

# CITI

THE  
CAPE I.T. INITIATIVE

**W**hile "clustering" may sound like a trendy new buzzword, it describes an age-old phenomenon. It can be defined as a geographically-bound collection of complementary or related businesses with active channels of business transactions, communications and dialogue.

Numerous examples crop up throughout history. Over a hundred years ago, for example, an Ohio woman made a tufted bed cover as a wedding present. She was asked to make another, and another; she soon began to teach others her skill. People began using them as floor covers, and today, Dalton, Ohio produces 85% of America's carpets. Fifty percent of the world's carpet making capacity lies within an 80km radius of the town.

In Italy, the town of Modena is home to the most famous sports car cluster in the world – Ferrari, Lamborghini and Maserati. And Silicon Valley has in just over a decade become the preeminent IT hub of the world.

Yet, clustering does not happen by chance. It requires the cooperation of related businesses, complementary operations, and a certain civic-mindedness. In other words, a serendipitous collection of similar businesses does not a cluster make. Instead, the process of cooperation has to be driven and organised by a mutually-accepted body.

## **F R O M   A   C A P E   I . T .   C O M M U N I T Y . . .**

In many instances, clustered businesses are the result of decentralisation, active or passive, of larger businesses, and usually comprise specialist start-ups who have identified particular service niches within their industries.

In the late 1990's, the IT boom created the seed around which a collection of related new business grew. However, dialogue and cross-pollination between these businesses was negligible. And Interactive recognised the potential value to the businesses of an organised structure by which IT companies could make the most of their channels of communication and interaction.

## **. . .   T O   A   C A P E   I . T .   C L U S T E R**

Together with client Capricorn Business and Technology Park, Interactive Africa set about the creation of the Cape Information Technology Initiative (CITI) in 1998. Both founding companies saw CITI as an opportunity to enhance the global competitiveness of the member businesses, and to create a lively and growing IT sector within the region with an eye on long-term regional prosperity.

# civic-mindedness

## THE CASE FOR CITI

### ▶ CLUSTERING - THE BIG IDEA

Possibly the most innovative and economically sound policy any industry or business moving into the new millennium can adopt.

### ▶ WHAT IS CLUSTERING?

A business cluster is a geographically bound concentration of similar, related or complementary businesses with active channels for business transactions, communications and dialogue. Clusters share specialised infrastructures, labour markets and services and are faced with common opportunities and threats.

Oxford Street, Harley Street and Wall Street are very localised clusters with competitive and complementary businesses. Hollywood and Silicon Valley are two bigger clusters, while Ferrari, Lamborghini and Maserati all share Modena, Italy - the sports car capital of the world - as their home or "cluster" base. Each of these clusters have exceptional positions within their served markets, many of which are global. Some have been in existence for decades, whilst others are relatively new-born.

### ▶ CLUSTERING ISN'T A BRIGHT, NEW IDEA

Clustering isn't a new, radical idea. It's a tried and tested system which helps to create sustainable local wealth and jobs. It's a co-operative way of working which is as old as civilisation and which was very much alive and thriving at the start of the industrial revolution when the sharing of ideas, resources and technologies changed the world.

### ▶ WHY DO SOME COMMUNITIES ACT AS MAGNETS AND OTHERS NOT?

Every community is unique, with different resources to draw on. And yet around the world the success stories are remarkably similar - economies built on local clusters consistently out-perform their neighbours. A vibrant cluster acts as a powerful magnet to attract customers, expertise, resources and capital. It creates sustainable local wealth and jobs. Local clusters enable the businesses within them to achieve results that wouldn't be possible in isolation and to create spin-off businesses all around them. What's more, the high levels of competition and co-operation within local clusters increase the number of sparks that can fuel innovation.

### ▶ THE POWER OF CLUSTERS

The economic power of the local cluster cannot be ignored. In the USA, clusters employ 57% of the nation's workforce and produce 78% of its exports. They're called the engines of the economy and there's no doubt that local economies strongly based on clusters are the most successful in the world.

### ▶ EVERYBODY HAS A ROLE TO PLAY

Strong linkages help create local wealth and successful clusters are alive with business networks and social ties. Everyone has a role to play and understanding the phenomenon of clusters provides a framework for local economic development and export growth. Take for example the domino effect that clustering has in the bright lights of Hollywood where scriptwriters, producers, set designers, carpenters, make-up artists, stunt and catering crews, transport companies, the legal fraternity and myriad other industry-related businesses support, help, challenge and co-operate with one another, ultimately building a flourishing and economically sound industry.

## ▶ SIZE POWER

Size does not determine success or even how much local wealth you can generate. Many of the world's most successful clusters are in small towns. Northern Italy is populated by a number of spectacularly successful small towns. Castel Goffredo for example, has just 7 000 people but produces nearly half of Europe's hosiery. In Udine 800 furniture manufacturers produce half of Europe's chairs, and two thirds of all imported tiles around the world come from Sassuolo's 180 ceramic factories. Other towns with populations under 100 000 are famous for the fashions, ski boots, furniture, ceramics and marble they produce. What these communities have in common is an active culture of trust, co-operation and civic mindedness. A culture which had turned this corner of Italy into one of the wealthiest regions in Europe.

## ▶ ONE PERSON CAN MAKE A DIFFERENCE

About 100 years ago in Dalton, Georgia, USA a woman made a tufted bedspread for a wedding present. She was asked to make another, and then another. Soon people asked her to teach her skill... Some people started to use the now more widely made spreads as floor coverings, and today, Dalton makes 85% of the United States' carpets and 50% of the world's carpet making capacity is within a 80 km radius of the town.

## ▶ LET'S PUT OUR CARDS ON THE TABLE

Cape Town has a successful and diverse business base. But can our community sustain its growth and prosper well into the next millenium? Probably, with proper planning and visionary thought. But we need to create a community-wide strategic framework which will enable us to capitalise on our strengths. We need to nurture the embryonic clusters that we already have and to remove impediments to their success and provide the skills and resources needed for their growth. We need local businesses, infrastructure support companies, educational institutions and local authorities to work together with a common vision.

## ▶ VISION AND TRUST

We need to develop a distinctive culture. A culture of trust and shared vision which encourages competition and co-operation, and forges strong local links right across the local community and between the public and private sectors.

## ▶ THE SUCCESS OF SILICON VALLEY

Forty years ago this small Californian valley grew apricots. Now chance may have got the computer industry in Silicon Valley going, but by the 80's the boom was over, business was slow and the Valley had to make some serious decisions about its future. It united and by the 90's was the undisputed technology capital of the world, outstripping its rival area, Route 128, many times over in the process. Silicon Valley had a vision, a plan and the engagement of the whole community, and today its exports equal that of New Zealand's total export. In just over four decades, it has been transformed from a fruit growing community into the pre-eminent high technology centre in the world. Not bad going for a few apricot farmers.

## ▶ LIGHTS, CAMERA, ACTION

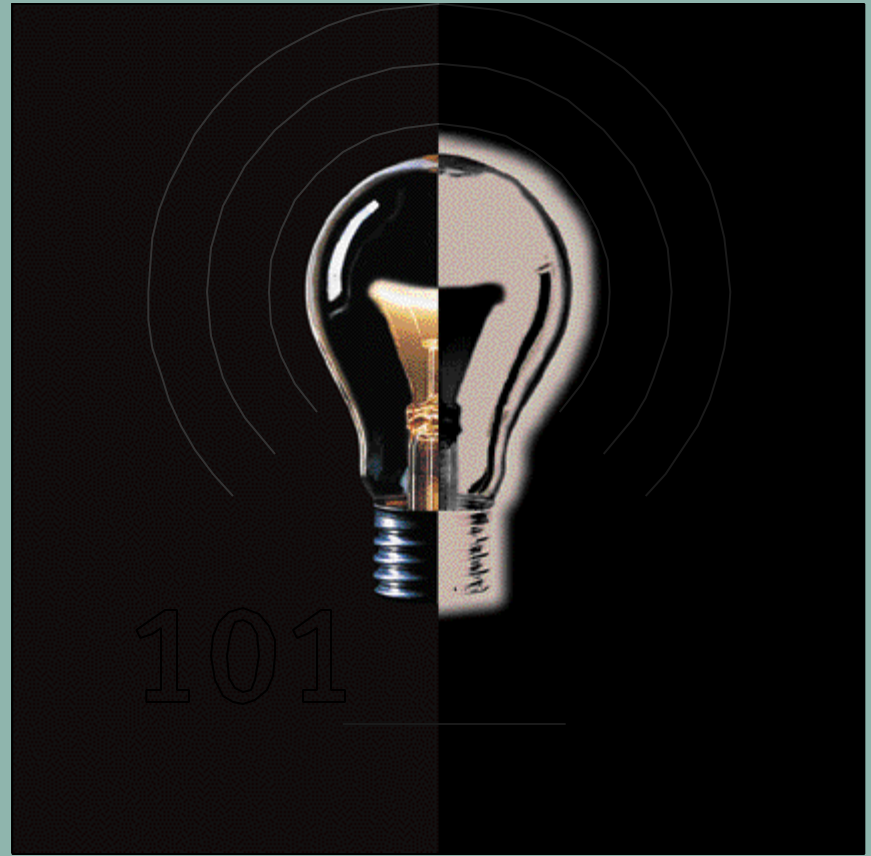
CITI, the Cape Information Technology Initiative, has been created to nurture the information technology and communication industries in Cape Town. CITI is not a company owned initiative but a venture dedicated to the development of local growth and future prosperity. It is, quite simply a stage upon which a leadership team with shared visions can act. "There is no doubt that local economies strongly based on clusters are the most successful in the world." The initiative's first project is to facilitate appropriate conditions for a business cluster take-off in Cape Town.

## ▶ POWERING UP

Clusters don't just develop by chance. It takes vision, leadership and the engagement of the whole community. It all starts with people meeting and talking. That's the simple first step any community can take.

Who knows where it can lead?

AT THE TIME OF WRITING, CITI HAD BECOME, AS ITS CREATORS INTENDED, A NUCLEUS FOR THE EXCHANGE OF INFORMATION, IDEAS AND BUSINESS FOR THE REGIONAL IT INDUSTRY. LIKE THE DESIGN INDABA, THE PROJECT HAD SPRUNG FROM NOTHING MORE THAN PASSION, AND CULMINATED IN SOMETHING STRONGLY RESEMBLING A BUSINESS VENTURE. AGAIN, THE INITIATIVE POINTS TO WHAT INTERACTIVE CALLS ITS "ENDOWMENT POLICY" WAY OF OPERATION, WHERE TIME AND EFFORT IS INVESTED FOR NO IMMEDIATE FINANCIAL RETURN, BUT FOR THE LONG-TERM OPPORTUNITIES THEY BRING.



**SIZE DOESN'T DETERMINE SUCCESS OR EVEN HOW MUCH LOCAL WEALTH YOU CAN GENERATE.** Many of the world's most successful clusters are in small towns. Northern Italy is populated by a number of spectacularly successful small towns. Cassino Gozzardo for example, has just 7,000 people but produces nearly half of Europe's footwear. In Silesno 600 furniture manufacturers produce half of Europe's chairs, and two thirds of all imported bikes around the world come from Besenval's 180 ceramic factories. Other towns with populations under 100,000 are famous for the fashions, ski boots, furniture, ceramics and marble they produce. All of these communities have in common is an active culture of trust, cooperation and civic-mindedness. A culture which has turned the corner of Italy into one of the wealthiest regions in Europe.

Clustering and networking helps small and medium enterprises to raise their competitiveness. And from there, their expertise, professionalism and products.

**ONE PERSON CAN MAKE A DIFFERENCE. A DIFFERENCE THAT CAN LAST FOR GENERATIONS.**

About 100 years ago in Dalton, Georgia, USA a woman made a luffax bedspread for a wedding present. She was asked to make another, and then another. Soon people asked her to teach her skill... Some people started to use the now more widely made spreads as floor coverings, and today Dalton makes 85% of the United States' carpets and 50% of the world's carpet making capacity is within a 80 km radius of the town.

**CLUSTERING ISN'T A BRIGHT, NEW IDEA. IT'S AN OLD WAY OF WORKING WHICH WAS VERY MUCH ALIVE AND THRIVING AT THE START OF THE INDUSTRIAL REVOLUTION WHEN THE SHARING OF IDEAS, RESOURCES AND TECHNOLOGIES CHANGED THE WORLD.**

**POWDERING UP**

Clusters don't just develop by chance. It takes vision, leadership and the engagement of the whole community. It all starts with people meeting and talking. That's the simple test: what any community can take.

Who knows where it can lead?

**THE CLUSTER MASTER BROCHURE  
PRODUCED FOR THE LAUNCH OF CITI**

# enhance

## **T H E   L A U N C H   P A R T Y**

Interactive developed an event they called the Cluster Muster which took place on 9 June 1998, and which was attended by IT delegates from around the Western Cape, including various corporate heads, IT specialists, and a number of academics. This workshop aimed, firstly, to generate an awareness and enthusiasm for the CITI concept, and secondly, to facilitate active involvement in the development of a cluster within the IT community.

## **C R E A T I N G   A W A R E N E S S**

For the inaugural Cluster Muster (in effect the launch of CITI to the IT industry), Interactive produced a number of elements to build interest amongst the potential delegates. The company developed a teaser which consisted of a light bulb and a tag, which was followed by a brochure and an invitation to the launch event. Conference packs were designed, produced and handed to the delegates on their arrival at the Cluster Muster venue.