Future *Needs,*
Future *Thinking*
2021

**Technology Ireland
policy priorities 2021**

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Contents

Technology Ireland's primary goal is to help maintain Ireland's position as a global digital leader. *Future Needs, Future Thinking 2021* presents the four key pillars, which will shape the ongoing and future success of the Irish Technology Sector.

Four pillars to shape the future

Future Needs, Future Thinking 2021 puts forward a vision for the Technology Sector in Ireland. It captures the key policy priorities of the sector together with several recommendations, to secure a healthy ecosystem for the sector and enable it to continue to contribute to Ireland's success. The digitally intensive sector now directly employs over 210,000 people.

In order to maintain and grow the tech sector in Ireland, we have prioritised these four key pillars to shape the future:

■ Working out the Future – The Technology Sector in a Changing World

- The COVID-19 crisis has highlighted the need for enterprise to be digitally agile. The forthcoming National Digital Strategy must recognise the additional urgency attached to digital transformation. Support organisations to adapt to changing work practices. Encourage and engage business, large, small and start-ups, in further digital transformation.

- Ireland's visa and work permit application processes should be streamlined and resourced to match best in class international standards.

- Ensure capacity in broadband, electrical and water infrastructure meets future needs.

- Streamline planning processes to secure faster decisions on national infrastructure projects and large-scale developments.

- Implement the second phase of Tech/Life Ireland to attract and retain international talent.

■ Data Matters – The Big Data Issues

- Coordinate relevant Government policies and programmes across Departments, developing our digital infrastructure and public services.

- Demonstrate awareness of importance of preserving and protecting Ireland's data assets at highest level of government.

- Drive full implementation of the National Cybersecurity Strategy (NCSS).

- Ensure free international data flow

- Work with the European Commission to support practical and evidence-based legislation in all areas regarding data and AI.

- Support work and resourcing of DPC.

■ Education and skills

- Support the priority areas identified in 3rd ICT Skills Action Plan to increase the number of places available in higher education and to provide alternative pathways into the tech sector.

- Implement the STEM Education Review Policy Statement in full to promote STEM subjects and to ensure a better gender balance.

- Allocate resources from the National Training Fund to launch a dedicated digital education innovation funding call to enhance digital education capacity in the tertiary education sector

"Ireland is now the envy of many countries, but our current achievements are no guarantee of future success."

■ **Taxation Policy and Investment Support**

- Expand CGT entrepreneurs' relief to passive investors in high-potential and high-risk areas to increase the supply of equity for Irish companies.

- Attract and retain FDI tech companies by re-committing to an FDI driven growth model, the 12.5% corporate tax rate and the importance of the R&D tax credit.

- Ensure digital tax proposals continue to be progressed through the multilateral OECD framework and a firm stance is taken against unilateral proposals.

- Public procurement should be used as a driver for innovation in line with the recommendations of the Cruinniú GovTech report. The transitioning of more state services and functions to cloud computing is one area that is particularly ripe for development.

- Ensure that R&D supports in digital innovation are adequately resourced and easily accessible to all companies.

Four pillars to shape the future

Working out the Future – The Technology Sector in a Changing World

Data Matters – The Big Data Issues

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**Education
and Skills**

**Taxation Policy
and Investment
Support**

Who we are

Technology Ireland is the leading representative body for the technology sector in Ireland. Formed in 2017 by the merger of ICT Ireland and the Irish Software Association, it is the authoritative voice driving effective change for the sector.

Our vision is achieved by a rich ecosystem of individuals and member companies, working collaboratively towards our common goals. Our network is structured around a series of core working groups, member forums and networking events, all of which are the primary enablers of our strategy. By forging close working relationships with government departments, state agencies and governing bodies, the Association ensures the united voice of the Irish technology sector is clearly communicated to the relevant stakeholders and policy makers.

13%

Ireland's digital sector account for about 13% of Ireland's GDP.

The digital sector contributed over €30 billion to Ireland's economy in 2017 and, on its current trajectory, over €44 billion in 2020.

Since 2013, Ireland's digital sector has grown at an average of 12% per annum.

+50%

Wages in the ICT sector are 50% higher than the rest of the economy.

What we do

- We represent our members and advocate for policy priorities to support indigenous and FDI tech companies ranging from small start-ups to multinationals.

- We strive to promote the Irish Technology Sector at all levels and to inform the public of the positive impact of the Technology Sector across society.

- We form an essential link between the Technology Sector and Irish and European decision makers.

- We make sure that an Irish voice is heard at European level through working with our sister organisations in Digital Europe. In 2020 Technology Ireland Director Una Fitzpatrick was elected to serve on the board of Digital Europe.

- We provide world class benchmarking advice and training to Irish Technology Companies in management and HR practises.

- We mange two Skillnets the Technology Ireland ICT Skillnet and the Technology Ireland Software Skillnet providing programmes from Level 5 to PhD.

The digital sector constitutes about 12 percent of Irish economy GVA, with approximately half of this coming from digital producing industries and half from digital using industries

9/10 global software, 9/10 US technology and all of the top 10 born-on-internet companies have their EU HQs in Ireland

The digital sector accounts for 26% of Irish exports.

Future Needs,
Future Thinking 2021

Introduction from Director of Technology Ireland

When we launched the first edition of *Future Needs, Future Thinking* just over a year ago in November 2019, no one could have foreseen the dramatic impact COVID-19 was going to have on every aspect of our lives in Ireland and across the world.

As we move into 2021, we will hopefully see a gradual return to "normal" conditions, but the reality is that we will never fully return to our previous work practises. The world has changed and adapted, and the technology sector has been at the forefront of that change. While Ireland's technology sector adjusted admirably to the COVID-19 crisis, it still faced many challenges. Entire workforces transferred to home offices, while safe operating methods had to be devised for workers in semiconductor manufacturing sites, datacentres and other essential units. Some technology companies faced huge pressure to support businesses in other sectors as they struggled to adapt. Other technology companies, supporting hospitality, travel and street retail businesses found their revenue streams drying up overnight.
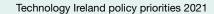
While the past year transformed our social and economic domain, some fundamentals remained unchanged and were even reinforced. The technology sector in Ireland has been one of the keystones of Ireland's extraordinary progress in the past thirty years. Companies that didn't exist just a few years ago now employ tens of thousands of people in Ireland and continue to drive growth and development. This in turn has fostered a thriving indigenous technology sector. Ireland is now the envy of many countries, but our current achievements are no guarantee of future success.
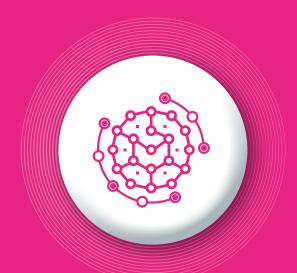
The dramatic changes, forced upon us by COVID-19, have demonstrated clearly that Ireland's technology sector is central to every aspect of economic and social life. The technology sector is the engine that will drive Ireland's recovery through direct economic input and through supporting other businesses and organisations.

Future Needs, Future Thinking 2021 seeks to highlight some of the key policy issues that must be addressed to enable the technology sector to continue that drive. There are many opportunities ahead for Ireland, but there are also threats and possible constraints.

Technology Ireland is ready to assist and advise policy makers and to take a leading role in the development of progressive, evidence-based policy at a national and European level. I look forward to hearing your views and to continuing our efforts together to support and grow the tech sector in Ireland.

Una Fitzpatrick
Director, Technology Ireland

Working out the Future – The Technology Sector in a Changing World

Last year Ireland was facing a global challenge to maintain and improve its position as a digital sector leader. That challenge still remains and has been further complicated by the impact of COVID-19. In March, almost overnight, working from home became a reality for many Irish people and remained so for the rest of the year.

The technology sector had to adapt not just in terms of its own workforce and operations, but also in many cases to support companies in other sectors struggling with the same transition. 2021 will hopefully see a gradual return to "normal" conditions, but the realty is that we will never fully return to our previous work practices. Hybrid working between home and office will become more commonplace and government, businesses and society must embrace the challenges and advantages that will come with that change.

How Ireland adapts to that challenge is just one of the many factors, which will influence our international competitiveness. Skills shortages are still a well-documented global issue and while Ireland can attract overseas talent, we compete internationally for that talent and need to eliminate anything which might hinder our success.

Underinvestment during the recession caused by the financial crisis has led to some domestic infrastructural constraints. These must be minimised to support growth of FDI and indigenous companies. The recent budget, the largest in the history of the state, is a welcome statement of intent with regard to capital investment, but there must be concrete follow through. The housing shortage is affecting our ability to attract talent. There are concerns also about the future capacity of our facilities infrastructure. Delays in developing our electrical grid, water infrastructure and national broadband infrastructure could impact on our future ability to secure large investment. Planning processes and legal appeal procedures need to be streamlined to secure faster decisions on national infrastructure projects and large-scale developments.

1. Adapting to the changing workplace

The COVID-19 crisis has highlighted the need for enterprise to be digitally agile. COVID-19 forced an instantaneous transformation onto the work practices of all organisations. While some of those changes will be temporary, many will remain, and further adjustments will occur as technological advances and society's needs continue to induce and stimulate a pattern of mutual change.

Technology Ireland recommends

- **The forthcoming National Digital Strategy must recognise and respond to the additional urgency attached to digital transformation for all areas of business, government and society.**
- **Support organisations to adapt to changing work practices. Encourage and engage businesses, large, small and start-ups, in further digital transformation, through additional supports in training, education, R&D, home working supports and role modelling of GovTech as outlined in the Cruinniú GovTech report.**

How Ireland will benefit
The COVID-19 crisis has highlighted the need for enterprise to be digitally agile. This agility will serve us well in the long run and will be one of the benefits to emerge from this crisis. While some organisations have adapted with ease, it is important that all organisations are supported through a combination of funding, training and supply of necessary infrastructure.

2. Processing of visas and work permits

Visas and work permits continue to be a significant issue for our members. As the international economy and international travel opens up in 2021, it is important that this area is adequately resourced to avoid some of the problems experienced in 2019. Delays or impediments to bringing in key skilled staff from abroad must be eliminated. It is essential that there is no delay in processing permits and visas especially for trusted partner companies.

Technology Ireland recommends

- **Ireland's visa and work permit application processes should be streamlined and resourced to match best in class international standards.**
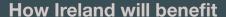
How Ireland will benefit

Ireland's has an open international economy particularly within the tech sector. Easy, frictionless access to international talent is crucial to providing Ireland with a competitive edge.

3. Infrastructure capacity

Underinvestment during the recession caused by the financial crisis led to some domestic infrastructural constraints. The recent budget, the largest in the history of the state, is a welcome statement of intent with regard to capital investment but it is crucial that this intent is transformed into concrete action without delay.

Technology Ireland recommends

- **Implement the decision to re-establish the Government's Mobile Phone and Broadband Taskforce to improve telecommunications coverage and availability through joined-up government, including local authorities and other stakeholders.**
- **The north south electrical interconnector must be given urgent priority along with the upgrading of our national electric grid infrastructure to transfer wind energy across the country.**
- **Support water infrastructure in the greater Dublin area by accelerating plans to link to River Shannon supply and provide additional treatment plants and water storage facilities.**

How Ireland will benefit

A new Mobile Phone and Broadband Taskforce can address any obstacles to the rollout of telecommunications infrastructure so that networks are improved, 5G and fibre broadband (National Broadband Plan and other areas) are delivered.

Delays in developing our electrical grid and water infrastructure could impact on our future ability to secure large investment from companies already operating in Ireland, and from companies considering locating to Ireland. Progress in these areas will provide confidence to companies planning to invest in Ireland.

4. Planning processes

Ireland has already seen major delays to necessary infrastructure projects and loss of FDI due to extended planning processes.

Technology Ireland recommends

- **The procedure for designating Strategic Infrastructure Development (SID) projects within An Bord Pleanála must be simplified.**
- **Introduce legal reforms to reduce the number of frivolous or vexatious appeals. Key infrastructure projects should not be impeded by unnecessary and costly delays. The process must run more efficiently, with statutory timelines adhered to.**

How Ireland will benefit

A streamlined planning and appeals process helps provide certainty for government and businesses.
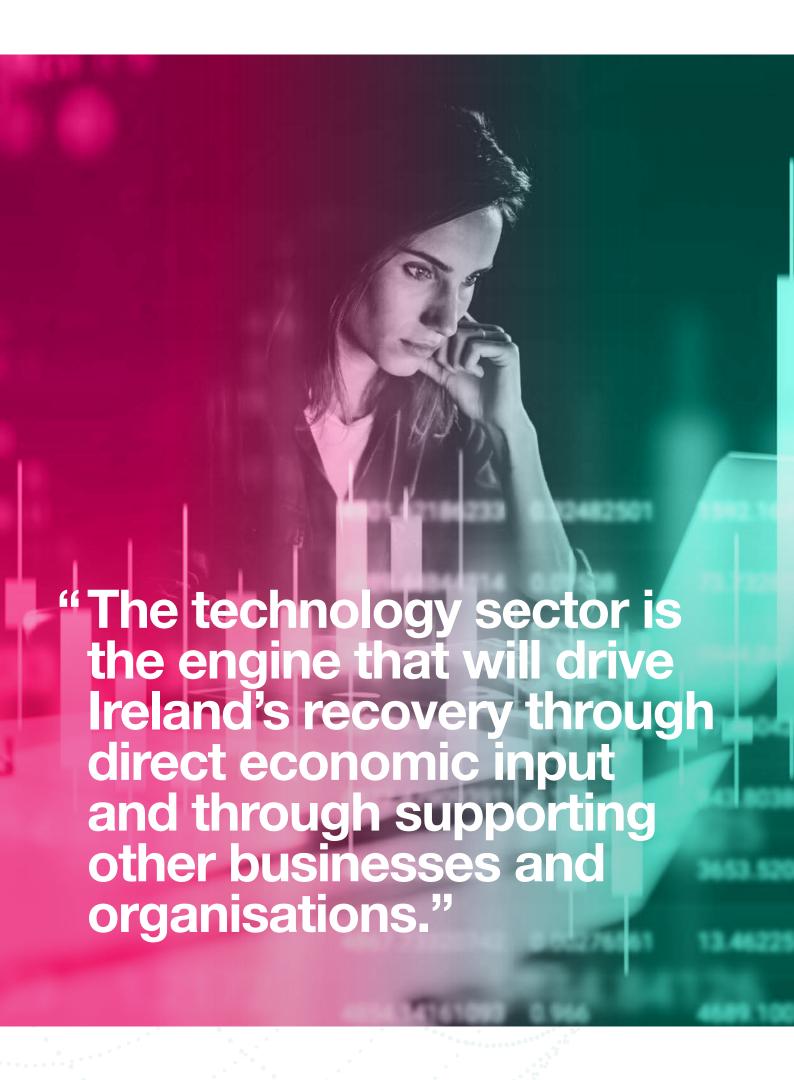
5. Tech/Life Ireland

The Tech/Life Ireland programme, which promoted Ireland as an attractive destination for tech professionals was a welcome and valuable resource in helping to attract talent to Ireland. COVID_19 has understandably curtailed its progress but it is important that this programme maintains momentum in 2021 as international exchange opens up again.

Technology Ireland recommends

- **The second phase of Tech/Life Ireland should be implemented as quickly as possible and given adequate resources.**

How Ireland will benefit

While the initial roll out of Tech/Life Ireland did attract international professionals, the second phase will seek to make the transition easier by providing a one stop shop, which can signpost information on all aspects of living in Ireland, from taxation to education and health systems. This additional support will improve retention rates of international talent.

"**The technology sector is the engine that will drive Ireland's recovery through direct economic input and through supporting other businesses and organisations.**"

Data Matters –
The Big Data Issues

Over 30% of Europe's data is stored in Ireland. We must view data as we would any other resource and carefully manage and protect it, while not impinging on our capacity to utilise it to maximum benefit. Ireland is a leading digital data hub for Europe and this position will to some extent be reinforced by Brexit as companies seek a European base for their data. However, a hard Brexit could also threaten the flow and storage of data disrupting all sectors of the economy.

The new European Commission has given a high priority to digitalisation and committed to bring forward a range of policies and directives covering areas like AI, a new Digital Services Act, ePrivacy, eEvidence, data adequacy and data transfer. Ireland's position as a data hub has the eyes of Europe and the wider international world upon us. Ireland's National Digital Strategy must provide for a whole of government response to all of these issues.

Our unique position as European HQ for many international data companies means that we are most affected by regulation and legislation in this area. Equally Ireland has a responsibility to lead the way in shaping evidence based regulation and to demonstrate best practice in the implementation of those regulations. It is crucial that we are equipped at government level to meet our responsibilities and lead, not just react to the development of European data policy. Ireland requires a high level of political commitment, focussed on driving a whole of government response to delivering digital infrastructure and public services.

6. Government focus

The digital economy transcends all aspects of Irish and international life. It is vital that it is not treated in a piecemeal way and that a strong focus is maintained, ensuring that Ireland retains its position as a digital hub. The forthcoming National Digital Strategy must recognise and support the importance of free international data flow, evidence-based data regulation and protection of data through cyber security.

Technology Ireland recommends

- **Develop a whole of government approach to lock-in positive digital developments and address challenges to the digital readiness and resilience of government, public services, businesses and citizens with structured stakeholder engagement in implementing successful digital transformation.**
- **Coordinate relevant Government policies and programmes across Departments, developing our digital infrastructure and public services.**

How Ireland will benefit
This response will focus on bridging digital divides, engaging stakeholders, and securing Ireland's place as a world leading digital economy.

7. Ensuring free data flow between EU & US, and EU & UK

A no deal or limited deal Brexit that cuts off the free movement of data between the EU and the UK remains a huge threat to Ireland, which holds 30% of European data. The fallout from the recent Schrems II ruling, which knocked down the Privacy Shield data transfer agreement between the EU and the US and raised the bar for SCCs (Standard Contractual Clauses), which are used by organisations transferring data to third countries, exacerbates this threat. This will impact all companies sharing data, not just the technology sector.

Technology Ireland recommends

- **Urgently seek agreement on data transfer and data adequacy with UK: Even if only a skeleton Brexit deal is agreed, it is vital that it includes agreement on data transfer and data adequacy.**
- **Ireland should use its unique position as a bridge between EU and US to try and expedite attempts to negotiate a new and lasting data transfer agreement**

- **Fund training and information campaign on SCCs:** In the event of no deal, a portion of the €4 billion Brexit contingency funding should be set aside to inform and assist Irish technology and non-technology sector companies implementing SCCs for the first time. This is already needed anyway for companies transferring data to the US as a result of Schrems II ruling.
- **Ensure DPC is adequately funded:** A no deal Brexit, requiring the extensive use of SCCs, combined with the fallout from Schrems II will result in an inevitable extra workload for the DPC.

How Ireland will benefit

Data transfer issues are not just a problem for the technology sector. They will affect any business or organisation which needs to share data with a third country. Also, as data flow increases and data regulation becomes more complex, it is vital that the DPC has the resources to carry out its work in a timely manner. This is a reputational issue for Ireland, given that we currently hold 30% of Europe's data.

8. Evidence-based data regulation

Technology Ireland recognises the need for data regulation and views it as a positive for the technology sector and its reputation, but any such regulation should be measured, evidence-based and assessed with regard to impact on business. This is especially important for smaller companies with limited resources. It is imperative also that legislation does not stifle innovation and development. Technology Ireland is working with our sister organisations in Digital Europe to develop robust and practical regulations and guidelines at European level.

Technology Ireland recommends

- **As the European HQ for many multinational data companies Ireland should be to the forefront in shaping any legislation or regulations in this area. It is important that the Irish government supports these efforts at European Council level.**

How Ireland will benefit

Rather than reacting to legislation and directives from Europe, by participating in the process, Ireland will be a leader in the design of and implementation of all regulation concerning digital data. This will help secure our position as the digital hub of Europe.

9. Cybersecurity

Technology Ireland welcomed the 2019 consultation on a new National Cybersecurity Strategy (NCSS) and looks forward to working with stakeholders on its successful implementation. The workplace upheaval caused by COVID-19, resulted in a rise in attempted and successful cybercrime, highlighting the need for urgency in rolling out this strategy. Government must ensure that our national cyber security and data protection capabilities are adequately resourced, and that Ireland is seen internationally to be playing a strong role in protecting critical infrastructure and managing cyber risks.
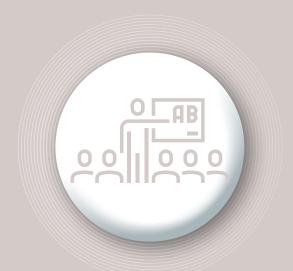
Technology Ireland recommends

- **Demonstrate awareness of importance of preserving and protecting Ireland's data assets at highest level of government.**
- **Provide a clear and co-ordinated structure for the government departments and public bodies that have a role in national cyber security.**
- **Prioritise and strengthen cyber security capabilities across government departments and relevant public bodies e.g. Central Bank, DPC, ComReg, EirGrid, Ervia.**
- **Ensure training and education programmes foster awareness and talent in cybersecurity.**

How Ireland will benefit
Ireland can ensure the security of its public bodies and infrastructure and also position itself as a lead player in the cyber security industry.

Education and Skills

Despite, and in some cases because of the impact of COVID-19, there are still thousands of vacancies in the technology sector in Ireland. Investment in skills is more important than it ever was.

Digital skills are also no longer confined to the technology sector but must become a factor in all education programmes. Given the twin impact of the COVID crisis and the pace of technological advancement, it is certain that individuals will need to have a greater capacity for digital skills, complemented with transversal skills and an aptitude for learning. Education from primary school right through to continuous life-long learning is the fuel that drives the technology sector. Greater interaction is required between industry and our education system to promote STEM subjects and to ensure a better gender balance.

10. ICT Skills Action Plan

The 3rd ICT Skills Action Plan launched in 2019 is a welcome roadmap for the technology sector, but it is essential that the priority areas identified are supported and addressed. The expansion of provision of higher education, the Pathways to ICT programme, ICT apprenticeships, Skillnet Ireland and attraction of international talent are all crucial elements of the plan, which must be promoted.

Technology Ireland recommends

- **Support the expansion of provision in higher education for technology programmes in existing Universities and Institutes of Technology and expedite the provision of new regional Technology Universities.**
- **Provide alternative pathways to ICT, including the resourcing of more ICT apprenticeships from level 6 to level 9.**
- **Allocate €20m from the National Training Fund to launch a dedicated digital education innovation funding call, to enhance digital education capacity in the tertiary education sector. While COVID-19 prompted a rapid move to remote learning and working, the future of work and study will be increasingly digital long after the current disruptions.**
- **Encourage upskilling and CPD through ongoing support for Technology Ireland's ICT Skillnet and Software Skillnet.**

How Ireland will benefit

While the traditional third level model is still important in providing tech grads, Ireland needs to provide alternative pathways into the tech sector and be more flexible in how we provide access to ICT qualifications. Apprenticeships programmes provide an additional talent pipeline of new entrants into the tech sector. Lifelong learning and CPD are of particular importance to the ever-evolving tech sector. The Technology Ireland ICT Skillnet and Software Skillnet programmes are hugely valuable to industry. They are enterprise led, demand driven and offer targeted learning at a discounted rate.

11. STEM education

Government and academia must do even more to promote STEM subjects right from primary level. The STEM Education Review Policy Statement (2017 -2026) must be fully implemented and go beyond good intentions. COVID-19 has understandably impacted on Implementation Phase II (2020-2021) - "Embedding", which sought to deepen capacity building and support a coherent STEM environment across education and industry partners.

Technology Ireland recommends

- **Review the Implementation Phase 1: 2017-2019 and address any slippage, which may have occurred during 2020 as a result of COVID restrictions**

- **Develop a robust framework for greater industry involvement in STEM promotion. The framework currently proposed is not sufficient. A new framework should provide clear unambiguous outcomes and tools for companies to engage with schools.**
- **The new Computer Science curriculum at Leaving Certificate is a positive development but needs a much more ambitious rollout programme, including significant teacher training, to deploy beyond the pilot schools.**

How Ireland will benefit

Ireland currently has a technology skills gap. STEM promotion plays a vital role in preventing that gap from widening and will also encourage wider female participation in the technology sector.

12. Supporting Digital Skills and Innovation in Education

The lesson of 2020 is that change is not optional and that sometimes the pace of change is not negotiable. Third level education institutions must be supported in their efforts to meet the ever-changing needs of business, industry and society. COVID had intensified the need for individuals, businesses, organisations and government to be equipped with the necessary skills and knowledge to implement and work within a digitally transformed society. As every aspect of business and society is digitalised, the requirement for digital skills and innovation extends to all academic disciplines.

Technology Ireland recommends

- **Allocate resources from the National Training Fund to launch a dedicated digital education innovation funding call to enhance digital education capacity in the tertiary education sector**
- **Develop a new approach to funding innovation capacity in higher education as a successor to PRTLI.**

How Ireland will benefit

While COVID-19 prompted a rapid move to remote learning and working, the future of work and study will be increasingly digital long after the current disruptions. New investment is required in research and innovation infrastructure, technology and human capital development.

"There are many opportunities ahead for Ireland, but there are also threats and possible constraints on our growth."

Taxation Policy and Investment Support

COVID-19 had a devastating effect on the global economy, which is still playing out and Ireland is not insulated from its impact. However, we are doing better than many other countries and much of that is due to our thriving technology sector. This relative success cannot be taken for granted.

It is crucial that Ireland provides a positive business environment for entrepreneurs and FDI tech companies. Appropriate fiscal supports are crucial for accelerating the growth of the indigenous technology sector and for embedding foreign investments. These can take many forms including adjustments to the tax system to encourage entrepreneurs and owners of capital to invest.

While Budget 2021 saw some welcome developments, such as the positive response to our call for Knowledge Development Box relief to be extended has been included, there are still areas that need to be addressed. Better tax treatment of share-based remuneration would support start-ups, developing and established companies; and would help Ireland to attract and retain the top talent that is critical to building innovative and high value-adding teams.

While the global business model is in flux, and much depends on the policies pursued by the new US administration, Ireland should continue to engage with the multilateral OECD framework and resist any challenges to our FDI model from unilateral measures taken elsewhere, in the area of corporate taxation or digital tax.

13. Supporting indigenous business

While FDI will always play a welcome and important role in Ireland's success, it is vital that we have a thriving indigenous tech sector also. Our tax system should reward entrepreneurs, while easier access to R&D support should help Irish SMEs compete internationally. Budget 2021 saw some improvements, but not enough to really help indigenous companies to grow and develop.

Technology Ireland recommends
- **Expand CGT entrepreneurs' relief to passive investors in high-potential and high-risk areas to increase the supply of equity for Irish companies.**
- **The promised review by the Department of finance to assess how the Employment and Investment Incentive Scheme (EIIS) can be enhanced must be completed without delay. The revised €250,000 limit on EIIS investments, while a move in the right direction, is still restrictive and should be raised to €2 million. The current level is severely restricting the flow of capital to firms.**
- **Losses on EII investment should be allowed for CGT purposes and any capital gains on the sale of shares taxed as capital gains rather than as income, as is currently the case.**

How Ireland will benefit
Increasing the strength of Ireland's indigenous technology sector is important for the overall health of the ecosystem. This will help to retain indigenous talent and attract international skills.

14. Attracting and retaining FDI

As well as access to talent and skills, Ireland's competitive corporate tax regime has played a key part in our success in attracting FDI. However, the global FDI model continues to change and adapt. US tax reform and the OECD BEPS initiative will both have an influence on future decisions around FDI. Uncertainty in the US around the BEPS negotiations has created further ambiguity, which will hopefully be clarified under the new administration. Despite these changes Ireland must continue to position itself as a leading location for FDI tech companies.

Technology Ireland recommends

- **Provide certainty to the regime by re-committing to an FDI driven growth model, the 12.5% corporate tax rate and the importance of the R&D tax credit.**
- **Make sure digital tax proposals continue to be progressed through the multilateral OECD framework and a firm stance is taken against unilateral proposals.**
- **Prepare for a post BEPS2 world by ringfencing any future overruns in CT revenues for spending on innovation, education, or capital projects alone.**

How Ireland will benefit

Ireland provides a business model of substance to existing and potential FDI tech companies. Continued investment in education, infrastructure and innovation will bolster that model. While we cannot and never have relied solely on our corporate tax rate, it remains a key part of our package and should not be challenged unilaterally. The OECD despite the ambiguity and confusion, which developed in 2019 is the correct forum for these international discussions. Any unilateral action by Ireland or other European countries on this issue prior to OECD recommendations could place Ireland at a competitive disadvantage.

15. Government investment supports and R&D capabilities

OECD comparisons show Ireland behind on R&D particularly with SMEs. Take up of existing R&D supports is relatively low amongst SMEs and the packages must be made more accessible and attractive to entrepreneurs. Supports in digital and technological innovation must also be adequately resourced.

Technology Ireland recommends

- **Public procurement should be used as a driver for innovation. As recommended in the Cruinniú GovTech report, the OGCIO should promote the use of the full range of innovation procurement approaches allowed under the EU Procurement Directives. The transitioning of more state services and functions to cloud computing is one area that is particularly ripe for development.**

- **Follow through on commitments to introduce a simplified pro-forma R&D tax credit scheme for SMEs, which allows smaller firms to overcome funding constraints on their innovative activity.**

- **Introduce accelerated capital allowances for a number of areas of advanced manufacturing (including computerised/computer aided machinery and robotic machines). Ireland has the second lowest density of industrial robots in the EU15, despite them being strongly linked with increased productivity.**

How Ireland will benefit

Providing R&D support to indigenous companies through public procurement strategy and seed capital schemes will encourage a healthier tech ecosystem and engagement between indigenous and FDI tech companies. Government role modelling of digitalisation in business and society by innovative and proactive roll out of Gov-tech and adoptation of cloud across all departments and state organisations will improve government efficiency as well as supporting the technology sector.
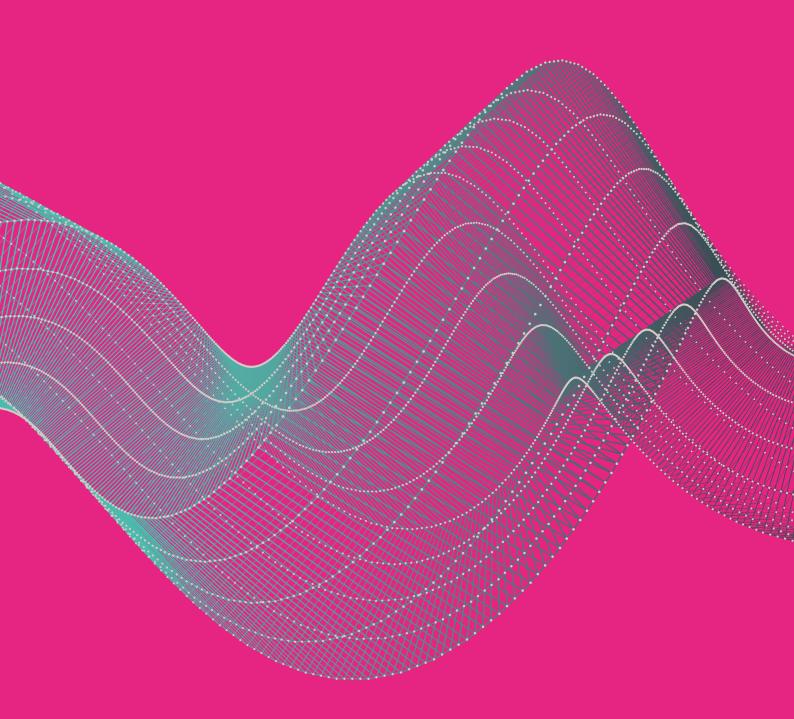
Conclusion

Technology Ireland believes that the priorities outlined in *Future Needs, Future Thinking 2021*, if addressed, will help to secure Ireland's place as a global technology hub. The lesson of 2020 is that change is not optional. Happily, by its very nature the technology sector is everchanging and Ireland must always strive, where possible, to be ahead of those changes or risk losing its advantage.

To maintain our competitiveness into the future it is vital that government maintain a positive financial, social and infrastructural environment for the technology sector and adapts to the new working environment. Our talent supply must also be preserved both through training and education and promotion of STEM subjects, but also through making Ireland an attractive choice for overseas talent.

Ireland holds an enviable place in the global technology sector. The technology sector is crucial to Ireland's ongoing success. That was demonstrated beyond doubt in 2020 and the sector will continue to play a huge part in our future prosperity. The technology sector is the engine that will drive Ireland's post COVID recovery, but it must not be taken for granted. Success must be nurtured and planned for. Technology Ireland looks forward to working with all stakeholders to help ensure that continued success.

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