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16 December 1980

PRIME MINISTER

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INFORMATION TECHNOLOGY

We have been in close contact with CPRS throughout the work of the Official Committee on Information Technology. You will have seen Robin Ibbs' excellent note to Tim Lankester. We have the following points to add:

1. The world market in IT has been estimated at £50bn, growing at 10% pa. Our performance in IT affects our competitiveness, entry of our industries into new markets, creation of new products, product processes and services. In terms of money and jobs, IT is the big growth area for Western economies.
2. The paper E(80)147 shows that Government already is and has to be involved in IT, in several different capacities. Lessons of the past show how easy it is for British Governments to get it completely wrong. For example, in nuclear power which has growth potential, high technology and heavy involvement by Government as regulator, customer, operator. UK started with a lead (as it so often does in brains-intensive new industries) and finished up exporting nothing, importing PWRs.
3. We endorse Robin Ibbs' comments on the shortcomings of the conventional Whitehall approach. Government's approach must be intensely market-orientated, flexible and fast-moving. If it isn't, the sort of Government-industry partnership will not emerge and we will be all set for repeats of Trident and Concorde.
4. We would go further than CPRS on the remit and staffing of our IT efforts. The Government needs a dedicated team, not a part-time Committee. I doubt whether Adam Butler has the necessary technical and commercial background to think in the right way. And he certainly has too much on his plate to handle IT which should be a full-time task. The team will in any case need some outside experts on it.

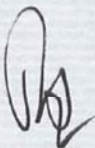
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5. We suggest that, without in any way trying to criticise DoI or the hard work put into the report by what we understand to be a carefully picked Committee, you ask a few questions, at E, designed to bring out the inadequacy of our approach so far. For example:

- How many people on the Committee have first-hand experience in the computer/electronics/communications industry?
- Have they consulted experts in the industries involved, as CPRS did on Space?
- Do we have, for comparative purposes, any information on the remit, task force, staffing, timescale, expertise brought to bear on IT by, say, the French Government?

6. In summing up, you could comment on past Governments' poor performance in similar cases (eg aerospace and nuclear power); say that you are very concerned that we are about to get off on the wrong foot in a new growth industry which is potentially even more important; and you could then suggest that CPRS, with help from the Policy Unit as required, should prepare a paper answering the questions you have raised, and suggesting how the IT exercise should best proceed. This paper would be considered by E in January.
7. If we want to get UK industry really moving in IT, we need a team with full-time commitment and the right expertise. This is the right time for you to call for a review and a re-think to make sure this one really does go the right way.
8. I am copying this minute to Robin Ibbs.



JOHN HOSKYNS

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