



Omeo Technology Limited

Project overview

Name of the project	Omeo Technology
Region	Ōtaki, Kāpiti Coast
Tier and type	Tier 1: Regional Projects
Applicant	Omeo Technology Limited
Total project value	\$ ^{Commercial Information} (approximately)
Amount of funding sought from the PGF	\$ ^{Commercial Information}
Financial instrument	Loan (^{Commercial Information})
PDU recommendation	Approve

- Omeo Technology Limited (Omeo Group) is seeking a \$^{Commercial Information} two-year loan from the PGF to assist with the company's growth strategy to meet anticipated sales demand.
- The growth strategy will allow Omeo Group to scale up and centralise its operations through,
 - on-boarding approximately ^{Comme} new local Ōtaki-based employees via direct and sub-contracting arrangements;
 - Commercial Information**
 - Commercial Information** industrial premises in Ōtaki
 - Commercial Information**
- The Omeo technology is based on the Segway platform, utilising patented hands free 'active seat control' technology to operate the device. The technology has patents registered in ^{com} jurisdictions and ^{Comme} sales agents appointed in New Zealand, Australia, United States, Canada, the European Union and United Kingdom.
- A picture of the device can be found below:

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PDU recommendation

5. The PDU recommends that you approve a \$2.5 million loan from the PGF to assist with Omeo Group's growth strategy to meet anticipated sales demand subject to:
 - a. Securing suitable premises in Ōtaki, with an acceptable Lease executed.
 - b. Satisfactory evidence of signed supply agreement and contracts with Commercial Information
 - c. Confirmation of advice from Ministry of Foreign Affairs and Trade regarding New Zealand's obligations relating to the loan
 - d. Funding to be provided in tranches in line with project financing principles
 - e. The ability to have the loan repaid if there is a material change of control
 - f. **Commercial Information**
 - g. Existing management staying involved with the business.
6. The PDU is recommending \$2.5 million and not \$ Commercial Information as the view taken is that the strength of the proposal should allow for further capital to be raised.
7. The project aligns with the PGF's criteria creating permanent jobs and increasing the productivity potential within the Kāpiti Coast.
8. SWEP has assessed the proposal as having the potential for ongoing upskilling opportunities including electrical apprenticeships in Ōtaki.

Local support

9. A letter of support has been provided by Kāpiti District Council Mayor, advising of alignment with toitū Kāpiti, the Council's strategic plan seeking to provide for a vibrant and thriving Kāpiti.
10. The Omeo has been designed and developed over a number of years by Ōtaki resident, Kevin Halsall, who is committed to centralising the operation within Ōtaki and employing Ōtaki locals.

Governance

11. Omeo Technology Ltd is 100 per cent owned by Omeo Group Ltd (previously Ogo Holdings Ltd). Omeo Technology Ltd **Commercial Information**
12. The Omeo Group has elected experienced local business people to its Board to assist with getting the project up and running.
13. Existing shareholders/management are expected to continue to own, operate and manage the business.
14. It is expected that both a marketing manager and an operations manager will be appointed to work with the developer and the CEO.



Benefits

15. Ōtaki is generally recognised as having generally higher levels of deprivation/unemployment than other parts of the Kāpiti Coast (approximately 12 per cent). Funding will enable Omeo Group to scale up its operations resulting in [redacted] new jobs in Ōtaki.
16. The created positions will be a mixture of full-time skilled roles (operations, marketing, and administration) employed directly by Omeo Group and a number of semi-skilled manufacturing roles through a sub-contractual arrangement with [redacted].
17. SWEP has assessed this as having the potential for ongoing upskilling opportunities including electrical apprenticeships in Ōtaki. Ongoing continuous improvement including technology development has the potential create further high skilled jobs in the future.
18. Based on testimonials from existing users, the Omeo provides considerable lifestyle improvements for people who are reliant on wheelchairs for mobility by enabling greater freedom to access previously inaccessible places. The Omeo also has the potential to be used in other situations, such as [redacted].

Costs and funding sources

19. The Omeo group's ability to meet the anticipated sales demand and realise economies of scale (and associated efficiencies) is currently constrained by [redacted].
20. The PDU recognises Omeo Groups need to scale up to sales of [redacted] units per year to break even (at NZ\$ [redacted] per unit = \$ [redacted] in sales revenue). Delays will potentially result in an opportunity cost as competitors look to develop alternative devices.
21. Omeo Group estimates that demand could potentially reach as much as [redacted] units per annum, but more conservative forecasts estimate \$ [redacted] in sales for year 1 ([redacted] units sold), \$ [redacted] in [redacted] and \$ [redacted] in [redacted].
22. Omeo Group is seeking PGF funding of a \$ [redacted] [redacted] loan to accelerate their growth strategy. The below cost descriptions will be subject to continued evaluation and refinement between the PDU and Omeo Group.

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23. The Omeo Group have raised approximately **Commercial Information**

PDU assessment of the project

24. This section provides an overview of PDU's assessment against the PGF eligibility and assessment criteria.

Assessment against PGF criteria

Criteria	Rating (1✓ to 5✓)	Comment
Sustainable regional economic development	✓✓✓✓	<p>There is a strong commitment from Omeo Group Management to scale up operations from a Ōtaki base and using suppliers based in the Kāpiti, Horowhenua and Manuwatu region. Reducing a reliance on third party contractors.</p> <p>The venture adds diversity to the local Ōtaki economy which is predominantly horticulture based.</p>
Productivity and innovation	✓✓✓✓	<p>The patented Commercial Information technology is seen as the point of difference from other devices in the market, with patents registered in Comme jurisdictions and Comme sales agents appointed in New Zealand, Australia, United States, Canada, the European Union and United Kingdom.</p> <p>Ongoing continuous improvement in technology development could eliminate reliance on Commercial Informatio based technology and potentially create future high-skilled jobs.</p>
Increased employment, training or work readiness for the sectors workforce	✓✓✓✓	<p>Expected to deliver Comme new jobs in Ōtaki alongside Comme existing employees. Jobs are likely to be semi-skilled (assembly related roles) to skilled (operations, marketing and administrative related) roles. These been assessed by SWEP as having the potential for ongoing upskilling opportunities including electrical apprenticeships in Ōtaki.</p>



Criteria	Rating (1✓ to 5✓)	Comment
NZ's ability to meet climate change commitments	✓✓	Limited – battery powered mobility has the potential to reduce reliance on conventional carbon emitting transportation devices.
Māori aspirations for utilising land and other resources and achieving cultural objectives	✓✓	Unclear – although Māori do make up a higher than average proportion of the Ōtaki community and therefore could be a beneficiary in terms of new employment opportunities.
Additionality	✓✓✓	<p>The applicant has spent over 6 years developing the prototype Omeo, and has subsequently sold over [REDACTED] Omeo devices in its first year of commercial operation. Existing users of the Omeo have received funding from the likes of ACC in New Zealand and the National Disability Insurance fund in Australia, through referrals from occupational therapists.</p> <p>Funding is required to take the applicant beyond the start-up phase and meet with anticipated demand, Creating new semi-skilled to skilled jobs in Ōtaki which is a small community with limited opportunities.</p>
Connections and alignment with regional priorities	✓✓✓	Proposal aligns with the future vision of 'toitū Kāpiti' -Kāpiti District Council's strategic plan seeking to provide for a vibrant and thriving Kāpiti, while also incorporating an aspiration for strong, safe communities.
Environmental sustainability and/or productivity of natural assets	N/A	



Agency comments

Te Puni Kōkiri

25. TPK are supportive of the proposal given that the Otaki-based operation offers potential for local employment growth (population is predominantly Māori). Should the operation grow to the extent where additional building space is required, at that time there may also be an opportunity for Māori via utilisation of whenua Māori. That scenario assumes that Ngāti Raukawa ki te Tonga has completed the Treaty settlement process and that surplus land is available for commercial use/lease.
26. TPK will endeavour to work with Omeo Group to build potential relationships with iwi, Māori landowners and training services to maximise future opportunities for Māori development, particularly in jobs, training and land rental.

Risk assessment

27. Due diligence has been undertaken on the applicant and associated parties, no issues found.
28. The following risk has been identified:

Risk description	Mitigations	Risk Rating L/M/H
Ongoing viability: <small>Commercial Information</small> [Redacted]	Commercial Information [Redacted]	M
Potential Regulatory hurdles: e.g. Commercial Information [Redacted]	Working with NZTA. Three hour training package is provided as part of the sales process.	L
Personnel: attracting people with appropriate skills and experience. Reliance on sub contractual arrangements with <small>Commercial</small> / supply arrangements with <small>Commercial Information</small> [Redacted]	Work closely with suppliers who will benefit from increased sales and expansion.	L

Recommendations and next steps

29. The PDU recommends that you approve a \$2.5 million loan from the PGF to assist with Omeo Group's growth strategy to meet anticipated sales demand, subject to:
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 - b. satisfactory evidence of signed supply agreement and contracts with Commercial Information [Redacted]
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 - d. Funding to be provided in tranches in line with project financing principles
 - e. The ability to have the loan repaid if there is a material change of control



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- f. Commercial Information [REDACTED]
- g. Existing management staying involved with the business.

PROACTIVELY RELEASED