

Ask the man or woman on the street to describe any sector of the economy and the services sector is probably the one that they will struggle with most, despite it being our largest and arguably most important.



I would hazard a guess that they would focus on words such as retail, hospitality, financial services and professional services, such as accountancy. Names like Primark, Debenhams and House of Fraser, would likely be to the fore, having been in the news, largely for negative reasons, in recent weeks. But would they think of Newry-based STATSports?

Whilst domestic consumer spending remains the dominant driver of the sector and indeed the economy, Northern Ireland's services firms are actually becoming increasingly global and outward-looking, and some of them are even moving into the premier league both in terms of their performance and their client base.

Just last week, Newry-based STATSports announced 200 new jobs as it expands its global

operations, being at the leading-edge of the fast-growing wearables industry, offering its services to several Premier League clubs, as well as global sports team such as Barcelona, the Springboks and NBA Basketball teams.

Meanwhile, another 'Silicon-Gullion' company, First Derivatives, became a one-billion-pound business at the start of 2018, and Alchemy Technology Services announced 250 new jobs in the North West earlier this month, all driven by global demand.

Job creation within the IT industry has been impressive to say the least. 20-years ago, there were as many people employed manufacturing furniture in Northern Ireland, as there were in computer programming / consultancy and related activities. There were also three-times as many people employed in financial services. Today, we have more computer programmers and software developers than we have people employed in our banks.

And technology is much more than just the IT sector. We have also seen a surge in employment growth in other higher-value areas driven by technology. The legal and accounting services sector has seen a 36 percent increase in employment in since 2013 as companies like Baker McKenzie and Allen and Overy have outsourced roles to Northern Ireland, with employees here providing computer-aided services to clients in the US and beyond.

Indeed, technology has been central to the changing face of the services sector, both in terms of job creation and destruction. Some areas have been embracing technology as part of their growth, whilst others have been fighting a rear-guard action, notably traditional retailers against the online giant, Amazon.

It is not an exaggeration to say that the face of the high-street has been transformed by technology with implications for a wide range of services businesses.

Everything from bank branches, to travel agencies and department stores have been significantly impacted as consumers opt for online versions of their services. Meanwhile, the burgeoning coffee shop sector has been using free Wi-Fi to lure in customers, with these types of businesses being amongst the biggest contributors to jobs growth in the past five years.

These changes can be seen in the employment statistics – financial services employment in our core banking and credit institutions for instance is down by 13 percent or almost 2,000 jobs in the last 10 years, partly driven by technology. And employment amongst travel agents and tour operators is down eight percent in the decade. Meanwhile, the number of jobs in the food and beverage services sub-sector (which includes cafes, coffee shops and restaurants) has increased by over a quarter in just the last five years.

And this latter statistic gives us some insight into a major challenge for the services sector. Despite employment being at a record high and high-value areas such as computing seeing growth, private service sector output is lower than it was 10 years ago, creating a significant productivity challenge. There are more jobs but many of them are lower value. For instance, along with the boom in coffee shop jobs, the residential care sector has more than doubled its employment (+12.5k jobs) in the past five years to 24,000. By comparison, the computer programming and computer related activities sub-sector has seen an increase of 2,900; so for every computing job created in the past half-decade, we have created four residential care jobs and three coffee shop jobs.

Looking ahead, technology has a major role to play in addressing this productivity challenge. For one, we need to see the continued growth of companies like STATSports and other technology firms who provide high-value jobs. But more broadly, we need to see growth in companies within the services sector that are outward looking and can tap into global markets, as this is where the potential growth opportunity is, rather than in areas

that are reliant on the domestic market.



And our economy can learn much from the products and services STATSports' provides to the sporting industry. They provide technology that enables real-time analysis of sporting performance, helping clubs and teams to significantly up their game. This provides sporting leaders like Joe Schmidt with full transparency regarding performance and to have a clear insight into under-performance, dealing with it appropriately to boost output and success in the interests of the team. The most efficient manufacturing plants have been doing this kind of thing for years. Given Northern Ireland's productivity challenge, more businesses and also public sector bodies need to adopt a similar approach to identifying areas of under-performance where there is the opportunity to boost productivity. Exposure to diverse competition, particularly in public sector recruitment and procurement, is key.

We have some firms operating in the premier league but too many are performing in lower divisions or simply lacking competition. To move our entire services sector and economy in the same direction we need to embrace the mindset of systematic, continuous improvement that technology by STATSports is helping the likes of Joe Schmidt achieve.

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