

DESIGN + BUILD
THE NEW AUSTRALIAN DREAM

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FUTURE FACING
The New Pillars of the Economy



Future

Is Australia a genuine alternative to the tech-giant breeding ground of Silicon Valley? Ben & Co. talks to four leading entrepreneurs riding the start-up wave about the state of innovation in Australia.

Facing



If you picture the key pillars of Australia's economy, you might imagine farmers stoically working the fields or miners pulling gold, both literally and figuratively, from the earth. But that image is changing.



Our traditional industries are drying up and a new focus has been placed on ensuring start-ups, entrepreneurship and innovation form the crest of the next economic wave.

We now have an official Federal Government innovation agenda, as well as a \$200m innovation fund, designed to help businesses partner with the CSIRO and our universities, and that forms part of a broader \$1.1b innovation package. We've even had our first-ever Assistant Minister for Innovation, Wyatt Roy, and then our second, after Roy lost his seat in Parliament.

The Department of Industry, Innovation and Science reports that small businesses, including start-ups, are now the single biggest contributor to new employment in Australia, having added more than 1.6 million new jobs over the past 10 years. And, according to Canberra, the number will only grow. "What is going to drive Australian prosperity in the years ahead? How does our economy transition? Our innovation agenda is going to help create the modern, dynamic 21st-century economy Australia needs," Prime Minister Malcolm Turnbull boldly stated at the launch of his government's innovation push in December 2015. "Unlike a mining boom, it is a boom that can continue forever; it is limited only by our imagination."



So, can we take on the giants of Silicon Valley? Ben & Co. caught up with four leading lights on the start-up stage to better understand the state of innovation in Australia.

TIM FUNG, FOUNDER, AIRTASKER

As the brains behind arguably our best-known tech start-up, and Australia's most significant entry into the global "sharing economy", you might think the inspiration for Tim Fung's Airtasker struck him in a university lecture hall or while wandering the streets of California's Silicon Valley.

But the start-up founder's "ah-ha moment" arrived in far more mundane circumstances: while he was figuring out how to move a couch. The former banker was mid-move and pacing his apartment,



trying to think of the easiest way to shift all his furniture to his new house. And like so many of us do, he was scrolling his mental directory of friends, in order to remember who had the biggest truck.

"I basically asked one of my best friends to come and help out because he runs a chicken-nugget factory, and so he has a truck," Fung says. "So the ah-ha moment came when he told me that in the past six months, four people have asked him to help them move, because they all know he has this truck. "We realised that we always ask our friends and family, who are clearly busy and probably don't want to do these jobs on their weekends or in their spare time, to help us. And yet there are thousands of people across Australia who would love the opportunity to earn \$100 or \$200 to help someone move."

Think of Airtasker, then, as an Uber or Airbnb, but instead of requesting a car or somewhere to stay, you post a task that needs completing, and experienced, peer-reviewed people will apply to complete those tasks for you. "We don't claim to have the best cleaners in Australia in our company, but we certainly want to help you have the tools to be able to find the best cleaners," Fung says.

While it started as exactly that, a way to complete odd jobs, Airtasker has now morphed into something much greater, with highly skilled professionals, including surveyors, architects and lawyers, applying for work posted to the app. It's this levelling of the field of skills that Fung sees as Airtasker's greatest asset.

"We really believe that the concept of people being skilled and unskilled is going to disappear soon. The reasons for that are that some of these skills were not really recognised before, because they couldn't be easily monetised," Fung says. "Like, you couldn't easily make money out of being good at catching a spider on someone's ceiling and getting rid of it for them. You wouldn't say to someone who was great at that, 'Oh, you're really skilled.' But the great thing about Airtasker is that it identifies that people do need people to get rid of spiders in their homes. So if you're really good at it, then you do have a skill, and now suddenly you can actually make money out of it."



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Australians, it seems, have a lot of unique skills. Reports put Airtasker's community at more than 1.4m users, completing more than \$75m in tasks every year. And that's more than enough money to put the start-up on some important radars, having now attracted more than \$32m in capital funding. It hasn't all been smooth sailing, of course, and there have been times they wondered if they had the money to survive another week.

"At the beginning you'd have doubts twice a day," says Fung. "But I think if you have the belief that what you're working on is good, then you should have a long-term belief that if you keep working hard you will move towards that North Star of what you're chasing. "I think Australia's a really great place to launch a start-up; there was great support from people. We have tough customers but that's not a bad thing. That makes you set your bar higher."

ROB HANGO-ZADA, CO-FOUNDER, SHIPPIT

If you wander the halls of any bricks-and-mortar retail business, you'll doubtless hear the word Amazon, the internet giant that has thoroughly mastered the delivery business, consuming many a traditional retailer along the way. And with Australia next on Amazon's conquer list, our traditional retailers are nervous. All of which formed the perfect storm of timing for Rob Hango-Zada's company, Shippit.

"Shippit is the shipping engine for modern retail", Hango-Zada explains. "Around two-thirds of customers say that they will never buy from a particular retailer again, due to a bad delivery experience. So, our core purpose is to deliver customers delightful shipping experiences. "Our system automatically allocates the right carrier for every delivery, taking the guesswork out of the shipping experience for a merchant. And we provide a beautiful delivery experience for the customer, with tracking notifications for every step of the process, and the ability to provide feedback to the merchant about the experience."

People often say the first rule of start-up success is to identify a problem then solve it. And Hango-Zada's problem was simple: he and his wife loved shopping online, they just didn't love the impersonal delivery service that would inevitably see packages marooned at a business-hours-only post office, or returned to sender.

Hango-Zada, whose background lies in fast-moving consumer goods logistics, complained to his friend (and now co-founder), Will On, in 2014 about his delivery problems, and they quickly decided the timing and ingredients were perfect to launch an Amazon-rivalling service. A cheap blog site, a Photoshopped version of what the app could look like and a handful of quick-printed

business cards later, and Shippit was born. Says Hango-Zada: "We've always operated with a disciplined mantra: 'It doesn't have to be perfect, it just has to function.' When we started Shippit, we set up a \$40 WordPress website and created some business cards, and that was probably two weeks after we had the idea."

A little over two years on, and Shippit has raised close to \$3m in funding, and rejected millions more so the co-founders can retain control over



the business. If timing is everything, Shippit's has been impeccable. So much so that, rattled by the oncoming onslaught of online retailers, bricks-and-mortar sellers are now approaching the start-up, rather than the other way around. "I think it's been quite fortuitous timing for us," Hango-Zada says. "We're definitely riding that wave right now."

TONY WU, CO-FOUNDER, WEPLOY

Imagine securing a temporary staff member with the speed and ease that makes booking an Uber seem clunky and slow? That's the reality of Weploy, a recruitment app that cuts out the traditional agency or recruiter step, directly connecting employers with potential employees. And the average time it takes to secure a temporary staff member is an astonishing 33 seconds.

"A perfect scenario is that someone has a receptionist call in sick at 7.30am. You jump on the phone and log into the app," says Weploy's Tony Wu. "The whole request process can take under a minute. On the other side, we've got a community of pre-vetted, police-checked and qualified Weployees in an on-demand community. Then the job goes out to people based on their location and skill rating, and that person can accept or decline the job."

Wu worked in traditional recruitment, but grew frustrated with a system that seemed designed to benefit only the recruitment firm. He quit in 2016 and over a quiet beer with a mate, he inadvertently uncovered the framework for the Weploy business model. "I was catching up with a friend of mine and we got talking. He owned a recruitment business and a hospitality venue. He was telling me about how on a Friday and Saturday night he'd become his own biggest customer, because his waiters and waitresses would call in sick and he'd have to get go into his own recruitment company to recruit emergency staff," he says.



"We laughed about it and that was that for that night, but it kind of stayed with me. Then we caught up again and I said, 'Remember that time that you were telling me about your frustrations? Well, here's this wireframe. Tell me if this would work.' He looked at it and said, 'I'll sell my recruitment business right now and I'll shut down the venue. We're doing this.'"

The four-month-old business already counts companies like Catch Group and Nandos among its clients, and has built a 10,000-strong database of workers, attracted by perks such as an hourly wage 10 per cent above the award rate. To date, Weploy has attracted more than \$2m in funding, and has an Asian expansion firmly in its sights. "I think Australia is a great place to grow", he says, "but for us, it's not our endgame. It's global."

JULIE DEMSEY, MANAGING DIRECTOR, SPRINGBOARD ENTERPRISES (SBE) AUSTRALIA.

When Julie Demsey talks about the state of innovation and entrepreneurship in Australia, people listen. The managing director of SBE Australia spent 10 years in Silicon Valley, before turning her focus to helping female entrepreneurs set their businesses up to be as successful as possible.



"SBE Australia has the sole purpose of supporting female entrepreneurs in growing and scaling their businesses to be big, solid, global and sustainable," she says. "We're a not-for-profit organisation. We don't take equity in the companies because we believe that we need to help the women who are running these businesses fully understand the economics behind their business and its value, and then get their business ready to take investment."

Demsey sees Australia as a market poised for start-up growth, something she's seen before during her time in the US. But she also sees an opportunity to correct some of the mistakes made in Silicon Valley. "I came here after 20 years in the Valley working at different companies," she says. "The ship has really sailed as to what the start-up world looks like in Silicon Valley. It's a younger market here. I thought that if I came here, I could help shape the direction that it's going in. What you see in the United States is a huge focus on becoming a unicorn – a \$100-mil-

"I wanted to come to Australia where people are actually building companies that are sustainable."

lion company. The thing is, not every business has to be scalable to that size and quite frankly, the tactics that a lot of businesses take to try to get there are not necessarily healthy for the employees or the business. I wanted to come to Australia to help shape a healthier economy where people are actually building companies that are sustainable."

According to Demsey, an unchecked hunt for rapid expansion and revenue is a shortcut to burnout and failure. Instead, she focuses on ensuring businesses are sustainable in the long-term. "There is a way to actually expand a business in a manner where it's not always going to be revenue-positive, but where you are actually building a more sustainable business that you can self-fund and grow. It's not just sustainability of the business, it's sustainability of the workforce as well, so you're not burning them out," she says. "There's a myth in Silicon Valley that in order to build a unicorn, you have to work 24/7 and you can't have a life. But it's really hard to be innovative when you're on zero hours' sleep."

A recent study published in the *Harvard Business Review* found female tech entrepreneurs are not only far less likely to receive capital funding (in fact, female leaders received about two per cent of all venture funding handed out in 2016), but are asked different questions to their male counterparts when they do apply for funding. The study is best summarised by the fact that male entrepreneurs are most often asked about a company's potential profits, while their female counterparts are most often queried about possible losses. It's a startling finding that paints a harsh picture of female entrepreneurship, and it's one that Demsey is working to reverse.

"I think because there are fewer females leading companies, there's less of a network. They're less accepted into the male network. Part of what my organisation is all about is building that community, so they know there's support," she says. "Especially coming out of the Silicon Valley, you never want to show any sign of weakness. I learned not to ask questions. I learned to figure it out, because I didn't want the person next to me to think I didn't have the answer."

That's a big part of what SBE Australia is all about. It's supporting females to help them to be strong in their business, and to present a strong business case to get the investment they deserve. We now have 45 remarkable alumni who have raised collectively, since participating in our program, over \$180 million."

Tim Fung will be speaking live at Chifley as part of a Masterclass series in association with UNSW, on Tuesday 19 September. Visit Chifley.com for more details.