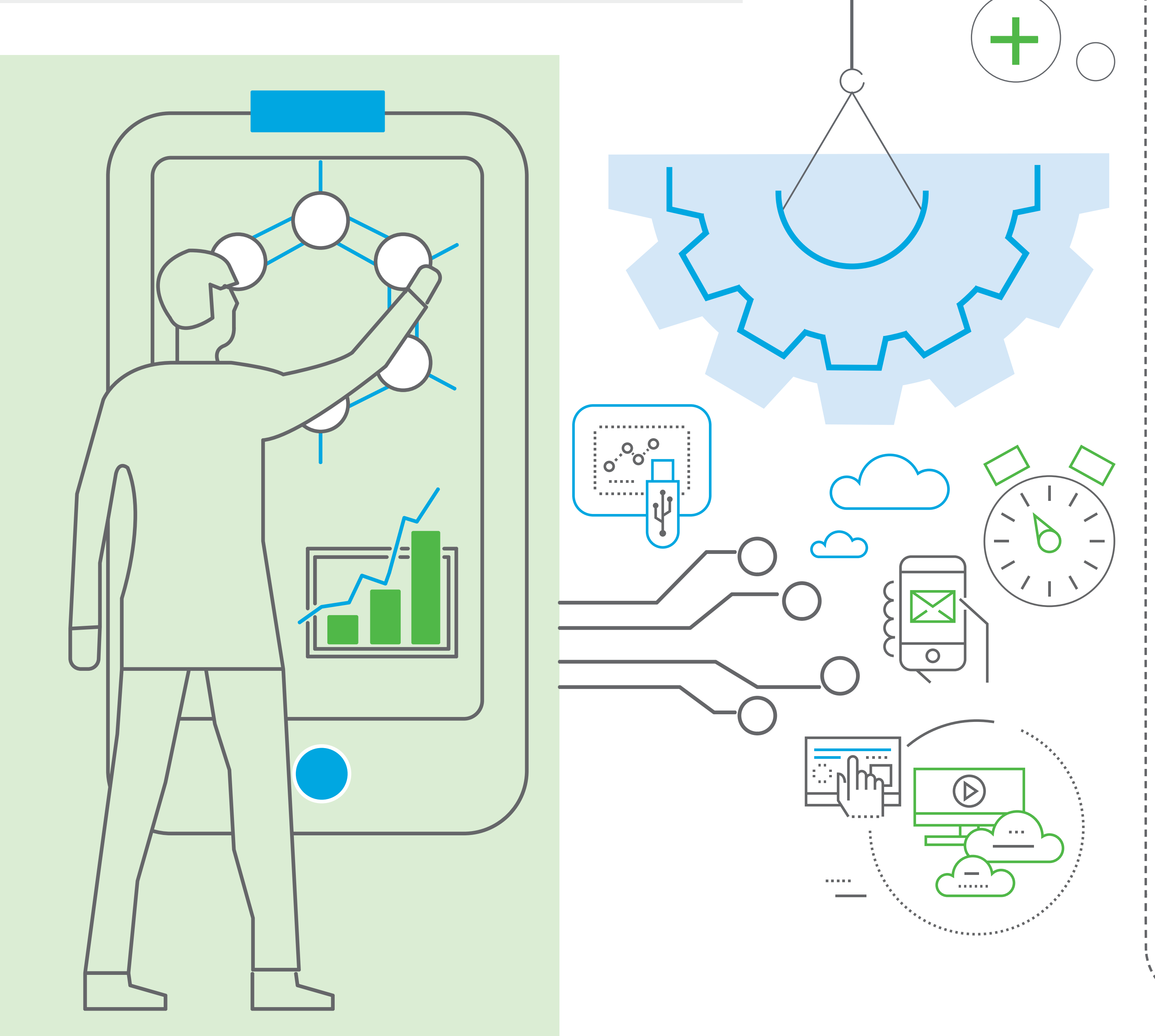
What Australian tech businesses can expect

in the next two years



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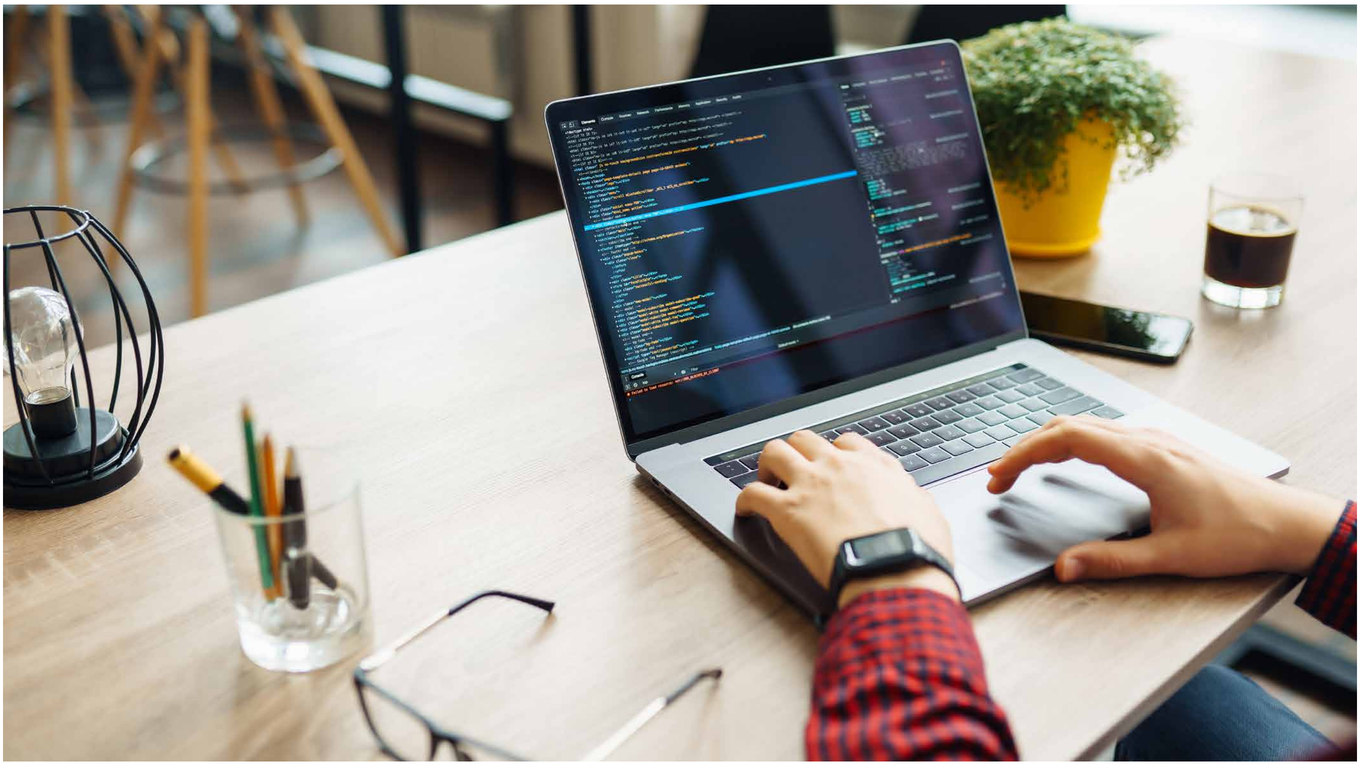

Executive summary

In early 2022, the tech industry experienced an abrupt change in the economic weather. Despite or because of a global pandemic that involved widespread and prolonged lockdowns, the market for tech stocks became extremely frothy in 2020-2021.

Famously, in early 2020 Tesla was putatively worth more than Volkswagen, despite Elon Musk selling less than 400,000 vehicles a year while the German automaker was selling 11 million.

With valuations becoming increasingly unmoored from reality, a market correction was inevitable and, in the long run, healthy. The question now preoccupying tech industry types, in Australia and the rest of the world, is how far the pendulum will swing the other way and what the real-world consequences of that pendulum swing will be.

To answer those questions, RSM Australia spoke to the heads of the Australian Computer Society and Tech Council of Australia, a venture capitalist, a range of founders and C-suite executives, and RSM Australia's corporate finance, cyber security, R&D and taxation experts.

There was a consensus among those interviewed that the local tech industry was not experiencing anything remotely equivalent to the 'tech wreck' that reshaped the American tech industry around the turn of the Millennium. Indeed, those interviewed were universally bullish about the longer-term prospects of the Australian tech industry. Many of them expressed the view that the current downturn would be relatively mild and short-lived.

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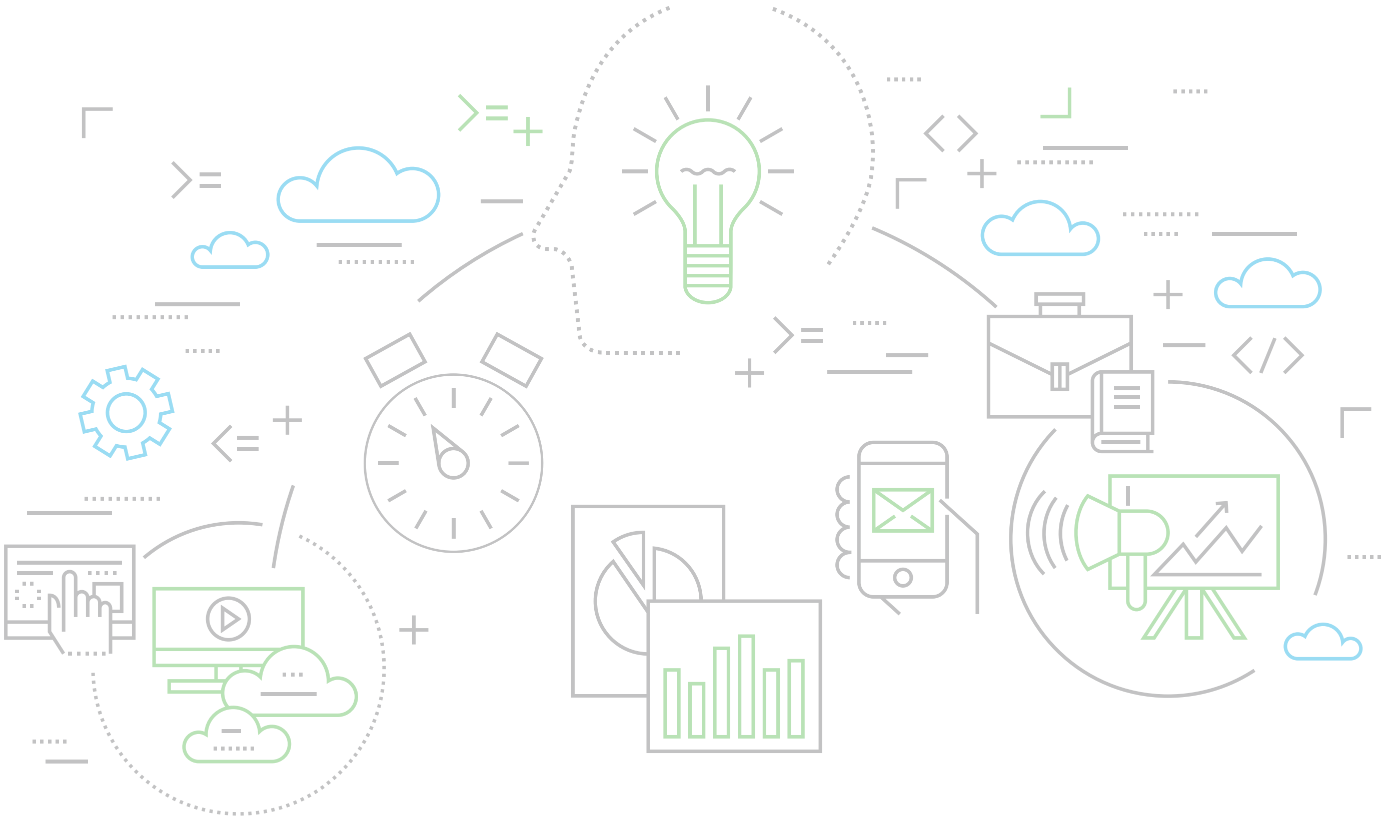
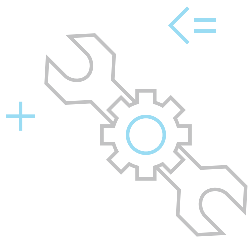




FOREWORD

By Mathavan Parameswaran, National Leader, Technology

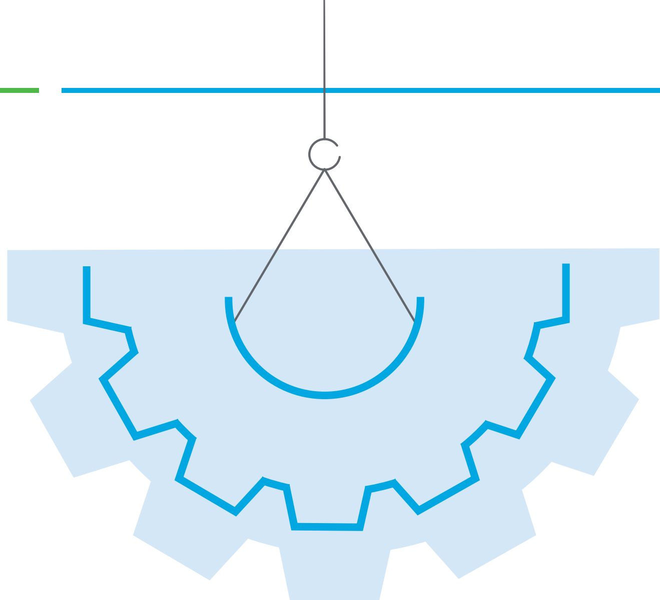
When writing about tech, there is always the temptation to focus on unicorns that already have changed the world, or promising startups that might, against all odds, end up exploding into globe-bestriding behemoths.

The unglamorous part of the tech-industry story that few commentators pay much attention to is midmarket companies. This doesn't make much sense given that most successful startups turn into solid, mid-market businesses and all large businesses pass through a stage – however short-lived – of being mid-sized businesses.

RSM works with both ambitious startups and tech companies with valuations north of \$500m – \$1bn. However, most of the time, we provide advice to mid-market Australian tech businesses that find themselves in an 'in-between' position.

The companies RSM most frequently works with aren't as resource-constrained as startups, but neither do they have the resources of an Atlassian. An industry downturn, or even a recession, doesn't pose an immediate existential threat to these companies, but economic turbulence is likely to require some serious rethinking and painful readjustments. Expanding into foreign markets is feasible, but still a little daunting. While raising capital is never straightforward and will be a little harder in the current landscape, with the right fundamentals it is still accessible.

I hope those involved in tech businesses of all sizes find the information and insights contained in this report useful. But I especially hope those quiet achievers working in mid-market businesses who lay awake at night worrying about their company's valuation, international expansion plans, staffing difficulties and capital-raising headaches find value in this report.



INTRODUCTION

Reports into the technology industry typically aim to take the 30,000-foot view. There is an emphasis on big-picture thinking and, frequently, an attempt to identify megatrends.

This is not that kind of report.

This report is concerned with the next two years, not the next 30. It is concerned with microtrends rather than mega ones. It makes no grand predictions about AI, blockchain, the Metaverse or quantum computing. It focuses only on insights gleaned from people working at the coalface.

This report concerns itself with what is likely to happen between now and end of 2024. In the wake of a prolonged bull market turning decidedly bearish in early 2022, it seeks to provide information that will prove useful to those in leadership roles at Australian tech companies.

Three microtrends

There was a surprising degree of unanimity among those RSM Australia spoke to about the short-term challenges and opportunities facing the Australian tech industry and what was likely to happen over the next 18-24 months. The views of those interviewed can be distilled into the following three 'microtrends':

1. Valuations and capital allocations will remain realistic for the foreseeable future

Given the range of combustible economic and geopolitical variables that currently need to be considered, forecasting is even more difficult than usual. However, the general view was that the bear market would continue until sometime in 2024. The experience of living through a bear market is likely to result in founders and investors remaining focused on solid unit economics for at least the rest of the decade.

2. The skill shortage will ease but not disappear

With the federal election out of the way, politicians on both sides of the political fence are now willing to lift migration intakes and address visa-processing bottlenecks. However, in the context of fierce global competition for tech talent, Australia can no longer assume that simply rolling out the welcome mat will solve its skill shortages.

Given tech companies will no longer be able to simply import the workers they need, there will need to be greater emphasis on training and retraining Australians. Attempts to encourage Australian students to study STEM, and Australians to pursue tech industry careers, have met with modest success in the past. But developments such as the launch of a Digital Apprenticeship Program and the coming of age of a digitally savvy and entrepreneurial generation provide reason for hope.

3. Australia will never be the US, but it could be Singapore

Over the last decade, Australia has incubated an impressive number of unicorns. If the skills shortage can be addressed, the necessary changes made to the tax code and regulatory regime, and more funding provided to early-stage businesses, there is no reason Australia can't create many more unicorns over the next decade. Especially in sectors such as agtech, biotech, cleantech, edtech, healthtech, fintech and miningtech.

General overview

HELP IS ON THE WAY

Kate Pounder is CEO of the Technology Council of Australia. She believes the issues currently bedevilling the Australian tech industry can and will be resolved.

In mid-2021, the Technology Council of Australia (TCA) launched with an ambitious policy agenda to promote the expansion of the local tech industry. A year on, the TCA's CEO argues that progress is being made towards fixing the problems constraining the creation and growth of Australian tech businesses.

Addressing the skills shortage

The TCA forecasts that Australia will need 1.2 million people in tech jobs by 2030. That will mean welcoming an extra 650,000 people into tech jobs by 2030.

While there will be no quick and easy solutions to the skills shortage, Pounder says a combination of short-term, medium-term and long-term fixes are needed. That starts with the outcomes agreed upon at the Jobs and Skills Summit in September 2022. "The Jobs and Skill Summit delivered results," she says.

Pounder is delighted that the Federal Government has now signed off on digital apprenticeships. These will allow more Australians to enter the tech industry without having to complete a university degree first. "Some tech jobs are highly technical and require years of university study in STEM fields," she says. "But there are many jobs that can be done by 'digital tradespeople'. That's why the Federal Government agreeing to fix vocational training and introduce a digital apprenticeship scheme is such a win."

Pounder says it is also important that local tech companies can now access more highly experienced skilled migrants in the short-term in areas of high skills shortages. This is critical to ensure companies have experienced coaches and supervisors to help train Australian staff. "The Summit confirmed the permanent migration program will speed up visa processing times and review the way the skilled migration program is working," she says.

Pounder is also hopeful that it will soon be easier for suitably qualified international students to settle in Australia. "Two-thirds of those studying for ICT degrees at Australian universities are from foreign countries," she says. "More than half of them have been returning to their countries of origin shortly after finishing their studies."

Expect another year or two of turbulence

Pounder is excited that many Australian tech companies will be eligible to receive funding from the Critical Technologies Fund, which will be part of the $15 billion National Reconstruction Fund. But she concedes accessing capital will be challenging for some tech businesses for some time to come.

"It's difficult to make forecasts," Pounder says. "We have certainly seen some realism return to capital allocation in 2022. I don't think profitable tech companies will have much trouble raising capital. However, younger, capital-dependent tech businesses are in a more vulnerable position. They will need to be more cognisant of their spend and getting to profitability. But even in a worst-case scenario where more startups than usual fail in 2022 and 2023, I hope their founders will go on to launch other startups. Startups have always had a high failure rate, but hard as it is, being involved in a tech business that doesn't make it can be a great learning experience."

Technologies Australia can excel in

With reference to a recent TCA report, there are subindustries where Australia has shown it can produce high-value, globally competitive companies, such as Business Software, Biotech, Medical Devices, Media & Design and PayTech.

There are also subindustries that are likely to produce the next wave of high-potential companies, including edtech, mining tech, gaming and diversified fintech. These are often areas where Australia is combining its strength in software with strength in a traditional industry.

Also, there are subindustries where on paper Australia should have an advantage, but where we still need to prove that advantage at a global scale by producing large companies with significant export markets. For example, agtech, energy tech or quantum. [Quantum tech uses the properties of quantum physics to store data and perform computations.]

Unsurprisingly, it's usually easier to get funding for technologies in the first two groups than in the third.

Getting local startups to hang around

Pounder says two things can be done to lower the chances that Australian tech companies will decamp to nations such as the US and UK. The first is to make Australia more tech-business-friendly overall. "Fix the talent shortage, make sure the tax and investment environment supports innovation – including via foreign investment screening – and get the regulatory framework right," Pounder suggests.

The second task is to identify any market or government failures specific to particular high-potential industries. "Identifying what it will take to scale our next generation of high-potential emerging industries, and fixing any gaps, is critical to keep our economy growing and generate jobs."

Can Australia become a startup nation?

The TCA aims to propel Australia into the ranks of 'digital superstar' nations. By 2030, it wants the local tech industry to contribute $250 billion to GDP and employ 1.2 million people.

But will a relaxed and comfortable nation blessed with abundant natural resources be sufficiently motivated to achieve those goals? (Probably not coincidentally, the likes of Israel and Singapore have few natural resources and face existential threats.)

Pounder dismisses the argument that Australians are too complacent to compete with their counterparts in Estonia, Israel, Singapore, Sweden and South Korea.

"Look at all the unicorns – Airwallex, Atlassian, Canva, Culture Amp, Safety Culture – Australia has already incubated," she says. "We know we can create world-beating tech companies because we've done it. It's now just a matter of creating the ideal environment for more local tech companies to grow into unicorns."

SOLVING THE SKILLS SHORTAGE

Chris Vein, CEO of the Australian Computer Society (ACS), argues a lack of workers is the biggest handbrake on the growth of Australia's tech sector.

Asked what the biggest obstacle to the continued flourishing of the Australian tech sector is, Vein doesn't need to think twice. "Access to talent," he says. "It's the biggest challenge right now and will likely remain so for the foreseeable future."

Historically, Australia has imported lots of tech workers. In recent years, Australian tech businesses have been able to offshore a lot of work to remote workers. But Vein warns foreign labour is likely to become increasingly scarce. "There's an increasingly intense global competition for talent. It's risky to assume Australian tech businesses will be able to indefinitely import enough workers or employ enough remote workers to fill our domestic needs."

That's the bad news.

The good news is that Australia is well-placed to produce the talent it needs. "Australia has excellent education infrastructure," Vein says. "We are capable of producing some of the highest quality IT professionals in the world. The ACS wants to see Australian IT workers being recognised as the cream of the crop – the safest hands working at the forefront of technology. That requires investment in education – not just technical, but professional – and a commitment from government and industry to lay the groundwork for that level of professionalism."

The case for home-grown talent

In the short-term to medium-term, local tech businesses will have little option other than to keep relying on foreign labour. "There's only a trickle of local IT graduates coming through," Vein says. "In 2020, fewer than 6,000 IT bachelor's degrees were awarded to domestic students. That is less than 10% of the annual projected growth of the Australian IT workforce."

If those numbers don't improve, it's hard to see the local tech sector continuing to grow strongly. "In the long term, it's likely to be the domestic pipeline that will be the critical driver of innovation and growth," Vein says. "The core driver of the digital transformation of our economy will be talent – the quality and quantity of IT professionals that Australian governments and businesses can draw on."

A policy wishlist

To solve the skills shortage, Vein advocates, "Incentives for training and upskilling programs, funding for improved teacher training and education tools, direct government tax incentives for worker upskilling programs, direct funding to get more women in the workforce, additional funding for digital technologies training and non-traditional pathways into the tech workforce, a key part of which will be the creation of a commonly accepted recognition framework."

When it comes to the other issues, Vein warns there is no "single magic policy" that will be a game-changer. "Funding and incentives for R&D are critical," he says. "But so are clear rules around privacy and cryptocurrency, grants for startups and the development of common standards for IoT, data sharing and smart cities. The ACS also believes it's important to take a national approach rather than risk ending up with a patchwork of digital capabilities across the country."

When it comes to stopping local startups from decamping to the US, or elsewhere, Vein is blunt. "Startups will inevitably go where the funding is," he says. "We've had some success cultivating a healthy startup industry in the last decade, but it has been patchy. In recent years, many funds and programs have dried up as startups have become less 'trendy'. We can produce global successes, such as Canva and Atlassian, but support is needed. That support can be in the form of direct funding, but it can also be tax and other incentives for investors. Getting more institutional investors back on board would be a big win. There are government policies that can help with that."

The danger of trying to pick winners

After noting local businesses are "doing market-leading work in industries that are traditional strengths for Australia, such as mining and agriculture", Vein says it's not entirely clear what types of technology Australia has a comparative advantage in and, even if it were, it would be unwise for governments to play favourites.

"Before we can map the path forward, we need to know where we are now and I'm not sure that we have a great picture of that yet," he says. "The ACS is all for identifying key strategic areas of growth, but it doesn't support attempts to pick winners. Government policy should be an enabler for industry to develop solutions."

WHAT TECH WRECK?

Ben Gust, an experienced venture capital investor who's currently a Managing Partner at Virescent Ventures, says Australia's climate tech sector is poised for explosive growth.

You don't last long as a venture capitalist if you're not a clear-eyed realist, so when Ben Gust talks up the local tech sector it's hard to dismiss him as a Pollyanna.

"We've seen a market correction in 2022," he concedes. "But the 'tech wreck talk is overblown in the climate tech sector. There is now an increased focus on the fundamentals of good business, such as having solid unit economics rather than taking a 'growth at all costs' approach. That's healthy and will result in resources being allocated to where they are most productive. Of course, it also means some valuations will come down from their previously very high levels, making it harder for some businesses to raise capital. And those businesses operating at large losses and dependent on multiple large capital-raising rounds face an uncertain future. But the long-term trend is clear. I'm absolutely confident the position of the Australian tech industry, and especially its cleantech sector, is only going to strengthen over time."

Solid fundamentals

Why is Gust so upbeat? Let him count the ways. "Led by our world-class universities, Australia is doing phenomenal research," he says. "We're getting better at commercialising that research. We've got a growing investment community. Regardless of short-term ups and downs, the Australian economy will continue to be digitised. Plus, the demand for the technologies Australia specialises in – agtech, cleantech, healthtech – is only going to keep increasing."

After navigating the ups and downs of Australia's tech industry for two decades, Gust has the following advice for C-suiters about weathering the current storm. "Slow down your growth ambitions, make sure you have enough cash to last a couple of years and accept the valuations the market provides is my standard advice," he says. "But it all depends on the circumstances of the business. If I was running a startup in the electric vehicle sector, I would be putting my foot on the accelerator."

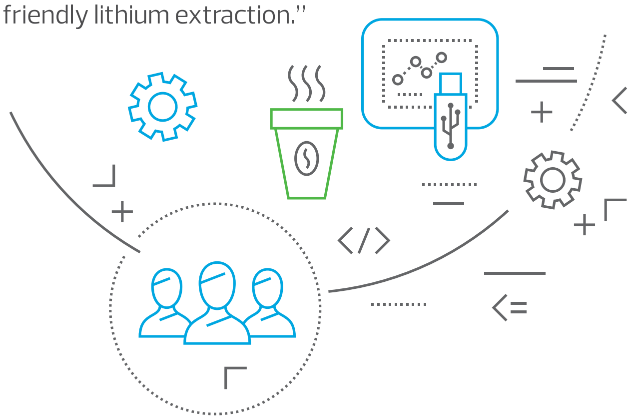
All in on cleantech

Gust is currently focusing on cleantech. Given the "strong tailwinds" behind this type of technology, he's confident it's a winning investment strategy.

"Businesses and governments around the world have committed to net zero emissions," he says. Consumers increasingly prefer to buy green products. Australia has all the elements – a vast land mass, lots of sunshine and wind, and the minerals required to make batteries and solar panels – to become a renewable energy superpower. While I don't think the end of the 'climate wars' will see huge amounts of capital flowing into the cleantech sector overnight, I do believe the amount of capital flowing into it will steadily increase over the coming years and decades. Looking around the economy, it's hard to see another sector that is so likely to have decades of strong growth ahead of it."

Gust predicts the accelerating transition to a 'green economy' will result in cleantech having an "economy-spanning" role.

"To take just two obvious examples, the agriculture and transportation industries need to lower their emissions, so cleantech will increasingly intersect with agtech and mobility tech," he says. "There is a phenomenal amount of large market opportunities out there. For instance, my fund has invested in everything from a startup that has developed an enzyme that breaks down plastics thereby allowing them to be endlessly recycled, to a company that is making the world-leading flexible, glass-free solar panels, to a business making plant-based meat, to one developing technology that facilitates environmentally friendly lithium extraction."



CEOs, CFOs and Founders

AN OUTSIDER'S PERSPECTIVE

Rick Ratliff is the US-based CEO of Australian healthtech company MedAdvisor. He experienced the US tech wreck and learnt some valuable lessons from it.

After a post-graduation stint at IBM, Rick Ratliff moved into the startup world in the late 1990s. As a result, he had a ringside seat for the exuberance of America's dot.com bubble and the tech wreck of 2000-2001.

"In the late 1990s, capital was readily available and many startups got ahead of themselves, including the one I worked for," Ratliff explains. "The focus was on growth rather than getting to profitability. There wasn't enough attention paid to business fundamentals, such as controlling costs, especially labour costs. The attitude was you should hire people first, then find work for them to do rather than vice versa."

While it wasn't pleasant at the time, Ratliff believes experiencing a severe industry downturn taught him and his peers some valuable lessons. Lessons that allowed them to create successful tech businesses later on.

"I don't think it's a coincidence that Surescripts – the company I worked for from 2002-2010 – grew sustainably and is still thriving today," he says. "My colleagues and I had seen how things could go wrong. We were cautious about everything from growing headcount to making acquisitions. But the tech wreck was a long time ago and memories have faded. Some people who've entered the tech industry in recent years haven't been cautious."

Sorting the wheat from the chaff

Ratliff argues that mid-market tech businesses are in a stronger position than their startup juniors, though not in quite as strong a position as their unicorn seniors. "I don't imagine mid-sized companies, especially ones that are profitable or well on their way to being profitable, will have the kind of issues accessing capital that younger and smaller tech businesses will," he says.

"In the case of MedAdvisor, it's been business as usual throughout 2022. So far this year, we've raised $14.6 million, made a strategic acquisition in Australia, entered the New Zealand market, and inked deals with a range of pharmaceutical manufacturers in the US.

Investors are undertaking more due diligence when making investment decisions and tech companies have to jump through a few more hoops. However, I don't think mid-market businesses with solid business fundamentals and a solid value proposition need to be too concerned."

Ratliff also predicts many "nuts and bolts" tech businesses won't be much impacted by whatever economic turbulence is in store over the next year or two. "I don't claim to be an expert on the Australian tech industry," he says. "But my understanding is that many of your mid-market tech companies are providing goods or services that there is a constant need for. That's certainly the case with healthtech companies such as MedAdvisor. People still need to order their medications and adhere to their dosages, regardless of what is happening with the economy."

While cautiously optimistic, Ratliff doesn't want to suggest it will be smooth sailing for everybody. "If a tech firm has hired a bunch of data scientists and agreed to pay them all $800,000 a year, well, that's obviously no longer sustainable and probably never was," he says. "I'm hoping tech companies will start to take a more methodical approach to recruitment, rather than hiring lots of people and paying them huge amounts when times are good and then announcing mass layoffs when conditions become challenging. I've always believed it's better for everyone involved if you hire the right people for the right jobs at the right time, then fairly compensate those people and give them the opportunity to grow along with the business."

Cracking the US market

As an American heading up an Australian-listed company, Ratliff has the following advice for Aussie tech businesses hoping to expand into the US. "Start by developing a deep understanding of your company's core competencies, especially those competencies that differentiate it," he says. "Once you've done that, you'll understand what your company brings to the table and what kind of opportunities it should pursue in foreign markets."

2023 and beyond

Like many tech company CEOs, Ratliff has concerns about remote working but has accepted there's no going back to the pre-pandemic way of doing things.

"It's important to have people in the same physical space so they can collaborate with, and learn from, each other," he says. "Nobody, including me, wants to return to the old way of doing things. But there are downsides as well as upsides to remote working. I think most tech companies will eventually settle on hybrid arrangements that require employees to spend 2-3 days working in the office alongside their colleagues. Managers will have to adapt accordingly. They will need to put frameworks in place to ensure everybody knows what is expected of them and the work that needs to get done is getting done."

In much the way the American tech industry blossomed after its 2000-2001 car crash, Ratliff believes the medium-term to long-term prospects of the tech industry, in Australia and elsewhere, remain rosy.

"There are still lots of disruptive opportunities out there," he says. "I've been fascinated to observe how the pace of digital transformation has picked up in industries such as banking and hospitality in recent years. Thanks to the pandemic, the healthcare industry, which is quite conservative in many ways, is finally embracing telehealth and healthtech platforms. No matter how bumpy the road might be currently, the tech industry will continue to change the world and enhance people's lives.

WHAT THE NEXT PHASE OF DIGITAL TRANSFORMATION LOOKS LIKE

Craig Adams, CEO of CT4, says the current market correction won't long delay the arrival of a sci-fi future involving automation, Big Data and robots.

Craig Adams recently went to a Melbourne restaurant, ordered via a tablet attached to his table and then had his meal brought out by a Dalek-like robot. Adams was bemused but not surprised by his dining experience. He's long expected robotics, once ghettoised in the manufacturing sector, to start disrupting other industries.

What the future looks like

Adams says it's easy to imagine how the next phase of digital transformation will unfold.

"Australian businesses will be even keener on SaaS in an economic environment where prices are rising and workers are difficult to find," he says. "Organisations will be more data-driven; they will collect more data and use hyperscale clouds and AI tools to analyse it more effectively. Data collection and analysis will play a role in the further automation of industries such as agriculture. This, in turn, will be connected to the growth of the Internet of Things. Speaking of which, we can expect Australia's cities to turn into smart cities. Plus, deglobalisation will see highly automated factories pop up across the land."

How the pandemic changed everything

Adams argues the pandemic has accelerated digital transformation, but not in the way commonly imagined. "Technologies such as video-conferencing were around for years before COVID hit," Adams points out. "But prior to 2020, it was easier, safer and, in the short-term, cheaper to stick with the traditional way of doing things. That individual technologies, such as video-conferencing, were widely embraced throughout 2020-2021 isn't particularly significant. What is significant is that those heading up organisations have come to appreciate the ROI generated by embracing ongoing digital transformation."

Labour and capital shortages

Adams is certain that profound technological change is coming, but he worries that it may arrive later rather than sooner if businesses can't source the necessary capital and staff.

"We're not entering an 'Age of the Machines' in the sense you can dispense with humans," Adams says. "Like most tech CEOs, my biggest headache is talent acquisition and retention," he says. "Meeting salary expectations has long been challenging. Post-pandemic, you also need to convince potential hires your business is virtuous."

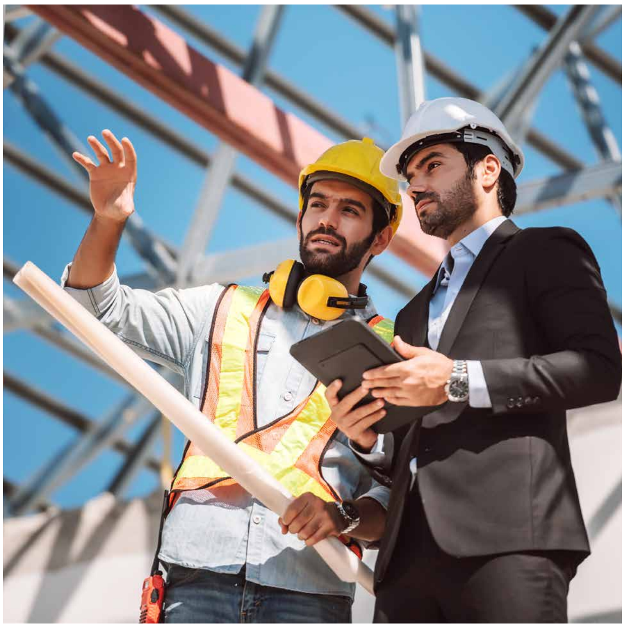
Adams suspects the days of large numbers of software developers immigrating to Australia from countries such as China and India are over. But he points out that lots of software developers based in China and India are currently employed by Australian companies. "Every Australian tech company I know of employs workers based in other countries," he says. "The security protocols and practices now in place have made remote-working arrangements more secure and therefore acceptable." But Adam warns remote workers aren't a silver bullet solution for overstretched Australian employers. "Companies in many nations are now competing with Australian businesses for tech workers based in countries such as Vietnam," he warns.

Adams argues that sourcing capital can be even more difficult than sourcing staff. "Given the relative lack of angel investors and venture capitalists in Australia, and the onerous debt facilities local tech businesses needing capital often have to agree to, it's not surprising so many startups head overseas," he says.

What comes next?

Adams doesn't expect the funding situation to change anytime soon. ("I'm bearish about Australian governments ever providing the level of support to tech businesses that they do to farmers," he says.) He suspects the skill shortage will ease, but not for another 12-18 months given the time it takes to train tech workers.

Despite its problems, Adams is bullish about the Australian tech sector. "Even during this market correction, the stock prices of some companies – ones that have a blue-sky vision that's being converted into reality – have gone up," he points out. "And there are plenty of savvy investors eager to buy undervalued tech stocks."



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AUSTRALIA'S CLEANTECH OPPORTUNITY

Neil McVeigh cofounded Greener after holding senior roles at Uber and large accounting and advisory firms. He believes Australia is well-placed to become a renewable energy superpower.

A Canadian by birth, Neil McVeigh demonstrates an un-Australian degree of ebullience when asked about Australia's tech sector. "When I moved here in 2010, North America was still in the grips of the GFC," he says. "I saw Australia as the land of opportunity, which is what it has turned out to be. It's fantastic to now be part of an industry growing exponentially and to see new startups launching every week."

While he may be delighted about its current vibrancy and future growth prospects, McVeigh is also realistic about the problems facing the local tech industry.

Where's the early-stage funding?

McVeigh says it's unrealistic for Australian founders to expect they will ever have the breadth of funding options their counterparts in larger economies do. But he despairs at the lack of seed funding available in this country. "It's not too bad once you get to the Series A stage, but there needs to be a lot more capital provided to Australian entrepreneurs starting their journey," he says. "New Zealand has a thriving network of angel investors; the situation is improving in Australia but we still have a lot of catching up to do."

Are we serious about winning the global war for talent?

As a newish Australian, McVeigh doesn't understand why Australian governments have made it so difficult for foreign tech workers to relocate Down Under.

"There's reason to hope visa processing will soon be sped up, but I'm not sure Australian politicians and voters truly understand how fierce the global competition for tech talent is," he says. "Australia is a politically stable, first-world nation that offers a great lifestyle. Nonetheless, it won't win the war for tech talent unless it makes it significantly easier for software developers and UX designers to move here either temporarily or permanently."

The cleantech opportunity

Whatever problems the broader Australian tech industry might have, McVeigh argues all the planets are now aligned for the cleantech part of it to thrive.

"I never bought into the 'climate wars' narrative, but investors do like certainty and they now have it with the 43% emissions reduction target," he says. "What's more, you've got billionaire businessmen, such as Andrew Forrest and Mike Cannon-Brookes, backing cleantech. Plus, Australia has everything required to become a renewable energy superpower – lots of wind, sunshine, ocean, empty land, rare earth minerals, scientists and entrepreneurs."

McVeigh points out that cleantech is attractive to both those who want to do well and those who want to do good. "Though my background lent itself more to fintech, I got into cleantech because it meant I could work on big problems and play a part in changing the world," McVeigh says. "While it's not my primary motivation, it's obviously the case that lots of cleantech entrepreneurs are going to make lots of money by providing the tools the world needs to decarbonise over the next 30 years."

Keep it simple and upbeat

It's notoriously difficult to keep the general population enthused for any length of time about fighting climate change. That's why McVeigh suggests his fellow cleantech founders keep things as straightforward and inspiring as possible.

"No normal person can visualise what a tonne of carbon looks like or comprehend its effect on the planet," he says. "Even if they could, if they are told that they are doomed, or must make massive personal sacrifices to avoid being doomed, getting them to support your cleantech will be a tough sell. When developing Greener, we concentrated on making it as frictionless as possible for people to "clean up their carbon footprint" and emphasised that, by doing this, they were being "part of the climate solution".

THE DIGITAL TRANSFORMATION OF HEALTHCARE HAS JUST BEGUN

Dr Marcus Tan is an angel investor and the CEO and co-founder of Healthengine, Australia's largest online health directory and health appointment marketplace. He argues the digital health revolution is just getting started.

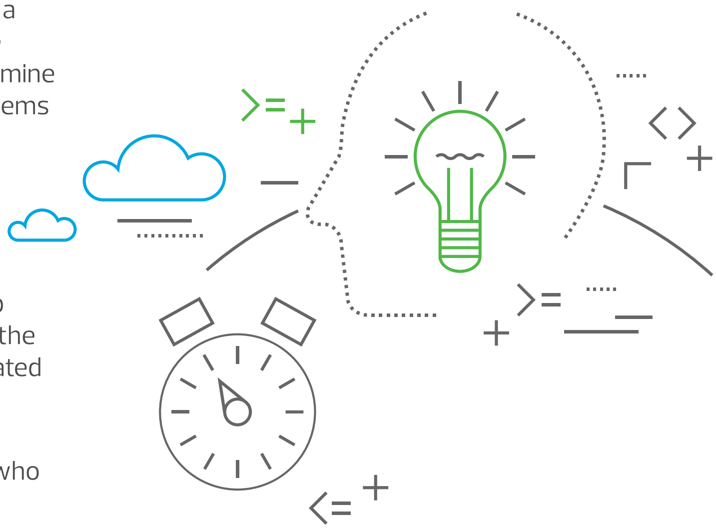
Healthtech has long had its own unique skills shortage. After all, if you've spent many years training for a well-renumerated and socially esteemed healthcare career, why choose to become a founder when running a startup is like chewing glass and staring into the abyss, as Elon Musk famously observed?

Big problems, big rewards

Former GP Dr Marcus Tan says launching a startup provides an opportunity to "solve important, large and difficult problems in novel ways". He also points out most healthcare professionals are not solely motivated by the pursuit of financial rewards and social status. "When I developed an online healthcare directory in 2006, I had no intention at that stage of the project being a massive commercial concern," he says. "I just wanted to solve a problem that I encountered on a daily basis. Given the right conditions, lots of people with backgrounds like mine would be motivated by the opportunity to solve problems they care about and do work they find intellectually stimulating."

When it comes to creating the right conditions, Dr Tan has the following policy suggestions:

1. Those interested in launching a healthtech startup should have access to 'founders grants' to soften the career switching cost and reduce the risks associated with innovating
2. More should be done to connect healthtech businesses with funders who have patience and who understand healthtech has slow adoption rates
3. Steps could be taken to make it more attractive for clinicians to get involved with problem solving and in the founding teams of startups
4. The tax system could be reformed to, for instance, temporarily reduce or eliminate payroll tax, which disincentivises job creation
5. Clearer, lighter-touch regulatory regimes could be put in place along with innovation safe harbours.



Access to capital

Dr Tan is sceptical of the notion Australia's capital markets lack depth, though he does believe more could be done to connect tech businesses and investors. "Australia is a wealthy country with no shortage of capital," he says. "What would support the ecosystem is more investor education, different pools of funding particularly for seed and for early-stage startups, and a comprehensive directory of potential investors, local and foreign, that founders could access."

While he argues there is plenty of capital in Australia, Dr Tan isn't expecting it to be splashed around over the next couple of years.

"Accessing capital is likely to be challenging for the next 18-24 months. High growth-high burn strategies will now only make sense if you have a strong balance sheet and/or you're confident about raising capital before running out of runway," Dr Tan observes. "Investors will price in the higher cost of capital and the greater risk inherent in the current economic climate, so founders will need to factor in lower valuations. It's always a balancing act around growth versus burn, but focusing on improving capital efficiency and proving out attractive unit economics over time is now more important than ever."

A culture of conservatism vs digital transformation

Dr Tan acknowledges there are good reasons healthcare systems are slow to adopt new technology. Nonetheless, he has long been frustrated with the Australian healthcare system's "glacial pace of tech adoption".

Post-pandemic, Dr Tan hopes the pace will become substantially less glacial.

"In 2020, telehealth was adopted in a matter of weeks at a scale I previously would have assumed would have taken a decade to achieve," he says. "Healthcare providers saw how technology could benefit themselves, their businesses and their staff. According to a 2021 survey Healthengine helped fund, patients are now keen on more technology, such as health apps, e-scripts and online booking platforms, being made available."

Dr Tan also believes the cloud and AI will transform healthcare delivery sooner rather than later. "Between now and 2030, I expect there will be greater cloud adoption and big advances in AI," Dr Tan says. "That will result in many more smart telehealth tools being used to assess and monitor patients."

Self-reinforcing success

Australia's tech industry is still relatively young. Dr Tan claims it's only now reaching the stage where the first generation of successful startup founders are providing capital and mentorship to up-and-coming generations of startup founders. "In the US, successful tech entrepreneurs have long reinvested in the industry they know and love," Dr Tan points out. "We are now seeing that happening on a significant scale in Australia."

That's one of the main reasons Dr Tan is looking toward the future with excitement. "I'm incredibly bullish," he says. "Australian tech businesses have always punched above their weight on the innovation side. The challenge has been translating that innovation into commercial success on the global stage, but we are starting to see that happen more frequently."

IT'S TIME TO THINK BIG WHILE SPENDING SOBERLY

Mart Derman is CFO of ASX-listed telecommunications company, Pentanet. While she understands the appeal of agtech, fintech and mining tech, she's keen for Australia's founders to start casting a wider net.

Mart Derman doesn't deny the Australian tech industry is experiencing a period of economic turbulence. But she points out that launching then scaling up a tech business has always been and will always be challenging.

"Pentanet has had a fantastic 2022," Derman says. "We've rolled out three new products, partnered with a multinational technology company pioneering Gaming-as-a-Service, and are now looking to expand nationwide, possibly by acquiring other businesses.

But two years ago, at the start of the pandemic, the company founders were trying to raise capital when nobody was interested in making investment decisions. They had to be resilient and resourceful, just as they've had to be resilient and resourceful every day since they launched Pentanet. Thanks to their 'don't take no for an answer' attitude, they ended up getting the necessary funding through a convertible note."

Sound financial management is always in fashion

Like many tech company CFOs, Derman is currently focused on controlling costs and keeping her business in the black. But she was laser-focused on these things even while the market was becoming ever frothier in 2020-2021.

"From Day One, the founders and I were obsessive about solid unit economic and breaking even as soon as possible," she says. "That wasn't necessarily the approach of other founders and C-suite executives, but I think it will be standard operating procedure in years to come. You don't soon forget seeing the valuation of your business plummet and panicking about running out of runway, so I believe there will be a long-lasting attitudinal change. Startup founders and CFOs will be more concerned with generating positive cash flow than growing explosively for the foreseeable future."

Watch your pennies, but don't skimp on staff

Derman is all for frugality, but she warns cutting corners on labour costs is usually a false economy. "We face the same challenges as every other tech business in hiring and retaining staff, especially developers," she says. "But, despite the considerable time and expense involved in doing so, Pentanet has continued to only hire Australian staff who are a good cultural fit and who share the vision and values of the company."

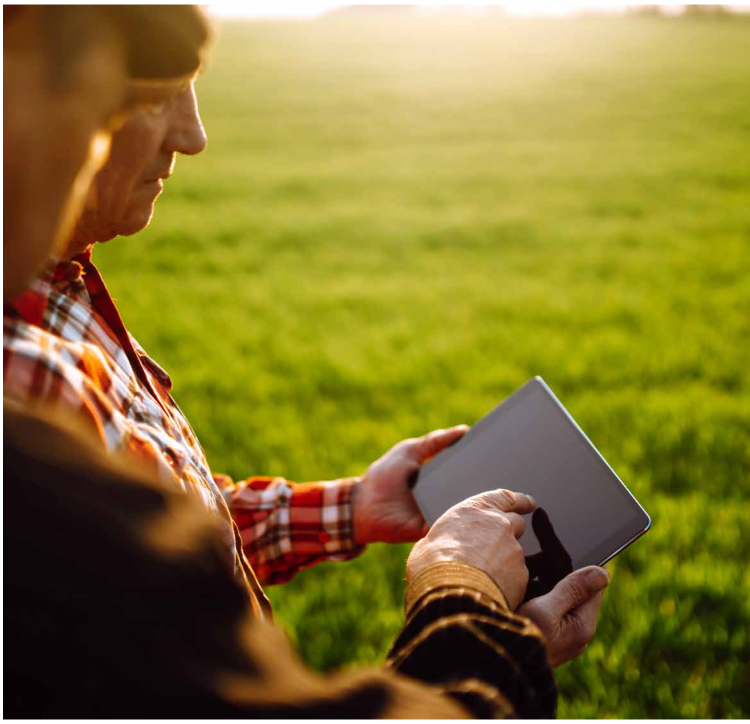
Don't blame the government

Derman, who spent the first decade of her career in South Africa, believes local tech businesses get a reasonable level of support from the government. "Granted, applying for them is time-consuming, but R&D grants have benefitted many local tech businesses," she says. "They've certainly come in handy in dealing with the upfront costs whenever Pentanet has been developing new products."

Do think outside the box

Given the size of Australia's agriculture, financial services and mining industries, Derman isn't surprised so many local founders gravitate to agtech, fintech and mining tech. While she doesn't wish to disparage those technologies, Derman worries that Australian entrepreneurs aren't paying as much attention as they should be to emerging technologies.

"The newer technologies present tremendous opportunities to reach a global market," she says. "I might be biased given I work for an esports, gaming and telco business, but I'm surprised there aren't more local startups looking to capitalise on the rollout of 5G, the increasing maturity of AR and VR, and hyperscale infrastructure."



Advice from the experts

IF IT'S GOT SOLID FUNDAMENTALS, YOUR BUSINESS STILL HAS SOLID PROSPECTS

Glyn Yates is RSM's Director and National Head of Corporate Finance. He says tech businesses with solid fundamentals have little to fear from the current market correction.

After 17 years of dispensing financial advice to Australian companies during upturns and downturns, Glyn Yates has both encouraging and discouraging news about the latest market correction.

The bad news is businesses without "solid business fundamentals", which boils down to the ability to become cash flow positive within a reasonable period, face a Darwinian fate. "Those supplying capital have become significantly more selective and somewhat more impatient," Yates observes. "Tech businesses that are profitable, or clearly on the road to profitability, will still be able to sell equity and borrow money. But many marginal businesses, especially copycat ones unable to differentiate their offering, will collapse. Or need to merge with, or be acquired by, a competitor."

The good news, at least for cashed-up investors and tech companies, is that they will be able to buy well-run businesses, or equity in well-run businesses, cheap. The really good news is market corrections are almost always followed by market bouncebacks.

While it will continue to have its ups and downs, Yates argues Australia's tech industry has the human resources required to power strong growth. "Yes, there's a skills shortage, but Australia still has a critical mass of local talent, be it software developers or founders with ambitions to conquer the world," he says. "Plus, I'm expecting Gen Z to do big things throughout their twenties and thirties. They've grown up in a world of teenage influencers, twenty-something tech billionaires and gig-economy side hustles and are incredibly entrepreneurial."

It pays to be 'investment ready' in tough times

"Local success stories, such as Atlassian and Canva, are based in Australia but sell worldwide," Yates says. "I'm constantly advising tech businesses to concentrate on maximising the size of their Total Accessible Market. A business with a large potential market will find it easier to source capital, especially in a challenging economic environment, than one with a small potential market."

Yates says collecting the right talent, admittedly no easy task, will also make a tech business more 'investment ready'. "Investors are impressed by a company with a multidisciplinary management team and advisory board," he says.

Is your future, or funding, offshore?

It's easier for Australian tech businesses to access capital than it once was, but it's still not easy. Some local businesses solve the funding problem by moving to nations with deeper capital markets. Others stay put but attempt to source foreign investment.

"There is a relatively small pool of angel investors and venture capitalists in Australia," Yates says. "If the market correction makes it harder for local companies to source capital, more of them will head offshore. Or at least seek out offshore funding."

Yates points out that having a global perspective from the get-go gives a company options down the track when it needs capital to expand. "It's easier to catch the eye of American or British VCs, or set up shop in San Francisco or London, if your business is already selling into the US and UK markets," he says.

How RSM Australia can help

Of course, relocating overseas, or building relationships with foreign VCs, or even just selling a product or service outside of Australia is complicated. That's where experts like Yates come in handy.

"Any Australian business that wants to sell to, source funding from, or set up shop in another country is going to confront a range of issues around taxation, choosing an appropriate business structure, and generally navigating an unfamiliar business, cultural and legal environment," Yates says. "That's where RSM Australia staff, along with our colleagues at RSM North America, RSM Europe and RSM Asia Pacific, can provide invaluable assistance."

CYBER SECURITY SPENDING IN NON-DISCRETIONARY

Darren Booth is RSM's Director and National Head of Security and Privacy Risk Services. He's resigned to the fact cyber security will never be sexy, but argues it will be increasingly crucial as the fourth industrial revolution unfolds.

When you're a technology risk leader, you take your victories where you can. So, Darren Booth was delighted when the newly elected Prime Minister appointed Australia's first dedicated Minister for Cyber Security in mid-2022.

"Think about the not-too-distant future," Booth says. "Farming and manufacturing are going to be largely automated. Most of us will be living in smart cities and billions of devices will be connected to the Internet of Things. Businesses' workforces will be even more distributed. What happens if the system goes down and crops can't be harvested? Or factories are rendered idle? Or a city's buses, trains and self-driving cars start going haywire? Or workers can't communicate with their clients or colleagues?"

The perils of taking your eye off the cyber security ball

Even if politicians are now taking cyber security more seriously, Booth worries business leaders preoccupied with rising costs and shrinking profit margins will be tempted to put cyber security on the backburner. The recent, headline-hogging hack of Optus illustrates the perils of that mindset.

"Malicious actors, be they individual cyber criminals or nations, don't scale back their activities when economic conditions become challenging," he says. "Neither do dishonest employees. The threat environment doesn't change when a founder or CEO becomes preoccupied with keeping the lights on. I worry that businesses that have cut back on, for instance, penetration testing in recent months may end up paying a high price for that down the track."

Hyperscalers and SaaS providers can only do so much

Hyperscalers and software providers typically invest in industry-leading cyber security. But Booth warns the move from on-premises tech to cloud computing doesn't mean businesses can devolve all responsibility for their cyber posture to the likes of AWS, Salesforce and Zoom. "There are still plenty of gaps and vulnerabilities," he says. "That's exactly why hyperscalers and SaaS businesses advocate for a 'shared responsibility model' that requires their customers to meet certain security obligations."

Booth also warns that while blockchains make life harder for hackers, they are by no means invulnerable. "Unfortunately, there's no 'magic bullet' cyber security solution on the horizon," he says. "For the foreseeable future, organisations will need to devote considerable resources to creating a secure cyber posture."

It's not just local data-privacy laws you need to worry about

Over the last five years, many nations have tightened up their rules around the collection, use and storage of data. They have also started imposing eye-watering fines on companies that fail to comply with those rules.

Booth warns data-privacy rules will only become stricter, and penalties more severe, in the future. "Australian tech companies have long targeted foreign customers," he says. "In recent years, they have increasingly employed workers based across the globe. These companies risk finding themselves in a world of pain if they fail to remain compliant with the laws of every nation they have a presence in."

What can and can't be outsourced

Companies can't outsource responsibility for their cyber security, but they can outsource the day-to-day management of it. "RSM has a long history of partnering with local tech companies," Booth says. "If a business fears its cyber security isn't up to scratch, my colleagues and I will be happy to conduct a comprehensive assessment and provide a detailed action plan."

NOW ISN'T THE TIME TO CUT BACK ON R&D

Dr Rita Choueiri is a Director of tax services at RSM and specialises in R&D Tax Incentive compliance and consulting services. She says Australian tech businesses should take the long view and invest in R&D now to prosper when the economy strengthens .

Dr Rita Choueiri understands why, in a world roiled by economic and geopolitical instability, a tech company with a plunging valuation would think twice about investing in research that's unlikely to pay off quickly, and which may not pay off at all. But she points out that slashing the R&D budget is a false economy.

"As this HBR article explains, market downturns tend to be short-lived and followed long periods of growth," Choueiri says. "That was certainly the case for the US tech industry for the two decades between the 'tech wreck' of 2000-2002 and the downturn that started in 2022. Given costs, especially labour costs, decline during downturns, the smart thing to do is invest more rather than less in R&D when economic conditions are challenging."

Australia's R&D tax incentives

Choueiri says founders might have valid grievances when it comes to company tax rates, but argues Australia's R&D tax incentives are globally competitive. There wouldn't be too many local tech businesses, not least the high-profile unicorns, that haven't benefitted from R&D tax incentives," she says. "Companies with a turnover of less than $20 million can access a refund of at least 43.5% of its R&D spend. The benefits for larger companies are dependent on R&D intensity. They can access R&D tax offsets worth 8.5% plus the value of their corporate tax rate for R&D expenditure up to 2% R&D intensity and 16.5% plus their corporate tax rate for expenditure over 2% R&D intensity".

That noted, Choueiri believes there's room for improvement. "The definition of what constitutes R&D could be broadened so it's easier for software companies to take advantage of R&D tax incentives," she says. "Also, while potentially allowing local medtech, biotech, cleantech and agri companies to access a Patent Box is a good start, I'd like to see a wider array of local tech businesses incentivised to commercialise patented technology, but disappointingly there was no mention of Patent Box in Labour's 2022 Federal Budget."

The biotech and bioengineering opportunity

Choueiri started her working life as a scientist and says, with some good management and good luck, Australia's biotech and bioengineering sectors could boom. "On top of its existing R&D tax incentives, AusIndustry in conjunction with the ATO recently implemented a streamlined process for claiming the cost of conducting clinical trials in Australia," she says. "Instead of having to write lengthy descriptions of the experiments they are conducting in the R&D registration to AusIndustry, businesses just need to provide a clinical trial number and a note explaining they are relying on the government's finding relating to the formal determination on the eligibility of certain approved clinical trials."

Now an attractive tax regime is in place, it's just a matter of getting more Australians to take advantage of it. "Compared to their American counterparts, Australian investors are more risk-averse and less inclined to invest in biotech and bioengineering businesses," Choueiri says. "But I'm optimistic the prospect of substantial returns will eventually encourage more local angel investors and VCs to take a gamble."

Choueiri says foreign tech businesses may be increasingly inclined to outsource some of their research to Australia. "This is a politically stable, English-speaking nation that offers an efficient regulatory approvals process, as well as world-class facilities and researchers," she says. "This country is now incredibly multicultural, so there's no shortage of test subjects from different racial backgrounds. Plus, labour costs are often cheaper in Australia than they are in the US and many European nations."

The difficulties of defining R&D

Australia's R&D tax incentives might be generous, but they are not easy to understand. "The only thing worse than your company coming to the attention of the AusIndustry/ATO because it's illegitimately claimed R&D activities/expenditure is not claiming R&D activities/expenditure your company was legitimately entitled to," Choueiri says. "It can be difficult for companies to self-assess what does and doesn't constitute R&D. That's why so many tech companies seek out the expertise of RSM R&D tax specialists. We can assist companies align their R&D descriptions with the requirements of the R&D tax incentive law".

THAT REMOTE WORKER COULD BE MORE EXPENSIVE THAN EXPECTED

Danielle Sherwin is an International Tax and Transfer Pricing Principal at RSM. She warns that hiring workers based in foreign countries could lead to tax headaches.

Given the small size of the local market, Australian tech companies have long sought to sell their products and services into foreign markets. And, in recent years, Australian tech companies have increasingly outsourced work to contractors or, more rarely, employees based in foreign countries. Danielle Sherwin is all for globalisation, but she warns that any type of economic activity Australian businesses engage in overseas can potentially result in unexpected tax bills.

Transfer pricing traps

"If economic activity is occurring in a country, that country will typically want to derive some tax revenue from it," Sherwin says. "If Company X is based on Country Y but selling into Country Z, Country Z will almost always levy one or more taxes on Company X."

Working out how much tax Company X pays in total, and how that tax revenue is split between Countries Z and Y has always been fraught. Things have become even more complex in the digital age, where it's not clear where the economic activity is occurring."

"When it comes to turf wars between different tax jurisdictions, a range of factors come into play, such as where the company that owns the IP is based and whether that company is selling directly into a foreign country or selling into it via an entity," Sherwin says. "For instance, many Australian tech businesses selling into the US market set up an LLC – a limited liability company. Whether a company is selling directly into a market or doing so via an entity then impacts things such as licensing agreements, withholding taxes on royalties, and franking credits."

To complicate matters further, most tech companies don't sell into just one foreign market. They sell into lots of them, all of which have different tax regimes in place. "Things get very complicated, very quickly, which is why people like me spend many years at uni studying this stuff," Sherwin says.

Where is income tax levied on your remote worker?

Up until recently, Australian tech companies usually only had to be concerned about transfer pricing issues. Thanks to a skills shortage that became severe in early 2020 and which shows no signs of abating anytime soon, they now must worry about the Estonia Tax and Customs Board or (Vietnam's) General Department of Taxation coming after them for a slice of the income they are paying remote workers.

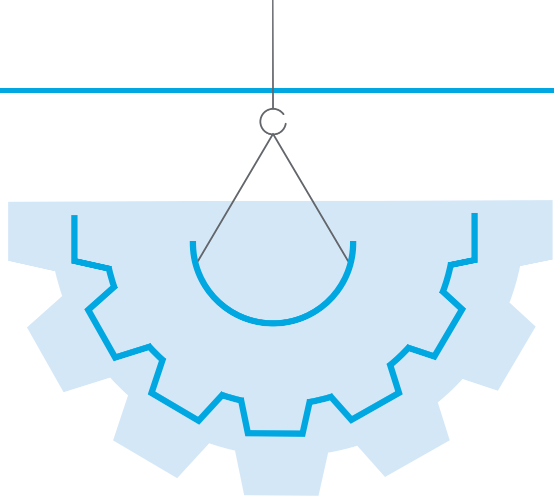
"If an Australian company is just sporadically outsourcing work to a single, or even a handful, of contractors based in a foreign county, it's unlikely – though not impossible – they will hear from the local taxation authority," Sherwin says. "Things start to get trickier when the remote worker is classified as an employee. Or if a company is seen to have effectively set up a branch office in a country by virtue of the number of remote workers it's sending work to in that country."

Don't make any sudden moves

"Contrary to popular belief, I've found the overwhelming majority of tech companies are happy to pay their fair share of tax," Sherwin says. "But if they are operating in more than one tax jurisdiction, as they usually are, it can be challenging to work out exactly what taxes they should be paying in what countries."

Given that reality, Sherwin says it's always advisable to consult an international tax expert before doing anything that could conceivably arouse the interest of a foreign revenue agency. "The right advice will ensure you don't end up with a large and unexpected tax bill," she says.

CONCLUSION



The future is there for the taking

If you've made it to this point, you hopefully now have a deeper and more nuanced understanding of the current state of the Australian tech industry. As everyone who has contributed to this report has acknowledged, the industry is not experiencing a 'Tech Wreck 2.0'. But it is unquestionably undergoing a market correction.

Startups

This market correction will result in a larger than average number of startups collapsing or being subsumed by more successful competitors. It will also make it more challenging for most, but by no means all, startups to get funding for the foreseeable future.

Midmarket companies

The situation is less clear-cut for mid-market companies. Some have made a proportion of their staff redundant throughout 2022, but many have not. Lots of midmarket companies in the tech industry, as in many other industries in Australia, are confident they will keep growing through the current period of economic turbulence, or at least return to growth after battening down the hatches for a short period.

Massive market opportunities

Cliff Obrecht, the owner of successful private company Canva, has been on record to be relaxed about the valuation hits to his company. But his unpanicked attitude seems to be widely shared. Atlassian has committed to hiring 1,000 engineers this financial year and aims to have 25,000 staff on the payroll within the next four years. For reference, that would result in Atlassian having a larger workforce than Qantas, which currently employs around 22,000 staff.

While the Atlassian share price has bounced around in 2022, in a letter to shareholders the cofounders insisted their company was "delivering a metric tonne of value" and that, "Hiring is the key to Atlassian's future and our top priority – full stop. We deeply believe in the massive market opportunities in front of us, and investing in people is our path to seize these opportunities."

It's worth noting that Atlassian is unconcerned with where those people are based, with the shareholder letter also stating, "We can offer employees the option to live anywhere within countries where we have a legal entity... and work from just about any other location on a temporary basis."

To sum things up in a sentence, while parts of the Australian tech industry will experience some short-term pain, those on the frontline are uniformly bullish about the medium-term to long-term future of the industry.

Whether your business is in survival or growth mode, expertise is helpful

Whether you've got a business that needs to become cash flow positive ASAP, or you're in charge of a profitable business that is looking to seize what Scott Farquhar and Mike Cannon-Brookes have called "massive market opportunities", RSM – a professional services firm with a long history of working with Australian tech companies – can be of assistance.

What's more, RSM's experts can help with all those tasks that need to be completed whether the market is hot or cold and whether your company has a higher or lower share price than it did last quarter.

Wherever your business finds itself on its journey, RSM can be of assistance. For example, it can:

- Ensure your business has best-practice cyber security policies, procedures and system controls in place
- Help correctly complete paperwork relating to R&D tax incentives
- Provide expert advice about complex fringe benefits, company and income tax matters
- Offer guidance on whether a potential merger or acquisition is likely to add value to your business over the long term
- Appraise you of any issues that may arise from employing individuals based in other nations
- Assist with expanding overseas

If there's one thing everybody agrees on about the Australian tech industry, it's that there is a dearth of talent. That skill shortage isn't likely to ease anytime soon. Fortunately, it's not always necessary to buy talent; it can also often be rented. When you need them, RSM's expert staff are there to help you take your business to the next level.

Australian tech industry timeline

1994	Computershare lists on ASX with an initial market value of $25 million. (It's now worth around $6 billion).
1995	The dot-com bubble sees the launch of many 'internet businesses' including Netflix and Google, as well as SEEK, carsales.com and realestate.com in Australia.
2000	Tech wreck
2002	Atlassian founded
2004	Facebook and SafetyCulture founded
2007	First iPhone released
2008	99designs founded
2009	Culture Amp, Go1 and Freelancer founded
2010	NextDC founded
2011	NBN rollout commences, Cochlear makes Forbes' World's Most Innovative Companies list.
2012	Xero goes public on the ASX, Rokt founded
2013	Canva and Gilmour Space Technologies founded
2014	Afterpay and Employment Hero founded, TechnologyOne enters the S&P/ASX 200 Index.
2015	Prime Minister Turnbull champions 'Innovation agenda', launches Australian version of the UK's Seed Enterprise Scheme to promote the growth of the local startup scene. Atlassian lists on NASDAQ, making its cofounders billionaires.
2016	WiseTech, founded in 1994, lists on the ASX. Its founder becomes a billionaire soon after.
2018	Immutable founded
2020	Global pandemic hits. Digital transformation accelerates and the price of tech shares and the valuation of tech companies begin a two-year bull run. Zeller is founded then reaches unicorn status within two years.
2021	Google Australia launches Digital Future Initiative and commits to investing $1 billion in Australian infrastructure, research and partnerships. The Tech Council of Australia launches with aim of having the Australian tech industry employ 1 million people by 2025 and contribute $250 billion to the Australian economy by 2030.
2022	Tech industry bull market turns bearish. Prime Minister Albanese announces a $15 billion National Reconstruction fund that will invest in technology and help rebuild Australia's manufacturing sector.

SPOTLIGHT

Technology companies and specialists featured in this report

CT4 | *Craig Adams, CEO*

Founded: ***2009***

CT4 help their clients embrace the possibilities of technology by using their data creatively and intentionally. They work to understand their customers, ensuring their products are always relevant. They make using data simple. Whether it's shifting products safely to the cloud or analysing complex data, they work with their clients to safely innovate by interpreting their data and using it cleverly.

Pentanet | *Mart Derman, CFO*

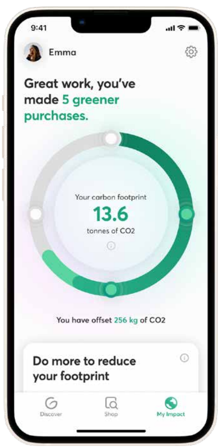
Founded: ***2017***

Pentanet is a Perth-based, growth-focused telco delivering high-speed internet to a growing number of subscribers by providing them with next-generation internet speeds. This is achieved through Pentanet's market-leading private fixed-wireless network, the largest in Perth, as well as reselling fixed-line services such as NBN, where its wireless is not yet available.

Virescent Ventures | *Ben Gust, Managing Partner*

Founded: ***2022***

Virescent Ventures invests in founders, technologies and businesses that help achieve zero emissions and beyond. Borne out of the Clean Energy Innovation Fund (part of the Clean Energy Finance Corporation), the company seeks investments that address the largest, hardest to abate sources of emissions. Virescent Ventures invests from pre-seed to late-stage growth capital, continuing to back founders and companies as their needs evolve.



Greener | *Neil McVeigh, Co-founder*

Founded: ***2019***

Recognised as #1 clean-tech start-up in Australia, Greener brings people and businesses together to help end climate change. When shopping from a business that's listed on Greener, all emissions are removed from the purchase ensuring the impact is a positive one. Greener has also brought together the world's leading environmental and behavioural scientists to profile and spotlight businesses that are better for the planet.

Tech Council of Australia | *Kate Pounder, CEO* Founded: **2020**

The Tech Council of Australia is the peak body representing Australia's tech sector. The Council represents companies throughout their life cycle, from early and growth stage companies through to large-scale global firms. They represent firms in the broader tech ecosystem, including venture capitalists, advisers and tech-enabled businesses outside the tech sector.

MedAdvisor | *Rick Ratliff, CEO* Founded: **2013**

MedAdvisor is a world-class medication management platform focused on addressing the gap and burden of medication adherence. Founded with a desire to simplify medication management, the highly automated and intuitive Australian software system connects patients to their local pharmacy, providing them with real time visibility and access to their personal medication records. Its smart reminders, skip the queue and pre-ordering capabilities have seen high engagement from users and a 20% increase in medication adherence. MedAdvisor also owns OzDocsOnline which means both pharmacies and patients can communicate electronically with their GPs to order scripts and other services. Since launching in 2013, MedAdvisor has welcomed over 1.3 million patients and is connected with over 60% of Australia's pharmacies.

Healthengine | *Dr Marcus Tan, Founder/CEO/Medical Director* Founded: **2006**

As Australia's largest online consumer healthcare platform, Healthengine helps people navigate the complex world of healthcare. The Healthengine platform brings together a leading range of healthcare practices, healthcare specialties and health ecosystem partners in a suite of integrated offerings to help people get a better experience across each step of their healthcare journey. Founded in 2006, Healthengine now has more than 3.9m users connecting with over 7,400 Australian healthcare providers across GPs, dentists, allied health practitioners, medical specialists, pharmacies, government and hospital organisations, establishing itself not only as a leading Australian online consumer health company but also a cloud-based healthcare provider software vendor.

Australian Computer Society | *Chris Vein, CEO* Founded: **1966**

ACS is a not-for-profit, serving 45,000 members across the technology sector. With a vision for Australia to be a world leader in technology talent, ACS is growing in response to the exponential acceleration of technology adoption. ACS is a locally autonomous organisation committed to serving its members. They undertake a wide variety of projects including professional and workforce development, education, skills assessment, helping startups and scaleups and government relations.

ACKNOWLEDGEMENTS

Thank you to the following individuals for providing their valuable insights:

Craig Adams *CEO, CT4*
Mart Derman *CFO, Pentanet*
Ben Gust *Managing Partner, Virescent Ventures*
Neil McVeigh *Cofounder, Greener*
Kate Pounder *CEO, Technology Council of Australia*
Rick Ratliff *CEO, MedAdvisor*
Dr Marcus Tan *Founder, CEO and Medical Director, Healthengine*
Chris Vein *CEO, Australian Computer Society*

Advisers to the technology sector at RSM:

Darren Booth *Partner, RSM*
Dr Rita Choueiri *Partner, RSM*
Mathavan Parameswaran *Partner, RSM*
Danielle Sherwin *Principal, RSM*
Glyn Yates *Partner, RSM*

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