

V5.0002a Mini-Briefing: UK Opportunities for SITS Investors

What is the UK opportunity?	The UK market for Software, IT Equipment & Services (SITS) companies at near \$90 billion pa is larger, more concentrated, and more accessible than anywhere else in Europe
Why is UK attractive?	<p>Although Germany has a slightly larger overall market opportunity, it is more dispersed across more people and more geographic areas; spend per head in UK is also much higher and decisions are made faster than elsewhere</p> <p>Most SITS spending is controlled or influenced within 150Km of London, where most UK business and over 50% of the population are concentrated</p> <p>The area has 5 major international airports and excellent rail and road connections, significantly reducing management and sales travel time overheads</p> <p>In addition there is no shortage of experienced business and world-class technology talent available to help realise the internationalisation opportunity</p>
Why is now a good time to invest in UK?	<p>UK business and government are world leaders in adopting SITS to raise productivity with 27% of UK jobs already ICT-related</p> <p>Although intensely competitive, there are substantial disruptions in the established UK market order that create opportunities for innovative newcomers in most SITS market segments</p> <p>The UK is moving away from the centralist approach of recent years, so central government will be doing – and spending – less and the private sector and local government will be doing more</p> <p>There will be some incentives to rebalance the economy, especially related to increased manufacturing and outside the South East</p> <p>Increasing business confidence is leading to investment in some projects with medium-term paybacks in certain sectors</p> <p>The UK is an enthusiastic adopter of e-commerce, mobility, outsourced services, social networking and digital entertainment</p> <p>Universities are keener than ever to expand their commercial offerings across world-class research, technology transfer and teaching</p> <p>Key areas include increased competitive intensity and regulation of the financial services industries, rapid growth of EU's largest on-line retail market, radical transformation of procurement and the increasing attention to counter-terrorism by UK government</p>
What are the Key Success Factors?	<p>UK is a very competitive market, requiring a well-articulated proposition focused on clearly-identified business needs with the necessary resources and organisation to deliver</p> <p>UK buyers are impatient and know exactly what they want, creating clear opportunities for suppliers to focus exactly on the expressed needs to deliver better value for money</p> <p>In uncertain times for many companies, buyers will also be cautious and avoid risks; individual and corporate track record remain important factors</p>
Who might invest in UK?	<p>Services providers able to enhance customer intimacy or operational productivity</p> <p>Technology-intensive players looking to access UK talent and/or technology</p> <p>Gadget and service suppliers offering better information, entertainment or socialisation</p>
Which are the strongest market segments?	<p>IT Services in UK comprise a \$50 billions pa market, the largest in EU</p> <p>"Best of breed" business process outsourcing, including cloud services, lead the way</p> <p>Public sector, Financial Services and Telecoms make up around 50% of this market</p> <p>The UK market for Software Products is around \$14 billions pa, second in EU</p> <p>BI, Performance Management, ERP and SCM applications are important</p> <p>Cloud delivery is cannibalising licence revenues</p> <p>The UK IT Equipment market, at around \$25 billions pa, is almost as large as that in Germany</p>
And others?	Cyber Security is also a substantial \$ multi-billions pa market segment

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Q1 Who could become your UK customers?	<p>Most UK purchasers are very open to a differentiated value proposition. Focus, positioning and timing are often key to success in any segment</p> <p>UK is the market most open to outsourced supply of IT services with cloud offerings gaining traction, especially for e-commerce and research as service and security issues are resolved and/or offset by scalability with many generic back-office functions following</p> <p>At Vecta, we can help you understand UK supply chains and advise whether you can disrupt the established order or how you can find your entry position</p>
Q2 Who are likely to be your competitors?	<p>Today's leaders underestimate threats from new players. Clayton Christensen's lesson can be applied in many ways to provide better value from money than incumbent leaders</p> <p>The 80-20 rule for value focus is more valid than ever in the minds of today's value-conscious purchasers, including those in the public sector</p> <p>Any competitor with a cloud proposition will set the benchmark price for many services</p> <p>At Vecta, we profile potential partners against your specific interests and, after review, can facilitate partnership development</p>
Q3 Who might be a business partner?	<p>Most UK businesses are very open to value-adding partnerships. Successful partnerships are based on a mutual respect for what each party brings to the partnership, whether customers, experience, finances, people, reputation or technology</p> <p>Clarity of responsibility and reward is critical with clear and effective escalation lines in the event of challenges</p> <p>"Only do yourself what no one else will do for you" is often the starting point</p> <p>At Vecta, we profile potential partners against your specific interests and, after review, can facilitate partnership development</p>
Q4 Where is the best UK research?	<p>The UK has over 100 Universities, many have world-class research groups and facilities. The UK's Research Assessment Exercise identifies the best research groups and their scale against broad disciplines such as Electrical/Electronics Engineering, Physics and Computer Science</p> <p>Like businesses, academics work best in clusters so group scale and connectedness are important</p> <p>Seasoned academics can appear expert in many subject areas but the key knowledge may be elsewhere</p> <p>At Vecta, we profile these leading groups against your specific interests and, after review, can facilitate partnership development</p>
Q5 Where is the best UK location for you?	<p>Choice of location requires a balance between the most stressed communications lines; customers, financiers, HQ, key partners, and research partners all need communication but between what levels, how frequently and in what mode?</p> <p>While most customers are likely to be in the South East and many SITS players focus operations in the Thames Valley, some end-user industries are concentrated elsewhere in UK and many types of business operations are more cost-effectively located outside the main population centres</p> <p>At Vecta, we help you work through the likely communications intensities and other considerations to identify and realise the optimal business locations for you</p>
More detailed and/or customised briefings can be provided	<p>If you found this useful and/or would like a free and confidential introductory discussion of how we might help you</p> <p>please contact:</p> <p>Frank.Morris@vecta5.com</p>

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