



Investing in Innovation
for Business Growth

Future Proofing a Business

How EDA's can use the Innovation and Technology framework as a tool for managing business capability.





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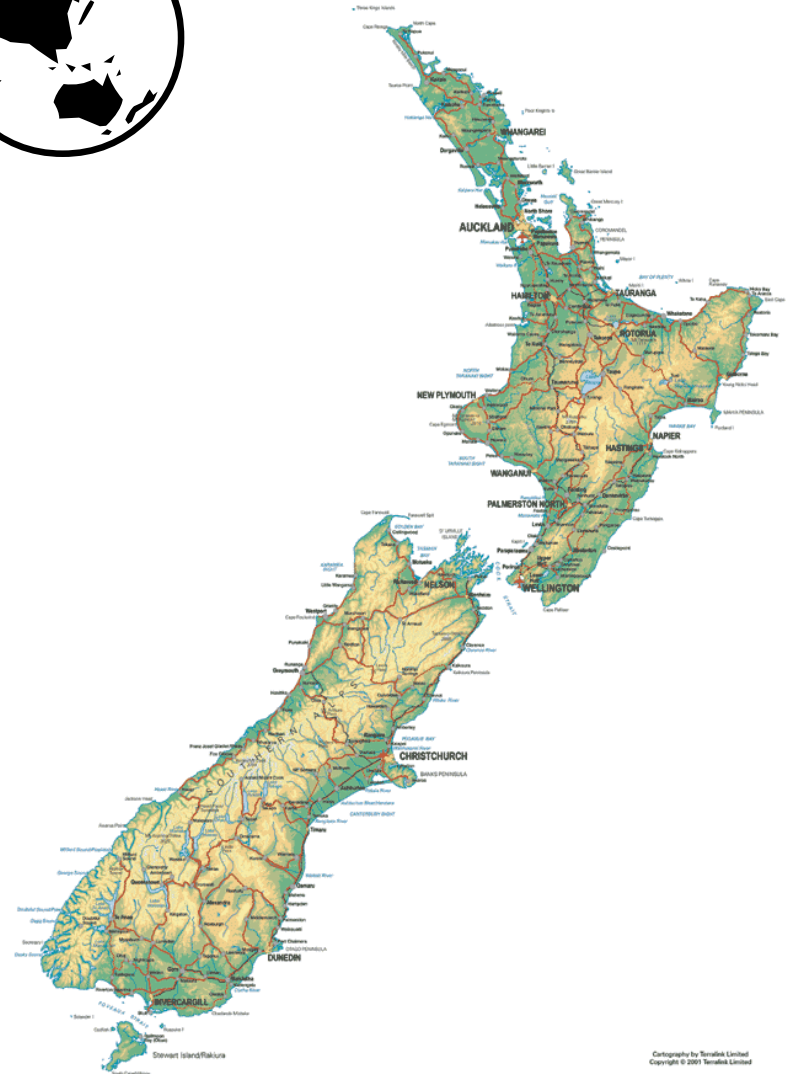
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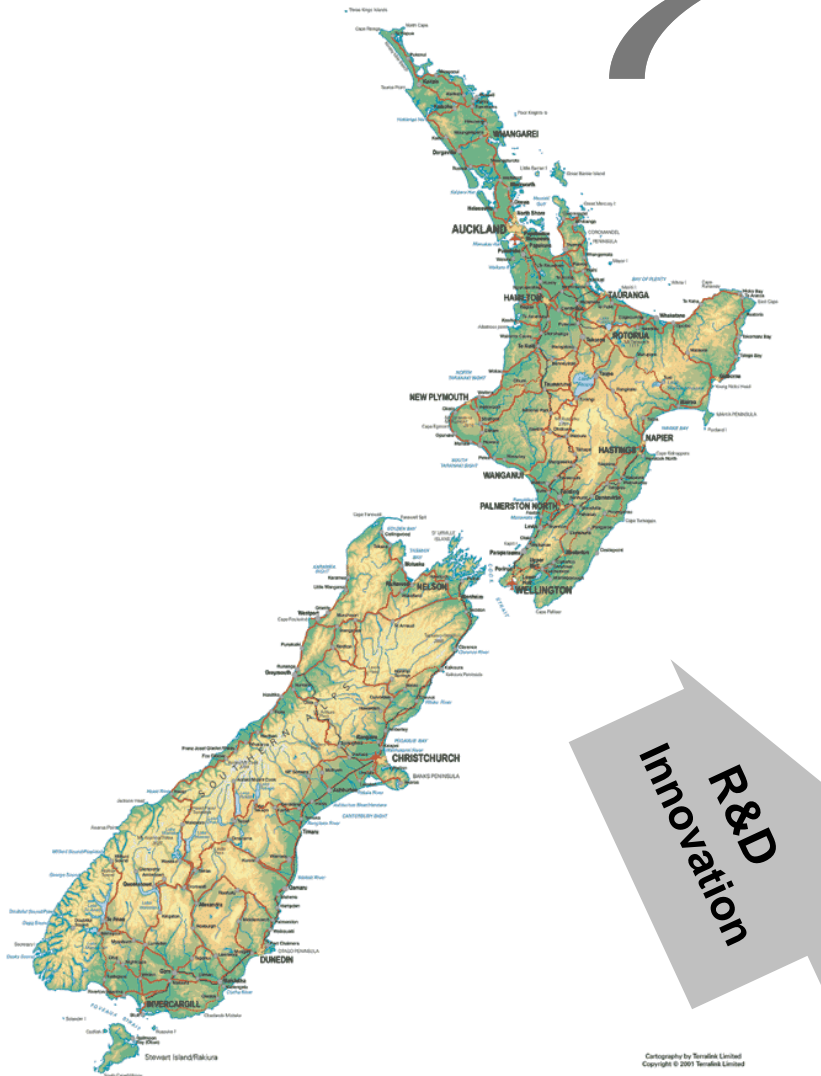


New Zealand Business's challenges...

- Small population ~4m
- Geographically isolated
- Changing, culturally diverse communities
- Historically pastoral-based economy
- Export:GDP ratio unchanged 20 yrs
- Small no. large private firms (~150 firms produce $\frac{3}{4}$ exports)
- Barriers to international engagement



New Zealand's future...



**High-income,
knowledge-based
economy**



- **Growing globally competitive firms**
- **World class infrastructure**
- **Innovative & productive workplaces**
- **Environmental sustainability**
- **Internationally competitive city – Auckland**

The Foundation

Mission – Investing in innovation for New Zealand's future

- Crown entity
- ~100 staff
- Invests ~\$NZ500m pa
- TechNZ has funding of \$NZ50m pa to invest in businesses

Public R&D organisations

Crown Research Institutes

- AgResearch
- HortResearch
- IRL
- ESR
- GNS
- Landcare
- NIWA
- Scion
- Crop & Food

Tertiary Education Institutes

- Auckland University of Technology
- Lincoln university
- Massey University
- University of Auckland
- University of Canterbury
- University of Waikato
- University of Otago
- Victoria University of Wellington
- Unitec Institute of Technology

Research Associations

- Building Research Association NZ
- Dixel Ltd
- Heavy Engineering Research Association
- Malaghan Institute
- Cawthron Institute



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Eileen Basher

Director Business Investments



Why change?

Scheme's last major update was in 1997

Changing R&D and business environment

R&D tax credits

Removal of Grants for Private Sector Research
and Development scheme

Recent reviews and feedback



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Feedback

OECD Innovation Report

Workshops with personnel associated with TechNZ

Review experts, advisory panel, consultants,
officials, industry groups

Face to face interviews with companies – mix of clients
and non clients (20)

Phone interviews with clients (85)

Discussions with research organisations



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Findings

Promote a vision and increase visibility

Rename the program (including reducing number of scheme names)

Build on strengths

Provide flexible service

Encourage partnerships

Consider more risk across a balanced portfolio



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Promote vision

Provide more opportunities to create networks

Promote more examples of the benefits of R&D for business

Investigate how to create more visibility of what is happening in research organisations



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Rename and simplify the program



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Only two types of grants

Technology investments

Skills and capability investments

Simplifying wording used



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Build on strengths

Maintain Business Managers as the front line with focus on clients needs.

Look to increase the value of client engagement that occurs

- Increase feedback

- Network introductions where appropriate

- Facilitate easier reporting with focus on achieving outcomes

- Continue engagement with clients until project is commercial



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Flexible service

Provide three levels of interaction

- Program level engagement
- Project level engagement
- Regional Technology Partners Network



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Partnerships



Focus on the client needs, throughout engagement

Continue client engagement after the grant is complete, until the project is commercial

Work with some at a program level where interaction is identified across different areas of the Foundation

Work with NZTE, where appropriate, to align direction of the investments



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Balanced portfolio



In new environment (R&D tax credits) need to focus on higher risk, high return projects.

Encourage building capability to encourage growth in technical areas

Invest in priority areas



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TechNZ goals

Accelerate the growth of world class companies through technology – leading to more world class companies.

Ensure companies have the capability and tools to innovate

Energising the innovation system – to stimulate entrepreneurial activities and grow new sectors.

What does this mean for EDA's?



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TechNZ

Two types of investments:

Targeted technology funding to support firms to do high-risk Stretch R&D they could not manage on their own

Capability funding to encourage firms seeking to develop new or more sophisticated R&D skills and related business practices



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Investments

- Typically 50/50 co-funding
- Targeted at the barriers to further development
- Have management, governance expertise and resource
- Market and growth Focused
- Desire to grow with clear vision and focus

Eligibility Criteria

- GST registered
- Registered NZ company or incorporated society

What are we looking for?

Right company

- Do they have the right attitude and a desire to grow through research led innovation?
- Are they willing to listen?
- Is the company profitable, or it is pre-revenue with access to funding?
- TechNZ funding is discretionary funding that steps-up a company

Right project

- Is it a sound business opportunity?
- A sensible next step for the company?
- Does the TechNZ partner have confidence that the company is likely to succeed
- Is this is one of the better companies and better opportunities in their region?

Regional Technology Partnership

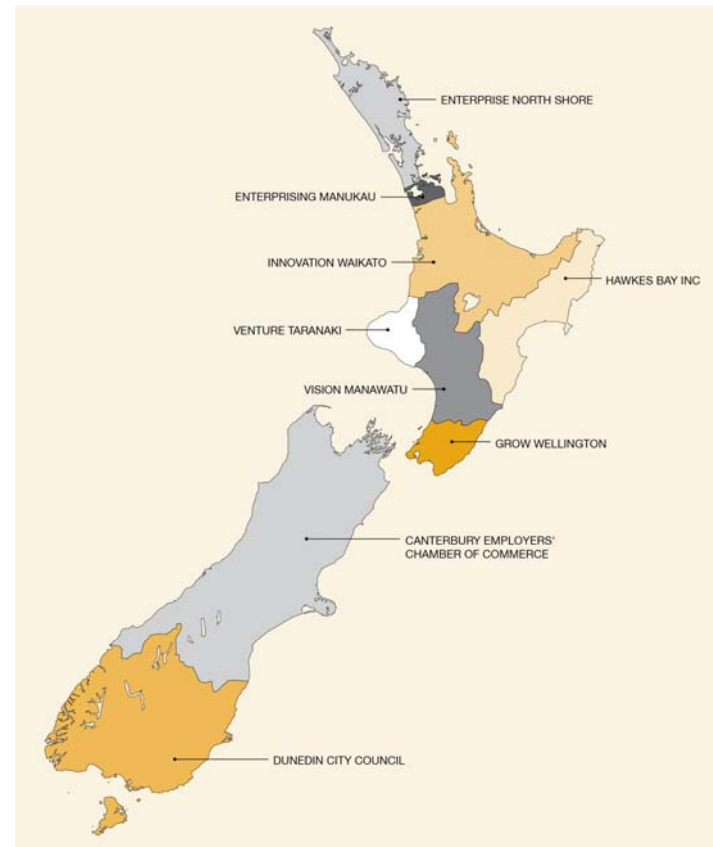
- Act as facilitators and work with emerging/early stage companies in each region
- Working together with the other regional partners and the TechNZ Business Manager
- ‘Business Manager’ for early stage business
- Local knowledge makes better outcomes



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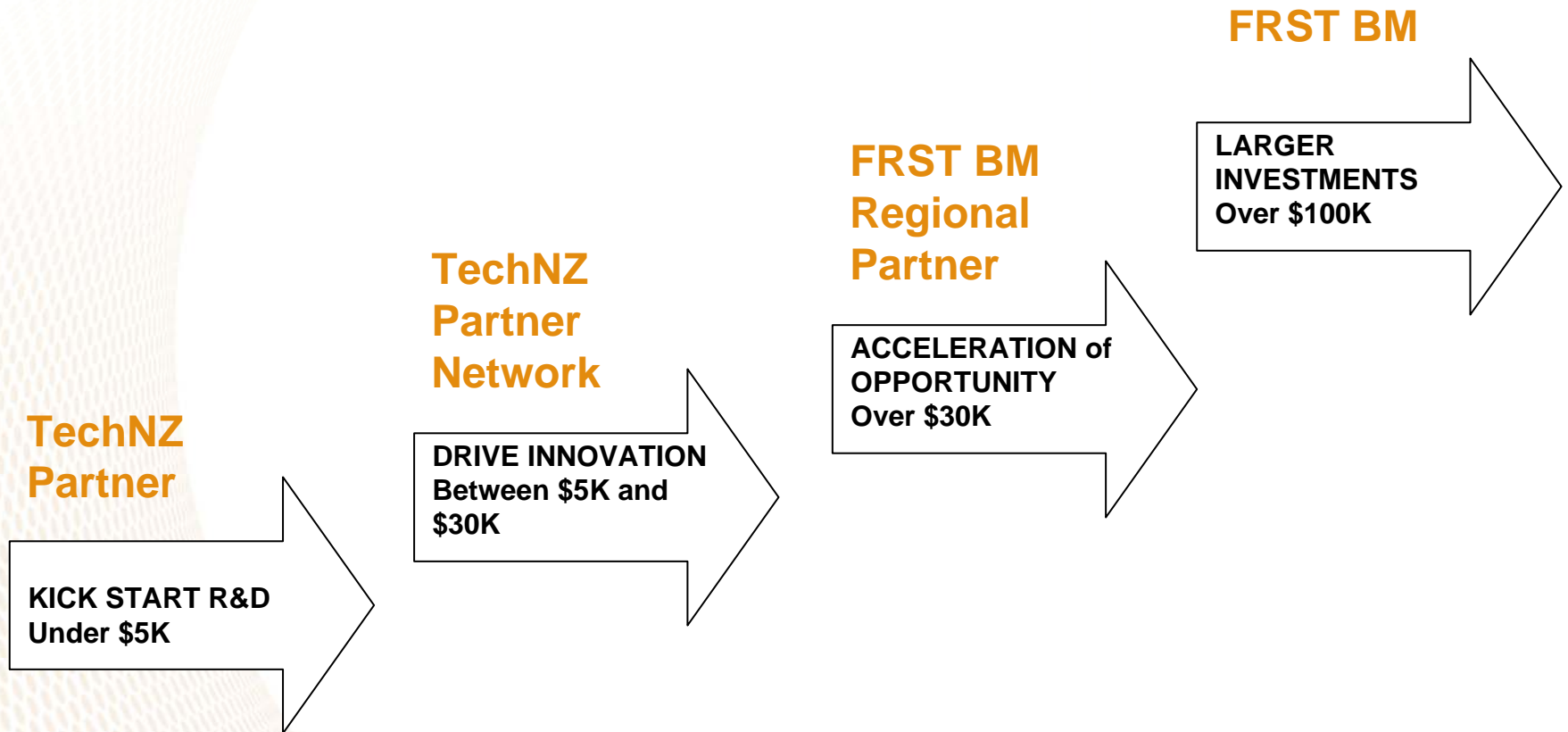
TechNZ Partner network

Enterprise North Shore
Enterprising Manukau
Innovation Waikato
Venture Taranaki
Vision Manawatu
Hawkes Bay Incorporated
Grow Wellington
Canterbury Employers
Chamber of Commerce
Dunedin City Council



Steps to High Growth

Role of the Regional Partner



A guide to successful support application

Get good advice from TechNZ partner

Seek information ... before spending a dime!!! Nothing is retrospective

Understand the process is important; following it is absolutely critical

Be patient ... give sufficient time in planning and application

Stay focused ... your job is creating the technology; ours is to find assistance



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Recommendation

- Work out who the TechNZ partner is for your region.
- Talk to them about how to feed into them any businesses that might be of interest.
- Set up a system to get regular updates from them of businesses that are in your area.

Timeframes for Changes

- TechNZ Partners now in operation
- Changes to TechNZ system of approvals starts Oct.
- Website updated from 1 October
- Targeting more on-line ability from February 2009

Questions?



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