

**SOUTH EAST REGION
EMPLOYMENT ACTION PLAN**

SPOTLIGHT ON THE SOUTH EAST

DECEMBER 2011

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Executive Summary

This report was prepared by Forfás following a request from the Minister for Jobs, Enterprise and Innovation of 14 September 2011 for input to the preparation of an employment action plan for the South East region. This report builds on previous Forfás work on developing a Regional Competitiveness Agenda for the South East region in 2009, on Forfás labour and market skills analysis work, on infrastructure requirements and on national development strategies. It includes inputs from Enterprise Ireland (EI), IDA and SFI, Fás, the HEA and Fáilte Ireland and other stakeholders, that reflects the work on the ground of the development agencies and other bodies.

The global recession and the collapse in the construction sector nationally has impacted the South East region particularly hard, through both direct employment losses in building projects and in sub-supply. Unemployment currently stands at 18.2 percent, compared with the national average of 14.5 percent. The closure of Talk Talk is a further set back to the South East region.

The policy focus needs to remain over the next three to five year period on the continued upgrading of the existing base of enterprise. There is a need to increase the contribution of employment and value-added from exporting manufacturing and internationally trading services enterprises, to develop 'new' sectors in the region and to upgrade of the skills base in general.

A continued shorter term focus on attracting a replacement activity to Waterford is essential (including a focus on business process outsourcing (BPO) /international services activities), which EI and IDA are committed to pursuing. Aligned with this, targeted career, upskilling and education supports to improve the employability of those unemployed will be important.

The key actions that require to be progressed are set out below.

A. Development of the Regional Gateway and Effective Promotion of the Region

Waterford and the South East region have undergone a period of catch-up in terms of infrastructure investment and are better positioned than at any time in the past, including improved road connectivity, energy and infrastructure stock. Waterford City has a number of strengths including improved education participation, graduate output and recognised research strengths and a growing enterprise base in modern sectors. Specifically the development of the Belview Strategic Site is a particular advantage for manufacturing and services businesses.

The restructuring of the local authorities in Waterford, combining the City and County Councils is welcome and the integration needs to be accelerated, together with more cohesive planning and development between the relevant local authorities in the region.

Actions required:

A1. Regional Value Proposition

- *A strong regional value proposition and marketing strategy built around key regional strengths and areas of opportunity should be developed by means of a coordinated approach, involving the enterprise agencies, local authorities and other regional stakeholders.*

A2. Accelerated Development of the Waterford Gateway

- *A review of the Planning and Land Use and Transport Strategy (PLUTS) and the Strategy for Economic, Social and Cultural Development of Waterford City 2002-2012 should be undertaken under the auspices of the Regional Planning Guidelines Implementation Group in order to elevate the key developmental priorities for Waterford City.*

Particular attention should be brought to bear on barriers to enterprise development including:

- *completion of the Viking Quarter and Historical Quarter an integrated regional tourism marketing strategy that incorporates multiple locations and attractions within the region. The Government has committed to completion of this initiative as part of the Infrastructure and Capital Programme 2012-16 announced on 10 November 2011;*
- *the extension of the Waterford City MAN to service the Belview Strategic Site and Port area, including leveraging existing NRA duct infrastructure to maximise cost effectiveness; and*
- *private sector provision of attractive and flexible office developments within the city centre.*

B. Upgrading the Regional Enterprise Mix

The enterprise development agencies will adopt a 'spotlight on Waterford and the South East region' to the end of 2012 (and review thereafter), implementing the range of actions as outlined below.

B1. Stimulating Entrepreneurship and new business start-ups

The analysis demonstrates that the South East has the potential to increase the level of entrepreneurship and sustainable new business start-ups. EI will intensify its focus and undertake the following actions:

- *A competitive call for feasibility funding for new start-ups in the South East region will be launched in Q4 2011. Funding of up to €20,000 per project will be made available for 10 proposals by EI.*
- *EI will continue to work in collaboration with the County Enterprise Boards (CEBs) and intensify promotion activities in the region.*
- *In co-operation with the CEBs additional Ideagen and Enterprise Start events will be held in the region in 2012 building on those in Q4 2011.*

- *The Enterprise Platform Programme to incubate early stage businesses will recommence in a new format in Q1 2012. A joint initiative between WIT and Carlow IT was approved by EI in November 2011.*

The Central Coordination Unit (CCU) within EI will work with the CEBs to ensure that resources are best deployed to support employment creation and maintenance. Initiatives will focus on entrepreneurship and management training, one stop shop/online knowledge base, awareness raising and micro-finance.

B2. Continued focus on sustainability and upgrading of existing enterprise base

The analysis highlights a clear need for continued focus on securing the sustainability and upgrading of the existing enterprise base and identifying new business opportunities.

- *IDA Ireland will continue to focus on sustainability and growth opportunities through intense engagement with client companies in the South East Region.*
- *EI will continue engagement with established clients in the region to discuss potential opportunities. A very close relationship is maintained with these clients by the Development Advisers and an intensive round of new meetings started in September. A number of projects have been identified in Q4 2011 to be further developed, particularly in the food sector.*
- *In addition, EI will:*
 - *systematically reach out to companies on a one to one basis that would have less active interaction with EI, to assess potential for exports and employment; 155 EI clients have been contacted over October/November 2011 and these discussions will continue during the first half of 2012.*
 - *continue to engage with call centre clients regarding potential business expansions and these are ongoing.*
 - *convene additional First Flight workshops in 2012 in Waterford as follow-up to those organised for Waterford with Mentors in October/November 2011 which focused on the UK, North America and Asia supported.*
 - *initiate a marketing campaign for Innovation Vouchers in the South East building on the success of Waterford and Carlow Institutes of Technology (WIT) in completing voucher projects and commencing Q4 2011.*
 - *at a national level, launch a new Innovation Graduate Placement Programme to ramp up the number of innovation projects within companies. The initial pilot programme will be undertaken with South East companies. This will be launched in Q1 2012.*
 - *continue to support enterprise led initiatives in the region, in particular the Spirit of Enterprise Forum and FUSE.*

B3. Sectoral Development

The review of sectors within the region has identified growth potential in certain areas. A concerted regional approach focused on building a supportive business environment within the region informed by the needs of the sectors highlighted below should be advanced. The region has progressed certain initiatives on a collaborative basis, for example the Bioenergy plan.

Actions required:

- *A focused and regionally coordinated approach needs to be taken to define opportunities specific to the region within the national context, and to drive actions to mobilise the regional ecosystem to improve its attractiveness for enterprise investment¹. Existing structures (such as the RPG Implementation group), could be adapted to bring together sectoral expertise within the enterprise agencies and other relevant bodies (e.g. Bord Bia, Teagasc, Fáilte Ireland) the planning and development expertise within the local authorities, the Higher Education Institutes (HEIs), and other relevant stakeholders as and when appropriate.*
- **Tourism:** build on the progress achieved to date under the Fáilte Ireland operational plan for the region.
 - *A particular focus is required in relation to regional product and brand development for the South East region and Waterford City in particular.*
- **Agri-food:** There are significant opportunities to increase national primary production in the dairy and beef sectors, by up to 50 percent, as set out in Harvest 2020, and the South East has considerable potential in this regard. Value adding can be increased, with for example the development of consumer food industry, animal husbandry and nutrition and further processing such as in food ingredients.
 - *There is a need for a region specific action plan in relation to the expansion of agricultural production for the South East in the context of the ambitious targets in Harvest 2020.*
 - *E I held a Lean Workshop for the Food, Engineering and Services Sectors in WIT and additional workshops will be held in Q1 2012.*
- **Cleantech:** There is potential to build on regional strengths in construction and engineering, and leverage regional assets such as Waterford Port, road and rail links to exploit opportunities in renewable energy supply chains. The region has already attracted interest from wind energy manufacturing companies based on available port facilities and landbanks in the Waterford Belview, and IDA and EI will continue to engage in discussions on supply chain opportunities for the region.
 - *A clear value proposition and coordinated marketing is required to realise opportunities in the cleantech sector for the region.*
- **LifeSciences:** Existing strengths in the region include GSK in Dungarvan, Merck in Carlow, Waters Technologies in Wexford and Genzyme's biopharma facility in Waterford and the Pharmachem research centre in WIT. There is potential to exploit new areas, such as Silver-technologies, building on the existing strengths in ICT and pharma/bio research in WIT and Carlow IT and community based care initiatives already underway such as the Ageing Well Network in Kilkenny, age related research cluster in Waterford Hospital through the Macular Pigment Research Centre and Waterford City's membership of the WHO Healthy Cities programme.
 - *Given its strengths as a potential location for LifeSciences, with an attractive property solution and reference LifeSciences businesses, the agencies will have a spotlight on Waterford for LifeSciences investment and seek to develop collaborative initiatives in connected health and Silver-technologies.*

¹ Including entrepreneurship, indigenous investment and foreign direct investment

- **Internationally trading services.** With improved access, broadband and the research and graduate output in the region, Waterford has the potential to develop activities in areas such as Cloud computing, egames, international and financial services, ecommerce and other content businesses. EI and IDA will continue to pursue opportunities in these areas, building in particular on the evaluation and research strengths in the region.

B4. Management Development.

A key part of developing the enterprise base in the South East region is to ensure that the management has the capability and capacity to grow firms' productivity and competitiveness and to grow exports and jobs. The report of the Management Development Council recommended an approach to forming networks and such a pilot should be initiated in the South East region. It should have a specific focus on internationalisation skills.

The Advisory Group on Small Business has highlighted the importance of management development for sustainability and development of the small business cohort in their deliberations and are keen to see tangible action in this area.

- *A pilot Management Development Network for small business, similar to what was recommended in the Management Development Council report 2010 to assist SMEs capabilities to expand and grow to be progressed, with funding allocated from the National Training Fund to Skillsnet or EI to implement.*

B5. Leveraging regional Higher Education strengths

There are a number of HEIs serving the South East region, including institutes of technology (IoTs) in Carlow, Tipperary and Waterford and NUI Maynooth has an outreach programme in Kilkenny. WIT is particularly strong among IoTs nationally in terms of enterprise relevant skills development, research and linkages. It delivers a range of industry relevant full and part time courses at undergraduate and post graduate level, has direct links with a range of companies locally, nationally and internationally, and is a strong participant in a range of EI and SFI research and innovation support programmes and initiatives. The Forfás Research Prioritisation Exercise for DJEI currently underway has completed a review of all research activity in the country and in relation to WIT identified three areas of particular strength in ICT, pharmaceutical and eco-innovation research. There is scope for greater HEI/enterprise collaboration and to build further on the success to date in research commercialisation to underpin enterprise growth in the region.

- *A programme of structured engagement between the key research groups in the IoTs within the region and the enterprise agencies sector teams and SFI should be developed and implemented over the coming 12 months to:*
 - *identify potential collaboration opportunities with existing enterprises in the region;*
 - *identify research partnerships with other HEIs nationally in order to develop critical mass;*
 - *explore how regional HEIs can individually and collectively better support early stage start-ups and the marketing of the region for mobile investment particularly in emerging sectors (including cleantech, biotechnology, Cloud, digital media (& egames) and advanced manufacturing.*
- *The Minister for Education and Skills is currently engaged in establishing criteria for a Technological University Designation Process. Once agreed, it will be for the higher*

education institutions in the region to work collaboratively towards the achievement of this status.

C. Specific Measures relating to developing Contact Centre Management and BPO related activity in the South East

The enterprise development agencies are taking steps to try to secure additional investment in contact management and BPO activities in the South East region and to support the displaced Talk Talk workers. The specific actions to be progressed are set out below.

C1. IDA actions underway

IDA is very active in seeking to win additional investment for Waterford utilising the skill sets of the Talk Talk employees, the ready-to-go facility and the Gateway location of Waterford:

- *IDA's overseas offices have targeted and commenced engagement with relevant companies to highlight the attractiveness of this facility as a potential opportunity for a Greenfield investment or as an expansion opportunity.*
- *IDA is targeting overseas companies based in Ireland to bring the facility and its skilled workforce to their attention. Indeed, some employers have offered employment to the existing employees in other regions within the country.*
- *IDA has developed a prospectus on the Waterford facility particularly focusing on the workforce skills sets and the composition of the facility and its suitability as a modern call centre. This has been circulated to IDA's network of offices across the globe.*
- *Waterford and the available office and industrial facilities will have an additional focus in IDA's Operations Divisions Plans for 2012.*

C2. Enterprise Ireland actions underway

EI is progressing a number of actions to support the Talk Talk workers impacted. Initiatives to date included EI/CEB representatives were available to employees on site every Wednesday during September/October since the announcement of closure. EI participated in an agency information day for employees held in September and is engaged in follow-up initiatives.

Further initiatives planned include:

- *'Idea generation' and start your own business workshops for employees of Talk Talk were held in WIT in Q4 2011 and additional workshops in co-operation with the Waterford CEB will be held in 2012.*
- *Active liaison with outplacement consultants (working with employees on site) commenced in mid September to identify potential start-up projects and discussions are ongoing.*
- *Mentor appointed to one group of employees exploring business opportunity in call centre related activities.*
- *EI is undertaking a broader range of initiatives within the South East region to intensify their efforts on start-ups. They area also deepening engagement with companies in the regions and in particular EI is engaged in on-going discussions with call centre clients regarding potential business expansions.*

D. Measures to Support the Recently Unemployed

In the South East region there is a higher concentration of those with low levels of educational attainment within both the labour force and the unemployed compared to the national average. The fall-off in opportunities in construction and traditional manufacturing has a particularly hard impact on certain occupational groups, in crafts and production operatives. There is a need for a strong focus in activation measures on providing career advice and 'progression pathways' for the unemployed and on upskilling with accredited qualifications. Fás played a central role in assisting those who lost their jobs during 2011 in the region. Fás Training Services will continue to provide appropriate training options in 2012 across a wide range of courses, to assist job seekers with re-entry to the labour market and to support workers in redundancy situations.

In October 2011 Skillnets announced an investment of €250,000 for the immediate provision of training for Talk Talk employees, to be delivered through the CCMA Ireland Skillnet and Waterford Chamber Skillnet, which is welcome.

The following labour market actions are proposed to assist in supporting those impacted by high rates of unemployment in the region:

D1. Upskilling Coordination

- *The Up-skilling Coordination Group, which comprises Department of Education and Skills, FAS, CEBs, relevant IoTs, EI etc, should consider a co-ordinated response for the region, to ensure the appropriateness and relevance of education and training responses to future enterprise needs and to identify any gaps in provision.*

D2. Labour Market Activation

- *The merits of a further Labour Market Activation fund should be considered given the unemployment rate in the region². In relation to future Springboard calls for proposals, consideration should be given to increasing the regional weighting in assessments to maximise the linkages in proposals with the current and future needs of employers within the region.*

D3. Skills upgrading for contact centre employees

- *Skills upgrading initiatives for contact centre employees to be progressed, in particular for multilingual skills through Skillnets. On 17 October 2011 Skillnets announced an investment of €250,000 for the immediate provision of training for Talk Talk employees, to be delivered through the CCMA Ireland Skillnet and Waterford Chamber Skillnet, which is welcome.*

D4. European Globalisation Fund

- *Continue to progress the application for workers who have lost employment to benefit for training and other support under the European Globalisation Fund.*

D5. Construction Projects

- *Accelerate planning for infrastructure projects in the region already prioritised by Government to ensure they can commence construction early in 2012.*

² The South East received funding in the 2010 competitive call - WIT, Tipperary Institute, Waterford City VEC, Waterford Area Partnership and again in the Springboard 2011 LM activation call

D6. Job Opportunities in personal services

- *Review the potential for further employment in the personal services areas and any barriers to jobseekers taking up opportunities available in the region. (Almost a third of the new work permits issued in the region in 2010 were for personal service staff (domestic staff, caring, health and childcare) and further scrutiny may be required of new applications for work permits for such personal service vacancies.)*

E. Progressing Regional Infrastructure Priorities

Forfás has undertaken a review of infrastructures nationally in the context of enterprise development objectives of the agencies, and prioritise the following:

E1. Broadband

There are some initiatives in relation to next generation access, with 100Mbit/s available in Dungarvan and an eircom of next generation access (NGA) fibre optic trial underway in Wexford. However, the widespread availability of NGA lags that of other regions in Europe.

The key priority is the extension of Waterford MAN to the Belview industrial park (as outlined above), and to reinforce the resilience of the backbone network in the region, both of which can be efficiently facilitated by using NRA access ducts in the region. There is need to ensure all eleven MANs in South East are operational and that broadband is provided to the key centres, including to non-MAN towns of Enniscorthy, Gorey and New Ross in time.

Action:

- *The resilience of the backbone network in the South East in general needs to be strengthened. There is a willingness of the commercial sector to progress this initiative, provided the NRA provides access to its duct network.*

E2. Road Infrastructure

Road infrastructure has improved markedly to the region with the completion of the M9 to motorway standard. In addition, a number of road infrastructure projects have been prioritised by the enterprise agencies as set out below. These are important to improve the functioning of the region itself and its connectivity with other regions and the access to essential service. This is particularly the case in relation to air connectivity, where improved road infrastructure would improve access to Cork and Shannon for air services. The Government has committed to providing capital and operational funding to Waterford Airport post 2012 and this commitment is welcome.

Action:

- *Completion of the N11/M11 upgrade, specifically Gorey to Enniscorthy and New Ross by-pass, which the Government has committed to deliver by PPP as part of the Infrastructure and Capital Investment Programme 2012-16 announced on 10 November 2011.*

1. Background and Context

Introduction

All of the regions in Ireland have potential for economic growth and employment creation. It is critical that we focus on the potential within regions to position them as key contributors to Ireland's national growth and the creation of employment. The announcement by Talk Talk to close its contact centre in Waterford City is a devastating blow to the workers concerned. An event such as this is a reminder of the broader global context to which Ireland and its regions belong, and the need for continued focus at the national and regional level on both maintaining competitiveness, identifying new opportunities and building on strengths.

Waterford City and the wider South East region face a particular challenge in terms of job creation in the present climate, with an above average unemployment rate, ongoing structural adjustment within the regional economy and the region's unique locational factors, including a dispersed urban configuration with a less than dominant regional Gateway and for many parts of the region, international accessibility limitations.

Regions differ from each other in terms of potential, critical mass, stage of development, nature of sectoral strengths, skills profile and innovative capacity - elements that can drive or inhibit progress. The Forfás Regional Competitiveness Agendas (RCAs) has provided an overview of the differentiating elements of the South East and looked specifically at key regional assets and sectoral potential with a view to focusing attention on specific actions required to support enterprise potential and employment creation. This report revisits the RCA for the South East, taking account of recent developments and analysis, and outlines specific actions that can be taken to maximise employment creation in the region in the short and medium-long-term.

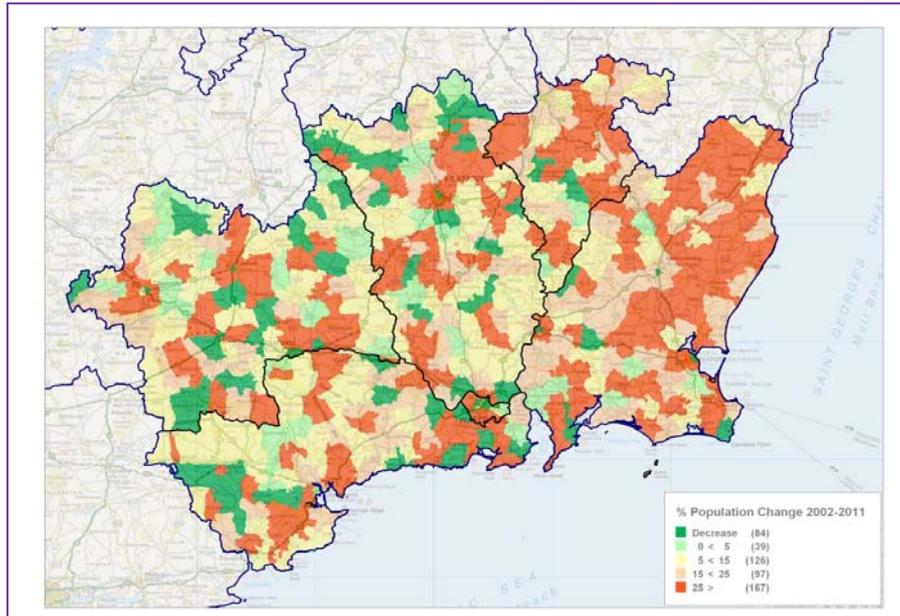
2. The South East Region - An Overview

Demographic Profile

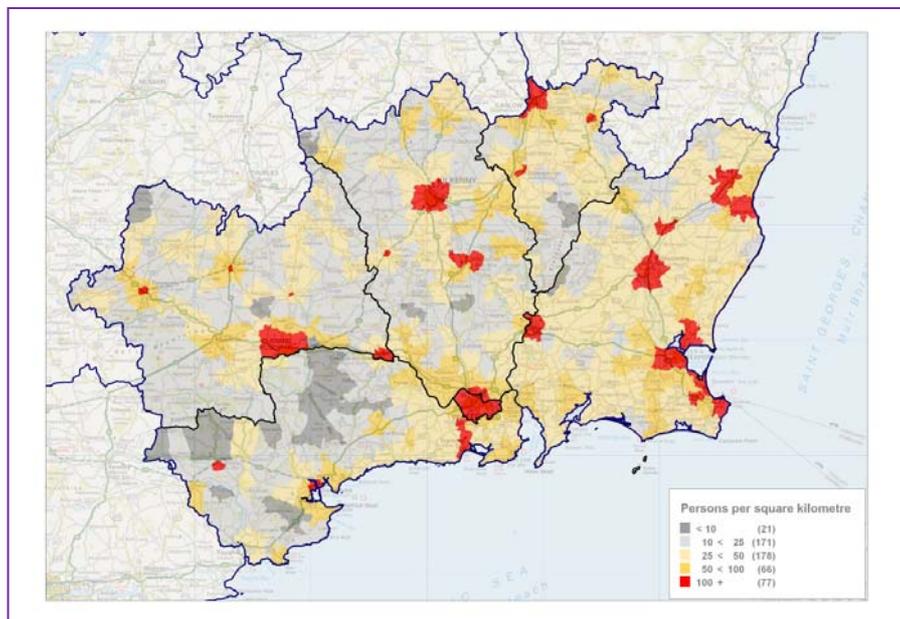
The South East region comprising counties Waterford, Kilkenny, Carlow, Wexford and South Tipperary has a population of 497,305 which is 10.8 percent of the total population of the State (2011)³. Overall population has grown over the period 2002 to 2011 by 17.4 percent. Growth has been widespread throughout the region, but particularly in the environs of the main urban areas (Map 1).

Population density, while relatively low by international standards, is on a par with the South West and higher than western regions. There are extensive areas of low population density, particularly west Waterford, coinciding with the more rural and upland areas (Map 2).

³ CSO Census of Population, 2011 (Preliminary Results) - See data in Appendix 1



Map 1:
Percentage
Population
change district
electoral
divisions, 2002-
2011



Map 2:
Population
density of
district
electoral
divisions, 2011

The region is unique in terms of its urban structure, with five relatively large centres (Table 1). The Gateway of Waterford is only double the size of the next largest centre, Kilkenny. In this context, the city exerts a limited influence within the region in terms of its relative scale, physical extent and labour force catchment.

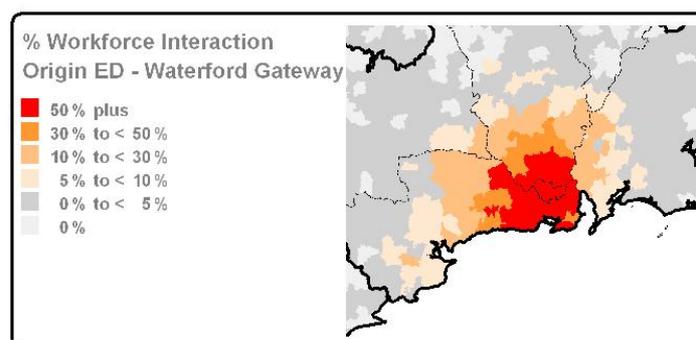
Table 1: Principal urban centres in the South East region, 2002-2011

	2002	2006	2011*	percent Change (2006-2011)
Waterford City	46,736	49,213	51,203	4.0
<i>of which City</i>	44,594	45,748	46,747	2.2
<i>of which suburbs</i>	2,142	3,465	4,456	28.6
Kilkenny & Environs	20,735	22,179	23,561	6.2
Carlow & Environs	18,487	20,724	22,328	7.7
Wexford & Environs	17,235	18,163	19,918	9.7
Clonmel & Environs	16,910	17,008	17,564	3.3

Source: CSO, Census of Population 2002 & 2006 and estimates based on preliminary data for 2011

The effect of the dispersed urban structure in the region is evident in the quite limited extent of Waterford City's commuter catchment area, as illustrated in Map 3.

Map 3: Percentage of population at work commuting to Waterford City, 2006



Map produced by: All-Island Research Observatory (AIRO) - Ordnance Survey Ireland Licence No. EN 0063509 © Ordnance Survey Ireland/Government of Ireland - Data Source: CSO POWCAR data for 2006. Not to be reproduced without permission from AIRO.

The age profile of the South East diverges only slightly from that of the State as a whole. A positive is that in 2006 (latest available data) the region had a higher proportion of its population aged under 15 (Appendix 1).

Economic Development

In terms of measures of overall economic performance of the region, the latest GVA statistics (2008) show that the region is underperforming (Appendix 2). The South East contributes 8.2 percent to GVA overall (compared with its almost 11 percent share of the population). While GVA per person increased over the period 2000 to 2008 (by almost 32 percent) the region lags all others in terms of the scale of the increase overall and considerably below the State average (of 47.6 percent). As of 2008, regional GVA for the South East was just under 75 percent of the average for the State.

After a period of sustained growth, employment levels in the region have declined significantly over the past three years. There are almost 35,000 less people at work in the region today (Q1 2011) than in 2008, when employment peaked at 223,000.

Unemployment levels in the region have increased and at 18.2 percent the South East currently has the highest unemployment rate amongst all of the regions, having grown from a low of 4.9 percent in 2007. Labour force participation rates have dropped from 62.7 percent in 2007 to 58.1 percent in 2011 (below the State average).

Numbers on the Live Register increased marginally from August 2010 to 2011 from 63,700 to 63,817. The region has the highest proportion of under 25s on the Live Register (19.7 percent compared with the national average of 18.9 percent).

Agriculture (primary production) remains a significant employer in the region, and at 9.6 percent is more than twice the State average and the highest proportion across all regions. The proportion involved in industry/manufacturing is also above the average nationally. Employment in industry has dropped considerably since 2007 (from 40,000 to 27,200 in 2011) - this was the most severe drop in manufacturing employment outside of Dublin over the period in actual and percentage terms (Table 2).

Table 2 Employment in Industry (Manufacturing), all regions 2007, 2011 and % Change

	2007 (Q1) (‘000)	2011 (Q1) (‘000)	% Change 2007-2011
Border	30.7	27.9	-9.1
Midland	21.8	15.0	-31.2
West	29.5	26.2	-11.2
Dublin	63.6	42.7	-32.9
Mid-East	36.1	28.5	-21.1
Mid-West	30.8	23.6	-23.4
South-East	40.0	27.2	-32.0
South-West	47.4	39.5	-16.7
State	300.0	230.8	-23.1

Source: QNHS, Q1 2007, 2011

Although services employment has grown in the South East, at least in the period up to 2007, the proportion employed is lower than the average nationally. Employment in the public sector has expanded and is at a similar level proportionally to the state average.

Table 3 Employment in Services, South East 2007 & 2011

	South East		State	
	2007	2011	2007	2011
Public Sector ⁴	42,300 19.4%	49,300 26.2 %	452,000 21.6 %	485,700 26.9 %
Other Services	75,900 34.7%	70,500 37.5 %	863,300 41.3 %	731,600 40.5 %

Source: CSO QNHS, Q1 2011

Agency supported employment⁵ represents the majority of employment in trading (exporting) sectors. In 2010, agency supported employment in the South East stood at 32,188, representing about 17 percent of total employment in the region (on a par with the average nationally)⁶. Of the total agency employment, 43 percent was provided in foreign owned firms, compared to approximately 50 percent nationally. The relatively larger impact of the indigenous sector is also reflected in the fact that 20 percent of all EI's 'large companies' in Ireland are based in the South East.

Figure 1 Agency supported employment 2001-2010, South East



Source: Forfás Annual Employment Survey 2010

⁴ Public sector figure is indicative based on the combined NACE categories) (Public Administration), P (Education) and Q (Human Health and Social Work) - P&Q may contain private sector employees

⁵ Employment in companies that are clients of the enterprise agencies; Enterprise Ireland, IDA Ireland, Shannon Development and Údarás na Gaeltachta

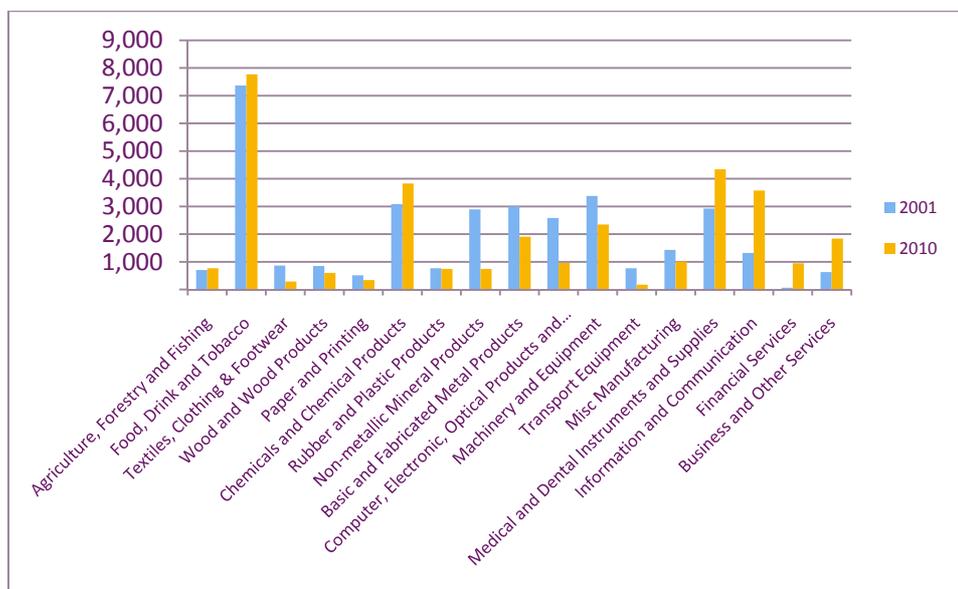
⁶ Based on total employment reported in CSO QNHS Q1 2010

While agency supported employment grew over the 2005 to 2007 period, the growth was driven in the main by indigenous firms. Since 2007, employment in agency supported firms has declined by over 4,000, with a very slight recovery over the 2009-2010 period. Much of the decline has been in amongst indigenous companies whose total employment dropped by almost 3,500 between 2007 and 2009.

EI has 430 clients in the region employing 18,237 people, with exports of over €2.2bn and purchases of €2bn in the economy. These enterprises account for 9 percent of EI clients and almost 20 percent of their large firms (employing greater than 250). Employment in Waterford in EI clients was 4,982 in 2010 (30 percent of EI employment in the South East region), down from a peak of the last decade of 6,339 recorded in 2007. Employment in Waterford has increased by 19 percent between 2001 and 2007 in EI firms. The process of structural change is ongoing in the region and over the early 2000s there was a shift in employment to more modern sectors with growth in employment in indigenous internationally traded services enterprises and in more modern manufacturing. Food sector employment declined slightly, but is still extremely important accounting for 42 percent of EI employment in 2010.

IDA clients have similarly changed in the region over the last decade, with growth in new sectors including LifeSciences and financial services and customer contact activities. Of IDA supported employment, 48 percent were in Waterford. There are 11 companies that had employed up to 1,000 at mid-2011 in customer contact and business services operations in the region. Employment in foreign subsidiaries in sectors such as engineering have stabilised at 1,730. There were 11 investment/job announcements in the region from 2008 to 2011 of which five were for Waterford City and County.

Figure 2 Agency supported employment by sector, South East, 2001 & 2010



Source: Forfás Annual Employment Survey 2010

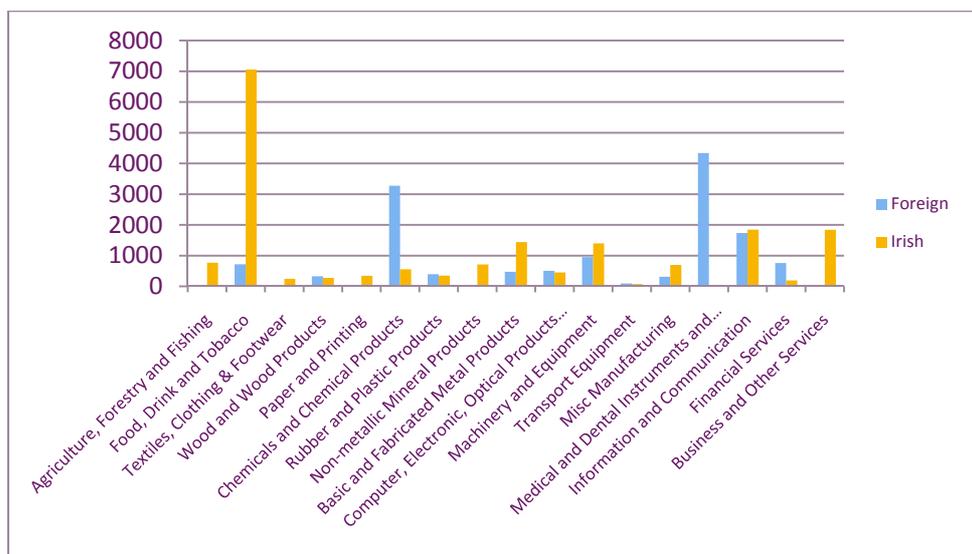
The agencies focus is on new sectors and on transforming and improving the competitiveness of the existing base of firms. Figures 2 and 3 illustrate the main sectors of activity amongst agency supported firms. The dominant sector is Food and Drink with over 7,500 employed in

total, with a small increase over the 2001 to 2010 period (companies include: AIPB, Glanbia, Irish Country Meats, Queally Pigs, Slaney Foods, and are mainly indigenous in origin).

The Pharma, Medical Technologies and ICT sectors are also prominent – ICT has expanded considerably since 2001 while Pharma and Medical Technologies have shown some growth over the period (LifeSciences companies include: Bausch & Lomb, Boston Scientific, Genzyme, GSK, Teva, Abbott, Merck and Lake Region, and are mainly foreign in origin; ICT companies include Sun Life, Theo Benning).

Other prominent sectors are machinery and equipment manufacturing and metal fabrication, although these have seen declines in employment over the period since 2001 (companies include Honeywell, G-Elit, Keenans, Butler Engineering, Burnside, and the majority are indigenous). Emerging sectors in the region having grown from a very small base in 2001, are international financial services (for example, Citi, PFPC, Unum, Zurich) and other international services (Rigney Dolphin, Netwatch, Intellicom).

Figure 3 Agency supported employment by sector, South East, 2001 & 2010



Source: Forfás Annual Employment Survey 2010

Small firms and entrepreneurship

There are 20,947 micro enterprises with less than 10 employees in the South East region and an additional 1,556 small businesses with between 10 and 49 employee – taken together this is about 11.5 percent of the total small enterprises in the State⁷. The region has a proportionally higher number of people employed in micro enterprises (those employing less than 10) than the average for the State. Trend data over the period 2006 to 2009 shows that the number of small enterprises and employment overall in these firms has declined, and at a faster rate than the decline nationally (Appendix 1).

⁷ Based on Forfás analysis of CSO Business Demography data. The South East region includes Carlow, Kilkenny, Waterford, Wexford and Tipperary County – there is no breakdown of North/South Tipperary.

The GEM entrepreneurship survey found that the level of early stage entrepreneurship within the South East (in 2008) was relatively high compared to other regions in Ireland. The analysis also indicated that these businesses are likely to remain very small, with few becoming involved in developing overseas markets⁸.

The GEM 2008 findings are reflected in EI data with respect to the emergence of high potential start-ups from the region. Overall, EI would view the level of entrepreneurship in the region as generally low. The level of HPSUs emerging from the South East is about half of what might be expected relative to the performance elsewhere. To date in 2011, six innovative HPSUs have been supported, while there were only five in 2010 and two in 2009.

The FUSE Initiative:

The FUSE Initiative is a two year initiative that was started by EI but is run and driven by entrepreneurs from throughout the South East region. The intention is that it will ignite business growth in the region by harnessing the energy and skills of all entrepreneurs through their participation in a variety of projects that are all focused on job creation and business growth. It was started in January 2011 and to date has 170 members, many very significant employers from the region. The projects that are currently up and running include: Food Tourism, Supply Chain Project, Procurement Project, Service Cluster Ireland, Investment support, Business guidance, South East Diaspora, Technology Group.

The procurement element of the programme identifies the sourcing requirements of all participating companies, and provides each of the participants in the programme with the opportunity to identify products and services which the member companies can then decide if they wish to bid for business.

SLNIW Project

The Sustainable Learning Networks in Ireland and Wales (SLNIW) project is based on the simple concept of entrepreneurs learning from each other. Six learning networks, of entrepreneurs and owner/managers of SMEs and micro-enterprises have been established, three in Ireland and three in Wales.

The aim is to increase the skill sets of these entrepreneurs by facilitating knowledge transfer between participants within networks; between WIT and Aberystwyth University and between leading experts and network participants.

The project is being undertaken by the Centre for Enterprise Development and Regional Economy (CEDRE), School of Business, WIT in partnership with the School of Management and Business, Aberystwyth University, Wales. It is part funded by the European Regional Development Fund (ERDF) through the INTERREG 4A Ireland Wales programme 2007-2013.

EI will launch a competitive call for feasibility funding for start-ups in the South East region before end of 2011, with funding of up to €20,000 availability for successful proposals.

EI will continue to work with the CEBs, which fall under the responsibility of EI's central co-ordination unit and will organise Ideagen and Enterprise Start events in the region. EI

⁸ The rate of early stage entrepreneurship is the highest in the South East across the regions, 10.7 percent, reflecting the highest rate of new firm entrepreneurship (6.1 percent) combined with strong nascent rate⁸ (5.1percent). The region has the highest rate of early stage entrepreneurial activity among men, 15.5 percent (GEM Entrepreneurship in Ireland, 2008).

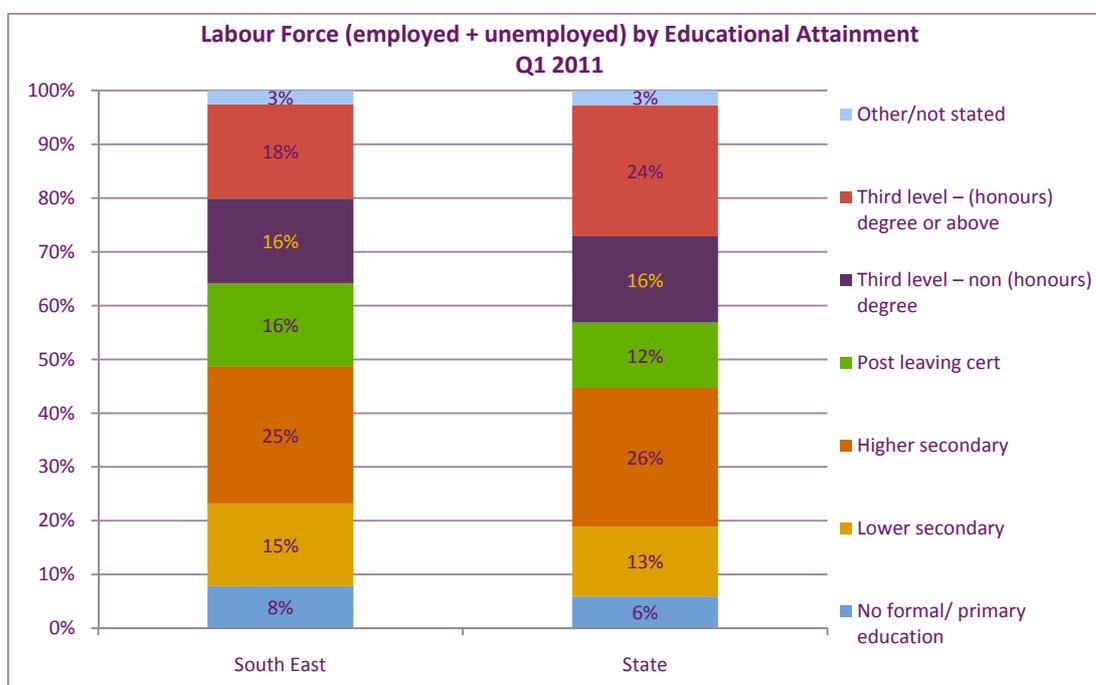
EI also launched a new format for the Enterprise Platform Programme in early 2012, to which colleges were eligible to apply for funds. A joint initiative between WIT and Carlow IT was approved by EI in November 2011.

The Labour Market and Skills

Educational profile

Overall educational attainment: In line with the trend nationally, educational attainment in the South East has increased over the past number of years. However, compared to the national average, there is a significantly lower percentage of those with higher level educational attainment in the labour force within the South East (34 percent of those in the labour market have third level qualifications and above, compared to 40 percent nationally) - see Figure 4 below. Notably, there is a higher proportion of those with PLC or equivalent education in the region (16 percent) compared to the national average (12 percent). This is indicative of a relatively high level of people with craft/PLC and/or traineeship type qualifications. Finally, the percentage of those with lower secondary and below in the labour force in the South East is high (23 percent) compared to the national average (19 percent), highlighting a significant proportion of those with relatively low skills. This presents significant challenges from a labour market activation perspective, in that those with lower levels of qualifications are generally hardest to reach and engage in activation and/or education and training programmes.

Figure 4 Labour Force by Highest Level of Educational Attainment - South East, State



Source: FAS SLMRU/CSO QNHS Data

Early school leaving: Recent Department of Education data on education retention at secondary level indicates that regional performance on educational attainment is likely to

continue to improve in the South East. The retention rate to Leaving Cert has improved to 84.7 percent in South Tipperary for the 2004 cohort, compared to 78.1 percent for the 1999 cohort. Similarly, in Waterford City, the retention rate improved to 82.2 percent for the 2004 cohort compared to 78.2 percent for the 1999 cohort. For the region overall, retention rates to Junior and Leaving Certificate mirror the national average (Appendix 3).

These improvements are most likely linked to the decline in the economy, with many students seeing an increased emphasis on school completion in 2009/2010 compared to those that may have left school to take up employment in 2005-2006.

Waterford City has a relatively low retention rate to Leaving Certificate compared to the national average, however, at 82.2 percent it does exceed that of other urban areas such as Cork (80.6 percent), Dublin City (80.1 percent), and Limerick City (77.6 percent).

Retention of Graduates: The retention rate of graduates within counties (i.e. the percentage of graduates from a given county that have employment within that county) is an indicator of the availability of relevant employment for graduates.

Graduates originating from County Dublin generally find employment in this county (94 percent); Cork also demonstrates high rates of retention of employed graduates at 67 percent as does Galway with 57 percent. As these counties contain major urban centres this would be expected. In general, graduates who originate from other counties do not commonly find employment in their home county.

The average retention rate for each county is 34 percent (outside of Dublin, the average is 32 percent). Waterford and Wexford have retention rates of 39 percent and 38 percent respectively, slightly above the national average. Carlow, Kilkenny and Tipperary have low retention rates by comparison. In summary, most graduates from the South East counties, as with most other counties, find employment outside of their county of origin, with the main urban areas of Dublin, Cork, Galway and Limerick retaining the majority of graduates from those counties.

Occupational Profile⁹

The occupational profile is reflective of overall skill levels within the workforce and the broad sectoral profile of employment. The South East employs proportionally fewer in professional and associate professionals/technical occupations relative to the State average in these groupings (Q 2 2010). On the other hand there is a higher share of employment in plant and machinery and in 'other' occupations in the South East - 'other occupations include: cleaners and domestics; building and civil engineering labourers; processing labourers; farm workers and counter-hands and catering assistants.

The occupational profile in the South East (as in all regions) has been affected by the economic downturn. Persons employed in Craft and Related Occupations have declined by 49 percent in the South East since Q2 2007, compared to a 39 percent decline nationally. This indicates a significant overreliance on construction related occupations in the South East compared to the rest of the State and has significant implications for the design and targeting of activation measures.

Similarly, there has been a substantial decline in persons employed in Plant and Machine Operative occupations in the South East (-31 percent since 2008) relative to the State (-22

⁹ Refer to data tables in Appendix 3

percent). This would primarily relate to those working in manufacturing but also within construction and/or mining and quarrying activities.

Given that these types of occupations are unlikely to recover in the short-term, it is likely that quite intensive activation supports are required to redirect many of those that have lost jobs in these occupations to other areas.

Since 2008 in the South East, persons employed in Sales (-23 percent) and Personal and Protective Services (-15 percent) have also experienced significant relative declines compared to the national averages (-13 percent and 6 percent respectively). Employment in these types of occupations is highly dependent on personal expenditure in the local economy, which is directly impacted by employment losses more widely.

Notably, persons employed in higher skilled occupations in the South East, particularly Professional and Associate Professional and Technical Occupations, have not been affected by employment declines to the same degree as the national picture. The number of people employed in Professional Occupations in the South East increased by 4,000 from Q2 2007 to Q2 2010, with persons employed in Associate Professional and Technical Occupations remaining relatively steady over the same period.

Equally of interest is the relative steadiness of employment in Clerical and Secretarial occupations in the South East since 2007 (+3 percent rise) compared to a 5.7 percent decline in employment in this category nationally.

Overall, the figures suggest a notable shift towards higher skilled occupations generally in the South East, albeit from a lower base that has depended more on Construction and Manufacturing related occupations relative to the national average. The fact that higher skilled occupations have held up surprisingly well in the South East while employment has declined regionally and nationally indicates reasonable demand for these types of occupations in the South East.

Economic Infrastructures

Broadband

From an enterprise development perspective, the timely delivery of advanced broadband services in key urban centres is the top infrastructure priority. The widespread availability of advanced broadband infrastructure and services is essential to realising future growth potential in existing and emerging sectors¹⁰. It will also play a key role in supporting the growth of small business, capturing opportunities for productivity and innovation, supporting regional development, enabling greater public sector efficiency and marketing Ireland as a location for ICT-intensive FDI and R&D projects.

While the advanced broadband needs of ICT-intensive enterprises are generally well met in the large urban centres, businesses, particularly SMEs, outside the main urban centres have significantly less choice and less access to good quality services. Forfás believes that Ireland should seek to have an advanced broadband infrastructure comparable with our key

¹⁰ Advanced broadband services are defined as services with speeds of at least 100 Mbps, and that are symmetrical and have low latency.

competitors. There are 18 towns in the South East with a population over 1,500, of which 11 currently have a metropolitan area network (MAN)¹¹.

Waterford City is well served with regard to broadband provision and choice, however there is a need to extend the existing MAN to meet enterprise needs at the IDA strategic site at Belview and the Port area. In addition, there is a lack of choice/competition in the backhaul provision within the region generally, from towns such as Kilkenny, Carlow and Clonmel. There is scope to utilise national road corridors to enable speedy delivery of the necessary ducting to link regional MANs and create alternative backhaul options.

Transport

There have been significant improvements in transport capacity and connections nationally and regionally. The M9 from Waterford to Dublin was completed in 2010, and significantly improves connectivity and reduces journey times from the South East region to Dublin sea and air ports and also to Waterford and Rosslare ports. There have also been improvements to the M11/N11 from Dublin to Rosslare, with a number of towns by-passed including Arklow and Gorey.

A key priority for the development agencies is the completion of the upgrading of M11/N11 from Gorey to Enniscorthy and the New Ross by-pass. This will improve access to and within the South East, including access to Rosslare Europort, which is important for ro-ro services to/from Ireland¹². The Government has committed to deliver this investment by PPP as part of the Infrastructure and Capital Investment Programme 2012-16 announced on 10 November 2011.

Completing the Atlantic corridor from Galway to Waterford (including the N25) remains an important medium-term priority for the development agencies to support sustained economic growth and job creation. Given the constraints on capital expenditure, the development agencies have prioritised two short sections along the corridor where there are particular bottlenecks (Gort-Tuam and the Croom-Mallow sections).

International connectivity is a key factor in mitigating the impact of Ireland's peripheral location in the eyes of potential investors and overseas customers. For the South East this is a key consideration, given the physical distance of southern parts of the region from an international airport. Road improvements have greatly enhanced connectivity to Dublin from Waterford, with a minimum journey time to Dublin Airport now c. 1 hour and 50 minutes. The journey time from Waterford to Shannon Airport is c. 2 hours 20 minutes, while journey time to Cork Airport from Waterford is c. 1 hour and 50 minutes¹³.

Waterford airport serves London (Southend) - twice daily; London (Luton), Birmingham and Manchester - all four flights weekly; and Galway - twice daily. The airport also operates a summer schedule of flights to Lorient, France. Waterford is one of four regional airports (along with Donegal, Knock and Kerry) that will continue to receive operational and capital funding from the Government beyond 2011. The flights to London and the UK cities are extremely important from a business perspective, however, a key challenge for the airport is

¹¹ This is based on the 2006 Census data as 2011 data is not yet available by town. The MAN towns in the region are: Phase I - Waterford, Carlow, Clonmel, Kilkenny and Wexford; and Phase II - Cahir, Carrick-on-Suir, Cashel, Thomastown and Tipperary Town.

¹² Fourteen percent of Ireland's ro-ro freight traffic went through Rosslare Europort in 2010 - 84 percent went through Dublin Port.

¹³ Google Maps

securing business friendly services that are faster and more convenient alternatives to using Dublin, Cork or Shannon airports.

The South East's location makes it an important point of access for shipping services to and from Ireland. Waterford Port handles about 7 percent of Irish container traffic (2010), although traffic declined considerably between 2009 and 2010 (- 40 percent compared with -5 percent nationally)¹⁴. Waterford port handles around 3 percent of bulk cargo and has grown throughput in this area by 19 percent between 2009-2010. The port at Waterford also has seen an increase in Cruiser traffic, up by 17 percent between 2009-2010¹⁵.

Rosslare Europort offers passenger and freight services to the UK, France and the Netherlands. It accounts for 8 percent of national ro-ro traffic and volumes decreased by about 8 percent over the 2009-2010 period. Passenger volumes also decreased by about 5 percent in the same period.

The port in New Ross handles almost 2 percent of bulk traffic to Irish ports and volumes fell by about 16 percent over the period between 2009 and 2010.

Rail

There is an extensive rail infrastructure in the South East, however, levels of utilisation vary. Waterford is a significant national rail infrastructure hub, with lines to Limerick, Dublin and Rosslare. Wexford is also linked to Dublin by a rail line along the East coast.

In general, with the exception of the Dublin-Waterford route, rail services are relatively slow and infrequent, and often uncompetitive with alternative modes of transport.

Water

The provision of adequate and affordable water and waste water services is crucial to ensure the sustained growth and development of enterprise in the main urban centres. Although Ireland has made substantial investments in water and waste water infrastructure in recent years, further investment is required to address water and waste water capacity deficits in a number of key urban centres. Forfás reviewed water and waste water supply and demand in all NSS centres in 2008. Based on an analysis of demand and supply, the priority in the South East region is additional waste water treatment capacity in Wexford town. Forfás will be working with the Department of the Environment to update the water/waste water needs of enterprise in the NSS centres later in the year¹⁶.

In terms of the price of water and waste water services combined, Kilkenny (€2.89 per cubic metre) is the third most expensive local authority while Wexford and Waterford county (€2.66) are joint fifth highest. Though charges in Wexford declined by two percent between 2010 and 2011. Waterford (€2.35) and Carlow (€2.30) are ranked mid-table on water services charges. The average price of water services in Ireland in 2011 is €2.59 per cubic metre. The lowest is Kildare at €1.49 per cubic metre.

Waterford City is well served in terms of water supply and wastewater treatment. There are 3,300 cubic metres of water a day available in Belview (Port of Waterford), with the potential

¹⁴ Irish Maritime Transport Economist, April 2011

¹⁵ According to Cruise Ireland, cruiser traffic to Ireland created an economic benefit of around €60million (Ibid)

¹⁶ Reducing the high leakage levels that exist in many NSS centres needs to be the first course of action taken by local authorities, as it will increase the volume of water available to meet demand without necessitating significant capital investment in new water treatment capacity

to supply 9,000 cubic metres of water a day. In addition a major new wastewater treatment facility has recently opened at Belview. This represents a unique opportunity for water intensive industries to locate in the Waterford area, including food processing to LifeSciences and data-centre type activity.

Energy

While energy infrastructure is not funded directly from public capital expenditure budgets, public policy has a key role to play in ensuring that the private sector invests in a timely manner to ensure the current and future needs of enterprise are met.

Each year, Eirgrid reviews the capability of each of the 110 kV and 220 kV electricity stations to accommodate additional demand, in excess of projected demand, without the need for additional grid reinforcement¹⁷. IDA estimates that a large scale manufacturing/data centre development would require approximately 20 MW of electricity capacity. Forecasts for the period 2011-2017 indicate that all centres in the South East with the exception of Carlow is in a position to meet such demand (Table 4). Waterford has significant spare capacity available for new enterprise - it currently has 80 MW available and that is to increase to 100 MW by 2017.

Table 4: Capability (MW) for Additional Demand at 220 kV and 110 kV Stations in the South East

Station	2011	2014	2017
Arklow	80	80	70
Carlow	20	10	20
Kellis (220 kV)	40	30	30
Kilkenny	30	20	20
Waterford	80	90	100
Wexford	40	50	40

Source: Eirgrid, Transmission Forecast Statement 2011-2017, April 2011

Significant investment in the transmission and distribution networks is planned over the period to 2025 to meet our renewables target and to ensure that key regional centres can support energy intensive investment projects¹⁸. As the cost of network investment is passed directly through to energy users in the form of higher energy prices, the timing of grid investment plans need to be reviewed to take account of the implications of reduced demand and planning delays while ensuring that future enterprise needs are met. We also need to ensure more geographically focused renewables investment to minimise the amount of additional grid investment required. In particular, optimal wind sites in terms of electricity generation potential and proximity to the grid should be prioritised.

¹⁷ See Table 8.1:

<http://www.eirgrid.com/media/Transmissionpercent20Forecastpercent20Statementpercent202011-2017-webpercent20version2.pdf>

¹⁸ Eirgrid originally estimated the cost of delivering Grid25 at €4 billion but in light of significant technology developments, this has been reduced to €3.2 billion.

The advantages and disadvantages of infrastructure provision in Waterford City are summarised in Box 1 below.

Box 1. Summary of Waterford City Infrastructure Potential

	Waterford - Infrastructure Assessment		
	<i>Potential disadvantage</i>	<i>Neutral</i>	<i>Potential advantage</i>
Electricity			x
Telecoms backbone	x		
Broadband		x	
Road network			x
Rail			x
Air services		x	
Seaport			x
Water supply capacity			x
Waste water treatment			x
Waste disposal		x	
Zoned and serviced land			x
Industrial land and property			x
Serviced offices	x		

Waterford City

Waterford city has a population of just over 51,000 and is Ireland's fourth largest city.

A Planning, Landuse and Transportation study has been developed for the city (PLUTS 2004-2020) which takes into consideration the environs of the city extending into Co. Kilkenny. A key objective of the PLUTS is to achieve critical mass to allow the City to reinforce and develop its role as the economic driver of the South East region. The Regional Planning Guidelines for the South East (2010-2022) recommend that a review of progress in implementing the PLUTS strategy should be carried out.

Access to the City has improved with the completion of the M9 motorway to Dublin and the N25 bypass (which has alleviated traffic congestion in the city centre). Rail access has also improved, with eight services daily to Dublin and a journey time of 2 hours and 20 mins.

The City has more recently received a high profile nationally through its hosting of the international Tall Ships race in 2005 and again in 2011. Substantial progress has been made with the development of the 'Viking Quarter' in the city centre which aims to enhance the

attractiveness of the city for tourism. The initiative shown by the City Council in developing and implementing the concept (with assistance from Fáilte Ireland) and also its part in re-establishing the Waterford Crystal visitor centre following the closure of the Waterford Crystal factory and showroom in 2010 is commendable.

The City Council has identified tourism as a key economic driver for the City and wider region and has a dedicated marketing resource to drive initiatives in this area in collaboration with neighbouring local and tourism authorities. The City Council is also investigating the potential for the development of digital media activity within the city (leveraging existing available property within the city together with the strengths of WIT and TSSG in this regard).

Further product development initiatives are essential to improve the vibrancy and attractiveness of Waterford City, as a gateway for the region and to encourage people to live and work in the area. Fáilte Ireland are currently developing a regional tourism development programme based on an integrated marketing approach and on improving visitor experience, and this requires to be accelerated.

Waterford City became a member of the WHO European Network of Healthy Cities in December 2010. Waterford Healthy Cities Initiative is part of a World Health Organization (WHO) initiative with over 80 other cities in Europe. The aim of the initiative is to enhance the health of the city, its environment and people through all groups and agencies working together. As a member of the WHO European Network of Healthy Cities Waterford will be working to address the following areas: age friendly city, migrants and social inclusion, active citizenship, reducing risk factors for chronic diseases, promoting physical activity, reducing isolation and promoting mental health, healthy urban design, creativity and liveability, Healthy transport, safety and security.

A Business Support Unit has been established within the City Council to work alongside the enterprise agencies and undertake promotional activities for the City internationally. The *waterfordbusinessinfo.ie* web portal has been developed by Waterford City Council in conjunction with the enterprise development agencies.

Waterford County Council has zoned 163ha 'Waterford Knowledge Campus'. Waterford County Council, IDA Ireland and Waterford Institute of Technology have entered into a Memorandum of Understanding (MOU) to develop this site as Waterford Knowledge Campus. The MOU sets out the development objectives of the campus to host the knowledge economy, by collocating academia and industry on a cluster rather than a functional basis. A Master Plan is currently being prepared by the School of Architecture at Waterford Institute of Technology. This should be completed by the end of December 2011.

3. Assessment of Strengths and Weaknesses

Strengths

- Waterford is the designated Gateway for the South East region and has a range of strengths that could be more clearly articulated and promoted, including an improving economic infrastructure base and skills supply, centres of excellence in research and the presence of a range of highly productive and successful exporting enterprises on which to build for the future.
- The South East has well established sector strengths in Agri-Food (primary production and food processing), LifeSciences (pharma and med-tech) and manufacturing/engineering. More recent years has seen a growth in services activity, particularly back office financial services and customer contact.
- The region has a strong natural asset base in the quality of the natural environment and landscape as well as heritage sites and gardens, which offer potential for further development of the tourism offering within the region (see Section 4).
- A strong tradition in manufacturing, engineering and construction within the region may find increased application in the context of opportunities in the green economy.
- The region benefits from strengthened road access, most recently with the completion of the M9 motorway and the N25 Waterford City by-pass. Waterford Airport is an important asset to support tourism and corporate business travel to Europe, while Waterford Port at Belview is growing in importance nationally as a container port.
- The region possesses two Institutes of Technology at Waterford and Carlow; Tipperary Institute and Carlow College. IT Carlow has outreach facilities in Wexford town and also delivers courses off-campus at St Kieran's College Kilkenny. NUI Maynooth has outreach facilities also at St Kieran's in Kilkenny. WIT was the first IT in Ireland to lead an SFI Strategic Research Cluster (the FAME project). The higher education institutions in the region provide a ready availability of skills, particularly in ICT, pharma and natural resource sectors and in services that can served to underpin future enterprise development.
- A variety of lifestyle choices can be accommodated in the diverse physical landscape and settlement patters across the region. The good quality of the natural environment and landscape presents opportunities for further development of cultural and recreational assets.
- The region possesses some strong national and international brands, including: Kilkenny (medieval city); Waterford (crystal); and Wexford (opera).
- Strong local leadership is often in evidence and has been demonstrated through various initiatives including Waterford Tall Ships (2005 and 2011); Waterford Food Harvest and Spraoi festivals; Kilkenny Cat Laughs and Arts festivals; the Centre for Contemporary Arts development in Carlow; the development of the Viking Quarter in Waterford City; the South East Enterprise Week; and the South East Spirit of Enterprise Initiative.
- Waterford is well placed for further enterprise investment (incl. large scale) with the availability of strategic serviced lands at Belview and Knockhouse and the Business and Technology Park at Butlerstown.

Weaknesses

- The region has a distinctive settlement pattern with five relatively large centres of population, including the Gateway of Waterford which has limited impact within the region over and above the other regional centres. This has created diverging and competitive dynamics within the region and a challenge in terms of generating economies of scale returns compared to other regions.
- Entrepreneurship potential in the region rates comparatively well with other regions according to GEM research. However, start-ups typically remain small and focused on the domestic market. The performance of the region in terms of HPSUs is about half of what might be expected given performance elsewhere according to EI.
- The existing enterprise base is distinctive in terms of the above average proportions employed in manufacturing, construction and agriculture/food production. This is not a weakness in itself; however these more mature sectors continue to face competitiveness challenges and structural change and downsizing has accelerated during the recession. This has contributed to the above average unemployment rate in the region and a skills mismatch (to varying degrees) with respect to new enterprise investment. As part of this structural change, some industrial relations issues have achieved national prominence resulting in some reputation loss for the region.
- While the region has research strengths in the higher education sector, in particular in the ICT sector, given the structure of the region's current industrial base there are absorptive capacity weaknesses to work with the research teams and to make best use of the research.
- The unemployment rate in the South East is the highest nationally and the region has a lower than average labour force participation rate. This presents a number of challenges for the region including reduced disposable income and its impact on the local economy and increased pressure on state services. A particular challenge in reskilling those who have lost employment from sectors that have declined significantly.
- While levels of educational attainment have increased, the region still lags other regions in this respect - the proportion of the population with a third level qualification continues to lag many other regions in Ireland. Recent Department of Education figures in relation to retention rates at secondary level indicate an improvement in the position of the region with regards to early school leaving. There is an absence of multilingual skills and activities. In English speaking contact centres, wage levels are up to 20 percent above those in competitor locations in the UK.
- Access infrastructure has improved considerably; however, there are remaining challenges; including, east-west road links from Waterford to Limerick (N24) the remaining sections of the N11 and the N25 section of the Atlantic Corridor. The region remains comparatively disadvantaged from international (especially transatlantic) air services (than other city regions - Cork, Limerick, Galway) and hence the need to upgrade the N25. Access to business friendly services to London and European hubs need to be strengthened.
- Although there have been improvements in water and wastewater infrastructures and services within the region, additional wastewater capacity is required for Wexford town. Also, water charges in the region are amongst the highest nationally.

- Broadband backhaul from the region is characterised by a lack of alternative providers. Broadband provision in Waterford City is considered to be relatively good, however an extension of the MAN to service IDA Belview lands is required from an enterprise development perspective.
- Need for further development of the centre of Waterford City, developing a vibrant and clearly defined brand and tourism products that is attractive for people to live and work in the City. The continued improvement of 4 star business hotels in the city would be an advantage.
- Waterford is less competitive from a grant-aid perspective (10 percent) relative to other areas such as the BMW or Mid-West region and given the current high levels of unemployment and structural change required in the region, there may be a case for seeking to agree a revised State Aid designation with the EU.

4. Sectoral Performance and Potential

Introduction

Based on current regional enterprise strengths as well as existing and developing regional assets (including skillsets, key infrastructures, natural resources, research and development activity, regional development initiatives etc.) it is possible to identify key areas of sectoral potential for the South East region¹⁹.

Agri-Food

Globally, the agri-food industry has transitioned from being largely production-led to being led by market demands. Today, many people are more focused on a healthier lifestyle and on 'wellness.' This has resulted in a growing demand for lifestyle related products such as health enhancing functional foods (e.g. cholesterol reducing products). Agribusiness also plays a significant role as part of a wider 'bio-economy', as scientific advances, consumer trends and market developments create novel and non-traditional uses for natural resources (including agri-environmental products and services, as well as energy and bio-processing)²⁰.

The agriculture and food industry is one of Ireland's largest indigenous sector, employing circa 128,000 people²¹ and accounting for almost half of the country's indigenous exports²². Amongst enterprise agency supported enterprise, the sector contributes the highest proportion of IEE (Irish Economic Expenditure) in terms of salaries and third party services and materials - higher than any other agency supported sector²³.

Harvest 2020 targets an increase in exports of 42 percent for the sector by 2020, centred around the following opportunities:

- The lifting of dairy quotas from 2015;
- Building new international markets in dairy, beverages, seafood and niche meat products;
- New species development in the aquaculture sector to service growing international demand;
- High growth opportunity in functional foods/nutraceuticals to address the 'wellness' market; and
- Ireland's 'green' image as a natural marketing lever in areas such as organic foods, dairy and fish.

¹⁹ The analysis here is based on desk research and in-region stakeholder consultation carried out as part of the Forfás Regional Competitiveness Agendas (2009) and updated to take account of more recent sectoral data and trends through Forfás ongoing sectoral research and policy development

²⁰ Teagasc (2008) Towards 2030: Teagasc's Role in Transforming Ireland's Agri-Food Sector and the wider Bio-economy

²¹ CSO, QNHS. Includes the following subsectors: Agriculture and Food Production and Beverages.

²² Indigenous Food, Drink, Tobacco & Primary Production exports were €5.4bn in 2009 compared to total indigenous exports of €11.5bn. Forfás, ABSEI, 2009.

²³ Although this does not take into account contributions toward corporation tax

Key Regional Assets

Agriculture forestry and fishing (primary production) employs over 18,000 people in the South East, representing 9.6 percent of total employment in the region (compared to 4.6 percent nationally). The region benefits from an abundance of quality grass land and some of the best arable land in the country.

In addition to primary production, there are 7,772 employed in enterprise agency supported food and beverage firms in the region, again considerably above the national average (food and drink represents 24 percent of agency employment in the South East compared with 16 percent nationally). Strong players in the industry operate within the region and are significant employers and exporters, including Glanbia, Greencore, AIBP, Bulmers, Irish Country Meats, and Slaney Foods.

Fishing Ports are an important part of the economy along the South East coast, with Duncannon, Kilmore Quay and Dunmore East among the top 20 fishing ports in the country. In addition to these, there are significant levels of fishing activity at Helvick and Courtown. Extensive shellfish farming is carried out at Wexford Harbour, Carne/Ballytrant, Bannow Bay, Waterford Harbour and Dungarvan Bay. Pollution Reduction Programmes are in place for Dungarvan Bay, Waterford Estuary, Bannow Bay and Wexford Harbour to ensure compliance with environmental standards for Shellfish Waters²⁴.

Realising Agri-Food Potential in the South East

Harvest 2020 presents a particular opportunity for the South East region, given its existing strengths in dairy and beef sector production and related engineering and services businesses. The key challenge nationally in ramping up agricultural production is how best to increase the quality and yields at farm level and to reduce carbon emissions per unit of output. This is an area of particular advantage for the South East with the presence of firms with strong expertise in feed conversion efficiency, such as Keenans and the large dairy and beef processors such as Glanbia and Slaney Meats, who work directly with farmers in improving productivity.

Companies operating in the sector need to move to higher value activities, continuing to invest in more technologically advanced production methods and diversify products and markets. The changes required to transform the South East's current agribusiness model into a more diversified bioeconomy as envisaged by Teagasc will require longer term effort. In the immediate term, certain actions can be taken including:

- Continuation of EI's role in enterprise development for firms operating in the sector, particularly in the areas of productivity improvement, market/product diversification and innovation;
- Alignment of research with near term development opportunities in the region, i.e. ensure that areas being researched can be exploited in the region;
- Continuation of Teagasc advisory role to assist potential agribusiness entrepreneurs in the identification and exploitation of opportunities in the area (in co-operation with EI and CEB's, and other enterprise support bodies);
- Support from regional and local authorities for the development of the bioeconomy in the planning process and in infrastructure provision; and

²⁴ Regional Planning Guidelines for the South East Region

- It is critical that the recommendations of Harvest 2020 are advanced, and in a co-ordinated manner. In conjunction with this, there is an urgent need to develop a regionally focused plan to expand agri-production in a managed way, to consolidate process capacity and to accelerate rates of innovation in product development.

Green and Cleantech

Green enterprise is a high growth sector and encompasses a wide range of goods & services within the scope of environmental & natural-resource use, management & protection.

Key sub-sectors are: renewable energies; eco-building & construction materials; water/wastewater treatment; waste management; environmental consultancy; green ICT applications and software; green financial services; green tourism; green agri-food and green transport.

Green enterprise has a pervasive impact on a variety of other sectors enabling innovation, productivity enhancements and greater customer and market reach. Cross sectoral 'sub-sectors' include green ICT applications and software; green financial services; green tourism; and green transport.

The increase in the number of international agreements in the area of energy and climate change can fundamentally change the way business and consumers operate on a daily basis. Such change can create additional opportunities.

Ireland has a growing base of companies in the sector, with many engaged in leading edge R&D and innovative activities. An estimated 18,775 people are employed in Ireland with potential to growth to 29,000 by 2015.

There are opportunities for growth in a range of areas:

Renewable energy; efficient energy use and management, water and wastewater treatment, waste management, recovery and recycling, green ICT applications and software and environmental consultancy. Cross sectoral opportunity areas include; green financial services, green tourism, agri-food and green transport.

Key Regional Assets

In terms of natural resource endowments, the South East has fewer natural advantages in the renewable energy sector than other regions, such as the Border, South-West and West - particularly in relation to harnessing wind and/or wave energy. The South East does however boast considerable bioenergy resources and supportive research activity. The South East Region Bioenergy Implementation Plan 2008-2013²⁵ identifies considerable bioenergy natural resources within the region including Wood, Willow, Oilseed Rape, Animal Slurry, Sugar Beet and Cereals, Grass, Miscanthus (grass), Municipal Solid Waste (MSW) and Landfill Gas. The Plan also identified actions required to reduce barriers to development of the sector and to harmonise the planning regulations for bioenergy development across the region.

A growing level of research activity relevant to the sector is being undertaken within the region's HEIs:

²⁵ Driven by the South-East Regional Authority and overseen by a multi-disciplinary steering committee

- Tipperary Institute's Centre for Sustainable Energy Development, called Amergin, includes expertise from its Rural Development and Information and Communications Technology Departments. The Centre is involved in all areas of sustainable energy with a particular focus on bioenergy.
- Research activity at WIT's Eco-Innovation Research Centre (EIRC) is focused on the innovative development of 'high value-added technologies, products and processes from natural resources' and 'low environmental impact processing/growth methods'. Research areas include bioremediation of toxic heavy metals using seaweed biomass, environmental biomonitoring, wood energy and agri-environmental management. Their research is relevant to the future development of a number of sectors, including marine, agriculture and forestry sectors, and pharmaceutical synthesis based on 'green' chemistry.
- IT Carlow has developed two 'centres of research and enterprise' with a focus on environmental technologies, including EnviroCORE, which is focused on the development of niche areas within bioenergy, waste management, bioenvironmental monitoring and high value commodity products from biomass, and GeoCORE which includes expertise in civil engineering, construction, architecture and technologists to support industry in the development of testing, investigation and analysis techniques for the built environment.
- Teagasc has its national headquarters in the South East, (at Oak Park, Carlow) and have an additional research facility in the region in Johnstown Castle, Co. Wexford. Although Teagasc's research is primarily focused on the agri-food sector, it also engages in research in the broader bioeconomy.

The region has been traditionally strong in relation to manufacturing and engineering competency, as well as construction. The opportunities arising within the green and cleantech sector may offer existing enterprises new business opportunities, and new employment opportunities for skilled individuals emerging from activities in decline.

The Environmental Protection Agency (EPA) is located in Co. Wexford and has expertise in and responsibility for licensing, enforcement, monitoring and assessment activities associated with environmental protection.

Realising Potential

The South East has the natural resources, nascent research capacity and institutional set-up to investigate and develop opportunities in this area. However, regional opportunity in green and cleantech enterprise will be optimised in the context of coordinated and urgent response from Government and relevant agencies in addressing key barriers at the national level. Key actions include:

- Address licensing and regulatory barriers to renewable energy and continue to focus on development of smart grid. [CER]
- Develop a shared national branding and strategically market Ireland's Green Image in a coherent way across Government Departments and relevant agencies. [DJEI, Foreign Trade Council, IDA, DFA, EI]
- Introduce the green public procurement action plan²⁶ immediately and once introduced, a specific focus should be placed on developing key green and cleantech

²⁶ Programme for Government commits to reforming public procurement to become a tool to support innovative Irish firms and to allow greater access to Irish small and medium sized businesses

reference sites for Ireland. [DEHLG, DoF Finance/ National Public Procurement Policy Unit, OPW, State-Owned Enterprises such as ESB, Board Gáis, Bord na Mona]

- Develop an overall R&D research strategy for the wider green and cleantech sector which builds on the work of Irish Energy Research Council and the EPA research programmes²⁷. [Inter Departmental Committee on Science, Technology and Innovation]
- Implement a finalised waste policy which will provide certainty on the regulatory structure of the waste sector. [DEHLG]
- Improve the alignment and coherence of current 'green' education and training provision (approx €25m - €30m per annum) towards meeting the skills needs of enterprise within the sector - in line with recommendations made in EGFSN Green Skills report. [HEA, Universities, Institutes of Technology, FÁS, Skillnets, VECs, Enterprise.]
- Rapidly progress policy measures that support financing of SMEs (in particular the loan guarantee scheme). In addition, there should be a continued focus on working with financial institutions to make funds for the green and cleantech sector more readily available. [DJEI, DoF, Financial Institutions, Enterprise Ireland, VCs, Angel Investors]
- Need to coordinate efforts between agencies with responsibilities for the development of Green and CleanTech sector in Ireland. [EI, IDA, SEAI, SFI]

A recent report by SEAI and IMDO Ireland²⁸ has identified Waterford Port as well suited for supporting offshore renewable energy deployment initiatives off the South East Coast and in UK waters, in particular the Bristol Channel. The Port has already been used for turbine assembly and foundation construction, has available quay and land bank capacity and is well connected with road and rail networks.

Within the South East, existing frameworks which have been developed (e.g. the Bioenergy Implementation Plan steering group) can be advanced to deliver practical initiatives in the utilisation of environmental goods and services in the region. Leadership and enhanced focus on specific areas where returns can be identified will be required for the successful realisation of opportunities.

From a usage point of view, more efficient and sustainable generation and consumption of energy can deliver benefits to the region's businesses and consumers. Furthermore, advances in the development of the sector in the region enhances the value proposition for the attraction of FDI, both from companies active within the environmental arena and from those seeking to become more environmentally conscious.

LifeSciences

Globally the LifeSciences sector is facing significant developments. Aging demographics and increases in chronic illnesses, more informed consumers, and a focus on 'wellness' provide high growth opportunities. There is also a greater focus on enhanced efficacy of treatments

²⁷ Programme for Government focuses on the application of technological innovation in established sectors of the economy like energy generation and supply, transport, creative industries, high-value services and architecture and construction by identifying challenges, establishing priorities and developing strategies which specify necessary actions to transition to more innovative approach

²⁸ Assessment of the Irish Ports & Shipping Requirements for the Marine Renewable Energy Industry, SEAI and IMDO, June 2011

and cost within increasingly pressurised health systems. Technological advances and convergence across the LifeSciences sub-sectors and with other sectors such as engineering and ICT are enabling a shift towards convergent medical products and personalised healthcare²⁹. There is an ongoing shift within healthcare from the hospital to patient centric care - at home and in the community as appropriate. The impending expiry of patents, global over-capacity, significant costs of R&D, and a low pipeline for new products in the pharma sector in particular are key challenges and will impact on activity in Ireland.

There has been an increase in disaggregation of value chain activities within the sector creating opportunities for smaller companies to position themselves within the global supply chain with innovative, technology intensive solutions, partnering opportunities, shared revenue deals and licensing. Multinational companies in the sector are tending to focus on activities where they have strengths and to outsource non-core activities (such as late stage manufacturing, clinical trials processes etc.) to contract research organisations (CROs) and contract manufacturing organisations (CMOs).

Key Regional Assets

The South East region has a growing base of companies involved in a variety of LifeSciences related activity, principally but not exclusively, manufacturing. Employment in the Irish and Foreign-owned exporting companies³⁰ within the sector grew by almost four percent annually³¹ between 2001 and 2010, to over 8,100³². The region's traditionally strong engineering and manufacturing base and competency in software development has also seen a growth in a variety of sub-supply and services activities serving the LifeSciences sector e.g. Dataworks (Waterford based Irish software company providing manufacturing control systems), and Eirgen (Waterford based Irish pharmaceuticals company specialising in formulation development and clinical trials supply services).

Some of the major LifeSciences companies undertake in-firm research and development activities, for example Genzyme, Merck Sharpe & Dohme (Ballydine) & Bausch & Lomb. The Glanbia Group has established a strong presence in nutraceuticals/functional foods through the establishment of the Glanbia Group Innovation Centre (GIC) in Kilkenny.

In line with the overall growth in activity within the region, the regionally based Institutes of Technology in both Carlow and Waterford have developed enhanced competence in LifeSciences related research and education and have been proactive in establishing relationships with companies within the region. Key examples are:

- The Pharmaceutical and Molecular Biotechnology Research Centre (PMBRC) at WIT comprises a 40 strong research team with expertise in separation science, polymer science, molecular biotechnology, nanotechnology and biomedical science. Key research themes are: drug delivery technologies and development of novel process

²⁹ Personalised healthcare involves capturing individual genetic, behavioural and environmental information to define individual prescriptions for health maintenance, disease prediction, prevention, and tailored therapy. A wider definition of personalised healthcare embraces research, diagnostics and testing, delivery mechanisms and devices and the concept of 'the appropriate treatment, in the appropriate way, to the appropriate patient at the appropriate time'

³⁰ Using enterprise agency supported companies as a proxy (Forfás, Annual Employment Survey, 2008)

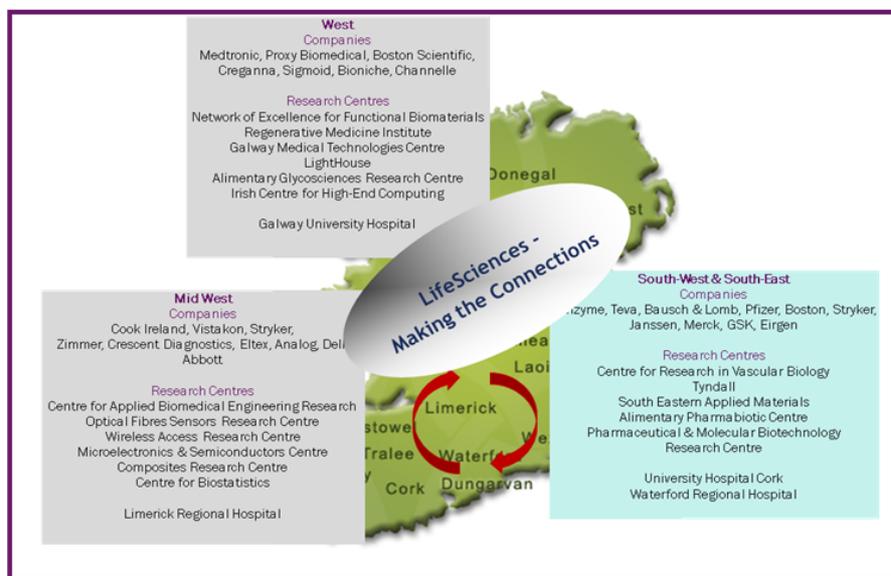
³¹ Forfás Annual Employment Survey 2010.

³² Ibid.

technologies. The group has secured INTERREG IIIA funding to establish an 'innovation network' of LifeSciences companies and research expertise within the region

- IT Carlow's Industrial Design and Product Innovation Centre includes a thematic focus on Applied Human Factors/Interface and Design Aesthetics; Design of Personal Medical Devices; Sustainable Design & Innovation; Parametric Modelling and Rapid Prototyping which have varying applications in the Medical Technologies area.
- Both IT Carlow and WIT have a strong focus on environmental sciences through the EnviroCORE and Eco-Innovation (EIRC) research centres respectively, aspects of which have application in the broader LifeSciences arena.

Figure 5: LifeSciences Sector - Enterprise and Research Activity



Realising Regional Potential

The South East has additional capacity for growth in LifeSciences manufacturing with the availability of a utility intensive strategic site in Belview and other landbanks within the region. There is potential for new mobile investment; however, continuing change at a global level within the sector including the trend towards increased automation, and competition from lower cost locations will impact on employment levels overall and could result in a net reduction in employment within the region over the coming years.

The development of the LifeSciences sector in the South East should be considered in the context of the sector nationally. Proximity to the major concentration of activity in the Cork area demonstrates the potential to develop a critical mass in the South by stimulating strategic inter-regional linkages - through wider industry networks, HEI-industry research partnerships and through labour market dynamics.

The South East is well placed to leverage its particular strengths in manufacturing to support the next generation of production. Future LifeSciences manufacturing will become increasingly complex and will require knowledge and expertise across a range of disciplines,

and an ability to work in multidisciplinary environments³³. The HEIs in the region will have a key role to play in developing and delivering programmes providing for up-skilling relevant personnel as well as ensuring that mainstream undergraduate programmes evolve to meet the needs of the sector.

Tourism

Tourism is a key industry for all Irish regions. Tourism development is an important consideration from a regional development perspective, and one which also offers positive spillovers into other aspects of the region's economy and society, such as quality of life improvements for the region's permanent residents, and increasing the attractiveness of the region for inward investment.

Key Regional Assets

The 'Sunny South East' has an established reputation for tourism, particularly domestic tourism, a market which is likely to increase over the medium term as the current recession weakens demand for foreign holidays among Irish holiday-makers.

The South East has a number of high profile cultural events which act as a further draw for visitors to the region, such as the Kilkenny Arts Festival, The Kilkenny Cat Laughs Comedy Festival, the Waterford Spraoi Festival and the Wexford Opera Festival. These events have a recognised brand and are key elements of the region's tourism product.

The diverse landscape and natural environment across the South East region, from rolling countryside and fertile agricultural land, to rugged uplands and expansive coastlines provides immense choice in terms of sporting and recreational activities. The region also boasts a range of sporting facilities and events. A key characteristic of the range of facilities and amenities both natural and man-made, and one which is now being promoted actively by Bord Fáilte is the 'family-friendly' nature of what is available and easily accessed. Other amenities of note include golf, equestrian, fishing, angling, navigable rivers & walking.

The rivers of the South East region - Barrow, Nore, Suir, Slaney and Blackwater - are a unique feature of the landscape providing links between the physical, the historic, the environment and individuals. They are an important regional asset and of interest for their industrial heritage, habitat value and amenity corridors as navigation and walking routes³⁴.

Gardens and landscaped Demesnes are a noted feature in the region, including the world-rated horticultural collection at Mount Congreve in Co. Waterford, Altamont in Co. Carlow, Woodstock in Co. Kilkenny and the J.F. Kennedy Arboretum in Co. Wexford. Garden trails are promoted in Counties Carlow and Waterford.

Existing Initiatives

Fáilte Ireland most recent operational plan for the South East is focused on developing:

- Heritage and Cultural Tourism: Build greater consumer perception and motivational appeal based on the region's wide mix of unique and interesting holiday experiences
- Festive and Cultural Events: Build greater consumer perception and awareness of the South East as a year-round 'happening destination' within the context of urban, rural and coastal tourism hubs

³³ Forfás (2009) *Health Life Sciences in Ireland: An Enterprise Outlook*

³⁴ Regional Planning Guidelines for the South East Region

- Family Fun: Establish a second hub for the 'Family Fun' national programme (creating family oriented holiday destinations) piloted in Tramore
- Water and Land Based Recreational Activity: Re-invigorate and expand the regional activity product through a programme of capital development and quality categorisation based on identified hubs and clusters
- Access Transport: Improve transport services to and within the region through actions to address issues relating to road, rail, sea and air services.

In the period March 2010 to September 2011, Fáilte Ireland awarded a total of €12.2m for capital investment in tourism product development in the South East. This included an allocation of €8.6m for tourism capital investment in the Viking/Heritage Triangle project in Waterford City. As the physical development of the Viking/Heritage Triangle reaches conclusion in 2012, it is planned to make a further and complementary investment in interpretation and product animation.

Fáilte Ireland has for some months been in discussion with Kilkenny Co. Co. regarding the development of a "Medieval Mile" project in Kilkenny City. This will involve investment in the presentation and interpretation of Kilkenny's Norman heritage in an integrated and holistic manner. This represents a continuation of Fáilte Ireland's policy of working in particular regions that have a strong tourism-centric comparative advantage such as authentic heritage assets. A proposal to support an investment programme in Kilkenny over the period 2012/2013 will be presented to the Fáilte Ireland Authority in December 2011.

In Co. Wexford €2.4m has been invested in the National Heritage Park in Ferrycarrig and in improvement works at the Dunbrody museum in New Ross.

Fáilte Ireland supports tourism training and education at the Waterford Institute of Technology (WIT) paying fees of €440,000 annually.

Under its Enterprise Support Programme, Fáilte Ireland has provided a range of business supports to 170 Key Accounts and tourism sector groups in the South East at a cost of €300k.

Fáilte Ireland invested €1m in 23 regional and national festivals in the South East in 2011. This investment falls within the Market development Programme which, in addition to conventional domestic marketing, seeks to support festivals and events as a key driver of visitors to locations in the South East.

Realising Potential

Some challenges need to be addressed to enhance the contribution of tourism to the region's economy:

Access: Road improvement projects such as the M9 and M8 have greatly enhanced access to the South East. As well as large scale infrastructural investments, access for the tourism market can also be improved through innovative initiatives using local facilities, such as is being done in the North-West with chartered flights from Rotterdam to Donegal airport, bringing in tourists directly from what is considered a key tourist market in continental Europe.

In terms of intra-regional connectivity, consideration needs to be given to how attractions are linked and how tourists can navigate the region. The region has poor public transport provision, and this is especially the case with regard to the more remote locations tourists may wish to access. Options for improving accessibility to areas with poor or no public

transport connections could include seasonal or 'tourist' bus services and/or improved cycling facilities.

Planning: Intensive holiday home development in certain areas of the South East's coast has potential to undermine the region's tourism product to some degree. While physical development needs to occur to obtain increased returns, this development must be handled sensitively and be well planned in order to maintain the quality of the local environment.

Product: Fáilte Ireland's strategy for the region is based on a multi-faceted brand, building on key regional strengths: heritage, culture/festivals, family fun and land/water-based activity. A joint approach needs to be taken to developing the South East's tourism products by stakeholders and tourism promoters for the successful exploitation of particular market segments, especially domestic holiday-makers.

Attractions: National Heritage sites can act as significant attractors to the region in which they are sited. The continued development and promotion of such heritage sites in the region, of which there are many, should be considered by local tourism interests.

Internationally Traded Services (excluding ICT)³⁵

Today, a wide variety of services are traded internationally, including such activities as finance, insurance, computer-related activities, R&D, advertising, marketing, accounting and consultancy. In addition, there is an increasing level of services activity taking place within manufacturing firms - the so-called 'servicisation' of manufacturing. Moreover, globalisation, along with the enabling technologies that underpin it, has seen the emergence of new and more complex business models. Increasingly, multinational companies seek to maintain competitive advantage by out-sourcing, moving selected business processes to more economic or strategic locations, and gaining direct access to new and growing markets. This has generated a raft of new mobile investment activity in global business services (& global business services centres) to manage more complex global corporate structures and activities, such as shared services, customer support and customer management, business process outsourcing, supply-chain/procurement, IT operations, human resources and finance/transaction processing.

Key Assets

The South East has a lower than average proportion of employment overall in services activities. However, while overall growth in the sector has been relatively slow, employment in internationally traded services has been far more rapid. Employment levels in agency supported firms (typically internationally trading) almost tripled over the 2001 - 2010 period from a base of c.2,000 to over 5,400. Much of the growth is accounted for by investments by overseas companies into the region such as Sunlife Financial, State Street, PFPC, Equifax and Citi, while indigenous companies such as Bank of Ireland, VHI, Glanbia and Rigney Dolphin have also made a significant contribution. Amongst these companies, the main activities are funds administration and back-office processing for financial services, and customer/technical support services.

The region has built a sizeable portfolio of international financial services (IFS) companies which, depending on wider economic circumstances, can be a base for further growth. Many of these companies were attracted to the region because of its close proximity to Dublin, the

³⁵ ICT Software & Services are considered separately below

availability of skilled people as against a tighter labour market in Dublin, and a lower relative cost base (lower attrition rates, lower property rents etc.). These companies have built strong relationships with the region's Institutes of Technology, particularly in course development to ensure a steady supply of appropriately skilled graduates.

The region has also built a strong cohort of relatively large contact centre operations, reflecting a core competency within the region that provides a basis for further growth and development. A challenge is the lack of multi-lingual activity within the existing range of companies which could be a competitive disadvantage in seeking to attract additional (customer-facing) activities serving broader, non-English-speaking markets.

Realising Potential

Future business investment within the region in international and financial services will require advanced, high quality and competitively priced broadband infrastructure.

Foreign language skills will become increasingly important. However, the limited demand for language skills by the existing cohort of companies in the South East can result in reduced retention of graduates with such skills and perhaps reduced interest in acquiring language skills. A focus on innovative ways to promote language training and reinforce existing education initiatives within the region may enhance language capabilities in the South East. Ensuring the region is attractive to overseas students and immigrants is also important.

International financial services activities in the South East are predominantly back office in nature. The future development and retention of financial services and other activities will require firms to build higher order functions into existing operations and for the region to enhance skills based differentiators. These are mutually reinforcing factors and will require collaborative initiatives between industry and the education sector within the region and with partners outside of the region.

A detailed overview of the trends and opportunities in Business Process Outsourcing and Shared Services type activities is contained in Section 6.

ICT - Services & Software

What has been termed 'The New Software Economy'³⁶ sees a number of trends that provide both opportunities and challenges for software companies, and for small and medium sized companies and start-ups in particular:

- Increasing end-user demand for less expensive, more efficient ways of paying for software
- Vendors responding to these demands by embracing new delivery and pricing models, such as software as a service (SaaS), infrastructure as a service (IaaS), platform as a service (PaaS); and software on demand
- The emergence of the networked value chain, a distributed business model where different value adding activities are carried out where they can be done most efficiently and cost-effectively

³⁶ Enterprise Ireland (2009) *Best Connected - Software from Ireland - A strategy for development of the indigenous software industry 2009-2013*

- The application of software technologies (such as Services Oriented Architecture - SOA, Open Source, Web 2.0 and Mash-ups) are continuing to drive the development of new applications and business models

The emergence of 'Cloud computing' is a key enabler - whereby computing resources and functions are centralised, in locations such as data centres and delivered on demand. Cloud computing is impacting the ICT industry in terms of the products and services offered, how they are delivered and revenue models e.g. online subscriptions rather than CD ROM. The pay-as-you-go, subscription pricing of Cloud computing can enable companies (with perhaps vast IT systems built up over years) to cut capital expenditure on IT while maintaining high quality IT services.

ICT Impacts All Sectors: ICT today is more than an enabling technology. It has a pervasive impact across most, if not all sectors. The application of ICTs can 'refresh' traditional sectors: it changes the way services are delivered e.g. remote learning or healthcare and diagnostics, simulation (training), virtual reality (architecture and design); it provides opportunities for new converged products and customised digital content (e.g. micro apps, digital gaming); and it enables the monitoring of large scale phenomena such as energy consumption, pollution, weather and global warming.

Key Assets

The dominant activity in the South East region within the ICT sector is software development. However, with the exception of the Sun Life Financial software development centre based in Waterford, activity is limited and small in scale. Nonetheless, the region has important assets that have the potential to place it in an advantageous position to exploit some of the global trends described above.

The two Institutes of Technology in the region have developed strong education and research programmes in software development. In IT Carlow, undergraduate courses are focused on software development, games development and IT systems management. Its applications software and networks research programme (GameCORE) is focused on industry relevant research under a number of themes, such as networks, games engines and development, and serious games for strategy, sports and health.

WIT also delivers strong undergraduate and post-graduate programmes in software development. Based on its excellent track record in telecommunications software and systems research, through the TSSG Group, it is the first of the IoTs in Ireland to lead an SFI funded Strategic Research Cluster (FAME - Federated Autonomic Management of End-to-end Communications Services). The TSSG's main area of research is communications software services and it has developed strong expertise in the areas of distributed systems and service oriented architecture.

The TSSG's commercial division has also created new companies which have emanated from TSSG's research activity (spin-outs) and has also attracted companies to locate some or all of their activity in Waterford with links to the TSSG (spin-ins). The companies typify the kind of activities associated with the 'new software economy' and include: Nubiq - mobile website generation and personalisation; Akruu - on-line billing and accounting services; Hasf6 - interactive radio; IMS-Stream - VoIP solutions.

Realising Potential

The Institutes of Technology in the region have adopted a focused approach in the area of software development and are developing strong relationships with industry within the region in terms of undergraduate and postgraduate course development. The limited scope for

industry collaborative research within the region will require a continued outward focus by the HEIs on developing links beyond the region.

The TSSG's deepening expertise in the area of future internet infrastructure and services and its strong commercial focus provides the region with a strong platform for future indigenous and FDI enterprise potential.

Digital Media (including animation and games)

Digital Media is a broad and dynamic sector, involving a number of inter-related sub-segments including creative, technology, information (content), and infrastructures. Because of its diversity it is difficult to accurately quantify the scale of the sector in Ireland. It is also difficult to isolate the activities involved from those captured within other sectors (e.g. ICT, Internationally Traded Services).

The broader sector, including advertising, publishing and printing, encompasses firms that trade domestically as well as those trading internationally and employs circa 26,000 people³⁷.

The main digital media sectors are:

- **education** (digital libraries, elearning);
- **entertainment** (CG animation & SFX, games, e-music, film, TV, digital radio);
- **consumer information** (online publishing, digital publishing, location based services); and
- **Infrastructure** - such as NGNs, data hosting, etc.

The broad sector displays strong growth prospects; driven by changing consumer behaviour/preferences in the sector, the increasing power of mobility & devices, and the growing dominance of the internet experience reflected in radically altered business models.

The games industry in particular is showing very healthy and rapid growth globally. It is one of the fastest growing segments of the broader entertainment and media landscape, with spending on games globally expected to increase by almost 50 percent over the 2011 to 2015 period (a compound annual rate of 8.2 percent)³⁸. Over the period 2006 to 2010 games industry revenues grew by over 60 percent.

Employment in 'core' games companies³⁹ amounted to over 2,000 at the end of 2010, representing a five-fold increase on the level estimated in 2004⁴⁰. The main growth area has been in online games servicing activities, including customer support, community management, localisation and some headquarter operations⁴¹. Given continued expansion of

³⁷ This is comprised of the following sub-sectors: Publishing activities (4,400), Motion picture, video and TV programme (3,000), Programming & broadcasting (4,300), Advertising & market research (6,100), Printing & reproduction of recorded media (8,400).

³⁸ *Global Entertainment and Media Outlook 2011-2015*, PWC, 2011. Data includes consumer spending on console (incl. handheld), PC games, online games and wireless/mobile games and video games advertising. It excludes spending on hardware used for playing games.

³⁹ 'Core' games companies refers to companies directly involved in the production of games

⁴⁰ *Electronic Games Study*, Forfás, 2004 (unpublished) and *The Games Sector in Ireland: An Action Plan for Growth*, Forfás, October 2011

⁴¹ A further 1,000 are employed in the online gambling area

global markets - particularly in online and mobile segments - there is potential for further employment growth in Ireland, which could reach 4,500 (in 'core' games companies by 2014).

Key Regional Assets

The digital media sector is diverse in terms of its composition and similar to green/clean tech, it is pervasive in terms of its impact across all sectors. Many activities such as games development are as yet nascent and poised for further growth in Ireland. The South East is strongly positioned to avail of opportunities that will arise:

- The region already has an emerging strength in business process services which form a key element in the digital economy, for example Ireland has already attracted major games companies from overseas who have sited their customer support and headquarter functions here;
- The HEIs in the region are preparing graduates for careers in digital media and games with dedicated digital media and games courses; and
- Both WIT and IT Carlow are developing strengths in games related research (especially in games for 'serious' applications) and the TSSG has a depth of competency in mobile telecommunications networks and applications development.

Realising Potential

The recently published Forfás Action Plan for the games sector in Ireland contains recommendations of relevance for realising growth potential in both the games sector specifically and the wider digital economy. From a regional perspective, it will be important that:

- Games and digital media firms already located in the South East engage with the wider community nationally through the networking opportunities and the talent exchange initiative being driven as part of the strategy; the enterprise agencies have a role to play in ensuring maximum engagement, as do regionally based initiatives that provide opportunities for cross fertilisation amongst a range of capabilities (animation, the arts, music, IT, health and wellbeing etc); and that
- The HEIs in the region get involved in initiatives such as the proposed game development/digital media 'hothouse' initiative, and continue to foster strong relationships with companies (and other HEIs) in the digital media space in terms of course development and research activity.

5. Unemployment and Labour Activation Measures

Regional Unemployment Profile⁴²

Overall, employment in the South East has declined by 37,200 relative to Q2 2008. Unemployment levels in the region have reached 41,600 or a rate of 18.2 percent. Younger age cohorts have been affected by employment declines to a higher extent in the South East, largely mirroring the national trend.

Unemployment by Educational Attainment

Unemployment is largely concentrated amongst those with lower levels of qualifications in the South East, and this is more acute than the national picture.

In Q1 2011, those with below third level educational attainment accounted for 85 percent of unemployment in the South East compared to 78 percent of unemployment in the State. This indicates a higher concentration of those with relatively low skills in unemployment compared to the national picture, while, on the other hand, those with third level qualifications in the region seem to be less affected by current adverse labour market conditions.

Unemployment by Age Cohort

In the South East, those aged under 35 account for 51 percent of total unemployment, even though this cohort only accounts for 38 percent of the total labour force in the region, indicating a significant over-representation of younger people amongst the unemployment relative to their contribution to the labour market. This largely mirrors the national average, with the under 35's accounting for 54 percent of total unemployment even though they only account for 39 percent of the labour force.

Labour Market Activation

2010 Labour Market Activation Fund

A number of education and training providers from the South East were successful in tendering for services under the 2010 Labour Market Activation Fund.

The Labour Market Activation Fund is currently being evaluated in relation to programme outputs and outcomes.

Under the previous labour market activation programmes of 2009, WIT provided 44 places at Level 7 & 8.

- Bachelor of Science (Level 8) in Applied Computing - 5 Places
- Bachelor of Engineering (Level 8) in Electronic Engineering - 11 Places
- Bachelor of Science (Level 8) Pharmaceutical Science - 2 Places
- Bachelor of Arts (Level 8) in Finance and Investment - 9 Places
- Bachelor of Science (Level 7) Information Technology - 17 Places

⁴² Refer to Appendix X for data tables

Table 5.1 Education Providers in the South East participating in the 2010 Labour Market Activation Fund Initiative

Provider/Programme	Learning Outcome
Digital Skills Academy	WebActivate Programme, NFQ Level 6
First Step Microfinance	Regional Training Networks - NFQ Level
Tipperary Institute	8 different programmes - NFQ Levels 6-8
Waterford City VEC	Starting a small business NFQ Level 5
Waterford Area Partnership	Make it Your Business Enterprise Programme

Source: Department of Education and Skills

Table 5.2 Education Providers in the South East participating in the Springboard 2011

Provider	ProgrammeTitle	NFQLevel	ECTS	Years
IoT Carlow	Certificate in Computer Systems	Level 6	60	1
IoT Carlow	Certificate in Mechanical Engineering	Level 6	60	1
IoT Carlow	BSc in Management (Energy)	Level 7	60	1
IoT Carlow	Hdip in Business (Supply Chain management)	Level 8	60	2
Tipperary Institute	Certificate in Domestic Sustainable Energy	Level 6	20	1
Tipperary Institute	Certificate in Renewable Energy Development	Level 6	20	1
Tipperary Institute	Higher Certificate in Good Manufacturing Practice	Level 6	120	
Waterford IoT	Higher Certificate in Good Manufacturing Practice and Technology	Level 6	120	2
Waterford IoT	Bachelor of Arts in Financial Services	Level 7	60	2
Waterford IoT	BEng (Honours) in Sustainable Civil Engineering	Level 8	120	3
Waterford IoT	BSc (Honours) Applied Biology with Quality Management	Level 8	60	1
Waterford IoT	MSc in Innovative Technology Engineering	Level 9	90	2
Waterford IoT	MSc in Sustainable Energy Engineering	Level 9	90	2

Source: HEA

Fás

FAS Training Services will continue to provide a wide variety of courses, including a growing number of evening courses, in 2012 in a wide range of locations across each county, building on the estimated 8,200 participants in the South East in 2011.

FAS will continue to increase and improve the training options available to Job Seekers to assist with re-entry to the labour market.

FAS will continue to provide employment relevant training in the two training centres in the region, Waterford and Wexford, and at the satellite at Kilcohanon the outskirts of Waterford. FAS has facilities to train apprentices for fourteen trades, from general engineering, core employment, welding, fabrication, hairdressing to information and communications technologies and has centres of excellence for training related to Motor Mechanics, Agricultural Mechanics and Heavy Goods Vehicle Mechanics in the region.

While financial allocations are yet to be finalized, FAS is estimating a budget spend for the Region of €18m for 2012, based on its assessment of the socio-economic and industrial environment in the Region, together with research and analysis of employment opportunities in the South East Region.

Springboard 2011

The HEA Springboard initiative, aimed at assisting unemployed people to re-enter the labour market through the provision of part-time courses in areas of identified skills needs, had good participation by South East HEIs. Data on the level of enrolments are not yet available. Courses are available across a range of NFQ levels and disciplines including IT, engineering, renewable energy, manufacturing practice and applied biology.

WIT was awarded 130 places under the Springboard 2011 initiative. The places to be funded include:

- Bachelor of Arts in Financial Services (Level 7) - 30 Places
- Bachelor of Science Applied Biology with Quality Management Biopharma Pharmachem (Level 8) - 5 Places
- Bachelor of Engineering in Sustainable Civil Engineering Medical Devices (Level 8) - 15 Places
- Master of Science in Innovative Technology Engineering Medical Devices (Level 9) - 20 Places
- Master of Science in Sustainable Energy Engineering-The Green Economy (Level 9) - 30 Places
- Higher Certificate in Good Manufacturing Practice and Technology Biopharma-Pharmachem (Level 6) - 15 Places

Jobbridge

According to the Jobbridge website, on 2 December 2011, there were 189 employers from the South East advertising internships, comprising Carlow (19), Kilkenny (31), Tipperary South (35), Waterford City (33), Waterford County (18) and Wexford (153).

European Globalisation Adjustment Fund 2009 - 2011

A number of former Waterford Crystal employees were funded under the EGF and enrolled in WIT across a range of disciplines including social studies, visual art, electronic engineering, horticulture, recreation, arts and sports management. There were 6 enrolments in 2009/10 and 14 in 2010/2011, of which 1 was pre-entry, 4 were Level 6&7, 8 were at Level 8 and 1 was at Level 9.

Skillnets

Skillnets funds and facilitates training through over 50 networks of private sector companies, in a range of sectors and regions. Each network delivers training that is relevant to specific industry and member company needs.

After a successful pilot programme in 2010, the Department of Education and Skills (DES) approved the mainstreaming of the Job-seekers Support Programme (JSSP) in 2011. The uniqueness of the JSSP is the provision of skills which are in demand by industry combined with direct access to employers and the workplace. The initiative is aimed solely at the unemployed and grant funded at 100 percent to ensure that job-seekers can participate at nil additional cost in line with other available Labour Market Activation Fund programmes.

Both the CCMA and the Waterford Chamber Skillnets have responded to the redundancy announcement at Talk Talk in Waterford. On Sept 14th, a Job Fair was held in Talk Talk with 21 CCMA member companies who were hiring at present (Over 200 job positions were on offer in these firms). The CCMA completed a Training Needs Analysis with the recruitment member companies and developed a prospectus of education programmes for Talk Talk employees to review and request a place. Of the 230 Talk Talk employees that completed profile sheets for CCMA, about 25 percent were qualified to ordinary degree (Level 7) or higher, while just over 60 percent had qualifications ranging from Level 3 to Level 6 (Higher/Advanced Certificate).

Waterford Chamber Skillnet held a Jobs Fair where member companies with job vacancies will meet with Talk Talk employees at end October.

Both the CCMA and the Waterford Chamber made applications for additional funding under the Supplementary call of the JSSP which will allow them to provide for the training needs identified through their engagement with the Talk Talk employees. On 17 October 2011 Skillnets announced an investment of €250,000 for the immediate provision of training for Talk Talk employees, to be delivered through the CCMA Ireland Skillnet and Waterford Chamber Skillnet.

Work Permits issued in the South East⁴³

The number of new employment permits issued in recent times is indicator of the demand for labour that could not be met from domestic or EEA sources. There was a significant contraction in the number of *new* employment permits issued to workers in the South East region between 2004 and 2010 – the number declined from approximately 940 to 270 – reflecting the national trend.

There were just under 300 new work permits issued in the South East region in 2010. Most of the permits were issued to workers in the personal services occupations, agriculture related occupation, sales and healthcare. A question arises, given the level of unemployment in the region, as to the basis for the issuing of new work permits in these areas.

Conclusions & Policy Implications

From a labour market activation perspective, the general trends of unemployment disproportionately affecting younger and lower skilled cohorts generally reflects the trend nationally. However, there is a higher concentration of those with low levels of educational attainment within both the labour force and the unemployed compared to the national average. This cohort is generally harder to reach and engage.

⁴³ See data in Appendix 3

In addition, the disproportionate declines in particular occupational groups - Crafts/Plant and Machinery Operatives - create additional needs given the unfavourable short term labour market outlook for sectors such as construction and traditional manufacturing. A greater focus may be required in the provision of career guidance services and mapping out career paths, particularly with regard to those unemployed with high levels of experience/competencies and how those skills can be recognised and transferred to other career avenues.

The focus of education and training supports for those unemployed in the South East should be on:

- **Activation** - Activation measures aimed at improving the employability of unemployed persons by providing career assessment and guidance, 'progression pathways' of relevant job search, training, education and employment opportunities.
- **Upskilling** - Boosting our human capital by enhancing education and skills levels in line with the National Skills Strategy and the needs of the 'Smart Economy'. Notwithstanding our current economic difficulties, other countries are also upskilling and we must do so to compete and take advantage of the economic upswing when it comes.

Education and training supports should be underpinned by the following principles:

- There needs to be greater interaction between enterprise bodies, agencies and education and training providers in addressing skills demands in a systematic and co-ordinated way. Education and training provision needs to have **greater alignment with enterprise skills needs both current and future**.
- Industry and education and training providers need to work more closely together in the development and revision of course curricula to ensure that students have the most relevant skills upon entering the labour market.
- The Springboard initiative should be monitored as a future model for re-skilling people made unemployed from vulnerable sectors to key growth sectors and areas of skills shortages. Learnings from the 2010 Labour Market Activation Fund, which is currently being evaluated, should also be taken on board.
- **Work Placements:** Structured internships and opportunities providing work experience opportunities within enterprise are hugely valuable in improving the success of students and job-seekers. Internships should have identified goals and outcomes with a particular focus on employability.
- The JobBridge programme should be examined with a view to identifying best practice and how that practice can be replicated more widely in order to re-engage and keep people close to the labour market. The effectiveness of the programme in reaching and engaging those that are unemployed also needs to be monitored.
- **Management Development:** Improved management practice will lead to increased performance in productivity and output. Management capability has a positive effect on the level of upskilling undertaken by employees.

6. Business Process Outsourcing & Shared Services and the South East Region

Background

This analysis was initiated following the closure of Talk Talk, with a view to identifying the potential for immediate opportunity in the sector for the displaced workers. Although the South East is home to some major BPO/SS/SSC activities such as Rigney Dolphin (Waterford), VHI (Kilkenny) and State Street (Kilkenny), there is a relatively low level of BPO/SSC activities when compared with the East and South West - two regions that have been particularly successful in attracting FDI and in stimulating the growth of indigenous firms. The enterprise development agencies are taking steps to assist the displaced Talk Talk workers, and these are set out at the end of this chapter.

Acronyms

BPO	Business Process Outsourcing
CC	Contact Centre
SSC	Shared Services Centres

This review of the BPO/SSC indicates potential for growth and transformation for the sector in Ireland. The understanding of the global trends and of how the sector is evolving can inform the factors that influence a company's location decisions (whether foreign or indigenous) and what steps can be taken to stabilise and enhance the sustainability of the sector, and to improve Ireland's offering - and the South East region within that.

The assessment of the BPO sector and the Shared Services activities in Ireland that follows indicates that:

- The BPO sector continues to enjoy global growth. The scope and range of business functions and activities now encompassed in the sector has broadened considerably in recent years.
- Within Ireland we are likely to see an increasing shift to higher order, more complex activities that require higher skills levels and more of a partnership approach between service provider and client.
- This shift will involve employment churn as lower end activities move offshore and new higher order investments are realised. In recent surveys, a number of respondents anticipate growth in revenues and employment⁴⁴, although it is difficult in the current climate to assess the overall net employment increases for these activities in the immediate term (see Appendix 5 - recently advertised call centre posts).
- From the perspective of FDI in shared services, IDA continues to work to attract Greenfield and expansion activities to Ireland⁴⁵. The initial challenge is to win investment for Ireland in the face of intense global competition from larger scale countries. Evidence indicates that companies investing in shared services activities

⁴⁴ A recent survey by CCMA indicates that 73 percent of the contact centre companies surveyed indicated that they anticipate a growth in employment. The Accenture published report in 2010 - *Sustaining High performance in Shared services - An Irish Perspective*, stated that nearly half of the companies surveyed said the numbers employed in SSC in Ireland will increase in the next year

⁴⁵ These can be either standalone activities or an expansion of an existing mandate - e.g. Centralised procurement functions or other HQ activities 'attached' to an existing manufacturing facility

tend to locate in urban areas that demonstrate the availability of a multi-lingual, highly skilled workforce.

- From the perspective of indigenous firms there have been some interesting developments in that - although small in number - we have seen a number of BPO providers and Contact Centres grow to scale over a reasonably short time frame and in locations dotted throughout the country (including e.g. Waterford- Rigney Dolphin, Kerry - Fexco and Cavan - Quinn).
- Re-skilling/ Up-Skilling of the work-force is crucial to future growth, as is transformational change within companies in terms of nature of the activities, use of advanced technologies, metrics, innovation and continuous improvement.

Similar Activities - Different characteristics:

BPO, Shared Services and Contact Centres:

Although the skills-sets are somewhat similar, it is worthwhile outlining the different perspectives and opportunities for the following:

1. Business Process Outsourcing
2. Shared Services Activities and Functions - Foreign Firms
3. In-house Contact Centres

1 Business Process Outsourcing

Business process outsourcing (BPO) is the contracting of a specific business task to *a third-party service provider*. BPO involves a wide array of activities⁴⁶, which can be categorised as follows:

- **Business Functions (back office):** includes internal business functions such as invoicing, payroll, IT support, document management or purchasing; and
- **Contact Centres (front office):** includes both in-bound and out-bound call services including problem resolution, information provision, technical support (through from Tier 1 to Tier 3) marketing, sales lead generation, and cross selling etc.

As the global BPO sector has evolved the scope of business process activities that companies choose to outsource has increased considerably. Other ancillary functions such as cleaning services, catering services and fleet management services are also often outsourced to third party providers, although these are outside the scope of this review.

There is an important distinction that is not always readily understood between onshore outsourcing (which involves BPO that is contracted within the company's own country) and offshore outsourcing - which refers to BPO that is contracted *outside* a company's own country. It is an important distinction in any discussion relating to BPO.

The fact is the BPO sector in Ireland is relatively small. It involves an emerging cohort of indigenous BPO firms serving primarily domestic and UK markets supported by EI. There is

⁴⁶ See Appendix 6

also a small number of major global firms based here such as Accenture, Capita, Mercer and HP that provide BPO services to the Irish market⁴⁷.

2 Shared Services

Shared services are different in that they are *centralised activities within a multi-site global corporation*. Shared services have become a well accepted model for globally dispersed companies across a wide range of sectors such as financial services, ICT, Medical Technologies etc. As with BPO, functions include both:

- Centralised business functions - providing services to a captive market of affiliates; and
- Customer contact centres - servicing a global and/or regional customer base (e.g. EMEA) for the corporate entity.

Shared services centres based in Ireland are, in the main, foreign owned. Ireland has a strong track record to date as an offshore location for centralised customer support and shared services activities with companies such as Facebook, IBM, Dell, Google, HP, Cook and others.

3 In-House Call Centres

Many large scale firms have 'in-house' contact centres to service their own customer base, involved in activities such as reservations, payment processing, problem resolution and cross-selling & up-selling. In Ireland these include companies such as VHI, Zurich, Aer Lingus, One Direct etc., the majority of whom are English speaking and servicing the domestic market. They are not, in the main, enterprise development agency clients.

A Growing Global Market

Because the global outsourced business services market includes a variety of disparate activities, there are differing estimates as to the value of the sector - depending on what is included in the scope. Nevertheless, there is general consensus that the BPO market will continue to grow despite some set-backs arising from the global economic crisis. Gartner predicted that the global outsourcing industry would see a 10-15 percent annual growth over five years up to 2013 - and could reach €450 billion by 2012⁴⁸. Forrester Research estimates that Europe will be a major user of BPO and, by 2015 the market is expected to reach nearly 25 percent of total global BPO spending.

Major global providers include Accenture, Logica, CapGemini, EDS (recently acquired by HP), Mercer, Teleperformance and Capita, some of whom have operations based in Ireland. There is increasing consolidation within the BPO sector, and it is estimated that one quarter of the top 20 BPO providers will cease to exist by 2012⁴⁹.

Because of the nature of the activity (often internal to the global organisation), it is difficult to get an indication of the scale of Shared Services Activities. However, it is a business model that is continuing to grow as the range of activities and functions being centralised expands. It is also becoming much more widely accepted in the public sector than in the past.

⁴⁷ Some of these companies are supported by IDA where they have a broader mandate within Ireland (e.g. HP manufacturing and software development) - and/or are using Ireland as a base to address overseas markets

⁴⁸ NelsonHall Global BPO Market Forecast: 2008-2012: Gartner 2009

⁴⁹ Gartner, 2009

An Evolving Business Model and Considerations for Ireland

When BPO emerged as a sector originally in the 80s, the primary driver for companies to outsource and/or to centralise global functions was to achieve a reduction in costs and increased efficiencies. This is still the case today - particularly for high volume transaction based activities. BPOs ability to quickly and cost effectively ramp up and down depending on customer/business needs is a significant factor in their attractiveness. By outsourcing business support functions, companies can focus corporate strategic efforts on building and exploiting core competences.

What is evident now is that firms are outsourcing a broader range of progressively more complex business functions. They are using outsourcing as a way not only to reduce costs, but also to gain access to industry-leading practices and scarce skills, to embed innovation into their organisations and to capture new clients/markets.

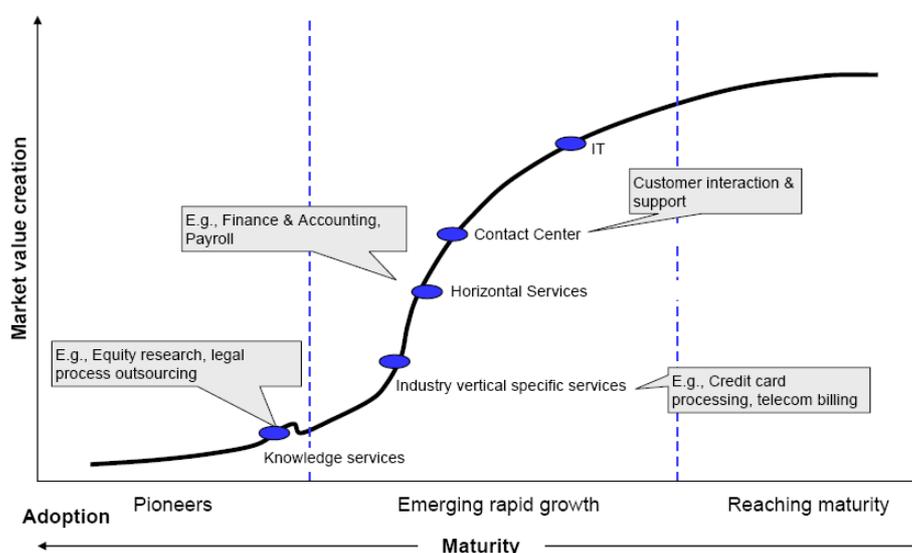
The more advanced BPO service providers of today are much closer to their customers' business and play more of a partnering role. They are involved in transforming business processes, focused on continuous improvement, and on enhancing customer services and realising business goals⁵⁰. Potential clients will be increasingly looking at value beyond costs to include aspects such as skills, expertise and productivity⁵¹.

The next evolution - although at a nascent phase - is knowledge process outsourcing (KPO). KPO involves outsourced support that requires deep domain knowledge and the exercise of judgment and interpretation. KPO typically requires people with higher education, specific skills, and specialised business experience. KPO services include activities such as business research services, data analytics, patent research services etc. The increasing complexity of activities being outsourced often goes hand in hand with increased sensitivity of the related data - which may impact on a company's location decisions.

⁵⁰ The corporate shared services activities are evolving in much the same way requiring a strategic partnership approach by the Irish based subsidiary in terms of its relationship with affiliates and quality of service

⁵¹ Everest Institute Global Trends in BOP, 2008

Figure 6: Business services being outsourced



Source: Everest Institute Global Trends in BPO, 2008

Advances in technologies are also playing a key role in how the sector is evolving. The advent of Cloud technologies has seen the emergence of the virtual call centre where the call centre operator does not own, operate or host the equipment that the call centre runs on⁵². Virtual Call Centre Technology also enables people to work from home, instead of in a traditional, centralised, call centre location.

The emergence of Cloud technologies also opens opportunities for innovative IT firms. In 2009 Gartner estimated that the proportion of BPO services sourced through the Cloud would grow from 5 percent to 20 percent by 2012.

Considerations for Ireland

As a developed economy, the sustainability of the sector in Ireland requires that companies based here continue to evolve to deliver the more complex, sophisticated services required by the market⁵³. The success of companies engaged in (relatively) lower margin activities here will be predicated upon the ability to innovate in business process improvements, to deliver increased efficiencies and productivity through investments in technologies and/or to deliver niche services based on strong domain knowledge and expertise.

In terms of KPOs, Ireland has already demonstrated some success in attracting Clinical Research Outsource providers, and there could be further potential in areas such as Legal Process Outsourcing, Research/Patent Support Services etc. Ireland has a good reputation in terms of its ability to understand and negotiate regulations, standards, governance and

⁵² Instead, they subscribe to a service for a monthly or annual fee with a service provider that hosts the call centre telephony equipment in their own data centre.

⁵³ A number of existing operations have transitioned to offer higher order value services - for example multilingual Level 3 technology support, lead generation and marketing activities, cross selling/up-selling etc.

compliance requirements of different jurisdictions, which positions us well in terms of achieving growth in higher order, knowledge based services.

Technological developments and the evolution of the virtual call centre and home-based working⁵⁴ should also offer considerable opportunities for regions throughout Ireland.

Aspects such as data protection and information security become increasingly important - Ireland is well positioned with regard to Data Protection legislation and neutrality, and the Cloud Computing Implementation Group is considering Ireland's proposition in the context of emerging opportunities in Cloud which would have direct relevance for this sector as it evolves.

From the perspective of the customer, considerations regarding location and/or service provider now extend beyond costs to include access to the requisite skills and capabilities and confidence in relation to standards, consistency and quality in service provision.

Therefore, as the scope and range of activities being outsourced evolves, as technology advances offer more potential, and as client's decision criteria change, so too must Ireland's value proposition.

The Sector in Ireland

Shared Services Centres - IDA supported companies

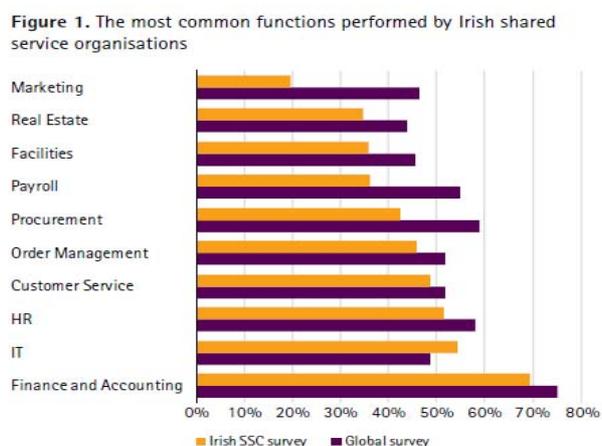
There are 140 shared services centres (SSCs) (including contact centres), employing approximately 35,000 people, within IDA's portfolio of companies operating within all sectors and providing a broad range of services (Figure 7).

With a small number of exceptions, stand-alone SSCs are primarily located in urban areas - Dublin and Cork and to a lesser extent, Galway. In general, foreign investment is attracted to the scale of the labour pool, and availability of multi-lingual skills in an urban area, and ease of access both in terms of international air connectivity and broadband. At the same time, the mobile and generally younger workforce employed in SSC/Contact Centres is attracted to the urban area that offers a range of potential employers as well as a dynamic and vibrant quality of life.

Ireland (through IDA) has been successful in attracting FDI over the years since shared services was first identified as a new business model for large corporations with a global footprint. Since the mid 90s the SSC functions undertaken in Ireland have been significantly enhanced, shifting from the high volume, low value-add transaction based services initially being undertaken to increasingly complex and higher value-added activities.

⁵⁴ The Contact Centre @Home Model - technology Partners International inc, 2011

Figure 7: The most common functions performed by Irish Shared Services Organisations



Source: Sustaining High Performance in Shared Services - An Irish Perspective, Accenture, 2010

In a report published by Accenture in 2010, *Sustaining High Performance in Shared Services - An Irish Perspective*, found that:

- Ireland has a far greater proportion of high-end SSCs, with 25 percent considered Master operators compared with a global average of just eight percent; *Masters view their shared services as high performance businesses in their own right, and they invest in the practices and technology that will sustain lower costs over time. They see a continuous improvement model as an opportunity to increase scope and add higher-value activities, thus giving the workforce a chance to increase their skills and capabilities*⁵⁵.
- Irish SSC management has reported satisfaction well above their global peers with fewer barriers to success;
- Nearly half of those surveyed said the numbers employed in shared services in Ireland will increase in the next year;
- 52 percent of Irish respondents indicated a desire to expand the scope of services offered; and
- Almost two-thirds plan to enhance automation tools and expand the use of technology which are seen as initiatives that can narrow the gap between Ireland and other low cost locations.

Nevertheless, the report identifies the need for companies in Ireland to continuously develop and to strengthen its capabilities in delivering integrated business services - functioning as a

⁵⁵ Key performance indicators, voice-of-the-customer surveys and external benchmarking were the three best practices shared by all of the masters. In contrast, less than 50 percent of the non-master shared service organisations used key performance indicators and less than 40 percent used voice-of-the-customer surveys and benchmarking practices

strategic business partner to their organisation and/or becoming recognised as a Centre of Excellence, particularly for knowledge intensive activities. IDA continues to support the existing client base through its transformational change initiatives.

Despite intensified global competition, the IDA has announced 13 new investments and/or expansions in SSCs over the past 9 months which are expected to generate over 1,200 new jobs⁵⁶. As an English speaking country, together with its geographic location (time zones), highly educated workforce, ease of access to multi-lingual skills and competitive international broadband connectivity Ireland is an attractive location for Shared Services/Contact Centre activities.

Table 6.1: Ireland's Strengths in Shared Services Centres

Strength in Ireland	Requirements from Companies
Expertise	Ability to secure functional expertise across a range of activities such as finance, IT, customer management, supply chain etc.
Operational Excellence	Ability to own and design processes, manage external relationships while ensuring continuous focus on excellence and innovation.
Business Partnership	Ability to see across business units and offer focused analytical insight. Undertake a high level of business analytics to ensure a deep understanding of the business
Scale	The capability to perform added value of high level transaction processing, ensuring that there is sufficient critical mass for long term sustainability.

Source: South East Region Action Plan - IDA Ireland Submission

Business Processing Outsourcing - EI supported companies

The indigenous BPO sector has seen significant growth in the last number of years. EI supports a cohort of 12 Irish BPO companies providing employment for over 4,000 people today. There are other companies within the EI IT portfolio that also provide outsourced services, employing circa 150 and this is likely to increase with the advent of Cloud, SaaS (software as a service) and IaaS (infrastructure as a service).

Although Cork features high as a location for many of these companies, interesting exceptions are Fexco employing approximately 870 people in Kerry, Rigney Dolphin in Waterford (c.900) Forward Emphasis in Donegal (85) and Kaptec in Mayo (20) demonstrating the potential for regional locations. As a sector, BPO/Contact Centres experience high employee churn - however, in more regional locations employee churn can be as low as 8 percent (compared with 20 - 25 percent in Dublin).

Services offered by these companies are delivered through the English language in the main, although there are some multi-lingual capabilities. The indigenous BPO companies face stiff competition from the larger global players based here - not only for new business opportunities within the domestic market, but also for skills and labour.

⁵⁶ <http://www.idaireland.com/news-media/announcements/>

Future growth opportunities exist particularly in the financial services sector and in the public sector - although developments in the public sector have not advanced as quickly as the BPO sector had initially anticipated. EI is also working with these firms to capture opportunities for internationalisation - particularly in the expanding market in the UK for outsourced services in the more immediate term.

Given that one of the key drivers for firms to outsource is cost reduction⁵⁷, Irish firms are challenged to compete effectively because of the relatively high labour cost base here. Initial savings can certainly be offered, particularly to larger scale operations based here that have embedded fixed costs, higher salary levels and less efficient processes. Nevertheless, this poses a potential barrier for indigenous firms that wish to expand overseas and/or to retain existing customers against intensified global competition. Innovative approaches *are* being adopted which involve offering a blended model, delivering services from Ireland as well as a lower cost location.

Companies need to keep abreast of the pace of change in IT platforms and technologies, to manage all business costs and cash flow in what is a tight margin business. EI continues to support these firms in providing introductions to potential contracts and in supporting enhancements in technology and operational efficiencies.

In-House Contact Centres

It is difficult to get an indication of the scale of in-house contact centre functions operated by firms which are not (in the main) supported by the development agencies⁵⁸. This includes firms such as VHI, Aviva, Quinn Insurance, Zurich, Aer Lingus, UPC and many others ranging from small scale to larger scale employing in the region of 1,700 to 2,000 people. They offer services direct to consumers ranging from reservations, to problem solution, cross selling and up-selling. Increasingly, contact centres are utilising a wider range of tools including self-service calls, emails, sms and social media.

The Contact Centre Management Association (CCMA) estimates employment of approximately 30,000 within contact centres in Ireland [from within its membership companies] which also includes a number that are supported by the development agencies. A recent survey undertaken by CCMA⁵⁹ indicated that 73 percent of the respondents (52 firms) expect to grow in terms of revenues over the next 2-3 years. There appears to be general satisfaction in term of availability of skills in general, although as language skills are becoming increasingly crucial for industry growth this is likely to become more of a challenge. These companies also see scope for increased innovation and sharing of best practice.

Opportunities for Ireland

The sector globally is growing and evolving. The activities encompassed within BPO/SSC now span a broad spectrum ranging from high transaction/low margin through to higher added value knowledge intensive services. Global competition is intense - and Ireland cannot afford

⁵⁷ Cost reduction remains a key driver, even in the context of an evolving sector and other considerations such as skills and expertise

⁵⁸ These activities are not captured under a specific NACE code - Some EI supported companies such as Diagio and Cuisine de France are categorised under Food, but operate call centres as part of their customer support activities

⁵⁹ Survey & analysis undertaken by Amarach Consulting

to be complacent. For example, India, as a leading BPO location can offer low cost services - yet is also pursuing its own strategy to move up the value chain.

Ireland has a strong track record, and a strong base from which to grow. Ireland needs to position itself at the added value end of the BPO/SSC spectrum for new target markets, so that job losses are minimised and are replaced by higher order, more sustainable employment opportunities, by:

- Embedding best practice, high quality standards, client-centric offerings and continuous improvements as the norm.
- Delivering Integrated Business Services - functioning as a strategic business partner to the organisation; Within Shared Services, Ireland has the potential to provide higher-order solutions to firms based on a strong competence in management and decision making capability, risk and regulatory management, business process engineering and languages - But needs to continue to enhance the skills base so that it meets these more complex requirements.
- Operating as a Centre of Excellence - specifically targeting key knowledge intensive services and building domain expertise (e.g. Community Management & Analytics (games), Document Management Services for regulated sectors, Contract Research Outsourcing, Legal Process Outsourcing).
- Expanding Ireland's ability to offer multi-lingual services - both through increased language capabilities within Ireland's indigenous population, as well as ensuring that Ireland remains an attractive location of choice for other Europeans⁶⁰, and open to non-EU nationals (as appropriate to address specific enterprise needs⁶¹).
- Vertical sectors that offer potential for growth include financial services, games, online consumer business, as well as the public sector.
- On the domestic market, an increased awareness by the Public Sector of the role that outsourcing could play in delivering cost reductions and increased efficiencies could provide considerable opportunity for the growth of the indigenous sector.
- Cloud Technologies may offer opportunities for innovative IT companies to deliver IT infrastructures, applications and services on an outsourced, managed basis - in effect, these companies would become part of the BPO sector.

Challenges

While there is potential for future growth there are also a number of challenges, some of which are well known in terms of enhancing Ireland's business environment.

- For the indigenous companies, access to finance (investment and working capital) is cited as a challenge.

⁶⁰ Many companies indicate a preference to source native speakers for contact centre activities - in jobs requiring Nordic languages, for example, these are most likely to be filled by native speakers

⁶¹ For example Forfás recent study indicates the need for a specific suite of skills to service customers in the non-EU markets, such as Turkey The Games Sector in Ireland, An Action Plan for Growth, Forfás 2011

- Ireland's overall costs of doing business have a direct impact on the pricing of services offered in a sector that is fundamentally about cost arbitrage.
- There are increasing pressures on firms to reduce costs and to increase value - their own management capabilities in terms of cash flow management, cost containment, productivity enhancements are crucial in this regard.
- For firms in general, the ability to retain talent, in what is a high employee churn sector is a real challenge. Often individuals see BPO/Contact Centre as offering limited career opportunities, as a stepping stone into an organisation that offers wider potential, as an interim phase offering a two year experience in another country. As companies transition into higher order activities, the ability to attract graduates and to offer career progression opportunities will become an even greater challenge⁶².
- Although not regarded as a barrier today, the availability of, and access to language capabilities is becoming increasingly crucial for the future growth of the sector in Ireland⁶³.
- Many of these activities can be delivered from anywhere in the world to anywhere in the world-enabled by telecoms and internet technologies - and presents opportunity for SMEs and regionally based firms However, despite significant improvements, issues remain in terms of access to competitively priced broadband infrastructures and services.

Actions

Business Environment:

- It is critical that the necessary actions are taken to ensure that Ireland realises structural changes in the costs of doing business, so that the current cyclical adjustments are sustained beyond the recessionary period.
- The ongoing study by EGFSN on *Key Skills for Enterprise to Trade Internationally* (scheduled for completion early 2012) should ensure that the needs of both BPO and Shared Services Centres⁶⁴ are taken into account, including language skills and cultural awareness.
- The SSC/BPO sector should be actively promoted nationally to highlight the range of career options and to address the negative perception of the sector.
- The *National Recovery Plan 2011-2014* identifies the potential for shared services to increase efficiencies and to reduce costs⁶⁵. Outsourcing options should also be considered as part of the overall solution - which could in turn offer opportunities for Irish based BPOs to develop scale.

⁶² *Sustaining High Performance in Shared Services - An Irish Perspective*, Accenture, 2010

⁶³ A detailed analysis of the broad range of skills sets required today and in the future, has not been undertaken as part of this review

⁶⁴ SSC may often involve inter-trade between affiliates - but skills issues and needs are likely to be similar in a number of instances in terms of language skills and understanding of different cultures for example

⁶⁵ A number of areas have been identified including HR management, payroll, pensions administration; and financial management

- The Forfás report *Ireland's Advanced Broadband Performance and Policy Priorities* sets out the suite of actions required to address barriers to investment, focused on areas of pro-investment regulation, infrastructure planning and investment and demand stimulation. There is a need to enhance backhaul capacity for the region which can be achieved efficiently through cooperation between the NRA and commercial service providers.

Note: The forthcoming report of the Cloud Implementation Group and proposed actions/considerations will have some relevance for BPO, particularly in relation to infrastructures and data protection.

Agencies/ firms

The BPO/SSC sector/activities are key areas of focus for the enterprise development agencies, and they aggressively seek new investments, both foreign (Greenfield and expansion) and indigenous, through new start-ups/entrepreneurship.

- The Enterprise development agencies also continue to work with existing firms through transformational change initiatives: innovation in business process, business models, technologies etc., productivity enhancements, re-skilling and up-skilling.
- EI is proactively working with firms to identify and target opportunities for internationalisation:
 - EI's Prospecting Unit will undertake a review of the BPO sector, in particular the changing business models of customers (driven by new technologies, the Cloud, data processing capacity, social media etc. and "mega-trends" such as ageing, globalisation of financial services, carbon reduction, debt de-leveraging etc.).
 - The Prospecting team's work will focus on emerging export opportunities which the companies could hope to start generating revenue from in the next 2-5 years. It will involve in-depth SWOT analysis and benchmarking of the sector.
- Companies themselves need to develop a talent management mindset and to recruit candidates not only for their technical competency, but also for their ability to work in a customer-oriented, continuously improving organisation.
- Ireland's strong cohort of SSC Masters should be leveraged, sharing best practice, standards and benchmarking to raise the capabilities and quality across the entire sector here (both foreign and indigenous). The relevant industry associations, Shared Services Forum and CCMA could play a role in this regard.

Agency Responses in Relation to Displaced Talk Talk Workers⁶⁶

IDA Ireland

IDA has been very active in its quest to win additional investment for Waterford utilising the skill sets of the Talk Talk employees, the ready to go facility and the Gateway location of Waterford.

- IDA's overseas offices have targeted and commenced engagement with relevant companies to highlight the attractiveness of this facility as a potential opportunity for a Greenfield investment or as an expansion opportunity.

⁶⁶ Extracted from their direct submissions to the Minister for Jobs, Enterprise and Innovation

- Operations Divisions in Ireland have targeted overseas companies based in Ireland and in the region to bring the facility and its skilled workforce to the attention of potential investors. Indeed, some employees have been offered employment to the existing employees in other regions within the country.
- IDA has been actively working to develop a prospectus on the Waterford facility particularly focusing on the workforce skills sets and the composition of the facility and its suitability as a modern call centre. This has been circulated to IDA's network of offices across the globe.
- IDA has met with some interested parties who are requesting further information on the facility. IDA's objective is to encourage companies to visit the facility ASAP.
- Currently IDA's focus is on a plug-and-play solution for call centre activities. Waterford and the office and industrial space and facilities in the region will have an additional focus in IDA's Operations Divisions Plans for 2012.
- IDA and the Department of Education and Skills are working to secure EGF (European Globalisation Fund) support for the Talk Talk employees.

Enterprise Ireland

Immediate Talk Talk Related Activities Undertaken

- Enterprise Ireland participated in the agency information day for employees held at end September 2011.
- Idea generation and start your own business workshops for employees of Talk Talk in co-operation with the Waterford City Enterprise Board took WIT.
- EI/CEB representatives were available to employees on site every Wednesday and CEBs are continuing discussions with a number of participants.
- EI actively liaised with the outplacement consultants that were working with employees on site from mid-September to identify potential start-up projects.
- A mentor was appointed to one group of employees exploring business opportunity in call centre related activities.

Enterprise Ireland is undertaking a broader range of initiatives within the South East region to intensify their efforts on start-ups. They are also deepening engagement with companies in the regions and in particular:

- Are engaged in on-going discussions with call centre clients regarding potential business expansions.

7. Higher Education and Research

Waterford Institute of Technology (WIT)

Waterford Institute of Technology is particularly strong among IoTs in terms of enterprise relevance and linkages. It delivers a range of industry relevant full and part time course and undergraduate and post graduate level, has direct links with a range of companies nationally and internationally, and is a strong participant in a range of EI and SFI research and innovation support programmes and initiatives. The research centres in Telecommunications Software Systems Group and Separation Science would be particularly well regarded. While much of WIT's enterprise interactions involve companies from outside the South East region, it does have a number of engagements with firms in the region, including Sun Life, GSK, Dawn Meats, and Glanbia. WIT is also, for example, the largest participant in the EI Innovation Voucher scheme and is a strong participant in European research collaborative projects.

WIT has a strong regional dimension to its strategic thrust and its mission statement is to *'...apply excellence in teaching, learning and research within an inclusive student-centred environment to foster graduates of distinction who are ready to take a leadership role in business, the professions, industry, public service and society. The Institute will manage its hinterland as a Learning Region and is committed to the educational development of the region in a way that is reflective of its national and international aspects. The Institute will contribute to the economic, social and cultural development of the South East region and beyond.'*

Table 7.1: WIT Student Numbers, 2007-2010

Summary Student Statistics	2007-08	2008-09	2009-10
Full time undergrad	5660	5758	5861
Full time PhD	37	47	49
Full Time Masters Taught	219	278	319
Full Time Masters Research	124	126	91
Certs and Dips Full Time	70	61	56
Occasionals			0
Sub total full time	6110	6270	6376
Part Time Undergrad	1006	1,173	1037
Part Time PhD	3	4	7
Part Time Masters Taught	244	290	253
Part Time Masters Research	11	11	12
Certs and Dips Part Time	89	124	58
Occasionals			0
Subtotal Part Time	1,353	1,602	1367
Grand Total	7,463	7,872	7743

The college provides a wide range of courses, with a particular focus in the areas of health and business, engineering and manufacturing. WIT had a total full and part-time enrolments of 7,743 in 2009-10, of which 91 percent were at undergraduate level and 9 percent at postgraduate level, which is a significant postgraduate programme. WIT is also active in providing part-time courses, which accounted for 18 percent of enrolments in 2009-2010, as set out in Table 1.

WIT accounted for 17 percent of total Masters/PhD enrolments in the IoT sector in 2010. However, the share of postgraduate enrolments in SET disciplines in WIT in 2010 was 15 percent, which is lower than the share of the IOT sector overall at 48 percent in 2010.

In terms of output by discipline, in 2010, there were 700 SET graduates with ordinary and honours degrees (levels 7&8), 120 SET Masters graduates and 5 SET PhD graduates from WIT. In HSS disciplines WIT, had 234 Masters graduates and 896 ordinary/honours degree graduates in 2010. Preliminary figures for the 2010/2011 academic year are of a total of 4,128 enrolments for honours degrees (Level 8), of which 40 percent were in Science, Engineering and Technology (SET) disciplines and 60 percent in Humanities and Social Sciences (HSS).

Full time enrolments have increased by almost 4 percent over 2007-9 and part time enrolments have remained steady. WIT has total staff of 906, with a core staff of 766, 60 Exchequer funded research staff and 80 other specialist staff.

Research Strengths

The Forfás Research Prioritisation Exercise completed a review of all research activity in the country and in relation to WIT identified three areas of particular strength in ICT, pharmaceutical and agricultural research. The Telecommunications Software Systems Group (TSSG) in WIT has been identified as a world class research facility, with the capability to significantly underpin the Priority Area of Future Networks and Communication. The Pharmaceutical and Molecular Biotechnology Research Centre has also been identified as a major RTD centre that will underpin the Priority Area of Therapeutics as part of the current Research Prioritisation Exercise.

Telecommunications Software Systems Group (TSSG)

Based at the WIT, the centre for Telecommunications Software and Systems Group (TSSG) is a major source of research strength for the region and nationally. Its research focus is on the dramatic changes occurring in the telecommunications software industry, and on the wider converged communications industry, particularly in managing networks and in developing innovative new services for those networks. Established in 1997 the centre has a long history of working with industry and the centre is nationally renowned for its phenomenal success in engaging in and winning European funding (by April 2011 the share of FP7 funding for WIT was greater than a number of Universities, with a significant share of this funding won by TSSG)⁶⁷. In addition, the centre has proactively developed a diverse set of funding (including from PRTL, SFI, and EI) which allows it to continue to operate in a more sustainable manner without the same dependency on single funding sources which some other research centres in Ireland have. SFI has invested €12m to date in the region, all of which was won by WIT.

State support through the PRTL programme has enabled TSSG to improve and develop its infrastructure, establish research training programmes, conduct longer-term underpinning

⁶⁷ In relation to European Seventh Research Framework Programme, the TSSG has secured 60 projects and €21.4 million in research funding over the period from 2006.

research and work with other leading research centres. The centre continues to work across the entire research cycle from basic research to collaborative applied research, and so offers multiple modes of interaction for indigenous and multinational companies to engage with.

TSSG leads the FAME (Federated Autonomic Management of End-to-end Communication Services) SFI Strategic Research Cluster (a €5.86m investment from SFI). A number of industry partners including Cisco Systems (Galway), LM Ericsson Ltd. (Dublin), IBM (Dublin), Telefonica I+D (Spain) and Hewlett Packard (US) are also involved. In a recent international peer review the TSSG FAME SRC was considered to be one of the largest and strongest groupings of academic researchers in network management in the world.

The TSSG is establishing a “Critical Infrastructures for Financial Services” research centre in Kilkenny City. This is a joint venture with Kilkenny County Council. The centre will be self-funded through monies generated through the framework program and partnerships with industries. It will also provide incubation space to house HPSUs in the financial services ICT area. The Target is to have 30 research staff at the end of year one. The target is house up to 8 start-ups alongside the research group.

Through its Masters in Communication Services the TSSG has delivered up-skilling and training for staff in local companies. Notable among these companies has been Sun Life where the program is currently upgrading the skills of around 30 Sun Life employees.

The TSSG has collaborated with 425 partners in 35 countries - industry and academic partners working on funded projects. In addition, TSSG are also actively engaged in steering the Future Internet agenda in Europe. With on-going investment by SFI and EI in the TSSG, its leadership role in European projects, its cluster of High Potential Start-up and its strategic partners with international leaders in the internet and model networks and services the TSSG is well positioned to support economic development in the South East.

Pharmaceutical and Molecular Biotechnology Research Centre

The Pharmaceutical and Molecular Biotechnology Research Centre has also been identified as a major RTD centre that will underpin the Priority Area of Therapeutics as part of the current Research Prioritisation Exercise. The centre was established in 2009 receiving €1.6 million in funding from EI. To date it has participated in 11 significant industrial collaborations worth €333,000, received €2 million under the HEA Research Facilities Enhancement Scheme and obtained over €2m in funding for a FP7 Marie Curie Industry-Academia Partnership & Pathways (this includes Waterford based Eirgen Pharmaceuticals and an Interreg IVA with an industry focus for the South East of Ireland and North Wales)

Eco-Innovation Research Centre

The Eco-Innovation Research Centre, which is one of WIT's Centres of Excellence for research, could contribute to the Food Production and Processing Priority Area. This Centre is focused on developing 'high value-added technologies/products/processes from natural resources' and 'low environmental impact processing/growth methods', and is particularly relevant for important sectors in the region including marine, agriculture and forestry sectors, and 'green' chemistry for pharmaceutical synthesis.

South Eastern Applied Materials (SEAM)

The SEAM Centre was established in 2008 with €1.1 million in seed funding assistance from the EI Applied Research Enhancement programme. Researchers at SEAM work with a diverse range of companies in the pharmaceutical, biomedical and medical devices, electronics, aerospace, food, wood composites, consumer products and precision engineering sectors. The

Centre accommodates activities including x-ray microtomography; microwave processing and magnetically-targeted nano-particles in biomedicine. SEAM has engaged in 42 industrial collaboration projects valued at over €400,000 and has engaged in a number of Innovation Partnerships including with Mincon in Shannon.

European Research Collaboration

WIT is the single most successful Institute of Technology in terms of Framework Programme 7 funding with €9.4 million awarded in collaborative R&D projects since launch in 2007. WIT has already won double the amount of this non-exchequer source of funding compared to the earlier FP6 programme.

Commercialisation and Technology Transfer

WIT is very focused on enhancing industry liaison and commercialisation activity, and has received support from EI on an ongoing basis for such outreach. Since 2008 WIT has received over €5.6m in commercialisation funding from EI to commercialise research into marketable products, processes or solutions.

In addition, WIT has received over €1.5m from 2008 under EI's Innovation Partnerships to collaborate with companies throughout the country. EI have also funded three Applied Research Enhancement Centres in WIT.

The TSSG Innovation and Commercial Centre was established in 2006 with seed funding from EI of €1.25 million. The centre now has 120 researchers, has undertaken 59 enterprise collaborations (total value €4 million), secured €14.7 million in applied research funding from EI and generated 5 campus spin outs, 2 start ups and 2 campus spin-ins.

The TSSG estimate they have been responsible for the creation of 18 companies in the region, employing 114 people. Researchers at the TSSG have published approximately 50 peer-reviewed academic publications per year, delivered innovation projects to over 90 Irish companies, and also provided an important resource base for foreign industry through its research and consultancy activities. It now houses over 100 researchers and is one of the largest ICT employers in the local region.

The TSSG and WIT established ArcLabs in response to the lack of a critical mass of ICT companies in the South East. The objective of ArcLabs is to provide a one stop shop for entrepreneurs and software HPSUs who wish to locate in the South East. Today there are over 18 companies employing 114 people.

The TSSG has conducted technology transfer projects with 90+ companies between 2006 and 2010. Because the ICT industry in the South East is mainly micro industries or HPSUs the majority of this work has been funded through EI's Innovation Voucher Scheme. The TSSG has created 11 spinouts in the mobile services/internet application space. FeedHenry now employs over 30 people, ZolkC over 10 and the group previously started Catch (Hash6 Ltd) which evolved into BetaPond employing over 15 people and Headway, Waterford and GoMo are also TSSG spin-outs.

Since 2008, companies based in the region have been approved 433 Vouchers. Research Institutes nationwide have completed 2,195 Innovation voucher projects since the initiative's inception. WIT has completed 209 "Voucher projects" with companies (locally and nationally) and ranks first amongst all Knowledge Providers in terms of completed projects. Carlow IT is also a strong participant in the Innovation Voucher scheme and is ranked 4th nationally in terms of projects completed with enterprises (101 from 2008 to 2011).

Table 7.2: Number of EI Innovation vouchers approved by county and year

	2008	2009	2010	2011	Total
Carlow	31	19	19	4	73
Kilkenny	16	19	16	14	65
South Tipperary	8	19	13	4	44
Waterford	28	58	75	15	176
Wexford	21	16	24	14	75
South East	104	131	147	51	433

Source: Enterprise Ireland

Incubation and Enterprise Platform Programme (EPP)

EI have provided over €4m for the establishment and management costs of two campus Incubation Centres in Carlow IT and Waterford IT. Between them, they house 30 companies employing over 100 people. Carlow IT also has an EPP as a hub for entrepreneurship and training activities in the region.

The Enterprise Platform Program which is part of ArcLabs in WIT has supported the creation of 200 companies employing 350 people. In the last 6 years these companies have generated a turnover of €29m with €8.5m in exports. The TSSG has supported the technology oriented start-ups through access to the TSSG technical know-how, technology roadmaps and service design.

Enterprise Collaboration

The Industry Services Office within the School of Research at WIT promotes and facilitates interaction between the Institute and external organisations. As noted above WIT collaborates with a wide range of companies on Enterprise Ireland-supported Innovation Partnership projects and the Innovation Vouchers scheme.

The Separation Science research group has research collaborations with Merck Sharpe Dohme Ireland and Glaxo SmithKline.

In addition to collaborative research, the Institute engages with firms on training needs. It is estimated 65 percent of all WIT part-time students are company funded. For example, the Department of Chemical and LifeSciences delivers a Higher Certificate and a Bachelor of Science Degree in Good Manufacturing Practice and Technology on a part-time basis for employees from companies including Dawn Meats Group, Glanbia plc, Bausch & Lomb, Inc., Genzyme Corp., IVAX Corp., GlaxoSmithKline plc, Guidant Corp. and Merck Sharpe & Dohme Ireland. In a similar manner, the Department of Computing Maths and Physics has put together a Level 8 course in Business Systems Analysis specifically for SunLife.

WIT has multidisciplinary links with the Health Services Executive (HSE), e.g. its research training programme to healthcare workers and its co-ordination of a series of master classes for HSE hospital managers on healthcare management. Researchers at WIT are working with Waterford Regional Hospital (WRH), e.g. The Macular Pigment Research Group collaborates with researchers from WRH and researchers in the School of Engineering have links with WRH orthopaedic consultants examining materials for biomedical applications.

In collaboration with Teagasc, WIT has developed a Postgraduate Diploma in Farm Financial Management that is delivered over 2 years in block sessions, both on campus and in a number of locations throughout the country.

The School of Education and Professional Development collaborates with Enniscorthy Enterprise Support Unit to deliver a range of further and higher education programmes in Wexford. The Centre Manager, a WIT employee, co-operates with Wexford County Enterprise Board and County Wexford Partnership to deliver education and training programmes for SME owners and industry in the Wexford area.

WIT also collaborates at regional level with the South East Regional Authority, SEBIC, IBEC, the County Development Boards, Chambers of Commerce and the CEBs.

Carlow Institute of Technology (IT Carlow)

IT Carlow has a student body of almost 4,700 (comprising 3,100 full-time and c.1,600 part-time students). It offers a broad range of courses in the areas of:

- Business & Humanities (Business Communications, Management, Humanities, Sport, Media & Marketing)
- Science & Computing (Computing, Networking, Science & Health)
- Engineering (Built Environment, Electronic, Mechanical and Aerospace Engineering)

As well as the main campus in Carlow town, the IT provides courses in Business, Humanities, Architectural Technology, and Office Management at a second campus in Wexford (St. Peter's College), with a full-time and part-time enrolment of approximately 900 students. The Wexford Campus offers courses to degree level in Business, Humanities, Art and Architecture and has forged strong links with local business - for example the development of fund accounting modules in the Bachelor of Business Studies in conjunction with PNC Global Investment Servicing in Wexford.

Research areas include: Industrial design and product innovation (DesignCORE), interactive applications software and networks (GameCORE), geo-environmental technologies (GeoCORE) and software development (the IT has collaborated with Unum in relation to the development of a software development centre at the institute and Unum will offer internships in Ireland and the US for students pursuing the four year BSc (Hons) in Software Development at IT Carlow.

EI has provided €1.42 million for the establishment of a campus incubation centre in Carlow and €157,000 towards the initial management costs. The centre is now up and running and is currently home to 10 companies employing 30 people. Carlow is also a hub for entrepreneurship training activities such as the Enterprise Platform Programme that operate out of the hot-desk space at the incubation centre. Despite its relatively small size Carlow IoT ranks 4th in terms of Innovation Voucher projects completed (101 between 2008 and 2011).

LIT Tipperary

LIT Tipperary is a dual campus Institute, with a northern campus in Thurles and a southern campus in Clonmel. The Institute has about 710 students between the two locations. It offers a broad range of full and part-time courses in the areas of Business, Education, Computing & Creative Multimedia, Environmental & Natural Resource Management.

Carlow College (St. Patrick's College)

Carlow College currently has a student population of about 700 (full and part-time). The college offers courses to Degree level in Social Studies and Humanities. It also offers a Masters in Therapeutic Child Care.

NUI Maynooth Kilkenny Campus

The Kilkenny Campus was set up in St. Kieran's College under NUI Maynooth's outreach programme. The Campus provides a range of part-time courses at undergraduate and postgraduate level.

Overall, there is a need for continued engagement with the development agencies EI, IDA and SFI and the CEBs in seeking to further develop the linkages and impact of WIT with enterprises in the South East region. SFI will continue to work with IDA and EI to provide the people and ideas to underpin enterprise development in the region, as it is essential that the core research strengths built up to date through the PRTL, by SFI and EI in WIT are nurtured and oriented around national priorities and the specific development opportunities of the region.

Conclusion

The higher education sector in the region can play an increasing role in meeting the growing educational needs of the employed while continuing to address the needs of the more traditional student base and the HEA will continue to work with the relevant institutions on appropriate actions. The Minister for Education and Skills is currently engaged in establishing criteria for a Technological University Designation Process. Once agreed, it will be for the higher education institutions in the region to work collaboratively towards the achievement of this status.

8. Local Governance

The ability of a region to realise its economic potential hinges very much on the ability of key regional stakeholders to act cohesively - in support of key enterprise sectors/activities with potential for growth, and in the co-ordinated delivery of essential infrastructures where appropriate.

The South East region as an administrative entity in itself immediately presents a challenge, with six local authority structures across five counties. Added to this, there are five relatively large centres of population, with the designated regional Gateway having a limited physical presence in terms of scale and population size, and in terms of its location at the southern end of the expansive region. The city also extends across the local authority boundary with Co. Kilkenny, a factor which has, over the years, hampered its northward development.

The region has also been characterised by different population change dynamics; in the north of the region, due to proximity to Dublin, parts of counties Carlow and Wexford have become part of the Dublin commuter belt and have experienced rapid population growth, while more modest growth has been experienced elsewhere. The region is fortunate in possessing two Institutes of Technology, as well as other significant third level providers (including Tipperary Institute and Carlow College); however, competitive pressures have seen a less than cohesive approach to third level provision and research endeavour within the region.

Despite the challenges of regional cohesion, there are good examples of where the regional stakeholders have acted collaboratively to achieve certain regional goals - for instance, the co-ordination and roll-out of the MANs project, or the organisation of 'Enterprise Week' which is co-ordinated through the Spirit of Enterprise Forum.

There is an opportunity through the existing regional authority and/or Spirit of Enterprise Forum to provide strong leadership and a space for constructive debate on overarching strategic issues, not least the accelerated development of Waterford City as the regional Gateway.

RPGs - implementation

The Regional Planning Guidelines (RPGs) for the South East (all of the regions are statutorily required to develop RPGs) have been finalised and the process of implementation, in terms of aligning County level development plans to the RPGs is underway. The objective of the RPGs is to provide a long-term strategic planning framework for the development of the South East region for this period and to guide and inform the Development Plans and Local Area Plans of the local authorities in the region.

The Guidelines, which will guide the future development of the region for the next 20 years, address the following:

- Employment and Economic Development;
- Population Growth and Settlement Strategy;
- Transportation;
- Environmental Issues, Water Services and Waste Management;
- Energy and Telecommunications;
- Education and Health Care;

- Agriculture, Marine and Rural Development;
- Community Development;
- Recreation, Amenity and Culture;
- Heritage and Conservation;
- Inter-Regional Issues; and
- Strategic Flood Risk Assessment.

The enterprise agencies, IDA and EI are part of the Steering/Implementation Committee for the RPGs in the South East. Forfás provided inputs (Regional Competitiveness Agendas project) to the economic development section of the RPGs.

The RPGs represent some progress in taking a more strategic (as opposed to local/county insular) approach to the development of the region. There remain challenges in terms of implementation but the principle of the RPGs is accepted and there is much stronger appreciation of the enterprise development agenda in the process compared to the first set of RPGs prepared in 2004.

Spirit of Enterprise Forum

The Spirit of Enterprise Forum is an integrated, interactive group of agencies and bodies involved in the promotion and encouragement of enterprise and entrepreneurship in the South East region: including the South East Regional Authority, Enterprise Support Agencies, Higher Education Institutions, Primary and Post-Primary Teaching, Research Organisations, Entrepreneurs, Industry Representatives (indigenous and multi-national), Local Government, Research Centres and the WIT Centre for Entrepreneurship.

The Forum meets every quarter and one of its key achievements has been the establishment of a Spirit of Enterprise Week: a week of intensive advice, inspiration and training to stimulate entrepreneurship and business growth, that includes a variety of events that are coordinated throughout the South East region.

<http://www.spiritofenterprise.ie/>

Waterford Gateway - Historical Quarter

The City Council have been progressing the development of a 'new' historical quarter in Waterford City. An element of this was facilitating the relocation of the Waterford Crystal Showroom and Visitor Centre to The Mall and the other elements are coming on stream below. This is a significant development from a tourism promotion point of view and enhancing the quality of life within the City.

Reginald's Tower: new Viking Exhibition (opened 2011)

Bishop's Palace: new 18th century museum housed in the newly restored 18th Century Bishop's Palace on The Mall (opened to public June 2011)

Medieval Museum: new Medieval museum featuring 13th and 15th Century Undercrofts in a newly built located adjacent to the Bishop's Palace (opens June 2012)

waterfordbusinessinfo.ie

This is a joint initiative led by the Waterford City Development Board involving the main enterprise development agencies in Waterford City (CEB, IDA, EI, SEBIC, WIT) - with the objective to provide a virtual (web based) 'one-stop-shop' to provide information and

facilitate access to the services of the enterprise agencies and to generally promote Waterford City as a location to invest or start a new business.

9. Actions to Maximise Employment Creation

The South East region had made much progress over the last decade in restructuring its industrial base from a reliance on agriculture and traditional manufacturing, improving education participation and attainment and a strengthening higher education research base. Much progress was also made in addressing a number of key infrastructure gaps in terms of road access, energy, broadband and availability of serviced industrial land. Both EI and IDA had recorded employment and export gains over the period 2000-2007, in particular in new sectors for the region such as LifeSciences and international services.

The global recession and the collapse in the construction sector nationally has impacted the South East region particularly hard, through both direct employment losses in building projects and in sub-supply. Unemployment currently stands at 18.2 percent, compared with the national average of 14.3 percent. The closure of Talk Talk is a further set back to the South East region.

The policy focus needs to remain over the next three to five year period on the continued upgrading of the existing base of enterprise. There is a need to increase the share of exporting manufacturing and internationally trading services, to develop 'new' sectors in the region and to upgrade of the skills base in general.

A continued shorter term focus on attracting a replacement activity to Waterford is essential (including a focus on BPO/international services activities), which IDA and EI are committed to doing. Aligned with this, targeted career, upskilling and education supports to improve the employability of those unemployed will be important.

The key actions that require to be progressed are set out below.

A. Development of the Regional Gateway and Effective Promotion of the Region

Waterford and the South East region have undergone a period of catch-up in terms of infrastructure investment and are better positioned than at any time in the past, including improved road connectivity, energy and infrastructure stock. Waterford City has a number of strengths including improved education participation, graduate output and recognised research strengths and a growing enterprise base in modern sectors. Specifically the development of the Belview Strategic Site is a particular advantage for manufacturing and services businesses.

The restructuring of the local authorities in Waterford, combining the City and County Councils is welcome and the integration needs to be accelerated, together with more cohesive planning and development between the relevant local authorities in the region.

Actions required:

A1. Regional Value Proposition

- *A strong regional value proposition and marketing strategy built around key regional strengths and areas of opportunity should be developed by means of a coordinated approach, involving the enterprise agencies, local authorities and other regional stakeholders.*

A2. Accelerated Development of the Waterford Gateway

- *A review of the Planning and Land Use and Transport Strategy (PLUTS) and the Strategy for Economic, Social and Cultural Development of Waterford City 2002-2012 should be undertaken under the auspices of the Regional Planning Guidelines Implementation Group in order to elevate the key developmental priorities for Waterford City.*

Particular attention should be brought to bear on barriers to enterprise development including:

- *the extension of the Waterford City MAN to service the Belview Strategic Site and Port area, including leveraging existing NRA duct infrastructure to maximise cost effectiveness;*
- *private sector provision of attractive and flexible office developments within the city centre; and*
- *completion of the Viking Quarter and an integrated regional tourism marketing strategy that incorporates multiple locations and attractions within the region.*

B. Upgrading the Regional Enterprise Mix

The enterprise development agencies will adopt a 'spotlight on Waterford and the South East region' to the end of 2012 (and review thereafter), implementing the range of actions as outlined below.

B1. Stimulating Entrepreneurship and new business start-ups

The analysis demonstrates that the South East has the potential to increase the level of entrepreneurship and sustainable new business start-ups. EI will intensify its focus and undertake the following actions:

- *A competitive call for feasibility funding for new start-ups in the South East region will be launched in Q4 2011. Funding of up to €20,000 per project will be made available for 10 proposals by EI.*
- *EI will continue to work in collaboration with the CEBs and intensify promotion activities in the region.*
- *In co-operation with the CEBs more Ideagen and Enterprise Start events will be held in the region in Q4 2011.*
- *The Enterprise Platform Programme to incubate early stage businesses will recommence in a new format in Q1 2012.*

The CCU within EI will work with the CEBs to ensure that resources are best deployed to support employment creation and maintenance. Initiatives will focus on entrepreneurship and management training, one stop shop/online knowledge base, awareness raising and micro-finance⁶⁸.

⁶⁸ See individual submissions to DJEI from CEBs, Kilkenny, Waterford, and Wexford

B2. Continued focus on sustainability and upgrading of existing enterprise base

The analysis highlights a clear need for continued focus on securing the sustainability and upgrading of the existing enterprise base and identifying new business opportunities.

- *IDA Ireland will continue to focus on sustainability and growth opportunities in its intense engagements with client companies in the South East Region*
- *EI will continue engagement with established clients in the region to discuss potential opportunities. A very close relationship is maintained with these clients by the Development Advisers and an intensive round of new meetings started week commencing 19th September. In addition, EI will;*
 - *systematically reach out to companies on a one to one basis that would have less active interaction with EI, to assess potential for exports and employment.*
 - *continue to engage with call centre clients regarding potential business expansions.*
 - *convene additional First Flight workshops in Waterford further to the workshops convened with enterprises and Mentors in October/November 2011 which focussed on the UK, North America and Asia.*
 - *initiate a marketing campaign for Innovation Vouchers in the South East building on the success of WIT in completing voucher projects, commencing in Q4 2011.*
 - *at a national level, launch a new Innovation Graduate Placement Programme to ramp up the number of innovation projects within companies. The initial pilot programme will be undertaken with South East companies. This will be launched in Q1 2012.*

B3. Sectoral Development

The review of sectors within the region has identified growth potential in certain areas. A concerted regional approach focused on building a supportive business environment within the region informed by the needs of the sectors highlighted below should be advanced. The region has progressed certain initiatives on a collaborative basis, for example the Bioenergy plan.

Actions required:

- *A focused and regionally coordinated approach needs to be taken to define opportunities specific to the region within the national context, and to drive actions to mobilise the regional ecosystem to improve its attractiveness for enterprise investment⁶⁹. Existing structures (such as the RPG Implementation group), could be adapted to bring together sectoral expertise within the enterprise agencies and other relevant bodies (e.g. Bord Bia, Teagasc, Fáilte Ireland) the planning and development expertise within the local authorities, the HEIs, and other relevant stakeholders as and when appropriate.*
- **Tourism:** build on the progress achieved to date under the Fáilte Ireland operational plan for the region.

⁶⁹ Including entrepreneurship, indigenous investment and foreign direct investment

- *A particular focus is required in relation to regional product and brand development for the South East region and Waterford City in particular.*
- **Agri-food:** There are significant opportunities to increase national primary production in the dairy and beef sectors, by up to 50 percent, as set out in Harvest 2020, and the South East has considerable potential in this regard. Value adding can be increased, with for example the development of consumer food industry, animal husbandry and nutrition and further processing such as in food ingredients.
 - *There is a need for a region specific action plan in relation to the expansion of agricultural production for the South East in the context of the ambitious targets in Harvest 2020 building on the initiatives at local level already underway.*
 - *EI held a Lean Workshop for the Food, Engineering and Services Sectors in WIT in mid October 2011 and further workshops are planned for 2012.*
- **Cleantech:** There is potential to build on regional strengths in construction and engineering, and leverage regional assets such as Waterford Port, to exploit opportunities in renewable energy supply chains. The region has already attracted interest from wind energy manufacturing companies based on available port facilities and landbanks in the Waterford Belview, and IDA and EI will continue to engage in discussions.
 - *A clear value proposition and coordinated marketing is required to realise opportunities in the cleantech sector for the region.*
- **LifeSciences:** Existing strengths in the region include GSK in Dungarvan, Merck in Carlow, Waters Technologies in Wexford and Genzyme's biopharma facility in Waterford and the Pharmachem research centre in WIT. There is potential to exploit new areas, such as Silver-technologies, building on the existing strengths in ICT and pharma/bio research in WIT and Carlow IT and community based care initiatives already underway such as the Ageing Well Network in Kilkenny, age related research cluster in Waterford Hospital through the Macular Pigment Research Centre and Waterford City's membership of the WHO Healthy Cities programme.
 - *Given its strengths as a potential location for LifeSciences, with an attractive property solution and reference LifeSciences businesses, there is a need for a spotlight on Waterford for LifeSciences investment and to seek to develop collaborative initiatives in connected health and Silver-technologies.*
- **Internationally trading services.** With improved access, broadband and the research and graduate output in the region, Waterford has the potential to develop activities in areas such as Cloud computing, egames, financial services, ecommerce and other content businesses.

B4. Management Development

A key part of developing the enterprise base in the South East region is to ensure that the management has the capability and capacity to grow firms' productivity and competitiveness and to grow exports and jobs. The report of the Management Development Council recommended an approach to forming networks and such a pilot should be initiated in the South East region.

The Advisory Group on Small Business has highlighted the importance of management development for sustainability and development of the small business cohort in their deliberations and are keen to see tangible action in this area

- *A pilot Management Development Network for small business, similar to what was recommended in the Management Development Council report 2010 to assist SMEs capabilities to expand and grow should be progressed, with funding allocated from the National Training Fund to Skillsnet or EI to implement.*

B5. Leveraging regional HEI strengths

- *A programme of structured engagement between the key research groups among the IoTs within the region and the enterprise agencies sector teams and SFI should be developed and implemented over the coming 12 months to:*
 - *identify potential collaboration opportunities with existing enterprises in the region;*
 - *identify research partnerships with other HEIs nationally in order to develop critical mass; and*
 - *explore how regional HEIs can individually and collectively support early stage start-ups and the marketing of the region for mobile investment particularly in emerging sectors (including cleantech, biotechnology, digital media (& games) and advanced manufacturing.*

C. Specific Measures relating to developing Contact Centre Management and BPO related activity in the South East

The enterprise development agencies are taking steps to assist secure additional investment in contact management and BPO activities in the South East region and to support the displaced Talk Talk workers. The specific actions to be progressed are set out below.

C1. IDA actions underway

IDA has been very active in seeking to win additional investment for Waterford utilising the skill sets of the Talk Talk employees, the ready-to-go facility and the Gateway location of Waterford:

- *IDA's overseas offices have targeted and commenced engagement with relevant companies to highlight the attractiveness of this facility as a potential opportunity for a Greenfield investment or as an expansion opportunity.*
- *IDA is targeting overseas companies based in Ireland to bring the facility and its skilled workforce to their attention. Indeed, some employers have offered employment to the existing employees in other regions within the country.*
- *IDA has developed a prospectus on the Waterford facility particularly focusing on the workforce skills sets and the composition of the facility and its suitability as a modern call centre. This has been circulated to IDA's network of offices across the globe.*
- *Waterford and the available office and industrial facilities will have an additional focus in IDA's Operations Divisions Plans for 2012.*

C2. Enterprise Ireland actions underway

EI is progressing a number of actions to support the Talk Talk workers impacted. Initiatives to date included EI/CEB representatives were available to employees on site every Wednesday during September/October since the announcement of closure. EI participated in an agency information day for employees which was held on Friday 30 September. Further initiatives planned include:

- *Idea generation and start your own business workshops for employees of Talk Talk in co-operation with the Waterford City Enterprise Board took place in WIT and further workshops will be held in 2012.*
- *Active liaison with outplacement consultants (working with employees on site) commenced on 15 September to identify potential start-up projects and discussions are continuing.*
- *Mentor appointed to one group of employees exploring a specific business opportunity related to the call centre sector.*
- *EI is undertaking a broader range of initiatives within the South East region to intensify their efforts on start-ups. They area also deepening engagement with companies in the regions and in particular EI is engaged in on-going discussions with call centre clients regarding potential business expansions.*

D. Measures to Support the Recently Unemployed

In the South East region there is a higher concentration of those with low levels of educational attainment within both the labour force and the unemployed compared to the national average. The fall-off in opportunities in construction and traditional manufacturing has a particularly hard impact on certain occupational groups, in crafts and production operatives. There is a need for a strong focus in activation measures on providing career advice and 'progression pathways' for the unemployed and on upskilling with accredited qualifications. The following labour market actions are proposed to assist in supporting those impacted by high rates of unemployment in the region:

D1. Upskilling Coordination

- *The Up-skilling Coordination Group, which comprises Department of Education and Skills, FAS, CEBs, relevant IoTs, EI etc, should consider a co-ordinated response for the region, to ensure the appropriateness and relevance of education and training responses to future enterprise needs and to identify any gaps in provision.*

D2. Labour Market Activation

- *The merits of a further Labour Market Activation fund should be considered given the unemployment rate in the region⁷⁰. In relation to future Springboard calls for proposals, consideration should be given to increasing the weighting in assessments to the linkages between proposals and the current and future needs of employers within the region.*

⁷⁰ The South East received funding in the 2010 competitive call - WIT, Tipperary Institute, Waterford City VEC, Waterford Area Partnership and again in the Springboard 2011 LM activation call

D3. Skills upgrading for contact centre employees

- *Skills upgrading initiatives for contact centre employees to be progressed, in particular for multilingual skills through Skillsnet. The Skillsnet investment of €250,000 in Q4 2011 is welcome in this regard.*

D4. European Globalisation Fund

- *Continue to progress the application for workers who have lost employment to benefit for training and other support under the European Globalisation Fund.*

D5. Construction Projects

- *Accelerate planning for infrastructure projects in the region already prioritised by Government to ensure they can commence construction early in 2012.*

D6. Job Opportunities in personal services

- *Review the potential for further employment in the personal services areas and any barriers to jobseekers taking up opportunities available in the region. (Almost a third of the new work permits issued in the region in 2010 were for personal service staff (domestic staff, caring, health and childcare) and further scrutiny may be required of new applications for work permits for such personal service vacancies.*

E. Progressing Regional Infrastructure Priorities

Forfás has undertaken a review of infrastructures nationally in the context of enterprise development objectives of the agencies, and prioritise the following:

E1. Broadband

There are some initiatives in relation to next generation access, with 100Mbit/s available in Dungarvan and an eircom of next generation access (NGA) fibre optic trial underway in Wexford. However the widespread availability of NGA lags that of other regions in Europe.

The key priority is the extension of Waterford MAN to the Belview industrial park (as outlined above). Which can be efficiently facilitated by using NRA access ducts in the region. There is need to ensure all eleven MANs in the South East are operational and that broadband is provided to the key centres, including to non-MAN towns of Enniscorthy, Gorey and New Ross in time.

Action:

- *The resilience of the backbone network in the South East in general needs to be strengthened. This is a willingness of the commercial sector to progress this initiative, provided the NRA provides access to its duct network.*

E2. Road Infrastructure

Road infrastructure has improved markedly to the region with the completion of the M9 to motorway standard. A number of road infrastructure projects have been prioritised by the enterprise agencies. These are important to improve the functioning of the region itself and its connectivity with other regions and the access to essential service. This is particularly the case in relation to air connectivity, where improved road infrastructure would improve access to Cork and Shannon for air services. The Government has committed to providing capital and operational funding to Waterford Airport post 2012 and this commitment is welcome.

Action:

- *Completion of the N11/M11 upgrade, specifically Gorey to Enniscorthy and New Ross by-pass. The Government has committed to this project as part of the Infrastructure and Capital Investment Programme 2012-16.*

Appendix 1

Regional Population Statistics

Table A1: Population change and density by region in Ireland 2002, 2006, 2011

	2002 ('000)	2006 ('000)	2011 ('000)	% Change 2002-2006	% Change 2006-2011	Population Density 2011
Border	432.5	468.4	514.1	8.3	9.8	42
Midland	225.4	251.7	282.2	11.7	12.1	43
West	380.3	414.3	445.0	8.9	7.4	32
Dublin	1,122.8	1,187.2	1,270.6	5.7	7.0	1,380
Mid-East	412.6	475.4	530.4	15.2	11.6	87
Mid-West	339.6	361.0	378.4	6.3	4.8	46
South-East	423.6	460.8	497.3	8.8	7.9	53
South-West	580.4	621.1	663.2	7.0	6.8	55
State	3,917.2	4,239.8	4,581.3	8.2	8.1	66

Source: CSO, Census of Population 2002, 2006, 2011 (Preliminary Results)

Table A2: Principal urban centres in the South East region, 2002-2006

	2002	2006	2011	% Change (2006-2011)
Waterford City	46,736	49,213	51,203	4.0
<i>of which City</i>	<i>44,594</i>	<i>45,748</i>	<i>46,747</i>	<i>2.2</i>
<i>of which suburbs</i>	<i>2,142</i>	<i>3,465</i>	<i>4,456</i>	<i>28.6</i>
Kilkenny & Environs	20,735	22,179	23,561	6.2
Carlow & Environs	18,487	20,724	22,328	7.7
Wexford & Environs	17,235	18,163	19,918	9.7
Clonmel & Environs	16,910	17,008	17,564	3.3

Source: CSO, Census of Population 2002 & 2006

Table A3: Age (as a percentage of total population) and dependency ratios (as a percentage of 15-64 age group) by region, 2006

	0-14	15-24	25-44	45-64	65 & over	Youth Dependency (0-14)	Elderly Dependency (65 & over)
Border	21.8	14.2	29.3	22.6	12.2	33	18.5
Midland	22.3	14.3	30.6	21.8	11.0	33.5	16.5
West	20.1	14.9	29.5	22.8	12.6	29.9	18.7
Dublin	18.3	16.2	34.5	20.6	10.3	25.7	14.5
Mid-East	22.8	14.2	33.9	21.0	8.1	32.9	11.7
Mid-West	20.5	15.1	30.1	22.8	11.5	30.2	17.0
South-East	21.4	14.0	30.0	22.8	11.8	32	17.7
South-West	20.0	14.5	30.8	22.8	11.9	29.4	17.5
State	20.4	14.9	31.7	21.9	11.0	29.7	16.1

Source: CSO, Census of Population, 2006

Appendix 2

Economic/employment Statistics

Table A4: Employment and Unemployment in the South East & the State 2007-2011

State	2007Q2	2008Q2	2009Q2	2010Q2	2011Q2
Persons aged 15 years and over in Employment (Thousand)	2113.9	2112.8	1938.5	1859.1	1821.3
Unemployed Persons aged 15 years and over (Thousand)	103.1	126.7	264.6	293.6	304.5
Persons aged 15 years and over in Labour Force (Thousand)	2217	2239.6	2203.1	2152.7	2125.9
ILO Unemployment Rate (percent)	4.6	5.7	12	13.6	14.3
ILO Participation Rate (percent)	64	63.7	62.5	61.3	60.7
South East	2007Q2	2008Q2	2009Q2	2010Q2	2011Q2
Persons aged 15 years and over in Employment (Thousand)	223.4	225.4	203.5	192.2	187.4
Unemployed Persons aged 15 years and over (Thousand)	11.6	14.6	35.1	42.6	41.6
Persons aged 15 years and over in Labour Force (Thousand)	235	240.1	238.6	234.9	229.1
ILO Unemployment Rate (percent)	4.9	6.1	14.7	18.1	18.2
ILO Participation Rate (percent)	62.7	62.5	61.3	59.9	58.1

Table A5: Employment by Sector in the South East and State, Q1 2011

	South East 2011 Q1	State 2011 Q1	South East percent	State percent	South East percent Change 2010- 2011	State percent Change 2010- 2011
Agriculture, forestry and fishing	18.1	83.3	9.6	4.6	22.3	3.3
Industry	27.2	230.8	14.5	12.8	-5.2	-4.8
Construction	13.4	107.3	7.1	5.9	-17.3	-16.9
Wholesale and retail trade; repair of motor vehicles and motorcycles	28.5	261.7	15.2	14.5	6.7	-1.9
Transportation and storage	6.7	93.8	3.6	5.2	0.0	1.1
Accommodation and food service	11.3	102.9	6.0	5.7	-26.1	-16.8
Information and communication	4.4	70.5	2.3	3.9	25.7	-4.9
Professional, scientific and technical	7.5	102.9	4.0	5.7	-9.6	1.0
Administrative and support services	6.2	61.9	3.3	3.4	1.6	4.7
Public administration	9.5	106.6	5.1	5.9	-5.0	0.6
Education	16.6	148.8	8.8	8.2	16.9	0.9
Human health and social work	23.2	230.3	12.3	12.8	3.6	-0.7
Financial, insurance and real estate	5.9	99.8	3.1	5.5	-19.2	-3.6
Other NACE activities	9.6	103.5	5.1	5.7	0.0	5.4
Total	188.1	1804.1	100.0	100.0	-0.9	-2.9

Source: CSO QNHS 2011 (Q1)

Table A6 Employment in Agriculture, Industry and Construction sectors, and all regions 2011

	Agriculture	Industry	Construction	Agriculture	Industry	Construction
	Number ('000)			%		
Border	13.9	27.9	11.8	7.6	15.2	6.4
Midland	6.6	15	8	6.5	14.8	7.9
West	11.1	26.2	11.1	6.3	14.9	6.3
Dublin	1.2	42.7	22	0.2	8.3	4.3
Mid-East	6.9	28.5	14	3.0	12.4	6.1
Mid-West	9.3	23.6	8.7	6.1	15.5	5.7
South-East	18.1	27.2	13.4	9.6	14.5	7.1
South-West	16.3	39.5	18.4	6.3	15.3	7.1
State	83.3	230.8	107.3	4.6	12.8	5.9

Source: CSO QNHS Q1 2011

Table A7: GVA statistics by region, 2008

	Distribution of GVA across Regions (percent)	GVA per Person at Basic Prices (Euro) 2000	GVA per Person at Basic Prices (Euro) 2008	Region as a % of State GVA per Person (State=100) 2008	% Change in GVA per Person 2000-2008
Border	7.8	16,441	25,492	70.4	55.1
Midland	4.0	15,575	23,881	65.9	53.3
West	6.9	19,416	26,070	72.0	34.3
Dublin	40.0	32,791	52,649	145.3	60.6
Mid-East	8.9	20,614	27,814	76.8	34.9
Mid-West	7.0	22,806	30,367	83.8	33.2
South-East	8.2	20,502	27,023	74.6	31.8
South-West	17.0	28,545	42,300	116.8	48.2
State	100.0	24,545	36,228	100.0	47.6

Source: CSO, County Incomes and Regional GDP, 2009

An examination of Gross Value Added (GVA)⁷¹ can increase understanding of the output, or value-creating performance, of an economy. However, GVA is an imperfect value creation

⁷¹ The value of the region's output less intermediate materials and services used in its production. Latest available regional data is for 2006

metric for a number of reasons, particularly because ‘transfer pricing’ by multi-national corporations can exaggerate the value of activity taking place at a given location⁷².

Table A8: Number of active enterprises by size and region, 2006 and 2009

		2006	2009	CAGR 06-09	% of national 06	percent national 09
All persons engaged size classes	All Ireland	201,461	199,241	-0.37 %		
	South East	24,377	23,074	-1.81 %	12.10 %	11.58 %
	Waterford	4,553	4,328	-1.68 %	2.26 %	2.17 %
Under 10	All Ireland	179,074	180,199	0.21 %		
	South East	21,816	20,947	-1.35 %	12.18 %	11.62 %
	Waterford	4,011	3,876	-1.13 %	2.24 %	2.15 %
Small 10-49	All Ireland	18,898	15,990	-5.42 %		
	South East	2,079	1,556	-9.21 %	11.00 %	9.73 %
	Waterford	463	393	-5.32 %	2.45 %	2.46 %

Source: Forfás analysis of CSO Business Demography. Note: The South East region includes Carlow, Kilkenny, Waterford, Wexford. and Tipperary County - there is no breakdown of North/South Tipperary.

⁷² Other reasons include the fact that increasing GVA does not necessarily indicate an increase in output; wage increases count towards a higher GVA, but may not always reflect increased work or output levels. Also, not all GVA growth can be considered positive. Some increases in GVA can be caused by activities which can have a negative impact on the economic structure in the longer run (credit/building boom, expansion of public sector), or from activities which society may consider unethical or undesirable (arms trade etc.)

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Table A9: Number of persons engaged in active enterprises by size and region, 2006 & 2009

		2006	2009	CAGR 06-09	% of national 06	% national 09
All persons engaged size classes	All Ireland	1,428,510	1,302,082	-3.04 %		
	South East	140,528	118,026	-5.65 %	9.84 %	9.06 %
	Waterford	33,493	27,666	-6.17 %	2.34 %	2.12 %
Under 10	All Ireland	383,076	350,533	-2.92 %		
	South East	49,559	44,247	-3.71 %	12.94 %	12.62 %
	Waterford	9,167	8,232	-3.52 %	2.39 %	2.35 %
Small 10-49	All Ireland	361,988	305,296	-5.52 %		
	South East	40,081	30,227	-8.98 %	11.07 %	9.90 %
	Waterford	8,862	7,182	-6.77 %	2.45 %	2.35 %

Table A10: Number of employees in active enterprises by size and region, 2006 and 2009

		2006	2009	CAGR 06-09	% of national 06	% national 09
All persons engaged size classes	All Ireland	1,301,887	1,189,163	-2.97 %		
	South East	122,995	102,784	-5.81 %	9.45 %	8.64 %
	Waterford	30,342	24,888	-6.39 %	2.33 %	2.09 %
Under 10	All Ireland	263,124	242,561	-2.68 %		
	South East	32,859	29,567	-3.46 %	12.49 %	12.19 %
	Waterford	6,194	5,571	-3.47 %	2.35 %	2.30 %
Small 10-49	All Ireland	356,033	301,080	-5.43 %		
	South East	39,347	29,780	-8.87 %	11.05 %	9.89 %
	Waterford	8,694	7,066	-6.68 %	2.44 %	2.35 %

Source: Forfás analysis of CSO Business Demography. Note: The south east region includes Carlow, Kilkenny, Waterford, Wexford. and Tipperary County - there is no breakdown of North/South Tipperary.

Appendix 3

Education, Skills & Occupation Statistics

Table A11 Retention rates at Secondary Level, 2004 cohort (2010)

	Junior Certificate Retention 2004 cohort	Leaving Certificate Retention 2004 cohort
State	95.1	84.5
South East	95.3	85.0
Carlow	97.1	85.7
Kilkenny	96.5	84.6
South Tipperary	95.0	84.7
Waterford City	92.4	82.2
Waterford County	95.9	87.2
Wexford	94.8	85.5

Source: Department of Education

The unadjusted Leaving Certificate retention rate nationally for the 2004 cohort was 84.5 percent, i.e. out of the 57,000 pupils that enrolled in 2004, 48,100 sat the leaving certificate by 2010.⁷³ The table below shows the available data on the South East counties compared to the national average.

⁷³ The Department of Education produce a final adjusted rate of 87.7percent to take account of students that emigrated or left the State-aided system for non-aided education. Due to adjusted rates not available at regional/county level, the unadjusted national rate is used as the benchmark.

Table A12 Retention of graduates within the region, class of 2008 (county of origin and percent retained in the same county)

County of Origin	Retention Rate percent	County of Origin	Retention Rate %
Dublin	94	Cavan	32
Cork	67	Tipperary	28
Galway	57	Kildare	27
Limerick	53	Kilkenny	27
Donegal	41	Laois	26
Waterford	39	Leitrim	24
Westmeath	38	Offaly	24
Wexford	38	Monaghan	24
Kerry	37	Carlow	23
Louth	36	Wicklow	19
Longford	35	Roscommon	16
Clare	35	Meath	15
Sligo	35	Mayo	2

Source: HEA (2010) What do graduates do? Class of 2008

Table A13 Distribution of Employment in the South East Region and State by Occupational Group, Q2 2010 (Number, percent)

Occupational Group	South-East	State	South-East	State
	Number		%	
Managers And Administrators	34,100	313,400	17.7	16.9
Professional	22,400	257,000	11.7	13.8
Associate Professional And Technical	17,900	194,000	9.3	10.4
Clerical And Secretarial	24,000	241,700	12.5	13.0
Craft And Related	18,700	183,300	9.7	9.9
Personal And Protective Service	23,000	231,100	12.0	12.4
Sales	16,100	161,300	8.4	8.7
Plant And Machine Operatives	15,500	134,300	8.1	7.2
Other Occupations (Labourers)	20,300	138,300	10.6	7.4
Other not stated	-	4,600	-	0.2
Grand Total	192,200	1,859,100	100.0	100.0

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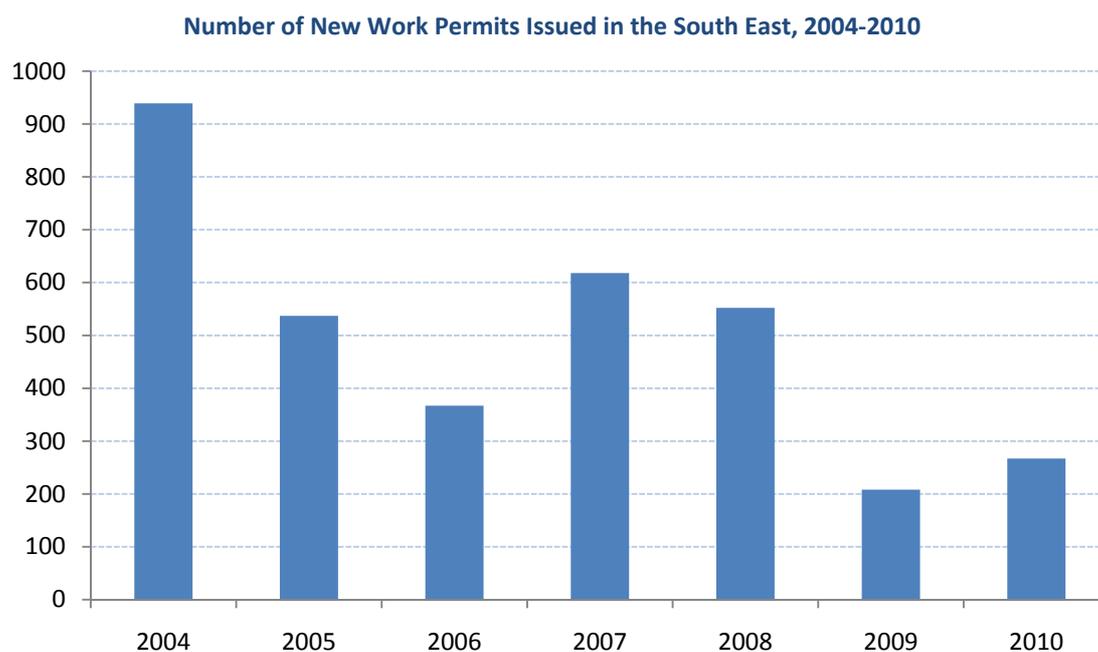
Table A 14 Employment by Occupation - South East and State Q2 2004 - Q2 2010

South East							
	q2 2004	q2 2005	q2 2006	q2 2007	q2 2008	q2 2009	q2 2010
Managers And Administrators	35,800	34,300	33,600	37,500	37,700	35,000	34,100
Professional	17,100	16,700	19,800	18,300	21,200	22,500	22,400
Associate Professional And Technical	13,600	14,400	14,600	17,000	16,600	17,200	17,900
Clerical And Secretarial	21,600	19,300	19,800	23,200	21,300	22,200	24,000
Craft And Related	28,900	33,700	33,500	36,900	33,200	25,000	18,700
Personal And Protective Service	18,500	20,900	26,200	24,100	27,200	23,400	23,000
Sales	16,000	16,500	18,100	19,700	20,800	17,600	16,100
Plant And Machine Operatives	19,200	18,500	22,100	21,600	22,300	17,600	15,500
Other Occupations (Labourers)	20,700	23,400	25,500	24,900	24,600	21,200	20,300
Grand Total	192,200	198,400	213,900	223,400	225,400	203,500	192,200
State							
Occupation	q2 2004	q2 2005	q2 2006	q2 2007	q2 2008	q2 2009	q2 2010
Managers And Administrators	321,900	316,800	310,100	321,900	332,200	323,200	313,400
Professional	209,300	218,900	233,000	239,400	250,200	246,000	257,000
Associate Professional And Technical	167,400	170,700	174,000	183,500	193,800	192,300	194,000
Clerical And Secretarial	219,400	235,100	249,400	256,400	257,600	246,800	241,700
Craft And Related	245,200	273,300	287,000	301,300	282,100	210,600	183,300
Personal And Protective Service	190,500	208,000	225,300	240,100	246,100	242,000	231,100
Sales Occupations	152,700	167,200	176,600	183,600	184,800	171,100	161,300
Plant And Machine Operatives	162,100	162,400	171,000	179,200	173,100	140,200	134,300
Other Occupations (Labourers)	175,300	186,200	201,700	203,800	187,300	144,100	138,300
Other NEC	8,400	6,100	6,800	4,600	5,800	22,200	4,600
Grand Total	1,852,200	1,944,600	2,034,900	2,113,900	2,112,800	1,938,500	1,859,100

Source: FAS SLMRU/CSO QNHS Data

Figure A 15 Employment Permits issued in the South East 2004-2010

The number of new employment permits issued in recent times is another indicator of the demand for labour that could not be met from domestic or EEA sources. There was a significant contraction in the number of *new* employment permits issued to workers in the South East region between 2004 and 2010 – the number declined from approximately 940 to 270 –reflecting the national trend.



Source: Department of Enterprise, Jobs and Innovation.

According to table A16 overleaf, there were just under 300 new work permits issued in the South East region in 2010. Most of the permits were issued to workers in the personal services occupations, agriculture related occupation, sales and healthcare.

SOUTH EAST EMPLOYMENT ACTION PLAN - FORFÁS

Table A16 Number of New Work Permits Issued by Occupation and County in the South East, 2010

Occupational Category	Carlow	Kilkenny	Tipperary	Waterford	Wexford	Total
Managers & Administrators	1	1	0	1	3	6
Other managers & administrators	1	1	0	1	3	6
Professionals	2	0	4	6	1	13
Medical practitioners	1	0	1	2	0	4
Other health professionals	0	0	0	1	0	1
Business & financial professionals	1	0	0	1	0	2
Teaching professionals	0	0	0	0	0	0
Professional occupations, n.e.c.	0	0	3	2	1	6
Associate Professionals	2	3	23	2	1	31
Staff nurses & midwives	1	2	16	0	0	19
Other health associate professionals	1	0	1	0	0	2
Computer analyst/programmers (I.T.)	0	0	0	0	0	0
Software engineers (I.T.)	0	0	1	0	0	1
Other engineers & technologists	0	1	4	0	1	6
Scientific technicians	0	0	0	1	0	1
Other associate professional & technical	0	0	1	1	0	2
Clerical & Secretarial	1	0	1	0	0	2
Clerical & secretarial occupations	1	0	1	0	0	2
Sales	1	6	6	4	6	23
Sales assistants & check-out operators	0	2	2	2	3	9
Other sales occupations	0	1	0	0	1	2
Other occupations in sales & services	1	3	4	2	2	12

Craft	2	0	0	1	0	3
Construction trades	0	0	0	1	0	1
Other occupations in construction	1	0	0	0	0	1
Other craft and related occupations	1	0	0	0	0	1
Personal services	11	18	38	15	15	97
Catering occupations	6	7	11	10	12	46
Domestic staff & related occupations	1	4	18	1	1	25
Health & childcare workers & related	4	7	9	4	2	26
Skilled Trades	5	5	4	7	0	21
Butchers, meat cutters, boners	2	2	1	6	0	11
Other food preparation trades	2	1	2	1	0	6
Other trades	1	2	1	0	0	4
Operatives	3	7	3	1	11	25
Process operatives in mining/manufacturing	3	6	2	0	1	12
Transport & machinery operatives	0	1	1	1	10	13
Other	9	9	37	9	8	72
Security & protective service	0	1	0	0	0	1
Other personal & protective service	1	0	0	0	1	2
Other occupations in agri., forestry & fishing	3	3	32	4	0	42
All other occupations	5	5	5	5	7	27
Total	37	49	116	46	45	293

Appendix 4

List of Major Infrastructure Projects completed 2004-2010

Extract from Regional Planning Guidelines for the South East Region 2012-2020

Carlow

- Opening of 'Visual' in Carlow Town
- Broadband MAN in Carlow Town
- M9 Motorway - Carlow Bypass
- Carlow Town Centre Relief Road
- Carlow Eastern Relief Road
- Completion of up to 500 housing units by the local authority
- Restoration of Duckettsgrove
- New Forest Park at Oak Park
- Facilitating works at St. Mullins
- New recreation hall in Bagenalstown
- New Town Parks in Carlow and Tullow
- New Civic Offices in Tullow
- Restoration of civic offices in Bagenalstown
- Provision of new library and civic centre in Borris
- Provision of new fire stations in Carlow Town and Hacketstown
- New civil defence headquarters in Bagenalstown
- Facilitation of wireless broadband in Bagenalstown, Tullow and rural Carlow
- Provision of care centres at Tullow, Bagenalstown and Carlow

Kilkenny

- M8 Cullahill to Cashel
- Kilkenny City Ring Road Extension
- Gaignamanagh Relief Road
- Public realm improvements to The Parade at Kilkenny Castle
- Completion of "The Watershed", a multi-purpose sports and leisure facility in Kilkenny City
- Expansion of Maynooth University Outreach, Kilkenny City
- Improvements to waste water and water supply to Kilkenny City
- Works have commenced on the water supply to Belview Port (completion 2010)
- Contract signed for Thomastown Waste Water Treatment Plant

- Broadband MANs in Kilkenny City and Thomastown.

South Tipperary

- M8 from Cashel south to Cork County Boundary
- M8 from Cashel north to North Tipperary County Boundary and then on to Kilkenny County Boundary
- Broadband MANs in Clonmel, Carrick-on-Suir, Cashel, Cahir and Tipperary Town
- A portal website www.southtipperary.ie promoting industry and living in South Tipperary
- Postgraduate Research Centre established in TI Clonmel campus
- Ballingarrane Science and Technology Park development progressing with the provision of infrastructure (including broadband, access roads, footpaths and public lighting), the purchase of 50 acres by the IDA and the agreement to relocate TI Clonmel campus to the Park
- Significant building programme completed in South Tipperary General Hospital in Clonmel
- Establishment of Cahir by Fáilte Ireland as a Centre of Excellence for Brown Trout Fishing in the South East and the relevant infrastructure in place to meet this standard
- Department of Justice decentralisation to Tipperary Town progressing
- Over €8 million invested in community and recreational facilities throughout the rural community
- Provision of 1,052 childcare places
- Civic amenity site established in Cashel
- Marina developed in Carrick-on-Suir
- Opening of two additional hotels in South Tipperary (Limerick Junction and Clonmel)
- Phase 1 of Flood Alleviation Scheme in Clonmel
- Bord Gáis network extended to Cashel
- Waste Water Treatment Plants completed in Emly and Cappawhite and 12 Design/Build/Operate Agreements in place for other locations.

County Waterford

- Dungarvan & Environs Sewerage Scheme (including Dungarvan WWTP)
- Tramore Waste Water Treatment Plant
- Increased treatment capacity at East Waterford Water Supply Scheme
- WWTPs at Aglish, Clashmore, Villierstown, Pilltown, Kill and Croke
- Kinsalebeg Road Realignment Scheme
- R708 Waterford Airport Road Realignment
- Clonea Strand Access Road Realignment

- Tallow Link Road - Phase 1
- Broadband MAN in Dungarvan
- Sludge Hub Centre at Dungarvan
- Sewerage collection systems at Tallow, Kilmacthomas and Cappoquin.

Waterford City

- The M9 motorway, the N25 Waterford City By-Pass and the Outer Ring Road
- The East Waterford Water Supply Scheme which increased the capacity by 65percent and secures the city's water supply into the future
- The completion of the Waste Water Treatment Plant providing significant capacity for future industrial development
- The provision of a broadband infrastructure MAN
- The delivery of major building programmes at WIT and Waterford Regional Hospital
- The carrying out of significant urban renewal and conservation projects in the city centre
- The provision of significant recreational, cultural and community facilities, including new parks, the redevelopment of the Regional Sports Centre, refurbishment of the Theatre Royal and Garter Lane Arts Centre and the provision of neighbourhood based childcare facilities
- House of Waterford Crystal Visitor Centre
- Provision of pumping and transfer wastewater networks between city and new WWTP and sewerage collection system for City and environs (Co. Kilkenny), Kilbarry and Killure at Belview
- New water supply system for south city and north-west city area
- Water conservation rehabilitation works.

Wexford

- Wexford Opera House
- Broadband MAN in Wexford Town
- M11 Gorey Bypass
- N30 Enniscorthy - Clonroche
- Holmestown Landfill & Civic Amenity Site
- New Ross Civic Amenity Site
- Enniscorthy Civic Amenity Site
- New Ross Sewerage Scheme
- Rosslare Harbour Sewerage Scheme
- Gorey Regional Water Supply Pipeline Scheme

- Enniscorthy (Clonhaston) Sewerage Scheme
- Taghmon Water Supply Scheme
- Coolgreaney Sewerage Scheme
- Wexford WWTP extension 30k pe - 45k pe
- Bunclody Sewerage Scheme
- Carraig-on-Bannow Sewerage Scheme
- County Wexford Water Conservation Project.

Appendix 5

Contact Centre - Recent Jobs Advertised

jobs.ie web search 5th October 2011

The following provides insights into which companies are currently recruiting and in what locations. Accepting that they are individual posts - with less than 10 being advertised by any one company - it does indicate activity in the sector. A high proportion of contact centre jobs advertised across a broad range of companies are based in Dublin, followed by Cork (which although more accessible by those based in Waterford, would involve a car journey of 1.5 to 2 hours each way)

PGi	Cork
VMware	Cork
La Crème	Cork
Marriott Hotels	Cork
Apple	Cork
Adecco	Cork
RCI	Cork
ICE Travel Ltd	Cork
CPL	Cork/Galway
Quest	Cork
Concern	Cork
ALos	Cork
Zurich (internships)	Wexford
Flawless	Sligo
Adecco	Galway
Digital River	Shannon
Customer Perceptions	Clifden
Cook Medical	Limerick
Paypal	Dublin
ABC Global Networks	Dublin

Hertz	Dublin
Call-text solutions	Dublin
Sky Livewire	Dublin
Manpower	Dublin
Conduit	Dublin
Sportingbet.com	Dublin
CPL Managed Services	Dublin
Reed Recruitment	Dublin
Meridian Global Services	Dublin
Roar Promotions	Dublin
Poggap Games	Dublin
Lex Consultancy	Dublin
Zynga	Dublin
SAGE	Dublin
UPS	Dublin
Uniphar Group	Dublin
HP	Dublin
Three Ireland	Dublin
Gala Networks	Dublin
Accenture	Dublin
Eircom	Dublin
SAP	Dublin

Appendix 6

Business Process Outsourcing – A Broad Range of Services and Activities

Customer Contact Centres	
Customer Supports	Dealing with In-bound calls to manage customer queries - multiple channels including voice, eMail and chat on a 24/7/365 basis (e.g. making or verifying reservations)
Technical Support Services	Round the clock technical support and problem resolution. Installation and product support, up and running support, trouble shooting etc. Usually a 3 Tier system based on complexity.
Telemarketing / Telesales Services	Outbound - involving lead generation, prospecting, cross selling and up-selling
Community Management	Consumer behaviour analysis, game strategies etc.
Business Processes	
Transaction processing	Data entry/conversion or indexing services to various verticals including e.g. FMCG businesses, Medical sector, publishing industry
Insurance Processing	Specialised solutions offered to the insurance sector, through from new business acquisition to policy maintenance to claims processing
Finance/Accounting	Specialised solutions to manage the complete finance and accounting function (or elements of it) ranging from transaction processing including invoicing, accounts payable, to higher order functions such as treasury, risk and tax management, statutory reporting and compliance management
Legal Process Outsourcing	Litigation support, risk assessment, patent writing, IP services, legal research services etc.
Contract Research Outsourcing	Managing clinical trial processes, often across multi-sites and multi-jurisdictions. Clinical data management
Supply Chain/Procurement services	Managing supply chain activities including Order to Cash, Procure to Pay, inventory management, logistics, forecasting and planning services, vendor management, etc
Document Management Services	Compliance with records management - filing, retrieval, destruction etc.
IT services	Including fully managed services, or elements of IT services including e.g. data hosting, Software as a Service, Infrastructure as a Service, Platform as a Service etc.

Appendix 7

Business Process Outsourcing An Evolving Sector

From Business Process Outsourcing  to Knowledge Process Outsourcing

Characteristics	BPO	Professional Services / KPO
Business Process	Standard	Non-standard, knowledge-intensive
Drivers	Costs, Labour	Value, time to market, scale flexibility
Stage of Industry development	Mature	Relatively young, evolving
Risks	Leveraged by infrastructure and processes	Data security, IP leakage
Target	Economies of scale	Domain expertise Depth not size
Challenges	Attrition, wage inflation	Skills availability, regulatory limitations

- Because of the nature and range of activities, the range of skills sets requires is also broad - through from the basic call centre operator through to the subject matter expert.
- Even at the basic level, however, the softer skills and capabilities are considerably important as the contact centre is often the first introduction that someone has to a company. As customer retention becomes increasingly important, so too does the manner in which calls are dealt with.
- A call centre operative requires strong communication skills - involving active listening and an ability to empathise - as well as basic telephone etiquette. Computer literacy, language skills, ability to work in a team and leadership skills are all relevant.
- In activities that involve HR services or Finance/Accounting - an understanding of country specific policies, rules and regulations is a requirement.
- Domain expertise (specific to a vertical sector), risk management, global partnership management, advanced technology and computing skills, analytics etc are increasingly relevant as the sector evolves toward knowledge intensive services.

Business Process Outsourcing and Services Centres - based in South East, October 2011

Company Name	Location	Activity Detail	Ownership
Technology Sales Leads Ireland	Carlow	Sales development for business-to-business technology companies	Irish
Glanbia	Kilkenny	Head office	Irish
Rigney Dolphin	Waterford	BPO customer service; Inbound and outbound sales; Document management; Customer marketing programmes (e.g. lead management, market research); HR and recruitment services	Irish
UNUM	Carlow	Services centre	Foreign
State Street	Kilkenny	Fund administration and services centre	Foreign
Mycroft	Waterford	Financial Services/Software. Newly established Irish base	Foreign
Citi Hedge Fund Services	Waterford	Hedge fund administration services	Foreign
Sunlife Information Services	Waterford	Software development, business administration and technical helpdesk services for Sun Life's North American divisions	Foreign
Ubiquis	Waterford	Translation Services	Foreign
SRAM	Waterford	Back office shared services	Foreign
Equifax	Wexford	Credit assessment bureau - business services centre	Foreign
PNC Financial	Wexford	Fund administration and services centre	Foreign
Ridge Telemarketing	Carlow	Outbound telemarketing, telesales and sales lead generation	Foreign
VHI Healthcare	Kilkenny	Contact and customer services centre for VHI clients	Irish
Eishtec	Waterford	Provides customer contact solutions for clients	Irish

