

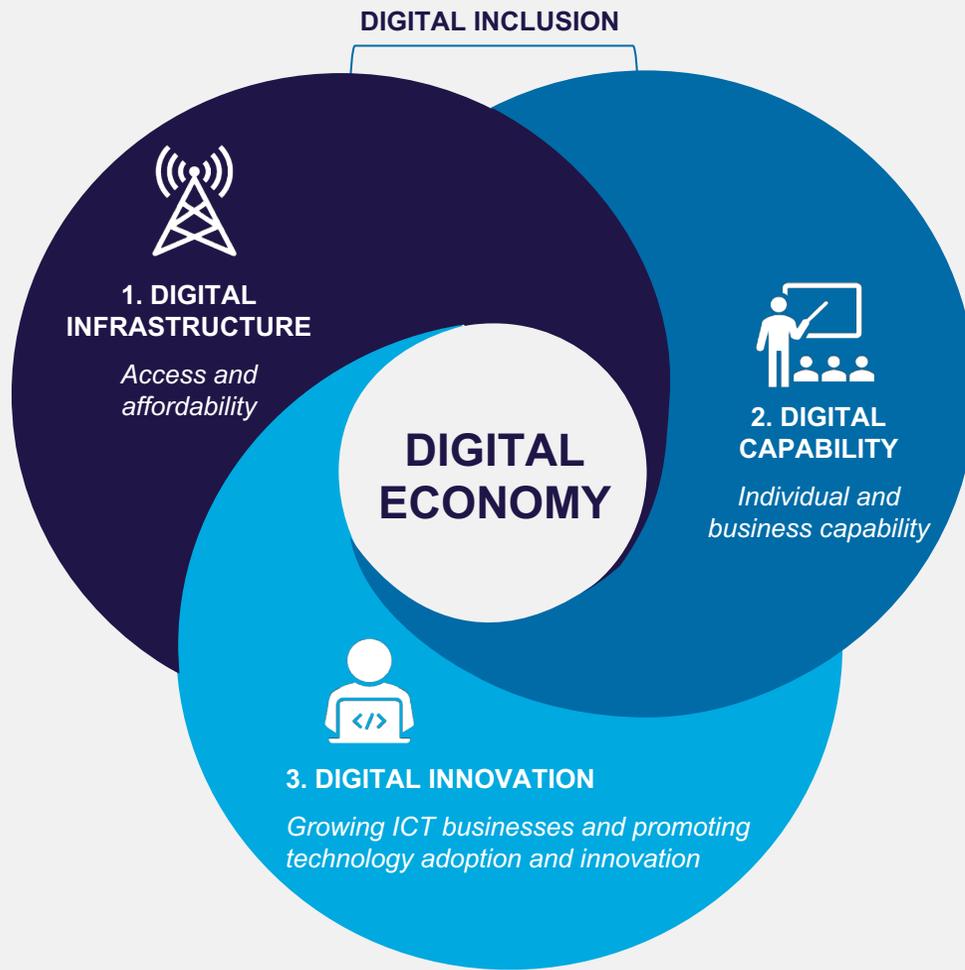


Flagship Digital Hub in Cremorne  
Stakeholder Background Pack  
September 2021

# Consultation Agenda

No.	Agenda items	Owner	Timing
1	<b>Introductions</b>	PwC, DJPR and stakeholders	5 minutes
2	<b>Outline of the Project:</b> <ul style="list-style-type: none"><li>• Background and purpose of the Project</li><li>• Vision and outcomes of the Hub</li><li>• Overseas Hub models</li></ul>	PwC	5 minutes
3	<b>Industry Engagement approach and process:</b> <ul style="list-style-type: none"><li>• Hub's essential and desirable parameters</li><li>• What value Government will offer</li><li>• The engagement process</li><li>• Timeline</li></ul>	PwC, DJPR and stakeholders	20 minutes
4	<b>Stakeholder questions</b>	Stakeholders	10 minutes
5	<b>Close</b>	PwC	5 minutes

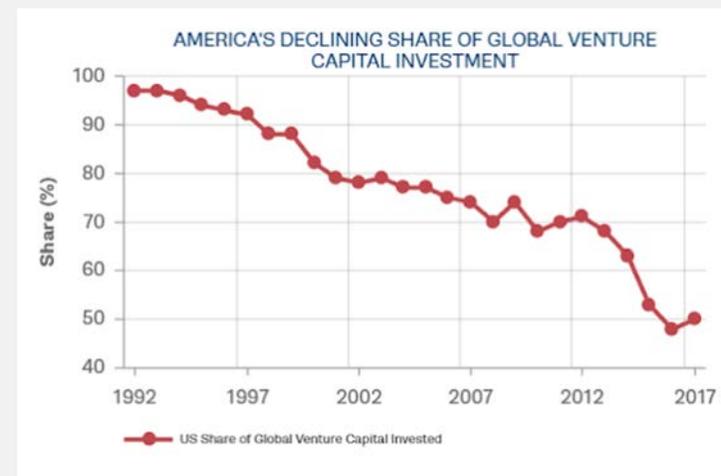
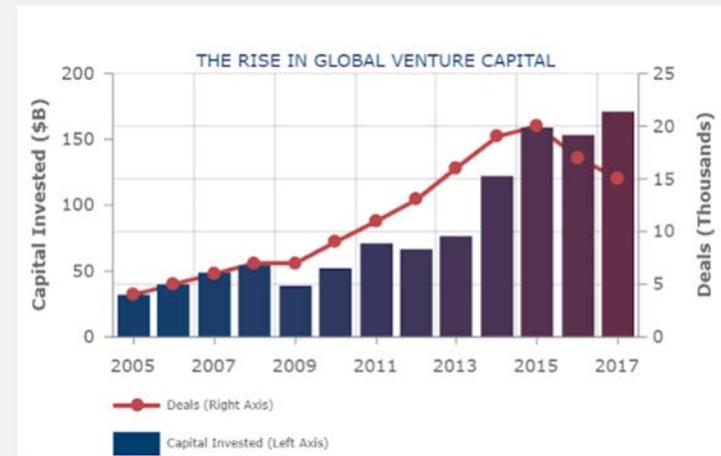
# The Victorian Government has committed to establish a Flagship Digital Hub at Cremorne



- The Cremorne Hub will drive a significant uplift in digital capability, workforce skills and innovation across Victorian industries.
- It will become a key digital infrastructure asset to Victoria, and can drive further value from wider investments in Victoria's Digital Future Now, including:
  - **Digital infrastructure** – Access and Affordability
  - **Digital Capability** – Digital Skills and Capability
  - **Innovation** – Growth and Productivity
  - **Launch Vic** – (\$40 million) and Victorian Startup Capital Fund (\$61M)
- The Hub will support the growth of innovative technology businesses, enhance the State's advanced technology capabilities and create new high-value jobs to meet the technology skills required by every sector in Victoria.

# Government investment is responding to the changing global landscape for high-tech innovation and entrepreneurship

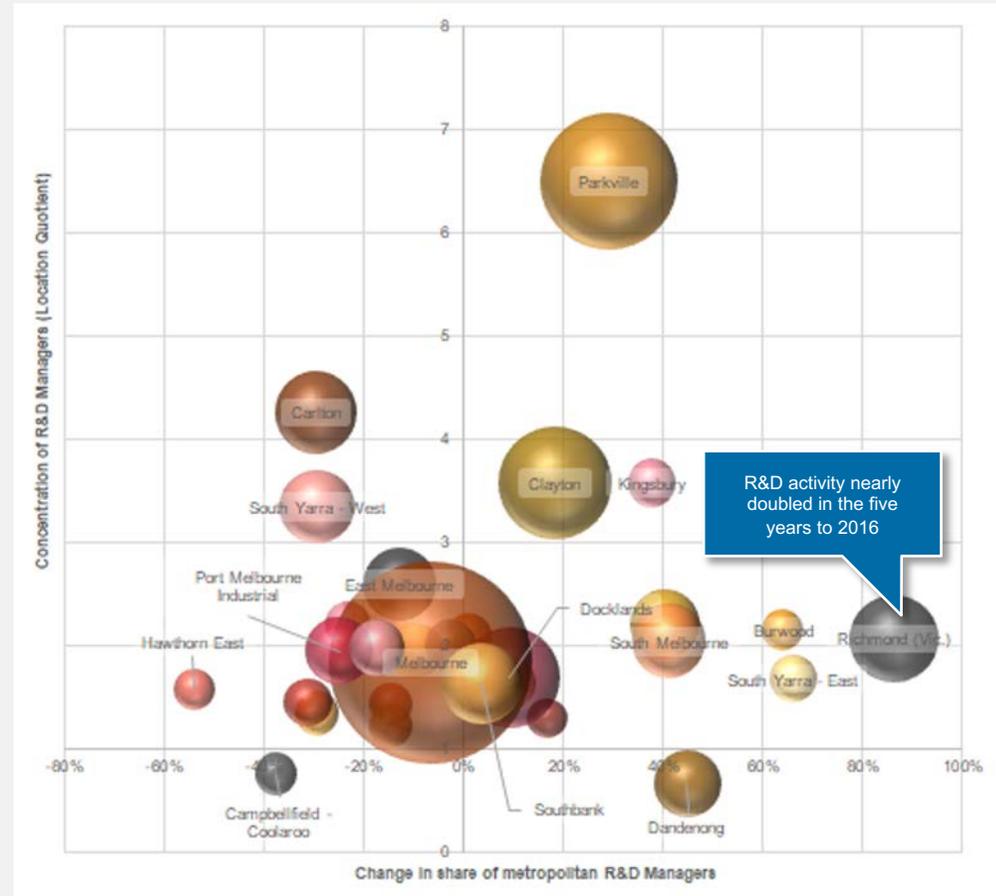
- Capital, talent and firms are moving away from the once dominant technology clusters in places like San Francisco, New York and Boston.
- There is a major opportunity to capitalise on these changing dynamics to develop Cremorne into a global scale, connected and competitive precinct that attracts local and global talent
- Many countries are doing more than ever to compete on the global stage by investing in R&D and technology skills development, attracting talent and capital, and bringing new world innovations to the market.
- For Victoria, this means leveraging its human capital and research base, boosting the capacity of its advanced technology sectors to innovate and grow, and helping Victorian businesses seize the opportunities of the fourth industrial revolution.



# Cremorne is emerging as one of Australia's leading technology precincts and a serious contender as a global high-tech cluster

- A dense pocket of economic activity with more than 2,000 residents, 700 businesses and 10,000 workers (47% female) contributing almost \$4 billion to Victoria's economy in 2019.
- One of Victoria and Australia's newest technology precincts, with over 650 tech jobs and four of Australia's leading tech companies that have attained billion-dollar valuations - REA Group, MYOB, Carsales.com.au and SEEK.
- High concentration and growth of R&D activity suggests that Cremorne has a clear comparative advantage in innovating sectors of the economy.
- A vibrant village feel, new sustainable development, quality public spaces, active transport options, set within narrow streets and historic industrial buildings and workers cottages.

## CREMORNE IS VICTORIA'S FASTEST GROWING R&D CLUSTER



Source: Australian Bureau of Statistics

# The Digital Hub will contribute to key directions set out in the Cremorne Place Implementation Plan

The Cremorne Place Implementation Plan (CPIP, December 2020) provides a roadmap for how Government will work with industry, education providers, local council and the broader community to support the ongoing development of Cremorne into a vibrant, world class and innovative economic precinct.

## Key directions for Cremorne in the CPIP

THEME	DIRECTION
<b>Economy and innovation</b>	
	<p><b>Enterprise precinct</b></p> <p>Grow as a sustainable major inner-metro enterprise precinct for creative and tech industries to support Melbourne's growing enterprise economy.</p>
	<p><b>Innovation anchor</b></p> <p>Support the creation of learning accelerators and a centre for teaching and learning innovation at the Bendigo Kangan Institute site to serve as an education, training and community anchor institution for the precinct.</p>
	<p><b>Vibrant hub</b></p> <p>Enhance Cremorne as a vibrant and diverse hub where Melbourne's entrepreneurs, innovators, startups, creatives and tech workers build partnerships, share knowledge, and grow together.</p>
<b>Public and open space</b>	
	<p><b>Public amenity</b></p> <p>Enhance the public and open spaces of Cremorne by redesigning the local road network for people, improving and increasing open space, urban greening, street art and more.</p>

Map of the Cremorne Plan area



# Governments around the world are pursuing a variety of catalytic Hub models to improve the performance of high-potential clusters

## MaRS Toronto (Canada)



The largest urban innovation hub in the world, housing more than 200 science and technology organisations across various stages of the business and innovation lifecycle.

## Digital Catapult (UK)



The UK's leading advanced digital innovation centre, with a remit to drive early adoption of technologies, transform industry, and support R&D collaborations to solve real-world challenges.

## High Tech Campus (NL)



This campus is built around an ecosystem of 235 companies, offering five key areas of technology development including applied intelligence, and smart environments and connectivity, among others.

## Key characteristics and enablers

- Focus on exploiting existing areas of strength and capability of local technology ecosystems where there are clear global market opportunities
- Core functions and activities designed to meet the specific needs of the ecosystem with clearly defined mission, objectives and performance measures
- Partnership between government, industry, education and research institutions such that traditional organisational boundaries are 'porous'
- Centrally located physical presence through which services, collaborations and access to R&D infrastructure are provided
- Hubs that not only provide benefits within their location, but also across the broader ecosystem
- High-profile champions with strong networks across government and industry who are able to garner financial and in-kind support
- Mixed funding model with initial 'seed' capital typically provided by government before evolving to a more sustainable model over time

# Other jurisdictions have addressed similar challenges through a Hub model

## Challenges

### 1 Lift R&D and B2B collaboration

- MaRS co-located key ecosystem players on site and created an institutionally neutral setting
- Digital Catapult used public R&D investment and procurement as a vehicle to facilitate collaborative partnerships

### 2 Create digital skills and efficient reskilling programs

- Digital Catapult delivers programs that support technical and commercial skills development in AI, IoT, augmented reality, and distributed systems
- Digital Industry Singapore's Capability Transfer Programme connects foreign experts to local companies to build capabilities and upskill the workforce

### 3 Attract local and global investment

- MaRS provides a landing point for private capital to connect with local firms and its success elevated Toronto's global brand as a science and tech hub
- Digital Catapult is involved in bilateral and multilateral missions and projects to attract investment into the UK and help local firms penetrate new markets

### 4 Encourage digital adoption by businesses

- Digital Industry Singapore facilitates technical and financial support for firms adopting sophisticated productivity-enhancing technology solutions
- Digital Catapult acts as a convener and translational interface between the UK's digital sector and the wider UK economy

## What have other hubs done?

# The Hub will be a key driver and central coordination point for Cremorne's transformation into a world-class technology precinct

The Digital Hub will aim to deliver this transformation through the below principal functions and associated activities:

**PARTNERSHIPS** with world-leading R&D providers, commercial ventures and capital providers

**TALENT AND WORKFORCE DEVELOPMENT** including a focus on attracting, developing and retaining talent to assist the broader ecosystem

**DIGITAL INCLUSION** providing an area of digital and broader inclusion within the precinct, generating a network for other catalytic plays across Victoria

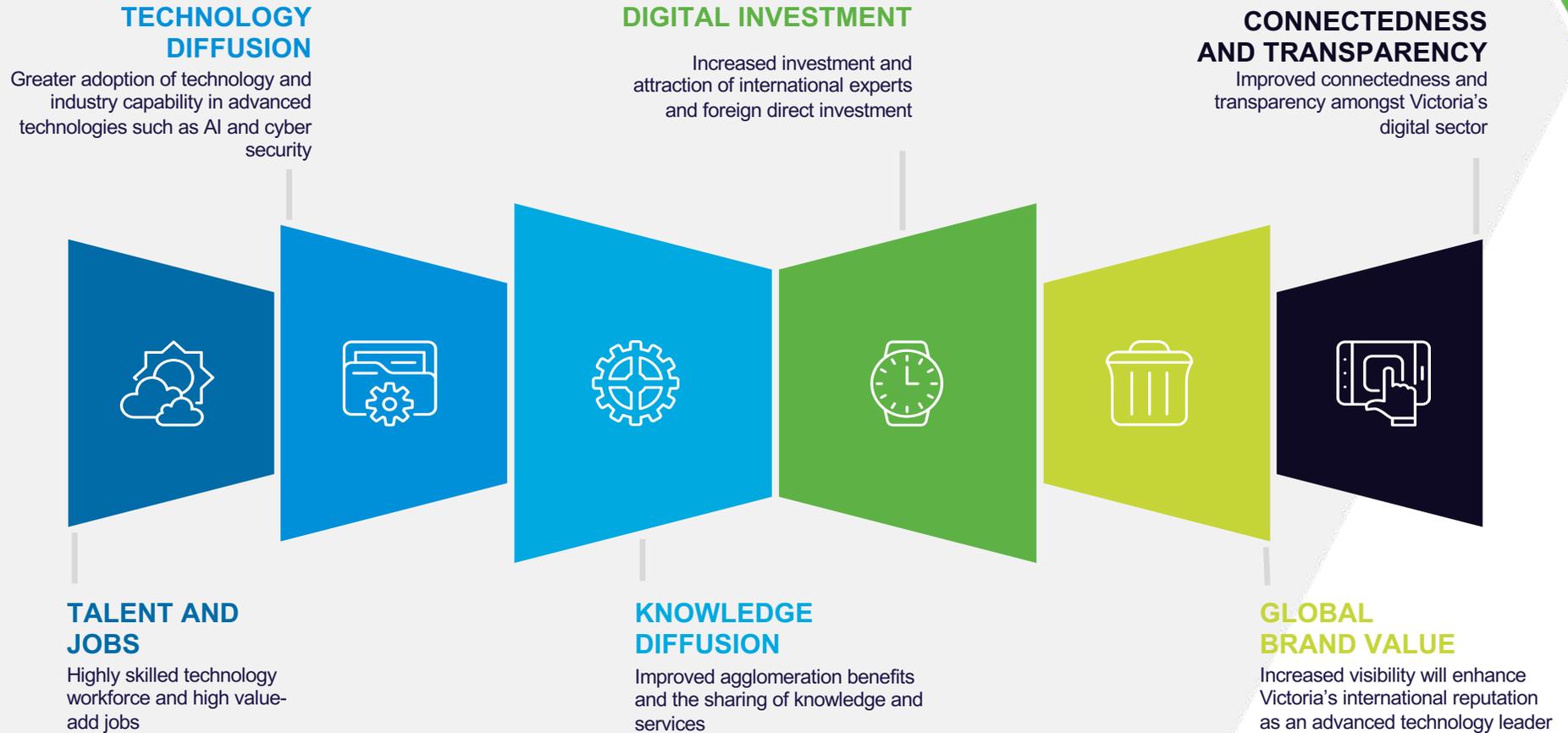
**FOREIGN PORTFOLIO AND DIRECT INVESTMENT** hosting in-bound trade and investment missions and international marketing

**EDUCATION AND SKILLS ACQUISITION** providing industry-relevant advanced tech education (including short courses) and internships

**CATALYSE THE CREMORNE PRECINCT** so it can become the lighthouse for Victoria's digital sector and showcase the State's digital expertise to attract global talent, capital, businesses and education providers



# The outcomes and benefits the Hub will deliver for Victoria



# Hub proposals will be evaluated in relation to the following parameters

This matrix demonstrates the parameters that are **'ESSENTIAL'** and **'DESIRABLE'** aspects of the Hub. Respondents are encouraged to develop innovative conceptual business models that address the following parameters in the proposals for the Hub.

 <b>ACTIVITIES</b>	 <b>ECOSYSTEM/ PRESENCE</b>	 <b>GOVERNANCE</b>	 <b>PARTNERS</b>	 <b>FUNDING</b>
<ul style="list-style-type: none"> <li>• Precinct and sector networking</li> <li>• Research-industry collaboration</li> <li>• Advanced digital skills and capabilities development</li> <li>• Talent attraction</li> <li>• Promoting Cremorne and supporting its development as a key technology precinct</li> </ul>	<ul style="list-style-type: none"> <li>• Providing a 'front door' for Victoria's digital sector</li> <li>• Mixture of physical and virtual presence; physical and virtual networking capability</li> <li>• Connecting up the ecosystem and making technology expertise discoverable across the state</li> </ul>	<ul style="list-style-type: none"> <li>• Consortium operating through a suitable legal entity</li> <li>• Clear mission, objectives and output/KPIs in the business plan</li> <li>• Strong governance experience and capability</li> <li>• Robust risk management approach</li> <li>• High standards of integrity and probity</li> <li>• Governance that enables participation beyond the Consortium and Cremorne</li> </ul>	<ul style="list-style-type: none"> <li>• Consortium partners have deep capability and high integrity</li> <li>• Partners represent industry, higher education, research sector</li> <li>• Partner roles and tasks clearly defined, agreed and reflected in the business model</li> </ul>	<ul style="list-style-type: none"> <li>• A funding agreement with deliverables, clear accountability and a financial sustainability model</li> <li>• Co-funding from partners (financial and in-kind)</li> </ul>
<ul style="list-style-type: none"> <li>• IP / commercialisation focus</li> <li>• Digitalisation initiatives for key sectors</li> </ul>	<ul style="list-style-type: none"> <li>• Hub and spoke' network</li> <li>• Global connectivity</li> <li>• Open and interactive access (for a digital presence)</li> </ul>	<ul style="list-style-type: none"> <li>• Framework for social inclusion</li> <li>• Framework for Cremorne stakeholder engagement</li> </ul>	<ul style="list-style-type: none"> <li>• Cremorne stakeholders included in consortium (including NFPs)</li> <li>• Partners with advanced skills networks</li> </ul>	<ul style="list-style-type: none"> <li>• Approach to realising benefits</li> </ul>

*The Victorian Government welcomes partnership based responses to the EOI that reflect a range of industry, skills and research capabilities to establish the Hub*

# The Process of Engagement

## Process

- The process for the Hub is being conducted over two stages
- Responses to the EOI that reflect a range of industry, skills and research capabilities to establish the Hub
- EOI responses will be assessed against the evaluation criteria
- Respondents may be invited to participate in the second stage of the process
- Pending the outcome of the second stage, a successful Respondent will enter into negotiations for grant funding to establish the Hub
- The Victorian Government review and approve business, funding and operating proposal submitted

## Timing

- Conduct EOI process (September 2021)
- Evaluate submissions and respondents may be invited to participate in the next stage
- Responses sought by the Victorian Government close on 31 October 2021
- Second stage of the process commences (December 2021)
- Evaluate, assess and select supplier (January - February 2021)
- Grant negotiations and finalisation (March 2022)

## What is Government offering to establish the Hub

- Seed Funding via the Victorian Government's budget contribution
- Avenues to broader funding and program opportunities
- Partnership and global branding
- Investment in telecommunications infrastructure
- Place-making and local amenity improvements (from CPIP)

# Proposals will be evaluated against the criteria below

## Proposed solution (conceptual business model)

- Appropriateness and robustness of the conceptual business model, considering the interdependencies between governance, funding, operating and brand strategy in managing and coordinating the activities of the Hub.
- Alignment of the conceptual business model with the 'Essential' and 'Desirable' parameters, emphasising the extent to which the solution proposes novel innovation and maximises the digital network and influence on the broader economy.
- Evidence that the proposed solution will deliver the outcomes sought by Government with respect to:
  - Alignment with the overall Project vision and maximising industry and skills development objectives
  - Appropriateness and approach to outcomes and benefit realisation across Cremorne and the broader digital economy
  - Consideration of the Hub milestones in accordance with the Respondent's proposed timeline
  - Proposed profile of strategic relationships, target markets and end users
  - Critical success factors and key dependencies, including engagement process with the State and key industry stakeholders
- Appropriateness of identified risks and mitigants, uncertainties and interdependencies, that could impact the State or successful implementation of the proposed solution.

## Commercial and financial capacity

- Evidence that the proposed level and source of capital costs, ongoing operating costs and diverse nature of revenue streams used by the conceptual business model, will achieve financial sustainability, offer value-for-money outcomes and deliver on the State's objectives.
- Robustness of the conceptual business model and/or partnering arrangements of the Respondent, if any. DJPR may seek to make introductions between what it believes to be suitably qualified vendors to work through a proposal. The commercial negotiations and contractual arrangements of such a proposal will remain between the Respondents and DJPR will not be involved in any of these activities.
- Evidence of the financial capacity and performance of the Respondent, or parent company or other relevant related entity/ies if the proposed contracting entity is or will be a special purpose joint venture or similar arrangement.
- Adequate credentials of Respondent's management team with respect to financial/commercial management, corporate governance, knowledge of the advanced technology sector, and skill and industry development expertise.

## Capability and experience

- Evidence of Respondent experience in establishing similar business and/or operating models as envisaged by the State.
- Adequate Respondent experience in delivering high-quality services to facilitate sector networking, research-industry collaboration, advanced digital skills and capabilities development and talent attraction.
- Evidence of Respondent networks and relationships with relevant organisations, institutions and industry groups.
- Evidence of Respondent experience working collaboratively with Government (and Government agencies) and stakeholders.

# Thank you

**Website:** [djpr.vic.gov.au/cremornedigitalhub](https://djpr.vic.gov.au/cremornedigitalhub)

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**CPIP website:** [vpa.vic.gov.au/project/cremorne](https://vpa.vic.gov.au/project/cremorne)