
PRODUCT AND SERVICES REVIEW FRAMEWORK

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Purpose of Paper:	To discuss and agree an approach to reviewing Product and Service development

Council has approved a \$400,000 capital fund for NZRS to pursue the development of new Products and Services.

That \$400,000 fund was approved in April 2014 for three years and expires as of 31 March 2017. In the absence of any further decision from Council, as of that date NZRS will be unable to spend any of this fund on Product and Service Development.

The purpose of this paper is to start discussion on the review framework that Council may use prior to 31 March 2017 to determine whether that fund will be extended. Based on the discussion had at this May 2016 Council meeting, staff will propose an approach to reviewing Product and Service Development for approval to the August 2016 meeting.

Context

As stated in the Product and Service Development Strategy from May 2016; the goal for product and services development is to diversify revenue sources away from those that rely on InternetNZ's role as the .nz ccTLD manager. Our 2015-2020 Group Strategy defines the goal as follows:

One million New Zealand dollars of group income (revenue) comes from sources other than registrations of .nz domain names.

In practical terms this means:

By the end of the 2019/2020 financial year, there is reasonable confidence that in the financial year beginning 1 April 2020, there will be \$1m/year in revenue from the operation of products and services not in place at 1 April 2015.

Such products and services will not be .nz domain name registrations. Some may have no dependence on our current role as .nz ccTLD manager - that is, they would be unaffected by a change in .nz ccTLD manager. Others may rely on continuing to be the .nz ccTLD manager. Either counts against the target.

We are now just over two years since we commenced on this path of Product and Service Development, out of a three-year fund approval period.

NZRS now also produces a regular report on Product and Service development, sharing the products in development; the progress made in exploring or implementing them, and the prospects for both marketability and profitability for the InternetNZ Group.

At the February Council meeting, Council resolved:

RN10/16: THAT an evaluation framework for the approach to product and services development be developed, with a draft to be considered at the May meeting.

(Cr Hulse/Cr Craig)
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Approach to Review

The key question is what Council would like to review as part of this process, and how Council would like to proceed with doing so. The purpose of this section of this document is to start discussions with Council about that which they wish to consider in making this decision.

Some options for the review criteria are:

1. **Success to date against transformations:** The Final Strategy for Product and Service Development includes a list of transformations that are targeted in this work. Evaluating the degree to which those have already been realized, progressed or otherwise is an appropriate consideration.
2. **Revenue earned, and revenue potential:** Some products are already in market, such as the Broadband Map. Some are close to launch, and have targets in term of revenue. Council could evaluate this list of revenue achieved and potential against the \$1m target for this work.
3. **Costs incurred:** Council could evaluate how much of the \$400,000 has already been spent and on what; and what further spending is required to deliver the list of initiatives. Key questions here regard whether funding is sufficient or overly so, and being spent effectively.
4. **Commercial environment scan:** NZRS is operating in a competitive environment in new product and service development. That environment would have undoubtedly changed since this fund was established, and may impact Council's perspective on NZRS' market positioning to deliver new products and services.
5. **Commercial opportunities:** Council may have perspectives about opportunities, challenges and products themselves that have not previously been surfaced. This review is an opportunity to consider options that may not have previously been identified.

An objective of this discussion is to narrow down on what Council would like to review in order to design this frame work.

Timing of Review

The process for undertaking this review is recommended as follows:

1. May 2016 Council Meeting: Council discussion about review process, outlining potential considerations, approach and outcomes desired (this paper).
2. August 2016 Council Meeting: Staff paper to Council recommending approach to review, following discussion in May.
3. August - October: Review undertaken.
4. November 2016 Council Meeting: Review report made to Council with decision made on how to proceed.
5. November 2016 onward: NZRS take Council decision into account when planning their delivery for FY2017/18.

Recommendation

THAT Council note the timings required regarding the expiry of the \$400,000 fund.

THAT Council request a paper for the August 2016 Council Meeting providing a review framework for New Product and Service Development, capturing the criteria from this discussion.