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# Navigation a problem in this fragmented, multi layered Tech economy

**As an EMEA Technology Online & Cleantech Search firm with a Global Network, we receive some pretty fresh and interesting data on the state of the economy in our business space and hence the future intentions of some its key players**

I have to be honest and say that the resultant crystal ball of information is rather murky right now and any predictions have to be related to specific layers within the macro Technology economy.

For sure there are companies blazing a trail at the centre of the current "megatrends" in the industry. The power of Google to change markets

overnight with software and device acquisitions is an ecosystem in itself, as is the Facebook phenomenon. Apple, a client of ours, will no doubt sell tens of millions of units of iEverything in the coming months and continue to announce jaw dropping results. Smaller companies feeding off such megatrends are sure to do well too in 2012, such as Apps developers. The effect of mass

*Continued on page 2*

### Viewfinder

Welcome to the twenty-first edition of GS-insight, the quarterly magazine from international executive search firm, Gillamor Stephens. In this issue we provide some predictions for the future of the Tech Sector and insight into CIO's latest thinking on IT security. We also feature articles on two entrepreneurs who share their perspectives on raising funding and building businesses in the current economic climate and we explore the Cambridge phenomenon. In addition senior business leaders from Dell and Autodesk provide insight into their company strategies and cloud computing, while two senior HR executives offer their perspective on organisational transformation and PE funded growth.

Gillamor Stephens is the leading executive search company serving the European technology, online and cleantech sectors. We have extensive experience of helping our clients build and strengthen their executive and nonexecutive teams. Our work focuses on hiring executives for both publicly listed and venture capital/private equity backed businesses. GS-insight can be viewed and downloaded from [www.gillamorstephens.com](http://www.gillamorstephens.com)  
Steve Morrison, Partner, Gillamor Stephens

## “be mega (or in a mega ecosystem), be trendy, be global or be careful”

*Continued from page 1*

global social media on future consumer and business behaviour is a huge growth ecosystem. Brands and reputations that took years to build can now be fundamentally altered in a week. Numerous hot house boutiques claim to have the analytical know how to unlock the trends and behaviours of the online social crowd for the benefit of businesses (both B2C and B2B).

The big Consulting and Systems Integrators are also trying to play catch up in the space, rebranding their Business Intelligence and CRM practices as Customer Insight Libraries (who'd be a Marketing Director in this day and age!)

The second coming of online (I guess another megatrend, albeit a relatively mature one) has been a big business area for Gillamor Stephens this year. The unrelenting progress of Amazon and eBay has somewhat been overshadowed by Google & Facebook, but online commerce is the chosen route to shop for everyone born after 1985 and for most of us who remember the Beatles. For the 21st century generation online commerce is going to no doubt become a virtual 3D experience, involving your 1000+ Facebook friends to give real time feedback on the latest solar powered trousers.

On a serious note, ecosystems will soon surely overlap in the area of mobile commerce: devices have moved in short order largely due to Apple and Google breaking established operating system monopolies and networks are now delivering on long held promises. Next generation networks coupled with fully integrated business and social devices, like perhaps the iPhone 5 (larger screen and solar power cells for edges) could put another nail in the coffin of the high street shop (or

even mall).

Whilst maybe not a megatrend, an honourable mention should also go the burgeoning global Security and Risk marketplace where we have been very busy this year. In all areas of Risk and Security, from cyber threats to physical security, we have delivered key individuals to both client side and consulting marketplaces. Two of our key customers, Deloitte and BT are fundamentally involved in the security for London 2012.

We continue to see fresh energy and progress from those firms who have been early on to the Cloud computing trend (wasn't that called "ASP" a while back?). This includes Cloud Service Providers as well as start up SaaS businesses.

The Cleantech (that much abused term) arena has matured into an industry sector of its own, with a diverse ecosystem from R&D through funding to potential implementation, akin to other more mature markets within Technology. Current socio-economic thinking and carbon emission targets dictate that this sector remains at the forefront of our attention, along with improving efficiency and cost effectiveness. Real scalability, adoption and tangible delivery remain elusive, but that's not what it's about thus far. That said, 25% of our executive search business in 2011 had a Cleantech theme to it and was truly global in its origin and intent, due to subsectors such as solar beginning to fulfil their promise.

Our Venture Capital business remains buoyant and international - we continue to be busy with UK, US, Irish as well as German and Nordic venture funds. Current projects see us working in Finland, Estonia, Norway and Germany as well as the UK. This sector is again bolstered by the Cleantech trend and we have this year delivered C-level roles for potential

fast growth and game changing companies in the wind, biomass, chip and battery technology markets.

This leads me to on to roles and exact jobs we have found to be popular this year. At Gillamor Stephens we work across the Director and C level suite of job titles. As mentioned above, our VC work is almost entirely C-level and Non Exec C-level work - leaders who can drive, grow and exit a business.

For the mid and larger sized companies we work with, there are two types of roles we have been busy delivering. One set is focussed on the transformation, driving continued growth and share price value (MD, VP, CFO, CIO, HRD etc). The second is the key client facing roles in sales, marketing and programme and product delivery.

It should however be noted that much of our demand comes from companies wanting talent to help them chase and penetrate the megatrend ecosystems mentioned earlier in the article.

Another driver for us of course is the replacement of key business leaders who have moved on: either as a result of their existing company upgrading or the lure of a better opportunity and usually more money (wretched head hunters!)

Can any trends be drawn - I guess I should try as the Editor has only given me 35 more words for the article. Perhaps the toughest place to be now is in so called established markets, as a mid to large scale player with limited differentiation, restricted by sector or a single geography dependant business (Financial Services, Consumer, Public Sector/Government funded, legacy Tech & Telco etc.).

In conclusion then, be mega (or in a mega ecosystem), be trendy, be global or be careful.

# As tech valuations sink, what does 2012 hold?

Ian Spence of Megabuyte explores how recent movements in the technology market indicate trends for the next 12 months

As markets struggle under the weight of concerns over the Euro and a double dip, stockmarket indices around the world have been under pressure for most of the second half of 2011. In this context, the UK technology sector has not been immune but has proven relatively resilient. The key questions for investors and those considering corporate activity in 2012 is, what does 2012 hold for valuations?

The Megabuyte Taylor Wessing (MBTW) Index series tracks the share price performance of 100 leading London listed technology stocks. Looking at the performance of the MBTW All-share, we can see that it has declined by 3.7% so far in 2011 against a 10.1% drop in the FTSE All Share. However, if we look beneath the numbers we can see that the premium paid by HP for Autonomy, which was a very substantial constituent in our index, was a significant contributor to the outperformance of the sector as a whole.

This 'Autonomy premium' is demonstrated very clearly when we look at the relative performance of Software companies against ICT services companies. The MBTW Software Index is up 18.3% year to date whilst the MBTW ICT index is 20.5% down on the year, substantially underperforming the market.

So what does all this mean for valuations? At Megabuyte, we track valuation metrics for our entire coverage universe and the peer groups within it. Valuations in the

tech sector reached a peak in Q2 but have been dropping ever since. The Megabuyte All Share average PE ratio peaked at 14.9x current year earnings at the end of Q1 but today stands at 12.7x, its lowest level since Q2 2010.

The trend is broadly the same when we drill down a bit further. Average Software valuations currently stand at 14.8x current year earnings, again its lowest level for 18 months and the decline in ICT services valuations is even more marked; in line with the relatively weak share price performance. The average current year PE ratio for ICT companies currently stands at just 8.7x; lower than it has been at any time over the last 2 years.

So we can see that tech sector valuations have been under considerable pressure over recent months so what does 2012 hold? Of course, the health of the macro-economic environment will be the key determinant of whether valuations recover or not, in two ways. First, economic conditions will influence IT investment patterns and, although the 'invest to save' agenda is strong in some areas, the current slowing of the economy is certainly providing an unwelcome headwind for all. Secondly, looking specifically at valuations, investor sentiment will clearly continue to be influenced by the macro environment and, even in the face of a robust trading performance from UK tech companies, continuing weak sentiment is sure to dampen valuations.

The reduction in valuations over

the last few months suggests that investors are now pricing at a level that relates to the earnings disappointment from the sector. Whilst we have seen some trading weakness over recent weeks, we should remind ourselves that the tech sector as a whole proved itself to be highly resilient in the early days of the recession in 2008 and 2009. As a result, bombed out share prices in 2009 generally rebounded very strongly in 2010. So, whilst we do not expect such a marked rebound in 2012, barring another banking sector meltdown, we would expect to see average valuations gradually recover over the next year.

We need also to remember however that now, perhaps more than any time over the last 20 years, there are disruptive trends at work in the technology sector. The move to SaaS delivery in software, Cloud based infrastructure and the ever increasing trend to mobility which, in turn, creates the imperative for greater cyber security, are arguably going to drive individual company performance more than the macro environment over the next few years. Many of these areas are also attracting significant private equity interest from funds awash with cash, in many cases at premium valuations. So, we can conclude that, although the macro environment is clearly important, the valuation of any individual tech company will depend more on its positioning with regard to these megatrends than anything else.

## Private Equity funded growth - the HR Perspective from 2e2

We interviewed Martin Healiss, Group Human Resources Director at 2e2, which has grown into one of the UK's leading IT Services businesses, by PE funded acquisition and strong organic growth

2e2 has built its market position in the last nine years by organic growth and assessing, acquiring and integrating a wide range of companies in the UK and Western Europe. Although the 2e2 brand is now widely known, many of its acquisitions were more familiar names - Morse, Compel, Netstore and Norsk Data.

Since Martin joined in 2004, revenues have grown from less than £50 million to over £400 million and 2e2 has completed acquisitions at the rate of about one a year.

"When I first joined, the strategy, led by CEO Terry Burt, was to construct a balanced portfolio of technology and solution offerings through acquisition, augmented by strong double-digit organic growth. This has been anchored by buying businesses at a fair value, reinforced with realistic synergies and achievable cost savings. The company has been cautious in assessing potential acquisitions with valuations which required consistent top-line and EBITDA growth through cross selling goals."

"For the majority of our journey, we bought companies for their technology expertise, skills or infrastructure that we didn't already have. Now we are evolving towards an industry alignment, supported by our technology specialism to deliver industry focused propositions to our customers which are constructed from our entire portfolio."

"Organisationally we have moved from a functional structure with clear functional leaders,

through business units owning P&Ls to an industry alignment.

Throughout that transition, we've had a clear strategy focussed on maintaining customer intimacy, retaining the entrepreneurial spirit the founders (Terry Burt and Mark McVeigh COO) have running through their veins. To maintain that in an organisation our size we have few layers of management, quick decision making and clear accountability."

From a theoretical perspective, the two things that kill deals are poor communications and lack of strategic alignment amongst senior leadership. "Often before we've even bought the company, we have identified the composition of the management team to take the business forward and the reward/equity structure."

"We know the synergies we expect before we buy the company - we've always been very prescriptive about agreeing those up front, whether they range from savings on IT harmonisation to more mundane costs around car leases or buildings. Then we deliver those fast so people don't feel there is an eternal cost reduction activity hanging over them."

"Another key philosophy is to make decisions based on facts before moving swiftly to implementation, rather than spend too long discussing and analysing. Many of the acquired businesses have also been entrepreneurial in nature but the last three (Netstore, Compel and Morse, the last of which doubled the size of 2e2), have been

publicly quoted, hence more corporate than the parent company."

"Agility has been the absolute watchword when dealing with customers - for example we have won some multi-million pound deals in the public sector before our competitors even decided whether to bid."

"As to employee communications - you can never do too much, as long as it is coherent and consistent. We "eat our own dog food" in using social media as well as more traditional road shows and a weekly email from Nick Petheram our UK MD. If you asked our employees, I think the consensus would be that our financial strategy around growth has been clearer than our organisational strategy - but we are working to address that."

"On the corporate 2e2 culture - we believe that you change organisational culture through business leaders' behaviour and where the organisation's priorities lie, such as sales success, no politics and decisions based on data and fact. To quote Greg Dyke, leadership is the stories people tell about you - about sales wins that looked impossible, challenging growth targets that were achieved."

"The major challenge has been managing the evolution of a very entrepreneurial organisation, maintaining customer intimacy and agility, whilst bringing in the appropriate corporate aspects. We have brought these in slowly to ensure we haven't killed the entrepreneurial spirit."



# The Difference is You

**Nigel Perks, Chief HR Officer at BT Global Services provides insight on the role of HR in rebuilding a global organisation**

In 2008 when Nigel Perks joined BT Global Services, it's fair to say the division was facing substantial issues, financially and operationally. Nigel explains the transformational journey the business has made, and how he's worked to engage 20,000 staff across 170 countries. At the heart was inspiring every member of staff to believe that they were the difference, the crucial success factor for the business now and in the future.

Our big question was, "How do you re-engage the organisation?" and for me it has been all about storytelling -

building, with the leadership team and beyond, a shared common understanding about our past, present and future. Over the last three years we've built this story together, and we've used it as a framework, with three critical factors, for the journey we're all on.

## Visible leadership

When times are tough, people want to see the whites of the eyes of their leaders and managers. They want to have confidence that everything is going to be ok. So we've done a lot of work around getting in front of our people to share the story, understand it together, and take the time to work out what it means for each of us.

We've given senior leaders the tools and confidence to talk to their teams about the issues and what we're going to do about them as an organisation.

As times have got better, this has evolved. We've always taken a global approach, investing in face to face meetings all around the world through a series of one-day events called "The Difference is You".

**“When times are tough, people want to see the whites of the eyes of their leaders and managers”**

These reached 20,000 employees with senior leaders engaging face to face and not through a slide deck. And now we're being more creative, using 'open door' time with management, 'skip a level' management meetings and of course, using a wide range of technologies such as TelePresence, collaboration technologies, and social media to work across our global organisation.

## Talent management

Talented individuals can sometimes be first to leave when the business is in difficulty, but they are the people you most need to get the organisation through the challenges. We identified 300 people in our talent pool around the world and

focussed on them as our leading lights, getting them involved in the change process so that they felt they were an important part of the solution. Engagement, involvement and communication are key to the top people in any organisation. And equally, when we're looking for future talent, we take attitude and commitment to the engagement agenda very seriously.

## Building pride

BT Global Services is a huge business, with over £8 billion in global revenue. Our pride had been knocked - we were seen in BT as the problem child. Both

internally and externally, people were asking, "Is this the place I want to be?" We've been slowly but surely rebuilding that pride in the organisation with our success stories, publicising our big wins both globally and locally and spending time communicating and explaining our financial results. We've also started to grow again in key areas and have made a substantial investment in Asia and Latin America, which makes people want to know about us and realise that things must be going well.

Storytelling to re-engage the organisation through these three elements continues to be a core principle - it's just how we do things around here.

## Taking their Own Path

We spoke to Thomas Volk, Dell's newly appointed Vice President, Large Enterprise EMEA (Corporate Accounts), to find out his perspective on Dell's current challenges and future opportunities

**A** German native, Thomas has had an international career in the IT industry in a number of senior management roles with companies such as Hewlett Packard, Sybase and IDS Scheer. He joined Dell in July this year to lead their EMEA Large Enterprise division with a focus on Dell's eight largest markets in Western Europe and their major corporate clients.

Thomas brings to Dell a very international leadership philosophy and says that his experience has been built on the back of a number of diverse opportunities:

"Although I've spent many years in IT infrastructure businesses, I have also led software and consulting companies. All of these require very different business models but with the same basis and goals; the value they bring to their customers.

At one end of the spectrum, the higher you go up the value chain, the more complex your customers' decision processes become and the more you need a keen understanding of their business issues and strategy. Imperative to the success of a customer-focussed business model is a global perspective and the capacity to build in-country resources and infrastructure that allow you to fulfil clients' needs and remain close to them.

Conversely, at the other end of the spectrum, for a very product focussed business model you must have streamlined processes that are efficient and regulated across country borders and which never lose momentum. There is not the

same capacity to develop flexible sales processes locally as you risk the business becoming too costly and inefficient. Again, the theme is global perspective despite the very different tactics required.

You need to be able to adapt your business model based on how clients consume the value you provide them and therefore how you run your business most efficiently depends on how you provide the highest value impact to the customer.

On a personal level, I was fortunate to learn a great deal about senior management from my first employer and had some fantastic mentors there who helped me grow in my career. I always tried to remain open minded and learnt from the individuals around me every day. Most formative perhaps, was the experience of being a German living in the US once I took a global role. I didn't want to model myself after someone else but just tried to be myself.

### The Challenge of Dell

The real appeal of the opportunity at Dell, for me, was based on a number of their recent acquisitions which have built the foundation for future data centre technologies. Based on that foundation, Dell is now able to move from a business model which has historically been product-centric, towards becoming a true solution provider for IT and for data centres, especially at a time when a lot of data centres are built publicly as well as privately. Looking at the wider areas of virtualisation and cloud, I see Dell

playing a leading role with the capabilities we already have to hand. My interest in the Dell role was sparked by the opportunity to drive this change from within the organisation.

The key challenges we face with this transformation, particularly in Europe, are firstly, the fact that, although Dell's reputation is extremely strong as the leading provider of technologies and products, we need to enhance the perception of the brand as a trusted advisor for strategic business and IT decisions. Secondly, we need to ensure that, as a company, we continue to expand our European resource pool with the capabilities to deliver these solutions to our clients on a broad scale.

### Developing the Cloud

We have just announced our first Public Cloud offering as part of a wider programme of investment in cloud solutions. In April, we announced a billion dollar global investment to power our cloud offerings. Our first manifestation of that investment in EMEA is the new data centre opened in Slough. Adding this to our portfolio, we have the capability to provide enterprise class, secure public, private and hybrid clouds as well as consulting, application and infrastructure services.

Dell was an early entrant into Public Cloud building through our Data Centre Solutions group where we collaborated with the top Public cloud builders to deliver next generation data centre infrastructure that now powers 18

“At the end of the day, our business decisions won't follow others'; they will map to our clients' business issues and deliver value to them”

of the top 20 public clouds in the world. As a company, we continue to drive the cloud concept very broadly. These developments mean helping our customers balance their investment in private cloud and public cloud with hybrids also making an entry to deliver a portfolio of consumption models to their businesses. Most customers are still interested in Dell helping drive more and more cloud capabilities into private clouds, to help them protect the investment they've already made in infrastructure. We are also building deeper relationships with public cloud providers, delivering the technology and building the infrastructure which will allow them to operate in this market.

### Embracing Consumerisation

The strength of our virtual desktop and wider cloud offering provides the foundation for our clients to embrace the consumerisation of IT. As individuals develop their own IT preferences and bring their own devices into the corporate environment, companies are deciding that they do want their employees use the device which they themselves consider more productive. This requires an infrastructure which allows the individual to operate that device in the corporate environment encompassing all the necessary security concepts, device management and applications. Our first offering in the Slough data centre is designed to give customers the choice of having Dell host their virtual desktop solutions in our



**Thomas Volk, Dell's Vice President,  
Large Enterprise EMEA**

cloud. More and more, our customers are looking to hosted desktop virtualisation as part of the solution to consumerisation.

Consumerisation is a very interesting concept for the future, as companies move more and more into the world of virtual desktops and their employees bring notebooks or tablets or smartphones, the whole spectrum of devices need to be leveraged for whatever business need they have. The market is moving towards multi-vendor capability and we are developing our technology solutions in such a way that allows our clients to fully meet their end user's expectations.

### Building the Future

Dell has recently become much more acquisitive as a business with acquisitions such as SecureWorks in the security space and Compellent's

storage solutions expertise. The addition of Force10 Networks to our portfolio shows our commitment to making sure we have the right network infrastructure available for our expanded data centre capability. As you can see, we are expanding our infrastructure offering very rapidly but we are also ramping up our services capabilities, in terms of service resources. Dell now has 105,000 people globally and 45,000 of these are service related - a lot of people don't know that!

We are making major investments in these areas as part of our commitment to our clients' needs, whether we are providing services through our partners or directly ourselves. Our strategy going forward revolves around our clients' evolving requirements; as they decide what kind of structure and ecosystem they want to run their IT environment, we will develop our offering.

What is really important for Dell is that we will stick to our guns. While some of our competitors are making key decisions about which product lines they will invest in in the future, Dell is executing on Dell's strategy, irrespective of what others are doing.

From our point of view, being able to provide an end-to-end infrastructure and then being able to provide the capability to run and manage that and automate your IT is key. At the end of the day, our business decisions won't follow others'; they will map to our clients' business issues and deliver value to them”.

## The Content Entrepreneur

**Chris Book, technology entrepreneur and founder of Bardowl describes the challenges of starting a technology business in the current climate**

**F**ounded by technology entrepreneur Chris Book in 2009, Bardowl is a subscription service that allows users to pay a monthly fee for audio book listening. He shares insight into the process and challenges of starting a business in the current climate.

### How did you go about establishing the company?

At the start, I was on my own with an idea and began looking for a co-founder. That person was Neil Chapman, my manager at Orange and now CTO at Bardowl. Whilst I'm a technologist and product guy, he's the archetypal engineer with amazing attention to detail. From there we incorporated the limited company and started looking for a couple of non-executive directors, bringing on board Rob Shreeve of Virgin Publishing and David Sykes, multiple-time CEO of high tech start-ups.

We built a prototype product and started to demonstrate it to the big publishing groups, who are slowly but surely signing up to provide the necessary content. The deals have been challenging as it is a move away from the traditional 'pay per book' model, but we were opening the market to a whole new demographic and presenting a business model which I believe to be much better suited to potential consumers of audiobooks.

On the back of this we were able to secure Angel funding and are continuing to test and develop the product before launching it into the marketplace.

### What infrastructure have you created around the business?

We chose to run our entire business

through cloud services such as Gmail, Dropbox, Yammer, TenderApp, Basecamp and Amazon Web Services. As everything is virtualised, we don't pay a huge amount for infrastructure and it expands as we do.

Our physical set up is very similar. We're primarily based in Bath at an innovation centre run by the University of Bath and there are a number of similar co-working spaces countrywide such as TechHub in London and The Skiff in Brighton. They're even more important because of the number of times you



bump into other entrepreneurs that you can learn from, whether it be about funding or cloud resources.

In fact, the London technology scene is growing at an incredible pace. I was initially really cynical about the "Tech City/Silicon Roundabout" tagline; six months ago there were spaces left at the co-working desks at 10am. Now you have to be there before 9am to get a desk.

### What do you think could be done to encourage the growth of the technology sector in the UK?

The government has tried to help technology start ups thrive with initiatives such as Tech City. Co-

working spaces in technology hubs not only allow knowledge share but also provide an additional support network made up of people in similar situations to pick you up and encourage you to keep going. A step in the right direction would be further funding for facilities like this.

There is also a big emphasis in the UK on industrial design and manufacturing - that shouldn't disappear but in my view there should be an even greater focus on software. For me though, it's not a political point. There's awareness that the technology sector will create jobs and we need the right environment to grow without the constraints of bureaucracy and monitoring.

### What are the personal challenges?

Starting your own business is very emotional, a rollercoaster ride. There are a lot of positive elements, a lot of hype from organisations saying that your product is the future but it is hard work and long hours.

I think the biggest learning experience has been, especially as a technologist, that it's easier if you control your own destiny. If you start a technology business with user generated content or a social network, if you get customers on board, it will evolve and grow. However we're reliant on someone else's content, reliant on a chain. Essentially we're a retailer, so if the publishers' content isn't available for us, we can't sell it. For me that is the biggest eye opener - I think the perfect storm for a technology business is being able to use something virtual that isn't supplied by somebody else.

# The Journey of an Idea

**Connor Murphy, CEO and co-founder of Dublin-based start-up Datahug, talks to Gillamor Stephens about the inspiration for the enterprise relationship management software company, their route to a successful round of seed funding and ambitions for the future**

The inspiration for Datahug came from the challenges we faced every day managing and sharing business relationships and leveraging the networks within our organisations. Working in global management consulting firms, co-founder Ray Smith and I were often stuck when trying to find out who in the organisation could help provide insight into various contacts, whether for sales, partnership, recruitment or simply market intelligence.

We came across this problem constantly and though it's simple to solve if you're working in the same room, it's far harder across a global business employing thousands of individuals. CRM systems are meant to help solve the problem but require that colleagues have the time and discipline to maintain the data. We felt that the problem had still not been adequately solved and started to look at how we naturally operate - by engaging, by talking, communicating. By analysing that communication data, Datahug can build a rich, dynamic picture of who knows who and how well they know them. For example, with the email header data alone (i.e. From, To and CC fields), we can unlock the 'relationship layer' within the organisation. This business network is normally hidden and not accessible, but Datahug lets you quickly dip into it so that you can make a connection to that particular colleague who can help. This provides insight to make a referral in order to shorten the sales cycle and reduce the cost of customer acquisition.



**Connor Murphy**  
CEO and co-founder of Datahug

The biggest challenge we faced starting out on this project was fundraising, a first for both of us. What I'd say to any Irish entrepreneur is, "Here's twenty quid, fly to London, start talking to the VCs now, even if you think there's an inkling you're going to need them, start talking now because it's all about building relationships and connecting the dots." Not only does it give you insight into what they're looking for, but helps educate you to get the right answers in place for when the big opportunity comes along.

We actually went about engaging the small seed funds, the incubation funds and the large VCs using Datahug and also collaborating with a few other early-stage CEOs to establish targets and referrals. As a result, we were able to get in front of those people very quickly and secure a healthy amount of interest.

People have commented that it is a large seed round but we benchmark ourselves against Silicon Valley. Whilst we've established Datahug in the small, vibrant community that is Dublin, we are a global company and believe that we can compete on a global stage. We are focused on delivery for our customers, building a great business and getting the team, infrastructure and funding in place to hit our target of more than €50million revenue in the next three years.

We chose Dublin as our headquarters where the tight knit community provides access to multiple entrepreneurs, potential clients, the big multinationals and nine out of the top ten European technology firms. A lot of our team are international, coming from the UK, USA and Canada. When you're young and you're Irish you'll probably go overseas to gain global experience, but you learn there's great benefits to eventually migrating back; it can be hard to tap into the heart of a big city but you can move to a small city like Dublin and integrate incredibly quickly with the business community.

Getting to this stage is incredibly rewarding but is naturally a lot of work and a lot of responsibility. I'd describe it as a roller coaster where the highs are higher than you imagined and the lows much lower; however if you can build a good team and you all passionately believe in your vision, you can succeed. We're very confident that vision plus team equals money, which equals success and growth!

## Embracing the Power of the Cloud

**Mark Paraskeva, VP EMEA at Autodesk, provides insight into the cloud computing model**

**W**hat are the challenges involved in moving to a SaaS business model from a traditional enterprise licence model?

Many enterprises have chosen to roll out their cloud offering in parallel with a traditional product suite. In this way it does not fundamentally change the licence or agreement in place with customers - cloud is an added benefit. In our initial roll out, commercial Cloud services remain closely linked to our annual maintenance programme. In the longer term, Autodesk does see opportunities to experiment with new business models, for example, to use the cloud to enable access to some of our software on demand rather than by per user licence.

**Is this a 'push' from Autodesk or a 'pull' from customers?**

Autodesk invests about 26% of our annual revenue in R&D and a growing amount in cloud projects in recent years. Most of our new cloud services have been trialled as technology previews on Autodesk Labs, which has enabled us to work with our most eager customers to evaluate what they expect of cloud services; it has been a collaborative effort. As a result, Autodesk Cloud has evolved as a collection of more than a dozen web-based capabilities, products and services that enable customers to extend their desktops with greater mobility, new viewing and sharing capabilities and more computing power, helping them better design, visualise and

simulate their ideas.

To start with, customers are hesitant to trust cloud services but as they start to realise the benefits, their doubts disappear and their usage increases dramatically. This has taught us a lot about making sure we have the infrastructure to support significant demand, which is why we're using Amazon and other similarly sized partners for our cloud infrastructure.

**What impact has cloud had on your business?**

Autodesk has been a pioneer in cloud-based applications for the design industry – starting more than a decade ago and more than a dozen cloud-based offerings are now part of the solution, providing a powerful foundation to enable all Autodesk customers to begin using the cloud to access and store their work from anywhere; to view their work through web browsers or mobile devices; and to share their work with other users, even users without Autodesk software.

Although Autodesk has been offering web services for over 10



**Mark Paraskeva**  
**Vice President**  
**EMEA**

Since 1st February 2009, Mark Paraskeva has been Autodesk's Vice President of Europe, Middle East and Africa (EMEA), responsible for Autodesk's operations across the EMEA region. His appointment reflects EMEA's increasing contribution to Autodesk's business, with income from the region now some 40% of Autodesk's total global revenues (circa \$2B) via Major Account, Reseller and E-Commerce channels.

Prior to taking on this role, Mark was Autodesk's vice president of Northern Europe for almost 5 years, integrating the United Kingdom and Ireland, Benelux and Nordics into a high-performing vertically focused region.

Mark has worked in the technology industry for nearly 28 years. His career has spanned marketing, sales, technology development and all aspects of management, where his experience includes heading up complex multi-million pound acquisitions and driving double digit revenue growth. Appropriately, he is also well-grounded in all aspects of software technology development, having written software for four years earlier in his career as well as roles in customer support.

Prior to Autodesk, he was at Mentor Graphics for more than eleven years during which key roles included marketing director, Europe, general manager R&D technology development and sales director. Before this, Mark was UK technical manager at Cadence Design Systems covering applications engineering and customer support. He has also worked for Digital Equipment Company's (DEC) wide area networking division and at Siemens Plessey Roke Manor.

Mark has a first class honours degree in electronic engineering from Southampton University. He holds four patents in 'self-testing silicon chips' and software and has published several academic papers.

years, we have had to develop expertise in new technologies, which has involved hiring new workers, training our current engineering staff and acquiring companies to develop expertise in mobile technologies and the cutting edge cloud technology.

**Design and engineering applications appear resource intensive, does this lend itself well to cloud or will there always be a requirement for a traditional on-premise model?**

While it is now expected that the majority of business critical applications are available through the cloud, there will be customers who depend on their desktop applications and we have no intention of forcing a move away from this model.

The cloud computing model is ideally suited to some design and engineering tasks, and less well suited to others - it makes sense to adopt a hybrid model. Compute intensive tasks will benefit tremendously from the almost infinite computing power available through the cloud and will provide customers with capabilities that are normally only available to the largest design and engineering firms.

**How does the move to cloud impact the relationship with channel partners?**

The partner channel should continue to play a critical role in the sales and ongoing support of products, regardless of whether that product is delivered in boxed form, downloaded via the Internet or through a web browser. Autodesk Cloud adds even more compelling opportunities to our traditional product suite and our channel has been aggressively using these to target new and existing customers.

**Have you noticed much variance across the region by country in terms of transition to cloud based offerings?**

We've seen some differences in the speed of adoption and the number and type of projects customers have undertaken using cloud services. Some of this is due to the natural differences in available bandwidth between developed countries like the UK, Germany and France and developing countries like Russia and Turkey but the overall reaction has been positive.

**About Autodesk**

Autodesk is a leader in 3D design, engineering and entertainment software. Customers across the manufacturing, architecture, building, construction, and media and entertainment industries—including the last 16 Academy Award winners for Best Visual Effects—use Autodesk software to design, visualise, and simulate their ideas before they're ever built or created.

# Evolution of the Cambridge Phenomenon



**Charles Cotton, Founder and Chairman of Cambridge Phenomenon Ltd talks about Cambridge's dynamic business cluster.**

Looking at how the Cambridge Phenomenon has grown over half a century, from a few, enterprising engineers working out of garages and garden sheds to multi-billion pound businesses in state-of-the-art premises, it's clear that a lot has changed. Since the region came to prominence in the 1980s, the cluster has expanded to 1400 hi-tech companies employing 40,000 people and contributes billions to the British GDP.

The cluster has many distinguishing characteristics including a world-class research university, active student entrepreneurship programmes, technology consultancies, multiple networking groups and a proven ability to continue re-inventing itself as new technologies emerge. Local semiconductor companies ARM and Cambridge Silicon Radio and software giant Autonomy are world-renowned but sometimes overlooked are companies like Domino which started the mini-cluster around industrial inkjet printing; Abcam, the world's largest online supplier of antibodies and reagents; and the Marshall Group which designed the drooping nose and visor on Concorde and today is Cambridge's largest employer. Hot on the heels of these established enterprises is a new generation of entrepreneurs and companies.

Above all, the cluster is about the people and how they have innovated, responded, sometimes in the face of adversity, to technological, business and external challenges, learned, grown and then been willing to put something back. The Cambridge Phenomenon has succeeded because the people involved have made it greater than the sum of its parts.

Many of their stories are told in a richly-illustrated book to be published in Spring 2012: *The Cambridge Phenomenon: 50 Years of Innovation and Enterprise* for which Bill Gates is contributing the foreword.

Visit: <http://www.cambridgephenomenon.com/initiatives/book/>

## Information Security and Business Risk

### How are UK businesses addressing the growing IT Security threat?

**G**illamor Stephens recently held a series of discussions with CIOs across Retail, FMCG, Legal, Leisure and Pharmaceutical industries to gain a broad industry perspective on IT Security provision. The fact that CIOs are reluctant to have their name linked to IT security readiness confirms the nervousness that this topic generates at CXO level. The findings show that Information Security and Business Risk are now standard items on the agenda in a number of UK PLC board meetings. What is clear is that for some high profile organisations failure to instigate a robust IT Security Policy can result in severe business impact ranging from loss of service, brand devaluation, falls in consumer confidence, share price reduction and market valuations dropping significantly. Good PR will struggle to paper over these cracks and recovery times in the current economic climate will not see an immediate bounce back.

However information security in some largescale organisations is seemingly left to chance when there is no consolidated security policy in place. "You can be as protected as you like in the UK or France but if security policy is not as tight in other regions then the risk of infiltration or corporate data breach can be just as high" said one CIO. Put simply, in-country management of IT security carries higher risk than a more centralised and consolidated approach to IT security strategy. Other findings that came to light during these discussions include:

#### Board Awareness

Fortunately most Boards have seen the impact of poor information security practice on world famous brands such as Sony, resulting in an easier business case for CIOs to push through information security provision programmes. The vast majority of CIOs claim to have a Board or Exec Team that addresses information security status on a regular basis. This is especially true for highly regulated businesses such as Pharmaceuticals, Oil & Gas or Financial Services.

#### Impact of security on current CIO role

The gradual relaxation of rules governing mobile device and hardware purchasing has created an immediate need for better control over information security. For each new smartphone or tablet release CIOs are constantly being asked to "make it work" in the enterprise. Consumer devices offer the "greatest opportunity and also the greatest threat" to business. CIOs are in some cases having to find ways to support non-standard consumer-friendly devices, and in other cases are stating quite clearly to the business that such devices will not be supported. The alternative for CIOs is to adhere to a clear, rigid and, in the view of the business, restrictive policy on IT purchasing using information security threat as a justification.

#### CISO in place?

The Chief Information Security Officer (CISO) role is a recent addition to the leadership team,

and not yet pervasive. CIOs are more likely to appoint a Head of IT Security profile reporting directly into them with specific responsibility for IT Security policy and governance. For many of the CIOs interviewed, overall responsibility for IT security sits at Corporate or Group level.

#### Accreditation

Whilst there are clear information security standards and guidelines set out in BS7799/ISO27001, the value of holding such accreditations is not evident in many businesses. Whilst they offer peace of mind to CIOs, they are not seen as value drivers or differentiators and CIOs prefer to use them as a framework rather than adhere rigidly to the security standards. Those that do adhere to these standards are more likely to demand similar standards/ accreditations from third party suppliers.

In summary, the findings would indicate that there is great awareness of the importance of devising and managing a comprehensive IT Security policy over and above the provision of tools and software to protect employee and corporate data. CIOs seem to recognise the need to educate and encourage employee behaviours where security is a priority one concern and more importantly a primary responsibility for each employee. "Educating employees plus governance and process plus technology makes for a more robust information security solution" said one.