

A Digital Cluster Initiative

BNZ and Zeald are partnering to develop three digital clusters of New Zealand businesses, as a pilot. This work reflects BNZ's commitment to help the communities in which we operate prosper and Zeald's aspiration to help Kiwi businesses and communities thrive digitally. This initiative is part of BNZ's and Zeald's commitments as founding members of the Digital Boost Alliance Aotearoa, and comes from a shared vision of improved economic development in New Zealand, through digital transformation.

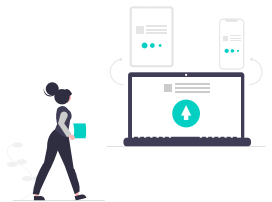
The digital opportunity

Since March 2020 there has been a seismic shift in consumer behaviour, with big increases in ecommerce and online shopping. The use of digital tools in work and home life has also grown strongly – digital adoption surged ahead by the equivalent of five years in a few short months because of lockdowns.

The benefits of adopting digital technologies are immense. These tools allow businesses to improve

productivity through innovation and automation and to grow into new markets outside their geographic area. As demonstrated in lockdown, by being open for business 24/7/365, online businesses are also more resilient.

Businesses that lack the capability to engage with customers and suppliers online risk becoming uncompetitive and shut out of rapidly changing markets. As digital transformation gathers pace, slow adoption by some businesses runs the risk of creating a “two-speed economy” that worsens inequality.



Business clusters and regional development

Clusters are groups of interconnected businesses, suppliers and associated institutions that collaborate to solve common problems and benefit from scale. Clusters are based on information sharing, trust, and good connections with stakeholders, policymakers, and industry partners.

Successful clusters have strong social capital across participants, coupled with individual entrepreneurial spirit. Within a cluster, there is productivity-enhancing competition as well as co-operation. Done well, clusters lead to improved entrepreneurial capability and greater scale and specialisation. This creates benefits for workers, businesses, and regions.

A Digital Cluster Initiative

The aim of this pilot is to help build three digitally-advanced business clusters in Aotearoa New Zealand. We want to show what's possible when state-of-the-art ecommerce and digital collaboration tools, along with education and support, are placed at the heart of clusters of Kiwi business communities.

This initiative aims to help overcome common obstacles that Kiwi businesses often face. Because many businesses are small, building scale through clustering has strong potential to lift performance. Many firms also operate in insular local markets, so adding digital tools into the mix will enable them to

expand into online markets, and position themselves for possible export markets over time. Digital technologies will also enhance the ability of businesses to collaborate within the cluster, for amplified effect and benefits.

We are offering the opportunity for three select groups of motivated and dedicated business communities to work with us to lift their performance and grow their markets through dedicated digital support. Our goal is to create three strong case studies that show how digital clustering can be done. We want to develop a digital cluster blueprint that can be applied to other business groups across New Zealand, to support greater economic development through digital transformation in Aotearoa at scale.



Who do we want to work with?

Clusters cannot be indiscriminately created and must, instead, be market-led. As such, we will select and work with three existing Kiwi business clusters and use digital tools and technologies to formalise the clusters and support them to broaden their markets and lift performance. These clusters could exist across an iwi or iwi-affiliated group, a town or suburb, a business or industry association, or a business collective.

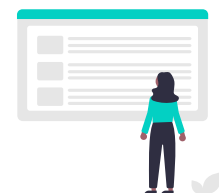
We are looking for local, visionary leaders and business communities to work with, to achieve positive change through participation in the rapidly emerging digital economy. For our pilot, we would like to work with one of each of the following cluster types:

- 1. Traditional Cluster.** A cluster of businesses based around a geographical area and with an area of specialisation.
- 2. Virtual Cluster.** A cluster of businesses with an area of specialisation but not based around a specific geographical area.
- 3. Local Cluster.** A cluster of businesses that is very localised or regionalised but that doesn't have any one area of specialisation.

We are inviting interested business communities, networks and groups to apply to be part of the Digital Cluster Initiative pilot, by completing the Application Form on our website: www.digitalclusters.nz

The checklist in the Annex will be used to assess the existing level of development within each applicant cluster. The level of need, drive, desire and existing narrative within the cluster community will be key parts of this assessment. Ideally, the business clusters selected will have the potential to export their products.

Applications are now open until the end of Thursday 16 December, 2021. We will work through an assessment process concurrently as applications are made, to identify and select three clusters for this pilot. We will contact all applicants about the outcomes of this exercise by Friday 28 January, 2022.



Our commitment

For this pilot, we will work with three different digital clusters, of each type outlined above, and provide appropriate digital tools, support, and education to help member businesses within each cluster come together to collaborate, to market, and to tell their story.

We will provide each cluster with the following:

- 1. Ecommerce Platform and Websites**
Provide each business within the cluster with an ecommerce platform and website to enable them to get online and start trading directly with customers (B2B and B2C) via the web (where they aren't already).
- 2. Digital Marketplace**
Provide the cluster with a digital marketplace to enable each business within the cluster to list its products for purchase. This marketplace can be used as a centralised place for customers to purchase products from members of the cluster and provides core benefits of discoverability, revenue and scale.
- 3. Branding Support**
Assist business groups to brand and position themselves effectively, with their unique story and offer, in the wider New Zealand market and beyond.
- 4. Cluster Marketing Programme**
Provide a tailored two-year marketing programme to support the cluster to market its products to prospective customers within the local, domestic, and international markets.
- 5. Education**
Educate the business owners, their staff, and other members of the cluster on:
 1. How to set up and develop a highly effective digitally-enabled cluster.
 2. How to set up, run and manage a business that allows purchasing online.
 3. How to promote the digital cluster and support the growth of the digital cluster.

We will use measurement and evaluation to assess the impacts of this digital cluster initiative on business performance and wellbeing across the business community.

How to apply

If you would like further information on this Digital Cluster Initiative or would like to apply to be part of this economic development and digital transformation pilot, please go to: www.digitalclusters.nz

Annex: Digital Cluster Initiative - Assessment Criteria

Applications will be considered against the following guidelines. Please note, we do not expect groups to meet this criteria in full. These points provide a framework to assist and guide the assessment process, and to help gather information to assess a group's suitability for the pilot.

Does the group have any pre-existing organisational structure? For example, a board, committee, or similar.

Is there a form of leadership structure in place within the group?

Approximately, how many businesses are in the group?

Does the group have any dedicated human resources in place? Alternatively, would the group be willing to dedicate the appropriate human resource to assist with marketing the cluster and the digital marketplace?

Is there someone who can effectively become the group leader, a part-time cluster manager, to bring the individual businesses together? Traits may include being a change agent and a connector, persuasive, resilient, and someone who is strongly committed to the initiative's overall objective.

Does this person have strong support from a range of key businesses within the group who may also be willing to form a steering group?

Does the group's leadership believe in digital and the need for both the group, and its members, to transform themselves digitally and enable customers to deal with them via ecommerce?

Do the individual businesses within the group believe in digital and the need for them to transform themselves digitally and enable customers to deal with them via ecommerce? Is there strong buy-in from individual businesses to take part in the initiative?

What level of digital skills currently exist in the group? Are any members of the group part of any digital marketplace, currently?

Are the individual businesses willing to brand and promote themselves collectively to maximise their promotional efforts within wider markets? What level of collaboration currently exists within the group?

Is there a strong combination of need, as well as desire and drive, within the leadership of the group? What about within key individual businesses?

Is there a willingness among the group to partner with the Digital Cluster Initiative team to input, iterate and refine the initiative framework as the pilot progresses?

Does the group have an Iwi affiliation? Does the group currently support or contribute to the local community, or have an existing environmental or social focus or priority?

Is there potential to gain support from national or local public agencies, or private sector organisations, if the group was selected for the pilot?

Approximately, what is the group's current turnover? % NZ turnover beyond the home region? And % export? If currently no exports, is there potential?

Is there any unique specialisation within the group or a strong narrative around which a brand could be built? What does the group have in common and why have they come together?