

A B ... D?

Accelerating International Business Development

Cloud Computing, Social Networking, e-Commerce, Security, SmartPhones
Semiconductors, Electronics, Software, Systems, Test Equipment

January 2014

ad-hoc and retained information and representation services to
potential and early-stage UK inward investors and exporters

Vecta5
www.vecta5.com

Why Vecta5 Export-Invest?



UK is the most attractive market for most ICT and Security firms

At near \$200 billion pa, it is larger, more concentrated, and more accessible than anywhere else



BUT investment and partnering have risks

Real or perceived risks may increase costs or reduce profitability

- lack of visibility of the market opportunity for a specific service offering
- lack of clarity on the optimum market entry strategy
- difficulty finding business, financial and technology partners or key UK-based staff



V5EI addresses these key risks in four ways:

- Free availability of mini-briefings on key market segments or issues
- Free and confidential outline reviews of internationalisation strategy
- Fixed price deeper reviews of draft internationalisation plans
- Flexibly priced ad-hoc and/or retained services to accelerate business development

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Accelerating Business Development

- UK's South East is a very large, concentrated and open market for ICT and Security services ...
- ... but gaining market traction can be difficult
- V5EI acceleration services work at three levels:
 - 1. Support** - Improve your market or process knowledge
 - 2. Complement** - Enhance your sales pipeline
 - 3. Enhance** - Attract and engage early adopters / evangelists as clients, investors or partners

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Accelerating Business Development

- UK's South East may be a vast market but it is also very competitive and it is difficult to attract attention and engage with prospects, even those who may need, and be prepared to buy, your services.
- V5EI offer several elements that will help accelerate your progress.
- We advise on any or all of the seven key business development stages:
 - strategising - where, when and how and with what to compete
 - hunting - identifying the hunting grounds and tactics
 - attracting - getting the attention of qualified prospects
 - engaging - beginning the relationship
 - monitoring - keeping an eye on progress
 - nurturing - broadening and deepening the sales activity
 - converting - finalising the deal

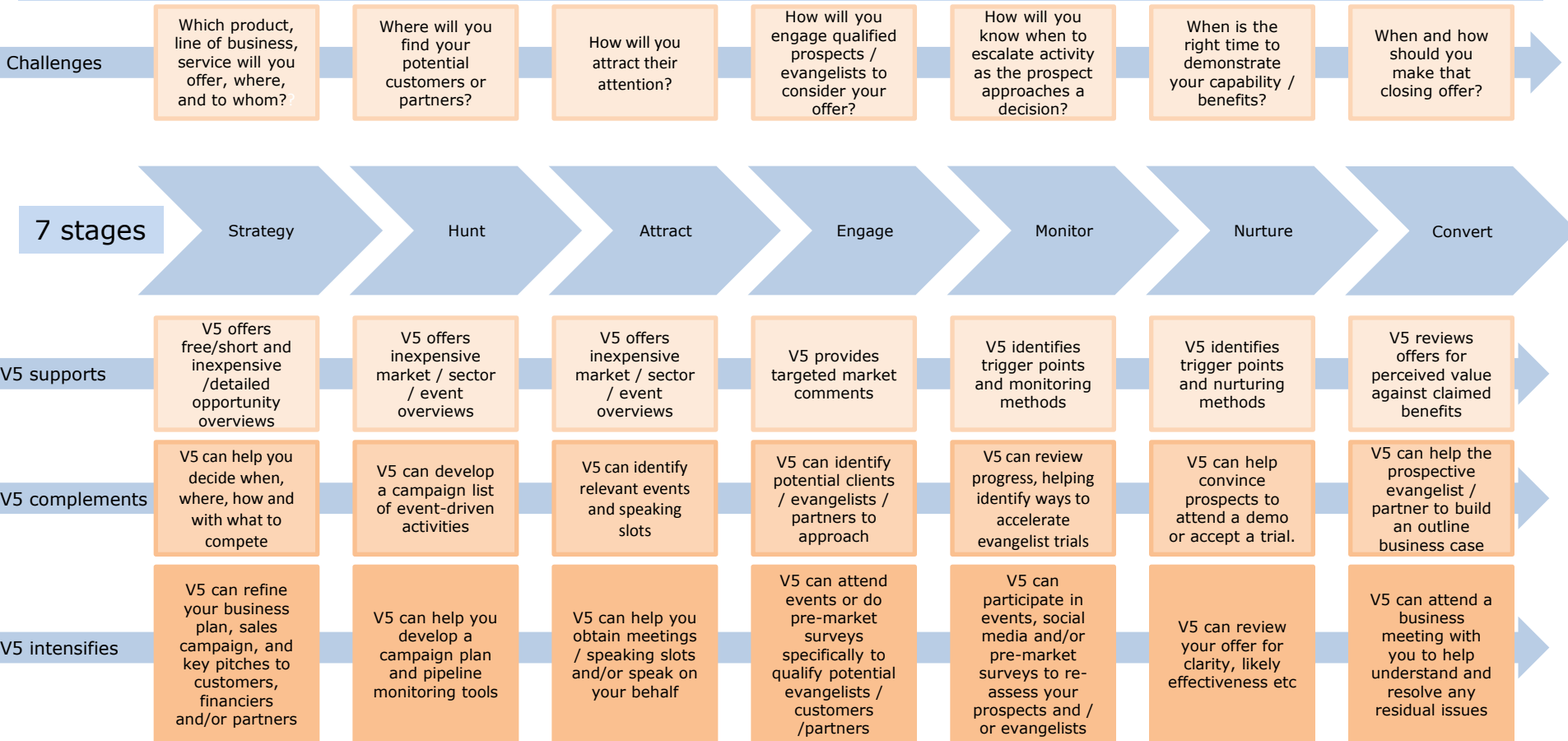
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Accelerating Business Development

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The 7-stage sales cycle has challenges for which V5EI offers three levels of support



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Accelerating Business Development

Indicative costs:

- **Level 1: ad-hoc supportive mode**
 - Provides on-demand customised advice and/or process or market analysis
 - Initial cost £800/day +VAT; falling to £500/day +VAT
 - Market/segment reports typically £3,000 to £7,000 +VAT
- **Level 2: retained complementary**
 - Provides continual complementary support as the pipeline grows over, say, 6 months
 - Typically involves 4-5 days a month initially falling to around 1 day a month
 - Typical cost for 6-month programme as above around £11,000 including VAT
- **Level 3: retained intensive support**
 - Provides continual pro-active intensive support as the pipeline grows over, say, 6 months
 - Typically involves 8-10 days a month initially falling to around 2-3 days a month
 - Typical cost for programme as above would be around £20,000 including expenses and VAT

Notes:

- Costs are indicative for discussion
- Reasonable success fee arrangements considered
 - Example: 20% of fee contingent on an agreed result with bonus x3 multiplier on success

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Why do business in the UK?

- UK is the market most open in Europe with mobile/cloud offerings gaining traction, especially for e-commerce and marketing as service and security issues are resolved and/or offset by scalability
- Most UK purchasers are very open to a differentiated value proposition
- Marketers can leverage the power of social networks to create needs and influence purchase choice or timing
- Focus, positioning and timing are key to success in any segment

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Why not the UK?

- The UK is very competitive; success need a well-articulated value proposition focused on clear business needs
- You want results fast; need to focus exactly on client-expressed needs to deliver better value
- In uncertain times, buyers avoid risks yet want to keep up; knowing what associates are buying or already have can drive behaviour
- Networks matter and are numerous so choosing in which to invest can be tricky

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Why partner in the UK?

- Most UK businesses are very open to value-adding partnerships based on a mutual respect for what each party brings, whether customers, experience, finance, people, reputation or technology
- Most UK research groups are also very open to international collaborations
- Clarity of responsibility and reward is critical with clear and effective escalation lines in the event of challenges
- “Only do yourself what no one else will do for you” is often the starting point, especially in the highly networked world of social commerce

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Rising & Fading Technologies

- **Rising Stars**

- Demand exceeding supply
 - Anti-fraud technology
 - Personnel security technology
 - Transaction automation technology
 - Investment Capital
 - Regulation-driven system change
 - Entertainment
 - Mobility
 - High complexity, novelty or inventory cost
- Creative Market Disruption
 - Cloud Infrastructure & Services
 - Innovative service design
 - Investment Capital
 - New CapEx/OpEx Currency advantage
- Customised supply
 - Engineering of complex systems
 - Design of short-run products/systems
 - Advanced technology development

- **Fading Stars**

- Supply exceeding demand
 - Fixed/Mobile Communications technology
 - Electronics technology
 - Manufacturing capacity
 - Declining Value-Added sectors
- Destructive Market Disruption
 - Established CapEx Currency disadvantage
 - The China/India price
 - Customised Software
- Commoditised supply
 - Licensed Software
 - Manufacture of mass-market products
 - Offshoring of Outsourceable IT
 - Platform & Product Development

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Where in the UK?

- 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?
- While the most and highest spending social commerce customers and intermediaries are likely to be in and around London, many logistics service providers and suppliers are concentrated elsewhere in UK
- Most popular for business investment are London and the main motorway corridors; but popularity drives up costs:
 - M3/4, London – Thames Valley
 - M40/M1/M11 London – Cambridge/Oxford
 - M2/20 London – Maidstone/Canterbury
- Research Partnerships are a little more widespread, although the heaviest concentrations are around Cambridge, London and Oxford

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The UK's Big ICT Segments

IT Services: a \$50Bpa UK market – largest in EU = Germany

- Emerging from recession
- Project services were hardest hit, especially smaller suppliers
- Outsourcing increasing, more “best of breed” multi-sourcing & offshoring
- BPO focused on single functions – HR, Payroll etc;
- BPO increasingly popular in CG, Banking and insurance

- Public Sector - ~\$10Bpa
- Financial Services - \$9Bpa
- Health - ~\$3Bpa
- Telecom Services - \$2Bpa

Cloud delivery changing everything

Mobility & Social Commerce interesting

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The UK's Big ICT Segments

Software – still a \$13Bpa market in UK; second largest in EU

- Private sector recession replaced by public sector crisis
- Infrastructure software spend focusing on virtualisation, cloud, SOA
 - Enterprises:
 - BI, analytics and performance management software resilient as value emerges
 - Recovery in ERP upgrades expected
 - SCM increasing as retailers strive for efficiency in-store and on-line
 - SMEs focus on improved:
 - Collaboration
 - Information sharing
- Financial Services – around \$3.5Bpa
- Public Sector – around \$2.5Bpa
- Telecom Services – around \$2Bpa

SaaS cannibalising licence revenues

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The UK's Big ICT Segments

- **Communications #3 in EU**
- Carrier services – about \$50Bpa
 - Mobile consolidation, impact of rich data and video
 - Fixed voice – around \$12Bpa
 - Business data – around \$5Bpa
 - Internet access – over \$5Bpa
 - Mobile voice – over \$12Bpa
 - Mobile data – around \$8Bpa
 - PayTV – around \$8Bpa
- Telecomms equipment – about \$15Bpa, inc. over \$6Bpa on handsets
 - Core network equipment – around \$1.5Bpa
 - Access equipment – less than \$1.5Bpa, mostly 4G wireless
 - Handsets – 36Mpa, mostly SmartPhones

Mobility, SmartPhones, SocialMedia, Apps & HDVideo are drivers

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