Smart City
Stakeholder Dialogue

On 26 February 2016, KPMG Banarra and Hitachi Australia, supported by Hitachi Data Systems, hosted a stakeholder dialogue that looked at "Smart Cities" and the technology and innovation that surrounds this. The dialogue gave the opportunity for key practitioners from leading Australian companies and industry associations to discuss and share their insights on the topic of smart cities.

The discussion investigated the current state of practice in Australia and encouraged participants to consider the future of smart city innovation in Australia. It also afforded the attendees the opportunity to explore their role in driving smart city innovation.

What is a Smart City?

One of the first discussion points tabled was quite esoteric as it challenged the group to define what a 'Smart City' was, as well as provide potential examples both domestically and abroad.

A macro view of this was the idea that a smart city encompasses several critical factors that help incubate community and future economic prosperity. In order to do this, communities, governments, and the private sector must look at how they can apply the latest technological innovations to current constructs.

This foundation view leant weight to another idea tabled that a smart city was one that had the ability to transform. For a city to be able to transform and respond to the needs of its community, it must be smart. Having the ability to undertake a transformation is critical in a smarter city discourse.

Along with the ability to transform, smart cities must be smart thinking. This idea moved the conversation from being exclusively technology driven, to looking at forms of innovation around city infrastructure, energy usage as well as liveability. With this, the idea of a smart city could be considered somewhat subjective, based on the wants and needs of individual cities and communities.

Examples:

Some local examples of smart cities, and smart city innovations tabled included:

- o **Bendigo:** These innovation tabled around with regards to Bendigo are aimed at attracting and retaining communities and building Bendigo up as the regional hub of Victoria.

- o **Adelaide:** Adelaide was tabled due to several projects. The first with regards to their renewable energy production and consumption, the second being micro-projects, with one example being the smart city innovation hub on Pirie Street.

- o **Parramatta:** Parramatta's council proclaims that it is building Australia's "next great city". Within the context of a smart city, Parramatta was discussed with respect for its ability to transform itself into the metropolitan hub of Sydney. With the mission being to transform Parramatta into the "capital city" of Western Sydney, Parramatta has shown itself to be an adaptable city which encourages innovation.

- o **Auckland:** With a population that looks set to double in the 2020s, Auckland was tabled as a city that is embracing innovation and driving smart city solutions.

On top of some interesting local examples, several attendees noted that Australia has fallen behind the rest of the world in smart city innovation. And depending on how you define what a smart city is, affected whether Australia has an example of a smart city at all.

Several attendees agreed that Australia's smart city revolution will most likely be kick-started by regional towns who have a larger appetite for investment and a smaller, less bureaucratic framework to work from.

What Makes a City Not Work?

A discourse that rose organically from the discussion was the question around what makes an inefficient city.

This question was raised in response to the ambiguity that surrounds the smart city concept. The group felt that if identifying what makes a city smart was difficult, perhaps identifying bad traits cities have, would assist in uncovering the first steps for innovation.

For a city to be smart, it must have both the capability and impetus to change. Inversely, the group felt that cities that didn't have the capabilities to innovate were laggards in smart city innovation. The idea around enablement was also explored, with bureaucratic and fiscal enablement being noted as challenges.

The first aspect that was explored was the suggestion that cities that do not have the ability to adapt are typically heavily dependent on one economy. With Detroit being discussed as a prime example of this.

Citizen engagement was something that was discussed with respect to an inefficient city. As it was noted that at times cities have attempted to innovate, however given the lack of community engagements, projects have had a greater capacity to fail.

The idea of "citizen" engagement was tabled several times, namely because the group felt that engagement is what underwrites success. Understanding the needs and wants of the citizens using the city's infrastructure is the only way in which the group saw a capacity to innovate.

In this, there were some tangible examples shared where cities did not provide for citizens at a suitable level. These were within the context of affordable energy supply, transportation and infrastructure, as well as overall economic opportunity.

Drivers for Smart City Innovation

It was noted that smart city innovation would only occur through collaboration between businesses, governments, and citizens. Pending on the innovation this collaboration can take shape in a variety of different ways and is dependent on a specific outcome.

Developing a common goal is critical to uncovering points of collaboration. The group discussed the drivers behind finding these goals from a business perspective and felt that there were two critical points: corporate social responsibility, and revenue generation.

Corporate social responsibility is a key driver for businesses as they look to invest in sustainability and social projects. However it was discussed that for this to properly be executed it must provide a positive business outcome. A good example highlighted was given

in relation to one of Australia's largest restaurants, who considered rolling out a project that would see electric charge stations installed on their sites.

This example highlighted the idea of shared-value creation. Not only was it offering a service that was good for the community, from a business perspective it kept customers on their site for longer.

From a government perspective, the group discussed the need for State and Federal Agencies to be responsive to technological advantage. Critical to the success of a smart city innovation project is the support it receives from the government. With respect to specific drivers, the group indicated that this current government sees value in technology and innovation, the fact that this value is being connected with economic stimulation is even more of a positive thing.

From a community perspective, the drivers to encourage smart city innovation come from increasing the quality of life for the individual. Given the fact that both governments and businesses drive a customer-centric agenda, citizens have the greatest power to innovate. The idea that citizens – in some way, shape, or form – dictate smart city innovation was a subtle theme that came out of many of the discussions.

Data

One of the really positive aspects of the discussion was how different elements of smart city innovation converged into one conversation. Not one conversation was exclusively about technology, infrastructure, government, or business.

It was noted however that data, and data analytics played a critical role in driving smart city innovations. Data was labelled as being the "real asset" as it holds the value in providing next steps, as well as real-time efficiencies.

It was noted that the smarter the city, the more data available, and that this data can become self-serving in driving greater levels of innovation. The group felt that technology and innovation such as the Internet of Things (IoT) and the "platformisation" of services (Uber, Airbnb, etc.), would assist in capturing greater levels of data insights.

The application of data was discussed with respect to a variety of smart city innovation projects. Several examples around infrastructure, green energy, and sensor-based monitoring were provided, with data capturing and analytics being at the heartbeat of the project.

Data was also discussed with reference to digital disruption. It was widely acknowledged that the individual now spends a great deal of time within their own digital ecosystem, as such the data being collected by this is growing at an astronomical rate. These insights are critical to smart city innovation as the individual is leaving a digital footprint of information, with this information being valuable when constructing the city of the future.

Practical Takeaways

One of the critical takeaways discussed to drive short-term gain is that smart city innovation must be driven by the major players, and these players must be open to change. As such, it was noted that increasing dialogue between government, business and the community was the best way to ensure Australia does not become a laggard in the space.

A vision was also an important factor that was noted. Australia must have a vision of what it wants for its cities and regional areas, and they must work towards these methodically, with a generational plan in mind. The idea of taking small steps, as part of a wider plan is believed to be the key in kick-starting innovative initiatives.

The point was also made that success breeds success. And with smaller innovations, comes the potential for larger investment in the future. In doing this it is believed that participants will be able to "de-risk" investment, and provide tangible benefits to all stakeholders.

Universities were noted as being a small step for smart city innovation. As most of Australia's universities are on the one campus, they can be considered mini-cities and thus easier to trial new technologies.

Several participants also felt that it was worth concentrating on regional hubs as opposed to our big cities. Again for the same reason as Universities.

People, Processes & Places:

One attending delegate noted that smart cities was about the "three Ps", people, processes and places. Smart cities are areas where these three aspects of society integrate with one another seamlessly and add value to each other.

There is a definite appetite for Australia to embark on an aggressive smart city innovation strategy, for the short-term key stakeholders must collaborate with one another and drive organisational and agency buy-in.

In the longer term, Australia must consider the smart city revolution within the context of a global marketplace, without investing in making our cities more innovative and easier to work in, Australia will fall behind their agile neighbours in the APAC region and historical counterparts in North America and Europe.