

A Word From Pause Fest

Pause Fest started as an open project – bringing together various people to connect and share their side hustles. We strongly believe that pure magic happens when different mindsets and skill sets collide!

The 2010s were the formative years for many new startup ecosystems around the globe. The Australian tech scene was almost non-existent then. While countries like America, the UK and even Israel were fostering very active startup and tech scenes, Australia was years behind in comparison on all fronts.

According to the AVCAL 2013 Yearbook, there were only three active funds in the country that year, with a collective raise of about \$155m, and only four active accelerators. Universities didn't have student programs that focused on entrepreneurship. Government and community engagements and initiatives were also fairly light.

While we have progressed since, we're still behind many other parts of the world in terms of early-stage funding, innovation and our GDP.

The Startup Genome Ecosystem Report 2020, revealed that Australia is not progressing much, but as part of the Asia-Pacific, it is ascending. The share of Asia-Pacific cities in top global ecosystems has increased from 20% in 2012 to 30% in 2020. Australia, "the Sleeping Beauty", however, is slowly slipping on the Global Innovation Index, falling from 17th to 22nd position in the past three years.

KPMG's Venture Pulse cited that Australia saw an increase in VC funding from US\$1.033 billion in 2018 to US\$1.145 billion in 2019. While there were less of more significant deals, there is not much happening in the early-stage investment, which is impacting the vibrancy of our ecosystem and the formation of new startups.

It will, in fact, be even harder to start, build and maintain a small business in the very near future.

This year, Australia's budget will be in the red by \$85.8 billion (4.3 percent of GDP) for 2019-20 and \$184.5 billion (9.7 percent of GDP) in 2020-21 – an economic crisis like nothing we have seen in the last 100 years, according to the government.

I wish I could say that exciting times lie ahead of us but unfortunately, decades of playing safe with our country's riches, the recent bushfires and then, COVID-19 have set us back, much further back.

But if we pause for a moment and ask ourselves, "What is my legacy?", maybe only then we will uncover our true purpose and the winner's mindset to build a distinct future for the next generations. Now is the perfect time to design for progress.

In these times, and more than ever, Pause Fest continues to strengthen its commitment to catalysing the industry, celebrating diversity, educating the nation, and providing the platform and the stage for future builders.

George Hedon

Founder & CEO, Pause Fest

Photographer: Jess Middleton



WELCOME TO
THE FUTURE

WELCOME TO
THE FUTURE

PAUSE
FEST

Executive Summary

The state of D&I

Diversity and Inclusion (D&I) is very much topical then, now, and forever. The data we received regarding the founders' backgrounds is a representation of the Australian start-up sector as a whole in that it is still very much male-dominated, with women underrepresented across STEM and leadership positions.

Diversity, however, and as we are well aware, isn't just about gender. We have to note that 82% of our respondents identified as Caucasians. 10% are Asians, while 4% come from a mixed background. It will be interesting to see if these figures change next year, as we see more support and resources within Australia for BIPOC founders.

It gives us hope that the Australian start-up ecosystem is improving in terms of identifying talents from diverse backgrounds. And that's why we have partnered with One Love Australia to support their #ShareThePlatform that is giving black, indigenous and people of colour (BIPOC) founders an opportunity to tell their stories about the successful startups they have built. But there is absolutely more work to be done and that involves a conscious, consistent, cohesive effort from the entire ecosystem.

Photographer: Jess Middleton



People

Here we dive into the kinds of people who work in tech in Australia. What are they like? What keeps them up at night? What makes them tick?

What we've found out is that the Australian start-up founder is typically one who has financed the initial set up of their company through their personal savings, is feeling the heat from increased competition for funding and talent within Australia, and has a financial burden that has worsened.

These are contributing factors to the fact that nearly half of start-up founders cite feeling lonely at the top, and with 25% stating that their mental health has worsened since founding their companies.

Mental health and wellbeing continues to be a crucial focal point, and founders are recognising that they value support in managing their mental health.

- **46% of start-up founders cite feeling lonely at the top**
- **Almost 2 in 3 (62%) of Australian start-up founders would value support from their board or investors in managing mental health**
- **Almost half (47%) have received no support to date**

Places

Is the competition for the best Australian tech hub still between the known rivals Melbourne and Sydney? Is Australia the place for founders to set up, grow and thrive?

Founders we polled are saying that if they were to start over, they would set up their businesses in Australia. While this may seem that there are no regrets, 12% of them have said they would move to another Australian city. Key business considerations for them include access to customers, specific market opportunity and access to talent.

Despite this, the founders do have their reservations of having their business in Australia. A quarter says Australian regulation has stood in the way of growing their start-up, compared to Asian, US or European regulations. And a third cite that Australia's communications and privacy laws make it harder to start a business here.

The debate is no longer which Australian city is the best tech hub but has evolved to how can Australian start-ups be more supported to thrive within the country.

- **16% of Australian start-ups have noticed an increase in employees relocating overseas**
- **Over half of start-up founders or management (51%) are reporting employees are placing a greater emphasis on CSR**
- **Two in five start-up founders (41%) says candidates from a more diverse set of demographics and backgrounds are applying for roles**
- **A third of start-up founders (33%) say their financial situation has worsened since founding their business**

Policy

The government plays a critical role within the tech ecosystem. Policies can make or break companies. But how can Australian policymakers best help tech companies here?

This is a question that tech founders need to ponder upon and provide feedback as often as they can. But to do that they first need to have the right information on what the current policies are. Many founders, however, are not sufficiently informed.

The others have said encouraging STEM education in schools, promoting an active tech community and establishing incentives and grants for small-mid businesses have been the Australian federal and state government priorities for the tech sector in the past twelve months.

Data privacy and management, AI, and intermediary liability are the top three areas start-ups believe need urgent attention on due to societal impact.

By paying acute attention to these priorities, policymakers can create optimal conditions for innovation in Australia.

- **25% of start-ups are actively measuring social and environmental impact**
- **One in five start-up founders (20%) believe the Australian federal and state government priorities for the tech sector in the past twelve months have been encouraging STEM programmes in schools and universities, and helping promote an active community and tech ecosystem**
- **The top three areas start-ups believe need urgent attention on due to societal impact are:**
 1. **Data privacy and management**
 2. **Artificial intelligence**
 3. **Intermediary liability (i.e. platforms responsible for content uploaded by its users)**
- **43% of start-up founders do not believe Australian has a regulatory advantage to Asia, US or Europe**
- **Almost one third of start-up founders (29%) say Australia's communications and privacy laws make it harder to start a business here**
- **A quarter of start-ups (25%) say Australian regulation has stood in the way of growing their start-up, compared to Asian, US or European regulation**
- **Over half of Australian start-ups feel ignored by policymakers (53%)**

Investments

We want to explore the initial financing phase of the founders' journey. How did they set up? How much did they raise? And what are their funding plans for growth?

We want to explore the initial financing phase of the founders' journey. How did they set up? How much did they raise? And what are their funding plans for growth?

Unsurprisingly, access to capital is, continues to be, a challenge for most Australian start-ups.

The competition for funding has increased over the years and even though Australia saw a record-level of VC funding last year (as reported in the Financial Review), over half of Australian start-ups have not raised capital to start their business. They have no immediate plans to do so. And almost a quarter of Australian start-ups (23%) are about to engage in fundraising

A concerning discovery is that a third of these start-ups cited that their financial situation has worsened since founding their companies.

- **Over half of Australian start-ups have not raised capital to start their business, and have no immediate plans to do so**
- **Almost a quarter of Australian start-ups (23%) are about to engage in fundraising**
- **60% of start-ups in Australia have found access to capital the most challenging aspect**

Photographer: Jess Middleton



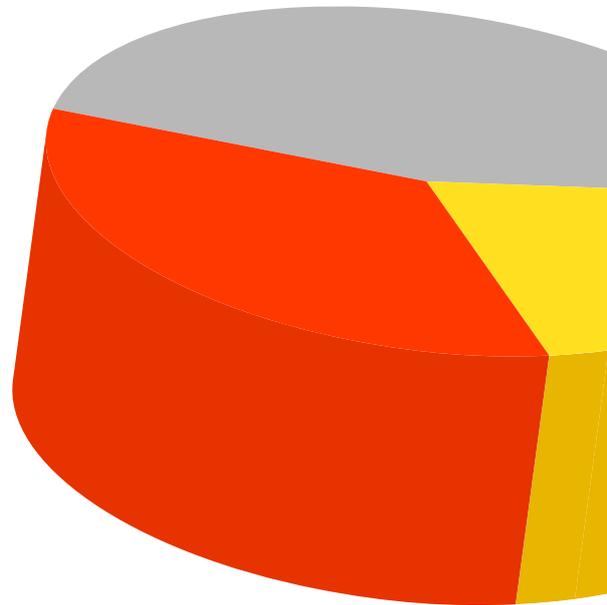
When the Oxford University Press releases the word of the year for 2020 the shortlist will likely include words like “unprecedented”, “doom-scrolling”, “lockdown” and “Rx”. In this era of Covid there are so many expert opinions and so much uncertainty. Tell me any opinion or forecast you have and I’ll find an “expert” that supports it, and another to refute it. There’s lots we simply don’t know, but that doesn’t mean it’s too early to start to prepare for the future.

Of course, this is a tough environment in which to make plans. But we have a golden, perhaps one-off, opportunity to get this right. At Rampersand we have talked to the companies we are invested in about the need to survive and thrive. If we think about Australia through that lens, what could - and should - we look like as we rebuild our economy post-Covid?

This is not only, or even primarily, an economic question. It is a social and emotional one. How do we make a fair, prosperous economy without unfair barriers to participation? We all want economic growth, but we now recognise that growth itself is not the only measure. Just as investors have learned that higher returns necessarily require taking higher risk, so we’ve all learnt that unbridled economic growth requires what now are recognised as the unacceptable risks of fragile supply chains; too great a dependence on single suppliers; too great a reliance on too few industries (and particularly “old economy” industries); and perhaps inadequate social protections. So growth rates must be subject to managing these risks. Equally, there is general agreement that the benefits of prosperity should to some extent flow to all. In that common expression, we want to both grow the pie and to ensure that everyone gets a reasonable slice.

There is broad acceptance that the technology sector plays a central role in that future. The next generation of jobs, exports, wealth creation and opportunities will come from our ability as a nation to create a world-leading innovation environment.

Which is why reports such as The State of Aus Tech Report by Pause Fest are so important. The valuable data and insights over the following pages allow us to appropriately celebrate the successes of our ecosystem, as well as confront some of the shortcomings that need to be overcome for us to be truly world class.



Let us encourage excellence; encourage risk taking and don't punish well-intentioned failure; ensure that our best brains are directed at solving the problems that matter most – liveable cities and liveable regions; directing our best brains into the areas where we can excel – not only food, mining and health but anywhere we can develop technologies that can change the world.

We got rich on the sheep's back and then by becoming the world's mine. We will become a great country by encouraging our world class scientists and engineers to create a fair and prosperous future.

As you read the following report, you are hopefully part of this movement that will drive this country to be a leading player in the new economy. It won't be easy, but as Churchill famously advised never waste a crisis. This is a once in a generation, perhaps once in a century opportunity to refashion Australia as a stronger, fairer, better country.

What a tragedy if we blow it.

Paul Naphtali,
Co-founder & Managing Partner,
Rampersand



01

People



1.1. Portrait of an Australian Tech Founder

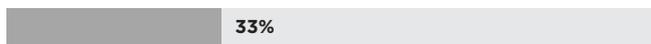
How would you describe yourself as a founder?

More than half of the respondents (57%) are first-time founders. A third are repeat founders with limited experience in scaling their own company, and 9% are repeat founders with significant experience in scaling their own company.

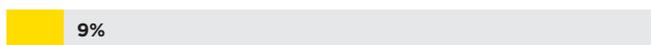
I am a first-time founder



I am a repeat founder with limited experience in scaling my own company (e.g. did not achieve significant customer scale, did not raise capital, did not scale team, did not exit)

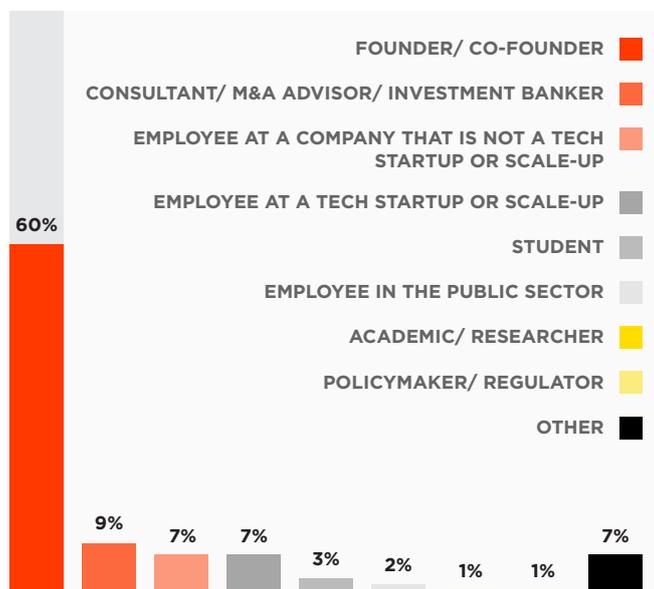


I am a repeat founder with significant previous experience in scaling my own company (e.g. built a large customer base, raised capital, scaled team, achieved an exit)



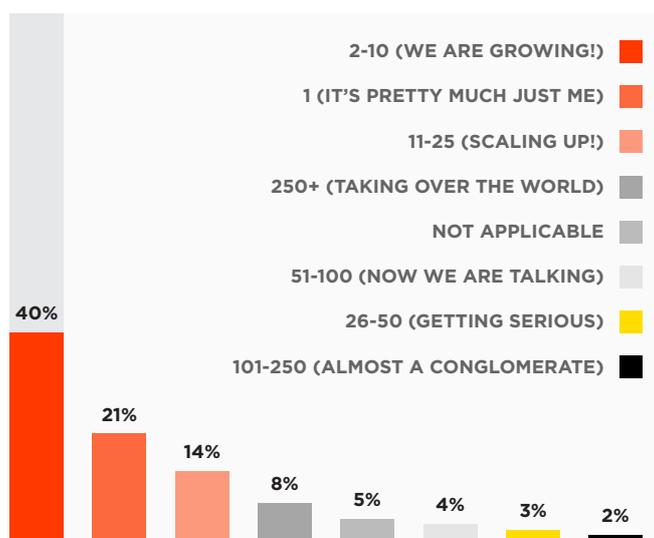
What best describes your primary occupation?

2/3 of the respondents are founders or co-founders full time, while almost 20% are working elsewhere. 3% of the respondents are students.



How many people are employed at your company?

40% have said that they have between two and ten people employed, 21% cited they're the only ones in their companies, and 14% said they have between 11-25 employees. 8% have more than 250 employees.

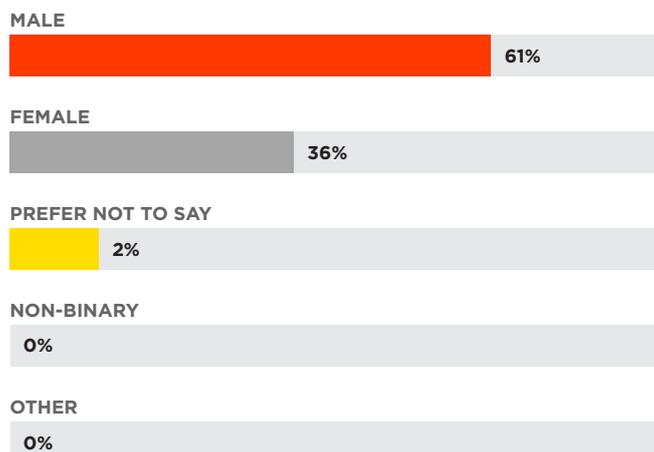


The forces buffeting Australia's economy will spark innovation and investment in two critical areas: employment and education. From delivery of services, online schooling and experiences in virtual environments, to replacing entire market segments like travel, entertainment and sports, we will be relying on technology more than ever. The rapid destabilisation of these areas will give way to new experiments, models and frameworks that ideally can restore or replace job opportunities, improve work/life balance and maintain high learning standards to prepare us all for a radically different tomorrow.

Hunter Boyle
Copilot Crew
Co-Founder + Strategy Director

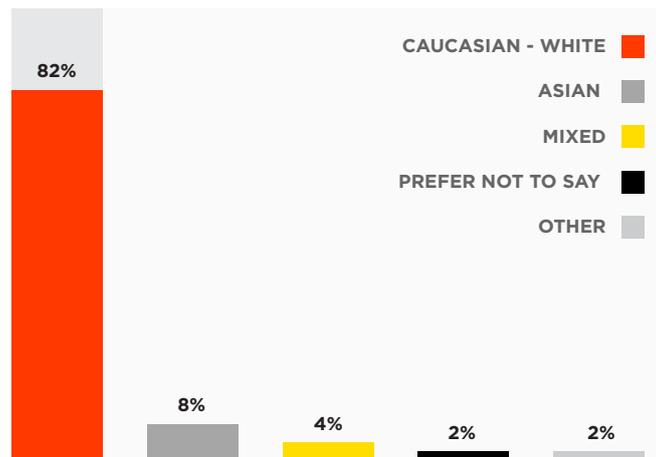
Which gender do you identify with?

61% of the respondents identified as male, while 36% were female. 2% did not comment.



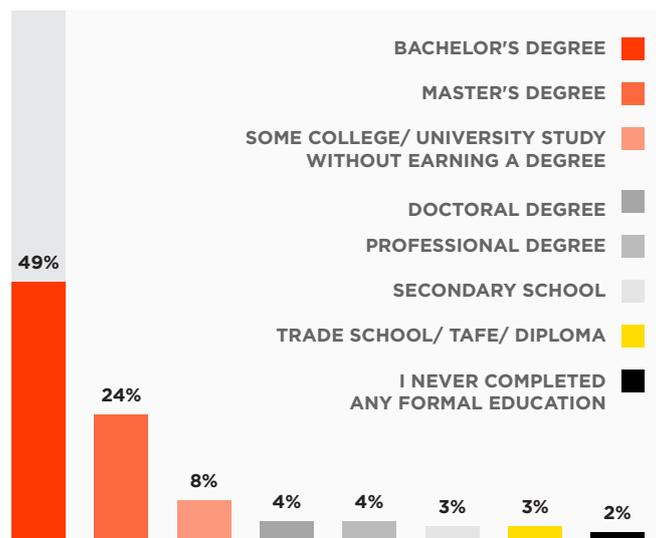
Which best describes your ethnicity?

A majority of the respondents (82%) identified as Caucasians. 8% were Asians, while another 4% said they come from a mixed background.



What is your education level?

Almost half (49%) of the respondents have a Bachelor's degree, with another 24% holding a Master's degree. 2% did not complete any formal education.



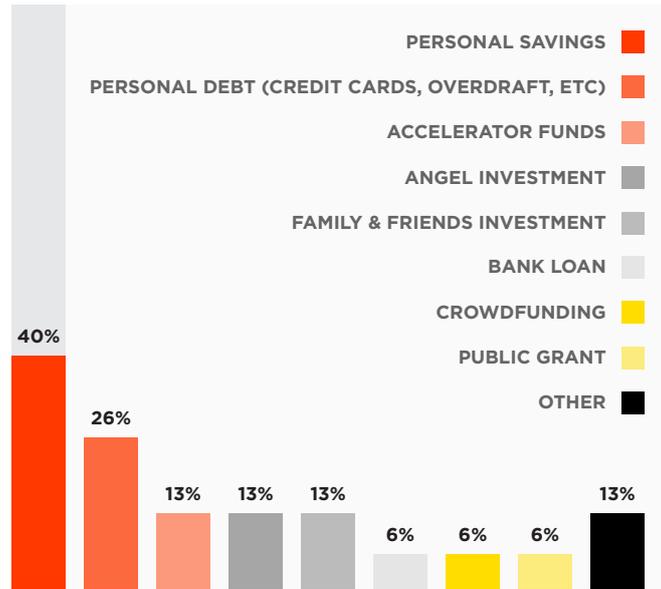
The next 24-48 months will be critical for the industry as a whole. Whether we're able to rise, phoenix like and rally, or move into a death spiral remains to be seen. The spirit community in Australia was evident in a post-bushfire 2020, but as we've moved through the past months that willingness to "drop tools and dig trenches together" seems to be fading. The innovation ecosystem requires the co-operation of many people working toward the same outcome. In a talent short market - which is likely to be even more constrained by immigration inhibited by sustained border closures, Australia will suffer unless it can work out how to build cohesion not competition - co-opetition is the name of the game if we want to win.

Tracey Hamilton
*Moveo global
 Chief Transformation
 Officer*

1.2. How Founders Get Started

How did you finance the initial set-up and earliest phase of your MOST RECENT company?

66% said they used either their personal savings or personal debt loans to set-up their companies. Another 13% took a loan from family or friends. 26% funded their initial stages via accelerator funds or angel investment.

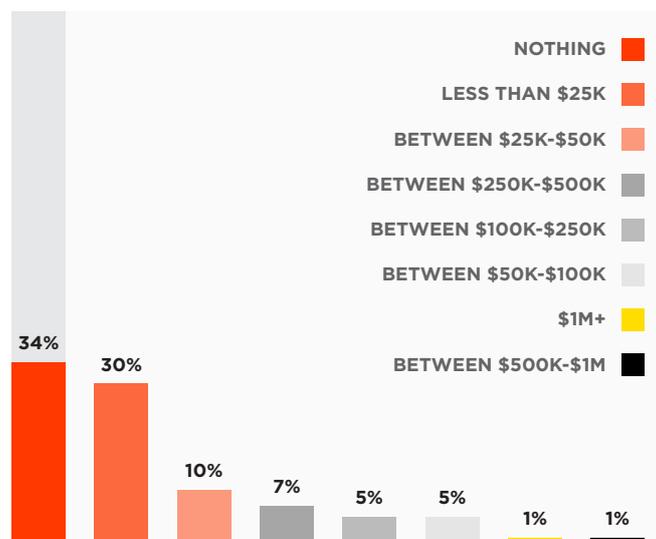


Photographer: Jess Middleton



How much capital did you “raise” or collect in order to set-up and start this company?

While 4% responded with \$1million and above, 30% raised less than \$25K, 10% raised between \$25K and \$50K, and 7% raised between \$250K and \$500K. 34% did not raise any capital.



We have a unique opportunity right now to redesign the experience of students and lifelong-learners – so they’re ready to take their place as founders, funders and leaders of new economy companies. I think we’re going to see many more hybrid models of education, as we blend tech firms with the creative arts, freelance ‘faculty’, peer mentoring, and traditional academia.

Jeanette Cheah
Hacker Exchange
Founder & CEO

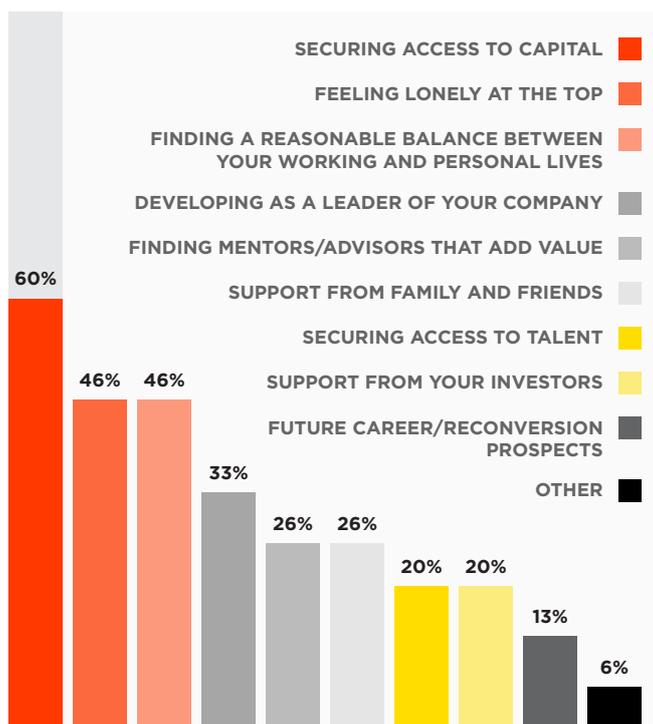
Photographer: Jess Middleton



1.3. Founder Challenges & Well-Being

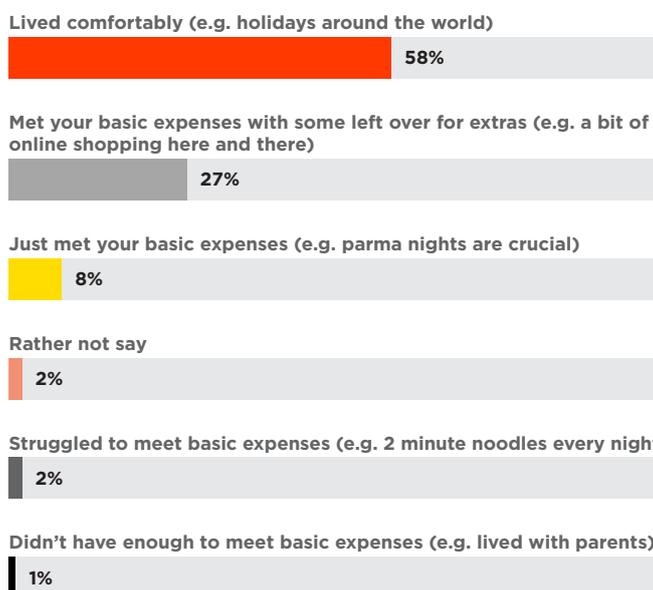
Since you started a company, what have you found the most challenging aspects of being a founder?

The most challenging aspects of being a founder among our respondents were: securing access to capital, feeling lonely at the top, establishing a right work-life balance, developing as a leader, and finding a mentor that adds value.



How would you describe your financial situation before starting your company?

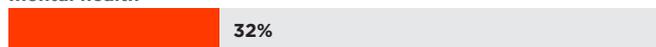
A majority of the respondents (58%) said they lived comfortably, while 27% said they met necessary expenses with some leftover for extras. 2% said they struggled to meet basic expenses.



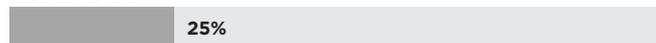
Have you experienced any change in your mental health since you founded your company?

While 32% have said that being a founder has affected their mental health positively, a quarter noted that they'd experienced a negative impact on their mental health.

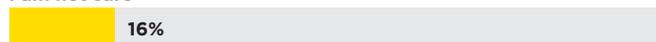
Yes, being a founder has had a mostly **POSITIVE** impact on my mental health



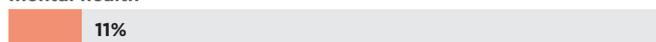
Yes, being a founder has had a mostly **NEGATIVE** impact on my mental health



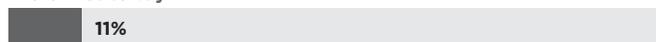
I am not sure



No, I do not believe being a founder has had any impact on my mental health



Prefer not to say



Other

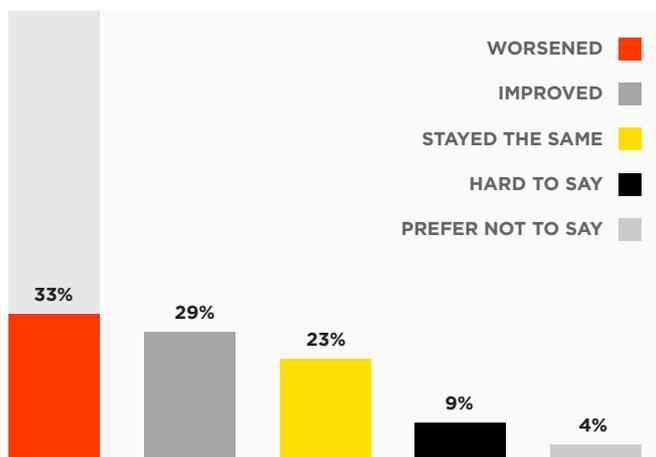


I think it's a super exciting time for digital health and health tech. It's long overdue and one of the last technology revolutions, which has been even further delayed in Australia due to policies, attitudes of professionals and the public, and lack of investment. COVID-19 has finally pushed it to the top of the priority list, and there are so many possibilities to improve both the healthcare system and patient outcomes. Reducing waste of time, resources, and a shift to patient centred care and prevention with easy access to the very best services. We've already seen such rapid change in national policies, insurer and practitioner uptake. We have a long way to go to catch up with the US, but necessity is the mother of invention. And health is the most valuable commodity we all have - which has finally become clear to everyone.

Emily Casey
Community Coordinator
Stone & Chalk

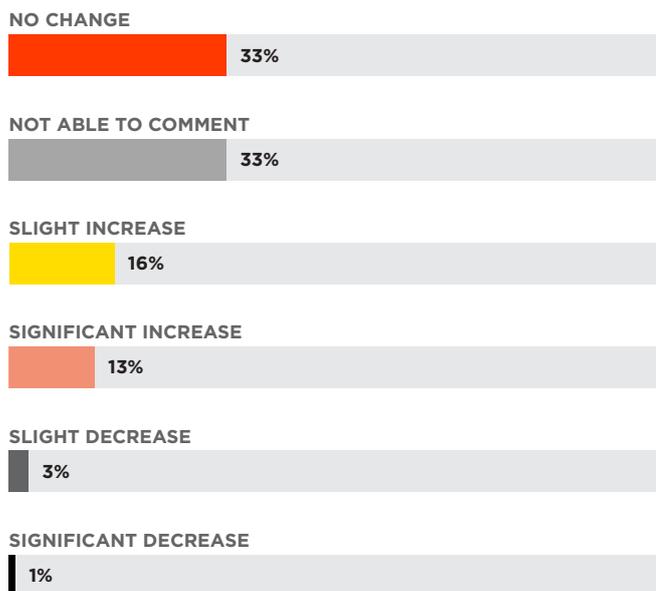
How has your financial situation changed since then?

1/3 of our respondents said their financial condition worsened since founding their companies. 29% said it had improved, and another 23% said the situation was unchanged.



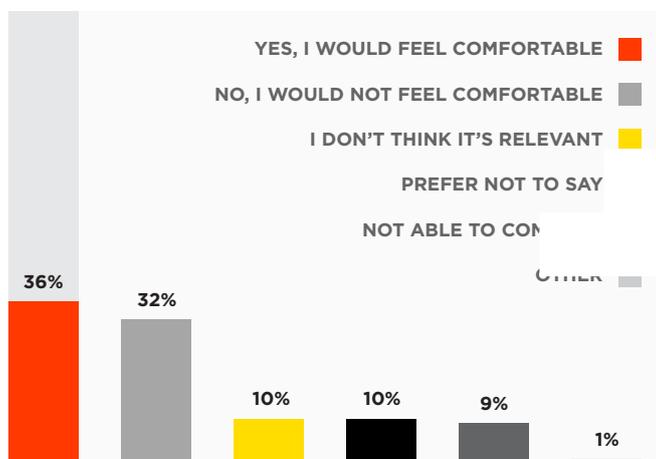
Competition from global tech companies

A third of the respondents have said they noticed an increase in the competition from global tech companies. 3%, however, saw a slight decrease. A majority (66%) said there was no change or were unable to comment.



Would you feel comfortable discussing changes in your mental health with your board/your Investors?

While 36% said they would feel comfortable, 32% said they wouldn't be comfortable in the discussion of their mental health with their board or their investors. 10% said they didn't think it was relevant.



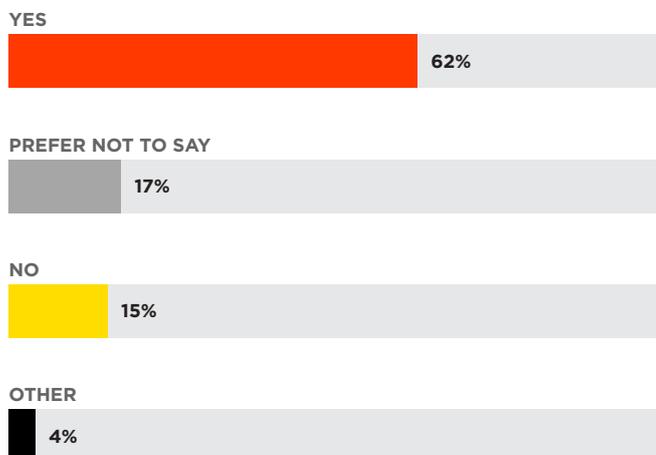
I believe that the mental health and wellness of business needs to look further than the impact on the health of the founder or even their staff. I look forward to a future where businesses apply neuromarketing principles and align the drivers of the behaviour of the founder, staff, and customers in how they run their business. It's behaviour of people which makes a business successful and it's imperative that businesses consider the underpinning psychology of that behaviour to create their success.

There's psychology to technology and that needs deeper investigation, exploration and leveraging by business.

Kara Lambert
 karalambert.com
 Founder

Would you appreciate receiving support provided by your board/investors to specifically help you with managing your mental health?

A majority (62%) said yes they would value support from their board or investors regarding their mental wellbeing. 15% said they wouldn't.

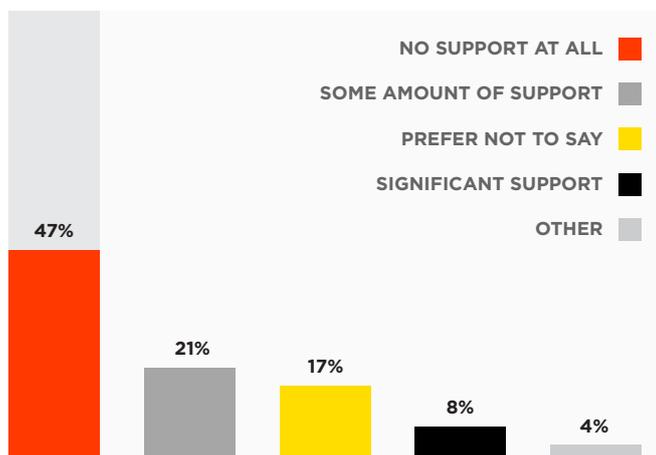


Photographer: Jess Middleton



What support, if any, have you received from your investors to specifically help you to manage the pressures of being a founder?

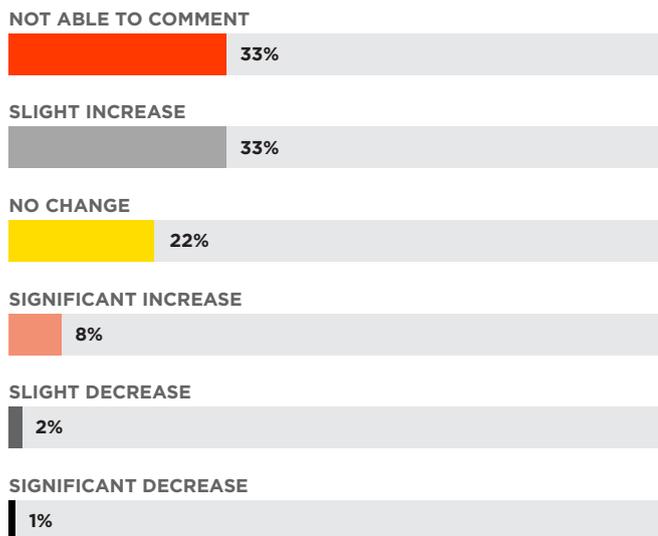
Nearly half (47%) said they've received no support at all.



1.4. Strong Talent Base

Candidates from a more diverse set of demographics, backgrounds & experiences

41% said that there's an increase of candidates from diverse backgrounds and experiences, while more than half (55%) said there was either no change or were unable to comment.



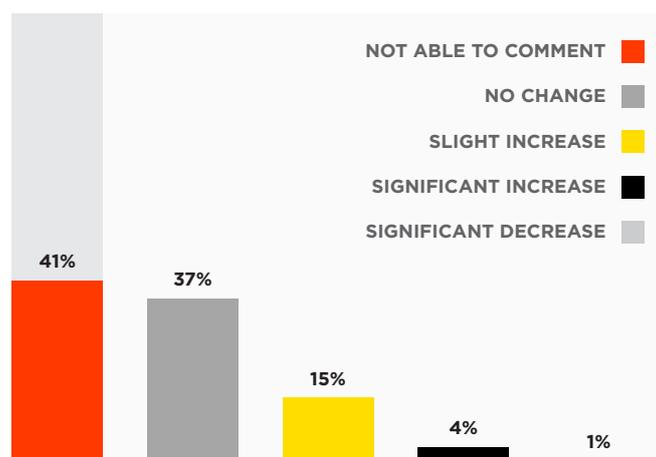
Disruption happens fast and slow. Jobs can be replaced overnight with an algorithm; whole industries can be wiped out in a decade. The good news? The future of work will be the acceleration of people partnering with technology to augment insights, processes and delivery. Challenges create opportunities for the curious and brave. The ability to integrate digitally-led communications, CX/UX and design-led thinking will define agencies and clients alike. Talent will be drawn to purposeful companies who are striving to make the world (and how we work) better, more sustainable and fairer. Creativity and critical thinking will be everlasting.

Chris Dodds
Icon Agency
 Managing Director - Digital



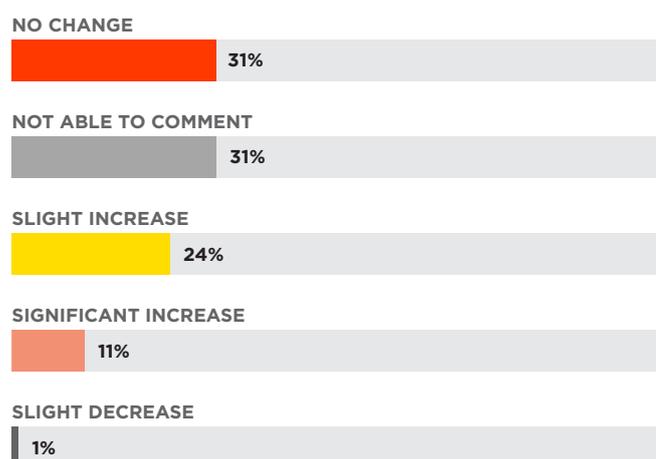
Employee awareness of stock options

One-fifth said there was an increase in employee awareness of stock options. 41% were unable to comment.

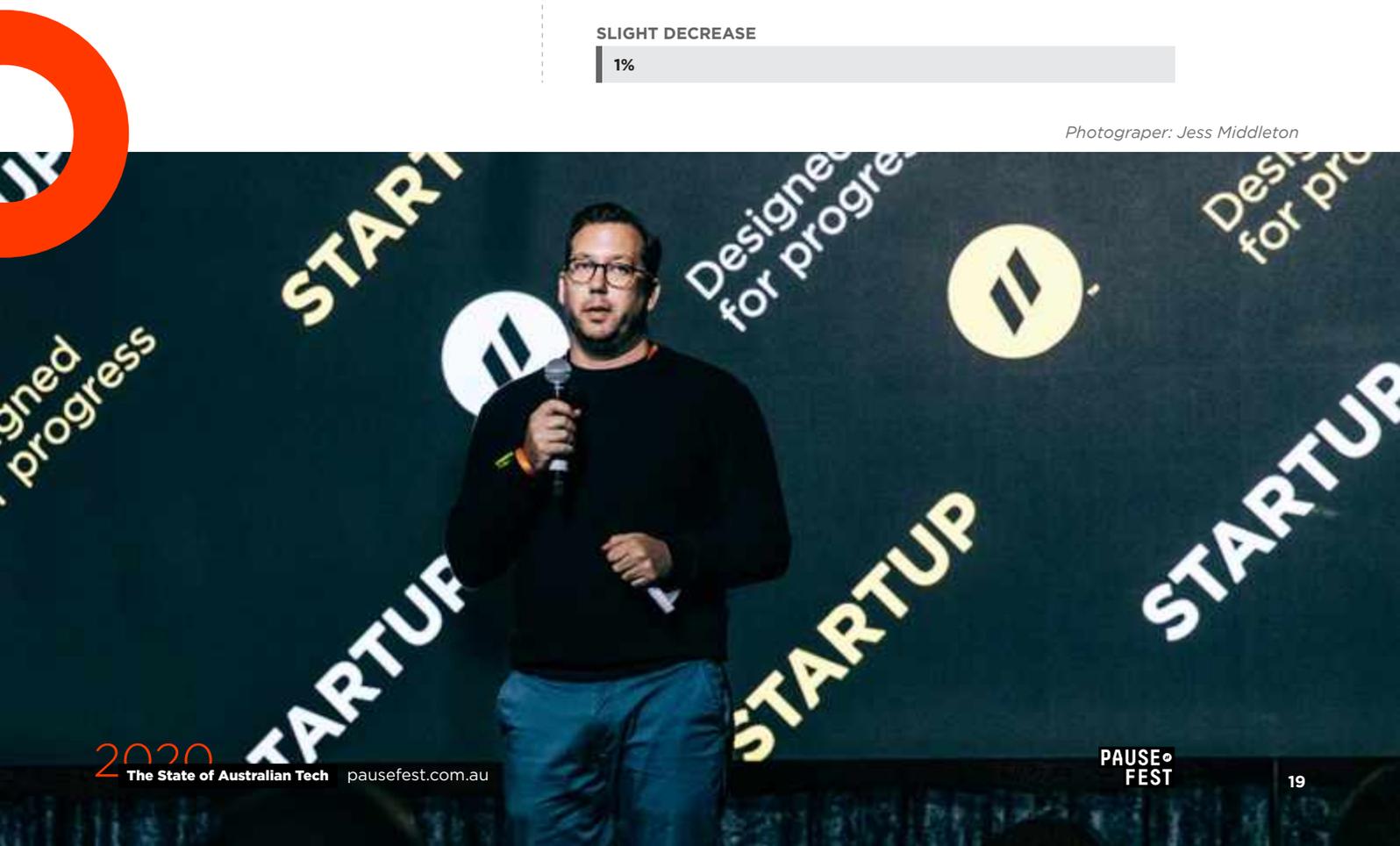


Competition for talent from local startups

35% noted an increase in competition for local talent in the local ecosystem. 62% cited either a no change or were unable to comment.



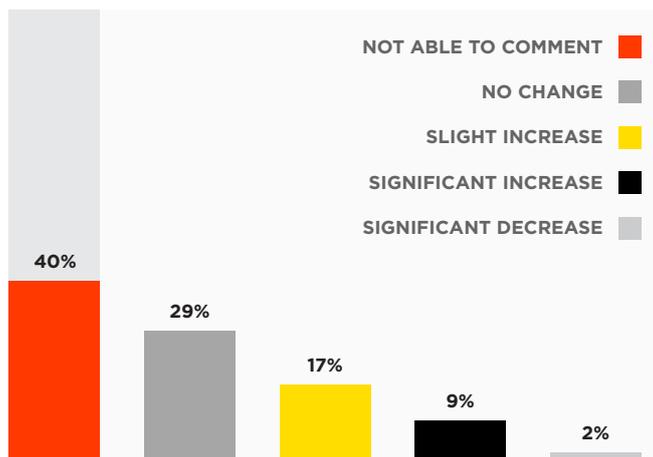
Photographer: Jess Middleton



1.5. Incentivising and Retaining Talent

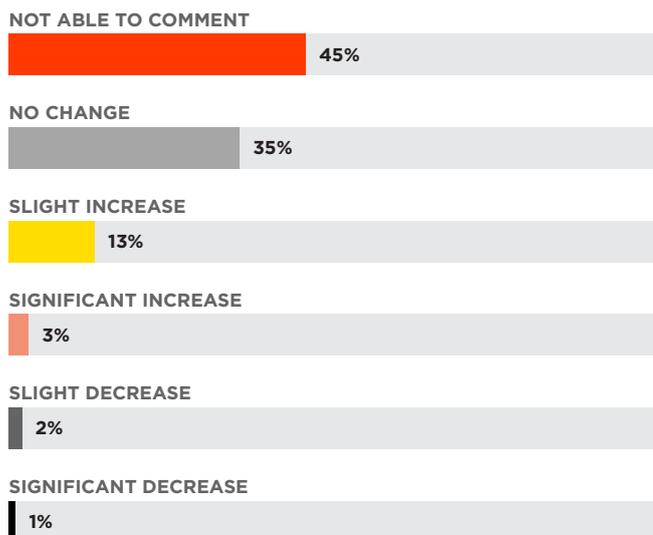
Interest in opening satellite offices to tap new talent pools

More than a quarter of the respondents (26%) said they had an increased interest in opening satellite offices to attract new talent. 69% cited no change or were unable to comment.



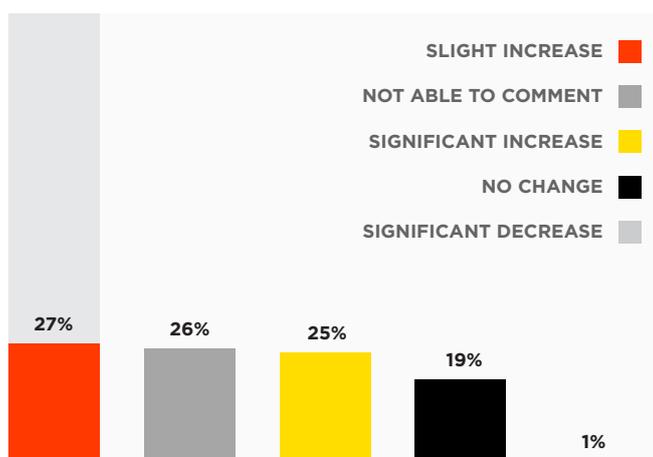
Employees leaving to relocate to another country

16% cited an increase in the number of employees relocating to another country. 80% of the respondents either noted no change or were unable to comment.



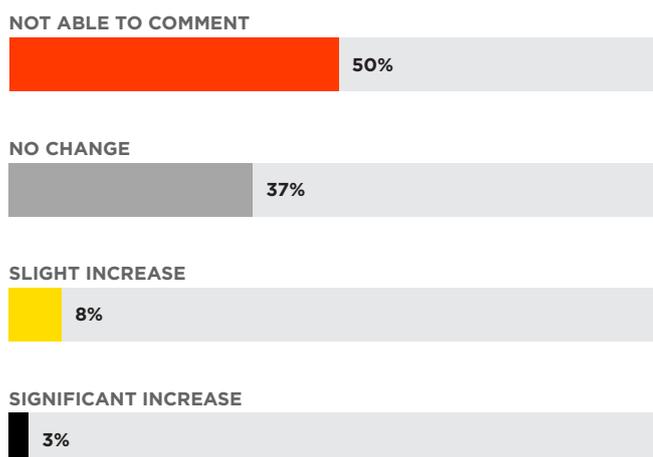
Employees working remotely

More than half of the respondents (52%) noted an increase in the number of employees working remotely. 45% cited either no change or were unable to comment.



Candidates relocating internationally to join your company

11% noted an increase in the number of talent relocating to Australia to join their companies. 87% cited either no change or were unable to comment.

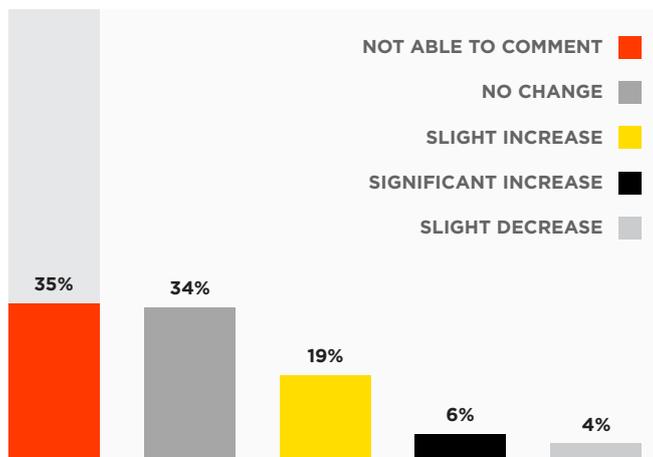


Working from an office, together, is going to be an important component of rebuilding Australia’s post-coronavirus economy and YBF is here to facilitate that safely and effectively. Immense opportunities exist for real innovation hubs, and for those that call them home; we have been providing a collaborative environment and ecosystem for tech startups, scaleups and innovating corporates for nearly a decade. Over the past couple of years, we have expanded our footprint and reach exponentially. We see our growth continuing as entrepreneurs and companies of all sizes will value flexible physical working options more than ever. YBF’s ability to provide not only world-class space and facilities, but real and useful connections, an active network with curated introductions, meaningful content, and knowledge is what separates YBF from generic co-working operators – all without long-term leases and bank guarantees. I’m excited to see what new, disruptive tech startups and pivots come out of Australia as a result of the pandemic; adversity definitely paves the way for positive change.

Farley Blackman
YBF Ventures
CEO

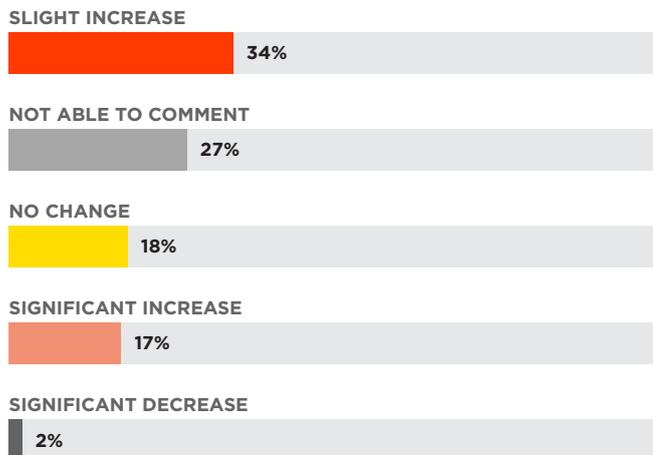
Candidates with significant prior startup/scaleup experience

A quarter of the respondent said they had seen an increase in the number of candidates with a previous start-up or scale-up experience joining their company. 4%, however, noted they saw a decrease in the number of experienced candidates. 69% said they either saw no change or were unable to comment.



Employees placing greater emphasis on corporate social responsibility

More than half of the respondents (51%) said they're seeing an increase in trend of employees placing importance to CSR. While 2% cited a decrease in the direction, 45% said they either saw no change or were unable to comment.

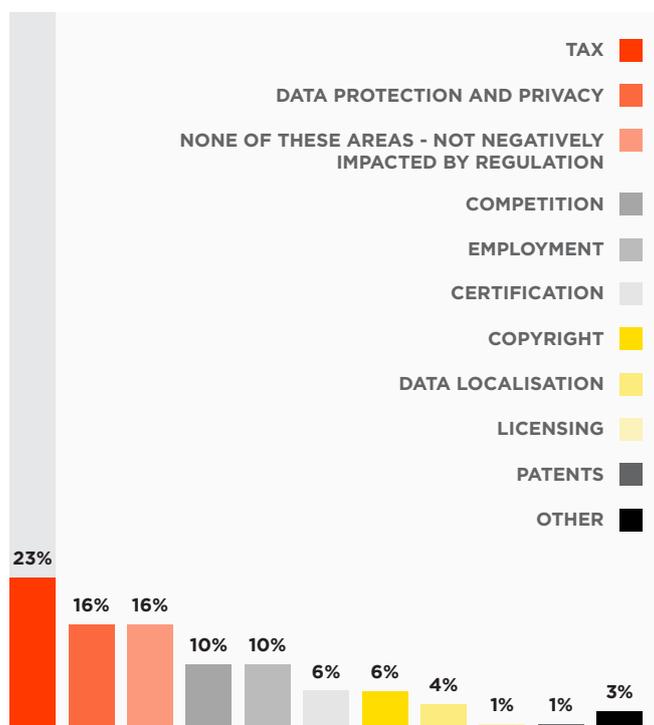


Photographer: Jess Middleton



Thinking about any potential negative impact on your business from regulation, which ONE area do you view as the most challenging for your company?

Tax is an area that is seen as most challenging to a majority of our respondents (23%). 16% saw data protection and privacy as an area of challenge, while 10% cited competition. Another 10% said employment is a challenge, and 12% said certification (6%) and copyright (6%).



Photographer: Jess Middleton



02

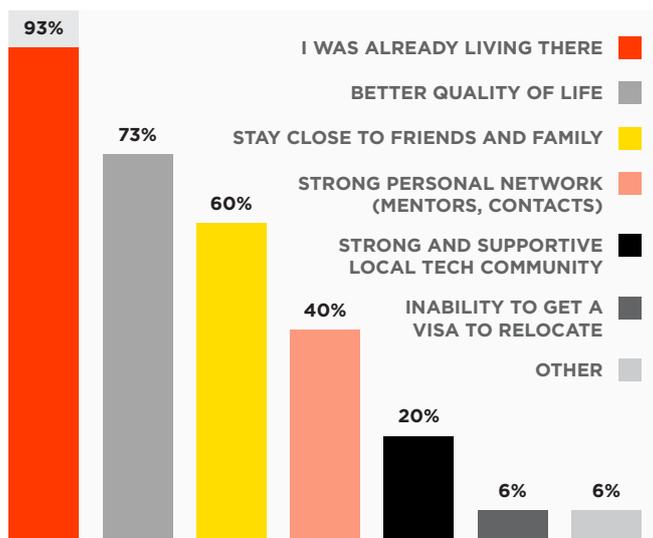
Places



2.1. Picking Places

What were the most important PERSONAL considerations for you when choosing WHERE to locate your company when you founded it?

The key considerations from our respondents were: they were already living in that city, the quality of life, proximity to friends and family, and the network of mentors and contacts within the business.



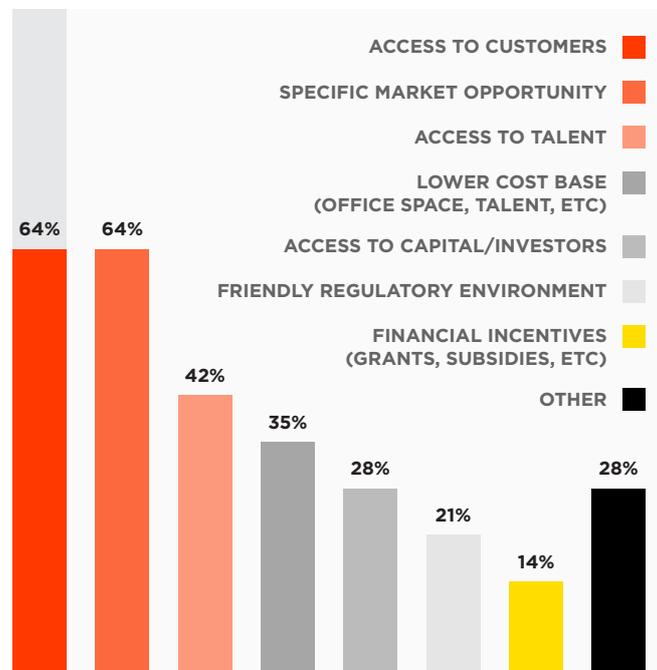
In taking Spark Festival online this year, and turning it into a nationwide experience, it's already been incredible to see the number of nodes in the innovation network that have popped up everywhere in the country over the last 5 years. The focus still needs to be on forming the strong connections across those nodes that a true ecosystem depends on.

Maxine Sherrin
 Spark Festival
 Program Director



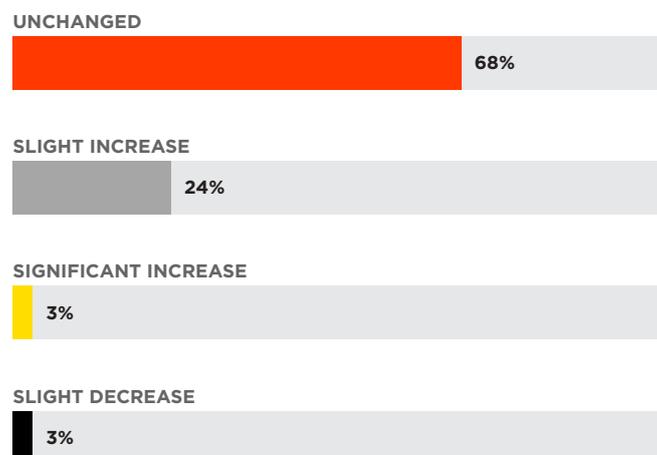
What were the most important practical BUSINESS considerations for you when choosing WHERE to locate your company when you founded it?

The top considerations from our respondents were: access to customers, specific market opportunity, access to talent, lower base costs and access to capital and investors.



Have you experienced any change in the following forms of inter-connectivity between different tech hubs across Australia in the last 12 months?

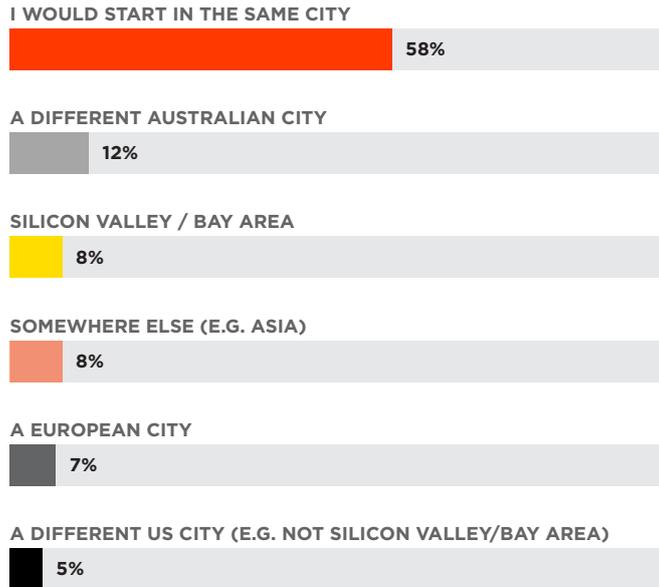
27% of the respondents noted an increase in the inter-connectivity between different tech hubs in the previous year. 68%, however, said this remains unchanged.



2.2. Trending Hubs & Communities

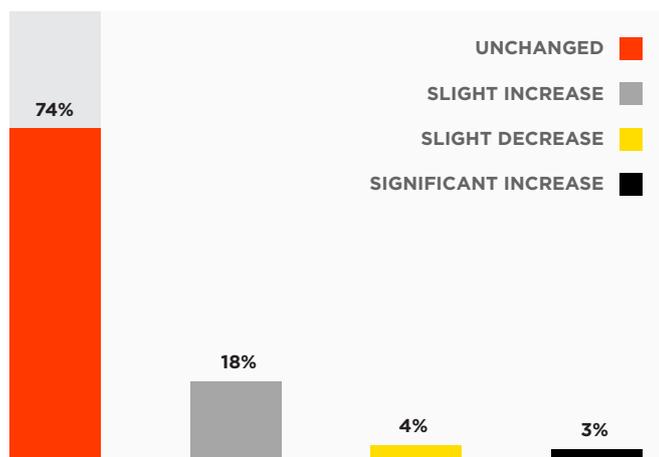
If you were to start over, where would you choose to found and build your company?

More than half (58%) said they would start in the same city. 12% said they would choose a different city in Australia. 8% cited the Silicon Valley / Bay area, and another 8% said somewhere else. 7% cited a European city.



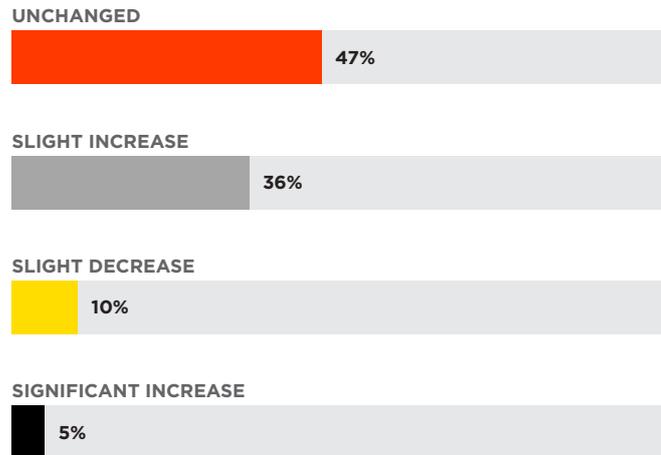
Volume of high-performing talent recruited from other hubs

More than one-fifth of the respondents (21%) said that they'd seen an increase in talent recruited from other hubs. 74% have cited that the situation remains unchanged.



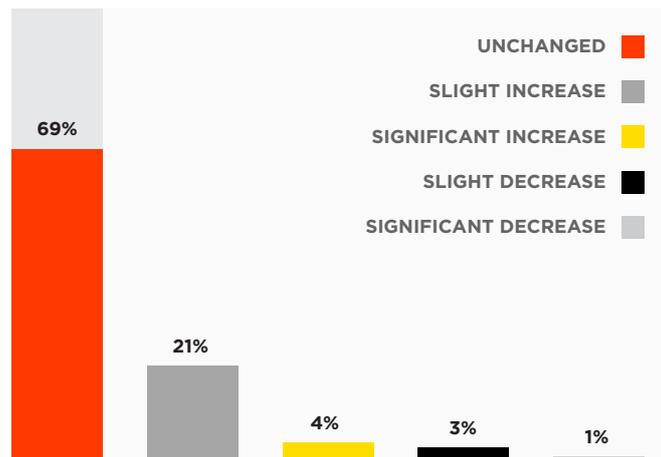
Attendance of useful events in other hubs

41% of the respondents cited an increase in attendance of events. 47% said this remains unchanged, 10% cited a decrease in attendance.

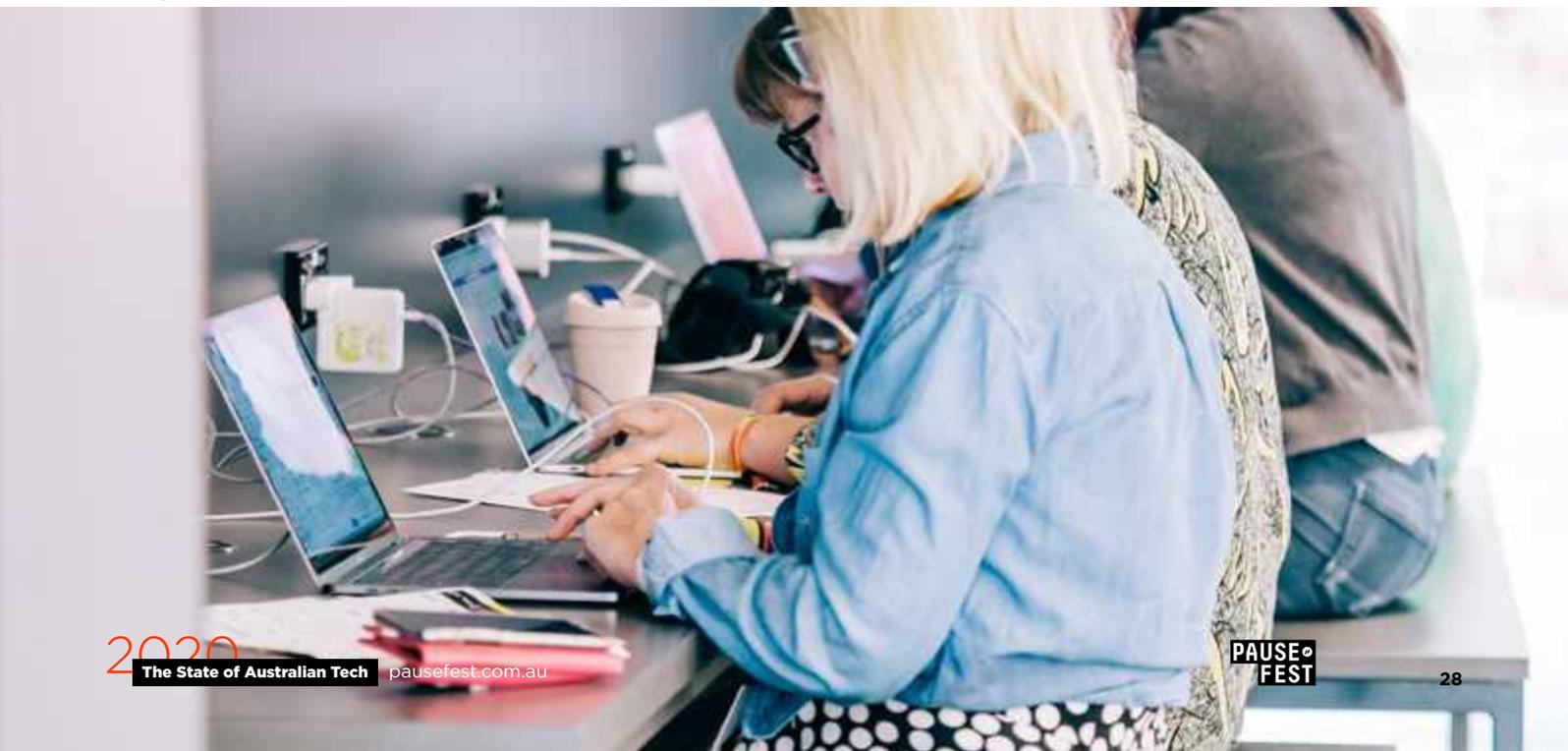


Establishment of satellite offices/teams in other hubs

A quarter of the respondents have noted an increase in the establishment of satellite offices or teams in other hubs. 4% cited a decrease, while 69% said that the situation has remained unchanged for them.

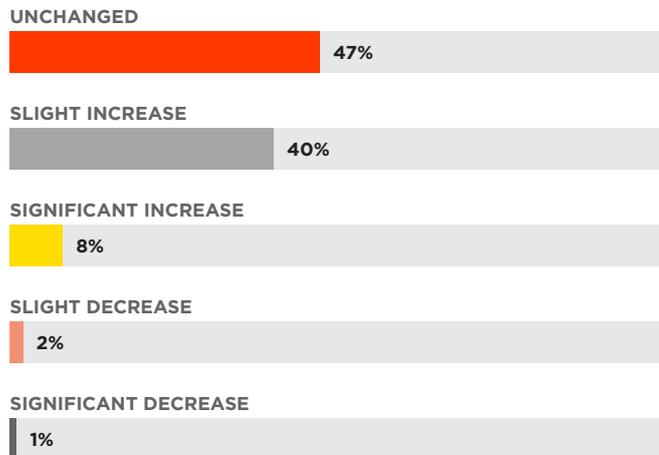


Photographer: Jess Middleton



Volume of useful ideas and knowledge exchanged with my counterparts from other hubs

While 48% noted an increase in the volume of ideas and knowledge exchanged with their peers from other hubs, 47% said this remains unchanged.



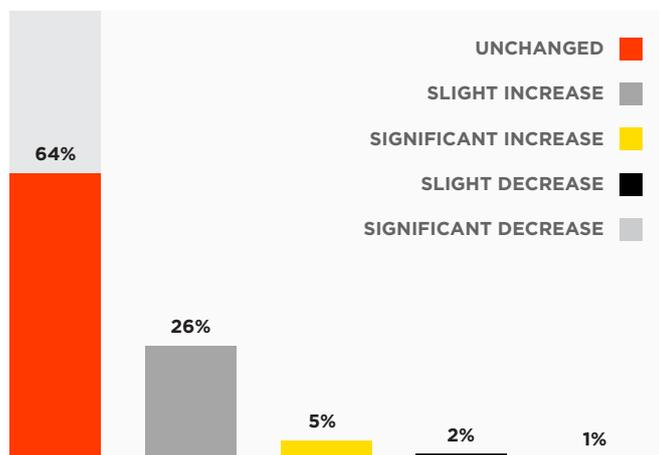
The greatest unsupervised experiment in workplace sociology, the COVID-19 pandemic, has altered the meaning of work for us all. It's no longer a place you go, it's a thing you do. How productive you are while you do it? That's the new frontier.

Melbourne as a mega city is likely off the cards now. We must plan for a shift to the small towns - a million people traveling over an hour a day to the CBD, just to chat on Slack? It's over.

Nigel Dalton
ThoughtWorks
Social Scientist

Volume of positive interactions with investors from others hubs

While 64% have said the number of interactions remains unchanged, 31% have noted an increase in the positive interactions with investors for other hubs.



03

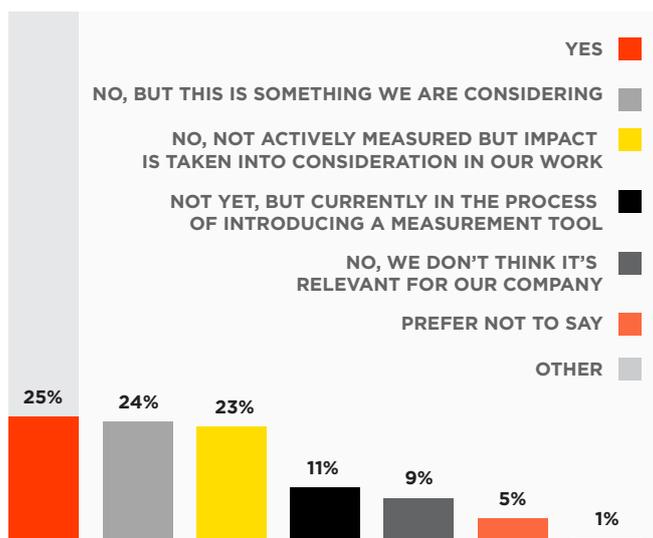
Policy



3.1. Trending Hubs & Communities

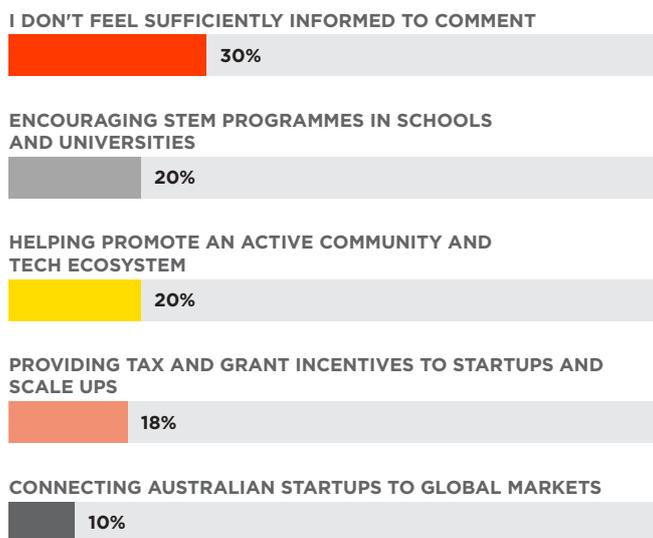
Does your company measure its social or environmental impact?

A quarter said they do measure their social or environmental impacts. While 24% have said no, they've noted that this is something they're considering. 23% have considered the impact into their work while another 11% are currently in the process of introducing measurements. 9% cited that they do not think this is relevant for their company. 5% preferred not to say and 1% chose other.



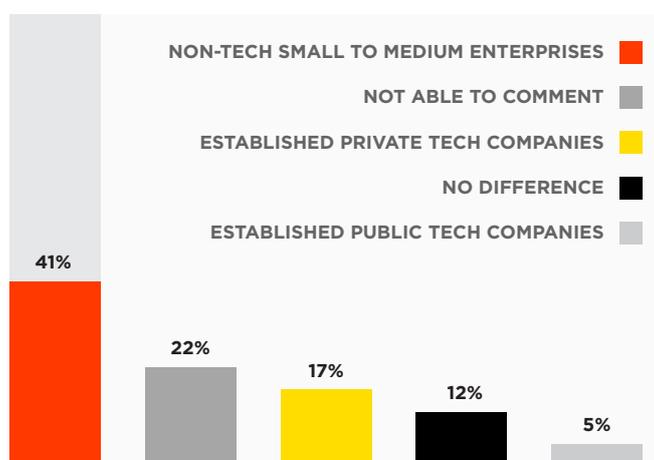
What do you think have been the key tech and digital economic priorities for the Australian federal and or state governments in the last year?

STEM programs in schools and universities, promoting an active community and ecosystem and providing tax and grant incentives were the top priorities our respondents pointed out as priorities for our government in the past year. 30%, however, said they were not sufficiently informed to comment.



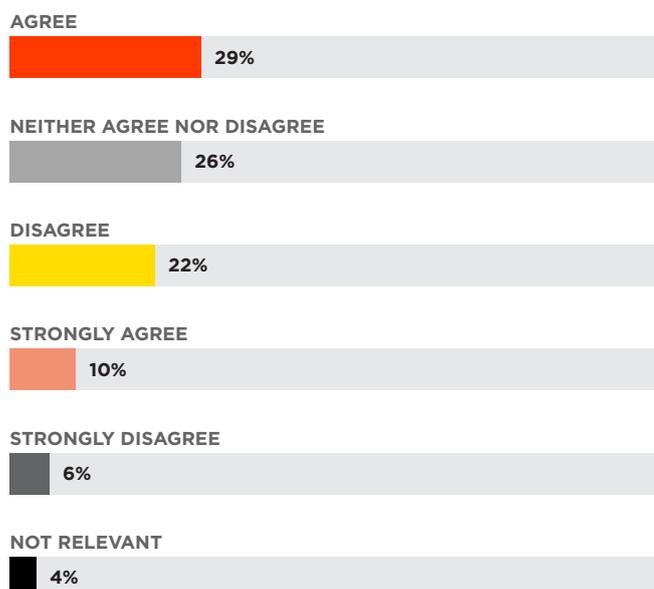
Who do you think is most impacted by the regulatory burden and red tape among the following?

41% responded with non-tech small to medium enterprises, while 17% said established private tech companies. 12% said there was no difference as to who was most impacted, and 5% said it was the established public tech companies that were most impacted.



Australia's communications and privacy laws make it harder to startup a business

39% of the respondents agreed to this statement while 28% disagreed. 26% neither agree nor disagree.

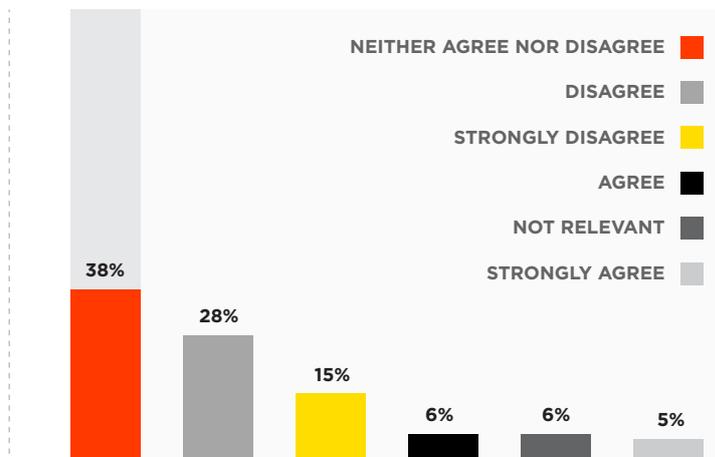


IF there is one thing that we are learning over the course of this pandemic, it's that digital innovation is the key to economic recovery. When digital closeness became the antidote to physical distancing a whole raft of opportunities opened up. Opportunities to combine digital innovation with technology. To move beyond, the 'thing' itself into processes, solutions and experiences which impact lives, organisations and communities.

Nadine Zrinzo
Something Digital
 Co-Founder

Australian startups have a regulatory advantage compared to Asian, USA or European Startups

43% of the respondents disagreed with the statement. 12% agreed, and 38% had no comment.



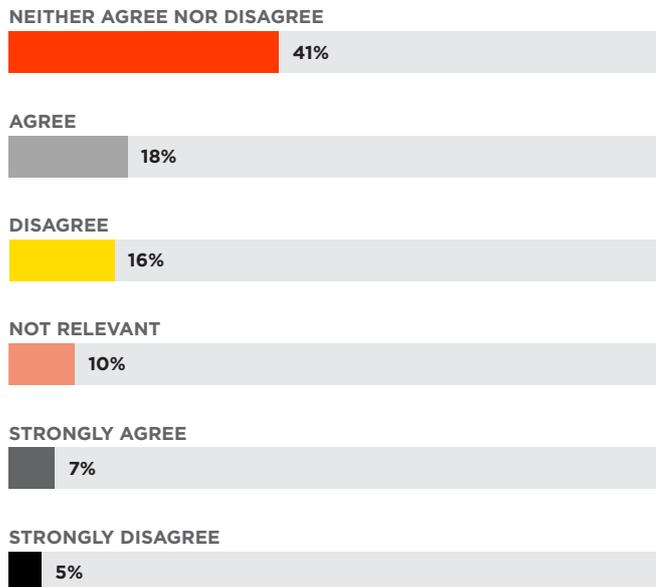
The Australian innovation and tech landscape is in a unique position to structure for a covid-norm economy. What is required is for local, state and commonwealth governments to work together with aligned policy to be a part of supporting industry to drive a recovery. This needs to be done through the support of organisations helping nurture new ideas and developing business models, unlocking of capital to support growth, and investing heavily in re-education of founders, c-suite and those in corporates to support and develop products and services in a new world. We need to be investing more in our accelerators, incubators, investment funds, supporting open innovation platforms and challenging corporate innovation. We also need to continue to nurture our ASEAN partnerships who will become our most important trading partners in the years to come. It takes bold and ambitious policy makers to support the right people to make this happen.

We also need to better support the peak bodies that act on our behalf.

Mark Gustowski
QUT Creative Enterprise Australia
Chief Executive Officer

Regulation has stood in the way of me growing my startup (compared to Asian, USA or European companies)

A quarter of those polled agreed and that regulations stood in their way growth. 21% disagreed while another 10% said it wasn't relevant to them. 41% neither agree nor disagree.



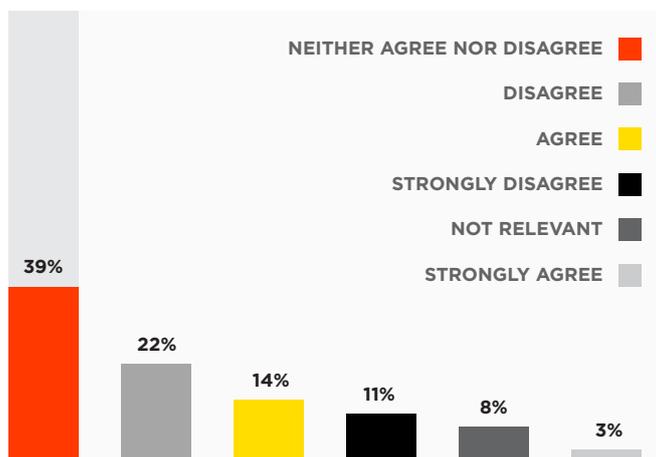
This is the time for the government to embrace and invest in innovation, including subsidising technology courses, supporting startups and scale-ups, encouraging tech talent to live in Australia, and developing the eco-system. I believe that the innovation sector is key to economic recovery post COVID-19. Wake up Australia!

We cannot solve new problems with old solution- we must encourage and incentivise innovation and invest in our talent.

Zivit Inbar
DifferenThinking
 Founder & CEO

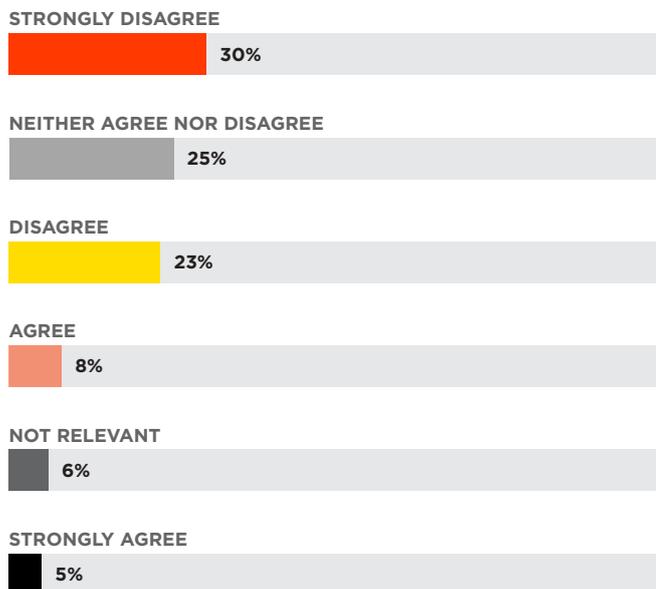
Regulation in Australia is an opportunity for me to attract tech investment and talent

17% agreed that regulation in Australia is an opportunity for them to attract tech investment and talent. 33%, however, disagreed. 8% said this was not relevant to them and 39% neither agree nor disagree.



The concerns and perspectives of startups and scaleups are being heard by policymakers

More than half of the respondents (53%) said that policymakers are not hearing their concerns and perspectives. 25% neither agree nor disagree with the statement.

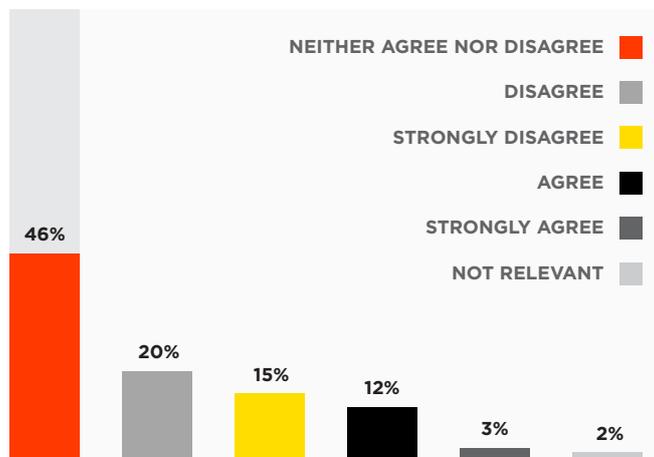


Photographer: Jess Middleton



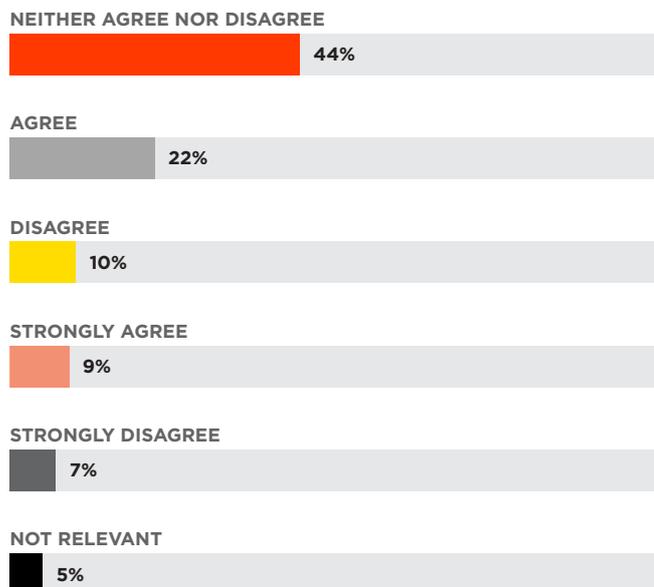
The regulation around technology is positive for the Australian Tech ecosystem

15% of the respondents agree with the statement that the regulation around technology is positively impacting the Australian Tech ecosystem. 15%, however, disagree. 46% neither agree nor disagree.



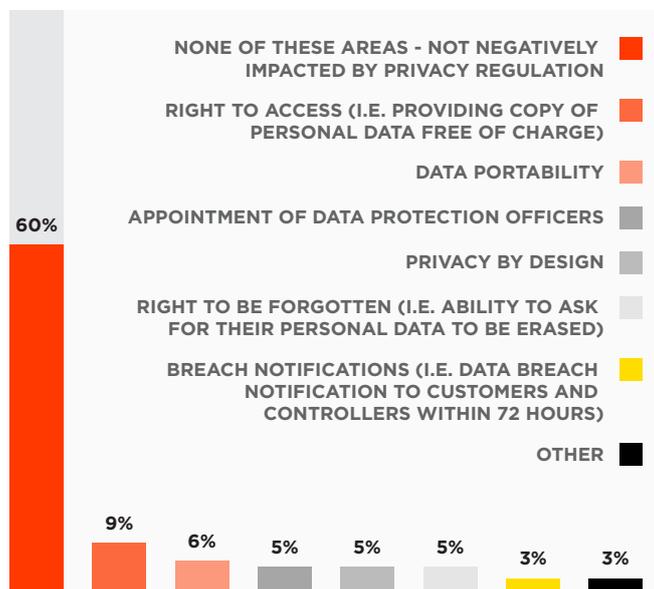
Deregulation would have a positive impact on the prospects of my company

31% agree that deregulations will positively impact their company, while 17% disagree. 44% neither agree nor disagree.



Which ONE of the following changes to privacy regulation has impacted your company the most over the last 12 months?

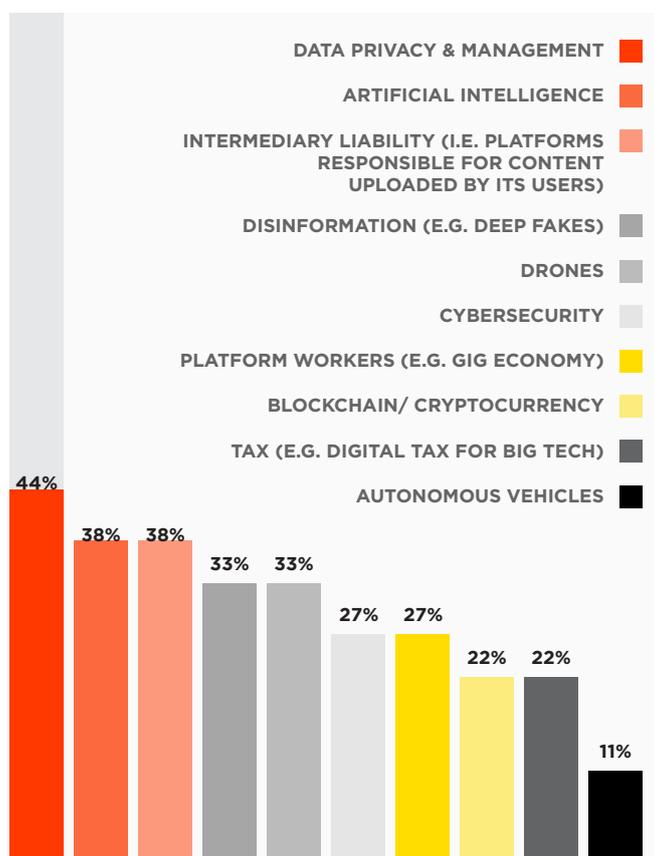
While 60% said they were not negatively impacted by privacy regulation, 25% said that the right to access, data portability, the appointment of data protection officers and privacy by design were the key factors that have impacted their businesses.



In your opinion, which areas in tech require urgent attention from regulators as they are likely to be most impactful for society (in a good or a bad way)?

The top three areas start-ups believe need urgent attention on due to societal impact are:

- Data privacy and management
- Artificial intelligence
- Intermediary liability (i.e. platforms responsible for content uploaded by its users)



04 Investments

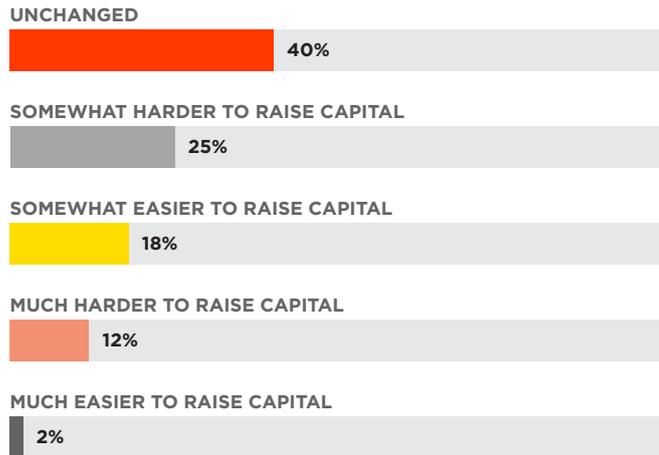


4.1. Investment Snapshot

In your opinion is it easier or harder to raise venture capital in your country of residence than it was 12 months ago?



40% of the respondents said that this situation remains unchanged. 37%, however, said that it is harder to raise venture capital now compared to a year ago. 20% said that it has become easier to raise venture capital now than 12 months ago.



Photographer: Jess Middleton



A snapshot of private capital investment in Australia

\$33 BILLION

Assets under management by private equity and venture capital funds.

Preqin & Australian Investment Council Yearbook 2020

\$43 BILLION

The total value added to the economy by firms under private equity ownership in Australia in FY16 (equal to 2.6% of GDP).

Deloitte Access Economics - Private Equity: Growth and Innovation

\$13 BILLION

Dry powder available in private equity and venture capital.

Preqin & Australian Investment Council Yearbook 2020

13.1 %

How much private equity and venture capital funds return compared to the S&P/ASX 300 Index on a 10 year basis (to Sep 30 2019)

Australia Private Equity & Venture Capital Index and Benchmark Statistics (Q3 2019)

327,000 FTE jobs

Supported by the private equity industry (FY 2016).

Deloitte Access Economics - Private Equity: Growth and Innovation

161

The number of women working across 112 private capital firms.

Women in Private Capital - the case for change (September 2018)

Source: Australian Investment Council

The Australian technology landscape has developed rapidly over the last decade. Australia is now producing more than one unicorn each year, creating an excellent training ground for entrepreneurial talent and new pools of wealth to cycle back into the startup ecosystem. This startup success, combined with a growing and maturing venture capital industry makes Australian founders extremely well placed to have a big impact on the global stage. I believe the decade ahead will take advantage of this momentum and continue to prove that Australia is an excellent launchpad for success.

Gavin Appel
Ignition Lane
Founder

Photographer: Jess Middleton



Top tech investments by end of May 2020

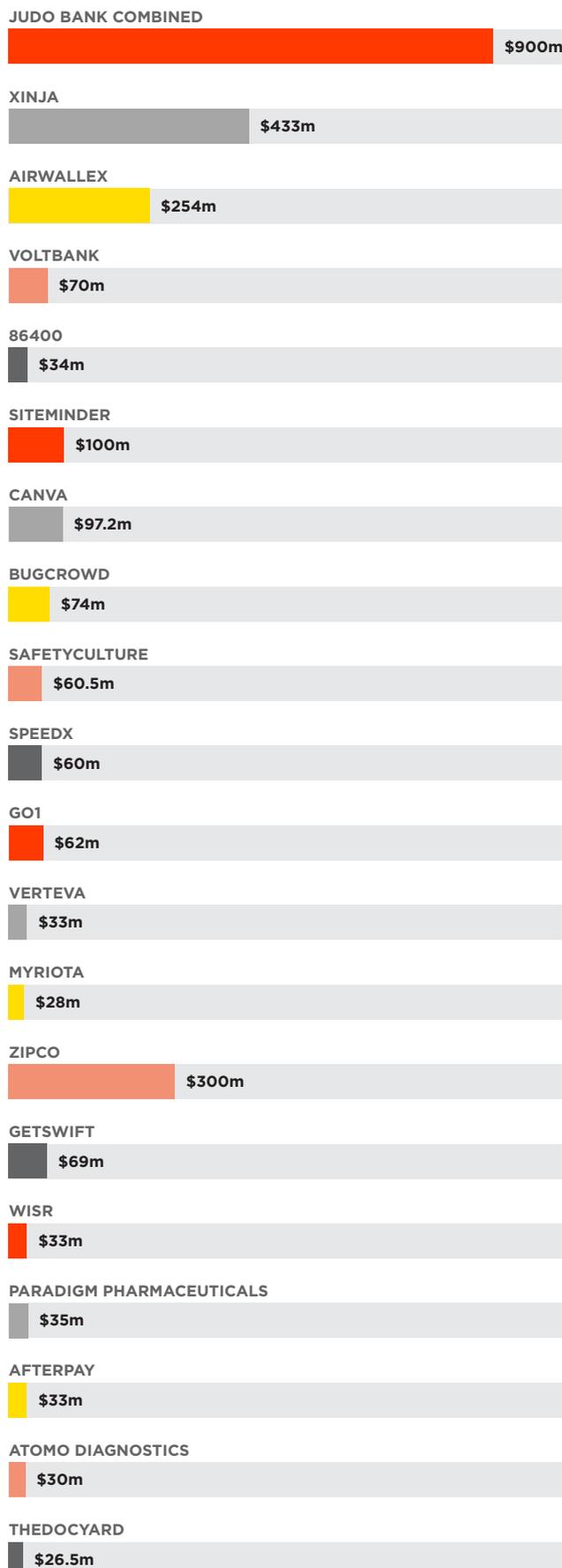
For the 5 months up until the **end of May 2020** Techboard reported that Australian Startups had secured over **\$3.2 billion** in funding. This was only slightly ahead of the funding level in 2019 on a monthly average compared to the **\$7.356 billion raised during 2019**.

Following the commencement of the pandemic overall funding levels initially for the most part remained strong buoyed by a number of very large funding events, larger in scale than what was generally reported during 2019. More recently we have seen a softening and a drop from the growth we were seeing towards the end of 2019.

The most funded sector by a large margin was fintech, with private investments announced by the likes of **Judo Bank (combined \$900m)**, **Xinja (\$433m)**, although in recent reports Xinja is yet to receive any of this funding), **Airwallex (\$254m)**, **VoltBank (\$70m)** and **86400 (\$34m)**. Some significant raises were also announced by non-fintechs such as **Siteminder who raised a reported \$100m**, **Canva (\$87.2m)**, **BugCrowd (\$74m)**, **SafetyCulture (\$60.5)**, **Speedx (\$60M)**, **Go1(\$62m)**, **Verveva (\$33m)** and **Myriota (\$28m)**. Some major rounds of funding were also secured on the public markets with **ZipCo raising \$300m**, **Getswift \$69m**, **WISR, \$33m**, **Paradigm Pharmaceuticals \$35m**, **Afterpay raising \$33m** and **Atomo Diagnostics and thedocyard raising \$30m** and **\$26.5m** respectively in their IPOs.

Source: Techboard

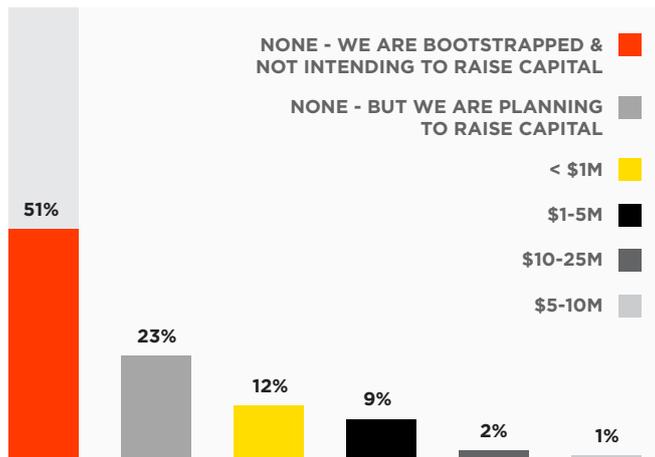
Techboard will be revealing total funding captured along with breakdowns, by funding type, state, category and deal size in its upcoming Annual Funding Report for the 2019/20 Financial year which will be out soon. For the first time the report will also include breakdowns by venture and investment funds.



4.2. Investors

Thinking about your company, how much EXTERNAL capital, if any, has your company raised IN TOTAL to date?

More than half of the respondents (51%) said that they were bootstrapped and not intending to raise capital. 23% said while they had no external capital, they plan to raise funding. 9% have raised between \$1million and \$5million. Another 2% have raised more than \$10million but less than \$25million.



Photographer: Jess Middleton



List of the Largest Accelerators investing in Australia and NZ (Oceania)

- Y Combinator | **\$1.5B**
- Brandon Capital Partners | **\$500M**
- 500 Startups | **\$350M**
- Artesian Venture Partners | **\$255M**
- SOSV | **\$250M**
- Element 8 Ventures | **\$250M**
- CSIRO Innovation | Main Sequence VF | **\$232M**
- Brinc | **\$150M**
- InnoHub | **\$60M**
- Arowana Growth Fund | **\$50M**
- Real Tech Ventures | **\$50M**
- Constant Innovation | **\$40M**
- The Foundry | **\$40M**
- ANU Connect Ventures | **\$30M**
- Black Sheep | **\$30M**
- Atech Capital | **\$25M**
- Blue Chilli | **\$20M**
- Adventure Capital | **\$20M**
- Tank Stream Ventures | **\$20M**
- Little Argas | **\$15M**

Source: Fundcomb

List of the Largest Seed and Angel Funds investing in Australia and NZ (Oceania)

- Skip Capital | **\$500M**
- Element 8 Ventures | **\$250M**
- Brinc | **\$150M**
- Alchemy Ventures | **\$100M**
- 88 Green Ventures | **\$50M**
- 808 Ventures | **\$40M**
- Tidal Ventures | **\$30M**
- Black Sheep | **\$30M**
- ANU Connect Ventures | **\$30M**
- Atech Capital | **\$25M**
- KTM Ventures | **\$25M**
- BridgeLane Group | **\$25M**
- Kadima Group | **\$20M**
- Adventure Capital | **\$20M**
- Significant Capital Ventures | **\$13M**
- Giant Leap Fund | **\$13M**
- Ice Angels NZ | **\$10M**
- Green Lane Digital | **\$10M**
- SciVentures Investments | **\$10M**
- Fireseed | **\$10M**

Source: Fundcomb

List of the Largest Venture Capital Funds investing in Australia and NZ (Oceania)

- General Atlantic | **\$31B**
- Insight Venture Partners | **\$18B**
- Iconiq Capital | **\$14.5B**
- New Enterprise Associates | **\$10B**
- Tiger Global Management | **\$10B**
- Bain Capital Ventures | **\$4B**
- Sequoia Capital | **\$4B**
- Founders Fund | **\$3B**
- Battery Ventures | **\$3B**
- Accel Partners | **\$3B**
- Kleiner Perkins Caufield Byers | **\$3B**
- Index Ventures | **\$2.5B**
- GV (Google Ventures) | **\$2.5B**
- Intel Capital | **\$2B**
- Breakthrough Energy Ventures | **\$2B**
- Vertex Holdings | **\$1.5B**
- Y Combinator | **\$1.5B**
- Gradient Ventures | **\$1000M**
- Greycroft Partners | **\$600M**

- Felicis Ventures | **\$600M**
- Brandon Capital Partners | **\$500M**
- Telstra Ventures | **\$500M**
- Ribbit Capital | **\$500M**
- Skip Capital | **\$500M**
- Grok Ventures | **\$500M**
- Blackbird Ventures | **\$450M**
- Horizons Ventures | **\$350M**
- Square Peg Capital | **\$350M**
- M. H. Carnegie | **\$350M**
- OneVentures | **\$330M**

Source: Fundcomb



Birchal Crowd Sourced Funding in Australia 2019/20 Snapshot

29 Successful deals

\$16.7m Funds raised

11K Investors

Source: Birchal

CSF Industry Key Stats - At a glance - all results as at 20 July 2020

- **\$54m** - Funds raised
- **\$640k+** - Average deal size
- **\$1m** - Biggest investor (Shebah Rideshare, March 2019)
- **3 days** - Fastest deal (Dainton Brewery, April 2019)
- **84** - Successful offers
- **\$1,210** - Average investment size
- **Biggest platform Birchal**
45 Successful Offers
\$25,849m funds raised
- **\$3m** - Biggest deal (Shebah Rideshare, March 2019)
- **44k+** - Investors
- **13** - Offers > \$1m

Source: Birchal

Number of successful deals per State 2018 - 2020

VIC 36 Deals (42.7%) \$20.6m Raised (42.8%)	QLD 11 Deals (12.5%) \$9.8m Raised (17.9%)	SA 1 Deals (1.1%) \$0.02m Raised (0%)
NSW 28 Deals (33%) \$19m Raised (36.3%)	WA 8 Deals (9.5%) \$4.1m Raised (7.9%)	Source: Birchal

The COVID-19 pandemic has laid bare the significant societal advantages that digitisation and new technologies can bring. From hotspot tracking apps and safer grocery/tissues(!) shopping to providing government services (Centrelink) and running an entire bank remotely in the cloud (86400), Australia has stepped up to the challenge and experienced several year's worth of growth in just a few months - with more breakthroughs undoubtedly to come. Australia's Fintech scene, in particular, stands to grow significantly with the go-live of Open Banking and evolved attitudes towards remote banking.

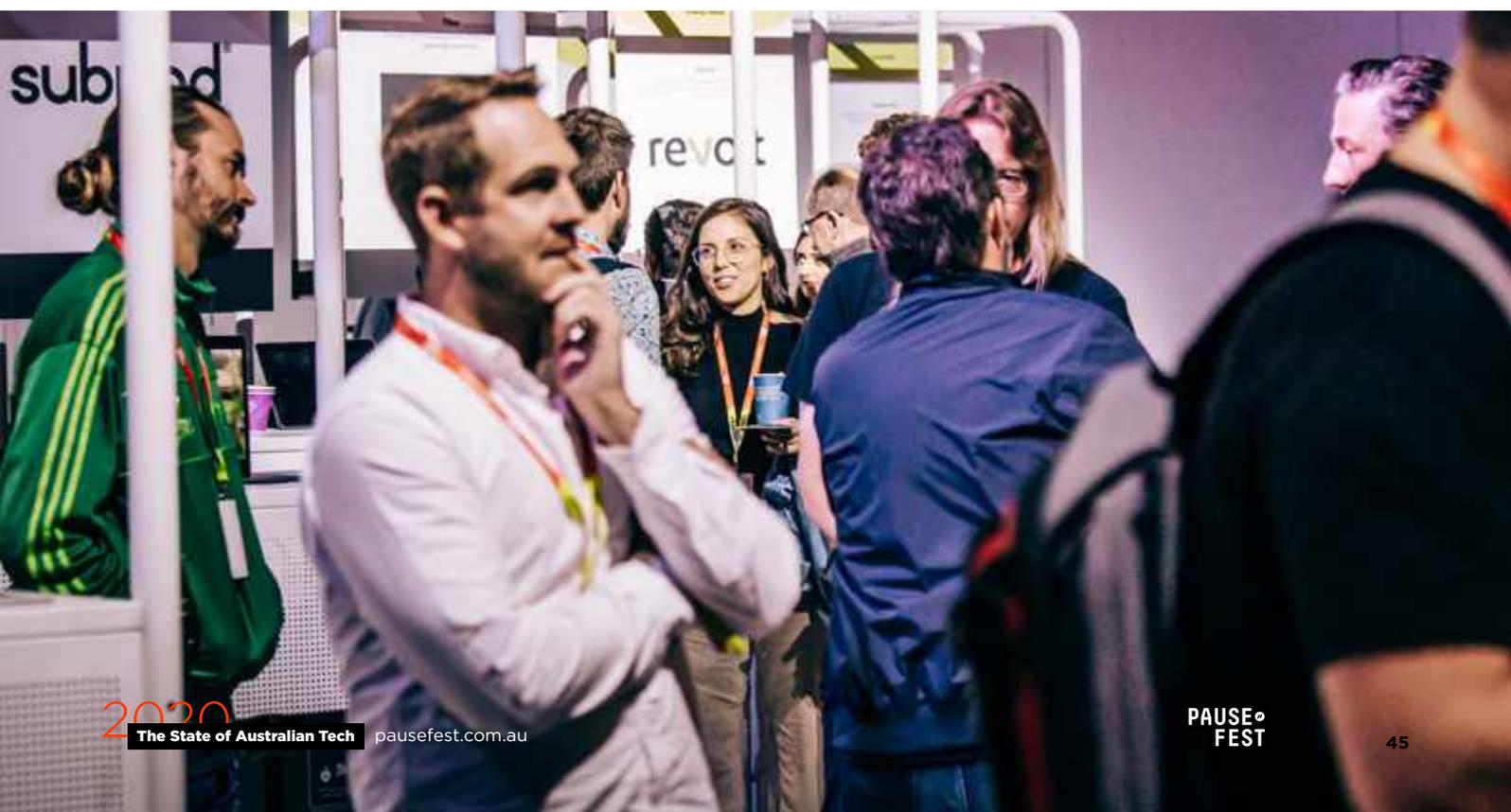
Kuanysh Batyrbekov
Fintech Advisor
& Mentor

At a glance - industry sectors and verticals as at July 2020

Industry	Deals	Value
Fintech	12	\$9,439,974
Consumer App	14	\$8,421,473
Renewable Energy	7	\$6,884,588
Consumer Product	14	\$5,891,047
Craft Beer, Spirits & Liquor	7	\$3,901,865
Cannabis	3	\$2,818,595
Social Enterprise	1	\$2,126,849
Hospitality	3	\$1,973,513
Fashion	4	\$2,732,850
Online Retail	4	\$1,872,019
Enviro Tech	1	\$1,815,528
Agtech	3	\$1,085,466
Health & Fitness	3	\$1,373,751
Construction Tech	1	\$942,993
Food tech	2	\$890,561
Medtech	2	\$549,651
Telecommunications	1	\$445,750
Esports	1	\$361,398
Film	1	\$79,000

Source: Birchal

Photographer: Jess Middleton



About Pause Fest

**Pause Fest is the world's leading festival
for business and creativity**

An independent, industry-driven movement, Pause Fest' mission is to bring diverse intelligence together to fuel the next generation forward.

We've been described as 'Innovation Capital', 'Octoberfest for business' and 'Woodstock for digital natives'.

Pause Fest is run by a community of passionate industry professionals that are charged with a purpose to help build a diverse ecosystem and help everyone understand that together, we can succeed and that Australia can be a great place to start a thriving business.

In 2020, we welcomed over 9,000 attendees in the Pause Week of events, 10,000 online viewers and over 80 media outlets from across the world. In fact, over the ten years, our event has seen 80,000 movers, shakers with over 1,200 global thought leaders and creative change-makers come through its doors.



Photographer: Jess Middleton



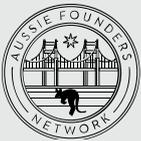
Our Partners

We are looking forward for future partners that are keen to add to this report and make it as comprehensive as possible with data knowing there is not much in Australia. We are also open to anyone else who would like to share their insights. We are also open for generous sponsors that will fuel the next round of report to make it even better. We are already looking forward to it.

Data Partners:



Community Partners:



Photographer: Jess Middleton



Innovation
Capital
PAUSE
FEST