SOUTH EAST TECH PULSE 2024

TECHPULSE 2024

KEY FINDINGS

Sectors

Software and services is the most numerous broad tech industry grouping in the South East, although there is significant hardware and equipment footprint. Within those groupings a robust and protective multitude of sub-industries are present including software development, IT services, fintech, medtech, and AI.

Quality of Life

The quality of life on offer in the South East is highly regarded by the Tech organisation of the South East. A clear majority of respondents rates the following good or very good: quality of life (94%), Education (81%), and the natural environment (91%). The areas most often considered poor or very poor were transportation (34%), accommodation (35%), and the talent pool (26%).

Growing Ecosystem

The southeast has a thriving ecosystem of both multinational companies and indigenous startups. A number of publicly listed companies responded to TechPulse and per reporting requirements do not answer all the same questions as the SME sample. Within the SME population, 19% are in the medium category, 29% small, and 52% micro. Across the different sizes there is a bullish outlook on employment growth over 1-, 2-, and 5-year time horizons.

Talent Pool

The non-tech functions are served by SETU and the regional ETBs, these roles include: admin, HR, and finance. However, clear areas of improvement are highlighted in software engineering, product and project management, and UX/UI design.

WfH

Companies in the South East are more likely to offer remote-friendly and hybrid roles to their workforce (66%), and most have flagged that they intend to continue their current policies into the future (83%).

Innovation

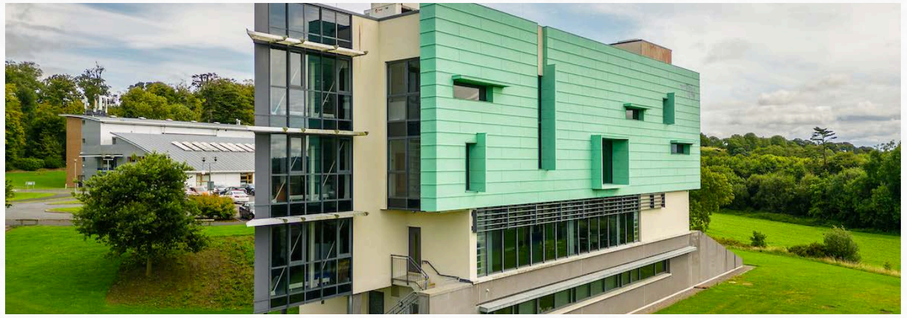
The South East tech sector appear to be actively cultivating a spirit of innovation with 94% of respondents reported active engagement in innovation, be that product or process. The average number of functions operating under the roof a tech business in the South East is 8.

Local and International

The mix of regional, national, and multinational business is evident in the sample, 70% of the sample indigenous and 30% operating as a satellite of a national or international company. However, in addition to the employment provided all firms are contributing to the local economy through non-labour spending into the business.

When looking at export markets for the South East Tech sector our respondents reported an even split of 35% (UK), 32% (EU), and 33% (US).

SOUTH EAST TECHPULSE



Waterford City and County Council, in partnership with Tech sector stakeholders, has commissioned RIKON Research Centre (SETU), to document key data relating to the Southeast region's Tech sector firms' operations in Waterford and the Southeast.

The survey, TechPulse, is supported by:

Comhairle Cathrach & Contae Phort Láirge
Waterford City & County Council

Kilkenny County Council
Comhairle Chontae Chill Chainnigh

CARLOW COUNTY COUNCIL
COMHAIRLE CHONTAE CHEATHARLOCHA

Wexford County Council

RATIONALE

The Southeast region is home to one of the country's most vibrant tech clusters and embraces innovation, development, and growth. With a healthy mixture of established and thriving multinational big-hitters, new and agile start-ups, and everything in between. Having grown steadily over the past decade the region represents a place of opportunity for business and investment.

The fully anonymised survey results will serve as a deep-dive document into the sector and will be used to inform policy makers, investors and start-ups about the region's Tech landscape, within the context of the wider economic landscape.

The IT sector contributes significantly to the overall Irish economy, however the purpose of this survey was to ascertain details of the region's sector regarding:

- Demographics, i.e. scale, scope, speciality
- Economic outlook and indicators
- Market conditions

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SOUTH EAST CONTEXT

High Potential

The South East of Ireland is amongst the fastest growing regional economies in Europe, with a strong city and regional emphasis on innovation, economic potential, and business friendliness.

Talent Pool

The region has been home to some of the strongest recent population growth in line with the national development plan and national planning framework for regional cities. The South East region and Waterford City has been home to some of the fastest population growth between census years, the region is well placed to continue the pipeline students through the regions' stenghtening third level education, headlined by the South East Technological University.

Competitive Edge

On top of the strong talent pipeline, the South East performs strongly with regards to cost competitiveness, economic potential and business freindliness. The region boasts the lowest operating costs, underpinned and driven by appreciably reduced industrial property costs (ISEDO). The South East offers significantly lower residential rental and house pruchase prices, Waterford City is equally competitive in comparison to other regional cities. and the quality of life on offer lends itself to some of the highest staff retention rates in the nation.

Existing Ecosystem

The already embedded and thriving Tech cluster in the South East simultaneously offers assurance to new businesses and potential employees looking to find the ideal location for their future. Approximately 6000 tech professionals are located in the South East, across an estimated 900 tech businesses covering the broadest spectrum of tech sectors. South East tech employers have stated their appreciation for the quality of life of their staff, through a strong majority intending to remain remote work friendly.

Commute times in the South East are 7% below the national average, while Waterford has the joint lowest commute times in the nation.

The South East region has an estimated population of 500k.

SETU is home to 17-20k Students per year. Over 1300 directly studying towards a career in tech.

South East residential rents are 21% below national average and Waterford City rents are 22% below the regional city-averages. While those looking to purchase would see a 10% and 27% drop in the same comparison. A significant reduction to the cost of living and working.

Waterford City placed 4th in the 2024 European Micro Cities of the future, lauded for its economic potential and business friendliness.

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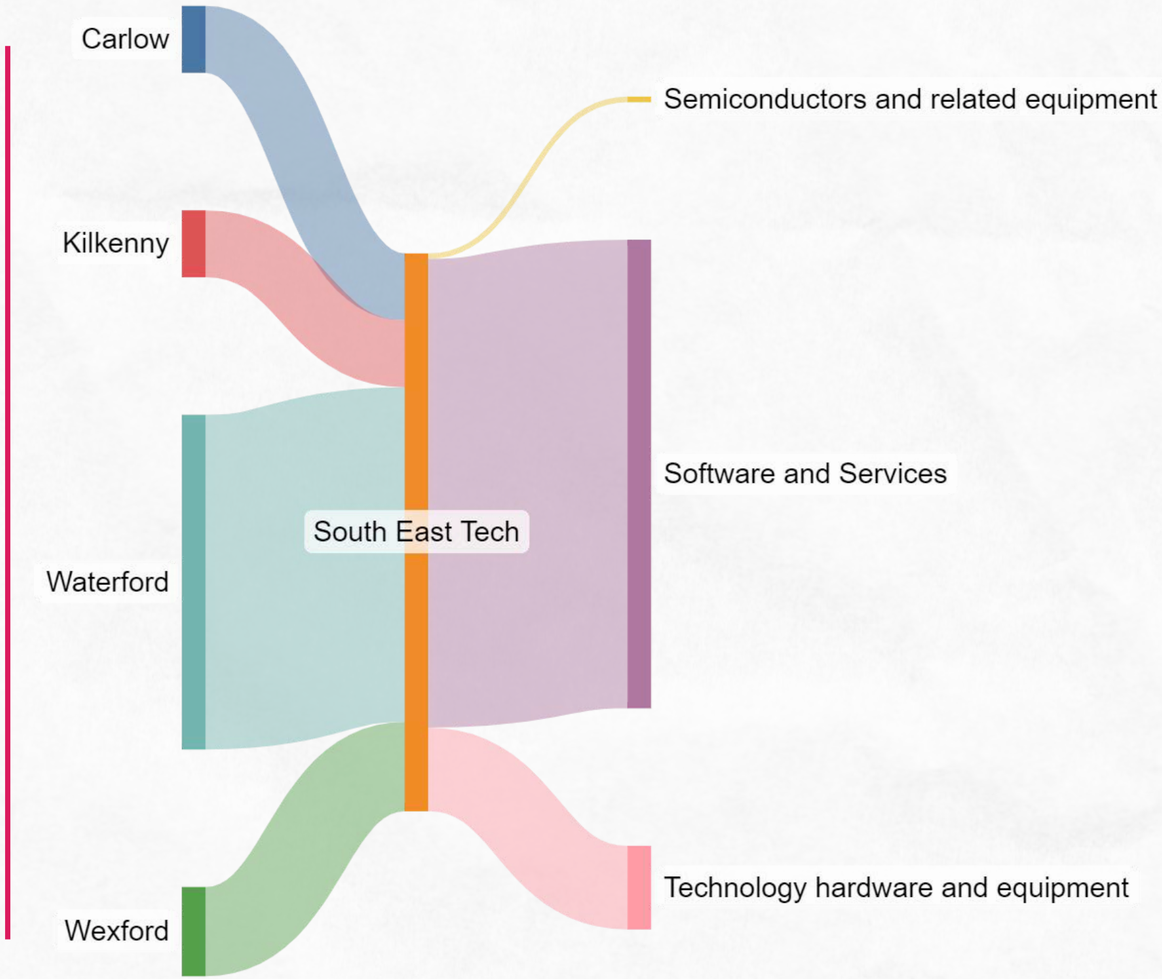
SOUTH EAST TECH INDUSTRY OVERVIEW

Sectors

The technology sector is divided into three primary sectors. These consist of technology hardware and equipment, semiconductors and semiconductor equipment, and software and services - all of which are operating throughout the South East. Sub-industries can be found within each of these main sectors.

County Profiles

The Tech sector has a clearly established presence across the communities of the South East. While the respondents to the 2024 TechPulse are a group within a group, all counties have been represented. Our 2024 survey was responded to by 71 businesses in the South East - the breakdown of their primary South East location and broad industry sector are displayed here.



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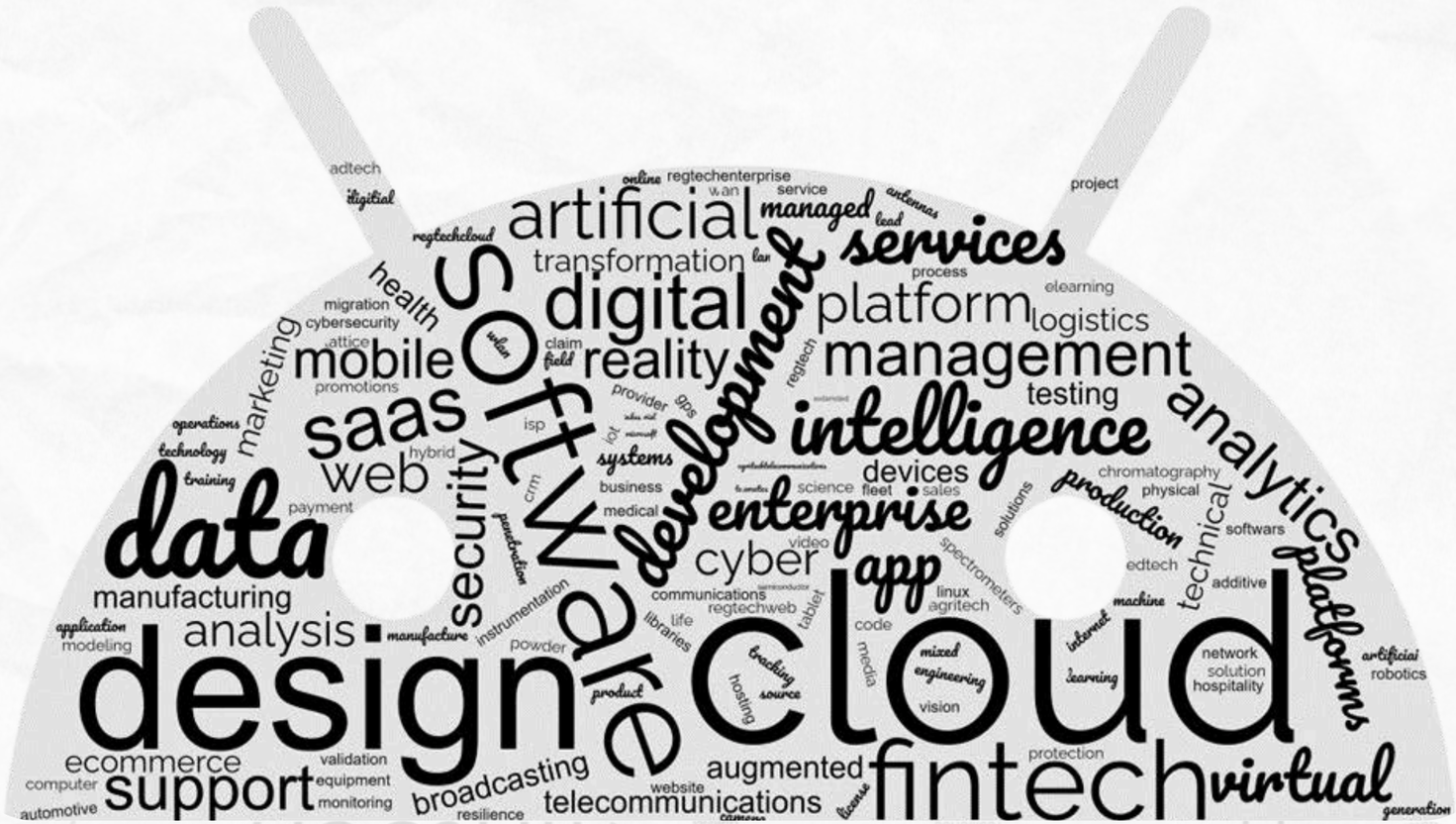
SUB INDUSTRIES



Specific activities

The tech sector is characterised by it's diverse range of established and emerging industries. Our participants were asked 'What specific industry, or industries best describe your core business?'.

Given that the region is home to many tech hubs and incubation centers, along with being an early adopter of co-working, and a region wide multi campus technological university, it is not a major surprise to see such a wide breadth of industry and sectoral interests.

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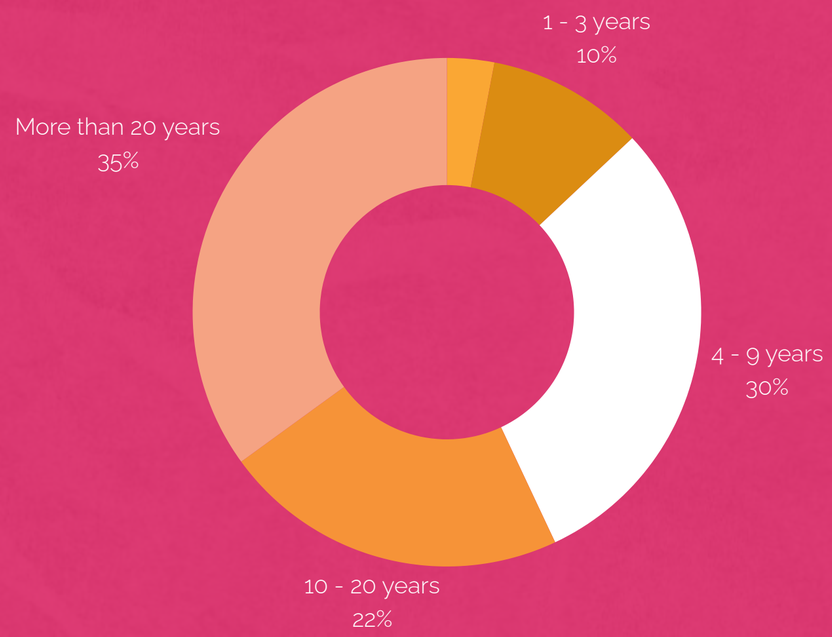
EMBEDDED

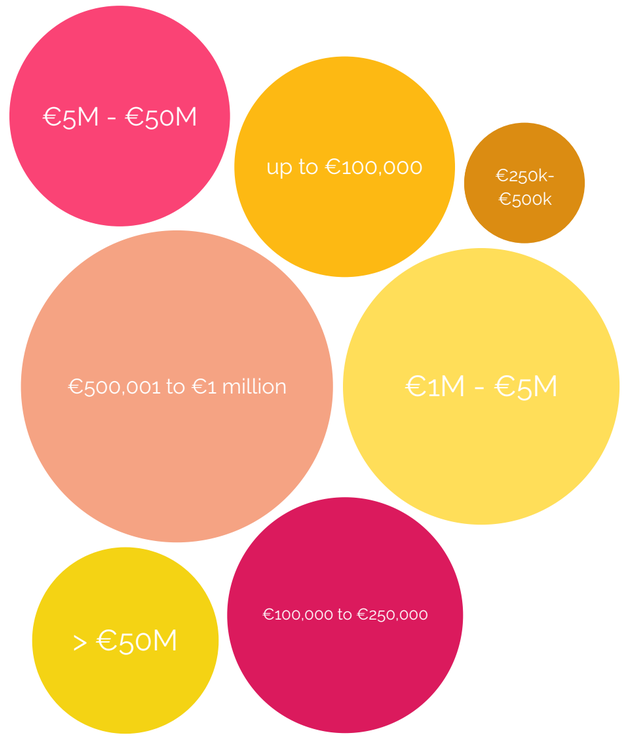
Longevity

The South East Tech sector is made up of both domestic and international businesses. Its entrepreneurial workforce that attracts FDI is also key to ensuring a strong pipeline of start-ups. Our respondents were asked 'Approximately how many years has your business been in operation?'.



Turnover

The Tech sector in the South East is an economic driver of the region. In TechPulse 2024, we asked 'Approximately, what was the annual turnover of your enterprise in the last year?'. In addition, larger companies, those with strict reporting arrangements, and specific corporate goverance requirements could not respond to this question.



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EMPLOYMENT

AVERAGE EMPLOYMENT
South East SME Tech

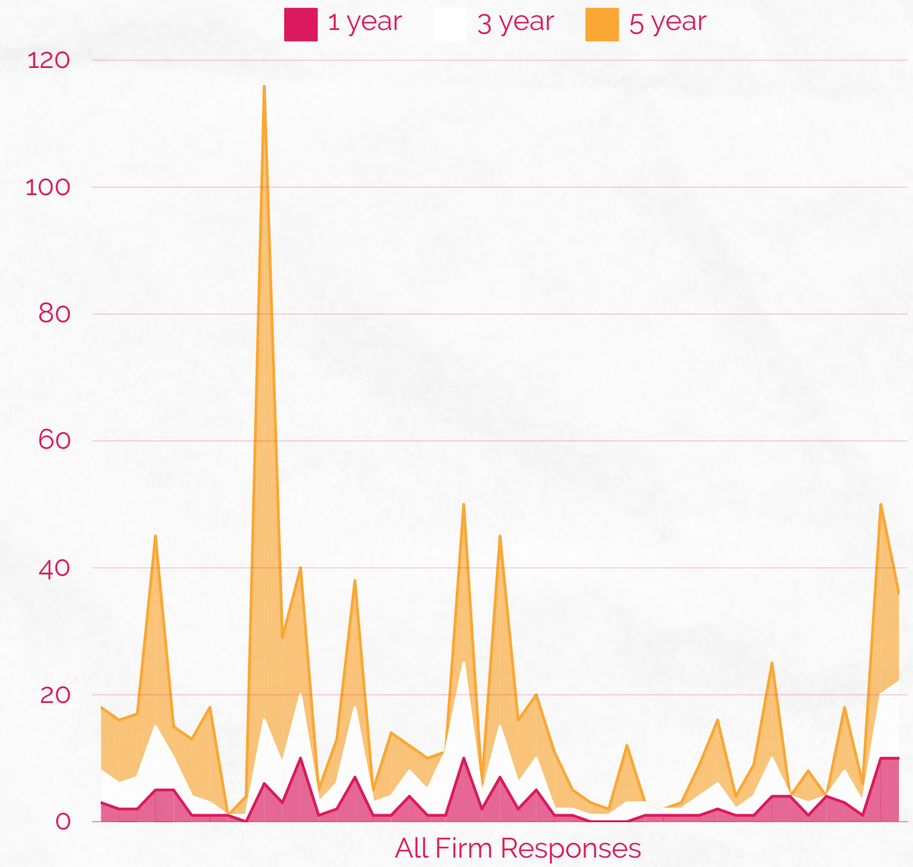
Current and Future

Our survey asked 'How many people does your enterprise currently employ either full or part-time at all its locations in the South East?'. Of the SMEs in our TechPulse sample, over half are considered micro. Globally, Micro firms make up a much approximately 95% of all business and are considered the backbone of global economies. Our findings suggest that the South East tech sector is both embedded and simultaneously experiencing high growth - that small and nascent firms are unlikely or unable to stay at that size for long.

Looking to the future and considering 1-year, 2-year, and 5-year time frames, our respondents were asked 'what level of recruitment would you expect to happen within these periods, and what areas of business are most likely to be impacted?'. In terms of FTE employment, some South East Tech SMEs are predicting an expansion of up to 115 employees within a 5 year range. While the average 5 year headcount increase for the sector is 18 FTE.

South East SME Tech

FUTURE FTE EMPLOYMENT PROJECTS



All Firm Responses

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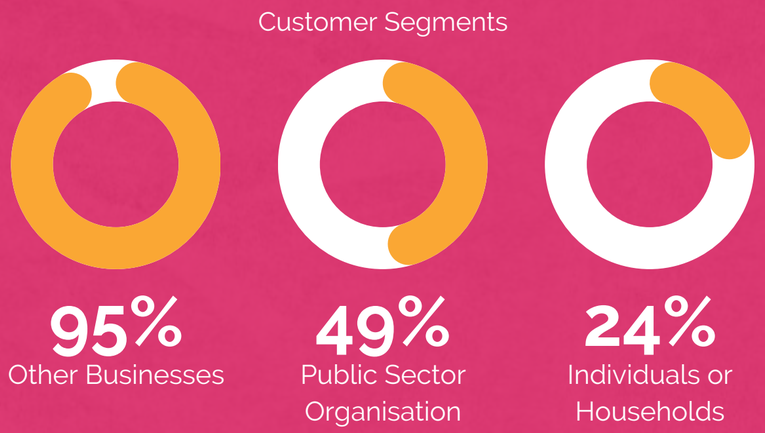
CUSTOMERS

Customer Segments

The majority of South East Tech businesses are serving multiple markets. However, B2B remains the core segment for most enterprises with intensive clustering of enterprise software development in the region.



Even Split

When asked 'What are your top export Markets?' our respondents reported a near perfect split of 35% (UK), 32% (EU), and 33% (US). While the outcomes of Brexit have crystallised, the UK remains the single most important export market for Irish businesses.

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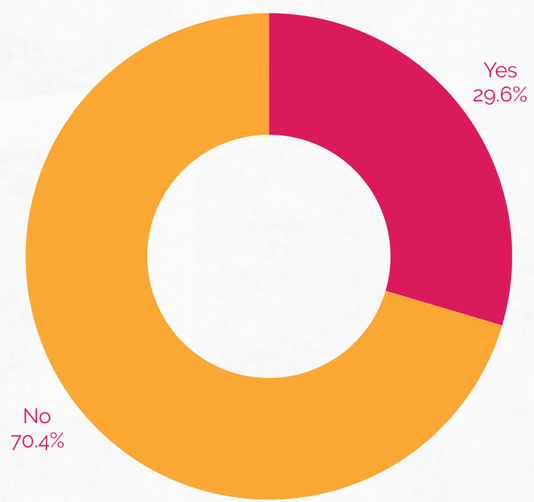
SOUTH EAST TECH: LOCAL FOCUS

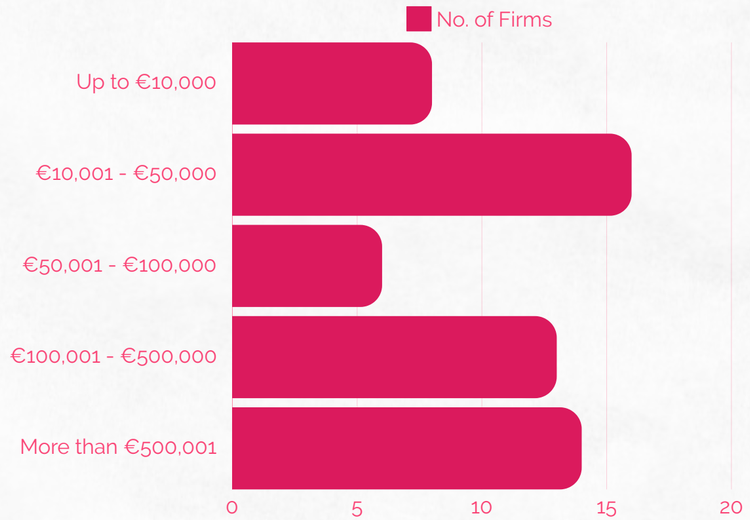
Locating in the South East

Our sample was asked 'Is your presence in the South East a satellite office of a larger corporate entity?'. 30% of tech businesses with a footprint in the South East are those which have specifically opted to operate an office from the region. Getting the balance right between fostering indigenous companies, and attracting and retaining major Tech players is key to the South East tech cluster's ability to continue punching above its weight.



Spend on non-labour inputs

Salaries and contribution to regional GDP/GVA are standard measures of the economic output of any business. However, recently the focus has begun to ecompass spillover effects, and economic multipliers. One such example of this is in the spend on non-labour inputs into the business. The tech sector in the South East contributes majorly to other industries in the South East, and even moreso in each of their own locales. 'Over the past year, what was the approximate total spend on goods and services (excluding labour costs) of the organisation?'.



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FUNCTIONS AND INNOVATION

AVERAGE NO. OF UNIQUE FUNCTIONS

8

The broader Tech sector is characterised by the diversity of industries under its umbrella. However, that diversity is not just seen when looking from one business to another, it is equally visible within internal company structures within the South East Tech ecosystem. Respondents were asked 'Approximately how many functions are taking place within your South East setup?'. Examples of business functions may include but are not limited to: Admin, engineering, finance, HR, etc. Of the businesses surveyed firms average over 8 functions taking place within their South East footprint.

ACTIVE INNOVATION

94%

An innovative spirit is desired throughout many enterprises, sectors, and industries, and is often codified in some way, however it is not the same as active continued operation innovation. Innovation can take many guises, particularly in the ever-evolving Tech space. The South East tech sector appears acutely aware of the old adage 'Innovate or Die'. 94% of respondents reported active engagement in innovation, be that product or process when asked ' your business engaged in product/process innovation?'. Additionally, barriers to innovation are not seen as prolific, with a minority of respondents reporting time, capacity, and resources as there barriers to innovation.

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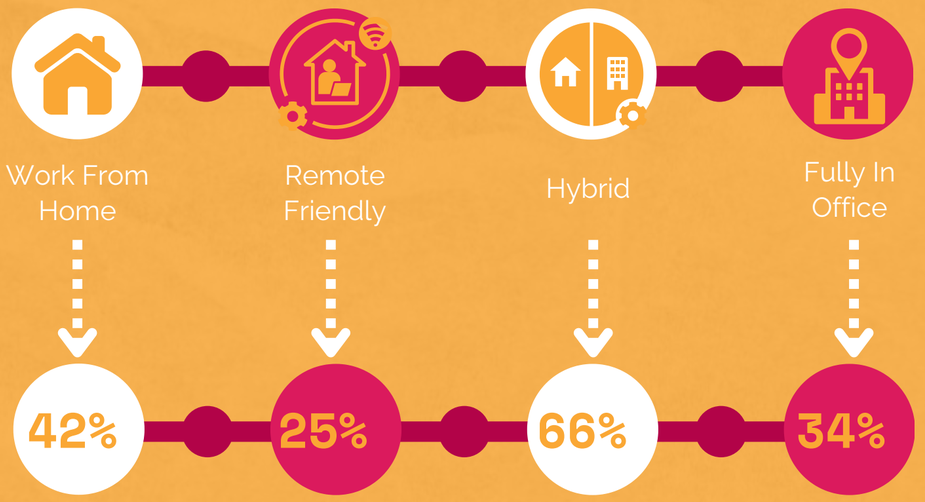
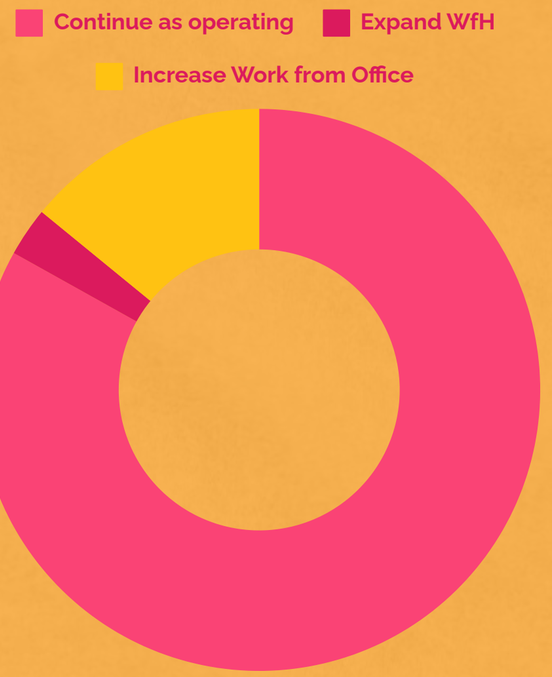
WORK STYLES

Work from Home

COVID had a profound effect on how we live and work is rightly considered as an inflection point for the work from home (WfH) shift. However, the options have developed since then.
As a result of the blend of options for both employers and employees, respondents were able to choose all options that apply to the business and the staff within it.





Future Plans

While many firms may not have their future intentions for their work styles fully crystallized. There are general insights into the short-to-medium term plans with regards where and how the sector will operate in the future,
From the 2024 TechPulse sample the majority of South East tech businesses and their employees have landed on a working formula - with 83% of firms not intended to change. A small number of firms are looking at increasing their work from options, while approximately 14% would prefer an increase in their in-office staff count.

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PEOPLE AND TALENT

The Tech sector is often known for, or assumed or have a competency-focus, with tests of technical aptitude anticipated somewhere along the hiring process. However, the South East respondents to the TechPulse survey view this as a complex issue with a wide variety of positions held. When asked 'What are the most important skills that you look for when hiring a new employee' there appeared two primary schools of thought, competency-based and person-based. Attitude, adaptability, teachability, self-motivation and work ethic are cited as often as broad IT skills, AI, or AWS platform knowledge.

The availability of staff from the region is another area with diverse experiences and perceptions. Given the multi-function nature of South East Tech companies it should come as no surprise that responses are dependent on both the specific sub-sector in which a company operates, but equally the specific internal function or project. A common response is that a number of non-tech functions are served more than adequately by SETU and the regional ETBs, these roles include: admin, HR, and finance. Views become more mixed with regards to broader tech-centric categories with software engineering, product and project management, and UX/UI design – in these areas the needs are mostly seen as met but not exclusively so and shortcomings are highlighted. However, there are a number of areas frequently remarked as seeing a strong lack of a talent pipeline and those include but are not limited to particular coding language, particular platforms, and familiarity with HealthTech.

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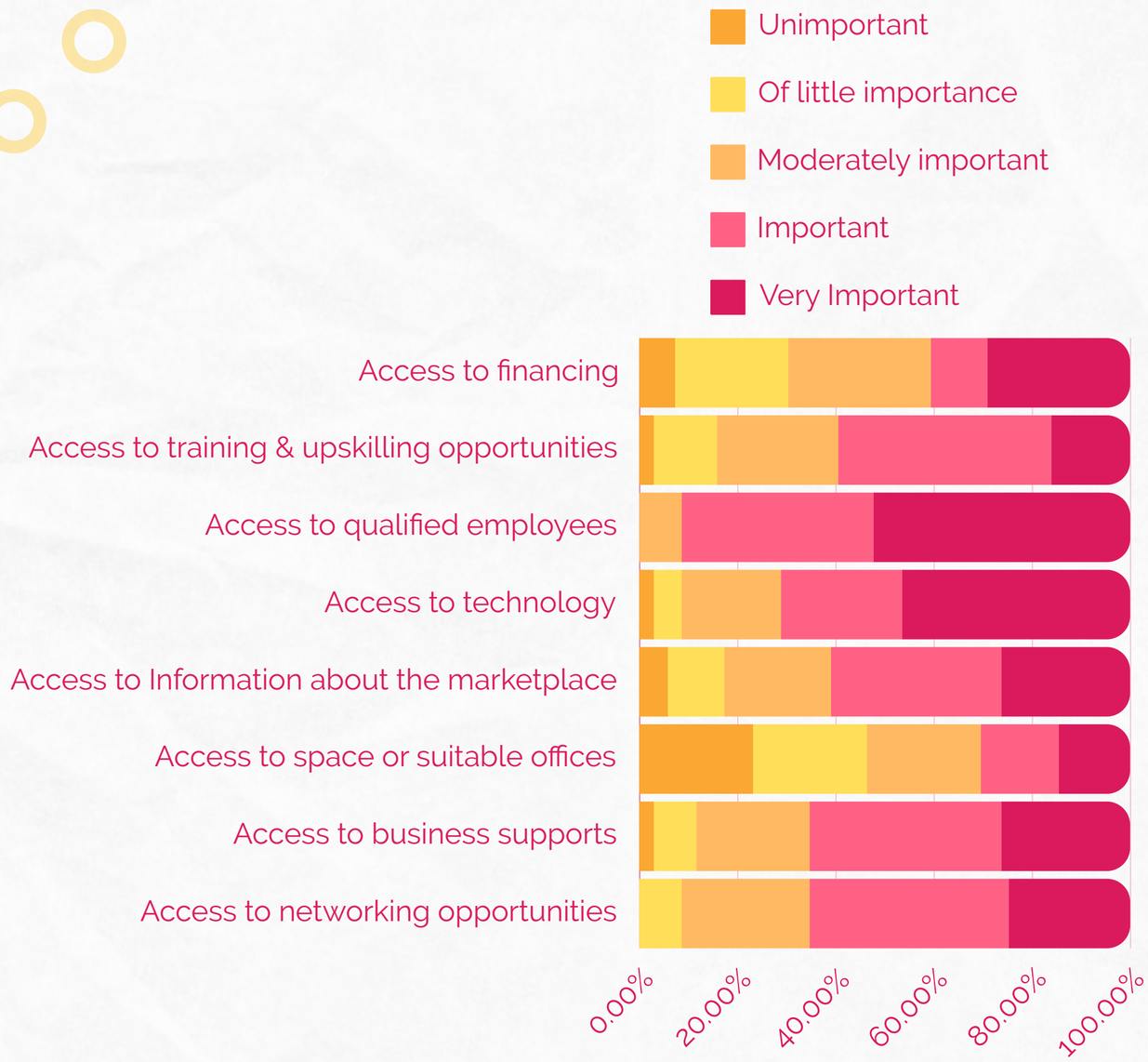
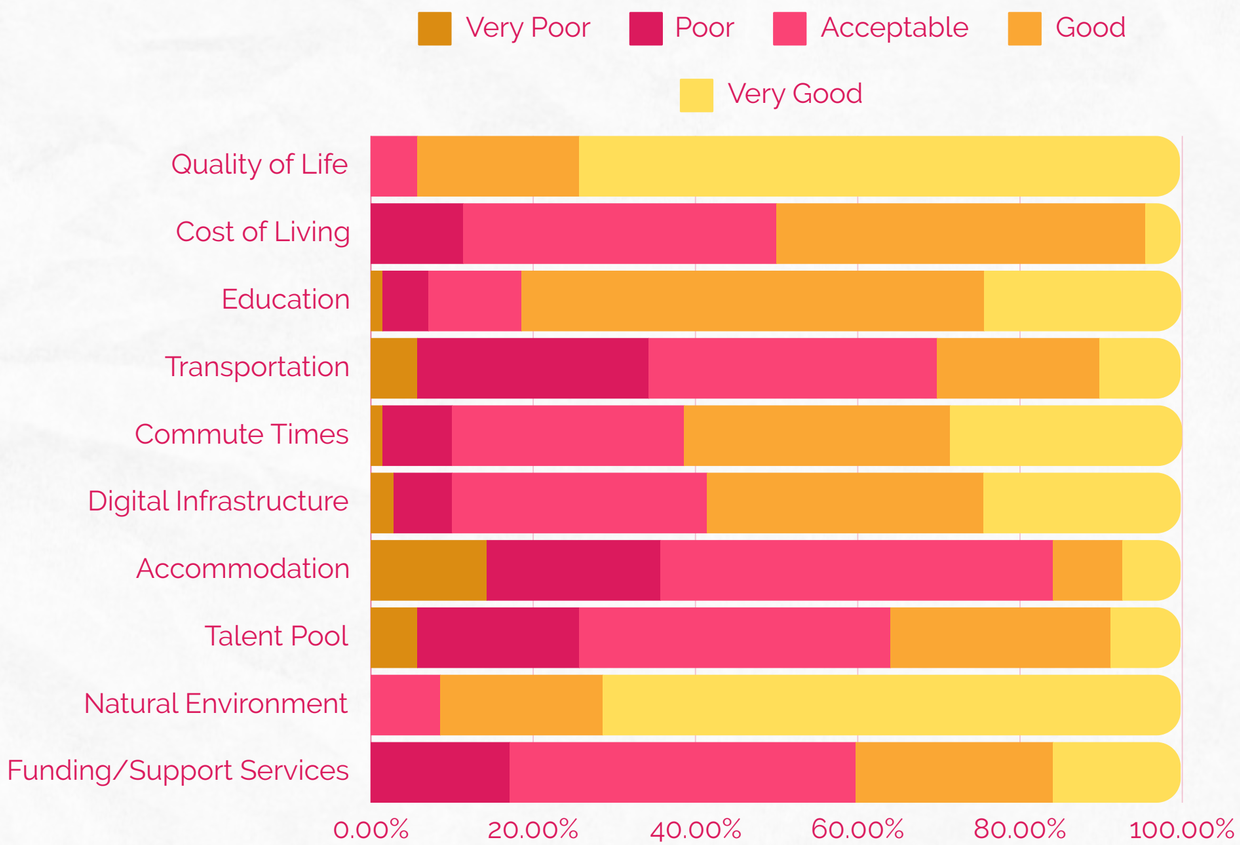
FUTURE GROWTH

Contributors



Our survey participants were asked to 'Please rate the following in terms of their importance in contributing to your future growth.'. 70% of firms responded that access to finance was moderately to very important for their future growth. Access to training and upskilling opportunities was emphasized, with 84% considering it important or very important. Access to qualified employees stands out as overwhelmingly seen as crucial their businesses potential, with 91% ranking it as either important or very important. Access to technology is unsurprisingly a core requirement of a majority of tech companies, with 71% rating it as either important or very important. Additionally, keeping up-to-date about the marketplace is valued, with 61% rating it as either important or very important. In our findings access to space or suitable offices is probably overall the least pressing, although it remains important to a significant proportion, with 37% rating it as either important or very important. Business supports are considered important, with 65% rating them as either important or very important. Finally, networking opportunities are highly valued, with 92% rating them as either important or very important.



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SE QUALITY OF LIFE

Perceptions

On the topic of the general strength of the region, respondents were asked 'How would you rate the following for the South East of Ireland?'. The quality of life in the region is already known to be very high, and in this survey that was no different with living standards perceived very positively, 94% of those surveyed rating it as either good or very good. While a significant portion perceives the cost of living as good or acceptable, there's still a notable percentage (11.5%) who consider it poor suggesting that the cost of living is good to reasonable in the broader Irish context. Education in the region is generally viewed positively, with over 81% rating it as either good or very good – with the sector's requirements rapidly developing, SETU's ambitious strategies will need to keep pace. Transportation infrastructure including road, rail, and air received mixed reviews. A relatively high percentage considering regional transportation options to be acceptable, but a significant portion also rate it as poor. Additionally, commute times are viewed positively by a majority, with 61.41% rating them as either good or very good. Digital infrastructure is generally viewed positively, with 58.38% rating it as either good or very good. Given the acute and well publicised issues in housing, accommodation received mixed reviews, with a significant portion considering it acceptable but also a notable percentage rating it as poor or very poor. The talent pool is perceived as acceptable by the majority, with 35% rating it as good or very good. The natural environment is highly valued and viewed very positively by the majority. Funding and support services receive mixed reviews, with a significant portion considering them acceptable but also a notable percentage rating them as poor.

‘WE REALLY WANTED SOMETHING THAT OFFERED A BIT MORE OF A BALANCED LIFESTYLE.’

‘WITH WATERFORD, WE FOUND SOMEWHERE THAT WAS COMPACT, WITH GREAT NATURAL AMENITIES, VERY CLOSE TO MOUNTAINS AND BEACHES.’

‘THE QUALITY OF EDUCATION THEY’VE RECEIVED AT PRIMARY AND SECONDARY HAS BEEN FIRST-CLASS.’

SOUTH EAST TECHPULSE

Action Areas And Conclusion

The South East has in recent years lacked a formal network for promoting and developing the tech sector in the region. Waterford TechMeetup has been a bright light in this area, with over 1200 members and a well attended monthly forum. Since the dissolution of Crystal Valley there has been a vacuum with regards a network which reaches outwards to the broader business community and the national/international tech ecosystem.

From our sample 92% of respondents reported that developing a network was important. Furthermore 91% expressed an interest in joining a prospective network.

The region and sector are characterised by an innovative spirit, the support of the LEOs across the region were often cited as hugely beneficial, along with centres such as ArcLabs. From grants to tech hubs there is a strong working appetite for the innovation pipelines to be enhanced and expanded.

The South East Tech sector broadly anticipates continued employment growth over the next 5 years. However, this is contrasted with the difficulties expressed with the talent pipeline in the region. SETU in partnership with the South East Regional Skills Forum developed a study to gauge ICT skills across all industries in the South East. Their findings concur with our own, that areas that need action include but are not limited to AI, Machine Learning, UX/UI, and in particular Data Science and Data Analytics. SETU has a primary role in bridging the gap between the current level of skills in the region and that required by emerging frontiers.

Perceptions of the regional infrastructure are generally positive.
On the topic of physical infrastructure, particularly office space, given the trends towards hybrid working, there appears to be scope for modernising and expanding the office stock. In the Waterford context, the North Quays may offer the major development in this area.

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CARLOW COUNTY COUNCIL
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SETU
Ollscoil Teicneolaíochta an Oirdheiscirt
South East Technological University

About RIKON

The RIKON Centre at South East Technological University has been commissioned by Waterford City and County Council to produce the annual TechPulse survey and accompanying report. RIKON is a hybrid centre of innovation in Business and Technology Management and engages in academic and applied research. Through our business consultancy department, RIKON has an established specialism in solving business problems and creating commercial opportunities through pioneering research advancements across business strategy, economics, innovation, design, operational excellence, and technology optimisation.

Disclaimer

Rikon developed this study. To all other parties, this disclaimer is applicable. This report was only intended to be used for general informative purposes and not to be taken as accounting, tax, or other expert advice. Consult your advisors about specific guidance. In addition, we have relied on the survey responses to be accurate in all material ways, and complete. This report does not represent a suggestion or approval by Rikon to buy, sell, or otherwise utilize any of the businesses or markets mentioned therein.

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