

Smart Industry Report:

# Emerging Industries

**Towards 2030: A special report from Westpac.**

How emerging industries are reshaping our future economy.

Image: Getty



# A transformational landscape.



I'm excited to bring you the first of Westpac's Smart Industry 2030 reports, a series with a future focus created to highlight how different industries are adapting in the fast-

moving business environment and to highlight next trends, opportunities and challenges.

As a leading Australian bank, Westpac has a long-standing focus on supporting Australia's many industry sectors and, with the cracking pace of change today, we're intent on working even more closely with our commercial customers to understand their needs and the nuances of their specific industries.

Our Smart Industry 2030 report series offers compelling insights from industry leaders, trailblazers and changemakers on what lies ahead.

It's particularly apt that Emerging Industries are the focus for the first report in the series. This vibrant sector is paving the way to tomorrow and beyond, led by entrepreneurs who are seizing opportunities to deliver unique and intriguing products and services.

The startups and scale-ups they are building are both transforming the business landscape, as well as driving big shifts in the way Australians live.

Westpac has been working closely with emerging industries in recent years, and in this report we share some of the key learnings we've gleaned.

In our commitment to help these new enterprises thrive, we've also considered what needs to change to help Australia's emerging industries move ahead even faster. Like all dynamic future-facing organisations, the bank is adapting to support entrepreneurial ventures and bring on the new.

Westpac's goal is to be your partner in change. Providing the benefit of foresight is just another way we're working to empower our customers.

I look forward to your feedback on the report.

**“Our Smart Industry 2030 Report series offers compelling insights from industry leaders, trailblazers and changemakers on what lies ahead.”**

**Jo Mullins**, National Head of Industry Specialisation, Westpac Commercial Bank

# Inventing the future.



This report, 'Towards 2030: How emerging industries are reshaping our future economy', paints a vision for a 'clean and connected' Australia. It was inspired by the growing

band of innovators I've been fortunate enough to meet since taking on the role of National Head of Emerging Industries at Westpac two years ago. In the report we have tapped into some of their insights, whilst drawing on Westpac's learnings as we've grown closer to and collaborated with many founders and inspiring individuals who are working hard to develop the ecosystem.

By their nature, emerging industries are constantly exploring new horizons, inventing the future and incessantly expecting the unexpected. What's required to support them along the way and speed their progress? It's the burning question behind this report as, with the help of the participants, we highlight three big challenges and some potential solutions. One of these challenges is funding, and that's a core topic for Westpac - which is why we have devoted much of the past two years working closely with founders, funders and advisors to 'test and learn'

how we can responsibly apply debt to support the growth of businesses in emerging industries. Debt, however, is not always the answer, and another area of focus has been improving access to specialist banking services e.g. in payments, financial markets and international trade, to help these businesses get the most out of their capital.

The Emerging Industries story itself has become less about supporting the handful of brand new industries, and more about supporting the new breed of businesses that are transforming all our traditional industries. It's the purpose, vision and ambition with which these businesses operate that sets them apart from the traditional SME, and it is those businesses that the Emerging Industries team has been set up to help.

We are excited by the prospect of Australia's clean and connected future. We're actively promoting the transition to a low-carbon economy and we're working to provide support for a new generation of technologically-enabled businesses. Read the report to learn more about our approach and discover what some of Australia's most forward-thinking individuals believe will happen next.

**“It’s an optimistic take on the future. But, then again, the future will be what we make of it.”**

**Reeta Dhar**, National Head of Emerging Industries, Westpac Commercial Bank

# The trends that will shape us.

## Australia's future economy is being created now, as a number of major trends gather momentum and coalesce.

Fast-moving thematic changes are underway as we head towards a future where less will be owned and more will be shared, where our homes will be powered by renewable energy, while our household devices are connected via the Internet of Things (IoT). We will commute in driverless cars and work in smart buildings, at home, or in shared spaces anywhere in world. In future when we buy, it will primarily be online. Orders will be fulfilled by artificially-intelligent warehouse robots and systems familiar with our preferences, and deliveries facilitated within the hour across our cities as economies of scale grow.

This is no Jetsons' fantasy. Most of this technology is being used or developed now. It may be the way of the future, but it raises big questions. Will this hyper-connected world, which offers consumers increasingly personalised experiences, also allow them enough privacy and choice? Companies are raising their game on data protection because they know that compromised data equals customer distrust - and

trust and 'customer stickiness' can be the difference between business success and oblivion. A reaction to living with algorithmic oversight is already happening. Consumers are seeking authentic offline experiences for themselves, whether it be real-world shopping, or searching for meaning beyond the maelstrom of social media. It's no coincidence that as digital technology has emerged in the West, so too have mindfulness, yoga, meditation and other quests for deeper spiritual connection. Now, it seems, the best of both worlds is coming together to create potential for a brighter future.

Driving all of this exponential change are innovation and entrepreneurialism, but how to facilitate that? This Westpac Smart Industry Report on Emerging Industries features the opinions and insights of leaders in the innovation space and outstanding entrepreneurs. It explores some of the key issues unfolding and the looming challenges as we approach 2030 and move through a decade of unprecedented change.



**“By 2030, 99 per cent of metropolitan based delivery vehicles and buses will be 100 per cent electric.”**

**Tony Fairweather, SEA Electric**

**“The Internet of Things (IoT) will continue to deliver new opportunities for digital business innovation for a decade; many of these opportunities will be enabled by new or improved technologies.”<sup>1</sup>**



**Nick Jones, Gartner**

**“We are gradually moving from an ownership economy to more of a rental economy and I think that transformation will only continue.”**

**Simon Cant, Reinventure**

**“Why does anyone still feel safe being driven by a human being, who can only look in one direction [at any one time]? I cannot wait until software takes that over.”**

**Nick Crocker, Blackbird Ventures**



**14.2 billion connected things will be in use in 2019, and that total will reach 25 billion by 2021, producing immense volume of data.<sup>2</sup>**

**SOURCES:** 1. Gartner, *Top Strategic IoT Trends and Technologies Through 2023*, Nick Jones, 21 September 2018  
2. Gartner Press Release Nov 7, 2018 "Gartner Identifies Top 10 Strategic IoT Technologies and Trends"

# A clean and connected future?

**Significant change is required for Australians to live and thrive in a smarter, cleaner, more connected world.**

Australia is a vast country with a mature economy, with all industries in the process of being transformed by technology.

Abundant natural resources will continue to drive the future Australian economy, but they will be delivered in a very different way.

“By 2030 the business models and services that underline our natural endowments – resources, tourism and agriculture – will be radically different,” predicts **Dr Pradeep Philip**, partner at Deloitte Access Economics, referring to the widespread digital transformation already impacting all three sectors.

If Australia is to look forward to a clean, connected and diverse economy by 2030, it’s not government but the current wave of technology innovators in finance, agriculture, education and construction who provide transformative potential.

Companies like four-year-old **CIM Enviro**, which has developed a software platform that monitors the health of buildings, are capitalising on these trends. Its portfolio of clients includes major museums, office blocks and shopping centres. The software tracks energy-draining faults and has reported energy savings for some clients of up to 40 per cent, says founder David Walsh. It’s a step change in the way buildings are managed and how the products that power them are sourced.

There is a compelling demand for these types of products, Walsh says. “Energy prices are increasing, governments are setting emission targets, and tenants are demanding green leases.

“When we came to the market saying there’s a way not just to reduce energy and save on costs, but you can also change your operating model, property owners listened.”



# The innovation ecosystem.

**New wave technology businesses may just make up a tiny fraction of the Australian economy, but the mood in the five-year-old ecosystem is optimistic.**

New entrepreneurs are inspired by the success of the last wave of founders. A host of web services is now available to make starting up a business easier, and access to capital is getting better. The consensus of those we spoke to for this report is that it's never been a better time to be an entrepreneur.

Nick Crocker, general partner at **Blackbird Ventures**, a venture capital fund focused on the start-up ecosystem, says he's staggered by the amount of Australian entrepreneurial talent that lands in his email inbox weekly. "We feel like we've turned over every stone, then we find we are just scratching the surface. There's way more out there than we realise."

20 to 40 companies emerge because there will be increased infrastructure and capital."

**"We feel like we've turned over every stone, then we find we are just scratching the surface. There's way more out there than we realise."**

**Nick Crocker**, general partner, Blackbird Ventures

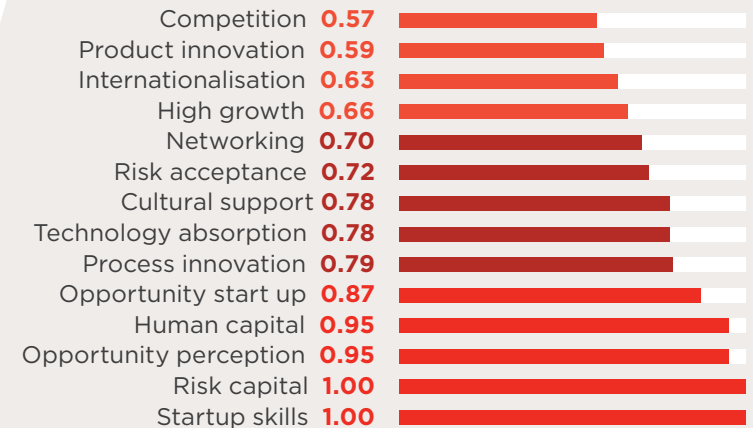
The future of innovation in Australia depends to a large extent on the current crop of founders. If they succeed, we can look forward to 10 to 20 great new companies emerging in the next five years, Crocker predicts, "In the decade after that we might then see

## Entrepreneurship

Australia ranked 5th in the 2018 Global Entrepreneurship Development Institute rankings.<sup>1</sup>



**Australia's performance** in each of the 14 pillars:



**Improving the conditions for entrepreneurship by 10% could add A\$170 billion to the economy.<sup>2</sup>**

**SOURCES:** 1. Global Entrepreneurship Development Institute Rankings and Global Entrepreneurship Monitor GEM, StartupAUS Crossroads V Report (2018) 2. StartupAUS Crossroads (2017)

# Facing up to the challenges.

## Challenge #1: Maturity of capital markets

**Australia's capital markets are hindered by short-term thinking, which makes them risk averse.**

Deloitte's Pradeep Philip believes investor attraction programs need to have a better focus on the problems that need solving, not just the 'shiny object' of a specific transaction.

A different mindset and metric is required to focus on the ecosystem when we think about investments in innovation, argues Philip: "It's all about the process of innovation – of experimenting and learning, of failing fast – and how we maximise the probability of success. It's not a simple, linear process of putting a dollar in and wanting two dollars back; investing in the ecosystem of innovation is what matters."

### Angels

Angels are a key source of capital and we are starting to see increasing private

involvement and investments by high net worth individuals in Australia. There may be more money at play than our official figures suggest, especially in places like Victoria and Queensland where a large intergenerational transfer of family wealth is taking place.

"I suspect in Victoria and in Queensland there is a lot of family wealth that is entering the system and is not picked up clearly in official reports," says Philip.

### Venture capital

Green shoots are sprouting following the great venture capital drought that followed the global financial crisis of 2008. In FY2017, VC raisings accounted for a record A\$1.32 billion, more than doubling 2016's A\$568 million.

However, compared to the US, which raised US\$84.2 billion last year, Australia represents a tiny tadpole in the global VC pond.

Australian GDP investment in VC is still just 0.023 per cent, half that of its OECD counterparts. "The reality is that Australia's VC sector is still far too small for a country with bold ambitions to be an innovation leader," notes AVCAL Chief Executive Yassar El-Ansary. ▶

## Startup fundraising

Venture capital raised in FY2017:

**A\$1.32b** 

Leading VC investment areas, FY2017:



**A\$180m**  
Information and communication technology



**A\$143m**  
Healthcare and life sciences



**A\$50m**  
Financial services

### Venture capital in Australia vs USA in FY2017:

	Australia	USA
VC firms:	68	798
Deals made:	125	5,083
YoY deal growth:	24%	12%
Funding:	<b>A\$1.3b</b>	<b>US\$84b</b>

SOURCES: 1. AVCAL 2017 Yearbook Highlights produced in collaboration with EY  
2. Reinventure, Venture Capital 101 / AVCAL / CBInsights

## Towards 2030 Facing up to the challenges

### The Super opportunity

While Australia's VCs may lack the heft of their US counterparts, they are increasingly gaining access to a very meaningful source of capital: Australia's massive superannuation pool of A\$2.7 trillion, projected to grow to A\$9 trillion by 2035.

Industry superfund HostPlus alone has placed A\$900 million with emerging companies. Blackbird's Crocker paints interest by superfunds as a transformative moment for the innovation ecosystem.

"If multiples of that capital gets returned to the likes of HostPlus, they will have a really clear argument to continue investing in venture capital. As for the superfunds that didn't have exposure to Australian ventures, their boards might start asking 'why not?'"

This success is likely to have the knock-on effect of piquing the interest of foreign funds to increase their investment in Australian ventures.

Superannuation funds have more of a part to play in building an innovation economy, not only in Australia but overseas, argues Simon Cant, co-founder and Managing Partner of Westpac-backed VC **Reinventure**.

"I think too much of that super pool is being invested in last generation Australian companies, many of which will be disrupted. Our super companies should be looking for the best opportunities globally – and I don't think they're going to come out of where most of the pool is currently invested."

**"We need to see our VCs as, potentially, a global industry."**

**Simon Cant**, co-founder, Reinventure

At its current size the Australian VC sector doesn't have the depth of capital to fund networked companies such as the likes of global rideshare giant Uber, but if more of the super pool is directed to the ecosystem, Australian VCs have the opportunity to be global players.

"We need to see our VCs as, potentially, a global industry. If our massive super pool is well invested, then two things will happen," believes Cant. "Australian investors will be well-placed strategically to be architects of this next generation economy. And Australian superannuants will benefit by having their super grow in value, as different parts of the global economy emerge." ▶

## Opportunities for Australian superannuation funds

Pool of superannuation in 2017<sup>1</sup>:

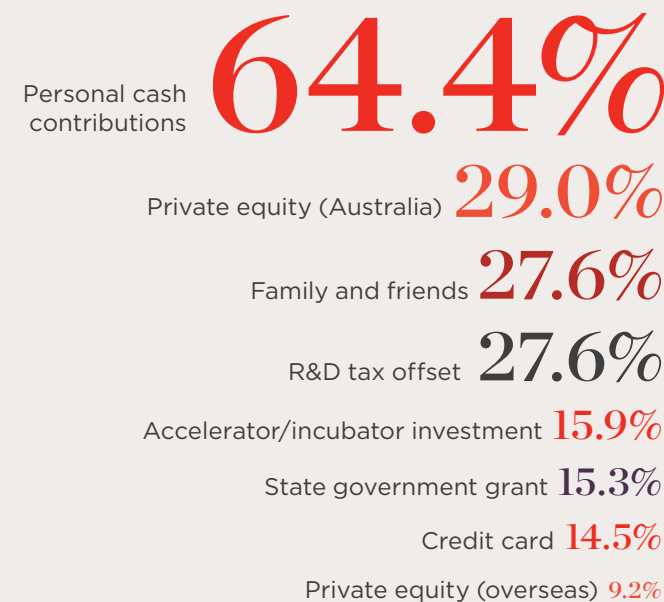
# A\$2.7 trillion



Projected pool of superannuation in 2035<sup>1</sup>:

# A\$9 trillion

Leading sources of funds for startups, 2018<sup>2</sup>:



SOURCES: 1. Deloitte, Dynamics of the Australian Superannuation System  
2. Startup Muster, Annual Report 2018



## Debt

It's time for founders who have enough runs on the board to think about alternative funding. **Naked Wines** founder Lucas Jecks, who more recently co-founded the **Cool Hand Factory** to help innovators scale businesses "without burning funds and resources", believes there is potential for banks to play a bigger role in the innovative world. "Banks can work to a longer cycle, provided that cycle is de-risked," he says.

Innovative startups are very different from traditional small businesses. They don't fit into the usual debt lending metrics. They are focused on growth, there is less attention paid to profit and more to revenue and building the customer base. Unlike their counterparts in the US, who offer a host of financial lending instruments to startups, Australian banks have been wary of providing debt funding to entrepreneurs.

**Westpac's Emerging Industries division** has spent the last 12 months testing the waters. "In some ways we are catching up to some US banks that specialise in banking tech companies, but we are doing it differently," notes Reeta Dhar, National Head of Emerging Industries at Westpac.

**"We can then apply debt in a measured way to complement the business's equity and thereby extend their operating runway, while also ensuring that the business has the capacity to service that debt."**

**Reeta Dhar**, National Head of Emerging Industries, Westpac

"We have taken the time to understand the business models and strategies, and test where it makes sense to apply traditional debt instruments to help fund growth. We now do this earlier than we have traditionally (i.e. once they had established a profitable track record)."

The bank concluded that it was not fiscally responsible to lend to very early stage companies, but it has developed a bespoke risk appetite for later-stage businesses with strong revenue streams and, ideally, equity backing.

"We can then apply debt in a measured way to complement the business's equity and thereby extend its operating runway, while also ensuring that the business has the capacity to service the debt," says Dhar. ▶

## How financially savvy are startups?

**Only 20.5% of Australian startup founders consider themselves to be strong in financial management.**

**Skills present in Australian startup teams:**

Accounting

**16%**

Financial management

**25%**

**Skills founders wish they had in the founding team:**

Accounting

**16%**

Financial management

**14%**

**33% of Australian startups have benefited from banking services since their founding.**



**38% of Australian startups have benefited from accounting assistance since their founding.**



SOURCE: Startup Muster, Annual Report 2018

Towards 2030  
Facing up to the challenges

When assessing these business loans, Westpac takes a forward position on a company's cashflow, which requires strong financial forecasts, and many fast-growing companies lack this information, notes Dhar. "Often we find a good business and founders we want to back, but they don't have a good set of financials that we can use."

**Public investment - IPOs, backdoor listings and placements**

Many securities exchanges across the world prefer start-ups to marinate and mature a little before listing. Facebook is a case in point. The company launched in February 2004, but its US IPO took place eight years later in 2012. Not so the Australian share market, which is viewed as a viable funding option for young tech companies.

Some of these companies are choosing to list on the Australian Securities Exchange (ASX), either through initial public offerings (IPOs), or less commonly backdoor listings (also known as reverse takeovers, where an unsuccessful listed company acquires an unlisted company, allowing the latter to become listed without an IPO).

According to the young tech company directory **Techboard**, IPOs combined with share market placements totalled A\$1.07 billion in FY2017/18, giving

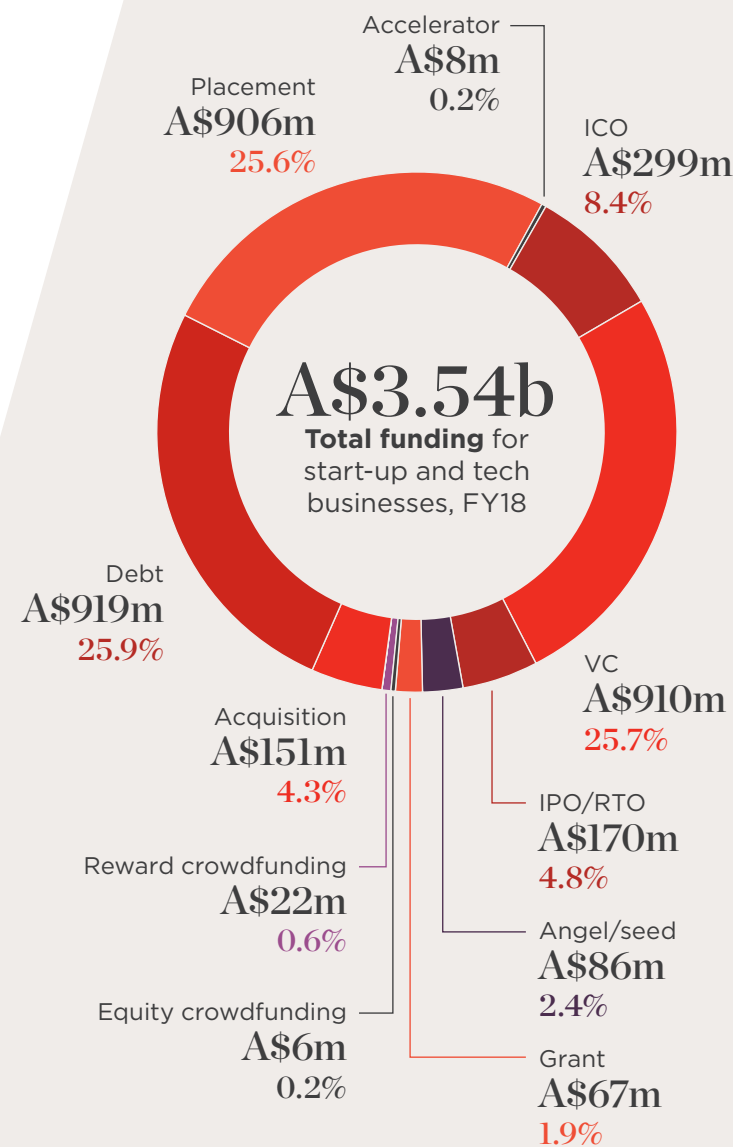
**Australia is an attractive listing for foreign tech companies.**

public a slight edge over venture capital as a funding source.

Australia is also an attractive listing option for foreign tech companies. As former Israeli Ambassador Dave Sharma points out in **StartupAus's Crossroads 2017** report, 16 Israeli tech companies, which together have a market capitalisation of more than A\$1.6 billion, have opted to list on the ASX, lured by the attraction of main board listing, possible entry to the ASX 300 index and close links into the Asia-Pacific market.

It's not only Israeli companies: Berlin may be the home base for **Marley Spoon**, but the food kit delivery company, with operations on the European continent and in the US, chose the ASX for its initial public listing last year - and not just because the Australian business makes up 37 per cent of the company's total revenue. "The ASX is a good market for our size and Australia is pretty much the test case for us, with regards to our margins and our growth potential," notes Marley Spoon Australia Managing Director Rolf Weber. "We look at Australia [just as if it is] the home market, even though it's far from Berlin," he says.

**Funding estimate for young technology companies and startups by source, FY18**



SOURCE: Techboard, Australian Startup and Young Technology Company Funding Report FY2017/18

# Case study #1: The future of food.

## Marley Spoon

**Interviewee: Rolf Weber, Managing Director, Marley Spoon Australia**

For many of us, actually deciding what we want to eat causes far more stress than the actual trek to supermarket, notes Rolf Weber, co-founder and Managing Director of meal kit delivery service Marley Spoon Australia. “Most customers rate the convenience of actually knowing what they will be cooking next week.”

Since it entered the Sydney market in 2015, the German-based and ASX-listed Marley Spoon has expanded into Queensland, Victoria and the ACT and has experienced consistent growth in this period.

“We are continuing to capitalise on the growing appetite for meal kits in Australia,” says Weber who plans further regional expansion as the company’s supply chain develops.

Marley Spoon Australia currently represents 35 per cent of the company’s total revenues. There are outposts in four European countries, as well as in the US, where the company

operates as Martha and Marley Spoon. Dinnerly, a more affordable option, was launched in the US in 2017 and in Australia in March 2018.

Convenience is not the service’s only selling point. As a just-in-time food online retailer, Marley Spoon carries very little inventory and has a demand-driven supply chain, only ordering as much food as it needs to fulfil customer orders.

**While fresh food wastage in the grocery sector can be as high 40 per cent, Marley Spoon targets internal food waste of less than 1 per cent.**

The result: little or no food wastage for the business or its customers. While fresh food wastage in the grocery sector can be as high as 40 per cent, Marley Spoon targets internal food waste of less than one per cent.



## Challenge #2: Impact of regulation and government

**Favourable public policy has the effect of accelerating the growth of an industry and this holds true for both the digital economy and the low-carbon economy.**

While there are a variety of grants and tax incentives that are viewed very favourably by emerging companies and prove effective, such as the R&D tax incentive, and other tax incentives to invest in early-stage companies, there is potential for more. There is also a need to improve visibility and access to the wide array of existing grant and loan programs, most of which are seen to have onerous requirements and application processes. Grants, in particular, will go a long way to help fund companies in the early stages.

Talent and skills shortages are major issues where there's sharp focus on immigration policies. In 2017, the Federal Government abolished the temporary skilled 457 visa, replacing it in April 2018 with a new temporary skilled shortage visa (TSS) - this considerably tightened requirements and conditions, much to the loud consternation of tech entrepreneurs

such as **Atlassian** co-founder and co-CEO Scott Farquhar.

In StartupAus' 2017 Crossroads report Farquhar advocated a rethink on the skilled migration visa, as well as the creation of a digital skills visa to address current shortages. Australia, he argues in the report, has the chance to lead the world in attracting tech talent. It's a perfect time for a rethink on skilled immigration when other countries are tightening their entry requirements and "while the current political and economic climate is causing many Silicon Valley residents to reconsider where they live and work".

**"The current political and economic climate is causing many Silicon Valley residents to reconsider where they live and work."**

**Scott Farquhar**, co-founder and co-CEO, Atlassian

Looking ahead to an economy that is not only technologically transformed but also cleaner, Australian governments can do more to support and showcase start-up businesses in the low-carbon space. ▶



## Towards 2030

### Facing up to the challenges

Take electric vehicle technology, for example. Apart from a few high-end passenger vehicles on the road, there is little communication about the important role electric vehicles will play in a future low-carbon economy.

Tony Fairweather, founder of **SEA Electric**, a start-up that deploys ground-breaking technology that electrifies distribution and delivery vehicles says: “It’s a major challenge getting Australia to even acknowledge and support that this electric vehicle (EV) revolution is happening, and that it doesn’t take a lot of financial and non-financial support to assist this transition.”

Governments could also do more to promote and encourage innovative businesses by reassessing their procurement policies. Innovation and Science Australia’s (ISA) **Australia 2030** report argues that a slice of the Australian Government’s A\$57 billion procurement budget could be used “strategically to promote innovation through procurement, and to trigger more economic spill-over benefits from existing major projects through strategic policy and project design choice”.

**“Australia is in a \$1.6 trillion global innovation race, where the prize at stake is a bigger share of global wealth, better jobs, and the best access to the products of innovation for addressing societal challenges.”**

**Bill Ferris AC**, Chair, Innovation and Science Australia



# Case study #2: The future of transport.

## SEA Electric

**Interviewee: Tony Fairweather,  
founder, SEA Electric**

Timing is everything when it comes to launching a new venture, especially when it involves game-changing technology such as electrifying distribution and delivery vehicles.

Tony Fairweather's decision to press the launch button on SEA Electric in 2017 came when the cost of lithium batteries dropped below US\$300 per kilowatt hour. Fairweather anticipated that when that price drop happened, the electric vehicle revolution would commence.

"Early on companies were attempting to play in this space when batteries were US\$1000 - US\$1200 per kilowatt hour. We waited for prices to drop 60-70 per cent before we came to market," says Fairweather. "Now it's a four-year payback for customers purchasing one of our electric commercial drivelines in a new commercial vehicle compared with the diesel equivalent." Prices on batteries should continue to drop allowing customers, in the future, to break even on their investment.

The company's growth strategy is around licensing the technology to the original equipment manufacturers. "That will allow us to scale up very quickly over the next two years," forecasts Fairweather.

**Fairweather anticipated that when that price drop happened, the electric vehicle revolution would commence.**

The company focuses its pitch on ROI and cost rather than green energy, enticing a strong business response to SEA Electric. Its customers already include supermarket chain Woolworths and logistics giant DHL.

"The word is out there that it will save on costs and provide a competitive advantage, otherwise they might only buy one just to fly the green flag, and the volume potential wouldn't be there," says Fairweather.



## Challenge #3: Nurturing talent and skills

**It's clear that Australia needs to lift its game when it comes to equipping people with skills relevant to the job market in 2030.**

Australian Government advisory board, **Innovation and Science Australia** (ISA)'s Australia 2030 report argues that investment in a world class education system is vital to Australia being a fair and innovative country over the next decade.

At tertiary level universities are raising the entrepreneurship bar. In NSW, all 11 universities and TAFE NSW have partnered to create the **Sydney School of Entrepreneurship (SSE)** - modelled on its Swedish counterpart, the Stockholm School of Entrepreneurship - among its alumni are the founders of commercial tools provider, iZettle, which sold to eBay this year for US\$2.2 billion. SSE CEO Nick Kaye, who formerly headed the Stockholm School, says: "We are here to upskill and inspire the next generation of entrepreneurs. It's going to be them and the needs of the customer base that drive those businesses of the future."

From the start, SSE instils in nascent entrepreneurs the need for a global mindset - when it comes to ideas, problem-solving, funding and future customer base, to bridge Australia's geographical distance from the rest of the world.

Skills shortages are widespread. Blackbird Venture's Nick Crocker is on the board of a 10-person company that is struggling to find engineers with expertise in AI. "They are so expensive and so in demand. He says this is a common problem, with the CEOs in Blackbird's portfolio spending up to a third to half their time finding talent.

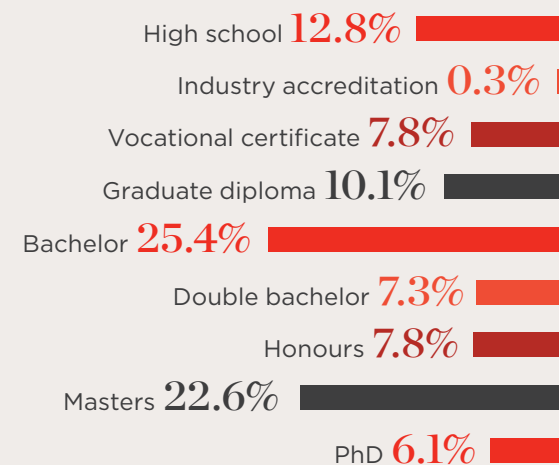
**"Capable people power this ecosystem, not cash, and we need more of them as we can't produce them quickly enough."**

**David Walsh**, founder, CIM Enviro

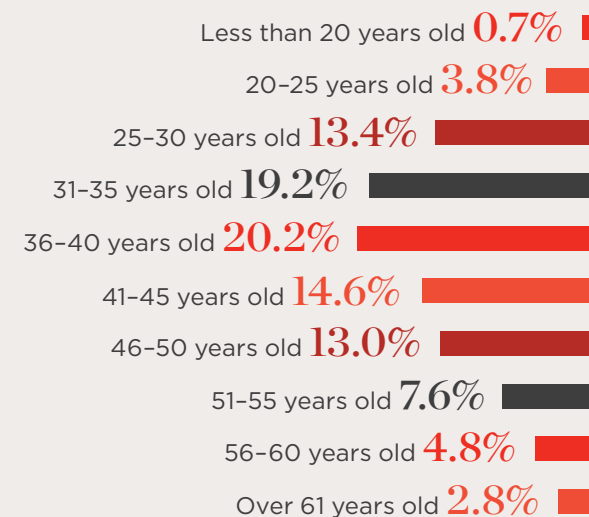
It's a familiar issue for CIM Enviro's founder David Walsh, who was able to tempt Australian-grown software giant Atlassian's first employee, engineer Anton Mazkvoi out of premature retirement with some wicked problems that needed solving. ▶

## Who starts startups?

### Education level of startup founders, 2018:



### Age of startup founders, 2018:



SOURCE: Startup Muster Annual Report 2018

## Towards 2030 Facing up to the challenges

“Capable people power this ecosystem, not cash, and we need more of them as we can’t produce them quickly enough,” says Walsh. “It’s not about taking Aussie jobs, it’s bringing additional experience in. It’s a rising tide that lifts all boats.”

However, there may be some overlooked talent in the local market. It won’t just come from the younger talent pools of Millennials and Generation Z.

**“The real disruptors in the world are those who have been able to sit in a meeting and ask the question that everybody thinks you can’t ask anymore.”**

**Lucas Jecks**, founder, Naked Wines

Lucas Jecks, argues that GenX and the Baby Boomers are resources for talent and ideas, and more importantly commercial expertise to the ecosystem: “We need to educate at school and at university, but real innovation will actually come from the 40- to 60-year-olds who have been in industry. The real disruptors in the world are those who have been able to sit in a meeting and ask the question that everybody thinks you can’t ask anymore.”





# Case study #3: The future of work.

## Hatch

**Interviewee: Adam Jacobs,  
co-founder, Hatch**

**Hatch** may be only in beta mode but its founders have big ambitions. The service matches students looking for paid work experience with employers looking for the next generation in the talent pipeline – but its aim at scale is to become the world's largest employer.

Adam Jacobs, who also co-founded online fashion retailer The Iconic, says: “We want to run a marketplace that offers anyone, not just students, the opportunity to discover and explore work that they find truly meaningful.”

With co-founder Chaz Heitner (who also co-founded ZipMoney) Jacobs is building an employment marketplace to suit the ongoing trend for contingent workers. The backbone of that marketplace is an agile workforce.

A Deloitte study shows that currently one-third of US workers work contingently and within the next decade that number will rise to 45 per cent. Hatch's key technology is a matching algorithm that predicts the

best fit between a person and a job. “We don't think of this in terms of traditional skills or CVs. We think about underlying human competencies, which are much more predictive to determine a job set,” says Jacobs.

**“We want to run a marketplace that offers anyone, not just students, the opportunity to discover and explore work that they find truly meaningful.”**

**Adam Jacobs, co-founder, Hatch**

The Sydney market is the testing ground and, so far, some 10,000 students have joined Hatch with around 50 employers, including Westpac, Fairfax, JP Morgan and Qantas supporting the initiative. “We are focusing on larger employers, as their teams often have immediate resourcing needs, and see large value fulfilling them with talented young people. This not only delivers the team fresh skills and perspectives, but creates a pipeline for the organisation's future workforce,” says Jacobs.



# Conclusion: The transformative work in progress.

**The transformation to a clean and connected economy in Australia is still in its early days, but there's a multitude of positive indicators for the future, with outstanding examples of home-grown talent and start-ups.**

What is becoming clear is that for Australia to realise its innovative potential to 2030 and beyond, all parts of the economy have important roles to play.

The work Westpac has begun with **Emerging Industries** is an example of innovating core banking services so the bank can continue to help next generation founders and businesses to grow and thrive.

It has only been possible with the generous help and insights from founders, funders, advisors and other service providers in the ecosystem – all of whom are paving the way – and we look forward to continuing our work with them.



# Resources:

## A note on data used in this report:

The startup ecosystem is, by definition, an emerging industry characterised by fast-moving trends and dynamic developments. To that end it can be difficult to pin down consistent data on levels of growth and investment. However, clear patterns are emerging in industry statistics from a number of increasingly credible and robust sources. Data featured in this report is aggregated from a range of publicly available sources.

## List of sources, in order of appearance:

- StartupAUS Crossroads (2017), [startupaus.org](http://startupaus.org)
- AVCAL 2017 Yearbook Highlights produced in collaboration with EY, [avcal.com.au](http://avcal.com.au)
- Reinventure, Venture Capital 101 / AVCAL / CBinsights
- Deloitte, Dynamics of the Australian Superannuation System, [www2.deloitte.com](http://www2.deloitte.com)
- Startup Muster, Annual Report 2018, [startupmuster.com](http://startupmuster.com)
- Techboard, Australian Startup and Young Technology Company Funding Report FY2017/18, [techboard.com.au](http://techboard.com.au)
- Gartner, Top Strategic IoT Trends and Technologies Through 2023, Nick Jones, 21 September 2018
- Gartner Press Release Nov 7, 2018 “Gartner Identifies Top 10 Strategic IoT Technologies and Trends”
- Global Entrepreneurship Development Institute Rankings, [thegedi.org](http://thegedi.org)
- Global Entrepreneurship Monitor, [gemconsortium.org](http://gemconsortium.org)  
As featured in StartupAUS Crossroads V Report (2018), [startupaus.org](http://startupaus.org)

### **Things you should know:**

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