

# network enterprise europe

## Information, Communication and Technology Sector in Ireland



*Business Support on Your Doorstep*

### Country Facts:

#### Basic Information

Official Name: Republic of Ireland  
Date of Establishment: 29 December 1937

EU Accession: 1 January 1973

Time Zone: GMT

Capital City: Dublin (1.084 m 2009)

Neighbouring Countries: Northern Ireland

Area: 68,890 km<sup>2</sup>

Population: 4,670,976 (July 2011)

Territorial Division (26 regions):  
Carlow, Cavan, Clare, Cork, Donegal,  
Dublin, Galway, Kerry, Kildare,  
Kilkenny, Laois, Leitrim, Limerick,  
Longford, Louth, Mayo, Meath,  
Monaghan, Offaly, Roscommon, Sligo,  
Tipperary, Waterford, Westmeath,  
Wexford, Wicklow

Ethnic Groups: Irish: 87.4%, Other White: 7.5%, Asian: 1.3%, Black: 1.1%, Mixed: 1.1%, Unspecified: 1.6%

#### Economic Data

Currency: Euro since 1 January 2002

Inflation: -1.6% (2010)

GDP (\$bn): 204.144 (2010)

GDP (Purchasing Power Parity):  
173.614 (2010)

Real GDP Growth 2011: 2.3%

Real GDP Growth 2010: -0.3%

Structure of GDP: Agriculture 2%,  
Industry 29%, Services 70%

Key Industries: Pharmaceuticals,  
Chemicals, Computer Hardware and  
Software, Food products, Beverages  
and Brewing, and Medical Devices



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## Political Data

State Organisation: Republic

Political System:

Parliamentary Democracy

President: Mary McAleese

Prime Minister: Enda Kenny

Membership of International Organisations: EU, UN, UNESCO, OECD, IMF, UNIDO, WHO, WTO, INTERPOL, EMU, CE, IAEA, ICC

## Definition for ICT:

The Information, Communications and Technology (ICT) Sector encompasses many different activities and companies. The agreed definition of the ICT sector is based on the following principles:

- For **manufacturing industries**, for inclusion in the ICT sector, the products of the industry must be intended to fulfil the function of information processing and communication, including transmission and display, and they must use electronic processing to detect, measure and/or record physical phenomena or to control a physical process; and
- For **service industries**, the products of an industry must be intended to enable the function of information processing and communication by electronic means.

## Key Activities in Ireland:

The ICT Sector includes an enormous range of technology and activities. Within Ireland, the ICT sector includes:

- Developing hardware and devices
- Operating systems and software
- Digital Content
- Providing consultancy and services
- Systems Integration
- Outsourcing
- Data Supply
- Storage

## Industry Statistics

- 9/10 global ICT companies maintain a presence in Ireland.
- The top 5 software companies

have a significant presence in Ireland.

- The total number of ICT enterprises in Ireland is approximately 5,400; 233 of which are foreign owned.

## Contribution to the Irish Economy

- The ICT sector is among the top three Irish growth industries.
- The ICT industry is responsible for approximately 25% of Ireland's total turnover and 1/3 of Ireland's exports by value.

## Employment in the ICT Sector

- According to CSO's 2010 employment figures, over 74,000 people are employed by ICT companies in Ireland.

- One of the most pressing issues affecting the ICT is the provision of an appropriately educated workforce:

Within the ICT Sector, the high-tech manufacturing side is currently experiencing a 49% gap in technical skills and a 47% gap in "other engineering" skills. The sector is also experiencing significant shortages in the area of IT project management as well as ICT professionals with business management skills. There is also an ongoing requirement for ICT professionals with foreign language skills.

- Main occupations include: electronics engineer, software engineer, computer/IT consultant, computer analyst/programmer, application developer, database administrator, information systems manager, IT Trainer, multi-media programmer, systems/business analyst, technical support office (IT), information scientist, IT sales professional, multi-media specialist, network engineer, technical author.

## Trends in the ICT Sector

- In recent years, Ireland's ICT sector has transformed dramatically. Traditionally, the sector was defined along clear lines: Multinational firms in Ireland were largely concentrated in

the area of hardware manufacturing and associated support services. Irish owned firms were concentrated in the software sub-sector. However, in recent years there has been a fundamental shift in the way items are produced, distributed and consumed leading to considerable blurring of these lines.

- With the onset of the global economic crisis, a number of multinational ICT firms located in Ireland have announced job losses; the most notable of which was the relocation of Dell's manufacturing activity from Limerick to Poland and the resulting 1,900 direct job losses. It is clear that some Irish plants are finding it increasingly difficult to compete with sister sites in other lower cost countries.

## Key Subsectors

### Computer Software

Software applications have developed as a mature and significant sub-sector. A large proportion of software companies in Ireland are Irish owned. Their activities are based on strong software engineering skills and well developed processes for the identification, development and implementation of solutions.

### Hardware and Systems

This sub-sector, which is dominated by foreign owned companies, traditionally imported mature, proven technologies and replicated them. However, in line with global trends, the sub-sector is changing to produce more advanced emerging technologies. In recent years a trend has emerged for low value added activities (both Irish owned and foreign owned) to be transferred out of Ireland to lower cost locations.

### Support Services

In the past, Ireland was often regarded as having created a niche in the area of support services. This was based on cost competitiveness, skills availability, a suitable time zone, and the ability to efficiently support the Europe, Middle East, and Africa (EMEA) region. However the criteria

have shifted with cost considerations replacing the emphasis on language, time zones, and regional support, resulting in strong competition from India and other locations.

### Digital Content

Despite the downturn in the digital content sub-sector, Ireland has performed relatively well and has recorded sustained growth. There are a large number of small Irish companies in this sub-sector, but foreign owned companies account for the majority of employment. The biggest opportunities within the sector are in games, non-media applications and eLearning.

### Microelectronics Design

The microelectronics design sub-sector is relatively new in Ireland and demonstrates a developing competence and an ability to move up to higher value activity. Strong linkages also exist between the sub-sector and the research centres in higher education institutions. The critical issue for this sub-sector is the availability of skills.

### Cloud Computing

Cloud computing is a major evolving industry. Analysts estimate that Cloud Computing sales by Irish firms could reach €9.5bn per annum by 2014 and provide jobs for approximately 8,600 people.

Cloud Computing transforms information technology into a low operating cost rather than an expensive capital investment. This has significant implications for small enterprises across the economy in terms of positive growth.

According to IDA, Ireland is well placed to become a world centre of this important new industry.

## Incentives to Invest in ICT in Ireland

- Low corporate tax
- RD&I support for the development of ICT
- High productivity and falling labour costs
- Proven business environment
- ICT policies fostering economic recovery
- A young skilled workforce and a well educated population

## Challenges for Growth

- Slow advancement of broadband services in key regional centres has slowed potential growth.
- The cost base in Ireland remains high. Many inputs are necessary, the cost of labour is relatively high compared to emerging economies, and Irish exporters are adversely affected by the cost of the Euro.
- The financial condition of the country has resulted in difficulties accessing finance and venture capital.

## Useful Links:

- **ICT Ireland** (<http://www.ictireland.ie>)

ICT Ireland is the leading representative body for the technology sector in Ireland and is affiliated to the Irish Business Employment Confederation (IBEC). Its membership is made up of the leading players in the Irish technology sector, as well as many early stage hi-tech companies and telecommunications companies.

- **Software Skillnet** (<http://www.isa-skillnet.com/>)

The Software Skillnet is a network of companies within the Software and IT services industry in Ireland who engage in the development and delivery of sector specific customised training. It provides opportunities

for your company to come together with others in the software sector to address your shared training needs. Software Skillnet is the premier source of cost-effective collaborative training for the Irish Software sector.

- **Forfás** (<http://www.forfas.ie/>)

Forfás is Ireland's policy advisory board for enterprise, trade, science, technology and innovation.

- **Industrial Development Agency Ireland** (<http://www.idaireland.com>)

Ireland's inward investment promotion agency, IDA Ireland (Industrial Development Agency) is responsible for the attraction and development of foreign investment in Ireland. A range of services and incentives, including funding and grants, are available to those considering foreign direct investment in Ireland.

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