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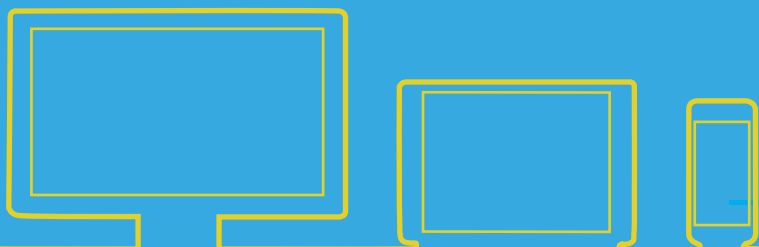
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# Digital is set to drive UK economic growth

*Powered by the internet, digital technology has transformed the world economy and positioned the UK at the forefront of its future development*

#### ◆ OVERVIEW

#### ● CHRIS JOHNSTON

Personal computers might have heralded the rise of the digital economy, but it is mobile devices – principally smartphones – that have sent it into another dimension, helping to embed technology into almost every aspect of our lives.

More than three quarters of adults in the UK now use the internet on a daily basis, according to the Office for National Statistics, and almost the same number (74 per cent) have made purchases online. On that measure the UK is at the forefront of the e-commerce revolution in Europe. Yet delving a little deeper into the figures reveals that British companies only rank eighth on the list of European countries for the proportion of firms that sell their products online.

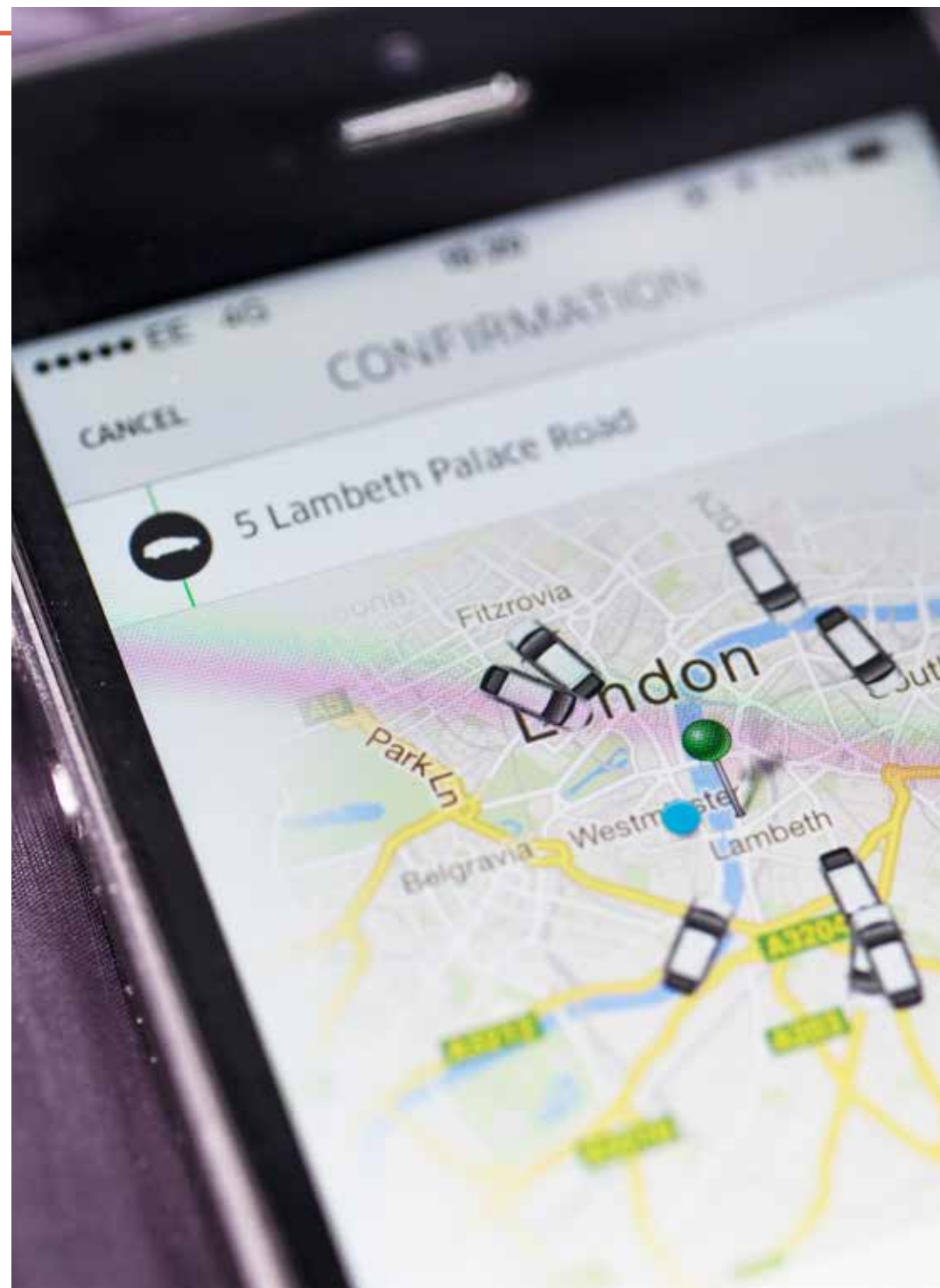
Getting a grasp on the true extent of the digital economy is an ongoing challenge for statisticians and researchers. In the words of Derek McAuley, professor of digital economy and director of Horizon at the University of Nottingham: "It's the economy, gone digital: it's everything."

Almost 1.5 million people – or 7.5 per cent of the UK workforce – are employed in digital industries and job growth in this sector is expected to continue rising rapidly

Given that an ever-increasing number of companies are conducting some aspect of their business online, the old boundaries are becoming increasingly blurred. And as Professor McAuley adds: "The average broadband speed has got nothing to do with the penetration of the digital economy."

According to the most recent official figures, almost 1.5 million people – or 7.5 per cent of the UK workforce – are employed in digital industries and job growth in this sector is expected to continue rising rapidly.

The biggest number is in London – more than a quarter of a million – but there are also significant totals in Bristol and Bath (just over 60,000), Manchester, Reading and Leeds. Strong employment growth has also been recorded in the past couple of years in Bournemouth, Liverpool, Brighton and Hove, and South Wales, as well as inner London.



While the digital economy is expanding and creating jobs throughout the UK, it has the potential to grow further, says Anna Rosso, a University College London academic who has co-authored a study for the National Institute of Economic and Social Research on using big data to measure the sector. "There is scope for more and more investment in this sector," says Dr Rosso, who with her colleagues found that companies in the digital economy have a similar average age to those outside it, putting paid to the idea that the sector is dominated by startups.

In Professor McAuley's view, the UK is holding its own in the digital race,

with significant clusters of companies creating products, such as apps, in areas including Shoreditch in East London, while hardware-focused enterprises are based in centres such as Cambridge, also known as "Silicon Fen".

"The UK is doing pretty well, but in Europe we do not have the same sort of 'go get it' VC [venture capital] mentality they have on the West Coast, which will invest in a business plan that's still under development," he says.

That is a crucial difference between the UK and the United States – American investors are more prepared to bet big and take greater risks. Britain needs to attract more venture capital to keep the digital

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£  
**10%**  
of UK GDP will come from the digital economy by 2016

Source: Innovate UK

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**APP ECONOMY IS DUE FOR A BOOST**

Once upon a time, in the years BS (before smartphones), we stood at the bus stop, hoping one might turn up sometime soon. Now all we have to do is click on an app to work out whether it would be quicker to walk than wait.

From keeping us connected with friends and family to entertaining us in a myriad of ways, apps have had a profound effect on our lives - and created a thriving industry in the process.

Apps are unquestionably big business and there is a thriving industry of developers across the UK who will typically charge corporate customers between £25,000 and £50,000 to develop one. Apple paid out a staggering \$10 billion to app developers in 2014, while Google is thought to have distributed about \$3 billion to Android developers from its Play store.

But given that about 38 million smartphones are in regular use in the UK this year - an increase of 9 per cent compared with 2014, according to eMarketer figures - the market may be levelling off.

According to the *UK Mobile Consumer Survey*, the average number of apps downloaded per user fell from 2.4 in 2013 to 1.8 last year. That could be because recent smartphone adopters - mostly those aged 55 and older -

are less tech-savvy and are using their devices for simpler tasks.

More significantly for developers, most users appear decidedly reluctant to pay for apps. Only 12 per cent of users have whipped out their credit cards to buy an app or a subscription, or made any in-app purchases, such as additional credits for games, the survey found. That meant the average monthly spend on apps was a princely £1.20 per smartphone owner.

It is also worth pointing out that apps are becoming ever-easier to create, in the same way that building a website is now a matter of dragging and dropping. "The tools that we use to create these things are getting better all the time - and getting better faster," says Professor Derek McAuley of Nottingham University.

Yet it is not all doom and gloom for the app economy. The imminent arrival of the Apple Watch is expected to spark a new gold rush for developers as they adapt existing apps and come up with new ideas based around its health monitoring capabilities in particular.

Smartwatches are also set to become the key control device as more and more devices in the home become connected to the internet, which will create another new app market.

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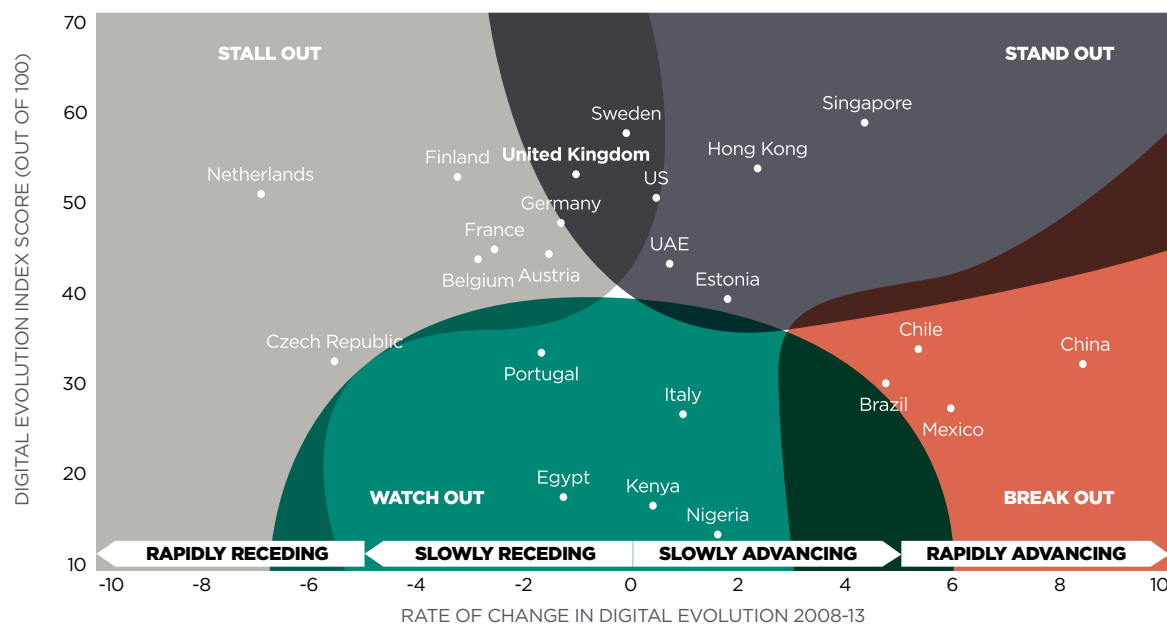
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**COUNTRIES ARE BUILDING DIGITAL CAPACITY AT UNEVEN RATES**



Source: Digital Evolution Index, The Fletcher School at Tufts University

economy expanding. It is also yet to produce someone of the calibre of Bill Gates or Larry Ellison, the founder of Oracle, who is single-minded in their determination to succeed.

But that is not to suggest that innovation is not taking place on these shores. The likes of Google and Apple do not always come up with new ideas or ventures in-house; they routinely buy UK startups whose technology or talent catches their eye. A case in point is DeepMind, a London-based artificial intelligence company whose aim is to develop computers that think like humans. It was bought by Google early last year for an estimated £240 million.

While altering the mindset of venture capitalists might be a challenge, Professor McAuley raises another, potentially far more significant topic: building trust in the digital economy. In his view, many consumers have become reluctant to give out their real details online for fear of it being sold or stolen. As a result, companies need to start behaving more ethically if trust is to be maintained, he argues.

As more and more small businesses enter the digital economy, there needs to be more government guidance for them around e-commerce, cyber security and data protection. Doing so on a mass scale would slash the average cost

and potentially boost the economy at the same time.

Existing companies that want to make the leap into the digital economy can also learn lessons from their "digital native" counterparts, as Nicola Mendelsohn, Facebook vice-president, Europe, the Middle East and Africa, points out. Doing so can help them to come up with new ideas and processes, and leave traditional, hierarchical structures behind, she told a recent Deloitte report. And that is just what the UK must do if it is to become a world leader in the digital economy - forge new paths and beat the US at its own game. The race is on.



# READY FOR MOBILE? HERE'S WHAT YOU MAY BE DOING WRONG...

*Is your website mobile-ready?  
A lot of companies are asking  
themselves this question*



**Carin Van Vuuren**  
Chief marketing officer



Mobile is set to overtake desktop traffic next year. Nearly half of all online sales are now completed through a smartphone or a tablet, up from 32 per cent the previous year. Being optimised for mobile is probably the number-one issue in commerce right now.

Yet many sites are deeply flawed for mobile – some are merely desktop sites in disguise. So it's vital to do a quick health check to identify cardinal sins.

Before getting into technical stuff, the first thing is to make sure the website's goals are correct. Early thinking split mobile and desktop. Then came responsive web design (RWD) which gave rise to the phrase "mobile first". The proliferation of screen sizes and devices means that mobile first is a false choice. A better motto is "customer first". This means giving customers the perfect experience on every screen.

The website must be rendered perfectly for all screen variations and for all standard browsers. No pinching or zooming to view images or content is allowed. No pdfs. It should be easy for users to fill in forms. Links ought to be finger-friendly. If steps can be eliminated, to simplify transactions, they should be eviscerated.

One basic error is a failure to place a search box on the home page. A prominent search box can drive conversion by ten-fold.

Speed is vital. Consumers expect mobile pages to render in less than three seconds. In fact, 85 per cent of mobile users expect pages to load as fast or faster than they load on desktop devices. The rise of 4G means the mobile experience has improved for consumers. But 4G is not available on all

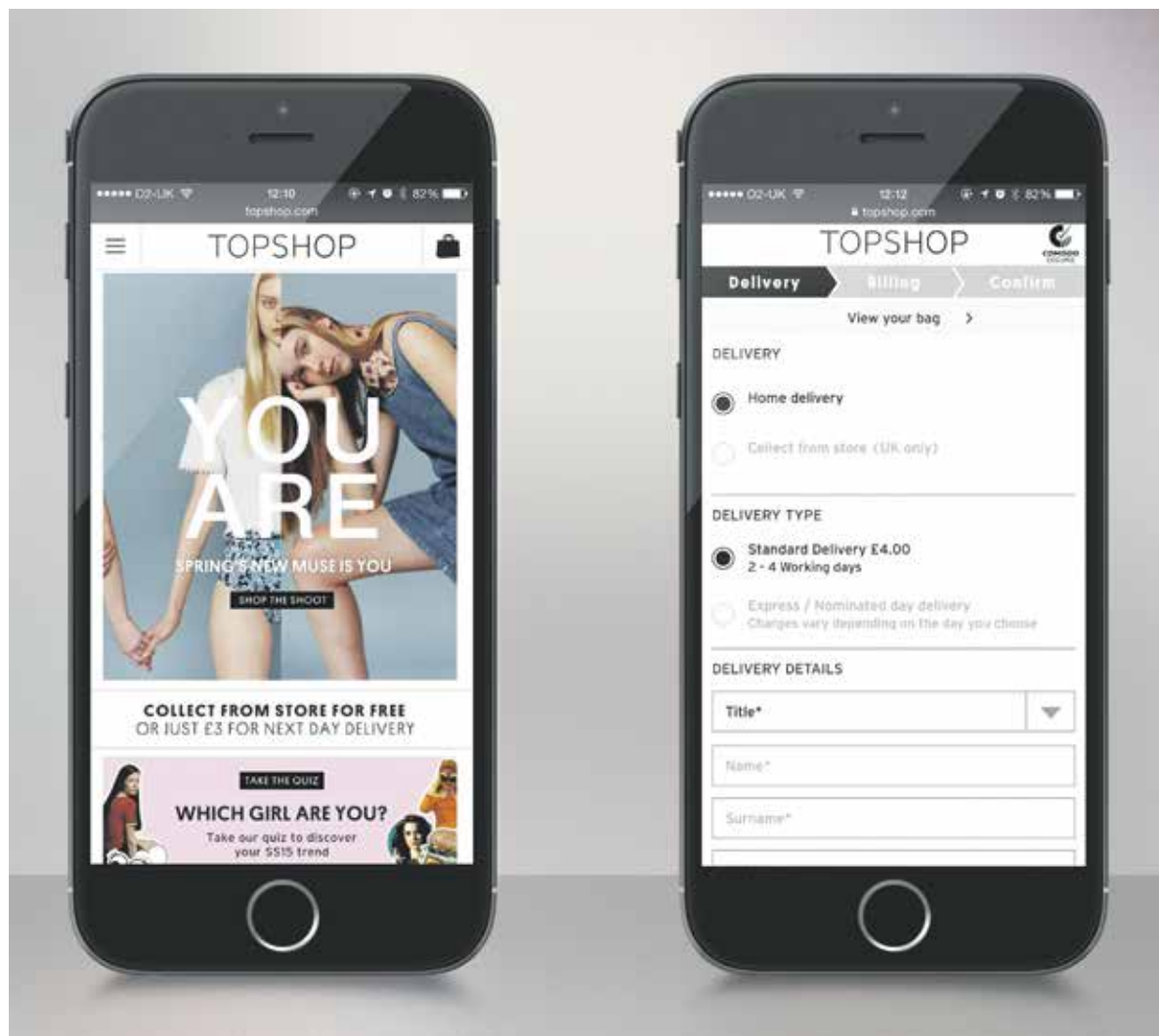
devices or at all times, even for 4G-enabled devices. It is vital websites can beat the three-second barrier on 3G. If mobile users need to download a megabyte of data, they will be waiting five to ten seconds. This is not acceptable.

The solution is to keep pages light for mobile devices. Cut out high-resolution images, moving graphics interchange formats (GIFs) and redundant text. Pop-ups should be axed. A minimalist layout will allow the users to focus on what they want to see. Load speeds will rise. Bounce rates will fall.

These are basics. Fail on any of these and customers will either go back to their desktop or to a rival's website. Yet "customer first" demands a lot more from websites. Personalisation is key. Every user should be served tailored content. It is a simple task, yet one missing from an awful lot of sites.

Personalisation can be done by referencing browser history or the user's purchase history. If the user always buys the same products, then place these front and centre from the word go. Social log-ins, such as Facebook and Google+, are great for this. It is possible to gather information on a user's likes, network and social profile.

Location is a key ingredient. Does your site adapt currencies based on the user's location? Shipping options and certain location-specific content ought to auto-configure. A quick method to personalise is to use third-party feeds. Travel sites can display weather conditions or storm conditions on utility company sites. There are so many possibilities that there really is no excuse for offering no personalisation at all.



Shopping-cart optimisation is a priority. A tiny glitch at the cart will trigger abandonment. A consistent fault is too many steps in the checkout process. Consumers need to be able to complete their transactions with the absolute minimum of new-page loading. A drastic error is "forced registration". Consumers want to buy, not sign-up to your newsletter at the vital moment.

Adding mobile payment options, such as PayPal, Apple Pay or Google Wallet, can let consumers skim through the checkout process. It may be necessary to rebuild your checkout for different platforms. What works on desktop may not be the best way to handle users on 4.3-inch mobile devices. The ultimate crime? You can still see mobile sites directing users to the desktop checkout page. This is completely unacceptable.

“**Shopping-cart optimisation is a priority. Topshop gets it right with a simplified checkout and prominent progress bar so users know where they are in the process**”

Lastly, consumers love having access to customer service on mobile. A "click to chat" or "live chat" function can ensure users get help before they abandon the website.

When rectifying errors, or improving by iterations, the golden rule is to test repeatedly. Pre-testing each and every stage of the mobile site ensures you don't waste valuable developer resources building sites which are slow or deliver poor user experiences.

A great way to ensure your website is performing well is to benchmark against a top performer. Topshop is one of the UK's elite retail sites, with more than four million visits a week. A huge chunk of that traffic is via mobile. In December 2014, Topshop launched a new mobile site, running on an application programming interface basis, with a refreshed user experience and redesigned checkout flow.

The experience is contextually relevant for mobile, with home-page images changing frequently to encourage clicks to product pages. Topshop offers a simplified checkout with a prominent progress bar so users know exactly where they are in the process.

Topshop's revamp was conducted in partnership with Usablenet, a mobile technology company that helps brands create and build award-winning experiences in mobile. Leading global brands, including seven of the top-ten UK retailers, partner with Usablenet to create multiscreen experiences their customers value.

With Usablenet's tools and advice, you can address the four key questions for mobile:

- Is our mobile a user-centric experience?
- Are we following fundamental user-experience (UX) practices that users have come to expect on mobile?
- Have we eliminated barriers to purchase on mobile?
- Have we designed with speed in mind?

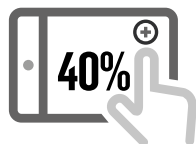
Get these right and your website will be well placed to handle even the most impatient consumers, no matter what device they are on.

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£14.95bn



forecast consumer spending  
via mobiles in 2015  
Source: RetailMeNot-2015



of all online sales are now completed  
through a tablet or smartphone  
Source: IMRG



of consumer traffic on Black Friday  
was via smartphones and tablets  
Source: IBM

# 10 digital strategy tips

*Few, if any, businesses in the UK can operate without digital technology, but turning digital tools into business growth is not straightforward. Raconteur asked the experts to find some of the best ways to take advantage of the digital economy*

## 1 KNOW WHY YOU'RE GOING DIGITAL

Sometimes the need for digital strategy is clear. But even when it seems obvious, it is worth spending time to understand what the drivers are for any digital project.

"It's crucial to have a clear purpose or objective before embarking on any digital initiative," says Stephen Dann, a growth coach at GrowthAccelerator, part of the government's Business Growth Service.

"Many businesses don't really know why they are setting up a Facebook page or developing an app – they just feel they should have one. Only by defining a clear set of requirements can you decide on the best approach to reach those goals."

## 2 PUT CUSTOMERS FIRST

Again, this may seem obvious. But the experts warn that the need to put customers first is all too often overlooked – and a key reason some digital projects fail.

"Place the customer at the centre of your digital strategy. Simply digitising content and blasting it out to social networks and apps is a sure-fire way to waste your investment," cautions Laurence Buchanan, an advisory partner and digital leader at EY, the professional services firm.

"Building customer attention, let alone engagement, is difficult. It's essential to maintain a razor-sharp focus on customer needs and the journeys they go through."

## 3 BE RUTHLESS ABOUT CUSTOMER EXPERIENCE

Digital technology is incredibly flexible, but sometimes that very flexibility is its downfall as firms try to do too much.

The best digital companies are stripping away complexity and stressing simple efficiency. This means emphasising function rather than form. According to Jiten Kachhela, of consulting firm North Highland, successful apps and websites often now have just "one action per screen" and little in the way of options or embellishment.

"It is about being ruthlessly user-centric in design; no one else gets a look in except the designer and the user," says Mark Raskino, a vice president and fellow at research firm Gartner.

## 4 USE DATA WELL

Companies have built up vast treasure troves of data, about customers, suppliers and trends, but data is only valuable if it converts into business decisions.

"You have to be able to understand customer data and be able to act on it," says Rob Mettle at PA Consulting Group. But this means more than smart analytics.

"It is easy to buy a lot of technology or get analysts in and discover amazing things in the data, but you need to know where you are heading with it," says Jason Lark, managing director of Celerity Information Services. This means knowing the questions the business wants to answer and measuring results.

## 5 MAKE SURE YOU MEASURE

Data gives businesses insights into their operations as never before. But managers still need to test whether digital initiatives have performed as expected. Whatever your goals – audience building, awareness, clicks, engagement or purchases – ask yourself do you know how to measure these things?

"It's vital to measure your strategy's performance and analyse its impact, constantly figuring out what the data is telling you and then experimenting to improve performance," says Stephen Dann at GrowthAccelerator.

"Don't do anything, unless you can measure it," says Celerity Information Services' Jason Lark. "You need to understand the value of what you are doing."



◆ STRATEGIES  
● STEPHEN PRITCHARD

## 6 MAKE SURE THE BOARD IS ON BOARD

Not all companies have embraced digital. So it is up to the digital advocates in a business, whatever their background, to convince a sceptical board to invest. Perhaps you should even consider recruiting digital executives who will contribute effectively to the company's leadership.

"You have to have a hard look at your organisational culture. A culture driven by change is very different to a hierarchical management style," says Krishnan Chatterjee, global head of the digital business taskforce at technology consultants HCL.

"If your organisation is going to kill change, you are better off doing digital as a new venture."

## 7 THINK ABOUT PEOPLE AND SKILLS

When it comes to the unique assets that help businesses thrive, there's arguably nothing more important than the right human capital. Yet for so many companies, finding the right talent, specifically digital talent, is a perpetual challenge.

No amount of digital technology will help a firm, without the people to make it work.

"Find, hire and keep the right people," says Laurence Buchanan at EY. "Digital has crept into almost every aspect of life with astonishing speed, but knowledge and skills are yet to catch up." Firms that fail to nurture their digital talent will be at a real disadvantage to those that do.

## 8 BE READY FOR CHANGE

The digital economy has meant change has always been with us. But emerging technologies, such as the internet of things and wearables, will mean still more change.

"Don't think in end-states. You have to be comfortable making progress through continuous change," says HCL's Krishnan Chatterjee.

"Digital is important to all companies, particularly those that trade around the world. We've always moved with the times," says Alan Hughes, managing director of the Whitechapel Bell Foundry, the UK's oldest manufacturing business. Moving with the times includes using a 4G data connection from mobile provider EE to stream the sound of bells to clients during meetings.

## 9 REVISIT YOUR FOUNDING PRINCIPLES

The best businesses are those that are true to their founding principles, according to Gartner's Mark Raskino. Ford, for example, faces a world of electric vehicles and driveless cars, but chief executive Mark Fields looks back to Henry Ford's ideas for guidance.

"Going digital will test the foundations of what you are as a company," says Mr Raskino. "Go back to the founder of your corporation and ask what would they have done?"

More times than not, the answer will be stay true to customer service through creativity, innovation and thought leadership, ensuring the business is fit for the future.

## 10 MAKE DIGITAL MAINSTREAM

Digital is now part of every business and having a separate digital department, or even a digital director, can slow growth. Sometimes a separate digital department or even subsidiary may be the best way to go, but plan to bring this back in-house later.

"Our advice for business is you can create digital teams to accelerate growth, but at some point they need to merge back into the business – and those digital titles will disappear," says Jiten Kachhela of North Highland.

Your organisation needs to be imbued with digital, your staff need to be digitally skilled and enthusiastic about it, and they need to pass on both the enthusiasm and the skills.

COMMERCIAL FEATURE

# STATE OF THE DIGITAL MARKETER

*As the pace of change and innovation in digital technologies continues to pick up, we're seeing businesses constantly trying to make themselves stand out*



Teamed up with the high expectations of connected consumers, the importance of establishing your brand in the digital world is a top priority for many. It is this increasingly digital nature that has been the catalyst for propelling marketing into an even more elevated role within organisations, making it now unusual for digital marketing to be treated as its own silo.

Recent research that we carried out among marketers in Europe found that more than two thirds (68 per cent) believe marketing has changed more in the last two years than in the previous 50 and half expect their own roles to change in the next year. The key driver behind this is digital. A further survey focused on UK marketers found 43 per cent now believe more than half their marketing activity is digital, a substantial 60 per cent increase over the 2013 figure. In addition, digital skills are now seen as central to almost all marketing positions with 92 per cent stating they are important, including 99 per cent of C-level executives.

With digital now a focus, marketing departments are facing huge pressure from the business to bring more "visionary" thinking to the table to position their brand ahead of the competition. While creative ability will always be important, modern marketers must now combine this with analytical know-how to come up with smart and successful ideas. It is important that marketers feel more com-

fortable with these changes and, with the help of technology, training and direct experience, we're already seeing marketers tackle these challenges head-on, with 84 per cent having some level of confidence in their digital skills.

As we move further into 2015, it is clear that the opportunities for marketers have never been greater. At Adobe, we've continued to see customer experience take centre stage as more companies realise how crucial it is, not just for differentiation against competitors, but for survival in an unforgiving business world.

This was reflected in our *Digital Intelligence Briefing: Digital Trends for 2015*, which revealed that more than one in five marketers believe customer experience to be the single most exciting opportunity this year. While creating an excellent customer experience can be a complex process, the positive response and dedication to using it as a point of differentiation bodes well as it shows companies commitment to customer experience for the long term.

There are some fundamentals for every customer-experience-focused company. Firstly, the experience needs to be consistent whatever the device. Secondly, taking speed and safety into consideration. And lastly mobile. The emphasis on getting these right coincides with meeting rising consumer expectations. As a result we've seen brands increase their focus on customer satisfaction at every

touch point during a customer's journey in an attempt to foster loyalty and create memorable experiences, which in turn help them reach the ultimate goal – impacting sales conversation and therefore the bottom line.

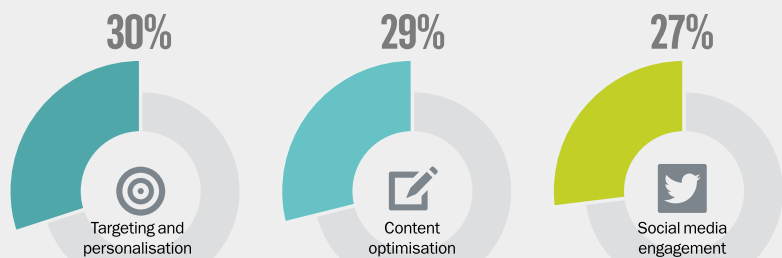
While the potential impact of customer experience cannot be disputed, mobile is in many cases the channel that enables many other initiatives. We have seen the "year of mobile" come and go, with many of the new innovations in digital marketing centred on developing intimate relationships with the customer.

**“To truly maximise opportunities around customer experience, personalisation and geo-targeting technology, mobile should be seen as 'business as usual', rather than an optional capability**

But it is important to realise that mobile's relevance has actually increased. Smartphone and tablet adoption continues to drive how brands engage with customers and, in order to make the most of it in today's environment, mobile should be a core competence that can be built

## Personalisation has become top-of-mind for companies aiming to improve the customer experience

Which three digital-related areas are the top priorities for your organisation in 2015?



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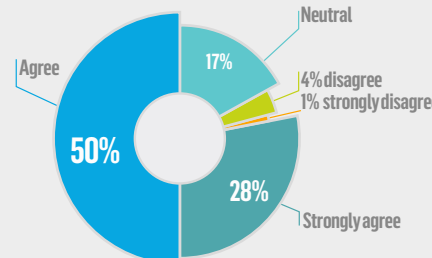
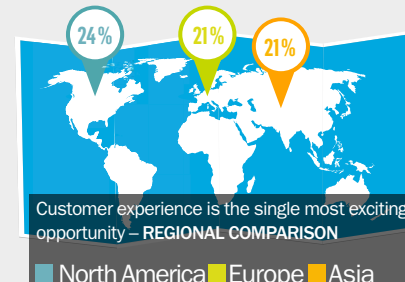
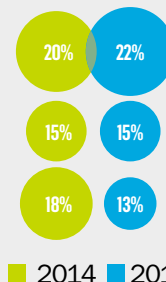
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Insights from the Adobe 2015 Digital Trends Briefing, based on a global survey of more than 6,000 marketers



### Customer experience (CX)

emerged as the most exciting opportunity for the year – just ahead of mobile and with content marketing in the pecking order



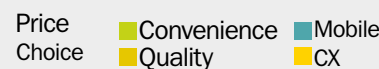
**78%** of company respondents are attempting to differentiate through CX, with **28%** strongly agreeing with the statement



Thousands of companies say that

**44%**

CX is the NUMBER-ONE WAY they hope to differentiate themselves over the next five years



### Geo-targeting signposts a new era in mobile

Despite the benefits, **only 11%** of responding companies with retail outlets are currently using the technology, with **a further 13%** planning on using geo-targeting technology in the next 12 months



upon rather than a standalone special feature. The development of geo-targeting technology is a perfect example of this, signposting a new era in mobile with 13 per cent of marketers planning on using geo-targeting in the next year.

In order to truly maximise opportunities around customer experience, personalisation and geo-targeting technology, mobile should be seen as "business as usual", rather than an optional capability.

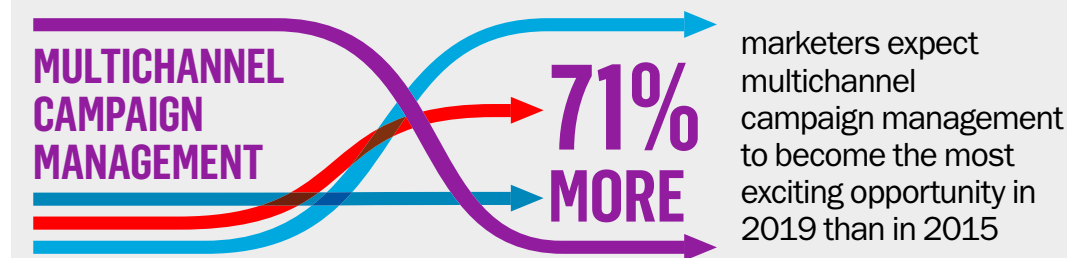
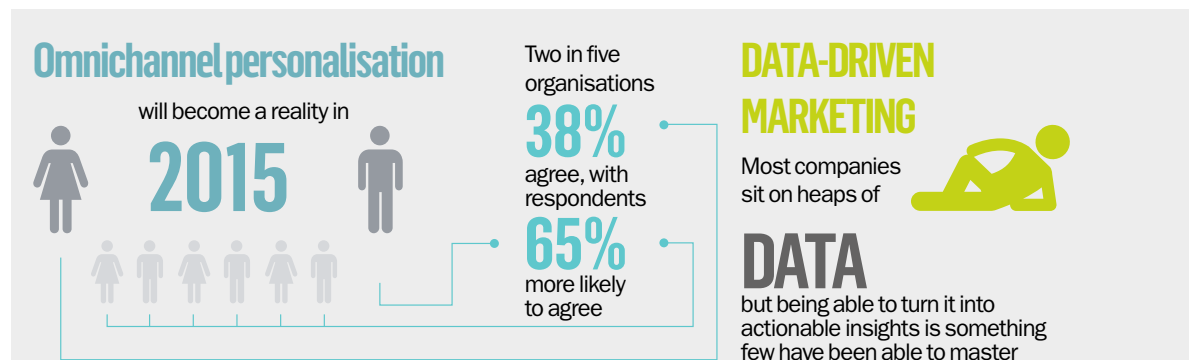
Another key trend for this year is the way that businesses are now approaching personalisation. The more enlightened businesses are thinking of personalisation across the whole customer journey

rather than in a particular marketing silo, with our statistics showing that two in five (38 per cent) organisations agree that omnichannel personalisation will become a reality during 2015.

As mobile continues to gain scale, it becomes more important to offer the multi-channel customer an omnicross channel experience through personalisation and targeting on different platforms and channels. The fact is personalisation is all about customer experience. When you give people exactly what they need and when they need it, on whatever channel they are on, they are going to love you. It doesn't get much more emotional than that.



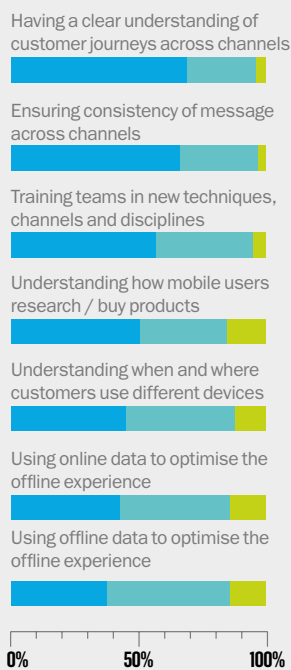
COMMERCIAL FEATURE



How important

will the following be for your digital marketing over the next few years?

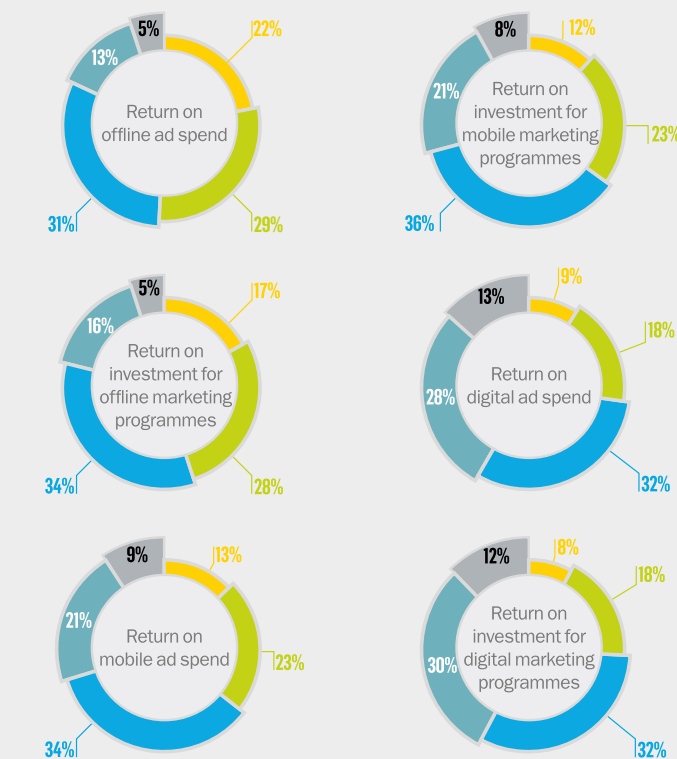
- Very important
- Quite important
- Not important



Marketing ROI investment

How confident are you in your organisation's ability to measure your marketing return on investment spend?

- Not at all confident
- Extremely confident



Our trends report found the emergence of targeting and personalisation (30 per cent) to be the highest digital-related priority area, narrowly ahead of content optimisation (29 per cent). The technology has long been available for marketers to target optimised content at website prospects and customers across the right mix of channels in a way which is timely and highly relevant to their implicit and explicit needs.

Nonetheless, personalisation is one of the opportunities that will be more exciting to marketers in 2019 than in 2015, alongside big data, multichannel campaign management, marketing

automation and location-based services. Right now, the next step for many is execution, pulling together mobile, content, data and the various other building blocks and deploying them in a harmonious fashion. A well thought-out approach is becoming even more important in a world where mobile devices and wearable technology mean that the digital and physical worlds are no longer separate. We're all living in a digital economy, and it is those marketers who are brave enough to bring something new to the table and demonstrate their value to consumers who will ultimately be rewarded.

Adobe research used in this article includes:

- *Digital Roadblock: Marketers Struggle to Reinvent Themselves, European edition* (Edelman Berland, 2014)
- *The Changing Role of UK Marketers* (Vision Critical, 2014)
- *Digital Intelligence Briefing: Digital Trends for 2015* (in association with Econsultancy, 2015).

# MOBILE APP MANDATE

Q&A with Mark Phibbs, vice president, Europe, Middle East and Africa marketing, Adobe



**Q. How can brands reinvent themselves for the mobile-first era?**

**A.** There's never been a more creative or exciting time in mobile marketing. The complex and rapidly changing mobile ecosystem means new opportunities for those ready to take them. Mobile apps are emerging as the champions in the digital world, attracting more loyal and more active customers than the mobile web. They are also the gateway to new innovations such as iBeacons, mobile wallets and wearables. Put simply, brands must not only think mobile first, but mobile apps first.

**Q. What is the best approach to build and manage a successful mobile app?**

**A.** Building a great app experience remains a mystery for many brands and it's not difficult to see why. Managing the complete app life cycle, from app development and user acquisition to analytics and user engagement, is a complex process with a vast array of mobile tools and skills required. To go from concept to success without the hassle, brands must get rid of disjointed point solutions and implement a fully integrated mobile platform.

**Q. How do you acquire users? And how do you keep them engaged?**

**A.** Brands can connect with the right audiences by using data-driven mobile marketing technology. But acquiring new users is only the beginning and the first month is a critical time to really win them over. Brands must consider what special messaging will they provide to retain and gain their loyalty? What app features do they need to introduce to new users? How can they make their customer service team available if customers experience frustration, confusion or simply have first-time user questions? Contextually relevant experiences and promotions are crucial. Loyalty-building needs to continue beyond the first month with an ongoing engagement plan that includes push messaging, in-app messaging and geo-location tactics.

**Q. What can you find out about your customers from their mobile app engagements?**

**A.** You need to understand customers' in-app behaviour to understand fully the digital customer journey. With analytics tools, brands can get a deep understanding of how consumers are using their apps, allowing them to engage mobile audiences across a variety of channels. Knowing how users got to download the app, how frequently they launch it and paths they take will help brands to offer services to help, not hinder, their journey.

**Q. What is in-app messaging and how can it engage users?**

**A.** In-app messaging could be anything from targeted product suggestions, serving up relevant videos, or in-store welcome messages triggered by iBeacons. To make sure messages engage users, it is crucial the tone is helpful and the content is relevant.

**Q. What are the possibilities for mobile apps connected to iBeacons?**

**A.** The iBeacon's accuracy is exciting for innovative brands ready to push the mobile limits. There are already some great examples for how mobile apps connected to iBeacons have been used to improve the customer experience in sports stadiums, retail stores and points of interest, whether that is exclusive content or "local" app notifications based on the consumer's proximity to an iBeacon. The main challenge for brands is to communicate the value of "opting in" for push notifications, essentially giving permission to engage with them.

**“ Adobe's fully integrated mobile platform is the most complete solution in the industry and the first of its kind**

**Q. What technology will help brands build and manage their apps?**

**A.** Adobe's fully integrated mobile platform is the most complete solution in the industry and the first of its kind. It is designed to eliminate enterprises' dependence on an array of disjointed point solutions, instead offering the choice of using an integrated approach for developing and managing apps. It dramatically simplifies the highly fragmented app development process, making it simple to build and iterate on apps to maximise app customer engagement.

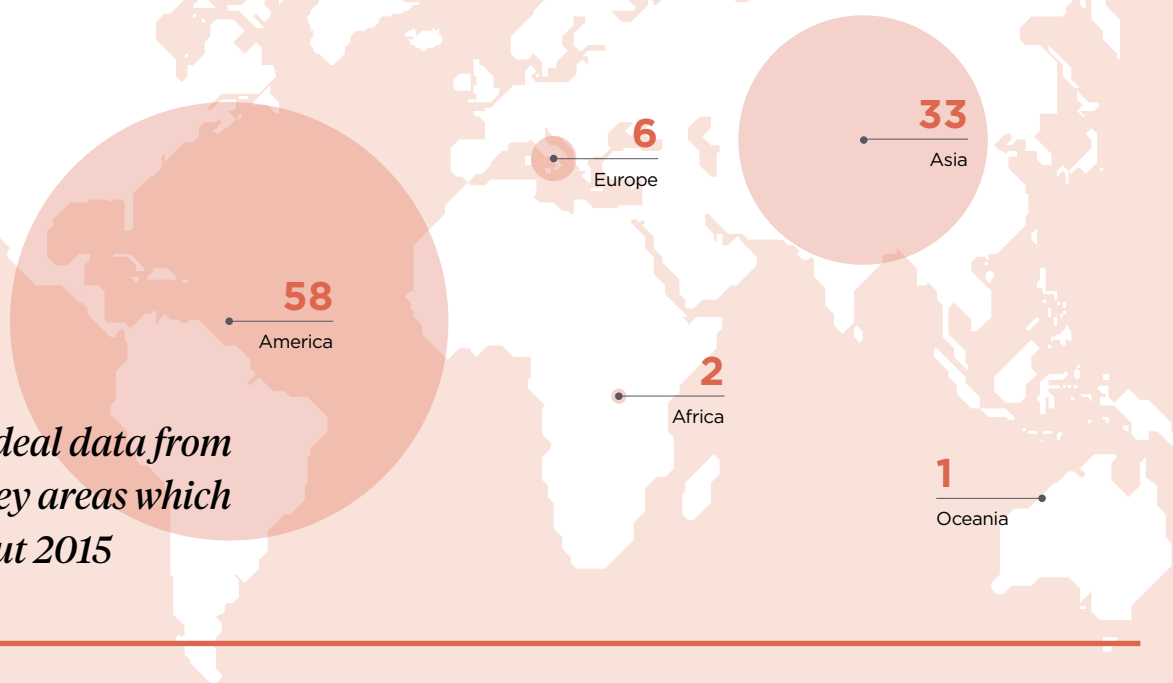
**This topic, along with all areas of digital marketing, will be discussed at the Adobe EMEA Summit 2015, taking place on April 29 and 30 in London. Follow the conversation at #AdobeSummit and see more at summit.adobe.com/emea**



# Where the smart money will go next in digital

The digital market is in constant flux. Drawing on deal data from analysts StrategyEye, Tom O'Meara explores five key areas which are expected to attract major investment throughout 2015

GEOGRAPHICAL VARIANCE OF THE TOP 100 VALUE VENTURE CAPITAL DEALS



◆ VENTURE CAPITAL

● TOM O'MEARA

## 1 E-commerce and marketplaces

In 2014, nearly \$15.5 billion was invested in e-commerce with online marketplaces making up the majority of that investment, accounting for nearly three quarters of the total investment and just under half the deals. Annual investment in marketplaces has increased steadily over the past four years for two broad reasons. Firstly, the one-size-fits-all e-commerce model pioneered by Amazon and eBay has reached investor saturation. The new wave of marketplaces is for specialists, catering to specific niches or interests. The second driver is the sharing economy. First apparent in investment circles in 2013, investor appetite for the sharing economy has only intensified since then and will continue to be apparent this year.

## 2 Sharing economy

Not every marketplace is part of the sharing economy and similarly the sharing economy embraces far more than just marketplaces. Sharing economy and collaborative consumption are buzz terms, but represent more than just hype. It's a phenomenon affecting various sectors whether it's Uber saying it wants to make private car hire more affordable than owning a car or Spotify encouraging us to not buy albums, but just access music through its platform. In investment circles, the sharing economy will continue to attract an enormous amount of cash as mature businesses in this space continue to try and scale. Uber alone accounted for three of the top-ten sharing economy investments in 2014. Expect more eye-catching investments here this year.

## 3 Fintech

The way we pay for our goods, bank online, borrow money and transfer money is fundamentally changing. Technology is disrupting the way money moves around the planet and fintech as a sector is coming of age. Venture capital investment is higher than ever, the infrastructure and hardware is becoming more prevalent and adoption levels, both among companies and consumers, are finally gaining traction. Last year was something of a watershed for fintech

investment with \$100-million-plus deals put into the likes of Credit Karma, Square, Stripe and Renrendai. Looking at where fintech will reveal funding this year, there's still plenty of investor appetite for startups addressing payments, lending services, money transfers and crypto currencies. With fintech-focused funds and accelerators continuing to emerge and mature, expect to see plenty more activity in 2015.

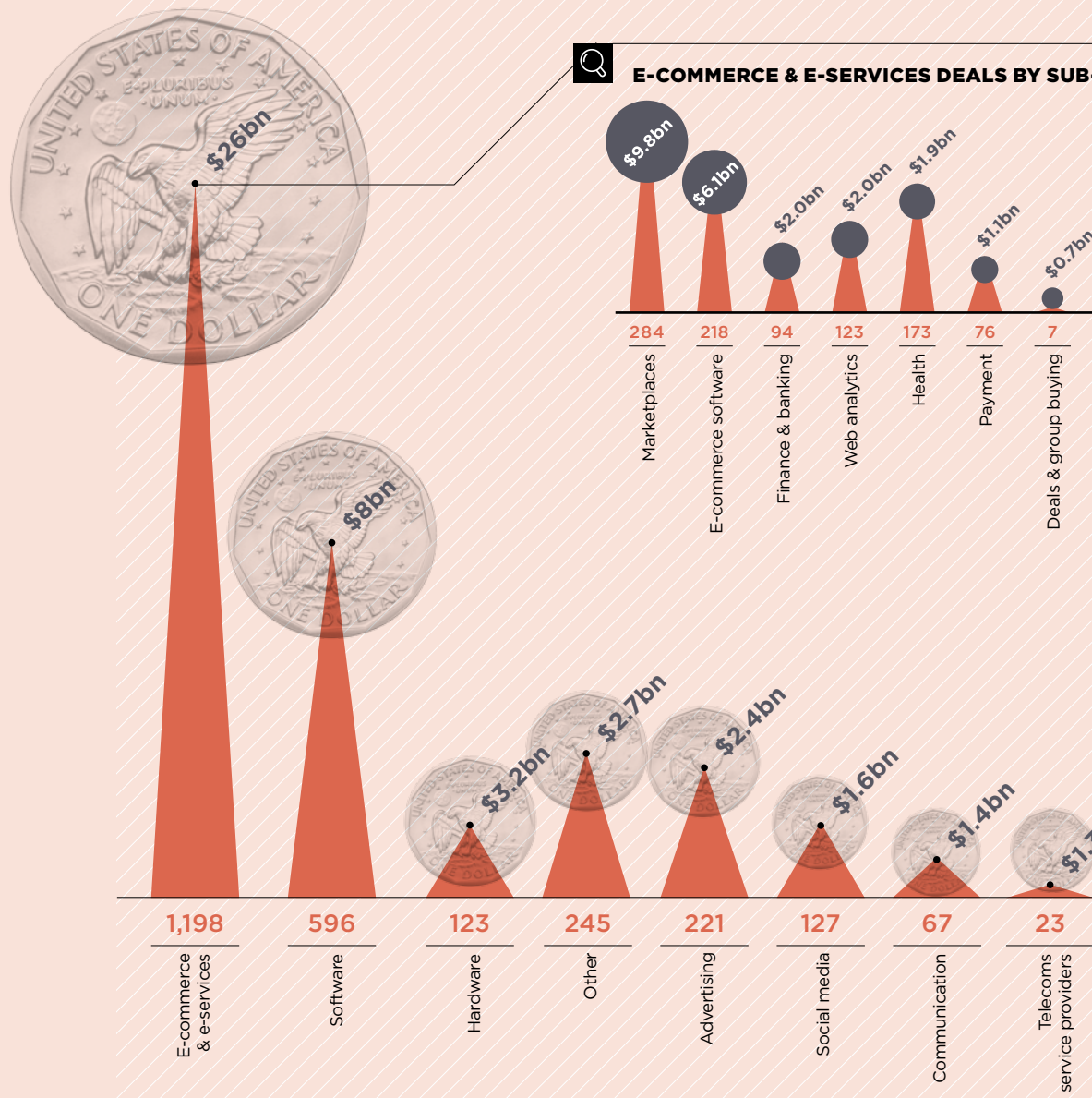
## 4 Internet of things

Consumer adoption of the internet of things or IoT is likely to take off in 2015 as more and more manufacturers bring smart appliances and devices to market that will become part of the fabric of people's lives. With governments getting behind smart city programmes that involve energy efficiency, there is also likely to be support from the establishment. Although much IoT activity in 2015 will come from major players, they'll be a drip-down effect in the startup ecosystem. After all, this area is incredibly ripe for innovation. More than half the deals tracked last year were under \$10 million and it's likely that this year will see many of these companies raising larger follow-up finance rounds. As with wearable tech, many early-stage IoT companies are crowdfunded, and expect them to look to venture capitalists as the market matures and the demand for greater sums of capital increases.

## 5 Wearable technology

It's essentially a subset of IoT, but wearable technology made a big impact in tech consciousness last year with both consumer awareness and adoption increasing in tandem. However, without the \$542 million put into Magic Leap last October, investment levels would not have matched the hype. But in 2015 expect venture capital levels in wearable tech to remain high for two main reasons. Apple's entry into the space with its smartwatch should act as a catalyst for the space in terms of investor interest. In addition, a lot of device-centric startups have taken on cash via crowdfunding to date. For their next generation of devices, these startups will look to venture capitalists for financing. Crowdfunding will still play a big role, but as the market matures expect more venture capital activity.

## WHERE IS VENTURE CAPITAL INVESTMENT FOCUSED?

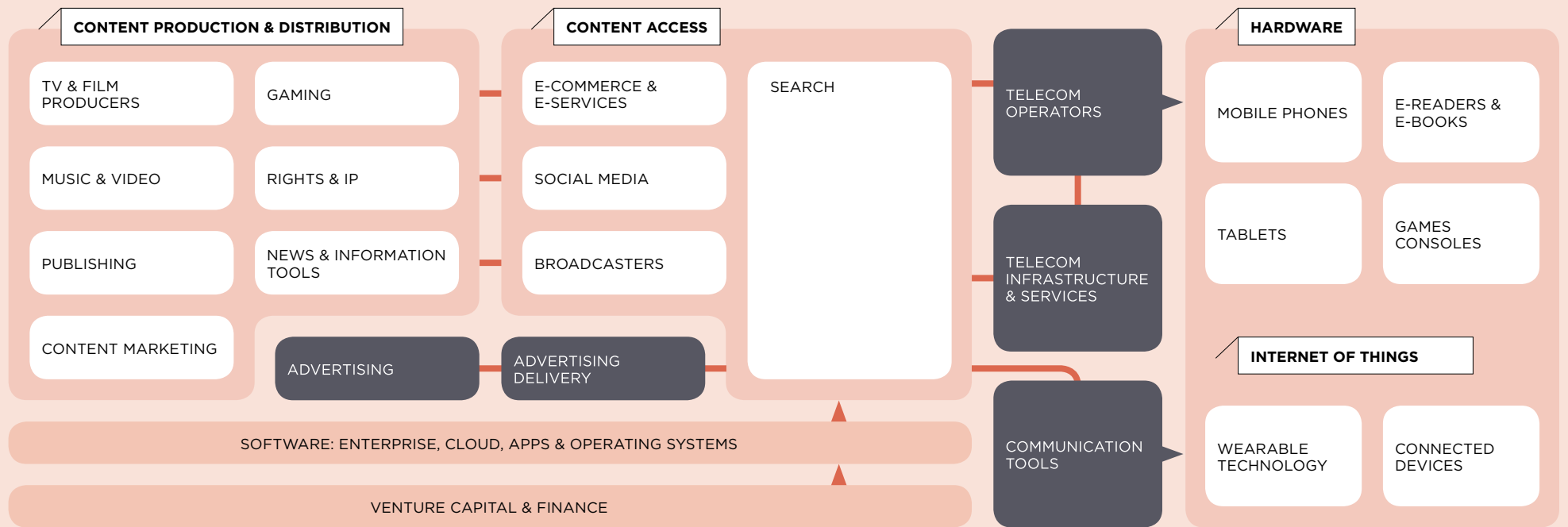


## TOP 10 DEALS

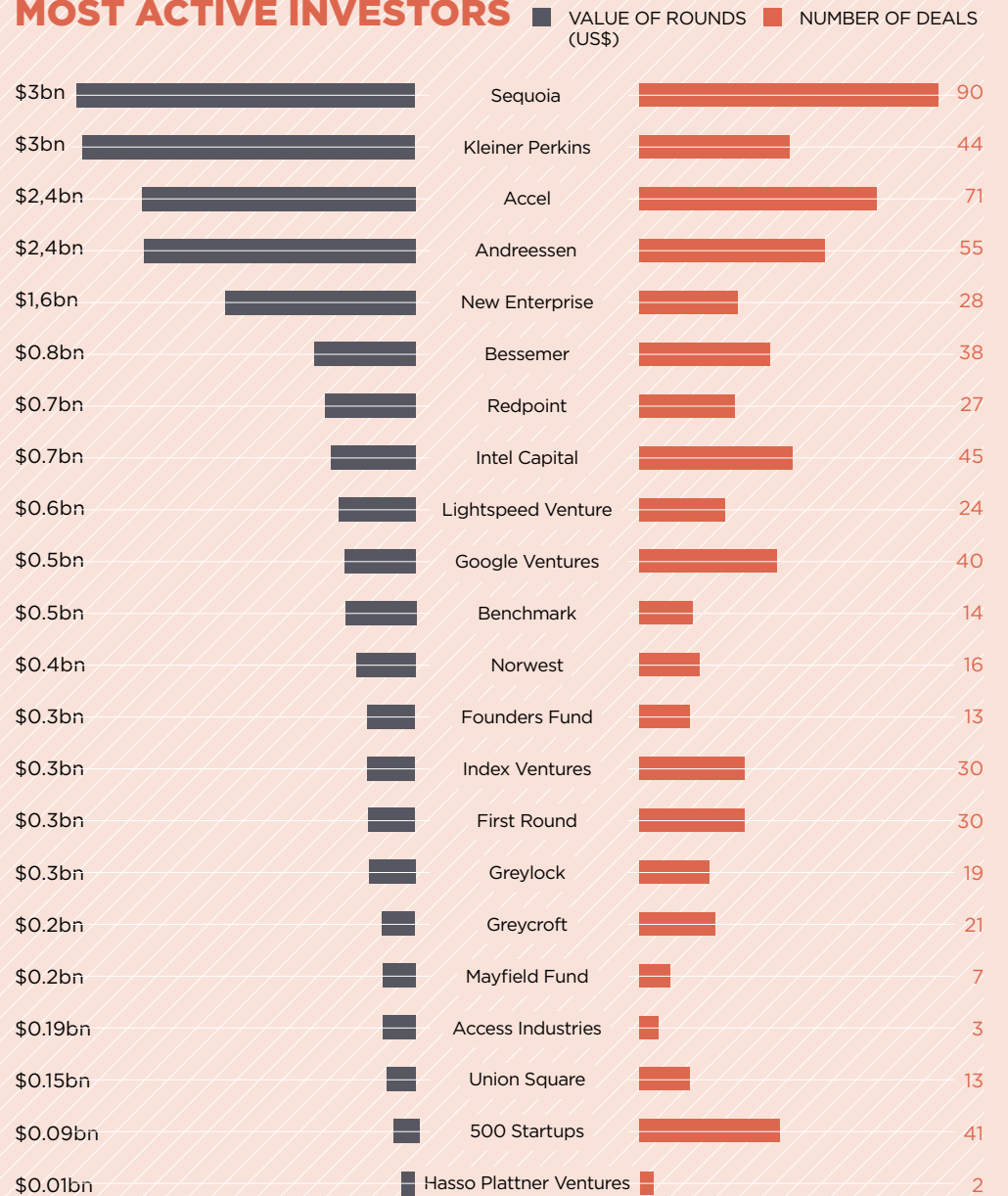




## INVESTMENT DEAL-FLOW MAP



## MOST ACTIVE INVESTORS



# Create a channel and get a following

*Video marketing, pioneered online by YouTube and coupled with the spread of smartphones, has put brands and their products in the palm of the consumer's hand*

## ◆ VIDEO

● EDWIN SMITH

If you haven't seen the first-ever YouTube video, well, you're not missing much. *Me at the zoo* was uploaded on April 23, 2005 and is a grainy, 18-second clip in which Jawed Karim, one of the site's three co-founders, stands in front of an elephant enclosure and explains that "the cool thing about these guys is that they have really, really... really long trunks. Um... and that's cool." He adds: "And that's pretty much all there is to say."

Fortunately for Jawed and his co-founders Chad Hurley and Steve Chen, YouTube's relatively inauspicious beginnings didn't prevent it from becoming a global, game-changing phenomenon – and it's still getting bigger.

Less than a decade after that first video went up, the site has one billion users worldwide and is adding 300 hours of new video content every minute. It is, by some distance, the biggest video-sharing website on the planet and, if it were a standalone entity rather than part of Google, would rank as the second largest search engine in the world. YouTube video searches account for a quarter of all Google searches.

Throughout the site's short history, it has always grown quickly. About 18 months after it was launched by the three former PayPal employees working above a pizzeria in the Silicon Valley town of San Mateo, the company was acquired by Google for \$1.65 billion. That was in the autumn of 2006, by which time it had already become the fifth most-visited website in the world.

That same year, YouTube would feature on *Time* magazine's *Person of the Year* cover, as the publication recognised user-generated content as a growing and important trend. It was a good call. By 2007, YouTube was thought to be using bandwidth equivalent to that of the entire internet in 2000. By 2010, it was serving 2 billion videos each day and claimed to have nearly double the audience of all three major US cable networks combined.

Since Google doesn't release separate financial information for YouTube, it's difficult to measure how well it is doing in monetary terms. But eMarketer estimates it made \$5.6 billion in 2013, while ZenithOptimedia projected that the total value of the online video advertising would grow at 24 per cent a year between 2013 and 2016. And as more and more people use their smartphones to watch video, YouTube's revenues are only likely to swell. Indeed, more than half of the site's



### DID YOU KNOW?

**92%**  
of mobile video viewers  
share clips with others if they  
are engaging

Source: Slinky Productions

income from ads is now accounted for by mobile.

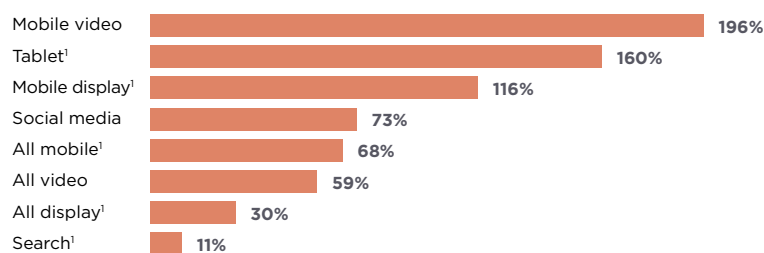
"Smartphones mean that people have got a video device in their hand or pocket at all times," says Matt Smith, executive producer at digital video production company Tech TV. "They don't

have to log on, plug in or sit down – it's just there, ready to go. And it's a massive market."

Mr Smith says that, by and large, businesses are alive to the scale of the opportunity that has come along with the rise of YouTube. "It's a no-brainer. Not doing video as a business has become like not having a website was a few years ago. And, from what we see, the majority of companies are aware of that," he says. However, Mr Smith adds, being alive to the opportunity and actually getting the most from it are two very different things.

"The demand for video is going up and, at the same time, attention spans are going down. So my advice is always to think about how the audience is likely

### YEAR-ON-YEAR GROWTH FOR SELECTED DIGITAL AD FORMATS\*



<sup>1</sup>Growth rates are like-for-like

\*Formats are not mutually exclusive - there is overlap  
Source: IAB/PwC H1 2014 *Digital Adspend Study*



Volvo Trucks had a global smash hit with its 2014 Jean-Claude Van Damme campaign

to interact with it," he says. "People are on their iPads or their phones and, in the evening, they're dual-screening. So good, effective video tends to be short and sharable."

YouTube's TrueView ad system means viewers have the option to skip pre-roll commercials after just a few seconds. "That means, if you're making an ad, you have to get the most important, engaging thing on the screen first," he says.

YouTube has supported super-high-definition 4K video since 2010, a year before it was widely seen in cinemas, and the price of cameras capable of producing footage of that resolution – 3,840 by 2,160 pixels – is dropping fast. Later this year, Sony is expected to release the HDR-AX33 Handycam. At around \$1,100 it will be the cheapest 4K camera ever.

But for companies that want to show off what they can do and paint themselves in the best possible light, YouTube isn't the only option. Having a video in the memory of a phone is becoming a new type of business card – something easily to hand if there should be a short, off-the-cuff meeting with a client. But other hosting sites are popular too.

"Vimeo and YouTube are like kids on the same block who grew up next to each other, but who took different paths," says Vimeo's vice president of content acquisitions, Sam Toles.

"YouTube is certainly the dominant player, but the ecosystem includes anyone who loads anything – from cats

playing the piano, to creators who have millions of subscribers. And it's funded by ad revenue. Vimeo is the artistic kid in the neighbourhood. There are no cats or makeup tips; it tends to be longer form and produced by people who are passionate about high-quality content."

The clean, uncluttered look of the site means that it seems more "expensive", for want of a better word. And, in truth, it is. Businesses pay for premium accounts but, in exchange, rest safe in the knowledge that a thumbnail of a

teenager giving cat makeup tips in their own bedroom is unlikely to crop up next to their high-end sales pitch.

But according to Dominic Smales, the founder of Gleam Futures, the agency that manages some of YouTube's multi-million-subscrib-

er vloggers, such as Zoella and Alfie Deyes, companies shouldn't ignore the opportunity to tap into that market, although it might not be right for all types of business.

"The talent that we have on our roster will become more important because they have a much more developed and intimate relationship with the audience, who they've been talking to on digital platforms for years," he says.

"We're actually looking to do less in the way of brand partnerships, but the ones that we do will be much deeper and more credible. Businesses will have to think more carefully about the long-term and multiplatform way they have relationships with social talent and online influencers in the future. And they'll have to work at those relationships properly."

## YOUTUBE FACTFILE



**1bn**  
users  
worldwide



**2nd**  
biggest  
search engine  
Source: YouTube



**3rd**  
most-visited  
website in  
the world



**300**  
hours of new  
video content  
every minute



**82%**  
brand lift possible  
with online video ads  
Source: Nielsen



# Future is mobile as technology changes the way we all live

*The mobile revolution has only just begun and will gather pace to further transform daily lives*

◆ MOBILE

● DAN MATTHEWS

The evolution of phones has been so fast that other industries can't keep up. In fact, in a way, they are the victims of their own success. The ubiquity of mobile phones, the fact that they control so much, means we need other technologies to catch up for them to work to their full potential.

"The smartphone, which has put a personal computer in everyone's pocket, is now the most widely used consumer electronic product on the planet," says Rafe Blandford, mobile strategist at DigitasLBI.

"However, the reality is the full impact of this has yet to be felt because its rapid rise has outpaced both the development and product life cycles of the many industries on which it impinges."

Mobile's rapid deployment, checked as it is, is happening at a ferocious pace.

By 2020, then, the world will be a very fluid place. Health systems, retail, transport infrastructure, home comforts, all will be under mobile's spell.

"By 2020 5G spectrum will be available, meaning that mobile data will be comparable to what we get through superfast broadband today," says James Hilton, global chief executive of M&C Saatchi Mobile.

"This will lead to further changes in business and leisure, as the immediacy of mobile will be supercharged, giving consumers access to experiences that have been previously confined to the home."

Health systems, retail, transport infrastructure, home comforts, all will be under mobile's spell

## RETAIL

But what does that mean in practical terms, what will we be able to do then that we can't do here and now? Payments and retail are markets ripe for change, and both are on the front line of the digital battleground.

NFC-enabled (near-field communication) smartphone owners can pay for things by touching their handset to a payment module. Meanwhile, websites and apps allow digital payments that are optimised for mobile. But this is really only the start.

According to Anton Schubert, head of design at digital agency Futurice: "Mobile itself will be a key tool in the buying process and one that's able to collect buying histories, as well as data connecting retailers and shoppers in a more meaningful way."

"Twenty-four-hour high street shopping is a future reality. In 2013, adidas demoed an interactive window shopper



concept in Nuremberg, Germany, that allowed customers to use their mobiles to buy items from a virtual window display after store hours were over."

In logistics, also related to retail, mobile is influencing the visibility of precious cargoes travelling from origin to destination. Mobile logistics management applications allow service providers to drill down shorter delivery windows, giving

recipients of goods more flexibility.

Lewis Marston, chief executive of logistics outfit Rocket Consulting, says getting information in real time on a mobile device can provide "a customer service team with real-time delivery and returns information". He adds: "This enables them to make proactive decisions and potentially pre-empt an issue before it becomes a full-blown problem."

## HEALTHCARE

But healthcare is the sector that excites technologists most about the future of mobile. Health services are being transformed by technology, from fitness and the prevention of illness, to diagnosis, treatment and recovery.

"The last five years have seen more changes in healthcare than the last 20 and mobile has had a large part to play in this shift," says Jeroen Tas, chief executive of informatics solutions and services at Philips Healthcare.

One way this is happening, and will continue in the next five years, is by bringing datasets together in a way that doctors can access and interpret easily. The other is mobile's unique ability to change behaviour and encourage people to engage more with GPs.

Mr Tas says: "We've already made some headway with the likes of Fitbit and fitness-tracking apps by tapping into the competitive spirit and motivat-



ing people to take a healthier path. As more companies get involved in healthcare, we will see more creativity in helping improve patient behaviour."

Another game-changer to be rolled out in the next five years is technology that facilitates care in the home, particularly in remote areas or in developing coun-

tries where quick access to specialist medical attention is impossible.

"Clinicians will soon be able to travel with little more than a probe and an iPad and share images via the internet or a mobile phone connection to a doctor that may be hundreds or thousands of miles away," he says.

HEY  
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PRODUCTS  
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YOU CAN WRITE  
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TIME TO  
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# It's no optical illusion, it's simply social

*It's a seemingly fickle beast, difficult to tame, but social media can be put to work if you know how*

## ◆ SOCIAL MEDIA

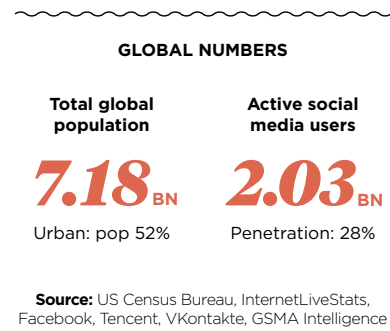
● DAN MATTHEWS

On Friday February 27, an optical illusion depicting a white-and-gold dress – or was it blue and black? – caused a Twitter meltdown. Posts featuring the picture drew tens of millions of views and shares, making it one of the most popular “news” articles of all time. BuzzFeed had a field day.

The question of the dress's colour set people in staunch opposition to a degree not seen since the Cold War. The question of the dress was so talked about it occupied the top five trending positions (#TheDress, #whiteandgold, #blueandblack and so on) on Twitter for most of the day.

This episode must be pretty galling for people who use social media professionally. How could setting the media landscape alight be so simple? How could such a gem, such a wildcard traffic driver, lay undiscovered and underutilised all this time?

But then what does the episode say about social media generally, as well as its devoted users? How can we hone its unquestionable power when time and again



it proves so frivolous and so wide open to puzzling episodes no one saw coming?

As incongruous as it may seem, social media websites – these fountains of distractions for the bored – really can help companies improve their human resources, finance, operational, customer and sales strategies. But how? You might well ask.

“Sales departments could benefit from internal wiki pages sharing frequently asked questions and allowing all employees take an active role in organisational knowledge creation,” says Dr Aleksey Heinze, co-director of Salford Business School's Centre for Digital Business.

Giles Palmer, chief executive of Brandwatch, says customer service as well as sales can get a boost. “Developing an excellent customer service approach depends on how well you monitor all online conversations about your brand,” he says.

Mohua Sengupta at

ITC Infotech agrees:

“Sectors with a high volume of customer inquiries, such as public transport, have achieved some fantastic results by using social media to provide advice and guidance quickly, and it's fast becoming a convenient first port of call for customers.”

Meanwhile, Laura Brooks at Satmetrix says social media can help human resources too. “Social media has introduced a new level of transparency into the recruitment function of HR for both the hiring company as well as candidates,” she says.

“In particular, LinkedIn has revolutionised the way companies find and recruit talent. Social review sites, such as Glassdoor, give visibility and insights into companies for candidates applying for new opportunities that previously would have only been gained through word of mouth.”

The list goes on, including most markedly of all in the financial services industry, when in February Barclays launched a payment service enabling users to pay

people and businesses through their Twitter handles via its Pingit app. Owe @cool grahambaby a tenner? Then pay the man!

There is a galaxy of ways a business can bend social media to its will and a universe of apps that makes the job easier. In theory, for every different business there exists a blend of apps to suit its operations perfectly. However, in practice, you will never find out what that blend is and, if you did, it would soon be rendered obsolete by the steady flow of new software on to the market.

But parking that concept to one side, what are the really useful social media apps for businesses, generally speaking?

“Many of the free tools used to generate value from social media revolve around marketing and scheduling messages,” says Phillip Smith at Trusted Shops. “What businesses really need are tools that can merge social media into other customer service tools. Implementation of a customer review system alongside social media helps channel negative feedback, for example.”

Hootsuite is one of the world's most popular social media management tools, but there are many others out there providing subtly different offerings to business users. There's also TweetReach, for example, which monitors how far your tweets travel.

“Social Mention is quite popular among social media enthusiasts and monitors over one hundred social media sites,”

says Mr Palmer at Brandwatch. “It is probably one of the best free listening tools on the market as it analyses data in more depth and measures influence with four categories: strength, sentiment, passion and reach.”

Emily Eaves at Adaptive Lab says:

“We use Geckboard; it's a practical tool for bringing together all the data from your social media channels. The clean interface allows you to analyse the data, or to present it directly from the dashboard to your colleagues or boss. It updates itself so you can see how you're constantly progressing.”

Whether you should pay for these apps or accept the limited power and functionality of free versions is also, of course, up to you. However, an inevitable consideration for your business is whether it has the personnel to crunch all that additional data about a white-and-gold dress. Or was that blue and black?

There is a galaxy of ways a business can bend social media to its will and a universe of apps that makes the job easier

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# Digital holds key for EU's return to growth

*The European Union can thrive by creating a single digital market to compete with the United States, China and India*

OPINION  COLUMN



**ANTONY WALKER**  
Deputy chief executive  
techUK

“As we have seen in the UK over the last five years, digital is a powerful enabler of entrepreneurship, enabling new firms to enter and compete in existing markets or create entirely new ones. As these companies grow and achieve scale, they quickly generate new wealth and jobs. Indeed a recent report by celebrated angel investor Sherry Coutu highlighted that so-called scale-up firms are responsible for the vast majority of net new job creation.

To get its economy moving again Europe needs more of these new innovative and sometimes disruptive companies, and that is why having an ambitious vision for Europe's digital future is so important.

Where the EU can make a difference is through the creation of a digital single market (DSM). The benefits of companies competing efficiently to bring new valuable digital products and services to a single-scale market of 500 million people will be huge.

Easy access to a market of that size will help small, emerging, innovative companies with great ideas and great people to grow and scale quickly. It will mean that in the world of digital innovation, Europe can compete with the other big-scale markets, including the United States, China and India.

It will mean that our next generation of young people can look forward to a future of creative, interesting and rewarding work. It will also mean that consumers are empowered, protected and confident to transact anywhere across Europe.

So how does Europe deliver on this vision? Earlier this year, the UK government set out a clear and practical vision for Europe's digital future, which has been widely welcomed by technology companies of all sizes in the UK and more widely across Europe. It called on the EU to take bold steps towards an open, flexible market

with a regulatory framework that embraces innovation and reflects the fast-moving nature of the digital economy.

For business, it is clear that the DSM needs to achieve three things: first and foremost, it must make

it easier for consumers to manage their lives online by increasing clarity, certainty and trust in e-commerce and the use of personal data; secondly, it needs to make it easier for companies of all sizes to bring innovative ideas to market quickly across the EU, with as little legal uncertainty and bureaucratic red tape as possible; and finally, the DSM needs to enable public services across Europe to become digital by default, so they are less costly to deliver and more valuable for European citizens.

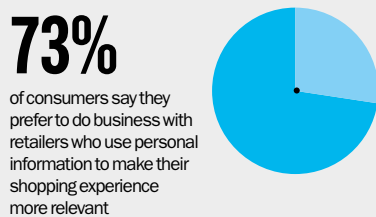
Achieving these three objectives will not be easy. Firstly, European governments will need to work with the flow of change and not against it. This is not always easy when there are so many vested interests that are being disrupted by change.

Secondly European governments will need to recognise the global nature of digital and the fundamental importance of open global standards. Even with 500 million consumers, Europe cannot go it alone. Many startups talk about the need to be global from day one, so the EU's own strategy must be global.

Finally EU policymakers will need to find faster and more flexible mechanisms for making things happen. Traditional EU legislative processes cannot keep up with the pace of change. This means policymakers will need to focus on doing a few things well and leave room where appropriate for industry-led innovation and self-regulation to address challenges as they emerge.

With the right strategy, the EU can unleash the power of its market of 500 million customers to secure a successful digital future for Europe.

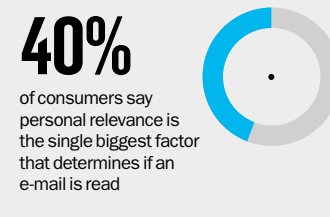
## COMMERCIAL FEATURE



Source: Digital Trends



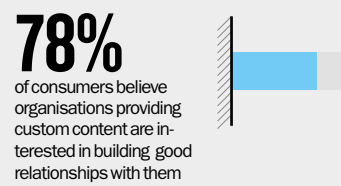
Source: Janrain



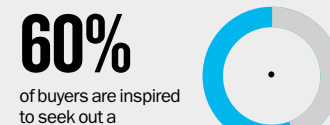
Source: Braffton



Source: Aberdeen Group



Source: Chief Marketing Officer Council



Source: Demand Metric

# CUSTOMERS WANT PERSONALISED CONTENT AND DATA-DRIVEN COMMERCE

*Contextualisation to deliver personalised content and offers across all channels achieves better customer experience, says Acquia*



**Emma Acton**  
Senior director of marketing



Digital has changed everything in today's world of online commerce. Personalisation of digital experiences is no longer an extra, but an expectation. If a customer has visited your site once, they expect you to recognise them on subsequent visits and they expect a tailored experience.

A study by Janrain showed that the majority of consumers – 75 per cent – like it when brands personalise messaging and offers. Personalisation is a win-win; customers are presented with what they want to see, and in turn they're more apt to have higher conversion rates and greater satisfaction.

In fact, O2's study *The Rise of Me-tail* shows that adding personalisation to a shopping experience could lift sales by 7.8 per cent. In order to provide a personalised experience, businesses must leverage data from multiple sources, and apply that data to serve customers with relevant content, product recommendations and services based on intent, location and interests.

Contextualisation – knowing your customer's interests, behaviour and content preferences across all channels – is a more thoughtful and comprehensive approach to personalisation that is quickly becoming a key component of the customer experience.

A single action or purchase should not be the only insight a company uses to dictate what content and offers a customer receives. Businesses should be constantly monitoring behaviours, collecting data, and using those observations to inform and improve future experiences. Contextualisation looks at a customer's browsing history, demographic information, brows-

ing activity prior to landing on your site, the device they're using and more.

Thinking about contextualisation requires your business to consider the entire path a customer might take over the course of multiple site visits. This includes what pages, products or offers you've driven them to, as well as what content they have interacted with on their own. Having a clear understanding of all browsing paths and interactions leads to a better view of the customer's experience.

“While contextualisation is often seen within retail, all businesses and industries can benefit from this customer-centric shift

While contextualisation is often seen within retail, all businesses and industries can benefit from this customer-centric shift. Media, entertainment and publishing companies, for example, can improve engagement and readership by looking at audience data and delivering customised content with each and every visit.

The vast majority, as much as 95 per cent, of site visitors are typically anonymous, but that doesn't mean they are unknown. From the very first visit to your site, information is collected from each user which becomes the foundation for building their unified customer profile. This profile will continue to grow with each new visit, whether the customer identifies themselves or not.

Then ideally, if they choose to sign up for an e-mail or register a product, their known profile will be merged with their anonymous one, creating a cohesive view of who they are, what interests them and how they have interacted with your brand in the past.

Unified customer profiles extend beyond your site to all touchpoints where your customers interact with your brand, both on and offline. It's not enough to have a personalised experience on your main site alone, but across all your sites, across all devices and in your physical locations as well.

A study by Content Plus found that 70 per cent of consumers prefer getting to know a company through content rather than advertisements, which means personalising a site experience through delivery of effective, relevant content is even more imperative for creating a seamless experience across all channels.

Taking this cross-channel approach ensures that your customer receives the same personalised experience regardless of where they are interacting with you. As they engage across channels, this gives your brand the opportunity to collect more and more data, and to continue to improve your customer's experience, gain their trust, build loyalty and set expectations.

The brands that conquer contextualisation are those that intuitively know each of their customers, and can dynamically and continuously update their user profile to deliver personalised content and offers.

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# Scene is set for UK tech startups to make it big

*In 1980 there were 700,000 small businesses in the UK, now there are over 5.1 million and the trend looks set to continue with more and more people venturing into startup companies*

## ◆ TECH STARTUPS

● ALEX WOOD

Only five years ago the idea of joining an early-stage venture would have been unthinkable for many. But with technology on track to account for 14 per cent of GDP by 2016 and thousands of people taking the leap, Britain is rapidly turning into a nation of startups.

Alex Depledge, co-founder of cleaner bookings site Hassle.com, is a recent success story. She swapped her city suit for a startup after building a consulting career at Accenture.

The technical experience she gained from Accenture was invaluable. Hassle.com offers customers access to thousands of cleaners at a fixed hourly rate. The underlying technology behind it takes care of staff rotas, salaries and customer payments, presenting a huge technical challenge for the team. The gamble paid off as Hassle.com recently raised \$6 million of funding, led by Accel Partners, the early investors in Facebook.

Once over the initial hurdle of leaving a secure career path, there are undoubtedly many other challenges ahead for new entrepreneurs, but thanks to technology, in particular cloud computing, barriers to entry have come down.

Armed with just a laptop and a good internet connection, entrepreneurs now launch their startups in a matter of hours at little to no cost. Gone are the days of waiting weeks for a business landline phone number, the expensive setup of corporate e-mail accounts and huge expenses for business software.

Startups now turn to cloud-based services, such as Google Apps, which offer professional level e-mail, calendar and documents services for as little as \$5 per user per month. Google's enterprise offering now boasts more than five million customers and is used by 60 per cent of the Fortune 500.

Skype also offers London-based telephone numbers that forward to your Skype account for a few pounds a month, offering small businesses the flexibility to work from anywhere in the world without losing potential business leads.

Startups no longer require costly server infrastructure to build infinitely scalable products for a global market. Companies including Amazon Web Services and Rackspace Cloud offer remote access to unlimited computing power at a fraction of the cost and can be set up in a matter of minutes.

## Top UK startups

*Innovative tech startups have the potential to disrupt the digital economy*

### HASSLE.COM

**Location:** London, Paris, Dublin [HVSLE.com](http://HVSLE.com)

**What it does:** Online platform offering home cleaners for a fixed fee of £10 an hour across the UK, France and Ireland.

**Why its hot:** Closed \$6-million funding round led by Accel Partners, one of the earlier investors in Facebook and now aggressively expanding into Europe.

» [hassle.com](http://hassle.com)

### SIGNKICK

**Location:** London [signkick](http://signkick)

**What it does:** With Signkick anyone can book outdoor advertising on billboards, bus shelters and phone boxes without the need for a traditional advertising agency.

**Why its hot:** The service has cornered the small and medium-sized business market, and now covers the whole of the UK despite not yet receiving major funding.

» [signkick.co.uk](http://signkick.co.uk)

### SENDMYBAG.COM

**Location:** Belfast [SendmyBag.com](http://SendmyBag.com)

**What it does:** Over half a million pieces of luggage go missing every year. Next time you fly skip the check-in desk and let Sendmybag.com deliver your bags direct to your destination.

**Why its hot:** With both low-cost and long-haul carriers set to charge more for baggage, Sendmybag.com solves a multi-million-dollar headache for the aviation industry.

» [sendmybag.com](http://sendmybag.com)

### KOVERT DESIGNS

**Location:** London [KOVERT](http://KOVERT)

**What it does:** Kovert Designs perfectly balances function and form with the world's first fashion-conscious wearable technology jewellery range.

**Why its hot:** Their debut Altruis product line lets you step away from your busy digital life and will be the first wearable tech line on sale at Net a Porter this spring.

» [kovertdesigns.com](http://kovertdesigns.com)

### COCOON

**Location:** Leeds [COCOON](http://COCOON)

**What it does:** Cocoon is the world's smartest internet-connected home security system, requiring no sensors, wires or set-up.

**Why its hot:** Using a patented technology called Subsound, Cocoon can monitor your entire home with just one simple device connected to your smartphone. Consumer interest has been huge with the company beating their crowdfunding target on Indiegogo by 200 per cent, raising \$200,000 before launch.

» [cocoon.life](http://cocoon.life)

### JUSTPARK

**Location:** London [JustPark](http://JustPark)

**What it does:** JustPark is an online marketplace for car parking spaces, helping homeowners to unlock extra money from their properties and motorists find low-cost alternatives to traditional multi-stories. It has been coined the "Airbnb of car parking spaces".

**Why its hot:** With the backing of BMW and Index Ventures, JustPark's recent crowdfunding campaign on Crowdfunder was oversubscribed by £1 million.

» [justpark.com](http://justpark.com)



Silicon Roundabout, Old Street, London



Once over the initial hurdle of leaving a secure career path, there are undoubtedly many other challenges ahead for new entrepreneurs, but thanks to technology, in particular cloud computing, barriers to entry have come down



When it comes to building complex customer services systems, many startups turn to Twilio. It offers a virtual bridge connecting apps and services to text messaging and telephony services without the need for expensive infrastructure, and is trusted the world over by the likes of Uber and PayPal.

Ms Depledge is an advocate of using open-source and cloud-based systems like Twilio. Her technical team recently

built a new voice-recognition system for their inbound contact centre by stitching together a number of existing free and open-source systems. "Our new system costs us £1.50 per customer," she says. "Compare this to a similar system I built during my time at Accenture that cost £1 million and took two years to deploy."

Despite the falling barriers to entry, access to funding is still critical. To tackle this, in 2012 the government introduced

the Seed Enterprise Investment Scheme (SEIS) offering generous tax breaks to investors in early-stage businesses. It has been a huge success with more than 1,000 companies receiving investment totalling over £80 million in its first year.

"SEIS has now become a permanent feature and helps to create a strong environment for startups and digital businesses in the UK," says Gerard Grech, chief executive of Tech City UK, the government's body for technology policy.

Despite the recent boom in startups, critics and cynics of the British and European tech startup scene often point out the lack of billion-dollar companies as a sign of weakness compared with Silicon Valley.

As the saying goes, "Rome wasn't built in a day", and Silicon Valley has had a 50-year lead over the competition. But the UK, and in particular London's Tech City, has in recent months raced forward with not one but two home-grown success stories achieving the elusive billion-dollar valuation in the first quarter of 2015.

In January, Shazam, a music discovery service raised a \$30-million funding round, valuing the company at more than \$1 billion. The service has grown beyond music discovery and now regularly features in television advertising campaigns, offering brands the opportunity to produce interactive experiences for consumers on their mobiles while watching prime-time shows. Recent successes have included partnerships with Bud Light and Jaguar during the Super Bowl.

A week later, Transferwise, known as the Skype of money transfers, raised \$58 million led by Andreessen Horowitz, valuing the company at around \$1 billion. Transferwise is now expanding into the US market and hiring aggressively.

With so many of the barriers to starting a new business melting away, it is no surprise that so many new businesses are being launched.

Whether you think it overhyped or not, there has never been a better time to make the jump from your desk job. With tech about to rival the financial sector in terms of contribution to Britain's GDP, it is now a question of when, not if, the next billion-dollar startup is born.



## Digital is easy right?

Just plug in some new channels, do a bit of social integration and off you go?

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Alternatively, you can contact us at [info@coeusconsulting.co.uk](mailto:info@coeusconsulting.co.uk) for a copy.

## Who are we?

Coeus is an independent IT advisory and consultancy, specialising in strategy, technology, sourcing, transformation and operations.

Visit our website to find out how we support some of the largest corporates, financial institutions and most recognised brands in the world.

### BIZZBY

Location: London



**What it does:** In just 30 minutes get a handyman, cleaner or beautician to your door with a few taps of your smartphone.

**Why its hot:** Following a \$10-million funding round, Bizzby successfully piloted their first-drone-based instant delivery service. Subject to government approval, drone flights across London could become commonplace in a matter of months.

» [bizzby.com](http://bizzby.com)

### FREEAGENT

Location: Edinburgh



**What it does:** Accounting software made simple for the UK's growing army of nearly five million businesses with fewer than ten employees.

**Why its hot:** With market-leading levels of customer satisfaction, approval from HM Revenue & Customs and more than 40,000 paying customers, Freeagent has the potential to expand their successful model worldwide.

» [freeagent.com](http://freeagent.com)

### DELIVEROO

Location: London



**What it does:** Ever wanted restaurant-quality meals delivered to your door? Deliveroo turns your favourite eateries into takeaways for just £2.50 a delivery and has already signed up almost 1,000 restaurants.

**Why its hot:** With a recent \$16-million funding round led by Accel Partners, Deliveroo is set to expand nationwide throughout 2015.

» [deliveroo.co.uk](http://deliveroo.co.uk)

### LANDBAY

Location: London



**What it does:** Landbay allows retail investors and institutions to invest in the UK's £30-billion buy-to-let residential mortgage market through their online platform.

**Why its hot:** The platform already lends £2 million every month and was recently named the UK's fastest-growing peer-to-peer lending platform.

» [landbay.co.uk](http://landbay.co.uk)



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