

hello

InterTradeIreland Briefing for
The Northern Ireland Assembly & Business Trust

11th March, 2014

Who we are & what we do.

We are the only organisation which has been tasked by both Governments to boost North/South economic co-operation for the mutual benefit of Northern Ireland and Ireland.

We support SMEs across the island to identify and develop North/South trade and innovation opportunities. We do this through:

Business programmes

Research & statistics

Networks and partnerships

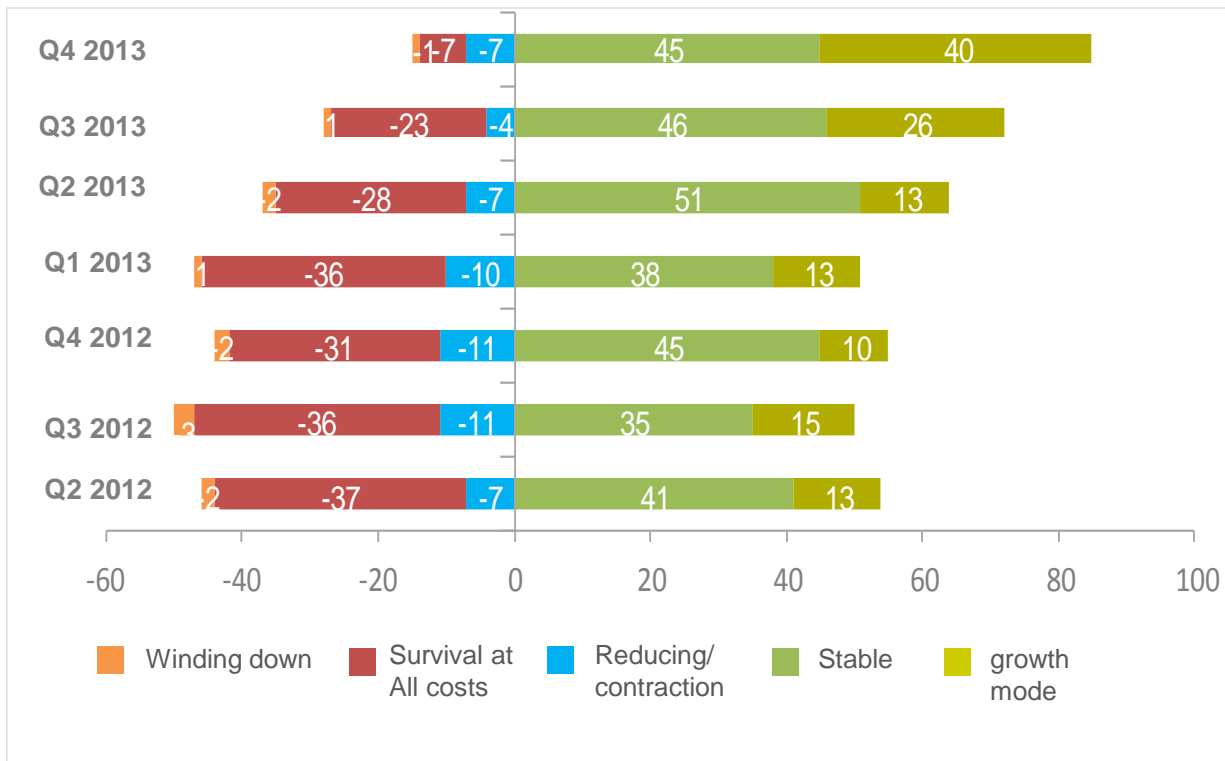
On the pulse of small business...

InterTradeIreland Quarterly Business Monitor- Q4 2013



InterTraderelands quarterly Business Monitor survey is the largest and most comprehensive business survey on the island covering business owner's views both Northern Ireland and Ireland from interviews conducted with more than 750 SMEs.

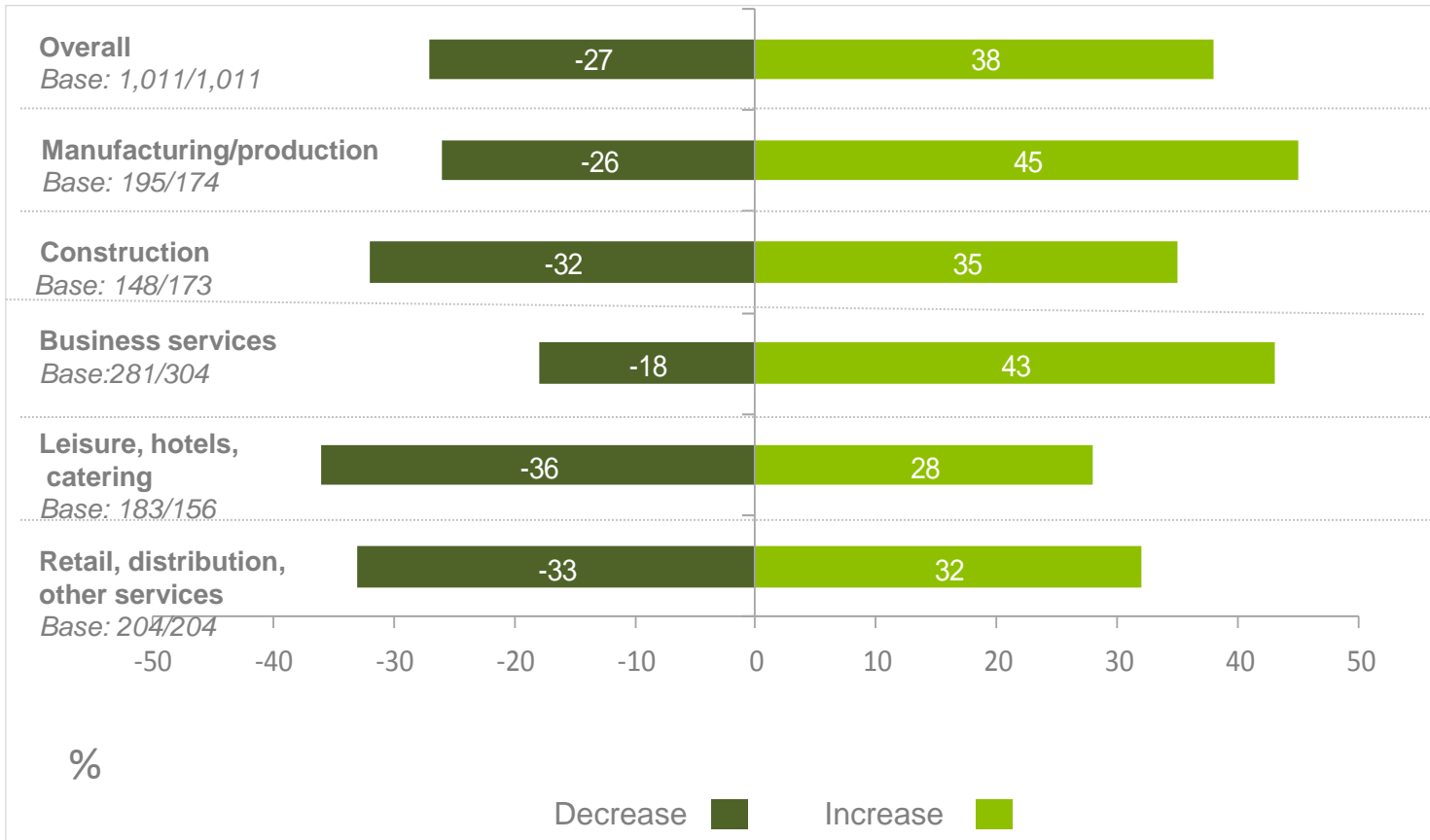
Business position



“Number of businesses in growth mode quadruples in one year..”

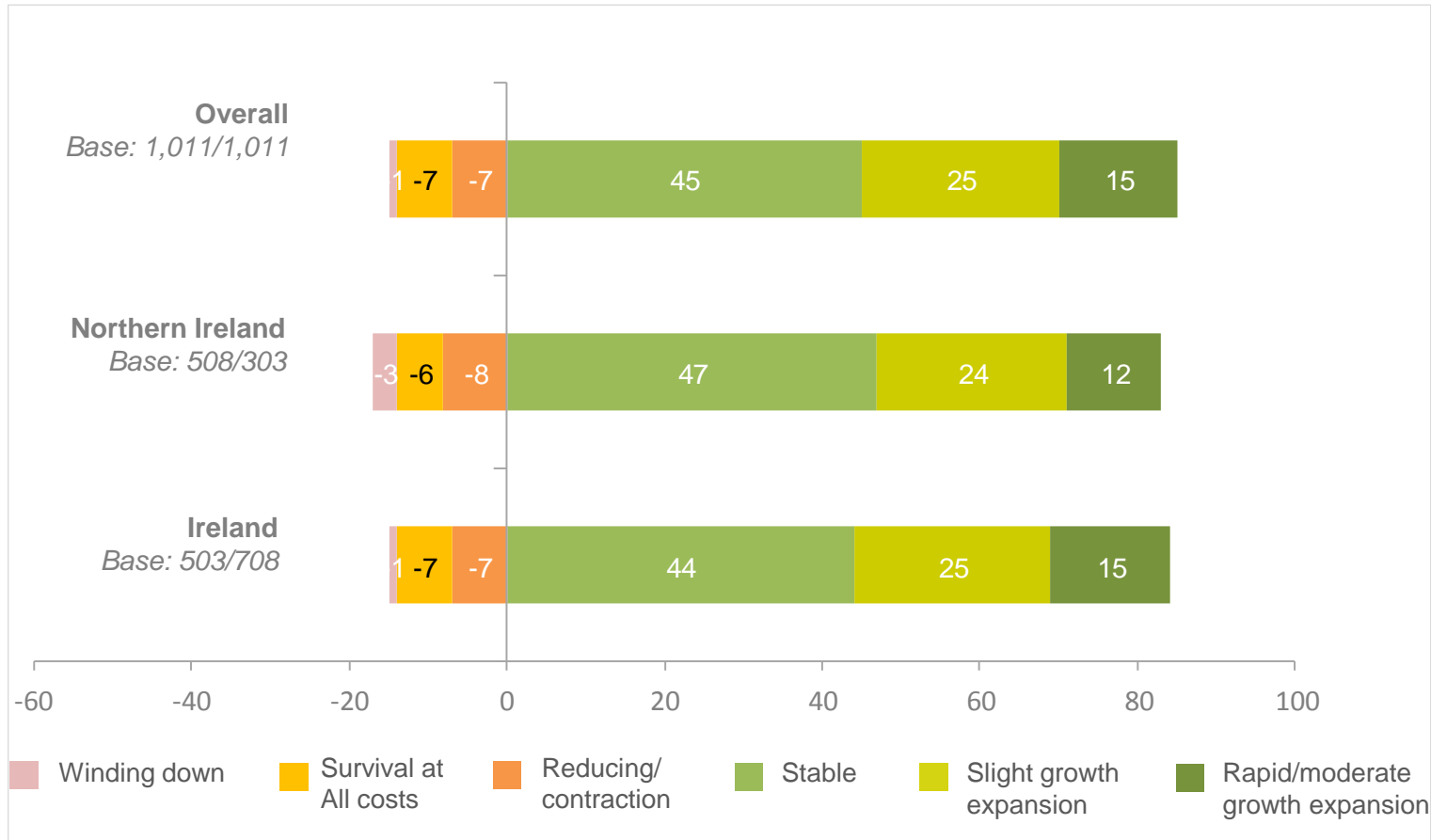
Sales performance by sector

Have your sales over the past quarter increased or decreased ?



“ Positive growth across most sectors, with retail and leisure lagging...”

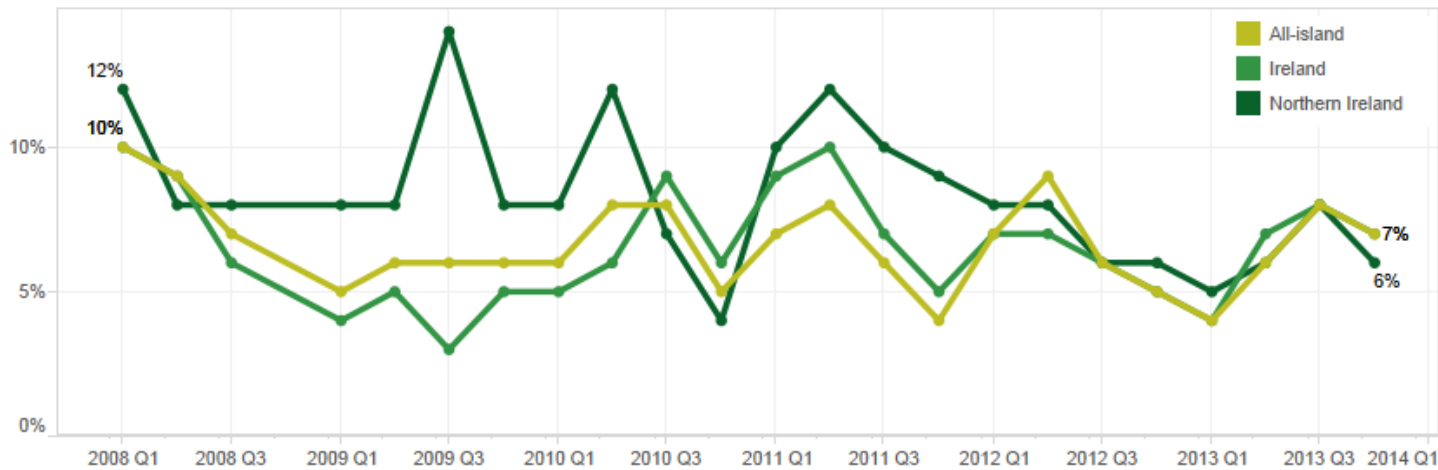
Business position by location



“Both economies on the same path...”

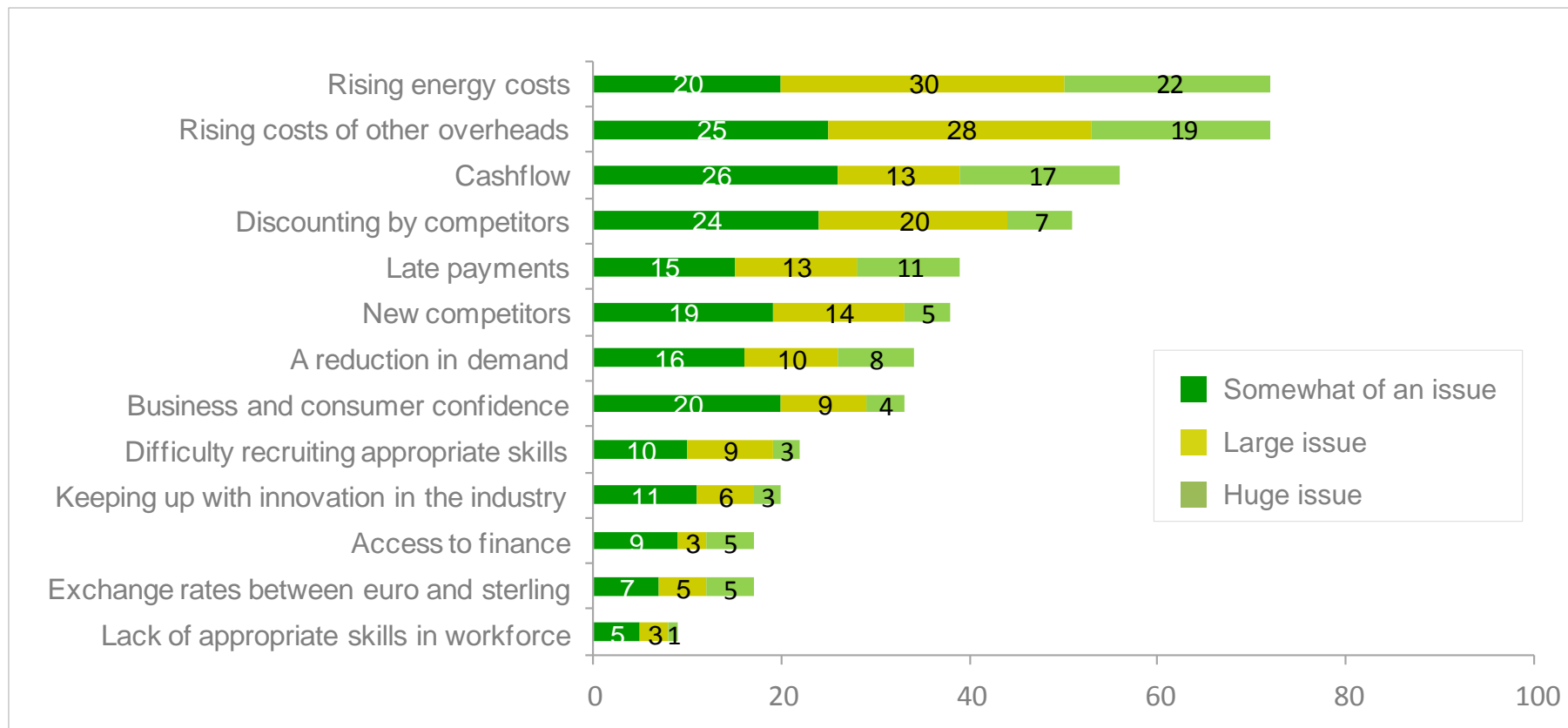
Employment changes

Businesses reporting an increase in employment levels



“Mood of optimism is slow to impact on employment...”

Key challenges for businesses



“Lack of demand and consumer confidence now much less of a key issue for businesses... It’s all about costs”

At a glance our activities

TRADE AND INNOVATION

Sales & Marketing

- Sales and marketing support - Acumen
- Sales development support for small business - Elevate
- Tender workshops, training and mentoring – Go-2-Tender
- Meet the Buyer events
- Trade accelerator voucher scheme for cross-border business advice on legal, financial and regulation issues

Innovation & Collaboration

- Company-graduate-academic partnership - Fusion
- Business transformation and strategic planning - Challenge
- Horizon 2020 supports - voucher scheme and information service
- Innovation events, workshops and masterclasses - All Island Innovation Programme

Equity Finance

- All-island Seedcorn Investor Readiness Competition
- Business Angel Networks and Syndicate groups
- Equity advisory service - one to one advice from our equity expert
- Venture Capital Conference annual event
- Business plan workshops, guides and events
- Regional Equity Advisory clinics
- Entrepreneurship master classes

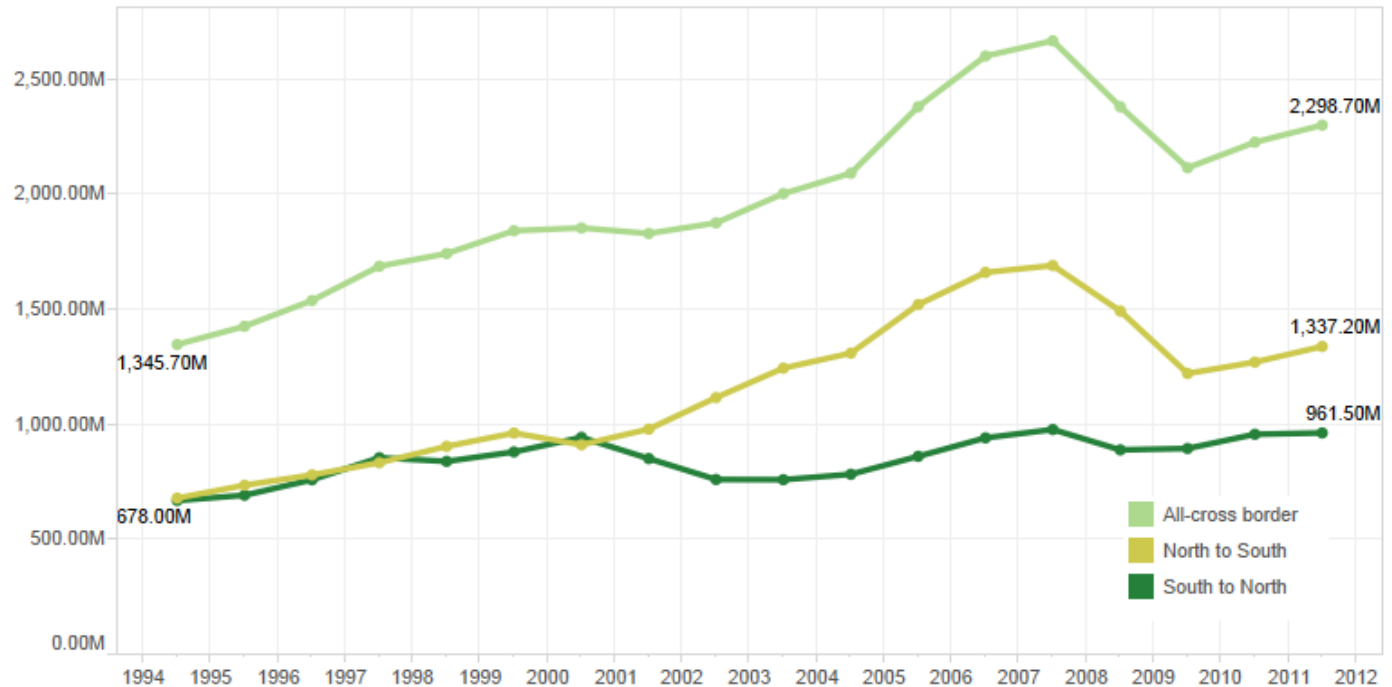
All-island research, publications, statistics and networks

Cross-border trade

- ❑ Total cross-border trade in manufacturing
- ❑ Sectoral cross-border trade
- ❑ Importance of cross-border trade for SMEs
- ❑ Cross-border trade as 'stepping stone'
- ❑ Case study

Total cross-border trade in manufacturing

In the most recent year (2012) total trade in manufacturing came to **€2.834 billion/£2.298**. This represents a 10.5 per cent increase on the total cross-border goods trade in 2011*.

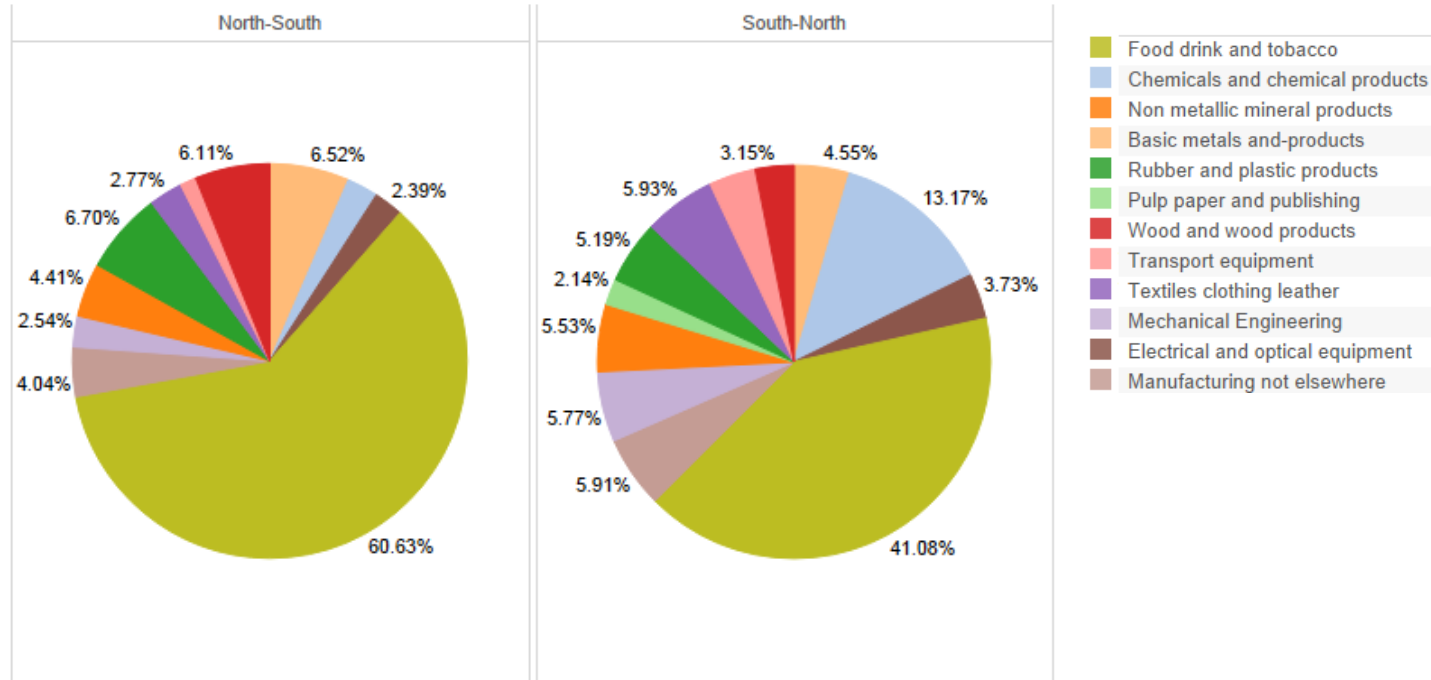


*From ITI Cross-border Statistics Website

Sectoral cross-border trade

Cross-border trade significant, especially for SMEs and the agri-food sector

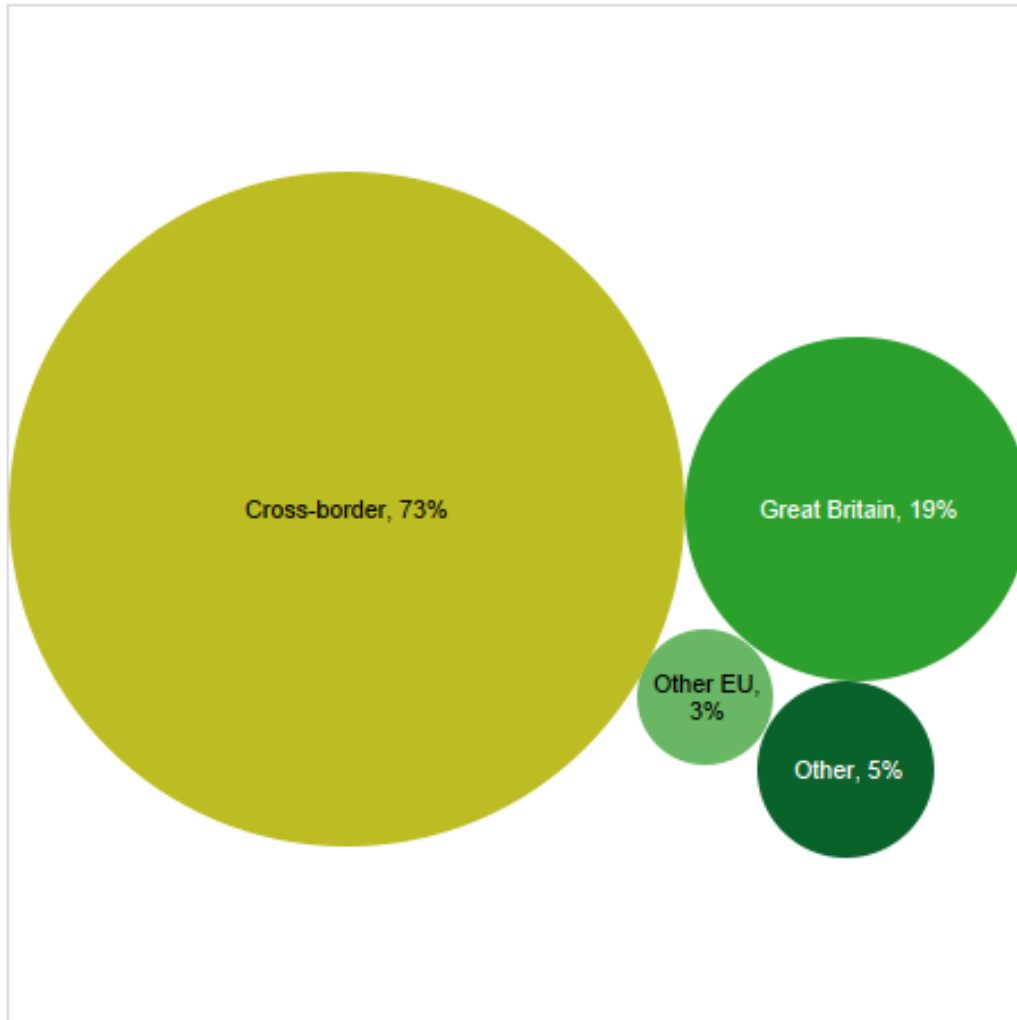
Trade share (%) by sector (2012)



*From ITI Cross-border Statistics Website

Importance of cross-border trade

First Export Destination*



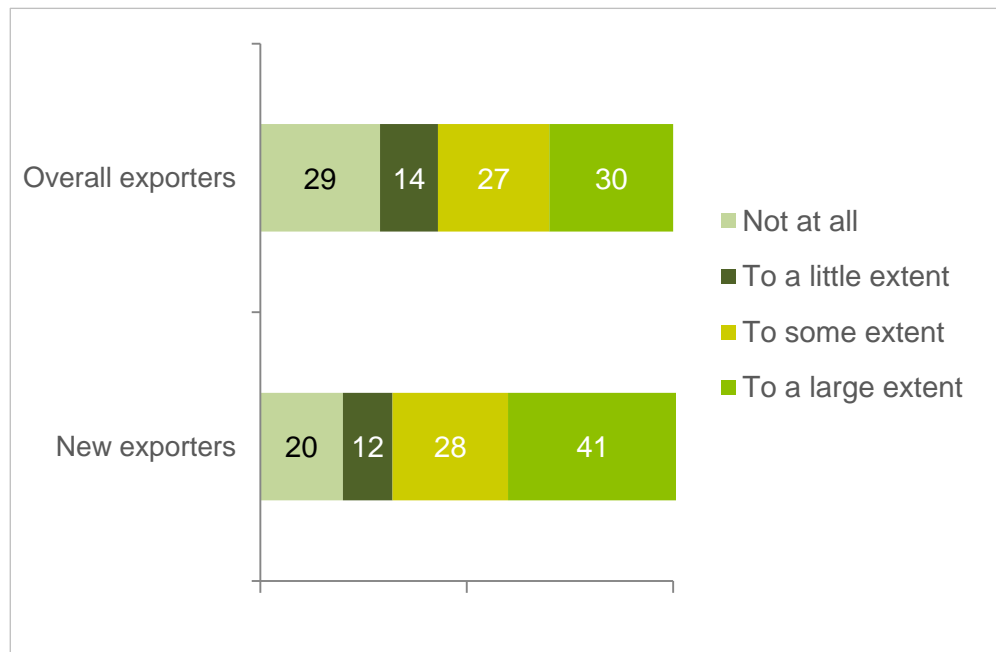
The cross-border market is the first export market for three-quarters of businesses (73%).

**Source: Analysis of the key features of an exporting SME on the island of Ireland (2013)*

Cross-border trade as stepping stone

The experience gained in for a majority of firms and cross-border trade acts as an export stepping stone has significant influence on the development of additional export markets in 71% of businesses*

Influence on the development of other markets



**Source: Analysis of the key features of an exporting SME on the island of Ireland (2013)*

What are we doing to support cross-border trade

Sales & Marketing Support

- Funding (**£15,000/€18,750**) to explore new cross-border markets and to employ a full-time or part-time salesperson, or employ a high calibre graduate: Acumen Programme

Sales Development Support

- Up to **£5,000/€5,900** worth of advice and assistance from an experienced market expert is available through 'Elevate'- for business with less than 10 employees.

Tendering

- All-island tender workshops, events and training support available through 'Go-2-Tender'.

Business advice

- Up to **£1000/€1200** worth of expert advice available through our Trade Accelerator Scheme. A downloadable guide to doing cross-border business'

CASE STUDY

Cross-border trade as first export market

Kanteq, Co.Down

Co. Down entrepreneur Wendy McCaughan, founder of Kan Teq, which designs and produces equestrian body protection was one of the first local businesses to benefit from one of InterTradeIreland's supports - the Elevate programme.

The programme aims to help micro businesses to become export ready by providing full financial funding to increase their cross-border sales.

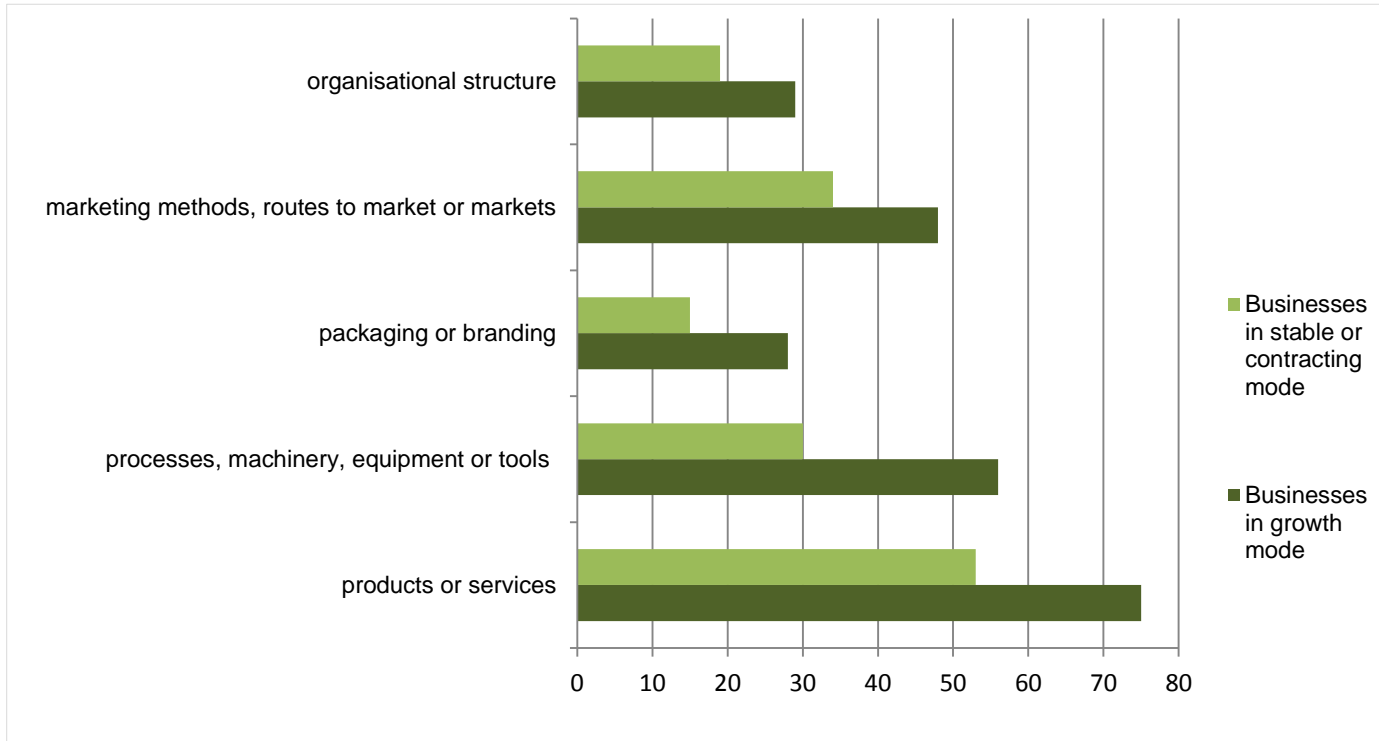
“When running a small business you have limited resources, so to have the opportunity to avail of a consultant’s expertise is invaluable, especially when that consultant has specific knowledge of your new marketplace. They helped us to enter the market in the Republic of Ireland with a structured and logical approach. My business is already benefiting from the results from Elevate and I see much more to come”

Innovation

- ❑ Exports and innovation
- ❑ Innovation attributes
- ❑ External collaborations for innovation
- ❑ What are we doing to support innovation
- ❑ Case study

Innovative companies are more likely to grow

Businesses (%) that have improved or introduced these activities within the last three years

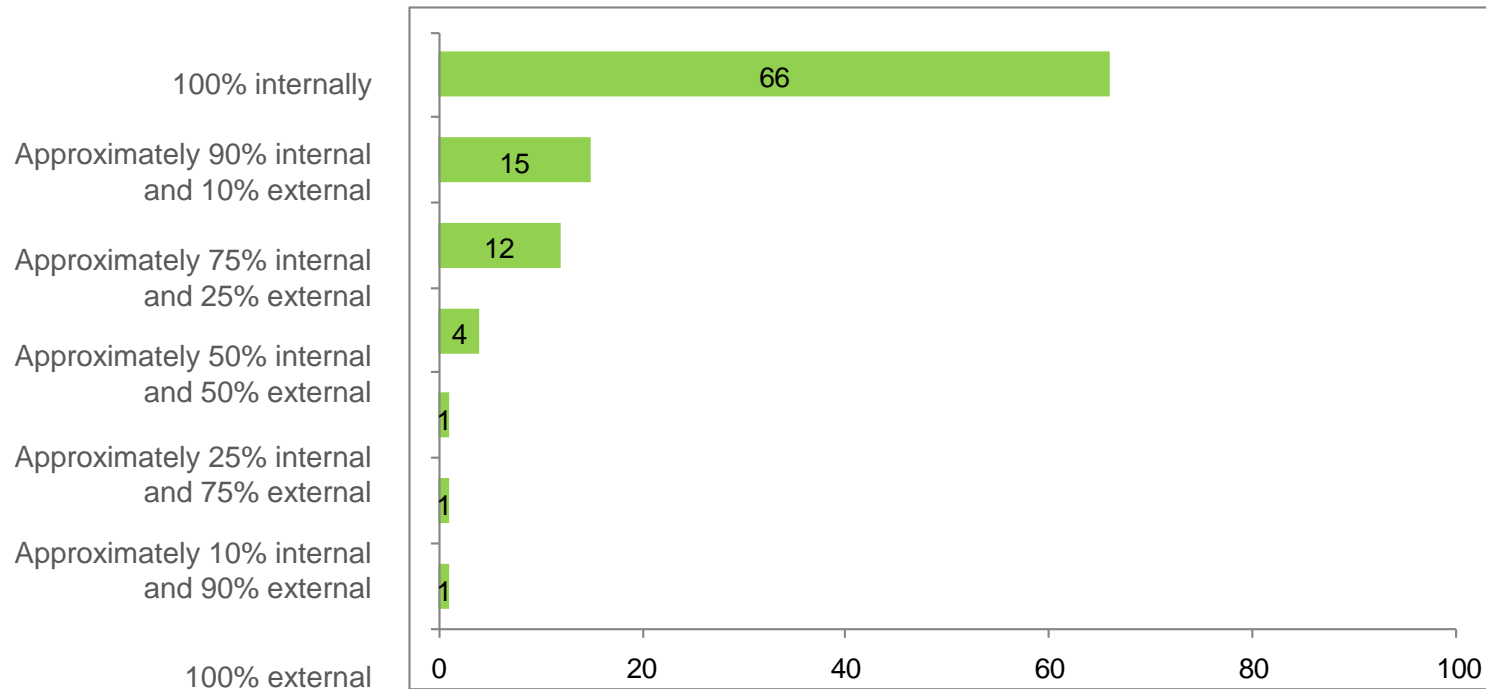


“Businesses that are growing are more likely to adapt to change and are doing things differently”

*Source: ITI Business Monitor Q3 2013

Few businesses collaborate externally

To what extent has your company worked with other organisations when deciding on and implementing innovative developments or improvements?



Source: ITI Business Monitor Q3 2013

What are we doing to support innovation

Collaborative innovation

- Support package worth up to **£44,250/ €52,800** for a partnership between an SME, third-level institution in the opposite jurisdiction and a high calibre science/engineering or technology graduate available through 'FUSION'.

Strategic planning

- Support of **£20,000/€23,000 worth of intensive mentoring support** to help deliver growth and to create a strong culture of innovation in participant companies- Challenge programme

Access to EU funding

- Suite of supports specifically designed to facilitate North-South collaborations and to increase participation in the Horizon 2020 funding scheme. (cross-border and EU travel vouchers)

Innovation lectures and seminars

- Innovation lectures, seminars and master classes are held throughout the year. All-island Innovation Conference with international speakers.

Raise Venture Capital

- Annual business competition for the best early-stage companies on the island with a cash prize fund of **€280,000**; Annual all-island venture capital conference and Business Angel Finance support.

CASE STUDY

Industry-Academia collaboration Genesis Crafty

Genesis Crafty, a traditional family bakery, based in Magherafelt, is currently taking part on our Fusion programme. The company's 12-month Fusion project, which began in March 2012, is to develop a low-sodium loaf with the flavour and comparable shelf-life of standard varieties, as well as a potential range of products that are beneficial to health. Graduate Grainne O'Donoghue, from University College, Cork was appointed to work for Genesis Crafty for the duration of the Fusion project.

"Innovation is the reason we are where we are today and will be where we want to be tomorrow. Fusion is allowing us to strengthen our development team and be at a fairly advanced stage in our trials for a potential health-enhancing new range. The skills and support we are receiving are invaluable and Grainne really has worked wonders in her short time here."

John McErlain

Our achievements and key facts.

25,000 SMEs have benefited from our cross-border information and advice

12:1 is our return on investment

5,000 SMEs have taken part in our all-island programmes

c€2.5bn

is the value of cross-border trade on the island

GENERATING

£650m

worth of trade and business development value

{ 3,000 }
Jobs

Latest InterTradeIreland's Research

Access to finance for growth for SMEs on the island of Ireland

December 2013

Key findings

- ❑ The **demand for finance is now at least as important as the supply** of finance for SME
- ❑ SMEs in Ireland and Northern Ireland are **disproportionately reliant on the banking sector** as a source of finance
- ❑ There is a **lack of diversity in the SME financing landscape**
- ❑ The **pressure on working capital** is increased by challenges posed by late payments and cashflow management
- ❑ A significant percentage of businesses, particularly medium-sized firms, regard **property debt as a constraint in accessing new lending**
- ❑ Banks in Northern Ireland and Ireland have been **slow to address the issue of debt sustainability for SMEs**
- ❑ A significant majority of businesses (91% for all, 84% for loans only in q4 2012) who apply for new credit are **successful in whole or in part**
- ❑ **Financial literacy is an issue for SMEs and lenders alike**; Part of the issue with financial literacy among businesses and their advisors is a poor knowledge of the 173 bank, public and equity supports.

Recommendations

Improving information quality and flow

- ⇒ Capture bank lending figures for both Ireland and Northern Ireland on an ongoing basis;
- ⇒ Capture data on the demand for finance among SMEs in Northern Ireland;
- ⇒ Provision of better information and signposting to SMEs by funding providers including the development and maintenance of a single repository of supports available to SMEs;
- ⇒ Encourage formal credit applications by SMEs to reduce the number of discouraged borrowers;
- ⇒ Promoting alternative sources of finance such as equity/mezzanine.

Improving financial literacy and capability

- ⇒ Develop further investor readiness support measures for SMEs.
- ⇒ Roll-out the SME finance voucher scheme.
- ⇒ Further development of the SME capabilities of banks with cross-learning from initiatives in Ireland.
- ⇒ Further development of credit review and mediation services in both jurisdictions.

Widening diversity of financing landscape

- ⇒ Continuation of government support for seed, early stage and follow-on finance in Ireland.
- ⇒ Support of angel investment in Ireland, including the establishment of an Irish dedicated co-investment fund or angel fund.
- ⇒ A venture capital strategy for Northern Ireland to inform and develop the equity funds under the Access to Finance Strategy and promote entrepreneurial activity in Northern Ireland.
- ⇒ Investment in seed and early stage capital in Northern Ireland.

Contact us....

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