

The logo is centered within a white circle on a blue background. It features the word "STARTUP" in a light blue, sans-serif font, with a small bar chart icon to its right. Below "STARTUP" is the word "MUSTER" in a bold, black, sans-serif font.

STARTUP 
MUSTER

**STARTUP MUSTER
2015 REPORT**



FOREWORD

I believe these are incredibly exciting times.

As the nation's economy transitions beyond the farm gate and the mine head, we have an unprecedented opportunity to become a regional - even a world - innovation leader.

Sown from fresh ideas with a business model that aims for rapid growth in expanding markets, startup companies will play a major role in the new order.

Australians are at our best when we embrace our cultural heritage of "having a go".

While we can learn from successful entrepreneurial cultures abroad, ultimately we must develop an innovation ecosystem that is uniquely Australian and plays to our strengths.

The Government is fostering new approaches that will:

- Acknowledge that risk and failure are not to be mitigated against but essential to developing entrepreneurial spirit and culture.
- Help attract capital to enable Australian startup businesses turn bright ideas into economic and commercial reality.
- Enhance our skills base so the next generation of Australians has every chance to fully participate in and benefit from the changing economy.
- Generate greater co-operation between research, business and government on commercialisation.
- Position government as an exemplar. The Government must lead by example, through innovative practices and a readiness to experiment and act. We must remove barriers to make it as easy as possible for our innovators and entrepreneurs to do business with government.

The 2015 Startup Muster provides a comprehensive insight into the shape and state of Australian startups, illuminating the story so far as the industry strives to reach its global potential.

We must get this right if future generations are to continue to enjoy our longstanding trajectory of rising job opportunities and living standards.

We must seize the moment.

WYATT ROY MP

Federal Member for Longman
Assistant Minister for Innovation



STARTUP MUSTER

Australia's first survey can be traced back to Governor Arthur Phillip and the arrival of the First Fleet in 1788. These surveys, known as 'musters', were conducted to measure and monitor the resources of the developing nation.

Startup Muster was founded in 2013 with the desire to capture Australia's evolving startup ecosystem, and clearly show the opportunities, progress and challenges.

Startup Muster has been a volunteer effort for the past two years, and is now proud to be supported by Google. This support ensures the project will be sustainable for years to come, and does not involve access to our data.

Startup Muster 2015 would not be possible without the generous promotional assistance from all major accelerators, incubators, coworking spaces, the media, supporters on social media and many other supporters nationwide.

We are incredibly grateful and thankful for your involvement.

None of this would be possible without the actions and dedication from co-founder and former CEO Murray Hurps. Murray has transitioned into an advisor role, so that he can fulfil other professional commitments and startup ecosystem related ventures. He remains a vital member of the Startup Muster team.

A big thank you to the Startup Muster team:

- Murray Hurps
- Edmond Kong
- Thai Huynh
- Ryan Defina
- Rick Geremia
- Amit Shah
- Danielle Hurps
- Raena Lea-Shannon
- Jack Skinner

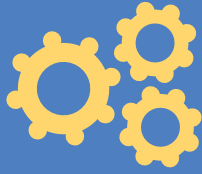
And most importantly, thank you to the Australian startups that took the time to make sure they are represented.



MONICA WULFF
CEO & Co-founder
Startup Muster

PROUDLY
SUPPORTED BY





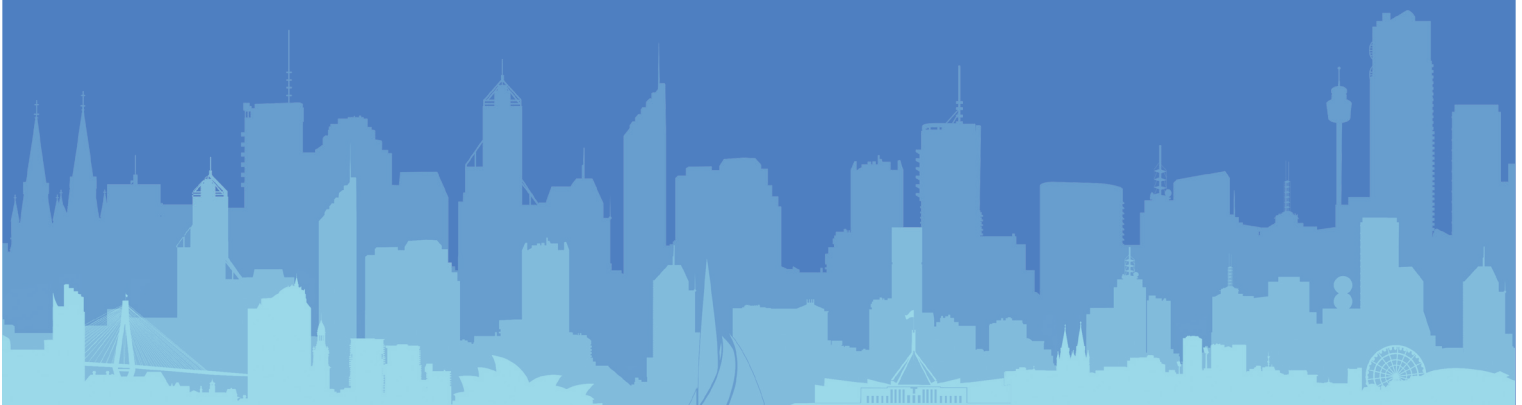
METHODOLOGY

The Startup Muster 2015 survey collection period was 19th January 2015 to 16th February 2015, during this time people engaging in a scalable startup in Australia were able to complete the online survey.

The survey consisted of 71 questions across a myriad of startup, business and social topics. 1,333 responses were captured; post validation and data cleaning 602 startups were confirmed. The response rate for the 2015 intake nearly doubled that of 2014 (385 validated startups).

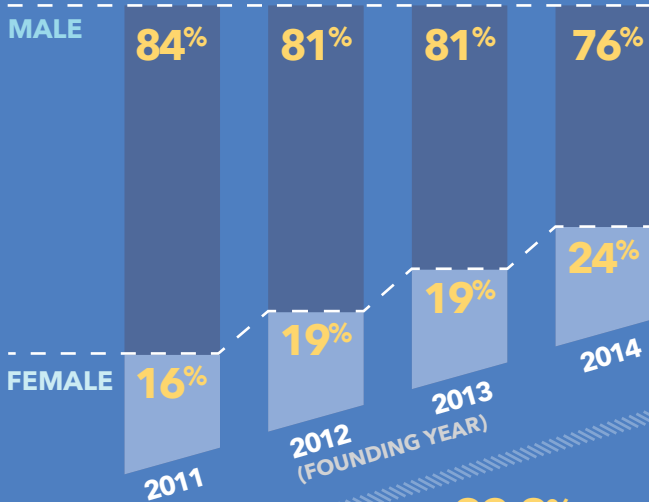
The total response rate for each question varies as all the survey responses were not compulsory, free written text responses were allowed and the relevancy of the questions varied between startups. The report estimates are cross sectional in nature, meaning that all figures for a given year are based on a responding sample representative of the broader startup population in that year.

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

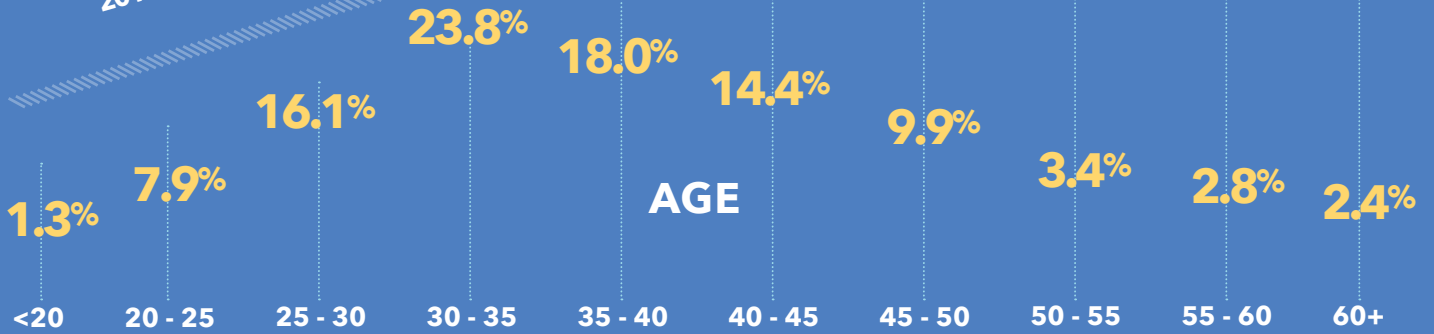
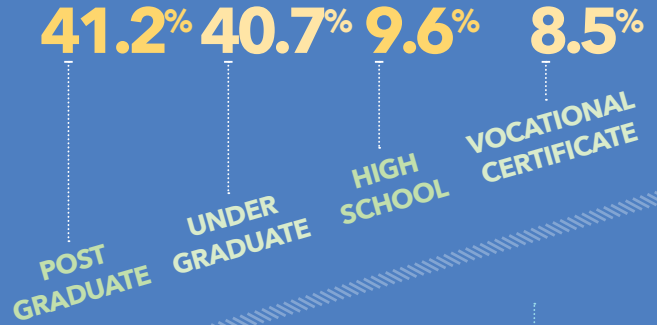


WHO

GENDER

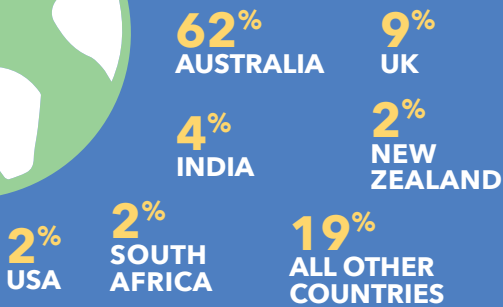


EDUCATION

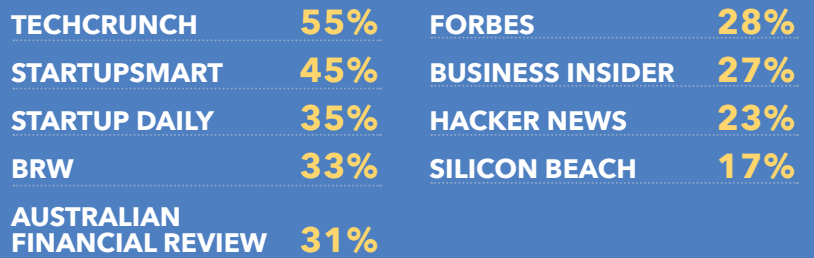


AGE

PLACE OF BIRTH



NEWS SOURCES



PREVIOUS EMPLOYMENT



WHY

REASON FOR PURSUING A STARTUP



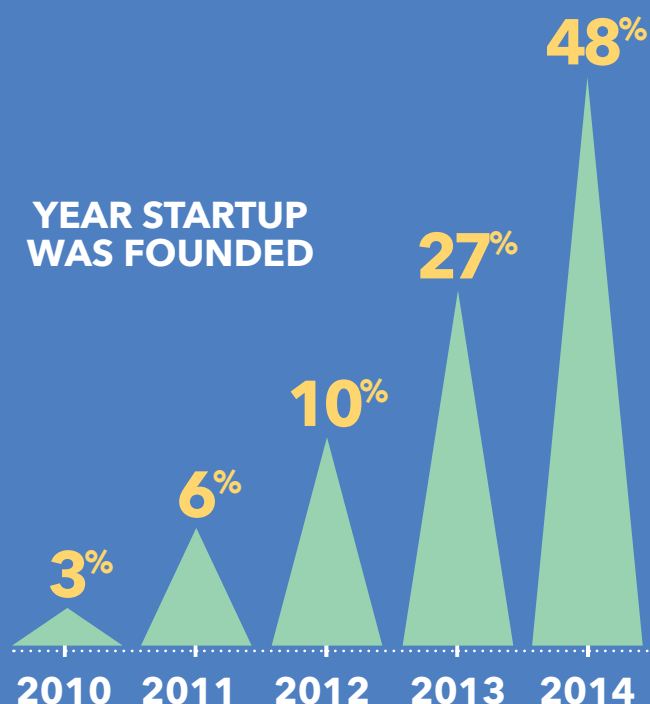
DISSATISFACTION WITH PREVIOUS JOB	33.3%
A FUN PROJECT THAT BECAME A VIABLE BUSINESS	27.2%
INSPIRATION FROM DIRECT CONTACT WITH STARTUPS	22.9%
A REGULAR MEETUP GROUP	18.3%
INSPIRATION FROM MEDIA ABOUT STARTUPS	17.7%
HACKATHON OR STARTUP WEEKEND	12.1%
INSPIRATION FROM A BOOK	10.8%
GRADUATION FROM A SCHOOL OR UNIVERSITY	9.8%
REDUNDANCY	7.7%
A SHORT EDUCATIONAL COURSE ON STARTUPS	7.1%
COMPETING FOR A PRIZE	5.4%
INNOVATION PROGRAM AT A LARGE COMPANY	4.2%

WHEN

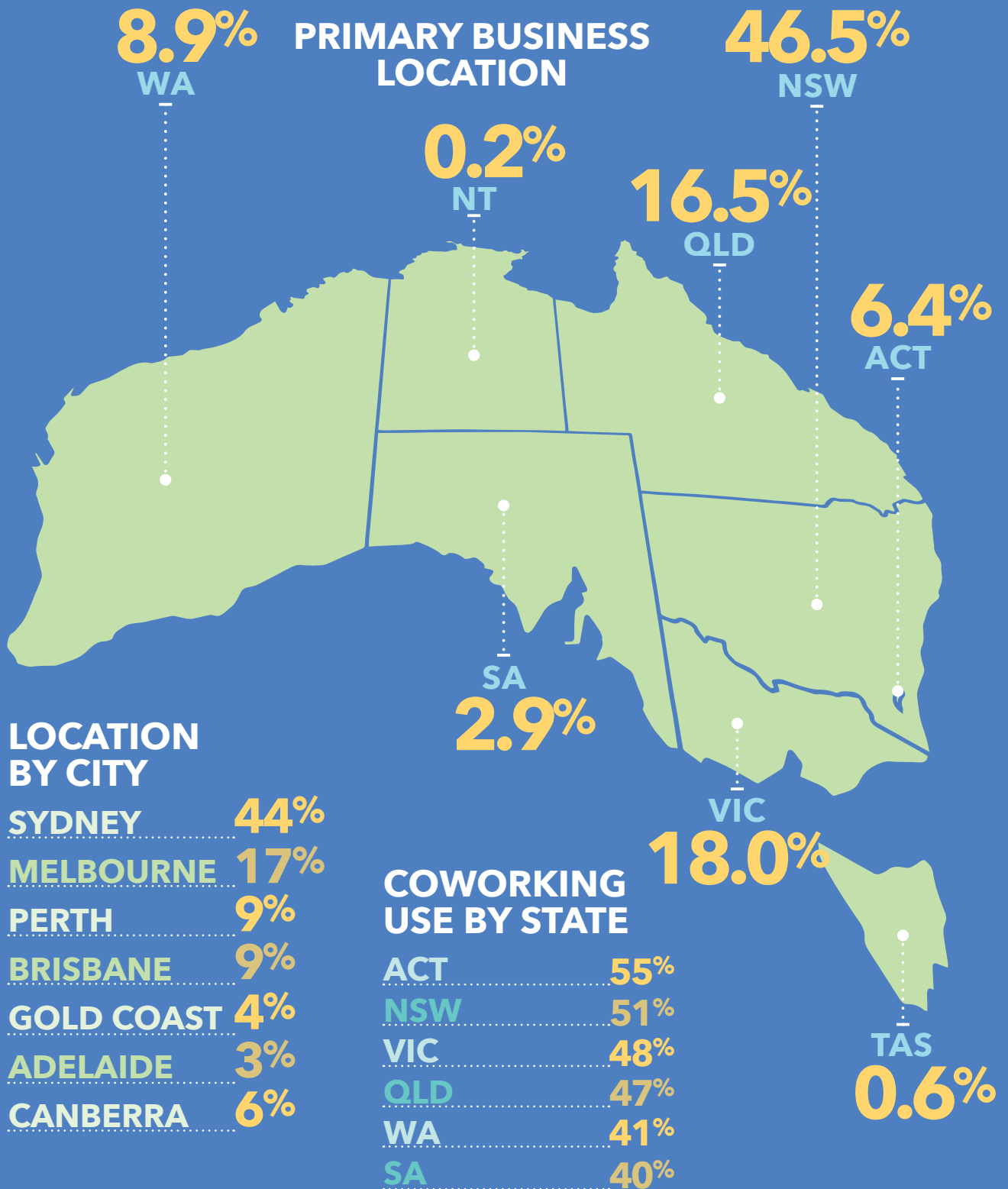
MONTH STARTUP WAS FOUNDED

JANUARY	19.9%
FEBRUARY	6.4%
MARCH	5.6%
APRIL	6.9%
MAY	4.4%
JUNE	7.3%
JULY	11.3%
AUGUST	6.4%
SEPTEMBER	5.4%
OCTOBER	10.5%
NOVEMBER	11.3%
DECEMBER	4.7%

YEAR STARTUP WAS FOUNDED



WHERE



COWORKING SPACES

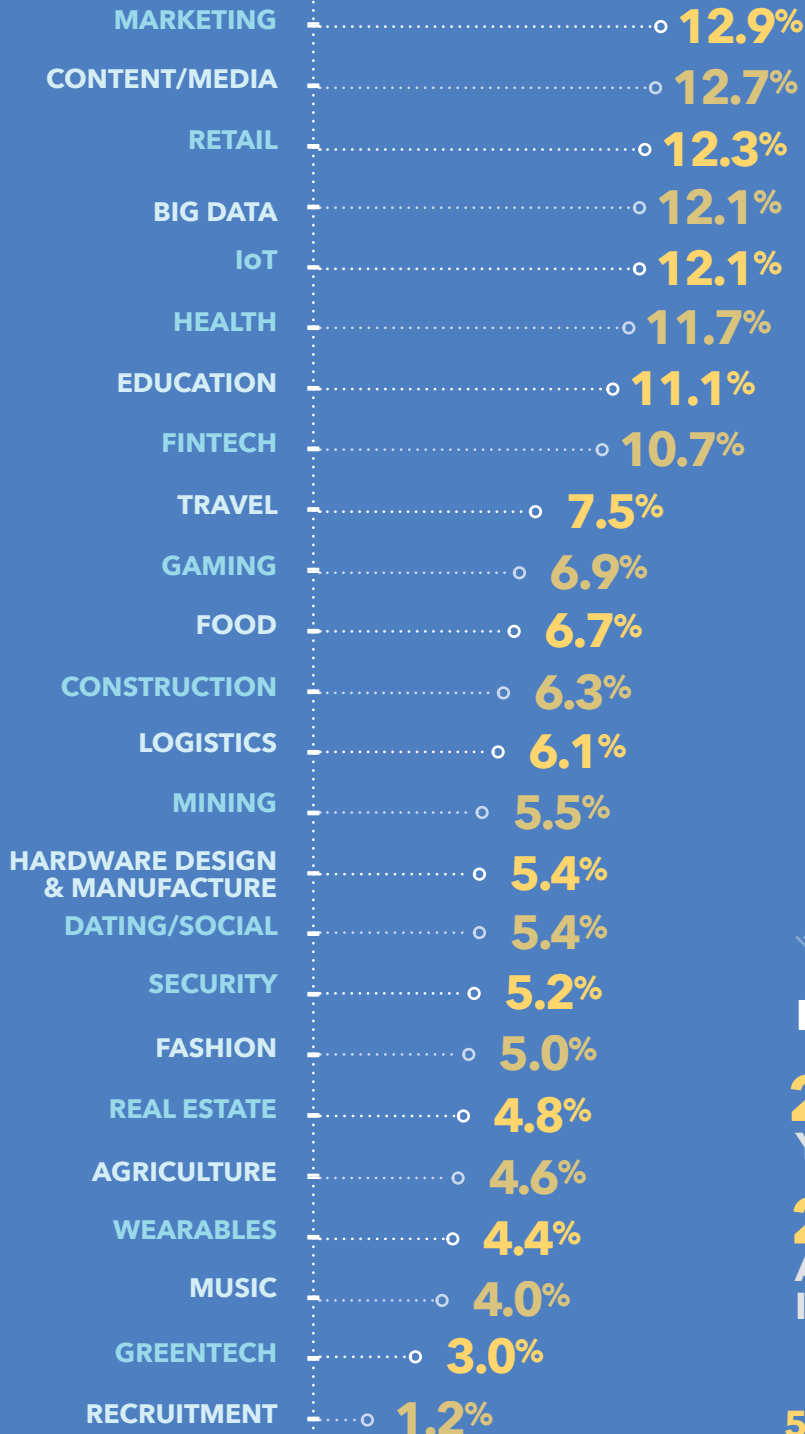
49% OF ALL STARTUPS WERE IN A COWORKING SPACE

35% PART TIME

65% FULL TIME

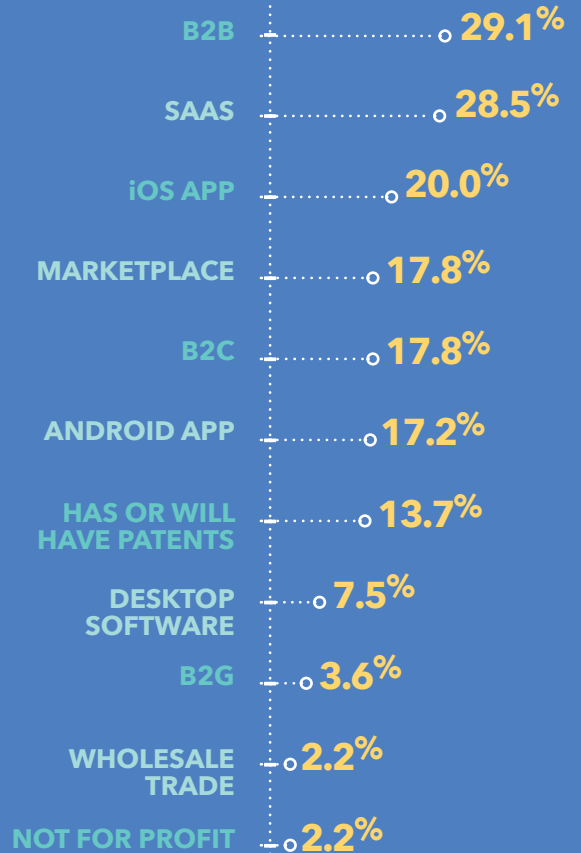
WHAT

INDUSTRIES

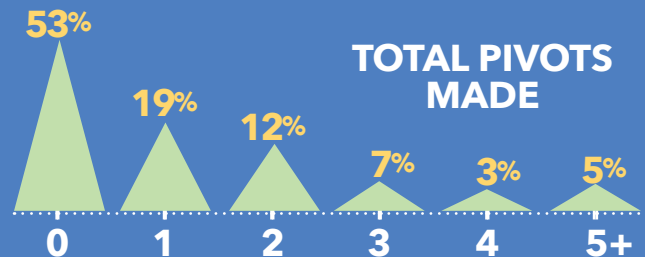
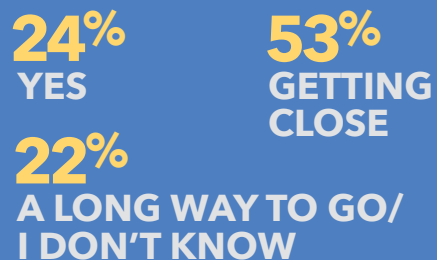


*MULTIPLE INDUSTRIES AND THEMES COULD BE CHOSEN

THEMES



PRODUCT MARKET FIT



MARKET OFFERING

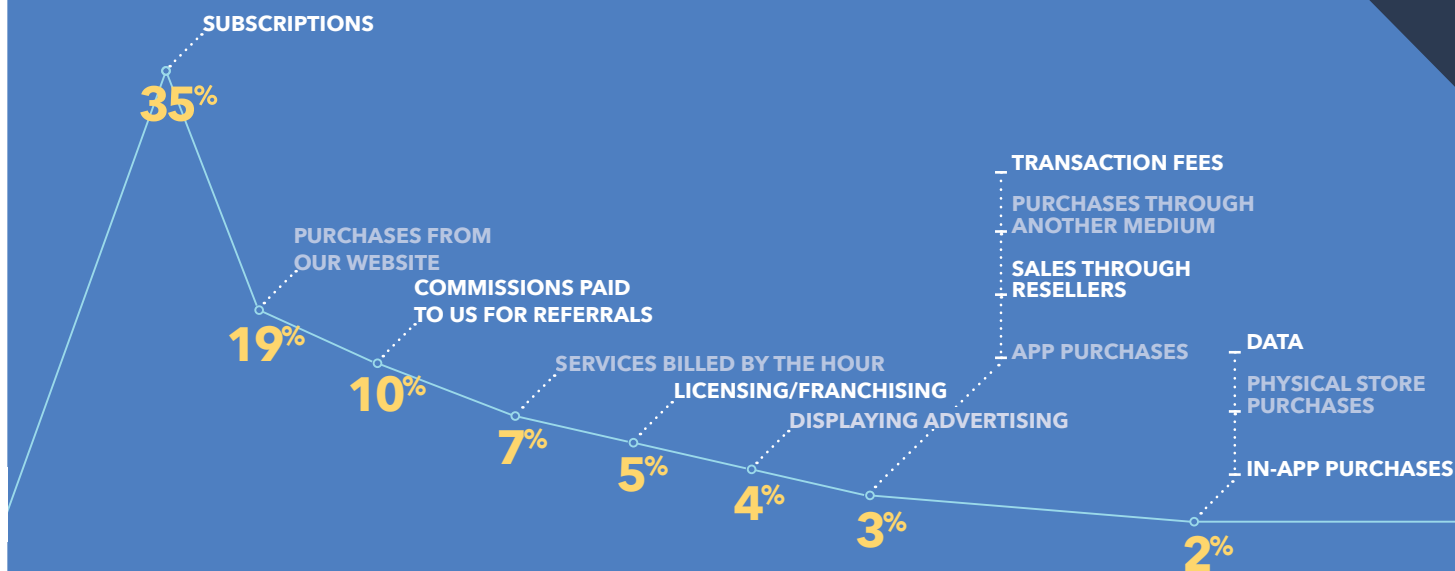


43%

OF STARTUPS HAD REVENUE

MARKET

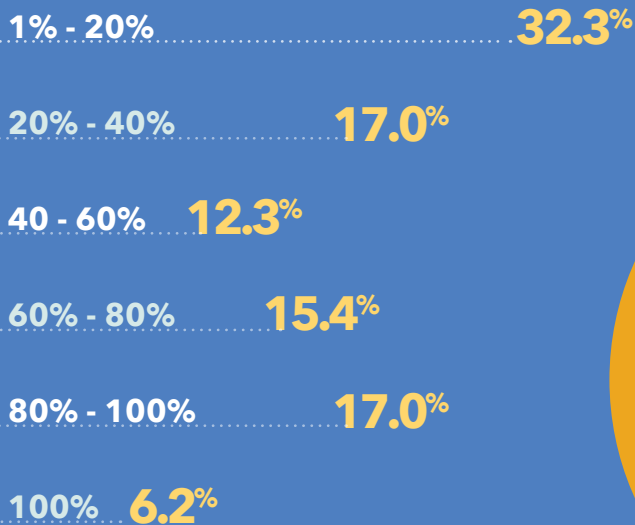
PRIMARY REVENUE SOURCE



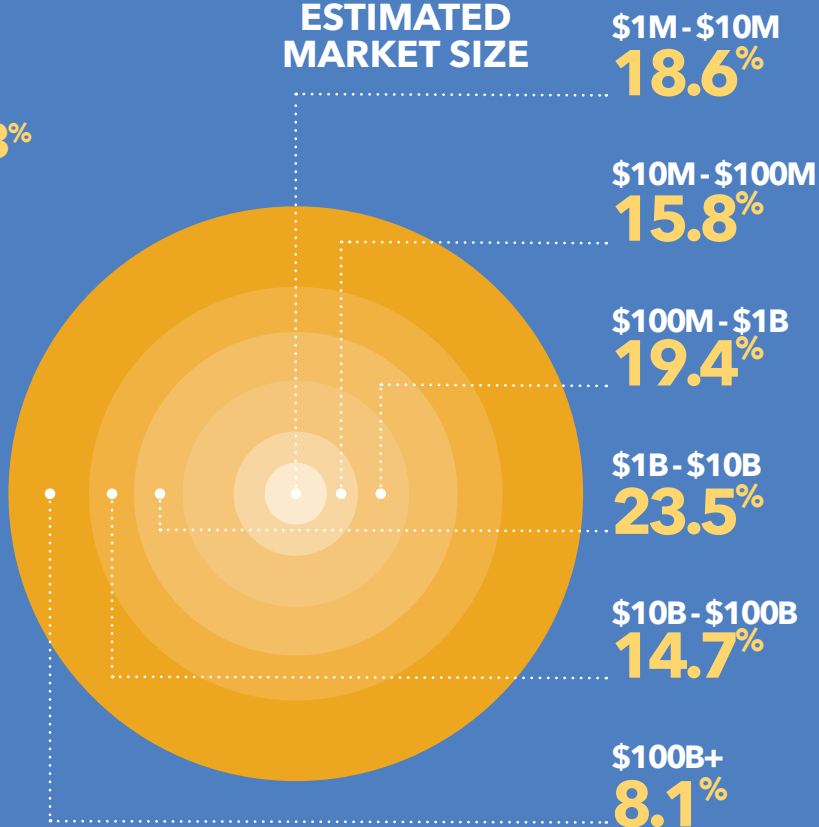
38%

OF STARTUPS WITH REVENUE HAD EXPORT REVENUE

EXPORTS



ESTIMATED MARKET SIZE



TEAM

WORKING FULL TIME

29% YES 51% NO 20% SOME OF THE FOUNDERS

STRONGEST SKILLS

SKILLS PRESENT

80.4% BUSINESS

77.9% TECHNICAL

43.6% DESIGN

BUSINESS 35.2%

TECHNICAL 33.1%

DESIGN 7.3%

BALANCED 24.4%



TEAM SIZE

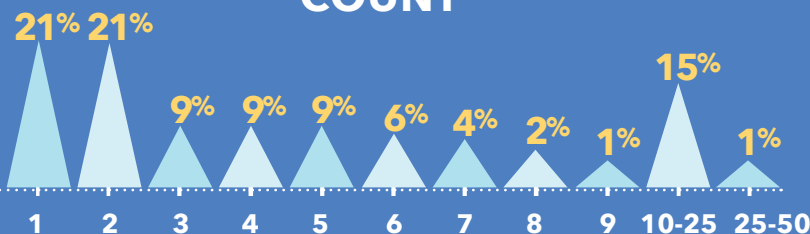
1 32% 2 39% 3 16% 4+ 13%

38% OF STARTUPS HAD EMPLOYEES

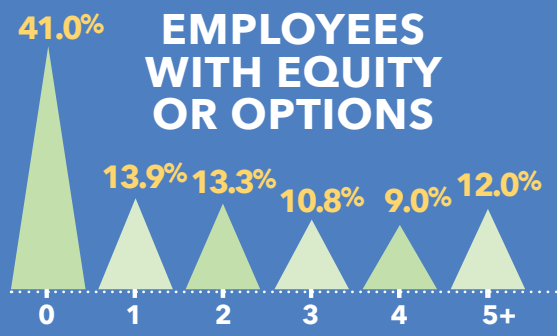
CURRENT TEAM FUNCTIONS

SOFTWARE DEVELOPMENT	72.0%	RESEARCH AND DEVELOPMENT	23.2%
GENERAL BUSINESS FUNCTIONS	49.4%	HARDWARE DESIGN OR ENGINEERING	8.3%
SALES	44.1%	HR/RECRUITMENT	6.6%
MARKETING/PUBLIC RELATIONS	34.5%	OTHER ENGINEERING	3.0%
GRAPHIC DESIGN	26.2%	OTHER RESPONSES	15.5%

EMPLOYEE COUNT



EMPLOYEES WITH EQUITY OR OPTIONS



69% OF STARTUPS WERE USING OUTSOURCING

TEAM CONTINUED

PRIMARY COUNTRY FOR OUTSOURCING



50%
AUSTRALIA

2%
CHINA

17%
INDIA

2%
INDONESIA

9%
PHILIPPINES

2%
EUROPE

3%
UNITED STATES

15%
OTHER RESPONSES

OUTSOURCED FUNCTIONS

64.2%
SOFTWARE DEVELOPMENT

63.0%
GRAPHIC DESIGN

20.9%
MARKETING/PUBLIC RELATIONS

17.6%
GENERAL BUSINESS FUNCTIONS

9.4%
RESEARCH AND DEVELOPMENT

7.3%
HARDWARE DESIGN OR ENGINEERING

6.1%
SALES

5.2%
OTHER ENGINEERING

2.7%
HR/RECRUITMENT

11.8%
OTHER RESPONSES

PROGRAMMING LANGUAGE

JAVASCRIPT/NODE.JS **51%**

PHP **36%**

C/C++ **22%**

JAVA **21%**

PYTHON **15%**

RUBY **15%**

C# **9%**

OBJECTIVE-C **3%**

.NET **3%**

SCALA **3%**

GO **3%**

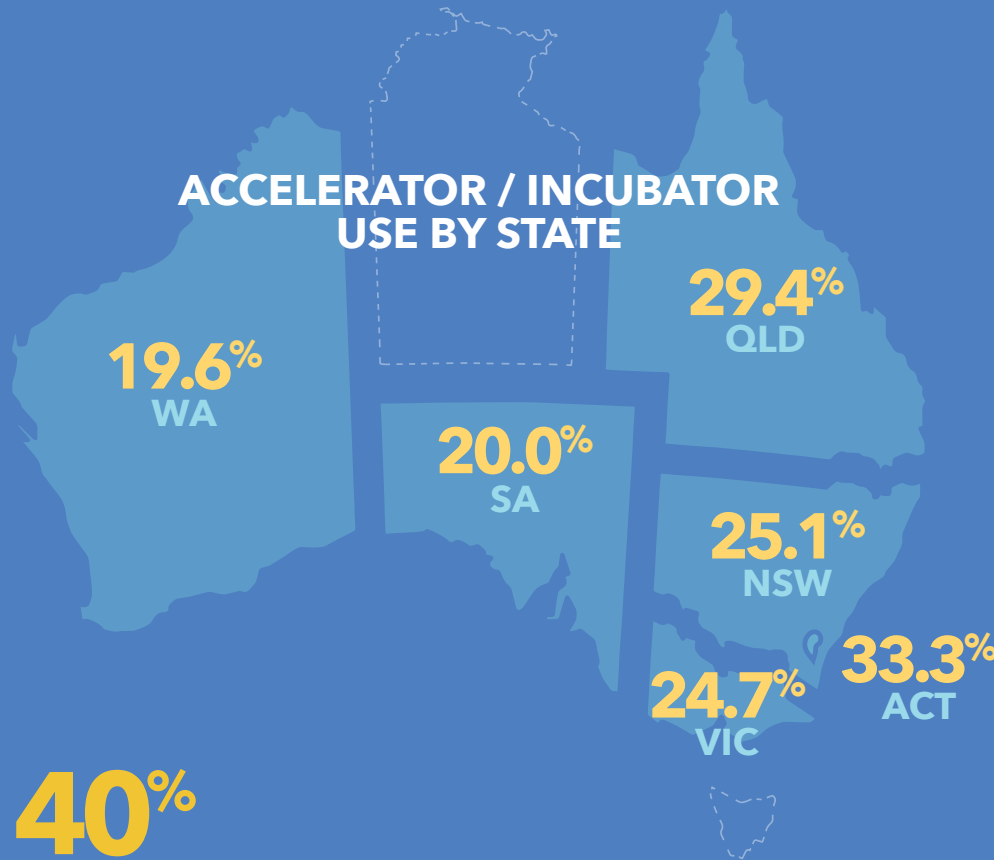
PERL **2%**

CLOJURE/HASKELL/ERLANG **1%**

OTHER RESPONSES **10%**

ACCELERATORS & INCUBATORS

ACCELERATOR / INCUBATOR USE BY STATE



25%

OF STARTUPS USED ACCELERATORS / INCUBATORS

9% OF THESE STARTUPS WERE OVERSEAS

40%

CRITICAL, I COULDN'T LAUNCH MY STARTUP WITHOUT IT

39%

IT GAVE ACCESS TO INVESTORS I WOULDN'T OTHERWISE HAVE

ACCELERATOR / INCUBATOR SENTIMENT

36%

IT IMPROVED THE QUALITY OF MY PRODUCT

25%

IT GOT ME TO MARKET MORE QUICKLY

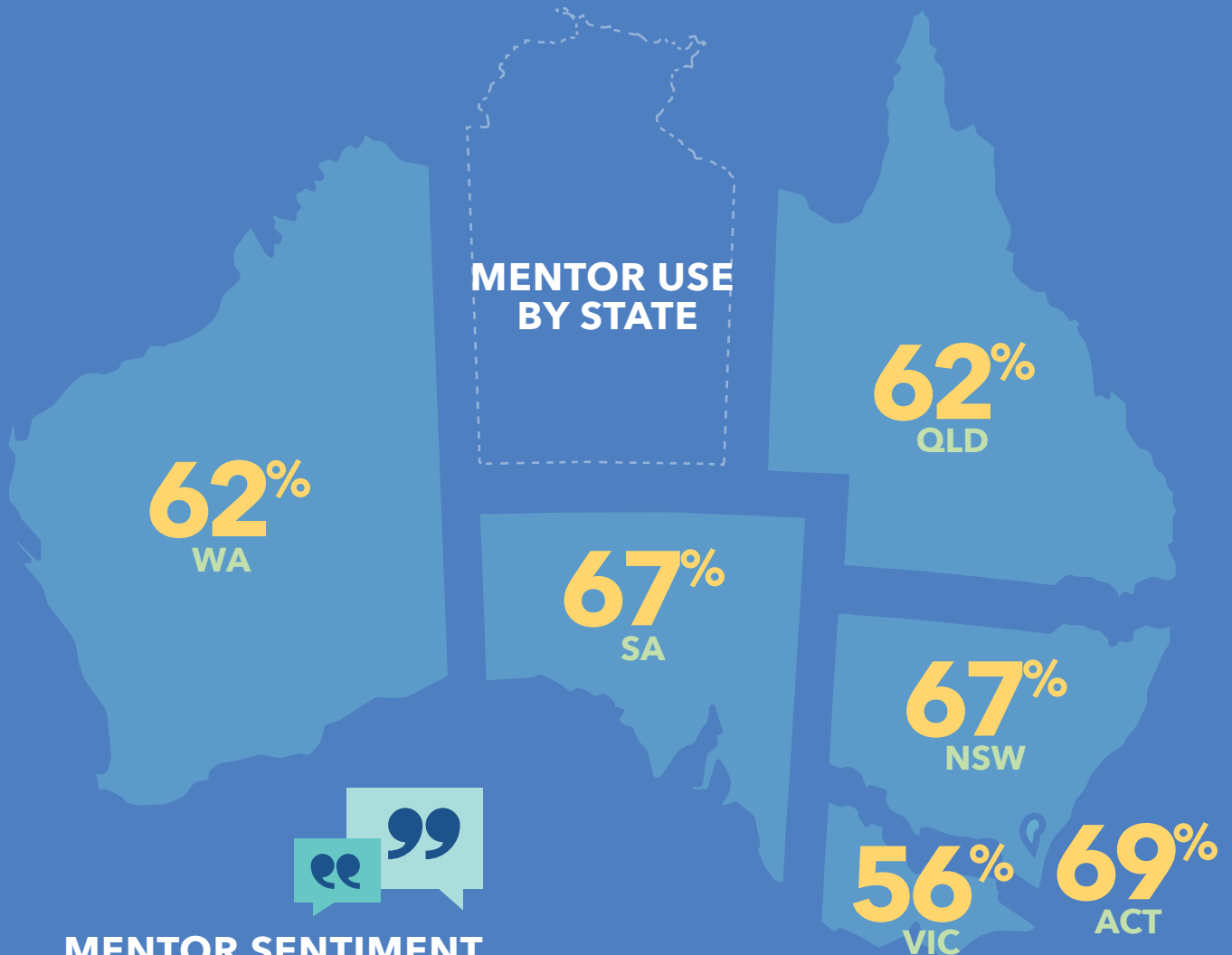
2%

I WOULD NOT RECOMMEND IT



MENTORS

MENTOR USE BY STATE



MENTOR SENTIMENT



INSUFFICIENT SAMPLE SIZE FOR TASMANIA AND NORTHERN TERRITORY

63%

OF STARTUPS WERE USING MENTORS

62%

OF MALE FOUNDERS HAD MENTORS

72%

OF FEMALE FOUNDERS HAD MENTORS

FUNDING

FUNDING RECIPIENTS BY GENDER (2014)

FEMALE

32%



MALE

34%

33.3% OF ALL STARTUPS RECEIVED FUNDING IN 2014

66.8% OF STARTUPS NEED FUNDING TO SURVIVE THE NEXT YEAR

FUNDING EXPERIENCE

	2014	2015
I TRIED BUT COULDN'T RAISE ANY	32.7%	27.6%
I TRIED BUT COULDN'T RAISE AS MUCH AS I NEEDED	26.5%	22.7%
I TRIED AND RAISED AS MUCH AS I WAS SEEKING	35.4%	39.9%
I TRIED AND WAS OVERSUBSCRIBED	5.3%	9.8%

2014

2015

FUNDING SOURCES

61.4%	60.0%	PRIVATE CAPITAL AUSTRALIA
21.6%	30.0%	FAMILY/FRIEND INVESTMENT
17.1%	26.7%	PUBLIC GRANT
8.0%	12.0%	PRIVATE GRANT
6.8%	7.3%	PRIVATE CAPITAL OVERSEAS
5.7%	2.7%	OTHER RESPONSES



EXPECTED TIME LEFT WITHOUT ADDITIONAL FUNDING



IMPACT

\$236K

**AVERAGE ANNUAL REVENUE
FOR PARTICIPANTS WITH
REVENUE IN 2014**

**PARTICIPANTS WITH
FUNDING IN 2014 HAD AN
AVERAGE FUNDING OF**

\$241K

**PARTICIPANTS WITH EMPLOYEES
HAD AN **AVERAGE OF 5.1** EMPLOYEES
AT THE END OF 2014**

CHALLENGES

INTERNAL

- 59% CUSTOMER ACQUISITION
- 41% FUNDING
- 34% PRODUCT DEVELOPMENT
- 25% I'M TOO BUSY
- 24% PRODUCT/MARKET FIT
- 24% TEAM BUILDING
- 23% BUSINESS MODEL
- 12% PROBLEM/SOLUTION FIT

EXTERNAL

- 42% AVAILABILITY OF TECHNICAL TALENT
- 41% AVAILABILITY OF GOVERNMENT SCHOLARSHIPS/GRANTS
- 37% AVAILABILITY OF NON-GOVERNMENT FUNDING
- 18% DIFFICULTIES WITH LEGAL ISSUES
- 13% AVAILABILITY OF NON-TECHNICAL TALENT
- 12% STARTUP COMMUNITY SUPPORT (COWORKING SPACES, STARTUP EVENTS AND INDUSTRY AWARENESS)
- 10% DIFFICULTIES WITH ACCOUNTING
- 3% AVAILABILITY OF EDUCATIONAL RESOURCES

REQUESTS FROM GOVERNMENT

- PROVIDE FUNDING/GRANTS 34%
- PROVIDE INCENTIVES TO INVESTORS/FOUNDERS 25%
- IMPLEMENT ESOP REFORMS 12%
- REDUCE RED TAPE 6%
- IMPROVE SUPPORT NETWORK FOR STARTUPS 6%
- IMPROVE EDUCATION FOR ENTREPRENEURS AND TECH-RELATED SKILLS 5%
- GET OUT OF THE WAY 3%
- SUPPORT STARTUP HUBS AND COWORKING SPACES 3%
- COLLABORATE WITH STARTUPS 2%
- MAKE FUNDING/GRANTS EASIER 2%
- IMPROVE INTERNET CONNECTIONS 2%
- SUPPORT ACCELERATORS 2%

13%
OF STARTUPS WERE UNSURE WHAT WOULD BE HELPFUL FROM THE GOVERNMENT

FUTURE PLANS

IN 2015

BEYOND 2015

78%

CONTINUE TO OPERATE IN AUSTRALIA

61%

40%

UNDERTAKE CAPITAL RAISING IN AUSTRALIA

20%

23%

UNDERTAKE CAPITAL RAISING OVERSEAS

25%

12%

RELOCATE OVERSEAS

18%

3%

SELL THE STARTUP TO A FOREIGN PURCHASER

13%

3%

SELL THE STARTUP TO A PURCHASER
IN AUSTRALIA

12%

1%

LIST ON THE ASX

4%

0%

LIST ON A FOREIGN STOCK EXCHANGE

3%

2%

EXPAND OVERSEAS

1%

NEED MORE?

Startup Muster is dedicated to supporting those who support the Australian startup ecosystem.

We encourage readers to utilise the content in this report wherever useful, with attribution to Startup Muster 2015.

Interested in having your own report or graphs created?

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- We cannot share the identifying information on participants.
- All prepared material must be shared publicly, free of charge, within six months of the data being provided.
- Attribution to Startup Muster must be given.
- A small fee may be charged for the time spent on your request.

Great things are happening in Australia, and if our work can help you show some useful detail of this, or help you provide better support, please contact info@startupmuster.com.

Kind regards,
The Startup Muster Team

