

Product and Services Development

Policy	GRP-PSD: Product and Services Development
Version	Version 2.0
Date in force	May 2016
Reviewed	March 2018
Planned review	November 2018

About this document

This Product and Services Development Group Policy has been prepared to be the policy that sits alongside the Product and Services Development Strategy. A previous draft was known as GRP-BUS (Business Development Policy), based on the policy agreed in 2014.

Product and Services Development Strategy

InternetNZ's Group Strategic Plan sets out the imperative for business development: to diversify income beyond that arising from .nz domain name registrations.

A Product and Services Development Strategy that sets out the strategic approach to product and services development has been prepared. That is the document that sets out the rationale for product and services development and the overall approach taken. Actions under this policy must be aimed at achieving, and be consistent with, the Product and Services Development Strategy.

Purpose of this policy

The purpose of this policy is therefore to:

1. Establish authority and responsibility for product and services development;
2. Describe the high-level test of eligibility by which product and services development opportunities are measured;
3. Establish limits to the resources applied to product and services development;
4. Outline return expectations for product and services development;
5. Establish transparency requirement for product and services development; and
6. Ensure that governance bodies, staff and members are appropriately involved throughout the decision-making process.

Authority & Responsibility

Progress in delivering the strategy will be formally reported to Council on an annual basis at the end of each financial year, and a public version of such report will be published.

Council may consult members and the public on individual opportunities where it identifies particular issues or sensitivities that make this necessary. Otherwise, all product and services development projects will include stakeholder and member engagement plans.

Eligibility

For any opportunity there are a number of key steps that are not related to the potential viability of a proposal that need to be addressed first.

Step 1:

Does the proposal help deliver the objects of InternetNZ?

Proposals have to deliver the Objects of InternetNZ in a demonstrable way.

Step 2:

Would the proposal endanger the charitable status of InternetNZ?

Charitable status is of considerable financial benefit to InternetNZ. Any proposition likely to endanger this would need special consideration.

Step 3:

Would the proposal result in significant stakeholder conflict?

The existence of a competitor in the same area would not necessarily disqualify a business case from being advanced but it would need special consideration.

Resource limits

Pursuant to the Strategy, the Council may, by resolution, set limits on the resources available to the development of new product and services. These limits may be financial (either operating expenditure or capital expenditure) or staff availability, or any other limitation that the Council sees fit.

Expectations of return

There are three levels of financial return that may be provided by any new product or service:

1. Profitable, returning dividend to InternetNZ.
2. Financially self-sustaining through commercial activity.
3. Running at a loss and requiring ongoing financial investment.

The decision on the expected return of any individual opportunity will be made on a case-by-case basis. It may be that a single service could be provided in different ways, each with a different level of financial return, in which case all options should be considered at the same time.

Where product and services development work suggests a new project or service that isn't commercial (i.e. service development not business development) it is not covered by this Policy. Any business unit contemplating such a project must discuss it with Council prior to committing direct financial resources.

Transparency

Product and services development is conducted on a “no surprises” basis – Council will never be put in a position of being surprised by product and service development by InternetNZ. Regular reports on product and services development will be provided by InternetNZ to the membership of InternetNZ, and public versions made available on the website.

It is recognised that commercial confidentiality may restrict the general principle of transparency that the group adopts, but this restriction should only be applied where necessary, in as limited a manner as possible and for a limited a period as possible.

The resources deployed in conducting product and services development, and the income gained, will be transparently reported on as follows:

- Direct costs in developing a product or service will be accounted for and reported on in the quarterly product and services development reports to Council.
- Indirect or overhead costs will be disclosed in the quarterly product and services development reports to Council,, through a best-efforts estimate of staff salaries devoted to product and services development (both development of opportunities and implementation of projects).
- Regular reporting on projects and overall progress, to give effect to the no surprises commitment, will be done in the quarterly product and services development reports to Council , and will include a public version which will be published.

Implementation

The expenditure limit on direct costs for developing new products and services set out above is designed to allow InternetNZ to finance the initial phases of a project. When a project has developed to the point it is considered viable, InternetNZ will recommend to Council for decision what legal structure and financial arrangements should be put in place around that opportunity in order to:

- Partition risk.
- Allocate and make best use of resources.
- Make best use of skills and expertise.

The options for legal structure are:

1. As an ongoing project within an existing entity (InternetNZ or one of its subsidiaries).
2. A new subsidiary of InternetNZ.
3. A new subsidiary of an existing subsidiary.
4. Disposal of the business activity (sale to another).
5. Licensing of the product/service or relevant IP.