

# NZ**Rise**

Newsletter  
Q2 2019



# Contents

Message from the Community Manager	2
Letter from Co-Chair	3
Procurement and the Emperor’s New Clothes	4
9 Rules to Interrogate Hockey Sticks	7
Tax portfolio update	8
Magnify Consulting Showcase	9
Pacific Mission to Solomon Islands and Vanuatu	10
Ever considered hiring an intern?	12
Events	13

## Join NZRise

NZRise membership is open to IT-related businesses and associations that are New Zealand owned and operated. We are responsible for representing the interests of a majority of member companies at all times - no tiers, no favouritism.

[Find out more and join NZRise](#)



### **Message from the Community Manager.**

Hello, and welcome to our new quarterly newsletter publication, which is available to our whole community, as well as our wonderful members. If you would like to be on our distribution list, please do sign up.

[Sign up to our distribution list](#)

We're also looking for guest feature article contributors, so if you'd like to write ~1200 words on something that aligns with what NZRise is all about, please reach out to me.

Cheers,

[Bronnie Scott](#)

[communitymanager@nzrise.org.nz](mailto:communitymanager@nzrise.org.nz)

Kia ora koutou,

Welcome to our new look newsletter packed with great insights for the digital technology sector in Aotearoa. Highlights include a shout out to Summer of Tech and the great work they do helping students gain invaluable work experience and creating transition opportunities into the workforce through internships. Plus serial investor Rahul's advice on how to assess whether that early stage businesses investment opportunity is just too good to be true.

NZRise was thrilled to be named in the [NZHerald's 40 most powerful](#) people in the technology scene in NZ last week - on the list at #20, sharing our spot with industry colleagues ITP and TUANZ. This recognition of our hard work advocating for improved conditions for NZ owned digital technology companies - from the TPP to copyright to government tender terms - is really welcome so soon after our recent efforts to ensure the new R&D tax incentives were beneficial for software companies.

This is also the first newsletter post Don Christie's departure from the Co-Chair role. Since



co-founding NZRise 9 years ago Don has worked tirelessly for our industry and the growth of the sector in Aotearoa. All this while growing Catalyst to become a thriving global player. We thanked Don at our recent AGM where we also welcomed Breccan as incoming Co-Chair. You can read Don's story on [how NZRise began here](#).

Final thought - I am often asked why I do this. Why I spend so much time advocating for our sector through DEDIMAG, the Digital Skills Forum, Digital

Future Aotearoa, (the fabulous charitable trust I chair) and of course NZRise? Well it's quite simple really. We live in a great country where everyone deserves to realise their potential - realising that potential needs thriving economic, social and environmental conditions to support it.

Digital technology provides a fantastic opportunity to diversify our economy, embrace our diverse culture and provide global leadership on climate challenges. This 4th industrial revolution (or whatever you choose to call it) is here and we need to move quickly to ensure our citizens can thrive - so while I have the energy this is why I do this. I suppose I could have shortcut that whole spiel with "our children are our future".

Ngā mihi,  
[Victoria MacLennan](#).  
Co-Chair, NZRise.

# Procurement and the Emperor's New Clothes

by Shane Ross



The story about the Emperor's new clothes was brought front of mind when I [reviewed](#) the proposed [4th Edition of the Government Procurement Rules](#).

On first glance – and certainly the overall statement - this latest edition of the Procurement Rules really looks to deliver some broader outcomes to New Zealand:

*“These Rules also align with the Government’s expectations that procurement can be leveraged to achieve broader outcomes. They focus on promoting public value, and include explicit requirements for agencies to incorporate or consider the priority outcomes as part of their procurement opportunities.”*

The priority outcomes are:

- increase New Zealand businesses’ access to government procurement;
- increase the size and skill level of the domestic construction sector workforce;
- improve conditions for workers in government contracts; and
- support the transition to a zero net emissions economy and assist the Government meet its goal of significant reduction in waste.

**And there are some fantastic statements in the Procurement Rules themselves:**

*“leveraging contracts to promote the transition to a net zero emissions economy, supporting New Zealand businesses, promoting skills development, and ensuring compliance with employment and health and safety standards”*

*“ensuring that those who win contracts in New Zealand can compete in the international market. This increases exports and supports New Zealand’s economic growth.”*

*“Procurement offers the opportunity to support New Zealand businesses, including Māori businesses and Pasifika businesses. Procurement can also contribute positively towards achieving environmental outcomes by supporting New Zealand’s transition to a low emissions economy or reducing waste”*

*“supports innovation and helps create a competitive, productive supply base in New Zealand – that supports economic growth and development”*

# Procurement and the Emperor's New Clothes

## It's all good stuff, until you start looking at the detail

Pretty much what the Emperor and the realm needs – economic development, export potential, focus on Maori and Pasifika, climate change and environment management. The advisors have every right to be proud of their work. Well intentioned and ticks the right boxes however the devil is in the detail.

## Opt Out

Agencies [can opt out of the procurement rules](#). Legitimately. And [in some cases they have to](#). For the New Zealand ICT industry where so much of Government ICT procurement is locked up in Secondary Procurement processes through Panel Supply and All-of-Government contracts this is a major concern. Under these agreements local ICT suppliers are not getting the transparency needed for them to prepare their businesses to meet the current and future ICT needs of Government agencies.

The trickle down effect is that they cannot reliably plan for staff development or additional employment particularly when looking at internships or [education-leaver employment](#), nor can they make plans to position themselves to [reduce the cost of bidding for work](#).

## Exemption from Open Advertising

The rules allow an [exemption from open advertising](#) (read competitive bid processes) in a number of situations. Some make sense – an emergency for example and the (sometimes lengthy) procurement of the required good or service will cause further problems. Others not so much – or more how they can and have been applied. Only one supplier is one instance. With Government agencies dominated by solutions from large multi-national vendors the local providers end up scrapping over who supplies the better implementation and configuration services – not the bigger question of if the original solution itself should be challenged.

Payroll in New Zealand is a classic example. Plenty of good local contributors not able to get a foothold against established overseas providers despite having local knowledge on local pay legislation. Another instance is where a competitive tender was issued a year ago and not fulfilled. In a world where technology and our use of it evolves daily a year is too long? Concerning too that secondary procurement – an opt out vehicle - again features as an exemption.

# Procurement and the Emperor's New Clothes

## Equal of Overseas Suppliers

Remember that focus on New Zealand business, Maori and Pasifika? Fades – a little bit like the emperor's new clothes – with the [requirement to treat suppliers from another country no less favourably than New Zealand suppliers](#). Including the wee gem of:

*Suppliers must not be discriminated against because of:*

*a) the country the goods, services or works come from*

*b) their degree of foreign ownership or foreign business affiliations.*

Admittedly there is the emphasis on the comparison of public value. One of the concerns that NZ Rise has raised in our [submission](#) is who reviews the decisions that have been made when applying the public value criteria. For some – cheapest price has historically been the definition of public value, at least when it comes to prudent Government spending.

## So...where are the clothes?

There are some really great aspects of the 4th Edition of the Procurement Rules. The focus on [Broader Outcomes](#), the [requirement to plan](#), the (recently topical) focus on [growing and supporting the construction industry](#). We can almost see the garments of fine silk and embroidery being layered on the emperor. The advisors – well intended – have created the scene well. And then it all gets horribly undone by a few sweeping clauses on opt outs, exemptions and the exclusion of preferences for local business. And NZ Rise feels like it is the boy calling out 'but mummy, the Emperor has no clothes.

*There has been lengthy discussion and debate in our community forum about procurement.*

[View the Community Forum](#)



# 9 Rules to Interrogate Hockey Sticks

a.k.a investing in companies telling you the usual scale-up story

by Rahul Watson Govindan

So how can one tell the difference between a 'good' investment vs a 'bad' one when presented with two similarly good looking forecasts?\* [This is a very heavily truncated version taken from our blog post.](#)

*TL/DR: Nothing beats asking the right questions and saying 'no' when you don't get the right answers. Move on to the next pitch. There will be plenty more to look at...*

## Rule #1:

Understand how the company operates. [How does it make its money?](#)

## Rule #3:

Understand the market. [How big is this addressable market?](#) and [What validation has the company done to answer this question?](#) Is the market timing right for the product?

## Rule #5:

Understand the founders and management team. [What is the background of the founder\(s\)?](#) What about the management team capabilities and experience - what is it, and why were they hired by the founder?

## Rule #7:

Understand the people and culture. [What, if any people and culture strategies exist in the company?](#) What is the current staff attrition rate - how often has the company had to restructure?

## Rule #9:

Be passionate about what you're investing in. [Do you genuinely care about the company you're investing in \(beyond caring about pecuniary returns\)?](#)

## Rule #2:

Understand why the company is asking for investment. Is this the first round? Ask to see the previous rounds pitch decks and ask if the targets were met.

## Rule #4:

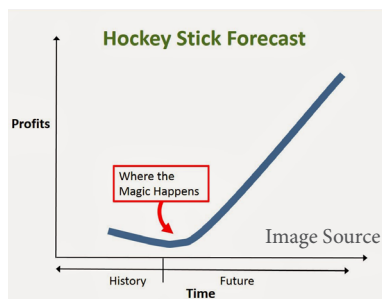
Understand why customers are buying. [Who is the target customer and why?](#) How well does the company know it's target customer?

## Rule #6:

Understand the product and/or service. What is the product/service? Who are the competitors in this space? How hard is it to replicate/ignore the product/service?

## Rule #8:

Understand the governance. Who are the advisors to the company? [How/why were they chosen?](#) [Is there enough diversity of thinking inputting into the company?](#)



\*this isn't financial advice, I'm not a finance advisor. Just my reflections on how I invest. Always seek proper financial advice from a certified advisor.



# Tax portfolio update

by Noel Reid



## R&D Tax Credits Bill

All credit to the Officials who have been open in their consultation with interested parties and sector representatives, both before and after the Bill's passing. They also set up an [online forum](#), where people with a technical interest could raise/debate points and issues.

The Select Committee that heard numerous submissions on the Bill was advised by Officials that they had intentionally removed Callaghan's "novelty" test (that's the primary enabler for "eligible" software R&D), from the Bill's definition, suggesting it would be too hard to administer. It seems possible that nobody realised the consequences of removing the "novelty" test.

The result is that most commercial software R&D is excluded, because it doesn't meet the Bill's criteria of resolving scientific or technological uncertainty. IRD's [comprehensive guidance document](#) confirms this.

Read the discussion behind our work in our

[Community Forum](#)

## Join NZRise

NZRise membership is open to IT-related businesses and associations that are New Zealand owned and operated. We are responsible for representing the interests of a majority of member companies at all times - no tiers, no favouritism.

[Find out more and join NZRise](#)

# Magnify Consulting Showcase



Magnify Consulting is an on-demand out-sourced sales and business development service that helps SMEs to grow and scale their sales while still maintaining full control and visibility of their own customer data.

We exist to give SMEs the same competitive sales advantage as large companies, by helping them to grow and scale their sales in a flexible, affordable way.

Three of the biggest challenges that owners and founders face are:

1. Growing their sales
2. Knowing when is the optimal time to hire their first salesperson
3. Developing sales capability so that they can do a great job on their sales and understand what best practise looks like for sales in their business.

They need to help grow their sales, but often don't have the resources to be able to afford a whole business development manager. With an eye on the future, they know they'll need their own business development manager at some stage, but they're often not sure how to tell when they should recruit that person.

None of our clients went into business to do sales. We're helping our clients grow their sales at a pace that works for them, within their available budget – so that they can get back to doing more of what they love.

## **Why Magnify is an NZRise member**

With several clients in the tech space, it's great to connect with NZRise. I've been bowled over by the hard-working, passionate people who really care about growing great companies and doing awesome things right here in New Zealand. The annual government procurement workshop is a wonderful bonus.

## **Have a question for Mary?**

Always happy to talk about the sales and new business opportunities you'd like to grow in your business – say hello and let's talk further over a coffee!

Check out our website  
[magnifyconsulting.co.nz/](https://magnifyconsulting.co.nz/)  
[Read our regular blog for sales and business growth ideas](#)

Email [hello@magnifyconsulting.co.nz](mailto:hello@magnifyconsulting.co.nz)

Mobile 027 578 1920

[Connect with Mary on LinkedIn](#)

# Pacific Mission to Solomon Islands and Vanuatu

by Breccan McLeod-Lundy



Rt Hon Winston Peters and consisted of 10 MPs. It was also a fascinating look into how well respected New Zealand is at a political level across the region. I think some credit must be given to all the politicians on the trip for contributing to New Zealand's reputation in the region.

Although it was a cross-party delegation everyone was explicit that New Zealand's role and aid in the pacific is not a partisan issue and avoided bringing any of the domestic political disagreements they might have on the trip with them. Although some top level policy and direction might change this firm commitment to the region across all parties has contributed dramatically to how well we are thought of.

## Background

During June, I was part of the New Zealand mission to Melanesia visiting Solomon Islands and Vanuatu. Both countries are major targets of the New Zealand Aid Programme, with New Zealand involvement and support in areas ranging from police training to tourism. The reception in both countries was very friendly and showed there will be opportunities for New Zealand businesses to engage over the coming years either as part of the aid programmes or directly as the economies develop.

One of the most interesting parts of the trip was the delegation itself which was lead by



# Pacific Mission to Solomon Islands and Vanuatu

The trip was valuable in terms of all the connections built both in country and between the group itself. New Zealand presents itself well and is well-liked. The parliamentary delegation in particular worked hard to present as a single group from New Zealand rather than letting any of the disagreements they may have domestically show.

As a business delegate I found it useful. The main thing for any others approached for a similar trip to be aware of is that the schedule is hard to keep to, and although there are a couple of gaps set up which you can theoretically book your own meetings into, it's pretty hard in practice to actually pull that off. I have suggested something like a business speed dating event next time around so that the meetings can be centrally managed rather than delegates trying to sort out emergency internet connectivity to rebook a meeting when they realise the schedule has slipped.

Overall it was a hugely worthwhile trip in terms of connections built and for giving me some time on ground and experiences of things that would otherwise be hard to access. For those interested in specifics I've followed this message up with a couple of posts on the countries we visited, the [Solomon Islands](#) and [Vanuatu](#).



# Ever considered hiring an intern?

## SUMMER OF TECH

*"It is a fantastic programme and we really enjoy being involved." - Westpac*

Summer of Tech is a not-for-profit that helps tertiary students kick start their careers by placing them in paid summer internships.

The process starts at the beginning of the academic year, when students create a profile including their CV, academic record, and their proficiency across 170 skills. The students have a very wide variety of experience - software development, test, design, business analysis, data science / analytics, HR, marketing, etc.

### Important information for interested employers



\$500 registration fee

Networking event  
9 September - Auckland  
12 September - Wellington

Then...

Speed interviews a week later  
Hiring decisions completed  
by 2 October

\$1250 placement fee



- Access to over 1200 profiles
- Internship runs November - February
- 2018 average wage offered was \$24/hour
- 83% of students stayed with the employer - they're that good!

Contact Trent Mankelow [trent@summeroftech.co.nz](mailto:trent@summeroftech.co.nz) for more info.

Register for Summer of Tech

# An Evening with the Chief Censor



We recently hosted David Shanks, our Chief Censor where an open and frank discussion took place on the fallout from the Christchurch terror attacks, the ongoing challenges of a digital world, and how the Office of Film and Literature Classification can no longer rely on a steady income from porn DVDs. Our friends from Access Granted recorded it, and you can listen to the hour long, unedited conversation on their website.

[Listen to the recording](#)

## Upcoming events



Festival for the Future,  
Wellington, 26-28 July

[www.festivalforthefuture.org.nz](http://www.festivalforthefuture.org.nz)



Canterbury Tech monthly event on  
Digital Technologies,  
Christchurch, 13 August

[canterburytech.nz](http://canterburytech.nz)



Workforce inclusion and diversity con-  
ference, Auckland, 28-29 August

[wdni-nz.avededge.com](http://wdni-nz.avededge.com)



Canterbury Tech Summit,  
Christchurch, 12 Sept

[www.techsummit.nz/](http://www.techsummit.nz/)



Cyber Security Summit, Wellington, 16 Oct

[www.conferenz.co.nz](http://www.conferenz.co.nz)



MobileTECH Ag 2020, Rotorua, 7-8 April 2020

[mobiletech.events/](http://mobiletech.events/)

Do you have an event you'd like listed? Send the details to [communitymanager@nzrise.org.nz](mailto:communitymanager@nzrise.org.nz)



# Upcoming NZRise Events

NZ Rise has secured speakers for the following three events planned for the months of August, September and November 2019:

- MBIE – 4th Edition of the Procurement Rules. What it means for New Zealand businesses and how you can use to rules to improve your Government procurement activities. Targeting Wednesday 28th August. 4:30pm through to 6:30pm including registration and networking.
- Diversity in ICT. The value of increasing Maori and Pasifika representation in ICT, and what can be done to encourage more Maori and Pasifika people to consider a career in ICT. Targeting Wednesday 18th September. 4:30pm through to 6:30pm including registration and networking.
- Government CIO viewpoints on procuring from New Zealand owned businesses. What do Government CIO's focus on when procuring from New Zealand owned businesses. Where are the perceived risks and what can New Zealand owned business do to mitigate these. Targeting Wednesday 6th November. 4:30pm through to 6:30pm including registration and networking.

Invites are being sent over the next few weeks, starting with the MBIE August 28th event. We will look to enable remote access to the events as well.

For now – Book these dates in your diary. Formal invites with registration options will follow soon.

# NZRise



# NZ**Rise**

Newsletter  
Q2 2019

