

# G21 INFORMATION COMMUNICATION TECHNOLOGIES (ICT) OPPORTUNITY STUDY

NOVEMBER 2007



Mr. Darren Gray  
City of Greater Geelong  
Industry Development Officer  
PO Box 104  
GEELONG VIC 3220

3 December 2007

Dear Darren,

**Re: Geelong Region ICT Opportunity Study**

Please find attached our final report for this Project.

It has been great to work with you, the Project Steering Group and the Project Reference Group on this Project.

Yours sincerely,



**Peter Jordan**  
Partner

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# Acknowledgements

The project team would like to thank and acknowledge the people and businesses that provided their time and input into this study. Listed below in no particular order:

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*Darren Gray – Project Manager*

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**ICT businesses and other stakeholders:**

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Regional Development Victoria

City of Greater Geelong

G21 ICT Pillar

Radiant Systems

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Neighbourhood Cable

Express Promotions

Telstra Country Wide

Optus

Connect Tel

Pace Advertising

StevCom

Geelong Telephone Company

Geelong Community Enterprise

Deakin University

Gordon Institute of TAFE

Fox Digital Web

Swan Design

Callista

WorkIT Online

Evologic

World Wide Entertainment

Industrial Control Technology

Ford Motor Company

Godfrey Hurst Australia

BioGeelong

Barwon Health

Transport Accident Commission

VicRoads

Barwon Water

Target Australia

Salesforce

Geelong Chamber of Commerce

Department of Education

Ballarat ICT Cluster

# 1 Executive summary

The Geelong region is the largest commercial and industrial centre outside of Melbourne. The region is home to over 10,000 businesses and a labour force of approximately 120,000 people.

ICT businesses are an important element of any economy – providing a wide range of products and services to support business and public consumers. For the purpose of this study, an ICT business is defined as one that provides products and services relating to the development and maintenance of systems, networks and/or content.

In the Geelong region, there are approximately 250 ICT businesses employing more than 1,000 people. This makes the Geelong ICT sector a large regional centre, but behind Ballarat. The number of people employed by Geelong regional ICT businesses has been static over the past 5 years, while the state has experienced growth.

This study was commissioned to examine issues and opportunities facing ICT businesses in the Geelong region and the extent to which these may be tackled in a collaborative manner to grow and develop the local ICT sector – possibly through the establishment and operation of a Regional ICT Cluster.

The study involved review of available literature and data about the local ICT sector to provide context for the review. Interviews and workshops were conducted to gather the views of 46 stakeholders that represent local ICT businesses, businesses that purchase ICT products and services, educational institutions and government.

Some of the key findings from this review are:

## 1. Local players in the ICT sector are positive about opportunities in Geelong

They see the Geelong region as a great place to live and work, with good infrastructure to support ICT business activity and high quality local education and training institutions. They are also positive about growth opportunities that will be driven by:

- a. Increased adoption of broadband and associated internet applications by;
  - Business - e.g. through implementation of eCommerce applications and greater online integration with suppliers and customers, and
  - The general public - e.g. through expanded uptake of web services and content.
- b. The intention of businesses who purchase ICT products and services to invest in:
  - Enabling greater mobility and remote connectivity for staff,
  - Improving telecommunications infrastructure to make the most of converging technologies (such as Voice Over IP) and increasing bandwidth,

- Implementing eCommerce and web applications to improve sales, service, support and integration with customers and suppliers,
- Implementing new applications and integrating existing systems to improve business processes and reporting, and
- Updating hardware;
  - as part of scheduled “refresh” programs,
  - to improve management of risk - e.g. through improved disaster recovery planning and management, and
  - better manage cost/performance of ICT investment - e.g. through virtualisation of servers.

**2. There is concern about some key issues that, if unaddressed, present barriers to growth**

Some of the key issues that were consistently identified by stakeholders as impeding the ability to grow and develop local ICT businesses were:

- a. The inability to attract and retain adequate business and technical skills in the region. ICT salaries are lower in the region than Melbourne and career opportunities aren't well understood or promoted. Around 10% of the Geelong region's labour force commutes to Melbourne-based jobs every day.
 

More effort and innovation is needed to win this war for talent – for example, through better promotion of economic, lifestyle and career opportunities for ICT professionals. Collaborative strategies should also be explored by businesses with education institutions to develop training offerings and place graduates.
- b. There is a general lack of understanding of local ICT businesses' capabilities and achievements. This may have resulted in lost opportunities for businesses to source products and services locally. Lack of awareness of local players and their capabilities may also have resulted in lost opportunities for collaborative tendering, joint ventures or even mergers and acquisitions.
- c. There has been a tendency amongst local ICT businesses to compete rather than collaborate. This can undermine the ability for local ICT businesses to join forces to present the scale and capabilities needed to attract business and secure larger contracts.
- d. The need to be able to more readily access improved telecommunications infrastructure (bandwidth) to support business expansion.
- e. There was a view that the establishment and promotion of an ICT “precinct” would help attract businesses to the region and support the co-location of innovative local businesses to foster growth, innovation, research & development to develop new markets, products and services.
- f. There is a need to improve the profile and promotion of the Geelong ICT sector. Work is required to better promote local capabilities and achievements to attract businesses and skills to region.

### 3. A collaborative response is necessary to tackle these issues and opportunities

Stakeholders were unanimous in their view that a collaborative response was critical to successfully tackle these issues and opportunities. They were also unanimous in their support for the establishment and operation of a Regional ICT Cluster, led by industry (outlined in more detail below) and were keen to be involved.

#### Formation of a Geelong Regional ICT Cluster

Clusters provide similar, related or complementary businesses with active channels for business transactions, communication and dialogue. Clusters can help businesses that share specialised infrastructure, labour markets, products and services to collaboratively tackle common opportunities and threats. There is clearly a critical mass of ICT businesses in Geelong that could benefit from working as a cluster.

Clusters are seen as effective mechanisms for:

- Generating business and networking opportunities,
- Improving innovation through collaboration and sharing of skills, knowledge and resources,
- Attracting, developing and retaining skills,
- Achieving productivity gains by sharing resources or purchasing commitments,
- Promoting capabilities, products and services to attract businesses and approach new markets,
- Developing strategic partnerships with government and other industry stakeholders, and
- As a result of development and growth, delivering economic benefits for the industry and region they represent.

Once established, a Geelong Regional ICT Cluster would be focused on activities that include:

- Marketing and networking – identifying and communicating the breadth and depth of local ICT capabilities to potential users of ICT products and services and other ICT businesses. This could involve identification of local capabilities and ongoing dissemination/sharing of information through web, print and other channels such as networking events.
- Skills initiatives – developing and delivering a range of strategies to attract, train and retain talent for the region. This could include analysis of skills that are available and those in demand, creating a central point for job seekers and employers, retention strategies such as secondments, job rotation, and collaboration with education and training providers on course content and Industry Based Learning programs.
- Collaboration and new business development – harnessing collective resources to source appropriate government funding, secure new business opportunities and improve service delivery. Examples of activities include establishing a process for strategic and streamlined responses to government funding opportunities,

collective lobbying for improved service delivery, working together to source new business opportunities outside of the region - nationally and internationally - sharing knowledge and support for building capabilities for using new technologies. Establishment of Interest Groups to support dialogue and networking amongst ICT businesses with similar focus on products and services – such as web development or telecommunications.

- Assess the scope and viability of a possible ICT precinct – creating a physical presence for ICT locally. Provides opportunities for exchange and a visible ‘hub’ to attract potential talent, ICT businesses and users of ICT.

Section 5 of the project report outlines short, medium and long term actions that need to be undertaken to establish a Geelong Regional ICT Cluster. In the short term, it is imperative that momentum and industry engagement is maintained to support the establishment of a Geelong Regional ICT Cluster. Specifically, this will require:

1. Funding for the establishment of the Cluster. Multimedia Victoria (MMV) has indicated it is keen to see the establishment of an ICT cluster in the Geelong region. MMV has supported the establishment and operation of 13 ICT clusters in the state that are viewed by the government as being successful in developing the ICT industry. MMV is prepared to review a funding application for the establishment phase (first two years) of a Geelong Regional ICT Cluster. This should be prepared as a matter of priority, leveraging outcomes from this report.
2. Continued engagement of local businesses to maintain momentum for a collaborative response to the issues and opportunities identified. This will involve:
  - Expanding the Project Steering Group to include representatives from Deakin University and Gordon Institute to govern the establishment of the Cluster. This group can provide the industry, government and education sector knowledge and experience necessary to guide establishment activities. They also provide continuity and awareness of issues and opportunities identified during this study.
  - Communicating to ICT businesses, particularly those engaged in this review, key outcomes and proposed actions.
  - Working with local stakeholders to secure their involvement and possible funding commitment (cash or in-kind) for the establishment of a Geelong Regional ICT Cluster.
  - Confirming the key branding messages and a detailed plan for the launch of the Cluster and actions to be undertaken to establish the Cluster.
  - Build the cluster website –a portal for ICT businesses to access information about the cluster and upcoming events and activities.

In summary, the establishment of a regional ICT cluster in Geelong presents an exciting opportunity for ICT businesses, educational institutions and government to collaborate and tackle the key issues that will help grow and develop the ICT sector in this region.

# 2 Project Overview

## 2.1 Background to project

The Geelong Region is the largest commercial and industrial centre in Victoria outside of Melbourne. The region is home to over 10,000 businesses and supports a regional labour force of approximately 120,000 people.

Over the past two decades the region has experienced significant change to its economic structure primarily due to global economic pressures and the knowledge intensification of work.

In 2003, five neighbouring regional councils (City of Greater Geelong, Surf Coast Shire, Colac Otway Shire, Borough of Queenscliffe and Golden Plains Shire) came together to form the Geelong Region Alliance or 'G21' to address the economic, environmental and social challenges of the region.

G21 released an updated *Geelong Region Strategic Plan – A Sustainable Growth Strategy* in September 2007, which identified 10 separate pillars, including an ICT pillar. Building on the existing work of this pillar is a key focus of this project. The 2005 report to G21, *Telecommunications and Needs Assessment Study*, highlighted the opportunities for the region to engage more effectively in the IT industry and outlined some of the challenges faced.

In December 2005, the Victorian Government launched its ICT Industry Plan, '*Victorian Government ICT Industry Plan 2005-2010*' that draws on ideas, comments, and suggestions from a broad range of stakeholders to create a strategic plan for the continued growth of the ICT industry in Victoria.

The combination of these regional and Victorian initiatives, and the anticipation that the Victorian Government will continue to support investment in ICT in coming years, means that it is now timely to assess opportunities for the Geelong Region to work in partnership with the State Government to achieve industry development outcomes for ICT businesses in the G21 Region.

## 2.2 Purpose of this study

The purpose of this study is to help G21, surrounding councils and the local ICT industry better understand the strengths, weaknesses, opportunities and threats they currently face.

A key focus of the project was to explore options for addressing issues identified for collaboration, in particular establishing an ICT cluster.

There was extremely strong support for collaborative responses to issues and opportunities identified in this research. The establishment of a cluster was identified by most participants as an essential mechanism to tackle these issues and opportunities.

In undertaking this study, the project team assessed the viability of establishing a Regional ICT Cluster to provide a mechanism for future growth and development of the industry. Potential sources of support by state government, as well as other potential avenues of government support to help develop the sector, were also explored.

Input was primarily sought from local ICT businesses, ICT users and key stakeholders.

The project team worked closely and collaboratively with Darren Gray, the Council's Project Manager for this study, throughout the project.

The team reported directly to the Project Steering Group which included:

- Darren Gray (City of Greater Geelong)
- Robert Reed (Express Promotions)
- Michael Merriman (Radiant Systems)
- Dane Hansen (Neighbourhood Cable)
- Neil McQuinn (G21 ICT Chair, Surf Coast Shire)
- Chris Balaam (G21 Region Alliance)

The Project Steering Group was responsible for managing the project in accordance with the contract, directing the project team, signing off on deliverables, key decision making and budget accountability.

Over the duration of the project, the team gained feedback from a Project Reference Group. Their role was primarily to test recommendations and actions and represent the G21 ICT Pillar.

## 2.3 Research approach

A three stage approach was adopted for this project, summarised below.

1. Establish a high level understanding of the current state of the ICT industry including the key strengths of the Australian industry and the trends that are shaping ICT business generally. Key objectives were:
  - a. put forward a summary definition of ICT and an ICT business
  - b. present a summary of the size and nature of the industry in Australia, Victoria and, Geelong, including growth experience and projections and in the case of Geelong its relative size and nature compared with similar regional cities
  - c. present the most significant trends influencing the sector
  - d. present a summary of the government policy and programs that would be applicable to the ICT sector.
2. Conduct interviews with ICT businesses, focus groups with ICT users and engage other key stakeholders to collect views on:
  - a. strengths of the local ICT industry – that could be reinforced or promoted to support investment attraction in the region
  - b. weaknesses of the local ICT industry – that should be tackled by the sector, collectively, to help it enhance its capabilities, capacity or competitive advantage

- c. opportunities, based on identified trends and government programs/funding, that could be capitalised on by local ICT businesses
  - d. threats based on identified trends that should be tackled by the sector, collectively, to help it enhance its capabilities, capacity or competitive advantage
3. Based on the findings from Stages 1 and 2, develop a high level action plan that identifies:
- a. key actions to develop the local ICT sector – addressing strengths, weaknesses, opportunities and threats
  - b. a summary assessment of the viability of establishing a government – supported regional ICT cluster and the key next steps to pursue the strategy

## 2.4 Stakeholders engaged

Stakeholders engaged included a combination of Government (both state and local) representatives, G21 Region ICT businesses, Geelong region education institutions and organisations that have been involved in cluster development or operation of a cluster type group. For a more detailed list of stakeholders engaged refer to 'Acknowledgements' section and/or the stakeholder list in Appendix C.

# 3 ICT Industry Overview

## 3.1 Definition of ICT and ICT businesses

Many definitions exist for the ICT industry. The project team reviewed definitions from a number of sources in order to develop a useable and relevant definition of the industry for this study. Sources included:

- Organisation for Economic and Cooperative Development – ‘*Working Party on Indicators for The Information Society*’ 8 November 2005
- Multimedia Victoria
- Australian Information Industry Association
- Australian Bureau of Statistics
- Western Australian Information and Communications Technology Development Forum, and
- The Australian Computer Society.

Most definitions take a ‘vertical’ view of the ICT sector. That is, they define an ICT business as one that is primarily focused on the provision of ICT products and services to consumers that include government agencies, businesses and the community. ICT businesses do not include businesses that use ICT products and services as ‘enablers’ for their own operations.

Based on our analysis - and for the purpose of this study - an ICT business is defined as one that provides products (hardware and software) or services in one or more of the following categories:

1. **Systems** – the development and maintenance of interface products and services that allow access to and the creation, manipulation or exchange of, digital information.

Examples of products and services in this category include:

- computer hardware and peripherals
- software (including development and support services)
- telecommunications equipment and services
- other electronic equipment (e.g. magnetic strip/card readers, automatic teller machines, digital televisions, video game consoles etc)
- computer services (including data processing, consulting/programming, information storage and retrieval etc)

2. **Networks** – the development and maintenance of digital communications networks.

Examples of products and services in this category include:

- communication cable and wire products and services,

- transmitting and broadcasting equipment and support services
3. **Content** – the creation of audio and/or visual material that is conceived, designed and produced specifically for use or distribution via digital networks and interfaces.

Examples of products and services in this category include:

- video games production
- digital data and data services
- recorded media

## 3.2 Size and nature of the ICT industry

### Australia

From an international perspective, the Australian ICT market is relatively small. However, the market for ICT products and services is global and open, and high levels of ICT uptake in Australia make it an attractive market for foreign ICT suppliers.

Despite having a small ICT sector relative to many countries in the world, Australia is seen as an intensive ICT user, with investment levels in ICT amongst the highest in the world<sup>1</sup>.

#### *Number of ICT businesses in Australia*

Figures recently released by the Australian Bureau of Statistics (July 2006) indicate there are 25,600 ICT businesses. Around 94% of these businesses were considered ICT specialists, of which 77% provide computer consultancy services, computer wholesaling (8%), telecommunications services (4%) and the remaining 11% were spread across other kinds of ICT activity<sup>2</sup>.

#### *Employment in ICT*

ICT represents about 3.6% of the total Australian workforce - a higher participation rate than in Europe (about 2.5 %) and the United States (about 2.8 %)<sup>3</sup>. It is expected that this figure will continue to increase as Australia builds on its current ICT activity<sup>4</sup>.

In July 2007, the number of people employed in the ICT industry in Australia was approximately 266,530, on the back of significant growth in all states. Victoria had the highest growth rate at 35% growth from July 2003, followed by New South Wales (33%), Queensland (16%) and Western Australia (13%)<sup>5</sup>.

It is important to note the difference in definition between an 'ICT worker' and a 'person employed in the ICT industry'. A person employed in the ICT industry is a

<sup>1</sup> (2002) Contribution of ICT to Economic Growth – National Office for the Information Economy – December 2002

<sup>2</sup> <http://www.aiaa.com.au/i-cms.isp?page=1592>

<sup>3</sup> (2006) Building Australia's ICT Skills – Department of Communication, Information Technology and the Arts

<sup>4</sup> (2006) Building Australia's ICT Skills – Department of Communication, Information Technology and the Arts

<sup>5</sup> (2007) The Whitehorse Report – ICT Industry Survey and Analysis – Centre for Innovative Industries Economic Research

person employed within an ICT business. An ICT worker is more broadly defined and encompasses workers employed in ICT-related roles across all sectors of the economy.

In February 2006, Australia had 356, 600 ICT workers spread across all sectors of the economy.<sup>6</sup> Employment in ICT grew by 22% between 2000 and 2006. Computing professionals (i.e. information technology managers, systems designers, software designers, systems programmers etc) had the highest proportion of the 2006 employment number with approximately 46% or 164, 000 workers employed.

#### *ICT industry income*

In 2005, ABS statistics indicated that the total income of the ICT industry in Australia was \$103 billion - up from \$90 billion in 2002-2003. The largest segment of this 2005 income figure was attributed to wholesaling of computers, business machines and electrical and electronic equipment, comprising 40% of the total income. Telecommunications was the next significant contributor, generating around 34% of the total income.

### **Victoria**

Local ICT capabilities remain vital to Victoria. Victoria accounts for one third of the Australian ICT industry.<sup>7</sup> With annual revenue currently in excess of \$20 billion, annual exports worth around \$1 billion and strong levels of R&D, the Victorian ICT industry is an important contributor to the economic performance and wealth of the State.

#### *Number of ICT businesses in Victoria*

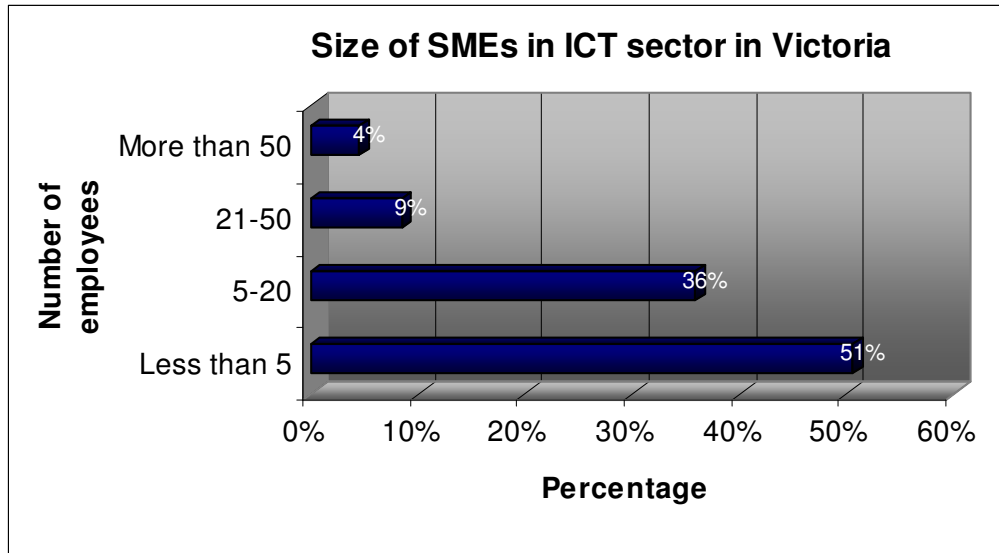
The Australian Bureau of Statistics indicates that there more than 7,000 ICT businesses in Victoria. Almost half (49%) provided computer consultancy products and services, 17% provided computer maintenance services and 17% were computer retailers.

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<sup>6</sup> (2006) Building Australia's ICT Skills – Department of Communication, Information Technology and the Arts

<sup>7</sup> (2005) Victorian Government ICT Industry Plan 2005-2010 – Multimedia Victoria

Most Victorian ICT businesses are SMEs and most of them are small as shown by the graph below:



Source: (2004) Multimedia Victoria – Combined Advantage – ICT industry & Education partnerships

#### *Employment in ICT*

Recent statistics show Victorian ICT industry employment at around 83,900<sup>8</sup>. These statistics and Commonwealth Government research suggest that ICT industry employment has now settled into a more sustained pattern after marked falls through 2001. Victoria's share of national employment in ICT has remained steady at around 30%.<sup>9</sup>

#### *ICT Industry Income*

The Victorian ICT industry currently generates annual revenues of around \$23.1 billion.<sup>10</sup> Large ICT companies account for \$14.2 billion (61%) of total revenues. Medium-sized companies (with 20 to 99 employees) generate \$0.9 billion (4%) of annual revenues with small ICT companies contributing \$8.0 billion (35%).

Telecommunications services are a large contributor to the overall Victorian revenue, providing just over half (55%) of the total revenue generated by ICT business. Computer software analysis and business services is the next biggest contributor (27%), followed by wholesaling (7%).

<sup>8</sup> (2007) Multimedia Victoria: ICT Industry Survey Fact Sheet – August 2007

<sup>9</sup> (2005) Victorian Government ICT Industry Plan 2005-2010 – Multimedia Victoria

<sup>10</sup> (2007) Multimedia Victoria: ICT Industry Survey Fact Sheet – August 2007

## Geelong

### *Number of ICT businesses in Geelong*

Based on ABS data sourced from the Victorian Government the Geelong Region currently has around 250 ICT businesses. A major portion (39%) of these businesses, sold products and services relating to computer consultancy (i.e. consulting services relating to systems, content and networks), followed by businesses that sold products and services relating to computer maintenance (21%) and 21% were computer retailers.

In addition to the ABS data outlined above the project team sourced data regarding ICT businesses in the Geelong Region from a number of sources;

- City of Greater Geelong
- Gordon Institute of TAFE
- Multimedia Victoria

While this data does not provide detailed information such as size and nature of those businesses, the products and services they offer or markets they focus on, they will provide a useful base for the development of a more comprehensive data set for the Geelong Region and have been handed over to the project manager.

In order to make this information useful and usable, further consolidation and integration will need to take place. While this is beyond the scope of the current project, it could be a useful future project activity.

### *Employment in ICT*

The latest (2006) ABS census data estimates that ICT businesses employ 1,020 people. This figure has reduced from 2001 when employment was 1,066. This indicates that ICT industry employment numbers have stagnated.

In 2001, ICT employment generally in Geelong was 10.9 people per 1,000 employed. This figure was above the Regional Victoria average of 6.7 people, higher than the Bendigo figure (10.0) and lower than the Ballarat number of 14.5. Geelong ICT employment was significantly below that of North Sydney (122.7), Melbourne (33.4) and the Victorian average (25.9)<sup>11</sup>.

Victorian growth in employment in the ICT industry from 2001 to 2006 was 38%. In contrast, Geelong's growth rate in the ICT industry was static.

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<sup>11</sup> Ballarat ICT 2030 – A Strategy and Plan for the Future, Ballarat ICT Limited

### 3.3 Priorities for ICT investment

Based on information collected from a recent Multimedia Victoria study<sup>12</sup> and focus group findings (from this study) the following themes emerged as business priorities for ICT investment.

#### **Mobility and remote connectivity**

Businesses are pushing to provide flexibility to mobile and remote connectivity for their workforce. Having remote access for staff will assist in attracting and retaining people as well as supporting increased productivity of workers such as sales, support and maintenance staff. Investment in new technology to support mobility and remote connectivity will be a dominant requirement of ICT users in the short to medium term.

#### **Telecommunications**

Businesses indicated telecommunications investment was high on their agenda, particularly:

- converging technologies - such as voice over IP
- expanding infrastructure - increased bandwidth to support inter-site connectivity and a mobile workforce

Locally, a current issue being faced by some businesses is a delay in accessing services (e.g. ADSL connections), with some stakeholders indicating this may be exacerbated by a shortage of engineers in the region.

#### **Hardware**

Businesses stated it is important that they continue to update hardware infrastructure. Priorities for hardware investment included:

- regular and planned technology refresh programs
- managing risk – disaster recovery planning and management
- managing cost and performance – through strategies such as server virtualisation.

#### **Web enablement and eCommerce**

As e-commerce continues to grow more business is performed online. Businesses see the web providing opportunities to:

- increase sales, service and support
- increase connectivity to customers and suppliers – providing an integrated supply chain.

Businesses noted the need to help other smaller businesses (which represents more than 90% of local businesses) understand the benefits of web enablement and dispel fear of security issues.

#### **Application development**

Systems integration to improve process performance and reporting was also an identified area for future investment.

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<sup>12</sup> (2004) Multimedia Victoria – Combined Advantage – ICT industry & Education partnerships

## 3.4 The ‘cluster’ concept

### 3.4.1 Introduction

Two separate definitions of clusters are shown below:

‘A geographically bounded concentration of similar, related or complementary businesses with active channels for business transactions, communication and dialogue that share specialised infrastructure, labour markets, and services and that face common opportunities and threats’<sup>13</sup>.

‘Clusters are geographic concentrations of interconnected companies, specialist suppliers, service suppliers, firms in related industries, and associated institutions (for example, universities, standards, agencies, and trade associations) in particular fields that compete but also cooperate’<sup>14</sup>.

### 3.4.2 Benefits of clusters

Clusters are recognised as an effective means of promoting economic development for sectors and regions – internationally and in Australia.

Clusters can be formed by groups of businesses with common goals located in close proximity facing common opportunities and threats. Clustering enables businesses to take advantage of synergies and economies of scale in marketing, skills, logistics and to collaborate for competitive advantage (e.g. sharing ideas, experience and networks).

A range of short and long-term benefits of clusters have been identified through discussions with key stakeholders and literature review<sup>15</sup>, including:

- improved innovation through collaboration and sharing of skills, knowledge and resources
- access to skills from other geographical locations
- building the Geelong ICT brand to attract and retain ICT businesses and skills
- generating business and networking opportunities
- productivity gains through sharing resources
- access to new markets (particularly export)
- development of new businesses, mergers or joint ventures
- strategic partnerships with government and other industry stakeholders
- economic benefits for the industry and region they target.

<sup>13</sup> (2003) Clusters – ‘Victorian businesses working together in a global economy’, DIIRD

<sup>14</sup> (2007) Organising Innovation: Design intervention and governance, RMIT University

<sup>15</sup> Sources included: ‘Cluster Development: Red Lights & Green Lights – Ifor Ffowcs-Williams’, ‘Clusters – Victorian businesses working together in a global economy DIIRD 2003’ and discussion with Multimedia Victoria

Below is a case study of a successful cluster operating in the Geelong Region:

## Geelong Food Co-Products Cluster

### Geelong Food Co-Products Cluster history

The Geelong Food Co-Products Cluster was first identified through a Regional Development Victoria (RDV) funded feasibility study in 2005. An approach was made to the Victorian Government for funding under the *Regional Innovation Clusters Program* and assistance of \$50,000 was announced in October 2006. Matching funding for the Cluster activities has been provided its members.

### Facts

Geelong's food processing sectors have a direct regional sales turnover of \$785 million and employ 1,709 people. The resident population of the region (exceeding 250,000) provides a substantial market and skills base for food production including business services and specialist advice. Geelong has the most extensive range of training and research and development facilities and capability in regional Australia.

### Achievements to date

- New packaging trials have been conducted for value added forms of lower value seafood species
- A competitive organic fertiliser has been developed and relevant Cluster members have agreed to new memorandum of understanding that provides for the next steps of commercialisation. The product utilises seafood waste and there is a two-stage manufacturing process
- Regular communication, events and forums
- Formation of Cluster Working Groups to oversee the Cluster's work program
- Cluster members have identified the Middle East and selected Asian destinations as preferred export targets

### 3.4.3 Characteristics of successful clusters

Successful clusters are characterised by geographic proximity, extensive collaboration, global orientation, specialisation and flexibility.

Literature reviews and interviews with funding agencies and existing cluster representatives also identified some of the core characteristics of effective clusters, including:

- Management– including the appointment of an independent facilitator to drive meetings and activities, development of a memorandum of understanding, clear roles for participants and timeline of activities. Strong networks with government, local councils and industry bodies were also identified as beneficial.
- Governance – the cluster should involve a representative group of individuals and businesses for ICT, education providers and government.
- Clear and agreed strategy and vision – shared cluster goals (both short and long-term) to drive cluster activity and align/motivate cluster members. This could be

expressed through a clear business plan which includes tangible goals and outcomes.

- Communication strategy which clearly expresses the cluster's core purpose, activities and recognises its achievements, outcomes and benefits – tangible outcome measures and communication about early success particularly important.
- A physical presence or facility for the cluster to be located

### 3.4.4 ICT clusters in Victoria

Thirteen ICT related clusters exist in Victoria, including:

- Victoria.Net
- Enterprise Java Victoria
- eLearning Network
- Radio Frequency Identification Australia (RFID)
- Computer Games Network
- eSecurity

To date, all of these ICT clusters have been successful, achieving a range of outcomes, for example:

- Hosted and attended seminars and conferences (including international events)
- Initiated networking events - Established an information sharing program on innovation, technology transfer or market intelligence
- Designed and organised technical training courses
- Created programs for skills development and employment
- Promoted ICT careers
- Supported and participated in trade fairs and exhibitions
- Assisted in the creation of new products and their commercialisation
- Encouraged collaboration between industry and education institutions
- Developed Victorian specific ICT capability registers
- Created reports on industry issues and stimulated dialogue
- Collaborated on projects or delivery of products and services
- Developed export strategies
- Conducted skills audit/member capability summary, capability gaps identified and agendas to address gaps developed and implemented

The ICT clusters generate a significant amount of economic activity and collaboration between industry businesses and produce critical outputs for the Victorian economy.

## 3.5 Government policy and programs to assist regional industries

### 3.5.1 Summary of programs

There are a variety of support programs and sources of funding targeted at the ICT sector, regional areas and clusters. These include Federal Government programs run by AusIndustry and Austrade, State Government run programs, for example, Regional Development Victoria/Business Victoria, Film Victoria and Multimedia Victoria, and specific initiatives such as the Geelong Innovation and Investment Fund.

Programs target key drivers of industry development. For example:

- to improve the efficiency and effectiveness of ICT businesses through business skills and tools
- to support innovation and commercialisation activities through R&D tax concessions, matched funding and mentoring
- to improve access to export markets through grants to attend trade fairs and develop partnerships.

Other programs are available which focus on regional development and economic sustainability in specific regions or industries. These programs focus on supporting activities which drive economic and social development through funding for job creation initiatives, skilling programs and cluster development.

Funding is available directly for cluster development as well as for specific initiatives that a cluster could undertake. Specific funding for cluster formation and support are available through MMV, RDV and Business Victoria. Programs that target broader outcomes that a cluster could collaborate on, such as skill development, employment outcomes, innovation or development of export markets, are also available. Appropriate funding sources would depend on the objectives of the cluster.

Refer to Appendix A for a table summarising relevant funding program sources, objectives funding available, funding process and other relevant information.

### 3.5.2 Government funding and support for clusters

The Victorian government recognises the valuable contribution of clusters. Funding is available for the development and support of clusters – through direct cluster funding and funding for initiatives relating to economic and skill development for industries or regions.

Funding for clusters broadly reflects acknowledged criteria for effective clusters. For example, some of aspects of the Victorian governments' policy framework on clusters require that they must be industry led, display long-term economic benefits, have a culture of collaboration, display quality infrastructure, have good export capability and meet agreed performance criteria.

Funding for initial set up of a regional ICT cluster may be available through MMV. Funding is provided for up to 50% of total costs to a maximum of \$100,000, and must be matched by the cluster to an equivalent amount through a combination of in-kind support or cash.

In addition, up to \$20,000 may be provided for each activity undertaken by a collaborative organisation up to a maximum of \$80,000 over a maximum of two years. Successful applicants are required to match this funding on a dollar-for-dollar basis with financial contributions from members.<sup>16</sup>

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<sup>16</sup> [www.mmv.vic.gov.au/ICTLinkagesprogram](http://www.mmv.vic.gov.au/ICTLinkagesprogram) accessed 8 November 2007

# 4 Perspectives on the Geelong ICT industry

## 4.1 Introduction

In conducting this study, eighteen interviews were conducted with ICT businesses in the Geelong Region. An additional 10 interviews were held with government, industry and education stakeholders as well as two focus groups with users of ICT products and services, involving thirteen participants. Appendix C provides an overview of study participants and their organisations.

The businesses interviewed provided a diverse range of ICT products and services. Seven organisations produce products and services relating to systems (i.e. software and hardware), six organisations produce products and services relating to networks (i.e. cable, wire products and telecommunications services) and five organisations produced products and services relating to content (i.e. digital data, recorded media).

Of these organisations, the majority had growth aspirations and indicated key growth drivers to be the increasing uptake of broadband internet technologies, and a growing need for productivity improvement through systems integration, online reporting, mobile technologies and improved business processes.

Nearly all organisations consulted with were engaged with overseas clients or were considering offering products and services to overseas markets.

Participants provided their perspectives on the strengths, weaknesses, opportunities and threats as well as current and future trends impacting Geelong Region ICT businesses. Perspectives were provided on a range of areas, including:

1. ICT skills
2. Entrepreneurial culture
3. ICT products and services
4. Infrastructure
5. Funding for ICT businesses.

There was universal support for a collaborative approach to tackling issues and opportunities facing the local ICT sector – and for the establishment of a regional ICT cluster.

The information in this section summarises businesses' perspectives (on the above areas) and issues impacting and influencing the Geelong ICT industry. Potential ideas and responses to these key issues were also identified.

## 4.2 ICT skills

### 4.2.1 Summary of key issues and opportunities

Accessing staff with the right skills is the number one issue impacting Geelong Region ICT businesses. Education providers are seen as a strength in the region. However they are finding it difficult to attract students to their courses. Businesses expressed a desire to collectively tackle the skills shortage to attract and retain people to the region through new approaches.

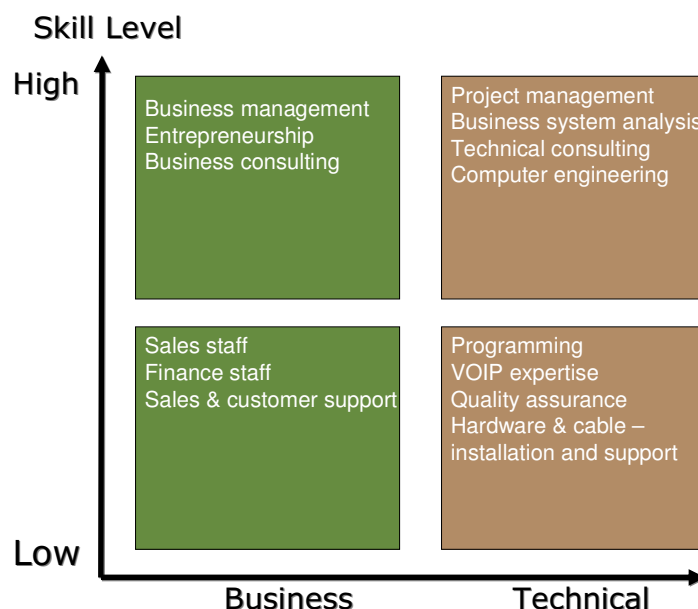
#### *Skill gaps in key areas*

Skills shortages are an inhibitor to growth and are resulting in businesses looking outside the region, even overseas, to source talent.

*“Our biggest challenge is attracting staff with the right skills”*

Larger ICT businesses indicated that employees with niche and specialist technical skill sets are the hardest to acquire. Small businesses on the other hand indicated that in addition to technical skills, they require people with broader skills sets that enable them to operate and succeed in a small business environment. These business skills are extremely important to engage with clients, understand their ICT needs and work with them to address those needs.

ICT skills requirements fall into four distinct categories. These are outlined as follows (note: these are examples only):



Source: Deloitte Analysis

Skill requirements varied from business to business based on the ICT products and services they provided. Businesses that provide infrastructure products and services require technicians or tradesmen to install and support products. Systems

organisations need quality assurance staff, VOIP experts, programmers and business systems analysts that implement and support ICT products and services.

*“We have a real shortage of skilled IT people in Geelong - there is a particular shortage of programmers”*

*“There are no VOIP specialists in Geelong, we need to go to Melbourne to access these skills.”*

Businesses that produce systems - related products and services require specialist business users and consultants with a broader range of industry knowledge, together with the ability to test and re-engineer systems and processes used by non-ICT businesses. These consultants are required to have generalist business skills.

*“We have problems finding support staff and computer engineers”*

Content organisations find it hard to attract business systems analysts, particularly programmers, graphic designers and people with multimedia experience. Other skills cited as hard to find were non-ICT related skills including sales, finance as well as people with specific knowledge about targeted overseas markets (e.g. China, India and Europe).

### *Educating the ICT workforce*

Local educational institutions are seen as a key point of difference for the Geelong Region. Organisations like Gordon Institute of TAFE provide excellent staff and supply a steady stream of skilled people into the Geelong Region's businesses. This vocational training is seen as important for local businesses.

*“Gordon's assessments and offerings are skill based and are aligned with industry practices”*

Deakin University focuses on higher-end skill development and supports a broad range of ICT businesses and professionals - including computer engineers, programmers, systems analysts and web developers. All of these skills are in high demand and the quality of graduates is well regarded.

Many organisations are skilling their employees internally or access product specific training from suppliers in the absence of external academic programs that support key skill development.

### *Difficulties attracting skilled people*

Improving marketing and promotion of the strengths and opportunities of the local ICT industry will improve the region's ability to attract skilled people. Currently, there may be a perception that people living in the region need to leave Geelong to develop skills and networks for a successful career in ICT.

A contributor to this mindset may be that Geelong is primarily made up of very small enterprises that are not as active at marketing their strengths as their larger counterparts outside Geelong. An additional factor is that Geelong lacks large organisations with the capacity to take on greater numbers of ICT graduates. More generally, small businesses are not seen to be as effective at campus recruiting as the larger organisations. SMEs typically rely on word of mouth and other informal modes of recruitment.

## *Recruitment*

A more collaborative approach by businesses to recruiting staff could improve the region's ability to attract and retain local graduates.

*“We are building our brand to attract graduates”*

*“There is no mechanism for attracting people to the region, it's often that I need a skill and not a person”*

Targeting and informing job seekers outside the region about opportunities that exist will be important in attracting and recruiting people. These opportunities include participation in a growing industry, ongoing training, and potential travel opportunities and being part of globally networked businesses.

Vacation placement opportunities could provide a good mechanism for local businesses to promote local careers and compete against the Melbourne brand by engaging students earlier in the graduate recruitment cycle.

Geelong has a significant population (11,000<sup>17</sup> workers) that travel to Melbourne daily. Many of the commuters include ICT staff. Businesses suggested that this is a market that should be the target for a marketing campaign to fill current job openings. Strategies may include, signs at the train station, ads in newspapers, advertising on train carriages and radio marketing or advertising

*“We need to get better connected to people graduating from Geelong and Melbourne universities”*

Anecdotally, businesses believe that salaries are approximately 10-15% lower in Geelong than Melbourne. This is one of the primary reasons people choose to commute (despite the additional cost imposed by doing so).

More could be done to make the economic case for a career in Geelong by looking at the broader picture (i.e. cost of living relative to Melbourne).

Businesses also floated the idea of offering incentives for skilled people to move to the Geelong Region and establishing a 'skills database'. Other ideas were to develop an expatriate network to link people born and raised in Geelong back to the region.

Other regional centres (i.e. Ballarat and Bendigo) were said to be attractive targets for sourcing technical skills. Businesses believe people moving from these places would see Geelong as a sound career move.

### 4.2.2 Training and development

Businesses strongly believed that there should be greater collaboration between education providers and local business to build skilled workers. Opportunities exist for education providers such as Gordon Institute of TAFE to work more closely with businesses to improve understanding of skills demands, and to design and develop training programs that can be taken to market with more confidence that they are relevant and viable.

*“We want to work more closely with Deakin to access staff and drive growth”*

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<sup>17</sup> 'Invest Geelong – Smart Thinking' Economic Development Unit, City of Greater Geelong

Industry Based Learning (IBL) programs are seen as a means to generate significant value to industry in the Geelong Region. Businesses similarly recognise the importance of these programs in developing future talent.

*“We would like to engage more organisations in the Geelong area to get involved with the IBL programs”*

Scholarship programs (for example those run through MMV) may assist to create awareness of ICT careers, develop skills and encourage people to enter the ICT industry and ICT related courses at University. The programs will provide opportunities for further collaboration between education institutions and industry and provide students with workplace employment opportunities.

Businesses also suggested joint purchasing and delivery of training programs would allow them to share costs and resources to deliver training that would otherwise be unaffordable.

### 4.2.3 Retention

Other strategies mentioned by local ICT businesses were on-the-job skilling initiatives (e.g. tailored internal training programs, jointly funded workshops and courses), skills sharing between local ICT businesses and secondment opportunities between complementary ICT businesses.

#### 4.2.3.1 Ideas and responses to issues and opportunities

There was strong support for a collaborative response to attract and retain the business and technical skills need to support a healthy local ICT industry

ICT industry businesses should work together to explore new approaches to recruitment, training and development and retention of skills. For example:

- better market of local career opportunities - e.g. by preparing ‘stories’ of ICT careers for an ICT website or newsletter
- collective advertising campaign which promotes local careers and the region,
- development of a skills database
- lifting the profile of ICT and Geelong through advertising in other regional locations
- secondments or job rotation initiatives between companies
- collaboration on training program development with education providers.

## 4.3 Entrepreneurial culture

### 4.3.1 Summary of key issues and opportunities

Lack of collaboration between businesses was seen as a barrier to securing opportunities to grow and promote the sector. There is a need for businesses to co-operate, rather than compete, to lift the overall scale and quality of products and services provided and to tap in to larger contracts and markets outside the Geelong Region. The ICT industry could also benefit from providing business skills to support the establishment of viable, long-term businesses in the region and encourage greater investment into innovation.

#### *Entrepreneurship*

Examples of entrepreneurship are evident in the Geelong Region. Many local entrepreneurs are people who have worked elsewhere and have returned to Geelong for lifestyle reasons. They are clever, resourceful and innovative, and now lead Geelong's ICT businesses and drive future growth of the industry.

Participants noted that it was typically the same players driving industry development and that these people will need to be supported if the industry is to continue growing.

They identified informal networks that exist with ICT businesses elsewhere in Australia and overseas as mechanisms used to share IP, access skills and enter new markets.

*“In recent years we have seen a lot more entrepreneurship coming through in the region”.*

*“There is an entrepreneurial culture in Geelong. People learn their trade elsewhere and return to Geelong to raise a family.”*

*“Businesses create their own formal networks and allocate specific clients, products and services and geographic locations.”*

*“Cottage industries are springing up all around Geelong.”*

#### *Competition over Collaboration*

The strength of the local entrepreneurial culture is impacted by a tendency of local ICT businesses to view other ICT businesses as competitors rather than potential collaborators. Examples were provided of organisations competing on price (taking on work at well below market rates) or taking on work that is not core businesses in order to win contracts.

More importantly, local businesses were missing opportunities to secure sales with larger purchases because they didn't collaborate to present the scale and capability needed to secure those opportunities.

This approach was seen as being detrimental to the overall industry by eroding image and value proposition - as well as just being poor business practice. Valuable opportunities for appropriate collaboration on products and services have been also passed up.

*“We are losing work because we do not collaborate on bids”.*

*“Businesses still have the attitude that people poach work from one another”.*

*“People see competitors – we see complementors.”*

Participants were concerned there is no identified person or group driving industry development and setting a collective strategy for the local ICT industry. Businesses tend to remain autonomous and are reluctant to include other like-minded businesses in planning for the future. They are focused on their own strategic directions and survival rather than collaborating.

*“We are just not infused in the Geelong network”*

*“We are individually but not collectively clever”*

### *Unknown Capability*

While businesses acknowledged the local ICT landscape was diverse, there was little understanding of where specific capabilities exist. They indicated they wanted to be more informed of other businesses and Geelong’s ICT capabilities as a regional centre. Suggestions included developing a database of ICT businesses and their respective capabilities and networking to better understand capabilities and opportunities to collaborate, for mutual benefit.

*“I don’t have a high awareness of what other businesses are doing”*

*“Educating the whole industry about the role of key players, who they service and what they offer [would be of benefit]”.*

*“There is a growing concern in Geelong that we need to utilise and understand our newfound identity and start creating new businesses”.*

*“We have not got a handle of what it is we have down here”.*

### *Not enough investment in R&D*

In terms of R&D, businesses felt that, compared with other ICT hubs in regional Victoria, there was not enough investment in new products and services in the Geelong Region. Businesses indicated that the ‘traditional approach’ of ICT businesses in the Geelong Region is to cut costs in order to increase profitability, rather than investing in R&D to open up or create new markets, increase revenue and increase profitability.

*“People don’t seem to be spending money on research and development”.*

Business felt that it was a due to a “local market” focus that businesses were not investing in R&D. They also said that historically cutting costs was more engrained in the local business culture than R&D investment. However some respondents also indicated that this approach has been changing in recent years.

### *Business skills impacting sustainability of start-ups*

Participants indicated that, there has been no shortage of ICT business start-ups in the region. However, Geelong has seen a high turnover of ICT businesses, suggesting people see opportunity in Geelong but fail to sustain their business. A contributor to this turnover was seen to be that people behind the start ups do not have the necessary business skills to operate a small organisation.

*“ICT businesses tend to burn twice as bright for half as long.”*

*“IT businesses have bloomed and folded over the past few years”*

*“Many people set up businesses but then go out of business”*

### *Building a collaborative business culture for the region*

ICT businesses indicated that they saw potential in networking initiatives for the region. These initiatives should provide a forum for collaboration and promoting understanding about the range of ICT products and services provided locally.

In general, participants noted that businesses in the Geelong Region needed to become better at doing business together. Interviewees discussed the idea of a business or ICT incubator that may provide a central location for sharing of ideas, resources and working together as an industry – to give ICT its own identity.

In addition, it was also noted that businesses need to become more innovative, invest more money creating new products, improving business processes, developing new systems and tailoring business solutions.

*“Lets have a meeting of minds that would aggregate IP and further drive the development of industry”*

*“There is nothing in Geelong at the moment that is focused on growing ICT businesses. There is no active program up and running. There are groups trying but only a small scale, something needs to be done”*

*“Geelong is lacking a professional group here in ICT”*

*“Geelong needs to re-invent itself from the manufacturing based culture to an innovation culture”*

Participants also discussed business development through inorganic growth. This meant businesses joining forces to achieve scale to access larger tendering opportunities, create a more sustainable business funding model and leverage off a bigger more extensive pool of IP and businesses experience and skills.

Networking can put businesses in closer proximity to identify ways in which mutual interests can be realised through collaboration or even mergers and acquisitions.

#### 4.3.1.1 Ideas and responses to issues and opportunities

Building understanding of the range of products and services offered by local businesses both within the region and outside the region was seen as critical to developing new markets and growing the local industry. A range of networking and collaborative activities were identified, including:

- Working together to develop collaborative and innovative approaches to industry development and winning work – collective responses to tenders, representation on procurement panels, etc
- Networking events (see cluster development section, below)
- Identifying where opportunities may exist to provide collective or integrated product/service offerings by promoting understanding of complementary offers
- Networking to broker awareness of larger contracts, local capabilities and opportunities to join forces.

## 4.4 ICT products and services

### 4.4.1 Summary of key issues and opportunities

ICT businesses in the Geelong Region are diverse and primarily small enterprises. Many of these businesses have growth aspirations – including export - and a desire to improve their business. Much of the current growth is being driven by e-commerce, telecommunications developments, web platforms and the need to improve business processes. Better information about capabilities that exist across the broader Geelong Region ICT industry is required. Opportunities exist to better market and promote local ICT capabilities.

#### *ICT business diversity*

The Geelong Region ICT industry is made up of mainly small enterprises. These businesses are spread across all facets of ICT, providing products and services relating to systems, networks and content. The majority of local businesses appear to focus on providing products and services relating to systems, however a growing segment of the market is involved in developing content-related products and services.

*“I would say about 80-90% of businesses are very small - with five people or less”*

*“There are some larger businesses supported by smaller businesses, if larger businesses continue to grow so will smaller businesses”*

#### *Global focus*

The Geelong Region is home to a number of world class ICT businesses. They include software developers, producing products like Enterprise Resource Planning (ERP) software, Point of Sale software (POS) and digital media and television productions. These organisations are competing on a global stage and are up against some of the largest multinational organisations in the world. Businesses interviewed were confident in the local ICT capabilities and their ability to continue competing globally.

Many businesses also have a global focus, indicating that while most of their customers were based in Australia and Geelong, they have existing clients overseas and plan to pursue these markets as a core business strategy.

*“We do not just focus on the local market, our focus is worldwide”*

#### *Business requirements expanding*

As noted earlier, businesses are becoming more aware of the value of ICT as an “enabler” in growing business and driving productivity improvements. It is now almost essential to have email, online banking, web presence and e-commerce applications. Broadband adoption is rising as businesses realise the potential in engaging online with suppliers, customers and financial institutions. These trends are driving commercial opportunities for all businesses supplying ICT products and services. Demand includes not only the provision of ICT products and services but ongoing support, maintenance and consultancy.

*“Geelong businesses are becoming more informed and this is driving innovation”.*

*“We have to lend a guiding path and assist growing businesses work out their ICT and business strategy”.*

In addition, ICT users require a specialist ICT service that fits with their businesses strategy. This often requires a more tailored approach and deeper understanding of their business needs to deliver an integrated offer – rather than an off-the-shelf solution.

*“This is a converged world we are moving into.”*

*“IT needs are only increasing. Distribution of information and connectivity of people is critical.”*

*“Business owners are starting to understand more about how to improve process and create value in their organisations”*

*“The reliance on IT and computer networking will be a dominant requirement of any progressive business, therefore providers of ICT products and services will grow”.*

*“Businesses are more informed about the productivity gains to be made from ICT, they are looking for suppliers they can trust to give practical and reliable advice”.*

### *Strong growth in key sectors*

Another strength identified by ICT businesses was that the region has a dominant strength in the retail sector. Some very successful and nationally recognised retailers started up and continue to maintain their business headquarters in Geelong (e.g. Target, Rays Outdoors and Cotton On). These organisations distribute products and services across Australia and to international markets and provide opportunities for local ICT businesses.

*“Traditionally it has been the retail sectors driving ICT growth”*

Other growth sectors that were identified in the region include tourism, horticulture and education. These areas of the local economy will need to be supported by ICT businesses to enable them to continue growing and to assist them in developing innovative ways of operating and conducting business.

### *Developing avenues to promote capabilities and celebrate success*

Businesses strongly believe that the Geelong Region must become better at promoting the strengths of its ICT businesses. The region is home to world class organisations that are at the forefront of their field. These businesses create a solid foundation for the region to grow and should be leveraged to promote the Geelong Region’s profile.

Promotion to markets beyond Geelong – in Australia and globally – is also important for the ongoing success of the industry and a potential area of focus for collaborative activity to present the scale and capabilities necessary to secure those opportunities.

There are many opportunities for Geelong to implement marketing initiatives and promote the region’s capabilities and appeal to businesses. A critical success factor will be developing critical mass to develop a more scaled marketing exercise.

#### 4.4.1.1 Ideas and responses to issues and opportunities

A range of specific mechanisms for improving understanding about existing expertise in the region, include

- developing a database of existing ICT businesses and their core skills and expertise
- developing a system or tool for businesses to register and detail their products and services (i.e. website used as an interface to register ICT business)
- avenues for targeted promotion of local capabilities should be explored to win larger sales in new markets and attract new businesses to the region.

## 4.5 ICT products and services – Users’ perspectives

As part of this study, the views of businesses who are substantial users of ICT products and services were gathered from focus groups (see Appendix B). These businesses were from a range of sectors, including education and research, manufacturing, health, infrastructure, business & professional services and the major business peak body.

Key themes to emerge from these focus groups are summarised below:

1. Key issues and opportunities
  - Outsourced servicing and local purchasing
  - Sourcing talent
  - Strengths of living in the region
2. The need for collaborative responses to those issues and opportunities.

### 4.5.1 Key issues and opportunities

Businesses in Geelong view ICT investment as necessary for future growth and development. Business priorities are to increase flexible workforces, generate efficiency gains through investment in telecommunications, regularly upgrade and invest in hardware. ICT businesses in Geelong are well positioned to improve their ability to sell products and services to larger local ICT users through collaborative sales approaches. ICT can do more collaboratively, to leverage the strengths it has to attract talent and win business.

#### *Outsourced services and local purchasing*

Most ICT users were either primarily self-sufficient or source ICT products and services through established panels, vendor arrangements and – in the case of government entities – competitive tenders. Larger organisations tended to operate centralised purchasing arrangements at a state, national or global level to benefit from economies of scale. This often means local service providers aren’t engaged.

However, there is an opportunity for local providers to service these businesses. Several participants noted that subsequent to purchasing core hardware and software products, want local and responsive service to provide ongoing maintenance and support.

Instances where businesses go outside Geelong for outsourced support usually involved specific requirements for high-end specialised equipment and services.

Looking forward, where there is capability and capacity, local businesses should look at strategies to establish vendor relationships, alliances with state/national service providers and participate in panels which connect them to purchasers. Collaborative approaches by several ICT providers will be necessary to achieve this.

### *Sourcing talent*

Like ICT businesses, ICT users are experiencing similar issues in sourcing talent. Several participants noted the need to engage people with relevant skills who are commuting from Geelong to Melbourne.

Historically, Geelong has not had overwhelming success in attracting ICT talent to the region. It is traditionally seen as a manufacturing/industrial location and according to some participants, a career move to Geelong may be seen as “down shifting” and this may have a performance level connotation for employers. There was consensus that new ways to source talent and promote career opportunities for the region need to be explored – in a collaborative manner.

### *Strengths of living in the region*

Businesses were optimistic about the local economy and the strengths that exist for attracting both individuals as well as businesses in the ICT sector.

The strengths associated with attracting individuals included:

- lifestyle
- lower cost of living – especially housing.

For attracting businesses, the main strengths were seen as:

- emerging science and technology sector – e.g. BioGeelong
- access to quality graduates from Deakin University and Gordon Institute of TAFE
- loyalty and stability of staff – lower turnover
- sound telecommunications infrastructure.

## 4.5.2 The need for collaborative responses

ICT users were supportive of ICT business collaboration and the benefits it would create for the region. Benefits discussed included providing a critical mass of ICT businesses to pitch for large tenders issued by ICT users and access opportunities they would not have been able to create individually and addressing skills issues.

### 4.5.2.1 Ideas and responses to issues and opportunities

ICT businesses could better position themselves to improve their ability to sell products and services to local ICT users. For example;

- provide highly responsive customer service and support for ICT products
- develop strong relationships with local ICT users to position themselves for future work
- collaborate to achieve critical mass to access sales opportunities where possible.

## 4.6 Infrastructure

### 4.6.1 Summary of key issues and opportunities

The major infrastructure issues impacting the industry are timely access to bandwidth, access to modern accommodation (particularly for larger ICT businesses) and businesses' ability to respond to the increasing uptake of broadband technology by businesses and households. Opportunities exist for businesses providing infrastructure products and services to capitalise on increasing business growth and residential consumption of online and digital entertainment. To do this, ICT businesses will need solid infrastructure to support their activities.

#### *Office accommodation and basic infrastructure is generally sufficient to support ICT businesses*

Office accommodation in the Geelong Region meets the needs of most ICT organisations. Businesses interviewed did not see any major issues with the current state of office and warehouse accommodation, a small number of large businesses indicated that access to larger facilities was more difficult.

Although some locations can accommodate ICT organisations, the supporting infrastructure and location of these sites need to become more modernised to support ICT business requirements.

*“We need a Greenfield site that has all the bells and whistles that could be utilised by our company”*

*“Infrastructure needs to be ramped up”*

Geelong's broadband coverage is also currently adequate for most local ICT businesses. Geelong has local infrastructure providers, offering a number of options for installation and maintenance of ICT equipment. These local businesses offer fixed line, mobile and data communications services for the region.

*“There is enough physical infrastructure in Geelong, however it may be not as modernised as the Melbourne market”*

#### *A need for greater bandwidth*

For businesses involved in large file transfers (e.g. software and content developers), and those requiring international remote access, bandwidth is seen as insufficient. Some businesses indicated they would need an increase in bandwidth for efficient communication to other destinations. Other businesses said they were aware of extra bandwidth available however, it is seen as expensive and the lead times to installation are long.

*“Our business is always looking for more horsepower in our connection speed.”*

*“The bandwidth to Melbourne is too small, we need bigger pipes”*

*“I can connect faster [to our office] from China than I can here”*

*“It's the slowest network in the global company by a long way.”*

### *Physical presence for innovation and industry development*

An ICT precinct was mentioned by many participants as being important to the vitality of the local ICT industry – providing state-of-the-art infrastructure and a ‘hub’ for like-minded businesses to network and share resources.

Providing a physical presence for the industry may promote market development through showcasing innovation, as well as improving collaboration and knowledge sharing by local businesses.

An ICT precinct may also assist in attracting more ICT businesses, which may include the possibility of a large multinational or world class business. This was demonstrated by the success of the Ballarat ICT cluster in attracting IBM. Creating a vibrant environment through collaboration (based on other regional clusters like Bio Geelong) has been successful in attracting research and development, where energy and creative thinking fosters more of the same.

*“An ICT precinct would address some issues we have with infrastructure”*

### *Capitalising on ICT uptake in businesses and households*

More businesses in the Geelong Region are looking to implement broadband than ever before. As organisations focus on improving business processes and communication, there is growing recognition of the efficiency and productivity gains that can be made through ICT adoption. To this end, businesses providing ICT products and services will need to continue to establish a solid client base and access high-quality ICT infrastructure themselves in order to support and exploit this growth.

*“Broadband rollout will be a key driver [of growth].”*

*“Many businesses and people are setting up in Geelong because they are sick of driving into Melbourne. But they want the [same level of] technology.”*

*“Development of a web presence is the key thing for growth in ICT within the area – people want to deal with companies online”*

*“The reliance on IT and computer networking will be a dominant requirement of any progressive business, therefore the providers of these products and services will grow”*

*“Internet and wireless systems will change the shape of the business landscape”*

Households are also realising the benefits of having faster internet connections, this is driven primarily by the purchasing of entertainment. Entertainment includes music/movie streaming, downloads and online network video games.

These trends present opportunities for local telecommunications providers, as well as other ICT organisations and stakeholders (e.g. town planners, builders), to implement and support infrastructure (e.g. broadband technologies) which provide for future growth from both commercial and residential consumers.

*“Newer developers are realising that if they want good technology they have to plan ahead.”*

*“Residential demand for broadband is what is getting me excited.”*

#### 4.6.1.1 Ideas and responses to issues and opportunities

Strategies to ensure infrastructure is meeting the needs of local ICT businesses as well as households could include:

- Collaborate and lobby relevant bodies to ensure minimum ICT infrastructure in place for new business and residential developments (e.g. conduits for cable and wire)
- Explore opportunities and viability of an ICT precinct – identify and document needs of potential businesses, work with government to develop the business case for this. The Geelong Technology Precinct and/or the Western Employment Precinct may provide site options and should be further explored.
- Ensure that ICT users are aware of existing infrastructure (e.g. data storage facility, optic fibre cable) through targeted discussions, networking and promotion
- Provide clearer information about the products and services that are offered by local businesses through collaborative marketing and advertising campaigns.

## 4.7 Funding ICT businesses

### 4.7.1 Summary of key issues and opportunities

Businesses involved in this study are generally self-funded. Opportunities may lie in collective tendering for and strategic use of funding to address key issues impacting the industry.

#### *Government funding*

RDV is seen to be doing a good job at supporting local ICT businesses. Their funding has been an important part of developing and growing the ICT industry. Their funding provides opportunities for business to grow and develop new products and services. Businesses view the major hurdle (for RDV and local business) is a lack of awareness of funding options available for future development.

Although there was positive feedback from businesses in relation to funding being provided, many indicated that accessing funding from Government was not a focus. Most of the small business operators have a strong desire to be self-funded and accessing funding from Government was not a priority.

*“Government funding is something that we have never looked into”*

When asked about efforts to access funding, some businesses indicated that while they have looked into government funding, often the processes and compliance were seen as too time consuming and not worth the effort for the level of funding they would receive.

#### *Maximising the use of ICT funding*

Greater benefits could be realised by working together on strategic funding bids. Businesses indicated that to draw more benefits from funding, a collaborative approach would provide a means for managing funding (at an industry level) and channelling funds to the most value adding areas of the ICT sector.

##### 4.7.1.1 Ideas and responses to issues and opportunities

Collectively, businesses should explore joint funding applications to attract larger scale funding that provides benefit for ICT businesses in the region more generally.

A cluster could provide a way to promote awareness of available funding, secure funding for industry initiatives, as well as support for the application process through provision of templates and information resources.

# 5 Action plan – a collaborative response

## 5.1 Introduction

There was strong support for collaborative responses to issues and opportunities identified in this research. The establishment of a cluster was identified by most participants as an essential mechanism to tackle these issues and opportunities.

The following section explores the case for a Geelong ICT cluster – the key activities it would support and the steps involved in its establishment and operation. Information in this section also includes outcomes of a discussion conducted in a focus group held during the project to explore the establishment of a Geelong ICT cluster.

## 5.2 The case for an ICT cluster in the Geelong Region

A range of views were expressed by participants in this study about how the industry could better position itself for the future. Key areas of need identified included:

- improved understanding amongst ICT businesses of the products and services offered by local businesses
- networking opportunities to create awareness and develop links with complementary service providers
- more consistent external communication (to potential users and employees) about ICT capabilities in Geelong (including integrated offers where appropriate) to extend the market reach of local ICT businesses (interstate and internationally)
- build critical mass and share resources to address issues of common interest – such as ICT infrastructure, office accommodation, accessing R&D funding and development of skills
- central point of contact or a ‘hub’ for collaborating on recruitment, training and development and retention strategies with each other and other stakeholders (e.g. education providers, individual job seekers)
- mechanism to access funding and coordinate industry development activities in priority areas

Collaboration and formation of a cluster was strongly identified as being an important mechanism for enhancing and promoting the ICT industry both in Geelong and outside of Geelong, and addressing the issues and opportunities outlined in this report.

*“There does not seem to be an incubator in Geelong where people can gather to talk about business and tackle issues about funding, skills and marketing”.*

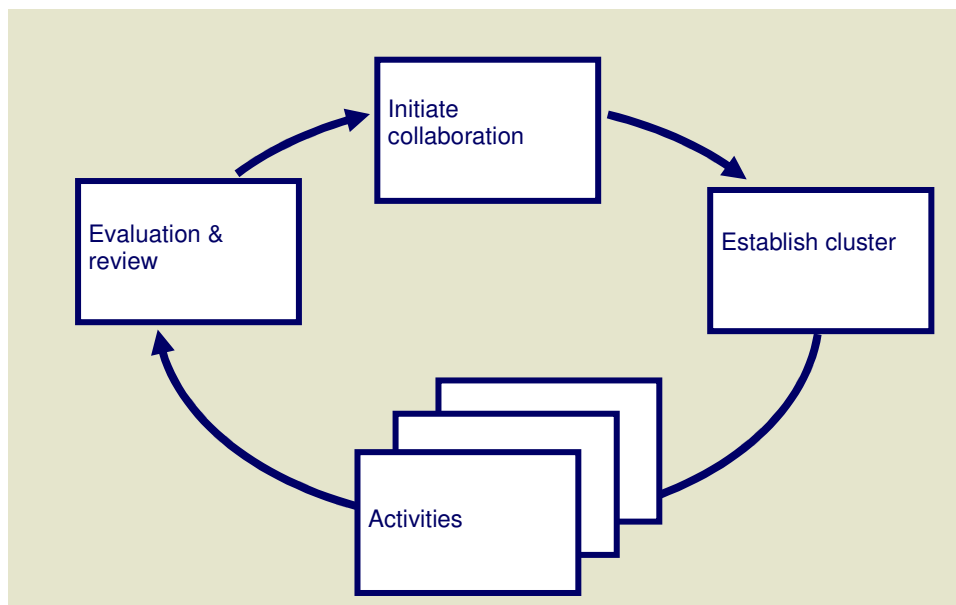
*“We should provide an ICT incubator that will focus on IP and innovation”.*

## 5.3 Initiating and establishing a cluster

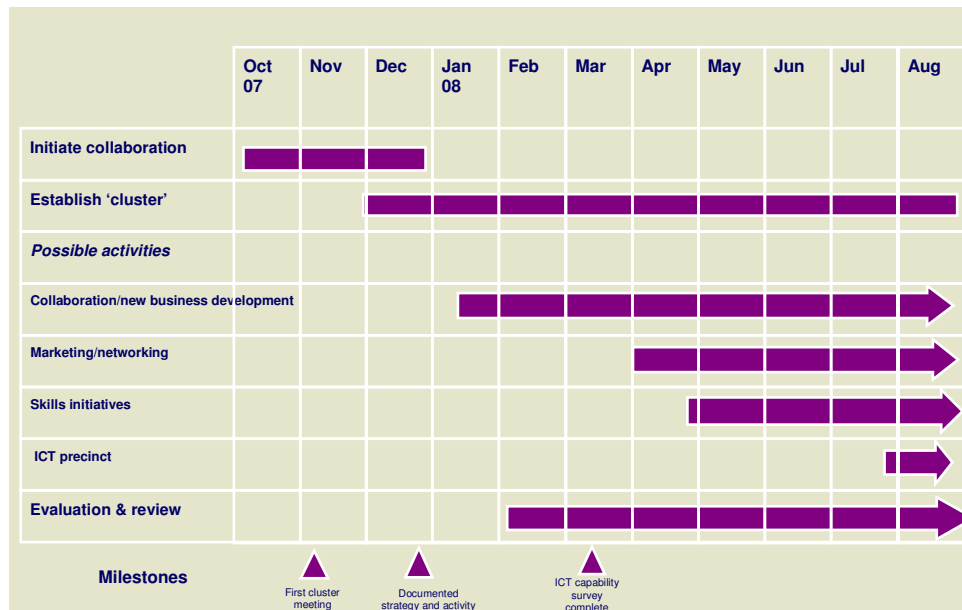
As outlined earlier, a collaborative approach to address key issues through the development of a cluster is recommended and endorsed by businesses who participated in the study.

The first key step in establishing a cluster is to develop a clear vision and governance structure. The initiation and establishment phases of cluster development are critical building blocks for future cluster activity. Evaluation and review is also important to ensure that the cluster continues to achieve relevant objectives in an effective way. Actual cluster activities can be refined by the cluster participants, and individual areas of activity could be managed through communities of interest with specific interest/expertise.

Four main phases of activity have been identified to initiate and establish a Geelong ICT cluster as outlined below. Additional detail and ‘hints and tips’ for initiating and establishing the cluster are also provided.



In terms of the first 12-18 months, the focus should be establishing a collaborative environment, building trust and communication between cluster members. In parallel, activities should be undertaken to tackle issues and opportunities that reflect ‘low hanging fruit’ – to build confidence and create momentum. The process for evaluation and review processes should be established in this phase.



Recommended key steps for initiating and establishing the cluster are outlined below, along with some 'hints and tips' where appropriate, to avoid common risks.

Specific steps for identified Activity areas need to be refined and documented in an Activity Plan by the cluster members.

### 5.3.1 Initiate collaboration (0 – 6 months)

- Confirm activities
  - Generate list of potential activity areas
    - *Involve cluster stakeholders to build consensus, prioritise activities*
  - Identify priorities and timeframes
    - *Ensure timeframes are realistic and include milestones. Recognising that 'things take time' is important – manage expectations.*
  - Discuss with key stakeholders
    - *Industry, local government, education providers, other experts*
  - Confirm resourcing requirements
    - *Realistic costing is required to ensure adequate resourcing is put into planning and activities have ongoing viability*
  - Develop outline of Activity Plan
    - *Include key dates and responsibility areas*
- Identify participants
  - Identify cluster participants – (e.g. industry, government, education institutions)

- *Need to involve a mix of participants*
  - Identify and meet with potential cluster chair to discuss roles and responsibilities
  - Identify interim facilitator/coordinator for the cluster (a permanent one could be appointed when the cluster is formally established) – potentially a combination of local government and G21 representatives.
  - Invite participants to cluster meeting
  - Prepare documentation for first cluster meeting
    - *Ensure messages and objectives are clear in documentation – reflecting a common and genuine need for action*
- Leadership group formation
  - Hold first cluster meeting – (likely to be mid Feb 2008)
  - Determine governance structure
    - *Establish cluster steering group – (6-7 participants including industry, government and education representatives)*
    - *Initiation of the cluster should be governed, in the first instance, by the Steering Group for this review – to ensure momentum and knowledge of key issues and opportunities are retained*
  - Elect a cluster chairperson
    - *Leadership capacity important*
  - Agree and assign roles and responsibilities
    - *Shared responsibility for facilitation promotes learning and provides platform for sustainability of ongoing activities*
    - *Longer-term this could involve sub-committees of areas of expertise and responsibility*
  - Distribute minutes and agreed action items
- Planning
  - Set meeting schedule
    - *e.g. bi-monthly. Meetings should be regular to maintain momentum however they must have a clear purpose and outputs*
  - Agree on cluster direction and activities
  - Develop activity timeline for discussion
  - Follow up actions before next meeting
  - Prepare more detailed Activity Plan
    - *Match timing of cluster projects with resourcing – don't try to tackle too many projects at once with limited resources*
- Obtain cluster funding
  - Identify funding available (immediate)

- Meet with funding body representatives
- Prepare proposal for initial funding
- Document approach to management and reporting of funding – include in ongoing Activity Plan as required
- Identify and allocate responsibility for development of additional funding sources beyond initial period

**Estimated resource requirement:**

Facilitator/coordinator: 15-20 days; cluster participants 0.5 day each

### 5.3.2 Establish cluster (3 – 18 months)

- Prepare memorandum of understanding (MOU)
  - Prepare draft MOU for distribution to cluster members
  - Cluster members to review
  - Modify if required
  - Cluster members to sign MOU
- Cluster strategy and vision
  - Prepare for strategy session
  - Conduct half-day strategy session with cluster members to identify goals and communication strategy. (Goals – 3-mth; 6-mth; 1, 3 and 5 year)
  - Consolidate output from strategy session
  - Distribute to cluster members for feedback
  - Finalise strategy and prioritise activities
  - Update Activity Plan as required
- Set up cluster management
  - Confirm cluster Activity Plan – responsibilities for key actions
  - Recruit cluster facilitator
  - Identify cluster members' responsibility for key activity areas
  - Establish cluster sub-groups for activity areas if required
  - Develop detailed planning for agreed priority activity areas
- Develop cluster communication strategy and branding
  - Identify core messages, activity areas
  - Develop prospectus document
  - Identify communication channels
  - Determine frequency and type of communication
    - *Regular communication about activities and achievements*

- Determine resourcing requirements
  - *Realistic planning and identification of leverage funding opportunities important*
- Assign responsibility for communication strategy
- Conduct formal cluster launch
  - Prepare materials
  - Determine location
  - Invite guest speaker – (if required)
  - Establish panel of industry representatives and interviewer – (if required)

**Estimated resource requirement:**

Facilitator/coordinator: 20 – 30 days; cluster participants 1.5 days each

### 5.3.3 Evaluation and review (ongoing)

- Establish and implement measurement and reporting processes to ensure cluster outcomes are being met and communicated

**Estimated resource requirement:**

Facilitator/coordinator: 7 days; cluster participants 1 day each

## 5.4 Possible cluster activities

A core objective of the cluster is new market development – extending the reach of ICT business beyond the region.

Communities of interest for cluster activity could be established to manage individual activity areas. These groups could be managed by a member of the cluster with support from appropriate experts/other stakeholders.

Identified priorities for cluster activities can be grouped in four main categories:

1. Promoting the value proposition of ICT in Geelong through **marketing** and **networking**:
  - Identification of ICT products and services offered by local businesses – capability survey/database/web-site
  - Sharing information about these products and services with ICT users and other ICT businesses, e.g. through guest speakers at forums, creating a local ICT businesses database, developing promotional material, strengthening links between naturally collaborative businesses.

Establishing branding is critical and may involve stages, including:

- Cluster launch:
  - unique location

- Inviting a guest speaker (e.g. industry specialist, cluster specialist, collaboration expert etc.)
- Panel of industry representatives with an interviewer
- Developing a website (inc a place for businesses to register)
- Developing a prospectus to include:
  - Clear reasons to join the cluster
  - How people can get involved – registration form etc
  - Timeline of events
  - Communication mechanisms
- Attracting entrepreneurs to Geelong – may be an early activity – as well as promoting the region to attract businesses to Geelong
- Key message is that the cluster is driven and owned by industry

2. Broadening the talent pool through **skills initiatives**:

- Developing a skills and employment opportunities database to link job seekers and ICT businesses
- Improving links between industry and education providers – industry-based learning programs, industry input to program development
- Marketing the ICT sector and the Geelong Region in Melbourne and other regional centres
- Developing secondment or job rotation opportunities with other businesses to improve retention
- Assisting business owners to develop business management skills (e.g. through seminars, workshops, training programs, mentoring by other businesses)
- Capturing and sharing knowledge through a website (e.g. sponsor people to attend conferences and bring knowledge back)
- Conducting a skill gap analysis, using outcomes to guide activities

3. **Collaboration and new business development** activities

- Build awareness of funding programs and initiatives
- Share knowledge and networks to improve access to local markets
- Establish specialist interest groups to work on individual projects in their areas of expertise (e.g. web designers, computer engineers, programmers etc.)
- Collective applications for funding – including government funds and collaborative tendering for work
  - cluster facilitator could collect tenders and disseminate to relevant businesses (gatekeeper for local funding applications)

- Industry representation to improve service delivery (e.g. faster broadband, other services)
- IT capability sharing/building knowledge of new technologies
- Support businesses to adopt new technology and build capability
  - cluster develops knowledge concerning new technologies
  - work with local businesses to build required capabilities

#### 4. Possible **ICT precinct**

- Explore options and feasibility for developing an ICT precinct - (options may include the Geelong Technology Precinct and/or Western Employment Precinct)
  - need a balance of business types in the precinct
- Could introduce a tier 1 data centre (high performance servers, hosting facilities)

The cluster needs to identify the best approaches to executing the above steps – during the initiation and establishment phases described above.

## 5.5 Next steps

It is proposed that cluster steering group replace the current G21 ICT pillar. The cluster (led by an industry chair) will maintain its links with the G21 for the purpose of overall regional strategy, joint funding submissions and other relevant shared activities.

### 5.5.1 The Steering Group

The interim steering group should be comprised of the current project steering group industry representatives:

- Express Promotions
- Radiant Systems
- Neighbourhood Cable

Plus an additional industry representative and other stakeholders:

- Fox Digital Web
- Deakin University
- Gordon Institute of TAFE
- Local government.

### 5.5.2 Responsibilities

The steering group will take responsibility for the report recommendations and execution of the proposed action plan.

### 5.5.3 Immediate actions

The steering group will complete the following short term priorities over the next 3 months:

- Prepare and submit the funding application to Multimedia Victoria – Multimedia Victoria will designate a resource that ensures the application meets all the prescribed requirements
- Work with local stakeholders to secure their involvement and possible funding commitment (cash or in-kind) for the establishment of a Geelong Regional ICT Cluster.
- Agree and develop the key branding messages and prepare for the formal cluster launch
- Develop a cluster website – the cluster website will act as a portal for people to access information and upcoming events.

### 5.5.4 Conclusion

The cluster initiative presents an exciting opportunity not only for the ICT industry and the businesses it includes, but also the wider Geelong community. In recent years, numerous successful clusters have set up across Victoria deriving tangible and intangible value for communities and industry. This cluster initiative complements the current strategy (*The Geelong Regional Plan – A Sustainable Growth Strategy*) for future growth and will assist in realising the G21 Alliance and local business objectives.

# Appendix A - Grant funding programs

Source	Name	Objectives	Process	Funding Available	Issues/notes
<b>Multimedia Victoria (MMV)</b>	ICT Linkages Funding Steam 1	The purpose of Stream 1 of the ICT Linkages Program is to provide seed funding to support the establishment of new and emerging clusters and networks.	<p>Applications will be assessed against the following criteria:</p> <ul style="list-style-type: none"> <li>Cluster objectives and outcomes</li> <li>Existing capabilities</li> <li>Attractiveness of the proposed cluster to the Victorian economy</li> <li>Strong industry support</li> <li>Sustainability</li> </ul>	Up to 50% of the costs of establishing a new cluster will be granted to a maximum of \$100,000 per cluster over a maximum of two years. Successful applicants will be required to match this funding on a dollar-for-dollar basis with financial contributions from members.	<p><b>Funding may not be used to:</b></p> <ul style="list-style-type: none"> <li>Engage or pay permanent employees (except for the provision of secretariat/administration support)</li> <li>Pay any retrospective costs</li> <li>Fund ongoing maintenance or operation costs</li> </ul> <p><b>Eligibility:</b></p> <p>Clusters must:</p> <ul style="list-style-type: none"> <li>consist of a least four participating members</li> <li>clearly identify a lead organisation</li> </ul>
<b>Multimedia Victoria (MMV)</b>	ICT Linkages Funding Steam 2	The purpose of Stream 2 of the ICT Linkages Program is to give targeted assistance to develop and implement strategies to assist existing collaborative organisations to move to the next stage of development.	<p>Applications will be assessed against the following criteria:</p> <ul style="list-style-type: none"> <li>Cluster objectives and outcomes</li> <li>Existing capabilities</li> <li>Attractiveness of the proposed cluster to the Victorian economy</li> <li>Strong industry support</li> <li>Sustainability</li> </ul>	Up to \$20,000 will be provided for each activity undertaken by a collaborative organisation up to a maximum of \$80,000 over a maximum of two years. Successful applicants will be required to match this funding on a dollar-for-dollar basis with financial contributions from members.	<p><b>Funding may not be used to:</b></p> <ul style="list-style-type: none"> <li>Engage or pay permanent employees (except for the provision of secretariat/administration support)</li> <li>Pay any retrospective costs</li> <li>Fund ongoing maintenance or operation costs</li> </ul> <p><b>Eligibility:</b></p>

Source	Name	Objectives	Process	Funding Available	Issues/notes
					Clusters must: consist of a least four participating members clearly identify a lead organisation
<b>AusIndustry</b>	Industry Cooperative Innovation Program	Provides up to 50% of eligible expenditure costs to support projects focused on strategic industry sector need.  Supports business to business cooperation on innovation projects within Australia and overseas that enhance productivity, growth and competitiveness of the Australian industry sectors.	Applications called for in publicly announced funding rounds.  Successful applicants selected on merit and compete for limited funds.	Program covers two streams of activities. Stream A (project scoping and innovation mapping), maximum funding of \$150K and projects to be completed within 18 months.  Stream B (research and development, proof of concept, innovation demonstration, and adaptation and/or innovation implementation), maximum funding of \$3m and project to be completed within three years.	Minimum of three consortium members to work cooperatively to conduct a project on behalf of and of benefit to the development of an industry sector.
<b>Business Victoria</b>	Moving Forward Package – New Regional Infrastructure Development Fund (RIDF)	Support for capital works, including better linking Victoria's regions to new opportunities in education and ICT infrastructure.	Proposal for RIDF to be submitted which needs to demonstrate the applicant's ability to meet a significant number of criteria.  All applicants will require formal support from the councils impacted by the project in regional Victoria i.e. Greater Geelong City Council.	Applicants applying for a grant greater than \$1 million are required to complete a Victorian Industry Participation Policy (VIPPP) statement which includes three reporting requirements.	Need to check if businesses can apply for this as well as councils  Note - applicants applying for grant greater than \$1 million are required to complete a Victorian Industry Participation Policy (VIPPP) statement.  Note - projects seeking fund of \$2 million or more need to

Appendix A - Grant funding programs

Source	Name	Objectives	Process	Funding Available	Issues/notes
					seek authorisation from the Minister for State and Regional Development.
<b>Business Victoria</b>	Moving Forward Package – Provincial Victoria Growth Fund	Complements the Regional Infrastructure Development Fund (RIDF) by supporting activities and projects designed to drive population, investment and business growth. There are a range of programs within this Fund.		\$100 million over 5 years Not sure of individual application limits.	To councils not businesses. Priority funding for collaborative applications, i.e. projects between two or more councils/departments/council working with business groups.
<b>Business Victoria</b>	Living Regions Living Suburbs	New and emerging opportunities designed to support initiatives promoting economic and social renewal in rural, regional and suburban communities throughout Victoria..	Contact Victoria Business Line t: 13 22 15		Not recommended for starting up a cluster. To aware, some funding used for clusters (could feed into existing clusters once established).
<b>Federal – DOTARS</b>	Regional Partnerships Program	Support for local communities to implement ideas, improve access to services, support planning and providing assistance for structural adjustment.  \$360.9 million available under the program from 2005-06 to 2008-09.	Area Consultative committees (ACCs) will rate nominated projects against the priorities identified in their strategic plans.  A single assessment of projects by DOTARS staff in Canberra, with a recommendation to Ministers.	Maximum funding of \$25,000 per project.	
<b>Business Victoria</b>	Regional Innovation Clusters Program	Aims to strengthen innovation, productivity and competitive advantage in rural and regional Victoria.	Contact Rural Technology and Innovation Unit-Regional Development Victoria. t: (+61 3) 9651 9751	4 components of assistance available depending on where the cluster is in the growth cycle.	Clusters can be established incorporated bodies, or 48 rural and regional and nine interface Councils.
<b>Business Victoria</b>	Community Regional Industry Skills Program (CRSIP)	\$5 million provided for the period 2003/4 to 2006/7 to fund CRISP business to provide targeted assistance to tackle skill shortages and create sustainable industries			Largely spent (for businesses)

Source	Name	Objectives	Process	Funding Available	Issues/notes
		and jobs across regional Victoria.			
<b>Business Victoria</b>	CRISP II	<p>A further \$5.5m provided to expand and extend CRISP business.</p> <p>The expanded program provides an additional avenue to support the enhancement of business skills, and enables municipal councils, business and community organisations to access CRISP funding to address skill needs.</p> <p>The expanded program also has a focus on maintaining the participation of mature age workers in the Victorian workforce.</p>	Discussion with Regional Development Officer or Victorian Business Centre (VBC), then submission of application.	Not specified, depends on available funding and will be influenced by the level of business/community support and the outcomes expected.	
<b>AusIndustry</b>	<p>COMET (Commercialising Emerging Technologies).</p> <p>2 funds: Management Skills Development (for individuals) &amp; Tailored Assistance for Commercialisation (TAC)</p>	COMET provides support to companies looking to grow through a commercialisation strategy but limited funds. Support is in the form of business assistance through a network of private sector Business Advisors. Merit based financial assistance is available to successful applicants.	<p>Funding provided on an ongoing basis. Application process</p> <ol style="list-style-type: none"> <li>1. Eligibility to be assessed by completing online Customer Pre-Application Checklist.</li> <li>2. If the proposal is considered to be suitable, a business adviser within the applicant's State/Territory will be in contact to determine the competitiveness of the applicant for COMET.</li> <li>3. If the applicant is considered to be competitive, the Business Advisor will assist in completing the COMET Grant Application form.</li> </ol>	<p>TAC – up to 80% of the cost of agreed activities in a TAC plan. In most cases, assistance will be between \$20,000 and \$50,000. The maximum funding available is \$100,000. Grants of over \$50,000 are likely to be awarded for applications with exceptional potential.</p> <p>Management Skills Development - up to 80% of the cost of customer participation in approved management skills development courses and up to 50% of the cost of engaging a business mentor. Maximum of \$5,000 of these combined costs will be supported.</p>	<p>Early-growth companies, spin-off companies and individuals, need a working prototype to be eligible.</p> <p>Not enough advisors in the Geelong region. Have to spend money at a level and for activities recommended by the advisor.</p> <p>Need to enter into a success fee arrangement with the business adviser between 2% and 5% of any capital raised within two years. Maximum success fee payable is \$100,000.</p>

Source	Name	Objectives	Process	Funding Available	Issues/notes
<b>AusIndustry</b>	Commercial Ready Plus	<p>Encourage growth and successful innovation in Australian companies and provide opportunities for collaboration between industry and research institution for skill development.</p> <p>Focused on small-medium sized businesses and companies controlled by university/public sector research organisations to support R&amp;D, proof of concept, early stage commercialisation.</p> <p>Educational institutions are also allowed to apply.</p>	<p>Application to be completed and submitted with mandatory attachments specified in the form.</p> <p>Note, applicant may lodge a single application or multiple applications for an eligible project (involving entire development and early-stage commercialisation of a product/service).</p>	Grants of \$50K to \$250K for projects up to 18 months in duration.	<p>Launched early Sept (next iteration of Commercial Ready program).</p> <p>For example, cluster could partner with Deakin to set up a Centre of Excellence, (e.g. creating the right kind of graduates and connecting them to businesses at the right time, retraining local people with existing skills).</p>
<b>AusIndustry</b>	Intermediary Access Program	Provide intermediary services to small-medium sized businesses which will benefit from accessing the skills, technology or knowledge needed to innovate and sustain business growth.	Contact Intermediary Access Program for details.	Financial support of up to 50% of the costs of intermediary service provider to a cap of \$50,000	Intermediary services will be provided by InnovationXchange Australia Limited (IXC) and Australian Institute for Commercialisation (AIC)
<b>AusIndustry</b>	Early stage Venture Capital Limited Partnerships Program	Increase the activity in Australian venture capital by providing a world class investment vehicle which exempts investors (limited partners) from any tax on gains made.	Application form to be submitted and lodged at any time and the Venture Capital Registration Board decides whether the applicants meet the criteria within 60 days.	Flow-through tax treatment i.e. return from any investment is tax free.	<p>Note – there are other early-stage and venture capital investment funds also available.</p> <p>For new funds only.</p>
<b>AusIndustry</b>	Innovation Investment Fund	<p>Encourages development of: new-technology businesses that can commercialise R&amp;D; a self-sustaining early stage Australian venture capital market and fund managers with experience in the early-stage venture capital industry.</p> <p>Licenses to be granted on a competitive</p>	<p>Applications called for in publicly announced funding rounds.</p> <p>Application process</p> <p>Stage 1: Application Package to be submitted and interviews with the Board/representative</p> <p>Stage 2 (if short listed): Further</p>	Government matches funding on a minimum of a 1:1 basis with private sector capital.	<p>Note – there are other early-stage and venture capital investment funds also available.</p> <p>Companies seek the investment may also wish to approach the venture capitalists who are registered</p>

Source	Name	Objectives	Process	Funding Available	Issues/notes
		basis to new and existing fund managers to invest in and offer managerial advice and support for seed, start up and early expansion stage companies who are commercialising Australian research and development.	interview, referee checks and opportunity of providing comments on model governing documents.		under AusIndustry's Pooled Development Funds Program or Venture Capital Limited Partnership Program.
<b>AusTrade</b>	New Exporter Development Program	For small-medium businesses that are new to, or have limited experience in, exporting to help them develop skills and knowledge to seek out and be ready for new opportunities.	Complete enquiry form and they contact you.	Free advice for up to 18 months to work with an advisor, export coaching to business needs and 20 hours of assistance at no charge delivered through Austrade's overseas network to a maximum of 2 markets	Applicants need to commit resources and meet various additional costs of participation, including travel and market research.
<b>Austrade</b>	Export Market Development Program	Financial assistance for current and aspiring exporters. Encourages small and medium sized Australian business to develop export markets.	Application process 1. Eligibility to be checked using the eligibility checklist. 2. Online registration form to be completed and submitted before the due date.	Reimburses up to 50% of expenses incurred on eligible export promotion activities above a \$15,000 threshold. Up to seven grants per eligible applicant.	Businesses must meet eligibility criteria, including business with first time access to the scheme need to have spent \$15,000 over two years on eligible export marketing expenses.
<b>AusIndustry</b>	R&D tax concessions	Encourage industry to undertake more R&D activities and foster innovative, competitive and export-oriented Australian industries.	Register company's R&D activities with the IR&D Board.  Claim tax concession in annual tax return.	Up to 125% tax deductions for qualified R&D expenditure.  Under certain circumstances, may claim a 175% premium deduction for additional investment in R&D.	

Source	Name	Objectives	Process	Funding Available	Issues/notes
<b>Business Victoria</b>	Access Programs	Assists companies to develop new export and partnership opportunities in USA, China, Middle East and India by offering access to office facilities and in-market support services.	<p>Victorian based companies approved by DIIRD – take forward bookings but cant guarantee space for those that haven't booked.</p> <p>Contacts:</p> <p>Access America: (03) 9651 9916</p> <p>Access China: (03) 9651 7679</p> <p>Access Middle East: (03) 9651 9825</p> <p>Access India: (03) 9651 9916</p>	Free use of desk space, support and advice in a Victorian Trade and Investment Office for 2 weeks. Subsequent to this \$250 USD per month for up to 3 months	Applicants must be Victorian-based companies entering the US, China, Middle East and Indian markets.
<b>Business Victoria</b>	Opening Doors to Export Program	<p>Supports companies to explore and develop export markets.</p> <p>Range of programs and initiatives – 2 key ones are First step exporter and Next step exporter.</p>	<p>Applications must be in collaboration with 2 or more other businesses.</p> <p>The Export Coordination Unit is the central point of contact and assistance for all Victorian Government export programs and initiatives.</p> <p><a href="http://www.business.vic.gov.au/export">www.business.vic.gov.au/export</a></p> <p>t: Victoria Business Line 13 22 15</p>	<p>Depends on the specific program.</p> <p>For example: first Step Exporter: a grant of up to \$10,000 can be used to recover 50% of eligible expenses.</p>	Companies should have export turnover of <10% of total annual \$ turnover and established for min. of 2 yrs.
<b>Multimedia Victoria (MMV)</b>	ICT Trade Fairs and Exports Assistance Program	Supports ICT businesses to attend a trade fair anywhere in the world outside Australia.	<p>A company can access the program 3 times per year. Approval provided within a week. Criteria for eligibility apply.</p> <p>Complete and submit online application form, and send supporting documentation to Multimedia Victoria.</p>	\$2.5–10K depending on type of grant applied for (5 categories).	Under-utilised at the moment.

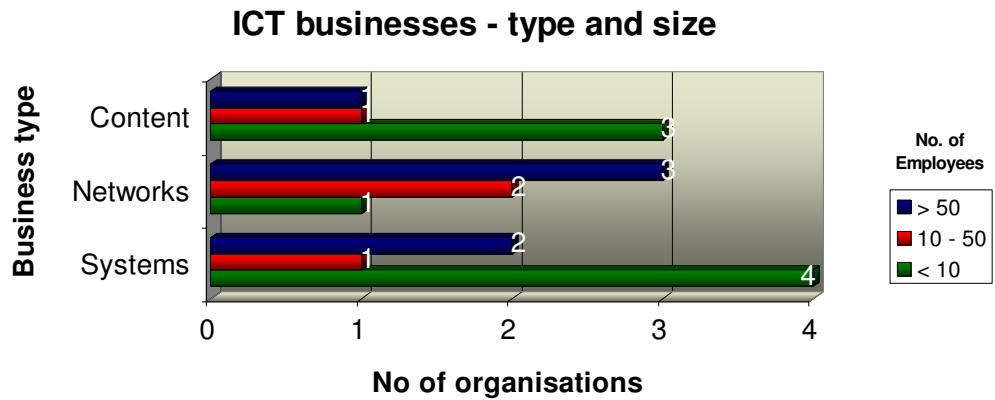
Source	Name	Objectives	Process	Funding Available	Issues/notes
<b>Multimedia Victoria (MMV)</b>	ICT Trade Events and Export Assistance Program	Facilitates export activity for Victorian ICT companies by providing financial assistance for export-ready companies to attend recognised overseas trade fairs and missions.	Contact Multimedia Victoria e: <a href="mailto:tradefairs@mmv.vic.gov.au">tradefairs@mmv.vic.gov.au</a> t: (03) 9655 1054	Depends on the categories of assistance.	
<b>Mentre®</b>	VicStart - Mentre Commercialisation and Growth Program	Offers business mentoring/coaching support and programs for SMEs as well as larger businesses.	How to apply: <a href="http://www.mentre.com.au">www.mentre.com.au</a> t: (03) 8665 5222	Intensive and personalised mentoring for 6 weeks around strategic, operational and marketing issues.	
<b>Federal government</b>	Geelong Innovation and Investment Fund	\$24 million fund to attract businesses to the region. Targeting businesses moving into the area, but not at the expense of other jobs. Assessed by state and federal government representatives.	Invest Australia is managing the funding and RDV doing a lot of the legwork/administration.  Applications to be submitted which should address the four parts outlined in the guidelines.	Provides funding for 50% of capital costs, minimum spend \$1m.	Quite strict criteria for eligibility, a lot of funding remains unspent.
<b>State – DIIRD</b>	Grow Your Business Program	Planning and management services, advice and support for Victorian firms to develop and implement strategies to become internationally competitive.	Contact Victorian Business Line t: 13 22 15	Program specific 1. Business Development Plan: grant of 50% of total project cost up to a max. of \$7500. 2. Business Strategic Review: grant of 75% of total project cost up to a max. of \$4000. 3. Group Program: subsidy of 75% of costs for group projects up to a max. of \$15,000. 4. Networks Program: subsidy of 75% up to a	Possible source for an ICT cluster. Four programs available (ranging from 4 – 15K).  Applicants should have been trading at least 12 months or trading at least 6 months with professional business plan.

Appendix A - Grant funding programs

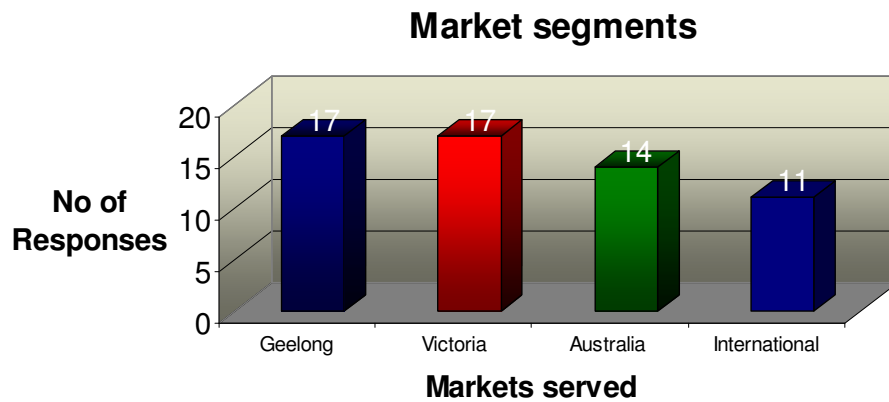
Source	Name	Objectives	Process	Funding Available	Issues/notes
				max. of \$15,000.	
<b>DIIRD</b>	Agenda for New Manufacturing	The Agenda for New Manufacturing developed as a joint action plan for Victorian manufacturers and Government and is now the Government's blueprint for driving innovation and growth in our most important industry. It is a toolbox to enhance the efficiency and effectiveness of Victorian manufacturing businesses.	Contact the Office of Manufacturing representatives.	The Agenda's programs have been designed to meet the specific needs of smaller companies. Assistance provided depends on the program.	Largely finished, some money still available. Example of good use of this is Hans Kuhl (Innovonics – optimising the use of manufacturing process using algorithms).
<b>Film Victoria</b>	Digital media funding – range of programs	Assistance for digital media practitioners for: scoping, prototyping, support, mentorship & internship and financial assistance.	Guidelines, application forms and closing dates available at <a href="http://www.film.vic.gov.au">www.film.vic.gov.au</a>	Depends on the program applied for.	



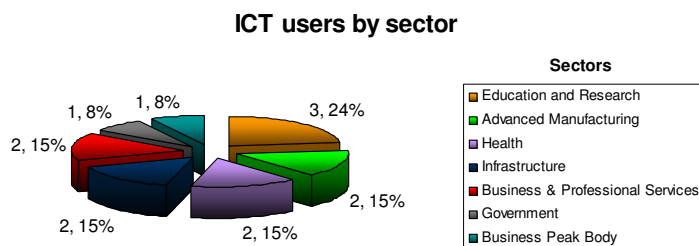
# Appendix C –Profile of interviewed businesses



Source: Deloitte Analysis



Note: 18 businesses interviewed



Note: 13 businesses participated in focus groups

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