



Ministry of Economic Development

DEPARTMENT OF E-COMMERCE

Head 67

BUDGET BRIEF 2015-2016

Presented by

Dr. the Hon. E Grant Gibbons JP, MP

Minister of Economic Development

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DEPARTMENT OF E-COMMERCE

HEAD 67

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OF THE ESTIMATES OF REVENUE AND EXPENDITURE

Mr Chairman,

The Current Account Estimates for **Head 67**, the Department of **E-Commerce**, can be found on pages **B338 to B341** of the Budget Book. The Department of E-Commerce has been allocated **\$914,000** for the fiscal year 2015/2016.

Mr Chairman,

The mission of the Department of E-Commerce is to develop the right regulatory framework and to facilitate the adoption and advancement of Information and Communications Technology (ICT) skills and innovation so that Bermuda continues to be recognized as a prime jurisdiction that successfully leverages and advances the digital economy.

The Department has four principal objectives, which are:

1. To advocate for the continued development, safe use and adoption of technology across all organisations, the government and within the community.
2. To ensure the appropriate policies and legislation are in place to support e-business and the digital economy, with a focus on developing privacy legislation.
3. To facilitate demonstrable opportunities for technology education, mentoring and training as well as encouraging e-entrepreneurship.
4. To promote Bermuda as a sophisticated and security-conscious technology and e-business jurisdiction, in order to continue to attract and maintain international business.

Mr Chairman,

We live in constantly changing times. Our environment is one where technology innovation occurs at a rapid pace. That said, the digital and knowledge economy brings with it great opportunities. To seize these opportunities and to allow the Island to navigate and survive change, Bermuda and Bermudians need to be technology literate and to keep their technology skills current.

Individuals and organisations, can use technology to their benefit in identifying trends, enhancing relationships, experimenting with new ideas and using change to their advantage. Indeed, technology is often a key part of the winning formula for those individuals and enterprises that are able to successfully manoeuvre through changing environments. Technology allows for a controlled and deliberate response. It also assists us in being flexible in our strategic planning and implementation, employing innovative practices and building an optimal environment for growth.

Whether for-profit or not-for-profit, public or private, technology supports almost all aspects of our society. Bermuda takes pride in the sophistication of our infrastructure and in the availability of specialised ICT resources. They both aid in serving to attract and maintain business in Bermuda. Going a step further, it is critical that our ICT and legislative policies continue to facilitate business in Bermuda and encourage innovation and new enterprise.

EXPENDITURE OVERVIEW (incl. an analysis by cost centre - Page B338)

Mr Chairman,

Estimate 2015/16:	\$914,000	↓ down \$48,000 (5%) from previous year ↓
Budget 2014/15:	\$962,000	

The Department of E-Commerce has been allocated **\$914,000** for 2015/2016. This is a decrease of \$48,000 representing a 5% decrease over last year. The funds are allocated to four separate areas: Administration; Policy and Legislation; Marketing & Promotion and; E Business Awareness.

Cost Centre 77000 – ADMINISTRATION (B338)

Estimate 2015/16:	\$518,000	↑ up \$1,000 (0.2%) from previous year ↑
Budget 2014/15:	\$517,000	

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Mr Chairman,

The “Administration” section cost centre includes all functions related to the operations of the Department of E-Commerce, including the support of the E-Commerce Advisory Board (ECAB), operational requirements in accordance with the Electronic Transactions Act 1999, and administrative support to ad hoc committees such as the Internet Governance Policy Advisory Committee. The mandate of the Internet Governance Policy Advisory Committee (IGPAC) is to provide input into Bermuda policy in the areas of global Internet Governance and cyber issues that may impact Bermuda relating to; security/privacy, infrastructure, global Internet issues, consumer protection, or other information economy matters.

The IGPAC employs a multi-stakeholder model, reflecting best international practice, to provide input into Internet governance proceedings, comment on Bermuda Government policy on Internet governance matters and be an advocate within their respective communities both locally and internationally. Members of the IGPAC include: Honey Adams - Consumer Affairs, the Regulatory Authority, Michael Oatley – ITO, Stephen

Davison - Quo Vadis, David Atwood –E-Government, Martin Walsh - E-Government, Fred Oberholzer – KPMG, ISACA and Bermuda Chamber of Commerce - Business Technology Division, Chequila Walker - Registry General, Aubrey Pennyman, Registry General, Mark Clarke, Bermuda Police Service, Ronnie Viera, First Atlantic Commerce, Maxanne Anderson –Telecommunications, and Patricia Deshields – Telecommunications. This initial group is establishing the longer-term mandate of the IGPAC, with the intention of expanding membership to reflect the broader Internet governance interests within the community.

At the time of the budget preparation, there were three full-time employees in the Department of E-Commerce. Expenses under this cost centre include the salaries of one Director, one Administrative Assistant and two Senior Analysts. The position of, and associated funding for, a Junior Analyst has been frozen for this fiscal year.

Mr Chairman,

I would also like to highlight the valuable work done by the E-Commerce Advisory Board, headed by its Chairman, Mr. Aaron Smith. The ECAB continues to meet regularly and has made a number of valuable suggestions in their year-end report to the Ministry. These initiatives include proposals to attract further ICT business and jobs to Bermuda, providing input into technology education and exploring beneficial IT governance models that might benefit the Government. ECAB also provided the Department of Statistics with valuable industry feedback on their annual ICT Report and on other relevant research.

Other expenses in this cost centre include equipment and utilities, computer hardware, software maintenance, office supplies, training and office operations.

Cost Centre 77003 – POLICY AND LEGISLATION (B338)

Estimate 2015/16: **\$210,000** ↓ \$25,000 (11%) from previous year ↓

Budget 2014/15: \$235,000

Mr Chairman,

The “Policy and Legislation” cost centre consists of activities relating to the oversight role that the Department of E-Commerce plays in Bermuda for Internet and E-Business policy and legislation, by ensuring that the correct legislative and policy frameworks are in place to facilitate the creation, growth and attractiveness of e-business. This includes research activities and membership in relevant international organisations in order to develop comprehensive e-commerce policy advice for the Government, the E-Commerce Advisory Board and other committees.

Privacy

Mr. Chairman,

The development of privacy legislation, a Throne Speech initiative, falls under this cost centre. A primary focus for the Department during this next fiscal year will be to complete the development of data privacy and protection legislation.

The protection of personal information is a fundamental human right and is particularly critical in the information age. It is meant to further our efforts to ensure that the appropriate policies and legislation are in place to support e-business and the digital economy, which is the second objective of the Department of E-Commerce. In doing so, Bermuda’s model is meant to meet best international practice and to recognize the complexities and concerns of the digital age and the global environment in which we operate. Keeping data safe and secure continues to be paramount for businesses and consumers, both locally and globally. The proposed legislation is intended to address these challenges while being suitable for our small jurisdiction to administer.

A draft privacy model has been developed and is currently being refined with international best practices in mind. The Department has also benchmarked the draft legislation against comparable jurisdictions, such as the Cayman Islands, the Isle of

Man and the province of Alberta, to make sure we provide the most beneficial regime for both citizens and businesses.

At the same time, we must recognise our economic ties and opportunities. The goal of the legislation has always been to balance sound regulation with the ability to attract new companies to our shores. Introduction of this legislation would prove beneficial for companies that operate globally out of Bermuda, facilitating requirements for trans-border data flows of certain personal information to other countries with privacy regimes.

Cybersecurity

Mr Chairman,

Cybersafety and related Internet matters continue to be a priority for the Department of E-Commerce. The Cybertips website was successfully re-launched during 2014/15, with five (5) presentations to schools already taken place. What's more, Safer Internet Day, an event for the island's Seniors, was celebrated for the first time in Bermuda on February 10 of this year. Nine (9) topical presentations were offered during Safer Internet Day to participants and 93% of attendees rated the quality of information shared by the exhibitors as "good", while 84% provided the same rating for the presentations.

Through **Cybertips**, the Department partners with many entities, which include the Bermuda Police Service and other committed community representatives. Together, they continue to promote safe online practices and good digital citizenship, particularly amongst the Island's youth.

Mr Chairman,

The Department will also carry out the background research into and assess best practice in national cybersecurity strategy. In this vein, the Department will engage local and international cybersecurity sources to determine considerations for the development of an optimal framework.

Other expenses in this cost centre include: specialised consulting services, travel and participation at conferences, documentation, educational and promotional materials. Initiatives relating to Internet governance policy matters and cyber security are also included in the expenses under this cost centre.

Cost Centre 77004 – MARKETING, PROMOTION and OUTREACH (B338)

Estimate 2015/16: **\$42,000** ↓ down \$19,000 (31%) from previous year ↓

Budget 2014/15: \$61,000

Mr Chairman,

The “Marketing, Promotion and Outreach” cost centre enables the Department of E-Commerce to continue representing Bermuda as an E-Business jurisdiction in both the local and overseas markets through marketing, advertising, promotional and market research activities. The sophistication of what Bermuda has to offer with our information technology and communications landscape and work force is vital to the international businesses who make the decision to operate in this jurisdiction. Through publications such as the World Commerce Review, we are able to showcase our infrastructure and capabilities directly to global opinion leaders.

Expenses under this cost centre include activities relating to marketing, benchmarking and research, editorial content in local and international publications, in addition to advertising and promotion.

Mr Chairman,

It is important for us to regularly measure the progress of Bermuda as a digital economy. The statistics on the state of ICT in Bermuda for the current fiscal year are currently being finalized and includes statistical analysis on local ICT-related factors such as technology trends, costs, business and residential attitudes and uses, and on the associated demand for Information and Communication Technology services. The final report, the **State of ICT in Bermuda Benchmarking Statistics for 2014/15**, will be published in Spring 2015 and will provide useful data for the local community. Some highlights from the forthcoming report:

- 98% of residents use the Internet from any location at least once a week
- 99% of businesses have Internet access
- 89% of households have access to the Internet
- 85% of households owned a smartphone
- 78% of residents owned a wi-fi or Internet ready device, such as a tablet or e-reader
- 63% of residents shop online with overseas merchants
- 22% of residents shop online with local merchants
- 60% of businesses have a corporate social networking presence
- 93% of businesses uses technology for business to business interactions, such as procurement, inventory control and payments
- 89% of businesses use technology for business to consumer interactions, such as facilitating payment, sales and providing information
- 82% of businesses use technology for business to government interactions, such as payroll tax, immigration and social insurance

Additionally, the use of international indicators allows for comparison with other jurisdictions.

The data collected is coordinated with other local studies undertaken by the Department of Statistics and by the Regulatory Authority, so that the information is both complementary and supplementary. In line with the Government's objectives to highlight the attractiveness of Bermuda to international business, having timely data readily available to potential global investors shows the sophistication and scope of ICT services and skills in Bermuda, and supports our marketing efforts.

Other initiatives promoting Bermuda's ICT strengths will include marketing material targeted to international ICT businesses to encourage them to establish an active presence in Bermuda.

Cost Centre 77005 – E-BUSINESS AWARENESS and DEVELOPMENT (B338)

Estimate 2015/16: **\$144,000** ↓ down \$5,000 (3%) from previous year ↓

Budget 2014/15: \$149,000

Mr Chairman

E-Business Awareness and Development involves promoting the importance and adoption of technology skills for personal and professional empowerment. We like to say that “Every Career Needs IT” because today all sectors are reliant on the use of technology.

Expenses in this cost centre, therefore, include activities to support e-entrepreneurship and programmes to train and mentor youth in ICT careers, and to stimulate innovation.

In this vein, the annual **Technology Innovation Awards** were held as part of Global Entrepreneurship Week in November 2014. This initiative encourages and promotes innovation in the technology arena. This year’s TechAwards saw 38 different organisations, companies and individuals nominated in the competition across five categories.

Trunomi, a local tech start-up, won the International Innovation of the Year Award with their online personal identity protection technology for the financial services industry. The Local Innovation of the Year Award went to LookBermuda, for their Nonsuch Island CahowCam, and to Jobber.bm, the employment matching website. These and the other winners on the evening all embodied Bermuda’s technology successes, showcasing small and large ventures that have local and international reach and that span the private, public, and third sectors.

Mr Chairman

Also during Global Entrepreneurship Week, the Department of E-Commerce hosted the **Pitch Tech** component of the **Rocket Pitch Competition**. Participants competed for prizes to assist them in launching their businesses and only had a few minutes to present a “Rocket Pitch” about their business idea. The Department hosted the Pitch

Tech component of the competition and saw entrepreneurs share ideas for new, innovative technologies and eBusiness ideas. Pitch Tech supports technology-focused entrepreneurial ventures, and the winner received a financial award to help grow their business. We look forward to the Pitch Tech Rocket Pitch event in the Fall to support e-business expansion and further encourage innovation.

Mr Chairman

Inspire E-Business, continued to develop local e-business and supported existing local online retail. A total of six “How to Start an Online Business Workshops” workshops were held with partners throughout the year related to starting an online business. The sessions in November attracted 61 attendees and the March sessions have exceeded that with over 70 participants. The final session for this fiscal year, on marketing and social media, will take place this Thursday. In addition, three entrepreneurs that the Inspire eBusiness initiative had previously sent to the US-based **Start-up Weekend** entrepreneurial event, organised Bermuda’s first Start-up Weekend from March 6th to the 8th this year.

The inclusion of the Bermuda-based Start-Up Weekend under the Inspire eBusiness initiative, where aspiring entrepreneurs spend an intense weekend to find out if their ideas are viable, engages participants of all ages. They receive assistance from mentors and have access to a range of resources and tools. This past weekend had over 40 participants. On Friday, more than 20 ideas were pitched by participants and nine teams were formed. By Sunday the nine teams had to pitch their business plans. The judging panel assessed each on the business model, customer validation, technical – execution and design – execution. The audience selected 16 year old Dejai Grime’s business, TechChoppers, custom built gaming computers as the People’s Choice. Third place, was Bermuda Hacks, an online platform and App for making life easier when moving to Bermuda. Second place went to K.I.M.S. List, an online educational resource for parents of children aged 5 – 16 years old. First place went to The Kitchen, a shared kitchen concept for all home cooks and chefs on the Island.

Entrepreneurship is a recognised tool for stimulating innovation and a proven alternative in assisting individuals with employment challenges. As technology plays a critical role in enabling e-commerce, e-business and e-entrepreneurship, the Department and its partners will continue to support and promote Inspire E-Business activities for entrepreneurs.

Mr Chairman

We will continue to offer the regular and popular “How to Start an Online Business Workshops” under the Inspire eBusiness banner in 2015/16. We also look forward to the next Bermuda Startup Weekend. During the summer, efforts to engage our youth in e-entrepreneurship will continue through the popular Biz Camps.

Mr Chairman

The **TECHTALK Initiative** gives technology organisations the opportunity to provide the community with information and professional development prospects. In 2014/15, the Business Technology Division of the Bermuda Chamber of Commerce and the Bermuda Chapter of the Information Systems Audit and Control Association (ISACA), partnered under the TechTalk banner to present current and emerging technology trends that may have an impact on or be useful for business. Five TechTalk sessions were offered in 2014/15. In 2014, three of the sessions were offered with over 150 people attending with 93% of the attendees indicating that the panel discussions met their expectations.

Mr Chairman

The **Technology Leadership Forum (TLF)** Internship Programme completed its sixth year of operation. To date, more than 40 students have successfully graduated out of the programme. Of these, 10 are still continuing their college education, while 75% of graduates have already found full time ICT positions with local or overseas firms.

This summer, the TLF’s Summer IT Student Networking event was held for all students interested in ICT and to allow for exposure to top local industry professionals. In February 2015, the TLF’s Twitter Party allowed IT students and professionals to

network in person and online. The one-hour long event saw over 690,000 impressions (how many times followers would see posts that are made by those who are posting) and approximately 700 tweets, with participants in Bermuda and in many locations around the world.

We are pleased to confirm that the Department of E-Commerce, in collaboration with IT sector partners, will continue to support the TLF and to offer the successful IT Student Internship Programme, with the objective of grooming and mentoring the best and brightest young local IT talent. Since the information age will continue to require skilled IT workers, the TLF will also increase its efforts to provide information on ICT careers to schools and students on the Island through various initiatives.

MANPOWER (PAGE B339)

Mr Chairman,

For effectiveness and efficiency, the Department of E-Commerce works in partnership with stakeholders wherever possible. The private sector is an important partner because much of the Department's work is in furthering a beneficial digital environment for the country. The Department, however, still requires its own resources in order to appropriately carry out its objectives. At the time of the budget preparation, there were three full-time employees in the Department of E-Commerce and as mentioned earlier, the Junior Analyst position will not be funded for the next fiscal year. The Department is presently operating with a staff of only two full-time and one part-time persons; but is currently in the process of filling the Policy Analyst positions.

Mr Chairman,

The Department of E-Commerce plays an important role in ensuring Bermuda's competitiveness in ICT and the funding allocated in this budget supports this mission.

Mr Chairman,

In concluding my comments, I would like to commend the work of the former Director of the Department of E-Commerce, Ms. Nancy Volesky, the current Director Ms. Marisa Stones and the entire E-Commerce team. Thank you Mr. Chairman.