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Munster food producers get the UK in the van

Five Munster food producers have teamed up together in an effort to establish a greater toehold in the UK retail sector. Each week a van now travels to London loaded with Barry’s Tea, Ballymaloe Country Relish, Folláin jams and preserves, Clonakilty sausages and puddings, Flahavans porridge and Cully & Sully prepared soups, main-courses and desserts.

Van driver Eddie O’Kane is an old hand on the route, as he has long supplied Irish products to those ‘ethnic Irish’ outlets guaranteed to always stock red lemonade, but now he is delivering to high-end Spar, Londis and Budgens stores that are stocking the products on grounds of quality, rather than Irishness.

“We all want to get into the UK multiples, but we can’t get a foot in the door,” said Colum O’Sullivan of Cully & Sully. “Our plan now is, by getting listed with independent retailers, we can say to the likes of Waitrose ‘of course there is demand for our product, look at these sales figures from the Budgens down the road’.

Elsewhere, Cully & Sully has scored listing for its soups with the Albert Heij chain in Holland and with the Monoprix, Carrefour and Champion chains in France. “We found our French distributor with Enterprise Ireland help, when I went over for a week. Our new partner loved the product, but said we would have to be flexible with our packaging. We worked together on it and did a lot of market research and have devised a sleeve that goes over our existing packaging,” O’Sullivan says.

“The French-language sleeve tells customers that because it rains a lot in Ireland, we have become very good at making soup. It has a cartoon drawing of an Irishman and a Frenchman and lists some of our prix du gout or taste awards. We are concentrating on Paris, because 60 per cent of pre-prepared fresh or chilled soup in France is consumed in Paris.” This figure increases to 80 per cent when Paris’s surrounding districts are included.

[Cian Molloy]
ONE OF CULLY & SULLY’S FRENCH-LANGUAGE SLEEVES

FLI Environmental wins major contract in Mongolia’s Gobi Desert

Not many Irish business people know where Tsogt-Tsetsii Sum is but Waterford-based FLI Environmental, a global and diversified environmental services company, has secured a €1.6 million contract to construct the Maiga Mountain Reservoir in the province of Umnogabi in Mongolia.

Already a four-strong team from Tramore and Waterford, has been dispatched to begin construction of two reservoirs with insulated floating covers for Energy Resources LLC at its new coal mine, located in one of the physically toughest environments in the world. The Irish team will be supported by locally-hired employees.

The 30,000 square meters of reservoir will hold clean water needed in the new coal mine and will have an insulated floating cover of 38,000 square metres to keep out debris and dust swirling in from the Gobi desert.

Since it was established by Michael Flynn in 1989, FLI Environmental has diversified from its original geosynthetic lining operation to include wastewater treatment, contaminated land remediation and energy-from-waste facilities. With 200 permanent employees, it now has six bases in the UK, and a base in France, as well as in New Caledonia.

To win the Mongolia project, FLI had to compete in a rigorous prequalification and tendering procedure with many other contractors including Chinese, South Korean and Western companies. Now FLI faces further challenges in delivering the project. With summer temperatures of up to 40°C and wind speeds of 16 m/s, FLI has to finish the work before winter sets in when temperatures drop to -35°C.

Stateside Recruitment CEO named Irish Central ‘Woman of Influence’

Galway-native Mary Rodgers, CEO of Stateside Recruitment Solutions, took top honours in New York this July, having been nominated earlier in the year for the inaugural 50 Most Influential Women, the listing of the top Irish American women by the leading Irish newspaper in America, The Irish Voice. Stateside Solutions, which has offices in Galway and New York, is a full service recruitment firm specialising in market entry set up and recruitment for foreign companies expanding into the US marketplace.
Dalco strikes €1.9m nitrogen deal with Bombardier Aerospace

In a €1.9m deal, Dalco Nitrogen Systems is to provide Bombardier Aerospace in Belfast with nitrogen gas generating systems for use in the manufacture of the wings of the CSeries family of jet aeroplanes. According to Dalco, the deal will save Bombardier Aerospace approximately €1m per year when compared with the alternative of buying bulk nitrogen.

Internationally active SMEs yield better results

One-quarter of SMEs in the EU-27 export or have exported at some point during the last three years, according to a new European Commission study on the ‘Internationalisation of European SMEs’. The study found that internationally active SMEs reported an employment growth of 7 per cent; whereas, the figure stood at 1 per cent for those without any international activities. There was also a strong relationship between internationalisation and innovation: 26 per cent of internationally active SMEs introduced products or services that were new for their sector in their country. For other small businesses, this was only 8 per cent.

International activities are mostly geared towards other countries inside the internal market, and only about 13 per cent of EU SMEs are active in markets outside the EU. However, European firms are still more internationally active than US or Japanese SMEs.

DPS Engineering has won a €2 million contract from GSK Biologicals, part of GlaxoSmithKline group, for the design, construction, management and commissioning of a human vaccine facility in Wavre, Belgium. This deal builds on DPS’s work with GSK in Hungary, the US, India, Singapore and France. DPS has also recently won a significant contract in the Benelux region from Merck.

Disney has commissioned a new animated series to be produced by Oscar-nominated Irish studio Brown Bag Films that will help teach children the importance of healthy living. The 52-part series follows six-year-old Dottie ‘Doc’ McStuffins, who communicates with and heals stuffed animals and toys out of her backyard clinic.

Bitbuzz, the Irish Wi-Fi network operator, providing High Speed Wireless Internet Access services to roaming partners, location owners and direct users, has announced plans to expand into the UK. Bitbuzz intends to inject competition into the London Wi-Fi market by offering a premium service to London hotels, as well as capitalising on the London Olympics 2012.

Altobridge, the Kerry-headquartered supplier of remote communications solutions, has signed a framework agreement for wireless network solutions and managed services with Tonga Communications Corporation (TCC), Tonga’s leading provider of complete end-to-end telephony and internet services.

Meanwhile, Limerick-headquartered Tango Telecom, now with customers now in 15 African countries is opening a new office in Nairobi to support the growing demand for its products and services in the region.

Irish-owned outsourcing company, I.T. Alliance, is investing €1 million in a significant UK expansion, aiming for a slice of the UK IT outsourcing market, which is estimated to be worth €15 billion. The move forms part of plans by the I.T. Alliance, which generated revenues in 2009 of approximately €20m, to become a €100m revenue company over the next few years.
Quick decision-making by US customer turns fortunes round for Vector Powerdrive

On Tuesday in February this year, the Kilkenny-based fencing plant manufacturer Vector Powerdrive started contacting potential clients in the USA. A week later, it had the first of a series of significant orders from Kencove Farm Fencing, a major supplier of fencing products across the USA. If the deal demonstrates how quickly innovative product sales can be agreed in the United States, it also illustrates the power of having a good website and of following up on sales leads that have proved disappointing in the past.

Vector Powerdrive was established by brothers Michael and Joe Brennan in 1990. While Joe had inherited the running of the family farm in Johnstown, Michael had been working with a local fencing contractor for 10 years and had new ideas about how to improve the range of machinery available to erect fencing efficiently. The brothers now manufacture post drivers at a factory built on the family farm; several of their innovations are patented.

Facing pressure with domestic sales, they approached Enterprise Ireland, looking for leads in the US during last year’s International Markets Week forum. “One of the names on the list of leads provided was Kencove, which we got in contact with,” Joes says. “I told them I was planning on going over to the US to meet potential clients, but they said they had seen our website and were happy to make a deal on the phone.”

The Vector Powerdrive website, www.vectorpowerdrive.com, is simple in design, but notably features video files showing the post drivers in action, providing potential customers with a clear demonstration of the machinery’s capability and versatility.

“A few days later, they were on the phone to say three of them were coming over to meet me; they arrived at the weekend in the worst of the winter weather, but they said they were impressed by what they saw and would place an order when they returned home. We sent our first container to them with €60,000 worth of stock, and a few days after it arrived, Kencove ordered a second container worth €70,000. We would now see sales continuing with them into the future.

Separately, Vector Powerdrive has entered the Swedish market through forging a relationship with Octowood, which exports Swedish timber products to Ireland. “Our original business model was to concentrate on Ireland and the UK, but business in Ireland is very slow; this year is worse than last,” Joe says.”

Only for the Swedish and the US markets, we would be in major difficulty. We had around 20 employees, now we are down to 15, but we may start to recruit again. In the meantime, we are looking for opportunities elsewhere – as we speak there is a post driver on its way out to Brazil, where an Irish farmer there has offered to work as our agent.”

Telefonica takes Irish company’s Ability Awards concept overseas

The company that runs the O2 Ability Awards in Ireland is exporting the idea to Spain and plans to develop the franchise in other countries across the world.

The Ability Awards, the first of their kind in the world, are business awards that aim to recognise and reward those enterprises with the best practices in the inclusion of people with disabilities, both as customers and as employees. Now in their sixth year in this country, the awards ceremony is televised annually and the award organiser, Dublin company Kanchi, founded in 2000 by social entrepreneur Caroline Casey, is partnering with companies who collectively reach over 19 per cent of Ireland’s working population.

This year, the awards are being replicated in Spain thanks to a deal between Kanchi and O2’s parent company, Telefonica, the world’s fourth largest telcos company, which is interested in sponsoring the awards in three other countries where it has a major presence.

The first awards were held in 2004, and, very quickly, Casey saw that the Ability Awards could be done in any country, says Kanchi’s Spain programme manager Ian Elliott. “But the possibility only came about when O2 merged with Telefonica in 2006. Senior representatives from Telefonica attended the Ability Awards 2007 in Ireland, and they were so impressed with the concept that they wanted to bring them to Spain. We began negotiations with Telefonica in 2007.”

[Contact]

LAUNCH OF THE TELEFONICA ABILITY AWARDS IN SPAIN THIS APRIL:
(L – R) IAN ELLIOTT, PROGRAMME MANAGER, KANCHE; LUIS ABRIL, DIRECTOR GENERAL, TELEFONICA; CEZAR ALIERTA, CHAIRMAN, TELEFONICA; CAROLINE CASEY, FOUNDER, KANCHE; AND IRISH AMBASSADOR TO SPAIN H.E. JUSTIN HARMON.
First Advertising enters the US market

Independent Irish advertising agency First Advertising has won a significant new contract that takes the company into the US market for the first time. The agency won the contract with US construction and engineering company Conti Group to undertake a major brand upgrade and marketing communications campaign.

GAVIN BYRNE AND CONOR BOFIN, FIRST ADVERTISING

Making a whole lot of money from holes

Legislative change in the UK has created enough market impetus for Trenchlink to make a whole load of money helping to cover a whole lot of holes.

Political action to reduce traffic congestion has meant that Trenchlink’s modular trench cover system is a must-have item for anyone planning to dig a hole in the road, and there are a lot of holes being dug in Britain at present! In the gas industry alone, there is a multi-billion pound operation to replace ductile underground pipes that are 60 or more years old.

Under the New Roads and Street Works Act, a local authority permit is needed before road excavations can begin. To secure a permit, you must agree to a code of conduct that now recommends that a modular system be used when temporarily covering any excavations.

“The new national Code of Conduct specifies that plating systems should be used to secure the site, and we are currently the only supplier of a comprehensive modular system suited to the majority of utility works,” said the company’s commercial director Barry Doyle.

The original Trenchlink plate was patented by company founder and MD David Byrne in 1998, and he launched the product on the market in 2002, specifically targeting it at utility companies, civil engineering contractors and local authorities. As the Street Works Code of Conduct has evolved in the UK, Trenchlink’s market has grown.

While supplying tooling to the utility industry, Byrne devised his system as a way of improving on the ‘single steel plate’ solution used traditionally to cover excavations. While a large sheet of steel is a relatively cheap piece of plant, it always requires machinery for transport and handling. Moreover, steel is a surface that is slippery, especially when wet.

The Trenchlink system is made of ductile iron, and the plates have a permanent, integrated, skid-resistant surface. In addition, the plates are small enough to be put in place by two workers. Once sufficient plates are deployed to cover the trench, they are locked in place using a patented system that secures the kit over the trench. Using a modular system, workers can ‘cut and cover’ as they go along, with the result that there is less of an impact on traffic congestion.

At present, Trenchlink’s biggest customer in the UK is National Grid, which manages the high pressure gas transmission system in Britain and also operates the high-voltage electricity transmission network in England and Wales. Within the utility industry, Trenchlink and its distributors have supplied the product to many of the UK’s larger contracting firms.

Trenchlink is now poised to win orders in the US thanks to the good relationship it has developed with National Grid, as the utility company is also the largest distributor of natural gas in the north-eastern US, serving approximately 3.4 million customers, and where it also delivers electricity to customers in Massachusetts, New Hampshire, New York and Rhode Island.

Together proves better for Irish giftware producers targeting the US

In a move that demonstrates businesses can gain synergies by tackling export markets together, four Irish companies have joined forces to create a capsule collection, marketed under the banner ‘Inspired by Ireland’, offering the US retailers a collection of gift items not otherwise easily obtainable in the States.

With pricing ranging from $15 - $90 at retail, the collection includes jewellery from Spirit of Ireland; perfume and toiletries from Fragrances of Ireland, inspirational gifts from Wild Goose Studios and handmade glassware and gifts from Avoca Blue.

The initiative, which has been co-ordinated by Enterprise Ireland over the past 18 months, has also involved the assistance of Tom Ungrodt, the President of the Ideation retail buying group in the US.

The collection has been trialled in his test store, Crown House of Gifts, Ann Arbor, Michigan, which led to a feature on Fox Detroit News earlier this year and also an invitation to exhibit at the Ideation buying group conference. See www.inspiredbyireland.com
First all-Ireland digital address code system launched

Loc8 Code, a new all-Ireland digital address code system, launched this July, promises to benefit businesses and individuals who need to receive and deliver products and services on the island of Ireland.

The innovative business initiative, which has the support of Enterprise Ireland, has been developed by Cork-based company Loc8 Code Ltd. in collaboration with Garmin Europe, a global leader in navigation and communications.

According to Loc8 Code CEO Gary Delaney, the Loc8 Codes will improve destination and address searches across the whole island of Ireland and enable consumers to generate their own codes, thereby pinpointing the specific location of their individual private residences and commercial properties to within 6 metres. Consumers will then communicate their Loc8 Code to businesses such as multi-drop vehicles, web retailers and emergency services who, through the use of Garmin sat navs, will find their location more rapidly. It is anticipated that Loc8 Codes will be widely available throughout Ireland by Quarter 3, 2010.

Openet to be honoured at annual International Business Awards

Openet, the Dublin-headquartered provider of subscriber optimisation software, which supplies transactional intelligence to some of the world’s largest network service operators, has had its Subscriber Data Management solution named a Distinguished Honouree in the 2010 International Business Awards. The International Business Awards are the only global, all-encompassing business awards programme honouring great performances in business. Nicknamed the ‘Stevie’ for the Greek word ‘crowned,’ the awards will be presented to honourees at a gala dinner on September 27 at the Ritz-Carlton Hotel in Istanbul, Turkey.

Irish companies target global business opportunities with Spanish multinationals

Clara McCarthy reports from Madrid

Leading Irish technology and services companies met with four of Spain’s largest and most successful multinational companies this June as part of an Enterprise Ireland Madrid Trade Event, led by Minister Dara Calleary TD, Minister for Labour Affairs and Public Service Transformation.

Ten of Ireland’s top finance and enterprise software companies held one-to-one meetings with senior representatives from Banco Santander, the world’s fourth largest bank by profits. Sixteen telecoms, IT, media and entertainment companies met with Telefonica, the fourth largest telecommunications company in the world; nine technology companies from the health, energy, finance, telecoms and enterprise security sectors met with INDRA, Europe’s second largest information technology company; and five companies from the engineering, construction and renewable energy sectors met with Spanish power utility IBERDROLA, one of the world’s top wind power producers.

These Spanish companies are bucking the recessionary trend by continuing to invest and grow internationally. They offer significant opportunities for Irish companies, not only in Spain, where they are headquartered, but in the high growth markets of Latin America, where these companies are market leaders, and also globally, as they expand their international presence further.

SIAC in Polish JV deal to build €356m motorway

SIAC Civil Engineering signed the group’s largest ever contract this July in a deal with GDDKIA, the Polish roads procurement agency. The 35 Km motorway from Kryz to Debica in Poland is valued at about 1.4 billion Zloty (or approximately €356M) and is scheduled to be completed in 24 months. SIAC will build the motorway in a 50:50 JV with Polish contractor, PBG S.A.
Enterprise Ireland reports on challenging year with 2009 Accounts

Enterprise Ireland’s Annual Report and Accounts 2009, published this July, show that during 2009, a year of unprecedented challenge for Irish business, client companies continued to win new export sales, start new high potential enterprises, invest in high-value research and development projects and create jobs.

Export sales by Enterprise Ireland client companies in 2009 totalled almost €13bn, including new export sales of €693 million. This represented 90 per cent of the levels achieved in 2008, which saw record export sales for indigenous companies.

Also during the year, Enterprise Ireland made seed capital investments in 73 new high potential start-up companies, which have the target of creating over 900 new jobs and achieving total sales of over €600 million within the next three years.

Over 120 client companies were approved financial support in excess of €100,000 for significant R&D projects, a significant increase on 89 companies in 2008. Moreover, 35 spin-out companies emerged from Higher Education Institutes (HEIs) with Enterprise Ireland support – a three-fold increase on the numbers achieved in 2008.

Some of the most challenging figures were in the area of employment. Some 7,443 new jobs were created in Enterprise Ireland-supported companies, bringing the total number employed to 133,523. However, there was an overall net decline of 19,078 jobs in 2009.

Commenting Hugh Cooney, Chairman of the Board of Enterprise Ireland said that encouragement should be taken from what client companies achieved against the odds in 2009. “There were many indicators of resilience and economic vitality from our clients, and a resurgence in economic confidence, including the number of new high potential start ups and investments in R&D, which exceeded expectations,” he noted.

As companies continue to invest in competitiveness improvement measures and achieve export sales, Enterprise Ireland expects that its clients will generate 60,000 new jobs between now and the end of 2015.
VAT incurred during EU business travels now reclaimable at Revenue Online

Business people who incur VAT on certain company and business-related expenses when travelling for work in another EU Member State are entitled to a refund of VAT from that Member State. Typical costs eligible for a VAT refund include travel, accommodation, and conference attendance. (The Europa website provides information on country-specific rules at http://tinyurl.com/283zphg.) Since January 1, 2010, the procedure for reimbursement of such VAT expenses has been made fully electronic, replacing the previous paper-based procedure, which was slow, cumbersome and costly. Now Irish companies can apply for refunds through ROS, Revenue’s on-line system. Furthermore, they will be paid interest if Member States are late making refunds. For further information, visit the Revenue.ie website at http://tinyurl.com/256ezen.

Credit crunch brings out the good, the bad and the ugly

Businesses are turning to each other for credit to compensate for the decline in bank lending, according to trade credit insurer Atradius in Ireland. In its new white paper, The Future of Trade Credit, Atradius has found that businesses have been negotiating credit terms between other companies to keep the wheels of trade in motion.

Stuart Ramsden, Country Manager of Atradius Ireland, said: “The lack of access to bank finance has spurred businesses in Ireland to increasingly allow customers more time to pay. For some, supply chain finance has been the only option. This has particularly been the case where there is a long-standing and trusted relationship between firms.

“The use of trade credit will increase in the coming 12 months, to maintain trust with loyal customers, regenerate flagging markets and afford customers more time to pay,” he predicted. “However, some businesses will contract the use of credit because they have been burned by non-payments and the effect on their own cash-flow in the last year.”

The white paper is based on qualitative interviews and surveys of businesses and aims to establish the effect the economic downturn has had on credit terms as well as recommending actions to ensure credit continues to facilitate trade.

“The recession placed a huge amount of stress on businesses, and in Ireland we have seen more aggressiveness creeping into the buyer-supplier relationship,” Ramsden says. “The powerful buyers are now in a position to demand extended credit terms and lower prices, while we are also seeing suppliers increasingly asking for cash upfront when they used to offer credit terms. However, this is dangerous in the long-term because unchecked pressure from buyers damages their suppliers’ ability to invest in research and development and to innovate for the ultimate benefit of the customer.

“Retaining existing customers has never been so important for Irish businesses, as it is much more economical than sourcing new customers, so service is key,” he added. “On the other hand, business ethics have also deteriorated as businesses put their needs first. While a handshake or pledge used to be sufficient for a business agreement, these terms are frequently being infringed unless there is a signed contract.”

Irish solution cuts roaming costs outside the EU

Business people frequently travelling outside the EU should note that Dublin-company Cubic Telecom, which specialises in “borderless communications” for multinational corporations, mobile network operators (MNOs), mobile virtual network operators (MVNOs) and travel companies, also markets a global roaming service under its own flagship brand, MAXROAM, which enables low cost voice and data services in over 220 countries, using more than 600 mobile networks. See www.maxroam.com

Meanwhile, Roamware, a US-headquartered leader in mobile roaming software and solutions – with an office in Dublin, has announced that its Cardless ATM solution is now available in all regions. Cardless ATM enables bank customers to withdraw cash from an ATM without the use of an ATM card. The service is already in use in Europe. Permanent tsb(ptsb) launched it in Ireland as part of its mobile banking solution in 2009. Branded as ‘Emergency Cash’, customers still have access to their cash even if their credit card is lost or stolen. For example, customers simply send an SMS to ptsb nominating anyone in Ireland with a mobile phone to receive the emergency payment. The recipients can then go to any ptsb ATM and withdraw cash – without the need for an ATM card.
Taoiseach launches €500m Innovation Fund - Ireland

The Taoiseach launched ‘Innovation Fund - Ireland’, a €500m fund to support enterprise development and job creation, at the New York Stock Exchange, during a visit to the US this July.

‘Innovation Fund – Ireland’ is aimed at attracting and establishing the European operations of a number of leading or ‘top quartile’ international VC fund managers in Ireland. It is a key component of the Government’s strategy to position Ireland as a global innovation hub, as envisaged in the recently published Innovation Taskforce report. An initial call for proposals from venture capital partnerships is to be issued shortly by Enterprise Ireland.

“The Irish opportunity is actually a European opportunity,” the Taoiseach said. “There is a demand for an attractive environment for entrepreneurship within Europe supported by smart capital. The success of Innovation Fund - Ireland will not rely solely on companies emerging within Ireland but will look beyond our borders to attract the best entrepreneurs and high-potential growth companies to Ireland. This will be aided by our established enterprise-friendly environment and our track record in attracting the best multinationals and high quality employees to Ireland.”

The Taoiseach has also announced an advisory board, chaired by Damien Callaghan of Intel Capital, to advise Government on the strategic direction, progress and performance of the fund and to assist in bringing global attention to it. Indigenous company representatives on the board include Bernie Cullinan, CEO of Clarigen and Helen Ryan, CEO of Creganna-Tactx Medical.

EU makes further inroads into ‘roaming rip-off’

As of this July, a series of new EU roaming rules have come into force, which are expected to further cut roaming charges for EU consumers, following last year’s moves by the European Commission.

The new EU roaming rules:
- Limit the consumer price for sending a text message while abroad to €0.11 (excl. VAT), compared to the previous average of €0.28.
- Further reduce prices for mobile roaming calls: Caps have been reduced to €0.35 for calls made and €0.15 for calls received abroad, since July 2010, and will fall further to €0.35 and €0.11 on July 1, 2011 (prices per minute, excl. VAT).
- Reduce the cost of surfing the web and downloading movies or video programmes with a mobile phone while abroad, with a new wholesale cap of €0.80 per MB downloaded. The wholesale cap for downloading will fall further to €0.50 in 2011.
- The rules also protect consumers from ‘bill shocks’ with a cut-off mechanism once the bill reaches €50, unless users choose another cut-off limit. Operators are obliged to send customers a warning when they reach 80 per cent of their data-roaming bill limit.
Autumn Diary What’s on

SEPTEMBER

EnterpriseSTART workshop series
September to December 2010
EnterpriseSTART is an introductory workshop series, geared towards those considering launching an export-oriented, start-up business. The workshops take place over two afternoons, at various dates and locations around the country.
L: Various locations in Dublin and regionally
W: Consult the Enterprise Ireland website to find your nearest location and upcoming dates.

Channel management within the Eurozone (Electronics)
September 6
This event will take the format of a networking/learning forum, with consultancy support. Companies will meet and discuss experiences and challenges of channel management within the Eurozone.
L: Dublin
E: barry.odriscoll@enterprise-ireland.com
T: +353 (1) 7272272

Trade mission to Russia
September 6 to 9
Trade mission, to be led by President Mary McAleese, open to all sectors, but in particular focusing on ICT, engineering and life sciences.
L: Moscow/Saint Petersburg
E: mike.hogan@enterprise-ireland.com
T: +7 (495) 6806500

Irish Sustainable Building Show
September 7 to 9
Exhibition focused on the latest technology in building construction and supporting industries. Participants will also receive country market briefings from Embassy officials as well as opportunities to meet with leading private sector experts.
L: RDS, Dublin
C: David O’Keeffe
T: +353 (1) 2888821

CIF annual national conference and luncheon
September 10
This year’s conference focuses on Ireland’s recovery from a number of economic perspectives, including political, business, financial and international.
L: Convention Centre Dublin, Spencer Dock, Dublin
T: +353 (1) 406 6000

SPACE 2010- agricultural exhibition
September 14 to 17
Bringing together the professionals of the international agricultural industry, SPACE is relevant to Irish companies doing business in the livestock industry in France and internationally.
L: Rennes
E: anna.ketterick@enterprise-ireland.com
T: +33 (1) 53431226

European IT 2010
September 15 to 17
EIT2010 is a European information technology virtual trade show, with participation from 10 Eastern European countries.
L: Virtual trade show
W: http://eit2010.eventbrite.com/

EAIE conference & exhibition
September 15 to 18
The EAIE (European Association for International Education) conference and exhibition is a major European event that attracts over 3,500 delegates from around the world.
L: Nantes
E: terry.mcparland@enterprise-ireland.com
T: +353 (1) 7272952

International Markets Week
September 20 to 24
International Markets Week provides a business opportunity for Enterprise Ireland client companies to meet with overseas market-based staff to discuss international growth strategies.
L: Dublin and Shannon (or another regional location)
E: evelyn.smith@enterprise-ireland.com
T: +353 (1) 7272717

Medtec-Ireland
September 22 to 23
Medtec Ireland brings 1500 leading suppliers to the medical device manufacturing industry together with tens of thousands of attendees, representing the world’s most innovative medical device companies.
L: Galway Radisson SAS Hotel, Galway
C: James Meire
T: +353 (1) 8060557
OCTOBER

**Russian agricultural products and services - study visit**

**October 1 to 15**
Coeinciding with Russia’s biggest agricultural event ‘Golden Autumn’, the visit is designed for a broad spectrum of companies, supplying goods and services to the agricultural sector. The itinerary will include buyer meetings, promotional opportunities and networking sessions.

L: Moscow
E: mike.hogan@enterprise-ireland.com
T: +353 (4) 5806500

**Mipcom 2010**

**October 4 to 8**
Mipcom is a global content event for co-producing, buying, selling, financing and distributing entertainment content across all platforms. The event hosts key decision-makers in the TV, film, digital and audiovisual content industry. The market conferences and network forums provide opportunities to discover future trends and trade content rights.

L: Cannes
E: damien.mccarney@enterprise-ireland.com
T: +353 (1) 7272181

**CPhI Worldwide 2010**

**October 5 to 7**
CPhI Worldwide is the one of the leading events in Europe for the pharmaceutical industry, providing companies with an opportunity to showcase products and services and develop new business contacts.

L: Paris
E: david.osullivan@enterprise-ireland.com
T: +353 (21) 4860234

**Corkmeet 2010**

**October 6 to 8**
A three-day international business networking forum, giving companies from Ireland and abroad the opportunity to participate in face-to-face meetings, social networking events and a business seminar.

L: Raddison Blu Hotel, Cork
W: www.corkmeet.ie

**Start + Grow Enterprise Expo**

**October 8**
A full-day event, focused on entrepreneurs and start-ups and on encouraging the growth of established companies in the Midlands and other surrounding regions.

L: Portlaoise
E: neil.kelly@enterprise-ireland.com
T: +353 (61) 777022

**Australasian financial services development event**

**October 11 to 20**
Joint promotional event, targeting the financial services sectors, planned to include the IDA/IFIA and potentially a number of other financial services related groups.

L: Singapore, Hong Kong, Sydney
E: simon.mcdowell@enterprise-ireland.com
T: +353 (1) 7272685

**Motivation Show 2010**

**October 12 to 14**
The Motivation Show is the leading trade show for corporate gifts, incentives, recognition awards, and motivational meetings and events. The group exhibition will provide access to power buyers representing over 1000 blue chip companies, such as American Express, Coca Cola, Harley Davidson, Liberty Mutual, Toyota Motor, GE, Ford Motor.

L: Chicago
E: annmarie.maxwell@enterprise-ireland.com
T: +1 (617) 235 1603

**Workshop on accessing UK cleantech opportunities**

**October 14**
Accessing market opportunities arising from public sector investment in cleantech in the UK market.

L: Dublin
E: sarah.ocalaghan@enterprise-ireland.com
T: +353 (01) 7272413

**Robert Kaplan Live in Dublin 2010**

**October 19**
Event organised by start-up company Staff Balance, featuring Robert Kaplan – Baker Foundation Professor at Harvard Business School and co-creator, together with David P. Norton, of the balanced scorecard, a means of linking a company’s current actions to its long-term goals. The event promises to provide the opportunity to meet one of the world’s greatest business strategists and to benefit from his insights, case studies and management tools.

L: Dublin
W: www.eventelephant.com/robertkaplanliveindublin2010

**Big Ideas Showcase 2010**

**October 20**
Hosted by Enterprise Ireland, this event will showcase the commercial opportunities emerging from Ireland’s third level institutions in the areas of life science and food, ICT and industrial technologies.

L: Dublin
E: martin.lyes@enterprise-ireland.com
T: +353 (1) 7272007

**Using the internet to compete in international markets**

**October 21**
This seminar will highlight the growing need for companies to develop and enhance their online corporate service or product offering to promote existing and new business opportunities.

L: Dublin
E: eoin.osiachru@enterprise-ireland.com
T: +353 (1) 7272969

**Trade mission to Kingdom of Saudi Arabia**

**October 20 to November 3**
Featuring market briefings, meetings and a trade reception, hosted by the Embassy of Ireland.

L: Riyadh (HQ), Jeddah, Dammam
E: daniel.cunningham@enterprise-ireland.com
T: +353 (1) 7272413

**Furniture design and market trend conference**

**November 3 to 10**
This event will provide design, market intelligence and information on international best practice in the furniture sector.

L: East Point, Dublin
E: lorraine.egan@enterprise-ireland.com
T: +353 (1) 7272865

**CEO Forum**

**November 11**
An invitation-only, half-day Enterprise Ireland networking event, exclusively for Irish CEOs, co-sponsored by Deloitte.

L: Dublin
E: jackie.whelan@enterprise-ireland.com
T: +353 (1) 7272742

**Trade mission to Brazil**

**November 21 to 24**
Trade mission to Brazil, headquartered in Sao Paulo, and with a day in Rio, focused on the 2016 Olympics, to be led by Enterprise Minister Batt O’Keefe.

L: Sao Paulo and Rio
E: colin.mccullagh@enterprise-ireland.com
T: +55 (11) 28474518

Email details of your forthcoming events to: the.market@enterprise-ireland.com
With Sisk recently reporting a significant fall in pre-tax profits for 2009, Shane Leavy looks at how the group has been diversifying both sectorally and geographically in response to Ireland’s building downturn.

BUILDING NEW MARKETS

"You can imagine the slanging we got after we completed our first acquisition," says Liam Nagle, CEO with Ireland’s biggest building contractor Sisk. "What are these builders – hard hats and high-vis jackets and all that – doing selling medical devices?"

Nagle is referring to one of the less predictable developments in Ireland’s construction sector: Sisk’s acquisition of a series of healthcare distribution companies, a process that started during the height of Ireland’s building boom. It was a radical change of direction for the group and one that initially drew some raised eyebrows.

What not everyone might have known is that the move built on existing knowledge of the distribution business within the Sisk Group, which now comprises 11 separate companies, including the Origo electrical and electronic goods distribution business, launched back in the 1950s, in response to the Sisk’s need to import electrical equipment from Germany for its own use. So Sisk already understood what it took to make a good distribution business, but still, healthcare was new territory.

“We had no credibility in terms of being a healthcare provider, whereas the companies we acquired did,” says Nagle, adding that Sisk responded by taking a softer approach to managing its acquisitions, maintaining the old brands and trying to learn from the expertise of the new employees.

“We allowed our strategy to evolve. And as people came into the group, their input was very important to us, and we allowed them to..."
influence our strategy. That made them feel important and gave them a sense that we were serious; we wanted their participation and involvement.”

WHAT GOES UP The decision to expand into healthcare came in 2004 and 2005 when construction was booming in Ireland and Sisk was experiencing unprecedented turnover. While some businesses continued to pour investment back into sector, Sisk realised that the good times could not continue.

The shareholders decided that now was a good time to use these very fortunate times, from a contracting point of view, to go into something different. That really started the whole strategic review in what could we do if we were to sectorally diversify the business.”

They began by looking at 20 possible areas of expansion, gradually filtering it down to four or five, with healthcare at the top of the list. The rationale was that Ireland had a wealthy but ageing population and a historical under-investment in health by the State. Perhaps most important of all, people could be relied on to get sick and always need healthcare regardless of the strength of the economy, so it seemed a suitable way to counter-balance Sisk’s exposure to property crashes. Over 18 months, the group invested in five medical device distribution companies; today the healthcare business is nearing an annual turnover of €100 million.

Another aspect of the opportunity afforded by health companies was that some were first-generation firms that had been built from the ground up by founders who were nearing retirement and now wondering about succession. Sisk was able to promise to keep their brands alive after retirement.

“It appeared from our point of view to make great sense that we would retain the individual brands of each one of the companies,” says Nagle. “What we’ve really tried to do is get the best of maintaining the individual brands and companies while also giving these people the resource, the strategic capabilities and the balance sheet of being part of a 150-year-old, billion-euro a year turnover business.”

Early this year, Sisk moved for the first time into the manufacturing side of healthcare, with the acquisition of Eschmann, a UK-based company that has been producing operating tables for 180 years.

“Eschmann has its own intellectual property, so we have our own design and manufacturing people,” explains Nagle, adding that Eschmann employs around 200 people in building operating tables, electrosurgical products and devices for dental infection control.

“Eschmann sells its products internationally, which was the other thing that attracted us; it sells its products in the Middle East, the Far East – we have an office in Singapore now.”

MOVING EAST Eschmann’s presence in the Far East is just the latest of Sisk’s ventures outside Ireland. In the building contractor businesses for which the group is better known, Sisk has had a presence in the UK for over 25 years – a presence that has expanded to around £170-200 million a year, and Nagle wants to grow even further in the near future.

“The big challenge with internationalising your business is the time it takes. It takes time to get from A to B, but it also takes time to develop relationships.”
Two years ago, we started to invest in the UK business with the plan being, over a four or five year period, to more than double that business. We’ve had a lot of success in the last year; we’ve won about £400 million worth of work,” he explains.

Its headquarters are now in St Albans but it also has offices in Birmingham, Manchester, and, most recently, Bristol, Glasgow and Reading, as well as having Major Projects and Rail divisions.

This is part of a deliberate emphasis in Sisk on spreading risks. While Ireland’s construction sector collapsed, Sisk was winning contracts to build accommodation for athletes in London’s Olympic village. Since the beginning of the economic crisis, the British market has become important for another reason, as a way to maintain their employees.

“We don’t have software code or chemistry DNA; our people is what we’re all about, so the important thing in recessionary times in Ireland is to retain our people – and one way of doing that is by giving people an opportunity to work internationally.”

Sisk has moved a lot of its employees to the UK in recent years which, as well as maintaining its workforce, has also increased the range of work the group can tender for, up from £12 million to £50-80 million today.

Outside the UK, Sisk will be on-site in Poland this July, building 92km of the A1 motorway. The group has also moved into the Middle East.

“In the last 18 months or so we’ve acquired a stake in a small-to-medium sized contracting company in Abu Dhabi called The Emirates and Al Nasr Building and Construction Company. We’re also setting up our own business as Sisk on a standalone basis,” says Nagle. “We’re also looking at Saudi Arabia.”

He dismisses the importance of cultural differences between Arab countries and Ireland, pointing out that there can even be differences in doing business around different parts of Ireland.

“The big challenge with internationalising your business is the time it takes. It takes time to get from A to B, which is a lot longer than getting into your car and going someplace.”

“But it also takes time to develop relationships. Middle Eastern culture is very relationship-based; it’s all about one-on-one relationships, trust and dependability between the people, and that takes time to build.”

NATURAL GROWTH While embracing opportunities overseas, Sisk hasn’t given up on its home market just yet. “We’re an Irish company and proud of it. When the recession ends, we’ll be ready, and bounce back,” says Nagle.

“We still are the biggest contracting company in Ireland. We still win our own fair share of work here. It may be a smaller market, but the reality is that we can’t lose sight of our home market as well; it’s what’s built us into what we are for the last 151 years.

John Fisk, whose father Patrick died during the Great Famine, formed the company in Cork in 1859. Since then, Sisk has been involved in some of Ireland’s most high-profile architecture, not least Cork City Hall, the Central Bank, Liberty Hall, Galway Cathedral and the new Aviva Stadium at Lansdowne Road.

Sisk had been expanding into other sectors long before healthcare; in 1937 the group set up Stone Developments, a company that quarried stone to ensure a reliable supply. Today, Stone Developments has its own stone masons and is involved in restoring old buildings like cathedrals and castles. Other elements of the group include Korine Property Partners, a property investment company, and Williaam Cox, a 50:50 joint-venture between Sisk and CRH, specialising in large scale architectural glazing and cladding.

Another firm that evolved naturally was Origo, which distributes Bosch equipment in Ireland. Nagle points out that Bosch is a family business, like Sisk, saying being family-owned tends to simplify decision making.

“We have a small number of shareholders. We know and work with them very regularly so we know what’s important to them. You can bring your shareholders along with you if you’re going down a particular path over a period of time, whether that’s to internationalise the business or to diversify into different sectors. And it gives you an ability to get decisions made fairly quickly.”

He says that Sisk has no immediate plans for further acquisitions, preferring to build on those companies already acquired. The recession is both an opportunity and an inhibition for acquisitions, he argues.

“It’s hard to know what sector to look at, at this particular point of time, and how are you going to get funding, what’s the credit availability. It’s a challenging time. There are natural opportunities out there, but it’s difficult at the moment as well – it’s a very risky environment.”
Irish companies will travel to Beijing and Shanghai as part of a major trade mission to China in January 2011. In advance, Ian Campbell takes a closer at what it takes to succeed and talks to a number of companies who are already plying their trade there.

Not even China is immune to recession. Last year, it recorded its lowest growth rate in years, but 8.7 per cent GDP in 2009 was better than expected and a strong first half of 2010, over 10 per cent, only encourages the view that China will be the economic force of the twenty-first century, in the same way that the US dominated the twentieth.
Although it is still a developing nation, with 600 million of the country's 1.3 billion people living in rural poverty, the cities on its eastern seaboard - Guangzhou, Hong Kong, Shanghai and Beijing - have become a magnet for global commerce. Businesses are flocking to China from every corner of the world, including Ireland.

According to Enterprise Ireland, 116 Irish companies have offices in China compared to less than 40 five years ago. Clients of the agency, which don’t include the multinationals that trade from here, accounted for €221 million in exports to China in 2009, a 35 per cent increase on 2008. The country is now in the top ten of Ireland’s trading partners. The message is loud and clear: China is open for business but don’t expect an easy path to success. There are bureaucratic and cultural hurdles to overcome, more so than other territories, but persistence will be rewarded.

First of all, you have to be there. “To be viewed seriously by a Chinese company, they like to see a Chinese address on your business card. It’s a sign of commitment,” said Alan Buckley, Enterprise Ireland’s director in China.

Before moving in, he recommends at least a year’s worth of exploratory visits to assess the opportunities and forge contacts.

Setting up as a wholly foreign owned enterprise (WFOE) has been the route Irish architecture practice HJ Lyons has used to get its feet into the Chinese market.

Most of the Irish companies operating in China have representative office status. This gives them a physical presence, typically a two or three person team, run out of one of the main cities, but revenue can’t pass directly to that local office. It’s possible to set up a representative office in three months, and effectively, it operates as a marketing arm; a stepping-stone that has limitations and advantages. There is no capital investment required but the disadvantage is that you can’t do any invoicing from that office.

Another option is to set up as a wholly foreign owned enterprise (WFOE), enabling the business to trade directly in China. For Henry J Lyons, the Irish architectural practice, this was the way to go after a stint as a representative office. “We used it as footprint to meet one of our major international clients, Treasury Holdings, in their China offices, but representative office status won’t let you do serious business,” explained general manager Michael Bradley. “In 2008, we wrote a three-year business plan to accelerate our presence, which involved setting up as a WFOE. Basically, it puts you almost on a par with the local companies, giving you your own bank account and tax status.”

Registering a business involves a lot of red tape, and Enterprise Ireland recommends a number of specialist firms to take care of the paperwork. HJ Lyons used Dezan Shira & Associates. Even with their help, Bradley warned that the process can be quite onerous. “They mapped out the approval process and scheduled out the requirements for original documents to be flown back and forth. We were probably one of DHL’s best customers for a couple of months,” he said. “The process also involved a minimum registered capital that has to be put in the country, based on a percentage of projected turnover.”

As an architectural practice, it was also deemed important to open an office that looked the part. A penthouse floor in the Bund business district of Shanghai was gutted and fitted out with conference facilities and a model making gallery, all branded to the HJ Lyons style.
Having set up a strong physical presence in the country, Bradley got down to business. The entry point for many overseas firms in China is selling services to other foreign companies that have come into the country. In this category, HJ Lyons won the contract to design the BASF HQ in China. The firm has also worked in strategic partnerships with companies like SIP, project management firms that offer complementary services that sweeten the business pitch from both sides.

**PARTNERS AND COMPETITORS** Partnerships are often struck up on a project-by-project basis. Most recently, the company was involved with helping construct the Irish Pavilion at the Shanghai Expo which President McAleese visited in June. But Bradley knows that sustained success will hinge on having local customers. This has been achieved through strategic partnerships with indigenous organisations. Winning the business is not easy. Not only does every major western architect have a presence in China, local talent is on the rise. Chinese students are returning home from overseas universities with improved skillsets, contributing to the competition. “Local knowledge is improving all the time and Chinese architects are almost up to a par with their expertise. And we can’t compete with their fees,” said Bradley.

Where they still win through is in contracts with Chinese companies who want the kudos of partnering a western practice when they pitch for business. But you have to be careful about who you work with, warned Bradley. “There are a lot of entrepreneurs here and you can be inundated with requests. After a few years, you begin to realise which ones are worth pursuing and which to let fall by the wayside.”

A third way to establish a presence in China is to come in with a local company from the outset on a joint-venture, but it is a strategy that has fallen out of favour. “Most people will tell you that after you have been in one you will never go into another,” said Bradley, who had personal experience of a joint-venture prior to joining HJ Lyons.

“Shanghai is littered with joint-ventures that went bust spectacularly. Regardless of how the business is split, the Chinese court will always rule on the side of the Chinese partner if the two sides fall out.”

Enterprise Ireland’s Alan Buckley echoes the warning. “There are a few exceptions, but the track record for joint ventures is not very good. The Chinese have a saying: ‘Same bed, different dreams’. Both parties think they are on the same wavelength, but it turns out they are poles apart.”

A big part of the challenge, not just in partnering but in establishing relationships with potential customers, is cultural. Michael Bradley has been working in China for six years but is still getting used to some of the idiosyncrasies. Like business all over the world, people and relationships are the key to success, but in China the idea of personal networking is a more structured entity known as “guanxi”.

“Taking government officials out to dinner or spending time going to school with a mayor of a district is important. If you are an isolated foreign company without contacts, you will be severely disadvantaged,” he said. “The longer you stay here the more bamboozling it sometimes seems.”

Where we can still win through is in contracts with Chinese companies who want the kudos of partnering a western practice when they pitch for business.
One Irish firm experienced an easier entry into China than most, which suggests that the business culture is rapidly changing.

SIGN OF THE TIMES

The company has been in China for a couple of years, first as a representative office, now as a wholly foreign owned enterprise (WFOE). It took around four months to set up. “The bureaucracy is one of the big differences between an open country like Ireland and a restrictive country like China,” he said.

The subsequent experience of Taxback, however, suggests that working through the red tape was worth it. “We were told to take everything really slowly and be prepared to wait a year or two for the Chinese to trust you. Our experience was the total opposite.”

Perhaps the difference in experience is down to the demographic of the Taxback customers: Chinese people in their twenties and thirties, who are exposed to western travel. “When we talked to them about our business, they were more enthusiastic about getting on with it than most nationalities we have dealt with. We were advised not to talk about business in our first two or three meetings, but that wasn’t how it worked. The Chinese wanted to get to the point quickly. It was very refreshing.”

One factor that smoothed the path for Taxback was Enterprise Ireland. “Their offices were more useful to us in China than in any other country we operate. The Chinese are very influenced by access to senior people, and Enterprise Ireland, which operates out of the Irish Embassy there, is seen as part of the Irish Government. They gave us introductions to local businesses, which were much more effective than they would be in a European country.”

When Clune got face-to-face with Chinese customers, there were other lessons to learn. “When you take a business card, hold it and look at it for a good ten seconds. It’s disrespectful to put it straight in your pocket. And never look at the translator, always look at the business person. Get these wrong and you could risk losing the deal.”

He’s not joking. “And brush up on your karaoke,” he added. “Just like Japan, it’s part of doing business.”
The PM Group has adopted a low-risk approach to expanding into Asia. Only after doing business in China for ten years is it planning to open an office.

In the last three months, the PM Group has secured three project management contracts in China: a large confectionary plant for Wrigley, an R&D site for Mead Johnson and expanding a facility for GSK Biologicals. The total capital value of the deals is around $150m, yet the company is still to open an office in China.

“So far it has been about alliances. It’s an easy way to get in and execute projects with a risk profile that we can accept,” said Allan Schouten, managing director of the PM Group in Asia. “But we are looking to open an office in there in the next nine months, either through acquisition or a joint-venture.”

The PM Group is an Irish project management specialist that has carved out a niche in life sciences, medical devices and food/drink facilities. It dipped its corporate toe in Asia over a decade ago, but the strategy only gathered pace as the market potential grew.

“In the early days, we acted as an offshore consultancy, and our interactions were largely reactive, but that changed in 2006 when we reviewed our growth strategy. We could see where our clients were starting to invest and where we thought we could sell services,” said Schouten. India and China were at the top of the list.

In late 2007, the company set up a regional HQ in Singapore, with 30 staff headed up by Schouten. Next, an alliance with the M+W Group, a multinational engineering contractor, gave the company a foothold in China, with around 30 of its staff working directly out of its partner’s offices in Shanghai.

The majority of customers for the alliance and its other contracts are Western multinationals - some coming in to China for the first time, others with a mature presence and a predominantly Chinese workforce. This approach has served the PM Group well, but the company’s recent acquisition of an Indian firm points the way forward for China, although Schouten is not ruling out a joint-venture.

He has seen western partnerships with Chinese companies break down, acknowledging the risks, but not ruling it out. “Success in countries like India and China is about tapping into local knowledge and local expertise. If we could marry our high-end skills with a partner that has local market knowledge and local execution capabilities, wrapped in some form of legal partnership or through acquisition, then it becomes an interesting proposition for our clients.”

He believes the approach is preferable to setting up as a wholly foreign owned enterprise (WHOE). “There are pros and cons, but growing a business organically with a WHOE is hard work, and it takes many years to get to a scale that is sustainable.”

As for the market opportunity, PM Group specialises in a high-end niche projects that a handful of global companies can handle. “We work with people who make products that have to deliver in terms of quality and safety because people are ingesting them,” he said. “China has had some high-profile instances of baby food products with impurities that have led to deaths. The last thing our clients want when they go into China is to risk hurting their brand, so they are careful to put in facilities that are of the right quality.”

For further information about the January trade mission or doing business in China, contact cathy.holahan@enterprise-ireland.com in Dublin or alan.buckley@enterprise-ireland.com in Beijing.
Just how important is cultural fluency in winning export business? And what kind of skill-sets are important in cross-cultural negotiations? Lucille Redmond asks Oscar van Weerdenburg, whose company works with major blue chip multinationals as well as Irish participants on the International Selling programme.

IRISH AND JAMAICANS – you might think that’s a match made in heaven – laid-back Jamaicans and easygoing Irish. But when an Irish multinational opened its first offices in Jamaica, cultural clashes appeared like lightning. The Jamaicans were horrified by the way the Irish cursed and swore. The Irish found the Jamaicans’ sexual innuendos offensive. And while the Irish worked on first-name terms, the Jamaicans called their bosses ‘Mr’ or ‘Miss’.

But do different cultures have to prevent us doing business? No, says Oscar van Weerdenburg, director of the company Intercultural Business Improvement, which trains multinationals like Goldman Sachs and Pepsico – as well as Irish companies participating the International Selling Programme – in how to get around those fiddly cultural dissonances.

**IMPORTANT SKILLS FOR INTERCULTURAL READINESS** “Often, research data that shows the Irish are different from the Japanese might increase your fears, or deepen your stereotypes,” says van Weerdenburg. “We assess four things with our intercultural readiness check, which we use in the International Selling Programme for Enterprise Ireland,” he says.

The people who are good at it have an intellectual curiosity, or as psychologists call it, ‘cognitive complexity’ - they are able to hold two opposing ideas in the mind at the same time. Cognitively complex people are curious about others. They can generate multiple interpretations of a situation, rather than sticking to the one they are used to.

And they are skilled in varying their communication style. “Are you able to manage some of your own irritation when you come up against another style of communication? For instance, when people are much more silent or much more direct than you are, or much more unwilling to address difficult topics in a meeting?” van Weerdenburg asks.

Take the Germans and the Dutch. On the surface, the two cultures are similar. They don’t like a gap between the highest and lowest salaries to be too wide, unions have similar roles, they respect rules and integrity.

“But there are also some difficulties,” he says. “One example is a famous merger between a Dutch and a German steel company. Because ‘Germans and Dutch are so similar’, they made an equal split in representation on the board.”

The first issue for discussion was the size of the corporate cars for board members – and it was explosive. The Dutch said a Volvo would suit fine. The Germans said “Are you kidding? That’s junior management! If you’re board level
you drive a Mercedes S class.” The board was deadlocked. They ended up with the Dutch board members driving Volvos - paying for the Germans in their Mercs.

Networking is another cultural skill. People who include a lot of diversity in their networks – people from different countries, with different interests, from different social groups – will do well in international negotiation.

Emotional stability is a factor: are you stressed and drained by other ways than your own? “If you are confronted with environments where people act very differently from yourself, does that make you feel stressed, or are you very open to these differences, even when your expectations are not met initially by the other culture?”

MISSING THE SIGNALS Negotiating across cultures can be a challenge, says van Weerdenburg, because you may miss signals at the negotiation table in terms of the way people present their proposal, how they work with their team, or with teams outside the negotiation table, in terms of showing you what they really think about your proposal.

“In many other cultures, you might find that some issues are very important, but they will never be discussed openly at the negotiating table.” You need to build informal contacts around the negotiations where these issues can surface and be dealt with.

“Another interesting aspect is the relational and the task aspect,” he says. Two years ago, van Weerdenburg says, two people from an Irish company went to Germany. “They were shocked by the directness of the Germans.”

The Germans put pressure on the Irish company and challenged them to a point where the Irish executives felt it was unfair, the Germans seemed incompetent; they should have informed themselves about the product. They left, disappointed, feeling they would never be able to do business there. “To their surprise, they got a mail two weeks later saying the Germans were very happy with their presentation, and they had shown, really, the quality of their product. They were now interested in signing the contract.”

Your perception of a situation might be very different from how the other culture perceives the same situation, says van Weerdenburg. “The Germans were really testing their counterparts and saying ‘How do they respond when we really push them, and really ask them: ‘What is the quality of your product’.”

UNDERSTANDING THE VALUES OF A DIFFERENT SOCIETY Knowing the values of the culture you are dealing with can allow you to negotiate far more successfully. One Dutch company that became a client was having extreme difficulty in merging with a southern European company. They brought in consultants who made movies about the typical difference in management style between the two cultures – but when they showed the movies to both sides, the southern Europeans were so offended that they walked out. The merger collapsed.

Intercultural Business Improvement, van Weerdenburg’s company, was brought in for the next merger. Instead of focusing on cultural differences, they suggested that the two sides should look at five biggest challenges to make the newly formed company a success.

“Culture became seen as a source of creativity to help build a common future, rather than an additional issue on your desk, where you’re different and you’re left with the boring choice of getting them to adapt to yourself or you adapting to them,” he says. This company is now one of the best examples of a successful international merger.

Another company, a western retailer, wanted to set up in a Middle Eastern country, and ran into great difficulties. The country’s law restricted the ownership of shares by foreigners, so it was hard to protect the brand image. “In this state, being British or European or American was not seen as very high status. Instead, status came from being a member of one of the more important families in the state, and with links to the ruling family.”

It was almost impossible to get the local businesspeople to accept feedback from anyone who was outside their clan grouping. Van Weerdenburg found an excellent solution to allow them to keep control over their brand, and to have the traders accept feedback: “Rather than selling their brand to one merchant family, they sold it to a number of families. Whenever there was a lack of understanding of the brand, they would give signals to a family that was less directly involved in this mistake, to help another family manage this aspect of the brand a little bit better.” It turned out to be a tremendously successful way of negotiating. “For them, that was a great way of resolving the situation.”

RECRUITMENT FOR NEXT INTERNATIONAL SELLING PROGRAMME

O scar Van Weerdenberg facilitates the Culture and Negotiation module on Enterprise Ireland’s International Selling Programme. Delivered in partnership with Dublin Institute of Technology, the International Selling Programme aims to provide proven and practical selling tools and techniques to participants at modules delivered by international sales experts. Participation is also supported by an experienced business advisor who engages with participants as programme milestones are completed. Throughout the course of the programme, participants will significantly develop their sales capability and professionalism, with the ultimate programme output being a cohesive export-led sales strategy for their company.

The International Selling Programme has been delivered annually since 2006, has 230 graduates and is currently in train with 80 participants across three industry groups.

Strong feedback from past participants indicates that the programme has had a significant impact upon sales performance leading to increased revenues in export markets. “I’ve noticed a huge difference in our sales figures since as early as Module 4,” commented Mel Galloway, Sales and Marketing Manager, Voxpro Ltd – a participant in the 2009 programme.

The next International Selling Programme will be delivered between January and November 2011, and applications will be accepted from September 1 to October 31, 2010. Funding towards participant fees will be available for Enterprise Ireland client companies. For further information, contact Sarah Buckley on 01 727 2527 or email internationalselling@enterprise-ireland.com.
Any Irish business involved in international trade should welcome the introduction of the Arbitration Act 2010 (the ‘Act’), which entered into force on June 8, 2010. This legislation adopts the UNCITRAL Model Law on International Commercial Arbitration (the ‘Model Law’) and puts Ireland in the first-division of countries that have a recognisable and internationally accepted code of international arbitration law, which can be easily accessed to assist in resolving any business dispute.

More importantly, we now have a system of dispute resolution that enables a business not just to get an arbitration judgment (called an ‘award’) but provides a mechanism whereby that judgment can be easily enforced in another country, provided that other country is a party to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, or that other country has also adopted the Model Law.

The Model Law was drafted by a UN body called UNCITRAL (United Nations Commission on International Trade Law) on June 21, 1985. It encapsulates the norms of modern international arbitration law, and, by adopting it, Ireland is now recognised as having captured in its legislation what is acknowledged as ‘best practice’ in international arbitration law.

The following points set out the main changes brought about by the Act and what Irish businesses should be aware of when entering into international commercial contracts:

Joe Kelly, a Partner with AL Goodbody’s Litigation and Dispute Resolution Department, explains some of the main changes brought about by the Arbitration Act 2010 and what Irish businesses should be aware of when entering into international commercial contracts.
1. ARBITRATION CLAUSE: CONSIDER INCLUDING ARBITRATION AS A METHOD OF DISPUTE RESOLUTION IN ANY CONTRACT THAT HAS AN INTERNATIONAL DIMENSION TO IT

Provided a company includes in its terms and conditions of trade, an arbitration clause obliging any of its trading partners to go to arbitration in the event of a dispute arising between them, that company will have the ability to exert greater control over the outcome of a dispute, which may eventually have to be decided by an independent arbitrator.

The arbitration clause, written into commercial contracts, should cover not just the willingness of the parties to have recourse to arbitration in the event of a dispute developing, but should also deal with the number of arbitrators to be appointed (under the legislation the default is that one arbitrator will be appointed and not three). The clause should provide for Irish law to govern the conduct of the arbitration, and Irish law to be the substantive law of the arbitration.

An example of a standard arbitration clause would be:

“Any dispute, controversy or claim arising out of or relating to this agreement shall be referred to and finally resolved by Arbitration under the provisions of the Arbitration Act 2010, and any statutory amendment or modification thereof, by [a sole Arbitrator] or [by a tribunal comprising three Arbitrators] to be appointed by the [insert appointing body]. The seat of the Arbitration shall be Dublin, Ireland. The language of the Arbitration shall be English. The award of the Arbitrator shall be final and binding on the parties and may be enforced in any court of competent jurisdiction.” *

2. COSTS

The parties can agree on the allocation of costs either before or after a dispute has arisen (it is best and most practical to get an agreement on costs, before any dispute develops), pursuant to Section 21 of the new Act. An agreement on costs, made between the parties will be enforceable – this is different to the situation that existed under the old Arbitration Acts, where agreements as to costs were not enforceable. It is, therefore, open to a party to insert a provision in a standard form contract stating that each party will bear its own costs regardless of the outcome of the dispute.

A sample clause would be:

“The costs of any arbitration and the fees of the arbitrator shall be advanced in the first instance by the parties in equal shares. The Arbitrator shall have the power to reallocate the costs as justice may require, but any request for reallocation of costs must be made in writing by the requesting party. The Arbitrator may award to the prevailing party in any Arbitration the prevailing party’s fees and other costs in any such Arbitration.” *

3. LIMITED COURT INTERVENTION

The courts under the new Act have very little power to intervene in arbitrations and arbitrators have been given an increased array of powers, including the power to:

- Review and decide on challenges to their appointment (although this can be appealed to a court or other body specified to decide on the challenge)
- Rule on their own jurisdiction
- Determine the procedural rules for the arbitration, if the parties have not already done so
- Order interim relief
- Terminate the proceedings
- Proceed ex parte to appoint experts to assist the arbitrator

It is also worth noting that there is no right of appeal from any decision made by the High Court in respect of applications under the new legislation, as the High Court is appointed as the Court of final jurisdiction as well as the Court of first instance in relation to arbitration applications.

Section 9 of the Act provides for a single Arbitration Judge to deal with any applications made to the Court in connection with an arbitration. This should promote a consistent judicial approach to arbitration applications that come before the High Court.

4. SELECTION OF THE APPROPRIATE ARBITRATOR

Given the limited role of the courts, it is critically important that every effort is made to secure the appointment of the most appropriate person as the arbitrator. Where the parties cannot agree on the identity of the arbitrator, there are professional bodies which will assist with the nomination and appointment of an arbitrator to the dispute.

Disputes involving technical issues are often more suited to arbitration as industry specialists, also qualified as arbitrators, do not first have to be educated about the industry and can fall back on their expertise and experience to guide their decision-making.

* These sample arbitration clauses are inserted for illustrative purposes only. Professional legal advice should be sought before using such a clause as each clause will vary given the circumstances of the particular case.
5. ENFORCEMENT: THE ACT WILL AID IRISH BUSINESSES IN RESOLVING DISPUTES WITH INTERNATIONAL PARTNERS

A business or trader that is a party to an arbitration and ultimately succeeds in obtaining a judgment or award frequently has to enforce the award granted in its favour in another country where the unsuccessful party has its assets. One of the main advantages of arbitrating rather than litigating international disputes is the relative ease with which an international arbitral award granted in one country can be enforced in another country, pursuant to the Act.

Thus, where a dispute arises between an Irish business and a trading partner in another jurisdiction, for example, Turkey, Japan, Iran or Egypt, it is difficult and costly in practice to get Irish court orders enforced in any of these countries. However, arbitration is capable of yielding a speedy arbitration award, in an arbitral process conducted in Ireland, which award would then be capable of being enforced in any of the aforementioned countries.

CONCLUSION

Those of us trading with companies and individuals outside of Ireland are increasingly aware of the dangers of not getting paid. Including a suitably worded arbitration clause in standard form terms and conditions, is one way of improving your company’s prospects of getting paid. A potential debtor will often consider its vulnerability to an aggressive and effective debt enforcement action, and that is often a factor that determines which creditors get paid and which don’t. You need to make it as difficult as possible for any potential debtor contemplating turning its back on a debt owed to your company. In that respect, the reality is that an Irish Court Judgment is very often not easily enforceable in countries outside the EU. This is particularly the case where US companies are concerned.

Don’t wait for the debt to arise before you put the arbitration clause into your contracts. It is also important to check whether the countries hosting the companies with whom you are trading have adopted the Model Law or the New York Convention. If the country has signed up to either the Model Law or the New York Convention, and you put an arbitration clause into your contract, then your business stands a much better chance of getting its invoices paid.
Ireland’s image abroad may have taken a battering of late, but the success of Le Comptoir Irlandais – a chain of Irish stores in France – confirms the country’s enduring appeal and the opportunities this represents.

While Ireland obsessed over its sense of transformation during the last two decades, perhaps ironically, its traditions and heritage have remained at the heart of its appeal abroad. The idea of this country as a place apart from the hustle of modern life may seem more marketing than reality to some, but it packs undoubted appeal, effortlessly transmitted on the strength of traditional music and dance, literature and the all-conquering Irish pub. To this potent list, one intriguing addition can be made: a retail success story centred around Ireland, but unknown to most Irish people, and one which has evolved almost spontaneously in a country where sentimental attachment to Ireland might be thought limited.

With over 40 stores throughout France, Comptoir Irlandais is an emporium of Ireland par excellence, selling everything from whiskies and cloth caps to FMCGs and rugby shirts, appealing to a discerning audience far removed from the Irish tourist trail and succeeding solely on the quality of these goods.

AFFINITY The story of Comptoir Irlandais begins in the northern French city of Brest in 1987, when a traditional grocer’s, set to become another victim to France’s embrace of the hypermarket, was converted by its owner into a shop specialising in all things Irish. The last Celtic outpost of France, the people of Brittany have always felt somewhat apart from the rest of France, and a great affinity for Ireland and its culture has evolved there. The shop proved a runaway success, with a second opening in Quimper two years later, and two more following, in Nantes and Rennes, in 1990.

As the concept snowballed, a management structure was required, and headquarters were established, first in Morlaix, near Finistère, and then, in 1996, in its current location, Plouéderm, also in Brittany, with an accompanying 2,500 sq.m. warehouse. The ownership structure of the shops also confirms the potency of the concept: of the 42 Comptoir Irlandais across France; approximately half are owned by the company itself with the remainder operating as individual franchises by enthusiastic Hibernophiles.
The word 'comptoir' translates as 'counter' in English, although, in French colonial times, the word also signified a trading post, a resonance that undoubtedly pervades the shops, which average 100 sq.m. in size and are virtual mini-department stores of clothing, gifts, music, books, and food and drink. The Irishness of the products, it is worth noting, is relatively elastic, as most of the British Isles gets a look in, with Scottish whiskies, English breakfast teas and biscuits, and Welsh cardigans all on offer. Even Marmite, the uniquely Australian contribution to world cuisine, is stocked.

Laurent Michot is head buyer with Comptoir Irlandais, and has worked with the company since 1993, when he began as manager of one of its first shops. Proud to be part of a concept that is now almost nationwide, Laurent explains that, while the stock may not always be strictly Irish, the overall image is very important. A Comptoir Anglais simply wouldn’t have the same resonance or a Comptoir Écossais the same broad appeal.

“French people like Ireland and Irish products. They have an idea of Ireland and the way of life there that is very positive.” Further underlining this positive rapport is the fact that “people who come to our shops are always smiling because it’s a special experience for them,” he says. The shops appeal to a discerning clientele and, while there is a small ex-pat element, the majority of shoppers are French, ranging from people who have visited or lived in Ireland to those who feel an affinity with it or are interested in its culture and traditions. Food and drink products can include familiar supermarket lines such as Ballygowan, Barry’s Tea, and even Cadbury’s, to artisan foods, marmalades, bread mixes, smoked salmon and pork.

Typical clothing and textiles on offer, meanwhile, include Aran jumpers, tweed jackets, cardigans, scarves, gloves, and rugby shirts, while the gift selection ranges from Claddagh rings to teapots and even peat. The food category is the single most important in terms of turnover – and the key to customers returning, Laurent says. “Tea and orange marmalade are our top sellers – and Marmite – the sales are incredible.”

Comptoir Irlandais is Ireland filtered through a French sensibility, from the “tangy” green of the shop exteriors, to the boutique interior, with furniture “as discreet as possible to emphasise only the product”. To succeed, of course, these products must appeal to the market, and Laurent explains that “our customers are always looking for something new, so every year, we look at what is not performing well and sometimes introduce a new range”.

Showcase Ireland, the annual exhibition of new products hosted in the RDS each January, is a key focus for decision-making, although Laurent notes that, at the most recent event, there was a significant fall-off in suppliers of interest to them, something which he attributes to the economic crisis.

The company enjoys a close relationship with Tourism Ireland, which provides leads on interesting new products and the internet is also important as a medium for research. For any Irish company interested in supplying, Laurent explains that they should have no hesitation in contacting the group.

Once they find a product of interest, they will ask for samples, look closely at price and any logistical issues of getting the product to France and decide how it will fit with the overall feel of the shop. The company has a centralised import process, with a shipment made every week from New Ross to the warehouse in Plouédern.

“In the warehouse, we have a showroom, a replica of our shops, where we test the visual impact of the products. We also look at how the price works relative to everything else and if it’s acceptable to consumers.”

There can be some surprises in what works and what doesn’t. The company stocks only a minimal range of Irish cheeses, for example, as logistics have proved problematic, while, on the gift side, Irish crystal is not stocked as the pricing is considered out of step with the rest of the stock.
CLOTHES AND TEXTILES: SUITING THE FRENCH CONSUMER

Clothes and textiles, on the other hand, fit the bill perfectly, but present a few problems of their own. While French customers may be charmed by traditional Irish fabrics, they also expect to see fashion reflected in what they buy. “We need to change our range every year,” Laurent explains. “We may have a basic jumper, for example, but we have to have new models every year. Our customers ask for new products, so we go back to our suppliers to look for these.” Seasonality is a further issue, and one ongoing difficulty the retailer has is finding Irish summer clothing.

While they stock “funny t-shirts with sheep and shamrocks”, it’s more difficult to find stylish Irish clothes that work in a south-of-France summer. Differences in culture often come to the fore in textile colours. “French people like to have some flashy colours in their wardrobe,” Laurent explains, adding diplomatically that, in the summer months, “it’s not easy to buy Irish colours”.

As a consequence, Comptoir Irlandais is, in the minds of many customers, a winter shop, and Christmas is by far their busiest time. “We sell more whiskey and beer than clothes in the summer.”

GROWTH ON THE HORIZON

Recession, of course, has coloured retailing in its own way across Europe, though, in spite of this, 2009 was a good year. The stores have benefited from the increasing trend of entertaining at home in France, and consumers looking for specialist expertise in their purchases. “Our customers know their whiskey and when they are looking for special whiskies, they will come to our shops. They know we can advise them. We stock roughly 200 brands and, of these, about 40 will be Irish.”

With a new shop opening in Bayeux in August 2010, and outlets in five other cities being repositioned in more prominent city centre locations, Comptoir Irlandais clearly has potential for further growth. Opportunities beyond France are also on the radar, with Belgium, Switzerland and Italy possible targets.

With Ireland’s self-image in some crisis, and the country hitting the headlines for all the wrong reasons in the international media, Comptoir Irlandais confirms Ireland hasn’t lost its power to enchant and inspire affection. While a single listing may not be enough to transform a company’s fortunes, it is undoubtedly a signpost of further opportunities and, as a ‘feel good’ factor, a reminder that the best of Ireland still has a great deal of appeal far from home.
As the Nordics increasingly adopt private healthcare, new opportunities are emerging in a range of areas from facilities and investment to healthcare staff recruitment, IT systems, medical equipment supply and high-street pharmacies, writes Gerard O’Dwyer.

NORDICS FAST-FJORD INTO PRIVATE HEALTHCARE

The Nordic welfare state model is often publicly paraded as a shining paragon of social excellence at work in a caring society. The pivotal glue of high taxation, which holds such systems together, is creaking under the weight of rising maintenance costs, economic change and the perceived need to privatise services.

The change has been most manifest in healthcare, where the shift from public to privately funded services continues to lure new players and propagate new opportunities for both investors and suppliers.

The growth evident in Nordic private healthcare and life sciences has not gone unnoticed internationally. Service providers, investors and product suppliers have been busy capturing a foothold in this burgeoning high-value sector, a marketplace that also holds potential for Ireland’s healthcare providers and equipment producers.

NORDIC HEALTHCARE MARKET STRUCTURE
The total value of the healthcare and care market in Sweden, Finland, Norway and Denmark was €91 billion in 2009 and is projected to grow by 6 per cent in 2010. Nordic nations, on average, spend 8 per cent of their GDP on healthcare.

Opportunities for investors and suppliers are emerging as more tightly funded public health organisations outsource primary and support functions and services to the private sector.

PICTURES COURTESY OF AMBEA
The Nordic senior care sector represents the fastest growing segment within non-primary services for business opportunities, said Kari Sundstrom, a Helsinki-based health industry analyst. “All Nordic nations are facing-up to the critical issue of how to deal with ageing populations and contain costs. There will be a far greater role for private healthcare providers as governments look for improved efficiencies. Companies that take a long-term view will be the ones who will stand to reap the best opportunities,” Sundstrom told The Market.

For private providers, enhanced outsourcing opportunities in primary and secondary care are bolstered by liberalised customer choice systems in Sweden, Denmark and Finland that empower patients with the right to choose the medical facility or nursing home that best suits them.

“The opportunities for medical product suppliers selling to private healthcare providers, and for investors gaining a foothold in this ever expanding sector have never been better,” says Mikael Lövgren, the Partner responsible for London-based private equity house Bridgepoint’s investment activity in the Nordic region. “The Nordic private healthcare sector is primed for growth right now. Of all the countries in the region, the highest rates of growth will happen in Sweden.”

**SWEDEN: THE GROWTH CONTINUES** The Swedish market, with a total spend on healthcare of €33 billion in 2009, unquestionably offers the highest overall potential. Of this, €17.4 billion goes in to healthcare and €14.6 billion into care.

In 2009, private provision accounted for 10 per cent of the spend in healthcare and 14 per cent in care.

It is critical that investors or suppliers understand how the Swedish health system works before they engage, says Stefan Moberg, a Stockholm-based healthcare management consultant. “Private provisioned healthcare is conducted virtually exclusively on contract assignments, awarded by Sweden’s 21 county council districts, which are responsible for publicly funding healthcare services. This includes primary, specialist and psychiatric care,” says Moberg.

Outsourcing by municipalities is becoming more common, with the normal standard for contracts ranging from five to seven years. The focus has shifted from cost to the quality of care, he believes. “The Nordic customer choice models are a very significant development, as they open new doors of opportunity and revenues streams for private providers. There is ample room here for new regional and international players. It is crucial that newcomers do their homework and judge what level of entry is likely to yield the best results.”

Patient choice has accelerated growth in private provision, with many local authorities now buying beds from private operators, adds Mikael Persson, the head of private provider Attendo Care’s Markets division. “The publicly funded care market for older people and the disabled is worth around €14.3 billion at present. Some 15 per cent of this has moved into the private sector so far through outsourcing, patient provision and the buying of beds. I expect this to reach 20 per cent within two to three years.”
GROWTH AND SUPPLIER OPPORTUNITIES: A REGIONAL PICTURE

In Finland, a government plan to merge the present healthcare laws for primary and specialist care into a single health act will open fresh outsourcing opportunities for private companies. The new opportunities will create larger budgets for healthcare equipment, according to Sundstrom.

“The new law will be more open to public-private partnerships,” he says. “The overall spend on medical technologies and equipment will increase, especially in areas such as remote-disorder diagnosis. For suppliers, the primary opportunities will be for next-generation scanners, computed tomography scanners, magnetic resonance imaging units, support aids for the elderly, and patient care record management and documentation systems software.”

Opportunities also exist in medical facility management consultancy, medical staff recruitment and IT technical support, according to Moberg. “The more the private health market grows, the greater its need will be for facility management, staffing and technical expertise. We will also see a growth in demand for private health insurance.”

The corporate market for health-related opportunities is also opening up, as evidenced by private healthcare market leader Mehläinen’s success in securing an occupational care contract for Nokia’s 23,000 employees in Finland. Mehläinen is a wholly owned subsidiary of Sweden’s Ambea Group.

“There will be a greater need for efficiency enhancements, and this is certain to accelerate due to strained public finances regionally. There is also a visible willingness among customers and patients to pay more for a higher quality and more accessible healthcare and care services. This will grow the private segment at a faster pace,” says Lövgren.

Denmark’s Care Choice reforms, implemented in 2009, have already begun to stimulate growth for private healthcare services. Under the system, anyone on a waiting list for more than a month can choose private care, says Karsten Vrangbaek, a Copenhagen-based healthcare industry analyst.

“Whether we are looking at primary, dental, specialist or senior care, we are looking at a healthcare sector where private capital will have an increasingly important role. More Danes are choosing private care. The net effect of this will bring more players from outside to invest in the future growth of the market,” he noted.

PRIVATISATION MATTERS: INVESTORS LOOK TO SWEDEN

The changing landscape for new opportunities is now evident on Nordic high-streets. The privatisation of Sweden’s €3.2 billion pharmacy sector in January opened the market in this segment to foreign players.

The privatisation involved the sale of 465 outlets formerly operated by Apotket to private investors. This sweeping health-sector reform, which netted the State €1.3 billion, launched three new pharmacy chains, including Apotek-Hjärtat (Altor), Medstop (Segulah Group) and Kronans droghandel (Kooperativa Forbundet/Oriola-KD).

International interest has also heightened. British pharmacy chain Boots is set to become the latest high-street pharmacy brand name. The company plans to open 100 stores in Sweden with Farmacevtföretagarna, a local joint-venture partner. “This proves that virtually all areas of the healthcare market in Sweden are open to foreign investment and players,” said Lennart Axelsson, Farmacevtföretagarna’s (FFA) CEO.

The Nordic senior care sector represents the fastest growing segment within non-primary services for business opportunities.
BEING ACQUISITIVE: PROSPECTIVE BRIDES AND SUITORS

Strategic mergers and acquisitions have been the most common direct route into the private healthcare markets of Finland and Scandinavia, with regional and international private equity houses playing a high-profile role in backing the expansionist investments of leading market players.

For Irish investors with a track-record in private healthcare funding and an appetite for expansion, real opportunities will emerge as more local PEs (private equity investors) seek to capitalise, through exit strategies, on the private healthcare companies in their portfolios.

Healthcare is of specific interest for a number of underlying reasons, says Lövgren. “The overall one is that privatised general healthcare in the Nordic region is below 10 per cent of all healthcare being delivered here. Compare this to many countries in Europe where you will see three or four times as much private healthcare expenditure,” he says.

There are already strong indications that exits will flow during the next two years, as evidenced in July when PE group EQT sold Aleris to Investor AB for SEK 4.4 billion (€466m), in an auction-type sale that attracted interest from both trade and financial suitors.

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The potential for rich opportunities in the health-support arena was to the fore when Danish PE group Polaris sold Fösunda LSS, Sweden’s largest provider of specialist disability care services, to HgCapital. “The Scandinavian healthcare market has a strong appeal, based on its favourable macro demographics, high quality companies and the strong trend towards outsourcing,” said Lindsay Dibden, Partner in HgCapital and the Head of the company’s Healthcare unit.

Across the border in Finland, CapMan wrapped up its first buyout deal of 2010 when it acquired Hermelinen, a private specialist healthcare centre in Sweden, on February 9. The size of the medical acquisition target may not be substantial, but the sector in which this deal was done is significant, as more deals are expected to flow from Swedish healthcare in 2010, says Johan Bennarsten, Partner and head of CapMan Life Science.

“We see strong opportunities for growth in Swedish healthcare,” he says. “In the case of Hermelinen, we see growth opportunities especially in expanding the current service offering, including the opening of a new primary care centre. In this, we can make use of our experience in the Nordic healthcare sector to further develop Hermelinen’s business.”

THE SIX BIGGEST NORDIC PRIVATE HEALTHCARE PROVIDERS:

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<thead>
<tr>
<th>Company</th>
<th>Country</th>
<th>Sales/€</th>
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<tr>
<td>Ambea</td>
<td>Sweden</td>
<td>€777m</td>
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<td>Attendo</td>
<td>Sweden</td>
<td>€650m</td>
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<td>Aleris</td>
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<td>Terveystalo</td>
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<td>Humana</td>
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<td>Norlandia Omsorg</td>
<td>Norway</td>
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In February, 3i sold its holding in Ambae to Frankfurt-based PE group Triton for €850 million, a deal concluded on a cash and debt-free basis. Formed in 2005, Ambea’s main subsidiaries, Carema in Sweden and Mehiläinen in Finland, hold strong positions in the primary and senior care segments in these markets.

The direct-route offered by acquisition strategies doesn’t only apply to healthcare, says Sundström. “When Denmark’s ambulance and rescue company Falck bought the Swedish ambulance and staffing company Ulfabgruppen in 2008, it underlined the broad array of opportunities that exist in the entire health area.”

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Imperative Energy Ltd, (IEL) a company specialising in design, build, finance and operate (DBFO) bio-energy solutions is scoring major contracts in the UK.

Recently, IEL completed installations at the new Pembury Hospital in Kent, at Leicester University and at Hereford Academy, plus at district heating schemes in Newcastle-Upon-Tyne and Chalvey in Berkshire. The company is on track with a plan that involves installing some 400MW of high-efficiency heat and power generation capacity in Ireland and the UK in the next five years, thanks to its €300m equity investment from London-headquartered Rockfield Energy Investments in August last year.

Imperative Energy uses the DBFO business model, so its clients avoid the up-front capital costs of having to invest in a biomass energy system. Instead, customers get their hot water/steam/electricity on a metered basis, invoiced monthly at an agreed index-linked price over 20 years, which will inevitably be lower than the price customers were previously paying for using fossil-fuel energy.

The company’s most noted project so far has been a 1.65MW system installed at the Downshire Hospital in Northern Ireland, which is the largest biomass heating system in use in the British or Irish public sector; it displaces 1.5 million litres of annual oil consumption, saving the hospital an estimated €275,000 per annum. This saving yielded a pay-back on the heating equipment capital expenditure in just over a year, while reducing the hospital’s annual carbon emissions by almost 1,000 tonnes.

“Each installation is bespoke and designed around a specification list,” he adds. “Different clients will want different things – one will want low-temperature hot water, another will want steam, while another will want hot water and electricity. It will also depend on what biomass fuel are they using for fuel, and most especially, the space restrictions.”

The company has found that the UK is a larger, and more mature, market than Ireland. “They have had the Climate Change Levy for 10 years; we have only had the Carbon tax a year in Ireland. Heat accounts for almost half (49 per cent) of the UK’s primary energy consumption, yet less than one per cent of the heat market is currently sourced from renewable fuels.”

Imperative Energy does not manufacture its heating systems; instead it is the exclusive distributor in Ireland and the UK for the wood-burning energy-systems produced by Schmid AG, a Swiss family firm that has been manufacturing wood-burning boilers for 70 years and now also makes 25MW CHP (combined heat and power) plants. “We do the design,” said O’Carroll. “Then the installations are carried out by third-party M&E contractors. Most of the M&E contractors we work with in the UK are firms we have worked with in Ireland.”

Before Rockfield’s investment, IEL was a 50/50 joint-venture between Greenbelt, Ireland’s largest privately-owned forestry-management company, and O’Carroll, who had previously been an operational manager at COFORD, the state’s forestry research agency. “Greenbelt was looking for an alternative market for its produce other than panel-boards,” he explains.

Imperative Energy is predicting a turnover of €4.5 million this year, rising to €60 million within five years. The company employs four people in County Kildare, and six in offices in Cheshire, but it is planning to increase that to 10 employees in each of the two offices. “The people we’re looking to recruit would be engineers with a track record in technical sales and/or project management,” said O’Carroll. We have been lucky to hit the market at the right time – we are the first in the UK to offer DBFO on biomass energy solutions.”
Leslie Faughnan gets an update on three companies with a yen for the Japanese market.
Most business people would probably associate exports to Japan with either high-tech products or unique food items. Instant UpRight, on the other hand, is an Irish engineering company with a longer pedigree than most in the Japanese market, which it first entered in the late Eighties. The company manufactures its INSTAnT brand of industrial access tower systems and Spandeck walkways in a 136,000 sq. ft Dublin factory with a staff of over 60. These products are essentially aluminium or alloy scaffolding and mobile towers, which have achieved market success in 46 countries. “We have thousands of our products still in regular use with rental companies after 15 years and more of demanding work,” says managing director John Nevin.

Instant UpRight originally entered the Japanese market with its powered access platforms, a product line which it sold to a US associate company at the beginning of the decade. It now concentrates across all markets on its rolling towers and a newer specialised scaffolding range for service access to large industrial boilers.

“This is where we are seeking to extend our reach in Japan,” explains the company’s sales manager for Asia John Breen. “As well as the home market there, we intend to work with partners to target other markets in the region where we already have some share, notably China and Korea.”

The business in Japan has currently fallen to about €500,000 in annual sales since it dropped the powered access products, but there is a large stock base with rental companies, which generates repeat sales. “We are now set to build on this again as well as targeting large engineering groups and power generation companies and others with large boilers and similar units to which service access is essential. Some of these can be up to 100 metres high, and our Quick-Erect products have significant advantages in design and product quality, fully certified to all relevant international performance standards,” he explains.

Instant UpRight has worked successfully through a local Japanese agent and does not plan to set up a presence of its own in Japan, according to Breen. “In addition to our own contacts and market research, we are participants in the JMEC [Japan Market Expansion Competition] and have sponsored one of the research project teams.”

The JMEC is a business training programme in Japan, centred on a business plan competition and aimed at strengthening the skills of up-and-coming executives, while helping foreign companies doing business in Japan (www.jmec.gr.jp). It was started in 1993 by a group of individuals, seeking training for doing business in Japan. With little available, they began their own programme with the support of several of the foreign chambers of commerce. JMEC is now supported by 15 foreign chambers of commerce in Japan and by Enterprise Ireland.

Participants receive both classroom training and hands-on experience in small teams, developing a business plan for the Japanese market, so the business sponsors and project clients receive a professional business plan for their activities in the Japanese market at a fraction of the cost of hiring consultants.

“With Japan-based team members from Japan, China, USA, France and New Zealand, we have gained highly valuable market information from their research and varying points of view. As well as quite a detailed overview of the current market and prospects for our systems, they have produced key insights to help us in our market expansion strategy,” Breen says.

Having sold part of its product range to a US company, Instant UpRight is taking advantage of a Japanese business training programme to help rebuild and grow sales in Japan and beyond.

GAINING STATURE

“We are seeking to extend our reach in Japan, and we intend to work with partners to target other markets in the region such as China and Korea.”
Like most developed countries, Japan is a major potential market for sleep monitoring technology, and BiancaMed expects the first launch of one of its products there in early 2011.

ON THE VERGE OF MASS-MARKET LAUNCH

A new therapeutic and business sector is developing within medical technology based on human sleep. BiancaMed, a UCD campus spin-out company set up in 2003, is rapidly becoming a leader in what it calls ‘sleeponomics’, with a winning combination of hardware and software. It has developed and patented, contact-less sensor systems to monitor a person’s sleep and respiration. These systems combine with BiancaMed’s analytical software to enable clinicians and others to make better informed decisions in diagnosis and treatment of sleep disorders.

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Monitoring sleep is a multi-billion market opportunity that extends across the healthcare and wellness markets worldwide,” says Colin Lawlor, BiancaMed commercial director. “We are currently marketing the Sleepminder product and sleep quality analysis service and the BiancaBaby remote monitor for babies. In addition, we are partnering with device manufacturers in the health and fitness sector, who will either incorporate BiancaMed technology in their own products or, in some instances, re-brand our units for their own markets.”

Japan is a major potential market for sleep monitoring technology, and BiancaMed set about tackling it over three years ago. Colin Lawlor has been involved with Irish-Japanese trade for more than a decade and is Chairman of the Asia Trade Forum of the Irish Exporters Association.

“We worked our way through the process of market research, making contacts and having extended discussions with potential partners. About 20 per cent of adults in Japan acknowledge sleep problems, reflecting busy and stressful lifestyles and an ageing population. Similar patterns are, in fact, seen in all developed societies, with about 10 per cent of US adults experiencing chronic sleep problems, for instance.”

There is a wide range of manufacturers of health and fitness products in Japan, and BiancaMed has been seeking to offer its unique technology to complement their brand strengths and market distribution in Japan and other Asian markets.

“We are now in the final stages of working with one partner on co-developing a new product that will launch in Japan in the first quarter of next year. This will be a mass-market consumer product, a general health monitor that will incorporate our systems for sleep and breathing.”

The Japanese partner company is wholly committed, Lawlor says, with a significant capital investment and the joint product development programme following a strict 18-month timeline. “We have had engineers over here as part of the test and evaluation process, working with our own engineers and the Tyndall Institute in Cork. We are on a mutual countdown for that product launch early next year.”

BiancaMed is also at an advanced stage of evaluation with four other major Japanese consumer brands, working directly with their product development teams. “It can be a slow seeming process, dealing with Japanese corporations.” Lawlor says. “But in most respects, that is because they set very high quality standards: they test and evaluate everything very thoroughly in advance, and, in management terms, they look for consensus across all of the departments and disciplines involved. But in my experience, that means that when they commit to a project or product, everything about it will be right because it has been so meticulously worked through in advance.”
The market

Software and Technology

Signing a contract within just a few months of its first meeting, manufacturer of garbage compactors Macfab has challenged all perceptions of inevitably long Japanese sales cycles.

WASTING NO TIME

It is often true that when a product is right for a market, gaining entry to that market will not be too difficult. Many trade experts, on the other hand, would probably believe that Japan is more than a little different – and generally entry is only possible after protracted efforts. But May of this year saw a significant Irish exception when Carrickmacross company Macfab sold its first machine to a Japanese importer with surprising speed – within just a couple of months of first contact. Not only that, but the Japanese partner soon after exhibited it in a trade show, with engineers from Ireland on hand to demonstrate.

Macfab makes waste compactors and balers, a business it has been in for about 15 years of its 30 years as an engineering company. Its products have been sold in 21 countries, mostly in Europe, but also in the USA, Australia and New Zealand and now Japan. The specific product sold there is at the lower end of its range, a 60kgs model with a footprint of less than a square metre, which is designed to handle paper and packaging waste in commercial premises such as offices and shops, garage forecourts, restaurants and fast food outlets.

Having targeted and researched the Japanese market, Macfab worked through the Enterprise Ireland office in Tokyo. Cian McMahon, the company’s business development executive, visited the country and met a select number of potential partners identified with the help of EI.

“Our Japanese partner company Ecoss was so confident of our suitability for their market that it made a decision very quickly. So last May, for the first and indeed only time, we air-freighted a sample product to them,” says McMahon. “We then flew a couple of technicians out to help our new distributor demonstrate the machine at a waste industry show.”

The partner subsequently identified modifications that it believed were essential for the Japanese market in the longer term. Macfab has been working hard in recent months on a customised model. “The bale size needed to be different, and we have also introduced a longer cylinder and made the machine fully automated,” McMahon explains.

The full Macfab range includes compactors and balers up to 500/600kgs capacity, as well as bottle crushers and related equipment.

“We have found that our technical and machine quality and performance are well up to any competition from other imports or local Japanese products,” he says. “So we have high hopes for volume sales of the smaller models and some market penetration for the larger machines. We are a smaller and more flexible company, relatively speaking, and perhaps surprisingly, we are able to compete strongly on price.”

Macfab has just shipped its first order for four of the new Japanese-specified compactor/balers and is confident that the next step will be shipping by the container load by the turn of the year.

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The paradigm shift engendered by the internet is the capacity to cut out the middleman, thereby helping businesses reach a wider audience and increasing the value proposition for customers. Nowhere is this more evident than in the ticketing industry, which is in the middle of a revolution of sorts. Whereas once ticketing agencies, dominated by the mighty Ticketmaster, held sway, more and more events promoters are taking control of ticket sales themselves.

The recent merger of Ticketmaster, the world’s largest ticketing agency, and Live Nation, one of the biggest events promoters, exemplifies how the two areas are merging. But the real dynamism exists at a lower scale, where innovative ticketing products are helping smaller enterprises be a lot more competitive.

While Ticketmaster initially retained its dominant position as a ticketing agency after moving from outlets to online, technology is democratising the marketplace and providing exciting opportunities for smaller players.

Irish companies get in on the action

The trend forced a rethink on the part of Mark McLaughlin, CEO of Dublin-headquartered Ticket Text. The company originally began life in 2007 as a mobile ticketing agency – a “low-cost version of Ticketmaster” where tickets were delivered electronically via SMS.

McLaughlin realised by talking to clients that more and more of them wanted to take the ticketing function in-house. “We were in the right industry but the wrong part of it. We were set up as an e-commerce company. We needed to become a software company,” he says.

In January 2009, Ticket Text started to build a white label ticketing function, Ticket ABC, that launched in March 2010.

It’s a web-based solution where people can take charge of selling tickets themselves. They create an online account and can skim the interface so it looks like part of their own website. There’s no upfront cost, no licence cost and no annual maintenance cost. Users of the software pay a percentage of revenue to Ticket Text.

Advances in ticketing technology are opening up new markets for vendors and clients alike. Niall Byrne looks at the ticketing revolution and some of the Irish players winning business internationally in this space.
The incorporation of business intelligence capability enables clients to understand their customers better and ultimately monetise them.

“We purposely built it so you need have no technical skill whatsoever to use it. If you can send an email, you can use our system,” says McLaughlin.

It’s the type of slick backend software that is wresting control away from ticketing agencies and putting it in the hands of promoters. The cost and ease-of-use of these systems is also opening online ticket sales up to people who would not previously have been able to do this.

“We’ve been approached by everyone from professional venues to charity balls and school reunions,” notes McLaughlin.

As ticketing has become more fragmented, it has also become more dynamic. “You now have individual artists and smaller promoters looking to source their own ticketing solutions,” says Sean Hanly, CEO of TicketSolve, again headquartered in Dublin.

TicketSolve spun out from software improvement firm Exoftware four years ago when an opportunity was recognised in the ticketing space following Exoftware’s development of a ticketing solution for the Dublin International Film Festival. Since then, TicketSolve has won clients domestically and in the UK.

SERVICE FEE The main reason for the move towards in-house ticketing is unsurprising – profit.

Traditional ticketing agencies make money by charging a service fee on top of the ticket price. Promoters selling their own tickets can keep this fee for themselves or, perhaps more importantly in these recessionary times, scrap it altogether to bring down the overall cost of attending an event.

“A lot of venues are bars; they make their money by getting people in more so than the ticket price. Ticketing agencies make money by selling tickets online, so there’s a discrepancy between venue requirements and ticketing agency requirements,” says Hanly.

He maintains that advances in technology have made the ticketing agency model unsustainable in the long run.

One of the main advances in ticketing software is the incorporation of business intelligence capability, which enables clients to understand their customers better and ultimately monetise them.

“There’s a much wider ticketing market now than just what people associate with Ticketmaster,” says Hanly. “A lot of the work we do is with venues that already had ticketing in-house; they would be Databox and Tickets.com customers rather than traditional Ticketmaster customers. They’re looking for something more dynamic in their ticketing solution in terms of web presence, CRM, integration with social media and so on.”

Owning the ticketing function means venues don’t just know how many people are coming through the door, but whether they are first-time or repeat customers, how they actually got there, what the average revenue-per-customer is and so on.

“Ticketing is the start of the customer journey as opposed to the end,” says McLaughlin.

“When people ask me who our competitors in this industry are, I say what we’re really competing against is the inertia of the clients we want to work with.”

CUSTOMER RELATIONSHIPS One of the key dynamics in the ticketing software market now is around providing a backend for clients to be able to sell their tickets on multiple channels, be that ticketing agencies, web portals, social media sites or in collaboration with other venues.

Social media is increasingly the place where customer relationships are being built and strengthened.

Ticket Truck was set up in 2008 with a view to investigating opportunities in the travel and social media area. It is a spinout from travel marketplace firm Travelonomy, set up in 2006, which had been incubating ideas in the social
People will increasingly buy products and services through social media sites, leveraging recommendations from people they trust within their community of friends rather than anonymous commentators.

“A lot of people might think you can come over to the US for a week and have enough meetings to close deals. Nothing happens that fast. There’s no possible way to break into the US market without having a physical presence of some kind.”

It currently has eight staff: five in Dublin, two in Portugal and Geraghty dividing his time mostly between Ireland and the US.

Ticket Text and TicketSolve are both predominantly targeting the closer-to-home UK market, but challenges are still presented by being based in Ireland.

Being an Irish company does bring a perception for foreign clients which needs to be worked at to overcome, says Hanly.

“When it comes to looking at things like support and on-the-ground presence, there can be a perception problem, but we’ve been able to overcome those through excellence of the product itself and operational support, so people stop seeing it as an issue.”

TicketSolve currently employs nine people. Two of these are salespeople: one in Ireland, the other in the UK. However, in line with market opportunities, much of the work of the Irish salesperson is in the UK.

“Closing a deal can take a long time because it’s a serious decision for these organisations – the ticketing system is the financial engine for them,” says Hanly.

“We’ve had around a thousand meetings in four or five years so we know who we want to work with,” echoes McLaughlin.

Ticket Text employs six people in Dublin at the moment, with McLaughlin spending a lot of time in the UK with clients. The company is hiring two more people, one of which will be a UK-based salesperson.

“A lot of the time, the really valuable clients are the ones you have to build up a lot of trust with,” he says. “You could meet them 10 times and they get more and more reassured, then getting the deal done is quite straightforward.”
Although Irish companies are already anticipating the end of the economic slow-down, many businesses feel they must concentrate efforts on the here and now – even to the detriment of their long-term viability. The problem? Some firms are failing to make adequate provisions for the succession planning required to ensure continuity of their companies for generations to come.

The results of a recent survey commissioned by PricewaterhouseCoopers (PwC) and the Dublin Chamber of Commerce make for interesting reading. According to the survey, even though 90 per cent of private companies expect their businesses to perform better over the next twelve months, extracting cash or value from a company was the single most important tax or financial planning measure currently being pursued.

“Succession planning has virtually come to a halt,” says Dermot Reilly, PwC Tax Partner, “with 60 per cent of the survey respondents indicating that their succession plans are on hold. Understandably, managers have been focused on survival for the last 18-to-24 months. But in good times and bad, companies big and small often neglect to pay sufficient attention to succession planning, possibly setting themselves up for major financial pain.”

MORcE THAN JUST THE NrIMUMS “The good times of the past decade saw unprecedented growth in small business enterprises (SMEs),” observes J.J. O’Connell, a director at Plato, a not-for-profit training organisation aimed at assisting owner managers of SMEs. “But the people with the skills for creating and growing a business do not necessarily have the ability to manage the business going forward.” He cites an Arthur Anderson report showing that only 12 per cent of family-owned businesses survive to the third generation. “If these family-owned firms do not make specific succession plans, most will cease to exist. It’s a grim fact that around 70 per cent of family-run businesses stop trading within five years of the death of the founder.”

John Dunne, Business Assurance Partner at PwC, observes that succession planning in the family-owned context must make personal relationships inside the family paramount. “There’s a greater propensity for conflict with family-owned firms,” he says, “so good communications and an avenue for conflict resolution are key to coming to an agreement amongst stake-holders when devising a succession plan. The important thing is to get succession planning off the back burner and get everyone talking – and early, before there’s an unexpected crisis event, such as the early death of an owner-manager, where the family finds itself unprepared to pick up where things had left off.”

Dunne suggests that not having a well-drafted succession plan can also lead to unforeseen consequences if family relations disintegrate. “What we’ve seen more of recently is family-owned businesses being thrown into crisis when they become subject to discussion in a separation or divorce situation. If proper succession planning had been implemented, many companies would not be facing closure as an option for generating funds for a financial settlement in these cases. If the firm is going to survive into the next generation, you’ve got to ring-fence the business so that the company won’t have to sell off assets – or even leave the family control – to meet personal financial commitments if relationships are formally dissolved.”

David Crompton writes that companies ignore succession planning at their peril.
As this recession took hold, the family running Ireland’s largest promotional company had more on its plate than just the major upheaval of restructuring to remain competitive. The owners of ASA Marketing were, at the same time, trying to figure out how best to pass the Cork-based firm on to their two adult daughters as planned retirement dates loomed.

“We’d been in business for over 25 years, and it was time to make arrangements to turn the business over to Michelle and Caroline,” says MD Aodh Bourke.

Bourke credits participation in one of Plato’s family succession planning programmes with adjusting his mindset to prepare him and his wife, Judith, for the task of getting their legal and tax matters properly organised. “It wasn’t that we were advised to do anything especially novel to effect the transfer for retirement, but we benefited from being with other people in similar situations over a matter of months so we could discuss business matters away from the advisors we deal with on a day-to-day basis.”

Bourke had brought his daughters into ASA to work in various sales positions several years ago. He has already begun implementing some of the structural changes necessary for the hand-over, such as having the workforce report to Michelle as he continues to work closely with her, especially on customer relations projects.

**TAXING TIMES** The most significant outcome of the formal succession planning process has been that he and his wife are particularly insistent about getting second opinions on tax and legal matters. Bourke explains that “it’s critical to get additional professional advice from non-interested parties, which can be done without jeopardising existing relationships with your current advisers.”

He suggests that, because of the complexity of issues involved in retirement and business transfer issues, family business owners should begin gathering information and start the transition process no later than five years before the anticipated handover date. In fact, many business advisors tell entrepreneurs to build an exit strategy into their business plan right from the start.

PwC’s Dermot Reilly warns, however, that time is of the essence if business owners are to keep a step ahead of the tax man. “It could be extremely costly if proposed legislation is introduced and owners have not already executed a tax-efficient will or taken advantage of certain tax exemptions that may soon expire.”

**MAKING PROVISIONS FOR OUTSIDE MANAGEMENT**

While the hand-over is working well at ASA Marketing, this isn’t always the case. When thinking about succession, it’s important to look at the family realistically and plan accordingly – choosing the person with the best chances of succeeding, rather than making an emotive decision or trying to share ownership equally.

It may be that there are no family members capable of or interested in continuing the business and that it would be best to sell it. Or it may be case that an off-spring’s expertise could be topped up with some investment in management and leadership development or the input of external talent.

PwC’s John Dunne finds that family members are often resistant to bringing in outside help, but it’s sometimes the wisest approach to keep the business humming in case of a crisis event, or if there is no appropriate family member yet fully up to the mark.

“The key in this situation is to properly incentivise the [external] manager so that his remuneration is tied to the income and value growth of the firm. This is true for both long-term outside managers and someone the family may bring in on an interim basis,” Dunne says. J.J. O’Connell at Plato has seen several family-owned companies through successful succession planning and agrees there can be alternatives to intergenerational succession. “It’s sometimes possible to harvest some value out of the company to support the business founders’ retirement and still leave behind enough to support growth in future generations.”

An important part of this approach is to properly identify and value the assets that the company has built up over the years, including such things as customer lists, intellectual property and even websites. “It’s possible that employees may want to buy into the business to fund the founders’ exit, and having the appropriate asset valuation will be key to maximising the pay-off,” he explains.

In all cases, it seems, proper planning is the key to success.
Now at the helm of the firm that he helped grow from a half-dozen employees to become Ireland’s largest architecture and engineering design, project and construction management, and technical services consultancy, Pat McGrath, CEO of PM Group, has had over three decades of experience to assess the importance of succession planning.

OWNERSHIP SUCCESSION “Managing ownership succession has allowed us to ensure continuation of the high level of our knowledge base and client service, which is critical in a professional services firm such as ours,” he says. “In a fast-growing company, sometimes the business can outgrow the founders. Fortunately for us, the prior CEO, one of the founders, had the foresight to organise PM Group so that we were ready for the tremendous expansion of our business. He knew that as demand grew and the number of employees escalated, the best way to guarantee we maintained the high level of technical and marketing expertise was to expand the ownership of the company to include a large proportion of the employees.”

McGrath says that, for all practical purposes, PM Group is a private, employee-owned firm, with 75 per cent of the company owned by senior management and over 350 of the 1,700 employees participating in ownership through an employee share scheme.

“I firmly believe that when our senior executives sit around the table making pitches for large projects, it’s extremely helpful for us to be able to tell the client that he’s talking to owners of the firm,” he says.

Having a high proportion of employee owners, believes McGrath, was also a major factor in retaining key executives during the boom years. “Many senior people got offers they couldn’t refuse and – though we didn’t retain everyone – the vast number of senior people declined to leave even when offered substantially more in direct remuneration because of this sense of ownership.”

When PM Group has acquired other companies, McGrath has also seen examples of firms that were started by a handful of people who built up considerable value over the years, but who did not conduct appropriate succession planning. This led to scenarios where – by the time the founders were ready to retire – they lacked enough cash to buy each other out and no employee group could do it, either. “They’re road-blocked,” rue McGrath. “It just shows you why it’s so important not to leave things to chance, and why you must include ownership succession in your strategies.”

INTRODUCING NEW BLOOD INTO THE BOARDROOM

Although some private firms are reluctant to bring in outside directors, the PM Group maintains a high representation of non-executive directors on its board.

“There again,” says McGrath, “during our acquisitions process, we frequently see family-run businesses that are really poorly set up to handle succession issues and a crisis event can tear good firms apart. We prefer having additional outside advisors who can view our business over time, as opposed to relying upon bringing in a short-term management consultant.”

“I recommend replenishing your board on a regular basis so that it turns over every ten years or so. This should be done in a planned way, however – not just by waiting until someone reaches retirement age to make the change. Part of the process involves preparing inside managers, so they will be able to rise up to the level of executive director on the board. You need to maintain a spread of skills and ages and experience in the boardroom to achieve orderly succession.”

PREPARING YOUR OWN REPLACEMENT As CEO, McGrath is also aware of the need to prepare candidates to fill his own position. “At any given time, I am preparing between several people who could potentially take over as CEO,” he says. “There are eight executive directors in the PM Group, each of whom has been given responsibilities and accountability to prepare for the eventuality of becoming CEO. It’s my job to prepare people to give the board a choice of my own replacement.”

A high level of training for other employees as a whole is central to the PM Group ethos – and part of management succession planning, a formal process managed by the human resource department. “We’re looking to identify leadership talent, not just management talent,” says McGrath. “Someone with leadership abilities can be coached and trained. We’re always thinking about who can be brought along to be the next director.”

In this respect, he believes that the best training is to give someone real responsibility and accountability. “That way we’ll always have high-calibre candidates filling the succession pipeline.”

The PM Group was named Ulster Bank’s Business Achiever 2009 at an awards ceremony in the Mansion House this March, where CEO Pat McGrath spoke about business succession.
I would never demo live in a first investor meeting because too many things can and will go wrong. Instead bring up a pre-recorded version of the demo on your laptop and run it as a movie.

Founder of the US company The Demo Coach and co-author of the book ‘Giving Memorable Product Demos’, Nathan Gold, outlines the top 5 mistakes to avoid in presentations and product demonstrations when pitching to investors.

CAPITAL OFFENCES

We have all been to presentations and product demonstrations where the presenters are making all kinds of mistakes. Sometimes, we really wish they knew what they were doing wrong, which would make our lives easier. Some mistakes are obvious and some are not. However, each mistake made continually chips away at the rapport you build with the audience, your credibility and what people remember you for. Remember, it’s not about the slides and the information that goes into your presentation. It’s what people take away from your presentation that should matter most.

Assuming you want people to actually take something genuine, unique and memorable away from your presentations, you may want to take a close look at whether you are making some of the following mistakes.

MISTAKE #1: THE WEAK OPENING Did you ever stop to think that the people you are presenting to begin to formulate their opinions of you before you even say your first word and show your first slide? If you want a stronger opening, be sure that you look great and that you are really organised and ready to go when everyone shows up. Fumbling around and sweating are clear signs to your audience that this is probably not going to go well.

When you are ready to say your first words, take a lesson from the people who report the news. They usually don’t start with their name, rank and background. They start with something interesting that captures the attention of the audience before they call out who they are. The most effective way to start any presentation is with a story, especially a story that is relevant to the presentation and may even lead you right into the first slide of your presentation.
There are exceptions, of course. But, in general, I recommend that you ask the investor if they want to see a two-minute demo and leave it up to them. If they do want the demo, all you need to do is bring up a pre-recorded version of the demo on your laptop and run it as a movie. Turn off the sound and talk about what they are seeing. Hit pause if you want to spend more time on one area than the other. A movie recording of your demo should never fail you, and you always know how long it will run.

**MISTAKE #5: WEAK CLOSING** When you get to your close or your closing slide, it’s a really important time in your presentation, but typically people don’t have a strong close. They just close by asking if there are any questions—or worse, they close by summarising the last 15 minutes. If you use a summary slide after a 10-15 minute pitch, know that you are insulting your audience.

Your close needs to be memorable, powerful and meaningful. It’s the last chance to leave a lasting impression before you are escorted to the door. Be sure and finish by leaving the audience with the main thing you want them to remember. Maybe it is the conclusion of the story you opened with or another part of the story, which allows you to end on a memorable note.

In conclusion, there are many more than five mistakes that people make when pitching investors. Hopefully, the Top Five Mistakes, talked about in this article, will make you think twice before using those detailed slides in your next presentation. Remember, it takes practice to be able to use slides that don’t have tons of detail on them. There is no replacing practice and rehearsal of your pitch. If you really want to do well in front of any audience, practice at least one hour for each minute of your presentation. That’s the amount of time that Steve Jobs rehearses before any keynote he delivers.

For more information, visit www.democoach.com.
Bernard Hensey surely had reasons to feel some pride this summer when he showed Hilary Clinton around the gleaming Boeing 737 jets parked at Shanghai’s biggest airport. CEO of Boeing Shanghai, the US aviation giant’s key maintenance facility in Asia, the Dubliner is at the top of his profession.

The US Secretary of State’s visit reflects the importance of the facility to Boeing and America. Jets and aviation equipment, because of their price, remain America’s top export in dollar terms. Growth has been strongest in China, where Boeing has supplied half of the country’s 1,600-strong commercial fleet. Now the firm hopes its US$86 million Shanghai facility gives it an early advantage in the maintenance business in Asia.

When he’s not receiving American and Chinese officials, a typical morning for Hensey begins with a walk through Boeing Shanghai’s two hangars, through the parts warehouse and the engine shop to ensure his staff of 500 is getting jets back into the skies for busy Asian airlines.

With the intermittent roar of jet engines powering into the Shanghai sky in the distance, the Malahide native ensures his engineers climbing over the fuselage and wings are trained in-house in cutting edge composite materials like titanium and graphite, which make today’s aircraft bodies.

Skills in aviation maintenance lag those of the West, explains Hensey, but that’s changing as firms like Boeing train staff in-house. “There’s still not enough capacity to meet local demand for maintenance services,” he explains. While China accounts for a third of the Asia Pacific aircraft maintenance business, Hensey’s crew also modify jets for clients all over Asia. Thanks to solid economic growth, the region’s airlines have been vigorously expanding fleets to fly the ever-greater numbers who can afford air travel.

Given that business has been slack by comparison in Western markets, Asia is a good news story for maintenance firms. Research firm Frost & Sullivan puts growth in the China maintenance sector at over 8 per cent annually up to 2019, when the sector will be worth a predicted US$863 billion globally.

Having cut his teeth in the Irish airline maintenance industry, a Dubliner runs Boeing’s key maintenance facility in the world’s fastest growing aviation market, reports Mark Godfrey from China.
China doesn’t know Ireland like the Irish are known in the US, where we punch above our weight. The Chinese recognise we are from Europe but the knowledge is not a lot deeper than that.

**FLYING HIGH** Hensey is in a key position as head of Boeing’s Shanghai facility. The firm suggests China alone will spend US$400 billion on new aircraft over the next ten years, many of which will likely find their way to Hensey’s Shanghai hangars.

Hensey, 45, is well prepared for the role. He has a CV that reads like a PowerPoint presentation of the Irish aviation industry. Known in newspaper headlines as one of the team trying to rescue SR Technics in Dublin, Hensey worked his way through global aviation brands after graduating from Trinity College with a mechanical engineering degree.

His first job was at the Irish operations of Pratt & Whitney, which makes engines for aircraft. That was followed with stints at UK and US auto-focused firms before Hensey was back to Ireland to join local aircraft maintenance leader Team Aer Lingus. When the company was merged into FSL Aerospace, Hensey was put in charge of the firm’s Irish operations and became group executive vice president in charge of sales and marketing.

It was Hensey’s role (as co-founder and director) of Aircraft Management Technologies in 2001 that led to him joining Boeing. “We were meeting a niche demand for electronic log books for aircraft… it was through that business that the relationship with Boeing started,” he explains.

When Boeing turned the sod on its first major international maintenance facility in China, it was short-listing candidates to run the operation. Hensey’s experience and business background - his background is technical but his MBA from the University of Manchester has prepared him for executive life - landed him the job, and, by early 2009, he had moved his young family from Dublin to China’s east coast.

A year into his Shanghai role, he’s finding the move easier than anticipated. “Shanghai is a very international city,” and his three young children are all learning Mandarin. Hensey has had time for the basic phrases himself, useful in interactions with Boeing’s two Chinese partners, Shanghai Airlines and the Shanghai Airport Group, which each have 20 per cent stakes in the maintenance facility.

**THE CHINESE BUSINESS OPPORTUNITY**

As an executive frequently shuttling between Shanghai and Boeing headquarters in Seattle, he sees the biggest differences in doing business between the two in the greater role given to the state in China. “Doing business in China is very different but they’re converging to international norms too,” he says.

Hensey is impressed by the local workforce, and has found that some of his middle managers are keen to work with Irish colleagues. “A number of people in our team were in other multinationals like Dell and Intel and Wyeth, where they were exposed to Irish operations.”

Given his unique role as an Irishman running a US aviation giant in the world’s biggest developing market, the Malahide man is also in a position to witness the skills Ireland has developed in the aviation industry - and the challenges posed by transferring those skills to China.

Because it’s been a traditional presence in the aviation space, Ireland has much to offer Asia, where fleets are young and skills still a work in progress. Hensey sees a role for Irish firms in training local aviation maintenance specialists. “Irish firms are already here, especially in leasing and crewing. Look at Parc,” he says, referring to the Dublin-based flight crew recruitment firm with offices in China and Japan.

Ireland, “which has a very good reputation in the business” could spread its wings further in Asia’s aviation space, he believes. “There’s opportunities to work with Chinese companies in things like materials, supply chain and maintenance technology.”

But Ireland’s edge in aviation, while recognised, is not necessarily permanent. While skills here lag those of Ireland, China “without a doubt” has a competitive advantage in its lower wage and input costs. And that advantage is not limited to a lower cost of doing business. “The capabilities of the local workforce are rising quickly,” Hensey warns.

As an Irish executive of a Fortune 500 American firm, Hensey sees a broader challenge for Irish businesses in entering China which doesn’t apply in the US. “China doesn’t know Ireland like the Irish are known in the US, where we punch above our weight. The Chinese recognise we are from Europe but the knowledge is not a lot deeper than that.”

Irish firms will have to make friends and influence people. He’s happy that Irish universities, like his alma mater, Trinity, are making links locally. Hensey also applauds the work of the local Irish chambers of commerce in Chinese cities and hopes to see them do more to network up firms trying to get into China.
Back in his Shanghai hangars, he is planning the future. "We predict our revenue will come half-and-half from China and the rest from the Asia region," says Hensey whose business plan for Boeing Shanghai plays on the popularity of regional 737 jets, particularly among a new breed of Asian low-cost carriers like Air Asia and Tiger Airways.

“We are going to focus on the low-cost type of carriers in the East Asian region.” Also, given that Shanghai is at the heart of China’s east coast manufacturing belt, it’s not surprising that Boeing Shanghai also hopes to convert aircraft such as the Boeing 767 for freight use.

Business will be brisk in Shanghai as Hensey builds ties to airlines around Asia, who’ll send their jets to him for overhauling. However, he still finds time to keep an eye on another of the start-ups he was involved in: Phive, which has been innovating photovoltaic (PV) solar panels. He’s also kept in touch with his alma mater, as chairman of the engineering department of Trinity.

Hensey’s is a demanding role: around-the-clock technical support to fleets, and passenger numbers and fleets growing at a dizzying pace. More opportunities will come: there will also be chances to cooperate with China’s own aircraft makers, AVIC and Comair, slowly perfecting passenger jets while also producing parts for internationals like Boeing. With opportunities like this, Bernard Hensey is in the right place at the right time. His career can surely only fly higher.
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.

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ICT/SOFTWARE


*Business Insights*

*June 2010*

With global mobile data traffic expected to double every year until at least 2013, next-generation technologies like pre-4G and 4G become all the more appealing. This report defines 4G and provides an overview of the trends and drivers behind the shift towards 4G. It also explains how regulatory factors and industry actions may shape the deployment and adoption of the technology. It examines the similarities and differences between the 4G technology candidates and identifies the threats and opportunities in the new environment for ICT players. Finally, the report examines how leading ICT players are exploiting 4G and how new business models will emerge, setting apart those who stand to lose from 4G and those who have everything to gain.

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**The Future of Consumer VoIP: Leveraging Internet Advances for Profitable Consumer Voice Services**

*Business Insights*

*June 2010*

This report provides an overview of the current state of the consumer VoIP market, examines VoIP business successes and failures, and explores how evolving IP communications—mobility, convergence, cloud computing, ultra-fast broadband, and open devices—are opening new opportunities for successful consumer VoIP services.

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**Contactless, Mobile, Online and Prepaid in the UK**

*Datamonitor*

*June 2010*

This report provides an in-depth analysis of the current state of the contactless, mobile, online and prepaid payment markets in the UK. It includes an overview of market dynamics and future development in the near- to mid-term.

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**Bundled Communication Services UK**

*Mintel*

*June 2010*

This report examines the UK market for bundled TV, broadband and fixed-line telephone packages.
**FOOD, RETAIL AND CONSUMER PRODUCTS**

**Premiumisation Strategies in Alcoholic Drinks: Innovating to Drive Value Through Brand and Product Enhancement**
*Business Insights*
June 2010
This report provides an outline of the growth and importance of premium alcohol, effective brand differentiating strategies that have enabled growth, and what marketers need to do, in a challenging and competitive market, to drive consumers to their premium brands.

**Food Safety and Traceability Strategies: Key Hazards, Risks and Traceability Developments**
*Business Insights*
July 2010
Food safety is a concern not just for food manufacturers, but also for other stakeholders in the food supply chain. A modern food business faces a multitude of threats to the safety of its products – from biological sources, chemical contamination, or physical contaminants. This report highlights the key food safety issues facing food and drinks manufacturers and provides a framework that the companies can operate.

**Emerging Flavours in Soft Drinks: New Flavour Blends, Next Generation Superfruits, and Future Opportunities**
*Business Opportunities*
June 2010
This report provides a comprehensive review of growing and emerging flavours in soft drinks globally, by sub-segment and region. In addition, it evaluates the drivers affecting the development of flavours, together with the technological developments and innovations in the soft drinks flavouring industry.

**CLEANTECH, LIFE SCIENCE, CONSTRUCTION & INDUSTRIAL**

**An Overview of Medical Device Supply Chains and Trends in Europe**
*Frost & Sullivan*
March 2010
The main focus of this study is on supplier diversity in Europe, mergers and acquisition in 2009, manufacturing complexities, professional networking sites for manufacturers, distribution strategies, value drivers to customer equity, outsourcing opportunities and projected supply chain trends for the European healthcare sector.

**Smart Metering - a Review of Experience and Potential Across Multiple Geographies**
*Datamonitor*
November 2009
Utilities will be replacing their existing ‘dumb’ meters with ‘smart’ meters over the next decade. This report claims that the market for meters and communications equipment alone is worth between €15 and €26 billion and the scale of the metering opportunity is circa 200 million meters across western Europe, spanning electricity and gas. It offers powerful learnings extracted from the experiences of the leaders in implementation - namely Italy, Ontario, Victoria (Australia) and the Netherlands. It also offers insights into key issues that need to be taken up in future roll-out programmes.

**European Market for Continuous Glucose Monitoring**
*Frost & Sullivan*
May 2010
This research product provides a qualitative and quantitative analysis for the continuous glucose monitoring market in Europe. The rise in ageing population and increased occurrence of diabetes across the globe has increased the demand for devices for monitoring diabetes. Compared with the traditional finger-stick method for monitoring glucose levels, continuous glucose monitors are patient-friendly, easy to use and reliable, and the report argues that with the right kind of promotional strategies, they could replace the traditional method.

*AMA Research*
June 2010
This report includes an analysis of the industry with an assessment of future prospects; a review of waste arisings by origin, material type and end product; a review of current and prospective legislation; and an assessment of collection, disposal and recovery issues. It also looks in detail at the government strategies, initiatives and funds that impact upon the waste management industry.
Regulatory Briefing

Trade regulations, information and negotiations

The Market's update on new trade regulations and customs compliance issues.

Incoterms 2010 to become effective in January 2011

The new version of Incoterms, Incoterms 2010, is on track to go into effect on January 1, 2011. Incoterms offer international traders a type of unambiguous shorthand – a series of expressions that buyers and sellers can communicate in and understand regardless of their home language. They enable the contracting parties to set out clearly and concisely the extent of their respective obligations, and above all, the moment when costs and risks are transferred from the exporter to the importer.

The word ‘Incoterm’ is an abbreviation of ‘International Commercial Term’ and the chosen Incoterm is a term of the contract of sale. The International Chamber of Commerce (ICC) created Incoterms in 1936. Since then, this set of international commercial terms has undergone revisions in 1953, 1967, 1976, 1980, 1990, and the latest revision was introduced in 2000.

According to a recent briefing from International Trade Law News, Incoterms 2010 will consist of only 11 Incoterms, a reduction from the 13 current Incoterms 2000.

The reduction was accomplished by substituting two new Incoterms, DAT (Delivered at Terminal) and DAP (Delivered at Place) for DAF (Delivered at Frontier), DES (Delivered Ex-Ship), DEQ (Delivered Ex-Quay) and DDU (Delivered Duty Unpaid). Incoterms 2010 will also address duties to provide information regarding security-related clearances, such as Importer Security Filings and other chain-of-custody information.

Trading partners implementing protectionist barriers

Almost 280 trade restrictive measures have been put in place by the European Union’s major trade partners during the economic crisis over the last 18 months, according to a new EC report. The report covers the EU’s thirty main trading partners over the period from October 2008 to April 2010. The protectionist measures range from classical trade barriers such as import bans or tariff increases to ‘buy national’ and other behind-the-border policies. Europe is calling on its trading partners to remove these restrictions in order to give a much needed boost to the recovery.

Irish-based company charged over military exports to Iran

This July, the US Justice Department announced that a federal grand jury in Washington, D.C., has charged a Sligo-based trading company, and two of its officers, in a 27-count superseding indictment with purchasing F-5 fighter aircraft parts, helicopter engines and other aircraft components from US firms illegally exporting them to Iran via companies in Malaysia and the United Arab Emirates. Among the alleged recipients of the aircraft parts was a company, which was designated by the US for being owned or controlled by entities involved in Iran’s nuclear and ballistic missile programme.

The charges come at a time when the EU has announced new restrictive measures on Iran over its nuclear programme, with measures focusing on the area of trade, especially dual-use goods.

Information on export duties and regulation is available in the ‘Export’ section of Enterprise Ireland’s website.
Irish amendment on foreign bribery may be adopted later this year

According to solicitors William Fry, the Irish Prevention of Corruption (Amendment) Bill may be adopted later this year. The Prevention of Corruption (Amendment) Act 2001 currently applies to corruption offences (committed by bodies corporate as well as individuals) where some element of the offence has been committed in Ireland or where the offence has been committed outside Ireland but by an Irish public official. The 2008 Prevention of Corruption (Amendment) Bill, which is expected to be adopted later this year, will increase the extraterritorial jurisdiction of the 2001 Act by extending jurisdiction to offences committed abroad by an Irish citizen, a person ordinarily resident in Ireland or an Irish registered or other body corporate established under the laws of Ireland.

Meanwhile, in the UK, the Ministry of Justice has announced that implementation of recently passed Bribery Act will be postponed for six months and will now go into effect in April 2011 in order to provide businesses with more time to prepare for its implementation.

UK increases standard rate of VAT to 20 per cent

The UK’s standard rate of VAT, which is currently 17.5 per cent, will be increased to 20 per cent on January 4, 2011. The change only applies to the standard VAT rate. There are no changes to sales that are zero-rated or reduced-rated for VAT. Similarly, there are no changes to the VAT exemptions. See: www.hmrc.gov.uk/vat/forms-rates/rates/rate-increase.htm

WTO publishes its third trade policy review of China

Commenting on its third review of China’s trade policies and practices and their impact on the functioning of the multilateral trading system, completed this June, the World Trade Organisation has noted:

– the importance of China continuing to improve the transparency of its trade and investment policies and practices, building on current efforts to review, revise and amend its trade and trade-related laws
– the need for the Government to continue reducing regulatory and other barriers to trade, especially customs procedures, technical regulations and standards (including SPS measures) and certification practices, import licensing, and export restrictions (notably taxes and partial VAT rebates)
– the benefit to China and to foreign suppliers of faster liberalisation of China’s services industries, such as banking, insurance, telecommunications and postal services, including the lifting of foreign investment restrictions and the adoption of more international standards in these industries
– the importance of China accelerating its accession to the WTO Agreement on Government Procurement, given the increasingly important role that government procurement will play in China’s economy
– concern about China’s indigenous innovation policies, and their effect in restricting access for foreign products, investors, technology and intellectual property
– accelerating progress towards China’s goal of comparatively high standards for intellectual property rights by 2020.

See: www.wto.org/english/tratop_e/trr_e/trp330_e.htm

EC identifies barriers hampering more efficient and fairer retail services in Europe

The European Commission has adopted a report that identifies key issues potentially hampering more efficient and fairer retail services within the European internal market and is now launching a public consultation to determine future policy priorities. Reduced accessibility to basic retail services, scarce information on retail offers beyond local markets, slow growth of e-commerce, potentially abusive contractual practices throughout the retail supply chain, lack of transparency on quality labels, unsatisfactory functioning of the retail service labour markets as well as very different approaches to environmentally friendly retail services across the EU have been identified as key issues potentially hampering the retail sector. The deadline for consultation responses is September 10, 2010. The responses will feed into measures that the Commission will propose in the autumn as part of the Single Market Act. See: http://ec.europa.eu/internal_market/retail/index_en.htm

Sri Lanka to temporarily lose its preferential access to the EU market

Sri Lanka will temporarily lose its preferential access to the EU market starting from August 15, 2010. The decision to withdraw the preferential tariff system GSP+ from the country was taken, based on lack of response on behalf of the Sri Lankan authorities to shortcomings in its implementation of three UN human rights conventions.

The European Parliament has adopted a recasting of the Energy Labelling directive, first adopted in 1992, with the aim of extending its scope beyond the household sector to include industrial and commercial products and to expand the range of energy efficient products available for public procurement.

The European Commission has published a report outlining the double taxation problems that arise when venture capital is invested cross-border, as well as possible solutions. The commission has said that it will now consider how best to follow up on the findings in the report, in line with its broader agenda to eliminate double taxation in the EU.

In Brief:
Austerity - the very word is like a knell, that summons you to heaven, or to hell. But not necessarily hell, as the bookshops are awash with new books on how to turn a profit in troubled times. Some are self-help books of the kind troubled souls have been reading since the 1960s. But the best are ground out of harsh experience, and can be a genuine help - and inspiration - in running a business in tough times.

John Timpson's *Upside Down Management* starts with a riveting scene. His father, WA Timpson, is voted off the board of the family firm, and John follows him out of the boardroom, with a vicious slam of the door. “Ever since that meeting I have been wary of business politics,” he writes. “I still trust other people, but I am never surprised if someone lets me down.” But Timpson was able to buy back the family firm - and run it in his own extraordinary way, so that the chain of shops now operate in a dozen different areas from key cutting to photo processing to - well, to £10m-plus annual profit, and £100m-plus turnover.

Surprisingly then, what Timpson calls ‘upside down management’ is radical. “Sales and profits have grown rapidly since we had the courage to give shop colleagues the freedom to choose the way they run their branch,” he writes. “Turning your business upside down is good for the bottom line.”

*Upside Down Management* is an essential book for everyone who's serious about managing people. There are chapters of advice - on talking to journalists, on how to judge whether a deal is the right one, on communicating with staff, on dealing with stress, on ethics, on how to deal with lazy workers.

“We don't help everyone,” writes Timpson. “We discriminate against drongos.” The ‘drongos’ - drones who swing the lead, unwilling workers, lazy people - are invited in for a kindly chat, and it’s suggested that they should part ways with the company. The purpose isn't a sacking, though; it's a chat to find out what kind of work would really suit the person - and help him to find that job.

On the last page of Timpson's book is a £5 voucher, and an invitation to come in and buy. Even in a book of advice, he’s using his own techniques. Brilliant!
Austerity Business by Alex Pratt contains a series of 39 pithy guidelines to running a business in austere times.

Pratt reckons we’re living through a global pandemic of pessimism. We should all abandon our inner giraffe, he writes - having told the story of how giraffes are afraid of heights because at birth they’re squirmed out to land on their little heads.

His advice is often useful, even when it’s obvious. On pricing your product, he says you have to be crystal clear about what it’s worth. “Google, Dell, Nike, Ika all offer crystal-clear propositions, with their pricing policies at the very centre of what they do.”

He warns against trusting your customers’ desires to guide your policies. “Think back to the mid-1990s,” he writes. “Who among your friends was saying that they really wished they could carry around all their music in something the size of a cigarette lighter, which also held all their photos and doubled as a video recorder? Probably none of them. But that doesn’t mean they don’t all have ipods and iPhones and iWhatever else now.”

Austerity Business is long on advice, short on real-world examples, but it’s an interesting little flip-through thought-provoker.

Aftershock by economist Philip Legrain deals with a world in which, he writes, we’re asking the questions: “Is my money safe? Will my credit card work? Will my wages get paid? Will I even have a job? What about my pension? What is my home really worth? Where will it all end? What if the economic system around us actually collapsed?”

One paragraph in, and I need a strong cup of tea.

The authors of Beyond Crisis discuss how to get narrative into an organisation, and how to use it. When people know what success looks like, from the organisation’s narrative, they are more likely to achieve it, and it is easier to correct their course, they write.

Upside Down Management by John Timpson, published by Wiley

Austerity Business by Alex Pratt, published by Wiley

Aftershock by Philip Legrain, published by Little Brown

Beyond Crisis by Gill Ringland, Oliver Sparrow and Patricia Lustig, published by Wiley

This brilliant book has on-the-spot reports from Iceland and Shanghai, witty descriptions of the bursting bubble that left international banks “trotting on a tinny stiletto of capital”, and a rake of genuine insights. Legrain criticises the bailouts of unfeasible banks, and warns of the duplicious ‘recovery’.

“Financial stardust is blinding us to the fact that this speculative recovery is a costly sham that paves the way for an even more devastating crash,” he writes.

The financial crisis that began in 2006-7 with defaults on US subprime mortgages “marked the end of a period of ‘fake’ stability”, write the authors of Beyond Crisis. Their striking graph from 1950 to 2005 shows world product and world trade easing upwards in parallel until around 1998, when world trade shoots upwards to double its levels, while product stays static.

It’s not till you get to the Organisational Design chapter that this very technical book’s purpose for businesses becomes clear. Here, the authors outline how companies can use the new ways of doing business to face down the recession.

Perhaps its most interesting theme is its examination of ‘narrative’ in organisations. “Sociologists use the term ‘narrative’ to mean the encapsulated insight that a person or group has about its experience in specific situations. It tells a person what is expected of them,” write the authors.

The authors of Beyond Crisis discuss how to get narrative into an organisation, and how to use it. When people know what success looks like, from the organisation’s narrative, they are more likely to achieve it, and it is easier to correct their course, they write.

A Mobile Fortune: The Life and Times of Denis O’Brien by Siobhan Creaton, published by Aurum

Son of an international diving champion from Tipperary and a Tandragee Protestant, schooled in St Kilian’s German School and High School, Denis O’Brien had an off-centre version of the typical Dublin upper-middle upbringing.

Siobhan Creaton’s gripping bestseller about the magnate is a heart-stopping thriller, with spills and thrills on every page.

O’Brien was a moneymaker from the start. At 14, he was already earning €8 plus tips as a hotel bellboy. He worked his way through college as a house painter, wine waiter, stone facade cleaner, and, before he graduated, set up his first business with then friend Barry Maloney. For recreation, he played rugby with Wanderers, went fell-running in the Wicklow Hills with his pals. He supported Amnesty International. It was a model for his future life: amid the thrills and spills of business, O’Brien has always had another side - running successful Special Olympics, bringing aid to Ethiopia and Haiti.

The career Creaton describes is stratospheric. Networking like crazy, he became PA to Ryanair founder and Guinness Peat Aviation boss Tony Ryan.

Creaton’s biography goes into every detail of the deals that brought about O’Brien’s founding of Eireann Satellite (Esat), a failed shopping channel, unsuccessful bid for a national radio licence - and final success in gaining one of the two national radio channels.

She talks - it seems - to everyone who ever worked with the entrepreneur about his management style. Friday night tequila parties for staff, endless critiquing of DJs’ performances, entire staff sent to give out promotional materials, auditing of news: hands-on management.

Four years after launching the Dublin station, O’Brien was the head of an international media group. Creaton describes how he launched in eastern Europe and Sweden, keeping the same model. Creaton’s treatment of the complex deals that brought Esat Telecom, then Esat Digitone and Esat Digicel into business is fascinating and comprehensive.

O’Brien made brilliant deals, including arranging with the Garda Siochána to piggyback signals on the huge police telecom network. Damaging claims emerged from his ex-best-friend Barry Maloney about alleged payments to Minister for Communications Michael Lowry. Creaton recounts in detail the saga of the newspaper articles and the Government tribunals of inquiry that followed and still continue.

In the meantime, O’Brien continues to build his empire. Over the years he bought the Quinta do Lago golf resort in the Algarve for €31 million, invested in the Dutch telecoms firm Versatel, bought more and more of the shares of Independent News & Media.

He was, Creaton writes, the poster boy for the Celtic Tiger. But he didn’t want to pay tax in Ireland - surprisingly, for a man who is generous to charity. He migrated to Portugal, then to Malta. Creaton quotes O’Brien’s friend Paul Meagher: “He felt he was entitled to every penny of it. He created a huge amount of jobs, directly and indirectly, and created a lot of wealth for others.” He just loves doing business, she writes. “According to associates, for him it is all about the ‘thrill of the kill.’”

[Lucille Redmond]
**Travel News**

**In Brief:**

Virgin Atlantic has commenced three-times weekly flights between London Heathrow and Ghana’s capital Accra.

The Irish-owned international car rental site ArgusCarHire.com has launched a Facebook application, allowing customers to search and book car hire directly through its fan page. See http://tinyurl.com/3a7ksc2

The European Commission (EC) has launched a campaign aiming to inform travellers about their rights and entitlements when travelling by air and rail, covering issues such as cancellations, delays and lost luggage. See http://ec.europa.eu/passenger-rights

Qantas is to increase the frequency of its London routes to both Sydney and Melbourne over the coming months, culminating in a daily service by March 2011.

Sydney International Airport has unveiled the results of a US$500 million upgrading programme, providing passengers with an enlarged and refurbished departure area as well as new security and waiting areas, retail offerings and dining options.

**Gatwick airport to get £1 billion revamp, while Stansted and Heathrow plans are grounded**

Owners of the UK’s Gatwick airport, Global Infrastructure Partners, have announced plans to invest £1 billion in the airport over the next two years, including improvements to the South Terminal departure lounge, entrance forecourts, immigration hall, baggage systems and the North Terminal Interchange.

Separately, BAA has dropped plans for new runways at Heathrow and Stansted, in light of the policy direction of the new UK government. The Lib-Con coalition has also put some of the UK’s ambitious rail expansion plans on hold – at least until a review is complete.

Probably not first choice for business travellers, but in the meantime, the City’s hard-pressed commuters may benefit from London’s cycle hire scheme, which, at the time of going to press, was due to launch at the end of July, with 400 pick-up and docking stations around the capital.

**Aer Lingus to transfer to Terminal Two in November**

Aer Lingus has confirmed the transfer of its Dublin Airport operation to Terminal Two (T2) from this November to coincide with the opening of the new facility, designed to handle up to 15 million passengers per year. Construction of the terminal and its linked boarding gate pier is effectively complete, and testing and trialling commenced in June.

Aer Lingus will become the anchor tenant, operating its full long-haul and short-haul service from T2. In addition, the airline will use the new United States Customs and Border Protection (CBP) facility, allowing all customs and immigration checks for the US to be completed in Dublin, so that passengers will be classed as domestic upon arrival into the US.

Terminal Two will also handle Etihad Airways’ services from Dublin and transatlantic flights operated by US carriers.

**Ryanair plans to cut Dublin and UK winter services, but gets closer to Barcelona**

Ryanair has announced plans to cut some services from Dublin Airport this winter. Services in Britain will also be affected. The airline says it will cut capacity at Stansted by 17 per cent, with overall UK capacity falling by 16 per cent during winter 2010/11.

In a separate move, Ryanair is to open a base at Barcelona International - the city’s main international airport in September. Services will include daily flights to Dublin. The airline already has a hub at Girona airport, situated around 60 miles north of Barcelona.

**Shannon gains new UK services, but to temporarily lose US flights**

Aer Lingus is to suspend flights from Shannon to New York and Boston for an 11-week period from January 5 to March 27, 2011. The suspension will affects four flights per week between Shannon and each of the two airports. Aer Lingus said that the three-month suspension was being implemented in order to maintain the viability of its Shannon transatlantic operations throughout the remainder the year.

The company added that it remained committed to the Shannon market. As of July 1, Aer Lingus Regional, operated by Aer Arann, has been providing direct flights to Manchester, Birmingham, Glasgow and Bristol from Shannon Airport. Flights to Manchester and Glasgow operate seven days per week, while Bristol and Birmingham operate every day except Saturdays.
SHANGHAI  By Tony Clayton-Lea

Shanghai is the epitome of a city that looks so much towards its future that it sometimes fails to think about its past. Yet for all of that, it’s a city where continuous change is part and parcel of its tradition. It comes as little surprise, then, to discover that its present status as host of the World Expo is viewed as just something any city might do in order to make it a magnet for visitors and tourists. Truly, it’s an amazing city that has to be seen to be believed. One extra special tip, though: unless you know your way around this city’s streets very well, we wouldn’t advise you to drive – traffic can be chaotic.

FROM THE AIRPORT TO THE CITY:
Pudong International Airport is about 18 miles from Shanghai. While the airport has an urban rail link (Meglev), it doesn’t drop you anywhere close to the city centre. It would make better sense to get a taxi into town – it costs in the region of €15 (approximately 130 Chinese Yuan), and unless your language skills are very good, it would be far more time-efficient to have your destination written in Chinese.

SLEEP:
1st Choice: Mansion Boutique Hotel, 82 Xin Le Road, is a good taste of old Shanghai, as well as being a beautiful mix of classic French and Asian architecture. Very classy and ‘old-world’. www.chinamansionhotel.com

2nd Choice: The Grand Hyatt, Jim Mao Tower, 88 Century Avenue, Pudong, is one of the city’s high-end business hotels. As well as all the amenities you can expect from this well-known hotel chain, as one of the city’s tallest buildings, its views are astonishing. www.grand.hyatt.com

EAT:
Lunch: Sasha’s, 11 Dongping Lu, is located in the centre of the former French Concession, and is a brilliant bar/restaurant hybrid that is regarded by those in the know as one of the best in Shanghai. Brunch here (at over €20 – approximately 200 Chinese Yuan) is, by comparison, not just a bargain but also a stomach filler. www.sashas.shanghai.com

Dinner: Three On The Bund might sound like a cumbersome name for a classic French restaurant, but forget about the tongue-twister and prepare yourself for some of the best French cuisine this side of Paris. 3 Zhong Shan Dong Yi Lu. www.threeonthebund.com

THREE THINGS TO DO IF YOU HAVE A FEW HOURS TO SPARE:
Expo: Well, it’s quite probably the main reason you’re in the city, so you might not have a choice! It’s running until the end of October, it’s situated on the banks of the Huangpu River, and is home to more countries than you had ever thought existed!

Shopping: The city’s main shopping street, Nanjing Road, hosts shopping options for all budgets, as its shops range from high end/top brands to more inexpensive fare. The two roads of North Sichuan and Huaihai connect here, making this spot the go-to place for goods and products.

Relaxing: The French Concession is an area given over to the US, British and French in the 19th century, following the end of the so-called Opium Wars. Expect to see gorgeous buildings rich in history and colonial charm, as well as ideal areas to sit in and collect your thoughts.
China began its ‘opening up’ policy just 30 years ago, so while you might feel you have much to learn about the emerging economic power, it’s worth remembering that this generation is the first to do international business on a large scale. Naturally, this leaves plenty of scope for cultural and linguistic misunderstandings, but a little effort from all sides can help make things run more smoothly.

**Chinese Whispers** Arguably the deepest gulf between China and Ireland is language. If you’re feeling brave and plan on establishing long-term contacts in China, it’s worth investing some time in learning Mandarin, especially if you expect Beijing to be your primary stomping ground. Mandarin is the standard Chinese taught in schools and used in mainstream media.

However, the Shanghainese have their own tongue, while Hong Kongers speak Cantonese and other provinces use local dialects. China is a much more diverse place than often presumed from the outside.

In any case, you should at least learn some basics to prove your willingness to embrace Chinese culture. Getting the right tone and perfecting the sounds takes time, but even if you mangle the pronunciation, your host will appreciate your effort.

**Meet and Greet** The most senior member of a group will usually enter a room first. It’s helpful to follow this convention when travelling with colleagues as it makes it easier for your Chinese host to figure out the hierarchy.

Invariably, the first interaction you’ll have with prospective clients or contractors is the exchange of business cards. Present your business card using both hands before accepting their card in the same fashion. Take a few seconds to respectfully examine the card before placing it in your wallet.

Chinese people normally list their family name first, followed by their given name. Thus, you can call Hu Jintao ‘Mr Hu’. Avoid using their given name early in your relationship as it takes longer for Chinese people to reach the level of informality often found in Ireland.

**Gifts and Grub** A highlight of any trip to China will be a banquet dinner. As your host will choose the restaurant, order all of the dishes and absolutely insist on paying; your role is to sample the food and say how much you enjoy it. (Blunt criticism of local delicacies is not on the menu.)

Make a fair stab at using chopsticks as this will be appreciated, but never stick them upright in your rice as this is symbol of death, which can sour the mood. When you’re full, leave a little in your bowl to signify that you’ve had more than enough.

Your glass will be topped up with local beer and you may also have the dubious pleasure of downing a few cups of ‘baijiu’ – a strong Chinese spirit.

At the end of a meeting or a meal, you may be presented with a gift. These are typically inexpensive tokens such as wallets, calendars, diaries or chopsticks. If you are honoured with a bottle of vintage baijiu, be sure to make a fuss. Pretending to refuse such a gift initially – because you are unworthy – is also polite.

You can reciprocate with a small gift for your host – something Irish would be useful. It should be wrapped but avoid black and white paper as this is seen as funereal.

**Saving Face** Chinese people are typically modest and self-deprecating and cannot bear to lose face. If your standard sales pitch is laced with bravado and gags, change it. A joke that fails to translate for linguistic or cultural reasons will leave your hosts embarrassed that they don’t get it.

There is great emphasis in China on ‘guanxi’ – a mercurial concept which roughly translates as a person’s influence in social and business networks. You’re never quite sure whether you have it or how much you’ve got; whether you can call in a favour or owe someone a good turn. But while guanxi has deep cultural connotations, it’s still not a million miles away from our own tendency to rely on contacts and personal relationships.

For all that business etiquette can be a minefield in China; the Chinese are a pragmatic bunch and will make allowances for cultural differences provided you demonstrate respect for their way of doing things.

Gary Finnegan is author of *Beijing for Beginners: An Irishman in the People’s Republic*
# Enterprise Ireland International Network

## Head Office

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Dublin</td>
<td>+(353) 1 727 2000</td>
<td>–</td>
<td>The Plaza, Eastpoint Business Park, Dublin 3, Ireland</td>
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## Northern Europe

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<tbody>
<tr>
<td>Amsterdam</td>
<td>+(31 20) 676 3141</td>
<td>+(31 20) 671 6995</td>
<td>World Trade Centre, Strawinskylaan 88L, 1077 XX, Amsterdam, The Netherlands</td>
</tr>
<tr>
<td>Brussels</td>
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<td>+(32 2) 672 1066</td>
<td>Park View, Chausse d’Etterbeek, 1800 Etterbeeksesteenweg, Bruxelles 1040, Brussel, Belgium</td>
</tr>
<tr>
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<td>+(44 141) 332 3015</td>
<td>+(44 141) 332 0254</td>
<td>10 Claremont Terrace, Glasgow G3 7XR, Scotland</td>
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<td>+(44 20) 7438 8749</td>
<td>2nd Floor, Shaftesbury House, 151 Shaftesbury Avenue, London WC2H 8AL, England</td>
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<td>+(46 8) 681 75 95</td>
<td>Box 5737, Sibyllegatan 49, 114 87 Stockholm, Sweden</td>
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## Germany, Central and Eastern Europe and the Balkans

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<tr>
<td>Budapest</td>
<td>+(38 1) 301 4950</td>
<td>+(38 1) 301 4955</td>
<td>Bank Centre, Szabadság 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 5926</td>
<td>c/o Commercial Section, Embassy of Ireland, Grodkolski Pereulok 5, Moscow, Russia</td>
</tr>
<tr>
<td>Prague</td>
<td>+(420) 257 199 621</td>
<td>+(420) 257 392 224</td>
<td>Trziste 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>
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## Southern Europe, Middle East and Africa

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<tr>
<td>Dubai</td>
<td>+(971) 4 329 8384</td>
<td>+(971) 4 329 8372</td>
<td>4th Floor, Number One Sheikh Zayed Road, PO Box 115425 Dubai, United Arab Emirates</td>
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<tr>
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<td>+(34 91) 435 6603</td>
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</tr>
<tr>
<td>Milan</td>
<td>+(39 02) 880 0991</td>
<td>+(39 02) 880 0243</td>
<td>Via S. Maria Segreta 6; 20123 Milan, Italy</td>
</tr>
<tr>
<td>Riyadh</td>
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<td>+(96 6) 488 1094</td>
<td>c/o Embassy of Ireland, PO Box 84349, Riyadh 11693, Saudi Arabia</td>
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## The Americas

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<tr>
<td>Boston</td>
<td>+(1 617) 292 3001</td>
<td>+(1 617) 292 3002</td>
<td>50 Milk Street, 20th Floor, Boston, MA 02109, USA</td>
</tr>
<tr>
<td>Mexico City</td>
<td>+(52 55) 520 0031</td>
<td>–</td>
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</tr>
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<td>+(1 212) 371 6398</td>
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</tr>
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<td>+(55 11) 2847 4550</td>
<td>Avenida Paulista, 2300 - andar Pilots, Cerqueira Cesar, Sao Paulo, 01310-300, Brazil</td>
</tr>
<tr>
<td>Silicon Valley</td>
<td>+(650) 204 4081</td>
<td>–</td>
<td>80W, El Camino Real, Suite 420, Mountain View, CA 94040, USA</td>
</tr>
<tr>
<td>Toronto</td>
<td>+(1 416) 934 5033</td>
<td>+(1 416) 928 6681</td>
<td>2 Bloor Street W, Suite 1501, Toronto, Ontario, M4W 3E2, Canada</td>
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## Asia-Pacific

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<tr>
<td>Beijing</td>
<td>+(86 10) 8448 8880</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>
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<td>+(86 20) 8666 2171</td>
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<td>+(852) 2845 9240</td>
<td>2107 Tower 2 Lipco Center Admiralty, Hong Kong</td>
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<tr>
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<td>New Delhi</td>
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<td>+(91 11) 424 03 177</td>
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<td>Seoul</td>
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<td>+(82 2) 757 3897</td>
<td>Ireland House, 13th Floor Leema B/D, 146-1 Susong-Dong, Jongro-Ku, Seoul 110-755, Korea</td>
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<td>Shanghai</td>
<td>+(86 21) 6279 7088</td>
<td>+(86 21) 6279 7086</td>
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<tr>
<td>Singapore</td>
<td>+(65) 6733 2180</td>
<td>+(65) 6733 0291</td>
<td>Ireland House, 541 Orchard Road #08-00, Liat Towers, Singapore 238881</td>
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<tr>
<td>Sydney</td>
<td>+(61 2) 927 38505</td>
<td>+(61 2) 926 48589</td>
<td>Level 26, 1 Market Street, Sydney 2000, NSW, Australia</td>
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<tr>
<td>Tokyo</td>
<td>+(81 3) 3263 0611</td>
<td>+(81 3) 3263 0614</td>
<td>Ireland House, 2-10-7 Kojimaichi, Chiyoda-ku, Tokyo, 102-0083, Japan</td>
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