cashflow in a personal way to walk in our shoes for just an hour; entrepreneurship is not for the fainthearted. If you open the newspaper on any day

> " *I would love for the corporate titan who never has had to worry about cashflow in a personal way to walk in our shoes for just an hour; entrepreneurship is not for the fainthearted* "

of the week, you'll see that the media focuses on the FTSE 100, the old, established, big businesses, and on governments who are at best ignoring the little guy'. The media don't really start paying serious, regular attention to any emerging company until it has reached big itself in a big way.

And yet small does become big, and start-ups do change the world, in the process creating jobs, new industries, wealth and pride in our ourselves.

So the average company owner, the SME entrepreneur, the Individual Capitalist goes to work each day in a fictional place – let's call it 'Entrepreneur Country'. He or she manages his firm from near death experiences to breakthrough moments and back again. There is no work-life balance, and the stress rips through their personal life pretty regularly. It's not because they aren't good business people. It's because business is a rough old game, and there's no job security if you are the owner.

And yet business creates the wealth from which all of society operates, so an inspection of 'Entrepreneur Country' might be worthwhile if we are to understand how to build more successful global leaders out of the UK.

What is it like to spend a day there? There are some obvious messages that arise out of a trip to 'Entrepreneur Country'.

Reduce the size of government in order to reduce the tax burden on SMEs

Cash really is king: effective entrepreneurs quickly learn to keep fixed costs very low. They don't build infrastructure ahead of having recurring revenues. They rely heavily on consultancy contracts. They learn to barter or to finagle for free just about everything. If you don't hustle, you don't survive.

So not surprisingly, the single biggest benefit that government could provide start-ups at the beginning of the entrepreneurial journey is to charge them less PAYE and National Insurance. Not just defer it – make it smaller. A lower tax burden would reduce the need to raise so much from small businesses. Last year in a government-led focus group in which I participated, along with the CEOs of leading UK start-ups, high PAYE and NIC payments to HMRC were frequently cited as one of the most debilitating factors in running a private company.

Challenge the media to step out of their comfort zone

Leading entrepreneurs learn early to communicate their vision. However, little of that vision gets captured by the media. There remains a view that small business is admirable but rarely raises the bar, or creates new FTSE 100 companies. In short, that the economic growth that will fuel the recovery won't really come out of the entrepreneur-led new businesses, but by existing large businesses – those that are being propped up and stumbling on day to day. SMEs at best get a corner of the coverage in national newspapers. If we want to build an 'Entrepreneur Country', then as consumers of media we must demand that more coverage is given to high-growth businesses creating new industries. One easy way to test this theory is to develop forums online where the entrepreneurs are given opportunities to be profiled, answer questions, and share their view of society and markets. Which newspaper will rise to the challenge?

Treat the SME as your corner store

One of the most important ways that Britain can support its start-up ecosystem is to buy more from the companies that populate it. For SMEs who sell to enterprises (rather than consumers), convincing corporate buyers to purchase from them and pay on time can be a major problem. I advised a tech start-up in December 2003 which was very nearly made bankrupt by the stalling process it endured

at the hands of an incumbent telco which had promised to become a customer. Just because a company doesn't have a balance sheet with assets of £10 million, doesn't mean it might not be solid. Good executives know how to manage the risk of working with start-ups – giving them a chance to bring transformational innovation into the corporate landscape. Make buying from SMEs a part of your corporate vision.

Educate the young to expect success

Leading entrepreneurs cite factors such as teachers who encouraged them to be everything they could be, or learning environments where they were taught to think originally early on in their lives, as key influences.

At Ariadne Capital, I can tell within ten minutes of speaking to an entrepreneur who has come to pitch whether or not they expect success. These people exude confidence, not a nauseating sense of entitlement, and convey that they will achieve their goals whatever you decide.

Back Social Enterprise

Entrepreneurs are some of the most generous people I know. They 'send the elevator down' to the next generation, as the overwhelming majority of them remember that they have been helped by others before them. Provoke their generosity by giving tax incentives for their work. One of the leading IT entrepreneurs of the UK, Paul Barry-Walsh, set up the Fredericks Foundation which is the leading micro-finance organisation in the UK. They have made 600 loans to those who have fallen by the wayside whether through crime, drugs, disability or life choices. The Fredericks Foundation saves millions for the UK government because it turns individuals from a cost to society in to taxable micro-entrepreneurs. Each of the Fredericks entrepreneurs then – by their example in their families

and neighborhoods – sets examples of business transforming lives. As Barry-Walsh says: "Pure and simple, business is the answer." Set people like Paul Barry-Walsh loose to find more ways to tackle social problems by facilitating his work and that of others like him.

Social enterprise is a hot area where many leading entrepreneurs are flocking, whether it's Hoult's Yard in Newcastle, or DoTheGreenThing out of London, or Bono's Red led by Seb Bishop, the founder of Espotting, or Just Giving which is transforming charities. Not only do entrepreneurs know what to do to fix social problems, they do it.

Make ecosystem economics work

There is a profound network orientation in business today. Companies which succeed know their place in the ecosystem in which they operate and crucially align the economics for the entire ecosystem. I first learned this in 2004 through Alastair Lukies, the CEO of Monitise, a global leader in mobile banking services based in the City of London. Years before the business was successful, his dogged determination to make the mobile banking world work for all parties involved – the customer, the bank, the mobile operator – was impressive. Simpay and other competing schemes failed because they had a bias or a dominant player in the ecosystem which wouldn't relinquish market power.

One of the smarter examples of a government-funded organisation's involvement in building the innovation ecosystem is the way that the Technology Strategy Board operates. They have identified various social or business challenges where innovation is necessary such as a low carbon or digital economy. Their model is to organise an ecosystem approach to meeting the challenge by aligning start-ups and corporates to work closely to achieve success.

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Julie Meyer is the Chief Executive of Ariadne Capital, an investment advisory company for entrepreneurs in the digital and media sectors. Julie is also the new Dragon on Dragons' Den Online, the founder of First Tuesday, and is soon to become a British citizen.

Remember, Britain can handle BIG

We will make huge strides towards creating 'Entrepreneur Country' if we tie the outcomes of people's actions most directly to the efforts they put into their lives. If the media then cover the achievement of the breakthrough moments in a more profound way, then the young learn that society does value risk-taking and achievement in new business and industries.

The United Kingdom is good at building visions for the next paradigm shift. Witness the activities of the Royal Society, or Tim Berners-Lee's role with the world wide web, Jonathan Ive's iPod, Robin Saxby's breakthrough with the ARM microchip, Stephen Wolfram's Wolfram|Alpha, Charles Dunstone's mobile phones empire, or game-changers in the financial services sector like Travelez, Zopa, Egg, Monitise and Wonga.

Part of the reason that the average 28 year old who is setting out to build a new venture thinks big is that he or she knows that Britain can do big. Indeed, it has a proud history of doing so.

We owe it to those creators of the next big thing to suspend disbelief and negativity, to don the cloak of optimism every morning, and be the facilitator of their success in every way that we can.

We are fortunate indeed that there are people in society who are obsessed to bring the new to life, and choose to live abnormal lives in the doing of it.

Our response to their drive and hard work should be an embrace and a recognition that while they conduct the orchestra, we play the flute, horn and keyboards.

So it's very simple. The entrepreneur, the creator of value, is the Hero.

Internalising these points takes us into 'Entrepreneur Country'.

ENTREPRENEURVILLE

NOWHERE CITY

Next please: placing your bets in the digital economy

Dan Heaf
Digital commissioner, 4iP
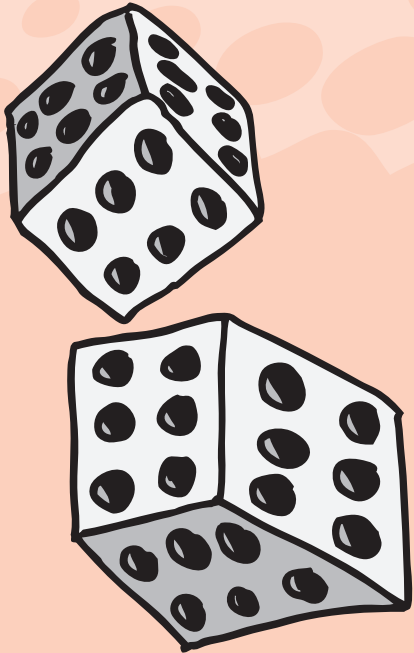
"Progress is not the mere correction of evils. Progress is the constant replacing of the best there is with something still better"
Edward Filene

These are troubling times. In 2008 the bubble burst and the world came face to face with a global credit crunch. A quarter of a century of free-market zealotry used to justify asset stripping, hostile takeovers, abusive lending, excessive borrowing, and hedge fund secrecy has gone down in flames. But rather than dwell on what caused the crisis, I shall look to explore emerging opportunities in the UK's digital economy and to examine how we might place careful bets to extract both commercial and public value.

I'm in no doubt that out of crisis comes great opportunity but for digital to really make good on a decade of promises we must let history guide forensically our attention, skills and wallets.

Today, as many of the world's largest economies remain in a full-blown recession, governments and policymakers across the globe are devising and deploying strategies to lessen its impact. Their approaches to lessening the effects of economic crisis are broadly similar. Strengthen national and international financial regulation; prop up over-exposed banks and key financial institutions; slash interest rates; increase the money supply and embark on public spending to artificially stimulate the economy. All of this is to re-inflate the bubble.

Public investment in infrastructure has long been seen as a way to mitigate economic weakness by replacing the void left by private lending and investment in generating jobs and demand for materials and equipment. George W. Bush did the same when faced with the combination of the NASDAQ crash and the wake of September 11th 2001. However, the spending being promised today is unparalleled in scale, with Obama and Brown planning budget deficits to dwarf anything we've ever seen before.

As tempting as it is to use public spending to resuscitate parts of the dying economy, we must instead spend appropriately for the new era. The solution lies in massive institutional innovations, as bold and as extensive as those of the 1930s and 40s, responding this time not to the demands of mass consumption but to the needs and potential of a sustainable global knowledge economy (Perez, C., 2009).

So while renewing or increasing physical infrastructure like roads and hospitals is crucial, so is the need to expand internet access either with fibre to the home (which can – and should – be coupled with other physical infrastructure works) or with wireless. Thankfully, many governments have recognised the potential of digital services and technologies and have embarked or are planning on connecting everyone to high speed broadband networks.

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> *"With so much UK revenue leaking out of the system, the smaller UK players lack resources to invest in innovation, particularly if it is for public rather than commercial purposes"*

The Obama-Biden Stimulus Package directs over $30 billion at telecommunications, photonics, and Information Technology with the specific remit to extend broadband to under-served rural and poor areas that have, until now, proven unprofitable to serve. The French Secretary of State for the Development of the Digital Economy, Eric Besson, has announced details of the government's France NumErique 2012 policy that proposes 154 measures including moves to give all French inhabitants broadband access for less than €35 by 2012, up from 54 per cent today. Lord Carter's Digital Britain envisages everyone having access to affordable broadband by 2012. But the Japanese and South Koreans are planning widespread access to the web at speeds many times greater than those planned for the UK, while Denmark, Finland, the Netherlands and Norway are already well ahead of the UK (Leadbeater, C., 2009).
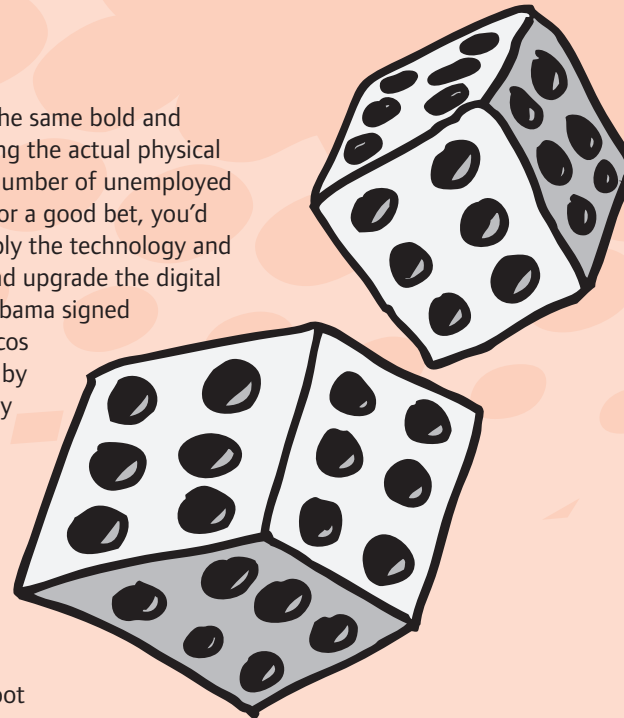
The safe bets

Around the world politicians are making the same bold and enthusiastic claims for these plans. Building the actual physical infrastructure will create jobs. When the number of unemployed can affect elections, if you were looking for a good bet, you'd be foolish not to invest in those who supply the technology and expertise required to physically roll out and upgrade the digital infrastructure. Just over 100 days since Obama signed the stimulus package, technology and telcos stocks in the S&P 500 have risen in value by 20.7 per cent and 8.8 per cent respectively (CNBC, 2009).

However, the majority of the technology needed to deliver Digital Britain is likely to be procured from companies headquartered in the US. The innovation and specialised research and development is likely to be centred in and round Silicon Valley or MIT. To reboot

Britain for real, we need to be more involved in nurturing our technology companies and research centres and by ensuring enough kids are enthused about the right subjects taught in the right way.

A second benefit is that universal access to high speed broadband will amplify the benefits of existing websites and digital services. With greater access to high speed broadband, the economy in general will be better placed to take advantage of improved efficiency, discoverability, communication, and participation leading to increased international competitiveness. With the right policies, the benefits of the new technological potential can be fully realised across the economy and its social benefits better spread.

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The UK is teeming with all the digital talent we need to answer the questions of the day

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In certain sectors like communications, entertainment, information and knowledge industries, we can be more specific. The successful companies in these sectors are likely to have used cheap credit in 2003-2007 to invest wisely in revenue-generating digital solutions and online markets. Companies on the brink of generating revenue may see the publicly-funded market expansion tip them into profitability, while dominant players will likely increase their lead. For example, e-commerce is growing, with larger numbers of people able to take advantage of the the easily comparable prices and conveniences of shopping online. The interim Digital Britain report predicted that by 2012 £1 in every £5 of all new commerce in this country will occur online (Digital Britain Interim Report, 2009).

Music, which has already established a significant download-to-own market, is likely to see the gap in sales between physical and digital product shrink further until digital products make up the lion's share of sales. This trend could accelerate if the road can be cleared for subscription-based services. The Games and Film industries will see their nascent download-to-own markets grow as a larger number of people have access to faster networks making big download files more manageable. The Games industry, which has already embraced networked play, will enter a new era of massively mainstream online games.

In essence, many of the businesses that have slowly been building online market share will be excellently placed to take advantage of the government actively growing this market for them. If these internet businesses can survive the recession, they should be able to accelerate growth with minimum amount of additional investment. Wikipedia will have more editors, Yahoo! more answers, flickr more pictures, Google more links, Amazon more sales and eBay more lots. Even the micro blogging service Twitter could migrate from the preserve of those currently connected 24/7 to a more representative slice of the population! If people were asking me where I'd place my bets in this new era, I'd say look to the industries that have taken advantage of the cheap credit frenzy that preceded the bust to build business that will genuinely benefit from government-encouraged market growth.

While this is all well and good, it concerns me that so many of the internet's leading consumer services, those best placed to take advantage of UK public money, do not originate in the UK. Recent ComScore data confirms this. US web companies dominate the attention of UK web users. In February 2009, UK web users spent over 70 per cent of their time on the US-owned sites in the top 100. Over time this risks significant economic, cultural and social consequences which policymakers are only just starting to wrestle with. Foreign-owned companies are not commercially incentivised to invest in content and services specific for UK audiences, nor to back new UK talent and innovation. With so much UK revenue leaking out of the system, the smaller UK players lack resources to invest in innovation, particularly if it is for public rather than commercial purposes. This problem is exacerbated by the recession-led contraction in European private capital. Will Britain's digital talent ever get the chance to build truly global internet business? Even with Digital Britain, could Britain ever produce a Google?

Placing bets that count

The more important but less well-understood claim made by governments and policymakers is that universal access to high speed broadband will stimulate new growth sectors. Worryingly the hopes set out in the interim Digital Britain report place an undue emphasis on content as opposed to services. As audiences fragment across the web it is clear we produce too much content to be supported by current business models.

However, through my work at 4iP, I'm sure internet entrepreneurs and technologists haven't stopped dreaming up newfangled widgets or sketching technological marvels on the back of cocktail napkins. The internet is still in its early stages with so many new users and demands yet to be adequately met. But cutbacks have slowed the pace of getting the latest US, let alone UK, innovations to market. Venture capital investments have plummeted. Lenders aren't funding business start-ups. Bank loans and 'angel capital' – money that

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friends and families and wealthy individuals cough up to support innovation – also are contracting.

So now more than ever we need to think carefully about our ideas before we rush to pitch it/build it/test it. Are we building sustainable businesses and working on things that really make a difference? I can't help but feel that while the web has been travelling in a better direction since 2001, so much money and time has been wasted on frivolity. In my opinion one of the most sobering lessons of our current financial situation is the realisation that we must invest in new British companies rooted in production, dividends and real cash. There's no point in rebooting Britain to the same unstable operating system we had before. The pot is limited so we need to make sure we place bets that count.

But there is another type of value, public value, that will become increasingly important as we claw ourselves out of the recession. Public value goes beyond the monetary measures of the marketplace and into the area of social wellbeing. The UK's creative technologists would do well to look wider than the financial bottom line when thinking about their next business or next job opportunity.

First, services delivering public as well as fiscal value will all be in demand as public spending kicks in. With governmental funding in technology as well as areas like education, health and the environment, digital solutions to these crunchy problems should be able to avoid the current private investment drought. Lord Mandelson talks explicitly about the opportunity to build a high-tech, low-carbon economy.

But generating public value also provides the answer to a bigger piece of the puzzle, one that's often overlooked: providing meaning in people's lives. As web guru Tim O'Reilly puts it: "If you're working on a project just for the money or where earning a living is the primary motivation and you fail, you're probably going to feel like you've wasted your time. On the other hand, if you work on something you love that delivers some public good and you make a small improvement in the world because of what you care about, then that's going to feel a whole load more worthwhile."

The problem with public value in the UK is that it's too much associated with charities and non-profits. This could well be because the two largest UK public value institutions, the BBC and the NHS, are rooted in public service. I, however, strongly feel that to relegate the important questions of our time – the environment, health care, democracy and the sustainable economy – to non-profits and social ventures diminishes our chances of solving them.

My favourite case study here is Google. Their original mission – to organise the world's information – was incredibly altruistic and public-spirited in nature: clearly their original investors and then shareholders ensured that the business generated revenue, but it would be wrong to argue that profit was their raison d'être. I'd hazard a guess that most people don't work for Google for the money; they join Google because they want to make a real difference. The success of the company has led them to increase reach and impact and critically invest further, expanding their public value beyond search into numerous other products. If Google had been a charity or a social venture, it wouldn't have been half as successful in raising the original funding necessary to go mainstream.

Over the next five years, the influx of public sector funding and the refocusing of private money offers an enormous opportunity to the UK's digital economy. The opportunity goes beyond simple economic growth and job creation to finding the key to some of the problems we face on a national and global level. However, as we attempt to Reboot Britain, we should bear in mind the mistakes of the past so we might better understand future opportunities. The UK is teeming with all the digital talent we need to answer the questions of the day. To unlock that talent Britain must focus its public and private investment alike on products, services and technologies that really matter. This public value mustn't mean overriding traditional business values. We must give those our digital business the space and support to build, test, fail and rebuild, but also to be run as real businesses and not quangos and NGOs. Sooner or later we're all going to have to pay this public money back, and the key services we build must be able to innovate and grow.

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