

## **Chairman's Report, December 2007**

I would like to review the past 12 months by considering our performance against each of the main areas of activity that Momentum gets involved in, namely: Skills, Internationalisation, Innovation, Partnership and finally, some of our own Governance issues.

However, before tackling that task, perhaps it is worthwhile taking a moment to remind ourselves of the characteristics of the industry and why Momentum exists in the first place.

Momentum represents 155 member organisations drawn from all areas of the ICT industry within Northern Ireland. This industry employs approximately 14,000 staff, over 8,000 of whom are involved in the software sector alone.

Clearly, the ongoing success of the industry, and the success of our member companies, is key to the continued growth of our local economy.

Momentum exists to represent the best interests of our member companies and we believe the organisation is delivering on this objective through a range of member focussed activities which I will now describe.

I will now address each of the key areas in which Momentum operates:

## **Firstly “Skills”**

2007 has clearly been a year when many of our companies have been trying to grow. Further, it has been a year when InvestNI have been particularly successful in attracting FDI jobs into the local ICT sector and I have no reason to doubt that the current economic and political climate means that this will continue.

Clearly, to grow our part of the economy, we must have a ready supply of our most valuable asset – skilled people.

However, within Northern Ireland, we have a situation where available maths, science and ICT places are not being filled in our Colleges and Universities.

This situation of increasing demand coupled with supply constraint results in increased costs and reduced competitiveness.

So, ensuring that there is an adequate supply of skills to meet demand is without doubt, the most important area of activity we have been involved with during this year.

Department for Employment and Learning have a key role to play in solving this problem. InvestNI have a key role to play. Department of Education have a key role. And Momentum have been working constructively with each of these players during the year to ensure that maximise attention is given to the “skills” issue.

We have also been working closely with e-skills UK (the national Sector Skills Council for IT) to develop an action plan to ensure effective skills availability for our industry here over the next three years. This was formally launched in February 2007.

Momentum has devoted substantial effort to developing new access paths into the industry and to encouraging more people to pursue a career in the sector.

Activities have included:

- The Software Professional Course.
  - In the previous year, we worked in partnership with ANIC and DEL to introduce a Software Professional graduate conversion course
  - 25 people completed the first running of this course and over 80% of these gained employment in the industry.
  - 52 people started the second year of the course in September. Improvements this year include more rigorous testing of individuals for acceptance on the course
  - DEL have committed to funding two further courses during 2008 with up to 200 places available.
  
- Momentum is administrating three pilot projects, funded by InterTradeIreland, to extend the Skillnets training programme into Northern Ireland. Skillnets is an initiative in the Republic of Ireland which allows groups of companies to access funding for group training in certain technology areas.
  
- Over 75 candidates from local contact centres received NVQ / Modern Apprenticeship training under a Momentum initiative. The training was funded by DEL and InvestNI.

While no single action will fix the problem, the list of activities I have just reviewed can only be seen as short-term and immediate. We (and I refer to Momentum members here) working with the Departments and Agencies clearly have more to do and the impact may not be felt for several years.

Examples of activities that will impact in the longer-term include:

- Momentum participated in a number of events in partnership with Universities and Colleges to promote a career in the ICT industry to schoolchildren across Northern Ireland. These events have been strongly supported by the ICT industry – in particular, the “YDoIT” event organised by Momentum, Queens and UU, was supported by 12 companies and attended by over 160 5<sup>th</sup> form pupils.
- We are about to develop an “Adopt-A-School” programme – with an aim of getting an industry partner for every secondary / grammar school in Northern Ireland. It is only by quality teaching supported by practical and real-world experience that we are going to have any chance of attracting school children to make ICT career choices in the future. DEL are showing their commitment to making places at Colleges and Universities – we need to mobilise the industry to ensure these places are taken.

Several final comments regarding **skills**:

Firstly, the recently published draft “Programme for Government” makes interesting and exciting reading. If Government is indeed successful in achieving the objectives laid out in that paper, then there will be even more of a demand for ICT skills locally. Momentum, on behalf of its member companies, intends to make a representation through the public consultation process to ensure issues around the skills agenda are properly considered within this positive and forward looking initiative.

Secondly, while our earlier actions will undoubtedly increase numbers ... the impact is relatively small – including the conversion course we are talking numbers in the region of 400 – 600 per year. I believe that we need to urge all interested parties to “lift the vision” and stop reacting to circumstances – lets have confidence in our future and plan accordingly with ambition. For example, PfG sets a target of 6,500 new FDI jobs largely in ICT / Finance and related areas between 2008 and 2011 – I believe this is achievable but as yet, I can’t see the plans that will result in 6,000, 5,000 or even 4,000 additional skilled resources being created.

Momentum increasingly needs to be involved in “political lobbying” and to challenge where we see “words” not being supported by “action”.

## **The Second Key Area of Operation is “Internationalisation”**

Many of our member companies are already succeeding on a global stage – we encourage each of our members, as appropriate, to explore markets further afield.

- During 2007, Momentum has facilitated companies attending 6 trade missions, including the Invest NI Trade Missions to San Jose, Denver, Washington and the IBC Conference and Exhibition in Amsterdam.
- Further, in June, Momentum supported 4 companies to attend the ‘Creative Belfast’ showcase in Washington DC.
- In partnership with Invest NI and Microsoft, Momentum organised and promoted attendance at the Microsoft Worldwide Partner Conference in Denver. A total of 14 companies attended a very successful event.
- Momentum supported Invest NI in hosting a workshop focussed on breaking into the US market. This workshop was facilitated by Threshold Ventures a leading marketing consultancy firm from the West Coast (USA ... that is).

Facilitating and encouraging our members to compete on a world stage will continue to be a key area of activity during 2008.

### **Our Third Area is “Innovation”**

Encouraging our member companies to be creative, innovative, entrepreneurial and “better than the rest” is one of the things we aspire to. A selection of our activities during this past year includes:

- Participation in Invest NI’s Innovation Week – Momentum also exhibited at the event
- A seminar was delivered by Lagan on the importance of innovation in growing a global software company. A further series of events celebrating the success of member companies is planned.
- We are working with Invest NI and Pera to develop a healthcare Informatics cluster amongst member companies
- Momentum has worked in partnership with InterTradelreland to develop and deliver a series of master classes for budding entrepreneurs.
- In partnerships with the ISA, and again supported by InterTradelreland, a number of innovative business networks have been developed across the island.
- Momentum continues to develop an all island software excellence network which has initially focussed on innovation in software testing. A number of well attended events have been organised in partnership with Softtest, a Dublin based independent special interest group.
- A very successful 4 day training course was held on the “Spring” software development framework. This is a globally popular, latest generation framework.

## **Finally the Area of “Partnership”**

Momentum continues to develop all island programmes in partnership with the Irish Software Association and InterTradelreland. Programmes have included:

- The All Island Software Network which has continued to expand and has spawned a number of additional programmes. This programme, which started as a partnership between Momentum and the ISA, now embraces regional IT associations in Cork, Galway and Shannon. The programme delivers events and workshops focussed on software excellence, public sector procurement and commercialisation of R&D. It also seeks to facilitate the creation of business driven networks.
- Over 25 companies are now involved in 4 business driven Networks.
- The first network facilitated by the All Island Software Network is the SDP Alliance. This is an alliance of 6 companies operating in the mobile telecoms software market to promote their individual products as a complete, integrated solution. A highlight of the year was their attendance at the 3GSM Exhibition in Barcelona – and this network has generated 5 contracts to date worth £1.61 million.
- Funding has been secured from InterTradelreland for the development of 2 additional business networks, one in the emerging mobile advertising market the other in digital asset management.
- Over 260 companies have been engaged in all island events during the past year.

Working with our partners in the Republic will be a theme continued through 2008.

## **The Other Area I Will Talk About Is Our Own Internal Governance**

### Firstly, the Digital Media Sector

Through the year, Momentum has worked in partnership with other stakeholders to develop a network of companies focussed on the digital content sector. A number of successful events have been held, including a seminar on “Virtual Worlds”.

The network has now agreed to become a forum under the Momentum membership banner. We are delighted to welcome them and while working closely together, we respect their desire to maintain some elements of their individual identity.

### Finance

I should remind members that, like most businesses, Momentum faces constant financial pressure - which constrains us in the services which we should or should not offer to members.

There is a full agenda item devoted to Finance but in summary we operate within the following guidelines:

- Our objective is to be 'not for profit' but we need to be financially independent
- Our member subscriptions represent about one tenth of the income we require to break even
- It is in our interests to build up a cash reserve to protect the organisation against a possible run of deficits
- While we can carry out revenue earning work, we must not compete against any of our members. This obviously restricts the type of revenue earning tasks we may target.

All of this means that while revenue earning is important and without it we are limited in what we can do for our members, we must guard against making revenue earning our number one activity.

Providing “member value” is our reason for existence and as I stated at the start, I believe that we are successful in that objective.

### Membership

We always feel that one of the most accurate measures of our performance is the membership numbers and I am pleased to record that our membership now stands at 155.

One of the difficulties of an organisation such as Momentum is keeping in touch with our member companies – during the year Ruth, working alongside various Board members has, systematically visited over 30 companies. This has allowed us to listen to the issues that each of the companies are facing but also to explain more about the strategy and activities that Momentum are involved in. I think this has been invaluable and we will continue this during the incoming year.

On a lighter note, Momentum is one of the sponsors of the Northern Ireland ICT Cycling Club, an organisation which aims to provide cycling enthusiasts within the ICT industry the opportunity to extend their professional network and improve their health through regular cycling events. You can be assured that this is not an activity that I have involved myself in!

### Events

There were 23 events held during the year and in general they were well attended, with over 500 attendees taking part. A wide variety of topics were covered, including Marketing, Product Management, Public Procurement, Software Testing and Exporting. Some of the events were held in conjunction with other organisations, such as InvestNI, Northern Ireland Screen, SoftTest and Skillnets. A number were sponsored by member companies. We appreciate this support.

### Corporate & Social Responsibility

While many of the activities we involve ourselves in will continue across the year boundary, I would like to draw your attention to one event that I personally am involved in putting together.

Within our sector ... within our country ... within the western economy ... we have privilege beyond compare. During Q3 of 2008 I am hoping that Momentum can lead a team of local senior “industry executives” in a social development project somewhere in the 3<sup>rd</sup> world. Recently we asked the membership to express interest in this and to date, we have a number of individuals who have volunteered – can I ask if any of you might be interested in taking a week out of your busy schedules during October 2008 ... please give me a call to discuss further.

### Finally

I want to thank Ian and his team of Ruth, Helen, Michael, Stephen and Kate for their sterling efforts throughout the year. Much of their hard work translates into a single email invite or a short briefing event – we often only see the result, but do not see the planning and preparation required to achieve that. We appreciate everything you do.

Our colleagues at Invest NI, particularly, Jeremy Fitch, John Hood and the now retired Jim Robinson continued to give us the sort of back-up which is vital for a trade association and I publicly thank them.

I would also like to thank the Department for Employment and Learning for their cooperation as we seek to address the skills issues within our industry. We look forward to continued working with DEL and E-Skills during 2008.

Can I say a particular word of thanks to David Mawhinney, who has Chaired the Future Skills Action Group – under David's leadership, this group has made significant impact in highlighting the need for coordinated action.

Our Board consists of elected and co-opted unpaid volunteers who are only seeking the common good for our industry. They all have various sub-responsibilities within the Board so their contribution goes way beyond the monthly Board Meetings. Someone noted recently that they had yet to hear any "self-interest" among any of the Board – I publicly thank them for their time and involvement on the industries behalf.

I want to thank the outgoing directors, Paul Wilson and Karen Sleat as well as our co-optees, Bill McCluggage, Frank Graham and Steve Brankin for all their time and expertise. Thanks also to Paul McKeever who served on the Board but resigned due to reasons of work.

My final thanks goes to you the members without whose support Momentum is nothing. Can I take this opportunity to wish all of our members a peaceful Christmas and a prosperous New Year.

Thank you for your attention.

Peter Shields