ABOUT THE SURVEY

The Thames Valley Business Barometer – a collaboration between BDO LLP and C8 Consulting – provides a twice yearly snapshot of business and economic confidence in the Thames Valley.

This latest survey ran from 25 September to 3 November 2017. Over 100 businesses took part and we would like to thank them for their support.

The Barometer report contains the results of the survey as well as in depth profiles of Thames Valley businesses Assuria, Network Critical, Oxford Space Systems, R Collard and ResMed. They shared their views on their own performance, the key challenges they face and the current economic conditions. We would like to thank them all for giving their time to be interviewed.

Finally we would like to thank our Thames Valley Business Barometer panel of over 30 business leaders from across the Thames Valley region for their continued support with this survey.
EXECUTIVE SUMMARY

The Thames Valley Business Barometer has been tracking business sentiment and performance across the region since 2012, during a period that has seen enormous change in the conditions in which local businesses are operating.

Looking back at the events of 2017, it is 10 months since the UK invoked Article 50 to leave the European Union and seven months since formal negotiations began on the terms of our departure. In June the Conservatives called a snap general election, which resulted in them losing their small majority in Parliament and having to form a minority government.

UK Economic growth in 2017 slowed and we failed to keep pace with our biggest economic rivals, but the post referendum recession that some forecast failed to materialise. UK levels of unemployment remained low but inflation rose, leading to the Bank of England increasing interest rates for the first time since 2007. Meanwhile the relative weakness in the pound meant that the UK remained an attractive destination for overseas investment and created a strong demand for British exports. By the end of the year UK manufacturing output was at its highest level for 10 years.
EXECUTIVE SUMMARY

THE AUTUMN 2017 BAROMETER SURVEY

The latest Barometer survey took place between September and November 2017 and looked back over the previous six months and ahead to early 2018. Over 100 local business leaders took part.

The results show that order books, headcount, turnover and profit levels across the region remained strong, with the majority of performance indicators showing similar levels to those seen in the spring 2017 survey six months earlier. However, business confidence had fallen from 69% in the spring to 53% in the autumn. This was still above the levels seen 12 months earlier when confidence stood at 48%, but is a long way below the levels we witnessed between 2013 and 2015 when business confidence in the economy rose to above 90% as we emerged from the last recession.

So why have confidence levels among business leaders fallen when performance figures appear to have remained strong?

In November we discussed the results of the survey with our Barometer panel, made up of more than 30 business leaders from across the region. A write up of the discussion can be found at the back of this report but the over-riding feeling was that uncertainty around Brexit was the major reason that confidence has fallen.

Formal Brexit negotiations between the UK and the rest of the EU officially began in June 2017, a year after the EU referendum took place, but it was not until December last year that the European Council agreed that sufficient progress had been made to move on to phase two of negotiations and to start discussing post-Brexit arrangements with the UK, with these scheduled to start in March 2018.

With just over a year to go until we are due to leave the EU, there is still no clear picture of what our relationship will look like after March 2019, making it difficult for businesses to plan ahead with any degree of certainty.

THE CHANGING FACE OF THE WORKPLACE

In the second part of the survey we looked at the changing face of the workplace and asked businesses how their working environments had changed over the last five years, and how they expect them to change in the next five.

A third of respondents told us that their workplace had become more flexible with the introduction of hot-desking, co-working and remote working, while half of those surveyed told us that the use of technology had significantly increased and improved their working environment.

Half of those surveyed expect to see flexible and agile working practices continue to become more common as improvements in mobile and cloud enabled technologies allow more people to work anywhere and at any time, whilst changing attitudes and expectations among employers and staff will encourage these changes to take place.
Of course flexible and agile working will not be for everyone and some businesses do not easily lend themselves to this way of working. One third of those surveyed told us that their working environment had not changed in the last five years, although, interestingly only 12% expect there to be no change in the next five years.

Flexible and agile working is a subject that is close to our own hearts as BDO has spent much time identifying what the office of the future might look like and what our needs will be.

We are currently introducing our future office concept into all 18 of our offices across the UK and last October we moved our Thames Valley office into the newly rebuilt Thames Tower in the centre of Reading and took the chance to fully embrace the firm’s vision of the future. Our office space reflects the firm’s commitment to flexibility, collaboration and agile working, driven by the changing needs of our clients and staff and incorporates almost total hot desking, using a new digital desk utilisation system; open-space communal areas; collaborative working zones; quiet spaces and wireless connectivity throughout.

In this report Adrian Norman and Christopher Allan, from Barometer panel member Morgan Lovell, put forward their thoughts on the changing workplace, based on their own experiences helping companies to design and implement new working environments. I thank them for their input.

So, as we enter 2018, and the Thames Valley Business Barometer enters its 7th year, we wait to see what lies ahead for our region’s businesses. As more details emerge from the next series of Brexit negotiations it will be interesting to see what effect they have on the outcome of this year’s spring and autumn Barometer surveys.

The next survey will take place in April and I hope that as many of you as possible will take part and share your views with us.

SIMON BROOKER
Partner and Head of BDO Thames Valley
Staff attrition levels across the Thames Valley remain static

- 32% of businesses surveyed saw their rate of staff turnover increase in the previous six months (versus 37% in Spring 2017 and 22% in Autumn 2016)
- 13% saw their staff turnover decrease (versus 10% in Spring 2017 and 7% in Autumn 2016)
- 55% saw their staff turnover remain the same (versus 40% in Spring 2017 and 33% in Autumn 2016)

In the last six months staff turnover has ...

---

Economic confidence drops

In the latest Barometer survey we have seen confidence levels drop since Spring 2017.

- 12% of those surveyed stated that confidence had improved in the previous six months (versus 29% in Spring 2017 and 15% in the Autumn 2016 survey)
- 47% stated that confidence had deteriorated (versus 31% in Spring 2017 and 52% in Autumn 2016)
- 41% stated that confidence had remained the same (versus 40% in Spring 2017 and 33% in Autumn 2016)

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

---

As a global company we can choose where to invest. The UK continues to grow in terms of revenue and heads but, in terms of future investment decisions, we are looking at these with more caution.

EWAN CUTHBERTSON
UK Managing Director | ResMed

I believe the working environment will become even more flexible. You have to offer staff that option, otherwise they won’t stay.

ROB COLLARD
Founder and Managing Director | R Collard Ltd
Oxford Space Systems (OSS) four years ago and now the company has 22 full time staff and will be moving to its own custom-built facility on the Harwell Campus in early 2018.

Mike incorporated the business in September 2013 but says that it only really started to flourish with seed funding in 2014, adding: “I won a competition from Innovate UK. I pitched an idea for a space business based on novel deployable structures and won £100K. However there were two stipulations, firstly that I started a company and secondly that I raise the same amount from private money. My lead investor Longwall Ventures agreed to an initial seed fund of half a million and the rest, as they say, is history.”

Mike confesses that he started with little knowledge of running a ‘space business’ having worked in electronics and electrical engineering. However he had founded and exited two tech businesses, learned a huge amount and was good at spotting opportunities and likewise convincing investors. Finding talent was critical and Mike hired a core team of people in a relatively short period of time, he explains: “We wanted to develop products that are ubiquitous to every spacecraft. Most are deploying some pretty big and complex structures from the side of the satellite. These need to pack down very small. The key therefore was how light and storage efficient could we make our products? Time to market was another key goal because we needed to quickly develop the technology and burn down our technical risk.”

OSS developed its own proprietary materials which are lighter and less complex than others. Mike continues: “We’ve created a 4 metre boom system and in the process we’ve set two world records. We achieved the shortest time to bring a new product to market, from concept to successful deployment in orbit, in just under 30 months. Normally this takes anywhere between 7 and 10 years. Also we have developed the world’s longest retractable boom system.”

OSS has also developed deployable antennas that can be used in space to send and receive data. Mike goes on to explain that the space industry has gone through a boom in recent years and is very attractive to the VC community as it has expanded from nation state government funding to being funded by wealthy individuals.

Finding talent is an issue as OSS is looking for staff who are technically smart but also understand the commercial challenges. Mike goes on to say that each member of the team either owns shares or has share options and as a result this means that in four years Mike has only seen one person leave.

Building and testing for space is expensive. Having completed seed and series A funding OSS is about to embark on series B funding to raise between £5 to 7 million. Mike adds: “There is a high level of technical risk with new products in this environment. In a risk averse industry you have to prove your products are reliable.”

Mike says that the space industry is global and OSS has a truly multi-national workforce hiring talent from all corners of the globe. The work culture is very much output driven and staff have flexi-time, remote working and as much freedom as possible. Mike adds: “I believe if you treat people like intelligent adults they behave like intelligent adults.”

The UK space industry is strategically important to the economy and is set to grow from £14 to £40 billion by 2030. With such ambitious growth targets, where will that expansion come from? Mike concludes by saying that this growth has to come from entrepreneurs and start-ups like OSS.

MIKE LAWTON
Founder and CEO | Oxford Space Systems

Recognised by Barclays as the 2017 Start-up Entrepreneur of the Year, Mike Lawton founded Oxford Space Systems four years ago and now the company has 22 full time staff and will be moving to its own custom-built facility on the Harwell Campus in early 2018.

Mike incorporated the business in September 2013 but says that it only really started to flourish with seed funding in 2014, adding: “I won a competition from Innovate UK. I pitched an idea for a space business based on novel deployable structures and won £100K. However there were two stipulations, firstly that I started a company and secondly that I raise the same amount from private money. My lead investor Longwall Ventures agreed to an initial seed fund of half a million and the rest, as they say, is history.”

Mike confesses that he started with little knowledge of running a ‘space business’ having worked in electronics and electrical engineering. However he had founded and exited two tech businesses, learned a huge amount and was good at spotting opportunities and likewise convincing investors. Finding talent was critical and Mike hired a core team of people in a relatively short period of time, he explains: “We wanted to develop products that are ubiquitous to every spacecraft. Most are deploying some pretty big and complex structures from the side of the satellite. These need to pack down very small. The key therefore was how light and storage efficient could we make our products? Time to market was another key goal because we needed to quickly develop the technology and burn down our technical risk.”

OSS developed its own proprietary materials which are lighter and less complex than
SURVEY RESULTS

TURNOVER

Turnover remains relatively static

- 47% of those surveyed had seen their UK turnover increase in the previous six months (versus 54% in Spring 2017 and 36% in Autumn 2016)
- 17% had seen their turnover decrease (versus 16% in Spring 2017 and 29% in Autumn 2016)
- 36% had seen their turnover remain the same (versus 30% in Spring 2017 and 35% in Autumn 2016).

In the previous six months turnover...

Expectations for future turnover remain the same

Looking forward to the next six months 51% of those surveyed expected their turnover to increase (versus 55% in Spring 2017 and 46% in Autumn 2016) while 10% expect to see their turnover decrease (versus 15% in Spring 2017 and 20% in Autumn 2016).

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

PIPELINE

Business pipeline doesn't change

- 44% of businesses surveyed had seen an increase in the size of their business pipeline over the previous six months (versus 47% in Spring 2017 and 38% in Autumn 2016)
- 17% had seen their pipeline decrease (versus 20% in Spring 2017 and 27% in Autumn 2016)
- 39% had seen their pipeline remain the same (versus 33% in Spring 2017 and 35% in Autumn 2016).

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

We are already seeing demand growing rapidly and as a result we are expecting our order books to reflect this growth. In fact the pipeline is looking extremely rosy.

TERRY PUDWELL
CEO | Assura
For the past 11 years, technology company Assuria has been designing, creating and selling cyber security solutions. Its security software solutions and fully managed security services provide protective monitoring, vulnerability management and configuration assurance services to organisations utilising in-house data centres, hosted data centres, hybrid cloud and full public cloud environments.

Assuria cyber security solutions are licensed by national governments, defence agencies, major corporations, global defence contractors, SOC operators, consulting companies and mid-sized organisations. Developed entirely in the UK, Assuria is used in demanding, highly classified Government environments in the UK, US, Europe, Middle East, Japan and Hong Kong.

With no external investment to date, at the start of 2017, Assuria has focused on extending its capabilities, evolving both the products and the services required in order to provide organisations with a complete end-to-end solution.

CEO, Terry Pudwell is at the helm of the business and comments: “2017 has been a year of investment as we have built out our capability. We can now offer all of the technology, know-how and business processes to allow any suitable organisation to establish a world class defence grade Cyber Security Operations Centre (C-SOC) almost anywhere in the world.”

Terry goes on to say that Brexit has made it difficult for organisations to commit this year due to uncertainty which has created inertia but he added: “I do believe with legislation like the General Data Protection Regulation coming into force in May 2018, there will be a laser focus on both security and compliance. We are already seeing demand growing rapidly and as a result we are expecting our order books to reflect this growth. In fact the pipeline is looking extremely rosy.”

In terms of challenges ahead, these mostly revolve around investment and getting the funds to continue to build the business and the SOCs in strategic locations around the world. Terry concludes: “Our goal is to build a community of privately owned and managed world class Cyber Security Operations Centres, which we can do with the right funding. We also aim to share threat intelligence with all of these partners, across time zones. We have the technology and the know-how, all we need is the right type of external investment in order to achieve our goals.”

I do believe with legislation like the General Data Protection Regulation coming into force in May 2018, there will be a laser focus on both security and compliance. We are already seeing demand growing rapidly and as a result we are expecting our order books to reflect this growth.

TERRY PUDWELL
CEO | Assuria
SURVEY RESULTS

PROFITABILITY

Profits rise compared to a year ago

- In the last six months 44% of those surveyed had seen their profitability increase (versus 49% in Spring 2017 and 30% in Autumn 2016)
- 19% had seen a decrease in their profitability (compared to 24% in Spring 2017 and 33% in Autumn 2016)
- 37% had seen their profitability remain the same (compared to 27% in Spring 2017 and 37% in Autumn 2016)

In the previous six months profitability...

HEADCOUNT

Headcount growth slows

- 30% of business leaders surveyed had seen an increase in headcount over the previous six months (compared to 43% in Spring 2017 and 30% in Autumn 2016)
- 18% had seen their headcount drop (compared to 8% in Spring 2017 and 17% in Autumn 2016)
- 52% had seen headcount remain the same (compared to 49% in Spring 2017 and 53% in Autumn 2016)

In the previous six months headcount...

Expectations rise slightly

Looking ahead to the next six months 49% of businesses surveyed expected their profits to rise (compared to 47% in Spring 2017 and 39% in Autumn 2016) while 11% expected profits to decrease (compared to 15% in Spring 2017 and 23% in Autumn 2016).

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

Headcount expectations remain the same

Looking ahead to the start of 2018 41% of those surveyed expect their headcount to have grown (compared to 43% in Spring 2017 and 34% in Autumn 2016) while 8% expect headcount to have dropped (compared to 6% in Spring 2017 and 17% in Autumn 2016).

In the next six months headcount is expected to...
Robert believes that Brexit was the right decision and that longer term it will prove to be the case. From a management perspective R.Collard is very flexible in its approach to staff. Robert adds: “I believe the working environment will become even more flexible. You have to offer staff that option, otherwise they won’t stay.”

In terms of growth plans Robert is keen to continue to grow the company. In the last few years he has made three acquisitions and is on the lookout for an acquisition towards the M25. In terms of competitors, Robert admits that he shares the same customer book with a lot of his rivals. He adds: “No one owns customers or employees, they have the freedom to move where they like, you have to make it attractive for them to stay.”

Regulated and in the last 10 years legislation and the impact of environmental policies have increased. Robert comments: “As an industry we are much more aware of the issues and dangers and there are more regulations and due diligence. You can’t just knock a building down, you need to make sure that you are not only protecting your people, but also the local surroundings from contamination – especially if you are close to residential areas. There is a huge responsibility to make sure that contractors, employees and others are all kept safe.”

Robert explains that R.Collard has a good employment record and invests heavily in training. As a result staff turnover is low and the company tends to promote from within. He adds: “This is important because the management understand the business, know how to do the job and understand the complications and issues and this means that operationally we are very sharp.”

R.Collard is a successful family run business that is well known and well respected. Robert comments: “We are highly competitive, we don’t want to lose or fail at what we do. We’ve not diversified from our core business but as the company has grown so we have added strings to our bow that are complementary. Any demolition company worth its salt will be recycling. What this means is that if one part of the business becomes quiet, normally we make this up in other areas.”

In terms of outlook, keeping up with constantly changing legislation is a big challenge as well as making sure the business is geared up enough to meet legislation, compliance and health and safety requirements.

We’ve not diversified from our core business but as the company has grown so we have added strings to our bow that are complementary.

ROB COLLARD
Founder and Managing Director
R Collard Ltd
TRENDS IN BUSINESS PERFORMANCE
AN ANALYSIS OF KEY PERFORMANCE TRENDS FROM THE BAROMETER SURVEY RESULTS
SINCE SPRING 2012

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

INCREASE
DECREASE
REMAINED THE SAME
IMPROVED
DETERIORATED

IN THE LAST SIX MONTHS DID YOUR TURNOVER:

INCREASE
DECREASE
REMAINED THE SAME

IN THE LAST SIX MONTHS DID YOUR HEADCOUNT:

INCREASE
DECREASE
REMAINED THE SAME

IN THE LAST SIX MONTHS DID YOUR PROFITABILITY:

INCREASE
DECREASE
REMAINED THE SAME
ResMed changes lives with every breath by building products that treat sleep apnea, and other chronic respiratory diseases. A global manufacturer of medical equipment, such as CPAP devices and masks, ResMed is headquartered in San Diego, US. Founder, Peter Farrell, saw an opportunity to commercialise CPAP therapy after its discovery by a university research project in Australia and, 27 years later, he is still the chairman and his son Mick Farrell is the CEO and chief executive. The UK business is based in the Harwell Campus, Oxfordshire and UK MD Ewan Cuthbertson believes that the company has an entrepreneurial approach and a passion for changing lives.

Today, ResMed is one of the larger businesses in Oxfordshire and is trading in over 120 countries. Ewan explains how globally ResMed has branched out into wider respiratory and ventilation sectors, but in the UK sleep disorders and respiratory care are the focus areas.

ResMed provides the largest connected care health informatics in the world, Ewan explains: “Our devices, when connected to patients, are capable of giving us breath by breath data via the cloud and also give us the ability to alter settings remotely. This means that clinicians can sit at home on an iPad and see how their patient is doing. Sure, our ventilators can be used in hospitals, but they are really designed so patients can be managed and stay in their homes. We are changing the paradigm of how these patients are being managed. In the past they went into hospitals, but now clinicians can manage the less critical from home. In fact, any night of the week we have 4 million patients who are remotely connected.”

The speed of innovation in its devices and Health Informatics technology is rapid and ResMed is releasing new products every 18 months. The evolution in this technology has enabled the NHS to achieve significant cost savings.

The UK business is primarily a sales and marketing organisation, with some short-term warehousing and engineering maintenance. There are about 100 staff, and a number of these make up a large shared service facility providing back office services to the European operations.

In terms of culture, Ewan advises that although the company is 20 years old, it still has the feeling of a start-up. Likewise, staff are very engaged and keen to change lives. Ewan himself feels empowered, he adds: “We are left to interpret the global strategy and how that fits locally, which I believe makes us very nimble and responsive. As a sales and marketing function our role is to add value and create demand.”

Ewan describes ResMed as a friendly, informal business and he is keen to retain this culture: “We can’t assume what happened before will happen in the future; we’re growing very fast. For example, we’ve moved offices once this year and we are about to move again in the New Year.”

Ewan encourages collaborative working and when ResMed moves to its new offices, which are currently being built on the Harwell Campus next to their temporary offices, there will be a large open plan space with smaller conference rooms. He adds that less than two thirds of the team will have a dedicated desk and that hot desks will be sprinkled around the various different departments: “We have a ‘partially’ agile work environment. I would love to see more flexibility but we are constrained by the need to meet the demands of both the NHS and our patients.”

Ewan believes that Brexit has had an impact in terms of exchange rates and uncertainty in the market. He concludes: “As a global company we can choose where to invest. The UK continues to grow in terms of revenue and heads but, in terms of future investment decisions, we are looking at these with more caution.”
Are your staff able to access your IT systems away from the office?

- 36% Yes, some of them
- 62% Yes, all of them
- 2% No

Is working remotely, away from the office, a practical option for your organisation?

- 40% Yes, for all staff
- 56% Yes, for some staff
- 4% No

What flexible working practices does your organisation currently offer?

- Part time hours
- Flexible hours
- Job sharing
- Remote working
- Other
- None

What are the benefits of flexible working?

- Better work / life balance
- Requires less physical infrastructure
- Can be adapted to meet business needs

What are the issues around flexible working?

- Reduced physical interaction
- Management issues
- Blurred lines between work and home life

What are the barriers to successful flexible working?

- Effective Communications and team
- Technology
- Attitude and culture
- Trust
- None
In the latest survey we looked at the changing workplace and asked how the workplace has changed over the last 5 years, how it is expected to change over the next 5 years and attitudes to, and availability of, flexible working practices among Thames Valley Businesses.

Below is a summary of the responses we received.

### How has your working environment changed over the last 5 years?

<table>
<thead>
<tr>
<th>PHYSICALLY</th>
<th>CULTURE &amp; PRACTICES</th>
<th>TECHNOLOGY</th>
</tr>
</thead>
<tbody>
<tr>
<td>No change</td>
<td>No change</td>
<td>Increased use of technology</td>
</tr>
<tr>
<td>More flexible use of space</td>
<td>Flexibility / remote working increased</td>
<td>Increased use of cloud</td>
</tr>
<tr>
<td>New office / refurbished office</td>
<td>Increased diversity &amp; collaboration</td>
<td>More reliance on mobile technology</td>
</tr>
</tbody>
</table>

### How do you expect the working environment to change over the next 5 years?

<table>
<thead>
<tr>
<th>PHYSICALLY</th>
<th>CULTURE &amp; PRACTICES</th>
<th>TECHNOLOGY</th>
</tr>
</thead>
<tbody>
<tr>
<td>No change</td>
<td>No change</td>
<td>No change</td>
</tr>
<tr>
<td>More flexible use of space</td>
<td>Flexibility / remote working increased</td>
<td>Increased use of technology</td>
</tr>
<tr>
<td>More environmentally friendly</td>
<td>Increased focus on staff needs, management, benefits, CSR</td>
<td>Increased use of cloud</td>
</tr>
<tr>
<td></td>
<td>Increase in virtual meetings</td>
<td>The use of technology will become simpler</td>
</tr>
</tbody>
</table>

| New office / refurbished office   | Increased diversity & collaboration              | More reliance on mobile technology          |
|                                   | Increased focus on staff needs, management, benefits, CSR |                                           |
THE WORKPLACE: WHERE, WHAT AND WHY

Over the past five years there’s been a shift in workplace design and clients have increasingly moved away from focusing purely on space and how to utilise it. Open plan or cellular, 60 or 100 sq ft per person, space-saving pedestals or tucked away lockers? These questions are secondary now, it’s all about figuring out what staff actually need to get the job done.

Work is what you do

Emerging from a cost-saving motive spurred by the 2008 financial crash, workplace design moved towards a human-focus and more ‘pro-space choice’ which has led to innovation in space usage. Additionally, workplace happiness and productivity in the UK was at an all-time low, especially when compared to our European counterparts. So, to sign a lease for the most cost-effective sized office, bosses needed to consider what staff wanted, how to create areas that flex to changing business needs, and what makes employees happy.

The result – ‘activity based working’. The term is now synonymous with choice – and over time, the workforce became more ‘agile’. With improved technology (Wi-Fi, laptops, mobiles), we’re now able to work in a variety of settings based on the task at hand. Work is no longer confined to the office – trains, planes, the living room or the local café are now workstations – and when we do find ourselves in the office, we’re increasingly freed from our desks. As a result, our clients are investing in more secondary spaces where staff can work, away from their usual desks. As a result, businesses feel as though they need to go the extra mile to draw employees back to the office, especially when they have the freedom to work anywhere.

In the current office era, there is a real focus on ways to engage staff, drive innovation and encourage productivity. Employee perks have become important trading cards, especially as the idea of wellbeing and wellness is more mainstream than ever – bring your dog to work days, smoothie bars, onsite gyms, yoga classes, meditation rooms, flexi-hours; the list goes on.

Unfortunately, in this period we’ve seen some businesses misled by the outputs of the rising trend. It is still important to remain true to your business goals, objectives, culture and people. Not all employees would appreciate a slide or a swing in the canteen! Other workplace environments have focused heavily on attracting and retaining millennials – who’ve been dubbed ‘Generation Perk’ and ‘Generation Me’ – which is an unfair stereotype. Offices exist to support the needs of people, not caricatures.

But at a basic level, we all want the same things: to be valued for our work, to work autonomously, to enjoy choice and trust, to join a community of peers, and to grow personally and professionally.

So what’s next?

So perhaps companies should design their own workplaces as destinations where their staff and clients want to be. A place to collaborate, to feel a sense of belonging, and to form informal social networks that draw them in further. This moves away from communities fashioned by online interaction, towards real communities. Existing communities, that do or could contain co-working hubs or satellite offices, should be designed and built to complement the destination workplace offering. In the meantime, office fit outs need to focus on creating exceptional user experiences – supported by the right technology and culture – so that employees can be inspired, productive, creative and happy.

Christopher Allan is Head of Workplace and Adrian Norman is Head of Design at Morgan Lovell in Bracknell.

CHRISTOPHER
ALLAN
HEAD OF WORKPLACE
MORGAN LOVELL

ADRIAN
NORMAN
HEAD OF DESIGN
MORGAN LOVELL

With improved technology, we’re now able to work in a variety of settings based on the task at hand. Work is no longer confined to the office – trains, planes, the living room or the local café are now workstations – and when we do find ourselves in the office, we’re increasingly freed from our desks.
Recruitment and finding the right people remains a challenge, but thankfully staff turnover is relatively low and the culture of the organisation is good. Alastair goes on to say that Network Critical now has over 5,000 customers worldwide. He adds: "We partner with organisations such as BT and Cisco and we are one of Cisco’s certified solutions partners."

Alastair states that within the industry Network Critical can claim a number of world firsts from a technology standpoint and in 2018, as he looks to expand the US operations, Alastair’s goal as a leader in Access Technology Solutions is to be viewed as “the only viable alternative to Gigamon.”

2017 has been both an exciting and challenging year, especially with the continued confusion around Brexit, however with the release of our new products, we are very much looking forward to 2018 and the interest that this new ground-breaking product will bring."

The opportunities for Network Critical are huge, as data centre construction continues to evolve. The sheer volume of data that organisations are trying to push through the network has increased enormously in the last few years, as has demand for network speed. That’s because organisations have witnessed a rapid evolution of business applications and systems as well as a shift toward more virtual and cloud computing at a time of ever-increasing threats to the network.

As a result the network perimeter is fast disappearing as users become more mobile and organisations do more business in the cloud. Additionally, stringent government and industry regulations, like GDPR, require stricter data centre controls to ensure compliance. In this environment the need to observe all traffic, prevent malicious activity and ensure a high performance network is critical. Alastair goes on to say that the new 100G product helps to ‘bridge the gap’ in organisations who have differing network traffic speeds and whose security and monitoring tools have differing capabilities to receive traffic.

Alastair is confident that the 100G product will be a game changer because for the first time this technology is now widely available and more affordable. He explains: “Previously this technology was only really suitable for those with sizable networks and deep pockets, now many more organisations can take advantage of its strategic benefits.”

Recruitment and finding the right people remains a challenge, but thankfully staff turnover is relatively low and the culture of the organisation is good. Alastair goes on to say that Network Critical now has over 5,000 customers worldwide. He adds: “We partner with organisations such as BT and Cisco and we are one of Cisco’s certified solutions partners.”

Alastair states that within the industry Network Critical can claim a number of world firsts from a technology standpoint and in 2018, as he looks to expand the US operations, Alastair’s goal as a leader in Access Technology Solutions is to be viewed as “the only viable alternative to Gigamon.”

Global CEO
Alastair Hartrup
started Network Critical in his brother’s front room, in Caversham Park, 20 years ago. Since that time the company has moved offices twice but remained in Caversham. Network Critical started life as a distributor of test and measurement products, which led the company down the track of manufacturing TAPs (Test Access Points), and the rest is history. Today Network Critical is the only UK-based company to design and manufacture TAPs and Packet Brokers (which help to enhance network visibility by managing, filtering and load balancing traffic on the network). One of only two companies in Europe that specialise in this area, Network Critical’s primary competitors are mainly US based.

Alastair comments: “We became a manufacturer, developed our own products and we’re now on our 10th edition. Our Packet Broker business spawned out of TAPs. In essence, we help our customers to manage, secure and understand what’s happening across their entire network, but today this is far more complicated than it used to be.”

Manufacturing and assembly is based in Caversham. R&D is in Cambridge and Network Critical has sales satellite offices in the USA, Europe, Middle East and Asia.

Clients are typically at the larger end of the corporate scale and range from mobile operators to traditional fixed line operators, to financial services, to oil and gas – in fact anyone that runs large global or regional data centres. Alastair is proud to say that Network Critical has funded all its R&D organically and the company is just about to launch its new 100G product which will see it go head to head with its largest competitor, Gigamon. Alastair adds: “2017 has been both an exciting and challenging year, especially with the continued confusion around Brexit, however with the release of our new products, we are very much looking forward to 2018 and the interest that this new ground-breaking product will bring.”

The opportunities for Network Critical are huge, as data centre construction continues to evolve. The sheer volume of data that organisations are trying to push through the network has increased enormously in the last few years, as has demand for network speed. That’s because organisations have witnessed a rapid evolution of business applications and systems as well as a shift toward more virtual and cloud computing at a time of ever-increasing threats to the network.

As a result the network perimeter is fast disappearing as users become more mobile and organisations do more business in the cloud. Additionally, stringent government and industry regulations, like GDPR, require stricter data centre controls to ensure compliance. In this environment the need to observe all traffic, prevent malicious activity and ensure a high performance network is critical. Alastair goes on to say that the new 100G product helps to ‘bridge the gap’ in organisations who have differing network traffic speeds and whose security and monitoring tools have differing capabilities to receive traffic.

Alastair is confident that the 100G product will be a game changer because for the first time this technology is now widely available and more affordable. He explains: “Previously this technology was only really suitable for those with sizable networks and deep pockets, now many more organisations can take advantage of its strategic benefits.”

Global CEO
Network Critical
started Network Critical in his brother’s front room, in Caversham Park, 20 years ago. Since that time the company has moved offices twice but remained in Caversham. Network Critical started life as a distributor of test and measurement products, which led the company down the track of manufacturing TAPs (Test Access Points), and the rest is history. Today Network Critical is the only UK-based company to design and manufacture TAPs and Packet Brokers (which help to enhance network visibility by managing, filtering and load balancing traffic on the network). One of only two companies in Europe that specialise in this area, Network Critical’s primary competitors are mainly US based.

Alastair comments: “We became a manufacturer, developed our own products and we’re now on our 10th edition. Our Packet Broker business spawned out of TAPs. In essence, we help our customers to manage, secure and understand what’s happening across their entire network, but today this is far more complicated than it used to be.”

Manufacturing and assembly is based in Caversham. R&D is in Cambridge and Network Critical has sales satellite offices in the USA, Europe, Middle East and Asia.

Clients are typically at the larger end of the corporate scale and range from mobile operators to traditional fixed line operators, to financial services, to oil and gas – in fact anyone that runs large global or regional data centres. Alastair is proud to say that Network Critical has funded all its R&D organically and the company is just about to launch its new 100G product which will see it go head to head with its largest competitor, Gigamon. Alastair adds: “2017 has been both an exciting and challenging year, especially with the continued confusion around Brexit, however with the release of our new products, we are very much looking forward to 2018 and the interest that this new ground-breaking product will bring.”

The opportunities for Network Critical are huge, as data centre construction continues to evolve. The sheer volume of data that organisations are trying to push through the network has increased enormously in the last few years, as has demand for network speed. That’s because organisations have witnessed a rapid evolution of business applications and systems as well as a shift toward more virtual and cloud computing at a time of ever-increasing threats to the network.

As a result the network perimeter is fast disappearing as users become more mobile and organisations do more business in the cloud. Additionally, stringent government and industry regulations, like GDPR, require stricter data centre controls to ensure compliance. In this environment the need to observe all traffic, prevent malicious activity and ensure a high performance network is critical. Alastair goes on to say that the new 100G product helps to ‘bridge the gap’ in organisations who have differing network traffic speeds and whose security and monitoring tools have differing capabilities to receive traffic.

Alastair is confident that the 100G product will be a game changer because for the first time this technology is now widely available and more affordable. He explains: “Previously this technology was only really suitable for those with sizable networks and deep pockets, now many more organisations can take advantage of its strategic benefits.”
The 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 Thames Tower, Reading on 15th November 2017 and was attended by panel members from BDO, BtL, C8 Consulting, CH&Co, Hays, Henley Business School, Hicks Baker, HSBC, Integris, MD2MD, Oxfordshire LEP, Thames Valley Science Park and the UK Property Forum.

Leading the discussion were Simon Brooker from BDO and Paula Elliott from C8 Consulting who together summarised the high level findings from the survey. Paula talked about the fact that in the Autumn 2016 survey business confidence was at its lowest level to date and reflected just how uncertain businesses were feeling post Brexit. Twelve months on and business confidence is still wavering, although the key performance indicators such as order books, turnover, profit and headcount have remained robust.

Paula Elliot advised that 53% of those surveyed said that economic confidence had remained the same or improved, and 47% said that it had deteriorated. In spring 2017 69% said that economic confidence had stayed the same or improved and in autumn last year it was 48%. However, the picture is different if we take a look at the last six months’ order books and pipeline, turnover and profitability - all the key performance indicators are pretty robust.

Paula Elliot went on to say that this time around the survey asked a question around Brexit and found only a quarter of businesses think they will see improvements or no change after leaving the EU. Three quarters of respondents think Brexit will have a negative impact on their business, or still feel it is too early to say. Simon Brooker commented: “If we look at these results, there are two questions. The first one is why is confidence so low when the results are pretty good? Secondly, why is it so variable, why are we witnessing these swings up and down?”

Matthew Battle from the UK Property Forum replied: “If you look at the US, they’ve got the lowest unemployment levels on record, the NASDAQ is going mad and all in all it is an incredibly positive picture. America, the great economy of the world, is steaming ahead, therefore I would not be as negative about Brexit as some - things will be OK. Compared to 2007/2008, this is a breeze.”

David Gilham from Thames Valley Science Park added: “We appear to have a disconnect between what we read and the fogginess in general around the economic climate, and what we are seeing in our own businesses. If you run a business you will naturally be optimistic because that’s the nature of entrepreneurs. So actually, when you look into businesses and prospects going forward, there is a rosy picture. However when you look at the general economy, that’s where the fog comes in.”

Bob Bradley from MD2MD added: “It is the uncertainty and not knowing what the deal is that is troubling everyone. Once we know what the plan is, we will know how to deal with it.”
Simon Brooker summed up the sentiment from around the table, agreeing that it was the uncertainty over how Brexit negotiations would evolve and what the model would look like in the future that is causing the overall lack of confidence. He added: “If businesses have a plan then they’re comfortable taking risks, but right now we don’t know what the plan is.”

Simon Brooker then went on to ask if anyone around the table had any insights into other businesses, in other parts of the country. “From a BDO perspective, we are doing very well in the south of England but as you go north the economy is not looking so good.”

Richard Byard from Oxfordshire LEP said: “It depends on what you are measuring, but from a LEP perspective we are starting to see quite a difference. There is a significant gap between the best and the rest. Oxford and Reading are pretty buoyant in comparison.”

Matthew Battle added: “With the pound decreasing between 15 and 20% there is clearly an incentive to invest in the UK and obviously the property sector gets direct benefit from this. That said, the South East is facing a housing crisis where there is huge pent up demand.”

Giles Blagden from Hicks Baker advised that a number of major banks were moving out of the UK and into Europe.

Tim Jones from CH&Co replied: “The other aspect that’s interesting about banks and financial institutions is that yes, there are some movements, but they are not all going to Paris or Brussels for example, some are moving to Frankfurt and other places.”

Matthew Battle stated: “London is incredibly successful and that won’t change.”

Cameron Rathwell from HSBC agreed: “Banks in the UK will have to move some jobs offshore as a result of Regulatory changes and Brexit; but these changes will allow UK banks to continue to function as required to service their customers – and London will remain the European financial capital.”

Simon Brooker talked about the fact that it was not so easy to simply up sticks and move offices because there are staff to think about and hiring good talent in new locations is difficult. He added: “When we decided to move office this year we knew we didn’t want to move outside of Reading because we’ve got 250 people in this location so if we moved from here we risked losing them.”

David Gilham agreed: “We often talk about the Thames Valley and our skilled workforce. What we don’t talk about is that the biggest risk to our economy is a lack of skills. The ability to recruit and settle staff is critical to an organisation’s success. And I am talking about skills across the board. In order to be able to run our offices we need all the ancillary labour as well.

“As we upskill the next generation, the critical factors that make an economy continue to thrive will be those very essential but rather unqualified jobs, which until now many migrants have filled.”

Sarah Stevenson from Hays agreed: “We’ve just completed a UK survey of 17,500 employers and employees and the biggest barrier to business growth is the lack of skills and the skill shortage.”

Tim Jones from CH&Co talked about why many migrant workers are leaving the UK. “They are looking at their salaries and seeing these decrease by 20% because of exchange rates. You’ve also got the fact that many eastern economies are doing very well, and as a result there are opportunities for migrant workers back home. And finally, after the referendum, many simply felt unwelcome in this country.”

Bob Bradley added: “There is a longer-term effect of this shortage as well and this links to productivity. Unlike other countries, like Germany, who invested in automation and robotics, we just hired cheap migrant labour to do the job. Now that these guys are not taking those jobs we have a productivity issue. I have an acquaintance who is the global leader of a robotics and automation business, and one of his challenges is not about finding business, it is to do with the infrastructure in the UK. He said in Germany there are six times more robots per employee than there are in the UK. We’ve been underinvesting in capital equipment in the last 20 years.”

Rob Lamden from BtL concurred, saying: “I can’t remember ever hearing that UK productivity was good, it’s always been an issue. Everyone says we should invest more, but the simple fact is that we don’t.”

Bob Bradley added: “In Germany, there seems to be a flatter pay structure between office workers and manufacturing.”

Rob Lamden agreed: “In America, plumbers make as much money as dentists.”

Cameron Rathwell commented: “Is this down to local countries having the right tax incentives for businesses to invest in people and technology?”
One quarter said that they had a better comprehension of staff needs and so on. About half of those surveyed stated that the use of technology had significantly improved their environment.”

The group discussed flexible working and how this can positively help with retention. However there are also downsides.

David Gilham commented: “We all understand how technology can help create flexibility, but personally I think the barrier to working flexibly is still culture. That’s because we have a culture of working days from 8.30 am to 5.30 pm. So the big culture change would be to actually say: “Forget that. I’m liberating you to work flexibly, so please manage your day to work in your best interests.”

Sarah Stevenson added: “What is really interesting is that we’ve been judging the “best company to work for” and I’ve been interviewing a lot of businesses. Most have talked about how important it is to have a great place to work, with the right culture. But this means different things to different organisations. With all the talk around flexible working, working remotely and being able to work different hours, actually employers are doing really well in progressive tech firms. They’re making the workplace a really fabulous place with great technology and flexible breakout spaces, so it doesn’t feel like being at work. The thinking is that, if you make it a great place to work, people will want to be there.”

Rob Lamden commented: “If you’re running a business, and you’ve got too many people working remotely this can be hard to manage. For instance trying to get a conference call together, or a meeting, if everyone is working different times.”
Bob Bradley went on to talk about how important conscious management is and how many of the businesses that he works with simply haven’t thought about how they should communicate and manage flexible working.

Simon Brooker agreed and explained that BDO has a very young workforce, with at least 50% under the age of 30, and that their work styles will be very different to those from the older generations.

Cameron Rathwell reminded the group that we don’t have business if we don’t have customers. “In my business we need to meet clients. Our staff will work from the road - without interaction and body language you miss a lot of vital communication, so we allow people to adapt their working style to be client-centric.”

Bob Bradley went on to talk about how important conscious management is and how many of the businesses that he works with simply haven’t thought about how they should communicate and manage flexible working.

Simon Brooker agreed and explained that BDO has a very young workforce, with at least 50% under the age of 30, and that their work styles will be very different to those from the older generations.

David Gilham added: “You’re putting up a barrier because you think you can’t work like that. We have to liberate our minds to the fact that the world can be different, and technology will help with this. If we were to look at the world in 20 years’ time we wouldn’t recognise it.”

It is the uncertainty and not knowing what the deal is that is troubling everyone. Once we know what the plan is, we will know how to deal with it.

BOB BRADLEY
Chairman
MD2MD
The survey was conducted between 25 September and 3 November 2017. A total of 110 companies took part in the survey.

### Respondent Company UK Turnover

- 12% £500M+
- 20% £101–500M
- 46% £0–25M
- 22% £26–100M

### Respondent Company UK Employee Headcount

- 16% 1000+
- 17% 201–1000
- 43% 0–50
- 24% 51–200

### Respondent Company Sector

<table>
<thead>
<tr>
<th>Sector</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial services</td>
<td>7%</td>
</tr>
<tr>
<td>Leisure &amp; Hospitality</td>
<td>3%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>6%</td>
</tr>
<tr>
<td>Not for Profit or Public Sector</td>
<td>4%</td>
</tr>
<tr>
<td>Other</td>
<td>0%</td>
</tr>
<tr>
<td>Primary Sector, Energy, Utilities</td>
<td>1%</td>
</tr>
<tr>
<td>Professional Services</td>
<td>15%</td>
</tr>
<tr>
<td>Real Estate &amp; Construction</td>
<td>6%</td>
</tr>
<tr>
<td>Retail &amp; Wholesale</td>
<td>10%</td>
</tr>
<tr>
<td>Technology, Media, Telecoms</td>
<td>48%</td>
</tr>
</tbody>
</table>

### Respondent Company Thames Valley Location

<table>
<thead>
<tr>
<th>Location</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buckinghamshire</td>
<td>7%</td>
</tr>
<tr>
<td>Central Berkshire</td>
<td>14%</td>
</tr>
<tr>
<td>East Berkshire</td>
<td>49%</td>
</tr>
<tr>
<td>Hampshire</td>
<td>1%</td>
</tr>
<tr>
<td>Middlesex</td>
<td>8%</td>
</tr>
<tr>
<td>Oxfordshire</td>
<td>11%</td>
</tr>
<tr>
<td>West Berkshire</td>
<td>10%</td>
</tr>
</tbody>
</table>
This publication has been carefully prepared, but it has been written in general terms and should be seen as broad guidance only. The publication cannot be relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained therein without obtaining specific professional advice. Please contact BDO LLP to discuss these matters in the context of your particular circumstances. BDO LLP, its partners, employees and agents do not accept or assume any liability or duty of care for any loss arising from any action taken or not taken by anyone in reliance on the information in this publication or for any decision based on it.

BDO LLP, a UK limited liability partnership registered in England and Wales under number OC305127, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. A list of members’ names is open to inspection at our registered office, 55 Baker Street, London W1U 7EU. BDO LLP is authorised and regulated by the Financial Conduct Authority to conduct investment business.

BDO is the brand name of the BDO network and for each of the BDO Member Firms.

BDO Northern Ireland, a partnership formed in and under the laws of Northern Ireland, is licensed to operate within the international BDO network of independent member firms.

© January 2018 BDO LLP. All rights reserved.

www.bdo.co.uk