

Cleantech Growth through Collaboration

John O'Brien, Australian CleanTech

August 2008

In recent weeks, this column has discussed the growth and benefits of the cleantech industry. We have seen reasons why cleantech is set to grow, its investment opportunities and the potential for linking with the growth in China. However, tangible outcomes can only be effectively achieved through collaboration between the four core groups of cleantech participants and by adopting a four point collaboration strategy.

The four core participant groups of the cleantech industry are business, governments, researchers and the finance community. Extraordinary outcomes will be achieved by combining the knowledge, capacity and resources of each of these groups.

The combination of innovative research, business needs, commercialisation skills, financial drivers and all three tiers of Government can deliver solutions that not only meet environmental needs but also deliver economic and social dividends. If any one of the core groups is missed from any stage of the process then the result will be, at best, sub-optimal.

A typical example of this is the route travelled by many start-up companies. A project or product is developed with the involvement of research and business and perhaps with Government support. It is then taken on a 'road show' in an attempt to attract seed capital. Whilst investors may see the promise in the technology, a lack of financial innovation is likely to lead to a failure to secure investment. This can be avoided by including financial input from the very beginning to influence the overall company design.

Collaboration between the core groups must occur throughout the lifecycle of the project. The adoption of a four point collaboration strategy facilitates behaviours which lead to cleantech innovation and growth.

- **Strategy 1 - Networks.** Cleantech networks are starting to emerge. They provide valuable forums for making new connections and starting new discussions. One example is the Adelaide Cleantech Network, which organises educational events to facilitate cleantech growth in addition to other

opportunities for members of the core groups to meet and exchange information and opinions. The next Adelaide Cleantech Seminar is on 2 September 2008 and will discuss grants, tax concessions and investment risks and associated opportunities. These are key topics that can make the difference between success and failure for all cleantech industry participants.

- **Strategy 2 – Drive Demand.** Through establishing buying groups of companies, government departments, local councils or businesses, it is possible to jump start emerging technologies. Significant foundation orders provide sufficient economies of scale for the products to become compelling for wider customers. A global example of this is the Clinton Climate Initiative and an Australian equivalent is currently being developed.
- **Step 3 – Drive Innovation.** The establishment of cleantech manufacturing and development parks creates and enables the positive interdependencies between researchers, companies and financiers. This enhances product development both in terms of quality and time to market. Such parks are currently being considered in both Queensland and South Australia.
- **Step 4 – Demonstrate Success.** Highly publicised demonstration parks or projects are required to provide access to multiple technologies in-situ. The successful technologies are likely to be those that were conceived at network events and borne from the impetus of buying groups and cleantech parks. Professor Stephen Schneider proposed the concept of Power Parks to demonstrate emerging energy technologies.

Amidst the noise of emissions intensive industries crying foul, the voice of opportunity is starting to be heard. Grasping this opportunity requires the implementation of a comprehensive collaboration strategy that brings together the four core groups of cleantech participants. Governments and other facilitators can lead this strategy, but it requires commitment from all four groups for it to succeed. Once implemented, the multiple dividend streams of cleantech will be fully unleashed.

John O'Brien is Managing Director of Australian CleanTech, a research and broking firm that provides advice to cleantech companies and financial institutions. Australian CleanTech publishes the ACT Australian CleanTech Index