



Bank of Ireland Sectors Team Technology, Media and Telecoms (TMT) H1 Insights/H2 2024 Outlook

September 2024



**Bank of
Ireland**

Classification: **Green**

Summary

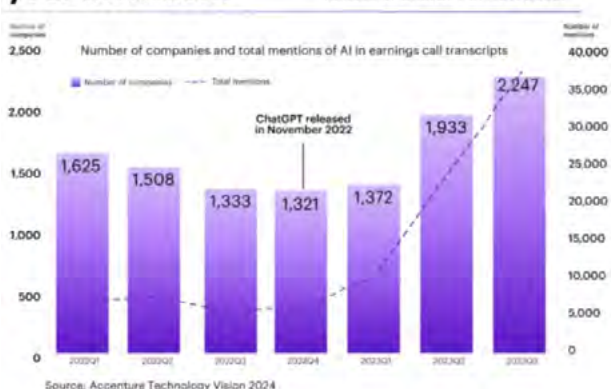
While all things relating to artificial intelligence (AI) continue to dominate technological discourse, business leaders remain cautious about investment in the technology. Maybe now is the time for those creating the technology to place more focus on demystifying its capability and derisking its benefits for businesses.

TMT 2024 H1 Review

Technology

Data from EY Ireland's recently published Tech Leader's Outlook¹ for 2024 made for interesting reading. Despite the high level of interest in AI among those surveyed, more than six in ten (62%) are not yet investing in AI technologies and do not have an AI strategy. Ireland's tech leaders have instead focused on ensuring their digital infrastructure and core technology is operating seamlessly. The cautious approach by AI leaders may be a bellwether for the adoption of the technology at large. The recent volatility in tech stocks that saw an estimated combined loss in value of €€1.3² trillion among the 'magnificent seven' (Nvidia, Apple, Amazon, Meta, Microsoft, Alphabet and Tesla) among other reasons, is said to have been caused by concerns about profitability around investment in AI by 'big tech'. Despite the extraordinary investment made in the technology, investors had become wary as to when they will see a return in the bottom line. Accenture published their Technology Vision³ report earlier this year which highlighted that AI mentions in earnings call transcripts has rocketed since the launch of ChatGPT in November 2022 (see below). This says more about companies 'jumping on the AI bandwagon' in exaggerating their progress, than necessarily having concrete propositions to bring to the market. Those companies building transformational AI need to do more to educate their customers to help them be less cautious about investing in the technology. Maybe then, their investors will see a return. Time will tell.

Can AI have your attention?



Media

Bank of Ireland was delighted to partner with Animation Dingle earlier in its 12th year, to support all that is great about Ireland's animation industry. Over three days executives from global streaming channels, broadcasters and heads of studios descended on Dingle in what is a unique festival. In bringing together industry and students, it serves as an excellent platform to harness a pipeline of talent to support the growth of the industry here in the years to come. Pictured below is the legend that is Peter Lord, who is a regular visitor to Animation Dingle. If you look closely, you will see his good friend Morph. Readers of a certain age will remember Morph on BBC children's TV show, Take Hart back in the day. Peter is Co-founder of Aardman Animations studio which has received seven Oscar® nominations and have won four, including one for a Wallace and Gromit feature production.



Telecoms

The first half of the year saw Viatel continue on its growth journey with MJ Flood Technology being the group's ninth acquisition since 2020. This latest acquisition augments Viatel's leadership position in cybersecurity, cloud technology and communications. It has been a busy several years for the group, to say the least. They have moved from a traditional telecoms provider, in a deeply commoditised sector, to become a more broad-based cybersecurity, connectivity and digital services business. Over recent months Vodafone have been following a similar strategy as they too, have expanded their offering to include Microsoft 365, cloud services, data analytics tools and cyber security. Both companies are capitalising on their core offering of internet connectivity and augmenting their offering by providing additional services, competing with traditional managed services providers, paving the way for further consolidation in the sector.

2024 H1 Key Sector Trends

Cloud adoption soars: the number of Irish companies hosting all of their corporate systems in the cloud has more than doubled to 32%⁴ up from 15% in 2023. While those that continue to retain their systems on premises and only use cloud for hosting of less sensitive data has fallen to 17%. These results demonstrate that businesses have come to trust cloud technology and the flexibility and scalability it offers when compared to legacy systems. The pandemic gave rise to usage of a proliferation of different cloud technologies as companies grappled to stay connected and in business and the growth in cloud storage demonstrates the maturity and confidence businesses now have in this type of infrastructure.

Investment in cyber security protection: Four out of five senior executives surveyed as part of PWC's Digital Trust Insight Survey 2024 said they planned to increase their cyber budget to meet their needs and secure their digital platforms, while also making provision to manage the integration of disruptive technologies this year. This dovetails with feedback received over recent months, with many of our customers operating and servicing the cybersecurity sector, reporting significant growth in demand for their services and technology. This demand can be explained from two perspectives, firstly, with the proliferation of cyber threats, companies must now have robust security posture in place to defend against potential breaches. Secondly, with NIS2⁵ (EU-wide legislation on cybersecurity) on the horizon, which takes effect from October 18th next, along with regulatory compliance demands, are providing the catalyst for businesses to increase their investment in cybersecurity.

Tech talent continues to be a challenge: the trend of recent years continues as companies of every size in the sector face challenges with trying to hire skilled talent. Recent research from ManpowerGroup suggests as much as 81%⁶ of Irish companies are finding attracting talent difficult. As one would expect, the more specialised and skilled the role, so too are the associated challenges of finding candidates to fill those roles. Those that are open to a move obviously have higher expectations around salary, bonuses, benefits and conditions, further adding to wage inflation. Restrictions in the mobility of talent is compounded by the housing crisis as the potential to hire talent externally is also curtailed. Ireland continues to be an attractive location for candidates outside the EU, but with the added complexity of requiring a work permit on top of finding accommodation adds to hiring challenges for employers.

Sector Developments - Key Numbers

€500m⁷

the value of grant funding made available through the Disruptive Technology and Innovation Fund (DTIF) to new projects as part of Call 7, that is open for submission of applications.



€8m⁸

the amount of funding raised by CleverCards (a digital payments platform). This investment will be used to expand its business, scale its products and explore new opportunities.



200⁹

the number of new roles being created by KPMG at their EU AI hub in Dublin, over the next three years across areas such as risk, regulatory services and cyber security.



79%¹⁰

by value, the proportion of (M&A) deals accounted for by the TMT sector in the first half of this year.



€237m¹¹

the figure presented by An Garda Síochána reported as stolen in cyber-enabled frauds, in the period 2020 to 2023.



Key activity in the Sector:

M&A

The trend of recent years continues, as the TMT sector leads the way in terms of performance in Ireland's M&A market, according to William Fry's latest, M&A Half Year Review¹². Seven of the 20 largest transactions so far this year have taken place in this sector, including the top two. TMT sector was also the highest in terms of volume of deals at 28%, albeit down from 32% for the same period last year. What's interesting about the types of deals being done, is how they demonstrate interdependencies in the TMT sector and the cross over into industry related infrastructure deals. These include Phoenix Towers International's acquisition of Cellnex Irish mobile masts business and Blackstone's acquisition of Winthrop Technologies to acquire digital infrastructure. Also noteworthy during the period saw the Swedish private equity firm, EQT acquire Keyword Studios for €2.6 billion.

Recent Venture Capital investment in the sector

Venture Capital funding continues to show some worrying signs. The IVCA recently published results for the first half of the year which shows overall funding fell by almost a quarter (22%) on the same period last year to €752.7m. Yet, interestingly funding in the second quarter was the second highest on record at €494m, up 7% on the same period last year. Crucially this latest report shows that funding for those businesses looking to raise in the €5-€10m range fell by 44% on the same period last year.

Most of the deals in the €10m+ range, which performed well in the last quarter, 90% of the funding came from international investors, which continues to demonstrate how reliant those businesses are on external investors. Seed funding held up well in the quarter which can be seen from the activity of Delta Partners.

Delta Partners Investments H1 2024

Delta Partners continue to invest in Ireland's scaling technology sector and have been busy during the first half of the year, as they continue to invest in seed and early-stage start-ups. Bank of Ireland and Enterprise Ireland are cornerstone investors in this fund along with Fexco and several family offices.

Investments during H1 include:

ZeroMission: the Clonmel based leading provider of an EV fleet management platform for commercial electric vehicles (EV's), secured \$3m investment to continue its growth and expansion strategy. The round was led by Delta Partners and Greencode Ventures.

STRATxAI: the Dublin based Fintech, successfully raised €1.5m and officially launched 'Alana' a powerful investment platform that leverages AI to generate smart investment portfolios. The product is already active with investment industry partners including eToro.

Jamango: the Dublin based developers of a browser-based game creation platform raised \$2.5 million to accelerate development ahead of launching globally later this year. The pre-seed funding round was co-led by Delta Partners and Elkstone with additional funding from notable angel investors including Brian Caulfield (Chair of Scale Ireland), Brendan O'Driscoll (VP of Product at Figma), and Conor Sheahan (Founder of CKS Finance) who joins as Chair.

Inspeq AI: the Dublin based AI company raised \$1.1m in funding. They are on a mission to help global companies deliver a safe, secure, and responsible AI Future. Specialist AI investment firm Sure Valley Ventures lead the funding round, with participation from Delta Partners.

MarketSizer: the Dublin based market intelligence platform that helps SaaS vendors to grow their business with insights on the commercial activity of their competitors, closed pre-seed funding round, totalling €1m. The round was led by Delta Partners with additional support from Enterprise Ireland and angel investors.



We are finally seeing cloud technology becoming ubiquitous, almost three decades since the term was first invented. This will inevitably contribute to further growth opportunities for cloud, data and SaaS providers over the remainder of this year, through 2025.

TMT 2024 Outlook

Key 2024 numbers

€100m¹⁴

the amount of annual funding being called for by Technology Ireland in their Budget 2025 submission to meet national and EU digital transition targets (2025 – 2030).



40%

the increased rate of Section 481 tax relief (from the current rate of 32%) that Screen Producers Ireland are calling for, in relation to all eligible Irish expenditure to safeguard the production of films in Ireland.



13.5%¹⁵

the reduced VAT rate being requested by Telecommunications Industry Ireland, in their Budget 2025 submission, to achieve National Connectivity Strategy goals, promoting fibre and 5G connectivity.



€250m¹⁶

the record allocation announced by Enterprise Ireland for a new cycle of the Seed and Venture Capital scheme for the period 2025 through 2029.



71%¹⁷

the volume of (UK) respondents of KPMG 2024 Global ESG due diligence study that reported the importance of ESG in M&A transaction over the last 12 to 18 months.



Technology

Despite recent macro challenges the sector remains resilient, benefitting from the expansion of digitisation and digitalisation of every sector. As more businesses expand their digital footprint through the adoption of technology platforms and tools, many of our customers that are managed service providers will inevitably maximise these opportunities. As already alluded to, cloud service and storage providers will continue to see growth over the remainder of the year through 2025. Further education of the market in how to integrate AI more easily is needed, do derisk the investment, for businesses. In this regard, the European Digital Innovation Hubs (<https://ceadar.ie/edih/>) have a role to play. They are not for profit and have a mission to help businesses better understand where AI can empower organisations.

Media

Looking ahead at the live action/creative space, it will be interesting to see how the government react to the UK increasing tax incentives to 40% net tax relief (up from 25%) for independent feature films. This new legislation announced in March 2024 was enacted before the UK general election. This presents a significant advantage on the UK production sector and will be interesting to see, what, if any, changes are made in Budget 2025 to safeguard Ireland's growing film production sector.

Telecoms

Ireland's traditional telecoms sector continues to mature with the mobile market continuing to be dominated by Vodafone Ireland and 3 Ireland, followed by Eir. Smaller, Mobile Virtual Network Operators (MVNO) such as Tesco and Virgin Mobile make up the majority of the remainder of the market. With such saturation and limited growth opportunities it is inevitable these players will seek to expand their services offerings, similar to that of Vodafone, referred to earlier in terms of providing digital add-on services. We are likely to see a continued drive to expand subscriptions on 5G networks that will include Machine-to-Machine (vehicle telemetry, asset tracking etc.) and ramping of Internet of Things connectivity to increase the breadth of existing and new revenue streams, in a saturated market.

AI - creating a strategy for business

There has been so much 'noise' associated with AI of late, one would be forgiven for being overwhelmed as to how and what a company can use it for, or if they need it at all. Much of the narrative continues to focus on whether it will replace humans and take their jobs. In reality, AI tools will not take people's jobs, but those companies that are using the technology, could. Recently we have heard from customers across different sectors looking for advice on how they can begin to integrate AI in their businesses. Thus, below I set out a step-by-step approach that could help companies craft an AI strategy for their business.

Step 1: Important to Start with an open mind, do not be afraid of, or intimidated by jargon, terminology, or the technology.

- Remember that AI is a tool, that in simple terms helps machines and computers carry out activities, that would typically require a human mind to do, such as reading from and learning data or making decisions.
- Everyday examples of AI in action:
 - Smart assistants: Siri, Google, Alexa and Netflix, where your interactions with the technology helps them (machine) learn your preferences and likes and dislikes so that in future they can create personalised (AI) recommendations.
 - Look at how other businesses in your sector are using AI. Common uses include customer service or supply chain management, but the applications/potential uses are infinite.

Step 2: What do you want to achieve.

- Ask yourself, what is your objective, what are your business goals? How would you like AI to help you achieve them?
- Is it operational efficiency; cost efficiency/reduction; better customer service; increase sales/enter new markets or create fresh marketing collateral/branding?
- Focus is very important, there is only so much one can tackle at any one time, so it is best to concentrate on the most important/pressing business goal(s).

Step 3: Assess your current position.

- Data: how do currently collect data, are you collecting enough and in the correct way? AI works best when it has data from which to learn from. Your objective here is critical, what do you want to learn, is it from sales, your customers or new markets? Do you have useful data stored digitally?
- You need technology: to use AI you will need access to technology such as computers, software and access to data storage.
- Using AI as a tool: the next most important asset is having the correct and relevant skills set to work with AI. Have you got the requisite skills set within your team, if not, you need to think about how you upskill/hire the talent or engage experts to manage the process for you.

Step 4: Create a plan to map your AI journey.

- Having looked at your goals and your internal capabilities, now capture how you will start using AI in your business. You might decide, you want to focus on a project that looks at how AI can help you better understand sales trends, customer patterns or how to optimise distribution channels.
- Budget and time: then, similar to other project planning, you need to put a price and a timeline on the project.
- Ideally start with a small project to test how you work with AI which could be on sales trends, then review to assess what went well with a view to improving as you progress.

Step 5: Once comfortable, you can begin to grow your AI activity.

- Increase AI integration: provided you are successful with an initial/pilot project, you can then begin to assess how it can be used across other parts of your business divisions and operations.
- Important: critical to ensure your team are included at every stage to help them adapt. They need to see it as a tool to help them with their jobs, not to replace them.

Gaining their buy-in and increasing their comfort level is important. Follow this with the provision of the necessary training and supports to help them integrate AI tools within their workstreams.

Step 6: Seek to continuously improve.

- Need to constantly assess your progress: continue to check how AI is helping to achieve business goals.
- Maintain vigilance: the AI industry is rapidly evolving. Need to stay abreast of new/advanced tools and methodologies as they come on stream so that they can be adapted and use to support your business.

Step 7: Critical to embrace and adopt a data-driven culture.

- Data-First Approach: Need a top-down bottom-up approach to ensure everyone in your business embraces and uses data when making decisions. Don't tell me what you know, show me what you can prove. The more the business relies on data, the better the outcomes from using AI.
- Collaboration is key: Need to engender an environment where sharing ideas and working together on AI projects is part of the DNA of the organisation and becomes business as usual.

In summary, these steps are set out as a guide to help businesses struggling with not know where to start their AI journey. They can be used to gradually introduce AI into a business, helping it to introduce the concept, test its use and hopefully use it as a tool to help them grow and become more efficient while maintaining competitiveness and relevance in the market.

Launch of National Enterprise Hub¹⁸: this new all-of-government service was launched recently by Minister for Enterprise, Trade and Employment, Peter Burke TD. It's staffed by experts and trained advisors with the aim of helping businesses access a range of government supports. For the first time a service had been put in place that brings together all of the various 180 supports (such as grants, loans, funding, government schemes and expert advice) across 19 different government departments and state agencies, all accessed through one portal. In short, it's a one-stop-shop to make it easier for entrepreneurs and business leaders to access available supports. For more information log on to: <https://www.neh.gov.ie/>

Grow Digital¹⁹: Minister of State for Trade Promotion, Digital and Company Regulation, Dara Calleary TD recently launched a new website that allows businesses to take an assessment which then provides them with a digital scorecard. They also get advice on the various supports available to them to improve their offering and through digital technologies. Grow Digital has lots of case studies with various digital success stories from a range of different businesses, showcasing how they have embraced digital solutions to boost their operations. The launch of Grow Digital is a key deliverable under Harnessing Digital, Ireland's National Digital Strategy. For more information log on to: <https://www.growdigital.gov.ie/>

Cyber Readiness Institute (CRI): it was launched in 2017 and is based in the United States. Its founding partners are Mastercard, Microsoft, The Centre for Global Enterprise and PSP Partners. It was set up with a view to creating and developing free resources to improve cyber readiness among small and medium sized enterprises (SMEs), while securing global value chains. This resulted in the creation of the Cyber Readiness Program that guides SMEs to become cyber ready. It is a free program that will help make businesses safer, more secure and help defend against cyber threats. It also provides excellent tips and advice to help educate employees to know what it means to be cyber ready. To access this free program or for more information, log on to <https://cyberreadinessinstitute.org/>

Funding Activity

- Funding international expansion continues to be a key driver behind much of the activity we are seeing and we expect this to continue through the remainder of the year.
- Refinancing of alternative lenders is also a key driver, as founders seek to reduce their cost of capital to bring repayments back to typical senior debt levels.
- MBOs and continued consolidation across the Managed Service Providers space has been a feature of the year so far repeating the trend of recent years, with similar deals in the pipeline that will drawdown over the coming months

Bank of Ireland

In Bank of Ireland, we recognise that we have a unique opportunity to support our customers, help enable Irish businesses and support the communities we jointly serve to thrive. Our understanding and comprehensive sector expertise provide us with a strong platform to meet the funding requirements of Irish Technology, Media, and Telecoms companies. We have an appreciation of the diverse types of businesses, revenue and growth models.

We are delighted to continue to provide various facilities to some of Ireland's best-known TMT brands. By having a designated TMT team, we can deliver on our ambition to support Ireland's indigenous Technology, Media and Telecoms Sector, with the experience, the knowledge and most of all an understanding of your business.



Talk to our Technology, Media & Telecoms Team today, to see how we can help you grow your business.
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Paul joined Bank of Ireland in 2019 as Head of Technology. He has a background in technology transfer having previously worked at the ADAPT Centre at Trinity College, Dublin, and the Walton Institute at Southeast Technology University, where he led commercialisation activities, while also guiding and supporting new venture creation and spinouts. He managed the Consumer Technology portfolio for IDA Ireland across New England and Eastern Canada. He also led corporate business development activity for Eishtec (an Irish start-up acquired by Infosys) across the North American market. He holds a Master of Business in International Management from Southeast Technology University.

¹ [EY Ireland Tech Leaders Outlook 2024: AI, Cybersecurity & Talent top the agenda while Cloud adoption soars | EY Ireland](#) Issued May 2024

² [Markets saw a massive shift this week. Here's what happened | CNN Business](#) (August 2024)

³ [Technology Vision 2024 \(accenture.com\)](#) Issued January 2024

⁴ [EY Ireland Tech Leaders Outlook 2024: AI, Cybersecurity & Talent top the agenda while Cloud adoption soars | EY Ireland](#) Issued May 2024

⁵ [Directive on measures for a high common level of cybersecurity across the Union \(NIS2 Directive\) | Shaping Europe's digital future \(europa.eu\)](#) (August 2024)

⁶ [ManpowerGroup Ireland Recruitment & HR Blog - ManpowerGroup IE](#) Press Release March 2024

⁷ [New projects sought for €500 million Disruptive Technologies Innovation Fund - DETE \(enterprise.gov.ie\)](#) Press Release May 2024

⁸ [Dublin-based CleverCards raises €8 million to double down on its global digital payments platform | CleverCards](#) Press Release June 2024

⁹ [200 new AI jobs at KPMG - KPMG Ireland](#) Press Release May 2024

¹⁰ [williamfry.com/knowledge/outlook-ma-half-year-review-2024/](#) Issued July 2024

¹¹ [Cybersecurity Policy – Thursday, 22 Feb 2024 – Parliamentary Questions \(33rd Dáil\) – Houses of the Oireachtas](#) February 2024

¹² [Overview - M&A Half Year Review 2024 - WILLIAM FRY](#) Issued July 2024

¹³ [IVCA | Venture capital funding into Irish SMEs falls by nearly half in first quarter - IVCA](#) Press Release May 2024

¹⁴ [Technology Ireland urges Government to prioritise skills, growth, founders and digital delivery - IBEC](#) Issued July 2024

¹⁵ [TII Budget Submission 2025 - IBEC](#) July 2024

¹⁶ [Minister Burke Announces new €250m Seed and Venture Capital Scheme | Enterprise Ireland \(enterprise-ireland.com\)](#) Press Release August 2024

¹⁷ [Global ESG due diligence study 2024 \(kpmg.com\)](#) Issued July 2024

¹⁸ [Minister Burke launches new National Enterprise Hub - DETE](#) Press Release July 2024

¹⁹ [New portal will help businesses to further embrace digitalisation - DETE \(enterprise.gov.ie\)](#) Press Release July 2024

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Starting your Sustainability Journey



Top Down, Bottom-Up Approach

Management need to take the initiative to embed ESG culture throughout the organisation, leading by doing. Sustainability requires that employees are educated and enabled to take responsibility and participate in the adoption of ESG practices. Simple first steps include highlighting awareness of water usage, waste management and air pollution; at home and at work.



Equality, Diversity and Inclusion

Businesses need to foster an inclusive workplace culture, proactively demonstrating how they are valuing diversity at all levels of the company and remains top of mind. Some actions that can be taken include implementing hiring practices that promote diversity in gender, race, and thought. Setting objectives to become an employer of choice by benchmarking against global best practices in ED&I.



Community Connections

Seek to invest in local communities through initiatives such as technology education programs, digital inclusion and support for technology-enabled social entrepreneurship. Initiatives could include developing partnerships that leverage technology for societal benefits, such as improving access to education and enhancing digital literacy.



Energy Management

Proactively encourage employees to take small steps including powering down computers and other devices when not in use. Install motion-sensor lights as appropriate, in offices to reduce energy consumption. Regularly update systems to adopt more energy-efficient models, such as implementing smart metering.



Data Management and Security



Implement policies for efficient data storage to reduce server load. Prioritise regular audits of data to delete outdated or unnecessary information to optimise energy usage in data centres. This should become part of reporting requirements, operational updates and business as usual (BAU) metrics.



Sustainability Education

Host workshops/talks on environmental conservation, focused on biodiversity, waste reduction, and sustainable living. This can help raise awareness among employees and motivate them to adopt eco-friendly practices in their daily lives and become sustainability champions.

Online Resources:

-  [SEAI Energy Academy | SEAI](#)
-  [ENSO \(https://www.ensoimpact.com\)](https://www.ensoimpact.com)
-  [Scale Ireland \(https://www.scaleireland.org/sustainability\)](https://www.scaleireland.org/sustainability)
-  [Carbon Calculator | Carbon Toolkit 4 Business \(climateaction.gov.ie\)](https://www.climateaction.gov.ie)
-  [Enterprise Ireland \(enterprise-ireland.com\)](https://www.enterprise-ireland.com)

We're here to support business customers to transition to net zero.

For more details check out our [Business Green Hub](#)

