



STARTUP
MUSTER

2017

ANNUAL REPORT

FOREWORD

This year's Startup Muster report tells a positive story about Australia's small but fast-growing emerging technology sector, and the innovation ecosystem more broadly.

Since 2016, the number of first-time founders of startups has increased, the revenue of startups grew, the share of startups whose employees have equity or options went up, and the proportion of startups benefitting from incubators or accelerators also increased.

Early Stage Venture Capital Limited Partnerships (ESVCLP) have increased early stage investment from \$620 million in 2015-16 to more than \$1 billion in 2016-17, ensuring more funding is available to support our emerging technology sector.

Internationally, Australia's startup footprint continues to grow and Australian startups are making their presence felt overseas. 79 startups have accessed our global landing pads, with each and every one expecting a positive commercial benefit from their involvement.

AustCyber has also been working hard to promote Australian cyber startups overseas, and the Government recently invested \$50 million into the industry to help reinforce the positive growth in the sector.

The Government has also provided support for Startup Muster's connection feature, which enables high quality, timely and mutually beneficial connections between startups and the businesses that support them.

Since 2014, Startup Muster's reports - and the survey data that underpins them - has filled an essential gap in understanding of our emerging technology sector. I congratulate Startup Muster for producing the 2017 report and I welcome the informed discussions that this latest report will generate.



The Hon Craig Laundy MP
Assistant Minister for Industry,
Innovation and Science

“Startups play a critically important role in Australia's innovation ecosystem. They punch well above their weight in terms of the contribution they make to growth in jobs, sales and exports compared with other types of firms. In fact, they add about double what would be expected, given their share of total employment.”

CEO SUMMARY

2017 has been an exciting year for Startup Muster and the local startup ecosystem.

Not only is Australia playing host to more international startup support providers including incubators, accelerator programs, foreign investment and key opinion leaders – but Startup Muster has been lucky enough to contribute to the startup dialog on an international scale. This year we've spoken at ecosystem building summits across Germany, and even represented Australia at the G20 Young Entrepreneurs Alliance Summit.

Earlier in the year, the annual Startup Muster national tour saw us traveling far and wide across the country to connect with local startup communities and to build a greater understanding of their challenges, needs and opportunities.

The 19,000+ kilometers travelled coincided with the launch of the 2017 Startup Muster annual collection, and the announcement of some long awaited enhancements: As of 2017, startup founders, businesses that support startups, and individuals thinking of founding a startup will only have to complete the entire survey once. After this, they will have the ability to update their information as they see fit.

Best of all, participating in the Startup Muster survey will be available throughout the year, meaning that new businesses won't have to wait till the formal collection period.

This year Startup Muster was able to build and launch the connection feature. This feature allows businesses that support startups to be visible and connect with the startups they can specifically assist. This not only minimises the time startups and the support businesses spend trying to find each other, but increases the probability of mutually beneficial outcomes.

The continued development of Startup Muster illustrates our connection and commitment to capturing and accelerating the Australian startup ecosystem, and we look forward to taking things to a new level next year. Deep breath, 2018 is our 5th year anniversary, here we come.

A big thank you to the Startup Muster team:

- Murray Hurps
- Michael Kedzierski
- Tim Paris
- Rick Geremia
- Raena Lea-Shannon
- Amit Shah

And finally, thank you to the Australian startup community for engaging, contributing and championing this work and the community. These are statistics for the community by the community.



MONICA WULFF
CEO and Co-founder
Startup Muster

SUPPORTED BY

Google  UTS myob

CONNECTING THE AUSTRALIAN STARTUP COMMUNITY



Sometimes in life success is something we achieve alone, and other times it takes a village. By connecting with the right people at the right time, we're often unknowingly making choices that can make all the difference between almost reaching a goal, and succeeding beyond our wildest dreams.

This year, Startup Muster is proud to announce the launch of a connection feature, which solves a key problem within the startup community - finding the right support at the right time.

Using Startup Muster survey data, the connection feature links supporters of the startup ecosystem (such as investors, accelerators and professional service providers) with startups they're in a position to help.

Through our Startup Muster survey questions, supporters can now define the kinds of startups they'd like to support. The connection feature encourages supporters to be specific about the characteristics of the startups they want to work with, by selecting the questions and response

options that their ideal startup would have chosen. This includes everything from location to stage of their business and future business plans.

Next steps include startups receiving a curated list of supporters that have identified the ability to help their particular business, and Startup Muster then connects the two. This list also acts as an education tool, showcasing all of the opportunities available to that specific startup.

At Startup Muster, we know that startups and their environments can change quickly, which is why we now offer the chance for startups to update response fields when their situation changes. The survey and connection feature are available to startups that are new to Startup Muster throughout the year as well.

To take part in Startup Muster as a supporter or a startup, please visit www.startupmuster.com. Here, you can update your information, review your connection lists and provide feedback on previous connections and supporters.

SURVEY METHODOLOGY

The Startup Muster 2017 online survey collection period for Australia was from July 5th until August 14th of 2017 and was available to complete online via www.startupmuster.com. During this time, those engaged in a startup or considering launching startups and businesses that provide support to startups, were able to take part in the survey. From the support community, this included, but wasn't limited to, accelerators, incubators, investors, mentors, educators, service providers, membership organisations, professional service providers, government and more.

Startup Muster defines a startup as an early stage business that has a large addressable market that utilises technology to capture that market quickly. This definition has also been used by Infocomm Development Authority of Singapore.

In total, 2214 respondents took part, they consisted of 1184 who identified as a startup founder, 472 who identified as wanting to found a startup in the future and 739 who identified as a business that could support startups. Their responses then underwent an exhaustive post survey validation and cleaning process, including manual review of each participant to ensure compliance with our definitions. The final statistical sample for this report consists of 567 verified startup founders, 226 future founders and 452 startup supporters.

The total response rate for each question varied as all the survey responses were not compulsory. Free written text responses were allowed and the relevancy of the questions varied between startups. The report estimates are cross sectional in

nature, meaning that all figures for a given year are based on a responding sample representative of the broader startup population in that year.

Promotion of the survey was conducted via social media channels Facebook, Twitter and LinkedIn, word of mouth through a sharing function built into the survey upon completion, promotion through startup support organisations, media coverage by [Anthill](#), [Startup Smart](#), [Startup Daily](#), [InnovationAus](#), and other media outlets including radio and podcasts.

Our CEO, Monica Wulff, undertook a roadshow across Australia to 13 different cities, meeting with local startup communities, private industry and government. Blogs about the roadshow were shared via LinkedIn, Medium and featured in [The Australian](#).

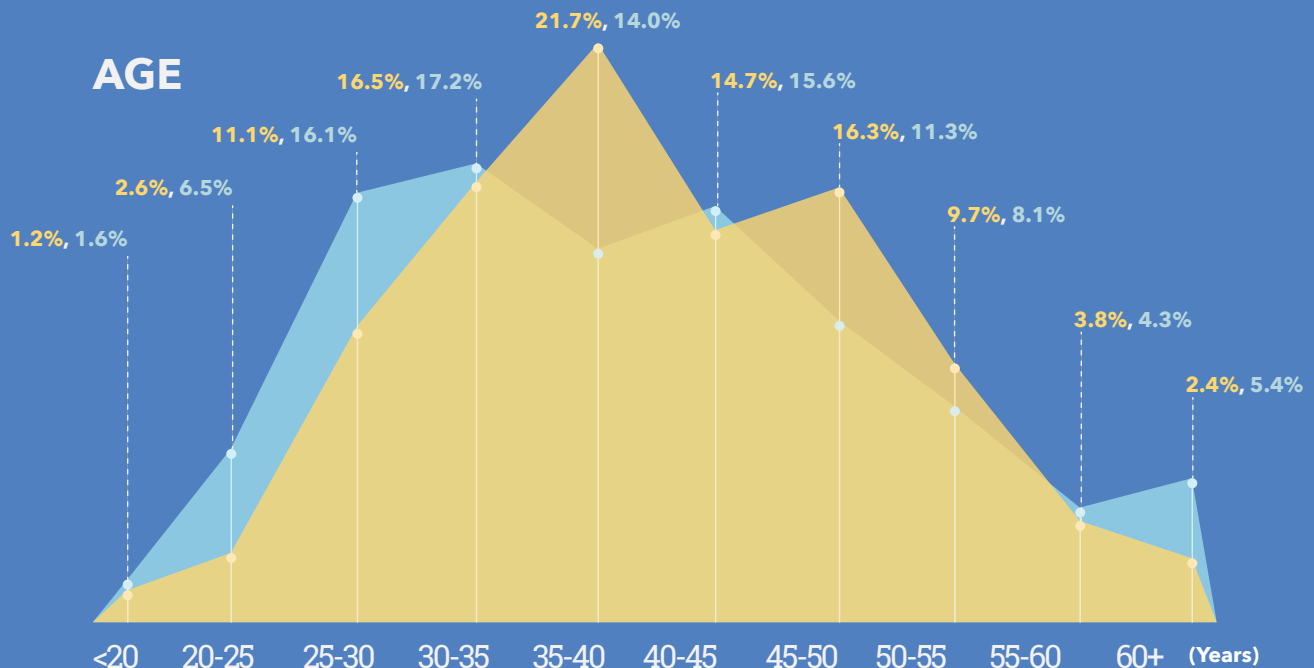
The launch of the 2017 survey coincided with the launch of the connection feature, which allows supporters to be seen by the startups they'd like to assist. This has led to Startup Muster being open and available to complete, or update, at any time throughout the year. For the purpose of this report only responses provided during the six week timeframe have been included.

For detailed information on the treatment of data after submission, please contact info@startupmuster.com.

[Click here](#) for a CSV download of all the statistics in this report.

WHO IS STARTING STARTUPS?

FOUNDERS IN 2017, FUTURE FOUNDERS

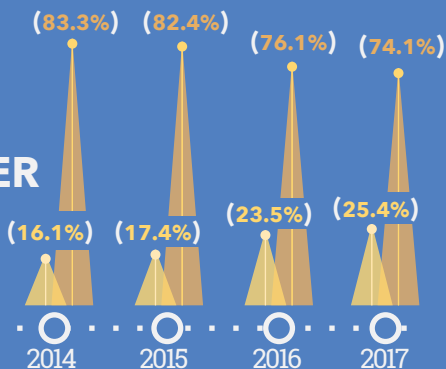


37.0% OF

FUTURE FOUNDERS ARE FEMALE

GENDER

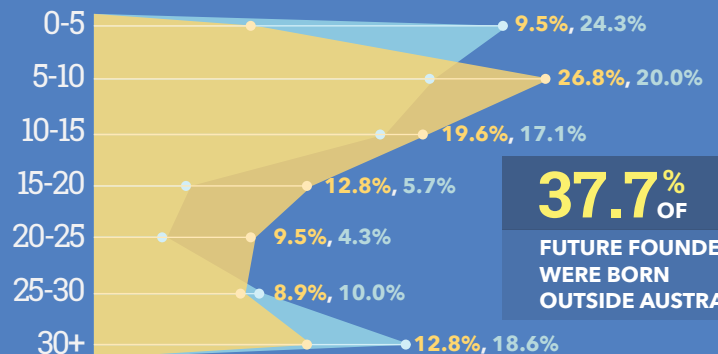
MALE
FEMALE



22.1%

OF FUTURE FOUNDERS ARE CURRENTLY COMPLETING ADDITIONAL EDUCATIONAL PROGRAM

YEARS SINCE MOVING TO AUSTRALIA



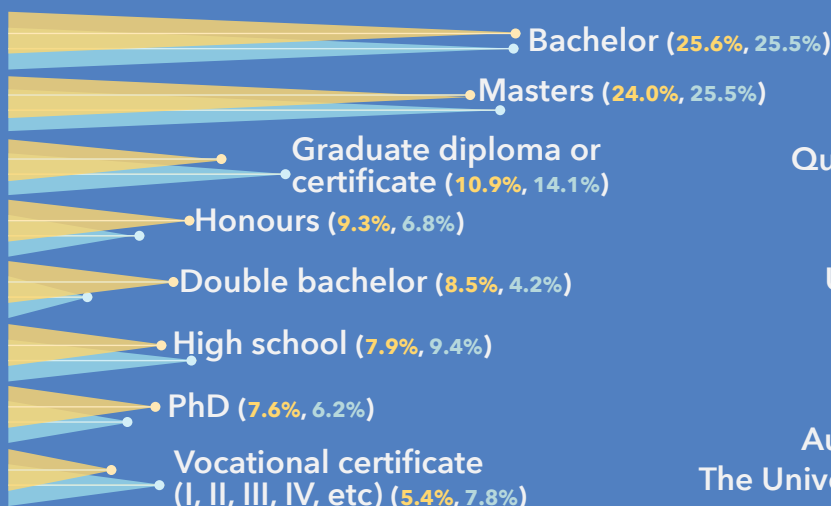
35.7% OF

STARTUP FOUNDERS WERE BORN OUTSIDE AUSTRALIA

37.7% OF

FUTURE FOUNDERS WERE BORN OUTSIDE AUSTRALIA

HIGHEST LEVEL OF EDUCATION



MOST ATTENDED EDUCATIONAL INSTITUTIONS

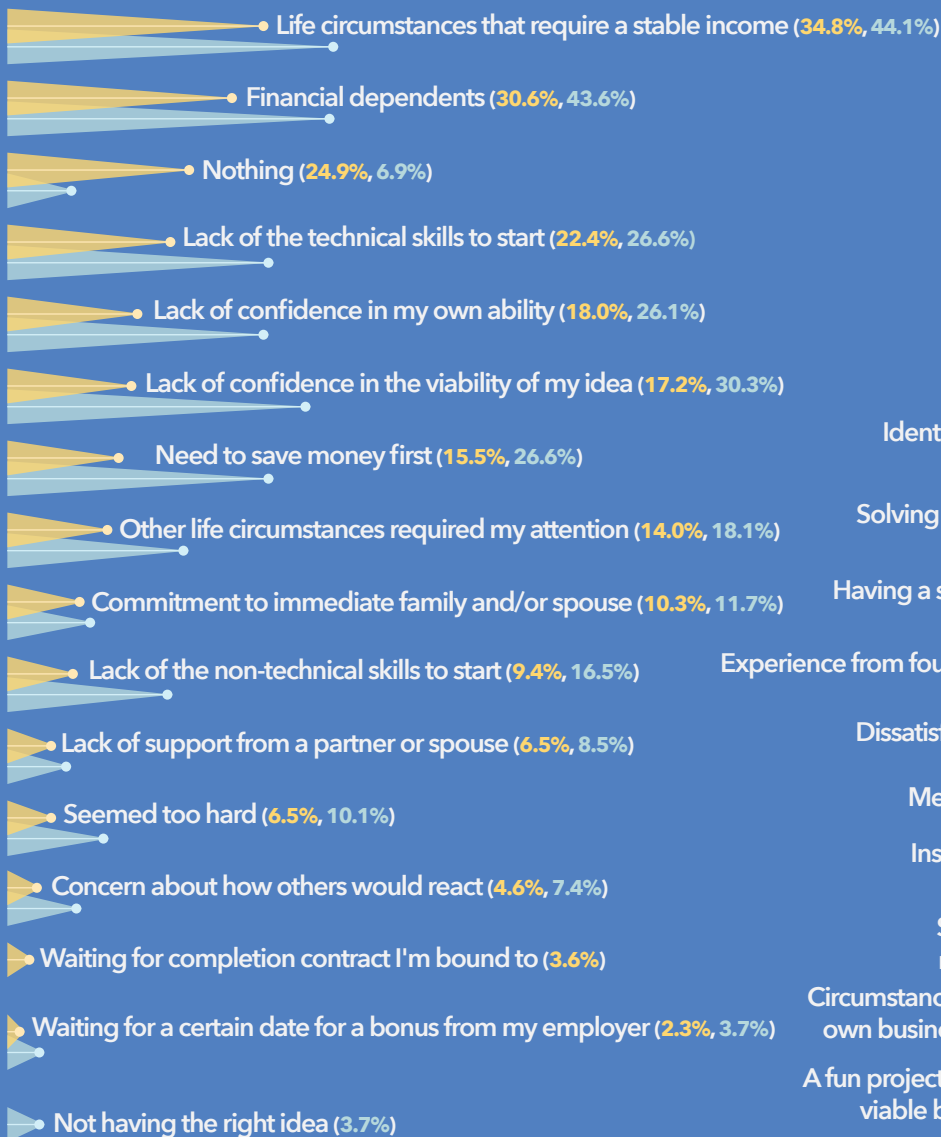
- University of New South Wales - 1
- Queensland University of Technology - 2
- University of Technology Sydney - 3
- University of the Sydney - 4
- University of Queensland - 5
- TAFE - 6
- Curtin University - 7
- University of Melbourne - 8
- Australian National University - 9
- The University of Western Australia - 10



EXPERIENCE WHEN STARTING

FOUNDERS IN 2017, FUTURE FOUNDERS

WHAT HAS HINDERED YOU



Identifying a compelling opportunity (68.0%)

Solving a problem I was experiencing (60.1%)

Having a supportive partner or spouse (23.0%)

Experience from founding a startup previously (21.0%)

Dissatisfaction with previous job (18.9%)

Meeting my co-founders (18.0%)

Inspiration from direct contact with startups (12.6%)

Solving a problem I was not experiencing (12.6%)

Circumstances made having my own business desirable (11.8%)

A fun project that became a viable business (11.5%)

Inspiration from attending startup-related events (11.0%)

Having an entrepreneurial father (10.6%)

Inspiration from online media about startups (9.2%)

Hackathon or startup weekend (6.5%)

A university-based entrepreneurial program (6.1%)

A short educational course on startups (5.4%)

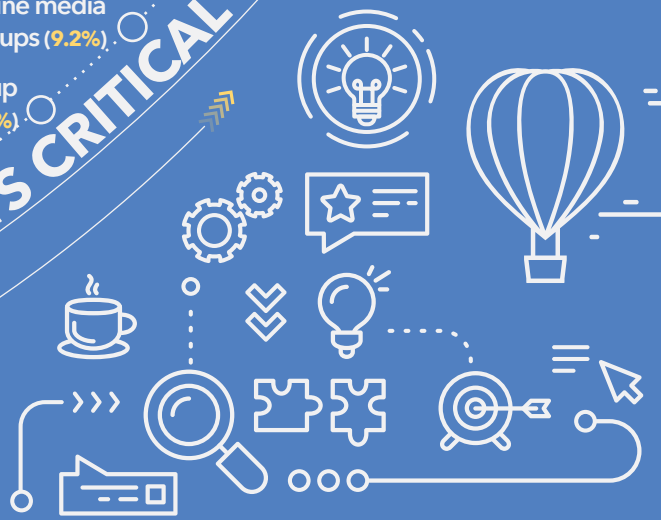
Being single (5.0%)

Having an entrepreneurial mother (5.0%)

Inspiration from a book (5.0%)

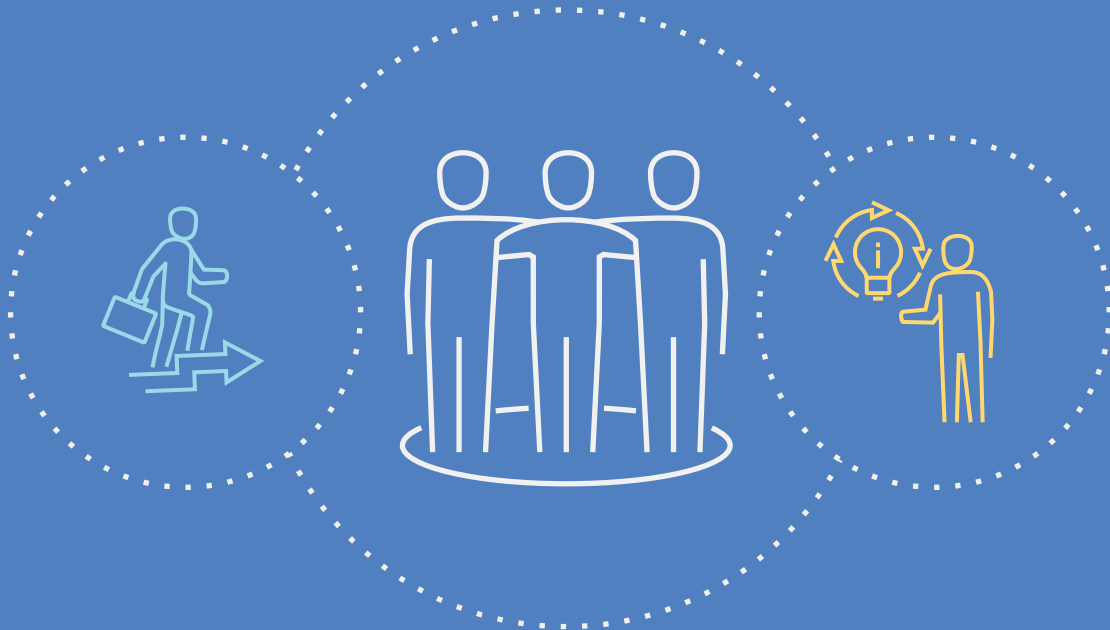
Redundancy (5.0%)

EVENTS CRITICAL TO FOUNDING A STARTUP



EXPERIENCE WHEN STARTING

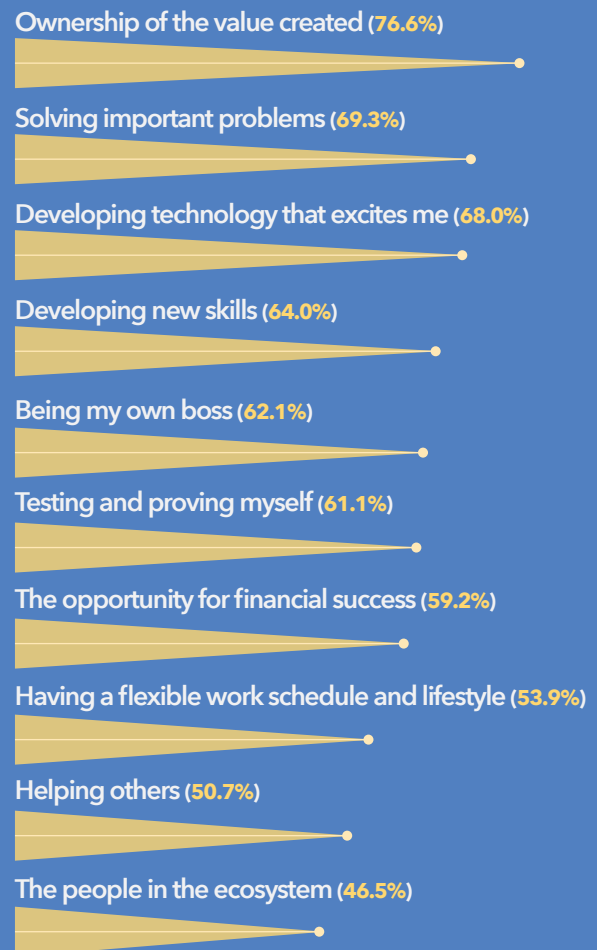
FOUNDERS IN 2017, FUTURE FOUNDERS



WHAT DO YOU EXPECT TO ENJOY ABOUT RUNNING A STARTUP



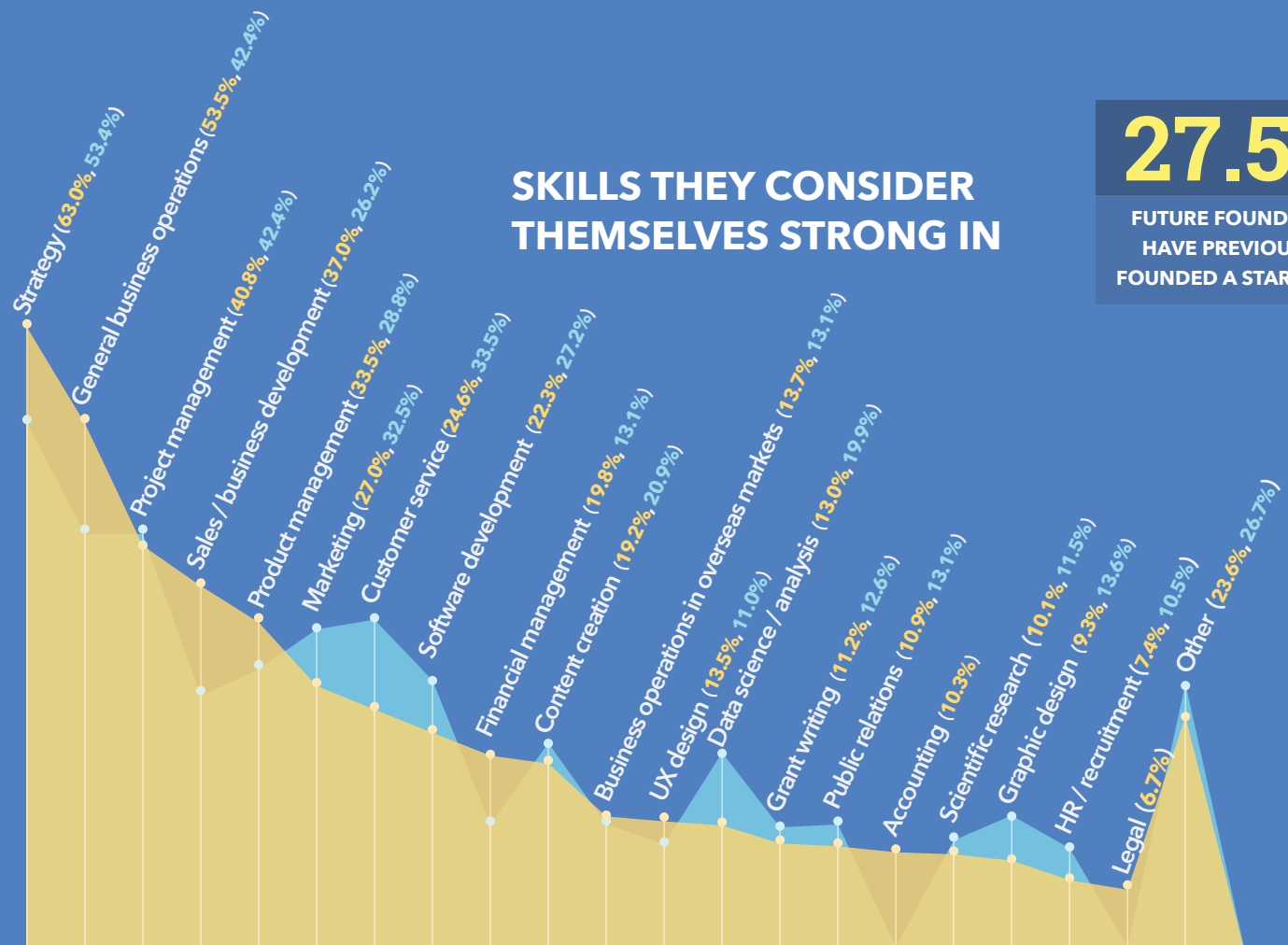
WHAT YOU ENJOY ABOUT RUNNING A STARTUP



SKILLS AND EXPERIENCE

FOUNDERS IN 2017, FUTURE FOUNDERS

SKILLS THEY CONSIDER THEMSELVES STRONG IN



27.5% OF

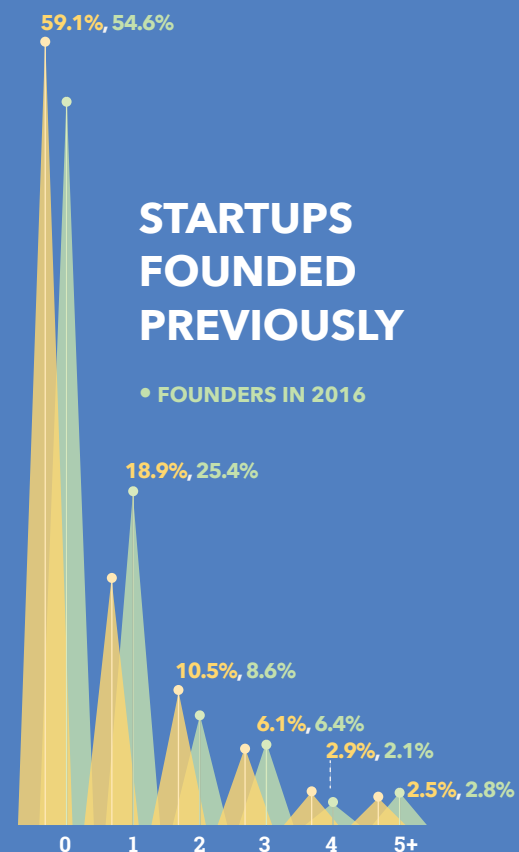
FUTURE FOUNDERS
HAVE PREVIOUSLY
FOUNDED A STARTUP

STATUS OF LAST STARTUP



STARTUPS FOUNDED PREVIOUSLY

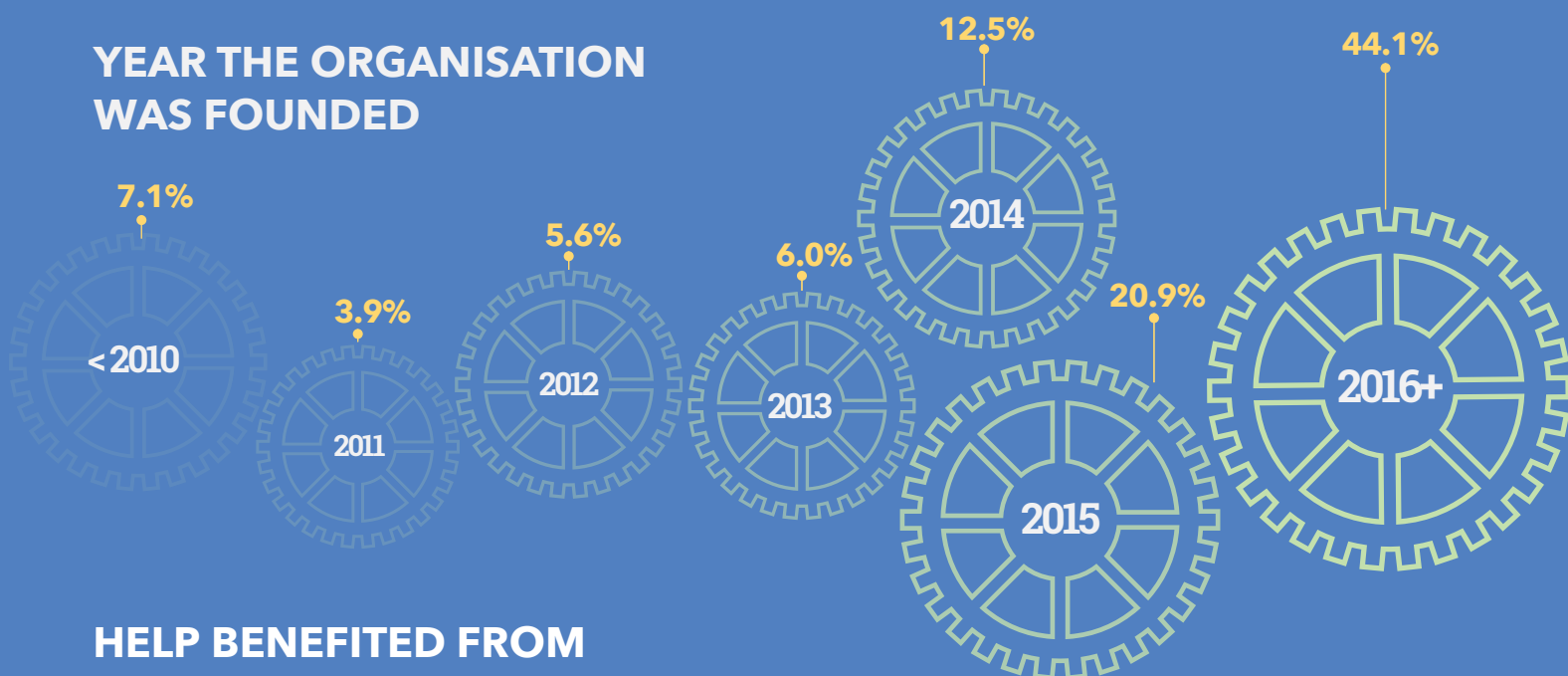
FOUNDERS IN 2016



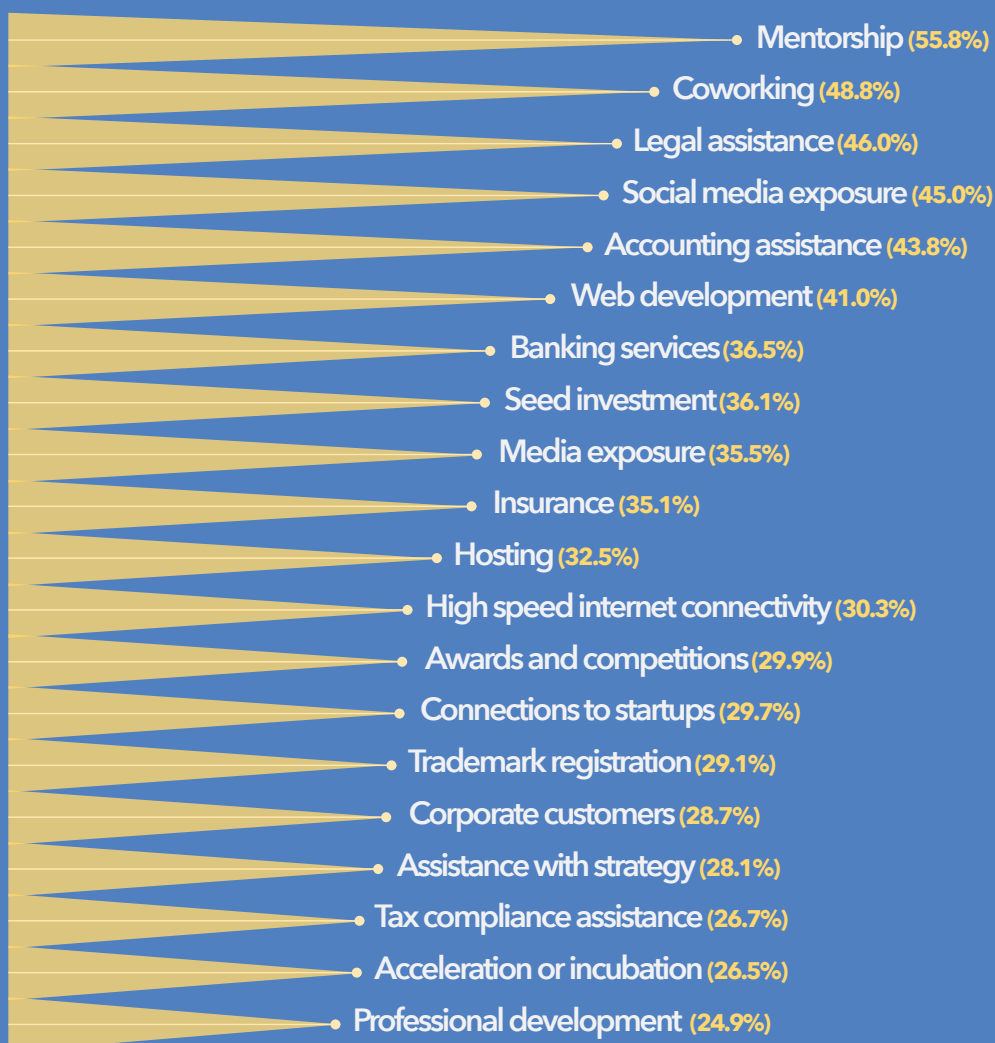
HOW DID THEY START?

FOUNDERS IN 2017

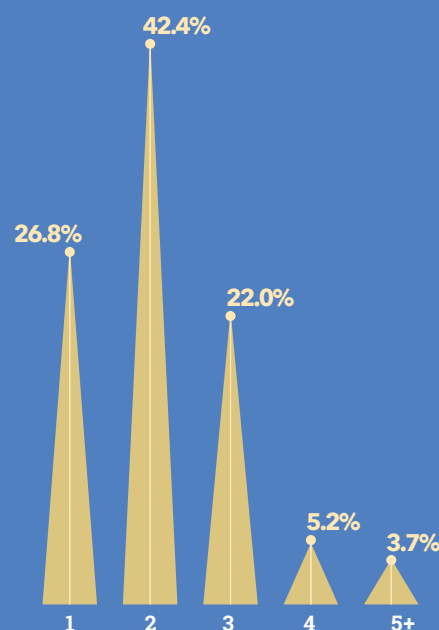
YEAR THE ORGANISATION WAS FOUNDED



HELP BENEFITED FROM SINCE FOUNDING



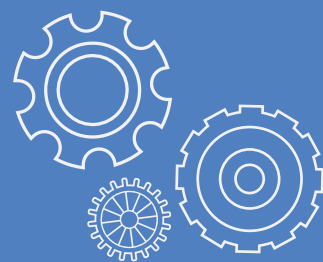
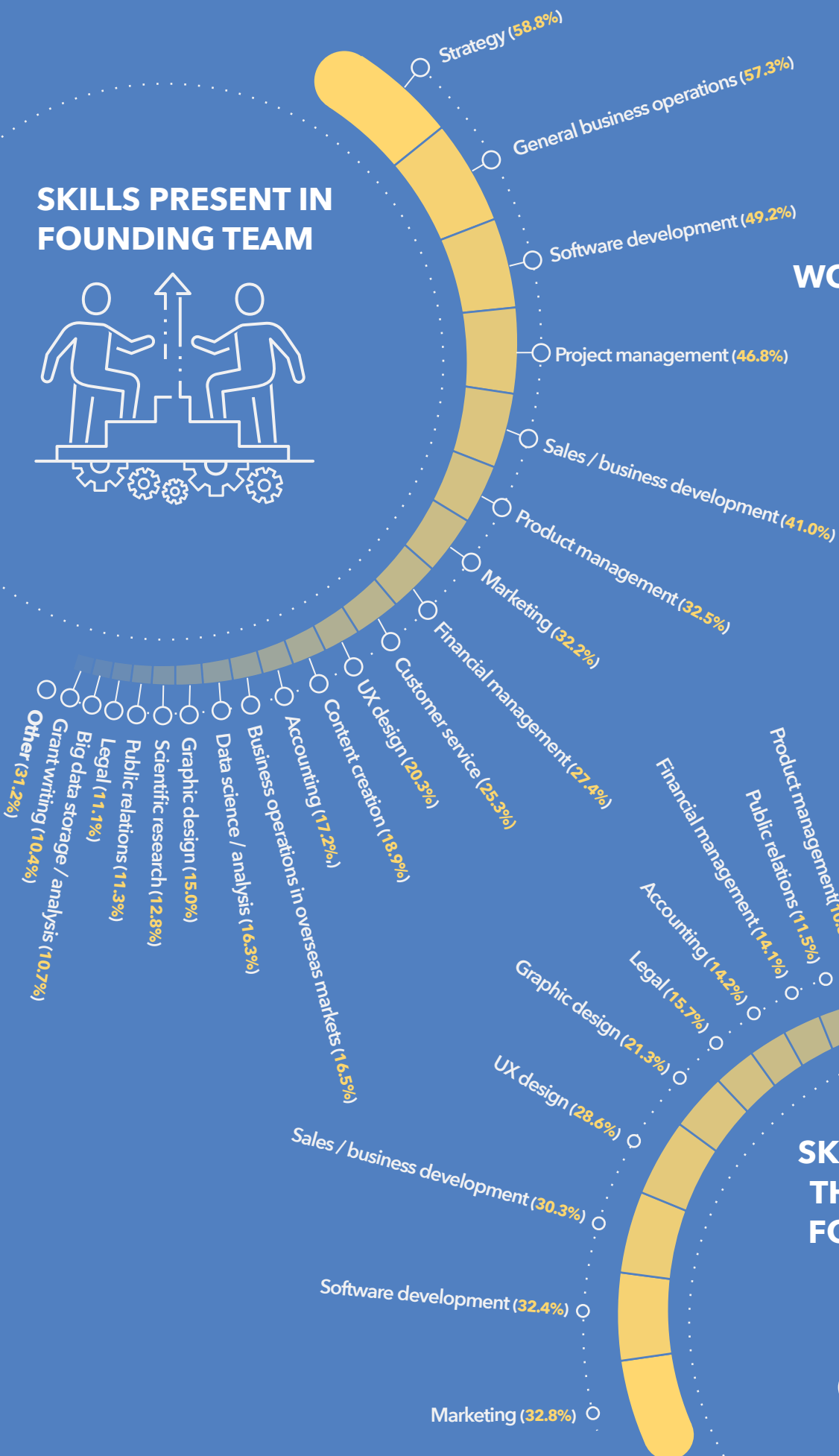
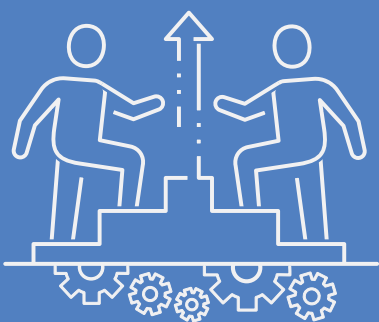
NUMBER OF PEOPLE IN THE FOUNDING TEAM



HOW DID THEY START?

FOUNDERS IN 2017

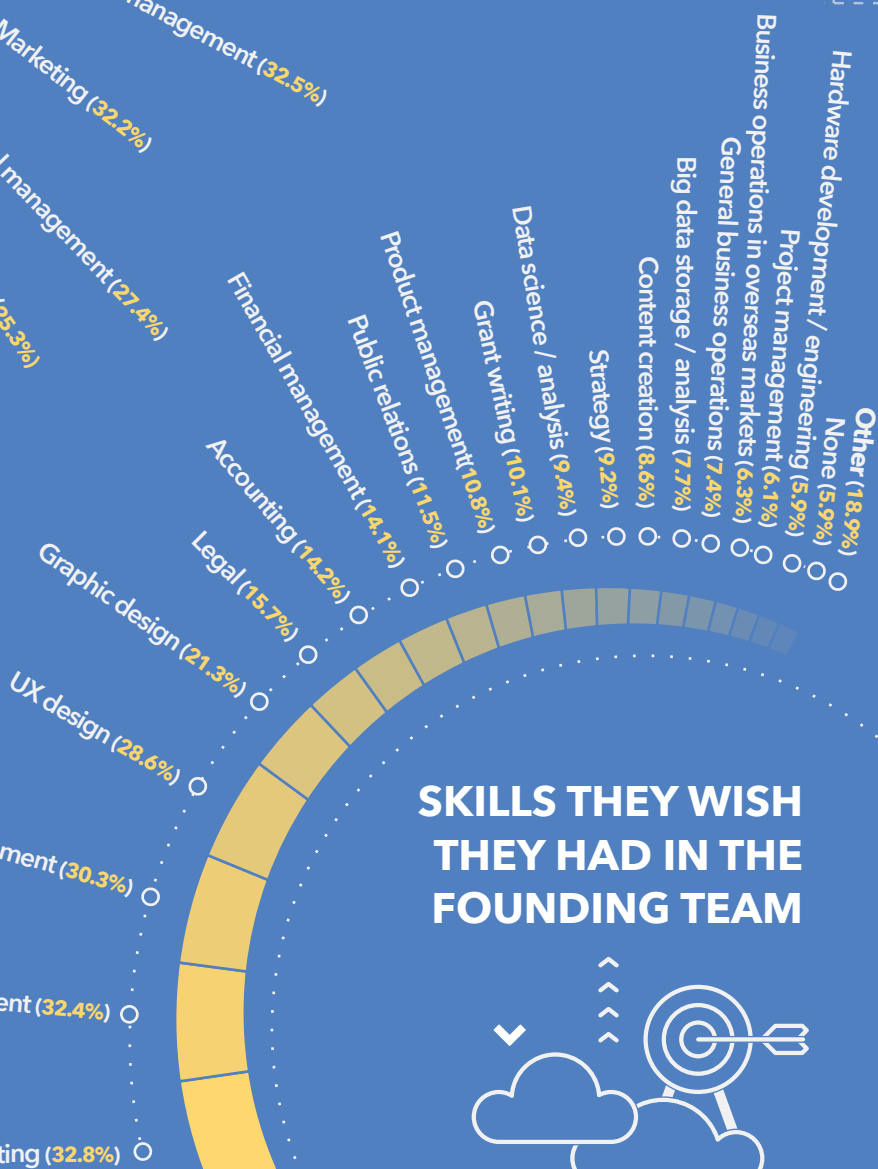
SKILLS PRESENT IN FOUNDING TEAM



FOUNDING TEAM WORKING FULL TIME

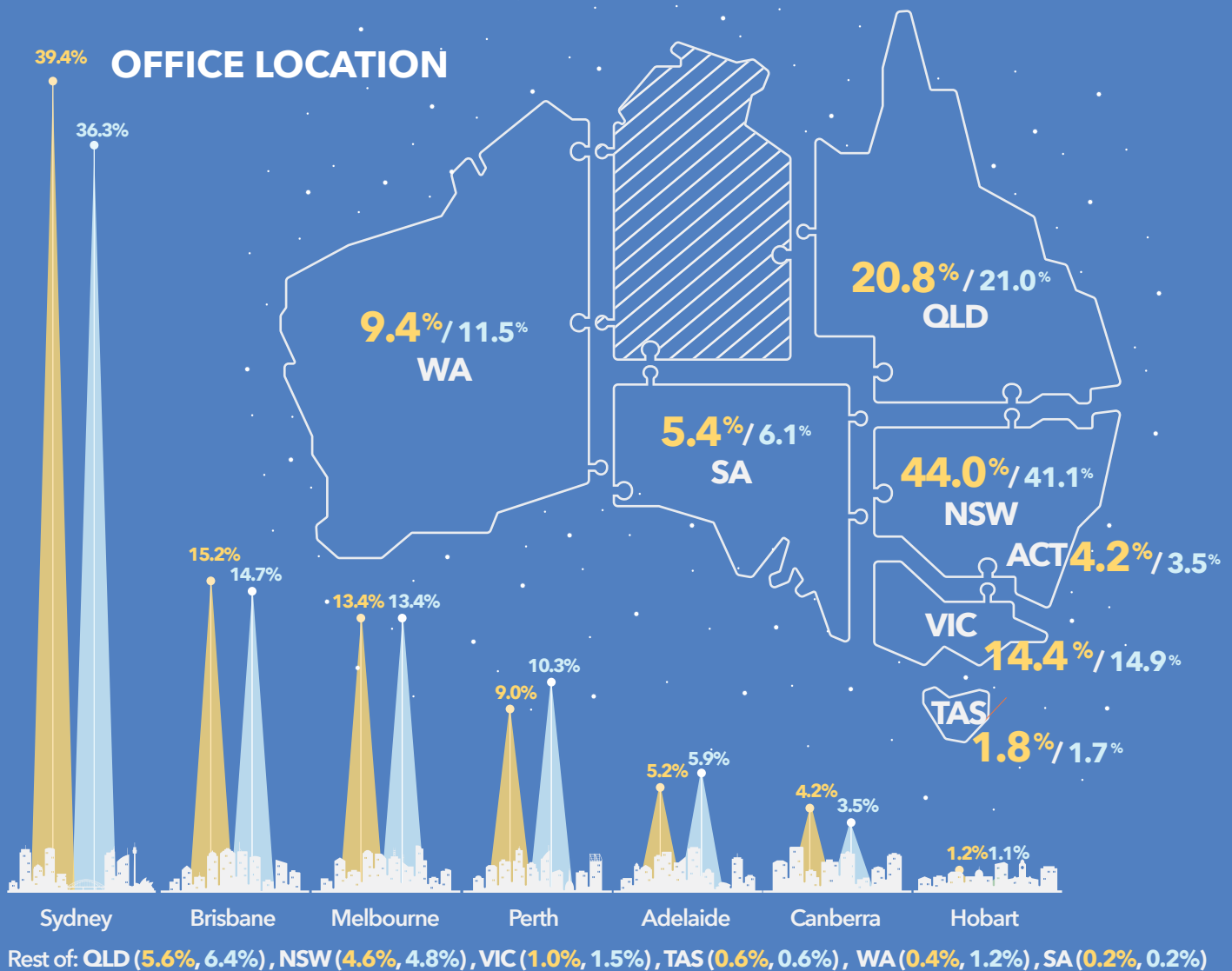
YES **30.3%**
NO **48.0%**
SOME **21.8%**

SKILLS THEY WISH THEY HAD IN THE FOUNDING TEAM

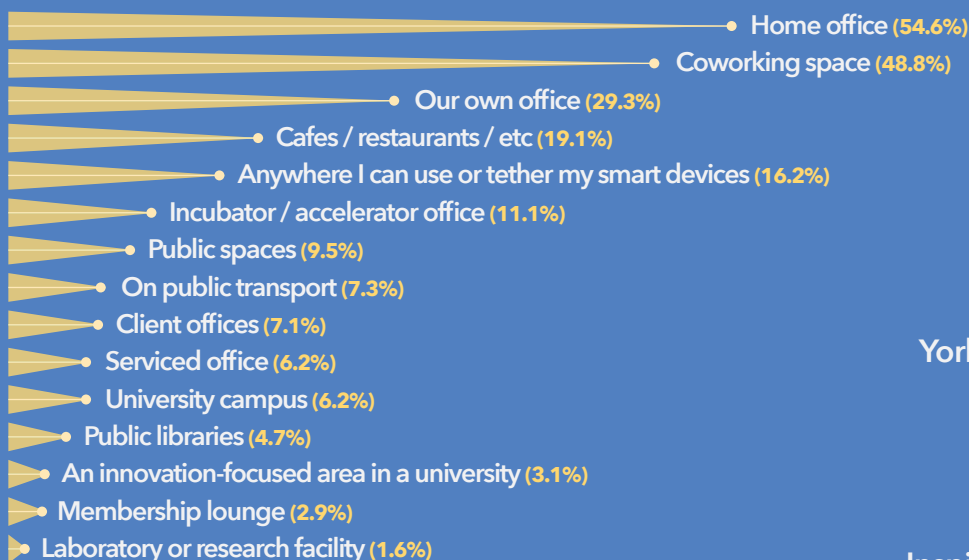


WHERE ARE THEY?

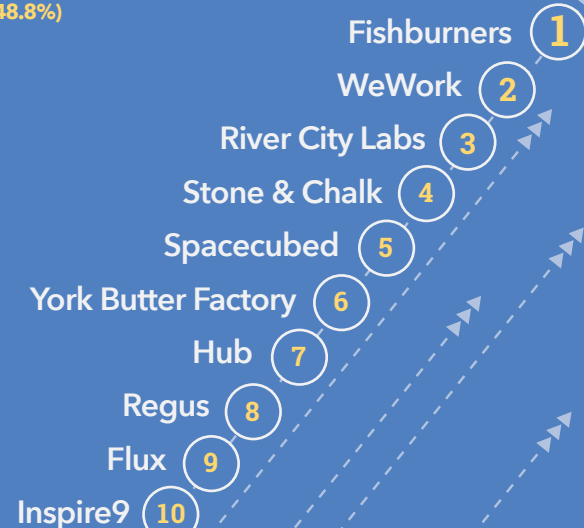
FOUNDERS IN 2017, ALL PARTICIPANTS IN 2017



WORK LOCATIONS CURRENTLY IN USE

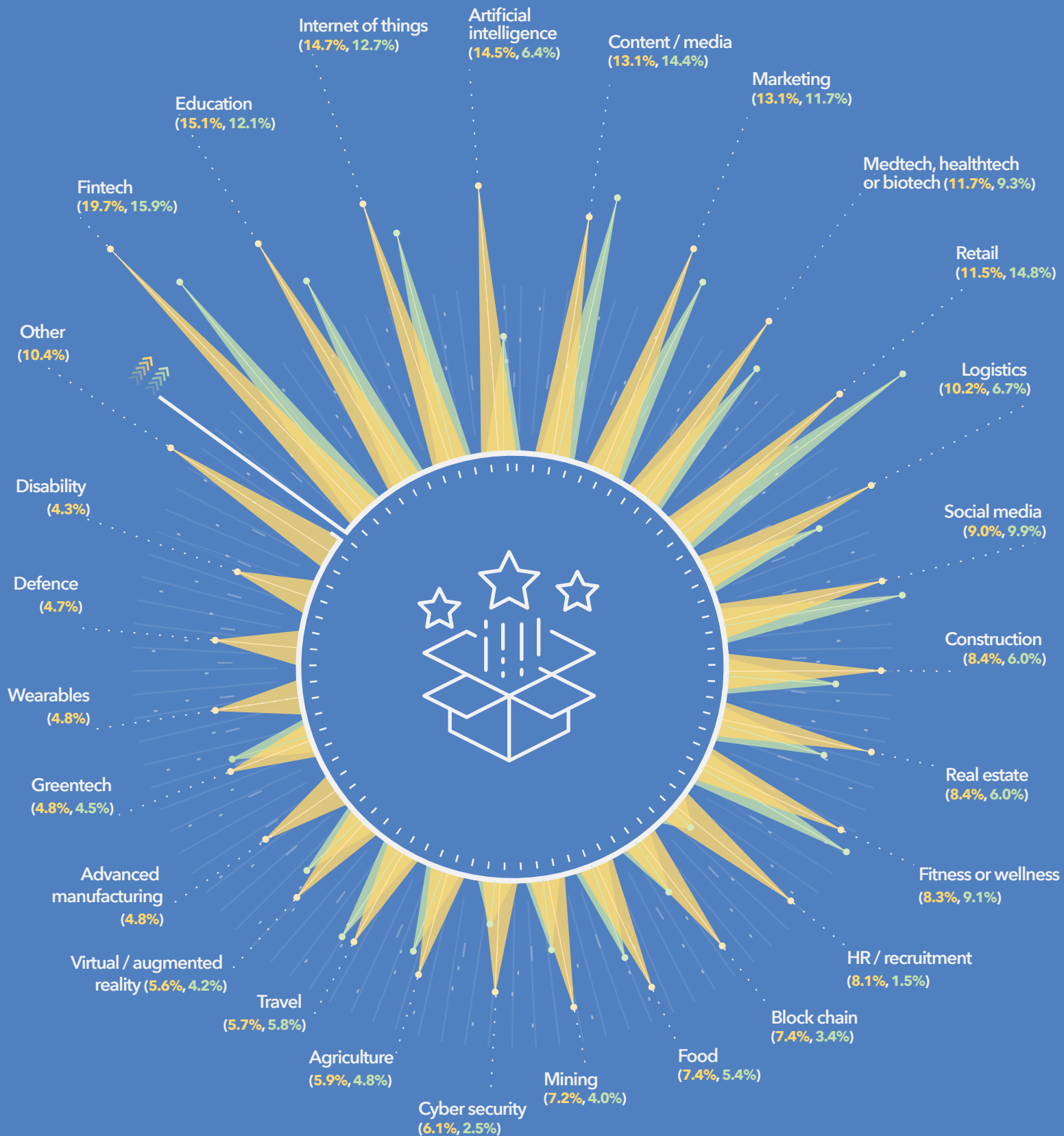


TOP 10 COWORKING SPACES USED



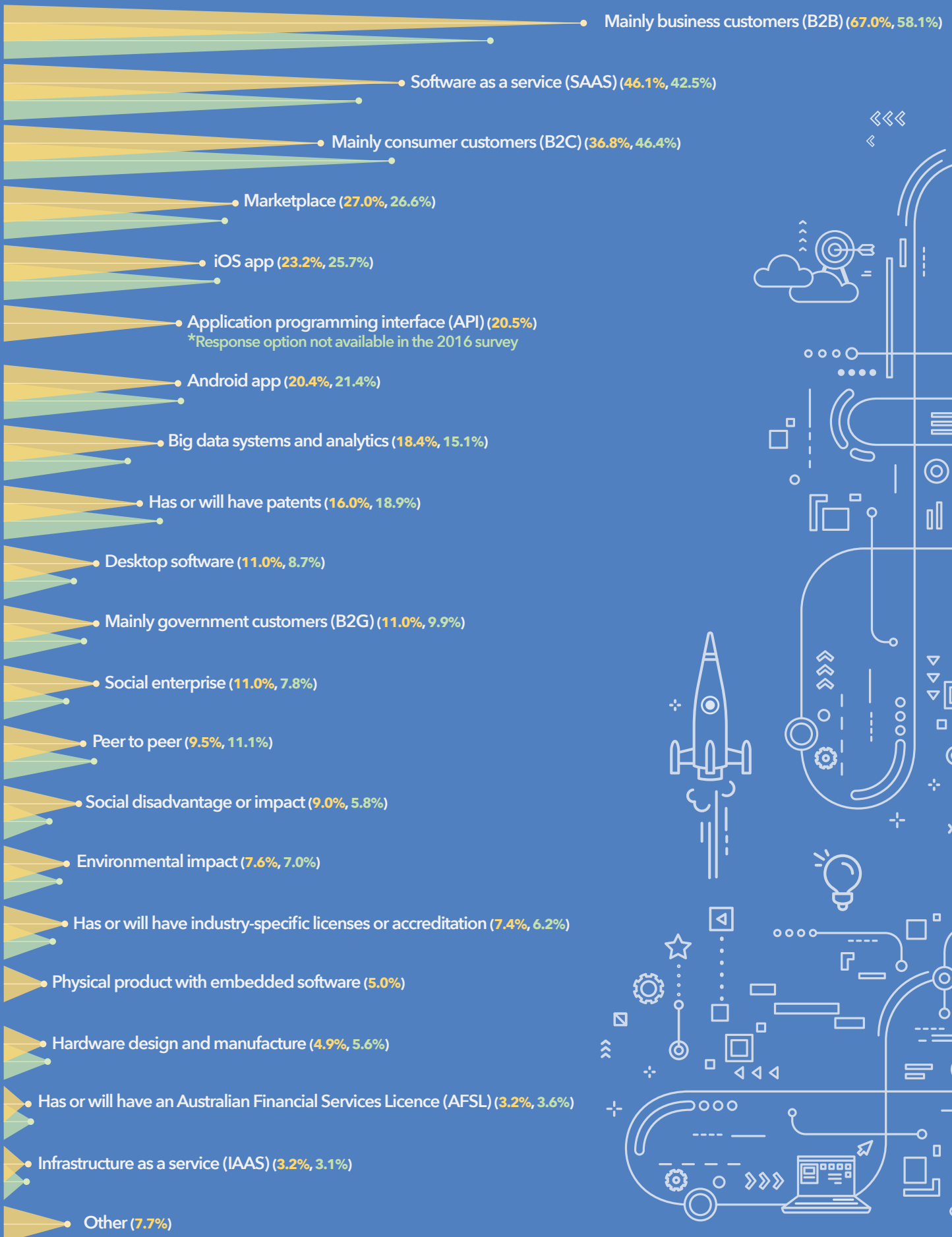
STARTUP INDUSTRIES

FOUNDERS IN 2017, FOUNDERS IN 2016



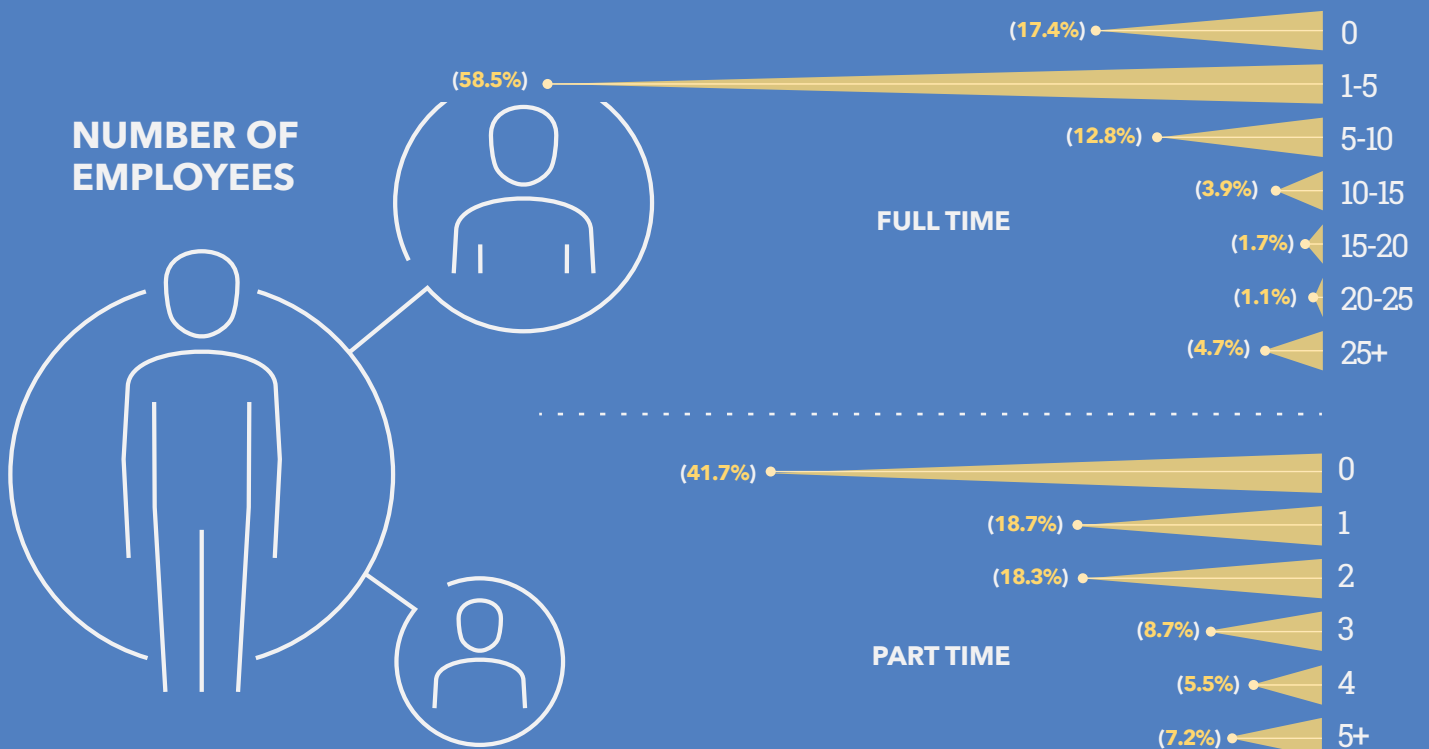
STARTUP THEMES

FOUNDERS IN 2017, FOUNDERS IN 2016

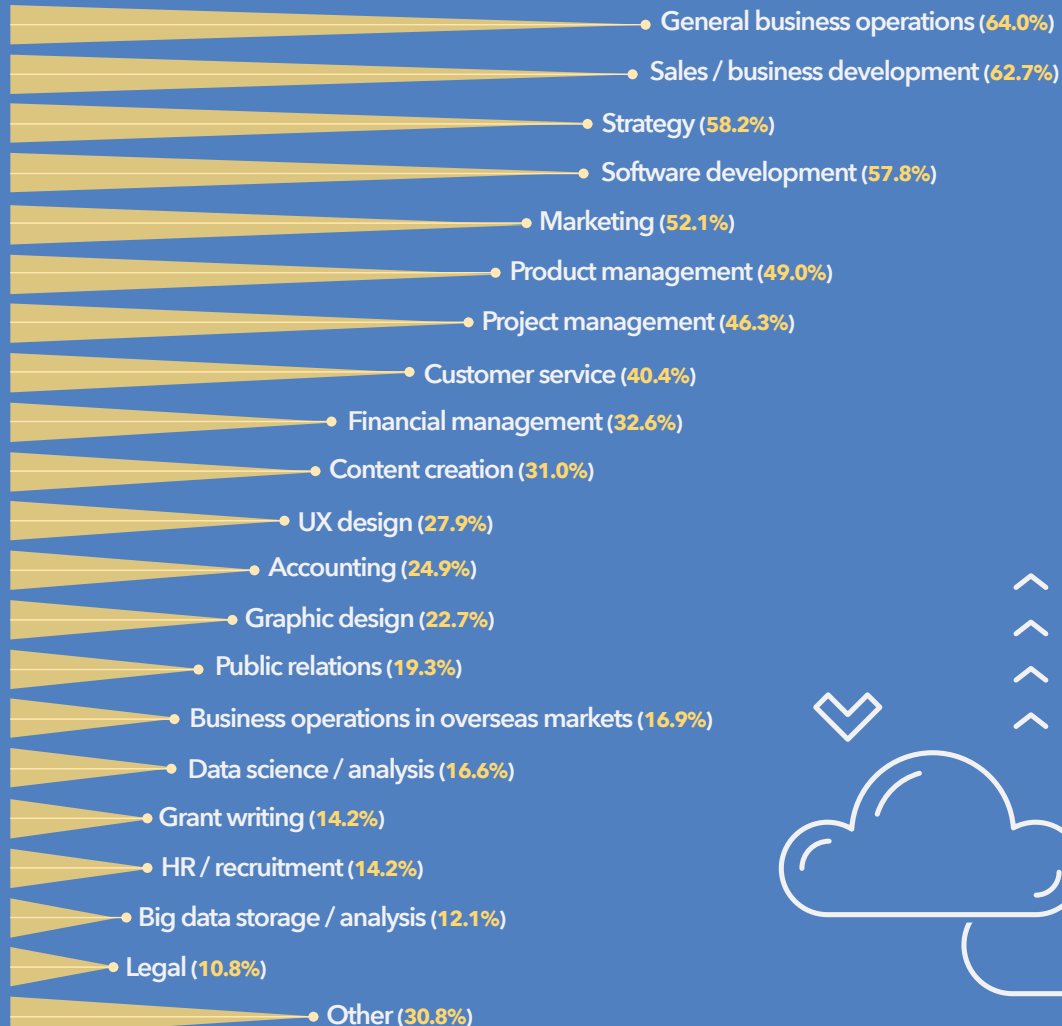


WHO ARE THEY EMPLOYING?

FOUNDERS IN 2017



FULL TIME EMPLOYEE JOB FUNCTIONS

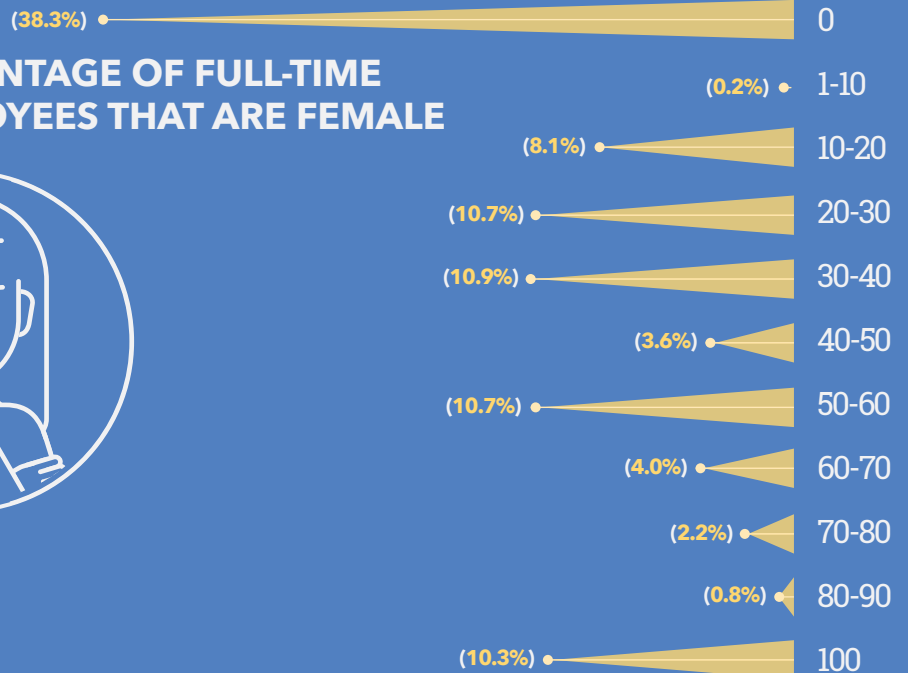


WHO ARE THEY EMPLOYING?

FOUNDERS IN 2017, FOUNDERS IN 2016, FOUNDERS IN 2015



PERCENTAGE OF FULL-TIME EMPLOYEES THAT ARE FEMALE



16.1%

OF STARTUPS HAVE AT LEAST 1 CURRENT EMPLOYEE ON A WORKING VISA



TYPES OF WORK VISA

Temporary work (skilled) visa (7.9%)

457

Student visa (6.1%)

500

Skilled independent visa (3.5%)

189

Graduate working visa (2.7%)

485

All other forms of visas (4.7%)

EMPLOYEES WITH EQUITY



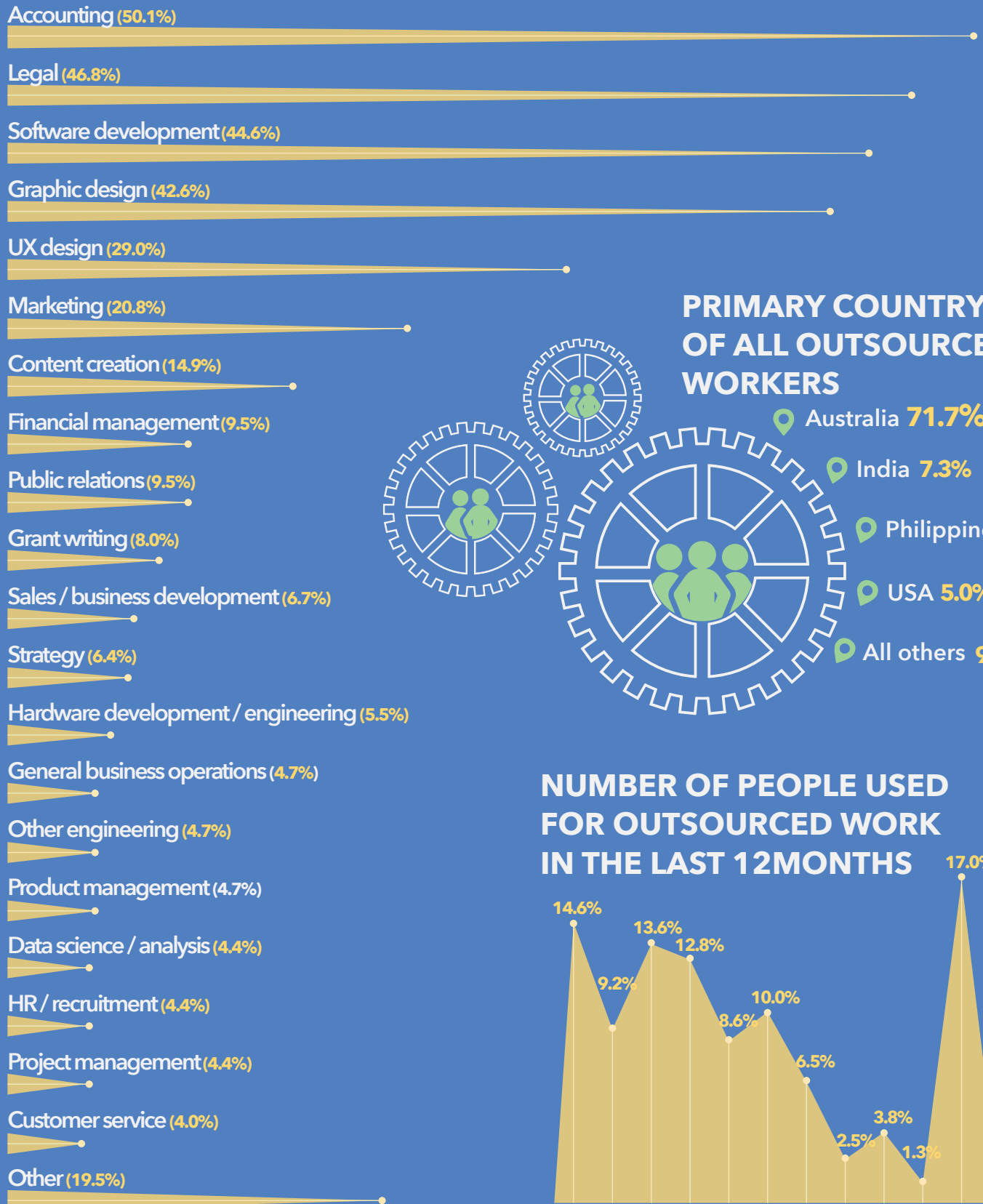
36.9%

OF STARTUPS HAVE USED AT LEAST 1 INTERN IN THE PAST 12 MONTHS

WHO ARE THEY CONTRACTING?

FOUNDERS IN 2017

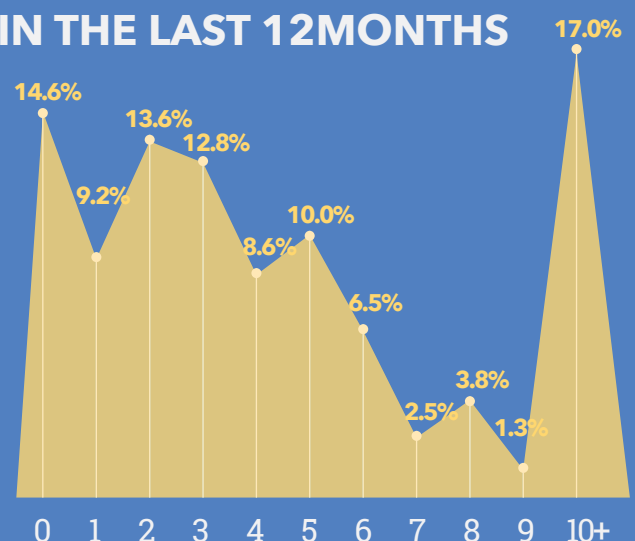
KEY FUNCTIONS PERFORMED BY ALL OUTSOURCED WORKERS



PRIMARY COUNTRY OF ALL OUTSOURCED WORKERS

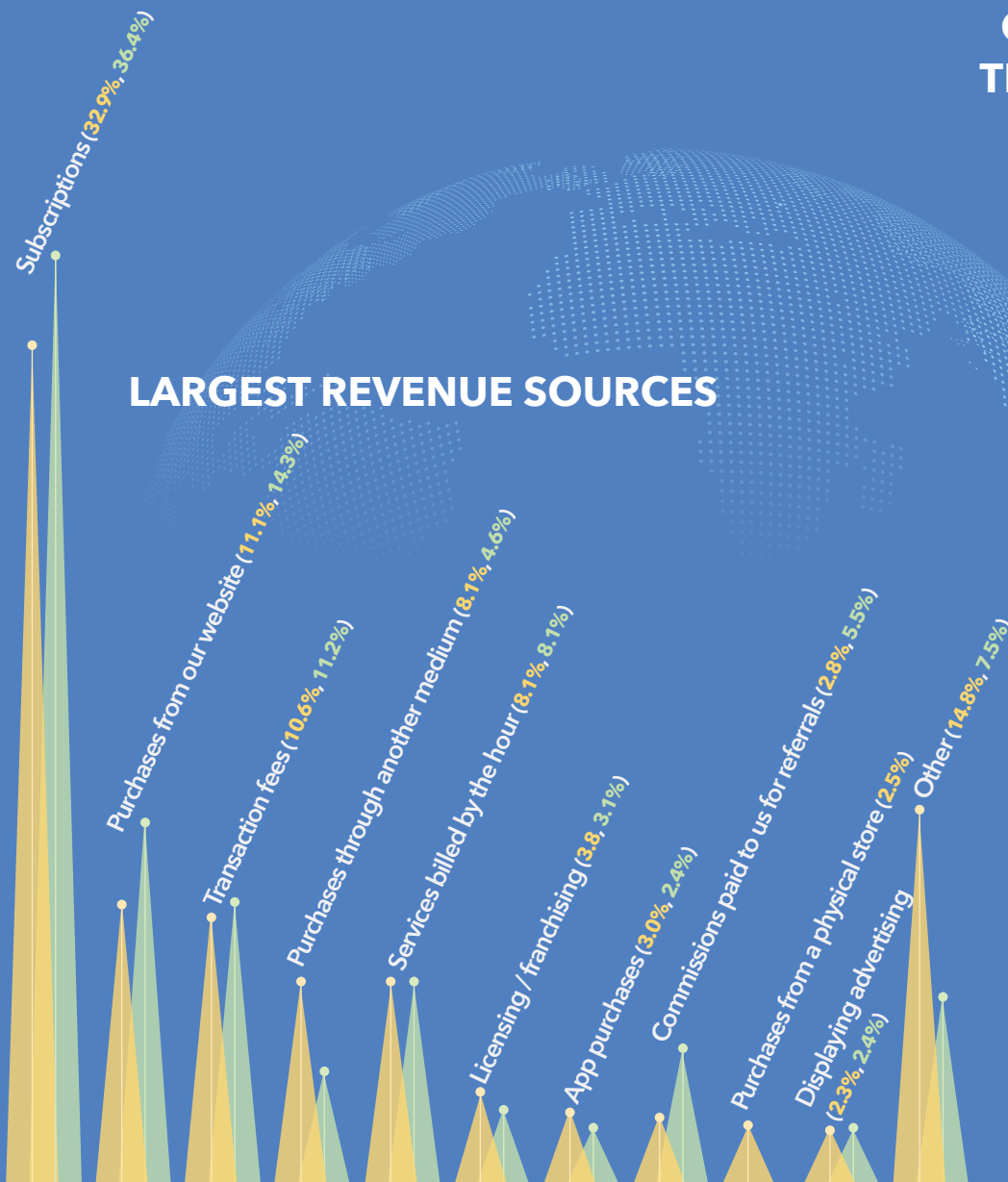


NUMBER OF PEOPLE USED FOR OUTSOURCED WORK IN THE LAST 12 MONTHS



REVENUE AND SALES

FOUNDERS IN 2017, FOUNDERS IN 2016



COUNTRY WITH THE MAJORITY OF CUSTOMERS



AUSTRALIA (83.8%)



USA (10.2%)

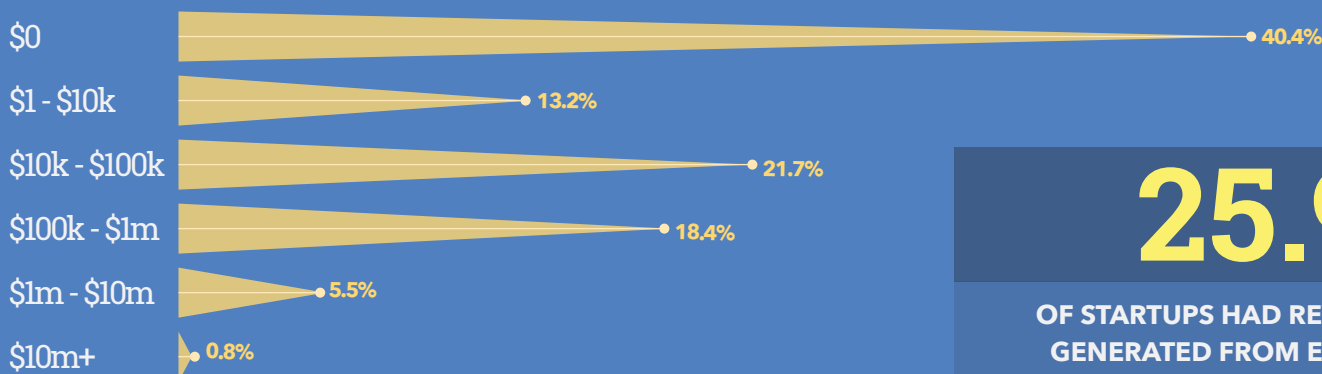


UK (2.3%)



ALL OTHER (4.1%)

REVENUE IN PAST 12 MONTHS



25.9%

OF STARTUPS HAD REVENUE
GENERATED FROM EXPORT
SALES IN THE LAST 12 MONTHS

FUNDING

FOUNDERS IN 2017

37.2%

OF STARTUPS HAVE
SECURED AT LEAST
ONE INVESTOR

All other reasons (2.9%)

I was approached by investors
when I wasn't actively raising
and accepted (2.5%)

Currently raising funds (2.7%)

I tried to raise and
was oversubscribed (5.2%)

I tried but couldn't raise any (5.8%)

I was approached by investors when I
wasn't actively raising and declined (6.1%)

I've never tried to raise funding (42.8%)

42.1%

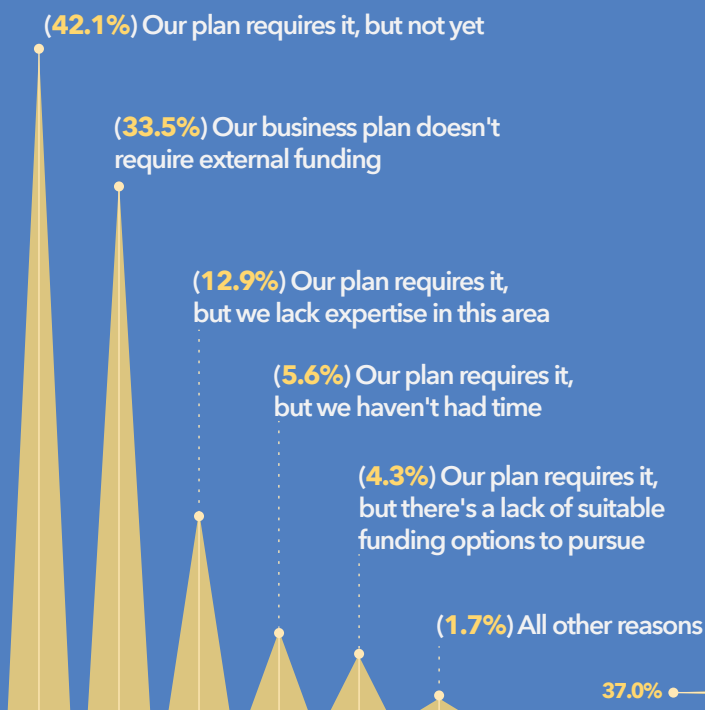
OF STARTUPS HAVE
APPROACHED AT
LEAST ONE INVESTOR

I tried and raised as much
as I was seeking (22.3%)

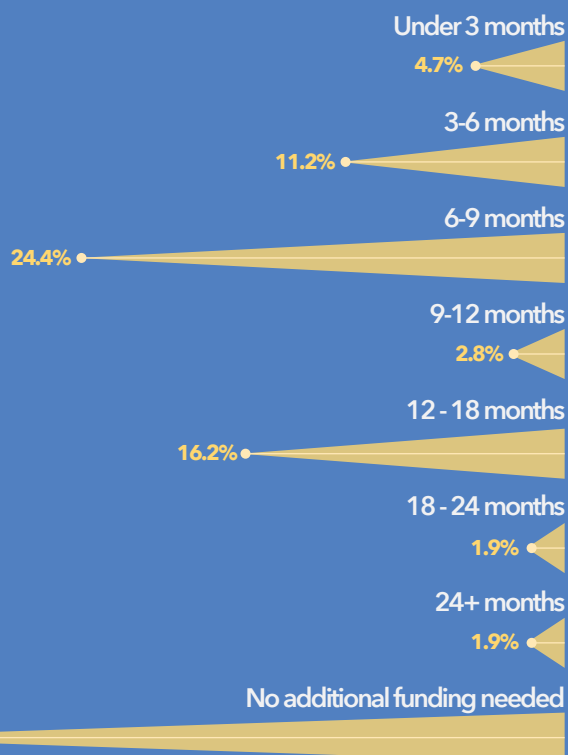
I tried but couldn't raise as
much as I needed (10.0%)

FUNDING SITUATION

REASONS FOR NOT RAISING FUNDS



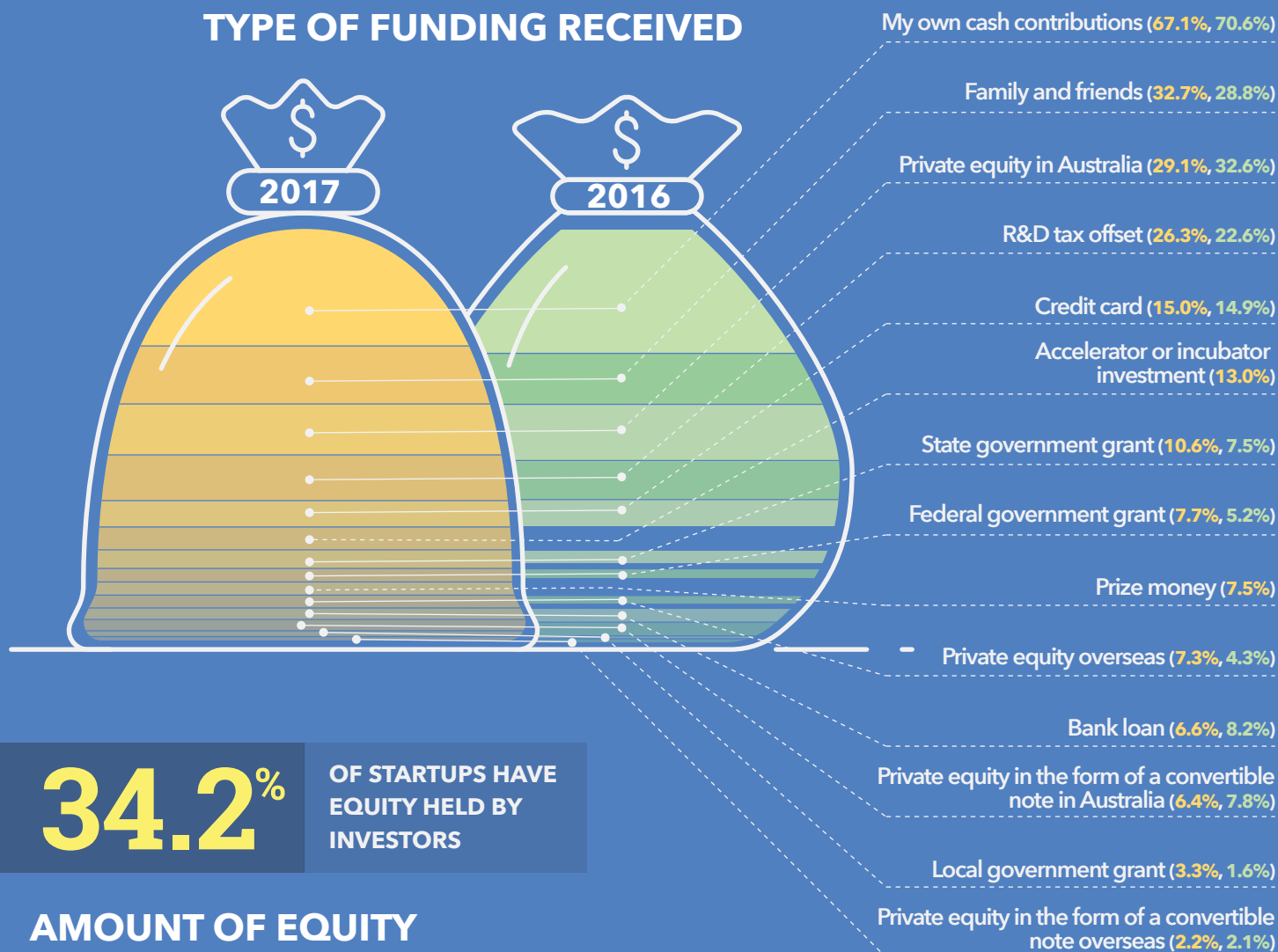
MONTHS BEFORE ADDITIONAL FUNDING IS NEEDED



FUNDING

FOUNDERS IN 2017, FOUNDERS IN 2016

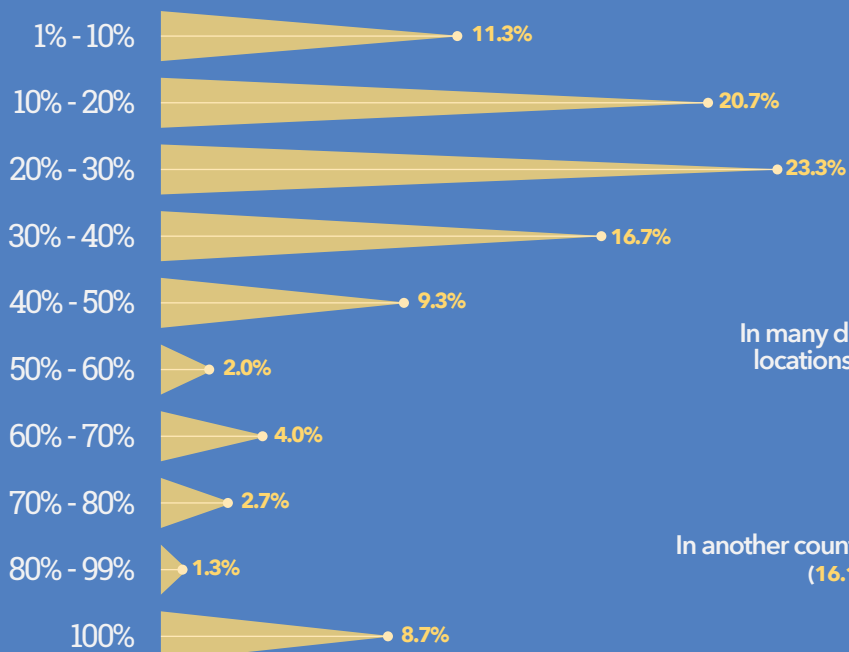
TYPE OF FUNDING RECEIVED



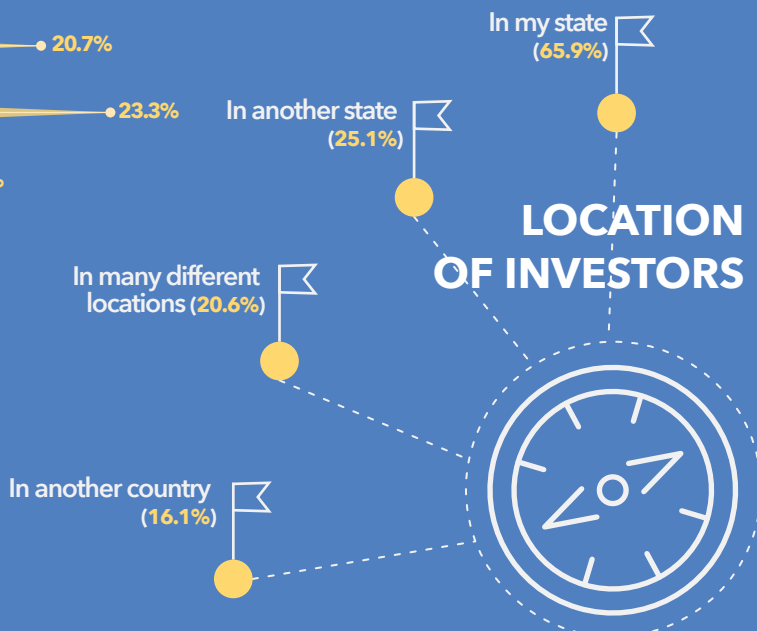
34.2%

OF STARTUPS HAVE
EQUITY HELD BY
INVESTORS

AMOUNT OF EQUITY HELD BY INVESTORS



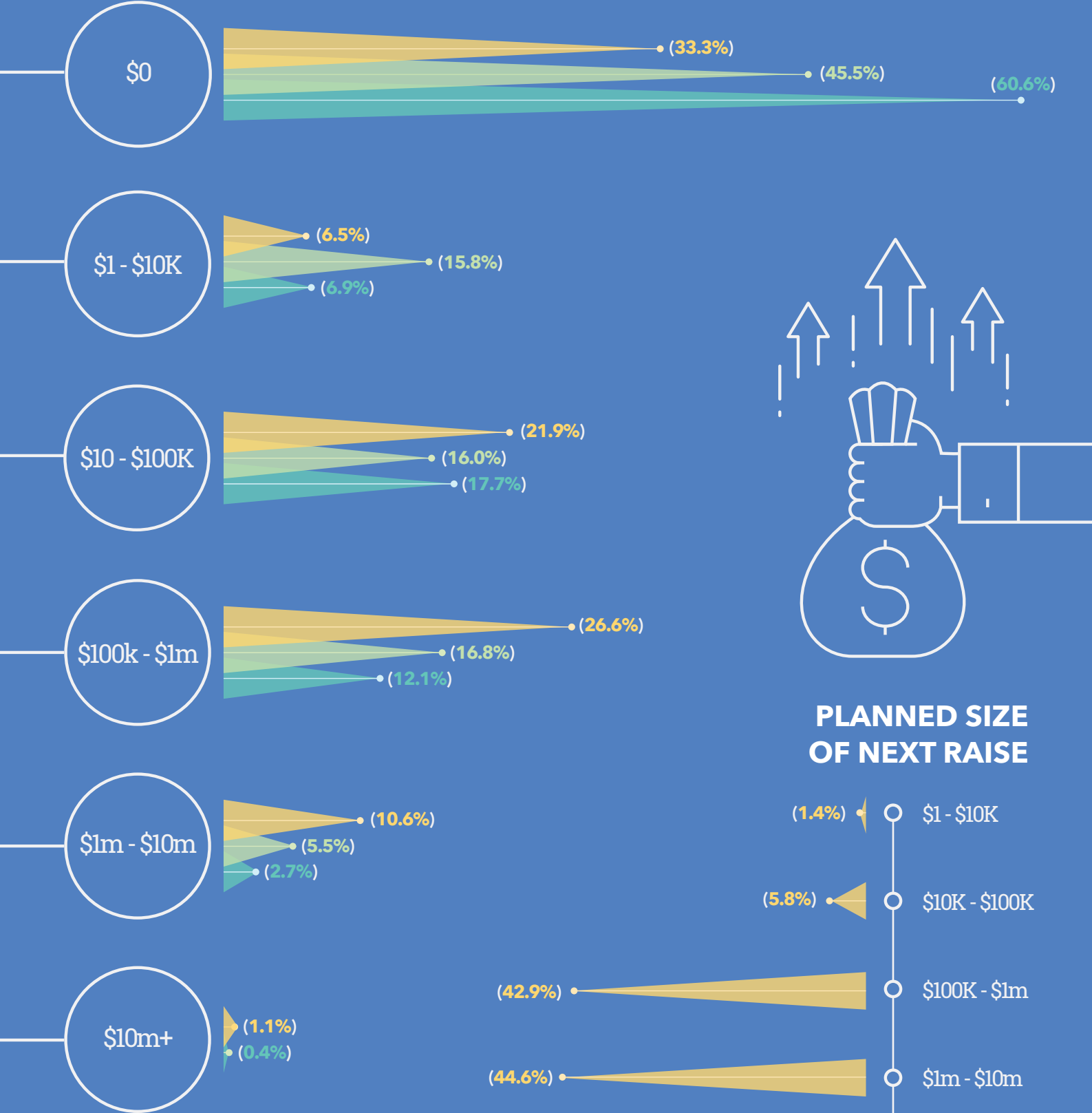
LOCATION OF INVESTORS



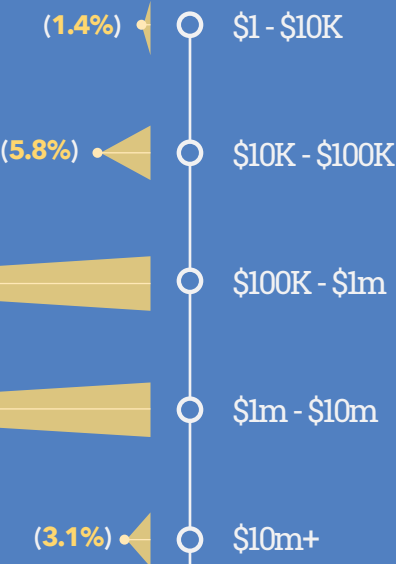
IMPACT

FOUNDERS IN 2017, FOUNDERS IN 2016, FOUNDERS IN 2015

TOTAL FUNDING RECEIVED



PLANNED SIZE OF NEXT RAISE



GOVERNMENT

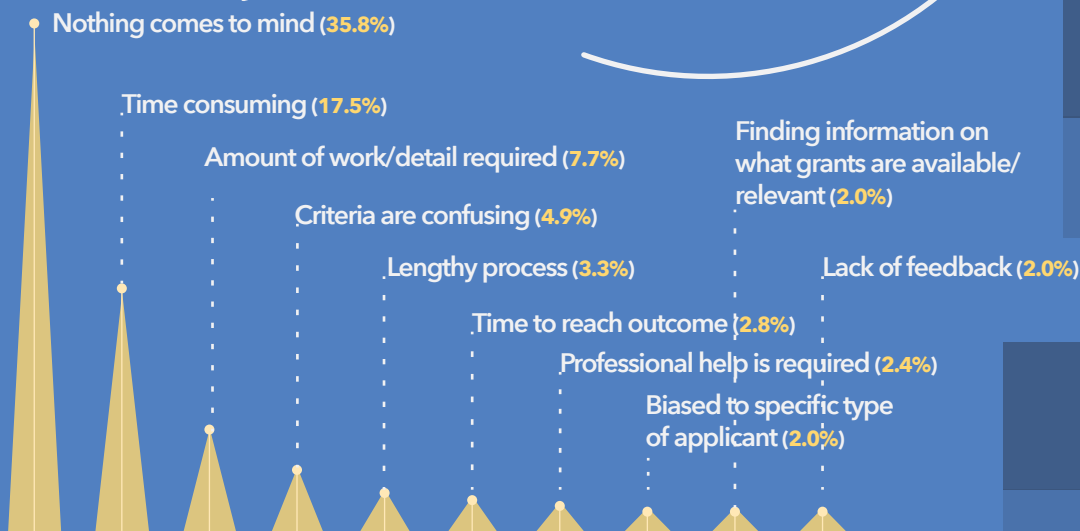
FOUNDERS IN 2017

GRANTS MOST COMMONLY APPLIED FOR

- 1 R&D Tax Incentive
- 2 Accelerating commercialisation
- 3 Ignite Ideas
- 4 MVP Grant
- 5 EMDG

GRANTS MOST COMMONLY RECEIVED

- 1 R&D Tax Incentive
- 2 Accelerating commercialisation
- 3 MVP Grant
- 4 EMDG
- 5 ICon



GRANT APPLICATION DIFFICULTIES

47.7%

OF STARTUPS HAVE
APPLIED FOR A GRANT
OR SCHOLARSHIP

29.2%

OF STARTUPS HAVE
SUCCESSFULLY RECEIVED
A GRANT OR SCHOLARSHIP

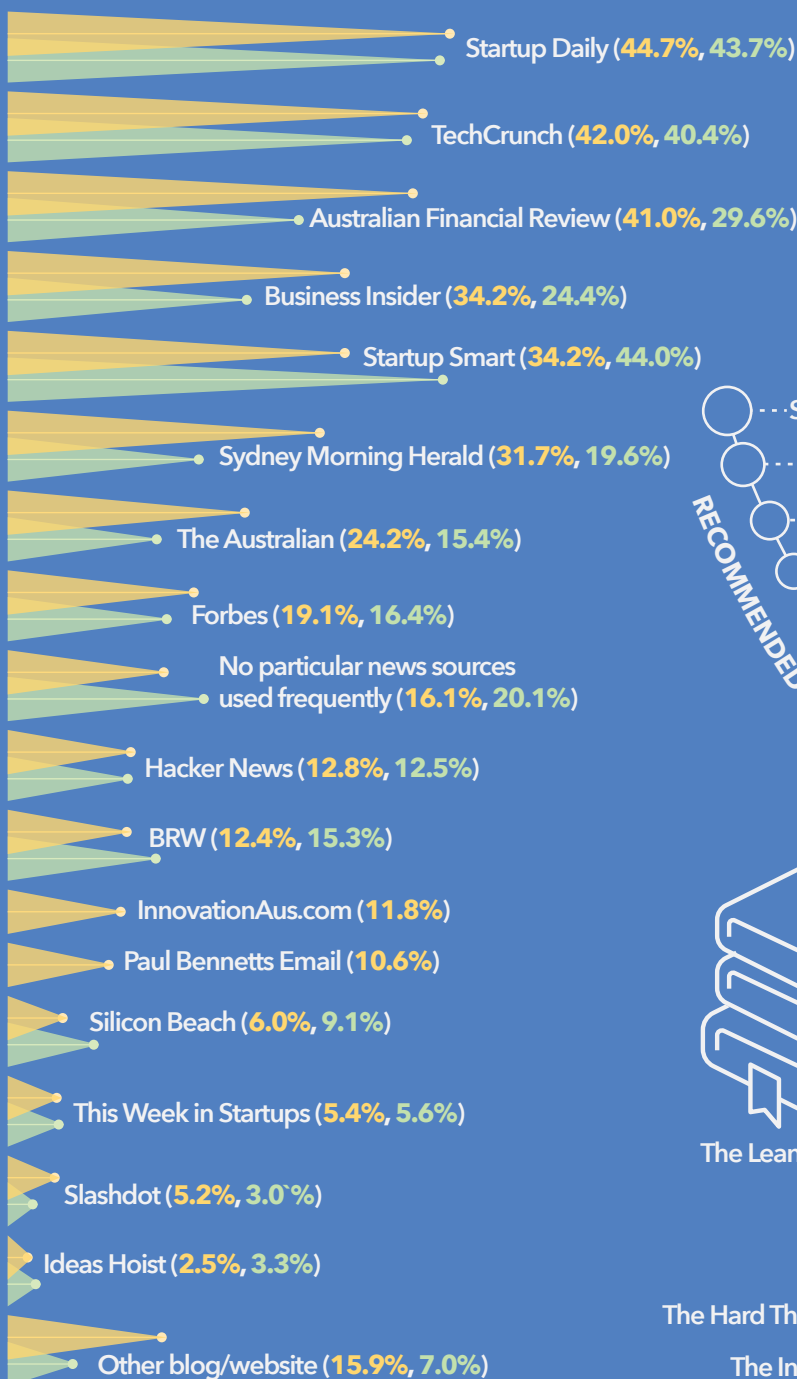
COMMUNITY & RESOURCES

FOUNDERS IN 2017, FOUNDERS IN 2016

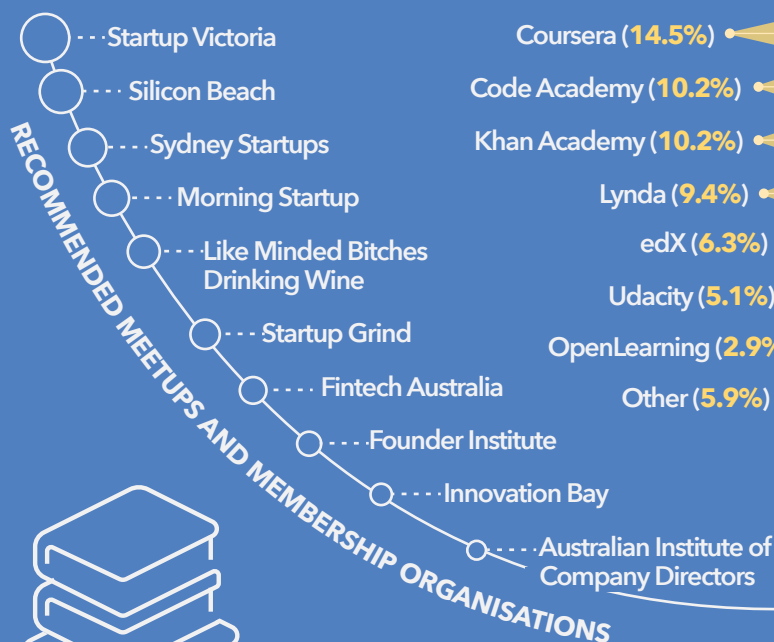
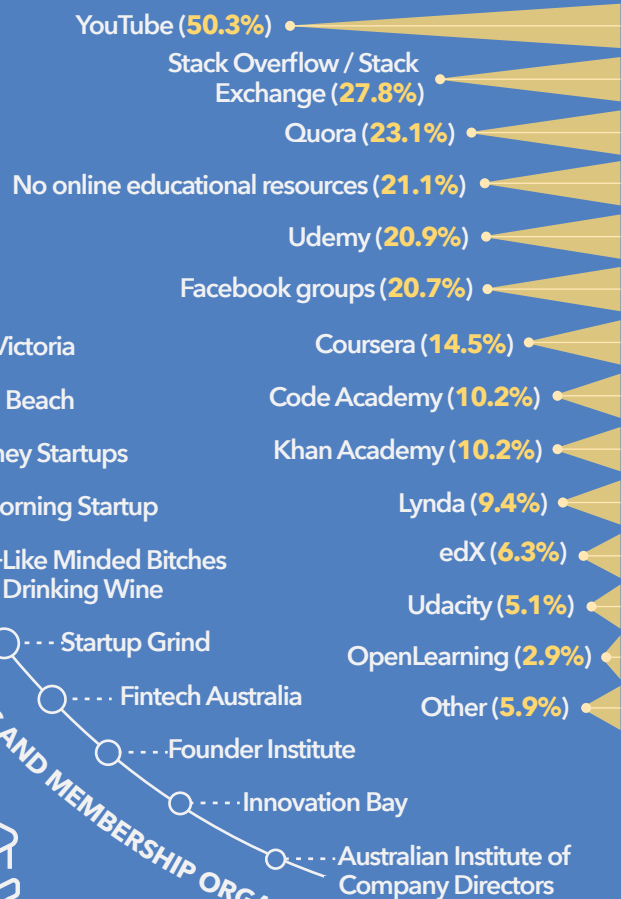
42.4%

OF STARTUPS WOULD
STRONGLY RECOMMEND
A MEMBERSHIP BASED
ORGANISATION OR MEETUP

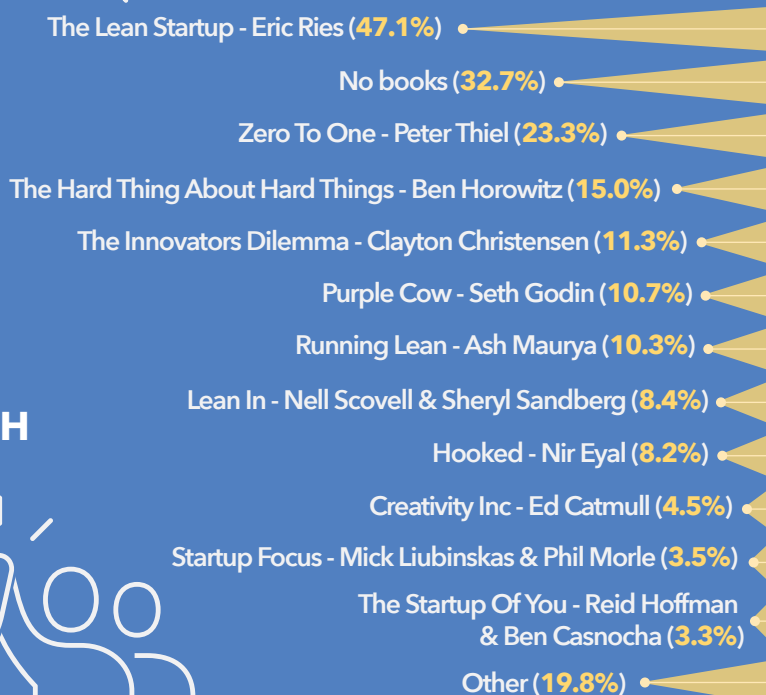
NEWS SOURCES FREQUENTED



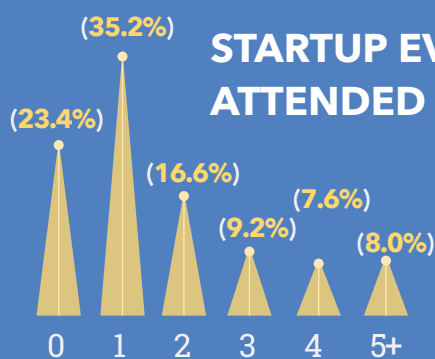
RECOMMENDED ONLINE RESOURCES



RECOMMENDED BOOKS

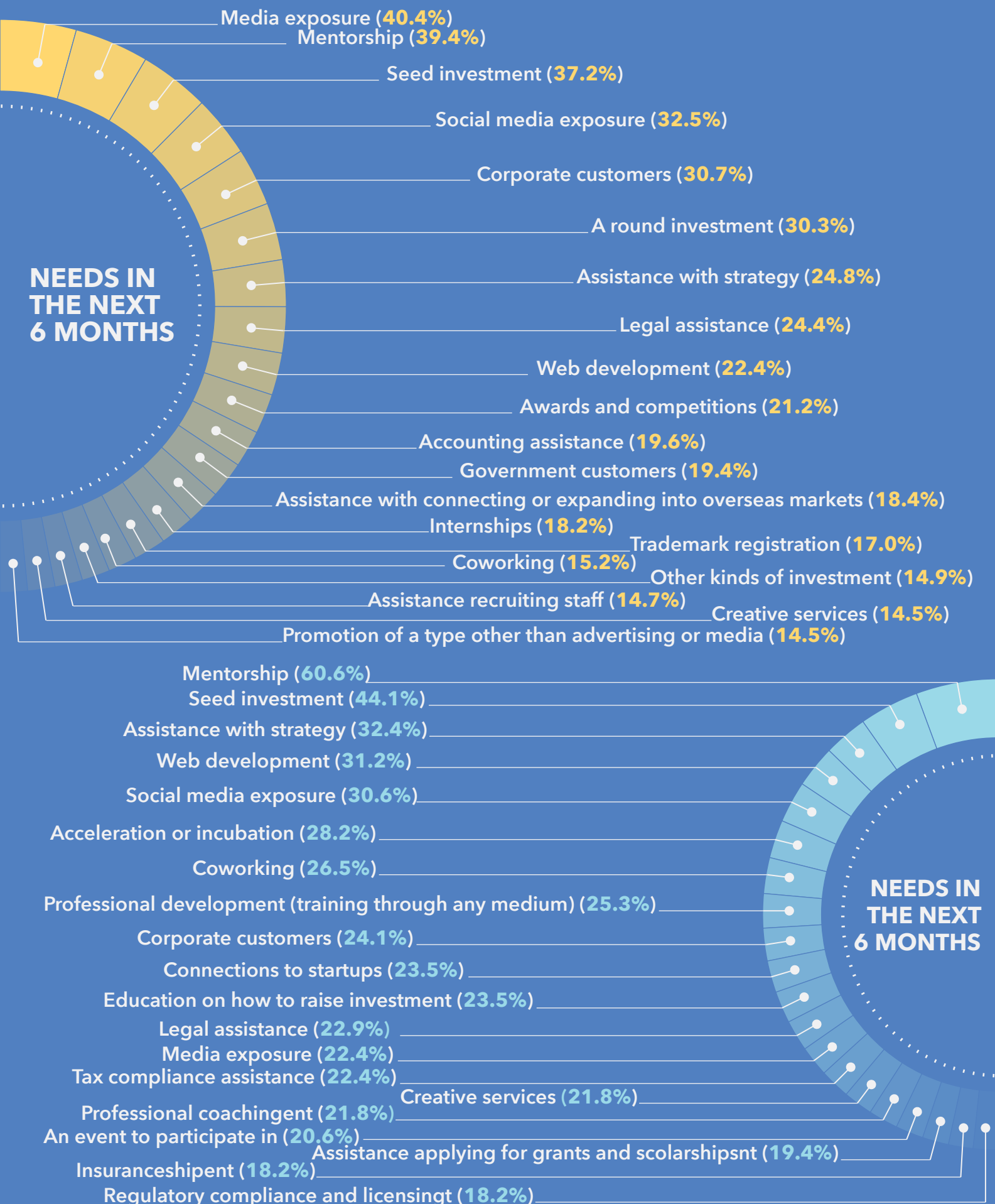


STARTUP EVENTS ATTENDED PER MONTH



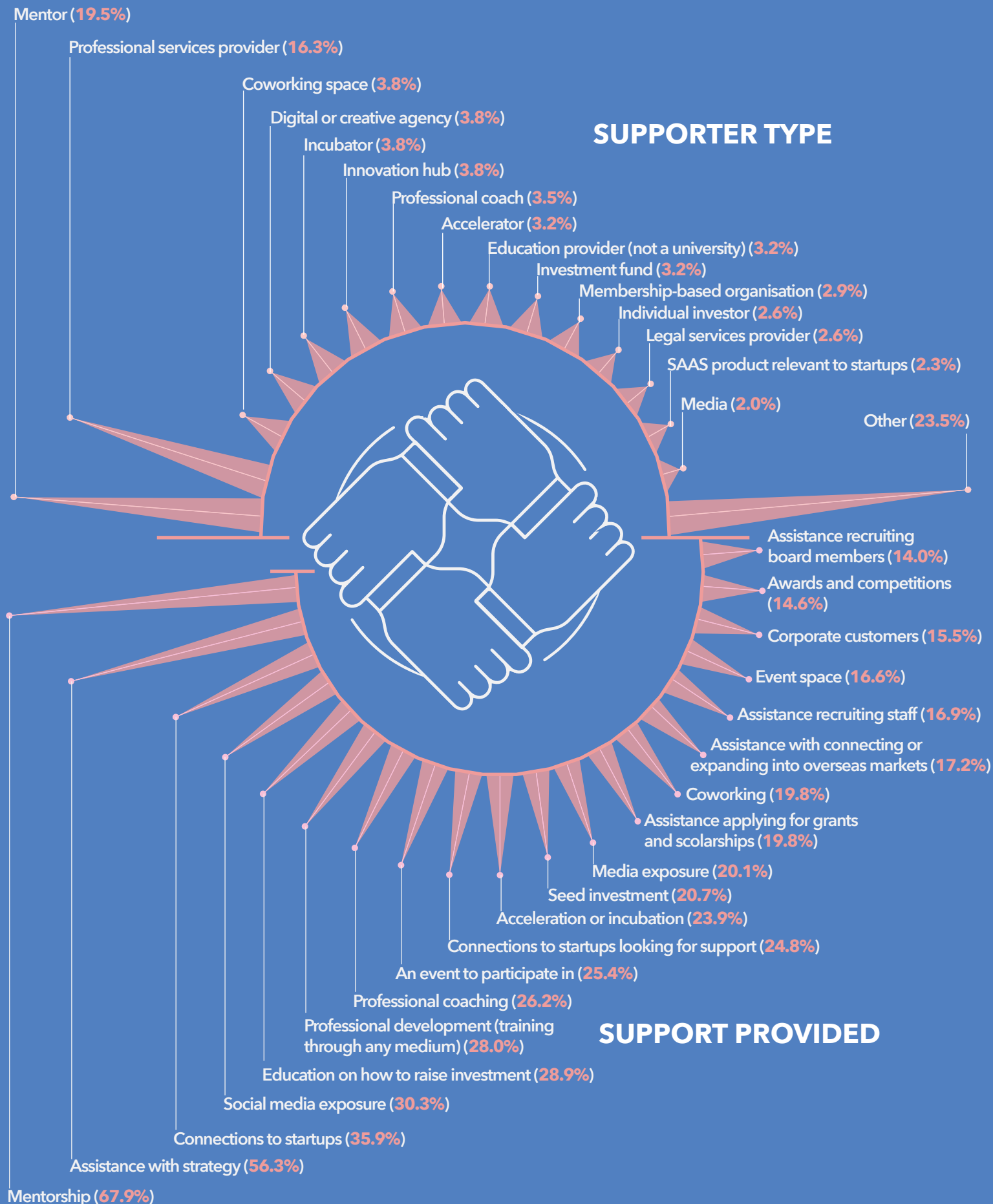
SUPPORT NEEDED

FOUNDERS IN 2017, FUTURE FOUNDERS



WHO'S HELPING STARTUPS?

SUPPORTERS IN 2017



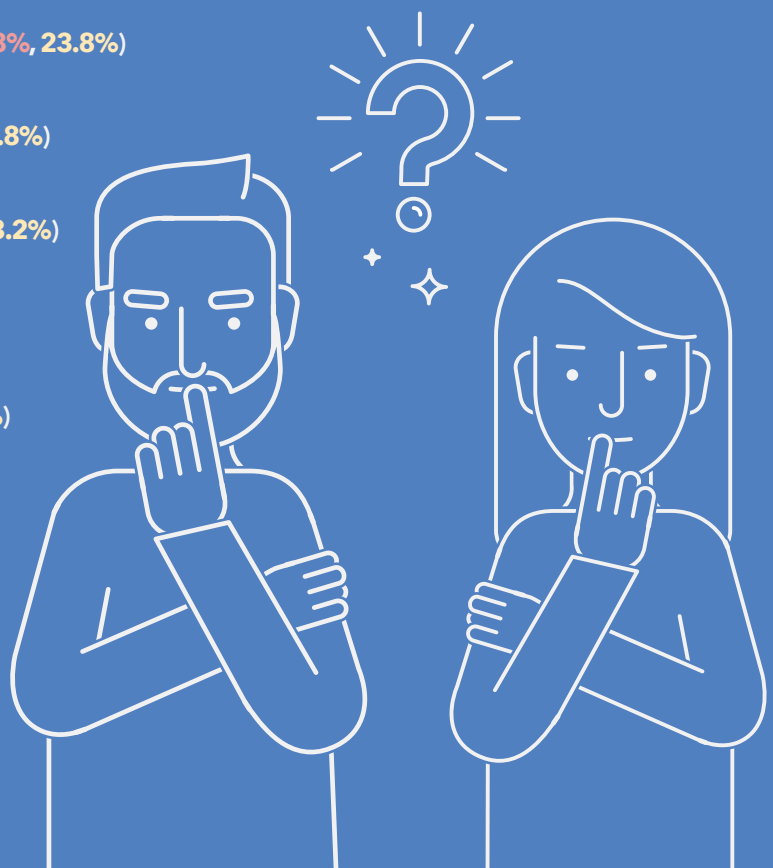
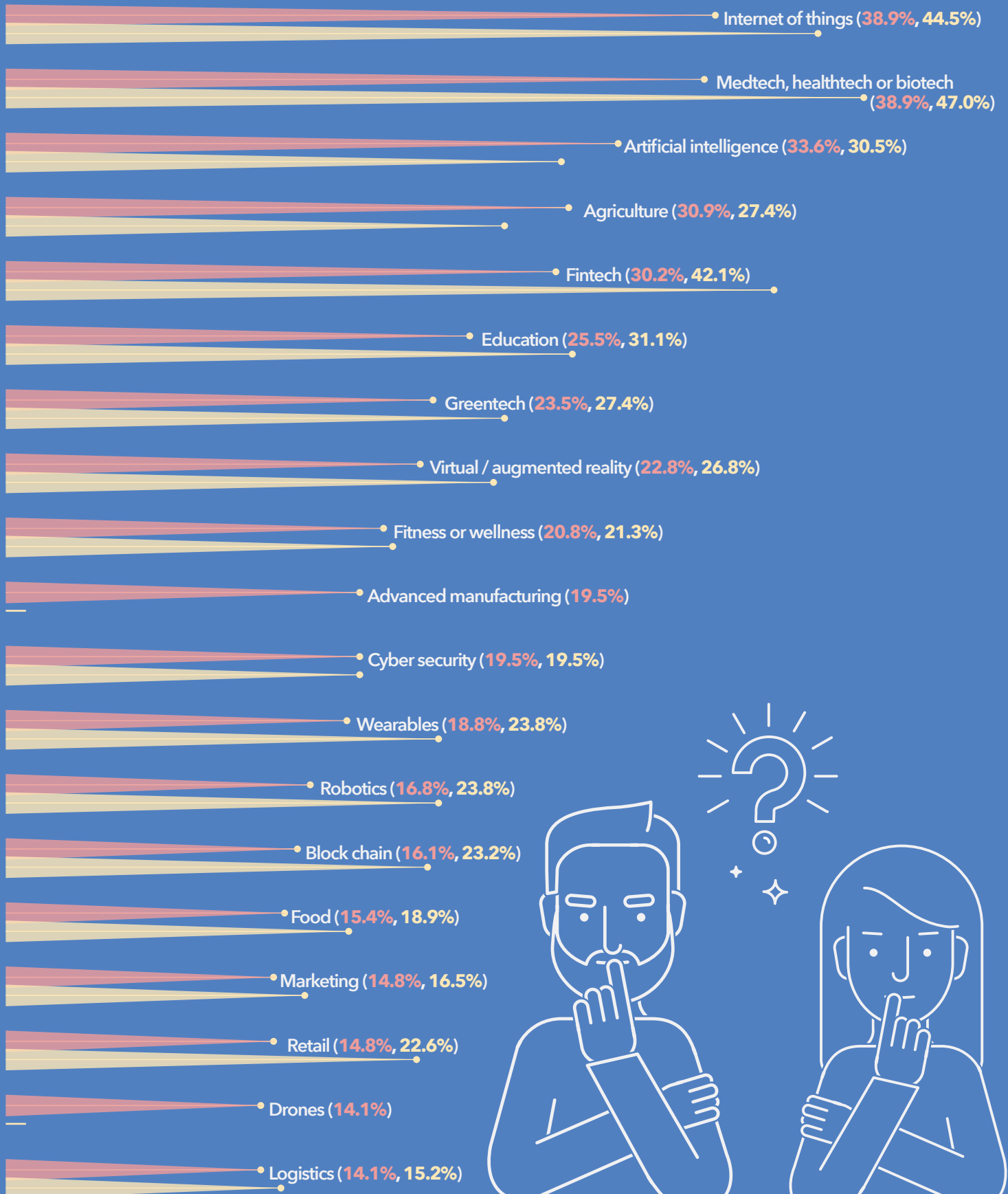
WHAT ARE THEY SUPPORTING?

SUPPORTERS IN 2017, SUPPORTERS IN 2016

42.6% OF

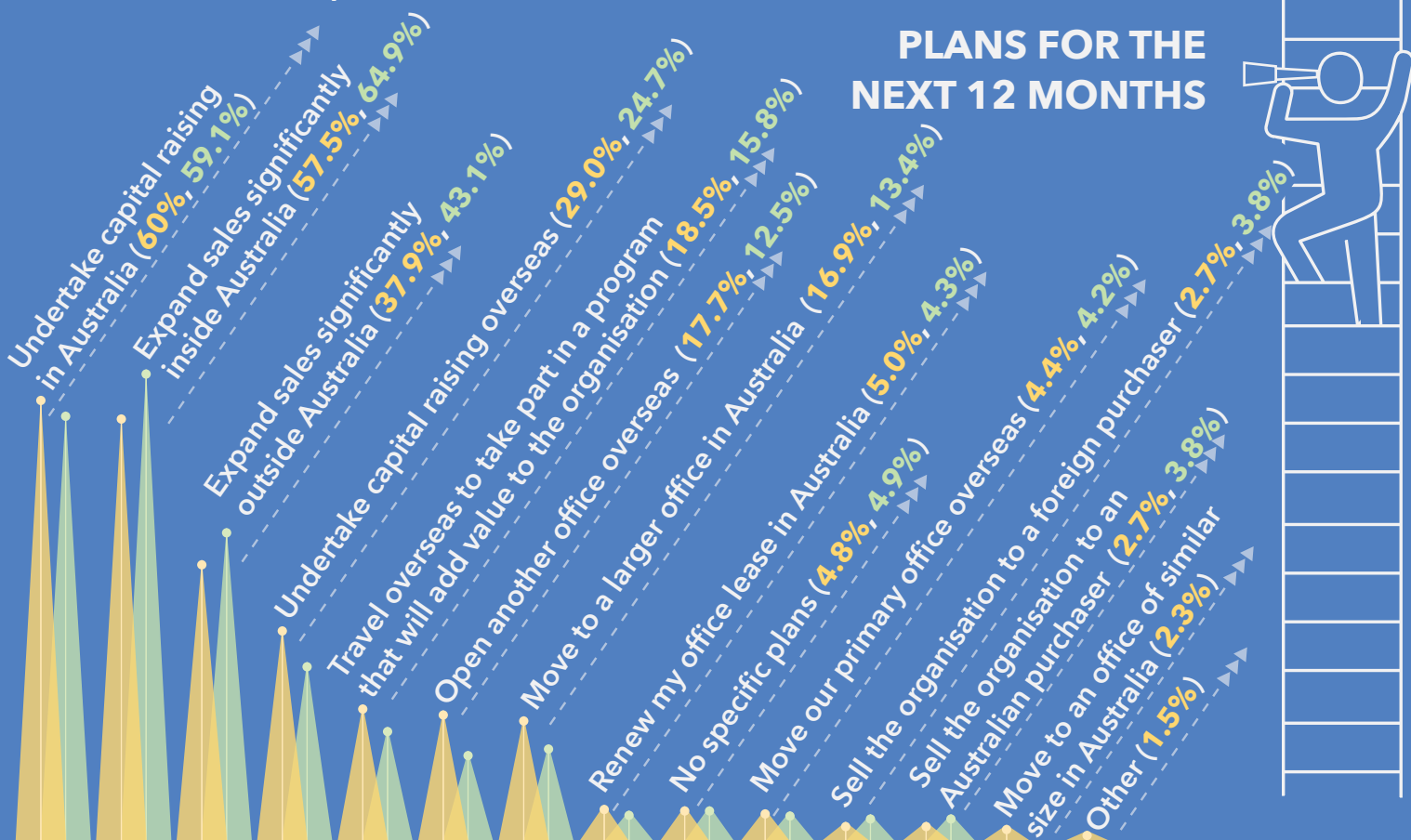
SUPPORTERS ARE
FOCUSED ON A SPECIFIC
INDUSTRY OR THEME

TARGET INDUSTRIES

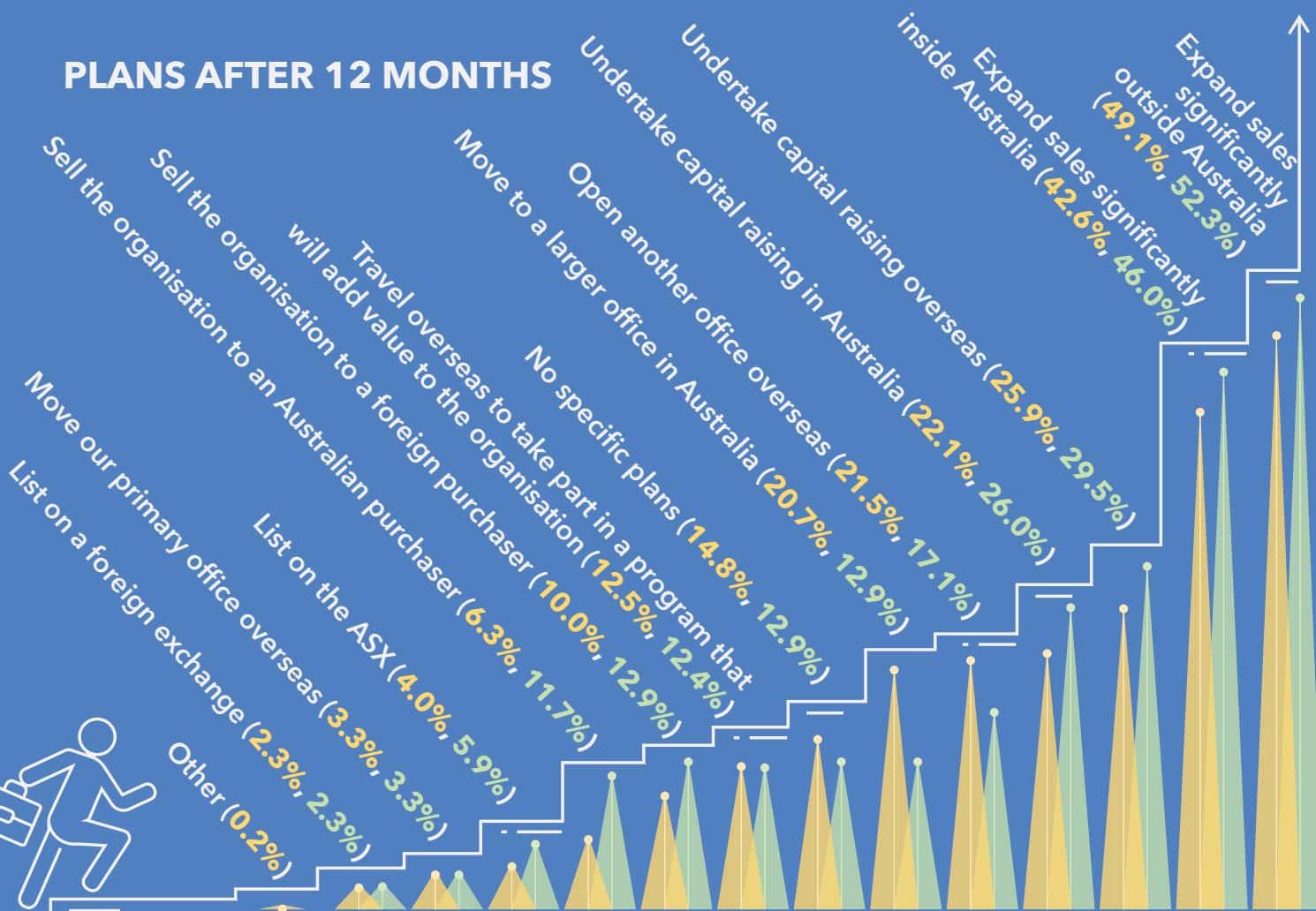


FUTURE PLANS

FOUNDERS IN 2017, FOUNDERS IN 2016



PLANS AFTER 12 MONTHS



ADVICE FROM FOUNDERS



GO FOR IT
VALIDATE
LEAN METHODOLOGY
OTHER

RESEARCH

UNDERSTAND THE PROBLEM YOU ARE SOLVING
MARKET / CUSTOMERS / OTHER / PRODUCT/MARKET FIT

BE PASSIONATE
PERSISTENT
COMMITTED



PREPARE

FINANCES / TIME / HARD WORK
PLAN BEFORE YOU BEGIN

GET HELP

CO-FOUNDER
TEAM
MENTOR



AND MAKE SURE YOU'RE
REPRESENTED IN STARTUP MUSTER