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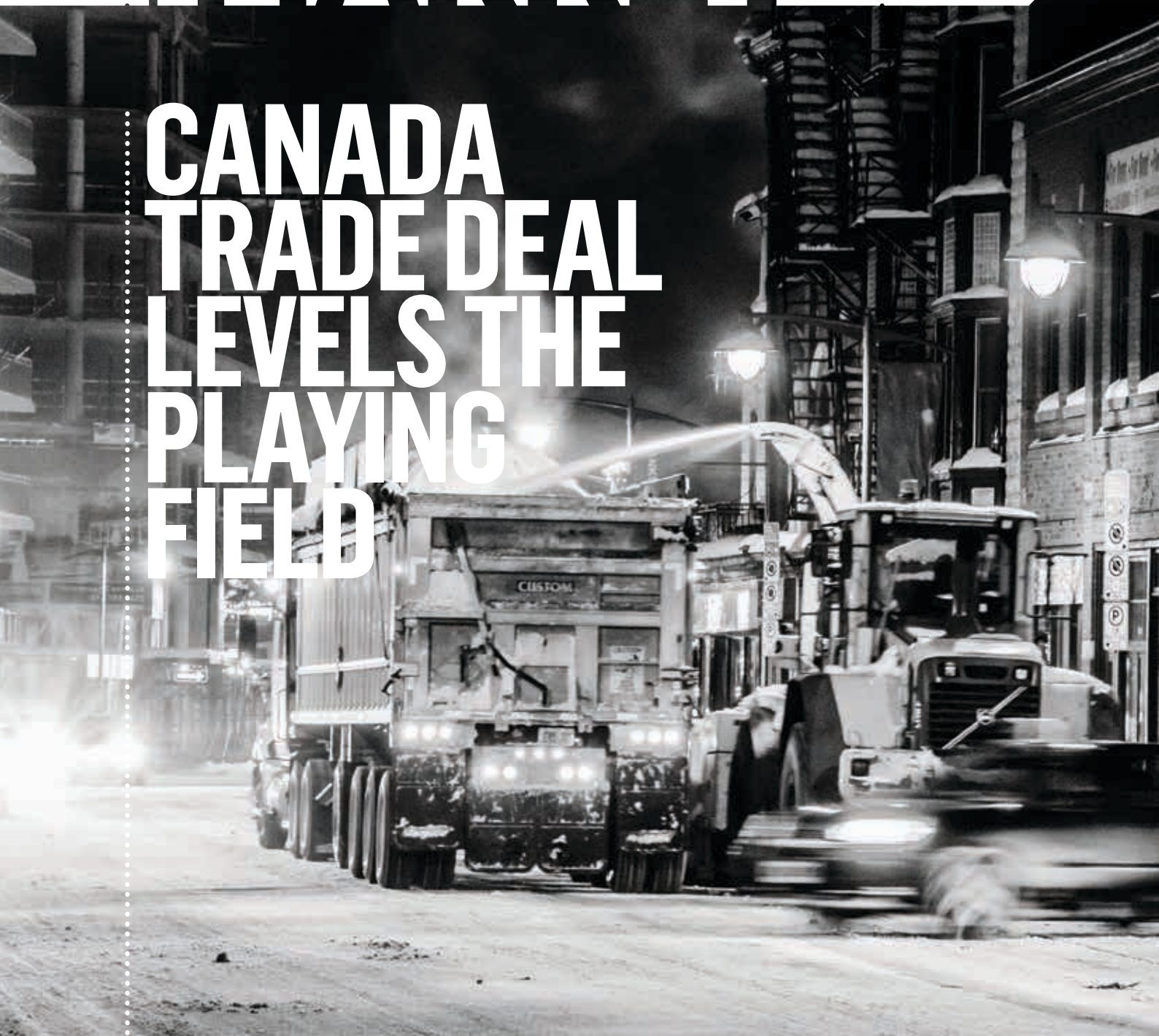
Paths taken by Irish companies putting down roots in the region

**WINNING BUSINESS WITH IRISH-BASED MULTINATIONALS**

Global Sourcing participants tell their stories

# THE MARKET

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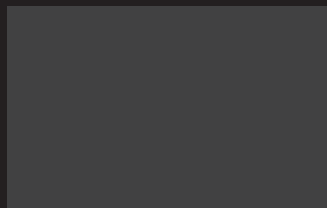
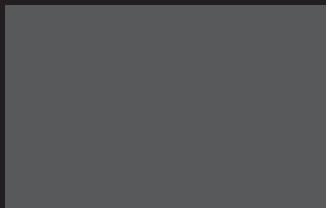
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## Year of Irish Design to focus on business and jobs

**2015 has been designated as the year of Irish design, with a year-long programme of over 300 Irish and international events intended to promote and celebrate Irish design and to encourage businesses to invest in design to improve their bottom line.**

"When many of us think of design, we might think about architecture or fashion or crafts. But, design is about so much more – from film and animation, to medical devices to the Philae craft landing on a comet – all are design focused and Ireland has some world class talent in this field," commented Minister of State for Business and Employment, Ged Nash, TD, at the launch in December.

Emerging as an idea from the Global Irish Economic Forum in 2013 and included in the Action Plan for Jobs, the year-long campaign of events is being co-ordinated by the Design and Crafts Council of Ireland on behalf of the Department of Jobs, Enterprise and Innovation, the Department of Foreign Affairs and Trade and Enterprise Ireland. Key themes will be sense of place, sustainability, creativity and well-being, according to Laura Magahy, Executive Chairman of ID2015.

There will be a specific focus on jobs and business growth, Magahy added. According to a study by the Design Council UK, for every €1 invested in design, a business can generate over €20 in increased revenues, over €5 in increased exports and more than €4 in net operating profit.

Enterprise-focused elements of the ID2015 campaign include:

- An international trade fund enabling Irish designers and companies to access international markets and create export opportunities
- A design innovation fund to support projects such as workshops, conferences and events
- Sectoral and regional design networks to stimulate economic growth and encourage investment and collaboration in the design sector
- Irish designers' work being presented at international events such as Milan and Dutch Design Weeks, London Festival of Architecture, London and Paris Fashion Weeks, London Design Festival, Chicago Architecture Biennial and Bi-City Biennale of Urbanism/Architecture in Hong Kong/Shenzhen

- A digital platform, providing a one-stop-shop with tools and techniques for applying design, making connections with peers, and finding the latest research

Among the initiatives already underway, 'Design Island' is treating travellers through Terminal 2 and Terminal 1 in Dublin Airport to a photographic exhibition of 300 images celebrating Irish design, expected to be seen by over 21 million passengers between now and the end of 2015.

Coinciding with ID2015, Dublin has been designated World Design Hub 2015 by the International Association of Designers, providing an opportunity to promote the skills and talents of Irish designers to a worldwide audience.

For further details, go to [www.irishdesign2015.ie](http://www.irishdesign2015.ie), or email [stephen.hughes@enterprise-ireland.com](mailto:stephen.hughes@enterprise-ireland.com)

## Irish technology helping to keep Sierra Leone mines open

**T**echnology from the Irish software company Induction Manager is being used by African Minerals Plc to deploy strict protocols designed to keep its Tonkolili mine in Sierra Leone Ebola free. The Dublin company provides an online induction platform for large organisations that would otherwise struggle to induct large numbers of contractors and employees.

African Minerals mines iron ore in Sierra Leone, which is ultimately exported to China. Iron ore represents 60 per cent of Sierra Leone's GDP, so it is essential to keep operations functioning.

Meanwhile, another Irish company has announced that it is at an advanced stage of testing a treatment for Ebola. Hemanua Limited, a start-up company,

has developed ProBlood CP as a treatment for Ebola. The treatment centres on the use of convalescent plasma (CP) from people who have recently recovered from Ebola infection. Hemanua's solution enables the harvesting and the transfusion of CP without electricity. Driven only by gravity, it has potential to provide a real advantage in remote and less developed regions such as West Africa. The ProBlood CP has additional advantages as it produces totally cell free plasma.

"Clinical trials of plasma therapy are now planned by several agencies in the epidemic-affected region to assess this approach," explained Medical and Scientific Director, Irish Blood Transfusion Service, Dr William Murphy, who is

working with the company to test the product. "Phase 1 test results on the ProBlood CP were very encouraging and the device provides a very real opportunity for clinicians in the field to provide convalescent plasma to the Ebola patients in their care easily and rapidly, and without the need for expensive and complex plasmapheresis equipment," he added.

"Clinical trials of plasma therapy are now planned by several agencies in the epidemic-affected region to assess this approach,"

**DR WILLIAM MURPHY**  
MEDICAL AND SCIENTIFIC DIRECTOR,  
IRISH BLOOD TRANSFUSION SERVICE



## Equinome plans international expansion

**I**rish equine genomics company Equinome has announced plans to open an office in the USA during 2015 and has six new DNA-related tests in development, which it intends to launch over the coming 24 months. Using the Equinome Speed Gene Test, racehorse owners and trainers around the world can now identify as soon as a foal is born if it is ideally suited to racing over short, middle or middle-to-long distances.

Since 2010, the company has launched two additional tests. The Equinome Elite Performance Test is used to identify horses with the greatest potential for racecourse success while the Equinome Projected Height Test can be used to predict the mature height of a thoroughbred horse with a very high degree of accuracy.

The company, which has headquarters at NovaUCD and a sales office in Australia, is also planning to double its workforce to 20 in the next 12 months.

**PICTURED AT NOVAUCD, THE CENTRE FOR NEW VENTURES AND ENTREPRENEURS IS DR EMMELINE HILL, RECIPIENT OF THE 2014 NOVAUCD INNOVATION AWARD.**

## OxyMem wins UK Energy Efficient Technology of the Year



**PICTURED ARE DR EOIN SYRON, CO-FOUNDER AND WAYNE BYRNE, CEO, OXYMEM**

**Y**oung Irish company OxyMem has won the Energy Efficient Technology of the Year Award at the Energy Awards 2014 held during December in London. OxyMem, the only Irish company among the award winners, was chosen on the basis of its innovation, widespread applicability and its overall positive impact for energy demand and the environment.

The company, a UCD-spinout, based in Athlone, is commercialising a breakthrough technology, to address the global need for a more energy efficient aeration solution for wastewater treatment. The award caps what has been an incredible year of recognition for OxyMem, with the company having accumulated a total of eight awards between Ireland, the UK and Europe during 2014.

## Smart Wall predicts 'white out' for 2015

**S**mart Wall Paint, the company behind the coating that turns solid surfaces into a white board, is predicting that next year will be the year when it really makes it big in the United States.

After being asked to fit every wall in a room with whiteboards, Arklow man Ronan Clarke thought, correctly, that having walls painted with a wipeable coating might make a better and more affordable solution. He embarked on a two-year programme of research and development, before founding the company and starting trading in 2011.

The company is currently exporting to 30 countries on every continent. Its primary markets being in Europe, the Middle East, Australia and South Africa, with South America being its newest market, says Derek Allen, head of international sales.

"After the UK, Australia is our biggest market for various reasons. It has a lot of major cities and built-up areas; we have a team member on the ground in Australia, and the market is huge on innovation and new concepts. Australian customers are very adaptive.

At present, the company sells to its US customers through

its ecommerce site, [www.smartwallpaint.com](http://www.smartwallpaint.com). "But," says Allen, "we are currently in negotiations with a major distribution partner, and we feel that 2015 will be the year for us in the US. As it stands, our US customers range from large corporations to SMEs right through to schools." Notable clients include ABC News, Google, LinkedIn, Juilliard School and the University of Georgetown.

"Our growth strategy is through distribution partners and we are very fortunate in having support from EI offices, most notably in Dubai, Saudi Arabia, Moscow and Australia, in identifying and profiling suitable partners," he adds. "Finding suitable partners takes a lot of time and expertise, but we have learned that choosing the right partner company is vital. They have to fit our desired profile and be a company that is proactive and looking to build a long-term, scalable partnership."

In 2014, Smart Wall Paint won every business award that it competed for – European Office Product of the Year in the FM category, Emerging Small Exporter of the Year at the Export Industry Awards and the Business Start Up of the Year at the Ulster Bank Business Achievers Awards. "It was a great year for us with revenue doubling," Allen says. "We forecast that revenue will double again in 2015, with some significant product and partner announcements."



## Qatar is first to sign up for Diona mobility solution

**D**iona, an Irish firm specialising in helping governments and agencies use enterprise mobility solutions to improve their delivery of health services and social welfare services, has won its first major product contract in a deal with the Ministry of Labour and Social Affairs in Qatar.

The company, which was founded two years ago by three Cúram Software veterans, currently employs 130 people and to date its revenues, which amounted to €6m in 2012, have been from its consultancy services.

As a partner of IBM (which now owns Cúram Software), and also Accenture, CGI, SAP and Oracle, Diona advises governments and agencies on how to best implement technology solutions to help health service and social welfare clients. Cúram, which was developed in Ireland, is seen as a world leader in social enterprise management software.

With IBM not offering mobility solutions, Diona saw an opportunity. The first of its kind, the Qatari deal sees the Irish firm providing a mobility solution for client self-service, where citizens can access information about, say, their benefit claim, update their personal information, including uploading copies of documents such as proof of identity and

residency. The Qatari package also features a mobility solution for social workers that allows health service and social welfare staff to access and manage all client and case activities while working in the field.

"Qatar is a very forward looking country when it comes to using technology, and they have the resources and vision to invest in solutions that improve the delivery of services to citizens," Diona's head of marketing, Michael Naughton told *The Market*. "When the Qatar Ministry of Labour and Social Affairs studied mobility solutions for health and human services, they found Diona to be an excellent match for their requirements.

"In Qatar, we learned that three things about our way of working helped – Diona's reputation for expertise in Cúram and in mobility, our willingness to invest in long-term relationships with regional partners and customers, and the fact that we went to the effort to translate our product and marketing materials into Arabic," he added. "The trade visit to Qatar in January 2014 by Taoiseach Enda Kenny TD and Minister for Jobs, Enterprise and Innovation Richard Bruton TD went a long way toward helping Qatar understand the commitment of Ireland and Irish companies to the region."



## The model route to building export success

Irish construction industry firms are being urged to embrace the rise of building information modelling (BIM) to ensure success at home and abroad.

BIM is a process that uses digital representations of the physical and functional characteristics of a facility to share knowledge and to make better, more reliable decisions during the whole lifecycle of that facility from its earliest conception to its eventual demolition. There are various flavours: 3D BIM provides interactive, dynamic, virtual 3D computer-generated models to aid decision making. 4D BIM adds schedule-related information so that all involved can visualise a proposed sequence of construction activities to better avoid bottlenecks, and 5D BIM involves the costing of a project and the input of professionals such as quantity surveyors.

The overall effect is a better sharing of information that reduces duplication and that catches errors and snags in the design before they are replicated in concrete. The cost savings accruing are estimated to be as much as 20 per cent overall, and this has led the UK Government to announce that all cabinet-mandated projects will need to be procured using collaborative 3D BIM by 2016. Similar announcements have been made in Norway, Finland and Denmark.

This requirement to be proficient in BIM techniques offers real opportunities to Irish companies that invest in the right know-how, says John Hunt, Enterprise Ireland's senior market adviser for the UK Construction Industry. He said: "For projects like HS2, the new

high-speed rail link between London and Birmingham, to pre-qualify you don't just have to show that you have worked on a project that used BIM, you have to provide a quality assurance that you have BIM processes in place and that you can fully engage with a BIM model, taking data from it and inputting your own data back in.

"This is the biggest transformation in the way we design buildings since paper and pens. The UK is taking the lead in putting in standardised rules and templates, and the RIAI [Royal Institute of Architects in Ireland] has said that we in Ireland would be foolish to start putting our own separate standards together when the UK is playing a leading role in setting international benchmarks.

"Implementing BIM in-house takes an investment of time and resources – but it is worth it," Hunt continues. "It is not just public sector contracts that are demanding it. BIM is increasingly a requirement in the private sector in those industries where the Irish have traditionally done well: energy, high-tech manufacturing, bio-pharma and wherever there is complexity."

Responding to the opportunity, Enterprise Ireland has launched two new programmes aimed at helping companies get the capability they need: BIM Enable and BIM Implement. These are aimed at four distinct groups: designers, including architects, M&E engineers and structural engineers; contractors and sub-contractors; the off-site manufacturers of modular buildings and modular components; and the manufacturers and suppliers of building products.

## Appy days for BlueBridge as it secures medical standards world first

BlueBridge Technologies, a Dublin-based firm specialising in the research, engineering and development of medical devices, has become the first company in the world to obtain IEC 62304 accreditation for the development of medical mobile apps.

The accreditation confirms that the company's software development processes are executed in accordance with international best practice and that they fully meet the requirements of both the US FDA and the EU's regulatory authorities. BBT's achievement was recognised only after a rigorous process that included examiners travelling from California to Dublin for a week-long audit.

"This accreditation will make a major difference to our potential clients," said Kerry Naughton, marketing director of BlueBridge Technologies. "The mobile-phone app sector is a bit of a Wild West – apps are frequently released with bugs in them and then fixed on the fly. That kind of regime is just not acceptable in the medical device market, where apps need to have 100 per cent reliability 100 per cent of the time, especially as mobile apps are being requested to do more and more for healthcare providers."

BlueBridge was founded in 2006 by a group of R&D specialists who had worked for Donnelly Mirrors, which ceased trading in 2006. Now, instead of developing sensors for use in the automotive industry, they specialise in developing sensors and software for medical devices, including *in vitro* diagnostics, surgical devices and implantable single use sensors.

"Our clients now include multinational life-science companies and also entrepreneurial clinicians or consultants who may have an idea that they wish to develop. We do everything in the R&D process from ideation through to proof-of-concept, prototyping, gaining approval and launching a new device on the market," Naughton told *The Market*. "We're very lucky that we can leverage the knowledge that is available in the Tyndall National Institute, in DCU, and the physiology experts in the Royal College of Surgeons. With their help, we have developed medical devices that are now in use across the globe."





## Kickstarter opens to Irish creators and backers

**K**ickstarter, the world's largest funding community, is now open to Irish creators. Since September 2014, Irish creators have been able to draft projects in any of Kickstarter's 15 creative categories - from film, design, and music, to journalism, games, and beyond - and now they can launch those projects to the public.

Each Kickstarter project is independently created and crafted by the person behind it. If people like the project, they can pledge money to make it happen. If the project succeeds in reaching its funding goal, all backers' credit cards are charged when time expires. Rewards are a creator's chance to share a piece of their project with their backer community. Typically, these are one-of-a-kind experiences, limited editions, or copies of the creative work being produced.

During the last quarter of 2014, over US\$138 million was pledged to projects, and 6,124 projects were successfully funded by a total of over one million backers.

## Dubai to invest Dh4.5 billion to create innovation hub for entrepreneurs

**D**ubai is to invest Dh4.5bn to make the emirate an innovation hub for global technology businesses and entrepreneurs. The plan was announced this December to mark the 15th anniversary of DIC, the emirate's first non-industrial free zone. The landmark development will be a massive new centre of communications, the size of 21 football pitches, at 150,000 square

metres. The investment will also fund the expansion of Dubai Design District to include an arts and creativity community and incubation centres for innovative entrepreneurs. Most of the investment will be centred in developments close to the existing free zones of Dubai Internet City, Dubai Media City and Knowledge Village, at the heart of Dubai's commercial and residential zones.

## Kinesis in Intel-GE partnership to reduce healthcare costs

**K**inesis Health Technologies, an Irish medical device spin-out company, is partnering with Intel-GE Care Innovations, a connected health wing JV between Intel and GE, to market and distribute QTUG™, a mobility and falls risk assessment technology.

The partnership focuses on helping the healthcare and senior living communities more proactively prevent falls by providing a more comprehensive view of an individual's risk of falling.

Based on seven years of clinical data, QTUG™ (Quantitative Timed Up and Go) allows both clinicians and health planners to effectively evaluate the therapy services rendered and understand when more or less therapy may be needed. It is intended for use by healthcare professionals such as falls specialists within hospitals and community-based care nurses.

The wearable device features technology from a second Irish company, Shimmer. The incorporation of its sensor platform will be worth approximately €3m to Shimmer over the next four years, the company says.

Established in 2008, with headquarters in Dublin and an R&D centre in Boston, Shimmer offers wearable wireless sensing technology designed to overcome the challenges of size, wearability, reliable communications and low power consumption.

Kinesis meanwhile is a spin-out of the Technology Research for Independent Living centres and University College Dublin. Its QTUG™ product will initially be available in North America, Ireland and the UK.

FROM LEFT TO RIGHT: SEAMUS SMALL – CEO, KINESIS; BARRY GREENE – CTO, KINESIS; PAUL DOHERTY – VP SALES, SHIMMER



## Coface predicts potential for growth in global trade during 2015

Since the economic crisis of 2008-2009, the rate of growth of international trade has been slowing down, affected first and foremost by a long-term fall in global growth. Added to this, the second negative effect of the crisis is the fall in demand for raw materials. Among the main emerging countries, those whose annual export growth was the strongest at mid-2014 (Poland, Romania, India, Philippines), mainly sell manufactured goods and not raw materials.

According to export trade insurer Coface, the disappointing export performance of a number of countries coincides with an increase in protectionism. In total, Argentina, Russia and India each introduced

over 250 measures between July 2008 and July 2014, almost twice as many as in the United States, Germany, France, the United Kingdom and Italy.

Coface is nonetheless anticipating acceleration in the global growth of trade to around 5 per cent in 2015 – a higher level than that seen in the last two years. Part of this it attributes to the integration of emerging countries into global value chains. For example, the rise of the Asian middle classes, Coface predicts, is likely to favour the establishment of companies in Africa where production costs are heavily dependent on labour costs. Coface is also predicting a continued expansion of trade in services.



JAMES FITTER, CEO, AND MARK MCCLOSKEY, FOUNDER AND PRESIDENT, ONEVIEW

## Oneview Healthcare signs new deal in Australia

Dublin headquartered Oneview Healthcare has signed a deal with Epworth HealthCare, Victoria's largest not-for-profit private healthcare group.

Oneview delivers an innovative software solution that seamlessly integrates a hospital's IT systems onto one high performance technology platform, providing point-of-care access to those systems across all end-user devices, including bedside terminals, TVs, tablets and smart phones.

Epworth HealthCare is to use the software at its Epworth Eastern facility, adding to hospitals that Oneview already has as customers elsewhere in Australia as well as the USA, Middle East and Europe.

Separately, the company has announced that it has completed a third round of equity funding, raising an additional US\$7m bringing cumulative equity raised since January 2013 to US\$20m. The fresh equity comes primarily from the existing shareholder base by way of a rights issue.

The funds will be used primarily to expand sales, marketing, project management and implementation resources in the North American market. Oneview has just completed deployment of its innovative solution in three hospitals at the high-profile Mission Bay Campus in San Francisco, where its software is powering over 850 devices.

## Hoxton launches €6m Irish VC fund

Hoxton Ventures, a UK-headquartered micro-cap venture capital firm, has launched a €5.875 million Irish early-stage venture capital fund, in partnership with Enterprise Ireland.

Hoxton Ventures is a \$40m early-stage venture capital fund designed to bridge the gap between Europe and Silicon Valley. It invests primarily in software-driven companies and services. The new €5.875m side fund will focus exclusively on Irish investments.

The announcement forms part of the €700m Seed and Venture Capital Scheme, supported by the Department of Jobs through Enterprise Ireland.

Hoxton has been meeting with Irish entrepreneurs for the last few months and has reviewed a large number of investment opportunities. The fund managers expect to make several investments in Irish start-ups over the coming three years.



HOXTON CO-FOUNDERS ROB KNIAZ AND HUSSEIN KANJI

## Irish business networks launch in Latin America

Three Irish business networks have been launched in Latin America. Details of the Irish business networks in Peru, Argentina and Chile are available through the LinkedIn group of the parent network – Irish Business Network – Latin America.

## Planning your travel and events programme for 2015?

Our Calendar of Events on [www.enterprise-ireland.com/events](http://www.enterprise-ireland.com/events) is updated continuously and contains the most up-to-date information on EI-supported trade missions, overseas buyer visits, learning events and workshops taking place in 2015.

# A UTILITARIAN APPROACH

**Managing director TJ Malone tells John Stanley about Sierra Support Services' inroads into the UK, managing fast growth and how the next stop could be the USA.**

**F**ounded over 30 years ago, Sierra Support Services Group had become a household name. For years, its vans and street workings have been a common sight in Ireland. They were ubiquitous. But by the time TJ Malone became managing director in September 2008, the company was struggling. Civil engineering contracting accounted for 70 per cent of turnover, mainly work for local authorities. But as their capital spending dried up, so did Sierra's sales. In 2009, they fell 50 per cent to €36 million, and there were just 300 people left on its payroll.

#### DIVERSIFY OR DIE

"This was the worst recession we'd ever seen, and we had to diversify rapidly to survive," says Malone. "So we looked to see where money would be spent. In a recession, people lose their jobs, they take their children out of crèches, they cancel gym memberships and they even stop paying their life assurance premiums. But because they're stuck at home, they spend more on TV packages, especially if they have children to be entertained."

Sierra had enjoyed a good relationship with UPC and its predecessors for over two decades and had been delivering in-home installations and services across Ireland for BSkyB since 2000. So now it set about securing more of this kind of work. Through diligent hard work it succeeded, and civil engineering now accounts for a mere 3 per cent of sales.

From initial recovery initiatives, Sierra has expanded to become a highly diversified service provider. By 2010, sales had recovered to €40 million,

and this year they will reach €135 million. "Next year, based on work we've booked already, we know that figure will be substantially higher again," Malone says. In the space of five years, the group has been revolutionised, expanding its blue-chip client base to include such household names as ESB, Electric Ireland, ScottishPower, Bord Gáis and Digicel as well as BSkyB and UPC.

Its current range of offerings appears bewilderingly diverse, from the erection of electricity towers and poles in Scotland and constructing and refurbishing electricity transmission and distribution networks for ESB Networks in Ireland, to the currently controversial installation of water meters on behalf of Irish Water through a joint venture with GMC Utilities and end-to-end domestic boiler maintenance and repair services for ScottishPower customers in Scotland, which extend as far south as Birmingham.

#### CORE COMPETENCIES

But despite such apparent diversity in its activities there are common threads. "We are able to excel in the management of large technical field forces and the associated project management, back office and IT systems wrapped around them," Malone says.

As part of its diversification plans, Sierra began to look closely at the UK, employing the services of Enterprise Ireland's London office. "They were exceptionally helpful," Malone says. "We were able to use their facilities there, which was very useful and they made good introductions for us. Our focus initially was on energy and overhead power lines, and

they introduced us to a good consultancy."

Over the space of some four to five months, Sierra's senior management conducted detailed reviews of business opportunities there with the help of the consultants. "One of the things we identified was that while our skill set, from an operational point of view, was as good as anyone's, we fell down on the marketing."

He is grateful, however, that he had the support of a board willing to back investment in IT and business development. "At a time when everyone else was cutting back, we invested heavily. Many of our larger competitors in the UK are plcs. Not being a plc allowed us to invest in technology, such as handheld devices, when they were under pressure to keep spending down to help keep their share prices up."

On foot of its UK research, Sierra decided its key objective was to position itself as an outsourced strategic partner. "At that point we literally got in our cars and began cold calling."

#### UK BREAKTHROUGH

The first big break in the UK came when it managed to get onto ScottishPower's tender list for provision of home energy services. To win the business, however, it needed to be up and running within four weeks with 100 staff, vans, offices and all the necessary support facilities – when it had nothing in place. ScottishPower executives had visited Sierra's Irish operations on four occasions. "They told us they loved what we had here, but couldn't see how we could possibly replicate that with just four weeks to go live."

### ENSURING CONSISTENT 'CORPORATE DNA' ACROSS THE DIVERSITY OF BUSINESSES IS A BIG CHALLENGE FOR THE HR DEPARTMENT, WHICH IS CONSTANTLY ON A RECRUITMENT DRIVE.

But even as the tender process went on, Sierra was gearing up, recruiting and training staff, renting premises and setting up a customer care centre. It won the contract and within four months had expanded its reach. "We took senior people from here and put them into the UK for 12 months and they built the whole team. That was important in order that the UK venture shared our corporate DNA."

#### MANAGING GROWTH

Managing such growth is not without difficulties. Staff numbers are now at 1,600 and rising rapidly. Ensuring consistent 'corporate DNA' across the diversity of businesses is a big challenge for the HR department, which is constantly on a recruitment drive. One of the positives of the recession for Sierra, Malone says, is that it resulted in a number of highly qualified people being willing to take up positions within its contact centres.

## **"WE WILL LOOK AT A POTENTIAL SMALL ACQUISITION THAT WILL ADD VALUE AND BRING US INTO THE US AS WELL."**

A talent-mapping exercise has identified individuals with appropriate skills and potential and Sierra's rapid growth has afforded them opportunities within the group. "When you're expanding quickly, you attract hungrier people," Malone adds. "We've found that as we've expanded, the calibre and quality of people applying for jobs with us keeps getting better."

Malone likens running such a sectorally and regionally diversified business to the efforts of a circus performer keeping an ever-growing number of plates spinning at the top of poles. "Each time he sets up a new one, he has to dash back to keep momentum on the others; there's always one that's beginning to wobble and needs attention."

This has been a great time for people to step up and seize opportunities, he says. "But this is not luck; there's been a lot of succession planning and development of staff to ensure we have the people we need where and when we need them. What we're doing now is talent management and development, which is something we weren't doing five years ago."

Malone is particularly strong in his belief that no matter how brilliant or talented an individual may be, their

ability to be a team player is what really counts. "I'm a huge advocate of the right culture. When you're growing at the pace we are, having one person rowing in the wrong direction is simply dynamite. To me the team is everything, and if there are any problems in that regard it's important to spot them and make changes quickly."

### **PARTNERSHIP APPROACH**

Part of Sierra's approach with customers is to put strong emphasis on a 'partnership' model of doing business. "We need large volume contracts so our goal is always to become sole contractor. We tell customers, if you give us the volume, we'll reinvest and build a premium brand." That seems to be a message many clients are happy to heed. Malone cites as an example a contract it secured with the BBC in Northern Ireland to support the changeover to digital radio. This involved calling out to 90,000 households to assist elderly or otherwise vulnerable people to make the changeover. Its approach won it the accolade of 'Best Small or Growing Contact Centre' in the 2012 Irish Contact Centre Management Awards.

"Every bit of business is built on KPIs, especially operational KPIs," he explains. "Exceeding agreed KPIs keeps

you in pole position and shows your client that you really do want to be the best." In large organisations employing their own field forces as well as outside contractors, it is normal to compare the performances of the external suppliers against each other. Traditionally in-house field forces will significantly outperform their external counterparts, largely because of a combination of training, experience and greater selectivity in respect of the calls they chose to handle. But with the BSkyB contract and others Sierra has set out to beat the in-house teams – and succeeded.

### **FUTURE GROWTH**

Malone sees the UK as Sierra's main area of opportunity over the next few years. "We have hired and invested heavily in a full management team there," he says. "Our vision is that it will account for half our business in the future." Last year, Sierra set a target of achieving 50 per cent of its revenues from all international activities by 2016. Subsequent growth has caused it to revise that to 50 per cent by next year and 65 per cent by 2016. "There are big opportunities in telecoms in the UK, where luxury TV packages are increasingly seen as a necessity," he says.

Its biggest growth, however, has come in the wake of a five-year operations and maintenance contract with Digicel Jamaica. This is a sister company of Sierra's parent, Siteserv, both of which are now owned by Irish businessman Denis O'Brien. In the less than two years since that first contract was awarded in April 2013, Sierra has expanded operations into 14 different countries in the Caribbean and

Central America. By the end of next January, it will have over 1,000 people on the ground there, many of them Irish.

But Malone is quick to dispel any suggestion that its growth in the Caribbean is the result of corporate family connections, pointing out that much of Sierra's growth there was achieved before Denis O'Brien's acquisition of its parent company. "While we have the opportunity to tender for Digicel business, we're still up against big competitors, such as Huawei from China. Digicel is actually the toughest client we have by a mile. If you can't produce, you'll be swept aside very swiftly."

Malone's plans are to bed down operations in the Caribbean over the next six to eight months. But Jamaica is only an hour off the coast of Miami – and the US is clearly calling. "We will look at a potential small acquisition there that will add value and bring us into the US as well," he reveals. "We're likely to be doing that within the next 12 months."

One particular piece of business affords a good insight into how Malone's mind works. Sierra provides a fully client-branded service for a small Irish company called PrePayPower, installing "smart" meters designed to eliminate electricity bill "shocks" for its customers. Sierra approached PrePay with the aim of getting specific experience in this area. The reason? "There are 53 million smart meters to be installed in the UK between 2015 and 2020. Starting 2017, every house in Ireland will be getting one," Malone says. "In this business, you have to be looking at least two to three years down the road."

**The Market** looks at new measures to promote trade between the EU and Canada as a result of the recently brokered CETA trade and investment deal.

# CANADA TRADE DEAL LEVELS THE PLAYING FIELD



For the first time, EU companies will be able to compete on a level playing field with US exporters in Canada.

**T**he EU-Canada summit that took place in Ottawa this September marked the end of the five-year talks for a Comprehensive Economic and Trade Agreement (CETA). Canada is one of the most advanced non-European countries with which the EU has ever negotiated a trade agreement. The European Commission has long argued that the EU has much to gain from closer trade ties with Canada: it is a sizeable market, an important destination for European investment and a country rich in natural resources.

For the first time, EU companies will be able to compete with US exporters in the Canadian market on a level playing field, as the US and Canada have already liberalised their trade through the North American Free Trade Agreement (NAFTA). Once implemented, the Commission says that the agreement will increase EU-Canada trade in goods and services by almost a quarter (23 per cent) and boost EU GDP by about €12 billion a year. Specifically CETA will

#### **END CUSTOMS DUTIES**

CETA is going to eliminate all industrial duties, saving European exporters around €470 million a year. Duties will be eliminated quickly. Most of them will be removed as soon as the agreement enters into force. Seven years later, there will be no more customs duties between the EU and Canada for any industrial products. A far reaching elimination of customs duties will apply also to the farming and food sectors. Nearly 92 per cent of EU agriculture and food products will be exported to Canada duty-free.

The outcome of the negotiations is especially promising for processed agricultural products (PAPs). With nearly all Canadian duties for these products eliminated, the EU food-processing industry is expected to considerably gain from CETA. As regards wines and spirits, tariff elimination is complemented by the removal of other relevant trade barriers, which will significantly improve access to the Canadian market.

For a handful of sensitive products such as beef, pork, sweetcorn on the EU side and dairy in Canada, the preferential access is limited to quotas. Poultry and eggs will not be liberalised on either side. The EU entry-price system is maintained.

Canadian fish is expected to be among the net import flows into Europe. Sustainable fisheries will be developed in parallel, in particular with regard to monitoring, control and surveillance measures, and the fight against illegal, unreported and unregulated fishing.

#### **ENABLE EU BUSINESSES TO BID FOR CANADIAN PUBLIC CONTRACTS**

With CETA, EU companies will be able to bid for public contracts in Canada at all levels of government. This includes the provincial authorities, responsible for a large portion of public spending.

An EU-Canada Joint Study back in 2008 estimated that the overall value of contracts awarded by the federal government in Canada was C\$15 to 19 billion per year. The value of contracts at other levels of government greatly exceeds this. For example, in 2011 procurements by Canadian municipalities were estimated at C\$112 billion (approx. €82 billion) or almost 7 per cent of Canadian GDP.

European businesses will be the first foreign companies to get that level of access to Canadian public procurement markets. No other international agreement concluded by Canada offers similar opportunities. Canada is to create a single electronic procurement website that combines information on all tenders to ensure that EU companies can effectively take advantage of these new opportunities.

#### **STEP UP REGULATORY COOPERATION**

The chapter on technical barriers to trade (TBT) contains provisions that will improve transparency and foster closer contacts between the EU and Canada in the field of technical regulations. Both sides have also agreed to further strengthen links between the relevant standard setting bodies. A separate protocol will improve the recognition of conformity assessment between the parties. By reducing the cost of complying with technical regulations, standards and conformity assessment procedures (including marking and labelling provisions), CETA will facilitate trade and benefit industry generally. According to estimates, this could amount to GDP gains of up to €2.9 billion a year for the EU.

## PROTECT EUROPEAN INNOVATIONS AND SPECIFIC GEOGRAPHICAL INDICATIONS

CETA will create a more level playing field between Canada and the EU in the field of intellectual property rights. For instance, the EU pharmaceutical sector should see tangible benefits thanks to developments in the Canadian patent system. Also, European innovations, artworks and brands will be better protected against being unlawfully copied.

CETA also recognises the special status and offers protection on the Canadian market to numerous European agricultural products from a specific geographical origin. The use of geographical indications such as Roquefort or Aceto balsamico di Modena will be reserved in Canada to products imported from European regions where they traditionally come from.

## STREAMLINE TRADE IN SERVICES

Around half of the overall GDP gains for the EU are expected to come from liberalising trade in services. CETA will bring new opportunities for European companies by creating access to the Canadian market in key sectors such as financial services, telecommunications, energy and maritime transport.

The agreement will also facilitate the temporary movement of key company personnel and service-providers between the EU and Canada. This is particularly important for firms with overseas operations. Certain categories of professionals will also have easier access to temporarily supply services such as consultancy in a variety of sectors like accounting, architecture or engineering – simplifying the fulfilment of after-sales maintenance and monitoring commitments.

Into the future, the agreement provides a framework for mutual recognition of qualifications in regulated professions. At the moment, the lack of coherent requirements for professionals remains a stumbling block, especially for providing cross-border services. Under CETA, the relevant professional organisations or authorities in the EU and Canada will be able to further work together on the technical details for recognising diplomas.

## Opportunities for Irish companies

Canada sailed through the economic downturn almost unscathed, with low unemployment, no mortgage crisis and not a single major bank failure. Canada is an affluent, high-tech industrial society with a market-oriented economy, low inflation and high living standards.

GDP for Canada was at approx. €1.2 trillion in February 2013, and the expected GDP growth for 2014 is estimated to be between 2.1 per cent and 2.5 per cent.

In its latest Market Access Guide for Canada, Enterprise Ireland has identified four key areas of opportunity where Irish companies are well placed to deliver products and services.

### Financial Services

The export of Irish financial and enterprise software has more than doubled in the period between 2008 and 2011, with an increase of €28.7m. Despite the advanced nature of the sector, local Canadian institutions are deemed to be 12-18 months behind their European counterparts in terms of uptake of new technologies. This dynamic has resulted in significant credibility being bestowed on software solutions companies that have strong reference sites with European financial institutions. UK and European reference sites resonate strongly in Canada, which is why more Irish companies are looking at Canada as their launch point into the US.

### Natural Resources

In 2011, the natural resources sector in Canada accounted for about 15 per cent of the country's GDP. Canada is the sixth-largest producer of oil and has third-largest oil reserves in the world.

Canada is also the world's third-largest producer of natural gas. Opportunities are especially prevalent in providing turnkey services, including manpower and product companies that have applications in the oil and gas industry. Irish construction skills also have a strong reputation in Canada. Other areas of potential opportunity in this booming industry include remote telecommunications solutions, enterprise software that enables companies to manage complex projects and even aviation products and services.

### Agriculture & Agri-food

Machinery and technical services to the industry are areas where Irish companies may be able to seek opportunities. Irish companies that have been successful in this market have been able to demonstrate machinery that is robust, with scientifically proven results, and innovative techniques.

### Telecommunications

Opportunities for Irish exporters include rural telecoms, Wi-Fi and data offload, network optimisation, reductions in operational and capital expenditure, LTE & LTE Services such as VOIP, VOLTE and HD voice and converged messaging, near field communication and mobile payments, M2M communications and service enablement. As voice and data profits decline, carriers look to provide sticky e-commerce services to its business customers.

**Source:** Access Canada: A Guide to Doing Business in Canada by Enterprise Ireland. This guide can be downloaded at <http://tinyurl.com/ojddt3y>

## Easier to get to

In the last year, Canada has become even easier to get to. Launched in April 2014, Aer Lingus's service to Toronto operates 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.

In addition, Air Canada re-launched its seasonal Dublin-Toronto flight as a year-round service through its leisure brand, Air Canada rouge. The two airlines join Air Transat at Dublin Airport on the Toronto route. In addition, Air Transat already flies to Montreal.

A third new Ireland-Canada service from WestJet operates over the summer season, with non-stop flights daily to Dublin from St. John's, Newfoundland and direct (same-aircraft) flights from Toronto.

## PROMOTE AND PROTECT INVESTMENT

CETA is the first EU trade agreement that brings broad benefits to EU companies investing outside the EU. Moreover, the agreement ensures that all European investors in Canada are treated equally and fairly. To improve the investment climate and offer more certainty to all investors, the EU and Canada have committed to key principles, such as non-discrimination between domestic and foreign investors. Canada and the EU also commit that they will not impose any new restrictions on foreign shareholding.

CETA also contains provisions to reform and improve the investor-to-state-dispute arbitration (ISDS) system. ISDS is a system of international arbitration designed to protect foreign investors from discrimination or unfair treatment by governments.

The provisions in CETA on investment protection and investor-to-state-dispute-settlement will replace the eight existing bilateral investment agreements between EU Member States and Canada. A single set of rules will make the situation clearer. It also provides the opportunity to introduce additional guarantees that the system cannot be used to successfully challenge legitimate laws and prevent any abuse of the investment protection rules and investor-state dispute settlement systems.

The improved ISDS system in CETA will have a code of conduct for arbitrators, ensure government control over arbitrators, ensure full transparency of proceedings, and ban frivolous claims.

## ENSURE GOOD COOPERATION IN THE FUTURE

CETA creates a framework to resolve any future disagreements that may occur between EU and Canada about the interpretation and implementation of the Agreement. This system is intended as a last resort should the parties fail to find a solution by other means.

As an alternative to a formal dispute settlement mechanism, the EU and Canada also set rules that will allow for mediation to tackle measures that adversely affect trade and investment between the EU and Canada. These can be used on a voluntary basis.

## SAFEGUARD CONSUMER AND ENVIRONMENT PROTECTION STANDARDS

CETA will not affect food-related or environmental regulations in the EU. Canadian products can only be imported and sold in the EU if they fully respect the relevant European regulations - without any exemption. For example, CETA does not affect the EU restrictions on beef containing growth hormones or GMOs. Nor does CETA put specific restrictions on future rulemaking. Both the EU and Canada will keep the right to regulate freely in areas of public interest such as environment, health and safety.

## NEXT STEPS

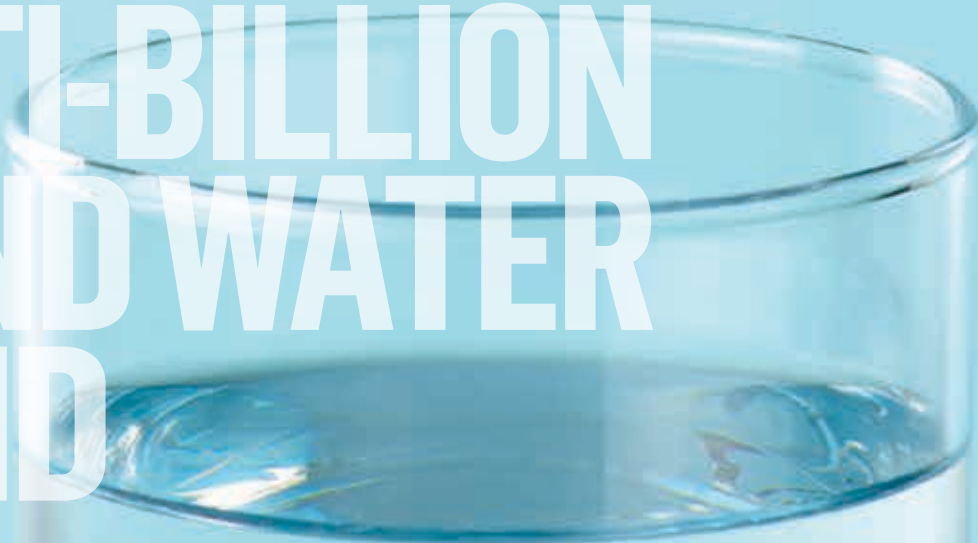
The text of the CETA agreement is now being checked by the EU's lawyers and translated into all EU official languages. Subsequently, it will be sent to the Council for authorisation and for signature. The next step will be the consent vote in the European Parliament, and if necessary the approval of the parliaments of the Member States.



**Water treatment is set to continue on course as one of the defining global issues of the next decade. And with innovation at last being welcomed by this once conservative sector, Irish SMEs with new products and ideas are finding their place in the UK. Anthony King reports.**



# SMES TAP INTO UK MULTI-BILLION POUND WATER SPEND



**T**he opportunities in the global water and wastewater treatment markets are prodigious. The industry is estimated at \$400 billion, with an annual growth rate of 7 per cent. Within this landscape, the UK, a significant market in itself, is also a stepping-stone to international projects. And with several drivers for change now playing out in that market, it could be a good time for Irish companies to get a toe in.

December 2014 saw a price review by UK regulator Ofwat come to an end. Now a new regulatory landscape will shape the next five-year Asset Management Plan [AMP6]. UK water utilities are planning a total expenditure of £41 billion during this period, which runs from April 2015 to March 2020. Ten water and sewerage companies are planning expenditures of £37.4 billion, according to Global Water Intelligence estimates.

Industry too is eyeing up investments, following the uplift in the economy over the last 18 months. "Companies had been reluctant to spend money on capital plant, and there has been a lot of asset sweating going on rather than capital investment, but it is all changing at the moment. It's a window of opportunity," says Matthew Wheelock, the CEO and founder of Wheelocks, a UK management consultancy firm.

Wheelock is one of a number of 'pathfinders' Enterprise Ireland has been using as part of its wide-ranging campaign to attract the attention of key UK buyers and industry stakeholders to innovative solutions from Irish SMEs, such as Hydro International in Meath (see page 18).

### TIME OF CHANGE

Conservatism, once a byword for water treatment, is giving way to a more open mind. For example, utilities and industry are increasingly interested in smart solutions such as sensors that can send back data on drops in pressures or problems at specific locations. Telemetry is a hot topic in the water sector, allied to the 'Internet of Things'.

"But data only gives you a picture. What site managers really need is intelligence," comments Wheelock. "Managers need to create a baseline picture of assets and operations that represent the norm and then identify issues that are outside of that. That is where the opportunity for intelligence comes in, and that is very software led, something frankly Ireland is well positioned to deliver."

"There was a mantra that there were no new technologies in the water treatment sector for 30 years. That picture has changed rapidly with the cleantech revolution," he adds. "There is now a whole plethora of new technologies, new thinking, new ideas." The shift opens the door for SMEs – the engines of innovation in the commercial, industrial and utility markets – to supply the big engineering firms, the tier one customers of large utilities and others.

Environmental challenges such as water scarcity and energy costs are being thrown in the mixer at a time when technology innovation is finally gaining momentum. "If you are buying a piece of kit, typically what industry looks for now is greater energy efficiency than an existing product and greater efficiency over the lifetime of



a project,” explains Liam Curran, a senior technologist with Enterprise Ireland. His colleague Maureen Barry, in EI’s London office, stresses the importance of the water-energy nexus: “There is a strong correlation between the two, and both are demand inelastic for the next ten years,” she told *The Market*. “This is a global problem,” she adds, “and water companies, both in and outside the UK, are paying attention.”

## UK REFERENCE

OxyMem is one Irish SME that appears to have struck iron with a solution that tackles one of the major bugbears of water treatment – energy. Treating and pumping wastewater consumes vast amounts of energy, accounting for around 3 per cent of global electricity consumption. Much is consumed in tank aeration – the process of blowing bubbles through the wastewater to deliver oxygen to the floating bacteria, whose job it is to feed on and break down waste. With current technology, the bulk of the oxygen is released into the atmosphere, with energy losses of 75 to 80 per cent.

OxyMem’s alternative centres on an attached growth system, using membrane technology developed at University College Dublin. “Effectively, the bacteria grow on the walls of our membranes,” explains Wayne Byrne, MD of OxyMem. The non-porous, dense membranes are permeable to gas, allowing much higher oxygen transfer rates (up to 99 per cent). Additionally, because the bacteria form a biofilm on the membrane, they are more resilient to shocks such as heavily polluted inflows, which would normally kill suspended microbial colonies.

The system can be used in new-build sewage plants or as part of a retrofit, replacing an existing aeration system. There is also potential to add capacity alongside existing operations, with either a packaged plant or a bespoke arrangement.

OxyMem will take part in the Global Cleantech Cluster awards this December, when the top 35 companies travel to Switzerland to compete for innovation prizes.

The company is also proving itself commercially. OxyMem has tested its system for the last 20 months at Severn Trent Water’s Minworth site, the second largest wastewater treatment plant in the UK. “Later this month, we will deliver a brand new system,

which will be the largest MABR [membrane aerated biofilm reactor] in the world,” Byrne tells *The Market*. The plan now is for OxyMem to leverage this to build “lighthouse opportunities” in various geographical regions.

## ANAEROBIC DIGESTION


Outside the utility sector, industries that are heavy users of water are also looking for innovative treatment solutions. EU regulations and more stringent water standards are among the push factors, but there are also intangibles in play.

“There is an emerging concept that there is no longer such thing as waste, and whatever comes out of a site has a value and should be re-used,” Wheelock observes. “If companies can crack that nut, they massively increase their green credentials, and that can be factored into cost equations.”

In the old model, a return-on-investment of 12 months or under significantly increased the likelihood of a sale. Eighteen months was acceptable, but the longer the return on investment, the harder the sell. Now if the capital plant or service delivers intangibles such as protecting a client’s reputation for providing green credentials, a longer payback may be acceptable, Wheelock says. Added to that, waste disposal costs are ever rising, as it becomes more expensive to tanker waste off-site and to landfill waste residues.

NVP Energy is an Irish player with a solution that promises to deliver on all these fronts by reducing final disposal volumes – and delivering net energy gains. Developed at NUI Galway, the anaerobic digestion technology is said to be capable of reducing organic sludge volumes by over 90 per cent more than conventional aerobic systems. But, as with all anaerobic digestion solutions, the biggest advantage is the energy by-product. Treatment takes place at ambient temperatures, so no external heat input is required, and the biogas by-product generated is a valuable fuel, somewhat similar to natural gas, which can be used on-site to produce heat and power.

“Typically [aerobic] wastewater treatment technologies are energy intensive and emit a lot of carbon dioxide; our technology allows wastewater treatment plants to significantly reduce their energy costs, reduce sludge and generate biogas that a client can use on-site,” says Tracey Giles at NVP Energy.



Ten UK water and sewerage companies are planning expenditures of £37.4 billion, according to Global Water Intelligence estimates.

## Environmental challenges such as water scarcity and energy costs are being thrown in the mixer at a time when technology innovation is finally gaining momentum.

The technology is well suited to low-strength wastewater streams, such as those generated in the food, beverage and municipal sectors. It is also modular, allowing for flexible production volumes. NVP Energy can deliver container-sized kit to slot into an existing plant and reduce the costs to industry of discharging to the sewage system.

“An industry generating thousands of cubic metres per day could be paying a million pounds per annum. We could cut that in half for them,” says Giles. The technology has been trialled in three dairy companies in Ireland at pilot scale – and with the imminent abolition of milk quotas, this is a sector set to see growth in the UK.

### **DAIRY SECTOR**

The dairy industry itself has introduced new standards for water, energy and waste. The Dairy Roadmap 2013: Environmental Sustainability Report set specific time-bound environmental targets for UK dairy farmers and dairy processors. For example, all major processing companies are to implement carbon management programmes, and there is to be a 20 per cent reduction of water brought onto site, as well as a reduction in organic compounds in discharged effluent.

To take a closer look at the potential, Enterprise Ireland commissioned a Frost & Sullivan report. It concluded that the industry’s targets will spur investment in water efficiency measures and boost investment in advanced treatment solutions. For example, membrane bioreactor or tertiary membrane units will be required for water reuse and recycling and anaerobic digestion solutions for biogas generation.

Hydro International, which Wheelock is currently working with, is another Irish company offering solutions in the anaerobic digestion space. Hydro is headed by PJ Finn, who has over 30 years’ experience in the industry, including previously establishing a

successful cleantech company in the US back during the 1980s. “It has an excellent reputation for delivering projects, particularly in the food and beverage industries,” Wheelock says.

The Meath-based company typically works with partners to deliver end-to-end solutions, and its portfolio covers a broad spectrum of innovative technologies for water and waste management, renewable energies, rainwater harvesting, biogas recovery, reuse of sludge and resource recycling.

For example, the UK company Clearfleau, which designs and builds on-site anaerobic treatment for industry, selected Hydro technology for a project with BV Dairy. The biogas produced at the dairy processor’s Dorset-base generates 2,150 MW of electricity and 1,685 MW of heat per annum, and the project has won an Excellence Award for Recycling and Waste Management.

### **GETTING IN THE DOOR**

Enterprise Ireland teams in Dublin and London are pursuing several strands to help client companies capitalise on current opportunities and promote Irish technology to the right stakeholders within the industry. A collaborative tendering workshop took place in March 2014, and EI will coordinate an Irish presence at the World Water-Tech Investment Summit fair in London in March this year.

Twitter (@EI\_HubH2o) is being used to position the organisation as a thought leader and to strengthen its connection with pioneering individuals and organisations within global water markets. There is also a LinkedIn group (Hub H2o) to allow for information sharing, discussion and interaction among clients, academia and industry, as part of Enterprise Ireland’s efforts to explore new ways of engaging with what has been traditionally perceived as a conservative industry. And a dedicated email account, [water@enterpriseireland.com](mailto:water@enterpriseireland.com), has been opened for contacts in the sector.

Outside the utility sector, industries that are heavy users of water are also looking for innovative treatment solutions.

OxyMem hooked up with Severn Trent through EI's London office. "Basically the Enterprise Ireland team opened a line of communication with Isle Utilities, a UK pathfinder organisation paid by industry. You need something cutting edge or unique to even get in front of this group, but Enterprise Ireland made the introductions necessary," says Byrne.

Other pathfinders are helping companies to gain introductions in the commercial sector, which is seen by some as a potentially easier nut to crack.

As for NVP Energy, Giles says that the company is gaining visibility in the UK by attending wastewater and renewable energy conferences, and getting presentation slots and seeking out keynote speaker opportunities at these events.

Wheelock adds that the UK water sector is ripe for consolidation, particularly amongst SMEs, and he predicts heady days ahead for mergers and acquisitions. "[This] is a good opportunity for Irish companies. They don't necessarily have to do the traditional thing and spend time knocking on doors. A route to market could be through an acquisition or merger with a UK company."

Even a small slice of the action in the market can be a big contract for Irish SMEs, notes Curran, considering the billions in infrastructure spend planned. And the UK offers a gateway to strong markets on mainland Europe and beyond, particularly the Middle East, where experience and references can be so important.

"The global market is very interested in what happens in the UK utilities market and certainly a customer as prestigious as Severn Trent Water has enabled us access opportunities otherwise outside our capacity to exploit," confirms Byrne. With Severn Trent on its CV, the company has plans to deliver kit to Spain and Sweden this year and North America early next year.

## EPS DIRECTOR SUMMARISES THE DRIVERS BRINGING CHANGE IN THE UK MARKET

**A**MP6, the UK's next five-year Asset Management Plan, will bring some new dynamics to the marketplace such as a planned move to totex (total-expenditure) based regulation. "There is a desire to regulate the sector based on recognition of the full economic consequences of asset planning decisions, where previously it could be said there was an over-focus on short-term capital expenditure. In supplier terms, it will be a case of thinking beyond the capital consequences of your service or product," says Adds Arshad, a thought-leader in the UK water marketplace and a non-executive director with the established Irish water treatment consultancy EPS.

"Another tangible trend is a desire to see evidence of genuine collaboration across the supply chain. You can't keep good ideas to yourself. You need to show you are willing to share, based on knowledge-exchange platforms," he adds. A number of regulated companies and their construction alliances are actively seeking 'collaborative-competitive-partnerships', which challenge you to work with your peers in quite a different way.

EPS is a recognised provider of water and wastewater treatment solutions, with a focus on water companies, Tier 1 contractors and the non-regulated industrial market in the UK. "Our pedigree from Ireland is with industrial sectors such as food and beverage, light industrial, and pharmaceutical, and those markets are gaining traction in the UK too," Arshad says.

Another trend is the appetite for modular industrial construction, which seeks to shift construction activity back into the controlled manufacturing environment. This is in part being driven by the UK's push on building information modelling (BIM) says Arshad. EPS has embraced both of these trends, including through the launch of a new joint venture (meps Limited) with the global wet infrastructure player MWH, which aims to provide lean manufactured, modular treatment solutions.

With regards to technology, customers generally want to see proven and referenced solutions for current and future day problems, not necessarily lab-based pre-commercial stage technology, he argues. There is a demand for reducing energy consumption and the reliance on chemical additives within the treatment process, which have an impact on the environment and cost-base, and a desire for technologies that improve biological treatment efficiencies. Finally, "there is a huge appetite for unlocking the latent value within wastewater, to try to recover secondary resources and energy stocks. There are multiple levels of value in wastewater and finding balanced methods to unlocking this is key," observes Arshad.

Fintech, technology for financial services, is one of the hottest industries for Irish start-ups right now. Wall Street veteran Fergal O'Sullivan offers some quick tips on targeting US customers. Interview by [Gordon Smith](#).

# A VIEW FROM WALL STREET



**M**ythologised in countless movies, Wall Street can seem an intimidating place to try to sell, but many US financial services companies are surprisingly amenable to meeting with prospective vendors. “They might not want to buy straight away, but as long as it’s in the ballpark, they will definitely be interested to learn what you’re doing because that gives them a sense of what’s happening on the street. It’s a small enough industry, but people still don’t share everything that’s going on,” says Feargal O’Sullivan. An 18-year veteran of financial services software as Senior Vice President, Head of Sales with NYSE Technologies, he now heads up his own consultancy, USAM Group, which helps drive sales for companies selling software and services into financial providers.

### KNOW YOUR TARGET

Once an Irish company finds itself at such a meeting, what can it do to make the most of these opportunities in front of a would-be buyer? Based in the US since 1997, O’Sullivan has clearly assimilated the local dialect. “Show up and throw up” is the New Yorker’s put-down for anyone who launches into an unnecessary spiel about their own company. Instead, he says, sales pitches must first focus on the customer’s needs and how their product or service meets those needs. “I’ve seen too many sales decks that start with the company information. If you want to close, find out who you’re talking to and target straight away the challenge that your firm solves, and the benefits of going with it, compared to some other solution,” says O’Sullivan.

There is an element of education required to start the process of convincing a customer, he adds. “One, you have to be able to understand their business extremely well. Two, you have to help guide them. Let’s say your tool solves ten of the 100 problems they have: you need to guide them towards the nine or ten problems that your tool solves well, that will make a bigger impact. There is a teaching aspect to it.”

### WEIGH UP THE OPPORTUNITY

O’Sullivan says a key characteristic in financial technology sales is the level of technical integration required. “It’s not just an iPhone app or web GUI. It’s a platform that has to integrate with the bank or trading firm. There are a lot of moving parts, a lot of stakeholders, a lot of politics and a lot of complexity,” he cautions.

“If you’re a tech vendor selling into those banks, a fair proportion of the deal will require customisation. That’s a fact that vendors need think about. That’s a challenge and a strength. If you can offer something a little more tailored to their need, then you stand out as being better than your competition. But the challenge is you can’t do a custom deal every time.”

Irish software providers need to understand the point at which customisation stops being profitable – and adjust their business development strategy to match, O’Sullivan says. “There is not much point in trying to sell integration at less than \$150,000. It takes a significant amount of time whether it’s a small, medium or large deal, and it’s not proportional. A \$1 million deal might take 12 months but a \$150,000 deal might take nine months. You can’t assume that you’re going to be able to close a smaller deal proportionately faster.”

The reason for the lengthy sales cycle is because banks are cautious about changing technology providers. “That’s important for fintech vendors to understand. While banks are farther ahead in technology adoption than other sectors, they still have regulatory requirements, customer satisfaction needs and competitive pressure.”

### GO FOR SCALE

This caution to adopt means Irish companies should expect an extensive due diligence process. “Even if you’re doing a small deal, they’re still going to put you through the wringer. Better to put your time into the larger deal. Don’t assume it’s the low-hanging fruit,” O’Sullivan warns.

“You could spend \$50-100,000 to get that deal in the door, and the cost of support for that one client remotely is higher still. You need to constantly review and prioritise your opportunities. Keep seriously pruning your pipeline so you are focused on the higher-probability opportunities and the ones that will justify closing the deal,” says O’Sullivan.

“A sales plan requires you to map out the opportunity: how is the target organisation structured? What is the problem they need a solution to, by when does it happen, and what are the negative consequences of them not having a solution by this date? And then you should be updating that plan to whatever changes happened the prior week. I talk about science versus art; there are processes in sales that can be scientific, and this is one of them.”

**“EVEN IF YOU’RE DOING A SMALL DEAL, THEY’RE STILL GOING TO PUT YOU THROUGH THE WRINGER. BETTER TO PUT YOUR TIME INTO THE LARGER DEAL.”**





# MEET IRELAND'S DIRECTOR OF KNOWLEDGE

**As Director of Knowledge Transfer Ireland (KTI), Dr Alison Campbell is charged with leading a new national resource. Anthony King asks her how KTI plans to help Irish industry access the brains, facilities and intellectual property available within the public-funded research system to solve problems and grow businesses.**

### WHAT IS THE GOAL OF THE KTI?

Our objective is to bring a national perspective to the knowledge transfer system in Ireland, by which I mean how we get new ideas and expertise out of the research sector and into the hands of industry. We also have a role in bringing greater visibility to the system; so we offer a searchable database of technology opportunities and expertise. And we want to make interactions between industry and the research sector more predictable and promote a two-way flow of knowledge and expertise.

### WHAT CHANGES DOES IT BRING?

Previously, there wasn't one place where you could take a national view on what the higher education institutes offer. Companies have said that they don't know where to start. There are 21 higher education and other research institutes, and even understanding how each institution is organised can be hard. Through KTI, we are enabling businesses to get a much better sense of the resources available. We can provide that first level of information, and then companies can decide whether they want to follow that up through detailed conversations with people on the ground, who can help solve their problems and work with them to explore new ideas and opportunities.

### HOW SHOULD COMPANIES INTERACT WITH KTI?

They should visit our website ([www.knowledgetransferireland.com](http://www.knowledgetransferireland.com)). They'll find a combination of useful resources to guide its thinking about engaging with research. There are many institutions, and our website will help you navigate your way around. There is also a database with patents, technology opportunities and intellectual property available for licensing.

### HOW CAN YOU HELP FACILITATE THE SUBSEQUENT INTERACTION?

We have a series of practical guides on our website, which include a set of model agreements that businesses can choose to use; they can act as a starting point. We have guidelines to explain why the agreement looks as it does, and what you might want to think about in relation to some of the clauses. There is also a really nice journey tool that users can work through, which helps you understand what you might expect in your engagement with the institute. It will direct you to the technology transfer office or industrial liaison office, which is the first point of contact for companies.

### WHAT ADVICE HAVE YOU FOR SMES PLANNING TO WORK WITH A RESEARCH ORGANISATION?

You should be clear on what it is you want out of a relationship and have that conversation early on to define the project or proposition scope. Also be aware that you are primarily dealing with an academic institution, not a business, so there will be a slightly different approach. That doesn't mean that they won't be business-like, but there will be certain things that higher education institutions can't do. For example, there are often issues around warranties and liabilities.

### WHAT CAN COMPANIES GAIN FROM THE INTERACTION?

Often the real value for an SME is not one piece of technology. Often it is that there is knowledge or skills residing within the research organisation that are useful to them. It starts with some conversations to understand what each part is doing and their needs. The most common type of engagement is actually some sort of research contract, which allows companies tap into the knowledge that sits within Ireland's research base.

### IS THERE ANY FUNDING AVAILABLE TO SUPPORT COLLABORATIVE PROJECTS?

It might be possible to fund a small, discrete piece of work under an Innovation Voucher, which would usually be up to €5k. This is a great way for a company to first engage with a higher education institute. A larger and quite defined project might be eligible for support through an Innovation Partnership. Then there are projects that run for one or two years, as well as bigger collaborative projects that can go on for years, where an industry and research organisation work together to explore an area of mutual interest. Those can sometimes be co-funded by government agencies like Enterprise Ireland and Science Foundation Ireland.

### DO YOU HAVE A RECENT EXAMPLE THAT ILLUSTRATES HOW AN SME HAS BENEFITED?

The MD of TE Labs came to a showcase event in DCU and talked to the technology transfer team there. The key academic, Prof Dermot Diamond, was also there, and a three-way conversation started. TE Labs could see that there was an opportunity for them to move from the lab-based business to autonomous sensing and small handheld devices. The researcher could see how he could apply his research in a collaborative partnership, so they applied for an Innovation Partnership, which led to a collaborative programme. The result was new intellectual property and new patents that were licensed to TE Labs, which has gone on to develop new products for market. That collaboration is ongoing and recently resulted in funding from the EU of around one million euro.

### WHAT WILL SUCCESS FOR KTI LOOK LIKE?

One key measure of success, and it's a hard one to measure, is the experience companies have in engaging with the research base. We want there to be satisfaction with that engagement. We also want to see more companies turning up at our events, and more companies engaging in conversations directly with universities and institutes of technology. As a first step, they can use our website to find out what's out there, who to contact and how to go about it.

Based within Enterprise Ireland, KTI is run as a joint operation by Enterprise Ireland and the Irish Universities Association. See [www.knowledgetransferireland.com](http://www.knowledgetransferireland.com)



# CONFERENCE CALL

**The digital revolution has by no means sounded the death knell for face-to-face conferences. Instead, it is giving organisers new tools to streamline administration and bring innovative dimensions to their events. The role of two Irish companies in recent conferences in Brussels, a nexus for international events, demonstrates this is a market with a future. Donal Nugent reports.**

**T**urns out that video never killed the radio star. Likewise, Skype, and its ilk, have not done away with the face-to-face meetings, certainly not to the degree predicted when video conferencing technology first went mainstream. Indeed, as November's Web Summit in Dublin proved, when it comes to keeping up-to-speed on the changes taking place even in the tech industry, there is still no better way of doing so than gathering together in one venue.

It is hard to put an exact value on this market, but stats from various international tourist industry groups indicating that a whopping quarter of all global tourism revenues come from business travel related to meetings, incentives, conferences and exhibitions (MICE) give some idea of the potential. And while the international downturn initially put a damper on MICE spending, it has, by necessity, rebounded, as businesses have discovered that networking is

not an avoidable expense after all.

In the years ahead, modest growth is forecast for the sector. A 2014 report by the Convention Industry Council found participant volume at meetings and events in the US increased by 10 per cent between 2009 and 2012. However, no one is suggesting that it is business as usual. IT can't replace the value of physical proximity, but a host of disruptive technologies are changing the experience of attending events and creating opportunities as they do.

Dublin company DoIt Mobile offers Eventpac as a flexible, cost-effective design and administrative solution for event managers. The package includes a website, two apps (iPhone and Android), an integrated QR marketing solution and a Facebook page, with features such as a user friendly content management system, user analytics and a potential revenue stream from sponsors and advertisers. Used by this year's organisers of the

(cycling) Tour of Spain and a major F1 event in Latin America, it demonstrates that a similar digital revolution is happening around the administration of events in the leisure space.

#### **INTERNATIONAL MEETING POINT: BRUSSELS**

Patrick Torrekens is a market adviser for Enterprise Ireland in Benelux – a region that, with Brussels at its core, is a particular nexus for international conferencing. Recent years have seen a cluster of Irish companies gain traction in the conferencing space in Brussels, and Torrekens says emerging success stories confirm the potential for those who can bring innovation to the table.

Most recently, the 2014 CIETT World Employment Conference, hosted in Brussels, saw EI client companies Instant Opinion and Agtel, working in cooperation with local Belgian agency Sigmund, to deliver a range of innovative experiences for delegates.

“A conference is all about the attendee experience, and organisers want people to leave with a positive experience. The way Irish companies approach this can be seen as an expression of what is almost a natural talent for storytelling. Irish companies also seem to be hitting the right spot in terms of value for money – they are offering very good products at reasonable prices,” Torrekens says.

Organisers are not only actively looking for ways to ‘uplift’ conferences, “they also want their messaging to be live before, during and, certainly, after the event,” he notes, adding that service providers who assist in this discover a range of benefits down the line. “Among digital media companies, there can be a tendency to focus on the brand opportunity and being part of online campaigns. When an organisation sees the quality and professionalism of a supplier at a conference event, it can trigger further conversations, so it can be a great entry point into a company.”

#### **OPINION MAKERS**

An entrepreneur in the educational and customer service software area, Brian Kelly leads a team of designers, technologists and analysts behind Instant Opinion, the Kilkenny-based company that has been making significant inroads in the US and Europe conferencing market over the last year, with a package designed to resolve a number of issues ubiquitous in large events. “We developed

Instant Opinion with four different elements in mind,” he told *The Market*. “Firstly, as an opportunity to progress audience engagement, so that people could not only ask a question of the panel using a smart phone but could even submit questions in advance of conferences. Secondly, an instant polling element allows speakers ask questions of an audience, with the results updating on the screen as people vote through their smart phone. Third is the capture of interactive and breakout sessions. You often get interesting discussions on the perimeters of an event with content the conference organisers want to capture. Finally, comes the conference feedback element. Instant Opinion allows you to do a tailored survey after the event.”

While some of the elements are already familiar to conference participants, Kelly says that the way in which Instant Opinion combines them into one competitive package has made it distinctive.

Instant Opinion first came to prominence through two EU conferences held in Ireland as part of the country’s hosting of the EU presidency. More recently, it was used as part of the CIETT conference and at iMinds, billed as Brussels’ foremost annual conference on digital innovation.

Kelly agrees that conferences offer not just an interesting market in their own right, but an exceptional shop window. “You can have very influential people looking at your offering and experiencing it work. Instant Opinion allows people to provide feedback and ask questions from different locations, so there is an obvious use for organisations internally.”

Entering the market came with an element of trial and error, with the company ultimately identifying conference organisers as the decision makers in terms of deploying their services. While there is certainly an appetite for innovation in the sector, Kelly says suppliers should be aware that the pipeline can be lengthy. In some cases, conference organisers are planning up to 18 months in advance.

While Brussels is an obvious target for future growth, the company is also looking to the UK and US and is aiming for 50 per cent growth in 2015. “We are doing a tailored marketing campaign to different pockets, rather than broad sweep. We feel if we can get the right people to adapt it, it can spread quickly from that.”

**IT CAN'T REPLACE THE VALUE OF PHYSICAL PROXIMITY, BUT DISRUPTIVE TECHNOLOGIES ARE CHANGING THE EXPERIENCE OF ATTENDING EVENTS AND CREATING OPPORTUNITIES AS THEY DO.**



## **AGTEL TOOK AN INNOVATIVE APPROACH TO AUDIENCE ENGAGEMENT, CREATING A FICTIONAL PRIVATE DETECTIVE CHARLES MCTATE WITH WHOM DELEGATES COULD FOLLOW AND INTERACT.**

### **BRUSSELS BOUND**

Agtel is a creative communications agency with over 30 years' experience developing marketing and promotional campaigns and videos in Ireland, Europe and the US. Head of client services, Diarmaid Mac Mathúna explains the company has a considerable track record in Brussels, having delivered projects for European agencies, the EU Commission and the EU Parliament. Recently Agtel set up an office in the Belgian city to facilitate growth there.

At the CIETT conference, Agtel won considerable praise for its innovative approach to audience engagement, creating a fictional private detective Charles McTate with whom delegates could follow and interact with on several levels.

As the host city for many major events, Brussels naturally attracts high-calibre suppliers, and Mac Mathúna's advice for those looking to enter it is to "identify who the decision-makers are and what you offer that will give you cut-through in the market." He adds that "Irish companies benefit from quite a unique set of characteristics in this regard and are seen as being creative and innovative."

For Agtel, Enterprise Ireland was "an invaluable" first port of call in the city, Mac Mathúna says. "After that, it's about meeting potential clients, understanding their priorities and how your services could fit into that. People are very open to new ideas and excited

to meet new service providers."

But they also expect value. "As with any decision, people want to see a very detailed breakdown of figures, and they will try to haggle and do a deal around it. That's the nature of doing business – being transparent on your figures and showing where the money goes helps build trust."

Agtel's approach to differentiating itself has focused on delivering measurable results for its clients. "We do a lot of research and have a lot of discussions around what the perfect package would deliver: what the take-home message should be, what the organisation would like to see happen and what delegates should experience." The company has also built up considerable expertise in terms of activating audiences through social media and online strategies.

"There are really three parts of the puzzle," he reflects. "You need to be able to measure your results, deliver content that's effective and offer a strategy that will activate the audience. Taking the right approach means you can create a long tale of interaction that boosts the profile of an event for a long time after."

The experience of working alongside Sigmund and Instant Opinion also confirms the value of collaboration in making headway. "Clients want to see service providers working together. These loose alliances give organisers confidence that they are getting a very high-quality service."

## Some of the Irish companies delivering solutions in the events market

Management of social media: CKSK  
 Digital scenery: Brighter Than The Sun  
 Customisable audio content: In Hand Guides provides low-cost audio players with customisable content, for example, for an event or city guide. The takeaway player can be branded for the event or with sponsors' logos.  
 Advanced digital brand experiences: vStream Digital Media  
 Event strategies - Event Ideation and organisation  
 Ticketing: Ticketlord, trading as SeatAdvisor, and Ticketsolve  
 Marquee hire: Eventus  
 Cleaning: Grosvenor Cleaning Services  
 Security: Easter Hill Security  
 Screens: Setanta Screens, trading as SSTV  
 Event management telesales: Performance Marketing  
 Promotional merchandise: Lucas Promotions and Mace Promotions  
 Cost effective, low-volume print runs of paper cups branded for the event: CupPrint  
 Web and mobile applications for academic research publishing: Ex Ordo

Note: This is not an exhaustive list. It is merely intended to give a flavour of some of the companies operating in this space.

## Ticketing company moves in the UK event management market

Getting people into a venue with minimum fuss, and entertaining them while there, are perennial challenges of the events industry. They are also issues that Paul McFadden has dedicated his career to helping resolve, firstly as founder of Ticketsolve, a company that "started with a customer who needed a ticketing system that was easier to use and better value than what was currently available". Eight years later, the company continues to deliver better experiences for event organisers, and boasts over 170 clients across Ireland and the UK.

In 2013, Ticketsolve expanded its offering further with the establishment of an events management company 1Events, reflecting what McFadden says was "a real demand for an organisation that could bring live acts to the marketplace in a truly transparent way".

After less than a year in business, the company has already attracted multi-

national clients and has been behind events such as the McDonalds' Euro Saver Live, the World PTC Snooker Finals and the All-Ireland semi-final half time show.

Innovation, ease of use and transparency are, he believes, keys to success in this space. "After years of shaving budgets, companies in the corporate world are beginning to spend again, albeit very prudently, which is why transparency is so important."

One of the biggest changes in event management in the coming years is likely to be the demise of the paper ticket. "In just a few years, 80 per cent of all tickets will be bought through tablets or smartphones. As that happens, we want to make sure the experiences of our clients' customers are maintained." The social media dimension is hugely important and, even if it sometimes gives the impression of being 'done to death', the drive to innovate remains important, McFadden says. "If someone comes on to

## **CONFERENCES OFFER NOT JUST AN INTERESTING MARKET IN THEIR OWN RIGHT, BUT AN EXCEPTIONAL SHOP WINDOW.**

your Facebook to find out about an event, we want them to be able to buy that ticket while on the page."

With Ticketsolve already doing 70 per cent of its business, in the UK, he sees 1Events expansion there as a medium-term objective, although one that requires "a lot of conditions to be right. We are very mindful that, when you do something in this space, you have to get it right".



# THE REAL GUIDE TO DOING BUSINESS IN ITALY



But let's be honest: winning business in any overseas market is hard work. Each market has its own particular obstacles, and in this regard, Italy is no different. So what are the myths and where do the real challenges lie?

**Renaissance man Matteo Renzi is seen as having the best prospects in decades of sweeping Italy clean and moving things in the right direction for business. But regardless of how much the new prime minister achieves, Suzanne Flood of the export consultancy Donnelly Spire writes that success in this market is well within the reach of Irish companies.**

Italy is a key trade and investment partner, with exports of over €2bn from Ireland into Italy in 2013, and around 300 Irish-owned companies currently active in the market. If passion, innovation and the customer are core to your organisation, Italy may well be a destination for you to consider. With a population of over 60 million and within 2.5 hours from home, it offers Irish organisations a market with a large potential at their door.

But stop, I hear you saying. All we hear about are the recession, mafia, corruption and the problems of doing business in the third largest economy in the eurozone. True, 25 per cent of its economy is in the 'dark' – not because this revenue is from crime, but because it simply never hits the taxation radar. Now Italy is trying to change, and with a young, charismatic leader, Matteo Renzi, at its helm, it probably has its best chance in decades.

One of Italy's greatest challenges is whether the Renzi administration can bring through reforms, and, at the same time, enhance democracy rather than worsen it. The country is currently undergoing significant change in the courts, in labour law, etc. It is struggling with that change, and the pain of the Italians is palpable, but this is not a country that is going to default. Amidst all the upheaval lies a more vibrant economy than is generally portrayed, with business groups that strive to win. The national debt is high, but personal debt is very low, and its GDP is 122 per cent of the EU average.

For most, it makes sense to focus on Northern Italy, initially at least. With just 45.4 per cent of the population, this region contributes 54.8 per cent to the GDP. Over 50 per cent of Italian companies are located here, and 57% of the workforce is based in Northern Italy. The Veneto area has an unemployment rate of just 6 per cent, with a number of many strong global companies, such as Luxottica, De'Longhi and Benetton.

The route to market for most Irish companies will initially be to sell direct, although some companies, such as Blueface, the business VoIP and mobile service provider, have opted for an Italian acquisition, while Bookassist, the booking engine technology provider, has opened an office in Rome.

#### **A PASSION FOR INNOVATION**

Ironically, Irish businesses will find their 'sweet point' by exploiting a number of the weaknesses in the Italian economy. While the rigidities of the labour market can hinder innovation, that doesn't stop the Italians wanting to have the newest and most innovative products around. This is a country that imports €31,000,000,000 worth of goods and services every year. Furthermore, in certain sectors, policy and regulatory restrictions, mean that competition can be low. These weaknesses offer great opportunities for the best of Irish companies to go out and win deals.

Yes, the Italians have a tendency to trade with family or the man down the road, and there is a perception that this makes market penetration virtually impossible. If your offering is a 'me too' product, you probably will struggle to get into Italy. But Ireland has many innovative companies with products and services that are new and exciting, and the Italians will grasp them with eagerness. Italian companies love to have the best and newest products to show off to their competitors.

But let's be honest: winning business in any overseas market is hard work. Each market has its own particular obstacles, and in this regard, Italy is no different. So what are the myths and where do the real challenges lie?

### ITALIAN BUREAUCRACY

For starters, Italian bureaucracy is deservedly notorious, and often many things are not self-evident. For example, some companies will need a licence and/ or certificate for their product/ service. Having to go through any Italian public body can be a daunting experience. However, help from an outside agency or

professional in navigating one's way through Italian red tape will shorten the time – and cost – to market. Interestingly, while bureaucracy is an issue, bribery, despite all the media focus, is not really possible at this level, as generally you are dealing with mid-level management, who have no real powers. The actual power lies with their boss's boss.

### CONTRACT NEGOTIATION

Contract negotiation can be another area of fear. The first reason is that it is a lengthy process. Irish sales professionals should be mindful that hurrying an Italian to sign a contract is futile and even counterproductive. Meetings seem like an opportunity for everyone to have their say, and, at the end, the feeling of the Irish company could be that not a lot has been achieved. But in fact, this is a cultural misunderstanding. Actually quite a lot has been achieved. Although the select few will make the final decision, everybody has had the chance to have their input aired, and, as many companies are family owned, even large ones such as Benetton, this is important.



A second fear is that if the contract goes wrong, the Italian courts will be ineffective and the time to court lengthy. Again the Renzi administration is trying to improve the effectiveness of the courts. In the meantime, careful contract negotiations, skilled lawyers and building a relationship with the counterpart will significantly reduce the risk. Contract law is different in Italy, and hence the use of skilled, independent lawyers is very much advisable.

### ITALIAN ALSO SPOKEN

English is now spoken by most mid to senior management in Italy. Probably the place that it is spoken least is in government bodies. Not having the language at the beginning is, without a doubt, a disadvantage that could seriously impede your entry into the market. But there are external agencies, and professionals you can work with or temporary strategies you can put in place to get language skills onboard, so that if and when business begins to take off, you will be in a position to invest in the next phase of development in the Italian market.

### EMPLOYMENT LAW

On to which, employment in Italy has always been a nest of vipers. In the past, if you employed somebody in Italy, it was near on impossible to terminate their employment, with the case often ending up in court and the judge ruling in favour of the employee to the extent that many overseas companies have shied away from hiring locally.

In 2012, the Fornero labour reform was introduced by the Monti administration. Although hailed as a major change in employment law, it did not really affect a company's powers around employment, but it did, at least, change the law regarding termination and put clarification around the just causes for termination.

The new administration has promised a sweeping jobs act, and, if parliament drags its feet, Renzi has said that he is willing to put emergency powers in place to improve the efficiency of the Italian labour market and reduce the cost of payroll for companies. This should make hiring in Italy a lot less of a burden for Irish organisations.

In the meantime, the advice is not a lot different than for many other European markets. First, try not to employ anyone locally; use other strategies to develop a local presence. Wait until you get traction to start hiring, by which stage you will have a much greater understanding of the market and its people.

### PAYMENT TERMS

Italy is justifiably well known for late payments, and this reality must be reflected in the payment terms. The issue has been exacerbated by the slowness of Italian banks to give credit, especially to SMEs. In the north of Italy, it is common for buyers to seek long payment terms (EOM 90 days), but they, by and large, meet those deadlines. When dealing with public bodies, it can be quite awkward to research their payment history and deal with the issue before contract signing, but this is an important step, which will pay dividends at a later stage. Again Renzi is trying to encourage banks to lend to companies, and the EU is trying to bring in legislation around payments from public bodies.

### WHEN IN ROME

The majority of new entrants fail in Italy because their product does not fit the Italian culture. Sensibly, IKEA installs a coffee bar and a barista in its Italian stores. Starbucks is coming to Italy, and it will be interesting to see how they have adapted, because if they have not moulded the offering to local tastes, after the initial fad, the business could fail. If you are thinking of expanding your very successful business into Italy, look carefully at the market and see what changes need to be made to 'Italianise' your product or service.

The jury is still out on whether Renzi will succeed in changing Italy for the better. Regardless, Irish companies that have invested in Italy are reaping the rewards. I spoke recently to one of Blueface's customers in Florence. His reaction was to ask why a company wouldn't succeed in Italy if they had the right product and they approached and serviced the market correctly (as Bookassist does). Italians appreciate really good customer service, as their public sector can often fail in this area.

Feargal Brady, co-founder of Blueface Italia, agrees that while doing business in Italy requires patience, Rome was not built in a day, and that if you have a good product and good customer service, success can follow.

The Italian economy has its problems, but there is still considerable money in circulation. The Italians are very passionate and social people; business is centred on relationships, and the Irish are known to have an ability to integrate themselves into different cultures and be liked.

Entering the Italian market is not without its challenges, but they are challenges that can be surmounted by careful preparation. Irish companies need to approach the Italian market with the right people, the right information and the right passion, and, as with any new market entry, time and perseverance will pay dividends. If you believe that your product fits the culture and, at the same time, is innovative and different, Italy is probably a market for you.

If you are thinking of expanding your very successful business into Italy, look carefully at the market and see what changes need to be made to 'Italianise' your product or service.

# FINDING YOUR WAY... IN THE GULF STATES

**You know the why: the wealth of the Gulf states and the richness these markets offer are no secret. But less clear is how companies should position themselves to realise the potential. Aiming to demystify the process, Gordon Smith looks at different paths taken by three Irish companies putting down roots in the region.**



## ROUTE 1 USING A PARTNER

**‘P**artner’ can be a nebulous word, and the meaning’s often in the eye of the speaker, but Dortek CEO Alan O’Keane is very clear on his understanding of the term. “You need to work with people who get the subtleties of what makes your product different. That’s more of a partner in the classic partnership sense, rather than an agent. Avoid companies that represent everybody; they have their place as well, but they just buy your product and sell it but put all questions about the product back to you. Every door we produce is individually custom-made, so it can’t simply be sold directly out of a catalogue.”

“Yes, you want a partner who can handle shipping and local logistics and local approvals and customs

systems, but you also want someone who can legitimately represent you as well. If they’re already selling or distributing products of a technical nature, then by definition, they have technical salespeople,” he adds.

Dortek makes hygienic moulded composite doors for protecting critical areas such as hospital operating theatres. It had identified opportunities in Qatar’s growing healthcare market, but soon realised selling directly would not be an option. “The only way [for us] to do business in somewhere like Qatar is to have a local partner. You could do a lot of work in getting your product specified for use in a tender, but if you have no realistic way of getting products in to the market, you won’t get anywhere,” says O’Keane.

The company drew up a shortlist of six companies, subsequently reduced to three, and then looked to find out more based on word of mouth. "It is very important that the company is well connected," says O'Keane, who makes a point of personally meeting with potential partners before putting formal agreements in place. "It is also about the personal chemistry, as any relationship is. You meet them, you break bread with them and you envisage 'Is this going to work?' You're vetting them but they're also vetting you," he says.

He advises finite trial periods to test how the partnership works in practice, although the exact length of time will vary depending on the nature of the product and the readiness of the sales pipeline.

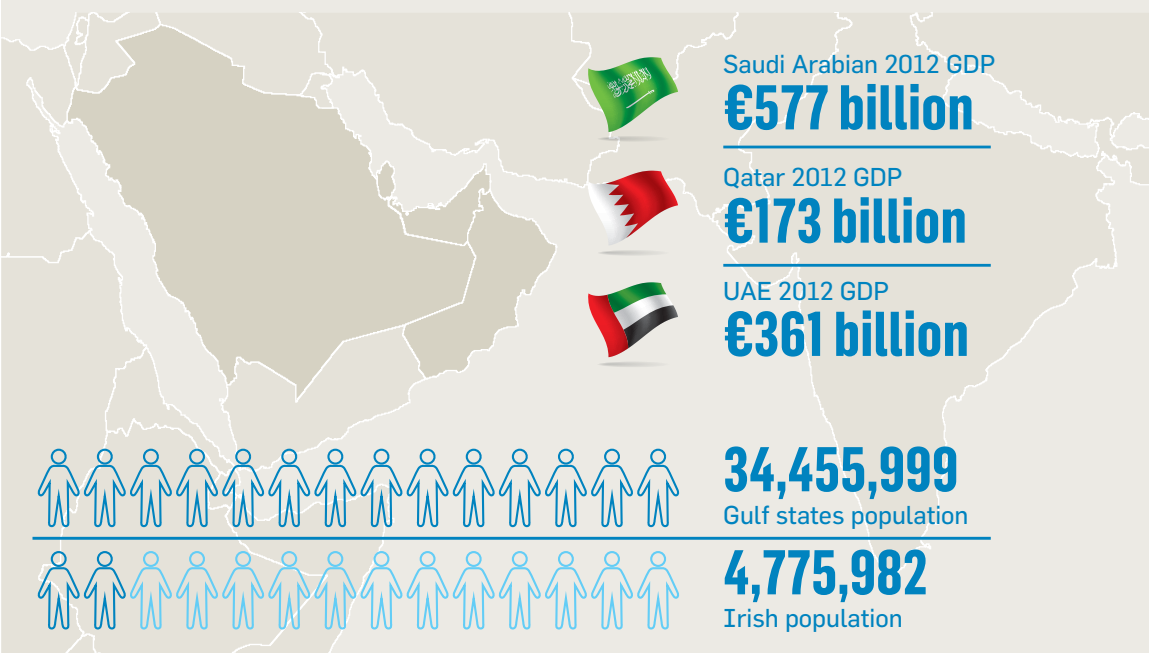
Ultimately, DorteK granted exclusivity to its partner in Qatar because its product suits a niche market, and also due to Qatar's small geographical scale. O'Keane says companies might need to take a different approach in a larger country such as Saudi Arabia.

O'Keane says signing a memorandum of understanding (MoU) with the partner helps to set expectations on both sides and adds that the work doesn't end there. "In the Middle East, the more active you are, the more active the partner will be. It's very easy to leave after the deal has been signed and say 'we're going to sell €500,000 in the next 12 months'. There needs to be an action plan, and the Irish company needs to drive that, not wait for the partner to do it."

## Business culture

In the Gulf, business is personal. Relationship-building and friendship are crucial parts of the region's business culture.

- Arabs prefer face-to-face meetings over communicating by email, phone or letter, so this will require regular visits, ideally by your company's senior management. Budget for it and build in realistic expectations of the time it will take.
- The pace of business is notably slower than in Ireland or the US. It will be a minimum of 12–18 months – possibly longer – before you start seeing progress.
- The personal nature of business means connections are crucial. To get access to decision-makers, you need a warm introduction from someone who is prepared to vouch for you.
- You don't have to start researching extensively about Arab business styles and Islamic culture – though it won't hurt your chances. A good approach is to show respect and be mindful of any differences. Your opposite number in the Gulf won't expect you to know all of the nuances, especially given the significant variance in religious observance and customs between the States.
- Meetings in the Gulf may not always start on time – although sellers should make a point of being prompt.
- Meetings with Gulf Arabs can be unstructured. Other people may be in the room at the same time, so you may have to wait your turn to participate – or indeed wait until the others have left before your meeting really begins.
- Meetings generally take longer than in Ireland and may be interrupted by phone calls or drop-ins. This is considered normal. When speaking, it's best to keep your language formal and polite.
- There are five calls to prayer during the day in the Gulf, although strict observance varies. Ideally, you should try to schedule meetings around prayer calls when meeting Gulf Arabs but if this is unavoidable, be aware your meeting may be interrupted to allow your host to pray. You will be expected to wait, unless instructed otherwise. Prayer times are available at sites such as IslamicFinder.org. You might not need to observe the prayer times when meeting with expatriates.
- In the UAE and Qatar, the working week is Sunday to Thursday; Friday and Saturday are the weekend. In Saudi Arabia, Thursday and Friday are the weekend; Saturday to Wednesday are workdays.



## Negotiations

**H**aggling is an innate part of Arab culture, dating from Bedouin times. Ahmad Younis, CEO and secretary-general of the Arab-Irish Chamber of Commerce, describes it as 'having the craic', and says it's not uncommon to see some theatrical behaviour as Arabs look to get a better deal, either in price or service.

- Play along with any banter to a point, while remaining careful not to overstep the mark.
- If it appears your offer is being refused, be very careful not to cause offence and politely suggest ways any obstacles might be overcome.
- You may only meet the key decision-maker near the end of discussions, and, in the hierarchical nature of Arab groups, this person will look to obtain an extra discount or receive some other concession. Prepare your negotiating strategy with this in mind.

## ROUTE 2 APPOINTING A DISTRIBUTOR

**H**aving fielded interest from potential partners and customers in the Gulf through exhibiting at conferences in Amsterdam and Abu Dhabi, IPL Group started looking at the region, and specifically Qatar, in 2012.

As a next step, the company decided to source a business accelerator through Enterprise Ireland. This experienced in-market consultant had the right connections to help IPL make progress in what was then an unknown market. The consultant's double brief was to develop sales leads and also to identify a suitable local distributor, which was necessary because the product is heavy and, therefore, local stockholding was essential.

IPL focuses exports on its patented product called the Retention System, which is an

impact-resistant housing for pole-based street infrastructure such as signage and traffic signals. This was a unique product in the market, which helped its cause. Combining it with a pipeline of potential customers was a good way to earn a local distributor's attention, says Noel Holdcroft, who oversees export business development for IPL. "Even though we know the route to market has to be through a stock-holding distributor, the best way is to go with an attractive package as the carrot to dangle in front of them," he says.

"2013 was the year where we invested most time in the market – I probably made four trips to Doha specifically, where we've put most of our efforts. And we probably could have done five or six if we had

responded every time," says Holdcroft.

Once IPL identified a distributor, Sign Module Systems, it conducted background checks to ensure it had a good reputation and that it had strong relationships with Ashghal, the Qatari public works authority. Another advantage of using a distributor compared to partnering with an engineering company is that IPL avoids being tied exclusively to one provider in the market and being ruled out of certain projects.

The next stage was to sign a memorandum of understanding. "Because we're not going down the route of setting up a company or forming a joint venture, it means we don't have to get as much into the legal route as other companies," says Holdcroft.

The first MoU was deliberately set for a fixed period of time, and instead of having explicit sales targets, it focused on service delivery, sales activities, benchmarks and reporting. "It was generally advised that that sort of arrangement would be mutually beneficial; that we could put a lifespan on the MoU, to be renewed once both parties were happy. Because we're going along with a product that is completely new to the market, the targets contained within the MoU were more around sales activity than units sold. As it turns out, we had units sold before expiry of the first MoU," Holdcroft says.

Now, both parties are on their second MoU, which doesn't specify a time limit. "In our case, because we're happy with our setup now, we can confidently commit to this partner for the long term," says Holdcroft.





## ROUTE 3 SETTING UP A BUSINESS

**B**ased in Dubai after almost four years working in Afghanistan, Bryan O'Connell works for Interact Building Maintenance LLC. "In the Muslim world, it's all about connections. In Dubai, it's about who you know. They say it's like that at home but not at this level."

It's just one reason why he says Irish companies need to set their expectations accordingly. "The corporate business in Ireland is completely different to the Middle East. A company in Ireland shouldn't think they can set up a business and run it the way they do in Ireland," says O'Connell. "For example, in banking, the preferred way of paying is a post-dated cheque not internet banking. One major factor why is that if you bounce a cheque you go to jail."

The first step, O'Connell says, when looking to set up operations in the region is to identify a public relations officer (PRO), who should be a well-connected local. "They either know how to get something done, or they know how to find out," he explains. The extensive Irish network in the Gulf is a good source of contacts as are Enterprise Ireland's offices in the region.

The Irish company pays the PRO a retainer, and their role is to set up the memorandum of association for the new company. They deal with the labour courts for staffing and handle visa control and passports – all of the legal aspects involved in hiring people in the country. "With a PRO, you're buying access," says O'Connell.

The process of setting up

a company in the Gulf is often very linear; one process typically only follows another and you can't speed up the time by embarking on multiple activities at once. O'Connell tells of having to visit various offices in person with the PRO. "You need to be here on the ground and it takes 60–70 days, just to get a licence and all the paperwork. Irish companies often make the mistake of thinking they can just pop over to the Middle East, sign a few documents and they're done – not the case. If you are trading in Dubai, you need a licence for Dubai, and it's the same in Abu Dhabi or Qatar."

When applying for a licence, a company must list its activities, and O'Connell advises making this as specific as possible. "If you are an engineering company, you don't just say you are an engineering company. For example, you would break it down to HVAC and electrical engineering... you really emphasise on your licence what you want to do. If you are selling wheels and tyres, you break it right down to the nuts and bolts."

The advantage of a limited liability company is that it can trade with any entity in the Gulf, whereas setting up in a free zone in the United Arab Emirates allows companies to only pack goods and ship them for sale elsewhere, but not in the market itself. However, in practice this restriction is overlooked by the powers at the moment.

Under the LLC structure in the Gulf States, the foreign company is allowed a maximum of 49 per cent shareholding. A good PRO can also help to locate a local shareholder who can help the Irish business to become established in the market, O'Connell says.

"You need to be here on the ground and it takes 60–70 days, just to get a licence and all the paperwork. Irish companies often make the mistake of thinking they can just pop over to the Middle East, sign a few documents and they're done – not the case. If you are trading in Dubai, you need a licence for Dubai, and it's the same in Abu Dhabi or Qatar."

## Working with local companies in the Gulf

**L**ocal partners play a critical role in facilitating business for foreign companies throughout the Gulf region, which puts extra importance on choosing the right one.

There's no equivalent to the Companies Records Office to allow you to carry out due diligence on a potential partner, so word of mouth is critical. For this, it's advisable to check with local law firms, or have a contact in the Irish Embassy to do background checks insofar as they're possible. Another option is to consult with members of Irish business networks in the region who may

be able to guide you. Enterprise Ireland's local offices can connect you with potential representatives in your sector or advise you about people you may have met, or projects which may be of interest.

Never rely on your impressions from one meeting. If you feel there's a good basis to do business, suggest a short-term engagement with measurable outcomes so you can more closely gauge the partner's effectiveness and test the working relationship on both sides.

Granting regional exclusivity is not a good idea,

and it's unwise to sign legal agreements at an early stage. A memorandum of understanding is a better option.

Terminating contracts in the region can be very difficult and expensive. If you are entering into an agreement for one project, very carefully identify the collaboration for that specific activity and that specific contract. If you are working with contracts signed under local law, make sure there is an arbitration clause in the event of a dispute. Get a locally based law firm to make sure you are covered under Sharia Law.

**€2.8**  
**BILLION**

Aggregate total goods and services exports from Ireland

**6**

The Gulf States are the sixth largest market for exports for Enterprise Ireland client companies

**181**

Enterprise Ireland client companies selling into the Gulf States in 2012

**GROWTH  
IN THE  
GULF**



**Saudi Arabia is the world's second largest oil producer**



**UAE will host the 2020 World Expo**



**Qatar has won the rights to stage the 2022 FIFA World Cup**

## GROWTH SECTORS



Construction



Education



ICT



Finance



Life Sciences



Aviation



Retail

**Everyone talks about being customer centric, understanding customer pain-points and developing better and deeper customer relationships, yet few become truly outstanding. Here Cindy Barnes of Futurecurve and a facilitator on Enterprise Ireland's Value Proposition workshops, outlines key inputs to developing genuine customer intimacy.**

## HOW WELL DO YOU REALLY UNDERSTAND YOUR CUSTOMER?

**A**s a trusted consultant to companies, I need to see and understand my client's world better than they do. I need to understand their business and their customer's businesses, so I can help my clients see the world through their customer's eyes.

Customers know they have problems but asking them about those problems and designing solutions to fix them is missing the point. During my many years as a business consultant and as a therapist practising transactional analysis, I've seen that people often don't know what their real problems are. They know where the immediate pain is, but this is often just a symptom of the real, much deeper concern. We all want a quick fix but it takes time, patience and perseverance to uncover the heart of the issue. Until you get to that point, any attempt at offering or designing a

solution may just be applying a Band-Aid to a broken bone.

Really getting under the skin of a customer issue means looking at all the data and experiencing what that problem is like for them - smelling, touching and tasting what their environment is like and how they operate within it. That means immersing yourself in the context of the problem and using empathy to imagine and feel what it must be like. The technical term for investigating this is ethnographic research. It's what social scientists and anthropologists use when studying how people behave. It's invaluable in business because whatever the task, people are still people, and we all behave in certain ways.

### RESPECTING YOUR CUSTOMERS

The other important part to this is respecting customers and not believing that you know more than they do about

their issues. I was talking with a £2bn turnover company last week, who have designed their customer experience strategy - what they want customers to experience at every major stage of interaction with them. I was staggered when I asked what types of research they had done to arrive at this and they said, "None. We're building it from our own knowledge of what our customers do and want." It will be very interesting to see what happens and how their customers react when this is implemented.

One of our clients, a global software company, was developing a much cheaper software tool that could be sold by resellers, rather than the usual high-end products that their own sales force sold. They had researched this product for about three years and were convinced that a cheap and cheerful, cut down version of one of their key products would suffice for this market. They also had a very dismissive attitude to the resellers they were targeting for this product.

We did some research for them and found that although the resellers were very canny about lower prices, they were actually very demanding about quality, the software specification and how they were being treated, in a one-down position, by our client. They felt taken for granted and undervalued, and that our client saw them as just a transactional sales channel. Our client hadn't realised this because they assumed that low price was the only issue. As a consequence, our shocked client made some additions to the software, reorganised its delivery team, engaged

with the resellers at a senior level and formed true strategic partnerships with a selection of them.

### HOW TO DEVELOP TRUE CUSTOMER INTIMACY

If your organisation wants to be truly customer centric and develop greater customer intimacy, what should you do? Leading organisations will cultivate empathy as a skill, helping their people to understand the importance of empathy and how to apply it successfully. They will use that empathy to imagine what their customers actually think and feel: what concerns you as an organisation may be a million miles from the issues your customers are wrestling with. Furthermore, they will use empathy to probe and dig to uncover the real issues, enabling them to develop insights by seeing what others don't. This needs to be based on robust customer research, to ensure that your insights are grounded in reality and not just your guesses about what your customers want.

As my friend David England tells me, "I heard a story about Isambard Kingdom Brunel. Before he designed the Clifton Suspension Bridge, he had himself hauled across the Clifton gorge in a barrel. He experienced the gap for himself before considering how it might be bridged. With this experience of the gorge, he was able to conceive the bridge in his imagination. So what is more real, the external form of the bridge or the concept upon which that form relies? Certainly the concept has stood the test of time. Everything begins in the imagining, even the Clifton Suspension Bridge."

For the past two years, a dedicated Global Sourcing team at Enterprise Ireland has been working closely with counterparts in IDA Ireland to help Irish-owned companies win more procurement deals with multinationals located here. As part of this drive, a trade mission on home turf saw more than 300 one-to-one meetings take place between 150 indigenous Irish companies and 75 multinationals. In advance of the event, Donal Nugent spoke to three Irish companies participating in the Global Sourcing initiative.

# WINNING BUSINESS WITH IRISH-BASED MULTI- NATIONALS



## FUTURE PLASTICS: VICTORY FROM THE JAWS OF DEFEAT

**B**ased in Leixlip, Co. Kildare, Future Plastics designs, develops and manufactures bespoke plastic and thermo-plastic products. The company recently secured a three-year contract, valued in excess of €1.5 million, to supply a major OEM for mobile equipment and supplies equipment globally. A significant success story in its own right, what made it all the more impressive was that the deal was the culmination of a journey that had begun three years earlier when Future Plastics faced the loss of a contract with the same client.

"The feeling was that we hadn't moved with the times; that there were other suppliers who offered better service at lower prices, had invested heavily in their

operations and who essentially wanted the business more," managing director Gary Foley recalls. The company responded with a temporary but effective stopgap: meeting its competitors' prices in order to buy time for a more strategic response.

"Enterprise Ireland became aware of the situation, and came on board with us through a process improvement offer that facilitated a two-year investment and delivery plan," Foley explains. The turnaround was not simply a matter of finance. "It brought a lot of kudos to the company. I don't believe that if we had got other investors on board at that time, it would have had quite as much impact," he adds.

From skirting with

potential disaster three years ago, Future Plastics is now about to enter into a period of strong growth with the OEM client and others. "Since August, our customer's mobile equipment is using the product from Future Plastic's new process, putting it in daily use across North America," Foley told *The Market*. "It is seen as an aggressive achievement in such a short space of time."

With regards to general engagement with multinationals, his view is that "it's a slow process, and sometimes you just have to take a 'suck it and see' approach".

"A lot depends on the size of the organisation and its requirements. In a large organisation, it's important to remember that every decision-maker has their own agenda. Trying to pull those agendas together and come up with a credible value proposition takes time."

Growth of 30 per cent per annum over the next three years is now on the cards, with the company bullish on the

opportunities that exist with multinationals in particular. "A lot of hard work has gone into building the company to where it now is, and the Leixlip plant has been transformed into a quality-driven lean manufacturing operation. Anyone coming into the premises in the last year sees a working culture with a positive attitude and a great deal of confidence in what we do."

"Since August, our customer's mobile equipment is using the product from Future Plastic's new process, putting it in daily use across North America."

"In one instance, they were literally down the road from us, so the convenience factor was huge."



## SMART ELECTRONICS: A LOCAL APPROACH WORKS

**S**mart Electronics is a contract electronics manufacturer that offers a range of services from prototyping through to volume production, and its customer base includes a number of globally known electronic design and manufacturing companies. Sales director Jim Ryan's experience in the electronics industry stretches back to the 1980s and, prior to joining the SME sector, he played a number of materials roles, including a European director-level global procurement role in a US-based multinational. That sense of having 'sat on both sides of the table' provides clarity on the pressures facing multinationals and the challenges SMEs encounter in building relationships with them.

Smart Electronics' business has seen at least one major multinational client relationship developing through geographical proximity. "In one instance, they were literally down the road from us, so the convenience factor was huge. When their designers needed prototypes, they didn't even have to jump into their car." That relationship subsequently evolved to the point where Smart Electronics supplies product to the company's UK and German divisions.

Ryan believes that linkages between SMEs and multinationals are most likely to occur in this way. "There are some success stories, but it's on a case-by-case basis."

His direct experience on the corporate procurement side also confirms that vendor reduction programmes are an ever-present challenge. "Multinationals, understandably, don't want to deal with thousands of suppliers and may set a maximum number. To achieve that, they will go with suppliers with a global footprint."

In contrast, experience with indigenous Irish companies, as they extend their global footprint, points to a more organic opportunity, and Ryan argues for "a closer look at the opportunity supplying indigenous Irish companies offers in terms of import substitution." With many "now actively looking for local sourcing", the value proposition is aided by major improvements in competitiveness among Irish companies. "Local suppliers, who perhaps weren't in the frame when those procurement decisions were first made, have now become

viable through investment in lean manufacturing and general upskilling."

Smart Electronics is a case in point, and Ryan points to investment in hardware and software, process automation and securing of certification such as ISO 13458:2012, a requirement for manufacturing for the medical device sector.

Having participated in the Global Sourcing Programme, he believes it can create opportunities for conversations that otherwise might never happen. "Multinationals will listen to the IDA and Enterprise Ireland because they have such a close relationship with them. How much of that will override internal supply chain management policy is an open question, and our experience is that it remains a challenge."



## SCHIVO GROUP: WINS BIG

**S**chivo Group boasts over 35 years' expertise in the manufacture of high-precision components and assemblies, and operates from four facilities in Ireland and the UK, with headquarters in Waterford.

CEO Seamus Kilgannon explains that the Global Sourcing Initiative was key to a transformative contract the company won with global medical devices company SteriMed Waste Management Systems – one that has allowed it to “move from being a component manufacturer to a full turnkey supplier of high-specification medical devices”.

SteriMed came to Ireland two years ago but realised the infrastructure they would need to put in place as a manufacturing arm would

be prohibitively expensive. “Through discussions with the IDA and Enterprise Ireland, a number of companies were put forward as potential solutions providers, including ourselves,” he explains. “We won that process, and manufacturing began 12 months ago. The relationship has gone from strength to strength, leading us to create 20 jobs in the process.”

Having worked for a number of years at managing director level in the multinational sector, Kilgannon had a keen understanding of the expectations of global organisations in dealing with suppliers – experience that makes him “a big supporter of what the Global Sourcing Initiative offers. “The interaction between IDA and EI

at this level is very powerful in terms of putting opportunities in front of indigenous businesses. Some companies will be ready to run to it, and others will need support. Enterprise Ireland is there to give that support and guidance to those who need it.”

While vendor reduction programmes will always be a challenge, Kilgannon argues “it’s a battle that has to be won like any other. In that sense, it’s about your business’s capability and efficiency. If you are selected within a smaller number of suppliers, it’s also an opportunity to develop a partnership relationship rather than simply being a commodity supplier.”

In cultivating that relationship, he stresses the need to ‘mirror’ the client as much as possible. “If you are a small company, dealing with a multinational for the first time is probably a big step up. What’s very important is that when they walk in to your environment, it has the look and feel like what they are used

to. You have to become a mirror image of them so that they are in their comfort zone when they are dealing with you.”

“It’s a battle that has to be won like any other. In that sense, it’s about your business’s capability and efficiency.”

## NVMDURANCE: SUCCESS, BUT AFTER DOGGED ENDURANCE

**F**lash memory powers mobile phones and digital cameras and is used in solid state disks – the technology that is rapidly replacing hard disks as the storage medium of choice globally. While it offers many advantages, flash memory also presents a durability issue, one the industry has struggled to resolve for years.

Established last year, NVMdurance is a Limerick-based software company that, with 14 years' research behind it, offers that solution. Although not a direct participant in the Global Sourcing Initiative, the company's story is certainly relevant to the space.

Company co-founder Pearse Coyle, an entrepreneur with a number of success stories in the data storage field, took the opportunity directly to Silicon Valley with the help of a storage industry veteran, Tom Burniece whom NVMdurance says they were "blessed to be introduced to". In the Valley, meetings were relatively easy to set up with major players, although "the initial reaction from many was that they didn't believe we could do it, but were willing to engage with us if we could."

In less than a year, that scepticism had been turned around. NVMdurance won the title of Most Innovative Technology, awarded at the Flash Memory Summit 2013, and the company announcing funding of €600,000, adding Enterprise Ireland and ACT Venture Capital to its existing

supporters New Venture Partners and the National Digital Research Centre.

Commercial activity is also putting the company on the cusp of a major breakthrough: "We have two major deals we are working on, with four other companies on the threshold of doing business with us," Coyle explains.

Nevertheless, the journey has not been straightforward, and convincing the doubters was, he says, not simply an issue of being a small start-up company, but also related to the dynamics of the business itself. "One of the issues is that a new generation of flash memory is emerging, which the industry thought our software wouldn't work with. Another was getting the kind of access needed from the key companies to perform the trials."

A further challenge is what Coyle calls 'NIH' or 'Not Invented Here'. "In a meeting with a company, you typically get put in front of the person charged with solving the problem internally. They are the most knowledgeable about it but also, depending on the company's own activity in the area, likely to be the most opposed to letting someone else in to solve it."

Having convinced the doubters of the value of a trial, NVMdurance soon found itself with what appeared to be the 'perfect fit' – a major solid state disc manufacturer with strong links to Ireland. However, the trail was cancelled when the potential customer bought one of NVMdurance's competitors.

But all was not lost. "They cancelled the trial but we persuaded them to let us finish it for our own benefit," Coyle explains. "That was crucial as we got fantastic results."

The M&A issue emerged not once, or twice, but three times as a number of separate trials for different companies were cancelled due to competitors being acquired. Coyle is sanguine about the experience. "It's a testament to how many baskets you need to have your eggs in to survive." The trials ultimately attracted the attention of a company who knew the principles of the technology. "We are now implementing our technology with them and have a second customer lined up." As one of only two independent companies in the space, Coyle says the objective, in a fast

moving world, is to "execute very well in the next 2.5 years".

Reflecting on the challenges of being an Irish start-up engaging with powerful multinationals, his observation is that "in Silicon Valley, you are taken on merits. You either have something to offer or you're out. It is certainly a challenge to beat your way into big companies but, if you have a sharp enough tool, you can. We have got as far as you can get with great technology and dogged execution."

"It is certainly a challenge to beat your way into big companies but, if you have a sharp enough tool, you can."



## THE GLOBAL SOURCING INITIATIVE

Ireland's rich presence of multinationals represents potentially millions of euro in additional business right on the doorstep of Irish companies. Meeting the needs of multinationals based here could also open doors to wider opportunities with their parent and sister operations overseas.

"Our research, however, has shown that there are no obvious trends or simple approaches that will provide a magic key to unlocking these opportunities. Every multinational, even ones operating in the same sector, approach purchasing differently and give their subsidiaries significantly different degrees of autonomy," acknowledged Alan Hobbs, head of Enterprise Ireland's Global Sourcing team, writing previously in *The Market*.

Since being established, the Global Sourcing team has made significant progress in identifying the potential of this marketplace and finding ways to address obstacles. Working closely with IDA Ireland, it has met with more than 100 multinationals to discuss their procurement strategies. A number of roundtables and workshops have been undertaken with the support of such organisations as Accenture and SAP, and several companies have now joined their supplier development programmes. The team has also engaged with significant Irish companies such as Ryanair, Aer Lingus and eircom and spread its message in association with such initiatives as the ACCA's CFO Forum, trade associations and chambers of commerce, IBM's

Smart Cities and the Med In Ireland medical technologies showcase.

This November's trade and investment mission represented one of the most ambitious steps so far. In contrast to Enterprise Ireland's regular programme of bringing Irish companies overseas, events took place on home ground. Taking in Dublin, Cork, Limerick and Galway, the initiative was jointly organised by Enterprise Ireland and IDA Ireland. Over the course of the two days, more than 300 one-to-one meetings took place between 150 indigenous Irish companies and 75 multinationals. The events also included supplier development programmes and workshops, while opportunities in public procurement were highlighted through the Office of Government Procurement.



**Mark Godfrey** reports from Beijing on opportunities opened up in the cleantech and renewables sector by the new China-US climate deal.

# CHINA TO CLEAR THE AIR



**L**atin American soccer stars Lionel Messi and Neymar playing in what looked like heavy fog in their majestic national stadium will be one of the abiding images of the year for Beijing residents. The footballers were in fact playing an autumn friendly match in one of the highest levels of pollution recorded in Beijing in 2014: eight times the levels recommended as healthy by the World Health Organisation.

The air had cleared by early November when other VIP guests arrived in town for the Asia Pacific Economic Cooperation (APEC) summit. But the cost of cleaning the air – shutting down factories, public buildings and bus fleets at massive cost to the local economy – is becoming prohibitive for China. Indeed the estimated US\$176 billion bill for cleaning air pollution in 2013 (which saw the worst air pollution in 50 years) may have been enough to inspire China's president Xi Jinping to sign an ambitious carbon-cutting deal with the world's other top polluting nation, the USA, in Beijing.

### MASSIVE INVESTMENTS IN CLEAN ENERGY

Cuts to coal use and massive investments in clean energy, zero-carbon transport and energy efficiency will all be required to meet the targets of the deal between the world's two largest economies. Under the pact, the US will have to reduce carbon emissions 20 to 28 per cent below 2005 levels by 2025, while China has promised to peak its carbon emissions by 2030 – significant because previously China had refused to commit to a date. The goal is achievable for China, according to the International Energy Agency (IEA), as long as it adds 1,000 gigawatts (GW) of zero-carbon power generation capacity between now and 2030 (that equates to the entire power consumption of the 27-member states of the EU in 2013).

This means a huge rollout of renewable energy. It will also require a reduction of energy use through efficiency measures like insulation and efficient heating systems, explains Hu Yuandong, head of environmental technology investment at the UN's Industrial Development Office in Beijing. He believes the landmark Sino-US climate deal also creates lots of opportunity for businesses in the cleantech sector, with companies worldwide seeking to sell technology to China to cut its emissions.

"There's already plenty of venture capital cash available for companies developing clean technology that can work in China," says Yuandong. Among the investors seeking to cash in on the China-US deal are two New York based funds, GSR Ventures and Oak Investment Partners, which this year pooled US\$1 billion to search for clean-technology companies that could grow in China.

With still-solid economic growth and stated plans to clean up its environment, China badly needs international innovation and technology to reduce pollution. "The EU has innovation, the US has a lot of venture capital and China has the funds for capacity expansion ... China has ambition and money but looks overseas for innovation," explains Frans Nauta, deputy director of entrepreneurship at Climate-KIC, an EU-funded consultancy promoting European cleantech exports.

### AMBITION MATCHED WITH ACTION

China has matched ambition with action: this includes a Renewable Energy Development Fund, which this year doubled a surcharge on Chinese electricity users to fund renewable. Likewise, the per-watt subsidy for power plants using equipment to reduce noxious emissions has also been doubled. China has been putting plans and funds in place. The Fifth Five Year Plan (2011–2015) includes a US\$850 billion provision for water and US\$283 billion to tackle air pollution. Moreover, there are ambitious goals to triple solar generation capacity to 70GW in 2017 while also lifting wind generation to 150GW.

Another crucial move by China was a government announcement guaranteeing the feed-in tariff for solar power producers for 20 years: that helped provide certainty and saw a 2013 boom in solar with 13GW installed compared to 5GW in 2012, accounting for a third of global solar installations.

Danish firms like wind-power equipment maker Vestas and wastewater systems specialist Grundfos have thrived selling high-tech technology in China, while Switzerland is represented by the giant power equipment firm ABB Group, which competes with



German-based Siemens for contracts in a massive overhaul of the Chinese electricity grid to enable the connection of renewable energy. Such European firms are “doing a lot of business in China, and Irish firms would be well placed to enter as a partner or supplier to them,” says Lawrence Jin, who heads the clean technology practice at the China offices of Deloitte.

China’s challenge in connecting clean energy sources like solar and wind has been a boon for the ABB Group which is also launching its electric vehicle chargers in China. “China is no longer driven by cost, the public procurement process here is now more persuaded by the long-term price efficiency of equipment,” explains Jin. He notes how Grundfos has tapped into a huge market as energy-efficient wastewater treatment plants: a recent contract for a plant in the southwesterly city of Deyang was signed on the basis of long-term “energy-efficiency, installation and maintenance costs”, which local Chinese firms were unable to supply.

## **THE GOAL IS ACHIEVABLE FOR CHINA AS LONG AS IT ADDS 1,000 GIGAWATTS (GW) OF ZERO-CARBON POWER GENERATION CAPACITY BETWEEN NOW AND 2030.**

### **LONGER LIST OF ENVIRONMENTAL OPPORTUNITIES**

Aside from power and water systems, there is a longer list of environmental opportunities in China. Products for insulating and heating homes is another huge opportunity as China switches from coal briquettes to gas heating in local homes. “A new wave of first time installation of home heating systems, especially in southern China, has created an opportunity for providers of boilers and other equipment,” explained Yu Yuchen, vice-minister at the Chinese Ministry of Housing and Urban-Rural Development (MOHURD), speaking at a gathering of clean energy specialists in Beijing in September. Over 30 per cent of primary energy use in the EU and, now in China, is going to heating of homes and schools and offices.

Keeping China warm has proven an opportunity for Irish firms like Kingspan, which sells architectural insulation panels, and Glen Dimplex, a home heating specialist with a manufacturing plant in northern China.

To secure deals for European firms, the EU Commission’s offices in Beijing has been trying to get China to adapt European technology through programmes like the EU–China Urbanisation Partnership and the EU–China Eco Cities Project. “We are helping China draft new standards for gas-fired heating. Obviously we don’t want [European] firms to face duplicative testing in China; that’s costly,” explains an EU diplomat in Beijing, who listed a series of European firms bidding for contracts under EU–China programmes.

The EU has also been making efforts to open doors for European suppliers in the area of environmental certification and verification, particularly to help China operate its new carbon and emissions trading schemes. “China needs verification and certification companies who know how to verify greenhouse gas emissions ... a lot of the local companies assigned to do this have no previous expertise and that raises the question of impartiality of the scheme, which won’t work long-term,” said the diplomat. He likewise points to European expertise in water management areas such as protection and planning of river basins and industrial areas. “These remain new concepts in China, but the government here is seeking assistance,” he says.

## A CLOSED SHOP?

While they see the opportunities in China, western firms in the market have also complained over lack of access and transparency for foreign invested enterprises. “There is a big boom in renewables in China, but there is a worry that the Chinese government wants the funds to go to domestic Chinese companies, which, in many cases, lack the technology or know-how to achieve the goals that are being set by government,” explains the executive of a European wind power equipment supplier with investments in Ireland.

Government discriminates towards Chinese companies by locking foreigners out of government-funded research programmes, says the executive. “And there’s very little public disclosure of data on technical requirements and data on the grid, all of which are needed to make smart decisions on investment in China.”

Globally, there are worries over a drop in private money in cleantech since the onset of the financial crisis. Overall investment in clean technology and renewable energy was down 20 per cent year on year in 2013 to a still-substantial \$212 billion. But the amount of venture capital going into cleantech fell to US\$6.3 billion, with a 4 per cent drop in clean tech investment in China last year, notes Shen Zhongmin, partner at Hudson Clean Energy Partners, a VC firm investing in China. “There is scepticism about cleantech as a viable investment area, but at the same time, this area is also evolving ... there’s a lot of new technologies coming online.”

While there are big opportunities in China’s push to clear the air, there will be consequences for the broader economy in China. To meet its targets, China has to cut its GDP growth forecasts as it switches from a hitherto exclusive focus on economic targets to also achieve environmental targets, points out Wu Changhua, China director of the Climate Group, a consultancy promoting the use of clean technology.

“This will impact on traditional industries,” says Changhua. To reduce its coal use, China has to cut capacity – much of it outdated – in its coal-dependent sectors like steel and cement. This follows on from the December 2013 blueprint for climate change, which cuts China’s outdated steel capacity by 27 million tons and cuts cement output by 42 million tons – a factor for leading Irish investor in China, Cement Roadstone Holding (CRH).

In summary, there is much excitement about the possibilities in China, tempered by worries over transparency of data and access for international firms here. Certainly, the emphasis of the new deal appears to be cutting coal use. China, which used four billion tons of coal in 2013, will peak and reduce its coal use. The US, meanwhile, is using tax credits to roll out solar and wind power to achieve the 2.5 per cent annual reduction in carbon emissions that will be required under the deal signed in Beijing.

Significantly, China’s all-out push to meet its commitments on its climate deal with the US is having a huge knock-on effect on the price of renewably generated energy globally, in the same way as production in China has helped cut the cost of lithium batteries for powering electric vehicles.

The massive rollout of solar panels in China has helped push the cost of solar power below 74 euro-cent/watt in 2013, and Chinese solar panel maker JinkoSolar has announced it has developed a solar panel that can cut the cost to 50c/watt. This is significant because the conventional view was always that solar power was too expensive relative to thermal (coal) to be an effective solution long-term. Likewise, all of this is sure to be a game changer for the global clean energy industry. It will also hopefully clean the air in Beijing.

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**Three accessories and a smartphone are cleverly tailored to changing consumer needs. Ian Campbell puts them to test.**

# COOL GEAR FOR THE NEW YEAR

## Logitech Bluetooth Multi-device Keyboard K48 €50

**T**his is a great idea for multi-tasking, gadget-loving geeks, made by Logitech, an accessory company that frequently brings a dash of ingenuity and a fair bit of style to its ever-expanding product range. The K48 is a full-size Bluetooth QWERTY keyboard that can connect to three devices and accommodate two of them – smartphone and tablet – in a slot above the F keys.

The firm's UE Boom was the best accessory

I've tested in the last year, a Bluetooth speaker in a robust

cylindrical chassis that is chic and portable while packing considerable punch in the sound department. Sadly,

the K48 build quality is cheap and cheerful by comparison and a tad retro – not in a good way.

The good news is that it's a doddle to set up. Having scanned and paired your device, a one-to-three dial lets you choose which connected device you want to type or text into. I set it up for a Samsung tablet, HTC smartphone and an iMac workstation. The tablet and smartphone sat firm and upright in the slot, but, depending on the device, the way its controls are configured and the angle you stand it at, you could lose access to a crucial control. Not a big deal, you just have to open the application you want to work with before you slot it in and get down to work.

Shame that Logitech didn't invest the K48 with its best design sensibilities because I'd bet there are gadget lovers that would pay a premium for a product like this if it looked and felt as cool as the idea behind it. Maybe next time.

## Samsung Galaxy Alpha from €55 (with contract)

**I**f you take the view that smartphones are getting too big and too smart, and you crave something simpler that still has a touch of class about it, this could be the handset for you. The sub-5in screen may be unfashionable, but its design oozes catwalk class. It's certainly got the physique of a supermodel – less than 7mm thick. A soft bezel back cover is a feature of the Galaxy family, including the tablets, and the wrap-around metal frame is a neat touch that gives it a reassuringly robust feel. Features and functionality are familiar Samsung Android fare – it's the design that sets this smartphone apart.





## Canon Legria Mini X

€449

**T**he Flip was an early attempt at an alternative camcorder design that was eventually discontinued as smartphones began to do a perfectly good job of capturing video. More innovative is the Canon Legria, a highly adjustable mini-cam that targets a new generation of video bloggers and music performers with such precision that I'd expect it to have a much better future.

You could be forgiven for thinking it's a bit of a novelty device but there are features and functionality here that will hit the spot in terms of performance and convenience for anyone looking to upload quality videos quickly and easily.

For a start, it has Wi-Fi that can tether itself to smartphones for accessing a browser. So you can upload a video straight to YouTube without taking out the SD card. A good range of features let you select the shooting and playback modes, or even a still-picture option, all accessed on a touch screen LCD that is reasonably effective, though I found the icons and menus a bit small and fiddly.

It boasts stereo microphones placed 6cm apart that come with a dial for adjusting the record level – a rare enough feature on camcorders that will appeal to anyone looking to record audio of any quality. The 170-degree ultra wide-angle lens and neat ergonomics make it ideal for shooting video selfies, angling the 2.7inch LED to watch yourself as you record. Or you can swivel it forwards 90-degrees and use it as a regular camcorder.

The end result is billed as professional quality – a bit of an overstatement perhaps, but the picture quality is very good and the sound is bright and crisp. For anyone who spends a lot of time uploading video content to social media, it may be the perfect tool.

## Sony SmartBand

SWR10 €50

**T**wo mobile trends that have been gaining momentum and will reach fever pitch when Apple launches its watches are wearable devices that track and analyse your lifestyle. The SmartBand does a bit of this with an interesting form factor, comprising a rubber wristband and a small device it calls the core that you charge up and slip inside the band. It houses an accelerometer, a near field communications chip and a vibrating motor.

Connected to your smartphone via Bluetooth (ideally a Sony though it will work less reliably with other Android devices), it syncs up with Lifelog, a free Sony app that uses a stylish interface for tracking various elements of your lifestyle, from physical activities – how much you've slept, how far you've walked – to digital habits such as music played, photos taken and websites visited.

Three tiny white LEDs wink at you from the core to reassure you that something is happening as you control different functions with a button that protrudes from the rubber casing. You can also use the NFC feature and tap the phone against it for a physical connection. Different presses/taps activate different modes. There's also a vibration features to alert you to any calls or notifications.

How useful you find the information it gathers will determine how you view the SmartBand – a useful accessory or a bit of a gimmick? For me, it's an interesting product that's a bit hit-and-miss in its execution.



... uses a stylish interface for tracking various elements of your lifestyle, from physical activities – how much you've slept, how far you've walked – to digital habits such as music played, photos taken and websites visited.

**Lucille Redmond** finds that 2014's end-of-year business book were full of spark, wit and food for thought.

# HOW TO MAKE A BILLION AND OTHER GOOD IDEAS

**H**ow do you make a billion? It's worth asking Peter Thiel, star speaker at this year's Web Summit, double-billionaire founder of PayPal and CEO of the data analyst Palantir, which works for the US government and for financial giants. *Zero to One*, a slim book by Thiel, is being hailed as the ultimate guide for entrepreneurs.

Thiel – odd, brilliant, contrarian – has definite ideas about what makes success. “The perfect target market for a startup is a small group of particular people concentrated in a group but served by few or no competitors,” he writes – when you think about it, this is a description of the first customers of Apple, Amazon, PayPal, even Microsoft.



Thiel and his buddies founded Confinity and its subsidiary PayPal after college in 1998, then merged at the turn of the millennium with South African Elon Musk's financial firm X.com. Musk taught Thiel to love salespeople, by sending PayPal viral with a stupendous growth campaign. Thiel learned that it is important to sell your business to customers, but just as important to sell to investors and to media.

Much of Thiel's business wisdom in *Zero to One* is grandfatherly: focus, become a master of your trade, take a long-term perspective. But naturally, he has a few off-centre points. Never hire a tech entrepreneur that wears a suit. Make a company culture of similar people. “The early PayPal team worked well together because we were all the same kind of nerd. We all loved science fiction: *Cryptonomicon* was required reading, and we preferred the capitalist *Star Wars* to the communist *Star Trek*. Most important, we were all obsessed with creating a digital currency that would be controlled by individuals instead of governments.

“For the company to work, it didn't matter what people

looked like or which country they came from, but we needed every new hire to be equally obsessed.” Four of the six PayPal founders built bombs in school; five were 23 or younger; three came from former Communist countries: Yu Pan from China, Luke Nosek from Poland and Max Levchin from Soviet Ukraine.

A brilliant little book – perhaps not everything in it to be taken absolutely seriously, but fun and informative and good fodder for entrepreneurial thinking.

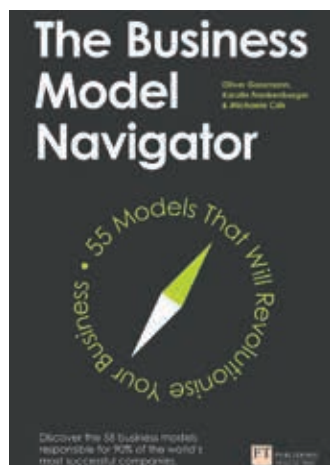
**W**hy do global corporations sometimes suddenly go pop and disappear after dominating their market for decades? Remember when Agfa, Grundig, Triumph and Kodak were brands so familiar that they were shorthand for their industries?

A company is like a shark. If it stops moving, it's dead. And knowing exactly what your company is doing is how to keep it alive and swimming. In the unputdownable *The Business Model Navigator*, three members of the management study team at St Gallen University in Switzerland look at the 55 business models responsible for 90 per cent of the world's most successful

companies and how those models work.

Many of today's successes are based on innovative business models, rather than innovative products or processes, they point out. Apple, the world's largest musical retailer, sells no CDs; Amazon has no bookshops; Skype is the biggest telecoms provider, without owning any network infrastructure.

Half of their book is sound



technical advice. The second half gets down to looking at the business models in detail, starting with the 'add-on' model used by Ryanair, Ireland's value airline, which makes its money by selling flights cheap and then charging for extras like luggage, premium bookings and allocated seating.

Examples of business models can be enlightening. The book cites cross-selling – like petrol stations, which sell complementary products like food and beverages as well as petrol; crowdfunding – like the independent filmmakers whose fans fund their movies; flat rate – like Netflix, whose customers gain access to variously valued movies for a monthly payment.

*The Business Model Navigator* simplifies understanding of the 55 models with some

great examples. Take 'hidden revenue': not immediately obvious as a business model, but JCDecaux, Metro newspapers, Last.fm, Facebook, YouTube and Google are in this market, with models including free papers supported by advertising, getting your customers to cycle your ads around, and advertising targeted on a user's own online revelations.

Gore-Tex, Shimano and Intel use 'ingredient branding' as a model – you might want Shimano gears on your bike, Gore-Tex in your cycling gear and an Intel chip inside your navigator. In 'reverse engineering', a company produces a cheaper and sometimes better version of things like expensive engine components or ink cartridges; in 'reverse innovation' the product is a low-cost technology for a market in developing countries, like General Electric's portable electrocardiograph (ECG) developed to be used with an ordinary laptop in developing countries.

If you're thinking about where your business – or your planned business – is going, you will find *The Business Model Navigator* an intelligent, thought-provoking and unexpected guide.

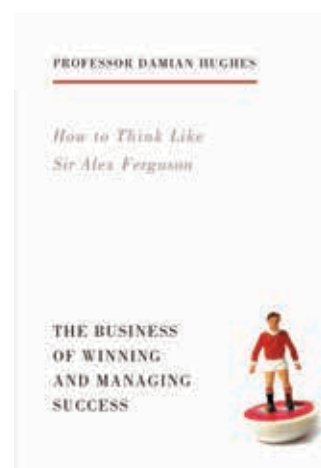
Alex Ferguson "turned United into one of the most prolific trophy-grabbing machines in the modern game", writes change management consultant Damian Hughes in *How to Think Like Sir Alex Ferguson*, which applies Ferguson's methods to the task of running a business.

Ferguson used "the working-class principle" that hard work, intelligent challenge

and looking back at how far you've come allows players to reach their best. "I would tell [young players] that having a work ethic is very important," Ferguson says. "It seemed to enhance their pride. I would remind them that it is trust in one another, not letting their mates down, that helps build their character."

Hughes turns Ferguson's principles around to focus on business success in a series of chapters on change: changing focus, records, confidence levels, 'changing the goalposts' – as when Ferguson focused first on making United the best team in Britain, then in Europe, on his finding young players and pushing them to reveal their genius through practice, intelligence and risk.

An interesting model for today's risky markets: Hughes quotes Horace's inevitably used tag '*Carpe diem*' – Seize the day, but also its second half: '*Quam minimum credula postero*' – Put no trust in tomorrow.



What do your customers need? *Value Proposition Design*, by a conglomerate of authors ranging from entrepreneurs through trainers and designers, is one giant

mind map, sparky with ideas and methods.

Full of cartoons, graphics and catchphrases, this book allows you to use a tool the authors call the Value Proposition Canvas to make a customer profile, and then create a value map to suit your business to its customers. "You achieve fit when customers get excited about your value proposition, which happens when you address important jobs, alleviate extreme pains, and create essential gains that customers care about," the authors write.

An interesting book for those who love the metrics of customer alignment, this is likely to be a standard tool for all those in customer-facing



industries.

**Zero to One** by Peter Thiel, Virgin Books

**The Business Model Navigator: 55 Models That Will Revolutionise Your Business** by Oliver Gassmann, Karolin Frankenberger, Michaela Csik, FT Publishing International

**How to Think Like Sir Alex Ferguson: The Business of Winning and Managing Success** by Damian Hughes, Aurum Press Ltd

**Value Proposition Design: How to Create Products and Services Customers Want** by Alexander Osterwalder, Yves Pigneur, Gregory Bernarda, Alan Smith and Trish Papadakis, John Wiley & Sons

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](http://www.enterprise-ireland.com/MRC)

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

## ICT/SOFTWARE

### The State of Mobile Technology for Marketers, 2014

Forrester

October 2014

Adoption of smartphones is skyrocketing around the globe and sophistication of consumers' use of those smartphones is likewise climbing. However, the use of mobile technologies among marketing leaders is not keeping pace. This report exposes the gap between how marketers and consumers embrace mobile technologies.

### US Tech Spending by Industry, 2014 to 2015 — Which Industries Will Lead the BT Charge?

Forrester

October 2014

This report examines the outlook for tech budget spending in 20 industry groups, with the aim of helping CIOs understand tech-spending

prospects in their industry and what they need to do to keep-up with or get ahead of their competitors.

### Wearables Drive Innovation by Addressing Fundamental Human Needs: Take an Expansive View of Wearables to Equip Workers — and Customers — With Wearable Devices

Forrester

October 2014

The wearables market suffers from a hype bubble. The ratio of released products to product sales is currently very high. But according to this report, wearables are for real. Forrester surveyed 4,566 US online consumers and interviewed 25 companies to gain insight on what's coming down the line and why in the arena of wearables for the workforce and customers.

### Hype Cycle for the Telecommunications Industry, 2014

Gartner

August 2014

The future existence of Communications Service Providers (CSPs) will depend on their ability to deliver individual experiences over industrial-scale infrastructure. This report examines the key systems, processes and platforms that will help CSPs perform above their competitors and remain relevant to their consumers.

### Magic Quadrant for Enterprise Video Content Management

Gartner

October 2014

Enterprise video content management is becoming attractive to organisations making mainstream technology decisions. Vendors offer broad functionality and features are becoming universal with hybrid cloud and on-premises architectures not uncommon. However, market consolidation remains very likely.

### Internet of Things (IoT) - Disruptive Opportunities in Key Sectors: Connecting Anyone, Anywhere, Anytime Intelligently

Frost & Sullivan

September 2014

This research explores the impact of Internet of Things in major sectors such as energy, healthcare, transportation, manufacturing, aerospace, defence and microelectronics. The report also highlights the key enabling technologies and their convergence prospects.

## FOOD, RETAIL AND CONSUMER PRODUCTS

### Retail ecommerce in Brazil: Key Metrics 2014 – Understanding KPIs in Latin America's largest ecommerce Market

Forrester

October 2014

Part of the Retail ecommerce In Brazil series, this research reports on a survey conducted by Forrester Research in partnership with E-Commerce Brazil during August and September 2014. Based on responses from traditional retailers, web-only retailers, and manufacturers selling direct, the results include a variety of key metrics such as conversion rates, average order values, return rates, and both mobile and tablet revenues.

### Domestic Central Heating Market Report – UK 2014–2018 Analysis

AMA

October 2014

Covering the key sectors of boilers, radiators, circulator pumps and heating controls, this report provides a comprehensive review of the UK domestic central heating market, analysing the market size, trends and influences, future prospects, major suppliers and key distribution channels.

### Credit Cards in Turkey

Euromonitor

October 2014

This research sets out to establish the size and structure of the Turkish market for ATM cards, smart cards, credit cards, debit cards, charge cards, pre-paid cards and store cards. It looks at key players in the market (issuers and operators), number of cards in circulation, numbers transactions and value of transactions. It also presents a strategic analysis of sector forecasts and trends to watch.

### **Big Data in Retail – Big Data Analytics Central to Customer Acquisition and Retention Strategies in Retail**

*Frost & Sullivan*

September 2014

Large volumes of unstructured and structured data from a variety of sources contain valuable insights about customer behaviour, with the potential to contribute to the growth of retail businesses. This report introduces the big data opportunity in the retail industry in Europe, exploring the opportunities for applications in this ever-expanding industry. It provides an overview of the big-data value chain, the competitive landscape, the trends driving the uptake of big data analytics among retailers and the growth challenges.

### **Trend Sights: Private Label Evolution**

*Datamonitor*

September 2014

This trend-focus report explores private label evolution, which is marked by increasing sentiment towards the perceived quality of private labels (PLs), and how this relates to their branded counterparts. A factor behind this changing attitude is the shift in PL focus from a budget proposition to one of value, which has, in turn, translated into an emphasis on on-trend innovation, taking the value concept to a different extreme.

### **Soft Drinks**

*Key Note Market Update*

October 2014

This Key Note Market Update examines the UK market for soft drinks and, in particular, the carbonated and dilutable beverages sector. The carbonated ('fizzy drinks') and dilutables (cordials and squash) sectors represent the leading two product categories – first and second, respectively – in terms of volume consumption, while the carbonates sector is by far the largest sector in terms of value.

According to data from the British Soft Drinks Association (BSDA), the UK soft drinks market grew in value by 3.4 per cent overall in 2013. In comparison, the carbonates sector performed relatively poorly, rising in value by 2.5 per cent over the same period, while the dilutables market grew at similar level to that of the overall market (4.1 per cent).

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

#### **Pharmaceutical & Biotechnology Construction Sector Report – UK 2014–2018 Analysis.**

*AMA Research*

October 2014

This report reviews the pharmaceutical, medical technology, medical and industrial biotechnology sectors in the UK with details of market size, value, key players and geographical areas of concentration. It provides detailed analysis of pharmaceutical clusters and centres of excellence in the UK and overviews the main manufacturing and R&D facilities.

#### **Medical Devices: Technologies and Global Markets**

*BCC Research*

September 2014

BCC Research estimates the global market for medical device technologies as \$390.3 billion in 2012, growing to \$411.8 billion in 2013 and an expected \$538.7 billion in 2018, registering a compound annual growth (CAGR) of 5.5 per cent over the next five years.

#### **Quantum Dots: Global Market Growth and Future Commercial Prospects**

*BCC Research*

April 2014

This report aims to assess the current state-of-the-art in synthesising quantum dots (QDs); the current market players seeking to exploit QD behaviour and actual or potential markets in terms of application, type and projected commercial market revenues.

### **Energy-Efficient Technologies for Commercial Building Construction**

*BCC Research*

September 2014

This report provides a global overview of the market for energy efficiency technologies for commercial building markets, with breakdowns by region and by major technology. The global revenues for energy efficient technologies in commercial buildings reached almost \$36.3 billion in 2013 and \$41 billion in 2014. According to the report, the market should reach \$60.2 billion in 2019, demonstrating a compound annual growth rate of 8 per cent from 2014 to 2019.

### **Tissue Engineering and Regeneration: Technologies and Global Markets**

*BCC Research*

August 2014

The global tissue engineering and regeneration market reached \$17 billion in 2013. This report predicts that the market will grow to almost \$20.8 billion in 2014 and \$56.9 billion in 2019, a compound annual growth rate of 22.3 per cent through to 2019. The report reviews drivers, trends and challenges for different segments, and it profiles some of the major players.

## 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.*

### Commission publishes the 2015 version of the Combined Nomenclature

The European Commission has published the latest version of the Combined Nomenclature, which will be applicable from 1 January, 2015.

The Combined Nomenclature (CN) forms the basis for the declaration of goods at importation or exportation and determines which rate of customs duty applies and how the goods are treated for statistical purposes. The CN is updated every year and is published as a Commission Regulation in the Official Journal of the European Union, L Series. The latest version is now available as Commission Regulation (EU) No 1101/2014 in EU Official Journal L 312 of 31 October 2014.

### Commission presents options for "simpler and more robust" future VAT regime

Ideas on how to ensure a simpler, more effective and more fraud-proof VAT system tailored to the single market in the EU have been outlined in a recent paper published by the Commission. The aim is to create a "definitive VAT regime", to replace the "temporary and outdated" VAT system, which has been in place in the EU for over two decades. The Commission services document sets out five options for shaping the future VAT regime.

- The supplier would be responsible for charging and paying the VAT, and supplies would be taxed according to where the goods are delivered.
- The supplier would be responsible for charging and paying the VAT, and supplies would be taxed according to where the customer is established.
- The customer – rather than the supplier – would be liable for the VAT, and taxation would take place where that customer is based (Reverse Charge).

- The customer – rather than the supplier – would be liable for the VAT, and taxation would take place where the goods are delivered.
- The status quo would be maintained, with some modifications.

The Commission is now undertaking an in-depth assessment to determine the impact of each of the options for businesses and for member states. On the basis of its findings, it proposes to present a possible way forward in spring 2015.

### Useful trade and tariff information in new WTO resources

New editions of the WTO's key statistical publications provide potentially valuable reference sources for companies comparing various new geographic market candidates. Its World Tariff Profiles 2014 provides a unique collection of data on tariffs imposed by WTO members and other countries. The first part of the publication provides summary tables showing the average tariffs imposed by individual countries. The second part provides a more detailed table for each country, listing the tariffs it imposes on imports (by product group) as well as the tariffs it faces for exports to major trading partners.

Trade Profiles 2014 provides a snapshot summary of the most relevant indicators on growth, trade and trade policy measures on a country-by-country basis. The data provided include basic economic indicators (such as gross domestic product), trade policy indicators (such as tariffs, import duties, the number of disputes, notifications outstanding and contingency measures in force), merchandise trade flows, services trade flows and industrial property indicators.

Services Profiles 2014 provides key statistics on "infrastructure services", i.e. transportation, telecommunications, finance and insurance, for some 150 economies.

All three profiles are now available from the WTO web site. World Tariff Profiles is also available as an app for mobile devices.

### Government to establish local division of International Patent Court in Ireland

The Government is planning to establish a local division of the unified Patent Court in Ireland subject to ratification via a referendum.

The International Agreement on a unified Patent Court was signed during the Irish EU Presidency in February 2013. Twenty-five EU states are participating in the court, with Croatia, Poland and Spain opting out, at least for now. The court is expected to be up and running in 2016.

The move is part of a patents package agreed at EU level, which includes a European Patent with unitary effect. This is a simplified patent that will give more choice to patent applicants, allowing them to apply for a single patent that will be valid in 25 member states, reducing patent application costs, translation costs and legal fees.

Ireland has the choice of setting up a local division, participating in a regional division with one or more member states or conferring jurisdiction on the central division of the court. In Ireland's case, ratification of the international agreement to set up the court is subject to the successful carrying of a referendum, because it involves the limited transfer of jurisdiction in the patent law area from the Irish Courts in respect of European patents.

## Travel News

### Multitrip.com voted 'Best Travel Insurance Provider' by Irish travel journalists

**M**ultitrip.com, part of the Blue Insurances group, won the award for 'Best Travel Insurance Provider', as voted for by Ireland's travel journalists and media, at the Travel Media awards this December.

### Airfares to drop in 2015

**T**he International Air Transport Association (IATA) is predicting that airfares will drop next year as falling oil prices and strong worldwide GDP growth help airlines post record profits. The Geneva-based trade body estimates that airfares (excluding taxes and surcharges) could fall by over 5 per cent on 2014 levels, as consumers benefit from strong industry performance and lower industry costs.

### Aer Lingus launches new business class, expands routes and adds Washington

**A**er Lingus has announced details of the new business class experience to be launched on transatlantic flights from January 2015. The new business class promises free Wi-Fi; bigger seats, which convert into full-lying-flat beds; more storage; upgraded food; upgraded entertainment and fast-track security. The service will start appearing on the JFK route in January and is to be live on all aircraft by March 29.

Meanwhile, Aer Lingus's recently announced summer 2015 programme is to include expanded capacity on transatlantic routes from Dublin to San Francisco, New York and Orlando and from Shannon to Boston, as well as a new four-times-weekly summer service from Dublin to Washington Dulles.

Short-haul capacity will also increase in summer 2015, with new routes to Agadir and Nantes, as well as increased capacity on existing routes.



### Full mobile phone use on aircraft approved

**T**he European Aviation Safety Agency (EASA) has ruled that personal electronic devices, including mobile phones, can be left switched on — rather than just in 'flight mode' — during all phases of a flight. The EASA has said that it is satisfied personal electronic devices do not pose a safety risk when used on aircraft. While it will not be possible to get a reception while flying high in the air, the move means that, at lower altitudes, passengers could soon be able to make and take phone calls. Airlines wishing to implement the change will now be required to conduct their own safety tests to the satisfaction of EASA.



### Summer 2015 nonstop service to Chicago

**U**nited Airlines is to introduce a daily nonstop service between Dublin and its Chicago hub, O'Hare International Airport, from June 5 to August 18, 2015, subject to government approval. The Dublin-Chicago flight, UA153, will depart Dublin daily at 9:50 am, arriving in Chicago at 12:15 pm the same day. The return flight, UA152, will depart Chicago daily at 6:05 pm, arriving in Dublin at 7:35 am the following day (all times local). Flight times will be eight hours 25 minutes westbound and seven hours 30 minutes eastbound.

### Belfast gets new routes

**F**lybe will begin a year-round service between Belfast and Liverpool from February 2, 2015. The airline will operate three daily services on the route on weekdays and a daily service at the weekend.

Separately, Thomas Cook Airlines has announced plans to operate flights from Belfast to Las Vegas from November 13, 2015, and to Varadero, Cuba, from January 29, 2016.

### World's first underwater store opened in Dubai

**S**ony's opened the world's first underwater store at The World Islands in Dubai this December. The Xperia Aquatech concept store, located 4 metres under the sea, was open for three days to competition winners, media and VIPs.





# MUSCAT

There is 'old' and 'new' Muscat, and each part of Oman's capital has much to recommend it. Old Muscat, as it is now referred to, provides a tangible sense of history and of distinct small-town Arabian atmosphere with many multi-coloured mosques and traditional buildings (a number of which have been converted into compact museums). The new and unequivocally modern part of the city is home to a population of almost 1m, which amounts to a quarter of Oman's total. Prepare yourself here for opulent hotels, lengthy sun-drenched coastlines, shopping malls, swish restaurants and being present in the undeniable centre of Oman's commercial and administrative operations.

## FROM THE AIRPORT TO THE CITY:

Presently undergoing significant expansion, Muscat International Airport is the largest in Oman and is the main hub of the national carrier, Oman Air. The airport is 32km from the centre of Muscat. Many hotels operate courtesy buses to/from the airport, while taxi services are also readily available. Taxi fares should be agreed prior to your journey.

## SLEEP:

**1st Choice:** If you want to splash out, book into Al Bustan Palace, Quron Beach. The rooms are splendid; there's a 1km private beach, and five (yes, five!) outdoor swimming pools. Wow! [www.ritzcarlton.com/en/Properties/AlBustan](http://www.ritzcarlton.com/en/Properties/AlBustan)

**2nd Choice:** City Seasons Hotel Muscat,

Al Sultan Qaboos Street, is a good option for those on tighter budgets. It mixes business-oriented efficiency (it is located in the heart of Muscat's business district) with sophistication and luxury. [www.cityseasonsmuscat.com](http://www.cityseasonsmuscat.com)

## EAT:

**Lunch:** For one of the best dining experiences in Muscat, head to Bin Ateeq, Al-Khuwair Street. It's a handy place by which to mix Omani authenticity with foodie accessibility. Expect floor-level seating, soft cushions to sit on and the type of traditional fare that you'll be remembering for months. (No website)

**Dinner:** Ubhar, Al Kharjiyah Street, serves up a tasty medley of traditional and contemporary Omani cuisine – the

region's impossibly sweet-toothed desserts are a highlight. For the adventurous, there are menu options such as camel biryani! [www.ubharoman.com](http://www.ubharoman.com)

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

**Heritage and History:** Old Muscat still retains the sensibilities of a concise, placid small town. It is separated from the rest of the city by a sweep of rugged mountains and equally craggy (albeit restored) city walls. Scenic, evocative – you've really never seen anywhere like it.

**Shopping:** You can't visit Muscat without paying a visit to either the Muttrah Souk or the commercial district in central Qurum. The former is a highly enjoyable shopping experience, while the latter houses a network of intriguing shopping malls that sell traditional arts and crafts. And gold – if that's your thing!

**Water Activities:** Once you're out of the shopping malls, it makes sense to cool down and to, literally, dive into the water. Many diving operators offer a range of snorkelling activities and other associated boat trips that are located in stretches of nearby coastline.

# Enterprise Ireland International Network

## Head Office

REGION/OFFICE	TELEPHONE	FACSIMILE	ADDRESS
<b>Dublin</b>	+(353 1) 727 2000	–	The Plaza, East Point Business Park, Dublin 3, Ireland

## Northern Europe

<b>Amsterdam</b>	+(31 20) 676 3141	+(31 20) 671 6895	World Trade Center, Strawinskylaan 1351, 1077 XX Amsterdam, Netherlands
<b>Brussels</b>	+(32 2) 673 9866	+(32 2) 672 1066	Park View, Chaussee d'Etterbeek, 180 Etterbeeksesteenweg, Bruxelles 1040, Brussels, Belgium
<b>London</b>	+(44 20) 7438 8700	+(44 20) 7438 8749	2nd Floor, Shaftesbury House, 151 Shaftesbury Avenue, London WC2H 8AL, England
<b>Paris</b>	+(33 1) 5343 1200	+(33 1) 4742 8476	33 rue de Miromesnil, 75008 Paris, France
<b>Stockholm</b>	+(46 8) 459 21 60	+(46 8) 661 75 95	Box 5737, Sibyllégatan 49, 114 87 Stockholm, Sweden

## Germany, Central and Eastern Europe and the Balkans

<b>Budapest</b>	+(36 1) 301 4950	+(36 1) 301 4955	Bank Centre, Szabadság tér 7, Budapest 1054, Hungary
<b>Düsseldorf</b>	+(49 211) 470 590	+(49 211) 470 5932	Derendorfer Allee 6, 40476 Düsseldorf, Germany
<b>Moscow</b>	+(7495) 937 5943	+(7495) 680 5362	c/o Commercial Section, Embassy of Ireland, Grokholski Pereulok 5, Moscow, Russia
<b>Prague</b>	+(420) 257 199 621	+(420) 257 532 224	Trziste 13, 118 00 Prague 1, Czech Republic
<b>Warsaw</b>	+(48 22) 583 1200	+(48 22) 646 5015	Ulica Mysia 5, 00-496 Warsaw, Poland

## Southern Europe, Middle East and Africa

<b>Dubai</b>	+(971 4) 329 8384	+(971 4) 329 8372	4th Floor, Number One Sheikh Zayed Road, PO Box 115425 Dubai, United Arab Emirates
<b>Istanbul</b>	+(90212) 319 1832		Buyukdere Cad.Metrocity AVM D Blok Kat:4, Levent, Istanbul, Turkey
<b>Johannesburg</b>	+(27) 115505440	–	24 Fricker Road, Illovo, Johannesburg South Africa
<b>Madrid</b>	+(34 91) 436 4086	+(34 91) 435 6603	Casa de Irlanda, Paseo de la Castellana 46 – 3, 28046 Madrid, Spain
<b>Milan</b>	+(39 02) 8800991	+(39 02) 8690243	Via de Amicis, 53-20123 Milano, Italy
<b>Riyadh</b>	+(966 1) 488 1383	+(966 1) 488 1094	c/o Embassy of Ireland, PO Box 94349, Riyadh 11693, Saudi Arabia

## The Americas

<b>Austin</b>	+(1 512) 514 6151		7000 N Mopac Expwy, Suite 2099, Austin, TX 78731
<b>Boston</b>	+(1 617) 292 3001	+(1 617) 292 3002	535 Boylston St, 5th Floor, Boston, 02116 MA, USA
<b>New York</b>	+(1 212) 371 3600	+(1 212) 371 6398	Ireland House, 345 Park Avenue, 17th Floor, New York, NY 10154-0037, USA
<b>São Paulo</b>	+(55 11) 3355 4800	–	Rua Haddock Lobo, 1421 – Conj 51, Cerqueira César, São Paulo, 01414-003, SP, Brazil
<b>Silicon Valley</b>	+(650) 294 4081	–	800W, El Camino Real, Suite 420, Mountain View, CA 94040, USA
<b>Toronto</b>	+(1 416) 934 5033	+(1 416) 928 6681	2 Bloor Street W, Suite 1501, Toronto, Ontario, M4W 3E2, Canada

## Asia-Pacific

<b>Beijing</b>	+(86 10) 8448 8080	+(86 10) 8448 4282	Commercial Section, Embassy of Ireland, C612A Office Building, Beijing Lufthansa Ctr., No. 50 Liangmaqiao Road, Chaoyang District, Beijing 100125, China
<b>Hong Kong</b>	+(852) 2845 1118	+(852) 2845 9240	Room 504 (5/F), Tower 2 Lippo Centre, 89 Queensway, Admiralty, Hong Kong
<b>New Delhi</b>	+(91 11) 424 03 178	+(91 11) 424 03 177	Commercial Section, Embassy of Ireland, 230 Jor Bagh, New Delhi 110 003, India
<b>Seoul</b>	+(82 2) 721 7250	+(82 2) 757 3969	Ireland House, 13th Floor Leema B/D, 146-1 Susong-Dong, Jongro-Ku, Seoul 110-755, Korea
<b>Shanghai</b>	+(86 21) 6010 1380	+(86 21) 6279 7066	Commercial Section, Consulate General of Ireland, Suite 700A, Shanghai Centre, 1376 Najing Road West, Shanghai 200040, China
<b>Singapore</b>	+(65) 6733 2180	+(65) 6733 0291	Ireland House, 541 Orchard Road #08-00, Liat Towers, Singapore 238881
<b>Sydney</b>	+(61 2) 927 38514	+(61 2) 926 49589	Level 26, 1 Market Street, Sydney 2000, NSW, Australia
<b>Tokyo</b>	+(81 3) 3263 0611	+(81 3) 3263 0614	Ireland House, 2-10-7 Kojimachi, Chiyoda-ku, Tokyo, 102-0083, Japan

For any other markets not mentioned, contact Market Development Dublin.

For further contact information, visit [www.enterprise-ireland.com/contact](http://www.enterprise-ireland.com/contact)

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[www.the-market.ie](http://www.the-market.ie)