

EPIC Vision Statement

Enterprise Precinct and Innovation Campus



Authors: Wil McLellan
Colin Andersen

Date: 12th July 2011

Version: 2.0 (*Released*)

EPIC Contact Details:

Wil McLellan	wil@stickmenstudios.co.nz	021 067 4134
Colin Andersen	colin@effectus.co.nz	021 224 1900



INTRODUCTION

This document outlines the vision and approach for the EPIC Development that is currently in advanced discussions with the Christchurch City Council, NZTE and CERA. EPIC refers to Enterprise Precinct and Innovation Campus which has been designed to stimulate the growth of high innovation small-medium businesses (SME) in central Christchurch. Since its inception in April 2011 the EPIC initiative has attracted the support of 50 SME companies (and other organisations) in Christchurch, equating to 800 current FTE's requiring over 25,000 sqm in the long term.

EPIC has a core anchor group of tenants (representing 230 FTE's) which include Stickmen Studios, CerebralFix, Effectus, Industrial Research Limited, SLI Systems and ARANZ. EPIC has collected 30 MOU's signed by companies wishing to become tenants of the EPIC initiative. Of these companies 18 are currently displaced and require immediate office space in the first phase of the project known as Sanctuary.

EPIC VISION

“To create a world-class innovation campus in Christchurch, structured to stimulate collaboration and growth for innovation focussed companies within New Zealand.”

The following core objectives of this initiative have been identified:

- Leverage positive opportunities from a major natural disaster and to be the sector that leads the regeneration and resurgence of the city.
- Bring many of Canterbury's leading high-growth, high-tech resources and facilities into a central location, which will create and stimulate opportunities for valuable commercial collaboration among occupiers.
- Create cost-effective business premises within an inspiring environment.
- Share high-quality (and green) facilities that promote innovation in New Zealand.
- Make the innovation campus greater than the sum of its parts.
- Impress overseas customers with world-class facilities and the breadth of resources available.
- Attract (and retain) high-tech, high-value staff from NZ and overseas with world-class facilities within a truly inspiring place to work, reinforcing 'quality of life' in Christchurch.
- Provide a facility that enables these medium to high growth companies to grow, without having to change premises every 2-3 years on their journey.
- Draw development capital into the city centre.
- Secure central government (and local government) support and funding to help get this initiative off the ground as a high priority.
- Position satellite offices for relevant Government agencies within the campus (such as MSI and NZTE) so they can constantly engage with companies in their sector.
- Incorporate connections to key educational institutions to promote access to new ideas and create an avenue for brilliant minds to help drive the growth of these innovative companies.
- Learn from the world leaders in this space –Google has offered its support to act as an advisor for this unprecedented opportunity.



SCOPE & APPROACH

A key aspect in our formation of this initiative was to align with one or two cornerstone tenants. This has been achieved through partnering with **Industrial Research** and **Science Alive** organisations. Industrial Research is a major innovation driver in the NZ economy. Science Alive is keen to align with EPIC, also hoping to realise a long term vision for the establishment of a “National Science Centre” central to the EPIC campus. Both of these help bring together science, innovation and high-tech companies in one precinct to foster ongoing growth of the high-tech sector and education and promotion of outcomes from this important sector to the NZ economy going forward.

It is important that we consider boundaries for this initiative as we cannot cater for all innovation focussed companies in Canterbury. The following scope is proposed for consideration and discussion:

- Initially supporting companies displaced by the Christchurch earthquakes as a priority, then move to other interested companies as a second phase.
- Strive to include both education and innovation components to the campus.
- Public/private partnerships with Government agencies such as CDC, MSI and NZTE.
- Support for start-up high-tech companies, including shared resources and room to grow.
- Securing a land parcel and associated planning permissions to develop a 20,000 – 30,000 sqm campus over time.

The EPIC initiative will be developed using a two stage approach. Stage 1 is called Sanctuary and Stage 2 is called Sigma.

a) Sanctuary Phase 1 (1-3 Years)

Sanctuary focuses upon the immediate creation of affordable temporary premises within the central city for EPIC tenants that have been displaced and are at most risk. EPIC is currently in advanced discussions with CCC for a suitable site. Currently EPIC has received MOU's from 18 companies, representing 328 FTE's, all of whom require space in Sanctuary. An additional 11 MOU's have been submitted for companies interested in the Sigma phase.

The Sanctuary site will therefore be for up to 400 FTE's, and has the potential to provide 4000 sqm of usable office space. The objective of the Sanctuary phase is to prevent collapse or flight of endangered innovation/high tech based SME's and demonstrate proactive action toward protecting high growth SME's in Christchurch.





Due to the fact that Sanctuary is required urgently, facilities within this development will be limited as compared to the longer term EPIC vision. The current major opportunities presented for Sanctuary include:

- Temporary or semi- permanent buildings, constructed in a matter of months, which offer a safe, comfortable and warm place to work for tenants.
- Some shared facilities for staff such as toilets, showers, bike racks, recreation room(s) etc...
- Some business efficiencies achieved through shared facilities such as shared printing facilities, meeting rooms, kitchen, and a computer room etc...
- The key features of Sanctuary are that it is a functional and affordable location for businesses to use to start to recover from the earthquakes.

The EPIC team researched three building options for Sanctuary and proposed the most flexible and cost-effective solution to go forward with. What is apparent is that the Sanctuary will be an early visible indication of activity in the CBD and could be removed once Sigma is established, or could be augmented to remain as a permanent asset for the city, potentially reconfigured for alternate use such as inner city residential.

EPIC is in advanced negotiations with Christchurch City Council (CCC) regarding a suitable site for Sanctuary. As the site is designed to be temporary there is little chance of it providing a full return on investment and Government support is essential to ensure Sanctuary can be created to protect SME's in the short term. The EPIC team has submitted a formal proposal to CERA to request funding support for the development of the Sanctuary site and buildings.

b) Sigma - Phase 2 (3+ Years)

The Sigma phase refers to the staged development of the permanent Campus. This phase will see the gradual and modular development of permanent buildings on a central city site. The design of the campus will promote collaboration through shared facilities encompassing both business services such as meeting rooms, video conferencing, printing services and "quality of life" facilities such as recreation rooms, open spaces, crèche, gym etc.

This inspirational environment will promote business efficiency, the development of collaborative business opportunities and serve as an iconic example of quality of life in the new Christchurch. This development will naturally compliment the Council's strategy of creating "Live Work" spaces within the CBD.





Providing the site(s) identified are large enough, the modular nature of the Sigma development means it can be expanded as the tenants grow or new tenants join. The Sigma development will be funded by a mixture of private and public funding. EPIC has numerous property developers and tenants interested in investing in this project once a clear indication of government support is on the table.

However Government involvement in this project is essential to ensure that it achieves the objective of establishing an inspirational environment which is affordable for NZ owned SME's and stimulates their growth within Christchurch. To that extent EPIC is currently discussing the potential for Christchurch City Council to become an Equity partner of the EPIC initiative.

EXPERT ADVICE

The EPIC initiative was created by and is directed by Wil McLellan (CEO of Stickmen Studios and Executive Director of CerebralFix) and Colin Andersen (Director and Co-founder of Effectus). An advisory group has been created to ensure EPIC is not found wanting for expertise and direction when needed. This expertise has been provided to EPIC at no charge to date.

- Duncan Cotterill (Lawyers) – Oliver Roberts, Partner
- Deloitte (Governance) – Steve Wakefield, Managing Partner Christchurch
- Warren and Mahoney (Architects) – Graeme Finlay, Principal & Executive Director
- Colliers International (Property) – Jonathan Lyttle, Commercial Leasing Manager
- Industrial Research – Tom Hooper, Project Management & Commercialisation

The EPIC team are fully aware of the magnitude of this project and are aware that they need not reinvent the wheel. This is a great opportunity to learn from the experts and we are delighted that Christopher Coleman, Google's Director of Global Real Estate, responsible for building many large Google campuses across the world, and Craig Nevill-Manning, Engineering Director in New York, who was the 'customer' for a large build-out in New York City (now 2,000 employees) are both prepared to offer free advice for the development of EPIC within Christchurch. This advice will be invaluable based on their experience of designing large collaborative spaces for software engineers, salespeople and creative staff to a tight budget.

As the EPIC initiative moves from concept to reality, a formal governance team and framework will be established to oversee this significant initiative in the years to come.

EPIC COST-BENEFIT ANALYSIS

Following consultation with our Anchor tenants, Advisory group, and various agencies including CCC, CDC, and NZTE a cost-benefit analysis has been prepared. It is crucial that we can clearly articulate and quantify benefits that will be derived from the tenants and community by this venture. A summary of these benefits are listed below.

- **Increased growth and revenue by being associated with EPIC.** Research and interviews with our anchor tenants has revealed they are all optimistic that they can grow faster if they are part of the EPIC campus. This relates to profile, networking, closeness to supporting agencies, scalable shared facilities and happy staff.
- **Reduced flight of high-tech businesses from Christchurch.** A number of our prospective and anchor tenants have already raised the issue, that if they cannot attract and retain high-tech staff, they will be forced to look at taking some or all of their operations elsewhere, either in New Zealand or overseas.
- **Improved retention of high-tech staff in Christchurch.** Many of our prospective and anchor tenants have flagged that if they cannot retain good value high-tech staff in Christchurch, this will considerably restrict their ability to grow.



- **Improved ability to attract high-tech staff to Christchurch.** Post-earthquake Christchurch is no longer the lifestyle option for attracting skilled high-tech staff from other centres or overseas.
- **Mixing of high-tech companies with government and local government agencies** onsite within the EPIC campus has been raised by both prospective tenants and the agencies as a positive spin-off for EPIC. This includes NZTE, MSI and Industrial Research.
- **Increased high-tech exports for NZ.** A significant portion of the companies and organisations on the tenant list are high growth companies – many of these are export focused. From our preliminary analysis, we have assessed that 66% of the tenants that have signed MOU's (30 organisations) are currently export focused.
- **Reduced operating costs through shared services.** There is significant opportunity to reduce operating costs for the organisations involved in the EPIC campus. The other side of the equation is the ability to provide a much higher level of services to the campus that the individual companies could manage on their own e.g. video conferencing, quality meeting rooms and small conference facilities – as envisaged by a 200 seat 3D theatre for Science Alive.
- **High-tech companies inspiring start-ups, earlier in the innovation phase.** If start-up companies work and mix alongside already successful high-tech companies will both inspire and potentially provide mentoring opportunities when most needed.
- **High-tech staff are good candidates for inner city live work spaces.** This is in line with the city council plan encouraging live – work places. High-tech staff are typically younger and have high disposable income; so are well suited and attracted to inner city living.
- **A good news story for CCC, Cera and government.** The Sanctuary campus would be one of the early new entrants to city, and an excellent profile for building and growing an already high profile sector for Christchurch.

NEXT STEPS

The table below lists the next steps proposed for both the Sanctuary and Sigma phases of the EPIC development.

Sanctuary	Sigma – indicative only
MOU's collection from prospective tenants (ongoing)	MOU's collection from prospective tenants (ongoing)
Present Sanctuary to CERA and Central Government (13 July 2011 - completed)	Identify potential Sigma sites with CCC (TBC)
Achieve CERA/Central Govt approval in principal (Aug 2011 target)	Develop Legal and Financial Models with Government and Development Partners
Final Sanctuary Building quotations (Aug/Sep 2011)	Agree Sigma Land with CCC (TBC)
CERA and Central Government building funding approval (Sep 2011)	Agree Legal and Financial Models for Sigma with Government and Development Partners
Council Sign off on Sanctuary land (28 th Jul 2011)	Research Building Options for Sigma (late 2011/early 2012)
Commence Sanctuary Build (Sep/Oct 2011)	Coordinate Sigma Design with CERA and CCC (2012)
Sanctuary tenants move in (Nov/Dec 2011)	Sigma Build process (2013)



TENANTS LISTING

a) Firm Tenants (MOU's signed)

The following tenants (30 companies) have signed a memorandum of understanding outlining their need and willingness to be involved in this initiative. In total they have a current capacity requirement of 4,000-5,000 sqm for Sanctuary and an additional 4,000-6,000 sqm for Sigma.

Company for Sanctuary	Staff FTE's	Companies	Export
IRL	20	1	Y
CerebralFix	56	1	Y
Memia	2	1	
Stickmen Studios	15	1	Y
Science Alive	12	1	Y
Montage BI	15	1	
RPM Retail	7	1	Y
Brush Technology	3	1	
Paua Productions	5	1	Y
Astron Media	3	1	Y
Effectus	12	1	
Wellnomics	21	1	Y
Aranz	50	1	Y
SLI Systems	70	1	Y
Cavotec Moormaster	17	1	Y
ProDirections	10	1	
Radio NZ Sound Archives	7	1	
Tandem Studios	3	1	
TOTAL SANCTUARY FTE's	328	18	11
Company	Staff FTE's	Companies	Export
Vizualise	5	1	Y
Media Suite	10	1	y
Left Click	8	1	
Pivot Software	13	1	Y
K9 Natural	20	1	Y
Concentrate	4	1	
Jet-lab	1	1	Y
Fraame	4	1	Y
Yike Bike	15	1	Y
Truescape	24	1	Y
Intranel	2	1	
Pilot Consulting Group	6	1	
TOTAL SIGMA FTE's	112	12	8
GRAND TOTAL	440	30	19

In addition to the list above, there is also a larger list of all companies that have expressed that they are interested in the EPIC initiative and are currently investigating how they can become tenants. In total, a demand for over 25,000 sqm of office space from 50 organisations is a potential reality for the Sigma permanent campus. This excludes non-office campus zones, including open and shared areas and car parking.



b) Potential Tenants Listing

The list below shows the companies that have currently expressed interest in the EPIC initiative:

EPIC Prospective Tenants Long Term (Sigma)					
Potential Tenants	Count	Current Staff FTE	Earthquake Displaced	Space Required Now (sqm)	Space Required Future (sqm)
Alchemy Group	1	10		200	200
ARANZ	1	50	Y	750	1,000
Astron Media	1	3	Y	150	200
Brush Technology	1	3		50	75
Cavotec Moormaster	1	17		450	600
CDC	1	40	y	800	1,000
Cerebral Fix	1	56	Y	400	1,000
Concentrate	1	4	Y	100	100
Cortexo	1	7	Y	150	300
CPIT	1	100		1,500	2,500
Effectus	1	12	Y	200	300
Emendo	1	40	Y	600	1,500
Enabling	1	8	Y	200	300
Fraame	1	4		75	75
Hairy Lemon	1	22	Y	600	1,000
Infact Ltd	1	7		100	200
Intranel Ltd	1	2		150	200
IRL	1	20		1,000	2,000
Izon	1	12	Y	200	200
Jetlab	1	1		20	40
Left Click	1	8	Y	250	400
K9 Natural	1	20		260	325
Media Suites	1	10		100	200
Memia Ltd	1	6	y	100	150
Montage	1	15	Y	300	400
Motim	1	8	Y	150	300
MSI	1	10	Y	200	300
NZTE	1	10	Y	200	250
Paua Productions	1	5		100	100
Pilot Consulting group	1	6		120	150
Pivot Software	1	13		260	325
Powerhouse	1	20	y	400	500
Pro Directions	1	10		300	300
Radio NZ Archives	1	7		200	250
RPM	1	7		140	175
Savant	1	4	Y	100	200
Savant	1	4	Y	100	200
Science Alive	1	12		240	5,000
SLI Systems	1	70	Y	1,000	2,000
Stickmen	1	15	Y	200	400
Synapses	1	8	Y	250	tbc
Tandem Studio	1	3	Y	150	200
Teknique	1	6	Y	150	150
Truescape	1	24		500	650
The Laptop Company	1	20	y	400	500
Unleash Computers	1	10		200	250
Visibility Ltd	1	10		200	250
Visualize	1	5		100	150
Wellnomics	1	21	Y	400	500
Yike Bike	1	15		100	400
Grand Totals	50	800	27	14,865	27,765