



## BSAC INTERVIEW SERIES

### INTERVIEW WITH MARTHA LANE FOX

The BSAC Interview Series continued on 17 February 2010 when Martha Lane Fox, Digital Inclusion Champion and Founder of lastminute.com, was interviewed by BSAC Member Ajay Chowdhury, CEO, EnQii. The event was sponsored by RBS. This report is an abridged version of the discussion.

Ajay Chowdhury introduced Martha Lane Fox. He was looking forward to hearing about Martha's experience as an internet pioneer founding lastminute.com. Martha had also founded her own charity, Antigone and a chain of karaoke bars, Lucky Voice. Most importantly, she would be discussing her role as Digital Inclusion Champion.

**Ajay Chowdhury:** The government programme Race Online aims to get socially excluded people online. Can you tell us about that?



**Martha Lane Fox:** My role as Digital Inclusion Champion is to look at how technology could alleviate deep social and economic exclusion. The internet is the most obvious way to engage people with technology. The project has been branded as Race Online 2012 as we are trying to engage as many people as possible with the internet by the 2012 Olympics.

**AC:** And how do you define social exclusion?

**MLF:** Social exclusion is well defined according to three axis; extreme poverty, lack of education, and living in a very vulnerable area. We are looking at the 10m people who have never used the internet. That is a very significant number. 4m of those are also the most economically disadvantaged people. A sub-class of people is being created who are already vulnerable and are being excluded from all the choices and opportunities that the internet brings. The 10m people who have never used the internet are costing UK plc about £22bn, if these people were online, the money saved would be partly in individual savings to them and partly from efficiencies to government. It is important to be able to work out the economic benefits for the country and for these people to use the internet, particularly as this is a fairly nebulous subject area. I believe that by the Olympics we have the opportunity to create something very interesting in the UK. Rather than accepting 75% engagement with the internet, I think we should be aiming for over 90% if not 100%. If that can be achieved, it is interesting to imagine what you can unlock as a society. Rather than thinking 'how do we reach these final traditionally hard to reach people?' it is more interesting to ask 'what happens when you have near complete and total penetration of the web?' How can government interact with its citizens in a different way, saving vast

amounts of money? But also, how do you empower those citizens? What voices do you give people who are the most excluded currently?

Race Online 2012 is nothing more than a challenge to the country. It is a campaign. We are setting up volunteering programmes, asking people to pass on their IT skills. We will be working with commercial companies and continuing to encourage government to take the lead in digitising services.

**AC:** Do you think there are a significant percentage of people who don't want to be engaged with technology at all?

**MLF:** Yes there is. People are frightened or have not been inspired by technology. What is happening with technology is inevitable, the Government needs to become more digital in order to realise its ambitions, both for Smarter Government and in reducing bureaucracy. That will reduce costs as well.

**AC:** Concerning the Smarter Government initiative, Gordon Brown said they will put £30m into getting a million people online, is that the kind of thing government should be doing more?

**MLF:** That was as a result of lobbying. The Government started a big network of centres called UK Online Centres in 2000, libraries, community centres, places where people can train, and for a relatively modest amount of money i.e. £30m, getting another million of the poorest people online will make a powerful difference for those individuals, as well as for but government as they can be reached electronically, as opposed to expensive pay per phone, or face to face.

**AC:** And is the momentum in government behind this? Particularly if a Conservative government gets in? Is the Treasury engaged do you think? Do you personally think they'll deliver on this?

**MLF:** I've tried to get all parties on side. This is not a controversial issue. It makes sense from any angle. There is the social and moral imperative, but also the economic case is very compelling. In my role, I've travelled around the country meeting the people we are talking about. I went to a Drop-In Centre in Leeds where young people can go who are interested in building digital music skills, and I met a guy there and he told me 'I'd be dead without the internet'. This really resonated with me because I thought 'how many times have I thought "I'd die without my mobile phone!" He explained that he had been kicked out of school and had a drug problem. Someone found him in a bus shelter and told him of a hostel he could stay in. He saw an advert at the hostel for a place where you can learn about digital music. He came to the centre and learnt how to mix online and set up his own website. He set up a payment system and was making a small amount of money from selling his tracks. The individual benefits of engaging with the internet and the benefits to UK Plc are really worth fighting for.

**AC:** So what can individuals or companies do to help?

**MLF:** You can go to the RaceOnline2012.org website and there is a list of things that partners can do. Towards the end of March, we're launching Pass IT, an initiative encouraging people to give their time and pass on their skills. Certainly lots of organisations in this room can use their marketing might to keep reminding people of the benefits of how to use the internet and how to get help using the internet, and we're already working closely with the BBC and Channel 4, so we'll talk to anybody. We've got an opportunity in the Olympics to create a digitally engaged society.

**AC:** There seem to be two opposing forces coming out of the web and peoples interaction with it; the idea of atomisation, where children sit at their PCs seemingly without interacting with others, and the new age of social networking and interacting via the internet. Children are probably more connected with their friends now than they have ever been but in different ways. A lot of parents are concerned about that balance. Do you have any views on how this is going to affect people going forward? What is going to happen to society in this new world?

**MLF:** I agree with Tanya Byron's views on this subject. Technology gives children extraordinary opportunities. We have to train children responsibly online and teach them about the opportunities while being cognisant of some of the things that can go wrong. We should also encourage them to play football and go outside as well. The internet is not a substitute for life but it can be an incredible tool, and an amazing piece of entertainment. Sitting in front of a screen is not necessarily anything new or different. It is all about balance.

**AC:** There has been much debate about privacy especially for children. Sites like Facebook encourage children to give out huge amounts of information without realising what they are doing. Do you have concerns about that?

**MLF:** Again I support the work that Tanya Byron has done on this. I agree with her analogy that 'you wouldn't push a child into a swimming pool, you'd teach them how to swim, but clearly you want them to be able to enjoy water'. There are amazing things that children can experience online as long as you give them the necessary tools to know what is safe. The public/private issue is difficult. Children don't really see it as an issue which is interesting and maybe a generational change. I am fairly relaxed about how information is used. I don't believe that most blue chip companies are going to take my information and do something bad with it, and if I can have a free service because I get targeted advertising that seems like a fair deal.

**AC:** When you started lastminute.com it was very much 1.0, we are now in web 2.0 and 3.0. If you look forward over the next five years how do you see the web affecting media, television or films etc?

**MLF:** I'm involved with or have been involved with lastminute.com, Channel 4 and Marks & Spencer, seemingly three very different companies, an online retailer, a broadcaster and a traditional retailer. Actually they are all one and the same thing now. Marks & Spencer is a retailer that has a TV Channel on its website and wants to engage with customers well beyond just buying a coat for example. LastMinute.com was a retailer, is now a media company and sells nearly as much advertising as it makes in commissions, and Channel 4 is finding its way in between the two. The world has just become squashed together much more quickly, and in more complex ways than perhaps people imagine.

**AC:** And what challenges does that bring to traditional media companies today? Is it a skill issue for them? Do they need new revenue models, new business models?

**MLF:** There are big challenges. Traditional models have been disrupted. I would say break it before it breaks you. I don't have all the answers but ignoring these changes would be perilous for any company. The old broadcast model has broken down. Everything is directed by the user now, and children today are not going to think about content in the same way. People watch TV differently now, they are on Twitter, or playing an online game with the TV on at the same time. It is very different and we will see how that will play out in the next five years.

**AC:** What about content producers? There is the view that content will always retain value because people always want content and it is the distribution that changes. Do you think the content itself will change? It is so easy now for users themselves to create content.

**MLF:** Yes, content has already changed but there is still a place for high quality content that can be repeatedly shown. There is something compelling about a group experience of a well made drama or news programme, but the way that is consumed will be very different. Already it is much more about when the user wants to watch it. Recommendations will be used as opposed to a schedule. There have been a billion plays on iPlayer in the last year and six billion on Sky Plus. Those figures alone show how complete the atomisation of content has become.

**AC:** Do you see other changes in retailing, particularly as the mobile phone becomes more prevalent, as some of the new technologies come in? We find that suddenly the retailers we deal with in our business have to become marketers which is a role they didn't need to take on before. Two thirds of the people who walk into a Macys don't buy anything, which is an astounding statistic. Now they are beginning to say 'well we need to do Facebook, we need to do Twitter'. Clearly online retail is where you start from. What kind of advice would you give bricks and mortar retailers?

**MLF:** You have to start with the customer as opposed to the paternalistic view of assuming the customer will automatically buy the products. You've got to start from the other angle which is what do customers want and what is their pattern of life? There is a mish-mash of different needs that you can now address using technology. The exciting thing, if it's embraced, is the incredible interactivity that you get with your customers in a way that you didn't have before. I don't think it's an anomaly that two thirds of Macys customers leave without buying anything; I think that is standard in retail. There has never been any way of measuring that. 21m people a week buy something from M&S but there is no way of measuring how many people visit their stores. Being able to underpin the business with better data and understanding from your customers from the various mechanisms that technology is impacting is really interesting. That is something that retailers are beginning to pay attention to now.

**AC:** What more should government be doing online?

**MLF:** I think that government should be taking the lead. They need to address why there are areas where a high proportion of people don't use the internet. In the early days of lastminute.com there was a huge cultural shift that attacked the travel industry when technology came along. It is exactly the same within government, there are people who have always worked in Job Centre Plus, don't see why a job website should be anything to do with what they're doing. If their users are online they're going to Gum Tree just as much as they're looking at Job Centre sites, so government has to re-think that in the same way that a retailer can't broadcast to its users, a media company can't broadcast to its users, in a perverse kind of way. Government can't do the same any more. People are being empowered in a completely different way, and so building more websites, making it more confusing for the user, is not the answer. Government is a vast beast and I wouldn't want to pretend I had the answer. There are many people in government for whom it's quite frightening and who don't know what their job might be when this has all kicked in, and there are many areas for which it's extremely complicated. DWP could save close to £900m a year if they switched one contact a month that they have with their heaviest users, who are the people that do not use the internet, to an electronic contact. However, DWP has 40 different websites to collect your benefits alone, so it's an uphill struggle to get even one department joined up. It is not easy but they are beginning to do the right things. Government has to rethink the need to control everything and actually throw it open to all of us.

**AC:** Let's move on to enterprise. BSAC has just started a working party to examine how we can encourage more investment in enterprise in the UK. We have had some big successes, lastminute.com, LoveFilm, the BBC website, PlayFish and so on. One of the questions that keeps coming up is why hasn't Britain created a Google or a Facebook? Do you have any thoughts on things that could be done to help that happen, or is it just a scale issue, is Britain just too small?

**MLF:** I think there are three reasons. Firstly, the venture capital market here is tricky. I think that despite them meaning to be in the risk business actually venture capitalists in the UK aren't in the very high risk business. Secondly, scale is really important. There wasn't any way we could build a big business without being a European business. That is very costly. You have to be much more complicated than building just a one language US version website. We had to sell our business to give it the most sustainable future and the proper funding to be able to reach scale in Europe. The third reason is talent. I meet many bright people who decide they want to work in a big corporate structure as their first job. That seems the wrong way round. When you're young and you don't have very much responsibility that's when you should go into an entrepreneurial organisation and see what happens, and then go into a bank afterwards if you get your fingers burned, or go into something completely different. And there are a couple of schemes now focusing on trying to get graduates into more entrepreneurial organisations, we all should encourage that, and we should employ those people that have then gone and had failures because if we don't embrace that culture of failure then we won't ever move on.

**AC:** Do you think it is now easier for a young entrepreneur to raise money because of the internet, or is it tougher because of the economic situation?

**MLF:** It depends on the idea. Great ideas will probably still get funding. One of the things that makes it easier is that technology has got cheaper. There is more open source technology and more collaborative ways of working than in 1997 when we started. In some ways you don't need as much money as you needed before, there are so many different ways you can start a web business. It is still tough and the macro environment obviously hasn't helped very much.

**AC:** What would you like to see technology-wise happen over the next three to four years?

**MLF:** The massive amount of money being invested in augmented reality and 3D is really exciting. I am involved with a furniture design site, Mydeco which built a 3D tool to put furniture in your rooms and test what things look like. The take up of people building those rooms and then buying the items is massive. There is something in that marrying near real worlds, 3D technology and the micro payments piece on the back of it, which I think is essential, and that's a trend that we haven't even begun to see the start.

**AC:** And why did you decide to start Lucky Voice? What excited you about that?

**MLF:** Lucky Voice is a mixture of the real world and the not real world. Private room karaoke bars are extremely prevalent across Asia. I thought there was no reason why they couldn't work here as well. We have five real world bars now as well as the online piece which have become really interesting. We have the ability to make your computer into a singing machine. You can network to sing with other people or you can sing with your friends.

**AC:** And finally, you use Twitter a lot. Why did you get into that?

**MLF:** I actually find it one of the most useful sources of getting information, and if I'm thinking about a subject I will ask on Twitter before I go to Google because I've had the best answers back, and I like the community of users. It's extremely non-invasive. It is only as interactive as you want it to be. I follow people from all across the political spectrum, so I get a sense of what's going on on the right and left, and I find that very interesting. I get the latest text stuff as it is happening, I feel as though I am more plugged into a friendly community of people, some of whom think like me, some of whom don't.

**Martin Percy, Movieactive.com:** To what extent do you think there's an overlap between people with problems reading, and people not wanting to go online? And related to that, when I build websites I often find that people think that to make a site accessible means to make a site which is basically text heavy and that doing something that is video intensive is regarded as not accessible, whereas of course if you're dealing with people who can't read it might be a great way of getting through to them.

**MLF:** There is the view that it is only people who cannot read that do not use the internet. That is a misconception. The proportion of the 10m people who do not use the internet who cannot read is about 7-10%, also, there varying degrees of not being able to read within that. One consequence of the projects that I visited is that by admitting that they cannot use a computer it makes it less embarrassing for people to admit that they cannot read and then go on to learn. I agree with your point about video. I think we are still quite snobby about video on websites and accessibility is many things, making it easy to navigate, bold colours, video.

**Audience Member:** Again my question was about literacy. I sit as a magistrate in West London and about over 60% of the people we deal with cannot read. If you want to include people in a modern society, literacy is the answer, and until we address that issue there's no point. Once we address that issue then other issues arise, for example, if you cannot read you cannot have a bank account, and so cannot set up a standing order for broadband. It is important to start at the beginning with literacy.

**MLF:** I agree with you that literacy is of utmost importance, but I don't agree with you about the barriers along the way. We have estimated that about 7-8% of the people who do not use the internet cannot read, that is 700,000 people, and I believe very passionately that we can use the internet to help them learn to read. There are plenty of places you can go – libraries, community centres, various projects, in order to use the internet without having to get a broadband connection. The benefit to the individual and to society as a whole is very great. I have visited about 20 of the most deprived places in the country. Some of those people cannot read but not the vast majority. The vast majority have never used the internet because they have no reason to. They do not understand why it should impact on their lives. As soon as you start showing people that there is something in it for them they are enthusiastic. You like gardening, here's a gardening website. You can see your children at school. You can see the school's report. They are clamouring to get to a computer and we just have to make it easy to find one, to be trained on one, and to be given that motivation.

**AC:** Concerning digital inclusion, what would you consider a success in five year's time?

**MLF:** Of the 4m I've been asked to look at, who are the most disadvantaged people, I want to cut that by 3m. We have got the extra money to reach 1m. We are going to reach 1m through volunteering and 1m through commercial partners, so if we have not reached at least 3m out of that 4m I would be disappointed. This is not difficult. It is a matter of sitting people down and showing them how.

**Ingrid Silver, DentonWildeSapte:** Picking up on the point about the cost of computers and the cost of deploying them and the challenge of getting people in front of computer screens. We are now in an

era of smart phones and arguably it is cheaper and easier to get a mobile into someone's pocket than to get them in front of a screen. How much is mobile appearing in your thinking and your strategy?

**MLF:** It is featuring in our strategy. However, the people I'm talking about don't have smart phones, they have mobile top-up pay-as-you-go phones and so until the next generation of technology impacts for that particular group it is not particularly helpful for what I'm talking about. I do believe that mobile generally is going to go through a massive revolution in the next two to three years and this will help address some of the problem. For the most disadvantaged communities their phones aren't enabled in a way that's going to help right now.

**Ingrid Silver:** Even a 2G text message communication mechanism could reach people in a way that is not face to face or paper based.

**MLF:** Yes but you cannot write your CV and send it off to an employer. You cannot collect your benefits. It is a hybrid to me. It is not proper engagement that really unleashes all the benefits.

**Audience Member:** Of the 10m, how many are elderly?

**MLF:** 50% are over 65. Of the 4m socially excluded people I've been asked to look at, 38% are over 65.

**Audience Member:** Are you trying to target those elderly people?

**Ms Fox:** I am targeting the 38% in the 4m group I have been asked to look at. Unfortunately, I cannot target the elderly in the non-disadvantaged group as I have a very specific brief. However, in the group I am focusing on, that is where the most benefit to the individual and to government lies. If government can communicate more electronically with that group, there will be massive savings as that group represents 90% of the cost to government. 300 families in Westminster cost 75% of Westminster's social care budget. All these problems cannot be solved by technology but freeing up some of the more mundane interactions that people have will make a big difference.

**Avni Thakrar, Future Film Group:** One reason why people feel excluded from the internet is that one of the main reasons for getting involved is entertainment. iPlayer is very important to a lot of people's lives but there are also people who are excluded from that because nothing on there appeals to them. I work for a company which is beginning to provide international content for international communities, whether Polish, Romanian; we will be providing your TV from your home area. If media funds in Europe can support various initiatives, can't government also step in and help out as well? So let's say if we're providing Polish TV for the Polish community here, is government looking to provide any initiatives to support that?

**MLF:** Personally, I don't think that is the best use of government money, especially now. We don't need to invent any more new stuff to get people to use the internet, particularly vulnerable people. I've yet to meet anybody on my travels who has said they didn't like the technology, having tried it and become engaged with it. We just have to join it up better and think about how we can really drive particular take up amongst some of the poorest communities. And to me, that may well be partly about Polish television but I don't think that that's all it's about. There are enough things out there that you can show people that are inspirational to them. All the content I think we have, we need, so I'm not sure that that would say the best use of resources or time now.

**AC:** Picking up from that, do you think the BBC has a bigger role to play here?

**MLF:** Yes, I think the BBC is very important. They are doing a lot already, but I think where they can help is make credible and accessible tools like the iPlayer. iPlayer is great if you know how to use the internet. It's not great if you don't know how to use the internet. So I think there can be better programming strands and information around helping people to become engaged with technology.

**Audience Member:** Although you said that this is not alone a government responsibility, you also talked about the financial case, and I believe you quoted £22bn potential savings if there was successful digital inclusion. My understanding is that a great deal of that cost savings comes from the removal of duplication of communication, particularly. But at what stage do we really trigger that? Can a government turn off traditional forms of communication, whether it is about benefits or anything else, when there's 97% inclusion? Or is it 95% inclusion? Or will that duplication always be there until that last person is on the internet?

**MLF:** Firstly, £22bn was the whole value of getting the 10m who have never used the internet to use it, so not just the cost savings to government but the cost savings to the individual because you save on average £560 if you're on the web, if you're in a richer family, and £270 if you're in a poorer family. Plus you get better education results, so you're likely to earn more money; you're more likely to be in employment, so it's calculating all of the sum total benefits. Government could save £900m a year if one contact that the 10m make that currently is offline becomes online. I think you can switch off quite soon and only worry about the exceptions. It is better to switch off sooner and deal separately with those few who are still offline, than not to switch off and therefore not realise that benefit or capture those people.

**AC:** When government was looking at the digital switch over, it kept money aside for the last person, but then they found they didn't need it because people actually just did it themselves because they saw the benefits of digital TV.

**Audience Member:** I'd just like to ask you about human enablers in this. A lot of people think with computers that people can just pick them up and use them, but of course with older people it's not so easy. I was involved in a project in Austria which tried to get people involved in politics and entertainment and it simply didn't take off until somebody went there and was resident in the community and helped encouraged them. And once there was somebody there, this enabler, suddenly it was like a tremendous explosion. So what do you think about this and is it possible to find and pay for and embed these people in communities?

**MLF:** I agree with you and I think one-to-one, peer-to-peer training is the thing that makes it work. The good news is that there are lots of those places out there already. There are 4000 centres people can go and be trained; they just need to know about them. I think that going somewhere is one part of it, going into people's homes is another part. We're looking at how we could work with the people that have done the digital switch-over who are trusted sources that might go back into people's homes to teach them to use the internet. One possibility is BT working with Sky on something like this. The people I've met are so evangelical about how their lives have been transformed since they have learnt how to use the internet. I went to a media centre in Bristol where they have the worst education record in the country. A week before I'd gone there the final bus route had just been stopped. People had no money and no education and no transport. And someone had built a media centre, and you think well why do they need a media centre? They don't want to learn to use computers they haven't got any money or transport, but it was astonishing because in the absence of transport they suddenly were able

to have a voice through the internet. One woman was tired of rubbish in people's front gardens so she started a gardening project. She turned it into a multi-media project borrowing equipment from the media centre which involved the kids, and she sold it to older people simply as a gardening project. They cleared all the gardens and started growing vegetables, all the kids learnt how to grow vegetables, and all the older people learnt how to use the internet. And now they sell stuff to the local community, the council is taking them seriously; they're lobbying to get their bus back. Technology is not a panacea but it helps.

**AC:** So is there a cross over with the 4m you're looking at in terms of them being Sky users or Virgin users for instance?

**MLF:** Yes, there is a cross over with Sky, and it's quite a high cross over, but not in the deepest areas of exclusion. That represents an opportunity for them to have access to free broadband.

**Audience Member:** You mentioned how important mobile was earlier. It must concern you then that the Government are trying to achieve universal broadband through a 50p a month broadband fixed line levy. They are completely focused on fibre as the solution. Isn't there a danger that we are forgetting wireless which resonates with people who have dispensed with their fixed lines? In rural areas you can deliver wireless broadband much faster than you could deliver fibre.

**MLF:** I can only really comment on what I have been asked to do by Government, which is help the 4m people who are economically disadvantaged, and have no technology. Most of those people do have the possibility of accessing broadband, it is not an infrastructure issue; it is actually affordability, motivation and skills.

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Fiona Clarke-Hackston, Director, BSAC, thanked Ms Lane Fox for her interesting and insightful comments and reminded the audience that the annual BSAC Film Conference would be held on 23 March 2010 to which all those present would be welcome.