

LOCAL HEROES

Ex-student and lecturer pass industry test after starting tech firm together

SL Controls boss joined for with mentor to start global software firm, writes **Gabrielle Monaghan**

ONCE year-end exams are out of the way, most college students can't wait for the summer break, away from the inquiring glances of their lecturers or professors. But Keith Moran was an outlier: he didn't just form a friendship with his lecturer, but dropped out of full-time education to set up a business with him.

In 2000, two years into his degree in electronic engineering at IT Sligo, Keith landed a summer job at LotusWorks, an engineering firm in the town.

While there, he discovered one of his senior colleagues was Shane Loughlin, an instrument master craftsman and 20-year industry veteran who had become one of Keith's lecturers while on sabbatical after an industrial accident had damaged his eyes.

At LotusWorks, Shane was tasked with establishing a systems integration department and set about hiring staff. When he noticed one of his students was working there for the summer, he approached Keith and asked him to work for the new department full-time.

"Shane suggested I go back to college at night and that LotusWorks would pay for my education. So, I studied mechatronics (technology that combines electronics with engineering) online at IT Sligo," says Keith.

"Myself and Shane worked at that department together for nearly two years. Then we realised there was an opportunity in the market for software integration, so decided to split off."

Armed with a €40,000-loan from Shane's father, the pair handed in their notices at LotusWorks and set up SL Controls, a software integration firm for manufacturers, in 2002. Then the roles became somewhat reversed: the student had become the master, with Keith taking on the role as managing director and Shane becoming chief technical officer.

Keith had been determined to become self-employed ever since he was a child, when his father lost his job at a Sligo engineering firm.

"Back in the 1980s, there were cutbacks at the company and my dad took the brave step of setting up his own business as a draughtsman," the 40-year-old says.

"From a very early age, I'd be at the end of the table while he was working on surveys for building sites and houses. I would go on to do a lot of work with my dad on surveys. I learned from him along the way and I always wanted to work for myself."

Like many a fledgling business, SL Controls was established at a kitchen table — the two entrepreneurs worked from Shane's home while waiting for an enterprise unit from the county enterprise board, now the Local Enterprise Office.

The company was set up to solve a problem encountered by manufacturers: how to make the management of production lines less time-consuming, less resource-draining, and less prone to human error. SL Controls could integrate and validate software, such as regulatory software,



Using a €40,000 loan from his dad, Keith Moran co-founded SL Controls, which helps manufacturers manage production lines, at his kitchen table with former lecturer Shane Loughlin. Photo: Colin Gillen

data software, and batch traceability software, at the machine and equipment level.

"Our competitors usually specialise in one area, but we span a lot of different technical areas — we have seven business units, such as factory automation, serialisation, validation, and compliant automation," says Keith.

From the get-go, SL Controls secured some large contracts, such as with Hewlett-Packard, which has since shut its Leixlip operation, and with Pfizer's plant at Grange Castle in west Dublin. These contracts paved the way for more business.

The entrepreneur is fiercely loyal to Sligo as a headquarters and to the concept of keeping jobs in the regions. SL Controls moved to a new headquarters in Collooney in 2007, where it currently has 6,000 sq ft of office space, and has since added bases in Dublin, Galway, Limerick and Birmingham. Cork is the next location on the company's horizons.

However, growth at SL Controls stalled during the recession. "We didn't suffer too much as our cost base was very low. We had about 20 to 25 employees at the time and the number of staff stayed the same during the recession," says Keith.

"My wife Carol is an economics lecturer and I realised that the economy works in cycles and that you have to plan for that and diversify for that. We've since done that by going into other markets like the US and the UK and growing our business units in other areas."

SL Controls now carries out work for seven of

the world's largest pharmaceutical companies, leading medical device makers, as well as some of the biggest brands in the healthcare industry and food and beverage sector. While Keith is prevented by confidentiality agreements from revealing the names of clients, most are multinationals based in Ireland, the UK, Europe and the US, he says.

Since last year, SL Controls has begun integrating TotalLine, a new suite of software products that can streamline factory production lines, for existing clients.

The company spent more than a decade and €1m on developing TotalLine, which Keith says can save manufacturers time and money by improving the efficiency of the factory line and the traceability of the products.

Indeed, one of the factors driving expansion at SL Controls is the clampdown on counterfeit medicine and medical devices.

"If you're making a medical device or drug, you need to be able to trace it the whole way through the process, right back to the original batch, so if there is a recall in the market you know what batch it came from and what product went into that batch," says Keith.

"When you're dealing with people's lives, you have to know where a drug came from, what it's made up of, and what changes were made on the line."

"One of our business units is serialisation, or putting a unique identifier on each package of pharma drugs. Due to regulations aimed at

tackling counterfeit drugs, all products being exported to certain countries have to be serialised by 2019 and 2020 so people know they are genuine products."

SL Controls generated revenue of €5.4m in 2017 and is on track to turn over more than €7m this year and €10m in 2019. The company, which has hired 10 former HP staff since its Kildare plant shut, is now in the midst of a hiring spree, and expects to employ 100 staff by the end of June. One of the biggest potential stumbling blocks to its future growth, though, is a dearth of skilled engineering talent. So SL Controls has had to "grow our own", as Keith puts it.

It is doing so by developing scholarships for engineering students at IT Sligo and apprenticeships with the University of Limerick, where Shane was involved in creating a new master's degree in mechatronics. SL Controls has also linked up with UL to prepare students for Industry 4.0, which involves using robots, data garnered from machines on the production line, and the internet of things to create hybrid products for automated factories.

The company is also using an initiative called ECubers to encourage children and teenagers — especially girls — to use Lego Technics to learn about how to make equipment and program it.

"There aren't enough women in engineering, and they make very good engineers because they are very analytical," Keith says.

slcontrols.com

MOTORS

Marchionne is not ready to give up on Fiat breaking the US

Gabrielle Coppola and Tommaso Ebhardt

FIAT Chrysler Automobiles chief executive Sergio Marchionne isn't ready to scrap the little Italian cars from US showrooms, but he's not counting on them starting to sell well either.

Discussing ways to do real volume with the Fiat brand in North America "will be a waste of time," Marchionne said near Turin, Italy, during an hours-long briefing about the company's five-year plan on Friday.

The comment coincided with Fiat Chrysler reporting another rough month for the diminutive 500 subcompact and its stablemates in the US.

The Fiat brand's US sales plummeted 46pc in May and have fallen short of 1,500 cars every month this year except March. By comparison, dealers sold about 1,600 rugged Jeep Wrangler SUVs every two days last month.

"I don't see a light at the end of the tunnel for Fiat," said David Kelleher, a Philadelphia-area dealer who sells Jeep, Ram, Dodge and Chrysler vehicles. It may be prudent for Fiat Chrysler to "move on" from trying to sell the brand in the US market, he said.

Marchionne ended Fiat's 27-year hiatus in the US with the introduction of the 500 in 2011, a more fuel-efficient version of the iconic Italian model that he hoped could capture a niche of city dwellers looking for stylish, affordable cars that fit into tight parking spaces. That bet never panned out. The brand reached an annual peak of a little more than 46,000 sold in 2014. The Ram line of trucks and vans did more volume just last month.

"When you look at this climate that's been so beneficial to Jeep and Ram, it's really been very inhospitable for Fiat and everything they're bringing to the table," said Jeremy Acevedo, an analyst with car-shopping researcher Edmunds.

Under the company's new five-year plan, Fiat and Chrysler won't aspire to be global brands, and they will account for just 20pc of profits by 2022. Asked if the company should change its name to reflect the brand hierarchy, Marchionne said: "It is an established name now. Why don't they ask Volkswagen to change its name after the diesel issue?"

Bloomberg



Sergio Marchionne, CEO of FCA

OIL & GAS

Shares tumble by 22pc as CEO resigns from Brazil's oil giant

Sabrina Valle and Peter Millard

PEDRO Parente resigned as chief executive officer of Brazil's state-controlled oil company under pressure from President Michael Temer in the wake of a nationwide strike against high fuel prices.

The resignation sent shares in Petrobras down 22pc, the most since 1999, and caused the Brazilian currency to drop as much as 1pc against the dollar as investors pondered the effect on Latin America's largest economy.

President Temer is seeking a new Petrobras CEO who will be more focused on the nation's development and less on the market, said Beto Mansur, deputy government leader for Brazil's Lower House, in an interview.

Parente's resignation highlights the erosion of support for market-friendly policies after two years of austerity under Temer. It's also a setback for any pro-business candidate ahead of October's general elections.

"Any candidate linked to Temer and his policies will have to change their rhetoric to at least be competitive," said Andre Cesar, a political analyst at Hold legislative consulting.

"Pedro Parente was thrown to the dogs — it's a sign that any pressure group can get anything they want from this weak government."

Parente stepped down on Friday, the company said in a filing, adding that there will be no further changes to its executive management.

Parente is the highest-profile victim of an 11-day truck drivers' strike that grounded flights, closed sugar mills and caused shortages of products from food to petrol.

His departure marks the downfall of an executive credited with turning around a company shackled with debt and mismanagement.

"It is clear that my permanence at Petrobras ceased to be positive," Parente said in his resignation letter to Temer.

"In my time in public service, above everything, I have been committed to the public good. I'm not attached to any jobs or titles and I will not



Demonstrators in Rio wave flags during a protest in solidarity with Petrobras oil workers

be an obstacle to the discussion of alternatives." Parente (65) took the helm in May 2016, vowing to shift company strategy away from government interests and toward a business-oriented strategy. The trained engineer was also tasked with cleaning up the image of the company that was at the centre of Brazil's biggest corruption probe in modern history.

"Independence from the government was one of the main tenets of Parente's programme. His resignation revives concerns that the government will force Petrobras to artificially lower domestic prices, raising risks for its balance sheet and turnaround," said Fernando Valle, a senior oil analyst at Bloomberg Intelligence.

Parente had gained praise in financial markets for plans to sell assets to cut debt, reducing costs, recovering cash flow and implementing a new and profitable fuel price policy.

Under Parente's watch, Petrobras posted its best quarterly financial results in five years, and the company's stock price doubled.

It was that fuel policy, which matched local

fuel prices to international rates, that came under fire during a massive truckers strike that wreaked havoc on Latin America's largest economy. As global oil prices rose, the cost of fuel in Brazil also increased, spurring discontent among consumers, led by truck drivers who depend on fuel to make their living.

Parente has long been at the centre of finance in Brazil. He began his career at state-controlled Banco do Brasil in 1971, had previously been a Petrobras board member, and also became its Chairman under former President Fernando Henrique Cardoso. He later held numerous private sector positions, including head of agribusiness giant Bunge Ltd's Brazil unit.

He was chairman of BM&FBovespa SA (B3), the operator of Latin America's biggest securities exchange, and in April, became chairman of food giant BRF. BRF shares advanced as much as 13pc in Sao Paulo on speculation Parente may join the company.

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ADRIAN WECKLER ON FEMALE TECH FOUNDERS RECEIVING LESS THAN 1PC VENTURE CAPITAL

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