Venture:

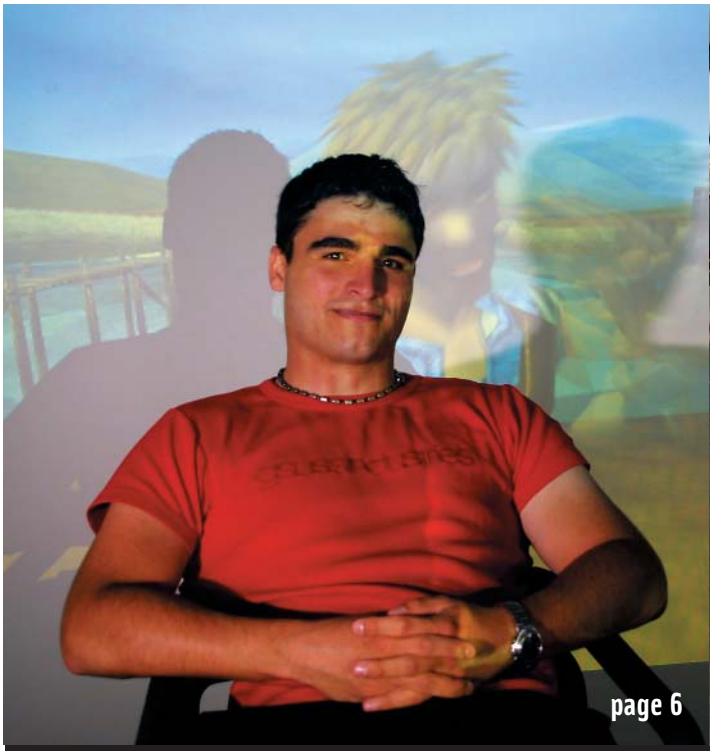
THE INDUSTRY NEW ZEALAND MAGAZINE THAT CELEBRATES INITIATIVE APRIL 2002

VIDEO JOURNEYS: Kiwi games developers go forth

SPELL-BINDERS: Virtual reality comes to town

UP-TEMPO: Independent music labels unite

Industry New Zealand
TE POU AHUMAHI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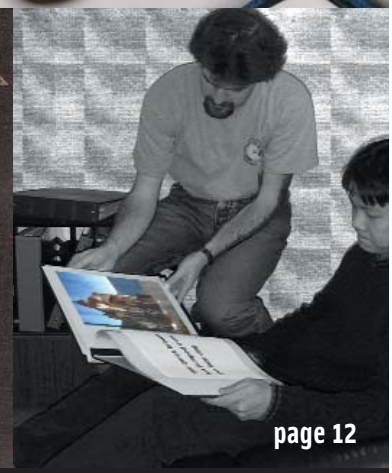
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Cover graphic: Dark Shores is a videogame about an epic quest presented in a visually stunning manner. Taking cues from recent successes in the genre, Dark Shores will be an engrossing adventure that will appeal to a wide audience.
Game name: Dark Shores **Platforms:** PlayStation 2, Xbox, PC

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In brief:

FASHIONABLE FINESSE

by Anamika Vasil

Nigel Marple

Contact: Jennifer Jenkins, fashionIncubator, ph 09 528 4012, e-mail: workplacenz@incubators.co.nz

PRIME MINISTER HELEN Clark lent her sewing skills to support a New Zealand creative industry when she launched a new label for emerging fashion designers in Auckland on March 20.

Opening the new premises of fledgling business venture, fashionIncubator, at Auckland University of Technology's Technology Park, she sewed the final button on a pukeko feather accessory to be auctioned at NZ Fashion Week in October and the incubator's first design under its new label *Arahi* (Maori for "to lead, to guide").

Incubator founder and co-director Kim Fraser, a Smokefree Fashion Awards supreme award winner, said her original idea for the incubator had been to provide business expertise to talented designers to enable them to sell their designs.

"We are now realising this vision, and the label reflects our mission to lead New Zealand in fashion design by nurturing the talent of new designers," she said.

"The label will provide a vehicle for our students to launch their designs."

Launched more than two years ago in a central Auckland warehouse, the incubator has received Industry New Zealand funding to encourage new fashion designers into business. The initiative fits in with the government's growth and innovation framework, announced in February, which has targeted creative industries, biotechnology, and information and communications technology as key areas for support.

Incubator founder and co-director Jennifer Jenkins said the incubator had assisted four designers to set up businesses last year and was now providing a series of programmes in entrepreneurial skills for 13 students wanting to enter the fashion industry. The aim was to groom the students to eventually set up their own labels.

"It's a bit like panning for gold," she said. "Because the fashion industry has changed so much, a lot of people don't know how to get started."

About 20-30 established fashion designers, including Trelise Cooper, are mentoring the students on a volunteer basis.

New Industry New Zealand programmes

THESE PROGRAMMES HAVE been announced by Economic Development Minister and Deputy Prime Minister Jim Anderton in recent weeks.

FAST FORWARD

AIMED AT SPEEDING up business growth by helping promising companies at an earlier stage, this programme is to be piloted in Otago, Taranaki and the North Shore until the end of June. If successful, the programme could be offered nationwide.

The programme is based on using regional advisory groups to select companies and a hands-on business advisor to direct the business to the best sources of help. Sixty companies are taking part in the pilots.

WORLD CLASS NEW ZEALANDERS

DESIGNED TO HELP increase the country's international competitiveness by giving entrepreneurs, high growth industries and businesses the opportunity to learn from the world's best companies and people.

Key elements of the programme are:

INTERNATIONAL BUSINESS EXCHANGES – for potentially high growth businesses to send people overseas for visits or placements, or to bring offshore experts to New Zealand for visits and local placements

INTERNATIONAL BUSINESS MISSIONS – for groups of industry, regional, sector or cluster-based businesses wanting to learn from leading offshore specialists, or to bring experts to New Zealand. *continued* –

GLOBAL INTERNET ACCESS by Sharon Cuzens

BRIDGING THE DIGITAL divide is a major concern for developed and developing nations alike, according to Liz Longworth, Industry New Zealand's sector director for Information and Communications Technology (ICT) who returned in early April from chairing a prestigious international forum in Paris on global internet policy.

"There is a presumption that internet access should be treated as a utility in the same way as electricity – everyone should have access to it," she said.

Eighteen expert representatives from around the world met at UNESCO Headquarters to refine the Draft Recommendations on the Promotion of Universal Access and Multilingualisim in Cyberspace. "UNESCO sees the internet as a wonderful opportunity to develop global understanding. It's important to try and get citizens participating in all countries."

The main theme of this meeting was access to networks, with the classic associated issues of infrastructure, cost and broadband. Multilingualism or multi-culturalism was also on the agenda. "The current lingua franca of the internet is English, and many cultures and societies are unable to participate because of this. The aim is to have the internet as a window on these different cultures."

Increasing the amount of information in the public domain, and how to recognise access to this information as a fundamental right of the public, was also discussed. New Zealand's development of an e-government portal is seen as an example of the type of initiative UNESCO is trying to encourage.

Associated with this is the issue of intellectual property rights in cyberspace. "Under New Zealand law, we have limitations and exceptions that allow copying in limited circumstances for education and critique. We are working to encourage concepts like that and to sound a warning note about the growing number of digital rights management systems that provide technical protection to information on the internet, making it harder for people to access.

"The public bargain implicit in the legislation already in place for dealing with other forms of information is completely missing from the contractual or licensing arrangements existing in many places on the internet. We must be aware of the cumulative effect of these measures, which is to reduce access to information.

"Information is fundamental to participants in a democracy. The freedom of expression in ideas and images is a founding principle of UNESCO, which has great interest in promoting this in relation to the internet which is having such a huge impact."

The recommendations will go out for consultation with member states and will be prepared for presentation to next year's general conference. If passed by that conference, they will become a public law instrument and all signatories to UNESCO will have a moral obligation to try and give effect to it.

ENTERPRISE CULTURE & SKILLS ACTIVITIES FUND

SUPPORTS INDUSTRY NEW ZEALAND'S overall aim of promoting attitudes, values and skills that support entrepreneurial activity and business success in New Zealand.

The fund is aimed primarily at students, businesses and the education sector.

Organisations can apply to the fund for funding to deliver projects which meet the fund's objectives. The closing date for the first round of applications was April 5 but the second round of applications for 2002/03 will be open until May 10. Applications are being administered by the Royal Society of New Zealand, ph 04 472 7421, e-mail:Allison.taranchokov@rsnz.org

Contact: further information on these three programmes can be obtained at www.industrynz.govt.nz or ph 0800 22 44 80

Note to readers:

THE INFORMATION AND communications technology (ICT) industry is one of three sectors that the government has decided to focus its resources upon because of its growth potential and influence on other sectors. (The other two sectors being given priority are biotechnology and creative industries.)

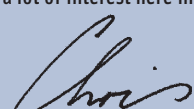
This issue's feature on ICT high-flyers outlines the huge global size of this industry and several of the New Zealand companies that are making a name for themselves. One of these is Keyghost of Christchurch which has developed computer keystroke logging technology that has many applications in back up, monitoring, auditing and forensics. The company attended an electronics show in the US in January attended by all the major law-enforcement agencies including the CIA and FBI. They couldn't believe that a company as small as Keyghost, which has seven people working on its applications, could produce such sophisticated technology.

Several presenters at the *Innovate* conference in March regarded the small size of our companies as a competitive advantage, allowing creativity, flexibility, speed and efficient use of resources.

In the computer games industry – part of the ICT family – our leading companies are also relatively small by world standards and yet by working with larger overseas companies can achieve outstanding things. Auckland company Right Hemisphere was selected by Microsoft in March to develop a key game production tool for inclusion in the Xbox Development Kit. Wellington-based Sidhe Interactive holds a Playstation games development licence from Sony and already an Australian firm has used its expertise to develop a game, rather than go through a long and difficult process of obtaining its own licence. Industry New Zealand has been working with the industry to establish a New Zealand Game Developers Association and Trade NZ has assisted by putting together an export network.

Industry NZ has also backed the development of the new Canterbury Human Interface Technology Lab, which opens in July. Kiwi scientist Dr Mark Billinghurst is bringing his Magic Book technology back to the lab from the US. The book creates a virtual reality scene that readers can fly into and interact with the characters. Its shift to New Zealand represents the beginning of virtual reality technology development here.

And as New Zealanders spend the largest percentage of GDP in the world on ICT gadgets and systems, there will be a lot of interest here in developments.



Chris Wilson
Editor

Dark Shores traces the adventures of Fergus, the son of a chief, who is sent to rescue his people from the misfortune that has befallen them in the form of famine, disease, and attack by the dreaded Fomori.

FUN AND VIDEO

Opportunities for the New Zealand video games industry could further link creative industries with the ICT sector. Christopher Ryan reports.

ANYONE WHO HAS had anything to do with computers or teenage boys over the past decade or more cannot have missed video games. From their early manifestations as simple, shoot-em-up arcade games to the sophisticated interactive games of recent years, they have been ever-present.

What might have been missed is that video games are now a massive business worldwide. In the US, the video games industry is now worth more than the film industry. Adam Lancman, the CEO of Infogrames Melbourne House – Infogrames is a France-based multinational that is one of the world's leading publishers and distributors of video games – gave an address in Wellington in March and said that retail sales of video games in the US were worth $6.2 billion in 2000 and $9.4 billion in 2001. "This is a 44 percent increase in one year, despite recession in the US and Japan, and September 11," he said. "Entertainment is recession-proof – people want to be entertained especially in bad times."

This massive sales volume would not have been possible if the aforesaid "teenage male demographic", with its implications of risible geekiness, was still the predominant user of video games. In fact, the "demographic" has changed. As Adam Lancman says: "The parents of today are the players of yesterday". Recent surveys in the US indicate that 60 percent of North Americans aged six years and older – roughly 145 million people – routinely play video games. Of these, 43 percent are female, and the average age of game players is 28. Include the rest of the world and you've got a huge market worldwide. Can New Zealand get a piece of this?

Perhaps surprisingly there is a relatively long history of video game development in New Zealand. Mario Wynands, managing director of Sidhe [pronounced "she"] Interactive, New Zealand's largest video games firm, says that from the late 1980s onwards there was a lot of game development activity in New Zealand. "Several individuals were creating their own games, doing everything themselves or in a small group – graphics, programing etc. Companies like Acid Software in Auckland developed for the Commodore Amiga and successfully sold particularly in England and Europe, and Mark Sibley created a games programing language – BlitzBasic – which has gone through several versions and is still used today. And other companies have come and gone."

The truth is the games development industry is small in New Zealand at present. Several Kiwi companies are veterans of the industry's "heroic" era when the enthusiast

Mario Wynands, managing director of Sidhe Interactive and acting president of the New Zealand Game Developers Association Neil Mackenzie

patiently programed entire games in a spare bedroom. This is less and less feasible today. Computers are vastly more powerful than 10 years ago; the new console machines PlayStation2, Nintendo's GameCube and Microsoft's Xbox are appearing with the power and features of PCs, including large hard drives, superior graphics and audio quality, and the potential for online gaming. Games are far more sophisticated now, demanding inputs of time, capital and staff specialisation far beyond the resources of the traditional small team.

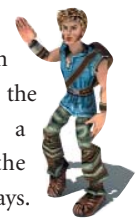
Simon Armstrong of Acid Software laments the passing of the earlier era. "Video games are now corporatised," he says. "The old entrepreneur approach of the last 12 years or so is no good any more – we would have a small team, perhaps a programer and artist working together, and make the whole thing. Hollywood is the model these days, with multi-million dollar budgets and big teams. It's large publishers calling the tune now."

KEY PLAYERS

But this is not to say that there is not potential in New Zealand for games development. We already have hugely successful companies in what might be called the digital arts business. On the coat-tails of the huge recent success of *The Lord of the Rings*, Weta Digital, the digital effects division of Peter Jackson's film company, Weta Limited, could arguably diversify its core business as special effects and animation experts into the interactive games market. (New Line Cinema sold the rights to develop *The Lord of the Rings* game to US game developer Electronic Arts for $US10 million, one of the most expensive games development deals ever.)

Auckland company Right Hemisphere® does not develop games but produces some of the texturing and 3D software that is indispensable in games development. Their award winning software Deep Paint 3D® and Texture Weapons™ is being used by many games and film studios, including those making *The Lord of the Rings* and *Harry Potter* films, and electronic studios around the world such as those producing web content creation and industrial design. In March, Right Hemisphere announced that it had been selected by Microsoft to develop a key game production tool for inclusion in the Xbox Development Kit.

President and founder of Right Hemisphere®, Mark Thomas, says the company employs 30 full-time staff in Auckland and about 10 subcontractors around the world. The company has a North American subsidiary in California. "Most of our sales are to the entertainment industry but also a significant proportion are to the engineering and CAD industry," he says.



Sidhe Interactive with a staff of 21 is the biggest New Zealand games development company by far. Formed in May 1997, Sidhe Interactive specialises in design and engineering for console games development for the Sony PlayStation, Sony PlayStation 2, Microsoft Xbox and Nintendo GameBoy Advance game consoles. Managing director Mario Wynands says the company sets high standards and unlike some US companies demands the minimum of a computer science degree from all its employees.

"Last year was a tough year for video game publishers – many small companies went under and were swallowed up by big companies. US and European publishers are now looking for ways to save money and New Zealand offers very good value for money – our dollar can go twice as far. One of the things that sets us apart is that we can create the same software that the Americans make but at half the cost – you can put twice as many people on a project for the same money giving more assurance of success."

"One of the things that sets us apart is that we can create the same software that the Americans make but at half the cost – you can put twice as many people on a project for the same money giving more assurance of success."

Mark Thomas Nigel Marple

It is not easy to make money out of video games – it is an intensely competitive business. Several thousand PC games are released every year, perhaps 200 or more worldwide every month. Ninety percent of those games will lose money or just break even. Only those in the top 10 ever make money.

Mario Wynands says the best chance of success is in the console games area, with the industry in transition at present. "The old console platforms – Playstation, Nintendo 64 – have been superseded by the next generation – P2, Game Cube and MS Xbox. It's a good time for companies with limited experience or reputation to be able to enter the market. No longer are you competing against American firms with four or five years' experience – everybody has only 18 months at the most."

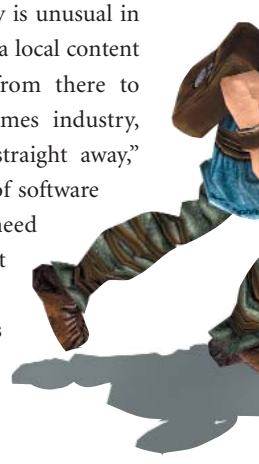
Sidhe holds a Playstation games development licence from Sony, a relatively rare commodity that makes the Wellington company a desirable partner. Already an Australian firm has used their expertise to develop a playstation game rather than themselves going through the long and difficult process of obtaining their own licence.

Until recently Sidhe, along with other New Zealand games developers, has found little sympathy among investors and those who dispense research grants. "We found it very difficult to be taken seriously in the past when we approached government agencies for business assistance, research grants and so on," says Mario Wynands. There was little understanding, he says, that the games industry could develop into a multi-million dollar export activity that could promote highly skilled employment opportunities across the creative industries and ICT sector talent base.

This has changed over the past year as understanding of the potential of the industry has grown. Mario Wynands: "We saw the example of Australia where the games industry has boomed in recent years. There are close on 50 companies, they have their own games development association and in Victoria, in particular, there has been considerable government involvement including computer games planning papers, support for the Australian Games Developers Association, plans for incubators, tax breaks, and access to funding to get overseas."

SCOPING STUDY

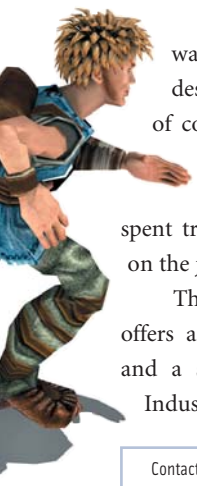
An Industry New Zealand games industry scoping study has been prepared by Clare O'Leary, whose role in the information and communications (ICT) team is to research ICT strategy with particular reference to the digital content industries such as the games industry. She says the industry is unusual in that it is not possible to build a local content base first and then move from there to overseas sales. "With the games industry, it's got to be international straight away," she says. "It is also expensive of software and equipment. You need international relationships that have to be maintained. It's difficult for New Zealanders to go face-to-face with American firms and then maintain that relationship."



"The parents of today are the players of yesterday".

Realising that New Zealand companies – tiny by world standards – needed a collective voice, Industry New Zealand has been the driving force behind the development of a New Zealand Game Developers Association, now up and running. Trade New Zealand also put together an export network to help fund three companies to visit the E3 annual Electronic Entertainment Expo in Los Angeles in May last year, a valuable exercise in market exposure and networking.

Mario Wynands, acting president of the new association, says the association will get New Zealand companies working together and help create opportunities as a group. "We can for instance pass on our knowledge of working with government agencies to other developers. We'll be looking to ensure the companies involved in game development get the support they need and get involved in overseas projects and investment from publishers. The next step is to encourage new startups.



"There are lots of initiatives – we want to work with universities and design schools so students have options of courses related to game development, and build up a talent pool so we can reduce the time and money spent training them in specialist techniques on the job."

The association's website *www.nzgda.com* offers a portal to New Zealand developers and a showplace for overseas publishers. Industry New Zealand has helped fund the website and also worked with the association in bringing Adam Lancman, who is also president of the Game Developers Association of Australia, to New Zealand. A visit by representatives of US games publisher Electronic Arts is planned for later this year.

(From left, front) Adam Lancman who gave an address on the video games industry in Wellington in March with his colleagues Thomas Schober and David Giles of Infogrames Melbourne House. They are pictured with Mario Wynands, and Clare O'Leary of Industry New Zealand.

Adam Lancman made the point several times during his address that major games publishers like Infogrames, Electronic Arts and Universal have their own game developers but they will use outside talent where it is available. "Global growth is exponential and there is a shortage of creative people in the US and Europe – New Zealand's fledgling games industry can get involved."

Video games development could have a future in New Zealand as a direct complement to the other creative and high-tech industries already developing here. Mario Wynands: "There's an untapped skill pool in New Zealand – there are many skilled, highly intelligent creative people in the digital technology field and we want to ensure they stay here. We need to involve the universities. We need to create the view that New Zealand is an excellent place to have games made, just as Australia is now seen.

"Video games development is a marriage between technology and art – you could always be making more money doing IT work for a bank or insurance company but it's the lifestyle and passion for games that makes people want to do it."

Contact: Mario Wynands, Sidhe Interactive, ph 04 471 2638, e-mail: mario@sidhe.co.nz; Clare O'Leary, Industry New Zealand, ph 04 496 6294, e-mail:clare.oleary@industrynz.govt.nz; visit www.nzgda.com for a full listing of New Zealand developers.

Pearl cultures

Paua pearls are in demand in the US. Celebrities such as Drew Barrymore love them. Soon a complex being built at Stewart Island will turn paua aquaculture into a tourist attraction. Anamika Vasil reports.

Liz McKenzie with paua pearl jewellery destined for the US. John McCombe

ONE OF NEW Zealand's lesser-known but potentially big industries – paua pearl aquaculture – is the basis of Stewart Island's latest tourism venture.

The Department of Conservation has described the retail complex cum theatrette and aquarium planned for Half Moon Bay as a much-needed addition to the pristine island's already considerable tourist attractions. These include nocturnal Kiwi spotting, glass bottom boat trips, sea kayaking, visiting salmon farms, fishing and a bird sanctuary. More than 45,000 visitors, both domestic and international, flock to the island annually.

The new complex is under construction with a planned opening date in August this year. The $350,000 boatshed-style complex is the biggest commercial development under way in the island, taking shape as the bay's largest building with a restaurant and decks overlooking the sea.

This is an ambitious venture for the tiny island with just 20 kilometres of road and 415 residents. It is expected to generate more than $1 million a year in revenue from entry fees and product sales for Christchurch-based owner Empress Abalone Pearls Ltd, recognised as the world leader in paua pearl aquaculture. Since 1994 the company has been culturing its unique iridescent pearls at its pearl farm in Stewart Island using paua harvested locally.

The pearls are processed at the company's Christchurch headquarters, where they are also manufactured into quality jewellery for sale in countries around the world and high-end souvenir and designer jewellery stores in New Zealand. Most of the gems and jewellery are exported, with the bulk destined for the United States.

Another themed showroom with a theatrette is due to open in Christchurch in April, targeted at the tourist market.

Empress Abalone Pearls founder and director Liz McKenzie says the venture provides an opportunity to inform visitors about the company's unique culturing process, while at the same time showcasing the company's jewellery and pearls and boosting both retail and wholesale sales.

Visitors will be able to view live paua living in tanks, and learn about how they live and grow and the pearls that are produced inside them. In keeping with the complex's educational focus, a film about the pearl culturing process and the island's marine life will screen in the theatrette.

Liz McKenzie passionately believes that with some serious investment the paua pearl aquaculture industry could be as big in New Zealand as it is in Australia, where it is worth about $500 million a year. As a result, the company is gearing up to increase production at its new pearl farm in Kaikoura.

"We've already got markets that we have been developing that we can sell product into," she says.

A gold cuff bracelet studded with three paua pearls and diamonds sold recently in the US for $22,000. Actress Drew Barrymore is among the celebrities wearing paua pearl jewellery.

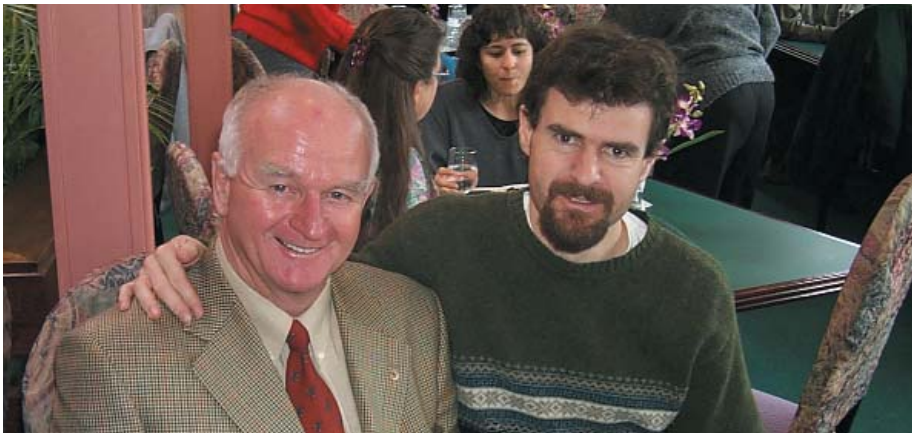
Meanwhile the company is in the process of formalising a prospectus with its directors to raise a couple of million dollars from an offshore sharemarket. The money will be spent on completing its retail outlets, a R&D project and offshore marketing. So far the company has funded the retail outlets from private capital, shareholder advances and retained earnings.

"Our five-year vision is to be producing about $50 million a year in revenue. We are a long way away from realising this but we will move quickly into making $5-$6 million in sales in 18 months' time," Liz McKenzie says.

Contact: Liz McKenzie, Empress Abalone Pearls Ltd, ph 03 365 0404, e-mail: pearls@empress.co.nz

Spell-binders

Carolyn Enting reports on the dawning of virtual reality technology in New Zealand.



Dr Mark Billinghurst (right) with Professor Tom Furness

IMAGINE READING A book and being able to fly inside the pages and interact with its characters.

Well it is now possible thanks to Kiwi scientist Dr Mark Billinghurst who will be bringing his Magic Book technology back to New Zealand to Canterbury's new Human Interface Technology Lab, which opens in July. The Magic Book won the 2001 Discover Magazine Award for Entertainment, the equivalent of an Academy Award for science.

For the past seven-and-a-half years, Dr Billinghurst has worked out of the University of Washington's HIT Lab, where he has just completed a PhD in electrical engineering. He has also worked recently with the founder of this lab, Professor Tom Furness III, the University of Canterbury, and the Canterbury Development Corporation (CDC) to lay the groundwork for the project and secure funding.

Students are already queuing up to be part of the research and development lab, which will specialise in Virtual Interface Technology. (See sidebar for a definition.)

Modelled on the HIT Lab at the University of Washington, the Canterbury Lab will train highly skilled graduates, develop patents, create new companies and jobs, attract overseas contracts and research funding as well as bridge the gap between industry and universities. Dr Billinghurst is its establishment director and Professor Tom Furness – "the grandfather of virtual reality" – has been appointed international director and is currently in New Zealand driving the project.

Remember the scene in *Star Wars* when Luke Skywalker is flying his fighter towards the Death Star and a display comes down in front of him to help him match up his targets? That was one of Professor Furness's inventions. When you look at his background, you understand why the CDC got so excited when they stumbled upon him and his lab one and a half years ago during a visit to Seattle, Christchurch's sister city.

Working for the United States Air Force for 23 years designing visual display systems for the cockpits of fighter aircraft, Professor Furness also won the Discover Magazine Award for Technological Innovation in 1998 for inventing Colour Virtual Retinal Display.

A technology that scans images directly onto the retina of the eye, it can help people with some forms of blindness to see. It can also help with pain alleviation for burn victims and has been successfully used for phobia treatment.

Working on more effective ways to communicate information to fighter pilots in the cockpit, Professor Furness realised the need to go beyond conventional methods. Going back to the basics of how humans naturally interact with the world, which is three-dimensional, he developed what is known today as virtual reality.

When the discovery eventually hit the press, he began receiving excited calls from people all over the country wanting to know how this technology could help people, from fireman to children with cerebral palsy. "At that point, I realised we were onto something big," he says.

With the blessing of the United States Air Force, Professor Furness left government service and set up the HIT Lab with the primary purpose of developing better interfaces between computers and humans using virtual reality technology.

Choosing a university campus as the location "to tap into the enormous imagination of the students" and setting up an environment where students did a lot of self-directed work and generated their own ideas, it turned out to be a successful formula.

In 10 years the Washington HIT Lab has been responsible for the creation of 21 new companies, over 500 new jobs, numerous patents, highly trained graduates and the development of technologies that have the potential to improve the lives of people with disabilities and medical problems.

Dr Billinghurst's Magic Book is one of the most successful projects to come out of the Washington HIT Lab. In March, Dr Billinghurst – described by Professor Furness as "his most outstanding student" – had the opportunity to present his Magic

By using a lightweight head-mounted display, pictures in The Magic Book come to life in 3D animated scenes.

Book to Prime Minister Helen Clark and Deputy Prime Minister Jim Anderton.

It looks like a normal storybook but when you look at the pages holding a lightweight head mounted display, the pictures pop off the page and come to life in the form of three-dimensional animated virtual scenes. By touching a switch, you can fly into the virtual scene and explore the virtual environment and interact with the characters in the book.

The technology in the future will help people like anatomy students in their studies by allowing them to view parts of the body three-dimensionally.

Links between the University of Washington and industry have also been built via the HIT Lab's Virtual Worlds Consortium, which is made up of some of the largest corporations in the world including Eastman Kodak, Microsoft and Sun Microsystems.

The development of the Canterbury HIT Lab, which has the backing of Industry New Zealand, provides an incredible opportunity to connect with US research and development networks and promises significant social and economic benefits.

Bringing established connections and a wealth of experience to the job, Dr Billinghurst says there is a lot of fantastic technology that has been developed in New Zealand and he is keen to collaborate with the developers.

The HIT Lab's strength is that it is already part of a global network. The key, he says, is technology integration. Taking technology that has already been developed and combining it in new ways to give it a competitive edge and develop interfaces that will attract offshore investment.

"The New Zealand market is too small for companies to be worried about competing against each other. They need to collaborate and get to the international market where real profits can be made," says Dr Billinghurst.

The HIT Lab in Canterbury is currently organising a Virtual Worlds Consortium of New Zealand companies who will join with the Consortium in Seattle and venture partners for establishing new companies. Interested parties should contact Larry Podmore at the Canterbury Development Corporation, ph (03) 379 5575, e-mail larry.podmore@cdc.org.nz

WHAT IS HUMAN INTERFACE TECHNOLOGY?

Human Interface Technology is the development of new and better ways to interact with computers using more natural or intuitive mechanisms such as virtual reality technology.

While the speed and power of computers has dramatically increased over the past 30 years, we still continue to use interfaces that were developed decades ago, such as keyboards, monitors and the mouse. These interfaces require training and time, and make it difficult for people to utilise the full potential of the technology around them.

The HIT Lab develops new interfaces that will allow people to interact with machines in similar ways to those we use to interact with each other.

Three-dimensional virtual reality displays replace monitors, and speech recognition, human gesture recognition and physical touch replace the mouse and keyboard.

Providing immersive learning environments, this technology has been proven to accelerate learning and has the potential to transform the lives of people with disabilities, as well as create more efficient ways of working.

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Visit the HIT Lab in Washington at www.hitl.washington.edu

ICT HIGH-FLYERS

New Zealanders have gone onto the front foot with their investment in ICT. Small companies in this sector are achieving remarkable things. Now the government has set 2003 as the year it wants high speed services available in most regions. Sharon Cuzens reports.

WE MAY BE small, but we can spend up large, according to *Digital Planet 2002*, an annual survey on the global information economy produced by the World Information Technology and Services Association.

For its size, New Zealand is the world's biggest spender on information and communications technology (ICT). With spending of 14.4 percent of GDP in 2001, it heads off countries such as the US (7.9 percent) and Australia (10.7 percent).

But the small size of our economy shows in the spending per capita figures – just $US1,836 compared with the US figure of $US2,934.

Digital Planet 2002 showed the global ICT marketplace grew only slowly between 2000 and 2001, with spending reaching $US2.4 trillion compared with $US2.3 trillion the previous year. And in this period, the world's largest ICT marketplace – the US – saw virtually no growth, while other countries saw spending gains of five percent. China took the lead, growing more than 15 percent between 2000 and 2001.

The internet continues to play an increasingly important role in business, with internet buyers numbering 142 million worldwide in 2001, up 40 percent from 2000. Global combined business-to-business and business-to-consumer e-commerce reached $US633 billion in 2001, up 79 percent on the previous year. Businesses dominated this spending, buying more than four times as much as consumers.

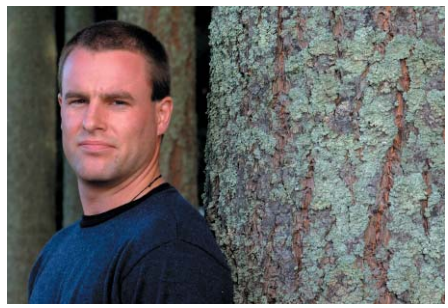
Internet access at about 40 percent of households (37 percent in the 2001 Census, 42 percent in *Digital Planet*) places New Zealand 14th in world rankings, with 0.8 percent of the country's business being conducted on-line – double the figure in 2000, putting New Zealand behind only Canada and Sweden.

REGIONAL SERVICES

Industry New Zealand ICT sector specialist John Houlker says a wide range of New Zealand companies are poised to take advantage of the growing international ICT market. Industry NZ is looking to see where it can best help them, he says. "Access to high-speed services outside the main metropolitan areas is one issue we have been looking at.

"The government has said it would like to have 128Kbit/sec access in both directions available in much of the fringe regional and rural areas by 2003."

John Houlker says enabling such access is as much about developing appropriate community business models as it is about technology. "The trick is paying for it, and the strongest models are those that aggregate consumer demand in areas that are not usually attractive to service providers."



Vincent Yeoman's company has developed forest harvest planning software with considerable overseas market potential. Rob Carter

Pilot studies last year in Northland and Otago/Southland showed that current services were significantly poorer than previous studies had suggested, and that improving those services would indeed be important for businesses in the community. "One project, for example, had TVNZ transmission arm BCL working with Vodafone and the local community to put in a 128Kbit/s data connection at Tuatapere's Waiau College. This was a key step in saving some specialist courses at the school and a possible start to a wider high-speed network in the community."

John Houlker admits it's a complex issue. Dairy giant Fonterra, for example, is looking at pulling together demand from its large numbers of clients in several regions to make it more attractive to suppliers. "We'd like to see if there's some way this could fit in with wider regional needs. Interconnectivity and interoperability between different service providers in different regions is a real issue."

One small IT company that's making the most of its regional position is Vision Software, owned by Management & Technology Systems. Based in Rotorua, the five-person software development company provides services to the local forestry industry, as well as pursuing its dreams of a bigger slice of the national and international market.

Technical director Alex van Zyl says the expertise in GIS gained during the development of its forest management program ForestVision has been invaluable. "An important focus for us at the moment is The Ultimate Map of New Zealand – TUMONZ – a vector map of New Zealand that can take you down to street level detail."

Released in November last year, TUMONZ was born out of the need to develop GIS or mapping-based products for the forestry business, explains Alex van Zyl. "It's a niche market that's developed a little by accident. There's intense competition in this field overseas, but in New Zealand there wasn't a single supplier of affordable vector technology."

Use of vector technology means the maps are infinitely scalable without any loss of definition. The initial target market for the

"People from all the government agencies – CIA, FBI, military and police – were there. They couldn't believe we could produce technology like ours with such a small number of people."

product, which is sold in CD form, was recreational users such as trampers. The roading aspect has since been enhanced and a Fish-Atlas module added showing hundreds of popular fishing sites.

Having precise spatial coordinates for 20-metre interval contours also means TUMONZ can generate a digital terrain model for anywhere in the country. All the maps can be customised and printed out.

With the New Zealand market mapped out, Vision Software plans to turn its attention to Australia, says Alex van Zyl. "We can attack that without too fierce a competition as there's no national effort there. We're already getting data sets and setting up systems… the returns on the Australian investment will be much larger."

Another Rotorua-based company, Harvest Planning, looked locally when it decided to make use of Vision Software's expertise in both forestry planning and GIS to develop harvest planning software which also has significant export potential.

CYANS – cable yarding analysis neural system – has been developed to fill a need for up-to-date harvesting software in the forest industry. "The software is needed to indicate whether a particular terrain is suitable for installing an efficient cable hauling system for harvesting logs," says planner Vincent Yeoman. "The current software has been around for 10 to 15 years and takes a lot of work to prepare and analyse the data."

CYANS, developed with the help of a Technology New Zealand grant, takes GIS information as a direct input and automatically formats a cross-section of terrain in a 360 degree circle on 24 cross-sections. "It does instantaneously what it would have taken a planner half a day to digitise and present previously."

There is a substantial international market for such a product, as haulers are used all over the world in the forestry industry.

E-SECURITY

One burgeoning international market currently under investigation is infrastructure protection and e-security. Joseph Rousseau of Industry NZ is conducting a scoping study of the global marketplace and of New Zealand companies producing products or services in this area.

"This is one of the biggest opportunities for growth in the ICT sector and New Zealand wants to be a part of it," he says.

"We're keen to contact as many companies as possible in the field. What's happened since September 11 is that instead of being number 10 on the list, it's now number one."

This was evident at FOSE 2002, held in March in Washington DC. The Federal Office Systems Exposition is the most comprehensive technology event serving the US government market. This year security was a major focus, with a significant increase in the number of vendors displaying products for data storage, disaster recovery and business continuity.

Joining them was a small Christchurch company KeyGhost Ltd, a subsidiary of Interface Security, which has developed data-capturing technology on a sophisticated chip that has many applications in back up, monitoring, auditing and forensics.

The first application of this technology was the development of a hardware keystroke logger, the KeyGhost, that records everything typed into a computer for later recall.

KeyGhost was developed by University of Canterbury engineering graduate Shane Tolmie, with the help of Greg Bacchus and brothers Theo and Andreiko Kerdemelidis, whose parents helped set up the company.

A chartered accountant and computer auditor by training, Despina Kerdemeledis 0 for Interface Securities and its offshoot companies. She says the technology behind KeyGhost is world-leading – a fact that overseas markets are now starting to realise.

"One US company is trying to copy us, but it doesn't work properly. They can only record a maximum of 60,000 keystrokes, while ours is two million. They haven't figured out how we capture so many keystrokes."

KeyGhost can be attached externally to the keyboard cable, or hardwired inside the keyboard. Unlike software data loggers, it starts recording the minute a computer is turned on. It can't be detected by other software and users, and it has no effect on the operating system.

Initially developed as a back-up tool, security applications are not now taking centre stage. "Our first target market is the government sector, then big corporations – especially multinationals. Our objective has been to establish dealers in the US, Europe, Australia, South Africa, South America – anywhere that is computer literate."

Despina Kerdemeledis has noticed an upswing in interest since September 11, including a last-minute invitation to attend a major consumer electronics show in

Alex van Zyl with The Ultimate Map of New Zealand that goes to street level detail. Rob Carter

Shane Tolmie and Greg Bacchus, co-developers of the KeyGhost technology. John McCombe

Las Vegas in January. "People from all the government agencies – CIA, FBI, military and police – were there. They couldn't believe we could produce technology like ours with such a small number of people. Over there, a small company is 200 employees and $50 million turnover. We have seven people working on KeyGhost applications – including the technicians that install the chips into keyboards."

Small is good, as far as KeyGhost is concerned. Despina Kerdemeledis believes that what they have done in two years would take a lot longer elsewhere, where there is a more structured approach to development. "If you let people think freely, they will come up with novel solutions. We have a university down the road and the people that come to us like the free way we have organised the company and they want to work for us."

Now in their second year, sales are up 100 percent on their first year – not as much as they had hoped, but the US recession slowed growth, with customers going for standard models rather than the professional models that offer a higher margin.

Distance from major markets makes marketing difficult and expensive. "I get invitations to different security shows in the US all the time – we would be spending so much on travel. Our solution is to put in more dealers. We will focus on development.

The internet has given KeyGhost access to markets they would never have reached otherwise. "From such a small place, we have access to dealers in places like Israel, Sweden, Italy, Brazil and the US – all buying from me and selling on the local market.

Initial marketing efforts included getting as many industry magazines worldwide to write product reviews, which then generate hits on their website. Despina Kerdemeledis has also participated in a talkback show on a New York-based internet radio station. "I talked for an hour about the product and people called in from around the world. We had a huge spike on the website after that."

Increasing the number of languages available and developing new applications are the next steps for the small company. Other examples of the application of data capturing technology include recording data from keypads and magnetic card readers, and technologies that provide wireless surveillance of remote areas where there is no internet infrastructure. "A new bank overseas has asked us to develop something that would work with their security doors, looking at who is going in and out, other than using security cameras.

"We're also looking at a cheaper version for use in home computers, with growing concerns about safety of children on the internet. Parents can keep an eye on who they're talking to."

And KeyGhost is just the start of story for Interface Security. Engineers are already working on another project that will eventually be spun off into its own company once development is complete.

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A celebration of innovation

Over 600 people attended the Innovate conference held in early March to celebrate and learn from the achievements of Kiwi entrepreneurs. Chris Wilson reports.

The World of Wearable Arts event is an annual showcase of creativity and now, housed in a museum, a leading visitor attraction in Nelson. Its creative director Suzie Moncrieff gave a well tailored presentation at Innovate and two creations are pictured.

(left) Octavia Clinton, created by Andrea Clinton of Wellington.

(right) Perelandra, created by Claire Prebble of Golden Bay.

IT'S THE ANECDOTES I'll remember the longest from *Innovate:* Richard Taylor of Weta telling us how he used to create special effects using margarine; Joanna Paul relating how a TV executive had told her the new *Aroha* series wouldn't interest viewers and then how she went on to sell it to six countries; and Jeremy Moon of Icebreaker, when describing the consumer battle between heart and head, confessing to spending $399 on a pair of sunglasses that later hurt his nose.

It all contributed to a feeling of relaxed celebration at the conference, and one of confidence in the future. People could be heard walking away saying, "Well, that was inspiring" – New Zealand business people on the stage telling us of their international success, many with considerable modesty.

Take Mark Pennington of Formway Furniture, for example. His company has now won three gold medals and a silver at the NeoCon furniture show in the US – no other company in the world has ever won so many awards there. His comment: "This reinforced our confidence – that our ideas are as good as any others in the world".

Innovate reminded us all that New Zealand does have world-class companies – we don't have to look overseas with deference or envy – and that the future potential, using our own resources, is unlimited.

Tenacity came through often in the entrepreneurs' stories. Dame Cheryll Sotheran recalled difficult years in the mid 1990s before Te Papa opened, weathering criticism that the national museum was going to be a white elephant. Instead, it has received numerous accolades and this year its visitor numbers are running at an all-time high. All as a result of establishing a vision of a world-class museum, and seeing it through.

Richard Taylor described making the special effects for *The Lord of the Rings* trilogy as "the biggest undertaking in the history of film-making". At its height, the workshop and digital special effects sides of Weta employed 340 people – yet 120 had never worked in the film industry before. "To the founders, this was a possible recipe for disaster. I was adamant it would bring a unique touch to Middle Earth."

A number of presenters outlined their perceptions of New Zealanders' strengths. For Richard Taylor it was growing up on a farm and making his own fun that was the basis for the innovation in his work. He thought that the innocence of a New Zealand upbringing helped create a level of affection and love for the creation of Middle Earth that extended beyond the corners of the screen. He said half of his most creative Kiwi people had come from south of Christchurch – "The further and more isolated you live, the more motivated the mind is to invent. And with passion, invention and belief, anything is possible".

Mark Pennington said New Zealanders have a strong social conscience and where that manifests itself as a better understanding of people, the better suited products are to their needs.

He said that Kiwis often challenge the

status quo, were used to using a minimum of resources as effectively as possible and were close to their roots. This gave Kiwi designers a better touch and insight into how to design better.

Jeremy Moon of Icebreaker examined the semi-mythical "No 8 wire mentality" seeing positive and negative sides to it. On the one hand resourcefulness, on the other hand a lack of slick international-quality finish. Similarly the images from the book *Blokes in Sheds* were symbols of tenacity but also isolationist thinking.

INNOVATIVE THINKING

For those in the audience wanting advice on innovative thinking, some presentations were better pitched than others. Suzie Moncrieff's presentation, from World of Wearable Arts, was well tailored for business people. She spoke of the importance of being open to the power of creative accidents and alert to the potential of the unexpected. The World of Wearable Arts had emerged as an idea springing from another activity. She had been looking for a way to promote a cooperative art gallery in Nelson and the idea of a wearable arts awards sprang from that.

She described this idea as "a happy accident" born from creativity, enthusiasm, perseverance and encouragement. "You have to be able to realise when something special lands in your lap, and flexible and enthusiastic enough to realise its potential." The awards event now delivers $4 million into the local community annually and since December last year it has a permanent home in a museum of wearable art and cars that has become a top visitor attraction in the region. Suzie Moncrieff now intends to take the concept beyond our shores.

Mark Pennington's presentation also provided several insights into the innovation process. He spoke of the importance of having a strong vision to inspire innovation. His company had set its sights on "contributing to great or outstanding workplaces" rather than limiting itself to focusing just on producing products.

He also emphasised the importance of living by the maxim "there's always a better way" to encourage continual improvement.

His goal was for products that were a mixture of poetry and pragmatism; "design that lifts the spirit, works beautifully and caters to all the senses". To achieve this, a good design process was needed. A small team was required who left their individual egos at the door and kept the brief alive. "You will be amazed at the potential of group activities. And disturbances or conflicts can be steered to become opportunities."

Richard Taylor also made the point that "failure" could be seen as a process of evolution. "Out of the winds of failure are the most incredible discoveries of life. We have to inspire in people the freedom to be creative and to day-dream."

He emphasised the importance of keeping and nurturing innovative people.

"It's imperative that when you find innovative people that you pull them to yourself. One person with a good idea will have others. Reward them well."

And he spoke of the importance of investing in young people and working with determination and passion.

A few of the presenters at *Innovate* could be described as "hanging on the coat-tails of innovation". More specialised advice on innovative thinking could have been provided by innovation writer and ideas champion Ed Bernacki, who lived in Auckland for a number of years and who has been based in Melbourne recently still working with Kiwi businesses: it's a pity he wasn't included in the programme.

But one presentation which was literally pure added-value was Jeremy Moon's on branding. It was a generous one, centred on a complete unveiling of Icebreaker's branding strategy.

It made the point of the importance of building up a brand story, developing a compulsion to buy that appeals to wants rather than needs and how this brand story

"I feel very inspired by the energy and potential in New Zealand. There will be a groundswell out of this conference that will have an impact in the market." ***Mark Pennington***

(left) Jeremy Moon spoke of the importance of building up a brand story and how this could represent about half the value of the product sold to the customer. Neil Mackenzie

(right) Mark Pennington's insights into the innovation process included the importance of having a strong vision to inspire innovation. Bruce Foster

could represent about half the value of the product sold to the customer.

Icebreaker's brand story focuses around the natural qualities of merino wool, the association with the high country and outdoor pursuits. The company employs 20 staff.

Jeremy Moon finished up by saying, "You can't over invest in ideas, marketing and brand delivery".

Another presenter Colin Campbell Hunt, professor of management at Otago University, has studied a handful of our leading companies in depth, profiling his findings in *World Famous in New Zealand.*

He said that for each of the six companies he studied, innovation was the key to breaking into global markets. The companies' products all combined simplicity of design with excellence of functionality.

"But innovation alone is not enough," he said. "You need a mechanism to lock in the natural advantage of a product."

GOVERNMENT LEADERS

Innovate was organised by the Ministry of Economic Development on behalf of the government and both Prime Minister Helen Clark and Deputy Prime Minister Jim Anderton addressed the conference in Christchurch.

During his opening address, Jim Anderton – who proposed the event late last year – spoke of the need to transform the industrial base of the country.

"We need to take those small enterprises that are employing five or 10 people and lift them up into strong exporting businesses. Only 8,000 New Zealand businesses out of a quarter of a million are exporting, and 50 of them earn half of all our exports. We have the lowest level of complex manufactured exports in the OECD.

"This event is about celebrating the success of innovation and learning what it takes so that we can inform and inspire a new generation."

Helen Clark said the government has embraced the concept of innovation as central to securing the country's future success.

"New Zealand has an economy and a society in fast transition. In the economy, we are moving beyond the bulk commodity exports which have accounted for so much of our trade to many more sophisticated products and services across all sectors. Those products and services need highly educated and skilled people to conceive of them, develop them and get them to market.

"And in society, I believe we are leaving behind the 'She'll be right' attitude and the tall poppy syndrome. New Zealanders admire our achievers in sport, the arts, education, science and, in business too, we admire those enterprising Kiwis who build their success around smart ideas and are prepared to risk all to pursue them." She gave film-maker Peter Jackson as her example.

Helen Clark said the government has a critical role to play in building an innovative nation and outlined initiatives under way (see *www.executive.govt.nz*). "By prioritising innovation in your own companies, you are making a big difference to New Zealand."

Thinking outside the box

by Ed Bernacki

A REASON I'M often given for the need for innovation training is "to get our company to think outside the box".

This may come from the person at the top who feels that the quality of solutions or ideas is not great. This stems from a sense of frustration. It also comes from people working in teams who feel that the contribution of others is not helping to find new and original solutions to the challenges they face.

If you have ever been in this situation, you will know how hard it is to deal with. Perhaps it is best to start with what this term actually means. I don't know of an official definition of "out of the box" thinking but here is my perspective starting with "in the box" thinking.

THINKING INSIDE THE BOX

Thinking inside the box accepts the status quo. For example, Charles H. Duell, director of the US Patent Office said, "Everything that can be invented has been invented". That was in 1899; clearly, he was in the box!

In-the-box thinkers find it hard to recognise the quality of an idea. An idea is an idea. A solution is a solution. In fact, they can be quite pig-headed when it comes to valuing an idea. They rarely invest time to turn a mediocre solution into a great solution.

More dangerously, in-the-box thinkers are skilful in killing ideas. They are masters of the creativity killer attitude such as "that'll never work" or "it's too risky". The best in-the-box thinkers are naïve to the fact that they drain the enthusiasm and passion of innovative thinkers when they kill their innovative ideas.

They also believe that every problem needs only one solution. Therefore, finding more than one possible solution is a waste. They often say, "There is no time for creative solutions. We just need *the* solution."

There is a tragedy here. Great creative people can become in-the-box thinkers when they stop trying. Apathy and indifference can turn an innovator into an in-the-box thinker.

There is only one case where in-the-box thinking is key. This comes from a cartoon: a man talks to his cat and points to the kitty litter box. He says, "Never ever think outside the box!"

Scott Kennedy

THINKING OUTSIDE THE BOX

Thinking outside the box takes different attributes that include:

- willingness to take new perspectives to day-to-day work
- openness to do different things and to do things differently
- focusing on the value of finding new ideas and acting on them
- striving to create value in new ways
- listening to others
- supporting and respecting others when they come up with new ideas.

Out-of-the box thinking requires being open to new ways of seeing the world and a willingness to explore. Out-of-the box thinkers know that new ideas need nurturing and support. They also know that having an idea is good but acting on it is more important. Results are what count.

Ed Bernacki is an ideas champion. He started The Idea Factory to work with people to find and action new ideas. His latest book, "Wow! That's a Great idea!" is available at book shops or by downloading an order form at www.ideafactory.com.au

UP-TEMPO

Independent music labels now have a collective voice and a New Zealand Music Month is planned for May. Christopher Ryan updates recent developments.

NEW ZEALAND MUSIC is on a roll. An unprecedented seven New Zealand albums reached the top of the charts in 2001. There's a buzz about the music world now and since *Venture's* profile of the contemporary popular music industry in September last year, real progress has been made.

The formation of Independent Music New Zealand (IMNZ) last year is helping to bring together the 50 or so independent music labels and distributors in the country. Mostly quite small, the "indies" produce and distribute the largest proportion of New Zealand music and these companies previously had no collective voice to advocate for their interests.

Ben Howe, executive officer for IMNZ, says the organisation will work with other groups within the New Zealand music industry – for example, the Recording Industry Association (RIANZ), Phonographic Performances NZ (PPNZ), Australasian Performing Right Association (APRA), the Radio Broadcasting Association (RBA), amongst others. It will represent the interests of its members with government agencies such as Industry New Zealand, the New Zealand Music Industry Commission (NZMIC), New Zealand on Air (NZOA) and Creative New Zealand. Another role of IMNZ is to get involved in activities that will benefit its members. "For example, to make use of our collective buying power to get cheaper CD manufacturing prices.

"These are the businesses that have been, and continue to be, the most supportive of New Zealand music," he says. "As a group we are more likely to be heard if we have a combined position on political issues such as quotas, the direction of government funding and so on."

One of the issues facing the independents has been their relative lack of influence in RIANZ and PPNZ. RIANZ is the professional organisation for the recording industry, and administers PPNZ, a royalty collection agency for music played in public. Although a number of independent labels and distributors are affiliate members of RIANZ, the association is dominated by the multinational music companies that are full members (the "majors"). Now RIANZ chief executive Terence Oneill-Joyce has suggested to IMNZ that they elect a member to join RIANZ as a full member and then be eligible to join the board of the association. "It's important that such a person has the right opportunity to play an equal role in the association," he says. "Only full membership will do this."

> *"It's difficult for small companies in the music business as well as in any other business to come up with the capital and expertise to expand".*

Ben Howe says IMNZ is pleased that this invitation has been made and is considering what its response should be. "What we would like is as much transparency in the industry as possible," he says.

The New Zealand Music Industry Commission (NZMIC), established by government to facilitate growth in the New Zealand music industry, is going from strength to strength. New Zealand Music Month in May this year is a highlight of the commission's plans. Mike Chunn, chair of the commission's broadcasting committee, says the month is his committee's principal project. "The commission designs and delivers a New Zealand Music Month logo and meets with and encourages activities by radio, television, retailers, artists, record companies, schools and others," he says.

Publicity and promotions for the month are in the pipeline and a poster campaign is planned. The commission will stage a New Zealand Music showcase at the May Radio Industry Conference featuring up-and-coming talent. The showcase gives radio programmers the opportunity to assess and learn more about the talent that is coming through. Such showcases in the past have been particularly successful with the Feelers, stellar*, Anika Moa, Fur Patrol and others

Ben Howe – "as a group we are more likely to be heard if we have a combined position on political issues such as quotas and the direction of government funding". Nigel Marple

Mike Chunn says a number of activities are planned for the New Zealand Music Month in May. Nigel Marple

being launched. Publicist Frances McCann, who has worked with Universal Music and Virgin Records, is working full-time on New Zealand Music Month at the commission.

Examples of other projects associated with the month include a three-day New Zealand music extravaganza in Auckland at the end of May entitled *True Colours!* featuring a range of talent across different genres, a tour through New Zealand schools by successful band Tadpole performing lunchtime concerts and hosting master classes for students, and encouraging retail stores to feature and display prominently New Zealand albums. Mike Chunn says there will be many more projects by the time the New Zealand Music Month takes place.

An Industry New Zealand-funded workshop in November last year was attended by many in the music industry including majors, indies, broadcasters, RIANZ, IMNZ, APRA, NZMIC, and representatives of government and educational bodies. In opening the workshop, the Under-Secretary to the Minister for Economic Development, John Wright, said "the government wants to find out how we can help you make more money, develop more resources, employ more people and give a boost to our domestic product".

John Wright said the government was offering the music industry an opportunity to assess whether there are better ways to use existing government resources. "I expect you to be forthright in telling us what we need to do."

Industry NZ's Rob Arlidge says the workshop was valuable and a number of initiatives emerged from it. "Members of the industry were very positive and determined to work together to further the interests of New Zealand music."

An eight-point action plan was agreed upon aimed at addressing areas of concern such as raising the profile of New Zealand music both here and overseas, fostering a more collective approach by the independents, and clarifying educational issues for the industry. Industry NZ, for instance, has offered *BIZ* training to suit the requirements of the industry, and IMNZ has run business seminars around the country for people in the music industry.

An area which is well advanced is the development of an international marketing strategy. This is being planned through a partnership between Trade New Zealand and the New Zealand Music Industry Commission's trade and export committee. Murray Jeffrey of Trade New Zealand says since the workshop industry leaders have been consulted and two lines are being followed – one through the multi-national music companies and a slightly different perspective for the independents. "Attendance at MIDEM [the annual trade show of the international music market] in Cannes in January this year was essentially the first step," he says.

The New Zealand delegation to MIDEM included Kog Transmissions, Global Routes, Loop Recordings Aot(ear)oa, King Music & Distribution, Ode Records, RIANZ, IMNZ and the New Zealand Music Industry Commission. Ben Howe, who attended on behalf of the commission, says that interest in New Zealand music was high. "The hard part is to build on that," he says. "It's difficult for small companies in the music business as well as in any other business to come up with the capital and expertise to expand.

"It's what we do that's different that people are interested in," he says. "It's niche marketing, not the mass pop phenomenon, that we're aiming at."

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