SAMANTHA McCAUGHREN

An Post now seeing at first hand the Brexit squeeze on British business

A recent trading update from the Royal Mail gives us a very interesting insight into how small British businesses are faring with Brexit. In the five months to August in 2019, the Royal Mail recorded 111m international parcels. (In total the UK postal service processed 520m parcels but 409m of those were domestic mail.)

Parcels traffic was up last year as ecommerce enjoyed its peak lockdown moment. But this year Royal Mail's international parcel business plummeted to 70m in that same five-month period.

It's probably safe to assume that quite a few of these unsent parcels used to be the ones that were mailed to Ireland and other parts of the European Union. Some were no doubt packages from family members and friends, but SMEs depend heavily on the Royal Mail.

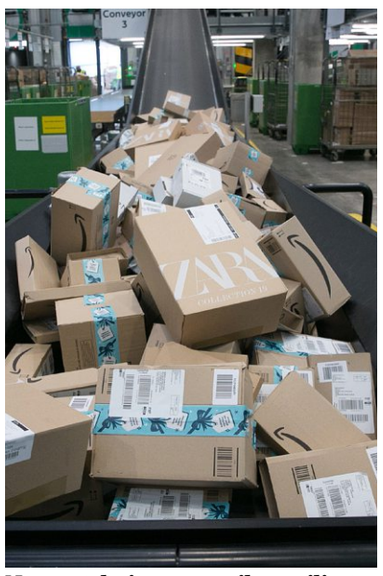
Rumours of postal disruptions among Irish customers have intensified in recent months, with plenty of anecdotes about customers facing customs charges or delays.

One of the main causes of this is the implementation of new EU rules, which means many items are now liable for VAT and customs charges (before July 1 goods under €22 were not affected by VAT).

Some of the EU rules – such as all goods coming into the bloc requiring 10-digit electronic codes – were originally aimed at cheaper items being imported from the likes of China. But the rules have had quite an unexpected impact, given Britain is now considered a third country.

And An Post is getting a real taste of post-Brexit complications.

When asked a number of questions about the Royal Mail's trading update and what it means for post coming into Ireland, it becomes clear that An Post is labouring at the coalface.



New regulations on mail are piling the pressure on An Post

> GIFT PARCELS SENT BY FAMILY AND FRIENDS IN UK ARE BOUND BY THE NEW EU CUSTOMS RULES

"The world has become a lot more complicated due to new EU customs rules and Brexit. An Post is taking big steps to help customers find a way through these changes, most particularly with parcels posted from non-EU countries, including Britain," said a spokeswoman.

"We are also in daily contact with the Irish Customs and are working closely with non-EU postal services, most particularly Royal Mail, to help them deal with the complex EU customs changes impacting their parcels into Ireland.

"We know how frustrating any disruption is to customers, so we are working to help alleviate the issues at source, that is, with those who are sending the goods from non-EU countries, and those who are carrying them – for example, Royal Mail."

Over 95pc of all parcels enter Ireland and go straight out for delivery.

Almost all of the larger non-EU retailers – including high-street British brands such as M&S, River Island, Boots, etc – have systems in place with An Post to provide a simple facility at the online checkout to pay all VAT and customs charges upfront.

These parcels can come straight through Customs for delivery with no delays.

Of parcels which are not prepaid, an increasing number have the required declarations in place to enable customs to raise whatever charge is due. An Post then advises the customer of the charge by text email or postcard that money must be paid. Then it is delivered.

A small proportion of items posted from non-EU countries (most particularly Britain, says An Post) don't have any of the required electronic customs declaration attached, or else an incomplete declaration, and/or they contain goods which are now restricted or prohibited from entering the European Union.

"These cannot be processed by Customs, and An Post has no option but to have them returned to sender. The customer may have received notification that an item is in the country, but they wouldn't be aware that the item arrived without the necessary customs declaration data, or that the contents are prohibited," said the spokeswoman.

From what An Post is seeing, it appears that many smaller retailers (specialist stores in the UK, in particular) are not aware of these requirements, and have not put in place the necessary online shopping systems for selling to Ireland.

It may be hard to believe, but gift parcels being sent by family and friends in Great Britain (which excludes Northern Ireland) to Irish addresses are also bound by the new EU customs regulations.

It's all putting pressure on An Post, which says it allocates resources to the areas of most need.

"Right now, it is our key focus – with teams dealing daily with Customs, with the Royal Mail and other non-EU postal services," said the spokeswoman.

While this is a headache for our postal service, it does gives a worrying insight into what life is like for some businesses in Britain. Ireland has long been a reliable customer for all sorts of businesses there. SMEs are having difficulty getting goods over here.

A 37pc falloff in international parcels is not being felt by the retail giants who have streamlined services and fall into a different category of parcels. But the smaller guys – and their customers – are feeling the pinch.

ERGO

Sophie Styles at Boodles on Grafton Street. Picture: Mark Condren

Oodles of spending at Boodles post lockdown

Anecdotes that at least some lockdown savings are being splurged on jewellery seem to be true for one luxury jewellers. James Amos, director of the British group Boodles, has been back visiting the Grafton Street store he once managed — and says average expenditure by well-heeled clients is on the up.

Looking at numbers now versus pre-pandemic he said: "Profits are nicely up. Bearing in mind that the shop has been closed a lot longer [in Ireland] than in the UK, units for the year are up around 10pc. Our year starts on March the first — and sales are up about 20pc."

Amos recalled that some couples spent millions of euro on jewellery during the boom years, but that had tapered off. However, the last few months have been a revelation, he said.

Around five years ago, most sales would have been in the €5,000 to €10,000 range. "This year, we have seen quite a lot of individual sales which would have been much higher in value — sort of €50,000, €60,000, €80,000 level. Which we haven't traditionally seen in Ireland.

"We have a great team here with new manager Sophie Styles," he said. "And we're seeing a higher calibre of customer."

Amos has been over here to show off Boodles' 'Around the world in 16 days' collection featuring some of the finest gems from around the world.

He recently held a dinner for 20 special shoppers in Patrick Guilbaud and plans several more high-end gatherings.

Abercrombie & Fitch sees turnover take hit

A&F Hollister Ireland, an Irish subsidiary of US fashion and retail giant Abercrombie & Fitch, has reported a large drop in turnover in its results for its most recent financial period.

Turnover at the company, which operates stores under the Abercrombie & Fitch and Hollister brands in Ireland, was down to €3.2m in the period from February 2, 2020, to January 30, 2021. It fell from over €7.5m in its previous results for 2019 to 2020.

The directors' report said A&F had seen and expects to continue to see a "direct, material adverse impact to sales" due to Covid-19.

Cork-based digital medtech firm PMD Solutions has appointed an industry heavy hitter to chair its board of directors as it looks to bring its respiratory management product to healthcare systems worldwide. Loretto Callaghan, former CEO and country president of Novartis in Ireland, will bring her experience to PMD as it continues to roll out its RespiraSense respiratory rate monitor, which has already been deployed as a primary tool in the care of Irish Covid patients.

TECHNOLOGY

Facebook: Out but far from down despite a rocky week

Steve Dempsey

In 2014 Facebook's motto went from 'move fast and break things' to 'move fast with stable infra' or infrastructure. The old slogan came to the fore again last Monday when the social media firm broke its own systems, removing all services including Instagram and WhatsApp from users' lives for six hours.

What happened? Facebook said configuration changes on the routers that coordinate network traffic between data centres caused issues that interrupted this communication. This disruption had a domino effect, bringing down all services and internal systems. The effect on the internal tools and systems slowed down diagnosis and resolution.

The company said no user data was compromised. And it apologised to anyone affected. Every online service suffers outages. And, to be fair, Facebook's uptime is typically excellent – but that makes any outages all the more obvious. And costly. Monday's outage did what multiple scandals have failed to do: it damaged Facebook's value. More than $40bn (€35bn) was wiped off the company's market cap and co-founder Mark Zuckerberg personally lost around $6bn. Ouch.

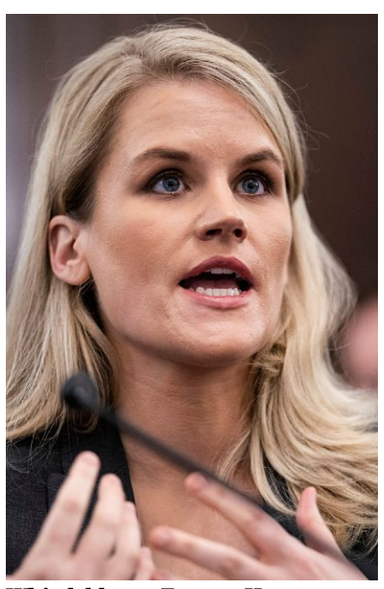
There was, of course, further pain for the social media giant last Tuesday when Frances Haugen, a former project manager for Facebook, testified in a US Senate hearing, saying the social network knew its products harmed young people but did nothing to address concerns. Facebook passed this off as the opinion of an uninformed, low-level employee. "Today, a Senate Commerce subcommittee held a hearing with a former product manager at Facebook who worked for the company for less than two years, had no direct reports, never attended a decision-point meeting with C-level executives – and testified more than six times to not working on the subject matter in question," a Facebook spokesperson wrote.

I'd argue the outage last Monday was more damaging to Facebook than the senate hearing the following day. Why? Well, Facebook is no stranger to scandal. Every few months there's some new issue: Cambridge Analytica, misinformation and undermining democracy, advertiser boycotts. None of these have derailed Facebook in the slightest. It's a juggernaut that never stops.

But the outage showed us what happens when the juggernaut just disappears.

Many users who rely on Facebook, Instagram and WhatsApp for communications and entertainment were inconvenienced. Many businesses that use these tools for advertising purposes had their marketing inadvertently paused. But they weren't paying for any advertising when Facebook was down so while they were offline for six hours they weren't out of pocket.

WhatsApp, however, is different. In some countries it is used by emergency services and other teams to communicate. Where a communication tool is more like a utility, downtime is dangerous so discussions around breaking up Facebook or making separate code bases for different services begins to sound compelling. Certainly, a reliance on single companies risks the creation of single points of failure. EU commissioner Margrethe Vestager pointed this out on Twitter, saying we need alternatives and choices in the technology market and must not rely on a few big players whoever they are.



Whistleblower Frances Haugen at a US Senate hearing last Tuesday

In the news arena we saw users switch to another method of news gathering. In many instances they moved seamlessly from social to search. Instead of getting their news from Facebook's algorithmic news feed they jumped over to a search engine and started googling "Why is Facebook down?"

Flip-Pay, an Irish company that provides paywall services to a host of international publishers (including this paper's websites), found that website traffic didn't fall off a cliff. It actually increased. Across all sites with Flip-Pay deployed, traffic was up 13pc, direct visitors were up 15pc. They did note that hits to mobile traffic were down by 9pc. So it seems many users put down their mobile devices and picked up laptops to access reliable news websites.

So what? Well, the outage seems to indicate how, without Facebook, people relocate to get access to the information they need and revert to recognised news brands and search channels to get it. The real insight the outage may be giving us is the attention economy is a zero-sum game. If Facebook, or any other distributor disappears, the other players see the benefits. Telegram, for instance, a messaging platform similar to WhatsApp announced it added 70 million new users during Facebook's outage.

While Facebook is undoubtedly top dog in the attention economy it's no longer the coolest cat. TikTok last week claimed it hit a billion monthly active users worldwide. Snapchat posted higher user and revenue growth last quarter. Facebook's main app, meanwhile, is struggling to grow.

The outage proved how one platform's outage is another's recruitment opportunity. But it will take a few more outages, and less stable infrastructure, before we begin to see users – and advertisers – looking elsewhere.

Sunday Independent

Business

Edited by Samantha McCaughren

The Irish mentality has really come on since the pandemic and people are willing to explore

The Irish entrepreneurs contributing to the $4.4trn global 'wellness' economy, Page 5

Revealed: Fexco restructures after its first loss in 40 years

- Well-known Kerry company to report €40m impairment charge after Covid hit
- Family business brings in new board members including appointment of MD

SAMANTHA MCCAUGHREN
BUSINESS EDITOR

Financial services company Fexco recorded operating losses of €6m for 2020 in a dramatic turnaround of its fortunes during the pandemic, the *Sunday Independent* can reveal

The company, which employs over 2,000 people, reported profits of close to €18m in 2018, the last period it publicly reported on, but Covid-19 has devastated its core foreign exchange revenues.

The group's 2020 accounts will show a 29pc decline in income to €173m as some parts of the foreign exchange (FX) business fell by as much as 75pc last year.

The company cut 150 roles in Ireland last year and 400 jobs in the UK after its FX business there went into administration. This was a significant contributor to a €40m write-down that will be reported by the company for 2020.

A number of new senior appointments have been made at the notoriously media-shy company, which was founded 40 years ago by Brian McCarthy.

Neil Hosty has been promoted to group managing director from his previous role as chief operating officer. He is working closely with Denis McCarthy, who is the group's CEO and a son of the founder.

Anna Savage joins from AIB to take over as chief financial officer from Gerard O'Sullivan, who retires at the end of the year. Bertie Murphy has joined from PwC as chief strategy officer.

And Martin Ryan has been appointed managing director of Fexco Managed Business Solutions having previously worked for Capita and Accenture.

Hosty said the company had returned to a small operating profit on a month-to-month basis, with an expectation that the business will break even for the year. "Our outlook for 2022 is hopefully a little growth on that position. But notwithstanding that there are a lot of challenges out there that we may face in some of our businesses," he said.

"We'll continue to innovate and we're trying to invest responsibly in our own future and at the same time we've been able to repair our own balance sheet over the period of time."

The sale of stakes in Taxamo and Goodbody Stockbrokers this year have yielded proceeds of over €100m for Fexco.

Hosty said some of the one-time losses in 2020 would be followed by benefits from the disposals in 2021. "It's a tale of two halves in some ways, but there is a long story to be written into the future."

Fexco CEO Denis McCarthy (right) with new managing director Neil Hosty

The company is beginning to hire again and plans to take on 150 people by the end of 2023.

Ownership of the company is largely in the hands of the McCarthy family, with a small number of other investors.

The company has recently re-registered as a limited company after going unlimited in 2010. Less information about unlimited companies is available to the public.

"We have made the shift as part of a broader approach to provide more public information, and to ensure all our stakeholders are able to see the business's solid financial position," said a spokesman. "It builds on our publication in 2017/2018 of abridged financial accounts to provide enhanced financial visibility.

"Fexco Holdings Unlimited was a legacy structure within the group that had no impact on performance and carried no tax advantages," he added.

It has also made internal changes to finance and technology functions.

The company is targeting opportunities in the area of sustainability. It has launched PACE, a platform for analysing CO2 emissions in the aviation sector.

Fexco is developing this technology and believes it can be applied to the marine, transport and logistics sectors.

In February 2020, Fexco opened its state-of-the-art research and development centre in Killorglin, Co Kerry. It includes The RDI Hub, a Public Private Partnership with Kerry County Council and IT Tralee.

"It's a big long-term stake in the ground, for us and for the whole area," said Hosty.

BANKS MUST BE HIT HARD FOR I.T. FAILURES IN DIGITAL WORLD. RICHARD CURRAN, PAGE 2

POOR RANGE AND COST STOPPED ME FROM BUYING AN ELECTRIC CAR. ADRIAN WECKLER, PAGE 10

Siptu internal industrial relations slated by staff

- Union workers allege IR is 'worse than Ryanair'

FEARGHAL O'CONNOR
DEPUTY BUSINESS EDITOR

The leadership of the country's biggest trade union faces a mounting crisis after a key group of senior staff warned that Siptu's own "unbelievably deficient" internal industrial relations is "inferior to that of the Ryanair model".

Fifteen long-serving Siptu officials and employees sent a lengthy, detailed and devastating critique of the current state of the trade union to each member of its powerful National Executive Committee.

The letter paints a picture of a working environment at Liberty Hall full of reprisal, widespread discrimination, stress-related mental illness and burnout.

Written on behalf of the union's Staff Representative Committee (SRC), the letter outlines how "solidarity has been replaced with, individualism, and careerism" and "democracy replaced with autocracy and secrecy".

"Equality has been replaced with widespread discrimination, the two most prominent grounds being gender, and political beliefs," said the letter.

"Many staff have suffered mental illness due to work-related stress and burnout, morale is on the ground, trade union values are non-existent, our power is being diminished, the membership is only going one way – down."

Liberty Hall, Dublin, where Siptu has its HQ

The letter stated that the committee is concerned about dignity-at-work issues, claiming that "rules and procedures are frequently broken when they don't suit management".

"There is a complete absence of transparency," it said.

"Recruitment and promotions are a mystery, there is no known rationale but there are definite trends. In fact, jobs have been created for some and promotional posts are frequently suppressed or held until the favourite person has been placed in a position that will enable them to take it."

It alleged that staff are being demoted by stealth, that staff "displaying trade union values are not wanted and life is being made extremely difficult for them". It said "expressing an alternative view, or progressing a grievance, is not welcome and may result in reprisal." The letter was sent as a follow up to a request for a meeting by the SRC – which acts as Siptu's internal industrial relations mechanism – and the management committee. The SRC letter said it was "regrettable" that the initial request in early October for a meeting had been ignored.

"We are extremely concerned about the direction that this Union is going in.

"Our virtues, values or principles are not being reflected in the practices, processes, activities, or structures within the Union.

"We have for many years attempted to deal with these issues in a collaborative and constructive manner, only to find ourselves in endless, meaningless processes that go nowhere, or result in aspirational documents that Management cherry picks what they want from."

The letter outlined how, because senior managers get to vote on SRC decisions, including on its membership, the SRC "has no independence, a fundamental reason for the existence of trade unions".

"We have an unbelievably deficient industrial relations model which we inherited. It is inferior to that of the Ryanair model," it said.

As a condition of employment, Siptu's 300 employees must be members of the union.

"However, we have none of the usual benefits, we have no say or voting rights, we have no rights to participate in divisional or sectoral committees, nor do we have any rights to attend as delegates to conferences.

"We have no right to access expert assistance. We pay in the region of €75,000 per annum in contributions and get none of the normal benefits. Our dispute resolution procedures are never complied with by management."

Continued on Page 2

ISME writes to Government on IWA 'whiskey label' plan

- ISME has wrote to the Minister for Agriculture Charlie McConalogue over plans by lobby group IWA for a US certification mark. Report: Page 3

Lidl plans 'very aggressive expansion' to 200 stores

- German retailer Lidl is on the hunt for more sites around Ireland as it looks to push its store count here from 171 to 200 and beyond. Report: Page 3

Neil Hosty, left, and Denis McCarthy have big plans for next year
Picture: Valerie O'Sullivan

INTERVIEW

FEXCO OUT TO STEADY SHIP AMID STORM

Samantha McCaughren

● Foreign exchange business took a huge hit from Covid, but dual leaders at the helm are taking steps to ensure it has a prosperous future

At the headquarters of Fexco in the centre of the village of Killorglin, Co Kerry, a red carpet runs along the reception area. A little fence surrounds it and tinsel is plentiful — the remains of a visit from Santa to the Irish financial services firm, best known for its foreign exchange business. Dozens of families had enjoyed a festive visit there days earlier, in a carefully Covid-controlled fashion.

But early last week, the offices were once again almost empty as Fexco staff continue to work from home. Based in a former railway station, the building's decor reflects the earlier days of Fexco, with its red-patterned, hotel-style carpet, large individual offices and dark-wood fittings.

A short drive away, a new state-of-the-art building represents what Fexco hopes will be its future. The former factory has been transformed into a research and development hub, now complete with floor-to-ceiling windows, breakout areas and brightly-coloured velvet sofas.

Opened in February 2020 amid great optimism, it has been occupied by just a handful of staff since then.

The past 21 months have been difficult for Fexco.

Neil Hosty, a former banker, has been elevated to the role of managing director, and now sits alongside Denis McCarthy, who is chief executive and son of the company founder, Brian McCarthy.

Fexco's origin story is a well-known part of Irish business folklore — how McCarthy senior spotted a gap in the foreign exchange (FX) market for US tourists tripping down to the Ring of Kerry. He went on to create a massive success story, employing well over 2,000 people and generating immense wealth.

The current management structure is an unusual double hander, perhaps reflective of the unusual times the company finds itself in. The pandemic, though, has hit Fexco's FX business hard.

"You can draw a direct correlation between what happened to world travel and what happened to our FX businesses in 2020. We had a perfectly fine first quarter and then early rumblings in March that things were going to go awry. And basically, toward the end of March, the whole world just started to shut down," Hosty says.

"By the end of the year, our revenues and our core businesses had dropped by over 30pc. Within the FX businesses, they had dropped anything from 75pc in the retail business, to 50pc in the global business, on a 2020 basis."

The company recorded an operating loss of €6m for the year.

Although Fexco has expanded into several areas — it recently sold its stake in Goodbody, for example — FX is what it is best known for. When that business fell off a cliff, action was required.

"We needed to respond to make sure our cost base was adjusted to be able to match that," Hosty says.

"Last year, we reduced about 150 roles here out of typically 1,000, and it was primarily voluntary."

The company now hopes to hire 150 people in new roles by 2023.

A far more significant restructuring of the UK business took place. It was hit by the huge fall in international travellers to the UK, compounded by retail lockdowns which shuttered the FX outlets.

"There we went through an administration process and that led us to taking a restructuring charge," Hosty says.

The write-down, which will be reported in upcoming results, was in excess of €40m. The company went from 100 shops to 60 and shed 400 jobs.

There were also changes at group level.

"We integrated some of our technology functions and also our finance functions here. And that allowed us to, yes respond to Covid, but also to create a wider network of support and engagement for professional roles across the company," Hosty adds.

Denis McCarthy, who qualified as a mathematician, knows 2020 is a standout year in the company's lifetime.

"I'd say certainly Covid is the biggest shock that the company has been a part of. The company is 40 years old and it never made a loss before," he says.

"Like any company, in the early days, or certainly the first 10 years or so, there was a number of crises which weren't as big but which were probably more serious because the company wasn't as strong.

> **FEXCO WAS VERY FORTUNATE THAT WE HAD A STRONG POSITION GOING INTO COVID-19**

"So, I think Fexco was very, very fortunate that we'd a very, very strong position going into Covid. It gave us the space to do things that we had to do in order to make sure the company was going to prosper post-Covid."

In the week that Omicron flooded the national debate, they know the challenges presented by Covid are far from over.

"I think the best decision we made early on in Covid was that we realised it was going to be a long-term thing," McCarthy says.

"So, it wasn't going to be over in three months. I think it was within about a month of Covid hitting we agreed we had to plan as if this was going on as a multi-year problem."

McCarthy has been at the helm of the company since early 2015. Having studied maths in Trinity College Dublin, he then went into software development and worked for a payments processor called OmniPay in Dublin for a few years. Founded by Brian Connolly and Hubert O'Donoghoue in 2002, Fexco was majority shareholder in OmniPay, which was acquired by First Data in 2012.

McCarthy then joined Fexco's Dynamic Currency Conversion (DCC) business.

"It was a good experience because I got to build some of the early stage technology, which turned out to be very successful," he says.

He later started up a couple of his own companies, before joining the Fexco board about 12 years ago.

His brother John also has an entrepreneurial streak, and sold his company Taxamo, in which Fexco was a shareholder, for €200m last year.

Were the McCarthy children driven by a desire to plough their own furrows?

"Brian has always been really supportive," McCarthy says of his father. "So it was never about being a rebel or anything, it was about just seeing a good example really.

"I think it's also a trait of the McCarthys that we're not very good at taking direction."

For his part, Hosty started in AIB in 1996 as a graduate and moved up through the ranks.

"I would have been retail banking, wealth management, for a while, business banking, and then I had two tours of duty in the US, kind of connected to AIB," he says.

He moved back to Ireland in late 2017 and was introduced to Denis and the McCarthy family.

"After 20 years in banking I wanted to explore the world outside of banking and the Fexco story was just extremely compelling for me, a very different type of an organisation.

"Here you have a large organisation, but one that's family owned, very much in control of its own destiny, a really good ethos in it and a culture in terms of employees."

Hosty started off by setting up and running Metamo, Fexco's joint venture with 16 of Ireland's bigger credit unions. He moved into the position of chief operating officer and then managing director soon after Covid hit.

McCarthy says: "It was very helpful to have Neil available or in a position to be able to chip in as part of the senior team."

But how do a chief executive and managing director carve up the leadership?

Hosty says: "We work pretty seamlessly together. We've 40 years of history here and our discussion is really about how do we make sure we're strengthened in every way that we need to be for the next chapter ahead? Which in the short term, has been to deal with Covid, of course, but really it was focused on more long-term growth for the organisation and where we can take our business."

The company still plans to invest and innovate in FX. At the moment foreign exchange accounts for about a third of revenues. Pre-pandemic, it would have accounted for more than half.

"It would have been a big chunk of our traditional profitability and it will be in the future as well," says Hosty.

"But from an employment perspective, and we have a very diverse portfolio of businesses that are not FX.

"For example, we have nearly 500 people based in Kerry that are part of our managed services organisation. We probably talk to every Irish household at least three times a year but they probably don't know that it's us."

Also, Fexco and An Post have managed the prize bonds business on behalf of the NTMA since 1989. Now the company wants to find new business opportunities in the future.

Irish companies such as Stripe have shown the vast breadth of opportunity in the fintech space for companies which hit on the right disruptive idea.

"Fexco will listen to any idea really. Obviously we have our core capabilities around FX and tech and so on. But Fexco has done really well when we're open to new opportunities," McCarthy says.

"And if you look at the history of Fexco, the reason why Fexco is the size it is, is really because the company never felt constrained to be one thing.

"So it was never just about bureau de change or about tax refunds or whatever it is, it's always been open to opportunities as they arise. And I think that's really helpful in a world where things change so quickly."

Sustainability is a key area of opportunity, Fexco believes.

It recently partnered with UK and US-based consultancy, Avocet Risk Management, to launch Pace (Platform for Analysing Carbon Emissions), a tech system for measuring carbon output. It hopes to offer this service to other sectors.

> **FEXCO'S ORIGIN STORY IS A WELL-KNOWN PART OF IRISH BUSINESS FOLKLORE – HOW BRIAN McCARTHY SPOTTED A GAP IN THE FOREIGN EXCHANGE MARKET FOR US TOURISTS TRIPPING DOWN TO THE RING OF KERRY**

"We're also looking kind of further down the road to how green energy assets are developed, how will they get managed? How will they be administered? What kind of technology is required to support them? How will carbon tax evolve?" Hosty says.

"We feel like we're pretty well placed to put our minds into how to solve some of these challenges."

McCarthy adds: "Fexco's culture has always been about putting some bets in certain areas. We will rarely put one big bet on one thing. But the business mix of Fexco is really as a result of having that process over many, many years of actually being able and willing to invest in multiple different things. Which is that not everything is going to work, but some number of your bets will actually pay over time."

It got a good return on its bet on Goodbody, which it bought for €24m in 2010, along with staff. It was sold to AIB for €138m earlier this year, but not before failed attempts to sell to Chinese buyers.

"I think given where the world was, selling to AIB was probably the best outcome for everybody. But I must say, we enjoyed being shareholder, and we left our friends in Goodbody on very good terms," McCarthy says.

In terms of Fexco's future, changes to the board and the whole issue of succession, McCarthy says everyone is fully aware of the challenges of a family business.

"The shareholders, many of whom are family, are very mindful of how important it is to get it right, to make sure the business can be successful into the next generation. Because we all know the history of family businesses is littered with examples where it hasn't worked," he says.

"I think we're lucky with our shareholder base that people think similarly about the business and recognise how important it is to the people working in it and the local community and its customers. And, thankfully, we tend to put those criteria first rather than the shareholders. But, of course, it is very important to have that balance as well."

His father, now 77, is still active in the business, but less so.

"He comes in and he works on things that he finds interesting," says McCarthy. "But he's been taking more of a back seat over the last few years, which is perfectly understandable."

The company appears to be at an inflection point, marking its 40-year anniversary at an incredibly difficult time for its core business.

Could a sale be on the cards?

"The family has no ambition to sell the business," McCarthy says. "Our mission is for the business to be successful, because we can see the huge value that creates. It's why Fexco is so important for our customers, our employees and our local communities.

"We've no interest in selling it, but fundamentally it'll always be about what's best for Fexco and what's going to help us to grow and be successful."

For Hosty, a key challenge is bringing growth back to foreign exchange. The company hopes to break even for the current year and build on that.

"We've made a lot of the biggest changes that we needed to make early on and the disposals of Goodbody and Taxamo have allowed us to repair any challenges from a balance sheet perspective, so we're in a strong position from a capital perspective.

"Our operating businesses have recovered to the right side of month-to-month trading from a profit perspective, but obviously we're targeting further growth from there."

Fexco founder Brian McCarthy

CURRICULA VITAE

Name
Denis McCarthy
Age
43
Position
Chief executive Fexco
Lives
Killorglin, Co Kerry
Family
Married with two children
Pastimes
I like to read and walk, but my hands are full with the two small kids.

Name
Neil Hosty
Age
46
Position
Managing director Fexco
Lives
Monkstown, Dublin
Family
Married with two children
Pastimes
Sports and history.

BUSINESS LESSONS

Has the pandemic taught you anything about business?

Hosty: "Someone said to me that the culture of a place is really proven in times of adversity and I think that is probably true.

"For us it's always to be learning and listening. Because whenever you think you have it figured out, you're missing something that is coming around the corner."

McCarthy: "One of my big lessons was, when you are faced with multiple problems, which we were with Covid, focus on the biggest one first.

"And don't worry too much about the other ones until you put your head around the biggest one."

SAMANTHA McCAUGHREN

What is next for Glanbia after it closes off dairy co-op connection?

Glanbia CEO Siobhán Talbot 'will be keen to get over the Glanbia Ireland transaction'

On Friday, shareholders in the Glanbia PLC will vote on the disposal of its 40pc stake in Glanbia Ireland, the country's largest dairy processor and grain buyer, to the Glanbia Co-op.

They are likely to embrace the transaction with open arms.

A deal for the listed entity to extricate itself from the Irish dairy business has been a long time coming – former CEO John Maloney was thwarted a couple of times before agreement was first reached to begin severing ties between the two entities.

It is the end of an era for Glanbia's Irish operations, but what will it mean for Glanbia PLC?

On the face of it, ending commercial ties with the farmer base will make Glanbia a much simpler, cleaner proposition for investors as some institutional shareholders felt it added a layer of complexity to the business.

Any upside to this is already built into the price, however, so a re-rating is unlikely. But with the messy business of the co-op finally put to bed, perhaps more attention will be paid to the share price.

It has been a challenging few years for the stock. If someone had invested €100 in Glanbia five years ago, it would now be worth €73. (Incidentally, if they had invested €100 in fellow Irish nutrition player Kerry Group five years ago it would be worth €157 today.)

Some observers feel that if Glanbia did not have such a concentrated shareholder base and a relatively sparse following among analysts, there would have been public calls before now for some action to address the share price.

Glanbia has been an incredible pioneer in certain areas of the food ingredients and nutrition sector. The company got the whey-based boom completely right, and it has been a world leader in the space with its bodybuilder brands, particularly its Optimum Nutrition range.

However, the whey protein products have not been adopted across the world in the way Glanbia predicted a decade or so ago. Sales in territories such as India and Russia have not bulked up the way it was once hoped.

Glanbia Performance Nutrition (GPN), which houses the protein business as well as lifestyle brands such as Slimfast and Think, is still very much a North America story. The half-year results last August showed that North America accounted for €439m in revenue; Europe €117m; Asia pacific accounted for €63m; Latin America €4.8m; and the rest of the world was €13.5m.

Glanbia saw strong growth in those results after tackling some issues with branding and distribution back in 2019, but there is no sign of the huge international sales that some would have hoped for when Glanbia's share price edged close to €20.

The company would no doubt argue that the shares are undervalued – last week they were trading at around €12.60. While the sale of Glanbia Ireland makes the company more straightforward, the PLC remains made up of two fundamentally separate businesses – there is the consumer-facing GPN business and the nutritionals business, which includes its American cheese business and is a business-to-business offering.

GPN is generally viewed as a more valuable business than the nutritionals arm and therefore gets high multiples from brokers. GPN is not without its challenges – Slimfast, for example operates in a very flighty space where it's Atkins one year and keto the next – but GPN would appeal to a large consumer group with an appetite for acquisitions.

For example, US private equity firm Butterfly Equity has just agreed to sell its majority stake in Orgain, a leading plant-based nutritional platform to Nestle Health Science and industry sources believe a very healthy multiple was paid for this.

Although Orgain is in the plant-based protein segment, a particularly hot area at the moment, GPN would also be a very attractive prize for the right bidder.

Glanbia Nutritionals would attract a lower multiple despite the company's efforts to highlight the virtues of this chunk of the company. The different multiples applied means the share price is a hybrid of the two. Would more value be unlocked if they were separated?

Glanbia CEO Siobhán Talbot and the rest of the management team will be keen to get over the Glanbia Ireland transaction but they must be aware of the break-up chatter in some quarters.

It may be worthwhile for the PLC to sit it out a bit longer before even entertaining such a prospect – partly to allow the co-op shareholders and farmers to absorb the new relationship with the PLC and see it as purely a commercial one, rather than one linked to their dairy business.

But no doubt investment bankers are already sizing up the opportunity.

ERGO

Paula Doherty, Iseult Ward, and Cathriona Hallahan of FoodCloud

FoodCloud beefs up its board with new directors

Not-for-profit social enterprise FoodCloud has beefed up its board with the appointment of directors Cathriona Hallahan and Paula Doherty.

Founded by Iseult Ward and Aoibheann O'Brien in 2013, FoodCloud's technology connects food businesses and retailers to community groups across Ireland, the UK, Slovakia and the Czech Republic.

Hallahan, who retired as managing director of Microsoft Ireland in September 2021, is a member of a number of boards including Keelings, Dalata Hotel Group and Beats Medical.

Doherty, a chartered accountant and financial consultant, sits on the advisory groups for the Irelandia Group and the One Foundation charity.

FoodCloud's role in relation to food waste and climate change has come into sharp focus in recent years.

"Climate change is a threat to all of us and to our way of life," said Hallahan. "Creating a more sustainable food system and reducing food waste have been put forward as key priority actions at a national and international level to address climate change."

Manguard Plus hikes pay despite court ruling

Sean Hall, a former nightclub doorman who built Manguard Plus into one of the largest Irish privately-owned security companies, is hiking hourly pay for its 900 security officers – despite an employment regulation order on the matter being quashed in court.

In December, three other security companies successfully resolved a legal action aimed at setting aside a ministerial order that would have seen a pay rise for many in the industry.

The companies argued that the proposed order would create an anti-competitive outcome which would have reduced employment opportunities in the sector.

Manguard Plus decided to increase pay by 40 cent an hour to reflect what had been proposed in the ERO, a measure that will cost the Co Kildare-headquartered company about €650,000 a year.

● Irish woman Sarah O'Carroll has been appointed editor-in-chief of *Forbes Australia*, which will launch there in the third quarter of 2022.

She started off her career in the *Drogheda Independent,* but has gone on to scale the heights of business journalism in Australia, starting off with sectoral magazines in the LexisNexis stable.

O'Carroll was most recently editor-in-chief of *Yahoo Finance*, an online publication she launched in the Australian market in 2018 – she reportedly grew its audience to more than two million monthly users.

TECHNOLOGY

As scammy as some of them are, NFTs may be here to stay

Adrian Weckler

NFTs are now the most talked about, and occasionally most cringeworthy, tech-related item of 2022.

From €20m 'Bored Ape' jpegs to failed DSPCA launches, 'non fungible tokens' have traversed art to get-rich-quick schemes at astonishing speed.

No one should doubt how quickly they have become within reach of financial respectability, either.

Even as UK authorities this month seized NFTs as part of a tax fraud investigation, and the New York Stock Exchange is reportedly considering adding NFTs to what can be traded.

As usual with edgy, get-rich-quick stuff, sports fans are considered to be low-hanging fruit for those trying to cash in.

US Superbowl viewers last weekend saw multiple ads for the digital yokes, including Matt Damon's mortifying TV spot for Crypto.com.

Anyone watching Liverpool's Champions League match against Inter Milan last Wednesday could see that the main sponsorship logo on the Italian team's shirt was "$Inter Fan Token".

All 20 Premier League clubs are now reportedly investigating some sort of NFT launch.

Suckers willing to be parted from their cash? Or savvy consumers going in with their eyes open?

"There is an enormous and almost unprecedented amount of bulls**t in crypto," says the technologist Benedict Evans.

"Maniacs talk about the end of government, scammers work through every scheme from 1920s Wall Street, and NFT exchanges sell nothing but third-rate clip art."

But, Evans adds, this doesn't actually mean that it will always be like this.

Evans's cautionary note on labelling everything that has an NFT or crypto tag on it as a fraud is backed up by interesting research from Chainalysis. The large study suggests that while crypto scams and illegality rose 80pc last year, they were far outpaced by legitimate captivity, which rose by 567pc.

In fact, it adds, transactions involving illicit addresses now represent just 0.15pc of cryptocurrency activity, by far the lowest in recent years.

"The growth of legitimate cryptocurrency usage is far outpacing the growth of criminal usage," the research firm says.

"Total transaction volume grew to $15.8trn in 2021, up 567pc from 2020. Given that roaring adoption, it's no surprise that more cybercriminals are using cryptocurrency. But the fact that the increase was just 79pc – nearly an order of magnitude lower than overall adoption – might be the biggest surprise of all."

It is still the suspicious side of NFTs that we will mostly hear about, though.

As Bloomberg reported earlier this month, an NFT art piece by Melania Trump sold for just under €150,000, but appeared to be bought by the same crypto-wallet that 'minted' the NFT in the first place.

Buying and selling the same NFT to give an impression of activity or demand is generally frowned upon.

This column has argued the view before that when it comes to art, NFTs may not be as indistinguishable an asset from a physical painting as may at first appear to be the case.

With a sports club offering an NFT, you might also posit that it is no more harmful than a digital participation badge to tell the world you support the club.

In short, it is not at all clear that NFTs are some sort of short-term fad or scam that will never have mainstream application.

But that doesn't make some of the examples we're currently seeing any less cringeworthy.

The gags were swirling all week about Facebook's new 'Metamates'.

If you missed it, that's the term that Mark Zuckerberg wants his company's workers to call each other by.

"Metamates report to the Metatorium for a Metameeting," slagged one Twitter user.

Another joked about it resembling the name of a Facebook condom.

I've always found the need to have a staff moniker in a tech company to be a little corny.

Googlers (or 'Nooglers' for new Google staff) seems innocuous enough. 'Facebookers' or 'Microsofties' isn't so bad, either.

Where it starts to get a little cringeworthy is with terms such as 'Coinbaes' (the required moniker at Coinbase) or 'Pinployees' (Pinterest). Being one of the 'Yahoos' was never one that translated well across the Atlantic, either.

In Ireland, indigenous startup tech employee monikers are common, if not universal. Mostly, they consist of a simple added 's', 'ers' or similar suffix.

Those who coin and encourage the terms are aware of the fun that might be made of them, but argue that the net benefits can still outweigh the slagging.

That was how Intercom co-founder Eoghan McCabe explained it to me some years back, when I asked him about terms such as 'Intercomrade'.

"All companies have rituals and traits," he told me. "Some are conventional, some aren't. You can totally criticise it, you can poke holes in it. But these rituals are the things that bind people together.

"They help maintain solidarity between thick and thin. Frankly, they also make it a little bit more fun."

McCabe added that while some of the top-down cultural commands in the tech world amount to "bullshit", some of it is genuinely uncynical.

In some cases, it's possible to see monikers as an us-against-the-world thing. Meta, with all of the slagging thrown its way, may fall into that category.

It's also possible that it's the nature of modern workplaces that some people like to brand it as a period in their life, as they might their time in a school or a college.

Either way, 'Metamates' won't be going anywhere soon.