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4<sup>th</sup> June 13

Dear Mr Knight

## **Creative Industries Classification Consultation Apr 13**

### **TechMarketView LLP**

TechMarketView LLP (TMV) is one of the leading research and analysis firms specialising in the UK Software and IT Services (SITS) Sector although we also cover the Information Communications and Technology (ICT) sectors.

We supply our research on subscription to almost all of the leading players in the UK ICT sector as well as to HM Government. TMV and its previous entities (Richard Holway Ltd and Ovum Holway) have been supplying these services since 1986. We therefore believe we comment with some authority and influence. For further details visit [www.techmarketview.com](http://www.techmarketview.com).

### **TechMarketView's View**

**1 - It is of paramount importance that the UK ICT sector is considered as one homogeneous sector.** Indeed if there is one overarching trend we have observed over the last three decades it is **Convergence** with practically every one of the main players involved in many sectors of the ICT scene. BT – the UK's largest ICT player – is involved in IT services, communications, software, outsourcing, entertainment, supply of TV services – as well as its more conventional communications activities. This similarly applies for most of the players in the UK tech market.

To split both the measurement and, one assumes, the responsibility for the ICT sector between two departments (BIS and DMCS) seems to be a retrograde move. **The sector needs a single and strong voice.**

2 – At the present time ICT sits within BIS alongside other advanced technology sectors. BIS is responsible for the Technology Strategy Board, UKTI, STEM agenda etc. It seems to work reasonably well.

For a period in the past, Software had been moved to Creative. But the only part of Software which then had any attention was Computer Games – about 1% of the total software industry. We fear a repeat if measurement and responsibility is split as proposed.

3 – In all the documents we have studied, there seems to be no rationale for WHY these changes are being made and what advantages such changes would have for the ICT and wider tech industries in the UK. Indeed, we believe that such changes could damage those sectors.

4 – The detailed proposals in the way some occupations in ICT are to be moved to ‘Creative’ and some not, does appear to display a lack of understanding about how the ICT sector works.

Some examples

Telecomms Directors (SOC Code 1136) are to move to Creative but all the Telecomms staff that report to them (SOC codes 5242, 5245) are to remain.

IT Directors (SOC 1136) are to move to Creative but Project & Programme Managers (SOC 2134) who largely report to them are to remain.

Programmers (SOC 2136) are to move to creative but their all important Managers (SOC 2133, 2134) are to remain.

5 – The same applies to proposed changes in the UK Standard Industrial Classifications of companies.

Some examples

Business software development (Code 62012) and Computer Consultancy (62020) are to be moved to Creative. But much of this in the UK is undertaken as part of outsourcing contracts (Code 62030) which are to remain.

As much of ICT moves to the cloud – indeed it is the fastest growing part of the sector – it is worth noting that it is proposed that the very companies providing the data centres for the cloud (63110) are to remain.

TV broadcasting (60200) is to move to Creative whereas nowadays much entertainment/broadcasting is via Telecommunications - fixed, wired and satellite (61100, 61200, 61300, 61900) – which are to remain. Indeed, increasingly this is carried via the internet (63110), which is also to remain.

**Why it is of paramount importance that the UK ICT sector is considered as one homogeneous sector.**

1 ICT is at the very heart of almost everything in the UK. ICT is the key to our future prosperity. ICT is now a ‘core’ sector. It is relatively easy to define the boundaries of ICT. Indeed the current UK Standard Industrial Classifications do this reasonably well and, other than minor ongoing ‘tweaks,’ do not require wholesale change.

2 Everyone agrees that the UK needs more ICT skills. Real entry level jobs (at school leaver and graduate level) and apprenticeships have historically been created

by the larger/established companies not with startups and SMEs. Indeed, if there is a 'norm' it is for IT staff to get experience in the larger companies (BT, Microsoft, IBM, Fujitsu and others have created many entry level jobs in the UK – still are) for a few years before joining an SME or, indeed, starting their own company. I, myself, was given an entry level trainee computer programmer job by a large organisation before I left to start my own company. Promoting the whole UK ICT sector will therefore help to create the very people needed for startups including those in the creative industries.

3 The same applies to STEM Agenda covering training at schools and colleges. We need to promote a general interest and capability in STEM rather than a fragmented approach.

4 UK ICT companies need all the help they can get. Current issues like funding, promoting more UK Stock Market IPOs, promoting exports etc are all best handled if the sector is treated as one entity. *“All the wood behind the one arrow...”* Indeed, we had understood that HM Government wanted to promote the 'Information Economy' as a whole. Splitting ICT between BIS and DCMS seems a backward step.

We are quite prepared for our comments to be quoted and therefore our response is NOT CONFIDENTIAL.

Yours sincerely

Richard Holway MBE  
Chairman