



Quick reference guide for ICT in UK

Business Opportunities

- The UK continues to provide a range of opportunities for Australian ICT companies. Despite an economic flattening, there is still demand for innovative, niche solutions particularly in the areas of security and information security, and in the emerging areas of green and sustainability. Other opportunities also exist for market leading innovations. The UK requires a long term, well planned market entry strategy.
- Interesting green fact: London is the largest carbon emissions trading market and growing strongly, this is like to provide opportunities for carbon trading related FS software, IP and packaging.



High Potential Sectors include:

- **Financial Services** – despite the doom and gloom associated with the largely Anglo-American credit crunch, London's status as a (or 'the') global Financial Services leader remains assured. And although banks are reducing their budgets for non-essential expenditure e.g. IT upgrades, new staff etc, they are prioritising other areas of expenditure e.g. risk management and information security.
- **Green/Sustainability** – opportunities exist across all sectors including retail (supply chain), construction and energy (there are currently moves toward wind & nuclear power generation).
- **Major Events/Construction/Sport** – opportunities exist in the lead up to the LONDON 2012 Olympics & GLASGOW 2014 Commonwealth Games.

Medium Potential Sectors:

- Government – Central and Local
- Digital Media

Why is this market attractive for Australian companies?

- UK ICT customers tend to be slow to acquire but very loyal. For Australian companies who are prepared for the long haul, the UK can provide a strong and lucrative market in the long term.
- The UK also provides an excellent internationally-regarded case studies and an entry point for doing business in Europe.
- Australian companies have been successful across all of the sectors outlined above, along with 'best-of-breed' solutions for business process improvement.

How does doing business in the UK differ from Australia and what do Australian companies need to do in approaching this market?

- The UK market is:
 - Large and slow to adopt change
 - Highly competitive
 - Expensive
 - Logistically difficult
 - Culturally distinct
- Competitive (competing against the USA, Europe, and Asia, not to mention the locals)
- Expensive (costs of market and long lead times 18mths – 4 years)
- Few common business hours, even in UK summer (both perceptual and real concerns)
- Culturally distinct – low risk, high consensus, highly bureaucratic - Highly averse to direct marketing at CFO/CIO level
- Partners/ distributors/resellers are hard to identify, even harder to recruit

What do they look for?

- High margins that require very little effort to maintain
- A complement to their existing portfolio
- Technical superiority compared to current market offerings
- Ways to penetrate new markets / customers
- Security in supply capability
- Support in branding, advertising and training
- Commitment to market (existing accounts, logistics, trade shows)
- This requires direct presence, at least in the short term

Any perceived difficulties real or apparent?

- People in the UK tend to be very risk-averse, and prefer traditional ways of doing things. It is not unusual for decision-makers to choose a technically inferior but mainstream product in order to avoid risk-taking.
- In the UK, people very much prefer to deal with someone that they already know. Relationships take a long time to develop and require an effort to maintain.
- The language of business in the UK can be very ambiguous and it can be hard to tell what people have really thought of a product or solution. People will rarely provide negative feedback as 'politeness' is highly regarded. Australians can be considered very direct and even aggressive.
- People in the UK can be very dismissive of experience and case studies achieved outside the UK. It's advisable to have multinational customers as reference sites, yet it's still not until you have a genuine 'UK customer' that you will begin to gain credibility.
- Whilst Australians and Australian innovations are generally well-regarded, Australia can be seen as 'a long way away' and care is needed to address both real and perceived concepts of distance, e.g. through setting up a local presence.

Top tips to be successful in the UK

- Have something truly different and be prepared to work hard conveying that message.
- Be prepared for the long haul – have a 4 year strategy.
- Be prepared to outlay a lot of cash, over a long period of time, before you see returns (are your board or investors comfortable with this?)
- Be prepared to invest in long-term relationships ('fly in, fly out' won't work)
- Really take time to understand how risk-averse the UK is and what that means for doing business.
- Talk to Austrade about the reality of this marketplace

Avoid at all cost

The Most Common ICT Exporter Problems are:

- Lack of focus – horizontal vs. vertical (niche) approach
- No clear value proposition / unique selling proposition (or poorly articulated)
- Poor marketing materials – pitch, case studies, solution collateral, ROI examples
- Selling features not benefits – technology heavy language
- Limited IP protection
- No viable reference accounts/sites
- Lack of licensing / contractual expertise
- Unrealistic expectations of generating interest (funding, partner, buyer)
- Time and resource poor

The biggest two problems are:

- Assuming that the UK is 'really just like Australia'
- Choosing the UK for emotional and perception issues, rather than based on facts and market research.