

Silicon Ireland

Only a decade ago the Republic of Ireland was the poor stepchild of Europe . Now it is rich. In fact the per capita income of Ireland recently passed that of the United Kingdom . Technology is what is driving the engine of the Celtic Tiger: Technology employs about 10% of the work force and contributes about 20% to Ireland 's gross national product; Ireland is second only to the United States in software exports, and it accounts for at least 40% of the packaged software sold in Europe .

Only a \$30 million industry early in the 1990's, Irish designed software passed the \$1 billion sales mark by the end of the decade. Although non-Irish multinational companies like Intel and Microsoft make up the bulk of the tech sector in Ireland , there are more than 600 homegrown companies, with three added each week. Dell Computers now centralizes all of its billing, inventory, management, and distribution of computers for its European operation in a single center in Ireland . Craig Barrett, the president on Intel, the biggest investor in Ireland and one of the biggest employers, said that Intel is in Ireland because it is "very pro-business, has a strong educational infrastructure, and it is easy to move things in and out of the country, and it is incredibly easy to work with the government."

Technology has not only brought wealth to Ireland , it has also brought back many of those who emigrated to other countries. In 1998 Ireland had a net immigration gain of 22,800. Among those returning to the homeland were American trained expatriates who made a great deal of money in the U.S. technology sector, and who brought their entrepreneurial spirit to the "Old Country" to found many of Ireland 's leading software companies. In their turn they have encouraged the next generation of high tech workers in Ireland , the workers in e-commerce, financial services, Web development, and communication infrastructure support, to build their own digital enterprises.

Ireland 's technology revolution may also be a new force in the effort to unite the two Irelands . Taoiseach Bertie Ahern, acknowledging that any political merger of the six counties and the Republic is an extremely long term prospect, feels that the ties being forged between the North and the Republic owing to the software economy is creating a synergy which may help to wean Ulster from economic dependence on Britain . Successes in technology, he says, are helping to replace the depression of "failed economic schemes and dead-end peace overtures" with a new self assurance. In the mid '90's only 5% of Ulster 's technology graduates took positions in the Republic's economy while 50% found jobs in Great Britain . Here at the beginning of the new century, these percentages are well on their way to being reversed, a sign of the merging of the economies of the North and South. Promising too are the many collaborations between universities on both sides of the border. One such project is the collaboration between Trinity College and Queen's University on the \$4.7 million IBM RS/6000 Supercomputing Center.

This sea change in Ireland 's economy can be traced back to decisions made in the late 1970's. With its socialized economy stagnating, government officials looked outside itself to determine what it had to offer to bring businesses to Ireland . The planners identified two strong suits which Ireland could exploit: its strong cultural ties with the United States and the Irish gift of language. Ireland thought that American businesses, with so many Americans of Irish heritage in decision making positions, would listen to Ireland 's selling itself as ideally located to facilitate the entry of American businesses into the European markets. The planners also had the vision to see that the telemarketing revolution then taking place needed employees with the social and verbal skill with which the Irish are so well endowed. To carry out its long term plan, the Irish government had to upgrade the telecom infrastructure of the country and to strengthen the school curriculum in the study of foreign languages.

The result was a \$5 billion investment in telecom and an emphasis in the schools on the study of foreign languages beyond the usual study of French and Spanish. The new Europe, the Europe since the fall of the Iron Curtain, was virgin territory for telemarketers who could speak Polish, Hungarian, the Cyrillic languages and the other languages of Eastern Europe . So too were the nations of the Middle East and Africa interested in Western products and services as television and the telephone began to shrink the world. In Ireland , high school graduates are guaranteed a job in Ireland 's call center industry, sixty

centers which employ over 6000 people. Ironically, Ireland is now a place to which job-seekers come to fill the jobs created by the expanding call center businesses. As an example of the multicultural nature of Ireland's new technology economy, the flags of thirty-three nations are on display at Oracle's East Point call center, taking sales and service calls from all over the European Union, the Middle East, and Africa. As a young man from a school in Paris said, "If you want to work in information technology, the only place right now is Dublin."

The leading school in Ireland for its information technology success is the venerable Trinity College in Dublin. A decade ago, top graduates of Trinity left Ireland for jobs in more technologically advanced countries. Today, many of these graduates stay home to work in the forty software companies which Trinity has incubated, twelve of these companies employing more than 1000 highly skilled workers. One of Trinity's most notable success stories is [IONA Technologies](#). IONA, founded in 1991, has grown 6615% since then, its staffing level rising by 4900%. IONA is a leading provider of e-business infrastructure. On March 1, 2000, IntegraSoft Company announced that it had deployed a new on-line trading system based upon IONA's Orbix product line, an example of Ireland's competitiveness in the headlong expansion of Internet services. Mike DiStefano of IntegraSoft said of IONA, "We've chosen an industry leader that meets our needs today, and can continue to help us meet our clients' needs as we grow." Time Magazine, on March 8, 2000, named IONA Technologies as one of the ten fastest growing companies in Europe. Like other high tech companies listed on the NASDAQ Exchange, IONA investors have had quite a ride. As of March 17, 2000, the company's 52-week high was \$102.00 and its low, \$12.12. New investors might be interested to know that IONA Technologies' P/E ratio is 374.76.

Another major contributor to the economic boom in Ireland is the School of Computer Applications at the Dublin City University. The university must double the capacity of its three storey computer sciences building to accommodate the large number of applicants to its computer programs. The director of the school attributes the influx of students to its programs to what he perceives as Ireland's love affair with the computer "Ireland is the only place in Europe where kids think computers are cool."

Knowing that a high tech economy is highly volatile and extremely competitive, the Irish government announced on March 8, 2000 that it is launching a \$681 million fund to make the country a leading research location for information and communication technologies and biotechnology. Deputy Prime Minister Mary Harney said of the fund, "Ireland's recent strengths and overall economic success have been built on competitiveness and the time is now opportune for the government to make a substantial commitment and investment in our future competitiveness." The new fund is part of Ireland's National Development Plan which will spend \$49 billion on infrastructure, health, and education projects over the next seven years.

Low corporate taxes, government agency incentives and education programs may have attracted investment to Ireland, but the most essential ingredient of the success of those investments for the present and for the future is the intelligence, charm, and spirit of the Irish people.

(Written by Joseph McCormack, April 2000)

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