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The OECD’s latest composite leading indicators (CLIs), covering September 2009, point strongly to growth in Italy, France, the United Kingdom and China, while tentative signals of expansion have emerged in Canada and Germany. A recovery is clearly visible in the United States, Japan and all other OECD economies and major non-OECD economies, the organisation says.

Meanwhile, according to a recent global survey by McKinsey, executives’ optimism about the economy continues to climb, especially in emerging markets and in developed economies in Asia. However, executives were a little less sure about their companies’ prospects. Looking ahead through the next 12 months, more than half of respondents expected their companies to continue cutting costs. In addition, half of all respondents expected their companies to focus on productivity growth and the introduction of new products or services—far more than have done so over the past year. However, executives are worried about customer spending: 52 per cent cite low demand as the biggest barrier to their companies’ growth, and a third fear losing business to lower-cost competitors.

Member states are required to implement the EU Services Directive by the end of this year, heralding increased opportunities for Irish service companies to win business in Europe – and opening the sector here to increased competition from Europe. Sectors such as construction, business consultancy, leisure and hospitality, accountancy and legal services could potentially benefit.

The directive is aimed at simplifying procedures and formalities that service providers need to comply with when operating in other European countries. In particular, it requires Member States to remove “unjustified and disproportionate burdens”. It also requires them to “substantially facilitate” both the establishment of a business in a member state, and the cross-border provision of services, i.e. cases in which a business wants to supply services across borders in another member state, without setting up an establishment there.

The Directive also requires member states to establish ‘web portals’ so that service providers have a single point of contact to find out what legal requirements they must fulfil to operate in the country in question. This one-stop-shop must then allow service providers to apply electronically for any licence or permit they need.

See: http://ec.europa.eu/internal_market/services/services-dir/index_en.htm

The directive is aimed at simplifying procedures and formalities that service providers need to comply with when operating in other European Countries.
Mixed outlook for enterprise spending plans for IT services

Responding to a still sluggish economy, IT executives in North America and Europe are taking a variety of measures to get more value for the money spent on IT services, according to the latest Enterprise IT Services Survey by Forrester Research, Inc.

According to the survey results, IT contractors and consultants will see the deepest decreases in spending, while systems integration and outsourcing services will have the most increases. The survey of more than 900 IT executives and technology decision-makers in Canada, France, Germany, the UK, and the US offers insights into the decisions large companies are making with regard to their IT services and outsourcing.

Unlike during the last recession, from 2001 to 2002, when outsourcing and offshoring experienced growth from firms seeking to reduce internal IT costs, the picture for IT services is much more mixed in terms of spending plans. When asked about changes they expect to see in their organisation's total spending on IT services, 30 per cent of executives surveyed said they plan to increase spending on systems integration and project work, 26 per cent plan increases in applications outsourcing, and 25 per cent expect to increase spending on infrastructure outsourcing. However, 41 per cent of executives expect to reduce spending on contractors, and 34 per cent foresee lower spending on IT consulting.

Cross-border Eurozone direct debits now a reality

With the SEPA Direct Debit scheme, which came into force this November, for the first time, consumers and businesses can make direct debit transactions between different countries in the euro area. According to the European Commission, thousands of euro area banks have already signed up for the new scheme.

The direct debit move forms part of the Single Euro Payments Area (SEPA) initiative. Spearheaded by the European banking industry, SEPA aims to make all electronic payments across the euro area – e.g. by credit card, debit card, bank transfer or direct debit – as easy as domestic payments within one country are now.

The Payment Services Directive provides the necessary legal framework for SEPA, as well as for better payments in all EU countries. On a practical level, SEPA means that consumers and businesses will be able to make fast and secure transfers between bank accounts anywhere in the euro area, and, when travelling within the Eurozone, they will be able to use their bank debit card to make a payment in euro, just like at home.

SEPA will also help to improve all payments, whether they are domestic payments or cross-border payments between two euro area countries.

Banks have been making the first SEPA products available since January 2008, and are aiming to make SEPA a reality for everyone by the end of 2010.

Irish businesses respond to the recession

As the recession continues to bottom out, InterTradeIreland’s latest Quarterly Business Monitor has indicated that companies are taking extra steps to improve competitiveness and stimulate demand.

The survey of 1,000 businesses - 500 North and 500 South - covers the period July to September 2009 and shows that there is a small rise in the number of companies reporting an increase in turnover. Nevertheless, more than half of businesses across the island (54 per cent) recorded a fall in turnover, with similar numbers (50 per cent) reporting a decrease in profitability. The biggest challenge to business continues to be a fall in demand for goods and services.

The survey indicates that these businesses took action over the last three months to stem the continued decline in demand for goods and services - with almost half (47 per cent) reducing their prices to compete. This trend is significantly more common among businesses in the South (66 per cent) than in the North (29 per cent).

As well as reducing prices for customers, businesses scaled back on internal budgets. Marketing and advertising came off worst, with 37 per cent of businesses reportedly reducing their budgets for this. Twenty eight per cent cut budgets for recruitment, 21 per cent for staff training, and 18 per cent for R&D.

In addition, over half of businesses (54 per cent) renegotiated professional fees and over two in five secured reductions in supplier costs.

Wage costs have come under the spotlight too, with 45 per cent of firms decreasing their wage bills in the last year using a variety of methods. Twenty two per cent of businesses surveyed reduced their staff working hours, 21 per cent introduced wage freezes, 18 per cent wage cuts and 18 per cent made redundancies. On a more positive note, however, 60 per cent of businesses did not predict any further cuts in wage costs in 2010.
Islamic banking bucks trends

Islamic banking continues to see strong growth while conventional banking has stagnated, according to the 2009 Top 500 Islamic Financial Institutions in The Banker magazine’s November issue. The assets held by fully sharia-compliant banks or Islamic banking windows of conventional banks rose by 28.6 per cent to $822bn in 2009, from $639bn in 2008. This is a striking contrast to The Banker’s 2009 Top 1000 World Banks survey in July, which showed annual asset growth of just 6.8 per cent at conventional banks.

The Gulf Cooperation Council (GCC) states remained the dominant segment of Islamic finance, with $332.2bn or 42.0 per cent of the total global aggregate. Iran remains the largest single market for sharia-compliant assets, accounting for 35.6 per cent of the global aggregate. Outside the Middle East, Malaysia remains by far the largest player, accounting for 10.5 per cent of the global aggregate, but other markets are expanding rapidly. The UK now accounts for just under 2.5 per cent of global sharia-compliant assets, and the Syrian Islamic finance market expanded an eye-catching 500 per cent.

EU Trade Commissioner Catherine Ashton and Korean Trade Minister Kim Jong-hoon have initiated a free trade agreement (FTA) that is said to be the most important ever negotiated between the European Union and a third country. The deal, estimated to be worth up to €19 billion in new trade for EU exporters, will remove virtually all tariffs between the two economies, as well as many non-tariff barriers.

Speaking following the initialising in Brussels, Commissioner Ashton said: “This is the first 21st Century free trade agreement for the EU, creating deep economic ties with another developed economy. It will create new market opportunities for European companies in services, manufacturing and agriculture. This agreement is particularly important in the current economic climate, helping to fight the economic downturn and create new jobs.”

One of the key benefits of the deal for the European Union is the quick elimination of €1.6 billion of duties for exporters to Korea. The agreement also tackles key non-tariff barriers including regulations and standards in industries of European interest, like automotive, pharmaceutical and consumer electronics. Services sectors such as telecommunications, environmental, legal, financial and shipping are expected to see some of the greatest benefits, with substantial commitments from Korea to liberalise these sectors. The FTA is expected to be in place by the end of 2010.

Track China’s greentech market

Want to keep tabs on China’s evolving environmental markets? The China Greentech Initiative is an interactive website designed to facilitate the collection, analysis and sharing of research on the greentech market in China.

The initiative is an open-source, commercial collaboration of over 80 of the world’s leading technology and services companies, entrepreneurs, investors, NGOs and policy advisors, which have come together to define greentech market opportunities and solutions which will contribute to building a sustainable China and world.

The first public deliverable is The China Greentech Report 2009, which examines 125 greentech solutions, both existing and emerging, across seven sectors to provide a view of each solution’s potential environmental impact as well as commercialisation opportunities. See www.china-greentech.com

Chile gets the thumbs up

Chile’s trade and investment regime continues to be characterised by openness, transparency, and predictability, and together with sound macroeconomic management, it has contributed to growth and poverty reduction, according to the a recent World Trade Organisation (WTO) review on the trade policies and practices of Chile.

Since the last review in 2003, Chile has adopted measures to modernise customs and facilitate trade, maintained a single MFN tariff rate of 6 per cent with a few exceptions, abolished some import taxes and export subsidies, and introduced significant reforms to its competition policy, government procurement and intellectual property systems, the WTO secretariat said.

In a separate analysis, the Economist Intelligence Unit (EUI) estimates that Chile emerged from recession in July-September, when GDP grew by 1.1 per cent quarter-on-quarter in seasonally adjusted terms after four consecutive quarters of contraction.

The EIU forecasts that strengthening investment and a gentle global recovery will help Chile continue on its path to recovery, predicting GDP growth of 4.5 per cent in 2010 and 4.3 per cent in 2011. “Thanks to a strong fiscal boost, the economy is enjoying a more rapid recovery than many other regional economies; real GDP is expected to return to 2008 levels by 2010. Furthermore, continued firm demand from Asia will help export-oriented sectors to recover,” the EUI said in a November briefing.
As China modernises its banks, innovative Irish suppliers are looking for business, reports Mark Godfrey in Beijing.

China’s banks gear up to embrace new technology

Acronyms like ICBC and BOC, unknown a decade ago, have become familiar fodder for the global financial press, and for a group of Irish firms that toured China this October to meet China’s financial institutions.

Growing alongside the country’s bounding GDP, the Industrial and Commercial Bank of China (ICBC) and the Bank of China (BOC) are expanding rapidly. In 1999, China hardly figured on a global banking map ruled by the US, whose banks’ market capitalisation stood at US$1.5 trillion, but by mid-2009, through a mixture of government restructuring and initial public offerings, China’s banks jumped to a market capitalisation of US$509 billion, easily outpacing battered US counterparts, whose share value now stands at US$378 billion.

Conservative regulators also helped BOC and ICBC stand with China Construction Bank (CCB) as the world’s top three banks (in market capitalisation). China’s restraint as more storied Western names fell to the global credit crunch is, however, partly explained by a lack of know how, explains John Sheehan, an Irish-born former Lehman Brothers executive, now advising banks across Asia.

China’s big four banks remain clunky, state-run and more concerned with huge headcounts (300,000 staff in the case of the CCB) than technological sophistication or customer service. “Chinese banks may have wanted to purchase big Wall Street names but they wouldn’t know what to do with international institutions up for sale,” explains Sheehan.

Chinese banks’ spend on technology will rise from nearly US$12 billion in 2008 to almost US$16 billion in 2013.

However, Chinese banks are now looking to modernise their operations with hardware, software and training. Electronic banking remains in its infancy at Chinese retail banks, which compared to Western counterparts, rely heavily on interest for earnings. Chinese banks’ spend on technology will rise from nearly US$12 billion in 2008 to almost US$16 billion in 2013, predicts veteran investment banker Bill McGrath, director of Shanghai-based consultancy Compass Hill.

McGrath has calculated that over 26 per cent of the top five Chinese banks spend goes on wages and only 5.3 per cent on technology and systems. The ICBC spent US$13.3 billion on operating expenses in 2008, the bulk of it on salaries and rent for its vast network of branches. McGrath predicts banks’ outlay will rise, especially in software infrastructure and applications and in services such as IT support and staff training. Hardware spend, meanwhile, is set to rise in networking equipment and laptops.

Irish firms on the October visit included cash management firm Moneypoint, based in Dublin, and Cork-based Apex, which specialises in the funds business. Both firms met with institutions, including the China Construction Bank, according to Jenny Zhang at the Enterprise Ireland office in Beijing, which helped organise the meetings.

Former Tanaiste and director of Kerry-based FEXCO Dick Spring says his regular forays into China to seek deals have taught him the importance of patience and presence: “you’ve got to keep coming out here before you bring back the deal… but once you get it, Chinese companies are into long-term partnerships.” FEXCO wants to partner with Chinese banks to handle foreign exchange – such as settling Chinese tourists’ overseas credit card spend - as China’s inbound and outbound tourism soars, explains Spring.

China will surely be reluctant to see mass layoffs to make way for technology. International firms have the technology, but need to pitch the price right, and need to have a local presence to provide support, says Wenli Yuan, senior Beijing analyst at Celent, a research firm. “Local suppliers are better at distribution but not well enough aligned to international standards.”

The entry of foreign banks as serious players clearly motivates local institutions, says Sheehan: some of them have sold strategic stakes to foreign partners, which have brought strengths lacked by domestic peers: credit cards and private banking have helped HSBC gain a local foothold, while Goldman Sachs is corporate China’s preferred name in investment banking.

Though their footprint remains small by comparison to domestic peers, foreign banks could be a bridgehead for foreign suppliers, particularly those that already have a relationship with the bank. Dublin-based Norkom, whose anti money laundering software is used by Standard Chartered in China, has been working hard on potential deals with Chinese banks.

Beyond the country’s behemoth banks like ICBC, there’s help needed at smaller city and rural commercial banks and credit-union-like institutions called credit cooperatives. China particularly wants ideas on getting credit to the country’s populous but impoverished rural regions.

Given GDP nearly doubled from $2.3 billion in 2004 to $4.3 billion in 2008 — and the growth shows no signs of slowing – China clearly needs a more sophisticated banking system. ICBC and BOC have made the likes of Credit Suisse and HSBC look like relative minnows in share value. But in technology and know how they have a lot to learn. Irish suppliers may be happy to help them catch up.
Noticeboard

Irish cleantech and software companies pitch to international investors

Thirty-one Irish cleantech and software companies pitched to over 100 venture capital investors from the UK, mainland Europe and Japan at the Enterprise Ireland hosted International Investor Forum in London this November.

The types of businesses showcased included new-generation bio-fuels, inventive solar solutions and technologies to harness ocean energy and deliver electricity to the onshore grid. There were also software technologies for energy monitoring and control, and a novel approach to manage household and industrial waste.

This followed at visit at end of September by the CEOs of 12 Irish cleantech companies to Silicon Valley to engage with the region’s clean-tech influencers, establish connections with strategic partners and showcase their technologies to local innovators, municipalities, utilities and venture capitalists.

ALTERNATIVE ENERGY RESOURCES, WHICH WON THE 2009 DELoitTE TECHNOLOGY FAST 50 RISING STAR AWARD, WAS ONE OF THE CLEANTECH COMPANIES THAT TRAVELLED TO SiLICON VALLEY. PICTUREd: MARK WEBSTEr, SUNDAY BUSINESS POST, JOHN TRAVERs, CEO, NOVAUcD-BASEd AER AND JAMES GRIER, ULSuTEr BUSINESS.

Deals

MPSTOR Secures €1.5m investment

MPSTOR, a high-potential start-up that develops data storage management products, has secured €1.5m in new investment. Bank of Ireland Kernel Capital Fund and Asian investment firm Winning Tack led the investment.

“This investment enables the enhancement of our management team through the appointment of Kevin Haverty [appointed as MPSTOR’s new CEO], and we are now focused on enhancing our existing sales team through additional appointments,” said MPSTOR Director, William Oppermann.

The MPSTOR team, located in Cork and Dublin, sell storage management software to the $16.5bn data storage market. The company’s software runs on a wide range of storage devices including Intel platforms, allowing it to scale from entry level to enterprise performance cost-effectively.

(L-R) PHILIP LARRAGy, SALES & MARKETING MANAGER AND LONAN BYRNE, MANAGING DIRECTOR, ASPERA SOLUTIONS

UK wins for enterprise resource planning specialist Aspera

Aspera Solutions, an Irish enterprise software implementation company, has announced that it has clinched seven multi-year enterprise resource planning (ERP) contracts worth more than €2m in the UK and Ireland in recent months.

These new client wins represent a trebling of growth in new business in this period. The deals follow Aspera’s launch of a UK sales and customer service operation in Solihull earlier this year. The new UK customers include food processors Wyke Farms and Troy Foods, and manufacturers HTA Precision and PermastoRe.

Kinometrics commences NHS hospital trials in the UK

An Irish-start up is due to start trialling its patented hand-hygiene technology in two NHS hospitals. If the trials are successful, the technology will start being used in hospitals across the UK, earning Wicklow-based Kinometrics millions of euro in revenue with the potential to start selling its SureWash system into markets worldwide.

Kinometrics, a TCD spin-off company, has developed a camera-based system that monitors how effectively hospital staff wash their hands. By ensuring good hand hygiene among hospital staff, the system should dramatically cut the transmission of infections in hospital. At present, healthcare acquired infections (HCAIs) are implicated in the deaths of 235,000 patients in the United States and the EU each year and are responsible for an estimated $90 billion in additional costs to healthcare providers. The SureWash system would cost a typical 250-bed hospital €100,000 a year but should lead to a 5% drop in the incidence of HCAIs, resulting in annual saving of €240,000 a year, or a return on investment of €140,000 a year.

Thanks to reforms in the way the UK National Health Service (NHS) procures goods and services, it was easier to have the SureWash system trialled than it would have been previously, says Kinometrics chief technical officer Dr Gerry Lacey. “The NHS now has a HCAI technology innovation programme, which was launched in January 2008, and it runs a system of ‘Showcase Hospitals’, where eight NHS trusts have been chosen to test new HCAI technology.

“We met the HCAI technology programme manager Paul Cryer for coffee and gave him our elevator presentation and that led to our making a further presentation to the showcase hospitals, all eight of which wanted to trial the system! The trials start in January and will be completed in April.”

Early indications are good, with Cryer saying: “The NHS takes healthcare acquired infections very seriously and we anticipate that SureWash has the potential to be an important additional tool in helping address this issue.” [Cian Molloy]
Irish online payments company 3V Transaction Services is set to launch its pay-as-you-go VISA voucher product in the Benelux region.

The 3V Voucher is an easy-to-use online payment method, which allows customers to shop online using prepaid vouchers that have a disposable 16-digit VISA number, which the customer uses online just like a standard credit card. Customers can buy vouchers from participating retail outlets, in the same way they currently purchase credit for their mobile phones.

The announcement follows the agreement of Luxembourg Banque Invik, to act as 3V Transaction Services Ltd European banking partner. Banque Invik will work in conjunction with a number of national distribution partners as the 3V product platform is rolled out across European countries.

3V is to also launch the voucher in Canada, following the agreement of Canadian financial institution Peoples Trust Company to act as 3V’s Canadian issuer. VendTek Systems Inc has been secured as the distribution partners for the 3V product platform launch into the Canadian market.

Dublin architects recognised in Cairo

Dublin-based Quilligan International Design Group has been premiated in the ‘International Competition for the Urban Design & Harmony of Ramses Square’ in Cairo, Egypt. This major worldwide competition is the practice’s second significant competition result in the space of a year, as the firm was also a finalist in the re-design of Grand Army Plaza competition in Brooklyn, New York.

Late last year, Egypt’s Ministry of Culture sponsored an international design competition to reconceptualise Cairo’s Ramses Square. Once a central public space in the ultra-frenetic city, Ramses Square, built in the mid-1800s, functions today as a point of intersection between different modes of transportation in the city. With 28,000 pedestrians and two million vehicles passing through every eight hours, the square is believed to be one of the most polluted spots in all of Egypt.

The competition was open to architects, planners, and urban designers to propose the best solution for the square’s “traffic problems, confusion of uses and all types of pollution”.

“The key objective was to define Ramses Square physically and give a sense of place to the remodelled square by reinforcing the edges, removing high level traffic, and reorganising the surface traffic,” says managing partner Paul Quilligan. “The design will also upgrade and provide new attractions to the square in the form of shopping, cafés, and public events with music & films.”

€10m in new business for Irish companies in Canada

Irish companies announced contracts and agreements worth €10m during Enterprise Ireland’s trade mission to Canada this October.

Among the deals unveiled, Lincor Solutions Ltd announced a multimillion-euro contract to install its innovative MEDVista solution in the renowned London Health Sciences Center ( LHSC ), in Ontario Canada. The initial phase of the contract involves installation at 300 beds of the 1,000 bed LHSC campus.

Other companies announcing new business included IdentiGEN, Bórd na Mona, Execpass.com, Lifes2good, the Leading Edge Group, S3 Group Silicon & Software Systems Ltd (S3) and VigiTrust.

Irish bioenergy technology provider Bedminster International has secured a significant contract with Samsung Heavy Industries in Korea and South East Asia.

The technology licence and engineering service agreement will utilise Bedminster bioenergy technology in Samsung’s new waste management operations. The deal has an initial value of $4m and secures up to 20 jobs in the company, with considerable potential to expand over the next two years.

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**Noticeboard**

**Consumer Markets**

**New online strategy sparkles for Tipperary Crystal**

Tipperary Crystal’s online presence has made an exponential leap in recent months. When the crystal company got serious about using technology to give itself a higher profile, the company’s executives had no idea of the effect this would have. “The new website, which launched in August, took more sales in one month than the old site did in six months,” says marketing and media manager David Fearon.

Tipperary Crystal opened in 1988, when a group of workers laid off by Waterford Crystal decided to get together and set up in business in Carrick-on-Suir, on the Waterford-Tipperary border. The approach was innovative from the beginning. Ranges of crystal were designed by famous designers, starting with Ireland’s most internationally famous couturier of the time, Sybil Connolly.

This year, Tipperary Crystal’s management decided to make a stronger move online, to make its website a real marketing tool, and use social media to enhance its effect. “We basically use the website as our online brochure,” says Fearon. “Our first ever website was 10 years ago, and we built a new site six years ago.

“The new site, opened in August, has a modern design, and was updated with all the social networking facilities. We added applications such as the links to our Facebook, Twitter, YouTube and LinkedIn sites.”

The Facebook site already has over 100 fans, and the company constantly updates it with news, new product information and notices of events.

“We added a biography of each of our designers, and will soon be adding videos of them, which will be on the website and also on YouTube.”.

The website has a fresher look and is more user-friendly. “It is very straightforward to use. We get many compliments from users about our website after they purchase an item.”

The new site is also much more active than its predecessor, with constant change drawing traffic. “I update our ‘Latest News’ column almost daily, and am very active on Facebook and Twitter.”

Tipperary’s designers - for crystal, ceramics, china, linen, enamels, wood ware and candles - include Louise Kennedy, Christy O’Connor, Patrick Guibaud and Rachel Allen, with a jewellery range from Helen Fitzpatrick.

A vivid new ceramic range by Graham Knuttel is being advertised by a promotion on the bargain site Piggyback from now till Christmas. “100,000 people will be notified about our competition. To get the answer to the contest question and win you have to come on to our website. Hopefully, this will generate new traffic and new customers,” Fearon says.

Google optimisation has brought Tipperary Crystal to the top of the search results when a searcher types in ‘Irish crystal’. “If you enter a huge number of keywords you are viewed as ‘greedy’ by Google and this puts you down the search list. We have between 10 and 15 keywords that we feel people would use if searching for Irish crystal or an Irish gift, for example, Fearon says.” [Lucille Redmond]

**Back to basics for consumer electronics**

For years, consumer electronics companies have competed primarily through technology, by cramming ever more features into products in a race to offer consumers the latest and greatest. But, according to McKinsey Quarterly Review, most people don’t use advanced - and expensive - new features, and an attractive market is emerging for easy-to-use consumer electronics products, with features that reflect user demand, priced 30 to 50 per cent lower than standard offerings.

**Paws for thought**

Dog’s dinner? More like the cat’s pyjamas.

According to Datamonitor, the market for pet healthcare in North America increased at a compound annual growth rate of 2.1 per cent between 2003 and 2008. The grooming products category led the pet health care market, accounting for a share of 25.5 per cent. Leading players were Tetnate, Pfizer Inc and Alpharma Inc.

**PAYMENTS**

**Using international payment methods for export sales**

With a riskier business environment and the virtual collapse of export credit insurance, international payment methods can be used to protect your cash flow when selling internationally, writes Austin Rutledge, CEO of Export Edge Training & Consultancy.

Selling on open account may have been feasible in the past, when customers continued to need more supplies, but vastly greater credit risks are now being encountered due to rapidly declining trade globally.

This October, a survey by CFO Magazine (New York), based on 1,500 publicly quoted companies, found that 14 per cent were struggling to pay their bills and were at risk of bankruptcy. These findings highlight the fact that the management of cash flow has become the number one priority for most companies in this difficult economic environment.

In the past, credit insurance provided cover for credit risks, but credit limits have deteriorated to such an extent in the current climate, that such cover is now totally inadequate. In a number of EU countries, companies are receiving significant government support towards credit insurance cover.

In recently weeks, the Irish...
government decided not to go down this route, however.

Another potential support model was adopted in the UK this October when the government export credit agency (ECGD) launched a letter of credit guarantee scheme, which has increased the amount of short-term export finance available to UK exporters.

Next to advance payment, the best payment process is a Letter of Credit.

As it stands, the best alternative for Irish companies is to negotiate with their customers for more secure methods of payment, using well established trade finance payment methods. Getting paid in advance is ideal, but often not a realistic option.

Next to advance payment, the best payment process is a Letter of Credit (L/C). An L/C contract is often a requirement under the importing country’s exchange control and import licence regulations.

Essentially, in an L/C contract, the buyer’s credit risk is replaced by the commitment of payment by the buyer’s bank (issuing bank). The buyer’s bank provides a bank undertaking to pay, provided all terms and conditions of the L/C have been met, under the rules of the International Chamber of Commerce (ICC). If the L/C is confirmed, the conditional guarantee is further underwritten by a bank nominated by the exporter, at an additional cost to the exporter.

An alternative to Letters of Credit is a Documentary Collection process, which is subject also to International Chamber of Commerce rules. The advantage of this process for the importer is that it does not tie up borrowing facilities and is less costly than having to open a documentary credit. The importer will not receive the relevant shipping documentation until payment is made to the collecting bank (or a formal commitment is made to pay on a specific date). The use of Bills of Exchange provides documentary evidence of the demand for payment. Should a Bill of Exchange be dishonoured, the exporter can instruct the bank to formally notify non-payment through a Notary Public, thereby ensuring a fast track legal action against the importer.

Some exporters are reluctant to embrace these types of payment methods due to the perceived difficulty in complying with the terms of the credit, but with proper training or support, difficulties are rare.

Austin Rutledge is the CEO of Export Edge, which provides trade related training and consultancy as well as an outsourcing service, processing Letters of Credit and Export Collections on behalf of clients.

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✉ charlie.kelly@enterprise-ireland.com
🌐 www.showcaseireland.com

Study Visit - International Construction Fair - Poland
19 to 22 January
The theme of this year’s BUDMA international construction fair is ‘balanced building’ taking account of economics, ecology and ergonomics.
📍 Poznan
✆ David Jordan
✆ +353 1 7272702
✉ david.jordan@enterprise-ireland.com
🌐 www.budma.pl/en/

Market Study Visit to Arab Health
24 to 29 January
Study Visit
📍 Dubai
✆ Nasser Zahran
✆ +971 4 3298384
✉ nasser.zahran@enterprise-ireland.com

Seminar on Gulf Cleantech Opportunities
26 January
📍 Dublin
✆ Anthony Cahill
✆ +9 714 3298384
✉ anthony.cahill@enterprise-ireland.com

UK E-Learning Project
27 to 28 January
Trade Fair
✆ Evelyn Curtin
✆ +44 207 4388717
✉ evelyn.curtin@enterprise-ireland.com

FEBRUARY

Womenswear Trend Forecast
1 February
Trend forecast for spring 2011
📍 Dublin
✆ Lorraine Egan
✆ +353 1 7272865
✉ lorraine.egan@enterprise-ireland.com

Kidscreen Summit - USA
10 to 12 February
Trade fair for those involved in the kids’ entertainment industry, TV programming, acquisitions and development executives, marketers and digital media content creators and distributors.
📍 New York
✆ Simone Boswell
✆ +1 650 3291414108
✉ simone.boswell@enterprise-ireland.com
🌐 http://summit.kidscreen.com

Mobile World Congress 2010
15 to 18 February
The meeting place for leaders in the mobile technology.
📍 Barcelona
✆ Robert Bushnell
✆ +353 1 7272151
✉ robert.bushnell@enterprise-ireland.com
🌐 www.mobileworldcongress.com

Irish Education Day - Kuwait
21 to 22 February
📍 Terry McParland
✆ +353 1 7272952
✉ terry.mcparland@enterprise-ireland.com

Irish Financial Services Promotion in Gulf States
21 to 25 February
✆ Michael Browne
✆ +353 1 7272795
✉ michael.browne@enterprise-ireland.com
MARCH

Batibouw
1 to 3 March
Study Visit to trade fair focused on construction and renovation.
L: Brussels
c: David Jordan
T: +353 1 7272702
e: david.jordan@enterprise-ireland.com
w: www.batibouw.com

Oil10 - Oceanology International
9 to 11 March
Meeting place for the marine science and ocean technology community.
L: London
c: Marina Donohoe
T: +353 1 7272860
e: marina.donohoe@enterprise-ireland.com
w: oceanology.international.com

Education Mission to China - CIEET 2010
13 to 28 March
Series of education trade fairs, organised by the Chinese Service Centre for Scholarly Exchange, Ministry of Education. Locations: Beijing, Chongqing, Shanghai, Qingdao and Guangzhou.
c: Li Bo
T: +86 10 84488080
e: li.bo@enterprise-ireland.com
w: www.cieet.com

US Trade Mission
15 to 19 March
Irish trade mission, to be led by the Taoiseach.
L: West and East Coast
c: John McIntyre
T: +1 650 329-1414
e: john.mcintyre@enterprise-ireland.com

Medtec Europe 2010
23 to 25 March
The exhibition and conference addressing the technical sourcing needs of medical device manufacturing companies.
L: Stuttgart, Germany
c: Eddie Goodwin
T: +49 211 4705935
e: eddie.goodwin@enterprise-ireland.com
w: www.devicelink.com/expo/medtec10/index_en.html

CTIA WIRELESS 2010
23 to 25 March
Show representing a $1 trillion global marketplace that brings together wireless and converged communications, wireless broadband, applications, mobile web and data.
L: Las Vegas, Nevada
c: David Smith
T: +1 650 2836369
e: david.smith@enterprise-ireland.com
w: www.ctiawireless.com

Protecting your intellectual property in China
26 March
Workshop
L: Dublin
c: Cathy Holahan
T: +353 1 7272907
e: cathy.holahan@enterprise-ireland.com

APRIL

MIPTV 2010
12 to 16 April
Global event representing the world’s entertainment content market.
L: Cannes, France
c: Damien McCarney
T: +353 1 7272181
e: damien.mccarney@enterprise-ireland.com
w: www.miptv.com

Trade Stand at GETEX Dubai
14 to 17 April
Information communications technology show.
L: Dubai
c: Nasser Zahran
T: +971 4 3298384
e: nasser.zahran@enterprise-ireland.com
w: www.gitex.com

Irish Construction companies in China
20 April
Workshop
L: Dublin
c: Cathy Holahan
T: +353 1 7272907
e: cathy.holahan@enterprise-ireland.com

Using the Internet to Compete in International Markets
22 April
Workshop
L: TBC
c: Eoin O’Siochru
T: +353 (1) 7272969
e: eoin.osiochru@enterprise-ireland.com

MAY

Bio International Convention 2010
3 to 6 May
The largest global event for the biotechnology industry, offering networking and partnering opportunities and providing insights on the major trends affecting the industry.
L: Chicago
c: David O’Sullivan
T: +353 21 4800234
e: david.osullivan@enterprise-ireland.com
w: http://convention.bio.org

Total Processing & Packaging - UK
25 to 27 May
The UK’s leading integrated processing & packaging exhibition.
L: NEC Birmingham
c: Breege Kennedy
T: +353 1 7272919
e: breege.kennedy@enterprise-Ireland.com
w: www.totalexhibition.com

NAFSA Conference – education sector
30 May to 4 June
Annual conference and expo, attracting thousands of international educators to share their views on the globalisation of higher education and establish good practices for mainstreaming international education on campuses worldwide.
L: Kansas City, Missouri
c: Terry McParland
T: +353 1 7272952
e: terry.mcparland@enterprise-ireland.com
w: www.nafsa.org
SAP provides landscaping and trees for developers, local authorities and high net-worth customers. With a massive construction downturn in Ireland. Donal Nugent looks at how overseas markets are allowing the company to expand its tendrils.

WOOD FOR THE TREES

The first wave of American multinationals to hit Ireland’s shores in the 1960s marked a turning point on many fronts. One of the lesser appreciated is in landscape design. Before their arrival (and for quite a while after) the Irish approach to the surroundings of newly-built infrastructure could most kindly be described as ‘laissez faire’, while the traditional greeting for the owner of a new house was, well into the 1980s, a pile of rubble sitting in the back garden.

With a new approach and new ideas, some home-grown opportunity emerged. In 1971, SAP was founded by entrepreneurs Tom Walsh and Jerry O’Reilly who recognised the opportunity for an Irish nursery to meet the evolving demand. “The idea, at first, was simply to grow trees and sell them to local authorities, golf courses, schools and institutions,” chief executive Joe Meaney explains. In 1985, SAP made the auspicious decision to invest in a 50-acre site near Cahir, Co. Tipperary, little guessing its good timing. SAP’s nursery would come into maturity just as the country’s building boom hit its stride and, in a decade where business was “about meeting demand rather than finding customers”, SAP’s nursery expanded ten-fold as the company become the largest landscape contractor in Ireland. The company boasts a string of high profile achievements including Citywest, Fiachra’s Garden (created to celebrate the Millennium at the Irish National Stud), and the, at the time, controversial redevelopment of Dublin’s O’Connell Street.

“Inevitably, projects completed every week of the year,” Meaney reflects of a time now firmly in the historical past. “When they finished, the last thing developers wanted was a pile of mud out the front, so we came in with the plants shrubs and trees and landscaped it for them.”

A popular culture obsessed with makeovers didn’t hurt, either, and the success of Irish TV gardener Dermot Gavin, in particular, fed into a sea change in attitudes. “People began to see the garden as house spend whereas, before, that finished at the front door.”

RETRENCHING

In the thick of the property boom, but one step removed from it, SAP was, nevertheless quick to spot the downturn, Meaney says. As its core market screeched to a halt, the company has responded with considerable agility. In a short space of time, a major strategic reorientation has been implemented, focusing on, and delivering, significant export growth. “The Irish market was great in the boom time, but you’re really going to feel the brunt if you’ve got a one country focus. You’ve got to look beyond the borders,” Meaney reflects.

Operating a horticultural supply chain business in Holland, SAP was, even in the boom years, experienced in exporting but, with such a smorgasbord of opportunities at home, there was little incentive to pursue new markets with vigour. Meaney’s presence in the company is, in fact, a significant element of the reorientation. An environmental engineer by training, he was formerly strategy and M&A director with building and materials company Wolseley C&EE before taking up his new position in July on the retirement of founding CEO Tom Walsh. “I came to the position with a lot of international experience, and I could see the opportunities for a business like this in Europe where there is a market for the supply of landscaping, technical and value-added services to the garden and a lot of opportunity for us,” he says.

Taking the view that growth abroad isn’t just about piloting the company through recession at home, Meaney adds that SAP is competing in what is a largely fragmented and unconsolidated sector. “There is an opportunity to build a group of European scale,” he reckons.
“IF YOU TAKE THE OLD MINDSET THAT ‘I NEED TO COVER MY TRANSPORT COSTS TO GET INTO THE MARKET’, YOU’LL FIND YOU’VE GOT A LOT OF INTERESTED CUSTOMERS WHO WON’T HAVE THE MINIMUM ORDER TO QUALIFY FOR FREE TRANSPORT. WE TRIED TO CHANGE THAT MENTALITY.”
FIRST STEP
Previous experience, and proximity, makes the UK an obvious first choice for the newly export-focused group. But with Britain in its own property doldrums, what real opportunities could there be?

“The first thing to remember is the UK market is 10 times the size of Ireland, so the base load of business is ten times bigger,” Meaney says. Regarding its property downturn, he adds “there was also never the same proportion of new build in the UK as in Ireland. There’s a very strong business in schools and hospitals and institutions and we have made a conscious decision to go after that market”.

Benefitting the company’s approach is the fact that tastes and specifications are broadly similar. The Irish and British share a taste for acers, ash and oak trees, though, curiously, while Irish customers like a ‘feathered' stem, where the branches begin at the very base of the trees, in the UK the stem must be trimmed at a much higher point. Also, in the UK, as in Ireland, a normal landscaping tree is between 10 and 16 cm in circumference and, on average, five to 10 years old. In comparison, a new tree planted in Germany, for example, would be expected to be much bigger and older, up to 25 years of age.

NEW APPROACH
Entry into the UK market, Meaney says, was facilitated by the company finding a very strong partner who helped them gain an in-depth understanding of these market specifications. The company also benefits from the fact that, in terms of transport, it can compete on a par with its main competitors from the Netherlands and Germany.

While SAP has been moving trees for 30 years, this expertise doesn’t negate the need for streamlined supply-chain management, and Meaney believes part of their success in the UK has been through a fundamental rethink of this area. “If you take the old mindset that ‘I need to cover my transport costs to get into the market’, you'll find you've got a lot of interested customers who won't have the minimum order to qualify for free transport. So we tried to change the mentality. If we provide weekly transport to the UK and call 20 to 30 customers and say “we are in your area”, then we get orders off the back of that”.

So successful has the targeting of the UK been that, in less than a year, the company has gone from negligible sales there to 25 per cent. In 2010, Meaney says he won’t be happy unless its 50 per cent.

Landscaping is a relatively conservative business, with customers loyal to longstanding suppliers. As it finds a space in new markets, SAP’s biggest asset has undoubtedly been its nursery. Scenically nestled on banks of the River Suir, it is not only Ireland’s largest but a resource of international standing, noteworthy for the fact that it takes trees from rootstock right up to 35 years old. “When clients come to see what we’ve got, we inevitably get orders from it,” Meaney says. “They just can't believe we have a facility of such quality.”

The company is equally well resourced in its staff, Meaney adds, not only having people who have been involved directly in the nursery since its foundation but a highly efficient building and maintenance teams who “allow us to have the lowest cost base in this market”.

Today, SAP employees number 300, a figure not significantly off its Celtic Tiger days, and its annual turnover is €25m.

LEARNING THE TRADE
While the business is growing trees, Meaney doesn’t see SAP as part of the Irish forestry industry per se. “Forestry grows trees as a raw material for other things. We grow what can probably be called engineered trees, because trees don’t grow like this naturally. We see our market as being the garden, whether institutional, industrial or individual.”

Although there are no short cuts (“a 25-year-old tree generally takes 25 years to grow,” he jokes) understanding what the market needs means production can be oriented around it. It’s perhaps not surprising that a few eyebrows raised that someone with a non-horticultural background secured the post of CEO, but Meaney is quick to point that, aside from the fact that any business can be learned, “in terms of management, it’s about getting our processes right. We have to be able to sell competitively and get into the market on time. For those things, you really don’t need to come from a horticulture background to implement.”

With new markets in the UK, and beyond, now its firm focus, SAP won’t ignore some of the other possibilities being a green business presents, for example carbon footprint offsetting services. “One million trees add up to a lot of carbon absorption,” Meaney says, “but I don’t see it being our core business. Our strapline is ‘we are passionate about trees’ and we are. As far as I’m concerned, we can’t plant enough of them, so we’ll do everything we can to promote the company but also to promote tree planting.”
Every year, the EU invests billions in an incredibly wide range of areas, from border security and power generation to printing and paper clips, creating massive opportunities for Irish companies to share in multi-million euro contracts. Infrastructural investments cut right across the transport, telecoms, energy and environmental sectors. Then there are buildings and office equipment contracts, and business to be won in consultancy, training and information dissemination – on topics as diverse as enterprise promotion and support for SMEs to customs compliance and food standards.

Back in 1989, when the structural funds were rolling into this country, Irish companies were significant players on the scene, says Gerard McNamara, managing director of Schuman Associates, a Brussels firm that helps companies to work with EU programmes, follow procurement opportunities in the EU and access EU funding.

However, during the Celtic Tiger era, this participation fell off. “At a certain time, maybe companies thought they could get a quicker decision and a higher margin working in the private sector, but that isn’t an option any more,” McNamara says.

Fortunately, the EU engine roars on. “It still is a golden era for any infrastructure-type company, anyone involved in transport infrastructure, environment is huge, energy is huge, huge funds are going into any kind of sustainable development,” McNamara says. In fact, he believes that on two fronts, the timing is better than ever.

“The key programmes run from 2007 to 2013, and given that it takes a little bit of time to get into the spending cycle, 2010 and 2011 are going to be major years in terms of the roll-out of the programmes and the spending. And with the whole recovery stimulus package, there is a drive to spend money and to commit to projects, so the whole effort is to speed up as much as possible.”

The other great attraction for companies is the potential for repeatable wins, McNamara says. If businesses get the teams and bids right, they can replicate the package across countries. “The business is going to be there for a number of years and it’s going to be in a number of countries. This isn’t going away; they are bankable projects.”

James Mackrill, Enterprise Ireland’s Market Manager for the Benelux, agrees that the opportunities are significant and that Irish companies could be winning more contracts. “We’re setting up a team to deal with public procurement and help companies to win this business,” he says. While all opportunities are published in the public domain and can be accessed by anyone with internet access, the sheer volume can be difficult to work through, so Enterprise Ireland is currently working with private sector consultancies to develop an alert service for client companies, Mackrill says.
The four major spending pots

At first sight, the whole area of tendering for EU-supported contracts can look complex, but in fact, spending can be broken down into four major ‘pots’.

1. By far the biggest is the €347 billion structural fund, which covers infrastructural investment in the EU-27. Irish engineering companies of any sort of scale will be familiar with structural funding from the massive roll-out of EU-supported road, wastewater treatment and regional development projects throughout Ireland during the 1990s.

Now companies must look beyond Ireland, to seize opportunities in other EU countries. McNamara reckons the some of the best prospects are in the newer member states, not just because funding is being concentrated in those countries, but because they lack capacity and experience. “If you go to Germany, there are already well placed German firms,” he points out. “But if you go to Romania, it’s challenging, so you can build the solution from the bottom up if you have the right partners. The Irish experience is very good because we have been implementing these projects in Ireland, which gives us the experiences and know-how we can transfer and implement in other countries.”

2. The second ‘pot’ is devoted to EU External Aid, with a budget of about €8 billion per year. The ‘EuropeAid’ fund, managed directly by Brussels, is geared towards developing countries outside the EU and covers everything from infrastructure to social development, food security and supply.

The biggest allocations are for future and potential EU member states such as Serbia, Croatia and Turkey, McNamara says. “Then as you get further away, they get less money. Africa gets a good concentration of aid, but Asia and Latin America not so much.”

For possible future member states such as Turkey, McNamara describes the European Aid structural funding package as “a mini-version of everything we get in the EU”.

“You have things like SME development, business and enterprise parks, environment, water quality, water treatment and rural development programmes.”

There is also a strand focused on institution building, which is geared around helping ministries build capacity and bringing institutions in line with EU standards. In addition, a strand focuses on border cooperation, dealing with issues such as Turkey’s position in the world, its relationship with Bulgaria and so on.

3. The third major EU funding pot is the new European Recovery Plan – a €5 billion fund that covers environment, renewable energy, energy interconnections and broadband roll out, with allocations for all 27 member states.

“So, some of the projects, such as the interconnectors, are massive undertakings, worth €10s of millions,” McNamara says. “For many projects, there will be a designated national contact point [within each country], and they will develop the projects on a call-for-proposals rather than a tendering type basis, so groups will have to get together and create the projects.”

“2010 and 2011 are going to be major years in terms of the roll-out of the programmes and the spending, and with the whole recovery stimulus package, there is a drive to spend money and to commit to projects, so the whole effort is to speed up as much as possible.”

4. The fourth and final fund covers direct spending by the European Commission. “That’s a little bit more difficult to quantify on an annual basis, but you could say it’s €5 to €6 billion between different programmes,” McNamara says.

By and large, this spend is around office furniture, paper, photocopiers as well as consultancy, education and information dissemination programmes, plus anything to make the Commission’s own systems work better, such as software and training for Commission staff.

In addition, a multi-billion building programme is currently underway in Brussels, aimed at creating an EU quarter for Commission properties.

Several years ago, there were perceptions that direct tendering could be a cumbersome affair, but over the years, the Commission has worked to speed up the payment process, McNamara says.
While consultancy opportunities cut across all four programmes, it is probably fair to say that, aside from the building programme, direct tendering opportunities with the Commission itself are likely to be of interest to very different types of companies than the three other more infrastructural-focused programmes. For example, the training and information dissemination work for the Commission could be relevant to quite small companies. McNamara also suggests that SMEs might consider framework contracts. “In these, you offer advice for developing bigger projects, so you become the trusted technical adviser to the EU to develop bigger contracts. Getting this inside track is a good platform to go on to bigger contracts. A number of companies who have done this started out very small, and worked their way out from the centre to the periphery - from Brussels to Eastern Europe, Africa and into a global practice.”

Within the mainstream structural, external aid and recovery plan programmes, the projects can be large and complex. But McNamara says that the Commission is very open to consortia, so partnership is the key. “It’s not an opportunistic thing that you just bang in an offer, it is more about aligning your business to the right partners to deliver the solution. For the Irish company, it could be about fitting into a niche within the project, for example, pitching the same piece of biometric technology for every border security project implemented across the EU.”

“Rather than following the tender from the day it is announced, you have to be positioning and meeting people and building your team at the earliest time possible, which is when the country programmes and budgets have been approved by the EU, and that can be seen at a central level,” he advises.

“It’s a growth market, there are more funds there than ever before, and if you’re not going to win them, somebody else will,” he concludes.

For further information, email james.mackrill@enterprise-ireland.com

Animo is an integrated media company that produces content ranging from primetime television to digital communications. The Dublin company was one of 16 companies admitted to a framework contract for audiovisual production companies to produce informational videos in Animo’s first foray into the EU. “When the DG10 directorate needed to produce a programme on, say, an educational project, they would invite the 16 to propose their idea within a specific budget,” says managing director John Ingram. In the next five years, Animo made some 50 per cent of all the informational programmes produced by DG10 and by its internal clients, other directorates general. The work grew exponentially. Now Animo is working with OHIM, the European trademarks and patents organisation, based in Alicante, the European Foundation for Living Conditions, based in Dublin, and the European Environment Agency. Ingram’s tip for tendering success: identify an opportunity, then make yourself known to the unit involved, and find out about its culture - and do it two years in advance.

Another company selling across Europe, Quest Computing has grown to become a leading management information systems specialist, having built its reputation on the design and development of mission-critical systems for both public and private sector organisations. Quest director Don Kingston’s main tip in tendering for European work is to focus on the market. “And the product that enters that market has to be significantly better than any existing local product, and must be multilingual, and scaleable,” he adds. “If you can establish that you have the best product, you become part of a bigger, international community - and that’s a powerful message.”

Tips for tenderers
Good PR is one of the most effective marketing tools available. Cian Molloy reports on how Enterprise Ireland’s Marketing and Communications Programme is helping companies make an impact in the US trade and mainstream media.

DOUBLE YOUR PR MONEY IN THE US

Good public relations is not only more cost effective than good advertising, because it doesn’t involve direct payments to media outlets, good PR also gives your corporate message a greater impact than advertising because it benefits from third-party legitimacy. A glowing reference in the editorial pages of national or trade media will always be more valuable than an advertisement in the same newspaper or journal.

To help Irish exporters achieve a greater impact with their PR efforts in the United States, Enterprise Ireland has a Marketing and Communications Programme, whereby EI will match every dollar you spend on improving your corporate communications up to a maximum of $15,000, i.e. a total combined spend of $30,000.

The programme chiefly supports PR activity, but is not solely linked to press release generation and gaining news coverage, says Anne Marie Walsh, vice president for EI’s US government sector marketing communications programme. “It also supports exporters’ involvement in media training, website development, focusing of their company message, gaining key analyst briefings and developing direct marketing strategies such as direct letters and target mails.”

Over the years, dozens of Irish exporters have availed of the programme, among the most recent are: Merrion Pharmaceutical, Advanced Innovations, Bord na Mona, Taoglas, FeedHenry, Innerworkings and KineMatik.

BEST MEDICINE

Merrion Pharmaceuticals CEO John Lynch has used PR to generate new contracts for his company, which has patented technology that allows patients to self-administer medicines orally at home when previously they had to travel to a clinic or a hospital to be given their medicines intravenously. Among those who can now escape the inconvenience of travel and the pain of a needle jab are people with cancer, osteoporosis, thrombosis and diabetes. The technology has the potential to vastly improve the lives of hundreds of millions of patients worldwide while also dramatically reducing drug administration costs for health-care providers.

Following a selection process organised in conjunction with EI’s New York office, Merrion Pharmaceuticals entered into a contract with Griffin Integrated Communications, who then organised media relations for the Irish firm at two major healthcare conferences, the Bio Meeting in Atlanta and the American Society of Clinical Oncology (ASCO) Conference in Florida.

“Griffin really opened our eyes as to the fact that attending these conferences has a dual purpose,” said Lynch. “We were attending to do person-to-person, business-to-business, marketing, but they showed us we could also use the events to communicate with the press. At the Bio Meeting, we were a major story in the conference newsletter and that led to a whole series of other interviews with the trade press.”
“If someone here reads about a product or a service and thinks it will fit their needs, they’ll make a phone call and order it. A good mention in the press can mean signing contracts the following week.”

The timing of the ASCO conference coincided with the announcement of positive results from the phase two study of Orazol, an oral medicine for the treatment of prostate cancer patients whose cancer has advanced to bone metastases, and we got coverage in both the trade press and the mainstream press, which created a great deal of brand awareness for us in the US and worldwide.

“Griffin were hired on a pretty tight budget, but it gave them an opportunity to show us what they could do and we are now going to have to negotiate a deal for how we are going forward.”

**COMPETITIVE RATES**

Enterprise Ireland marketing executive Eoin Moore says EI in NY is able to negotiate competitive rates with American PR firms because it can offer them repeat business. “We have a panel of about 30 PR firms on the east-coast and 20 firms on the west-coast who we have worked with regularly before and who we would recommend to Irish companies,” he says. “The west-coast firms tend to be geared more towards Silicon Valley and the Blogosphere and the east-coast firms geared more towards mainstream media, but it’s a distinction that isn’t very clear cut. When an Irish company comes to us looking to hire a PR agency, we help them draw up a shortlist based on their needs – for example, the Irish company may or may not want them to specifically help with their website and their online marketing. We would then, in the course of a day, have those shortlisted firms make presentations to the Irish company in our offices in New York or, if the Irish company doesn’t have the budget to be crossing the Atlantic to-and-fro, by means of teleconferencing.”

**GET THE MESSAGE**

One of the key requirements that Limerick-based Advanced Innovations was looking for from a PR agency was help in refining its corporate communication and, in particular, with explaining its product offering online. Vice President for Marketing Simon O’Keeffe explains the company’s situation: “Although we can trace our history back to 1986, Advanced Innovations really grew out of the merger, in 2003, of two companies that were involved in customer experience management and the subsequent acquisition of a third CEM company. The aim of the merger and the acquisition was to give us the scale to compete, but the advantages gained were eroded by the increasing cost base in Ireland, particularly in the area of outsourcing manufacturing, so we decided we needed to change our business model and we did that in 2005, becoming a global provider of solutions for the electronics industry. Our clients sell electronics-based products into the aviation, education, gaming, utility and government markets, and AI can manage these products throughout their lifecycle – from product design, testing and approval, to new product introduction (NPI), manufacturing, supply chain management and after-sales services.

“When we reorganised, we were very concerned not to draw unwanted attention from competitors to our new business model. We concentrated on sales and on lead generation and otherwise kept a low profile. The company turned profitable last year and not only do we now think it is time to make ourselves more widely known, we now have the resources to do so.

O’Keeffe says he was able to use EI’s office in New York to meet prospective PR agencies instead of having to do business in a hotel lobby. “Their shortlist of PR agencies is a big help too, because there are agencies in New York who wouldn’t entertain a company with a budget like ours – in America, a company with a $50 million turnover would be seen by some as small!”

“We have selected a PR agency, I am just back from our first meeting with them and our website and our online presence is currently being revamped. Already, I can see that the PR help that we are getting will make a very big difference.”

**IMPACT**

All activities supported by the Marketing and Communications Programme are reviewed and assessed, not only in terms of media impact and web traffic, but in terms of lead generation and sales made. If it can be justified, Irish exporters can avail of the programme’s support on more than one occasion. “America is a country where building relationships isn’t as important in business,” Moore says. “If someone here reads about a product or a service and thinks it will fit their needs, they’ll make a phone call and order it. This is especially true with technology companies; a good mention in the press can mean signing contracts the following week.”

Certainly, thanks to greater media exposure, some of the biggest drug companies are now contacting Merrion Pharmaceuticals in greater numbers than Lynch had expected. He says: “The PR has been very good for us. In our industry, we don’t issue ten-thousand euro invoices, we are talking ten-million euro contracts.”
The leading light in the Bluetooth arena, Rococo Software, is seeing its star continue to ascend with additional finance from the land of the rising sun, reports Cian Molloy.

ROCOCO’S STAR RISES IN JAPAN

Rococo Software, the Irish company that is a world-leader in the development of Bluetooth technology, has secured additional investment from its Japanese partner Aplix in a cash for equity deal. In addition to finance, Aplix is also investing non-cash items, such as dedicated sales, engineering and administration personnel to help Rococo succeed with new business and product development.
BLUETOOTH The investment will help accelerate Rococo’s efforts to expand the use of Bluetooth applications on mobile phones and other devices, and increase the shipment of Rococo’s software globally. Bluetooth is a short-range wireless protocol that is most commonly used in mobile phones, especially for communication between PCs and handsets and for hands-free mobile-phone headsets, but the protocol can be used to make all kinds of devices wireless: e.g. keyboards, printers and stereosystems. Two major growth areas for Bluetooth technology are medical devices and sports-fitness equipment.

Since it was founded in 2000, Rococo has been a pioneer in Java and Bluetooth technology: it helped create the international JSR82 standard for this technology and then created the first software developer tools and infrastructure software based on that standard. Rococo’s Impronto product range is used by mobile-phone manufacturers to add Java and Bluetooth capability to their handsets and developers use the suite to create mobile phone applications. Worldwide, there are now more than 100 million mobile phones, produced by manufacturers such as Samsung, Motorola, Panasonic and Amoi, equipped with Rococo’s Bluetooth technology.

The new investment will help the Dublin-based company build on its success, says its chief technology officer Sean O’Sullivan. “Rococo has now embarked on a new product development initiative to build new capabilities and new solutions “on top” of the JSR82 standard, and to deliver solutions in peer to peer gaming, connected healthcare, and social proximity arenas.

“One of our earliest customers for our technology was Aplix. We met them at a conference back in 2001 and started a dialogue with them about the JSR82 Standard. As is often the case with doing business in Japan, it took some time for both companies to get to know each other, and we had several meetings and technical discussions during 2002 and 2003. In late 2003, we concluded a first deal with Aplix, who integrated our JSR82 solution with their market leading JBlend Java Virtual Machine and then shipped JBlend to a wide range of handset manufacturers, including Motorola, Samsung and others.

“One of the goals of our new agreement is to have Rococo become the de-facto leader in Java/Bluetooth technology worldwide, and to continue to sell existing and new solutions into the handset market, as well as new markets such as healthcare and gaming.”
JAPAN So far, the Irish software company has done very well from its dealings in the Far East, says O’Sullivan. “We think Japan is a great market for us and for Irish companies in general. Japan is, of course, a leader in wireless and mobile, and it led the way in terms of ‘app stores’ a long time ago with i-mode [a wireless internet service]. It’s one of the largest markets outside the US, with a great interest in technology and all things new and innovative. That makes it a great place to sell new technology and to see new concepts trialled and deployed for the first time.”

The one note of caution that O’Sullivan has for other Irish exporters thinking of exploring the Japanese market is that they need to invest time in developing relationships with potential clients before they can start winning deals. “Of course, it takes time to become known, to establish technical and commercial credibility, and to show that you are going to be around for the long haul,” he says. “It’s a cliché, but I’d say the best advice I’d offer is to plan for the long haul; don’t expect results too quickly and be aware that relationships really do matter.”

So far this has been a very good year for Rococo. Last month, it won a collaboration award at the Irish Software Association’s annual award ceremony for its ‘LocalSocial’ project, which it is developing jointly with UCD and the National Digital Research Centre. The system helps developers take advantage of “social proximity” so that their applications can find out about people and things nearby. Who knows, if you are in Japan looking for a fellow Irish exporter to give you a bit of mentoring advice, you might find them using LocalSocial technology!

“IT’S ONE OF THE LARGEST MARKETS outside the US, with a great interest in technology and all things new and innovative. That makes it a great place to sell new technology and to see new concepts trialled and deployed for the first time.”

Using the Executive Training Programme to understand Japan

As part of plans to further develop business in Japan, one of Rococo’s senior software engineers is taking part in the Japan Executive Training Programme (ETP) that is funded by the European Commission.

The ETP is a year-long programme aimed at supporting companies who wish to succeed in the Japanese or Korean markets. It offers participants three months of university lectures at Sciences Po in Paris, the SDA Bocconi in Milan or the School of Oriental and African Studies in London, complemented by distance learning, on Japanese or Korean business culture and cross-cultural communication, together with intensive language lessons.

This is followed by six months of advanced language and business culture training at Waseda University in Tokyo or Yonsei University in Seoul and then a further three months of internship with a Japanese or Korean-based company. The aim of the programme is to give EU companies the ability to communicate and to successfully develop business, including joint ventures, in the Far East.

“The ETP programme is a fantastic resource for companies in Europe,” says O’Sullivan. “It’s essentially like a mini-MBA in the country of interest – and ensures the candidate acquires the knowledge and skills to survive and hopefully thrive in the country when the programme ends. It’s quite an investment from the company and employee perspective, as it takes a year out of ‘normal’ working time – often a hard investment to justify in the smaller companies.

“In our case, we had a very talented senior software engineer, Bruno Quentin, who had expressed an interest in living and working in Japan. He was so keen he began language courses himself during the winter in Dublin, and subsequently funded his own intensive Japanese Language training in Tokyo.

“As part of our planning to work more closely with Aplix, we knew we needed to have someone from Rococo on the ground in Tokyo, so we applied for the ETP programme for Bruno, and he was accepted as one of about 55 candidates from across the EU. He completes his course in February 2010 and will then be Rococo’s Technical Account Manager, based in Tokyo. In that capacity he’ll liaise with Aplix and other customers across the Asia Pacific region, helping co-ordinate our roadmap and explaining and integrating our product offerings,” O’Sullivan says.
SOME €79 million in funding is now available for start-ups and early-stage companies following the recent launch of one new seed investment scheme and the significant expansion of another. Both funds are to be invested in high potential technology-focused companies in the early stages of development.

The new fund is the Bank of Ireland Seed and Early Stage Equity Fund, supported by Enterprise Ireland and the University of Limerick Foundation. It has €26m to invest in start-up and early stage companies, with a focus on export orientated high potential start-up companies that operate in the technology, food and financial services sectors. Some of the money will also be put towards supporting patent and patent-pending projects within Irish third-and fourth level academic institutions.

This is the eighth new fund supported by Government through Enterprise Ireland’s Seed and Venture Capital Programme 2007-2012. It comprises a €17 million investment by Bank of Ireland, €8 million from Enterprise Ireland and €1 million by the University of Limerick Foundation (ULF).

Meanwhile, the AIB seed fund is an existing joint venture between AIB and Enterprise Ireland, and since the Government’s bank recapitalisation scheme this has been increased significantly, from €30 million up to €53 million. Some €15 million of this additional money came from AIB, with the remainder provided by Enterprise Ireland. Although this expanded fund has not been publicly announced, it has been operating for some time and most of that money has still to be invested.

FILLING THE GAP

“From 2008 onwards, private sector money has virtually disappeared, and this is why these initiatives are so important. That is effectively addressing the gap in the market at a time when that gap is most exposed,” said Niall Olden, managing partner with Kernel Capital Partners, which is managing the Bank of Ireland seed fund on behalf of the partners.

Obtaining funding under the scheme might be a more rigorous process than in the past when money was more freely available, but Olden said a “solid” project should qualify for investment. The process of applying for the cash should be regarded as seriously as working on a business plan, he advised. While Kernel received 80 enquiries in the two weeks following the fund’s launch, this ultimately led to 15 official funding applications.
The economic climate is also having an effect, with more “realistic” valuations on companies evident since the start of this year, according to Olden.

“We’re backing companies that are primarily intellectual property-driven,” he said. “Those companies are to a large extent independent of the Irish economy and because they’re generally focused on a significant export market they don’t need for there to be a pickup in the Irish economy. Also, they’re not sensitive to currency fluctuations.”

The involvement of the UL Foundation in the funding pool is important, Olden added. “We see that as a sign of commitment of the fund to invest in IP-driven projects with their origins in third or fourth level academic institutions,” he said.

The fund has already approved two companies in principle and these deals should be closed before the year is over. One of the companies develops software for mobile devices, while the other has created technology for energy efficiency management. Both companies are set to receive around €300,000.

Des Doyle, manager of the growth capital department in Enterprise Ireland’s Investment Services Division, said the new seed funds were an important development for start-ups.”These are typically aimed at a company that would meet the criteria to be designated a high potential startup by Enterprise Ireland – that is, with the capability to grow quickly and trade internationally,” he said.

Many of the early-stage companies that would qualify for investment have not come from the university sector but have come from a manager or founder’s previous experience, added Doyle. “Spinouts from existing companies are the single highest source of high potential companies, by a long shot,” he said.

“The strongest companies are the ones being promoted by experienced managers, either coming out of Irish companies or multinationals based here.

One key element for all investors is to make sure that there is a balanced, complementary team to make a commercial proposition happen as opposed to just developing an interesting technology,” he said.

The seed funding may well have come at a crucial time, since other funding initiatives like the Business Expansion Scheme are coming under pressure because of the economic crisis. “In the current climate, raising BES is much more difficult both from private individuals and also from BES funds, many of which have been unsuccessful in raising new funds,” said Dr Ciara Leonard, project manager for enterprise development with NovaUCD.

Historically, BES investment has been an important source of funding for many of NovaUCD’s client companies such as Celtic Catalysts, Leonard said.

VENTURE CAPITAL

Looking further up the money chain, a survey from the Irish Venture Capital Association (IVCA) shows that Irish technology firms raised €110.7 million in the first half of this year, a 7 per cent increase on the same period in 2008.

For the third quarter, the as-yet unpublished figures are likely to be well ahead of 2008 yet again, according to IVCA director general Regina Breheny. “The reason for this is that Irish VCs are investing funds that were initially raised more than two years ago, before the financial crisis. There are some very big deals being done,” she said.

The IVCA data shows more companies availed of the available money – 66 in the first half of 2009 compared to 49 in the same period in 2008 and 29 in 2007. Amounts raised ranged from €50,000 to €18 million. First-round funding for early-stage firms represented 22 per cent of funds raised – some €23.9m.

However, on the ground, many business owners and entrepreneurs say it’s now far tougher to gain access to investment for firms in start-up mode. “Whilst there is still funding available from VCs, it is currently a very difficult climate for companies trying to fund raise for the first time,” said Leonard.

“Many VCs are focused on follow-on funds for existing companies in their portfolio and are concerned about investing in new clients. If VCs are still investing they do seem to invest in pre-revenue companies due to risk levels, making it difficult for early stage start-ups,” she added.

Breheny acknowledged these concerns, and emphasised the distinction between where VCs typically get involved in a company’s funding cycle, compared with seed funds or angel investors.

The differences aren’t always so marked, however. “Some [VCs] will do more startups than others,” said Breheny. “If the proposition is good, they’ll get in early. Pre-commercialisation is not an investment opportunity for a VC but pre-revenue is.”
Tom Kennedy looks at a recent study that explores the service strategies of some of the world’s leading manufacturers and concludes that services can yield a greater return than products.
The product is perfect: it looks great, works every time and you’ve got a top-notch marketing team. So why is the company steadily losing market share?

It could be that no one has been thinking of service excellence, and that does not just mean dispatching parts from a shed full of spares. That’s according to a study carried out by Frank Reichert and Michael Springmann for Barkawi Management Consultants. In ‘Winning with service excellence: how companies cope with rising demands in services’, the authors write that the concept of what constitutes a service has evolved considerably since after-sales was regarded by most manufacturers as a ‘necessary evil’. In fact, companies that continue to see services as an add-on to the core business could be the dinosaurs of the business world, staggering off on the road to extinction.

As Reichert and Springmann point out, marketing is global, and there are thousands of competent companies out there, all making good products, with the difference between them becoming less and less. What distinguishes one company from another might no longer be excellence of products, innovation or even price. Quality of service could make all the difference, but what does a ‘quality service’ actually mean? Real service, the authors argue, embraces a whole range of activities, including provision of consultancy, training, recycling and financing, all of which ultimately add up to one thing: customer satisfaction.

While customer satisfaction might seem a painfully obvious aim, the evidence presented in this study shows that the change-over from product-focus to customer satisfaction can actually involve a radical shift in the way everyone from marketing directors to plant operatives think.

As they authors point out, customers don’t want to order a product, they want to buy benefits. For that reason, service support can be worth far more than the product itself, yet it seems that the majority of companies have still to realise just how much they have to gain financially by selling benefits.

**BOTTOM LINE**

To show how services can make a difference to the bottom line, the study looked at eight different companies, all well known internationally and all of which are operating a reasonably hi-tech sphere. In every case, there is a trend for service income growth to overtake fairly static profits from basic products.

In ABB’s robotics division, maintenance has always been important, but instead of reacting to demand, the Swiss-Swedish company has developed contract ‘packages’ to extend service benefits beyond the initial warranty period. Ultimately, ABB could move on to assume full responsibility for servicing, so that the customer only pays for uptake. As the authors report, ABB has not yet made ‘pay-for-use’ a priority, but they note that the shift towards services is relentlessly heading in that direction, and it has already boosted after-sales profits for the company.

For a variety of reasons, ABB may lag behind some of the other companies following this trend, but one thing they all share is reliance on good two-way communications. Remote monitoring and the internet have made it possible not just to react faster, but to deliver a wider range of services. At Sony Ericsson, where 20 per cent of the staff now work on services, being able to fix software problems online has resulted in a drop in repair time for mobiles from 10 days to an average of just 48 hours. As mobiles in this part of the world are usually sold by call service providers, minimum downtime gives Sony Ericsson products a significant advantage. Another type of phone might work just as well, but service providers will always go for the one that gives them the best call time return.

In companies such as Bull, Agfa and Trumpf, the return from services is even more direct and rising. Even though the French information technology giant Bull still chooses to present itself as a product seller, 55 per cent of staff are now in services and contribute over 50 per cent to company revenue.
Information technology represents one end of the servicing spectrum, and in a company such as EMC, it is actually quite hard to separate products from services. This company has a multi-vendor approach, so it is quite happy to install machines from third parties provided they meet its own strict performance standards.

A lot depends on the sort of product a company sells. The learning curve for the Danish producer of sound systems Bang & Olufsen makes an interesting case. At one point, some 95 per cent of its business was based on direct over-the-counter sale of consumer electronics. As long as the systems kept working, there was no real need to keep in touch with customers. However, the other five per cent of its business, which was based on supply to hotels and clubs, usually involved an ongoing relationship. And it was this relationship that alerted the company to the enormous potential of services in helping to retain and gain new customers.

Armed with this new knowledge, Bang & Olufsen continued to provide retail customers with warranties in the normal way, but instead of passively waiting for the warranties to run out, service staff now call on the clients to check if everything is working perfectly, and if not, the problem is immediately fixed. With that kind of approach, grateful customers don’t just get a product, they acquire a superior sound system that always works, and looking ahead, the company is now considering how remote access contacts currently used for monitoring could also be used to supply additional entertainment offerings.

**MOVING SERVICE UP THE COMMAND STRUCTURE**

Products can be a smart way of getting the foot in the door, but services may ultimately deliver a greater return. In fact, the authors maintain that service is so important it should be moved up the scale in a company’s command structure. This is what happened at the German machine tool company Trumpf, where responsibility for after-sales and maintenance were originally shared out between sales and other departments.

Noting the growing importance of service, the company, which has grown consistently since the 1950s, brought everything relating to this area together into one business unit. As a result, Trumpf can now offer a range of supports such as financing, hire purchase, planned maintenance with remote access, and what many would consider the ultimate in service, pay-for-use. Under this arrangement, the customer had no capital costs, no bank borrowings to bring down credit ratings and no worries about maintenance, while the business that installs the machines gets a cash cow. For Trumpf, this strategy has worked well. Thirty per cent of the company’s turnover now comes from services, and the return is a lot higher than that generated from products alone.

If switching over to services seems easy, the authors remind us that a change in attitude has to involve everyone in a company and it needs to be backed up with hard cash. Remote access is usually essential, so the company has to be on top of electronic communications, and staff are likely to need additional training before they can deal appropriately with customers. In effect, a company has to be prepared to do everything possible to break down any entrenched barriers between services and products, right back into design and development. Modular design, for example, could cut down on the need for spares, and provided someone thinks of this in time, maintenance at a later stage will be a lot more efficient.

For Trumpf, the ability to provide service is so highly regarded that the company refuses to sell into markets where it cannot remain in close contact with customers. That view seems to be shared with a growing number of internationally successful companies.

The authors analyse how far these eight companies have gone along the way to service excellence, and one of the surprises that comes from their book is how even the best performers still have a long way to go. They argue this is because manufacturing and technology companies were usually established to make products, and the fact that most still consider repairs and provision of spares to be the primary aim of services means that they retain that mindset. When asked in a survey to list service priorities, spares came top of the list, while adding-value was ranked way down at number four. After surveying a number of high-tech, engineering and manufacturing companies, the authors concluded that hardly any have progressed beyond the early stages in service innovation.

There are valuable lessons to be learned by looking at how some of the well known companies profiled here are coming to terms with the rising demand for services, but, be warned, at €167 for 92 pages of double spaced text, these examples do not come cheap.
For software players, starting out on the consultancy track can offer benefits. But companies may have to ‘productise’ their offering to truly harness the potential for international growth and scaling, writes Gordon Smith.
The history of Ireland’s software sector is littered with companies that started life as product vendors only to become sidetracked into offering services and consultancy. Now this is coming full circle, with many entrepreneurs working in a consulting capacity first while they refine their product ideas through real-world experience and customer feedback.

There are several valid reasons why the former option happens so frequently: it can be a useful way to add recurring revenue from a customer after the initial product purchase, not to mention providing a vital boost to the company coffers if the sales pipeline proves longer than expected. The consulting-first approach neatly addresses the cashflow problem by allowing the company to earn valuable income that can be reinvested in paying staff and funding product development.

STARTING LIFE AS A CONSULTANT
Before formally setting up his company, Cernam, managing director Owen O’Connor worked as an independent security consultant, and he says this time was well spent building up cash and doing early research on the viability of product ideas before settling on what would become Cernam’s flagship tool: forensic technology for assisting online investigations, which is an emerging category for HR and legal professionals.

“I knew there was going to be a period of time where I was looking at product opportunities, and I needed something to keep the wolf from the door,” says O’Connor.

Some sectors tend to favour consultancy first. Mathieu Gorge says security awareness training was always the goal he had in mind. However, his previous career working in IT reseller companies meant that when he founded Vigitrust in 2003, he was largely forced into this same area while the company found its feet.

In 2005, Vigitrust won a contract with HP at its Leixlip site, and it was the IT giant’s urging that led to the company developing an e-learning product as a more effective way to deliver security awareness training rather than constantly having to do so in person. “The market came to us to productise what we were doing,” says Gorge.

The result is the Esec e-learning platform, and unlike the reseller and consultancy arm of the company, this part of the business offers Vigitrust the chance to grow beyond Ireland. The company focuses heavily on the Payment Card Industry DSS security standard, which is already well established in major markets such as the US, Canada, France, Germany and Australia. Vigitrust already has a sales operation in New York.

PRODUCT DEVELOPMENT
Owen O’Connor points out that establishing a market strategy is costly – especially as Cernam is also aiming its product at the US market. But he adds that the cost of product development has fallen, which removes some of the financial pressure. “It’s certainly gotten easier today, if you look at some of the cloud computing platforms like Amazon Web Services,” he says. “Some of the barriers to entry have lowered.”

There are other ways of defraying the cost of product development. Around 30 per cent of the development cost for Vigitrust’s e-learning system was borne by the University of Ulster through a grant, “which to us was a lot of money,” recalls Gorge.

Nonetheless, product development still doesn’t come cheap, adds Brian Weakliam, managing director with Bankhawk.

“Since our launch in June 2007, the major portion of our cost has been in the area of product development,” says Weakliam. Around half of the company’s revenues have been sunk back into development over that time, and all development has been in-house.

Bankhawk’s technology analyses the daily activity of a company’s bank accounts from internet banking files, and sometimes bank statements and fee breakdowns. The resulting report shows customers where they can generate savings on their transactions.
Bankhawk also provides high-level consultancy to financial controllers, but, according to Weakliam, it recognised that achieving full commercial potential meant having to raise equity investment. In August, it completed its first funding round of €700,000 from a variety of investors, including €300,000 from Enterprise Ireland.

THE ADVANTAGES OF A PRODUCT
The advantage of a product is that it surmounts the physical limitations of a services and consultancy business – a person can’t be in two customer sites at once, whereas software can be installed anywhere. Weakliam acknowledges this issue. “Initially, the generation of revenue was a factor, but subsequently we have realised the logistics involved in rolling out a software system on a global scale,” he says.

As first, the two went hand in hand, he says. “In a way, we have always sold our consulting service as a product, albeit that we tailor it to each individual corporate or situation. Consulting has been the best way to gauge the market needs; it is only by consultation with clients that you can truly understand their requirements. It has now turned into a chicken-and-egg situation – the products could not have materialised without the consulting, and now the consulting is enhanced through use of the products.”

Getting the split right between products and services will vary from company to company. Weakliam believes the pendulum will firmly swing towards product revenue for Bankhawk over the next year. “If I was an optimist I would say 90/10 [products versus services],” he says. “However, realistically, I believe we will partner with global consulting firms, and, accordingly, there will always be local customisation of the product.”

Bankhawk doesn’t intend to turn its back on services altogether, Weakliam adds. “We will continue to provide consulting services in the Ireland and UK markets, where we have built up a strong presence and reputation as a provider of banking consultancy.”

There are fewer limitations with product development, however. Bankhawk is already planning several products that will form a suite of banking analysis tools for financial controllers. The first phase of its web-based banking analysis system will be launched early next year.

Gorge, meanwhile, hopes that product sales will account for 50 per cent of turnover by the end of this year, rising to 70 per cent in 2010. The core e-learning product is built on open standards and is designed to be easy to develop. “We can create a new course in just 15 days,” says Gorge, who estimates that by the end of the year, the Esec training product will have more than 40 modules. This approach means Vigitrust is open to revenue sharing arrangements with other organisations that have particular subject matter expertise.

Vigitrust has also been able to absorb a significant change to the Esec product since it was first launched. “Takeup was really slow because we tried to sell it on premise. Since we went to delivering it over the internet, it’s been selling like hot cakes,” Gorge says. Timing has played a part, he admits. “We’re very lucky because we’re coming to market at a time when software-as-a-service is taking off.”

LEARNING CURVE
There are many good reasons not to dive straight into product development. “As we continue to migrate our system to a bullet-proof web-based platform, we can successfully deliver our product as consulting,” says Weakliam. “This also allowed us to develop our product in view of the needs of our clients. The product has been developed alongside the consultancy, and, therefore, has the benefit of learning from the consultancy projects.”

O’Connor agrees, but warns entrepreneurs to be mindful of pitfalls in pursuing a dual strategy. “If you’re funding the company through services, there’s a risk of distraction – that operationally your time is consumed by one customer where there’s a problem that you think you can use to improve your product but it ends up being unique, and taking a lot of your time. It takes a lot of discipline to keep your eye on the ball.”
With cloud computing and software-as-a-service among the hottest trends in software right now, Ian Campbell looks to the story of one of their pioneers, Salesforce.com and its charismatic leader Marc Benioff, for lessons other companies can learn.

Salesforce Chatter brings social computing to the enterprise, using Facebook and Twitter alongside a company's internal knowledge resources.

When Salesforce.com was in its infancy, Marc Benioff turned up at a customer event in army fatigues, looking like a South American revolutionary rather than the CEO of a high-tech start-up. Not the type of business leader to keep his cards close to his chest, he was using his own persona to reinforce the company’s key message around a business model that was designed to upset the status quo. A pioneer in cloud computing and software-as-a-service, Benioff’s strategy for Salesforce was to spell out, loud and clear, that his model was a revolution in IT delivery.

The company’s ‘no software’ slogan – presented in the style of a red and white no smoking sign – was further evidence of an aggressive and calculated bid to attract attention. The fact that the company sells software – it just happens to be in the cloud - was a minor detail that only gets in the way of the message. Salesforce went on to become one of the IT success stories of the last decade, with nearly 70,000 global customers now signed up to its pay-as-you-go salesforce automation solution, providing a compelling case study for any business looking to break into competitive markets.

Benioff knew from the start that his proposition was disruptive and left a senior job at Oracle to pursue his vision. One of his bravest decisions was to attack the established players head on, with a product strategy that was designed to appeal to competitors. Salesforce was a revolution in IT delivery, presented in the style of a red and white no smoking sign – a bold statement that he wanted to be in the public eye. The company’s key message around a business model that was designed to upset the status quo. A pioneer in cloud computing and software-as-a-service, Benioff’s strategy for Salesforce was to spell out, loud and clear, that his model was a revolution in IT delivery.

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on, relishing the role of David against Goliath. The first target was Siebel, out-and-out leaders in the CRM space, despite having a reputation for costly and time-consuming implementations.

Siebel would eventually be toppled from pole position and swallowed up by Oracle, but Salesforce had bigger fish to fry. Microsoft, IBM, Oracle and SAP are the pillars of a software industry that Benioff wants to shake up, having come to the conclusion that IT in the business world is too complex and too expensive.

His road to Damascus conversion was triggered by Amazon.com. Speaking last month at Dreamforce, the company’s annual customer event in San Francisco, he talked about how consumer website like Facebook and Twitter followed the path blazed by Amazon and used technology in ways that businesses could only envy. “Once again we have been eclipsed by the consumer market,” he said. “I felt that way in 1996 when I sat at my desk at Oracle and looked at Amazon.”

That early encounter with the online bookseller opened his eyes to the power of the web and its ability to deliver a user-friendly service. The technology is kept in the background. All the customer sees is an easy way to buy books. Couldn’t software be delivered the same way? Turning applications into a seamless service rather than an on-premise headache of upgrades, integration challenges and time-consuming system management, was a revolution waiting to happen.

SOCIAL COMPUTING
At Dreamforce 2009, he unveiled the next chapter, Salesforce Chatter, an application that brings social computing to the enterprise, using Facebook and Twitter alongside a company’s internal knowledge resource to create a cloud platform for collaborative working.

In an era when innovation is considered key to start-up success, he describes the founders of Facebook and Twitter as the giants of the industry, and he’s just standing on their shoulders. The way he tells it, with uncharacteristic modesty, Salesforce merely repositions their model in a business environment, made possible with best-of-breed technologies.

In truth, there is a lot of innovation in Salesforce, particularly in its go-to-market strategies. As well as staging high-profile events that catch the interest of prospective customers, Benioff knows how to attract the attention of the media. Early on, he cultivated relationships with influential journalists who could see that the upstart entrepreneur was good copy.

All of this would be meaningless without customers. A recurring topic in Ireland is about how start-ups struggle to bring their ideas to market. Salesforce achieved it through good old fashioned graft. A modest sales team used telesales as its first stepping stone, a much underrated method according to Benioff. Free trials were another part of the pitch.

As it grew, the company wrapped its customer dialogue in transparency. With a business model predicated on secure hosting, he gives customers as much detail as they want about how its infrastructure works to make them trust the cloud model.

But it hasn’t all been plain sailing. The dotbomb crash nearly wiped the company out and a succession of outages in its data centre threatened to undermine the basic principles of cloud delivery. He learnt that the best way to handle bad news was to be open with his customers about how the problems were being solved. This is as rare in the industry as glitch-free software.

For a CEO, his approach to business is refreshing and straightforward, and it permeates the culture of the company. He doesn’t do humble but he dabbles with self-effacing. His keynote presentations are laced with humour and a beach bum swagger - one of his onstage guests remarked that he was more used to seeing him in a Hawaiian shirt than a suit.

Unlike some of his peers, he is less inclined to show you how smart he is, and spends a lot of time crediting the company’s success to his customers. “It’s you that made this successful. You did it; not us,” he said on several occasions.

Lots of companies talk the talk about the importance of customer feedback. The difference with Benioff is that you believe him.

The gospel according to Benioff
W
ritten as a series of 111 ‘plays’, Behind the Cloud is Marc Benioff’s book about how Salesforce “went from an idea to a billion dollar company”. Like a lot of management books by self-styled gurus, there is an element of personal myth-making, but it has enough genuine insights to make it worth a read.

Mistakes are recounted alongside the successes and you get an inkling of the enormous pressure the company was under at times, and how big decisions enabled the company to go on and not go under. There are valuable lessons here for any start-up, particularly in the account of how the company scaled up and went global, moving from an SME customer base to a business that serves international companies.

The short sharp style of the prose does, however, leave a few stones unturned. About a third of the way through, he suddenly mentions that Salesforce started working with consultants like Accenture and KPMG. Implementations had obviously got a lot more complicated despite the talk about the simplicity of the model. It is a change that is skated over rather than explored.

That said, the book is compelling because it’s about the early days of cloud computing, the hottest topic in IT at the moment, a ripple that is turning into a wave. And we are left in no doubt about who surfed it first.
Companies sometimes make the mistake of staying too close to home, choosing contacts they know as directors rather than looking for the best person to enhance their board. Leslie Faughnan asks successful, established tech players about where they see the real value of non-executive directors.

The more public debate about the role of directors has centred in recent times on larger financial services organisations. But similar issues can and do arise in smaller companies of all kinds. In Irish exporting companies, it is generally agreed that non-executive directors can have a major and uniquely valuable input in strategic decision making and policy. The presence of distinguished non-executive directors on a board is often a valuable indicator of pedigree, perhaps especially when a relatively small Irish company is trying to sell into powerful and conservative sectors such as financial services, pharmaceuticals or the public sector.

**Board Appeal**

“Advice and knowledge - those are the key thing a non-exec brings to the board,” says Michael Kelly, CEO of the enterprise software solutions company Fineos. “Our external directors are all based abroad, and we have consciously tried to get people who are relevant to the industries and market in which we operate. Their presence also adds credibility and credentials. Yes, the contacts they have can sometimes be useful but much more important is their understanding in depth of the sectors we are trying to sell into.”

He is also very clear that any board of directors has serious fiduciary responsibilities. “It does act as a watchdog and is not just a sort of small club. All of our directors take governance very seriously, and there is real value in structured, formal oversight. For start-up companies and smaller businesses, that will be a culture change, but it becomes more and more important as you grow.” At the same time, he reckons that big boards can become unwieldy and ineffective. The Fineos board meets formally just six times a year. “We have quite a lot of ad hoc contacts in between, including personal meetings, when there is some need to pick their brains. Their knowledge and skills — wisdom if you like — are valuable and particularly so for strategic matters.”

Kelly is an admirer of the Australian system, where there are structured training programmes for non-executive directors covering their role and legal responsibilities. “It is very widespread and effectively mandatory in regulated industries like financial services.”

Kevin O’Leary of Qumas believes that the
choice of non-executive directors “should reflect the kind of company you want to become, with people who can help you in three years’ time or more”. Too often, he says, there can be a tendency to look locally or within the CEO’s own network. He suggests that, in fact, the CEO will need to have a clear vision of where the business is going in order to attract quality people to act as external directors. “It is also valuable to have people who have been through the process before, who have seen a business vision realised through its various stages. We certainly believe our non-execs have added value over the years. In fact, we have been very fortunate. We have also had movement on the board, with external directors serving about three years, and I think that’s appropriate.”

**ROLES**

A certain amount of networking arises naturally with non-executive directors, Kevin O’Leary says, but it is not a question of bringing the business into deals. “It’s up to the executives to sell and close deals. But your non-execs will usually be happy to introduce you to people of influence in your sector, and a small number of high-value contacts is likely to be where you will gain most significantly.”

But O’Leary is keen to stress that it is as participating board members that external directors principally add value. “When you are pushing towards your vision and your goals, making major transitional decisions and trying to decide on priorities and speeds, the collective judgement of the board is hugely valuable. I think you tend to get far more good decisions when you have the added dynamic of experienced non-executive directors who understand and support the aspirations of the business.”

Qumas has six formal board meetings a year and not all are face-to-face, O’Leary explains. “I think if you try to enforce any more than that, it becomes a bit onerous and not as supportive as it might be. On the other hand, I try hard to spend face-to-face time with each of our non-execs over the year and have derived great value from those individual discussions and consultations.” The Qumas board actively works on recruiting new non-executive members. “The general idea is that we start with agreement on the range of skills and talent that we would find valuable, then try to find a suitable individual.”

“**I don’t think there are any hard and fast, right or wrong answers as to the role and contribution of a non-executive director.**”

Dermot Berkery Director Delta Partners

DERMOT BERKERY DIRECTOR, DELTA PARTNERS

PAUL KERLEY CEO, NORKOM GROUP PLC
As a nominee of his venture capital firm Delta Partners, which specialises in technology companies, Dermot Berkery sits on a number of boards and has extensive experience of internationally expanding businesses. “I don’t think there are any hard and fast, right or wrong answers as to the role and contribution of a non-executive director. Relevant business experience is probably the core element. Each company is different — and boards have personalities just like individuals — but there is definitely a set of common experiences in the actual process of growing a business. People who have been through the shoals and rapids before have valuable advice and insights to offer from that perspective. They may not have specific answers but they understand the process and the growth stages.”

Those external directors may have gone through the growth process and its pains before, perhaps several times, but it is almost always the first time for a CEO. “I think the non-exec really has to be a thought-partner for the CEO and an expert voice on the board. Certainly, the idea of ‘contacts’ is wide of the mark,” he argues. “Anyone’s Rolodex would run out very quickly if that was all there was to it.” From his own point of view, Dermot Berkery stresses that he participates in each board as an individual, albeit with a well understood oversight brief from Delta Partners. “I would tend to look in the first instance at the quality of reporting to the board, how the CEO and the chairman get the story across. In the end of the day, it’s all about the CEO. A board can help and support him or her, but if the CEO is not right or not performing, it cannot paper over the cracks.”

Brendan O’Sullivan of Thirdforce believes he has seen right across the bandwidth of boards of directors, from the rigorous formality of international public companies to the informality of an Irish SME. “I think that boards are significantly under-utilised as a resource,” he says. “The general view still seems to be of the board as a constraint to be tolerated rather than a resource to be exploited.” In technology company boards, he suggests, there is also often a demographic split between, for example, the enthusiastic startup technologists in their twenties and the older VC or other non-execs who are probably in their fifties. “There can be challenges of language and terminology to mutual understanding. Yet it’s the blend that counts in helping the business to grow and achieve.”
STRATEGIC FOCUS
For O’Sullivan, a key value of external directors is that “when the management team are down in the trenches, they are there to keep a strategic focus. In many ways, that is their No. 1 attribute: they combine the realism of experience with clear sight of the corporate goals. That is how they support the CEO and senior management, not as some kind of high level reps. Your non-execs will have experience in certain sectors, and that can be hugely valuable for guidance. If they can make a few useful introductions, that has to be regarded just as a bonus.”

Paul Kerley of Norkom echoes the views of all of our respondents when he says “you want a working board, not a trophy board. Trying to build a software business on a global basis brings in a huge range of issues. What you need from a board is a set of skills and perspectives that will help you along the way. Non-executive directors can add great resources of skills, experience and perspective — and it’s not even a particularly expensive exercise!” Kerley is happy to claim that his own board (five non-executive and two staff directors) has brought together a phenomenal set of talent that has taken the business through expansion, going public and making strategic acquisitions.

“There are no spectators and our non-execs represent a major resource that we tap into all the time,” he says. Again, Norkom has just six formal board meeting annually, and Kerley feels that monthly meetings just turn into management meetings. “But we use our directors all the time in sub-groups, and I would aim to meet each one personally at least twice a year. We also try to meet for a day every year, somewhere off-site like London, and may bring along some of our senior managers as well.”

“We reckon the relationship with the board is very mature and healthy. We get good, objective advice with no agendas other than ensuring that we are all heading in the right direction, enhancing shareholder value. It is a two-way street in terms of deciding strategy, but, in reality, there is seldom more than perhaps a 10 to 15 per cent gap between all of the views and perspectives. Debating those issues with people of great experience, all on your side, is enormously helpful. In the end, part of the board’s responsibility is also to hold the CEO to account. That actually generates a healthy tension, which is both necessary and valuable.”

“I think that boards are significantly under-utilised as a resource. The general view still seems to be of the board as a constraint to be tolerated rather than a resource to be exploited.”

Brendan O’Sullivan CEO, Thirdforce

KEVIN O’LEARY CEO, QUMAS

BRENDAN O’SULLIVAN CEO, THIRDFORCE
The Market looks at Ireland’s indigenous BPO sector, how it is helping organisations to achieve competitiveness, and maintain focus on core operations while retaining jobs in Ireland.

OUTSOURCING WITHOUT OFF-SHORING

The Irish BPO Sector

Many people associate outsourcing with off-shoring. But the drive by companies to achieve efficiencies through outsourcing does not have to result in a loss of jobs in Ireland. In fact, the reverse is the case. Essentially, outsourcing involves a company paying a third-party to carry out a non-core activity and there is now a growing trend for companies to partner with local outsource providers. This allows organisations to maintain a close relationship with their customers and control costs. Frequently outsourced activities include financial, accounting and payments type back-office transactions, IT, HR and customer care. And when projects are implemented correctly, the benefits include greater efficiencies, more focus on core and strategic activities and a more flexible cost model.

EXPLODING THE MYTHS

BPO is an expanding business sector in its own right in this country, with indigenous companies employing almost 4,000 people – a figure that continues to grow by 20 to 30 per cent each year.

The ‘big five’ indigenous BPO players are Abtran, Fexco, Forward Emphasis, Rigney Dolphin and SouthWestern (see detailed outline on pages 40 - 43). Re-ordering stock for Starbucks stores across the UK; customer relationship management for big financial and business powerhouses like Lloyds’s Bank and PwC and processing financial transactions for the London Independent are among their international activities.

Take FEXCO: the Kerry-headquartered financial transaction specialist provides foreign exchange management for credit card transactions to over 3,500 organisations globally. One of its diverse customers is the Dubai-based National Bonds Corporation (NBC), which runs a State-supported prize bond scheme.

“Nine months after the project began, the NBC successfully launched National Bonds at the Dubai Stock Exchange in Dubai’s World Trade Centre to a live television audience. In addition to the Annual Prize Fund of 60 million Dirham, NBC pays a profit payout of 6 to 7 per cent to its bondholders,” says David Beausang, FEXCO’s head of business development.

“National Bonds is now a household name and premium brand in the UAE, with eight billion Dirham invested by more than 500,000 bondholders.”

Jim Costello, CEO of Clonakility-headquartered SouthWestern, also rejects the sector’s ‘race to the bottom’ tag. Rather than taking a road to nowhere, he points out that Capita, Britain’s leading BPO, has also become the largest assurance and testing company in the UK. Moreover, Tata the giant Indian conglomerate, which provides outsourcing...
services, had revenues of over US$70 billion in 2008-09, and Tata Cars – one of the group’s 27 divisions, recently acquired Jaguar and Land Rover. “We shouldn’t underestimate the capacity of the BPO sector to generate value for Ireland,” he says.

Costello readily concedes that wages in India are probably 25 per cent of those in Ireland. But he argues that companies here can compete through a combination of investing in technology and innovation and, critically, focusing on high-value niches such as financial transactions and processing and ‘high-touch’ contact centre activities.

Paul Pierotti of PA Consulting Group in Dublin agrees that Ireland has some truly world class BPO providers in the financial niche, and that we can also win deals in the high-end customer relationship management area. “As in any industry or sector, Ireland isn’t going to win at everything. For areas like back-office processing, China is generally always going to be cheaper.”

“However, and – it’s a huge however,” he adds, “voice services in China are pretty poor.” On this score, Pierotti reckons there are opportunities for Irish and Asian BPOs to partner. Internationally, within the industry, blended cost models are a growing trend, allowing companies to offer greater flexibility.

He also believes that while indigenous players compete aggressively in Ireland – which is good news for companies here looking to outsource, they should be open to partnering together outside Ireland to win bigger European deals.

“On pure costs and low value-add, we are fighting a losing battle, and we should be brave enough to accept that,” he says. “Instead, we should prioritise the value-add areas, which are about customer care, advisory and information services, and complex financial services. We will win those fights.”

For a lot of Irish projects, the economies of scale just aren’t there to justify outsourcing to Asia, Pierotti adds. “There are huge management cost differences for sending something down to Galway or Cork, as opposed to sending it to Bangalore. You are going to have to fly to India five times a year, and you’ll have your legal costs, etc. For a lot of deals here, outsourcing it to an indigenous player makes more sense.”

“Equally, there are a number of things you just don’t want to take offshore; for example in banking or the health service, where data security is vital.”

**Benefits for Business and How to Choose an Outsource Partner**

PA Consulting’s Paul Pierotti of sees significant business coming down the line for Irish BPO providers, as the public sector increasingly adopts shared-service and outsourcing models in a post McCarthy-report era.

However, there are also substantially untapped benefits for the private sector.

Patrick Loughrey heads Forward Emphasis, a Donegal and Belfast based outsourcer, which he describes as a “unique boutique”, providing “creative” CRM solutions for “high-end clients with high-end customers” in the financial and fast-moving consumer goods sectors. Some 70 per cent of the company’s business comes from the UK, where Loughrey says the understanding of outsourcing benefits and the volume of deals is far higher than in Ireland. He reckons that Forward Emphasis can save clients an average of between 25 to 30 per cent on their CRM functions through a combination of greater process efficiency, innovation and specialist help in developing new product lines and extending customer life-time.

Likewise, Cork-based BPO Abtran says that the level of savings/efficiencies varies according to individual client requirements, the complexity of the solution, volumes and contractual timescales. “Over the long term, we would expect to achieve up to a 50 per cent saving in a shared services environment over a five year plus period,” says marketing manager Ruth Long.

“Outsourcing and shared services can certainly be a deliverer of lower costs, which is particularly relevant during the current recession,” Pierotti agrees.

The human resource (HR) function is one potential area. “Compare one company having 2.5 people looking after HR with a central hub where that’s all they do: they will generally do it cheaper and better than an organisation can do it themselves,” Pierotti says.

ICT can be another productive area. “I think, again, for medium-sized companies, they often find ICT to be a huge blocker when they want to make changes. So if they want to enter a new market, an outsourcer can be a great way of doing this quicker and more easily.”

Next to achieving cost savings, a desire to focus on core activities can be a key reason to
“Over the long term, we would expect to achieve up to a 50 per cent saving in a shared services environment.”

The ‘Big 5’ Indigenous BPOS

outsource, he adds. “You find examples where the most logical solution for a private or a public sector organisation is to do certain things that they are strategically very good at. There are other things they have to do to deliver that service, and they need to reflect whether they should do it themselves or they need a supplier to do it for them.”

Pressing home this argument, he makes the point that businesses don’t manufacture their own pens, because they recognise that another company can do that better. Thinking about outsourcing is a question of how far along you want to go in that logic, he reasons.

Maintaining core focus was the over-arching motivation for the Personal Injuries Board, which became one of the first state agencies to embrace outsourcing when it was established in 2004. Its outsource partner is SouthWestern.

“We committed to invest in staff who were technically qualified in claims assessment and knew all about the legalities and the issues to do with awarding general and specialist damages arising out of a personal injury claim,” says CEO Patricia Byron. “However, we identified that around that service, tasks like answering the phone, handling very high volumes of post and getting data up onto its system every day could be carried out more efficiently by an outsource partner.”

Another great benefit of outsourcing is the flexibility it provides to rapidly scale up and down, which is one of the reasons why Meteor Mobile Communications part-outsources its call centre operations, according to Michael Byrne, Meteor’s Head of Customer Care.

“Normally, we get in the region of 40,000 calls per month,” he says. “But we run a lot of promotional programmes, like our ‘No-catch’ campaign for bill-pay, so there can be a need for our team to flex up or down.

“We use a blended model; whereby our own call centre is combined with a very strong relationship with Rigney Dolphin, our outsource partner. We handle 25 per cent ourselves, and the other 75 per cent is managed through Rigney Dolphin.”

“We had grown from no customers to one million, so we wanted to grow our customer care service at the same pace, while remaining focused on our core business. Initially, we wanted someone who could help us recruit staff, then the next logical evolution was to ask them if they could help us manage those staff, so it was more of an evolution from a HR business partner to an outsource partner.”

Abtran focuses on fostering a business processing partnership with its varied clients, which usually involves managing the customer experience in an end-to-end process. Clients include BSkyB, Hibernia Aviva Health and Prometric.

The company employs over 800 people in total, and it allocates a dedicated team to each client. Its service offering specialisation includes finance, accounting and administration through shared service centres; management of customer and citizen experience; provision of pilot programmes and proof-of-concept trials, and innovation/R&D – through its learning and innovation centre.

“Abtran’s new model of smart integration is the capacity to align with our clients’ objectives and integrate with their organisation to optimise value and performance,” says marketing manager Ruth Long. “Our learning and innovation centre is a catalyst for this process and an opportunity for public and private sector organisations to trial, transition and transform new services in a low-risk environment.” Other areas of strategic focus include the development of new citizen services.
INNOVATION AND R&D

Allied to flexibility, Byrne says that costs and service are the main drivers. “Otherwise, we wouldn’t do it.” But he adds that there are other less tangible benefits in the form of expertise. “Your BPO partner won’t share IP, but they will bring industry best practice to the table and make suggestions, so when you ask them to do something they will be able to make suggestions and ask you ‘Why don’t you do it this way?’ You benefit from their experience working on multiple campaigns and with multiple industries.”

Byron echoes this view. “We have found about a 30 per cent cost differential than if we brought that sort of work in-house,” she says.

Byron attributes the cost-savings in part to the fact that SouthWestern has been able to negotiate better rates than the public service, particularly given that the customers’ phone service operates between 8am to 8pm each day, six days a week.

But she adds that efficiencies also come from the fact that the BPO team work on a very focused set of activities with very intensive training, so they have become expert at what they do. “If all the correspondence comes in and it hits the system in an ad hoc way with different approaches to it, then you are not running the system as smoothly and your workflow is not as good,” she points out.

“They can also invest in the technology and the expertise, which as an organisation of 100, I mightn’t be interested in or able to financially justify, but because they are servicing a much wider number in that particular area, they can justify it. Because they are experts in back-office innovation, whose client base includes bluechip multinationals, I’m getting best-of-breed benchmarking.”

While the BPO sector is not one that people would normally associate with substantial investment in R&D, many Irish companies are investing heavily in this sector. This point is underscored by plans by SouthWestern to invest €1.5 million in R&D and new technology this year or, indeed, by the type of PhD research being funded by Forward Emphasis on topics such as the psychology of buying.

“We have invested very heavily in facilities such as telephony and workflow systems, at a level over and above what an individual client could invest. The client gets a payback from the scale and level of flexibility we bring,” adds Abtran CEO Michael Fitzgerald. Last year, the Cork-based BPO announced plans to invest €6m in research and development and to create 250 graduate-level jobs by 2010.

FEXCO

Established in 1981, FEXCO is probably the best known BPO provider in this country, through its high-profile management of 2.7 million Prize Bonds customers. And in 2006, it was recruited to introduce a similar state-supported scheme in the UAE for the Dubai-based National Bonds Corporation (NBC) PJSC.

Less well known is the service it provides for Bord Gáis: FEXCO handles over one million telephone calls every year for the utility. In addition, in a joint-venture with the Irish Tourism Board, the company manages accommodation reservations for over 20,000 locations in Ireland.

In total, the company provides innovative and alternative solutions to over 11,000 organisations globally, ranging from private sector customers to public sector business won through open competitive tenders.

FEXCO employs 900 people in Ireland and an additional 500 overseas. The Kerry BPO provider can take full control of the administrative element of a client’s business, manage and deliver it and provide a successful business partnership mode, head of business development David Beausang says. “This takes place in an environment where choices are constrained by costs, whilst service expectations remain high,” he continues.

“We focus on building long-term strategic partnerships with our customers, delivering business services through our three centres of excellence: payment services, contact centres and administration services.”

The benefits, he says, include reduced administration, increased turnaround times for transactions and redeployment of administration staff to key client-facing tasks. “All of our services are delivered on the basis that there is clear return-on-investment timescale, and the savings for organisations run into millions of euro.”
“We are developing learning innovation on a joint and collaborative basis with universities,” Fitzgerald explains. “This involves working with projects that are heavily incubated, ensuring that they are learning fast and we can roll-out successes. Companies get access to a whole range of learning innovation tools.”

This focus is relevant to the debate about staff conditions in BPO centres, Patricia Byron insists. Nobody argues that the sector will generally compete head-to-head with in-house salary levels. But good people will still choose to work with them because they may offer flexible working hours or the opportunity to work from home and perhaps to live in a rural area like West Cork, Donegal or Kerry. Moreover, there will be opportunities for career development, she says.

“If you work for a pharmaceutical distribution company, the important people in that company are generally the sales people; they create profit, and the operations people are a cost, so if you work in operations, it’s all about reducing your costs and not much else,” agrees Pierotti. “On the other hand, if you work for a process outsourcer, your core service is that process, so the outsourcer is more willing to invest, to prioritise, to train so that they get better at doing those processes. My experience has been the people that get transferred over to an outsourcer are those that actually get to have a far more enjoyable career, because all of a sudden the question you’re being asked is ‘what do we need to do to make you make the operations better?’, rather than ‘can you reduce your cost by 5 per cent every year?’

He adds that in projects where staff are transferred, handling this transition correctly is one of most important aspects of the implementation phase.

**CHOOSING AN OUTSOURCE PARTNER**

Before selecting a BPO provider, companies should first be very clear about why strategically they are outsourcing, Pierotti advises. “Everyone says that they want lower costs and higher quality, but you often find that there are very different reasons for outsourcing. Whether it’s about getting the cheapest on the market or innovation, you want to improve your processes, you want to increase your throughput or you want to access a new market, depending on what it’s about you will actually choose a different supplier.”

“Then go out and talk to the outsourcers...”

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**Forward Emphasis International**

Forward Emphasis International employs over 400 people and has two customer relationship management (CRM) centres in Malin Head and Gweedore, as well as a rapid-response centre in Belfast. The company says that it services Fortune 500 and FTSE 100 client companies by providing innovative solutions that are specialist and transformational in nature.

It has three specialised divisions. Forward Finance delivers bespoke and audited CRM BPO services to the financial services and banking sector in the UK and Ireland. Meanwhile, Forward Research delivers bespoke market research programmes for the professional services sector, local and central government and the FMCG industry. And Forward Change delivers bespoke CRM, payment processing and membership programmes to the not-for-profit and government sectors.

Clients include Lloyds Bank, Abbey Bank, PwC, Starbucks and Crest Dairy, one of the biggest dairy industry players in the UK.

CEO Patrick Loughrey says that the company’s values include creativity, innovation, good working conditions for staff and high-end services, delivered by small teams of not more than 50.

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**Rigney Dolphin**

Established in 1990, Rigney Dolphin specialises in customer-facing and back-office services across a range of industry sectors and in the public sector; specialisms include HR and CRM. The company currently employs over 850 staff across four sites, including a 500-seat state-of-the-art contact centre in Waterford.

“Essentially, our clients are companies that see value in having a specialist BPO provider to deal with their customers. Many clients want Rigney Dolphin to take existing functions and expand them,” says CEO Celine Fitzgerald.
and steal their ideas shamelessly. They will be happy to give you free ideas to build that relationship to the ultimate sale, but also because they don’t want something that’s terrible being chucked over the wall as a problem for them to solve, so really go out and test that market. You will generally get a much better price if you make the deal as straightforward and ‘attractive’ as possible to the partner company.

Whether the BPO provider is indigenous may be another consideration. “Primarily, we were looking for someone Irish – Meteor is an Irish brand”, Michael Byrne says. “Also, we were aware that a lot of companies in the UK had off-shored their customer care functions – unsuccessfully – and had to bring them back.”

Before heading up PIB, Patricia Byron worked with a private sector organisation that had outsourced overseas. “My view”, she says, “is that you obviously have to look for the best solution, and, as part of Europe and part of the world, if you are going to trade, you can’t insist it’s all in x-town or x-country, you have to be open to compete with the best in Ireland and the best in the world.”

That said, she adds that quality considerations play a part. “If you are ringing into a call centre, looking for part ‘543’ for your television, the conversation can be very productive, no matter where it is in the world. Linguistics or cultural understanding don’t matter hugely. However, if, like in our instance, you are trying to talk about who is liable, who’s not, how many responding parties you should nominate because you fell down a manhole in the street, you need people who understand the local jurisdiction, the local environment, infrastructure and so on, so for us that was very relevant.”

Crucially, also, while outsourcing is sometimes referred to as ‘your mess for less’, Pierotti stresses outsource clients will only really benefit if they take a partnership approach. “Outsourcing is about building a relationship with the supplier: there has to be an emotional, qualitative aspect to it: if you don’t like the person that you are going to outsource to and you are going to spend a heck of the next five years in the same room as them, that’s an issue.”

Although the debate around outsourcing will continue, the reality is that Irish BPOs continue to expand and win business against international competition, leading to significant jobs in regional locations.

The company predominantly deals with Irish clients, and savings can be as high as 50 per cent, because it can deliver a number of people-intensive services such as training, quality control and health and safety, she says. “We provide focused, cost-effective solutions for companies who want to outsource their business functions. “Our model is one whereby we aim to become a seamless extension of the client organisation; their objectives become our objectives”. Clients include the National Consumer Agency, Vodafone and Airtricity.

SouthWestern
West-Cork headquartered SouthWestern, formerly SWS BPO, employs over 500 people through offices in Clonakilty, Co. Cork, and Lodz in Poland. It has been in operation for almost eight years and offers a range of outsourcing services, including customer relationship management (CRM) and finance and accounting as well as industry-specific service offerings.

Its finance and accounting service covers all elements of the in-house finance and accounting function, including accounts payable, accounts receivable, payroll and general ledger functions. SouthWestern can cover the entire spectrum of a client’s finance functions or can work on individual or clustered processes as required, according to commercial director John Connolly.

Clients in this area include Irish Distillers, Topaz Energy, Arnotts, 4home and Independent News and Media. For example, the Cork BPO runs a flagship shared-services operation covering all of Independent’s finance processes and elements of its CRM and supply chain functions. This project has been the subject of a Gartner white paper.

SouthWestern’s CRM offering relates to telephony-enabled processes, whereby it handles customer queries, order processing, technical support and specialist survey work on behalf of a range of clients that include Bank of Ireland, Deep Insight and CarTrawler.

Meanwhile, the ‘industry-specific’ service offering relates to sectors where SouthWestern has particular business knowledge and core competencies to deliver front- and back-office advantages to clients. “This currently applies to three sectors: agriculture, insurance and renewable energy,” Connolly says. “The specific activities we carry out for our clients in these areas include data capture, document management, database management, fulfillment, claims management and customer care.”

Industry-specific clients include the Department of Agriculture, Fisheries and Food; Sustainable Energy Ireland; Bord Bia and the Injuries Board (formerly PIAB).
“Our traditional market has crumbled in terms of demand and payment. We had no option but to look to exports.”

The statement by Kevin Lenihan of Kilkenny Limestone Limited is one that will be echoed by many businesses and sums up the current state of the Irish stone industry. On the crest of the Celtic Tiger wave, local stone companies couldn’t keep up with the Irish demand for their product and consciously took a step back from the export market to concentrate on the construction business at home.

However, the domestic stone market is now effectively defunct – even where projects are continuing, Irish producers are being hit by exports from Asia – and to survive they are vigorously trying to carve their futures in European markets.

LOOKING TO EUROPE

McKeon Stone, based at Three Castles in Kilkenny, also produces first grade blue limestone, and, just two years ago, its domestic sales alone stood at 95 per cent.

“Seven years ago, our exports were nearly 40 per cent of our business. In 2007, it was just 5 per cent,” recalls McKeon Stone Managing Director, Niall Kavanagh.

However, as the signs of slowdown rumbled in early 2008, the industry was forced to take stock and think again. “We had made a decision as a company where we wanted to go in terms of sales and there was more value added in sales in Ireland; it was more profitable and made perfect sense. Then when we saw demand dropping off, we got back into the export market very quickly and turned it around,” explains Kavanagh.

That turn-around took place last November, when McKeon Stone spent a week in their old export haunts of Belgium, The Netherlands and Germany, talking to customers and explaining their new availability.

“Fortunately, they were very welcoming and happy to work with us again. We had, up until then, been ’drop-feeding’ them but not in significant volumes, so we went back to talk to them and show that we could now give more.”

This in turn is boosting exports. “It will be 42 per cent by the end of the year [up from 9 per cent in 2008]. We hope to get to at least 50 per cent by the first quarter of 2010 and expect to finish 2010 at 60 per cent,” Kavanagh says.

It’s a similar story for Kilkenny Limestone. It has been a busy year for managing director Kevin Lenihan and the rest of the 55 staff at the Paulstown quarry, close to the Carlow border. Traditionally, the Irish market accounted for 52 per cent of the company’s trade, but that is expected to...
be around 35 per cent for this year.

“However, 34 per cent of our trade is now in Belgium – almost matching Ireland and it will take it over soon,” adds Lenihan, highlighting the company’s refocus on overseas markets, particularly in previous export markets in the Low Countries.

**ENTERPRISE STABILISATION FUND**

In surviving and making the transition, the introduction of the Enterprise Stabilisation Fund (ESF) in April 2009 provided a lifeline for both companies.

As the construction market crumbled, a domino-effect kicked in, and the two companies ended up shouldering a lot of debt, with customers unable to pay because they weren’t getting payments from their clients.

“The stabilisation fund is somewhat of a breather – it takes the financial pressure off and allows you to concentrate on growing the business. It frees up time, gives you more confidence and relieves the burden for a couple of years at least,” says Kavanagh. The funding has helped McKeon Stone develop a marketing campaign abroad, particularly in the relatively untapped UK market.

“The UK is where we are looking now. It’s not something we have to do, as we have enough demand from Europe, but we feel we need to develop and spread the customer base. We don’t want to be too dependent on one market, like we had been in Ireland.”

For Kilkenny Limestone, the funding has also allowed the company to refocus. “It enabled us to buy time. The problems are that as the volume of work is down, and payment is slow, and we are pushing that onto our creditors. We are using the Stabilisation Fund to reposition ourselves. We only had 2 to 3 per cent of the Belgian market traditionally; now we have developed a relationship with a company and envisage increasing that to 10 per cent over the next five to six years. We have cleared a part of our quarry and this will let us get greater volumes of stone into the market next year.”

The company also plans to target Britain. “We were spending a lot of time managing creditors, and the funding immediately freed up time to analyse and give time to our developing partners in the UK,” Lenihan says. “There isn’t a latent demand there at the moment for blue limestone, but we are going to put energy into that market and our partners are very excited.”

**PRODUCT DIVERSIFICATION**

Fortunately, both companies had engaged in business restructuring before the recession found its grip. Kilkenny Limestone undertook restructuring five years ago, and two years ago, it accelerated the diversification of products and markets. “If we hadn’t put in our diversification programme and cost reduction in 2007, we would be talking about a 15 to 20 per cent domestic market now. If we hadn’t made cost savings starting in 2004 with management change and reinvented the company from a people and technology point of view, we wouldn’t be talking now,” Lenihan says.

The company now has the only automated paving line for natural stone in Ireland, and it just won an important contract in The Netherlands, as part of Amsterdam’s city centre rejuvenation.

The bulk of McKeon Stone’s product is slabs of Irish limestone and the focus is now on delivering finished product to exporters. Like McKeon stone, it is also finding the Dutch markets receptive, having just landed a prestigious job in Amsterdam, restoring the façade of the ING bank beside the city’s Royal Palace.

“Technically, it’s quite difficult, which suits us, as over the last few years we have invested heavily in CNC equipment, which allows us to take CAD drawings from an architect and feed them into the machine. There is a niche for this, as, in Europe, they are still doing this difficult type of work by hand. This process speeds it up and takes the cost out of it,” Kavanagh says.

“Our strategy now is to sell as much we can in exports, as we don’t see a whole lot coming down the line in Ireland,” he adds. “To be honest, we’ll probably keep it this way – concentrating on exports, as we’re just never going to have that level of demand again in Ireland.”

“Our strategy now is to sell as much we can in exports, as we don’t see a whole lot coming down the line in Ireland.”

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“Business Support” is a section dedicated to covering the challenges faced by businesses during the economic downturn and the strategies they employed to overcome them. It highlights the importance of diversification and the role of government support schemes in helping businesses survive and thrive.
The same authors wrote the inspiring *Why Should Anyone Be Led by You?*

In this book, they press the point that to be a great leader, you must be yourself, and make the most of the qualities that only you possess - using leaders such as Richard Branson of Virgin and Peter Brabeck of Nestle to prove their point.

Effective leaders, they write, can evoke loyalty and affection and can empathise closely with those they lead. “Yet they also seem able to communicate a sense of edge, to remind people of the job at hand and the overarching purpose of the collective endeavour.

In doing so, they move skilfully from closeness to distance and back again. They are able to get close to their followers, yet, paradoxically, keep their distance.”

Watkins is also the author of *Your Next Move*, subtitled *The Leader’s Guide to Navigating Major Career Transitions*. This opens out his ideas to serve the challenges of ‘leadership transition’ - in other words, promotion. How do you deal with leading former

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**LEADER OF THE PACK**

Here is a legend, beloved in the civil service, of the late Charles Haughey sending out his cohorts to seek a book for his holiday reading. It was, appropriately, called *The Mask of Command*, and explored the methods of leaders such as Alexander the Great.

Today’s leaders look for a plainer model. *Clever* is about a specialist job: how to handle a team of brilliant people.

In the knowledge economy, clever people are a wonderful resource for any company. Will Wright, creator of the Sim City games, has made his company, Electronic Arts, a fortune - *Clever* authors Rob Goffee and Gareth Jones quote EA as attributing a good chunk of its 2004 revenues of $2.96 billion to the Sims series.

But he’s not the typical leader familiar from the still lingering 1950s’ model of the tycoon in a sharp suit and crisp white shirt, ordering men around like a military commander. “I tend to see myself as one of the soft leaders,” he told the authors. “I’m more of a leader on the invisible wall chart, and I much prefer to be that kind of leader.”

Goffee and Jones interviewed the medical director of a hospital who beautifully defines the leadership needed for brilliant people. “Do I tolerate the cardiac surgeon who occasionally lobs his toys out of the pram and is a complete pain in the ass, because he’s a fantastic cardiac surgeon?” he asked rhetorically. “Or do I say ‘we wouldn’t let a staff nurse on ward 22 behave like that; therefore we’re not going to let you behave like that’?

“My attitude is, I forgive them more than I forgive other people, but in the process of doing so, every so often, I remind them of this. It’s an honest relationship.”

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**THE FIRST 90 DAYS** is a cult book on leadership. Author Michael Watkins is a Harvard Business School professor specialising in leadership and negotiation research.

The book has been selling well since it came out in 2003, for good reason. It sets out an explicit series of steps for the new leader to take command. Watkins advises an accelerated strategy in your first 90 days in a job - famously, he begins the book by saying the US president gets 100 days to prove himself, but a new business leader gets 90. He warns that it is essential to have visible, sexy wins early on, to win the confidence of your staff and bosses.

You must “promote yourself,” he says - you must make the break from the job you have left. Your learning needs to be accelerated; the skills that brought you here may not work in your new role. He offers different strategies for three varying ‘new jobs’: leading a firm’s recovery, sustaining a successful unit and setting up a new start-up.
peers, he asks; a valuable question. “You have to walk the knife’s edge between over- and under-asserting yourself,” he writes, giving good advice on how to make the transition.

Stewart D Friedman is a rock star of the academic world, scooping awards for teaching and thought from organisations as diverse as Working Mother magazine and the University of Pennsylvania. ‘Stew’ is the founding director of the Wharton School’s leadership programme.

In Total Leadership, Friedman writes that leadership is not an aspect of working life that can be left behind in the workplace. The essence of his leadership model is ‘being real’- authentic behaviour that crosses from work to home. There is a certain touchy-feeliness to the experiments in this book, which explore the essence of your approach to your work and home, but Friedman is deeply influential, and is especially valuable to any business person in an environment where work-life balance is difficult.

The Leadership Code attempts to consolidate the mass of research on leadership into ‘five rules to lead by’. Its authors are Dave Ulrich, Norm Smallwood and Kate Sweetman (all of the RBL Group, a company that trains other companies’ executives).

The five rules that make up their code are: shape the future, make things happen, engage today’s talent, build the next generation, and invest in yourself. A counsel of perfection - except that the authors include targeted exercises and tips on managing.

For example, under ‘engage today’s talent’, they describe an executive who gave a symbolic prize of a stuffed blue devil with an appreciation note from the boss, given to employees who performed particularly well in his group. “These personal awards became symbols of executive attention for good performance, and were prized among the recipients,” they say. They also mention a counter-intuitive contest to find the most useless report generated in the last 90 days. The result was that the team realised that reports were being generated that delivered little value.

A single read-through of this book could be a valuable exercise for executives - it is the kind of idea-generator that is passed around an office and makes its way from desk to desk, improving performance wherever it goes.

Fearless Leadership is very useful - because this book concentrates on the blind spots that stop us from leading effectively. It explores victim mentalities, conspiring against others and other unproductive behaviours, and explains how to short-circuit them to “transform them into extraordinary behaviours that propel your organisation into high performance”.

Malandro, president and CEO of Malandro Communications, rather kindly treats behaviours that some might see as sheer nastiness as blind spots in leadership.

She tells of Suraj, who wanted to do everything by himself; of Synthia, who belittled and micromanaged others, even editing their memos, and made them feel stupid and incompetent.

Anthony’s senior team worked on a presentation for two months - but at the presentation to clients, he belittled their work. “It’s been all over the trade journals,” he said, and “proceeded to pontificate for 20 minutes on his thinly researched opinion of the client’s strategy”.

Malandro recommends – and this does take fearless trust – sharing your blind spots, and having your team coach each other and help each other to avoid the business disasters that can come from these behaviours. This is a wise book, and would be a valuable addition to the bookshelf in the staff breakout areas, where it can be borrowed and consulted.
The single biggest trend in technology has been the drive to squeeze increasingly sophisticated applications into more compact and portable devices. While the modern mobile phone has managed to hi-jack a lot of different components – cameras and music players to name just two – there are still dedicated gadgets and gizmos that find their way into hand luggage and are clicked into action when airplanes reach cruising altitude.

### Netbooks:
good to go computing

The tech sector was slow to spot the gap for netbook computers, having assumed that smartphones at one end and notebooks at the other left no room for anything in between. It was tier-two players like Asus with its Eee PC that got the ball rolling.

Cheaper and lighter than laptops, they typically have 7-10-inch screens and can weigh in at less than 1kg. Their primary purpose is to be portable and connect to the web. On entry-level models, which start at around €250, WiFi and an on-board web cam are the main features along with solid state memory, more robust but with less capacity than traditional hard disk drives.

Netbooks found an instant audience with social networkers who live a lot of their lives online, but they also struck a chord with mobile workers. Traditional laptops suddenly look a little bulky next to a new generation of ultra compact computers.

Once there was buy-in from business users, netbooks became more feature-rich, blurring the boundary with laptops.

Choosing a netbook will depend on what you want from it. Portability and convenience are the best reasons buy. Remember that for €500 you can get a fully featured laptop with a 15-inch screen that will have a lot more features. Netbooks are typically in the €250-€400 price category, so if you are paying top dollar, you need a compelling reason not to step up to a laptop.

Solid state netbooks are typically 8-16GB while hard disk models go all the way up to 160GB; some will have an SD slot as well. If you are going to be using big files, go for a hard disk and more memory. Typifying the entry level models is the latest version of the Asus Eee PC, which weighs just 0.92KG, has 8GB of solid state memory, a 9-inch screen and sells for €249. For €150 more, you can get something like the Fujitsu Siemens Esprimo V5535, with a 160GB hard disk and 15.4-inch screen. It even has a DVD burner. Somewhere in between is the Samsung N130, available from €359 with a 10.1-inch screen, weighing 1.26kg.

Before you buy, check out the keypads and the screen. The keyboards are inevitably compressed to save space but manufacturers have worked hard to make them as big and finger-friendly as possible. It’s quite subjective so try before you buy.

Screen resolution and brightness is also an issue, bearing in mind that you will be using your netbook in all sorts of places and can’t guarantee optimum working conditions. One of the best is the Sony Vaio Mini W-series, which has an excellent hi-res screen, but comes with a hefty €499 asking price.
While computer screens have become the standard interface for all sorts of interactions that were once carried out on paper, they have never coped well as a medium for books. There have been electronic books, or e-books, available in various guises since the Eighties when digital texts first appeared on CD-ROMS, but reading long tracts on traditional screens has never been a satisfactory experience.

New technology has tackled this head on and e-readers have emerged that use paper-like screens with a strong grayscale and fonts rendered in ‘electronic ink’. Easy on the eye, they even work well in direct sunlight and consume very little power. Touchscreen e-readers even let you ‘flick’ the corner of the page to turn it over, reinforcing the book-reading experience.

Sony with its Reader range and Amazon with the Kindle are fighting for market dominance though there is increasing competition. Book retailer Barnes & Noble has launched the Nook in the US, and Apple is unlikely to ignore something that has the potential to be a reading equivalent of its iconic iPod music player. Sony Readers continue to evolve and improve. Current versions include the touchscreen PRS-600 and a new pocket edition. The €289 Touch has a 6-inch screen and comes with an onboard Oxford English Dictionary and five adjustable font sizes, as well as expansion slots for adding to the 512 MB memory. Like all Sony’s range it can handle various document formats including PDFs. There are free classic books available from Sony to get you started.

Reader Pocket Edition is Sony’s most affordable e-reader yet, retailing at €199. With a 5-inch display and lighter than an average paperback, it is small enough to pop in a pocket and easy to navigate with a single hand. The 512 MB memory will store around 350 e-books.

For Amazon, e-readers are a natural extension of its online bookstore and with Kindle it has the most sophisticated product on the market. With its wireless function, users have access to 360,000 books which can be instantly downloaded. The latest version, Kindle 2, has a 6-inch screen and 2GB of memory which equates to around 1,500 e-books which are cheaper in price than their printed counterparts. Extra features include a built-in dictionary and facility to take notes, highlight text and change fonts. An international version can be bought online off the US web site for $259 plus postage and taxes. It will work in Ireland using the 3G network at no cost to the user. Alternatively, books can be downloaded from the Kindle store to a PC and transferred across.

**Newly released easy-reading business books**

**Ten of best***

**01** Superfreakonomics: Global Cooling, Patriotic Prostitutes and Why Suicide Bombers Should Buy Life Insurance by Steven D. Levitt and Stephen J. Dubner (Hardcover – released 20 Oct 2009)

**02** Blood, Iron and Gold: How the Railways Transformed the World by Christian Wolmar (Hardcover - released 1 Oct 2009)

**03** The 50th Law by Robert Greene and 50 Cent (Hardcover - released 10 Sep 2009)

**04** The Squeeze: Oil Money and Greed in the 21st Century by Tom Bower (Hardcover - released 1 Oct 2009)

**05** The Trouble with Markets: Saving Capitalism From Itself by Roger Bootle (Hardcover - released 15 Oct 2009)

**06** Women, Work, and the Art of Savoir Faire: Business Sense and Sensibility by Mireille Guiliano (Paperback - released 1 Oct 2009)

**07** Crude World: The Violent Twilight of Oil by Peter Maass (Hardcover - released 1 Oct 2009)

**08** How Markets Fail: The Logic of Economic Calamities by John Cassidy (Hardcover - released 26 Nov 2009)

**09** Inbound Marketing: Get Found Using Google, Social Media and Blogs (The New Rules of Social Media) by David Meerman Scott, Brian Halligan, and Dharmesh Shah (Hardcover - released 29 Oct 2009)

**10** Managing (Financial Times Series) by Henry Mintzberg (Hardcover - released 24 Sep 2009)

*These books were ranked in Amazon’s top 15 best-selling business, finance and law titles at the end of November.
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• Espicom
• Frost & Sullivan
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\[ \text{ICT/SOFTWARE} \]

Consumer Security Market Trends, 2009 To 2010:
Evolving Threats and Defences
Forrester Research
November 2009

As the nature of cyber threats has evolved, consumers’ definition of security and their expectations of solutions have been changing as well. With the rise of account compromise and identity theft as a primary and highly profitable goal for hackers, protecting consumers requires more than scanning email and files for viruses and spyware. This research product from Forrester explores how attacks continue to erode consumer trust and how vendors continue to innovate in a highly competitive climate. It recommends that vendors should focus on capturing share rather than expanding the market.

CIOs: Develop A Technology Watch List - An Introduction to the top 15 technology trends to watch
Forrester Research
November 2009

As IT executives set out their strategies and plans for 2010 and beyond, they must determine what the top technology trends are for their business, and gauge IT’s ability to support the next phase of technology innovation and growth. To help, Forrester has identified 15 technology trends — grouped into five overarching themes — that IT leaders should use to underpin their technology watch lists. These are: social computing in and around the enterprise; process-centric data and intelligence; restructured IT service platforms; agile and fit-for-purpose applications, and mobile as the new desktop.

Disruptive Technology in the Enterprise: Future trends, impact and vulnerabilities to substitution
Business Insights
October 2009

During unfavourable economic conditions, technological innovation is one of the first investments to suffer. However, as history has shown, ignoring technological innovation and development can leave organisations, and indeed entire industries, vulnerable to disruption from new technologies. This report explains what disruption is, what causes it, and how organisations can avoid it. In addition, it aims to provide insight into the patterns and characteristics of potentially disruptive technologies and innovation trends, and provide ways of assessing vulnerability to disruption.

The Future of Virtualisation: Emerging trends and the evolving vendor landscape
Business Insights
October 2009

This report examines one of the biggest trends in recent IT history: virtualisation. The promise of virtualisation technology – whether applied to the server, storage, client/desktop, application or network – is to increase capacity, utilise resources more effectively and reduce costs. Despite a tough macroeconomic climate, there is evidence that organisations are willing to invest in virtualisation technologies, making it of great interest to incumbent vendors and those eyeing up the future market opportunity.
**FOOD, RETAIL AND CONSUMER PRODUCTS**

**The Top 10 Snacks Companies: Emerging opportunities, growth strategies and financial performance**
*Global Business*
*November 2009*

This report profiles the leading players in the global snacks industry. It analyses the snacks industry in terms of market size (estimated based on on-trade sales), key drivers and resisters, trends and competitive positioning in the global snacks market. It also includes profiles of the top ten companies in the industry and a brief summary of the other major players.

**Food NPD - A Review of Key Trends – UK**
*Mintel*
*November 2009*

This report explores how two trends – that towards convenience and towards healthier eating – have helped reshape the UK food sector over the past decade. It argues that UK eating habits have received massive attention, as has the manner in which food is produced – we are what we eat, and how we move our food from field to table has a real impact on the planet and the lives of food producers – and concludes that all these issues have affected new product development in the food sector.

**Post-Recessionary Strategies for Food and Drinks Companies: The impact on NPD, price architecture and future developments**
*Global Business*
*October 2009*

This study explores how recession in North America, Europe and, to an extent, Japan, has impacted on the food and drink industry. Falls in actual income caused by recession and the possibility of reduced future income have entailed major changes in spending on food and drink in developed economies.

**Bedrooms – UK (Non-standard society and the customisation of bedrooms)**
*Mintel*
*October 2009*

This report argues that there is an opportunity for retailers to provide a range of bedroom services. Among its findings is that one in five online adults aged 16-64 would love a made-to-measure fitted bedroom, and the same proportion hate putting together self-assembly furniture. Moreover, when choosing a bed, people don’t just go for the cheapest available; almost half will buy the best they can afford.

**ENVIRONMENT, INDUSTRY AND LIFE SCIENCE SECTORS**

**Key Trends in Drug-diagnostic Co-development: Identifying collaborative opportunities and navigating regulatory challenges**
*Business Insights*
*June 2009*

This report explores the potential for applying genomic-based diagnostics to new drug developments, and the resultant implications for the pharma/biotech and diagnostic industries. It examines the commercial and regulatory challenges facing drug-diagnostic combinations and evaluates emerging business models to identify the most effective forms of pharmacodiagnostic partnership. It also reviews 28 collaborative agreements for the co-development of drug-diagnostics and determines the combinations that can be expected to result in commercial products in the near future.

**The Diabetes Market Outlook To 2014: Market dynamics, competitive landscape, emerging therapies**
*Business Insights*
*September 2009*

This study includes an epidemiological analysis of the therapy area and forecast prevalence over the period 2009-14; forecasts and analysis of the key products in the diabetes market over the period 2009-14 spread across the major classes of treatments and an overview of key events in the global diabetes market that have impacted treatment trends and sales potential.

**European Orthopaedics Market 2007-2012**
*Avicenne Development*
*June 2008*

In tabular form, this report analyses the orthopaedics market in five European countries; Germany, France, UK, Spain, Italy and the rest of Europe. It outlines the main trends and new developments in the sector and provides volume, value and average prices of product by country and competitor, as well as five-year forecasts and competitor’s market shares.

**Cell and Tissue Analysis Products: The Global Market**
*BCC*
*October 2009*

This report contains global market forecasts for cell and tissue analysis products, with trends and forecasts for growth through 2014 and discusses industry structure including key vendors, mergers and acquisitions, distribution of products, government regulation and industry trends. It also describes the latest technological advances including those in flow cytometry, microscope based image analysis, high throughput screening (HTS) devices and reagents and supplies.

**European Biomarker Analysis Market**
*Frost & Sullivan*
*September 2009*

This research product provides a detailed analysis of the biomarker analysis market in Europe from 2005-2015. The market is segmented based on the major types of biomarkers and biomarker companies such as genomics, proteomics, metabolomics and imaging biomarkers.
Trade regulations, information and negotiations

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

Canada plans tariff relief for businesses
The Canadian government is currently seeking consultation on a plan to eliminate all remaining tariffs on imported machinery and equipment and manufacturing inputs used by Canadian industry.

In the 2009 Budget, the government unilaterally eliminated tariffs on a wide range of machinery and equipment. The tariff relief initiative now being considered is intended to reduce production costs for business even further, thereby giving Canadian industry a short-term boost and a long-term competitive edge.

UK Companies Act comes into full force
The final elements of the UK Companies Act 2006 have now been brought into force. Key provisions of the Companies Act 2006 include:

• Creating separate and simpler model Articles of Association for small companies, reflecting how they operate
• Enabling greater use of electronic communications with shareholders therefore avoiding unnecessary cost and time consuming administration
• Making it an offence to carry on business in the UK under a name that gives so misleading an indication of the nature of the activities of the business as to be likely to cause harm to the public.

Separately, a UK state guide setting out the planned changes to UK regulations which will impact on business and that are due to come into force between now and the end of April 2011 is available at http://www.berr.gov.uk/files/file53203.pdf

EU and South Korea initial free trade deal
The EU and South Korea have signed a Free Trade Agreement (FTA) set to remove virtually all tariffs between the two economies, as well as many non-tariff barriers. The legal text will be formally presented to EU Member States in early 2010. Following signature of the agreement by the EU Presidency and the Commission, the FTA will be presented for approval by the European Parliament. Entry into force of the agreement would then be expected in the second half of 2010.

EU-Korea goods trade was worth around €65 billion in 2008. The EU currently runs a deficit with Korea in goods trade, although trends suggest that the Korean market offers significant growth potential. For instance, EU car sales to Korea went up by a total of 78 per cent in unit sales (39 per cent in value) between 2005 and 2008. For products like chemicals, pharmaceuticals, auto parts, industrial machinery, shoes, medical equipment, non-ferrous metals, iron and steel, leather and fur, wood, ceramics, and glass, the EU enjoys a solid trade surplus. Similarly, for agricultural products Korea is one of the more valuable export markets globally for EU farmers, with annual sales of over €1 billion. On services, the EU has a surplus with Korea of €3.3 billion, with exports of €7.2 billion in 2007 and imports of €3.9 billion.
US to end excise exemptions on certain items

The U.S. Treasury Department and U.S. Customs and Border Protection (CBP) propose to amend 19 CFR 191.32 to preclude situations where imported merchandise subject to federal excise tax is allowed into the US virtually duty free through application of a substitution drawback claim.

Under the proposed rule, importers would no longer be able to claim substitution drawback on certain alcohol, tobacco and petroleum products that are assessed federal excise taxes. drawback granted on the export or destruction of substituted merchandise would be limited to the amount of taxes paid (and not returned by refund, credit, or drawback) on the substitute merchandise. The current rule allows an importer to claim a 99 percent refund on the excise taxes it pays on imported spirits, tobacco and petroleum products if it exports products that are commercially interchangeable with the imported goods.

For further information, see http://edocket.access.gpo.gov/2009/09-24789.htm

Canada initiates new import notification requirements

The Canadian Food Inspection Agency (CFIA) has announced new import notification requirements, affecting selected commodities regulated under the Food and Drugs Act and Regulations and are intended to help identify and track food products in the event of a food safety issue.

According to proposals, the implementation will be conducted in phases, beginning with 14 priority commodities. See www.cbsa-asfc.gc.ca/eservices/ogd-amg/hs-sh-eng.htmlacfia.

New EU VAT rules to apply in Ireland

With effect from 1 January 2010, new EU-wide VAT rules will apply in Ireland which will impact on businesses and how they account for VAT. According to the legal practice William Fry, the rules impact in three main areas:
- The place of supply of services rules
- VIES (VAT Information Exchange System) returns
- Foreign VAT Refunds

Irish legislation is being finalised to introduce the new rules into Irish law before January 1, 2010, and it is expected that new rules will be outlined in the next Finance Act, usually published in December.

Commission publishes the 2010 version of the Combined Nomenclature

The European Commission has published the latest version of the Combined Nomenclature (CN) applicable from 1 January 2010.

The Combined Nomenclature forms the basis for the declaration of goods (a) at importation or exportation or (b) when subject to intra-Community trade statistics. This determines which rate of customs duty applies and how the goods are treated for statistical purposes. The CN is updated every year and is published as a Commission Regulation in the Official Journal of the European Union, L Series. The latest version is now available as Commission Regulation (EC) No 948/2009 in EU Official Journal L 287 of 31 October 2009. This version applies from 1 January 2010.

Morocco pledges equal treatment for foreign investors

Morocco has joined 41 other countries in signing the OECD Declaration on International Investment and Multinational Enterprises, in a move that commits it to supporting an open environment for international investors and encouraging responsible investment by multinational companies as a means to promote prosperity and growth.

In signing the Declaration, Morocco has undertaken to treat foreign investors in the same way as domestic investors and to promote responsible business conduct. Moroccan investors abroad will receive similar equitable treatment in other signatory countries. These include all 30 OECD countries plus Argentina, Brazil, Chile, Egypt, Estonia, Israel, Latvia, Lithuania, Peru, Romania and Slovenia.

Nizar Baraka, Morocco’s Minister-Delegate to the Prime Minister in charge of General and Economic Affairs, stressed not only as a recognition of its investment policy achievements but also as a roadmap for future reforms in line with OECD countries’ best practices and standards.

Morocco has experienced strong economic growth in recent years, thanks to rising domestic demand by both consumers and investors, and it now needs to broaden its sources of growth, Mr. Baraka said. By working with OECD and other countries that are party to the Declaration, he added, Morocco aimed to remove obstacles to inward investment and make its economy more attractive to investment by foreign companies.

Canada: proposed harmonised sales tax rates

The Canadian provinces of Ontario (ON) and British Columbia (B.C.) have signed a Memorandum of Agreement with the Government of Canada that will provide the framework for introducing a Harmonised Sales Tax (HST) in these provinces, according to a news release from the Canada Revenue Agency (CRA). Draft legislation to implement the HST has not been passed yet, however.

The proposed collection date for the HST in the two provinces is July 1, 2010. On this date the proposed HST rate is 13 per cent in ON and 12 per cent in B.C.

Customs eLearning: New course on drug precursor control for businesses

A new eLearning course on drug precursor control has been developed by the European Commission’s Directorate General for Taxation and the Customs Union in close collaboration with Member States and trusted chemical firms.

It aims to help the industry recognise the risks of illicit trade in drug precursors and train their staff to prevent diversion of the chemicals. It is one of a series of Commission developed eLearning customs and tax courses. See http://ec.europa.eu/taxation_customs/common/elearning/drug_precursor/index_en.htm
Compensation for passengers delayed more than three hours

According to a ruling from the European Court of Justice, on November 19, passengers on flights delayed for more than three hours have the same right to seek compensation from airlines as passengers on cancelled flights.

Existing EU regulations entitle passengers on cancelled flights to be compensated between €250 and €600. Now the ECJ has ruled that “passengers who are affected by a delay sustain similar damage, consisting in a loss of time, and thus are in a comparable situation.” The court noted that, under EU regulations, passengers booked on cancelled flights are entitled to compensation from airlines even if they are immediately rebooked on another flight, provided the new flight arrives more than three hours later than the original flight was supposed to arrive.

It clarified that the airline can avoid paying compensation if it “can prove the delay was caused by extraordinary circumstances which are beyond its actual control and which could not have been avoided even if all reasonable measures had been taken.” It emphasised that “a technical problem in an aircraft cannot be regarded as an ‘extraordinary circumstance’ unless that problem stems from events which, by their nature or origin, are not inherent in the normal exercise of the activity of the air carrier concerned and are beyond its actual control.”

Penelope Trunk, who describes herself as a cynical traveller, offers some survival tips.

How to do business travel… and have a life

Last year I travelled almost every week. Some weeks I travelled to three different cities. If you are excited about business travel, thinking it’s a free ticket to see the world, you should stop reading now. But if you are having trouble maintaining your personal life in the face of tonnes of travel, these tips will make life easier for you.

1. STICK WITH YOUR PRIORITIES
When people travel to another city, why do they throw out their to-do list for sightseeing in random museums? If you have on your top three things you want in life: go to the gym, stay in touch with friends and read a book a week, then sightseeing is not on the list. You don’t need to do it when you travel. You need to stick to your priorities. If sightseeing is on your priority list, then get a new job, because you have no control over where you sightsee if you have a job with a lot of travel.

2. EAT REALLY WELL
If you have a rule for yourself that you always eat well when you travel, then you will actually be healthier from travelling. Most people eat crap when they travel because they are tired and they feel like the calories don’t count because they are across state lines. That attitude will make you burn out faster. I can’t find a link, but I’m sure there’s a study to support the hypothesis that you deal with the stress of travel more effectively without McDonald’s.

3. THINK OF BALANCE IN TERMS OF WEEKS, NOT DAYS
I know I want to spend time with my partner, spend time with the kids, be around for dinner invitations and tooth-fairy moments. I used to worry about this every day. If I didn’t have breakfast with the kids, then I had to have dinner. Now I think in terms of weeks. If I was gone all week, I take off a day from work to have extra time for my personal life. If you are good at your job, your boss should give you this flexibility.

4. GET ELITE STATUS SOMEWHERE ANYWHERE
When everyone is staying overnight at O’Hare, the people who are platinum are getting rebooked first. When you are waiting on the tarmac for an hour at LaGuardia because air traffic control cannot remember how many planes are in the air (which, really, is like, every day) if you get upgraded to first class, you’re drinking free wine and eating firm grapes while you are a prisoner of the airport. To get elite status, it means that every time your company wants to save €50 to put you on another airline, you have to say no. If my company will save more than €300, I’ll travel on an airline that I am not platinum on. Make sure your company knows you’re doing them a favour.

5. DO NOT AGREE TO STUPID MEETINGS FOR GEOGRAPHICAL REASONS
Just because someone you never want to hang out with lives in Saskatchewan and you’re going to be there doesn’t mean that all of a sudden you should hang out with him. You have a life. And you surely have stuff you can do that evening besides hang out with a loser. Or maybe he’s only a half-loser. The thing is, you don’t have time for half-losers at home. They are the same everywhere: still just a distraction from the real work of living the life you want.

The bottom line is that you need to respect your life. Your life cannot be on hold while you travel. The travel, if it’s really frequent, is your life. So the values you have must prevail during your travel.
FROM THE AIRPORT TO THE CITY:

Brussels International is located approximately 13km northeast of the city centre (the city’s second airport is Brussels South Charleroi, which is 46km southeast of the centre). A train station is located on Level 1 of the terminal building at Brussels International; from here, the Airport Express operates four times an hour (commencing after 5am) and takes just over 20 minutes to reach Brussels Gare Centrale. At South Charleroi, meanwhile, the schedules of buses are based around flight arrival times, and depart the airport (to Brussels Gare Midi) approximately 30 minutes after flight arrivals. Taxis from International to the city centre cost between €30-€40; from Charleroi anywhere between €45-€60.

Dinner: Cospaia is a smart gastro restaurant, decorated futuristically in silver and black. Its menu is as chic as its design – we guarantee your resolve will crumble when faced with the luxurious desserts created by chocolatier Pierre Marcolini. Rue Capitaine Crespel 1; 0032-513-0393; www.cospaia.com

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

Chocolate: Belgium is famous for its chocolate, and if you don’t bring home a box of them, you’re in trouble! Mary’s, Rue Royale 73, is something of a Brussels institution, as the cute chocolate shop pitches its nominal owner as the queen of Belgian praline makers. All the natural chocolate is created by hand. (0032) 217-4500, www.marychoc.com

Shopping: If you’re on a budget, head to the busy flea market at the Place du Jeu des Balles, which is open every day, from early in the morning until 2pm. Also, anyone with an interest in antiques should visit Place du Grand Sablon, which hosts a daily antiques fair. The square is also the location for rather more high-end antiques stores.

Art Gallery: Belgium honours one of its seminal artists, Rene Magritte, with an impressive interactive display his work at the Magritte Museum, Royal Museums of Fine Arts of Belgium, Rue de la Régence 3 (0032) 508-3213; www.musee-magritte-museum.be

The first thoughts most people have when Brussels is mentioned is its status as nominal capital for the EU and, by extension, its blandness. This is clearly unfair, because when the short journey is made from the (admittedly) sterile environs of the Euro headquarters to the city centre, Brussels magically transforms itself into a multi-cultural melting pot of singular character. One primary factor of the city’s appeal is that it doesn’t claim to have a ‘wow’ factor in the way that Rome or Berlin has, so there is no iconic structure such as the Coliseum or the Brandenburg Gate. Instead, Brussels has a compelling blend of grandstanding and humour. In short? One of Europe’s most charming cities.
How can you know what’s going on in your company? Only by ensuring that everyone is telling you – and that you are brave enough to hear, writes Margaret Heffernan.

How do you know what’s going on in your company? I have asked that question of every CEO I’ve ever met. Their response, almost always, is to look rumbled: this is, we both know, the toughest question in business, perhaps because, in fact, very few leaders have the level of insight and the quality of information they’d like. Deep down inside, they know they don’t know.

When I asked my Chairman how he kept on top of the 42 businesses he had invested in, he said that the numbers told him everything he needed to know. He was financially the most literate man I’ve ever worked with, with an uncanny ability to read the patterns and implications of numbers. But the numbers didn’t tell him how bad morale was. They didn’t reveal that one of his CEOs had a bad drug habit. And, in a rising market, growth hid customer dissatisfaction. By the time the numbers hinted at these problems, some were impossible and the rest were expensive to fix.

Management ‘by walking around’ is the preferred option of others. It’s certainly true that this can be an effective way of picking up on moods and morale. At GE, Jack Welch was famous for chatting to employees in the lift, rapidly assessing their capabilities and attitudes. But I’ve always found the idea of being judged on a fifteen second grilling by the CEO too close to bullying. Could he (or anyone else) seriously assess talent that way?

In my own companies, I always liked open plan offices. Too much huddling in conference rooms always signalled problems. I could tell at a glance which teams were harmonious and which were dysfunctional. But even in an open place office of 100 people, you can miss things.

The reason it is so hard to know what is going on is because, in the majority of companies, no one will tell you. Recent research into what academics call ‘organisational silence’ suggests that as much as 85 per cent of the workforce does not feel comfortable raising issues that trouble them. They don’t feel they can complain about their co-workers’ under-performance, or about systemic business issues. They’re loathe to surface quality or production problems when they arise and, for the most part, do not feel empowered to question prevailing company orthodoxies. Most employees believe that obedience is preferred over truth-telling.

This represents a mammoth challenge. If you can’t know what’s going on in your business, your only hope is that others will tell you. But they don’t believe you want to know. They could be right of course – but even if they aren’t, how do you persuade them to come forward?

When Ginger Graham became CEO of Guidant, he identified organisational silence as a major threat to his business, and determined to change it with a vengeance. Like many leaders, he said he’d reward those who brought bad news – and he did. But more courageously, he initiated ‘honesty forums’ where the senior management team would evaluate each others’ performance and question their strategies. Graham maintains that the exercise, while sounding cruel, became a powerful tool for building mutual accountability. “Those who took the feedback to heart dramatically improved our leadership skills,” he said. “Those who didn’t often left.” In other words, he encouraged executives to deliver the truth by being prepared to take it himself.

The hard part about running a business isn’t that nobody knows what is going on – but that everyone knows, but no one’s saying. Isn’t that the more plausible explanation for the banking crisis? Not that these things were secret but that they were in full view, just not up for debate. The only true solution to organisational silence doesn’t lie in suggestion boxes or exit interviews but in creating cultures where anything can be questioned. It’s a little like open source software: the system is more robust to the degree that everyone tests it; the heroes are those who identify and fix flaws.
# Enterprise Ireland International Network

## Head Office

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## The Americas

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