



Finance,
Services &
Innovation

NSW Innovation Concierge (NIC) Evaluation Report



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1. Introduction

1.1 Context and Background

The NSW Innovation Concierge (NIC) was launched on 30 November 2016 as a key initiative of the NSW Innovation Strategy.

The impetus for creating a concierge service was a key theme arising from consultations undertaken during the development of the NSW Innovation Strategy i.e. that many entrepreneurs and startups faced considerable challenges in engaging and doing business with government.

The NIC was created to assist innovators and entrepreneurs navigate and gain access to the right information and people in NSW Government; and to enable the submission of innovative ideas and proposals. A digital entry point was made available via www.innovation.nsw.gov.au and supported by a team within Department of Finance, Services & Innovation (DFSI).

1.2 Purpose of the evaluation

The service is being evaluated to understand the value and impact of the service. The purpose of the evaluation is to assess the appropriateness, effectiveness and efficiency of the service and make recommendations for on future delivery.

1.3 Scope

The evaluation covers the design and implementation of the pilot up to and including April 2018. The evaluation was shaped around the following questions.

Domains	Evaluation questions
Appropriateness (implementation)	<ol style="list-style-type: none">1. To what extent does the service address an identified need?2. How well does the service align with NSW Government and Departmental priorities?
Effectiveness (outcomes)	<ol style="list-style-type: none">3. To what extent has the service achieved its objectives?4. Has the service delivered value to customers?5. Were there any unintended impacts (positive or negative)?
Efficiency (implementation)	<ol style="list-style-type: none">6. Is the operating model optimal?7. Has the service delivered value for money?

1.4 Approach and Methods

a) User Feedback

Qualitative data from verbal feedback provided evidence about the user experience. Most customers who used the service were startups and entrepreneurs and did not have the time or resources to provide detailed feedback via email. However, staff interviews indicated that these customers readily provided verbal feedback on their NIC experience.

b) Staff Interviews

Staff interviews were conducted to obtain data and feedback to determine the service was implemented properly and achieving its intended objectives. The interviews also provided data on user satisfaction and feedback on the NIC service.

c) Key data sources

The data obtained during the operation of NIC was used as part of the evaluation. This data includes the number of queries received, percentage of referrals to government agencies and type of queries received.

d) NSW Government Department & Agency feedback

Feedback from interviews with staff and agencies was also used as part of this evaluation report. The findings provided insight on how agencies interacted with the NIC service and its impact on their resourcing and operations.

1.5 Strengths and limitations of the evaluation

Limitations of the evaluation primarily relate to:

- Absence of a similar government concierge service to compare performance
- Small sample sizes in stakeholder responses.

Strengths of the evaluation are that it was:

- Conducted by business staff actively engaged with the NIC
- Feedback was received from a variety of customers working in different industries and at different stages of the startup lifecycle
- Able to draw on robust statistics to identify successes and learnings within the service.

2. Introduction

2.1 Objectives of the service

The objective of the NIC service is twofold:

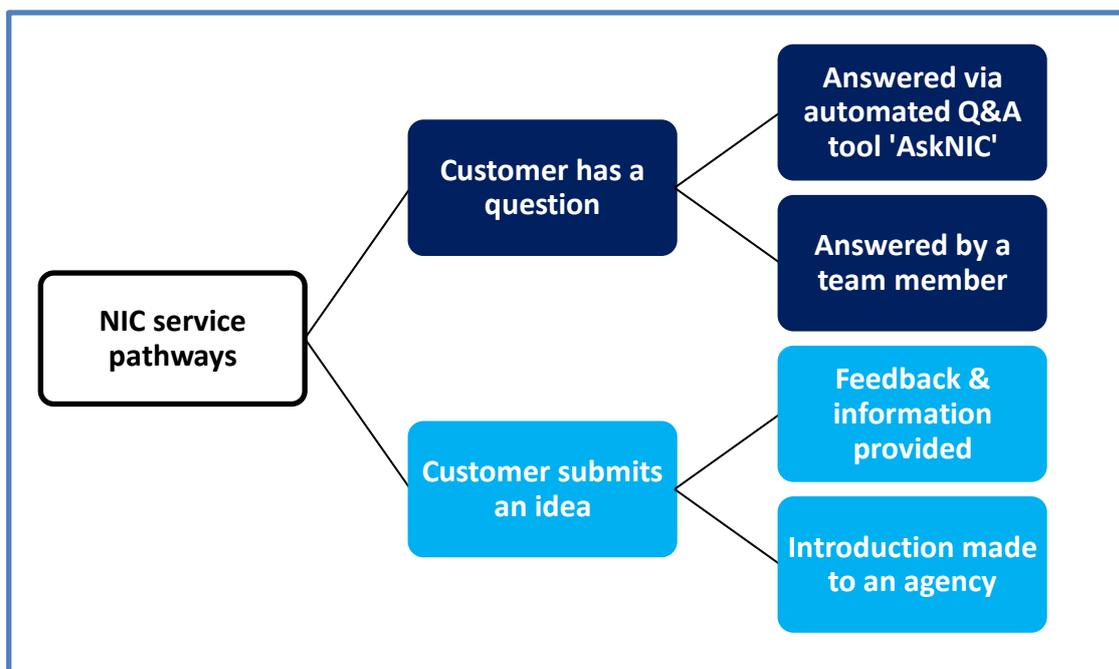
- To assist innovators and entrepreneurs navigate and gain access to the right information and people in NSW Government
- To enable the submission of innovative ideas and proposals to NSW Government.

The NIC predominantly services innovators and entrepreneurs who do not have existing connections within NSW Government, are unclear of funding and procurement pathways and who have proposals that merit further investigation and analysis.

2.2 Service Design

The instigating hypothesis was that 'good ideas go nowhere in government'. The solution was a concierge function providing a digital entry point for quick access to information and an advisory service.

Figure 1- Service pathway



A pilot was launched November 2016 offering:

- An **automated Q&A tool** launched as the 'AskNIC' natural language processing tool and primary digital interface. This was designed to answer commonly asked questions and was available via a widget on the Innovation NSW website.
- A **bespoke advisory service** accepting submissions from individuals or businesses and connecting them to the right places and people in government. Submissions could be made via the website, direct to the Innovation team or by referral from Ministerial Offices.

Submissions were triaged through the process presented in **Figure 2**. The objective of the triage was to:

- Ensure the Department had enough information to evaluate the proposal
- Assess proposals against the evaluation criteria (refer **Figure 3**)
- For proposals that met the evaluation criteria, an introduction to the relevant agency would be made
- For proposals that did not meet the evaluation criteria, feedback would be provided and, where appropriate, alternative relevant information would be supplied.

Figure 2 - NIC Triage process for submissions

NIC OPERATING MODEL v2.0 11.11.16

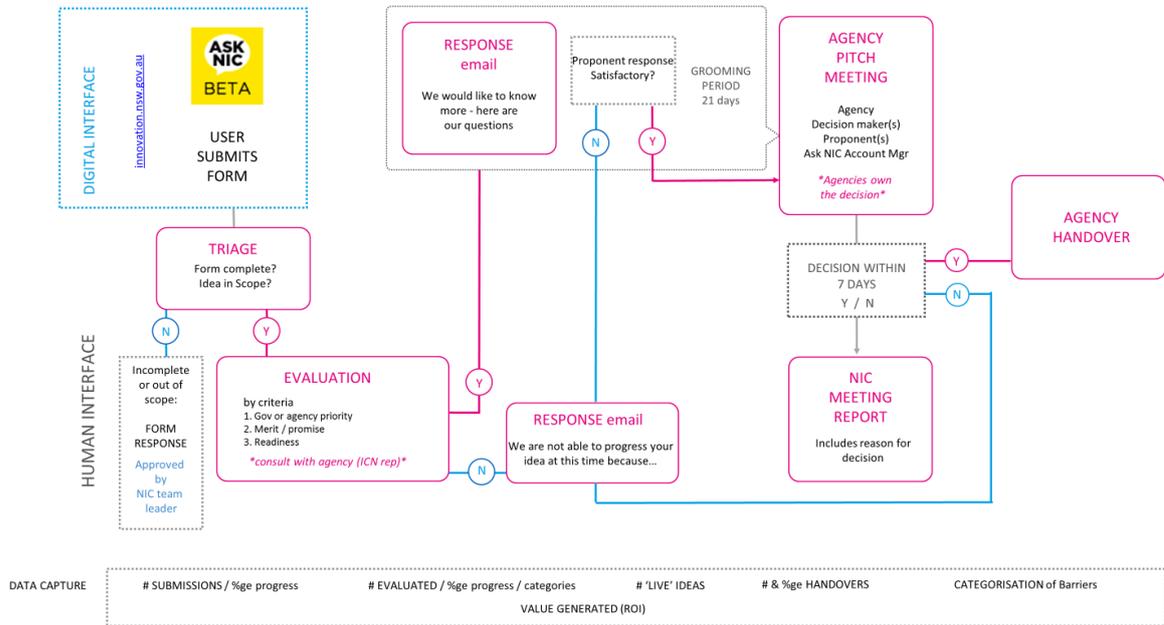
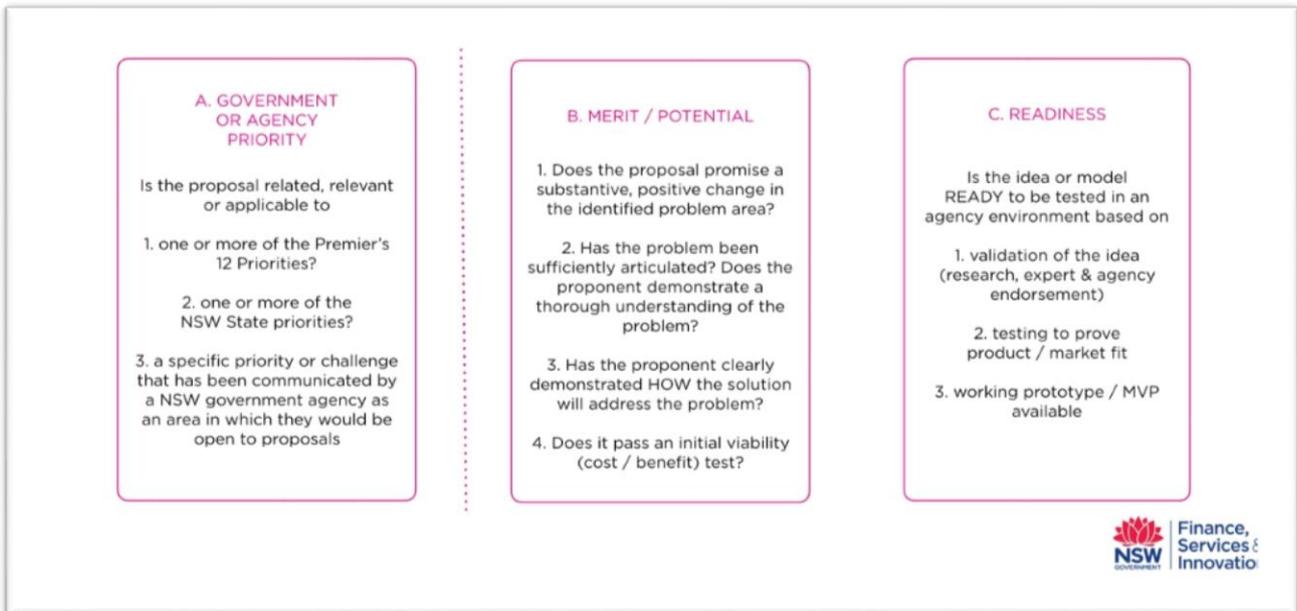
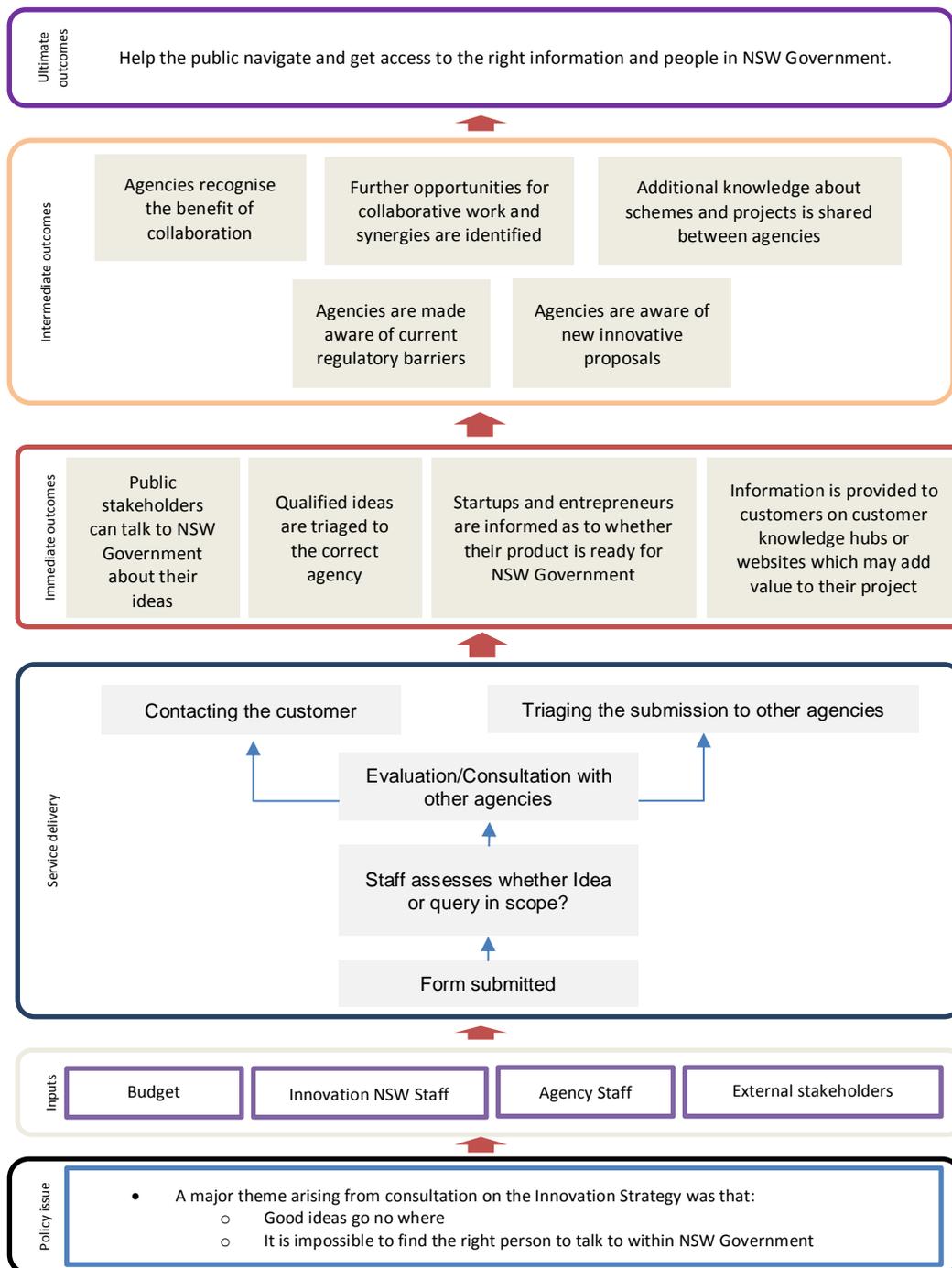


Figure 3 - NIC Evaluation Criteria



2.3 Program Logic



3. Evaluation Results

3.1 Appropriateness of the Service

When considering the appropriateness of the service, the evaluation focussed on the extent to which the NIC has addressed an identified need; and whether there is alignment to government and agency priorities.

3.1.1 Addressing an identified need

A major theme emerging from consultation on the Innovation Strategy was the challenge of doing business with government. Comments such as “there is no single source of information”, “it’s impossible to find the right person to talk to within government” and “good ideas go nowhere in government” were emblematic of the view that government can be difficult to navigate and government is impenetrable to new ideas and proactive proposals.

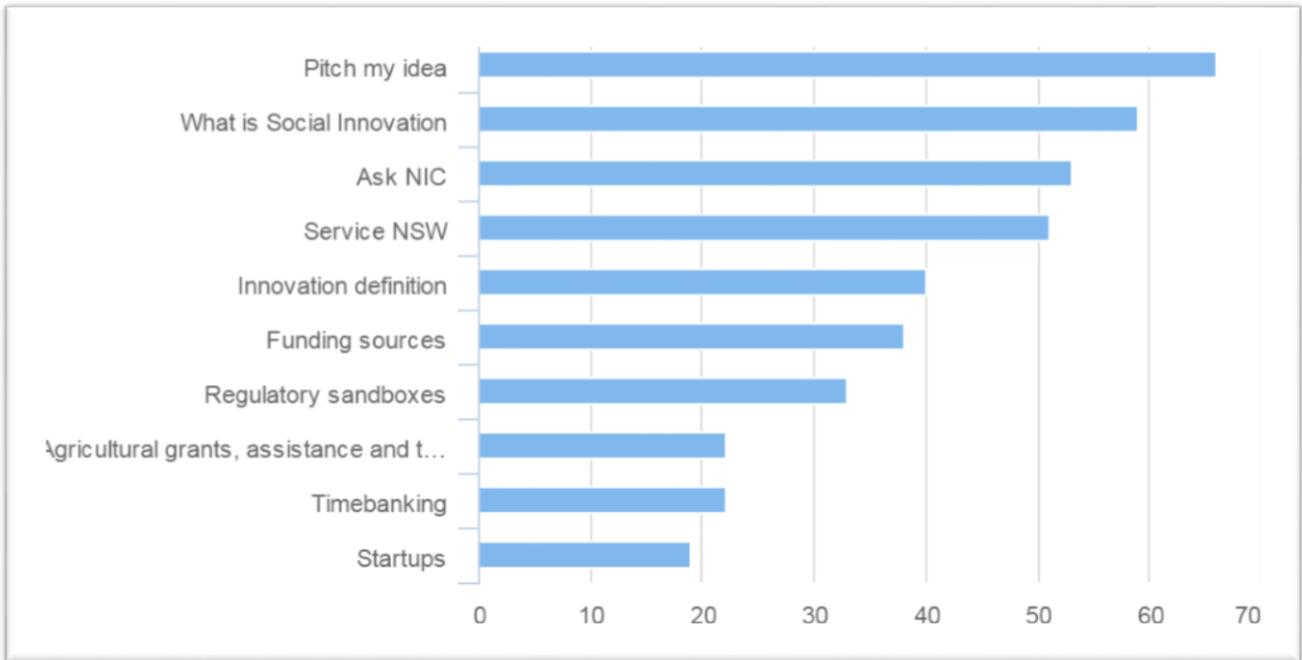
Two main customer needs were identified:

(i) Access to government in one place

The automated Q&A tool provided quick and easy access to information. During the trial period over 1,509 questions were answered. The top 10 topics were (refer **Figure 4**):

- Pitching ideas to government
- Social Innovation Council
- AskNIC
- Service NSW
- Definition of innovation
- Funding sources
- Regulatory Sandboxes
- Agricultural grants and assistance
- Timebanking
- Startups

Figure 4 Top 10 trending topics on AskNIC from Nov 2016-August 2017



The peak in demand for the Q&A tool coincided with the announcement of its launch in late 2016 and steadily declined thereafter (refer **Figure 5**). Traffic to the website also reduced over the same period.

Figure 5 - Total number of events recorded on the AskNIC tool

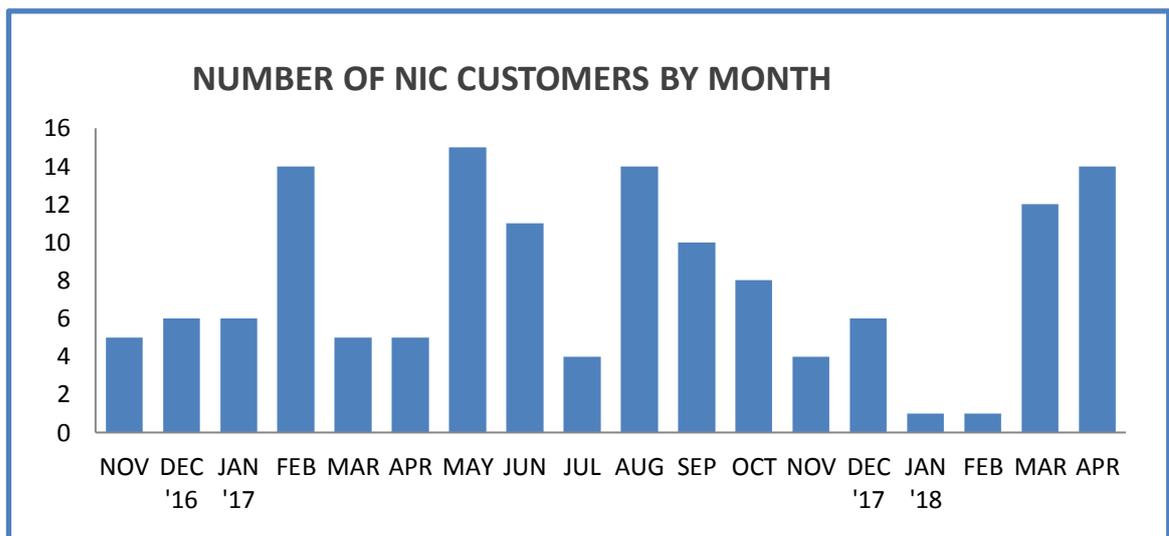


Although customers were initially curious about the contents of the Innovation Strategy (i.e. pitching to government, Social Innovation Council, AskNIC, Service NSW, definition of innovation, Regulatory Sandboxes), the demand for the automated Q&A tool declined significantly one month post launch. Further discussion on the effectiveness of this tool is discussed in Section **3.2 Effectiveness of the Service**.

(ii) Access to government staff for advice and referral

In total 141 individual submissions were made over 18 months. The volume of submissions varied from month to month. On average 8 submissions were received per month, or around two per week.

Figure 6 Volume of submissions per month November 2016 to April 2018



The above indicates that the service is seasonal, with high demand after the new year and generally right before and after a new financial year.

The needs of customers fell within 5 broad categories. They were generally seeking information on:

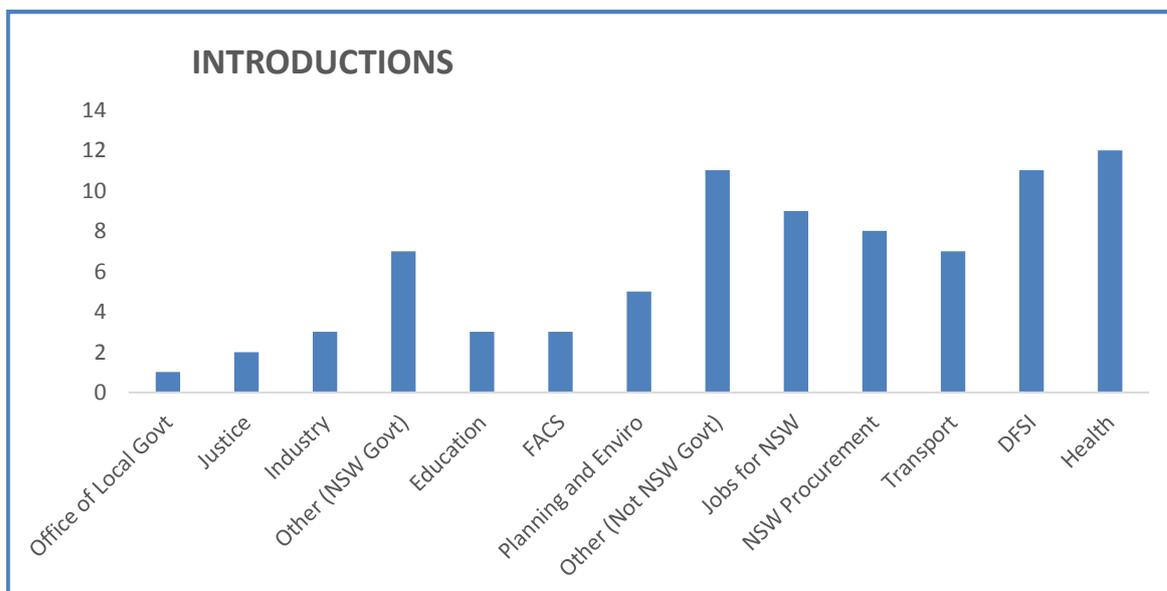
- how to access government funding and grants (31%)
- how to sell to government i.e. gain government as a customer (25%)
- collaborating with government on research and development (14%)
- regulatory or policy changes (7%)
- a broad 'other' category captured random requests for bespoke information (23%).

Most enquiries were addressed by providing the customer with information on funding and procurement pathways. This information is already in the public domain and so this calls into question existing information sources and whether they are accessible and customer focussed.

82 submissions were referred to agencies because they were seeking advice from subject matter experts or they were assessed as having a high potential for government

application. The table below breaks down the number of referrals provided to other agencies within the NSW Government.

Figure 7 Number of referrals by Government Agency



The top 4 agencies to which submissions were referred included:

- **NSW Health.** For example, e-Health and the Medical Devices Fund. A peak in referrals to Health coincided with the release of the Department's 'eHealth Strategy for NSW Health 2016-2026', which actively sought the submission of innovative solutions. Customers mistakenly submitted their proposals to the NIC service rather than the new eHealth portal.
- **Agencies outside NSW Government,** mostly Commonwealth agencies
- **Department of Finance, Services and Innovation (DFSI).** For example, Data Analytics Centre, NSW Fair Trading, ICT and Digital Government Division.
- **Jobs for NSW.** Mostly regarding access to funding.

The remaining submissions were queries relating to existing initiatives being implemented by the NSW Government.

3.1.2 Alignment to NSW Government and Departmental priorities

The NIC service is a key commitment under the 'NSW Innovation Strategy: Bringing Big Ideas to Life', released by the NSW Government in November 2016.

More broadly the service aligns to the following NSW Government priorities:

- **Creating new jobs.** The service provided by NIC has opened new opportunities and pathways for entrepreneurs and startups, allowing them to grow and create new jobs in a variety of industries
- **Improving government services** –NIC provides a platform for entrepreneurs and startups to communicate with government, making it easier for the public to connect the relevant agencies within government.
- **Encouraging business investment** – NIC encourages business investment by connecting startups and entrepreneurs with government agencies and other stakeholders in the startup ecosystem. These connections are valuable in helping startups and entrepreneurs with the information and relationships they need to move ahead with their project.

DFSI leads the digital transformation of government, having released the NSW Digital Strategy in 2017. The underlying principles of Digital Strategy are that government is digital, lean and connected. The Innovation Team and the NIC service sit within DFSI's ICT and Digital Government Division.

3.2 Effectiveness of the Service

When considering the effectiveness of the service, the evaluation focussed on the extent to which the service has achieved its objectives; whether the service has delivered value to customers; and whether there were any unintended impacts (positive or negative).

3.2.1 The extent to which the service achieved its objectives

The NIC service successfully assisted customers in accessing information and connecting to the right people in NSW Government. Customers were provided with a service that:

- Enabled them to talk to government about their needs (e.g. funding) and ideas
- Offered relevant referrals to agencies where warranted
- Offered constructive feedback on product readiness or suitability for government application
- Provided with information relevant to their product and stage of development.

Additionally, referrals to agencies brought benefit to those agencies i.e.:

- They are more aware of emerging innovations relevant to their business
- They are more aware of the barriers to innovation within government, including procurement and regulatory barriers
- They are more aware of opportunities for collaboration across government.

3.2.2 Has the service delivered value to customers?

Overall customer feedback has been positive, with customers expressing appreciation for the information and referral services provided. For example:

- **Case Study 1:** A developer wanting to enable the comparison of prices and reviews for funeral homes contacted the NIC for an introduction to the regulator of funeral homes. The referral via NIC was instrumental in the developer accessing government data to build a working prototype. The customer credited the NIC service for the referral and said that it would have been difficult to find the right source of information if not for the NIC service.
- **Case study 2:** A teenage entrepreneur building software to maximise bus driver efficiency and was seeking government as an early investor or first customer. A referral was made to Transport for NSW, which encouraged the young entrepreneur to attend a pitch event once a working MVP was created. The customer was provided with information about upcoming pitch opportunities and the agency expressed their appreciation for the referral.

- **Case Study 3:** A customer from overseas seeking to run a major event in Sydney contacted the NIC asking for connections to State and Local government. A referral to Destination NSW and Business Events Sydney resulted in a happy customer with direct connection to the lead government agencies sponsoring major events.
- **Case study 4:** An IT developer seeking funding to create an MVP was referred to Jobs for NSW, as well as connected with the Museum of Applied Arts and Sciences for advice on innovation in applied arts. Their response: ‘I really appreciate (the) time and effort you've invested in replying’.

On more than 30 occasions the NIC service referred customers to NSW Procurement. This group of customers were not aware of government policy regarding the requirement for suppliers to NSW Government to be pre-qualified by NSW Procurement. The main categories for procurement prequalification referral were the ICT and Performance and Management Services Schemes. Customers referred to NSW Procurement were rapidly assessed and the majority were pre-qualified to supply to the NSW Government.

Value was also derived by customers who felt more informed after engaging with the service, despite not progressing any further with their submission. For example:

- **Case study 5:** A startup founder contacted the service seeking assistance with classifying their business under existing regulation. The business seemed to fall between two pieces of legislation, which impacted how the business should be licenced. Advice was provided to the founder on the availability of the regulatory sandboxes framework which could be of assistance once it was clear which regulation applied and whether exemptions were required. The founder was advised to seek legal advice prior to being referred to a regulator. This legal advice, sought independently, enabled the founder to accurately classify the business and a referral was no longer needed.

Constructive feedback was also offered on ideas that were not yet ready for government consumption. Staff feedback included examples of customers who were appreciative of the advice offered, despite being advised they were not ready to sell their product to government and not being referred to a specific agency. These customers were generally informed of supports and resources available in the private sector (e.g. incubators and accelerators) and advised to engage further with government when they had a working prototype.

Negative feedback was received on the post referral experience and a lack of active follow up by agencies once a referral was made. However, the NIC service was not designed to manage ongoing customer engagement and the resources required to monitor agencies and advocate for customers was considered prohibitive in this pilot phase of the service.

A perceived lack of interest from agencies to purchase innovative solutions was also a common complaint. Such as:

- **Case study 6:** A founder was referred to an agency and met with subject matter experts many times. The customer identified that ‘the issue with these types of meetings are that these people are focussed on their current systems and don't have responsibility for investigating new systems.’ So, despite being referred to the right place within an agency, they still had difficulty in breaking through entrenched operating practices.
- **Case study 7:** A customer seeking access to community assets was referred to multiple agencies in a timely manner. However, delayed follow up by referred agencies resulted in a customer returning to the NIC service. The request for access was eventually declined and the customer was unhappy with the lengthy delays experienced.

The propensity for government agencies, and divisions within agencies, to operate in silos was a common criticism. However this is not necessarily indicative of the design of the NIC service and is a broader criticism of government generally. Tackling entrenched operating practices within agencies is out of scope of the current service.

Further criticisms of the service related to the misconception that the NIC was a funding avenue for startups, that they would receive assistance to develop their idea into a product, or that the service was a work-around to the procurement framework. These misconceptions were addressed by providing more detailed information on the website regarding the scope of the service.

3.2.3 Unintended impacts (positive or negative)

An unintended, but not unforeseen, impact of the service was the increased workload that referrals placed on other agencies. Although volumes were low over the 18 months, there was a noticeable impact on the Departments of Health and Finance, Services and Innovation which received most referrals (12 and 11 respectively). Notably, the impact was greatest when there was no existing initiative, project or team that could be identified as a referral point and agency staff were required to spend time investigating.

On the other hand, referrals to Jobs for NSW (9 referrals) were easily identified and acted upon because they were entirely in scope of the agency's service offering.

A positive unintended impact were requests for advice from foreign governments and agencies in other Australian jurisdictions. For example:

- **Case study 8:** A representative from the Canadian Government requested information about the NSW Innovation Strategy and its associated programs. More detailed information was provided. The customer was grateful for the information supplied, noting that it would inform Canadian policies and programs in the future.

3.3 Efficiency of the Service

When considering the efficiency of the service, the evaluation focussed on whether the operating model was optimal and whether the service delivered value for money.

3.3.1 Is the operating model optimal?

There is value in providing information on government funding and procurement pathways to customers who are confused about which government agency to approach for funding or advice on procurement. Whilst this need is being met by the current operating model, improvements can be made to deliver a better customer experience and create efficiencies in the referrals process.

Optimising the digital delivery of information will improve the customer experience and reduce back end costs associated with curating and creating content for a natural language processing tool. Skimming information from publicly available sources utilising new technologies would be exponentially more efficient.

The submission process could be improved. Many submissions failed to define the problem they were trying to solve, the government priorities they were attempting to address and the potential benefits to government or taxpayers. Most submissions required between 1-3 follow up phone calls or emails to obtain this information. The provision of more guidance on the website could reduce the need for such detailed follow up.

The referrals process for customers wanting to sell to government is not optimal. Referring customers who want to sell to government but are not ready to do so consumes resources that are unlikely to result in a net benefit to government. Redirecting early stage startups from the referrals process towards publicly available information will reduce the number of low value referrals being made to agencies. Agencies could also confirm any pre-requisites for testing innovative solutions and current key focus areas to ensure only relevant, high value referrals are made to agencies.

Equally, there would be no outcome in referring customers who are ready to sell to government to an agency that is not open to testing innovative solutions. Whilst some agencies lack the capability to assess innovative solutions, others do not have an agreed approach to mobilising resources internally to authorise and conduct testing. In both cases, the lack of knowledge about the procurement framework and specifically how to use the Procurement Innovation Stream contributes to a lack of action. Additionally, even when agencies are open to testing innovative solutions, they may not have the immediate need or the allocated budget to be able to commit to taking this forward. Making it known which agencies are open to receiving referrals, and under what conditions, will provide customers with guidance on which areas of government are willing to accept referrals.

3.3.2 Does the service deliver value for money?

The service cost approximately \$500,000 to design and deliver over 18 months. The ongoing costs for the current operating model do not deliver value for money. The majority of submissions to the NIC were seeking information on how to access government funding and grants (31%) and how to sell to government (25%). The needs of these customers could be better served by providing information in an easily accessible format on the website, potentially reducing the need for manual processing of submissions by as much as 56%.

(i) Digital interface

The natural language processing tool does not offer value for money and is not aligned to the current needs of customers, who demand quick access to information. The use of a natural language processing tool to automate responses to questions was time consuming to keep updated and did not deliver value to customers. User interactions with the tool steadily declined over 12 months to December 2017. As a result, the annual licence subscription was not renewed and the function was disabled in December 2017. A substitute function has not yet been released.

As an interim measure additional information was published on the website including links to other sources of information. The changes reflect common customer requests for information about funding, engaging government as a customer and regulatory policy. Following these changes, the number of submissions dropped dramatically. Over January and February 2018, the service received one submission per month. Although the significant drop is likely to be related more to the Christmas and New Year period, than website changes, these changes may also be a contributing factor.

The number of submissions rose again in March and April 2018 to 12 and 14 respectively. This increase was due to referrals from Jobs for NSW and the Office of the Minister for Innovation and Better Regulation, with customers largely requesting an introduction to agencies.

Suggested efficiencies to deliver value for money include:

- Providing targeted information on access government funding and grants and how to sell to government has the potential to reduce the need for manual processing of submissions by as much as 56%.
- Reviewing the submission form to reduce the incidence of follow-up requests, saving time for staff and customers.

(i) Referrals process

Of the 141 submissions to the NIC service, 84 (60%) were referred to agencies.

No referral has resulted in an agency procuring that product or service. Although agencies have spent time responding to these referrals, there is no indication that the interaction has provided any benefit to agencies. There are many contributing factors, and feedback suggests that, overwhelmingly, referrals can be grouped as follows:

- No demand i.e. agencies do not need the product/service on offer
- Low priority i.e. the agency is focussed on higher priorities, often locked into delivery plans well in advance
- Not fit for consumption i.e. the offering is too early stage, there is no MVP, or the company cannot demonstrate an ability to scale
- No budget i.e. a trial may be beneficial but agencies do not have extra budget for trials

Reducing the number of referrals that fall within the first three categories above will drive efficiencies. Other efficiencies to deliver value for money include:

- Clarifying the types of referrals agencies are genuinely open to i.e. identify priorities, demand and budget for innovative trials
- Reassess the triage process and criteria for referral in consultation with agencies to ensure only high potential referrals are made
- Provide an alternative for avenue for customers who are not ready to sell to government, such as offering information on incubators, accelerators or small business supports that are better placed to advice on business development.

Implementing these operational efficiencies will enable the service to process a larger volume of customers without a significant increase in resource requirements.

4. Conclusion

The NIC service has achieved its objective of informing and connecting customers to government. Customers have found value in the connections made to existing funding and procurement pathways, as well as advice regarding the readiness or applicability of innovative solutions to government.

Enhancements to the operating model would improve customer experience, deliver greater benefit for agencies and drive better value for money, including:

- Providing targeted information on access government funding and grants and how to sell to government has the potential to reduce the need for manual processing of submissions by as much as 56%.
- Reviewing the submission form to reduce the incidence of follow-up requests, saving time for staff and customers.
- Providing an alternative for avenue for customers who are not ready to sell to government to reduce the incidence of referrals that are not fit for consumption.
- Clarifying the types of referrals agencies are genuinely open to and have budget for, to reduce the incidence of referrals that do not address an identified need.
- Improving agency knowledge of the procurement framework, including how to use the Procurement Innovation Stream, will make it easier for startups and government to collaborate in the future.