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INNOVATE TO GROW
GROWING EXPORTS BY MANAGING INNOVATION
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Connecting Irish innovation to UK industry at inaugural Ones to Watch event

Coinciding with President Higgins’ state visit to the UK this April, Enterprise Ireland held an inaugural Ones to Watch workshop and networking event for innovative Irish companies. Hosted by the Embassy of Ireland, London, the event was aimed at supporting high potential start-ups growth in the UK. Forty such businesses participated, joined by 60 of their key UK customers and partners, including Facebook, Telefonica, Techstars, Vodafone, Marriott Group and The British Fashion Council, as well as strategic UK experts and leading British investment institutions. The event was also attended by the Tánaiste, Eamon Gilmore, and by Enterprise Ireland CEO Julie Sinnamon.

Cool runnings for Ostia as Gartner endorsement boosts sales

Gartner doesn’t apply its coveted ‘cool vendor’ status easily, so it was something of a coup when Irish software company Ostia Solutions achieved this recognition mere months after engaging with the respected technology research and analyst firm.

It helped that Ostia’s flagship middleware, Portus, isn’t some newly minted web app but is the product of 50 person-years of development. Its name derived from the ancient Roman gateway Portus makes data from legacy systems available on a variety of devices and applications.

To do this, many companies traditionally needed integration teams which made the process expensive and time consuming. Ostia addresses both of these challenges in an agile way, using software rather than people. “We can cut integration cost by 70 per cent but we can also show results in days rather than weeks or months. It’s the speed to market that people are more interested in,” said CEO John Power.

Over the past two years, Ostia has shifted its strategy from being services-driven to being product-focused. To that end, it has been working more closely with partners such as systems integrators and vendors like Software AG, in order to remain lean while growing sales internationally. Ostia has customers in Spanish local government, as well as large banks in Germany and Norway. It is also represented in Australia, South Africa, the UK and US. The company employs 15 people and expects to grow to more than 20 in the next two years. It is also recruiting a direct sales operative for the UK market.

“Our target markets are essentially listening to people like Gartner and we believe it’s a huge boost to our business to have that level of endorsement from Gartner”

JOHN POWER CEO OSTIA
Growing numbers of VC funds create positive funding environment

With more local venture capital funding available than ever before, innovative Irish businesses have now got greater access to equity funding. That was the message from the 13th InterTradeIreland Venture Capital (VC) Conference, which took place in Belfast this May.

“There is an array of funding and equity supports available to Irish high-growth companies, particularly venture capital, seed and business angel funding,” Drew O’Sullivan, InterTradeIreland’s lead equity adviser told delegates. “Over the last 12 months alone, we have seen a number of companies raising significant funds, including AMCS Group Logentries, Movidius, Sophia Search, Swrve, Intercom, Cleverbug and, of course, one of the biggest success stories led by an Irish team, Stripe.

“What is particularly interesting to note is the growing number of local investors. Major overseas investors have also been attracted to Ireland,” he added, “including the likes of Highland Capital, DFJ Esprit, Polaris, Better Capital, Carlyle Cardinal, MML and Sofinnova...There has never been a better time for investor-ready SMEs to seek funding in Ireland.”

Cathx Ocean announces subsea engineering win with Bluefin Robotics

Kildare-based underwater technology company Cathx Ocean expects to more than double its workforce over the next 24 months with the creation of 50 additional jobs. The announcement, made during Enterprise Ireland’s trade mission to Texas, came as US-based subsea engineering manufacturer Bluefin Robotics confirmed that it is to equip its high-speed Autonomous Underwater Vehicles (AUVs) with subsea camera and laser-based imaging technology from Cathx Ocean. This is the latest in a number of recent deals secured by Cathx in Europe and the US in recent months.

Companies in the defence, commercial and scientific space depend on Bluefin’s fast-moving AUVs for the completion of crucial subsea survey and engineering tasks, such as real pipeline visual surveying at depths of up to 4,500m, where there is no room for error.

The Cathx M12 imaging system aboard the AUV extracts information in real-time from the underwater images it collects, providing critical decision-making data to the AUV, thus saving Bluefin customers time and money.

Russian airline deal for OpenJaw

One of Russia’s largest airlines, S7 Airlines, has selected Irish company OpenJaw’s complete t-Retail Platform, to enable its customers to search, discover, plan and book their entire trip as well as to shop across S7’s own and partner networks, through codeshare and negotiated prorate agreements. Air ancillaries and high margin ground ancillaries, such as hotel, car, insurance, and transfers, will also be available for cross-sell within the booking flow.

vStream brings F1 Fans to the heart of McLaren Mercedes mission control

Irish creative and technology company The vStream Group has launched an online initiative for SAP and the McLaren Mercedes Formula One Team, which it says is truly a ‘world’s first’.

The interactive video website gives motor racing fans around the world exclusive access to the nerve centre of the McLaren team. Fans can interact with the 2014 McLaren Mercedes car and gain virtual access to the race trucks and trophy cabinet as well as engaging in an interactive on-board lap with 2009 world champion Jenson Button. The vStream Group developed the site in conjunction with UK partner Right Formula, a major player in Formula 1 sponsorship activation.
Keogh’s Crisps has agreed a deal with Tesco UK, which will see the family’s hand-cooked artisan potato crisps go on sale in 255 Tesco stores throughout the UK. Keogh’s Farm currently employs 40 at its farm in Oldtown in North County Dublin. “This is a brilliant boost for us,” said MD Tom Keogh. As a small, family-owned business, this deal with Tesco UK opens a potentially massive opportunity for the business.

“Tesco Ireland has worked with us to get our brand to this stage in the UK. The deal has the potential to allow us to double our turnover in the UK quickly and opens up the chance to try additional markets in Europe where we don’t currently stock our products.”

OpenHydro to partner in Bay of Fundy next generation tidal energy project

Irish tidal technology company OpenHydro has been selected by the Nova Scotia Department of Energy in Canada for a tidal energy demonstration project at the Fundy Ocean Research Centre for Energy (FORCE) test site. OpenHydro was selected as part of a competitive process undertaken by the department in its drive to progress the development of a tidal energy industry in the Bay of Fundy.

OpenHydro will now proceed with plans for deploying fully grid-connected 4MW tidal array to be in place in 2015. The array will consist of two 16m commercial scale turbines. On successful completion, the project has the potential to be the world’s first multi-megawatt array of interconnected tidal turbines, providing energy to over 1,000 customers in Nova Scotia.
National Competitiveness Council warns of upward cost pressures

In its 2014 ‘Costs of Doing Business in Ireland’ report, the National Competitiveness Council (NCC) has pointed to the Irish economy being at a turning point, with a disimprovement in overall relative cost competitiveness and a series of upward cost pressures emerging.

While the report confirmed that Ireland’s cost base has improved across a range of metrics, it noted that the country is still a high-cost location for a number of key business inputs. The NCC’s harmonised competitiveness indicators show that labour costs are rising again, following a number of years’ decline; industrial electricity prices have increased in recent years; and an upward trend is evident across a range of business service costs.

The NCC emphasised the importance of Ireland’s international cost competitiveness remaining a key economic priority for government and cautioned that further structural change is required to ensure that costs do not escalate, eroding competitiveness gains already made.

Pocket Anatomy wins Best European Start-Up award

Pocket Anatomy, a start-up based in NUI Galway’s Business Innovation Centre, has won the ‘Boost’ Best European Start-Up competition at The Next Web Conference in Amsterdam. As part of the competition, one hundred start-ups were selected from across Europe, out of which 10 were shortlisted to pitch on stage at one of Europe’s top tech gatherings, attended by over 2,500 web, technology and business leaders.

Pocket Anatomy was selected as the overall winner by a panel of judges from WeTransfer, 500 StartUps and TNW. The win comes hot on the heels of Pocket Anatomy’s achievement on the other side of the Atlantic – being only the third European company to join the New York-based Start-Up Health Academy.

The Galway company’s 3D visual software solution has been described as the ‘Google Earth of the Human Body’, facilitating doctor-patient diagnoses communication and promoting patient and personal healthcare understanding.

Healthy growth in UK as ViClarity lands NHS deal

When a product trial is cut short because the prospective customer wants to move to a larger-scale project, it’s usually a good sign. That’s how it proved for ViClarity, the Tralee-based start-up which had been working with Southern Health NHS Trust in the UK on a pilot scheme for its compliance software.

ViClarity’s software gathers information from multiple sites and presents it in dashboard format, with a screen that is designed to draw attention to problem areas in an organisation.

Late last year, ViClarity won a tender to provide its software to 220 wards across 24 NHS Southern hospitals. The key was winning over the users – which were the hospital matrons – early in the pilot phase. “If you can get someone excited as a user and they see it can help them, you’re on a good starting point because you’ve got inside allies: it helps with the procurement side, with the IT side and the tendering side,” ViClarity managing director Ogie Sheehy said.

ViClarity created two modules in its software specifically for the NHS. The first allows matrons on their walk-around to record up to 300 criteria such as medicines control, patient care and hygiene on tablet computers. The second tool requests details from each hospital ward, including availability of beds, and the number of trained staff on duty, using it to provide a daily situational report. Hospital administrators can now see key operational information in real time.

Initially worth more than £60,000 per year, it is ViClarity’s largest deal to date, according to Sheehy. “The beauty is, because it’s a recurring revenue model, we have done the hard work during the pilot. At the end of the day, it’s one of 500 NHS trusts in the UK. We’re looking at a much bigger picture. The NHS Southern is happy to market the solution to other trusts on our behalf.”

ViClarity worked with a UK partner which specialises in the healthcare sector when it was preparing the NHS tender. The company also employs a salesperson based in the City of London, to target the UK’s financial services market.

“If you can get someone excited as a user and they see it can help them, you’re on a good starting point because you’ve got inside allies: it helps with the procurement side, with the IT side and the tendering side...”
10 emerging countries “hot on the heels of the BRICS”

After 10 years of frenetic growth, the BRICS are slowing down sharply, according to the export insurance specialists Coface. Coface is now forecasting growth for 2014 of, on average, 3.2 points lower than the average growth these countries registered over the previous decade. At the same time, other emerging countries are accelerating their development. Among them, Coface has identified a ‘top 10’, with good production prospects and sufficient financing to support expansion.

Acknowledging that there are significant differences in the business environments within the 10 economies, Coface has split them into two strands of ‘new emerging’ countries. In the first group are Colombia, Indonesia, Peru, the Philippines and Sri Lanka, which have a sound business climate (A4 or B), similar to that of the BRIC countries today.

Kenya, Tanzania, Zambia, Bangladesh and Ethiopia comprise the second group, having very difficult (C) or extremely difficult (D) business environments, which could hamper their growth prospects, Coface says.

“Naturally, it will be more difficult for the second group of countries, which could take longer to fully realise their growth potential. However, their business environment problems are relative: in 2001, the quality of governance in Brazil, China, India and Russia was comparable to that of Kenya, Tanzania, Zambia, Bangladesh and Ethiopia today,” says Julien Marcilly, Head of Country Risk at Coface.

“With growth in developed countries being structurally weaker today, the ‘new emerging’ countries may benefit less from trade towards these countries than did the BRICS in the 2000s.”

Lateral thinking pays off in UK as Trilogy expands

As a relative newcomer to the IT services market in Ireland, Trilogy Technologies made an acquisition to gain new customers quickly, so it’s not surprising the company chose a similar approach when expanding to the UK. In April, the Dublin firm announced the acquisition of b2Lateral, a provider of IT services, professional services and consulting.

Trilogy managing director Edel Creely said the London-based company hadn’t previously provided the kind of remote managed services which Trilogy currently offers, so there are opportunities to upsell these services to b2Lateral’s customer base. “That’s a great place to start in a new market,” she said.

Creely said there was a good cultural fit between the two companies, and b2Lateral’s strengths in virtualisation technology complement Trilogy’s services. “We’re bringing a new set of services to their business that they can go out and sell. It’s very important if you want to bring the team with you in acquiring a company, that it’s something everybody’s comfortable with. There was no doubt on both sides that it was the right thing to be doing,” she told The Market.

When looking at its growth strategy during 2013, Trilogy originally considered setting up a reseller channel to serve the UK. Having researched that market and commissioned a report from an expert consultant, it ultimately decided against this option. Instead, it sought a corporate broker with knowledge of the UK’s IT services sector and prepared a specific brief about the type of company it wanted to acquire.

“In our case, we’re selling to sub-1,000 user companies, so you need a number of good salespeople on the ground. That local relationship is still an important part of what you’re selling. So that’s why this route to market will work well,” said Creely.

Trilogy will use its own brand in the UK, and is developing a new strategy for the market with the help of Enterprise Ireland in London. “We’re not expecting to sell to the UK from Ireland. It will be a UK company, messaging and branding that will be relevant,” said Creely.

B2Lateral employs 20 people. At the same time, Trilogy is creating 30 new jobs and moved to new facilities in Dublin to accommodate growth of more than 250 per cent in the past four years. The company anticipates its turnover will be more than €10 million on the back of the expansion and acquisition – where it all started in 2009, following the acquisition of the technology services firm IT Focus and a merger with another, TeamDBA.
Here in the United Arab Emirates, love of horses runs in the blood of most locals just like it does back in Ireland. Thoroughbred racing begins in November, with meetings taking place throughout what is a short season. Meydan, and its iconic grandstand, is home to Dubai International Racing Carnival fixtures, including the Dubai World Cup - the world’s richest horse race, with a $10 million prize fund, and the word is that it will increase in value soon.

The Dubai World Cup, at the end of March, heralds the end of the racing season, when a large number of horses return to the UK, Ireland and South Africa for the off-season. This is the time when purchasing decisions will be made regarding the coming season. However, tender processes often extend into September before being awarded. Credit terms can vary from 90 days to anything up to 500 days.

**SHOWJUMPING**

In recent years, we have also seen a greater focus on showjumping in the UAE. Partly as a result of the Arab Spring and the situation in Syria, other Arab nations are basing their horses in the UAE, and European riders are also coming here for the FEI World Cup Shows at the start of the year.

The Dubai Show Jumping Championship (CSI-W Dubai) is considered by many as the premier show in the Middle East, featuring the region’s top showjumpers as they compete over three days for a share of the Dh750,000 in prize money. It is an ideal occasion to meet the Arabian equestrian set in a friendly environment, with a great competition.

**ENDURANCE**

The industry is also supporting the development of home-grown businesses. Several studs in the UAE breed pure Arabian horses, not only for races but also for horse beauty contests, which are popular across the Gulf-Arab region. Likewise, many of the world’s leading endurance horse racing stables are based in UAE, with satellite yards in Europe. These are essentially ‘five-star hotels’ for horses, and purchasing the best for these animals is a way of life here.

**PROSPECTS**

The Middle East, and particularly the thoroughbred racing nations of the UAE, Saudi Arabia and Qatar, are proving to be successful targets for exporters of racing and endurance related products, such as feed, supplements, bedding and saddle items.

Lack of grazing pastures and the harsh climate mean that upkeep of competition horses is even costlier than elsewhere; the average cost of keeping a sport horse in livery in Dubai for example is €1,000 per week. Hay and feed is imported from countries as far away as Canada, the USA and Australia. It can take some time to gain insight into the culture and equine market of the UAE. Business is built primarily on relationships, so you can expect a number of visits before any real business talk is done. The companies that have done well in the region are the ones who commit to the market and are out on a regular basis and being seen at the right events.

For further information, email conor.hyland@enterprise-ireland.com

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**MARION HUGHES FROM KILKENNY, RIDING HER HOME-BRED HHS HERITAGE FORTUNA IN THE GRAND PRIX AT DUBAI SHOW JUMPING CHAMPIONSHIP, 2014. THE HORSE IS OWNED IN PARTNERSHIP WITH MARION AND HH SHEIKHA MAITHA BINT MOHAMMED AL MAKTOUM, DUBAI.**
**JUNE**

**Trade Mission to Qatar and Oman**
_June 1 to 3_
Led by Minister Joe Costello, this mission will focus on the construction, engineering and education sectors.
- **V:** Doha, Qatar, and Muscat, Oman
- **E:** sean.davis@enterprise-ireland.com

**Customer Value Proposition Workshop**
_June 3_
This workshop is designed to help you differentiate your organisation by the value you provide to your targets rather than solely by the products or services you provide.
- **V:** East Point Business Park, Dublin 3
- **E:** claire.minogue@enterprise-ireland.com

**Digital Marketing Strategy Workshop**
_June 5_
This programme is designed to help you define the purpose of your digital marketing and create a digital marketing strategy for your company, underscoring your unique value proposition within the market space.
- **V:** Eastpoint Business Park, Dublin
- **E:** claire.minogue@enterprise-ireland.com

**Horizon 2020 Information Workshop**
_June 5_
Information seminar providing a detailed overview of Europe’s largest research and innovation programme.
- **V:** Athlone
- **E:** pj.oreilly@enterprise-ireland.com

**New Zealand National Field Days 2014**
_June 11 to 14_
Enterprise Ireland will host a national stand at Mystery Creek Fielddays – the largest agribusiness event in the Southern Hemisphere.
- **V:** Hamilton, New Zealand
- **E:** @enterprise-ireland.com

**ICT Market Study Visit to Poland**
_June 11 to 13_
Krakow has emerged as Poland’s leading ICT centre. This visit will feature end-user pitch opportunities, meetings with the Krakow development community, and prospective partners who can assist with wider CEE market penetration.
- **V:** Krakow
- **E:** mike.hogan@enterprise-ireland.com

**Swiss Business Mission**
_June 11 to 13_
A number of multi-sectoral receptions and events in Geneva and Basel and offer networking opportunities with customers and partners.
- **V:** Geneva and Basel
- **E:** eddie.goodwin@enterprise-ireland.com

**Pitch Network Partner Seminar**
_June 17_
Free half-day pitch-network partner seminar in preparation for Meet-the-Buyer events on supply opportunities in public sector construction projects. Attendees will learn about the art of speed pitching, partnering and consortia building aimed at national and international public sector projects.
- **V:** Crowne Plaza Hotel, Santry, Dublin 9
- **E:** orlagh.murphy@enterprise-ireland.com

**Working Capital, Cash Flow Management and Bank Engagement**
_June 17 & 18_
This topic will explore the effective management of a company’s short-term resources to sustain its ongoing activities, mobilise funds and optimise liquidity.
- **V:** Cork (June 17), Dublin (June 18)
- **E:** tom.early@enterprise-ireland.com
UK Insurance, Risk & Compliance Conference and Dinner
June 17
Conference and networking dinner for Enterprise Ireland clients providing technology and services to the UK insurance industry and their guests.
V: London
e: judi.blackmur@enterprise-ireland.com

Middle East and Turkey ICT Opportunities Seminar
June 17
Event aimed at bringing together Irish ICT companies and ICT experts from the Middle East to present and discuss business opportunities and potential collaboration.
V: Dublin
e: abdull.ali@enterprise-ireland.com

Korean Biopharma and Telecom Networks Study Visit
June 22 to 25
This study visit will feature two programmes aimed at exploring the new market opportunities and building the networks with key players in the value chains for business development. One is geared towards biopharma related CRO and plant engineering service companies; the other is aimed at those providing base-station-related disruptive technologies.
V: Seoul
e: dianne.rhee@enterprise-ireland.com

Market Study Visit to China
June 23 to 27
This mission is geared towards companies in four key sectors: financial services, ICT, clean technologies and life science. The overall mission will commence in Beijing and diverge to different locations for each sector.
V: Beijing and Shanghai
e: gary.fallon@enterprise-ireland.com

International Festival of Business 2014, Liverpool
June 24 to 26
The International Festival of Business 2014 aims to attract 250,000 business people from across the world into Liverpool. Enterprise Ireland’s UK office plans to use this festival to promote innovative Irish companies to the UK market and create connections with relevant buyers in the UK.
V: Liverpool
e: gavin.mcwhirter@enterprise-ireland.com

US Consumer Markets Peer Learning
June 24
US legal and retail experts will deliver a seminar on how to set up and do business successfully in the US.
V: East Point Business Park, Dublin 3
e: marie-claire.hoey@enterprise-ireland.com

Using the Internet to Compete in International Markets
June 26
This seminar will highlight how client companies can use the internet to market their products and services more successfully in international markets.
V: Kilkenny
e: eoin.osiochru@enterprise-ireland.com

AUGUST

US IT for Health Market
August 28
Event aimed at informing companies about trends, opportunities and best practice market-entry strategies for the US Health IT market.
V: East Point Business Park, Dublin 3
e: ronan.kelly@enterprise-ireland.com

SEPTEMBER

Software & Internationally Traded Services Trade Mission to Australia
September 1 to 5
This mission will specifically focus on the following end markets: financial services, communications software, healthcare and travel.
V: Sydney, Melbourne
e: regina.o’keefe@enterprise-ireland.com

Saudi Agriculture 2014
September 8 to 11
Saudi Arabia’s 33rd international agriculture, water and agro industry trade show.
V: Riyadh
e: daniel.cunningham@enterprise-ireland.com

Competitive Carriers Association Conference and Exhibition
September 8 to 11
An opportunity to learn about the latest trends in telecoms, cloud and mobile and to meet with tier 1, 2 and 3 carriers and related eco-system stakeholders.
V: Las Vegas
e: fergal.lomoore@enterprise-ireland.com

TechCrunch Disrupt 2014
September 8 to 16
TechCrunch Disrupt SF 2014 expo and conference, networking and pitch opportunities.
V: San Francisco
e: simone.boswell@enterprise-ireland.com

European Food Processing Platform 2014
September 10
European Food Processing Platform provides Irish companies from a range of sectors including construction and engineering with a platform to develop new relationships with senior executives from leading European food processing and beverage companies. In parallel, Enterprise Ireland will organise a site visit to a food processing facility, followed by an industry dinner in Amsterdam with key contacts from the Irish and European food processing industry.
V: Amsterdam
e: david.corcoran@enterprise-ireland.com

Canada Agritech
September 9 to 11
Market study visit to the Canadian outdoor farm show.
V: Woodstock, Ontario
e: ross.ocolmain@enterprise-ireland.com
TV3’s day-to-day operations might be a bit different from the average Irish company. But like most successful exporters, building its own intellectual property, choosing good local partners and looking at the bigger picture have been key to its recent success in international sales. John Stanley reports.

TELLEY SALES

Working from a very small home audience base, TV3 has developed over recent years to establish a presence on the international stage. In what is essentially a new business model, the company’s production arm 3 Studios has repositioned itself as a developer of international co-productions, says Andrew Byrne, Head of Development and Formats, TV3 Group.

ORIGINATING CONTENT

In a recent update of its programming plans and strategy going into 2015, the company revealed that TV3’s programming spend on originated content will exceed its spend on acquisitions for the first time in its history. This focus on originated content is a direct consequence of the opening of the TV3 Sony HD Studio last year and the company’s recognition of the potential afforded by developing formats, owning the intellectual property and entering into co-productions to share costs.

TV3 is now working with some of the biggest names in entertainment production globally, some of whom, are coming to the Ballymount campus in Dublin to produce their content.

3 Studios is still primarily focused on meeting the needs of the station’s domestic schedule, which airs 45 per cent indigenous content. But working with London-based DRG, one of the leading independent distributors of content in the world, it initially found significant success internationally with observational and documentary series like Animal A&E, its series on Temple Street Children’s Hospital and a two-part series on Phoebe Prince, an Irish girl who took her own life after moving to the US and being bullied at school there.
These successes opened eyes to the potential of co-productions with overseas-based broadcasters and independent production companies. In addition to producing factual and observational series, TV3 saw potential in working within the station’s mantra of “We entertain”, Byrne says. Developing a new studio was a natural progression, facilitating new entertainment formats.

The Big Picture

Over the past year and a half, TV3 has been asking itself, “What’s the bigger picture? How do we change the culture and increase our scope?” As a deliberate business development approach, TV3 has reached out to a variety of international partners, including independent programme makers and distributors as well as established broadcasters, in countries as far apart as Canada, Singapore, Australia and South Africa with a view to co-productions.

For example, it developed a new game show format, The Lie, in conjunction with STV. For its version, the Scottish broadcaster flew its own hosts, participants and audience into TV3’s new Sony HD Studio, helping to share the costs of setting up the format and facilities with TV3. The format has already been sold to France, and six other territories are interested in acquiring options, Byrne says.

TV3’s biggest home-produced show to date, Keith Barry: Brain Hacker, demonstrates just how important getting the right format can be. Filmed in front of an audience of 700 people on an impressive 5,000 square foot set, it took 12 months to complete between pre-production, filming and post-production. But it has been an outstanding success, sold in over 76 countries, from New Zealand and Poland to China and a number of countries in South America. TV3’s third major studio production this year was the new game show format Crossfire, a co-production with the Scandinavian Nice group.

Byrne emphasises that this does not mean that programmes are being designed for foreign audiences without regard for the domestic one. “Irish audiences are very intelligent, and our primary obligation is to meet their needs. But they are also a very good sounding board for our ideas. They are very TV savvy, perhaps because of their familiarity with the variety of TV productions and shows produced by our close neighbour, the UK.”

Changing the Business Model

He points out that TV3 has plenty of slots to fill with its own content at peak times over the weekend and during the week, giving good opportunities to make programmes with both home and export markets in mind.

“For us, this is a better business model. A nice idea and a simple format can travel right around the world,” he says, as indeed it has done. In addition to launching its first originated soap drama next year, TV3 will launch two major entertainment co-productions in 2014. Sitting
On A Fortune with UK company Zodiak RDF, and Algorithm, with Soshefeigh Media of Canada, will both be filmed in the new Sony HD Studio, as will further episodes of The Lie, co-produced by STV.

3 Studios will also double its factual and documentaries output from 50 to 100 hours in 2015, including new factual series such as Paramedics, Islander, filmed on the West Coast of Ireland, 24 Hour Shelter and Lazy Chef.

Such an approach is clearly not without risk, even if that financial risk is shared with co-producers. “For every 10 ideas you have, some won’t resonate as you might have thought, or evolve as you might have hoped. But you would certainly expect at least half of them and more like three quarters of them will be successful,” Byrne says.

Enterprise Ireland supported the establishment of 3 Studios and some of the company’s business trips to London and Singapore. On the periphery of some of the biggest TV consuming countries in the world, Singapore is a location wide open to new ideas about audiences and funding of productions, Byrne says.

“The development process is constantly in flux, developing new relationships and partnerships. EI has helped us with funding and advice.”

RESPONDING TO MARKET TRENDS
Linda Crosbie, senior development adviser in EI’s International Services Division, points out that partnering with producers in other markets has helped TV3 gain cultural insights into other audiences, what will work with them and what won’t. The company, she observes, has become a sophisticated player in the international marketplace.

Enterprise Ireland coordinates an Irish presence at the MIPTV and MIPCOM events in Cannes, which each year bring together programme makers and buyers from around the world. There, TV3’s The Lie was earmarked as a format to watch in the same breath as Ireland being touted as the next Israel for its output in new formats. In addition, TV3 received EI funding for the development of ShowPal, a new “second screen viewing companion app” designed to deliver “rich and related content and information around the show you are watching”.

This development reflects changing trends in TV viewing. Close to 60 per cent of Irish people watch TV online, with 70 per cent of tablet owners and 68 per cent of smartphone owners using their devices while watching TV.

The evolution of a new business model at TV3 does appear to be reaping a reward. David McRedmond, the company’s CEO, recently revealed that Q1 2014 was the best quarter’s trading for the group since 2008. Revenues were up five per cent, including a 60 per cent year-on-year increase in digital revenues. This followed the successful long term refinancing of TV3’s debt in 2013. Employment at TV3 now stands at 267 people, the highest it has ever been.

“For us, this is a better business model. A nice idea and a simple format can travel right around the world.”
Milan’s hosting of Expo 2015 could provide opportunities for Irish companies. Paddy Agnew reports from Italy.

ARE WE ON BOARD?

“E

oxpo 2015 is everything that we would like to see promoted. After all, we have €31 billion worth of food and wine exports … The environment, the agricultural ecosystem, the focus on technological innovation, these are all elements in our vision. We need to talk it up; we need to accelerate the physical (and mental) building sites so that Expo becomes a huge stimulus for the entire country”.

The speaker making the above comments was newly appointed Italian Prime Minister, Matteo Renzi, in his very first speech to parliament in late February, 2014. It is intriguing that in a speech in which he outlined some of the key elements in his government programme, Renzi found space to accelerate the physical (and mental) building sites so that Expo becomes a huge stimulus for the entire country”.

The overall plan, Expo 2015 has been flying well under the Italian radar. The Expo 2015 organisers themselves are the first to admit that the project has encountered problems, many of them created by the exceptionally wet Milanese winter, but they point out that the main site is now working flat out, 20 out of 24 hours per day. Entitled ‘Feeding the Planet, Energy for Life’, Expo 2015 will investigate, illustrate and analyse just about every aspect of arguably the most urgent problem facing the international community today. Given the universal theme, it is expected to be a huge draw, with some 20 million plus visitors, 30 per cent foreigners, expected over the six months.

So where is Ireland in all of this? For a variety of reasons, Ireland was late in signing up for the Expo, and it was only following then Prime Minister Enrico Letta’s visit to Dublin in early November 2013 that Ireland actually confirmed its participation. Despite being late for the party, Ireland has reportedly found a good site for its pavilion, close to one of the main entrances, thus being guaranteed a visitor catchment area of anything up to two million people. The 1.1 million square metre Expo site is itself currently being constructed in the Rho-Pero area of Milan, north-west of the city, close to the ‘red line’ underground and reasonably accessible (traffic permitting) to both Linate and Malpensa airports.

Whilst it seems less likely that Irish companies might get a slice of the construction action on the main site, it is possible that ancillary opportunities may present themselves, especially relative to the huge influx of foreign visitors. The Expo team of more than 40,000 volunteer workers may face major problems when dealing with the linguistic challenges presented by seven million tourists.

In the areas of translation and fast money conversion, two areas where Italy traditionally does badly, there could be openings for companies with the relevant knowhow. Any company that can simplify payment for goods and services, not to mention offer options during and after the Expo, might find work, especially if preparations fall badly behind schedule.

Likewise, that large number of visitors needing ancillary opportunities may present themselves, especially relative to the huge influx of foreign visitors.

For information on the tender process, see http://en.expo2015.org/transparency/competitive-tenders-and-rfp
EMPOWERED TO INNOVATE

All pictures courtesy of Design Partners
The latest EU scorecard casts Ireland as an innovation follower rather than a leader. But a new programme aims to stepup performance by building ambition and capability within indigenous industry, leading to winning new products and services for international markets. Anthony King reports.

W e’re familiar with courses, bootcamps and fully fledged MBAs to build leadership prowess among corporate top brass as well as the fine-tuning sessions and workshops to get sales teams fit, hungry and ready to close the deal. But what about a company’s ability to innovate? Who drives that? How are projects identified, prioritised and implemented? What management processes are in place to ensure all these things happen and happen systematically?

For ambitious Irish companies that want to lead the innovation charge, a new programme led by Enterprise Ireland in partnership with the Irish Management Institute (IMI) may provide the impetus.

Later this year, management teams from 50 SMEs are to be selected to take part in the first ever Innovation4Growth programme. The 50 companies, represented by three executives from the management team, will begin a journey that will take them through an innovation-boost camp and on to tailored mentoring and coaching. Fifteen companies will then be shortlisted and assigned a dedicated coach to take them on a mission with a clear objective – real-world innovations that yield new processes, services or products.

“The overarching objective of the Innovation 4Growth programme is to build a cohort of management teams within Irish companies that can deliver significant international growth through innovation,” explains Karen Hernández, a senior executive with Enterprise Ireland’s Capability and Mentoring Department. “So this is about building the capability to generate and validate new ideas that meet customer needs; supporting participants to implement a number of important innovation initiatives within their companies; and building the confidence and capability to drive and sustain an innovative organisation.”

Hernández points out that Ireland falls behind countries such as Sweden, Germany, Denmark, Finland and the UK in terms of research and innovation performance, according to the latest EU Innovation Scorecard 2013 research. “Closing the gap on Ireland’s innovation capability in comparison with recognised innovation leaders is likely to bring about substantial benefits for Irish companies and the wider economy,” she argues.

COMPETITIVE LANDSCAPE WHERE ONLY THE BEST SURVIVE

There will be two prongs to the programme, according to Julie Ryan, Head of Client Development at IMI. “The first is that we offer a highly supportive environment for companies to develop their fitness to innovate at their own pace. Second, we will develop a highly competitive landscape for ideas, and only the best will survive,” she told The Market.

For the initial 50 entrants, Enterprise Ireland will consider a range of organisations (see panel), from biosciences to cleantech to IT, and it will include companies at different stages of innovation. “The boost camp is a blend of the theory from international and Irish best practice, innovative lectures and workshops, so you get people into the room to start talking about things,” explains Cathy Winston, the Innovation4Growth programme director. “By the time they are finished, they will come off the learning curve at speed.”

In this respect, all those from the 50 companies who suit-up for the programme will be winners, Winston insists. All should experience a change of mindset about innovation and be inspired to see that this is doable, and that their companies and their employees are well capable of it. “It kicks off with a bang, with the boost camp involving the three top speakers in this space giving inspiring and engaging talks,” she says.

Evidence for the innovation-export-employment link

The European Commission’s 2010 paper on the ‘Internationalisation of European SMEs’ draws on a substantial body of research to suggest a positive link between innovation, exporting and company performance (as measured by sales turnover and job creation.) A 2011 Journal of International Business Studies paper ‘Exploring the complementarity between innovation and export for SMEs, suggests that innovation and exporting work jointly to improve company performance. SMEs that both innovate and export generate significantly greater sales growth than companies that do one or neither.

A report from NESTA ‘Measuring Business Growth: High-growth firms and their contribution to employment in the UK’ indicates that companies that innovate successfully, grow faster and, in turn, employ more people than non-innovating companies.
Those who exit the programme after this stage may need time to become more ‘innovation-ready’ before they take part in the subsequent phase on later programmes, or they may feel that they have already gained enough insight to start shaping their company’s approach to innovation and get initial projects or processes kick-started.

Meanwhile, the 15 who will take their innovation-readiness plans further will have been selected on the basis of having demonstrated the time, the team and the tenacity to drive innovation. “We will use all sorts of methods to assess them,” Ryan says.

Their prize will be the opportunity to participate in a further five modules, designed around leading thinkers and delivering best practice in terms of academic and commercial reality. They will then move into workshops to hammer away on their new material; finally they must go and apply it in their own company. “These modules work from the market back,” Winston emphasises. “You look at the market for insights and ideas, then start to filter the ideas for those that look like they’ve got merit, and then move into prototyping, then onto testing in the marketplace selection and finally implementation.”

Speakers will include Roberto Verganti, a global influencer on design thinking; Stelios Kavadias, Professor of Enterprise Studies in Innovation and Growth at Judge Business School, Cambridge University; and Julian Birkinshaw, a professor at London Business School with a key interest in organisational culture and innovation. There will also be an international visit to IMD in Switzerland. “We chose Switzerland because it’s a high-cost economy like Ireland. The Swiss believe in adding value rather than slicing costs, and that
is what we need to do in this country,” says Winston.

The 15 executive teams will be supported as they move back into their companies, because they will need to identify changes that might be required back at the ranch. “There is going to be resistance, which they are going to have to overcome to make things happen, and this is where tenacity comes in,” adds Winston. Finally, there will be an innovation showcase sponsored by Deloitte.

**OVERCOMING OBSTACLES TO INNOVATION**

The programme has been designed to overcome the fears and challenges of the companies and to inspire them by showing them the best practice from organisations that succeed. It will take up to 24 months to complete, and output for the committed companies will be two or three new products or services plus an innovation process embedded in their companies to power growth.

For company leaders considering whether this programme may be for them, Winston is keen to dispel some myths. There is a belief that innovation applies just to companies like Apple and Google. This is because they are so highly disruptive in their innovation and so leading edge, but they are just a tiny minority of the innovative organisations out there. Innovation has become a bit of a scare word, she says, but in a real context, it is about “looking into the seeds of time to see which grains will grow and which will not.”

Winston also stresses that innovation is not a luxury; it is a bare necessity. “If you are not constantly introducing new products and services, then you lose market share and decline as a company. And there is a lifecycle in business; if you are not growing, you are generally in decline.”

**Case study 1**

**Techrete puts a concrete focus on innovation**

Techrete is in the business of pre-cast concrete, but not the grey ordinary stuff. This is high-end reconstituted concrete, brick, terracotta, etched concrete and shot-blasted concrete cladding.

Techrete won a creativity award for its panels at the Athletes’ Village for the London 2012 Olympics, for example, where the company was involved in over 30 buildings with various façade designs.

Techrete is driven to innovate by clients, often leading-edge architects. “If you want to stay in the game, you’ve got to innovate and go with them. All the architects want to be different and want to have their own signature buildings,” says Techrete’s Marcus Sweeney, but the company also innovates from within. It is woven into its fabric through an internal group that comes up with new ideas, brainstorming sessions and the fact that employees are encouraged to pitch in.

The company also takes ideas from other sectors and welcomes visitors to the factories on the quid pro quo basis that they can make a return visit to their facility. A business trip is worthwhile if you return home with just one new idea, Sweeney adds. “Ideas need not come from the concrete business. For example, we installed rotating cranes in our new factory. We saw them at a British Aerospace facility, where they were using them to move aircraft parts for the new Airbus” he explains.

That said, his biggest piece of advice is for companies to listen to their own people. “If you do what your own people think is worthwhile, you will go a long way.” Secondly, he advises on not being too narrow in your focus. “Inevitably some initiatives will die away and won’t bear fruit, but people can become demotivated if everything just grinds to a halt,” he warns. His third piece of advice is that you need to dedicate people to driving the process. “Don’t think that that person who has a normal day job will do this as well,” he says. “They will provide the idea, but they won’t execute it.”
She believes that Ireland has unfortunately become internally focused as a nation and that there has been a huge focus on operational excellence in business, which has sidelined the long-term view. Another issue right now, she says, is the fact that 48 per cent of boards are made up of financial controllers or accountants, and that can overload the room with risk-averse voices. “Financial controllers don’t like taking risks and spending money on big projects that they don’t have a guaranteed return on,” she explains. “Yet with innovation there are no guarantees. You just set everything up to maximise the opportunity for a return.” In Germany, boards have many more engineers, who tend to be on the lookout for new opportunities and new problems to solve. “We are trying to bring that line of thinking into play.”

Compounding the problem, many established companies will resist change when they get to a certain size. They put all their ducks in a row, set up management information systems and become locked down. This makes it hard for them to embrace new ideas or new projects. It is something Winston has encountered many times over the 15 years she has worked to help foster innovation in companies. “I can honestly say that the most difficult thing to do in a company is to try to be an agent of change,” she says. Consequently, the Innovation4Growth programme will provide participants with skills and know-how to drive new thinking in their organisation.

**THE REQUIREMENTS OF AN INNOVATIVE ORGANISATION**

One of the focuses of the programme will be about listening to the marketplace. “Eighty per cent of the companies that have been innovative and introduced three to four products in the last few years have done so in collaboration with customers. Design Partners is an Irish product design consultancy with a long track record in creating consumer, lifestyle and medical products. From studios in Ireland, San Francisco and Eindhoven, the team has worked with a whole host of organisations from start-ups seeking to build a brand around a new idea to global corporations such as Logitech and Medtronic. One of the company’s recent projects was the design of the Calor mini-BBQ.

“We find that coming at the problem from a different perspective is one of the ways we can create innovation. This is about looking at the problem holistically – at the whole rather than the component parts,” explains medical design director Eugene Canavan.

Canavan has been with Design Partners for over 15 years and is a tutor at the Centre for Medical Device Design at the National College for Art and Design in Dublin. “When you are dealing with complex products that have high design requirements, user-interface content, mechanical content and human content, then you need to look at all those things and keep all of those balls in the air,” he told The Market.

“That needs to be established at the beginning, and it needs to be used as a filter throughout the process,” he adds, warning that as product development proceeds, companies can lose sight of what they are trying to achieve. “I would say that it is often the human aspect of things that get rationalised out.” Technology for technology’s sake can be a common pitfall.

Rather than pouring over questionnaires or marketing data, he recommends that design teams should go out and meet the end users in their environment. “With a medical device, you can put it into the hands of the clinician or patient and talk it through with them. Site visits can be quite revealing,” he adds. “Sometimes nursing or medical staff have hotwired or hacked or kludged things together to come up with a solution to a problem. Spotting and understanding that can create opportunities to innovate.”
or suppliers. So it is about digging deeper with the people they were closer to – in other words, market-backed thinking,” Winston says.

Another factor in success is having a CEO or managing director who is willing to look into the future and get involved in new services and new markets. “Companies that have CEOs who see themselves as leaders – people who are asking: What next? And what if? – are at an advantage,” Winston notes. “We have had such challenging times, and [before that] such boom times, that CEOs have often ended up doing more managing than leading.”

Winston’s third recommendation is for companies to adopt a systematic approach. In one US study, 75 per cent of the responding companies admitting to being not very good at innovation. Noteworthy, however, was that the other 25 per cent (the self-proclaimed innovative ones) had a process in place. “In the same way that an audit of accounts is a process, so an auditor comes in and goes through accounts and gets information out the other end, the same is true of innovation,” she explains. “It starts with intelligence and insights gathered from employees and the marketplace, and then those ideas are put into a process to see if they represent an opportunity in the market.”

To become more innovative, you don’t have to throw the baby out with the bathwater, however. “There is a fear that you have to change direction so much that all your resources and emphasis shifts into the whole company becoming innovative, and everybody has to be innovative and agile and flexible. Well that is just not possible,” Winston says. What is really required is to start up some promising projects while the current business continues to run as normal, earning the bread and butter and dealing with the here and now.

**To register interest or find out more**

The Innovation4Growth Programme is open to established Enterprise Ireland clients that have an existing growth plan where they have identified innovation as a means for further growth in international markets.

It is geared towards management teams, so companies must have a management team that can devote time and effort into contributing fully to the programme, i.e. by attending the workshops, and business coaching sessions in-company and driving the innovation projects through the business. It is expected that the participants will comprise three members of the management team and most likely the CEO. Moreover, it is envisaged that the companies will have embarked on innovation in their company and have a level of management practices to support an innovation culture and process, or at a minimum the intent to develop such practices, processes and culture and an understanding of the organisational commitment to this.

Interested participants may contact Karen Hernández at 01-7272577 to discuss the programme in more detail or express interest by emailing innovation4growth@enterprise-ireland.com.
Absence of Customer or Market Focus – ‘Inside-Out’ rather than ‘Outside-In’

Conversations with customers are driven by the CEO/founder or the sales team and there is inconsistent feedback to the product development team. There is little understanding across the organisation of the target or addressable market, with ad-hoc capture of competitor, customer or market data and no formal links between marketing and product development. There is no mechanism in place to support proactive engagement with customers, and the company is struggling to create products that customers want.

Lack of Leadership Alignment to Drive Strategic Objectives

The established leadership team, responsible for core operational functions such as engineering, marketing, finance and sales, are operating in silos with little cross-functional interaction. There is little or no cohesion on how these functions will drive corporate strategic objectives or prioritise product strategic direction.

Lack of Focus – Unclear Product Direction

The company’s product strategic direction is driven solely from the personal hunches of the CEO, CTO, sales or other leadership team members. There is little or no customer validation or link to corporate strategic objectives. The ‘Highest Paid Person in the Organisation’ (HIPPO) has a huge influence on how individuals prioritise their work, and, in a culture of the priority du jour, there can be a large element of confusion and an unhealthy lack of focus. Requirements change continually, business priorities are not articulated clearly and the product direction is not aligned across functions. Engineering usually calls the shots and drops or changes features with little or no consultation with key stakeholders. Requirements are often not understood during development so are regularly re-scoped to suit tight deadlines with little understanding of market or customer impact. Resources move frequently between projects and there is a developing culture of ‘fire fighting’ or ‘organised chaos’. Engineers are creating and testing code, but, if asked to link back to a clear business case, they are struggling.

A Tactical Rather Than a Strategic Approach

In order to win business, the company tends to approach each customer engagement as a bespoke deployment, with solutions tailored to the customer’s exact needs. There is a lack of cohesion between customer releases with a large ‘services’ component for each deployment. Code has become difficult to manage across customer sites, and the development team is struggling to manage an increasing number of customer quality issues with a knock-on impact on release dates. Engineering priorities are predominantly driven from sales opportunities, with little focus on the strategic direction.

Ad-Hoc Product Positioning

There is a lack of understanding of the value proposition for each core product. Engineering positions the product from a technical standpoint and fails to understand or demonstrate how the product relates to a customer need or problem that can be addressed. Marketing battles to understand the technical complexities of the product, and, with a lack of a defined value proposition, the company struggles to position the product to its own sales team and ultimately to the market.

Unclear View of Product Commercial Performance

Development resources are assigned arbitrarily with little focus on return on investment. It is difficult to ascertain the cost to develop any product release or to link these releases to a value proposition or product strategy. Marketing promotions do not associate upcoming releases with value to the customer. Win/loss analysis does not exist or is ad hoc at best – data are not fed back to the product development team. Product pricing is arbitrary and unclear. There is no mechanism to associate product releases with clear revenue targets. Pricing hugely across customers due to the bespoke nature of the deployments.

Too Many Projects and Too Few Resources

The company has no gating process to prioritise project investment based on ROI.

Leadership rarely says no to new projects, and resources scurry between projects with little focus on the endgame or corporate strategic objectives.

No Innovation/ Ideation Strategy

The company has no clear process for capturing new ideas, prioritising these ideas or bringing them through a gating process. There are lots of potential ideas within the core team, but there is nobody to catch these and prioritise investment. There is no culture of innovation.

Unconscious Decision-Making

Product decisions are made in the absence of any supporting commercial or market data. The company is moving so fast that no one sees it is in a cul-de-sac.

Lack of Competitive Differentiation

Customers are finding it difficult to find compelling reasons to select the company’s products. The company has not focused on identifying unique selling points for the products or solutions and is therefore struggling to position itself competitively.

These indicators can manifest themselves to varying degrees in companies, depending on their stage of growth. They are a useful litmus test for the need to adopt a product management discipline.
Whether consciously or not, most companies adopt some aspects of a product management discipline from their inception. The founders often perform the product management role – defining product strategy, setting revenue targets, meeting customers, capturing requirements, supporting marketing initiatives and managing investment priorities. However, as the company grows, it becomes more difficult to cover all bases, and the essential parts of a true product management discipline need to be part of a more structured function within the company. So what are the top 10 indicators that your company needs to reposition to adopt a product management discipline?

**10 WAYS TO KNOW YOU MAY NOT BE ON TOP OF PRODUCT MANAGEMENT**

Siobhan Maughan, founder of IntegratedThinking, identifies 10 top indicators that your company may need a product management discipline.

Help Developing a Product Management Discipline

Enterprise Ireland recognises the importance of product management in growing and scaling software companies, says Jim Cuddy, head of Enterprise Software Solutions at Enterprise Ireland. “Almost without exception, the most successful software companies that Ireland has produced in recent years have an effective product management process,” he told The Market. Supports for companies introducing product management ranges from consultancy to short-term training to full postgraduate diplomas and masters qualifications. Enterprise Ireland’s ‘Lean for Software’ initiative supports a number of good practices in software companies, including product management. See the ‘Productivity’ section of Enterprise Ireland’s website (http://tinyurl.com/keahd8g). In addition, Skillnets provides in-company training (regionally) in product management (email info@isa-skillnet.com), while DIT provides postgraduate courses (see http://tinyurl.com/m6zywf4).
When Enterprise Ireland’s ‘Software & Internationally Traded Services’ trade mission lands in Australia this September, they will discover a nation relatively unscathed by the world financial crisis. The country recently recorded its twenty-third consecutive year of economic growth, and it’s the twelfth largest global economy with the fifth highest per capita income. It’s also the third largest market for Enterprise Ireland software companies, behind the USA and UK.

A common language and similar culture provide superficial inroads into doing business in Australia, but it’s more than that according to Regina O’Keeffe, software and services adviser for EI in the region. “The economic relationship between Ireland and Australia is stronger now than at any time in our history with two-way trade of more than $2.8b per annum and an active Irish diaspora network,” she says. “Enterprise Ireland software clients continue to find a receptive market in Australia, successfully evidenced by the growth in their exports by 19 per cent from 2011-12 to a level of €190m.”

To dig deeper into the opportunities down under, we talked to sector-specific business people about the tech trends and cultural challenges that await Irish firms with an eye on the continent.
Insider view: Andrew Hyland, group head of programmes with QBE Insurance Group, a global company that specialises in general insurance.

Sector trends: “An exceptionally slow-moving industry, dominated by a few large players, that takes a long time to change,” is how Hyland characterises the Australian insurance sector. He said its future will be influenced by three factors: new technology, innovation and generational change. All three combined have shaken the established way of doing things with younger customers using the power of web engines to become much more discerning customers, searching out the best policies for their needs.

Hot technologies: A more competitive market means any solution that reduces risk is welcome, which is why there is a lot of interest in IP connected devices – the ‘internet of things’ – that facilitate remote monitoring. On-premise security systems are one application; another is in vehicles. “We have companies that will put a black box in cars to monitor drivers. This helps under 25-year-olds reduce their premiums.” He also sees opportunities for solutions that help reduce the regulatory burden and unlock value in the mountains of data that insurance companies collect. “Big data and customer analytics are in demand because they can help reduce risk and lower the price of insurance products, making companies more competitive,” he says.

Cultural challenges: “Doing business is more formal than it is in Ireland, particularly if you are working with the big Australian corporates,” he warns. There is a long sales process to get through the door, and when you do, don’t expect an immediate decision. Everything is consensus driven, according to Hyland. “They like it to go to the next person or a committee before they make a decision. You can’t tell people what to do in Australia. You have to ask them – it’s very egalitarian.”

Finally, do your research. “Get to know the nuances of the market here, the different regulatory requirements. We see a lot of Irish companies coming and getting meetings, but they tend to be a bit opportunistic. They need to be more structured and understand the business problems they are trying to solve.”

Enterprise Ireland is coordinating a Software and Internationally Traded Services trade mission to Australia, which is expected to be led by the Minister for Jobs, Enterprise and Innovation, Richard Bruton TD and Enterprise Ireland CEO, Julie Sinnamon.

Focusing on software for financial services, telecoms, healthcare and travel, the trade mission will run from 1 to 5 September, 2014, taking in Melbourne and Sydney.

There will be strategic sector-specific group events held during the week, providing clients with an opportunity to network with potential business contacts/partners while also allowing them to invite their own Australia-based business partners or customers.

There will also be PR opportunities for Enterprise Ireland clients who have significant announcements to make over the course of the trade mission.

For further information, contact Regina O’Keeffe at: E: regina.okeeffe@enterprise-ireland.com T: +61 2 9273 8515.
Insider view: Dermot McCann is managing director of Kaseya in Australia and New Zealand, a global IT management software and services company that thrives at the coalface of technological change.

Sector trends: In the last six months, 60 per cent of Kaseya’s new business has been delivered by its cloud platform, reflecting a major paradigm shift in the IT industry, according to McCann. “Initially, there were lots of reasons touted as to why the cloud wouldn’t work but the business argument is winning because it’s the most efficient way to consume IT,” he says.

Hot technologies: IT management in the cloud and increased automation are driving Kaseya’s business at the moment, particularly system management tools that free up IT staff to work on other projects. “We’re embracing the whole idea because labour is expensive in Australia. Companies need to automate repetitive and mundane tasks.”

IT Services

Mobility is becoming big for businesses with the Bring Your Own device culture gaining traction with Australian firms. McCann lumps it all together as “the consumerisation of IT”, a process of technological simplification that puts end users in control of the technology rather than the other way around.

Other areas rife for new technologies include livestock management and electronic metering. “The public sector is looking for greater efficiency and innovative solutions across the board,” he says. The good news is that the procurement process has been simplified in recent years, and there are opportunities for new suppliers.

Cultural challenges: He urges would-be tech companies to be cognisant of how to do business in Australia and not to come expecting an easy inroad into China. “A lot of companies come here and see it as a stepping stone but proximity doesn’t lead to success. To trade in China, you have to be in China, not Australia.”

Insider view: Marie Holmes is a seasoned telecoms executive who started out in Ireland and now provides consulting services in Australia

Sector trends: Like Ireland, rolling broadband out to the regions is a big challenge in Australia. According to Holmes, successive governments have blown hot and cold on enthusiasm for the state-funded National Broadband Network. “There is recognition that strong underlying infrastructure is critical for things like e-health, but cost is an issue,” she says.

Hot technologies: Data analytics, small cell technology and LTE are all high on the agenda. “Telcos are sitting on rich client information and are at the early stages of trying to monetise it,” says Holmes. They also need to address mobile network congestion, which is why small cell technology is another big focus.

Telecoms

Though it’s still early days, Holmes also anticipates opportunities centred on the ‘internet of things’, the concept of connected homes and vehicles, not just traditional communication devices.

Cultural challenges: “There have been a number of Irish success stories here in the past, like ChangingWorlds, Opennet and NewBay, but Australia is a long way away and it’s not the kind of market I’d recommend starting up with,” she says.

While it’s English-speaking and familiar, there are practical challenges, like time zones and the sheer size of the continent. For those prepared to take it on, Holmes recommends a presence on the ground “because people do business with people”, though not necessarily a permanent office and infrastructure. “It will require time, money and investment,” she warns.
Insider view: Julien O’Connell is chairman of Mercy Health, a 6,000 strong Catholic organisation that runs acute hospitals, residential care facilities and home care services.

Sector trends: Like most developed countries, Australia is struggling to cope with an ageing population. The increasing demand for services threatens to outstrip the ability of the state to supply them, prompting healthcare organisations like Mercy to rethink the way services are provided. “It’s about delivering care to where the person most wants it to occur,” says O’Connell, “home care instead of residential.”

Hot technologies: There is a growing opportunity for e-health solutions that support the concept of clinical care in the home. Mobile technologies, remote diagnostics and handheld patient records are hot areas; tracking devices are also in demand. O’Connell warns, however, that cost constraints may hinder adoption. “The Australian healthcare sector has a proven track record of looking for the best solutions irrespective of where they are developed. The issue is upfront costs versus perceived benefits.”

Cultural challenges: Having worked with a number of Irish businesses, O’Connell observes that the successful ones have taken time to understand niche opportunities rather than simply push a product. He warns that healthcare providers are batting away technology companies all the time, so be prepared.

“Good ideas might not fit current IT models, and you have to remember that a huge amount of money has been wasted on technology where expectations have just not been met,” he says. “You need to have a presence here and understand the place,” he adds, recalling the visiting Irish businessman who planned to cover a couple of cities by car in the same day. A drive he thought he could do in a few hours would have actually taken him four days.

Insider view: Brendan Connelly is a partner at BearingPoint Pty, a consultancy recently acquired by Chinese firm Pactera.

Sector trends: There is a shift away from premium consultancies to niche service providers, according to Connelly. Responding to dramatic cuts in IT budgets there’s also a shift to innovative commercial models based around shared risk rather than fixed prices.

Hot technologies: The adoption of subscription-based services, including cloud software and business process outsourcing, are the prevailing trends that Connelly sees. “Because of the hype, a lot of clients think the cloud will save millions, and they are shocked when they realise it’s not always guaranteed,” he says.

Cultural challenges: There are a lot of key Irish people in senior positions in Australia, providing a real opportunity to network and bridge any cultural divide. When it comes to products and services, aim high. “Look at differentiated IP in software and services. Understand the move to service business models and try and be part of it,” he said.

Connelly shares Dermot McCann’s view that Australia isn’t a natural stepping stone to China but knows from personal experience that it works well as a gateway to Singapore, Malaysia, Korea and Japan.

SOFTWARE MARKETS: AUSTRALIA
Healthcare

Business Consultancy
Mexico aims to speed growth in its economy with a series of far-reaching reforms – making it the right time for Irish companies to take a closer look, writes Gordon Smith.
Irish businesspeople heading down Mexico way to start in a new market are actually blazing a trail that’s much older than they might realise. In the 1840s, Irish emigrants made their way south from the United States and fought in the battalion of San Patricio and are now feted as heroes in Mexican history.

More recently, Irish involvement in Mexico’s aviation sector dates back to the late 1980s, according to Declan Ryan, founder and managing partner of Irelandia Aviation. The low-fares airline developer holds a 49 per cent stake in the Mexican low-cost carrier VivaAerobus and is actively looking at expansion opportunities. Well-known Irish names such as Smurfit and Kerry Group have also been established in Mexico for some time.

Ryan believes there is a natural affinity between the two countries. “I think the cultures are very alike, for many reasons: socially, we and the Mexicans are very close, through family and religion. With regard to business, the Mexican culture wouldn’t be as ‘American’ as ours; it’s a little more conservative and polite, but I think we could learn from that.”

“IT THINK THE CULTURES ARE VERY ALIKE, FOR MANY REASONS: SOCIALLY, WE AND THE MEXICANS ARE VERY CLOSE, THROUGH FAMILY AND RELIGION. WITH REGARD TO BUSINESS, THE MEXICAN CULTURE WOULDN’T BE AS ‘AMERICAN’ AS OURS; IT’S A LITTLE MORE CONSERVATIVE AND POLITE, BUT I THINK WE COULD LEARN FROM THAT.”

There is a natural openness to doing business in Mexico, as evidenced by 45 free trade agreements it has with other countries. Irish companies that spoke to The Market for this article (see panels) also say this progressive outlook is reflected in their own dealings.

Activity among Irish companies in Mexico has been steadily rising again over the past two years, says Gloria Garcia of BMT Consulting, Enterprise Ireland’s local representative in the market. What’s more, the reform agenda being pursued by the government of President Enrique Peña Nieto, allied to improved safety in the country, has enhanced the positive perception of Mexico and boosted confidence among external investors.

“It’s an open, stable economy, it’s growing and becoming more globalised,” says Garcia. “It’s a market of more than 110 million people where we have different social classes from low to middle and high income. The latter are growing, so we have a potential market that is comparable to industrialised markets of around 40 million people with purchasing power, who want European products and want European standards of technology.”

Goldman Sachs, which coined the BRICS acronym for high-growth emerging markets, has anointed Mexico among a new tier of ‘MIST’ markets. It has forecast that the Latin American state will be the fifth largest economy in the world by 2050.

All roads lead to Mexico for auto parts supplier

With Mexico an increasingly important manufacturing location for US car makers and sub-suppliers, Kilkenny firm Thomas Butler Engineering (TBE) found itself looking more closely at the market. The company develops high-end machines which build car parts such as lock mechanisms, seats, critical springs and brake components. After redeveloping its equipment with new technology, TBE won a global tender with auto industry provider Peterson Spring’s plant in Querétaro, 215km north of Mexico City.

Managing director Thomas Butler has seen first-hand the staggering expansion of industry in the area. “We brought the latest technology that we make, they picked it up and they made good use of it. They actually outperformed our North American customers. I think Mexico really is a very good example of a place that’s going forward,” he says.

TBE has already supplied three units into Mexico, with a fourth scheduled for June, each worth close to €250,000. “We are making high-end technology, which they can’t get in the market. The cost is not as much of an issue, so they’re biting that bullet and paying that price,” says Butler. He acknowledges that price is likely to become more of a factor as the market matures.

The company has international agreements with its key component suppliers, which take care of after-sales service. Butler says this is an important consideration in Mexico. Next on the list will be to recruit a Spanish- and English-speaking engineering expert who sells machinery similar to TBE’s and who can act as the company’s local agent.

Butler, who himself speaks Spanish, also plans to spend more time in the market this summer to research it further. “Right now, I’m doing the business development myself from here, but I’m actively looking at getting a sales resource on the ground. Eventually it could lead to about 20 per cent of our business. It’s still a young market as far as we’re concerned. We want to learn a lot more. There’s a lot of potential for us there.”
Transport boom boosts CarTrawler’s outlook on Mexico

Mexico ticks most boxes for CarTrawler as it looks to increase its foothold in a growing market. The company provides a car rental booking engine for the websites of airlines, hotels and travel providers and has already signed some local carriers in a country that has more than 200 airports. “There were probably well over 100 million passengers going through Mexican airports during 2013. The other great thing that’s happening in the Mexican market – which is a wave we are riding – is that the low-cost carriers have really taken off. The middle class is growing in Mexico and that’s reflected in the growth in travel and transportation,” says Michael Cunningham, chief commercial officer with the Dublin firm.

It helped that some of CarTrawler’s team were already familiar with Mexico, having dealt with some of its airlines in the past. “Mexico is a great country to do business in – there are no barriers that we came across, no legal or commercial issues,” says Cunningham, adding this is unlike other countries in Latin America which can be more protectionist and, consequently, harder to crack.

While the sales process in Mexico can be slower than in Europe, the key to making the breakthrough is in taking a considerate approach. Personal relationships are important, and a regular presence in the market is critical. “You don’t go there with the attitude that ‘this is a third world country and we’ll show them how it’s done’: that won’t work there. You need to be respectful,” he says.

CarTrawler’s business model doesn’t require salespeople to be based on the ground; it prefers to have a business development team specialising in the global airline sector. Another group in the company’s Boston office handles some day-to-day customer service issues with Mexican customers.

Cunningham describes CarTrawler’s Mexican business as “beyond the exploratory stage. We have the reference customers, we have the content to sell, so it’s about getting around to penetrating the market fully. We would hope to be, with a bit of luck, signing at least one other airline. We would hope to double our business in Mexico within 12 months. It should be a top 10 or 12 market for us – that would be in our three-year projection.”

In early May, a Mexico–Dublin business conference was held to highlight opportunities for Ireland and Mexico to work together. Ireland’s ambassador to Mexico Sonja Hyland pointed out that the “ambitious and far-reaching reform agenda” of the Peña government ranges from energy, education and telecoms to tax and financial services. “You see and feel an incredibly dynamic and innovative economy and a warm and welcoming society,” she said.

In his address, Mexico’s Minister of Economy, Ildefonso Guajardo Villarreal, forecast strong growth in the coming years. “For the Mexican economy to create enough jobs for the Mexican people, we have to grow at 5 to 6 per cent per year,” he said. Noting that Ireland’s business landscape is populated largely by SMEs, Villarreal said the government’s reforms are intended to allow growth among small and medium-sized Mexican firms and not just the large global players.

He noted that the last 12 months have seen seven constitutional reforms and additional changes to regulatory frameworks, designed to encourage further investment and entrepreneurial activity in a range of sectors. For example, Mexico receives foreign direct investment to the order of US$20 billion per year, and the country has established strong clusters in automotive, aviation and electronics, Villarreal said. He gave the example of Nissan, which has had a presence in Mexico for 30 years but now plans to increase production from 100,000 cars to almost 1 million by 2015. “They trust our free trade policies will be there for a while, and they believe Mexico is a good platform from which to sell to other markets … We are the best gateway to sell goods in Latin America and North America.”

As this article went to press, the federal government unveiled a National Infrastructure Programme that includes investment of up to 4 trillion pesos (€227 billion) in a massive overhaul of roads, railways, ports and telecoms. Some commentators believe this plan alone could add between 1 and 1.5 per cent to GDP growth in the coming years.

Conor Fahy, regional manager for Latin America with Enterprise Ireland, believes the timing is perfect for Irish firms to start looking more closely at opportunities in Mexico. “A lot of companies are learning about how these changes will impact. It’s a big market, it’s complex and it takes time to understand it. It’s the right time to start discovering opportunities and engaging with them,” he says.

Regular trips are a key part of this, as personal relationships are a key part of Mexican business culture. Philip Nolan, GM for sales and services with Openet, points out that he visits the market on average every six weeks. The telecoms billing provider signed a deal with America Movil late last year, and Nolan is optimistic of further sales in the market.

Fahy suggests that early-stage research and business development can be done relatively cheaply by using a North American office as a base of operations. Galway-based medical device maker Aerogen has taken this approach, working from its Chicago office. “Most of Mexico is either an hour ahead or behind where we are, but you’ve got the majority of the working day to deal with the principals that you’re dealing with,” says Stephen Lacke, the company’s general manager for the Americas.
Aerogen has an OEM agreement to add its nebuliser technology to an existing manufacturer’s ventilator product and is also working with an in-market distributor to file for regulatory approval in Mexico. “Once we get the regulatory pathway, we will have a feel for how important Mexico will be for us. It’s not in our top five markets right now, but based on the size of the population and 40 per cent of the country with some type of popular insurance, that would at least give the indication that there are healthcare dollars available,” comments Lacke. “We don’t have a sense of how broad acceptance will be, but we’re going to put some energy into determining that over the course of next year.”

Aerogen has been able to pursue a twin-track route to market, and Garcia says the key for Irish companies to be successful in the Mexican market is to be similarly flexible. That may mean adjusting their usual sales channel for a new market and either working with a partner or selling directly as the sector requires.

Garcia advises working with more than one representative in Mexico – keeping in mind that an agent may be representing many other brands and an Irish company that doesn’t manage the relationship is unlikely to see many sales for their efforts. “You should aim for organised and well managed competition. These agents shouldn’t compete in the same territories but they should know they don’t have exclusivity so they know that if they don’t deliver, you won’t continue to do business with them.”

**TIPS FOR DOING BUSINESS IN MEXICO**

A similar outlook on life means that Mexicans and Irish are well matched in business; there’s room for humour in the discussion and the signing of a contract is cause for celebration in the form of a meal and drinks. But as with any international market, it’s worth knowing some of the nuances of the culture to improve your chances of success.

- You won’t find customers, agents or suppliers online or via phone calls: doing business in Mexico has to be in person, and relationships are very important
- Invest in at least one or two trips per year to visit your clients or build on your connections in Mexico through networking events or conferences
- Book meetings no more than 6–8 weeks in advance of travelling (not before, which other foreign businesspeople often try to do). Bear in mind that you’re unlikely to get an exact time and date for a given meeting until a week before your trip
- When you visit, it’s good practice to bring a small gift from Ireland – Mexicans appreciate presents as a token of goodwill. You should also budget for inviting your clients to lunch.

**Early start Mex the difference for Combilift**

Good business is where you find it – or sometimes where it finds you. Material handling specialist Combilift was just two years in existence when it was approached by Mexican distributor Cargotec who knew Combilift founder Martin McVicar from a previous company. McVicar admits Mexico was not even on the company’s radar back in 2000. “It was an easy way to get some additional business without us having to make additional investment,” he recalls.

Combilift’s early wins in Mexico were around the Monterrey industrial segment, where many US companies have manufacturing hubs. “Probably because of that, we found quite a lot of the decision makers there speak very good English, which meant it was easy for me or some of my people to meet with them. And because many of the companies have some influence from the US, they were very open to new concept products,” notes McVicar. “One of the things that definitely I admire about the Mexican companies is they want to operate competitive businesses, make them as profitable and as competitive as possible, and because that’s their main focus, there are great opportunities for innovative products that bring them value.”

That open culture has led to sales growth for Combilift, which is keen to seize further opportunities. To that end, last year it hired a Spanish speaker based in Panama to develop the Mexican market by expanding into the steel industry and oil and gas sector. “In the next 12 months, we’re definitely expecting a 50 per cent growth in sales in Mexico, and that’s as a result of doing more local trade shows and having our own person spending 25 per cent of his time in Mexico,” says McVicar.

With many other international markets now established for the company, McVicar has since had time to rethink his export strategy. “Our best route to a new market is to visit some potential customers and get a feel for how they would like to see that product being supported, for them to do business with us. We talk to the end users and then sign the distributor afterwards,” he says. But there are no regrets. “I wouldn’t say it was an incorrect decision. Working with Cargotec over the last 14 years has given us a great foothold in the market. We have over 200 Combilift forklifts operating successfully there, which gives us a great reference base to build on.”
ITALY AND SPAIN SHINE ON
Italy and Spain, not unlike Ireland, have received their fair share of bad economic press lately, but despite these negative headlines, Italy is still a member of the G8, and Spain – with a smaller population – isn’t far behind. Both markets account for significant exports for Irish companies and have a long and rich history of trading with Ireland. Italy is Ireland’s fourth largest Eurozone export market, while Spain is its sixth.

To label both markets as the same would be unwise. However, there are a number of similarities and synergies. Aside from a similar culture generally, there are similarities in the type of market, market needs and business culture as a whole. It’s not by coincidence that among the top 50 Enterprise Ireland clients exporting to Spain and the top 50 for Italy, 50 per cent appear in both lists. So any company considering one of these markets could benefit by taking the time to explore possible synergies between the two that could lead to big pay-offs. Cian Molloy reports on some of the Irish already there, while the local Enterprise Ireland offices highlight hot and cold sectors.

**Italy a good call for Blueface**

I P telephony services company Blueface chose Italy as the first country for its expansion into Europe because of market conditions and the fact that it is one of 10 countries in the world with a Hutchinson 3G ('3') mobile network.

Blueface is a mobile virtual network operator that can offer companies efficiencies and additional functionality on their landline and mobile networks. “There are huge opportunities in Italy for us,” said co-founder and director Fergal Brady. “The economic background in Italy is similar to that in Ireland, so there are a lot of companies here looking for ways to save money on their business overheads and looking to improve their communications. We are close to unique in the way we bring landlines and mobile services together, with a single voicemail box for both and with easy transfer of calls from landlines to mobiles and vice versa.

“We entered the market here by buying a similar company to ours that was already operating in Rome. I would recommend that other Irish companies use a similar strategy because it means you immediately have people with local knowledge.

“It is a great place for recruiting talent” he adds. “Because of the economic situation, there are lots of skilled graduates available who are typically bilingual, and it’s a market where people are ready to adapt new technologies. Also I think they like the Anglo-Saxon approach to business, if I can call it that. They perceive us as more commercially-focused and deal-orientated and that attitude and methodology is well received.

“The downside is that the commercial law in Italy is substantially different from Ireland and the UK. It’s quite old world really, with public notaries signing off on all documents and filing them away. The administrative and legal overheads are probably comparable to those we have in Ireland, but there are more steps involved, and it takes longer to get a contract implemented and legally finalised.”

**Spain tops it for Ezetop**

Spain is the most valuable European market for mobile top-ups company Ezetop, which is set to use the country as a location for its southern European marketing operations.

Founded in 2006, Ezetop enables people living abroad to send mobile phone top-ups to family and friends back in their home countries. Its primary users are emigrants from 200 different countries. Top-ups are available for purchase in 20 different host countries via ezetop.com, white-label websites, through a number of smartphone apps and via POS terminals at more than 450,000 locations.

“Before we go into any market, we look at the number of immigrants living there and at the level of remittances they are sending back home,” said Reka Bors, head of European distribution. “If there is a high level of remittances, we can draw the conclusion that there will be a willingness to top-up family phones as well.

“Spain was always going to be a good market for us because it has a high level of immigrants, with significant populations of Africans, South Americans and Romanians – both first and second generation.”

When Ezetop first entered the Spanish market, it had an office in Barcelona, but once operations were up and running, they were supported from Dublin. However, now Ezetop is re-opening its Spanish office, to be closer to the Italian market, which it sees as being similar to Spain.

“When you enter the Spanish market first, you need to have a presence there,” said Bors. “I’ve heard Spanish clients say: ‘There are Irish companies with very good products, but we don’t want to risk doing business with them because they don’t have a presence here’. Once you are up and running, after a year, you can scale back like we did, but at the start you have to be there.”
“Spain is very important to Openet, as it gives us a local presence when selling into multinational operators like Telefonica, Orange and Vodafone, but we also back this up with regional presences.”

With one of the best national health service systems in the world, Italy offers excellent opportunities for Irish companies that can deliver increased efficiencies for doctors, hospitals and healthcare administrators, says Dr Malachy Rice of Kokomo, a healthcare IT consultancy. Previously, Rice was global sales and business development manager with the S3 Group which in, partnership with the Italian company Telbios, won a contract for a new model of care for chronic diseases in Lombardy Region in 2012, which was said to be one of the largest of its type in Europe.

“The Italian healthcare system is very sophisticated,” says Dr Rice. “For example, they have a smartcard system for use every time you visit a GP or a hospital, so they have great records about healthcare consumption, and they can very easily put together models that help improve how that healthcare is consumed. I was involved in a study that surveyed 200,000 patients; in Ireland, a similar survey would typically involve only 200 people.”

In comparison to the French, Dr Rice says the Italians are very open to hearing about new ideas and ways of doing things. “They are very willing to listen and learn, and they will listen for a very long time;” he says. “But you have to be careful that they are not just learning from you so they can implement your solution themselves. Also when they give you access to the Italian market for the first time, they will want to know what is in it for them.

“It’s a very networked society, which has its advantages, but it does mean nepotism is rife and very often you get the feeling that the final outcome of a negotiation has been preordained – you just have to make sure you are on the right side of that deal when it reaches its fated conclusion.”

Rice recommends Italy over Spain for those selling healthcare solutions, because the Spanish market is so fragmented. “In Spain, every region has its own health minister, and every region wants to do its own thing, with the result that Spain is the wild west of healthcare. The one advantage of Spain is that it is easy to meet the Minister for Health, but that is only because there are so many of them.”

Three of the world’s biggest mobile phone companies – Telefonica, Orange and Vodafone – are active in Spain, so it makes perfect sense for Openet to be active there too.

Working with 80 telecommunications providers in 32 countries, Openet supplies revenue management, entitlement control and network intelligence technologies. With the growth in data-rich mobile 4G services, the company, which employs some 950 people, is experiencing an increasing demand for its telecoms policy and charging products.

“A key decision to invest in Spain was the fact that it’s the home of the headquarters of the Telefonica Group,” says Openet director Luis Cabrero. “If you want to do business with companies like Telefonica, you’ve got to show willingness to invest. It would be tough to try and sell into Telefonica with a non-Spanish-speaking team that flew into Spain once a month, then held meetings in English and flew back out again.

“Spain is very important to Openet, as it gives us a local presence when selling into multinational operators like Telefonica, Orange and Vodafone, but we also back this up with regional presences. For example, Telefonica has several mobile operators in South America, and Openet has a regional office in Brazil that supports our South American operations, so it’s a good mix.

“Also partnering with system integration companies is important to us, so having a local Spanish presence makes it easier for us to work with partner companies that are active in Spain. And it makes sense for us to drive our Portuguese activities from Spain too.”

Cabrero says that, for Openet, there are not many differences between doing business in Spain and in most other countries.

“The issues facing an operator in Spain are often the same as those in, say, Argentina or Ireland. Openet will win more business by providing innovative products that help operators increase revenue and control costs.”
With the highest tourism volumes in Europe, Italy and Spain are naturally valuable markets for Monex Financial Services, a specialist in dynamic currency conversion (DCC), used primarily by leisure and business travellers.

The Killarney-based company now operates DCC services in 46 countries, with clients supported from 10 international support centres. Last year, Monex handled 128 million DCC transactions.

Its growth strategy has always involved working with local partners, says marketing manager Mai De Barra. "Monex initially commenced market engagement by availing of Enterprise Ireland’s knowledge, market research and other resources and by participating in EI-led trade missions. Following these initiatives, we received introductions to local partners, such as BEE in Italy, which has enhanced our business opportunities substantially. The local partner methodology breaks down culture and language barriers, and it works well for Monex."

Once Monex partners with a local financial institution or card payments system provider, it supports that partner in marketing the benefits of dynamic currency conversion at point-of-sale (POS) to retailers. “In-market partners have been, and will continue to be, instrumental in generating further business relationships within these markets,” says De Barra.

Although she believes that both Italy and Spain are saturated for DCC, she says that tourism growth projections point to Italy holding the greater business potential for Monex into the future.

Founded in 1999 and now with 70 staff based across seven European countries, Bookassist is a provider of booking engine software and online marketing knowledge for the hotel industry. Currently, the company handles about €200m annually in direct hotel bookings on behalf of its clients.

“In 2012, 21 per cent of our revenue came from Spain and 11 per cent from Italy. But last year, at a time when our overall revenue was increasing, it was 15 per cent from Spain and 12 per cent from Italy,” CEO Des O’Mahony told The Market.

“Those figures tell the story,” he says. “Both countries were hit by the financial downturn, but each seems to have reacted differently. In Italy, they are working to pull themselves out of difficulty. They are interested in hearing about technology that they can use to be more efficient or to add value. Whereas in Spain, they seem to be waiting for someone else to pull them out of their difficulties.”

For further information about doing business in Italy and Spain, email paul.maguire@enterprise-ireland.com
Anyone who opens the Xin Jing Bao or other popular daily newspapers sold at Beijing newsstands will appreciate how big a product education is for Chinese consumers. Amid pages of adverts for language courses and test preparations courses, there are big-print flyers and adverts for international universities seeking to lure Chinese students overseas.

Some of those adverts are placed by Irish universities. And perhaps surprising for some back at home, Ireland is being promoted in China as a low-cost place to learn. Ireland is cheaper than most of the rest of the EU, and it’s cheaper than the UK, explains Wang Xiaogang, an agent at Wiseways, one of China’s largest agencies matching students with overseas universities.

Speaking at her office in Zhongguancun in Beijing’s university district, Wang said a business degree in Irish universities such as UCD and UCC costs less than RMB100,000 per year, with humanities degrees going for RMB80,000 per year. A year at Ohio State (a popular option for Chinese students) costs the equivalent of about RMB250,000 to RMB300,000 in tuition fees alone, says Wang.

Money spent by Chinese students makes up a big chunk of Sino-Irish trade. Education stands well above any other industry in Ireland’s trade with China (IT, pharma and agricultural exports all trail the sums made by Irish institutions from fee-paying Chinese students). Students account for a third of visas issued in 2013 by the Department of Justice’s visa office in Beijing, with families visiting those students accounting for almost another third of visas, according to officers spoken to for this report.

Over 450,000 Chinese students went overseas to study in 2013, compared to 140,000 in 2007. About 2,000 of that figure went to Ireland for third level study. Last year, 273,000 Chinese students came back home to compete with 7.3 million graduates of domestic universities for jobs. Quality has been the key reason motivating Chinese students to study abroad. Though students still compete fiercely for places in China’s top colleges like Beijing University, Tsinghua University (Beijing and Fudan Universities in Shanghai), many Chinese students have been driven overseas by repeated scandals at home over academic plagiarism, overcrowded classrooms and an education system still skewed to rote learning and exams rather than creative thinking. Also, getting into overseas universities is actually easier for students from moneyed backgrounds who don’t make the cut at Tsinghua or Fudan.

Spend, Destinations and Disciplines
International education has also become a status symbol for China’s middle classes. As their numbers expand with economic growth, there’s going to be a corresponding demand for education – both third level and secondary level, according to Shen Minggao, head of economic research at the Chinese arm of Citibank (and himself an overseas student in the 1990s). Chinese families spend an average 7 per cent of household income on education (compared to 5 per cent in India) according to Citibank research, but that figure rises to 9 per cent for Chinese households making more than US$28,000 per year.

A look at the data published by Chinese education bodies suggests universities in English-speaking countries are the clear winners from spending by wealthy Chinese: over 60 per cent of Chinese outbound students go to English-speaking countries. But the clear winner is the US which gets a massive 42 per cent of the total Chinese student overseas traffic, according to the Chinese government-run Service Centre for Scholarly Exchange.

A better-travelled China has more diverse needs. There’s been a strong shift from engineering and computer science towards business degrees and postgraduate study abroad, in particular a shift from engineering to business, social sciences and even humanities. The largest portion (29 per cent) of Chinese students studying in the US in the 2012–2013 academic year chose business and management, according to the Beijing-based Chinese Service Centre for Scholarly Exchange. This represents the first time that business replaced engineering degrees as the first choice of US-bound students, according to the Exchange.

As Chinese multinationals like telecoms equipment maker Huawei and e-commerce giant Alibaba become global players they “require a flow of business graduates with strong language skills”, explains Wiseways’ Wang Xiaogang. “This will become even more the case when the Chinese currency becomes a global currency, and Chinese capital and investment start to flow even more around the world.”
Mark Godfrey reports from Beijing on the opportunities and challenges for Irish education providers in the world’s largest market for overseas education.

IN A CLASS OF ITS OWN

“These days, it’s not just a case of acquiring skills to take back home. Chinese outbound students also seek cultural experiences.”

QUAN YING
Without the instant recognition enjoyed by Ivy League schools and British institutions like Oxford (all brand names in China), Irish universities have to work extra hard establishing links with agencies across China. It’s crucial to engage with as many reputable agents as possible. “We deal with some of the big agents in the main population bases, the big cities,” explains Bei Zhang, a veteran overseas education agent who represents UCC in China.

Chinese students and parents rely on education agents or vendors for the bulk of their knowledge about universities and destinations, explains Jie Wu, a graduate of the American College in Dublin now working for a Chinese investment company based in Shanghai. “Agents typically match students with colleges according to their study purpose and financial means,” she explains.

There may be another draw bringing students to Ireland. Emigration opportunities are also becoming a decider for Chinese students and their families as urbanites seek to leave behind the much-reported smog and traffic (not to mention rising real estate prices) of China’s cities. Agents also promote Ireland on the emigration angle, says Wang Xiaogang at Wiseways: “There are certain benefits to Ireland, which we promote, such as the ability to work 20 hours a week ... also you can spend a year in the country after study to secure a job locally and you can secure permanent residence by staying there for four years.”

Safety and scenery – two selling points pushed by Education Ireland, the umbrella brand responsible for the international marketing and promotion of Irish higher education institutions – are attractive for wealthy Chinese families, explains Jie Wu. “Ireland has great fresh air, and it’s a small country so it’s easy to know.” Indeed, she’s currently advising Chinese citizens on investments in Europe and thinks environment and affordable real estate prices are all attractive points for Chinese families who see education for their children as a stepping stone to eventual emigration.

There has, however, been no major influx of Chinese investment in an official Irish investment scheme advertised in China last year: only a dozen Chinese applicants took up a so-called investment residency permit, offered by the Irish government in return for a minimum €500,000 investment in Ireland, according to the Department of Justice.

Ireland’s strengths and weaknesses

The comparative lack of a big brand university name is a weak link for Ireland in attracting students like Bing Wang, who says he relied on his agent for advice on Ireland because he hadn’t heard of any of the country’s universities. “With their help, I learnt that Ireland uses English as an official language and has a globally recognised education system. He chose UCD based on an agent’s advice: “I saw it as a national capital university, a bit like Beijing University in China ...”

Many Chinese students are getting a business qualification on top of an engineering degree – others also come to boost their English language skills to compete in a global economy. “I chose Ireland to do my postgraduate because we had an agent in my home city who suggested Ireland as a place to take a language course,” explains UCD graduate Bing Wang. After a year studying English in Dublin, Bing went on to graduate from the Michael Smurfit School of Business in 2001 with a higher diploma in business studies.

Wang (who had an undergraduate degree in engineering) has spent a decade working in the UK and Russia before coming back to Beijing: he is now head of the EU–US department of SUNgho Engineering & Construction Co Ltd, a Korean-invested firm building Chinese factories for multinationals like Hyundai, Kia and Toshiba.

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BING WANG
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Ireland’s strengths and weaknesses

The comparative lack of a big brand university name is a weak link for Ireland in attracting students like Bing Wang, who says he relied on his agent for advice on Ireland because he hadn’t heard of any of the country’s universities. “With their help, I learnt that Ireland uses English as an official language and has a globally recognised education system. He chose UCD based on an agent’s advice: “I saw it as a national capital university, a bit like Beijing University in China ...”

Many Chinese students are getting a business qualification on top of an engineering degree – others also come to boost their English language skills to compete in a global economy. “I chose Ireland to do my postgraduate because we had an agent in my home city who suggested Ireland as a place to take a language course,” explains UCD graduate Bing Wang. After a year studying English in Dublin, Bing went on to graduate from the Michael Smurfit School of Business in 2001 with a higher diploma in business studies.

Wang (who had an undergraduate degree in engineering) has spent a decade working in the UK and Russia before coming back to Beijing: he is now head of the EU–US department of SUNgho Engineering & Construction Co Ltd, a Korean-invested firm building Chinese factories for multinationals like Hyundai, Kia and Toshiba.

“I chose Ireland to do my postgraduate because we had an agent in my home city who suggested Ireland as a place to take a language course.”

BING WANG
UCD GRADUATE
INTERNATIONAL EDUCATION MARKETS

CHANGING NEEDS, EXPANDING MARKET

China’s demand for overseas education is expanding, but the nature of demand has evolved. An overseas degree no longer has the cachet it had, simply because there are so many more graduates coming back now compared to 20 or even 10 years ago when it was still largely government who sent and funded the students.

However, rising incomes are creating a previously unseen wave of mature students, travelling for intensive language training. Among them is Dublin-bound Quan Ying (English name Angie), who is taking a year out of her job as producer at the Beijing bureau of National Public Radio (USA). She’s spending €6,000 on a year-long English language programme at Griffith College in Dublin. Quan is drawn to Irish culture and music after a memorable month travelling the country in 2010. “These days, it’s not just a case of acquiring skills to take back home, Chinese outbound students also seek cultural experiences,” she says.

Quan says her friends, who went to London and Paris, questioned why she was travelling to what they considered an off-beat destination. But a friendly population and easy access to Irish media institutions both impressed Quan: during her time in Ireland she got to play a bit part in the RTÉ soap Fair City and sit in on an editorial meeting at The Irish Times newspaper.

A significant challenge, however, remains in the general lack of awareness of Ireland. “I still find a real lack of knowledge among education agents in China... some of them ask me basic questions like is Ireland still at war?” says Jie Wu. Others see a gradual improvement in awareness of Ireland, in part due to promotion by the Irish tourist board but also thanks to some neat PR tricks. Angie Quan explains how the Irish embassy in Beijing managed to get a large section of the Great Wall in China lit in green this year for St Patrick’s Day. “I was amazed to see this reported in even smaller circulation newspapers in China.”

The relative inability to attract Chinese tourists to Ireland (which remains outside the Schengen European travel area) may be compounding the problem. Despite an advertising campaign by Tourism Ireland, the numbers of bona fide Chinese tourists (as opposed to family visits) travelling to Ireland remained below 10,000, according to visa officers in Beijing. Better connectivity – and awareness – will be vital if Ireland is to attract more students from China.

Indeed, as peak recruitment season looms in China’s education market, a battle by the Dublin Airport Authority (DAA) to establish a direct flight between Beijing and Ireland’s capital may be a crucial help to Ireland in attracting more students from what has become the world’s biggest education market. During a visit to China in April, DAA boss Kevin Toland suggested an Air China direct service to Dublin will commence this year, a welcome move surely for agents of Irish education and tourism here worrying that Ireland isn’t making a strong enough impression on China’s middle classes. And more momentum is likely to come from the fact that Enterprise Ireland is currently hiring a new education officer for the market.

While there is a clear economic payback for Ireland in attracting fee-paying Chinese students (and their families who visit as tourists), it’s increasingly the case that Irish educators will need to go to China where there is a vast emerging adult education industry and a demand for training and language skills at the corporate level in particular. Adult English language teaching, after-school tutoring and preparation for international tests are three key growth areas identified by Karan Khemka, a consultant at the Parthenon Group, advising the China operations of international education groups like UK-based Pearson, which operates the Wall Street chain of English language schools here. He predicts a 10 per cent annual growth in demand for private English-language education in China. That prediction is based on “underlying characteristics” of the private education market here: “it’s profitable and the regulatory regime is relatively relaxed”, he says.

Chinese students and parents rely on education agents or vendors for the bulk of their knowledge about universities and destinations.

JIE WU
GRADUATE OF THE AMERICAN COLLEGE IN DUBLIN
IRISH WHISKEY REGAINS ITS FIGHTING SPIRIT
Thanks to a well-resourced marketing push by global players, Ireland’s big whiskey names are regaining their brand-width. Aiming to ride on their coattails, smaller producers are now intent on taking their own bite of international markets. Charlie Taylor reports.

It’s heart-warming to think that Irish whiskey may once again become the most popular whiskey in the world, as it was before Prohibition in the United States. There were once no less than 37 distilleries in Dublin – across The Liberties, the Coombe, Newmarket and Smithfield. Currently, the whole of Ireland has fewer than 10 distilleries in operation, and only a handful of these have been operating long enough to have products sufficiently aged for sale.

But a revival is underway. Irish whiskey exports have grown by 220 per cent since 2003 and are now valued at €350 million. The leading markets for Irish whiskey currently are the United States, Ireland, France, Russia and the UK, and, while many whiskey producers are busy trying to build their market share in these territories, some are also eyeing up new markets as the reputation of the product grows.

According to the most recent figures available from International Wine and Spirit Research (IWSR), the Irish whiskey category grew by over 10 per cent in 2012 alone, with sales to the US and Russia up 22 per cent and 18.8 per cent, respectively.

Buoyed by such strong tailwinds, over 15 new distilleries are currently being developed across Ireland, and a number of more established producers are reporting record sales. The sector is set to invest over €1 billion in Ireland in the next 10 years as it expands to meet demand, according to the newly formed Irish Whiskey Association, which comprises of heavyweights such as Diageo, Irish Distillers and Cooley, as well as newer companies like the Teeling Whiskey Company.

Back in 2003, Irish whiskey made up just over 9 per cent of beverage exports, but it now accounts for 28 per cent of all such exports, and the association is predicting further growth.

Last year, association members collectively exported 6.2 million nine-litre cases worldwide. This number is expected to double to 12 million cases by 2020 and double again to 24 million cases by 2030.

GROUNDWORK

A lot of credit for the recent success of Irish whiskey must go to Pernod Ricard and its subsidiary Irish Distillers, which have worked hard to establish Jameson as a premium brand in key markets such as the US. It is already Ireland’s top-selling whiskey brand.

Sales of Jameson grew by 13 per cent in the nine months to the end of March led by strong US demand. Its success has helped to boost the overall reputation of Irish whiskey, with many younger drinkers in particular finding it more approachable than Scotch. Newer market entrants, such as West Cork Distillers, want to piggyback on Jameson’s success and make inroads into export markets.

David Phelan is an industry veteran, who was previously a key director on the Baileys marketing team in Diageo and with C&C International, before finding success of his own, producing and launching brands such as Boru Irish Vodka, Clontarf Irish whiskey and Coole Swan Irish Cream Liqueur. He says the future looks bright for whiskey producers of all sizes.
“Irish whiskey is a hot category at the moment, and the reason is that it has been developed by some of the biggest players around. There’s William Grant with Tullamore Dew, Diageo with Bushmills, Pernod Ricard with Jameson and more recently, Suntory and Cooley. These companies have spent a lot of time and money in promoting these brands overseas, and, in doing so, have created opportunities for smaller players to come in,” he said.

Phelan, who now runs Oileain Marketing, said there are a number of other factors that could also benefit newer entrants to the market. “There’s huge growth in craft distilling, particularly in the US right now. Consumers increasingly want to know more about the products – such as where they are from, how they’re made and who’s making them. Drinkers are looking for something more authentic, and this has led to a rise in sales of bourbon, rye and Irish whiskey.

“The fact that Irish whiskey is also considered a good mixer will also help sales, especially as there’s a real craze for flavoured brands right now. Producers are already reacting to this with the likes of Jack Daniels and our own Paddy bringing out honey – and apple-flavoured varieties,” he added.

BOXING CLEVER
Some smaller players trying to bolster sales overseas are partnering with bigger companies. Walsh Whiskey Distillery, an established producer of premium brands based in Carlow, recently announced a major €25 million expansion programme on the back of an investment in the company by Italian drinks giant Illva Saronno, which owns Tia Maria.

Walsh Whiskey, which was founded in 1999 by Bernard and Rosemary Walsh, already sells 40,000 cases of The Irishman and Writers Tears a year, through a supply deal with Midleton distillery. It has seen revenue growth of 300 per cent in the last five years, with 95 per cent of sales coming from exports. Its key markets are the US, Russia, Scandinavia, France and Germany. In partnership with Illva and its existing distribution partners, the company plans to gradually expand to major Asian markets, such as India and China. Walsh Whiskey Distillery is developing its own distillery and visitor centre in Royal Oak, Co Carlow, which should open within 18 months.

“It’s so important when everyone is investing big money over the long term in distilleries to have a tried-and-tested route to market,” said Bernard Walsh. “The interesting thing about our product is that we’re out there selling the brand ahead of any new supplies coming along. We’re building up our distribution network, and our partnership with Illva gives us more muscle on that side of things. In some of the markets where Illva is particularly strong, such as in Asia, we don’t really have much of a presence, so they will give us great access to these territories once our new supplies come on stream.”

Having sold the Cooley Distillery in Louth to Beam in 2011 in a deal worth $95 million John Teeling, a serial investor, has announced plans to spend €35m over the next four years transforming the Great Northern Brewery in Dundalk, Co Louth – the former Diageo site where Harp was brewed. Teeling’s plan for the renamed Great Northern Distillery will be threefold: To produce own-label Irish whiskey for retailers worldwide, make bulk whiskey for brand owners with no distillery assets, and provide grain whiskey for smaller pot still distilleries.

Meanwhile, Teeling’s sons Jack and Stephen are behind recent entrant the Teeling Whiskey Company. “Everything is cyclical in the drinks trade,” Jack Teeling told The Market. “There’s a movement away from trendy white spirits, towards more authentic, flavoursome brown ones. Young people might start off drinking vodka or gin, but then they tend to develop their palate. Irish whiskey is often seen as particularly suitable...
because it provides an easy entry point to brown spirits, because of its smooth taste and its long history. These appeal to drinkers in other markets,” he said.

HEALTH WARNING
The Teeling Whiskey Company also recently announced plans for its own distillery and visitor centre in Newmarket Square, Dublin. It exports to 18 countries but is bullish about increasing this figure. “The big opportunities for smaller producers is to go for the more mature markets and drive segmentation,” he said.

Teeling can avail of good contacts in the trade through the family’s existing relationship with Cooley, which is now owned by Japanese drinks group Suntory, but he sounds a note of caution about expanding into emerging markets.

“Outside of the traditional markets where Irish whiskey is known, it’s difficult trying to get established. The bigger players haven’t gone into these territories yet, and there’s also a problem with a shortage of product,” he said.

“The bigger guys are ramping up production and are likely to start working on emerging markets shortly. We’re reliant on them because there’s a massive education programme needed to build the Irish whiskey brand generally in these territories.”

Jack Teeling’s views are echoed by John O’Connell, co-founder of West Cork Distillers, a Union Hall-based producer formed in 2008 by two former deep-sea fishermen and a food scientist.

“There’s a major health warning associated with the boom in Irish whiskey. Everyone is getting obsessed over its growth, and in fairness it is doing really well in some markets. But a lot of that growth is associated with one or two brands. There’s a big challenge for any new brand that comes onto the market as it has to be positioned carefully to differentiate itself,” he said.

“There are some markets where Irish whiskey isn't known at all. I know from experience in trying to sell whiskey in the Caribbean and parts of South America that it's just an unknown category. There are plenty of other opportunities out there to be pursued. It could be that there's more of a role needed at national level to help promote Irish whiskey as a whole in emerging markets,” he concluded.

“Everything is cyclical in the drinks trade. There’s a movement away from trendy white spirits, towards more authentic, flavoursome brown ones.”
THE THINGTERNET: HARDWARE GETS A SOFT SIDE
Who says that only the tough survive? With the Thingternet revolution already upon us, everyday products need to get smart by incorporating software capability, or else wind up getting left on the shelf, writes Anthony King.

When the New York Times announced a hardware renaissance in Silicon Valley in 2012, it name-checked two companies – SOS Ventures and PCH International. Both are Irish. These were centre stage again when the Financial Times reported last year on how their hardware accelerator and incubator programmes are nurturing innovative products to market.

This spring, the two companies spoke about opportunities for new hardware at an Enterprise Ireland seminar held at the Gibson Hotel, within sight of Dublin’s quaysides. Also at the seminar was an example of smart hardware from newcomer Adaptics, which recently went through an accelerator programme. This Irish start-up will offer a kitchen scales called Drop, which talks with your tablet and comes with a recipe app.

This is just one of a swell of new smart hardware products, wirelessly connected to smartphones, tablets and PCs. Think Google Glasses, Nest’s smart heating thermostats and the Smartwatch from Pebble. Start-ups are introducing new, smart products, challenging and displacing their “dumb” pre-internet predecessors. These are filling up a new basket, the ‘Internet of Things’, a motley collection of wirelessly connected devices.

Irish start-ups are pitching in. Brim Brothers, for instance, is launching a device this summer that attaches to cyclists’ shoes and gives them all sorts of useful information on their performance. Climote, a more established Irish company, now allows for total control of your home heating – remotely.

THINGTERNET
Climote competes against heavy hitter Nest Labs, founded in 2010 by a former Apple executive and pocketed by Google earlier this year for $3.2bn in cash. For The Economist, this buy signalled the coming of age of the ‘Thingternet’ – a world where everything from cars to gadgets to fridges to sports equipment goes online. Intel predicts that this next stage of the internet could see 31 billion web-connected devices come alive by 2020.

At the Dublin hardware seminar, though, senior development advisor Robert Bushnell of Enterprise Ireland stressed that it is not all about start-ups. “We want to get existing companies in electronics and on the industrial side to start cooperating with software and communication guys to come up with new products using the new technology. We would like to see companies coming together and launching spin-outs too,” he stressed.

Since 2007, Apple has shaken our expectations of how hardware and software should combine. “They weren’t the first to marry software and hardware, but certainly the way customers and people use hardware changed because of the intuitive and simple way they do it, [for example] slide to unlock. From there, it spawned a huge Internet of Things, exploding the whole space,” recalls Joe Perrott of PCH International. “Everybody now has connected devices.” Dumb products of all hues could get left on the shelf.

Perrott, a mechanical engineering graduate from Cork Institute of Technology, met PCH’s CEO Liam Casey when he moved to China in 2004. He’s worked for PCH ever since. He told the seminar about the company’s new hardware incubator called Highway 1, based in San Francisco. PCH offers supply-chain management services, guiding start-ups from design and engineering, through to manufacturing, logistics, even sales.

Technology changes mean you don’t have to be a tech geek to get involved in the Thingternet. Revolutionary new arrivals like the credit-card sized Raspberry Pi computer, which sells for $25 and $35, and the open-source prototyping platform Arduino are shaking things up and allowing makers to construct inexpensive prototypes. “It is much easier for start
THE SHIMMER WEARABLE SENSING PLATFORM

Founded in 1996 by Paddy White, Realtime Technologies provides a range of design and contract electronic manufacturing services and serves a number of international corporates, including LG and O2. When looking for opportunities to develop its own products, the Coolock-based firm turned to technology acquisition in 2008, with a licensing deal to commercialise Intel’s Shimmer Wireless Sensor Platform. Shimmer is a small wireless sensor platform that can record and transmit physiological and kinematic data in real time and can be used for a wide range of applications in healthcare, sports science and environmental science.

William Lyons heads the division within Realtime set up to develop the wearable sensing platform. Shimmer recently signed a deal with US company Emerge Diagnostics for a wearable sensing platform. Shimmer offers a broad range of applications in healthcare, sports science and environmental science.

Adaptic’s iPad-integrated Drop leaves any bog standard kitchen scales in the dust. It promises new levels of accuracy, but will also do things like suggest replacement ingredients and allow you put together customised recipes.

INCUBATE AND ACCELERATE

SOS Ventures sends its chosen start-ups for 111 days to Shenzhen, China, where each team develops and begins manufacturing its new products. “We bring them to Huaqiangbei, the world’s greatest electronics market,” explains Noel Joyce of SOS Ventures (and founder of the Designhub in Tullamore). “There, people can get bits and pieces and build prototypes, and there is an investment of $50,000 in each of these companies.” This, the Haxlr8r programme, helps start-ups turn things like the Arduino board, Raspberry Pi into game changing products like the HEX Air Robot; Spark Core, which allows you add Wi-Fi to any product; and Nomiku, a gadget for high-end sous-vide cooking in the home kitchen.

Joyce notes the proliferation of open source software, which allows you to take bits of code online to drive a sensor or whatever you need. Ireland is producing “armies of coders and electronics people” who will “add to this open-source knowledge that we can all access”, he says. Williams Lyons, chief marketing officer at Shimmer, who attended the hardware seminar, believes that a burgeoning hardware ecosystem in Ireland is bringing closer the day when such tech incubators and accelerators could operate in this country.

Irish companies like Shimmer (see panel) are certainly opening up the trail. Shimmer offers wearable sensing technology to companies. “There is a growing recognition that hardware is hard but that it is becoming more feasible and that the supports and tools are available for people within Ireland to go for it,” says Lyons.

Joyce emphasises design as critical to success. “When the consumer turns off the device or stops interacting with it, they need to still have a beautiful product.” He talks in terms of the look and feel of the material, the things that get people excited about a product and make them want to talk about it. “You must help them connect on an emotional level to your product idea, and that is the result of design as a differentiator. That is what we try to achieve at Haxlr8r,” he told the seminar audience.

What Haxlr8r tries to do with its teams is fill in the missing parts of the jigsaw like design, marketing and getting the story across. “A prototype is a far cry from a finished product,” he stresses. “The product must have compelling value to the customer.”
Adaptic’s iPad-integrated Drop, for one, leaves any bog standard scales in the dust. It promises new levels of accuracy, but will do things like suggest replacement ingredients in a recipe and allow you put together customised recipes or adjust weights of ingredients. Right now, the product is at fine-tuning stage. The product design is sharp, modern and clean-cut, and Drop picked up the accolade Best Consumer Hardware Award at Launch Festival in San Francisco earlier this year.

**SO WHERE’S THE DOUGH?**

This is all about the various technologies coming together and creating a hardware opportunity, notes Bushnell, who says all kinds of companies can get involved and offer domain knowledge. They could be in the food production, transportation, security or building sectors. “A non-tech company could supply one part of the knowledge in terms of what the product has to actually do,” he explains.

New technology can be disruptive for even a solid product. Mark Hanley of Isle Systems spoke at the ‘Opportunities in New Hardware’ seminar about his company Isle Systems’ new product – a personal alarm button. It was only in 2011 that phone manufacturers started to shift wholesale to devices with touchscreens, dispensing with buttons or keypads. This has, says Hanley, made it difficult for people to raise an alarm if they are in danger or have an accident. “At some point in everybody’s life, you will need to raise an alarm, perhaps you [a senior] have fallen and you need to help. Touchscreens can be a problem,” he says. Isle Systems came up with a USB-sized button that signals your phone to send out that SOS.

Eamon Conway, one of the founders of Climote [see panel], a home technology company, emphasises that it is all about giving the customer a good experience, and that can mean less is more. Apple’s massive success was based on four products, he notes. And technology developments like open-source software, inexpensive Raspberry Pis, 3D printers and Arduino microcontrollers are allowing makers to build and manipulate a range of hardware to add to the Internet of Things.

Similarly, there is an opportunity to take advantage of platforms like the Shimmer, another enabling platform that is open and configurable and can be applied to a whole range of applications.

“Existing companies on the industrial side and the electronics side can combine with the whole communication and software side to come up with new types of products, which could be in monitoring, in food production, logistics, diagnostics, so it is not just about a couple of young guys coming up with a start-up idea,” says Bushnell. “A lot of the knowledge is in the existing companies. They can have all the domain knowledge, but they need to take advantage of these new technologies. They don’t need to know about everything. They can collaborate with other companies. This is a great opportunity.”

For some products, going wireless could be the only alternative to being left on the shelf, as billions of Thingternet smart devices gain ground.

**HOME HEATING UNDER CONTROL**

Climote offers control of your home heating, with a digital panel that takes 30 minutes to install and which can be remotely controlled. The Dundalk-based company, a spin-out of Smarthomes, launched its remote heating control hub in April 2012 at the Energy Show in the RDS, Dublin. The snazzy-looking control can be operated from a smartphone app, computer web portal or from anywhere in the world via a text message.

“It is quite a disruptive product and business model in that most people would only ever think of changing their heating controls if the current one broke down or a boiler needed to be replaced, but we bring an upgrade opportunity,” explains Eamon Conway, MD, who left Honeywell in 2010 to set up Climote with Derek Roddy, CEO. Just like people switched to smartphones, we are pioneering a similar journey for home heating controls, and our hub acts as a gateway to wider connected homes, he adds.

Climote has partnered with several large energy companies, including Scottish Power, Electric Ireland and Power NI, which have brought the technology to their customer base over the last two years. It is one of three companies that have commercial partnerships in place with UK utilities, the other two being Nest and Hive. “We are an Irish company with big plans for international expansion,” says Conway.
REGIONAL FOCUS: SUB-SAHARAN AFRICA

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EXPORTERS EXPAND THEIR FOOTPRINT IN AFRICA
In July 2013, Africa officially became the fastest growing economy in the world. “Africa needs everything, and, in the case of countries with huge mineral and energy reserves, money is no longer the problem; it’s about how you can meet specific needs,” says Fred Klinkenberg, Enterprise Ireland’s man on the ground there. Last year, Enterprise Ireland established an office in Johannesburg, its first in sub-Saharan Africa (SSA). In its first 12 months, it worked with 75 individual clients. Opened in conjunction with ESBI, the office provides hot-desks and incubator units for clients. “We’re hoping to create a small ‘Ireland House’ here,” Klinkenberg says.

Enterprise Ireland is now developing a broader ‘spoke and hub’ strategy to tap into opportunities in other rapidly growing countries in sub-Saharan Africa (SSA), such as Nigeria, Ghana and Kenya.

Earlier this year, Thessa Bagu was appointed as a trade representative in Nigeria, which has now overtaken South Africa as the continent’s biggest economy. “While this is not a full office, it’s important to recognise that Thessa does provide a full EI service,” Klinkenberg says. This includes market research, partner or distributor identification, hot-desking and meeting space facilities for Irish companies visiting Lagos and practical support and advice for EI clients.

Enterprise Ireland also hopes to develop stronger links with Kenya later this year and to develop a network of ‘pathfinders’ for East and West Africa.

**OPPORTUNITY AREAS**

“There is a real commercial opportunity for Ireland, especially in Nigeria, in vocational training. It is a rapidly growing economy, lacking in skilled labour, and there are good ‘train-the-trainer’ and e-learning opportunities. Africa is skipping the PC and going straight to latest mobile phone technologies,” Klinkenberg says. Across Africa, an average 20 per cent of government spending is now going into education.

He also sees big medium-term potential for Ireland in aviation services. Both Boeing and Airbus have identified Africa as one of their two biggest areas of future sales growth opportunity, the other being Asia.

At present, just 12 per cent of all African exports go from one country in the region to another. That compares with inter-Asian trade of 40 per cent and intra-European trade of 65 per cent. “Given the expectations of intra-Africa trade growth and the associated increase in travel within the region, we need an aggressive strategy to capitalise on these opportunities,” Klinkenberg says. He points out that South Africa, Kenya and Ethiopia all have modern fleets of aircraft and are battling to secure the position of SSA’s main air transport hub.

Other areas of potential include telecoms – with exceptionally high growth levels of mobile phone penetration set to continue – and banking. “Banking in many African countries is highly developed, and the banks have strong balance sheets and are well managed. They are highly innovative too, for example in facilitating cash transactions by phone,” Klinkenberg says.

A five-day trade mission to Johannesburg, Cape Town and Lagos last November saw participation by 37 companies with interests in financial services, telecommunications and education. Coinciding with the visit, EI took Ireland’s first national stand at AfricaCom, the annual pan-African exhibition and congress for telecommunications professionals. The net result was participation in nine networking events, involving 800 people, 20 individual client itineraries, 200 meetings and contracts signed to the value of €7 million.

Klinkenberg says that the planned evolution of Enterprise Ireland’s services in SSA will expand the focus beyond the telecoms and financial services sectors into life sciences; education; oil and gas; and engineering and construction. He expects that it will lead to an increase in the client base EI is actively working with at any given time to around 100.

**IRELAND EXPANDS ITS FOOTPRINT**

The challenge for Irish businesses interested in tapping into SSA’s growth potential is knowing precisely where to begin. Traditionally, they have started with South Africa. Currently, there are well over 150 EI client companies that export there, and 35 Irish companies have operations on the ground, employing over 13,000 people. These include the global engineering specialist Kentz, one of Ireland’s largest privately owned agri-businesses, the Queally Group, and the food and food ingredients companies Kerry Group and Glanbia.

As Irish companies move beyond South Africa into growth regions such as Nigeria, Ghana and Kenya, Enterprise Ireland is also broadening its resources in the region, with a new ‘hub and spoke’ approach to sub-Saharan Africa and a series of African trade events planned for 2014. John Stanley reports.
A number of smaller companies have joined them, creating a wider Irish footprint across SSA. They include Chevron, which last year announced a major vocational training contract in Nigeria, and Portwest, which is active in South Africa, Nigeria, Uganda and Kenya, supplying protective clothing and personal safety equipment to personnel in the oil and gas industry. Also following its African clients in the oil and gas sector is Suretank, which manufactures specialist offshore tanks and containers. Then there are the financial services and telco industry software providers like CR2 and Adaptive Mobile. Meanwhile, in the consumer space, baby/nursery equipment company Clevamama recently secured distribution into Checkers in South Africa and is doing well on online platforms like Kalahari and Takealot. Among 2014’s schedule, Enterprise Ireland has already hosted a market study visit for six companies interested in the mining sector and will host a briefing breakfast focused on oil and gas, and engineering and construction this June. This will be followed in September by a trade mission to Nigeria and Ghana and participation in AfricaCom in November.

Africa is clearly not for all exporters, and Klinkenberg even suggests it’s “not for the faint-hearted”. A local partner is essential, he stresses. “We can help companies identify potential local partners and undertake initial screening, but the clients obviously have to do their own due diligence.

SOME PRACTICAL ADVICE FROM IRISH COMPANIES

One company for which SSA has been a good move is Sentinel Fuel Products, which designs and manufactures fuel management and fuel tank alarm systems. CEO Kurt Reinhardt identified potential in the market because of its considerable reliance on diesel fuel to provide both primary and back-up electricity generating capacity. In Nigeria, he points out, it is not unusual to have 15 to 20 power outages a day. “Our system has been embraced massively in the sub-Saharan region,” he says. He also has a keen eye to the future, noting that, in about 15 years’ time, the population of Kenya is expected to rise from around 70 million to 120 million, while the German population will fall by about 10 million to 60 million. “Whatever way you look, these are early days for Africa, and they are exciting,” he says.

He has words of caution, however. “You must be 100 per cent committed to the region and willing to be patient for up to two years or you simply won’t achieve success. It’s also hugely important to take time finding the right partner. For an SME, it can be very hard to bank roll the time spent putting right early mistakes.”

From a practical point of view, even though Africa is a long way from Ireland, the widespread use of English and the legacy of European legal systems make it a relatively easy place in which to do business, he says.

For Sigma Wireless, which specialises in the design and supply of critical communications systems to public safety and utility customers, entry into SSA was more opportunistic than strategic, says CEO Tony Boyle. But having looked at more mature markets, he recognises the greater potential in developing markets. The company has now established a network of contacts and has done business throughout Southern and Western Africa. “Getting the first reference site for us was very important; that’s always the hardest part. But Africa is a good place to do business in. Once you establish relationships and look after your customers, you will find great loyalty in return,” he told The Market.

“There’s a strong awareness of Ireland, partly through our past activities as missionaries, and there’s a positive disposition towards the Irish. We anticipate that half of our new business over the next three to four years will be in Africa.”

For further information about doing business in sub-Saharan Africa, talk to fred.klinkenberg@enterprise-ireland.com or, for Nigeria, thessa.bagu@enterprise-ireland.com

What is the real truth about Africa’s economies?

Alongside a continuing legacy of poverty, Africa is seeing growing economic activity, as well as targeted foreign aid. With a $2 trillion economy with a GDP growth rate of around six per cent, the continent is much wealthier than many people imagine, Fred Klinkenberg says.

Of course, there is massive diversity between the 48 countries that comprise sub-Saharan Africa. These include 18 states regarded by the World Bank as “fragile and conflict affected”, 11 as low income, 13 as lower-middle income and eight as upper-middle income or high income.

With increasing urbanisation, Africa now has 52 cities with more than a million inhabitants and a total population of 1.2 billion. While only a tenth of these people have disposable income, that proportion is growing rapidly. “By 2020, it’s expected that half the population will have disposable income, and, by 2050, a quarter of the world’s workforce will be in Africa,” Klinkenberg points out.

Across the region, many countries are engaged in ambitious investment programmes, primarily designed to install basic infrastructures, such as power generation, roads and port facilities, and partly with the aim of increasing export capacity. Gross fixed investment grew an estimated 7.3 per cent in 2013 and is now equal to close to a quarter of GDP. Foreign direct investment continues to play an important role, too, with net FDI inflows last year of $43 billion, up 56 billion on 2012. About a quarter of the world’s FDI flows into Africa each year.

There are significant variations in economic performance between countries but even here there is progress. The gap between the growth rates of oil and non-oil producing countries has narrowed, and even countries which do not have the benefit of any exportable natural resources, such as Ethiopia, Mozambique and Rwanda, have sustained relatively high growth rates for over a decade. The globalisation of services could become an important source of growth for the region, as technology and outsourcing enable service providers to overcome traditional constraints of physical and geographic proximity. Modern services are becoming drivers of growth and development in a number of SSA countries, including Kenya.
Irish software firms working in the travel sector have been making the headlines of late with some high-value money deals. Although these companies may be operating across different market sectors, all share a common goal, which is to grow their business beyond Ireland and become major players in the travel and aviation industries.

“As with companies in other sectors in Ireland that are performing strongly, we’re smaller, smarter and can move faster than some of the bigger international organisations,” said John Magill, a travel software and services specialist with Enterprise Ireland. “We have some very bright people working in the travel sector which is why companies such as Hostelworld and CarTrawler have all succeeded. There are around 60 to 70 firms in the travel space in Ireland. None of these are big companies but all are good at understanding processes and their domain knowledge is usually better than their clients,” he added.

Many of those organisations working in the travel space are focused primarily on the aviation industry. As Aidan Brogan, chief executive with Datalex makes clear, a combination of unique factors ensures that companies based here are in a good position to make it big in the sector. “In the post-war era, Ireland historically held a key position in the aviation sector in Europe, both geographically and industrially. Ireland’s geographic convenience for transatlantic travel led to the growth of an aviation and avionics sector, particularly on the west coast. That expertise continues to grow today. Combined with a leading education system and a highly skilled workforce, particularly in the area of technology, Ireland has excelled in nurturing its aviation skills into a wider range of disciplines, including distribution, airline retailing and new technologies,” he told The Market.

In a sector with so many companies already succeeding, it’s not easy singling out winners, but here are just a handful of ones to watch.
Boxever

Who they are: Boxever is a Dublin-based big data and personalisation platform for airlines and travel operators, established in 2010 by Dave O’Flanagan, Dermot O’Connor and Alan Giles. The company currently employs 25 people, but expects to double its workforce in the next 12 months.

What they do: Boxever enables airlines and travel companies to gather and analyse data in real time, enabling them to understand and communicate with their customers better by analysing their interactions.

Main overseas markets: “We went live with our first airline customer, Widerøe, in October 2012, chief executive Dave O’Flanagan told The Market. “We are travel-centric and are now the leading Big Data and personalisation platform for airlines and travel operators around the globe.”

Recent big win: Boxever has won a number of travel-brand accounts in recent months, most notably a deal with Tigerair, the Asian low-fares airline that was originally co-founded by aviation entrepreneur Declan Ryan.

“Signing Tigerair is an incredible validation of what we’re doing at Boxever. Their focus on customer centricity is completely aligned with our vision. Airlines have access to vast amounts of untapped structured and unstructured information about their guests and very few are using this effectively,” said O’Flanagan.

In addition to the deals, the company also announced in March that it had raised $6million (€4.3million) in a new funding round led by Polaris Partners, a $3.5 billion American venture fund.

“The funding enables us to accelerate our growth plans and drive our product strategy so that we can capitalise on the huge opportunity in travel,” said O’Flanagan.

CarTrawler

Who they are: CarTrawler was established in 2004 by brothers Niall and Greg Turley, whose father Joseph set up the well-known Argus Car Hire company in 1959. The Turley brothers sold a stake in CarTrawler to private equity firm ECI in 2011 for an estimated €110 million.

What they do: CarTrawler has a car rental distribution system that connects airlines, hotel groups and online travel brands in real time to over 1,000 car rental agents at 30,000 locations. The company has annual bookings of around five million vehicles and sales of close to €500 million.

Main overseas markets: The company’s client list reads like a who’s who of global travel brands. More than 50 international airlines with a combined total of over 300 million passengers use CarTrawler’s car rental distribution system. Its clients include Aer Lingus, Tigerair, West Jet, Vueling, Virgin Australia, Emirates, Fly Dubai, South African Airways, Finn Air, Malaysian Airlines, Iceland Air and Gulf Air. While CarTrawler already operates in 174 different countries, it is aiming to expand further in the coming years.

Recent big win: In March, investment firm BC Partners bought a majority stake in the firm, worth an estimated $450 million (€326 million). Under the deal, previous stakeholder ECI (which took a €110 million stake in the company in 2011) and the firm’s founders all sold their shares. The arrangement also saw Insight Venture Partners co-invest in the business through the acquisition of a minority stake.

CarTrawler’s management team, which includes chief executive Mike McGearty are staying on and retaining a shareholding in the firm. McGearty has said that following the sale of the company, it intends to double its workforce over the next two years and expand into new markets.
**Datalex**

*Who they are:* This Dublin-based firm, which trades on the ISEQ, was established in 1985 and now employs 300 people across 25 nationalities at seven locations around the world.

*What they do:* Datalex is a provider of e-commerce and retail solutions to the travel industry. The company recorded an 18 per cent increase in total revenue to €27.5 million last year.

*Main overseas markets:* “Our customers cover the globe from WestJet (Canada), Delta Air Lines (USA), COPA Airlines (Panama), Aer Lingus (Ireland), Virgin Atlantic (UK), Air China, Philippine Airlines and Virgin Australia. Most recently, Datalex has announced the opening of an office in Beijing. China is the fastest growing travel market in the world, and Datalex is positioning itself for continued success in this market,” said Bolger.

*Recent big win:* It’s been an impressive 12 months for the company, with a number of big deals signed. These include contracts with JetBlue, Virgin Atlantic and most recently with Brussels Airlines.

“Brussels Airlines selected Datalex’s Travel Distribution Platform (TDP) to power their new e-commerce and airline merchandising solution, allowing for the personalisation of offers to their customers. Brussels Airlines experienced year-on-year growth in its passenger numbers and load factor in 2013, and the carrier is currently undergoing an investment programme aimed at further growth for the airline. TDP is about helping airlines to grow their business, and Datalex is looking forward to being an integral part of this process,” said Bolger.

**Mobile Travel Technologies (MTT)**

*Who they are:* Established in December 2005, in the days before smartphones were a reality, MTT was co-founded by travel technology veterans Gerry Samuels and Paschal Nee – the team that previously built Gradient Solutions, a leading airline internet booking engine company headquartered in Dublin, which went on to be bought by Sabre in 2000. At the time of going to press MTT employed 70 people but was in the process of recruiting for a further 50 employees.

*Main overseas markets:* The company has an extensive customer base across Europe and Asia–Pacific and satellite offices in London and Manila. Clients include easyJet, Qantas Group’s Jetstar and Jumeirah Hotels & Resorts.

*Recent big win:* MTT has been in full expansion mode since raising US$5 million (€3.6 million) in a funding round from DFJ Esprit in 2012. It recently opened new offices in Dublin’s Grand Canal Docks and announced a major new recruitment drive.

The company said its expansion has been aided by a number of multimillion deals with outfits such as LATAM Airlines Group, a Latin American airline group and BCD Travel, one of the world’s biggest travel companies. Samuels recently said the company is considering ways to “super accelerate” growth.

*What they do:* MTT specialises in developing mobile technology products for airlines and large travel companies, enabling their customers to avail of mobile booking and check-in, and to manage all aspects of both personal and business travel via smartphones and tablets.
The rise and rise of mobile work and play has spawned a host of ancillary products and services. In this issue, Ian Campbell looks at contenders in the cloud back-up and sharing arena and wireless speakers.

Microsoft, Google or Dropbox … which one to choose?

As tablets and smartphones become the main interface into our digital lives, there is a growing demand for backing up and sharing files online – pictures and videos as well as documents. Competition is hotting up but right now, if you made a decision purely on a price-per-gigabyte basis, Google Drive would win.

From the outset, it offers 15GB for free, compared to 2GB on Dropbox and 7GB on Microsoft OneDrive, but it’s when you look for a high volume, paid-for service, that the gap opens up. Google recently slashed its prices and offers a terabyte of storage for the equivalent of just $10 a month. Microsoft OneDrive and Dropbox charge $4.16 and $8.25, respectively, for only 100GB a month.

Expect a price war to ensue and check for updates.

Cost, of course, isn’t your only consideration. Take it as a given that you will get more out of Microsoft if you are running Windows on your desktop and even more if you have a mobile with the Windows Phone operating system. While all three platforms offer mobile and desktop apps and seamless integration with your hard drive, Microsoft has exploited its long-standing success with Office software to deliver the richest experience. You get built-in integration with desktop applications and the option of creating documents in the browser and saving them to the OneDrive or your own hard disk.

Collaboration and office applications are available in Google Drive as well, with the internet giant providing alternative spreadsheets, word processing and presentation documents to those made famous by Microsoft. Almost as seamless as OneDrive, you can save documents to your desktop in Microsoft formats as well as others. To upload, simply drag and drop a file – Word doc, picture or video. The beauty of both systems is that they automatically sync files between cloud and desktop. And both allow real time co-authoring of documents and automatic versioning, which means you are always working on the latest copy.

Dropbox has the sync features and the ability to drag and drop files, but it doesn’t provide any applications. The selling point is its sheer simplicity. When you download it, Dropbox is seamlessly presented on your desktop or mobile device as just another drive, another place to store files. You can even have it set up to automatically upload files when you connect a device, whether they’re documents from a USB stick or pictures from a camera. And one advantage over the others is that there is no file size limit for uploads – OneDrive stops at 2GB and Google at 10GB.

Which one you will choose may depend on existing allegiances – Microsoft or Google. If you are unaligned and want to keep it that way, then Dropbox is waiting. Whether you want to pay a premium for more storage is another consideration and may well be influenced by factors other than the amount of digital content you’ve accumulated. If, for example, you suffer with a slow broadband connection, the last thing you will want is to save lots of big files to a cloud service.
**Wireless speakers**

**UE Boom, €199**  
**Sony SRS-BTV25, €125**

The speaker accessory market for smartphones and tablets has boomed as people use their mobile devices for audio entertainment, whether it’s live streaming services like Spotify, accessing MP3 libraries or listening to podcasts. If you want to share your sounds or simply take a break from ear buds, wireless speakers are available in every shape and size from as little as €10.

The problem with the really cheap and cheerful products is that the audio quality is not much better, and sometimes worse, than you’ll get through the onboard speakers of a top-end smartphone. So consider what you have before you go shopping for something better.

If you want a speaker that’s as mobile as your phone, you enter the realm of pseudo spatial sound, because you can’t get stereo out of a single box. We looked at two models: the Sony SRS-BTV25, €125, and the Ultimate Ears (UE) Boom from Logitech at €199.

Both allow NFC (near field communication) or Bluetooth to make the connection, searching out a device before automatically pairing. Simply done. They use a micro USB socket for charging built-in lithium-ion batteries, have a 3.5mm input jack for plugging in an audio source directly, and plus/minus buttons for volume control. Both have onboard microphones for using the units as speakerphones, pausing the audio to take a call.

There the similarities end. Each adopts a very different design aesthetic, and it’s hard to dislike either. The Sony is a tennis ball-sized sphere, while the Boom is lozenge-shaped and 18cm high. Before you plug them in, you can feel the price difference – the Sony light and flimsy, the Boom reassuringly robust. Play back some songs and the gulf between them grows bigger.

The Sony’s audio is certainly sharp and crisp, but the dynamic range isn’t there. It may be an improvement over the onboard speakers you get with a tablet or smartphone, but it’s still tinny and thin. The premium you pay for the Boom rewards you with much richer, warmer sound with a decent bottom end. And because it comes with an app (for iOS and Android), you can adjust EQ settings or buy a second one for setting up true stereo.

In terms of value for money, both are a bit steep. There’s a hefty price premium on wireless speakers, regardless of audio quality. It’s astonishing to think that a single UE Boom costs nearly twice as much as a pair of Wharfedale hi-fi speakers that deliver a whole different class of sound. It all comes down to what price you are prepared to pay for portability and the value you place on audio quality.
Personality is destiny – more than ever when you are dealing with people from different cultures. For Irish companies, the ability to negotiate with strangers is all-important.

In a lifetime’s work, Ursula Brinkmann and Oscar van Weerdenburg have assessed over 30,000 people in intercultural relations. Most of their clients are senior executives in multinationals, but their subjects include students, workmen, members of every trade and profession from many countries.

Brinkmann and van Weerdenburg’s book Intercultural Readiness gives readers the meat of their method. Working with teams of anthropologists and intercultural experts, they’ve refined a method for finding who is naturally excellent at negotiating intercultural differences, as well as strategies for developing intercultural competences.

Their work over decades has identified four areas of competence. Among these is ability in ‘managing uncertainty’. A company that employs people with this natural competence is lucky: it describes someone who is open to cultural diversity and enjoys exploring new approaches.

Allied are the competences of ‘intercultural sensitivity’, with its twin aspects of cultural awareness and attention to signals; ‘intercultural communication’, involving active listening and an adaptive communicative style; and ‘building commitment’, which is about skills in building relationships and reconciling stakeholder needs.

Companies that buy abroad, with a diverse workforce or with customers from varying cultures can all gain from this superb guide.

When Michael Smurfit was sixteen and, like his friends in Clongowes, studying for the Cambridge entrance exams, his father took him and his brother Jeff out of school, gave them overalls and put them to work in his Clonskeagh factory. “He even insisted that I join the union,” writes Smurfit in A Life Worth Living, his fascinating autobiography.

“Dad was serious about my becoming a member of the union,” writes Smurfit. “He was a socialist at heart, and, unusually for a factory owner, insisted that all of his workers joined the union.”

Smurfit Sr had brought his family over to his wife’s native Dublin from England, where he had bootstrapped from nothing to build up a successful tailor’s shop and then moved into the box business.

Young Smurfit didn’t like it much. He sourced a job in Toronto and applied to go to Canada, but on failing the physical – he had TB – he was whooshed into the Peamount sanatorium for a year.

There, he learnt to live for today: “I held the hands of men
When his father handed over the firm to his sons, his lawyer objected, but Smurfit Sr replied: “If my sons cannot look after me, it is better I should never have lived.” He had no pension — so Michael and Jeff bought him an annuity.

Smurfit writes of the criminal Martin Cahill’s claim that he crept through the Smurfits’ house and left empty-handed when he saw Norma lovingly sitting beside a child’s bed knitting; he doesn’t believe a word of it. Yet in 1977, he appointed a personal security manager.

Most interesting is his view of Telecom Éireann, and how rationalising it, from a situation where it took two years to get a phone line, laid the groundwork for the arrival of the tech and pharma multinationals and the Celtic Tiger.

A fascinating story, just the birthday present for one’s favourite entrepreneur.

From a one-day conference in 1984, TED talks grew to an annual four-day gabfest in Monterey, California, with the audience paying $475 each. In 2001, technology magazine publisher Chris Anderson bought the conference and moved it to Long Beach, California. This year, it’s moved to Vancouver, Canada. Since 2005, many talks have been shared online.

The thousands of speakers range from Bono to Al Gore to Chimamanda Adichie to Bill Gates to Einstein the Parrot.

But why are the TED talks so viscerally involving? Gallo writes that they share a bunch of characteristics. They are emotional, pulling you by the heartstrings. They are novel: neuroscientists have told Gallo that novelty is the single most effective way to capture a person’s attention. They are memorable because they take only 18 minutes.

His book is entertaining and fun and uses the teachable moment. Gallo describes Bill Gates opening a glass jar at TED to release a flying swarm, saying, “Malaria is spread by mosquitoes. I brought some here. I’ll let them roam around. There is no reason only poor people should be infected.”

Neuroanatomist Dr Jill Bolte Taylor did something similar in describing the effect of her massive stroke, when she opened a jar and took out a human brain, complete with spinal cord, and told an audience full of ewww, then full of fascination how the brain works and why it has two halves.

Freeman Hrabowski, chairman of University of Maryland, Baltimore, told of persuading his parents to allow him to march for freedom and go to jail, aged 12, and how that changed his life.

Great advice, great examples, and useful for anyone who will speak in public.

A ce sales trainer Conor Kenny learnt his key principle when he worked for a kindly Jewish family business in the early 1990s. After he made a costly mistake, his boss told him: “Conor, good decisions come from wisdom; wisdom comes from experience; experience comes from bad decisions.”

Kenny’s book on how to sell, Sales Tales, is full of these funny-but-true experiences: how he used Turkish Delight to make and seal a contract, how it takes 3,416 bolts to hold a sports car together but just one nut to dismantle it, and why you should listen more than talk, especially in a sauna.

Intercultural Readiness: Four competences for working across cultures by Ursula Brinkmann and Oscar van Weerdenburg (Palgrave)

A Life Worth Living: The autobiography of Michael Smurfit (Oak Tree Press)

Talk Like TED: The 9 public speaking secrets of the world’s top minds by Carmine Gallo (Macmillan)

Sales Tales by Conor Kenny (Oak Tree Press)
Compiled by Enterprise Ireland’s Market Research Centre team.

**MARKET INTELLIGENCE**

Enterprise Ireland’s Market Research Centre hosts Ireland’s most comprehensive collection of business intelligence resources and is staffed by specialists who can assist EI clients find company, market and project information.

The centre subscribes to a wide variety of databases, including:
- Frost & Sullivan
- Forrester
- Euromonitor Passports
- AMA Research
- BvD Orbis

The reports summarised on these pages are just a sample of the type of information available. Follow us on Twitter @EI_MRC to see further examples of recent reports available or check out the MRC site at www.enterprise-ireland.com/MRC

EI clients can access the MRC by emailing market.research@enterprise-ireland.com or by phoning 01-727 2324. Access to all resources is governed by contracts with our providers.

**ICT/SOFTWARE**

**Asia Pacific Tech Market Outlook for 2014 to 2015**

*Forrester*

April 2014

This report from Forrester reveals that the 2014 and 2015 outlook for business and government purchases of tech goods and services in the Asia Pacific region is mixed – strong in countries like China, India and Thailand that have shown signs of weakness in 2012 and 2013, weak in Japan where tech market growth had been better in 2013, improving in Australia and South Korea but still subdued, and holding steady elsewhere.

**A Mixed Bag For The Latin American Tech Market In 2014 And 2015**

*Forrester*

March 2014

The latest outlook for this rising Latin American tech market shows improved purchases in 2014 compared with 2013. Chile, Colombia and Mexico will continue to see good growth, while Brazil will recover from an economic slowdown that hurt tech buying in 2013. Argentina and Venezuela will remain weak, as governmental mismanagement of their economies hampers tech demand. Telecommunications services and hardware remain the largest part of the Latin American tech market; however, software and IT services are becoming more important.

**The Internet of Things Will Demand New Application Architectures, Skills and Tools**

*Gartner*

April 2014

This analysis argues that few organisations will escape the need to connect smart objects with corporate systems and applications; therefore, IT organisations must master the new skills, tools and architectures required by the internet of things.

**M2M Communication in Manufacturing: Future of Internet of Things in Industrial Automation**

*Frost & Sullivan*

February 2014

This report describes the types of wired and wireless networks used to enable communication on the plant-floor. It also explains the growing trend towards the development of the internet of things in the manufacturing set-up.

**Wearable Computing: Technologies, Applications and Global Markets**

*BCC Research*

February 2014

This report reviews the history and the current state of wearable computing market, discussing the types of devices available and providing an analysis of the industry structure, including major companies and market shares, and major markets and drivers.

**Digital Entertainment in the Home: Technologies and Global Markets**

*BCC Research*

January 2014

This report characterises and quantifies the global market potential of residential entertainment and its different elements (digital TV, gaming, audio, and networking). Projections are provided for the total home entertainment market through 2018, along with estimates of the market in terms of cost per device for each type of system, and the cumulative totals for the market overall.

**The Transformation of Mobile Middleware**

*Gartner*

April 2014

This analysis argues that mobile application development platform (MADP) vendors try to offer everything to build, test and deploy a mobile app. Specialised vendors have introduced cloud-based alternatives to mobile middleware; thus, app developers must decide if mobile back-end-as-a-service offerings can replace MADP middleware.
**MARKET INSIGHTS BRIEFING**

**FOOD, RETAIL AND CONSUMER PRODUCTS**

**European Retail Segmentation: Emerging Patterns Of Multitouchpoint Shopping**
Forrester
April 2014
This report uses Forrester’s global retail segmentation to help e-business professionals understand the nuances of shopper behaviour across European markets. The segmentation identifies key touchpoints used along the path to purchase to help create the most relevant shopping experiences for target customers.

**The Global eCommerce Opportunity**
Forrester
March 2014
Gone are the days when most brands offered just one or two international sites: today, a global eCommerce footprint is the end goal. This report examines how eCommerce organisations are tackling global markets, where they’re falling short, and what they can do to maximise opportunities.

**Consumer and Innovation Trends in Frozen Food 2014**
Datamonitor
March 2014
This brief outlines the most important consumer and product trends impacting the frozen food category globally, using Datamonitor’s TrendSights mega-trend framework.

**Confectionery UK 2014**
Key Note
April 2014
The analysis argues that the way in which short- and long-term trends will combine in the coming years will shape the future outlook of the UK confectionery market. This is particularly relevant given the upcoming 2016 deadline set by the Government’s Responsibility Deal, which many major manufacturers signed with the aim of improving public health. Key Note therefore forecasts modest market growth of 1.7 per cent between 2014 and 2018.

**Offshore Wind Turbines: European Market Shares 2013**
Datamonitor
September 2013
This report identifies offshore wind turbine manufacturers, their market shares and how these will change in the future. It also looks at customers and the number of offshore wind turbines that have been ordered in the European market, the dominant models and the market outlook for each European country.

**Product and Pipeline Assessment of the Global Orphan Drugs Market**
Frost & Sullivan
February 2014
This research provides a global overview and analysis of global orphan drugs development, with an emphasis on the US market. It provides an analysis of drug development and regulatory activity by disease area and geography, a detailed product and pipeline analysis of orphan drugs by therapeutic area and disease and a company analysis, including key companies to watch.

**Medical Devices Pricing & Reimbursement 2014**
Business Monitor International
March 2014
This guide provides information on medical device pricing and reimbursement in 17 established and emerging economies. It examines the increasing role that health technology assessment plays in the reimbursement decision-making process and procurement strategies, both of which have a direct impact on device pricing. Regions covered include Asia Pacific, the USA, EU and Americas.

**US Markets for Peripheral Vascular Devices**
Medtech Insight
March 2014
In 2012, approximately 3.8 million interventional procedures for the diagnosis and treatment of peripheral vascular devices were performed in the US, generating an estimated $1.67bn sales. The number of interventions is expected to increase at a CAGR of 2.0 per cent during the forecast period. This report includes analyses of products, current and forecast markets and competitors and opportunities.

**Peripheral Vascular Surgical Products: Technologies and Global Markets**
BCC Research
February 2014
According to BCC, the global market for peripheral vascular surgical devices reached $5.8 billion in 2012. This market is projected to grow from $6.2 billion in 2013 to $8.4 billion in 2018 with CAGR of 6.3 per cent from 2013 to 2018. The US accounted for a 52 per cent share of the overall market in 2012 and is forecast to decline to a 47 per cent share of the overall market in 2018. Europe accounted for a 26 per cent share of the overall market in 2012 and is forecast to decline to 22 per cent of the overall market in 2018.

**CLEANTECH, LIFE SCIENCE, CONSTRUCTION AND INDUSTRIAL**

**Data Centre Construction Market Report UK 2014–2018 Analysis.**
AMA Research
February 2014
This report provides both a quantitative and qualitative analysis of the data centre construction sector. It focuses on market size and trends, influences, key end-use sectors and future prospects.

**Vascular Devices**
Medtech Insight
March 2014
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**Clean Energy Assessment**
February 2014
This report uses Forrester’s global retail segmentation to help e-business professionals understand the nuances of shopper behaviour across European markets. The segmentation identifies key touchpoints used along the path to purchase to help create the most relevant shopping experiences for target customers.
An update on customs compliance, trade regulations and negotiations

TRADE REGULATIONS, INFORMATION AND NEGOTIATIONS

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

Change of EU Vat rules for telecoms, broadcasting and electronic services

The European Commission has published explanatory notes to help businesses prepare for the new VAT rules for telcom, broadcasting and electronic services, which will enter into force on 1 January, 2015.

From that date, VAT will be charged where the customer is based, rather than where the seller is, in the case of cross-border business-to-consumer transactions. See http://tinyurl.com/p9ynewk

Free WIPO IP seminars in Ireland this June

The World Intellectual Property Organisation (WIPO), in partnership with IP Unit of the Department of Jobs, Enterprise and Innovation, is running a couple of seminars on IP for industry in Ireland, in Dublin on 16 June and in Limerick on 18 of June. They will be free to attend and aim to provide a good information session and networking opportunity for companies.

The EU adopts temporary tariff cuts for Ukrainian exports to the EU

On 14 April, the EU adopted measures to cut tariffs on Ukrainian exports to the EU. The EU Trade Commissioner Karel De Gucht noted that these are autonomous trade measures providing tariff preferences for Ukraine and constitute an important part of the EU’s package to help the country during this difficult period. They will apply until 1 November, 2014, at the latest.

EC plans to revise rules on organic production

With the EU organic sector now firmly established, the European Commission wants to take a closer look at the basic rules to see if it can reduce the number of derogations from organic norms granted when the sector was getting established in order to increase harmonisation in the EU market. It plans for controls to cover the entire production chain and be risk based. In addition, the Commission is aiming to develop a specific export policy for EU organic products and streamline the current import regime.

EU challenges Russia in the WTO over pork import ban

The EU has launched a case in the World Trade Organisation (WTO) against the Russian ban on imports of pigs, fresh pork and certain pig products from the EU.

Russia closed its market to the EU – cutting off almost 25 per cent of all EU exports – at the end of January 2014. It based its decision on four isolated cases of African swine fever (ASF) detected in wild boar at the Lithuanian and Polish borders with Belarus.

EU plans for more flexible visa rules for non-EU nationals

The European Commission has presented proposals aimed at shortening and simplifying the procedures for non-EU nationals wanting to come to the EU for short stays. The proposals are designed to help the European tourism industry at a time when international competition is becoming increasingly fierce.

WTO rules in EU’s favour regarding Chinese restrictions on access to rare earths

The World Trade Organisation (WTO) has issued a panel ruling against China’s export restrictions on rare earths, as well as tungsten and molybdenum that are used as essential components by a wide range of European industries. In line with the previous ruling on other raw materials, the WTO found that China’s export duties and quotas were in breach of China’s WTO commitments and were not justified for reasons of environmental protection or conservation policy. The WTO panel’s ruling backs the claims of the EU and its co-complainants, the US and Japan, and secures non-discriminatory access to raw materials.

EU-US trade talks set to enter fifth round

At the time of going to press, a fifth round of EU-US trade talks was due to take place in Arlington, Virginia from 19 to 23 May 2014. The talks are part of a trade and investment deal, known as the Transatlantic Trade and Investment Partnership, or TTIP. Visit the EU’s dedicated webpage http://ec.europa.eu/trade/policy/in-focus/ttip/ for updates as the negotiations take place and background about the talks.

A step forward in the EU-Ecuador Trade Talks

Representatives of the EU and Ecuador met this March in Manta, Ecuador, to discuss the possibility for Ecuador to join the existing trade agreement between the EU and two other Andean countries, Colombia and Peru. The Commission reported that the second round of talks took place in a constructive atmosphere and delivered good progress towards the conclusion of the deal.

A comprehensive trade agreement signed in 2012 has applied to trade with Peru since 1 March, 2013, and with Colombia since 1 August, 2013.

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The World Trade Organisation (WTO) has issued a panel ruling against China’s export restrictions on rare earths, as well as tungsten and molybdenum that are used as essential components by a wide range of European industries. In line with the previous ruling on other raw materials, the WTO found that China’s export duties and quotas were in breach of China’s WTO commitments and were not justified for reasons of environmental protection or conservation policy. The WTO panel’s ruling backs the claims of the EU and its co-complainants, the US and Japan, and secures non-discriminatory access to raw materials.

EU-US trade talks set to enter fifth round

At the time of going to press, a fifth round of EU-US trade talks was due to take place in Arlington, Virginia from 19 to 23 May 2014. The talks are part of a trade and investment deal, known as the Transatlantic Trade and Investment Partnership, or TTIP. Visit the EU’s dedicated webpage http://ec.europa.eu/trade/policy/in-focus/ttip/ for updates as the negotiations take place and background about the talks.

A step forward in the EU-Ecuador Trade Talks

Representatives of the EU and Ecuador met this March in Manta, Ecuador, to discuss the possibility for Ecuador to join the existing trade agreement between the EU and two other Andean countries, Colombia and Peru. The Commission reported that the second round of talks took place in a constructive atmosphere and delivered good progress towards the conclusion of the deal.

A comprehensive trade agreement signed in 2012 has applied to trade with Peru since 1 March, 2013, and with Colombia since 1 August, 2013.
Canada here we come

This summer, a total of 48 flights per week will operate to and from Dublin Airport to Toronto, Montreal and St John’s in Newfoundland as a result of a series of new routes taking off between Canada and Dublin.

Launched in April, Aer Lingus’s new service to Toronto will operate year-round, with a daily flight between Dublin and Toronto during the summer season and up to four times per week during the winter months.

Domestic demand set to make China the world’s biggest business travel market

Rising demand for meetings, incentives, conferences and exhibitions (MICE) bookings in China has driven unprecedented growth in business travel, according to a study from GBTA. Chinese business travel spend is expected to grow 18.5 per cent to $262.1 billion in 2014 and overtake the US in 2015 as the number one business travel market in the world.

The report, GBTA BTI Outlook, found the surge in Chinese business travel spending was being driven by both domestic and, to a lesser extent, international outbound travel, with domestic travel making up almost 95 per cent of the spending on Chinese business travel.

Over the past decade, China’s largest airports have doubled in size, and the construction of new airports continues, including Beijing’s second international airport due to open in 2018. China also has almost 2,000 hotel projects in the pipeline, amounting to 435,000 additional rooms.

Flybe offers new Irish connections to London City Airport

As part of Flybe’s major expansion at London City Airport, the airline will commence four-times-daily services between Edinburgh and Dublin and three-times-daily services between Belfast and Exeter from October 27.

Separately, CityJet has announced new shareholders INTRO Aviation through an Irish holding company. The airline will continue to operate 700 flights a week.

Moscow hotel prices topple as Sydney continues to top

Hotel prices in Moscow and Kiev have fallen due to the impact of the ongoing crisis in Ukraine. According to hotel.info’s monthly price barometer, average hotel prices in Moscow fell by 18.5 per cent in March, while the cost of rooms in Kiev dropped by 31.5 per cent, compared to the same month in 2013. Moscow had been the most expensive European city for hotel rooms a year ago, according to hotel.info’s ranking, but it now ranks the Russian capital in fourth place behind Stockholm, Oslo and Helsinki.

A separate study published by the hotel bookings firm HRS showed that hotel rates dropped by 7 per cent in Moscow during the last quarter. The study also indicated a 2 per cent fall in rates in Zurich, but it placed London first as Europe’s most expensive capital for hotel stays.

After London, the largest increases in room rates were seen in Athens (€81), Warsaw (€76) and Milan (€108), where the room rates increased by 14 per cent for the Greek capital, and around 11 per cent for the other two capitals, according to HRS.

The survey found Europe’s cheapest room rates, averaging just €66 per night, in Budapest. Meanwhile, in both the HRS and hotel.info rankings, Sydney continued to top the list globally as most expensive city for hotel stays, despite seeing decreases in rates during the past year.
A fine example of one of Europe’s great aristocratic cities, Madrid is a major centre for international business and commerce, as well as hosting the head offices of many large Spanish companies (including Repsol and Telefonica). The city is also a global financial leader and is in the top five centres of commerce in Europe. Madrid’s urban agglomeration boasts the third largest GDP in the EU, and its international influences in arts/culture, science, media, environment and politics add to its status as one of the world’s most important cities. Madrid’s modern infrastructure, however, has not affected its admirable preservation of its historic neighbourhoods and streets.

FROM THE AIRPORT TO THE CITY:
With four terminals, Madrid Barajas International is one of the largest airports in Europe and is located 13km from the city centre. There are various options to choose from. These include a ten-minute-plus Metro service to the centre of the city, a 40-minute Airport Express bus journey and, of course, taxis. www.madrid-airport.info

SLEEP:
1st Choice: Hotel Il Castillas Madrid, Abada 7, is centrally located and reasonably priced accommodation within five minutes’ walk of Puerta del Sol and the commercial centre of the city. Meeting rooms are available and the Wi-Fi is free. www.hoteldoscastillas-madrid.com

2nd Choice: Hotel ME Madrid Reina

EAT:
Lunch: Café del Circulo de Bellas Artes, C/ Alcalá 42, is one of the city's best known and most appreciated (and elegant) rooms in which to have a relaxed chat, a read of a newspaper or a strategic, if casual, business meeting. (No website)

Dinner: You can't visit without paying a visit to a tapas bar, and Casa do Companheiro, C/San Vicente Ferrer 44, is arguably the city's finest. The tapas are sourced from Galicia and feature gammon, fish and specialities such as caldo gallego (Galician white bean stew/soup). Tiled beautifully inside and out, this is as much a culinary treat as it is a visitor attraction and business opportunity. (No website)

THREE THINGS TO DO IF YOU HAVE A FEW HOURS TO SPARE:
Relaxing: Jardín Botánico, Plaza de Murillo 2, is a luxuriant botanical garden that houses over 30,000 plants. Although city-centre-based, it's a total retreat and ideal for gathering your thoughts before a business meeting. www.rjb.csic.es

Tourist Sight: Faro de Moncloa, Avda de los Reyes Católicos, is Madrid’s radio and communications tower, and, at a height of 92m (302ft), it offers the best views of the city as well as the sierras in the far-off background. Be warned: the experience in the glass lift up to the top isn't for sensitive stomachs!

Museum: Museo del Prado is Madrid's best-known tourist attraction, so prepare to be surrounded by many other visitors as you wander through gallery after gallery of visual art masterpieces. Three hours won't do it justice, of course, but if you've only got time for one museum, then make sure it's this one. www.museodelprado.es
### Enterprise Ireland International Network

#### Head Office

<table>
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<tr>
<th>REGION/OFFICE</th>
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#### Southern Europe, Middle East and Africa

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#### Asia-Pacific

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