

Victoria.NET encourages a sustainable software economy in southeastern Australia by creating a hub of companies skilled in technologies that extend the value of Microsoft's .NET platform.



Quick Take

What: An industry cluster in southeastern Australia specializing in software and services that expand the commercial software ecosystem and extend the value of Microsoft's .NET development platform.

Why: To connect local technology companies and encourage a sustainable local software economy.

Who: Small- and medium-sized software and services companies, plus related trade associations and educational and government organizations.

How: Building on a partnership between Microsoft and the state government of Victoria, local companies collaborate with other industry stakeholders and government to share information, spur innovation, network, and optimize economic resources.

Where: State of Victoria, Australia.

Outcome: Nearly 300 local members are working on .NET software projects valued at nearly AUD\$300 million¹. Millions of dollars in government grants have helped small- and medium-sized technology companies develop innovative new products and attract additional investment capital.

More Info: victoriadotnet.com.au

¹ All dollar values are expressed in Australian dollars.

Local software economy case study:

Industry Cluster Results in .NET Gain

The highly competitive global marketplace can be a treacherous place for small technology companies. Even with innovative products and technical acumen, their size can make it difficult to secure funding, network with other companies, and connect with prospective customers – particularly overseas. But there is a proven equalizer: industry clusters.

An industry cluster is a geographical concentration of companies in a particular industry who share a common market, along with related trade associations and educational and government organizations. The clusters help members gain a competitive advantage through cooperative product development and marketing efforts, networking, and information sharing. In short: driving innovation and making the most of limited resources.

A prime example of a robust industry cluster is Victoria.NET, created through a unique partnership initiated by Microsoft with the state government of Victoria, Australia, and other industry stakeholders. The purpose of Victoria.NET is to encourage a sustainable local software economy in southeastern Australia by creating a hub of small- and medium-sized technology companies skilled in developing products and services that extend the value of Microsoft's .NET software development platform.

Using industry-standard protocols, the .NET platform enables software developers and companies to create Web services that help businesses work more efficiently, deliver new products and services, and share data seamlessly across different hardware platforms and operating systems.

Victoria.NET Catalyzes Australia's Commercial Software Economy

Since Victoria.NET's inception in 2003, it has become a strong business development catalyst for smaller local software companies, as well as a significant player in the region's economy. The Victoria.NET cluster currently includes 292 local members collaborating on more than 1,500 identified .NET software projects valued at nearly \$300 million.

“Our involvement with the cluster has not only made us more aware of commercial opportunities in the global market, but has also brought the market directly to our door.”

**Graeme Armstrong,
CEO, Readify**

Marsha Thomson, the Minister for Information and Communication Technology who is responsible for policy initiatives to grow the Victorian ICT industry, said Victoria.NET has been an unqualified success.

“Victoria.NET and the .NET platform are excellent resources facilitating more effective collaboration among local enterprises,” said Ms. Thomson. “The cluster is also attracting investors and customers from around the world, and acting as a major stimulus for the software economy of southeast Australia and the entire country.”

Connecting Businesses with Customers

Readify, a founding member of Victoria.NET, is a firm that offers technical consulting and training exclusively around .NET, XML Web Services and related enterprise technologies. Readify not only found new customers due to their association with the cluster, but customers were able to find them. One such customer was Microsoft.

Sensing an opportunity with .NET, Readify began creating training courses on how to use the development platform. Due to their proficiency and their association with Victoria.NET, they came to the attention of Microsoft, who enlisted their services for development work, which in turn led to a worldwide licensing deal between the two companies for a series of training courses on .NET technology.

“Through Readify’s association with Victoria.NET, we have gained a strong appreciation of the benefits industry clusters bring to local software communities,” says Readify CEO Graeme Armstrong. “Our involvement with the cluster has not only made us more aware of commercial opportunities in the global market, but has also brought the market directly to our door.”

Victoria.NET Helps Spur Technical Innovation

Victoria.NET has also been instrumental in helping cluster members identify funding sources to help them grow their business. For example, Commercial Ready is a \$1 billion grant program of the Australian national government that invests in projects involving significant R&D and technical risks. Historically, most of the money has gone to projects in industries such as agriculture, mining, and biotechnology.

With the help of Gary Twomey, a local funding expert and director of Innovation Management Consultants, Victoria.NET helped six cluster members access more than \$3 million in Commercial Ready grants, allowing these businesses to develop innovative new products and attract additional investment capital. For example:

“The idea is to offer a marketplace where innovative companies and funding sources can come together to help each other succeed.”

David Sajfar,
ISV Industry Development Manager,
Microsoft Australia

- **Cardanal Pty Ltd** received a \$790,000 grant to develop software that helps diagnose patients' heart conditions, including early detection and prediction of cardiovascular disease.
- **Bryn Systems** received a \$210,000 grant to develop software products to simplify and expedite the shipping industry's export documentation process.
- **QSR International** received a \$1.1 million grant to help take the company's new qualitative data analysis software – Nvivo 7 – to a global market.
- **Wireless IP Technology** received nearly \$450,000 in grants to help commercialize the company's ConnectiX Mobile Office 2005 wireless technology for communicating with hand-held devices.

In addition to the grants, Twomey also helped eight cluster members identify nearly \$800,000 in tax benefits for R&D work.

“Without their association with Victoria.NET, many of these companies would likely have missed out on these funding and tax opportunities,” said Twomey. “All together, that's nearly \$4 million in grants and tax breaks that were used to create innovative software and boost the economy of southeastern Australia.”

Other Victoria.NET forums have covered other essentials of financing new products and services. One event – Capital Raising 101 – included presentations by experts on ways to secure funding from individual investors and venture capitalists, as well as how to get a company listed with alternative equity markets.

“The idea is to offer a marketplace where innovative companies and funding sources can come together to help each other succeed,” said David Sajfar, ISV Industry Development Manager with Microsoft in Australia.

Networking & the Power of a Collective Voice

Victoria.NET also provides information covering industry trends, emerging technologies and trade issues, and support and guidance on the challenges that face many emerging businesses.

“As a small company of just five employees, our involvement with Victoria.NET has provided us with invaluable business training and management advice that would be too expensive to get otherwise,” says George Deligiannoudis, Managing Director of Mobilise IT, a spinoff of Wireless IP Technology that offers mobile service, sales, and supply chain solutions. “The cluster makes vital technical training and industry information available to us, which helps us serve our clients better. We can perform like a larger company, yet still maintain the flexibility of a small one.”

“It has been very rewarding to see this cluster’s phenomenal success – we are very proud of the way it has developed into an invaluable asset to the Victorian ICT industry.”

**Marsha Thomson, Minister for ICT,
Victoria, Australia**

Frequent cluster events also provide members with access to foreign delegations, industry experts, and executives from global companies such as Microsoft. For instance, Bernard O’Shea, a partner at Deacons, one of the largest and most highly regarded law firms in Australia, gave a detailed presentation on how to protect intellectual property – one of the most important fundamentals for any software company.

Invest Locally, Expand Globally

nSynergy, a Melbourne-based software company that develops business management tools, is a good example of how a small local company can expand globally with the support of an industry cluster. By leveraging their contacts in Victoria.NET, nSynergy was able to bid for large contracts normally captured by much larger companies. As a result, they were able to land enough business to open branch offices in Sydney, London, and New York. The work generated from nSynergy’s overseas offices is now sent back to their Melbourne headquarters to be completed by local software developers.

“As a new company, being a member of Victoria.NET has assisted us with our overseas expansion and helped us create an important network of distributors and clients,” said Karl Redenbach, nSynergy’s Director of Business Development. “Our association with the industry cluster also assures our clients that we’re using the latest technology.”

Industry Clusters Spread Across Australia

“This cluster has really grown a healthy network of allegiances among Victorian software developers,” said Ms. Thomson, Victoria’s Minister of ICT. “It has been very rewarding to see this cluster’s phenomenal success – we are very proud of the way it has developed into an invaluable asset to the Victorian ICT industry.”

The impressive growth of Victoria.NET has also encouraged other Australian states and territories to develop industry clusters. Thus far, Northern Territory has launched Outback.NET, and Queensland has Queensland.NET. The governments of New South Wales and the Australian Capital Territory are working on the creation of Sydney.NET and Canberra.NET, respectively.

More Information:

Visit the Victoria.net website at:
victoriadotnet.com.au