

DIGITAL TECHNOLOGIES INDUSTRY TRANSFORMATION PLAN. PROGRESS UPDATE FOR INDUSTRY

INTRODUCTION

This document provides a progress update on the Digital Technologies Industry Transformation Plan (ITP) that is being developed as a partnership between the Ministry of Business, Innovation and Employment (MBIE) and NZTech, as the lead industry partner.

GOVERNMENT'S INDUSTRY STRATEGY

In June 2019, the Government launched its Industry Strategy, outlining its approach to growing strong and innovative industries in New Zealand. In response to the impacts of COVID-19, the Industry Strategy was updated in June 2020.

At the core of the Industry Strategy is the development of Industry Transformation Plans for selected sectors of the economy, where there are opportunities to lift productivity and growth or where significant transition is required. ITPs are long term plans developed in partnership with Government and industry, articulating a vision and an action plan for a sector.

A DIGITAL TECHNOLOGIES INDUSTRY TRANSFORMATION PLAN

Digital technologies will be vital for our future economic and social wellbeing, and will help drive future productive growth. For this reason, this sector was included in the initial set of ITPs.

During New Zealand's COVID-19 Alert Level 3 and 4 lockdown, digital technologies were a critical enabler for our society. With attention now turning to our economic recovery and future

growth, the digital technologies sector is set to play an increasingly important role.

The digital technologies sector is both a high value, internationally oriented sector in its own right, and a key enabler and productivity enhancer for all other sectors. Growing the sector will support the Government's vision of a more productive, sustainable, inclusive and resilient economy.

OUR ENGAGEMENT PROCESS

Since 2019, MBIE and NZTech have been working in partnership to develop this ITP. In September 2019, two workshops were held with key sector representatives in Auckland and Wellington to discuss its scope. It was agreed the ITP would focus on supporting the growth of the digital technologies sector itself, rather than a focus on addressing the broader uptake of technology across the economy. The ITP would identify the key foundations for a strong sector and the growth opportunities that could be more actively pursued.

In November and December 2019, workshops were held in Auckland, Tauranga, Hamilton, Wellington, Christchurch and Dunedin to gain broad input from the sector on developing a long

term vision for the sector. This also provided the opportunity to understand the sector's key challenges and opportunities, that the ITP should seek to address. Workshop attendance was open to those working in or with the digital technologies sector. More than 150 people attended the six workshops.

In early 2020, workstreams were developed based on the sector's key issues, as raised at these workshops. During New Zealand's COVID-19 response, work on the ITP was paused. In late May, work resumed, developing key initiatives in each of the workstreams.

Recently, a sector reference group has been

established, including key regional and sector representatives. This reference group will provide regular input to the development of the ITP. As key initiatives in the action plan are developed, opportunities to be involved in the ITP will also be available to the wider sector.

A key principle for the development of ITPs is partnership with Māori. A Māori engagement workstream will seek to understand challenges and opportunities and co-design initiatives to address them.

Additional workstreams may be identified and the focus of activity may shift throughout the ITP's development, as necessary.

The Digital Technologies sector



For the purposes of the ITP, we have defined the digital technologies sector as businesses whose core activity is creating and selling digital solutions.¹ This is a narrower focus than some other definitions of the 'tech sector', for example, it does not include high-tech manufacturing. It is worth noting that an ITP is in early stages of development for advanced manufacturing and an ITP has been developed for agritech, both of which cover parts of the broader tech sector.

CURRENT STATE OF THE DIGITAL TECHNOLOGIES SECTOR

- › In 2019, there were over 13,000 firms in the sector. Over 75 percent of these firms had no employees, illustrating a significant proportion of self-employed workers in the sector.
- › In 2018, the digital technologies sector contributed almost \$6.5 billion to GDP.
- › There were 76,065 workers in digital technology occupations across the economy in 2018. Many of these were roles in other sectors, highlighting the importance of digitally skilled workers across the economy.
- › Employment is mainly clustered in Auckland, followed by Wellington and Canterbury.
- › Average wages in the sector are significantly higher than the New Zealand average. In 2019, they were \$119,442 compared to a New Zealand average of \$59,703.

1 For the purposes of measuring the digital technologies sector, we have used five ANZSIC codes:

1. M7000 Computer Systems Design and Related Services
2. F349207 Computer Software Wholesaling
3. G422220 Computer Software Retailing
4. J592 Data Processing, Web Hosting and Electronic Information Storage Services
5. J542 Software Publishing

There are limitations with this methodology, for example a fintech company may be classified under the ANZSIC code K641915. Financial services not elsewhere classified and would not be captured in this definition. However, there does not currently exist a way to accurately capture statistics on all digital technology companies across all sectors of the economy.

- › In 2016, 73 percent of firms in the sector reported having 'hard to fill' vacancies, compared to the New Zealand average of 57 percent, indicating that some gaps currently exist in the skills pipeline for the sector.
- › Firms in the sector are more likely to invest in research and development (R&D) and expansion than the New Zealand average.

They are also more likely to be engaging internationally and to be export oriented from their inception.

- › Between April 2019 and May 2020, IT services exports exceeded \$4 billion, with key markets in the United States of America (USA), Australia and Europe.

IMPACTS OF COVID-19

The digital technologies sector was not immune to the impact of COVID-19. Despite the global pandemic, the tech sector is continuing to create growth in employment and exports for New Zealand.

During the COVID-19 Alert Level 4 Lockdown in April 2020, many digital technology firms reported the main impact on their business was the inability to access customers and a corresponding concern regarding cash flow. Travel restrictions have been challenging for some digital exporters who need to engage with international customers to grow their businesses. However, as digital companies, they were well positioned to quickly adapt to digital engagement.

The fast growth digital and software as a service (SaaS) exporters only experienced minimal impact, with some decrease in new customer acquisition resulting in a slowdown in hiring. For many, their main concern was being able to access capital to support continued growth. Timing was critical and those that had recently undertaken a successful capital raise are well placed to continue through the global economic slowdown.

Domestically, as customers moved to remote working, IT service providers saw work continue, however there was a freeze on major projects and forward planning. This has continued with many IT projects still on hold or experiencing substantial delays. However, we are beginning to see large corporations and public sector organisations identifying digital as critical and new projects being considered. Nevertheless, it is expected that a number of IT companies may struggle through this period and will need to reduce staff until projects recommence.

Across the sector, there has been a general hiring freeze, with 15 percent of firms having to reduce staff during April and May and an additional 18 percent expecting to have to make future staff reductions due to COVID-19.

New Zealand's digital technology sector has shown good resilience and most firms are weathering the global economic turmoil well. Concerns have now moved to the impact of restrictions on immigration and the increasing skills shortages which are expected to create challenges for many in the sector.

VISION FOR THE SECTOR

The digital technologies ITP will articulate a long term vision for the sector and an action plan to help move the sector towards that vision. The draft vision for the digital technologies sector is:

The world looks to Aotearoa New Zealand as a leader in ethical, innovative, inclusive and sustainable digital technologies. These technologies enable our economy to prosper, help our businesses to grow stronger and compete internationally, and contribute to the wellbeing of all New Zealanders.

This draft vision was co-designed through participation in sector workshops held throughout New Zealand in 2019. An agreed vision for the digital technologies sector will guide the initiatives in the action plan of the ITP, and provide a shared understanding of success for industry and Government. The ITP will also

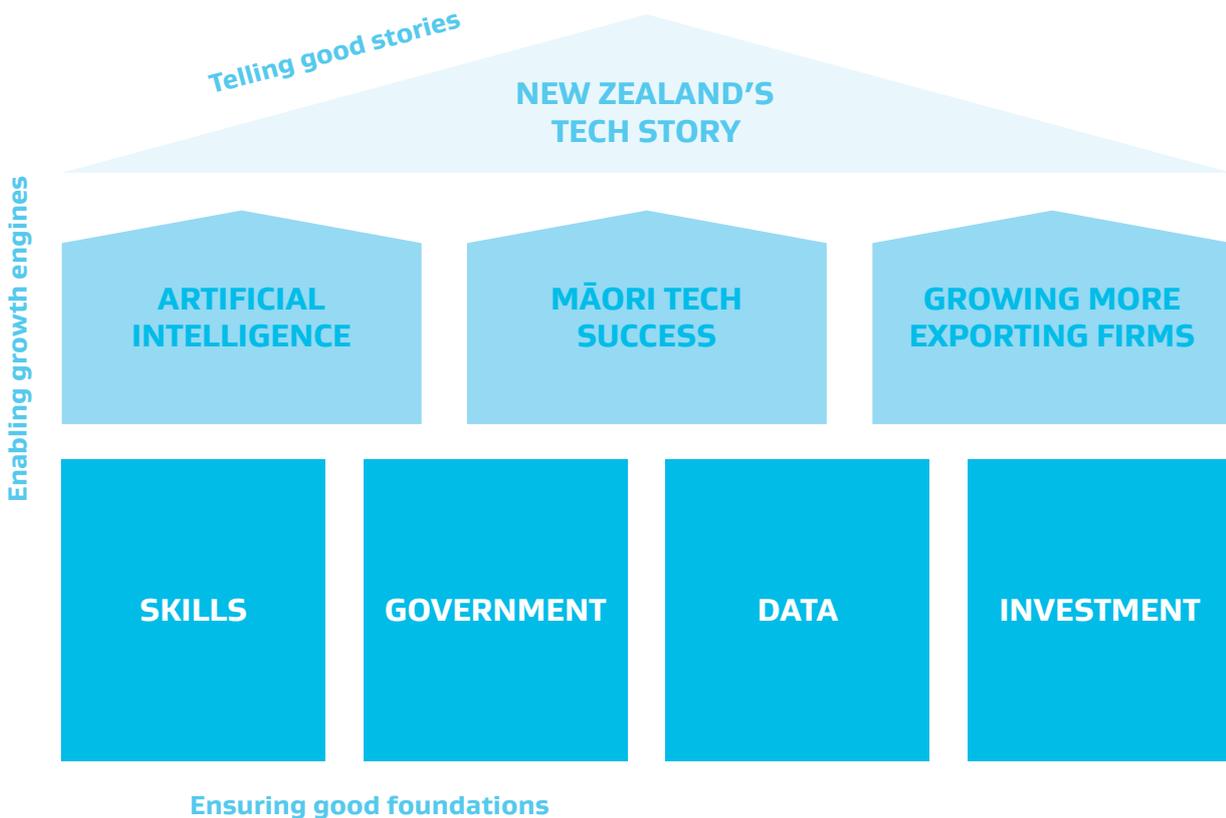
consider what our measures of success will be, to ensure we are progressing towards this vision.

As we continue the development of the ITP, further feedback on the current draft vision is welcome. Please send your feedback to IndustryTransformationPlans@mbie.govt.nz

Action Plan



The ITP seeks to support the growth of the digital technologies sector and progress towards realising the vision, as outlined above. As shown in Figure 1, there are foundational elements for the sector the ITP can strengthen and growth areas to support.



SKILLS

What we've heard

A strong skills pipeline is a critical foundational element for the success of the digital technologies sector. It enables workers to find good jobs and businesses to access the talent they need.

The need for a healthy pipeline of skills and talent to work in the digital technologies sector is not a new issue. In 2017, the Digital Skills Forum published Digital Skills for a Digital Nation, noting a global shortage of digital skills and that local demand for these skills has outstripped supply since the 1990s.

During our workshops, commentary regarding some of the key skills challenges included:

- › The gap between the skills recent graduates have and the skills that the industry needs.
- › Businesses consider it costly and risky to take on graduates and interns, however students require access to work experience.
- › The tertiary education sector can be slow to respond to rapid changes in technology.
- › There is a particular lack of skills in emerging technology, for example, artificial intelligence (AI).
- › Graduates need both technical skills and soft skills, but currently, many qualifications do not teach both.
- › Embedding the digital curriculum in schools is essential for growing the long term skills pipeline, but many teachers don't currently have the skills to teach the new curriculum.
- › Businesses have relied on immigration to fill skills gaps in New Zealand, particularly for niche skills where our labour market is too shallow. This is currently not possible, due to the COVID-19 border closure.

Existing initiatives

There are existing initiatives in place to build the capacity for digital skills in New Zealand. Digital technology has been a component of our education curriculum since 2019, when the Ministry of Education (MoE) revised the technology learning area. The Curriculum now includes two new technological areas:

1. Computational thinking for digital technologies.

2. Designing and developing digital outcomes.

The purpose of this revision is to ensure that all learners know about digital technologies and understand the decisions people make when they use and create them.

In 2014, ICT Graduate Schools were established in Auckland, Wellington and the South Island. Their objective is to provide graduates with work relevant and business focused skills. Subsequently, this provides more direct pathways from education into employment. In 2019, a Digital Skills Hui was held in Wellington, with industry, Government and non-governmental organisations (NGOs) to shape priorities and next steps for digital skills development.

Six interim Establishment Boards (IEBs) are in place to create new Workforce Development Councils (WDCs) as part of the Review of Vocational Education, including one for the Creative, Cultural, Recreation and Technology sectors. The WDC will be responsible for a strategic view of future skills needs of its industries. It will also set standards, develop qualifications and help shape the curriculum of vocational education.

In addition, successful programmes like Summer of Tech and the Dev Academy have delivered tangible results within the sector.

Proposed new initiatives

Demand for digital skills will only increase, in New Zealand and overseas, and across the wider economy. Current border restrictions will also make it difficult for tech businesses to access IT talent from offshore. As a result, we need to grow this talent within New Zealand and this requires a concerted effort from both Government and industry.

Given the critical importance of ensuring our people are equipped with the right skills and the opportunities for New Zealanders to work in the sector, the ITP has a strong focus on the skills pipeline. To inform our future work, the Government is supporting NZTech to update the Digital Skills for a Digital Nation research. This will involve reinstating the 2017 industry survey, using similar questions to allow for historical comparisons plus additional questions to better understand diversity. The report will also include a new section examining the education-to-

employment landscape and a detailed analysis of data from the Summer of Tech internship programme.

Based on the findings of this research, specific initiatives will be co-designed by Government and industry, to trial new ways of bridging the education-to-employment pathway. These pilots will target the specific work-ready attributes that New Zealand digital tech businesses say are lacking in our IT graduates. This includes adjustments to existing qualifications or where people completing courses can become work-ready via an accessible and effective module.

NEXT STEPS:

NZTech will initiate research in September with the aim of completion by the end of 2020. MBIE is looking to convene a working group with MoE, Tertiary Education Commission (TEC) and industry representatives to design a pilot to bridge the work-ready gap, for implementation in early 2021.

ROLE OF GOVERNMENT

What we've heard

The Government touches the digital tech sector across multiple areas including procurement, provision of infrastructure, the research and science system, regulation and business support. While there are examples where the Government has implemented programmes of work and delivered on the expectations of the sector, industry also raises instances where government has been slow to adopt new technologies and considers there is a lack of tech expertise within Government.

According to IDC, in 2019 the public sector accounted for 29.6 percent of all IT spending in New Zealand. However, the Government procurement system remains one of the biggest pain points for the sector. Feedback we have received from the sector includes:

- › Even though the Government has procurement rules, they have not made the process any easier for smaller suppliers.
- › The procurement process is slow, expensive and onerous for companies.
- › The Government is too risk averse and needs to be more entrepreneurial and agile when procuring tech solutions.

- › New Zealand businesses consider it difficult to compete against large international firms.
- › The process should be more open and decisions more transparent.

Existing initiatives

Government procurement rules

The 4th edition of the Government Procurement Rules came into effect in October 2019. The new rules require Government agencies to consider broader environmental, social, economic or cultural outcomes when purchasing goods, services or construction works. It also requires Government agencies to consider how they can create opportunities for New Zealand businesses through their procurement opportunities.

For more information: <https://www.procurement.govt.nz/procurement/principles-charter-and-rules/government-procurement-rules/>

Digital inclusion

The Department of Internal Affairs (DIA) estimates that one in five people in New Zealand lack at least one of the four elements needed to be digitally included – motivation, access, skills or trust. As part of the Digital Inclusion Blueprint, DIA has developed a Digital Inclusion Action Plan for 2020/21 which sets out the key actions to help bridge digital divides and ensure more New Zealanders have access to digital technology and skills.

Connectivity

Connectivity and accessibility

Digital transformation is critical to the economy of the future. However, this can only be realised with access to high quality communications networks. Government has invested in mobile and broadband programmes to create a strong foundation for New Zealand's digital future. High quality, resilient telecommunications infrastructure is a horizontal enabler, meaning the benefits of connectivity are seen right across the economy.

Access to connectivity is necessary for New Zealanders to utilise transformational technologies, enable business and social prosperity and support regional growth. To support the adoption of emerging technology and enable New Zealanders to fully participate in our increasingly digital society, MBIE is considering how to address accessibility barriers.

This includes the affordability of services and capacity issues in rural networks.

5G

Many of the digital technologies underpinning deeper digital transformation require untethered real time transmission of data and the deployment of 5G is a key tool. A focus for MBIE is on ensuring New Zealand's telecommunications networks are robust and have capacity to meet increasing digital needs and demands of New Zealanders while underpinning the roll out of transformational technologies such as 5G.

Radio spectrum is an important input into this work. It underlies and supports a vast array of economic activities, contributing to New Zealand's economic growth, innovation and global competitiveness. To enable the roll out of 5G technologies, MBIE has allocated a short term Management Right in the 3.5 GHz band to the Interim Māori Spectrum Commission. MBIE is also continuing the Crown-Māori relationship, regarding spectrum allocation and management.

MBIE is in the process of allocating short term commercial rights in the 3.5 GHz band and is on track with allocation of long term rights from November 2022. Technical work is progressing on other bands suitable for 5G, following sector consultation in 2018 and 2019.

Provincial Growth Fund connectivity funding

To help increase digital connectivity, the Provincial Growth Fund (PGF) has funded 13 regional digital hubs. These hubs will improve regional connectivity by providing services such as free wi-fi, co-working spaces and guidance on use of the internet for business and skills development purposes. Additional funding has been provided to connect more rural and urban marae to the internet.

Digital Council for Aotearoa New Zealand

The Digital Council for Aotearoa New Zealand has been established to advise the Government on how to maximise the societal benefits of digital and data-driven technologies to increase equality and inclusivity, wellbeing and community resilience. The Digital Council's year one work programme is examining public trust and social

licence in digital and data-driven technologies. We plan to engage with the Digital Council in coming months.

Proposed new initiative

A new ITP initiative will consider changes to Government procurement to improve outcomes for the digital technologies sector. Currently, the New Zealand Government Procurement and Property (NZGPP) group within MBIE is considering how Government procurement can support the recovery of the New Zealand economy post-COVID-19. The ITP will consolidate industry views on suggested changes and work with NZGPP and DIA to implement actions.

NEXT STEPS:

A virtual industry workshop will be held in September to gather views on what could be done to improve the procurement process for the digital technologies sector. This workshop will inform decisions regarding specific initiatives to be progressed as part of the ITP.

DATA

What we've heard

Through feedback from industry workshops, we have identified three specific, but related issues:

1. Open data – making data more available.
2. Data literacy and education.
3. Data being undervalued.

Because data and AI are interlinked, a proposed data initiative is likely to be part of the AI strategy. (see below)

Data driven innovation

The 2015 report, Data Driven Innovation in New Zealand by the Innovation Partnership outlined the economic benefits associated with better use of data. The report estimates data driven innovation (DDI) could easily deliver \$4.5 billion in economic benefits with higher uptake from business and also Government.

Data driven innovation is harnessing data to make smarter decisions and develop new products and services. However, despite its

potential, the research indicated that adoption of DDI in New Zealand is approximately five years behind other leading countries. While there are many people in New Zealand organisations who understand and use data, relatively few organisations have embraced data as a basis for making decisions at management and board levels. Due to the poor understanding of the value of data, particularly within New Zealand businesses, the adoption of data driven technologies may be slower than anticipated. Subsequently, the associated benefits are unlikely to be fully realised at a business level and also at a larger economic level.

Existing initiatives

Government Open Data

Statistics NZ have indicated in the Data Strategy and Roadmap for New Zealand that making the right data available at the right time is a key focus area.

Currently, 15,370 databases have been listed on data.govt.nz. This includes local and central Government data. Increasing the availability of open data is not solely an area for Government intervention, but requires support at a business level.

Digitisation of small and medium enterprises

New Zealand's COVID-19 response has led to a better understanding of digitisation as a necessity for business continuity. Currently, the Government is undertaking research on the increased use of digital commerce and the continual growth of data collected by digital tools.

However, the skills to ensure the data can be interpreted and acted on will be increasingly critical for business.

New initiative

Further work is required in this area to better understand the open data needs of small and medium sized enterprises. We are interested in continuing this conversation with industry, particularly in regards to more innovative ways to increase open data such as data trusts and the potential for a national Digital Twin.

NEXT STEPS:

We plan to evaluate the following assumptions:

- › New Zealand businesses do not realise the value of data and the potential of data driven insight (both supply and demand).
- › Targeted information can be created for businesses to demonstrate the benefits of data. Test ways in which this could be effectively delivered.
- › Alignment with SME digitisation initiatives and amplifying entrepreneurial capital.
- › Test the idea of establishing data trusts or data sharing.
- › Look to advance discussion around the establishment of a Digital Twin and the need for data standards.

INVESTMENT

What we've heard

Investment in our digital tech businesses is critical to ongoing success. Securing investment at multiple stages of a company's life will shape its ability to grow. In our workshops, we heard of challenges in securing investment and differentiating the quality of investments.

Businesses often struggle to fully develop in New Zealand, due to the shallowness of specialised domestic early stage capital markets. Various Government initiatives, for example, the Venture Investment Fund and the Seed Co-Investment Fund have helped develop the ecosystem. However, the supply of venture capital, particularly for Series A and B funding, continues to fall short of growing demand.

Existing initiatives

The investment landscape for our digital technology sector is maturing, with a range of services and funds on offer for companies looking for capital. The new Elevate Fund (launched as the Elevate NZ Venture Fund) is administered by New Zealand Growth Capital Partners Ltd on behalf of the Guardians of the New Zealand Superannuation Fund. The Elevate Fund is a \$300 million fund-of-funds, which invests in other privately run venture capital funds, and matches public capital with that raised from private investors. By the time it is fully deployed, it will crowd up to \$600 million of private venture capital into the space. The Elevate Fund's investment committee includes experienced international venture capital fund managers who will focus on the capabilities and connectivity that prospective funds bring.

In addition, a new technology incubator programme overseen by Callaghan Innovation provides not only greater access to capital and potential for scale, but also emphasises capability and international connectivity.

Scale Up NZ, also managed by Callaghan Innovation, is looking to make it easier for businesses to connect with people and capital domestically and offshore.

The Technology Investment Network (TIN) has been tracking our technology sector for 16 years and reports on global success and a healthy pipeline of emerging companies.

The venture capital funded route accounts for roughly two percent of firms. Although a large proportion of these firms are in the digital technologies sector, there are other slower growth or less disruptive firms, who are unlikely to receive venture capital. The majority of these firms are also too small to warrant investment by existing private equity firms, list on a public exchange, or attract other sources of equity finance (for example, crowdsourcing and family office funds).

Given this context, the ITP will focus on enhancing the investment landscape and activity that will deepen the investment pool for our emerging digital tech companies.

ARTIFICIAL INTELLIGENCE (AI)

What we've heard

Artificial Intelligence is being increasingly used around the world by governments, businesses and individuals. While AI has the potential to drive digital innovation across multiple industries in New Zealand's economy, it is also a technology that has some inherent risks that need to be appropriately managed. This makes it a technology that needs social license, underpinned by ethical standards, to ensure trust and accountability in its application.

Without a national plan addressing these tensions, New Zealand risks following international trends, rather than charting its own course regarding the role of AI. Our workshops reported a strong desire for a New Zealand AI strategy to maximise the socioeconomic benefits of AI, while mitigating the risks associated with its adoption.

Existing initiatives

The Government has been progressing work to ensure trust and transparency exists for the future use and application of AI within New Zealand. Examples of this work include:

- › MBIE has supported independent market research commissioned by the AI Forum of New Zealand (AI Forum). The research has examined the potential for AI to drive economic growth, its possible labour market impacts, government use of AI, as well as social improvement applications of AI. This research has enabled greater understanding of AI and assisted in demystifying many of its potential impacts.
- › The Algorithmic Assessment Report published in 2018 by Statistics NZ and DIA was a first step in ensuring New Zealanders have the trust and the confidence regarding Government use of their data.

- › The Algorithm charter for Aotearoa New Zealand was published in 2020. The charter is a commitment by Government agencies to manage algorithm use while balancing privacy, transparency, unintended bias and reflecting the principles of the Treaty of Waitangi. The charter will be reviewed in 12 months to ensure it is achieving its intended purpose.
- › The Digital Council of Aotearoa New Zealand's year one work programme is examining public trust and social licence in digital and data-driven technologies.

Proposed new initiative

MBIE and key Government stakeholders, in partnership with the AI Forum, will begin scoping a national AI strategy. This work will aim to establish a draft vision for New Zealand's AI strategy. MBIE will be able to take advantage of existing international research, including access to the OECD Network of Experts on AI (ONE AI). ONE AI includes three New Zealand representatives who are working with the OECD on implementing AI principles, best practice approaches, policy and non-governmental stakeholder initiatives into their respective countries' AI strategies.

NEXT STEPS:

Initial targeted consultation with our key partners during August and September. This will inform advice to the new Government in October regarding a proposed scope, process and vision for the strategy.

MĀORI TECH SUCCESS

What we've heard

Partnering with Māori is a key principle guiding Government's Industry Strategy. Subsequently, an important work stream is ensuring the ITP delivers step change growth for the Māori economy and enables Māori aspirations in the digital technologies sector.

Statistics on rates of Māori participation in the digital technologies sector are challenging to find. Anecdotal evidence suggests these figures are low and indicates a number of barriers to Māori success in the sector.

However, there are a number of successful Māori owned tech businesses and growing aspirations from rangatahi to find pathways into the sector. Given the high value of digital technology firms, and the high wages for workers in the sector, enabling Māori success in the sector presents a significant opportunity for the Māori economy.

Existing initiatives

Existing initiatives to support Māori success in digital technologies include:

- › Kōkiri, a 12 week kaupapa based startup accelerator supported by Callaghan Innovation.
- › PGF funding for marae connectivity to ensure rural and urban marae are digitally enabled.

There also exist initiatives across government that have a broader focus but which can be applicable to supporting Māori in the digital technologies sector, for example:

- › Te Pūnaha Hīringa: The Māori Innovation Fund provides annual funding to help Māori collectives gain knowledge to realise their assets' economic potential. This could potentially include support to upskill digitally.
- › The Vision Mātauranga Capability Fund supports strengthening capability, capacity, skills and networks between Māori and the science and innovation system.

Proposed new initiative

To better understand the challenges and opportunities for Māori in the sector, MBIE will work with Te Puni Kōkiri (TPK) and engage with Māori stakeholders. MBIE will then partner with Māori to co-design initiatives in response to the issues and opportunities.

NEXT STEPS:

MBIE will design an engagement plan and identify key stakeholders.

GROWING MORE SUCCESSFUL EXPORTING FIRMS

What we've heard

For its size, New Zealand has created a number of globally successful tech firms: Xero, PushPay, Volpara Health Technologies and Vista Group to name a few. And behind all of those currently competing successfully on the world stage, there

is a tranche of up-and-comers right behind them, looking to succeed. These companies create high value jobs and export weightless services at high margins.

This is a massive opportunity for New Zealand, and this ITP is looking to take full advantage. The opportunity exists within the wider digital technologies sector, but analysis suggests that the Cloud Software as a Service space is a particular strength and opportunity to leverage.

Existing initiatives

Callaghan's Digital Sector team have recognised this and have been focusing on creating and maturing a pipeline of these companies to be global-ready. Callaghan is working with NZTE to provide end-to-end support.

There is a range of financial & capability support services available to businesses, including Getting Started Grants, Founder incubators, the R&D tax incentive, NZTE capability vouchers, and the highly successful Southern SaaS Event and Saastr delegations that have formed the base of a SaaS community in Aotearoa. If we truly want to transform and build a knowledge-based economy, we will need to investigate what will make a real difference to a company's ability to scale globally.

Proposed new initiative

NZTE and Callaghan Innovation are leading a workstream within the ITP on what we know about our globally successful firms, and how we can grow more of them. This will involve interviews with some of our most successful entrepreneurs, and distilling key insights and critical factors for success. Using these, we will look to assess our current support and enterprise system, with a view to identifying whether there are things that the Government, or industry, can do to increase the likelihood of the next wave of New Zealand digital firms taking on the world with new services that can solve future needs or problems of the global consumer base.

NEXT STEPS:

NZTE and Callaghan are developing the work plan to gather insights in the next few weeks and will come back to a working group for this workstream with the outcomes and next steps.

TELLING OUR TECH STORY

What we've heard

Despite the success of our tech companies offshore, the international perception of New Zealand is often driven by our reputation as a place to visit on holiday – with beautiful and untouched landscapes and agricultural success. These valid attributes have served our tourism and primary sectors well, however they don't share the full story about what New Zealand can offer. New Zealand is home to some of the most innovative people and businesses in the world and we need to share this message globally.

"Our distance from the US, as well as our emphasis on a clean and pure image, means that they see us as remote and picturesque – perfect for a scenic holiday, but not for a business partnership."

New Zealand Story Doing Business in the US Research 2016

Existing initiatives

New Zealand Story (NZ Story) was created to enhance New Zealand's reputation, beyond its natural beauty. It works across our export economy to broaden the international perspective about New Zealand. It is based in the values of kaitiaki, integrity and ingenuity.

In 2018, NZTE and NZTech created the UpStarters campaign to provide a unified voice for the tech sector to engage offshore. The sector has welcomed UpStarters, however its messaging has not fully reached its intended audience.

Proposed new initiative

Our workshops highlighted a range of ideas to help improve the telling of our story offshore. However, we now need to activate a recognisable story for the tech and innovation ecosystem, providing compelling evidence and support for businesses in international markets.

In collaboration with NZ Story and NZTE, NZTech will develop a solution that leverages the existing NZ Story framework and the UpStarters campaign. This will include a unique brand and consistent tech message to promote New Zealand technology and innovation internationally. This will also provide a consistent approach for messaging throughout Government and industry.

The aim is to increase awareness of New Zealand as a provider of technology and innovation on the global stage.

Our response to COVID-19 has created a heightened interest in New Zealand. At a time when our international reputation is strong, we should leverage this by sharing our new story of locally developed technology and innovation. The primary objective of a cohesive national tech and innovation story is to build a positive business brand for New Zealand in international markets. The tech and innovation story should attract investment and talent, help grow New Zealand exports and raise New Zealand's profile internationally as a:

- › destination for technology and innovation investment and research
- › destination for tech talent
- › country that produces advanced technology for the world market.

NEXT STEPS:

Work is starting on the activation of a New Zealand technology and innovation story in markets that matter to New Zealand tech exporters.

NZTech, MBIE, NZTE and NZ Story will launch this work in late 2020. NZTech are hosting pre-development workshops in August, September and October to create a compelling, consistent and coherent message for New Zealand technology and innovation.

Pre-development workshops will explore:

- › What tools or support does business need to tell a compelling story and gain business interest?
- › What has changed in the way we reach customers in a COVID-19 world?
- › What are the gaps in our current tech and innovation story?
- › What are the international priority markets?
- › What are the key sectors we need to focus on? (agritech, biotech, gaming, medtech, space?)

What will the workshops achieve?

- › Development of a recognisable story for the tech and innovation sector to provide a unique proposition for our international business.
- › Creation of a roadmap and coordinated activities for industry to build their own brand.

Conclusion and next steps



MBIE and NZTech will continue to develop this ITP in partnership with the digital technologies sector. The immediate focus is on developing the key initiatives described in this document. A draft ITP will be released for public consultation before the ITP is finalised and implemented.

We will be continuing to work with our industry reference group to seek feedback and input to the ITP as it is developed. Opportunities to be involved in industry workshops on particular issues will be communicated through the NZTech newsletter and MBIE communications.

If you have feedback on the work described in this document, please email IndustryTransformationPlans@mbie.govt.nz

August 2020