



A startup guide and toolkit for local government

A resource to support startup activities

Using this guide

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navigate between pages!



Foreword

LaunchVic's role is to engage and grow the Victorian startup community.

Startups differ from small business because they are highly scalable, disruptive and use innovation. As they expand, they create jobs and wealth, making them an important part of the mix in Victoria's economy.

The Startup Guide and Toolkit for Local Government aims to encourage greater participation by Victorians in the startup sector.

It will be an important asset for local government to actively identify and tap into startup and entrepreneurial activity in their local areas.

I'd like to thank KPMG for their expertise in developing the Guide along with the City of Melbourne, who inspired this work through their own startup action plan, and those involved in the consultation workshops earlier this year.

I look forward to hearing from local government as to how the Guide is used in their communities.



Dr Kate Cornick
CEO
LaunchVic

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Introduction

Introduction and about this guide

The Startup Guide and Toolkit for Local Government is an interactive guide to assist local governments in supporting their startup ecosystems.

It has been created to support each local government to contribute to Victoria’s startup ecosystem, recognising that the local government sector plays a critical role in the economic development of local communities and that startups require expertise and skillsets that may differ to Small-to-Medium Enterprises (SMEs). A core objective of this guide is to build a common understanding of startup language, development stages and requirements that will enable local governments to further grow the startup ecosystem across Victoria.

This guide has been produced in close consultation with local government representatives and key players in Victoria’s startup community. A series of workshops and validation exercises were undertaken to build the toolkits and resources in this guide.

There are **two main resource groups in the guide** – the [Startup Framework](#), and [Toolkit](#).

The **Startup Framework** builds a common understanding of stages that a startup may go through, and supports that it requires. Links to further information have been provided to guide local government representatives to the diversity of supports and enablers of the startup ecosystem.

The **Toolkit** has been developed to target specific challenges identified by local government focus groups. They complement existing efforts by local governments and organisations such as LaunchVic. The tools created include:

Checklists	How-to Guides	Additional Information Guides
<ul style="list-style-type: none">• Startup Ecosystem Checklist• Startup Characteristics Checklist	<ul style="list-style-type: none">• How-to Guide – Hackathons• How-to Guide – Meetups• How-to Guide – Makerspaces• How-to Guide – Supporting Startups with Pitching	<ul style="list-style-type: none">• Guide to Investment and Funding for Startups• Considerations for Developing Startup Ecosystem Physical Infrastructures



What is a startup?

Image credit: City of Melbourne/ That Startup Show /Photographer Wren Steiner

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Defining Startups

The LaunchVic definition of a startup is a ‘business with high impact potential that uses innovation and/or addresses scalable markets’. They are businesses in the early stages of formation, developing an idea into a functioning business that meets market needs and is able to grow.

Startup

- They are more concerned with finding a niche and growing rapidly to dominate the market in the space
- They either sell the business or grow it to be large enough to list on a stock exchange
- They are focused on entering the national or export market
- They provide innovation in product /services /operations / customer experience and a business model that can disrupt the industry
- They use technology to have a competitive edge in the market
- They seek help from LaunchVic

For a more detailed description on the differences between a startup and a small business, refer to the [Startup Characteristics Checklist tool](#).

Small business

- They concentrate on stability and sustainability – thus usually remaining a small size
- They do not usually seek to dominate a sector
- They are not globally focused
- They focus their businesses on tried and tested products and services
- They are less focused on new and innovative offering to market
- They may or may not leverage technology
- They seek help from Small Business Victoria

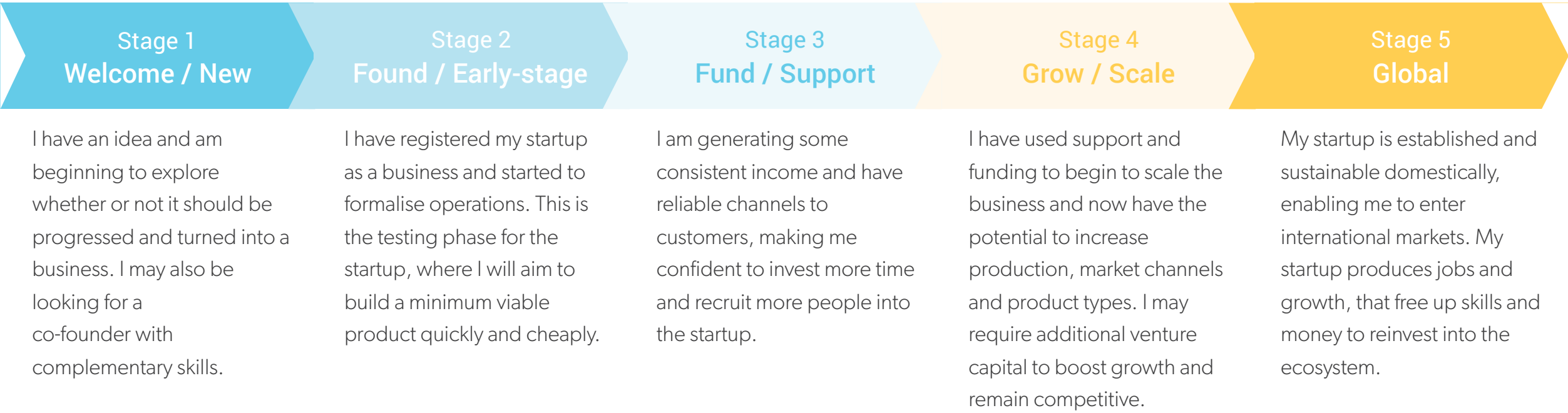
Nonetheless, elements of the Framework principles remain relevant for small businesses. There are many organisations which provide small business specific supports, such as Small Business Victoria.

Defining Startups – The Five Stages

Startups engage in specific activities as they grow, and can be classified according to development stages, as defined by the City of Melbourne in their Startup Action Plan¹.

The [Startup Framework](#) focuses on the initial two stages – ‘welcome / new’ and ‘found / early-stage’. These are the stages identified in consultations with ecosystem stakeholders as being gaps where information and support is primarily required.

Stages beyond the initial two may fall under the ‘scaleup’ category. A startup begins to scale as it obtains funding, enters new markets and substantially increases production. Its operations become larger and the business has adapted to the demands of producing and servicing at higher outputs. This guide suggests activities and tools for these stages, but the primary focus is on the initial two stages, where the entity is a true ‘startup’. The business is just establishing itself and ideas are being tested at these points.



1. City of Melbourne, Startup Action Plan 2017-21. [Access here](#).



The Startup Framework

Image credit: City of Melbourne/ That Startup Show /Photographer Wren Steiner

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Development of the Startup Framework

The approach to developing the [Startup Framework](#) has closely aligned with LaunchVic's strategic goal of diversity and inclusion, involving a broad representation of stakeholders. These include representatives from regional Victoria and under-represented groups, to form a holistic framework that covers the needs and thoughts of each type of ecosystem stakeholder from across the state.

In developing the Framework, we asked targeted questions around the current gaps in the ecosystem and tools that would improve effectiveness of local government support. This led to prioritisation of the supports and enablers listed in the finalised Framework. The toolkits and resources developed in this handbook are the points that local government representatives from across Victoria, with additional input from Victoria's startup ecosystem leaders, have noted as the most important focus areas to be addressed at this point in time.

Using the Startup Framework

The [Startup Framework](#) is designed to be used as a guide to some of the potential supports and enablers required for startups at each stage of their development. It will enable local government to understand the state of play for startups in their local area, identifying current capabilities and gaps. It is not intended to be a comprehensive directory, instead it is a general guide as to types of supports that are available for startups.

The [Startup Framework](#) has linked definitions for each support and enabler, to educate local government in startup terminology and activities. It has been created in close consultation with local government.

A caveat:

The categories and activities within the Framework are not intended to be set, definitive points and must be considered as flexible and dependent upon various factors including the local area, the startup in question and existing supports and enablers. Some startups may identify support required at earlier or later stages of their development.

The Framework is a guiding tool to apply as necessary and appropriate.

Key definitions for the Startup Framework categories

The [Startup Framework](#) categorises supports and enablers across two sections. These are organised per startup development stage, as previously explained [here](#). Definitions for each of the supports and enablers themselves are hyperlinked within the Framework.

[Physical infrastructures](#) are the spaces, places and delivered programs that support the startup ecosystem. They are items where entrepreneurs can seek out in-person support and often intertwine with the soft infrastructure items set out in the following section, which involve engagement with the community.

[Soft infrastructures](#) are the social, community-based activities and items through which an entrepreneur can grow. They offer support (information and funding), experience and cohort-benefits to a founder. They can occur alongside and as a result of many of the physical infrastructures already discussed.

Focus of local government support should be on early stages



		Stage 1 Welcome / New	Stage 2 Found / Early-stage	Stage 3 Fund / Support	Stage 4 Grow / Scale	Stage 5 Global
Targets	Startup Needs How to identify what stage a startup is at	"I'm new to the local startup community – how do I find my place and my people?"	"What do I need to know to bring my business idea to life?"	"What do I need to know and do to access capital and investment to grow my business?"	"What do I need to know and do to support business growth and scale?"	"What do I need to know and do to expand my business into global markets?"
	Impact Sought Alignment to LaunchVIC strategic focus	More founders with impressive ideas with global potential.	More people working in startups.	Stronger investor and support communities.	More informed founders equipped for startup growth.	More Victorian businesses making an international impact.
Supports & Enablers	Infrastructure (physical) The typical physical infrastructure that might be required	<ul style="list-style-type: none"> • Community centres including the local library, chamber of commerce. 	<ul style="list-style-type: none"> • Coworking spaces in your own region as well as connections to city based facilities. • Makerspaces for developing pilot or Minimum Viable Product (MVPs). 	<ul style="list-style-type: none"> • Accelerators and incubators, either broad or with sector focus, that is pivotal to both the investors and startups. 	<ul style="list-style-type: none"> • Upgraded office spaces to accommodate increased staff numbers. 	<ul style="list-style-type: none"> • Logistics and distribution solutions with international capacity.
	Infrastructure (Soft) Key connections, networks, collaborations, people and talent	<ul style="list-style-type: none"> • Networking and informal meet-ups, identifying mentors and mentoring programs. • Hackathons to trial ideas, meet other founders. 	<ul style="list-style-type: none"> • Masterclass sessions on a variety of topics for startups. • Intensive training bootcamps & workshops. 	<ul style="list-style-type: none"> • Regular pitchfest activity with the local business community • Identifying potential Angels/Seed, crowdfunding and Venture Capital sources. • Specific government grants and incentives (Local, State & Federal agencies) 	<ul style="list-style-type: none"> • Digital infrastructures developed for business expansion. • Specialised staffing for business process optimisation. 	<ul style="list-style-type: none"> • Connections to consulates and customs experts. • Partners in international markets. • Professional services (Financial, Legal and Strategic).

Physical infrastructures

Physical infrastructures are the spaces, places and delivered programs that support the startup ecosystem. They are facilities where entrepreneurs can seek out in-person support and often intertwine with the soft infrastructure items set out in the following section, which involve engagement with the community.

Some of the common infrastructures that are useful to startups:

- [Accelerators](#)
- [Incubators](#)
- [Makerspaces](#)
- [Coworking Spaces](#)
- [Community Centres](#)

The information Guide - 'Considerations for Developing Startup Ecosystem Physical Infrastructures' can be accessed [here](#).

Accelerators

Key points

Accelerators are ‘a set-duration program of mentorship, working space and events with a goal of accelerating a startup’s development.’

Accelerators are usually competitive entry and offer a small amount of funding, in return for equity.¹

Accelerator programs guide a startup cohort through growth phases.

What is an accelerator?

A startup accelerator is a program that usually provides participants with access to mentoring, office space, and cohort events. Startups enter a program for a designated period of time, and ‘graduate’ from the program having followed a set methodology to develop their startups.

Positions are usually determined through a competitive process. Accepted startups also usually receive a small financial reward on entry. In return for this and for the program, most accelerators take a small equity stake in each company.

Other Victorian examples include:

- [Startmate Melbourne](#)
- [La Trobe University Regional Accelerator Program](#)
- [SproutX](#)
- [The Melbourne Accelerator Program](#)
- A further list of accelerators can be found on [LaunchVic’s website](#)

Example: [Runway Geelong](#)

Runway Geelong combines a 12 week accelerator with a pathway into a three month incubator. Partnering with LaunchVic, PwC, Geelong Angel Investor Group and others, five startups are accepted, with two intakes per year. Runway is a not-for-profit organisation and works with government closely to drive innovation and smart cities technologies. It received \$1.25million from LaunchVic’s first round of funding to grow Geelong-based startups.

The program is located at the Federal Mills Park in Geelong and offers coworking space, mentorship and discounted services from partners. Startups are awarded between \$15,000-\$30,000 on acceptance, with potential for equity investment of between \$50,000-\$250,000. Criteria for applications is based upon being early-stage, post-minimum viable product (MVP), pre-investment, having global ambition, and a collaborative work ethic.

When might a startup consider using an accelerator?

Accelerator programs are designed to guide startups through growth phases, although accelerators vary with the point at which they accept startups. Some judge the entry process on revenue to date, others on the merit of the business idea and potential. Hence, some accelerators are known as ‘pre-accelerators’ – where earlier stage startups are accepted that may not yet have experienced business traction.

Generally, startups need accelerators to provide experience as they navigate some of the more complex challenges of business growth. Accelerator mentor pools are made up of a mix of experienced entrepreneurs, corporates and subject specialists. Skills required to run an accelerator are specialised, and as such, not all communities may have one.

Accelerators further benefit startups through a strong cohort effect and via deep networks into both local and wider ecosystems.

1. [Susan Cohen](#)

Incubators

Key points

Incubator programs are aimed at nurturing early-stage ideas by offering resources, working space and mentorship. Incubators usually do not have set durations.¹

Incubators are used to develop ideas at an early stage and focus on innovation impacts.

Many are hosted by corporates, local governments and venture capital firms.

What is an incubator?

Similarly to an accelerator, an incubator provides startups with a shared space for work and a program to assist in its development. They usually host startups in the space and have a similar goal of producing sustainable startups with a business model that attracts investment and growth.

A major difference between an accelerator and incubator is that incubators are more concerned with the build of an innovation process and the potential impacts of a technology or business, whereas an accelerator focuses on scalability and growth. Therefore, incubators often accept startups at earlier stages in their lifecycle. Furthermore, incubators tend not to have a set timeframe attached to the program.

Other Victorian examples include:

- [Darebin Enterprise Centre](#)
- [Victorian Energy Incubator](#)

Example: [Free to Feed](#)

Free to Feed is a social enterprise engaging refugees and new migrants in a variety of food-based projects. The organisation offers skills, training, mentoring, guidance and connections to assist migrants with working in the competitive food sector.

Since September 2017, the multipurpose food enterprise hub in Thornbury has been host to the 'Now to Launch' startup incubator. This program offers over 60 Victorian entrepreneurs the opportunity to develop a food-related startup, and aims to guide founders from pre-revenue and testing stages through to official launch. The program uses lean startup methodologies and tools specific to refugee entrepreneurialism to guide participants through three stages – a prototyping food enterprise hub, startup mentoring, and an intensive nine-month startup fundamentals course, delivered by The Difference Incubator.

When might a startup consider using an incubator?

Incubators are useful for earlier stage startups that need support in developing an idea without added pressures of office-space, program duration and other such matters.

They are usually targeted towards a sector or location, thereby offering a specific approach which, if aligned to the startup, can provide the most relevant expertise to the entrepreneur.

Incubators, like accelerators, have a strong cohort effect and collaboration can assist a startup in building a network. Experience from mentors is designed to develop a startup and provide guidance in the early stages of the startup's life.

1. [Forbes](#)

Makerspaces

Key points

A makerspace is a collaborative facility that caters to creative media and product manufacturing, similar to a lab or workshop space.

Makerspaces often have technical equipment to enable production of high-technology products.

Victoria is home to makerspaces across the region from Gippsland to the Western regions.

What is a makerspace?

Makerspaces are venues that are used to create, design and test products. They are similar to coworking spaces, however often have machines for product development, and as such are variations of 'workshop' or 'lab' spaces. They tend to focus on 'STEM' – Science, Technology, Engineering and Mathematics – fields.

Makerspaces, or A fab lab (fabrication laboratory) is a small-scale workshop offering personal digital fabrication. Their objective is to provide the resources necessary for local communities to create these, as they have the tools and materials that would be inaccessible to an individual. They are often hosted within schools, libraries and universities or are affiliated to relevant corporates as these organisations tend to have the suitable resources available.

Other Victorian examples include:

- [FAB9](#) at [The Dream Factory](#)

Example: [Digital BACE](#)

Supported by LaunchVic, the Digital BACE program and makerspace was established in early 2017 at Western BACE, a combined coworking and accelerator in Victoria's Western growth corridor. It provides local startups with manufacturing facilities including 3D printing and virtual reality modelling capabilities, as well as media hubs such as a production studio and post-production editing suite. This equipment is specifically designed to assist with digital marketing work and to help startups build better products in the market.

Established in May 2015, Western BACE aims to create a community driven business space for collaboration and targeted support. A program of training and workshops offer free advice to local entrepreneurs, who can also use the facility's coworking areas.

When might a startup consider using a makerspace?

Startups creating both physical and digital products that require specialised equipment to build and test are most likely to benefit from a makerspace. They frequently contain expensive and technical equipment such as recording facilities, product design centres and high-powered computing.

Makerspaces are useful to design and produce initial prototypes of products and be able to iterate. The venues are often similar to coworking spaces in their collaborative, open feel, with strong cohort or network effects.

A 'How-to Guide for Makerspaces' for local government can be accessed [here](#).

Coworking Spaces

Key points

Coworking spaces are physical infrastructures shared by a community of people/businesses working independently from one another.

They usually offer shared resources, facilities and support flexible working schedules.

What is a coworking space?

A coworking space is a shared office format where different startups or small businesses can rent or be given desks at which to host their business, within the same office area.

Facilities are shared and often include kitchens, bathrooms, meeting rooms and technology enablement. Hence, coworking offices are collaborative spaces where inhabitants are not all part of the same organisation.

Other Victorian examples, respectively supporting regional, international, and female founders, include:

- [Frankston Foundry](#)
- [Outcome.Life](#)
- [One Roof](#)

Example: [Inspire9](#)

Located in Richmond and with an additional space in Footscray, Inspire9 is a community-focused coworking space that also hosts an accelerator program and Angelcube program. The facility hosts desk space, as well as meeting rooms and capacity to host events for between 20 and 400 people.

Inspire9 offers a variety of residency options, ranging from \$40 a day to \$699 per month 24/7 access. Part time plans and casual plans are offered, with residents having full access to communal areas, a desk, phone pods, wifi and meeting room hire.

When might a startup consider using a coworking space?

Startups may require coworking spaces either as they begin to need a professional area away from home at which to engage with clients, or when they begin to recruit new staff members and need an office space in which to work together and meet. Some founders prefer to use coworking spaces far earlier in their startup's journey however, realising the benefits of cohort effects and the social impacts of collaborating with fellow founders.

Coworking spaces are useful when a startup requires flexibility in its working arrangements and needs a physical infrastructure or alternative to working from home. They are often most helpful when there is a balance between ability to do independent work – some founders can find the hot desk and hive of activity distracting – and access to collaboration and shared experience with other users of the space.

Community Centres

Key points

Community centres are places at which the general public can engage for free and come together as a group.

Services helpful to startups are often hosted at community centres, such as events, informative materials and support services.

Victoria's network of libraries, education centres and health centres are world-renowned, and provide startups with key locations through which to access support.

What is a community centre?

A community centre is any hub that is open to the public and can be accessed as a general resource locally. Examples include public libraries, community halls, free museums, council support centres and similar. They are spaces at which services are provided and communities can get together to interact with one another, and with institutions that can assist them.

Community centres often host startup-relevant events, or have resources that can be leveraged by a startup. They can be formal, as per the list above, or informal, such as cafes or restaurants where events are often held.

Other examples include:

- Victorian library network
- Education hubs including universities
- Community halls
- Government and council buildings
- Cafes, bars and restaurants

Example: [State Library of Victoria's Startspace](#)

Startspace is part of the State Library of Victoria's Vision 2020 redevelopment, which will modernise and rejuvenate the library. The space will be dedicated to supporting early stage entrepreneurs, offering both at no cost and low cost coworking spaces and events run by partnership entrepreneurship organisations. StartSpace will be staffed with experts and include an entrepreneur-in-residence program, business coaching, data research resources and a series of masterclasses and community events that are delivered simultaneously at the State Library in Melbourne and other libraries.

When might a startup consider using a community space or centre of expertise?

Startups may use community centres at multiple points of their life cycle. Each offers different programs that are unique to the local area and may benefit startups in different ways – for example, the State Library of Victoria's Start Space will open the library up to entrepreneurs with a coworking space, business support and masterclass events program. Similarly, informal community spaces, such as bars and cafes, may encourage different forms of interaction and networking.

Use of community centres by startups hence depends more upon what schemes and programs the centres run that may be of interest to an individual entrepreneur.

Community spaces often have resources such as Wifi, printing and quiet, bookable meeting rooms that may otherwise not be available to an entrepreneur.

Soft infrastructures

Soft infrastructures are the social, community-based activities and items through which an entrepreneur can grow. They offer support (information and funding), experience and cohort-benefits to a founder. They can occur alongside and as a result of many of the physical infrastructures already discussed.

Key soft infrastructures include:

- [Meetups](#)
- [Hackathons](#)
- [Pitchfests](#)
- [Bootcamps and Workshops](#)
- [Masterclasses](#)
- [Mentoring](#)
- [Angel and Seed Investment](#)
- [Venture Capital](#)
- [Crowdfunding](#)
- [Grants and Government Incentives](#)

Meetups

Key points

A meetup is 'a meeting, especially a regular meeting of people who share a particular interest and have connected with each other through a social-networking site.'¹

Meetups facilitate connections in the ecosystem and encourage collaboration.

What is a meetup?

A meetup is a group of startups and entrepreneurs who get together to discuss certain topics or share ideas. They are often informal, network-style events that bring the startup ecosystem together.

Meetups are frequently arranged online (often on the platform meetup.com), with popular forums and social media sites advertising the times and locations. They sometimes focus on specific industry sectors, for more targeted discussions, or can also be general events for entrepreneurs of all varieties. Anyone can host a meetup, with examples of founders, investors, local councils or similar establishing them. Community spaces such as council buildings, libraries and community centres are prominent host locations.

Other Victorian examples include:

- [Startup Melbourne](#)
- [Laika Academy networking events](#)

Example: [Silicon Beach Australia](#)

Silicon Beach was established in 2008 with the aim to connect local entrepreneurial systems across Australia, building a support ecosystem similar to that in the USA's famed Silicon Valley. Starting with an online community forum, Silicon Beach now hosts weekly social events for startups in Melbourne and other Australian cities. These meetups bring together groups of like-minded entrepreneurs, and are an open forum for networking and building ecosystem connections.

Silicon Beach also connects the community to startup resources and shared knowledge. It runs a frequent podcast and has a job section for local startups to advertise openings – engaging local people to get involved in entrepreneurship.

When might a startup considering attending a meetup?

Meetups are helpful for startups looking to connect with others in the ecosystem, with whom they may be able to share experiences and perhaps collaborate on projects. Founders at all stages of development may be interested in attending – earlier-stage entrepreneurs may gain value from discussing and validating their ideas, whilst more established startups may seek to maintain networks or recruit from their local ecosystem.

Meetups are key events for building the wider entrepreneurial community and facilitate important connections and collaborations between startups. They also help to upskill an entrepreneur in topics of discussion.

A 'How-to Guide for Meetups' for local government can be accessed [here](#).

1. [dictionary.com](#)

Hackathons

Key points

'An event, typically lasting several days, in which a large number of people meet to engage in collaborative computer programming.'¹

Hackathons encourage collaboration and quick testing of ideas. They cover a range of topics and innovation challenges.

Hackathons cover diverse topics, including education, health, agriculture, sport and wearable technologies.

What is a hackathon?

A hackathon is a workshop-style event usually over a couple of days, designed to form innovative solutions to a set challenge. Organised into teams, founders must address a theme by creating a business idea, in effect a 'startup', and pitch their prototypes and businesses to a judging panel.

Hackathons are designed to enable quick problem solving and to encourage collaboration between individuals of different backgrounds. Traditionally focused on software coding, hackathons have now diversified to include creation of physical products and to solve a wide range of challenges from space exploration, to environmental pollution, to financial technologies. They are often supported by institutions who specialise in the hackathon topic area.

Other Victorian examples include:

- [Pausefest](#)
- [Bendigo Smart City Hackathon](#)
- [Peninsula Hack](#)

Example: [#SheHacks](#)

An all-female hackathon running annually since 2014, #SheHacks is an initiative of the Girl Geek Academy. Running from Friday to Sunday, teams of 3-4 begin the ideation process, before iterating a product or solution on the Saturday and pitching on the Sunday.

The program is fully supported by specialist mentors and recognises the diversity of skillsets of participants – creative, business, and technical. It has recently developed a mentoring and bootcamp program to run alongside the hackathon in the regional locations of Warnambool, Warragul and Bendigo – supported by LaunchVic funding to be able to support teams for two months after the hackathon as well as prior to the event.

When might a startup consider attending a hackathon?

Hackathons are helpful for quick iteration and development of startups in very early stages. They require fast thinking and targeting to specific problems, which can help to frame and challenge a founder's ideas. A hackathon may help to form and then establish fast feedback on an entrepreneur's ideas.

A hackathon also involves extensive collaboration between others, and as such is a useful networking tool. Many teams formed in hackathons go on to work together on actual startups, and can be a forum for recruitment and community building in the early stages of a startup's life.

A 'How-to Guide for Hackathons' for local government can be accessed [here](#).

1. [Oxford Dictionary](#)

Pitchfests

Key points

A pitchfest is an event in which participants pitch their ideas or businesses to an audience, often in competition and with set criteria.

Startups are able to practice and gain feedback on their business pitch, often required for competitive funding or program entry.

What is a pitchfest?

A pitchfest is an event organised to share entrepreneurial ideas and practice the key pitches often important for presenting to investors and stakeholders. Usually conducted in a competition-style format, a pitchfest allows participants a timeframe in which to present their startup to an audience. Judgement of competitions varies and will be according to specific metrics such as traction, revenue, and potential.

Pitchfests are sometimes included in the selection process for accelerators and investment. They are designed to showcase and compare startups in a fair manner by adding time and content restraints. An entrepreneur may wish to present in a number of styles, and pitches are sometimes conducted over video-link or in a pre-prepared video format.

Other Victorian examples include:

- [Startup Victoria Pitch Nights](#)
- [UnPitch](#)
- [Social Traders Pitchfest](#)

Example: [Australia Post Regional Pitchfest](#)

The 2017 Australia Post Regional pitchfest was conducted across eight regional venues as heats decided who would pitch at the final in Wagga Wagga in August. The competition visited various regional locations to provide business growth opportunities for entrepreneurs in rural areas. Coupled with the competition was a series of workshops and mentoring opportunities that provided support to participants.

The pitchfest's model of delivery is through partnership with local entrepreneurship experts such as The Melbourne Accelerator Program and regional councils. A cash prize and program of support is given to the winner, with judging criteria based upon creativity and commercial applications. Businesses pitching have been as varied as online arts platforms, to virtual golf course tours, to educational coding kits for youths.

When might a startup consider entering a pitchfest?

Pitchfests are helpful in practising delivery of one of the most important documents that a startup will build – the pitch deck. This document will usually be requested by investors and key stakeholders as a concise yet detailed summary of the business, and used to judge its suitability for a particular program or investment.

Pitchfests are also effective in providing quick feedback to a founder, and in judging outside perspectives of their business. Judgements will often clarify areas of the business that appear weaker, or ways in which a founder can more effectively communicate their goals and progress to the audience.

The events are also highly important for connecting across the ecosystem. Founders, investors, corporates, government and mentors often attend pitchfests, and this diversity in attendees makes pitchfests valuable networking opportunities and enablers of ecosystem engagement.

A 'How-to Guide for Supporting Startups with Pitching' for local government can be found [here](#).

Bootcamps and Workshops

Key points

Bootcamps and workshops are intensive sessions that test and challenge a startup or entrepreneur, with a view to improvement in individual skills and the business.

Startups are able to gain rapid advice and feedback on their ideas, and access industry specialists.

What are bootcamps and workshops?

A startup bootcamp or workshop is an event in which entrepreneurs can test their ideas and improve their personal skills. They are designed to target specific elements of startup growth and equip entrepreneurs with information and advice on how to overcome challenges.

Bootcamps and workshops may be delivered in various styles – as a lecture or practical format. They will often involve participation and interaction and are delivered as intensive courses. They may involve just one session, or have a more detailed recurring program.

Other Victorian examples include:

- [Melbourne Accelerator Program Startup Bootcamp](#)
- [Muru-D Lean Startup Bootcamp](#)
- [Café Startup Workshop Training](#)
- [General Assembly Startup Ideation Workshops](#)

Example: [Startmate investor pitch workshops](#)

Startmate's monthly sessions are focused on advice on how to pitch businesses to investors, including in building a presentation, leveraging ecosystem networks and additional advice. Supported by LaunchVic, these workshops are provided free of charge for founders.

As well as the sessions themselves, participants are able to meet separately with a Startmate mentor, who will offer additional advice. There are also opportunities to attend quarterly networking events connecting investors and founders. Thus, the investor pitch workshops form part of a suite of supports for entrepreneurs in learning how to better present their startup.

When might a startup consider attending a bootcamp or workshop?

Bootcamps and workshops may be aimed at startups at any stage. Some will be helpful for founders requiring basics – introducing participants to core concepts for launching their startup. Others may focus on established startups and improve founder skills in targeted areas of the business. Therefore, bootcamps and workshops form a useful part of an entrepreneur's broader education.

Bootcamps and workshops are usually run by startup hubs and key participants in the ecosystem, hence they are a useful forum to network and work collaboratively with other founders.

LaunchVic is supporting bootcamps and workshops to drive founder education in seeking access to capital, growth and exports, and personal leadership – more information is available on the [website](#).

Masterclasses

Key points

A masterclass is a focused speech or event given by an expert to inform a group of entrepreneurs about potential ways to operate their business.

Masterclasses are useful parts of a founder's education at any stage of their startup.

Many Victorian accelerators, incubators and local government participants host masterclasses.

What is a masterclass?

A masterclass is a lecture or exhibition given by an experienced mentor to a group of entrepreneurs and ecosystem participants. They cover a range of topics, usually focusing on an aspect of a business process such as customer experience, data analytics or pricing strategy, or a particular industry sector. They are often combined with networking or meetup events for the community preceding or following the masterclass.

Experience and quality of the presenter is crucial in the success of a masterclass. It is critical that founders receive the correct, relevant information and therefore ensure that speakers have qualified experience in the subject-area is important.

Other Victorian examples include:

- [Melbourne Accelerator Program Masterclass and Public Forum Series](#)
- [Startup Victoria Startup Week Program](#)
- [Fintech Victoria Masterclass Series](#)

Example: [The York Butter Factory](#)

The York Butter Factory, a coworking space which also hosts venture capital fund Adventure Capital, hosts frequent events under its 'Masterclass' and 'Skills' series. Each brings in an expert from the field to speak to entrepreneurs about how to implement techniques and processes that can improve their startup.

Recent examples have been Big4 accounting firms speaking on privacy law, discussions on scaling operations and career and business skills development. Bringing together the ecosystem complements the York Butter Factory's extensive corporate and technology partnership structure, coworking facilities and alumni network.

When might a startup consider attending a masterclass?

Masterclasses form part of an entrepreneur's overall education, and so are likely to be useful at any stage of a founder's journey. Usefulness at a particular time will depend upon topic, complexity of material covered, and delivery. Speaker quality and experience will have a large bearing on this.

Masterclasses held across Victoria are diverse and tend to specialise on specific areas that will particularly service certain types of startup founder. Therefore, they are often valuable for an entrepreneur to receive specialist advice on a topic in a group setting, and have the opportunity to discuss the subject matter with the speaker after the masterclass in a more informal networking setting.

Mentoring

Key points

Mentoring is the sharing of advice and experience between a person established in the startup community and a current entrepreneur.

Delivery of successful mentoring depends upon the individuals involved and how advice is applied.

Mentoring schemes are usually embedded into startup programs, and some institutions also host an entrepreneur in residence.

What is mentoring?

Mentoring is a process of learning and sharing of experience between those in the startup community. It allows entrepreneurs to ask questions and receive support to develop their venture.

Mentoring comes in all forms, whether hands-on, specific technical advice, or general support provided to a group. Mentors are sometimes assigned to specific startups based upon specialisms, or can administer general advice on a topic to a larger group.

Mentors often have their own preferred style of interaction with startups. Some focus on startup methodologies such as 'lean startup', whilst others may deliver ad-hoc advice according to entrepreneur needs. A mentoring relationship may be formal, or a more casual relationship.

Other Victorian examples include:

- [Bright Sparks Female Entrepreneur Program](#)
- [Business Victoria Small Business Mentoring Program](#)
- [iGen Foundation Young Entrepreneurs Mentoring Scheme](#)

Example: [iGen Your Mentor](#)

The iGen Your Mentor program is open to all entrepreneurs in Victoria, and focuses on supporting founders aged between 15 and 30, though this is not a strict requirement. The program works with local councils, coworking spaces, not-for-profits and community groups in partnerships to provide access for entrepreneurs.

Mentors in the program have a specialist background in a certain business area, and work on a volunteer basis. They go through a process of interview, training and ongoing support to be accepted onto the program which includes workshops, business coaches and resources.

When might a startup consider accessing mentoring?

Startups usually require mentoring and advice at each stage of their development. Depending upon the founder's unique experiences and specialisms, a startup will require support in different areas and at different times. Due to the diverse forms that mentoring takes, the process is continuous and is tailored to a startup depending upon their stage and needs.

A mentor or mentor program will be most helpful for a startup if:

- Their time commitments and specialisms align to that of the startup.
- They have developed interpersonal skills, are adaptable and understanding.
- The program is diverse, allowing pooled experiences and a wide range of opinions.
- They do not try to be decision makers for startups.
- They challenge, question and provide guidance.

Angel and Seed Investment

Key points

An angel investor is 'an individual who invests his or her own money in an entrepreneurial company'.¹

Also known as 'seed investments', angels are a good way to fund the earliest stages of a business.

Investor networks exist both in metropolitan and regional Victoria.

What is angel investment?

Also known as a form of 'seed' investment, angel investment is an early injection of capital into a startup business by an external stakeholder. It occurs at the initial early stages of a startup's life, as angel investors tend to have a higher tolerance of risk. An angel's most likely objective is to want to make a return on investment, whilst some angels may also wish to get more involved in the running of the startup going forward.

The investor usually receives ownership equity or convertible debt in return for their investment. 'Angels' also increasingly invest online on crowdfunding platforms and invest as part of angel network groups, to share risk and to utilise one another's expertise and local network.

Other examples include:

- [Melbourne Angels](#)
- [Business Angels](#)
- [Australian Investment Network](#)

Example: [Geelong Angel Investor Network](#)

Established in 2014, the Geelong Angel Investor Network is a group of investors seeking to invest in and provide advice to local startups. They seek to invest in startups with prospects for revenue in the following 1-2 years, with a view to an exit within 3-5 years. Startups particularly focused on are those with strong applications of new technologies, unique intellectual property and potential for widespread growth.

The group invests as a whole and looks to make investments of over \$100k per deal – investing between \$25,000 and \$50,000 per member. Members have diverse backgrounds from software specialists to investment and each pay a small yearly fee to be part of the network. Previous investments have included funds into medical device company Livac Holding, consulting marketplace Pundit Connect, health record solutions startup Monnie, and digital health device iUFlow.

When might a startup consider accessing angel investment?

At the start of its life, angel and seed investment is a potential way for a startup to get off the ground and begin to turn an idea into reality. Angel and seed investment often provides the capital to begin to develop an idea and see results in the business.

In the early stages, alternative funding sources include personal wealth and friends/family, hence angel investment removes these pressures. It may also help link the startup into a network that is connected into the local ecosystem, allowing for opportunities and mentorship going forward.

A 'Guide to Investment and Funding for Startups' for local government can be found [here](#).

1. [Entrepreneur.com](#)

Venture Capital

Key points

'Funds flowing into a company, generally during pre-IPO process, in the form of an investment rather than a loan. Controlled by an individual or small group known as venture capitalists, these investments require a high rate of return and are secured by a substantial ownership position in the business.'¹

Venture capital is a way of securing both financial and human capital for a startup.

What is angel investment?

Venture Capital is finance given to startups in exchange for equity and the potential return on investment that this provides. Each venture capital fund has different metrics and criteria for award of capital. Startups usually have to submit a pitch-deck/company summary as the initial part of an application.

The amount of funding awarded varies depending upon the fund and the 'series' of funding. Series 'A' refers to the startup's first round of funding, followed by Series 'B' and so forth. Typically, funding amounts get larger with the series, as startups grow and require more capital to develop their operations. Some venture capital funds are run by government or corporates, that set up funds as investment bodies and as a pipeline to meet their business objectives.

A 'Guide to Investment and Funding for Startups' for local government can be found [here](#).

Example: [Blackbird Ventures](#)

Blackbird invests in startups from Seed to Series A and later stage funding rounds, and has invested in 35 companies between 2012 and 2017. They specifically look for exceptional startups that attack global markets from early on, with the potential for \$100m in revenue. Some example portfolio companies include Canva, Edrolo and Culture Amp. They are sector-agnostic for investments, however they only invest in Australia-connected businesses.

Blackbird also runs a number of ecosystem programs such as a mentor-driven accelerator, a work experience program, a STEM education program and an entrepreneurship media site.

When might a startup consider accessing venture capital?

Venture capital is often awarded once a startup has a verifiable track record and proven business model. It is the stage of funding after angel investment. However, the point at which a venture capitalist will invest into a startup depends upon their unique criteria and fund mandate.

As well as financial capital, venture capital often secures human capital, as the fund may take on an advisory role with the startup or perhaps a board position. Ensuring the correct fit between investor and startup is therefore important and can be a valuable asset to a startup as it grows.

Other examples include:

- [OneVentures](#)
- [Rampersand](#)
- [Airtree](#)

1. [Entrepreneur.com](#)

Crowdfunding

Key points

Crowdfunding is a process where individuals pool investment funds to contribute to a project. It allows the breakdown of an investment into smaller, manageable chunks and shares risk amongst investors.

Projects seeking investment are often posted on online crowdfunding platforms, and offer rewards and returns as incentives to invest.

What is crowdfunding?

Crowdfunding is a form of financing where individual investors pool together and break down the overall investment into smaller chunks. This makes investment accessible to more people, and shares the risk (and reward) of the investment. Investors often have no connections and do not coordinate investment as in private equity networks.

Crowdfunding is often conducted online, with startups posting projects on specialist platforms, and backers committing over the web. An investor will often receive incentives such as early product release, founder updates, and discounts. Equity is sometimes given, as another form of crowdfunding. This latter form has been subject to specific regulation, including maximum investment amounts and previous restrictions allowing only those earning or owning over a certain amount being able to participate. See [here](#) for more.

A 'Guide to Investment and Funding for Startups' for local government can be found [here](#).

Example: [Kickstarter](#)

Kickstarter is one of the world's largest crowdfunding platforms, operating online and having facilitated over 10 million investments. Launched in April 2009, Kickstarter hosts projects across a range of sectors – from food, to film to technology.

Projects build profiles on the site and set goals for total investment. Different levels of investment are specified to meet these goals, with rewards given to investors depending upon the amount that they give in their 'pledge'. Kickstarter seeks to make projects possible when they may otherwise not gain funding from traditional sources. It relies on interest from the public to support, fund and reap the rewards of projects.

When might a startup consider accessing crowdfunding?

Crowdfunding is a flexible form of funding, and requires relatively little coordination in order to source. There are fewer due diligence requirements as a result of the lower value of individual investments and fragmentation of investors. Given its large online presence, crowdfunding is a simple way to raise investment.

Crowdfunding platforms often specialise in certain sectors or product-types, so it may also assist a startup with raising their profile with consumers in these spaces, who will view a crowdfunding profile. Given these differences across platforms, startups should be cautious in seeing the requirements, commissions and expected returns for investors on each.

Other examples of crowdfunding platforms include:

- [Pozible](#)
- [Crowdfunder](#)
- [VentureCrowd](#)

Grants and Government Incentives

Key points

Grants and government incentives are criteria-based financing arrangements often awarded by government organisations to entrepreneurs.

Grants and government incentives help to finance stages of growth that require support or capital intensive work.

The State and Federal Governments each host their own grant rounds, as well as startup organisations such as LaunchVic.

What are grants and government incentives?

A grant or government incentive is a financial contribution made when a startup meets certain conditions specified by the funding provider. Funds are usually allocated on a competitive basis and have strict criteria attached as to their reward and expected outcomes. Startups are therefore usually required to submit set documentation as part of an application process, and report upon outcomes of the program in which the finance is invested.

Grants are usually awarded by public bodies to direct entrepreneurial activity towards community goals. Government is a large grant provider and has a number of incentive schemes, as are universities who seek to direct future research outcomes.

Other examples include:

- [Export Market Development Grant \(EMDG\)](#)
- [New Enterprise Incentive Scheme](#)
- [Accelerating Commercialisation Grants](#)
- [Grant Ready](#)

Example: [R&D Tax Incentive](#)

The Research and Development (R&D) Tax Incentive is a tax offset for eligible R&D activities. There are two components to the incentive:

- A 43.5% refundable tax offset for certain eligible entities whose aggregated turnover is less than \$20m,
- A 38.5% non-refundable tax offset for all other eligible entities.

Companies who conduct R&D activities may be eligible for the incentive. The government has established this scheme to boost competitiveness and productivity across the Australian economy by providing businesses engaging in R&D with predictable, simple support. Companies wishing to claim must register R&D activities every income year, within 10 months of the end of the income year, and prior to claiming the tax offset in an income tax return.

When might a startup consider accessing a grant or government incentive?

Grants help to take some of the financial burden off of a founder, and so may be most useful as a business is beginning to grow.

Some types of startup may rely more on grants than others. Social enterprises with a charitable, not-for-profit model may be more likely to rely on grants for a longer period of their lifetime. Other startups with intensive research and development needs may also require extensive grant funding as they need to regain capital costs.



Useful links

Image credit: City of Melbourne/ That Startup Show /Photographer Wren Steiner

Foreword

Contents

Introduction

What is a
startup?

The Startup
Framework

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Additional links to startup ecosystem supports

There are a range of central supports and enablers already in place to assist startups and entrepreneurs across Victoria. In addition to the examples listed previously for each soft and physical infrastructure, the following organisations provide support for the ecosystem in diverse ways. They have been selected through consultation, though additional supports available are not limited to these:

- [LaunchVic](#)
Victorian State Government initiative to increase the scale and capability of the Victorian startup ecosystem.
- [Small Business Victoria](#)
Tools, information and support for establishing and running a small business. Run by the State Government of Victoria.
- [Victorian Small Business Commission](#)
Victorian State Government group that develops the environment for small businesses with advocacy, dispute resolution, monitoring and engagement.
- <http://www.rdv.vic.gov.au/>
Body to deliver on the Victorian Government's agenda to drive jobs and growth for prosperous communities in regional Victoria.
- [Office of Suburban Development and Local Government Victoria \(DELWP\)](#)
State Government department responsible for environment, resource management, water resources, planning, local government, fire, property and energy.
- [City of Melbourne](#)
Local Government authority for Melbourne, providing services, facilities and infrastructure in the community. City of Melbourne has developed a Startup Action Plan and facilitates entrepreneurship support and infrastructures.
- [State Library Victoria](#)
Community centre that enables creative and academic services for the community. As part of the State Library of Victoria's Vision 2020 redevelopment it will offer public resources for startups to access including the StartSpace initiative.
- [Professional Services](#)
Professional services offer specialised support in business functions, such as tax, operations, legal and financial. They often advise a company on how to solve specific challenges, with a view to providing support and independent views on the business.



Toolkit

Introduction to the Toolkit

A series of tools have been created as a result of conversations with local governments and startup ecosystem stakeholders, who have prioritised the tools that they need to better help startups in their local areas.

The tools created for local government representatives can be classified according to three main categories. These include:

- **Checklists** - Act as tools to understand current characteristics of both the local area and businesses themselves, that would enable more efficient leverage of existing supports and direction for startups.
Startup Ecosystem Checklist
[Startup Ecosystem Checklist](#)
[Startup Characteristics Checklist](#)
- **How-to guides** - These aim to provide practical information as to considerations for 'doing' a startup support or enabler. The tools are to guide local government representatives or startup ecosystem stakeholders as to the important features of each support and logistical factors that should be factored into the arrangement of such supports.
[How-to Guide – Hackathons](#)
[How-to Guide – Meetups](#)
[How-to Guide – Makerspaces](#)
[How-to Guide – Supporting Startups with Pitching](#)
- **Additional information guides** - The two additional information guide tools were formed with an aim of increasing the knowledge of local government representatives, but not necessarily to be passed onto entrepreneurs or used in practice. Their focus was on upskilling and ensuring improved understanding of certain supports for startups.
[Guide to Investment and Funding for Startups](#)
[Considerations for Developing Startup Ecosystem Physical Infrastructures](#)

Startup Ecosystem Checklist

Startup Ecosystem Checklist

What...

What is a Startup Ecosystem Checklist?

The Startup Ecosystem Checklist ('Checklist') is a tool for local government representatives to understand the state of play for startups in their local area. It allows representatives to map their support for the local startups onto a blank canvas of the Startup Framework for local government.

The Checklist notes core supports and enablers in the startup ecosystem enabling local government representatives to identify current capabilities and gaps. The Checklist will also help representatives to understand startup sector contributions to the broader economic goals of the Local Government Area (LGA).

Useful supports and enablers have been listed for each stage of development for startups. It should be noted that supports and enablers may be applicable to more than one stage and that some may be more useful for startups than others. This depends on the LGA and the group of startups in question.

Key definitions for the Startup Framework categories can be accessed [here](#).

Startup Ecosystem Checklist

How...

How to use this tool?

- Prior to completing the Checklist, note the core economic goals and targets for the local government. This will situate the Checklist within the broader economic context and enable execution of the subsequent vision of how startup supports and enablers will fit in and contribute to these objectives.
- The Checklist should be used to identify supports and enablers that exist in the LGA. Tick each one when it has been verified to be present in the area.
- Revisit the list of key goals for the local area's economy. Recheck if startups have the necessary supports and enablers to be able to contribute towards these objectives.
- Using the completed Checklist, conduct a 'SWOT' analysis – Strengths, Weaknesses, Opportunities, and Threats for the ecosystem. This should be targeted to understand how currently available supports and enablers can assist startups to contribute effectively to the broader economic objectives of the local area.

Optional:

The Checklist notes core supports and enablers in the startup ecosystem enabling local government representatives to identify current capabilities and gaps. The Checklist will also help representatives to understand startup sector contributions to the broader economic goals of the Local Government Area (LGA).

Useful supports and enablers have been listed for each stage of development for startups. It should be noted that supports and enablers may be applicable to more than one stage and that some may be more useful for startups than others. This depends on the LGA and the group of startups in question.

Key definitions for the Startup Framework categories can be accessed [here](#).

Startup Ecosystem Checklist

Outputs from this tool

The Checklist will provide an overview of what supports and enablers are available for startups in the local area.

Local government representatives should consider the most important supports and enablers for their individual local area which will vary for each local government. The Checklist should be completed with the local context as a primary consideration. For example, some local governments may require a focus on utilising existing community centres due to budgetary constraints while others may be looking to leverage local manufacturing capabilities for export through distribution centres.

Using outcomes from the Checklist will then indicate how local government is tracking against specific goals and targets. This will enable a local government representative to understand gaps and requirements going forward. The Checklist will tell a different story and output for each local government.

By indicating the number of supports and enablers available, an EDM should be able to form a 'SWOT' analysis – Strengths, Weaknesses, Opportunities and Threats (please refer Pg. 4). This will identify the gaps in the local area that a local government representative can consider targeting.

Startup Ecosystem Checklist

Next Steps

The Checklist and 'SWOT' analysis will help a local government representative to develop future opportunities to accelerate the progress of achieving the broader economic goals of the local area. A representative should consider what kind of startup may benefit most from the current set of supports and enablers and under what stage do most of the resources sit?

By providing answers to these questions, a local government representative will be able to better understand the contribution of a startup to the economic objectives of the local area and how local government can best support them.

LaunchVic intends to formalise use of this Checklist by local governments when assessing applications for funding.

Key terms

A taxonomy of key terms listed in the checklist can be found in the LaunchVic's Startup Framework and Toolkits Handbook.

Additional resources

The following resources are helpful examples of similar surveys of local areas/regions:

- [City of Melbourne – Startup Action Plan 2017-21](#) – An overview of the current startup community in Melbourne, and a strategy to develop it
- [Regional Queensland 2015 Startup Ecosystem Report](#) – Mapping and linking startup activity and resources across regional Queensland
- [Digital NYC](#) – An interactive map and directory service for New York startups, including events, jobs, investors, resource location, and a startup database

Startup Ecosystem Checklist

Startup Ecosystem Checklist for [insert local government name]

☐ = Resource present in my local area



Targets

To complete prior to Checklist: What are key targets for my local area?

Supports

- | | | | | |
|--|--|---|--|---|
| <input type="checkbox"/> Community centre(s) | <input type="checkbox"/> Coworking space(s) | <input type="checkbox"/> Accelerator program(s) | <input type="checkbox"/> Upgraded office space(s) | <input type="checkbox"/> Logistics and distribution centre(s) |
| <input type="checkbox"/> Meet-up(s) | <input type="checkbox"/> Makerspace(s) | <input type="checkbox"/> Incubator(s) | <input type="checkbox"/> Digital infrastructure(s) | <input type="checkbox"/> International government Consul(s) |
| <input type="checkbox"/> Hackathon(s) | <input type="checkbox"/> Master class session(s) | <input type="checkbox"/> Pitch-fest(s) | <input type="checkbox"/> Tax specialist(s) | <input type="checkbox"/> International partners |
| <input type="checkbox"/> Mentor program(s) | | <input type="checkbox"/> Grants and Incentives | <input type="checkbox"/> Specialised labour pool | |
| | | <input type="checkbox"/> Investor network(s) | | |

To complete following Checklist

Undertake the SWOT exercise on Page 4, with the key question of:
What does my completed Checklist tell me about progress towards key targets?

Startup Ecosystem Checklist

Based upon the outcomes of the Startup Ecosystem Checklist, analyse the *strengths*, *weaknesses*, *opportunities* and *threats* of the local startup sector and the supports that are offered by local government.

Strengths	Weaknesses
<ul style="list-style-type: none">E.g. We utilise community centres extensively for startup activities.	<ul style="list-style-type: none">E.g. Our community centres are heavily booked and have to service the entire community.
Opportunities	Threats
<ul style="list-style-type: none">E.g. Our municipality has a wide network of business mentors.	<ul style="list-style-type: none">E.g. Our municipality has many young people moving away for work or study.

Startup Characteristics Checklist

Startup Characteristics Checklist

Purpose

Startups can sometimes be difficult to distinguish from a small business. The lines between them are not always black and white and it is possible for a small business to evolve into a startup and vice-versa. However, it is important to be able to identify a startup as the support they require is often quite different from that required by a small business. Small businesses are also sometimes called a ‘lifestyle business’.

Startups are primarily recognised by their desire to grow quickly across a number of metrics including number of employees, revenue or market share. While a small business may also seek assistance as they grow, they are different from startups in that they are not globally focused from day one. More often than not, a small business wants to remain small and organisations such as Small Business Victoria are available to support them.

The Startup Characteristics Checklist on the next page has been developed to assist local government representatives to identify whether a business that has approached the local government for assistance is in fact a startup. This would allow them to tailor their advice and guidance appropriately and point the business in the right direction. This tool can also be used to explain to a business what it takes to be a startup, make them aware of other opportunities if they are not a startup, or encourage those with potential to consider becoming one. A good way to assess if you are speaking with a startup is if the answer to a number of the questions on the Startup Characteristics Checklist is ‘Yes’.

Startup Characteristics Checklist

Purpose

- ☐ Is the purpose of the business to grow as fast as possible (across a number of metrics including number of employees, revenue or market share) rather than just provide the founder a source of income?
- ☐ Does the founder have plans to eventually sell the business or grow it to be large enough to list on a stock exchange?
- ☐ Does the business have a strategy that involves entering the national or export market, even if it is at a later stage?

Innovation, Technology and Industry

- ☐ Is the business 'innovation active' in that are they applying a new idea or way of doing something to one or more areas of their business?
- ☐ Product Innovation – Does it offer a new or significantly improved product or service?
- ☐ Operational Innovation – Does it have new processes in place to provide the same product or service but in a more effective or efficient manner?
- ☐ Customer Experience Innovation – Does it have a new marketing method or way in which the customer interacts with the business?
- ☐ Business Model Innovation – Does it have a unique plan to generate profits by developing a different value proposition or operating model?
- ☐ Could the innovation reshape the way the industry works?
- ☐ Does the business use or leverage technology, hardware or software, to gain an advantage over its competitors including having a digital presence?
- ☐ Is the business operating in or associated with scalable market or a high growth sector, including industry sectors prioritised by the Victorian Government (e.g. creative industries, medical technologies, food and fibre)?

Startup Characteristics Checklist

Funding

- ☐ Does the business require a significant amount of 'seed capital' for the founder to develop a sufficiently valuable product from which they can generate revenue?
- ☐ Does the business intend to raise capital from a number of sources within the investor ecosystem (see Guide to investment and funding for startups)?
- ☐ Will the business require external funding from investors (from the private sector) at different stages of its life in order to grow?

Ownership Structure

- ☐ Does the business have a complex ownership and control structure involving investors and employees?

Startup Characteristics Checklist

Applying the Checklist – Who is the Startup?

Scenario 1

Matt and Anna are two friends who want to setup their own gelato business and sell the best gelato across Victoria and eventually across Australia in the next few years. They plan to open their first shop near St Kilda beach in the City of Port Philip and eventually want to establish a chain of shops. Once their business is established, they plan to expand by offering franchising opportunities. The pair plan to differentiate themselves by developing a new business model offering a subscription based service that delivers a set amount of gelato to a member's home and develop a website and app to manage this. They will require significant amount of investment as they intend to get their own farm and factory space where they will grow the fruit they use in their product and produce the gelato respectively. They have both pooled their savings and taken loans from their family members to rent the farm, factory and shop space. They will approach an angel investor once they have a stable subscription base to raise funds by offering a stake in the company which they will use to open new shops and expand their delivery service to other suburbs. As they see their business growing significantly, they intend to offer their first employees equity in the company as well.

Scenario 2

Jacob is looking to setup a gelato shop in Dandenong to serve the passing trade of tourists in the area. He thinks this will be a low-risk and profitable business that will have a consistent market. He intends to operate the single store and sell through the traditional method of bricks and mortar sales relying solely on walk in customers. He intends to setup a basic website and social media page to market his product locally and encourage customers to visit the store. His products will be made in house using components from a series of local suppliers. In store operations will be managed by a small team of employees who work across a number of business functions (manufacturing, sales, marketing, and accounting) with Jacob owning and overseeing the whole company. He will fund the initial limited investment with a small business bank loan and intends to break even within one year by generating a stable channel of revenue that makes the business financially sustainable. He does not envisage raising external funding in the future

Startup Characteristics Checklist

References

- Professor Jason Mance Gordon, Georgia Gwinnett College, Available [here](#).
- The role and performance accelerators in the Australian Startup ecosystem, UNSW business school, Final Report for the Department of Industry, Innovation and Science Feb 2016, Pg. 6
- CrossRoads Report, StartupAUS Dec 2016, Pg. 20
- Boston Consulting Group, Business Model Innovation, Available [here](#).
- DEDJTR, Priority industries and sectors, Available [here](#).

How-to Guide - Hackathons

How-to Guide - Hackathons

What...

What is a hackathon?

Traditionally, a hackathon is ‘an event, typically lasting several days, in which a large number of people meet to engage in collaborative computer programming.’¹ Now broader than computer programming, hackathons are workshop-style and often centre around teams forming innovative solutions to set challenges or problems.

Founders are given a set amount of time (usually two or three days) to create a business solution to the problem, and often conclude the hackathon by pitching their ideas to a judging panel. They are sometimes supported by institutions who specialise in the hackathon topic area and have prizes attached. Ideas may then be commercialised beyond the hackathon.

1. [Oxford Dictionary definition](#)

How-to Guide - Hackathons

What makes a good hackathon?

Most importantly, a hackathon must have an interesting challenge at the centre of the event, which will stimulate attendees. Organisers should have a clear idea of assessment criteria and parameters of the task(s).

Tasks should encourage creative thinking and problem-solving behaviour in the attendees. There should be a focus on innovation and freedom for participants to work within the theme.

Hackathons are helpful for quick iteration and development of startups in very early stages. A hackathon may work well when there are mechanisms for fast feedback on an entrepreneur's ideas and a pool of experienced mentors on hand to provide advice.

Hackathons also work well when networking and collaboration are at the core of the task set. Many teams formed in hackathons go on to work together on actual startups and can be a forum for recruitment and community building in the early stages of a startup's development.

A good hackathon will therefore:

- be an interesting and stimulating challenge,
- have clear criteria for assessment,
- encourage networking and collaboration,
- utilise industry expertise,
- provide a rapid feedback to participants,
- encourage creative, innovative thinking.

How-to Guide - Hackathons

What is an example of a hackathon?

#SheHacks

An all-female hackathon running annually since 2014, #SheHacks is an initiative of the Girl Geek Academy. Running from Friday to Sunday, teams of 3-4 begin the ideation process, before iterating a product or solution on the Saturday and pitching on the Sunday.

The program is fully supported by specialist mentors and recognises the diversity of skillsets of participants – creative, business, and technical. It has recently developed a mentoring and bootcamp program to run alongside the hackathon in regional locations Warnambool, Warragul and Bendigo – supported by LaunchVic funding to be able to support teams for two months after the hackathon as well as prior to the event.

More information about the #shehacks can be found [here](#).

How-to Guide - Hackathons

How...

How do I arrange a hackathon?

The first step is to decide a topic and a related challenge that will be the central focus of the event. Organisers may wish to partner with organisations that specialise in the topic area, for relevant resources and expertise. A run-sheet should be produced for ensuring organised activities and a logical flow throughout the hackathon, but still allowing the necessary creative freedom afforded to participants.

Logistics for the hackathon must also be arranged. The venue is important to allow flexible working and collaboration between teams, and due to the length of the events, food and refreshments may be expected. Depending on the partnership support, some hackathons will have registration fees attached to cover these costs.

What do I need to set up a hackathon?

Use the below checklist to ensure you have all the necessary resources to organise a successful hackathon:

- ☐ Location – of suitable size for expected number of attendees
- ☐ Invitation – using social media, email, or sites such as meetup.com
- ☐ Target community – clear defined topic and reason for attending
- ☐ Food & refreshments
- ☐ Run-sheet
- ☐ Tracking document – for costs, RSVPs, etc.
- ☐ A set topic or challenge
- ☐ A partner organisation to sponsor or co-run the event

How-to Guide - Meetups

How-to Guide - Meetups

What...

What is a meetup?

A meetup is 'a meeting, especially a regular meeting of people who share a particular interest and have connected with each other through a social-networking site'¹. In the startup context, they represent a group of startups and entrepreneurs who get together to discuss certain topics or share ideas. They are often informal, network-style events that bring the startup ecosystem together either virtually or in-person.

What is a meetup?

Meetups are helpful for startups looking to connect with others in the ecosystem, with whom they may be able to share experiences and collaborate on projects. Startups at every stage of development may be interested in attending a meetup, for instance, an early-stage entrepreneur may gain value from discussing and validating their ideas, whilst more established startups may seek to maintain business connections or recruit from their local ecosystem.

There are pros and cons to different sizes of a meetup. Larger meetups will be able to reach more of the community, whereas smaller groups will target specific people and may result in more intimate, relevant connections.

Therefore, a good meetup will:

- Facilitate connections
- Have a clear topic for attendees to build a community around
- Be of significant-enough interest to create impetus for recurring meetings
- Take place at a time and location (including online) that is accessible to the largest possible proportion of the community

1. [Dictionary.com definition of a meetup](#)

How-to Guide - Meetups

What is an example of a meetup?

Silicon Beach Australia

Silicon Beach was established in 2008 with the aim to connect local entrepreneurial systems across Australia, building a support ecosystem similar to that in the USA's famed Silicon Valley. Starting with an online community forum, Silicon Beach now hosts weekly social events for startups in Melbourne and other Australian cities. These meetups bring together groups of like-minded entrepreneurs, and are an open forum for networking and building ecosystem connections.

Silicon Beach also connects the community to startup resources and shared knowledge. It runs a frequent podcast and has a job section for local startups to advertise openings – engaging local people to get involved in entrepreneurship. For instance, Melbourne Silicon Beach (MSB) runs a regular monthly meetup on the first Thursday of each Month, which normally attracts 100 – 150 startups and interested people.

More information about Silicon Beach Australia can be found [here](#).

How-to Guide - Meetups

How...

How do I arrange a meetup?

The first step to setting a meetup is to have a clearly defined reason for bringing a group of people together. This may be because:

- they all operate in a certain industry-space
- they have offices in the same district
- they are all startup founders

It is then necessary to set an appropriate location for the meetup. Size of the venue will depend on your target community and how intimate/wide-reaching you intend the meetup to be. Meetups may alternatively be held online, as virtual meetings.

Based on the topic and community, people will then need to be invited. This is usually done through dedicated platforms such as [meetup.com](https://www.meetup.com), where an event profile can be formed. The events should be noted on a local government events calendar, and spread via an e-invite through business networks. Social media such as Facebook and Twitter is also widely used.

Depending upon the size of the meetup, attendees may be invited via personal email, targeted subscriber lists, or made open to the broad community. The organiser should be aware of expected drop-out rates on the day and arrange logistics accordingly. Meetups are usually free, however, if the venue and refreshment costs exceed the budget, the organiser may wish to attach a cost. This also may secure a higher percentage of registrations that turn up on the day.

The final step is to arrange any additional logistics, food and drinks and host speakers depending on the requirement of the meetup. A supporting run-sheet for the evening should be created. There should also be a reference to the future activities or events as well as a call to action for attendees to continue the engagement.

How-to Guide - Meetups

How...

What do I need to set up a meetup?

Use the below checklist to ensure you have all of the necessary resources to organise a successful meetup:

- ☐ **Location** – of suitable size and accessibility for expected number of attendees (including for online formats)
- ☐ **Invitation and communications** – using social media, email, calendar of events, or sites such as meetup.com
- ☐ **Target community** – clear defined topic and reason for attending
- ☐ **Food & refreshments** – catering options, timing
- ☐ **Run-sheet** - outlining key timings and order of proceedings
- ☐ **Tracking document** – for costs, RSVPs, etc.

Additional resources

- Create your own meetup group [here](#)
- Guide to establishing your successful meetup [here](#)

How-to Guide - Makerspaces

How-to Guide - Makerspaces

What...

What is a makerspace?

Makerspaces are collaborative locations within public facilities that are used to create, design and test products. They are similar to coworking spaces, however they often have machines for product development available for use and as such are variations of 'workshop' or 'lab' spaces. They tend to focus on 'STEM' – Science, Technology, Engineering and Mathematics fields as a result of this need to experiment and build.

Makerspaces were originally formed as 'hackerspaces' - where groups would combine to build code and software. However, in a makerspace, physical products can also be made. Their objective is to provide the resources necessary for local communities to create, as they have the tools and materials that would be inaccessible to an individual.

They are often hosted by schools, libraries and universities or affiliated to relevant corporates as these organisations tend to have the suitable resources available.

How-to Guide - Makerspaces

What makes a successful makerspace?

A successful makerspace will have the facilities and equipment required for people to create their products. This may be technological and software development or more physical requiring workshop-style facilities.

A makerspace should be in an environment that is safe, especially when there is machinery involved. Sufficient supervision should be organised and safety equipment made available.

It will be most successful where the space is accessible and easy to use. Booking systems are often appropriate mechanisms to ensure equity in use. Space should be appropriate for the local area focusing on industries and business needs from the region.

A successful makerspace will, therefore:

- Have necessary technology and equipment,
- Facilitate creativity and collaboration,
- Have developed a Health and Safety plan,
- Be accessible to the wider community.

How-to Guide - Makerspaces

What is an example of a makerspace?

Digital BACE

Western BACE is a combined coworking space and an accelerator program located in Victoria's western growth corridor. It hosts the Digital BACE makerspace. Established in May 2015, Western BACE aims to create a community-driven business space for collaboration and targeted support. A program of training and workshops offer free advice to local entrepreneurs, who can also use the facility's coworking areas.

Supported by LaunchVic, the Digital BACE program and space was established in early 2017 at Western BACE. It provides local startups with manufacturing facilities including 3D printing and virtual reality modelling capabilities as well as media hubs like a production studio and post-production editing suite. This equipment is specifically designed to assist with digital marketing work and to help startups to build better products in the market.

More information about Digital BACE can be found [here](#).

How-to Guide - Makerspaces

How...

How do I establish and run a makerspace?

Establishing a makerspace will usually require a capital investment for the venue, equipment and staffing. Therefore, partnering with a relevant institution that may provide location and funding is also a helpful option.

Running a makerspace will be similar to managing a coworking space. Staffing will be required to manage the booking of equipment and ensuring that space remains organised amongst other logistics. An ability to operate and fix technical equipment may be required.

What do I need to set up a makerspace?

Use the below checklist to ensure you have all of the necessary resources to run a successful makerspace:

- ☐ **Location** – of suitable size and requirements
- ☐ **Equipment** – necessary technology and facilities
- ☐ **Health and safety plan**
- ☐ **Staffing** – administration, logistics
- ☐ **Technical expertise** – operation of equipment
- ☐ **Partner organisation**

How-to Guide – Supporting Startups with Pitching

How-to Guide – Supporting Startups with Pitching

What...

What is pitching?

Pitching is where a startup outlines their business, usually both verbally and with an accompanying document called the ‘pitch deck’. A pitch is often required as part of application processes for funding and support such as from an accelerator.

The objective of a pitch is to explain the core elements of the business and to engage and leave the audience wanting to know more about the startup’s core idea. Pitches often have time constraints attached and some have specific requirements for the content.

How-to Guide – Supporting Startups with Pitching

What makes a good pitch?

Pitching is a highly subjective activity. Different audiences will have varying criteria, usually dependent on the purpose of the pitch. A pitch should, therefore, be tailored to its intended target.

Best practices usually dictate that pitches are 8 - 10 pages/slides long and run for between 5 - 10 minutes. Developing an 'elevator' pitch or a highly condensed version with key messages is usually a strategy employed by founders to develop key messages within time constraints.

There are a number of general points that are helpful for a startup to follow when pitching:

- The pitch must adequately summarise the business but also include sufficient detail,
- It must emphasise the business' point of difference and be memorable,

- It must engage the audience and be delivered in a confident, cohesive manner,
- It should be tailored to the audience's specific interests,
- If a time constraint is given, it should meet these expectations,
- It should leave the audience wanting to know more about the business and eager to follow up.

Additional resources

- [Starfish Ventures](#)
- [Blackbird Ventures Blog](#)
- Startmate pitch workshops (Register on [LaunchVic website](#))

How-to Guide – Supporting Startups with Pitching

What should a startup pitch cover?

Some investors or application processes may specify certain elements to be included in a startup pitch. Whilst pitch content will vary as per the target audience, a startup may wish to consider elements such as:

- **A concise overview of the business** – an introduction that leaves the audience eager to understand more
- **Explore ‘the problem’** – explaining what issues the startup seeks to address
- **Explain ‘the solution’** – a description of how the startup’s products/ services aim to solve the problem and provide a clear value proposition
- **A clear ‘Unique Selling Point’** – explanation of what makes this business different
- **An understanding of the addressable market**, and what ‘portion of the pie’ the business seeks to gain
- **Business model** – the channels through which the startup’s product/ service will reach the market and the price it will be delivered for
- **Traction to date** – the progress made so far by the business, including financial information
- **Future strategy** – how the business intends to grow
- **Team** – detailing relevant experience, know-how, and company culture
- **An ‘ask’ and ‘call to action’** – a proposition of what the startup wants from the audience – usually networks, investment or sales
- **Contact details** – enabling the audience to find out more and follow up on actions

Guide to Investment and Funding for Startups

Guide to Investment and Funding for Startups

Introduction

Startups require funding to grow, however, lack of access to funding is often a key reason leading to a startup's failure.

While governments provide increased levels of funding to startups, the majority of funding still comes from private investors.

Due to the high risk and long timeframe of startup investing, mainstream business investors (such as banks) are uncommon. Instead, there are several classes of specialised startup investors that are the most common funding sources for startups, which are explored in this guide.

Stereotypically, investors get a return by selling the startup's shares when it 'exits', either by being bought by a large company or, much less commonly, through listing on a public stock exchange. However, startup investing is commonly more complicated and regularly involves specialised transactions.

Beyond these traditional approaches, startups may also access funding through typical deals, such as customers or funded partnerships with established companies.

Guide to Investment and Funding for Startups

Questions to consider before seeking investment

- How much funding does my startup need, over what period? What will I spend it on and what milestones will it let me achieve?
- Can I clearly communicate my startup's precise value to its customers?
- Can I explain how my startup will be successful where others have failed?
- Do I understand the business model and key metrics that will drive growth and profit?
- Are all the assumptions in my financial forecasts clearly identified and defensible?
- Have I planned for how investors would get a return and demonstrated how large it would be?
- Do I have all the necessary documentation ready for an investor to conduct due diligence?

Guide to Investment and Funding for Startups

Startup Investment Classes

Successful startups typically receive investment in multiple 'rounds' from different classes of investor, over several years rather than a single lump sum.

Each class of investor fits into the Startup Investment Ecosystem, shown in the diagram on the next page, in order of increasing typical investment levels. These investment levels are driven by the different needs of each class of investor, particularly the level of risk they are willing to take.

While it is common to skip one or more investment classes or approach multiple investor classes simultaneously, approaching investors for funding well outside the ranges indicated in the diagram below is unlikely to result in investment.

Terminology in startup investing is blurred and many investors are active in more than one area, however, indicative definitions and investment ranges are provided below. It should also be noted that government has not been included as part of the Investment Ecosystem as they generally do not make investments and buy equity in an individual business. This tool provides an overview of the ecosystem and individual startups should seek professional advice if required.

Guide to Investment and Funding for Startups

The Startup Investment Ecosystem

Friends & Family	Accelerators & Incubators	Angel Investors	Venture Capital Funds (VCs)	Private Equity Funds	Corporate Ventures	Initial Public Offering
Founders’ friends and family are often investors in their startups. Note that strict regulation applies to this approach. You can read more about it here .	Programs that generally provide services and initial funding to a startup for a defined period, usually in return for shares or fees.	Wealthy people (often successful entrepreneurs) who invest in start-ups. Angel investors make their own investment decisions.	Startup investment funds that invest other people’s money, such as from superannuation funds. These funds focus purely on startups at various stages.	Using a similar structure to VCs, there are multiple private equity business models that may include startup investing, usually as part of a broader strategy	The acquisition of a startup by a large company that sees strategic value in adding the venture’s products, markets or brands to their current businesses.	The most common means for start-ups to access public share markets (e.g. the ASX or NASDAQ) is via an Initial Public Offering.
\$1k - \$50k	\$10k - \$200k	\$10k - \$1m	\$2m - \$15m	\$1m - \$500m	\$5m - \$500m	\$50m+

It should be noted that investments in a startup do not occur in any particular order and one or more investment classes can be skipped or approached simultaneously.

Guide to Investment and Funding for Startups

Finding government funding opportunities

[Business.gov.au](https://www.business.gov.au) has a comprehensive list of local, state and federal opportunities, filterable by state, industry, years of operation and annual turnover.

For each program, the site provides a description of the support available, eligibility criteria and application process.

Crowd-sourced funding

Crowd-sourced funding is when startups raise funds from a large number of investors that each invest small amounts of money. This is distinct from crowdfunding campaigns in which companies 'pre-sell' products before they exist or offer rewards, such as via Kickstarter, Indiegogo or Pozible.

There are new Australian laws covering crowd-sourced funding, and it remains a rapidly evolving and largely untested area with important restrictions. Up to date information can be found [here](#).

Additional Resources

- LaunchVic-funded programs (launchvic.org/funding_recipients)
- Melbourne Angels (melbourneangels.net)
- Scale Investors (scaleinvestors.com.au/)
- Business grants and assistance (<https://www.business.gov.au/assistance>)
- The Australian Private Equity and Venture Capital Association Limited (www.avcal.com.au)

Considerations for Developing Startup Ecosystem Physical Infrastructures

Considerations for Developing Startup Ecosystem Physical Infrastructures

What...

What is the background and purpose of this guide?

The purpose of this guide is to provide suggestions for developing physical infrastructure in Local Government Areas (LGAs) across Victoria. It can be used to identify and explore potential considerations to keep in mind when investigating the suitability of a physical infrastructure. This guide provides procedures for considering the feasibility of a physical infrastructure, as a five-step process.

This guide has been developed as a result of consultation with local government representatives and Victorian startup ecosystem stakeholders. Consensus was reached as to the need for understanding physical infrastructure supports in greater detail, and in identifying the factors to be understood when considering their establishment. This guide hence acts as a tool for local government representatives to fill gaps in knowledge and to enable a representative to better analyse where a physical infrastructure could fit in the local area. It suggests how they can develop a process for analysing and then building a business case for establishing a physical infrastructure.

Considerations for Developing Startup Ecosystem Physical Infrastructures

How...

How to use it?

This guide should be used in conjunction with relevant methodologies on program and project management. A local government representative should view this material through a general lens, understanding that the material provided in this guide is not necessarily aligned with any one industry or type of startup.

A suggested step-by-step guide to utilising this tool is:

1. **Research what the physical infrastructure is** – Utilise the definitions and examples provided and conduct additional independent research until you are confident in understanding the features and requirements of the physical infrastructure.
2. **Conduct the Startup Ecosystem Checklist as found in the LaunchVic Startup Framework and Toolkits Handbook.** This will enable you to leverage any existing resources, and scope requirements for a physical infrastructure.
3. **Using the Startup Ecosystem Checklist note specific considerations for your local area which may affect the feasibility of a physical infrastructure.** These risks should be kept in mind at each stage as you consider viability of a physical infrastructure.
4. **Follow the guidelines suggested in this guide to conducting a feasibility study.** You should consider the current context, future requirements, business case and implementation process as outlined below.
5. **Having followed these steps, you should be able to understand how a physical infrastructure may or may not work in your local government area.** The core output from using this guide is that you should be able to make a more informed decision on viability and suitability of a physical infrastructure in your local startup ecosystem and understand how to progress such projects.

Considerations for Developing Startup Ecosystem Physical Infrastructures

What...

What is a physical infrastructure?

[Physical infrastructures](#) are the spaces, places and delivered programs that support the startup ecosystem. They are items where entrepreneurs can seek out in-person support and often intertwine with soft infrastructures.

Examples include:

- Accelerators
- Incubators
- Makerspaces
- Coworking spaces
- Community Centres

Considerations for Developing Startup Ecosystem Physical Infrastructures

When...

When might a startup consider using a physical infrastructure?

Startups may require a physical infrastructure either as they begin to realise that they need a professional area away from home where they can engage with their clients, or when they begin to recruit new staff members and need an office space where they can work together. Some founders prefer to use physical infrastructures far earlier in their startup journey by realising the benefits of cohort effects and the social impacts of collaborating with fellow founders.

What is an example of a physical infrastructure?

Inspire9

Located in Richmond and with an additional space in Footscray, Inspire9 is a community-focused coworking space that also hosts an accelerator program and Angelcube program. The facility hosts desk space, as well as meeting rooms and capacity to host events for between 20 and 400 people.

Inspire9 offers a variety of residency options, ranging from \$40 a day to \$699 per month 24/7 access. Part time plans and casual plans are offered, with residents having full access to communal areas, a desk, phone pods, wifi and meeting room hire.

More information about the Inspire9 can be found [here](#).

Considerations for Developing Startup Ecosystem Physical Infrastructures

A process for considering the development of a physical infrastructure:

This guide provides a set five-step approach for considering the development of physical infrastructures in an LGA. To summarise this process:

1. **Understand the local context** – What does your completed Startup Ecosystem Checklist and local stakeholders tell you about the need for a physical infrastructure
2. **Understand requirements** – What would a physical infrastructure in your local area need to have? How might it be designed? What are the characteristics of existing physical infrastructures?
3. **Develop options** – Based upon knowledge of best practice models and local contexts, build specific options for physical infrastructures in your local area.
4. **Evaluate options and select a business case to develop** – Utilising a robust methodology, choose the most appropriate physical infrastructures option to further develop.
5. **Build and deliver an implementation strategy** – Form a logistics plan with considerations for funding and build a timeline for development of the space.

Considerations for Developing Startup Ecosystem Physical Infrastructures

Step 1 – Understand the local context

Physical infrastructures are just one of many resources and infrastructures used by the startup ecosystem. Therefore, they must be situated in specific local context.

A local government representative should complete two activities as part of this step:

- **Complete the Startup Ecosystem Checklist from the LaunchVic Startup Framework and Toolkits Handbook.** This tool will enable you to understand what other supports are available in the local area and align this list to your goals and objectives. The purpose of completing the Checklist here is that you will obtain a better understanding of the true need for a physical infrastructure and how it may help achieve (or not) your core strategic and economic targets.
- In addition to understanding how physical infrastructures can help in achieving your objectives, **conduct stakeholder consultations with members of the local startup ecosystem** to determine the appetite for a physical infrastructure.

Considerations for Developing Startup Ecosystem Physical Infrastructures

Step 2 – Understand requirements

Once it has been established that a physical infrastructure would enhance the startup ecosystem in the local area, potential features for the project must be understood.

The following activities should be undertaken to be able to understand the requirements for physical infrastructures in your local area:

- **Research best practice examples**, to understand what features physical infrastructures generally have and what may need to be incorporated into the plan for your local area.
- **Workshop with core stakeholders to ensure coverage of necessary considerations including:**
 - Technological considerations – printing, monitors, data servers, teleconferencing, internet.
 - Layout – desk spaces, meeting rooms, kitchens, bathrooms, free spaces.
 - Infrastructures – bike parking, exhibition areas, ownership of a building.
 - Adherence to standards – environmental, public events, safety.
 - Business model – price, membership, funding.

Considerations for Developing Startup Ecosystem Physical Infrastructures

Step 3 – Develop options

Based on the knowledge built up over the first two steps, the process will now involve developing physical infrastructure options to be able to then evaluate and progress. The number of options produced will depend on the local area in question and the factors identified in Steps 1 and 2.

Each option developed should include the following sections or items:

- Introduction – outline the purpose of the physical infrastructure and the context for specific elements.
- What is being proposed? What features are present in the proposed physical infrastructure?
- What is the cost-benefit ratio for the options? What do these options deliver for a given cost?
- How will the options be funded?
- How will the options be implemented as a project?
- SWOT analysis of various options – what are the Strengths, Weaknesses, Opportunities and Threats for the given case? What will the social, economic, environmental and political impacts be?
- Risk assessment – what will the challenges be for the options?

Considerations for Developing Startup Ecosystem Physical Infrastructures

Step 4 – Evaluate options and select a business case to develop

Given the options that were developed as part of Step 3, evaluation criteria should be created using the inputs from what you know about your local area priorities from Step 1, and what you understand should be the important features of physical infrastructures from Step 2.

Evaluation should be conducted with inputs from the local stakeholders and may wish to take into account metrics given below to perform analysis through a business case:

- Rationale for the preferred options,
- Economic/financial appraisals, and value for money,

- Cost-benefit analysis,
- Comparison to a 'do nothing' or 'business as usual' scenario,
- Risk assessment, quantification and mitigation strategies based on risk workshops with key stakeholders.
- Sustainability impact (social, economic, and environmental impacts).
- Risk assessment – what will the challenges be for the options?

Post evaluation, a business case should be chosen to progress.

Considerations for Developing Startup Ecosystem Physical Infrastructures

Step 5 – Build an implementation strategy

Having chosen an option to progress with, an actionable implementation plan must be formed to enable next stages of physical infrastructure development. An implementation plan should include the following:

Evaluation should be conducted with inputs from the local stakeholders and may wish to take into account metrics given below to perform analysis through a business case:

- Project planning with set timelines for completion,
- Business plan,
- Governance arrangements,
- Procurement strategy,
- Resourcing plan,

- Change management strategy,
- Risk management strategy,
- Stakeholder communications and marketing plan.

In particular, the implementation timeline will be important to bring each of these aspects together. It should show:

- Key milestone dates and deadlines.
- Durations for each project segment.
- Responsibilities and accountability for each project item.
- Tracking for budget, timing, and other metrics that will vary during the project.

Considerations for Developing Startup Ecosystem Physical Infrastructures

Outputs from this process

By working through this process, a local government representative should be confident in understanding the need for a physical infrastructure in the local area, the desired features it may have, the viability of such a space, and how it may be operationalised as a real project.

These steps are by no means comprehensive, and local areas will have their own unique challenges that need to be addressed as important factors during the process of analysing a physical infrastructure project. However, they mark crucial points for a local government representative to understand when building proposals and business cases for these facilities.



Appendices

Glossary of terms

Company Types

Startup

‘A business with high impact potential that uses innovation and/or addresses scalable markets’

Small Business

‘A company that is independently owned and operated, organised for profit, and not dominant in its field’

Scaleup

‘A business that has adapted to a larger workload without compromising performance or losing revenue’

Physical and Soft Infrastructures

Accelerator

‘A set-duration program of mentorship, working space and events with a goal of accelerating a startup’s development.’ Accelerators are usually competitive entry and offer a small amount of funding, in return for equity.

Incubator

A program aimed at nurturing early-stage ideas by offering resources, working space and mentorship. Incubators usually do not have set durations.

Coworking space

Coworking spaces are physical infrastructures shared by a community of people/businesses working independently from one another. They usually offer shared resources, facilities and support flexible working schedules.

Hackathon

‘An event, typically lasting several days, in which a large number of people meet to engage in collaborative computer programming.’

Pitchfest

An event in which participants pitch their ideas or businesses to an audience.

Meetup

‘A meeting, especially a regular meeting of people who share a particular interest and have connected with each other through a social-networking site.’

Glossary of terms (Cont.)

Investment Terms

Angel Investor

‘An individual who invests his or her own money in an entrepreneurial company.’

Venture Capitalist

‘Funds flowing into a company, generally during pre-IPO process, in the form of an investment rather than a loan. Controlled by an individual or small group known as venture capitalists, these investments require a high rate of return and are secured by a substantial ownership position in the business.’

Crowdfunding

‘The use of small amounts of capital from a large number of individuals to finance.’

Series ‘x’ Funding

Used to describe stages of funding raised by a business. Series ‘A’ funding is usually the first round, followed by ‘Series B’ and so on, and an unlimited number of rounds can be raised.

Seed Funding

‘The initial capital used when starting a business, often coming from the founders’ personal assets, friends or family, for covering initial operating expenses and attracting venture capitalists.’

Impact Investing

‘Investing that aims to generate specific beneficial social or environmental effects in addition to financial gain.’

Equity

‘A stock or any other security representing an ownership interest.’

IPO – Initial Public Offering

‘The first time that the stock of a private company is offered to the public. IPOs are often issued by smaller, younger companies seeking capital to expand, but they can also be done by large privately owned companies looking to become publicly traded. In an IPO, the issuer obtains the assistance of an underwriting firm, which helps determine what type of security to issue, the best

offering price, the amount of shares to be issued and the time to bring it to market.’

ROI – Return On Investment

‘A performance measure used to evaluate the efficiency of an investment or to compare the efficiency of a number of different investments. ROI measures the amount of return on an investment relative to the investment’s cost. To calculate ROI, the benefit (or return) of an investment is divided by the cost of the investment, and the result is expressed as a percentage or a ratio.’

Burn Rate

‘Burn rate is normally used to describe the rate at which a new company is spending its venture capital to finance overhead before generating positive cash flow from operations; it is a measure of negative cash flow.’

Glossary of terms (Cont.)

Business Considerations

Business Model

‘A business model is the way in which a company generates revenue and makes a profit from company operations.’

Operating Model

The ways in which an organisation delivers value and runs itself.

Impact Model

Most frequently used by social businesses, an impact model determines how a business will produce positive outcomes for target stakeholders. This involves alignment of the business and operating models to impact objectives.

Market/Distribution Channels

‘A chain of businesses or intermediaries through which a good or service passes until it reaches the end consumer. It can include wholesalers, retailers,

distributors and even the internet itself. Channels are broken into direct and indirect forms, with a "direct" channel allowing the consumer to buy the good from the manufacturer, and an "indirect" channel allowing the consumer to buy the good from a wholesaler or retailer.’

Customer Segments

‘Prospective buyers into groups, or segments, that have common needs and respond similarly to a marketing action.’

Value Proposition

‘A business or marketing statement that a company uses to summarise why a consumer should buy a product or use a service. This statement convinces a potential consumer that one particular product or service will add more value or better solve a problem than other similar offerings.’

Physical Assets

‘An item of economic, commercial or exchange value that has a tangible or material existence. For

most businesses, physical assets usually refer to cash, equipment, inventory and properties owned by the business.’

Intellectual Assets

‘All informational resources a company has at its disposal that can be used to drive profits, gain new customers, create new products, or otherwise improve the business.’

Customer Acquisition Cost

‘Funds that are used in order to introduce new customers to the company's products and services in hopes of acquiring the customer’s business. The customer acquisition cost is calculated by dividing total acquisition costs by total new customers over a set period.’

Customer Retention Cost

‘The percentage of customer relationships that, once established, a business is able to maintain on a long-term basis.’

Glossary of terms (Cont.)

Business Considerations (Cont.)

Customer Lifetime Value

‘Represents the total net profit a company makes from any given customer. CLV is a projection to estimate a customer's monetary worth to a business after factoring in the value of the relationship with a customer over time.’

Churn Rate

‘The churn rate, also known as the rate of attrition, is the percentage of subscribers to a service who discontinue their subscriptions to that service within a given time period. For a company to expand its clientele, its growth rate, as measured by the number of new customers, must exceed its churn rate.’

Lean Startup

‘A teachable and learnable method for creating success when founding a new company or when introducing a new product by an existing company. The lean startup method advocates developing products that consumers have already demonstrated a desire for so that a market will already exist as soon as the product is ready.’

CRM – Customer Relationship Management

‘The principles, practices and guidelines that an organization follows when interacting with its customers.’

Glossary of terms (Cont.)

Technology Trends

Cloud Computing

‘A model for delivering information technology services in which resources are retrieved from the internet through web-based tools and applications rather than a direct connection to a server.’

Big Data

‘The growth in the volume of structured and unstructured data, the speed at which it is created and collected, and the scope of how many data points are covered. Big data often comes from multiple sources, and arrives in multiple formats.’

AI – Artificial Intelligence

‘An intelligent agent is a system that perceives its environment and takes actions which maximises its chances of success.’

Bot

‘Software that performs an automated task over the Internet. More specifically, a bot is an automated application used to perform simple and repetitive tasks that would be time-consuming, mundane or impossible for a human to perform.’

Blockchain

‘A system in which a record of transactions made in bitcoin or another cryptocurrency are maintained across several computers that are linked in a peer-to-peer network.’

Virtual Reality

‘The computer-generated simulation of a three-dimensional image or environment that can be interacted with in a seemingly real or physical way by a person using special electronic equipment’

Augmented Reality

‘A technology that superimposes a computer-generated image on a user's view of the real world, thus providing a composite view.’

Glossary references:

The quoted definitions were drawn from a number of sources, including LaunchVic, Oxford Dictionaries, Dictionary.com, Technopedia, ScienceDaily, Investopedia, TechTarget, Inc., Entrepreneur.com, Forbes, Susan Cohen, Inc5000, US Small Business Administration.

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