



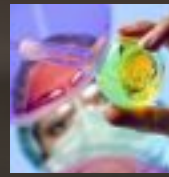
Need for leadership

Making the difference in changing times



Catching the wave

North Sea oil and gas steps up for growth



Hamessing the power of the genome

Seizing life science sector opportunities

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business insider



TALKING UP SCOTLAND'S SUCCESSES

Steve Dunlop of Scottish Enterprise urges more support for world-beaters

Vol 36 No.4 July/August 2019 £4.00



PLUS ARE SCOTTISH BUSINESSES WELL PREPARED FOR THE CONSEQUENCES OF DATA BREACHES?



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Thank you to the many people behind the scenes as well as those front of house who would have done well to arrange and deliver an event like mine on any normal day but to pull it off with such spectacular style and success in such a short time frame is nothing short of spectacular.”

Liz Smith
Staben

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FROM A BUSINESS PERSPECTIVE THIS IS A VITAL TIME FOR LEADERS TO GET THINGS RIGHT

Ken Symon's regular view on business



IF THERE is one thread running through this issue it is that of leadership. It is much on our airwaves as well as I write with leadership contests in not one but two of our major political parties.

What it takes to lead a business in changing and difficult times and challenging circumstances is the subject of *The Leadership Difference* (p.37).

Facing exactly that task is Steve Dunlop, who has been in the hot seat of chief executive of Scottish Enterprise, Scotland's main economic development agency, for just over a year. In that time he has by his own account given much of his time to listening, an important and often under-emphasised quality of a leader.

He has set out a new vision for SE and for its working in tandem with the other bodies that have an impact on the levers of economic development. It is a crucial time to get that right with the economic impacts of Brexit – if it does happen – largely being ahead of us.

The new strategy puts back an emphasis on the “regional”, a change from the time – still under an SNP administration – when the emphasis seemed all to be on centralisation

The Scottish business community will be examining the strategic framework he has set out and see whether it is fit for purpose as a new vision, purpose and set of values to drive the economy forward in Scotland. Certainly the work that Steve Dunlop has done in the past has made a real physical contribution to local places and their economy (see *The Big Profile*, p.20).

But reading it there is a slight feeling of ‘haven’t we been here before?’ The new strategy puts back an emphasis on the “regional”, a change from the time – still under an SNP administration – when the emphasis seemed all to be on centralisation.

There is also a question of whether the new emphasis on “inclusive economic growth” and “wellbeing” – as

other commentators have highlighted – is too broad and will blunt the economic development drive that is Scottish Enterprise's true *raison d'être*.

The new strategy is launched against a changing backdrop of the business community's feelings about Scottish Government policy. There was strong discontent among some sections of the business community – particularly in the hospitality sector – over the issue of business rates.

The U-turn by the current administration on Air Passenger Duty came as a shock to many particularly given the fact that one minister had been signalling barely a week before that the policy would not be changed.

It was the suddenness of the change that was the shock factor. It led one prominent business leader to question privately this week whether the change was really one of philosophy or whether it had more to do with the budgetary strictures facing the Scottish Government in the months and years ahead.

Leadership also means, in certain circumstances, pausing to let the muddied waters settle. Many business leaders have resolved over the past months not to go ahead with deals but to keep their powder dry in case it needs to be fired to deal with what Brexit brings. It is one reason why transaction numbers were down in the first quarter of 2019 (p.47).

But while there may be a general hesitation across much of Scottish business, one industry and area that is optimistic and investing is oil and gas and the north-east of Scotland. Clear leadership will be needed to maximise the opportunities ahead as the sector steers a course through a future of growing energy demand coupled with the need to reduce its carbon footprint (p.27).

Energy has been identified by Scottish Enterprise as one of six sectors in which Scotland has a distinct advantage. Another of these is life sciences, which we feature in a review in this issue (p.57). It will be key to the future of the economy how well we can capitalise on a sector that is highly competitive internationally.

There are centres of excellence and there is much to be positive about in the Scottish economy but there is still the shadow of the economic fallout from Brexit lying over it. ■

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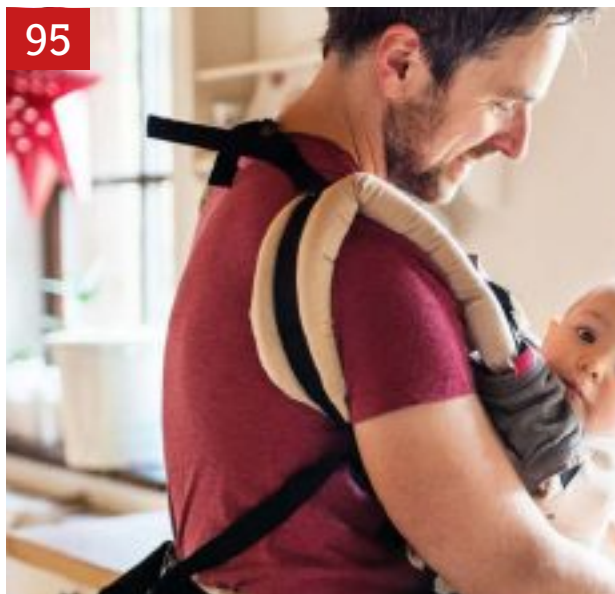
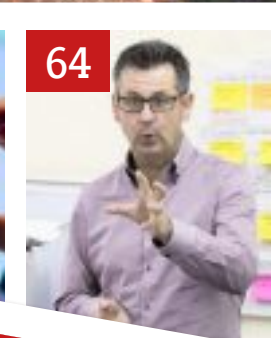
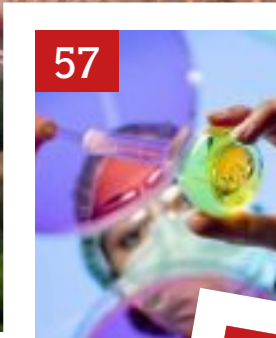
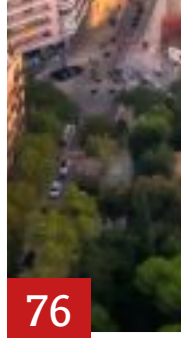


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Digitising the built environment through Building Information Modelling (BIM)



Roddy Cormack

Roddy Cormack is Legal Director and Head of Construction at Wright, Johnston & Mackenzie LLP. He can be contacted on 01463 234445

RODDY CORMACK, Legal Director and Head of Construction at Wright, Johnston & Mackenzie LLP, discusses the push towards digitising the built environment through Building Information Modelling (BIM) – and explains that identifying what information should be asked for, and when, is key to unlocking potential rewards.

“BIM is a method of working which, in part, means that you can create a digital ‘twin’ – a 3D electronic model – of your building.

“This approach has many advantages. For example, if you need to know what’s behind a panel on a wall, you can “break” into its digital twin rather than having to physically drill a hole.

“Facilities management teams can also use it to their advantage, using the technology to make occupants’ use of a building smarter and more efficient.

“While there are a lot of positives to using BIM, its adoption within the construction sector is far from universal.

“In part that can be explained by a failure of clients to identify what information outputs they should be asking of their construction team.

“Requiring concept designs and pricing information at various gateway stages of the construction process is common place for clients. They are, however, less likely to ask for information about their built asset that will be in a form that can be efficiently used at the maintenance, use and decommissioning stages of its life cycle.

“Ensuring that the need for such information sharing is considered and then reflected in contractual terms is something well-informed advisers in the construction sector are doing now as a matter of course.

“You might not need a terabyte of 3D digital information about your proposed building project at inception stage, but ensuring that you are asking your construction team for the right level of information at the right stage can unlock real rewards.”



Wright, Johnston & Mackenzie LLP is a full-service, independent Scottish law firm, with a history stretching back 165 years, operating from offices in Glasgow, Edinburgh, Inverness, Dunblane and Dunfermline. Further information on WJM can be found at wjw.co.uk.

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One Central Quay,
Glasgow G3 8DA
Switchboard: 0141 309 3000
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Editorial

Editor

Ken Symon

Tel: 0141 309 3339/
07769 164698

E-mail: editor@insider.co.uk/
ksymon@insider.co.uk

Researcher

Steven Wilson

Tel: 0141 309 3338

E-mail: s.wilson@insider.co.uk

Deputy Editor

insider.co.uk

Hamish Burns

Tel: 0141 309 3068

E-mail: hamish.burns@reachplc.com

Design & production

Ewan Lauder

Tel: 0141 309 3673

E-mail: e.lauder@insider.co.uk

Advertising

Group head – advertising

Eleanor Hunt

Tel: 07788 168 576

E-mail: ehunt@insider.co.uk

Field sales executive

Steve Georgiou

Tel: 07825 853232

E-mail: s.georgiou@insider.co.uk

Events

Events operations

manager

Lisa Lynas

Tel: 0141 309 3095

E-mail: l.lynas@insider.co.uk

Key account

manager – Events

Aileen Turnbull

Tel: 0141 309 4909

E-mail: aileen.turnbull@insider.co.uk

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Enquiries on Top500 and SME300 databases Tel: 07788 168576

E-mail: sme300@insider.co.uk/top500@insider.co.uk

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News and quotes compiled by Ken Symon

Ice cream producer wins M&S business

ICE CREAM producer Mackie's of Scotland has secured a listing with Marks & Spencer in a deal worth more than £100,000 a year to the family-run business.

The Aberdeenshire-based company's products will be listed in 80 of the upmarket retail group's stores across the country.

Its Mackie's Traditional one litre Real Diary Ice Cream tubs will feature among the M&S 'must have' brands.

Mackie's Traditional, a natural flavour of ice cream without added vanilla, was Mackie's first flavour and is now the most popular take home tub



Mackie's national account manager Bill Thain with M&S Inverurie store manager Leigh Brogan

in Scotland. The business achieved record sales last year, and currently has 22 per cent of the Scottish premium branded ice cream market, ranking first

among its competitors.

Mackie's hopes that the new contract will help to build on its existing brand share within Scotland.

Shot in the arm for apprenticeships

ALMOST half of Scottish engineering firms plan to boost their number of apprenticeships amid more concern about the availability of skilled employees.

Scottish Engineering's quarterly review on skills reports that 47 per cent of respondents plan an increase across all three types of apprenticeship over the next three to five years.

The membership body for the engineering and manufacturing sectors said this reflects the

increased focus on the skills issue. Scottish Engineering chief executive Paul Sheerin said: "While skills remain the number one conversation point in our industry, the future supply of talent faces several challenges due to our currently historically low unemployment rate coupled with an ageing sector workforce.

"Add to that the increasing competition for STEM candidates from other sectors and industry, plus the Brexit

impact of decreasing net migration, and you can see why we are more than encouraged to see that almost 50 per cent of our survey respondents plan to increase apprentice places in the medium-term."

The research shows that the Modern Apprenticeship programme has the most planned growth in the next 12 months with more than 43 per cent of companies indicating plans for increased uptake.

Whisky company drives oyster conservation

WHISKY business The Glenmorangie Company is at the heart of a drive to restore native oyster reefs around Europe.

Together with its partners including Scottish National Heritage, the company is hosting the second Native Oyster Restoration Alliance conference, recently staged in Edinburgh.

The event has drawn together marine scientists, conservationists, and oyster producers from across Europe to develop a blueprint for native oyster reef restoration,

involving at least 15 European countries. The plans could eventually see millions of native oysters (the species *Ostrea edulis*) returned to the seas around Sweden, France, Germany, England, Wales, Ireland, the Netherlands, Belgium, Italy and Croatia, where they were wiped out by overfishing as much as a century ago.

Glenmorangie said it is dedicated to protecting and improving the beautiful Highland surroundings in which it has been rooted for 175 years.



Glenmorangie's DEEP project lead scientist Dr Bill Sanderson lays native European oysters on the bottom of the Dornoch Firth

IN BRIEF

Housing project planning consent

PLANNING consent has been granted for a multi-million pound housing development on the site of the former Hunter's Tryst Primary School in Edinburgh.

The approval for 85 homes brings one step closer to fruition a plan for the Oxgangs site, which was ravaged by fire more than a decade ago.

Developer Edinburgh-based Hopefield Partnership is working with CCG Construction on the plan for the site.

It is one of the first developments delivered as part of a housing investment fund set up by the Scottish government and Places for People Group which aims to provide around 1,000 mid-market rental homes across the country.

The site has been left empty and unused since the summer of 2007 when pupils from Hunters Tryst moved to Comiston, now Pentland Primary.

Venture capital firm invests £3.2m

VENTURE capital firm Par Equity has led investments totalling £3.2m in two Northern Irish software companies Plotbox and Datactics.

The companies are part of a growing group of Northern Irish-based technology firms that are progressing to scale.

A study published by the Enterprise Research centre showed that compared to the rest of the UK, a higher proportion of Northern Irish companies exceeded £1m turnover within three years.

Part Equity investment manager Graeme McInstry said: "Northern Ireland is producing some very high-quality opportunities for venture capital investment.

"The government and councils are investing billions in business infrastructure projects that will run until the 2030s, providing fertile ground for entrepreneurship."

SCOTTISH BUSINESSES COULD UNLOCK AN ADDITIONAL £3.3 BILLION IN UNTAPPED GDP



Ricoh's research* has shown that improved workplaces could unlock an additional £3.3 billion in untapped GDP for Scottish businesses.

Inefficient workplace processes, poorly configured technology and under-utilised staff are holding Scottish business back. But it doesn't have to be this way.

A people-centric approach to workplace design

We believe that putting people first is the key to creating an outstanding workplace.

Workplace management isn't about painting murals, installing slides or laying astroturf indoors. It's about taking the time to listen to and understand your staff. And understanding the way their professional and personal lives interact.

Here's a six-step process to help Scottish businesses design more people-centric workplaces.

Step 1: Understand your people

Your business is made up of individuals, each with their own motivations, frustrations and professional goals. The rise of personalisation and user-centric approaches has put an end to one-size-fits-all solutions in almost all aspects of life. Why should it be this way with work?

Step 2: Understand the way they work

Every employee relies on different devices and



at their desk, some relocate to break-out areas, some prefer to work from home. How an office gets used is not always how it was intended to be used. Observing how your staff use the tools and space provided can unlock vital insights into what's working and what's not.

Step 3: Identify your workplace strengths and weaknesses

Take everything you've learned in steps one and two and group them into positive and negative observations. Then ask yourself, how can you maximise the positive aspects and minimise the negative?

Step 4: Ask your people what they want more or less of

No matter how rigorous your research, no one knows your workplace better than your staff. Surveying them may uncover crucial insights around processes, technology and culture that you've missed so far.

Step 5: Co-create the workplace based on your findings

Start by addressing any high-priority issues. Anything which is preventing your staff from completing business-critical tasks should be your priority. Once these are out of the way, you can start to focus on improving the employee experience.

Step 6: Conduct regular surveys to fine-tune your workplace

Your workplace will never be finished - the way we work is constantly changing. Surveying your staff will give your people a voice and make them feel involved in workplace decisions. All of which will help create an environment where your people can fulfil their potential.

Ricoh is a global technology and IT services company. We're proud to work with a number of Scottish clients including NHS Scotland, Scottish Power, Shell and Tunnocks. Last year we opened a head office in Eurocentral Scotland to support our work with Scottish businesses.

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W: ricoh.co.uk / insights.ricoh.co.uk Tel: +44 7825 898274
Eurocentral Scotland, Maxim 1, Maxim Office Park, Parklands Ave, Motherwell ML1 4WQ**

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Capacity doubled at Lerwick Harbour

LERWICK Port Authority is developing a new white fish market at Lerwick Harbour which will expand the capacity for landings and meet increasing demand for the Shetland Island's commercial fishing industry.

A £3m funding package from the Bank of Scotland will allow the port to more than double the existing capacity, extending it to a 1,600 sq metre market.

The new market will also use the latest green technology and sustainable building materials to improve the port's energy efficiency, including LED lighting, modern refrigeration, heating controls and insulation.

Set to be completed in early 2020, the Authority estimates that these measures will deliver a 44-50 per cent reduction in



Ships at Lerwick Harbour

energy consumption, when compared to the usage of its current fish market.

As part of an existing facility, finance for the fish market has come from Bank of Scotland's £2bn Clean Growth Finance

Initiative (CGFI).

The initiative offers discounted funding to help businesses lower their carbon emissions, financing energy efficiency improvements and large-scale renewable energy projects.

IN BRIEF

Delta-ee opens Paris office

EDINBURGH-headquartered new energy consultancy business Delta-ee has opened an office in Paris.

The new office will expand the research and consulting business's position as a pan-European specialist and will add to its offices in Cambridge, Bath, Denmark and The Netherlands.

It aims to offer clients advice on the best strategies, business models and customer propositions for energy transition.

The move to Paris aims to allow the company to not only cement relations with existing clients based in both France and across Europe, but also to provide an additional level of support to customers.

Morgan Sindall embarks on £64m project

MORGAN Sindall Construction has been appointed by hub South West and South Ayrshire Council to build two school campuses for primary, secondary and early years education worth a combined £64m.

The main contractor will deliver Prestwick Educational Campus and Maybole Community Campus.

Work on the Prestwick campus is expected to start in the summer of 2020 with completion by the end of 2022.



Artist's impression of the Maybole Campus

Major contract win for Access XL

COMMERCIAL vehicle business Access XL has won a six-figure contract with industrial gas firm BOC to supply vehicle tail lifts.

The award marks the Scottish manufacturer's largest contract since re-entering the commercial tail lift market in 2018.

Access XL will manufacture and deliver 33 vehicle tail lifts to BOC's fleet of commercial vehicles.

Scottish football's clean bill of health

NONE of the football clubs in Scotland's top four divisions are showing signs of financial distress, according to a finance specialist which reports annually on the business state of the game.

The annual Football Distress Report from corporate insolvency specialists Begbie Traynor gives all of the 42 a financial clean bill of health for the first time since the report began in April 2012.

In addition the Scottish Premiership saw one per cent rise in attendances to just over 16,000 on average.

QUOTE UNQUOTE

"It's an entrepreneur's wet dream, 5G"

Scott Coates, CEO of the Wireless Infrastructure Group at the EY Entrepreneur of the Year awards dinner.

Book Review

Title: *Reinventing Retail*

Writer: Ian Shepherd

Publisher: Publisher

Price: £16.99



Anyone who is caught like a rabbit in the headlights by the revolution sweeping retail should read this book.

Written by someone who has 25 years experience as a CEO, it is full of clear thinking for the digital age. Its wisdom gained from the front line includes: "Knowing your customer is key – flying

blind won't end well", "Someone is going to sell your product at cost or even less", "Location matters but for different reasons than it used to" and "Reputation will make or break a business."

His message that the high street is far from dead with the right strategy will be music to the ears of many.

Rating out of five: ★★★★★

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Shares tumble as fallers outnumber risers by almost three to one

Ken Symon's regular digest of Scottish stock performance

SCOTTISH stocks were largely in negative territory over the past two months with fallers outnumbering the risers by almost three to one.

There were 30 companies that saw their share price fall with 15 of those on the main market and the same on the Alternative Investment Market.

A total of eleven companies saw a share price hike, two on the main market and nine on Aim.

Braveheart Investment Group led the risers with a 37.5 per cent hike in its share price on the back of a significant change in its strategic investments.

The Edinburgh-based fund manager and strategic investment group announced in June that it was focusing heavily on its existing strategic investments of Kirkstall Ltd, Paraytec Ltd and Gyometric Systems Ltd.

It said that it now had a more than 50 per cent stake in Kirkstall and Paraytec.

Braveheart also said that it had acquired a 21.2 per cent interest in PhaseFocus Holdings, the parent company of Phase Focus, which uses "novel computational methods" to enhance image quality in both optical and electron microscopes.

The announcement of increased investment followed Braveheart's sale of its Viking Fund Managers business which completed in April.

The business was sold to Jonathan Freeman, a director of Viking and non-executive director of Braveheart, Ian Brown and James Bromhead.

Braveheart was paid £110,000 in cash for the business with a further payment of about £170,500 due to be paid in early 2020, once the performance fee of an existing fund management contract has been agreed.

In addition cash of £72,000 held by Viking has been transferred to Braveheart.

The second biggest percentage rise in shares was enjoyed by **A G Barr**, the Cumbernauld-based soft drinks business.

The company saw the fizz go back into its shares following a switch in production which will see less product being made at

Biggest risers

| NAME | % CHANGE 1 MTH |
|---------------------------------|----------------|
| BRAVEHEART INVESTMENT GROUP PLC | 37.50 |
| A.G. BARR PLC | 17.36 |
| QUIZ PLC | 14.29 |
| SPACEANDPEOPLE PLC | 13.04 |
| MURGITROYD GROUP PLC | 10.42 |
| INDIGOVISION GROUP PLC | 9.77 |
| SCOTGOLD RESOURCES LIMITED | 8.45 |
| CRANEWARE PLC | 5.45 |
| BEEKS FINANCIAL CLOUD GROUP PLC | 5.13 |
| ELAND OIL & GAS | 4.53 |

Biggest fallers

| NAME | % CHANGE 1 MTH |
|----------------------------------|----------------|
| IDE GROUP HOLDINGS PLC | -31.67 |
| LANSDOWNE OIL & GAS PLC | -29.03 |
| MINOAN GROUP PLC | -28.30 |
| PLEXUS HOLDINGS PLC | -11.54 |
| FRONTIER IP GROUP PLC | -10.23 |
| JOHN WOOD GROUP PLC | -9.36 |
| ROYAL BANK OF SCOTLAND GROUP PLC | -9.15 |
| WEIR GROUP PLC | -9.08 |
| CLYDESDALE BANK (CYBG) | -8.44 |
| BOWLEVEN PLC | -7.14 |

Barr said that it expects the new 24/7 production line in the south to increase its output by 3.2 million cases of drinks a year. The move will also cut shipping costs and improve its carbon footprint

Cumbernauld and more at its plant in Milton Keynes, which has been expanded.

Barr said that it expects the new 24/7 production line in the south to increase its output by 3.2 million cases of drinks a year. The move will also cut shipping costs and improve the company's carbon footprint.

It also announced in May that it is to produce an energy drink version of its top selling drink, Irn Bru.

Irn Bru Energy is being made from a new formula which is said to combine the Scottish drink's flavour with taurine, caffeine, B vitamins and the "taste of an energy drink".

Sugar and no-sugar variants of the new drink were due to hit the shelves on 1 July across Scotland and the north of England.

AG Barr had in March reported a pre-tax profit of £45.4m for the year, an increase of 2.5 per cent, despite the introduction of the sugar tax.

The biggest faller was **IDE Group Holdings** which saw a near 32 per cent fall in its share price.

The cloud and IT services provider had said in March that it expected to significantly narrow its losses in the second half of the year compared to the figure it had reported for the first half.

The company said then that it had identified £7.8m in cost savings – up from the £7.2m that it had announced in January. But is investors' patience with the stock growing thin?

Lansdowne Oil and Gas was the second biggest faller with the stock coming under selling pressure after it and Providence Resources agreed on an extension request for the completion of a loan from its Chinese partners on the Barryoe project.

The third biggest faller was **Minoan Group**, the resort development business which is currently progressing a five-star resort in Crete.

The 28 per cent fall in the share price followed the issuing of new shares in the company as agreed at a company annual meeting on 10 May. ■

Main Market

| | LIST DATE | MARKET* VALUE (£m) | SECTOR | SHARE PRICES | | | | |
|----------------------------------|------------|--------------------|---------------------------|--------------|------------|------------|------------|----------|
| | | | | 5 YEARS AGO | 1 YEAR AGO | LAST MONTH | THIS MONTH | % CHANGE |
| A.G. BARR PLC | 2/4/1970 | 1102.77 | SOFT DRINKS | 638.00 | 665.00 | 818.00 | 960.00 | 17.36 |
| AGGREKO PLC | 29/9/1997 | 2011.22 | BUSINESS SUPPORT SERVICES | 1657.00 | 702.00 | 827.00 | 782.00 | -5.44 |
| ALLIANCE TRUST PLC | 17/7/1947 | 2546.73 | INVESTMENT TRUSTS | 452.00 | 749.00 | 769.00 | 762.00 | -0.91 |
| CAIRN ENERGY PLC | 22/12/1988 | 885.45 | EXPLORATION AND PROD. | 200.00 | 235.50 | 155.00 | 149.00 | -3.87 |
| CLYDESDALE BANK (CYBG) | 3/2/2016 | 2564.56 | BANKS | N/A | 301.50 | 195.50 | 179.00 | -8.44 |
| DEVRO PLC | 30/6/1993 | 356.44 | FOOD PRODUCTS | 262.00 | 210.00 | 205.00 | 212.00 | 3.41 |
| FIRSTGROUP PLC | 16/6/1995 | 1280.10 | TRAVEL AND TOURISM | 138.50 | 90.50 | 115.00 | 107.00 | -6.96 |
| J SMART & CO (CONTRACTORS) PLC | 25/3/1973 | 49.33 | REAL ESTATE HOLD, DEV | 101.50 | 112.00 | 117.00 | 114.00 | -2.56 |
| JOHN MENZIES PLC | 3/10/1962 | 395.99 | BUSINESS SUPPORT SERVICES | 680.50 | 628.00 | 485.00 | 465.50 | -4.02 |
| JOHN WOOD GROUP PLC | 5/6/2002 | 2744.56 | OIL EQUIP. & SERVICES | 785.50 | 655.50 | 438.00 | 397.00 | -9.36 |
| MACFARLANE GROUP PLC | 20/6/1973 | 159.12 | BUSINESS SUPPORT SERVICES | 41.00 | 110.50 | 103.50 | 100.00 | -3.38 |
| ROYAL BANK OF SCOTLAND GROUP PLC | 10/7/1968 | 25935.63 | BANKS | 340.00 | 270.50 | 235.00 | 213.50 | -9.15 |
| SSE PLC | 18/6/1991 | 11576.86 | ELECTRICITY | 1557.00 | 1350.50 | 1156.00 | 1108.50 | -4.11 |
| STAGECOACH GROUP PLC | 19/10/1998 | 739.41 | TRAVEL AND TOURISM | 379.50 | 139.00 | 134.00 | 131.50 | -1.87 |
| STANDARD LIFE ABERDEEN PLC | 10/7/2006 | 6683.75 | LIFE INSURANCE | 400.00 | 360.50 | 273.50 | 271.00 | -0.91 |
| STV GROUP PLC | 25/3/1973 | 142.66 | BROADCAST AND ENTERTAIN | 347.50 | 380.00 | 374.00 | 357.00 | -4.55 |
| WEIR GROUP PLC | 25/1/1946 | 3846.00 | INDUSTRIAL MACHINERY | 2680.00 | 2122.00 | 1614.00 | 1467.50 | -9.08 |

Alternative Investment Market

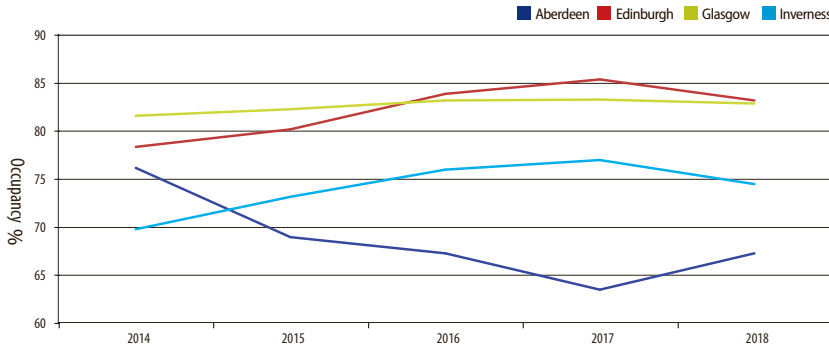
| | LIST DATE | MARKET* VALUE (£m) | SECTOR | SHARE PRICES | | | | |
|---------------------------------|------------|--------------------|---------------------------------------|--------------|------------|------------|------------|----------|
| | | | | 5 YEARS AGO | 1 YEAR AGO | LAST MONTH | THIS MONTH | % CHANGE |
| BEEKS FINANCIAL CLOUD GROUP PLC | 27/11/2017 | 52.02 | COMPUTER SERVICES | N/A | 81.50 | 97.50 | 102.50 | 5.13 |
| BOWLEVEN PLC | 7/12/2004 | 41.42 | EXPLORATION AND PRODUCTION | 40.00 | 37.50 | 14.00 | 13.00 | -7.14 |
| BRAVEHEART INVESTMENT GROUP PLC | 30/3/2007 | 3.05 | EQUITY INVESTMENT INSTRUMENTS | 11.00 | 15.50 | 8.00 | 11.00 | 37.50 |
| CALEDONIAN TRUST PLC | 29/9/1995 | 26.51 | REAL ESTATE HOLD, DEV | 122.50 | 290.00 | 230.00 | 225.00 | -2.17 |
| CELTIC PLC | 22/12/2005 | 218.90 | RECREATIONAL SERVICES | 74.50 | 131.00 | 164.00 | 162.50 | -0.91 |
| CRANWARE PLC | 13/9/2007 | 760.92 | SOFTWARE | 545.00 | 1920.00 | 2750.00 | 2900.00 | 5.45 |
| ELAND OIL & GAS | 3/9/2012 | 274.10 | OIL AND GAS PRODUCERS | 110.00 | 107.50 | 121.50 | 127.00 | 4.53 |
| FRONTIER IP GROUP PLC | 31/1/2011 | 33.52 | SUPPORT SERVICES | 38.00 | 83.50 | 88.00 | 79.00 | -10.23 |
| IDE GROUP HOLDINGS PLC | 21/1/2016 | 3.31 | INDIVIDUAL AND FAMILY SOCIAL SERVICES | N/A | 12.00 | 1.20 | 0.82 | -31.67 |
| INDIGOVISION GROUP PLC | 2/8/2000 | 14.35 | COMPUTER SERVICES | 515.00 | 112.50 | 174.00 | 191.00 | 9.77 |
| IOMART GROUP PLC | 19/4/2000 | 382.97 | INTERNET | 221.00 | 407.50 | 357.00 | 350.00 | -1.96 |
| LANSDOWNE OIL & GAS PLC | 21/4/2006 | 8.82 | EXPLORATION AND PRODUCTION | 16.75 | 1.29 | 1.86 | 1.32 | -29.03 |
| MINOAN GROUP PLC | 18/10/2011 | 8.50 | TRAVEL AND LEISURE | 15.50 | 6.00 | 2.65 | 1.90 | -28.30 |
| MURGITROYD GROUP PLC | 30/11/2001 | 58.56 | BUSINESS SUPPORT SERVICES | 635.00 | 609.00 | 566.00 | 625.00 | 10.42 |
| NUCLEUS FINANCIAL | 26/7/2018 | 155.24 | SPECIALITY FINANCE | N/A | N/A | 212.00 | 203.00 | -4.25 |
| OMEGA DIAGNOSTICS GROUP PLC | 18/3/2004 | 13.66 | MEDICAL SUPPLIES | 27.00 | 11.50 | 10.50 | 10.00 | -4.76 |
| PARKMEAD GROUP PLC | 13/3/2000 | 60.94 | EXPLORATION AND PRODUCTION | 229.50 | 76.50 | 63.50 | 59.00 | -7.09 |
| PLEXUS HOLDINGS PLC | 9/12/2005 | 44.19 | OIL EQUIPMENT AND SERVICES | 317.50 | 59.50 | 52.00 | 46.00 | -11.54 |
| QUIZ PLC | 28/7/2017 | 33.85 | FAST FASHION BRAND | N/A | 174.00 | 24.50 | 28.00 | 14.29 |
| SCOTGOLD RESOURCES LIMITED | 15/1/2008 | 17.57 | PRECIOUS METALS AND MINERALS | 52.50 | 32.50 | 35.50 | 38.50 | 8.45 |
| SIGMA CAPITAL GROUP PLC | 27/4/2000 | 101.01 | ASSET MANAGERS | 67.00 | 132.00 | 115.00 | 114.50 | -0.43 |
| SMART METERING SYSTEMS PLC | 8/7/2011 | 546.98 | BUSINESS SUPPORT SERVICES | 395.50 | 781.00 | 510.00 | 492.50 | -3.43 |
| SPACEANDPEOPLE PLC | 31/12/2004 | 2.54 | MEDIA AGENCIES | 79.50 | 31.00 | 11.50 | 13.00 | 13.04 |
| SPRINGFIELD PROPERTIES | 16/10/2017 | 104.54 | HOME CONSTRUCTION | N/A | 131.50 | 110.00 | 108.50 | -1.36 |

*Figures to close of market Thursday, June 6, 2019

VITAL STATISTICS

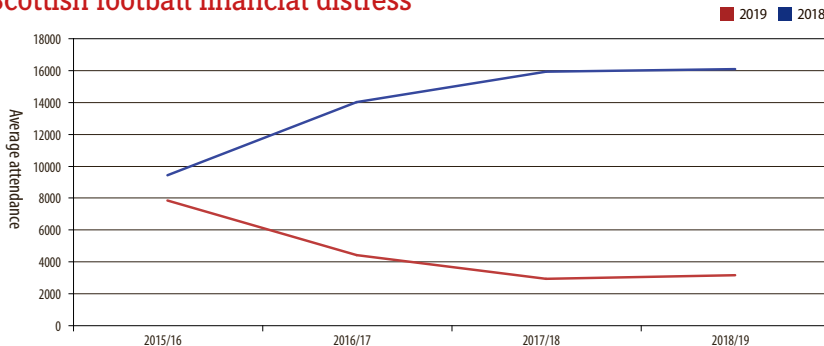
Business statistics in Scotland compiled by Steven Wilson

Scottish hotel occupancy



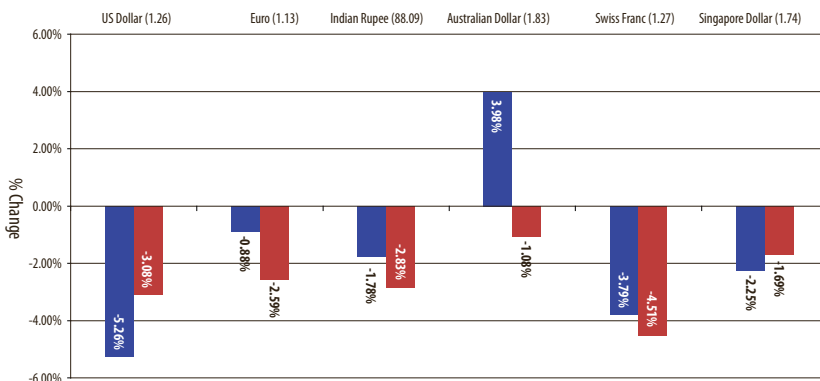
The hotel market in Scotland remains strong despite lower visitor numbers to Britain, according to a new report. BDO's Hotel Britain report found 1,689 rooms opening across Edinburgh and Glasgow last year, with a yield growth of -6.3% compared to 0.7% in Wales, 0.5% in England and -6.4% in Northern Ireland. Despite a 2.5% drop in visitors, Edinburgh remained the city with the highest occupancy rate in Scotland (83.1%) and the third best outside of London. Glasgow had a decrease of 0.5% to 82.8% while Aberdeen's rate rose 6% to 67.2%. Martin Gill, partner and head of BDO in Scotland, said: "2018 has been another strong year for hotels in Scotland. Glasgow was the top performer, whilst Aberdeen is showing signs of improved levels of activity. The Scottish hotels market has seen a boom in recent years with a lot of investment activity which has resulted in a number of new hotels. The large increase in supply has satisfied that increasing demand but there is still a lot of room for potential growth." Source: BDO

Scottish football financial distress



None of the football clubs in Scotland's top four divisions are showing signs of financial distress, according to finance specialists who report annually on the business state of the game. The annual Football Distress Report from corporate insolvency specialists Begbies Traynor gives all of the 42 a financial clean bill of health for the first time since the report began in April 2012. In addition the Scottish Premiership saw a 1% rise in attendances to just over 16,000 on average, the highest figure recorded since the survey began. A 7% rise in average Scottish Championship gates to 3,090 was countered by falls in average gates in League 1 and League 2. Overall, attendances have risen by close to 17% since the 2011/2012 season. Source: Begbies Traynor

EXCHANGE RATES VS GBP – % Change



This month's exchange rates (seen in brackets above) recorded on 30th May, 2019.

IN FOCUS

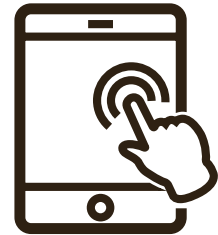
Top 10 retail companies

Ranked by turnover

| Name | Turnover (£m) |
|------------------------------------|---------------|
| Farmfoods Ltd | 642.68 |
| Edinburgh Woollen Mill (Group) Ltd | 592.12 |
| Scottish Co-operative Society Ltd | 373.71 |
| Schuh Ltd | 308.51 |
| M & Co/Mackays Stores Group Ltd | 174.21 |
| Axle Group Holdings Ltd | 171.16 |
| Dobbies Garden Centres Ltd | 148.29 |
| Tennent Caledonian Wholesale Ltd | 83.47 |
| Fraser Hart Ltd | 82.89 |
| Quiz Clothing/Kast Retail Ltd | 77.50 |

£3.9bn

Turnover from digital tech businesses in Scotland according to Tech Nation



Scottish renewables

| Country | Organisations who export to... |
|---------|--------------------------------|
| USA | 9 |
| Canada | 8 |
| Germany | 8 |
| Ireland | 8 |
| Sweden | 8 |
| France | 7 |

More than 70 countries across the world are benefiting from Scotland's knowledge of renewable energy, a survey suggests. Industry body Scottish Renewables found that businesses have exported renewable energy goods or services to a total of 72 countries. The most popular export destination was the US, with nine of the 15 Scottish-headquartered businesses which responded to the survey exporting to the States. This was followed by Canada, Germany, Ireland and Sweden, equally, with eight companies exporting to each country. Renewables exports to other countries include Afghanistan, Angola, Brazil, Fiji, Kazakhstan and Singapore. More than half (57%) of the Scottish-headquartered firms responding to the survey said they are currently moving into new markets, with just under a third (29%) considering doing so. Source: Scottish Renewables

IN FOCUS

UK restaurants

| Area | Sites at Mar 19 | Sites at Mar 18 | Sites at Mar 14 |
|-----------|-----------------|-----------------|-----------------|
| Glasgow | 500 | 505 | 470 |
| Liverpool | 409 | 415 | 343 |
| Newcastle | 372 | 382 | 366 |
| York | 269 | 273 | 244 |

The number of restaurants in Britain fell by nearly 3% in the year to March, according to the latest edition of the Market Growth Monitor from CGA and AlixPartners. The research shows that high streets in the south of England, excluding London, have been particularly hard hit by closures while Glasgow saw a 1% fall over that 12-month period. Scotland's biggest city centre saw a net fall of five restaurants to 500 in the year to March, reversing a trend which had seen a 6.4% rise in the five years since March 2014. Restaurant group outlets has fallen overall – at the end of March Britain had a total of 5,785 group restaurants – 1.1% fewer than at March 2018, and equivalent to nearly six net closures a month. However, in Scotland the number of group restaurants actually rose over the last 12 months, adding eight to total 371 or a 2.2% rise compared to March 2018 and a 22.4% rise over the five-year period. *Source: AlixPartners*



£5.5bn

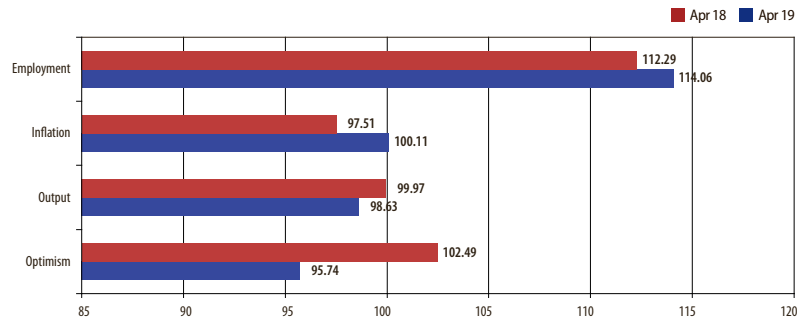
Scotch whisky's contribution to the UK economy

Scottish business failures

| Year | Liquidation appts | Admin & Rec appts | Total corporate insolvency appts |
|-----------|-------------------|-------------------|----------------------------------|
| 2008-2009 | 683 | 177 | 860 |
| 2009-2010 | 788 | 187 | 975 |
| 2010-2011 | 898 | 172 | 1070 |
| 2011-2012 | 1107 | 166 | 1273 |
| 2012-2013 | 922 | 146 | 1068 |
| 2013-2014 | 835 | 107 | 942 |
| 2014-2015 | 824 | 68 | 892 |
| 2015-2016 | 823 | 104 | 927 |
| 2016-2017 | 848 | 94 | 942 |
| 2017-2018 | 817 | 80 | 897 |
| 2018-2019 | 993 | 74 | 1067 |

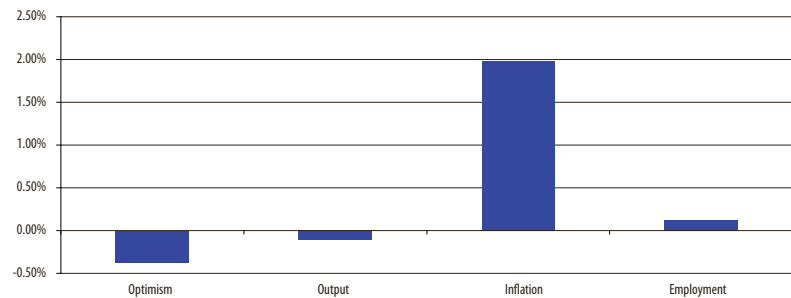
Insolvency statistics from professional services firm KPMG reveal the number of businesses failing in Scotland has increased by 52% in the first three months of 2019, compared to the same period last year (355 up from 233). A 12-month analysis (12 months to 31 March), however, reveals a less stark comparison, with a smaller increase of 19 per cent (1067 up from 897). While administrations, which usually affect larger organisations, increased by 73 per cent compared to the same period in 2018 (26 up from 15), a 12-month comparison shows an eight per cent decrease in appointments (74 down from 80). *Source: KPMG*

BUSINESS OUTPUT - APRIL 2019

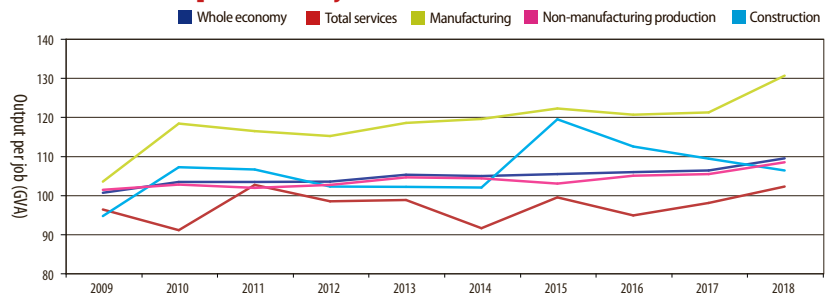


Business output growth has declined for the first time this year. BDO's Output Index, which measures UK business output growth, fell to 98.63 in April from 98.74 in March. Business confidence also registered another decline in April, slipping by 0.36 points to 95.74. As the imminent threat of a no-deal Brexit was lifted last month, activity in the manufacturing sector is expected to diminish due to unprecedented levels of stockpiling tailing off. BDO's Manufacturing Output Index, which tracks output growth in the sector, declined to 97.27 in April. This marks a year-on-year decrease of 8.32. *Source: BDO*

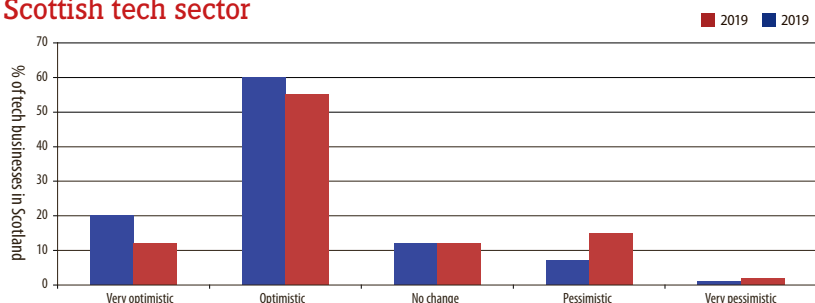
% Change in business output this month



Scottish labour productivity



Scottish tech sector



The number of technology companies in Scotland reporting increased sales has grown from 68% to 75% in the last year, according to the latest annual industry survey conducted by ScotlandIS. Those with improving profits also increased from 47% to 51% of companies surveyed. And 83% of respondents to the ScotlandIS survey expect to expand sales over the next year, while 81% plan to create jobs. But the number of firms expressing optimism for the year ahead was down from 80% last year to 72%. Digital industries add £6bn a year to the economy and £3.3bn in annual export earnings. In the survey, 53% of businesses said they are already selling internationally and a further 19% plan to. *Source: ScotlandIS*

Insider's regular focus on Scotland's creative sector by Ken Symon

IN BRIEF

Homes for Scotland updates branding

TRADE body Homes for Scotland has refreshed its brand in line with a new five-year strategy and the organisation's clear 'call to action' of delivering more homes in Scotland (see image below).

Chief executive Nicola Barclay said: "This bold new logo perfectly complements our organisation's key objectives and core values as set out in our strategy. These include improving the understanding and image of the industry, influencing stakeholders and supporting a growing membership.

"It adds further strength to our voice and credibility as we engage with all those who have an interest in increasing vital housing supply and bolsters our commitment to delivering more high-quality homes that meet the needs and aspirations of the people of Scotland."



Aberdeen Airport launches magazine

ABERDEEN International Airport has launched a new free customer magazine called *Skylife* which is published by The Herald and Times Group. The magazine aims to offer a guide to travel, business and lifestyle for passengers and information on destinations at home and abroad. It is edited by Karen Peattie who is also the editor of the existing Glasgow Airport magazine *High Flyer*.

Advertising and marketing must "rebuild trust"

THE KEY to a successful future for advertising and marketing will be "rebuilding shattered trust", according to Dan Hagen, global chief strategy officer of the leading digital performance marketing agency **iProspect**.

Speaking at its Future Focus Edinburgh, Hagen said that in an era where people are bombarded with messages continually "trust is in universal decline" and "attention is a scarce commodity".

He told the event, of which *Scottish Business Insider* was the media partner, that recent research had shown that advertising was the least trusted of all the professions.

Hagen said we are living in a time where "connection is challenged because attention is quite scarce".

He went on to say of consumers that the "pace of change is too fast which is leaving them overwhelmed by choice".

Research conducted by iProspect for its Future Focus 2019 report among global marketers found that:

- 76 per cent of them said that trust is important to keep consumers buying their brand
- 47 per cent define trust as brand loyalty and the same percentage define trust as consumers being ambassadors.

Introducing the event, iProspect's Annelise Ritari-Stewart said: "The foundation for brand success in the digital economy will be built on establishing credibility, relevance and reliability."

Picking up the theme, Hagen said: "We have to be credible in this space."

He added: "Fake news is everywhere."

He stressed the importance of authenticity. This, he said, meant "doing fewer things but doing them deeply and doing them really, really well".

He said that businesses and brands had to achieve "relevance in an age of noise".

"Overload is a major barrier to achieving that cut through."

Hagen said that



While credibility and relevance are key components for building trust, brands also need to convincingly demonstrate that they are reliable over time. A brand can be seen as an expert and be highly relevant in the eyes of consumers, but if its website loads slowly or a package is lost, consumers won't fully trust this brand

communications should be "designed for people not KPIs" [key performance indicators].

A key to relevance would be integrating the online and offline communication. He said that it was vital that online and offline work better together than is so often the case now.

Key findings of the iProspect research...

"It is fundamental for brands to deliver against each component of the trust equation – credibility, relevance and reliability – if they are to hold consumer confidence for the long term."

Credibility in the age of doubt:

The report says that there are new forces redefining credibility with key questions being: Is this brand competent? Is it legitimate to talk about this topic? Is what it says clear? Are words followed by concrete actions? Is this company really transparent? Does it protect my data? Is the brand promise authentic? Does the product deliver on this? Does it respect my consumer preferences?

Relevance in the age of noise: Successful marketers will be those able to outplay the ad blitz by designing relevant experiences, respective of each individual's profile and context.

ON THE MOVE

Sports presenter **Eilidh Barbour** is to succeed Hayley McQueen as **Sky Sports'** face of Scottish football. She will join Sky Sports ahead of the 2019-20 football season. The presenter will continue to work for the BBC, presenting on *Football Focus*, *Final Score* and its golf coverage.

Tom Freeman is swapping his role as assistant editor of *Holyrood* magazine to become the media manager for the **Scottish Green Party**.

PR senior account manager **Ashleigh Vallance** has moved to Sydney, where she has taken up a role with Burson Cohn & Wolfe Australia. She previously performed a similar role for Frame, the creative marketing agency in Glasgow, and also worked at PR agency 3x1.



Eilidh Barbour

Emylie Howie has joined the **Sunday Mail** as a reporter having been appointed to the post from a reporter's role at the **Kilmarnock Standard**. Meanwhile, the latter has appointed **Tara Fitzpatrick** as a reporter. She moved there from a similar role on the *Lennox Herald*.

Andrew McQuarrie is going from one end of the British Isles to the other, swapping his role as a reporter at *The Shetland Times* for a similar role at the **Bristol Post**.

Carrie McWilliam has recently joined **VisitScotland** as a senior corporate press officer. She was previously an account director at Citypress in Edinburgh.

Being relevant in an age saturated with pixels is not an easy task, and marketers will have to obey three commandments to truly resonate with customers:

- Develop a genuine understanding of people – brands need to acquire and maintain a thorough knowledge of their audiences' behaviour and preferences.

- Design individualised experiences – although using data to create personalised experiences is the priority for markets in 2019, 45 per cent believe their current lack of agility to quickly evolve their current proposition is a serious impediment to increased trust in the longer term. Building high-fidelity portraits of consumers is a vain enterprise if brands cannot personalise experiences accordingly.

- Engage beyond screens – relevance cannot be approached

in silos. To be trusted, brands cannot offer pertinent solutions on their websites but irrelevant in-store services to the same consumers. Consistency between environments is critical.

Reliability in the age of convenience:

"While credibility and relevance are key components for building trust, brands also need to convincingly demonstrate that they are reliable over time. A brand can be seen as an expert and be highly relevant in the eyes of consumers, but if its website loads slowly, a package is lost, or the payment crashes mid-transaction, consumers won't fully trust this brand."

The report says that not only tech giants but small innovative brands are growing rapidly by making the most of the new technology-shaped customer expectations. ■

Annelise Ritari-Stewart

EDINBURGH INTERNATIONAL BOOK FESTIVAL

Event boosted by New York Times collaboration

THIS YEAR'S Edinburgh International Book Festival will be even more international with its events communicated to a larger worldwide audience.

Courtesy of a new collaboration with *The New York Times*, stories from the festival's talks, debates, workshops and readings will reach bigger numbers of readers particularly in the US through the leading newspaper's website.

The newspaper has worked with the festival to programme a series of panel discussions led by its journalists.

Themes covered include the future of the planet, privacy in the digital age, gender rights and the role of China in the world.

Contributors include Yuan Yuang, the co-founder of Institute for New Economic Thinking, the Australian author Tim Winton, and the American feminist campaigner Naomi Woolf.

The main event space in Charlotte Square Gardens has

The festival is staged in Charlotte Square Gardens



been rebranded The New York Times Main Theatre which will host events with Black Lives Matter activist DeRay McKesson, Scottish author and playwright Ali Smith with fellow novelist Kamila, *The Book Thief* author Markus Zusak and crime writer Ann Cleeve.

The programme for this year's festival, which starts on 10 August, is also the most international to date with the event welcoming 900 authors from more than 60 countries.

Lead sponsor Baillie Gifford has increased its support for the festival and in particular for its younger visitors with a new three-year partnership with the festival's children's and schools programme.

Johnstone Carmichael is supporting events featuring TV presenters Sue Perkins and Mariella Fostrup, with their sponsorship being match-funded by Arts & Business Scotland through the Culture and Business Fund as a new sponsor of the arts.

The Centre for Open Learning at the University of Edinburgh is also a new major sponsor supporting geneticist Giles Yeo, who discusses the brain's relationship to food.

The collaboration between the festival and the university continues with the latter creating a third massive open online course called *How To Read A Novel*.

Full details of the programme can be found at www.edbookfest.co.uk.

The **burning question**

Q Are Scottish businesses well prepared for the consequences of data breaches?

MAYBE



Ross Foley
cyber security director
PwC Scotland

There have been great strides forward taken in the awareness and investment in information security across businesses of all sizes in Scotland, however it remains to be seen if this is enough. Organisations are still often reliant on “paper shields” and neglect to fully exercise their response plans, which should not just focus on the technical response but include everyone from your CEO to your social media team if you are to effectively respond to a breach.

NO



Alan Greig
managing director
Net-Defence

Incident response plans are, in the main, non-existent, untested or not adopted at board level. Data breaches are incorrectly considered the domain of IT, whereas data comes in many forms – not just digital. In Q4 2018 only 14 per cent of data breaches were cyber-related, whereas 50 per cent were down to human error. Most people seem to still believe security is a technology risk, so we clearly don't really understand the technology, nor the risk.


NO



Graeme Bryce
CTO
Twasmie

Businesses and customers mistakenly rely on account passwords and the HTTPS protocol to protect data.
If the data is ultimately stored in a server database in a readable form, then it is at risk from hacking and from careless or malicious employees.
The only truly secure way to protect data is to encrypt it at source using a key, or master password, that only the customer knows. This technique is known as “end-to-end encryption”.

YES



Callum Murray
CEO and founder
Amiqus

Data breaches hold consequences for even for the best prepared organisations, including the time and cost of internal investigation and required remedial action, involvement from regulators, reputational damage and any resulting private claims.
Technology is part of the solution, but it isn't a panacea. More than 40 per cent of reported security breaches are caused by employee negligence, demonstrating the need to foster a culture of security and awareness.

NO



Catriona Garcia-Alis
senior associate
CMS

GDPR fines will be on many companies' radar, but many have not considered class actions for compensation by the individuals affected by a breach. Currently, such actions are limited to claimants who choose to participate, however, in Scotland a new group procedure is being considered which could result in a US-style “opt-out” process becoming available. This could significantly increase claimant numbers and inflate damages. Businesses should prepare by reviewing existing insurance provision and contractual indemnities.

MAYBE



Mandy Haeburn-Little
chief executive
Scottish Business Resilience Centre

Ironically cyber security is rarely yes/no. We definitely have achieved some major milestones in Scotland and have the opportunity to be a real flagship nation. GDPR was a big wake-up call on systems security – in Scotland we have created some unique business models with business, academia and police and these are now being sought further afield. That said, media coverage of cyber attacks tends to focus on larger business breaches. It creates a false perception that SMEs are less likely to be targeted. The reality is quite the opposite.

 If you would like to contribute to the Burning Question or suggest topics please email editor@insider.co.uk

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Monica MacKinnon, Chief Finance Officer,
Primesight & InLink Ltd

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THE BIG PROFILE: STEVE DUNLOP, SCOTTISH ENTERPRISE



COMBINING DEFENSIVE AND ADAPTIVE RESILIENCE HOLDS KEY TO SCOTLAND'S FUTURE

By KEN SYMON

STEVE DUNLOP believes that Scotland needs to talk up its successes more, boosting its confidence and aspiration rather than focusing on the negatives.

Dunlop, who has been chief executive of Scottish Enterprise for just over a year, stresses that he is no doubt about the challenges of the months ahead and when he spoke to *Insider's* Top 500 Business Breakfast in January he spoke of the high levels of business failures in Scotland.

He says now: "Every day for every business I hear that is struggling I see the businesses that have absolutely massive, global opportunity. And I think there is something for us as a community – and it's not just the economic development agencies, but a broader community – to talk up our successes, to talk up those who are at the leading edge. To talk up the confidence and aspiration that is embedded in our system and not focus too much on the negative.

"So let's build confidence, let's face into that future with a confidence and bravery, let's get behind those companies and those technologies that we think can really make a difference in the next wave of the economy."

Uncertainty is caused not just by the shadow of Brexit but the wave of new technologies such as artificial intelligence, big data and machine learning that are beginning to affect the daily lives of more and more businesses.

Dunlop says: "Disruption is here and it's going to get faster and faster and we just need to accept that and we need to embrace it and face into it.

"For me there are two types of resilience: one is a defensive resilience, protecting what you have and I think as a community we do that, and we've always done that, quite well.

"But there's another type of resilience and that's adaptive resilience. How do you look up and look out and

.....
Let's get behind those companies and those technologies that we think can really make a difference in the next wave of the economy
.....

embrace the disruption that's here and is coming and therefore how do you get in front of it, how do you take more risk in that. How you adapt to those circumstances?

"I want Scottish business to have not just a mindset and a culture towards that adaptive resilience but we need to begin to design products and services and allow them to adapt quickly. That will be a partnership between us about how do we work together to make sure that Scotland is at the forefront."

Dunlop and I spoke just days before Scotland's economic development agencies led by Scottish Enterprise and Highlands and Islands Enterprise unveiled a new vision for growing

Scotland's economy (see panel on page 23). One key to the new approach set out in *Building Scotland's Future Today* is a focus on enhancing collaboration through regional partnerships aimed at supporting the growth of vibrant economic communities.

The focus on the regions throws up in a different way the question of whether SE sees its job as addressing market failures or backing winners to drive up the economy in that way. "I think that's a fair question," Dunlop says. "It's a challenge that we try to deal with. As SDI [Scottish Development International], as the sales force if you like for Scotland's economy we'll find it much, much easier to sell investments and opportunities in Edinburgh than we will in Ayrshire or elsewhere across Scotland. That's not to say that we shouldn't try.

"If we are focused on inclusive growth we have to find a way of doing both, so we need to rebalance the focus on the stuff that's very easy to promote and sell and we need to maintain our record on foreign direct investment. And there's maybe things that we can do better in partnership but I really think that we need to support those regional partnerships that are building up across Scotland with a view to creating investment prospectuses that are clear, that are attractive, that are investible in for the regions."

Dunlop came to the SE role after a long career in public service that saw him work in local government and



► in a succession of roles that have had an increasing impact on economic development.

His first such role was as director of community service at Falkirk Council where he was charge of local economic development. “That’s when I really get excited about the impact that public bodies could have on the economy,” he says. “It was a time of great change in the Falkirk economy around the future of BP. What we realised as a local economy was that we couldn’t take that part of the economy for granted.

“We started looking at the economy and realising that if there was to be a future without BP that would be quite a challenge. We realised that the number of people not connected with the petrochemical community were significantly disconnected from the vibrancy that that particular part of the economy brought. That really got me interested in how you begin to plan for economic transformation in areas that are in change.”

The result was to create the economic action plan *My Future’s In Falkirk*, which, in the words of the International Futures Forum “gained national and international recognition for its innovative approach to community/business partnership.”

Reflecting on that experience, Dunlop says: “I realised the power of culture and creative industries had a huge role in how communities felt about themselves and about their level of confidence and aspiration – so not just a hard economic perspective but

The organisation every day faces a lot of criticism, vastly unfair and unfounded in many cases. When faced with a lot of criticism I think an organisation can become defensive and I don’t think there is any need for that

.....

actually beginning to combine culture and the economy was something I became really interested in.”

That interest took Steve Dunlop to Newcastle City Council as director of regeneration. “That was a city on the move and a city that was redesigning its built environment and restoring its heritage but also modernising, contemporising its river front and it was working and striving to work in a really collaborative way across the North East.

“That was a really exciting time, a really positive time for me and Newcastle was a wonderful example of renaissance and recovery and regeneration.”

From there Dunlop was enticed back to Scotland to head up British Waterways’ interests in Scotland. His primary task was the restoration of the Millennium Link, restoring the connection between the Union Canal and the Forth and Clyde Canal. “What

I was interested in was not so much the canals themselves for their historical purposes, but the repurposing and reimagining of them. Fundamentally asking the question not what were the canals for but who were they for? When you began to ask who were they for, they took on different purposes in different places. Some would be around traditional leisure tourism but others about place making, about housebuilding, about developing mixed communities – using that asset in a really interesting, dynamic way to solve some of the economic problems for the communities, whether it was flooding or a lack of inward investment.”

Dunlop had the task looking at regeneration for British Waterways across the UK, which meant him spending a lot of his time in London as well as running the Scottish operations. British Waterways in England and Wales moved to become a third sector, charitable body but Dunlop was convinced that in Scotland the way to go was for the Scottish operation to be a public corporation. “It was a very exciting time to set up Scottish Canals as a standalone public corporation with a very innovative, dynamic and entrepreneurial culture. We did some great things along with partners.”

These include the Helix, in his old stamping ground of Falkirk which features The Kelpies, the remarkable, giant horses head sculptures conceived by sculptor Andy Scott, which each measure about 100 feet in height and

which are a notable Scottish tourist attraction.

It also meant the regeneration of north Glasgow, huge swathes of the city disconnected by the canal and the M8 motorway. Dunlop says: "If you go up there today you will see momentum that couldn't be stopped now and I'm very proud of that."

He had collaborated with SE in many different ways particularly with SE Forth Valley when at Falkirk. "I always felt I've known the organisation so when the chance came to put my hat into the ring to lead it I didn't have any second thoughts. Now a year on and it's been a really exciting, energising and challenging – positively challenging – experience.

"I've been really keen to see to what extent Scottish Enterprise can play its role in delivering inclusive economic growth and you'll see through the new strategic framework that we've developed a new vision and a new purpose and a new set of values underpinned by a strategic framework. It's a three-year outlook and a one-year operating plan."

In his own words he "immersed myself in consultation with our staff" – a process that meant him meeting all of the agency's 1200 employees in groups of five or six. "I took it upon myself to speak to everyone in small groups where I was able to ask the folks of the organisation what was good about it and where were the areas we could improve.

"I was keen to map out that there were a number of things that we had to achieve together.

Firstly it was getting closer to in terms of "getting more joined up with government".

Secondly was "recognising that we were part of an economic development system and that we were part of a family rather than a very separate organisation".

Thirdly "we couldn't take our eye off serving our customers and working with our stakeholders and there are many. Whatever change we were about to embark on we needed to ensure that we were serving Scotland's business community and stakeholders."

Fourthly "I recognised the importance of our staff in doing all of this. We are a people-based business and whilst we distribute money in grant and financial resources, the huge amount of contribution we make is through our people. So I was very clear about taking the organisation and our people across a change agenda, that

was absolutely key.

"What staff said to me was that we needed to have a higher level of self-confidence and I think not be driven by a fear of failure. The organisation every day faces a lot of criticism, vastly unfair and unfounded in many cases. When faced with a lot of criticism I think an organisation can become defensive and I don't think there is any need for that.

"So I want us to be more confident in our new strategy; one of our values is to be brave and with that braveness comes the ability to be decisive and confident and face into the challenges and that's what we want to be a feature of the organisation going forward."

IN FOCUS: £409m for projects

Over the next year, the agencies will invest more than £409m aiming to deliver a range of projects and initiatives including:

- New globally competitive assets such as the Advanced Manufacturing Innovation District in Renfrewshire and uses for existing assets such as the Michelin site in Dundee
- Regional development partnerships that seek to deliver better economic outcomes for all of Scotland's communities such as the Inverness and Highland City-Region Deal and Islands Growth Deal.
- Building on the Scotland is Now campaign and aiming to enhance and promote the appeal of Scotland as a place to live, work, study, invest and attracting fresh talent
- A drive to increase the value of Scottish exports and the number of Scottish exporters
- Seeking to introduce new forms of investment to and from Scotland with a focus on capital and innovation
- Developing a national centre of excellence for grant management and a partnership with the planned Scottish National Investment Bank that aims to "unite the economic development community around core enterprise missions and supports ambitious companies to access the finance they need to grow"
- Improving infrastructure, transport and connectivity across the Highlands and Islands
- Progressing strategic national developments including Inverness Campus, the European Marine Science Park in Argyll and the Orkney Research and Innovation Campus
- Aims to support business growth and community development across all areas, particularly islands and remote rural areas. This would have an "emphasis on inclusion, sustainability and tackling climate emergency working through account management of hundreds of businesses, social enterprises, and communities to support and accelerate sustainable growth"
- Seeking to realise the potential for Highlands and Islands "from exciting new industries such as space and marine economy"
- Helping to deliver the collaborative masterplan for Fort William 2040
- Aiming to develop wave energy technology to the point of commercialisation through Wave Energy Scotland

Together the agencies expect to deliver a range of measures in 2019-20 including:

- Up to 11,000 new and safeguarded jobs
- £250-300m spending on research and development
- £150-218m capital expenditure by businesses and sectors
- £160-255m in growth funding raised by businesses
- £1.25-1.5bn in export sales for Scottish companies
- £2.5-£3m turnover increase in the social economy
- £90-110m increase in business turnover
- £16-£20m funding raised by supported enterprises/community organisations

"At a practical level staff felt we could do much more to be a cohesive team with a clear focus on how we serve customers and what we prioritise, on what we would do more of and – importantly – what we do less of and that's an enormous challenge."

"I think people were very excited about the idea of getting back into place, getting our role in delivering inclusive economic growth is really what many of our staff joined the organisation for and are highly motivated to do. For me throughout the year we've been building that vision, building that clarity and now that's written down for us."

For many business leaders I have talked to they do not see a clear vision of what SE is trying to achieve. Some highlighted *A Smart Successful Scotland*, a strategy from the early 2000s as the last Scottish economic development strategy that was focused and clear.

"We've had a long history as an organisation and many initiatives and focuses have come and gone," Dunlop says. "There's no doubt that some of those initiatives have played to our strengths and some have been perhaps more challenging.

"But I'm very clear that there's never been a more important time in Scotland's history for Scottish Enterprise than now; the risks that our economy may face, the disruption, the challenges, the uncertainty.

"It's a time where the business community and our stakeholder partners all are striving to minimise disruption but take the economic opportunities that are around.

"Scottish Enterprise can play a tremendous role in gluing some of that together. We've got tremendous expertise, tremendous experience and we want to make sure that we're as impactful as we can be but recognise that we can't be everywhere, we can't do everything and we'll have to bring a degree of focus and that's why we've set out our strategic framework."

Dunlop says that the approach has been developed in consultation with the business community. "I've taken a lot of soundings. I spend a lot of time out and around the business community and I've been speaking at a number of events where I talk about the three pillars of our strategy then it's receiving a really warm response so I'm delighted about that. But the proof will be as we begin to deliver it and we'll be measuring business sentiment on a regular basis." ■



Letter to my Younger Self

Ian Murgitroyd

Ian Murgitroyd is the founder and chairman of Murgitroyd Group PLC, a global business headquartered in Glasgow providing intellectual property attorney services. He started the business in 1975 and has since grown it to become one of the largest groups of patent and trade mark attorneys in the world, with 18 global offices and 290 staff.

Dear Ian

THE first thing I'd say to you is hold on tight as you're about to go on an amazing journey! Imagine one of your current school mates telling you that you'll end up as chairman of a global company with offices all over the world! Big Murgie, the shy, skinny boy from Shawlands Academy! Who'll then study Mechanical Engineering at Strathclyde – and go on to be one of the biggest influencers in a very specialised sector of the Scottish legal industry.

Luck and opportunity will come your way in many different guises. Like it being bad luck when British Steel get your name wrong when they send you to Norway for three months as a graduate apprentice – meaning you'll have to share your accommodation with five females rather than bunking in the male dorms. You'll cope with difficulties like these... Norway will also teach you to plan things properly. For example, putting a very drunk groom-to-be into a ship's lifeboat to sleep it off, means he'll miss his wedding the following morning, when he wakens up in Copenhagen – and you're left facing an irate bride's mother! So make sure you don't have your stag night the night before your own wedding.

Oh yes, you will get married, to the love of your life, a stunning girl called Pat, but not until after she's asked the very shy you up for that first dance – something she'll deny for years!

Luck plays a big part in your life again. You'll scan a student notice board and spot an ad looking for trainee patent attorneys. You won't know exactly what they do, but you'll follow it up. The next five years will see you working for a well-established IP firm, Fitzpatrick's, and you'll qualify as a European Patent Attorney. Oh, and one day you'll end up buying this business!

But, just after qualifying, you'll be headhunted by Stoddard Carpets, to be their chief engineer. You'll need to hang on in there again, as you'll be fired four times by the works director, only to be reinstated each time

by the MD, who will see something special in you that leads to him becoming a priceless mentor. A mentor who'll help you to set up your own business, giving you six months' notice to put things in place and gifting you your company car to get you started!

You'll be blessed with a full and loving marriage and have two wonderful children, both of whom will graduate from Glasgow University and go on to play vital roles in your businesses. Your son will marry an American, move there and lead your company's growth in the States. And your daughter will successfully run the property investment side of your family business. You'll be so proud of them – not least when they present you with five glorious grandchildren – yes, Big Murgie – you'll be a grandad one day, to five of the most precious things in your life.

In the very early days of your new business, you'll team up with two exceptional partners who'll be keen to invest in your vision. They'll become life-long friends and you'll be grateful for all their help in successfully establishing your business.

You'll be tested when a great idea of yours is stolen by a leading brokerage firm. You'll feel passionate enough to take them on in court, even though they're a huge firm and you have very limited financial resources. But, having risked bankruptcy, you'll succeed and the settlement will allow you to indulge in a brand new Porsche!

However... don't ignore the nagging pains you'll get in your abdomen, which will lead to you having a life-saving operation. And whilst you're recovering, you'll start to think longer term about your family's security. You'll decide to float the company, something no IP firm has ever done before and it'll attract investment that'll allow you to go pan-European and explore global opportunities.

You'll work hard at investing in your staff to make sure they get the best out of their careers. You'll allow others to come through the business and take on leading roles. And



your son will grow that start-up American business to deliver around 50 per cent of your company's turnover.

You'll be proud that you've always tried to run a public company with strong family values. And you'll fully appreciate that two of the most important things in business life are trust and valuable, long-term relationships. You'll still be playing an active role in your business well into your seventies – trying out new ideas and exciting initiatives, the things that'll always get you most excited.

But life will throw up some very challenging moments for you – particularly related to your family and their health. At times it will be very hard for you, but you'll find the resolve and the courage to handle everything

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that's thrown at you – whilst making sure those you love most are cherished and well looked after.

And you'll often reflect on your father's advice – to use the "ladder of life" when faced with serious problems like these.

He told you to rank the seriousness from one to ten – critical news from home or at

work scoring a ten, Scotland not qualifying for another World Cup, a one!

So, in closing Ian, head up, shoulders back and dive right in. You'll have an amazing time, surrounded by amazing people. Just make sure you take the time to fully enjoy it!

Oh, and never, ever sell an asset! ■



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FEELING THE POSITIVE EFFECTS OF IMPROVED MARKET CONDITIONS

By GRAEME SMITH

THE NORTH Sea oil and gas industry is in a transition phase. There has been a period of relatively stable prices, there are new boys on the block, although the many of old boys are maintaining a healthy interest, and companies for whom oil and gas has been their lifeblood are looking at other forms of energy for their future prosperity.

There is also a technological transformation as companies look at how they can do it faster, safer and more efficiently in the digital age.

The latest Oil and Gas Survey, conducted by **Aberdeen & Grampian Chamber of Commerce** in partnership with the Fraser of Allander Institute and KPMG, shows that North Sea operators and contractors are once again investing in people, R&D, technology and new markets to support continued growth.

It revealed that 45 per cent of contractors increased investment spend in the UKCS over the past

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year and almost half (47 per cent) report they have either started to use artificial intelligence or will do so in the next five years.

Shane Taylor, research and policy manager at Aberdeen & Grampian

.....
The oil and gas industry is at a very interesting juncture. After a challenging period, companies are looking to change culture, enhance productivity and increase recruitment

Cameron Bruce, RSM (below)

Chamber of Commerce, says: "Our survey paints a picture of an optimistic industry, investing to deliver the opportunity of a productive UKCS and a vibrant future for Aberdeen as an all energy hub. The levels of optimism reported in our survey are encouraging but for those of us passionate about the future of the region, it's excellent to see an overwhelming majority



of firms are optimistic about the long-term future of Aberdeen as not just Europe's oil and gas capital, but as an all-energy hub which will be relevant long after the UKCS comes to the end of its operational phase.

"There's an incredible opportunity for Aberdeen to leverage its reputation in oil and gas and lead the energy transition."

According to Deirdre Michie, **Oil & Gas UK** chief executive, it is vital that the industry plans a future knowing that global energy demand will continue to intensify at the same time as the desire and need to reduce our carbon footprint.

"This is where Vision 2035 – Our Vision, Our Future campaign – encapsulates our aim for the industry to meet as much of the country's oil and gas needs from home-produced resources as possible and is set in the context of the energy transition, rather than in isolation," she says.

"It is where our world-class supply chain, anchored in the UK, can add value across the energy sector by developing cutting-

► edge technologies to improve performance and decarbonise the economy, whilst helping to expand opportunities at home and abroad.

“Later this year, we’ll publish a roadmap which will signpost how we can achieve this, while supporting an accelerated transition towards a lower carbon future, through our people, expertise and infrastructure.”

Energy skills body OPITO estimates that in the next six years the industry will need to attract 25,000 new people, 4,500 of them to completely new roles in areas such as data science, automation and new materials. It recently produced the Skills Landscape 2019-2025 report in partnership with Robert Gordon University’s **Oil and Gas Institute**, which revealed technology advances, internationalisation and the transition to a lower carbon future are accelerating changing skills demands in the sector.

It is expected that around 80 per cent of the current workforce will still be working within the industry in 2025 and the opportunity to retain these skills, as well as upskill and reskill the workforce as the industry adapts to take advantage of new technologies and different ways of working, is substantial.

Future roles may include artificial intelligence business developer, virtual reality journey builder and 3D material scientist.

Professor Paul de Leeuw, director of Robert Gordon University’s Oil and Gas Institute, says: “The digital transformation of the energy sector is already underway and we are beginning to see a real change in requirements to support this. With a substantial proportion of the existing workforce to be upskilled and with over 25,000 new people entering the industry by 2025, we have a tremendous opportunity to ensure the UK retains its position as a world class basin for energy skills. This will require a new level of collaboration between industry, governments, agencies and the education sector to ensure the present and future workforce are equipped with the requisite skills.”

Cameron Bruce, partner at **RSM** in Aberdeen, says: “The oil and gas industry is at a very interesting juncture. After a challenging period, companies are looking to change culture, enhance productivity and increase recruitment all while



Pockets of the supply chain remain fragile but, overall, the sentiment is much more positive and subsea companies are reporting improved trading performance

Neil Gordon, Subsea UK (below)

ensuring they have a sustainable business model.

“In addition, collaboration and co-operation are becoming more common, creating efficiencies, which is a positive step forward.

“Innovation and developments in technology will also be important to ensure that companies take advantage of increasing activity, remain competitive, reduce costs in the longer term and mitigate climate and environmental risks. It is key, however, that companies harness the right technologies to support their digital and business strategy.”

Collaboration has been important to the **Balmoral Group** to emerge from the slump in good health.

The company was committed to retaining all its staff but rather

than stripping margins Balmoral found ways to improve its product offering by reinforcing its strategy of providing engineered solutions rather than just “products”.

“It made early engagement and collaboration with clients a priority, seeking win-win solutions that would generate sustainable savings,” says Gary Yeoman, sales director. “All of this is supported by the recently opened £20m Balmoral Subsea Test Centre.

“The new approach has been successful and the business is now entirely based on engineered solutions and ensuring FEED studies incorporate Balmoral’s collaborative input.”

The subsea oil and gas sector has been treading water for several years now but Neil Gordon, chief executive of **Subsea UK**, believes that at last it is starting to feel the positive effects of improved market conditions.

While the North Sea is “very busy” again and activity is picking up in other provinces he believes it will be some time before there is a major upturn in deepwater projects.

“The recent announcement that



the UK Government is backing a multi-million-pound global underwater hub in Aberdeen has further buoyed our sector. By creating a world-class hub, we can ensure the UK remains the global centre of expertise in this space and turns the natural resources from our oceans into sustainable economic opportunities.

“Pockets of the supply chain remain fragile but, overall, the sentiment is much more positive and subsea companies are reporting improved trading performance which should lead to better results.

“Having cut back on people and assets, parts of the sector are becoming uncomfortably stretched. Getting back up to capacity means investing in resources. Having been stripped to the bone during the worst of the downturn, the supply chain needs more realistic and sensible conversations around sustainable margins to allow them to invest in the resources and assets required to meet current and future demand.

“Subsea is about putting things in the underwater environment and making them work. We do this exceptionally well and our ingenuity is world-renowned. We’re already doing some of it digitally but must develop the next wave of digital applications, sensor technologies, analytics and robotics.”

Scott Martin, CEO of **Glacier Energy**, also emphasises the importance of investment in ageing

assets.

“It is a crucial part of sustaining the future of oil and gas extraction in the North Sea,” he says. “While prolonging and improving operations through new technology and infrastructure is important, the existing assets that have stood the test of time will be critical in mapping the future and so maintaining these is equally as vital”

Derek Leith, **EY** global oil and gas lead, says that the relatively stable commodity price has stimulated deal activity and an influx of new entrants to the North Sea which has been a positive move to prolong the life of mature assets.

“This changing of the guard and renewed investment should also benefit the supply chain which has not reaped the benefits of a more stable oil price as quickly as E&P companies have.

“While the oilfield services industry has most probably come through the bottom of the cycle there is clearly no let-up in the pressure on costs. Against this



.....
While improving operations through new technology and infrastructure is important, the existing assets that have stood the test of time will be critical in mapping the future

Scott Martin, Glacier Energy (above)

backdrop, the strategy for the sector remains broadly the same: focus on competitive advantage; obtain pricing uplift through integrated service offerings; achieve economies of scale; and have a clear commitment to technological innovation aligned with the agendas of E&P companies.”

He says operators are increasingly looking at ways to minimise their carbon footprint including a focus on how hydrocarbons are extracted as well as how energy is produced.

“To weather the downturn, many oilfield service companies diversified and sought opportunities in the renewables sector. In some niche areas, often subsea, the supply chain is establishing accretive relationships and new revenue streams. Many service companies are finding the turnkey style projects and modest margins difficult to incorporate into existing operating models.

“In some cases, fortunes should improve as a better understanding between supply chains and operators develops. For others, greater opportunity perhaps lies in adjacent industries with similar exposure to hazardous environments and capital and operating expenditure profiles that are more closely aligned with oilfield services.”

According to Norman Wisely, managing partner at **CMS** in Aberdeen, there is an increasing amount of convergence between companies traditionally focused on fossil fuels and renewable energy providers.

“Renewables are the fastest growing form of energy, accounting for around four per cent of existing demand, with potential to grow this to at least 14 per cent by 2040. Aware both of this opportunity and the need to eventually diversify many of the major oil companies are now working alongside renewable energy firms and investing significant sums to drive forward their own clean energy projects.

“The oil companies can add a lot of value as they tend to have significant cash flow and can also provide leverage through their global infrastructure networks.”

After “cautious optimism” and “quiet optimism” for some time now Clare Munro, head of energy and infrastructure at **Brodies**, feels that everything is back on an even keel.

Activity is picking up and major deals announced in the past few



► months include Chrysaor acquiring ConocoPhillips' UK oil and gas business for \$2.675bn and the Israel-headquartered Delek Group, through its subsidiary Ithaca Energy, acquiring Chevron's North Sea assets for \$2bn.

"I'm expecting more M&A to happen during the course of the year and the fact that we got to the point where sellers and purchasers can align on pricing it is a good thing because after a big change in the oil price that's always quite a difficult thing to do for quite a while.

"We have had oil prices of between \$50 and \$80 for a considerable period and that's allowed people to realign around that as a kind of sensible level.

"Total purchased Maersk Oil last year and having done the transition they will be looking at their assets and working out what they want to keep and what they don't want to keep so I would imagine that Total is also going to be involved in some M&A in the next 12 to 24 months.

"I was involved earlier this year in the Seagull Development (Neptune) last year and with the Tolmount Development (Premier Oil) which were both quite challenging from a commercial point of view so it is a positive stride forward to get those over the line and it's nice to see development activity as well as drilling activity and M&A because you need all these going on."

Alasdair Freeman, partner at **Burness Paull**, says progress on lower operating costs and efficiencies, the embracing of new technologies and a greater willingness to look at new ways of working had opened up opportunities for some oil and gas operators to dispose of non-core assets in their portfolios in favour of newer entrants. A good example which highlights the opportunity was Serica's recent success in boosting profits following its acquisition of interests in BP's Bruce, Keith and Rhum fields.

"However, there is still plenty to be done to ensure the longer-term viability of the industry.

"Investment is also critical by operators in terms of locating and developing new opportunities and by the supply chain companies to ensure there remains a skilled resource and capability in the UK."

Stephen Trombala, head of oil and gas at **Shepherd and Wedderburn**,



Investment is also critical by operators in terms of locating and developing new opportunities to ensure there remains a skilled resource and capability in the UK

Alasdair Freeman, Burness Paull

Oil & gas companies: Total Figures 2019

Exploration companies

| | Latest | Previous | % change |
|----------------|----------|-----------|----------|
| Turnover (£m) | 5,268.17 | 4,776.96 | 10.28% |
| Profit (£m) | 1,022.76 | -2,221.83 | 146.03% |
| Employees | 3,391 | 3,402 | -0.32% |
| Profit per emp | £301,610 | -£653,095 | 146.18% |

Service providers

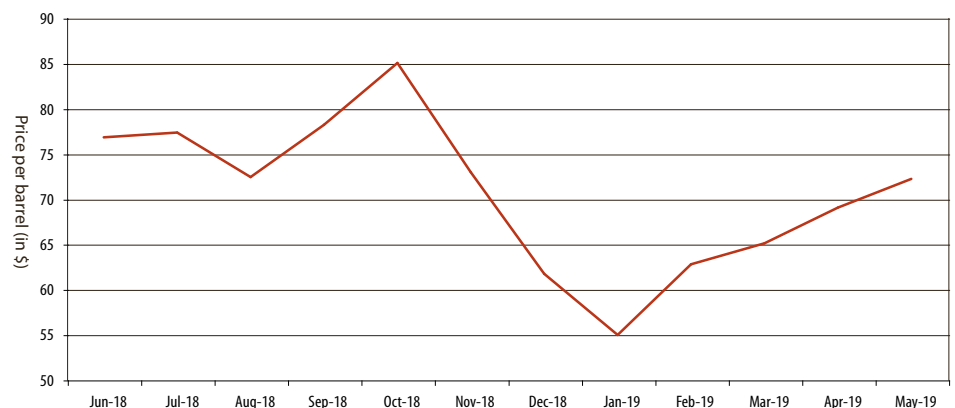
| | Latest | Previous | % change |
|----------------|-----------|-----------|----------|
| Turnover (£m) | 15,128.71 | 15,805.88 | -4.28% |
| Profit (£m) | -471.11 | 310.49 | -102.98% |
| Employees | 74,032 | 81,152 | -8.77% |
| Profit per emp | -£6,363 | £3,826 | -266.32% |

expects the rationalisation programme by super majors like BP, DONG, Shell, ConocoPhillips and Chevron to continue for a little longer.

"Generally, the buyers of the high-value portfolios have been privately held (Chrysaor and INEOS), but some publicly held companies (Premier, Enquest and Serica) have also been able to close attractive deals.

"There has also been significant interest in midstream infrastructure over recent years and our expectation is that will remain an active sector in the near term - with significant infrastructure funds and investors seeking quality assets. Another theme of recent years which will continue into this year will be the further maturation of the West of Shetland basin - with all eyes on the early production from Hurricane's Lancaster asset. 2019 should be a very interesting year on the UKCS." ■

Brent Crude oil price change





SHORTAGE OF LABOUR PRESENTS KEY RISK TO OIL AND GAS SECTOR

The status quo prevails in Aberdeen as it has over the last 12 months. With stability in the oil price and some increased activity in the North Sea, we are starting to see more positivity in the market. However, if activity picks up over the next 12 months, the main challenge for companies will likely be a shortage of labour.

Since late 2014 when the downturn kicked in, many people diversified or left the industry all together – presenting a reduced number of experienced, highly trained staff. Whilst this has been fit for purpose over the last 4/5 years, there is a potential challenge brewing. Not only will the supply of experienced labour make fulfilling job vacancies difficult, it also has the potential to increase salary demands.

An increase in recruitment across the oil and gas sector highlights operators are looking to staff up ahead of increased activity next year, which is potentially great news; but the industry may have to take a different approach to recruitment to navigate the skills shortage.

An aging workforce is not only one of the sector's biggest assets but also one of the greatest challenges. The amount of expertise and industry experience held by older workers is invaluable. There is however a process of transferring this expertise to the younger generation. In addition, the industry needs to continue to recruit younger



Andrew Forsyth, RSM's office managing partner in Aberdeen

workers for the next 20 years of O&G exploration and extraction.

Talent retention is key so having effective development plans and talent management programmes; engaging with staff; offering flexible working options; and creating an inclusive culture are all key to retaining good people. Also, undertaking a workforce audit can highlight any areas of risk so the business can implement effective succession plans.

Attracting new talent and securing new skills is a constant challenge for any business, and today oil and gas businesses need to appeal to

new demographics with potentially different priorities in the workplace. The cultural fit and the alignment of values are becoming key drivers in the decision making process. Operators and service companies alike therefore need to focus on the skills and attributes needed now and in the future, whilst demonstrating social impact; diversity; innovation; and collaboration with others in the sector to appeal to younger workers.

Improving recruitment processes and expanding the talent pool to include workers from other industries with transferable skills will also help to resolve the skills shortage.

An additional area that will impact the recruitment and retention process is IR35 reform. There has historically been a large contractor pool in the oil and gas sector due to the high level of talent engaged through off payroll structures. It remains to be seen what impact the increasing enquiries being raised around IR35 by HMRC will have. If more experienced workers are forced to amend their trading structure or join payroll frameworks they may decide to take early retirement instead which would further impact pressure on the supply of labour in the sector.

Oil and gas businesses need to plan for the next 20 years by attracting and retaining key talent that will enable the industry to respond to the challenges ahead.

For more information on how RSM can help your business contact
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TWO OF the top three companies in the offshore exploration ranking table are being lost to the North Sea.

Chevron North Sea, which increased turnover by 55 per cent to just over £1bn, quadrupled its profits to £257.7m, to retain its number one position.

However, its time at the top is limited as the business has been acquired by Ithaca Energy in a multi-billion-dollar deal which will quadruple its production forecast in 2019.

Ithaca is owned by Israel's Delek Group and the \$2bn (£1.6bn) deal adds ten oil and gas fields to Ithaca's portfolio, driving up its proven and probable reserves by 150 per cent.

Third in this year's ranking is Maersk Oil North Sea UK which recorded a 13.7 per cent drop in turnover to £759m for the year end December 2017 but still managed to turn a £70.8m loss into a £171.2m profit.

Just over a year ago the Danish company became a part of Total in a \$7.5bn (£5.9bn) deal which was to make Total the second-largest operator in the North Sea with an output of 500,000 barrels of oil per day (boe/d) by 2020.

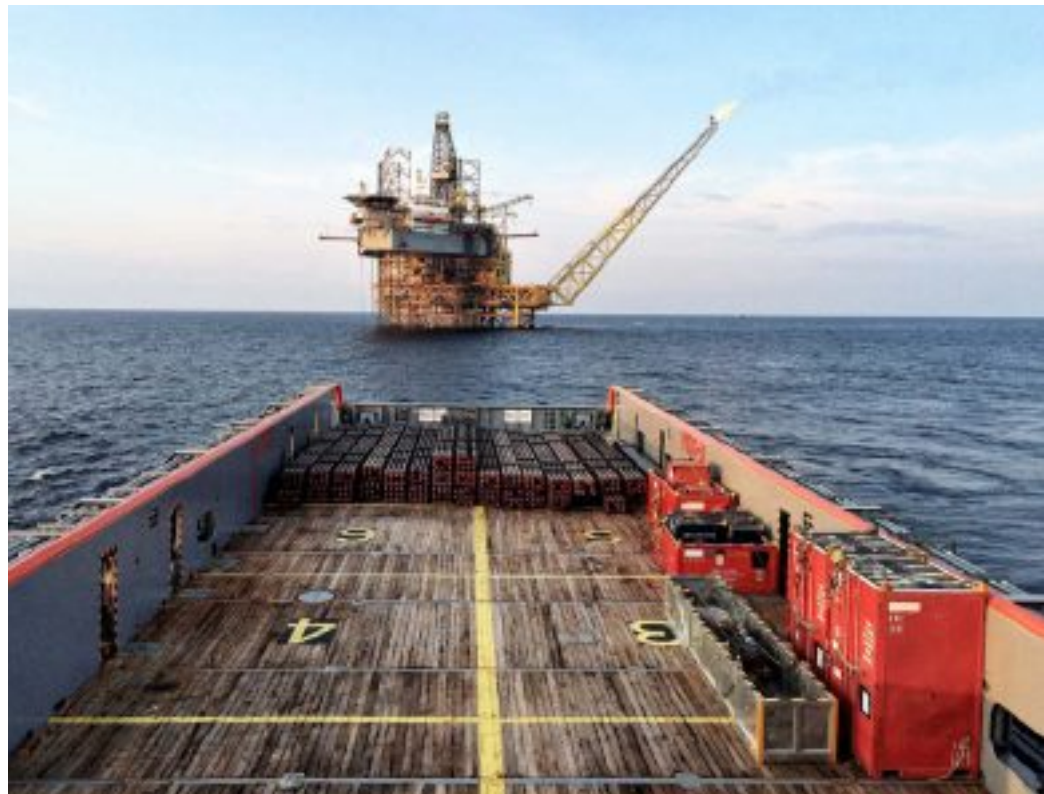
In second place in the rankings is Repsol Sinopec Resources UK, a joint venture between Spanish-headquartered Repsol and Addax Petroleum UK Limited, a wholly owned subsidiary of China Petrochemical Corporation (Sinopec Group).

Repsol Sinopec Resources UK emerged from the acquisition, in 2015, by Repsol, of the global assets of the former Talisman Energy Inc, including its 51 per cent equity interest in the joint venture, previously called Talisman Sinopec Energy UK.

Turnover rose by 23.5 per cent to £758.8m and in a significant turnaround a loss of £1.177bn was turned into a £357m profit.

Of the top 12 companies eight made a profit but CNR International (UK), Faroe Petroleum, Bowleven and Lansdowne Oil and Gas made a loss although all significantly reduced their losses compared to the previous year.

Apache North Sea, fell from second place to fourth but increased its profits from £9.2m to £94.9m; Dana Petroleum moved up four places to fifth by turning a £137.7m loss into



MANY HEAVY LOSS-MAKERS HEAD BACK INTO THE PROFIT ZONE

By GRAEME SMITH

Of the top 12 companies eight made a profit but CNR International (UK), Faroe Petroleum, Bowleven and Lansdowne Oil & Gas made a loss

a £119.3m profit; TAQA Bratani in sixth reversed a £695.4m loss into a £16.1m profit; Enquest slipped to seventh from third after a drop in turnover of 27.3 per cent and a fall in profits from £176m to £48.6m; and Eland Oil & Gas in eighth went from a £11.6m loss to a £61.1m profit.

Subsea 7 has climbed two places

to top the offshore service providers rankings although profits fell from £251.6m to £71.7m despite a turnover increase of almost 50 per cent.

Technip dropped to second with a fall in both turnover, by 35 per cent, and profits from £120m to £86.8m.

Aker Solutions, the Norwegian-based company which “engineers the products, systems and services required to unlock energy” was a new entry to the rankings at number three although it too suffered a turnover fall of 19 per cent but turned a £22.4m loss into an £11.1m profit.

Babcock Mission Critical Services, which didn't make the top 50 last year, has soared into number 10 having turned a £3.2m loss into a £4.4m, profit. The company, formerly Bond Air Services, is the largest operator of Air Ambulance aircraft in the UK. It also provides services to police, offshore windfarms and the oil and gas industry.

Another high riser is Aberdeen-based CAN (Holdings) which provides asset integrity services. It climbed to sixth from 18 even though profits were marginally down to £15.9m on turnover up 6.9 per cent.

Zenith Oilfield Technology, a specialist in downhole data technology development and part of Baker Hughes, a GE company, moved from 77 to 23 having turned a £560,000 loss in to a £5.3m profit. ■

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HEART OF
EVERYTHING
WE DO.**

Gayle Gordon
Sales Manager

Offshore exploration companies

| RANK 19 18 | COMPANY | LOCATION | YEAR END | CURRENT T/OVER £M % CHANGE | PREVIOUS T/OVER £M | CURRENT PROFIT £M PREVIOUS PROFIT £M | EMPLOYEES % CHANGE | PROFIT PER EMP £ % CHANGE | PARENT NATIONALITY |
|---------------|---|-----------|----------|-------------------------------|-----------------------|---|-----------------------|------------------------------|-----------------------|
| 1* (1) | Chevron North Sea <i>Oil and gas exploration</i> | Aberdeen | Dec-17 | 1,030.80 55.50 | 662.90 | 257.70 64.80 | n/a n/a | n/a n/a | USA |
| 2* (8) | Repsol Sinopec Resources UK <i>Oil and gas exploration</i> | Aberdeen | Dec-17 | 758.84 23.51 | 614.38 | 357.78 -1,177.49 | 940 -2.59 | 380,617 n/a | Can/Ch |
| 3 (4) | Maersk Oil North Sea UK <i>Oil exploration</i> | Aberdeen | Dec-17 | 759.04 -13.69 | 879.39 | 171.17 -70.81 | 619 -1.75 | 276,527 n/a | Den |
| 4* (2) | Apache North Sea <i>Oil and gas exploration</i> | Aberdeen | Dec-17 | 496.26 -6.41 | 530.27 | 94.90 9.16 | n/a n/a | n/a n/a | USA |
| 5 (9) | Dana Petroleum <i>Oil and gas exploration</i> | Aberdeen | Dec-17 | 489.09 12.32 | 435.45 | 119.34 -137.66 | 241 -13.62 | 495,187 n/a | KorRep |
| 6 (7) | TAQA Bratani <i>Oil exploration</i> | Westhill | Dec-17 | 570.84 -0.01 | 570.92 | 16.12 -695.41 | 545 3.42 | 29,578 n/a | UAE |
| 7 (3) | Enquest <i>Oil and gas exploration</i> | Aberdeen | Dec-17 | 470.02 -27.33 | 646.82 | 48.59 176.06 | 477 0.00 | 101,866 -72.40 | Sco |
| 8* (10) | Eland Oil & Gas <i>Offshore exploration</i> | Aberdeen | Dec-18 | 133.22 160.81 | 51.08 | 61.07 -11.57 | 131 87.14 | 466,183 n/a | Sco |
| 9 (13) | CNR International (UK) <i>North Sea oil and gas exploration</i> | Aberdeen | Dec-17 | 407.14 39.93 | 290.97 | -84.49 -274.88 | 326 -7.65 | n/a n/a | Can |
| 10 (6) | Faroe Petroleum <i>Oil and gas exploration</i> | Aberdeen | Dec-17 | 152.92 61.34 | 94.78 | -13.74 -61.50 | 80 17.65 | n/a n/a | Sco |
| 11 (14) | Bowleven <i>Oil and gas exploration</i> | Edinburgh | Jun-18 | 0.00 -41.29 | 0.00 | -5.33 0.00 | 31 n/a | n/a | Sco |
| 12 (12) | Lansdowne Oil & Gas <i>Oil and gas exploration</i> | Aberdeen | Dec-17 | 0.00 | 0.00 | -0.35 -1.24 | 1 -50.00 | n/a n/a | Sco |

scd/roscap35

Offshore service providers

| RANK 19 18 | COMPANY ACTIVITY | LOCATION | YEAR END | CURRENT T/OVER £M % CHANGE | PREVIOUS T/OVER £M | CURRENT PROFIT £M PREVIOUS PROFIT £M | EMPLOYEES % CHANGE | PROFIT PER EMP £ % CHANGE | PARENT NATIONALITY |
|---------------|--|-----------|----------|-------------------------------|-----------------------|---|-----------------------|------------------------------|-----------------------|
| 1* (3) | Subsea 7 <i>Offshore services</i> | Aberdeen | Dec-17 | 1,189.37 48.96 | 798.43 | 71.73 251.62 | n/a n/a | n/a n/a | Lux |
| 2 (1) | Technip UK <i>Offshore engineering; construction</i> | Aberdeen | Dec-17 | 871.62 -35.76 | 1,356.88 | 86.79 120.10 | 748 -16.80 | 116,029 -13.15 | Fr |
| 3* New | Aker Solutions <i>Offshore services</i> | Aberdeen | Dec-17 | 444.75 -19.40 | 551.82 | 11.10 -22.37 | 53 0.00 | 209,434 n/a | Nor |
| 4* (11) | GEG (Holdings) <i>Maintenance and construction</i> | Inverness | Mar-18 | 289.20 -5.25 | 305.24 | 4.89 4.30 | 3,325 -5.00 | 1,471 19.69 | Sco |
| 5 (6) | M-I Drilling Fluids UK <i>Oil rig drilling services</i> | Aberdeen | Dec-17 | 140.17 -2.94 | 144.41 | 6.49 32.19 | 416 -4.81 | 15,601 -78.82 | USA |
| 6* (18) | CAN (Holdings) <i>Asset integrity service provider</i> | Aberdeen | Dec-17 | 98.27 6.88 | 91.94 | 15.96 16.53 | 649 5.87 | 24,592 -8.80 | UK |
| 7 (8) | Bilfinger Salamis UK <i>Multi-discipline offshore services</i> | Aberdeen | Dec-17 | 143.37 3.11 | 139.04 | 6.11 9.26 | 1,634 0.31 | 3,739 -34.22 | Ger |
| 8 (14) | Archer (UK) <i>Offshore personnel and equipment</i> | Aberdeen | Dec-17 | 113.73 -9.62 | 125.84 | 10.62 10.04 | 710 -0.70 | 14,958 6.52 | Berm |
| 9* (21) | JFD <i>Diving equipment</i> | Aberdeen | Dec-17 | 81.58 -0.75 | 82.20 | 15.01 6.97 | 396 1.54 | 37,904 112.09 | UK |
| 10* (54) | Babcock Mission Critical Services <i>Helicopter operator</i> | Aberdeen | Mar-18 | 129.73 -2.27 | 132.75 | 4.38 -3.23 | 464 -8.12 | 9,440 n/a | UK |
| 11 (16) | Sodexo Remote Sites Scotland <i>Offshore/onshore facilities management</i> | Aberdeen | Aug-17 | 88.91 -17.74 | 108.09 | 4.90 9.95 | 1,160 -20.49 | 4,224 -38.06 | Fr |
| 12 (24) | Trac International <i>Engineering products and services</i> | Aberdeen | Mar-18 | 69.56 20.39 | 57.78 | 6.89 4.84 | 600 10.70 | 11,483 28.59 | Sco |
| 13 (22) | Petroleum Experts <i>Petroleum engineering software</i> | Edinburgh | Sep-18 | 48.25 9.11 | 44.22 | 33.76 31.81 | 85 28.79 | 397,176 -17.59 | UK |
| 14 (9) | Balmoral Group Holdings <i>Offshore/environmental equipment</i> | Aberdeen | Mar-18 | 86.61 -17.94 | 105.55 | 4.72 18.63 | 468 -9.65 | 10,085 -71.96 | Sco |
| 15 (25) | Forsyths <i>Oil and gas and distillation equipment</i> | Moray | Oct-17 | 57.99 11.03 | 52.23 | 8.90 5.71 | 404 6.32 | 22,030 46.61 | Sco |
| 16* (23) | Vroon Offshore UK <i>Offshore rescue vessels</i> | Aberdeen | Dec-17 | 82.32 -11.00 | 92.49 | 3.46 2.97 | 1,066 -9.51 | 3,246 28.76 | NL |
| 17* (29) | PD&MS Group (Aberdeen) <i>Offshore services provider</i> | Aberdeen | Jun-18 | 62.21 14.78 | 54.20 | 4.97 2.79 | 98 13.95 | 50,714 56.32 | Sco |
| 18 (19) | Pipeline Technique <i>Pipeline/riser welding contractor</i> | Huntly | Dec-17 | 44.69 -33.60 | 67.30 | 12.49 14.48 | 176 -6.38 | 70,966 -7.86 | NL |
| 19 (37) | Stena Drilling <i>Drilling rig owners/managers</i> | Aberdeen | Dec-17 | 40.73 -29.26 | 57.58 | 11.98 0.75 | 129 9.32 | 92,868 1361.11 | Swe |

| RANK 19 18 | COMPANY ACTIVITY | LOCATION | YEAR END | CURRENT T/OVER £M % CHANGE | PREVIOUS T/OVER £M | CURRENT PROFIT £M PREVIOUS PROFIT £M | EMPLOYEES % CHANGE | PROFIT PER EMP £ % CHANGE | PARENT NATIONALITY |
|---------------|---|---------------|----------|-------------------------------|-----------------------|---|-----------------------|------------------------------|-----------------------|
| 20* (17) | Bluewater Scotland <i>Operation of offshore facilities</i> | Aberdeen | Dec-17 | 106.11 -21.47 | 135.12 | 1.20 5.69 | 84 -4.55 | 14,286 -77.91 | NL Ant |
| 21 (32) | Hydrasun <i>O&G fluid transfer; process controls</i> | Aberdeen | Mar-18 | 59.80 -3.41 | 61.91 | 2.68 1.25 | 412 -3.06 | 6,505 121.18 | Sco |
| 22* (31) | Briggs Commercial <i>Offshore engineering; fabrication</i> | Burntisland | Mar-18 | 58.28 16.98 | 49.82 | 2.87 1.88 | 667 -0.30 | 4,303 53.13 | Sco |
| 23 (77) | Zenith Oilfield Technology <i>Downhole data technology development</i> | Inverurie | Dec-17 | 29.17 27.66 | 22.85 | 5.31 -0.56 | 78 -18.75 | 68,077 n/a | USA |
| 24 (26) | Grayloc Products <i>Offshore connectors</i> | Aberdeen | Dec-17 | 31.77 10.05 | 28.87 | 4.59 21.12 | 35 -7.89 | 131,143 -76.40 | USA |
| 25 (36) | LFF (Scotland) <i>Offshore fittings and flanges</i> | Aberdeen | Dec-17 | 34.12 14.50 | 29.80 | 1.95 2.20 | n/a n/a | n/a n/a | UK |
| 26 (30) | Saltire Energy <i>Drilling equipment supplier; oil tools</i> | Aberdeen | Jun-18 | 17.70 -21.37 | 22.51 | 6.19 10.48 | 65 0.00 | 95,231 -40.94 | Sco |
| 27 (27) | Odfjell Drilling (UK) <i>Drilling contractors</i> | Aberdeen | Dec-18 | 44.81 13.56 | 39.46 | 1.21 1.95 | 351 25.36 | 3,447 -50.50 | Nor |
| 28 (5) | National Oilwell Varco UK <i>Offshore equipment manufacturer</i> | Aberdeen | Dec-17 | 268.66 -5.74 | 285.01 | -1.29 21.93 | 1,466 -5.60 | n/a n/a | USA |
| 29 (38) | TUV Sud <i>Technical consultants</i> | East Kilbride | Dec-17 | 54.23 -3.30 | 56.08 | 0.77 1.49 | 539 -4.60 | 1,429 -45.81 | Ger |
| 30* (119) | First Tech <i>Mooring and marine solutions</i> | Aberdeen | Apr-18 | 24.33 166.19 | 9.14 | 2.66 -2.27 | 38 -17.39 | 70,000 n/a | Sco |
| 31 (41) | Peterson (UK) <i>Offshore logistics services</i> | Aberdeen | Dec-17 | 150.99 53.71 | 98.23 | -1.45 0.10 | 638 3.74 | n/a n/a | NL |
| 32 (33) | Entier <i>Offshore catering and support services</i> | Aberdeen | Sep-18 | 52.61 6.61 | 49.35 | 0.57 1.29 | 556 5.70 | 1,025 -58.20 | Sco |
| 33 (40) | Clariant Oil Services UK <i>Chemicals/services for oil industry</i> | Aberdeen | Dec-17 | 31.15 42.24 | 21.90 | 1.40 3.07 | 55 -5.17 | 25,455 -51.91 | Swi |
| 34 (53) | Gyrodatta <i>Wellbore survey technology</i> | Bridge of Don | Dec-18 | 16.21 31.47 | 12.33 | 4.74 1.35 | 98 -7.55 | 48,367 279.77 | USA |
| 35 (69) | Kongsberg Maritime <i>Underwater cameras and systems</i> | Aberdeen | Dec-17 | 29.59 8.47 | 27.28 | 1.21 -0.05 | 118 -9.23 | 10,254 n/a | Nor |
| 36 (4) | Halliburton Manufacturing & Services <i>Offshore services and equipment</i> | Dyce | Dec-17 | 494.65 3.47 | 478.04 | -4.63 27.11 | 1,384 -22.81 | n/a n/a | USA |
| 37 (89) | DOF Subsea UK <i>ROV, survey, positioning services</i> | Aberdeen | Dec-17 | 34.58 4.22 | 33.18 | 0.56 -4.72 | 85 -13.27 | 6,588 n/a | Nor |
| 38* (92) | Axis Well Technology <i>Well technology consultancy</i> | Bridge of Don | Jan-18 | 18.17 37.44 | 13.22 | 1.49 -0.03 | 66 -9.59 | 22,576 n/a | Sco |
| 39 (48) | Seatronics <i>Marine survey equipment sale & rental</i> | Bridge of Don | Dec-17 | 17.58 2.21 | 17.20 | 1.62 1.84 | 57 -6.56 | 28,421 -5.78 | UK |
| 40 (59) | Howco Group <i>Metal & processing services</i> | Glasgow | Apr-18 | 105.65 15.34 | 91.60 | -2.49 -2.72 | 449 -2.18 | n/a n/a | Jap |
| 41* (62) | Survitec <i>Offshore safety equipment provider</i> | Aberdeen | Dec-17 | 14.89 10.62 | 13.46 | 2.00 1.18 | 94 -4.08 | 21,277 76.70 | UK |
| 42 (57) | John Wood Group <i>Energy-related services</i> | Aberdeen | Dec-17 | 3,998.02 19.72 | 3,339.45 | -16.01 53.49 | 29,031 0.11 | n/a n/a | Sco |
| 43* (49) | PLM Dollar Group <i>Helicopter charter</i> | Inverness | Sep-17 | 14.18 4.65 | 13.55 | 2.27 3.21 | 76 -5.00 | 29,868 -25.56 | Sco |
| 44* (51) | RAM Tubulars Scotland <i>Equipment supply to the oil industry</i> | Aberdeen | Jul-18 | 14.87 1.36 | 14.67 | 1.87 1.81 | 23 -4.17 | 81,304 7.81 | Sco |
| 45 (39) | Champion Technologies <i>Chemicals supplier; offshore services</i> | Aberdeen | Dec-17 | 9.16 -49.50 | 18.14 | 5.45 5.03 | 2 -96.88 | 2,725,000 3367.19 | USA |
| 46 (15) | Enermech <i>Offshore services</i> | Aberdeen | Dec-17 | 116.13 -9.47 | 128.28 | -3.61 7.89 | 1,064 -0.47 | n/a n/a | UK |
| 47 (46) | SIBCAS (Holdings) <i>Flexible modular accommodation</i> | Bathgate | Mar-18 | 21.03 0.14 | 21.00 | 0.63 1.38 | 256 -3.03 | 2,461 -52.92 | Sco |
| 48* (56) | Opito Strategic <i>Offshore training</i> | Aberdeen | Dec-17 | 14.62 -0.14 | 14.64 | 1.49 1.19 | 362 -17.73 | 4,116 52.16 | Sco |
| 49 (61) | KD Marine <i>Diving contractor</i> | Aberdeen | Dec-17 | 10.97 3.30 | 10.62 | 3.01 2.24 | 11 n/a | 273,636 n/a | Sco |
| 50 (63) | Schoeller-Bleckmann Darron <i>Oil industry plant, equipment & parts</i> | Aberdeen | Dec-18 | 12.52 18.90 | 10.53 | 1.69 1.94 | 79 11.27 | 21,392 -21.71 | Austria |

*See notes

NOTES: The Insider ranking is a computation between turnover and pre-tax profit (i.e. First ranked by turnover, then by profit, the rankings combined, divided by two and weighed by turnover). **Aker Solutions:** The figures are a consolidation of Aker Offshore Partners, MHWirth UK, Frontica Advantage and Aker Solutions Limited to more truly reflect Aker's operations in Scotland. Employees are permanent only and there are many more contracted workers. **Apache North Sea Ltd:** Staff were subcontracted from a sister company. **Axis Well Technology Ltd:** Activity also includes reservoir development consultancy. **Babcock Mission Critical Services Offshore Limited:** Previously known as Bond Offshore Helicopters Ltd. **Bluewater Scotland:** To more truly reflect the group's operations in Scotland figures are a consolidation of Bluewater's four Scottish trading entities, including Pierce Production Company. Employees are outsourced. **Briggs Commercial Ltd:** Trading as Briggs Marine and Environmental Services. **CAN (Holdings) Ltd:** Trading as CAN. **Chevron North Sea Ltd:** Trading as Chevron Upstream Europe. Employees managed by the parent company. **Eland Oil & Gas plc:** Previously known as Eland Oil & Gas Limited. **First Tech Ltd:** Trading as Mooring Systems; First Marine Solutions. Previously known as Mooring Systems Ltd. Activities also include bar and restaurant operation and sale of whisky. **GEG (Holdings) Ltd:** Previously known as SLLP 5 Ltd. **JFD Ltd:** Previously known as Divex Ltd. **Opito Strategic Ltd:** Trading as Opito. **PD&MS Group (Aberdeen) Ltd:** Previously known as PD&MS Energy (Aberdeen) Ltd. **PLM Dollar Group Ltd:** Trading as PDG Helicopters. **RAM Tubulars Scotland Limited:** Previously known as F.J.S. Limited. **Repsol Sinopec Resources UK Limited:** Previously known as Talisman Sinopec Energy (UK) Ltd. **Subsea 7:** Some employees are outsourced. **Survitec:** Previously known as Survival Craft Inspectorate Ltd. **Vroon Offshore UK Ltd:** Trading as Vroon Offshore Services.

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IN HIGHLY CHANGEABLE TIMES LEADERS MUST KEEP LEARNING



By KEN SYMON

AS I WRITE this, a national spotlight is being focused on leadership with the top post in not one but two major UK political parties being up for grabs, with the results deciding who the next Prime Minister will be and possibly the one after that.

The questions of character, of vision and of direction for the country and economy are being laid out in those contests and the potential difference a leader can make is the subject of much hot debate.

When things are in a state of flux, as they are with the question of our future relationship with the European Union, then a political leader has to be able to set out and then – crucially – deliver their vision, producing a workable solution for the future that

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will contribute to the prosperity of all of us.

The handling of Brexit with its multiple complexities in national and international politics and diplomacy is akin to the challenges facing many

The individual needs to be able to almost have embedded in their approach a constant curiosity

Sandy Kennedy, Entrepreneurial Scotland

business leaders and boards as they wrestle with economic uncertainty, changing markets and a wave of new technologies that are impacting in a complex set of crosscurrents washing over businesses.

Sandy Kennedy, chief executive of

Entrepreneurial Scotland, argues that what is needed is entrepreneurial leadership rather than just management. “Management and managerialism in particular creates certainty or preserves the status quo, whereas in very disruptive times sometimes you have to break up what you’ve got or challenge very strongly how you are doing things, or your perception of the customer or the market you’re entering into.”

Kennedy sets out four key characteristics that are needed. “For leadership, particularly in uncertain times, the leader really needs to have ownership,” he says. “That ownership can be in the form of owning equity, but it’s really ownership of the vision of the project. The manager can be implementing somebody else’s vision but the entrepreneurial leader almost ▶

▶ but the entrepreneurial leader almost physically owns it.”

His second point is about mindset: “The individual needs to be able to almost have embedded in their approach a constant curiosity. An eternal curiosity in terms of challenging the norms, ‘Why do we do it that way? I wonder how they do it?’

“Make that into a hunger to keep learning. Then, by that behaviour they instil that into the organisation. They are constantly testing and exploring and asking why and learning as they go. In highly changeable times if you’re not learning, you’re very often left with a very calcified world view that maybe was correct ten years ago or two years ago but if it’s not correct now it’s not serving you.”

The third key approach is on risk. “The perception of entrepreneurial leaders is that they are high risk takers, certainly to a manager whose role is often to take out risk. But in the current times sometimes not taking risks or challenging your assumptions is actually more risky – the status quo becomes more risky than actually doing something quite radical.

“It doesn’t feel like that, but as somebody who was in the photo industry during the heyday and then finding the digital camera was coming along, it was far riskier to stay still and hold on to the current pattern. If you were a taxi-driving firm or you were a hotel business or whatever, it’s just changing so dramatically that the status quo is not an option.

“So my point about risk is that a really good entrepreneurial leader, it’s not that they’re higher risk takers they’ve just got a greater comfort with the uncertainty that risk creates. My experience with many entrepreneurs is that they are good at calculating risk and taking appropriate risk rather than being high-risk takers.

“In leadership terms I would say that the leader is in themselves both very comfortable with risk and managers tend not to be and we need to help the organisation become more comfortable with risk.”

Kennedy’s fourth point is about sales. “I think the leader needs to be one of the best sales people in the organisation. What I mean by that, particularly in high growth firms, it’s the leader that the customer wants to see the whites of their eyes, not the

suits around them. What they want is this organisation that we’re going to be buying from – who are they? What are they? And the leader needs to be able to personify that.

“To the next generation they also need to be able to sell why what they’re doing matters. If they’re taking investment, they need to be able to sell to their investors. If they are looking beyond staff, customers and investors to other key stakeholders, be they in the local community or their supply chain or sometimes the government, they need to be able to do that. They can’t delegate it, whereas a manager, in my experience, often sees sales as somebody else’s job.”

Gavin Tweedie, CEO of GSI, the

CASE STUDY: Stephen O’Neill, Newton Property Management

Stephen O’Neill is the chairman and joint managing director of Newton Property Management, a business in which he is the majority shareholder.

He now co-leads the business, which has offices in Aberdeen and Inverness as well as its head office in Glasgow, from his current bases in Bali and Malaysia.

O’Neill is into the third year of the arrangement and believes it is possible to lead from a distance.

He says he started Newton, a factoring business from “a garret in Charing Cross”, basing it on a “seed” a small part of his business which did factoring when he sold his O’Neill’s Letting business in 2001 and which turned over £8,000. “Last year that ‘seed’ turned over £3.5m. You always sell everything, you throw everything in and sometimes you think ‘I wished I’d kept that wee bit’

He created an operation that now has 50 staff and three offices and which has bought businesses in the last ten years.

O’Neill says he made sure that he had the right directorial team in place when he decided to move abroad, with Derek MacDonald as joint managing director: “I have a board of four directors plus myself as a chairman and joint MD. My daughter Kirstin, Ross Watt in Aberdeen, Derek and William Cowie, finance director.

“We’re very well structured, we have four working directors, we have directors’ meetings, our monthly reporting is superb, we have 12 pages of figures everything analysed – we have a first class finance director.” Crucially he says the business has continued to grow.

O’Neill says that he decided that he would not return for meetings every month. “I’m back in the UK two weeks in the year. I speak to Derek once a week and we have email communication, sometimes email communication amongst the board is at a healthy level, sometimes it’s pretty quiet for a week or two.

“To be honest I think there were some trust issues and that was to do with me being at the other side of the world and not being able to walk through to Derek and say what’s this and what’s that and likewise Derek not being able to walk through to me.”

“I get up at five every morning and I’m on the beach at six and that’s when I do most of my thinking. And I don’t come back with a shopping list and send it through to Glasgow and say ‘these are the jobs you need to do’; nothing like that.

“But I’ll chew over things and then present things either to Derek or the board for discussion at our board meetings.”

A lot of people running SMEs have very little thinking time, I suggest, but this does not apply to his business.

“When it comes to Newton, all I have to think about is tomorrow. I’m not distracted by one of the staff, I’m not distracted by a disciplinary issue, I’m not distracted by the daily disaster that besets business.

“All I have is time to think and I live in the land of the blue sky and all I have is blue sky thinking.”

An example of this was O’Neill’s idea to put electric vehicle charging points into the properties they

Edinburgh-based geospatial analytics business, stresses the importance of leaders in working with people in the business. “For me, leadership is about bringing well-directed energy, passion, inspiration and motivation to a group of people to focus and succeed in achieving a common objective,” he says.

Tweedie is a serial entrepreneur having worked in the founding teams of high-tech start-ups in the UK and US, which have achieved four exits to globally recognised IT organisations.

“The best leaders I’ve worked with both in start-ups and blue chips have been those who encourage, motivate, support and listen. Equally, they have the vision and capability to rapidly



factor. “It took six months for the boys to buy into it back home – I think they thought I was crackers.

“The vehicle charging points we’ve been doing for nothing – we’ve been paying the net cost of it after the grant.

“But that all came about through the complete freedom I have in being able to think clearly cohesively and also quite subjectively. You’ve got to be able to chip away and put that idea into practice and that’s where the leadership comes in.”

He says: “There are times when it doesn’t work. On the odd occasion I’ve maybe come up with something that wouldn’t work. I would say that for ten initiatives I come up with over an 18-month period, I would say probably seven to eight were acceptable.”

He says he had suggested, for example looking at doing building inspections by drones but there was a technical reason why it could not be done.

“I miss the daily stuff but I don’t miss my door swinging open all day with the things you can’t control. I don’t have any of that now. I just see myself as a commercial *créateur*.”



change direction, leading people to upgrade their thinking when necessary.”

Key to the success of a leader is that people buy into that vision. As the management writer Peter Drucker, as quoted recently in *The Economist*, once put it: “I don’t know why people are so fixated on the subject of leadership, what we really need to think about is the subject of followership.”

Tweedie says that style of leadership is crucial in this: “Simple use of language also matters; it’s not my team – it’s our team, our success, our journey. Managers who view the world through their own eyes only are not leaders. Similarly, managers who rule with an iron fist which creates a culture of fear and stress will not produce motivated staff – especially in today’s more progressive and diverse workplace environments.

Prof Brian Howieson, a professor at the **Edinburgh Napier University Business School**, says: “We’ve yet to learn the new rules for leadership in a world where sustainability and the fourth industrial revolution are colliding.”

Howieson along with fellow academic Professor Brian Burnes argue that business leadership in the

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For me, leadership is about bringing well directed energy, passion, inspiration and motivation to a group of people to focus and succeed in achieving a common objective

.....
Gavin Tweedie, (below)

future will change dramatically as climate change becomes an ever more important concern.

They argue that leadership will move from being about “making a profit” to being about the three Ps “people, planet and profit”. It will move from “sell more stuff” to “produce less” and from “reduce labour costs” to “create meaningful and sustainable jobs throughout the supply chain.”

There will also be a shift, they argue, from “buy from the cheapest source” to buy from the most sustainable source and form “get community groups off our backs” to “work with community groups and environmental organisations to achieve the three Ps”.

Howieson says: “If that second list seems to emanate from ‘cloud

cuckoo land’ consider the fact that climate change and environmental degradation is here and will not go away.”

Kennedy at Entrepreneurial Scotland says that leaders need to “create an alternative future that is appealing, effectively you’ve got to create hope of something different”. He adds: “The first part is to be saying ‘this is the future that I can see’ and you need to be able to articulate that. A leader without any followers isn’t a leader so you need to be able to convince people that that is the right future and get people to create the future with you, so there is technique to that.

“You’ve got to create a burning platform as to why change needs to happen now. You’re creating the hope for the future but at the same time you’re saying that the status quo is not an option.

“That could be a competitive threat, it could be a concern with the structure or the finances of an organisation but there’s got to be some sort of imperative that gives it energy to go from the current state to the future state. The third key thing is judging the pace at which you can do that move and effectively do it in steps.” ■



SCOTLAND'S SPACE TECHNOLOGY INDUSTRY GATHERS MOMENTUM



AS WE ALL know, 100 years ago, the Clyde shipbuilding industry was the biggest in Europe, building a fifth of the world's ships, but what we mostly don't know is that, these days, a new form of shipbuilding has been developing in Glasgow – spaceships, or more commonly called satellites. Somewhat surprisingly, Glasgow is now the largest city in Europe for the manufacture of satellites.

Space technology in Scotland is thriving and we seem to be becoming a centre of excellence in what is becoming known as 'Agile Space', the term being applied to modern, small, low-cost space technology, as opposed to the traditional massive national programmes of the US or Russia.

This all started in 2005 with the formation

Space technology in Scotland is thriving and we seem to be becoming a centre of excellence in what is becoming known as 'Agile Space'

of Clyde Space, a company which builds small 'CubeSats'; equipment boxes 10cm on each side, into which can be packed sophisticated electronics and radio links which, coupled with solar panels, can be deployed to undertake tasks such as monitoring atmospheric conditions, the health of oceans or forests; track asteroids, or enable communications links.

They have been joined by Alpha Orbital who specialise in even smaller 'PocketQubes', satellite units that measure 5cm on each side, and, very significantly, by the giant multi-national Spire Global which, although headquartered in San Francisco, has selected Glasgow to base its satellite manufacturing capacity. More than 1000 CubeSats have been launched in the world so far, of which more than 100 have been Scottish-built.

Meanwhile another new company, Skyrora, has been set up on the outskirts of Edinburgh to build launch rockets aimed at significantly reducing the cost of getting these small satellites into space. Over the next few years they plan to develop a range of

rockets powered by hydrogen peroxide, which is particularly suitable for flexible launch opportunities, where a break in the fast changing Scottish weather can be quickly exploited.

Also in Edinburgh, several companies such as Ecometrica, LTS, and Astrosat have been set up to process the masses of data that is collected from space. Ecometrica in particular has been winning contracts with many governments, organisations and industries around the world with reports providing geospatial data and satellite mapping. In the last few years Ecometrica has been growing fourfold each year, earning a place as the leading Scottish entry on the FT 1000 list of Europe's fastest-growing companies.

Such data science is set to become an Edinburgh speciality; the £1.3bn City Deal announced last year has identified a target of training 100,000 data scientists in the next 15 years.

Meanwhile a new rocket launch site has been announced in Sutherland at the top of Scotland with £30m of funding from Highlands and Islands Enterprise, and competing projects are also being mooted based in Shetland and the Western Isles.

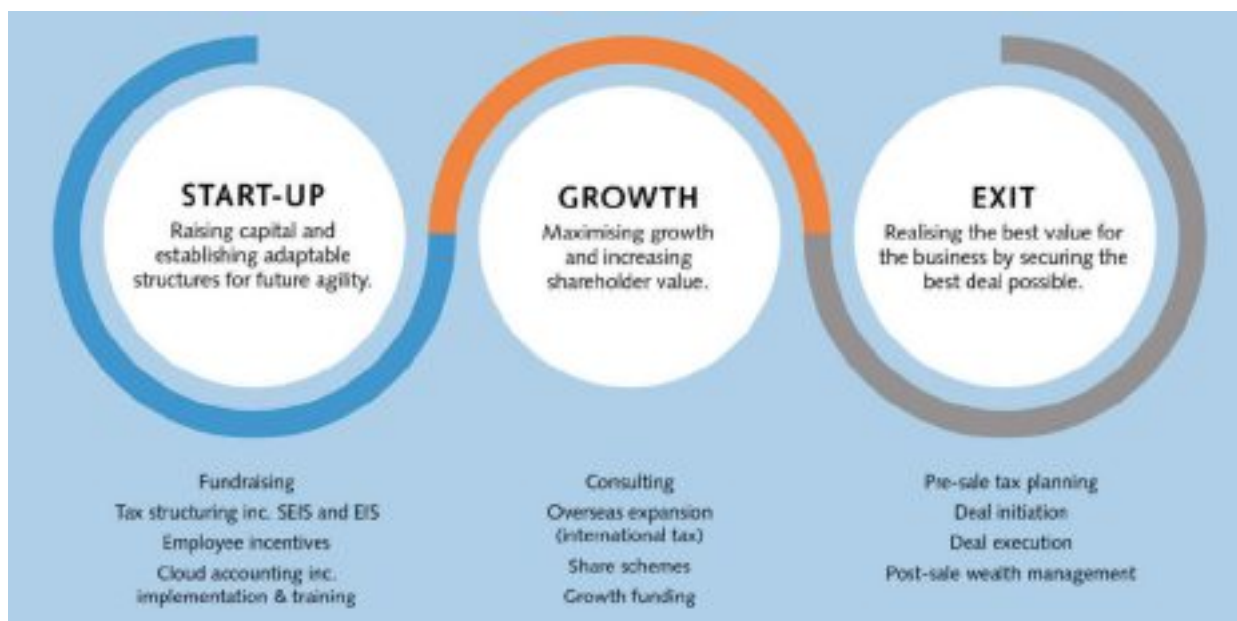
The UK Government has set a target of winning 10 per cent of the world's space business, a target which should be achievable based on our current share of more than six per cent and rising fast. It is estimated that Scotland currently has more than 130 companies earning over £140m per year, approximately 18 per cent of the UK's space effort and more than double our 'fair share' for our size in the UK.

Maybe it is no surprise that when Gene Roddenbury wanted a space engineer for his Star Trek missions he chose to cast a Scotsman – Montgomery 'Scotty' Scott. But of course he was fictional, but the current chief pilot at Virgin Galactic, David Mackay, has actually been the first Scotsman to take a vehicle into space. And he hails from Sutherland, home of our proposed first spaceport. ■

Ian Ritchie is a leading businessman who advises start-up technology companies.

AAB NAVIGATES TECH BUSINESS FINANCES

Anderson Anderson & Brown's specialist team guides tech businesses through every step of the lifecycle



There is a real vibrancy in the Scottish tech sector. It never stands still and neither do the businesses within it. The rate of change and development is like no other sector, making it exciting for those operating within it, as well as those who support these businesses to grow and prosper.

For chartered accountancy and business advisory firm Anderson Anderson & Brown LLP (AAB), tech is a key sector in which it has seen a significant number of client wins, particularly in the central belt. In response to increasing client demand, AAB has created a specialist in-house team of advisors each of whom has significant experience of working with tech businesses and can collectively offer in-depth sector knowledge as a result. The team brings together a diverse range of skills from different service areas across the firm, making it well placed to assist tech businesses.

Tech team's recent activity

AAB's extensive experience in the tech sector enables it to cover all related industries, such as hardware and equipment as well as software and IT services. The team's capabilities help support clients in tackling challenges from start-up to exit, exploiting opportunities along the way, as well as identifying what is required to grow by offering quick and responsive advice based on sound judgement and expertise.



Key members of the tech advisory team at AAB include (from front to back): Brian McMurray, Head of Equity Funding, Kevin Meaney, Entrepreneurial Tax Partner, Kenny Fraser, Strategic Adviser in the Technology Sector and Alex Matthews, Digital Director at AAB Consulting. Not pictured: Ricky Cowan, Business Development Director and Hilary Dyson, Cloud Accounting Lead at AAB.

The diversity of skills across the team has seen client wins across the corporate finance, tax, business advisory and consulting arenas.

With a particular focus on high-growth companies, recent examples of the support and advice provided to businesses in the tech sector include business planning, financial modelling and fund-raising; tax structuring, tax incentives, R&D and patent box claims and VAT advice; cloud accounting, virtual finance function and compliance services, and organisation agility and digital transformation consulting.

Supporting tech businesses at each stage of development

AAB's depth of capabilities in this space, coupled with its market knowledge, has assisted the firm to identify typical support requirements of tech businesses.

The dedicated technology sector team works with businesses at every stage of their development and partners with them to maximise value.

With technology at the forefront of its own service delivery, in addition to this specialist sector knowledge, experience and diverse range of skills, AAB is well placed to advise tech businesses how to achieve their ambitions and assist with business advisory support requirements throughout the lifecycle.

For more information contact Brian McMurray, Head of Equity Funding, Anderson Anderson & Brown LLP
brian.mcmurray@aab.uk, +44 (0)131 357 6666, visit: www.aab.uk

As a commercial interiors company, the objective is clear.

If it's both terrifying
and amazing,
then you should
definitely persue it!

Meghan Markle

EMPLOYEE-FRIENDLY WORKSPACE DESIGN A BUSINESS IMPERATIVE

Tayforth Properties has completed its first development, Water's Edge, in Dundee's waterfront area

By KEN SYMON

A CONSISTENT theme is seen in many employers' approach to the buildings they choose and the way they kit them out. "For many businesses the wellness of their staff is becoming the dominant theme," says Stephen Lewis, managing director at **HFD Property Group**.

Lewis, who is also a Scotland committee member for the British Council for Offices says: "With unemployment at record lows, attracting and retaining the best staff is more important than ever. A key part of that is keeping staff healthy and happy. Their workplace is an important part of that: it needs to be somewhere they want to be.

"There's a clear business imperative too: just think about the number of days that a company loses in a typical year to staff sickness. According to data from the Office for National Statistics (ONS), it averages 4.1 days per worker every year. For an organisation of 100 people, that's well over a year lost to illness."

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Jeanette MacIntyre, the head and majority shareholder in **Indeglas**, which supplies glass systems for buildings, also cites this as a key trend: "A more informed awareness of the importance of health and well-being is driving changes in the way public building interiors and offices are being designed with greater emphasis on

Attracting and retaining the best staff is more important than ever. A key part of that is keeping staff healthy and happy. Their workplace is an important part of that

Stephen Lewis, HFD Property Group (below)

human interaction, increased variety of activity spaces, improved access to daylight, reduction of noise pollution and improved air quality controls.

"Greater engagement and knowledge sharing between the human sciences and design technologies are informing interior finishes and product design

innovations which foster the creation of exciting, motivational and interactive work spaces."

It was just that kind of thinking that sparked the decision by Big Four accountant **KPMG** to refurbish its Edinburgh office. They wanted to "create a space that enhanced our client interactions but also encouraged us to collaborate, innovate and excel, while retaining the fantastic central location and amazing views of Edinburgh Castle," according to Catherine Burnet, senior partner of **KPMG** in Scotland.

"A major focus for our investment was listening to the needs and desires of our employees and clients – with the aim of creating a unique environment that reflects the city. Everything from the geology, architecture and history of Edinburgh is reflected in the new design.

"Our meeting rooms echo the closes of the Old Town, with unconventional layouts creating relaxed privacy, while our main office space reflects the formality and structure of the New Town. All of this is tied together with stunning wall features including ▶



▶ lighting based on maps of Edinburgh's streets."

The results certainly seem to have impressed with the offices having recently won a BCO (British Council for Offices) Award for Workplace Fit Out in Scotland, and having been nominated for the UK awards in October.

But aside from awards Burnet says that the new office makes a daily contribution to the business. "The result has been an office that we're all proud to welcome guests and clients to, and a space that creates a balance between informality and professionalism. We're delighted with the investment, and we've achieved this without losing arguably the best view of Edinburgh Castle in the whole city – which everyone can enjoy in the café!"

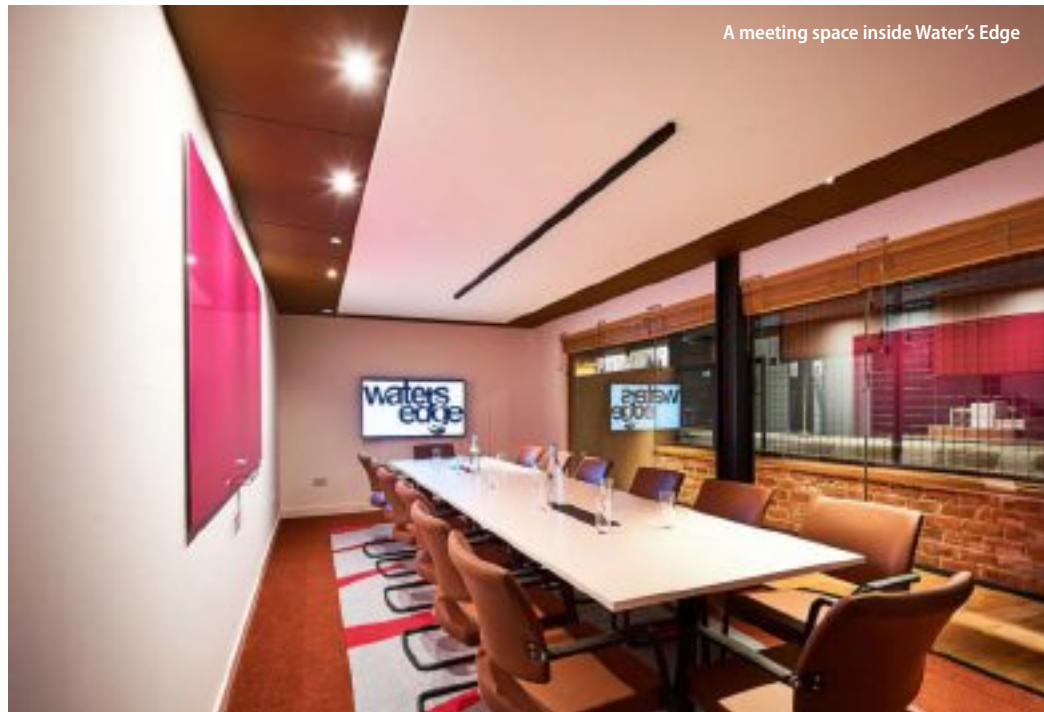
Certainly for the KMPG office and other city centre offices location is a key factor and an important one in attracting staff and being accessible to clients or customers.

But Lewis at HFD Property Group says that location is only the first element in making a building really work for a business. "I think of buildings in terms of concentric circles. From the outside in, you start with the location, which provides connections to the local area and further afield along with access to amenities. In the middle there is the building itself, with the common building services and amenities provided centrally by the landlord. Finally, at the heart of the circle is the occupier and their own dedicated space. The occupier is at centre for a reason – each part of the circle needs to focus on them."

McIntyre at Indeglas says: "Recent studies have indicated that access to daylight, availability of quiet spaces for concentration on work tasks, and good team interaction are the top three priorities for most office based staff and those who work indoors.

"Designing and creating interior spaces which promote these activities whilst providing a healthy, sustainable environment can ensure business leaders are maximising staff efficiency and promoting a strong message to potential and existing staff... it basically shouts 'we care'."

Interior design company **Amos Beech** say that there is a clear shift to workplaces focusing more on the health of its occupants. The company's Flora Hogg says: "As the workplace environments shift to be more emotive and wellness-centric, there is

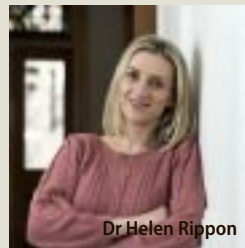


A meeting space inside Water's Edge

IN FOCUS:

KNIGHT FRANK recently helped Worldwide Cancer Research with an office move from St Andrews to a new HQ in Edinburgh city centre. The team, which has grown from 28 to 45 employees since moving, left behind an office space in a traditional townhouse building, and moved to 4,200 sq ft in Canning Exchange in the capital. As well as a city centre location, the charity sought a new office environment to facilitate better networking and improved ways of working.

Knight Frank head of building consulting Richard Whitfield said: "In its previous setting, the team at Worldwide Cancer Research had found itself becoming detached from one another and collaboration across the workplace was stagnant – partly due to the office layout which had employees in many rooms spread over multiple floors. By relocating to an open-plan space with greater flexibility, the charity hopes to encourage better communication, which can be as simple as employees now walking between each other's desks, with no stairs or doors in the way. Not only are the team likely to benefit from a new geographical location, but with a new interior style and



Dr Helen Rippon

layout, they should also see greater efficiencies as better working relationships start to develop."

Dr Helen Rippon, chief executive at Worldwide Cancer Research, said: "We are incredibly grateful to Knight Frank for its help in the search for our new home for the charity. This was a significant moment in the organisation's history, and we had to make sure it was right for everyone from supporters to staff.

"Since we moved in February, overall productivity has increased, staff engagement has noticeably improved and there is nothing like all the team hearing the bell being rung when donations are received from our kind supporters.

"We are excited for what the future holds for the charity now being in Edinburgh, with so many opportunities for partnership on our doorstep and further afield."

a growth in creating a softer and more comfortable working landscape with essences of home."

The firm recently did an interior design and office fit-out project for **ST Microelectronics** who had decided they would rather move than refurbish their existing premises. The project involved working to tight time constraints "while keeping a firm eye on the budget". Andy Price, the company's Edinburgh modular director, says: "Key to the project being heralded a success was keeping the staff on board and committed to the move. I didn't want to hear that the reason a recruit didn't join because was of poor office quality."

A major survey published earlier this year by commercial property consultancy **CBRE** suggested that this is a recurring experience – business's primary concerns on buildings are increasingly people-focused with users' experience and enjoyment of their working environment and interiors flexibility becoming of greater importance.

Published in April, CBRE's 2019 EMEA Occupier Survey showed that around two-thirds of occupiers rank employee engagement (68 per cent) and attracting and developing staff (65 per cent) as two of the three most important drivers of corporate real estate strategy.

Highlighting this heightened focus on employees, and the fact that 'human capital' is becoming

IN FOCUS: 177 Bothwell Street, Glasgow

HFD GROUP is currently on site at 177 Bothwell Street – the second half of its Bothwell Exchange development in Glasgow city centre. The first phase of the project delivered 122 Waterloo Street, a 155,000 sq ft Grade ‘A’ office building which was pre-let to Morgan Stanley and handed over in December 2017.

Due to complete in Q2 2021, 177 Bothwell Street will provide 305,000 sq ft of Grade A space, making it Glasgow’s largest single office building. Clydesdale Bank, which will re-brand as Virgin Money, has agreed to pre-let 40 per cent of the space with a further 20 per cent let to HFD’s serviced office business which will allow occupiers seeking smaller accommodation the opportunity to locate in the building.

177 Bothwell is the first development in Scotland to be accredited with a Platinum WiredScore certification, an independent scheme for rating the digital connectivity of commercial premises. Under the WELL certification, a tool for measuring health and wellbeing in offices, it has also achieved a Gold standard under its pre-assessment.

The building will also be home to Scotland’s first rooftop running track, feature circadian lighting, and make use of a range of technologies to boost sustainability and its occupiers’ wellbeing.

Stephen Lewis said: “177 Bothwell Street has been specifically designed to meet staff needs – not only now, but in the future too. We included a drone landing zone on the roof in advance of the impending drone deliveries which will be here earlier than we think.



“Wellness is built into the building: we’ve incorporated circadian lighting to boost energy during the day. There will be more than 300 cycle spaces with lockers, changing and drying rooms for tenants and visitors together with shower facilities on each floor.

“We’re also delivering a running track on the 8,000 sq ft landscaped roof terrace so that people can get fresh air or exercise without even having to leave the building. The design maximises the amount of natural light coming into the building, giving those inside a connection to the outside world wherever they are in the office.”

an overriding factor in occupiers’ property decisions, cost reduction dropped from being the 2018 priority driver to fourth ranking in this year’s findings.

Derren McRae, CBRE managing director, Aberdeen said: “There’s been a surge in serviced office offerings in recent years and a bigger focus on first-class ready to occupy space. We’ve seen serviced operators such as Spaces, Orega and Citibase successfully break into the Scottish market, growing their footprint across key markets.

“WeWork has also now gained a foothold in Edinburgh and we expect to see further sites open in Scotland. Proactive landlords are also working with their agents and design teams to create innovative solutions for occupiers and ‘plug & play’ ready to occupy space for those looking for offices with a shorter lead in time on more flexible terms.”

Another trend in the market is that changing working patterns are having significant implications for businesses’ need for space. Simon Capaldi, a partner at **Knight Frank Occupier Services**, Edinburgh, said: “In line with businesses moving towards increased flexibility with more remote working and hot-desking, we’re finding that companies perhaps don’t need as

In line with businesses moving towards increased flexibility with more remote working and hot-desking, we’re finding that companies perhaps don’t need as much space as they would have in the past

Simon Capaldi, Knight Frank Occupier Services (below)

much space as they would have in the past. Not every employee needs their own desk, and as cloud computing and telecoms technology continues to improve, there will be fewer ties to a physical office space. Every business, of course, has a different approach to remote working, but this ‘plug and play’ scenario is currently in high demand.

“For SMEs, in particular, serviced offices are also beginning to increase in popularity, as well as newly-established co-working spaces using a subscription model. With well-designed, ergonomic interiors to attract the best customers, these office providers are echoing the focus on flexibility and usually offer packages to suit a business of any size. There can be financial benefits too,



with a fixed monthly cost including all charges and therefore making business planning more predictable.

“Workplace environments are continually changing to support new ways of working across all industries and for businesses looking for an office move, fit-out and design come high on the list of priorities for any new space.”

Games and digital entrepreneur Chris van der Kuyl has added property to portfolio via his **Tayforth Properties** company which has recently completed its first development, Water’s Edge, in Dundee’s waterfront area. The development, which opened in October, is, he says, performing ahead of expectations. The tenants will include his games company 4J Studios.

“We started saying this is the spec of office we want for 4J Studios. We worked back saying this is what it’s going to cost so to get a reasonable return this is what we’re going to have to charge. And the local surveying market told us that we were way above the top of the market that existed at the moment and we would really struggle in Dundee and were we not overspec’ing for Dundee.

“Well, the proof of that is no we’re not. It turns out there’s tons of people who think like us but just couldn’t find anywhere in Dundee to move to. That was partly luck and partly guessing that there were other people like us and no building of that spec.”

Other businesses taking space include ScottishPower’s digital studio and there are, in total, four games companies out of the 11 units.

Van der Kuyl says: “We’re not a traditional landlord that’s looking for long-term leases. We actually think there’s benefit as a landlord of having people on fairly short-turnaround because it brings the right kind of companies in. We’re not looking for traditional hyper-tight covenants, government agency, giant corporate type of stuff. We want people that think like us and give them the opportunity.

“We’re definitely tracking likeminded digital business, but equally there are parallel organisations in things like energy as well that have found attractiveness in the proposition we’ve got. In the co-working spaces especially that’s very diverse. We’ve got people in third sector organisations that are saying ‘you actually offer brilliant value’ because of the flexibility. So while we thought we were quite expensive it turns out not to be.” ■

TIME TO **RUN** TALK OR TICK?

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OVERSEAS BUYERS BOLSTER TRANSACTION NUMBERS

By PERRY GOURLEY

AS THE clock ticked down to the original Brexit deadline in March, it was perhaps inevitable that nervousness among businesses translated into a sizeable fall in the volume of deals passing across the desks of Scottish advisors.

Total deal numbers in the first quarter of 2019 dropped by 61 to 160 as caution around the impact of the withdrawal impacted on appetite for corporate transactions.

Graham Cunning, head of corporate finance with **Campbell Dallas**, says he's finding some businesses reluctant to invest their cash reserves on deals "just in case they need them once Brexit has been resolved".

"The impact on deal-making of the prolonged Brexit uncertainty is that it has held back many Scottish and UK businesses from making acquisitions, that would have been second nature a couple of years ago," he argues.

"In contrast, foreign companies

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and overseas investors have been filling the void, aided by the depressed value of sterling. Private equity has also continued to back great acquisition and investment opportunities."

According to Fiona Buchanan, head of banking and finance at **Shepherd and Wedderburn**, although lending activity was quiet in the first quarter, it has proved to be

.....
Despite the retail sector facing many challenges, there are some businesses weathering the storm well

Fiona Buchanan, Shepherd and Wedderburn (below)

the "calm before the storm".

"Things really took off in April and May, with a number of Scottish originated lending deals completed featuring borrowers in the food and drink, renewables and real estate sectors," she points out.

"Despite the retail sector facing many challenges, there are some

Above: Pitchbooking has secured £250,000 in funding in an investment round led by investment firm Aurient

businesses weathering the storm well and banks are still willing to offer facilities to those with a robust business plan."

Although the headline deal numbers for the first quarter fell, the number of Scottish acquisitions rose by 7.58 per cent to 71 with overseas buyers continuing to bolster transaction numbers.

The £320m sale of bus builder Alexander Dennis – one of Scotland's biggest manufacturers – after the period end served to underline the strong demand being seen from international firms for acquiring Scottish assets. Under the deal Alexander Dennis will become part of Canada's NFI Group, which makes buses for the North American market.

The recent acquisition by a Chinese-backed private equity firm of whisky producer Loch Lomond Group also highlighted how businesses in Scotland's food and drink sector continue to attract high levels of overseas interest.

Although overall acquisition



► activity remains strong, Paul Mason, partner and head of corporate finance at accountants **Chiene + Tait**, describes the current M&A market as “highly polarised”.

“On the one hand, interest from trade acquirers for strategic acquisitions remains strong in spite of prevailing economic and political uncertainty and if you are selling a business which can deliver a critical benefit to the acquirer then now remains as good a time as any to sell,” he says.

“However, if you are selling what amounts to a ‘bolt on’ by expanding geographic or product coverage then there is a real hesitancy at the smaller end of the market,” he adds.

“What is encouraging is that the second quarter of 2019 looks to be stronger than what we’ve seen in the last two quarters.”

Jason Morris, head of **PwC**’s deals team in Scotland, highlights a trend being seen for large Scottish PlCs to “carve out and transact on non-core assets”.

Recent examples include the sale of Weir Group’s flow control division, Stagecoach’s disposal of its North American division, SSE’s partial sale of its enterprise telecom business, and Wood’s disposal of its Terra Nova conveyor systems business.

However, Morris says although deal volumes and values being dealt with by his team remain high, transactions are taking longer to get over the line.

“Driven by more caution and partly due to Brexit uncertainties we are seeing a greater focus from clients during the diligence phase on ‘getting the right deal,’” he explains.

Deals which saw overseas firms buy Scottish businesses during the first quarter included France’s Visiativ Group acquiring Edinburgh-based R&D tax credit specialist Jumpstart.

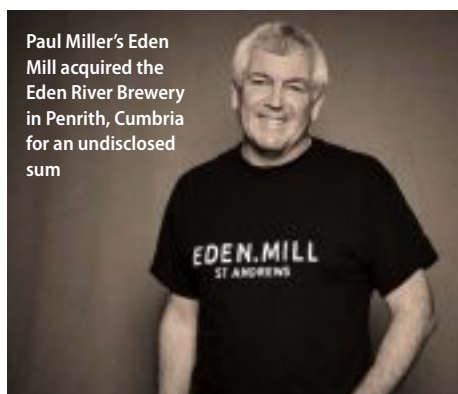
The deal saw BGF exit its minority investment following several years of strong growth for Jumpstart.

Managing director Scott Henderson says the acquisition was a “huge vote of confidence” in the company’s model.

“Joining an international innovation management and finance consultancy firm will help broaden our R&D tax relief provision into France, Canada, US and Brazil,” he says.

In domestic deals, by far the largest of a clutch of transactions in the renewable energy sector saw SSE sell its 49.9 per cent stake in its Stronelairg and Dummaglass wind farms in Scotland to Greencoat UK Wind in partnership with a major pension fund.

Under the £635m deal, SSE will continue to operate both assets. A team from CMS led by partners Charles Currier and Doug Land advised on the



Paul Miller’s Eden Mill acquired the Eden River Brewery in Penrith, Cumbria for an undisclosed sum



Investors have been operating in an uncertain climate for well over a year now and the political landscape is unlikely to improve any time soon

James Kergon, KPMG (above)

transaction.

Waste management firm Biffa acquired Scotland’s Specialist Waste Recycling from a consortium of investors including entrepreneur Angus MacDonald in a £25.8m deal funded from Biffa’s existing cash and debt facilities.

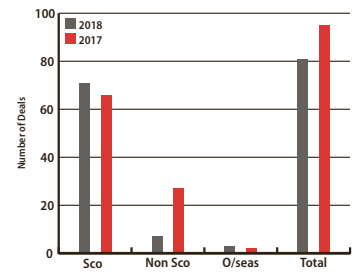
Among technology deals, London-based private equity investor Magnesium Capital bought Livingston-based drone firm Cyberhawk Innovations for an undisclosed sum.

The deal achieved a bumper return for members of the Cyberhawk leadership team, including chief executive Chris Fleming, as well as venture capital firm Scottish Equity Partners and the Scottish Investment Bank.

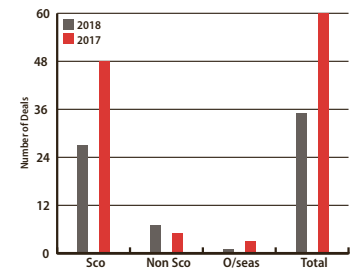
Fleming is staying on in his role at the company which enjoyed its most successful year to date during the 12 months leading up to the deal.

In the food and drink sector, Scotland’s

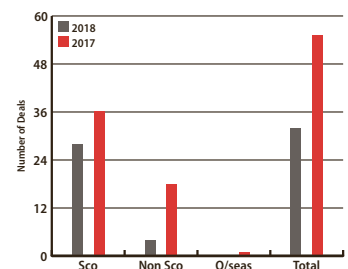
Acquisitions/Sales



New issues/Joint ventures



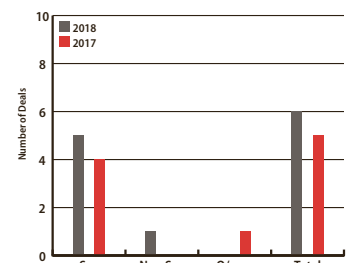
Specialist banking



160

The total number of deals in the first quarter of 2019

Reconstructions



Eden Mill acquired the Eden River Brewery in Penrith, Cumbria for an undisclosed sum.

The acquisition will enable Eden Mill to bottle and can some of its growing range of products in the north of England which will also allow for quicker distribution to customers.

MorphCostumes, the Edinburgh-based manufacturer and online fancy dress retailer behind the Morphsuit, also hit the acquisition trail, buying Fun Shack of Leeds, which designs and sells a range of costumes through Amazon and other online retailers, as well as through a network of more than 200 shops.

The Scottish firm plans to export Fun Shack's costumes – which are primarily available in the UK – through its existing international distribution channels, targeting countries including Australia, Canada, France, Germany, Italy, the Netherlands, Spain and the United States.

Glasgow-headquartered IP specialist Murgitroyd acquired Chapman IP, a patent and trademark attorney practice based in Southampton, in a £6.6m deal.

In all-Scottish deals during the quarter, Ground Level Up Productions, a visual content company that specialises in social media video for companies including Brewgooder and William Grant & Sons, acquired fellow Glasgow-based firm Wandern Media in a transaction advised on by Macdonald Henderson.

The total number of buyout deals fell during the quarter compared to last year, but ones which did get over the line included an MBO at Glasgow-based e-commerce business liGo which secured funding from Barclays to facilitate the seven-figure deal.

The buyout, advised on by Aberdeen Considine, allowed David and Mairead Brophy to buy out its founder and outgoing chief executive Sam Amdjadi.

In the transport sector, long-standing employee Stephen Turner secured an MBO at Currie European Transport Group (recently rebranded Currie Solutions).

Macdonald Henderson advised previous owner Thomas Barrie on the deal.

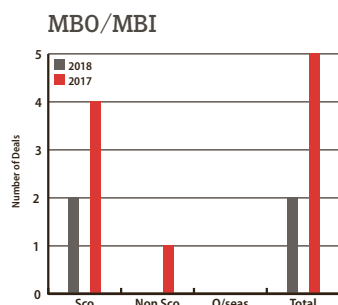
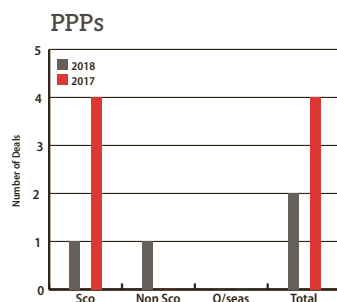
After a strong 2018 for venture capital investments in Scotland, the number of deals slowed in the first

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Deals, like business in general, haven't stopped, but there is likely to be much more competition once things have settled down

Graham Cunning, Campbell Dallas



quarter of 2019.

According to KPMG's latest Venture Pulse report, a total of six deals were completed in the first three months of 2019 with a total value of £4.8m, compared to the £8.6m invested in eight deals in the same period last year.

Transactions included Swippii, a Glasgow-based customer loyalty app for small businesses, attracting £1.9m in funding, while Edinburgh-based online compliance service provider Amicus Resolution raised £1.2m. EnteroBiotix, a company harnessing good bacteria from the human gut to prevent and treat infections and diseases, received £700,000 in funding.

James Kergon, head of deal advisory at KPMG in Scotland, says he expects the relatively subdued activity levels in the sector to prevail for some time.

"Investors have been operating in an uncertain climate for well over a year now and with the economic and political landscape unlikely to improve any time soon; we expect this trend to continue, with smaller amounts invested as an alternative to riskier large-scale investments, with investors hesitant to hold on to unspent cash."

High-profile investment deals in Scotland during the period including US-based Kew Media investing in Glasgow-based independent production company Two Rivers Media, founded by Alan Clements, ex-head of content at STV. The deal, advised on by Johnston Carmichael, also saw Noble Grossart and Channel 4 invest.

Par Equity, the Edinburgh-based investor, closed five deals worth £4.85m during the period, all of which it partnered with the Scottish Investment Bank on.

The trades included one new investment and four follow-ons. New to Par Equity's portfolio is Amiquis, a software company based in Edinburgh that offers an encrypted online tool to automate anti-money laundering and compliance checks. Clients include HR and recruitment agencies alongside a host of professional services firms.

The follow-on investments included Greengage, a company that makes wavelength-tunable lamps and sensors which improve livestock welfare and drive production efficiencies, and fellow Edinburgh firm UniKlasers, a company that

► makes high-performance lasers used from film-making to life sciences.

The fourth follow-on investment was in Edinburgh-based Red61, a software company behind a ticketing system.

Advisors focused on the North Sea sector are generally bullish about prospects for deal work, driven in part by buoyant levels of private equity (PE) activity.

Among the latest PE-backed deals, Azinor Catalyst committed to drilling two new North Sea wells in 2020 after sealing farm-out agreements.

Alasdair Green, head of E&P strategy at Anderson Anderson Brown, says PE has become increasingly prolific on the UKCS amid greater price stability, with the likes of Chrysaor, Siccar Point, Neptune Energy, and Verus Petroleum among the active most players of late.

“PE interest in the oil services sector also appears to have reignited with Enermech now in the hands of Carlyle and Bluewater recently investing in Pipeline Technique, Survivex and ROVOP, to name a few recent examples,” he says.

Green believes a number of factors have led to the growing interest in the sector including the availability of entrepreneurial individuals and management teams born out of the “outstanding training opportunities” offered to graduates in the North Sea in the 1980s and 90s.

“The planned exit of ‘supermajors’ is also creating an ongoing supply of opportunities to more nimble cash rich PE players who have the ability to realise the potential that remains in the basin,” he says.

However, although Green describes the current environment for deploying PE money as “fertile”, he adds: “How long this trend lasts and what happens when PE models turn to exit mode remains to be seen.”

Activity since the period end suggests the second quarter will continue to show strong levels of activity around the North Sea and although deal activity in the oil and gas sector is to a large extent insulated from the continuing uncertainty around Brexit, elsewhere in the economy it inevitably continues to have an impact.

However, Cuning at Campbell Dallas, urges Scottish businesses to look beyond the current political concerns.

“The country will move on, one way or the other, but right now I would encourage Scottish businesses to focus on their strategic goals and explore the wealth of opportunities that are out there for an acquisition or a merger.

“Deals, like business in general, haven’t stopped, but there is likely to be much more competition – at possibly higher prices – once things have settled down.” ■

TOP PERFORMERS

among Scotland’s Investors/Advisors
January to March 2019

| INVESTORS | No. of deals | Value |
|--------------------------------|--------------|---------|
| Scottish Enterprise* | 10 | >£8.48m |
| Maven Capital Partners** | 5 | >£6.98m |
| Par Equity | 5 | >£4.62m |
| Energy Ventures | 3 | >£2.49m |
| Equity Gap | 2 | >£0.7m |
| Japex UK | 1 | >£250m |
| BP | 1 | >£250m |
| Neptune E&P | 1 | >£250m |
| Bank of Ireland | 1 | >£104m |
| EV Private Equity | 1 | >£18m |
| Barclays Bank | 1 | >£5m |
| Clydesdale Bank | 1 | >£2.5m |
| Santander (Scotland) | 1 | >£1.7m |
| Kelvin Capital | 1 | >£1.5m |
| Old College Capital | 1 | >£0.6m |
| Techstart Ventures | 1 | >£0.45m |
| Scottish Co-operative Soc | 1 | >£0.16m |
| HSBC (Scotland) | 1 | N/D |
| Noble Grossart Investments Ltd | 1 | N/D |
| Panoramic Growth Equity | 1 | N/D |
| Aliter Capital | 1 | N/D |
| Scottish Growth Scheme | 1 | N/D |

*Ind Scottish Investment Bank 4@ >£4.49m. **Scottish Loan Fund 2@ >£2.49m.

| LAWYERS | No. of deals | Value |
|--------------------------|--------------|-----------|
| Burness Paull | 30 | >£22.75bn |
| Brodies | 27 | >£251.28m |
| Dentons (Scotland) | 19 | >£8.31bn |
| Addleshaw Goddard | 16 | >£125.79m |
| Shepherd & Wedderburn | 11 | >£3.23bn |
| DLA Piper (Scotland) | 11 | >£2.31bn |
| MacRoberts | 10 | >£34.28bn |
| Lindsays | 9 | >£1.4m |
| Harper Macleod | 9 | >£1.4m |
| Pinsent Masons | 8 | >£83m |
| Macdonald Henderson | 8 | >£0.6m |
| MBM Commercial | 7 | >£10.64m |
| Blackadders | 7 | N.D |
| Bellwether Green | 5 | N.D |
| Thorntons | 4 | N.D |
| Anderson Strathern | 3 | >£72.56m |
| Blackwood Partners | 3 | >£20.49m |
| CMS | 3 | >£3m |
| Morton Fraser | 2 | >£10.6m |
| Aberdein Considine | 2 | N.D |
| Vialex | 2 | N.D |
| Ledingham Chalmers | 2 | N.D |
| Kerr Stirling | 2 | N.D |
| MacGregor Thomson | 2 | N.D |
| Stronachs | 2 | N.D |
| DWF | 2 | N.D |
| Grant Smith Law Practice | 2 | N.D |

All others were non-Scottish or participated in one deal only.

| ACCOUNTANTS | No. of deals | Value |
|---------------------------|--------------|---------|
| Anderson Anderson & Brown | 12 | N/D |
| Johnston Carmichael | 8 | >£74.9m |

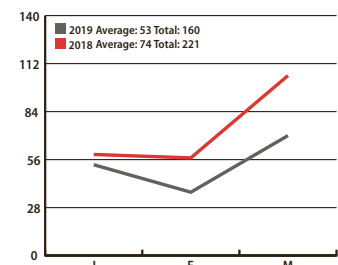
| | | |
|--------------------------|---|-----------|
| KPMG | 5 | >£101.66m |
| Campbell Dallas | 4 | N/D |
| Consilium | 3 | >£1.28m |
| BDO | 3 | N/D |
| Robertson Craig & Co | 3 | N/D |
| Craig Corporate | 2 | >£12.5m |
| RSM | 2 | N/D |
| Hall Morrice | 1 | >£18m |
| Deloitte | 1 | >£18m |
| Wylie & Bisset | 1 | N/D |
| Drummond Laurie | 1 | N/D |
| EQ Chartered Accountants | 1 | N/D |
| EY | 1 | N/D |
| Grant Thornton | 1 | N/D |
| Henderson Loggie | 1 | N/D |
| Dickson Middleton | 1 | N/D |
| Blair & Bryden | 1 | N/D |
| Milne Craig | 1 | N/D |
| Ritson Young | 1 | N/D |
| DC Consulting | 1 | N/D |

All others were non-Scottish or participated in one deal only.

| SECTOR BREAKDOWN | No. of deals |
|----------------------------|--------------|
| Banking & Finance | 14 |
| Construction | 4 |
| Distribution & Wholesale | 1 |
| Drinks (+soft) | 6 |
| Electronics | 10 |
| Engineering | 4 |
| Food & Farming | 5 |
| Hotels & Leisure | 20 |
| Industrial & Manufacturing | 19 |
| Marketing & Media | 11 |
| Motor | 1 |
| Offshore | 8 |
| Paper & Packaging | 1 |
| Property Dev & Investment | 11 |
| Retail | 8 |
| Services* | 46 |
| Textiles | 1 |
| Transport | 4 |

*Note: Services includes - Utilities 6, Healthcare 13. Some deals fall into more than one sector

ALL DEALS



Corporate, commercial, capable.



Recent highlights:

- Corporate Team of the Year 2018 at The Law Awards of Scotland 2018
- Completion of over 45 deals in 2018 with a combined value of over £70m
- Milestone transactions in key industry sectors including whisky, engineering, financial services and technology
- One of top four corporate law firms in Scotland in terms of number of MBOs completed in 2017/18
- Shortlisted as Legal Advisor of the Year at the Business Insider Deal & Dealmakers Awards 2018
- Ranked by Legal 500 2018 – MH “delivers ‘practical, to-the-point advice without burdening the client with the legal minutiae. The firm’s first-rate reputation enables it to attract high-profile deals.”
- Recommendations by Legal 500 for key team members
David Beveridge (“quickly ascertains the key issues to address”)
and Fraser Morrison (“exceptional”)



Corporate Team of the Year – Law Awards of Scotland 2018
Legal 500 Recommended Lawyer 2019
Legal 500 Leading Firm 2019



Macdonald Henderson
SOLICITORS

Q1 DEALS: ROUND-UP

Note: The advisors column should be read as being the parties to the deal (abbreviated) followed by the advisor who acted for that party. Common abbreviations used are as follows: **DI** = Deal Initiator; **V** = Vendor; **P** = Purchaser; **I** = Investor; **Co** = Company. Initials or shortened names are used to define other parties to the deal, the full name being in the column detailing the deal. Please note, transactions previously had to be valued at £0.5m or more to be included in the tables. We no longer have this criteria; deals with an undisclosed value are now shown as N/D and advisors involved in these deals have a zero value attributed in our analysis.

| Principal & Location | Details of Deals | Deal Value | Deal initiators and advisors involved | Date |
|---|---|----------------------------|---|------|
| Selected Scottish deals | | | | |
| 1825 Financial Planning and Advice Limited <i>Edinburgh</i> | Acquisition by Standard Life's wholly-owned financial planning business of the wealth management business of BDO Northern Ireland. | N/D | DI: 1825 Financial Planning and Advice Limited P: Burness Paul/RSM | 2.19 |
| 4ICG Limited <i>Glasgow</i> | Acquisition by this newly-created marketing group of Fierce Digital, Pursuit Marketing and Software Advisory Service Limited via share transfers and share for share exchange. | N/D Cash And Equity | P: Bellwether Green/Robertson Craig & Co | 3.19 |
| AMS Group Holdings Limited <i>Glasgow</i> | Acquisition by this engineering and manufacturing company of Gabbro Precision Limited from administration. | N/D | DI: AMS Group Holdings Limited V: Thorntons P: Burness Paul | 3.19 |
| Anacail Ltd <i>Glasgow</i> | Investment provided to this food safety and waste reduction company by Scottish Enterprise and Adrian Carr. | N/D Loan | AC: Macdonald Henderson SE: Burness Paul Co: CMS | 2.19 |
| Arnold Clark Automobiles Ltd <i>Glasgow</i> | Acquisition by this car dealership company of the business and assets of Pheonix Car Company Limited | N/D | V: Harper Macleod | 1.19 |
| Aspen Solutions Ltd <i>Glasgow</i> | Buy-back of shares in this IT systems company from an employee shareholder. | N/D Cash | P: Macdonald Henderson/Consilium | 1.19 |
| Aviva Insurance Limited <i>Perth</i> | Transfer of this insurance company's Euro-denominated general insurance business to Aviva Insurance Ireland Designed Activity Company. | £5.44bn | DI: Aviva Insurance Limited V: Burness Paul/Slaughter & May | 2.19 |
| Biotangents Limited <i>Edinburgh</i> | Investment in this veterinary diagnostic product manufacturer by Kelvin Capital, Scottish Enterprise and others. | £1.5m Cash | DI: Biotangents Limited Co: MacRoberts KC: Addleshaw Goddard SE: Burness Paul | 3.19 |
| Boston Networks Limited <i>Glasgow</i> | Acquisition by this security systems services business of the entire issued share capital of Pinacl Holdings Limited and PGDA Group Limited. | N/D Cash | P: DWF V: Slater Heelis P: BDO V: RSM | 3.19 |
| Bourse Scot Ltd <i>Edinburgh</i> | Fundraising by this Scottish Stock Exchange provider involving the raising of growth capital from private investors. | N/D Equity | Co: Anderson Anderson & Brown | 3.19 |
| BRL Limited <i>Aberdeen</i> | Sale of 100% of the share capital in this recruitment company to Atlas Professionals UK Limited. | N/D | DI: BRL Limited V: Shepherd & Wedderburn/Johnston Carmichael P: Burness Paul/Anderson Anderson & Brown | 1.19 |
| Broadex Technologies UK Limited <i>Livingston</i> | Acquisition by this optronics equipment manufacturer of the business and assets of Kaiam Europe Limited and Kaiam YK Limited from administration. | \$5.425m Cash | DI: Dentons V: Dentons (Scotland)/KPMG P: Baker Botts | 3.19 |
| Cairngorm Capital <i>Edinburgh</i> | Acquisition by this investment firm of Sentry Doors Holdings Limited. | N/D | P: Addleshaw Goddard | 2.19 |
| Care Homes (Scotland) Limited <i>Glasgow</i> | Sale by this retirement home operator of the Clachan of Campsie care home to Springvale Care Limited. | N/D Cash | V: Brodies P: Addleshaw Goddard | 3.19 |
| Cerberus Technologies Limited <i>Dundee</i> | Investment in this video games developer by John Nicolson and David Mitchell. | N/D Equity | DI: Dentons Co: Dentons (Scotland) | 1.19 |
| Chapman Angling Ltd <i>Glasgow</i> | Sale of the business and assets of this sporting goods retailer to Angling Direct plc. | £1.4m Cash | V: Lindsays P: Gregory Abrams Davidson | 2.19 |
| Chilli Connect Ltd <i>Dundee</i> | Investment in this software service company by Techstart Venture, Ascension Ventures and existing angel investors. | £450k Equity | Co: MBM Commercial I: Tughans | 2.19 |
| Chromacity <i>Edinburgh</i> | Loan provided to this laser manufacturer by Scottish Enterprise for working capital expenditure in connection with the purchase of stock and expansion. | N/D | SE: Brodies Co: Thorntons | 3.19 |
| Clyde Gateway Developments Limited <i>Glasgow</i> | Loan provided to this property developer by Scottish Enterprise for working capital expenditure in connection with the delivery of the company's operating plan. | N/D | SE: Brodies Co: Anderson Strathern | 3.19 |

| Principal & Location | Details of Deals | Deal Value | Deal initiators and advisors involved | Date |
|---|--|------------------------------|--|------|
| CMS Enviro Systems Ltd <i>Cumbernauld</i> | Financing provided to Allander Bidco Limited by Clydesdale Bank in order to fund the acquisition of shares in CMS Acquisition Limited, the special purpose vehicle set up to previously acquire this windows, doors and curtain walling systems manufacturer. | £189.55m Loan | DI: CYBG CYBG: DLA Piper (Scotland) P: Burness Paull | 3.19 |
| Creative Whisky Company Limited <i>Dumfries</i> | Sale of this whisky sellers to Glenor Cask Company. | N/D Cash | V: Harper Macleod P: Goodwin Procter | 1.19 |
| Cyberhawk Innovations Ltd <i>St Andrews</i> | Sale by Scottish Equity Partners of this drone inspection services provider to funds advised by Magnesium Capital. | N/D | V: Brodies Co: Thorntons P: Burness Paull V: EQ Chartered Accountants P: EY | 3.19 |
| DC Thomson & Co Ltd <i>Dundee</i> | Acquisition by this media company of the entire issued share capital of Kingdom FM Radio Ltd. | N/D Cash | V: MacRoberts P: Brodies V: Consilium | 3.19 |
| DH Systems Consultancy Limited <i>Edinburgh</i> | Merger between this specialist software supplier, Motorhog, Car Transplants and FAB Recycling to form a new group Syentiq Limited. | N/D | Co: Brodies/KPMG | 2.19 |
| Dougall Baillie Consulting Limited <i>Glasgow</i> | Issue of shares by this civil engineering to employees of the company. | N/D Share Options | | 3.19 |
| Duncan Properties (Aberdeen) Ltd <i>Aberdeen</i> | Acquisition by this rental property provider of the trade and assets of M&K Duncan Partnership. | N/D Cash & Equity | P: Raeburn Christie Clark & Wallace/Anderson Anderson & Brown | 3.19 |
| Duncan Taylor Scotch Whisky Ltd <i>Huntly</i> | Fundraising by this whisky, gin and rum producer involving the raising of additional working capital facilities from HSBC. | N/D Debt | Co: Stronachs/Anderson Anderson & Brown | 3.19 |
| DW Stevenson Limited <i>Edinburgh</i> | Acquisition by this school uniform and sportswear provider of the Teamwear business of Provan Sports Limited. | N/D Cash | DI: DW Stevenson Limited V: Macdonald Henderson/Campbell Dallas P: Burness Paull | 2.19 |
| Entrust Resource Solutions Ltd <i>Dundee</i> | Purchase by this human resources company of SCI Search & Selection Limited. | N/D | DI: Entrust Resource Solutions P: Blackadders V: Fieldings Porter | 3.19 |
| Euro Environmental Utilities Group Limited <i>Glasgow</i> | Sale of the entire issued share capital in this drainage maintenance company to Ipsum Group, backed by Aliter Capital. | N/D | V: Burness Paull P: DWF | 2.19 |
| Global Energy Group Ltd <i>Inverness</i> | Disposal of a significant majority shareholding in Apollo Offshore Engineering to this drilling marine services company. | N/D Cash | V: Grant Smith Law Practice/Anderson Anderson & Brown P: Stronachs | 3.19 |
| Greenwood Group Holdings Limited <i>Hamilton</i> | Acquisition by this insurance broker of the business and assets of Campbell Smith Insurance Brokers. | N/D Cash | P: MacRoberts V: Blair & Bryden | 1.19 |
| Highland Distillers Ltd <i>Perth</i> | Sale by this international spirits company of the Glenturret Distillery to Laliq Group SA and Hansjorg Wyss. | N/D Cash | DI: Highland Distillers V: Dentons (Scotland)/Grant Thornton P: EY/Brodies | 3.19 |
| Housing Growth Partnership <i>Edinburgh</i> | Joint venture between this property investment company and Genesis North (Holdings) Limited by which investment was made into Sanders Brown (Armathwaite) Limited to facilitate the development of housing in Penrith. | N/D | Co: Burness Paull GN: Baines Wilson | 2.19 |
| Independent Oilfield Services Ltd <i>Peterhead</i> | Disposal of the entire issued share capital of this oilfield equipment provider to WellConnection Group AS, backed by Energy Ventures. | N/D Cash | V: Ledingham Chalmers/Anderson Anderson & Brown P: Brodies/Wikborg Rein & Co | 1.19 |
| Indigo Pipelines <i>Glasgow</i> | Sale of this independent gas network to Arjun Infrastructure Partners. | N/D Equity | DI: Indigo Pipelines V: Dentons (Scotland)/Evercore P: CMS | 2.19 |
| Jumpstart (Scotland) Ltd <i>Edinburgh</i> | Disposal by Business Growth Fund of 93.16% of the issued share capital of this R&D tax specialist to Visiativ Conseil. | N/D | V: Addleshaw Goddard | 1.19 |
| Kilmarnock Football Club <i>Kilmarnock</i> | Sale by Michael Johnston of his interest in the capital of this football club and The Park Hotel Ayrshire Limited to Billy Bowie. | N/D | V: Shepherd & Wedderburn | 3.19 |
| Langstane Liquor Ltd <i>Aberdeen</i> | Fundraising by this gin producer in the raising of growth capital from private investors. | N/D Equity | Co: Aberdeen Considine/Anderson Anderson & Brown | 2.19 |

Q1 DEALS: ROUND-UP

| Principal & Location | Details of Deals | Deal Value | Deal initiators and advisors involved | Date |
|--|--|------------------------------------|--|------|
| Lochbroom Fine Foods <i>Perthshire</i> | Buy-out of the principal shareholder of this whisky seller. | N/D Cash | P: Harper Macleod | 3.19 |
| Loyalty Angels <i>Edinburgh</i> | Investment in this business and domestic software development company by Barclays. | £5m | Co: Addleshaw Goddard | 2.19 |
| MacRebur Limited <i>Lockerbie</i> | Investment in this plastic road manufacturer by Seedrs using a crowdfunding platform. | £3m Cash | DI: MacRebur Limited Co: CMS | 1.19 |
| Mallzee <i>Edinburgh</i> | Further investment in this consumer retail aggregator company by Par Equity, Scottish Investment Bank and Equity Gap. | £700k | DI: Par Equity I: WGM Legal PAR: Addleshaw Goddard Co: MBM Commercial | 3.19 |
| McGill & Co <i>Glasgow</i> | Acquisition of the business and assets of this building services company from administration to Catalus Energy Investments Limited. | N/D | DI: Catalus Energy Investments Limited V: Blackadders P: Gilson Gray | 3.19 |
| Menzies Distribution Limited <i>Glasgow</i> | Revolving credit facility provided to this distribution company by Royal Bank of Scotland. | £25m Loan | DI: Royal Bank of Scotland RBS: DLA Piper (Scotland) | 3.19 |
| Metix Limited <i>Glasgow</i> | Further investment in this medical instruments manufacturer by Deepbridge Limited. | £125k Equity | DI: Deepbridge Limited Co: Harper Macleod | 1.19 |
| Motive Offshore Group Limited <i>Aberdeenshire</i> | Investment in this oil and gas equipment rental company by EV Private Equity. | N/D Cash/Equity/Debt | DI: Hall Morrice Co: Blackwood Partners/Hall Morrice I: DLA Piper (Scotland)/Deloitte | 3.19 |
| Mozenix Limited <i>Dundee</i> | Sale of this software development company to Waracle Limited. | N/D | DI: Mozenix Limited/Waracle P: Blackadders/DC Consulting | 3.19 |
| Murgitroyd Group Plc <i>Glasgow</i> | Acquisition by Murgitroyd & Company Limited, the principal operating subsidiary of this patent and trademark attorney of the entire issued share capital of Advantip Limited. | £6.6m Cash | DI: Advantip Limited P: Burness Paull/KPMG V: Clarke Wilmott | 2.19 |
| Neurocentrx Pharma Ltd <i>Edinburgh</i> | Further investment in this pharmaceutical company by Equity Gap and Scottish Enterprise. | N/D | SE: Shepherd & Wedderburn | 3.19 |
| Oakridge Support Services Limited <i>Inverness</i> | Sale of the entire issued share capital of this care home operator and the business and assets of Maple Ridge Residential Home to Ridge Care Group. | N/D Cash | P: MacRoberts V: MacLeod & MacCallum | 1.19 |
| Planet Café <i>Edinburgh</i> | Acquisition of the business and assets of this child friendly café by Tracey Joyce. | N/D Cash | P: Lindsays V: Stuart and Stuart | 3.19 |
| Product Guru Ltd <i>Glasgow</i> | Investment in this software development company by Belmont Capital and Scottish Midland Co-operative Society Limited. | £160k Equity | DI: Product Guru Co: Harper Macleod I: Anderson Strathern | 3.19 |
| Project Abbie Limited <i>Dumfries</i> | Sale by Thomas Barrie of his shareholding in Currie International Holdings Limited to this logistics and transport company. | N/D Cash | V: Macdonald Henderson P: Addleshaw Goddard | 1.19 |
| Pufferfish Ltd <i>Edinburgh</i> | Investment in this digital sphere projection company by Old College Capital, Par Equity and Scottish Enterprise. | £600k Convertible Loan Note | DI: Pufferfish/Par Equity OCC: Macdonald Henderson Co: Shepherd & Wedderburn PE: Rooney Nimmo SE: Burness Paull | 3.19 |
| Quorum Network Resources Ltd <i>Edinburgh</i> | Sale of the entire issued share capital of this IT company to Quorum Network Resources Trust. | N/D Cash | V: Lindsays | 3.19 |
| Ramsdens Financial Ltd <i>Edinburgh</i> | Acquisition by this financial services retailer of the business and assets of Instant Cash Loans, trading as The Money Shop. | £1.5m | P: Addleshaw Goddard | 3.19 |
| Rangers International Football Club Plc <i>Glasgow</i> | Share offer in this leading football club by Laird Investments (pty) Limited. | £7.996m | LI: Shepherd & Wedderburn | 1.19 |
| RD GroupCo Limited <i>Stirling</i> | Investment in this manufacturing company by private individuals. | £300k Equity | Co: MBM Commercial I: ISW Legal | 3.19 |
| Regulus Topco Limited <i>Aberdeen</i> | Sale of this technology company, the ultimate parent of Defaqto Group, to The SimplyBiz Group. | £74.3m | V: Addleshaw Goddard | 3.19 |
| Rennick Investments Limited <i>Edinburgh</i> | Joint venture between this property development company and Rennick Canaan Lane LLP in relation to the acquisition and development of property in Edinburgh. | N/D | Co: Burness Paull | 3.19 |
| RHA Technologies Ltd <i>Glasgow</i> | Loan provided to this audio technology company by Scottish Enterprise for working capital expenditure in connection to expansion and staff recruitment. | N/D | SE: Brodies Co: Pinsent Masons | 3.19 |

| Principal & Location | Details of Deals | Deal Value | Deal initiators and advisors involved | Date |
|---|---|-------------------------|--|------|
| Scottish Water Business Stream Limited <i>Edinburgh</i> | Acquisition by this water company of the customer base of Yorkshire Water Business Services and Three-Sixty. | N/D | DI: Scottish Water Business Stream Limited P: Brodies/Deloitte V: DLA Piper | 1.19 |
| Scran Fitness Food Limited <i>Dundee</i> | Acquisition of the business and assets of this healthy food prep company by Jason Myles. | N/D Cash | P: Lindsays | 2.19 |
| Southside Nursing Home Limited <i>Inverness</i> | Sale of the entire issued share capital of this care home operator. | £1.1m Cash | DI: Southside Nursing Home Limited V: Harper Macleod | 1.19 |
| Springfield Properties Plc <i>Elgin</i> | Acquisition by this AIM-listed housebuilder of Walker Group. | £72.4m | DI: Springfield Properties/Walker Group P: Johnston Carmichael/Burness Paull V: Pinsent Masons/Anderson Strathern/KPMG | 1.19 |
| Standard Life Assurance Limited <i>Edinburgh</i> | Transfer of the Euro-denominated long term insurance business of this insurance company to Standard Life International DAC. | €17bn | DI: Standard Life Assurance Limited Co: Burness Paull/Slaughter & May | 3.19 |
| Star Refrigeration Ltd <i>Glasgow</i> | Buy-back of shares by this industrial refrigeration company from an individual shareholder. | N/D Cash | Co: Dentons (Scotland) | 3.19 |
| Stewarts of Tayside <i>Perth</i> | Restructuring of this fresh produce grower and packer, with refinancing also being provided by HSBC and a buyback of shares. Clydesbank Bank were the outgoing lender. | N/D Cash | DI: Stewarts of Tayside Co: Dentons (Scotland)/Johnston Carmichael/Burness Paull HSBC: MacRoberts CYBG: Addleshaw Goddard | 2.19 |
| Store-Rite Ltd <i>Denny</i> | Sale of the entire issued share capital of this document storage and archive solutions business to the Oasis Group. | N/D Cash | V: MacRoberts P: Clarks | 1.19 |
| Swipii Labs Ltd <i>Glasgow</i> | Investment in this customer loyalty service company by Par Equity, Scottish Investment Bank and Green Shore Capital. | £1.19m | DI: Par Equity I: Burness Paull PAR: Addleshaw Goddard Co: Weathers | 1.19 |
| Symphonic Software Ltd <i>Edinburgh</i> | Further investment in this information governance and data protection company by Par Equity, Scottish Investment Bank and Maven Capital. | £2m | DI: Maven Capital I: Burness Paull/Shepherd & Wedderburn PAR: Addleshaw Goddard Co: MBM Commercial | 3.19 |
| TBR Europe Limited <i>Glasgow</i> | Buy-back of shares in this passenger land transport company. | N/D Cash | P: Macdonald Henderson | 3.19 |
| Tennant Scotland Limited <i>Glasgow</i> | Restructuring of the share capital of this cleaning equipment manufacturing company. | £18.5m Cash | Co: MacRoberts/KPMG | 1.19 |
| Thistly Cross Cider Co Limited <i>Dunbar</i> | Acquisition of two-thirds of this cider manufacturer by the Dunsmore Family. | N/D Cash | DI: Thistly Cross Cider Co Limited V: Addleshaw Goddard/Johnston Carmichael P: Ledingham Chalmers | 1.19 |
| Trickle Data Insights Limited <i>Edinburgh</i> | Investment in this software solutions company by Scottish Growth Scheme and Carrig Glen Investment. | N/D Equity | DI: Trickle Data Insights Limited Co: Dentons (Scotland) I: Tughans | 2.19 |
| Two Rivers Media <i>Glasgow</i> | Investment in this television programme production company by Channel 4, Kew Media and Noble Grossart. | N/D | DI: Two Rivers Media Co: Dentons (Scotland)/Johnston Carmichael | 2.19 |
| Unick Holdings Limited <i>Glasgow</i> | MBO of this architecture firm. | N/D Cash And Loan Notes | DI: Unick Holdings Limited V: MacRoberts/Johnston Carmichael P: Pinsent Masons/Campbell Dallas | 1.19 |



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SCOTTISH INNOVATION PLAYING MAJOR ROLE IN THE BIO-TECH CENTURY

By KENNY KEMP

TWENTY years ago, the American economist Jeremy Rifkin coined the term 'The Biotech Century' as researchers at the dawn of the millennium began to harness the human genome to refashion the world.

The 21st Century opened with some of the greatest scientific changes as genetics began to be unpicked, and there were major breakthroughs in fighting cancer, improving cardiac health, and tackling diseases such as Alzheimer's and Parkinson's, and battling the scourge of diabetes. Life sciences was a hot ticket.

Scotland, for a moment or two after the birth of Dolly the Sheep, was basking in this international bio-tech acclaim. Scotland's scientists, emerging from university laboratories and newly-established research parks, were learning how to commercialise innovation ranging from pharmaceutical discovery through to new spheres of animal health. How exciting it all seemed to be for Scotland.

However, the Bio-Tech Century gave way to something more profound, the Digital Revolution, the ascent of Big Data and the Fourth Industrial Revolution. While life sciences remain an integral part of this digital universe, it has increasingly become a side

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show. The issue was plain and simple: drug discovery took hefty dollops of investment to ensure it was ready for human efficacy. It took years of bench testing and pre-clinical and clinical trials – a minimum of five years – and plenty of exciting start-ups fell by the wayside. Some of the big pharma names, instead of spending more on R&D, used their profits to buy other pharma companies and consolidate the market. The more avaricious pharma firms began to increase primary pricing and gouge the market. Hardly innovative.

Away from all the commercial hoopla, the pure scientists retreated to their laboratories, comforted by

I think the work being carried out by the Scottish Lifesciences Association is fantastic in developing the sector in Scotland

Fiona Nicolson, Bristows (below)

research grants, and got on with what they did best, discovering new compounds and life-giving elixirs.

Today it is estimated Scotland's life science sector employs more than 37,000 people across 700 organisations with combined company turnover of £5.2bn in 2016, with an aim of increasing this to £8bn by 2025.



The dream team of Scotland life science industry would include Hugh Griffith, the founder and chief executive officer of Nucana; his business partner, Chris Wood, former CEO of Bioenvision; David Evans, the founder of Shield Diagnostics, then Axis-Shield, eventually part of major US pharma giant Abbott after Alere, formerly Inverness Medical Innovations, was bought in 2017; Dr Alan Walker, a former president of Warner Lambert, and then gene therapy company, NanoGenics; Jim Reid, chairman and chief executive officer of Sistemica; Duncan Moore, chairman of Lamellar Biomedical; the IP lawyer and president of LESI, Fiona Nicolson, and the serial entrepreneur Gio Benedetti, now in his last 70s, with GreenCross Medico, and its award-winning Airglove. This band of individuals represents the superstars of the Scottish industry today.

NuCana BioMed is the stand-out Scottish life science business of 2019. Welshman Griffith floated NuCana BioMed in 2017 on NASDAQ for \$500m but it has already bolstered its value. A year earlier, he set up Bioenvision in the same office at the Gyle in Edinburgh and raised £160m. He brought a paediatric cancer drug to market, bought by Genzyme for £328m.

NuCana, a name derived from 'New Cancer Agents' and 'Nucleotide Analogs', continues its various clinical programmes yet is still to break into

► profitability. NuCana's pioneering technology is a new era in oncology with medicines called Protides. Such superior chemotherapy medicines with greater activity and a cleaner profile promise new hope for cancer patients. "It has been a good start to the year and we are pleased with NuCana's continued progress," says Griffith.

In February 2019, NuCana announced two abstracts related to NUC-3373 that were selected for presentation at the American Association for Cancer Research Annual Meeting 2019. The company will be announcing more trial data in 2019. But Griffith said NuCana is making excellent progress with the company's two ProTides.

"Hugh and Chris and their team have basically repeated their success story only more quickly and with more money," says Scott Johnstone, chief executive officer of **Scottish Lifesciences Association**, the industry body. "They learned all the pitfalls of bringing a new cancer drug to market and they are doing it again."

Johnstone points out that Griffith has been eminently successful in sub-contracting out most of the work. "If you look at what Scotland is good at, then you can make any product using local CROs (contract research organisations). You hire a core team and then contract out the development and production," he explains.

This sub-contracting approach to bio-sciences has had a substantial impact on Scotland's path in biotechnology.

AMRI, Albany Molecular Research, trading on NASDAQ, is a global contract research and manufacturing organisation, and it bought Glasgow-based Aptuit in 2015, with David Stevens as the head of drug production in Scotland, while Charles River Laboratories, also American, has facilities in Tranent and Ormiston in East Lothian, and was formerly Inveresk Research.

"It is all local and so you can be hands-on. You don't have this potential anywhere else. What we have is access to experienced people, with 22 Scottish universities and colleges generating graduates. The cost base is less in Scotland and personnel turnover is lower as many want to live in Scotland near where they were born," says Johnstone.

Scotland also has an outstanding global reputation for good laboratory practices, excellent clinical trial and manufacturing standards to meet the



Laboratory microscopic research

We have a group of people working across the value chain in this industry that are extremely talented and passionate about what they do

Abdul Mullick, Kyowa Kirin (below)

international engineering standards of ISO 13485, for medical devices and diagnostics.

One of Scotland's real strengths is that the biotech industry manufactures between 65 and 80 per cent of the world's blood-typing antibodies. When doctors check your blood, the chances are the antibody was made in central Scotland.

Another of Scotland's biotech success stories is based in Galashiels. ProStrakan had already developed its own medicines, in spheres such as pain-control and anti-nausea for cancer patients, when the Japanese company Kyowa Hakko Kirin took it over in 2011. UK and Ireland subsidiary **Kyowa Kirin** provided the resources for ProStrakan to acquire Archimedes Pharma in 2014 for £230m, further expanding its footprint in the West, and also financed the in-licensing of an opioid-induced constipation product from Astra Zeneca.

Kyowa Kirin shifted its focus onto bio-technology in the spheres of nephrology, oncology, immunology and the central nervous system. Today

170 people are employed there.

"We have a group of people working across the value chain in this industry that are extremely talented and passionate about what they do. It was a pleasant surprise for me to come up to Scotland and see such a vibrant and thriving company," says Abdul Mullick, EMEA president of Kyowa Kirin.

"While our main European base is in Galashiels, we don't actually manufacture any of our own drugs in Scotland. They are either manufactured by our parent company in Japan, or we use third party manufacturing organisations," he explains.

Recently Kyowa Kirin has had two novel therapies approved in Europe: Crystvita, dealing with XLH, a rare genetic bone disease which causes rickets in children and adults; and Poteligeo, a drug tackling a rare form of skin cancer. According to Dr Mullick, these are different to ProStrakan's early products which were small molecules working in areas where the market was in already developed. The firm is concentrating on specialist products to fight rare diseases.

"This has elicited a change in our approach. We are building new capabilities, launching products and hiring more people as the business grows rapidly. We are in a period of intense growth and the outlook is extremely positive."

The elephant in the room for Scottish companies is the National Health Service, which has a massive



budget and terrific clout in purchasing medicines and life science technology. Yet it this very size which hampers the opportunity for indigenous life science companies.

“There is an delicate issue here that American companies can rightly ask why are you bringing this medicine or medical device or application to the United States when your own National Health Service is not using or purchasing it?” says Johnstone.

“If the NHS bought more of our products, we would sell more internationally, and it would be employing hundreds even thousands more people in Scotland,” he argues.

The Life Sciences Scotland Industry Leadership Group, co-chaired by Scotland’s trade minister Ivan McKee and public health minister Joe Fitzpatrick, is now tackling this issue. Dave Tudor, co-chair of Life Sciences Scotland, is in regular conversation with McKee and Fitzpatrick on how to accelerate and drive forward the industry with positive outcomes for the Scottish economy as a whole. Top of their agenda is better collaboration with the NHS in Scotland, along with initiatives such as the Medicines Manufacturing Innovation Centre (MMIC), at Inchinnan in Renfrewshire, located next to the National Manufacturing Institute for Scotland. This centre is expected to transform medicine manufacturing and aims to attract more than £80m in research and development by 2028.

Gio Benedetti, the serial entrepreneur who revolutionised the packaging and cling-film industry, has entered the fray too, inventing **Airglove**, a warming system to enable easier access to veins for those being treated with chemotherapy from cancer. It is being developed in conjunction with NHS Innovations South East and in use with Maidstone and Tunbridge Wells NHS Trust and at the Beatson in Glasgow.

“The problem with the NHS is that medical people who come up with the idea have to design it, build a model, then you’ve got to patent it, then sell it. They didn’t have the structure for bringing on innovation,” says Benedetti.

Nurses were using buckets of hot water for 40 years to help increase skin temperature for intravenous cannulation. Heat expands the veins but people can get scalded or there is cross-infection with needles.

“I came up with Airglove, which is a heater and the double-walled polythene glove doesn’t touch the patient’s arm. It’s a one-off use, with no cross

infection. It means 97 per cent first time cannulation,” says Benedetti, who has been taking Airglove to America.

Again, having NHS backing is a point made back in Galashiels.

“One of the biggest objectives we have is not just about developing the drugs and getting them approved by the regulatory agencies, it is about making sure that you have enough data to convince the healthcare systems to pay for them,” says Mullick at Kyowa Kirin.

“You have to make very compelling arguments to convince the payers. For example, with Crys vita we achieved NICE approval last year by demonstrating that this therapy adds real value to patients and the healthcare system,”

Every single market, including 50 states in America, has their own regulations and requirements.

“You have to navigate market by market and that takes time. This, in itself, mean you need people with different capabilities. It wasn’t something that you needed in the pharma business ten years ago, now it is front and centre of our thinking.

He says you can bring the best medicine to market but if you are not able to navigate the re-imburement piece, your patients won’t get access to the drug.

Fiona Nicolson, a partner with **Bristows** and Glasgow-born president

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A typical brief for a bio-tech client needs to be all encompassing to bring together many disciplines that could include start-ups, manufacturing and laboratory space

David Young, Thomas & Adamson (below)

of The Licensing Executives Society International (LESI), a global not-for-profit membership organisation helping businesses with commercialisation, says: “I think the work being carried out by the Scottish Lifescience Association is fantastic in developing the sector in Scotland – particularly its work with SMEs and the NHS which strengthens the case for innovative IP Scottish life science and health companies being in the best position to commercialise their products and IP worldwide. If such companies can show success at home with the NHS it really helps in the development of an international platform.”



One of the strengths is that Scotland has modern, multiple facilities supported by the public sector. Typical is the new £4.5m life sciences building, Solasta House, developed by HIE and opened on the Inverness Campus. It offers space for new and expanding technology and life sciences companies in the Northern Innovation Hub, funded by HIE, Inverness and Highland Region City Deal and European Regional Development Fund.

The campus, with more than 900 employees, opened in 2015 to support the growth of the region’s life sciences sector and is home to Scottish Vet Referrals, Aqua Pharma, Inverness College UHI, Scotland’s Rural College and the University of the Highlands and Islands. While companies using the nearby NEXUS co-working space are CorporateHealth International, 4c Engineering, Aseptium, Organlike, Orbital Diagnostics, Capella IP, Interactive Health and AgileCadence.

Other emerging companies in Aberdeen include EnteroBiotix, pioneers in developing novel microbiome modulating drugs, which has entered an agreement with the NHS; Elasmogen, run by Dr Caroline Barelle, a next generation therapeutics company developing anti-bodies, which uses shark protein to treat inflammatory eye disease, TauRx Pharmaceuticals, based in Aberdeen and incorporated in Singapore, and looking into neurodegenerative diseases such as Alzheimer’s, and Novabiotics.

Elsewhere companies such as MGB Biopharma, which began in 2010, with angel investment backing in Glasgow; Celtic Renewables, founded by Martin Tangney, working on next generation biofuel, CelluComp in Burntisland, making a material called Curran from vegetable cellulose, TC Biopharm, in the sphere of CAR-T cancer immunotherapy, and Synpromics, based in Edinburgh, a leader in gene control. Synpromics was ranked 12th in last year’s Deloitte Fast 50; these companies are all part of the Scottish scene. Over the last three years Synpromics’ revenue has increased by over 2400 per cent, with an accumulated deal value in excess of £300m.

Life sciences in Scotland are enhancing lives at home and around the globe. Scott Johnstone sees massive potential but is not complacent and understands the industry must continue to evolve to meet the challenges of the future. The Bio-Tech Century still has a long way to go. ■

TRUST AND RELATIONSHIPS ARE EQUALLY AS IMPORTANT AS EXPERTISE FOR IT INDUSTRY

By PETER RANSCOMBE

PANEL MEMBERS

Peter Ranscombe

Journalist, Scottish Business Insider and chair

Billy Kirkwood

IT director, Burness Paull

David Gammie

CIO, Edinburgh Airport

Andrew Richmond

Group sales and marketing director, Dacoll Group

Julian Dignall

commercial director, Dacoll Group

Special thanks to our Round

**Table venue, The Balmoral Hotel
Edinburgh**

Q What challenges does IT pose for your business and your wider sector?

Billy Kirkwood: There is a lot of new technology appearing that is designed for the legal industry, especially from start-up firms. It's a big challenge to examine those new technologies and decide where the value is. There's also pressure from inside the business to find efficiencies.

The legal industry is changing – the days where we could charge by the hour is fast disappearing because clients want a more intelligent service. There's also the whole prospect of what's sometimes called "Tesco law". Alternate business structures now allow supermarkets, banks, et cetera to offer legal services. These are typically simple, high-volume tasks that can be automated and charged at a lower rate. We're focused on high-quality, not high-volume work. Law firms are investing a lot of money in technology, but it's interesting to note that even the biggest law firms are in fact relatively small compared with the "big four" accountancy firms, making it tough to compete when developing new solutions.

The big challenge for us as a firm is how do we differentiate ourselves? How do we give value to the client? The answer lies in customisation. We're doing more and more bespoke work for individual clients. IT has a big role to play in that – perhaps a client wants a financial report presented in a certain way or for us to use a certain system. So, I need my internal IT team to spend more time on those projects instead of the everyday tasks such as monitoring servers or resetting users' passwords. The personal relationships we have with our clients is what sets us apart, so it's not so much about the technology we use but about how

Billy Kirkwood



we use technology to support those relationships.

David Gammie: A lot of the work that goes on at Edinburgh Airport stems from being separated from the old BAA business in 2012. Before the sale, Edinburgh's systems were all centralised and run as part of the wider BAA operation. All those systems had to be created so Edinburgh could become a standalone business entity. That was a huge effort. The focus at that point was simply on separation. Having joined in 2014, we have aligned to an agreed IT strategy that is being both executed and continually refreshed. As part of that strategy, we've built our team with consideration of the required mix of what we outsource and what we do in-house.

The IT strategy focuses on three things, the first of which is ensuring IT resilience. We categorise our IT systems and infrastructure in terms of "oxygen", "water" and "food". This is shared language that we all understand, rather than IT jargon. If it's an "oxygen" system then it needs to be resilient, with no single

point of failure, high availability and using proven technology. About 30 per cent of our systems need that level of resilience to support airport operations.

The second focus is enabling airport efficiency, which covers areas such as security lanes and check-in. One of the biggest challenges any airport has is managing capacity through all the different potential processing points. The final point

find a managed security operations centre (SOC) who operate 24/7 and have the expertise we need. While that service should be able to take immediate remedial action, they're going to have to call somebody if there's an issue. There's always going to be that element of 'who are you going to call?'

Gammie: We have the same challenges. We're not a huge team in terms of those people employed by

intelligence is quite valuable.

Kirkwood: We see that more and more. We get regularly audited, it would be so easy to tick a box and say yeah, we've got the tool and we do that. But do we really? Do we have the expertise to understand what were seeing and are we monitoring it properly? It's such a specialised area now. Even the audits are becoming more sophisticated. It used to be a case of ticking a box when clients asked if we monitored x and did y. Now you have to have documented policies, procedures and show evidence.

Andrew Richmond: 24/7 is becoming more and more prevalent, especially for IT security services. We do work for a lot of public sector organisations and we have a 24/7 operation, with a staffed 24/7 helpdesk in our head office.

Julian Dignall: It's the knowledge transfer that's important. At 6pm, all the Scottish Ambulance Service's helpdesk calls switch over to us. We run them through the night and then they pick up again seamlessly, and the end users don't know if they're speaking to us or them. But that takes a long time to get the knowledge base up. It's that judgment about should you be getting somebody out of bed or not. Once you've got that, there's a value in it, and then you've got to keep testing that and improving it.

Kirkwood: Before I joined Burness Paul, I was at Dundas & Wilson. After the Enron scandal, D&W pulled out of the Arthur Andersen network and so had to set up its IT systems from scratch. They outsourced all their IT support but it just didn't work. Lawyers would call the helpdesk and ask for help with Carpe Diem, which was our time-recording software, and the helpdesk would ask "How do you spell that?" -- not a good start. Your helpdesk needs to understand the business, be knowledgeable, to build relationships and trust. They are the first point of contact your customers have with your IT service, as such I would never outsource a helpdesk. The helpdesk is almost like a counselling service as much as it is a fix, because when somebody's stressed and irate it takes a special person to deal with them.

Richmond: We do a lot of work for health boards and, as well as running



Pictured left to right: Andrew Richmond, David Gammie, Peter Ranscombe, Billy Kirkwood and Julian Dignall

is facilitating differentiation for the passenger journey. One example is the launch a chat bot for passengers to get information about flights and so on through Facebook Messenger. Over the last year about 70 per cent of our call centre volume has dropped thanks to that chat bot. For passengers with restricted mobility, they can now order food and drink through an app and they're brought to them.

Q How do you balance the pressures of running a 24/7 operation?

Kirkwood: One of our challenges – particularly with information security which requires 24/7 monitoring – is that we have clients such as banks that expect us to be as secure as they are, so we need to invest heavily in information security. In particular monitoring for cybercrime. We're a relatively small team in a relatively small firm, it's not cost-effective for us to have a security team operating 24/7. For that reason we are looking at managed service solutions. For us it makes sense to

We do work for a lot of public sector organisations and we have a 24/7 operation, with a staffed 24/7 helpdesk in our head office

Andrew Richmond, Dacoll Group

the airport in IT – but we have a lot of infrastructure managed service partner to supplement our in-house team. We have a managed IT security SOC operating 24/7, looking at things that shouldn't be happening and, with authorisation, an SOC can be empowered to action, but a lot of the time it can come down to the experience of the person at the SOC and the airport's judgement to realise if that's a problem or not. People who have a lot of experience in IT security are very valuable in the market and very difficult to retain for a long period of time. Having the ability to rely on an organisation which has a scale of IT security resources and has the scale of IT security resources and have the up-to-date threat

▶ their helpdesk out-of-office, we can also do a lot of remedial work for them too overnight so, when they're coming back in the next day, they're spending less time fighting fires. That's taken a huge chunk of work away from their staff so they can get on with better, more important work.

Gammie: Our IT service team is in-house. It takes time to get people knowledgeable about our environment, terminology and the applications. Making the correct call when an incident occurs is very time critical in an airport and experienced judgement is invaluable in this team. We get good feedback from this team in terms of relations with staff at the airport. That's our bread and butter. No IT director can have a strategic conversation about IT with their executive peers or board of directors if handling of IT service is poor.

Dignall: We work with the police to support their automatic number plate recognition (ANPR) systems. Criminals don't necessarily drive up and down roads from nine to five, so things happen at 3am and you very quickly need to understand what's normal and what's not normal. Police forces are set up to do that, but they can't staff three shifts around the clock anymore to deal with this kind of technical issue, so they now work with their suppliers to share the load.

Q Which technologies do you find exciting and would like to incorporate into your business?

Kirkwood: It's not necessarily all about technology for us – we've got one of the oldest industries in the world and lawyers are often pretty set in their ways when it comes to how to do things, so a lot of our work is encouraging people to think outside the box and not be afraid to think differently and challenge things. There's a school of thought that, even if technology could help graduates in some of the tasks they do, new lawyers should do things the old-fashioned way so that they learn how it's done.

With so many potential new solutions and projects out there we need to consider "How much change can the business handle?" and not just "How quickly can we implement new technology?"

Focusing on new technology that can make us more efficient and deliver improved services to our clients helps keep us grounded. We



David Gammie



Andrew Richmond

Making the correct call when an incident occurs is very time critical in an airport and experienced judgement is invaluable in this team

David Gammie, Edinburgh Airport (above)

.....
don't see our lawyers being replaced with robots, at least not the really good ones anyway!

Gammie: Technology will have a huge impact on travel, full stop. At a macro level, there are a couple of examples, like autonomous vehicles, which will have an impact in terms of business models in the decades to come. In the future, we'll also see the different fuel sources being used for aircraft. Norway for example has promised by 2040 all its short-haul flights will be on electric aircraft. Rolls-Royce has recently purchased the electric aerospace arm of Siemens in a drive to accelerate use of electric hybrid aircraft as the first step. Easyjet has partnered with a US start-up to develop battery-propelled aircraft to cover short-haul flights under two hours.

Another aspect on travel that will change over time is identification (ID). Your passport currently is your way of getting across borders,

but it won't be too long before your passport is you. Using unique identifiers like your face, your fingerprints, et cetera, that is your passport. Queuing for passport checks will no longer be there. The technology will recognise it's you and if you're valid, then they will either let you through or not let you through. Some countries in the Middle East are already doing this for their resident arriving passengers – when you land, you don't need your passport, they just use these technologies. At Edinburgh the passenger journey will be improved through changes in security screening so that you won't have to remove your laptop, water, etc from your hand luggage – instead, all lanes will have different X-ray technology. A trial of this will start in the autumn.

Kirkwood: How much pressure is there on you to go out and find those technological solutions? There's a certain amount of pressure on me to go out there and find the next big thing. The legal industry is going through a period of change and consolidation. There are a lot of articles telling us technology is going to change the legal industry, that AI is going to revolutionise the way legal services is delivered. While I'm sure there is truth in that we are seeing a number of false starts. The temptation for me is to watch everybody else, find out what's working and, once we find something's working, we'll adopt it and do it better. But there's a lot of people who think we must find that next big thing.

Gammie: We operate in a highly-regulated environment, so some changes are driven by new standards. There's also a lot of collaboration between airports about technology. Each month I'll take part in a call with my peers in places like Bangalore, Frankfurt, Schiphol and London to share new innovations. We talk about the technologies and we talk about some shared learning. So, we're actually quite a collaborative group at that level. I think that's quite encouraging as a sector – we're always looking at how technology can be applied.

We also do it across sectors. I spend a lot of time speaking to other companies with big public infrastructure venues, like stadiums. We've spoken with Tottenham Hotspur football club about their new stadium and with the National



team of people at Edinburgh who can do web development. However, core applications are primarily packages we buy. We're not going to develop a new finance system or a new security system for example. If we look at that classification of oxygen, water and food, we're not going to develop software at an oxygen level.

That's going to be core proven technologies. But if you look at some of the other categories that might be a bit less in terms of requirements for resilience and we will conduct the analysis on the build option. We have also engaged start-up organisations to assist us in trial and delivery of new technologies. For example, we developed our food delivery app with a start-up from Silicon Valley and we were the first airport to use that particular company.

Q And how about the balance between hosting data on site and storing it in the cloud?

Kirkwood: The future is the cloud. More and more of our existing systems that have on-premise solutions are beginning to drop them and just develop in the cloud. But it's becoming more and more of a challenge actually tracing who's got what and where is data stored. We still need to know where our data is, and it's a growing challenge to track it.

Dignall: Data sovereignty is really important. In the past year, we've set up a system for the police that sends their images from roadside cameras and stores it on a central government database. It's 15-year-old technology, but what we've done is move it to the cloud via fourth generation (4G) mobile signals. Ninety per cent of the project has been about data sovereignty, processes and data protection, and only 10 per cent about how the technology actually works. What we've found from that is absolutely you can do it, but it was really, really complicated in the public safety sector

Gammie: We have a hybrid position right now but more and more is moving to the cloud. The infrastructure does not define how or what technology is deployed. Our focus is to find technology that can deliver the resilience, efficiency and improvements to the passenger journey. The infrastructure choices are based on data security, performance and the high availability requirements. Partners whose business is hosting is preferred for us, as our core business is running an airport. ■

Football League in New York. We look at parallels with similar challenges in different industries and see if there's anything we can learn.

We provide infrastructure services to retailers and other partners at the airport. We recognise the value of data services. Any organisation that isn't interested in data probably won't be around for too long. Partners in the campus have discrete data themselves, but we can provide broader data sets that they won't know about because we see everything across the campus.

Q What's the balance between developing apps and other tools in-house or outsourcing?

Kirkwood: I'm happy to develop with off-the-shelf tools rather than developing from scratch, but that pressure's growing because developing bespoke solutions for clients is becoming a bigger demand. But I've seen the headaches that other firms have had with their own development teams. If you lose a member of staff then you lose a lot of the knowledge, but you've still got to patch that system. It's a long-term investment if you start developing



Julian Dignall

If you lose a member of staff then you lose a lot of the knowledge, but you've still got to patch that system

Billy Kirkwood, Burness Paull

things yourself. So, I've tried to avoid it, but I can see the time when that's necessary. But we're lawyers first and foremost. It doesn't necessarily sit right that we should be developing software.

Gammie: We will always look at it and have a constructive debate on the buy versus build options. We have a

RETHINKING SALES AND MARKETING STRATEGIES



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SHEPHERD+ WEDDERBURN

By PETER WAGGOTT

BUSINESS-to-business (B2B) sales are vital for companies and Scotland – delivered correctly it can support growth, in revenue and customers, as well as Scotland’s GDP.

So it needs to be taken seriously. Particularly with the effects Brexit will have at the macro and micro levels.

Investor groups are finding it increasingly more difficult to recoup their investment from companies due to lack of focus from these companies on an exit strategy. Funds are tied up for longer leaving less available for new ventures.

The problem is B2B sales isn’t taken seriously – very few UK

universities include sales in their course offering. The University of Aberdeen includes it in its Masters courses, as does University of Portsmouth. So most people fall into it without proper training, with the inevitable mixed results.

Most people fall into sales without proper training, with the inevitable mixed results

B2B sales is being pushed to the periphery in many industries because it’s being labelled as a cost rather than an investment. In its place has come a succession of marketing programmes, online offers, digital

platforms, promotions etc designed to engage customers at what seems a fraction of the cost.

This engagement may work with some customers but not the majority of B2B customers. In my experience, B2B deals are most effective when done face-to-face. This comes down to one word – TRUST.

My experience of negotiating contracts for global blue-chip brands has seen a range of scenarios – from taking nine months to have a single set of truck tyres installed on a prospective customer’s vehicle to signing a \$1m deal within the first five minutes!

When asked why the decision was quick or took so long, in almost all the cases the answer was the same - I TRUST you. Some trusted me

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straight away, others took time to gain enough confidence to engage with me. Trust can be very difficult to achieve but once won, it delivers a strong connection with your customer.

We're trained in sales to build rapport with the client – develop an understanding to create the relationship that will lead to continued business success. This is absolutely crucial when developing new business opportunities, but how do we know which will succeed and which won't?

The article *Who Can You Trust?* by Professor David DeSteno in the *Harvard Business Review* offers the following four points to keep in mind the next time you're deciding whether or not to do business with a new partner.

- 1. Power Does Corrupt** – so when deciding who to trust, you have to consider power differences.
 - 2. Integrity Can Vary** – trustworthiness depends on circumstances.
 - 3. Confidence Often Masks Incompetence** – too often we mistake people's self-confidence for true ability.
 - 4. It's OK to Trust Your Gut** - look for a set of cues – gestures that together can more accurately predict or reveal motivation. The good news is most of us do this instinctively.
- Philosopher Baroness O'Neill of Bengarve has found we should look at three traits to assist in deciding who to trust – *"A person should be competent, reliable and honest in order to have trustworthiness."*

Companies, not just in Scotland, tend to gloss over the relationship dynamic between themselves and their customer when working with their sales teams – being more focused on sales technique, needs analysis, product knowledge and closing and 'we need to hit our numbers'. True, but maybe there's a way to enhance the opportunities for success.

Listening is fundamental when working in B2B sales – we need to be communicating with our colleagues (internal customers) and our external customers.



.....
There's an inter-connectivity between sales and marketing. They're equally important, but current practices are ineffective

What's your role within your organisation? – The Internal Customer

When working with a new client I find this elicits great feedback which generates a conversation which takes us to areas not thought of, or considered not relevant. The main aim in asking this is to understand the communication structure within an organisation.

Communication is a key component to any successful business or organisation. If you cannot communicate your wishes in one

sentence, then it's not effective. When we do communicate are we listened to or just heard?

Understanding your role within your organisation will allow you to develop. Once you begin to develop, you'll begin to communicate and to understand the role of colleagues.

Over a period of time you build up a knowledge of the organisation and what each person's role is. This is invaluable if a customer has an issue or a change in working practice is being considered. As you know each person's role, you can help smooth out any issues as you understand quickly where the issue might lie.

Similarly, a change to working practice may have consequences in other parts of the organisation. Understanding this, options can be offered to smooth a transition or make alterations to avoid conflict.

Working with each department to discuss its structure and to make each person aware of where they are within the organisation, is instrumental in building revenue and morale.

Imagine how much better Scotland could be if sorting out a problem with an organisation was in most cases, a relatively smooth process because everyone involved understood each other and their roles.

Why do customers buy from you? – The External Customer

Organisations have got into a habit of asking questions but, unfortunately, not listening to the answers. They tend to hear what they want to hear and the customer's opinion is not fully taken on-board.

Asking questions is great, but we need to listen to the answer. If all we do is ask questions, then the feeling from customers is one of being interrogated rather than one of having a conversation or discussion.

This is something I come across on a regular basis – sales teams want to ask questions to illicit information which they feel will help them and their company. I work to switch their perspective – to try looking at it from the customers' viewpoint. What is it they, the customers, are really saying?

Always when I'm with a customer, ▶



▶ one question keeps me focused, “Why do they buy from me?” This allows me to structure my questions more accurately – as I’m listening to their answers and developing my next question based on their answer. I’m listening from my customer’s perspective, not mine.

By keeping things simple we can better understand our customer’s business.

Imagine how much better Scotland could perform if we all focused on understanding our customers!

Hearing is a courtesy, Listening is a compliment.

This simple takeaway, if implemented, would help Scottish organisations begin to understand their customer.

The Bamboo Principle – Growth

The idea for this came from recounting an experience where a successful organisation had fallen on difficult times. The topic of having a solid foundation came into the conversation. It moved on to bamboo and how it grows.

When bamboo is planted, it spends the first three to four years underground developing a root system while only just breaking the surface of the ground. This Rhizome System can grow between three to five feet each year, for the first four years or so.

Once the Rhizome System has been established, its above-ground growth is unmatched – it’s one of the fastest-growing plants in the world. This growth is sustained year-on-year, the rate of growth dependent on the surrounding environment.

Not only does the Rhizome System support unprecedented, sustained growth, the bamboo itself is strong enough to be used in construction.

One of my focus areas when working with organisations is to support them to adopt their own Bamboo Principle. Organisations with aspirations to grow need to have the sales knowledge necessary to develop their own ‘Rhizome System’. This focuses on your internal and external customers.

Sales is all about communication, the sales person being the conduit



Not only does the Rhizome System support unprecedented, sustained growth, the bamboo itself is strong enough to be used in construction

between their company and the customer. Taking time to understand your customer’s processes and structure will lead to sustained growth.

Work on building patience within your organisation. With patience comes manageable growth. Scaled-up to the national level, imagine what a difference this could make to Scotland’s economy.

Sales and Marketing – traditional B2B sales processes are ineffective



There’s an inter-connectivity between sales and marketing. They’re equally important, but current practices are ineffective, so there needs to be some new thinking.

When discussing trust I said we need to build relationships. However ‘relationship sales people’ aren’t the most effective in B2B. Let me explain.


I’ve been fortunate to attend a number of sales masterclasses given by Neil Rackham. Neil pioneered consultative selling with his book *SPIN Selling* and founded Huthwaite International.

One of the topics covered was this relatively ‘new’ thinking called The Challenger Sale. The book written by Matthew Dixon and Brent Adamson, looks at the B2B sales process and, most importantly, which sales person profile is the most effective and why.

Dixon and Adamson found the least effective B2B sales profile was the ‘Relationship Builder’! The most

Read the recommendations of more than 100 Scottish business leaders in the Fraser of Allander Institute’s landmark new report commissioned by Shepherd and Wedderburn.



effective was the 'Challenger' profile.

Neil Rackham explained customers now want to learn and be challenged. They want to be asked "Could this be done differently?" and "Why is it done this way?" They want to know what's happening globally, nationally, locally as it may affect them. So they want to be ready or they want to look at some new way of doing things.

If there's a process in place where there is a consistent level of factual feedback from sales to marketing about customers, then marketing has a chance to develop a programme that fits with customer needs.

Taking it a step further, regular face-to-face communication between sales and marketing will build a more comprehensive picture of what the organisation's customers want.

Sales and Marketing need to communicate and have an agreed strategy for each customer. They need to build trust. Without this, neither will be completely effective. If we can fix this across Scotland, imagine how much our GDP could grow through new routes to market, both at home and abroad.

Sales as a career

Sales is generally seen as the "the unruly child", "the maverick" within most organisations – a perception we as sales people have done much to embed and little to change over the last 20 years.

Sales is a great career, yes a career, and if delivered correctly can support companies to grow.

Sales needs to be taken seriously as it's a big part of any company's strategy, with the caveat that it be delivered correctly.

Sales is not about selling a product – it's about understanding how you can help your customer's business.

Good sales people have a growth mind-set, while mediocre sales people have a fixed mind-set. Growth mind-set includes the following:

- Sales is all about failure
- Sales involves trust
- No Experimenting = No Failures = No Trust

Too many times I've cringed when, as a customer, I'm being 'sold to' – lack of listening, too much self-interest, too focused on a single product, little time to talk as the sales person needs to get to the next customer. No wonder sales has a bad reputation – most of our sales experiences are mediocre at best.

This is why, I'm sure, businesses have labels such as business development manager, commercial manager, key accounts manager, as they don't want to

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put 'sales' in the title.

Sales is not for everyone – there's little or no training and support given. There's also a lack of emphasis on how difficult it can be to sell. The popular misconception is that if you're confident at talking you'll be good at sales, it's the exact opposite!

I regularly work with students at the University of Aberdeen Business School. The main focus of the first day is to put together their personal 'elevator pitch'. This is a chance for them to begin to understand the question 'Who am I?'

We explore many areas and topics – there are discussions, questions and reflection. However there is a reluctance to begin with. We lack confidence when we talk about ourselves.

This is something we all need to conquer, especially if we are to be looking

If we understand who our customer is and how their business operates, then we have a much better chance of addressing their needs

for employment or to grow our business.

By the end of the session we have some wonderful, colourful images, all centred on their story – *why do they do what they do.*

Next we focus on beginning to understand customers, again the 'Why' question. The idea of this session is to get everyone thinking from the customer's standpoint, not the sales person's.

If as sales people we understand who our customer is and how their business operates, then we have a much better chance of addressing their needs.

These skills should not just be for good B2B sales people, we all need to be using them. If we know who we are, we become more aware of ourselves and our surroundings. If we learn to understand someone else's perspective, then we begin to open our minds to other options.

This is why I firmly believe B2B sales skills are key in today's business world.

Scotland has lots of companies with excellent products and services. If we can change our attitude to and practice of B2B sales, we can maximise potential for our companies and the nation. ■

Peter Waggott is the managing director of Vertical Motives, a consultancy that supports business grow and retain their customers.



Ben Pilbrow

Partner and dispute resolution specialist, Shepherd and Wedderburn

Navigating unconscious bias in negotiations

Whether doing a deal or clinching a sale, it is important to understand our own motivations in any negotiation-type setting.

The art of strategic negotiation is a learned skill, and understanding the motivations on both sides of a negotiation is key, as is recognising the natural cognitive biases to which we are all prone and how these can influence our decision-making processes and those of the people with whom we interact.

Being able to identify and understand the influence of natural human biases is key in negotiations, informing decisions such as how to frame proposals, the language used to persuade others to accept your suggestions or point of view, and to evaluate any proposals or offers received.

One such bias is the certainty effect: people are more inclined to choose a 'sure thing' over a probability, even though logically the probability is the better choice. Simply put, we prefer to choose the certainty of taking £100 than taking a 90% chance of winning £120 with a 10% risk of ending up with nothing.

This bias is used all around us on a daily basis: 'buy two items and get the third free', or 'spend more than £100 and get free shipping'. We see probable offers less frequently, such as 'buy this and you will be entered into a draw to win that giveaway'.

Academics suggest the reason behind this mental bias is a natural focus on reference points: the mind fixes on stable reference points such as zero or 100% and processes these much faster and instinctively than probabilities, which require more brain time.

The interplay between these two tendencies leads to decisions based on incorrect assumptions as to the comparative value of a certain option against a probable option. Subconsciously, the certain option looks more attractive.

So, how can you use this knowledge to your advantage?

A good starting point is to be aware of the certainty effect bias and negate its effect by carefully evaluating the options presented. This won't remove the bias (apparently nothing will – it's just how our brains work) but awareness can offset the certainty effect.

The second challenge is to be aware of the framing of offers or proposals made in formal and informal negotiations, both in terms of the language and reference points used, e.g. trying to offset your audience's instinctive devaluation of a probability-based element of an offer with a certain element.

Finally, we can attempt to place ourselves in the customer or client's shoes and evaluate where our proposal or offer would fit into the hierarchy of preferences from their viewpoint. This is often a difficult but not insurmountable task but, combined with the other factors discussed, can really give you the edge in clinching a deal.



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As digital technologies continue to revolutionise business and enterprise, it is the role of all universities, including Heriot-Watt, to help shape tomorrow's industry by developing talent, research and innovation.

Working closely with industry and exposing students to emerging technologies early in their development, will help narrow the skill's gap and help future-proof the workforce for a digital age.

This, of course, is not as straight-forward as it might sound. It is not easy to predict the impact of disruptive technology, nor the challenges facing future industry.

Heriot-Watt University has a rich heritage of driving industry through education and research since the early 1800's. The institution pioneered the world's first Mechanic's Institute, which helped accelerate the shift from agricultural processes to manufacturing during the first industrial revolution.

The latest milestone for this near 200-year-old institution will be launched later this year with the official opening of the state-of-the-art Global Research Innovation and Discovery facility, known as GRID at Heriot-Watt.

The £19 million investment has been designed to create cohesion between academic research, business enterprise, students and entrepreneurial talent, as part of an ecosystem where innovation thrives.

David Richardson, Chief Entrepreneurial Executive, for the enterprise team at Heriot-Watt University, talks about the exciting opportunities ahead, as GRID at Heriot-Watt comes online:

"GRID at Heriot-Watt is both a new facility and a concept for the university in facilitating research-based innovation, accelerating business enterprise and reimagining entrepreneurship".



David
Richardson

"The facility is home to a dedicated Business Enterprise Hub which serves as an incubator for start-ups, and entrepreneurs, to co-locate and commercialise their creative ideas. The hub is uniquely surrounded by collaborative spaces, furnished with the latest technologies, for businesses, all of sizes, to partner with the university and realise the art of the possible".

The 5,200m² facility is fully-equipped with immersive, extended reality and gamification technologies, including digital environments for maths and computer science, and discovery labs for practical engineering and physical science.

"We have a focus on business enterprise and part of our value proposition is fusing that with our physical engineering capabilities and digital expertise" said the enterprise chief.

GRID at Heriot-Watt sits in the heart of the university's picturesque Riccarton campus, in Edinburgh. Its extensive network, however, extends beyond the campus to connect businesses with academic researchers across the university's five campuses: in Edinburgh, Galashiels, Orkney, Dubai and Malaysia.

Richardson explained: "This collaborative approach not only speaks to the goals of the enterprise team at Heriot-Watt University to accelerate business enterprise, but it also enables strategic partnerships, between the university and multi-national organisations to solve global problems without borders".

GRID at Heriot-Watt is one physical embodiment of the university's ambition to invest in technology and excel within research and business enterprise. The facility will drive the university's capabilities within: augmented reality, artificial intelligence, cyber security and 3D visualisation.

These technologies are the catalyst for driving a fourth industrial revolution. Richardson commented: "We're on the cusp of a digital era. There is already a pipeline of businesses interested in joining GRID at Heriot-Watt, as the university aims to drive advances in manufacturing, digital healthcare, energy and telecommunications".

GRID's capabilities in artificial intelligence and intelligent sensors will also play a significant role in the development of the UK's first National Robotarium in 2021 – a £35m joint venture between Heriot-Watt and the University of Edinburgh, as part of a data driven initiative from the Edinburgh and South-East City Deal.



For more information contact Heriot-Watt University, Edinburgh EH14 4AS
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BLACK CLOUD LIFTS FROM THE GRANITE CITY

By GRAEME SMITH

THE SPARKLE is returning to the granite city over which a giant black cloud descended with the oil price slump of 2014 which cost an estimated 180,000 jobs, more than 80,000 of them direct and indirect.

The property market plummeted, unemployment soared, and the north-east paid the penalty for decades of complacency during which opportunities to create a prosperous future were ignored in favour of easy profits during the boom.

Now, however, the results of a renaissance are clear to see, not least in the outstanding street art which is part of the drive to make Aberdeen a cultural hub.

“This is an exciting time to be doing business in the Aberdeen city region,” says Russell Borthwick, chief executive of **Aberdeen & Grampian Chamber of Commerce**.

“There has been a huge amount of work undertaken in the last few years by the various economic partners which is now yielding fruit. The city region deal, along with the new

Above: An offshore wind farm off the coast of Aberdeen

The summary for retail is there is no suggestion or reason why it is not going to continue to be very challenging and only the best retailers will have a rosy future

Richard Noble, F G Burnett (below)

regional economic strategy, was a real catalyst for pulling together the organisations that needed to lead the change in the north-east.

“From that we’ve got four innovation hubs focused on life sciences, digital business, energy and the food and drink sector, the Oil & Gas Technology Centre is up and

running – the pace of delivery has been really impressive.

“We also have the coming together of a large number of significant infrastructure projects. That includes the best part of a billion pounds spend on a road which is already transforming people’s journey times around the region; we’ve got the new Aberdeen South Harbour opening next year, capable of berthing some of the biggest cruise ships in the world; The Event Complex Aberdeen opening in August and a lot of cultural investment going on, all of which starts to tell a good story to future investors and the people we need to bring here to fill the jobs that are being created.

“The city centre masterplan is also creating an environment where developers are looking to come in. We’ve seen Grade A office space built at both ends of Union Street and that has brought in people who would never previously have touched the city centre even one day a week let



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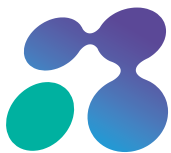


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Aberdeen Harbour

▶ alone five days.

“We have big ambitions. From increasing our tourism economy to £1bn by 2023 and giving our food and drink sector room to breathe, to building on our life sciences strengths and becoming the leaders of the energy transition agenda for the UK and Europe. Most importantly, people are beginning to feel that we can achieve them.”

Jennifer Craw, chief executive of **Opportunity North East**, the industry-led privately funded organisation accelerating growth and diversification, says that the long-term aim remained maximising economic recovery of United Kingdom Continental Shelf (UKCS) oil and gas and evolving to an energy capital, leading the transition to a low carbon economy with a globally active and diversified supply chain anchored in the north-east.

She adds: “Alongside this, we are building on our key sector strengths across digital, food, drink, agriculture, life sciences and tourism and investing in our entrepreneurial

The city region deal, along with the new regional economic strategy, was a real catalyst for pulling together the organisations that needed to lead the change in the north-east

Russell Borthwick, Aberdeen & Grampian Chamber of Commerce (below)

environment.

“Significant momentum is building across the sectors with transformational projects which will deliver regional and national impacts and are funded and in delivery, including the ONE Tech Hub for digital and the two sector innovation projects in the Aberdeen City Region Deal that ONE leads – Bio Hub and Food Hub.

“Our future matters because our enterprising businesses and global focus make us the best performing UK region outside London. With nine per cent of Scotland’s population we produce 21 per cent of Scotland’s



export value and 18 per cent of business research and development investment.

“The focus on internationalisation resulted in new projects to support companies to identify their point of differentiation and customer base with a focus on high-value products and services to global markets.

“Transformational projects in development include an action plan for the seafood sector with potential to attract investment and funding for innovation, infrastructure and market development and the Extreme North project to develop the natural assets from mountain to coast to secure a bigger share of the fast-growing UK adventure tourism market.

“Digital is significant in all our programmes across all sectors and, this year, we will focus on work with larger businesses. Leadership and business growth, digital transformation, internationalisation, sector and industry development, and partnership working drive our activity.”

The property market has been one of the most visible victims of the slump and Dan Smith, director and head of office, business space, for **Savills**, Aberdeen, says he believes office supply is now at its peak and will begin to reduce over the next 12 months. However, he said there is about 2.8 million sq ft available compared to just 10,000 sq ft of Grade A office accommodation at the height of the market.

“We have a very strange market the moment,” he says. “We still have prime rents being set in the good quality new-build stock in the city centre like Marischal Square and Silver Fin but at the same time we are seeing the old functionally obsolete buildings trade for very little. We have a lot of interest in Marischal Square and if everything goes our way, we can see it all being let by the end of the year.”

With many occupiers now favouring modern new-build single floor space as opposed to cellular buildings over several floors there has been an impact on the former west end mansions which for so long have provided prestigious addresses and where rents rose the most in the five

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Dan Smith
Head of Office - Aberdeen
Dan.smith@savills.com
+44 (0) 1224 971 134



► years prior to the downturn.

It is widely believed that many of the west end offices will eventually return to residential use as they have in other UK cities.

“At the height of the market, capital values were £400 plus per sq ft but in the most recent deals done they are back at £175 per sq ft which is a huge drop but is probably still slightly above where it needs to be to facilitate some of these buildings potentially going back to residential use,” says Smith.

Graeme Watt, director at **FG Burnett**, says industrial units of around 1,000 sq ft like Dandara’s at City South, Portlethen, were bucking the trend because they fall just under the rates threshold. These are for sale as well as lease and can prove attractive because of tax benefits for people using their SIP to buy them.

Fellow director Graeme Nisbet says larger properties to the north and south of Aberdeen are proving difficult to move but Westhill, where there is a concentration of subsea companies, continues to thrive.

However, the opening of the AWPR – the Aberdeen bypass – has made a significant difference to travel and there are already signs it may provide a boost for properties to the north and south.

The Balmoral Business Park backs that suggestion. “We see things picking up quite considerably in the city,” says Jim Milne, chairman and managing director of **Balmoral Group**.

“A good indicator of the local economy is that our business park on the south side of Aberdeen is practically fully occupied with just half of the remaining office pavilion available to let.”

Aberdeen Energy and Innovation Parks has also weathered the storm according to Mark Holmes, head of asset management with **Moorfield Group**.

“We have actively engaged with occupiers to help them through challenging times and have also invested significant capital for building refurbishments and park improvements.

“Occupier confidence has returned with major expansions at the Energy Park for award-winning Hydro Group and ICR Integrity. A range of office deals have also been concluded at the Enterprise Centre, with Genesis Personnel and Simblox both extending their lease terms.

“On the Innovation Park, there has been a spate of lettings.”

Perhaps a clear sign of the confidence returning is the fact that the Chester Hotel, Aberdeen’s only four silver star

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hotel, has just completed the first phase of a major extension with the opening of its new ballroom which has increased its capacity from 200 to 320. Work will be completed this year on doubling the size of the bar and adding 21 bedrooms.

Richard Noble, managing director at F G Burnett, says the retail market was doing badly in the high street and he anticipates more CVAs but suburban shopping and neighbourhood centres were doing better.

“We thought the independents might start taking up some of the space left behind but that hasn’t happened so far. We are not going to have traditional retail uses filling them up so we have to look at whether it’s food and drink or service occupiers or health-related – that kind of thing.”

.....

We still have prime rents being set in the good quality new-build stock in the city centre like Marischal Square and Silver Fin but at the same time we are seeing the old functionally obsolete buildings trade for very little

Dan Smith, Savills

.....

He says one problem they are facing is that local authorities, in a bid to protect town centres, are refusing planning relaxations to allow big out-of-town operators to move into large vacant properties on the outskirts.

“That doesn’t add up because if you don’t give consent for big stores on the edge of town, the 1,500 sq ft and 2,000 sq ft properties up and down the high street don’t suddenly attract occupiers. There is a challenge there between what the market wants and where the market wants to be versus planning policy.

“The summary for retail is there is no suggestion or reason why it is not going to continue to be very challenging and only the best retailers will have a rosy future.”

There are encouraging signs in the domestic property market which has traditionally followed the fortunes of the oil and gas industry according to Bob Fraser, senior property partner with **Aberdein Considine**.

He says what he finds particularly



Elaine Farquharson-Black

Partner,
Brodies LLP
T: 01224 392251
E: efb@brodies.com
W: www.brodies.com

How Aberdeen is changing its spots

Poised. Andy Scott’s eponymous 5 metre high steel leopard structure at the heart of the £107M Marischal Square development arguably symbolises more than simply Aberdeen’s heraldic connections to the graceful feline. It reflects a city that, since the oil price crash in 2014, has quietly gone about its business, adapting to changing habitats and which is now ready to showcase its new identity.

While a leopard’s rosettes are intended to help it blend into the leaves in the trees, Aberdeen’s new development “spots” are there to be noticed. The expansion of Aberdeen International Airport; the opening of the long-awaited Western Peripheral Route; and the re-opening of the Music Hall after a major refurbishment, are the early runners in £8.4 billion of private and public investment in the city over the next 13 years*. Hot on their heels will be Aberdeen Football Club’s new stadium and training facilities; TECA, the new exhibition and conference centre; the re-opening of the Art Gallery; and the Harbour expansion.

With an involvement in many of the significant developments across the city and Shire, I know that delivering them requires a positive and proactive planning process. Recognising its importance to the city’s economy, Chief Executive, Angela Scott, takes direct responsibility for planning in Aberdeen, working alongside Gale Beattie, Chief Officer for Strategic Place Planning, to unlock the area’s potential.

While other cities may boast one or two flagship projects, over the next few years Aberdeen, aided by the City Region Deal and a £370M bond issue, will see a scale of development that will be truly transformative. Little wonder then, that the New York Times ranked Aberdeen in the top 25 places in the world to visit in 2019 - ahead of NYC and LA.

As Rudyard Kipling would say to the Aberdeen leopard - think of that and purr!

*Aberdeen Chamber of Commerce Infrastructure Tracker September 2018



► encouraging is that people are once again upsizing in Aberdeen rather than selling to move away.

“There is certainly a lot more activity in the mid-range, £300,000 to £500,000 and we are seeing some activity in £500,000 and above which has been very limited over the last few years. A few sales have gone through up to the £1m mark and one or two of £1m plus and while we are talking about relatively small numbers it ties in with people making that high-level commitment to stay in Aberdeen.”

Clare Richardson, area director, SME Banking, Aberdeen and North East at **Bank of Scotland**, says: “Aberdeen and the north-east’s business community has shown great resilience amid evolving market conditions.

“Business leaders understand that, as the north-east’s economy evolves, there are significant opportunities for growth. The energy sector is responding particularly well to a new era of decommissioning, taking steps to diversify and embrace green technology. It’s an agenda we’re working hard to support as a part of our goal to help Scotland prosper.

“Transferring and adapting skills is essential if businesses want to embrace change and capitalise on the new opportunities it brings. This requires investment and Bank of Scotland recently committed to lend £1.6bn to help businesses both in the north-east, and across Scotland, drive growth and unlock the resources they need to meet their objectives.”

Keeping pace with the digital world is going to be vital for every sector and according to Allan McEwan, city manager at **CityFibre**, Aberdeen is on its way to becoming one of the best digitally connected cities in the world.

“As CityFibre invests £40m into expanding its open access full-fibre network to reach nearly every home and business in the city, this state-of-the-art digital infrastructure will transform the way we work, live and play. It is really exciting to see it brought to life as more homes, businesses and public sites connect and enjoy gigabit capable connectivity.

“Aberdeen was the first city in



Artist's impression of Marischal Square

Business leaders understand that, as the north-east’s economy evolves, there are significant opportunities for growth. The energy sector is responding particularly well to a new era of decommissioning

Clare Richardson, Bank of Scotland (below)

Scotland to benefit from this ‘fibre to the premises’ programme, delivered in partnership with Vodafone and the installation of full-fibre will have a colossal impact, unlocking an estimated £99m in productivity and innovation and driving £25m in direct economic growth over the next 15 years alone.”

In spite of diversification in the north-east economy the oil and gas sector will remain a key part of the economy for the future.

For example, **Anderson Anderson & Brown**’s strongest sector historically is oil services, particularly in Aberdeen but also with Houston-based international organisations.



“In recent years, with our renewed E&P focus and strategy – and a return to more stable industry conditions, we are experiencing significant growth opportunities in this sector,” says Alasdair Green, head of E&P Strategy at Anderson Anderson & Brown. “We are seeing growth not only within the firm, but also for our staff, our clients and for Aberdeen.”

Aberdeen remains the operational centre of the UK oil and gas industry. Green adds: “Much has been reported in the press about international majors selling assets and business units to new private equity funded players setting up businesses in the city.

“AAB is proud to play a role in many of these transactions and transition projects – and we are equally proud to support the next wave of entrepreneurial businesses, active in Aberdeen and hot on the heels of the bigger players.

“All of this activity together with a supportive Oil & Gas Authority and stable fiscal regime point to a positive and stable future for Aberdeen and the North Sea.” ■

SUPPORTING OUR CLIENTS’ AMBITIONS.

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BRODIES LLP: INVESTING FOR THE FUTURE IN THE NORTH EAST



Brodies' growing oil and gas team

Brodies' first steps into the Aberdeen market in 2011 were part of a carefully considered strategic move designed to bring the firm closer to its existing client base in the North East of Scotland. Organic growth was important - building a business in Aberdeen, with local people, to deliver legal services relevant to the needs of the market.

Fast forward some eight years and opportunity continues to be driven by client demand for its leading legal services which span all the key sectors of the Scottish economy.

The recent promotions of Fiona Herrell, Leigh Gould and Rhona McFarlane to partner in their respective areas of employment, personal and family and oil & gas, plus the arrivals of Aberdeen-based partners Elaine Farquharson-Black, a recognised leader in the planning arena, and Bryan Wilson who will bolster the firm's dedicated oil and gas practice, are the latest in a number of promotions and appointments that have seen Brodies grow its team in Aberdeen to 91, including 18 partners, an increase of 16% in the last 12 months.

Brodies' managing partner, Nick Scott, who hails from Inverurie, Aberdeenshire said: "In setting our strategic plans we listen carefully to clients and take our lead from where they tell us there will be demand for our services. In Aberdeen we have seen that demand across all of our teams. That we continue to attract recognised experts to service those clients in the region is testament to our



L-R Bryan Wilson and Elaine Farquharson-Black

commitment to deliver a business that recognises the specialist skills, experience and sector knowledge that the North East market requires."

The firm has seen progress across all of its business areas with clients in the North East showing resilience and ambition in real estate, finance, and land and rural businesses, while there is also growing demand for Brodies' litigation practice and from individuals seeking advice on a range of matters from its personal and family team. Add to that teams focused on advising the region's businesses across all sectors, and the firm's dedicated oil and gas practice, which now includes 15 specialist oil and gas lawyers, and it is clear to see that the firm is delivering on its strategy and is in tune with the local market.

Focusing on its commitment to sector expertise, Brodies has introduced dedicated traineeships based in Aberdeen that will cover all practice areas including corporate and commercial, litigation, personal and family, real estate and banking and finance.

"We invest heavily in our colleagues and we believe that these specialist traineeships offer real potential to create long lasting legal careers in Aberdeen. Opportunities like this are part of how we invest in and develop talent across our business," adds Scott.

Giving back is important for Brodies. Beyond giving back to the legal profession through career development opportunities the firm is committed to its role in the communities where its people live and work. As an Aberdeen Inspired voluntary BID Levy contributor and an active voice in the Chamber of Commerce Vanguard Series it is firmly behind the vision for the Aberdeen City Region.

Scott continues: "We are more than an employer. Our aim is to be part of the fabric of this region; invested in its development and promotion as a great place to live and work. With many major infrastructure projects highlighting the ambition of the Aberdeen City Region we remain optimistic about its future and the opportunity for our firm to play a part in that."

For more information contact www.brodies.com

SEEKING ADVICE CAN LAY THE GROUND FOR SPANISH SUCCESS

By PERRY GOURLEY

DURING his many family holidays in Spain, spirits entrepreneur Ray Clynick noticed a subtle difference in the buying habits of customers in bars. While consumers in the UK often remain fiercely loyal to their preferred spirit, mixer and style of serving it, Clynick says the Spanish are more likely to make their decision on what to drink on the spur of the moment after perusing what's available.

Clynick, who spent a significant amount of time in Spain where his family owned a house, says that willingness to try something new meant it was an obvious first export market for his family firm **OroGin Distilling** to explore.

"Spain is a huge gin market and although it is very crowded at the mainstream end, at the higher end which we are targeting we felt our products could do well," explains Clynick whose award-winning gin is distilled with 15 botanicals.

The firm sent its first batch to Spain in December and is now exporting via a distributor in Alicante.

It is early days but the firm is seeing growing demand on the back of working closely with cocktail bars and restaurants to promote the gin to customers.

Although Clynick doesn't think provenance is as much of a selling point than in the UK, he believes Scottish products are currently more on the radar in Spain because of Scotland's pro-Europe stance.

"We're also very excited about the potential there when we launch our

rum as that is a hugely popular spirit in Spain," says Clynick.

His Dumfries and Galloway-based firm is one of the significant number of Scottish businesses which are trading with Spain. Latest figures show it ranks ninth in the league table of top export destinations for Scotland with about £850m of product sent there in the latest 12 month period.

Food and drink represents a sizeable proportion of that total with Scotch whisky alone accounting for around £170m last year, making it the fifth biggest global market.

The importance of the market to the industry was highlighted recently when Diageo chose Madrid as the location of its first Johnnie Walker "experiential" store. The shop includes an interactive hosting

.....
Spain is a huge gin market and although it is very crowded at the mainstream end, at the higher end which we are targeting we felt our products could do well
.....

Ray Clynick, OroGin Distilling

.....
area where visitors can experiment with cocktail making, a tasting table, and a personalisation station where customers can add engravings and labels to their purchases. The store will serve as the blueprint for the flagship Johnnie Walker visitor centre being developed on Princes Street in Edinburgh.



Above: Diageo chose Madrid as the location of its first Johnnie Walker "experiential" store



With around 47 million consumers, Spain is the fifth largest economy in the European Union and ranks as one of the biggest consumer markets in the world.

The Spanish economy has enjoyed three years of very high growth as it emerged from a recession and although the pace of growth has slowed, it remains high relative to other Eurozone countries.

As well as being an important market in its own right, Spain is also seen as a gateway to other markets, particularly South America.

Digital marketing agency **80 Days**,

IN FOCUS: Spain

THE NUMBER of Spanish people visiting Scotland is on the rise, with more than 120,000 visitors making the trip last year and spending £109m.

According to figures compiled by VisitScotland, visitors from Spain also tend to be younger than from other European countries with a larger proportion under the age of 34. Visitors from Spain are also more likely to be visiting Scotland for the first time.

There are around a million UK nationals, based mostly in the coastal regions, who are permanent or part-time residents in Spain and more than 16 million UK tourists visit Spain every year.



which specialises in working with upmarket hotels, recently opened an office in Marbella to add to its existing locations in Edinburgh, London and Dubai.

Founder and chairman Mark Forrester says Spain's location was one of the key factors which led to the firm's decision to establish a presence there.

"The person we have taken on to head up the office there will be serving a lot of mainland European clients and Spain is well placed for that with good transport links," says Forrester.

Forrester says Brexit was also a factor in the decision to establish a base there.

"Having an office in Spain is a bit of a hedge for us as it helps for us to have a physical presence in the EU if we are dealing with customers in say Greece," he explains.

The nature of the hotel sector in Spain also means it is a highly attractive market for the company.

"We had been keen to open an

office in Europe for a while and Spain has always been a particularly strong hotel market. Some of the largest hotel groups in the world are based in Spain and there is also a very strong independent sector which is important for us."

Forrester says employing a Spanish national to head up the new office was a key decision.

"We are a service business so although our core team is based in Edinburgh we have set up other offices to be closer to our customers," explains Forrester.

"We felt having someone who speaks the language of customers and who they are comfortable with was vital to build our market there. Once that initial relationship has been established it doesn't matter where the work is actually being done for the client."

From a cost perspective, Forrester says Spain is also a good place to operate.

"It is not as expensive as the likes of Amsterdam or Paris and it is well

Above: Barcelona offers many opportunities for Scottish firms

Below: Ray Clynick, Oro Gin

served by the low-cost airlines," he points out.

However, Clynick cautions that some aspects of doing in business are not straightforward.

The country recently saw its ranking in the World Bank's Ease of Doing Business league table slip and Clynick says his firm found it was a fairly bureaucratic process to establish a limited liability company (sociedad limitada, or SL).

"It involved a lot of paperwork and when we headed to Spain for four days to sign all the documents we ended up staying for two weeks as we had to go to several different offices to get everything done."

Clynick also says the tax system is complicated and the firm has taken on a Spanish accountant to help ensure compliance.

"I think any business seriously looking at Spain as a potential market needs to make sure they have the people in place to provide advice before they start operating," says Clynick. ■





BUSINESSES MUST PREPARE TO WELCOME GENERATION ALPHA

By BILL MAGEE

FAR-SIGHTED companies are investing now in Generation Alpha even though the first full batch of tomorrow's digital workforce will not be available for upwards of a decade.

GenAlphas, categorised as born since 2010 and until 2025 and nicknamed "Millennials on steroids", are increasingly being recognised by the more enlightened organisations as special due to their potential technological ingenuity.

Like BT and Skyscanner who view the "tweens" tech kids as nascent gold dust when it comes to their future commercial acumen. In the knowledge that the years ahead surviving in the digital world is likely to become more – not less – challenging.

When information technology skill sets incorporating data science, IT engineers, product designers, mobile and software developers, are

in greater demand and more essential than ever. But there's a rub.

Cyber-psychologist **Monica Whitty** gave a conference keynote speech in Edinburgh. She warns that

The internet has increased the opportunity for learning through elimination of time-and-place constraints to enable flexible and innovative channels for interaction

Monica Whitty, cyber-psychologist (below)

a "digital divide" currently exists, where adults and adolescents each give "a very different understanding and experience of such technologies".

Delegates at the Edinburgh-staged Forum of Incident Response and Security Teams (FIRST) global conference heard: "The internet has increased the opportunity for

learning through elimination of time-and-place constraints to enable flexible and innovative channels for interaction."

However things can get problematic: "Children and teens, compared to adults, have in some ways a very different understanding and experience of digital technologies."

Whitty points out that grown-ups have known a world before the net but for children and adolescents the impact is more profound.

"They have grown up with a range of technologies, used to educate them, build friendships and with which they learn about their identities.

She spells out the implications: "It makes it difficult for parents to advise young people, in an informed way, about potential dangers they might encounter in cyberspace."

Alphas fully integrate tech very much as second nature into their young lives. Deeply interacting and



immersing themselves, as they screen swipe and click in and out of apps and scroll icons and pictures like there's no tomorrow.

Forbes.com labels them the “children of Millennials” interested in everything and anything via internet and mobile, although anxieties persist over their ultra-short attention span and sensory overload.

They'll be the first ones publicly sporting virtual reality headsets in numbers, wondering about aimlessly bumping into you and me. When they're not in their autonomous vehicle. They are also acquiring their first smartphone earlier.

The upside of all of this is it's helping stimulate an exponential rise in school computer-coding starter classes, as marketplace demand for IT-grounded talented individuals grows by the day.

Lately, such school time backed up by extracurricular science, technology, engineering and mathematics related project work has accelerated to include more weighty topics like robotics, app and game design plus Internet of Things (IoT).

It is all aimed at developing youngsters' undoubted digital prowess but beyond being mere Minecraft megastars, onto formalising their functional online skills for the digital road ahead.

On the bright side, the **Digital Xtra Fund**, a charity and Scotland's first body dedicated towards nurturing a generation that appears to have unlimited creativity, gives an idea of how young participants can be.

It confirmed more funds are being committed from the marketplace in greater numbers. Helping it to run a free online code club network @ FutureLearn and it may come as a surprise to some business owners to learn STEM is being included in child learning experiences as young as three.

It is not as outlandish as it seems. Just think of those grandkids, still in nappies, crawling around clutching their favourite tablet. Woe betide any attempts to prise it out of their sticky mitts.

Kraig Brown, the fund's partnerships and development manager, pinpoints ages three to seven as key, integral to one goal: “For all young people across Scotland to have access to digital activities and understand the near-limitless

www.insider.co.uk



Nurturing tomorrow's workforce must engage all interested parties – employers, educational institutions, politicians – knowing what to focus their resources on can be hard to predict

Kirsty Scott, University of Dundee (below)

possibilities these skills will provide.”

The organisation expects more than 9,000 young people, including over 5,000 girls and young women, throughout Scotland will benefit from their support in 2019.

Cranfield University's Joe Nellis, professor of global economy, claims this presents a challenge to business: “Alphas will be the wealthiest, the most intensely educated and most dynamic generation ever.

“They're born into technology, not as a new development, an experiment and stumbling innovation, a toy to grapple with, but as a fully-fledged service.

“An IT-enhanced life mediating everyday roles and demands via a digital device is already the norm for them.



“Companies will be confronted with the most demanding employees and customers... expecting speed, responsiveness and customisation as standard.”

The pay off is Alphas, more than any previous generation, will be able to deal with such complexity thrown up by all the multiple inputs from digital sources.

“Translating that complexity into what's simple and essential with the ability to process larger amounts of data.

“Not bogged down in the detail and work with what is important will be a fundamental Alpha quality.”

Kirsty Scott, in charge of industrial liaison at **University of Dundee**, urges: “Nurturing tomorrow's workforce must engage all interested parties – employers, educational institutions, politicians.”

The market – in her case technology industries – must plan ahead: “Knowing what to focus their resources on can be hard to predict.”

Alphas are central to a drive based on overcoming challenges they are facing: “Whether it is the need to address a skills gap... or an infrastructure issue preventing growth development,” Scott adds.

However, the jury remains out as regards the psychological impact of such enhanced digital lives: how to balance a relentless immersion involving innumerable tech devices with an expected lack of face-to-face contact.

Author Thomas Georges in his book *Digital Soul* hopes for such a balance. Tech devices might not necessarily have gained the capacity for autonomous decision-making or emotional responses (yet?).

“At the moment, we seem largely in control... yet in many ways, this control is slipping away as we leave more and more decisions to machines.” Worth serious thought in this digital age.

From a business perspective it must be all about getting the absolute best from Alphas, whilst helping them to avoid the dangers of sensory overload. Stronger mentoring processes is one solution. If such a generation of supra techno geeks can be persuaded to agree to that rare occasion of downtime from smartphone apps-swiping.

Or how about combining the tech with leisure activities, like providing a real swimming pool and real bike riding. But definitely not via VR. ■



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THE REAL ESTATE REVOLUTION IS UNDERWAY

By FRANCIS SHENNAN

THE QUESTION was quickly answered. The title of **Shepherd and Wedderburn's** Property 2019 conference was Real Estate: Resilience or Revolution? Within an hour we knew the truth: the revolution has already started and it is being waged on several fronts.

Darren Richards, head of real estate at **British Land**, which has £16.2bn of assets under management and 23.4 million sq ft of floor space including Glasgow Fort, Edinburgh's Fort Kinnaird and Inverness Centre, highlighted the growth of mixed-use, "places to work, shop and live," adding: "The customer wants smart space, efficient buildings."

At the start of this decade its portfolio was made up of 66 per cent retail and 33 per cent offices. It is now 45 per cent retail and 51 per cent campus-focused offices, with a small percentage of residential and of its flexible workspace brand Storey, launched two years ago.

In April this year it launched Storey Club, which offers a lounge for informal meetings, rooms for private dinners and functions, catering and on-site technical support. In around five years its portfolio will consist of 50

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to 55 per cent offices, 30 to 35 per cent retail, 10 per cent residential and five per cent of Storey-style space.

Its occupiers want buildings which are attractive to their employees, flexible, technology-enabled and close to complimentary businesses. Their employees want vibrant neighbourhoods, safe workplaces that promote well-being, include collaborative and quiet areas, are eco-friendly, and close to retail and leisure.

Richards pointed to survey responses showing that worries over labour and skills shortages in numerous cities had doubled between last year and this.

This is not only driving the move to mixed used but is helping to deliver higher rents and faster letting. This quarter its transformed 135 Bishopsgate in London will be unveiled with a frontage for its Eataly store of 80 metres long and 12 metres high, "leveraging the public realm along Bishopsgate benefitting from high footfall".

British Land is "using things like this to energise our places".

The creative industries had overtaken banking and finance as a significant source of office demand in the past ten years. Global advertising group McCann has taken 127,000 sq ft

Above: Darren Richards, head of real estate at British Land, addresses the audience

at 135 Bishopsgate.

Since 2009 the take-up of flexible working space in London has risen from around 100,000 sq ft to around 9.5 million sq ft in the first quarter of this year. In less than five years it has risen by 280 per cent. "These are big businesses saying we want more flexibility in our businesses," said Richards.

The change in portfolio profile was echoed by Will Rowson, partner in global real estate advisers **Hodes Weill & Associates**, who said "Real Estate Portfolio 1.0" of office 40 per cent, retail 40 per cent and others 20 per cent, with a maximum of 10 per cent industrial, had gone. What he called "Real Estate Portfolio 2.0" would consist of office 30-35 per cent, retail 15-20 per cent and alternatives 45-50 per cent. These alternatives are logistics and industrial, "tech-driven" including co-working and data centres, and "living/demographic" including rented residential, life sciences and healthcare.

"Technology and demographics are disrupting this business globally," he said. "The Millennials are putting a lot of their attitude on this."

James Rankin, head of research and insight at **The Instant Group**, owner of Instant Offices which is the world's

▶ largest procurer of serviced office space, pointed to disruptive changes across industries, with a move towards subscription models.

"Industries across many sectors are undergoing disruption," he said. "Real estate is no different. It is becoming a service-led industry. Instant forecasts that, in 2019, 40 per cent of demand will be from Fortune 500 and FTSE 100 companies."

Businesses want more flexibility, transparency and cost certainty, reduced liability and risk and increased speed to market. "They might not know how long they'll be in that market. They might just be testing the waters." The growth of choice means they are "acting more like retail consumers, being very specific about what they want".

In the three and a half years to March, Google searches for office space in the UK, Spain, Portugal, France and Germany fell by 35 per cent but searches for companies such as Regus and WeWork rose by between 25 and 566 per cent. And managers, executive and admin assistants, rather than property people, are increasingly likely to initiate the search.

"Scotland has seen a large increase in demand in Glasgow, Edinburgh and Aberdeen but supply is a problem."

The American experience showed increased demand for secondary cities, saving money both for employers and their employees.

Since 2016 the requirement for three or more desks has risen from around six per cent of demand to 25 per cent this year. "In a recent survey 64 per cent of operators said they expect to see 50-plus requirements growing but just nine per cent said this is an area they can cater for at present."

One of his company's clients, "a fast-moving e-commerce and technology company" wanted 48,000 sq ft for 600 people on a two-year flexible lease. "From initial engagement to conclusion took four months. The total cost of this compared to the cost of doing this themselves was 25 per cent lower. They had a lot of opportunities to try out different things."

That was useful to them as they were building a corporate headquarters at the same time.

The same shift towards real estate as a service can be seen in the residential sector where private renters have overtaken homeowners in the 25-34 age group. "Fifty per cent of current 20 to 34-year-olds are likely to remain renters into their 40s," said Rick De



The panel of the first session of Property 2019, L-R: Darren Richards, British Land; Melanie Leech, British Property Federation; James Rankin, The Instant Group; Colin Innes, Shepherd and Wedderburn

For our clientele the lines between living, working, etc, are becoming blurred. People are viewing spaces as places for an experience

Rick De Blaby, Get Living

Blaby, executive chairman of residential owner and rental-management company, **Get Living**, which is backed by private Dutch, Qatari and Canadian investors. "The private rental sector has more than doubled between 2001 and 2018, from 11 per cent of the adult population to 28 per cent. Five million households are currently renting in the private sector, set to rise to 5.75m within five years."

More than 140,000 build-to-rent (BTR) homes have been either completed or planned across the UK. Get Living prides itself on pushing a better way to rent. It has its own integrated management platform rather than outsourcing it, which has involved a £1m investment in IT to handle, for example, 35 works orders a day in its former Olympic village in London.

Its rental terms include a three-year lease with resident-only break clause, rent reviews linked to CPI, no fees, no security deposit, and the in-house maintenance team on call seven days a week. For employers it offers a rent-free period and upgraded broadband speed.

It has 3,000 homes for rent with a further 5,000 in the pipeline. It has a new seven-acre neighbourhood off Glasgow's High Street with planning consent for more than 800 homes.

Scotland already has around 700 BTR homes with another 6,500 homes

in the pipeline. "Scotland is attractive to investors for its relatively low entry prices, relatively more certainty around regulation and the Rental Income Guarantee Scheme."

On the downside there is greater political uncertainty, the introduction of the Scottish Private Residential Tenancy from December 2017, the perception that local authorities do not have a good understanding of BTR, and the slowness of the planning process

Ewan MacLeod, planning specialist and partner with Shepherd and Wedderburn, explained in detail the process since 2015 of reforming Scotland's planning process, a process that is not over.

"There will be a raft of secondary legislation that gets published over the next couple of years," he said, calling on the development industry "to play their part in achieving plans that are visionary and workable."

If that fails, he fears the courts will see a number of challenges that don't benefit many people. "Long term, I honestly think we will back to where we started with a new Planning Scotland Bill in 2029. The history of planning reform in Scotland 1997, 2006 and 2015 onwards shows us that it is easier to change the system than change the culture. I hope I am wrong."

However, regulation may already be left behind by the industry. "The whole planning process is behind where we are going," said De Blaby. "For our clientele the lines between living, working, etc, are becoming blurred. People are viewing spaces as places for an experience and planning is so far behind this."

The revolution has started and it is the customers in control. ■

THEY are property's "hidden army" and can make the difference between profit and loss and even life and death. But tightening budgets are increasing the risks.

Kash Bhatti admits facilities managers do not have property's "glamour job" but insists facilities management (FM) "underpins the long-term success – or failure – of multi-million pound assets, generating significant financial returns and a multitude of jobs."

In a stark warning the facilities director at Edinburgh-based property manager **Cowiesburn**, which he joined from Galbraith just over a year ago, worries the current financial landscape has led to "increasingly tight budgets for both developers and landlords, with FM budgets in turn being squeezed, procurement conducted on the cheap and building maintenance being sub-standard."

At the same time occupiers' expectations continue to evolve. "Not only can this tightening of management budgets result in higher long-term costs and lower profits, it can also result in significant danger to occupants, who are left at the mercy of shoddy materials, poor installations and unsafe workmanship," says Bhatti.

"We're all too aware of recent high-profile cases where poor building material choices have led to tragic loss of life and, even in less horrific cases, poor procurement and management at best lead to substandard working environments and lower returns on investment.

"Facilities managers are the hidden army protecting investors' assets, safeguarding tenants and procuring appropriately for asset managers. With clever thinking, long-term cost/benefit analyses and an understanding of the life-cycle of a building, schemes can be well managed, safe and efficient.

"However, as with all other disciplines, FMs can only work with the budgets they're given. If these are relentlessly squeezed in favour of big-budget marketing campaigns and 'bells and whistles' features, it's possible you'll have a beautiful development that will be obsolete before it breaks even, saddled with huge repair bills.

"As an FM, one of our most important jobs is to identify the best and most cost-effective solutions to



HIDDEN ARMY PROTECTING INVESTORS' ASSETS

specific problems."

The recent economic crisis has led developers and asset managers to focus on buying at the lowest initial cost, he says. It may make sense but often only in the short run.

Bhatti says: "Commercial buildings maintain their value as long as there is a rental market for them, and as long as the building is well maintained in a serviceable condition.

"However, market trends change and over time the building's environment will deteriorate.

"For example, the building elements with the shortest lifespan are the internal finishes – typically five to 10 years – before the

décor needs replacing. The roof and mechanical systems will last approximately 20 years.

"External finishes – roof, windows, cladding – may last around 30 years. The building structure and floor slab will last as long as they are protected from the weather. So there is a constant need to monitor, evaluate, maintain and replace."

As soon as this slides, the environment becomes unpalatable and potentially dangerous. Asset decision-makers focus on income and spreadsheets to judge whether procurement is viable.

"This is where we FMs add real value: conducting life-cycle costings to the decision-making process. Rather than simply accepting the industry guidelines that materials need to be replaced or renewed after a set period, why not focus on excellent maintenance or replacing certain aspects of the material to give it a new lease of life?"

"Recently we were faced with a 65,000 sq ft office scheme fire alarm at the end of its life-cycle. Replacement parts were obsolete and there had been a number of false fire evacuations, disruptive and upsetting for the tenants.

"We undertook a review and, rather than replace the entire system, found a suitable alternative was to retain the existing cabling but replace the fire panel along with the associated devices, producing a saving of around £15,000. The project was undertaken with minimum interruption and within half the time of a full replacement.

"This is a prime example of using the expertise, advice and experience of an FM to retain investment, safeguard a building and keep occupiers happy. FM teams are rarely noticed – we're usually working hard behind the scenes – until something goes wrong.

"By reducing budgets, our wherewithal to safeguard both the assets and their occupants is severely reduced.

"When investment is not made in procurement, management and maintenance, the results can be catastrophic." ■

We want to hear your views on the vital issue of facilities management. Email us: editor@insider.co.uk

Below: Kash Bhatti





Business Insider Made in Scotland Awards in partnership with the Advanced Forming Research Centre

McColl urges businesses to think big in inspirational talk

AN AMBITION to buy the house of his dreams spurred entrepreneur Jim McColl to boost the financial targets for his company and led to a sea change in the way he approached business.

In a keynote speech to the *Insider Made In Scotland Awards* McColl, the founder, chairman and chief executive of **Clyde Blowers Capital**, revealed that he worked out what he would need to earn to buy the house. He said that he had reset the target for the business at two-and-half times what they had originally planned and at the end of the year they had met the new target.

The veteran entrepreneur said: “The management team looked at me like I was crazy but once we got into this regular review, momentum picked up and everybody got on board with the new goal and we were able to achieve it.

“That was a real turning point for me when I was looking at businesses because I had been very happy with the outcome of the first budget.

“It proved to me that quite often we set our sights too low and we can achieve a lot more than we think we can achieve when we’ve



Above: Jim McColl giving the keynote speech

got a compelling reason to do something and you really focus on it and you believe in it then I think we’ve got way more potential than probably most of us are chasing just now.

“That meant that every business

.....
The team looked at me like I was crazy...momentum picked up and everybody got on board with the new goal and we were able to achieve it
.....

we went into after that we spent a lot of time analysing the market and analysing the products. Do we need to broaden the product range? What’s our addressable market and where do we fit into that? Very often, in fact more often than not, the market share we had was very small so we could double that or treble that and it still wouldn’t make any impact on the competitive position in the market.

“You shouldn’t be focused on big economic trends because it doesn’t affect you when you’ve got such a small market share and I think that applies to most SMEs in Scotland, that there is a lot of potential out there but you need to identify the addressable market and what you need to do to get there and set higher goals.

“I think there is a lot of potential, even in the businesses we’re in just now, to do better than the targets we’ve set.”

The inspirational address came at the awards which celebrate the best of what is made and designed in Scotland, run in partnership with the University of Strathclyde’s Advanced Forming Research Centre.

And the overall Made in Scotland 2019 Award winner was

a “world class renewables business with the potential to showcase Scotland on a world stage”.

The company snapping up the top accolade was Orkney-based company **Orbital Marine Power**.

Formerly known as Scotrenewables Tidal Power, it was chosen from category award winners having won the Engineering Company of the Year Award.

The independent judging panel said of Orbital: “The company excels in an important sector and builds on the strengths of engineering in Scotland and looks to the future.”

The judges also said that it “demonstrates innovation in more than one way” and that “Orbital has a technology which is eminently scaleable anywhere”.

The winner in the Best New Product of the Year Award was **The Drinks Bakery**, a company that has developed a new product in the global snack world – tasty snacks that match particular drinks.

The judges said: “This is a really innovative idea that has a potential for real growth.”

The Manufacturer of the Year Award went to **Kalopsia Collective**, a Leith-based ‘lean’ manufacturer of textile products which has developed systematic methods for minimising waste while increasing manufacturing efficiency.

Loch Duart Salmon won the Exporter of the Year Award for continued international growth which has seen it achieve “broader and deeper penetration in the Middle East” as it exports 70 per cent of its produce to more than 20 countries.

One member of the judging panel said Loch Duart represented “the best of Scotland’s natural larder being exported”.

The Start-Up Drinks Lab was the stand out winner in the Food and Drink Company of the Year Award. The judges said: “This company has really good potential to innovate and support real growth in the drinks



Success in the Middle East was a major factor in Loch Duart Salmon’s triumph in the Exporter of the Year Award category

industry.”

SnapDragon, the legal tech firm, won the Innovator of the Year Award for its Swoop software which enables businesses to tackle online criminal gangs and counterfeiters.

The judges said: “The company has developed a real innovative product that makes the important work of protecting brands online open to a much wider range of businesses.”

The Inventor of the Year Award went to **Helson and Jackets**, a Castle Douglas-based business that has developed a display that creates 360 degree moving video objects that appear to float in space.

The standout winner in the Life Sciences Company of the Year Award was **Terumo Aortic** which has developed a comprehensive

portfolio of products manufactured in Inchinnan, Renfrewshire.

The business is composed of the combination of Renfrewshire-based Vascutek with Bolton Medical, both of which are subsidiaries of the Terumo Corporation of Japan.

The Young Innovator of the Year Award went to Glasgow-based **Yanik Nyberg** whose company Seawater Solutions has pioneered seawater farming in the UK.

The runner-up was **Molly Rose McLean**, Made in Scotland Awards youngest ever entrant who at eight has developed a new soft drink.

Renewable Parts, which has built itself into a leading supply chain specialist for the wind industry was awarded the Remade In Scotland Award.

The business, along with academic partner the University of Strathclyde, has developed new ways to refurbish parts for the industry previously considered too costly to repair.

The awards were presented in a glittering ceremony at the Glasgow Science Centre hosted by Fred MacAulay. ■

Above: The Made in Scotland award winners 2019





Scotland's top accountants and fintech experts revealed

LEADING teams and individuals in accountancy firms and in industry were celebrated at a glittering Scottish Accountancy and Financial Technology Awards dinner in June in Glasgow.

The **Finance Director of the Year** award went to Stuart Roberts. Stuart is responsible for the strategic finance function with Robertson Group (Holdings) Ltd, the Elgin-based housebuilding and construction group.

Under his financial stewardship, family-owned Robertson Group grew from £200m to more than £750m turnover and from net debt to a strong net cash position through strategic treasury management, re-banking and restructuring – ensuring appropriate financing is in place to realise the group's continued strategic growth ambitions.

The judges said: "Stuart has consistently improved corporate governance and developed best in class management information to underpin and support business growth. In the past year Stuart initiated and led a demerger of the residential business units resulting in improved focus and continued



growth in shareholder value."

The judges in the award category sponsored by the Blackford Group highlighted Stuart's ability to blend the culture and demands of a family-owned business with strong financial discipline, leadership and

Winners at the Insider Scottish Accountancy and Financial Technology Awards with Editor Ken Symon

Stuart Roberts has consistently improved corporate governance and developed best in class management information

The judging panel

corporate governance which shone through and underpinned a high growth phase for the group.

The judges noted Stuart's qualities as "a highly visible Group FD with a strong dose of emotional intelligence and humour to motivate, develop and retain a high-performing team".

Thomas Gillan of Social Investment Scotland, the Edinburgh-based body that provides affordable loans to social enterprises around the country, was selected in the **Emerging Finance Director of the Year** category.

Since joining Social Investment Scotland in 2012, Thomas has developed a finance function which underpins and supports the growth ambitions of the social finance intermediary SIS.

During the past year, Thomas initiated and led the formation of SIS Venture, an entirely new investment function at SIS providing mission aligned investment to high impact, high growth private businesses which have social and/or environmental purpose. The new fund seeks to address a gap in the market and move the needle for impact investment in Scotland and beyond and has recently made its first investment.

The judges highlighted: "Thomas's



clear personal passion, entrepreneurial mindset and ability to lead and deliver innovative initiatives through strong stakeholder relations coupled with the financial rigour and skills required as FD of a smaller financial services organisation.”

The **Accountant of the Year** award went to an accountant in industry, Beth MacLeod of PG Paper Company which has grown to be a major international player.

The award, sponsored by accountancy body ACCA, went to the Inverclyde-based company’s financial controller.

The judges said: “We were impressed by her involvement in looking at processes and making the business much leaner and more efficient.”

They also praised her for her “self starting, initiative” and her ability to work on very different international initiatives.

Runner-up in the category was another accountant in a business with a major growing international footprint. Sandi Horne is described as a continuous improvement manager at Skyscanner, the Edinburgh-based travel search business.

Ashleigh MacKay of Big Four accountancy firm EY was awarded the **Young Accountant of the Year** award sponsored by Shawbrook Bank.

She was voted in as a standout winner in the category for which no finalists had been announced before the night.

The judges praised her for her “leadership, entrepreneurial mindset and innovation”.

They added: “She has a notable back story as the first member of her family to go to university. She has proved that she can work outside of her comfort zones and she has moved outside work in a purely technical capacity to make a broader contribution to the accountancy profession.”

The **Tax Team of the Year** category sponsored by CIOT was awarded outside of an accountancy firm – it

The team really understood the Skyscanner culture and the need to protect its assets

The judging panel

went to the Tax Team at Skyscanner.

The judging panel said: “The team really understood the Skyscanner culture and the need to protect its assets.

“They were innovative in managing the tax operation in a way that supported the overall mission and values of the business.

“It was notable the way they did webexes all over the world to introduce a company share scheme internationally having made it work across all the jurisdictions.”

The other two finalists in the category were EQ Accountants and the Entrepreneurial Tax Team of accountant Chiene + Tait.

The awards were refreshed this year with the introduction of new categories marking the increasing contributing of fintech to the Scottish economy.

The first of these new categories, the **Innovation in Accountancy** award went to Airts, an Edinburgh-based business with an increasingly impressive customer base.

The panel said: “Airts is a very distinctive business. It has come up with a software solution that handles scheduling for accountancy firms.

“The software helps iron out inefficiencies with scheduling, forecasting and the management of resources during a project. It allows firms the possibility of better efficiency with the use of resources across teams and offices.”

There were three other finalists in this category: property company CBRE, cash flow software business Float and the ICAS Foundation.

The **Small Accountancy Firm of the Year** category was scooped up

by One Accounting, the Edinburgh-based cloud accounting and tax specialists.

The judges praised the firm’s “amazing innovation” and said its “flexible working approach was refreshing”.

They added: “They use technology to support their clients in a very sophisticated way.”

The runner-up in the award was Eden Fyfe Accountants, based in Glenrothes in Fife.

The other finalist was Khokhar McAdam Chartered Accountants from Glasgow.

The **Emerging FinTech Company of the Year** award went to Wobbegong Technology for WhisperClaims, its research and development tax credit software for accountants.

The judges “were impressed by Wobbegong’s rate of growth, the functionality of their platform and their high customer conversion rate”.

The other finalists in the award, which was sponsored by Autorek, were MarkToMarket Valuations Ltd, the Edinburgh-based business with software that provide valuations for a business, and Float, the cash flow accounting software business.

The awards were presented at the dinner held on Thursday 20 June at the Grand Central Hotel in Glasgow.

Judging of the Scottish Accountancy and Financial Technology Awards is conducted by an independent panel of experts with judging being based firstly on research carried out by Edinburgh Napier University’s Business School.

The judging panel was chaired by Jane Stewart, a non-executive director with other members of the panel being Nicola Anderson of FinTech Scotland; Tom Swann, a partner with Shepherd & Wedderburn; Mark Lewis of recruitment firm Rutherford Cross; Craig Vickery of the ACCA; Paul Adderley, past president of ICAEW and Ken Symon, editor of *Scottish Business Insider* and insider.co.uk. ■

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AWARDS 2019

Scotland's SME shining stars vie for sought-after honours

SCOTLAND'S small and medium-sized businesses that are growing are to be celebrated in an event in October.

The *Insider* Scottish SME Awards recognise stellar performance, marking everything from rising profits to the highest climber in *Insider's* exclusive SME 300 Index.

With so much attention given to the biggest companies, the Awards – and the whole day – mark the contribution of the most numerous part of Scotland's business base, our SMEs.

The *Insider* SME300 list annually ranks Scotland's leading businesses with a turnover of between £8m and £20m.

This year the awards have been brought together with the SME Conference to make a day anyone focusing on SMEs will not want to miss.

And the categories of the awards have been refreshed to better reflect the contribution of SMEs in all sectors and all parts of the country.

The new awards include SME Employer of the Year, which will be awarded to the small business that has best looked after and developed its people. The teams that power businesses are crucial to their success and this will focus on how they are best maintained and rewarded.

The Youth Initiative Award will



Above:
Networking at
last year's *Insider*
Scottish SME
Awards 2018

mark and celebrate the business that is doing most to bring young people into the world of work and help their development within it. It will consider apprenticeships of all kinds and many other types of initiative.

The Fastest Growing SME300 Company is a non-nomination award – it will be awarded to the company with the highest turnover percentage over one year.

The SME Highest Climber – again an award that nominations cannot be submitted for – is for the SME business that has gained in the most in ranking places in this year's version of the *Insider* annual index.

The Best SME300 Newcomer – this award is for a company new to the Business Insider SME300 listing.

Sprint 100 Fastest Growing Small

The awards have been refreshed to better reflect the contribution of SMEs in all sectors

Business – the Sprint100 category celebrates the contribution of smaller firms than those eligible for the SME300. Measured over the course of three years, it focuses on companies with a turnover between £500,000 and £8m.

The Number One Company in the SME300 – ultimate award of the evening – will go to the business that is ranked top by *Insider's* formula that is based on profits, turnover, growth and employee numbers.

The nomination awards will be judged by a specially-selected independent judging panel with knowledge of this part of business.

Nominations for these awards are now open with nominations closing on Friday 20 September. Winning the awards help the businesses involved stand out in the marketplace and are extremely well received by businesses, customers, employees and many other stakeholders.

The *Insider* SME Awards dinner takes place on Wednesday 30 October at the DoubleTree by Hilton, Glasgow Central. ■

More information can be found at www.scottishsmeawards.co.uk. To book tickets or discuss sponsorship opportunities please contact Aileen Turnbull on 07825 899187 or at aileen.turnbull@insider.co.uk

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Reggae Reggae founder confirmed as keynote speaker

LEVI ROOTS, the Jamaican born entrepreneur who has built his Reggae Reggae brand into an international phenomenon, is to be the keynote speaker at the *Insider Deals and Dealmakers Awards* at the end of August.

Roots became an instant hit when he appeared on BBC's *Dragon's Den* programme with his original product Reggae Reggae Sauce and inspired the backing of entrepreneurs Peter Jones and Richard Farleigh, who took a 40 per cent stake in his business for £50,000.

After the show supermarket group Sainsbury's agreed an exclusive distribution deal for the jerk barbecue sauce and within six weeks the product was on the shelves and sparked incredible demand.

That *Dragon's Den* appearance was in 2007 and now around 12 years on the Reggae Reggae brand has grown and Roots has been said to be worth £30m plus.

The sauce is now stocked by all the main food retailers and the Levi Roots brand has been extended across a range of other products including soft drinks, snacks, pasties, seasoning and books. In December 2015 Roots opened his first restaurant in Westfield Stratford City, a shopping centre in Stratford.

He went into television with a cooking show on BBC2 called *Caribbean Food Made Easy*, with a

cookbook of the same name being published in August 2009 following his *Reggae Reggae Cookbook* published in 2008. He has published a total of six cook books and one business book *You Can Get It If You Really Want It*.

He has also appeared on *Celebrity Mastermind*, *Big Brother* and the BBC detective programme *Death In Paradise*. In May it was announced that Meg Leonard and Nick Moorcroft, writer-producers of successful independent films are to make a movie on Roots' life.

Moorcroft has been quoted as saying it would be a "life-affirming tale of hopes, dreams and second chances, all set to an uplifting reggae soundtrack and bathed in Caribbean sunshine." It will be filmed next Spring in Jamaica, where Roots spent his early years, as we all as in Britain particularly in Brixton, South London where he lives.

The *Insider Deals and Dealmakers Awards* dinner takes place this year on Friday 30 August at the DoubleTree by Hilton Hotel in Cambridge Street in Glasgow.

Judging panel chairman Brian Aitken said the judges have been impressed by the strength and quality of this year's entries



Above: A packed audience listens to event host Fred MacAulay at last year's awards ceremony

Brian Aitken, a partner with **Nevis Capital**, who is the chairman of the judging panel this year said: "The judges have been impressed by the strength and qualities of this year's entries and we are looking forward to what promises to be a stellar event."

The awards celebration dinner recognises the bankers, venture capitalists, lawyers and accountants who initiate, structure and negotiate deals for growing organisations.

The awards are based on deals completed by this community in the fiscal year 2018/19.

With more than 600 people attending the event, made up of dealmakers, bankers, lawyers and event sponsors, the event is a notable networking opportunity. ■

More information about the awards can be found at www.dealsanddealmakers.co.uk. To discuss sponsorship opportunities please contact Aileen Turnbull on 07825 899187 or at aileen.turnbull@insider.co.uk.





Come and be inspired by women's retail role model

TRAILBLAZING retail entrepreneur Wendy Hallett is to be the keynote speaker at the Women's Enterprise Scotland Awards held in partnership with *Scottish Business Insider*.

After working with retail group Arcadia for 13 years, Hallett founded her own business Hallett Retail Services 20 years ago to offer a unique concept, pulling fashion, accessory and jewellery brands together under one concession umbrella.

Fast forward on to today and Hallett's business works with more than 100 brands and many of the high street's top retailers.

Those she works with include Debenhams, John Lewis and House of Fraser.

Hallett Retail brands can be found in more than 600 sites in high streets across the UK.

In 2013 Wendy Hallett took another step in her business, acquiring a warehouse and creating Hallett Retail Logistics. The idea was to give brands and hosts an end-to-end service.

Together Hallett Retail and Hallett Retail Logistics employ more than 600 people.

Wendy Hallett is personally committed to the enhancement of women in business.

She has been described as an "everywoman Modern Muse"

and works with schools, colleges and women's groups to inspire the next generation of working women.

She was a founding member of the Women's Business Council, a UK government body that aims to find and promote better opportunities for women to contribute to the economy.

She is interested in areas such as the gender pay gap and is looking at ways to fully engage with retailers on these issues.

She has been involved in *Retail Week's Be Inspired* initiative from its outset. This is a campaign to promote gender balance at all levels across the retail sector and encourage women and girls to fulfill their career aspirations.

Now in its fourth year, *Be Inspired* hosts a major conference and other initiatives to seek to further its campaign.

In 2011 Wendy Hallett won the NatWest Everywoman Award and the following year was awarded an honorary doctorate in business from the University of



Above: Wendy Hallett

East London.

She was chair of the 2013 Retail Trust London Ball which raised more than £1m for the Retail Trust, the principal charity of the sector.

She was also president of the Twenty Club, a member-only dining club for retailers for three years.

She has recently joined the Committee for Children with Cancer's annual ball.

Hallett was awarded an MBE in 2013 for service to diversity in the retail sector.

The glittering awards dinner and ceremony takes place on Wednesday 18 September at the Grand Central Hotel in Glasgow.

Ten awards will be presented on the evening.

They are the Start Up Award, Best Rural Based Business, Growth Business, Invested Business, Innovator of the Year, Board Member, Best Social Enterprise and Business Leader, Emerging Business Leader and Business of the Year.

Further information on the awards can be found at www.womensenterprisescotlandawards.co.uk. ■

To discuss sponsorship opportunities please contact Aileen Turnbull on 07825 899187 or at aileen.turnbull@insider.co.uk.

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**The glittering awards dinner
 and ceremony takes place on
 Wednesday 18 September at the
 Grand Central Hotel in Glasgow**

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New risks need new safeguards without closing down opportunities

THE SEARCH for new investment opportunities brings new risks. The new risks need new safeguards but without closing down the opportunities.

From this December peer-to-peer (P2P) lending will have new regulations designed to prevent harm to investors without harming the innovation that led to P2P.

The new rules were announced 11 days after one of the sector's biggest platforms, Lendy, with more than £90m of its £165m outstanding loans on property developments in default and millions of pounds more in arrears, entered administration.

It had been offering investors returns of 12 per cent. Twenty thousand people are waiting to see how much of their investments they will recover. They have launched an action group to explore the possibility of legal action.

Their situation is likely to be complicated because investors have a loan contract with borrowers and the platform acts as an agent, so they are not traditional creditors. Lendy's debt structure was even more complex. The Financial Conduct Authority (FCA) is investigating.

Within days of Lendy's failure, another platform, BondMason, announced it was closing due to increased costs reducing the returns it could offer. The FCA estimates that 275,000 people have invested more than £5bn with 68 P2P companies. Roger Gewolb of loan broker FairMoney predicted one large platform and up to a dozen smaller ones would disappear.

The FCA is putting a limit on P2P investments for retail customers new to the sector of 10 per cent of investable assets to prevent them from over-exposing themselves to risk.

The limit will not apply to new retail customers who have received regulated financial advice.

P2P platforms will have to have clearer governance arrangements, including plans for their wind-down if they fail. They will have to assess investors' knowledge and experience.

LendingCrowd, the only fintech lending platform based in Scotland, which has a deal with the Scottish Investment Bank (SIB) and Dutch entrepreneurial bank NIBC for the two banks to lend a combined £18.75m across its platform, backed the new FCA rules. "Having no more than 10 per cent in one asset class should not be seen as an onerous restriction," says its founder and chief executive Stuart Lunn.

Around 290,000 have pension rights above last year's limit and 1.25m more are at risk

It has 680 loans totalling more than £59m to small and medium businesses across the UK, 140 of them worth more than £14m in Scotland.

In May it launched AutoBalance and AutoQueue, which automatically increase diversification within investors' portfolios by reducing the proportion of funds that can be invested in any one loan. AutoBalance involves selling holdings in loans that investors are over-exposed to and purchasing of holdings where they have too little exposure.

AutoBalance adjusts the target exposure to the portfolio's value, ranging from two per cent below a value to £2,000 to 0.5 per cent for £5,000 and above.

At that time Lunn predicted correctly that "diversification will be a key element of future regulation" and he added: "Diversification – not putting all your eggs in one basket – is key to mitigating risk." ■



IN FOCUS

Biopharma and Med Tech sectors have potential for stellar growth

BRITAIN'S biggest pharmaceutical company GlaxoSmithKline made headlines when in May it reported Q1 growth of six per cent with revenues above expectations at £7.66bn.

In the same month the government's Office of Life Sciences reported that the sector's 5,870 businesses generated a turnover of £73.8bn last year. The Core Biopharma and Core Med Tech sectors discover, develop and market therapies

and medical devices respectively.

The Core Med Tech sector accounts for 39 per cent of the employment at 97,600 and Core Biopharma 45 per cent of the turnover at £33.4bn. The UK's Biopharma and Med Tech sectors are world-class with potential for stellar growth, says Luke Hamm, chief executive of GovGrant, a firm supporting the sectors.

"The report underlines the vital importance of

this sector to the UK economy, with a turnover of nearly £75bn," he said. He explained that they can recover up to a third of their qualifying R&D expenditure. For every £1 of qualifying expenditure a business could get back 33p.

"These businesses invest millions in developing the treatments of the future, but professional scientific and technical claims made up only 19 per cent of the total number of R&D claims." ■

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Q&A

DAVID HOLMES, Thomtons Investments

Owners who sell their businesses risk giving a slice of the proceeds to the taxman after their death. How can they avoid this?

There are a variety of reasons behind the decision to sell a business, retirement or ill health among the most common. Where offspring are happy to take over the reins, small business-owners who have owned their business for more than two years can pass it on to their family without a liability to Inheritance Tax (IHT).

This form of tax relief, known as Business Relief – formerly Business Property Relief – was introduced in 1976. There are stringent rules around Business Relief qualification but most unquoted shareholdings in trading businesses are expected to qualify.

Examples of businesses which do not qualify include those where more than half the business deals in stocks and shares, or land and buildings, or who make or hold investments. Surplus cash retained in the business may also cause a problem.

What if family members do not want to take over?

If passing the business on to the next generation is not an option and the business is sold, Business Relief is lost. As a result, on death, the proceeds from the sale will be taken into account along with other assets when assessing the value of the estate for inheritance tax. This could result in some or all of the proceeds being taxed at 40 per cent.

Can anything be done to reduce this?

With forward planning there are several measures available to help reduce or mitigate liability to IHT. These include gifting assets, settling assets into trust, and the use of life assurance to cover a fixed amount.

Traditional ways to mitigate inheritance tax can be inflexible and may mean giving up control and access to capital. Where certain assets are gifted, the donor may have to survive for seven years before their value fully falls outside the estate.

Business Relief is one of the lesser-known solutions but its use is on the rise, particularly with investment in companies listed on the Alternative Investment Market (AIM).

How can AIM investment help?

Since 1995 the AIM market has helped over 3,850 small businesses raise nearly £114bn, and has been a major boost for innovation, employment and economic growth. It includes some familiar names such as Fever-Tree, ASOS and Dart Group, owner of Jet 2.

www.insider.co.uk



Around one third of companies listed on AIM would currently qualify for Business Relief, and the popularity of AIM shares as an investment has grown since they became eligible as an ISA investment in 2013.

Providing investors hold these shares for at least two years, and at death, they are expected to be exempt when calculating IHT. Unlike other estate-planning options, the investor retains control over their assets and can withdraw capital if required.

What about selling shares?

Where qualifying assets are sold, and if the proceeds are reinvested in other Business Relief qualifying assets within three years, the time the previous assets were held can be included when measuring the two-year holding requirement.

If a business owner chooses to sell their qualifying shareholding, and within three years reinvests some or all of the proceeds in other Business Relief qualifying assets such as a portfolio of AIM shares, this is expected to offer immediate relief from IHT at death.

Investment in AIM company shares are considered higher risk, and there is no guarantee a stock will qualify for Business Relief at the date of death. Business owners looking to sell, or who perhaps sold within the last three years, should consider inheritance tax solutions. Professional advice is always recommended. ■

David Holmes is head of business development at Thomtons Investments.



Fraser Porter

Chief Executive Officer
Anderson Anderson & Brown
Wealth Ltd
T: 0131 357 6666
E: fraser.porter@aabwealth.uk
aabwealth.uk

Making the Right Choice

Choosing a financial planner or adviser is not a decision that should be taken lightly, as this will most likely be the start of a long-term relationship that will impact the financial future of you and your family.

Should you go with the recommendation from a family member, friend or colleague? Should you choose one of the 'big names' in the industry? Or should you choose the small independent local firm?

Whichever approach you take, there are certain questions and areas you should consider, to enable you to make the decision that is right for you.

It is important to find an adviser that you (and your partner) feel comfortable with – they need to take the time to understand your situation and your needs. It is worth asking if they have experience of helping people with similar circumstances and needs to yours.

Try to find someone who can deliver sound financial planning and advice in straightforward, simple language; someone who ensures you fully understand the approach being outlined and the decisions being taken.

How transparent are they with their fees and, for the requirements you have, do they represent value for money in comparison to other firms?

You should also consider how they would work with any other advisers that you may have, such as your lawyer or accountant.

If you think you might need a specialist in a specific area, such as say tax advice or trust planning, how are they placed to support you with this?

Financial planning is a detailed and comprehensive process; it is a crowded marketplace with many firms competing to advise individuals and families on what approach they should take with their finances.

Making the right choice of adviser will most likely lead to a relationship you value, that works for both parties and provides you with confidence in your financial future.

Making the wrong choice... well let's not go there, instead be sure to take time to ask plenty of questions so that you can find the right firm and right adviser that are best suited to meet your needs.


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NEW POSTS

Edinburgh-based IT and telecoms consultancy **Farrpoint** has appointed Leith Agency founder **John Denholm**, as a non-executive director.

Standard Life Aberdeen has strengthened its sales operation with the appointment of **Fergus McCarthy** to the newly-created role of UK distribution director for regional accounts. He will report to **Noel Butwell**, managing director of UK Distribution.

Canadian real estate giant **Avison Young** has strengthened its senior leadership team in Glasgow and Edinburgh after announcing a trio of promotions in Scotland. **Gillian Brown** will become a director in the Property Management Consultancy (PMC) team in Edinburgh while **Stuart Jolly** and **Murray Watson** take up director roles in Glasgow.

Edinburgh-based start-up **Airts** has appointed Skyscanner's **Melissa McMahon** as the company's first marketing director and added FreeAgent co-founder **Roan Lavery** to its board. The company said that both appointments were in response to growing demand for its AI-powered project management platform **Braid**.

Former Royal Bank of Scotland executive **Jim Brown** has been named as the new chief executive of **Sainsbury's Bank**. Brown was for two years CEO of Williams and Glyn, the brand RBS plans to spin out as a separate business, but left in November 2017.

Ally Scott steps up to top role at EY

ONE OF Scotland's leading dealmakers has been appointed to the top role in Big Four accountant EY.

Ally Scott, who is currently head of Transaction Advisory Services (TAS), will take over as the firm's new managing partner for Scotland.

The news comes as EY confirms its plans to increase its Scottish headcount by a quarter over the next 12 months.

Scott, who joined EY from Barclays in September 2016, took over from the previous managing partner Mark Harvey on 1 July.

Over the past two years, Scott has led the firm's Scottish TAS practice to 15 per cent and 21 per cent growth respectively, helping secure deals for prominent Scottish clients including Simon Howie Group, OTS Group and Weir Group.

Scott said: "It's a real honour to take up the role of managing partner.



"Under Mark's leadership EY has enjoyed significant growth in Scotland, securing notable client wins across all service lines and investing in our product offering to support a broader range of businesses.

"Our ambition to increase headcount to 1,250 staff across all

levels in the next 12 months is a strong signal of our intent to build on that momentum. It's an exciting time to be part of our business."

Harvey will remain in the business as a partner based in the firm's Glasgow office before leaving in April 2020 to join Arnold Clark as chief financial officer later in the year.

New CEO at KCA Deutag

ABERDEEN-based drilling and engineering contractor KCA Deutag has appointed a new chief executive.

Joseph Elkoury took over the role on 1 July, with retiring Norrie McKay working with him until the end of the year to ensure a smooth transition.

Elkoury, who is originally from Lebanon, brings with him 26 years of experience in oilfield services.

Most notably he spent 21 years with Schlumberger, originally joining the group in 1993 as a wireline field engineer in Abu Dhabi.

In 2014, Elkoury left Schlumberger to join market-listed oil and gas services company Tetra Technologies.

Most recently he was an operating partner at Apollo Global Management.

Four high level promotions at Deloitte

DELOITTE has appointed Tim Corfield as a partner in Glasgow and Kris Keane, Claire Robb and Gareth Edwards to director roles in its Edinburgh office.

Corfield is the Big Four accountant's fourth partner promotion in Scotland over the last year, following those of Caroline Muir, Kent Mackenzie and Shaun Reynolds.

He joined Deloitte in 2000 as part of the firm's transaction services team in which he has performed a fundamental role. Since 2016, he has established a Glasgow-based team to expand the firm's sale and purchase agreement advisory offering.

Corfield said: "It's the realisation of a lifelong ambition to become a partner and I'm proud to have achieved this with Deloitte. The establishment of a dedicated sale and purchase agreement advisory team in Glasgow has been a real success story for Scotland.



L-R: Gareth Edwards, Kris Keane and Claire Robb

"We have drawn on the talent pool in Scotland, with a really strong embedded knowledge of doing deals in an applied way, and now have a well-established centre of excellence. Over the last three years, we have worked on some 250 projects including many high profile transactions both here in Scotland but also across the UK."

The latest news from HR, recruitment, employment law and staff issues by Ken Symon



Cases highlight parental leave issues

THE ISSUE of whether males are entitled to receive shared parental leave pay equivalent to enhanced maternity leave pay offered by an employer was the focus of two recent cases before the Court of Appeal.

The court handed down much anticipated decisions in the case of *Capita Customer Management Ltd v Ali* which reviewed a decision of the Employment Appeal Tribunal that concluded that failing to enhance shared parental leave, when employers offer enhanced maternity pay, is not direct sex discrimination against men.

The court appeal tribunal decision closely followed another one by the same body in the case of *Hextall v Chief Constable of Leicestershire Police*, which rejected claims of direct sex discrimination in similar circumstances on the basis that the correct comparator to a man claiming shared parental leave could only be a woman claiming such leave, not a woman on maternity leave.

Looking at both cases the Court of Appeal was asked to consider whether the failure to match pay in the case of shared parental leave to the level of maternity pay amounted to sex discrimination.

The Court of Appeal held that failing to match pay for shared parental leave to the level of maternity pay is neither direct nor indirect discrimination. Both appeals have therefore been dismissed.

It concluded that men on shared parental leave couldn't compare themselves with women on maternity leave, as their circumstances are materially different. Maternity leave is for the health and safety

of the mother following pregnancy and childbirth.

Its purposes include helping women prepare and cope with the later stages of pregnancy; recuperate from the effects of pregnancy and childbirth; breastfeed; and bond with their newborn child.

Shared parental leave is, by contrast, provided to enable parents to look after their child. The proper comparison to be made for a man on shared parental leave was, therefore, a woman on shared parental leave (who in this case was paid the same rate).

Morag Moffett, a partner at **Burness Paul**, said: "While the decision is good news for employers who offer enhanced maternity leave packages but do not extend the enhancement to male employees on shared parental leave, it will do nothing to help improve the abysmally low uptake by fathers of shared parental leave, and serves to reinforce the view of women as primary carers in the workplace.

"It remains to be seen, however, whether the employees involved will now appeal to the Supreme Court."

Julie Keir, a practice development at **Brodies**, said: "Although many employers are taking steps to equalise family leave benefits, this decision provides comfort to those who choose to enhance maternity pay but not shared parental pay. Maternity leave and pay can be treated as a special case without risking sex discrimination claims.

"This may not quite be the end of the road, however, as both Mr Ali and Mr Hextall are seeking permission to appeal to the Supreme Court." ■



Seanpaul McCahill

Legal & HR Manager,
Navigator Employment Law
T: 03332 400 308
E: seanpaul.mccahill@
navigatorlaw.co.uk
W: www.navigatorlaw.co.uk

Working time and record keeping

The UK's rules on working time, rest breaks, rest periods and holidays are found in the Working Time Regulations 1998 (WTR) which implement the Working Time Directive (WTD) that operates at a European level.

Most employers will be aware of the rule that employees cannot work more than 48 hours per week (on average), unless the employee has opted out. Currently employers are required to keep 'adequate records' to show they are complying with the WTR, but do not require records kept of rest or the daily hours worked for employees.

In a recent case, the European Court of Justice (ECJ) held that employers must now set up a system to monitor how long each employee works on a daily basis, and to ensure that the rules on rest are adhered to. The ECJ stated that employers must 'set up an objective, reliable and accessible system enabling the duration of time worked each day by each worker to be measured'.

This decision relates to both hours worked and rest breaks/periods, and having opt-outs for employees will not remove the burden on employers to monitor time worked by each employee. Employees are not able to opt out of their rights to a rest break/period, and other case law suggests that employers should actively encourage employees to take breaks.

As we are still part of the EU, technically the WTR should be amended to expressly require employers to record working time as directed by the ECJ, but there is of course a question mark in relation to Brexit.

It is therefore not clear what impact this will have on UK employers, but nevertheless employers may wish to start investigating how they might be able to monitor time spent working as required by the ECJ.

If you have any questions on the above article, please contact 0333 2400 308 or enquiries@navigatorlaw.co.uk.



SLAINTE!

Insider's regular events picture pages

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Above: Kay Ryan of Loganair and Gareth Chalmers of Glasgow Clan at Glasgow Chamber of Commerce's event launching Loganair's new service to London Southend Airport. The event was held at citizenM Hotel in Glasgow.

Above left: Sir Brian Souter, executive chairman of Stagecoach Group and Emma Watson-Mack, development director at the Entrepreneurial Scotland Annual Summit 2019.

Left: Staff from accountants PwC volunteering at CHAS's Robin House as part of its One Firm One Day national volunteering event.

WORTH THE WAIT



Above, pictured L-R: Sarah Robertson (Big Partnership), Katie Lyle (Big Partnership), Eilidh Smith (Big Partnership), Jill Witheyman (Angus Soft Fruits) at the Scottish Food and Drink Awards 2019.

Right, pictured L-R: James Withers (Scotland Food & Drink), George Burgess (Scottish Government) and Paul Grant (McKays) also at the Scottish Food and Drink Awards 2019.

Below: Bill Gammell, the former Cairn Energy chairman (left) and Bob Keiller, the former Scottish Enterprise chairman at Entrepreneurial Scotland's Annual Summit 2019, staged at Gleneagles.



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THE **TEN** MINUTE INTERVIEW

Paul Cronje

Paul Cronje is the managing director of Glasgow-based Clyde Travel Management, and is responsible for the strategic, financial, technological and resource management of both Clyde Travel Management, and the company's leisure travel arm encompassing Alba Travel and Beaver Travel. After growing up in South Africa, Paul moved to Scotland and he has lived in Glasgow for nearly 20 years, after completing a Masters degree in Tourism in 'Developing Countries' at the University of Strathclyde.

What does your typical day involve?

I have a great job, working in a fantastically interesting industry. Any day can include strategic planning around new travel technology, customer meetings, visits to one of our eight offices, meetings with travel trade partners and yes, plenty of emails. It also always includes a lot of coffee and ends with me packing the next day's lunches for my family.

What five words would friends/colleagues use to describe you?

Talkative, genuine, busy, happy and candid.

If you could choose anyone, who would be your fantasy board members and why?

Whoever invented the stapler, the dishwasher and the flushing toilet. These people knew how to solve problems.

What is your favourite way to unwind during time off?

Building sandcastles with my children. In winter time I swap it for Lego.

What is the best advice you've ever been given or what advice would you give to the next generation of business leaders?

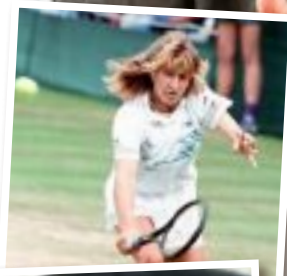
Be yourself. And if you don't know who that is, stop what you're doing and go and find out quickly. And learn to like yourself so you don't depend on others to do that.

If you were in charge of Scotland, what would you change and why?

I would raise the school-going age to at least seven years old and make it as easy as possible for parents too. Children should play for much longer. I would also ensure that most school premises are covered with grass rather than tarmac. We shouldn't fear to tumble a few times while we're having fun.

What sport are you interested in/which sporting team do you follow?

Tennis. I was obsessed with Steffi Graf as a teenager. I am also a keen supporter of the Glasgow Warriors rugby team.



Top: Paul had a Steffi Graf obsession

Above: He eats two salads a day

Below: George Square, Glasgow – he is a big fan of the city



What was the last entertainment event you attended?

The opera, The Magic Flute, by Mozart at the Theatre Royal in Glasgow.

What is your favourite memory from your schooldays?

There was also quite a buzz and a lot of excitement in 1994 when the end of Apartheid meant a new flag, a new national anthem and the school being open to all children, not just white kids. I am very grateful I got to experience that culture shift.

Describe a perfect day/night/weekend.

An unplanned beach day with my wife and kids, with great food and wine.

What is your most embarrassing moment?

I thought the MD of the first company I ever worked for was the mail man. He wore the same blue shirt everyday and never spoke to us. One day the "mail man" asked me if I liked working at the company. I said "yes, but..." and threw a few ideas about. An hour later I sat at his big desk and a month later was promoted to my first manager role and sent off to Scotland.

What is your signature dish to cook?

Salad. My wife often complains they're too complicated for her, but I love fresh veg and eat two salads a day.

What is your favourite shop?

Waitrose. Because the coffee is so good.

What is your favourite place in Scotland?

I have lived in Glasgow for almost 20 years and have seen it blossom so much in that time; it is hard imagining not living there. We frequently holiday in Gardenstown/Crovie in Aberdeenshire as well. I am truly grateful life washed me up on these shores. ■

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