

TRADEABLE SERVICES

Northern Ireland

The Northern Ireland service sector's strengths include a well-educated and motivated English-speaking workforce with an excellent industrial relations record, relatively low labor costs, low employee turnover and a high degree of labor flexibility. As part of the United Kingdom, it benefits from the most deregulated and most competitive telecommunications in the European Union. Advances in telecommunications and information technology, coupled with the declining cost of air freight have made it feasible for many services to be performed within Northern Ireland on behalf of overseas clients.

The market for customer service centers is vast and growing, one in which Northern Ireland can be highly competitive. Such "back-office" operations such as airline and hotel reservations, technical support help-lines, credit card sales administration, and direct insurance sales have a huge investment potential in the next few years. It can also be economically viable to air-freight source documents to low labor cost destinations for data entry.

The competitiveness of the teleservices sub-sector in Northern Ireland has been enhanced by massive investment in improving the telecommunications infrastructure. British Telecom has recently upgraded the entire region's telephone network, and in March 1992 a high capacity optical fiber communications system, funded by the EU STAR program came into operation. Forty towns throughout the region are wired to this network which provides state-of-the-art links for transmitting voice, text, data, graphics and video. Forty towns throughout Northern Ireland are connected to the network

In support of Northern Ireland's teleservices sector, the government-sponsored Network Services campaign has generated 2,500 jobs in the last 5 years, in both public and private sectors. Employment opportunities have been created and supported by organizations such as British Telecom, British Airways, and Royal Mail. The campaign's initial focus has been on attracting international call centers from numerous British and U.S. companies into Northern Ireland, although the campaign has now been widened to target the 360 million population EU market.

Border Counties

Ireland has a developing tradeable sector comprised of call centers, telemarketing operations, and back-office data-processing operations. International tradeable services firms have located in Ireland for four principal

reasons - modern communications infrastructure, cost competitive telecommunications and labor, highly-educated labor force with language and computer skills, and a low corporate tax rate. The tradeable services sector in Ireland includes public services such as government and local authority services, and private sector services such as banking and financial services, transport and communications services, and professional services. There are about 690,000 people employed in the services sector in Ireland. This equates to about 60% of the national labor force. Within the six border counties the percentage of people employed in the services sector is lower than the national average at 52% (64,200) of the local labor force.

Through the initiative of IDA Ireland and Telecom Eireann, there are about 20 telemarketing operations employing 1,400 people and 12 back-office data-processing operations employing 1,500 based in Ireland. The majority of these operations are of international origin. At present, there is one teleservices operation in the border counties, National Pen in County Louth.

International teleservices firms have located in Ireland for four principal reasons: a modern telecommunications infrastructure; a cost competitive environment (in both telecom and labor terms); a highly-educated labor force with excellent foreign language and computer skills; and a low corporate tax rate. The sophisticated telecommunications infrastructure, with its high level of digitization, automatic switching systems, and fiber optic network, as well as international connectivity, enables international firms to establish teleservices operations in Ireland which will handle incoming calls from European countries.

For example, a U.S. computer software company is providing a worldwide technical support service in numerous different languages from its operation in Ireland. The provision of a multi-lingual service is facilitated by the local education system which encourages foreign language study from an early age. To support the marketing of Ireland as a center for teleservices activities, IDA Ireland maintains a listing of 1,000 people with foreign language capabilities who are available to work in the teleservices sector. The Irish workforce also has excellent computing skills. Finally, Telecom Eireann offers tailored telecommunications cost packages to teleservices companies located in Ireland. Thus, a firm can select the appropriate pricing package it wishes to adopt for its operation and effect tight cost control. Ireland already offers international firms one of the lowest international call tariff rates in Europe.

Given the availability of the modern telecommunications infrastructure, the sector represents a major opportunity for developing new employment in the border counties. IDA Ireland is actively seeking international teleservices firms, in particular U.S. companies, to establish pan-European telemarketing and technical support operations in Ireland. The targeted sectors are personal computers, software, mail order, financial services, and the hotel, airline, and car hire

segments of the tourist industry. Targeted services of particular interest are those which handle incoming calls via a "freefone" number rather than those which involve outward dialing by telesales staff. IDA maintains a database of foreign language graduates and can supply high quality workers with language skills.

Although the concept of a toll-free telephone service for marketing is still a relatively new concept in Europe, Ireland has established itself as a leader in the growing market. Ireland offers companies one of the most advanced telecommunications networks in Europe and an international toll-free product with rates among the lowest in Europe. A number of major international firms have made Ireland their home for their European telemarketing operations. These and other companies have found that the centralized multilingual call center is effective as a marketing tool. Applications include sales and support for personal computers, hotel reservations, software fulfillment, technical support for computers, software, airline reservations, etc.

This sector of the software market represents a massive growth potential in Ireland (according to Irish sources). Multinational companies establishing operations in Ireland often expand beyond administrative functions and software production. Back-office support, including order processing, billing, cash collection, and finance management for domestic and foreign markets, are also part of multinational firms' Irish operations.

The professional services sector is comprised of construction and related services; such as general contractors, architects, engineers, and surveyors, and other professional services such as accounting firms, legal organizations, and advertising and public relations companies. Both these services sectors have major roles to play in supporting U.S. companies considering investment in Ireland and the border counties. First, the accounting and legal firms can provide expert professional counsel to firms considering an operations venue in Ireland. Second, construction service firms enable the investment to take shape in terms of plant construction and layout.