The only barrier to business is the psychological iron curtain in your mind.
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Cover picture: Café at Moscow’s Luxury GUM centre, Red Square
Noticeboard

Farmleigh 2.0 at Dublin Castle this October
The Global Irish Network will meet for a second Global Irish Economic Forum at Dublin Castle this October. Over 300 of the most influential Irish and Irish-connected individuals from 37 countries are now part of the network, which was established after the first Global Irish Economic Forum, held at Farmleigh House in September 2009. In addition to the network members, a small number of senior Irish-based individuals from the business and cultural worlds are to be invited to this year’s economic forum, which will take place on October 4 and 5.

Meet EI overseas teams in Ireland this September
International Markets Week 2011 will kick off on September 26. During the week, representatives from all of Enterprise Ireland’s international offices will be available to meet with client companies to discuss growth strategies in global markets. Meetings will take place in Enterprise Ireland’s Shannon office on September 26 and in East Point, Dublin, on 27, 28 and 29. For further information and details about booking your slots, see www.enterprise-ireland.com/en/events

JobBridge National Internship Programme launched
JobBridge, a national internship programme, was launched last month, offering up to 5,000 individuals on the Live Register for at least three months the opportunity to undertake a quality internship in an organisation in the private, public or community or voluntary sectors for a six-month or a nine-month period.

Interns will receive an allowance of €50 per week in addition to their existing social welfare entitlement for the duration of the internship, so there will be no direct cost to participating organisations. Companies and organisations that have already pledged their support include Dawn Foods, KPMG, HP, Glen Dimplex, IBEC, Quinn Group Ltd, Coillte, Accenture, TV3, Smurfit Kappa, Arthur Cox, Mercury Engineering, Hertz, ESB, Bord na Móna, Tesco, Pricewaterhouse Coopers, A&L Goodbody, Failte Ireland, Enterprise Ireland, Glanbia and Aer Lingus. Other companies and other organisations can find out more and advertise internships at www.jobbridge.ie

Annual report reveals significant export recovery
Enterprise Ireland’s Annual Report and Accounts for 2010, published this June, revealed that Irish companies achieved export sales worth €14bn in 2010. Within that, Irish companies achieved a record €1.95bn of new export sales, representing a strong rebound and recovery of 70 per cent of the exports lost in 2009. Moreover, Enterprise Ireland is predicting that client companies will achieve record levels of exports in 2011.

During the year, a total of 628 new significant sales contracts were won by clients with Enterprise Ireland input. EI also helped start-up companies to secure 82 first reference sales in overseas markets and brought 656 international buyers to Ireland.

Germany, Central, Eastern Europe and Russia was the region that saw the greatest growth in export sales – up an impressive 27 per cent or over €260m, reaching €1,239m in 2010. Meanwhile, sales in the currently smaller but high-growth-potential markets of Asia Pacific (€846m) and Latin America (€84m) were also up, by 12 and 22 per cent, respectively.

All of Ireland’s key industry sectors recorded growth in total export sales, including life sciences, cleantech, electronics, engineering, construction and timber, education services and software. But of particular note was the food sector, which accounts for over half of all exports by Irish companies (at €7,689m) and saw international sales increase by 11 per cent in 2010.
Trade agreement “game changer” for exports to Korea

A free trade agreement with Korea that came into force this July has been described by Brussels as “game changing” and “the most comprehensive free trade agreement ever negotiated by the EU”.

Within five years, South Korea and the EU will eliminate 98.7 per cent of duties in trade value: by the end of the transitional periods, import tariffs will be eliminated on all industrial products and most agricultural products, with a few exceptions, such as rice. EU machinery exporters will save an estimated €450 million in duties each year, while chemical exporters will save over €150 million. European agricultural and processed food products have a very good reputation in South Korea, and this is one of the key areas European exporters look set to benefit, saving €380 million annually. Previously, only 2 per cent of EU agricultural exports entered South Korea duty-free, with duties in this area exceptionally high at a weighted average of 35 per cent.

Another area of potential interest to Irish businesses is the strengthened transparency in pricing decisions for pharmaceutical products and medical devices.

In construction, South Korea will abolish its existing subcontracting requirements, and there will be potential to expand procurement opportunities to public works’ concessions and ‘build-operate-transfer’ (BOT) contracts not yet covered by the Government Procurement Agreement (GPA) commitments.

In addition, South Korea is to take on a number of commitments, paralleling European requirements in the environmental area, including non-industrial wastewater treatment. Within three years, almost 100 per cent of environmentally friendly goods will have duty-free access and there will be liberalisation of access to the environmental services market.

In telecommunications, South Korea is to relax foreign ownership requirements, allowing 100 per cent indirect ownership within two years. Also in the services area, financial firms will gain substantial market access to South Korea and be able to freely transfer data from their branches and affiliates to their headquarters. Moreover, European law firms will be allowed to open offices to advise foreign investors or Korean clients on non-Korean law and law firms will also be able to form partnerships with Korean firms and recruit Korean lawyers to provide “multijurisdictional” services.

New rail spur allows loading and unloading at Dublin Port

A new 1.6km rail spur opened in Dublin Port links freight trains directly alongside ships berthed at Ocean Pier. The new €1.5m rail expansion at the Common User Terminal eliminates the need for loading and unloading trucks at Alexandra Basin East, increasing the attractiveness of the port as a destination for rail-based freight.

The project took six months to complete and the public private partnership involved Dublin Port Company, Iarnród Éireann and the first customer of the new facility, International Warehousing and Transport (IWT). IWT, a privately owned Irish logistics company, which already operates freight trains to Ballina, is expected to increase the frequency of its service to five trains per week in each direction as a result of the investment.
Pfizer selects ICON as global partner for clinical R&D

ICON, the Dublin-headquartered provider of outsourced development services to the pharmaceutical, biotechnology and medical device industries, has announced a strategic partnership with Pfizer, which will see it serve as one of two preferred providers of clinical trial implementation services.

The new partnership fits with Pfizer’s strategy to create a more flexible cost base through external partnerships for certain R&D services. Under the agreement, Pfizer will retain scientific ownership of the clinical development process, while leveraging ICON’s expertise in the areas of programme initiation and management; site and country feasibility; data management and reporting set-up; programme study; drug logistics; scientific and medical communications and quality assurance.

Separately, this July ICON announced the acquisition of Firecrest Clinical, a Limerick-based provider of technology solutions that boost investigator site performance and study management.

Start-up offers new way to send a postcard

Sendmypostcards.com (SMP), a new business which launched in Dublin this July, is targeting the growing online card market in the UK and Ireland. The service enables a user to quickly create and edit a personalised postcard using their computer. SMP then prints and sends the postcard on their behalf. Images can be added from facebook, flickr, a 15,000 global image gallery or their own camera/phone/computers. The site also includes a simple ‘copy card’ feature, which enables quick replication of the same card – suitable for sending to many recipients or for occasions requiring announcements or thanks. The service costs €1.79 for the printing and postage of a single postcard.

According to SMP, the UK greetings card market is worth £1.5 billion, and the company says that 135 million plus postcards are sent and received every year in the UK and Ireland.

Nvolve to create 15 jobs targeting the UK

Nvolve, a Donegal company specialising in training software for compliance in the food industry, has announced plans to recruit a number of additional positions over the next 12 to 18 months. This latest recruitment drive by Nvolve to attract up to 15 new employees coincides with the company’s immediate plans to enter the UK market through a joint venture with the UK-based Staffline Group. The new JV will trade under the name Group Learner Ltd.

Set up in 2005 and based at Colab at the Letterkenny Institute of Technology, Nvolve has developed a range of innovative training solutions and, in recent years, has focused on the food industry. The main back bone of its offering is a product called Volume Trainer, which combines courseware in areas such as food safety with keypad training technology, similar to that used in ‘Ask the Audience’ on the game show ‘Who Wants to be a Millionaire’.

Nathean announces €800k investment to support international growth

Dublin-based data analytics software company Nathean Technologies is to hire eight to 10 new employees to support its export-led growth plans. Supported by Enterprise Ireland and existing investors, Nathean has received fresh investment of €800k to roll out a comprehensive product and technology roadmap, with international sales and marketing initiatives being put in place. With demand for its dynamic data analytics tool increasing significantly in both the Irish and UK markets, the company says it expects to double exports and increase revenues by at least 50 per cent this year.

THE MARKET | AUGUST/SEPTEMBER 2011

PETER GRAY, CEO, ICON

MAURICE LYNCH, MANAGING DIRECTOR, NATHEAN TECHNOLOGIES
Bimeda makes moves in China and Brazil

Bimeda Animal Health, a Dublin-headquartered company that specialises in products to treat and prevent disease and parasite infestation in livestock, poultry and horses has announced the acquisition of a majority shareholding in Mogivet Farmaceutica SA (Mogivet), an animal health company based in Monte Mor, Sao Paulo, Brazil.

Mogivet manufactures and markets a wide range of products to the animal health sector in Brazil. The company has sales of $17m and employs 105 people in R&D, manufacturing and sales. According to Bimeda, the investment gives it access to the Brazilian market, as well as manufacturing capability in the region.

Bimeda has also recently established a joint-venture firm in Shijiazhuang, China, to develop and manufacture veterinary and animal health products for the local and regional market. The 50-50 joint venture between Bimeda and Shijiazhuang Rainbow Laboratories will initially provide product stability and raw materials testing for the pharmaceutical industry.

Monarch Airlines selects Flightman

Monarch Airlines has selected Dublin company AMT’s Flightman EFB (Electronic Flight Bag) software to provide a cockpit data solution to improve operational efficiency and reduce costs. The software is designed to manage the delivery of cockpit data and content between the aircraft and Monarch Airlines’ ground systems and to allow flight crew to retrieve and submit pre-flight and post-flight information directly from the cockpit, eliminating paper from flight-deck operations. Monarch Airlines is to install the software suite across its full fleet of 30 aircraft.

Onwave raises €4.15 million as part of pan-European expansion

Onwave, a Mullingar-headquartered provider of satellite broadband services to the residential market, has raised €4.15 million to fund the development of its new generation of pan-European high quality satellite broadband, TV and telephone services. The investment was facilitated by The Halo Business Angel Partnership, which matched angel investors Nucleus Venture Partners with Onwave.

Onwave is creating 30 new jobs at its Westmeath headquarters as well as offices in Galway, and the company has also opened an office in the UK, which will provide additional jobs.

A three-year broadband utility contract, worth more than €35m, was previously signed by Onwave, which gives it pan-European rights to sell Eutelsat’s next-generation Tooway satellite services throughout Europe. This will provide for the bundling of digital services over a single high quality connection via the powerful KA-SAT satellite, which went into service on May 31.

Dialogue wins major international account with Amdocs

The Dublin-based advertising agency Dialogue has won the global advertising account for Amdocs, following a head-to-head pitch with eight other international agencies. The account includes all the company’s global TV, print and digital work as well as the media buying for the business. Dialogue says all the work will be done out of its Dublin office.

Listed on the New York Stock Exchange and headquartered in Israel, Amdocs is a global provider of software and services for communications, media and entertainment industry service providers. Annual sales at the company this year are expected to be in excess of $3 billion and its market capitalisation on the NYSE is in the order of €6 billion.

Dialogue, which is headed up by Michael Killeen, had been looking to expand its international business and has worked closely with Enterprise Ireland in achieving this.
Singapore and São Paulo enter the ranks of world’s most expensive cities

Tokyo, Osaka, Moscow, Geneva, Zurich and Hong Kong remain among the world’s top ten most expensive city for expatriates, according to Mercer’s 2011 Cost of Living Survey. New entries in the top-10 list for 2011 are Singapore (8), up from 11, and São Paolo (10), which has jumped 11 places since the 2010 ranking.

The survey covers 214 cities across five continents and measures the comparative cost of over 200 items in each location, including housing, transport, food, clothing, household goods and entertainment. New York is used as the base city and currency movements are measured against the US dollar. The cost of housing – often the biggest expense for expatriates – plays an important part in determining where cities are ranked.

Luanda, Angola, remains the most expensive city for expatriates globally and N’Djamena, Chad, follows in third place. Angola is one of the largest oil producers in Africa and has been one of the fastest growing economies globally on the back of high energy prices and almost a decade of massive infrastructural spend following the ending of the civil war in 2002. “Finding good and secure accommodation for expatriate employees is a real challenge in most of the African cities on the list and costs can be significant compared to other regions...this is generally the main reason why we find so many African cities high up in the ranking,” explained Nathalie Constantin-Métral, a senior researcher at Mercer.

Dublin has dropped from 42 to 58 in the worldwide rankings but remains in the top 15 most expensive EU cities, with a ranking of 13 (down two places from 2010) out of 40 EU cities. Down one place from last year, London (18) is the UK’s most expensive city, followed by Aberdeen (144), Glasgow (148) and Birmingham (150). Coming in at 178 out of 214, Belfast is one of the cheapest cities globally.

At rank 32, New York is the most expensive city in the United States. Los Angeles (77) and Chicago (108) have dropped significantly in the rankings (22 and 17 places respectively) as price increases on goods and services have been moderate compared to New York. Washington, however, also at ranking 108, has climbed three places, as rental accommodation prices have increased significantly.

In Ireland, the credit crunch means we’re getting used to doing more with less. Now it looks like access to credit is going to become increasing constrained across the developed world over the next two decades. A recent McKinsey Global Institute analysis looks at the vast cost of new roads, ports, and other infrastructure that developing countries will need and reckons that as a result, by 2030, the supply of capital will fall short of demand to the tune of $2.4 trillion – slowing global GDP growth by one percentage point a year, even if China and India cool off. Businesses and investors in the West must adapt, it says, to a new era in which capital costs more and most of it goes to the world’s developing regions.
Shocks to global economy to become more frequent, says OECD

Disruptive shocks to the global economy are likely to become more frequent and cause greater economic and societal hardship. The economic spill-over effect of events like the financial crisis or a potential pandemic will grow due to the increasing interconnectivity of the global economy and speed with which people, goods and data travel, according to a new OECD report.

The report ‘Future Global Shocks’ analyses five potential major risks in the years ahead: a pandemic, a cyber attack disrupting critical infrastructure, a financial crisis, socio-economic unrest and a geomagnetic storm.

The growing threat of a pandemic was highlighted by the SARS outbreak in 2002, which spread quickly from Hong Kong around the world as travellers caught the virus and then flew home. The increasing number of heavily populated megacities, notably in Asia, exacerbates the risk, particularly in business travel, tourism and migration hubs like Dhaka, Manila and New Delhi. New antibiotics are desperately needed to keep pace with the rising development of bacteria that are drug-resistant, according to the report. Tax incentives and fast-tracking patents may encourage firms to invest, given the very high costs of antibiotic drug development.

The report also details how wildfires that destroyed a fifth of Russia’s wheat crop in 2010 led to price spikes in global food markets, which eventually triggered social unrest in the Middle East. It shows how Russia’s internal policy response to fears of domestic food shortages – a controversial export ban - combined with floods in Australia and Canada to generate price hikes worldwide. Experts today recognise that high food prices provided a tipping point for the protest movements that have raged across the Middle East and North Africa.

While large-scale disasters provide a point of reference for government planning, global shocks would have far more dramatic consequences. They will require new approaches that improve international co-operation and co-ordination, the OECD says.

Europe’s multi-billion euro energy efficiency market

A new study by Datamonitor estimates that cumulative investment in residential energy efficiency solutions across the EU27 will grow to £205 billion by 2030, with investment peaking around 2015.

Among the likely stimuli is a new EU energy efficiency directive, proposals for which were published this June. Measures include energy distributors and retail energy sales companies being obliged to help their energy customers save 1.5 per cent through energy efficiency measures such as improving the efficiency of heating systems, insulating their homes and installing double glazed windows. There will also be legal obligations for public bodies to make energy efficient choices when purchasing buildings, products and services. Moreover, they will be required to progressively reduce the energy consumed on their own premises by carrying renovation works covering at least 3% of their total floor area. Consumers are to be provided with easy and free-of-charge access to data on real-time and historical energy consumption, and there are to be incentives for SMEs to undergo energy audits. Meanwhile, efficiency in energy generation is to be targeted through measures that include the establishment of national heat and cooling plans as a basis for the sound planning of efficient heating and cooling infrastructures, including recovery of waste heat.

Oil and gas prime markets for IT security solutions

A recent IDC International report on cybersecurity in the oil and gas sector reports that over 50 per cent of companies confirm security investments are important. Historically, oil and gas companies have been a capital-intensive business, but the industry is fast becoming more information-intensive, with information spanning wide timescales and locations. This transition is further propelled by an increase in the digital intensity, owing to a progressive adoption of smart fields (or digital oilfields) technologies by the organisations, IDC says.

What’s really keeping you from business?

Xerox has launched a free desktop application that promises to lift the curtain on your inbox and your brain. The light-hearted desktop app analyses emails and calendar notices to identify those distractions that steer focus away from their real business. Available for download at www.BusinessofYourBrain.com, it securely synthesises data from a user’s Microsoft Outlook account and outlines by day, week and month the activities, people, events and vocabulary that fill a user’s inbox.
The Farmleigh Fellowship is moving on from its pilot phase into its second year and is due to start taking applications this September, providing an opportunity for Irish businesses to sponsor a recent graduate, who will in turn work on market research and developing a network of contacts for the company in Asia.

Kicking off in January 2012, the MBS aims to place thirty candidates on a one year work-study programme, with their time split between generating a live Asian business development report for the sponsoring company and studying for a Master’s in Asian Business, awarded by UCC and delivered in partnership with Nanyang Business School at NTU, Singapore.

During this time, the graduates are supervised by industry and academia and assigned an experienced business mentor from the local Irish diaspora. Sponsorship costs a company €20,000 for the year, with additional support coming from the Department of Foreign Affairs, while the graduate covers their own day-to-day living and accommodation costs, ensuring strong motivation and commitment from applicants.

“The companies identify a market project for the participants,” explains Donagh Fitzgerald, who is based in the Irish company DPS Engineering’s Singapore office. “It could be anything from exploring market opportunities for a project management company in China, to writing a HR policy for local staff in your China office, or assessing opportunities for power generation in Indonesia.”

Some 23 graduates participated in the pilot last year, in placements across Asia, including China, India, Indonesia, South Korea and Singapore. Fitzgerald expects that about 70 per cent will be retained by the sponsoring companies at the end of the year. He attributes this success in part to each graduate being assigned a mentor in the region – a seasoned business person from the Irish diaspora – and the network the fellowship graduates have with each other across Asia.

“For Irish companies trying to set up in this part of the world, it’s very daunting and very expensive,” he says. “First you need to have market data; then you need to start building a network of contacts in the Asian context, and finally you need to put shoe leather on the ground. The fellowship ticks all three boxes.”

By sponsoring a recent graduate, the Farmleigh Fellowship allows companies to establish a low-cost, low-risk initial presence in Asia.

“You need to have market data; then you need to start building a network of contacts in the Asian context, and finally you need to put shoe leather on the ground. The fellowship ticks all three boxes.”

“At Farmleigh, they saw enormous expertise in doing business in the States, in Northern Europe, and even to a lesser extent in Latin America and Eastern Europe, but very few people who knew much about doing business is this part of the world”, says Fitzgerald.

Creaner and Combe got things up and running, pulling in support from Niamh Connolly, formally of UCC, but now Associate Provost of NTU in Singapore, with the pilot last year seeing 23 graduates being sponsored by companies such as CRH, Diageo, Microvision, Smurfit Kappa, Morgan McKinley and ESBI. A number of smaller companies, including high-potential start-ups Cut-e and Ocuco, also participated. Cut-e, which provides psychometric instruments for HR diagnostics on the web, handling about 2 million candidate assessments every year, sponsored Odhran Irwin – a psychology graduate with a strong business orientation, who is carrying out initial market research into potential customers and key target sectors for Cut-e for Asia.

“We selected Singapore because it has a strong services sector – like Dublin or Amsterdam and is an easier jump-on-point than other parts of Asia”, says Cut-e CEO David Barrett. “The fellowship provides a brilliant social and professional network. It’s a safe ecosystem to launch a young person into in Asia. We are in the process of recruiting professional services director for Singapore, and the groundwork Odhran is putting in will allow this person to hit the ground running and focus right-off on the most impactful things.”

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See www.farmleighfellowship.com. The closing date for 2012 applications is likely to be in mid-October 2011.
Malaysia comes closer

In an event that coincided with the visit of a number of Malaysian buyers in the software, IT, telecoms, healthcare and professional services industries, the Ireland Malaysia Association (IMA) was formerly launched in Dublin this June.

The new IMA organisation in Ireland mirrors the Malaysia-Ireland Business Network (MIBN), which was founded in Penang in 2008 to better serve the interests of Irish companies doing business there. “Malaysia is a valuable portal for trade into the growing economic ASEAN region,” says IMA chairperson Edward Murphy. “Recognising this – and the lack of a formal networking platform in Ireland to mirror the efforts of its counterpart, the MIBN in Malaysia – the IMA was born.”

Back in Malaysia, the MIBN’s chairperson is Roy Anderson, who led the recent buyer visit to Ireland. Anderson is a group advisor to Serba Dinamik, a Malaysian engineering services company, in which he is also a shareholder. Serba Dinamik acts as an agent for Ennis-based Nowcasting International, a provider of meteorological and oceanographic condition forecasting solutions for offshore industries and mariners. Nowcasting recently won a contract with Murphy Oil, an Arkansas-based company whose Indonesian subsidiary is bringing oil and gas ashore in Sarawak, on the island of Borneo, and which is drilling three exploration wells off Sarawak this year.

Another Irish company winning business in Malaysia is Information Mosaic, which, at the time of going to press, was due to announce a contract with a large Malaysian bank. The Dublin-based global provider of post-trade automation solutions is currently in active discussions with other banks in the country.

Curiously perhaps, there is a greater knowledge of Ireland in Malaysia than in many other Asian countries, says Michael Garvey of Enterprise Ireland’s Kuala Lumpur office – a fact he ascribes to the historic education links between the two countries. The Royal College of Surgeons has been taking Malaysian medical students to Ireland for around 70 years.

When it comes to business, Anderson says Malaysia is relatively straightforward and inexpensive compared to other Far Eastern countries. The business culture and legal system are very similar to those in Ireland, thanks to our shared colonial past.

A number of Irish companies have production facilities in Malaysia, most notably the Kerry Group, which has three Malaysian food ingredient plants. In addition, Offaly-based SteriPack, which founded a Malaysian subsidiary in 2008, now operates an 8,500 sq.m facility in Selangor. [Cian Molloy]
Autumn Diary  What’s on

Compiled by Teresa Meagh

AUGUST

EnterpriseSTART workshop series
Ongoing
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.

v: Various locations in Dublin and regionally
w: www.enterprise-ireland.com/en/Events/

Media Evolution
August 24 to 25
This two-day conference (formerly known as Moving Images) attracts people from film, games, web, publishing, learning, tech and music.

v: Malmo, Sweden
w: http://mediaevolution.se/thecomference/

Chip Design and Assembly Workshop
August 31
One-day workshop aimed at providing a better understanding of chip scale design, assembly, soldering, encapsulation and reliability. It will illustrate many practical examples of products using advanced packaging techniques and their benefits.

v: Cork
C: Philip J O’Rourke
E: admin@smartgroupireland.com
T: +353 (0)86 8061998

SEPTEMBER

Lean Study Mission to Toyota
September 1
Study visit to Toyota Centre of Lean Business Excellence.

v: Flintshire
E: jim.mulcahy@enterprise-ireland.com
T: +353 (1) 7272964

Let’s Get Leinster Selling
September 7
One-day interactive workshops and panel discussions aimed at upskilling sales managers, directors, line managers, small and medium-size business owners to reassess how their firm is conducting business in a radically changed economic climate.

v: Citywest, Dublin
C: Andrew Mernagh
E: mernagha@gmail.com
T: +353 (87) 2911028

Software and Services Trade Mission to Australia
September 12 to 15
This trade mission will link participating clients to Australia’s leading financial institutions, telecoms operators and learning and development professionals from some of Australia’s largest corporates.

v: Melbourne, Sydney and Canberra
E: barry.murphy@enterprise-ireland.com
T: +61 (2) 92738515

EAIE Conference
September 13 to 16
International higher education professionals from around the world will meet in Copenhagen at the 23rd Annual EAIE Conference, the largest event of its kind in Europe.

v: Copenhagen
E: lucia.reynolds@enterprise-ireland.com
T: +353 (1) 7272359

International Dairy Show – US Study Visit
September 19
Study visit to the International Dairy Show for clients with IP & patented technology, offering best practice methods for the dairy industry.

v: Atlanta, Georgia
E: simon.barcoe@enterprise-ireland.com
T: +1 (212) 546-0473
South-East US Trade Mission
September 19 to 24
Ministerial Trade Mission to South-East USA
V: Atlanta, Charlotte, New Orleans
E: sean.davis@enterprise-ireland.com
T: +1 (212) 5460468

Market Development and Access Workshop
September 20 and 21
This workshop will focus on the various methods for entering foreign markets, examining the financial implications, benefits and risks of establishing subsidiaries, using agents, acquiring business abroad, etc.
V: Dublin (20th) and Shannon (21st)
E: tom.early@enterprise-ireland.com
T: +353 (1) 7272942
W: www.enterprise-ireland.com/financeforgrowth

NACAC College Counsellors Exhibition
September 22 to 25
Education Ireland will be exhibiting at this event and will be joined by Irish universities and other colleges.
V: New Orleans
E: gill.roe@enterprise-ireland.com
T: +353 (2) 7272365

European Environment and Energy Business and Research Delegation to India
September 25 to 27
EU companies and researchers are invited to join this pan-European business and research delegation to India.
V: Kolkata, India
W: www.ebtc.eu/events.html?id=25andm=8andy=2011

International Markets Week
September 26 to 29
Enterprise Ireland will bring a team of over 100 overseas marketing specialists, from its network of over 30 offices covering more than 60 markets, to Ireland to meet client companies to discuss how they can work together to achieve export goals.
V: Dublin and Shannon
E: jim.maguire@enterprise-ireland.com
T: +353 (1) 7272456

October

Nordic Capital Markets
October 4 to 5
Showing Irish capital markets technology providers to Nordic-based capital markets decision-makers.
V: Stockholm
E: fergus.mcmahon@enterprise-ireland.com
T: +46 (8) 4592161

HR Leadership Summit 2011
October 6
This IBEC summit will explore how to harness employee engagement to achieve high performance targets.
V: Dublin
E: mary.obrien@ibec.ie
T: +353 1 605 1597
W: www.ibec.ie/events

Saudi Build
October 10 to 13
One of the largest construction and building material exhibitions in the Middle East, opportunities for Irish companies to network with developers, architects, designers, consultants and Saudi government/public departments.
V: Riyadh
E: daniel.cunningham@enterprise-ireland.com
T: +966 (1) 4881383

Asia-Pacific Ireland Business Forum
October 14
A networking event in the Asia region, linking Irish businesses with the Irish networks as well as with Asian business leaders.
V: TBC
E: alan.dixon@enterprise-ireland.com
T: +86 (21) 64797088

Market Study Visit to GIXEX
October 16 to 20
Market study visit to the region’s largest ICT exhibition, covering telecoms, banking, business solutions and consumer electronics.
V: Dubai
E: nasser.zahran@enterprise-ireland.com
T: +971 (4) 3298384

Restructuring Workshop
October 19 and 20
This one-day workshop will focus on the early warning signs of a cash crisis, how to restructure debt and look at the differences between insolvency, receivership, examinership and liquidation.
V: Dublin and Shannon
E: tom.early@enterprise-ireland.com
T: +353 (1) 7272942
W: www.enterprise-ireland.com/financeforgrowth

November

Medical Device Study Visit to Minnesota
November 1 to 3
This is an opportunity to tap into one of the three main medical device clusters in the USA for the first time. The Minnesota cluster hosts over 600 medical device companies, from the likes of Medtronic and St Jude to SMEs.
V: Minneapolis
E: eddie.goodwin@enterprise-ireland.com
T: +1 (617) 2351606

Trade Mission - South Africa
November 7 to 9
This trade mission is for companies in the telecoms, media, IT and financial services space. It offers clients an opportunity to visit the market, meet buyers, build relationships and increase sales.
V: Johannesburg and Cape Town
E: fred.klinkenberg@enterprise-ireland.com
T: +353(1) 7272921

BATOMAT France 2011
November 7 to 12
BATOMAT is an important trade show to access French decision-makers and distributors for building materials and related products.
V: Paris
E: rory.mcneill@enterprise-ireland.com
T: +33(0)153432423

Competitiveness Workshop
November 24 and 25
This workshop will examine how to develop and assess the financial implications of strategy to decrease unit costs, by cost-cutting, increasing line productivity, re-organising the plant, re-positioning on value-chain through outsourcing and customer development.
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We had been selling to the US for a number of years with the help of various third parties, both agents and distributors, but we were not getting satisfactory results,” Walsh explains. “There were too many people between our customers and us, and this knocked our price points out of kilter. We knew we had to change; hence, we established our US subsidiary – Dubarry USA LLC – in 2006.

With a US headquarters in Pennsylvania, we are now far closer to our customer; we can react quicker to their needs and at a much lower cost, making us far more competitive than before.”

Dubarry has its influential US fans – its boots have been worn by Bruce Springsteen and staff at New York Vogue.

But the company is keen for its high-fashion followers not to
detract from the fact that, at its core, its specialist marine and country-pursuit footwear is all about technical performance. ‘Coast’ is Dubarry’s marine collection: the choice of professional sailors, while ‘Country’ refers to the Dubarry Country Lifestyle Collection, designed for horse riding – a huge market in the US – as well as country pursuits in general, gardening and après-ski.

Getting close to these customers means hanging where they do, Walsh says, citing the Dubarry Marquee at the Rolex Kentucky Three-Day Event.

The Rolex is an equestrian competition held at the Kentucky Horse Park in Lexington, the only four-star show in the US. “It was very important for Dubarry to have a presence there,” he explains, “but initially we had little joy when emailing and contacting the event management committee from Ireland. In 2005, we got on a plane and attended the show ourselves. We quickly were able to identify the right people to talk to and we arranged to exhibit the following year. We are a mainstay exhibit at the show ever since and the ‘Official Boot’ of the event.”

Efforts seem to be paying off. This June, Dubarry reported revenues of just above €20m – up over a quarter on last year’s figures, with the strong export performance more than offsetting a 10 per cent decline in the recession-dampened Irish market, which still accounts for about half the company’s sales.

Dubarry, which has been sourcing its manufacturing in Portugal and Asia since 2004, has also launched clothing and luggage lines to complement the footwear collection, and the Galway company expects to grow its workforce of 52 over the coming year. “We will continue excelling in the design and manufacture of innovative footwear that is both comfortable and traditional,” Walsh says. “It’s what the Dubarry brand is known for.”

Walsh adds. “We have taken a different stance. The Dubarry marquee at these shows is designed with traditional country-style features and furniture. It’s visual, it’s different and it has an impact so people remember us. We even have a guy standing in a bucket of water to demonstrate that these leather boots are waterproof!”

Its boots have been worn by Bruce Springsteen and staff at New York Vogue, but at its core, the specialist marine and country-pursuit footwear is all about technical performance.
John Swan was founded in 1947 when a young tailor of the same name set up shop in two small rooms above a pub in Dublin's Hill Street, initially making men's suits, jackets and trousers. Over the years, the business grew, and in 1985, the Swan family launched Kartel, a casual ‘life style’ clothing and premium golf-wear brand.

Today, Kartel employs 26 staff in Ireland and dresses 18 tour professionals, including three-time Major winner Padraig Harrington. "International success didn’t happen overnight," explains grandson and current MD Karl Swan. "We have expanded strategically without spreading ourselves too thin and losing focus by taking on too many new markets." Kartel now sells in 22 countries and plans to launch in North America in 2012.

"Player endorsement has certainly provided invaluable exposure on an international scale and illustrates the importance of strategic sponsorships in helping to raise the profile of a brand, particularly in new markets," says Swan. "However, we also know that unless we retain an absolute focus on product quality, as well as remaining continually energetic and innovative with marketing and brand-building exercises, all the exposure generated by the Kartel tour-pros will be lost."

Product innovation means that Kartel’s key garments come with features such as moisture-wicking properties and UV protection, while current fashion trends are reflected with colour co-ordination within collections.

And as well as touring the trade show circuit – attending up to eight events per year in the UK alone – Swan believes that online promotion is becoming increasing important. "We use our blog and social media tools to connect with customers," he says. "Our focus is not a hard-sell but to communicate the breadth of Kartel’s offer."
A
other Irish golf-clothing specialist also emerged from humble beginnings. Spotting a gap in the market started Eurostyle Limited, a business founded by the Dwyer family in Cork back in 1972, on a journey from manufacturing white shirts for the clothing arm of an Irish retail group to spinning out Premium Golf Brands (PGB). PGB is now Europe’s largest golf apparel distributor, with 47 people employed in Ireland and 30 agents working with the company overseas.

“Our family business was clothes manufacturing,” explains the current MD Alan Dwyer. “In the late 1980s, ladies golf clothing consisted mostly of men’s styles produced in smaller sizes. We saw a potentially lucrative, ignored market and created the Green Lamb brand, the first European golf-line producing stylish golf clothing designed for women.”

“In 1989, we decided to export. My father and I got the ferry to Holyhead and we made our pitch to hire six UK-based agents. Within two years, we had 600 stores carrying our stock.”

Next came the European licence for Cutter & Buck, and over the years, the company has acquired licences for three additional high-end golf-clothing labels in Europe: Pukka, Zero Restriction and Fairway and Greene, as well as launching its own men’s golf trousers brand – Dwyer’s & Co.

Now PGB is taking on the world – literally. In 2009, Calvin Klein appointed it as the global licensee of Calvin Klein Golf, in an agreement that allows PGB to source, manufacture and distribute Calvin Klein Golf apparel and introduce other Calvin Klein Golf accessories on a global basis. PGB had been the European distributor since the CK golf brand was launched in early 2008, targeting golf specialty stores and resorts in the UK, Ireland, Spain, Portugal, Germany, Finland, Turkey and Sweden. Now, the 2009 deal means PGB is responsible for rolling-out the brand in the Middle East (Dubai), the Americas, Africa, and Asia. The company operates a vertical structure, and global sales, production and manufacture of the CK golf brand are all project-managed from Cork.

There are four main routes to market,” explains Dwyer. “You can sell directly, use agents on the ground, work with certain distributors or create a licensing agreement with another organisation. We have used all four at various times. We sell directly in Ireland; we use agents in the UK, Spain and Portugal. For our central European market, we use distributors, and, this year, we signed a sub-licensing agreement with the sports goods manufacturer Descente as we expand into Asia.”

Here the potential is massive. Success of Asian golfers in the pro-circuit has seen a huge upswing in golfing popularity in Asia. The European market is 25 times the size of the Irish one.

**TEEING OFF FOR ASIA**

“IN 1989, WE DECIDED TO EXPORT. MY FATHER AND I GOT THE FERRY TO HOLYHEAD AND WE MADE OUR PITCH TO HIRE SIX UK-BASED AGENTS. WITHIN TWO YEARS, WE HAD 600 STORES CARRYING OUR STOCK.”
A psychological ‘iron curtain’ left over from Soviet times, and the fact that this part of the world was almost entirely off-limits until the mid-1990s, may be unintentionally limiting mindsets among Irish business leaders. In this issue, Enterprise Ireland’s new man in Moscow Gerard MacCarthy and the Russia office staff highlight the opportunities.
COVER STORY: RUSSIA

AUGUST/SEPTEMBER 2011 | THE MARKET
Marco Beverages’ leading Moscow customer is a touchstone for the new Russia. The Dublin beverage-making equipment designer and manufacturer supplies Coffee Mania, one of Moscow’s upscale cafes, where a 300 ml pot of French Press coffee will set you back about €10 and the average bill is €20-35.

Ranked in a Lonely Planet review as 135 out of 579 things to do in Moscow, a visit to the coffeehouse chain is a chance to meet Russia’s rich and famous – and its wannabes – “those who are on top of social hierarchy already and those who are eager to get there,” as Ekaterina Arkhipova, Coffee Mania’s PR Director put it. “Going to Coffee Mania for many people means that they have some prestigious social status,” she says.

Marco’s European sales director met Coffee Mania at a trade show four years ago and the Sandyford company’s involvement with the Baristas World Champions plus its emphasis on design aesthetics helped swing the deal with Coffee Mania.

The coffee shop chain operates 13 high-end outlets in the Russian capital, including three at Moscow’s international airports. And further expansion is planned for the year ahead, as Muscovites’ thirst for café culture shows no signs of drying up. The coffee shop sector there is growing by 30-40 per cent annually.

And that’s just one aspect of what must be among the largest untapped consumer markets in the world. “The middle class has almost tripled in the last five years in Russia”, according to Kirill Dmitriev, General Director, Russian Direct Investment Fund. Literacy is 98 per cent. On average, there are 7.5 million students in Russia every year.

There are over 2.6m cars in Moscow alone. Volkswagen, Skoda, BMW, Ford, Renault, Toyota and Chevrolet all have manufacturing plants in Russia. Indeed, Russia is forecast to be Europe’s largest car market by 2014.

The luxury goods sector is growing at an average 5-10 per cent pa, with 2010 showing a 30 per cent leap, reflecting increased sales for brands ranging from Louis Vuitton and Chopard to Rolex and Dior.

Russia’s largest 400,000 sq m shopping mall opened last year costing €375m, housing hundreds of international retail outlets (Gap, H&M, Zara, Marks & Spencer, Next, Aldo, Auchan, Ikea), which have entered the Russian market steadily for the last five years, proving that dealing with lease agreements and customs is possible. And yet Russia still has only 41 sq.m of retail space per 1,000 people, ten times less than the average in Ireland, indicating the enormous potential the retail market – a benchmark for the consumer sector – alone has.

All the major hotels (Marriott, Hilton, Holiday Inn, Ritz Carlton, Kempinsky etc.) have been around for some time, and Moscow alone has over 3,000 bars, restaurants, and cafes, offering everything from fish and chips to sashimi, with 40 per cent growth in a sector that’s worth over €1bn annually.

With cinema tickets costing 1.8 per cent of the statistical monthly wage, Russian cinema box offices somehow broke the $1bn mark for the first time in 2010, revealing not just a growth in the entertainment and recreation sector, but also the large amount of undeclared disposable income available.
Russian industry grew nearly 6 per cent in 2010, turning in the second-best performance in the G8, behind only Japan. And while the Asian powerhouse is set to face its very specific challenges in the year ahead, Russia’s solid performance is likely to be spurred on by the Kremlin’s drive for the ‘modernisation’ of Russia on all levels.

Aiming to move away from dependence on the oil and gas sector, State funding is being channelled into agricultural technologies, international education, IT and software development, R&D and financial services. Not only is Russia aiming to achieve the highest possible standards in manufacturing equipment and soft and hard systems to increase productivity and efficiency, it is investing in environmentally-friendly technologies for food production, construction and energy, with a strong emphasis on sustainability.

**Silicon Valley Russian Style** Known for its scientific and engineering brains, Russia is aiming to leverage its technical prowess by creating a Silicon Valley-inspired ecosystem where researchers rub shoulders with business and venture capitalists in a green field ‘technology town’. Construction started earlier this year in the suburbs of Moscow, off the Sholkovskoe highway 20 km from Moscow city centre, and an ambitious timetable has Skolkovo innovation technopark openings its doors in 2014.

Initially, the technopark will host five distinct scientific and modernisation of the entire national infrastructure. Russia is the largest country in the world: 870,000 km of roads and 87,000 km of rail interconnect its vast territory. There are a total of 329 airports in Russia, 65 of which are actively used and the number of active airports is expected to double by 2020.

**Aviation:** There are 169 active airlines in Russia and the total current value of the aviation industry is €10 billion. Of the 300 aircraft flying in Russia that are manufactured abroad, 70 are registered in Ireland.

**Pharmaceuticals:** Here the opportunities lie in the sector’s ongoing switch from import to domestic production. The government’s ‘Pharma 2020’ programme envisages that the majority of domestically-consumed medicines will be produced in Russia by the end of this decade.

**Construction:** With Russia hosting the Winter Olympics in 2014 and World Cup in 2018, and at long last its entry into the WTO being all but secured, the path to modernisation is being laid open. Nearly €24 billion is being invested in the preparation of Sochi for the Winter Olympic Games in 2014.

But huge investment is also taking place not only in one-off events, but also in the restructuring of communities – each of strategic interest to Russia: energy, IT, telecommunications, biomedicine and nuclear technologies. The carrot for businesses locating there will include special tax incentives, joint-use centres for companies to access expensive and hi-spec scientific equipment and an assistance fund for hi-tech or science focused small businesses.

The development will also include housing for an anticipated 25,000 to 30,000 permanent residents as well as restaurants, sports grounds and school, kindergarten and hospital facilities – with the accent on environmentally-friendly energy, waste, water and intra-urban logistics solutions. To date, €2.2 billion has been allocated for infrastructure – about half the anticipated price-tag up to 2015 of €4.3b.

The brainchild of President Dmitry Medvedev, Skolkovo has some friends in high places. The founders include Craig Barrett, former Chairman and CEO of Intel, and companies with representatives on the board of directors include Lukoil, Nokia, Bouygues, Almaz Capital Partners, Siemens, Siberian Coal Energy Company, Tata Sons (Tata Group), Cisco Systems, Rusnano and Google.

The project will be run by a foundation including representatives from the Russian Academy of Sciences, Rusnano, Vneshekonombank, the Russian Venture Company, a fund for Assistance to Small Innovative Enterprises in the scientific and technical area, the owner of the land (a State-sponsored housing association), as well as an association formed by universities.
DISMANTLING THE PSYCHOLOGICAL IRON CURTAIN
Putting paid to four myths and clichés about doing business in Russia.
1. THE DISTANCE
The first myth about Russia is that it’s a long, long way from Ireland. Irish business people think nothing of hopping on a flight to New York to take a meeting (or take a weekend shopping break), yet New York is almost twice as far from Dublin as Moscow (2,320km further to be exact). We also are happy to take a family holiday in the Canaries (the same distance as Moscow) or Rhodes (466 km further).

S7 (Russia’s third largest airline) operates a direct service between Moscow and Dublin twice a week on a seasonal basis; flights take just four under hours. And don’t be surprised if the pilots will make their in-flight announcements with a light Drogheda accent. S7 Airlines has, for a number of years, been sending pilots to County Louth to advance their Aviation English at Edgewater College, which has seen success in Russia and other CIS countries due to its targeted approach and openness to local demand.

In addition to S7’s direct connection, daily flights to Moscow are available using all the major airlines and hubs. And you can get right into the heart of the city in just 45 minutes with a half-hourly express rail link service from the main international terminals, which costs about €9.

The reason Russia seems so much further might indicate the remains of a psychological ‘iron curtain’ left over from Soviet times, and the fact that this part of the world was almost entirely off-limits until the mid-1990s. But anyone who has travelled to the European part of Russia, where two-thirds of the Russian population lives, is usually pleasantly surprised by the ease and comfort of the connection and what awaits them at the other end. To get things off to a good start, Moscow’s two main international airports both have brand new state-of-the-art terminals with computerised passport control, no extra inward security checks and virtually non-existent customs control to fast-track passengers.

2. CRIME (AND PUNISHMENT)
Clichés about crime-ridden Russia were the staple diet for CNN viewers and Hollywood movie lovers for much of the mid-late Nineties. But that reflected a time in Russia as far back as when Charlie Haughey and Albert Reynolds were still in charge of Ireland. Today’s business environment is far closer to many other countries, where striking a deal or forming a partnership is most likely to be based on successful communications, strategic compatibility and price competitiveness. In any case, companies can turn to any of the major international legal and audit firms, all of which have had bases in Russia for over a decade and work closely with EI’s Moscow office, to advise on safe and compliant business relations.

3. THE LANGUAGE BARRIER
In entering the Russian market, many of the misunderstandings are caused not by language or cultural differences, but by lack of preparation by companies. Promotion, advertising and explanatory materials should be supplied in Russian to fully explain what a company is offering. This is not just an essential working tool; it also acts as a gesture of respect, showing awareness of Russian culture.

Foreign languages are an issue for any Irish company used to working mostly with English language international partners. Russian has the reputation of being a difficult language to grasp, but, at executive level, most Russians have spent some time being educated abroad and can communicate relatively freely in English. Helped by the deep penetration of the internet (70m users or almost 50 per cent of the population) and numerous online translation tools, establishing initial contact should not prove too daunting.

There are two resources that can ease both initial contact and ongoing commercial activity. EI’s Russia team comprises a native Russian market expert, based in East Point, Dublin, and EI’s five Moscow-based staff – two Irish, two Russians and one Ukrainian – who are all bilingual and experienced in dealing with both Irish companies and the local market and legislative bodies.

The other resource is the 80,000 + Russian-speakers living in Ireland. Several Irish companies successfully working with Russia have taken on Ireland-based Russian speakers to work as a market interface in a range of roles from managerial to students working on part-time projects.

4. THE CLIMATE
Russia’s harsh winters played their part in stopping the advances of both Napoleon and the Third Reich. These days, when temperatures drop and the snow and ice hit in Russia’s major cities, the extremely efficient departments responsible for clearing roads and footpaths get to work. In summer, Moscow’s restaurant terraces and verandas open out, and the younger population take to their roller blades and mountain bikes. The average annual temperature levels out at 5.8°C (comparable to New York, Boston, Copenhagen) with an average winter-time low of about -7°C. So with the right clothing, the right attitude – and the lack of humidity encountered in Ireland – the cold won’t kill you!
PERESTROIKA, MATRYOSHKA, BABUSHKA...

...Or I came, I saw, I stayed. Donal Nugent reports on Irish companies staking their claim in Russia.

MERCURY RISING

Established in Dublin in 1972, Mercury Engineering has developed a global reputation for its expertise in mechanical and electrical engineering and has offices in Ireland, UK, Central Europe, Russia and the Middle East.

Mercury Russia was set up in 2003 and, in its first five years, largely concentrated on a niche it had identified in high-end interior fit-outs. When the global downturn hammered the Moscow real estate market three years ago, the company was left exposed, forced to make around 200 redundancies and implement two rounds of pay cuts. And looking for other areas of opportunity, it identified the data centre business – new to Russia but one which Mercury had a lot of experience in – as a prime opportunity.

“We got involved with one client, an American-Russian company that was planning a data centre, as their general contractor,” explains Mercury Russia’s general manager, Declan O’Sullivan. “This is now two months from completion and we have since started on another very large data centre for a major Russian bank.”

Mercury Russia is certainly in the upper league of Irish companies with presence in Russia. It currently employs some 650 direct employees, with an additional pool of 500 sub-contractors available to it. “It’s a broad mix and, in Russia, we are perceived more as a general contractor than specifically as a mechanical and engineering sub-contractor,” O’Sullivan says.

He joined the Russian operation in 2004 and became general manager four years ago. “When I joined, our turnover was between €15-20m annually. This year, it will be €100m plus. The downturn has refocused us on a line of business that is actually better than the area we were in originally. As far as we are concerned, we came out of it stronger than we went in to it.”

O’Sullivan agrees that strong relationships form the basis of successful business in Russia. “The contract is a basis for payment but, after that, it is generally put in the drawer. Business is very much based on developing high-level relationships with your clients.”

Conducting business through English is acceptable to the company’s blue chip clients and, in terms of logistics, while it is obviously more complicated than moving materials within Europe, he says the solution is a good customs broker and good transport providers. “We recently had a very large import contract for one of our data centres, which involved 105 articulated truck loads of air handling units, which were built in the Czech Republic by an Irish company, and that delivery went smoothly”.

Mercury keeps a strong mix of Irish ex-pats and locals in its personnel and is currently looking at bringing a number of Irish electricians on board for high-end work, as the equivalent expertise is difficult to find in Russia. “The opportunities for companies like Mercury are excellent,” he says. “There is a real drive for innovation in Russia at the moment, which is leading businesses here to look outside for supplies and contractors. This is where we are positioning ourselves for further growth.”
RUSSIAN APPETITE FOR IRISH MACHINERY

In a recent announcement, the Russian government has said that it will increase support for agriculture by 10 per cent to €3.25 b in 2012. Initial proposals include a new €50m support for start-up farms and a €87.5 m scrappage scheme for old farm equipment.

This could be good news for Irish engineering companies that have found that while Russia’s harsh climate has defeated many invading forces, their road and farm machinery has survived the assault.

Carlow-based Hi-Spec Engineering manufactures agricultural and industrial machinery, including agricultural vacuum tanks, diet feeders, straw blowers and muck spreaders. During the Celtic Tiger years, there was a huge domestic market for its vacuum tanks, but the downturn has now resulted in Irish buyers purchasing on a “need to buy” basis, according to Sales Manager, Brian McArdle.

Joining Hi-Spec early last year, McArdle has brought his overseas experience to bear in redirecting and refocusing the company’s sales strategy. “When I joined, the company was already working with our distributor, Dairy Company Agroplemkomplekt, in Moscow, so I developed some ideas on how we could encourage sales and build our profile in Russia.”

In terms of size, farms in Russia are more comparable to Australia than Ireland. A typical client is a dairy farm near St Petersburg, approximately 40,000 hectares (100,000 acres) in size, which milks 6,000 cows a year. The farm first purchased some of Hi-Spec’s diet feeders and is now looking at other products, including its vacuum tanks.

In spite of being developed for much smaller operations, McArdle says the Irish equipment translates extremely well in the Russian context. “One thing people everywhere acknowledge is the quality of Irish machinery. Grass and silage in Ireland can be very wet and heavy, so we have a tradition of building strong, robust machines to handle that.”

Sean O’Riordan, Managing Director of Cork-based Rota, which distributes its sister company MultiSweep’s industrial sweeping devices has a strikingly similar story to tell. “Industry in Ireland is known to be a hard users of machinery, and the country is a very tough market for sweepers,” he says.

Even in the boom years, when the construction industry was a huge consumer of its products, MultiSweep was exporting over half its output to the UK. And after the initial shock of the construction industry collapse, the company’s response was determined, with the realisation that Rota had the capacity to sell on a much larger stage.

“We put a lot of work into thinking for the era we are in,” O’Riordan explains. “The days of people looking you up in a hardback directory are over. People will Google you first. Today, if you key in ‘sweepers’ in English, French, German or Russian, we will be among the first to come up.” Using Google Earth to evaluate potential clients and personalised video presentations are other examples of innovative ways the company has been able to get dealers interested without leaving the country.

This commitment to IT paid off handsomely in the Russian market, where the company that would become its agent, Merkator International, made contact on the basis of an internet search. The situation evolved quickly and, within two weeks of first contact, a deal worth €45,000 was put together.

While O’Riordan describes the Russian approach to negotiation as “fairly swift and reasonably blunt”, he says the most important learning to date is the huge emphasis put on relationships. “Russians want to meet you and even socialise with you, to see the colour of your eyeballs so to speak, before they will work with your company. In many ways, the quality of the relationship is more important than the price. Our first sale was largely a test run. The attitude is very much ‘if it works out then let’s progress’.”

The company is now close to completing its second order from Russia, expected to be double the size of the first. There were a few useful learnings in the ‘test run’, O’Riordan explains. “How you classify your products can have an impact on the import duty your customer pays. The way we structured the first invoice ended up costing the client a little more than it should have. This is all part of the learning curve and you work with the distributor to resolve it next time round.”

“Probably the most important thing we have learned,” he continues, “is there is no point in working with people who are only half interested in your product. Essentially, we are looking for distributors like Merkator all over the world – people who can see the potential, take it on board and run with it.”
The evolution of the airline website from a way to purchase tickets online into a much broader shopping experience is an ongoing one and, set up in 2002, Irish software company Openjaw Technology is among those at the cockpit of change.

“The company was set up at a time when airlines recognised they needed to be better able to manage their supply and their channel,” Declan McGuinness, SVP sales, explains. Openjaw’s first product, xDistributor, is an integration platform and business rules engine that remains its core offering today. Essentially, it enables the client to extend its offering beyond the core product to other goods and services users will need on their journey. Software products which have since been developed in support of this include xRezAgent, a sales and servicing platform for call centre agents and xHotel, xEvent, and xLocation, which service the particular areas of the travel offering.

While competition in this field is fierce, Openjaw has continued to hone its edge, McGuinness says, by being able to add value further down the chain for its clients.

Today, the company has offices in Dublin, Galway, Madrid, Frankfurt and Dallas, and says it numbers over 40 of the world’s leading travel companies among its clients. This year, turnover is expected to be in the region of €13m.

Openjaw’s first entry into the Russian market was in 2006, when an initial enquiry from a corporate travel agency developed into a sale. Subsequently, the company engaged with a leading e-commerce consultant working in the Russian airline industry and has found the experience to be a very positive one. “We had been in negotiations with S7, Russia’s third largest airline, but the consultant helped solidify the relationship and has opened up opportunities with other major airlines,” McGuinness says. “We are still selling directly into the market and do the contract negotiation ourselves,” he says, “but there is a bit of a lawnmower effect – the on-the-ground facilitation has eased the pathway for us.”

“Once you get familiar with Russia, you begin to see what a fantastic market it is to be part of,” he adds. “People are open, friendly and pro-business. The government is also getting better at facilitating western business. They have introduced a fast-track facility at the airport for business visits and the visa application process has been streamlined.”

However, it is the commitment to long-term relationships that is among the most notable features of Russian business culture. “They put a huge emphasis on trust, to the point where you nearly become friends as much as business partners.” Getting to that point isn’t straightforward, of course, and he points out that, for the new entrant, “reputation counts for a huge amount in the Russian market. They will look to see who you have done business with and you really have to prove your relationship with other global brands.”

For all that, the initial engagement process is not as exhaustive as it can be in other markets. “Once you have the product and the reputation and case studies that back that up, you will find that negotiations are not essentially detail driven,” he says. “It is your network and your relationship with global brands that will really facilitate your growth in the Russian market.”
Forever in Blue Jeans

Aidan O'Meara, president of VF Corporation Asia division tells Mark Godfrey about tailoring to the new Asian consumer.
On the 10th Floor of the Kader Building in downtown Hong Kong, Aidan O’Meara plots how Asia will look in jeans. The genial Dubliner was responsible for hordes of young Irish squeezing into Wranglers in the 1980s and ’90s. Now as President Asia Pacific at VF, O’Meara, 48, is charged with driving sales of Wrangler and 30 other VF brands in some of the world’s fastest growing but most complex economies.

Outside Kai Cheung Road, down by Kowloon Bay, China’s emerging middle class proves their obsession for brands in a frenzied assault on tax-free department stores and malls that define this city’s social life. Not traditionally jeans country, China has embraced denim as standard workwear. Denim dominates even offices in China, not known for the formality of its officewear.

Of course, O’Meara doesn’t just do jeans: the world’s number one producer of jeans, VF is a conglomerate of 30 of the world’s most recognisable fashion brands that continues to grow through acquisitions. Most recently, it took over Timberland, the firm synonymous with chunky, desert-coloured boots.

O’Meara was in his early 20s when he joined VF in 1992 to market its Wrangler brand in Ireland. It was the 1980s, and vintage-evocative, smoky adverts for Levi’s and Wrangler jeans played prime time on RTE. “We had a good run in Ireland when I was there; we shipped over a million pieces. It was us and Levi’s, and Lee.”

The jeans business has changed, but 19 years later O’Meara is still at VF. From Blackrock in Dublin, O’Meara took a Bachelor in Business Studies from Trinity College in 1984, which got him his first job, a marketing role, at PJ Carroll, the tobacco-oriented firm which sent O’Meara to the US for three years working in its apparel and seafood businesses.

His two-decade rise through the VF ranks has been assured. In 1994, at only 32, he was made managing director of Wrangler’s UK & Ireland business. There followed a three-year stint as head of jeanswear for Northern Europe. Then he was brought to VF’s European headquarters in Belgium to take charge of sales and marketing for the whole continent. In 2005, he was handed his most testing role, becoming president of VF’s international jeanswear businesses and doing for Wrangler and Lee in Europe and Asia what he’d done for Wrangler in Ireland.

New York-based VF turned again to O’Meara in 2007 to lift sales in the world’s only growth market in a recessionary world. While central to the firm’s sourcing operations, China had been a slow-burner for sales since a Lee store was opened in Guangzhou in 1994 and Wrangler opened up in 2003. “We had been running those businesses from afar... My role was to build platforms, get new talent, handle portfolio management and make investment choices.”

So far, he’s had remarkable success. VF’s Asia Pacific earnings have grown seven-fold between 2006 and 2011, “greater than we’d expected” since O’Meara opened 1,800 stand-alone stores – most of them franchised – in China by the end of 2011. Sales in China account for 4 per cent of VF’s global sales, which hit US$7.7 billion last year.

How did he do it? Economic growth was one reason. “The timing was wonderful, given China’s continued rise through the economic crisis, making it a key provider of growth.” China is now the number two market for Lee jeans – and O’Meara expects VF’s other brands to make China its second most important source of sales after the US. “We’ve targeted Asia for US$1 billion sales by 2015.”

Choosing which of VF’s brands can grow faster in China and India has been key to success, as has finding the right retail partners. Countless flights between Beijing and Delhi has educated O’Meara on Asia’s two giants having different tastes: Lee and Wrangler are VF’s biggest sellers in India while Chinese customers, while embracing Lee, have also been keen for outdoors wear from The North Face and shoes by Vans, which O’Meara introduced to locals with a new Beijing store in 2008.

Learning to adapt to local tastes is another path to success. Frequent customer insight studies tell him what locals want: “body shapes in north China are different, just like the climate is radically different. I was in north China and it was -20°C while it’ll never get colder than 16°C in southern China. We try to root as much of this research as possible in the customisation of product...our customers pay $120 for a premium product, so they expect to look good.”

VF entrusts outsiders with manufacturing and selling its wares while the brand itself concentrates on design and marketing – better supply, branding, marketing, and innovation, as opposed to running a huge retail network...
across China. The arts of marketing vary considerably in Asia. “You have to understand local cultural preferences: in China, women are more modest, for example,” says O’Meara. “That’s similar in Indian culture also.” Colours also have different significance in Asia.

Crucially, in China, popular culture is local or regional. Lee uses a Taiwanese pop star as its brand ambassador “because global giants like U2 and Lady Gaga are not well known locally”, explains O’Meara. Similarly, he’s learned how locals look to adjacent markets like Japan and Korea for steer on the latest trends. For example, dubbed-dialogue soaps from Seoul TV are popular among young Chinese.

O’Meara likes to talk about emotional connections between brand and customer: North Face has discovered that its outdoor wear is taking off in China. “But here it’s a very social thing... locals prefer to take to the hills with their friends, which is different from the western emphasis on individual accomplishment.” China’s would-be hillwalkers also like being educated. “They’re hungry for information”: thus VF has been spreading the word via local online media like Ren Ren, a Facebook-like social network, while also running an annual awards programme for outdoors enthusiasts with a local magazine.

Local competition remains modest: while local sportswear brand Li Ning has pushed hard to be a global brand (with newly opened stores in New York) O’Meara thinks they’ll find international ambitions hard to realise given the spend required on marketing and innovation. “They’re still in the early stages, particularly in developing creativity and marketing.”

Though Asia is the production centre of the world’s garments trade, buying local brands as a shortcut to local sales is an option that VF has considered but not yet taken. “It would have to have been a brand with global appeal, and any acquisition would have to have the culture and standards to fit with VF. We’re still open to the idea.”

There are, however, plenty of local imitators cashing in at VF’s expense. Tourists to China often relish the chance to buy clearly counterfeited goods such as €20 North Face jackets and €15 Lee jeans in low-rent markets in Beijing and Shanghai. How has O’Meara been dealing with the knock-offs? “It’s gotten better...but we have to be realistic. Co-operation [from the local authorities] varies, but we must be proportional.” By proportional he means that local wealth has been a big help. “Chinese consumers know where to go for the real thing, like department stores. And it’s a face issue: if you’re trying to convey status, it’s a tremendous loss of face in China to be seen in counterfeits.”

VF also has the option of producing a lower-cost product to better fit the average local wage. But pulling in the mass market isn’t necessarily a good idea for O’Meara who’s seen others segments try it and fail. Not only are local wages rising fast enough to be able to afford VF products, but producing lower-priced options runs the risk of damaging the status effect. “Chinese customers willing to spend the money make a definite correlation between price and quality.”

While China will account for more sales for VF, the country is gradually losing its competitiveness as a supplier. Much of the stitching, fading and weaving will move out of China, O’Meara agrees, due to rising costs and changing demographics as China’s cheap labour runs out. But this will happen slowly, he says, given the quality of Chinese infrastructure and the benefits of know-how and scale here.

One of the triggers of moving production is the climbing costs. O’Meara says for the first time in two decades, he saw the costs of production pushed northwards by cotton prices, pushed high by shortages, and speculation by commodity traders. VF lifted prices and saved money by blending and moving some production to cheaper manufacturing locations like Bangladesh.

Manpower is another Chinese challenge. Getting more Chinese into its jeans and North Face jackets will be vital to VF’s annual results, but depends on O’Meara being able to find enough of two things: good franchisees and good executive talent to execute growth plans, “talent that understands China and that understands the multinational environment as well.”

Four years into Asia, O’Meara, his wife and three kids have adjusted to Hong Kong life and the Dubliner looks set for a few more years at the top of the local garments trade. He thanks his time in Ireland for preparing him for his career climb. “It was the general management nature of the Irish role... I was in distribution, finance, inventory, PR... we were 30 people in Tallaght and seeing all aspects of the business. You learn more from being in a small market where you can control all of that,” he says. “That’s helpful when you move to an office with 22 nationalities.”
As the pendulum swings both geographically and in power terms from the major petrochemical giants into the hands of national oil companies, moves are underway to promote Irish companies’ capabilities in the oil and gas sector. And Mike Hogan writes that there are excellent opportunities to develop or adapt products for this market – from exploration right through to the petrol-station forecourt.
Oil and Gas Sector

In 2010, the US surpassed Russia as the world’s largest producer of natural gas. However, this was not achieved on the back of new gas discoveries, but rather from the development of new technologies for extracting natural gas from shale. The process involves the breaking up or fracturing of previously impervious shale rock to release natural gas, known in the industry as ‘fracking’. This has sparked a flurry of multi-billion-dollar deals, including 2009’s $41b agreement by ExxonMobil to purchase XTO, the shale gas specialist. In terms of supply, the shale gas revolution has had a huge impact. In less than five years, the US has gone from seeking new sources of natural gas overseas to being effectively self-sufficient.

In Europe, Poland is the leading territory with shale gas potential. Both ConocoPhillips and Lane Energy have announced plans to explore for shale gas there, while Marathon Oil has extensive leaseholds in Poland, which it intends to explore for Silurian-age shale gas. Poland’s Chief Geologist Henryk Jezierski has granted more than 50 exploration permits to search for shale gas, covering 12 per cent of Poland’s territory. The sector is not without Irish interest, as Dublin-based San Leon Energy has secured six licence areas for shale gas exploration. Currently, Poland imports over 60 per cent of its natural gas from Russia. If recent reserve estimates of up to 3 trillion cubic meters are accurate, Poland could have gas reserves of more than 200 times its annual consumption. As such, Poland could become a gas exporting country and seriously upset Russia and its plans to dominate the European natural gas market. Fantasy? Possibly, but the early results for test drilling has been excellent, and all this activity has the possibility of generating opportunities for Ireland’s emerging oil and services sector cluster.

More and more of world’s energy requirements will be met by locations as diverse as Russia, Kazakhstan, Brazil, Kenya and Angola.
capital Baku is one of the world’s original oil boom towns, where families such as the Rothchilds and the Nobels made oil fortunes at the end of the nineteenth century – indeed, it was for Azerbaijan’s oil industry that the Nobel family created the world’s first oil tanker and oil pipeline.

Then there’s Turkmenistan. Led by its eccentric dictator Turkmanbashi, until recently it was one of the world’s most closed countries. However, since his death in 2007, Turkmenistan has emerged as a key energy producer in Central Asia.

All of these countries are vital to Europe’s energy future. And from an Irish perspective, they all have something in common: in each, there are already Irish businesses active in supporting the oil and gas sectors. Companies such as Sepam, Kentech and Kentz, which might be comparatively unknown back home, maintain operational bases as far apart as Sakhalin in Russia’s Far East down to Atyrau on the Caspian Sea in Kazakhstan.

So what is driving this expansion into Russia and Central Asia? Quite simply it is a lack of local expertise in extracting oil and gas in offshore locations – experience many Irish companies acquired during the initial expansion phase of North Sea in the 1970s and 1980s. Russian companies are very adept at extracting oil on land, but most of the country’s new oil and gas resources are in offshore locations such as Sakhalin close to the frontier with Japan or in the Arctic, as in the case of the new Shtokman gas field, north of the Kola Peninsula. Moreover, Russia’s new land-based oil and gas resources are located in Western Siberia, which is both costly and challenging to work in. Russian oil and gas companies such as LukOil, Gazprom and Rosneft have partnered with Western oil companies, including ExxonMobil, BP and Statoil to develop these assets.

These same oil companies, or their primary contractors such as Haliburton and Bechtel, are bringing Irish companies into oil and gas projects during the construction, build-out and operational phases of development. And once onsite, they do a huge variety of work from mechanical and electrical works in oilfields to the building of access roads to the terminals.

Irish companies are also active in support services to facilitate the expansion of the sector across the value chain. Many have had to adapt their offering specifically to service the oil and gas sector, but this has reaped rewards. Take Cork-based Mainport Holdings, which through its subsidiary, Caspian Mainport, operates a fleet of 19 ships in the Caspian Sea, providing marine and shipping services to offshore oil customers.

Also in the Caspian, another Cork-based company, Seftec, has developed Helicopter Underwater Escape Training (HUET) facilities in both Azerbaijan and Kazakhstan. Workers on offshore oil rigs receive mandatory HUET training on how to escape should their transport helicopter go down in open water. And should these workers require rescue, Shannon-based Nowcasting International provides detailed local weather forecasting and sea-condition services to the oil companies (as well as to rescue and coastguard services worldwide).

The sector is about more than simple extraction; the true value-add is when the oil is transported and refined, and, again, Irish companies are on the scene. Supervisory Control and Data Acquisition (SCADA) systems supplied by Dublin’s Datac Controls are in action on some of the world’s large oil refineries. And on the petrol station forecourt, Dublin-based Smart Centric is providing retailers with the IT backbone for their fuel and loyalty card offerings.

From source to pump, there are many opportunities for Irish companies to provide a product or service for the oil and gas sector – a sector that is expanding internationally and simultaneously encountering more and more challenges as hydrocarbons become more difficult to extract and process. For the right product or service, addressing these challenges is a potentially excellent source of export revenue.

For further information, contact Mike Hogan, head of Enterprise Ireland’s Warsaw office.

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The industry is expanding internationally and simultaneously encountering more challenges as hydrocarbons become more difficult to extract and process.
Businesses working internationally know all too well about the cost of staying in touch while abroad. However, one Irish company, which recently raised €0.5m in funding to fuel its expansion, sees that universal problem as its opportunity. Adam Maguire reports.

E-mails and messages do not stop just because you are away on business, and, so for most professionals, maintaining communication is vital, no matter where in the world they are. However, the high cost of roaming - especially when it comes to data - has made it an expensive undertaking, particularly for companies looking to keep overheads down.

For Dublin-based Cubic Telecom, this struggle for companies trying to balance practicalities with pricing presented a unique opportunity. “We’re focused on mobile connectivity globally,” said Gerry McQuaid, commercial director of Cubic Telecom. “We sell to three types of customer, including the business customer who is travelling regularly and does not want to pay high charges while still having connectivity back to the office or back home.”

CHEAPER ROAMING The Cubic Telecom proposition is a relatively simple one. Through its MaxRoam brand, the company sells SIM cards that offer lower roaming rates in over 230 countries. It works via carrier deals that the company has struck with networks in each country, which effectively allow its users to be treated like local customers when using their phone there.
What this means in practice is that an end-user in Germany is charged the same rate as someone with a German SIM card, thus cutting out any roaming charges. If customers forward their number, they will not miss any calls, and, as the service is pay-as-you-go, there will be no large bill to shock them after the fact.

“Our core network doesn't belong to any country, so we call it a borderless network,” says McQuaid. “By doing these wholesale agreements with global and local operators, we can configure very flexible tariff structures for people who move around. What we sell to you is a proposition that says you can be a citizen of a country while you are in that country, from the point of view of your mobile at least.”

McQuaid contends that depending on the situation, customers could shave upwards of 80 per cent off rates, with particular savings being made on data costs. “Our focus is data,” he explains. “There are many that offer low-cost call back services that use low quality routes but our whole product is based on high-speed data and high-quality voice like you would expect to have at home.”

EUROPEAN REGULATION Of course, Cubic is not the only organisation concerned with roaming at the moment. The European Commission has gradually been pushing down EU roaming costs through regulation, meaning it is cheaper to make and receive calls from within European countries. Massive changes are also being proposed that could radically reshape the European mobile market, though this may take years to become a reality. However, McQuaid points out that the prices MaxRoam can offer are still well below the maximum charges allowed at present and the EU does not currently cap data rates.

Moreover, EU regulation is creating other issues, which Cubic’s service promises to avoid. “What happens is that they disconnect you after you’ve spent €50, so what you’re now having...
is a crazy situation where a business customer gets disconnected while they’re abroad and they don’t even know it,” says Pat Phelan – the company’s director of product and innovation.

In any case, Cubic is not simply targeting Irish, or even European, travellers. McQuaid sees huge potential in markets outside of the EU and has signalled that Asian and Australian customers are of particular interest. This is where some of the €1.5m in funding the company recently received from Enterprise Ireland will be directed as well as the opening of a sales office in the US and its R&D programme.

“Inside Europe, it’s not too bad because of regulation but if you go from the EU to the US or Asia, or from Russia or Australia to the EU, you pay very high prices, untenable prices,” he explains. “Global operators charge each other a lot of money, so if you go from far afield to far afield, you are charged an awful lot.”

Take someone travelling from Japan to Europe: such a customer would normally pay up to €21 per megabyte of data when roaming - MaxRoam offers a rate of 79c for the same service.

WHITE LABEL. MaxRoam represents only a relatively small part of the company’s business. Separately, Cubic seeks to strike deals with companies that want to ship products like eBook readers and tablets with international data connections already built-in.

Meanwhile, the majority of its business is white label. This sees Cubic’s cheaper roaming service being licensed to international partners who then apply their own branding and resell it. “We do everything from customise the website, SIM cards, pricing plans and the tariffs,” says McQuaid. “We can turn these white label partners around very quickly, which means they can start selling without having to have any specialist mobile people in their business.” Hostelworld.com uses Cubic to run its TravelNRoam product. Ryanair is also a reseller of the service.

According to McQuaid, Cubic is in a position where it is now being approached by potential partners rather than the other way around, with the company currently talking to 70 “hot prospect” companies about partnering.

“Our criteria for appointing partners is that they have to have an established business, brand and customer base and a proven ability to access a significant customer base,” he says. “They come from the telecoms industry and the travel industry; we pick the partners to suit the customers we’re trying to win.”

However, while Cubic is effectively giving companies the ability to become players in the mobile market, McQuaid stresses that they do not see themselves as a challenger to existing networks. As most users turn off roaming when abroad, Cubic users are creating revenue that did not exist in the past, he argues.

Likewise, he does not see any network as being a particular threat to Cubic, even though he acknowledges that their service could be mimicked should a company ever wish to do so. “It’s taken us two years to build what we have; I’m not saying that nobody else could copy it, but literally no other company in the world is doing this right now,” he said. “It requires a lot of cap-ex, you need the right people, the right mind-set and the right relationships; it’s not impossible but it wouldn’t be easy. Besides the mobile operators also don’t want to get into the business of slashing retail prices where it’s not necessary, because it’s still a very lucrative area of the business for them.”
The way Fortune 1000 companies buy is changing. Authors of ‘The B2B Sales Revolution’, John O’Gorman and Ray Collins write that in today’s business environment whether a project proceeds, is put on ice or scrapped altogether is determined by one overriding factor – the business case.

**THE BUSINESS CASE IS KING**

“Great idea, let’s do it” is rarely heard from today’s buyers. The best sellers can hope for is, “Let’s get a multi-disciplinary team together to develop the business case, then in four to eight months, we can decide if it’s worth doing.” For sales people, this has three significant consequences:

1. More complex sales cycles, starting earlier and ending later
2. The involvement of an entire cross-functional team in the purchasing decision and, as a consequence, the need to sell higher and wider within the organisation
3. The over-arching need to answer to the business case

In this article, we address the first two realities briefly, before looking in more detail at the unavoidable power of the business case.
REALITY CHECK #1: LONGER AND MORE COMPLEX SALES CYCLES The first reality vendors now face is that purchasing decisions are being more carefully made, with greater consideration and planning than ever before, which, in turn, is leading to longer and more complex sales cycles. In short, today’s buying process is akin to painting by numbers. The aim is a formal scientific process for allocating scarce organisational resources between competing projects or purchases.

Within this, there are typically six steps through which the buying team must work through and cannot deviate from:
1. Initial requirement capture
2. Complete requirements/objectives
3. Business case and high-level design
4. Detailed design
5. Build and test the solution
6. Launch and review

This means buyers are now increasingly setting the rules of engagement, defining what contact between the buyer and seller is appropriate – or even permissible – at each stage of the buying process. In fact, the first direct approach to the vendor typically doesn’t occur until step 3, when supplier quotes are sought.

Like it or not, the reality is that sellers must support buyers through this prescribed buying process – even if this doesn’t fit their idealised sales process. The way organisations sell must reflect the stage of the buying process the buyer is at. Vendors must be carefully not to usurp the buying process by attempting to fast-track access to information and stakeholders or by closing prematurely.

In short, trying to corral buyers through the seller’s way of selling is likely to backfire.

REALITY CHECK #2 A second reality is that the age of the buyer as a free agent is over. Individual managers can no longer simply write a cheque or sign a purchase order. The buying process now requires greater cross-functional teamwork and consultation with stakeholders, and the ultimate power to make decisions has ascended to the top-ranks of most organisations.

For the vendor, there are several implications. For one thing, sellers underestimate today’s buyer at their peril: he/she may know more than you. It also means that one or two contacts in an organisation is no longer enough. More people involved in the buying decision necessitates a team-based approach to selling. Vendors must ensure that they are engaging with all the right people and tailoring their message to the functions and departments involved.

Contacts must also be nurtured over time to sales readiness. Savvy sales people will find reasons to keep in touch with those they meet who are not yet ready to buy. They will also understand that getting and retaining access to senior level management is key. That requires being an expert, rather than a sales person, pitching high and tailoring the message to appeal to the senior or specialist buyer.

REALITY CHECK #3 THE BUSINESS CASE IS KING The business case as king is a third reality of today’s buying process. There is certainly still a role for emotion and politics in complex buying. However, the increasingly structured steps of the buying process, as well as the process of sign-off and approval, have had the effect of putting business logic at the absolute core of the buying decision.

Before managers or departments can get ‘the green light’ for a major purchase they must answer in a compelling way the following questions: Why fund this expenditure? Why now? Why support this project instead of another?

It may surprise some vendors to find that many large organisations require a business case for purchases of as little as €20,000. As one senior sales person told us: “Buyers must take pen to paper and justify their planned purchase in a document that will be scrutinised dispassionately by many others in their organisation. It must calculate the costs, benefits and risk equation of their project — often to a level of sophistication that would impress a university professor. The buying-decision will live or die based on its business case.”

The vital role for the vendor, then, is to help buyers navigate their way through the complex purchasing journey by replacing the terms competitive advantage, features and benefits in the sales proposal with the language of the business case.

ELEMENTS OF THE BUSINESS CASE So what does a typical business case involve? In brief, it must clearly outline the value equation of the proposed purchase, reflecting not only costs, benefits and risk, but also how the project will contribute to the achievement of broader organisational goals and strategies.

Costs and benefits: The number one job of the business case is to calculate the business impact and results of the proposed purchase. Therefore, the business case is concerned first and foremost with results and outcomes, or more precisely benefits minus costs and consequences.
Buyers are increasingly setting the rules of engagement, defining what contact between the buyer and seller is appropriate – or even permissible – at each stage of the buying process.

**Risk:** Add to that the weighting of risks and you get a more in-depth analysis, highlighting that while the payback from project A might be twice that of project B, this benefit may be negated when higher levels of risk are considered. Managers are increasingly concerned with the risk that the desired results will not be achieved or that other unwanted consequences will arise, and they are reluctant to put their neck on the line for a risky project, purchase or vendor.

Moreover, regardless of the choice of provider and solution, there are many other factors (business, technology and project-related risks, for example) that may impinge on achieving the required outcome. The business case must include scenarios and probabilities concerning results and outcomes and a register of risk, listing each risk, rating it and outlining how it is to be managed.

**Compliance Issues:** The business case must also address risk-related elements, such as details of implementation, governance and control. In particular, it must address issues of compliance — whether that is adherence to internal standards or external regulation.

**Strategic Fit:** Managers must demonstrate that the purchase will help the organisation to achieve its objectives and boost its performance. Not only that, but with a diverse portfolio of projects and purchases all competing for scarce organisational resources, they must demonstrate that their purchase or project is more relevant and compelling than others.

**Politics:** The successful business case will involve a process of extensive involvement with stakeholders and will be written, or at least reviewed, by cross-functional committees. Therefore, it must address the needs of multiple audiences, ranging from the CEO to the COO. This is essential to create the buy-in that is likely to be required to get the project sanctioned as well as to ensure it can be successfully implemented.

**The business case as a living, breathing document:** Sophisticated buying groups see the process for creating the business case as being as important as the business case itself. In these organisations, the business case is really a framework for planning, decision-making, implementation and review. It has a full project...
With a diverse portfolio of projects and purchases, all competing for scarce organisational resources, they must demonstrate that their purchase or project is more relevant and compelling than others.

lifespan, increasingly starting well in advance of the purchase and ending only after project success is achieved.

**IN SUMMARY**

Given the power of the business case in the new purchasing environment, vendors must ask how they can impact on the performance and further the strategic goals of the buyer’s business. They must see the bigger picture of the sale in its wider project or strategy context.

Vendors must understand all of the buyer’s options and alternatives, including competing projects, the option of doing it in-house or even delaying a decision. Instead of writing sales proposals, they must help buyers to build the business case.

*This article was adapted from chapters 2, 3 and 4 of ‘The B2B Sales Revolution’ by John O’Gorman and Ray Collins of the ASG Group. See http://b2bsalesrevolution.com*

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**Check List for Vendors Responding to the Buying Revolution**

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**Understanding the buying process: how is the decision going to be made?**

- What is the buying process?
- How rigid, structured or sophisticated is it?
- What are the key steps?
- What are the key review and sign-off points?
- How long will it take?
- What stage in the buying process is the purchase at?
- Have requirements been defined?

**The business case**

- Is a business case required? And if yes: What format will it take? Who is responsible for drafting it? Is there a template to be followed?
- What is the buying organisation trying to achieve?
- What are the business drivers and metrics?
- What ROI/payback will be required?
- What are the broader strategic issues at play?
- Are there competing projects and alternatives?
- What level of risk is associated with the decision?
- What governance or compliance issues are relevant?
Add the Chinese government’s $124 billion investment in healthcare to a surge in Western diseases, and the requirement for drug manufacturers to adopt European-style Good Manufacturing Practice (GMP) standards, and you get a potential market for companies that cut their teeth serving Ireland’s ‘big pharma’ sector. Lucille Redmond reports.

RENMNBI FOR GMP
Booming is the only word for the Chinese pharmaceuticals market, which is expanding at speed to serve a new middle class seeking the medicines available in the West. The boom offers opportunities to Irish pharmaceutical-engineering companies. The Chinese government is responding to the need for better treatment by a $124 billion investment in healthcare provision.

The government is determined to bring locally-run pharma facilities up to the standard of the European- and American-owned factories, and has introduced a stringent GMP (Good Manufacturing Practice) standard for exporters. The new GMP adopts the EU clean-area classification system for the manufacture of sterile products. It also introduces the concept of ‘Quality Risk Management’, and adds requirements on supplier audit, change control, corrective and preventive actions (CAPA) and product quality review. Irish expertise is badly needed by China in upgrading old plants and setting up new ones that meet the new GMP standard. Conceptual design consultancy, project management and specialist areas like the production of cleanroom garments are all areas of promise.

ENTRY STRATEGY There are opportunities - but there is also enormous competition, with companies from the US and Europe already in this market for 10 years and more. The best strategy for Irish companies wanting to break into this rich seam is to partner with established players - either foreign or Chinese - who are already in business in China.

Chinese companies are buying engineering expertise to upgrade their plants, and foreign companies have flooded in to take up the challenge. Companies in the pharma engineering space in China include engineering companies LONZA of Sweden, NNE Pharmaplan of Denmark, BTS of Germany, Technip of France, the Japanese JGC and American companies Rockwell, VTI and Foster Wheeler. Irish companies experienced in working with plants conforming with the European GMP standard or the the FDA standard in the United States, which is sought by the most ambitious Chinese firms, may find a good commercial fit with companies like these.

The British companies Euro-therm and Pharma-BIO are in the Chinese market, as are Astra of Hong Kong, and Yokogawa of Japan. Dr Sun Xiaobing, general manager of Pharma Tech (Tianjin), says that the new GMP will bring Chinese plants to the same standard as multinationals. “The construction environment should be almost the same. Most of those buying engineering services are local companies. They want something really high-end in the conceptual design, then they will use local tech for further work.” The Chinese-run biological and chemical facilities particularly need conceptual design of the standard available in Ireland. “They want new ideas to meet the GMP, and also FDA standards if they want to export their products outside China,” says Dr Sun. “The new GMP is almost the same as in Europe, but more strict. This means a lot of factories need to be reviewed. In the next three to five years, there is going to be a huge market for pharmaceutical plant construction.” Surprisingly in such a planned economy, there is no central hub for pharmaceutical manufacture, though there are pockets of innovation, especially in Shandong, Jiangsu, Henan, Zhejiang and Guangdong. The market for medicines is unique in a country that has been poor for generations and is now rapidly growing richer, but from a low starting income base.

THE MARKET IN FIGURES
- Cumulative annual growth of the Chinese pharma sector in the next decade is predicted at 20 per cent (SMEI, the Sales & Marketing Professional Association)
- By 2013, annual sales are expected to reach $70 billion, with China overtaking Germany and France to become the third-largest pharmaceutical market after the USA and Japan.
- The industry has a total of 7,038 enterprises, with average profit margins ranging from 7.95 per cent in small companies to 13.22 per cent in mid-sized companies, with large companies at 10.34 per cent. The top five companies for hospital drug sales are AstraZeneca, Pfizer, Roche, Bayer and Shandong Qilu Pharma.
- The 25 largest Chinese pharmaceutical companies are among the top 520 Chinese enterprises.
- There are more than 4,000 pharmaceutical manufacturers in China today that have Chinese GMP (good manufacturing practices) certification.
- More than 100 drug manufacturing sites in China are manufacturing API (active pharmaceutical ingredient) or drug products for American NDAs (new drug applications) and ANDAs (abbreviated new drug applications)
UPCOMING BUYER VISIT TO IRELAND AND STUDY VISIT TO CHINA

Following the success of the China Pharma Engineering & Construction Seminar held in Enterprise Ireland’s HQ in April 2011, Enterprise Ireland has invited personnel from the pharma/pharma engineering/training and recruitment sectors in China to Ireland to meet with client companies on August 28.

The event will offer the opportunity to provide an overview of your product/service offering to the Chinese visitors and to network with other Irish companies in this space, with the aim of moving towards an Irish China Pharma Services cluster. However, the meeting will have restricted access, so early booking is requested.

The buyer visit to Ireland will be followed by a study visit for Irish companies to China on October 23 to 28, 2011. See www.enterprise-ireland.com/ChinaPharmaMarketVisit11 or contact cathy.holahan@enterprise-ireland.com, tel +353 1 7272907 in Dublin, or tony.wang@enterprise-ireland.com, tel +86 20 86662450 in Guangzhou.

MARKET DYNAMICS
David Campbell, senior principal and global leader for emerging markets in the IMS Health commercial intelligence service, notes that China is a country so huge that it crosses five time zones.

“That is an issue a lot of companies have, both on the pharmaceutical manufacturing side - the companies that sell pharmaceutical products - and among the companies trying to service the rest of the industry. At the moment, the vast majority of customers are serviced through Tier 1 companies, and there aren’t very many of those. So a lot of the local opportunity for pharma companies is going to come from accessing that next tier of hospitals and cities, and therefore the next tier of the population. But these tend to be populations that are even less wealthy than those currently being served.”

IMS predicts that the market for pharma drugs is going to grow $70 billion in the next three years, with a lot of this generated by multinational organisations going into the market, rather than by local companies. “A lot of these organisations are already there, so the big opportunity is in bringing the local players up to the same level as the multinationals. A big part of that is compliance with GMP, and with GCP (good clinical practice).”

One of the first Irish companies into the Chinese plant market, the PM Group, partnered with German company M&W Zander, which had a licence for construction in China.

PM Group and its partner M&W Zander won a $300 million contract from pharma giant Wyeth to provide design, project management and construction services for its 50,000 square metres infant nutritional facility in Suzhou. The design was for a state-of-the-art facility employing 500 people, and serving the roaring market for baby food in the new China.

The multinationals in China and the local Chinese pharma industry tend to concentrate at quite different areas - at the moment, anyway. Multinationals that may site their biological plants in Ireland and their chemical production in India tend to manufacture solid dosage pills in China. Some Indian companies make the drugs on the Chinese government’s essential drugs list, priced under $0.01 per tablet - antibiotics and cardiovascular medicines supported by State finance.

Chinese companies generally make either traditional Chinese medicines, used as a first resource by many people, especially in rural areas, or the increasingly popular western medicines, concentrating on cancer medicines, antibiotics and anti-inflammatories, which are seeing sales increase by 30 per cent every year.

Of the pharmaceutical facilities in operation, around 40 per cent – the sterile and biological plants – need to be reviewed to meet the government-mandated GMP. The disease profile in China is changing, bringing changes in the pharmaceutical market. “It was traditionally an emerging market profile, with a lot of use of anti-infective products and anti-viral products,” says Campbell.

With its new prosperity and love for Western food, China has developed one of the worst obesity problems in the world, with the result that type 1 diabetes, cardiovascular disease and other obesity-associated illnesses are increasing. “Cancers are also increasing,” says Campbell. “There is definitely a genetic predisposition in certain cases: oesophageal and gastric cancers, for instance. But a lot of the increase in these conditions is probably coming from the shift in diet.

“The profile of the market is becoming closer to that you’d see in the US, Ireland or the UK. A lot of growth in the industry stems from the Chinese government’s $124bn investment. Back in 2001, China was probably number nine or ten in terms of total dollar revenue from the pharmaceutical industry. By the end of this year, China will be the third largest pharmaceutical market globally.”
Singapore is marketing itself as a gateway to Asian markets, but with all the familiarity of the west. Claire O’Connell reports from a visit to the city State.
As you round the bend on the Singapore River into Marina Bay, something catches your eye: a white statue, half-fish tail, half-lion. The ‘merlion’, a symbol of Singapore, is also a fountain, arcing water towards the bay against the backdrop of a high-rise skyline in the tropics.

It’s a curious hybrid, and so too is Singapore: Asian but ‘westernised’ and English speaking. And, perched in an ideal location, the city state is not shy about highlighting its attributes as a global hub and gateway into Asian markets.

The key to Singapore is its region, explains Pat O’Riordan, Director, Singapore, Indonesia & the Philippines at Enterprise Ireland. “Singapore is not a gigantic market, it’s a place that sits in a market, the market being ASEAN [the Association of South-East Asian Nations], which is a trading block of 550 million consumers with a very fast growing middle class,” he says, noting that Singapore also offers a lens into China, India and Indonesia.

As in Ireland - another English-speaking gateway into a large market - many of the top multinational names in medtech and pharma have a presence in Singapore. And again like Ireland, Singapore has had a recent focus on building up life sciences research and infrastructure - one of its most overt outputs being Biopolis, a cluster of buildings that seek to co-locate industry and academic research.

So what do life sciences companies on the ground make of Singapore as a launchpad into Asia and beyond? One newcomer is Vela Diagnostics, set up by industry veteran Michael Tillmann, who recently left Roche Diagnostics. His new venture is looking to develop, manufacture and market integrated systems for molecular diagnostic testing.

The newly minted company has operations in the US - where it needs to keep tabs on developments relating to the FDA - but its headquarters are in Singapore. A stable environment and several ‘sanity factors’ attracted Tillmann, who comes originally from Germany, to set up camp there.

“You have access to good educated people - they are embedded in the universities and you can recruit,” he says, though he adds a caution. “With more companies coming here, they are sourcing from the same pool...Singapore needs to be careful they are not drying out their labour market.”

Legal security, a lack of corruption and the relative ease and speed with which Tillmann could set up the presence there also made Singapore attractive for Vela. Another attribute was Singapore’s access - its bustling airport and the staggering array of cargo ships in its waters are a testament to the city state’s role as an international logistic hub. “You can get in and out easily - it makes the world much smaller,” says Tillmann.

And efficient shipment is an important factor in his game: “You just cannot have things standing on the tarmac at 40 degrees Centigrade.”

Biopharmaceutical services company Quintiles, which has had a presence in Singapore since the mid-1990s - also plugs into the logistics element: the company’s central lab there receives over 1,000 clinical samples each day for processing or storage.

Another big name, measurement company Agilent Technologies, taps into the skilled workforce in Singapore to manufacture mass spectrometry instruments at its life sciences facility there.

“Our focus is big into the life sciences now,” says Dr Sam Mohan, the regional director for South-East Asia for Agilent Technologies Life Sciences Group. “And Singapore is the hub for Asia right now.”
Meanwhile in the north of the city state, Swiss-headquartered multi-national Lonza is expanding its biologics manufacturing capabilities with a new facility at Tuas Biomedical Park.

So where are the Irish? Over 60 companies have chosen to locate in Singapore, explains EI’s O’Riordan. “Why did they choose this part of the world? The same reasons as multinationals, there’s legal transparency, visibility and no corruption in Singapore.”

And coming from a similar environment of inward investment can be an advantage, he notes. “The whole ecosystem that Ireland has built up by having 30 or more years of pharma investment, it’s really a feeder ecosystem. Most of the SME sector in Ireland doesn’t actually sell end product, and there tends to be a lot of solutions which are sold to the broad life sciences industry.”

Recently, he has seen some Irish companies diversifying in Singapore - including applying cleanroom abilities used in the pharmaceutical industry into other areas.

“The biopharma and life science industry is cyclical, and a couple of things have emerged as a consequence of that, particularly in light of the financial crisis and the number of investments that were put on hold over here,” he says. “There’s a trend towards Irish companies spreading their capabilities into other sectors.”

And for Irish SME’s looking to Singapore, O’Riordan’s bottom-line advice is to physically visit - preferably during an event that attracts other companies in the sector and so offers an opportunity to network.

“People who try to research things from home get it wrong, [but] if they get a business here and they open an office here, the chances are their intelligence on the broader region is much more profound,” he says. “Shoe leather on the ground is the single most important success factor and there is a clear correlation between a presence in the market and export growth in the region.”

Claire O’Connell visited Singapore on a press trip hosted by Contact Singapore, an alliance of the Singapore Economic Development Board and Ministry of Manpower.

Getting the right drug development strategy in Asia

Biopharmaceutical companies need to consider Asia, and also to realise that one size does not fit all in these emerging markets. That’s the thinking of Dr Amar Kureishi, Vice President, Chief Medical Officer and Head of Strategic Drug Development Asia at Quintiles.

“The biopharmaceutical industry is in ill health worldwide,” he says at the Singapore office of Quintiles. “R&D expenditure is up, approval time and costs are up...and with the economic meltdown of 2008, things have become more difficult. The light spot at the end of the tunnel for biopharma is Asia.”

But companies looking to move into Asia need to develop a strategy tailored to their particular products; Dr Kureishi reckons the biopharma industry will need to change its model.

In a recent thought piece, he outlined how the industry will need to relinquish the more Western, linear ‘go-it-alone’ model where one firm controls the pieces from drug discovery through development and commercialisation, and move towards a ‘wheel-and-spoke’ model of multiple strategic partnerships.

“‘This model will lend itself to the principle of ‘how can we work to win together?’ and away from ‘how can I win before you do?’’”

The Quintiles unit looks to work with companies and help them tailor a drug development strategy for Asia.

“Globalisation has too often meant you take a western product and put it into Asia, but true globalisation is about looking at what is happening in Asia,” says Dr Kureishi, who notes that companies need to consider this region of the world.

“Biotech is about survival, you need to consider your options. For companies not to think of Asia, they are not thinking of the future.”

“For companies not to think of Asia, they are not thinking of the future.”
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.

**The Video Gaming Industry Outlook**
*Business Insights*
*May 2011*

Global video-gaming revenues are forecast to grow at a CAGR of 5.1 per cent during the period 2009–14, reaching $92.5bn in 2014. This report discusses the emergence of new gaming platforms, provides market sizing and forecasting by segments and geography, underlines the demographic shift and emergence of new video gaming sectors and technologies and provides actionable insight on approaching this fast-changing market.

**The Personal Cloud: Transforming Personal Computing, Mobile and Web Markets**
*Forrester*
*June 2011*

The personal computing experience for individuals is broken – ruptured by the fragmentation of personal information across PCs and mobile devices and the scattering of content across a multitude of online services. This report describes the emerging personal cloud ecosystem, which will dramatically transform market opportunities for web properties, PC makers, OS providers, mobile device manufacturers, ISPs and telcos and enterprise software vendors. It forecasts the number of users and paying subscribers to personal cloud services through 2016 and breaks down the business models behind what is set to become a $12 billion market.

**The Future of Online and Mobile Payments**
*Business Insights*
*June 2011*

This report forecasts that the alternative payments industry – comprising online, mobile and contactless segments – will post a CAGR of 17.6 per cent over the period 2010–15, with revenues increasing from $740bn in 2010 to $2,700bn in 2015. It examines the industry in terms of market size, segments, evolution of the industry, geographic segmentation, value chain, key drivers, trends, major players and challenges. It also examines the future of digital payments in terms of convergence of devices, technologies and value chains.

**NFC Payments, Tapping the Future**
*Datamonitor*
*June 2011*

Near field communications (NFC) is promised to herald a revolution in payments but remains perennially just around the corner. However, with major players finally launching both handsets and services, has NFC’s time come at last? This report looks at where NFC stands today, what major players are doing in this sector and what this means for issuers and payments players. It also includes an analysis of the likely base of early adopters of NFC payments technology.
**FOOD, RETAIL AND CONSUMER PRODUCTS**

**M-Commerce 2011: How consumers spend and use their mobiles in retail**

*Mintel*

**Asia-Pacific Retail Handbook**

*Datamonitor (Verdict)*

**June 2011**

Datamonitor Verdict estimates that the m-Commerce market will be worth £1.3bn in 2011, up 133.9 per cent on 2010. Though it remains a small proportion of both online spending (5.0 per cent) and total retail (0.4 per cent), its rapid growth and the increasing use of mobiles by consumers as part of the shopping process means it is an area that retailers cannot afford to ignore.

The forecast is that by 2015 the market will be worth £3.2bn, with 10.7 million consumers purchasing through the channel – up from just 3.9 million in 2010. Moreover, by this stage the mobile will have become a crucial tool for shoppers to research purchases, use vouchers and discount codes, check product availability, compare prices and perform a number of other retail-related functions. Retailers must adapt to this trend with mobile-optimised websites, apps and careful reputation management, or risk losing out to competitors.

**Global Product Innovation Update: New product developments in consumer packaged goods**

*Datamonitor*

**June 2011**

This monthly update focuses on developments in the food, drinks, personal care and household goods markets. It is based on research from Product Launch Analytics, the world’s largest online database of new products, with coverage from 1980 to the present. In this month’s Global Product Innovation Update, the areas of flavour/fragrance, new foods, new drinks, and new personal care products are explored.

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

**The Future of Residential Energy Efficiency in Europe: Growing Opportunities for Utilities**

*Datamonitor*

**March 2011**

Datamonitor believes that residential energy efficiency solutions in Europe will peak at £1.1bn per year in 2015. It predicts that the biggest potential for growth is in ground-source and air-source heating pumps, followed by solar technology applications. The report explores drivers of energy efficiency and includes estimates of the potential residential energy efficiency market value for the EU-27 countries.

**Cell-based Assays: Technology and Global Markets**

*BCC Research*

**May 2011**

This report provides a detailed overview of the present and future global market for cell-based techniques and analyses the products available. It also gives detailed analyses of markets and competitive environments, cell assays markets in newly emerging regions, and instrumentation and robotics and their impact on the market. In addition, it includes information about significant products, key players, issues and trends and a SWOT analysis.

**The Future of Home Automation**

*Business Insights*

**April 2011**

This report examines how consumers and governments are creating a booming market for ‘smart home’ devices. It analyses the companies, technologies, and products behind automation in energy, entertainment, home security and health care. In addition, it details pilot projects, product costs, industry trends, business alliances, and the new and emerging technologies that are shaping the future of the market.

**World Emerging Sensors Markets**

*Frost & Sullivan*

**March 2011**

This report looks at some of the numerous product and technology trends that are expected to shape the future of the sensors market. It includes an overview of the size of the global sensors market, with fibre optic, MEMS, wireless and touch sensors, which are expected to play a significant role over the next 5 - 7 years, discussed separately. In addition, the study discusses potential new sensor materials.
Regulatory Briefing

Trade regulations, information and negotiations

An update on customs compliance, trade regulations and negotiations

Germany requested to remove trade barriers on construction products

The European Commission has requested Germany to stop imposing additional requirements for construction products covered by European harmonised standards and bearing the CE marking, as these are in breach of EU Single Market rules. This is the second time that the Commission has asked Germany to remove its trade barriers for construction products.

The German Ministry for Traffic, Buildings & Development has two months to respond to this request. After that, if Germany still does not comply, the European Commission could refer the case to the European Court of Justice, which could impose financial penalties for the infringement.

Additional shipping information required for US foodstuffs imports

In a customer briefing, FedEx warns that the recent review by the US Food and Drug Administration (FDA) of all its import processing procedures makes it even more critical that shippers provide accurate and complete product descriptions and manufacturer’s details for all goods that are subject to FDA review. In order to ensure the rapid clearance of such consignments, the new FDA procedures require importers to provide full and clear details of the following on all relevant shipping documentation: FDA product codes; Affirmation of Compliance (AoC) codes; firm identifiers; registration numbers; listing numbers and manufacturer identification information.

UK Bribery Act comes into force

Trade experts are warning that the UK’s Bribery Act, which came into effect on July 1, 2011, affects not only UK companies, but also all non-UK firms that have subsidiaries or other business relationships in the UK or with UK companies. Under the act, a company can face liability if its executives commit crimes of bribery or even if the company is judged to have had inadequate anti-bribery procedures in place.

Free Trade Agreement between EU and South Korea

A Free Trade Agreement (FTA) between the EU and South Korea entered into force on July 1, 2011. The Commission has described the FTA, the EU’s first trade deal with an Asian country, as unprecedented in terms of its scope and speed of tariff liberalisation. Under the agreement, South Korea and the EU will eliminate 98.7 per cent of duties in trade value within five years. The FTA will also tackle significant non-tariff barriers in the automotive, pharmaceutical and consumer electronics sectors and create new market access in services and investment, with major advances in areas such as intellectual property, procurement, competition policy and trade and sustainable development.

Information on export duties and regulation is available in the ‘Export’ section of Enterprise Ireland’s website.
WTO rules against China’s export restrictions on raw materials

The WTO has ruled against China’s export restrictions of certain raw materials, backing a case jointly brought by the EU, US and Mexico. The WTO Panel has found that China’s export restrictions were not justified on environmental grounds and should be removed.

The export restrictions are mainly quotas (on bauxite, coke, fluor spar, silicon carbide and zinc), export duties (on bauxite, coke, fluor spar, magnesium, manganese, silicon metal, yellow phosphorus and zinc), a minimum export price system and additional requirements and procedures for exporters. They have caused concerns for international steel and non-ferrous metal producers, as well as their downstream clients, including beverage can, CD, electronics, automotive, ceramics, refrigerator and battery manufacturers.

Data on VAT rates in the EU

The EC has published its latest update of current VAT rates applicable in the EU Member States as of July 1, 2011. See http://bit.ly/8rYcZy

Malaysia enforces Strategic Trade Act

Malaysia has commenced enforcement of its Strategic Trade Act (STA) 2010 as of this July. The new regulation controls the export (including transmission of technology), transhipment, transit and brokering of strategic items, including arms and related materials and other activities that will or may facilitate the design, development and production of weapons of mass destruction and their delivery systems. Its covers all controlled items by adopting the EU’s list; includes “catch-all” controls on unlisted items and restricted activities; prevails over other related laws in Malaysia and enables extra-territorial criminal jurisdiction, with severe penalties including death, life imprisonment and fines over RM30 million (US$10 millions).

Commission sets out blueprint for Intellectual Property Rights

The European Commission has adopted a strategy to revamp the legal framework for the landscape governing intellectual property rights (IPRs), including patents, trademarks, designs, geographical indications and copyright. Among the first deliverables of this overall IPR strategy are proposals for an easier licensing system for so-called “orphan works” that will allow many cultural works to be accessible online, and for a new regulation to reinforce customs actions in fighting trade of IPR infringing goods.

Work will also continue on proposals relating to the creation of a unified and specialised patent court for the classical European patents and the future European patents with unitary effect. This would considerably reduce litigation costs and the time it takes to resolve patent disputes.

Other elements of the strategy include presenting proposals in 2011 to modernise the trade-mark system both at EU and national levels and adapt it to the internet era; exploring the potential and impact of extending geographical indications (GI) protection to non-agricultural products such as Carrara marble or Solingen knives; and creating a legal framework for the multi-territorial collective management of copyright, particularly in the music sector.

Ireland signs its 63rd double taxation agreement

Ireland has signed a double taxation agreement with Armenia, covering direct taxes on income and capital gains. This brings the number of countries Ireland has signed has signed double taxation agreement with to 63, of which 55 are in effect. A new agreement with Hong Kong came into force on February 10, 2011, and will be effective from January 1, 2012. In addition, the legal procedures to bring new agreements with Albania, Bosnia & Herzegovina, Kuwait, Montenegro, Morocco and the United Arab Emirates into force have been completed by Ireland. Moreover, negotiations on agreements with Ukraine and Uzbekistan were recently concluded.

Ireland signs multilateral convention on mutual administrative assistance in tax matters

Ireland has become the 21st country to sign the Multilateral Convention on Mutual Administrative Assistance in Tax Matters. The convention offers governments tools for fighting offshore tax evasion and avoidance. It provides a multilateral basis for a wide range of inter-governmental administrative assistance, including information exchange on request, automatic exchange of information, simultaneous tax examinations, assistance in tax collection and service of documents. See www.oecd.org/ctp/eoi/mutual
What makes a good leader? Lucille Redmond looks at new books with their own theories.

IN 1977, a piece in the Harvard Business Review ricocheted around the business world. Abraham Zaleznik’s piece Managers and Leaders: Are They Different? raised a revolutionary question. “Zaleznik argued that managers and leaders were fundamentally different in the way they work with others, and in their attitude towards goals,” write Jeff Grout and Liz Fisher in What You Need to Know About Leadership. “Leaders, he said, shape rather than respond to ideas, and change how people think about what is desirable and possible.

“The goals of managers, on the other hand, arise out of necessity rather than desire. Leaders seek risks when opportunities seem to be promising, whereas managers tend to avoid risk. And while managers communicate by giving unambiguous signals and tend to be emotionally detached from their subordinates, leaders communicate directly and by appealing to human emotions.”

Grout and Fisher deploy noted leaders’ biographies and quotes in stylish cloud and speech-balloon form to back their workmanlike text on the basics of leadership theory. The quotes, particularly, are fun, because they closely follow the quotees’ particular talents. Steve Jobs of Apple, for example, says it is innovation that distinguishes between leader and follower, while Jack Welch, who upped General Electric’s market value from $12bn to $400bn during his time as CEO, talks about how leaders “passionately own the vision and relentlessly drive it to completion”.

What You Need to Know is, more than anything else, about building and running a team - the authors ruthlessly axe the popular brilliant-loner trope, pointing out that Michaelangelo worked with 16 people to paint the Sistine Chapel ceiling, and great things are usually accomplished by a group of individuals.

In one of the most valuable sections of any business book, they lay out a method for running a successful job interview - how to prepare, choose the location, ask the right questions, listen well. In a wise chapter on motivation, they suggest that motivating people is more to do with clear purpose, high morale, creative autonomy and collective celebration of successes than with money. The one deficit in this fine book is an index, which would have been a help for readers casting back through it for individual subjects.

Quick Win Leadership, subtitled Answers to Your Top 100 Leadership Questions, begins with the same distinction between leading and managing. Enda Larkin, director of Geneva-based tourism industry firm HTC Consulting, writes that managing focuses on hard aspects: planning, organising, controlling, budgeting. Leading, on the other hand, is concerned with the soft aspects, “in other words, the human dimension”.

The book’s Irish publisher, Oak Tree Press, has made Quick Win Leadership available as an app, as well as selling it from its own website. The questions are apposite and the answers thoughtful; this is a good book to keep in the briefcase.
Ed Fuller, now president and MD of the international lodging division of hotel group Marriott International, is the author of You Can't Lead With Your Feet on the Desk. Fuller left the US Army after stint in Vietnam in 1972. He had always dreamed of being a pilot, but now America was entering a recession and airlines weren’t hiring. “So I went to work for Marriott. I thought I was just marking time until an airline spot opened up.”

By 1984, he was managing the Boston Marriott Copley Place Hotel. He learned about the Marriott style when the boss came to town. Ed’s team had missed their catering sales target by $300,000 during his first month as manager. He trembled when he heard that Bill Marriott Sr was coming to visit. But it turned out that the villain was manager of another hotel in the chain, where Marriott’s wife had been served cold clam chowder. A cold serving of soup trumped a $300,000 shortfall.

But two weeks later, Fuller was in trouble himself. Bill Marriott Jr, plus sons’ wives and children, 15 people in all, came to stay in his hotel. All went well for the first four nights - the extended family got the best of service, and so did the other guests. Bill Jr said: “Ed, you’ve been taking really good care of us. But tonight we’re going out to dinner so you don’t have to worry.”

When he got back from his own relaxing dinner in a local restaurant, Marriott was waiting. He’d changed his mind and eaten in the hotel restaurant; his hamburger had taken 20 minutes to serve and was overcooked. For years, every time Ed Fuller met the meticulous Bill Jr, he’d be asked “Did you fix that hamburger problem yet?”

Fuller’s book is full of war stories - the hotel owner who carried a gun on his hip and had a knock-down-drag-out fight with a lawyer in a conference room; the time Fuller was practising a speech in Japanese on a plane (a speech designed to show his ultimate respect for the company his firm was partnering with) when the flight attendant warned him that he was disrespectfully speaking the dialect used by women...

He has thought-provoking tales of innovative leadership, too - like Mike Abrashoff, captain of the guided missile destroyer USS Benfold, who used his Navy credit card to buy thousands of stainless-steel nuts, bolts and rivets when a sailor suggested that these were the best way of cutting back on endless repainting. After a year’s test, Abrashoff okayed them - and today the whole US Navy uses stainless steel fasteners.

You Can’t Lead... is a good book for inspiration, hiding within its stories a thorough-going philosophy of leading from the front.

Inspiring Leadership is by British Army veteran Jonathan Perks, who has worked with PwC, IBM and is HR consultancy Penna’s MD of board and executive coaching. This is rapidly becoming a cult book. Perks models four principles of leadership: service, presence, passion and appreciation, laid out as a compass, and within them four quarters: IQ (‘cognitive intelligence’) at north, MQ (‘moral intelligence’) at south, EQ (‘emotional and social intelligence’) at east, and SQ (‘spiritual intelligence’) at west.

His military-imbued principles make for an interesting book, and his illustrative profiles of leaders form a guide to the heart of British industry, military and public service.

With some other new books on the subject - The Leader’s Dilemma, by Jeremy Hope, Peter Runce and Franz Roosli; the new revision of The Leadership Pipeline by Ram Charan, Steve Drotter and Jim Noel, and Leadership Charisma by Bud Haney, these are this year’s essential reading for anyone leading a company.

**What You Need To Know About Leadership** by Jeff Grout & Liz Fisher, published by Capstone

**Quick Win Leadership** by Enda Larkin, published by Oak Tree Press

**You Can’t Lead With Your Feet on the Desk** by Ed Fuller, published by Wiley

**Inspiring Leadership** by Jonathan Perks, published by FKP
Travel News

Schedule ramp-up by Kuwait Airways
Kuwait Airways has announced an additional AB340 flight every Saturday on its London–Kuwait route, running to September 10, 2011. The airline has also increased its Kuwait–Jeddah service to 12 times weekly and launched a new three-times weekly Kuwait–Medinah service, its fourth destination in Saudi Arabia. Welcoming the schedule update, International Airline Marketing (IAM), the Dublin-based air cargo sales agents for Kuwait Airways, said that it provided an express overnight road feeder service to connect with all the LHR departures.

UK pay-as-you-go car rental service
Streetcar is a new UK car rental ‘club’ with access to over 1,500 cars and vans in nine cities across the UK: Brighton, Bristol, Cambridge, Edinburgh, Glasgow, Surrey, London, Maidstone and Oxford. Streetcars can be booked from as little as 30 minutes up to six months. Annual membership costs £59.50 and driving starts at £5.25 per hour, with congestion charges, insurance and 20 miles of fuel included on bookings. See www.streetcar.co.uk

Asian airlines to launch ‘no-frills’ subsidiaries
Singapore Airlines has announced plans for a no-frills, low-cost subsidiary airline for medium and long-haul routes, to begin operations within a year. According to SIA, the new airline will enable the carrier “to serve a largely untapped new market and cater to the growing demand among consumers for low-fare travel.” Meanwhile, Thai Airways has also announced plans to launch a low-cost subsidiary.

Direct London to Vietnam flights
Vietnam Airlines is to launch twice-weekly direct flights from London Gatwick to both Hanoi and Ho Chi Minh City from this December. There are currently no direct services between London and Vietnam – options include Vietnam Airlines services from Frankfurt and Paris, or connections in Bangkok, Singapore or Hong Kong. See vietnamairlines.com

bmi improves Heathrow-Dublin flight schedule
Bmi is to improve is its flight schedule between London Heathrow and Dublin. Effective October 31, the first flight from Dublin will depart at 06.45 and arrive in London Heathrow at 08.05, while the first departure from London Heathrow to Dublin will be at 07.50, arriving into Dublin at 09.10.

Continental adds second Shannon route
Continental Airlines is operating an additional summer service from Shannon to its New York hub, Newark Liberty International Airport, until September 6, 2011. The second service, CO67, will depart Shannon at 1:15 pm on Tuesdays, Wednesdays, Fridays and Sundays and arrive at New York/Newark at 3:30 pm on the same days. Meanwhile, the returning flight, CO66, will depart New York/Newark at 10:00 pm on Mondays, Tuesdays, Thursdays and Saturdays and arrive in Shannon at 9:20 am the following days.

Discounts with Stansted and Gatwick Express
Ryanair has announced a new partnership with Gatwick Express, whereby passengers can purchase discounted rail tickets, with savings of up to £5.50 per person, on ryanair.com and print their ticket before leaving home. Meanwhile, in an independent move, Stansted Express has launched an e-ticketing service, allowing travellers to book online and print their tickets before travelling, saving £1 on a single ticket and £2 on a return fare.

Korean Air selects Paris CDG
This September, Korean Air is to locate a new A380 superjumbo carrier at Paris’s CDG airport, allowing relatively direct transfers for Irish Seoul-bound travellers who fly Air France to Paris.

Ryanair to ground aircraft
Business Traveller reports that Ryanair is to ground 80 aircraft this winter. Between April 2010 and March 2011, Ryanair’s fuel costs increased by 37 per cent. Offsetting this, however, was a 21 per cent increase in ancillary sales, which, at €802 million, accounted for 22 per cent of the airline’s total revenues.

Airlink service to use Dublin Port Tunnel
The improved Airlink service announced by Dublin Bus, with Dublin Port Tunnel now being used for routes serving the O2, the IFSC, O’Connell St and Trinity College, the Luas Red Line and Connolly and Heuston Rail Stations, means that travellers can expect a 15 to 20 minute frequency of service. Fares are €6 one-way and €10 for a return journey. See www.dublinbus.ie
The perception of Moscow as being somewhat austere undermines the reality. These days, Europe’s most populated city (over 10m) is experiencing the kind of luxury and indulgence that would have made its former Soviet masters shake their heads in disapproval. History, obviously, plays a major part in its character, and it is the blend of fortifications, medieval churches, Stalinist central planning, Krushchev-era housing projects and post-Soviet modernism that makes it such an intriguing place to visit. History aside, it looks to the future like few (if any) other world capital cities. Moscow is truly a force to be reckoned with in financial and business terms, boasting as it does the lowest unemployment rate in Russia, and its status as the undisputed financial centre of the country.

**FROM THE AIRPORT TO THE CITY:**
Moscow is served by four airports, including Domodedovo International and Sheremetyevo-2. The former is modern, the latter isn’t, but is the most common entry point for foreign passengers. Both are approximately 30km from Moscow city centre, and each has train/metro links that run regularly and efficiently. Taxis, of course, are available, but it’s preferable, if possible, to pre-book with a reputable firm.

**SLEEP:**
1st Choice: The Baltschug Kempinski Hotel, 1 Ulitsa Baltschug, boasts some of the best views possible of the Kremlin and St. Basil’s Cathedral. It has two restaurants, two bars and state-of-the-art business/conference facilities. Rooms from 19,000 RUB [approximately €450]; www.kempinski.com/moscow

2nd Choice: It isn’t in the centre, but the Cosmos Hotel Moscow - built in 1979 by French architects to house athletes and officials during the Moscow Olympics – is one of the best value business-class establishments in the city. Rooms from 3,750 RUB [approximately €90]; www.hotelcosmos.ru/eng

**EAT:**
Lunch: If you’re looking for something a bit different, look no further than Suzy Wong Bar, which is a fairly modern place with a drawing room ambience. It boasts one of the longest bars in the city, but more importantly, it features a superb value business lunch. Timura Frunze Ulitsa 11, Building 34; www.suzywongbar.ru

Dinner: Close to Pushkin Square, Cafe Pushkin is an elegant, old-world business option: the food and service are impeccable, while the Russian-French fare is beautifully presented. Menu choices include Russian dumplings, baked Sterlet in caviar sauce, and open-stewed duck with buckwheat and liver. Tverskoi bulvar 26a; www.cafe-pushkin.ru/en

**THREE THINGS TO DO IF YOU HAVE A FEW HOURS TO SPARE:**
Iconic Sight: It doesn’t get any more iconic than the Kremlin, which is too big to take in on even a week’s visit. That said, the citadel – which is one of the largest museums in the world – is a must-see.

Relaxing: Sky Lounge, 22nd floor of the Academy of Sciences, Leninsky Prospekt 32a, has to be seen to be believed. As you’re chatting to your client, try not to let your attention be diverted by the breathtaking 360-degree views. Words of warning: the prices here are sky-high, too! www.skylounge.ru

Shopping: Directly opposite the Mausoleum on Red Square is GUM, Russia’s most famous shopping mall. Even if you don’t have the time or the finances for shopping, it’s certainly worth your while to factor in an hour or so for a stroll along its historic, glass-covered aisles.

History aside, it looks to the future like few (if any) other world capital cities.
The back page

Germany is the industrial powerhouse of Europe, and a prime export market for Irish companies. But, writes Lucille Redmond, too few Irish people speak German.

When in... Germany

Sprachen Sie Deutsch? Unfortunately, for all but a small number of Irish people, the answer is negative, which is such a pity given the strength of the German economy and its growing appetite for Irish goods. Irish exports to Germany grew 10 per cent in 2010 - while exports by Enterprise Ireland's clients grew 22 per cent, with their exports to the other main German-speaking markets, Switzerland and Austria, growing 27 per cent and 17 per cent, respectively. This year, growth of 14 per cent is forecast across the three markets.

Germany has bounced back from the recession, with the Swiss and Austrian markets mirroring its growth.

But just 7,305 students sat German in their Leaving Cert in 2010. In third level, it is a specialist choice, even for business students. And Minister for Education Ruairi Quinn hinted in May that foreign languages may be removed from the group of core subjects required for students entering third level, in an effort to boost the numbers doing science, IT and engineering.

Without even considering exports, even the 300 German businesses operating in Ireland, including SAP, Deutsche Bank and Bayer, which employ 20,000, are often forced to recruit abroad. Susan Moran of SAP in Galway told a meeting of the Business German in Ireland group in March that her company has to recruit staff in German universities for service posts requiring technical skills, IT and language, rather than sourcing staff in Ireland, because there are not enough fluent German-speakers.

Pat McGrath, chief executive of Miele Ireland, stresses that his relaxed fluency makes a great difference in business interactions. “It gives you a sense of how people relate to each other, a good sense of the culture - particularly the working culture.”

McGrath fears that those in charge of education do not understand the importance of Germany as a trading partner, and the opportunities that exist, particularly in technology and engineering, for Irish graduates who speak German.

“Regardless of what anyone will tell you, the concept of ‘lost in translation’ very much applies. Particularly if you're negotiating or in a difficult business discussion, and particularly if you're translating from German into English, subtleties get lost.” Speaking German, he says, “will earn you a certain level of kudos and credibility before the process even begins.”

Claire O'Reilly, lecturer in UCC's German department and co-ordinator of its BComm international degree, agrees that it's absolutely crucial to have German language skills if you're doing business in Germany.

“You can't separate a knowledge of the language from knowledge of the culture,” she says. “Only when you couple them together can you understand why the Germans do certain things, act a certain way, conduct their meetings in a certain way.”

Dr O'Reilly's PhD thesis, on German-Irish cultural dissonance, had a culture map of jagged interfaces: “Relationship to time, relationship with people, communication styles, relationship to work, structure and role of social life, relationship to the environment.”

German managers were perplexed, impatient and frustrated by Irish ways of coming to a decision at meetings, for instance. “Irish people say ‘Germans are very direct,’” she says - “but they don't realise that this is something that's highly valued and seen as positive. It's 'I know where I stand; we both know where we are', and not in any sense to be misinterpreted as an affront or offensive.”

Linguistic fluency helps you to understand the differences. “If you go to a meeting, it will start on time and finish on time, and the agenda will be gone through.” Germans expect to be addressed with surnames or titles. “No way would there be a first-name basis. And Germans take a long time to form an opinion that will hold, but once they have that, it's hard to change the opinion.”

The least we can do to make our export connection a sound one, it seems, is to learn the language that forms it.
## Enterprise Ireland International Network

### Head Office

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<td>The Plaza, Eastpoint Business Park, Dublin 3, Ireland</td>
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<td>Amsterdam</td>
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<td>World Trade Center, Strawinskylaan 1351, 1077 XX Amsterdam, Netherlands</td>
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### Germany, Central and Eastern Europe and the Balkans

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<td>Ulica Mysia 5, 00-496 Warsaw, Poland</td>
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### Southern Europe, Middle East and Africa

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<td>Dubai</td>
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<td>Milan</td>
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<td>c/o Embassy of Ireland, PO Box 94349, Riyadh 11893, Saudi Arabia</td>
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### The Americas

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<td>Boston</td>
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<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>
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