

Brexit could be the best thing that ever happened to the UK tech industry

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Will Brexit boost Silicon Roundabout? CREDIT: BLOOMBERG

My job means that I meet about a dozen entrepreneurs every week. I am often blown away by how much they can achieve in just a few months: founders like Roland Lamb, who has brought together 100 of the world's most talented hardware and software engineers to create ROLI, revolutionising the way we make music.

Certainly, there is nothing like the energy and buzz of a start-up on a mission, the thrill of growing 100pc to 200pc or more for several years, making bold decisions, turning a mere idea into something extraordinary: a global brand.

Yet at some point, all start-ups lose that magical momentum. The growth slows. Politics sets in. You start to hear: "That's not my job," or "That'll never work". The office is empty by 6pm. People forget the mission, and the customer. Start-ups become "institutions".

The EU used to be a start-up on a mission. The first mission was peace, after two world wars in four decades. Then food security... the single market... eastern expansion... the euro. It achieved extraordinary things.

But at some point it grew too big. It did not know what its mission was any more. It caught “institutionitis”. To quote Yuval Harari in his book Homo Deus: “As bureaucracies accumulate power, they become immune to their own mistakes”.

How do I know this? Well, when your second largest customer, sorry, country, gives you a vote of no confidence, and instead of resigning or promising reform, you continue exactly as before and “punish” it for its “mistake”, you have a clear case of institutionitis.

When two million migrants enter your Schengen zone illegally in a single year, stoking an alarming rise in the Far Right, and it takes you years to do anything about it, you have institutionitis.



Migrants walk along train tracks close to the northern Serbian town of Subotica, near the border between Serbia and Hungary CREDIT: AP

When four of your member countries still have youth unemployment of more than 40pc five years after the financial crisis, and you say it’s not your problem, you have institutionitis.

In companies, the cure for institutionitis is the market. Companies that stop caring about their customers will be killed off by a new disruptive company (hopefully one backed by my VC fund) turning up and stealing their customers. The old companies change, or they die. It’s healthy.

In government bodies, the cure for institutionitis is democracy. If a government is doing a lousy job, we throw it out and replace it with new leadership and bold policies. That is healthy. It clears out the bureaucrats who have forgotten their purpose. But there is no way to “throw out” the EU if it does a lousy job.

What is worse, our national governments, whom we can throw out, increasingly find they cannot make the dramatic change which people are calling for because the EU has tied their hands. So we, too, get infected by EU institutionitis. We cannot behave like a start-up any more.

Which brings me to Britain, and our tech sector. I voted firmly to Remain in last year's Brexit vote, but the EU's response has forced me, uneasily, to re-think.

Most of us in the UK tech sector have blithely assumed the EU is "a good thing" because it gives our companies access to fantastic pools of talent, and untrammelled access to the world's biggest single market.

But what about all that fantastic talent outside the EU? Is it really fair that if I am Polish or have an Italian grandma then I get access to the UK willy-nilly, but if I am Indian or Zimbabwean I have to pass stringent tests and arduous visa renewals every year?

Tech City & Nesta's Migration survey, published this week, shows that non-EU nationals make up a higher share of the UK's tech sector than those from the rest of the EU – and they are more likely to have a Master's or PhD.

ROLI is a case in point: it has 60 Britons in its team, and 17 people from the rest of the EU, but nearly twice as many, 33, from the rest of the world. They include Chinese product designers, Ecuadorian engineers, Korean material scientists, American execs... ambitious companies think beyond the EU.

At Oxford and Cambridge universities right now, we have more than 11,000 students from non-EU countries such as the US, China and India, against 6,000 from the rest of the EU. Yet our EU bias means we send most of those brilliant non-EU students back home at the end of their studies.

There is no doubt that extracting ourselves from the EU is going to be an almighty and expensive pain in the neck.

Yet Brexit could prove to be a fabulous chance to simplify our immigration policies, so that the most brilliant enterprising people from every country, Asian, African, European or American, have a fair chance to work in the UK, and to nudge our most ambitious entrepreneurs to think beyond the Atlantic, the Mediterranean and the Black Sea in terms of talent.

And perhaps the upheaval of Brexit might even cure us of institutionitis, and free us to become a truly "start-up" nation.

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