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ONE MORE THING



CIARAN HANCOCK

Tough times ahead for Aer Lingus; Cove strikes funding; RSA bucks trend to expand; McFadden and Nesbitt exit iRadio

Cove Energy raises £40m

AT A TIME when many Irish listed companies are finding it hard to raise capital, Dublin-based oil and gas exploration group Cove Energy (formerly known as Lapp Plats) is believed to be close to completing a fundraising of just over £40 million (€45 million). This would make it probably the biggest fundraising by an Irish

junior exploration company. Cove is listed on the junior AIM market in London, and details of the fundraising are expected to be announced in the coming days. It is understood that the funding round was oversubscribed, with a number of leading institutional investors stumping up money, including Fidelity and Gartmore.

Cove has placed the shares at 20 pence apiece – a discount of about a third on its current share price. The fundraising comes just three months after Cove raised £4.2 million at 12p a share. It has been a busy year for Cove. In May, a raft of board appointments were made, with Shell executive Michael Blaha

becoming non-executive chairman, and former Petroceltic boss John Craven hired as chief executive. In July, the explorer acquired an interest in three licences in Tanzania and Mozambique that are thought to have significant potential. The new money is likely to be focused on these prospects.

Insurer RSA to invest €3m and create 40 jobs at Galway base

AMID ALL the negativity surrounding job losses and company closures comes some good news for Galway. Insurer RSA – formerly Royal & Sun Alliance – has decided to invest €3 million in its Ballybrit, Galway, base and create 40 jobs to bring its

headcount in the city to about 100, or 550 people across the country. The jobs will be in business development and customer care, and are expected to be filled by the end of the year. The investment is in updated technology systems

and an upgrade of its facilities. Philip Smith, RSA Insurance Ireland chief executive, said the expansion reflected its “long-term confidence in this market” and would help it to achieve “sustainable, profitable growth”.

Aer Lingus faces lot of turbulence

HE'S ONLY three weeks into the job but there's plenty of fighting talk coming from Aer Lingus's new chief executive Christoph Mueller in advance of the airline releasing its latest cost restructuring plan.

In briefings with staff, analysts and media since he started on September 1st, Mueller has talked of the “extraordinary brand” and the “dedication and education of staff” and the airline's strong cash position. But he's also stressed the need for “amputation” not “cosmetic surgery” to reduce its costs base.

This suggests the outsourcing of certain functions, with catering, cleaning and baggage handling once again in the spotlight.

Mueller has also highlighted the need to overhaul Aer Lingus's IT systems and to take capacity out of its network. “The suit is too big,” is how the German describes it.

Aer Lingus's long-haul flights to America will be in the line of fire, particularly from Shannon. Transatlantic services accounted for about €60 million of Aer Lingus's €93 million loss in the first half of this year.

Mueller says he appreciates the “national importance” of the American routes, particularly to Shannon, but has stressed in briefings that Aer Lingus is “not a charity”. He is also reluctant to run loss-making services from Shannon at a time when staff are being made redundant or asked to take a pay cut.

The plan will be unveiled in mid to late October – the airline has waited until after the

Lisbon referendum so as not to cause the Government any potential problems in the run up to the Treaty debate.

Much of the detail has been flagged. Up to 500 job cuts will be sought and cost savings of about €130 million are to be achieved. Pay cuts will be sought.

It is not clear what level of redundancy payment will be on offer. Chairman Colm Barrington has stated that the generous exit packages of former years are no longer affordable. That raises the spectre of compulsory redundancies and possible strike action this winter. Cue the launch of “rescue fares” from arch-rival Ryanair.

In spite of the constant chopping and changing at Aer Lingus, strikes have barely been a feature at the airline in recent years. The company has generally bought off the staff to achieve its cuts.

Mueller this week rated Aer Lingus's odds of survival at “50-50”. If Barrington and Mueller are serious about transforming Aer Lingus and giving it a shot at survival then they will have to face down the unions.

Mueller also needs to take a knife to the board. It is too big for a company the size of Aer Lingus and there's no good reason why the Government should have three representatives. All the indications are that Shannon-New York has only survived this long due to Government pressure.

This culture has to change.



Aer Lingus management will have to face down the unions if the airline is to survive

Two iRadio shareholders offload their holdings

PERHAPS BLOODIED by the credit crunch, financier Niall McFadden and senior lawyer and Arnotts lead shareholder Richard Nesbitt have decided to retreat from the commercial radio sector by offloading their holdings in iRadio, which last year began operating regional services in the northwest and northeast of the country.

McFadden's Boundary Radio and Nesbitt, one of the State's leading senior counsel, recently sold their 38.86 per cent in Wilton Radio, the parent group of iRadio.

The Broadcasting Commission of Ireland approved the sale of their holdings to Highcross Communications Ltd, which is wholly owned by Galway publican John Mannion. This brings Mannion's total stake in Wilton Radio to 42.3 per cent and makes him the biggest shareholder in the company. Wilton is led by Dan Healy.

Mannion's interests include the well-known Front Door super-pub in Galway city. It is not clear how much McFadden, who had a 35.04 per cent stake, and Nesbitt, who owned 3.82 per cent, received for their shares, but they are thought to have invested more than €2 million between them in the radio venture. The pair are thought to have wanted to liquidate what was a non-core asset.

Accounts just filed for iRadio show that Galway-based i02-104 and Athlone-based i05-107 incurred combined losses of just under €2.6 million in 2008.



Richard Nesbitt: had 3.82% share in iRadio

LITTLE THINGS

■ Nine months after it was nationalised, Anglo Irish Bank retains the capacity to surprise. On September 3rd, auditor Ernst & Young filed its resignation letter with the Companies Office here. “We confirm that there are no circumstances connected with our resignation which we consider should be brought to the notice of the members or the creditors of

the company,” partner Kieran Kelly said on behalf of E&Y. E&Y's role in Anglo's near-death experience is currently being scrutinised by its supervisory body.

Then there is Anglo Irish Assurance, the life and pensions arm of the bank. Its accounts for the year to the end of September 2008, filed this week, include a standard note about “events after

the balance sheet date” (post-September 2008).

“There were no subsequent events which require amendment to or disclosure in these financial statements,” it said. Eh, how about nationalisation, lads?

■ Beer sales here might be flat, but Heineken Ireland was still able to pay its Dutch parent a tasty



dividend of €36 million in 2008, according to its latest accounts. It paid €33 million in 2007.

■ Dublin-based Heneghan PR Ltd, run by Nigel Heneghan, turned a profit of €111,500 in 2008, judging by its latest abridged accounts. This left it with accumulated profits of €611,736 at the end of December last.

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Teaching the art of building on that 'Eureka' moment

UNDER THE RADAR
Ciara McCarthy, Articulate Consulting
 Interview: Peter Cluskey

ENTREPRENEURS NEED unshakable focus to start and build successful companies. Often, though, having had that “Eureka” moment, they still need imaginative guidance on how best to commercialise their fledgling products. They still need to build a brand.

That's where Ciara McCarthy comes in. She's built her own business, Articulate Consulting, around working mainly – though not exclusively – with technology companies, helping them to develop their big ideas with an eye to the end-user experience.

“In the case of software houses, they'll typically have a great technical idea and they'll have programmers and developers who are hugely skilled at things such as writing code – but very rarely will they have design experience”, says McCarthy (28).

“In any business, but particularly in software, it's critical that the product that goes to market is as user-friendly as humanly possible. So, essentially my input in such a case is to work with developers to put a front-end on their programming code.

“I also work alongside them during the development process to help them visualise how their product will ultimately be used by the customers who buy it – and that helps to give them direction in terms of usability.”

If it sounds as though McCarthy has more input and is taken more seriously as a technical collaborator than the average independent design consultant, that's because she probably has and is. She graduated from DCU with a BSc in multimedia in 2003 and set up her first business, PDQ Webmasters, after teaching herself to design and build websites.

Realising that website design

ON THE RECORD



Name: Ciara McCarthy.

Company: Articulate Consulting.

www.articulate-consulting.ie

Job: Founder and principal designer.

Age: 28.

Background: Graduated from DCU with a BSc in multimedia in 2003, followed by an MSc in applied computing for technologists from DIT Bolton Street in 2005.

Set up her first business, PDQ Webmasters, in 2001 while still an undergraduate. In 2006, joined legislative software company Propylon, with whom she spent a lot of time in the US. Set up Articulate Consulting in November 2007.

A member of the Usability Professionals Association and the Interaction Design Association, she also works voluntarily with

charities, most recently on a website for NGO Bruce Peru, which aims to educate Latin American street kids.

Challenges: “There's no doubt about it, building a business in a recession. I believe it will foster entrepreneurial spirit. For instance, we've positioned ourselves as a business that can respond to our clients' requirements quickly – at an affordable price.”

Inspired by: “My parents, Mick and Mary, who were always supportive and told me, ‘whatever you do, you'll do it well’. I'm also constantly inspired by blogs that I read. I realise it's absolutely essential to keep abreast of what's going on out there and what's new in emerging technology.”

Most Important Thing Learned So Far: “In terms of the day-to-day running of the business, managing workflow efficiently. In the software and internet business, small things can go wrong and cause big problems, so you have to be organised and pay attention to detail. Also, be responsive: answer e-mails and phone calls – that's essential to maintaining relationships with customers.”

was a business whose time had come, she then decided to give herself a competitive edge – and took at master's degree in applied computing for technologists at DIT Bolton Street. “So although Articulate Consulting works with a whole range of companies outside the technology area, I suppose you could say that behind it all I'm a bit of a techie myself.”

Wearing her design hat, she helps clients to overhaul an existing brand or build a new one, right from a company logo through corporate communications to developing an online presence – and then devising and implementing a marketing strategy to go with it.

Not surprisingly for a technology fan, online marketing is an area of particular expertise –

making the most of e-mail newsletters, landing pages, blogs and social networking sites.

“Companies can leverage all these tools to their advantage, and not to use them means excluding a huge potential market. You must have an online presence because, when you think about it, the first thing we do when we hear about a new company is to Google it and, to be found easily online means you have to do search engine optimisation on your site as well.

“Then the newcomers, social networking sites, blogs and social bookmarking, can be a very effective way of driving traffic to your company's website.”

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LAST WEEK
 We asked: Under the revised Nama legislation are banks sharing enough of the risk with the taxpayer?

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THIS WEEK
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