



THAMES VALLEY

BUSINESS BAROMETER

JUNE 2016

IN THIS EDITION:

DIVERSITY IN THE WORKPLACE



CONTENTS

1. EXECUTIVE SUMMARY	01
2. SURVEY RESULTS	
• Economic Confidence	04
• Staff attrition	04
• Turnover	06
• Pipeline	06
• Profitability	08
• Headcount	08
3. DIVERSITY IN THE WORKPLACE	10
4. BAROMETER TRENDS	12
5. PROFILES	
• Morgan Lovell	03
• Happiest Minds	05
• Rezatec	07
• Ashley House	09
• Cherwell Software	13
6. PANEL DISCUSSION	14
7. SURVEY METHODOLOGY	16

ABOUT THE SURVEY

The Thames Valley Business Barometer – a collaboration between BDO LLP and PR and marketing firm, C8 Consulting - provides a twice yearly snapshot of business and economic confidence in the Thames Valley. This latest survey ran from 17th March to 16th May 2016. Over 100 businesses took part and we would like to thank all of our panel members for helping to encourage responses through their own networks.

The Barometer also includes in-depth profiles of Thames Valley based businesses, Morgan Lovell, Rezatec, Happiest Minds, Ashley House and Cherwell Software who shared their perspectives on their own performance in 2016 and the key challenges they face for the second half of the year. We would like to thank them for giving their time to be interviewed for this report.

EXECUTIVE SUMMARY



SIMON BROOKER

Partner and Head of
BDO Thames Valley

Uncertainty in the market hits economic confidence

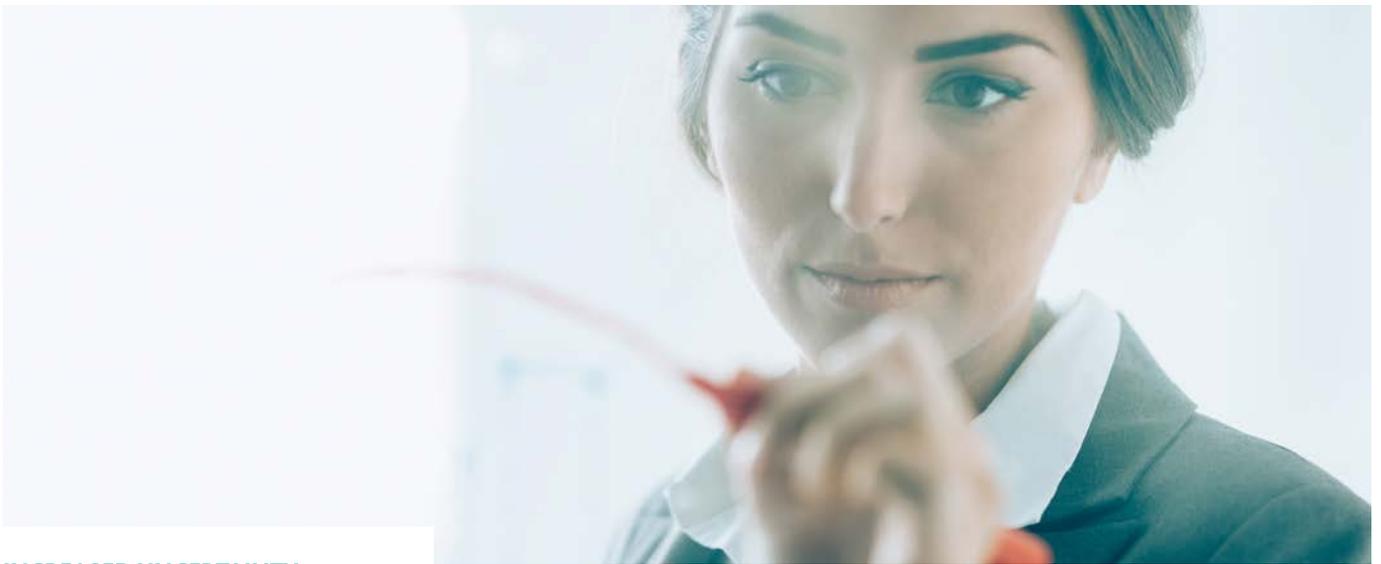
Through the Thames Valley Business Barometer we have been tracking business confidence and performance across Berkshire, Oxfordshire, Buckinghamshire and the surrounding area for the past four years.

When we began surveying the region's business leaders in the spring of 2012 all the indicators were sluggish, as the UK continued to struggle with the last recession. However, by spring 2013 business sentiment had started to turn. Turnover

and profitability led the way and, as they improved, confidence in the economy returned.

In the 12 months between spring 2013 and spring 2014 confidence levels amongst business leaders in the Thames Valley rose from 31% to 90%. Turnover increased. Profitability grew. Only headcount remained erratic, rising and falling across surveys, perhaps as a result of increased movement in the workforce, as businesses began to recruit again. Times looked good and businesses in the region seemed bullish.

Since 2014 however, the picture has changed. After reaching a peak in 2014 the Barometer indicators have all dropped back. In the latest survey they are at a similar level to spring 2013 when recovery from the recession was still in its early stages.



INCREASED UNCERTAINTY

The latest Barometer survey was carried out in April and May 2016 against a backdrop of increased uncertainty in the UK and world economies. Foremost among these has to be the EU referendum on 23 June.

By the time most of you read this the referendum will be over and the UK will have decided whether to remain in the EU or to leave. During the survey we asked business leaders which way they would vote and 70% were in favour of remaining. However, while it would appear that business leaders in the Thames Valley overwhelmingly back staying in the EU, there are plenty of people who support the vote to leave. As I write this the polls are predicting a tight vote with little to call between the two sides. What seems certain however is that, after the referendum is over, the UK's relationship with the EU will have changed, whichever way the final decision goes.

This uncertainty for business leaders, together with other wider issues such as the slowdown in the Chinese economy, financial uncertainty in the Eurozone and conflict in the Middle East all appear to be affecting business confidence.

During our discussion with Barometer panel members in May we heard that many businesses are delaying making major decisions until the picture becomes clearer, while business confidence in the latest survey has shown the largest single percentage drop since the Barometer began.

In 2015 business confidence in the region was still high. In both the spring and autumn surveys more than 90% of business leaders thought that economic confidence had increased or remained the same. Since then, however, the picture has changed. In the latest survey 30% of businesses in the

Thames Valley felt that economic confidence had fallen. These are levels we have not seen since 2012 when the UK was still in recession.

Taken in isolation, other Barometer indicators still look healthy. Over half of businesses have seen an increase in their order books; six out of ten have increased their turnover and half have seen a rise in profitability. But the trend is still down from the levels seen in 2014 and 2015 and forecasts for all three indicators over the next six months have also dropped.

It will be interesting to see how this reflects over the coming months. Confidence can change overnight, while actual business performance takes longer to filter through. Future Barometer surveys should give a clearer picture of how current events have really affected businesses in the Thames Valley.

EXECUTIVE SUMMARY

DIVERSITY IN THE WORKPLACE

In the latest survey we also looked at the issue of diversity in the workplace. Do Thames Valley businesses consider diversity to be important? Do they have diversity in their own workforce and in what areas is it diverse? We also looked at gender diversity and whether the proportion of women in senior positions reflects the makeup of the workforce as a whole.

Nearly nine out of ten business leaders felt that having a diverse workforce was important.

More than seven out of ten businesses felt that they had a diverse workforce in terms of age and gender while half felt their workforce had diverse ethnic, educational and social backgrounds. Only 6% of businesses felt that their workforce was not diverse.

When we looked at gender in the workplace, women made up more than half the entire workforce in three out of ten Thames Valley businesses but only made up more than half the senior management positions in less than one out of 10 businesses.

While many businesses have seen this proportion rise over the last five years we must ask ourselves what is preventing more women from being appointed to these senior roles.

So why is diversity so important to businesses? With the numbers of working women and those from different ethnic backgrounds increasing and more people working into later life, surely it makes sense to harness their skills. Organisations will find it more difficult to thrive and grow if everyone working there thinks and behaves in the same way.

Having a diverse workforce with people from different ethnic and social backgrounds and a diversity in age and gender opens up a wealth of possibilities and helps to foster creativity and innovation.

There is also a clear competitive advantage to be gained. An organisation with a diverse range of employees will be well placed to understand the needs of a wide range of customers and can interact with a broad client base. Not only that, but it will also be in a good position to recruit and retain staff in an increasingly competitive labour market where we know from past Barometer surveys that skills are in short supply.

I hope you find the Barometer interesting and informative and I welcome your feedback. Please feel free to share the report and its findings with customers and suppliers and to contact me if you would like to be involved in future Barometer surveys in any way. The more organisations that get involved the more easily we will be able to gauge what is happening across the region.



MORGAN LOVELL

A BUSINESS THAT HAS STOOD THE TEST OF TIME

**Morgan
Lovell**

Coming up to 40 years in business, Morgan Lovell is one of the UK's largest design, fit out and refurbishment contractors. Based in contemporary offices in Bracknell with sister company Overbury, Morgan Lovell is part of the Morgan Sindall Group, a £2.4 billion FTSE business that operates through five divisions of construction and infrastructure, fit out, affordable housing, urban regeneration and investments. Colin Allan, managing director of Morgan Lovell, believes the secret to Morgan Lovell's success is that it sticks to what it knows best: *"It's simple: we define, design and deliver inspirational and award-winning offices. Our clients understand the value of having a space that works for them, and we guide them through the process – from start to finish – so that they have an office that makes them proud."*

With 120 employees split between two offices in Bracknell and London, the business is continuing to expand and grow.

With an offering that works across all market sectors, Morgan Lovell has created workspaces for the likes of Columbia Threadneedle, Nuffield Health, ThoughtWorks, Livability, Suez Environment and Costa Coffee, as well as companies looking for a fast, turnkey approach. Colin's team, which focuses on projects in the south, has enjoyed a strong performance in the last three to four years with a pipeline of more than 50 projects that vary in size and value. He adds: *"Almost half of our business is repeat business and that is exactly where we want to be. Areas such as Reading, Bracknell and Bristol have been very robust."*

In terms of demographics Colin states that the workforce is getting younger. He continues: *"We are seeing an upward trend of young people wanting to come into the construction market which was quite low*

before. We have taken an active initiative around this and we have graduates and apprentices coming into the business. We offer young people a life-long career and as a result our attrition rates are very low."

Colin goes on to say that the industry is quite male oriented but that Morgan Lovell has addressed the balance with its simple HR ethos: *"It's about hiring the right person for the job, that's all. Encouraging applications from women for site-based roles can still be a challenge because of the stigma construction has, however one of our project managers, Lisa Giglio, works very hard to counter this and is involved with a number of industry bodies."*

"We take recruitment seriously and we are certainly not about employing people today and letting them go tomorrow." Colin goes on to say that there is a very flat structure at Morgan Lovell and he is keen to keep it that way. As a business Morgan Lovell is still very nimble and efficient.

Colin elaborates: *"We are always mindful that clients want the best value for money when refurbishing their space, especially because that environment will need to serve them for the foreseeable future. We are continually looking for new ways to add value and I encourage innovation in our service delivery at every level of the business."*

Moving forward the main challenges for the business revolve around remaining competitive and securing a forward pipeline of work. He adds: *"Without a doubt people buy from people. I am proud to say that we take a very consultative and thorough approach."* Colin talks about the fact that every company Morgan Lovell works with will have a different work style and one size certainly doesn't fit all: *"We need to be open-minded and flexible. It is critical that we*



completely understand our customer's desired design and fit out, only then can we work from a knowledge perspective. That way we stand a better chance of success and delivering what our clients need."

Colin goes on to say that while the business is governed by how its clients work, typically Monday to Friday, Morgan Lovell is quite flexible in its working hours and encourages staff to come in and leave when it suits them. Where clients are concerned the customer experience is critical and feedback is always important. As a result Morgan Lovell has a very healthy Net Promotor Score and referral or repeat business through word of mouth is typically where new projects come from. Colin concludes: *"We are a robust business that has stood the test of time. We do good work and as a result we will continue to grow."*

"Almost half of our business is repeat business and that is exactly where we want to be. Areas such as Reading, Bracknell and Bristol have been very robust."

COLIN ALLAN

Managing Director
Morgan Lovell

SURVEY RESULTS

ECONOMIC CONFIDENCE

Economic confidence drops to 2012 levels

In this latest Barometer we measured a drop in the level of confidence for the first half of 2016:

- 32% of those surveyed stated that confidence had improved (versus 56% last autumn and 62% spring 2015)
- Notably there has been an increase in companies indicating that economic confidence has deteriorated (30%) since the autumn 2015 barometer when it was only 8%.
- 38% felt that it had remained the same (versus 35% in autumn 2015 and 30% in spring 2015)

In terms of the general level of economic confidence in the Thames Valley in the last six months respondents believe this has...



“The acid test will be to look beyond the EU Referendum to see how confidence lies in six months' time. In my opinion the quicker we can move past this the better.”

MATTHEW BATTLE

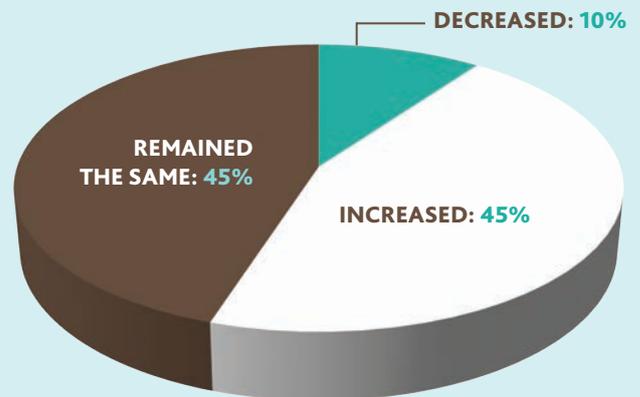
Chief Executive
UK Property Forum

STAFF ATTRITION

Staff attrition levels in the Thames Valley have increased

45% of businesses surveyed have seen their staff turnover rate increase in the first half of 2016 (compared to 32% in autumn 2015). Almost half of respondents (45%) haven't seen any change in their staff turnover (versus 58% in Autumn 2015), while only 10% of businesses have seen a decrease in their staff turnover.

In the last six months staff turnover has...



“We are seeing inwardly investing clients waiting to make big decisions later on in the summer and post the outcome of the EU Referendum.”

ANGELA SHIELDS

Partner
Pitmans

HAPPIEST MINDS

HAPPY PEOPLE LEAD TO HAPPY CUSTOMERS



Voted one of India's top emerging global

companies in the 2016 India Emerging 20 programme, digital transformation IT consulting and services company Happiest Minds is now a serious contender in the next generation digital transformation space - stealthily eating the lunch of many of the bigger IT services companies and fast gaining traction.

Born in 2011 and headquartered in Bangalore, Happiest Minds has its UK operations based in Green Park, Reading.

Headed up by Isaac George, Senior Vice President and Regional Head for UK and Europe, Happiest Minds has closed six deals in the UK alone since the beginning of this financial year starting in April and business is growing.

Isaac comments: *"We asked ourselves whether there was really space for another IT services company coming out of India but in this brave new digital world we felt there was a need for organisations to work with an agile partner with the capability to look holistically at digital transformation across product engineering, apps, infrastructure, security, data and how you enable a world of interconnectedness and the marketplace of everything."*

Having secured \$52 million in Series A Funding, founded by Ashok Soota (who had already taken two companies to \$0.5billion) and backed by the likes of JP Morgan and Intel Capital, Isaac is keen to be recognised as the number one digital partner of choice in the UK, and wants that recognition within the next three years.

Bearing in mind the business is now profitable, has 1800 employees, 115+ global customers with 65% of its revenue coming from the US, and 15% from Europe, this goal appears very achievable!

Isaac goes on to say: *"How do you secure the apps, the infrastructure and the internet and wrap around actionable insight in an agile and holistic way. These are the pillars on which Happiest Minds was founded."*

Isaac believes the company's success to date has a lot to do with its name and culture. Isaac comments: *"It is really quite simple - happy people lead to happy customers. We enable an environment for our employees to perform. Every employee is offered a share option scheme in the business. People are an integral part of what we do and their happiness is of utmost importance. We foster an open culture, enabling our people to discover their potential and participate in shaping their own work life experience. This is how we make a difference."*

Currently Isaac has a team of 10 in the UK and he hopes to expand this to 20 within the next 12 months. Isaac believes that the economic environment is strong, although big decisions have stalled recently. This in part he believes is because of the EU Referendum, but he adds that this has enabled Happiest Minds to close smaller pilot projects with a view to then grow them.

From a diversity point of view Isaac's team includes all ages. He adds: *"The best advice I ever got was from a previous boss which was not to clone myself when hiring. I am keen to ensure that we harness staff from different backgrounds and cultures, ages and gender - we don't discriminate at all."*



"Equally I am keen to ensure that we harness our team's creativity. When interviewing, I always ask myself whether the person I am considering brings different dimensions that the rest of my team doesn't have."

CSR is equally important to Happiest Minds who help to provide school meals to the children of India. Isaac continues: *"For every employee we add, we buy five school meals and for every customer we add, we buy 10 meals. Our goal is to get to 1,000,000 meals by the time we IPO."* In the UK, Happiest Minds is a proud supporter and participant of the IT charity sleep out, Byte Night, in support of Action for Children which is about preventing youth homelessness.

Isaac has plans to locate to new premises that better reflect the Happiest Minds' culture and fosters creativity but for now he is busy closing deals and growing the business.

"How do you secure the apps, the infrastructure and the internet and wrap around actionable insight in an agile and holistic way. These are the pillars on which Happiest Minds was founded."

ISAAC GEORGE

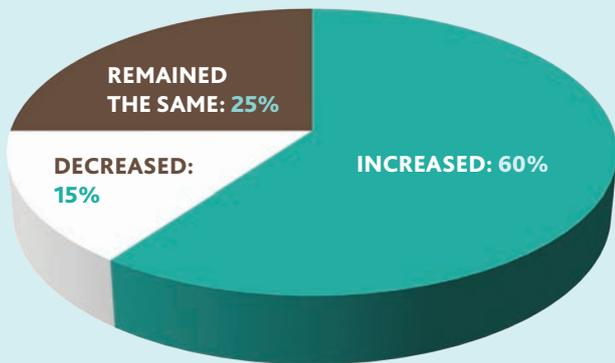
Senior Vice President
Regional Head UK & Europe
Happiest Minds

SURVEY RESULTS

TURNOVER

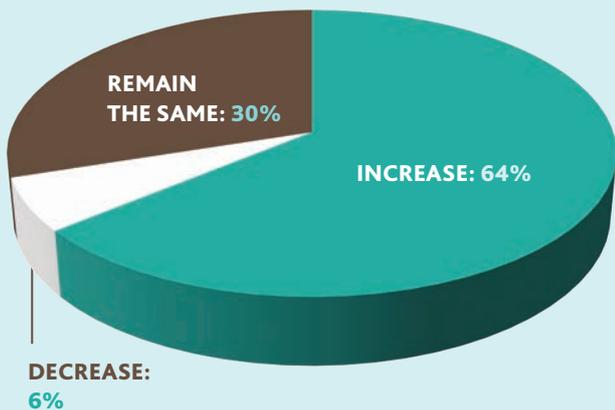
Stable Growth

When asked whether turnover had increased, decreased or remained the same, over 60% of respondents said that their turnover had increased (versus 65% in autumn 2015 and 71% in spring 2015). 15% had seen turnover decrease, a rise from 9% in autumn 2015 and 6% in spring 2015). *In the previous six months turnover...*



Slight lowering of expectations

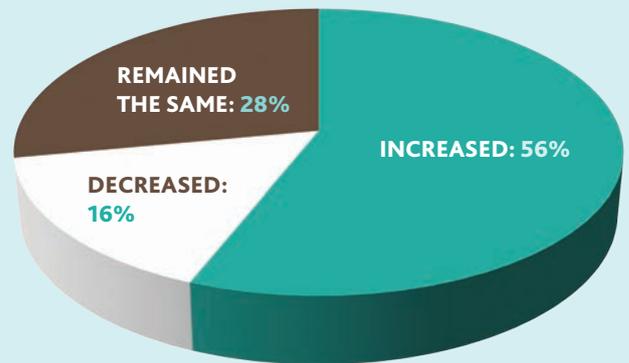
Looking forward to the next six months, 64% of respondents expect turnover to increase (versus 74% in autumn 2015 and 81% in spring 2015). Only 6% expect turnover to decline in the next six months (versus 4% in autumn 2015 and 6% in spring 2015). *In the next six months turnover is expected to...*



PIPELINE

56% of respondents have seen an increase in their order book (compared to 55% in autumn 2015) while 16% had seen their pipeline of orders decrease (compared to 10% in autumn 2015).

In the last six months our new business pipeline has...



“What this shows is that we are reaping the benefits of a pipeline that was already in place for the last six months. It will be interesting to see the results later in the year and whether the figures have actually been impacted.”

CHARLIE MAYES

Managing Director
DAV Management Limited

REZATEC

SMART SME SET FOR EXPONENTIAL GROWTH



Headquartered within the Harwell Space

Cluster in Oxfordshire, Rezatec is a dynamic SME that has catapulted with grant funding via Innovate UK, the European Space Agency and the National Environmental Research Council (NERC), into full commercialisation. Rezatec is now poised for exponential growth having just secured over £1 million in a seed round fuelled by Russian-led Run Capital and the Harvard Business School Alumni Angels.

Rezatec helps businesses better manage their land-based assets by making use of the increasingly sophisticated but complex array of Earth Observation (EO) imagery and data available. Operating in this new and highly specialised market, Rezatec is bringing new science and meaning to satellite imagery, enabling organisations to better monitor, detect and predict environmental change and better manage risk.

Director Philip Briscoe comments: *"We don't own satellites, we make sense of the data and provide remote sensing and other business tools to exploit satellite imagery with our landscape intelligence platform. This picks up on geographic, land use and weather information to provide customised recommendations to better manage crops and utilities. Besides satellites, it uses airborne data and ground instruments to make its assessments. Our software also creates predictive models as well as building off of pre-existing ones. In effect it is Big Data analytics."*

Philip joined the company three years ago having previously worked with the founder and current CEO Patrick Newton who started the business along with Professor Mark Maslin, Professor of Climatology and Environmental Sciences at University College London and other investors and industry experts in 2012.

Originally Rezatec was created to use satellite data to calculate carbon stock in forests but there was no real commercial market opportunity. Rezatec quickly re-aligned its focus to help businesses to better manage their land assets and ultimately the risks associated with these assets.

Philip continues: *"We apply relevant modelling and using our mapping, measuring and monitoring techniques we provide our customers with an online dashboard and a subscription service. We collect data in all sorts of areas. For example we can analyse how crops are performing and improve crop yields. We can reduce the cost of forestry management by detecting tree stress and monitoring storm damage. We are able to see where there might be subsidence or pipeline leakage within water treatment works. We can monitor soil erosion and water pollution – the list is endless. In effect we provide customers with a traffic light risk map, enabling them to predict and better manage risk."*

With 14 employees, Philip expects the business to double in size over the next 12 months. The ambition of the business is to be recognised as a leader in the data analytics space. Philip goes on to say that he would like to see Rezatec lead in certain markets such as water, urban infrastructure management, forestry and agriculture. He is proud to say that Rezatec already has customers such as British Sugar, Scottish Water, South West Water, Bristol Water and now working with a water utility in Australia.

Staff have backgrounds in software development, forest and agricultural management, EO methods and tools and advanced computing techniques, and by Philip's own admission recruiting into these niche areas is tough. Data scientists in particular are short in supply.



Philip continues: *"40% of our staff are female. We have a very open recruitment policy and as a result have a complete mix of nationalities and ages. What is important to us is that we find the right skills."*

Customers are spread across the Agribusiness, Energy, Water, Forestry and Urban Infrastructure sectors. Philip's remit is to keep the company on an aggressive growth trajectory for the next five years. This means that Rezatec must continue to develop the right products, secure more new customers and continue to build its pipeline and maintain competitive advantage. Regardless of the outcome of the EU decision, Philip is confident that there is a captive market. The key will be to focus on products that create the greatest return. Philip concludes: *"The market opportunity is huge, but this means that we need to remain selective and we must be focused and driven."*

"We don't own satellites, we make sense of the data and provide remote sensing and other business tools to exploit satellite imagery with our landscape intelligence platform."

PHILIP BRISCOE

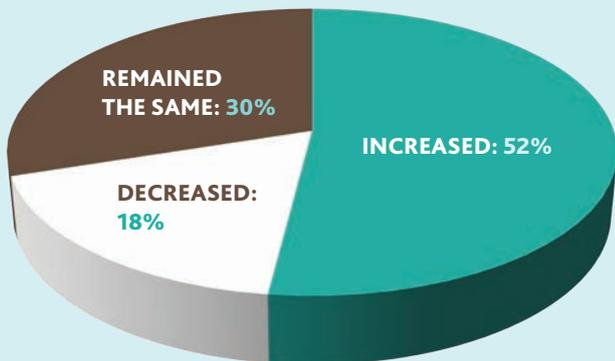
Director
Rezatec

SURVEY RESULTS

PROFITABILITY

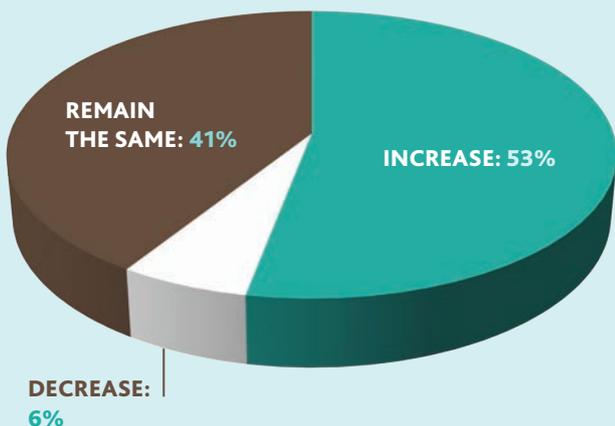
Profitability remains stable

Over half of respondents (52%) saw an increase on profitability in the last six months (versus 50% in autumn 2015 and 58% in spring 2015). For 30% of respondents profitability remained the same while 18% saw profitability decline in the first half of 2016. *In the previous six months profitability...*



Expectations flatten for 2016

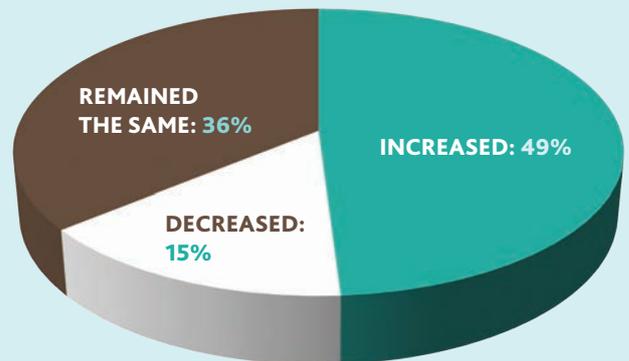
Expectations for profitability in the second half of 2016 have flattened. 53% are expecting profitability to increase in the next six months (versus 58% in autumn 2015 and 69% in spring 2015) while 41% expect profitability to remain the same (an increase from 32% in autumn 2015). Only 6% expect to see a decrease in profitability in the next six months. *In the next six months profitability is expected to...*



HEADCOUNT

Growth in headcount weakens

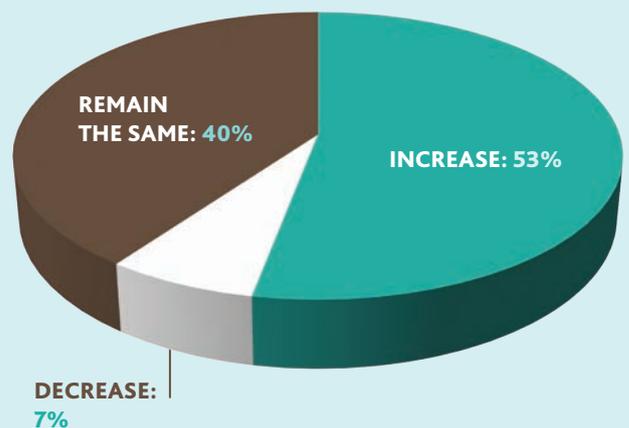
Almost half of respondents (49%) indicated that their headcount had increased (versus 55% in autumn 2015 and 60% in spring 2015), while 15% had seen headcount decrease (compared to 13% in autumn 2015 and 10% in spring 2015). *In the previous six months headcount...*



Headcount still expected to grow

53% of respondents said that they expect headcount to increase during the second half of 2016, while only 7% expect headcount to decrease.

In the next six months headcount is expected to...



ASHLEY HOUSE

PROBLEM SOLVERS WITH A FOCUS ON SOCIAL CARE



Ashley House is a specialist in the provision of Extra

Care and primary care health premises. A well-established organisation, the company has 25 years of experience in providing innovative approaches in the resourcing, funding, design and development of flexible and efficient social and community healthcare properties. Tony Walters, Chief Executive at Ashley House, talks about how the company operates: *"We partner with a number of service providers and commissioners to assume commercial risk and deliver expertise over a wide range of activities. We combine this expertise with community insight gleaned from working closely with our partners which allows us to deliver the best solution for our clients."*

As a social and health care property provider Ashley House develops properties for government led and public sector initiatives. Tony explains: *"We work with our clients to not only design the building but also to understand what they need and where they need it. We find the right site and with our various partners take it from concept through to delivery of the building. The rental on that building is usually paid through a government agency. If you like we are problem solvers and work with the provider at the start of the project to best determine how a social care project can be structured, financed and delivered."* Up until 2010 the vast majority of the projects had been around health buildings but when the NHS announced the abolition of primary care trusts Ashley House took the decision to diversify. As a result it shifted into providing community and social care projects, creating a much wider range of clients. Today Ashley House works on a variety of health and social care schemes, for example the development of Extra Care, typically a large block of flats and housing for the elderly.

Tony continues: *"Our schemes are designed to help the elderly and often the most vulnerable in our society. These tenants generally rely on Housing Benefit to fund all of their rental costs. The rent in these developments is invariably higher than in normal social housing as the units are purpose built and carefully designed to allow for the independence of the resident, coupled with the ability to access both brought in care and communal facilities and activities."*

The business has been listed on AIM since 2007. Tony is also proud to say that Ashley House is a founder member of the Social Stock Exchange (SSX), which provides a means for getting investment into social care initiatives. The SSX has a segment of its own on the ISDX market and since February 2016 Ashley House has had a dual listing which provides a further platform to raise capital to fund future projects. Tony goes on to say: *"It's not just about raising funds, the dual listing is also good for clients and for staff morale."* While Ashley House is on a growth trajectory, this has stalled slightly with the government announcement in September last year that rents would be limited to the local housing allowance so creating a cap on rental for all types of buildings. There is currently a lot of discussion as to how organisations will fund sheltered housing and social care projects and Ashley House is proactively engaged in these discussions. In terms of economic confidence, Tony believes that this has deteriorated because of the uncertainty that the EU Referendum has created: Aside from this though he is fairly positive about the business. Ashley House has 31 employees and four non-exec directors. Tony expects numbers to increase over the coming year. On the subject of diversity, Tony admits that the Board is 100% male but that he would like to address



this. That said 42% of the workforce are female and there are a mixture of ages and backgrounds. Tony goes on to say that one third of the workforce are part-time and that is something the business encourages, to help manage that work life balance. Like any small business, there's never enough working capital. In terms of the future however, Ashley House will continue to focus on the development of 'more schemes in the health and social care arena' as Tony puts it, but with further providers, different Extra Care programmes and working with more councils across the country. Tony concludes: *"We are keen to prove how successful Extra Care can be and how these units provide far superior and cheaper housing solutions for the elderly and most vulnerable in our society, whilst freeing up existing housing stock for others."*

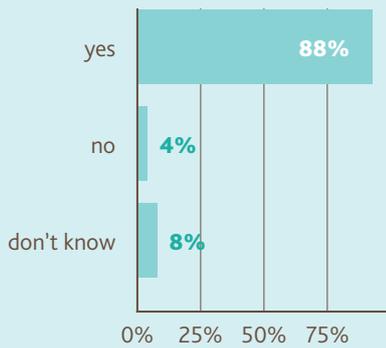
"We work with our clients to not only design the building but also to understand what they need and where they need it. We find the right site and with our various partners take it from concept through to delivery of the building."

TONY WALTERS
Chief Executive
Ashley House plc

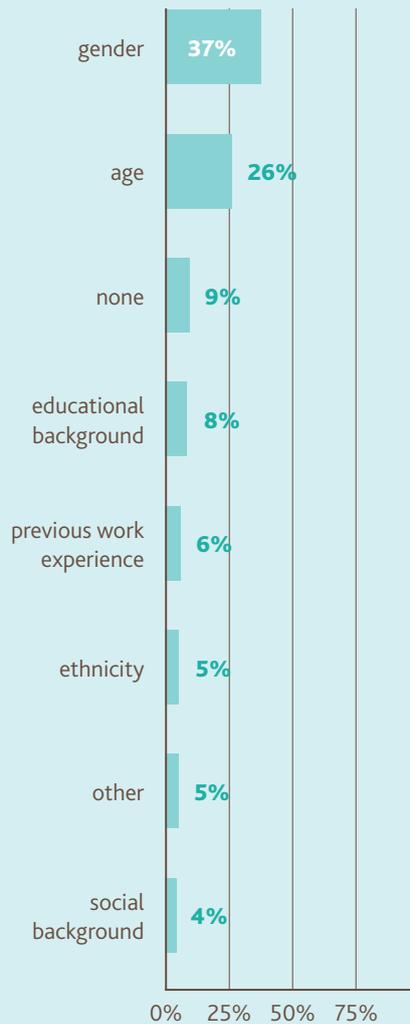


DIVERSITY in the workplace

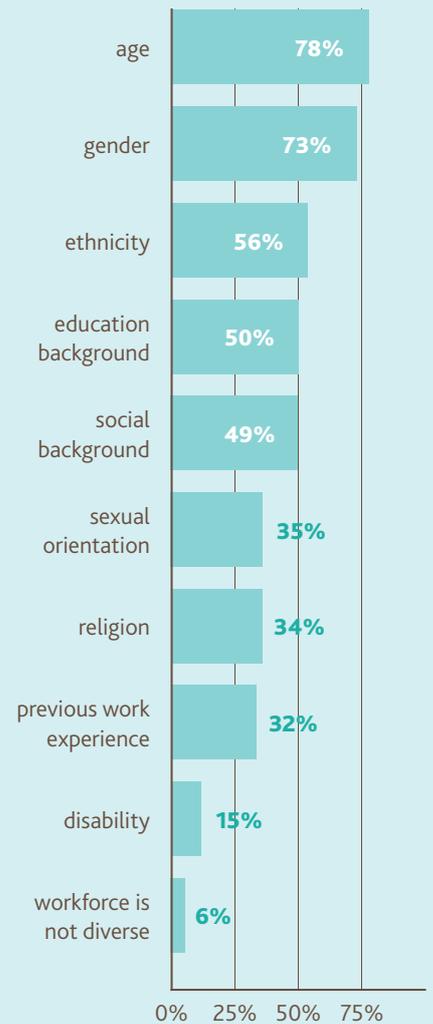
Do you think it is important to have a diverse workforce?



In which areas is it most important to have diversity?

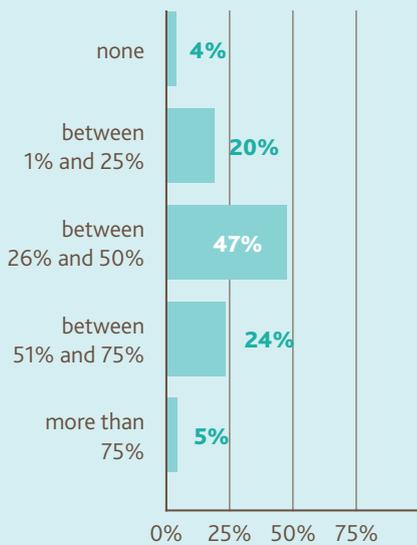


In what areas is your UK workforce diverse?



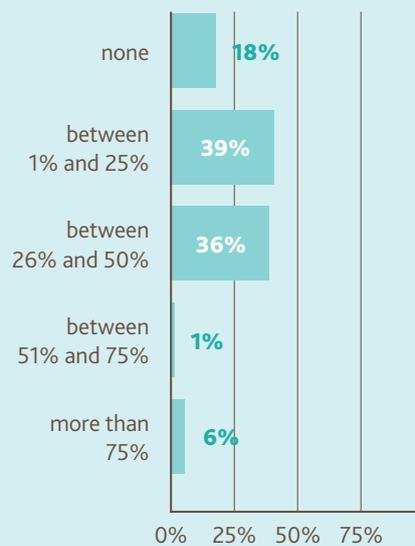


What proportion of your UK workforce is female?



41% of respondents stated that the proportion of female staff has increased in the past five years and 55% of respondents stated these proportions have remained about the same.

What proportion of UK senior management or board positions within your business are held by women?



37% of respondents stated that the proportion of female staff in senior positions had increased in the past five years and 55% of respondents stated these proportions have remained about the same.

87% of companies surveyed don't have a scheme in place to help address gender diversity in senior management or board position, 13% do.



"40% of our staff are female. We have a very open recruitment policy and as a result have a complete mix of nationalities and ages. What is important to us is that we find the right skills."

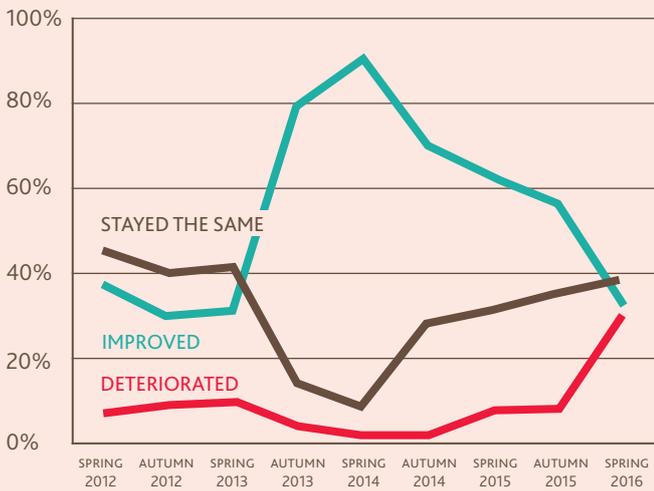
CHARLIE MAYES

Managing Director
DAV Management Limited

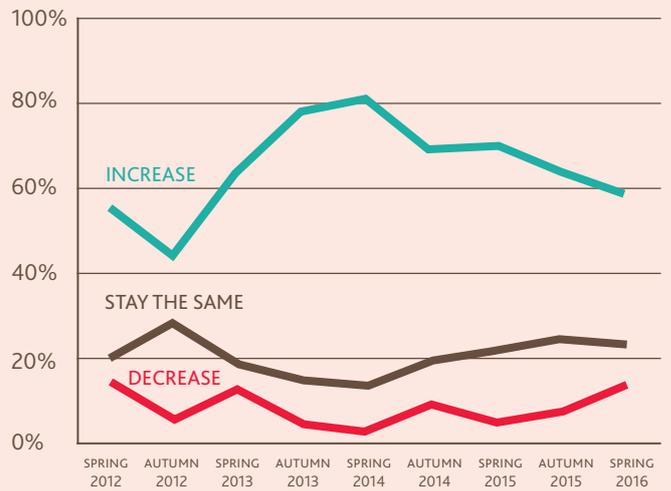


TRENDS IN BUSINESS PERFORMANCE OVER THE LAST 4 YEARS

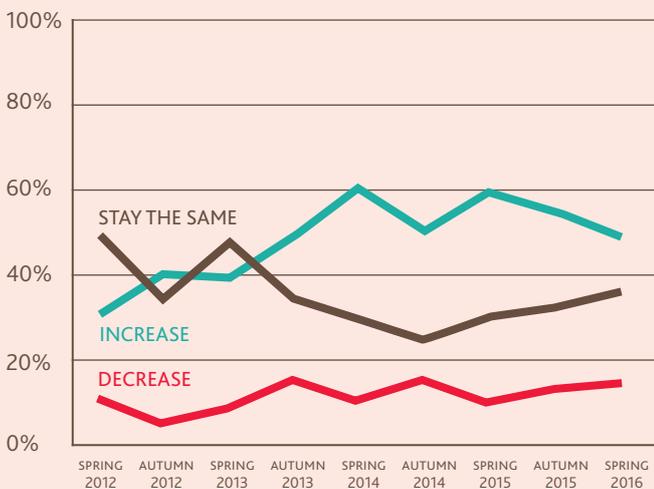
IN THE LAST SIX MONTHS DO YOU THINK GENERAL LEVELS OF ECONOMIC CONFIDENCE IN THE UK HAVE:



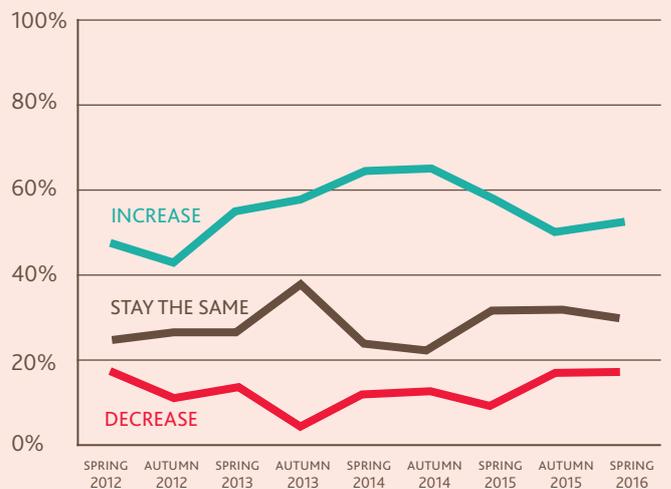
IN THE LAST SIX MONTHS DID YOUR TURNOVER:



IN THE LAST SIX MONTHS DID YOUR HEADCOUNT:



IN THE LAST SIX MONTHS DID YOUR PROFITABILITY:



CHERWELL SOFTWARE

FROM A STANDING START TO A TRULY GLOBAL ORGANISATION



Cherwell Software is a highly focused IT service management provider first established twelve years ago in the US but now with a global presence. The company provides a toolset that helps businesses to streamline complex IT and organisational service management processes. Over the last five years the industry has grown as has Cherwell's presence in the market to the extent that it is now recognised as a leading player in the Gartner Magic Quadrant. In fact, Cherwell has become so successful that 40% of its business has now gone beyond IT to other departments providing better services, dashboards and user interfaces for non-IT related processes. Recently appointed VP of EMEA, Andy White comments: *"We built a platform that can enable many different types of workflows and content to be built on it. The first stack we created was all around IT service management but we have recently implemented a new SIAM stack providing vendor and supplier management."*

Andy goes on to explain that Cherwell is very attractive to two types of organisation, enterprise organisations that are growing fast and expanding their business and want to work in a fast, agile and codeless way, and organisations that have cumbersome legacy systems and are finding the new digital economy challenging. They have to maintain expensive systems which are difficult to change and want the ability to simplify and reduce their costs. Andy adds that the cycles of change are rapidly increasing and today service management is all about how the software is architected.

Organisations no longer want hard coding or scripting. He explains: *"Companies are looking for codeless technology that can be easily modified. Why invest in proprietary scripting tools that are near on impossible to change or upgrade without an army of consultants?"*

Cherwell's toolset meets that requirement. As a result EMEA turnover has grown by 48% on the same period last year.

The business has been built on the back of amazing customer focus, and although it may sound a cliché, Andy admits that the customer is at the heart of everything that Cherwell does. This is reflected in its customer satisfaction ratings, which are as high as 98%.

He says customer renewals are even higher at 99%: *"We invested heavily in our cloud architecture and now have some of the highest performing cloud statistics in the marketplace today. As a result our pipeline has increased, especially in the larger enterprise where our message is clearly resonating. In fact, not only has our turnover increased but our sales capacity and geographic coverage has also increased as we have put more feet on the street."* Andy goes on to say that when he joined 12 months ago there were 42 staff in EMEA and now there are 79. Cherwell opened an office in Germany in late 2014 and recently increased its presence in France and Spain.

Challenges are around managing growth. Andy admits that you can't increase the labour force by 50% in a very short period of time without putting pressure on the business. The company has grown well because of its culture but finding good people is a challenge. Andy comments: *"Our competitors have become a bit arrogant but we are still humble, hungry and have heart."*

Cherwell has had offices in Swindon for several years but recently opened its leadership offices in Reading. Andy is planning on expanding the Reading investment as he believes the Head Office should be located in the Thames Valley, the 'software capital of the UK'.



On the subject of diversity, Andy believes it is important to have a diverse workforce with a mix of skills, cultures, age and gender. Around 25% of Cherwell's workforce are women and this is growing. Andy goes on to say that it is about employing folks with the right DNA. In addition to qualifications, he hires on mentality and attitude. Cherwell operates a very flexible environment but Andy would like to have more of a central hub, hence the expansion plans as Andy aims to cultivate more cross fertilisation of ideas and a learning environment.

Despite current uncertainty due to the EU Referendum, Andy is confident about Cherwell's future and is looking forward to continuing to grow the business across EMEA.

"We invested heavily in our cloud architecture and now have some of the highest performing cloud statistics in the marketplace today. As a result our pipeline has increased, especially in the larger enterprise where our message is clearly resonating"

ANDY WHITE
VP EMEA
Cherwell Software

PANEL DISCUSSION

AROUND THIS EDITION OF THE THAMES VALLEY BUSINESS BAROMETER

This senior level roundtable discussion was designed to unveil the main findings from the most recent Thames Valley Business Barometer survey, allowing panel members to discuss the results as well as the challenges and opportunities facing businesses in the region.

The event was held at BDO's Thames Valley office in Reading on 25th May 2016 and was attended by panel members from BDO, C8 Consulting, CH&Co, DAV Management, Hicks Baker, HSBC, Pitmans, Parkside Recruitment, SAS, the UK Property Forum and UTC Reading.

Leading the discussion was Simon Brooker from BDO and Paula Elliott from C8 Consulting who together summarised the high level findings from the survey, providing the group with context ahead of the general discussion. Paula advised that while the initial results reveal that headcount, profitability and turnover remain relatively strong, economic confidence decreased sharply in the last six months, dropping to levels that the Barometer has not seen since 2012.

Just 32% of respondents stated that economic confidence had improved over the previous six months, whereas in the last survey this was 56%. Notably 30% of companies indicated that economic confidence had deteriorated over the last six months whereas in the Autumn 2015 barometer survey it was only 8%.

Simon Brooker commented on the findings: *"I expected economic confidence to be lower than in previous Barometers but I am surprised by how much. I wonder what the reactions are from around the table?"*

Matthew Battle from UK Property Forum replied: *"The acid test will be to look beyond the EU Referendum to see how confidence lies in six months' time. In my opinion the quicker we can move past this the better. It is a real dampener and a complete red herring but the Referendum is stopping future investment."*

Peter Dean from SAS added: *"I think technology investment decisions have stalled and yes there is a bit of a cloud hanging over us right now."* **Angela Shields from Pitmans** agreed: *"We are seeing inward investing clients waiting to make big decisions later on in the summer and post the outcome of the EU Referendum."*

Steve Head from Hicks Baker went on to say that if you looked at the facts, the financial results are almost like for like with previous Barometers: *"So why this sudden downturn in confidence? That said I think if you are a small UK business versus a larger business you are less likely to be affected by the Referendum and these organisations are pressing ahead with decisions. However if the decision is waiting on corporate approval then this is where decisions are being stalled."*

Tim Jones from CH&Co agreed and said that he believes the corporate view is to hold off on decisions until post 23rd June. That said, Tim agreed that business is still happening but at a more transactional level - big strategic decisions are on hold.

Nick Hicks from HSBC commented: *"I think the bigger companies are holding back on the strategic decisions. For example a multinational business considering whether to put an office in the UK or Poland will probably hold that plan until after the 23rd June. Whereas a small UK business dealing with UK companies will still be working on day to day tactical stuff. In or out for the larger companies will be a strategic choice of whether to roll out Plan A or Plan B."*

Steve Head went on to say that he thinks recruitment is the real bell weather and the Barometer showed that more than half of those surveyed (53%) were expecting their headcount to increase in the next six months.

Ian White from BDO responded saying that recruitment is still down from the last Barometer. He added: *"Businesses are still taking on staff but the percentages have dipped. In addition 45% of those surveyed have seen an increase in staff turnover which is quite an increase from the last survey results."*

Charlie Mayes from DAV Management pointed out that there was likely to be a time lag in the figures: *"What this shows is that we are reaping the benefits of a pipeline that was already in place for the last six months. It will be interesting to see the results later in the year and whether the figures have actually been impacted."*

Simon Brooker added: *"I am confident about the next year but I agree the EU Referendum is causing a ripple."*

A BIG THANK YOU TO EVERYONE FOR THEIR HELP AND SUPPORT WITH THE THAMES VALLEY BUSINESS BAROMETER:

BOYESTURNER | CH&CO | COMXO | DAV MANAGEMENT | GRUNDON | HAYS | HENLEY BUSINESS SCHOOL | HEWLAND ENGINEERING | HICKS BAKER | HR WALLINGFORD | HSBC BANK | IMAGO GROUP PLC | INTERNATIONAL BRAND DEVELOPMENT COUNCIL | J BENNETT & SONS | MABEY | MEDICAL SUPERMARKET | NATWEST | OCEAN CONSULTING | PARKSIDE RECRUITMENT | PITMANS LLP | RBS | RIDGEWAY GROUP | SAS | SHOOSMITHS/TVB LEP | STOKE PARK | THE BUSINESS MAGAZINE | THE ROMANS GROUP | TVCC | UK PROPERTY FORUM | UTC READING

The conversation then moved on to recruitment. **Simon Brooker** advised that at BDO utilisation is up and still relatively strong. **Peter Dean** replied that SAS is moderately increasing its staff but that it is cautious. **Simon Brooker** went on to talk about recruiting staff from overseas and how BDO has recently taken on 25 chartered accountants from South Africa. **Tim Jones** commented how this demonstrates how the world is changing and how in the end market forces take care of themselves.

Brian Poxon mentioned that his recruitment business often indicates how the market is feeling and that right now recruitment is still very strong. He added: "We are working on a really big shared services project for one of our clients."

Simon Brooker went back to comments made earlier by **Charlie Mayes** about pipeline and asked the group whether it felt that we were reaping the results of decisions made a few months ago. **Matthew Battle** commented: "I can't help thinking when I arrive in London how there is a wall of prosperity that hits you. You don't get that same feeling when you arrive in Liverpool or Manchester." **Tim Jones** disagreed and said that he felt that towns like Liverpool, Manchester and Reading were all performing extremely well. **Matthew Battle** replied: "I don't think we are saying anything different just that London is different to other UK cities. With Crossrail, the pending Heathrow decision and some very large infrastructure projects on our doorstep the Thames Valley has lots of reasons to be optimistic."

Simon Brooker agreed: "It is certainly becoming more and more attractive to do business here in the Thames Valley." **Nick**

Hicks added: "London is a truly global city and we benefit from it in terms of the level of investment. I think that Reading is becoming much more in tune and is almost a submarket of London. More folks commute into Reading than ever before."

Charlie Mayes agreed and said that Crossrail is a game changer. **Steve Head** added: "Over £50million has been spent on infrastructure projects to create extra capacity at Reading station. We are a net importer of workers and more commute out of London to Reading than commute in."

The discussion moved on to the second part of the survey which focused on diversity in the workplace. **Simon Brooker** commented that 71% of those surveyed had stated that less than half of their workforce are women. He asked the group if they thought this was representative. **Peter Dean** said: "My industry is data analytics, which is maths and systems centric and involves high mobility of much of the workforce. This appeals less to women." **Joanne Harper from UTC Reading** replied that at the UTC, where the focus is on computer science and engineering, there are more female students in maths subjects than in science subjects. **Peter Dean** added: "Globally my organisation has targeted that a minimum 20% of senior staff are female. Locally we are ahead of this though still far short of parity."

Brian Poxon stated that Parkside Recruitment is a very female oriented business. **Simon Brooker** added: "We have just had a national election to hire a new managing partner and both candidates were male. In fact, there are currently no women at the top table although this will hopefully change soon. We are now positively

discriminating to hire more women." **Tim Jones** commented that there are now more women in the workforce and how CH&Co has a very strong team of female personnel.

Charlie Mayes added: "I think there is a huge difference between industries. Some industries are more female oriented than others. That said, a more diverse workforce certainly has its benefits."

Joanne Harper commented that only 15% of the pupils at the UTC are female and that within the Senior Leadership Team she is the only female. **Angela Shields** went on to say that in law there are a greater number of females entering into the profession than males and that is certainly the case at the trainee intake level at Pitmans: "The organisation is very supportive towards flexible working hours and we have a number of women in senior positions."

Simon Brooker closed the roundtable by saying that diversity in the workplace, along with flexible working, which was the topic in the last Barometer, were clear signs of how the working environment is changing and how businesses in years to come will be vastly different from how they are today.

"With Crossrail, the pending Heathrow decision and some very large infrastructure projects on our doorstep the Thames Valley has lots of reasons to be optimistic."

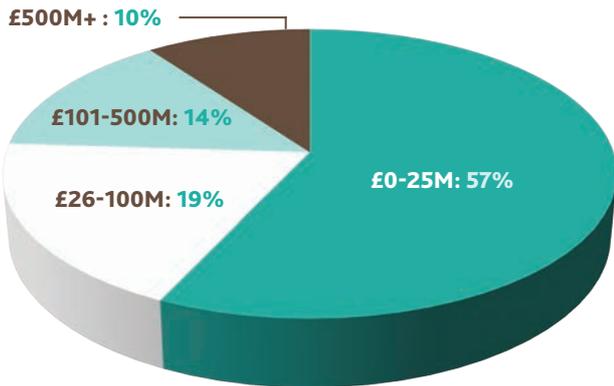
MATTHEW BATTLE
UK Property Forum

SURVEY METHODOLOGY

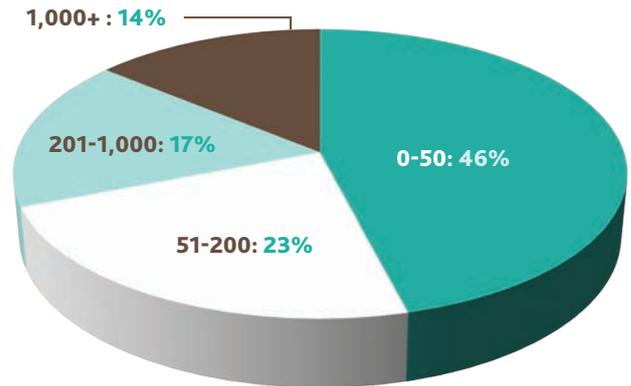
The survey was conducted from 17th March to 16th May 2016.

- A total of 102 companies took part in the survey.
- 60% of companies that responded are UK Parented Private Limited companies
- 14% of companies that responded are overseas parented

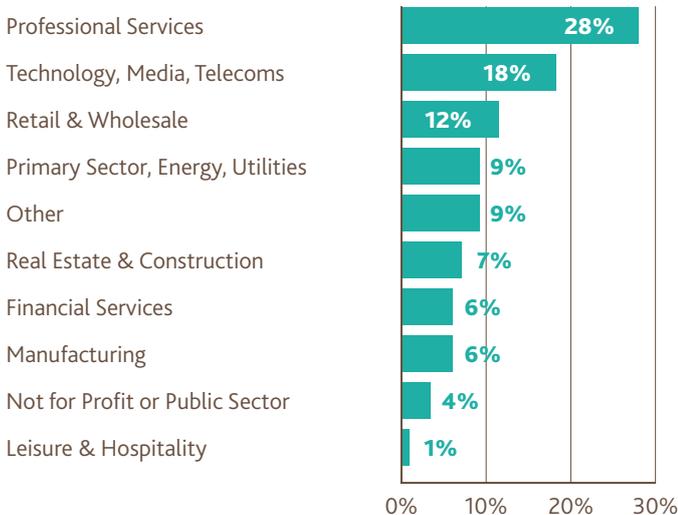
RESPONDENT COMPANY TURNOVER



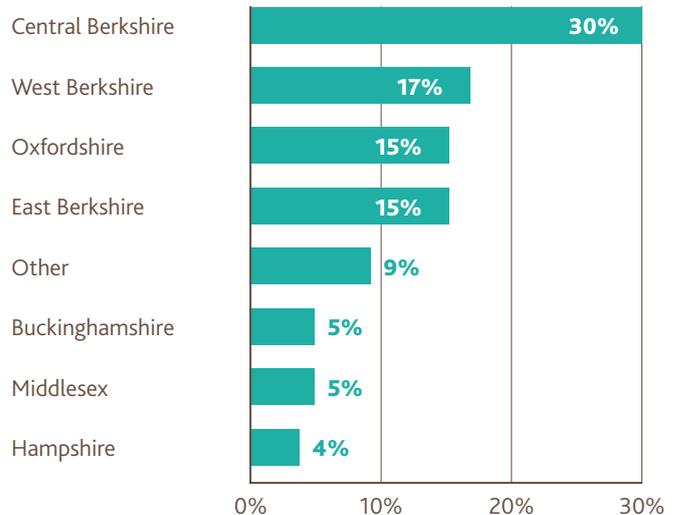
RESPONDENT COMPANY EMPLOYEE HEADCOUNT



RESPONDENT COMPANY SECTOR



RESPONDENT COMPANY THAMES VALLEY LOCATION



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