

# SOUTH ● EAST Business<sup>®</sup>

FOR DIRECTORS AND LEADERS IN KENT, SURREY AND SUSSEX

July 2010

## New unit for space firm

Surrey Satellite Technology Ltd (SSTL) is to build a large technical facility on the University of Surrey's research park.

Planning permission for the 48,000 square feet facility has been given by Guildford borough council, and it is likely that it will be opened by David Willetts, the new science and universities minister.

News of the £8 million development follows the announcement earlier this year that SSTL had been selected by the European Space Agency to supply 14 navigation payloads for the Galileo satellite system ordered by the European Commission. Research and development and design work on the navigation payloads will be carried out in the new facility.

It is understood that SSTL and colleagues on the research park have taken nearly two years to develop the specification and detailed designs for the project. The building is said to be so complex that its fitting out costs are greater than the main shell and core building. As the landlord, the university and research park applied for planning permission for the facility, and will borrow money from a bank to have it built by a contractor. SSTL – which was bought recently by EADS Astrium for around £40 million – will then rent the facility for 15 years.

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## Government orders regional shake up

SEEDA, the South East development agency, is to be abolished and replaced with one or more local enterprise partnerships (LEPs).

As revealed exclusively in the May edition of South East Business, the new coalition government will adopt policies sketched out by the Conservatives and their Liberal Democrat partners during the general election campaign and scrap SEEDA.

The news will be welcomed by the South East Strategic Leaders group (SESL), whose previous leader Henry Smith, the former leader of West Sussex county council, had called for SEEDA

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to be chopped. Mr Smith is now the new Conservative MP for Crawley, and SESL – which represents county councils and local authorities in the region – was electing a new leader as South East Business went to press.

In a statement, Rob Douglas, SEEDA's chairman, said: "Economic recovery and budget reduction remain the UK's

priorities; SEEDA understands this. As a business led organisation, SEEDA is well aware of the financial pressures faced by the country.

"We are ready for change and will continue to work with partners to help make change happen in the best possible way for the South East, including to whatever new structures may

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## Rates will hit port scheme

P&O Ferries is warning that the operation of the planned ferry terminal at Dover's Western Docks could be hit unless port rates are changed to a fairer system.

Dover Harbour Board, which runs the port, is planning to build a new ferry terminal at the Western Docks to cope with forecast increases in traffic. But P&O, which runs six ferries out of Dover, says that a single operator – which could

make business sense once the terminal is built – won't use the new terminal while the current port rating system remains.

"Of course, it's a hypothetical scenario," said Brian Rees, head of press and public relations at P&O. "But if the Western Docks used the same system as we were faced with in Hull, any single operator could be exposed to a large extra cost which would put them at a competitive disadvantage."

At Hull, P&O was faced with a £5 million port rates bill in a row which harks back to a decision by the Valuation Office Agency (VOA) – an offshoot of HM Revenue and Customs – to impose additional business rates on port companies, backdated to April 2005.

Until the VOA decision, P&O

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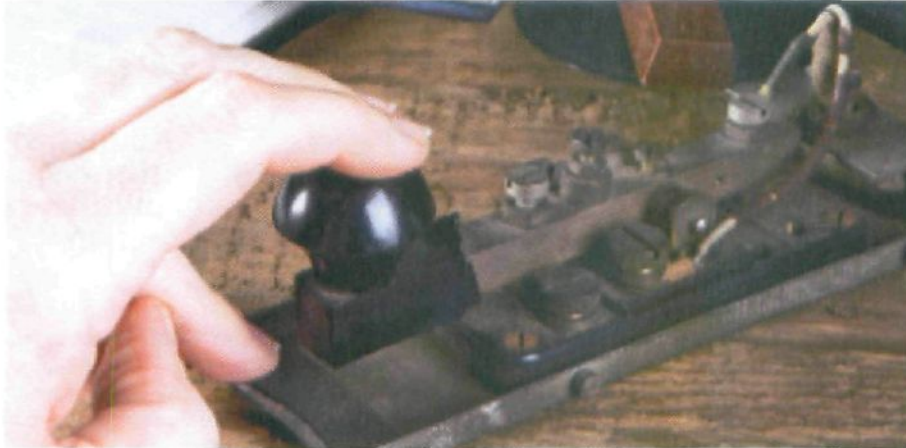
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## TELECOMMUNICATIONS

Across history the transmission of messages over significant distances for the purpose of communication has included smoke signals, flags, semaphore, drums, etc but now we live in a communicating world using mobile phones, landlines, satellite, internet (VoIP), cable, radio and TV. An important part of the world's economy, global telecommunications revenue in 2008 was \$3.85 trillion.

Today's businesses rely on telecommunications for their very existence. The ability to contact customers, suppliers and staff instantly by voice or hard copy is taken for granted. 25 years ago the first mobile phone users were struggling with enormous "bricks" attached to virtual car batteries - now a huge range of equipment and services is available to suit every kind of business need.



## Telecoms market is vibrant

In earlier times, our communications over distance involved fire or smoke, drums, lung-blown horns, whistles, semaphores, flags or optical heliographs – even runners or riders carrying hand-written messages or diagrams. Then electricity was discovered and we rushed into the age of telegraph, telephones and telex. The first real breakthrough was the development of the telegraph in 1830 which spread around the world in the latter half of the 19th Century. The first connections from continent to continent by means of undersea cables accelerated usage for both business and private purposes. The 20th century brought the arrival of wireless commercially with Marconi winning the Nobel

Prize for Physics in 1909. The next major step was electronics with microwave communications, the use of fibre optics and their associated electronics plus the use of the internet and satellite communications.

For many years, the telephone, firstly landline but now a combination of landline and mobile, has been a totally integral part of everyone's life whether for social or commercial use. Over the years, businesses have used telecommunications to build global empires, with Amazon being a perfect example. A really good telecommunications infrastructure can have a considerable impact on commercial and economic growth. The advent of fibre-optic cables in 1988 introduced a dramatic increase in

capacity and today's fibre cables are able to carry 25 times as many telephone calls as the original 22 years ago. Several factors are involved in this – optic fibres are physically much smaller than competing technologies, they do not suffer from "cross-talking" so that several hundred of them can be bundled together easily in a single cable and improvements in multiplexing have led to an exponential growth in the data capacity of a single fibre.

With the ever increasing use of the internet (Broadband), these fibre optics are vital to the continuing expansion of our telecommunications networks in the United Kingdom. More and more voice and data is being transmitted daily and with an even greater use of the networks as more people work away from a traditional office base. In addition, the transmission networks are struggling because of the huge uptake of "smartphones" (particularly as many people and companies are replacing their older phones with new technology) and their use for searching. Technologies that help speed up the wireless networks should experience healthy growth this year. In 2008, it was estimated that 21.9 per cent of the world population had access to the internet with the highest access rates (measured as a percentage of the population) being in North America with 73.6 per cent, Oceania/Australia 59.5 per cent and Europe 48.1 per cent.

### Payback period

When one realises that there are today more than 65 million mobile phones in use in this country (there were only around 6 million in 1998), there is enormous scope for modernising existing technology used by most businesses. SMEs need to be careful only to replace older technologies if the newer ones cut overall costs at no expense to functionality. Switching telecommunication solutions is nerve wracking so the payback period must be less than six months, the upfront implementation expense needs to be comparatively negligible and the learning curve for everyone very gentle.

Businesses should ask their telecommunications suppliers to help reduce risk by, for example, physical surveillance, data

storage, unified threat management (UTM), VPN connectivity and early-stage mobile data security. Safety and security-related technology are like insurance cover – they protect businesses from disasters in the worst of times and are transparent when not needed. Things like mobile broadband USB sticks, Mi-Fi (mobile broadband), hosted email or messaging, mobile workforce solutions for fleet management, invoicing and time/expenses management and unlicensed mobile access (UMA) over mobile phones are all areas with increasing appeal. Many companies simply do not realise how much they are actually paying for communication and business inefficiency. A good example of this is travelling staff using Wi-Fi in cafes, hotels and airports – a simple switch to using mobile broadband USB sticks could well save thousands of pounds.

The overall markets for telecommunication products and services are vibrant but in Western Europe are virtually saturated. Selling takes more innovation, so knowing, understanding and anticipating customers' needs is crucial. This situation is driving many suppliers to invest in their internal customer analytics projects. They can produce customer profiles against which companies will develop prod-

ucts and services. Two main trends are evident here – one is the accelerating shift among companies to unified or converged communications platforms and these are increasingly hosted or outsourced to specialist third parties; the other trend is for companies to abolish their private branch exchange (PBX) and provide staff with mobile phones and other wireless networked devices. The Cable and Wireless Company predicted in January that the demise of the corporate PBX – except for specialist applications such as call centres – will speed up in 2010 due to new technology. It seems that the demand for in-building “femto cell” networks, which do away with traditional telephone

systems, is taking off.

Many companies nowadays are reaching out to their customers, prospects, and staff through multiple media, especially mobile devices. The iPhone may well have been in the headlines over the last few months but it is really Apple's App Store that has changed the game in the mobile market. For the first time, businesses had easy-to-use handsets and a simple distribution mechanism that allowed them to sell to and transact with their customers.

### Mobile data

As mentioned earlier, network congestion is a major concern as data traffic surges. The operators have to spend huge sums of money to ensure there is enough capacity to avoid congestion. More than ten operators (none in the UK) are expected to switch on Long Term Evolution technology this year. This offers faster mobile data transfers, giving users access to a theoretical 100Mbps – about 10 times the fastest UK mobile network today. To add to all this, as network operators margins are squeezed in a very competitive market, they are looking at other ways in which they can increase revenue. Advertising on mobiles could well be one way. The adver-

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## TELECOMMUNICATIONS

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tising is likely to target groups, such as loyalty card holders or members of associations, etc., where operators can identify and deliver without infringing the members' privacy or violating their trust. Of course, as many people increase their usage of Twitter and Facebook, privacy seems to be steadily becoming less of a problem. Many companies are following consumers, including their own workers, in their adoption of technology. As a result it could well be that mobile VoIP will take off this year but, currently, the quality of the transmission of Skype calls can be extremely variable.

In the South East, businesses have a wide choice of reliable and extremely competent suppliers for their telecommunication needs. Interestingly, mobile phones as we know them now (well, perhaps not exactly like the "chocolate bar" size that we have today – some of us can doubtless remember the massive "bricks" and the heavy battery packs) have been around for twenty-five years. One local company that was involved at the beginning is MoCo Communications. Andrew and Maurice Whelan, today's joint chairmen of the company were running a prestige car dealership in Uxbridge when they were approached by Cellnet, the forerunner of Telefonica O2, who wanted to establish a foothold in the luxury car market. Carphones then were £3,000 (a lot of money in 1985) and needing a boot large enough to take the three or four batteries to maintain a decent conversation. Sales and fitting simply grew and grew – today MoCo is one of the South East's largest communications dealers with a complete range of mobile, landline, data and IT solutions. Ian Robinson MoCo's managing director said: "today's speed of change makes it difficult to plan ahead so they need as much insight as they can get. We always say, don't go on holiday for two weeks because everything will be different when you get back – the technology, deals, handsets ... the lot." He continued: "Communications have been commoditised, with everyone bundling



up minutes and data and charging less for it month by month. This means that we have to add as much value as possible, which we're doing with O2, but also taking initiatives like developing our own business apps. Look at the growth in the PDA and smartphone sector where specific apps have been developed. Whether or not you consider the iPhone to be a serious business tool, it's opened people's eyes to what's available and what's possible" He cites some examples: "Our development team has built a CRM app for BlackBerry that syncs with your head office system so you're completely informed when on the move. And when the police want to check your vehicle registration details it's all done automatically by PDA to the Police National Computer. With Unified Communications you've got all your inputs on the desktop ... we can even convert voicemails to emails. These days it's all about speed, efficiency, cutting costs and reducing human intervention. IT people have to understand mobile phones and vice-versa. The networks have repositioned themselves as total communications providers with the ability to provide a company's entire requirements – mobile voice and data plus fixed line voice and data."

### Unified communications

Infrastructure UK are based in Brighton and are an innovative IT and communications partner that specialises in working

closely with businesses in order to fully understand their needs. Managing director, Martin Townshend, has worked in the ICT industry for nearly twenty years in both the public and private sectors. He is a firm believer in unified communications with the integration of email, data, telephony and even video calling onto a single network. With this system he says that you improve your business productivity, business agility, security and collaboration to gain a competitive edge. Martin said: "Unified communications provides your business with a great opportunity to optimise the way you work, drive down operating costs and significantly improve the way you communicate with your customers, colleagues and suppliers. This enables your organisation to gain a competitive edge, increase revenue and improve customer service. If you imagine the features you experience on the latest mobile phones being brought into the business world in a simple, secure, reliable and cost-effective way then unified communications is the way of delivering those features."

### Retention rate

In 2003, Distinct Connections, a business to business dealer based in Sidcup, became the only existing dealer to be awarded business partner status with T-Mobile. Today they are the only business partner in the South East. As T-Mobile and Orange have merged, they now offer the largest 3G voice and data network in the UK. David Russell told South East Business: "Very many of our customers have been with us for over six years. We have over 6,000 customers and a retention rate of 98 per cent". One customer, Jody Parker, operations director of Parker Bromley in Orpington – one of the largest mechanical and electrical contractors in the South East – commented: "We have recently renewed our mobile voice and data accounts with Distinct Connections, despite interest from other telecommunications companies in our account. This has been largely down to the swift

response to any problems, low cost and 'can do, will do' attitude of the staff. Our industry is very fast paced, with needs changing all the time."

To many people, Hobbs Parker is well known as Kent's largest firm of independent chartered surveyors, auctioneers, valuers and estate agents. However, in 1999 they formed Hobbs Parker Telecom to provide telecommunication services across South East England. Customers include such names as Arena Leisure (Lingfield Park racecourse), Broad Oak BMW, house builders Croudace, Drake and Fletcher and more. Speaking to Robert Woods of Hobbs Parker Telecom, it was very interesting to hear his comments about today's telecommunications industry: "It's a paradox as so many customers really want to do what they've been doing for the past thirty years – prompt and correct communications – but they can be baffled by the advances in technology. People react to this in different ways. The returns on an investment depend on the challenges and problems in the particular business and we do our best to guide our customers in the right direction". Robert specifically mentioned private mobile networks for large offices, exhibition or conference centres, sports stadiums, etc and commented that he feels



the use of VoIP will increase as broadband gets better in this country.

### Operational benefits

Sears Communications are extremely active across the South East. As an ever increasing proportion of businesses today work from many locations, they specialise in getting telephones, mobiles, email and voicemail working together for their customers. Managing director, Neville Sears, has many years experience in the telecommunications world and made some interesting points: "We all communicate! The problems earlier this year with severe weather and the volcanic ash causing huge travel disruption, suddenly made busi-

nesses realise that communications need to be available anywhere in the world – location has no boundaries.

"We concentrate on the business needs and operational benefits, for our customers so that with integrated systems they stay in control. With so many home-workers nowadays (if not permanent then certainly for one or more days in a week) then the whole process of contact and inclusion within the business processes is vital to the success of the business. Whether it's complete systems, mobiles, telephone lines and services, call recording, conferencing, voice and data, training, maintenance we provide a complete integrated package rather than bits and pieces to make the technology work for our customers."

Telecommunications has indeed come a very long way since those first smoke signals! Radio waves flash across millions of miles in space in just a matter of a few hours and we all take our communications for granted now, yet there are still businesses around (and most of us meet them from time to time) who appear to use their communication systems to keep customer's away! A huge industry, the worldwide telecommunications industry's revenue was estimated in 2008 to be in the region of \$3.85 trillion and it keeps on growing.



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