

Technology, Media & Telecoms Sector (TMT)

2020 H1 Insights

H1 2020

In January it emerged that Pointy, the Dublin start-up founded by Mark Cummins (CEO) and Charles Bibby (CTO) was being acquired by Google, who it was estimated paid in the region of €147 million to take control of the business. Pointy provides hardware and software technology to help physical retailers, especially those that might not already have an extensive e-commerce storefront detailing in-store inventory, to get their products discoverable online without any extra development work.

Impact of COVID-19 on the TMT Sector Acceleration of Digital Transformation

The pandemic has accelerated the move to digitisation for many businesses. Cloud computing is now of its day and any trepidation that may have existed heretofore around security or where information would be hosted have all been overcome. As the world adapted to remote working, decisions around adoption, assessment and deployment of technology that would normally take up to a couple of years, were now being accomplished in weeks. Companies who had already begun the offline-to-online transition have managed better in terms of navigating through the pandemic with less difficulties and problems and has also highlighted the need for more emphasis and focus on a company's technological presence. This will now lead to more digital efficiency around managing sales demand (online), accessibility (discovery/searchable), delivery (autonomous/limited contact) and the reputation (social) of a business.

Potential strain on Telecoms infrastructure

During March as the pandemic took hold and millions of people had to work from home, fears grew that broadband networks might crash. The EU subsequently called on streaming service providers such as Netflix and YouTube to limit their services. To put in context, Italy had seen a three-fold increase in the use of video conferencing following the beginning of its full lockdown, which contributed to a 75pc rise in residential data traffic and mobile networks recently.

Cancellation of major Tech events

The pandemic also precipitated the cancellation of major technology events across the globe such as SXSW (Austin) and Mobile World Congress (Barcelona) along with numerous other industry and networking events. The loss of these events continues to reverberate

as the opportunity cost continues to negatively impact lots of businesses across the TMT space as they try to make up for loss of sales and business development pipeline opportunities. While the full impacts of Covid are still being assessed and understood some companies have told us that they were overly pessimistic in their projections for reduction in sales in Q2.

Government launched €2m COVID-19 scheme to get retailers online

A new scheme to help boost the on-line presence of retail businesses affected by COVID-19 was launched. The scheme aimed to provide applicants with financial support of up to 80pc of eligible project costs, with funding ranging from €10,000 to €40,000. The €2m fund was open to national retailers, with a physical store and employing more than 10 people, to accelerate their on-line proposition and enabling eCommerce in both domestic and export markets.

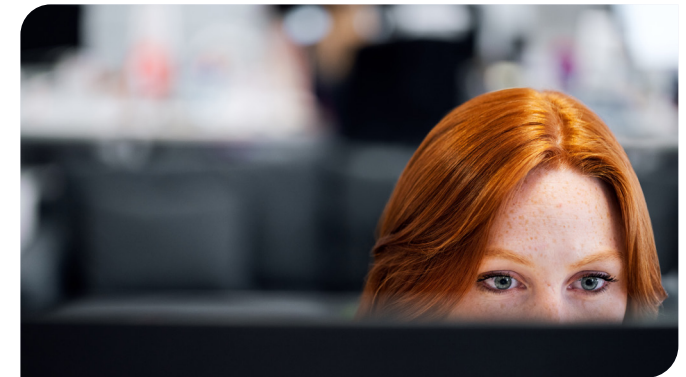
The eCommerce Association of Ireland (eCAI) also launched a 'Task Force' of eCommerce professionals to help Irish business owners through the crisis. They provide a support network of leading tech mentors to members, e-retailers and businesses to aid in setting up operations or services on-line. More info: ecai.ie/taskforce

Journey to online: While many of our customers may now be seeking to move online; getting online and understanding what needs to be done can be stressful for companies. Below are some examples of companies that help businesses with getting online/distributing product through various platforms:

- **Scurri:** a cloud-based solution to help optimise the online ordering, shipping and delivery process for retailers. (scurri.com)
- **Kooomo:** provide a platform that seamlessly connects all sales channels, helping customers to manage online stores. (kooomo.com/en/)
- **Luzern Solutions:** offer an end-to-end solution comprising online store and ecommerce platform. (luzern.co/)
- **Pointy:** enables retailers to have their products for sale on-line, making them searchable to help shoppers find those products in their local area. (pointy.com/ie)
- **NRGStore:** is an e-commerce platform that enables other suppliers to sell their product ranges and services online. (nrgstore.ie)

Venture Capital

The Irish Venture Capital Association (IVCA) published its VenturePulse survey for the first quarter. The value of deals in the €1 - €5m category fell by 44% from €68.8m in the first quarter 2019 to €38m this year. The total number of deals also fell, from 30 to 18. Deals in the under €1m range fell by 39% from €13.8m to €8.4m with the number falling from 36 to 22.



Bank of Ireland lending in H1

Lending: H1 has seen strong demand, with an increase in lending approvals up on the same period last year to the TMT sector. This growth is a continuation of the trend of recent years. The main requirements being funding for growth/acquisition and expansion into new markets. Key sector segments continue to be SaaS, telecoms and digital/media space. Likewise, we are seeing significant growth from companies delivering solutions into the health sector as we see an acceleration of the adoption of digital technologies.

H1 Sector Activity – Acquisitions/Investment Ireland – some notable activity over the period:

Fundraising

Evervault: the Dublin-based internet infrastructure company has closed a \$16 million Series A investment round led by Index Ventures. Founder & CEO, Shane Curran, won the BT Young Scientist of the year competition back in 2017 at the age of 17. Evervault are building a technology solution that simplifies and protects data privacy, rather than depending on regulation.

Keelvar Systems: the Cork-based company develops artificial intelligence for the procurement market, raised \$18 million (€16m) in funding to support its expansion plans across Europe and the US, as well as increasing investment in the company's core technologies. Keelvar Systems have seen an escalation in demand from large enterprise seeking to automate elements of their supply chain as a result of COVID-19.

Investment

VR Education: the Waterford based company, which develops virtual reality software announced that HTC Corporation, the Taiwanese conglomerate were investing €3 million in the business and taking a 20% stake. This funding is a huge step forward for the company which was founded in 2015 and will enable them to further develop their ENGAGE platform and grow sales through HTC's global distribution channels.

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2020 H2 Outlook

As we look ahead to the latter part of 2020, while no one really knows how long the pandemic will last, it is fair to say that Digital Transformation is here to stay and we are going to see a significant uplift in technology enabled, 'digital first' businesses across every sector.

Programme for Government – National Digital Strategy:

the proposal includes a commitment to commence a public consultation on the development of a National Digital Strategy with a view to completing and publishing the strategy within six months of the formation of the new government. This proposed strategy demonstrates a statement of intent by the new government as to the importance of technology and the role it will play going forward in terms of a digitally enabled society.

Rural broadband: remote working is now seen as strategically important in supporting the reduction of Ireland's carbon footprint. Connectivity to broadband is now being viewed importantly from an environmental point of view which is likely to result in expediting the roll out of the National Broadband Plan. A strategy for remote working and remote service delivery forms part of the new programme for government and will drive opportunities across every part of the country, offering candidates to 'work from anywhere' there is connectivity.

Contact Tracing App

At the time of writing, Ireland's Contact Tracing App is now launched and surpasses 1.4 million registrations. This, by any standards is a remarkable show of solidarity by the Irish public. Initially planned by the HSE to launch back in March; Nearform, the Waterford-based company that built the app had to overcome various barriers in terms of privacy issues and bluetooth functionality (for iPhones) along the way. While there have been some issues raised in relation to elements of the apps functionality, its ultimate roll-out is an important weapon in the fight against COVID-19.

Remote Working

As thousands of us have adapted to remote working the consensus is that this new way of working is here to stay. Many people have questioned the logic of how they spent long hours, commuting on trains or driving the roads of Ireland getting to and from work before

COVID-19. Many global technology companies have been operating a remote working strategy for some time and while it might not have seemed too attractive before, it has certainly grown in popularity in recent months. In a recent National Remote Working study undertaken by NUI Galway on behalf of the Western Development Commission, 83% of respondents expressed a preference to continue to work remotely post COVID-19. 51% had never worked remotely before COVID-19. Grow Remote (growremote.ie) a not-for-profit social enterprise, is on a mission to enable more people to work from wherever they like and in so doing can live and participate more in their local communities across the island of Ireland. It wants to increase the number of remote workers, that is, people in full-time employment just without the typical office environment. To further support the connection between individuals, job seekers and businesses looking to hire remote workers, Grow Remote also posts job opportunities on its job board (growremote.ie/irish-remote-jobs-board/). The advantages of remote working are many, such as improved work-life balance, reduced costs of commuting and greater flexibility in how to organise one's working day. Likewise the benefit for business is happier and more productive employees.

Growth in Telehealth

During H1 we witnessed a streamlining of procurement models in both the HSE and NHS, with both health services seeking to acquire new technologies quickly and deploy them rapidly. This has resulted in a boon for companies in the TeleHealth/HealthTech sectors. We have also seen doctors right across Ireland delivering consultations through video calls which has proven beneficial to both clinicians and patients with neither part recording any diminution in the quality of the experience.

According to McKinsey, in the US, consumer adoption of Telehealth has skyrocketed, from 11 percent of consumers using telehealth in 2019 to 46 percent of consumers now using telehealth to replace cancelled healthcare visits. Pre COVID-19, the total annual revenues of US telehealth players were an estimated \$3 billion; with the acceleration of consumer and provider adoption of telehealth and the extension of telehealth beyond just virtual urgent care, up to \$250 billion of current US healthcare spend could potentially be virtualised.

Bank of Ireland

We recognise that we have a unique opportunity to support our customers and to enable Irish businesses and the communities we jointly serve to thrive.

Our proven financial capabilities and appetite, combined with comprehensive sector expertise, provide us with a strong platform to meet the funding requirements of Irish Technology, Media and Telecoms companies.

We are delighted to continue to provide various facilities to some of Ireland's best-known technology brands across various sector

segments, but we won't stop there. It is our ambition to grow further and by having a designated Technology team we can deliver on our agenda to be the Bank of Choice for Ireland's Indigenous Technology Sector, with the experience, the knowledge and most of all an understanding, of your business.

Talk to our Technology Team today, to see how we can help you grow, your business.



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As Head of Technology, Media and Telecoms Sector, Paul works with colleagues all over the country to assess companies seeking debt finance. A passionate advocate for the Sector, focused on translating the nuances and different technology business models to enable colleagues and the bank better understand the businesses and support decision making around their readiness for debt. Paul has more than 20 years' business experience in working with technology-driven organisations from R&D-led institutions like TSSG at Waterford Institute of Technology and Trinity College's Adapt Centre to managing IDA Ireland's Consumer Technology portfolio out of Boston. Paul also completed a posting in the Middle East, based in Bahrain, assessing multi-million dollar investment projects in the region. He has also worked closely with spin-outs and mentored new and established technology companies. A native of Waterford, Paul holds a Master of Business (Hons) Internationalization from Waterford Institute of Technology.

Sources: Business Insider, CNBC, Technology Ireland, Gartner, Yahoo Finance, Grow Remote, RTE.ie, Irish Times, Renatus, Tech Crunch, CEOMagazine.com, Health Service Executive (HSE), AXIOS, Western Development Commission (WDC), McKinsey & Co.

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