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The Prospects for Places and Communities enabled by Digital Excellence

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The Prospects for Places and Communities enabled by Digital Excellence

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“Only when business leaders help develop a framework for local economic and societal development can the “smart city” buzz evolve into “intelligent communities”

No one should disregard the efforts of innovators and determined business and community leaders working to make places easier to manage and more attractive for living and working. They are pioneers and, like all who dare to see things differently, they are battling against the odds.

This paper addresses the Convention’s session theme of ‘digital excellence’ in the context of *communities* – the overlapping clusters of common interests that are businesses, universities & colleges, places (towns and cities) where people work and live, and where local administrators manage the ‘common parts’ of our societies.

In observing their mutual interdependence, this paper further challenges over-simplistic notions of the separation between commercial enterprise and public sector administration.

'Digital Excellence'?

There is no shortage of comprehensive schemas that attempt to describe the essence of truly great places. The Economist Intelligence Unit (EIU), for example, has recently declared six essential characteristics:

- Connective Infrastructure,
- Regulatory Framework,
- Attractive Cost Structure,
- Skilled Workforce,
- Liveability and
- Serendipity.

These factors are, according to the EIU, the hallmarks of successful clusters that allow both competition and collaboration to drive economic growth.

*'These six factors are necessary conditions, although they are not always sufficient. Many places in the world lay claim to these six, but never give rise to a successful cluster. These factors are best seen as the necessary conditions for clusters, but not – on their own – the silver bullet. Cluster success depends both on individual factors, but also the interplay between them. Good universities are little use if there is no connectivity with industry. A high standard of living is not helpful if immigration policies prevent global talent from moving to the cluster.'*¹

The factors identified by the EIU are, of course, headlines that cloak a wealth of detail. The Connective Infrastructure headline embraces far more than Transport and Mobility and includes digital connectivity and the available supporting facilities.

In probing the motivations behind decisions on business locations the EIU found that the primary factor, by a significant margin, was the **quality** of Communications and IT.

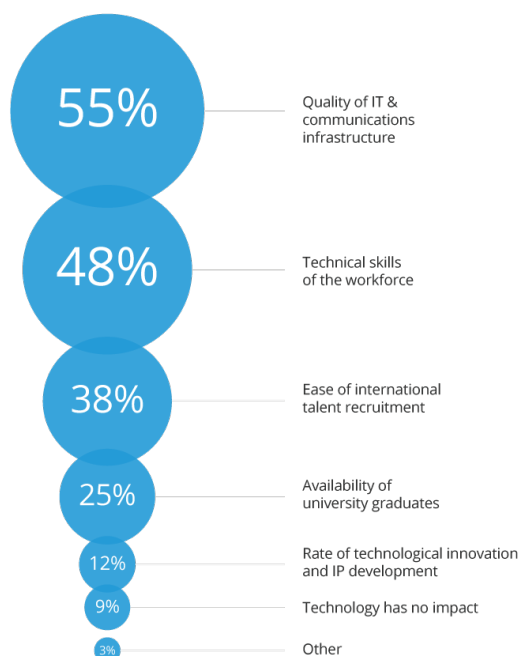


Table 1: Location decision factors. Economist intelligence Unit, Part 7 of a series on Clusters and Innovation ²

Similarly within enterprises, CIOs, IT managers and their Boards constantly survey the maps of their enterprise in the search to prioritise investment and effort.

Their maps are remarkably similar – and usually feature Connectivity in pole position.

Digital Excellence is often articulated as 'Smart'.

'Smart Cities' are often described in terms of data collection and analytics. The extent to which any community can be recognised as "smart" is rooted in infrastructural issues. Digital excellence in business, in public administration, schools or hospitals, or throughout local communities, is fairly obviously dependent on the enabling broadband qualities (fixed and mobile) that link all manner of data feeds from across the city.

The smart city industry is awash with sensors and expectations of Open Data feeds from myriad public and private sector systems. Among the inevitable consequences are increased demands for transparency, much wider awareness of civic and commercial realities, and evidence that fuels pressures on policy priorities. 'Smart City' concepts also encompass analytic engines to detect fine digital needles in giant data haystacks and also embrace the need for data integration standards, Urban Operating Systems and talented people.

However, to properly qualify as truly 'smart' requires something more than technology and digital expertise. All that data is useless unless it is going to be used. The technology alone – even where connectivity allows its deployment – is insufficient without determined, action-orientated leadership. To be 'smart', places and their communities (businesses and people) must have leaderships with the courage, confidence and authority to act on the outcomes.

In the management of any place, some data may demand immediate responsiveness. At the other extreme, some data outputs may contribute to very long-term developments. Some responses may be obvious and immediate – e.g. dealing with imminent environmental disasters like blocked sewers or unexpected road congestion. But these are local operational matters that may help keep the show on road. Bigger questions, like whether the entire place is heading down the right road, need deeper insights.

Businesses in the USA are coming to terms with the reality that many of the most successful places and communities have moved on beyond simplistic notions of market-driven competitiveness – as evidenced by the recent New York Times article, '*The Cities on the Sunny Side of the American Economy*'³

Applied Smartness

It is only when business leaders help develop a framework for local economic and societal development that the smart city buzz can evolve into 'Intelligent Communities'. This is why some would say the "smart city" tag is not very helpful. True, cities are more complex, have bigger challenges and higher management overheads, but cities (like major businesses) are aggregations of many overlapping communities. What is needed in one quarter may be irrelevant for another. Similar challenges in economic and social wellbeing can be found in smaller constructs – amongst SMEs and in towns and villages way beyond the dominant city walls, but still a very strong part of the wider economy.

It is clear that technology alone cannot endow any place or community with a sense of purpose or direction. It may have good connectivity, sensors and open data feeds, the analytics engines and expertise. It may even have an Urban Operating System but the question remains: What is needed from leaders to improve economic and social wellbeing?

That question has been studied for decades around the world – most notably by the Intelligent Community Forum (ICF)⁴ - a research foundation based in North America and Canada but with a truly global appreciation of community development.

Enabling intelligent communities

For over 20 years, ICF has distilled the developmental essence of any community.

Their research has identified the basic themes that (in combination) make a real difference to economic success and social wellbeing. Two of those themes have already been discussed – **ubiquitous digital connectivity** and **open data**. The other themes include:

Knowledge workforce: The most successful communities demonstrate an ability to develop local digital expertise at all levels of employment and across all sectors.

Digital Inclusion: Successful communities do not leave this to chance or trust in the survival of the fittest. They have determined local policies and programmes to ensure that people do not get left behind in the new economy.

Innovation: How does that happen? It happens because those places work at building the innovative capacity of all enterprises, but particularly new businesses. Almost all jobs growth in modern economies is generated by businesses with fewer than 50 employees. And, administratively, they also focus hard on local open data and local government processes to reduce costs and improve citizen and employee services.

Marketing and Advocacy: Just as businesses need to project their brands and reputation, so it is that really successful communities find the time and effort to explain to the wider world – and investors – how they are building truly great places to work and live. Dubai is perhaps a prime example.⁵ Many of the acclaimed happiest places are those where people can live and work in the same community, eliminating the inefficiencies of long-distance commuting.

Essentially the ICF programme is a long-term research project disguised as a competition with hundreds of communities from around the world participating every year. The process for each community is hugely instructive even if only one can gain the ultimate accolade of becoming the 'Intelligent Community of the Year'.

All this, and more, is explained in ICF's 2014 publication *Brain Gain*⁶, and ICF now offers communities the opportunity of holding Community Accelerator⁷ master classes customised to meet their local needs and priorities.

But will this happen in your businesses and communities?

Just as in the underlying 'smart city' technology ventures, the question hangs in the air: Has the management sufficient energy and determination?

That is potentially an uncomfortable question because in many countries (and indeed in many major businesses) local leadership has been heavily constrained by national central and regional oversight – a lack of trust that is only now being tentatively treated with limited devolution of responsibilities. It's a trend set to continue, but one that is hampered by the lack of local leaderships with the expertise and confidence to take on those responsibilities – the unforeseen legacies of the past.

In many countries, the prospects for localised growth and innovation are also hampered by under-investment in infrastructure. These are long-term issues but when most economists speak of infrastructure they prioritise the 'big ticket' items like energy, transport – roads, rail and air – or water and sanitation. They have yet to fully appreciate the fast-growing significance of digital connectivity that can *reduce* energy and transport demands and boost skills, job creation, health and education.

Whilst that bigger picture is well recognised – for example here in Dubai at the recent meeting of the UN Broadband Commission – translating global headlines into local action is very much dependent on the willingness of business and administrative leaders to engage. Local development cannot be left to distant central authorities. It is inevitable that, with few exceptions, successive governments and their market regulators have (no doubt with the best of intentions) merely muddled through.

Economic theories alone – like pleading for “competition at the lowest possible level of infrastructure” – do not deliver the giant steps that are needed. To quote Boston Consulting Group’s recently published book *Rocket*⁸, “No one has ever dramatically changed a market by offering timid, incremental improvements.”

The Connectivity Chasm

Whilst many commentators may point to underinvestment in digital infrastructure the real shortfall can be found in the lack of connectivity between the commercial and public realm.

There are many great examples of places that have found themselves in a dire condition on account of economic downturns, environmental disasters or insufficient resources from government. Yet many such places and their communities have learned how to revitalize themselves by massive and largely voluntary collaboration. These notions, not uncommon in our business worlds, need to be translated for wider application beyond the factory gates or the downtown central business district.

Actions Required

The process of revitalization can be hugely assisted by two key initiatives. Firstly there is value in leadership education. Raising awareness of emergent leaders by investment in Study Tours to successful places is a classic route towards importing fresh thinking and understanding how ideas and innovation can be translated into local currency.

Secondly the process demands long-term research but, as the example of ICF demonstrates, that process can be the underlying benefit of competition between places and communities to gain global or regional recognition for their local endeavours.

We have all heard of grand plans for the creation of Smart Cities. Those calls are as relevant *within* businesses as they are outwith them. Only when business leaders help develop a framework for local economic and societal development can the “smart city” buzz evolve into “intelligent communities”.

FOOTNOTES:

¹ Economist Intelligence Unit, April 2016,
<http://destinationinnovation.economist.com/part-1/>

² Economist intelligence Unit, April 2016,
<http://destinationinnovation.economist.com/2015/09/18/where-next/>

³ New York Times, 31st March 2016,
http://www.nytimes.com/2016/04/01/business/economy/cities-where-us-economy-is-thriving.html?_r=1

⁴ The Intelligent Community Forum
<http://www.intelligentcommunity.org/index.php?src=>

⁵ Destination Innovation,
<http://destinationinnovation.economist.com/2015/09/23/dynamic-dubai/>

⁶ ‘Brain Gain’
<https://www.intelligentcommunity.org/index.php?src=gendocs&ref=BrainGain&category=Research&link=BrainGain>

⁷ Community Accelerator
<https://www.intelligentcommunity.org/index.php?submenu=Programs&src=gendocs&ref=Accelerator&category=Services>

⁸ Boston Consulting Group
<https://www.bcgperspectives.com/rocket>

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