



Bordering on success

As the UK grapples with the uncertainty of a Brexit future, Northern Ireland has been quietly laying the foundations to emerge from the breakup as an attractive destination for business and investment, writes **Rita Lobo**

When Theresa May stood on the steps of Downing Street in 2016 and declared “Brexit means Brexit”, many in Northern Ireland took a deep breath in preparation for the uphill battle ahead. The UK’s only land border with Europe is the boundary dividing Northern Ireland from the Republic; the whole region is facing additional trials during and after the separation. But unlike other UK regions, Northern Ireland is in a good position to face the challenges.

Unemployment has plummeted to its lowest level in nine years, redundancies are down, and the number of people claiming unemployment-related benefits has dropped too, according to recent figures by the Labour Force Survey. It’s the private sector, mainly, driving the boom, with job creation there at an all-time high.

“Brexit is a particular opportunity for Northern Ireland, as uniquely, we will share a UK land border with the European Union post-Brexit. This creates wonderful opportunities for those who can seize it,” says Brian Cummings, investment director at Clarendon Fund Managers, a Belfast-based venture capital firm managing £44 million of regional venture capital funds in Northern Ireland. “Previously, Northern Ireland’s business community has survived and prospered through difficult political times, and indeed more recently during the financial crisis.”

According to Invest Northern Ireland, as of mid-2017 over 800 international companies have a presence in the region, employing in excess of 75,000 people. Furthermore, close to 80% of new inward investors have already reinvested in Northern Ireland, or are

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ready to invest more. “Invest Northern Ireland, the local economic development agency, has established a suite of equity and debt funds to provide more ‘normal’ funding alternatives,” says Cummings. “However, the angel community remains relatively small.” As such, there are a lot of opportunities to be had for those with the right appetite.

A key factor behind the influx of foreign cash into the region is the lower corporation tax. Though the rate of corporation tax for the UK as a whole is dropping — it is set to drop from the current 19% to 18% by 2020 — Northern Ireland’s rate was capped at 12.5% in 2016, soon after the power to cut tax was devolved from Westminster to Stormont. “The fact that there are more funding options available and a growing level of interest from business owners in alternative funding options is ►

exciting,” says Patrick Graham, an investor with BGF, one of the UK and Ireland’s most active investors in small and medium-sized companies. “It should hopefully mean a continued increase in activity across Northern Ireland in general.”

“Northern Ireland has a well-connected and vibrant investment ecosystem,” says Allen Martin, partner at Kernel Capital. “It also benefits from a very supportive government agency in Invest Northern Ireland that has put in place an excellent ‘Access to Finance’ programme and other structures to support innovative entrepreneurs.”

Founded in 2002, Kernel Capital is a venture capital fund investing in the Republic of Ireland and Northern Ireland through The Bank of Ireland Kernel Capital Venture Funds, and is one of the largest and most active sources of equity finance for technology companies on the island of Ireland. The Bank of Ireland Kernel Capital Growth Fund (NI) was designed to help SMEs in Northern Ireland to accelerate their growth and Kernel Capital has raised £165 million in venture capital funds to date, assisting their portfolio companies to raise over £420 million in equity and debt funding.

Northern Ireland has also been investing in higher education, with its two main universities — Queen’s University Belfast and Ulster University — attracting top-class graduates, and leading applied research. It is, therefore, not a surprise that many companies are taking advantage of the cutting edge technology emanating from these centres of learning, and snapping up the talent. “As with other regions, we have seen the dramatic growth of the digital world and Northern Ireland today has a vibrant, early stage support ecosystem for entrepreneurs,” explains Cummings. “This ecosystem ranges from accelerators, university spin-out organisations and a growing cadre of serial entrepreneurs, all contributing to a growing investment pipeline.” ■



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Northern Ireland’s success stories

Despite the uncertain economic times, Northern Ireland’s economy has proven to be particularly resilient. Here is a rundown of some of the success stories coming out of Northern Ireland and why these pioneers have not looked back since investing.

Belfast Airport

One of the oldest airports in Northern Ireland, Belfast has been operating since 1938. Once owned by Bombardier, it was sold in 2003 to EISER Global Infrastructure Fund. In 2016 it was acquired by 3i as part of a larger deal including the transfer of other assets. It’s a golden opportunity as the airport saw a 5.4% growth in passenger numbers in 2015 to 2.7 million, and has tremendous growth potential. At the time of the acquisition 3i announced a package of investments of £700 million to develop the assets acquired in the transaction, including the airport.



Automated Intelligence Ltd

Belfast-based Automated Intelligence Ltd (AI) has emerged as a leading force in Northern Ireland’s already promising tech field. With over 100 national and global blue chip and government customers, AI provides deep analysis on information quickly and accurately, using the data to improve the productivity of other platforms while reducing cost, and risk. Kernel Capital’s Bank of Ireland Capital Growth Fund recently

invested £1 million. “AI has an impressive and ambitious management team that has successfully engineered and deployed a suite of products that help customers to manage the exponential growth in digital data,” says Kerne’s Allen Martin. Against a backdrop of new regulatory data requirements we look forward to supporting the team at AI as they seek to further grow their team in Belfast and scale internationally.”



£2m

how much the BGF has invested in Bob & Berts

Totalmobile

Belfast-based Totalmobile is the market-leading developer of enterprise mobility software. The product is used by over 30,000 workers in more than 200 organisations in the public and private sectors generating revenues of £15 million. In late 2015, growth investor Lyceum completed a management buyout of Totalmobile with the express goal of investing to accelerate products development, as well

as expanding into new vertical sectors and overseas markets through its partnership channel. “Totalmobile is a classic software success story, whose growth has been driven by a dedication to customer-focused design,” Martin Wygas, the investment director at Lyceum who handled the buyout, said at the time. “We see enormous opportunity to develop further over the coming years.”

Bob & Bert’s

A stalwart in the Northern Ireland hospitality scene, Bob & Bert’s has grown considerably in the last couple of years, opening 16 stores since 2015. In August, the BGF announced it would invest £2 million into the business, with plans to open 30 new branches all over Northern Ireland as well as in the Republic of Ireland and Scotland over the next four years. The goal is to use BGF’s cash to boost the company’s already established growth strategy and in the process generate over 600 jobs. “We invested in this businesses because we liked and believed in the management team,” says Patrick Graham from BGF. “We could also see how our funding helped unlock meaningful growth opportunities for the business.”

