

THE INVESTOR'S GUIDE TO THE
NEW ZEALAND
TECHNOLOGY SECTOR

First to see the light

TIN
100



MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

Report Objective

This report has been prepared by Technology Investment Network (TIN) on behalf of the New Zealand Ministry of Business, Innovation and Employment (MBIE).

This report makes a strong case for investment in New Zealand's technology sector. It draws on the annual TIN100 Report (www.tin100.com) which provides detailed information on the performance of the country's technology companies, and the New Zealand Technology Industry Association's Digital Nation New Zealand Report (July 2016).¹

Report Content

- I. Opportunities to Invest
Reasons to invest in New Zealand technology
- II. New Zealand's Technology Sector at a Glance
New Zealand technology companies are growing strongly
- III. Growth Capabilities
Growth exists across many industry sectors
- IV. Industry Support: the Technology Ecosystem
A maturing business ecosystem and supportive government promote technology success
- V. Investor Environment
There is growing investor interest in New Zealand's unique high-growth technology firms
- VI. Learn More

Methodology

The analysis in this report comes from public and private company data for the top 200 New Zealand technology firms (as determined by revenue). This data has been collected and aggregated by TIN over the past eleven years.

Inclusion in the TIN top 200 requires technology firms to:

1. Originate in New Zealand;
2. Retain a meaningful presence in New Zealand;
3. Operate in the High-tech Manufacturing, ICT or Biotech sectors;
4. Have developed their own technology-based intellectual property; and
5. Generate at least 10% of their revenues offshore.

Information is gathered by surveying companies that satisfy the above criteria. When a survey is not returned or is incomplete, publicly available figures are used. If none are available, revenue is estimated based on staff numbers, revenue per employee ratios from comparable companies and data supplied in previous years.

Interviews with leading sector analysts and firms have also been conducted for research purposes.

All figures in this report are quoted in New Zealand dollars unless otherwise specified.

Sector Definitions

In this report the "High-tech Manufacturing" sector refers to companies that fall under the OECD definitions of High-Technology and Medium-High Technology Manufacturing.

The OECD definition for "ICT" makes it a cross-cutting sector that has some overlap with these manufacturing definitions; refer to the latest TIN100 Report (www.tin100.com) for individual company sector classifications. The OECD definition of Biotechnology has also been used by TIN to classify companies that fall within the "Biotech" primary sector.²

Key Contacts

The report was prepared by the Technology Investment Network (TIN). To contact please email tin100@tinetnetwork.com. See page 32 for the contact details of other key information sources.

¹ Digital Nation: From Tech Sector to Digital Nation: www.nztech.org.nz/promote/about-the-sector.

² All data is derived or sourced from TIN100 Report analysis, so that double counting is eliminated.

New Zealand offers Attractive Investment Opportunities

The technology sector offers multiple investment opportunities in ambitious and scalable firms that are targeting global problems with market-leading solutions.

The New Zealand Technology Sector

NZ's 3rd largest export sector

\$6.5B offshore revenue (top 200 tech firms)

\$16.2B of national GDP*

28,749 firms employing 98,900 workers*
(NZ population 4.7m)

New Zealand is a developed nation with strong global trade links and a comprehensive network of free trade agreements, primarily around the Asia Pacific region. It is ranked number two globally by The World Bank Group for ease of doing business.

Each morning, the east coast of New Zealand is the first part of the world to see the light of a new day. Never one to follow, New Zealand is forging its own path through the sometimes turbulent, but always exciting, global technology sector.

Most of the world's population has benefited from technologies originating in New Zealand. The country is home to a wide and growing range of innovative technology companies, powered by an ethnically diverse and highly educated workforce.

With just over 4.7 million inhabitants, New Zealand's small domestic market means companies are globally focused from day one. Its technology firms have highly efficient research and development practices and are supported by stable, business-friendly government, and internationally well-regarded tertiary institutions.

New Zealand's High-technology Manufacturing, ICT and Biotechnology companies have grown to be significant export earners. Active angel investor communities and a national network of technology incubators and innovation precincts fuel this growth.

The New Zealand Government's Investment Attraction Strategy aims to promote:

- High-quality foreign direct investment in areas of competitiveness for New Zealand;
- Overseas investment in research and development, especially encouraging multinational corporations to locate their R&D activity in New Zealand; and
- The attraction of individual investors and entrepreneurs to expand New Zealand's pool of smart capital.

Reasons to Invest in New Zealand Technology

New Zealand's ambitious, well-connected and fast-growing technology sector thrives on meeting global challenges, doing more with less and thinking differently.

Centrally Positioned and Globally Connected

New Zealand provides a great base from which to export globally with connections to North American and Asian markets. The country has a comprehensive network of free trade agreements, promoting easier trade and investment flows. New Zealand has some of the fastest internet speeds in the world. It is a safe, developed democracy offering many lifestyle benefits attractive to skilled labour. New Zealand's innovative technology scene is a magnet for entrepreneurs.

Vista Group recently signed a deal with WePiao, a Tencent affiliate, to distribute cinema exhibition software across China. **Vista Entertainment Solutions** provides software to 38% of the world's 20+ screen cinema exhibition chains.

Dynamic Companies with High Growth Capabilities

Historically New Zealand's technology sector has been dominated by its High-Tech Manufacturing companies. Now, a diverse array of agile and highly innovative software companies have also emerged, focused on being global leaders in their chosen markets and with highly scalable business models.

Orion Health, a data-driven healthcare open platform provider, assists in the **storing of over 100 million patient records**, changing the way hospitals use data.



Strong Technology Ecosystem

Government and angel and seed investor networks are investing significantly in New Zealand's technology sector and supporting ecosystem. Government grants are available for research and development, training and international growth. Government also assists with funding for technology hubs, incubators and accelerators.

*In the year to June 2015, government institution **Callaghan Innovation** supported over 85 companies with \$135 million of R&D grants, funding up to 20% of companies' R&D expenditure.*

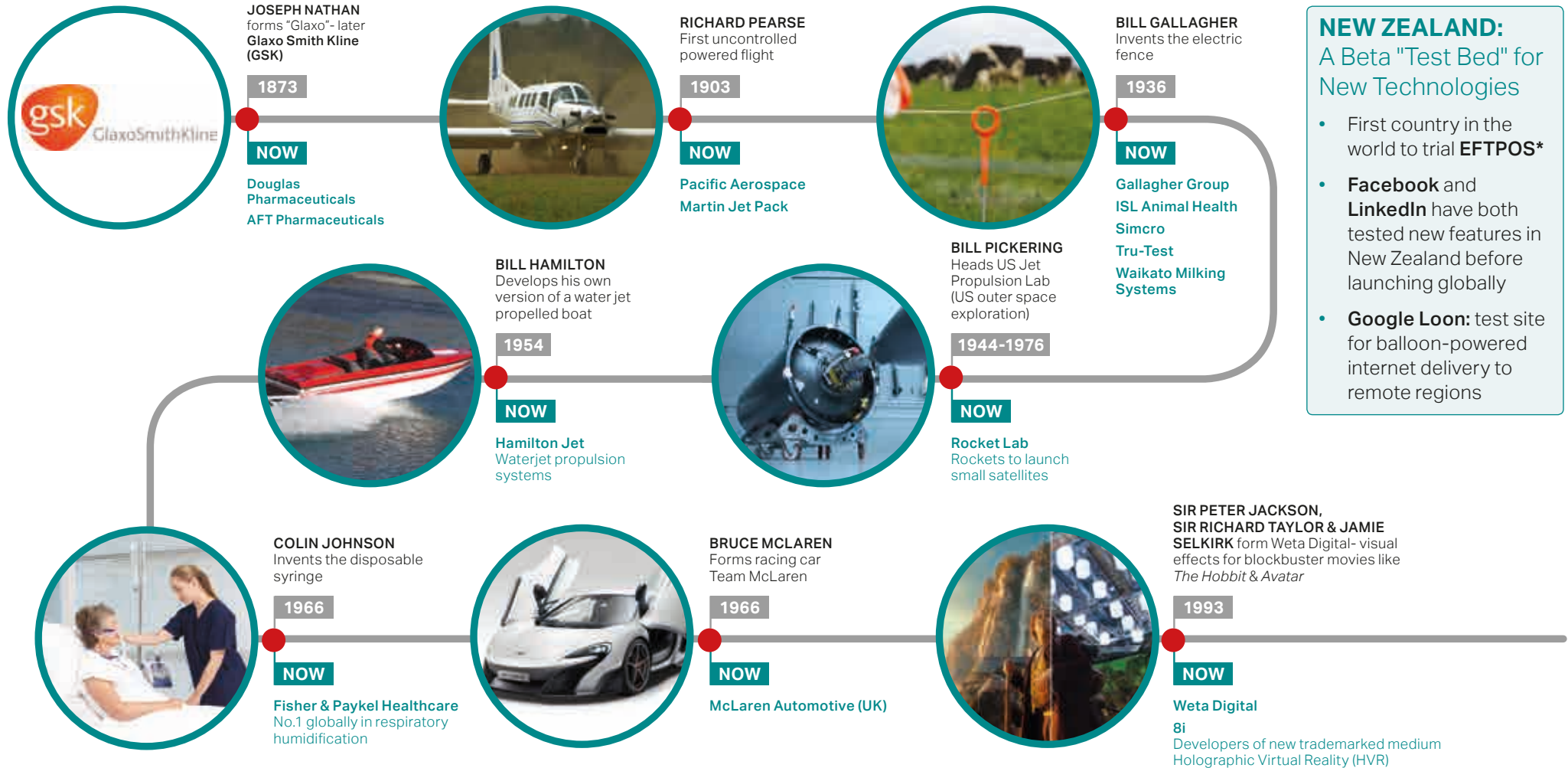
Lean R&D and Innovative "Can-Do" Culture

With a small domestic market, New Zealand technology firms need to be globally focused from the outset. New Zealand firms have a "can-do" culture and an ability to extract maximum value from available resources. With a strong history of innovation and as early adopters of new technologies, New Zealand companies are building solutions to global challenges and selling those solutions all over the world.

Buckley Systems builds components for the machinery that produces 90% of the world's silicon chips.

An Innovative Heritage

New Zealand's technology sector has a long tradition of combining intellectual smarts with deep practical skills. Most of the world's population has benefited from technology pioneered in New Zealand. There are many examples, here are just a few:



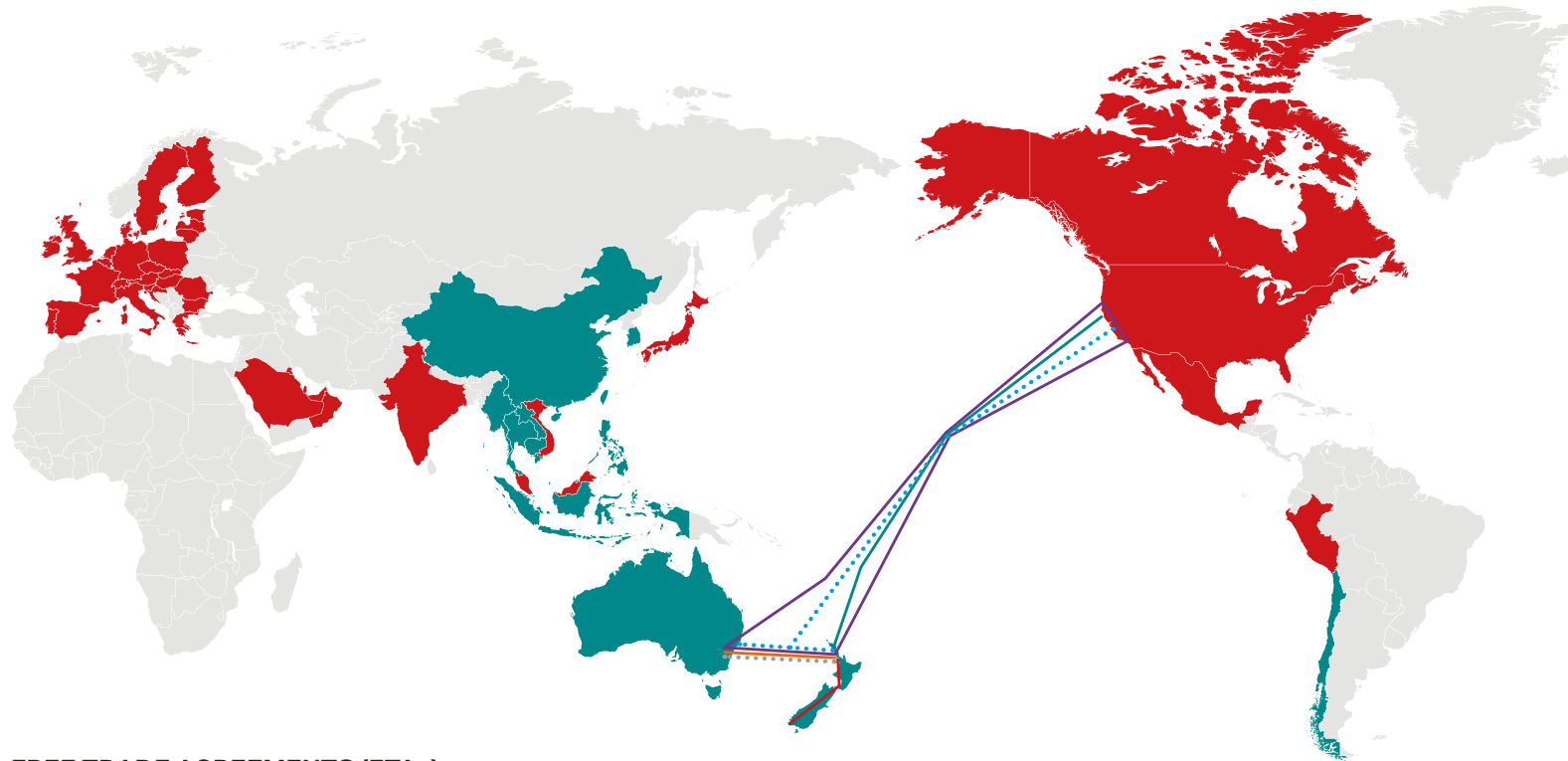
NEW ZEALAND:
 A Beta "Test Bed" for New Technologies

- First country in the world to trial **EFTPOS***
- **Facebook** and **LinkedIn** have both tested new features in New Zealand before launching globally
- **Google Loon:** test site for balloon-powered internet delivery to remote regions

* EFTPOS refers to "Electronic Funds Transfer at Point Of Sale".

Centrally Positioned and Globally Connected

New Zealand has Free Trade Agreements – in place or proposed – with all major global economies; Ultra-Fast Broadband fibre connections extend throughout the country and internationally.



FREE TRADE AGREEMENTS (FTAs)

● Countries with current FTAs ● Countries where FTAs are proposed, under negotiation or awaiting ratification

FIBRE CABLES

EXISTING — Southern Cross Cable — TASMAN 2 Cable — Aqualink Cable
 UNDER CONSTRUCTION ... HAWAIIKI Cable ... TASMAN Global Access (TGA) Cable
 PROPOSED — Bluesky Moana Cable

16

Current Free Trade Agreements, largely in the Asia-Pacific region.

5

Free Trade Agreements proposed, currently under negotiation or awaiting ratification.

60.7 milliseconds

Time taken to send data between New Zealand and the United States.

80%

Percentage of New Zealand population with Ultra-Fast Broadband fibre by 2022.

New Zealand's Technology Sector at a Glance

“What I like about the ideas I've seen coming out of New Zealand is that they are fundamentally based on science and technology innovations. The innovation comes first and, oh by the way... you can use it to build a good business. I think that is the right priority... and that's exciting!”

Vinod Khosla, Founder of Khosla Ventures, Co-founder of Sun Microsystems,
former general partner at Kleiner Perkins Caufield & Byers

Investor in Rocket Lab, BioDiscovery, Lanzatech

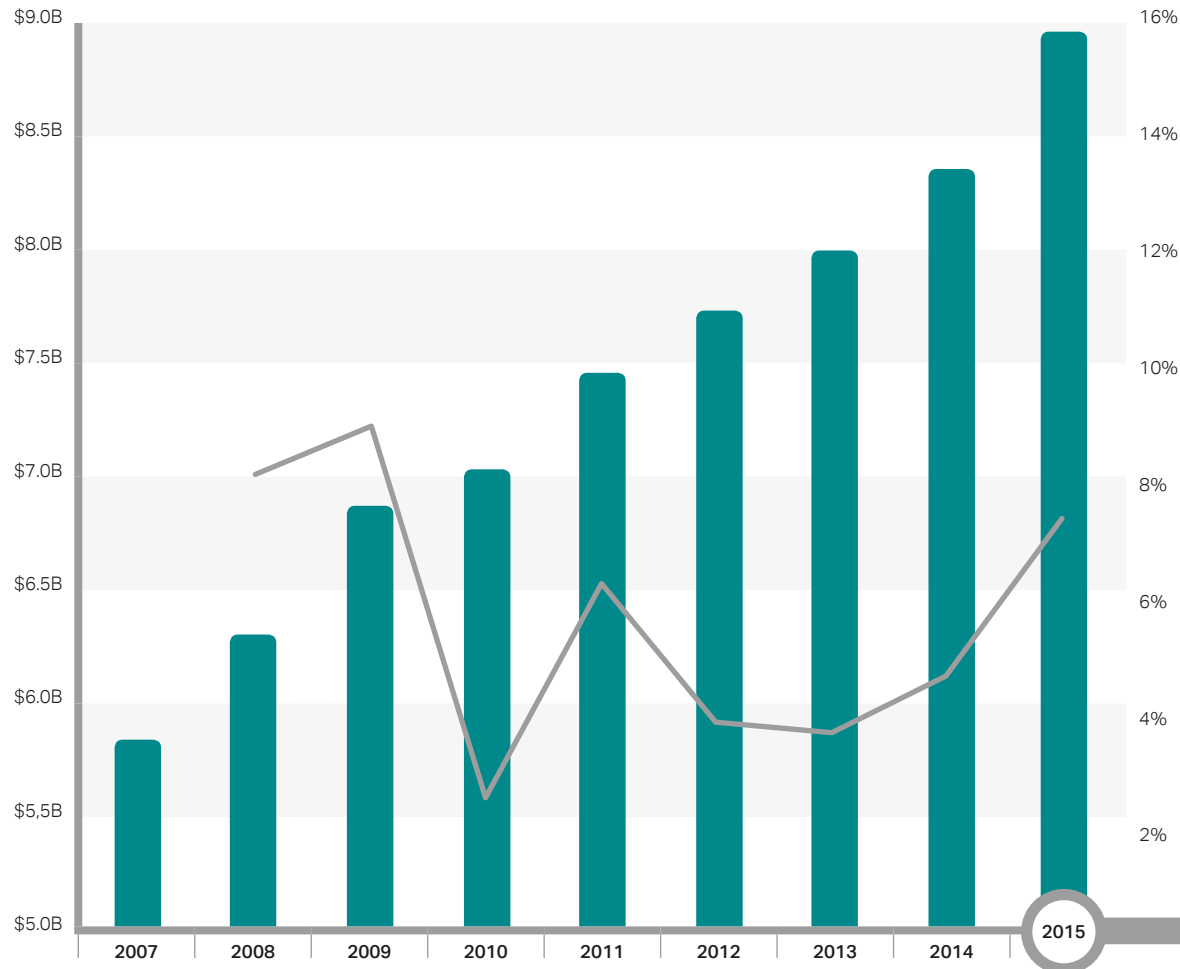


Strong and Sustained Revenue Growth

Throughout challenging macroeconomic times, New Zealand's technology sector has grown strongly and earned significant international revenue.

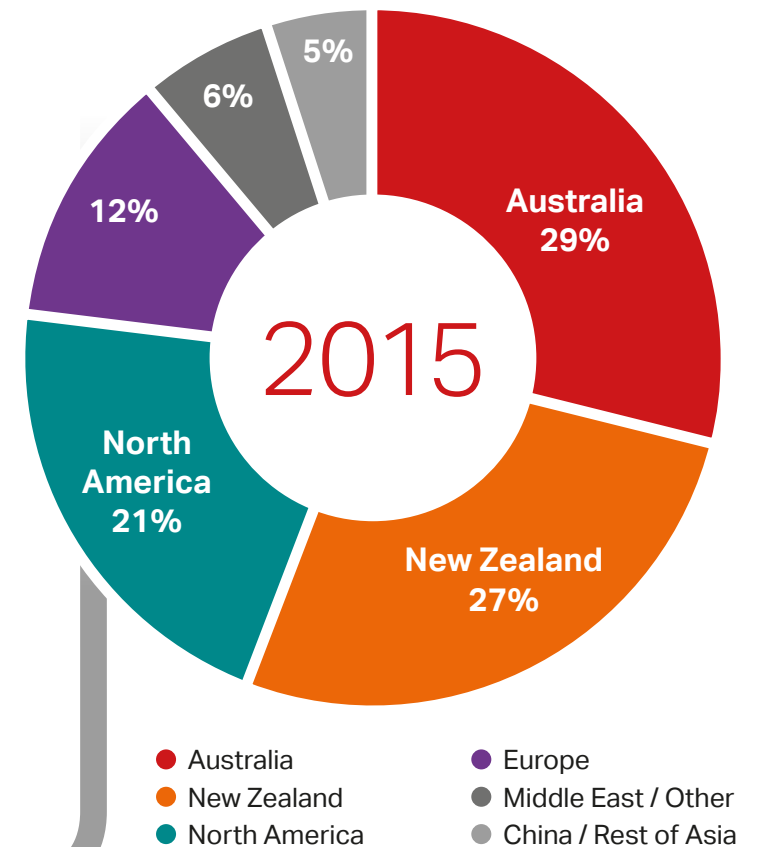
Revenue Over Time (Top 200 NZ technology firms)

● Revenue ● Growth



2015 Revenue by Market

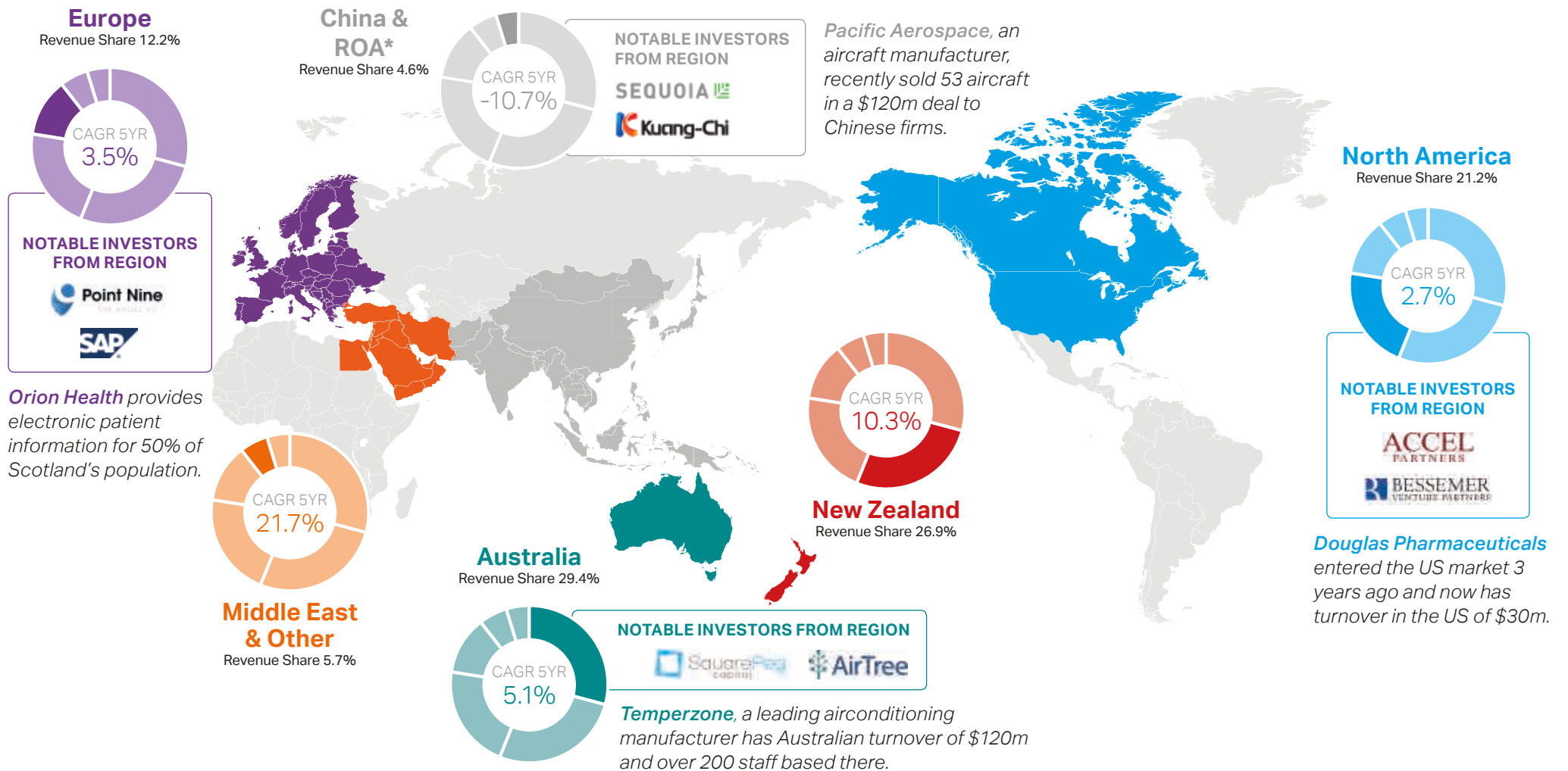
(Top 200 NZ technology firms)



Data source: Top 200 NZ technology firms (ranked by revenue), TIN100 Report 2015.

Many Global Markets

The top 200 New Zealand technology firms are driving significant revenue growth in diverse global markets.

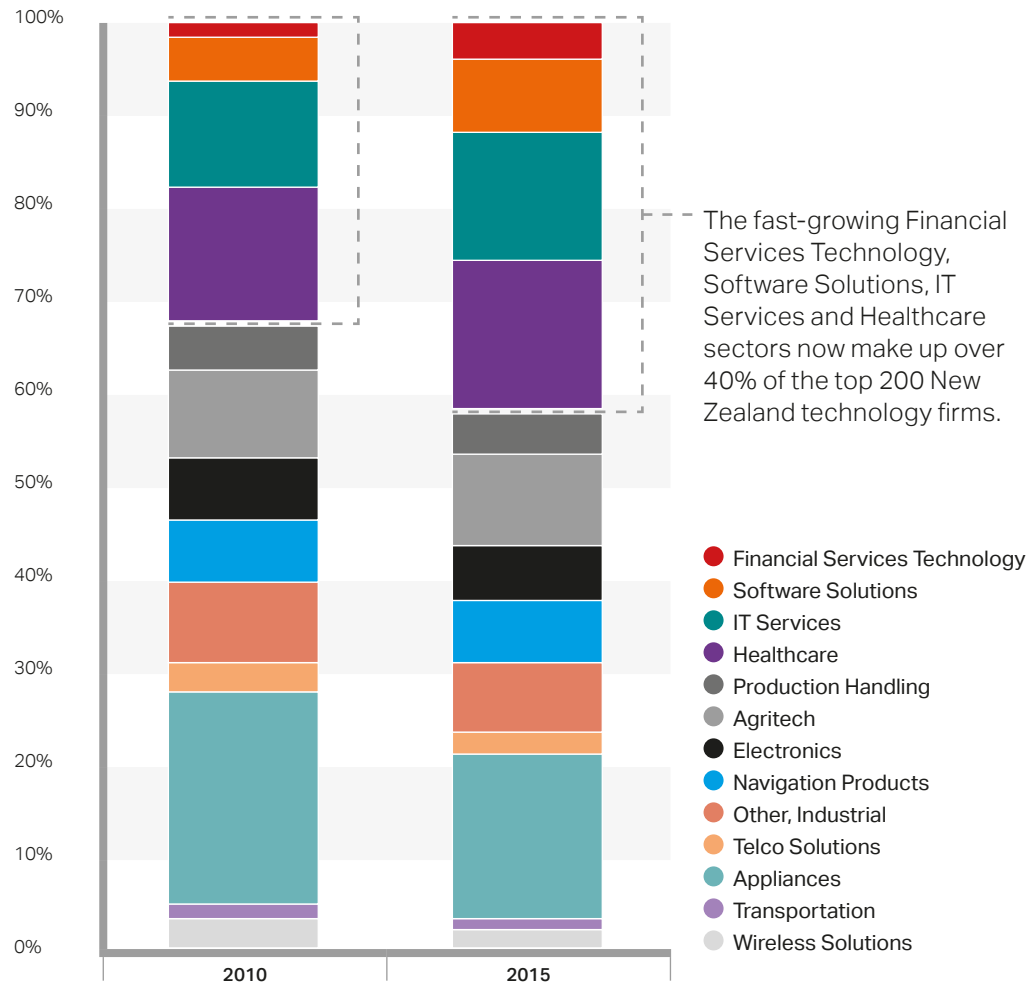


Data source: Top 200 NZ technology firms (ranked by revenue), TIN100 Report 2015. CAGR: The Compound Annual Growth Rate is the mean annual growth rate of an investment over a specified period of time longer than one year.
 *ROA: Rest of Asia

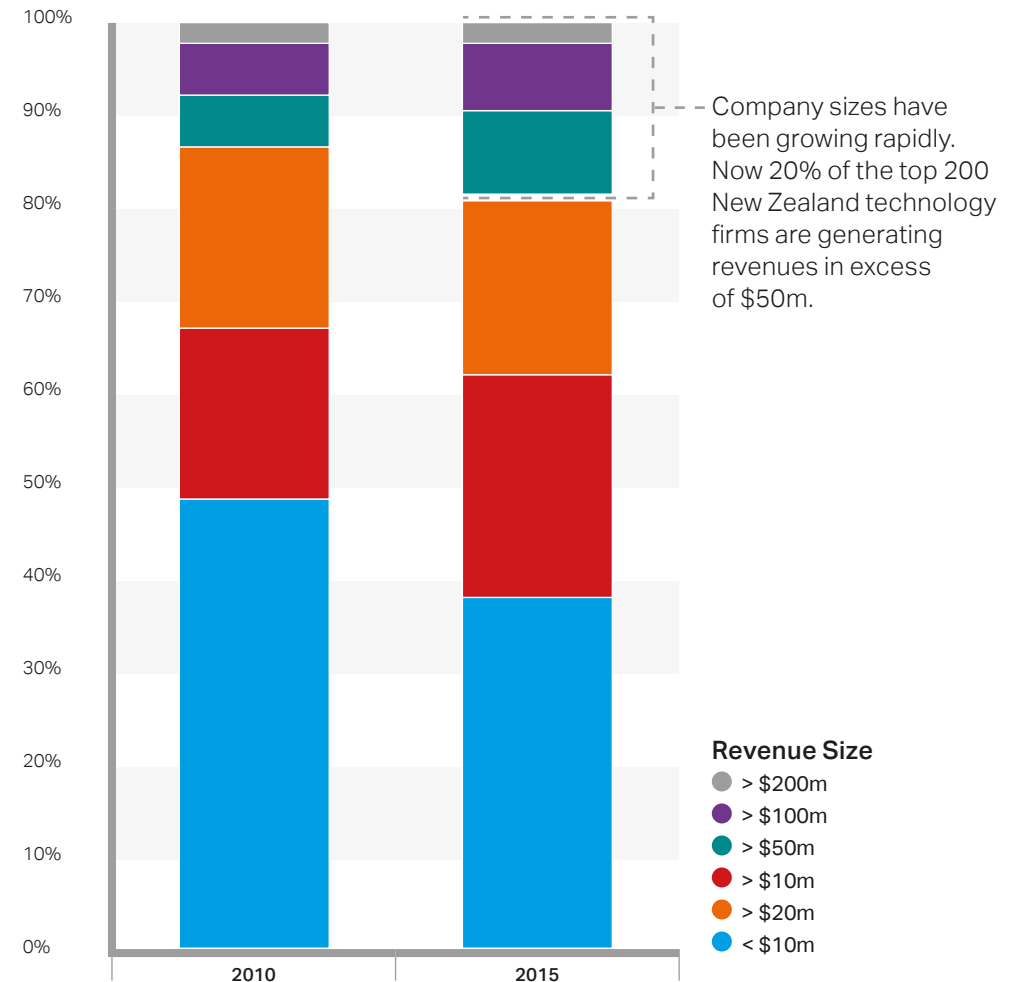
A Rapidly Changing Technology Landscape

Sustained growth has shifted New Zealand's technology sector up a gear, with a higher proportion of ambitious and scalable companies...

Percentage of Revenue by Sub-Sector



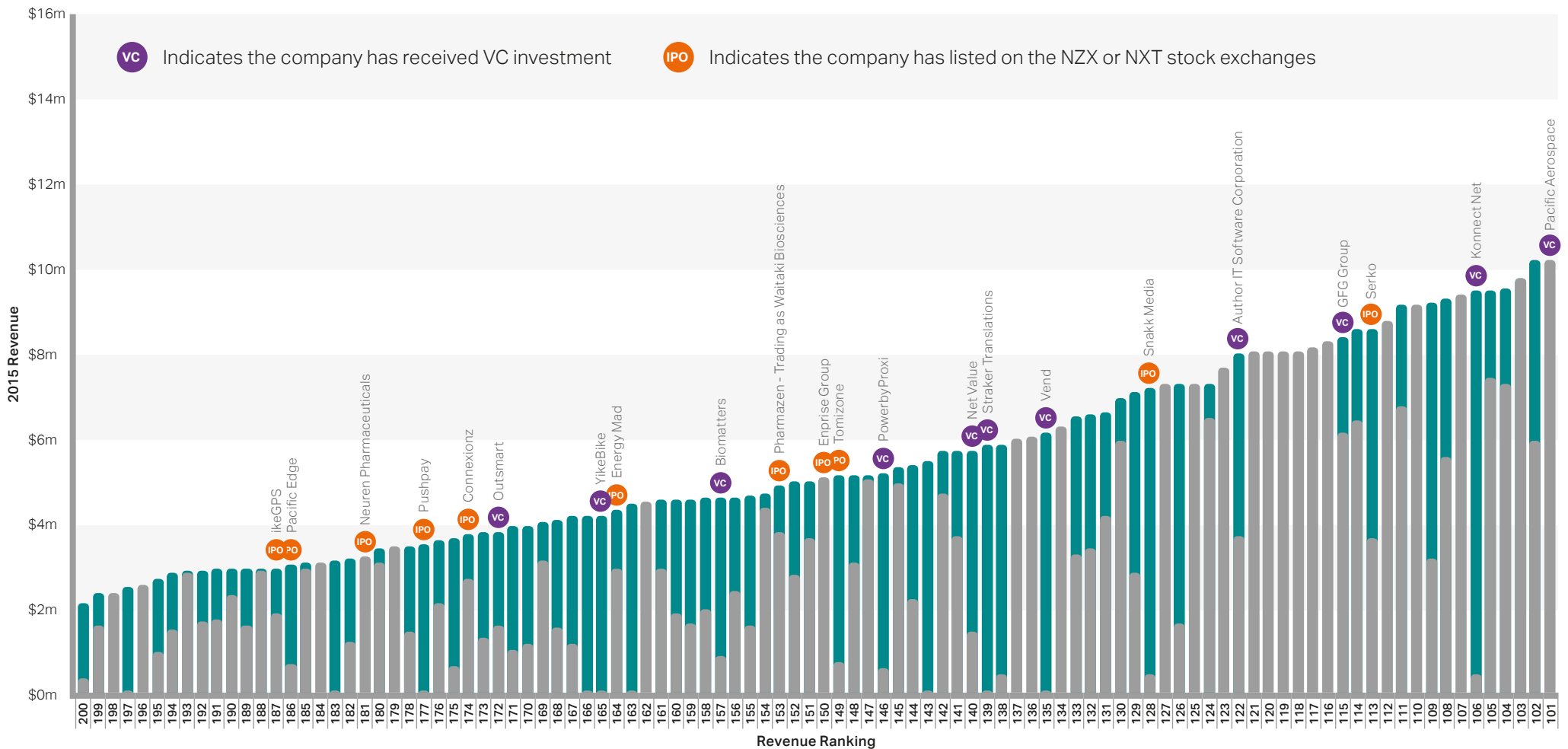
Number of Companies by Revenue Size Bands



Data source: Top 200 NZ technology firms (ranked by revenue), TIN100 Report 2015.

...and there is a strong pipeline of smaller companies.

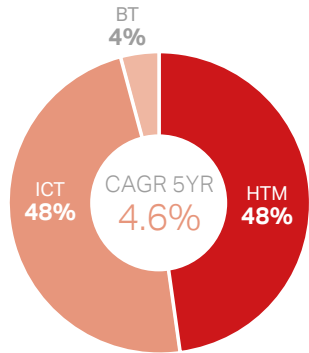
Ranking of 101st-200th Technology Companies in New Zealand (by Revenue) ● 5YR Absolute Revenue Growth



Data source: Top 200 NZ technology firms (ranked by revenue), TIN100 Report 2015.

Technology Sector Growth is Nationwide

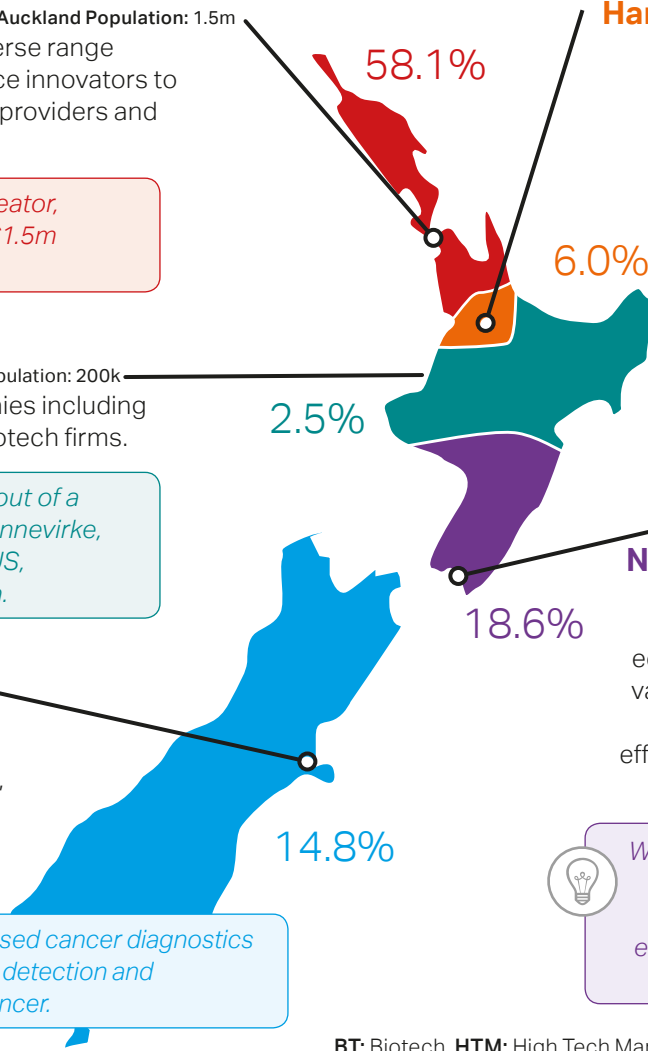
More than just an urban phenomenon, high-performing technology firms can be found throughout New Zealand.



Auckland & Northland | Auckland Population: 1.5m
The "City of Sails," home to a diverse range of companies from medical device innovators to GPS navigators, to ICT solutions providers and game developers.

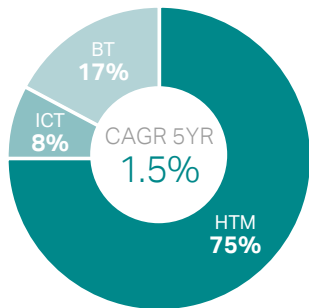
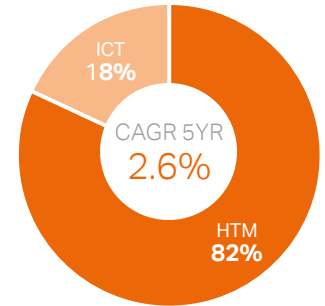
Ninja Kiwi, video game creator, increased revenue from \$1.5m to \$20m in just 5 years.

% OF TOTAL REVENUE



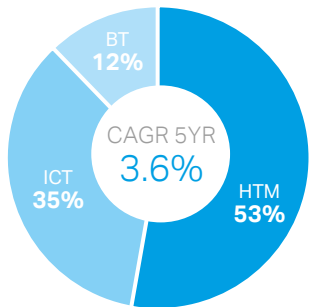
Hamilton | Waikato Population: 220k
A strong Agritech region with a number of privately held firms specialising in agricultural and livestock technologies.

Birthplace of the electric fence: Gallagher Group turnover in excess of \$200m, reinvesting 10% each year in R&D.



Central North Island | Population: 200k
Home to a wide range of companies including High-Tech Manufacturing and Biotech firms.

While Metalform operates out of a small rural town called Dannevirke, it has offices across the US, New Zealand and Australia.

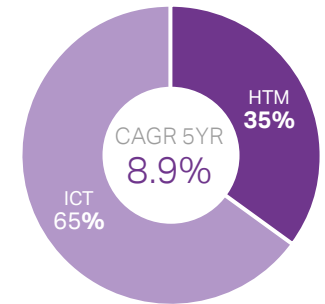


Christchurch & South Island
Christchurch Population: 367k
Historically a manufacturing hub, this region now hosts a number of growing ICT firms such as **SLI Systems** and **Jade Software**.

Pacific Edge, a Dunedin-based cancer diagnostics company, is revolutionizing detection and management of bladder cancer.

Wellington & Lower North Island | Population: 400k
Wellington lays claim to originating the "flat white economy" - the region features a variety of innovative companies, from movie blockbuster digital effects firm **Weta Digital** to cloud accountancy firm, **Xero**.

Wellington-based Data Torque builds tax management software for developing economies, and achieved 28% growth over the past year.



Data source: Revenue & CAGR: Top 200 NZ technology firms (ranked by revenue), TIN100 Report 2015.
Population estimates: Statistics New Zealand 2015 Infoshare.

BT: Biotech, HTM: High Tech Manufacturing, ICT: Information and Communications Technology.

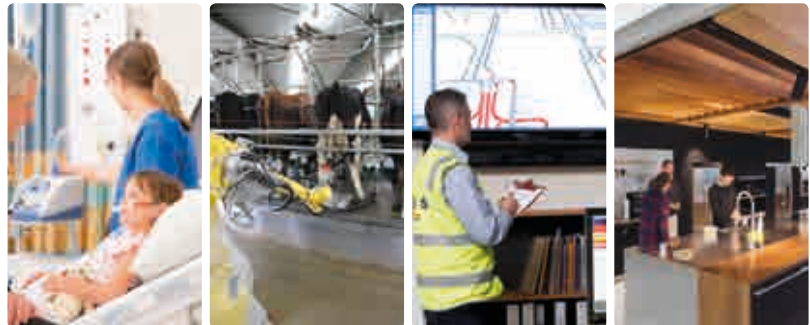
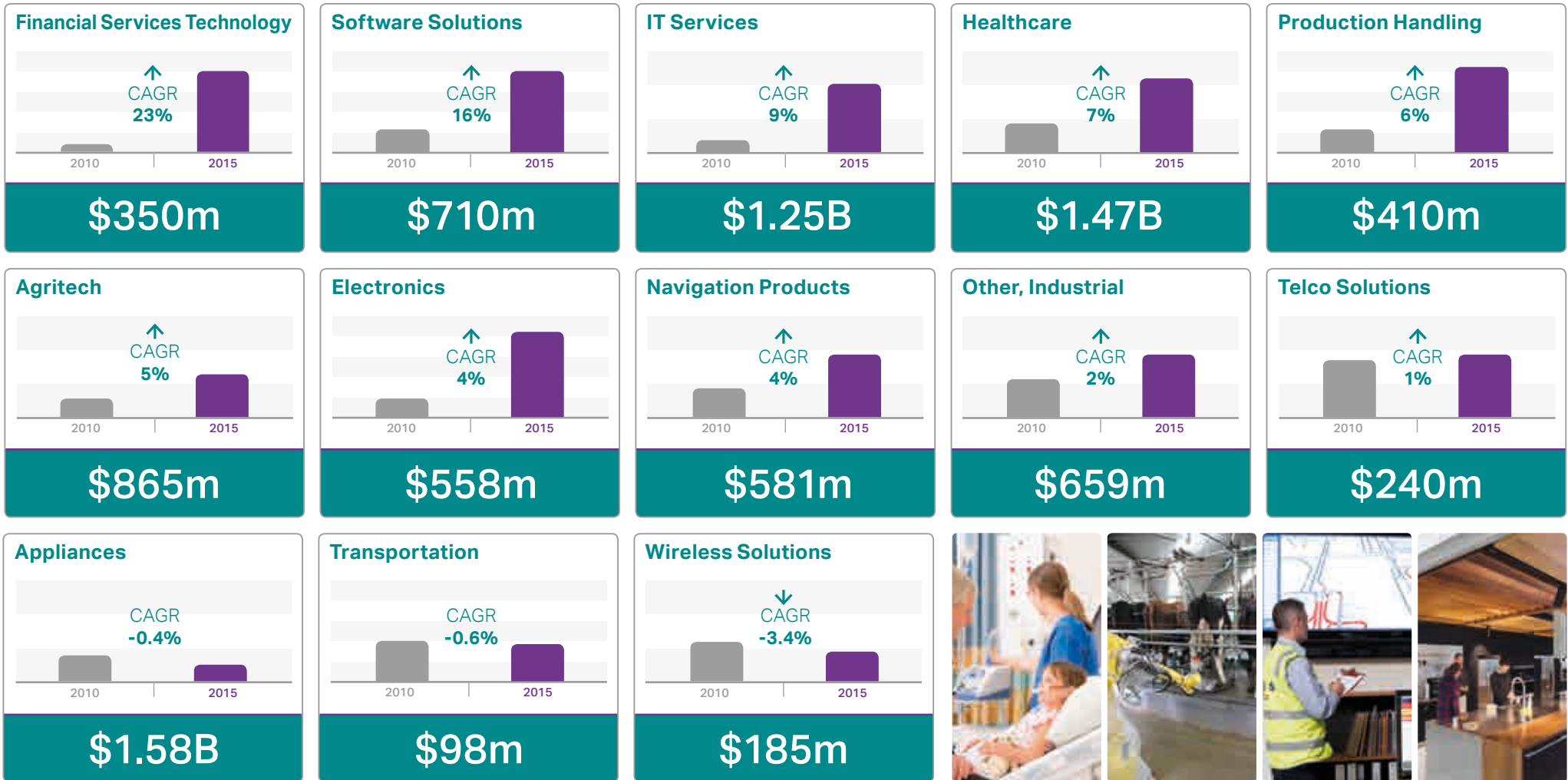
Growth Capabilities

"It's exciting to move from start up to a global scale up, passing through \$100m and quickly \$200m in revenue. All our planning now is getting to a billion as fast as we can."

Rod Drury, Xero CEO and Founder



Revenue is Growing Across Many Categories



Data source: Top 200 NZ technology firms (ranked by revenue), TIN100 Report 2015. CAGR: The Compound Annual Growth Rate is the mean annual growth rate of an investment over a specified period of time longer than one year.

New Growth Leaders are Making Waves

Scalable companies operating in internationally fast-growing areas of technology are now leading growth.

Historically, large High-tech Manufacturing firms such as **Fisher & Paykel Appliances** and agritech firm **Gallagher Group** have led New Zealand's technology sector growth.

Today, growth is also led by firms operating in the globally fast-growing sub-sectors of Financial Services Technology, Software Solutions, IT Services, and Healthcare. Some of these firms are profiled on the next pages. Following international trends, many have developed **rapidly scalable business models (often based on SaaS*)** and **innovative company cultures** as the foundations for their growing success.

Bold Scale-Up Methods



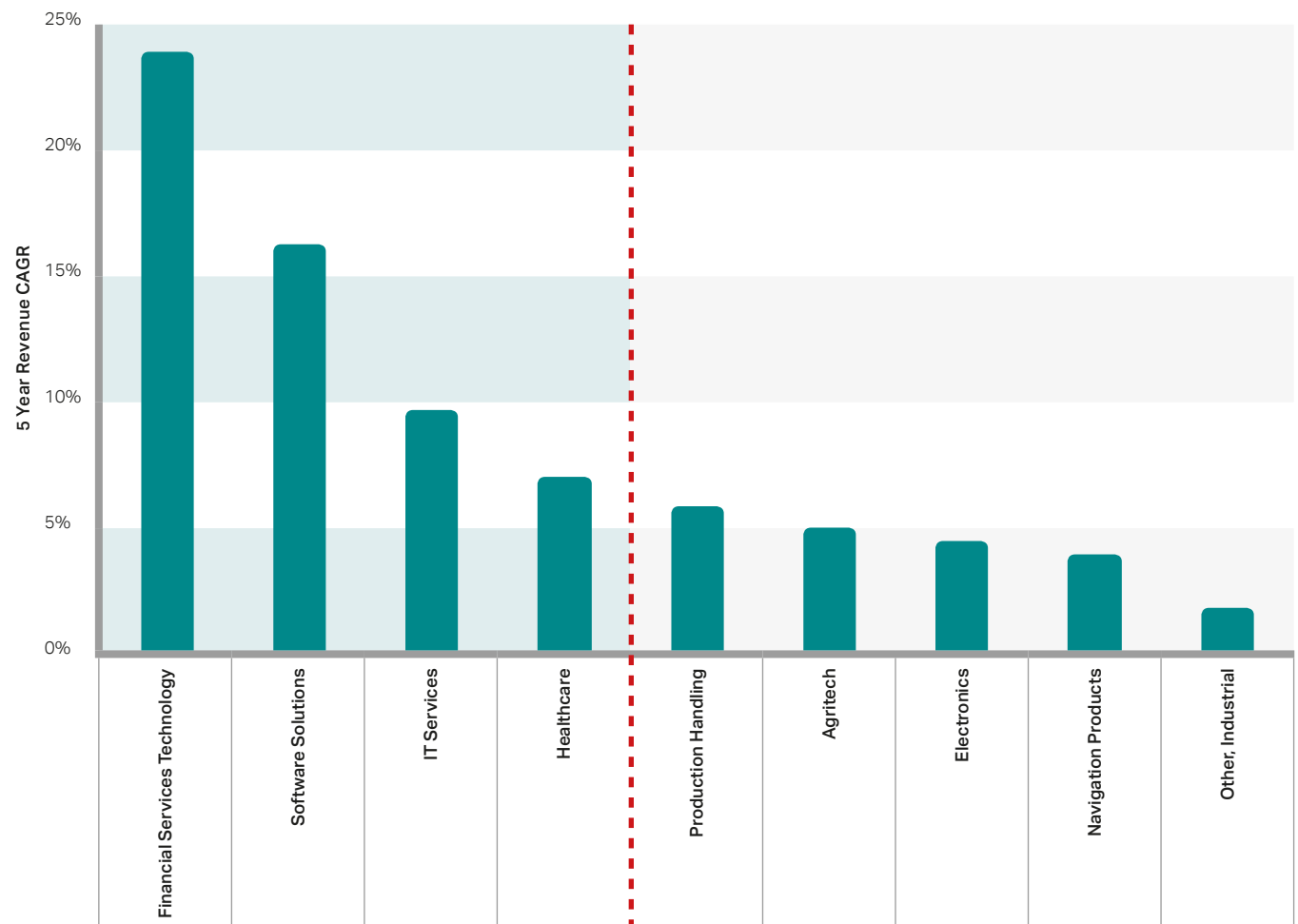
"Gentlemen, we have run out of money. It's time to start thinking".

New Zealander Ernest Rutherford, the Father of Nuclear Physics

New Zealand's early pioneers developed highly efficient research and development practices in response to limited resources. Today, this same ingenuity is producing the bold scale-up models developed by many of the country's high-growth technology firms.

* SaaS: "Software as a Service," a model in which software is licensed on a subscription basis and is centrally hosted.

Top 10 Technology Sub-Sectors by 5 Year Revenue CAGR

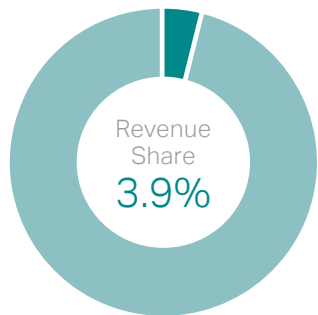


Data source: Top 200 NZ technology firms (ranked by revenue), TIN100 Report 2015.

New Zealand's High-Growth Technology Sectors

Innovation, diversity and growth are demonstrated in the following sectors by New Zealand's top 200 technology firms.

Financial Services Technology



● Sector share (of Top 200 NZ tech firms)

5 YEAR GROWTH \$230m ▲

5 YEAR CAGR 23.3% ▲

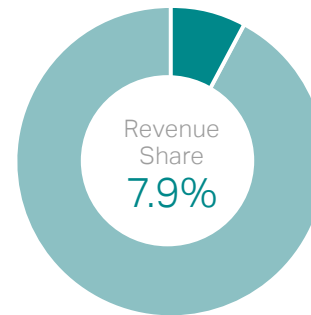
The Financial Services Technology sector grew 60.5% in 2015, making it the fastest growing sector in New Zealand technology. It has seen the emergence of successful cloud-based accounting company **Xero** and payment solutions companies such as **Vend** and **Pushpay**, attracting significant overseas investment.

Accountancy software provider

Global Vision: "Enabling millions of small businesses worldwide to thrive on beautiful software."



Software Solutions



● Sector share (of Top 200 NZ tech firms)

5 YEAR GROWTH \$370m ▲

5 YEAR CAGR 15.7% ▲

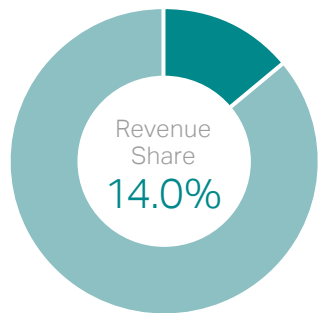
Software Solutions includes a diverse range of companies. Examples are **Diligent**, providers of easy-to-use board management software, and **Vista Group**, developers of a cinema ticketing system that processes over a billion tickets annually. A number of smaller Software Solutions companies such as **SLI Systems** and **Wynyard Group** are listed on the NZX (main New Zealand stock exchange.)

Software provider for cinema management

Global Vision: "Becoming the leading player in film industry data."



IT Services



● Sector share (of Top 200 NZ tech firms)

5 YEAR GROWTH \$450m ▲

5 YEAR CAGR 9.4% ▲

IT Services has historically been a staple sector of the NZ technology economy. The sector has been led by privately-held company **Datacom**, the leading provider of data centres in New Zealand, reaching nearly \$1B in revenue.

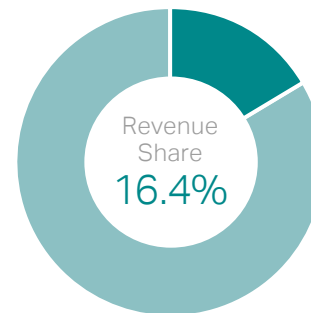
Leading IT Services firm in Australia & New Zealand

DATAKOM

Global Vision: "Providing the very best run data centres in the world."¹

¹ Endorsed by The Uptime Institute (UTI) for its Orbit and Kapua data centres.

Healthcare



● Sector share (of Top 200 NZ tech firms)

5 YEAR GROWTH \$410m ▲

5 YEAR CAGR 6.7% ▲

The Healthcare technology sector in New Zealand is the second largest in dollar terms. It includes **Fisher & Paykel Healthcare**, market-leaders in respiratory care, as well as fast-growing cloud software company **Orion Health**.

Medical device manufacturer

**Fisher & Paykel
HEALTHCARE**

Global Vision: "Providing innovative medical devices which help to improve patient care and outcomes."

Global Ambitions

Agile, fast-moving New Zealand companies are achieving substantial and sustained international growth.

Here are 20 examples of companies with 5 year CAGRs of 20% or above:

75%

Publicly listed or VC-backed

84%

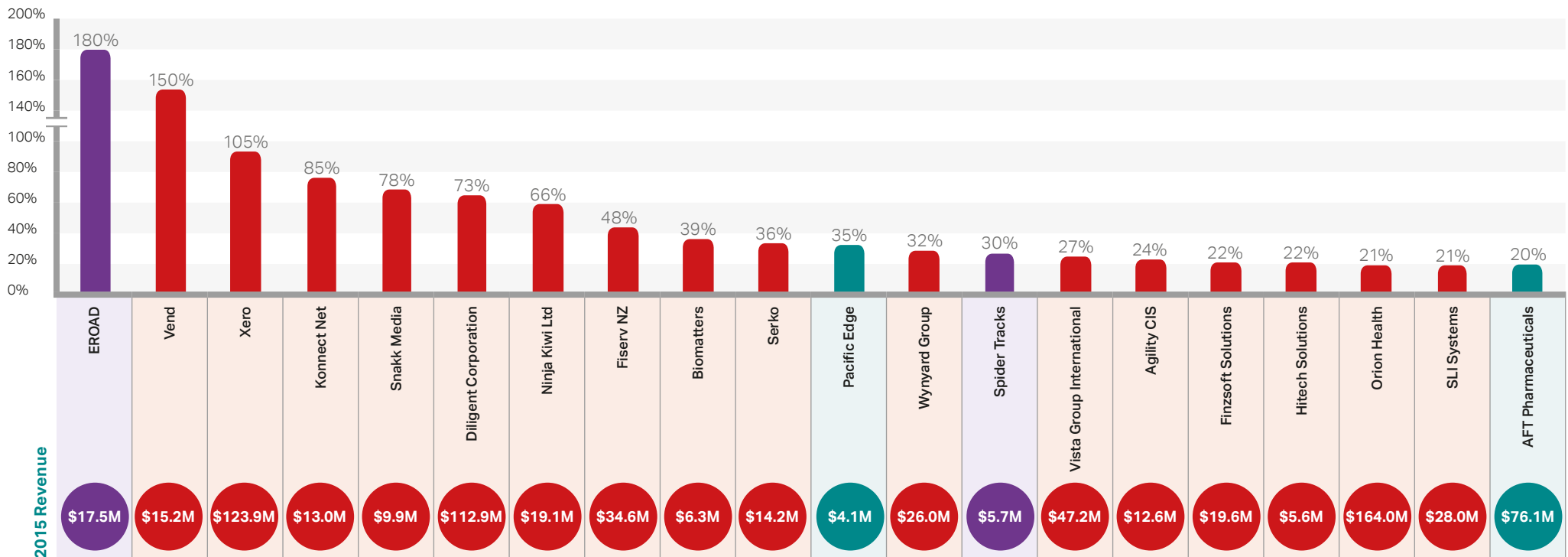
Total revenue earned outside of New Zealand

80%

ICT companies

5 Year Revenue CAGR

● ICT ● Biotech ● High-tech Manufacturing



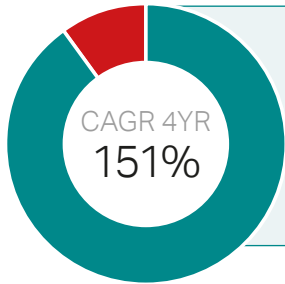
Data source: Top 200 NZ technology firms (ranked by revenue), TIN100 Report 2015. CAGR: The Compound Annual Growth Rate is the mean annual growth rate of an investment over a specified period of time longer than one year.

Aspiring Market Leaders

New Zealand's most innovative scale-up companies are disrupting traditional industries, as these two examples show.



VISION: "To disrupt the point-of-sale industry on a global scale, and provide our customers - the little guys - with an affordable suite of business tools they can leverage to effectively compete with the big guys."



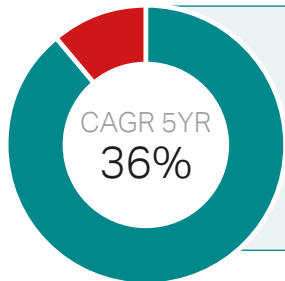
A cloud-based Point Of Sale system for retail stores operating in over 140 countries since launching in late 2010.

Notable international investors include:
Valar Ventures, Square Peg Capital, Point Nine Capital

● Domestic Revenue ● International Revenue



VISION: "To become the trusted corporate travel and expense management partner for every corporation and corporate traveller in the world."



Online travel and expense management software with over 2 million users and 30% of Australian corporate travel expenditure passing through their system each year.

Serko is publicly listed and has been a finalist for the New Zealand Hi-Tech Company of the Year award for the last 3 years.

● Domestic Revenue ● International Revenue



Data source: TIN100 Report 2015

New Zealand's globally-focused Game Development industry. Game development is also a fast-growing category within the ICT sector:

- **13% growth** in 2015, earning \$88.9m in revenue
- **92%** of that revenue came from exports of interactive entertainment software and online services

Source: NZ Game Developers Association, www.nzgda.com

Industry Support: The Technology Ecosystem

**"New Zealand Trade & Enterprise has
been instrumental in helping us to
make the most of the growing China
film market opportunity."**

Murray Holdaway, Vista Group CEO



New Zealand: Open for Business

A well-established ecosystem supports New Zealand's technology industry growth.

Regional Development Agencies

Economic development agencies, organised into 14 key regional groups, provide support to local technology firms.

Mature & Emerging Financial Markets

Long-established NZX market and the recent launch of the NXT public market for small and emerging businesses.

World-leading Tertiary Institutions

- Ranked in the world's top 50 universities in 20 subjects and in the world's top 100 across 54 subjects.*
- Numerous entrepreneurial development programmes helping support student ventures.

Supportive Central Government Policy

Many initiatives from the Government's *Business Growth Agenda* have benefited the technology sector including:

- Callaghan Innovation to support innovative companies.
- ICT graduate schools established to meet growing demand for skilled talent.
- Funding to increase the number of engineering graduates.
- \$35m investment in Entrepreneurship Universities.

*Source: Universities New Zealand, April 2015

Simple, Predictable and Fair Tax Environment

- US-based Tax Foundation (2014) ranks New Zealand's overall tax system as second in the developed world for its competitiveness - and top for its individual (i.e. personal) taxes.
- No general capital gains tax, although this can apply to some specific investments.

Strong Angel Investor Networks

Early-stage investment vehicles for seed capital.

Collaborative Working Spaces

Number of workspaces on the rise in all regions.

World-leading Internet Speeds

Three existing international fibre cables and another two under construction. Government has committed over \$2B to provide Ultra-Fast Broadband to 80% of New Zealanders by 2022.

"New Zealand's regulatory environment, IP protection regime and quality research universities are a big plus for tech investors."

Deepak Natarajan, Former Director - Intel Capital, Singapore



New Zealand's regulatory framework and business environment supports the technology ecosystem.

Government policy has provided safety for investors regarding the information and market conduct they can expect in New Zealand's financial markets. A number of schemes have also been introduced to make capital raising easier:

- **Launch of NXT Market**
A market for small businesses allowing raising of capital with lower compliance costs.
- **NZ Venture Investment Fund (NZVIF)**
Established in 2002 by Government to build a vibrant early stage New Zealand investment market (\$300m funds under management).
- **Equity crowdfunding regulation**
New Zealand already has four equity crowdfunding platforms for early-stage start ups and small businesses.
- **Employee Share Schemes**
Government is encouraging participation in these schemes by working to ensure fair taxation treatments apply.

Initiatives to attract investors to stay in New Zealand have also been introduced, such as:

- **Global Impact Visa**
A new visa system to help encourage talented entrepreneurs to live and work in New Zealand.

Our Business Record

	Ease of starting a business ¹
	Protecting minority investors ¹
	Ease of doing business ¹
	Forbes Best Countries for Business ²
	Heritage Foundation Index of Economic Freedom ³
	One of the Most Transparent Countries in the World ⁴



"New Zealand has the fundamentals in place... We are ranked among the highest countries in the world for property rights, market freedom, free trade, lack of corruption and legal and political rights. And our taxation rate - personal and business - is one of the lowest in the OECD."

Sir Paul Callaghan, GNZM FRS FRSNZ

¹World Bank Group Doing Business 2015, ²Forbes 2015, ³Heritage Foundation 2015, ⁴Transparency International 2015.

Government Commitment

The New Zealand Government is committed to building innovation - providing grants, facilitating investment and supporting export growth.

Callaghan Innovation

provides access to experts, technology and product development, innovation skills, business collaborations and R&D grants.

Funds Founder and Technology incubators and digital accelerator programmes.

In 2015 **Callaghan Innovation** approved over

\$165m

of growth, project and student grants for

523 businesses.

CallaghanInnovation
BUSINESS TECHNOLOGY SUCCESS

 **NEW ZEALAND**
TRADE & ENTERPRISE

Product and
service
development



Market
Development

New Zealand Trade & Enterprise (NZTE)

helps New Zealand businesses expand overseas, attract investment and grow exports.

Supported by a Regional Business Partner network of 14 organisations throughout New Zealand.

NZTE has nearly

40 international offices and

250 overseas advisors to help

New Zealand companies expand their offshore operations.

Kiwi Connection, a new technology centre located in Ho Chi Minh City, is making it easier for New Zealand technology companies to invest and conduct business in Vietnam.

Kiwi Landing Pad, located in San Francisco, helps high growth New Zealand technology companies establish and grow their business in the US.

Key Support Organisations

Some of New Zealand's technology sector supporters:

	Tertiary/ Research and Development Institutions	Government and Industry Networks	NZ Angel and Seed Investors / Venture Capital	Collaborative Spaces, Tech Transfer Offices and Incubators
NZ Wide			<p>Angel & Seed Investors:</p> <p>Venture Capital:</p>	
Auckland & Northland				
Hamilton				
Central North Is.			<p>Launch Taranaki</p>	
Wellington & Lower North Is.				
Christchurch/ Other South Is.				

Regional Support

There is a comprehensive network of regional institutions, incubators and investor groups across New Zealand.

Auckland & Northland

- Regional Development Agencies: 2
- Key Incubators/Collaborative Spaces/ Tech Transfer Centres: 9
- Tertiary/ Research Institutions: 8
- Regional Angel/Seed Investment Networks: 5

Wynyard Quarter Innovation Precinct: a \$20m multi-year project is underway to develop approximately 48,000 square metres of space in the Auckland CBD as an "innovation cluster" of ICT/digital media and other high-tech companies, backed by government and private sector organisations.

Hamilton

- Regional Development Agencies: 2
- Key Incubators/ Collaborative Spaces: 3
- Tertiary/Research Institutions: 2
- Regional Angel/Seed Investment Networks: 1

Christchurch

- Regional Development Agencies: 1
- Key Incubators/ Collaborative Spaces: 2
- Tertiary/Research Institutions: 3
- Regional Angel/Seed Investment Networks: 2

EPIC ("Enterprise Precinct Innovation Centre"): houses 20 ICT / high-tech focused companies, totalling between 250 and 300 full time staff.



Central North Island

- Regional Development Agencies: 4
- Key Incubators/Collaborative Spaces: 3
- Tertiary/Research Institutions: 3
- Regional Angel/Seed Investment Networks: 4

Wellington & Lower North Island

- Regional Development Agency: 1
- Key Incubators/Collaborative Spaces: 7
- Tertiary/Research Institutions: 5
- Regional Angel/Seed Investment Networks: 1

Wellington Tech Hub Innovation Precinct: developed in conjunction with existing collaborative workspace provider Biz Dojo.

Other South Island

- Regional Development Agencies: 4
- Key Incubators/ Collaborative Spaces: 2
- Tertiary/Research Institutions: 5
- Regional Angel/Seed Investment Networks: 2

Investor Environment

"In the three short years since I was last in New Zealand, the startup fervor here has grown exponentially. The country is becoming one of the world's best-kept secrets for entrepreneurial activity."

Gary Bolles - Entrepreneur, Co-founder of eParachute & Silicon Valley technology thought leader



Investments, IPOs and Acquisitions are on the Rise

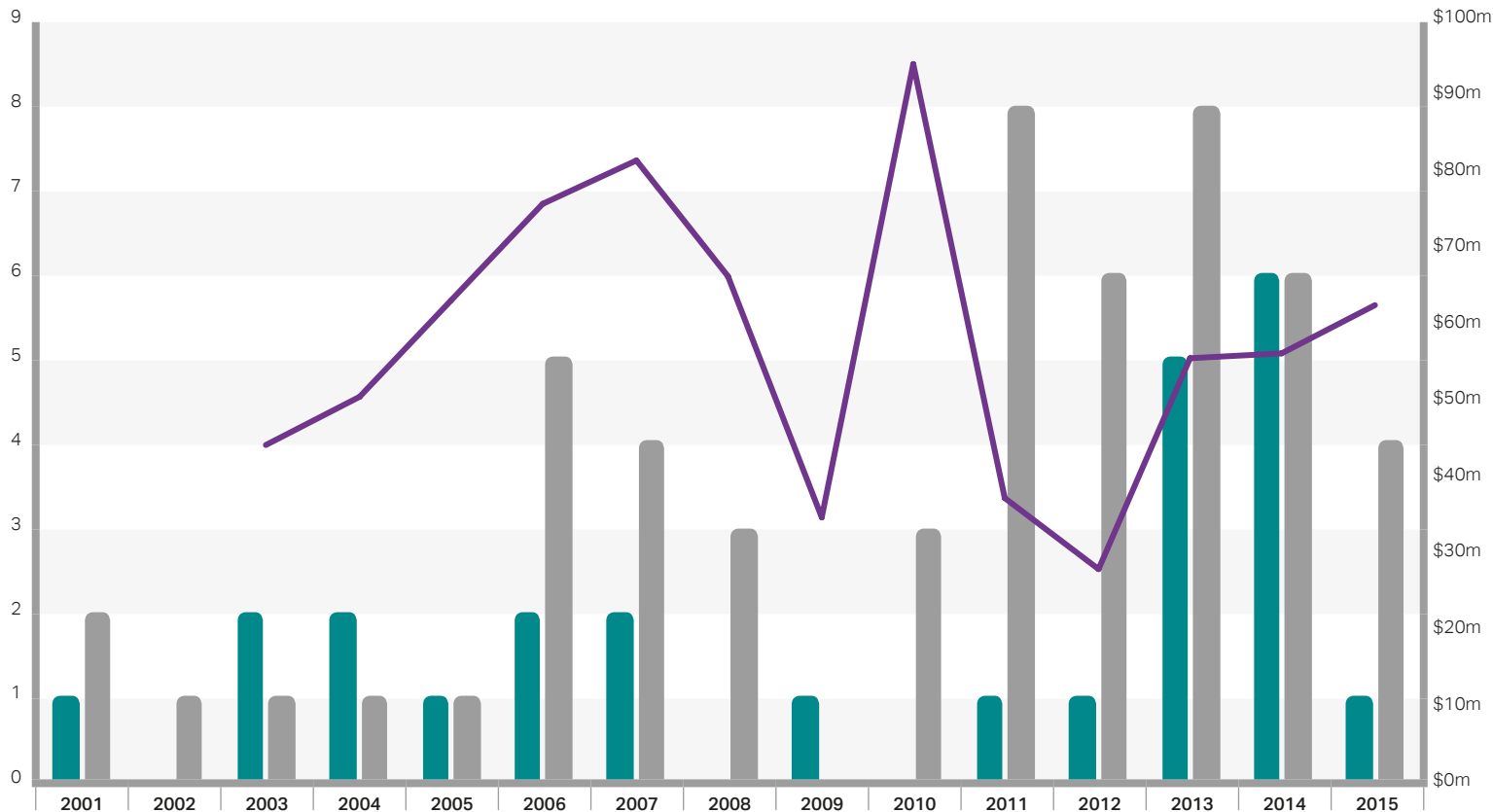
With more emerging technology companies, investor activity in New Zealand has intensified over the past few years.

- New Zealand's technology companies welcome outside investment.
- Recent public listings include companies such as **EROAD** vehicle management software, and **ikeGPS**, offering smart laser measurement solutions.

Acquisitions and Listings in the Tech Sector

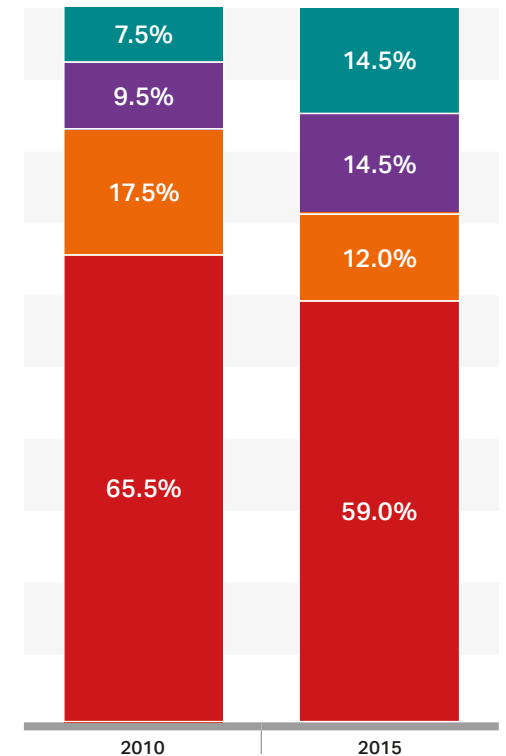
● Listings ● Acquisitions ● Annual Venture Capital Funds Invested

Source: NZ Private Equity and VC Monitor



Percentage of Top 200 NZ Tech Firms by Ownership

● Private ● Private with VC ● Public ● Foreign Owned



Data source: Top 200 NZ technology firms (ranked by revenue), TIN100 Report 2015

Angel Investors Help Start-Ups Thrive

Angel investment in New Zealand start-up companies is enabling them to grow to a size where they can attract an international buyer or significant venture capital.

- Many opportunities exist for angel investment in New Zealand, which to date has attracted more funding than the traditional venture capital market.
- Currently start-up firms with SaaS-based technologies are proving popular with Angel Investors.
- Most angels look to exit around the \$20m-\$40m funding point, providing opportunities for international investors.



"[Kiwi start-ups] know how to get a lot done with very little money and in this current world of lean start-ups and niche markets, Kiwi start-ups can identify opportunities and improve with so much less money than people in other countries."

Andrew Hamilton, CEO,
Icehouse

Green Button: the path from start-up to acquisition by Microsoft



Green Button founded by Scott Houston (previously employed at **Weta**).

Initial funding received from family, friends and former work partners.

2006

\$120,000 First Angel Investment round

Investors include **AngelHQ's** David Akers and Marcel Van Den Assum.

Small investment from new business partner Microsoft.

\$1.2m Follow-on Investment round

New Zealand investors such as Movac, Evander and other local angels including Enterprise Angels. Also NZVIF (Government-established NZ Venture Investment Fund).



Acquired by **Microsoft US** for an undisclosed sum.

2014

Return on Investment

Early investors = 12 x
NZVIF = over 5 x
Later stage investors = 3 x

Green Button provides cloud solutions for computer-intensive applications. Its flagship product, GreenButton Cloud Fabric, is for enterprises and software vendors wanting to access unlimited computing power.

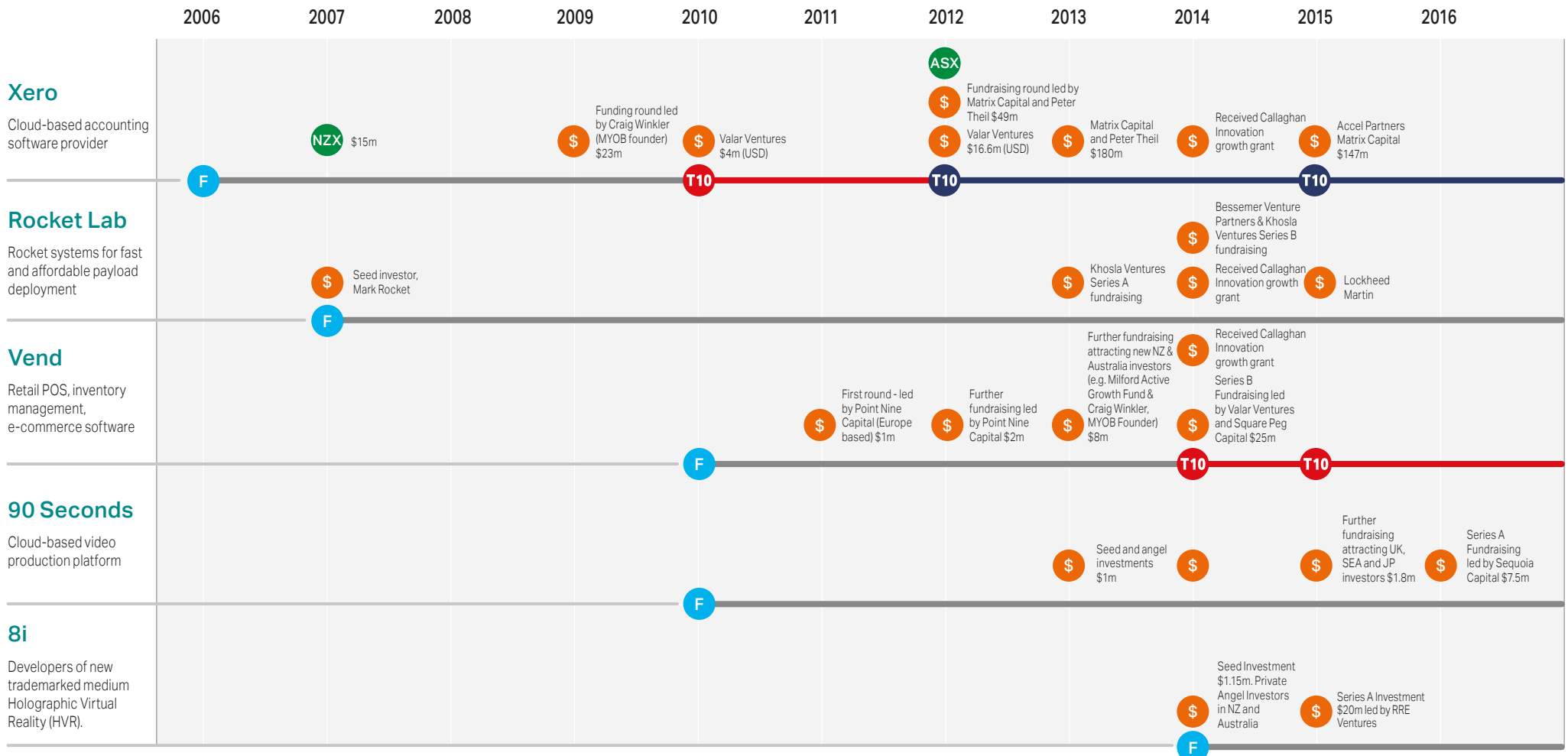
New Zealand's Investor Base: Global and Growing

International investors, like those listed below, are impressed by the innovation and growth potential on offer in New Zealand - and this is just the beginning!

<p>Rocket Lab Lanzatech Biodiscovery</p> 	<p>AFT Pharmaceuticals</p> 	<p>Performance Labs</p> 	<p>Xero</p>   		
<p>Vend</p>   			<p>Rocket Lab</p> 	<p>Simcro</p>  	<p>Diligent</p> 
<p>90 Seconds</p>  	<p>Transaction Services</p> 	<p>8i</p>             <p>Individual investors: Jeremy Stoppelman, John and Andrew Hendricks, Kevin Wall.</p>			
<p>PowerbyProxi</p> 	<p>Straker Translations</p> 				

Escalating Investor Interest

The past five years have seen a marked increase in the number of offshore investments in New Zealand technology companies.



T10 TIN Hot Emerging Company T10 TIN Ten to Watch Company NZX IPO F Founded S Investment Round

Amounts stated in NZD unless otherwise specified. See page 26 for further investor details for these companies. ASX: Australian Stock Exchange.

Acquisition Activity

Global leaders have also acquired a number of New Zealand technology companies in the past five years, as these examples show.

TARGETS

DETAILS

Target	Purchase Price	Acquirer	Year	Target Description
F&P Appliances	\$927m	Haier (China)	2012	Appliance manufacturer with over 420 patents.
Endace	\$156.8m	Emulex Corp. (UK)	2013	Network visibility and recording solutions for security, network and application monitoring.
Banklink	\$136m	MYOB (Australia)	2013	Compliance software for accounting practices across New Zealand and Australia.
MCom	\$52.5m*	Fiserv (USA)	2011	All-in-one mobile banking platform.
Zeacom	\$40.6m	Enghouse (Canada)	2012	Call centre and unified communications software used at over 3,500 sites globally.
Fusion Electronics	\$20m	Garmin (US)	2014	Audio system manufacturer for cars, campervans and boats.
Intergen	\$19.3m	Empired (Australia)	2015	IT services firm for business and government clients across New Zealand and the US.

All figures reported in New Zealand Dollars using the exchange rate at time of sale. * Estimate.

What the Investors are Saying...

A number of existing investors are now actively seeking more opportunities to invest in New Zealand technology firms.



"The 90 Seconds team has done a terrific job in building the leading global marketplace for video production. In the large and rapidly growing video market, they offer creative talent and agencies a unique workflow platform to work together on global projects. This has enabled them to build a fast growing and rapidly scaling model."

Pieter Kemps, Sequoia Capital, Singapore



"The thing we really like is that as a small and remote country, New Zealand companies almost from conception think globally, and are structured to achieve that objective."

Simon Feiglin, The Riverside Company



"CRG welcomed the opportunity to partner with AFT Pharmaceuticals due to its diverse product portfolio as well as its compelling research and development pipeline... We look forward to continuing to invest in AFT's future growth and are actively seeking other opportunities to partner with similar companies."

Mike Weinmann, Capital Royalty Group (CRG)



"We're proud to continue supporting the team at Vend. Vend is adding value for retailers around the world by providing an outstanding product at an attractive price, combined with world class support."

Barry Brott, Square Peg Capital

What the Investors are Saying...



"Vend is a young exciting cloud-based business with a strong management team and significant future growth potential. We are actively looking for investments in established businesses with the ability to deliver high growth rates."

Brook Bone, Milford Asset Management



"We have invested in a wide range of New Zealand technology businesses (nine TIN100 companies) and co-invested with a number of international investors. The common theme we see and hear is that they are 'born global' – developing their products, plans and people for large global markets practically out of the gate."

Randal Barrett, Pioneer Capital



We believe New Zealand is now producing a critical mass of high growth technology companies which are emerging global leaders in a niche, but lack the capital to really scale sales and market expansion. We are actively looking to help with that."

Chintaka Ranatunga, Sparkbox



"It's been a pleasure to invest in and support companies like Aroa Biosurgery and PowerByProxi over many years. These companies are great examples of the quality and depth of the intellectual property being developed in New Zealand, and the outstanding calibre of the management teams that we work with. We continue to actively explore and invest in established New Zealand businesses with great intellectual property and outstanding international growth potential."

Phil McCaw, Movac

Learn More

“In the next century or two, it’s a huge liability to be a big country. [Big countries] have fundamental structural issues. They cannot progress very quickly. So there’s an enormous opportunity for smaller, adaptable, flexible countries.”

Salim Ismail, Founder & Global Ambassador,
Singularity University (Silicon Valley, USA)



Contact Information

More information about New Zealand's top 200 and start-up technology firms can be found in the annual TIN100 Report (www.tin100.com).

CENTRAL GOVERNMENT

NZ Ministry of Business, Innovation and Employment:
www.mbie.govt.nz

New Zealand Immigration: www.newzealandnow.govt.nz

New Zealand Trade and Enterprise (NZTE):
www.nzte.govt.nz

Callaghan Innovation: www.callaghaninnovation.com

NZ Venture Investment Fund (NZVIF): www.nzvif.co.nz

Kiwi Landing Pad: www.kiwilandingpad.com

INDUSTRY ORGANISATIONS

Technology Investment Network (TIN): www.tin100.com

New Zealand Technology Industry Association (NZTech):
www.nztech.org.nz

NZRise: www.nzrise.org.nz

NZ Institute of IT Professionals: www.iitp.nz

The New Zealand Game Developers Association:
www.nzgda.com

REGIONAL BUSINESS PARTNERS

Northland Inc: www.northlandinc.co.nz

ATEED (Auckland Tourism, Events & Economic Development): www.businessaucklandnz.com

Waikato Innovation Park: www.wipltd.co.nz

Tauranga Chamber of Commerce: www.tauranga.co.nz

Venture Taranaki: www.taranaki.info

Activate Tairāwhiti: www.activateairawhiti.co.nz

Hawkes Bay Business Hub: www.hbbusinesshub.co.nz

CEDA (Central Economic Development Agency):
www.visionmanawatu.org.nz

Grow Wellington: www.growwellington.org.nz

NRDA (Nelson Regional Development Agency):
www.nrda.co.nz

Development West Coast: www.dwc.org.nz

Canterbury Regional Business Partners Ltd.:
www.cdc.org.nz

Otago Chamber of Commerce and Dunedin City Council - Economic Development Unit: www.otagochamber.co.nz
Venture Southland: www.venturesouthland.co.nz

NEW ZEALAND CHAMBERS OF COMMERCE

www.newzealandchambers.co.nz

REGIONAL ECONOMIC DEVELOPMENT AGENCIES

EDANZ: www.edanz.org.nz/member-edas

NZ ANGEL & SEED INVESTORS/ VENTURE CAPITAL

New Zealand Private Equity and Venture Capital Association (NZVCA): www.nzvca.co.nz

Angel Association New Zealand:
www.angelassociation.co.nz

Cure Kids Ventures: www.curekidsventures.co.nz

Global From Day One: www.globaldayone.com

GRC: www.grcpartner.com

K1W1: www.crunchbase.com/organization/k1w1

Milford Asset Management: www.milfordasset.com

Movac: www.movac.co.nz

Pacific Channel: www.pacificchannel.com

Pioneer Capital: www.pioneercapital.co.nz

Powerhouse: www.powerhouse-ventures.co.nz

Punakaiki Fund: www.punakaikifund.nz

Sparkbox: www.sparkbox.vc

Tuhua Fund: www.crunchbase.com/organization/tuhua-fund

Auckland & Northland

Arc Angels: www.arcangels.co.nz

Astrolab: www.astrolab.co.nz

First Cut Ventures: www.firstcut.vc

Flying Kiwi Angels: www.fka.nz

Ice Angels: www.iceangels.co.nz

Hamilton and Central North Island

Enterprise Angels: www.enterpriseangels.co.nz

Manawatu Angel Investment Group (MIG):
www.thebcc.co.nz/investment/mig-angels

WNT Ventures: www.wntventures.co.nz

Wellington & Lower North Island

Angel HQ: www.angelhq.co.nz

Christchurch/Other South Island

Canterbury Angels: www.canterburyangels.nz

Otago Angels: www.otagoangels.co.nz

Venture Accelerator: www.ventureaccelerator.nz

COLLABORATIVE SPACES, TECH TRANSFER OFFICES AND INCUBATORS

Shared Space: www.sharedspace.co.nz

Auckland & Northland

AUT Business Innovation Centre: www.aut.ac.nz/research/about-the-research-and-innovation-office

Astrolab: www.astrolab.co.nz

Biz Dojo: www.auckland.bizdojo.com

Grid Auckland: www.gridakl.com

eCentre Massey: www.ecentre.org.nz

Icehouse: www.theicehouse.co.nz

The Distiller: www.thedistiller.org

UniServices: www.uniservices.co.nz

Velocity: www.velocity.auckland.ac.nz

Hamilton

Basestation: www.basestation.nz

Soda Inc: www.sodainc.com

Waikato Link: www.waikatolink.co.nz

Central North Island

Building Clever Companies: www.thebcc.co.nz

Icehouse: www.theicehouse.co.nz

WNT Ventures: www.wntventures.co.nz

Wellington & Lower North Island

Biz Dojo: www.wellington.bizdojo.com

Creative HQ: www.creativehq.co.nz

Enspiral Space: www.enspiralspace.co.nz

Lightning Lab: www.lightninglab.co.nz

R9 Accelerator: www.r9accelerator.co.nz

Venture Up: www.ventureup.co.nz

Vic Link: www.viclink.co.nz

Christchurch & Other South Island

Bridge Street: www.bridgestreet.co.nz

EPIC Innovation: www.epicinnovation.co.nz

Green House: www.green-house.co.nz

The Distiller: www.thedistiller.org

TERTIARY/RESEARCH AND DEVELOPMENT INSTITUTIONS

Open Polytechnic: www.openpolytechnic.ac.nz

North Tec: www.northtec.ac.nz

The University of Auckland: www.auckland.ac.nz

Auckland University of Technology: www.aut.ac.nz

Auckland ICT Graduate School:
www.ictgraduateschool.ac.nz

Unitec Institute of Technology: www.unitec.ac.nz

Whitireia: www.whitireia.ac.nz

Manukau Institute of Technology: www.manukau.ac.nz

Massey University: www.massey.ac.nz

University of Waikato: www.waikato.ac.nz

Wintec Institute of Technology: www.wintec.ac.nz

Waiariki Polytechnic: www.waiariki.ac.nz

Eastern Institute of Technology: www.eit.ac.nz

Victoria University of Wellington: www.victoria.ac.nz

Wellington Institute of Technology: www.weltec.ac.nz

Wellington ICT Graduate School: www.wellingtonict.ac.nz

Lincoln University: www.lincoln.ac.nz

University of Canterbury: www.canterbury.ac.nz

University of Otago: www.otago.ac.nz

Southern Institute of Technology: www.sit.ac.nz

Otago Polytechnic: www.op.ac.nz

Nelson Marlborough Institute of Technology:
www.nmit.ac.nz

Ara Institute of Canterbury: www.ara.ac.nz

About Us

The Technology Investment Network (TIN) is a private company with a simple mission: to help facilitate the growth of the technology sector in New Zealand. It delivers on this objective through the following key endeavours.

TIN₁₀₀

Research and Analysis

TIN is the leading independent source of information on the sector; the organisation has been collecting and analysing company data for over a decade. The annual **TIN100 Report** (released in October each year) is a comprehensive listing of the year's top 200 high technology companies (ranked by revenue), along with information about innovative technology start-up firms. It also includes detailed analysis of sector performance for the year.

In addition, the company undertakes research and analysis on request for industry participants, professional services firms, investors and Government clients.

Networking and Information-Sharing

TIN organises a number of industry events each year, based around business-critical topics that are of high interest to sector participants.

The organisation also produces free bi-weekly electronic updates on New Zealand technology sector news.

For more information about TIN or to purchase our latest report, visit our website: www.tin100.com



**MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT**
HĪKINA WHAKATUTUKI

The Ministry of Business, Innovation and Employment is the Government's business facing agency, with a wide range of policy and operational responsibilities including innovation, enterprise, sector, ICT and digital economy policy.

newzealandnow.govt.nz

This New Zealand Government immigration website provides an overview of the main investor migration policies, as well as useful information about New Zealand's business environment and investment opportunities.

Technology Investment Network Ltd (TIN) has taken every care to ensure that all data is accurate at the time of writing. It accepts no liability for inaccuracies or factual errors.

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