Enterprise Ireland’s Strategy for
Internationally Traded Services
The services sector in Ireland has grown rapidly over the past two decades and is now a significant part of our economy. It currently accounts for over two-thirds of Ireland’s workforce and 60% of value added.

Much of the growth in services in recent years – and in particular Ireland’s position as the 9th highest exporter of services in the world – has been due to both an increasing number of expanding Irish services companies across a wide range of sectors and the intensifying activities of foreign-owned companies operating in Ireland. This continued growth is clear evidence that a wide range of services can successfully be exported, and that Ireland and Irish companies have both the capabilities and the experience needed to succeed in services exports.

Enterprise Ireland is charged with fostering the growth of Irish companies that are trading internationally. With the globalisation of markets and the changing nature of both manufacturing and services value chains, continued economic progress and growth in Ireland will be driven by companies continually innovating to successfully add greater value at every point in their value chain. The role, therefore, that can and must be played by the services sector itself and by service-type activities within the manufacturing sector is central to sustaining Ireland’s continued growth in services exports.

Enterprise Ireland’s strategy for the services sector, as set out in this document, focuses on maximising the performance of companies that are already active on export markets, on encouraging companies that are currently trading only locally to expand their markets abroad, and on fostering a new breed of start-up service companies with exporting potential.

I welcome this strategy. It will bring energy, capability and resources to bear on the challenges that must be faced in the years immediately ahead. The opportunities and the potential benefits are significant – for Irish services companies, for the economy, and for Irish society as a whole.

Mary Coughlan, TD
Tánaiste and Minister for Enterprise, Trade & Employment
November 2008
Enterprise Ireland’s mission, as set out in its Strategy for 2008-2010 *Transforming Irish Industry*, published in October 2007, is to accelerate the development of world-class Irish companies to achieve strong positions in global markets, leading to increased national and regional prosperity. The strategy recognises that both the services sector itself and the growing services element within manufacturing companies are vital to the next stage of Ireland’s economic performance.

Substantial work has already been undertaken in 2008 to identify and capitalise on international opportunities in services, and over the next two years one of Enterprise Ireland’s core objectives is to drive and support the growth in internationally traded services – in sectors that are already exporting, in sectors that are currently trading only locally, and in emerging sectors.

This document sets out the rationale for focusing on services at this time, and outlines the measures that Enterprise Ireland is already taking and the initiatives it intends to take to foster the growth and development of services.

The opportunities are substantial and varied given that the services sector is extremely diverse, with a wide range of needs, skills and resources across its component parts. To succeed in export markets, service companies need specific management, marketing and sales expertise, and in particular they need to build scale. Enterprise Ireland’s strategy recognises this, and is focused on assisting a significant number of existing and new Irish services companies to become major players on export markets.

**Frank Ryan**  
*CEO, Enterprise Ireland*
Services are important

*Over the next ten years, services – and in particular internationally traded services – will be the key driver of Ireland’s economic success and job creation.*

Economies throughout the developed world are increasingly dominated by services. Almost 70% of value added in OECD countries comes from services, and services account for 20% of world trade.

The services sector in Ireland accounts for 43% of exports, making Ireland the 9th highest exporter of services in the world.

The increasing shift towards services as the driver of economic growth and continued prosperity is expected to continue.

**Recognising the critical importance of services, Enterprise Ireland has**

- Established a specialised unit dealing with Internationally Traded Services
- Allocated additional resources to the services sector and to service activities
- Conducted intensive research into the exporting opportunities for Irish services companies
- Developed comprehensive action plans to realise the potential of the sector

**Services are diverse**

The services sector currently employs two-thirds of the workforce in Ireland, engaged in a very wide range of activities, including, for example

- Personal services, such as healthcare services
- Professional services, such as design services
- Business to business services, such as financial services
- Business to consumer services, such as travel services
- Services that are necessarily provided face-to-face with the customer, such as catering
- Services that are provided at a distance from the consumer, such as television programme production.

Service activities within manufacturing companies have also risen in importance. In the manufacturing sector, 35% of workers are estimated to be engaged in service-type activities, such as order fulfilment, customer satisfaction surveying, help desk support, and logistics. These services enable manufacturing companies to

- Deliver a complete customer solution
- Differentiate themselves from their competitors
- Add value to their offerings
- Lower their cost base
- Reach markets that previously would have been inaccessible to them

This diversity of activities demands a flexible and adaptable range of measures that match the needs of the sector with the tremendous opportunities available in the globalised market for services.

**Recognising this diversity, Enterprise Ireland will**

- Continue to up-skill staff dealing with service activities and build specialist expertise to assist clients
- Undertake prospecting work to identify specific areas of opportunity in targeted services sectors
- Establish an internal panel with expertise in services to assist service companies with their development plans
A growing number of Irish companies have successfully established themselves as key global players in the internationally traded services sector in recent years, and the total value of Irish companies’ exports in the sector has also been increasing rapidly.

Developing more Irish services companies of scale is of critical importance for Ireland to fully capitalise on the growing international opportunities in services.

Enterprise Ireland has recognised the important role that services play in the economy, and outlined its approach to services in its strategy for 2008-2010 *Transforming Irish Industry*. That strategy states: ‘The development and growth of services will be vital to the next stage of Ireland’s economic performance. ... A core objective for Enterprise Ireland … will be to drive and support internationally traded services growth, both in emerging and existing sectors and through the internationalisation of locally traded services.’

Enterprise Ireland’s is now setting out a vision for the Irish Internationally Traded Services sector: *By 2015, Ireland will be recognised globally as a home of high growth, innovative, internationally trading services businesses of scale.*
Realising the vision

**Enterprise Ireland aims to make the vision a reality by**
- Working with existing Enterprise Ireland Internationally Traded Services clients and sectors to achieve scale and realise their potential for internationalisation
- Identifying locally trading services companies with the potential to internationalise, and encouraging them to start exporting
- Fostering new High-Potential Start-Ups in targeted services areas with strong potential for internationalisation
- Identifying and engaging with new and emerging sectors

Enterprise Ireland has analysed the particular needs of service companies and is responding by aligning its resources with these needs, in order to foster the development of world-class Irish internationally traded services companies of scale.

In developing its response, Enterprise Ireland has drawn on its own and others’ international experience within the services sector, on research into the potential for export growth in a wide range of sub-sectors, and on the individual needs of services companies and sectors.

A comprehensive review of a wide range of sectors identified clear areas of opportunity in areas as diverse as construction, insurance, payments, travel, education, business process services, telecommunications, Internet, media and entertainment. Enterprise Ireland has developed an action plan for these sub-sectors in consultation with clients and industry players. These plans include specific actions aimed at maximising the number of companies that achieve scale and establish significant penetration into international markets.

**Enterprise Ireland will**
- Focus its activities and resources on identified priority sub-sectors that have the greatest value-add potential for the investment of State resources
- Accelerate the growth of internationally traded services by implementing individual sub-sector action plans

In the short term, the largest growth in exports will come primarily from service companies that are already successfully trading internationally, and from sectors where Ireland already has clearly demonstrated capability, capacity, and an internationally competitive offer.

**Enterprise Ireland will work with existing clients and sectors to**
- Stimulate research, development and innovation activity and develop innovation management capability
- Develop appropriate business models with the help of a services business model diagnostic
- Access new international markets through partnering, acquisition and overseas placement
- Manage rapid growth
- Become more IT-enabled and adopt and embed new technologies as a means of capturing customer experiences

Enterprise Ireland is also continuing to research a number of sectors in which indigenous companies have to date had relatively limited international activity, including healthcare services, environmental services, property services, and professional services.

**Enterprise Ireland will**
- Undertake targeted marketing campaigns to substantially grow the base of internationally trading services companies
- Foster new start-ups in areas with potential for internationalisation

In the longer term, a number of newer emerging sectors – such as web 2.0, digital media, and mobile content – are also forecast to deliver growth. Because these newer areas (and their markets) are changing very rapidly, their growth potential is constantly being reviewed and tracked.

**Enterprise Ireland will also**
- Undertake targeted prospecting work aimed at identifying other new potential growth areas in services.
Enterprise Ireland: working with Irish services companies to realise their export potential

Over the coming years, Enterprise Ireland’s aim is to help its client companies achieve international competitive advantage by developing innovative business models, leveraging the power of ICT, and building strong service brands.

Financial Supports
Enterprise Ireland will ensure that its financial support mechanisms enable it to respond effectively and appropriately to the needs of services companies.

- The new ‘Going Global’ Fund is available to help locally trading companies explore internationalising opportunities
- The eligibility criteria for Feasibility Study funding have been expanded to cover the development of new business models, which is of particular relevance to services companies
- The positioning and focus of the R&D Fund, the Growth Fund and the Innovative High Potential Start Ups offer have been revised, with the aim of stimulating more research, development and innovation in services activities (in both service companies and manufacturing companies)

Soft Supports
Enterprise Ireland is also working with its clients through the provision of a wide range of soft support mechanisms, to help them realise their export potential.

In order to succeed on export markets, companies need to achieve a certain scale – this demands management skills and selling skills. In response, Enterprise Ireland will

- Establish a panel of mentors with specific experience and skills in services to work with client companies as they develop their business models and their expertise
- Add a services module to the International Selling Programme, so that the exporting sales team is trained to ‘best in class’ standards
- Introduce a new ‘First Flight’ support programme targeted at assisting locally trading companies planning to internationalise their business
- Commit its network of overseas offices to work with client companies to help them identify and work effectively with the best partners in their target markets
- Introduce a number of short programmes to assist companies in specific identified areas critical to success in internationally traded services sectors

Enterprise Ireland’s strategy recognises that Irish economic success in the coming years will depend heavily on services. The strategy and plans are challenging, both for the agency and for the companies involved. Enterprise Ireland believes that, over the coming decade, Irish services companies can develop and grow into world players and is confident that the vision it has set for the services sector will be realised.

Enterprise Ireland is determined to provide ambitious service companies with the resources and assistance they need to scale up, develop the necessary competences, and approach export markets with confidence. The international opportunities in services are large and Enterprise Ireland is focused on working with Irish companies to capture these opportunities through the full implementation of this strategy.