

The State of Guernsey

Jason Connolly, director at Next Generation IT, looks at how Guernsey has fared during 2014, what the future potentially holds and what part IT will play



2014 was a mixed year for the Guernsey business environment. Many of our clients have fared positively, displaying a recent upturn in growth of their Guernsey-based business and some have started to expand into new territories and business streams. Unfortunately others continue to feel the effects of the global downturn with a glut of mergers and acquisitions as businesses struggle to consolidate costs and pool revenues.

Guernsey's competitive advantage

In recent years, Guernsey has benefitted from a strong reputation in the international offshore marketplace with a critical mass of experienced financial and legal expertise, seasoned entrepreneurs and access to funding all in one place. Our hard-earned reputation and well-regulated environment gives us a precious advantage in the hugely competitive global offshore marketplace. This all creates a strong entrepreneurial culture and adaptability that enables us to make the best of opportunities as they arise, and makes Guernsey an attractive place for entrepreneurs and wealthy business people to relocate to.

The use of technology within Guernsey has matured recently with the majority of local organisations depending on computing to conduct their business. We have now moved into a new phase of rapid change with many disruptive technologies, such as cloud computing, and also the convergence of mobile technology with traditional business computing, and these are quickly changing the way we use technology in our daily working lives. This is giving rise to productivity and service improvements, allowing local businesses to thrive with minimal headcount, but simultaneously providing a better, more personal service. Staff are more connected to the information they need whether they are in the office, working from home or whilst travelling. Systems are easier to use, providing faster access to relevant information and more central control over data, procedures and communications.

Technology opens up many opportunities for innovative businesses to be nimble enough to adapt quickly, providing new ways of delivering services. Fintech is the term that has been coined to describe innovation in financial services enabled through new technology. It gives businesses the tools to very effectively reach new customers and access entirely new marketplaces, through the internet and mobile devices. With minimal investment businesses can increase their scale, range of services and customer base – something that would have been almost impossible just a few years ago.

Guernsey's challenges

Burdensome regulation is hitting our competitiveness, with more time and money being spent on compliance, and less on generating value. Of course, it is difficult to balance the conflicting requirements of regulation and adaptability, but perhaps the pendulum needs to swing back towards a lighter touch. This is difficult as Guernsey is a soft target for European and American politicians looking to divert attention away from their own economic woes and easy ways to grab more tax revenues. Guernsey needs to be whiter than white but also remain competitive.

On the IT side, a major disadvantage to local businesses and a limiting factor for the adoption of cloud-based systems is the cost of on-island private circuit connections. Generally on-premise servers are connected to PCs in the office via gigabit speed links (1,000Mb/s). The costs of similar high-speed private circuits from the office to the datacentre are prohibitive for many businesses. Cicra is currently reviewing this situation, but if we could increase the speed of the 10Mb/s circuits to gigabit speed (at the same price), this would be a game changer, and would cost very little additional to the local telecommunications providers. This would enable the majority of local businesses to move onto local cloud systems, saving money and scarce resources while improving productivity and service levels to their clients.

Looking forward

The challenges to Guernsey businesses are relentless and local businesses struggle to continue to be competitive with the growing burden of regulation. Guernsey needs to maintain the difficult balance of essential regulation and competitiveness, while also forging links with other jurisdictions to build strength and exploit new business opportunities.

A great advantage to Guernsey is that local businesses work well together. This collaboration enables cross fertilisation of ideas and pooling of expertise for the greater good of Guernsey. This was in evidence at the recent Digital Greenhouse initiative where a large number of Guernsey businesses came together to derive a strategy for fintech and the adoption of technology in Guernsey businesses and government. A central element of this is a central hub for start-up tech businesses to incubate. Of equal importance is a catalyst for greater collaboration between financial and technology businesses. Technology can enable businesses to gain access to new customers and provide new and innovative services that create competitive advantage and additional business streams to Guernsey's financial services businesses.