

The Knowledge Economy Transformation in Ireland

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ICT Ireland
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Agenda



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1. Introduction to Ireland ICT Ireland
2. Ireland - 1990 vs 2007
3. The knowledge economy in Ireland
4. Key indicators for a successful knowledge economy
5. Challenges faced by Ireland
6. Questions

ICT Ireland – who are we ?

- **Representative organisation**
- **Established in 2001**
- **Part of IBEC**
- **350 members:**
 - leading players in the Irish technology sector,
 - early stage hi-tech companies,
 - telecommunications companies
- **Ireland retains and extends a global leadership role in information and communications technology**



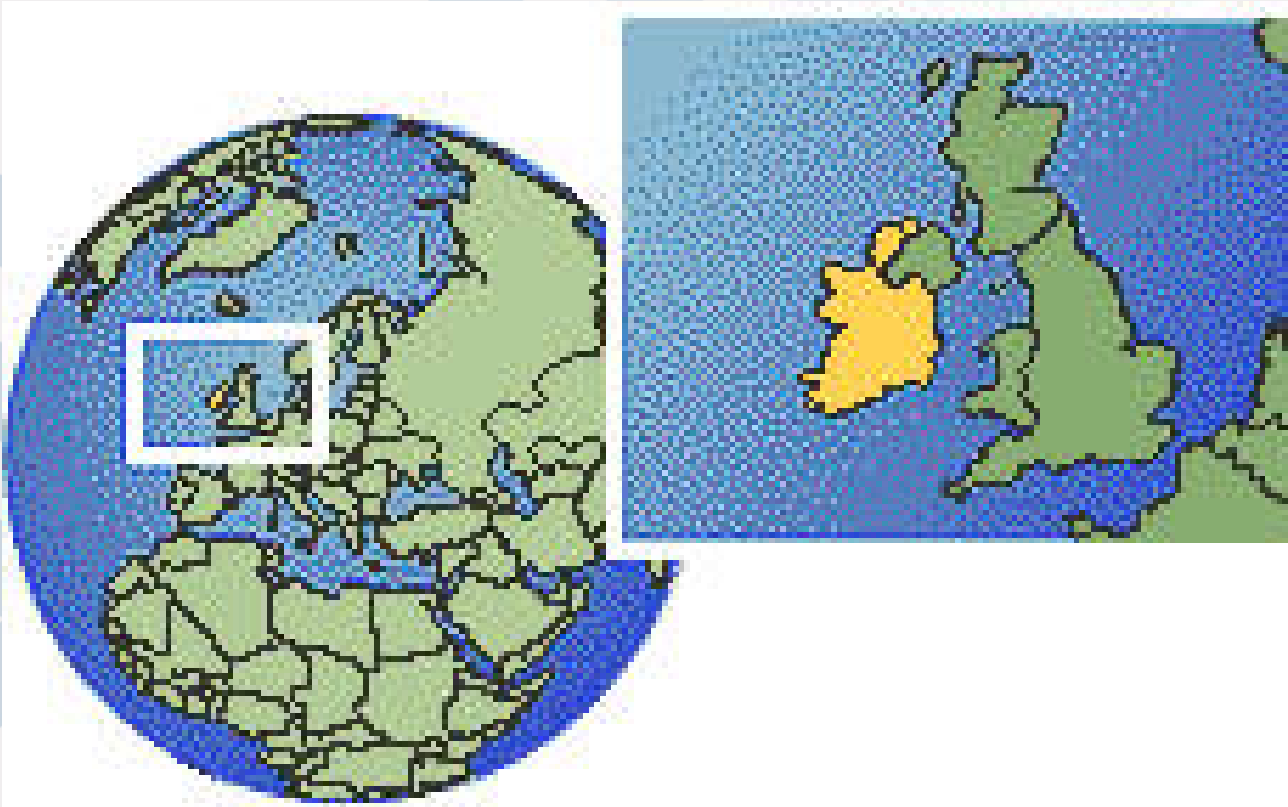
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Ireland



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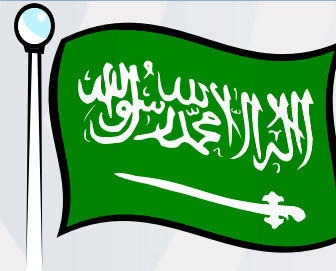
Key Statistics



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- Population - 4.2 million
- 68% - 15 – 64 years
- Median age – 34.6 years
- Pop growth rate – 1.1%
- Net migration – 4.8/1,000
- Land area – 68,890 sq km
- Arable land – 16.82 %
- Natural resources - v little



- Population – 28 million
- 59% - 15 – 64 years
- Median age – 21.5 years
- Pop growth rate – 1.9%
- Net migration - -6.9/1,000
- Land area – 2,149,690 sq km
- Arable land – 1.67
- Natural resources - abundant

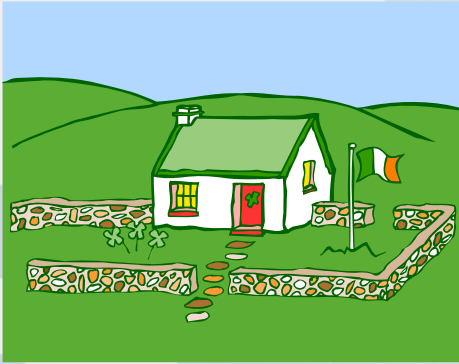
Ireland – prior to the transformation

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Knowledge Economy in Ireland today



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“One of the most remarkable transformations of all times”

‘Europe’s Shining Light’, The Economist



Ireland – 1990 vs 2007



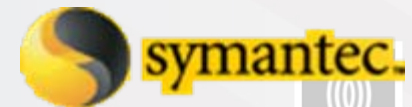
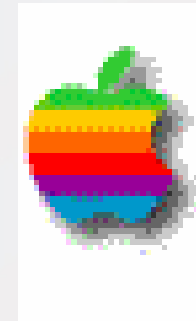
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	<u>1990</u>	<u>2007</u>
• GDP	€36,312 m	€186,253 m
• GNP per capita	€15,741	€34,082
• Merchandise exports	€18 bn	€87 bn
• Total Debt GDP	96.4%	24.1%
• Total Labour Force	1,310 m	2,100 m
• Unemployment	176,000	102,000
• Unemployment	13%	4.3%
• Inflation	3.4%	4.7%

Knowledge Economy Today !



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Technology investments in Ireland 2007

- Nortel Networks – 60 R&D jobs
- Amazon – 450 jobs
- IBM – 130 jobs
- Gala – 32
- VMware – 369 jobs
- Blizzard Entertainment – 50 to 100 jobs



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Irish technology sector at a glance



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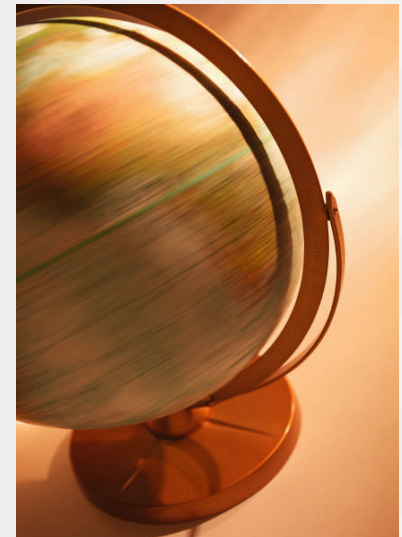
- **Employment:** **83,400**
 - Services **53,400**
 - Manufacturing **30,000**
- **Turnover :** **€52 billion**
- **Exports :** **1/3 of all exports**
- **Value added:** **€14.6 billion**
- **Corporation Tax:** **€600 million**

Key indicators of a successful knowledge economy

- **Highly skilled, motivated & flexible workforce**
- **Low corporation tax rate & transparent tax system**
- **Government focus on innovation, research & development**
- **High productivity rates**
- **Pro-business & supportive Government**
- **Open economy**



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Skills



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- **Early schooling (Primary School)**
 - Develop an interest in science and maths
- **Post Primary School**
 - Encourage high take-up of higher level mathematics and science
- **Third Level**
 - Computer science, engineering, sciences, sales/marketing
- **Fourth Level**
 - Double PhDs by 2013

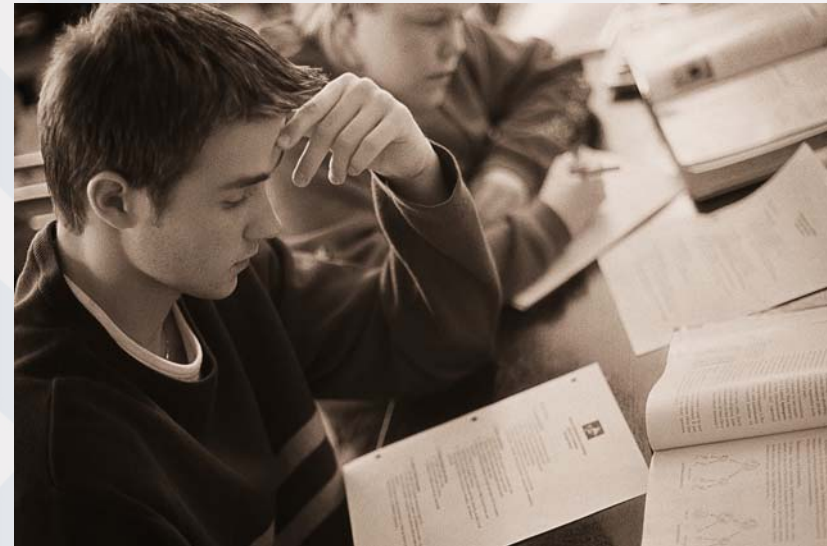


Skills contd.,



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- Nurture an entrepreneurial spirit
- Develop expert thinking and complex communication skills
- Integrate the use of ICT in the classroom



Taxation Policy

- Attract foreign direct investment
- Support indigenous sector
- Competitive corporate tax rate (12.5%)
- Employer social security contributions are among the lowest in Europe (10.75%)
- Tax credit for R&D spend (20%)



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Innovation Policy



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1999



Technology
Foresight Reports

2000



Technology
Foresight Fund
(€646m)

2003



Science Foundation
Ireland (SFI)
established

2004



SFI budget
increased by 62%

2006



Strategy for STI - (€8.2bn)

High Productivity



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- Irish productivity is among the highest in the world
 - Ireland – 43%
 - US – 40%
 - EU (15) – 38%
- ICT & pharmachem account for 30% of total value added
- One-third of total US investment in the EU goes to Ireland



Pro-business Government

- Ability to build strong personal relations with politicians and officials in Government
- Good understanding of today's economic climate
- Regulatory framework that encourages enterprise competitiveness
- Consistent Government direction



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Open Economy



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- Ireland is the world's largest exporter per capita
- Hi-tech products and services account for almost one-third of Ireland's exports



Challenges for the Knowledge Economy in Ireland



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- **Availability of skills**
- **Global economic downturn**
- **Availability of finance for start-ups**
- **Cost competitiveness**
- **High energy costs**
- **Low cost of R&D spend (relatively)**
- **Need to e-enable Ireland**





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Thank You !

Questions ?