

Don't take no for an answer

Research and development

Securing R&D funding can radically expand your development scope and set your business on the path to success. However, chasing funding is not an activity to be undertaken lightly — it is time consuming, expensive and ultimately, a gamble.

OVER the past three years, Auckland software house Focus Computer Systems has planned, designed and developed, from the ground up, a new Windows-based business management software known as Propella.

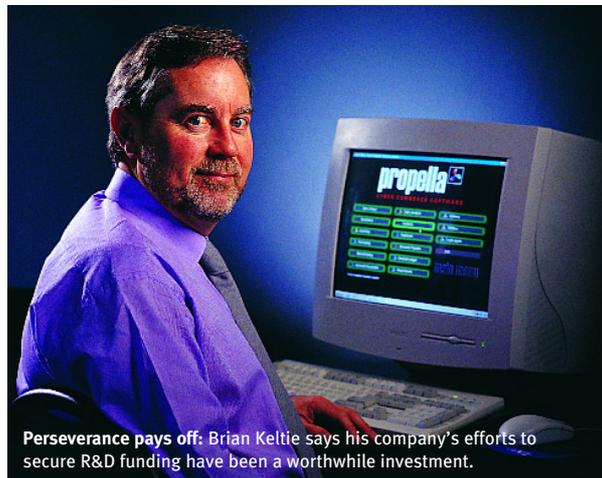
Encompassing accounting, distribution, financial reporting and connection to e-commerce providers, Propella is the product of over 20,000 hours of intense development. To complete the project, Focus was required to change the whole skill set of its employees.

The R&D process was funded through bank loans, the directors' own inputs, cashflow from existing business, and a Technology New Zealand grant worth \$NZ200,000 plus GST.

Director Brian Keltie says the grant enabled the business to channel more of its own money into marketing and brand development, rather than directly into development costs. But more than anything, it gave the business the confidence to move forward.

'During the four months it took to secure the funding, we were already steaming ahead with the resources we had personally,' Brian says. 'However, it was difficult not knowing how big the development could be. When it came through we were able to commit three times that amount and bring out a much stronger product.'

Focus hired a consultant to assist with the application process for the Technology for Business Growth scheme grant. The resulting 80-page document covered outcomes, a product overview, a technical



Perseverance pays off: Brian Keltie says his company's efforts to secure R&D funding have been a worthwhile investment.

overview, a development plan, project milestones, technical challenges, barriers to success, the project team make-up, competencies from the project, market development, competitive aspects and a full financial breakdown.

'It was a very comprehensive document and one that stands you in good stead for going forward, but something that you probably wouldn't put the time into doing otherwise,' Brian says.

While it wasn't difficult to collate the information, Brian says it was time consuming, and when you added up costs including consultant fees, the exercise cost about \$NZ15,000.

The application was rejected twice. The review team queried a number of areas and the project team had to readdress some areas of market analysis. On the third try, they hit the jackpot.

'It isn't easy — they don't just throw money around. The time spent on the application

could have been spent on the ongoing design and deployment of the system itself. You really have to spend a buck to make a buck, but if we had been turned down completely it would have been lost,' Brian says.

'Yes, it is a gamble, but we wouldn't take no for an answer. If you believe in yourself, your staff, your product and your market, then why should you give up?'

Focus is now concentrating on establishing the product in New Zealand through distribution networks and, maybe, even its own branches in other centres. Referral business is streaming through the door and next on the agenda will be distribution in Australia.

Brian encourages small businesses to leap over the 'small' barrier.

'Although we are a small business, you can't be a small player in this sort of market,' he says. 'It had to be a substantial product to compete, so you either do it properly or you don't do it at all.'

Brian believes Technology New Zealand is gearing up to assist business and is becoming more user-friendly in conveying what schemes are available and where and how to get help. Local organisations have business nurturing areas and industry associations can be useful in sharing information.

'Seek advice, talk to others in similar circumstances and to your professionals, your accountants, your bankers,' Brian says. 'It is a matter of getting out and committing your own time, energy and money. You are not just trying to convince someone of your dream, you have got to show it in reality.' ☺

For more information contact Technology New Zealand on 0800 TECHNZ (0800 832 469) or www.technz.co.nz