Happy St. Patrick’s Day and welcome to the 30th edition of PwC’s newsletter on foreign direct investment (“FDI”) in Ireland.

Ireland continues to enjoy strong economic growth with unemployment reduced to 6.8% and the number of people employed at the highest level since 2008. Ireland’s GDP growth was 4% in 2016 and is projected to be 3.3% in 2017, the highest in the EU.

Ireland continues to see strong FDI investment (see page 4) and rank 1st in the world in a number of key areas (see page 5). We see a lot of interest in the FinTech and Science sectors (see page 6) and the Government has announced plans to make Ireland’s education system the best in Europe by 2026 (see page 7).

Please do not hesitate to contact myself, any member of our team, or your usual PwC Ireland contact at any stage. We would be happy to tell you more about the topics raised in this issue or to include any interested parties on our mailing list.

Remember to visit our FDI website for more updates and detailed information (http://www.pwc.ie/fdi), including a range of recent publications.

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InsideSales, a sales lead management company, announced plans to create 120 new jobs over the next three years as part of its expansion into Ireland.

Indeed, a leading online recruiting firm, is to double its Irish workforce with 500 new jobs in Dublin over the next 2 years.

IQ Pharmatek, a leading pharmaceutical company, has announced the creation of 200 jobs in Clonmel following the opening of a new facility, with 100 new roles to be created in 2017 and a further 100 to follow in 2018.

NGINX, a San Francisco based technology company, announced plans to locate its EMEA headquarters in Cork creating more than 100 jobs in the next 3 years.

MDO Management Company, a fund management company based in Luxembourg, is to establish a branch in Dublin with plans to create 30 new roles.

Mercury Filmworks, a Canadian based animation company, has announced plans to open a new studio creating 140 jobs in Kilkenny, through a partnership with Kilkenny’s Oscar-nominated animation studio, Cartoon Saloon.

Microsoft, the global technology company, announced that it is to hire 600 people, 500 of those as part of its new Inside Sales Centre, and a further 100 jobs across its existing operations.

Red Hat, a North Carolina based computer solutions company, is set to create 60 jobs in Waterford, with a €12.7 million new project that will generate the jobs over four years.

Tobam, a leading French asset management firm, announced plans to set up operations in Dublin and to employ 20 people by the end of 2017.

Willis Towers Watson, a leading alternative investment funds manager, announced plans to establish operations in Cork, with the creation of 40 roles.
“Our talented professionals across Ireland are imagining the future every day to solve some of the biggest challenges facing businesses, governments and consumers.”

Pierre Nanterme - Chairman and CEO, Accenture

“Ireland has an excellent reputation as a leading location for talented professionals in the pharmaceutical industry and will be essential to help us grow our operations over the next few years.”

Adrian Adams - CEO, Aralez Pharmaceuticals

“The team in Ireland has a long track record of helping the company to deliver against its vision and strategy and now there are opportunities for 600 more individuals to play their part in making the vision a reality.”

Cathriona Hallahan - Managing Director, Microsoft Ireland
Ireland enjoys record levels of FDI in 2016

Ireland continues to fare extremely well in securing FDI with record job creation across various sectors throughout 2016, despite competition for FDI from other jurisdictions being higher than ever.

Just under 19,000 FDI jobs were created across Ireland in a range of sectors. Employment in IDA supported FDI companies is now at a record 200,000 jobs. Crucially, IDA estimates that for every 10 jobs generated by FDI directly, another seven are generated in the wider economy. This translates into 340,000 jobs supported by FDI at the end of 2016.

Ireland wins a much larger market share of European FDI than might be expected, claiming 4.3% of all FDI projects coming into the EU in 2015. This is significant in light of the fact that Ireland constitutes just 1.7% of EU GDP (i.e. Ireland is winning approximately 2.5 times the amount of investment expected given its relative size).

Reasons for the increased investment in Ireland:

- **Access to highly skilled talent**
- **An excellent track record as a location for FDI**
- **Stability and consistency in enterprise policies**
- **Excellent proximity to EU markets**
- **An attractive tax regime**

**USA**

Approximately 70% of the IDA’s client portfolio is from the United States, with investment in Ireland from the USA having doubled to $350 billion in the 5 years from 2010 to 2015.

**Europe**

Investment from Europe accounts for 20% of investments won by the IDA since 2010. While the market is challenging given uneven recovery from the downturn, significant opportunities remain.

**Asia Pacific**

Ireland has also seen an increase in FDI from the Asia Pacific region. The last number of years has seen significant interest from companies in Australia who are considering Ireland as an entry point into Europe. At the inaugural Australia Day lunch, hosted by the local chapter of the Irish Australian Chamber of Commerce, it was announced that 45 Australian companies had already invested in Ireland, creating a combined 3,000-plus jobs.
Ireland by numbers

1st in the World for:
• investment incentives being attractive to foreign investors\(^1\)
• flexibility and adaptability of people\(^1\)
• availability of finance skills\(^1\)
• real GDP growth\(^1\)
• national culture being open to foreign ideas\(^1\)
• ease of complying with corporation legislation and regulation\(^2\)
• exporting computer and information services\(^3\)
• average project value, based on value of jobs\(^4\)

1st in Europe for:
• attitudes towards globalisation\(^1\)
• ease of paying taxes\(^5\)
• workplace happiness\(^6\)
• for starting a business\(^7\)

1st in Eurozone for:
• doing business\(^9\)
• supply chain resilience and business safety\(^8\)

\(^1\)IMD World Competitiveness Yearbook 2016
\(^2\)TMF Group Global Benchmark Complexity Index 2015
\(^3\)OECD Digital Economy Outlook 2015
\(^4\)IBM Global Location Trends 2016 report
\(^5\)PwC/World Bank Group – Paying Taxes 2016
\(^6\)Indeed Workplace Enjoyment Ranking 2016
\(^7\)World Bank Economy Rankings 2016
\(^8\)FM Global Resilience Index 2016
\(^9\)Forbes Best Countries for Doing Business 2016
Currently the Irish financial services sector is being driven by IFS2020 ‘A Strategy for Ireland’s international financial services sector 2015-2020’. One of the key areas highlighted in IFS2020 is Ireland establishing a strong global reputation for innovative FinTech start-ups.

The start-up rate for Irish-owned FinTech companies is accelerating rapidly. This thriving tech start-up scene, combined with established research centres, creates what is an internationally recognised ecosystem for FinTech research, development and innovation.

Large incumbent financial services companies are no longer treating technology as an expense but instead are treating it as a growth mode investment. As a result, Ireland is uniquely positioned to become a leading global centre for FinTech investment – where global multinationals can develop and implement their innovation strategies, and Irish-owned start-ups continue to scale up and succeed in global markets.

Reasons to choose Ireland for FinTech:

- The world leaders in technology have a large presence in Ireland, including such companies as Microsoft, HP, Oracle, Google, Facebook, Twitter, PayPal, etc.
- The world leaders in insurance, payments, investment banking, and funds administration all have large operations here including companies such as BNY Mellon, JP Morgan, State Street, Citibank, Zurich
- There is a vibrant startup community, aided by a competitive tax regime and a highly skilled workforce

To find out more about FinTech in Ireland, please see our FinTech webpage:
http://www.pwc.ie/services/consulting/technology/fintech.html

Opportunities for Irish science community

The Government’s Innovation 2020 strategy focuses on delivering excellent and impactful scientific research. High-tech companies increasingly see Ireland as a potential location because of its proximity to Europe and scientific reputation, and such companies bring a spectrum of R&D opportunities to Ireland.

Currently, Ireland is ranked:

- 1st in the World for nanotechnology
- 3rd in the World for the quality of materials science research
- 3rd in the World for immunology research

Collaboration with industry and Science Foundation Ireland (“SFI”) is recognised as being of critical importance because it enables the application of science into areas such as information and communications technology, healthcare, energy and industrial materials. The Advanced Materials and BioEngineering Research (“AMBER”) centre is SFI funded and provides a partnership between leading researchers in materials science and industry. Centres such as AMBER have the funding, infrastructure and researcher expertise to make world-class impacts and in developing new technologies for Irish industry partners.
Ireland to make its education and training system the best in Europe by 2026!

The Government has published its Action Plan for Education 2017, which aims to make Ireland’s education and training system the best in Europe by 2026. A government-commissioned STEM (science, technology, engineering, and mathematics) report said the quality of second level education in STEM subjects is essential to ensuring pupils fare better in third-level STEM courses and in the workplace.

Among the headline actions announced as part of the 2017 plan are:

**Technology in education:**
- Implementation of computer science Leaving Cert subject brought forward 12 months to September 2018

**Skills:**
- Develop 13 new apprenticeship and 2 new traineeship programmes in 2017
- Review work experience at post-primary level; develop innovative responses to address skills shortages in ICT languages and biopharma

**Infrastructure:**
- Complete 46 large-scale building projects
- Provide 6,000 additional permanent post-primary places in 2017
AI hackathon

An AI hackathon was held on 18 February at Trinity College Dublin Innovation Academy in partnership with Bank of Ireland, Intel/Movidius, Microsoft and Atlantic Bridge. The hackathon was open to data scientists, researchers and engineers currently working on, or interested in, AI-related fields such as machine learning, speech recognition, computer vision, natural language processing and bots. The success of the AI event highlighted that Dublin has the right facilities to lead the AI revolution, including:

- Research centres like Adapt and Insight
- Key universities, known for their state of the art technology and science facilities
- Great meet-up groups in Dublin like Machine Learning Dublin, NLP Dublin and the newly formed CHAI Dublin, which all have seen significant growth in attendee numbers

Dublin tech summit

The Dublin Tech Summit took place in the Convention Centre in Dublin’s Docklands on 15 & 16 February with a number of speakers and presentations on the different areas of technology today including MedTech, social media, the role of big data, eCommerce and Robotics.

Dockland innovation awards

The Docklands Innovation Enterprise Awards, which took place on 8 March, is an initiative of Bolton Trust and DIT Hothouse. Now in its fifteenth year, the awards are aimed at showcasing the innovative companies emerging from the DIT / IADT New Frontiers programme to investors and those with an interest in start-ups.

The shortlisted companies each gave a 20-minute presentation on their investment proposal and were questioned by a panel of judges including Michael Murphy (Managing Partner of Investec Ventures Ireland Ltd and chair of the IAVC) and Sharon McCoey (Senior Director of International Operations with LinkedIn Ireland).

Last year’s winner Your Smile Direct raised seed funding of €1.3 million and now employs 15 people in Ireland. The company is expanding in the UK and recently launched in France and Spain.
Would you like to know more?

Should any of the topics covered in this newsletter be of particular interest to you, please do not hesitate to contact any member of the FDI team, or your usual PwC Ireland contact. If any of your colleagues would like to be included on our mailing list, please let us know.

Please click on our website www.pwc.ie/fdi for additional information. Various topics of interest for foreign investors can be found in the publications link in the tax section, including:

- Budget 2017
- Brexit
- Tax Facts 2017
- Finance Act 2016
- Companies Act 2014
- Previous issue of Investing in Ireland