



BT Group Response to Economy, Infrastructure and Skills Committee inquiry on Covid-19

June 2020



Call for evidence: Covid-19

Introduction

BT Group welcomes this opportunity to respond to the Committee's inquiry into the impact of Covid-19 on the Welsh economy. BT Group is committed to playing its part in meeting the challenges we all face as a result of the Covid-19 pandemic. As part of Wales' longer-term economic recovery it is important that we collectively engage to explore how digital technologies and innovation can help businesses and society respond to the crisis and contribute towards the economic recovery, both in terms of the actions we need to put in place now, plus the steps we need to take to maximise the potential of technology and deliver a more resilient, green, thriving economy fit for the future.

From the initial discussions we have been involved in with business representative groups and civic society in Wales over the challenges and opportunities presented by the recovery, digital infrastructure and skills have emerged as clear priorities for investment and action. Our conversations with customers also indicate an ambition to push forward with digital transformation to build back better and more sustainably. As BT invests £12bn to deliver full fibre to 20 million premises across the UK by the mid to later part of this decade, with significant investment in our rural communities, we are committed to delivering the connectivity that will be so vital to ensuring recovery reaches all parts of our country.

BT Group support for customers during Covid-19 crisis

As much of our lives moved online during the pandemic, the resilience and capability of our digital networks is taking on greater importance. This includes ensuring that businesses can continue to operate online, the most vulnerable in society can stay connected, and that those with low or no digital skills can keep in touch with family and friends and access vital health services.

As people stayed home during the lockdown and millions of people migrated towards working from home, BT Group has seen a significant rise in demand on both our fixed and mobile networks. In the last week of April, BT's core network transmitted 103.3 Petabytes¹ of data in a single day – the largest total since our records began.

Our networks have stood up well to this challenge and have been extremely resilient. We are maintaining our network's performance and resilience as demand grows, and providing advice to customers to make the most of their connectivity. Our network has been built to deal with peaks in demand that are significantly higher than we are seeing now. Whilst we have noted some wider commentary that customers have experienced slower speeds than they might want, this is likely to be due to local home or service issues that pre-date the Covid-19 outbreak rather than the capacity of the BT network.

¹ A petabyte is 10¹⁵ bytes of digital information



Access to NHS & 111	More than ever, it's critical for us all to be able to get up-to-date healthcare information, so all of our EE and BT mobile customers can now access the NHS online without using any of the data in their plan – even if they've run out of data completely. Calling 111 remains free for customers across the UK.
Unlimited broadband	We've also removed all caps on home broadband plans, so every customer has unlimited data to use whether working from home, keeping the kids connected to school or streaming the latest films.
Vulnerable customers	<p>Vulnerable customers:</p> <ul style="list-style-type: none"> • To help our most vulnerable BT landline only customers, we've removed out of bundle charges for the most critical services, like UK landline and mobile calls, and placing a £5 per month cap so they can make the essential calls they need to keep in touch, without worrying about their bill. • We're also providing more peace of mind for those vulnerable customers using the EE mobile network. This includes offering unlimited mobile calls, texts and data for all our customers we know are vulnerable, whether on contract or Pay-as-you-go. • We have specialist teams trained in how to help customers with physical disabilities, mental health issues and a specialist dementia support team, who are doing their very best to ensure those vulnerable customers in isolation get the support they need. • We have donated 1,000 tablets and preloaded data sims to the Good Things Foundation as part of the DevicesDotNow campaign, to support vulnerable people who don't have access to the internet to cope during the coronavirus situation. • We have been pleased to work with Welsh Government to enable the delivery of devices to children who were at risk of falling behind in their education.
SMEs	We've also put flexible measures in place for our one million small business customers, helping them to change the way they use BT services and navigate the challenges they're facing.
Financial support	We know this is already a stressful time for customers worried about their finances, so we've put in place a dedicated team to support customers that need extra help with their bills. If a customer contacts us with money worries related to coronavirus, we'll work out what works best for them.
Digital skills	In addition, through BT's Skills for Tomorrow programme we are helping to ensure that everyone has the digital skills they need at this time.
Further information	Further information on how BT is supporting its customers, colleagues and communities to cope with the coronavirus situation can be found at https://www.btplc.com/coronavirus

Covid-19 has had an unprecedented impact on businesses, society and economy and is likely to significantly accelerate the shift to digital and the pace of the Fourth Industrial Revolution, as set out in



[Wales 4.0](#). From virtual meetings to automated factories, online orders to drone delivery, digital services are growing in importance, permeating an increasing number of sectors and activities.

Digitally agile firms are adapting to the ongoing crisis more successfully, and others are rapidly upskilling in response to challenges to their business models. For governments/ authorities looking to drive economic recovery after the pandemic, supporting such digital competitiveness will be key to future productivity and the type of recovery we experience.

Business support

SMEs account for 99% of all Welsh businesses, providing 62% of total private sector employment. Policies designed to protect these businesses and support their recovery will be vital for the overall economy. Likewise, Wales' rural economy is underpinned by the agriculture and tourism/ hospitality sectors. Digital offers businesses in these sectors significant opportunities to improve their productivity and reach new markets. As part of our efforts to gain a greater insight into how we can work to give these sectors the required tools to increase their digital capabilities, BT has commissioned an independent report on the rural economy in Wales, which is due to be published this summer.

The Covid-19 pandemic has undoubtedly seen many businesses change their business models to adapt to the current situation which could have a beneficial impact on recovery. However, this will not be the case for all and it is therefore important that government continues to support and deliver policies to support digital transformation and skills by SMEs.

Cardiff University's [Digital Maturity Study](#) for Wales 2019 calculates that only 16% of businesses are truly 'digitally embedded'. Our own research reinforces the fact that SMEs need more support on their journey to fully utilising technologies.

Research conducted in May for BT with over 1000 firms in Small Business Britain's UK community found many across the sector are actively embracing digital tools to power recovery:

- Two fifths (42 per cent) of small businesses have moved online due to the pandemic
- Over a third (37 per cent) are planning for less face to face contact in the future
- Over a third (39 per cent) now view digital skills and tools as a key focus area

As the sector reacts to an unprecedented crisis, the agility and entrepreneurialism displayed by small businesses across the country has received widespread praise. While over half of small businesses (57 per cent) now expect their profits to reduce by half, the research also indicates growing optimism, with 34 per cent of small businesses now feeling confident.

In response, one third (39 per cent) of small businesses have drastically cut operational costs, with the need for physical offices and other traditional ways of working now increasingly being re-thought.



Over a quarter (28 per cent) of small firms have responded quickly to run their businesses remotely with video conferencing and 43 per cent now operate from home. Encouragingly, one third (38 per cent) see the changes they have made to their business practices as positive.

The future of work

The Covid-19 pandemic will have an accelerating impact on Wales' entry into the Fourth Industrial Revolution, aided by widespread adoption of disruptive digital technologies including 5G, full fibre, IoT and artificial intelligence (AI). Left unchecked, this has the potential to further widen socio-economic inequality, with those underequipped to exploit the new technology being placed at a disadvantage, particularly within the world of work and in accessing public services.

AI will alter our understanding of what work looks like and how our labour market operates. Industries will be forced to deploy their human resources more efficiently to remain competitive. Labour-intensive businesses will need to review, and in some cases reinvent, their business models, making better use of smart technology. AI and data-driven technologies have the potential to help boost productivity and generate higher economic growth. In Wales, it has been estimated that automation could see the loss of one in three current jobs between 2017 and 2037, with a possible net gain in terms of new jobs that are created. Crucially, it will amount to the biggest shake-up in a lifetime to Wales' labour market.

As we exit from Covid-19 and begin to reset the Welsh economy, such a shake-up implies two high-level priorities for business and policy-makers: retraining for people in jobs which will be displaced; and education and skills development for the jobs of the future. The focus on this important policy area will have to be redoubled as acceleration into the Fourth Industrial Revolution gathers pace. The challenge will be to redesign education, skills, training, lifelong learning and employment for the new world of work, to equip young people from early years onwards and to re-equip the current workforce.

- In terms of demographics, Wales' population growth has traditionally been slower than the UK as a whole and this is expected to continue. An ageing population - the oldest in the UK - presents challenges to labour supply and as the average age of our workforce increases, it is likely that the need to provide retraining and upskilling opportunities for older workers will rise substantially.
- In terms of structural changes in the labour market, there will be more people working in less traditional employment contracts – including self-employment and zero hours contracts. And the boundaries between jobs and industries will continue to blur with jobs continuing to evolve. Changes in the labour market have resulted in fewer middle occupation roles and more high-skilled and low-skilled jobs. This has impacted on wage inequality, contributed to increased in-work poverty and inhibited occupational progression.
- Inequalities: We must ensure that individuals across Wales can maximise their potential and make a positive contribution to Wales' future. That means supporting a more inclusive and



diverse workforce with participation and progression in the labour market for all regardless of gender, age, race or disability.

- Fair Work: Creating jobs that are fulfilling, secure and well-paid is a key component of the Welsh Government’s “Prosperity for All” national strategy for the economy and labour market. We need to drive understanding and adoption of fair work practices within Wales’ businesses.
- To deliver inclusive economic growth for Wales, the variation across regional economies and labour markets must continue to be addressed through the regional economic model. Innovative models for delivering training and learning digitally will be increasingly important for communities that have limited access to learning providers, enabling local people to train, reskill and upskill throughout their working lives. Similarly, while youth unemployment levels have improved markedly in recent years, there are areas of Wales that continue to experience high unemployment and other indicators of deprivation where support is needed to help prepare young people for entering work.
- The importance of place-making in the design and execution of public policy has a key role to play as acknowledged in the development of the National Development Framework for Wales. A ‘one size fits all’ approach is unlikely to work, with the physical built environment and the supporting infrastructure, including digital, needing to be designed around the needs of communities, serving both their economic and societal needs.

Covid-19 has accelerated some of the key digital trends which were already underway. Long standing roadblocks are being rapidly resolved, and the crisis is likely to expedite digital adoption by several years – as we have seen in the NHS in Wales, for example, with the increasing use of remote consultations. Organisations that were further along with their digital journeys seem to be weathering the storm more effectively. The underlying premise is that being more digital makes you more productive, flexible and resilient. The future of work is also likely to shift from location dependence to a distributed by default/ work from anywhere strategy. Disruption due to the climate emergency and the digital revolution means that this makes strategic sense longer term. Remote working will no longer be seen as a barrier to achieving strategic goals, but an enabler.

Ensuring the recovery is green

BT strongly supports the accelerated opportunities that Covid-19 presents for a green growth recovery and sees a significant role for low carbon digital enabling technologies to help Wales meet its net zero target by 2050. This includes environmental monitoring and traffic optimisation sensors that integrate into street furniture; and smart building energy management technology to cover both social housing and public estate footprint and which can utilise the IoT network. In transport, we are exploring innovative products and solutions that demonstrate the positive impact of alternatives to travel by private or company vehicles, including remote diagnostics or triage via video/AR/VR, immersive digital experiences via 5G.



- BT has been active on climate change for over 25 years and announced a target to become a net zero carbon emissions business by 2045. This builds on our target to reduce emissions by 87% by 2030, in line with limiting global warming to 1.5°C.
- We have signed power agreements with wind farms across the UK, including at Mynydd Bwllfa, Hirwaun, which will provide enough electricity to match around 50% of BT's demands in Wales.
- We are pioneering innovative IoT applications to improve air quality in Swansea, collaborating with the council, the university and others to help manage traffic flows.
- We have a strong track record:
 - Now at 92% renewable electricity worldwide with a target to reach 100% by 2020
 - Saved over £250m through our energy efficiency programme since 2009/10
 - Achieved 80% reduction in carbon emissions four years ahead of our 2020 target
- ICT has the potential to reduce global carbon emissions by 20% by 2030

BT believes that changes in lifestyle behaviour and work practices brought on by the Covid-19 pandemic represent an opportunity to improve individual wellbeing. Examples include the increasing propensity for people to work from home by utilising broadband, mobile and collaboration tools, plus the redesign and repurposing of office buildings which represents a significant shift from previous models based on high utilisation/ high occupancy. Building information systems – from people tracking to energy conservation – are likely to become priorities, as organisations have to monitor both building capacity and minimise spend (on cleaning, screening and power) on underutilised space. This needs to be linked to work allocation systems for cleaning staff, and rota systems for permanent office based employees in order to reduce daily occupancy numbers due to social distancing requirements.

People analytics using AI enhanced CCTV, WiFi and mobile data – some of which were gaining momentum prior to this crisis – could be used to further track employees to enforce social distancing (e.g. sensors which can be triggered if people get within 2m of each other – technology which is already being discussed in the context of factories and building sites), or contact tracing. This inevitably brings up discussions around human rights and ethics, including privacy, security and inclusion.

Subject to further medical research, it's also expected that digital IDs or health passports could play an important role in people getting back into the workplace. These could raise human rights and ethical questions which privacy-preserving technologies such as distributed ledger technologies like blockchain could in part address.

Adoption of remote working in organisations had been growing rapidly in the past few years, but hadn't achieved ubiquity. The tech sector has pioneered remote working and shared working spaces or hubs that could become a replacement for the office in providing a location for face-to-face meetings as and when required. This implies a flipping of the current model of working from the office four days a week and home one day, to something closer to the reverse. This is less about the technology: it is more about



organisational mindset and the strong collaboration needed between an organisation and its employees to embed benefits.

There may be some significant positives for certain employees. Traditional office-based working has not always been easy for those with different capabilities—physically, mentally or socially. Allowing remote working has made way for more of these people to get jobs. BT’s initial experiments with homeworking found that 97% of women returned to BT after maternity leave – twice the UK average across all corporates. There are also huge benefits for carers, the disabled, those who are unwilling/ unable to travel long distances to work, or those who can’t afford to live in expensive urban locations.

In the longer term, it is highly likely that companies will provide more choice and flexibility to employees so they can work wherever they can get their best work done, including away from the office. Even before Covid-19, 92% of companies surveyed by McKinsey thought their business models would need to change because of digitisation. Many organisations have already made rapid investments in tools, equipment and technologies to help employees move to remote working. This means that the business case becomes easier. Many see it as part of the inevitable pressures on cost reduction associated with an economic recession/depression.

Stimulating a culture of collaboration

The economic response to Covid-19 presents an opportunity to review how government, business and wider institutions interact towards the common goal of improving productivity, generating positive social outcomes and delivering economic growth. BT’s ‘open innovation’ model consistently delivers world-class results for our business and for our customers across the globe. It’s an approach that involves us working in close collaboration with our customers, government and our world leading universities, as well as scouting for the best global ideas and talent. BT stands ready to work with devolved government using this approach.

As the Welsh Government contemplates its economic recovery strategy to Covid-19 and plans for life outside of the European Union, emphasis on collaboration between all layers of government, business, public sector and wider institutions should be prioritised and reviewed.

Collaboration is crucial to foster an environment in which economic recovery can take place while prioritising innovation, research and development and opportunities presented by digital transformation.



Learning the lessons, harnessing the data revolution

The Covid-19 pandemic has proven to be a shock to the system that will provide insights and data across a range of areas. In terms of capturing data on changing behaviours to help shape policy, telecommunications operators such as BT have been supporting a range of national public health efforts against coronavirus by providing a limited amount of aggregated and anonymised network data to government such as generalised patterns in the movement of people to assist with planning the public response to coronavirus. This includes understanding how policy interventions such as social distancing and isolation are working. The role such data sharing can play to help tackle coronavirus has been recognised by governments, telecommunications operators and regulators worldwide, including by the body charged with upholding information rights and data privacy for individuals in the UK, the Information Commissioner's Office.

More broadly, technology - particularly disruptive technologies such as 5G, IoT and Artificial Intelligence - will play an increasingly important role in Wales's future economy, displacing many existing jobs but also creating many new, high value roles. In responding to Covid-19 it will be necessary to explore how digital technologies and innovation can help businesses respond to the crisis and contribute towards the economic recovery of Wales, both in terms of the actions we need to put in place now, plus the steps we need to take to maximise the potential of technology and deliver a more resilient, thriving economy fit for the future. In part this will be as a result of SMEs being forced out of necessity to embrace increased digital maturity at an increasing pace and sophistication if they are to survive.

In terms of the workforce, for those already in work and those about to enter the labour market, there will be an increased realisation that the only way to become part of the new fourth industrial revolution economy is to equip young people with the necessary skills from early years onwards and to re-equip the current workforce, ensuring they are able to move up the value chain in line with the development of technology.

In terms of dialogues arising out of the pandemic, there has been a recognition that the health and wellbeing of the nation needs to be placed on an equal footing alongside GDP in terms of its importance as a national outcome measure, and that prepared and resilient public services are essential to dealing with future and unpredicted shocks to the system. The challenge is how we can work together through and beyond the Covid-19 crisis to create a more productive economy, tackle climate change and build a healthy and more equal society – realising the aims of the Well-being of Future Generations Act. This will require many government organisations to re-imagine how their services can be delivered online at scale and for the public sector to work in ways that cross traditional organisational boundaries.

In terms of protecting health and vulnerable people, Covid-19 is likely to re-galvanise the development of public policy, ensuring that health, wellbeing and the protection of vulnerable groups are placed at the heart of government's thinking and actions. This includes an accelerated adoption and integration



of health-tech, plus a re-galvanising of policy to ensure that no-one is left behind in the transformation to a digital society.

BT in Wales

BT has a significant presence right across Wales and is proud to work with the Welsh Government. BT is a major investor and employer in Wales – employing more than 4,400 people, which is 1 in every 180 in the private sector. We contribute almost £1bn in economic impact each year.

BT is at the forefront of driving technology change and securing the UK's digital infrastructure. The telecommunications world is changing rapidly and business, government and the people of Wales need to be aware of new developments and the potential they hold for increasing our prosperity and improving our quality of life. As a trusted service provider and advisor to private and public sector businesses across Wales, BT's specialist teams – including a dedicated team of cyber experts working in Wales – work in conjunction with external experts to develop and provide advice. More than ever, cyber security needs to become a focus for all of us and our businesses and companies need to look at security not simply as a defence exercise, but as a means of innovating digitally and, ultimately, growing.

Through its partnership with the Welsh Government, BT has been leading the way in taking Wales forward into the digital age to become a truly digital nation. We deliver the unique Public Sector Broadband Aggregation (PSBA) network which provides superfast services to public service organisations such as schools, hospitals, police forces and national parks across Wales. BT is at the forefront of 5G innovation, developing technology to deliver further benefits to customers including the NHS. BT works with customers to explore the possibilities and collaborate on a network that is best for the sector. This technology will unlock countless benefits including high bandwidth and increased responsiveness and offer massive connection power and fast speeds to help transform how healthcare is delivered.