

# LaunchVic Annual Report

2021



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# Message from Chair & CEO

The past year has been a difficult year for many, defined by the COVID-19 pandemic. While we recognise it has been tough for some startups - particularly those working in hospitality, travel and events - the sector has remained buoyant.

Victoria's startup ecosystem has continued to grow, and there are now more than 2,100 startups in the State. Jobs are growing at an impressive 10.75% p.a. despite the pandemic. And Victoria has seen some of the largest business acquisitions in Australian history, including A Cloud Guru, Message Media and Afterpay.

Start-ups are proven jobs multipliers led by founders that catalyse job creation through their unyielding ambition to build innovative technology companies with global reach. For every high-value startup job, five more jobs are created in associated service sectors in the broader economy. The jobs multiplier effect for a startup is three times larger in the technology sector than in extractive industries such as mining, or traditional manufacturing.

Despite this potential, there is a lot of work to do for our ecosystem to become globally competitive. The number of startups per million population is 348, well below that of leading ecosystems that typically have over 1,000 startups per million population. We need to support more startups to scale, create new jobs and future proof our industries and economy. This will require a lot of support but especially access to early-stage investments, which has not kept pace with the growth of the sector.

To address these challenges, LaunchVic has focused on increasing startup creation, growing startups to scaleups; building a robust investor community; research and monitoring the ecosystem; and, importantly, promoting and advocating for Victorian startups.

To support the creation of more startups we funded eight pre-accelerator programs including three in regional Victoria and two programs for women. Startup Victoria was supported to deliver the Startup Success Series and we continued to provide additional support for Victoria's Aboriginal founders, including the re-funding of the Ngarrimilli program.

CivVic Labs welcomed its third cohort into its accelerator program, and has now graduated 17 scaling startups. We continued to provide funding for our highest performing accelerator programs including Startmate, SBE Australia and the Australian Sports Technologies Network Accelerator.



**Leigh Jasper**  
Chair, LaunchVic



**Dr Kate Cornick**  
CEO, LaunchVic

Recognising the importance of a skilled workforce to scaling startups, we issued a grant round for talent programs, and subsequently awarded grants to Startmate, Stone & Chalk and INCO.

Our research and monitoring of the ecosystem continued with the launch of the open-source database of real-time data of Victorian startups - [FindingStartups.launchvic.org](https://www.findingstartups.com.au/launchvic), and the release of the 2020 Ecosystem Mapping Report.

Connecting and promoting our ecosystem remains a critical part of what we do. Over the year we hosted over 1,000 people across 26 virtual events, and held stakeholder consultations to inform the design of key initiatives.

To further strengthen the investor landscape, LaunchVic proudly invested in Tractor Ventures to establish Victoria's first dedicated revenue-based fund. We also opened the Victorian HealthTech Angel Networks grant round focused on establishing new angel networks that support investment in biotech, medtech and pharmaceutical startups.

LaunchVic has continued to advocate for the Victorian Startup ecosystem and received a total of \$110.5 million in the Government's Victorian Budget 2020/21 including:

- **\$40 million for LaunchVic to continue to grow the sector**
- **\$60.5 million for a Fund of Funds – the Victorian Startup Capital Fund, which will inject much needed early-stage funding into the startup ecosystem supporting startups to become the scaleups and unicorns of the future**
- **\$10 million for the Alice Anderson Fund to assist women founders to raise capital to grow their early-stage startups.**

We would like to thank The Hon. Jaala Pulford, Minister for Innovation, Medical Research and the Digital Economy for their ongoing support and we look forward to keeping you updated on LaunchVic's exciting program of work.



## **About LaunchVic**



# About LaunchVic

LaunchVic is Victoria's startup agency. We were established by the Victorian Government in March 2016 as an independent agency responsible for growing the State's startup ecosystem.

LaunchVic's role is to drive the long-term success of Victoria's startup ecosystem, recognising the valuable contribution startups make to the economy through the creation of high-value jobs and gross revenue for the State.

Through our work, we are driving improvements in the startup investment landscape by developing the angel investor and early-stage venture capital markets in Victoria; supporting programs that build founder, investor, and talent capabilities; and continuing to drive awareness and advocate for startups.

Operating in a dynamic, fast-paced environment – not dissimilar to a startup – we have strong links with Victorian startup founders, venture capitalists, investors and community partners such as accelerators, co-working spaces and other service providers.

From August 2016 to June 2021, LaunchVic has funded 131 projects through grants. Over the past financial year we have had 48 active projects and the outcomes of those projects include:

- **Supported 127 Victorian companies to scale;**
- **Supported a further 2,866 entrepreneurs and aspiring entrepreneurs through short-form programs such as online educational webinars, online workshops, online masterclasses, and mentoring;**
- **Supported 185 investors through angel networks and investor education programs; and**
- **Supported 159 Victorians to access a career in a startup.**

Up to the end of the reporting period, LaunchVic has contracted \$57.4 million of Project Activities. LaunchVic's cumulative operational expenditure (since inception) is \$10.1 million, including \$2.0 million expended within the reporting period. LaunchVic's operational expenditure has been less than 15% of the total grant funding over the life of the grant funding from DJPR.





# **Victoria's startup ecosystem**



# Victoria's startup ecosystem

Victoria's ecosystem is growing up fast, an energetic launchpad for new and emerging businesses while being home to some of the world's established tech giants. There are now 2,100 startups in Victoria alone, and our startup ecosystem has increased from AUD \$7 billion to \$10.5 billion in a year from June 2020.

Our rapid growth is feeding directly to the state's economy. The startup sector is emerging as Victoria's next big jobs growth engine, with a 10.75% rise in startup jobs year-on-year between 2018-2020. Half of the new jobs were created by HealthTech, FinTech and enterprise software startups, in a demonstration of how Victoria's traditional key sectoral strengths are adapting to changing economic and market conditions.

Our sector strengths echo in the 18 tech 'unicorns' (startup companies whose market value exceeds \$1 billion) who call Victoria home, including FinTech giant Afterpay, whose \$39 billion deal with Square is expected to be the biggest ever merger and acquisition agreement in Australian history.

The period saw the billion-dollar-plus acquisitions of Melbourne-based A Cloud Guru and MessageMedia, and Airwallex continue its meteoric rise, seeking a \$3.5 billion valuation in a new funding round to expand its footprint in the cross-border payments sector.

Victoria is also emerging as a globally competitive biotech hub, with four biotech unicorns: Clinuvel Pharmaceuticals; Mesoblast; Polynovo; and Telix Pharmaceuticals. One in five Victorian startups is focused on health, and global startup research authority Startup Genome ranks our ecosystem on a par with Bern-Geneva, Delhi and Dublin.



## Increasing the number of successful startups

Ensuring there is a strong pipeline of early stage startups being created and grown is integral to the success of Victoria's startup sector.

There are currently 348 startups per million population, which is well below that of leading ecosystems that typically have over 1,000 startups per million population.

LaunchVic's pre-accelerator programs are helping address this gap, but more needs to be done to encourage Victorians to launch and grow startups.

The importance of this was highlighted in LaunchVic's jobs report. Between 2018-2020 startups less than five years old generated the highest number of new jobs across the startup sector, creating 2,300 new jobs in the Victorian economy. And, as startups grow and become scaleups, the job multiplier effect accelerates. The 115 scaleups in Victoria created 2,700 jobs since 2018, with 23% of these in the past two years alone.

As we move to a world beyond the COVID-19 pandemic, these statistics show that a policy focus on startups is a crucial lever governments can pull.





## Closing the early-stage funding gap

The profile of our founders is changing. Over half of Victorian founders have one or more parents born overseas, and the average age of a founder is now 42 years old.

However, more must be done to support women entrepreneurs, particularly in early-stage investment. Only one in five founders are female and, of the 104 Victorian startups that received investment in 2019, just 19 had a woman founder.

While this early-stage funding gap disproportionately affects women-led firms, it also extends to the entire ecosystem. In 2018, Startup Genome estimated a \$96 million shortfall per annum in early-stage funding in Victoria alone, and LaunchVic's data confirms that this shortfall continues today.

This data has informed two landmark interventions set to unlock up to \$280 million for the Victorian early-stage capital market:

- The Alice Anderson Fund, a \$10 million angel sidecar fund for women-led early-stage startups, which will be matched against an additional \$30 million of private sector investment
- The Victorian Startup Capital Fund, a \$120 million Fund of Funds which is expected to leverage an additional \$120 million in private sector investment and is backing Victorian early-stage VC Funds Limited Partnerships and angel sidecar funds

With these interventions in place, LaunchVic is well placed to act as a catalyst for early-stage startups and advocate for time-poor, busy founders building tomorrow's billion-dollar companies.



**LaunchVic  
Board and Team**



# LaunchVic Board & Team

Over the reporting period, the LaunchVic Board comprised Leigh Jasper (Chair), Ilona Charles, and Aneetha de Silva, Teresa Engelhard, Constantine Frantzeskos and Catriona Larritt. There were eight meetings of the Board over the year. In addition, Directors considered and unanimously agreed to two circular resolutions.

Directors' Meeting	Eligible	Attended
Leigh Jasper	8	8
Ilona Charles	8	7
Aneetha de Silva	8	8
Teresa Engelhard	8	8
Constantine Frantzeskos	8	8
Catriona Larritt	8	8

## LaunchVic's Board also has three Sub-Committees.

- The Audit, Finance & Risk Committee members are Aneetha de Silva (Chair), Constantine Frantzeskos and Leigh Jasper. The committee met five times over the year and approved one Circular Resolution.
- The Grants & Funding Committee members are Catriona Larritt (Chair) and Aneetha de Silva. The committee met seven times over the year and approved three Circular Resolutions.
- The newly established People Committee members are Ilona Charles (Chair) and Leigh Jasper. The committee met three times over the year.



**LaunchVic  
Team**



# LaunchVic Team

LaunchVic is supported by a passionate and dedicated team, who all strive to help grow the Victorian Startup Ecosystem.

## Over the reporting period, the LaunchVic team comprised:

- **Chief Executive Officer** - Dr Kate Cornick
- **Company Secretary** - Shane Morris (part-time)
- **Chief Financial Officer** - David Williamson (part-time)
- **General Manager Programs & Operations** - Kat Franks
- **Community Programs Manager** - Josh Lipscombe
- **Corporate Affairs** - Andrew Lanigan
- **General Manager Marketing & Communications** - Kirrily Davis
- **Manager Communications** - Kate Gittings
- **Engagement & Events** - Katie Liddicoat
- **Executive Officer/Direct Marketing and Analytics** - Grace Gibson
- **Social Media Manager** - Emma Coochin (resigned effective 18 December 2020)
- **Events / Social Media Coordinator** - Yshrael Pascual
- **Managing Director, CivVic Labs** - Tristonne Forbes (part-time)
- **Operations Manager, CivVic Labs** - Elena Toh (part-time)
- **Communications and Community Manager, CivVic Labs** - Holly Clark

Georgia McDonald provided consultancy services from 1 December 2020 to 30 June 2021 to LaunchVic to support the development and launch of the Alice Anderson Fund. Georgia was subsequently appointed to the role of Chief Operating Officer, following a competitive recruitment process, commencing 1 July 2021.

Kirrily Davis, Tristonne Forbes and David Williamson did not renew their contracts beyond 30 June 2020. Kat Franks also resigned effective 31 July 2021. We are very grateful for their contribution to LaunchVic and wish them all the best in their future endeavours.





**LaunchVic  
Strategic Pillars**



# Building a Robust Investor Community

## Tractor Ventures - Victoria's first dedicated revenue-based fund

In December, LaunchVic invested \$300,000 in Tractor Ventures to establish Victoria's first dedicated revenue-based fund (venture debt fund), targeted at early-stage revenue positive and self-funded startups.

The arrival of Tractor Ventures was another positive step towards ensuring the investor landscape in Victoria is working effectively.

The new Fund is a revenue-based alternative to traditional venture capital for startups that either do not want to, or are not able to, attract VC funding. The fund will target the >12% Victorian startups that are currently self-funded.

LaunchVic's investment, matched with \$4 million secured by Tractor Ventures, will be used to support Tractor Ventures to facilitate investment in Victorian startups.

Tractor Ventures is expected to invest at least \$1 million in Victorian-based startups, of which at least 50 per cent of those startups will be led by female founders.

The LaunchVic agreement with Tractor Ventures also marks a new way of working for Victoria's startup agency, with the funds being provided as a loan to Tractor Ventures rather than a grant.



## New HealthTech Angel networks

In a 2019 Angel Network report, Professor Josh Lerner recommended that LaunchVic establish sector-specific Angel Networks to help drive success in industry verticals.

In February, LaunchVic opened a new funding round to support investment in Victoria's largest startup sector, HealthTech. As part of that round, LaunchVic sought applications from investors looking to establish a Victorian HealthTech Angel Network that specialises in financing biotech, medtech and pharmaceutical startups.

Successful grant applicants will receive up to \$300k over two years to support establishment and operations. Contracting was underway and an announcement was pending at the time of writing.

## Victorian Startup Capital Fund (VSCF)

Through LaunchVic’s advocacy work on building a robust investor community, we secured a \$60 million commitment to the Victorian Startup Capital Fund (VSCF) through the 2020/21 Victorian State Budget.

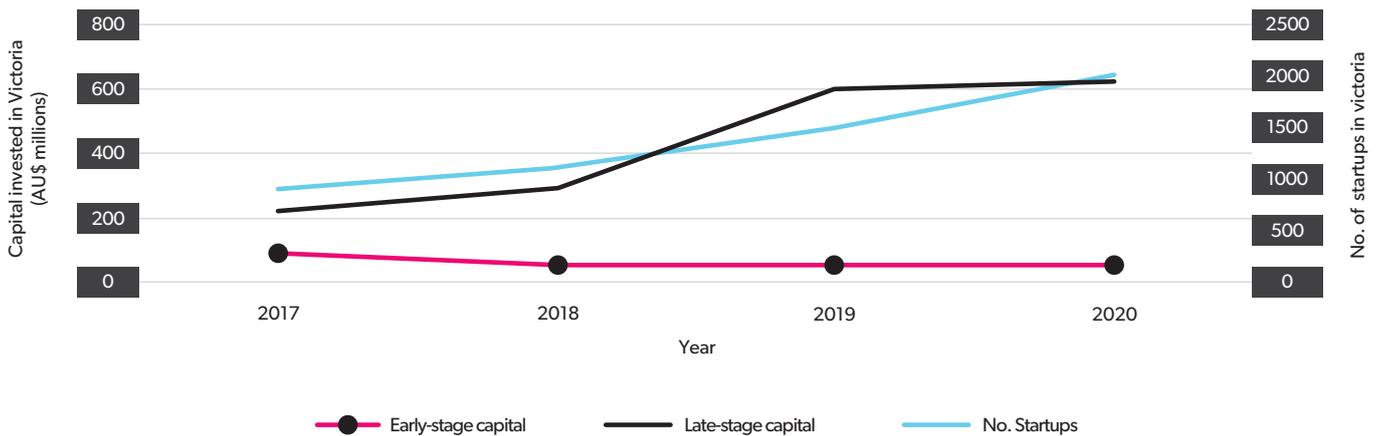
The VSCF is a \$120 million ‘Fund of Funds’ targeted at supporting Victorian-based early-stage Venture Capital (VC) Funds and Victorian-based angel sidecar funds, that in turn primarily invest Seed and Series A funding into Victorian-based tech startups targeting global market opportunities.

The VSCF investment comprises the \$60 million contribution from Government, which will be managed by LaunchVic, and an independent fund manager is being appointed to raise at least an additional \$60 million from the private sector.

The VSCF will invest in VC funds that support early-stage startups to scale, create high-value jobs and generate a return for investors. Investee VC Funds will be required to match any funds provided from the VSCF, resulting in a total boost of \$240 million funding for Victorian early-stage startups.

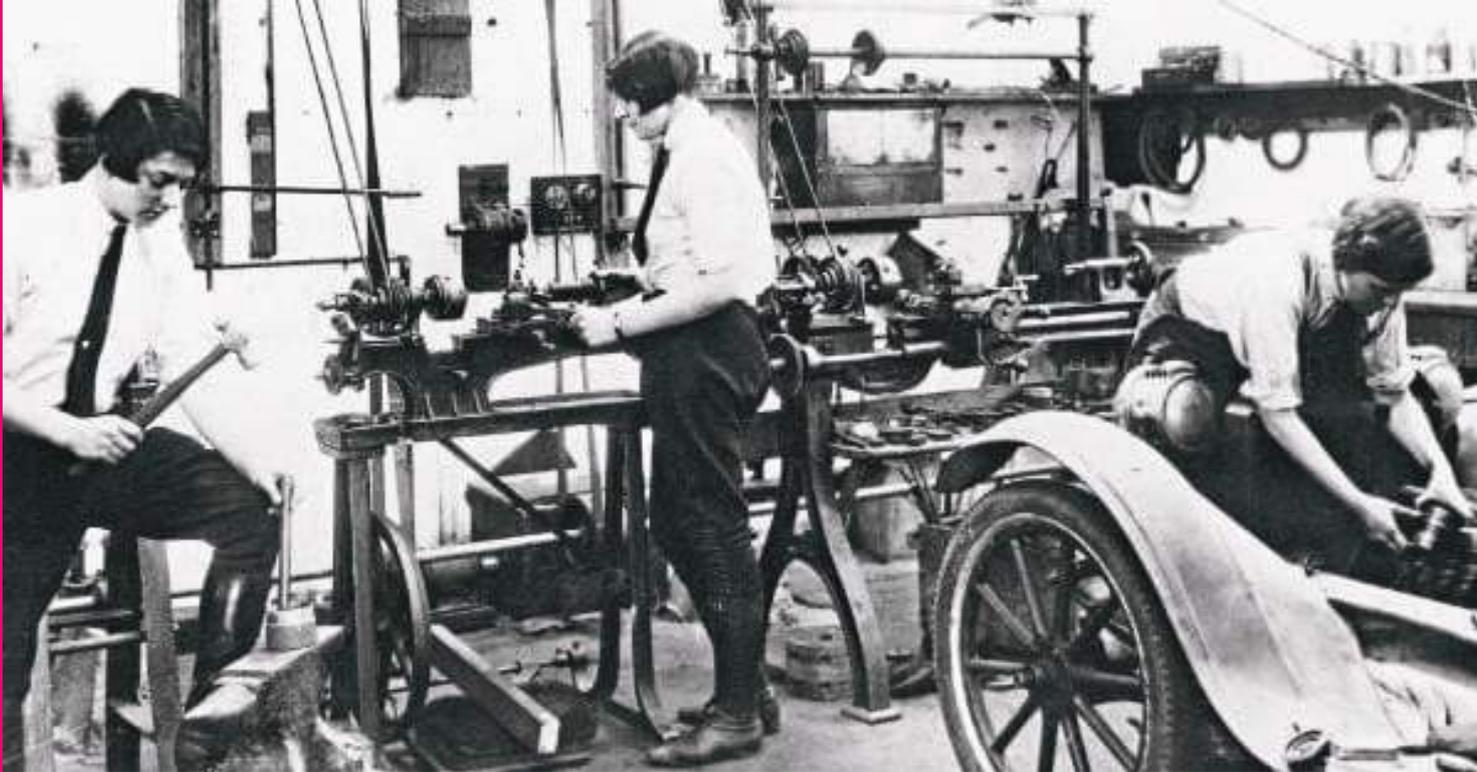
The VSCF specifically addresses the significant gap in the availability of early-stage funding in Victoria, which is impacting startups’ ability to grow and scale. In 2020 Victorian startups raised a cumulative total of \$672 million of venture capital, of which only \$53 million was directed to early-stage startups .

Figure 1: VC investments into Victorian startups



Since the Budget announcement in November 2020, LaunchVic has developed a detailed Business Case for the VSCF, which has been submitted to, and approved by, Government. Work is underway to establish the Fund, including establishing the legal and governance framework.

A milestone will be the appointment of a Fund Manager for the VSCF. LaunchVic has developed, and issued on 22 July 2021, a Request for Proposals for an experienced Fund Manager. A Selection Panel comprising LaunchVic Directors and independent external experts has been appointed to manage the Fund Manager selection process.



# The Alice Anderson Fund

The Alice Anderson Fund was also announced as part of the 2020/21 Victorian State Budget and is a \$10 million fund established to assist women-led early-stage startups to raise the capital they need to grow their businesses and create new high-value jobs.

The fund is a ‘Sidecar Fund’, co-investing alongside private sector investors, leveraging the Government’s investment by a minimum of 3:1 ratio. The fund will have an active investment period of three years and will provide between \$50,000 and \$300,000 co-investment into each startup.

LaunchVic is responsible for delivering the Alice Anderson Fund, which aims to co-invest in approximately 40 to 60 women-led start-ups with an estimated average investment amount of approximately \$200,000.



**Alice Anderson**

**The Alice Anderson Fund has two primary objectives:**

1. to directly increase the number of women-led businesses receiving investment by incentivising and leveraging private investment; and
2. to increase the individual funding round size for each investment in women-led startups, to help these startups gain traction and scale faster.

Since the Budget announcement, LaunchVic undertook significant work to enable the Fund to open on 1 July 2021. This includes developing a detailed Program Plan for the Fund, that was submitted to, and has been approved, by the Government.

## LaunchVic has established the Investment Committee comprising:

- **Founding member and former Chair of Scale Investors**  
- Susan Oliver AM (Chair)
- **CEO of Tractor Ventures** - Matt Allen
- **Chair of SBE Australia** - Kerri Lee Sinclair
- **LaunchVic Board Director** - Aneetha de Silva
- **LaunchVic CEO** - Kate Cornick

The role of the Investment Committee is to review and approve applications by investors to the Alice Anderson Fund while also ensuring sound governance.

An Investment Manager has been recruited to manage the day-to-day operations of the fund, and joined the team on 12 July 2021 subsequent to the reporting period.

LaunchVic has completed the program guidelines and application process, which are available online at <https://launchvic.org/general/the-alice-fund-for-investors>.





# Growing startups to scaleups

## CivVic Labs

CivVic Labs is Australia’s first Government Procurement accelerator program connecting startups with government procurement opportunities, run in-house here at LaunchVic. In 2021 CivVic Labs completed its third cohort and ultimately graduated 17 startups from the program (exceeding the target of 16). To date, graduates have secured over \$2 million in government procurement contracts and created 45 jobs.

### Bridging the gap between startups and government

A byproduct of the CVL program is the increased capability that startups build in understanding how to win government customers, and the capability Victorian public servants build in how to use the lean methodology and work with and co-design products with startup entrepreneurs.



Program participants have provided feedback on the benefits of the program:

**“The CivVic Labs program has been a wonderful experience that we would recommend to all startups. We were made to feel welcome, our input treated with respect and there was a real sense that ideas were being explored not just regurgitated. It was an eye opener!”**

- Baz Palmer, Co-Founder & CEO, Weyo

**“Seeing the knowledge, skills and energy of startups is exciting. The pure speed at which they work is provoking and pulls government agencies towards working in different ways. With the ‘yes and...’ attitude rather than ‘no because’ attitude.”**

- Bec Walker, Senior Innovation Specialist, WorkSafe Victoria

## Round 3 participants

Challenge Owner	Solution	Startup
WorkSafe Victoria	A community platform helping gig workers stay safe on the road and in control of their earnings.	MyGigsters
Department of Health	A chatbot delivering translated, culturally safe health alerts to vulnerable communities.	Good Hood
Department of Environment, Land, Water and Planning + Sustainability Victoria	An online donations tool for the 1.4 million tonnes of food waste generated by businesses each year.	Yume
Department of Environment, Land, Water and Planning	A citizen-powered livability index crowdsourcing real-time feedback for policymakers.	Civability
Study Melbourne	A mentor matching tool pairing international students with members of Victorian Rotary clubs to combat social isolation during the pandemic.	MentorMatch
First Peoples–State Relations	Virtual Reality Cultural Markers celebrating First Nations culture.	PECU

## Case Study: Yume Food

Some of the biggest names in Australian food manufacturing – Unilever, Mars Food and General Mills - are dramatically evolving the way they approach food donation, all with the help of CivVic Labs startup Yume.

Founded in 2016 by SecondBite Founding CEO Katy Barfield, Yume has spent the last five years working with commercial food manufacturers and primary producers on solutions for preventing the astonishing amounts of food waste generated every year in the commercial sector. Australia currently discards 7.3 million tonnes of food each year, with 55% occurring at a commercial level.

As a participant in the CivVic Labs Program, Yume worked alongside Sustainability Victoria and the Department of Environment, Land, Water and Planning to expand their existing platform to enable food suppliers to donate surplus stock to food rescue organisations seamlessly (such as Foodbank, FareShare, and SecondBite).

By the end of the program, Yume secured a \$150,000 government contract to develop the solution, on top of \$30,000 funding and in-kind support from startup and government coaches in the CivVic Labs team.

Today, Yume's donation tool is changing the way suppliers and food rescue organisations work together to deliver high-quality food to those who need it most. Pilot partners Unilever and General Mills are already using the tool and encouraging new partners to join their efforts to end food waste.



## Talent EOI

Getting the right talent remains one of the main impediments to startup growth in Victoria. Research undertaken by LaunchVic found many job applicants either didn't have startup experience or capability, didn't know where to find a startup job, or were simply unaware of the potential opportunities.

To address this issue LaunchVic issued an Expression of Interest (EOI) in August seeking proposals for Talent Programs to support Victorians to get experience that would enable them to apply for roles in Victorian startups and scaleups.



### The successful grant recipients were announced in February. These included:

- **INCO Australia**, to run bootcamps and a placement service to help Victorians stand down during COVID-19 to land their first junior role in a startup. The program aims to create 480 industry-ready startup workers.
- **Stone & Chalk**, to run events and develop online learning and skills and experience assessments open to all Victorians, and a mentor matching program to equip jobseekers with the know-how to succeed in a startup.
- **Startmate**, to run a Women-Only Fellowship for 120 Victorian women to help them land their dream startup job and a Student Fellowship that will create pathways for 300 exceptional Victorian university students.



# Supporting Australia's best accelerator programs

Supporting startups to scale is an important strategic priority for LaunchVic. One of the ways LaunchVic executes against this priority is through the funding of accelerator programs which provide early-stage companies with access to education, mentorship and financing so they can grow and attract customers, revenue and capital.

In December 2020, LaunchVic refunded three high-performing and proven startup accelerator programs to continue operations in Victoria and support Victorian startups to scale.

## Australian Sports Technologies Network (ASTN)

ASTN received \$414,000 from LaunchVic to continue its operations in Victoria over three years and support the State's strengths in SportsTech. As part of LaunchVic's funding they will deliver support for 30 Startups through an Accelerator Program. Funding will also allow ASTN, a not-for-profit, to find a pathway to sustainability to support their forward plans post LaunchVic funding.



## SBE Australia

SBE Australia – one of Australia's leading accelerator programs for women – received \$300,000 to run a range of initiatives for up to 95 women founders, including 20 places in their SBE Evolve program, a Victorian Alumnae program for 70 startups, and five scholarships for the 2021 Springboard Enterprises Life Sciences program.

## Startmate

Startmate is one of Australia's most successful Accelerator programs. Since its inception in 2010, Startmate has invested in more than 130 startups across Australia and New Zealand with a combined valuation of over \$1 billion.

The startups have since created more than 1,500 jobs. Powered by successful entrepreneurs and venture capitalists, Startmate encourages ambitious founders to hit their next milestone and offers invaluable resources, advice and support along the way.

LaunchVic invested \$1.8 million in Startmate so they could continue their important work to strengthen the investor landscape and founder capability for Victorian startups.

The funding will ensure Startmate continues to deliver their highly successful accelerator program for 30 Victorian startups over 2021-2023.

Startmate have also established a permanent Victorian office and recruited a permanent local team.

As part of their program, Startmate will also establish an investor program raising \$3 million over three years to be invested into Victorian Startups who complete the Startmate Melbourne Accelerator program.

As part of this, LaunchVic will receive an equity stake and potential return on investment via Startmate's accelerator alumni.





# Increasing startup creation

LaunchVic's support of pre-accelerator programs aims to increase the pipeline of early-stage startups in Victoria. In March 2020, LaunchVic opened a funding round for pre-accelerator programs focusing on increasing startup density. With the advent of the global pandemic, LaunchVic adjusted this funding round to ensure economic recovery was at the forefront.

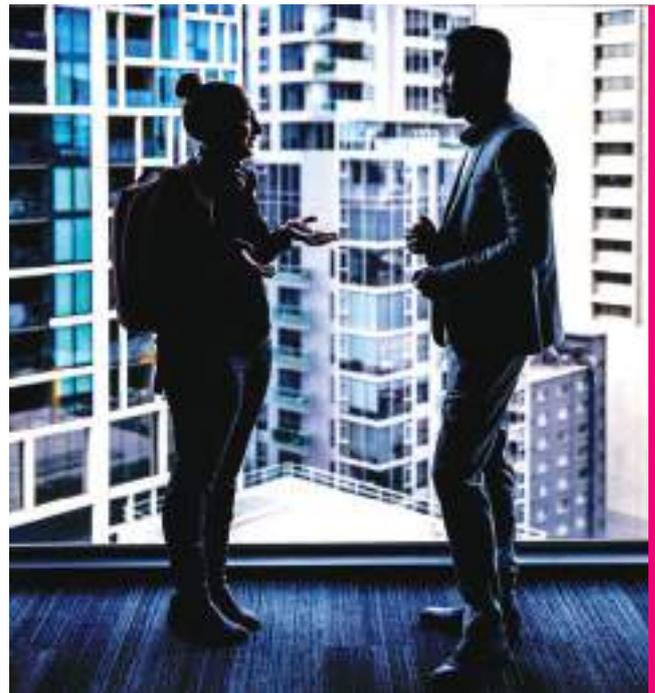
Evidence from previous economic downturns illustrates that entrepreneurship can play a vital role in helping to drive recovery and that entrepreneurs looking to start their own startup have access to the best possible support, advice and networks.

Announced in December, LaunchVic selected a total of eight pre-accelerator programs that included regional programs to support the North East Region, Gippsland and Geelong.

Atto Accelerator also received additional funding to run its online Pre-Accelerator program into 2022. The program will assist 20 women from across Victoria to launch tech companies that are scalable and sustainable.

SBE Australia were funded to run their Pre-Accelerator program to help female founders with strong ideas bring them to market in a smart and sustainable way. The Pre-Accelerator program will graduate 40 female Startup Entrepreneurs in total over 2 years.

Regionally LaunchVic supported Startup Shakeup led by Wangaratta Rural City Council will run masterclasses and "tech taster" workshops to inspire entrepreneurship for 40 local startup entrepreneurs in Victoria's North East.



Runway Geelong was re-funded to provide skills for 30 early-stage startup teams to develop their business model and minimum viable product, along with access to mentors and business coaches, co-working spaces and prototyping facilities.

In the southeast, Startup Gippsland was selected to run their pre-accelerator program focused on the ideation-stage and innovative tech businesses for early stage non-technical founders across Gippsland.

Other LaunchVic funded pre-accelerators included the Australian Sports Technology Network who, in partnership with the Global Sports Innovation Center (GSIC) and Microsoft, are delivering a sportstech Program so that 60 Victorian Startup Entrepreneurs are able to validate their off-field sportstech business idea against competitors, vendors and VC.

The Melbourne Accelerator Program (MAP) Velocity Program is helping 120 Startup Entrepreneurs speed up their search for problem-solution fit and discovery of first customers.

While Start, Now by Roshambo is delivering its pre-accelerator programs in partnership with local councils in Melbourne's west and is expected to assist up to 320 aspiring founders.





## Startup Success Series

In August Startup Victoria received LaunchVic funding to deliver programs for new and early-stage startup founders to survive and succeed beyond the corona virus (COVID-19) pandemic.

Two free programs, the First-Time Founders Program targeting aspiring entrepreneurs; and the High-Performing Early-Stage Founders Program for those with existing businesses with demonstrable traction, but less than \$1 million annual gross revenue, are being delivered.

Both programs are supported by a large range of online educational resources and content that includes virtual events run by startup industry experts, founders and investors.



## Support for Victorian Aboriginal Businesses

LaunchVic was awarded additional funding as part of the Victorian Aboriginal Business Strategy (VABS) to continue supporting Victorian Aboriginal Businesses and entrepreneurs.

As a result of their success and support for Victorian Aboriginal Businesses, this funding was awarded to Ngarrimili to extend their program delivery. The additional funding supported the delivery of a series of workshops for First Nations businesses and a pilot for a Talent Pipeline program to support young Aboriginal people.

Kalinya Communications was contracted to develop motivational content highlighting local Aboriginal-led business success stories to inspire the next generation of Aboriginal entrepreneurs.

An online collection of in-depth case studies on Aboriginal entrepreneurs spanning industries such as food, fashion, tech and design was developed. The stories are focused on their business journey, covering ideation, raising capital, legal structures, growth, Aboriginal management style and community impact.

Before this collection, there was no other collection of interviews with Aboriginal founders covering these topics. The case studies are distributed via a dedicated website <https://kooorieentrepreneurs.com> to best connect with 15-25 years olds from Aboriginal communities.

## Case Study: Dr Kyle Turner, Founder & CEO, PearlII

Kyle Turner's innate curiosity and ardour to learn, an acceptance of failure and a steadfast passion for health took him on a journey that has included completing a PhD in epidemiology at the University of Oxford, working in prisoner health and disease-prevention in Aboriginal communities, and eventually to founding dental tech startup PearlII.

Available as an app, PearlII uses AI image-processing to scan images of teeth (taken with a smartphone, by the patients themselves) to perform remote dental check-ups. Understanding that AI has the potential to revolutionize healthcare and with a resolute mission ("I don't want any kid growing up with bad teeth," he says) Kyle entered into the world of entrepreneurship.

"I've never been afraid to fail," Kyle tells us. "Going to university, I knew I was going to really struggle early on. It was hard, it sucked, but it didn't bother me that much to take that risk." The startup world – a realm fuelled by original ideas, bold moves and risk-taking – appealed to him when finishing his studies.

"Towards the end of my PhD, I was very frustrated. Then entrepreneurship kind of came on the scene. There's an accelerator program at Oxford that I went into with an idea. In hindsight, they should have never let me in. I gave it a go, failed, and lost all the investors' money... But it was great, I learned a lot."



### **Kyle founded PearlII by first identifying a problem.**

This, he says, is the key to entrepreneurship. "Don't worry about trying to find the world's greatest idea," he explains, "Start by finding a problem... Once you have identified a problem you need to know if other people are having that same problem.

Once you have defined your problem, and you know other people are experiencing it, then you start brainstorming ideas.... You don't need any money to find a big problem or to test an idea. That's a really important point: anybody can do it."



**The next step is to create an MVP (a minimum viable product)** or, as Kyle explains it, "a lean version of what you're imagining" for testing. "A really good website is Product Hunt. It's a platform that any digital project, website, or app can be tested on. If you are a tech entrepreneur, you just throw it up, it's free." That's precisely what Kyle and his team did for PearlII earlier this year, "You want to look for people's reactions; it's called product market fit," he says.

"Resilience is definitely something you need as an entrepreneur. Risk-taking means you're going to get knocked down, it's a bumpy road... Be prepared to hear 'no's. Most, if not all, investors in the early stages are going to say no. What we did – what you've got to do – is hustle."

Over several months of pitching, all Kyle and the PearlII team heard from investors was "no", but resilience and genuine belief in their idea carried them through. "Really just stick at it. Even when it looks hopeless," he says. "If you want to help people, do something good, it makes it easier to get through those really tough times."

**Of course, the moral of the PearlII story is this approach works:** they have now raised \$1 million, a salaried staff of seven, and big plans to grow exponentially. It's that acceptance of failure, drive and resilience that carried Kyle through the processes of conception, development, pitching and fundraising—and continues within the company today.

"Failure is an accepted part of the startup world," he explains. "There is, and there should be, a really good culture around failure... Because you're a startup, you want to try and create something new. There's no precedent. You want to get them comfortable pushing it.

Get comfortable failing... To be comfortable with it makes you a bit of an oddball. If you find yourself that one in the family who's a bit weird, and you're comfortable taking risks, I think you've got the makings of an entrepreneur."



# Researching and monitoring the ecosystem

We continued to refine and collect data on the Victorian startup ecosystem - working with industry partners, dealroom.co, Startup Genome and Dandolo Partners.

Startup Genome's Global Startup Ecosystem Report found that prior to the global pandemic, Victoria's startup ecosystem had grown in value to be worth AU\$7 billion in 2020, doubling in just a year from 2019.

In September LaunchVic launched [FindingStartups.launchvic.org](https://findingstartups.launchvic.org) - an open-source database of free, real-time data on the Victorian startup ecosystem. It remains the most comprehensive of its kind in Australia.

The database is helping ensure that Victorian startups are being 'seen' and it is a great tool for investors, local and international; corporations wanting to procure services and products; and government seeking more information about the local startup ecosystem.

In addition to publicly sourced information on more than 2,100 Victorian startups, the database profiles data on almost 150 local and international Venture Capital funds (VCs), 500 corporations and a range of local accelerators, workspaces and universities.

There is also an advanced search function to see data by sector, location and investment, and a matching tool for startups to search for an investor that is a 'good match' for their business.

In 2020 we also released LaunchVic's Ecosystem Mapping Report, a snapshot of Victoria's startup ecosystem. This report identified that, pre-COVID, Victoria's startup ecosystem was demonstrating significant momentum with a growing network of almost 1,900 Victorian startups (as of September 2021 this is now at 2,100) and that it employed 37,000 people - the majority of these in Victoria.



**Victoria's startup ecosystem had grown in value to be worth AU\$7 billion in 2020, doubling in just a year from 2019.**

It also found that Victoria's ecosystem was maturing. There was a higher share of seed, growth and later-stage firms than ever before - with 'growth' firms now counting for 12 per cent of firms compared to just 4 per cent in 2017. There has also been a significant jump in the size of startup firms with 41 per cent of them now earning between \$1-\$10 million in revenue - up from just 10 per cent in 2018.

In 2020 the Victorian business sectors with the largest number of startups are Health, Enterprise, Data & Analytics and Commerce - accounting for more than half of the total startups in Victoria.

In 2020, the number of women founders had decreased slightly, however women are attracting 15-18 per cent of total capital being raised in larger rounds (above \$1 million) and 32 per cent of raises under \$1 million, compared to 11.5 per cent in the US in 2019. This is great news but there is still more work to do to ensure gender equality.

The report also identified deficiencies when it comes to the amount, quality and activity of venture capital investment along with startup density when compared with other international ecosystems - which has been foundational in terms of the subsequent creation of the Victorian Startup Capital Fund and the Alice Anderson Fund.



# Promoting and advocating for the ecosystem

## Events

Despite the pandemic's impact on face to face opportunities to connect, our events and engagement program continued to expand in 2021.

LaunchVic held 26 virtual events, both online and in-person, engaging 1,445 attendees.

A highlight was the delivery of the 'Introduction to Angel Investing' Webinar in December 2020 attracting 161 attendees and a further 363 views of the recording on YouTube post-event.

We continued our focus on angel investment with stakeholder consultations with VCs and Angel Networks, which played a crucial role in the design of the VSCF and the Alice Anderson Fund.



## Communications Campaigns

LaunchVic uses an owned and earned communication and campaign plan to promote our programs, funding recipients' programs and the Victorian Startup Ecosystem more broadly.

For the period, the community size across LinkedIn, Twitter, Facebook, YouTube and Instagram grew by 3,363 to 27,645 an increase of 13.8%. Subscriptions to our monthly newsletter grew by 3,649 to 6,608, an increase of 123%.

In late 2020, LaunchVic released its second flagship podcast, Level Up, focusing on the stories of founders and the mentors behind their success. The 10 episode series secured 4,089 downloads and featured guests like Australian Radio Legend and now startup founder, Jules Lund, Culture Amp Chief Didier Elzinga and Rome2Rio Former CEO Rod Cuthbert.



**The future  
of LaunchVic**



# LaunchVic Strategy

2021-2024

## LaunchVic is Victoria’s startup agency.

We were established by the Victorian Government in March 2016 as an independent agency responsible for growing the State’s startup ecosystem. LaunchVic’s role is to drive the long-term success of Victoria’s startup ecosystem recognising the valuable contribution successful startups have on the economy through the creation of high value jobs and gross revenue for the State.

Through our work we are driving improvements in the startup investment landscape by developing the angel investor and early-stage venture capital markets in Victoria; supporting programs that build founder, investor, and talent capabilities; and continuing to drive awareness and advocate for startups. For more information visit [launchvic.org](http://launchvic.org)

Purpose	To drive the long-term success of Victoria’s startup sector		
<b>Goals</b>	<ul style="list-style-type: none"> <li>• Unlock investment capital</li> <li>• More successful startups</li> <li>• Create high value jobs</li> </ul>		
<b>Strategic Priorities</b>	<p><b>1. Catalyse early-stage startup investments</b></p> <p><b>1.1</b> Governance and oversight of the Victorian Startup Capital Fund (Fund of Funds)</p> <p><b>1.2</b> Design and delivery of the Women’s Angel Sidecar Fund</p> <p><b>1.3</b> Ensure LaunchVic investments, where appropriate, generate a Return on Investment (ROI) to reinvest back in the ecosystem</p>	<p><b>2. Support programs that grow more scaleups</b></p> <p><b>2.1</b> Support and upskill founders</p> <p><b>2.2</b> Support and educate investors</p> <p><b>2.3</b> Support and develop talent</p> <p><b>2.4</b> Government procurement (CivVic Labs)</p>	<p><b>3. Drive awareness and advocacy</b></p> <p><b>3.1</b> Campaigns to raise awareness</p> <p><b>3.2</b> Policy research and advocacy for e.g. early-stage tax incentive scheme</p> <p><b>3.3</b> Ecosystem research and monitoring</p>
<b>LaunchVic KPIs</b>	<ul style="list-style-type: none"> <li>• Investments activated in Victoria</li> <li>• Startups supported</li> </ul>	<ul style="list-style-type: none"> <li>• Jobs Created</li> <li>• ROI</li> </ul>	<ul style="list-style-type: none"> <li>• Awareness</li> </ul>



# The future of LaunchVic

To date, LaunchVic has activated more than \$129 million in private sector investment, invested in 130 programs and 19 accelerators, supported hundreds of Victorian startups to scale and upskilled more than 9,800 entrepreneurs.

The Victorian Government's Budget 2020/21, released in November 2020, marked a new era for LaunchVic.

It was a record budget for Victorian startups with a total of \$186.2 million committed to the continued growth of Victoria's startup ecosystem, of which \$110.5 million will be managed by LaunchVic. It also secured LaunchVic's future for a further four years from 2021-24.

LaunchVic has a new strategy focused on driving the long term success of Victoria's startup sector. The strategy has three goals: to grow startups; increase access to access to capital; and increase jobs. We will do this by implementing measures to catalyse early-stage startup investment; supporting programs that grow more scaleups; and by driving awareness and advocacy for Victoria's startup ecosystem.

Key measures already underway to catalyse early-stage investments include the Victorian Startup Capital Fund - a \$60 million Fund that will leverage \$180 million of private sector investment for early-stage startup and the Alice Anderson Fund - a \$10 million fund that will leverage a further \$30 million by co-investing in women-led early-stage startups.

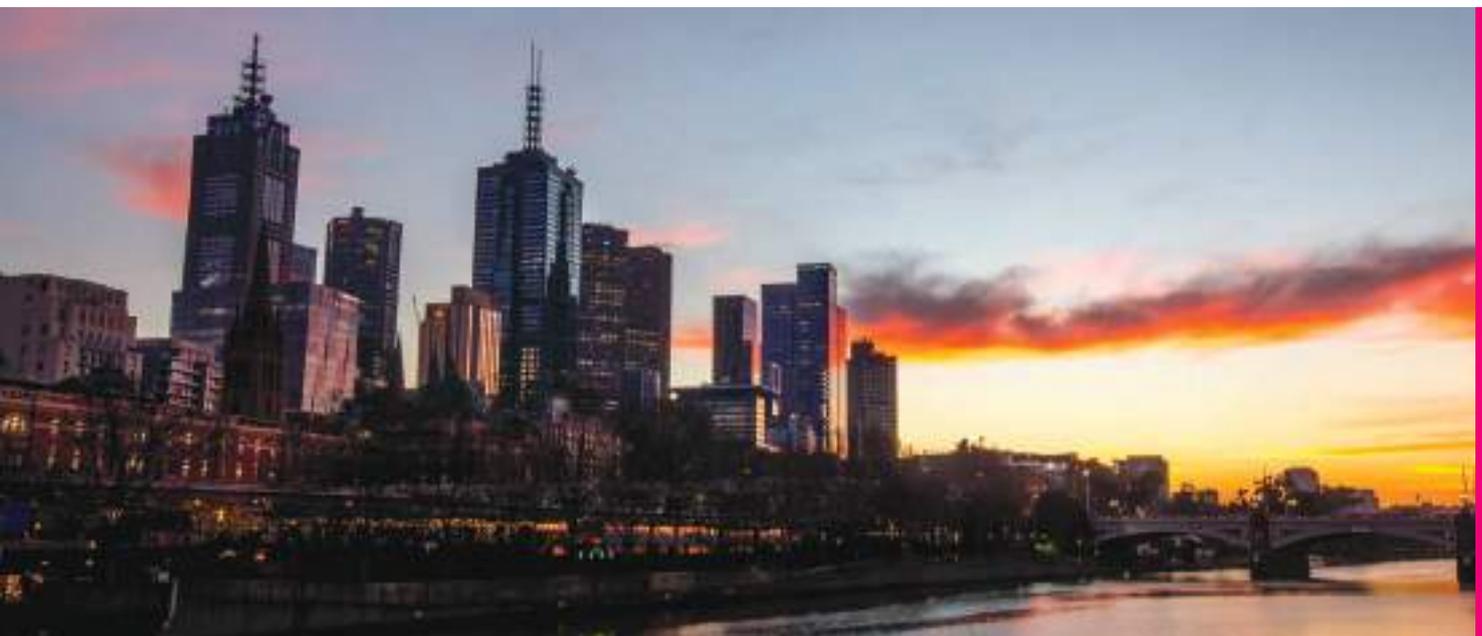
In what marks a new approach for the agency, LaunchVic will invest either through an equity stake in, or by providing a loan to, certain for-profit entities. This investment approach will only apply to organisations that invest in outcomes of their programs, for example Startmate's Accelerator Program. LaunchVic intends to reinvest any returns back into the ecosystem.

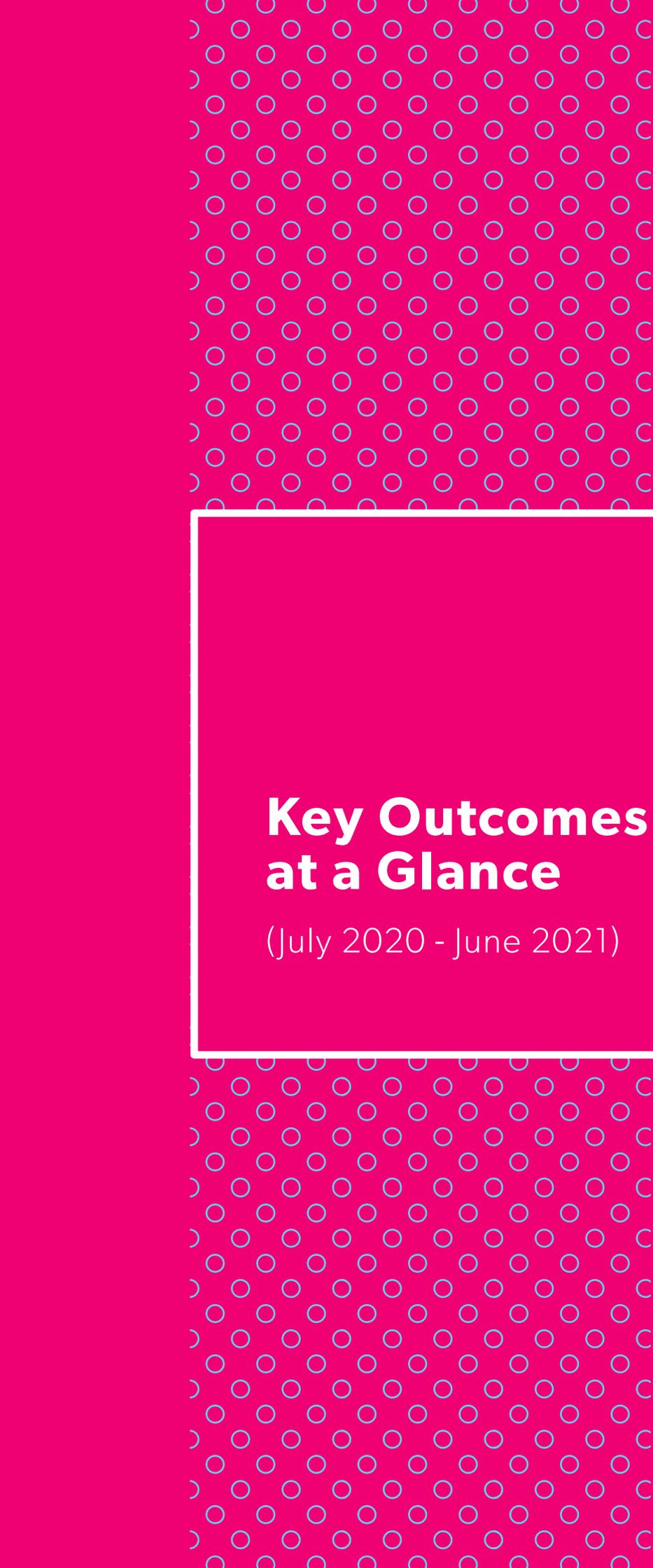
We will continue to support programs that grow more scaleups by upskilling founders, educating investors, supporting and developing talent and through its flagship government procurement program, CivVic Labs.

LaunchVic will also continue to run campaigns to promote its activities, and for the broader Victorian startup community, by raising awareness of opportunities and showcasing startups, founders, talent and investors.

Policy research and advocacy on issues and opportunities that affect Victorian founders and the broader startup sector, such as the early-stage tax incentive scheme, will remain at the forefront.

We will also continue to be the source of up to date research and monitoring of the Victorian startup ecosystem while leveraging our global partnerships and commissioning research to inform future work streams.





# **Key Outcomes at a Glance**

(July 2020 - June 2021)



# Key outcomes at a glance

(July 2020 - June 2021)

Strategic Pillar	Focus	LaunchVic Achievements
<b>Building a Robust Investor Community</b>	<ul style="list-style-type: none"> <li>Advocating to government on investor support</li> <li>Supporting the growth of Angel Networks</li> </ul>	<ul style="list-style-type: none"> <li>Successfully advocated for and led the development of the \$120 million Victorian Startup Capital Fund to support the early-stage venture capital sector</li> <li>Successfully advocated for and developed the Alice Anderson Fund to support more early-stage women founders to access investment capital.</li> <li>Invested in Tractor Ventures to establish Victoria's first dedicated revenue-based fund.</li> <li>Opened the Victorian HealthTech Angel Networks grant round focused on establishing new angel networks.</li> </ul>
<b>Increasing startup creation</b>	<ul style="list-style-type: none"> <li>Investing in programs that support early-stage startups</li> <li>Continue to invest in programs that support diverse founders.</li> </ul>	<ul style="list-style-type: none"> <li>Funded eight Pre-accelerator programs, including three regional programs and two programs for women.</li> <li>Supported Startup Victoria to deliver the Startup Success Series.</li> <li>Re-funded Ngarrimili to continue to support Victorian Aboriginal businesses and entrepreneurs and launched case studies on successful Victorian Aboriginal startups.</li> </ul>
<b>Growing Startups to Scaleups</b>	<ul style="list-style-type: none"> <li>Investing in programs that support startups to scale</li> <li>Increasing opportunities for people wanting to work at startups</li> <li>Running the CiVic Labs accelerator</li> </ul>	<ul style="list-style-type: none"> <li>17 startups in total have completed the CiVic Labs Accelerator, with graduates securing over \$2 million in Government procurement opportunities.</li> <li>Funded four projects to help grow the pool of talent for Victorian startups and scaleups.</li> <li>Re-funded Startmate, SBE Australia and the ASTN to support Victorian startups - including those led by women - to scale.</li> </ul>
<b>Monitor and research the ecosystem</b>	<ul style="list-style-type: none"> <li>Continue to perform research that informs future activities and identifies benchmarks</li> <li>Implement improved ecosystem monitoring to support research activities</li> </ul>	<ul style="list-style-type: none"> <li>Continued to refine and collect data on the Victorian startup ecosystem.</li> <li>Launched <a href="https://findingstartups.launchvic.org">FindingStartups.launchvic.org</a> - an open-source database of real-time data on the Victorian startup ecosystem.</li> <li>Launched the 2020 Ecosystem Mapping Report.</li> </ul>
<b>Promote Connect and advocate</b>	<ul style="list-style-type: none"> <li>Engage with and advocate on behalf of the ecosystem</li> <li>Connecting the ecosystem through high calibre events</li> </ul>	<ul style="list-style-type: none"> <li>26 virtual events engaging 1,445 attendees.</li> <li>Led a VC and Angel Network consultation to ensure stakeholder input into the development of the VSCF and the Alice Anderson Fund.</li> <li>Launched the 'Level Up' Podcast that includes 10 episodes on Mentorship.</li> </ul>



# **Finance Summary**



# Finance Summary

LaunchVic Limited ("LaunchVic") generated a loss of \$948,196 for the twelve months ended 30 June 2021.

LaunchVic received income of \$9,363,514 in 2020 / 2021 (including various grants of \$9,293,383) and has expensed \$10,311,710 comprising project activities of \$8,314,331 and operational expenditure of \$1,997,379 during the 2020 / 2021 year.

The above-mentioned results were budgeted, and the losses have been funded by previous year surpluses. At 30 June 2021, accumulated surpluses are \$16.5 million. Free cash held at 30 June 2021 was \$22.4 million.

Since its inception in the year that ended 30 June 2017 and up to the end of the reporting period, LaunchVic has committed nearly \$57.4 million of Project Activities funds through grant rounds and other activities, including sponsorship and commissioned activities.

\$48.4 million has been paid to grant recipients and service providers in the period since LaunchVic began in 2016 / 2017.

Over the duration of its funding LaunchVic, and as required by Government, has kept operational expenditure within 15% of the total grant it received from the Victorian Government.

The Victorian Auditor-General's Office completed its audit of LaunchVic's financial statements for the period ended 30 June 2021 and has issued a non-qualified report.

For further details on LaunchVic's finances, see the separate financial statements on the LaunchVic website.





# Appendix

Grants awarded over  
the reporting period



# Appendix

## Grants awarded over the reporting period

Pre Accelerator Programs	Project	Amount
Roshambo	Start, Now	\$250,000
ASTN	The Business of Sport	\$250,000
SBE Australia	Accelerating Women Startup Entrepreneurs	\$250,000
Startup Gippsland	Startup Gippsland	\$249,925
Melbourne Accelerator Program (MAP)	The Melbourne Accelerator Program (MAP) Velocity Program	\$222,720
Atto Accelerator	Atto Pre-Accelerator Program	\$250,000
Runway Geelong	Runway Pre-Accelerator Program	\$250,000
Wangaratta Rural City Council	Startup Shakeup	\$246,000

Talent Programs	Project	Amount
INCO Australia	Up-skilling Underutilised Talent for Junior Roles at Startups   INCO Academy	\$404,230
Startmate	Startmate Women-only Fellowship to drive Talent and Diversity in Victorian Startups	\$1,104,457
	Startmate Student Fellowship to establish Startups as a Career Path	
Stone & Chalk	Pivott	\$488,750

Re-funding Programs	Project	Amount
ASTN	ASTN SportsTech Accelerator	\$414,000
Springboard Enterprises Australia (SBE)	Backing more Victorian female founders	\$300,000
Startmate	Startmate Victorian Accelerator	\$583,635

