Informatics in Southern Europe

Despite global financial crisis, the market in Spain is growing significantly and is expected to continue to grow for the next years. But, as *Isabel Muñoz-Willery* and *Roberto Castelnovo* of NL42 Consulting discuss, success in Spain requires recognition of the particular ways of thinking and of doing business.

In the world of scientific computing, there is a tendency for the word 'European' to stop at a line not much further south than the latitude of Paris. Sometimes this conceptual boundary might extend as far south as Bordeaux, and include Switzerland and the north of Italy because of the many pharmaceutical and industrial companies there.

The purpose of this article is to shine some light on the 'southern' part of Europe and on the Spanish market in particular – but many of the issues could be extended to the so-called Mediterranean region as a whole, without over-generalisation.

An analysis of the Spanish market necessarily starts with the economic situation in the country, which has suffered a long period of crisis. In the industrial sector, the Spanish economy is mostly based on relatively small and medium-sized companies, and global financial turmoil has affected the economy greatly. However, due to a long-standing policy of offering cost and tax incentives, Spain also has a significant presence of international companies. Despite this, the vast majority of local companies are family owned, and have fewer than 20 employees. This trend has significantly increased in the last years. Moreover, these companies mostly focus on the domestic market, even though the crisis has positively stimulated some business owners to expand geographically and look towards foreign markets, with a particular focus on the European Union, Latin America, and the rest of the world. This is clearly a key asset for the future of the manufacturing sector in Spain. Thanks to these difficult and risky business decisions, many small and medium-sized companies have overcome the local crisis, thanks to the success of their geographical diversification.

Irrespective of country and culture, there is a moment when an industrial concern takes the business decision to invest in informatics tools in order to meet its short, medium, and long-term goals. But an understanding of the dynamics and behaviour that can be observed in the Spanish market during the initial phase of the selection process could help both vendors and their customers make that process faster and easier – benefitting them both.

Broadly speaking, there are three scenarios. In the first, a Spanish subsidiary of an international company may be asked to implement a solution which has already been selected at global, corporate level by the mother company, and so little or no flexibility is allowed to the local team.

In the second scenario, when comes to companies that are local to Spain, it happens quite frequently that the selection process leads more easily to a local solution provider rather than to a solution from an international vendor. The main factor leading to this result is that a local customer will have a greater degree of confidence in a local supplier because of proximity, both from a language and a distance point of view. This may lead to situations where if the vendor has a location in one of the Spanish regions, this may influence the final decision.

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On the other hand, those companies that have initiated international expansion and developed a well-respected brand at the international level, will have developed international communication skills, and will have an excellent global vision of their market. Such companies will tend to consider international and well-known brands for their IT infrastructure, as an additional demonstration that they are a global and not just a local player in the market.

All in all, the most critical factor for

success is the ability of solution providers to demonstrate that the local implementation will be as efficient and quick as if they were sitting close to their headquarters.

Having said that, this leads on to an analysis of the strategies implemented by international vendors selling and servicing IT technologies in Europe. The complexity of the sales and service effort in Europe is much greater than in the US. Roberto Castelnovo from NL42 Consulting previously had the European responsibility for one important vendor, and so we can perfectly understand the approach followed by most of the companies involved in this market. The money required to deploy a sales, service, and support organisation is far higher than in the US. Language barriers self-evidently pose a challenge to any company considering expansion in Europe. Taxation issues, legal aspects, and cultural differences between the countries in Europe are additional obstacles to be overcome during the implementation of a European organisation.

It is therefore very common to find a significant effort among solution vendors in Northern Europe (or more specifically in the UK) and a relatively limited engagement in Southern Europe. The typical solution in southern Europe is for a solution provider to collaborate with local partners or agents. But it is in the nature of a sales agent's business that it has other clients as well and so is only going to be partially focused on the core business of the vendor. As a result, customers in Southern Europe are more inclined to consider local companies, as they are seen to be dedicated, focused, more reliable and certainly closer (in terms of management) in the event that any issues arise.

At this point, it is important to add the cultural component into the equation.

While Anglo-Saxons customers are pragmatic and evaluate the solutions based on facts, Latin customers very often consider that the level of trust instilled by the people they are dealing with is more important. This factor may lead to the conclusion that the personal aspect of the equation is more important than the evaluation of the company and the solution.

'If you're a leading a sales process in English-speaking countries you´ll have to elaborate a high-level speech introducing your company numbers, company mission, and your product/services' added value. In Spain, I had to first explain who I am!' as Pep Gubau, CEO Bigfinite, put it.

Our experience at NL42 Consulting, as Spanish and Italian partners who have previously worked as European directors in a

well-known American biotechnology company, only confirms that the human relationship has a critical importance in the long-term relationship between customers and vendors. However, this important human factor should not diminish the importance of a pragmatic and 'cold' evaluation of the capabilities of the suppliers and the solutions proposed.

Such evaluation of the supplier capabilities is also affected by the specific characteristics of some Spanish organisations. First of all, it is important to remember that, in most of the Spanish organisations potentially interested in scientific software solutions, the IT department has historically reported to the finance department. This fact of history leads to financial evaluations of the solutions rather than an assessment focused on technical specifications and benefits for the users (laboratory, production, R&D, QA).

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Secondly, the laboratory or production-line manager may find themselves struggling with the newly assigned responsibility added on top of their daily routine. It often happens that an initial internal meeting that would have helped define the key requirements of the different users and department at a company level has been omitted. In the light of this, providers who are aware of such issues can turn these missing user-requirements into a benefit by positioning themselves as partners rather than simply as vendors and facilitating the elaboration of the user-requirement document.

When, in contrast, the business decision is to assign to the IT departments the role of developers of a 'home-made' solution, the result can be a never-ending development story. The tendency is for users to request continuous modifications to the system, because the software developers are very close to the end-users.

If decisions are made based just on the cheapest available local solutions, what happens is that data integration is missing. Eventually, it becomes necessary to replace the system with a more sophisticated solution at some point during implementation, particularly when the business needs of the company are changing significantly and this requires an adaption of the IT solutions implemented.

At this stage of the process, it is important

to highlight a further factor which has a direct impact on the vendor selection process and system implementation. Companies in Southern Europe, and more specifically in Spain, are used to developing and implementing such projects using the resources available within the company. It is not common practice to bring in external consultants or hire dedicated experts. This approach typically results in limited time being available, and the people involved also may not have the appropriate skills to lead such a critical project. In contrast, in the Anglo-Saxon countries, the skills are hired specifically for the project on a contract basis, allowing companies to have fully dedicated people and the required skills for the whole time of project.

Lastly, quality is a critical component of these projects. Very often, in Anglo-Saxon countries, accreditation is the starting point to demonstrate the vendor's quality assurance and a detailed audit is made of the true ability to implement quality requirements before selecting the vendor. The Southern European countries are less strict in checking the quality systems of the vendors and may accept some deviations. The overall result may lead to significant costs at a later stage of the project.

Drawing on the analysis above, what steps are possible to overcome these challenges? First of all, suppliers should consider the European countries in their totality. They need to invest in terms of sales and service in Southern Europe to build closer relationship with their customers. On the other hand, customers would benefit from a more structured, regulated and 'fact-based' approach during the vendor selection and the project implementation.

The decision to hold the 2015 meeting of The Paperless Lab Academy in Barcelona was a recognition of the potential of Southern Europe, offering a forum to bring these issues out into the open and thus a great opportunity to all interested vendors to join a large audience of customers coming from many European countries, to listen to case studies, and to exchange experiences.

Scientific Computing World too is making an investment in Spain by introducing a Spanish version of its well-known guide to Building a Smart Laboratory distributed globally to thousands of readers. In collaboration with NL42 Consulting, *Scientific Computing World* will provide information to all interested parties in order to stimulate a positive interchange of opinions about a market which is growing significantly and it is expected to grow for the next years. ■