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A Message from the Premier

The South Australian Government congratulates the Technology Industry Association for preparing its five-year Strategic Plan for this innovative industry in our State.

The plan recognises that, in an increasingly globalised market, worldwide technology advances are evolving at unprecedented levels in virtually all areas of commerce, industry, government and through the wider community.

In South Australia, the technology sector has the capacity to contribute to the State's future economic prosperity through the generation of new business opportunities. These includes areas as diverse as defence, transport, mining, mobile and satellite communications, digital media, finance, health, education, transport, internet, entertainment, energy and the environment.

Established in September 2009, the TIA brings together the former Electronics Industry Association and ICT Council of South Australia, a merger facilitated by the South Australian Government.

The industry now has a broader representative body that is capable of leading the implementation of the Strategic Plan, and working with government to create new opportunities in areas such as clean technology, advanced manufacturing and knowledge-intensive services.

I also commend the TIA on continuing to organise and promote industry careers campaigns, in partnership with its members, for school students across the State.

Tomorrow's technologies will be developed by the best and brightest of today, and it is vital that they are able to embark on rewarding career paths in South Australia's innovative industries.

I commend the TIA's five-year Strategic Plan to the technology industry, and I encourage all involved in the sector to support their association to carry the plan forward.



Mike Rann
Premier of South Australia
Minister for Economic Development



Message from the President and CEO



The Technology Industry Association Five Year Strategic Plan encapsulates the Association's commitment to create a collaborative environment in which technology companies and organisations can grow and prosper.

We acknowledge the efforts of the TIA Board, government, education and industry members and all the stakeholders who have contributed to the development this strategic plan.

This document represents a blueprint that will enable the technology industry to achieve its optimum potential over the next five years.

A vibrant South Australian technology industry is vital to achieve economic growth, increase exports and create employment growth and in turn contribute significantly to the economic growth of this State.

Five focus areas have been identified in this plan that will enable the South Australian technology industry to achieve strong and sustained growth;

1. IP Development, Protection and Commercialisation
2. Skilled workforce Development
3. Export Development
4. Business Sustainability and Green Initiatives
5. Investment / Venture Capital Availability



It is relevant to note that the Technology Industry Association merged with the ICT Council in September 2008 creating an industry body representing electronics, digital media, telecommunications and ICT technology companies. We mention this because strategic plans for the electronics industry had been previously developed but not for the collective wider technology industry.

This plan is a dynamic document and during the next five years will require updates and monitoring. We welcome and invite ongoing input and would like to issue an open invitation to contact the Association at any time with ideas, feedback and or suggestions.

Peter Charlesworth
President
TIA

Steve Adcock
CEO
TIA

(Peter Charlesworth was the Association President during the development phase of this plan.)



The Importance and Role of Government

South Australia is a regional economy whose natural comparative advantages are wheat, wine, wool and mining. These industries by their nature are capital rather than labour intensive and consequently to maintain the high levels of employment required to support a city of over a million people alternate sources of employment need to be identified. Historically this employment has been provided by the manufacturing industry from the days of the Playford government.

With the globalisation and commoditisation of business these manufacturing industries have become less internationally competitive and many have consequently moved off shore, meaning alternate sources of employment need to be identified and implemented.

In addition, with the consolidation and globalisation of business, many of the State and head office functions formally housed within the State have moved interstate or overseas.

A consequence of these facts of life is that the South Australian economy is largely driven by small business, and in the Technology Sector this means we are heavily dependent on new companies with innovative ideas which can be developed and commercialised allowing the company to grow.

Existing companies need to similarly be innovative to protect their market niches and generate economic activity.

There is a clear role here for Government to work with the Industry to identify and encourage such companies in South Australia.

Another consequence of these structural changes is that the State and Federal Governments are disproportionately large players within the State economy and the State is also very directly effected by changes in Federal Government policy and acquisition decisions.

The implication of these factors is that it is imperative that the industry has an effective, supportive and influential relationship at both State and Federal levels of Government.

At a Federal level this includes effective communication with both political and public service sectors with a view to ensuring that industry development and specific business opportunities are realised for South Australia.

At State level the relationship needs to be effective in a multi dimensional fashion since the Government has interaction with the industry from a development, skills and provision of infrastructure point of view.

The State Government is also a major consumer of the technology industries' intellectual property and services.

The State Government is a major stakeholder in the success of the technology industry.

At a local Government level it is important that the industry engages effectively from the point of view of business development, planning, local business and community. Without successful engagement with Government at all levels, the ability of the technology industry to grow and prosper would be compromised.

The Technology Industry Association (TIA) is pleased to report that our engagement at all levels of government is developing at a rapid pace.



Strategic Plan Overview

This five year strategic plan is aimed at assisting the dynamic South Australian \$7.5 billion electronics, digital media, telecommunications and ICT industry to continue to grow and prosper both domestically and in terms of export.

Strong and sustained export growth has been characteristic of this industry since it first began. Domestic demand is not sufficient to sustain this industry, particularly the manufacturing component, therefore stimulating growth in export markets will continue to be a key strategy in achieving growth.

There are more than 1,200 technology companies / organisations in South Australia, employing more than 30,000 people. The majority of these are small companies employing more than ten staff, medium size companies account for the second largest sector employing between 10 and 100 staff while about 20 large companies employ more than 100 staff.

Collectively these companies can achieve more by working together and can benefit from a central axis. Having an industry champion such as the TIA enables this axis to be set in motion to enable collaboration and identification of opportunities.

The strategies contained in this five year strategic plan outline the framework required to achieve and stimulate industry growth. It outlines exactly what is required from companies, government, industry bodies, academia and investors to achieve growth.

This is the third strategic plan for the electronics sector of the technology industry but the first strategic plan that also encompasses digital media, telecommunications and ICT sections of the industry.





In previous plans, ten strategies were identified as being paramount for growth of the South Australian electronics industry. Now that the industry sector has been broadened it has been agreed to narrow strategic development to five focus areas namely:

1. IP Development, Protection and Commercialisation
2. Skilled Workforce Development
3. Export Development
4. Business Sustainability and Green Initiatives
5. Investment / Venture Capital Availability

The TIA will act as the caretaker and champion of this plan and where appropriate and possible will utilise Association resources to implement key strategies. On the whole though, the Association will collaborate and drive external stakeholders to action and execute initiatives.

A very good example of areas that the TIA will focus on within the strategic plan, relate to skilled workforce development and export development. These focus areas were also identified in the previous two strategic plans. As a result, the Association has dedicated staff and financial resources in these areas and has achieved many milestones on behalf of the technology industry. It makes sense to utilise these resources to continue to drive the implementation of skills and export related strategies that will impact growth of the South Australian technology industry.

Two of the remaining three focus areas of the strategic plan are new in terms of being identified as requiring high level State based actions for the benefit of a broader technology industry. Some excellent progress regarding these areas has been made in various ways and the Association aims to capitalise on their impetus by introducing very measurable and specific actions.

It is relevant to note that Green Manufacturing was a key focus area within EIA's Ten Year Strategic Plan. Many milestones have been achieved in this area with the major one being establishing an ongoing partnership with the State Government and signing a joint industry government Environmental Sector Agreement.

South Australian Technology Industry Today



The South Australian technology industry has demonstrated sustainable growth for over a decade in both employee numbers and revenue. This has largely been driven by an increase in exports but has been bolstered by electronics company purchases being made by other South Australian electronics companies rather than overseas owned companies. Examples of South Australian technology based company purchases include:

- Codan purchase of Minelab
- BAE Systems purchase of Tenix
- Legend Corporation purchase of Hendon Semi Conductors



Many South Australian companies continue to operate successful technology manufacturing enterprises, providing sustainable employment opportunities and unique economic growth for the State. Examples of South Australian technology manufacturers are:

- REDARC Electronics – electronic voltage converters
- Codan - high frequency radio, satellite radio subsystems
- Minelab Electronics – metal and mine detectors
- Robway Crane Safety Systems – Winch monitoring, fleet management, crane safety equipment
- Legend Corporation – memory for information technology applications
- Entech – printed circuit boards, pcb assemblies, membrane keyboards, overlays and decals

A unique characteristic of South Australia's technology industry is that it is home to the largest defence cluster of any State in Australia. Many defence spin off companies have originated in South Australia as a result. Another benefit of having a booming defence sector is the out-sourced projects on offer.

SAGE Automation can demonstrate a good example of a defence sector related business benefit. During August, 2010 SAGE started building the first of 500 control panels that will co-ordinate the essential systems of Australia's \$8 billion Air Warfare Destroyers. This is just one of many technology businesses to benefit from South Australia's defence cluster. In terms of what constitutes South Australia's defence cluster it is home to the Asia Pacific headquarters for a range of significant defence companies including Raytheon Australia, Saab Systems and BAE Systems.

South Australia's innovative technology industry also includes digital media companies that are renowned for their world class, leading edge development of applications. These companies include People's Republic of Animation, Imagination Entertainment, Rising Sun Pictures, Enabled, Kojo Interactive – just to name a handful of companies.

During August, 2010 Ian Cope from Rising Sun Pictures (RSP) was one of the presenters at the TIA annual career evening. Mr Cope addressed a record attendance of more than 400 guests at this event, where he showcased a montage of movie clips that RSP have created visual effects for including Harry Potter movies, Superman, Wolverine, Charlotte's Web and many more.



RSP is the only independent Australian visual effects company dedicated solely to feature films. RSP's services offer the advantage of being able to email their work to clients overseas overnight SA Time but early morning in the US.

Every year new digital media start up companies emerge in South Australia. Usually small companies, they are instigated by one or two individuals with a brilliant concept and crave mentoring assistance to commercialise their idea. Fortunately South Australia has a range of practical advice assistance to take advantage of fledgling intellectual property. A very good example of one of these services is the MEGA (Mobile Enterprise Growth Alliance) program that helps leverage an existing talent pool and attract new players. It offers a series of intensive business related workshops and mentoring to accelerate participants' ability to be market ready.

Another vibrant facet of the South Australian technology industry comprises ICT companies. Some of the better known company names include NEC, Fujitsu, Hostworks, Vectra, Datanet, Blue Crystal Solutions, DWS Advanced Business Solutions and Innodex. ICT companies are increasingly converging with other industry streams in the same way that electronics companies are. The expansion of defence contracts has also led to a very South Australian centre of ICT opportunity.

Some excellent examples of smaller but extremely innovative South Australian ICT companies include Code House (payroll and accounting software), Zarloc (web based rostering system), ACG Global (online business performance management) and Jumbo Vision (large screen information systems). These companies have created unique technologies for education, automotive, food and entertainment organisations that demonstrate the rich talent pool of ICT innovation that South Australia harbours.

The last but by no means smallest or least important facet of the South Australian technology industry encompasses is telecommunications. One of the main reasons for South Australia being home to key telecommunication companies of Adam and Internode rests with the state's geographical location. With little threat from natural disasters suffered by other states in Australia, South Australia represents a safe haven for data storage facilities – a key consideration for telecommunication companies.

Internode has a multi million data facility in Franklin Street having spent \$10 million since 2003 in establishing and upgrading this valuable data centre. Adam Internet also owns an impressive facility having spent \$6 million on its data centre at Mile End and is looking towards expansion.

A new venture in the South Australian telecommunications space is Tier 5. This company is developing modular server farms that can be scaled up or down or transported. Located in the former home of car maker Mitsubishi, Tier 5 is developing prototypes that will have a steady supply of industrial strength power to keep businesses turning over.

South Australian Technology Industry Tomorrow



Identification of the five focus areas that will maximize the opportunity for growth of the South Australian technology industry has created the framework for delivering a more competitive, productive and innovative sector.

The realisation of the successful implementation of the actions associated with the five focus areas of this Strategic Plan will result in the following outcomes for industry;

- Intellectual property; opportunities registry; professional development provision and paths to market enhancement
- An increase in skilled workers with appropriate qualifications and experience
- Significant increase in export income
- Realisation of energy savings to business and identification of green opportunities
- Competitive manufacturing businesses
- Financial incentives to attract SME's to South Australia
- Weighting towards South Australian based companies bidding for government tenders and contracts
- Investment support for SME's that fall outside venture capital criteria

The South Australian technology industry is highly competitive, vibrant and innovative and benefits from strong commercialisation of research and ideas. Design, invention and the generation of intellectual property (IP) is a major catalyst of the technology industry in South Australia and must be nurtured and grown. Creating opportunities for new and existing companies to understand the legal intricacies surrounding intellectual property will be a key focus for the industry during the next five years.

One of the most exciting IP aspects that will be examined for the technology industry with

this plan involves exploring the excellent work already achieved in this area interstate. If appropriate and relevant this can then be replicated in South Australia, thus fast tracking much of the work by capitalising on legal hard yards already undertaken.

At the time of launching this report, South Australia is leading the country in cutting greenhouse gas emissions in the technology sector. Technology companies are responding to this challenge for a number of reasons. One factor is that sustainable businesses seek to lower costs and improve profits by continually increasing efficiency and reducing waste. The strong link between this and its positive effect on the reduction of greenhouse gas emissions is a key focus for an increasing number of technology companies to embrace green initiatives over the next five years.

By positioning South Australia as the leader in green manufacturing we can use it for a short to medium term competitive advantage. In any case a proactive approach is necessary to ensure the technology industry in South Australia can adequately address environmental legislative requirements.

In order for the South Australian technology industry to grow, it is imperative that there are sufficient people with the appropriate skills and qualifications, at the right levels and in the correct fields. Currently this is not the case and the shortage of skilled technology workers in professional and paraprofessional areas is severe enough to warrant importation from interstate and overseas.

Realising increased and more transparent investment support for this industry in addition to favourable access to government tenders will also have an impact on the growth of this industry.



Links with South Australia's State Strategic Plan

During 2008 the predecessor of the TIA, the Electronics Industry Association (EIA) entered into a non binding alliance agreement with the State Government regarding the State Strategic Plan.

The spirit and intent of the alliance agreement was for the EIA to support achievement of one or more targets of the State Strategic Plan. Specifically the EIA agreed to support achievement of the objectives listed below. Subsequent follow up discussions under the TIA banner have occurred whereby a continuation of the initial Alliance Agreement has been extended.

Objective 1 Growing Prosperity

- T1.1 Economic growth
- T1.2 Competitive business climate
- T1.5 Business Investment
- T1.14 Total Exports

Objective 3 Attaining Sustainability

- T3.5 Greenhouse gas emissions reduction
- T3.12 Renewable energy

Objective 4 Fostering Creativity and Innovation

- T4.1 Creative industries
- T4.6 Commercialisation of research
- T4.7 Business innovation

Objective 6 Expanding Opportunity

- T6.16 SACE or equivalent
- T6.17 Science and maths
- T6.20 Higher education



Focus Area One: Intellectual Property

Wealth from Innovation

– Intellectual Property (IP) Development, Protection and Commercialisation

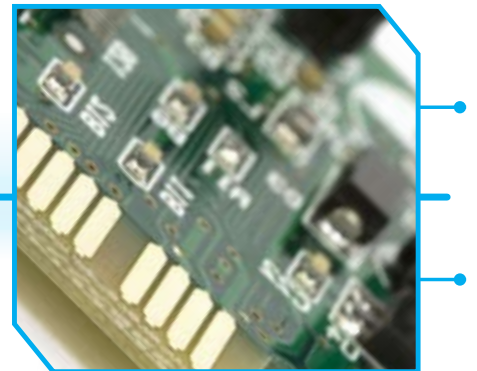
With the globalisation and commoditisation of the technology industry there has been a fundamental shift away from manufacturing, in the case of the electronics sub sector of the industry, and bespoke software development in the IT space. As a consequence, the development, protection and commercialisation of IP has become even more strategically important to the State of South Australia.

South Australia has a history, current capability and reputation for innovative IP development. This development is across a wide range of sectors of the technology industry from electronics design through to the development of digital content in a mobile environment.

IP of itself does not produce wealth but rather represents an opportunity to commercialise and consequently generate wealth for the South Australian economy. IP can be developed from any one of a number of sources; be that from within research in one of the tertiary institutions, a small business with an idea to the larger companies through their engineering teams. South Australia is recognised as having a good environment for developing new IP.

Once identified it is important that a strategy is developed for the fledging IP – be that patent protection, first to market or remaining low profile until a market position is established.

In order for the industry to realise the potential of this IP it must be commercialised so that the economic benefits return to the State.





Strategy One

Recognition of innovative opportunities

– IP Identification and Development

- To identify and catalogue items of IP from within the tertiary research sector
- To identify IP from within the South Australian small business sector
- To identify grants and rebates available for research and development of IP
- To identify opportunities to collaborate to develop new pieces of IP
- Provide mechanisms of collaboration between Research and Development Institutions and industry

Strategy Two

Securing Commercial Advantage

– IP Protection

- To provide consulting advice to the owners of IP as to the correct IP protection strategy for each item of IP
- To contribute to the professional development of technology industry personnel regarding IP legal requirements and IP opportunities
- Distributing information published by the Federal Government
- Conduct IP training and consultations
- Collaborating with university personnel regarding IP issues and impacts
- Provide mechanisms of collaboration between Research and Development Institutions and industry

Strategy Three

Delivering Economic Benefits

– IP Commercialisation

- To identify sources of Government, Venture Capital and other sources of funding and support for the commercialisation of IP
- To provide paths to market be that through physical trade or via the internet
- To facilitate IP Clusters to research and share ideas relative to engineering, investment sources/access, marketing, sales and politics
- To identify sources of investment funding
- To provide access to paths to market



Focus Area Two

Skilled Workforce Development

Building a Skilled Workforce

In order for the South Australian technology industry to grow, it is imperative that we have enough people with the skills and qualifications, at the right levels and in the right fields. This is currently not the case.

This is due to many factors but the most fundamental reason is that the number of year 12 high school maths and science students wanting to study a tertiary course that will gain them a technology career opportunity is not sufficient to meet the number of jobs available.

The long term solution to this problem requires visionary thinking and a systemic concerted whole of community strategy and implementation plan over a very long time frame.

Getting year 12 graduates to choose TAFE or University paths to the industry requires a four to seven year planning horizon. Getting year 10 students to choose STEM (Science, Technology, Engineering and Maths) options in their SACE (South Australian Certificate of Education) choices, will only provide skilled qualified people in seven to ten years.

The seeds of the students subject and career decisions, in fact, can be traced back to primary school, where inquisitiveness and rigorous problem solving should be fostered.

The three key influences on students for career and subject choices are parents, teachers and peers.

Our strategies are focused in these areas.

Strategy One

Attracting Students

Supply information to school students, graduate engineers and post graduate engineers, undergraduate university students and TAFE paraprofessional students regarding opportunities within the technology industry.

Align with the whole of Government STEM Strategy, including the Government stakeholders of Department for Education and Children's Services, Department Further Education Employment Science and Technology and Department of Trade and Economic Development.

Strategy Two

Empowering Teachers

Contribute to the professional development of teachers and career counsellors to enhance their access to teaching resources, industry contacts and knowledge of industry projects.

Provide advice to government, industry and educators regarding the need to maintain the highest levels of technology skills in the training and professional development of teachers.

Strategy Three

Communicating the Benefits – Parents and the Community

Raise the awareness of parents and the community of technology career benefits and opportunities.



Getting year 12 graduates to choose TAFE or University paths to the industry requires a four to seven year planning horizon.

Focus Area Three

Export Growth

Export Growth

Technology industry exports from South Australia make a significant contribution to the state's economy. The technology sector is a major industrial pillar in the South Australian economy, exporting more than the wheat, petroleum, and wool sectors. It provides core business solutions leading to productivity gains for other industries such as mining and transport. It is a major industry in its own right, exporting products and services to the world worth over \$1 billion pa. Technology exports from South Australian companies have risen by over 40% since 2005. The Government's projection is for revenue from technology exports to be of the order of \$1.7 - \$2.0B by 2014.

The Global Market

A number of key trends are driving technology sales globally, and the tech sector in South Australia must be positioned to capitalise on expanding markets within Australia and overseas. As demand and revenue from domestic sources is stabilising, export markets offer a supplementary revenue stream providing growth opportunities and acting as a shield against any downturn in Australia.

The Defence and Security markets represents a significant opportunity for our experienced South Australian defence sector companies. The 2009 budget for the US Department of Defense was \$515.4 billion. The Obama administration has allocated \$786 billion to spending to lead the recovery of the US Economy. China offers enormous opportunities flowing from the Government Stimulus Package of 4 trillion yuan (US\$580 billion) on infrastructure.

In general, the global technology market boasts growth fuelled by:

- The need for enterprise economy and efficiency driven by rising input costs and the GFC
- Greater attention to environmental, security, health and education issues driving demand for applications in these areas
- Government stimulus spending on infrastructure
- Growth in mobile phone ownership
- The empowerment of communities (eg self serve and on-line connectivity)
- New platforms demanding new applications (such as mobility, Web 2.0, increased availability of broadband, IPv6)
- Increased wealth and therefore market size, in India, China and the former Soviet Union and new functioning democracies bringing some 2-3 billion new users on line
- Ubiquitous Internet, providing a platform for cloud computing with web based applications utilising new network technology and greater bandwidth





Strategies

The SA technology sector should target segments with above average growth, or enter and grow markets where we have an edge through relationships and introductions. These export growth destinations/markets have been identified as follows: USA infrastructure, China, defence and security, and global entertainment and mobile applications.

1. USA Infrastructure Market

Assist companies interested in targeting US growth sectors of health, green technology, transport and education.

2. China Market

Continuing to promote engagement with Chinese businesses including market entry via Hong Kong. Provide direct representation into mainland China.

3. Defence and Security

Provide a structured approach to enter and grow defence and security markets.

4. Entertainment and Mobile Phone Technologies

Develop a series of sales-focussed business development activities to increase market awareness and export sales



Focus Area Four

The Environment and Advanced Manufacturing

Business Sustainability, the Environment and Advanced Manufacturing

Business sustainability, the environment and advanced manufacturing are key to the future of the Electronics and ICT industry for a number of reasons.

Sustainable businesses seek to lower costs and improve profits by continually increasing efficiency and reducing waste. The environment, CleanTech, sustainability, SmartGrid and sustainability spaces offer significant opportunities for business growth. These areas, together with more conventional IP development, offer the State significant opportunity for Advanced Manufacturing. Incorporating international world class manufacturing is now a key part of the technology industry's international competitiveness. There remains opportunity for high tech manufacturing in SA, where the process is capital intensive, highly specialised, new or involves low labour input.

Strategy One

Business Sustainability and Market Growth

Work with Governments to provide resources and knowledge to technology businesses to trial and demonstrate the commercial benefit in energy savings and alternate energy, reduction of greenhouse gas emissions, innovation and waste reduction.

Identify opportunities that stem from national and international activity on green practices such as CleanTech, energy efficient transportation, SmartGrid energy usage, alternate energy sources and similar innovation.

Strategy Two

Global Manufacturing

Capitalise on South Australian internationally competitive technology manufacturing businesses Connect South Australian manufacturing businesses to internationally competitive lower value, higher volume businesses.





Focus Area Five

Investment & Venture Capital

Investment/Venture Capital Availability

The Investment/Venture capital market in South Australia is limited. South Australian companies have difficulty accessing capital markets on the east coast of Australia and overseas. This has been identified as an issue by SA Government over a number of years through the Economic Development Board and through the establishment of the former Venture Capital Board. Companies seeking to grow seek capital from Private Equity Fund Managers, Venture Capital Fund Managers or business angels.

Often potential investors do not understand the markets involved, especially in software, internet and mobile opportunities.

Many start up companies are not aware of available sources of funds and the requirements of these investors.

Some start ups are more concerned to identify investors and seek an exit strategy than building a viable business in the first place.

Strategy One

Attracting Investment Capital

Investigate the prospect of providing financial incentives to attract technology SME's to South Australia.

Initiate dialogue with State Government regarding the feasibility of providing weighting towards South Australian based companies bidding for Government tenders and contracts.

Investigate the viability of investment support for SME's that fall outside the criteria of venture capital companies.

Strategy Two

Linking Investment Capital

Provide links to sources of funding nationally and internationally linking investors and investees seeking financial partners.

Increase awareness of programs to support capital raising and capital providers.

Assist investment groups with market intelligence and assessment to facilitate derisking investments.

Develop methodologies for partnering larger member businesses with earlier stage businesses to expand commercialisation outcomes.



About the Technology Industry Association

The Technology Industry Association (TIA) is the peak body in South Australia representing the \$7.5 billion technology industry. TIA is a non-profit, member based organisation that delivers tailored networking events, special interest groups, business advice and lobbying opportunities.

Facilitating the technology industry to thrive both domestically and internationally is of prime concern to the TIA. The activities of this industry have a flow on impact to the economic prosperity of South Australia in terms of employment, future growth and social well being. In this sense TIA serves not only the technology industry but also the wider community who benefit from having a home grown flourishing high tech industry.

Currently the technology industry employs around 30,000 people in 1,200 companies and generates \$1.3 billion in export revenue. TIA is committed to enabling this dynamic industry to increase in size and has a mandate to ensure it lobbies government, other industry bodies and institutions.

Any registered business, trade association or government entity is eligible to join TIA. You don't need to operate within the technology sector to benefit from membership and you won't be alone. Many TIA members are service providers or government departments who simply want to find out more about this dynamic industry.

Further information

For more information about this document, the TIA or the South Australian technology industry please contact:

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Comments

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