ALSO INSIDE

WINDS OF CHANGE FOR IRISH PUBLIC SECTOR PROCUREMENT?
Can SMEs start to feel more optimistic?

NOT PATENTLY OBVIOUS
A look at the tricky area of software patenting

THE GRAPE AND THE GRAIN
Megazyme founder Barry McCleary on growing a small business

ARE YOU READY TO EXPORT OR TAKE ON A NEW MARKET?
A self-assessment questionnaire

PROCESS MAKES PERFECT
Why a formal sales process matters in a recession

DON’T IGNORE THE GREY POUND
PRODUCTS AND MARKETING STRATEGIES FOR AN AGEING WORLD
Contents

018 COVER STORY
Don't ignore the grey pound
Products and marketing strategies for an ageing world

022 REGIONS AND SECTORS
From little acorns
Start-ups in the food business

028 Winds of change for Irish public sector procurement?
Can SMEs start to feel more optimistic?

033 Not patently obvious
A look at the tricky and controversial area of software patenting

042 Making the move from products to service
Two Irish companies talk about the move to a SaaS delivery model

012 PEOPLE
The grape and the grain
Megazyme founder Barry McCleary on growing a small business

036 Strategic assets
Interview with Bookassist CEO Des O’Mahony

015 BUSINESS
Are you ready to export or take on a new market?
A self-assessment questionnaire

030 Process makes perfect
Why a formal sales process matters in a recession

039 Creating a stir
The art of b2b marketing

002 REGULARS
Noticeboard
News for and from the export community

010 Diary
What’s on, where and when

044 Market Intelligence
Updates on trade regulations and market research

048 Good Reading
The price of everything

050 Travel news
Flights and travel update

052 The Back Page
The need for focus

The Market magazine is sold by subscription (+353 1 727 2970)

Readers may email comments and suggestions to the.market@enterprise-ireland.com

The views and opinions expressed in The Market are not necessarily those of Enterprise Ireland. Published by Enterprise Ireland Corporate Marketing Team.

www.the-market.ie
**Noticeboard**

**Teamer raises €500k to fund grow international membership**

The web-based Irish sports team management company Teamer has raised €500k in an investment led by the Bank of Ireland Seed and Early Stage Equity Fund. The fund committed €350k, while the remainder of the funds were raised through private BES investment.

Teamer, which launched in September 2008, has been growing rapidly in both the Irish and UK markets, and recently signed up its 250,000th team member.

The new funding will be used to accelerate its user acquisition in international markets, according to Niall McEvoy, Teamer CEO. “At Teamer, we are looking to build a global internet brand in the sports digital media space. We have grown our base to more than 250,000 members, and are targeting growth of more than 1.5m members by 2011. We have just signed up our 100,000th UK member, and are seeing significant traction in Australia as their winter sports season approaches,” he told *The Market.*

**Green IT Collaborative Cluster launches**

BEC, the Irish Software Association (ISA) and the Irish Software Innovation Network (ISIN) are facilitating the set up of a Green IT Collaborative Cluster to help academics, indigenous software companies and MNCs address particular problems posed by the Green IT industry in a collaborative fashion. The objective is to create a platform for companies in the Green IT sector and bring together players from all the different technological fields and along the value chain. The initiative may offer opportunities for SMEs to work with and partner with MNCs in providing technology solutions in Green IT. Companies or researchers can register their interest at the ISIN website www.isin.ie/go/clusters/green.

**Bebo founder to talk in Dublin this June**

Michael Birch, founder of Bebo, will be the keynote speaker at the Dublin Web Summit on June 24 in Trinity College Dublin. Birch, who is still in his thirties, is a serial entrepreneur whose other successes include Birthday Alarm and Ringo. Having sold Bebo for €850 million, he recently launched a new European fund for start-up companies and has placed close to €49 million in the fund. The fund has been designed to bridge the gap between angel and traditional venture funding with a strong emphasis on ‘fostering and supporting entrepreneurialism in Europe on a wider level’. Tickets for the Dublin Web Summit will cost €100 and can be booked online at http://dws3.eventbrite.com.

**Europcar provides demonstration opportunity for Solaris Mobile**

Solaris Mobile, which operates new hybrid satellite and terrestrial wireless networks across Europe, has announced a partnership with Europcar, which provides the Dublin company the opportunity to showcase the delivery of its next-generation broadband and broadcast services to people on the move.

Europcar is the number one car rental company in Europe, with a presence in 150 countries and a fleet of 25,000 vehicles. Through the partnership, it will showcase next-generation communication services installed by Solaris Mobile in a small selection of cars in Paris. In the first instance, Europcar will be equipping a handful of cars with TV and radio services, either via devices located in the vehicles or directly in the embedded car multimedia systems. In addition, Europcar vehicles currently driven by Solaris Mobile employees have also been equipped with the system.

Get connected with US-Irish business networks

The Boston Irish Business Association (www.bibaboston.com) is a new networking group in Boston dedicated to increasing business between Ireland and the US. Meanwhile, the Irish Network San Francisco has changed its name to the Irish Network Bay Area (www.in-ba.com) to more closely reflect the membership base, which includes people from the wine country in Sonoma and Napa, all over the East Bay, South Bay, Peninsula and San Francisco. In addition, the membership fee has been reduced from $75 to $50 per year, and entities participating to attend member-only events such as the Annual General Meeting, which takes place at the Irish Consulate this April.
Irish Innovation Centre opens in Silicon Valley

An Taoiseach Brian Cowen officially opened the Irish Innovation Centre in downtown San Jose during his Patrick’s Day visit to the US in March. It is hoped the centre will serve as an incubator for as many as 35 Irish start-ups in green and cleantech, software and other emerging tech areas and that it will be linked to a planned $100 million venture fund. It is currently being supported by a grant of €250,000 from the Department of Foreign Affairs.

The idea for the incubation centre emerged during the Farmleigh Summit in Dublin last year; it was the brainchild of the Irish Technology Leaders Group (ITLG), a network of Irish executives in senior management positions within major Silicon Valley tech companies, who have committed to helping indigenous Irish players compete in the US. The centre is located within a recently restored building, owned by Tom McEnery, the former San Jose mayor who led a Silicon Valley trade delegation to Ireland in the 1980s, kicking off a sister-city relationship with Dublin and a long-term economic partnership with Ireland.

Irish social media company Weedle announces $4m funding

Weedle, an Ireland-based internet company, has received funding totalling US$4 million to expand its social media platform in the US and other global regions. Weedle combines social media and semantic web technologies with the company’s own search and social graph algorithm to create an internet platform aimed at meeting demand for skills and employment in the US and globally. The Weedle platform, which has just been released in beta-test mode, enables anyone, anywhere, to connect with people who need their skills and also, to find people who have the skills they need.

Weedle’s investors include well-known Irish business entrepreneurs Dr. Michael Smurfit and Weedle co-founder and CEO, Iain MacDonald, as well as Enterprise Ireland. Joining Weedle is free, and individuals with professional services, trade, craft or other skills they wish to promote can register at www.weedle.com.

Advanced Innovations to supply cellular devices to Puerto Rican mobile provider

Advanced Innovations has subsidiaries and offices in the USA, Canada, China and India; design services partners in Ireland and India, and manufacturing partners in China, Ireland and the US. The cellular devices to be built by AI are designed to appeal to Open Mobile’s target market, with particular emphasis on product styling, ease of operation and individual customisation. The Limerick company will manage each element of the supply chain, from design through development, manufacturing and distribution.

The agreement coincides with Open Mobile’s plans to target high-growth market opportunities in regions like Puerto Rico, where affordable wireless communication services are limited or non-existent. With AI’s flexible design-to-production business model, Open Mobile can cost-effectively customise its offerings to different demographics. For example, the company will target the youth market with stylish handsets in a variety of colours, while adapting less dramatic versions of the same handset for older customers.

The initial agreement covers the first three devices on Open Mobile’s product road map, with the expectation that the partnership will expand to include future products. The deal is valued initially at $10 million for AI.

WorldSpreads signs exclusive agreement with Ladbrokes

The WorldSpreads Group has announced that its UK subsidiary has signed an exclusive agreement to provide its financial spread betting service to the global customers of Ladbrokes.

The WorldSpreads Group, which is headquartered in Dublin, last year sold its Irish operation to a group led by members of the Irish-based trading team.

Under the terms of this new partnership, WorldSpreads will provide an online trading service (www.financials.ladbrokes.com) offering financial spread bets on market instruments such as stock indices, individual shares, currencies, commodities and interest rates. Ladbrokes will promote this service to its extensive database of customers through its existing marketing channels under its own brand.
Noticeboard

Onfornomics raises €600k to fund international expansion

Onfornomics, an Irish payment risk specialist company, has raised €600k to fund its international growth plans in an investment led by AIB Seed Capital Fund. Additional funding was raised through Enterprise Ireland and private investors.

Onfornomics provides innovative risk management solutions to companies faced with the regulatory and industry compliance requirements of the financial services sector. Customers include credit card processing companies, technology service providers, retail outlets and other organisations that process payments or hold sensitive and private customer information.

Founded in 2008 by Conor McGoveran and Martin Petrov, Onfornomics has already built a strong customer base in Europe and has plans to expand into the Middle East, Africa and the US by the end of the year. To support this growth, the company is currently recruiting 22 additional employees for its European headquarters in Dublin by 2013. This will bring its total number of employees to 35.

Stateside Solutions expands US business with new partnership

Stateside Solutions, an Irish full-service recruitment firm that provides permanent and temporary staff placements for small and medium-size employers, as well as multinational companies operating in the US, has entered into a partnership with Atrium Staffing, a New York-based talent solutions firm, serving client locations around the US. The companies will join forces to develop a division specialising in healthcare staffing, initially concentrating on providing staffing solutions to medical offices, hospitals and surgical centres in the Tristate region of the north-east. The agreement has an estimated value of US$1.5 million.

CR Entertainment announces sale of ‘Aisling’s Diary’ to Sweden network

Following on from other successful international sales of Aisling’s Diary, Dun Laoghaire-based CR Entertainment has sold Aisling’s Summer Diary, the second season of the hugely popular RTÉ television series and Ireland’s first cross-media teen series, to Swedish broadcaster SVT.

The series was first aired on RTÉ in 2008, with a following holiday special and second season commissioned by RTÉ’s Young People’s department, due to high ratings. Most recently Aisling’s Diary was nominated in the Best One-off, Special or TV Movie Category at the KidScreen Awards in the US and in the Best Children & Youth Category of the Irish Film and Television Awards 2010. The Swedish deal follows sales to ABC3 in Australia and a format sale to Mio.tv in the US.

Zenith Technologies opens new offices in Germany

Cork company Zenith, which provides consultancy services and systems integration expertise to the global pharmaceutical industry, has officially opened its first continental European offices in Marburg, Germany. The offices will serve Zenith’s growing client base in the region, which include Novartis and Roche Diagnostics. Zenith was established in Cork 11 years ago, and grew its reputation servicing the multinational pharmaceutical industry in Ireland where its clients included Pfizer, Novartis and Wyeth. It now employs over 300 people and also has offices in Dublin, the UK, US, Singapore and India.

Dawn Farm Foods wins €700 million contract to supply Subway Stores to 2017

Kildare-headquartered Dawn Farm Foods, which supplies cooked and fermented meats to international foodservice chains and food manufacturers, has won a €700 million, seven-year contract to supply the Subway franchise in Europe.

Founded in America in 1965 by entrepreneur Fred DeLuca, Subway now has over 32,000 stores in 90 countries worldwide. The chain currently operates 1,485 stores in Britain and Ireland and a further 1,400 stores in continental Europe, and it has growth strategy in place for a further significant expansion of European stores over the next seven years in Europe, with Dawn Farms positioned as a key supplier to service this market.
PM Group wins EU-supported Balkan projects totalling €10m

PM Group’s international consultancy division, PM International (PMI), has won EU funded consultancy projects worth €10m in the Balkan region. The engineering and project management group, which has offices in Dublin, Cork, the UK, Poland, Romania and Bulgaria, employs 1,700 people in Ireland and worldwide.

The latest project wins include waste governance in Moldova and Belarus; environmental and economic sector projects in Bosnia; competition and state aid in Croatia; SME development in Kosovo; strengthening of Macedonia’s civil service agency on behalf of the European Commission and environmental and municipal projects in Serbia.

In addition to the successes in the Balkan region, PM has recently begun work in Brussels with the European Commission to assist in effectively coordinating activities with other donors (such as the World Bank, European Bank for Reconstruction and Development, European Investment Bank etc.) in the Western Balkan region and Turkey.

Lifes2Good announces major US distribution agreement with Rite Aid stores

Lifes2Good, a natural healthcare company, based in Galway, has signed a major distribution agreement with Rite Aid, which will result in the sale of its Viviscal hair nourishment system throughout 4,900 US Rite Aid stores, beginning this April. The Viviscal system has been clinically proven to stop thinning hair, while encouraging the re-growth of existing hair. It is sold in 26 countries, including the UK, Ireland, Portugal and the Netherlands, and is the highest-selling natural hair supplement brand in the world.

With US headquarters in Chicago, the Galway company first established operations in the States in 2007 and launched US sales of its flagship product, Viviscal, at New York area Duane Reade stores in 2009. With the Rite Aid deal, Viviscal is now available in more than 7,000 stores across the US.

Taxback.com undertakes major US expansion

Taxback.com, the Irish tax recovery specialist, is expanding its VAT services into the United States in a move that is said to be worth over $27.4 million to the company.

Taxback.com intends to work with US organisations to support VAT recovery for travel and entertainment expenses in conjunction with Concur, a leading provider of employee spend management solutions. The Irish company has been working with Concur in Europe to help European companies better manage VAT recovery.

Italian pharmacy network rolls out Irish company’s life-saving blood pressure measurement service

The Italian pharmacy network Alphega Pharmac is to rollout an online blood pressure diagnostic service provided by the Irish healthcare company dabl.

Alphega Pharmac is one of the largest pharmacy networks in Europe, with 750 pharmacies in Italy and a further 1,750 shops in Europe, including France, the UK, Russia, Spain and the Czech Republic.

Under the deal, dabl will provide an online service for the diagnosis of hypertension (high blood pressure) using 24-hour blood pressure measurement, via a non-invasive method: measurements will be recorded via a device worn by patients around their waist as they go about their daily activities.

A wholly-owned Irish company, dabl, which celebrates 10 years in business this year, has developed an online expert chronic disease management system in collaboration with a number of international centres of excellence. The company operates in nine countries, and this latest deal follows significant contracts with leading Italian pharmacy groups, including Unico, AFAM Farmacie, Firenze, Alliance Farmacie Comunali Scandicci and Farmacie 360, announced in 2009.
OpenHydro partnership wins licence to develop Scottish tidal energy farm

Irish tidal energy company OpenHydro and its energy utility partner, Scottish-headquartered SSE Renewables (SSE), have been awarded exclusive rights to develop a 200MW tidal energy farm in the Pentland Firth off the northern coast of Scotland. The award was made by The Crown Estate in the UK, as part of a major announcement of the world’s first commercial wave and tidal energy leasing programme.

The Cantick Head site awarded to the OpenHydro and SSE joint venture lies within the Pentland Firth and Orkney Waters Strategic Area, considered to be one of the world’s largest single tidal sites.

OpenHydro and SSE Renewables, which is responsible for the development and construction of SSE’s renewable energy portfolio and which is a sister business of Ireland’s largest independent and greener energy utility Airtricity, have formed a joint-venture company, Cantick Head Tidal Development Ltd, which will be responsible for the development of the site. Over the next few years, the partners will be working closely with statutory bodies, local communities and other stakeholders to complete the required surveys prior to bringing forward an application to deploy the tidal turbines.

Irish start-up to facilitate currency exchange without bank charges

CurrencyFair, a young company currently supported through Enterprise Ireland’s high-potential start-up programme, is aiming to cut out the middle man – and with it high bank charges – when it comes to currency exchange. At the time of going to press, it was due to launch at www.currencyfair.com around mid-April.

Founder Brett Meyers is an Australian expat, who often needed to exchange money between euro, sterling and Australian dollars. Because he felt he was not always getting a fair deal with banks, he generally tried to exchange currency directly with friends and other expat colleagues so as to pay only the interbank rate. Realising that the internet was an ideal conduit for such ‘peer-to-peer’ exchanges, he has developed CurrencyFair to facilitate anonymous matching trades worldwide.

On the www.currencyfair.com website, users will be able to specify the amount of currency they wish to exchange and the rate they want to receive, so that each user is effectively swapping their currency with another (or several others) without having to reveal their identity. CurrencyFair charges a small commission, but Meyers says that users can typically save between 3 and 8 per cent compared with processing the transaction through a bank.

Lights, camera, action - IBC 2010 Amsterdam: ‘Barcelona’ for the broadcast industry

While the mobile device sector flocks to Barcelona for MWC every year, Amsterdam’s IBC in September is the ‘must-attend’ event for Ireland’s burgeoning digital content, animation and broadcast technology industry, according to Jan Jaap Dijkman, one of Enterprise Ireland’s market advisors for software and services in the Benelux. IBC2009 attracted 45,000+ visitors and 1,300+ exhibitors from more than 140 countries.

Philip Brennan, general manager for digital consumers at Silicon & Software Systems Ltd (S3) has been attending IBC for the past 15 years. “It’s the show to go to for the international broadcasting industry, not just in Europe but America and Australia. We would know a lot of guys in NewsCorp, BSkyB, Boxtel, Sky New Zealand [SkyTV] and Datasky; they all come to IBC. It is extremely useful for Irish companies, as it covers the full remit for digital television from the camera at the front through production, post-production, the set boxes to receive the signal and the software on the boxes.”

The event is also “absolutely relevant” for digital content and animation providers, says S3’s marketing and communications manager Fiona Darcy. What’s more, a mobile phone and IPTV zone, present as a satellite to the main event, attracts many of the big names in the mobile world, and is relevant to companies in the mobile TV and advertising space.

“IBC would take up about 50 per cent of my marketing budget for the year, because it would contribute that, and maybe more, to our revenue stream in the TV technology group every year,” Darcy says. “We would typically send about 15 people.”

It’s a fantastic place for new innovation, she adds. “They have massive cinemas and amazing showcases. If you’ve got new stuff, it is the major launch pad in the broadcast space. All the media are there, and you can get great coverage.”

Darcy reckons that putting on a decent exhibition presence can cost in the range of €300k to a very minimum of €25k, but there is also potential to share a booth with a partner or customer or to take a pod on a bigger company’s booth.

Because many of its customers value confidentiality, S3 hasn’t actually exhibited at the show itself for the past two years; instead the company takes a full suite in a hotel nearby and sets up a demo room to hold private meetings, back-to-back, for the full three days. “IBC is all about planning your meetings and having them all set up in advance,” Darcy says.

Enterprise Ireland’s Amsterdam office is keen to hear from Irish companies planning to attend IBC 2010. Contact Janjaap.dijkman@enterprise-ireland.com or patrick.torreken@enterprise-ireland.com

MAKING SCENTS

Nicole Buckler writes that Fragrances of Ireland is experiencing the sweet smell of success in the US market.

This St. Patrick’s Day Fragrances of Ireland took to the airwaves to sell its perfumes on a special Irish slot on QVC, the multinational broadcasting corporation, specialising in televised home shopping. “QVC is our biggest US customer and they support a lot of our other accounts through brand awareness,” says Fragrances of Ireland Marketing Manager Barbara Campbell. Marketing via the shopping channel has worked so well for the company they launched their new fragrance exclusively on QVC this Paddy’s Day.

The new scent, Inis Moonlight, is a sister fragrance to Inis, the company’s best-selling perfume, which came to life on a beach in the west of Ireland. Inis Cologne, for example, has been outselling major international perfume brands around Ireland since its launch in June 1998.

According to Campbell, the company was first set up to make fragrances that would target the tourist market. Today, half of the customers of the small Irish company, which is based in a Wicklow lavender field, reside in places other than in Ireland.

“As we gained confidence,” Campbell says, “we realised that we could compete on a wider stage and decided to take the plunge and make fragrances for the domestic and international market. We engaged the services of world renowned perfumer Arthur Burnham and worked with him to create a scent that would capture the energy of the sea. It is a great scent and continues to grow in popularity even after 11 years; one million units have been sold across the world.

“It takes time and incredible effort to perfect a product, and we have made decisions to ensure that we can guarantee that quality. We work with local manufacturers and source the finest quality perfume bottles and caps from Europe to deliver a product that can compete on the international stage.”

Asked how one can successfully sell a perfume via the television, without the end user being able to smell the fragrance, Campbell says: “We base all our products around strong inspirations, through all our product development we use visuals, which work really well on screen, and we work hard to ensure that the viewer understands those stories. I also believe that as someone personally involved with these products, there is an authenticity to my presentation which customers pick up on.”

As to the secret to getting into overseas markets, she believes attention to detail is vital. “Ensure you develop a relationship with your potential customer; make the effort to call yourself, rather than always using email or an agent or sales rep. Also think about their time zone. Many of our overseas customers are based in the US and are checking emails late in the evening. Getting back to them during their working day is invaluable – it shows them we value their custom and are willing to go that extra mile.

“We also have free phone and fax numbers. Many of our retailers had never dealt with an overseas company directly and didn’t even know how to call internationally. This takes away that fear and ensures there is free flow of information. Once you have initial success, you need to ensure you keep up that communication going and always be aware that, in many large markets, using an overseas source is a risk and a potential headache. So allay those fears let them know you are interested in how things are going and offer support to ensure continuing success.”

For further information about selling via QVC, check out previous articles in The Market in the ‘Buyer and Partner profiles’ section of our reference library www.enterprise-ireland.com/The+Market/Reference+Library

“QVC is our biggest US customer and they support a lot of our other accounts through brand awareness”
Noticeboard

European SME Week: 25 May to 1 June

The Market magazine is a media partner of this year's European SME Week. Taking place on May 25 to June 1, the week of events across Europe is designed to inform SMEs of available support at European, national, regional and local level and to inspire, inspire and motivate more people to go into business.

Irish ambassadors for the week are Richard Cullen, founder of Aran Candy, the company behind the Jelly Bean Factory brand, previously profiled in The Market magazine, and Barry McCleary, founder of Wicklow food and drinks industry test kit developer Megazyme, profiled on page 12 of this issue. Richard Cullen was the Small Firms Association's (SFA's) National Small Business Overall Award Winner in 2008. Meanwhile, Barry McCleary was named SFA Innovator of the Year in 2009 and is currently a finalist for the Ernst and Young Entrepreneur of the Year in the innovation category.

Business

Survey finds cash-flow and late payments are businesses' biggest challenges

More than half (51 per cent) of businesses across the island, North and South, recorded a fall in turnover in the fourth quarter of 2009, according to the latest InterTradeIreland Quarterly Business Monitor. Similar numbers of companies (48 per cent) reported decreases in profitability - a consequence of price reductions implemented over the past six months in attempts to stimulate demand.

The survey presents a picture of bearish attitudes among businesses about the prospects for recovery on the island. As 2009 drew to a close, 18 per cent of businesses in the North and 29 per cent in the South were expecting a decline in turnover in the first quarter of 2010.

Thirty-nine per cent of those surveyed identified cash flow as the single most important issue facing their business, followed by falling demand for goods and services (24 per cent).

Over a third of businesses (34 per cent) also reported that their customers have asked for longer payment terms within the last year - something that larger businesses have experienced to a greater degree than smaller ones.

The cost of doing business continues to be addressed by firms, with over half (51 per cent) citing labour costs and thirty seven per cent attributing energy costs as being their most significant competitive challenges. Given the actions already taken to reduce wage bills, particularly by firms in the South, energy (41 per cent) is seen as the area to be tackled over the next six months.

Excel at Export Selling workshop series

Enterprise Ireland is co-ordinating a number of export-oriented sales workshops over the coming months:

Sales Pipeline Management Workshop 26 April

A one-day practical learning workshop, which will enable you to develop an objective sales process and pipeline for your company. The workshop is followed by a two-hour, one-to-one session and four 30-minute follow-up telephone calls with the workshop facilitator, Michael McGowan of DEI Sales, over a nine-month period to ensure implementation of the pipeline within your sales team.

Location: Dublin Contact: Angela Byrne
Tel: +353 (21) 4800248 www.futurecurve.com

Effective Communication in an International Environment Workshop 25 May

A one-day interactive workshop delivered by Canning International, which will enable participants to understand the impact of culture in the international business environment and practice and perfect their usage of an internationally acceptable form of English.

Location: Dublin Contact: Angela Byrne
Tel: +353 (21) 4800248 www.futurecurve.com

Partner Skills Workshop for Software & Services 26 May

A one-day highly interactive workshop that will enable you to get international sales channels right first time, followed by a two-hour one-to-one ‘skills review’ session to discuss and assess the completed plan and provide guidance and input into implementation.

Location: Dublin Contact: Angela Byrne
Tel: +353 (21) 4800248 www.futurecurve.com

Strong GDP growth in the United States and Japan but slowdown in the euro area

Seasonally-adjusted gross domestic product (GDP) in the OECD area rose by 0.8 per cent in the fourth quarter of 2009, up from 0.6 per cent in the previous quarter. Real GDP grew strongly in the United States and Japan by 1.4 per cent and 1.1 per cent, respectively. By contrast, GDP growth in the euro area slowed to 0.1 per cent in the fourth quarter, compared to 0.4 per cent in the third quarter. GDP growth in France was relatively strong, at 0.6 per cent, but German GDP remained unchanged on the previous quarter, and, in Italy, GDP declined by 0.2 per cent. The United Kingdom recorded positive GDP growth of 0.1 per cent in the fourth quarter, after six consecutive quarters of contraction.
China continues to defy recession

Despite the global recession, China’s economy grew 8.7 percent in 2009, and the growth momentum continued in the first months of 2010, according to the World Bank’s latest China Quarterly Update. The update, a regular assessment of China’s economy, found that massive investment-led stimulus was key in driving the economy last year. But real estate investment gained prominence more recently and household consumption growth has held up very well.

Exports declined in 2009 as a whole, even as China gained global market share. With imports strong, net external trade was a major drag on growth in 2009 and the external current account surplus declined sharply. Exports rebounded strongly through 2009, though, and exceeded pre-crisis levels in early 2010. In a heated real estate market, the update noted that surging property prices triggered policy measures to expand supply and curb speculation.

Funding of up to €25k for companies to explore international opportunities

Going Global is an Enterprise Ireland fund designed to help locally trading businesses capture growth opportunities overseas. The competitive fund is open to Irish-owned businesses with annual sales of greater than €1m or more than 10 employees. Last year, over 100 Irish companies received assistance from the Going Global fund for exploratory activity in new markets.

Geared towards helping companies with experience in the Irish marketplace explore opportunities to internationalise their business, it is designed to provide support towards the cost of activities such as:

- evaluating and assessing overseas market opportunities
- developing plans to localise their current service/product offer for overseas markets
- identifying suitable channels to international markets,
- examining possibilities for web-enabling its service offer for export markets and,
- undertaking overseas market research.

The maximum support level is 50 per cent of all eligible costs up to a maximum €25,000 grant. (Eligible costs include wages/salaries; consultancy costs; travel and subsistence in addition to overhead costs.) The €1.5 million fund will be allocated on a competitive basis, with three more calls for proposals in 2010. The next call close is on 13 April, 2010. For further information, visit www.enterprise-ireland.com, email going.global@enterprise-ireland.com or call 01 7272100.
APRIL

‘Regionalism and Globalisation’ Conference
April 8-10
‘Regionalism and Globalisation’ is the theme of the 37th annual conference from the Academy of International Business (UK & Ireland Chapter). Keynote speakers include Professor Peter Buckley and Professor Alan Rugman.
L: TCD, Dublin 2
W: www.tcd.ie/business/news-and-events/events

MIPTV 2010
April 12-16
Global event representing the world’s entertainment content market.
L: Cannes, France
E: damien.mccarney@enterprise-ireland.com
T: +353 1 7272181

Green Stimulus Packages Knowledge Event
April 13
A practical one-day workshop, aimed at helping Irish companies to understand and access the stimulus packages in the US, EU, UK and China.
L: Dublin
W: www.enterprise-ireland.com/greenstimulusfunding
E: sarah.o’callaghan@enterprise-ireland.com
T: +353 1 7272413

International ICT Expo
April 13-16
‘One-stop shop’ for software, internet, and electronics B2B opportunities in the greater China region. Special incentive package includes places in the Irish Pavilion.
L: Hong Kong
E: siobhanmckenna@irishexporters.org

The Energy Show
April 14-15
Presented by SEI, this annual business exhibition showcases leading sustainable energy suppliers, new products and services.
L: RDS, Dublin 4
W: http://url.ie/54af

The Software Investment Forum
April 15
The Irish Software Association and IVCA will host the Software Investment Forum (IVCA) to give software firms an opportunity to meet with major venture capital firms.
W: http://tinyurl.com/yfp23ep

Study Visit to Cityscape Abu Dhabi
April 18-21
Study visit to one of the region’s premier real estate and development exhibitions. A business reception, one-to-one meeting arrangements and a market briefing will be included in the programme.
L: Abu Dhabi
E: ahmad.altarawneh@enterprise-ireland.com
T: +971 4 3298384

CEO Networking Event
April 19
Event focused on scaling prospects.
L: Dublin
E: michael.banks@enterprise-ireland.com
T: +353 1 7272807

Irish Construction Companies in China
April 20
Enterprise Ireland seminar and networking event, featuring Irish companies that have successfully entered the Chinese construction market.
L: East Point, Dublin 3
E: cathy.holahan@enterprise-ireland.com
T: +353 1 727-2907

Healthcare Ireland
April 20-21
Medical and pharmaceutical trade show, with presentations on advances in healthcare technology, equipment and services.
L: RDS, Dublin 4
W: http://url.ie/54bp

Using the Internet to Compete in International Markets
April 22
Enterprise Ireland seminar on enhancing your corporate service or product to grow existing and new business opportunities.
L: TBC
E: eoin.osiochru@enterprise-ireland.com
T: +353 1 727-2969
**MAY**

**Bio International Convention 2010**

*May 3-6*

The largest global event for the biotechnology industry, offering networking and partnering opportunities and providing insights on the major trends affecting the industry.

- **Location**: Chicago
- **Contact**: david.o@sullivan@enterprise-ireland.com
- **Phone**: +1 617 2351603
- **Website**: www.futurecurve.com

**Trade Mission to Australia**

*May 3-7*

To be led by Tánaiste Mary Coughlan

- **Location**: Sydney, Melbourne and Canberra
- **Contact**: paul.burfield@enterprise-ireland.com
- **Phone**: +61 2 9273 8505
- **Website**: www.technopharm.com

**High-Growth Markets Financial Services Seminar**

*May 4*

One-day seminar, outlining financial services opportunities in key high-growth markets, including the Middle East, China, Hong Kong, India and Russia.

- **Location**: East Point, Dublin
- **Contact**: michael.browne@enterprise-ireland.com
- **Phone**: +353 1 7272134
- **Website**: www.futurecurve.com

**Business Process Outsourcing UK**

*May 6*

Workshop on opportunities in the business process outsourcing sector in the UK.

- **Location**: Dublin
- **Contact**: ciara.fitzpatrick@enterprise-ireland.com
- **Phone**: +353 1 7272873
- **Website**: www.futurecurve.com

**European SME Week**

*May 6-14*

Series of events around Europe, aimed at informing entrepreneurs about available support at European, national, regional and local level and inspiring more people to become entrepreneurs.

- **Website**: http://tinyurl.com/ylps2ge

**Poland Trade Dinner**

*May 13*

Networking event providing an opportunity to meet new Polish buyers and enhance existing relationships with customers. Clients can request individual introductions and itineraries.

- **Location**: Warsaw
- **Contact**: karen.cohalan@enterprise-ireland.com
- **Phone**: +48 22 5831200
- **Website**: europa.eu

**Study visit to Libya Build**

*May 16-20*

Study visit to one of the major construction trade events in Libya. The programme will include one-to-one and group meetings, a reception and a market briefing.

- **Location**: Tripoli
- **Contact**: ahmad.alzarawneh@enterprise-ireland.com
- **Phone**: +971 4 3298384
- **Website**: www.futurecurve.com

**Software Forum**

*May 19*

Best Connected Software Forum, bringing together key players in the software ecosystem in Ireland.

- **Location**: Dublin
- **Contact**: andrew.peet@enterprise-ireland.com
- **Phone**: +353 1 7272134
- **Website**: www.futurecurve.com

**Workshop on Effective Communication in an International Environment**

*May 20*

One day interactive workshop, delivered by Canning International, aimed at exploring the impact of culture in the international business environment.

- **Location**: Dublin
- **Contact**: angela.byrne@enterprise-ireland.com
- **Phone**: +353 21 4800248
- **Website**: www.futurecurve.com

**Partner Skills Workshop for Software & Services**

*May 26*

One day interactive workshop, aimed at helping companies get their international sales channels right first time.

- **Location**: Dublin
- **Contact**: angela.byrne@enterprise-ireland.com
- **Phone**: +353 21 4800248
- **Website**: www.futurecurve.com

**NAFSA Conference - education sector**

*May 30 to June 4*

Annual conference and expo, attracting thousands of international educators to share their views on the globalisation of higher education and establish good practices for mainstreaming international education on campuses worldwide.

- **Location**: Kansas City, Missouri
- **Contact**: terry.mcparland@enterprise-ireland.com
- **Phone**: +335 1 7272952
- **Website**: www.nafsa.org

**JUNE**

**Interphex Asia 2010**

*June 1 to 2*

Major Asian pharmaceutical services exhibition and conference.

- **Location**: Singapore
- **Contact**: pat.o’riordan@enterprise-ireland.com
- **Phone**: +65 6733 2180

**Caspian Oil and Gas Conference and Exhibition**

*June 1-6*

Providing an opportunity to meet with potential buyers and partners, operating in the Caspian Sea oil and gas exploration zone (bordered by Azerbaijan, Kazakhstan, Russia, and Turkmenistan).

- **Location**: Baku, Azerbaijan
- **Contact**: mike.hogan@enterprise-ireland.com
- **Phone**: +971 4 3298384

**US Study Visit - National Association of Chain Drug Stores (NACDS) Conference**

*June 5-8*

The NACDS Marketplace Conference is the largest and most powerful convergence of drug, food, mass, club, and value retailing in the United States, if not the world.

- **Location**: San Diego
- **Contact**: annamarie.maxwell@enterprise-ireland.com
- **Phone**: +1 617 2351603

**Network: Engineering, Construction & Environment**

*April 28*

InterTradeIreland and Chambers of Commerce initiative to explore cross-border opportunities with some of the island’s largest procurement organisations.

- **Location**: Belfast
- **Website**: http://url.ie/54oq
“If you drink any wine made by the Hardys Group or the Fosters, they are all analysed with our test kits.”

When the recent Innovation Taskforce report talked about establishing Ireland as an international hub, attracting entrepreneurs from around the world, you got the sense that Barry McCleary, founder and CEO of Megazyme in Bray, was the kind of person they had in mind. A biochemist, decorated with medals and awards for scientific achievement from his native Australia, in 1985, he developed a new method for the measurement of beta glucan – the important fibre component in wholegrains - that is still the world’s standard.

Megazyme’s products contain a high R&D-input, and many are unique to the extent that, in some niches, it is the only supplier worldwide, while in other areas, it has managed to push the big boys out of the picture. Currently, the Wicklow company sells enzyme-based test kits to the food and drinks industry in 55 countries and counts Unilever, Proctor & Gamble, Guinness, Heinz and Kelloggs among its customers.

Established in a home garage in Sydney, it was homesick Irish wife Angela Kennedy that persuaded McCleary to relocate to Bray. The Megazyme boss admits he wasn’t easily prized from his sunny birthplace. But with Australia’s 30+ per cent tax rate, it seemed he was constantly saving to pay the next tax bill. Ireland’s low corporate tax base, together with its location, central to important US and European buyers, provided the additional incentive to up sticks in 1992.

Crossroads These days, McCleary is fully occupied with the challenges of growing a small business. “It’s obviously a big risk when you start, and there are certain stages - after three years or after five years – that people say if you get past, you’re okay. But the bottom line is that you constantly have to keep your eye on the ball to ensure that what you are doing is making a profit and that you are conservative about what you do with that profit,” he told The Market.

For Megazyme, one of the first obstacles to continued growth came around 2002 when the company reached a crossroads. “We got to a point where we had to do something because, in the areas we were working, we had really made all the products we could. There were other little bits and pieces we could do, but we would be scrapping the bottom of the barrel,” McCleary recalls.

One option was to go after the allergens-testing market; another to develop test kits for the wine industry. The latter would be a step into the unknown, as it meant setting up a molecular biology division at a cost of several million to genetically engineer and clone well over 100 different enzymes in order to develop the full range of test kits required for winery analysis. Strategically, however, this route made more sense, and after some baulking, McCleary decided to bite the bullet with a €4 million R&D facility that more than doubled the size of his factory.

New route to market The move also required Megazyme to forge new channels to market. In its grain and cereal testing business, the company sells direct, mainly “because we were too mean to pay an agent a commission”, McCleary jokes. “With Fedex, we can get products to anywhere in Europe and most of the US on a next-day basis and to the rest of the world in two days.

“But wine is different. People who are harvesting their grapes and measuring the changes in the sugars and the acids want their kits straight away because they are making decisions about a vat of wine, and they want to know that the distributor down the road has got the kit in stock.

Initially, McCleary says he picked some good distributors and some “not so good”. Since then, Megazyme has refined the selection process with a more advanced questionnaire, designed to get a “sense of whether this person is going to be the right match for us.”

“You need to get a distributor who is hungry for money and hungry for sales. Ideally your range should also be complementary in terms of product and handling to what they are currently doing,” he advises.
Irish ambassador for this year’s European SME Week, and a nominee for the 2010 Ernst and Young Entrepreneur of the Year, Megazyme founder Barry McCleary talks to Mary Sweetman about the journey of a growing company that started out on the other side of the world.

THE GRAPE AND THE GRAIN
“Avoiding being the Achilles heel and knowing when to bring in other people is one of the challenges that I face.”

So far, the company has neatly conquered the southern hemisphere. “If you drink any wine made by the Hardys Group, or the Fosters group, they are all analysed with our test kits. Our major competitor in that area was Roche Diagnostics, part of Roche the multinational, and we have now taken lead market share from them in Australia, New Zealand and Chile.”

The French market, where Megazyme counts Moët et Chandon as a customer, is also developing nicely. Despite some wins, however, there is further business to be extracted from other markets. McCleary recently recruited his daughter Kerri to go country-by-country through the major wine laboratories, identifying their key decision-makers and then making contact and setting up face-to-face meetings.

**WINNING NEW SALES**  US customers include the Constellation Group and Gallo. McCleary says the focus is on getting the biggest groups onboard first. “If they make the switch, then it becomes easier to persuade the smaller producers.

“We know we are only getting a small percentage of the American wine market. Amongst those who started using our kits, we never lose a customer, but it’s very hard to make them make that initial move. So we have had to put major effort in.

“Earlier this year, we went to a trade show, then I did a lecture tour throughout the Napa and Sonoma Valleys. The local distributor there got a lot of the key players – the heads of the analytical laboratories – the oenologists – to come along, and we are starting to see feedback on that already. If all goes to plan, we should start to see sales orders in the next three months.”

“When we give a lecture series,” McCleary continues, “we will always offer every participant a test kit; we don’t charge them, but they have to tell us if they like it or hate it. Once you get them to try it, you have started them along the process of change.”

In its existing grain and cereal analysis markets, meanwhile, Megazyme continues to battle with competitors by striving to continually improve its kits. “The sorts of things that are important in testing is how reproducible the results are, how stable the reagents are and how linear the standards curve is. We aim at getting better quality product in these areas – at the same price.”

Sometimes, rather than demanding hard science, this centres on simple improvements to usability. “These tests are usually related to measuring a colour, which outputs in the form of a number on a machine, which the tester will use to do the calculation,” McCleary explains.

“We have developed an Excel calculator, so when they get these numbers, the calculator will do all the calculations for them. It’s about adding value with stuff like this. We have also developed training videos, which we can supply on CD at basically the cost of postage, or they can watch them on our website or on You-Tube.”

**THE NEXT CHALLENGE**  As any company grows, new issues inevitably arise. “Avoiding being the Achilles heel and knowing when to bring in other people is one of the challenges that I face and am trying to find a solution to,” McCleary admits. “Over the next month, I’m going to start to look for a general manager. Obviously, bringing in someone at that level is going to cost a lot of money, so the tendency is to keep doing everything yourself. But eventually you can’t because there are just not enough hours in the day. I want to hand over a lot of stuff, such as the general running and the general overseeing of projects, because I need to spend more time looking at business strategy, what new areas we should be going into and a lot more technical marketing.”

With a shiny new molecular biology lab in place, there are many avenues McCleary would like to explore – all centred on the ability to produce enzymes. One possibility is in developing analytical systems to help medical researchers better understand lysosomal storage disorders such as Pompe disease, which can lead to death in young children due to an accumulation of carbohydrates within cells. Another potential direction centres on basic science aimed at understanding the breakdown of biomass materials like woody cellulose and industrial waste streams and the possibility of indentifying enzymes to significantly speed these processes.

Here, McCleary displays characteristic Aussie confidence. “There is a need for a major breakthrough in the degradation of plant biomass before that industry becomes viable economically, so any basic research that helps could have a very significant effect. We have worked with enzymes and carbohydrates right from day one, so you never know; a small company could probably come up with answers just as quickly as a big one,” he contends. And why not?
As the domestic economy contracts, selling overseas is seen as a panacea that can save the day for Irish business. Certainly, for companies with the right products, mindset and resources, the world can be their oyster. But rushing into a overseas market to ameliorate declining home sales, without adequate preparation, can be a chase of jumping from the frying pan into the fire.

The questionnaire that follows is designed to allow companies to assess their export readiness in nine important areas. The objective is to help identify any gaps in resources or capability and so focus minds on priority areas to address. Many of the weaknesses that may be revealed can be addressed with training, investment or planning, and in some cases, dedicated Enterprise Ireland courses and initiatives are available.

Other issues may be more core to the company or its products and may take further time to resolve. In such cases, “not yet”, might be the right answer, avoiding the frustration, potential reputational damage and cash-burn associated with entering export markets too early.

The questionnaire is an especially useful tool for first-time exporters. But it can also be used by more experienced businesses when entering new markets, and, when used over time, it can provide valuable insight into how a company’s export-capability is evolving.

For the most rounded results, the questionnaire should be completed and scored separately by several people on the project team, including the CEO, the business development or international sales/marketing manager and the company’s development advisor. It can also be used iteratively to compare prospects and competitive edge in one candidate market relative to another.
Step 1 to consider is the ambition of the business owners. Is your company a lifestyle business, just there to support high drawings? Is it being fattened-up rapidly for sale? In either case, the commitment to a structured export sales development plan is unlikely to be a good idea. Where do you score, if 1 is bad and 6 is good?

Step 1 self-score: out of 6

If your company is there for longer term business and asset growth, then how are you articulating that message to the stakeholders? Do your employees know? Do the customers know? Do your suppliers know? Do they know about you, the dynamic visionary for the business, who knows where he/she is going and how to get there?

Step 2 therefore is to set out a vision that others will sign-up to and support. With a little application, companies should have a good score of 5 or 6 out of 6 here.

Step 2 self-score: out of 6

Once you have confirmed the commitment and direction, it is time to evaluate the company’s readiness to export. Step 3 is to look at the management capability. This is about in-house experience of international business, marketing and selling – or the willingness to learn it rapidly. For some businesses that may have developed a technical solution of some sort, the focus on the marketing expertise has often been less than the focus on technical expertise. There is one maxim here: everything has to be sold. There is no such thing as a product that sells itself.

If, when you look at the business, there is experience or knowledge missing, then plans must be made to acquire it on a temporary or permanent basis.

Step 3 self-score: out of 6

Now your ‘lean mean exporting machine’ is shaping-up with good export readiness, the international sales structure or route to market and how the customer will be served needs to be considered. This stage, Step 5, is an iterative stage that demands knowledge of the markets being approached. It could involve staff travelling or one of a number of in-market options that include agency, distribution, licence, partnership, overseas offices or acquisition. Within that brief list lies a mass of hybrid arrangements.

Frequently companies preparing to export will start with a low score here and will have to focus on developing this over time.

Step 5 self-score: out of 6

These 5 steps have considered the core issues for the company. How did you score?

Total score: out of 30

Whether the result was high or low, it helps to identify areas that need attention to develop the readiness to export to a new market. We’ll come back to the organisational capability score later.

Alongside the organisational capability is the need to select a market or markets and establish a sustainable competitive position within it. In other words, can your product or service ‘cut it’ in the international arena?

To answer that question, it is necessary to look at the aspects that contribute to competitive advantage.

Patents and Trademarks (intellectual property rights, IPR) are unique to their owners and, while being far from a complete panacea, can offer some distinctiveness and enable a defensible competitive position to be established. In a service company patents don’t apply, but trademarks and brands can substitute.

Strong IPR gains a high score of 5 or 6.

Step 6 self-score: out of 6
IPR is not essential in developing competitive advantage but being better than the competition, through some form of differentiation in the marketplace, is important for carving-out your niche. This could be speed of delivery, smart distribution or many other aspects that enable your company to out-compete. Being the lowest cost is rarely a defensible position but more on that point later.

What differentiates your business from the competition? If there is differentiation that you can defend, it earns a high score – if not the strategy needs to address it.

Step 7 self-score: out of 6

Having considered so much about the business and its marketable assets, it is time to look at the particular market that you wish to address. Here we consider market opportunity for your product or service. Most managers have an idea where they might start exporting. For Irish companies, it is frequently the UK – one of the most competitive markets in the world with an unfavourable currency. But still we head there in droves. Meanwhile, the massive and affluent European market is often passed over. It is, of course, multiple markets in one, so where opportunity may not be good in one country, it can be better in its neighbour. Working out the competitive landscape in different countries is not usually a massive job and is essential in developing the export strategy. Once you have done this, enter a high score below.

Step 8 self-score: out of 6

The final assessment is price competitiveness. Pricing policy is a subtle and complex area. The offer needs to be within the right range, but ideally, it must not compete solely on price. There are many countries in which labour rates are lower and the opportunity for your ‘cheapest’ offer to be gazundered is a continuous threat that can immediately take your company out of a market and make your position indefensible without slashing margin. Price wars tend to be a zero sum game in the SME sector. If your offer has developed other values and differentiation, it prospers through that competitive edge and is recognised as value for money, not cheap and cheerful.

Step 9 self-score: out of 6

This exercise is presented as a straightline evaluation process. In practice, it is iterative but it enables companies to look at the key areas of their business and assess whether they are ready for the investment of resources necessary to break into new markets. In most cases, there will be plenty of high scores and a handful of lower ones. Those lower one should be looked at in more detail as part of the preparation to expand exporting activity.

An online version of this questionnaire, developed in association with Moonsoon Consulting, is increasingly being used by Enterprise Ireland’s overseas teams to help companies assess their export readiness. The explanation in this article has been provided by James Mackrill, Enterprise Ireland’s manager for the Benelux region. Email: james.mackrill@enterprise-ireland.com
At times, opportunity is staring you in the face and you just don’t see it. “Éist le fuaim na h-abhann agus gheobhaidh tú bradán” - “listen to the sound of the river and you will catch salmon,” said Superquinn founder Feargal Quinn, introducing the Business of Ageing conference in the Royal Hospital Kilmainham on March 3.

Right now, those salmon are swimming calmly by the young marketeers who keep targeting their own age group. Think of this: 75 per cent of the EU’s wealth is held by people over 50. In Ireland, the declared revenue of people over 65 is €6.6 billion. Across Europe, the figure is €3 trillion.

Older people buy stuff - and not always the stuff you might expect. Three surprise hits in this sector were the Kindle, the iPhone and the Wii Fit. Across Europe, over 50s are joining gyms at a faster rate than any other age group.

People over 50 account for over half of all consumer spending in the EU. But only 10 per cent of marketing spend is aimed at this group. Are we mad or what?

Not only is this a high-spending group, it is growing fast. At the moment, there are 700,000 people over 65 in Ireland. By 2041, this number will have grown to 1.89 million. The trends are similar in the rest of Europe and North America and heading in this direction in much of Asia and Latin America.

“This age group feels lucky. They’re coming out of their formal career, out of their mortgage.”

Lucille Redmond looks at opportunities in the business of ageing.

DON’T IGNORE THE GREY POUND
– Wealth and revenues in Europe of persons over 65 is over €3tr
– Wealth and revenues of the baby boomer population in the US is over $2tr
– People age 50 and older control more than 50 per cent of the total U.S. discretionary income
– The United States Census Bureau showed that while 40 per cent of the United States population was 50 or older, this group held 75 per cent of the nation’s financial assets and did 55 per cent of all consumer spending
– The discretionary spending power of Australians aged 45+ is predicted to be $218 billion in 2009, 31 per cent more than adults under 45.
– 50-plus households in the UK spend around £250 billion annually, which equates to over 40 per cent of national household spending.
– In Canada the over 50’s control three-quarters of all the personal wealth in the country; buy 30 per cent of all food consumed in the home; have more than $7 billion in retirement savings; are 97 per cent debt-free, and dine out frequently.

Source: www.businessofageing.com

TAKING NOTICE
Now business people are beginning to take notice. The Business of Ageing conference was packed with 300 attendants, ranging from people running their own businesses to representatives from government and industry. It was co-ordinated by the Business of Ageing Partnership, a not-for-profit initiative, involving a number of members of the Ageing Well Network – www.ageingwellnetwork.ie – Intel, IBM, Chambers Ireland, Amaranth Research as well as Stillwater Communications and Animo Television.

Professor David Bloom, Chair of Harvard’s Department of Global Health and Population, gave an insight into the demographics of an ageing world. Fertility rates are dropping, while life is lengthening. Prof Bloom says the rate of dependency will not change, but shift from supporting children to supporting the aged, although changes are coming that will lessen even this effect: a ‘compression of morbidity’ as the years when people are ill are compressed into a smaller part of the lifespan. Healthier older people will work for longer; women with fewer children will work an average of two years more per birth reduction; fewer children will mean healthier children.

He warned against tight immigration policies: we need young immigrants. “International migration will ameliorate the effects of ageing as the young migrate for work to countries with ageing populations – unless governments erect barriers.” Prof Bloom said international legal changes are needed to govern the new demographic: “We have a global trading system that governs movements of capital,” he pointed out, “but none that governs movements of people.”

Dick Stroud, founder and CEO of 20plus30, a consultancy that specialises in the 50-plus market, said: “Marketing culture is youth-centric, not age-neutral.” An example of an over-50 hit that surprised the market: older people like the Kindle because they can change the font size and luminosity and carry multiple books on it.

Companies targeting older buyers tend to think of what these buyers should want, rather than what they will want, he said – for instance, a phone with nice big number pads and few functions was designed, aimed at the older market. But what really sells to seniors is the iPhone, with its multiple apps and touch screen.

CASH-RICH
The recession has affected older people less than younger, said Mr Stroud. “For 25 per cent the recession had little or no effect; 30 per cent showed little change in spending patterns; 60 per cent were making few cutbacks in expenditure, but 20 per cent reported that the fall in interest rates had a serious effect.”

Recession has changed spending in other, less obvious ways: in Britain, for instance, parents are now helping children out at a rate of £30,000 in their first-time home buys – and so are more involved in the purchase decisions. And 30 per cent of chocolate is bought by grandparents.

Older buyers provide market opportunities in design and usability, in packaging, instructions and pricing on products, in access, lighting and signage for shops, hotels, public areas of all kinds. Mr Stroud told the sad story of wonderful phones produced by a famous company which lost the opportunity of selling to this rich market because of their incomprehensible instructions in tiny print.

Orlaith Blaney, managing director of communications agency McCann Erickson, said older buyers are the biggest opportunity in the market – “people with time and money.”

“This age group feels lucky. They’re coming out of their formal career, out of their mortgage.” Retired people are the new rich, a participant in a focus group told her - “the only people who can afford to be in a pub in the middle of the week”. This is an age group that resisted the temptations of debt. “A cautious past means a carefree future,” said Ms Blaney, referencing a Castleknock car dealerships that sells most of its Mercedes cars to people in their 50s. Hard sense means brand loyalty is rare. “Three teachers [in a focus group] were talking; two had moved from VHI to Hibernian and saved €500. The third asked for Hibernian’s number.” Older people shop around, and older men shopping for groceries love Aldi and Lidl, especially the hardware deals. Security for the home is a hot market; older people are horrified by TV commercials offering cash for gold, which they feel will attract burglars to steal jewellery.

UNDERSTANDING THE MARKET
Service without a smile is a major problem for this age group. “In a car showroom, the salesman was all over a man in his thirties. A 60-year-old was waiting with a cheque for €30,000 in his pocket ready to go. But the salesman walked right past him.”
Gary Brown of direct marketing group RMG Target said that in the year 2009, 90 per cent of the marketing briefs he read were targeted at 22- to 35-year-olds. “Some of the people we’re giving briefs to don’t understand the market they’re targeting - they’ve just realised that these people have money. Not only do marketers not know about people over 50; they don’t like them, they don’t value them, talk to them - they don’t even ignore them.” In the imagination of 30-year-olds, old people smell, they’re deaf, don’t drink beer, drive, have sex or climb stairs. They wear fur-lined boots, play golf, love their grandchildren - because this is the image projected by advertising. “When did you last see an old person in a soap, deodorant or perfume ad? Older people aren’t even in beer ads - and they’re the biggest consumers of beer.”

It is vital to segment your market, says Brown, because a 50-year-old does not want the same things as a 70-year-old. (“Robin Hood invented segmenting the market,” he said in an aside. “He robbed the rich, because the poor have no money.”) Perhaps the most shocking fact of the day came from Brian McCabe of Senior Times magazine. Fifty-eight per cent of listeners to one Irish radio show are over 55, he said - but the show turned down a sponsorship deal with Seven Seas Active 55. “Don’t be afraid of this market,” he said, listing likely sectors: health-related products, pharmaceuticals, over-the-counter products and home help.

Older people take lots of holidays - but hate hidden extras such as ‘single supplements’ and unannounced ‘booking fees’, said Mr McCabe. They are customers of financial institutions including Seniors Money, Postbank and Bank of Ireland. Hobbies and pastimes, sell to them, health and wellbeing, cookery, mental exercises - even the WII Fit has been a surprise hit.

Changing the attitude of marketeers is going to take a while. But already, brands such as Eircom, Flora, Kellogg’s, Vie, Vision Express, Specsavers and Yakult have separate budgets for over-50 promotions.

Irish companies could be next in line to earn from this wealthy market, a sector that’s waiting with handfuls of money to spend on their products.

**Beyond Europe and North America: An ageing world**

Today, 19 of the world’s 20 ‘oldest’ countries - those with the largest percentage of elderly people (65 or older) - are in Europe. In Italy, the world’s oldest country by these standards, over 19 per cent of the population is elderly. This figure is expected to reach 28 per cent by 2050.

While the most striking examples of aging populations are in Europe and Japan, it is a global trend. Average ages elsewhere in the world - particularly in Asia and Latin America - are slowly creeping up. In China, declining birth rates will cause its elderly population rise from 88 million to 349 million by 2050.

“The West has been gradually aging over the past 150 years,” says David Phillips of the Asia-Pacific Institute of Ageing Studies (APIAS) at Lingnan University in Hong Kong. “The changes in Asia-Pacific, particularly in East Asian countries, have basically occurred in the last 30-40 years.”

The demographic transition will be much slower in the Middle East and Africa, particularly in sub-Saharan Africa, where high birth rates will help keep the percentage of elderly people under 4 per cent for decades to come. But even with Africa in the equation, the UN expects that by 2050, the vast majority of people 65 and older will live in what are today considered to be “developing countries.”

Source: Allianz Knowledge, May 2009
Who’s afraid of the economic wolf? Right now, Ireland’s food industry should have more reason to tremble than most. The economic firestorm of the last 18 months has left our largest indigenous industry hugely exposed, with consumer confidence on the floor and its bedrock of SMEs virtually hung out to dry by a set of circumstances not of their making. Figures from Bord Bia show that almost a billion euros was wiped off the value of food and drink exports in 2009, with the decline of sterling alone contributing some €400 million to this.

So it’s testament to the resolve of this sector that no time is being wasted licking wounds. In 2010, Irish food and drink companies are once again resurgent, as the ambition of these three start-up companies demonstrates.
A range of products in the pipeline include a smooth fruit yogurt for the schools and nursing-home market and a new functional yogurt.

B ased on their family farm in Thurles Co Tipperary, the Tipperary Cheese Company is run by brothers Donal and Liam Hayes. Using the resources of their dairy herd as the main ingredient, the company supplies a variety of cream cheeses, mascarpone, sour cream, crème fraiche and yogurt to a host of prestigious foodservice clients in Ireland and the UK.

When the Hayes secured their first foodservice client some 12 years ago, before the company was formally established in 2004, it was with just one product in the catalogue. Today, though the Tipperary Cheese Company points to a diversity of products as key to its offer, Donal reflects that the process of gaining a client remains largely the same, a process he likens to a “long, slow courtship”.

“In the UK foodservice sector, the acceptance of yourself is just as important as the acceptance of the product,” he says. “It’s all very well to talk about price. but the client also has to get to know you, your background and your track record.”

Reliability, indeed, is of such critical importance that, for all the demands of production, they pale into comparison to the simple need to ensure the order turns up on time. In the early years, logistics was such a touch-and-go issue that it could have effectively halted expansion into the UK before it even began. “At one stage, we had to use our own truck just to get over the unreliability factor. It cost a lot of money but it was as important as the product itself.”

Today, the company has successful relationship with a Limerick-based STL Logistics meaning the product is guaranteed delivered within 48 hours. Having cleared this hurdle, solid year-on-year growth was becoming the norm in the UK until the storm clouds gathered in mid-2008. The slide in sterling, and a collapse in milk prices there, effectively pulled the rug out from under the company’s feet in a period Donal describes as “frightening”.

“All the investment we had put into the business looked as if it was going to be tipped out of a wheelbarrow a year ago,” he recalls. Turnover in the UK dipped by 25 per cent and the company found itself under “shocking financial pressure”.

Recovery was slow but determined, built on more competitive Irish milk prices and the quality of the company’s offering. “One client is the largest soured cream suppliers to Mexican restaurants in the UK. We had to give them up in September 2008 and we got them back last summer. You don't do that if you're not good.”

With the worst of the uncertainty over, foodservice operators are in decision-making mode once again, and the company is looking to the future positively, predicting turnover will grow by some 50 per cent by the end of the year. Key to this is an ongoing commitment to new product development (NPD). A range of products in the pipeline include a smooth fruit yogurt for the schools and nursing-home market and a new functional yogurt. NPD is a resource-intensive process, easily dwarfing the company’s €1.5 million investment in the factory itself, Donal explains.

While the Hayes family can trace their involvement in dairy back some generations, over the last 18 months, it is undoubtedly individual commitment and determination that has mattered. Donal reflects, “there is no place for half measures in this business.”
West Cork’s Glenilen Farm, like the Tipperary Cheese Company, uses the resources of its dairy farm to produce a range of premium products that includes cheesecakes, farmhouse butter and fruit yogurts. Husband and wife Valerie and Alan Kingston are, respectively, a food scientist and a farmer, and Glenilen, like many successful Irish food companies, began through some enthusiastic experimentation in the farm family kitchen.

The company enjoyed strong growth in Ireland in the Celtic Tiger years but, today, believes it has “hit a brick wall” here. While it might be tempting to blame recession, Alan explains that it’s much more to do with a premium product reaching its natural limit in a small market as sales have, in fact, remained stable in Ireland over the last year.

“Our product is high end; it’s good value for money but it’s a luxury and it will never sell in every corner shop in Ireland. If we want to grow our brand then we have to look to the UK.”

Glenilen products are currently stocked in Selfridges in London – middle England’s shop window and, while volumes are small, for a young Irish company, it’s an undoubted plus on the CV. Equally, the company’s array of gold medals from the prestigious UK Great Taste awards, among others, are significant. “It certainly gives you confidence if you’re sitting across the table from a buyer,” Alan explains. “They like to know that the company their dealing with has achieved something.”

The company is under no illusion that the UK represents a high risk market, and one which many Irish food companies have tried to break and failed. “The volatility of sterling and the fact that the food offering in the UK is much cheaper” means that Irish companies will struggle to compete on price, but Alan adds that “there is no doubt that the Irish food industry in general has a better quality offering.”

Glenilen’s next step is a listing secured for a line of its products with Waitrose, beginning in May. The company is also in negotiations with a major distributor, although Alan says their final decision here will be a significant one for the direction of the company. “Our biggest issue is that we like to have a direct relationship with our retailers. Going through a distributor is an easier option in many respects but you lose that relationship completely.”

The company is confident, however, that it can double turnover by the end of 2011, with the UK central to this. Of course, the ordeals endured by Irish exporters to the market over the last 18 months can’t be ignored. “In order for there to be a cushion with the sterling issue, we aim to price at parity. It means we can be absolutely sure that, down the line, currency isn’t going to be an issue,” he says.

A further complication is the products’ limited shelf life, a consequence of the fresh ingredients used. Alan is adamant that a solution will be found, and that it won’t be at the expense of the company’s guiding philosophy. “We can all get carried away ensuring that turnover is on the up, but, for us, it’s equally important that we stay true to the principles that we started off with. From this, the growth in the company will look after itself.”
Like the Kingstons, John and Rosita Moyles brought together diverse talents to create JM Food Services, a company which began in the garage of John’s parents, where the trained chef made quiches for a local deli, and now operates from a purpose-built facility in Navan, Co. Meath. JM Foods supplies a range of ready meals, salads and hot-counter food with an Irish customer base that includes Musgraves (Supervalu), Londis, BWG, and Gala, as well as the foodservice sector.

Building the business from scratch in just five years hasn’t come without challenges, and the rapid growth is, itself, one of these.

“Sudden growth can be difficult to manage for a new business, but we have been able to come through it,” Rosita says. “Today, we’re in a challenging market but we have a secure place in it and, because of our size, we can manage it well and keep things tight.”

JM Food’s calling card is its affordable but premium-quality product range, a number of which have been award winning, and the company is now looking at the opportunity the branded route to market can provide, particularly in UK retail.

If all goes to plan, its range of ready meals will, in fact, launch in the Republic of Ireland, Northern Ireland and Britain later this year. With her own background in the family haulage business, Rosita understands the logistics side of the business better than most, and this, combined with a belief that the company can keep its prices within the range of its UK competitors, is driving the company’s self-confident approach.

“The recession certainly hasn’t put us off,” Rosita explains. “We feel there is a market for our products in the UK. Our aim is to launch strongly and to ensure we will be there in the long term.”

JM Foods today employs 23 people and, like Glenilen, can point to a stable Irish market experience in 2009. Of course, this didn’t happen without a fight. “We put in quite a lot of investment in lean manufacturing, and we automated part of the plant which we probably wouldn’t have done if the pressure hadn’t been there.”

For Rosita and John, the food industry may be a turbulent place to work but “it’s also our passion. This business is something we’ve started ourselves and watched grow. We could probably do with taking a step back from time-to-time and ask ourselves ‘where do we go with it?’ but to be honest, so far, it’s all worked out fine.”
Getting an early reference sale on the home market is a tremendous boost for any export-ambitious business. But Irish SMEs often complain that conservatism makes public buyers favour company size over innovation, and it is easier for them to win in overseas markets. Now that official Government policy is aimed at balancing the odds, Gerard O’Dwyer asks can smaller companies start to feel more optimistic?

WINDS OF CHANGE IN IRISH PUBLIC SECTOR PROCUREMENT?

The Irish public procurement market was worth a hefty €15 billion in 2009, equivalent to 10 per cent of GNP and supporting around 250,000 jobs. A spend on this enormous scale has the potential to provide a home-grown springboard for Irish SMEs that see value in using public sector contracts as reference sales to access international markets.

But the public procurement (PP) process has been at the core of growing frustration within Ireland’s SME segment for years. Many companies find the tendering, evaluation and decision-making process at best cumbersome and, at worst, archaic, impenetrable and costly.

This deep sense of irritation was reflected in a survey of 423 SMEs published by the Irish Business and Employers Confederation (IBEC), on March 1. According to the poll, “most SMEs believe that fundamental problems exist with the process of selling goods and services to the public sector in Ireland”. Some 56 per cent of respondents rated the process as “poor”.

The Government’s response to industry criticism has been to launch a series of initiatives designed to alleviate or remove bottlenecks in the PP process for SMEs, giving them greater access to contracts.

“We are looking at a number of issues that are of concern to the SMEs, with a view to alleviating or eliminating the perceived problems that are there. They will have major positive impacts on the SME sector,” says Vincent Campbell, Director of National Procurement Services (NPS), a reforming agency established in the Office of Public Works (OPW) in March 2009 with the then name the National Public Procurement Operations Unit or the NPPOU.

The NPS has a multi-tiered mission to provide a central
procurement service for central government departments and government services; streamline the multiplicity of tender and contract documentation used across the PP in cooperation with the Chief State Solicitors Office; engage more directly with SMEs, and up-skill procurement officials in the PP process.

The NPS’s role, and proposed reforms, will have a positive impact on making the PP process more transparent and accessible to SMEs, believes Stephen Hughes, manager of International Public Procurement at Enterprise Ireland. “We get a lot of feedback from SMEs, and, not surprisingly, the initial feedback tends to be of a negative nature. More often than not, it has to do with who is at fault for ‘us not getting that contract’. For many companies, that’s a genuine issue. They feel, for whatever reason, they do not have a fair and reasonable opportunity to participate.”

Although the reforming nature of the Government’s initiatives have been generally welcomed by industry, the pace of change remains too slow and is causing some SMEs to shy away from tendering for PP contracts, says Declan Kearney, the CEO of software firm Supplierforce, who chairs the Irish Software Association’s (ISA) Public Procurement Working Group.

“For SMEs, it is not primarily about participating in the process; it is about winning the business, and if the criteria that are applied are not facilitating the awarding of contracts, then SMEs will continue to shy away from public sector tenders.”

Kearney warns that encouraging those SMEs that have departed the PP process will remain a major challenge for government agencies. “A lot of small companies have bid over the years and lost. Right now, the biggest challenge is to get those companies interested again, as opposed to getting them into the tender process.”

The scope of that transformation should be far-reaching, he adds. “I see procurement as not just an administrative function, but as a strategic one. Good strides have been made over recent years, but there is an awful long way to go in terms of true reform of the public sector.

“The public procurement process, although it must work within EU rules and legislation, is often over focused on the process as opposed to getting the best value for money and the best deal. We still have a long way to go before buyers in the public sector will truly approach a tender with a view to enabling SMEs or large corporations the same chance to win.”

LEVELLING THE PLAYING FIELD A step in the right direction, from industry’s perspective, was the establishment in July 2008 of The Procurement Innovation Group (TPIG) by the Department of Enterprise, Trade & Employment. The TPIG included representatives of industry, state agencies, academia the NPS’s and government departments.

WHAT THE GOVERNMENT PROMISES

• To raise awareness of the benefits of using public procurement to stimulate research and innovation

• To identify obstacles or problems in the current procurement process, which impede opportunities for innovation

• To examine the potential of the Public Procurement Directives to ensure a level playing field for all innovative companies wishing to participate in public tendering

• To create an environment in which the potential of innovation for public procurement can be realised

Source: The 10 Steps to SMART Procurement and a speech by Enterprise Minister Mary Coughlan (both published in July 2009)
“The challenge for us is to ensure that Irish SMEs are better prepared for the engagement on one side and, on the other side, that procurers are more confident in their decision-making and are more open to new options.”

“The level of turnover is a major issue of concern for a lot of SMEs when tendering for public sector contracts,” Vincent Campbell acknowledges. “We are working with the Department of Finance right now with a view to having clear guidance in place for all public sector buyers as to the level of turnover required for different priced contracts. The aim here is to reduce it in line with the current economic situation that is out there. We hope to roll-out this in weeks rather than months.

“Irish companies should use the e-tenders website to maximise their penetration into the public sector market. One of the things that we will be doing in the future is encouraging the wider public sector to put more, and lower value, contracts on e-tenders, even lower in value than the EU threshold. That will show where the opportunities exist,” he adds.

“We are also proactive on public liability insurance. We are working closely with the Chief State Solicitor’s office, who in turn is discussing the issue with the State Claims Agency. We are looking to see how we can reduce the levels of public liability insurance required for SMEs tendering for public sector contracts. We are well advanced on this front.”

A third area of activity for the NPS centres on the myriad of documentation required, particularly tender and contract documentation. “We find that this causes a lot of issues. Depending on the area and sector SMEs are dealing with, there can be different types and different variances and different requirements,” Campbell says.

“We have been engaging with the Chief State Solicitor’s Office over recent months to have a standard suite of tender and contract documentation available for all public sector buyers. This means that if you are an SME dealing with the local authority sector or central government, the same suite should suffice.

“This has been sought for a long period of time, and we are very, very close to providing that. We are in the final stages of this project, and, again, we are talking about weeks rather than months. This is a huge initiative and will change dramatically how SMEs deal with the public sector.”

The NPS is also active in the areas of up-skilling suppliers and buyers, Campbell says. “We have an educational brief attached to our role. Where we can make inroads, we certainly will, through seminars, presentations and standardised documentation initiatives that educate SMEs on how to input fully compliant tenders, as well as to show where the opportunities exist in public sector contracts.

This is an ongoing and continuing focus for us.”

“We would certainly engage with the market and try and be as open as possible,” he continues. “That would certainly be NPS’s aim, and something we have done and will continue to do. We are there to assist the SME sector.

“The most fundamental errors SMEs make are in not properly reading or interpreting the tender requirements correctly, or not providing exactly what is asked for. Other simple errors include leaving out basic elements of what is required in order to tender, such as financial data. I would encourage both successful as well as unsuccessful tenderers to obtain feedback. This ultimately assists all in the procurement process.

“Where we have common issues, and in situations where SMEs don’t have a full understanding of what is being asked of them in the Request for Tender, or misinterpret it, the NPS has been willing to go out and hold seminars.

“We have done this with the print industry when we met around 120 people from that sector and talked about common mistakes and issues involved in tendering. Our goal was to try and give them a better opportunity to present more complete tenders.”
The Health Service Executive (HSE) is also aiming to increasingly reach out to SMEs says Julie Ryan, the HSE’s Assistant National Director of Procurement and Head of Communications, Training & Customer Relationship Management.

The HSE has a €4.5 billion annual spend, or roughly one-third of total State PP expenditure, with opportunities in its core segments: hospital services, pharma and medical, equipment/laboratory and diagnostics and professional, office and ICT.

“We are seeing more diversity in opportunities in terms of laboratory supplies, as well as medical and surgical products. There is certainly change happening in the marketplace to meet the new demands. This is something we would encourage,” Ryan says.

However, she argues that there is no room for subjectivity in evaluating tenders. “It has to be a strict, objective and robust process. SMEs need to demonstrate through their tender what they can give, and if there is any added value to be given, and where it is given.”

They need to understand the organisation’s business and opportunities available, she continues. “This is why we engaged with them last year to educate them on our needs and also listen to the issues they raise. Quite often, they find it difficult to know who to talk to in the HSE. We are trying to address this problem.”

WINNING BACK BUSINESS Part of the importance of Irish SMEs winning public procurement deals here is the credibility it gives them in overseas markets. For Irish SMEs with international ambitions, there is real value in using domestic PP contracts as vital sales reference points in the pursuit of overseas expansion, EI’s Stephen Hughes stresses.

“An opportunity won on the Irish market is worth ten opportunities in an international market by getting the reference reputability of an Irish public sector contract,” Kearney agrees. “When you pitch abroad, your prospective customer will query why you haven’t been more successful on the home market. If you can’t do it in your domestic market, this will stand against you if you look to overseas markets for sales.”

Hughes adds that SMEs need to assess whether it is better to go direct to the end user or go through a third party aggregator organisation that is bringing together either a consortium or a clustered solution – and then commit themselves to this strategy. Enterprise Ireland is eager to promote clustered capability solutions that deliver a degree of scale around “ripe areas” such as emergency response, energy efficiency, e-learning or e-security, he says.

Echoing this point, Kearney says that despite potentially negative self-interest factors, Irish SMEs have a better chance of winning PP business thorough partnering and cluster alliances. “It may be easier for an international company to see the importance of partnering. I think it is more difficult in Ireland because everyone wants to have their own cake and eat it. There can be paranoia from an industry perspective about sharing ideas, and this can negate against the emergence of clusters and partnerships.”

As to the future, Hughes sees reasons to be optimistic. The foreign share of the Irish public procurement pie currently hovers at around 18 per cent, greatly exceeding the European average of 2 per cent. Although, as Vincent Campbell points out, Ireland is a small island nation that imports much of its requirements, Hughes believes there are significant “win-back” challenges and opportunities for Irish SMEs.

“We are completely out of kilter with what is the norm across Europe,” he argues. “The challenge for us is to shrink that percentage as best we can by making sure that Irish SMEs are better prepared for the engagement on one side, and on the other side, that procurers are more confident in their decision-making process, and are more open to new options that are being developed.”

Kearney is also positive about prospects for change. “The climate is changing,” he notes. “There is a new recognition that part of the recovery of the economy will be driven by SMEs winning more public sector business.”

Source: IBEC surveys 2008 and 2010

REFORMS SMES WANT FROM THE PUBLIC PROCUREMENT PROCESS

• An open PP process with transparency on contracts
• Improved access to decision makers
• Reductions in the length of the PP process
• A focus on price rather than value-for-money
• Recognition of SMEs’ administrative burdens and PP costs
• Improvement in payment times to suppliers
• More pre-tender engagement between buyers and SMEs
• Reforms to make the PPP a friendly environment for SMEs
• Introduction of Technical Dialogue pre-tender procedures
• Criteria to encourage partnering for large contracts
• Reduction of insurance and turnover requirements
• Dedicated model contracts for business and IT services
• Capping indemnity levels to percentage of contract value
• Improved post-tender transparency in debriefing process
• A procurement feedback group for all stakeholders
• Greater standardisation of tender terms and conditions
• The development of model contracts
• Removing Intellectual Property ownership requirements
• Contracting authorities to develop own multi-annual procurement plans
• Budgetary authorisation prior to launch-of-tender
• Increased use of direct invitation for smaller tenders
• Contracting authorities taking full advantage of the flexibilities within the EU procurement directives
• Contracting authorities to run partnering/networking events for prospective bidders to identify potential partners
• The use of public procurement to promote innovation

Source: IBEC surveys 2008 and 2010
Times have undoubtedly been hard for the majority of, if not all, Irish companies in the last two years, even if some have fared better than others. Those who did not plan for ‘the tomorrow’ that followed the boom and who did not have appropriate systems in place to deal with its consequences are currently paying the price, while those that saw the writing on the wall and took necessary action in advance may well be feeling the thaw and seeing those much yearned for ‘green shoots’ far earlier.

One of the main areas of indemnity against the bad times is the ability to sell. Donal Daly, CEO of sales performance automation company, The TAS Group, is a strong advocate of the formalised sales process. He believes that a well structured process provides the best possible way for companies to get their tills ringing on a higher volume. In straitened times, it is more critical that companies have the necessary systems in place to allow them capitalise on the more elusive opportunities that exist. “A buyer is always focused on finding a solution to his problem, so unless you have a sales process that helps you uncover what the buyer needs and helps to show how your product can solve that problem, then there will be a lot of misalignment,” he says.

WHAT IS A SALES PROCESS?
The complexity of a given sales process depends on the company structure and size as well on the dynamic of the market it operates in, but its purpose is always the same: to optimise sales opportunities and grow sales revenues. Typically, a sales process involves managing and gathering metrics along four distinct phases of a ‘sales pipeline’.

These four stages are:
- Lead generation and opportunity identification
- Initial engagement (where you establish the initial relationship with the prospect; ascertain what they are trying to accomplish and what problems they are facing)
- Development of the solution (where you design a solution to meet the customer’s needs and solve their problem)
- Delivery and closure (where you deliver what is required, as specified, while keeping the door open for any likely repeat purchases or re-orders)

Some companies and sales reps rely on an ad hoc, intuitive approach to selling. But having a systematic and formalised approach in place is the best way to secure predictable and repeatable sales results, particularly during a recession, writes Séamus Bagnall.
According to Michael McGowan, Director of sales training system provider DEI Sales Ltd, a well managed sales process should ensure that the right level of action is going on at all stages in the sales pipeline. He recommends that companies not only employ a process that gives them working rules and a standard against which to measure performance, but one that also creates an atmosphere of community, support, confidence and collaboration within the team. “It is crucial to help your salespeople to solve the issues that hinder and hold up their progress each day in terms of lead generation and moving deals forward,” he says.

The playwright, Arthur Miller, once described a salesperson as a man ‘way out there in the blue, riding on a smile and a shoeshine’ who only needs to worry when his prospects ‘start not smiling back’. While a systematic sales process could never put it as eloquently, the exponents say that it should do the very same thing i.e. tell you which skills you need to improve and what needs to be done in order to convert prospects into satisfied customers.

**WHY HAVE A FORMAL SALES PROCESS?**
Specifically, a formal sales process should offer the following benefits:

- Help the sales team to follow the company business strategy by directing them to the right targets, sectors and customers
- Align the nature of the salesperson’s offer to the company’s actual business capability
- Gauge sales-force productivity in terms of lead conversion and sales force return on investment
- Help match the type of target with the type of sales person required – i.e. do we need a harvester or a hunter for this particular target?
- Answer key questions on the measurement of sales performance such as conversions as a factor of the total number of prospects; stage in pipeline; the number of opportunities in the air, etc
- Provide reports on customer activity in terms of purchase history, discounting, rate increases, problems, etc
- Monitor repeat business/core business/new business levels
- Provide sales people with the tools they need to optimise their reporting, planning, and executing capabilities
WHY A FORMALISED SALES PROCESS IS EVEN MORE CRITICAL IN DOWN TIMES

Adds meat to the bone
A formalised sales process will turn up the sort of information that could be the difference between a closed sale and a wasted journey. In short, it adds meat to the bone. As The TAS Group’s Donal Daly says: “What is really important is having some visibility into the likelihood of a sale, when it’s going to close, the duration of the sales cycle, your aggregated sales value, etc. Those things are well informed by having a structured sales process. This way you can learn patterns and uncover how a typical sale runs, and that gives you confidence.”

Recognises the ‘lead’s’ role
Lead generation is an integral part of the sales process, yet its crucial importance is often overlooked by companies, and that is a critical failing, McGowan believes. The assumption has often been that the sales rep is the best person to generate the leads, but this is not always true. “The sales process requires an inventory of opportunities and leads, numbers and contacts and this is a time-consuming task that should be handled by a dedicated person rather than by a sales person whose focus needs to be on converting these leads into sales,” he says.

McGowan believes that, in the case of SMEs, a leads list is considerably more important than conducting ‘marketing’ in its common or garden sense. “Brand-driven marketing is fine if you are a big company and have well-known brands, but if you are a smaller company with lesser-known brands, you need to do the groundwork. If you don’t have the list, the research and the contacts to go after, then you’re going to waste your day,” he says.

Programmed to receive
A formalised sales process allows sales people take a more logical approach to sales and to see it more as a set of tasks that involve procedures, standards and rules. As McGowan says, most sales people, no matter how bright they are, don’t come programmed with a set of instructions on how to do things; therefore, it is good to have a process in place that will bring the best out of them.

Provides the same hymn sheet
If you have a sales process in your organisation, it means that the organisation, not just the sales person, understands the DNA of how the sales cycle is working, Daly says. “If I, as the sales man, say that a deal is at a certain stage of the process, then you, as a support to that sale, also understand what that means.”

Renews the vows
While the economist and writer J.K. Galbraith may have quipped that ‘meetings are indispensable when you don’t want to do anything’, it is unlikely that your average sales leader would agree. The weekly sales meeting and the regular one-to-one meeting between sales person and sales manager re-affirms and re-states commitment to the sales process and formalises reporting and information flow – factors that are crucial to success.

BUILT IN A DAY
Companies with no formal sales process in place may be putting themselves at a disadvantage, but they can rectify the situation without making a huge investment. According to Michael McGowan, sales processes empower because they give sales teams a way of thinking, that is tried and tested over time. To get one up and running requires that management and staff agree on the necessary systems and procedures to implement, but the KISS principle usually applies – the simpler the better. The initial core process may start off clumsily. Year one is the most difficult, as you need to adjust to the self-imposed discipline. Year two is when things start working and the benefits begin to accrue, and year three is usually the time when it gets into the DNA of the organisation.

In a general sense then, sales processes are critical to business success, but it has to be remembered that they come with a caveat: they should not be developed for the sake of it. According to McGowan, a formalised process exists to enhance the ability to make a sale. “A great sales process isn’t all stick and no carrot; it has to increase the chance that you will win more,” he says. Meaning, that if doesn’t, then you’re doing something wrong.

It should tell you which skills you need to improve and what needs to be done in order to convert prospects into satisfied customers.
The issue of patents in software continues to exercise industry minds. Not surprisingly, it was one of the main conversation topics at a recent Irish Software Association event, and the discussion continued online.

For one, the issue is far from straightforward. Few people want to wave goodbye to hard work that someone else opportunistically takes and profits from, but others dispute whether software ought to be patentable at all. Secondly, there's no consistency between patent regimes. The US looks more favourably on patents for ideas and processes, while the EU is generally considered more rigorous about what constitutes real innovation in software.

In fact, the European patent office has been granting patents for software-related inventions since the mid-1980s, so the situation is more complicated than it first appears, but the unclear legal landscape doesn't help.

“The issue of patents and software causes widespread confusion throughout the industry, from entrepreneurs and software companies to venture capitalists and their advisers,” says Rob Corbet, a technology partner in Arthur Cox Solicitors.

Observers say Irish software patenting activity is below average. Corbet believes scale may be a factor, as larger companies are more likely to have the necessary resources to pursue a patenting strategy more effectively. “Many multinational tech giants are prepared to invest the time and money into exploring the patent potential of emerging...
software solutions because they have the internal and external expertise and resources to do so,” he says. “For indigenous Irish companies, however, the patent challenge often seems overwhelming, leaving them to instead rely entirely on the law of copyright to protect each new software innovation.”

Copyright protects the expression of an idea, but not the idea itself, so it is less watertight as a means of protection, according to Michael O’Connor, partner and European patent attorney with Cruickshank Intellectual Property Attorneys. Copyright automatically comes into force—you don’t have to file for it, but while it prevents direct copy, it can’t be enforced if a competitor reverse engineers a product or a software function by writing their own code.

O’Connor contends that Irish companies are missing out on a fuller opportunity to exploit their software by patenting aspects of it. “In many cases, the intellectual property is the most valuable asset a start-up company has,” he says. Among the advantages patenting confers are the ability for software companies to license their patented technology in other markets. Moreover, income derived from patents gets favourable tax treatment, while patents can also help remove the threat of litigation from a potential countersuit.

(O’Connor also counters the popular belief that it’s better to be first-to-market than to file for patent, as inventions cannot be publicly disclosed prior to filing. “The two routes are seen as mutually exclusive, but I don’t see that. Patent applications can be slow burners, taking between three to seven years for granting, but you don’t have to wait for a patent to be granted to launch a product to market. You’re talking about a potential delay of a couple of weeks.”

PROONENTS GetitKeepit.com filed a preliminary patent in the US in January, and the company launched two months later. The Dublin-based company offers a free web-based service for managing people’s utility bills. Its preliminary patent lasts for 12 months, and, after that point, it can decide to apply for a full patent on a more granular aspect of the process.

“We went on a bit of a journey to educate ourselves, and we determined we didn’t have patentable technology because we were running off open-source platforms. Unless you’re in the business of developing tools to help people write code, you’re unlikely to have patentable software, but we think our business process is unique,” says CEO Alan Coleman.

He admits the move was partly a defensive one. “It means you don’t have someone ringing you up saying ‘I have a patent on this process and you can’t do it any more’. In order to be really useful, filing for a patent needs to be an offensive move that gives you a competitive advantage.”

Coleman says he is happy with the process so far. Filing the preliminary patent cost less than $10,000. The due diligence alone, by a trained US patent attorney, made the process worthwhile because it showed the company it has a good idea on its hands.

“As a start-up, everything is about optics. It shows the investment community and your client base that if you have filed for a patent, you have done something to protect the uniqueness of your idea, and it says something about your brand in the marketplace, so it’s a useful endeavour.”

Aidan Gallagher is a veteran of many Irish software firms and is currently CEO of InishTech, which provides an activation service for software licensing. As such, he is acutely aware of the need for protecting software. “Our market is 100,000 independent software vendors developing on the Microsoft.Net platform. We’ve got to make people aware that this is a serious issue. The minute you ship an application, if you don’t protect it, it can be reverse engineered, copied and resold in other markets,” he says.

“It’s probably one of the easier things to ignore when setting up a software company, but if you ignore it, you do so at your peril. You could find out someone is doing twice the business you are with your code in another part of the world, and you can’t do anything about it. From a reputation point of view, it never looks good if your IP is
According to O’Connor, companies can choose different forms of patent filing to suit their budgets [see panel]. However, while filing itself may not incur a heavy price, the Irish Software Association’s discussion on LinkedIn suggests the real cost of patenting is not filing but defending a breach. Small companies may well decide – as some did in the past – that the cost of fighting an infringement case is more than the business could bear.

**THE OTHER SIDE OF THE DEBATE** Others deliberately avoid the patenting issue on a point of principle. “I think software patents are inherently a bad idea, and the reason is, software is different from other forms of technology that you can patent,” says Conor McGoveran, managing director with Onformonics, which develops compliance and risk management software.

“It’s quite easy to create new software, and there are very few innovative ideas around software.”

McGoveran’s own company illustrates the point. “We’re not the first company to do what we do. We believe we do it better than the competition, but others were doing it before us.

“I think very few software companies out there are producing brand new software that does something that has never been done before. Take the iPhone; from a software point of view there’s nothing there that wasn’t existing already – Apple just packaged it together.”

A software developer himself, McGoveran says the low cost involved in writing code should exclude it from being patented. “Defending your business on patents needs to be justifiable: pharmaceutical companies spend hundreds of millions on research, and if they’re not going to get their money back, what’s the incentive to do that development? Patenting is an important way to protect that investment, but you don’t need a huge R&D budget to create new software.”

Whatever the motivations for protecting intellectual property through patenting, McGoveran believes the process shouldn’t come at the expense of business fundamentals. “If you can’t compete on service and value, no matter whether your software is patented or not, you won’t be around very long.”

**OPTIONS FOR SOFTWARE PATENTING**

Software companies can tailor a patent filing programme to suit their finances. “Another misconception is that patenting is extremely expensive and runs into the hundreds of thousands but that’s not the case,” says Cruickshank’s Michael O’Connor. “You don’t have to have patent protection all around the world. If you have it in 80 or 90 per cent of your markets, that is more than sufficient for your needs.”

Companies can file patent applications in one of three ways. Separate US and European applications can be made for a cost of between €12,000-20,000. Once granted, the patent – effectively a monopoly – lasts for 20 years.

An alternative is a PCT [patent co-operation treaty] application, which covers 142 countries worldwide. This confers patent pending status for 30 months and can cost around €10,000.

“Software companies can file a PCT application, and they have two and a half years to commercialise their invention. If they’re making money from it, they can pick and choose which countries to go to,” says O’Connor.

A third option, is to file a preliminary patent application in Ireland or the UK. Most Irish universities prefer this model, according to O’Connor. “You then have 12 months to commercialise the invention. That way you can see if there’s any interest in it and see whether the business case warrants pursuing it further.” The cheapest of the options, in some cases, the cost is a few thousand euro.
FILLING EMPTY ROOMS
As the tourist industry takes a hammering, Bookassist is continuing to grow thanks to international expansion, a unique software-plus-consultancy offering and a knowledge-led marketing strategy, writes Mary Sweetman.

Falling room rates, declining tourist numbers and the emergence of the ‘zombie’ hotel concept…the Irish accommodation sector is taking a battering like never before. No wonder Des O’Mahony, CEO of Bookassist, the Irish provider of booking technology and online marketing strategy to the hotel industry, is thankful his company began accelerating its expansion into other markets before the recession took hold. In fact, bucking trends, Bookassist opened a new sales office in Phoenix, Arizona, last month.

**Exports Save the Day** “In Ireland, despite the fact that we are the market leaders, and despite the fact that the actual number of bookings year-on-year has increased, our total revenues have been relatively flat over the last year or two, mostly because, depending on where you are around the country, we have seen a drop of between 19 and 26 per cent in average hotel rates, and, being on commission, this has affected us directly,” O’Mahony says.

“From all our data across Europe, Dublin is definitely the worst hit. Having said that, our market share in Ireland is such that we didn’t have much headroom to grow in any case; whereas, we have been shielded from the reduction in rates in other markets by the fact that we have been able to grow these markets quite significantly.”

The Arizona move follows an office opening in Rome at the end of 2009, and a launch recent in Austria, while the company has had a presence in Paris for a year and a half and is also active in Spain, Portugal, the UK, Czech Republic and Germany.

Unlike major aggregate booking engines like hotels.com or booking.com, the Bookassist offering is designed to allow hotels to sell rooms directly to customers themselves. “The strong part of our argument, which has particular resonance in the large European cities at the moment is that allowing third parties to sell your rooms online is basically giving away a significant chunk of our income in commissions. They [the aggregate sites] do a fantastic job – but on the basis of giving the customer anything they want, rather than promoting a specific hotel. We would view our job as making sure that the specific hotel does as much direct business as possible. Our commission is low: we work on a volume basis, so rather than paying 20 per cent to a booking.com-type operation, we are basically saying to hotels that not only can they spend less, they are also securing future business, because they are serving that customer directly and in charge of that customer relationship.”

**Hybrid Business Model** When expanding overseas, O’Mahony says that there is no getting away from the old business cliché that you need to be bringing something unique to bear in whatever market you choose. Competing against a plethora of ‘me-too’ booking engines, Bookassist’s unique selling point is the combination of software with strategic advice. As well as the booking technology, it offers online marketing technology, will develop a strategic plan for online advertising and provide website analytics, so that hotels can track their return on investment hour-by-hour and cent-by-cent. Most important, O’Mahony says, is the implementation advice.

“There are plenty of software providers, but from the hotel group’s point of view, the marketplace on the internet is moving so quickly, that without expertise in how to use the software, it is largely valueless to them. When a group signs an account with us, they are assigned an account manager whose job it is to meet with them monthly and give them advice on what’s working and what’s not working, and we are able to turn those problems around quite quickly. Our fees are commission-based, so it means that if we are not driving the business, we are not going to earn any income.”

This hybrid software and consultancy model makes international expansion more complex. “There is no question that you need people on the ground locally, you need to have local expertise and you need to make sure that the clients you are dealing with have a degree of trust in the local operation,” O’Mahony admits.

The partnership element of the deal, meanwhile, means that the company sometimes has to make a hard call on customers – if, for
"We would often talk to hotels for hours without mentioning our products. It's about pushing the strategy issue, and, by association, the industry recognises that you can deliver.”

example, their website is not up to scratch in terms of potential to improve its search engine optimisation and they are unwilling to invest in addressing it. “Our approach is that if you’re not willing to row in behind us, there is no point is us working with you as a partner. That’s important, because it’s very easy for companies to treat us like a supplier – as in ‘we are going to pay you and you are going to deliver something’. But we are very clear upfront, it’s not like that. Because we are paid on a commission basis, if you are not prepared to work with us, it’s not going to work.”

SELECTING TARGETS O’Mahony is well aware of Bookassist’s position in the food chain, and the company identifies it targets accordingly. He cites the decision to locate in Arizona as an example. “The west coast in the US has a lot more independent hotels that can make independent decisions [than the east coast]. It’s very hard for us to talk to a group that is very large like Marriott, where they would have their own in-house IT people. The target groups that make a lot of sense for us are hotel groups in the 10-to-40 properties range that are not so big that they don’t need our help on strategy.”

Within this range, early on in a new market, Bookassist especially likes to sign up groups that would be seen as influencers within the industry. “When we went into Austria, one of our targets was the ARC hotel group, which would be very well known there and quite progressive in the internet area, so for us to work with them and sign with them was very, very important. Likewise, in the Czech Republic, our office there has just signed up CPI Hotels, which again is a middle-range group that is seen as progressive, so it’s a bit of good flag-flying in those markets.”

THE SOFTLY, SOFTLY MARKETING APPROACH Equally, O’Mahony likes Bookassist itself to be seen as a thought-leader. Rather than take a hard-sell approach, much of the marketing is done on a show-rather-than-tell basis. The company, for example, signed up significant business in the French market following an event in the Irish embassy in Paris last November, and further deals are still flowing through.

“In most of our markets, we hold seminars annually to basically give hotels the lowdown on where the internet has moved in the past 12 months, what they need to be doing, where they need to be positioned and what sort of benefits they can expect. It’s not as sales seminar; it’s a soft-sell issue in that we are pushing the necessity for up-skilling on the internet and pushing the strategy issue. We would often talk to hotels for hours without mentioning our products. Fundamentally, it’s about inviting along hotels from the market and saying ‘whether you use us or not, this is what you need to be doing’.

“Normally we would invite a mix of hotels we already work with and hotels that would be targets for us, or industry leaders that would be a recognised voice in the marketplace, which we would obviously want to influence. We generally get very good leads and a successful sign-up rate on the basis of giving that sort of information.

“We have done this with the help of Enterprise Ireland in the Czech Republic, in Austria and in Paris, and we are about to do it in Rome very soon. It’s great to get access to the embassies as that comes with a certain credibility and clout, and, of course, it brands us very solidly as an Irish company.”

O’Mahony adds that Bookassist also actively disseminates its research. “On our website, for example, we have a significant number of white papers and strategy documents, telling hotels what the latest issues are and how they need to work them to their advantage. Because we make them freely available, not only are those documents read and passed around, but also key industry publications see us as an authority and are happy to take our articles. Again, those articles would rarely mention Bookassist. It’s about pushing the strategy issue, and, by association, the industry recognises that you can deliver.”

O’Mahony’s advice for other software and consultancy companies looking overseas is that if they believe they could have a strength and unique selling point in a particular market, the next thing to focus on is doing groundwork to acquire local knowledge on issues like local competitors and the things you can and cannot do there in business deals, using resources like the nearest Enterprise Ireland office. As an example, he says that because Failte Ireland is a central hub in the Irish tourist industry, it would be easy to assume its equivalent has the same position in another market. But state tourist boards are not always well regarded by the hotel industry in every market, and a company could waste a lot of time trying to forge a strategic alliance before realising this. “We really could have made some big mistakes early on,” he says, “so I really think that getting local knowledge and doing a lot of the local research, not just on your product, but on the actual customs and behaviour of the marketplace, are critical before you get in there.”
Tomes have been written about mass-marketing. But what if your product is highly specialised, with only a small niche of potential buyers? Gordon Smith asked four companies about the art of getting attention in the b2b space.

Creating a Stir

Few eyelids are batted whenever large companies routinely tie up major business deals. Away from the headline makers, the business ecosystem is filled with much smaller firms vying for partnerships with much bigger players.

Before those discussions can take place, the smaller entity has to establish a reputation for itself, whether on the strength of its management team or its technology or both. When such agreements are signed, it’s often the result of clever planning and smart execution of a business-to-business marketing strategy.

Speaker Opportunities and Industry Bodies

In the experience of export-focused Irish companies, this involves several approaches. Speaking at industry conferences can boost a company’s profile significantly. “If you see an interesting conference, contact the organiser. It really is about good old-fashioned sales skills,” advises Andrew Parish, CEO of wave energy technology development company Wavebob.

“Once you’ve spoken at one or two credible events, people organising them tend to see that, and, assuming you do a good job, any credible conference organiser will be looking for real life stories.”

Involvement in standards bodies is another well-trodden route to recognition, especially if a market sector is still in its infancy. Iona Technologies’ rise to tech stardom in the ‘nineties owed much to its role in developing the CORBA standard.

The travel technology provider OpenJaw took a similar approach. “We would have been heavily involved in the Open Travel Alliance standards group and took a very active role. To some extent, it was a promotional vehicle but we also very actively contributed to the standard. When someone was investigating use of these standards, we would emerge as a name associated with that,” says CEO John McQuillan. The strategy led to OpenJaw’s very first deal, with American Airlines.

McQuillan admits timing played a part, since the OTA was still relatively new when OpenJaw was founded in 2002. “It depends on the maturity of the standards you’re working on. If they are new, there are huge opportunities to be involved in developing them. If standards are mature, there’s not much opportunity to do that.”
Winning partners can be essential for companies that may not have the reach to attack a market by themselves. Galway-based Marvao Medical Devices operates a business-to-business model, using outsourced manufacturers and third-party distributors, so B2B marketing is a vital part of its plans.

Managing director Chris Davey says the strategy is threefold. The first is word of mouth, where news of clinical trials will spread through the medical device community. The second part involves attending conferences for business networking. To aid the process, Marvao developed a short video demo which can be shown on an iPod. When meeting with a potential partner, the video explains the concept quickly, allowing more time to talk business.

The third approach is to identify strategically important people who could help enhance Marvao’s name. “They’re people at the intersection of several roads – they might be in the regulatory area or experienced former marketing people in the medical devices sector,” says Davey.

Contact is made through cold calls, in some cases, and, other times, through Davey’s own connections, since he has worked in the medical device sector for more than two decades. “It’s not possible to know everyone but the degrees of separation between people are pretty small. It’s not hard to find a connection to somebody once you’ve identified them,” says Davey.

Interestingly, he says Marvao had no prior contact at all with the two companies with which it is having advanced discussions.

Opinions differ on the outlay needed to make a successful marketing strategy. Public relations can be a relatively cheap way of gaining attention for a company in the wider community, both when it launches a new product and when it signs a significant partnership agreement.

“It requires budget, and it can be done in an economical fashion, but that does not mean cheap,” says McClintock. “Much effort is in
With B2B marketing, the goal in landing a big deal is not only the cash and kudos it brings, but the effect of making others sit up and take notice.

...
While the focus to date has been on development, turning a product into a Software as a Service (SaaS) offering takes more than re-working code. According to Irish executives who are already making the transition, it requires a complete overhaul of the way their companies do business.

For many companies, weighing up their options on the move to a SaaS model, the focus has been on how they can best develop and deliver their software in a new way and on a new platform. For those that have begun the transformation, however, it is clear that this is only one small piece of the puzzle.

**BECOMING A SALES AND MARKETING ENGINE**  “[With SaaS] you need to change all the aspects of the business in order to be successful. It’s not just a different model in terms of software; it’s a different business model completely,” according to Philip O’Doherty, CEO of Irish software company eSpatial.

O’Doherty says that while having the software designed correctly is important, it has been necessary for his company to re-think its support and services activities just as much. More than anything, however, he said the most important thing they needed to do was improve their sales and marketing skills.

“Like a lot of Irish companies, a lot of our excellence is around our engineering while sales and marketing follows, and that’s bad. “We started out with the premise that if we were going to do SaaS, we would have to be a sales and marketing organisation and not an engineering one, and that is where, at this minute, our development is around.”

For another Irish company, Zarion, the need for better sales and marketing is equally obvious. Zarion provides business process solutions for the banking and insurance industry and already has a business model that is similar to SaaS, but company MD Gerry O’Connor admits that they still need to learn how to sell better as they move to the new platform.

“arizo has somewhat of an advantage over more traditional software companies as most of its revenue already comes from recurring fees. According to O’Connor, the key is creating a relationship with clients that will keep them from walking away at any stage down the line.

“It’s a customer intimacy model, so you have to know your customer, provide them with a service and look for the lifetime of that customer, while adapting to that over many years. It’s not just about getting a customer for the quarter but getting them for life – the key element for success and, from the customer’s point of view, is to get something that can perform every year.”

A NEW FINANCIAL MODEL  The other big challenge facing Cloud-bound companies is the new financial model that comes with it. Most software companies traditionally receive a single large payment from clients in return for their software, but SaaS is subscription and usage-based and so carries a much longer break-even time.

“The way I look upon it is the whole risk/reward relationship between the vendor and the customer has been turned on its head now,” says eSpatial’s O’Doherty. “Instead of the risk being on the customer who buys your software, you now have to take the risk of building everything and hope that people will use it – it’s a fundamental shift from that perspective.”

His company hopes to minimise the impact by undertaking a hybrid model in the short-term, allowing it to build a regular income stream before its up-front revenues disappear completely.

“We’re still relatively small, and we have legacy revenues so will probably end up still supporting our existing customers and partners as we do now but having SaaS as well,” he said. “The latter would be our main focus in sales and development, and that’s where our effort would go.”

The drivers behind Software as a Service (SaaS) are now well understood. But what about the transition itself? Adam Maguire spoke to two Irish software companies now making the move.
Even for companies with one foot in the door, such a transition is bound to have its bumpy moments. For those that make the move from a more traditional financial stand-point, the potential for mishaps is even greater. However, O’Doherty feels eSpatial has done well. “Strange as it may seem, I think that we have done everything well – I think our errors are less around doing the wrong thing and more about doing the right thing as well as they could have been done,” he said. “One thing was the timing though; it took a lot longer than I expected it to at first.”

EMPOWERING GLOBAL POTENTIAL  Both men recognise the huge potential that exists once they can master their marketing pitch and any cash flow issues, specifically when it comes to selling on the international market.

“There are huge opportunities for companies in Ireland in terms of deployment, particularly in a global roll-out,” said O’Connor. “Traditionally, that requires a large amount of capital, and it takes a long time to do. With the SaaS and Cloud model, we have to market and sell to them but we don’t have to deploy and install on a local basis, and that gives a huge advantage when you’re trying to reach new markets.”

Unlike on-premises software, a SaaS product makes the size or location of a company far less important. What matters is the quality of the software and service that is provided on an ongoing basis. As sales acquisition costs plummet, this also opens new markets that were previously uneconomical to chase.

“The single-seat person suddenly becomes available to use [due to SaaS],” said O’Doherty. “The person buying a desktop licence for themselves or their business one at a time is available to us and that’s very new.”

As part of their move towards a SaaS model, both Zarion and eSpatial are two of ten mature software companies taking part a course provided by SaaSPoint Limited on behalf of Enterprise Ireland and aimed at guiding through the process of transition.

Enterprise Ireland has said it hopes to expand this course in some way to the wider software industry in Ireland, starting with a conference that is due to take place in May. It has also launched a blog at bestconnected.ie as part of its software strategy for the years ahead.

Gerry O’Connor of Zarion said he thinks the course should be made mandatory to software companies looking to grow in the years ahead, and that those who ignore SaaS and the Cloud are facing a short future.

“If you don’t understand Cloud and its impact on your business, if you don’t know SaaS and what it means as a commercial model, then you need to move or you are looking at going out of business,” he said. “You certainly won’t be looking at growing and looking at new markets outside of Ireland.”

Best Connected - Conference and Blog

A forum on ‘Best Connected Software from Ireland’ will bring together the key players in the software ecosystem in Ireland. The event takes place on May 19 in Dublin. For further information, contact andrew.peet@enterprise-ireland.com Tel 01 7272134.

In the meantime, companies can tune into the BestConnected.ie blog, which has been launched as part of Enterprise Ireland’s software strategy and aims to link Ireland’s multinationals, indigenous companies and start-ups with the wider community, the public sector and third level institutions.

In addition to providing updates on EI activity in the software space, the blog features ‘channels’ focussing on the financial sector, public sector software and Cloud technology. The first two of these channels also carry company profiles, with information on providers in the security, mobile, semi-state and federal government space, while a further channel on the life sciences and cleantech area is in progress.

You can subscribe to blog updates via email, or get updates on BestConnected.ie via RSS.
Client Knowledge Services

Market intelligence

Enterprise Ireland’s Information Centre hosts Ireland’s most comprehensive collection of business information and is staffed by specialists who can aid quick and effective searches. The team can help clients of Enterprise Ireland find information on markets, products, companies, technical standards and management.

The centre subscribes to a wide range of databases, including
- Datamonitor Profiles
- Espicom
- Frost & Sullivan
- Mintel

Here is just a sample of the types of research and reports to which the centre has access.

Enterprise Ireland clients may obtain market research information from the Information Centre, free of charge, by a simple phone call or email. Alternatively, clients can visit the centre or regional offices, by appointment, to view publications such as those listed above.

To set up an appointment, contact the Information Desk on 01 727 2324. Please note that access to the material summarised on this page is covered by copyright restrictions. Reports may not be loaned or sent out to client companies. Further details about the Information Centre are available on www.enterpriseireland.com/information

ICT/SOFTWARE

Trends in Disruptive Consumer Technologies: Emerging innovation and the key drivers of change

Business Insights

January 2010

A number of rapidly evolving trends, technological advances and consumer behaviours are changing the shape of consumer technology markets, and in turn, combining to create new consumer technology product classes and markets. As a result, a number of traditional business models are under threat. This report aims to provide insight into the patterns and characteristics of potentially disruptive technologies and the cultural trends that are shaping consumer technology disruption, by analysing the factors that combine to create disruption. The report applies this knowledge and asks the all-important question: Which consumer technologies are most vulnerable to disruption?

Key Mobile Telecoms Service Providers in Emerging Markets: Market dynamics, trends driving growth and leading player analyses

Business Insights

February 2010

This report provides an overview of the emerging mobile telecoms markets in terms of market size (based on value and subscribers), key drivers and resisters, industry trends, and competitive positioning of the major players operating in these markets. It includes profiles of the major companies in emerging markets and involves a brief write-up on 10 other major players in the industry.

2010 Trends to Watch: Cloud Computing

Datamonitor

January 2010

This brief outlines key business issues and technology enablers that are expected to impact the evolution of Cloud computing during 2010.

2010 Trends to Watch: Managing Identity and Privacy

Datamonitor

January 2010

This brief outlines the key business issues and technology enablers relating to identity management and information privacy in 2010.

The Future Of Online Video - Identifying The Key European Trends For 2010

Forrester

January 2010

2010 represents a watershed for European online video, with the majority of internet users now watching it regularly. This information product argues that consumer product strategists looking to use video to engage an audience must understand and respond to the key dynamics and trends shaping the market, including the confluence of video with social media and the mainstream integration of video into consumer-facing web sites. While focus on the consumer experience will be vital, the importance of great content can't be underestimated.

Mobile Payments - Threat or Opportunity?

Datamonitor

February 2010

Mobile payments are a huge market opportunity and the front line in the battle with non-bank market entrants for future customer relationships. This report provides detailed analysis of the mobile opportunity and why the industry must act now.
Food, Retail and Consumer Products

Future R&D Strategies in Food & Drinks: Evolution from orthodox approaches to open innovation models | Business Insights
March 2010
R&D is a key driver of sales growth in the CPG industry, but returns from investments in R&D and innovation have been falling. This has led to further cuts to R&D budgets, making breakthrough innovations (which typically have higher returns than incremental innovations) even less likely, leading to lower returns still. This report examines what the latest strategies and approaches are, what is required in order to execute them effectively and, crucially, assesses the areas where companies need to tailor approaches to fit their own company's needs and drive future success.

Probiotics Success Strategies in Food and Drinks: Novel applications, future R&D and consumer engagement | Business Insights
February 2010
The application of probiotics has extended to a wide range of delivery formats in food and drinks, and they are marketed on multiple health enhancing platforms. As the level of science increases behind the use of foods offering health benefits, consumers will continue to search for new products, promising additional advantages beyond taste and convenience. This report explores the development of the probiotic market, fiscal growth, health applications, product innovations, regulatory pressures, and the future of the category.

Innovations in Healthier Alcoholic Drinks: Healthy positioning strategies, case studies and future opportunities | Business Insights
March 2010
This report suggests that health concerns and issues, which have already had a fundamental effect on food and non-alcoholic drinks markets, and are now going to shape beer, wine and spirits. We have already seen the emergence of significant low/no alcohol and low/no calorie segments. Expect to see growth in organic/natural, low/no carbohydrate and functional segments, as well as more responsible drinking campaigns and a marketing focus on quality over quantity.

UK DIY & Gardening Retailers Datamonitor (Verdict)
March 2010
This 2010 analysis explores the DIY and gardening market dynamics, growth, market share, trends and drivers and key issues, and it includes in-depth profiles of the major players in the sector.

The Future of Oral Hygiene: Capitalising On Emerging Trends and Changing Preferences Datamonitor
February 2010
This report explores how to profit from the health and beauty crossover in a uniquely placed category. It is one in a series of five category-focused reports outlining personal care trends.

Environment, Industry and Life Science Sectors

Point of Care Testing: Evaluating the return to evidence based medicine, novel technologies and the competitive landscape | Business Insights
January 2010
Diagnostic practice is undergoing a quiet revolution, with IVD tests moving out of the centralised hospital laboratory to point-of-care (POC) testing locations. This report explores the opportunities for POC testing provided by recent technology improvements, disease trends and new marketing channels. It examines established and emerging health-related applications of POC diagnostics, based on immunoassays, clinical chemistry, and nucleic acid testing. Within each POC testing market sector, leading companies and their strategies and products are examined.

The Cardiovascular Market Outlook to 2014: Competitive landscape, global market analysis and pipeline analysis | Business Insights
February 2010
This report analyses the cardiovascular market, incorporating a disease overview and detailed epidemiological analyses of the major indications. The report includes a wide-ranging assessment of the marketed product portfolio, R&D pipeline, market share data, sales forecast and competitive landscape for the major players. Furthermore, it highlights the key market and R&D trends that may influence treatment sales, with a thorough analysis of the competitive dynamics of leading brands within each indication.

Global Energy Efficiency Markets - Emergence of Datacentres as a High Growth Application Market | Frost & Sullivan
October 2009
This report argues that IT equipment and infrastructure has been one of the fastest growing consumers of energy for the past decade. Growth has been underpinned by two main trends: rapid growth of IT equipment usage at a global level and the ongoing acceleration in the need for data storage from a growing list of sources.

The European Electronics Manufacturing Services Industry 2008-2013: A strategic study of the European EMS industry | Reed Electronics Research
2009
With revenues forecast to decline by over 13 per cent in 2009, the European EMS industry is facing a period of uncertainty and rapid change. In Western Europe, the leading EMS providers have already relocated volume manufacturing to lower cost locations. They have, however, retained a manufacturing presence and are looking to compete in the growth markets of aerospace and defence, medical, control and instrumentation, automotive, and industrial as they recover in the 2010/2011 timeframe. It is here that the real battle for the vast majority of EMS companies in Europe will take place.
### Trade regulations, information and negotiations

Enterprise Ireland’s trade regulation update service is now available at www.enterprise-ireland.com/export regulations.

### A Soviet reunion: Russia, Kazakhstan and Belarus launch customs union

January 1, 2010, saw a Soviet reunion of sorts, with the launch of the Customs Union of Russia, Kazakhstan and Belarus. Unified customs regulations are now in force across the territories, and the three countries have begun applying common tariffs, with the exception of a few product exemptions. Earlier in 2009, the three countries announced that they would seek to join the World Trade Organisation simultaneously, with a joint bid through their Customs Union. In addition, the Russian, Kazakh and Belarusian leaders have approved documents to establish a ‘common economic space’ – in other words, a single market for goods, investment, and labour – on 1 January, 2012.

The total population of Russia, Belarus and Kazakhstan is about 180 million people, and the three former Soviet republics account for over 80 per cent of the economic potential of the former USSR. Kyrgyzstan, Ukraine and Tajikistan have also expressed interest in joining the customs union.

### CBSA to crack down on goods contaminated with soil

The Canada Border Services Agency (CBSA) recently issued Customs Notice 10-001, which states that the agency plans to strengthen its commercial importation process for goods contaminated with soil. The strengthened approach is in line with CBSA’s existing commercial processes and procedures, and it aims to further ensure that CBSA maintains appropriate control over the contaminated goods. See www.cbsa.as.ca/media/facts-faits/076-eng.html

### Canada to becomes a tariff-free zone for manufacturing

Canada’s 2010 budget includes provisions that will make the country a tariff-free zone for industrial manufacturers by eliminating all remaining tariffs on machinery and equipment as well as goods imported for further manufacturing in Canada. The measures are designed to assist Canadian industry by lowering the costs of manufacturing inputs and machinery and equipment imported from outside North America. Tariffs on the affected goods vary from 2 per cent to 15.5 per cent and represent a non-recoverable tax on production inputs and on new investments that companies make in order to enhance their competitiveness and productivity. The reductions apply to 1,541 tariff items as currently listed in the Schedule to the Customs Tariff. See http://cscb.ca/listinfo/TariffNoticeTN49.pdf

### Australia changes import requirements for WPM

Australia has revised its import requirements for wood packaging material (WPM) entering the country since the end of last year. Australia will no longer require WPM made of plywood/veneer to have a “Newly Manufactured Plywood Declaration,” although import documentation that includes it will still be accepted. Australia also eliminated the specific treatment requirement for plywood/veneer packaging that has been in service, although authorities will monitor the risks by using periodic targeted surveillance to make sure the plywood is pest-free.
OECD calls on businesses to step up their fight against bribery

Companies should put in place strict internal controls and establish ethics and compliance programmes as part of a strategy to combat bribery in international business deals, according to a new guidance agreed by the 38 countries that are party to the OECD Anti-Bribery Convention. Specifically, the Good Practice Guidance calls on businesses to:

- Adopt a clear and visible anti-bribery policy that is strongly supported by senior management;
- Instill a sense of responsibility for compliance with the policy at all levels of the company, as well as independent compliance structures;
- Keep up regular communication and training on foreign bribery for all employees, as well as with business partners; and
- Encourage observance of anti-bribery compliance measures, and disciplinary procedures to address their violations.

The guidance also recommends that business organisations play a leading role in providing information, advice and training to companies, especially small- and medium-sized enterprises, on how to protect themselves against the risk of foreign bribery.

International agreement on electric and hybrid cars

Agreement has been reached at the United Nations in Geneva on the first international regulation on safety of both fully electric and hybrid cars. Typically, electric vehicles operate at very high voltages, in the range of 500 Volts. Therefore, it is essential to require protection against the risk of electric shocks. The revised UNECE Regulation 100 will ensure the safety of electric cars by setting out how users of cars shall be protected from the high voltage parts of cars. For example, it prescribes a test procedure that uses a standardised ‘test finger’ to check protection all over the car. The rules ensure that users do not accidentally come into contact with high voltage cables. The regulation also defines requirements on the practical use of electric cars, such as giving an indication to the driver that the electric engine is switched on, which otherwise cannot be heard and could therefore cause unwanted starting of the vehicle.

EU-Japan economic study: non-tariff barriers main obstacle to bilateral trade

The European Commission has released a new study focused on the barriers to trade and investment between the EU and Japan. The study, carried out by external consultants from Copenhagen Economics A/S, focused predominantly on regulatory measures in seven key sectors in Japan: pharmaceuticals, medical devices, processed foods, cars, transport equipment, telecoms and financial services. It concluded that existing non-tariff barriers to trade between the EU and Japan are the main obstacle to increasing bilateral trade flows.

EU to start bilateral trade negotiations with Singapore and Vietnam

EU Trade Commissioner Karel De Gucht and Singapore Minister for Trade and Industry Lim Hng Kiang have officially launched negotiations for a free trade agreement (FTA) between two territories. The first round of negotiations took place from 8 to 12 March, 2010, in Singapore. The EU-Singapore FTA (EUSFTA) marks a milestone in the EU’s longstanding relations with Singapore.

Singapore and the EU enjoy close economic ties, which should be boosted by the agreement. The EU is Singapore’s largest trading partner and foreign investor. Bilateral trade exceeded €55 billion in 2008. Conversely, Singapore is the EU’s 15th largest trading partner and largest trading partner among ASEAN states. Both sides also enjoy robust bilateral investment ties. Over the years, Singapore and the EU have invested over €100 billion in each other’s economies.

In addition, the EU and Vietnam have agreed to launch bilateral FTA negotiations, following a meeting between Commissioner De Gucht and Vietnamese Prime Minister Nguyen Tan Dung in Hanoi. Vietnam is today one of the fastest growing and dynamic economies in ASEAN. GDP growth averaged almost 8 per cent during 2003-2008. Even through the global economic downturn in 2009, Vietnam recorded a respectable growth rate of almost 5 per cent. Within ASEAN, Vietnam is Europe’s fifth largest trading partner.

Bolivia issues new regulations for import of dutiable goods

As of January 2010, all shipments of dutiable goods imported into Bolivia regardless of their value, weight, and/or quantity have required an importer number from the consignee, according to a customer update briefing from FedEx. This applies to personal as well as to commercial shipments.

Documents having no commercial value (NCV) are, however, exempt from this regulation. To avoid customs delays, shipments of goods having no commercial value must be clearly identified on the Air Waybill and/or Commercial Invoice, with the total customs value being declared as ‘NCV’.

The importer number must also fully match the consignee information set out on the Air Waybill/ Commercial Invoice, and the importer details must be exactly the same as those for the consignee.

New customs entry requirements into Saigon

As of 1 December, 2009, there has been a new requirement for customs entry into Saigon, Vietnam. Whenever customers based in Europe, Middle East, Africa and the Indian Subcontinent need to return a consignment to the original shipper in Saigon, they must have an official letter from the shipper requesting its return. This requirement applies solely to Saigon; it does not apply to any other Vietnam entry points.
Lucille Redmond has been delving into three books that explain how numbers rule our world and psychology influences what we buy.

THE PRICE OF EVERYTHING

Product placement is everywhere. And the most visible product ever was Coca-Cola, one of the three sponsors of the US talent show American Idol. In Buyology, subtitled How Everything We Believe About What We Buy is Wrong, branding expert Martin Lindstrom describes the set.

“The three judges all keep cups of America’s most iconic soft drink in front of them, and both the judges and the contestants sit on chairs or couches with rounded contours specifically designed to look like a bottle of Coca-Cola. Before and after their auditions, contestants enter (or exit in a foul-mouthed rage) a room whose walls are painted Coca-Cola red. Coca-Cola is present approximately 60 per cent of the time on American Idol.”

It’s even cited by judges: “When asked by a fellow judge if he liked a contestant’s song during the February 21, 2008, broadcast, Simon [Cowell] commented, ‘How much I love Coca-Cola’ - and then took a sip.” Of the other two sponsors, Cingular Wireless pops its logo up repeatedly throughout the show. And Ford runs regular commercials.

The effect is dismaying. Ford spends $26 million a year on 30-second advertising spots during American Idol. But in a test using the sophisticated brain monitoring techniques Lindstrom pioneered for advertising, a shocking fact was discovered. “Ford didn’t just do poorly,” they found. “After viewing the shows, our subjects actually remembered less about the Ford commercials than they had before they entered the study. Talk about driving away potential customers. Watching the Coke-saturated show actually suppressed subjects’ memories of the Ford ads. The car company, it appeared, had invested $26 million in yearly sponsorship - and actually lost market share.”

If you are advertising your goods, Buyology is essential for your bookshelf. Lindstrom examines, with typical iconoclasm and piercing accuracy, the effect of superstition on buying, which senses have most influence - and how advertisers use sex.

In Priceless, subtitled The Myth of Fair Value (and How to Take Advantage of It), William Poundstone writes about how in 1994, a jury awarded Stella Liebeck, a woman burnt by hot coffee she’d bought in McDonald’s, $2.9 million. Liebeck originally sought $20,000 to cover her suffering - skin grafts on groin, buttocks and thighs after third-degree burns - and McDonald’s countered with what Poundstone calls a ‘buzz-off offer’ of $800.

Her lawyer, S Reed Morgan, used an unusual technique on the jury. “Reportedly, some jurors wanted to award as much as $9.6 million, and the others had to talk them down,” writes Poundstone. “Judge Robert Scott apparently thought the jury award was as outlandish as almost everyone else in America did. He slashed the punitive damages to $480,000.”

Poundstone puts the jury’s award down to “a new theory of pricing, one known in the psychology literature as coherent arbitrariness. This says that consumers really don’t know what anything should cost.”

To explain the $2.9 million cup of coffee, Poundstone cites the work of Amos Tversky and Daniel Kahneman, two psychologists - one a Nobel winner. Their work in behavioural decision theory shows that values of all kinds are infected by nearby figures. In a famous experiment, Tversky and Kahneman set up a carnival-style wheel of fortune rigged to stop only at 10 or 65. Then they asked their student subjects: “Is the percentage of African nations in the UN larger or smaller than [the number that came up when the wheel was spun]?” When the spinning wheel stopped at 10, the students guessed an average of 25%. When it stopped at 65, they guessed 45% - almost twice the first average. Astonished psychologists found that this ‘anchoring’ effect worked throughout all types of value. Opera seats would sell at $400, for instance - because that’s what the price of a good opera ‘should’ be.

Back to that hot coffee from McDonald’s. Liebeck’s lawyer told the jurors that McDonald’s worldwide coffee sales came to some $1.35 million a day, and asked for a day or two of coffee sales as compensation. The jury settled for exactly two days’ worth. Even when the judge knocked the price down, $480,000 is arguably a considerable price rise on the $20,000 originally sought. Poundstone’s book is a dream to anyone who loves abstruse numbers games. But after going through a zingy history of the psychology of value, he returns to the shopping counter.

Here’s a bizarre fact - that may explain why my local Superquinn has just swapped its entry door to the right and exit to the left: “One of the more intriguing of recent findings is that shoppers open their wallets wider when moving through
a store in a counterclockwise direction. On average, these shoppers spend $2 more a trip than clockwise shoppers.”

Poundstone’s observations are funny, horrifying and familiar - students offered ordinary or ‘premium’ beer mostly plumped for premium - but when they were offered ordinary, ‘premium’ and ‘super-premium’, they wouldn’t touch the ordinary beer at all - despite the fact that in blind tests most can’t tell the difference between one American beer and another.

Poundstone’s fascinating book gives you the inside gen on everything from why airlines ‘unbundled’ the baggage fee and make hapless passengers pay for checked-in bags separately (to make prices less transparent) to why you’ll pay richly for a prawn cocktail on some menus (you’re looking at it beside a hugely more expensive offering). He explains why - and when - ‘charm prices’ work (those maddening €39.99 offers that are supposed to make you forget you’re really paying €40). Whether you’re pricing goods, selling (or buying) your house, walking anti-clockwise around your local shop, or trying to turn an honest euro, this is a riveting book.

Students offered ordinary or ‘premium’ beer mostly plumped for premium - but when they were offered ordinary, ‘premium’ and ‘super-premium’, they wouldn’t touch the ordinary beer at all.

In Numbers Rule Your World, subtitled The Hidden Influence of Probability and Statistics on Everything You Do, Kaiser Fung looks at how much we know - and how little it helps us. Why are we not all internet millionaires? he asks - after all, we all have access to torrents of stock data and company reports. Why are we unfit fatsos, despite all the compulsory info on food labels? Can’t get a business loan? Read Fung’s chapter on the statistics behind credit ratings. He quotes Texas politician Steven Wolens, who asked: “Does God only send hail to damage the roofs of people who are bad credit risks?” - a question undoubtedly asked by many of those stung during the housing crash.

Wolens challenged the insurance industry to produce evidence of a direct cause-and-effect relationship between the indicators used in credit scoring and home insurance claims.

Credit scoring, writes Fung, plays an integral role in the approval for credit cards, car and home loans, small-business loans, insurance policies, apartment rentals and even employment. The three-digit ‘credit score’ used by lenders is a powerful tool for statisticians - and has led to the ‘instant credit’ powering the consumer goods boom. It is based on factors such as how much money we have borrowed, how much we have paid back, whether our loans have been in arrears, what types of loans we possess. Fung goes into these credit scores and how they are calculated in detail that would reward close reading by any business person. A book full of statistical facts, this covers everything from sports doping scandals to lotteries, air travel and SAT tests. Uncountably useful.

New Stansted lounge for Ryanair passengers

Since February, Ryanair travellers using Stansted have been able to avail of a new lounge, which costs £17.50 per visit and can seat up to 50 people. Facilities in the No.1 Traveller lounge include a bistro, bar, printing, fax and scanning services free, UK landline calls, free wi-fi internet access, newspapers, magazines, board games and television. See www.no1traveller.com

More flight choices with summer schedule and franchise agreement

Business commuters in Cork and Dublin are set to benefit from an increased choice of services as a result of a franchise arrangement between Aer Arann and Aer Lingus. The franchise services will be branded as ‘Aer Lingus Regional’ and operated using Aer Arann ATR 72-500 aircraft and crew. All franchise flights will be sold and distributed through www.aerlingus.com.

Aer Arann will operate 12 routes as Aer Lingus Regional from March 28, including three new routes from Dublin to Doncaster/Sheffield and Durham Tees Valley and from Cork to Glasgow.

Capacity will also be added on the Dublin-Edinburgh service, which will now operate three times a day, while frequency on the Aer Lingus route from Dublin to Glasgow will increase up to four times a day.

Aer Arann’s existing services from Dublin to Blackpool and Cardiff and from Cork to Cardiff, Bristol and Edinburgh will take the Aer Lingus brand, as will its seasonal services from Cork to Jersey and La Rochelle.

Aer Arann’s 72-seater aircraft will replace Aer Lingus’s 174-seater Airbus A320s. It is hoped the smaller aircraft will enable the routes to be viable and act as a feeder service for Aer Lingus’s transatlantic routes. The deal is part of Aer Arann’s move away from being a point-to-point airline to become more of a regional feeder service, promoting the case for UK regional passengers to fly to the US via Dublin.

Aer Arann launches new services from Kerry and Derry and improves Donegal route

Aer Arann is to launch several new routes, including flights from the City of Derry airport to Manchester and Edinburgh.

The airline will commence a seven-times weekly service from Derry to Manchester, along with six flights per week to Edinburgh, both on May 20. Aer Arann is also reintroducing its link between Kerry and Manchester, with a four-times weekly service also commencing on May 20.

Meanwhile, the carrier is also making changes to existing routes, with its City of Derry-Dublin service moving to an earlier departure time of 0740 (arriving at 0830), and its flights from Donegal to Glasgow switching from Prestwick airport to the more central Glasgow International airport as of March 28.

Beyond the business card

Already popular in Japan, conference goers to the US report an increasing uptake of ‘quick response’ or QR codes in favour of the traditional business card at events. Favoured by Facebook, which is an important business networking tool in the US, and by Google, QR codes, which can be printed on brochures, cards and posters, can pixelate URLs, vCards or any kind of text into a format that can be scanned directly onto a smartphone – no typing required. After the event, all your QR contacts can then be exported into your address book or email application. To become QR-ready, start by installing a scanner app on your smartphone.
If you’re going to San Francisco

The great thing about San Francisco (it’s never ‘San Fran’, by the way the natives don’t approve!) is that, like New York, the cityscape is grid-based and has a neighbourhood feel. This makes it seem like an American city with a European sensibility. For starters, it’s just seven miles by seven miles, has about three-quarters of a million inhabitants (despite it being the second most densely populated city in America; New York takes first place), and is so easily walked from bay to breakers that getting a taxi is a no-fuss procedure. If you have more than four days to spare, hire a car and head out to the sheltered valleys of the coastal ranges, where the vineyards of the Napa Wine Country lay waiting to be experienced. Here is the heart and soul of the California wine industry - “the wine is bottled poetry” says the entrance sign to the valley.

FROM THE AIRPORT TO THE CITY:
The average (metered) taxi fare into the city should cost no more than $45, although this inevitably depends on traffic flow. Door-to-door minibus shuttles and/or shared limousines will drop you off at your hotel; this is the more reasonable option as the cost of the trip is shared with other customers. Expect to pay an average of $15.

SLEEP:
1st Choice: Hotel Monaco, 501 Geary Street, is west of Union Square by a few blocks. The rooms are terrifically well designed, while the aptly-named Grand Café is situated in the hotel’s awe-inspiring ballroom. Doubles from $150. www.monaco-sf.com

2nd Choice: Hotel Nikko, 222 Mason Street, is a business hotel located downtown in the heart of San Francisco and a mere two blocks from the shopping paradise of Union Square. Doubles start from $225. www.hotelnikkosf.com

EAT:
Lunch: Business people open and close deals at Sam’s Grill and Seafood Restaurant, 374 Bush Street. Founded in 1866, Sam’s Grill is SP’s oldest seafood eatery. Let’s face it, any restaurant that has been open this long has to be brilliant, and Sam’s Grill is just that.

Dinner: If you fancy San Fran food at its best and most atmospheric, where background music wafts in and out of table conversation, and where sidewalk bistro blends with seasonally inspired cuisine then (as Steve McQueen said in Bullitt), “let’s go to Enricos” - 504 Broadway Street (at Kearny). Mains from $20; woodfire pizzas from $12. www.enricossf.com

THREE THINGS TO DO IF YOU HAVE A FEW HOURS TO SPARE:

Tours: Nob Hill is where you should head to if you want to see how the other half live. The highest summit of San Francisco is famous for its views, its cable cars and its very grand hotels (including the Fairmont and the Mark Hopkins Inter-Continental).

Sights: Fisherman’s Wharf is a must-see, if only for the sea lions that provide free entertainment to passersby. There are more seafood restaurants here than you could ever manage to wade through, but if food isn’t on your menu then take in the Wharf’s many shops, museums and attractions.

Captive Visit: Behind bars is another topic altogether when Alcatraz Island is up for discussion. Now part of the Golden Gate National Recreation Area, Alcatraz is a short ferry ride from Fisherman’s Wharf, and well worth a visit.
The death of a business is a sad and sobering moment. Very occasionally, it can be the occasion for pride, when you’ve chosen to do the right thing, however painful. But mostly, shutting up shop is – and should be – a moment for introspection, analysis and learning.

I sit on the board of a company – HTM – which we will probably close before the year is out. It never was a great or important business, but it was full of creative, highly committed individuals who did excellent work with a passion. Customers were delighted with their projects, any one of which begged to be repeated across the country. But HTM was always keen to plough new ground, come up with fabulous new ideas and move forward. If pressed, the management would maintain that doing so was a means of diversifying risk: serving so many different kinds of client meant no excessive dependency on any one of them.

At board meetings and offsites, I’d always adopt the opposite view. I felt that, in spreading the so-called risk, we spread ourselves too thin. The business lacked focus. We did too many new things, without discovering any leverage or efficiencies across projects. To my own astonishment, I found myself arguing that the small team was too innovative, expending too much energy inventing new things when they needed to be re-selling old things, lowering costs, increasing margins.

At offsites, trying to define the business, discussions would dissolve into outsize clusters of abstract nouns and grotesque jargon which read like a business wordsearch puzzle. Inevitably, some bright spark would argue that what the company needed was a name change – a time and money sink if ever there was one. No conclusions were ever reached, no hard choices ever made. But as long as the top line was growing, mine appeared a textbook, not a real life, argument. Like many companies, 2008 was HTM’s best year ever. Why change in the face of such success?

Well now we know. Now we’re in the midst of a recession, all our clients are short of cash and they can all live without HTM’s services. We have never made ourselves important enough to any single group of customers. And we have no single core competency valuable enough for anyone to buy. To sell or merge the business, we’d need something to sell: customers, intellectual property or hard plant. We don’t have any of those assets. We have creative people – but anyone can hire them. HTM had lots going for it – commitment, drive, creativity, experience. What it never had was a strategy.

I used to complain that strategy was something professors taught at business school, because they had no direct experience of the daily grind of running a business. Like most entrepreneurs, I was suspicious of the mystique surrounding strategy and thought it just made complex something that should be simple. But with HTM, for the first time, I see what happens when you have no strategy, when all you do is chase the cash. Without a strategy, you can build revenue but you don’t build value.

Now I regret those meetings when I argued for more focus. I should have fought harder. What I had not appreciated was that a clearer definition of the business could have forged the strong strategic partnerships that, right now, might have saved our bacon.

HTM isn’t the company’s real name of course. HTM stands for hand-to-mouth, the only strategy it ever had. If HTM closes, the recession will get the blame but, truthfully, it’s our fault. Unprepared to make hard choices, pursuing short term gains in the absence of any long-term plan, the company sacrificed strategy to cash. A hard lesson – and tough to absorb in a recession – that cash is not the only king.

Margaret Heffernan is the author of *The Naked Truth: A Manifesto for Working Women*, (Wiley).
## Enterprise Ireland International Network

<table>
<thead>
<tr>
<th>Region/Office</th>
<th>Telephone</th>
<th>Facsimile</th>
<th>Address</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Head Office</strong></td>
<td></td>
<td></td>
<td>The Plaza, Eastpoint Business Park, Dublin 3, Ireland</td>
</tr>
<tr>
<td><strong>Dublin</strong></td>
<td>+(353) 1 727 2000</td>
<td>–</td>
<td></td>
</tr>
<tr>
<td><strong>Northern Europe</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amsterdam</td>
<td>+(31 20) 676 3141</td>
<td>+(31 20) 671 6995</td>
<td>World Trade Centre, Rotterdam 3070, The Netherlands</td>
</tr>
<tr>
<td>Brussels</td>
<td>+(32 2) 673 9866</td>
<td>+(32 2) 672 1066</td>
<td>Park View, Chaussee d’Etterbeek, 1800 Etterbeeksesteenweg, Brussels 1040, Brussel, Belgium</td>
</tr>
<tr>
<td>Glasgow</td>
<td>+(44 14) 332 3015</td>
<td>+(44 14) 332 0254</td>
<td>10 Claremont Terrace, Glasgow G3 7XR, Scotland</td>
</tr>
<tr>
<td>London</td>
<td>+(44 20) 7498 8701</td>
<td>+(44 20) 7498 8749</td>
<td>2nd Floor, Shaftesbury House, 151 Shaftesbury Avenue, London WC2H 8AL, England</td>
</tr>
<tr>
<td>Paris</td>
<td>+(31 1) 5343 1200</td>
<td>+(31 1) 4742 8478</td>
<td>33 rue de Mornesini, 75008 Paris, France</td>
</tr>
<tr>
<td>Stockholm</td>
<td>+(48 8) 459 21 60</td>
<td>+(48 8) 661 75 95</td>
<td>Box 5737, Sibyllegatan 49, 114 87 Stockholm, Sweden</td>
</tr>
<tr>
<td><strong>Germany, Central and Eastern Europe and the Balkans</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Budapest</td>
<td>+(38 1) 301 4950</td>
<td>+(38 1) 301 4955</td>
<td>Bank Centre, Szabaddög tér 7, Budapest 1054, Hungary</td>
</tr>
<tr>
<td>Düsseldorf</td>
<td>+(49 211) 470 590</td>
<td>+(49 211) 470 5932</td>
<td>Rolandstrasse 44, 40476 Düsseldorf, Germany</td>
</tr>
<tr>
<td>Moscow</td>
<td>+(7495) 937 5943</td>
<td>+(7495) 680 5962</td>
<td>C/o Commercial Section, Embassy of Ireland, Grokholski Pereulok 5, Moscow, Russia</td>
</tr>
<tr>
<td>Prague</td>
<td>+(420) 257 199 621</td>
<td>+(420) 257 592 224</td>
<td>Tristate 13, 118 00 Prague 1, Czech Republic</td>
</tr>
<tr>
<td>Warsaw</td>
<td>+(48 22) 583 1200</td>
<td>+(48 22) 646 5015</td>
<td>Ulica Mysia 5, 00-496 Warsaw, Poland</td>
</tr>
<tr>
<td><strong>Southern Europe, Middle East and Africa</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dubai</td>
<td>+(971 4) 329 8394</td>
<td>+(971 4) 329 8372</td>
<td>4th Floor, Number One Sheikh Zayed Road, PO Box 115425 Dubai, United Arab Emirates</td>
</tr>
<tr>
<td>Madrid</td>
<td>+(34 91) 436 4086</td>
<td>+(34 91) 435 6603</td>
<td>Casa de Irlanda, Paseo de la Castellana 48 – 3, 28046 Madrid, Spain</td>
</tr>
<tr>
<td>Milan</td>
<td>+(39 02) 880 0991</td>
<td>+(39 02) 880 2425</td>
<td>Via S. Maria Segreta 6, 20123 Milan, Italy</td>
</tr>
<tr>
<td>Riyadh</td>
<td>+(866 1) 488 1383</td>
<td>+(866 1) 488 1084</td>
<td>c/o Embassy of Ireland, PO Box 94349, Riyadh 11893, Saudi Arabia</td>
</tr>
<tr>
<td><strong>The Americas</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Boston</td>
<td>+(1 617) 202 3001</td>
<td>+(1 617) 202 3002</td>
<td>50 Milk Street, 20th Floor, Boston, MA 02109, USA</td>
</tr>
<tr>
<td>Mexico City</td>
<td>+(52 55) 525 0311</td>
<td>–</td>
<td>Mariano-Escobedo 752, 12th Floor, Col. Nevia Anzures, Mexico DF CP 11590</td>
</tr>
<tr>
<td>New York</td>
<td>+(1 212) 371 3800</td>
<td>+(1 212) 371 6388</td>
<td>Ireland House, 345 Park Avenue, 17th Floor, New York, NY 10014-0037, USA</td>
</tr>
<tr>
<td>Sao Paulo</td>
<td>+(55 11) 264 74518</td>
<td>+(55 11) 284 4550</td>
<td>Avenida Paulista, 2300 - andar Pilotis, Cerqueira Cesar, Sao Paulo, 01310-300, Brazil</td>
</tr>
<tr>
<td>Silicon Valley</td>
<td>+(1 650) 329 1414</td>
<td>+(1 650) 329 1818</td>
<td>100 Hamilton Avenue, Suite 103, Palo Alto, CA 94301, USA</td>
</tr>
<tr>
<td>Toronto</td>
<td>+(1 416) 934 5033</td>
<td>+(1 416) 928 6881</td>
<td>2 Bloor Street W, Suite 1501, Toronto, Ontario, M4W 3E2, Canada</td>
</tr>
<tr>
<td><strong>Asia-Pacific</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beijing</td>
<td>+(86 10) 8448 8080</td>
<td>+(86 10) 8448 4282</td>
<td>Commercial Section, Embassy of Ireland, CS12A Office Building, Beijing Lufthansa Ctr., No. 50 Liangmaqiao Road, Chaoyang District, Beijing 100125, China</td>
</tr>
<tr>
<td>Guangzhou</td>
<td>+(86 20) 8666 2450</td>
<td>+(86 20) 8666 2171</td>
<td>Room 501, Commercial Tower of China Hotel, Lihu Road, Guangzhou, 510015, China</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>+(825) 2845 1118</td>
<td>+(825) 2845 9240</td>
<td>2107 Tower 2 Lippo Center Admiralty, Hong Kong</td>
</tr>
<tr>
<td>Kuala Lumpur</td>
<td>+(60 3) 2164 0616</td>
<td>+(60 3) 2164 0619</td>
<td>Ireland House, 5th Floor South Block, The Amp Walk, 218 Jalan Ampang, 50450 Kuala Lumpur, Malaysia</td>
</tr>
<tr>
<td>New Delhi</td>
<td>+(91 11) 424 03 178</td>
<td>+(91 11) 424 03 177</td>
<td>Commercial Section, Embassy of Ireland, 230 Jor Bagh, New Delhi 110 003, India</td>
</tr>
<tr>
<td>Seoul</td>
<td>+(82 2) 755 4767 8</td>
<td>+(82 2) 757 3899</td>
<td>Ireland House, 13th Floor Leema B/D, 146-1 Susong-Dong, Jongro-Ku, Seoul 110-755, Korea</td>
</tr>
<tr>
<td>Shanghai</td>
<td>+(86 21) 6279 7088</td>
<td>+(86 21) 6279 7066</td>
<td>Commercial Section, Consulate General of Ireland, Suite 700A, Shanghai Centre, 1378 Najing Road West, Shanghai 200040, China</td>
</tr>
<tr>
<td>Singapore</td>
<td>+(65 6733 2180</td>
<td>+(65 6733 2101</td>
<td>Ireland House, 541 Orchard Road #308-00, Liat Towers, Singapore 238881</td>
</tr>
<tr>
<td>Sydney</td>
<td>+(61 2) 927 85805</td>
<td>+(61 2) 928 49806</td>
<td>Level 26, 1 Market Street, Sydney 2000, NSW, Australia</td>
</tr>
<tr>
<td>Tokyo</td>
<td>+(81 3) 3263 0611</td>
<td>+(81 3) 3263 0614</td>
<td>Ireland House, 2-10-7 Kojimachi, Chiyoda-ku, Tokyo, 120-0083, Japan</td>
</tr>
</tbody>
</table>

### Market Development

Telephone +353 (0) 1 727 2000

For any other markets not mentioned, contact Market Development Dublin.

For further contact information, visit www.enterprise-ireland.com/contact

<table>
<thead>
<tr>
<th>Country</th>
<th>Country</th>
<th>Country</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albania</td>
<td>Egypt</td>
<td>Latvia</td>
<td>Malta</td>
</tr>
<tr>
<td>Bosnia Herzegovina</td>
<td>Estonia</td>
<td>Lebanon</td>
<td>Mexico</td>
</tr>
<tr>
<td>Greece</td>
<td>Lithuania</td>
<td>Serbia</td>
<td>Montenegro</td>
</tr>
<tr>
<td>Cyprus</td>
<td>Israel</td>
<td>Macedonia</td>
<td>Syria</td>
</tr>
</tbody>
</table>