ALSO INSIDE

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Liam Casey on PCH International and his new role as patron of
The Asia Pacific Irish Business Forum

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LEARNING TO FLY
CEO Captain Mike Edgeworth on the Pilot Training College’s $50 million investment plans

NEW TO THE USA
YOUNG IRISH COMPANIES ON EARNING THEIR STARS AND STRIPES
## Contents

<table>
<thead>
<tr>
<th>Page</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>016</td>
<td>New in the USA</td>
</tr>
<tr>
<td>012</td>
<td>As dead as a Doha?</td>
</tr>
<tr>
<td>023</td>
<td>Who's taking the horse supplies to France?</td>
</tr>
<tr>
<td>016</td>
<td>Shouldn't we all be speaking German?</td>
</tr>
<tr>
<td>030</td>
<td>Leading from the front</td>
</tr>
<tr>
<td>014</td>
<td>Learning their wings</td>
</tr>
<tr>
<td>021</td>
<td>An awfully big venture</td>
</tr>
<tr>
<td>036</td>
<td>Mr Ireland in China</td>
</tr>
<tr>
<td>033</td>
<td>Future ways to pay</td>
</tr>
<tr>
<td>039</td>
<td>Finding your way in translation</td>
</tr>
<tr>
<td>042</td>
<td>Taking them back to your place</td>
</tr>
<tr>
<td>002</td>
<td>Noticeboard</td>
</tr>
<tr>
<td>044</td>
<td>Market Intelligence</td>
</tr>
<tr>
<td>048</td>
<td>Good Reading</td>
</tr>
<tr>
<td>050</td>
<td>Travel News</td>
</tr>
<tr>
<td>051</td>
<td>City Guide</td>
</tr>
<tr>
<td>053</td>
<td>The back page</td>
</tr>
</tbody>
</table>

### Cover Story

**016 New in the USA**
Young Irish companies talk about earning their stars and stripes during their first year in the USA

### Regions and Sectors

**012 As dead as a Doha?**
Free trade regulations look set to shape Europe's future in Asia

**023 Who's taking the horse supplies to France?**
France's €10 billion equine industry

**016 Shouldn't we all be speaking German?**
Ireland's foreign language deficit and how savvy companies are addressing it

### People

**014 Learning their wings**
CEO Captain Mike Edgeworth on the Pilot Training College's $50 million investment plans

**021 An awfully big venture**
Interview with Chris Coburn, executive director of Cleveland Clinic Innovations

**036 Mr Ireland in China**
Liam Casey on PCH International and his new role as patron of The Asia Pacific Irish Business Forum

### Business

**033 Future ways to pay**
Four hot contenders to dominate the future for alternative payments

**039 Finding your way in translation**
Advice on finding the right translator

**042 Taking them back to your place**
Meetings on home turf can really help cement relationships

### Regulars

**002 Noticeboard**
News for and from the export community

**044 Market Intelligence**
Updates on trade regulations and market research

**048 Good Reading**
Books about business models

**050 Travel News**
Flights and travel update

**051 City Guide**
Warsaw

**053 The back page**
The next big thing

*This issue's Noticeboard was compiled by Gordon Smith*
System Dynamics raise glass to new deal with Pernod Ricard

System Dynamics, one of Ireland’s oldest IT services firms, recently scooped a significant twelve-month contract with Pernod Ricard in the UK, using experience gained here to land the deal. “We opened an office in the UK early in 2009 and we were very focused on finding the right niche into the market in the UK. We leveraged off our position in Ireland where we have a lot of expertise in distribution,” says MD Tony McGuire.

System Dynamics will implement a tailored JDE implementation, providing the drinks brand with an integrated solution for financials, sales, procurement and inventory, while also integrating it with Pernod Ricard’s other backoffice systems. From a standing start to a year ago, the UK will account for 15 per cent of System Dynamics’ revenue this calendar year, McGuire adds. “UK companies need companies like us who are prepared to give them the kind of service, skills, and cultural knowledge that is needed to make projects a success. One of the things that was obvious from the very first time we met Pernod Ricard, there was a cultural fit. It wasn’t just about the process and the price, but the people,” he insists.

McGuire believes the company can tap into the gap where the trend towards offshoring IT contracts to locations like India has been a “failure”.

Adds Nigel Sylvester, System Dynamics’ UK sales director: “What we found – a little through trial and error – is that focusing on the broad market is very much the wrong thing for us. Our success is focusing on what in the UK sense are niches but are still massive markets in their own right. That’s where we can really compete against the UK and European large systems integrators.” Those specific vertical markets include renewable energy, pharmaceuticals and the public sector.

IT security compliance and infrastructure specialist Integrity Solutions is increasing its focus on the UK financial services sector, using its certification in the ISO 9001 and ISO 27001 security standards as a selling point. Managing director Eoin Goulding is also looking to the UK as a source of talent, in the absence of some technical skills in Ireland.

SurfBox nets major airport contracts

Ormonde Technologies, which operates the SurfBox internet and print kiosk business, has signed deals to install 90 units at Gatwick and Edinburgh airports. The deals will bring a significant revenue boost to the company, increasing its turnover by around one third, said managing director Thomas Marry. The company is expanding internationally, and already supplies terminals to regional airports in France at Toulouse and Nantes. It will tender for two more, Bordeaux and Strasbourg, in the new year. It is also considering sites in Portugal as potential opportunities.

Marry explained that the company won the French deals against indigenous suppliers because its innovation in design was more practical.

All told the company now supplies its pay-as-you-go kiosks to 15 airports in Ireland, the UK and France, with a combined footfall of 80 million passengers a year. SurfBox claims it fought off strong competition from the incumbent provider of the service in the UK, and will begin operations in Gatwick Airport from 1 January 2012, and in Edinburgh from 19 December this year.

“Operating within these two airports doubles our current brand exposure, allowing our service to be seen and used by an additional 41 million passengers a year,” added Marry.

SurfBox also supplies the hotel sector, and its total network comprises 750 internet kiosks and 400 printers across Ireland, the UK, France and Belgium.

The Gatwick Airport contract will be the Kilkenny-based company’s largest contract to date, with more than 32 million passengers using the airport per year. SurfBox will install 60 internet kiosks with eight printers at various points around the concourse. The deal with Edinburgh Airport will see SurfBox install 30 internet kiosks and six printers.

Outlining expansion plans for the coming year, Marry said: “We would see ourselves as an automated retailer in the airport space. Today what we’re retailing is internet access plus printing. In 2012 we’ll look to develop our portfolio further. We’re looking at a number of automated vending products because we see that as something there are opportunities in.”
Enterprise Ireland’s New Market Research Programme provides grant assistance for client companies to research opportunities in new geographic markets. Under changes to the programme, companies will be able to choose between two mutually exclusive options.

The first option provides support for a company to relocate an existing employee to the target market or recruit a new employee for the purposes of undertaking the research assignment. This is supported at a maximum grant level of 70 per cent (or 50 per cent for the UK) and it covers eligible expenditure such as salaries, overheads, professional fees and rental of temporary office space.

The second option provides support for a company to appoint a local market expert/consultant to undertake market research assignment. This is supported at a maximum grant rate of 50 per cent, and Enterprise Ireland consultancy rates apply.

The Dublin-based managed IT service provider Trilogy Technologies remains focused on growing business in Ireland, but to extend the company’s reach and look for other opportunities, it decided to size up the UK market.

The company has taken the partnership approach by teaming up with Ziptech Services, a London based IT support company which will resell Trilogy’s ‘edge-point’ portal to companies in the UK.

The ‘edge/point’ portal provides organisations with an overview of their entire IT infrastructure including incident management, technical support, detailed reporting and change and problem management information. Easy to install and learn, it requires no capital outlay. It automates management of a company’s IT infrastructure and provides improved visibility, control and efficiencies in managing it, allowing them to run their technology systems more cost-effectively. “At the end of the day when it comes down to your technology, you want it to produce cost savings or introduce efficiencies into your business. That ticks those boxes,” said Trilogy MD Edel Creely.

Creely believes the edge/point proposition is ‘unique’. “We’ve done a lot of development and created our own intellectual property around using the underlying Kaseya platform,” she said.

She said it’s too early to say how big an opportunity the UK represents for Trilogy. It is still scoping out the market and has received funding from Enterprise Ireland to do so.

Par for the course as Golfgraffix scores Dutch deal worth €400,000

Start-up Golfgraffix has inked a three-year distribution deal with Dutch company Golf Baan Animatie, to supply 3D digital course guides and apps to golf courses across the Netherlands. It is estimated the contract will generate €400,000 in sales for the Irish company over its lifetime, as there are 155 golf courses in Holland.

Golfgraffix is based in North Dublin and has already signed similar distribution deals to supply 3D Digital Flybys, iPhone Apps, Course Guide Books and Interactive PC Games to golf course owners in Ireland, the UK, the US, Spain and Portugal. Since it was founded in 2009, the company has worked with the owners of over thirty golf courses on four continents.

Commenting on the latest contract, company founder John Aherne said: "This three-year distribution deal will enable Golfgraffix to continue its reach into Europe, capturing a bigger share of the golf marketing services sector. Golf courses in Holland will now be able to offer prospective members an opportunity to play the 3D version of their course or to download useful iPhone Apps to encourage membership," he said.
Irish export performance grows but global outlook slows

Irish exports performed well in recent quarters relative to its main trading partners, recent figures show.

Reportedly the first study of its kind, Investec Ireland’s Export Analysis Report captured both the export demand and export competitiveness components of Ireland’s export potential. It found that in value terms Irish exports were €22.689bn in the third quarter.

That represented an increase of 0.4pc on the previous quarter and 1.7pc on the year. The bank said this indicates that Ireland’s trading with its major 15 export partners continue to grow, albeit at a more modest pace than 2010.

The Investec index covers Ireland’s top 15 export destinations over the period 2006-2010. These 15 countries accounted for 87 per cent of Irish exports by value over this period. The US is the Republic’s largest single trading partner, accounting for almost a quarter of Irish merchandise exports. Next is the UK, then Belgium, Germany and France.

Meanwhile the Organisation for Economic Cooperation and Development’s second economic outlook of the year differed sharply from its first forecast in May. Then, it estimated the world economy would grow 4.2 per cent this year and 4.6 per cent in 2012. By November it had revised its forecasts downwards, saying world growth would slow to 3.4 per cent in 2012 from 3.8 per cent this year.

Faced with the ongoing debt crisis, it said the euro zone had entered a recession and is set to grow marginally by just 0.2 per cent next year. That contrasts with a forecast of 2.0 per cent growth indicated in its May outlook.

The OECD was more bullish in its outlook for the six Southeast Asian economies: Indonesia, Malaysia, the Philippines, Singapore, Thailand and Viet Nam. Combined growth will be 5.0pc in 2011, and is projected to be 5.6pc during 2012-2016, 2pc lower than in 2010. Global uncertainties and natural disasters shed a negative light on the growth prospects of the region but compared with sluggish OECD economies, overall Southeast Asia will have a solid growth performance in the coming years, the group said.

Strong demand forecast for website translation

More than half (58 per cent) of companies in tourism, hospitality, life sciences, exporting, technology and multinational sectors will need website translation services in the next year and over one third (35 per cent) will be rolling out international search engine marketing (SEM) and search engine optimisation (SEO) campaigns, according to research by Irish firm Cipherion Translations.

French, German, Spanish and Italian will remain the primary languages for exporters and multinationals, as indicated by more than 70 per cent of respondents.

Figures from the UK Centre for Retail Research suggest that of the forecast €202.9 billion in online retail spending in Europe this year, more than 85 per cent will be made by non-English speaking consumers.

Cipherion founder and CEO Mark Rodgers commented: “In the press there is some hype about the BRIC [Brazil, Russia, India, China] countries. However in reality the four largest European markets – France, German, Spain and Italy – still represent the greatest opportunity for most Irish exporters.”

He claimed many Irish organisations are missing out on lucrative international business opportunities by failing to have their websites and critical marketing collateral available in different languages. Rodgers said Irish exporters need to take the same level of care with their translations to French or German, as they do with their English-language marketing messages. “Too many first-time exporters are left with poor online conversion rates, directly attributable to translation mistakes. If the quality of the German translation is not what the customer expects, they react with a click to another website,” he said.

The Irish Internet Association says it is fielding a growing number of enquiries from Irish e-commerce businesses looking to expand into other European markets.
**Businesses urged to take strategic approach to manage costs better**

Irish businesses should take a more strategic approach to cost management in order to remain competitive, new research has found.

Expense Reduction Analysts (ERA), a cost, purchase and supplier management specialist, published new research urging businesses to focus on improving relationships with suppliers, to encourage a cost-conscious culture among employees and to benchmark performance to ensure competitiveness.

The findings were gathered through feedback from 70 senior directors at debates held over the past 12 months across Ireland and the UK. One of the most common themes to arise was the need to foster partnerships with suppliers and work with them to reduce costs. That might include holding an annual suppliers’ lunch or setting up a supplier incentive scheme, ERA said.

The findings uncovered a strong consensus that an organisation’s own staff is critical to improving the bottom line through developing a ‘cost-conscious’ culture. Among the suggestions to achieve this were: encouraging staff to use local suppliers to ensure better quality results and empowering teams across the organisation to manage their own P&L accounts.

The debates also suggested that the financial director is not always in touch with the operational impact of some types of cost reduction and therefore other departments and senior managers needed to be closely involved in implementing savings and managing the change.

Other feedback identified through the debates included:
- The need for cost management to start at the top with the board fully supporting the CEO and financial director
- Human resource directors must be involved in any process to foster a ‘cost-conscious’ ethos throughout a business
- Collaborating with companies in the same industry sector allows supplier costs to be benchmarked collectively
- Companies should consider end-to-end buying rather than just focusing on unit price

The findings uncovered a strong consensus that an organisation’s own staff is critical to improving the bottom line through developing a ‘cost-conscious’ culture.

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**Start-ups get new source of cash via crowd-funding**

A recent Congressional law change in the US will make it easier for early stage start-ups to raise money from investors through what’s known as crowd-funding.

In November, the Entrepreneur Access to Capital Act was passed with bi-partisan support and it allows groups of ordinary investors to put a collective fund towards supporting a small business in return for an equity stake. Prior to this, it was illegal to provide crowd-funding in the US for small start-ups that were not registered with the Securities and Exchange Commission.

Crowd-funding, sometimes known as crowd financing or crowd sourced capital, is growing in popularity. The Economist has estimated there are around 250 platforms to support individuals on the lookout for potential investments.

A Donegal-based investment platform, Seedups, says it is set to benefit from the law change. The company has offices in Ireland, the UK and in Silicon Valley and it operates a self-governed system which fits the exceptions allowed by the US Act.

The company was founded by Michael Faulkner in 2010 and aims to open up the funding pipeline for seed-stage investors, as well as enabling armchair investors to get involved in early-stage technology start-ups. Since launching in February, Seedups has attracted close to 900 entrepreneurs and nearly 400 investors from the USA, UK and Ireland.

“We knew there was a gap in the funding cycle for disruptive tech-based entrepreneurs and we also knew that Angel Investors were struggling to find enough opportunities to fulfil their investment goals, so Seedups was born from that,” said Faulkner. “We know that tech companies are the ones with the greatest scale, but most ideas stall in their infancy, and we know that crowd-funding can help this.”

Seedups uses micro-investments and the “wisdom of the crowd”, so that investors decide the value of a company. Individuals can contribute anywhere from €250 to €10,000 into businesses, which can raise between €25,000 and €250,000 using this model. The company’s investment pool now stands at almost €26 million.

Registration for Seedups’ site (www.seedups.com) is free for entrepreneurs and investors. The site lets would-be Dragons browse investment opportunities and compete with micro-bids to ensure they are part of an equity deal. The platform uses a matching engine supported by a social network so that investors can ask questions, interact, form groups, discuss investments and conduct due diligence on start-ups.
Dragons’ Den meets fields and farmers

This November, 12 Irish agricultural machinery manufacturers gathered at the FTMTA premises in Naas for an Enterprise Ireland seminar addressing the challenges and opportunities faced by Irish and British dairy farmers in a time of global economic uncertainty. Coming on the back of Irish success at AgriTechnica – the world’s largest farm machinery show, which took place in Hanover earlier in the month – the seminar showcased innovative Irish engineering solutions for agricultural machinery to an audience of British dairy farmers, dealers, policymakers, and journalists. Combined, the 12 clients exported well in excess of €25m to the UK alone in 2010, and this figure is projected to rise to over €34m in 2011.

At the event, high-level briefings on the state of the British and Irish dairy industry were followed by Dragons’ Den-style pitches from leading Irish agricultural machinery companies, who each explained how innovation relates to a key product in their portfolio.

Enterprise Ireland’s London office is keen to find new ways to work with Irish agricultural machinery manufacturers to help them grow their sales even further. With food prices rising and increasing pressure to get the most resources out of land and feedstock, efficient agricultural machinery will play a significant role in combating food supply shortages in a cost effective way. The organisers of the recent CropWorld conference in London, which saw record numbers of attendees, have requested specifically for more Irish manufacturers to attend due to demand for tough, durable products.

In France, agri-technology is one of the most dynamic sectors, with 8.7% per cent of French agricultural machinery imported due to the low presence of French players in this industry. Enterprise Ireland-supported companies in this sector projected an export growth of 36 per cent in 2011 (from €19m in 2010 to €26m in 2011). As in the UK, the French farming community values the innovation, durability and dependability of Irish agricultural machinery.

It is hoped that this event will be the first of a series of similar events, aimed at linking Irish agricultural machinery manufacturers with dealers, farmers and opinion-formers in the UK.

The 12 companies that participated were Abbey Machinery, Cross Agricultural Engineering, Dairymaster, Dromone, Hi-Spec, Keenan Group, Malone Engineering, O’Donovan Engineering, Running Gear, Samco, Tanco, and Major Equipment.

Deals flow from Middle East trade mission

Several Irish companies announced significant new contracts and business alliances during Enterprise Ireland’s trade mission to the Kingdom of Saudi Arabia and Qatar during October.

Irish manufacturing and services exports to Saudi reached €734m in 2010, and the kingdom is the largest market in the region for Irish small and medium enterprises (SMEs). Both Qatar and Saudi Arabia are investing heavily to rapidly modernise their infrastructure, medical services, educational capacity and housing, opening up opportunities for Irish business – particularly in the design, architecture and construction sectors.

Some 45 companies attended the recent mission. PM Group, the international engineering, architecture and project management firm, is currently working on a range of projects in the Gulf region with a capital value close on €360m, and has just begun work on a major multi-million dollar development project for Halwani Bros, one of the Gulf’s oldest food manufacturing companies with major production plants in Jeddah and Egypt.

Pivotal International secured a deal to complete the detailed design of the prestigious new hospital and trauma centre in Jeddah. The project is valued at €750,000. Pivotal International will operate as sub-consultant to the main consultant SAK Consultant Office. Headquartered in Waterford, the Irish organisation is a multi-discipline consultancy, comprising four established built environment service companies – Nevin Construction, Fewer Harrington & Partners Architects, Thomas Garland & Partners and MacArdle McSweeney Associates.

Byrne Looby Partners won three commissions with a top-tier Saudi trading company specialising in international shipping, port facilities, energy, water and power and was chosen as technical advisor on a new 16-storey headquarters for the company.

Jennings O’Donovan of Sligo landed a contract as the primary infrastructure designers for a mix of residential and commercial properties with housing opportunities for more than 100,000 people in Bahrain.

CES Energy won a contract from Jeddah developer Adeem Al Wataniya Group to supply all the power, cooling, heating and water requirements on a prestigious 245,000sqm, 52-storey mixed use headquarters building in the city. The project’s value has been estimated at $150 million.

Astrotek Ireland, a specialist technology lighting consultancy based in Dublin, opened an office in the Qatari capital Doha and announced it had been awarded a contract for phase one of a reservoir project in the country.
Sun shines on Irish companies in South Africa

The Enterprise Ireland trade mission to South Africa at the beginning of November saw a range of new deals announced for Irish companies which are expected to deliver millions in export sales.

A significant market in its own right with a population of close to 50 million people, South Africa is also being positioned as a gateway to sub-Saharan Africa for export-focused Irish companies. It has the advantages of being English-speaking, with a legal and tax structure much like our own, and many multinational operators have their headquarters for the continent in South Africa. Padraig McBride, chief financial officer at telecoms marketing provider Brandtone, says the claim stacks up. “South Africa is a natural hub for other African markets. It’s a good place to start your discussions and to lead your ambitions to hub into other markets like Kenya and Nigeria.”

Irishman Mark Peters, a director at WITS Business School, says: “If you haven’t been here, you will find that the infrastructure in the major centres is first-world – the roads, the office blocks... It’s the big surprise for people coming to South Africa for the first time.” Last year Irish exports to South Africa grew by 23 per cent on 2010.

During the trade mission, road infrastructure specialist Rennicks Group signed a multi-million euro agreement to supply vehicle licence plate materials to Uniplate Group in South Africa, in a deal covering the entire Sub Saharan region. Uniplate is the largest number plate provider south of the equator in Africa. The deal incorporates the renewal of the supply agreement for 2012 worth €1.8 million and a new five-year distribution arrangement worth €9.1 million over its lifetime.

EirGen Pharma announced a significant partnership with Equity Pharmaceuticals, to develop and commercially supply five oncology products from the Irish firm’s facility in Waterford. The deal size was reported as €3 million per year based on an anticipated 20 per cent market share of the €15 million market for this portfolio of oncology products. EirGen is a speciality pharmaceutical company focusing on the development and supply of niche highly potent drugs typically used in cancer treatment.

Clarigen, a human resources software provider that emerged from a joint venture with a South African company, announced a €50,000 contract with Silburn Drake, a human resources organisation based in Pretoria.

Cork technology company Azotel signed a deal with Wirulink Pty Ltd through Multisource, its distributor in South Africa. The value of contracts through Multisource is in the region of €3m over the next two years. Azotel also launched its Broadband Franchise model for Africa during the trade mission.

Terminalfour, which develops web content management software, paraded its first African client – South Africa’s Rhodes University. Bannow Exports of Gorey announced the transfer of its technology to South Africa with the establishment of Bannow Africa to provide package sewage treatment plants and environmental protection equipment.

Irish firms honoured in export awards

S.F. Engineering was awarded the Manufacturing Exporter Award 2011 by the Irish Exporters Association at a ceremony last month. The company supplies and integrates high-tech processing equipment for the global food industry. It exports to the UK, Europe, Russia, Middle East, Poland, USA, Australia, Japan and Chile. With a staff of 80, the Sligo company has an annual turnover in excess of €12 million.

Sponsored by Enterprise Ireland, the awards recognise the achievements of manufacturing companies in securing and building new export markets.

The overall Exporter of the Year Award 2011 went to ABC Nutrition of Shannon, Co. Clare. The company, which produces sports nutrition and other health nutrition products, also won in the Emerging Markets Exporter Award category. The company expects to employ 13 people next year and is projecting €5 million in revenues, with 83% derived from exports.

Clara-based Europharma Concepts won the Life Sciences Ireland Exporter Industry Award 2011 for its range of oral care, cosmetic and medical device products. It employs about 40 people and last year had sales of more than €4.3 million.

The Services Export Award 2011 was won by Parc Aviation, which provides aviation personnel solutions and services. S3 Group won the Software Export prize for its range of products, solutions and professional services to the digital TV, telehealth and semiconductor industries. The 230-strong company turned over more than €21 million.

The Irish Food and Drink award was shared by Butlers Chocolates and Irish Distillers-Pernod Ricard. Openet landed the innovation exporter award. The €75 million company provides software to large telecom and cable customers in 28 countries.
In advance of Showcase Ireland in January, Cian Molloy looks at some of the export success stories among Ireland’s craft and creative sector.

**All things bright and beautiful**

Sugar, spice and all things nice will be on display in the RDS at Showcase Ireland 2012 – the annual event, where Ireland’s creative sector manufacturers showcase their products to retail buyers from round the world.

Among the companies with significant export business that will be at Showcase Ireland is Carraig Donn, which is making serious inroads into the US market and is one of the very few Irish companies to have broken out of the ‘Irish’ to mainstream programming on the QVC shopping channel there. Other crafty Irish export success stories intending to set up shop at Showcase include Hannah’s Hat, Magee and Wild Goose.

**FROCK AND ROLL** One of the world’s oldest manufacturing companies, Avoca Handweavers is also experiencing growth in its export markets and has just signed a deal with a Japanese distributor.

Despite having a network of its own 10 retail outlets in Ireland, the company exhibits its throws and rugs each year at the Showcase Ireland event. However, director Ivan Pratt says, because of the importance of UK independent retailers to the business, its two most important trade shows are the Top Drawer and Pulse shows in London. Avoca also exhibits at Maison Objets in Paris and at shows in Berlin, Copenhagen and Stockholm.

While overall company turnover is about the same as last year, exports are up and, at €10m, account for 30 per cent in revenue, with the UK accounting for 40 per cent of export revenue. The company, which was founded in 1723 and currently employs 600 people, is listed with the John Lewis retail group and is stocked in its Oxford Street and Peter Jones stores.

**MAKING SCENTS** Ireland’s leading perfume house, Fragrances of Ireland, is also continuing to enjoy the sweet smell of success thanks to a collaboration with shopping channel QVC and growing exports to Germany and France.

Founded in 1983 and located at the foot of the Sugar Loaf in Co. Wicklow, the company originally targeted the tourist market, but now 60 per cent of turnover comes from exports, with the majority of that being US sales.

In recent years the company has made inroads into the German and Japanese markets, which now account for 15 per cent of export sales. With 16 employees, last year Fragrances of Ireland saw turnover increase by 6 per cent and expects this year’s turnover to increase by the same amount.

Avoca Handweavers is experiencing growth in export markets and has just signed a deal with a Japanese distributor.
Each year the company exhibits at Showcase Ireland, and that is still one of the three most important trade shows in the company's calendar, alongside the New York Gift Show and Surf Expo, which takes place in Orlando this January. The company's involvement in Surf Expo is explained by the fact that Inis, its leading fragrance, is inspired by a summer's day on an Irish beach. Designed for use by both men and women, Inis has proved extremely successful and the brand has been extended to include three other fragrances – Inis Arose, Inis Moonlight and Inis Ór.

Additionally, the company has developed a completely separate fragrance, Caru, at the request of QVC, said sales and marketing director Barbara Campbell. “We've had a wonderful relationship with QVC that has worked well for us in so many ways. It is not just the television shopping channel, it is the QVC.com website also – if you go on to the fragrances section of that site and search by 'best sellers' you will find Inis there. “Being on the website means that customers who see the perfume on the television channel don’t have to remember the product code to make an order, they can just look it up on the website. Fragrance is a very personal thing and people will want to try it before they purchase it, so they go into their local store and ask for it and then we get orders from those stores. Being on QVC has a massive promotional impact.

“Inis is quite a light, summer fragrance so QVC asked us to develop something richer and deeper for the winter market and we worked very closely with them to develop our Caru fragrance. We did market research sessions with 500 QVC customers where they sampled four different fragrances and 99.8 per cent said they preferred Caru, which is a phenomenal result.

“For a small company, working with QVC is great because you know that when you are investing in product development, you have at least one definite order from them – and once it works on QVC, you can then roll out that product later to other outlets. There is also the fact that being on QVC gives you credibility, because they have very high criteria and severe penalties if you fail to make a delivery on time. If you are on board with QVC, other stockists take you seriously.”

Showcase Ireland is an initiative of the Craft Council of Ireland. Avoca Handweavers, Carraig Donn, Fragrances of Ireland, Hannah's Hats, Magee and Wild Goose are clients of Enterprise Ireland. Photos: Avoca and the Craft Council of Ireland.
**HUNGRY START LEADS TO LEAN SUCCESS**

The Irish founders of Orchestra.io, which was bought by US PaaS pioneer Engine Yard this summer, tell Gordon Smith how lean software development allowed them to launch in record time and on a shoestring.

Even by the standards of Irish software companies, six months from product launch to acquisition must count as some kind of record. That’s the story of Orchestra.io, a platform for developers who use the PHP programming language.

Three years ago Eamon Leonard and his business partner David Coallier formed a software development consultancy Echolibre. Like many start-ups, consulting services offered a way to start earning revenue while the ultimate goal was to build up the case reserves to develop a product. “We didn’t have a product and our processes were all over the place,” Leonard recalled. “What we had in 2008 was two laptops and €500. That doesn’t make you lean, it makes you hungry. Starving, in fact.”

The traditional approach of software development typically involves staggered payments based on reaching certain milestones in the project, but if a deadline is missed or the scope of the project changes, this seriously affects a developer’s cashflow. To crack this problem, Echolibre adopted lean software development principles.

Lean, which is gaining popularity in software circles, is an iterative approach to product development. In software, in essence it calls for a more stripped-down version of the application with the minimum amount of features needed to make the product distinctive or compelling. Scaling back the feature set allows the software to be delivered more quickly. Projects are broken down into a series of agreed objectives or tickets, and a more collaborative relationship is fostered between the developer and the project owner. In some cases, it allows the code writers to charge upfront for a set amount of tickets.

Unlike the commonly held belief that product development should happen away from public view, lean calls for constant customer feedback from the moment the development phase begins. “Lean forces you to validate your assumptions and prove yourself wrong. You’re not trying to be the only end-user,” Leonard sums up. In that spirit, he showed the code in rough format to 50 people and used their feedback to improve the product spec. Orchestra was launched in February 2011, with further modifications made after that.

By April the product was building momentum among customers and the company returned to the US to test the market for possible VC investment. Conversations began with the US PaaS pioneer Engine Yard and a good cultural fit was quickly apparent, Leonard said. “Their commitment to open source is admirable – they’re committing dollars to it. Things like that were a good sign for us.”

After a two-month due diligence process, a deal for Engine Yard to acquire both Orchestra.io and Echolibre was agreed by August. “We have a level of autonomy in the control and direction the product takes with the Engine Yard brand. The instant benefit to us is, it’s great to be part of a family that has five years’ experience in platform as a service,” said Leonard.

Acquisition hadn’t been part of the original business plan but Leonard is happy with the outcome because it will let the new entity expand into Europe and crucially, do so from a Dublin base. The company has relocated to new headquarters and plans are underway to recruit more staff, up from eight people in Dublin and four in the US. The new facility also has space to run events for the open source community and to act as a focal point for local activities in open source software development.
New US network opens door to opportunities for Irish mobile firms

“We have a sandbox in Silicon Valley where we are hosting innovative companies that want to test devices or applications on our network.”

SANJIV AHJUA
CEO, LIGHTSQUARED

As LightSquared gets set to launch as the US’s newest network, it is opening its doors to Irish mobile and apps players.

Irish app developers and mobile device makers are being encouraged to use a test-bed system to trial their products over a 4G network. The service is being offered by LightSquared, a new US network that is still in pre-launch mode but has signed a deal with Dublin-based Openet Telecom.

LightSquared is due to launch in the second half of 2012 but it is already soliciting offers from start-ups and established technology firms about its ‘sandbox’ which replicates a live 4G network from a facility in Silicon Valley.

The company is unusual in that it will be the first US carrier operating across the entire country. It’s able to do this through a combination of 4G LTE technology and satellite coverage. LightSquared hasn’t been doing much publicity prior to launch but chief marketing officer Frank Bouibin spoke exclusively to The Market to explain a little more about what the company is doing and the opportunities for Irish developers to work with it.

“Our wireless network will be sold only on a wholesale basis and that’s something that is really a revolution in the industry. We will be just the pipe. We will not sell to the end user consumer or business,” he said. In doing so, it will avoid any conflict of interest. All retail sales and branding will be done by LightSquared’s customers, who will be a combination of existing mobile operators, fixed-line telecoms companies, retailers and device manufacturers.

“Our network is fully open, and unrestricted. We have a sandbox in Silicon Valley where we are hosting innovative companies that want to test devices or applications on our network,” said Bouibin. He suggested a range of possible applications that could be tested, including Voice over IP, video calling, videoconferencing, music streaming, immersive multiplayer gaming, M2M, cloud computing, mobile analytics, digital advertising and telematics.

“The sandbox is really a test lab where for the first time, application developers and device designers can test the network that is really a dumb pipe. They can connect directly to the transport layer on our network, unrestricted. For a device developer, that’s a huge innovation and that should in turn allow a number of start-ups to come up with new innovative designs. No other carrier, to my knowledge, is offering this,” he told The Market.

The US is ahead of Europe in deploying LTE and is also a commercial opportunity in its own right, he added. “If you’re an Irish company it’s a very good starting point because if the application is promising there’s a natural market in the US,” he said.

The company has already cut a deal with Openet, although that is an infrastructure contract rather than a deal to use the test-bed. Openet is delivering real-time subscriber controls to LightSquared which in turn is providing these to each of its partners regardless of the complexity of the service offering. It’s particularly strategic for LightSquared given its place as a wholesale provider, and it lets the companies differentiate themselves by offering personalised plans to customers.
Free Trade Agreements (FTAs) are set to dominate trade relations with five key Asian economies, as Doha runs out of steam and the US loses its appetite for international agreements. That was the message at this year’s Asia Pacific Irish Business Forum. Mark Godfrey reports from Seoul, where the first of a series of Europe-Asia FTAs is now being implemented.

AS DEAD AS A DOHA?

A senior EU official in Asia says that there are opportunities for Irish exporters to further tap into thriving consumer markets in one of the world’s top 10 economies. Head of the EU Commission’s delegation to Korea, Tomasz Kozlowski told a gathering of Irish businesspeople in Korea that he found it curious that Irish food companies in particular were not growing their market share in Korea. The EU’s man in Seoul said that while implementation of a new EU-Korea free trade agreement (FTA) – “our most comprehensive ever with a third party” – was going to plan, he wanted to see more EU-based companies taking advantage.

Kozlowski was speaking at the recent Asia Pacific Irish Business Forum, an annual gathering of Irish business in the East this year, held in Seoul to coincide with an Asian GAA tournament. EU-Korean trade is worth €80 billion every year. Ireland, one of a few companies with a trade surplus with Korea, sees most (30 per cent) of its exports come from the healthcare sector, with food accounting for 5 per cent and the next biggest segment represented by IT. “To my surprise, Ireland is not a major exporter of agricultural produce here [Korea],” said Kozlowski, who said he saw the FTA as useful to firms seeking sales in land-strapped Korea, a net food importer.

ELIMINATING TARIFFS Predicting that the pact will lift EU-Korean trade by 20 per cent by eliminating tariffs, Kozlowski said his office was paying particular attention to the elimination of possible non-tariff barriers (such as product testing) and any limits to public procurements contracts in Korea for EU firms.

Speaking after Kozlowski, the director of the EU Chamber of Commerce in Korea Kim Jun Suk said that while the specificities of the EU-Korea free trade deal are complex, it’s clear that it could be hugely useful to companies in both territories, particularly makers of machinery, IT and chemicals – core industries for both sides. While some areas remain protected – the FTA benefits won’t apply for another five years, for example, to pork, a key product for Korean farmers.

Certainly, Irish firms with ambitions for Asia will have to take note given EU officials are in negotiations with or ‘scoping’ out FTA deals with Malaysia, Vietnam and Japan as well as Thailand. By contrast, the priority with Beijing, for now, said Kozlowski, is about ensuring better conditions for EU firms in the Chinese marketplace.

CHANGES AFOOT Head of the Seoul Global Centre, a Korean government think-tank, Alan Timblick pointed to Korea’s record as a valuable market for the EU – “Korea’s is less an export-oriented model than China’s”. But Korean officials, he said, have been assiduous in educating local firms on how to take advantage of the new FTA to grow shipments to Europe. “EU governments must also educate their local firms.”

Seoul-based trade lawyer Heidi Chang sees a big change as foreign firms shift from relying on Korean distributors to setting up plants. “As a big market, you can produce here in a meaningful way.” Cash-rich Korean firms (wealthy from a national economy growing at an average 6 per cent per year over the past decade) are meanwhile keen to use their cash to expand globally, in Asian as well as Western markets.

There are glitches: since the FTA is premised on direct shipments into Korea, producers of fashion are angry they won’t benefit since shipments typically go through hubs like Hong Kong
and Singapore. However, the Korea-EU trade pact is a sign of things to come said Rob Edwards, vice president of Standard Chartered bank’s Korean operations and chair of the local British Chamber of Commerce. “Doha is dead, the US is not interested in international rule making bodies…so FTAs will be the way forward.” On the Korean side, local financial services firms argue they’ve “no competitive advantage at all” against European competitors.

Timblick said that he expected Irish exporters to expand on strengths in medical devices and pharmaceuticals and to tap a local demand for education. “The university system is under scrutiny… chaebols say the universities are not doing what [is] needed…there’s too many Arts graduates.” He advised Irish educational institutions to look to the model of Singaporean academies that have teamed with the likes of Cornell to offer MBA programmes to name-conscious Asians.

IRISH OPERATIONS IN ASIA The Asia Pacific Irish Business Forum also heard from several executives running Irish business operations in Asia. Even small investments in China terms can translate into jobs in Ireland, explained John Casey of financial services firm Fexco: he pointed to 60 new jobs in the firm’s Irish base, which came out of consistent growth in China, where clients include major institutions like Bank of China and ICBC. Casey said niche Irish services firms were a good fit for developing markets like China but that they had to sign up for a long-term liaison with the region: “It’s there for the taking,” he said.

Irish firms can also be significant players on Asia’s engineering scene: a shortage of engineers, particularly electrical engineers, has created demand for the services of ESB International, explained head of international operations Ollie Brogan. He pointed to the firm’s roots, 35 years ago in economically stagnant Ireland. “We had talent and we wanted to see if we could export that.” Today the firm sends a multinational staff base to roll out power networks in markets as varied as Pakistan, Malaysia and Vietnam.

DIPLOMATIC CASE While corporate representatives were keen to stress the importance of Irish traits like adaptability and cultural sensitivity to success in the vast Asian market, Irish ambassadors based in Asia made much of the importance of limited Government resources.

Ambassador to Singapore Joe Hayes detailed his embassy’s efforts to undo recent damage done to Ireland’s corporate image in one of Asia’s banking and investment hubs. Given that the Singaporean state investment firm Tamaeskö owns Eircom, the consequences of not restoring the country’s image, damaged by unsound banking practices, could be “catastrophic”, explained Hayes. Yet he said that there was also demand on his resources in representing Ireland in the vast emerging market of Indonesia, to which he’s also accredited. In addition, Hayes travels to Jakarta as Ireland’s representative to ASEAN headquarters.

Irish business has, meanwhile, only belatedly arrived in India, which has an Enterprise Ireland presence, noted ambassador to Delhi, Kenneth Thompson. In an echo of the potential effect of Ireland’s own image problem in Singapore, Thompson said India’s vibrant free press allowed the lurid as well as the positive news of the country to be portrayed globally, “and people usually remember the negative.” He urged Irish aviation, pharmaceutical and IT firms to explore the diverse country which is a “not a singular market, rather plural markets.”
Irish-based Pilot Training College is responding to massive growth in the airline sector with an ambitious strategy of its own. Gordon Smith straps into his chair and hears the captain speaking.

Learning Their Wings

A plane full of passengers, fuelled and ready for takeoff with instruments showing ideal flying conditions is an apt metaphor to describe Pilot Training College’s present position. The Irish company is facing into a year of major expansion on the back of several key deals in a growing global market. Added to that mix, PTC is finalising plans to launch a new high-tech facility that will boost jobs significantly and push revenues further skywards.

PTC currently trains up to 300 pilots each year across its three training centres – one in Waterford Regional Airport, another in Weston Airport near Dublin and a site at Florida’s Melbourne International Airport near Cape Canaveral. While the company provides training to self-funded pilots on an individual basis, CEO Captain Mike Edgeworth says the strategy has deliberately shifted to focus predominantly on direct deals with airlines. That plan has paid off, with Saudi Air, Etihad, Flybe, Air Kazakhstan, Turkish Airlines, Aer Lingus, Qatar Air and others recently added to the roster.

PTC’s pipeline anticipates growth in Europe and the Middle East as well as in some of the African regions, and the company is also looking at opportunities in South East Asia. It anticipates revenues of close to €16 million for the 2011 calendar year, an increase from €9 million last year. Next year, it is forecasting revenues of more than €20 million.

Edgeworth is a former corporate jet pilot who co-founded PTC in 2002 with Captain Tony Kember, a 40-year flight training veteran. The CEO says the company aims to be among the top three independent European pilot training providers in the coming years. “We are competing against similar European-based organisations like ourselves, but the demand is way ahead of supply, and we see that gap extending in the coming years,” he states.

Differentiating

PTC claims it can do this by differentiating itself on quality of training over and above what the regulatory standard requires. The numbers appear to bear out the boast: PTC claims 87 per cent first-time flight test pass rate and a 93 per cent pass scores for first-series flight tests and the JAA theoretical knowledge exam. “All of our training is focused on producing airline pilots and future airline captains,” he says.

The company’s expansion comes against a backdrop of a booming aviation sector in complete contrast to the world economy. In November alone, Boeing broke its own records by receiving orders and commitments for 359 commercial aircraft from buyers like Emirates, Oman Air and the Indonesian carrier Lion Air. Meanwhile, Airbus clocked a $6.4 billion order courtesy of Qatar Airways. “Each of those aircraft has to be crewed, so if you do the numbers, you can see the level of demand that’s going to exist,” says Edgeworth.

At the same time, there is a looming shortage in pilots. “In the airline industry, there is a huge increase in demand for pilots. Demand is 23,700 per annum. Worldwide, there is 45-50 per cent capacity available relative to the demand that’s going to be there,” adds Edgeworth, pointing out these estimates date from before some of the recent headline-making aircraft deals were announced.
A separate development is the arrival of a new pilot training curriculum called a multi-pilot licence (MPL), which is coming into effect across the industry. This represents a significant change in how pilots are trained, switching the emphasis from clocking up lots of hours in a single-engine aircraft to undertaking exercises in simulation equipment that more closely represents the jets commonly used in commercial air travel. “As we speak, we’re following traditional curricula and they haven’t changed for 35 years. That no longer matches the requirement of the pilot operating in the modern cockpit. Various schools and colleges are responding; our response is that we completely want to transform the system,” says Edgeworth.

For the training providers, it creates a requirement for more sophisticated hardware in the training process. To make the necessary transformation happen, and to meet demand created by the combined business drivers, PTC has designed its first MPL centre. Construction is due to begin in February, and the facility is expected to be fully operational by November 2012. “Rather than trying to attract people from airlines worldwide to one location, which has lots of logistical hurdles, we’re going to take it to the airlines at their location,” Edgeworth explains.

Clients include Saudi Air, Etihad, Flybe, Air Kazakhstan, Turkish Airlines, Aer Lingus and Qatar Air.

**CAPITAL OUTLAY** The capital outlay is significant, but Edgeworth points out that simulation eliminates many of the variable costs that can affect airline training operators, such as fuel prices (PTC has access to 49 different aircraft on its books), not to mention the expense in maintaining bases that can offer the types of varying weather conditions needed to give pilots the necessary experience. “From a training perspective, it’s much more effective,” says Edgeworth.

“A complete centre will require an investment of about $52 million, but the return on that is significant,” he continues. Each MPL centre is expected to bring in revenue of €30 million. The centre will be funded through a combination of private investment, low-interest financing, manufacturer lease arrangements for the equipment and some funding from the business itself. “It will give us a competitive advantage. We will be the leaders of the second wave in this, and we believe we will be the first to offer a pure MPL offering,” says Edgeworth.

The move will also mean a major job creation drive. PTC employs 94 people and when the MPL centre becomes fully operational, that will rise to 241 people. A final decision on the location of the first centre was due as *The Market* went to press, with the decision coming down to a straight choice between a site in Ireland and one in the US.

So, it’s a case of clear skies ahead for PTC. Edgeworth reveals the plan goes far beyond a single MPL training facility. “Our vision for this is 20 centres located in 20 different countries within 20 years. The first will be significantly more expensive than the others. It will be our showcase.”
When film maker Wim Wenders declared America had “colonised our imagination”, it was largely his own craft he had in mind. Nevertheless, a quick glance at the modern business lexicon confirms it holds true in the world of commerce too. While its days of political pre-eminence may be waning and its economy is struggling to escape recession, America continues to exert a powerful allure on the business mind and its promise of opportunity is no empty claim.

The historic ties between Ireland and US have, in the last decades, been cemented by “hard facts on the ground”. According to IBEC, total US investment into Ireland is greater than into Brazil, Russia, India and China combined. And, while this investment directly creates over 100,000 jobs here, perhaps the more surprising fact is that Irish direct investment into the US brings employment to over 75,000 people there.

Trade between the two countries has long been dominated by the multi-national sector, but with an 18 per cent surge in Irish exports to the US in 2010 (and 27 per cent to Canada), a palpable sense of opportunity exists.
CEO of Stateside Solutions, Mary Rogers, explains why a market pummelled by recession over the last three years should be of particular interest to Irish SMEs right now. “The big opportunity is that the US has gone back to quality over brand. So, if you are offering a quality service at a fair price, then you can get talking with a large corporation. They no longer expect you to be IBM.”

Rogers set up Stateside Solutions to help Irish companies entering the US market, following her own move back from New York to Galway. “I could see a lot of companies falling into a similar trap. They were coming to the market too early, without doing their research in advance, and they were spending a lot of money very quickly, organising meetings, but not with the right people, and not achieving their targets.”

Budget is a major issue for any company setting up in a new market and Rogers observes that “companies often don’t budget for the long lead into a sale. The lifetime of a sale in Ireland might be six months, yet people assume it will be three months in the US. Their expectations are too high.”

Inevitably, questions about Ireland’s economic situation will arise in or around early negotiations. She observes that “customers will express concerns over whether your company will be around in three years and, if they buy your product, whether it will be serviced in two years time”. Her advice is not to avoid the topic but to answer it directly, in a prepared way. “Companies will accept what you say, once you allay their concerns.”

While the enduring relationship between the two countries is a huge positive and Irish people adapt quickly to the US business culture, she points to an issue with service levels that can typically crop up with SMEs. “Irish companies can have an issue with responsiveness. The rule of thumb in US corporate businesses is to expect a reply to an email within 24 hours. I have seen a lot of Irish companies fall down on that.”

A further risk in the lure of the familiar is not drilling down to where the opportunity actually lies. “Companies may set up in places like Boston or San Francisco because of direct flights or contacts already there. They end up ignoring places like the Carolinas or Atlanta that could be more beneficial to their business.”

A final serious mistake she identifies is the tendency to send out very senior people first. “This is a loss to the Irish team resources, and, if the person doesn’t have the experience or the contacts in the US, then they can’t deliver quickly enough to justify that loss.”

The American approach to networking is something she recommends plugging into fast. “You will be doing business at the baseball game, at the breakfast table,” she points out. While the American business style is less formal than the European, there are certain rituals that should be observed. “It is very important that, if you don’t get the contract, you should still say thanks for the opportunity and refer the contact on to other people. The US is a collaborative environment and, if a contact doesn’t work out, you shouldn’t be afraid to share it with someone else.”

“**You will be doing business at the baseball game, at the breakfast table.**
When Heatsolve was set up in 2004, the goal was to supply electric heating cable and elements to manufacturers of electric blankets, floor heating and medical device equipment. Just three years later, the acquisition of a South African company allowed it to “move significantly up the value chain”, business development manager Brian Hopkins explains. Producing complete products for the first time, Heatsolve began branding them also and, today, its flagship product – an electric under-floor heating system – is sold by distributors in Asia, Africa, Europe and North America. In all, 95 per cent of the company’s output is exported and Hopkins credits “a very active R&D department and had quite a lot of assistance from Enterprise Ireland” for giving the company, with a staff of 25, its market-leading capabilities. The move to branding was, he adds, “a conscious development – we had come from a background of supplying a commodity product and we wanted to create products that would grow our business and our gross margins”.

The company’s success in new markets is built on a strong commitment to market research, identifying the main players and agreeing a strategy to target them.

Of course, a good introduction always helps, and when a German client recommended Heatsolve’s products to its distributors in North and South America, the company took steps to follow up quickly. “We had made a few attempts at cold calls in these markets,” Hopkins reflects, “and while it does work, it is a longer route. A referral, whether through a customer or Enterprise Ireland, has the effect of getting you attention quicker.”

In the event, it was the US and Canada that proved the more lucrative markets, chiefly, Hopkins says, because “they were most ready to adapt to the new technology we were offering. Comfort is a big part of the decision-making processes in America and Canada and we were offering a better solution for home-owners.”

Heatsolve’s key competitive advantage lies in the offer of bespoke systems for different flooring types – tile, carpet, laminate and wood flooring. “Our products therefore maximise energy efficiencies and are also the simplest to install in the marketplace, so that combination helped us to gain considerable traction.”

As it has gained market knowledge, it has also begun adapting its products to the market and, in 2012, will launch a new “smart” range that addresses upcoming changes in regulatory requirements in the US and Canada and give more functionality to the user.

Entering the market just as it was changing from a component manufacturer to a branded offering was, perhaps, not ideal. “However, once we had completed that process, we made real progress,” Hopkins says. The company has just set up its first sales and marketing office in Chicago. “We are now hitting our targets and have plans to grow by 30 per cent year-on-year over the next few years.”

For other companies looking to enter the US, a great start is to “piggyback on someone else’s relationship,” he says. “If you have a distributor who has relationships with a retailer then try to work with that. Having a product that is in growing demand is also a plus.”

He stresses, however, the need to adapt to cultural difference. “It is important to understand how one business should approach another in the US and to tailor your proposals and presentations so that they are fit for market and the audience they are going to”.

Preparation and professionalism will always out. “You may be dealing with customers with a turnover of $2bn or $4bn so you have to be match fit and ready. You also need to project an image of being available and contactable during their working hours. They like to be able to pick up a phone and dial an American number.”
Many success stories have been built on the creation of labour-saving devices, and Waterford company Automated Feeding Systems Holdings (AFSH) ranks among the most recent. As part of a family for whom show-jumping and eventing were in the blood, 5.30am starts were routine for JP Monaghan. Horses need exercising and they need to be fed at least an hour before they are exercised.

A mechanical engineer by profession, Monaghan was “getting fed up with these early starts. I thought there must be an easier way. So, I made a small machine that would give the horse its feed by a timer and that earned me an extra hour in bed.” As neighbours and friends expressed interest in the invention, he sensed an opportunity.

With the support of the South East Enterprise Platform, he began to research and design prototypes and, in 2010, set up the business, designated a High Potential Start Up by Enterprise Ireland. Based in the Northern Industrial Estate in Waterford, AFSH has five employees, and the machine, now branded the ‘Simple Feeder’, is assembled and manufactured on site. It’s value is more that simple labour saving, however. “Most horses are fed three times a day,” Monaghan points out, “but in nature, a horse will graze for 18 hours a day, so enforced feeding is not very natural and they suffer anxiety as a result. The machine, which can deliver feed up to 16 times a day, helps to solve those issues.”

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With the Irish market relatively small, the company recognised exports would be the key to growth from the start. Opportunity knocked in 2010 at the World Equestrian Games in Kentucky, which were sponsored by Irish company Alltech. Attending the event, Monaghan engaged in “a bit of guerrilla marketing” by approaching the stand of the US feed company Triple Crown Nutrition. “I asked how many times they fed their horses and explained that, in Ireland, we did it eight times a day.”

He later discovered the sales rep he was bantering with was Eric Haydt, vice president of sales and marketing with the company. “It was a lucky break. Triple Crown is a very progressive feed company, and Eric was immediately interested in what I had to say.”

Soon after, Monaghan availed of the opportunity to invite him to an inward buyers event Enterprise Ireland was hosting for its equine cluster of companies. “He visited the factory, we brought him to six or seven reference sites where our products are in use, including the Curragh, and, soon after, we received our first order for 420 machines.” In September 2011, Triple Crown announced a $2.5 deal for supply of the Simple Feeder and, over the coming years, Monaghan expects the value of exports to be a multiple of this.

His simple and direct approach to the company that would become his distributor was just one of a number of experiences that leads him to conclude that businesses in the US “are open to the cold call. I’ve found a number of times that this approach can get you to the decision makers very quickly.”

Recently returned from a trade show in San Antonio, Texas, a further lesson is to take full marketing advantage of any innovation you offer. “We were at a show with 3,500 vets and, according to Triple Crown, it was their busiest stand in years. The reason was they had something new to offer. Americans like the new and the innovative, so if you offer something different, you will stand out and get noticed.”

Having confirmed its “high potential” tag early, Monaghan says the company will be looking to replicate what it has done in the US in Canada, Australia, New Zealand and France. “With the help of Enterprise Ireland, we will try to push that out. I would see us growing to between eight and 12 staff by the end of 2012.”
Automsoft software is used in 65 per cent of the world’s oil rigs and 82 per cent of the planet’s merchant shipping fleet.

A supplier of advanced metering and monitoring software to the energy industry, Automsoft’s offer revolves around its data historian software package, ‘rapid power’ and its advanced analytics engine ‘nuv views’.

“A few companies around the world do what we do, but what’s different about us is the vast amount of data our software can handle,” chief executive Paraic O’Toole explains.

It is a claim confirmed by the fact that Automsoft software is used in 65 per cent of the world’s oil rigs and 82 per cent of the planet’s merchant shipping fleet.

Founded in 1997, the company employs some 40 people, with software development carried out in Dublin and Ukraine. Newly established sales and marketing offices in the east and west coast of the US reflect its recent refocusing on opportunities in the smart grid and smart metering industries, for which the two centres of innovation are, respectively, Raleigh in North Carolina and Silicon Valley.

Selling abroad has never been a problem for a company that has frequently found success through the partnership route – embedding its software in a larger software package.

In this vein, in September 2011, Automsoft announced a partnering with fellow provider of real-time software solutions, US company Power Analytics. “Dublin is our base but we actually get very little revenue out of Ireland. The attitude we frequently find here, especially in public procurement, is ‘anyone but a small Irish company’. In contrast, the approach in the US is ‘if you do business with us, we will make you big’.

O’Toole adds that “an awful lot is sometimes made of the challenges of exporting. For us, Dublin to New York is a plane ride and a hotel room. You don’t need people on the ground at first and, ultimately, when you do, whether your sales guy is in Portlaoise or Paolo Alto, you have to get your head around managing at a distance so there’s no huge difference”.

In terms of networking in the US, he recommends a “caveat emptor” approach. “You have to be able to gauge the purpose of the network you are joining. If it is a case of paying for introductions, then we would not have a great deal of time for that.” On the other hand, he recommends more informal networking enthusiastically. “You will find a lot of warm, friendly Irish Americans and Irish people in the US who are very receptive to Irish companies and who will help you from an entirely altruistic position. These are certainly people worth getting to know.”

Confirming the perception that US business has turned away from brands and towards quality, he says “no one in the States has ever asked us how big we are, what our turnover is, or how many people we employ. If your product does what it says on the tin, their concern is much more about what you are like to deal with, and whether they can trust you. In the end, it comes down to building a strong relationship with your customer.”
Some 250 medical technology decision-makers were at this year’s Med in Ireland expo. There Claire O’Connell caught up with Chris Coburn, executive director of Cleveland Clinic Innovations, to talk venture capital and breaking into the US market.

An awfully big venture

“Following the market collapse in 2008, the venture community is still trying to find its footing,” he told The Market. “There’s a debate as to whether or not fundamental change has occurred in the venture business, or if we are in one of the many cycles that have occurred over the 35 years of venture capital - I don’t know if there is a clear answer on that.”

In the current environment, life sciences investors particularly want to see fast returns and they are tuning more intently into areas such as healthcare IT and devices, he notes.

“These days, the technology side of the market in the US is clearly favouring deals that involve shorter timelines,” he says. “That is not to say that drug or biopharmaceutical deals are not getting financed, [but] it’s harder.”

The regulatory environment in the US is also becoming more complex, and many US companies are now looking for European approvals first, to achieve a CE mark, explains Coburn.

“In the US model, that means you have got to build in this longer timeframe from your fundraising to your ultimate payback - these are some of the complexities that the system is still absorbing, and the arithmetic that results in funding and then ultimately return on investment is still fluid, as again these factors are being worked into the basic formula.”

Some 250 leading international decision-makers from over 30 countries throughout the world, identified as potential customers or strategic partners for Irish companies, were brought to Dublin for ‘Med in Ireland’, the national expo for the Irish medical technologies sector in October, 2011.

The aim was to get them to meet with and visit Irish companies at both the convention centre and their sites throughout Ireland in the days before and after the main event. In all, there were a massive 900 one-to-one partnering meetings held with Irish companies on the day.

Among the international visitors was Chris Coburn, executive director of Cleveland Clinic Innovations, the corporate venturing arm of Ohio-based Cleveland Clinic. The clinic’s spin-out companies have raised more than $450 million in equity investment, and Cleveland Clinic Innovations has been ranked among the top health corporate venturing organisations.

Coburn is no stranger to Ireland - the Cleveland Clinic has been building up links here for several years, and he has watched the life sciences sector grow. So with Irish companies needing such a strong export focus in the life sciences, what insights can he share with fledgling companies about securing investment and breaking into the US?
The vibrancy of the medtech sector in Ireland is evident and it’s something we feel right at home with - we would only anticipate an improving situation in Ireland over the next five years. But despite the regulatory and funding squeeze, Coburn sees light breaking through. “It’s still a difficult and complex environment but it appears a little bit better than a year ago - we have had multiple financing in the last 12 months.”

He describes how those recent financings in Cleveland Clinic Innovations’ portfolio include a $32-million financing for a device company working on a treatment for migraine headaches, $11.5 million of financing for a company with a search engine for electronic medical records, $12m in financing for a cardiovascular diagnostic company using proprietary biomarkers from the Clinic and a $3.8-million financing for a wound healing technology.

In general, for companies seeking funds, looking at initial routes to market that aren’t too hair-raising tends to be a good idea. “Parsing off some of the deal in a way that creates opportunities for some lower risk investing is certainly important,” says Coburn.

And one of the key factors is to get good people on board, he adds. “In every deal no matter what the technology is, investors always seek and reward experienced management. Finding experienced entrepreneurs and managers has always been one of the bedrocks of the life science venture world, but I would argue that in this era it is almost more important than it ever has been.”

Coburn is enthusiastic about the potential for Irish companies: “We have a chance to travel around the world and I think the vibrancy of the medtech sector in Ireland is evident and it’s something we feel right at home with - we would only anticipate an improving situation in Ireland over the next five years,” he says.

He encourages contact with the Clinic, which has already forged links with several companies, institutions and agencies in Ireland. “I think there are some terrific companies in Ireland, and since the time we have been active in Ireland the amount of growth is really positive,” he says. “If it’s an Irish life science company give us a call, we are happy to help - we have got access to grant money and the presence of the Cleveland Clinic in the US market, we have an onsite accelerator, we would love to talk to people.”
While Ireland has the highest density of horses of any European country, France is the European country with the highest number of horses, so it’s a common interest that is well-worth building on. Indeed, there are quite a few Irish companies doing very well out of the French horse industry and which enjoy a very good reputation in the sector. Redmills, for example, has supplied feed to at least one of the winners of the Prix de l’Arc festival every year for the past four years. Indeed, the Prix de l’Arc has provided quite a showcase for Irish horse breeders – previous Irish-born winners include Hurricane Run, Zarkava and Dylan Thomas, while Sea the Stars is regarded as one of the greatest race horses of all time after winning the 2,000 Guineas, the Epsom Derby and the Prix de l’Arc in one year. Now, Enterprise Ireland is using the Prix de l’Arc to showcase Irish equine industry suppliers, with a major event held each year to introduce Irish companies to trainers, owners, racecourse owners, equine vets, etc.

“Two years ago, the French horse industry was valued at €10 billion, and there were more than 900,000 horses registered, with various equine organisations catering for the racing, show-jumping, eventing and leisure sectors,” says Eimear O’Rourke of the EI Paris office. “As in most countries, the racing sector is the most valuable, but what is notable about the French horse-racing industry is that not only is it Europe’s largest, with 248 race courses and 100,000 racehorses regularly competing, in marked contrast to horse racing in Ireland, the French racing industry is continuing to grow – betting on horse races in France is up 24 per cent in the last five years, and horse racing is now France’s third largest spectator sport. There are already several Irish equine industry companies doing well in France, but we believe there are further opportunities.

Six out of every 10 thoroughbred horses sold in Ireland are exported to France, so it pays those supplying the horse industry in Ireland to consider supplying l’industrie du cheval en France. Cian Molloy noses out the opportunities.
HORSEWARE One of the best-known Irish companies in the French equine market is Horseware, makers of top-of-the-range horse blankets, sponsor of a host of equestrian events across Europe and known in France for its support to champion show-jumper Timothée Anciaume. Recently, to further develop its French market, the company has dispensed with its distribution partner and has employed its own business manager, Aurore Naegelen, who travels extensively in France and also a French-speaking customer service in Dundalk.

“We were founded 26 years ago and have a presence of close to €30m, of which about €2m is in France, which is our fifth biggest market after the UK, the US, Germany and Sweden, but France is our fastest growth market,” explains European sales manager Gearóid McMahon.

“We will have a presence at Salon du Cheval in December to support our retail partners who are exhibiting there. We are very careful in choosing our stockists; our policy is not dealing with everyone – you have to be of a certain standard, and we avoid having stockists based too close together so that they are not competing against each other. Once we have a retail partner, we will support them with their marketing and with sponsorship of their local events.”

Horseware produce three ranges of horseblanket: Rambo, their original brand, which includes the world’s best-selling turnout rug and whose range has steadily grown to include the Rambo Wug, which has a higher neck and a patented front closure system and the Rambo Flybuster, which is designed to offer unparalleled fly and sun protection; Rhino, which has a unique fabric construction with the waterproof breathable barrier inside the rug; and Amigo, whose products are aimed at the more price-conscious youth/fashion market. Through a series of acquisitions and constant R&D, Horseware has expanded its product range to include equestrian clothing, tendon boots and equine healthcare products.

ANIMAL REMEDIES Also targeting France, TRI is a company that started off catering specifically for the horse racing industry, but has since expanded to cover all horse breeds and other animals. Md Raoul Masterson explains: “When we started in 1989 and were supplying nutritional supplements in Ireland only, we were known as Thoroughbred Remedies, and 100 per cent of our sales were to the thoroughbred industry, but when we started exporting and trying to win business in other sectors, we would get potential customers saying ‘It’s a pity we can’t use your products on sports horses, quarter horses or warm blood’, or whatever the case may be. So to combat that we changed....

Two Irish companies short-listed for Salon de Cheval innovation awards

At this year’s Salon de Cheval consumer show, two Irish companies – JFC and Nortev – are short-listed for innovation awards.

JFC is a Tuam-based plastics manufacturing company with a strong portfolio of agricultural products, including a growing range of feeders, drinkers, stable equipment and wheelbarrows specifically aimed at the equine industry. “Our products have a lot of innovative features,” says business development manager Miriam Concannon. “For instance, our rotational moulding technology allows us to produce drinkers with a double wall, making them extremely durable and capable of withstanding aggressive horse-play.”

The JFC Ringfort foal-feeder, designed in consultation with a veterinarian surgeon, is “Given that on the hobby-horse side of this market, there is a substantial proportion of 12- to 35-year-old females, having equine accessories in pink makes sense! People say that the French will only buy French. But that isn’t the case if you have something different to sell them, and we always highlight the innovative features of our products. There is also the fact that if you say you are Irish and are linked to the equine industry, straight away, you are listened to. There is a lot of respect for the Irish horse industry. We hope to build on that and are preparing a brochure as part of a new focus on the French equine industry. In addition to the Ringfort Foal-Feeder, we have other products in development that we hope to launch in France.”

The other Irish company up on the Salon du Cheval innovation award shortlist is Nortev, a high-potential start-up that has developed a portable equine nebuliser...
our trading name – we now have two companies. TRM is a manufacturing company producing about 30 different nutritional supplements, primarily for horses. We also do supplements for cats and dogs, racing pigeons and camels. We also have TR1, which has an equine superstore on the Curragh employing 50 people and then a sales and marketing arm exporting to countries all over the world.

“About 15 per cent of our turnover is in Ireland, with the balance coming from exports. In order, our most valuable markets would be Ireland, UK, Italy, Spain and France. Traditionally, most of our business was in Europe, but over the last five or six years, we have been winning more business in third countries – North America, Russia, Turkey and the Middle East. Until 2008, we would have been growing at about 15-20 per cent a year, but in the last three years, growth has been at about 2-3 per cent. There has been a marked decrease in European business and a big increase in third countries, but France is very important to us still.

“Every national market is different and has its own peculiarities. Whereas in most other countries there is a cachet to having foreign goods, the French will always try to buy French first, unless you can give them a reason to do otherwise – on the road they mainly drive Renaults, Peugeots and Citroens. Most French people holiday only in France, and 99 per cent of the food on their supermarket shelves is French. You have to be able to give them a good reason to choose your product over a French alternative. You also need to have all your labels and indications written in French, your brochures have to be in French and the pictures in the brochures have to be of well-known French riders.

“We’ve had the same distributor in France for 15 years – believe it or not. Our relationship started when I met the proprietor, before he set up the company, in the bar of the Great Southern Hotel in Eyre Square in Galway, where the Irish Veterinary Union conference was taking place.

“When looking for a distributor, you want someone that has the infrastructure – a warehouse and people on the road – and you want him to have enough products to have a critical mass. But you don’t want that range to be too great or your 30 products will be lost among the 20,000 other products he is selling. Also, while email, Skype and teleconferencing are all very good, the equine industry is based on personal customers – you need someone to be going to the stables and meeting your customers to talk to them about their horses and their individual needs. It’s not like selling airline flights or hotel bedrooms, which you can do on the internet. People in the horse industry need the personal touch. If you are exporting into any country, you need a face-to-face meeting with your agent at least once or twice a year, where you sit down over a meal and talk about the peculiarities of the local market and how to use them to your advantage.’

The French equine market isn’t exactly a gift horse: there is work to be done if you want to succeed there, but do your homework properly and, as they say in racing parlance, your company could be ‘winner alright, winner alright’!

system. Founded by MD Gavan O’Sullivan and technical director Declan Moran, Nortev employs six people but is currently advertising to hire another three. “We hold two patents,” said O’Sullivan. “One patent is for the flexible, all-in-one plastic mask used in the device, where other equine nebulisers use solid plastic masks with separate seals to attach the device to the horse’s head. And we have a patent on our battery-operated medicine delivery system, where other nebulisers need to be plugged into the mains. The nebuliser is used – usually in thoroughbred racing – with younger horses, which have developed inflammatory airway disease (IAD) and need to be treated with antibiotics.

“We’re currently exporting to France, Germany, Belgium, Sweden, Australia and the UK and are just about to take off in the US, where Flexineb is being validated by Hagyard, one of the world’s best known equine veterinary practices. We started trading in September last year, and we hope to hit €1 million turnover over the next two years.

“One area that has really taken us by surprise is natural therapies – horse owners are able to use our device to administer eucalyptus oil or a saline-water solution almost immediately after discovering a problem instead of having to wait for a vet to arrive to prescribe a medicine.

“France is going to be a big market for us – we have three distributors there: one who found us and two of whom were introduced to us by a UK partner. Enterprise Ireland’s Paris office have been very helpful, their Prix de l’Arc event was fantastic because it enabled us to put our product right in front of the horse trainers, who will be a primary market.”
The high-tech skills gap is a well-aired topic. But do we also have a deficit in foreign language skills? And is there an easy way for companies to get these skills onboard when initially scoping out a new market? Lucille Redmond finds out.
The problem for us Irish is the language. According to a Eurostudent survey earlier this year, reported at the time in the Irish Independent, Ireland is almost at the bottom of the pile in Europe when it comes to speaking foreign languages. In most European countries, at least 20 per cent of third-level students claim to be proficient in at least two foreign languages. But in Ireland, the figure is just 5 per cent – better only than Turkey, where just 2 per cent claim to speak two foreign languages. Moreover, students in Ireland, along with Poland, Lithuania and Slovakia, perform poorly in terms of experience of life overseas – with less than 20 per cent of students here having studied in another country.

Deirdre McPartlin of Enterprise Ireland’s Düsseldorf office sees this as a major challenge to Irish companies winning more business in the still booming German market. This is a pity, she believes. Despite perceptions to the contrary back home, Germans are surprisingly well disposed to Irish products. As reported in the last issue of The Market, recent research from Amarch Consulting found that 30 per cent of German consumers regarded products from Ireland as positive compared with a figure of 34 per cent for products from France but just 27 for products from Holland and only 16 per cent for products from the UK. A further positive finding was that 73 per cent of German consumers said they would welcome the introduction of more Irish products to the German market.

But not enough of us speak their language. Gary Fallon, Ireland’s man in Paris agrees: “Younger people in France tend to be more outward looking to the English-speaking world; whereas older people tend to be more protective of French culture and the French language, so you do need to have language capability within your company when tackling the French market.”

McPartlin points out that in 2001 the total number sitting the leaving certificate was 51,935. Of these, 65 per cent sat French and 18 per cent sat German. By 2011, the total number was 57,532. However, of these, just 47 per cent sat French and only 12 per cent sat German. “As a small, open economy, we will always be dependent on exports. Germany and France are two of our largest trading partners both from an overall export and indigenous export perspective. Add in Switzerland and Austria and we are talking about a market of 165m sharing for the most part the same currency, and accessible both in terms of business practice and geographic proximity – a ‘no-brainer’ if you are thinking about attractive exports. To put it another way, as exporters we’re never going to want to ignore two of the world’s largest economies on our doorsteps,” she says.

At the heart of our complacency towards languages, McPartlin believes, is a misconception that globalisation means that we can all get by speaking English, and that as native speakers, we’re alright Jack. Another misconception is that we should speak our customers’ languages simply to be understood in case their English is not great, when really the reason the language will get you ahead is because you can research the market better, understand who your local as well as international competitors are (and position yourself accordingly) and be more aware of the cultural nuances in conducting business in that country.
Despite business or technically savvy people with good language skills being thin on the ground, some companies have worked out ways to get language skills into their company while doing an initial scoping out of the market.

“It's a huge advantage to be able to make a contact through a person who has the native language, and who can go to a meeting with you and talk quite comfortably in that language,” says Mick Lynam, a director of the world-class engineering and project management PM Group. PM Group took advantage of Enterprise Ireland’s Graduates for International Growth scheme to bring multilingual business students as interns to work within the company.

One was Mark Gillett, who is now on staff. “Mark was based in Germany, giving him a very good opportunity to interface with German-headquartered organisations, and to get a proper understanding of people’s business plans, where we’re going to be investing, and to start forming contact networks with them,” says Lynam. “He could act as interface and market analyst, which worked exceptionally well.” The Dublin and Cork-based company employs 1,600 people in 25 offices in Europe, Asia, USA and the Middle East. “Using their own language gives you great credibility with prospective clients. If you go into a room where you can't speak the language, it drops your chances of success quite dramatically. When you have someone there who's comfortable in the language you're at an advantage immediately.”

PM Group is on a journey to being an international organisation, says Lynam. “Our strategy is to establish entities in the locations where our core clients are spending and planning to invest.” The company has offices in the UK, Belgium, Sweden, Poland, Turkey, Moscow, Saudi Arabia, UAE, India, China and the US - San Jose covering the west and Boston the east.

“A large element of our client base is multinational companies, including European multinationals based in Germany or France. We just completed a project for Sanofi, and we do a lot of work in Belgium for companies like GSK and Genzyme,” he says.

“For those projects, you have to have a much greater language capability. It becomes particularly important when you're dealing with the local entities - plants and factories. There, you're dealing with the local management, and more importantly, with the workforces on the ground. Where we're in construction management roles, language capability becomes quite critical.

“Typically, in those locations, we'd recruit local engineers and train them, and they’d work with us, but our management teams and our leadership basically come from our home offices. That’s where the challenge now comes - the people leading and interfacing with the client have to have decent language skills. Over the last few years that’s become the biggest test - having people with language capabilities as well as technical and management capabilities.”

BUSINESS ACCELERATOR Kilkenny mechanical and electrical service company Dunreidy took a different approach. Through Enterprise Ireland’s Business Accelerator Programme, the company was teamed up with industry expert Guenther Helios to gain some initial market intelligence and traction, and they now retain Helios as a consultant. He has a background in management and sales for engineering companies and he has a deep knowledge of engineering and pharmaceuticals, making him ideal to interface with companies in their own language, Dunreidy director Donal Dunne says.

Dunreidy sells its Hycon stainless steel containment system to pharmaceutical companies in Europe, Asia and America, including Pfizer, Novartis, Sanofi Aventis and Genzyme.

“A lot of German people speak English, but when you go to a meeting and you’re doing a demonstration, you need to have somebody there who can technically describe the products,
and answer the technical questions in German,” Dunne says. “Otherwise it’s very difficult to get the uniqueness of the product across to the engineers. In the two years Guenther has worked with us, we’ve attended well over 50 meetings and met somewhere between five and eight people on average - a huge number of people - which has allowed us to create market awareness.

“You wouldn’t be able to access the people we’ve accessed without a native speaker. It would have been impossible for us to arrange meetings and do the demonstrations to the effect that we were able to do it.”

If you wish to trade with continental Europe, he stresses native speaking skills are a must, irrespective of your product. “To be able to talk about your product in technical terms, you need somebody who can speak the language. You can be totally misinterpreted if you’re speaking English to somebody - it is very easy for technical terms to be misunderstood.”

MATCH-MAKING Evergreen Internships, based in Carlow, match-makes companies and business students to find the right fit. “Degree and masters students from EU universities who wish to complete an internship as part of their study programme come to us, and we match them with a host company or organisation to suit their profile and internship objectives,” says managing director Tremayne Horkan. One of Evergreen’s clients is Kilkenny company SurfBox, which provides internet access in airports. SurfBox had already begun to export to France, so Evergreen organised a French student, Jessica Tsala, to work with them. Tsala helped with export activity and developing further export activity, and supported SurfBox with contractual documents and trade agreements.

She translated the SurfBox website into French, and enabled the management to understand the types of customer service that would be needed for French clients or the French market. Another Evergreen placement, German student Marco Catania, worked with environmental consultancy Greenstreets Environmental Resources, helping Greenstreets to build a picture of how the market operated and providing market research which ultimately informed their sales strategy going into Germany.

GRADUATES FOR INTERNATIONAL GROWTH John Nevin, managing director of Instant UpRight, which sells its access products into 40 countries, says: “It’s absolutely essential for companies to bring in language skills - doing business from Ireland with English-speakers only gets you so far.” When Enterprise Ireland launched a programme (Graduates for International Growth) to find high-quality graduates to assist export companies to go to market, Instant UpRight’s first hire was Bebhinn Nutty, who is fluent in German.

“Bebhinn spent six months here both training on the product and doing course training with Enterprise Ireland, and then moved into market in July this year; she is now in place for 12 months altogether in the market, both researching and selling,” says Nevin. Her work has been so successful for the company that they are now interviewing for a Russian-fluent graduate to extend the scheme. “Our customers are appreciating the fact that they can talk to people in their mother tongue - everyone will give you the courtesy of speaking English, but they would prefer to speak in their own language.

“Since Bebhinn has come into the company we run meetings with German customers in German, and it makes the customer a lot more comfortable about it. Bebhinn translates for us, sitting in on the meetings. It’s improved the professionalism of what we bring to our customers; by having Bebhinn in market with fluent German it’s improved our research, and it’s improved the speed of access to potential customers.”

Some companies rely on their dealers in their markets abroad, but Nevin points out that this approach has flaws: dealers have different skills, and a different agenda. Having someone within the company with the right language skills gives you more knowledge of the market. “If we were to quantify it, having Bebhinn and our Business Accelerator Programme person in Italy, Sean Lynch, who lives in Italy and has Italian skills, is going to increase our sales by up to 10% in 2012,” he says.

“Over the last few years, having people with language capabilities as well as technical and management capabilities has become the biggest test.”
Survivors of Ireland’s beleaguered construction sector are thriving in Britain thanks to the sheer determination of their bosses. Ian Campbell hears how shoe leather and face-to-face meetings proved to be more important than elaborate marketing campaigns and big advertising spends.
Since the bottom fell out of the Irish construction sector, most people’s perception of life after the crash would be based on bad news NAMA headlines and a few upbeat reports about Irish firms working on the 2012 Olympics. A much more interesting story, however, offers a salutary lesson for any business looking to pick itself up and start again. For even the most beleaguered sector, it seems a recession is not necessarily an obstacle to overseas expansion.

The Enterprise Ireland office in London had a portfolio of around 40 construction companies that rose to 400 after the crash. EI’s senior market advisor for the sector, John Hunt, is responsible for connecting Irish capability with UK opportunities and has seen what it takes for companies to succeed. “Beneath the headlines, there are lower profile Irish companies securing work in very difficult conditions and growing their businesses. They are succeeding on some good business principals,” he said.

Hunt cites three companies in particular that have established a UK footprint from nothing: Dornan Engineering from Cork, Bennett Construction from Mullingar, and EDC, also from Cork. Ranking high among their “good business principles” is leadership from the top. In all cases, either the chief executive or managing director moved over to London from Monday to Friday and began growing a UK client base out of a London office.

The senior management of each company were soon out meeting people, networking after hours, proactively pushing themselves and their companies into the spotlight.

“We came over blind with no projects, opened an office in September 2008 and spent six months walking the streets before we won our first job,” said Richard O’Farrell, managing director of Engineering Design Consultants (EDC). “It’s all about face-to-face, one hundred and ten per cent.”

A niche engineering firm, EDC currently employs sixteen people, double the number on its books immediately after the crash. It still has a busy Cork office but 80 per cent of its work is now in the UK.

Contacts initially came from people they knew, including friends and family. Any opportunity was taken to network and they were willing participants in the Enterprise Ireland Business Acceleration Programme. After the first contract win, the company never looked back. Having senior management active on the ground was imperative, according to O’Farrell.

“You can see the Irish companies that do it right. Those that haven’t are either gone or going average.”

With little or no money spent on advertising or exhibitions, the go-to-market strategy was all about entering a highly sophisticated networking scene. “There are lots of them for different types of industry, in different formats serving different purposes. And it’s not like Ireland. You don’t go looking for a good time, it’s all about the work,” said O’Farrell.

Having got in front of prospects, O’Farrell still had to win the businesses. What made them stand out it a highly competitive and crowded market? A particular skillset around renewable energy was the calling card. “We had a lot of experience in sectors that proved to be more prevalent in the UK than Ireland. Planning rules and building regulations are quite onerous on developers for achieving carbon reduction targets and the market is much bigger in the UK,” said O’Farrell.

The knowledge and capability of the firm’s senior engineers also proved to be a unique selling point. All three companies said the upside of the Celtic Tiger construction boom was a better trained and more rounded workforce than Britain. “In Ireland, we worked on all types of project all the time, whereas, in England, you could be working on the same thing for a decade. We have broader skillsets that definitely work in our favour,” said O’Farrell.

John Hunt said the same kind of flexibility was evident at management level.

“With some of our competitors, clients would have to go through four tiers of management to get to the guy at the top. With us, it was pretty much me, following leads.”
“Their leaders are capable of making very quick decisions, steering their businesses to suit the opportunities that are in front of them,” he said. “Typically UK firms, by contrast, sit in boardrooms trying to strategise their way through the recession and fail. It’s about leading from the front and getting out there.”

STEPPING STONES Of the three companies, the best positioned to move abroad was Dornan Engineering, a specialist in installation services with data centres among its high-tech clients in Ireland. When chief executive Brian Acheson saw the recession coming, he steered the company towards overseas contracts.

“We had an opportunity to do a job with Pfizer in Sweden and that was the psychological break that we needed. It made us an international company,” he recalled. “After that, our game plan was to try and find existing clients that would give us an inroad into another market. We used the multinationals in Ireland as a stepping stone back into their countries of origin. Building a data centre for the Nationwide Building Society took us to the UK.”

From day one, Dornan found itself chasing jobs where it was more competitive than UK firms yet still able to make healthy profits. The proactive culture of the company also attracted attention at a time when competitors tended toward complacency. It all presented an opportunity for Acheson that was too good to miss.

Like his Irish peers at EDC and Bennett Construction, Acheson placed great store in doing business face-to-face. “For me and my clients, it’s all about personal relationships,” he said. Every part of every engagement is crucial, according to Acheson. “You don’t do business in the UK the way you do in Ireland, it’s much more professional, from the time you meet them until the time you leave them; everything has to be correct.”

They must be doing something right. Today, 90 per cent of Dornan’s business is overseas and the UK is its biggest market, accounting for 60 per cent. The company currently employs 650 people compared to 400 in the heyday of the Celtic Tiger, most of them Irish.

There is a steady trickle of new jobs and they continue to recruit from home, but Acheson leaves no doubt as to where the future lies. “We’re in the UK from here until eternity. Even if it gets better in Ireland, we’ve told our lads we’re not going home,” he said.

Like Dornan, Bennett Construction’s introduction to the UK came from a British client it worked for in Ireland. “They asked us to tender for something in late 2008 and we won it. In the end, the job didn’t go ahead but it made us sit up and think seriously about the UK,” said Paul McGee, joint managing director.

The subsequent strategy was to focus on opportunities around London, inside the M25, rather than chasing projects all around the regions. “If we had gone in with a scattergun approach, we might have won a project in Manchester but with no guarantee of a pipeline. London was where most the activity was going on, so it made sense to focus,” said McGee.

Bennett is a building group that serves a range of sectors including residential, healthcare and pharmaceutical. Reliable execution and attention to detail had helped build a solid base of repeat business in Ireland before the crash. The same formula is now working across the Irish Sea, but it took time to get going.

The goal was a small number of large projects rather than the other way round, the kind of pitch where it makes sense for the managing director to lead the way. Ask McGee what was the one thing that got them off the ground and he will give you a succinct answer that tells you all you need to know: “Shoe leather and time”.

The fact that it was the managing director knocking at doors turned out to be a big differentiator. “With some of our competitors, clients would have to go through four tiers of management to get to the guy at the top. With us, it was pretty much me, following leads,” he said. “What bore most fruit was identifying developers and speaking to them directly. I would go in and shake up their tender list by being very competitive and showing a track record of delivery.”

The company also used market intelligence to find out who was about to build or who was looking for funding. There was some modest investment in advertising and the occasional trade show, but once again it was the people-first approach that got results. From a standing start, the UK now accounts for 30 per cent of the company’s business.

John Hunt sums up a very discernible trait that all these success stories share. “In a business-to-business, service-oriented sector like construction, face-to-face is what it’s all about. And you can take years off trying to enter a market if you are the man in charge of the business,” he said.
The future for alternative payments has not yet been written. Conor Devlin surveys the crowded and fragmented landscape for clues as to which platform may dominate.

FUTURE WAYS TO PAY

The payments industry, with innovative start-ups and long established players promoting a varying degree of payment options, has finally reached a crucial turning point. Every day brings numerous announcements of mobile operators, payment solutions providers and card networks signing agreements or mergers to develop the next big payments initiative.

Consequently, the payments landscape has become over-crowded and fragmented. With so many platforms for merchants and consumers to choose from, the winning option will ultimately be the most adoptable, value-added, convenient and user-friendly.

The two platforms emerging out in front of the payments race are near-field-communication-enabled smartphones and PayPal’s end-to-end payment solution. Also, as negative sentiment towards global financial institutions steadily increases – taking form in movements including Occupy Wall Street and National Bank Transfer Day – Bitcoin, the world’s first decentralised currency steadily grows as an alternative payments platform. Then there is evolution of m-payments for the unbanked and for micropayments for virtual goods and services.

Near field communications (NFC) technology

NFC technology has been hailed as the new seamless way to pay for goods and services. Beginning with the NFC-enabled credit and debit cards, the technology shows it has potential, but with its only advantage being shorter queues in the supermarket or corner shop, the technology alone lacks innovation and value-added services. The integration of NFC within smartphones, however, combines the contactless payment solution with location-based vouchers and coupons, interactive loyalty schemes and enhanced customer promotion through social media ‘check-in’ functions. Visa’s soon-to-be-launched digital wallet V.me, which allows users to carry MasterCard and American Express digital cards, in addition to vouchers or loyalty cards, currently feature the most realistic functions of a wallet and may gain the widest customer adoption.

REALITY CHECK:

As a result of multiple payment providers, card companies and mobile networks creating their own closed-loop payment solutions, a standard universal payment eco-system looks unlikely. Customers, who want to use their digital wallet in any store and avail of any promotion – just like a real wallet – are met with network conflicting and technological restrictions. In a recent effort to provide clarity within the NFC payments industry, the GSM Association has announced that 45 of the world’s leading mobile operators have committed to support and implement SIM-based near field communications solutions and services. The association, which represents the interests of mobile operators in more than 220 countries and unites nearly 800 of the world’s mobile operators, has published a new set of industry specifications to enable the development and deployment of “secure, interoperable and ubiquitous” NFC services. However, the future for a universally compatible payments ecosystem will more than likely remain unclear due to the number of rivalling components and companies, each promoting better or additional value added services.
PayPal

PayPal is currently trying to reinvent the payments industry by launching its complete end-to-end payments solutions. PayPal, which referred to NFC technology as Not For Commerce, is rolling out its own closed-loop solution that is available on any mobile device. According to PayPal president Scott Thompson, its plan is to provide “a one-stop shop for merchants to engage their customers directly during every part of the shopping lifecycle – generating demand from consumers through location-based offers, making payments accessible from any device (not just from the mobile phone), and offering more flexibility to customers even after they’ve checked out.” PayPal’s technology enlists the use of a mobile devices’ camera to scan the barcode of items and provides an option to bypass the checkout as customer’s PayPal accounts are automatically deducted upon completion. Also, for customers who do not have access to mobile devices, PayPal provides a PIN only point-of-sale terminal located at the checkout.

REALITY CHECK:
What PayPal offers, while convenient and innovative, requires customers to open a PayPal account and further manage funds relating to their purchases in addition to their current Visa or MasterCard accounts. With customers now managing another account, the convenience factor is somewhat diluted. PayPal’s other major problem, the opposite of those competing in the NFC solutions industry, is that it lacks any major competition, leading merchants to hesitate on fully adapting to the stand-alone payment solution that goes against the grain of the more dominant NFC industry.

Bitcoin

As the world’s first decentralised currency – an open sourced digital currency that can be used to transfer money around the world or pay for goods – an increasingly large number of merchants are accepting Bitcoins as a form of payment. Bitcoins are traded, like a physical currency, against other currencies and can be purchased in major banks in the US or, alternatively, can be bought on-line at dedicated currency exchange sites. What started out as a strictly online transaction process has now shifted into physical stores thanks to the launch of Bitcoin POS terminals. With the elimination of a third party – banks, credit card companies and money transfer companies – the average cost of moving Bitcoins is one-tenth of a penny, allowing merchants to pass on savings to customers. In 2011, there were 6.5 million Bitcoins in circulation among an estimated 10,000 users, and, at its peak, a single Bitcoin was traded for $30, and $1 at its lowest value.

In 2011, there were 6.5 million Bitcoins in circulation among an estimated 10,000 users, and, at its peak, a single Bitcoin was traded for $30, and $1 at its lowest value.
m-money

With mainstream payment channels requiring a bank account or permanent address, those in developing countries who do not hold these requirements, or those who cannot qualify for a debit or credit payment facility, alternatively turn to the mobile money solution.

The m-money channel, which allows users to send, receive and pay for goods through direct carrier billing, is the main electronic payment option in Africa. According to recent reports, Africa’s most successful mobile phone based-money transfer service M-PESA processes more transactions domestically within Kenya than Western Union does globally.

The current demand for m-money services and the potential benefits that it could bring for African operators and vendors have led experts to estimate that m-money will be worth $3 billion in 2015.

Similarly, m-Via, a US-based mobile payments provider, launched its Boom platform, giving unbanked consumers access to payments, banking and money transfer services through their mobile phone. m-Via has built an extensive partner network for Boom where members can load and withdraw money, and make purchases from their Boom accounts. Boom allows customers to open a bank account by using just the customer’s mobile phone number, and if a member sends money to a phone number of someone who is not a Boom member, m-Via will instantly create an account for that person.

Even in the banked sector, m-money has become more popular within the digital goods sector. Companies like Zong, which was recently acquired by PayPal, allows gaming customers to purchase additional top-ups or bonuses in real time through their mobile phone.

The number acts as an activation code and the consumer receives an SMS to confirm the purchase. When the purchase is completed the charge appears on their carrier bill. In addition to its direct mobile billing facilities, Zong has recently created an extension to the service called Zong+, which allows customers to bill micro transactions to debit or credit cards. PayPal’s purchase of Zong will eventually permit customers to pay for goods in countries without internet access. Zong has connections with 250 carrier networks in over 45 countries in 21 different languages and is a mobile payment provider for Facebook credits.

REALITY CHECK:

With direct carrier billing having the potential to reach the more than 4 billion people around the world who have mobile phones – including people who don’t have (or choose not to use) bank accounts or credit cards online – m-money will remain a major payments channel for the unbanked. However, excluding the convenient method of purchasing digital goods in games or social media, m-money does not represent a significant commercial payments channel for the already banked consumer.

My own verdict:

While Bitcoin may become a mainstream alternative payment solution, it will take many years to become a secure and viable platform to be taken seriously. PayPal’s attempt to become a major competitor will only take shape when it recognises the lucrative opportunity that NFC holds. If and when PayPal fully adopts NFC in its end-to-end processing operation and allows other payment networks within its platform, PayPal will gain traction and rise as a serious competitor. Until then, NFC enabled smartphones provide the easiest option for both merchants and consumers. Having recognised payment processors, including Visa, MasterCard and American Express, attached to the technology provides a sense of security for both merchants and customers. Someday PayPal has yet to do.
In 2008, at a gathering of Irish business in Asia, former Tanaiste Dick Spring introduced a speaker who he knew from his days in Leinster House. It was Liam Casey, who in an earlier drapery career had sold Spring the suits that made him regularly the best-dressed politician in the Dáil.

A long way and a couple of decades on from those Leinster House days, at this year’s gathering of the Asia Pacific Irish Business Forum (APIBF), the role of patron was passed on from Spring to Casey, who left Dublin to become founder and CEO of PCH International, a global supply chain solutions company headquartered in Cork with operations and offices in China, the US and Europe.

SUCCESS STORY Casey has become the biggest success story for Irish business in China. A Cork man, he set up privately held PCH (the name comes from Pacific Coast Highway, a tribute to Casey’s stint in California before he moved to Asia) after a 1996 trip to an electronics trade fair in Taiwan. His links to the US and an understanding of China’s contract manufacturing scene has since allowed him bridge the two and become one of the most admired figures in supply chain management, the process of getting goods from the production line to customer.

PCH uses 1,000 suppliers and 100 manufacturers, trusted through years of cooperation, to make goods for a client base of Silicon Valley staples (among them, reportedly,
Apple). “Clients like PCH because we work with them on design, on specifications,” according to Casey. “Ensuring the product is ready to spec and by the launch date is key.”

THREE-DAY SUPPLY CHAIN Casey’s achievement is what he calls a three-day supply chain. “When we started, shipping a finished product from China to the customer took up to three months. Today raw materials might arrive in China on Sunday evening, hit the production lines on Monday morning and then be packed out by Tuesday. Wednesday night, they’re taken by courier to the US and delivered to the customer’s home on Saturday morning.”

Rather than being shipped to a US port and then warehoused for eventual distribution nationwide, goods ordered on a website are now shipped directly from PCH’s logistics centre – “when someone orders from a website in the US that’s clicked through to us.”

PCH’S ACCELERATOR PROGRAMME Casey likes to stress how short supply chain cycles make financing easier and reduce the capital needed to make the product. The agility of his model – there’s no inventory so warehousing costs are pared away – thus makes it easier for start-ups to get their product to market. Casey’s way of staying ahead is Accelerator, a PCH programme that selects start-ups, which it both advises and co-invests in to develop promising products.

One such device, which PCH will have made in Shenzhen, is Lark – a silent alarm that monitors sleep patterns. Accelerator also allows PCH to take a sweeter share of the value chain in product development. This is something Casey has long aimed at, judging by his interviews with distinguished American economics writer James Fallows nearly five years ago. Fallows (who by chance met Casey at the breakfast room at the Four Points Sheraton hotel in Shenzhen, where he lives and greets visiting buyers) studied PCH’s business model in the Atlantic magazine, using it to define what he termed the smiley curve concept of supply chain: a smiley-face icon that runs from the beginning to the end of a product’s creation and sale, with the high-value design and marketing activities at each end and the lower value (manufacturing, packaging) elements at the middle swoosh in the smiley. America’s (and now PCH’s) place is at the two ends of the smiley, “and those are where the money is,” wrote Fallows.

High spirits and hard work are abbreviations for Casey’s character (his only lowlight of 2011 for PCH was “not having enough hours in the day to do all the business we want to do.”) But has economic stagnation in Western economies affected PCH’s business? The answer is a clear no: PCH, according to Casey, is focused on the hyper-growth categories of accessories for smartphones, eReaders and tablets “which saw phenomenal growth in the past two years... The recession in Western companies is a concern, but it has not affected our business.”

STRATEGIES FOR CONTINUED GROWTH Another growth area for the coming years for PCH is medical devices. Casey has meanwhile been working with older clients in the IT hardware segment to get the ‘attach rate’ of their products up: IT brands like accessories such as a mouse or a bag that adds margin to a computer sale.

Casey doesn’t divulge his client list – confidentiality means he’s legally compelled not to, in any case. But it’s clear, even in a tough economy, they’re doing well. PCH is “helping them to sell more products, reduce inventory and have a more efficient business model”.

As of next year, PCH will also be helping clients dispatch goods within China rather than shipping to the US or Europe. Supplying the domestic market is not necessarily an easy progression: while it’s the same country, the logistics systems across China vary wildly, which is why PCH’s big investment of 2011 was the acquisition of TNS Distribution, a logistics firm.

That deal was a highlight of 2011 for Casey: he sees TNS as “the perfect fit for the service offering we want to provide to our clients”. Casey’s priority for 2012 is organic growth, “focusing on the Chinese domestic market, and offering a sustainable supply chain for our clients”. Among the Irish clients taking advantage of the new China focus of PCH is designer Orla Kiely, whose garments will be made and retailed in China.

With a 1,200 staff (up considerably from 800 in 2007), PCH’s financial success – revenues climbed 170 per cent in 2010 to US$413 – say as much about the calibre of the firm as its investors and board of directors. US$30 million brought in by Casey in 2011 came from among others Tamasek, the Singaporean government sovereign investment arm, and the Hong Kong-based Fung brothers whose Li & Fung...
remains the bellwether of China’s sourcing scene. Joining PCH’s board of directors: Stanford University professor Hau Lee, considered by some the world’s foremost academic expert on supply chain management.

Though PCH doesn’t (and won’t) own its own factories, Casey is using new PCH funding for more space to pack and dispatch goods from his manufacturing partners. He believes his supply chain model makes it ever-easier for start-ups to bring their products to market. But he’d like to see banks keep up: “today transaction times are shorter and the amounts involved much smaller.” Yet while Chinese banks like Merchants are far better at adapting to the new speed, international peer banks need to catch up in understanding the reduced risk in the supply chain and in coming up with new trade finance products.

TRIPLE BOTTOM LINE Casey says he worries about his workers’ welfare, and he has an environmental side. His ‘triple bottom line’ concept makes social, environmental and economic factors PCH priorities. He also talks about the importance of treating people well. “A cradle-to-grave analysis of a product’s lifespan to reduce waste” means using environmentally friendly packaging materials and demanding standards of suppliers.

He’s kept a Cork accent, but Casey, 47, is as much at home in Shenzhen as he is by the banks of the Lee. “We’ve all come here on our own, with a dream and a positive, can-do attitude” he says of the city – a sprawling 10-million urban mass of everyone who’s wanted to make it in China since Deng Xiaoping made it the experiment in 1979 that put China on the road to free market capitalism. As the first-starter, Shenzhen developed an advantage in a cluster of industrial plants, manufacturing know-how and investment that it’s held onto. Being a port town on the Hong Kong border also helped.

Casey’s words for Shenzhen – “innovative”, “entrepreneurial”, and “hard working” are also good reasons why rising wages and costs won’t persuade him to join the manufacturers leaving Shenzhen for cities like Chongqing and Zhengzhou where wages are half local rates. “Other regions don’t have the raw materials or the logistics infrastructure or the skilled workforce. Yes, they may have cheaper wages but the products we make are high quality and need to be manufactured on time and to correct specifications. This [Shenzhen] is the best place for us to do that from.”

Accelerator is a PCH programme that selects start-ups, which it both advises and co-invests in to develop promising products.

Helping the Irish get a handle on Asia

Liam Casey tells Market Godfrey how he plans to help set up an Ireland Shenzhen Chamber of Commerce and his new role as the incoming patron of The Asia Pacific Irish Business Forum (APIBF).

Rising wages in China is a boon for PCH – it allows the firm to tap premium talent, including engineers, products designers and management from overseas. They’ve proven good recruits for PCH-offshoot Shenzhen Celts GAA, which carries the PCH logo on its strip. A colourful posse of Cork, American and Chinese accents, the team has been one of the grittiest presences in the ever-larger annual competitions of Gaelic games in the East.

Has PCH’s success in any way opened up relationships and opportunities/success stories for Cork in China? “Yes, in both business and personal relationships! We have around 18 Irish people working in Shenzhen, many of them are from Cork and married to locals. We started the Shenzhen Celts, which has brought Irish culture to the local community where we live and work,” Casey says.

To help trade with home, he will help set up an Ireland Shenzhen Chamber of Commerce. The Cork man doesn’t speak Chinese: “Businesspeople all speak the same language – we want to do business. The language you speak is not a factor in success.” Having to divide his time between a customer-base in Silicon Valley, a production-base in Shenzhen and a customer service centre in Cork means Casey wasn’t present in Seoul to accept his new role as the Asia Pacific Irish Business Forum (APIBF) patron. The words he sent to be read by the event’s organisers told of his company’s values: “passion, integrity and teamwork” – and how these values keep a company with 1,200 people of 16 nationalities in 10 locations in constant growth mode. “To stay relevant, Irish businesses need to look to Asia and the APIBF with the GAA’s impressive network, can offer connections and opportunities in the region.”

But why would someone as busy as Casey take on the role of APIBF patron? “If you want something done, ask a busy person to do it! I believe it is the right time for Irish businesses to look towards Asia to take advantage of the huge opportunities in this region. Dick Spring did a very good job as former patron. Being based in Asia, I can offer practical advice and experience on what the key focuses should be, on-the-ground here, for Irish businesses.”
A company’s localised website and the letters and emails it sends out to a possible customer in another country are among its most important communication. They set the tone, define the company - its efficiency and reliability and business profile. Everything about the company - even its name - may need to be translated for cultural sensitivity. Coca-Cola’s Chinese name, ‘Kekoukele’, means ‘delicious happiness’; Subway’s, ‘Saibaiwei’, means ‘filled with 100 flavours’.

But for some small companies, translation represents a worrying cost, and so they may take the shortcut of machine translation, using one of the free online translators like Babel Fish, Systranet or Google Translate during their early days, and waiting until the business is really up and running until a professional translator.

**DON’T CUT CORNERS** Damian Scattergood, managing director of Star Translation Services, warns that this strategy is fraught with danger.

“Machine translation is basically a gisting engine,” he says. “It will certainly help you get the ‘gist’, or idea, of a document in another language, quickly and for free.” There are times when this is useful - for example, to get the sense of an email requesting a quotation.

But it is sensible, even at the beginning, to commission a series of standard letters from a professional translation service, to be used as a template for answering such queries.

Scattergood advises companies to include translation as part of their overall process, and especially warns against leaving it to the last moment. “You need to remember that this is the main image a client gets of you in another country. If you received a misspelt, badly translated document in English, what would you think of the company trying to sell to you?

“So think about what they think of your translation. Putting effort in up front helps you sell more in the end. If your translation is professional, your company is seen as professional.”

**Surveying the professional translation scene, Lucille Redmond passes on advice about finding the right translator and going that extra mile to capture the nuances of your industry and brand.**
Finding the Right Translator

Enterprise Ireland has a list of translators, and companies seeking the service can also check the list of the Irish Translators’ and Interpreters’ Association.

Olga Gashi, co-founder of Word Perfect Translations, says that their work can involve interpreting – for courts, the Gardaí, hospital patients – or translation of a warranty, a manual, correspondence, a website, brochures, business cards, marriage or divorce certificates, diplomas.

She too cautions against machine translation, pointing out that you would not hire an amateur to design your website or do other professional work, and the same approach is sensible when sourcing translations.

A translator specialising in business work told me: “Anyone looking for a translator should check out the Irish Translators’ and Interpreters’ Association, and preferably look for a professional member.

“When making contact, it might be a good idea to ask for reference translations – though these may not deal with the particular area of interest of the company making the enquiries, because for reasons of confidentiality, there are not many translations a client will agree to have circulated as a reference translation.” (It is normal for translators to sign a confidentiality agreement.)

Before hiring a translator you should definitely seek a reference from satisfied customers, and phone and talk to these customers about the translations the company has made for them.

“..."A tip: if your text includes a lot of repetitions, you should ask potential translators if they have a CAT program, and what matrix they offer for repeat text." Computer aided translation programs can produce an analysis of text, which can cut the cost to the customer – for instance, if your text constantly uses characteristic phrases that don’t need to be re-translated every time they appear, you will not pay the full price for each re-translation.

Expressing the Nuances

Damien Scattergood tells clients that a translation must express their brand, rather than being literal or stiff. It is particularly important for companies to have their sales literature translated into the local language for markets such as China and Japan. This is seen as a measure of your professionalism and commitment to the market.

If your company is in a high-end technology sector, it is essential to employ interpreters and translators who have a good understanding of your technology. And it is sensible to have an expert fluent in both the target language and your industry proofread all translations in their final version, to make sure that the translations are both correct and consistent, because in some cases, multiple translators can be used on successive versions of a document.
Dolores Rogers is chief operations manager of Cubic Telecom, which makes and sells Maxroam SIMs for global roaming - you may have bought one on a plane or when abroad, or online. “Our website, maxroam.com, is a worldwide site, so we offer it in many different languages,” says Rogers. “Traditionally, we would have used students or colleges, but as our business has grown, that hasn’t been satisfactory.”

Translation by non-professionals did not have enough sensitivity to the message the company was giving; it was more of a direct word-for-word job, she says. “So I did some research last year, looking for translation companies that would be familiar with the travel industry and with the global roaming industry, and would understand the nature of the message.

“I sourced a Dublin company called Cipherion Translations. Mainly we use them for European languages, like French, German, Spanish, Italian and Polish. They proved to be competitive in pricing, but also very professional in their work ethic. We’re always putting them under severe pressure with deadlines, and they always deliver. We don’t have the comfort of having three weeks to change something - it’s normally three days, or less.

“They do a lot of copy-editing for us as well, proofreading our website for us to make sure it reads correctly in the different languages.”

Sean O’Sullivan is managing director of Avego, which manages transport capacity in cars, vans and buses. Avego can make you part of the public transport network, using the empty seats in your car or van, and it also works for bus companies.

Avego develops its software in Ireland, but has customers all over the world. In the US, thousands of people use Avego apps, in particular in Seattle and Houston. There are users in Bergen, Norway. And in China and across Ireland, bus companies are Avego’s clients.

Avego’s entire website is available in English and Chinese. “We do most translation with our staff - we have 10 different nationalities working in our company, so for most languages that we would translate to, we would have staff that know the languages, though occasionally we send out a couple of hundred dollars worth of work for translation and localisation.”

We are fortunate in Ireland, says O’Sullivan, that we are increasingly living in a multicultural state. “Thank God, we have Chinese staff that can work for us in Ireland. It’s very difficult to get a work visa for Chinese staff, but fortunately we do have some, and that’s helped us greatly when we have our Chinese companies coming to Ireland to visit with us.” And Avego’s name in Chinese? It translates as An Wei Gao, meaning ‘High Safe Technology’ - a sure winner.
**Travelling to meet channel partners and buyers is part of international business. But how about inviting them to Ireland to see your operations first-hand? John Cradden talked to three Irish companies that hosted visits from distributors or customers this summer and found that meetings on home turf can really help cement relationships.**

**TAKING THEM BACK TO YOUR PLACE**

A great way to know what your customers want is simply to ask them. Likewise, if you want your agent or distributor to understand your business, it’s good to show them. But leveraging opportunities to meaningfully engage with potential buyers, build relationships with existing customers or simply get a busy partner to focus on your offering can be a real challenge.

“Your customers put the dollars on your table, so don’t lose sight of them as your most powerful knowledge-asset in developing people and products,” advises Ornaigh Hoban, vice president of marketing and strategy at travel software firm Datalex. To stand out from the crowd, she says that firms should exploit the strength of Ireland’s image abroad.

“Ireland, its business community and its people represent a powerful brand, one that uniquely transcends cultural and socio-political divides. Trade shows, exhibitions and podiums may allow you to glisten and gleam, but if they don’t permit meaningful engagement, they can burn a lot of dollars for little return,” Hoban adds.

**THE THOUGHT-LEADERSHIP EVENT**

Pursuing an alternative strategy, Datalex recently hosted its fifth annual conference in June, which was attended by over 150 delegates from global airlines and agencies such as Delta, United, Travelport, Frontier, Westjet, Aer Lingus, Air China, STA Travel, Expedia and the Stella Group.

So how did the company manage to attract so many busy executives to what looks like another boring product conference? “What’s different is that we broke the mould of a traditional customer-user conference, which tends to focus on the podium, power points of the product and one-sided opinions, leaving little chance of real dialogue or debate.”

Instead, Datalex has positioned its conference as more of a forum for thought – leadership, general discussion and debates about issues facing the travel industry.

“It’s our customers’ conference and it’s their agenda,” says Hoban. “Such learning puts our employees and our products ahead of the curve and positions us as trusted peers, investing in the future of our industry and our customers’ business objectives.”

Datalex regards the conference as “the best marketing investment we make each year” she says, yet the company’s press or marketing partners are not involved in the invitation-only event.

**THE FACTORY VISIT**

Tanco Autowrap is a long-established Carlow-based agricultural manufacturer that exports to over 30 countries worldwide. The company, which makes agricultural wrapping machinery, recently hosted a large dealer group that handles sales of its products in Norway, Sweden, Finland and Denmark.

“It gives us a great opportunity to say thank you to our sales partners,” says sales director Maurice Maye. “We use the opportunity to get closer to our dealers; have a chat; find out how things are going; discuss trends, issues or any areas of concern for them; show them new products or discuss ideas. We value their comments.”

Needless to say, it’s also a good opportunity to exploit the very best of Irish hospitality. “People love coming here, even if it’s raining,” he adds. “Certainly in the Irish export sector, I think we have improved greatly in recent years in ensuring a stronger relationship with our overseas partners. I believe inward visits are encouraged more and more by Irish exporters.”

Site visits can work well for all types of manufacturing exporters, he believes. “Yes, we all have Skype and videoconference facilities which are great, but there is no substitute for having your sales partner on your premises. It’s all about building relationships for the long term and the strongest ones are built on face-to-face experiences.”

**THE TRAINING EVENT**

Some firms depend a great deal on relationships with their distributors, so finding ways to develop and strengthen those relationships can make sense on so many levels.

Trulife is a Dublin-based firm that manufactures silicone gel positioners that are placed on surgical operating tables, under the patient, to help prevent pressure sores or bed sores. The company sells to distributors, which in turn sell directly to public or private hospitals worldwide. “In essence, they are responsible for understanding the market they are in and selling to the market correctly,” says sales director Sheila Judge.

The company recently hosted a training visit for 19 companies from no fewer than 19 different countries. “The main aim was to educate our customers on our products and our company,” says Judge. “It was also great to spend more time to get to know them, while giving them the opportunity to network with each other. They are all in the same business,
but each market presents very different challenges.”

“We began by giving a tour of our facility demonstrating how our products are made – mostly by hand. We then visited the headquarters for our international business in Citywest, and had a speech from our CEO Noel Murphy.

“We chose the Guinness Storehouse as the place for our training, as it was both a symbolic and an inspiring venue. Our first day of training was from our education manager, who demonstrated how to effectively use our products and gave our customers, who are at different stages of working with Trulife, a chance to ask any questions. That evening, we brought them to Johnny Foxes, where they took photos up the mountains and enjoyed the craic and ceol.

“The next day, we concentrated on the marketing and selling process and had one of our longest-standing distributors explain how they had become so successful. We also did an in-depth training session on research and development. We then went for dinner to Rolly’s in Ballsbridge and finished off with a few pints in the Foggy Dew in Temple bar.”

**COSTS AND BENEFITS** While inward visits of this nature can be costly to facilitate, partners will often be happy to pay for a portion of the costs. “We both agreed to share the cost of the trip,” said Maurice Maye of Tanco. “They paid their airfares, and we looked after the accommodation, meals and transport to and from the airport.” The visitors to Trulife’s recent training forum also paid for their own flights.

The return on investment can, for some companies, be immediate. Maye already has tangible proof of the value of the last visit. “Before they left, we had undertakings for over €100k of new orders, which have since been shipped and invoiced.”

Meanwhile, Sheila Judge of Trulife believes that distributor training is more of a long- term investment, so any translation into sales may not be seen until the end of this year, at the earliest. The company

had previously organised training visits for its distributors every five years, but such was the positive feedback this year, Trulife is now considering doing it more regularly, possibly every three years. “It’s a win-win for everyone as they get a fresh outlook and information; we also garner good feedback and get to form closer relationships,” said Judge.

Likewise, Ornagh Hoban says Datalex’s conferences have resulted in real and tangible dividends, including better informed employees, a clearer product development roadmap, a better view of customer and market opportunities and better brand awareness and reputation. “The opportunity to sell will emerge with much greater reward if you can prove you are aligned to your customers as a trusted industry partner, engaged in their views and concerns and matching your business imperatives to theirs.”

“It’s all about building relationships for the long term, and the strongest ones are built on face-to-face experiences.”
Enterprise Ireland clients may obtain market research information from the Information Centre, free of charge, by a simple phone call or email. Alternatively, clients can visit the centre or regional offices, by appointment, to view publications such as those listed above.

The centre subscribes to a wide range of databases, including:

- Datamonitor Profiles
- Espicom
- Frost & Sullivan
- Mintel

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

**ICT/SOFTWARE**

**Global Tech Market Outlook for 2011 and 2012 - Economic and Financial TurmoilDims 2012 Prospects**

*Forrester*

September 2011

This analysis predicts that global IT market growth for 2011 will be 11.5% in US dollars, with a currency-adjusted growth rate of 7.7%. But 2012 growth will slide to 5.5% in US dollars and 6.5% in local currencies. In 2012, the IT markets of Western and Central Europe will have the slowest growth, with Eastern Europe, the Middle East, and Africa and Latin America growing the fastest.

**Attitudes On Cloud Computing: A 360-Degree View**

*Forrester*

November 2011

Knowing how each role in your organization feels about cloud computing will affect your cloud strategy, and being mindful of the attitudes they bring to your efforts could be the difference between a successful implementation and a catastrophic failure. Forrester data shows that the CFO and business leaders are the most positive on the use of this technology and are encouraging developers to leverage cloud services without I&O consent. Sourcing and vendor management pros don’t know how to deal with take-it-or-leave-it cloud service contracts, and security and risk professionals fear the unknown.

**Strategies for Delivering Multi-Play Consumer Services - Business Insights Report**

*Business Insights*

September 2011

Telecom operators today must find ways to differentiate their brand in a market where services and service providers are often indistinguishable. This report identifies the features that can be leveraged to provide product differentiation.

**The Enterprise 2.0 User Profile: 2011**

*Forrester*

October 2011

Content and collaboration professionals rolling out enterprise 2.0 strategies and technologies need to understand how social tools are currently being used before they map out their long-range plans. This report outlines who is using enterprise 2.0 technologies, how they're using them and the policies businesses need to put into place to support them.

**European Mobile Unified Communications Market: Rise of Smartphones and Tablets in the Enterprise Drives the Need for Mobile Collaboration**

*Frost & Sullivan*

November 2011

This market insight covers market trends, key benefits, risks, challenges and various solutions related to extending unified communications and collaboration to different mobile devices. It also includes a discussion of strategic options that enterprise are facing today with regards to their mobility strategy.

**Consumer Cloud Services: Applications & Opportunities**

*Analysys Mason*

August 2011

This report assesses the market potential, associated risks and communications service providers (CSPs) opportunities for ten types of consumer cloud service, and it provides case studies. The ten cloud services covered are streaming music services, cloud-based gaming, standalone video services, streaming, backup and locker services, music locker services, secondary cloud video services, cloud-based DRM, consumer web applications and remote control and home monitoring.
FOOD, RETAIL AND CONSUMER PRODUCTS

Understanding the Millennials: The Rise of Young Adult Consumers in India
Datamonitor
November 2011
This report captures key trends and patterns that are impacting the lifestyles, choices, and behaviors of Millennials in India, through key themes such as lifestyle, media, socialising, technology, the workplace, food and drink and personal care.

Multi-channel Retailing - UK
Mintel
November 2011
This report looks at how mobile digital devices are now creating new opportunities for ‘fast shopping’ – shopping on the move and social media generated shopping – which requires retailers to devise and create imaginative and relevant shopping environments, both real and virtual, for today’s technology-focused consumers.

Consumer Attitudes Towards Luxury Brands - UK
Mintel
November 2011
This report finds that the worlds of high-end fashion and fast fashion have never been so intertwined. A flurry of designer and high street collaborations has burst onto the retail scene, with shoppers jumping at the rare opportunity to get designer pizzazz at affordable prices.

MarketWatch: Personal Care
Datamonitor
November 2011
Datamonitor’s Personal Care MarketWatch provides monthly insight into the key developments in the personal care industry, including the latest news, analysis, and opinion from Europe, North America, South and Central America and Asia Pacific.

Female Personal Care Regimes in Brazil - Targetingvalue and personalized needs in a fast-growing market
Datamonitor
October 2011
Brazil is one of the fastest-growing emerging markets as far as the cosmetics and personal care industry landscape is concerned. Growth of over 30% is expected for the adult personal care market in Brazil through to 2014. Globally the country accounts for the third greatest consumption of beauty products after the US and Japan, and the second greatest consumption of male grooming products after the US.

Non-Alcoholic Beverages in China - An analysis of the Chinese non-alcoholic beverages sector, including key trends, competitive landscape and new product launches
Datamonitor
October 2011
This report provides an insight into the latest developments in the Chinese non-alcoholic beverages sector. It provides detailed analysis of new product developments by key players and related trends.

Trends In Brazil’s eCommerce Market - How Online Retail in Brazil Is Evolving Differently From Other Major Markets
Forrester
November 2011
Forrester forecasts that online retail revenues in Brazil, currently US$310 billion, will double over the next five years, with growth in Brazil’s online channel set to far outpace growth in traditional retail. Yet Brazil remains a market untapped by most global online retailers. Local players, providing heavily localised payment and delivery options, dominate the landscape.

CLEANTECH, LIFE SCIENCE, CONSTRUCTION & INDUSTRIAL

AMA Research
October 2011
Analysing the UK data centre construction sector, this report finds the current outlook for the market over the medium term is positive, with the shortage of modern and efficient data centre space experienced at present expected to drive both newbuild and replacement activity for the foreseeable future.

The Market for Minimally Invasive Medical Devices
BCC Research
June 2011
According to BCC, the global market for MIS devices and instruments was worth an estimated $13.4 billion in 2010. The market is expected to reach $14.4 billion in 2011 and $21.1 billion by 2016, a compound annual growth rate (CAGR) of 7.9% between 2011 and 2016. Cardiothoracic surgery was the largest application segment for MIS devices and equipment in 2010, representing 68% of the total market. Orthopedic surgery is the fastest growing application segment, with a CAGR of 11.2% between 2011 and 2016, followed by cardiothoracic surgery (8%) and vascular surgery (7.8%).

LED Revolution and Key Opportunities for Lighting Companies in the Global Market
Frost & Sullivan
July 2011
The rapid emergence of LED lighting is transforming the technological and competitive landscape within the lighting industry. This market insight summarises the complexity of the current situation and gives a perspective on the market outlook to support forecasting and strategic planning.

European Building Automation Systems Market
Frost & Sullivan
August 2011
The European building automation systems (BAS) market has weathered the storm of the recent recession and will grow steadily throughout the next seven years. The way forward for the BAS industry will involve installing technically more advanced systems in a manner that is economically viable and which not only optimises energy consumption, but also maximises comfort and facilitates maintenance.

Contract Pharmaceutical Manufacturing, Research and Packaging: Global Markets
BCC Research
August 2011
According to BCC, the global market for pharmaceutical contract manufacturing, research and packaging was at $196.5 billion in 2010 and will further grow to $217.9 billion in 2011. It is projected to reach $360.6 billion by 2016, increasing at a compound annual growth rate (CAGR) of 10.6%. This report provides trends for global as well as regional markets and also includes company profiles and patent analysis.

Western European Markets for Endoscopy Devices
Frost & Sullivan
August 2010
This study covers the state of the European endoscopy market, examining drivers and restraints for growth, pricing, distribution, demand and geographical trends. Following from these, market growth for regional and market segments are forecast. In addition, an in-depth analysis of the competitive situation including vendors’ market shares is included, along with detailed profiles of the key vendors in the industry.
EC launches strategy to help SMEs seize global opportunities

In its new strategy ‘Small Business, Big World - a new partnership to help SMEs seize global opportunities’, the European Commission presents steps to support small and medium sized enterprises in international markets.

The strategy recognises that SMEs face particular obstacles to tapping the global market when it comes to access to market information, locating possible customers and finding the right partners. In addition, they face more complex issues such as compliance with foreign laws, for example mandatory rules of contract law, customs rules, technical regulations and standards, managing technology transfer and protecting intellectual or industrial property rights. And in dealing with such challenges, SMEs are usually less well equipped with in-house expertise and financial or human resources than larger enterprises.

The new strategy sets out the following goals:

- Strengthening the existing supply of support services in priority markets;
- Improving the governance structure of the Enterprise Europe Network to allow better collaboration with hosting organisations and stakeholders;
- Making support schemes at EU level more consistent to raise their impact; currently there are more than 300 support programmes at national level, often focusing on one growing region only whilst in the meantime new growth regions have emerged.
- Promoting clusters and networks for SME internationalisation;
- Orchestrating pan-European collaboration in priority markets to make the most of the public funds spent;
- Creating a single virtual gateway to information for SMEs wishing to do business beyond the UE borders;
- Leveraging existing EU policies to accelerate the international growth of European SMEs.

Member States are encouraged to adopt a similar approach and work in close cooperation with the Commission in strengthening the support environment for European SMEs' international growth.

Paying Taxes 2012: The global picture

PwC has launched Paying Taxes 2012, the sixth edition of its joint annual report with the World Bank and IFC, which compares tax regimes in 183 economies worldwide from a business perspective. The study looks at corporate income tax and all the taxes and contributions a domestic medium-sized case study company must pay. It considers the full impact of all these taxes in terms of both their tax cost and their compliance burden on business. See www.pwc.com/payingtaxes.

Tackling double taxation with special tax measures for interest and royalty payments

The European Commission has adopted a Communication on Double Taxation, highlighting where the main problems lie within the EU and outlining concrete measures to address them. As an immediate first step, the Commission also adopted a simultaneous proposal to improve the Interest and Royalties Directive. This aims to reduce the instances of one Member State levying a withholding tax on a payment, while another Member State taxes the same payment.

Information on export duties and regulation is available in the ‘Export’ section of Enterprise Ireland’s website.
Changes to Canada’s Harmonized System

Amendments to the Schedule to the Customs Tariff were published in the Canada Gazette on October 12, 2011. These amendments are the result of changes made to the Harmonized System (HS) at the World Customs Organization (WCO), and are effective as of January 1, 2012. The Department of Finance Canada has created concordance tables to facilitate the implementation of these changes. See www.fin.gc.ca/fin-eng.asp

Finally… Russia’s WTO accession negotiations concluded

This November, all members of the WTO working party approved Russia’s WTO accession, bringing an end to an 18-year long process. According to the WTO, its accession represents a major step forward for Russia and its trading partners as they will benefit from Russia’s integration into the global, rules-based system of trade relations. It also creates further opportunities in the Russian market for foreign investors and exporters. Russia is the EU’s third largest trading partner after the US and China.

EU and Moldova endorse customs cooperation

A strategic framework for better customs cooperation agreed between the EU and Moldova builds on three shared priorities for the period covering 2011 to 2014: improving cooperation and risk management at borders; fighting illegal trade; and stepping up investment in customs modernisation.

WTO preliminary ruling on electronic payments - China

The WTO panel has circulated a preliminary ruling in China’s electronic payment services dispute. See www.wto.org/english/news_e/news11_e/ds413pre_30sept11_e.htm

EC finds room for improvement in online shopping experiences

A report based on the experiences of ‘Mystery shoppers’ from the EU-supported European Consumer Centres’ Network shows the results of 305 purchases in 28 countries. Delivery from abroad has turned out to be reliable overall, with 94% of orders delivered (up from 66% in 2003) and only 1% of the products found to be faulty. But shoppers had more problems when returning the goods (as part of the EU-wide cancellation rights). When shoppers returned the products under the EU ‘cooling-off’ rules, the product cost was reimbursed in 90% of cases. However, 57% of shoppers had problems getting reimbursed for the original delivery costs, as required under EU rules. Also, some traders placed illegal restrictions on returning the goods (e.g. by telling the shoppers that they had no such right).

Europe proposes more efficient cooperation on collecting excise duties

New rules on administrative cooperation in the field of excise duties, which would speed up the collection of the duties and improve Member States’ controls on the revenue, have been proposed by the Commission. The new regulation would replace the existing rules, to better reflect the introduction of the computerised Excise Movement and Control System (EMCS) in April 2010 (see IP/10/401). Currently, part of the information exchange between Member States on the movement of excise products (alcohol, tobacco and energy products) is still done manually. The draft regulation will now be discussed by the Council and the European Parliament, with a view to its quick adoption.

EU calls for support for Doha development agenda (DDA)

According to a new EU study, the economic benefits arising from the DDA negotiations in the WTO would lead to an increase of world exports by $359 billion on an annual basis. This increase is mainly realised through the liberalisation of industrial goods, agriculture and services.

Separately, the WTO Deputy Director-General Valentine Rugwabiza has warned that “to turn to protectionist trade measures in the current circumstances would be a huge mistake triggering a game of lowest common denominator where the loser will ultimately be global growth”.

However, in its latest monitoring report on “protectionism”, the European Commission found a lack of progress in the reduction of trade barriers within the group of G20 countries. The report counts no less than 424 restrictive measures to open trade since the start of the Commission’s monitoring in October 2008. In the past 12 months alone, 131 new restrictions have been introduced while only 40 have been removed.

EU to reform its trade defence instruments

The European Commission announced a review of how it supports European companies in the face of unfair competition from across the globe. This will kick-off with a consultation process with stakeholders, including producers, importers, exporters, business organisations, EU capitals and the European Parliament as well as independent experts on trade defence. The delivery of the concrete reform proposal is expected in autumn 2012.

Explanatory Notes on VAT invoicing rules

The European Commission has published Explanatory Notes on VAT invoicing rules to provide a better understanding of VAT invoicing. The details are available from http://ec.europa.eu/taxation_customs/taxation/vat/traders/invoicing_rules/index_en.htm

Tax treatment of R&D facilities across the world

Taxand has designed an essential desk top “ready reference” guide to assist executives faced with considering the tax impact of locating, expanding or closing R&D facilities across the world. The guide includes a country-by-country brief introduction to the key incentives available. See www.taxand.com/news/publications/Taxand_Global_Guide_to_R_and_D_Tax_Incentives

FTAs in focus as US moves on trade deals with Korea, Colombia and Panama

The growing importance of free trade agreements has come under the spotlight as the US Congress has approved three new trade agreements with Korea, Colombia and Panama. This follows a set of recent FTA being negotiated by the EU in Asia.

Serbia’s WTO accession moves towards end game

At the eleventh meeting of the World Trade Organisation’s Working Party on Serbia’s accession to the WTO, members supported an early accession of Serbia and welcomed its progress in the implementation of new legislation to comply with WTO rules.
The business model is a fundamental core of what will make or break a company. Lucille Redmond looks at three excellent books that put business model generation under the microscope.

Generations of children grew up playing with interlocking LEGO bricks from the time of the company’s foundation in 1949. The Danish company had found the perfect business model for its time: define the best ever toy and sell millions.

But over the years, Alexander Osterwalder and Yves Pigneur write in Business Model Generation, competition in the toy industry forced Lego to change and seek innovative paths to growth. LEGO started licensing the rights to use characters from blockbuster movies such as Star Wars, Batman and Indiana Jones.

Then in 2005, LEGO began experimenting with user-generated content, introducing its online LEGO Factory, where customers can order their own custom-designed kits; again, they switched the business model to one that suited a new age.

With this mass customisation Pigneur and Osterwalder write, the company entered ‘Long Tail’ territory – a long tail company being one that sells a large number of niche products, with each single one selling relatively infrequently.

Osterwalder, whose theories are used in multinationals such as 3M, Ericsson, Deloitte and Telenor, and Pigneur, a professor of management systems at the University of Lausanne, have set out to explain the disruptive new business models – much imitated but little understood – that are changing industries.

Their insight on the variation within industries – long-tailed companies like LEGO and other niche content providers; unbundled corporations like Swiss banks; multi-sided platforms which bring together distinct but interdependent groups of customers, like Skype or Google – are wonderfully brought to life by the book’s design, which uses graphs, pictures, handwritten and printed text, colour and form so that your eye goes zinging around the page as if on a website.

The book excitingly covers what a business model is, and readers – I almost said ‘users’ – can deploy a tool called the ‘canvas’ to construct their own model. This is used to break down the patterns within the models, and to design, then evaluate the model you have chosen.

The book is a visual treat, and for anyone running a business, or even dreaming up a business, it will spark ideas and help to refine them into the most focused model.
In his Open Services Innovation (follow-up to his best-seller Open Innovation), Henry Chesbrough, professor and executive director of the Center for Open Innovation at Berkeley’s Haas School of Business, starts out with a story about IBM.

Paul Horn, IBM’s senior vice president of research, told Chesbrough that the biggest problem today for the company’s research branch stemmed from the fact that its model had changed.

“Research activities were geared to support a company that made computer products: systems, servers, mainframes and software.” But most of IBM’s revenues now come from services, not from products.

Chesbrough’s point is that virtually all successful Western companies today are service providers. Product lifespan is shortening, and products are existing, offering undreamed-of experiences with a single device.” Millions of apps now exist, offering undreamed-of services to the phone’s users: geocaching, first aid, applications and services to attract many third-party providers. Product lifespan is shortening, and products are providing users with a wide range of experiences with a single device.

The iPhone, introduced in 2007, had a sleek design, an elegant user interface, and a novel touch screen. But this wasn’t what made it take over the market. It was the fact that the iPhone wasn’t just a mobile phone, it was a platform.

“It was a system that attracted many third-party applications and services to provide users with a wide range of experiences with a single device.” Millions of apps now exist, offering undreamed-of services to the phone’s users: geocaching, first aid, dictionaries, music identifiers.

Chesbrough advises that all entrepreneurs think of their company as a services business. Rather than concentrating on innovating new products, you should “think about your business, whether a product or a service, as providing a complete experience for your customers”.

Innovators must “co-create with customers”, like the personal finance software maker Intuit, which brings its customers in on the innovation process, he writes.

In this dense and complex book, Chesbrough uses familiar examples to explain his open services innovation concept. One is Ryanair, which “unbundled the various services they provide during a flight, such as check-in… drinks, food…”, allowing Ryanair to charge low ticket prices and get more money from its passengers for ancillary services.

Unusually, models include some from emerging economies, like Shaan’Xi of Xian, China, which is moving from making turbo compressors and blowers to offering the kind of technology development and consulting services sold by its Western competitors.

In the future, Chesbrough writes, universities are our best source of innovation research. “Since we now live in a services-based economy, it is disconcerting that universities are not focused on the vital services sector in their research. At a time when concerns about outsourcing and offshoring white-collar jobs and economic development are raising alarms, a field that could assist in understanding how to add value and jobs goes unexplored.”

In conclusion, he makes the point that globalisation, often seen as a threat because it creates more competition, also expands our market around the world: the emergence of a billion new consumers into the global market is “a genuinely exciting prospect”.

Open Services Innovation deserves to be as influential as its predecessor.

Management models provide the framework to know if your business strategy is going to work. In Key Management Models Berenschot consultants and authors Marcel Van Assen, Gerben Van den Berg and Paul Pietersma offer a guided tour to over 60 management models.
United Airlines to launch Dublin-Washington, D.C., non-stop service

The US’s administrative capital is set to get a lot closer for business travellers when United Airlines launches a daily non-stop service to its Washington, D.C. hub, Dulles International Airport, on June 8, 2012.

As the capital of the United States, Washington, D.C. is home to the federal government and is the fourth largest metropolitan economy in the US, with steady growth in the areas of education, finance and scientific research that attract businesses worldwide. Washington also provides easy access to the states of Virginia and Maryland, and United’s Washington Dulles hub offers non-stop services to more than 80 cities across the Americas.

The Washington flight, CO127/UA127, will depart Dublin daily at 11:25 a.m. and arrive at Washington/Dulles at 2:25 p.m. local time the same day. The return flight, CO126/UA126, will depart Washington/Dulles daily at 10:02 p.m. and arrive at Dublin at 9:55 a.m. the next day. The service will be operated by a Boeing 757-200 aircraft, featuring 175 seats, with 16 in BusinessFirst and 159 in economy.

Knock and Kerry get new services, but Galway loses out

Football manager Alex Ferguson kicked off Flybe’s inaugural Manchester to Knock flight this October. Flights from Ireland West Airport Knock will operate four times a week on Mondays, Wednesdays, Fridays and Sundays, with one-way fares from £29.99, including taxes.

Meanwhile, Ryanair has announced that it will open four new routes from Knock to Barcelona (Girona), Frankfurt (Hahn), Milan (Bergamo) and Paris (Beauvais) from April 2012. Kerry is also to benefit as Aer Arann Regional launched its Kerry-Dublin twice-a-day service, with return flights starting from €70, including taxes.

However, the airline has suspended its services at Galway Airport for the winter season. The affected Galway routes are the Aer Arann Regional flights to London Southend, London Luton, Manchester, Edinburgh and Waterford.

“In the months ahead Aer Arann intends to work with Galway Airport with the intention that a strategy will be put in place for the re-launch of services from Galway at the beginning of the summer season in April,” Aer Arann CEO Paul Schutz said.
FROM THE AIRPORT TO THE CITY:
Warsaw Frederic Chopin Airport is approximately 10km south of the city centre. The centre is accessed by bus and taxi; bus #175 and #188 operate between the airport and city from early morning to late (and there is also a night bus, N32). It is advised that you use taxi companies recommended by the airport authorities, as taxi drivers soliciting for business inside the terminal are known to overcharge.

SLEEP:
1st Choice: Following major restoration, Le Regina, set right on the cobbles of the Old Town, is now one of the most stylish places in the city to rest your head. Deluxe rooms boast either large balconies or private gardens. www.leregina.com

2nd Choice: InterContinental Warszawa is located directly across from the city’s Palace of Culture and Science, and is a premium example of the business/leisure hotel. It even has corporate apartments with fully equipped kitchenettes. www.intercontinental.com/warsaw

EAT:
Lunch: For close on twenty years, The Belvedere, Lazienki Park, has been one of the city’s must-visit places to dine. At least one of the recipes here (Beef Tenderloin with boletus) links back to ancient royalty. Other impressive fare on the menu includes terrine of salmon and turbot, and baked oysters. www.belvedere.com.pl

Dinner: Effortlessly the city’s most elegant restaurant (it is designed and lit particularly well), Tamka 43 (which also operates as a café and a wine bar) offers a weekly changing menu that is presided over by an intuitive, skilled team of chefs. Dishes include lobster with epice sauce, and sturgeon served with Japanese turnip. www.tamka43.pl

THREE THINGS TO DO IF YOU HAVE A FEW HOURS TO SPARE:
Culture: The Chopin Museum is open just over a year (it was inaugurated to celebrate the 200th anniversary of the composer’s birth), and is based in the Baroque Ostrogski Palace. A very fine building that is testament to the man’s genius. www.chopin.museum

Shopping: If you have a notion to buy some presents yet don’t wish to visit the usual High Street-type suspects, try an hour or two at the Bazar Na Kole, an outdoor flea market that is held just outside the city each Sunday morning from 7am. Accessed via the Kolo trams.

Art: After a short bus journey (on either the 117 or 519 from the central railway station) you’ll find yourself in Wilanow, where the Poster Museum, Wilanow Palace, houses over 30,000 Polish film and theatre posters from the past several decades. www.postermuseum.pl

This sense of fortitude permeates throughout the city, as it experiences the biggest economic boom of its history.

WARSAW
By Tony Clayton-Lea

The largest city in Poland, Warsaw is known as the ‘Phoenix City’, due to its noble recovery from extensive damage and destruction during World War 2. This sense of fortitude permeates throughout the city, as it experiences the biggest economic boom of its history. Among many other notable listings, Warsaw was ranked 8th out of 65 cities on MasterCard’s Emerging Markets Index (2008). Added to this innate work ethic (the city has the largest concentration of high-tech industries in Poland) is the fact that next year, Warsaw is host to the opening match of the UEFA Euro 2012 competition. In football as in business: bring it on!
Tech people love stories about breakthrough innovations – gadgets or technologies that emerge suddenly and take over, like the iPhone or Twitter. Indeed, there’s a whole industry of pundits, investors and websites trying feverishly to predict the Next New Big Thing. The assumption is that breakthroughs are inherently surprising, so it takes special genius to spot one coming.

But that’s not how innovation really works, if you ask Bill Buxton. A pioneer in computer graphics who is now a principal researcher at Microsoft, he thinks paradigm-busting inventions are easy to see coming because they’re already lying there, close at hand. “Anything that’s going to have an impact over the next decade – that’s going to be a billion-dollar industry – has always already been around for 10 years,” he says. Buxton calls this the ‘long nose’ theory of innovation: Big ideas poke their noses into the world very slowly, easing gradually into view.

Can this actually be true? Buxton points to exhibit A, the pinch-and-zoom gesture that Apple introduced on the iPhone. It seemed like a bolt out of the blue, but as Buxton notes, computer designer Myron Krueger pioneered the pinch gesture on his experimental Video Place system in 1983. Other engineers began experimenting with it, and companies like Wacom introduced tablets that let designers use a pen and a puck simultaneously to manipulate images onscreen. By the time the iPhone rolled around, ‘pinch’ was a robust, well-understood concept.

A more recent example is the Microsoft Kinect. Sure, the idea of controlling software just by waving your body seems wild and new. But as Buxton says, engineers have long been perfecting motion-sensing for alarm systems and for automatic doors in grocery stores. We’ve been controlling software with our bodies for years, just in a different domain.

This is why truly billion-dollar breakthrough ideas have what Buxton calls surprising obviousness. They feel at once fresh and familiar. It’s this combination that lets a new gizmo take off quickly and dominate.

The iPhone was designed by Apple engineers who had learned plenty from successes and failures in the PDA market, including, of course, their own ill-fated Newton. By the time they added those pinch gestures, they’d made the obvious freshly surprising.

If you want to spot the next thing, Buxton argues, you just need to go ‘prospecting and mining’ – looking for concepts that are already successful in one field so you can bring them to another. Buxton particularly recommends prospecting the musical world, because musicians invent gadgets and interfaces that are robust and sturdy yet creatively cool – like guitar pedals. When a team led by Buxton developed the interface for Maya, a 3-D design tool, he heavily plundered music hardware and software. “There’s normal spec, there’s military spec, and there’s rock spec,” he jokes.

OK: If it’s so easy to spy the future, what are Buxton’s predictions? He thinks tablet computers, pen-based interfaces, and omnipresent e-ink are going to dominate the next decade. Those inventions have been slowly stress-tested for 20 years now, and they’re finally ready.

Using a ‘long nose’ analysis, I have a prediction of my own. I bet electric vehicles are going to become huge – specifically, electric bicycles. Battery technology has been improving for decades, and the planet is urbanising rapidly. The nose is already poking out: Electric bikes are incredibly popular in China and becoming common in the US among takeout/delivery people, who haul them inside their shops each night to plug them in. (Pennies per charge, and no complicated rewiring of the grid necessary.) I predict a design firm will introduce the iPhone of electric bikes and whoa: It’ll seem revolutionary! But it won’t be. Evolution trumps revolution, and things happen slowly. The nose knows.
# Enterprise Ireland International Network

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## Germany, Central and Eastern Europe and the Balkans

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## The Americas

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<tr>
<td>Boston</td>
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</tbody>
</table>

## Asia-Pacific

<table>
<thead>
<tr>
<th>REGION/OFFICE</th>
<th>TELEPHONE</th>
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<th>ADDRESS</th>
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<td>Ireland House, 2-10-7 Kojimachi, Chiyoda-ku, Tokyo, 102-0083, Japan</td>
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For any other markets not mentioned, contact Market Development Dublin.

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