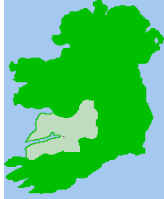


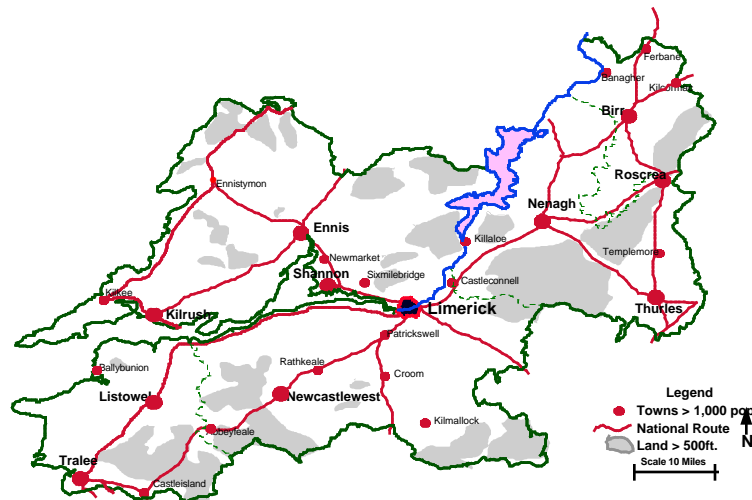
BASELINE INFORMATION 2001 - SHANNON, IRELAND

INTRODUCTION

The Shannon Region is located in the Mid-West of the Republic of Ireland. It represents some 14% of the Irish National land area and has a population of 375,000. The Region consists of the counties of Limerick, Clare, Tipperary North Riding, North Kerry and South Offaly.



Shannon Region



The Shannon Region is a relatively diverse entity, encompassing areas of strong urban growth particularly the Limerick City/Shannon Airport and Ennis Town areas. However the region also contains a number of rural areas with significant population loss and decline, such as the West Clare seaboard and parts of West Limerick. Though the Region is mainly rural, in recent years it has had a continued decline in agricultural employment. Industry has shown considerable growth, with an equivalent increase in services employment, which is forecasted to grow by 15% from 2000 to 2006, representing the strongest performer in job creation. In common with the national Economy the region has enjoyed a recent period of sustained high economic growth. This is reflected in the dramatic fall in unemployment, from a level of 14% in the early 1990's). Agriculture/Agri-business, Tourism and Manufacturing /Internationally traded services are the main components of the productive sector in the Region.

As employment has declined in the Agricultural sector so employment has increased in the Manufacturing and Internationally traded Sector which is primarily export orientated. Growth in this sector has been driven by a strong flow of foreign direct investment mainly sourced in the USA. The Region has a long history of attracting Foreign Investment originally associated with Shannon International Airport. Shannon is Irelands second international airport and was originally developed as a technical stop for piston driven aircraft crossing the Atlantic. As the jet aircraft developed so in the late 1950's the reason for the existence of Shannon Airport began to disappear. At that time this threat to Shannon Airport was a serious threat to the regions Economy. In response Shannon Development developed a dual approach to this difficulty. A large segment of the population of the USA was identified as being of Irish descent and this market was successfully targeted for Tourist visitor traffic, which would use Shannon Airport as an entry/exit point. The second element of the approach was to develop the Shannon Free Zone as the world's first duty free Industrial location targeting Industries that would use the Airport to move both people and freight. Both these strategies have been highly successful and continue to have a major impact on the Regions Economy.

ECONOMIC AND EMPLOYMENT PROFILE

The Labour force in the region totals 151,000. Employment in the Region in contrast to employment nationally is demonstrated by way of the following table, (year 2000)

NACE Economic Sector	National	National (%)	Shannon Region	Shannon Region (%)
Agriculture, fishing, forestry	130,900	7.84	14,400	9.94
Other production	309,900	18.55	32,300	22.29
Construction	166,300	9.95	14,800	10.21
Hotels and restaurants	109,000	6.52	10,300	7.11
Wholesale and retail sectors	238,800	14.29	19,100	13.18
Transport, storage & communications	100,800	6.03	9,700	6.69
Financial and business services	212,100	12.70	12,600	8.70
Public Administration	77,800	4.66	5,500	3.80
Education and Health	234,700	14.05	18,600	12.84
Other services	93,400	5.59	7,600	5.24
Total	1,670,700		144,900	

Growth in output driven by exports is at its most significant in the Manufacturing and Internationally traded sector, which is a combination of a number of Sectors described above. Some 36,000 people work directly in this Sector, (26,800 in 1990), owing their employment in the majority to foreign owned enterprises, (22,000 people are employed in foreign owned firms and 14,000 in Native owned firms). The majority of Enterprises are SME's, (EU definition), with average employment by Enterprise being at its lowest in Irish owned firms.

EXISTING SUPPORTS FOR E BUSINESS

Due to the concentration of multinational industry in the Shannon Region, there has been a great deal of E-Commerce activity in the region in recent years. However, much of this goes unseen as it is either Business to Business or internally focused, (i.e. multinationals have been dealing electronically with their suppliers and customers or linking up their sites world-wide).

The take-up of E-Commerce among indigenous Irish companies has been quite limited. Many of these have taken to E-Commerce out of necessity, (i.e. to retain business with multinationals), rather than through wider, more strategic business reasons. In some cases the customer will provide hardware, software and training on a particular E-Commerce system to the Irish supplier so as to ensure that the suppliers systems will be compatible.

The business supports for developing an E-Businesses in the Shannon Region involve tapping into National programmes, some of which are administered and delivered regionally. The legal environment for E-Commerce has been improved greatly with the signing into law of the '*Electronic Commerce Act 2000*' which has helped to clear up some of the confusion surrounding equivalence to written and digital documents, legitimacy of electronic transactions, electronic signatures etc.

E-BUSINESS SUPPORT AGENCIES/BODIES:

Commercial:

The main telecommunications operators, Esat Telecom and Eircom have developed comprehensive websites to support E-Business development. These along with a large number of specialised E-commerce service providers offer a range of services in the region, which include:

- web site services;
 - web design and development
 - web hosting
 - web site content provision
- consultancy services to SMEs and Corporates,
- systems integration,
- B2B and B2C solutions.

In addition to these, a number of industry bodies have developed supports for their members, examples are the Irish Business Employers Confederation IBEC, The Small Firms Association SFA, the Irish SME association ISME, The Chambers of Commerce of Ireland CCI and the Irish Internet Association IIA. The Eircom sponsored Ennis Information Age Town has led the migration of businesses in the Urban area of Ennis into E-Commerce.

Public Sector:

Shannon Development is the lead Economic Development Agency in the Region and it provides a wide variety of support to E-business including advice , information and funding.

The five local authorities in the region, made up of County Councils and Limerick City Corporation, are just beginning to provide their services on the internet. The lack of direction from a national level has meant that the pace of the move to provide public services electronically in the region has been slow generally. The recent appointment of IT officers in each local authority has improved the effort in this area, but the pace of change is now dependant on the impact that these officers can make on their individual organisations. Limerick County Council is quite progressive in this area and through the TITAN project has begun to offer an online interactive planning system for the county.

All libraries in the region have been equipped with internet terminals. Limerick City Library has set up an Enterprise Support Centre, which has gathered together information of interest to SME's along with an internet terminal for their use.

At Government level, the Department of Enterprise Trade & Employment has set up an e-business unit to co-ordinate the e-business activities of other Government Departments such as the Department of the Taoiseach, the Department of Finance and the Department of Public Enterprise. This group also co-ordinates the activities of agencies such as Shannon Development, Enterprise Ireland, The Industrial Development Authority, The Enterprise Boards the Information Society Commission

E-Business Skill-set and Knowledge available in those agencies:

While many of the commercial organisations are relatively new and have highly technology literate staff, the business support agencies have been in place for a number of years and are staffed by 'traditional' business advisors. These advisors are, like their clients, grappling with the application of business concepts to these new and evolving business models.

TELECOMMUNICATIONS INFRASTRUCTURE

The Shannon region has a very good digital telecommunications network. As part of the de-regulation of the Telecommunications Industry the original State owned provider of fixed line telecommunications was privatised and there are now a number of private sector providers both in the fixed line and mobile network business, the two largest of which are E-SAT and Eircom. All these operations are represented in the Shannon region.

There are many carriers connecting directly into the island of Ireland, the result being that there is now virtually unlimited capacity from the island to Europe. Much of this infrastructure originates on the East coast in the Dublin area and as a result there are a number of issues for the Shannon Region:

- Access to maximum bandwidth throughout the Region.
- Connection costs of bandwidth which seems to be more expensive in the Shannon region than East coast locations.

Embracing E-Commerce and E-Business and the Economic opportunities these developments bring is seen as a National priority. Shannon Development is currently developing a programme to position the Shannon region as Irelands E-Region.

TECHNOLOGY LEVELS / E-BUSINESS PROFILE

A baseline survey of approximately 50% of the total population of Irish owned SME's was conducted in the year 2000 and this survey showed that,

- 44% have a Web site
- 80% use E mail

The quality of Web sites vary and the majority are Brochure style with the main interaction being "contact us ". There is a high level of E Mail usage used as an internal method of communication and as a means of communication with suppliers and buyers. A further analysis of those Companies who have a web presence by Sector was carried out and this showed,

- 29% of those with a web site were Companies from the Engineering and Electronics sector including Companies with software products
- 22% were Companies who are classified as Internationally traded services
- 21% were Companies in the Mechanical Engineering Sector and the vast majority of these respondents operated in a Business to Business market place
- 16% were Companies in the Food sector who are a mixture of Business to Business and direct to the Consumer

The majority of Companies operate in a business to business market place. They tend to be suppliers to a domestic market which includes multi-national customers who operate in a wider international market and tend to have a small number of customers two to four who account for the majority of their business. In this environment the SME's use of technology tends to be driven by the requirements of their major customers rather than as a self initiated development to create competitive advantage. A similar pattern of development has been observed for this sector in the 1990's when there was a major push to adopt formal internationally recognised Quality standards.

SHANNON DEVELOPMENT PROFILE

Shannon Development's business is regional economic development. Its key functions embrace industrial, tourism and rural development in the Shannon Region. The mission of the Company is,

"To Pioneer Regional Development in the Knowledge Age"

Shannon Development is a State sponsored organisation and was first established in 1959 by the Government of Ireland with an original brief of supporting the development of Shannon Airport. In structure, Shannon Development is a limited liability Company whose sole shareholder is the National Government.

Over the past four decades the role of the Company has changed as the Economic environment in the Region changed and in response to new priorities of Government. Today the Company's specific responsibilities include:

- developing and strengthening the Indigenous Industry sector
- developing the Shannon Free Zone as a location for international investment in manufacturing and internationally traded services
- management and development of the National Technological Park in Limerick, the Kerry Technology Park in Tralee, and other technology and innovation hubs in the Region
- property development as a support activity to in particular the industrial development role of the Company
- tourism development in the Region which includes new product development and visitor services
- managing commercial tourism businesses e.g. banquets and day visitor attractions throughout the region etc.
- stimulating development at rural and local levels
- providing a range of international consultancy services.