

OpenUK's Response to the UK Government's Plan for Digital Regulation: Developing an Outcomes Monitoring Framework

6 September 2022

[Plan for Digital Regulation: Developing an Outcomes Monitoring Framework - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/plan-for-digital-regulation-developing-an-outcomes-monitoring-framework)

1. Do you have any comments on the indicators which we have suggested?

Indicator	Comment
UK Gross Value Added of digital sector (£150.6 bn: 2019)	<p>Using Gross Value Added measures does not fully capture aspects of production that do not rely on financial transactions.</p> <p>For example, any of the three ways of measuring GVA (by expenditure, by income, by production) would not capture the value of open source software inputs and voluntary or free collaborations for improvements and innovation. We have seen a dramatic increase in this kind of innovation in the UK, with the UK generally placed as number one in Europe and number five globally in open source software.</p> <p>Similar will be true of open data and open hardware.</p> <p>Given that the digital sector is the foundation of other sectors, with the advent of digital platforms as the enabling infrastructure, it is likely that GVA measures (particularly by expenditure) underestimate the real contribution of the sector to economic growth.</p> <p>A suggestion would be to identify assets/ activities that are more likely to depend on open source software (and as such on inputs that are not documented by financial transactions separately), and attempt to treat them using a separate deflator.</p> <p>In the long run, ideally they should be weighed by the reuse value generated by using "total cost of ownership" for the sector, which may require additional data collection, although it would be much more accurate.</p> <p>More frequently updated publications would also help, as there is a significant lag between the current data publication and where the economy actually is. Additionally, these improvements will help UK startups and scaleups plan better for the future by providing</p>

	<p>more-up-to-date data on the digital sector.</p> <p>OpenUK's work to date in the value of open source software to the UK's digital economy and value measurement suggestions, have been shared across our reports which can be found at, https://openuk.uk/stateofopen/</p>
<p>UK tech sector private investment (£29.4 billion: 2021)</p>	<p>Measures of investment capture investment in capital superficially only, and only partially capture intangible asset investment.</p> <p>These are also not quality-adjusted by labour input, e.g. by job-specific upskilling, which is essential for core components of the sector like coding, unless it is by paid training.</p> <p>Therefore, this may under-represent the true level of investment and the non employed contributions.</p> <p>It could be improved by taking into account investment in intangible assets that assist in the development of software, and open source software for instance.</p>

2. Do you have any views on how the digital regulation indicator suite is structured? In particular, we would like to gain a better understanding of any underlying drivers and root causes that give rise to interactions between the Outcomes and Objectives and their aggregate impact.

<p>Comment</p>
<p>An aspect that is missing from the identified data gaps (i.e. an extra data gap) is engagement with open source software.</p> <p>This may be contributed to on a voluntary basis, as well as in employed roles, although its products and services are used in the production and indirectly generate revenue to help the economy run and in particular underlie the infrastructure of many other areas of technology such as AI, ML, Blockchain, Cloud Computing, the internet and the Metaverse.</p> <p>Therefore, for the first goal, namely promoting competition and innovation, any measure that does not account for this would be incomplete.</p>
<p>Secondly, it is crucial to define “innovative use of data”.</p> <p>What does this refer to, and how do businesses and organisations surveyed understand it/ report on it?</p> <p>Innovative use of data can be both an investment activity (like R&D) as well as a new product. It can be closed data being used in innovative ways or opening up data and standards to allow a whole new kind of collaboration, co-opetition and competition.</p> <p>Thus, to avoid double-counting, there should be clarity in the way this is documented.</p>

3. Are you aware of any metrics which currently exist which we could use as indicators for the Objectives or Outcomes? If so, please provide a hyperlink or further information on where they are recorded. We would particularly value input where we have no or low confidence measures.

Comment
The OECD trustlab could be a template for a resource that measures safety and security online, adjusted to the conditions in the UK: https://www.oecd.org/wise/trustlab.htm

4. How would you prioritise among the gaps we have identified for commissioning further research?

Comment
<p>Promoting Competition and Innovation:</p> <ul style="list-style-type: none"> ● Focus further research on measures of in-market competition and concentration including the definition of what should be measured and how to include less visible aspects of data and digital use. ● Consider the impact of Open Technologies being open source software, open hardware and open data. ● Consider the infrastructure impact of open source software and indirect value generation from this.
<p>Keeping the UK Safe and Secure Online:</p> <ul style="list-style-type: none"> ● Measures of data use and ethics. ● Measures relating to security (product security measures in particular as this relates to choice of digital tech use, resilience and user confidence). ● Measuring curation and security of open source software forming the basis of national infrastructure and critical national infrastructure. ● International collaboration on stewardship and curation of open source software (good processes and procedures, governance, maintenance and security) and potential for sovereign funds and international collaboration. ● Impact of categorisation of open source software as a digital public good and global joined up funding for this. ● Impact of open standards and the need for these aligned to digitalisation of the public sector with a consideration of the problems of closed standards and SEP's where certain companies particularly in the mobile sector are threatening to undermine the freedom of the internet, etc, by seeking to enforce restrictive SEP's on FRAND royalty models which do not work with the open source software that underlies these technologies.

5. Do you have any views on how to best measure the impact of digital regulation on digital businesses?

Comment
Cost of implementation and international trade.
Increase in collaboration

