STARTUP MUSTER

2023 REPORT

MESSAGE FROM MUSTER

Startup Muster was founded in 2013 with a mission to measure and publish the progress, challenges and opportunities within the Australian startup ecosystem, in order to demonstrate and accelerate progress.

After a five year break, we have been able to continue this mission thanks to support from the NSW Government, Atlassian, Microsoft, Antler and The Gild Group.

The real enabler of this work continues to be the startup ecosystem itself. Thank you to everyone that took the time to take part and to encourage others to do the same.

Startup Muster 2023 team

We're proud and thankful to be back, sharing better data for better decisions in support of Australia's startup ecosystem.

Danielle Hurps	Creative Director
Murray Hurps	Managing Director
Adam Spencer	Survey Coordinator
Muhammad Jafer	Chief Technology Officer
Paul Conyngham	Data Scientist

MADE POSSIBLE BY

The NSW Government is committed to growing a strong innovation sector through support for the startup and scaleup ecosystem. Innovative technologies have the power to lift NSW's global competitiveness, create new industries, and generate more highly paid productive jobs that will deliver for the people of NSW.

Startup Muster is the largest survey on the startup ecosystem, and I'm proud that the NSW Government was able to support its return after a five-year hiatus. The insights gathered from this year's survey show that our local innovators are passionate about solving important problems and many more are utilising their skills to grow priority industries like Advanced Manufacturing – up from 4% of startup products and services in 2018 to 12% in 2023, and Greentech – up from 5% in 2018 to 14% in 2023.

Whilst the growth in the startup ecosystem is encouraging, there is more we can do – and this year's Startup Muster Report will play a significant role in giving a voice to our startup ecosystem.

NSW Government support for the sector needs to be grounded in a strong evidence base and we look forward to working with the innovation sector, including our universities and industry, to deliver the Government's Innovation Blueprint that will give NSW the leading edge in the global battle to attract new investment, ideas, industries, and talent.

Congratulations to the team at Startup Muster on their efforts to deliver such valuable insights into our startup ecosystem. This evidence is giving us the hard data we need to recognise our strengths and challenges so NSW can maintain its position as the best place in Australia to start a tech business.

- Katie Knight, CEO, Investment NSW

In Atlassian's early days, founders Mike Cannon-Brookes and Scott Farquhar built giving back into the DNA of the business with the creation of the Atlassian Foundation. The company contributes 1% of its equity, profit, employee time and products to the Atlassian Foundation to tackle disadvantage on a global scale and in our own backyards. We believe businesses should use their assets to help solve problems and create a better world. We're revolutionising corporate philanthropy. We're a proud co-founder of the global Pledge 1% movement to inspire businesses to bake social impact into their DNA.

This is why Atlassian Foundation sponsored Startup Muster. For the first time Startup Muster has captured the desire for impact that drives decisions in 76% of Australian startups. These startups are putting their profits to purpose in areas they are passionate about seeing change, including gender equity, climate change, access in rural and remote areas, disability and youth.

The report provides an opportunity to test and validate the assumptions of the startup community, and it's great to see a strong emergence of green tech as a new, clearly recognisable strength in the Australian Startup Ecosystem helping raise awareness and avenues of supporting the social impacts of our changing climate.

This report is a great time to celebrate how far Australia's startup ecosystem has come, to recognise and lean into efforts on areas where it hasn't progressed, and to continue to measure and hold each other accountable for what we know is possible.

- Steve King, Director, Atlassian Foundation

NSW GOVERNMENT ATLASSIAN FOUNDATION Microsoft the gild group

METHODOLOGY

The Startup Muster 2023 survey was available to complete online via startupmuster.com from 11 July 2023 until 21 August 2023. Questions were derived from a combination of Startup Muster 2018 questions, and suggestions from 50 startup support organisations. Significant effort was invested in to ensure our approach to promotion and our survey design were consistent with our 2018 survey.

The survey was available to people who identified as running an Australian startup ("a technology-enabled entrepreneurial pursuit"), or organisations identifying as currently offering support to startups in Australia.

Supporters included, but were not limited to, accelerators, incubators, investors, mentors, educators, service providers, membership-based organisations and government.

Respondents who had previously taken part in the 2018 survey did not have to complete the entire survey again, instead they were taken through an update process where they verified all responses and updated them with current data.

Participants could resume their survey if they dropped off, and we analysed the response time and revision count for each question during the survey to identify and remove bottlenecks (in which case the questions were omitted from the final dataset). Our work on creating an engaging survey experience yielded an average of 151 questions answered per survey participant.

Promotion of the survey was conducted by identifying startup ecosystem influencers and seeking promotion through them, combined with direct email and social media content and paid marketing. No incentive to complete the survey was provided.

These responses then underwent an exhaustive validation and cleaning process, including multiple manual reviews of each participant to ensure compliance with our definitions, and two independent data cleaning processes.

For our manual validation, Startup Muster defines a startup as an early stage business that has a large potential addressable market that utilises technology to capture that market quickly.

The total response count for each question varies as not all questions were compulsory. Manual clustering was conducted for free text responses where appropriate. Unrealistic numerical outliers were removed, as were obviously incorrect answers.

165,308 questions answered
by 1,106 people in July-August 2023

After validation:

585 Founders

322 Supporters

BIGGEST SURPRISES IN 2023

56% of startups are using AI for key team functions

24% of incubators and accelerators are run by universities, and 15% of founders have PhDs in 2023 vs 6% in 2018

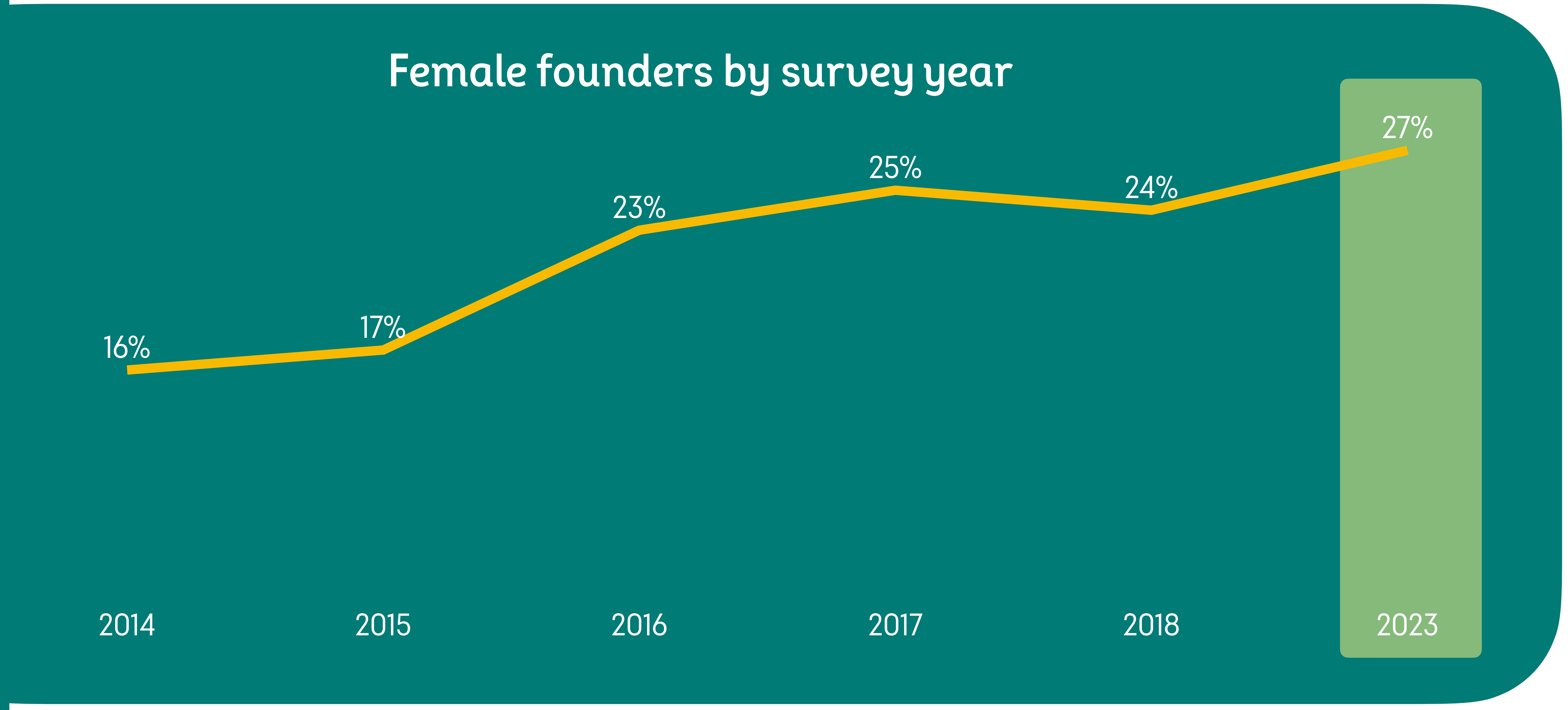
Emergence of Greentech as the largest and fastest growing vertical for Australian startups, from 5% in 2018 to 14% in 2023

21% of founders say their decisions are driven by impact, 56% from impact and profit equally

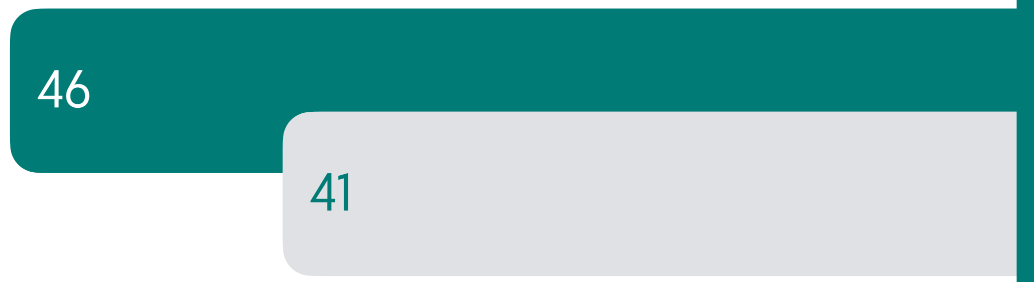
31% of startups identified as being part of an innovation precinct or cluster

WHO *is launching?*

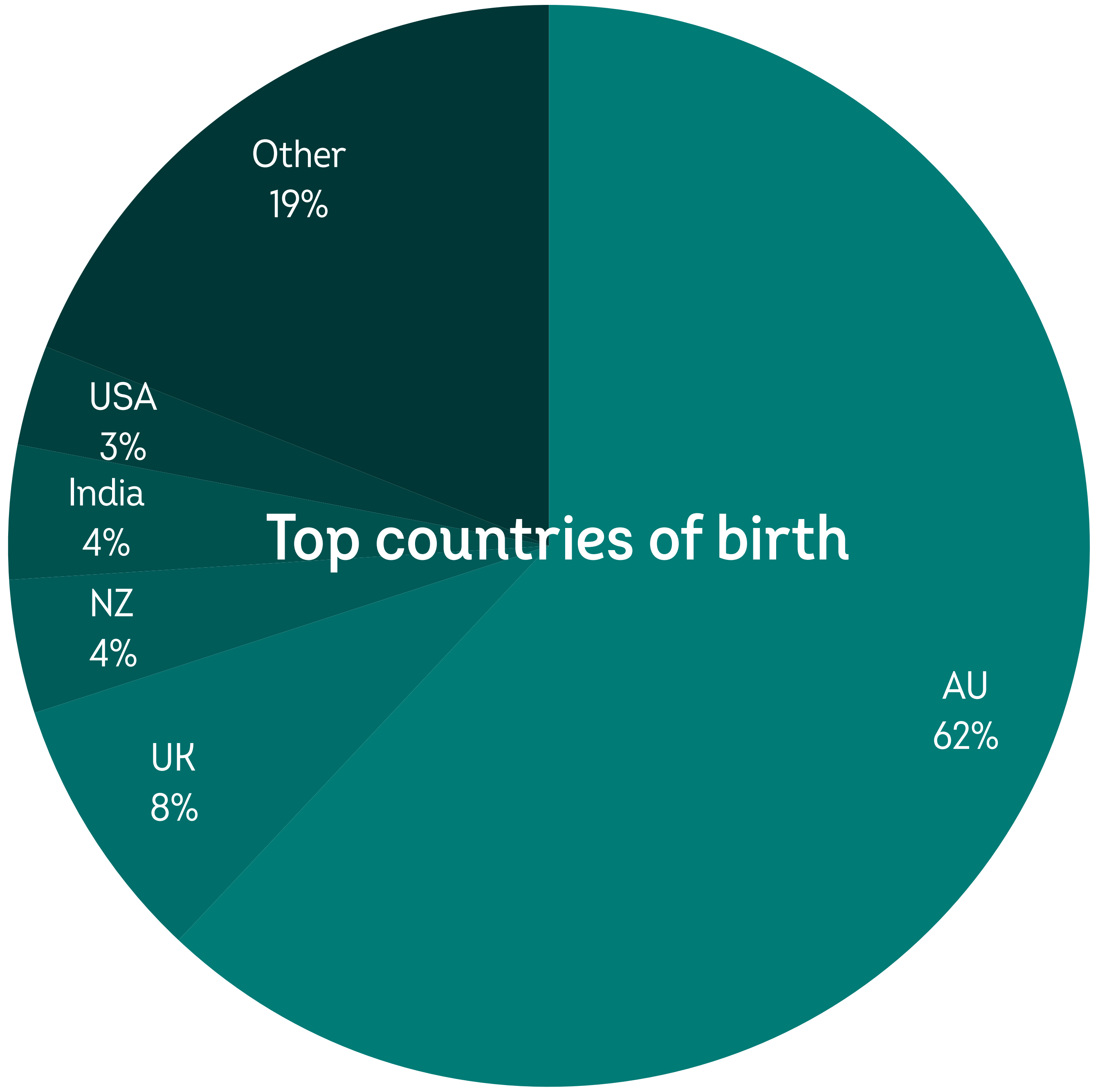
2023
2018
Highlight



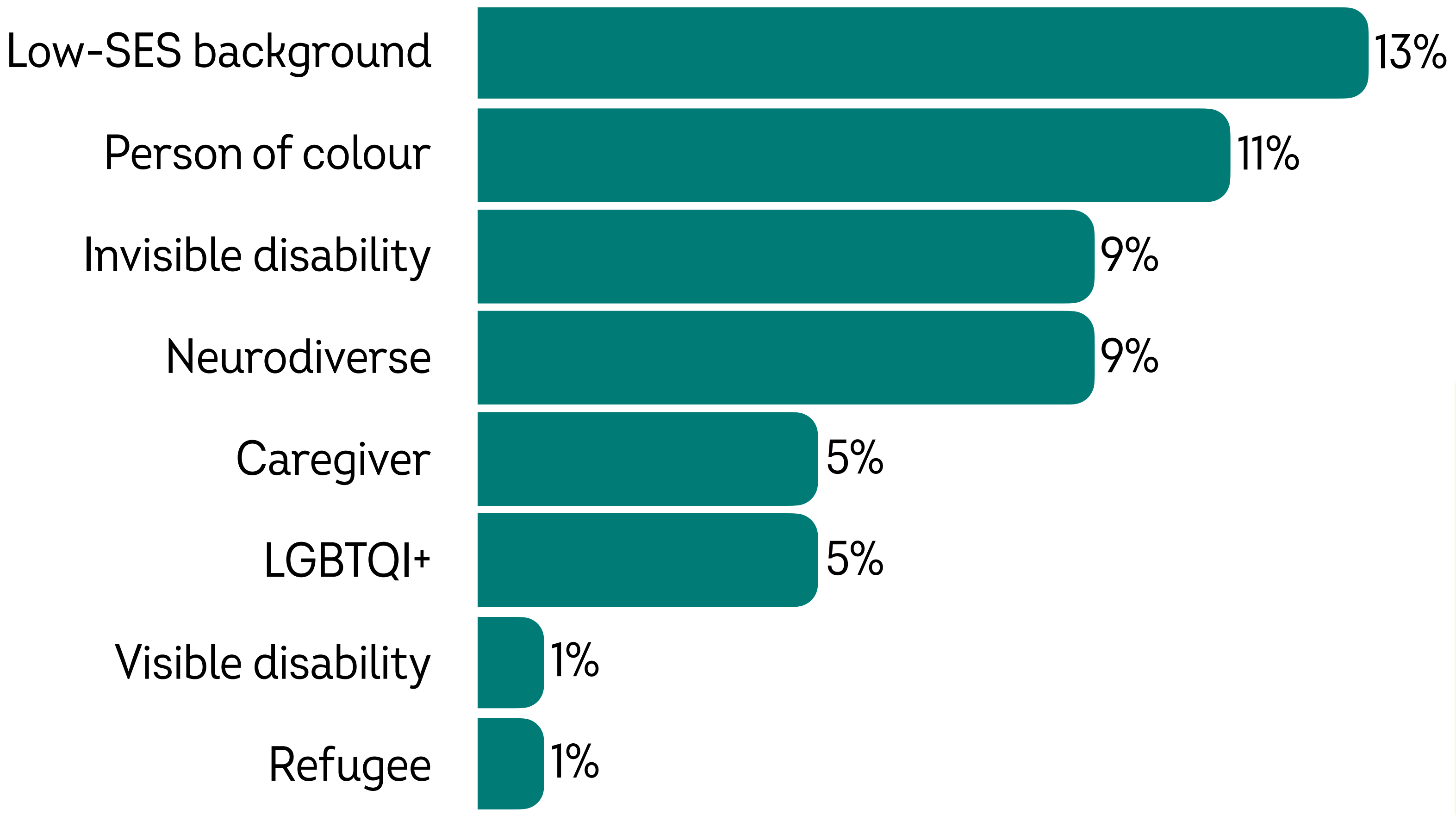
AVERAGE FOUNDER AGE



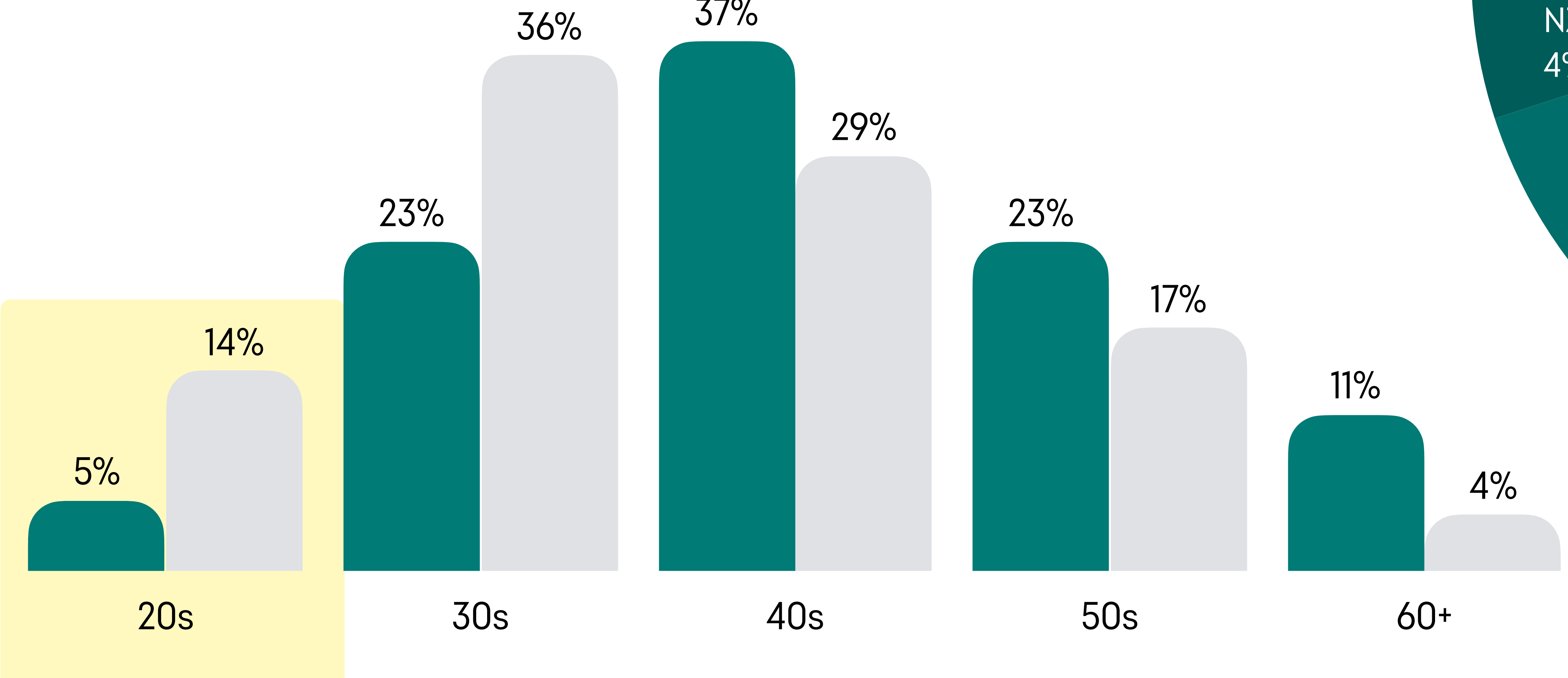
We are working with NiceTo on a deeper dive into founder demographics; this report will be released in 2024.



DEMOGRAPHICS

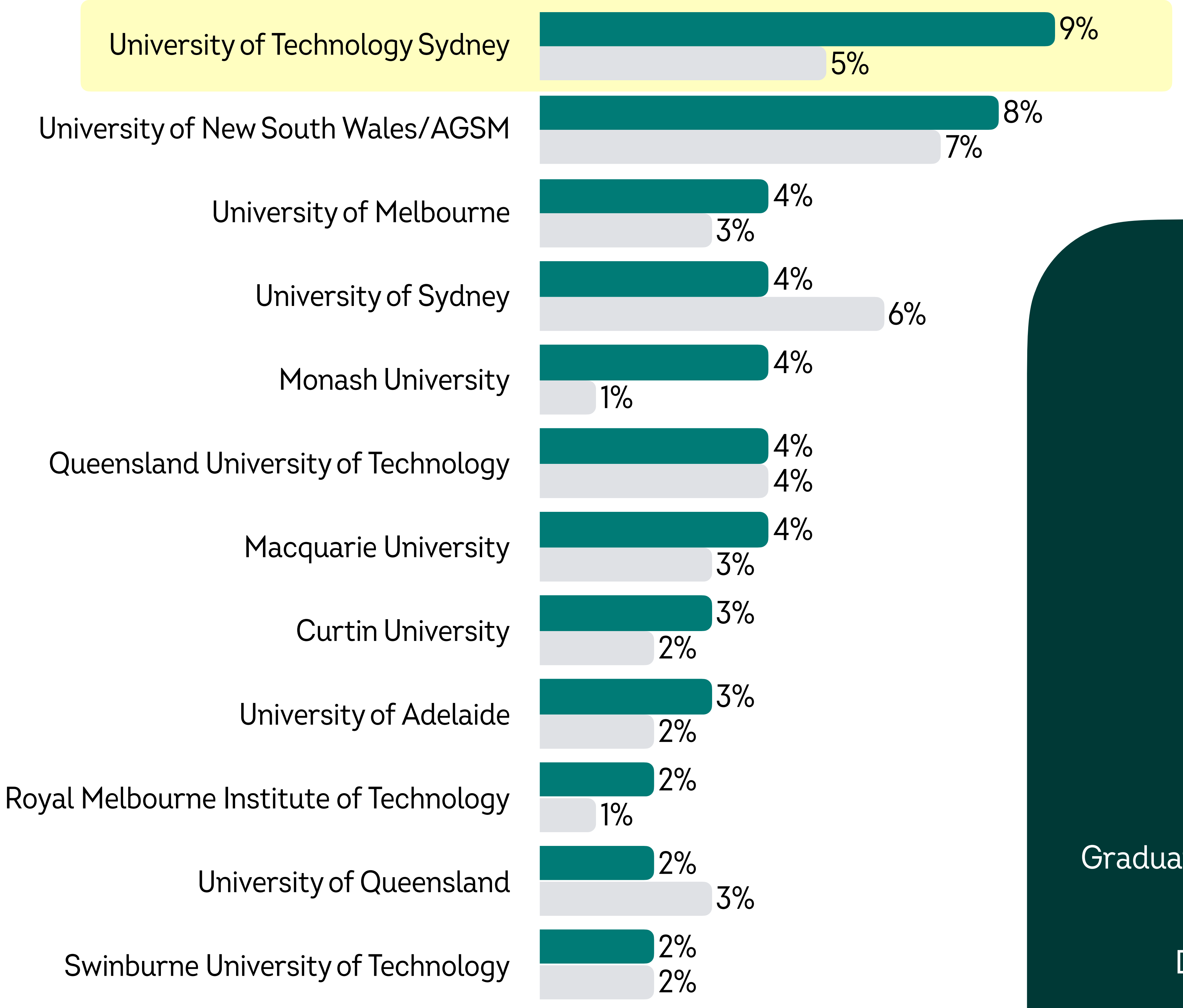


Age distribution



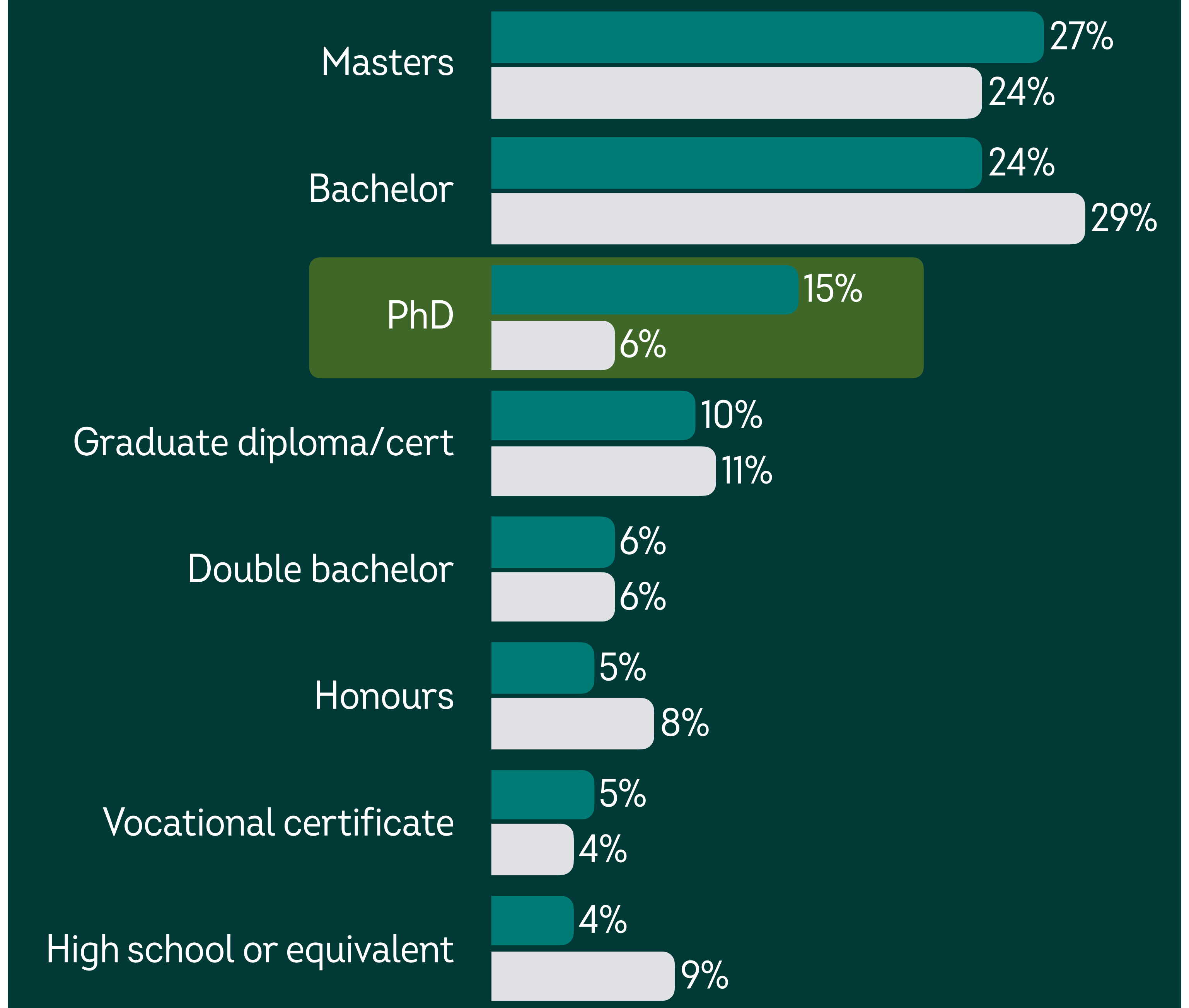
WHO *is launching?* *(cont'd)*

Institutes for highest level of education

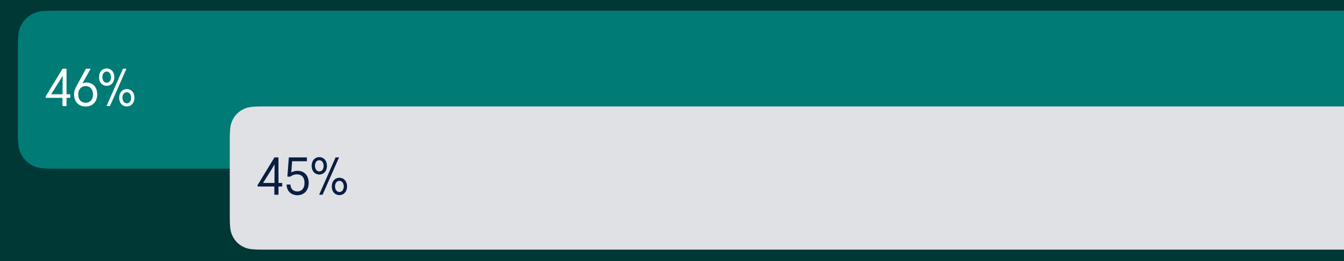


Founders currently studying

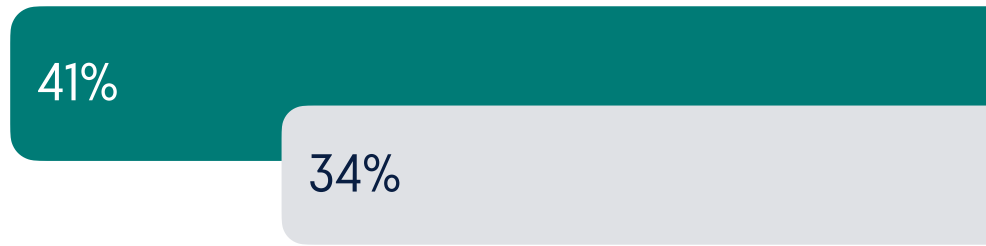
LEVEL OF EDUCATION



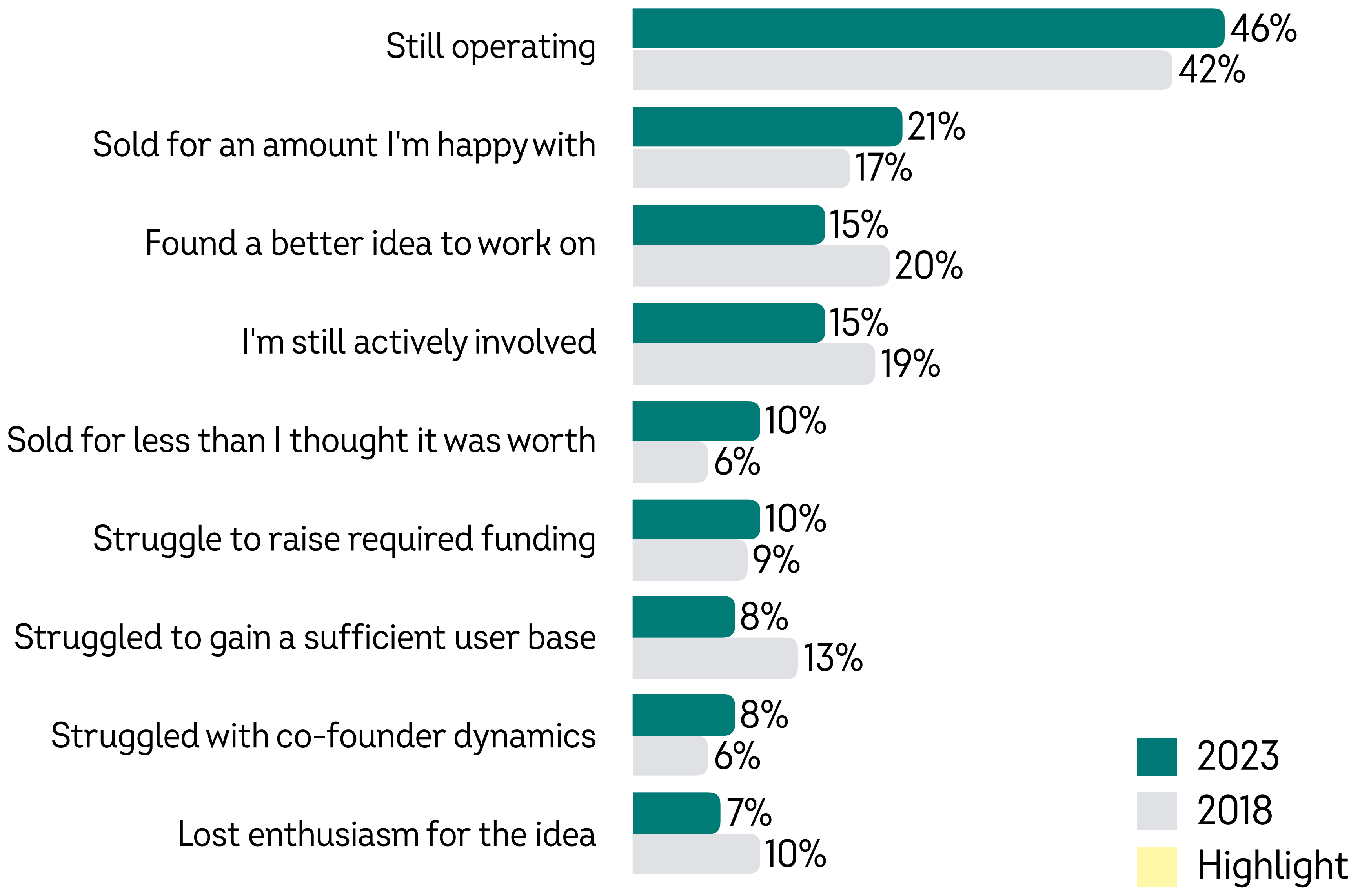
Founders with past startup experience



Founders working a job outside their startup



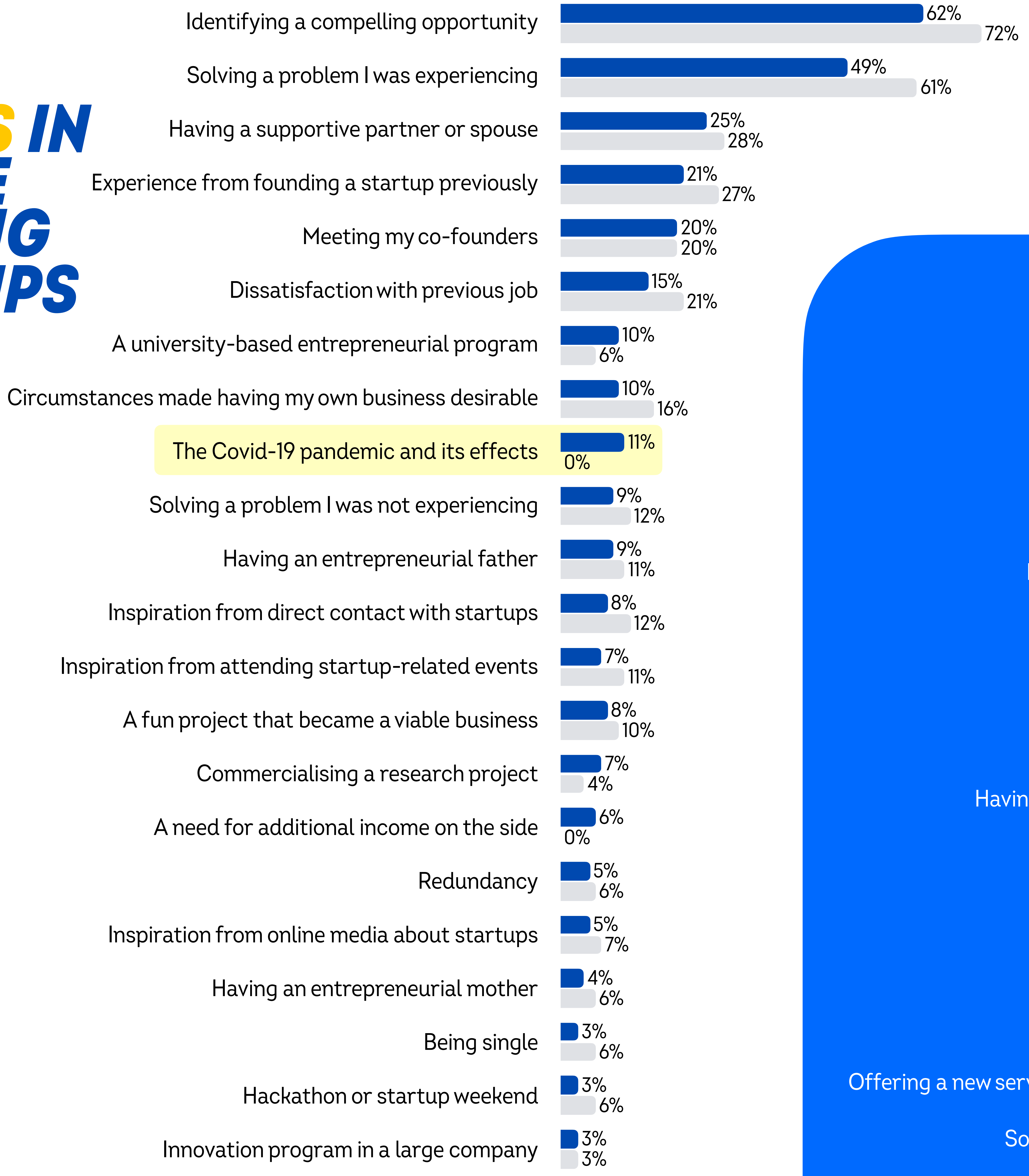
Status of last startup



WHY *are they starting?*

2023
2018
Highlight

CRITICAL EVENTS IN THE FOUNDING OF STARTUPS



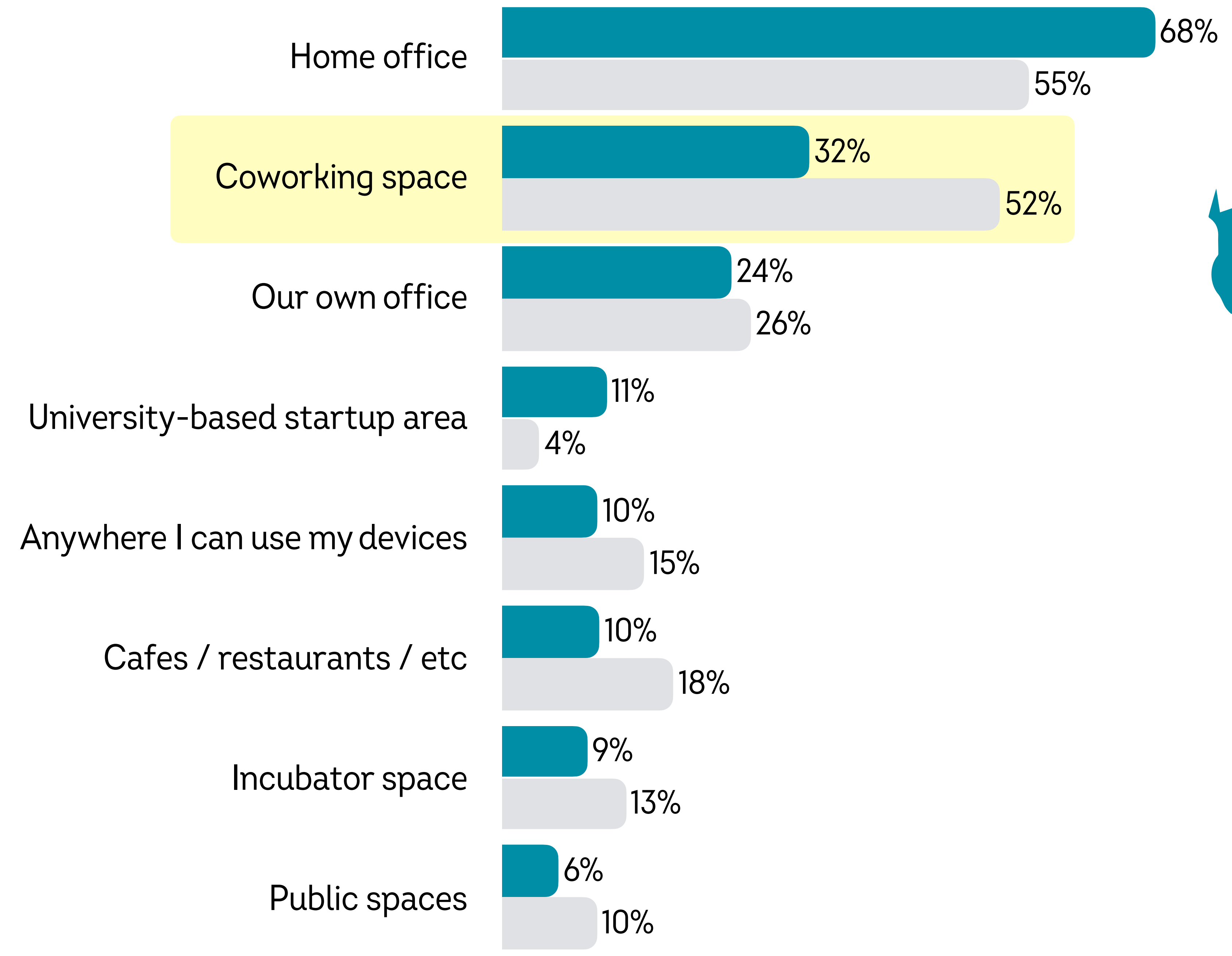
January and July were the most popular months for new startups (**18%** and **12%**)

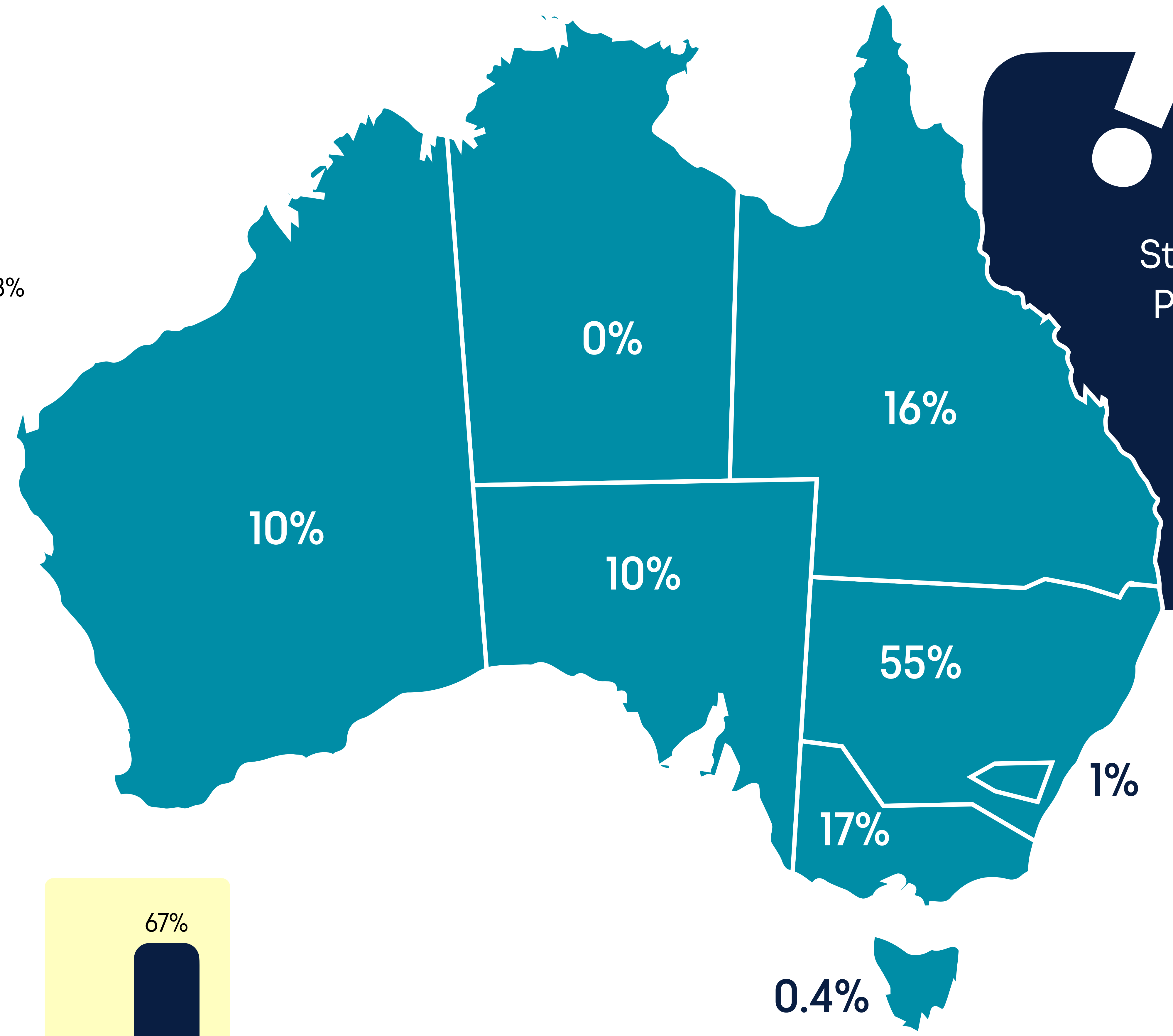
What founders ENJOYED about running a startup

WHERE *are they?*

2023
2018
Highlight

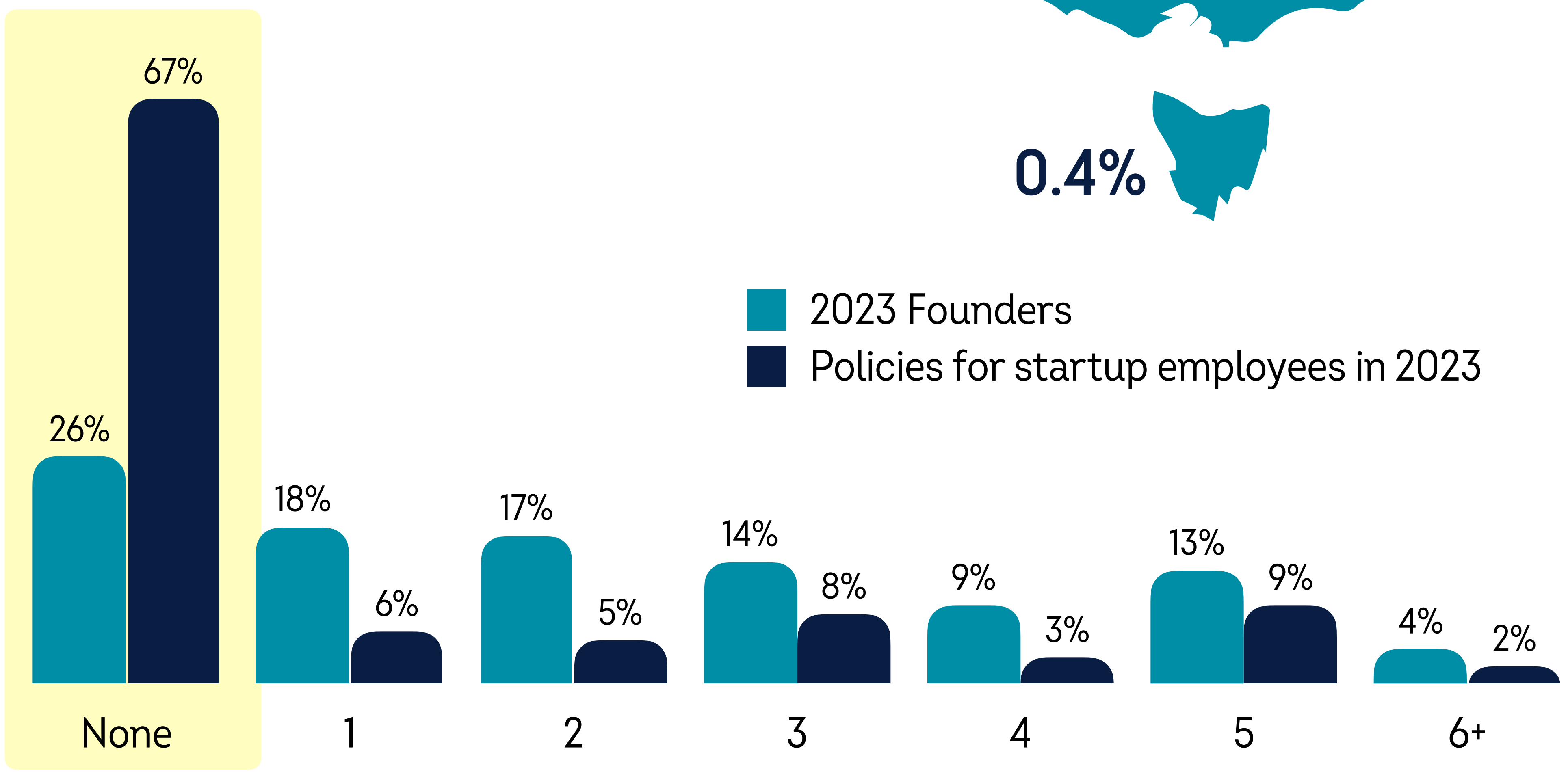
LOCATIONS
worked from





This map represents who took part in Startup Muster 2023 and provided addresses. Please note this is not a population estimate.

Also note some startups had offices and home addresses in multiple states.



Days per week in an office outside their home

17% of startup founders are working full-time from an office outside their home.

60% of startups felt engaged in their local startup ecosystem.

POSTCODES
with the most startups reporting engagement in their local ecosystem

1. 2000 (Sydney)
2. 2007 (Ultimo)
3. 5000 (Adelaide)
4. 2010 (Surry Hills)
5. 4000 (Brisbane)
6. 2113 (Macquarie Park)
7. 4006 (Bowen Hills)

WHERE are they? *(cont'd)*

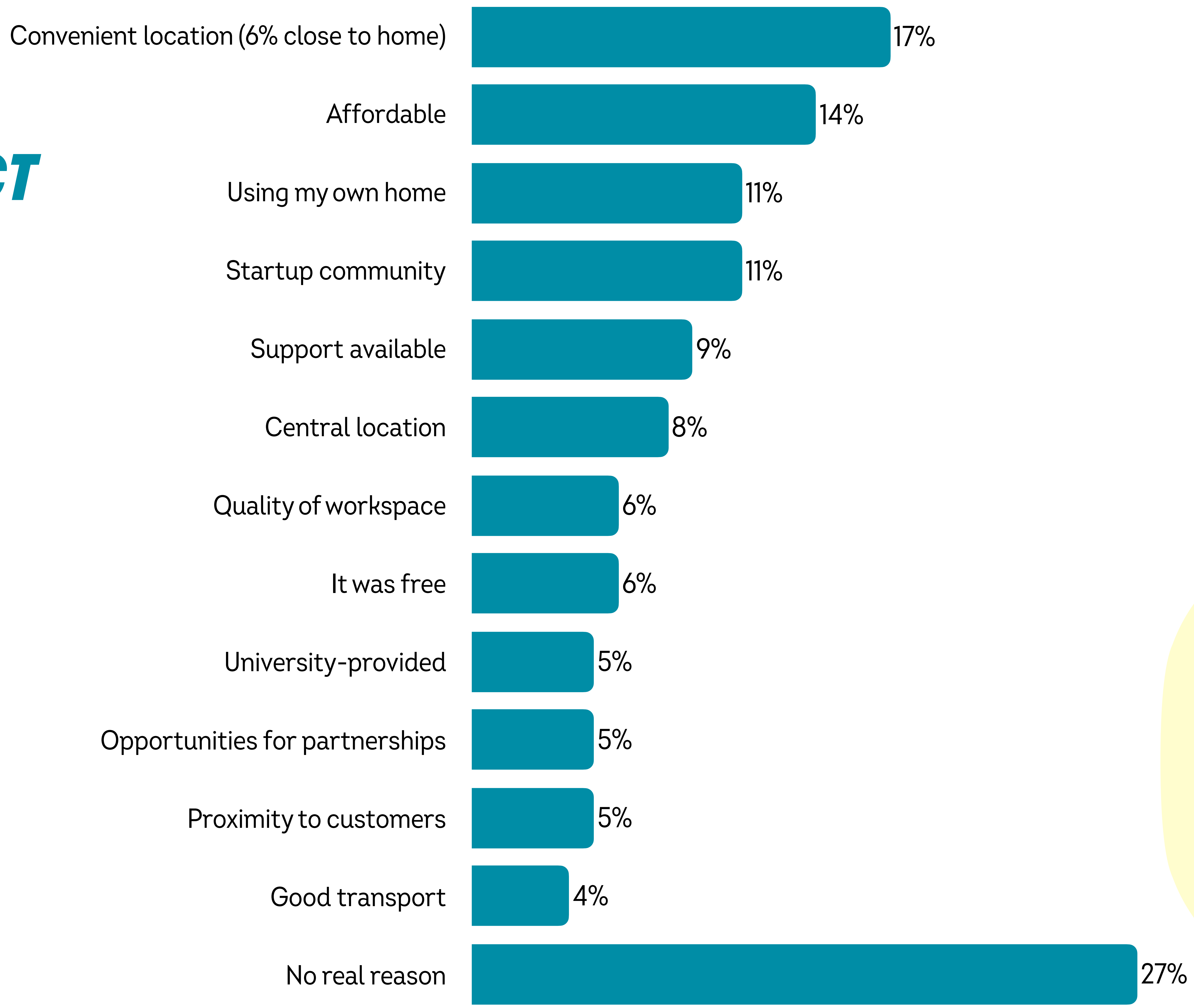
2023
2018
Highlight

31% OF FOUNDERS IDENTIFIED AS BEING PART OF AN INNOVATION PRECINCT OR CLUSTER

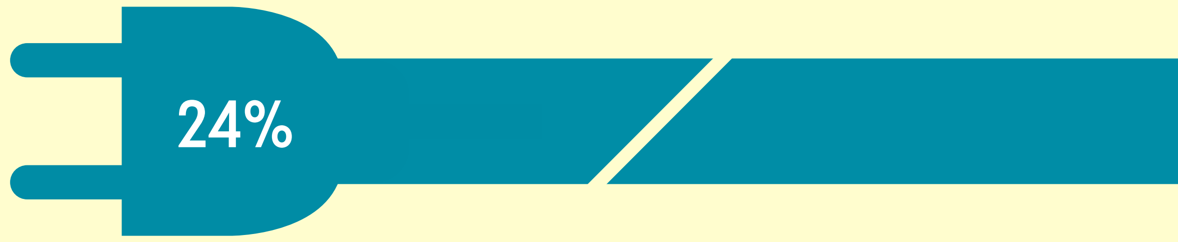
Most used coworking spaces

1. Fishburners
2. Stone & Chalk
3. WeWork
4. UTS Startups
5. Tank Stream Labs
6. Hub
7. River City Labs
8. The Commons
9. Spacecubed

Main reasons for choosing your office location



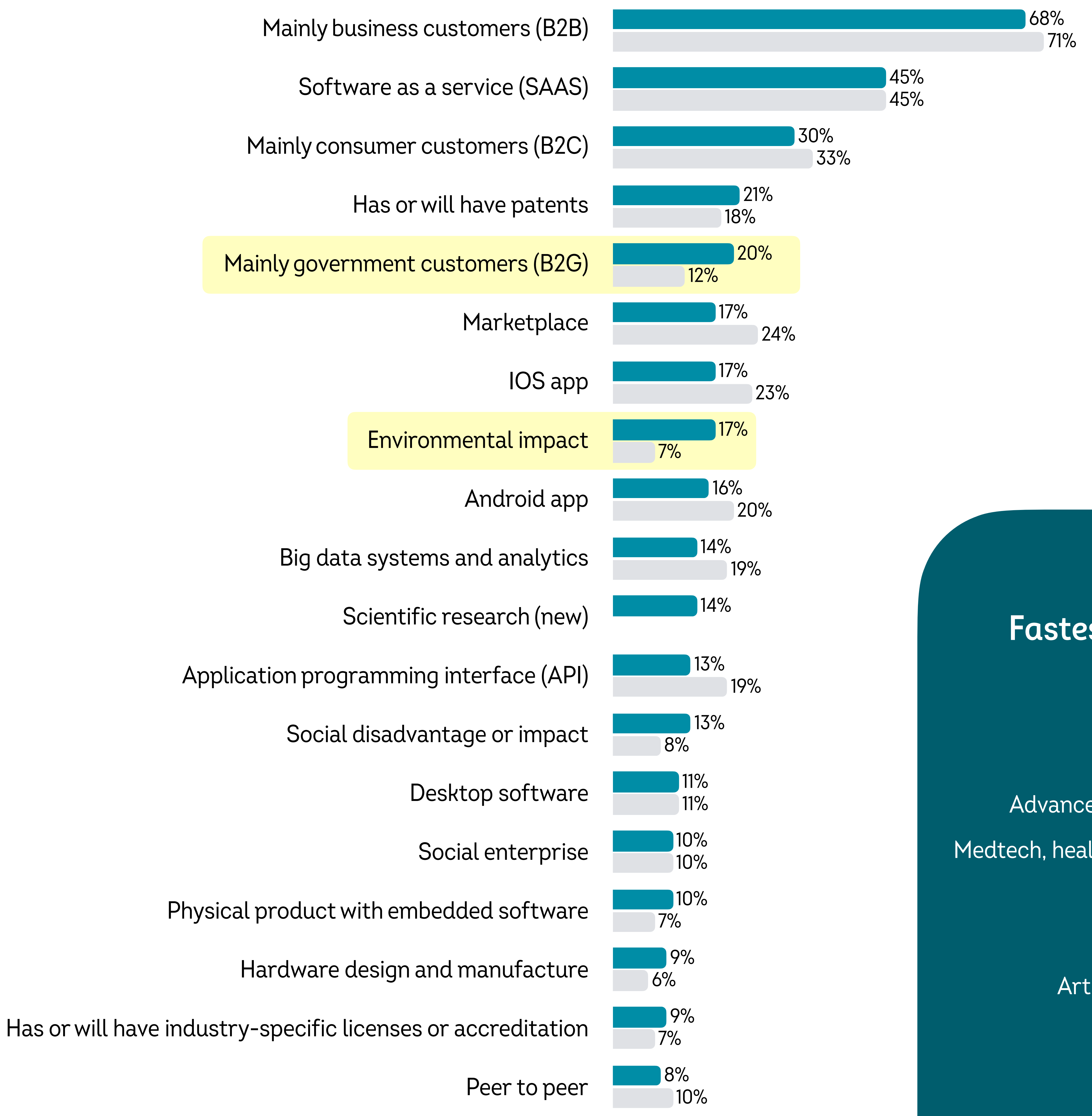
56% OF STARTUP SUPPORT PROGRAMMING WAS DELIVERED MOSTLY ONLINE



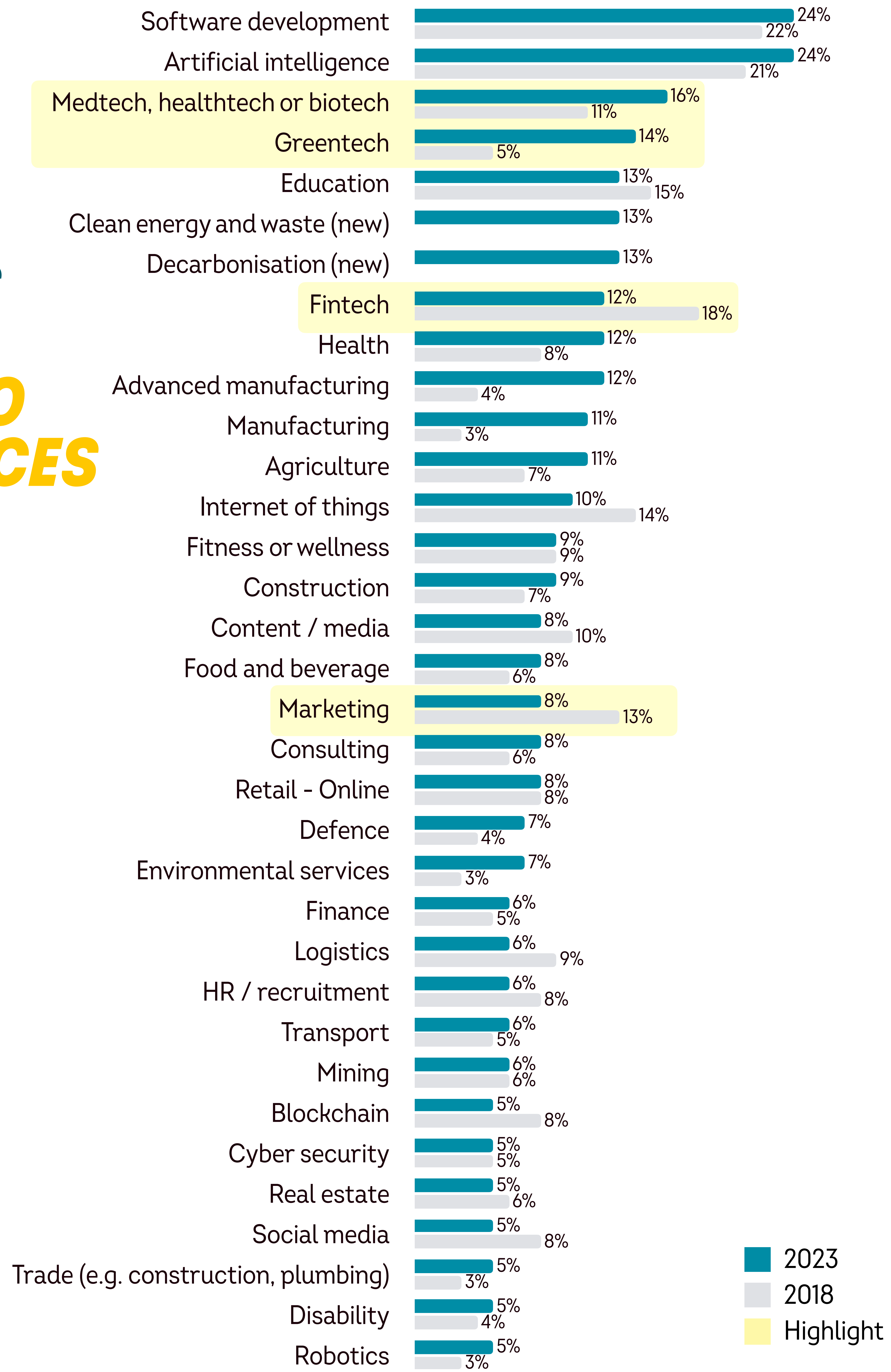
24% of founders said their home internet quality has negatively impacted their work significantly

***WHAT** are they doing?*

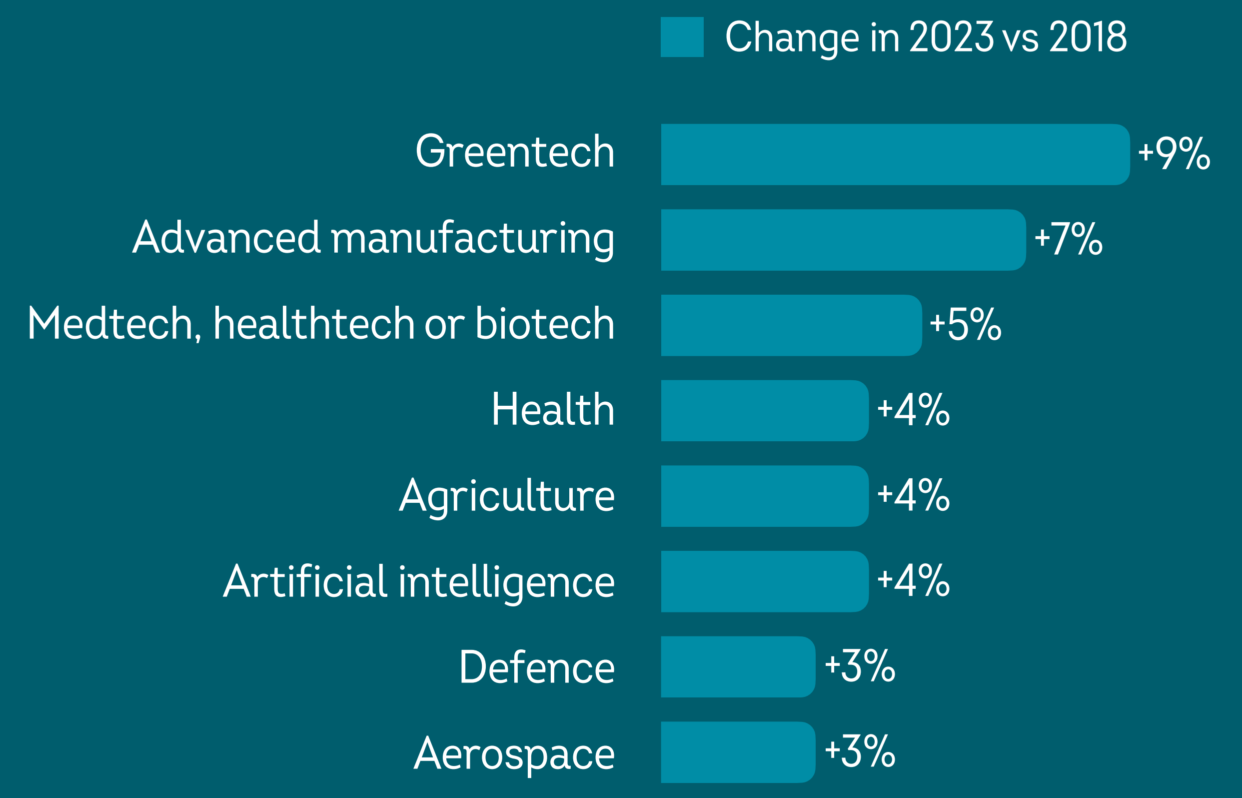
Themes that apply strongly to startup products/services



INDUSTRIES THAT APPLY STRONGLY TO STARTUP/SERVICES



Fastest growing industries for startups

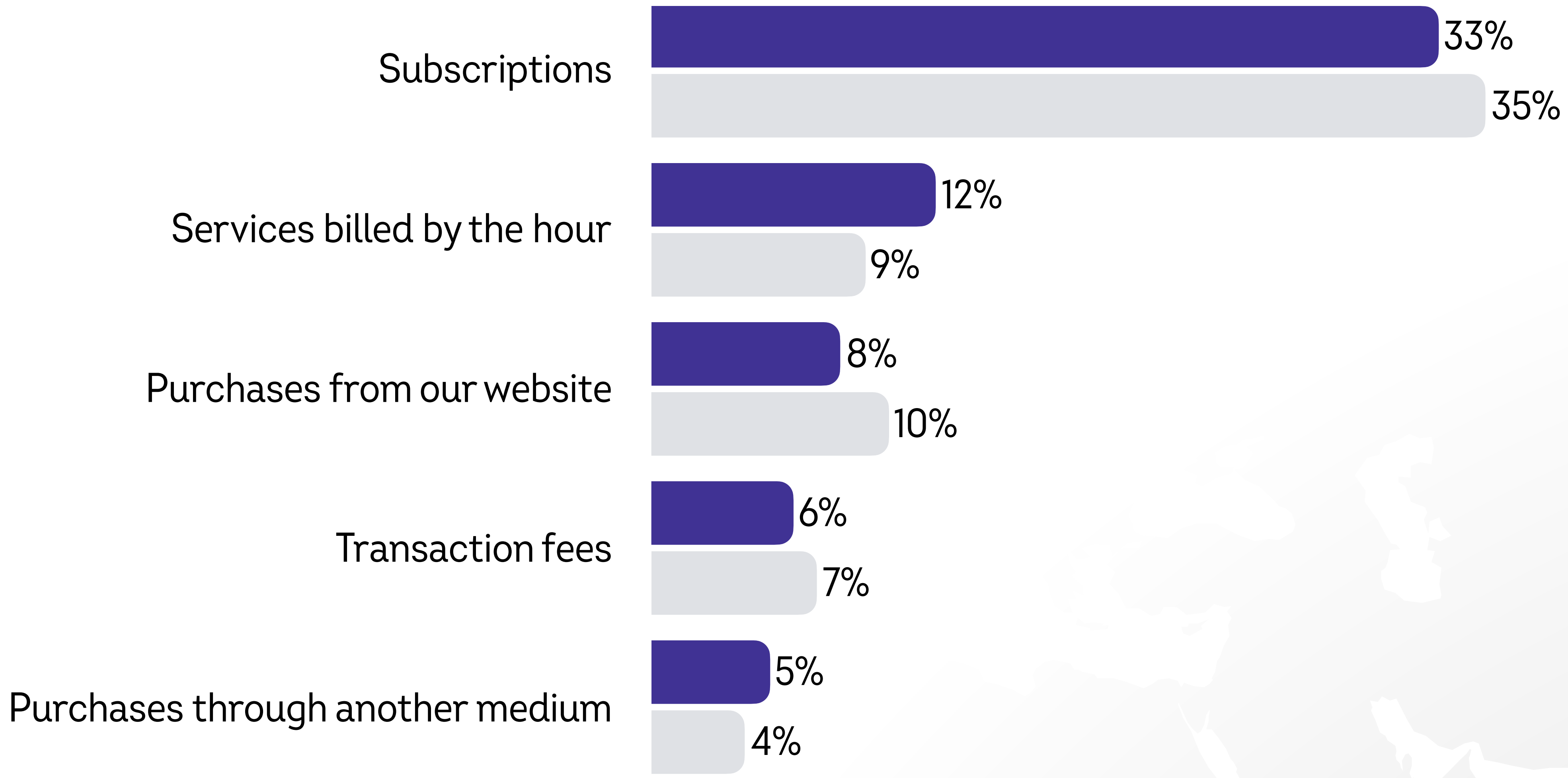


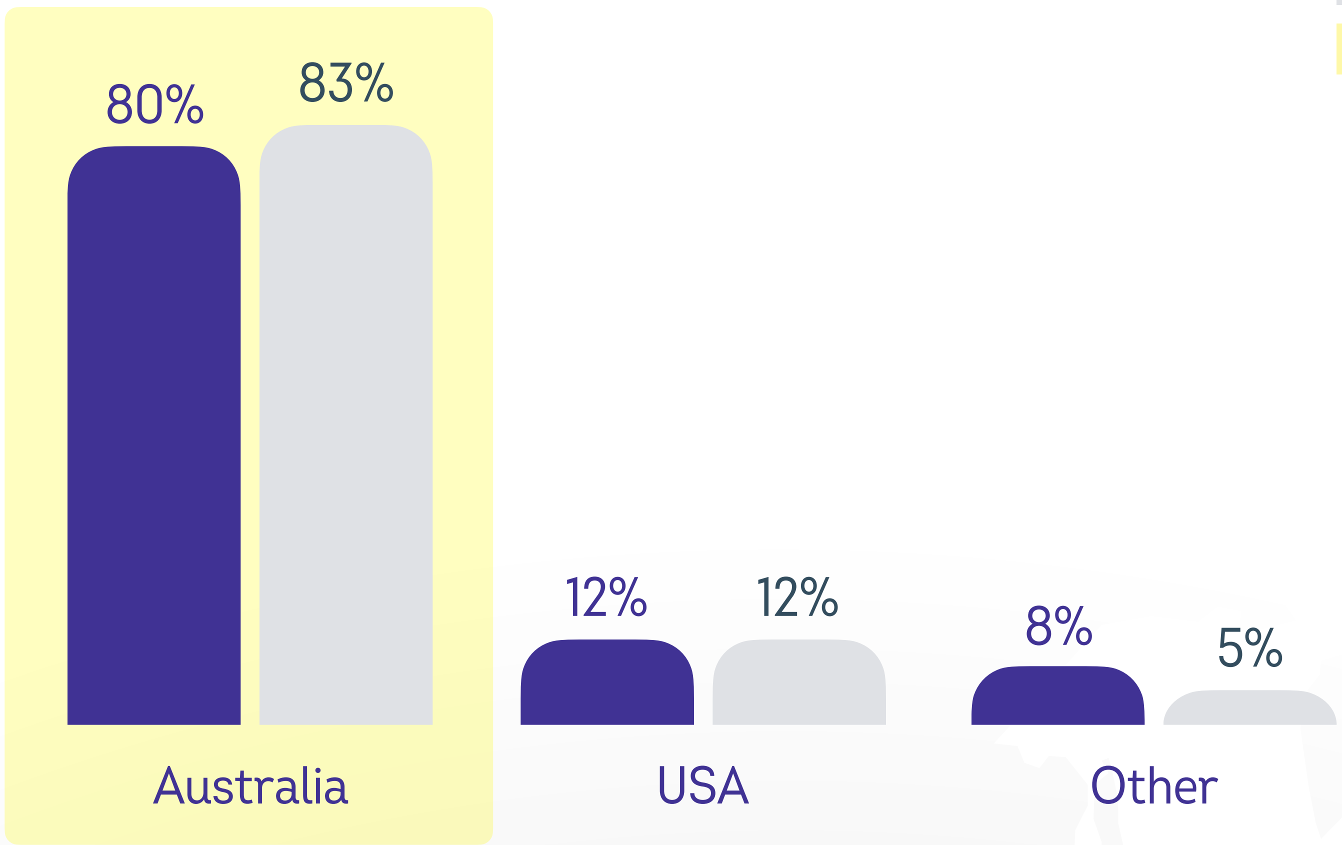
FOR WHOM?

2023
2018
Highlight

STARTUPS WITH REVENUE

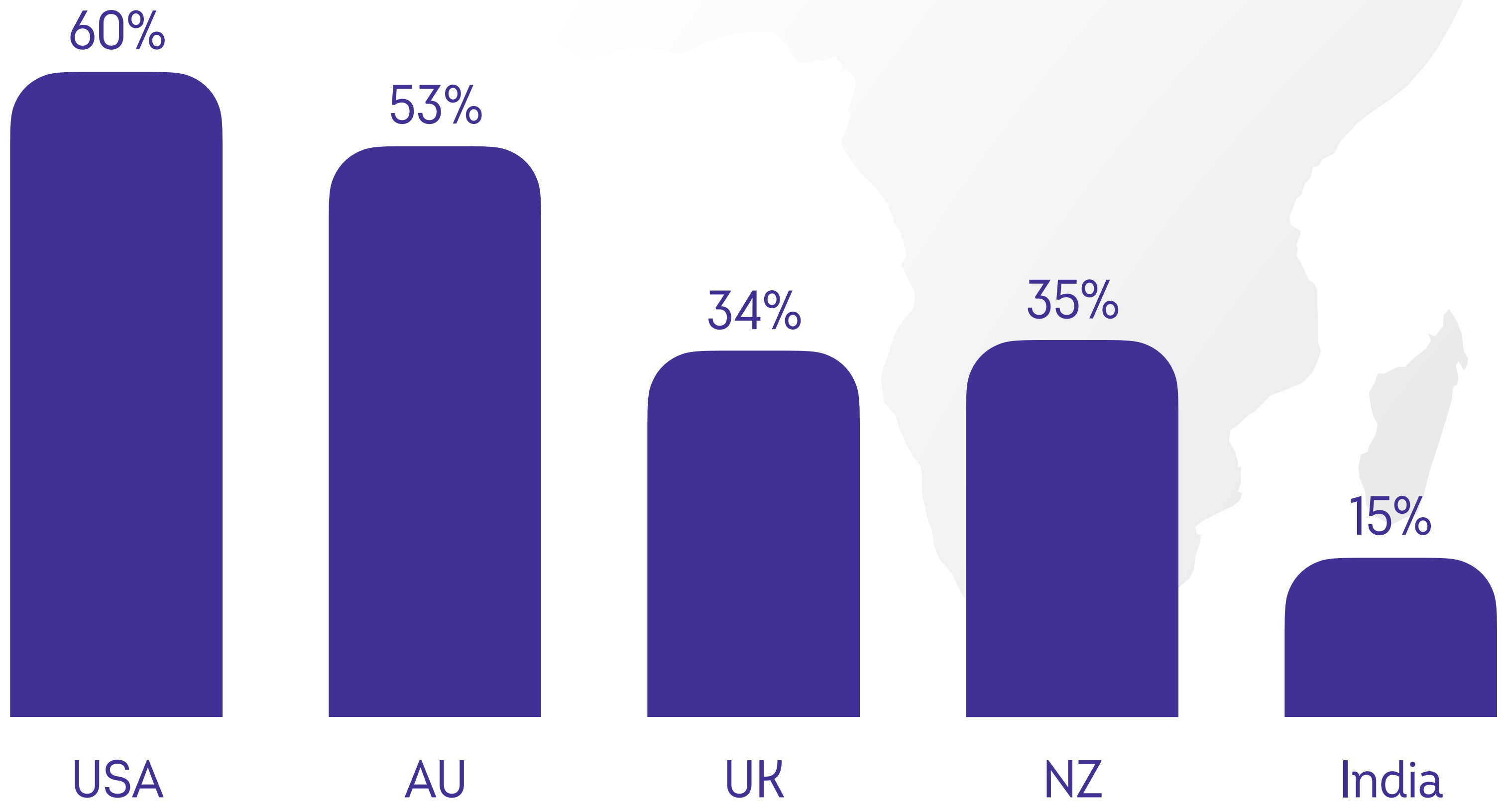
Largest current or expected revenue sources





COUNTRIES WITH THE MAJORITY OF CUSTOMERS

Years to add $10m in annual revenue



Planned geographies for expansion

FOR WHOM? *(cont'd)*

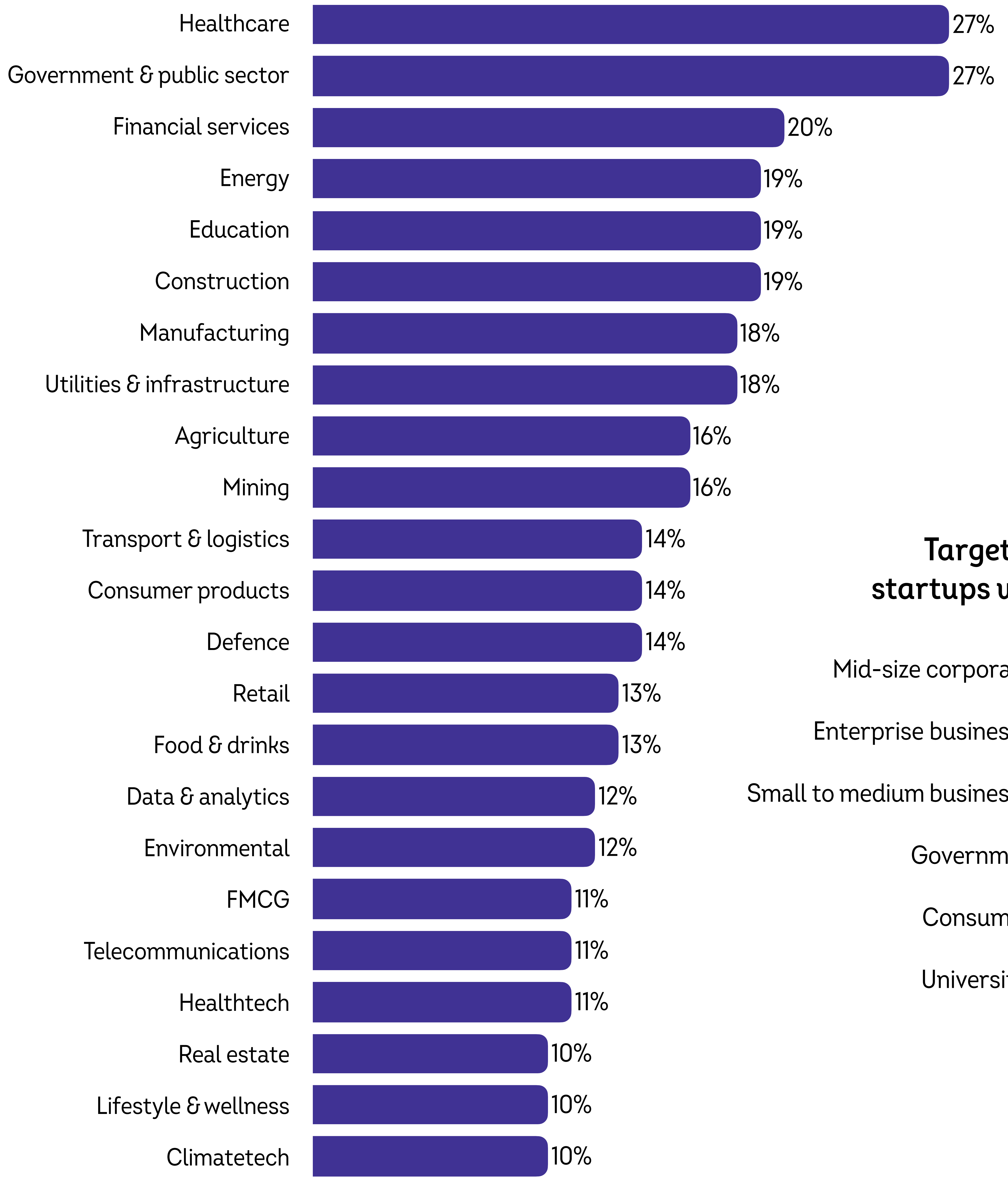
2023
2018
Highlight

Large companies startups have had as a customer and would recommend to others

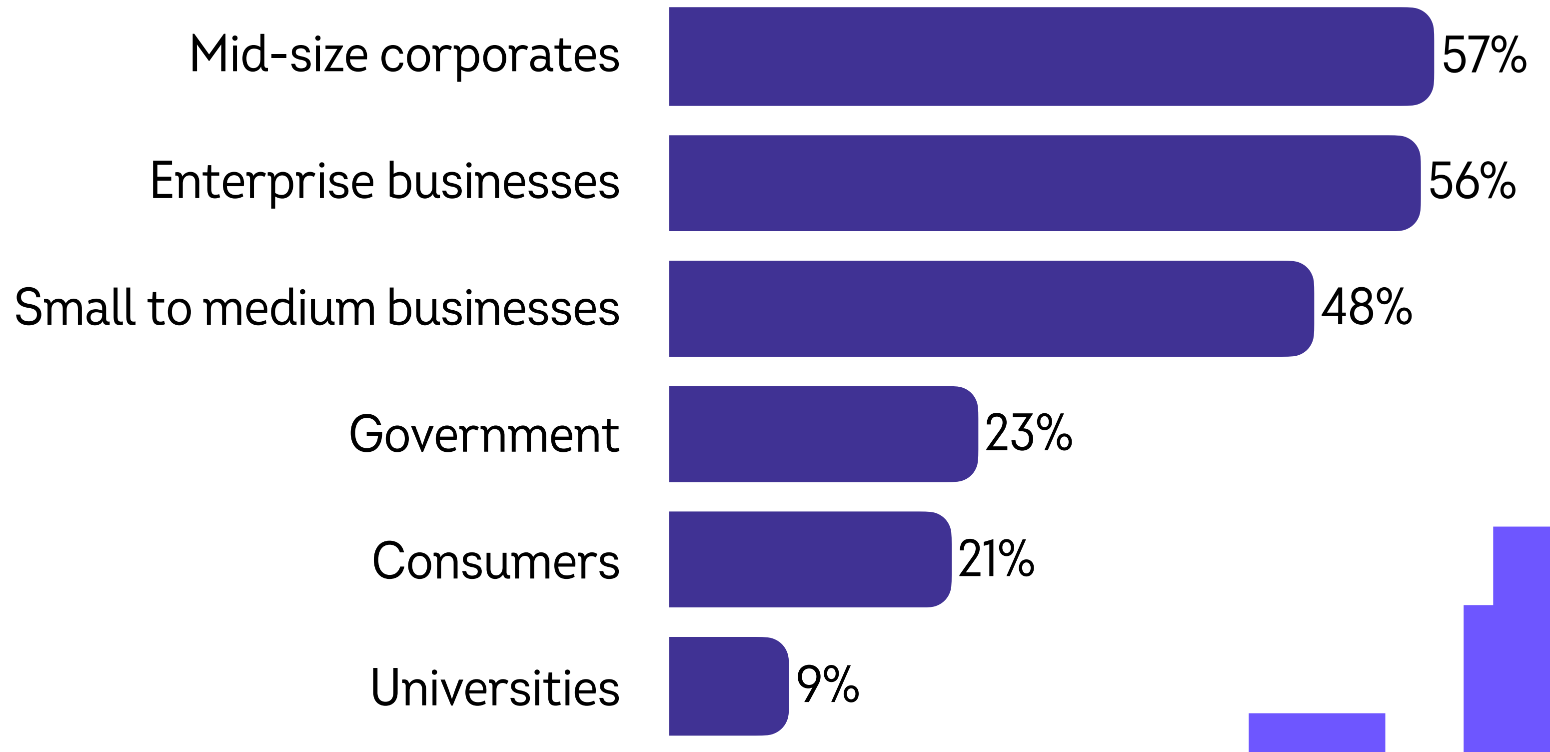
1. Local government councils (13 startups)
2. NSW Government (13 startups)
3. Federal Government (7 startups)
4. Google (6 startups)
5. Microsoft (5 startups)
6. VIC Government (5 startups)
7. BHP (5 startups)
8. CSIRO (5 startups)
9. UTS (5 startups)
10. Commonwealth Bank (4 startups)
11. SA Government (4 startups)
12. Woolworths (4 startups)

378 ORGANISATIONS NAMED

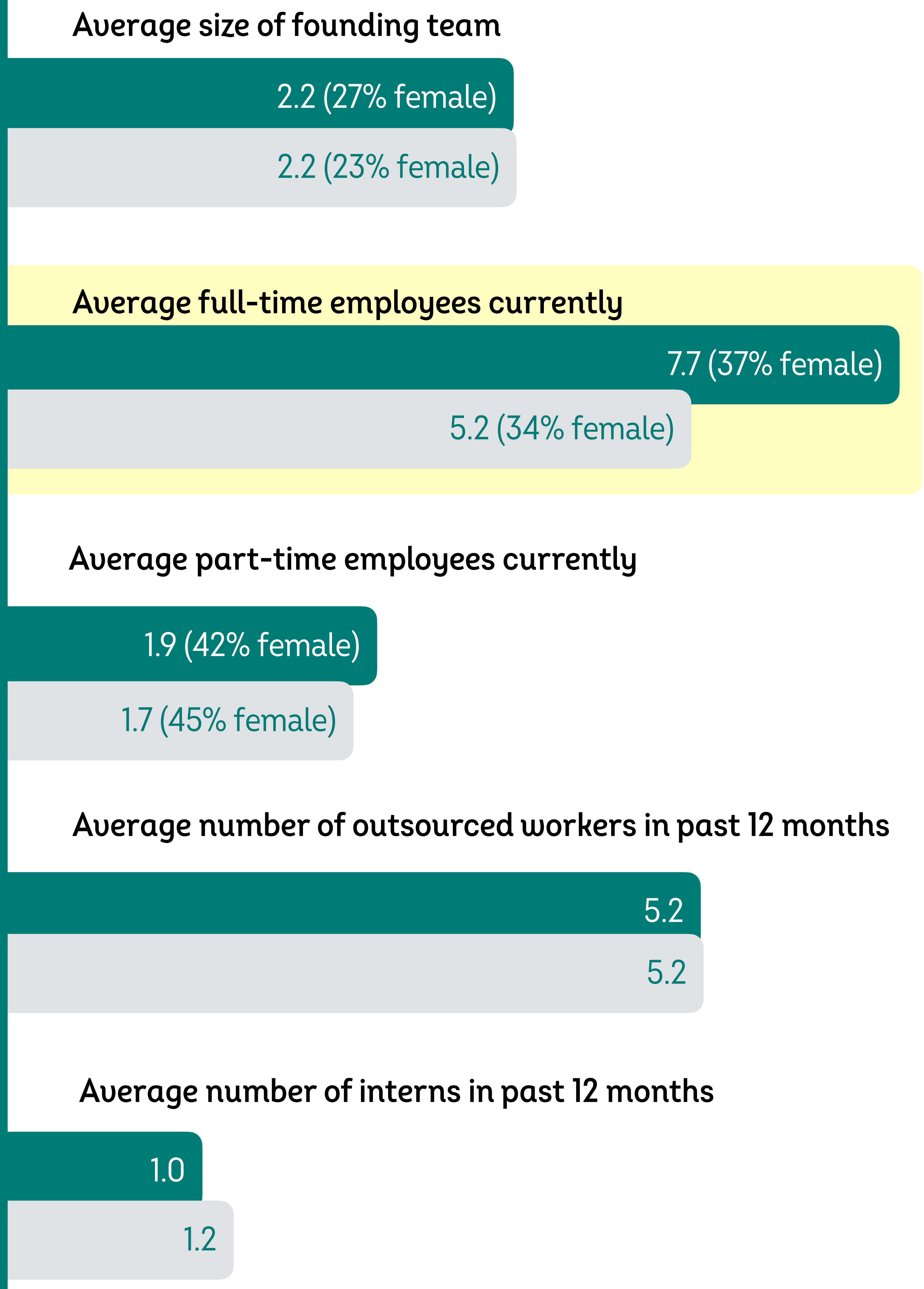
Target customer industries for startups with business customers



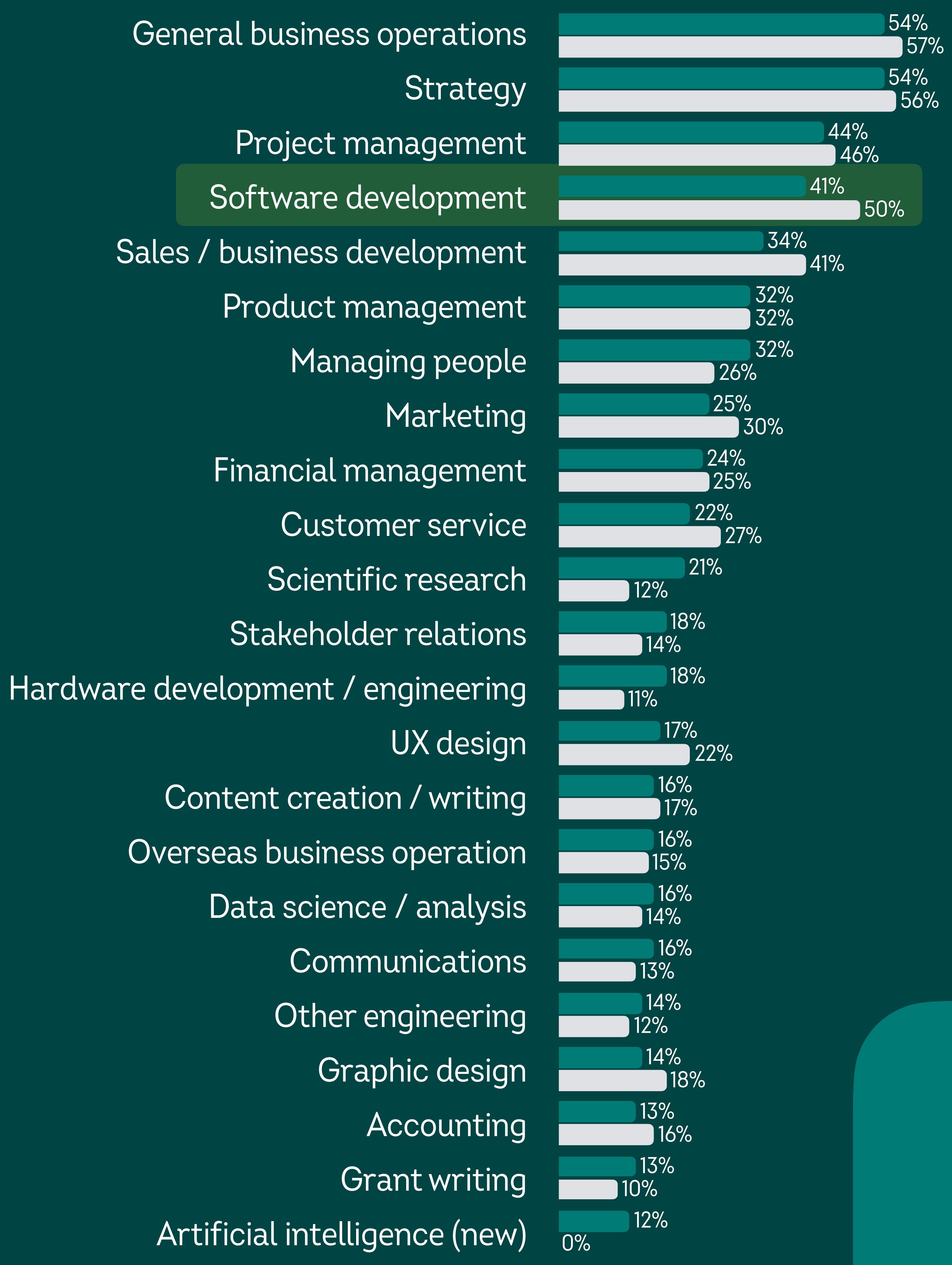
Target customer types for startups with business customers



WITH WHOM?

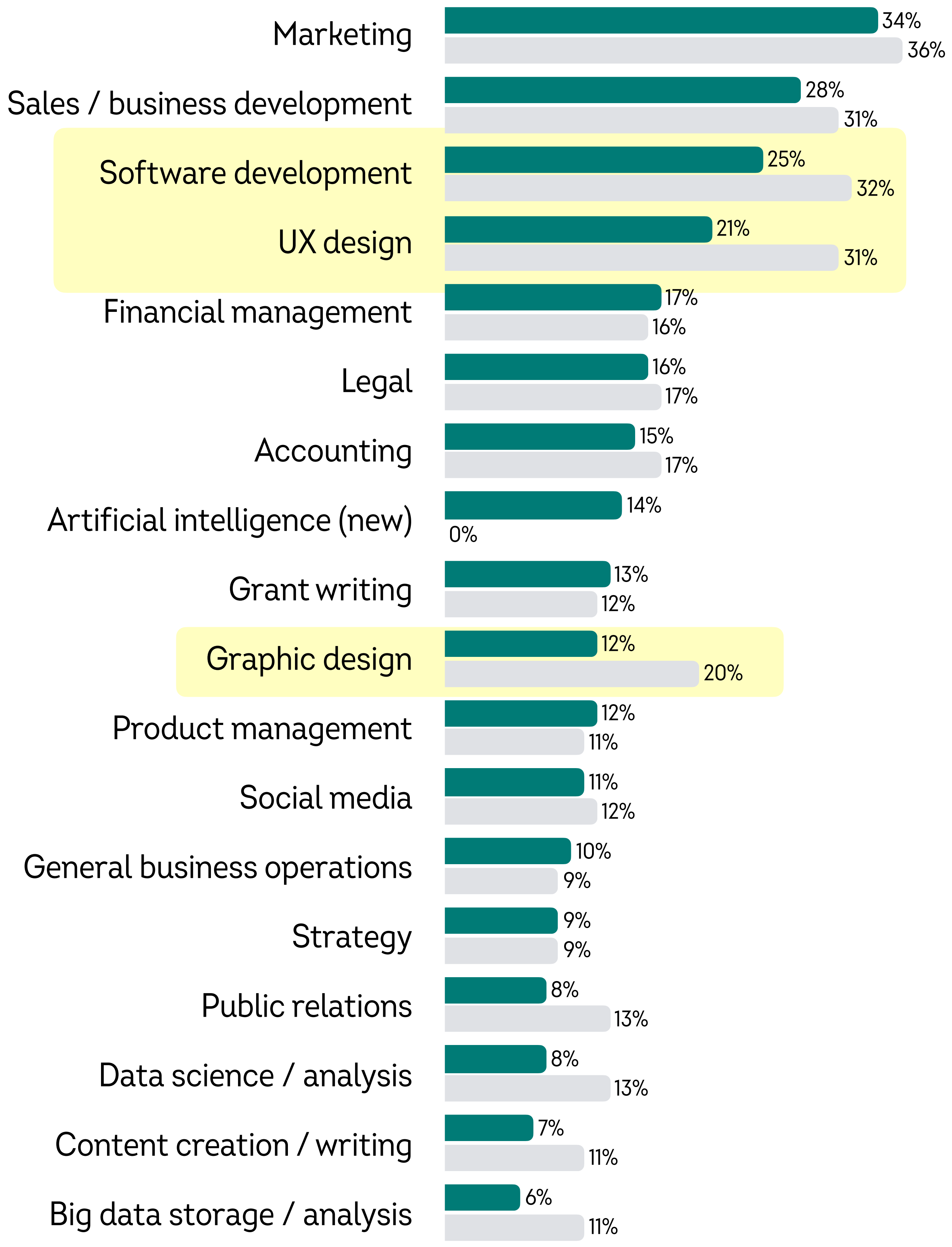


SKILLS IN FOUNDING TEAM



2023
2018
Highlight

Skills they wish were in founding team

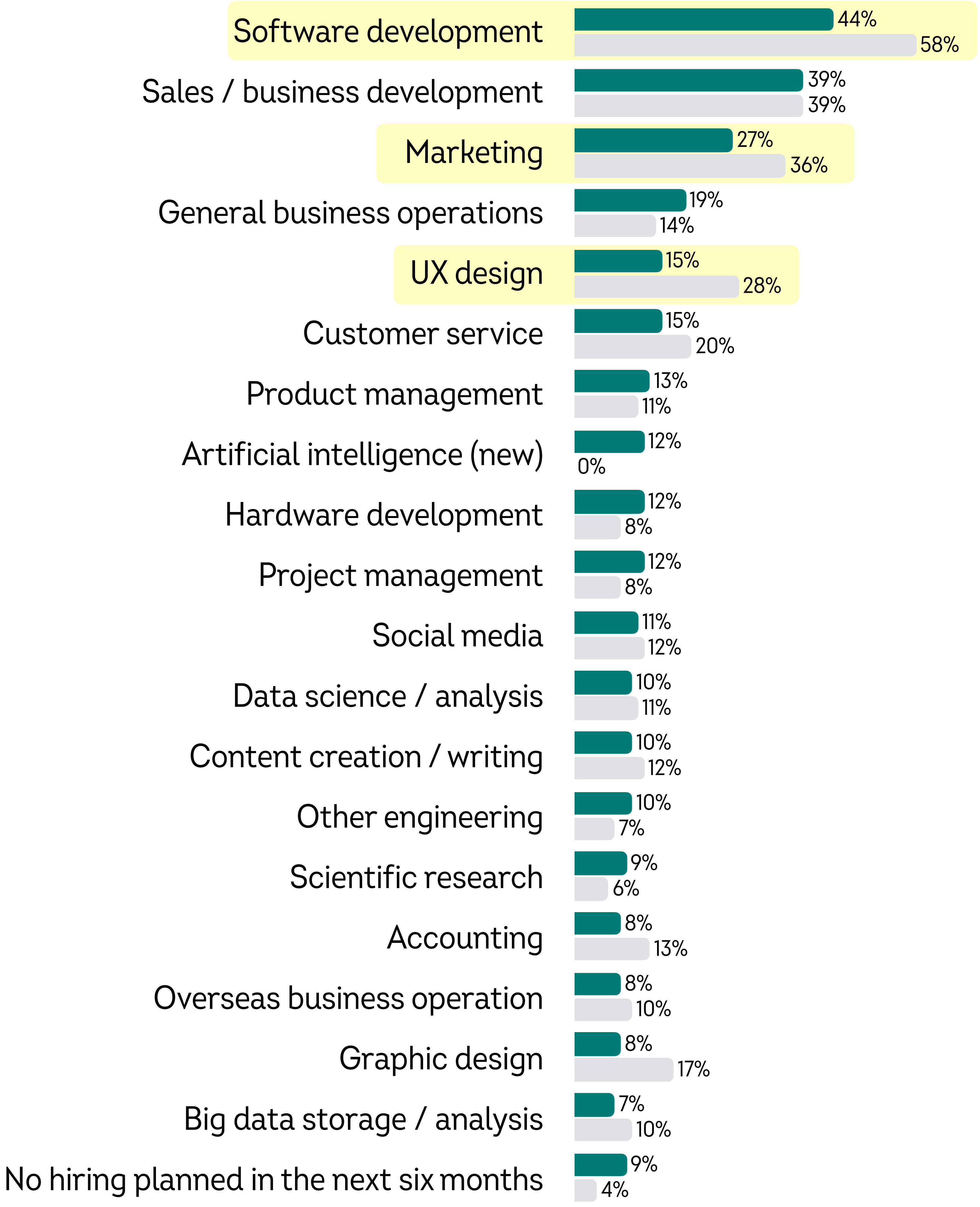


Startups had an average of **9.6** paid employees, plus **5.2** outsourced workers in the last year, and planned to hire an average of **5.5** more employees in the next **12** months

WITH WHOM? *(cont'd)*

2023
2018
Highlight

Skills they plan to hire in the next six months



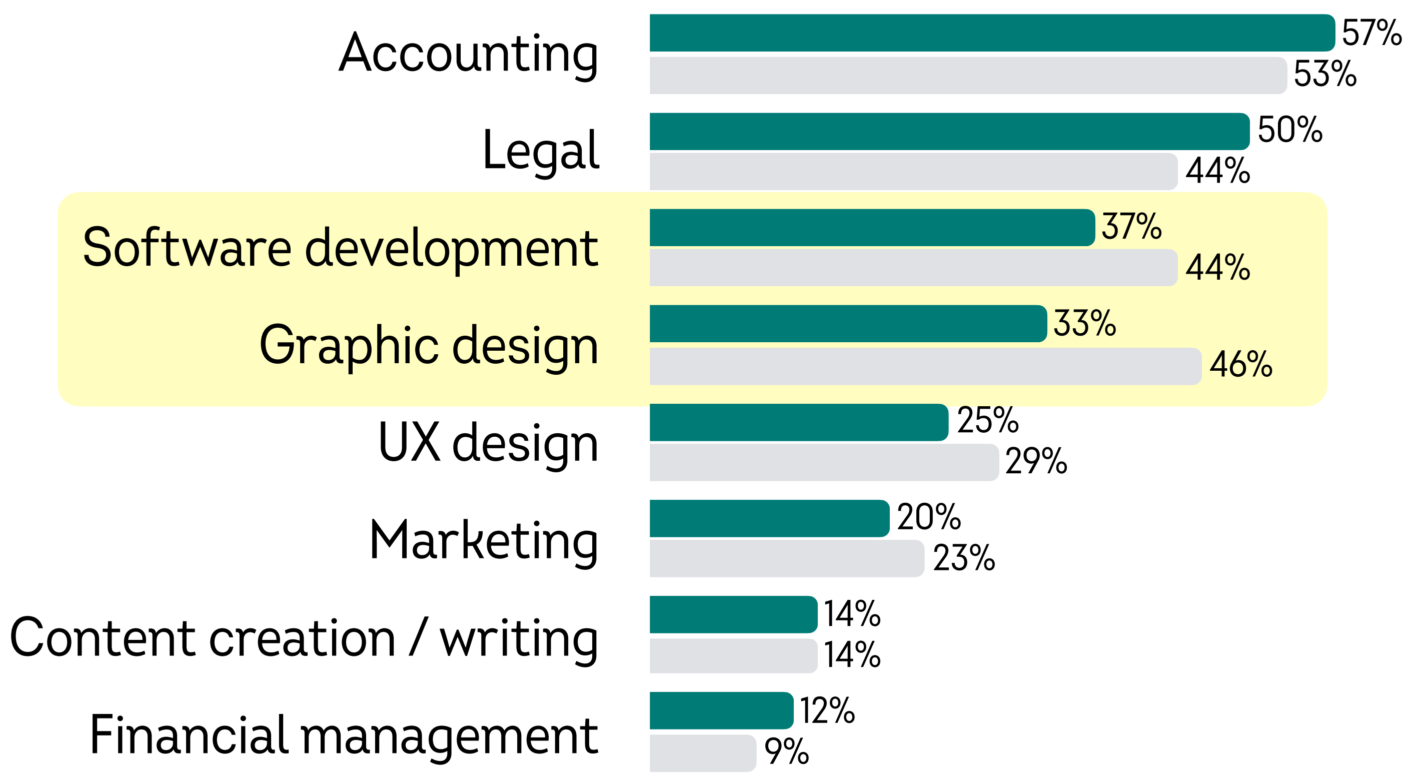
CURRENT TEAM SKILLS

77% of startups were outsourcing work, with Australia being the primary destination for **70%** of these startups.

20% of startups had an employee on a visa, with the top visas being the Graduate Working visa (485), Student visa (500), Skilled Independent visa (189), Global Talent visa (858) and the Working Holiday visa (417).

91% of startups would hire someone for a technical role without tertiary qualifications.

Tasks being outsourced



2023
2018
Highlight

WITH WHAT?

56% OF STARUPS ARE NOW USING AI FOR KEY TEAM FUNCTIONS

the gild group

"With the capital markets for early-stage ventures tightening, it's crucial for founders to have a solid grip on their finances. That means understanding cash flow, runway and being prepared for different scenarios. There are now plenty of SaaS tools to assist with this or you can simply roll with good old Excel/Sheets. Staying informed is key to making good decisions"

- Amit Shah, Director, The Gild Group

Job functions being performed by AI

1. Content creation / writing (36%)
2. Marketing (25%)
3. Software development (24%)
4. Social media (19%)
5. Communications (18%)
6. Graphic design (16%)
7. Data science (15%)
8. Customer service (11%)
9. Grant writing (8%)

Top AI tool suppliers

1. OpenAI (81%)
2. Midjourney (6%)
3. Google Bard (6%)
4. GitHub Copilot (5%)
5. Microsoft Bing (4%)
6. Canva (3%)

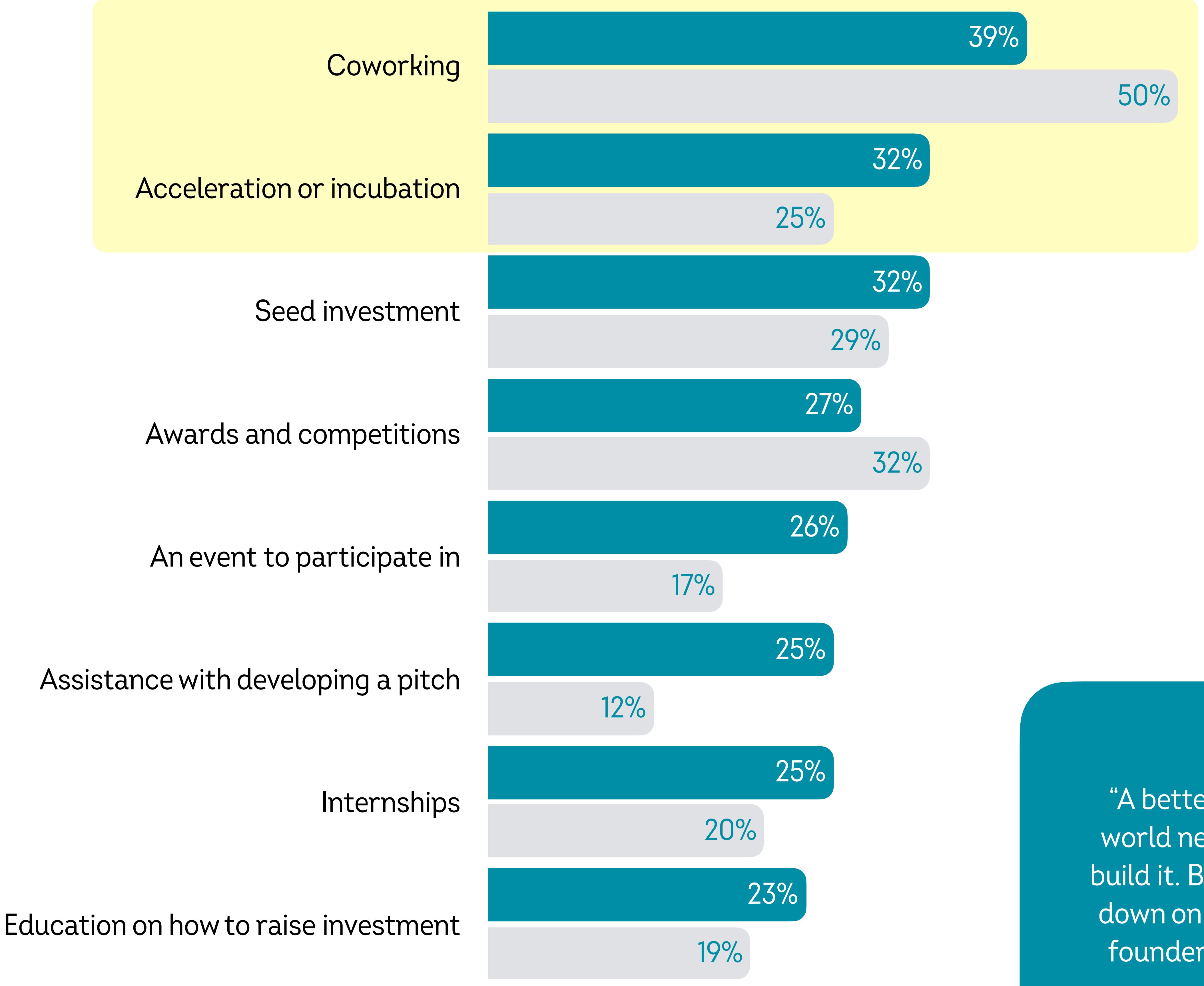
Top tools for financial forecasting

1. Excel (35%)
2. No forecasting (34%)
3. Xero (27%)
4. Google sheets (6%)
5. QuickBooks (3%)
6. Fathom (1%)

2023
2018
Highlight

SUPPORTED BY

Most NOTABLE CHANGES IN SUPPORT startups report benefiting from



TOP CHALLENGES FACED BY SUPPORTERS

1. Financial viability (42%)
2. Program awareness (30%)
3. Scaling (20%)
4. Talent availability (14%)
5. Policy & regulation (8%)

Top requests supporters received but couldn't help with

1. Seed investment (18% of supporters)
2. B-round investment or higher (16%)
3. A-round investment (15%)
4. Other kinds of investment (12%)
5. Providing grants and scholarships (8%)
6. Visa / immigration assistance (8%)
7. Accounting assistance (8%)
8. Legal assistance (7%)

ANTLER

"A better future will not happen automatically—the world needs talented, driven, and resilient people to build it. By supporting Startup Muster, we're doubling down on our mission to back the world's most driven founders, from day zero to greatness, to ensure we make progress inevitable."

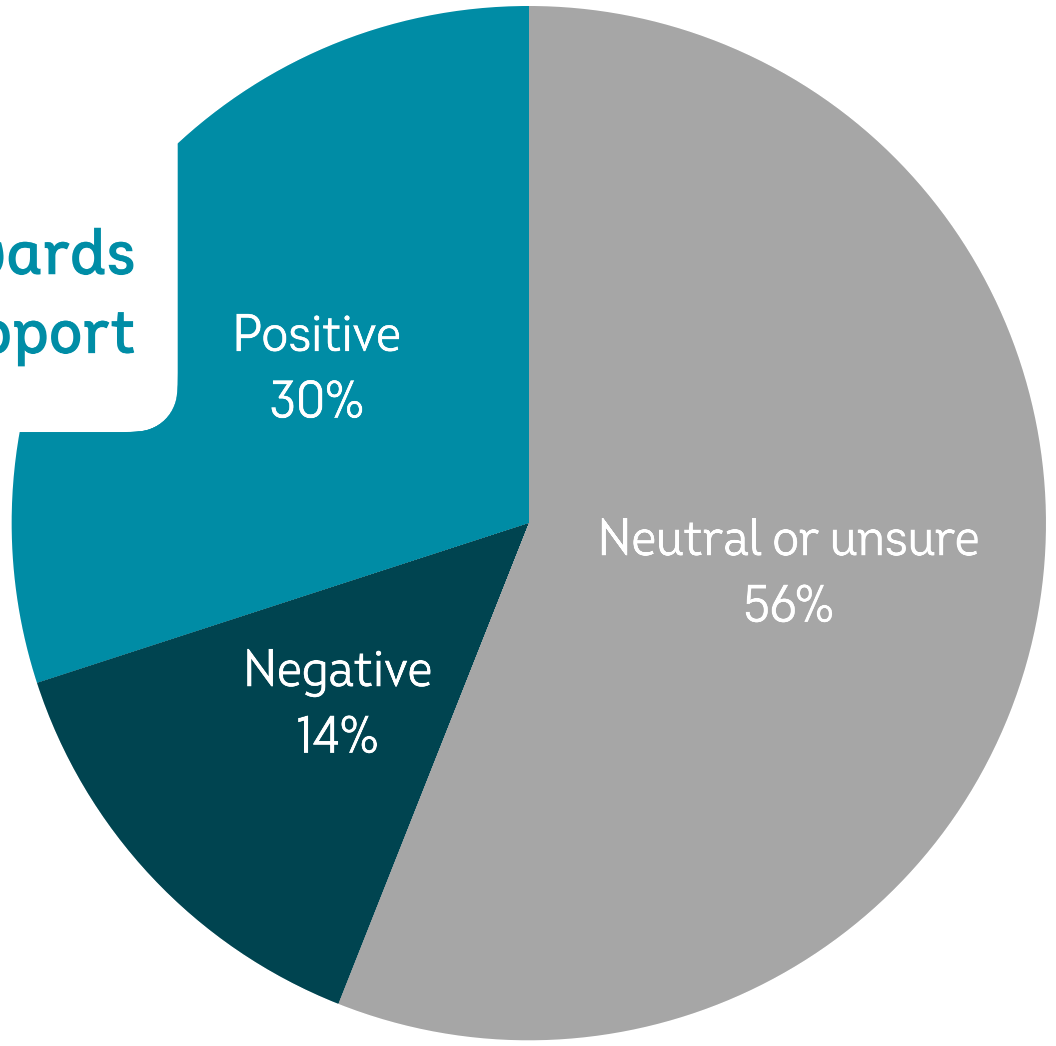
- Mike Abbott, Partner of Antler

SUPPORTED BY... *(cont'd)*

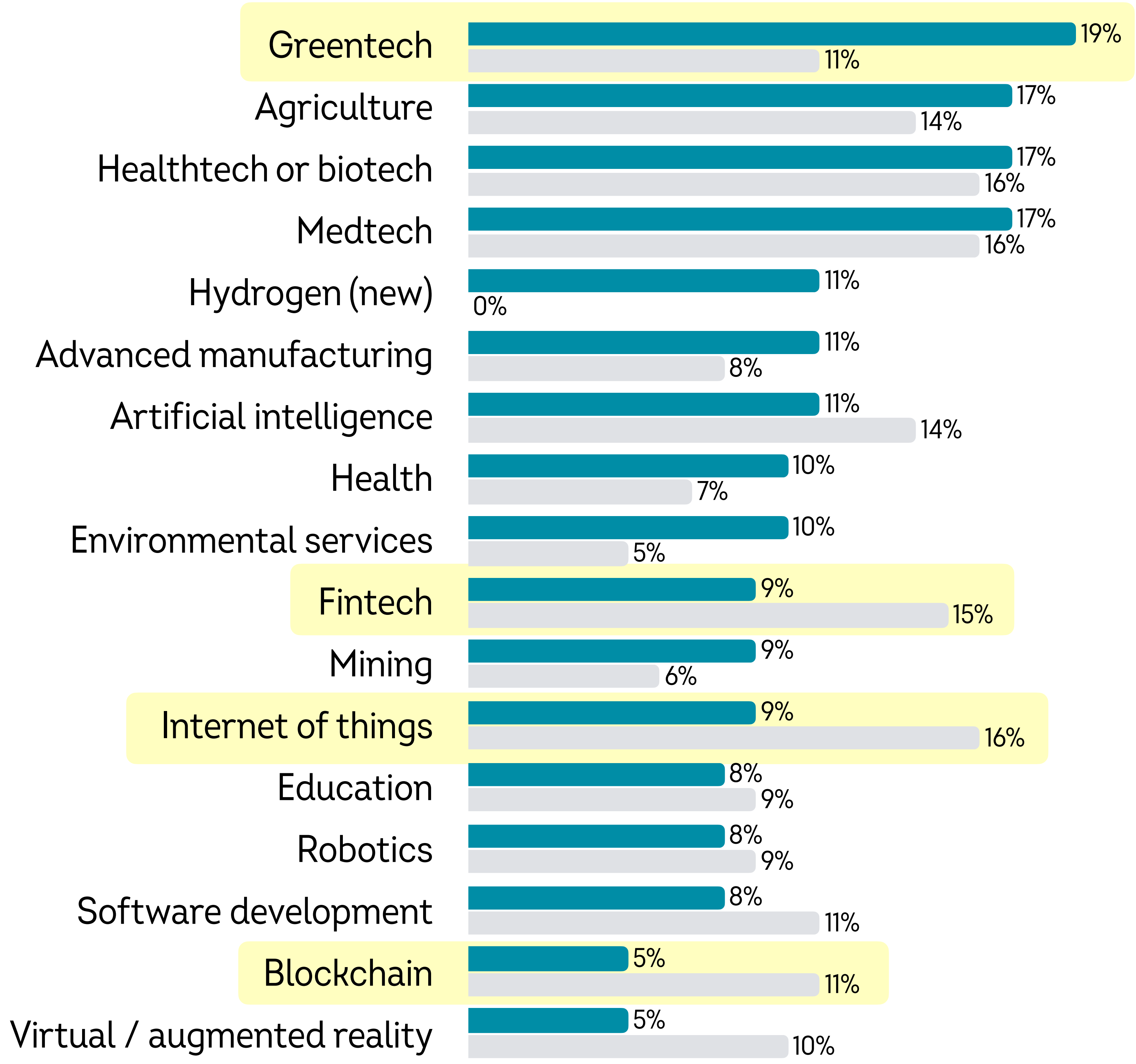
46% of startup supporters focus on specific industries or themes, vs **41%** in 2018

2023
2018
Highlight

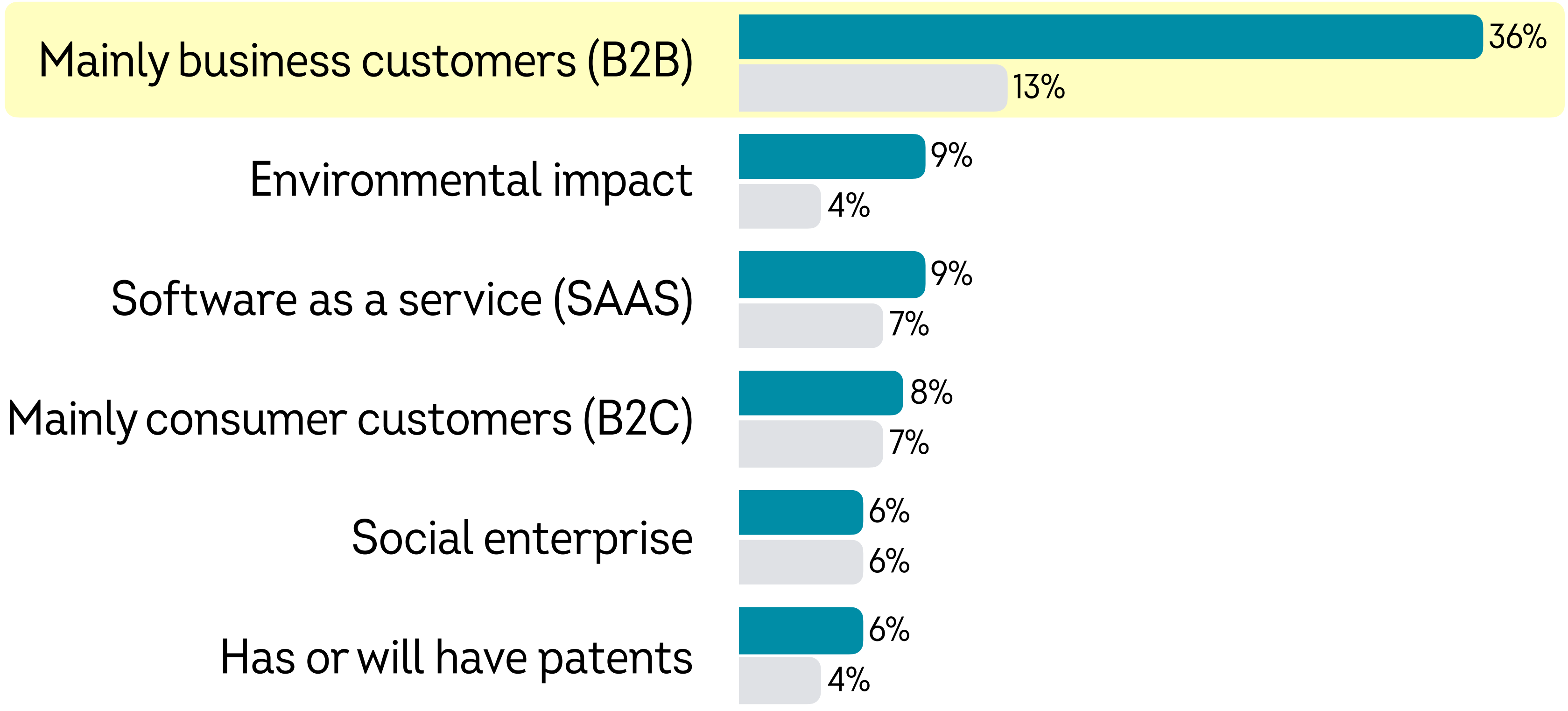
Sentiment from startups towards university-based support



Top target industries for startup supporters



Top target themes for startup supporters



Top entrance criteria for support

1. Growth potential (48%)
2. Demonstrable social impact (37%)
3. Specific sector or technology (37%)
4. Participants' location (21%)
5. Demographics of team (12%)
6. Specific university affiliation (10%)
7. Turnover above or below a specified amount (9%)

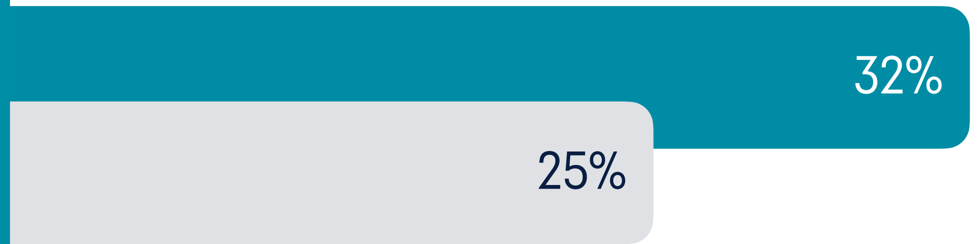
24% OF ACCELERATORS AND INCUBATORS ARE RUN BY UNIVERSITIES

2023
2018
Highlight

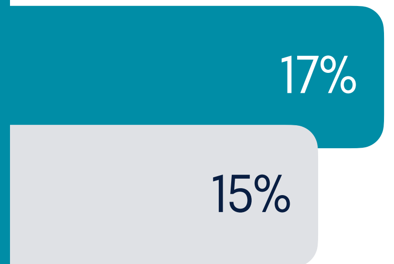
SUPPORTED BY...

ACCELERATORS/INCUBATORS/COWORKING

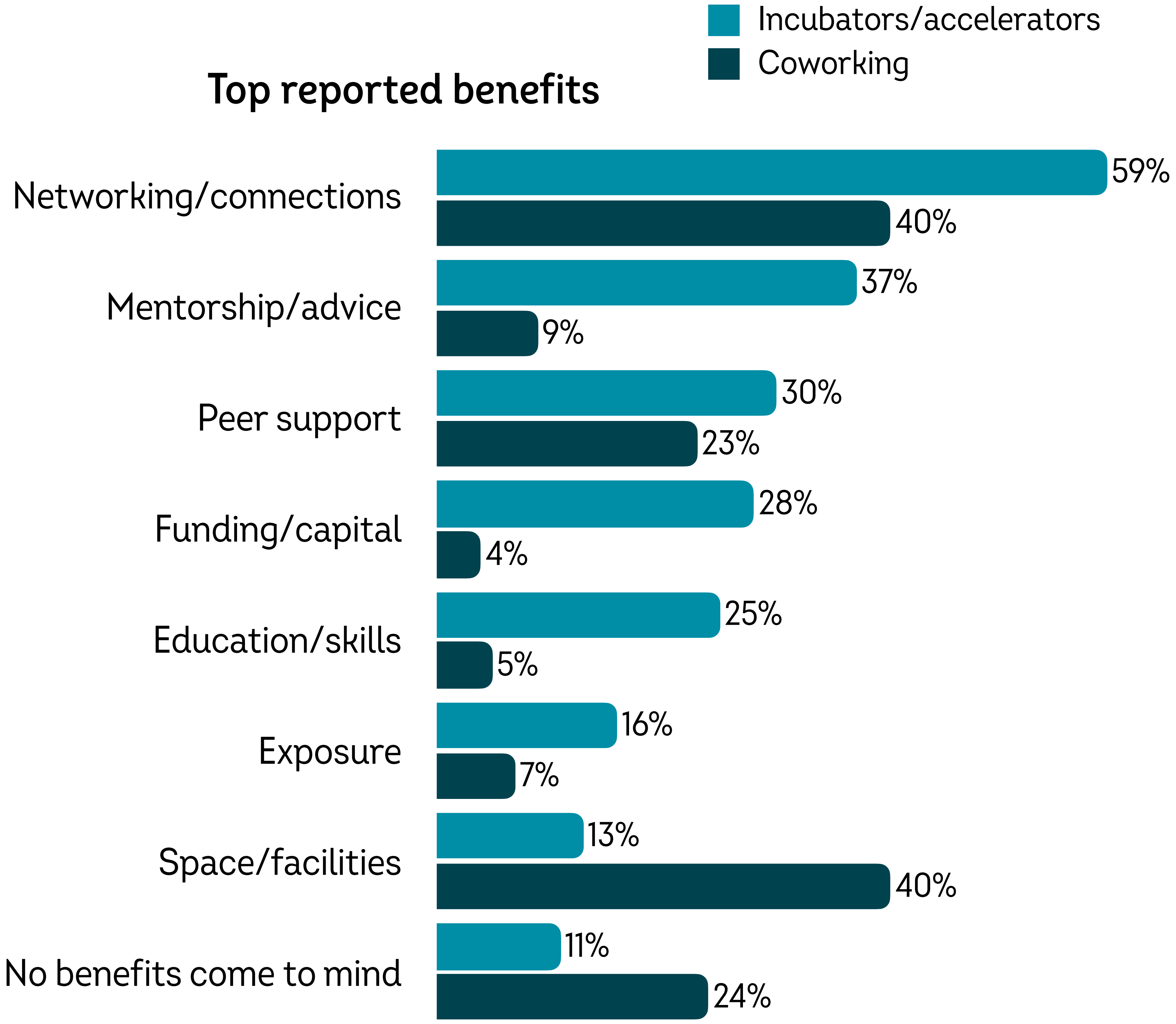
Startups that have benefited from an accelerator or incubator



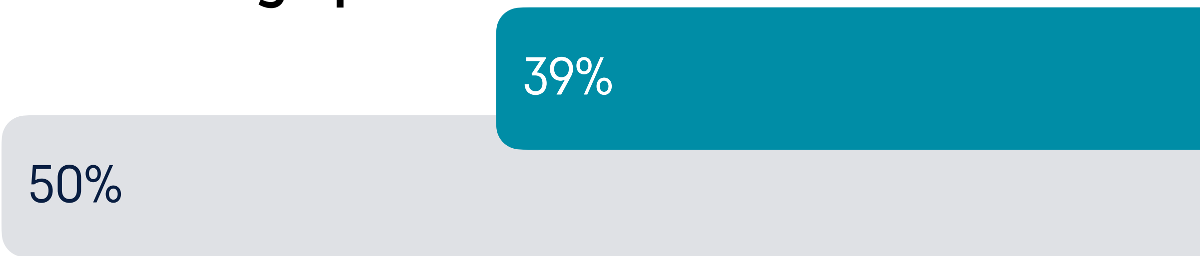
Startups that are currently in an accelerator or incubator



Top reported benefits



Startups that have benefited from a coworking space



Startmate

Australia's most recommended accelerators/incubators

1. **Startmate**
2. Antler
3. UTS Startups
4. Cicada Innovations
5. Macquarie University Incubator
6. UNSW Founders

Fishburners

where founders thrive & startups grow

Australia's most recommended coworking spaces

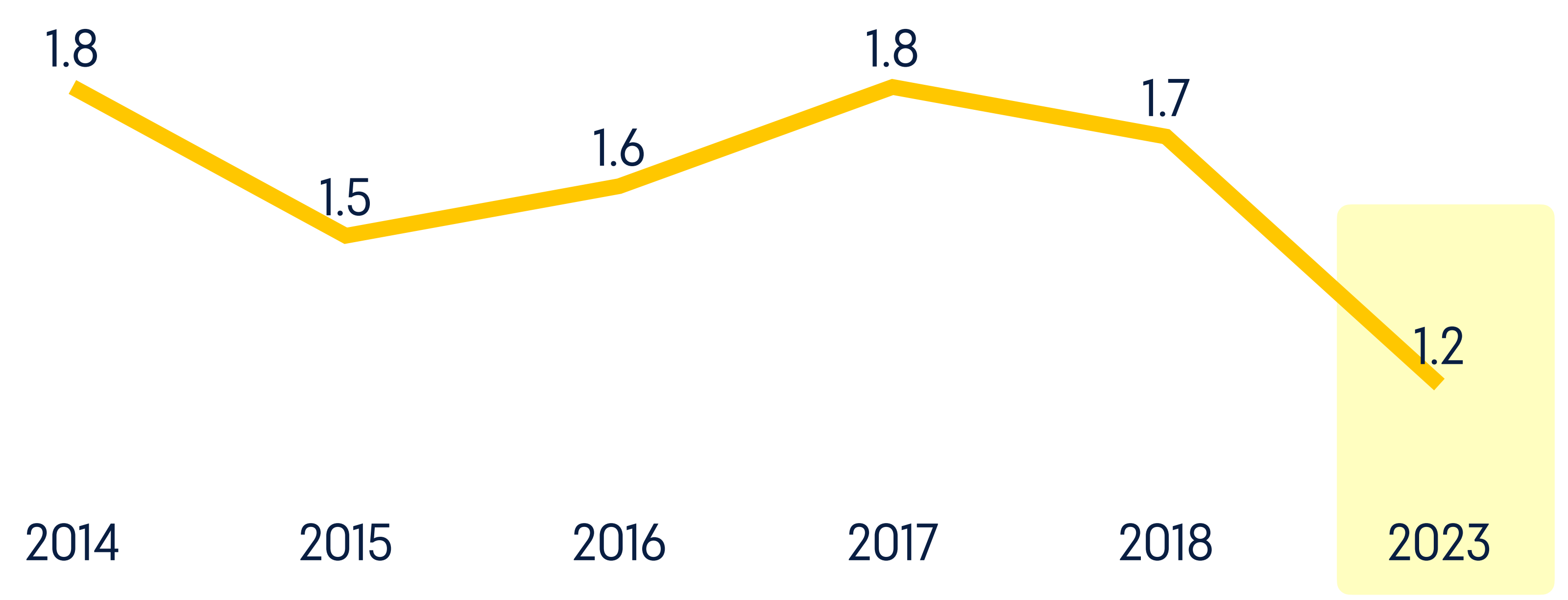
1. **Fishburners**
2. Stone & Chalk
3. UTS Startups
4. WeWork
5. SpaceCubed
6. The Commons
7. River City Labs

THINGS MISSING FROM COWORKING SPACES

1. Meeting rooms with AV
2. Mentors and networking opportunities
3. Soundproof/private meeting Spaces
4. Monitors and fixed setups at desks
5. Amenities like cafe, gym, printing services

SUPPORTED BY... EVENTS

Average events attended per month by survey year



Australia's most recommended events/festivals

1. **SouthStart**
2. Sunrise
3. Intersekt
4. Spark Festival
5. West Tech Fest
6. Climate Tech Festival

What people want to see in startup events

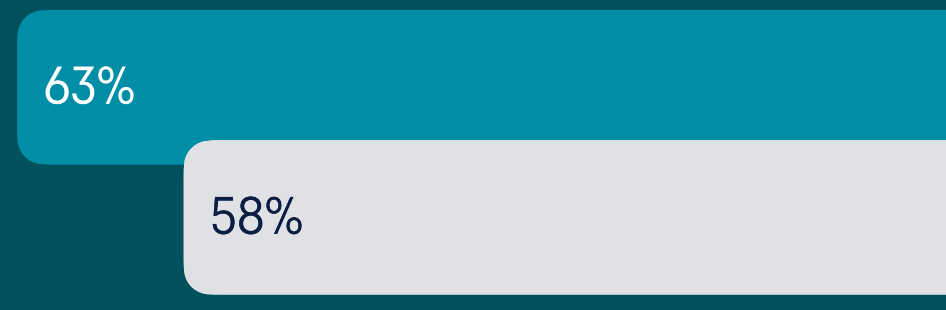
1. Networking opportunities
2. Investor engagement
3. Diverse and inclusive events
4. Educational content and practical how-tos
5. Real stories and diverse perspectives
6. Better event timing and recordings
7. Focus beyond just tech
8. Customer and industry engagement

SOUTHSTART

MENTORS

2023
2018
Highlight

Startups that have benefited from mentoring



Australia's most recommended mentors

David Burt	**Adeline Chu**
Alan Jones (the good one)	Joanne Jacobs
Mick Liubinskas	Sharon Hunneybell
Matt Allen	Julia Spicer
Charlie Gunningham	Kate Jenkins
Peter Laurie	Kylie Gerrard
Jamie Pride	Elizabeth Kaelin
Brad Deveson	Lynda Coker
Ian Brown	Rachel Neumann

More representation was needed from mentors that are not male

Areas where more mentorship is needed

1. Sales
2. Marketing
3. Fundraising
4. Strategy
5. Business growth/scaling
6. Business operations
7. Leadership/executive skills
8. Product development/management
9. Legal and regulatory
10. Team-building/HR

66% of founders said they had adequate mentorship

FUNDED BY

	2023	2018
Startups that need funding to continue	69%	65%
Runway in months for those startups	9.9 months	8.6 months
Startups currently trying to raise funding	55%	49%

Opinion on early-stage funding availability today vs five years ago

Unsure	Worse	Better	Same
34%	26%	24%	16%

FOUNDERS WITH SUCCESSFUL FUNDRAISING ROUNDS SPENT AN AVERAGE OF 447 HOURS GETTING INVESTMENT, TALKING TO 72 INVESTORS

2023
2018
Highlight

Funding sources in use

	2023	2018
My own cash contributions	72%	64%
Family and friends	34%	28%
R&D tax offset	29%	28%
Private equity/VC in Australia	28%	29%
State government grant	20%	15%
Accelerator or incubator investment	19%	16%
Federal government grant	17%	6%
Credit card	11%	15%
Private equity/VC overseas	11%	9%
Private equity/VC as a convertible note in Australia	10%	7%
Prize money	9%	8%
Bank loan	7%	7%
Private equity/VC as a convertible note overseas	6%	3%
Local government grant	4%	3%
Crowd funding on an Australian platform	2%	1%
Venture debt in Australia	2%	0%
Venture debt overseas	2%	0%
Crowd funding on an overseas platform	1%	1%

Top reasons for using overseas investors

1. Limited availability of local funding
2. More willingness to take risks
3. Better valuations and terms
4. Industry specialisation and understanding
5. Global business opportunities

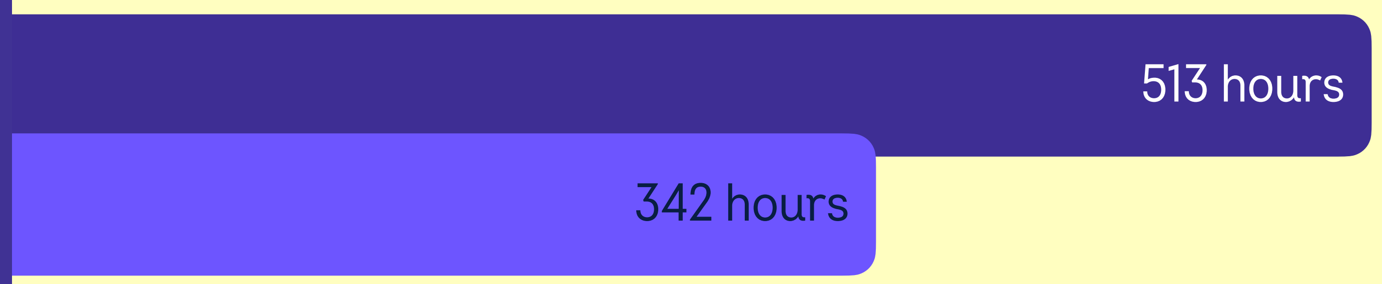
Fundraising experience

	2023	2018
Never tried to raise funding	33%	44%
Tried but couldn't raise as much as I needed	18%	8%
Tried and raised as much as I was seeking	17%	19%
Tried but couldn't raise any	8%	7%
Approached by investors and declined	7%	6%
Tried to raise and was oversubscribed	5%	6%
Approached by investors and accepted	3%	3%

FUNDING BY GENDER

2023 Female founders
2023 Male founders
Highlight/lowlight

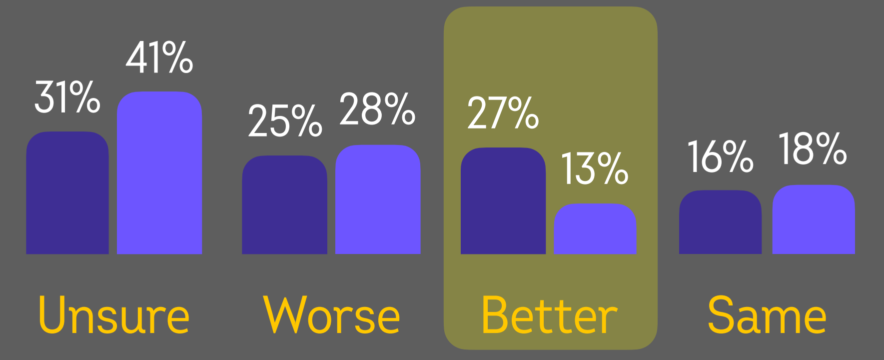
Time spent on successful fundraising



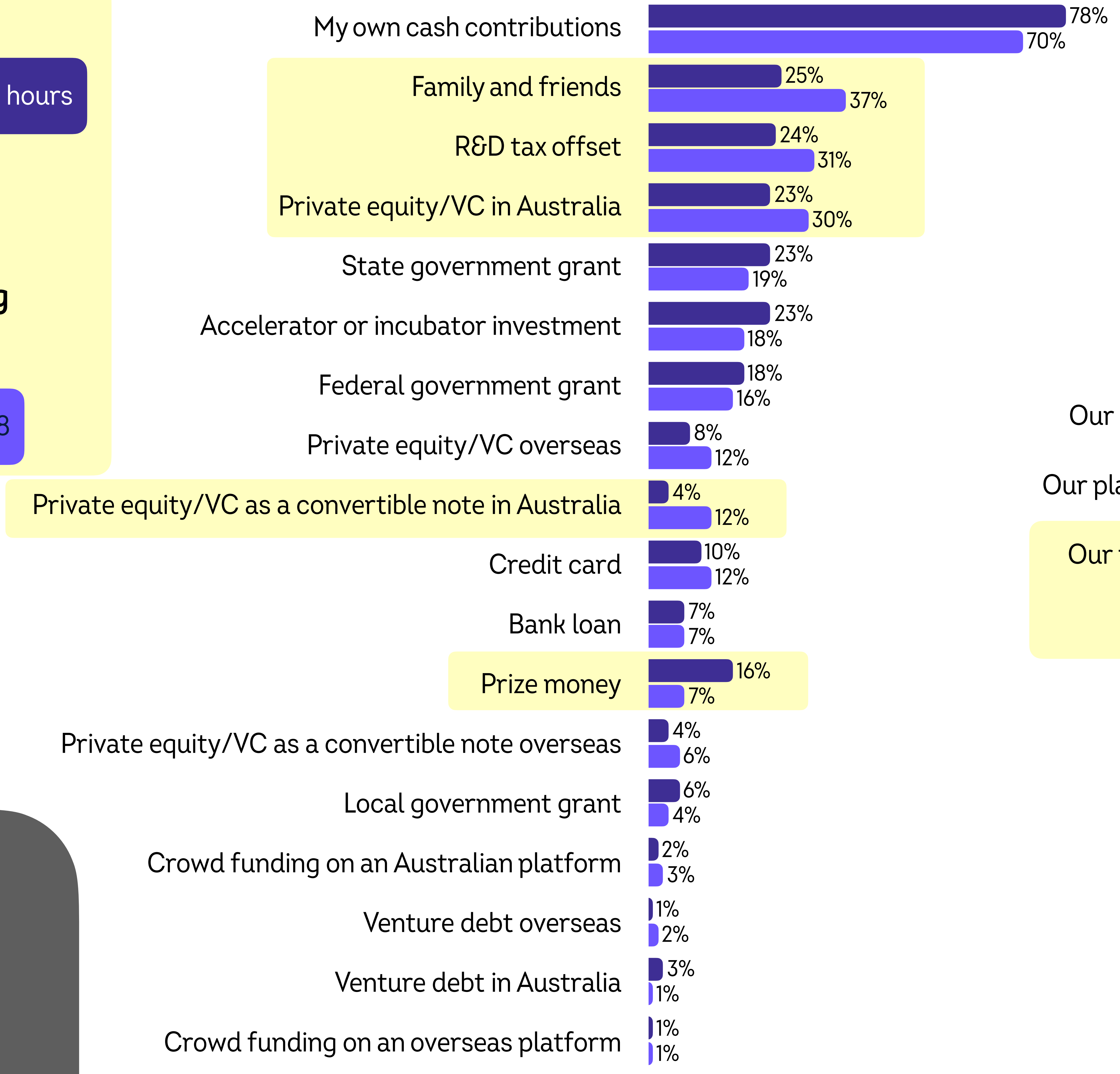
Investors met for successful fundraising

Startups that need funding to continue

Opinion on early-stage funding availability today vs five years ago

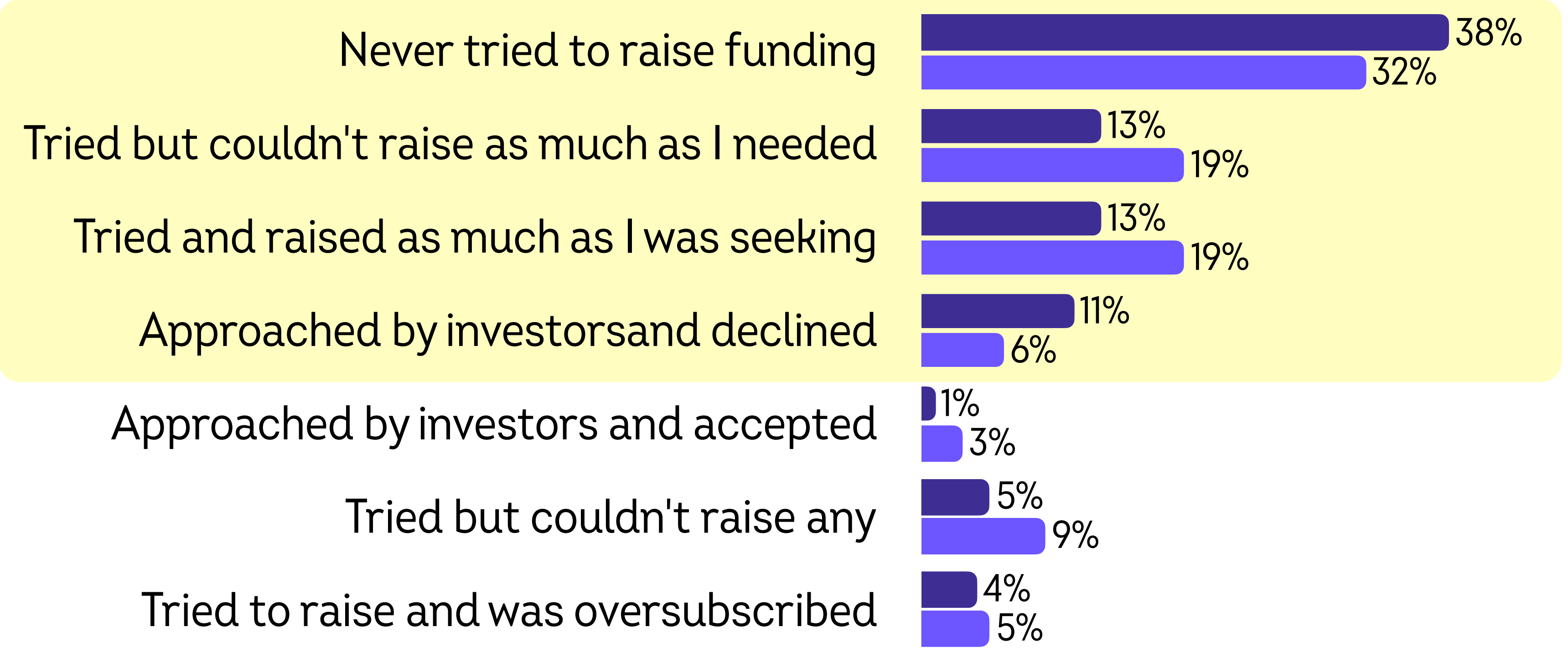


Funding sources in use

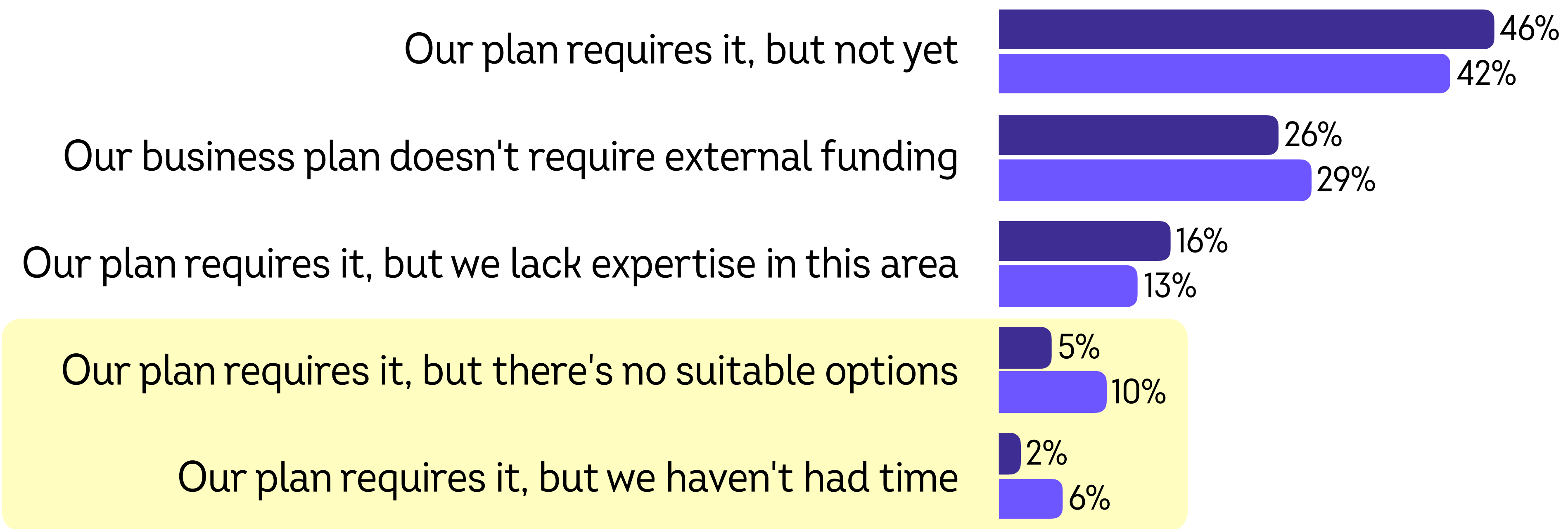


These charts draw from 159 female founders and 419 male founders. One non-binary founder response was not included separately because of the potential for disclosing their exact responses. No participants identified as other gender types.

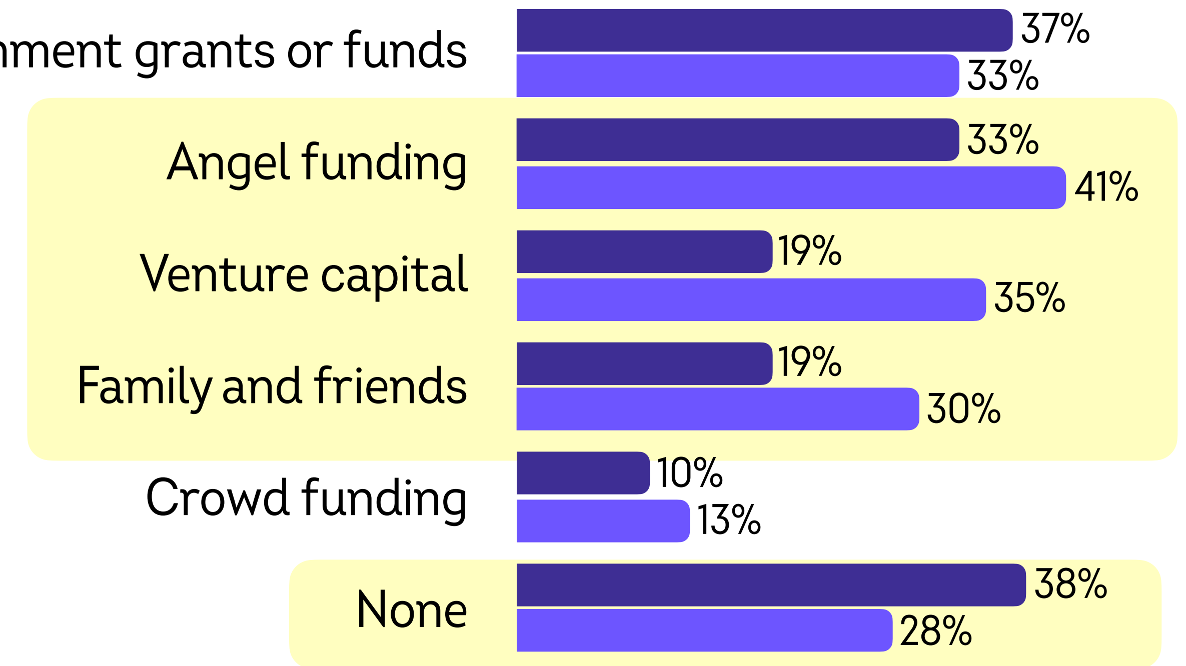
Fundraising experience



Reasons for not raising funds

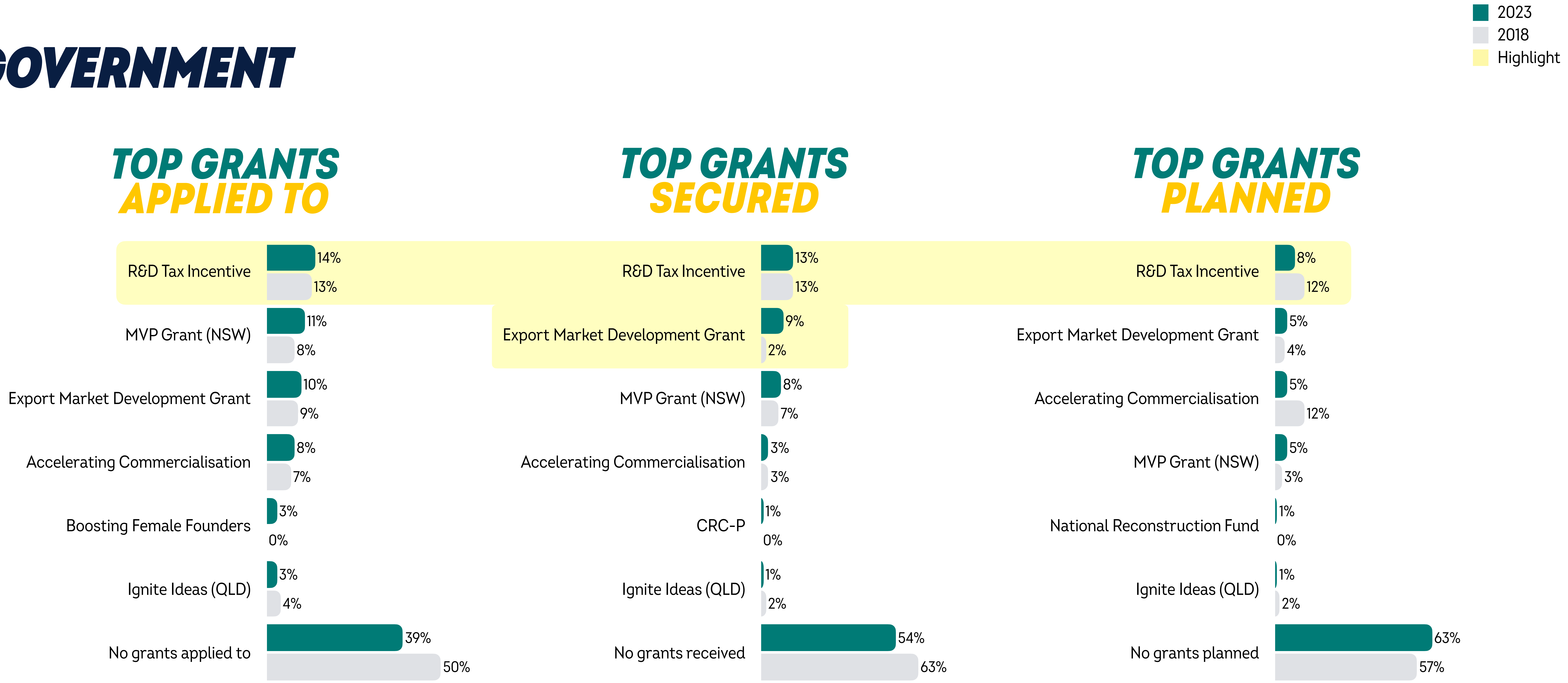


Early stage funding founders felt they had good access to



GOVERNMENT

TOP GRANTS APPLIED TO | TOP GRANTS SECURED | TOP GRANTS PLANNED



Most effective ways of identifying grant opportunities

- Grants websites like grants.gov.au / grantguru.com / thegrantshub.com.au
- Word of mouth
- Newsletters
- Incubators / coworking spaces

GOVERNMENT *(cont'd)*

Top recommendations to government

1. **Provide funding (47%)** (6% asking for early-stage funding, 2% asking for RDTI continuation)
2. Improve and simplify employee share options (25%) *
3. Engage more with startups (10%)
4. Buy from startups (9%)
5. Focus support on early-stage startups specifically (8%)
6. Improve grant accessibility (7%) (1% mentioning RDTI)
7. Support programming for startups (6%)
8. Provide connections (5%)
9. Reduce compliance burden (5%)
10. Improve tax incentives (personal and business taxes) (4%)
11. Incentivise investors (1% referencing early-stage investors) (4%)
12. Restore grants / be more consistent (4%) (1% referencing the NSW MVP grant)
13. Support skills development (3%)
14. Support mentorship (3%)
15. Help promote startups (3%)
16. Support incubators/coworking spaces (3%)
17. Improve procurement (3%)

* Note this was asked in a different question specifically on ESOPs

MEMBERS OF PARLIAMENT THAT WERE NAMED AS PARTICULARLY SUPPORTIVE OF THE AUSTRALIAN STARTUP ECOSYSTEM

1. **Ed Husic (16%)**
2. Victor Dominello (NSW, 5%)
3. Stephen Dawson (WA, 3%)
4. Malcolm Turnbull (2%, 10% in 2018)
5. Stephen Marshall (SA, 1%)

IMPACT

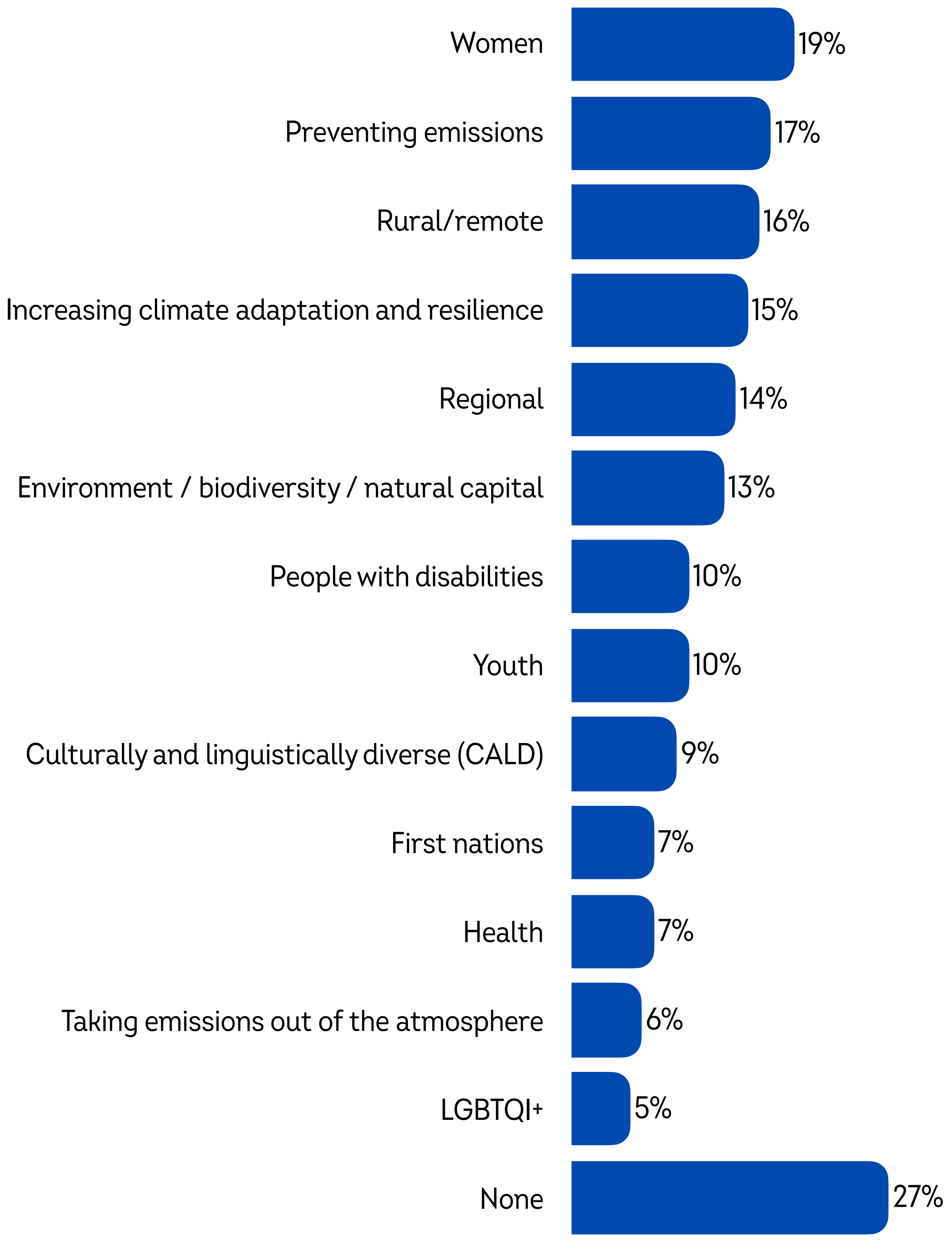
STARTUP MISSIONS

What is most important in decisions made in startups

STARTUP VALUES

IMPACT *(cont'd)*

Top startup impact areas



57%
of startups had some operations informed by impact measurement

29%
regularly report on impact

28%
had funding tied to impact measurement

18%
have a CSR policy in place

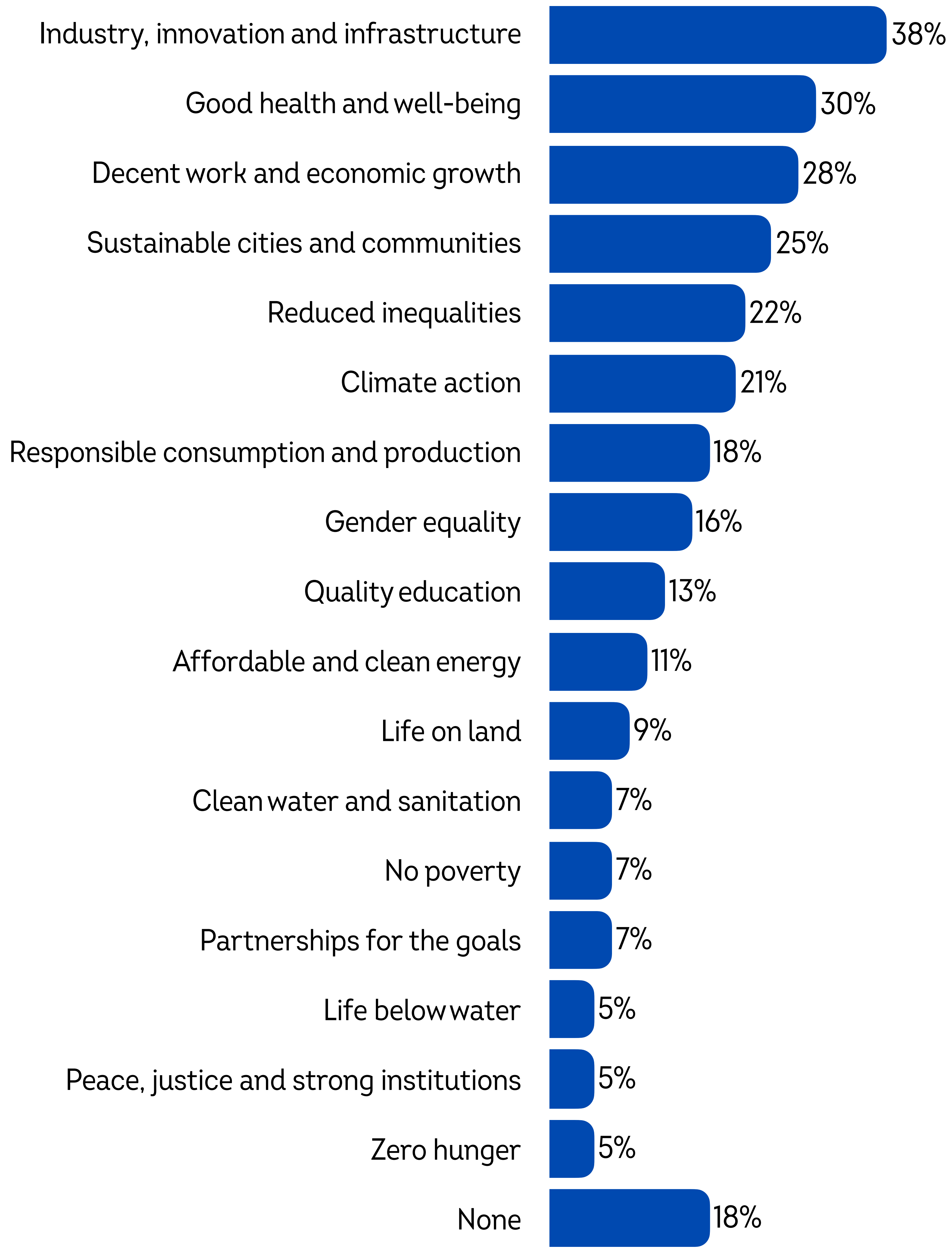
42%
are donating employee time

12%
have committed equity towards a foundation

41%
are donating money to social impact

11%
are members of a giving organisation, **6%** are members of Pledge **1%**

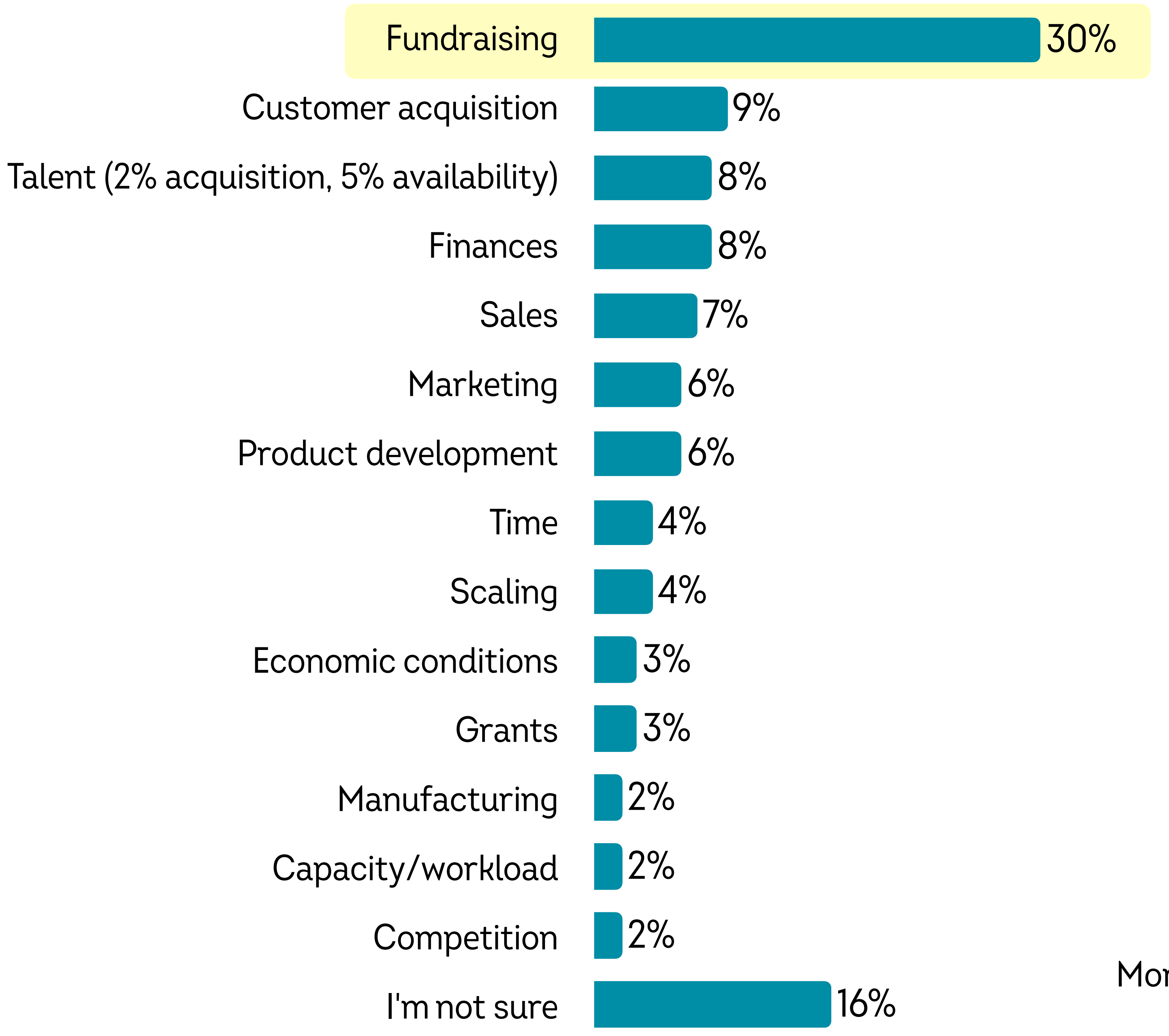
Top startup Sustainable Development Goals



CHALLENGES

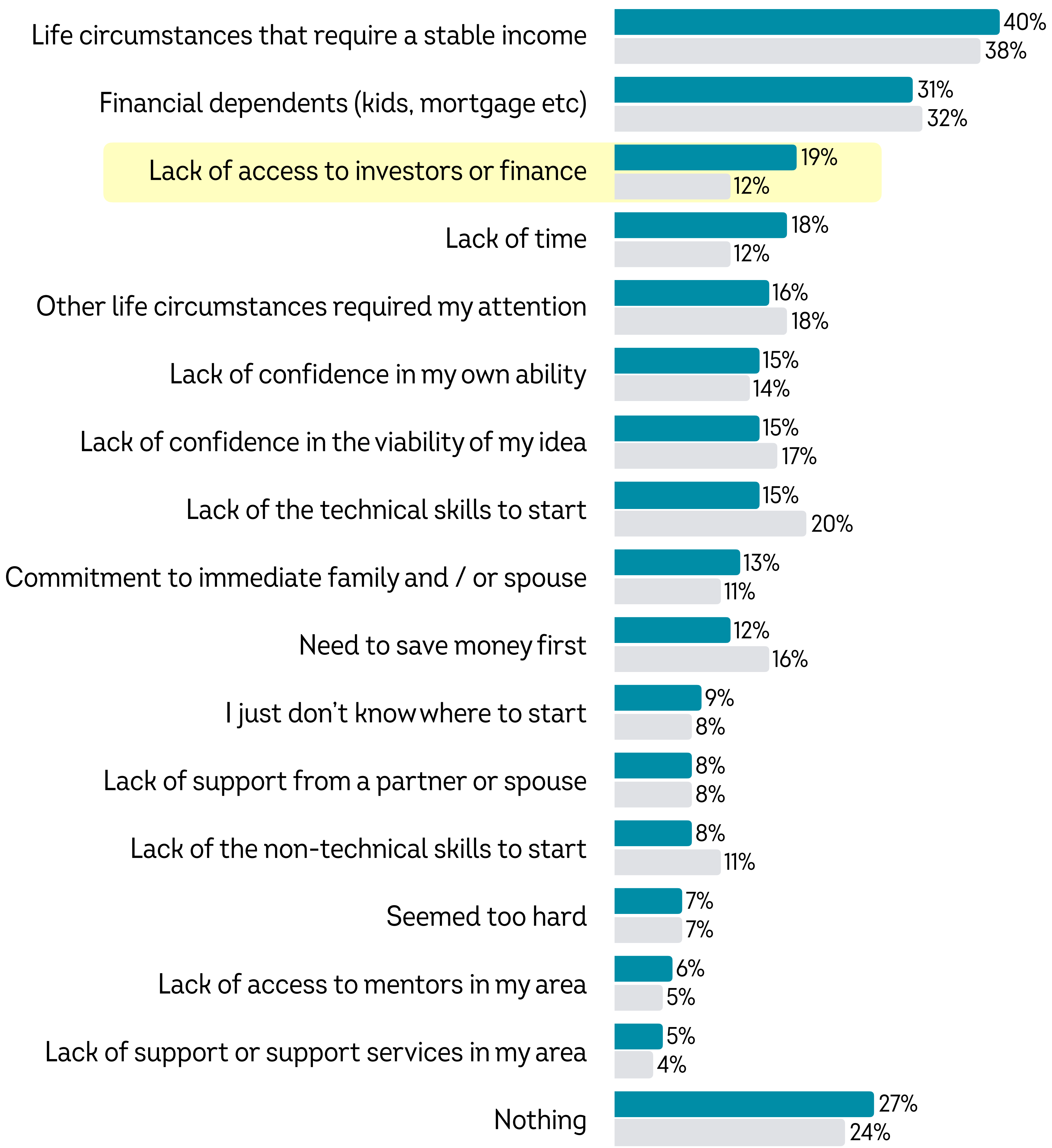
2023
2018
Highlight

The primary challenge faced by founders today

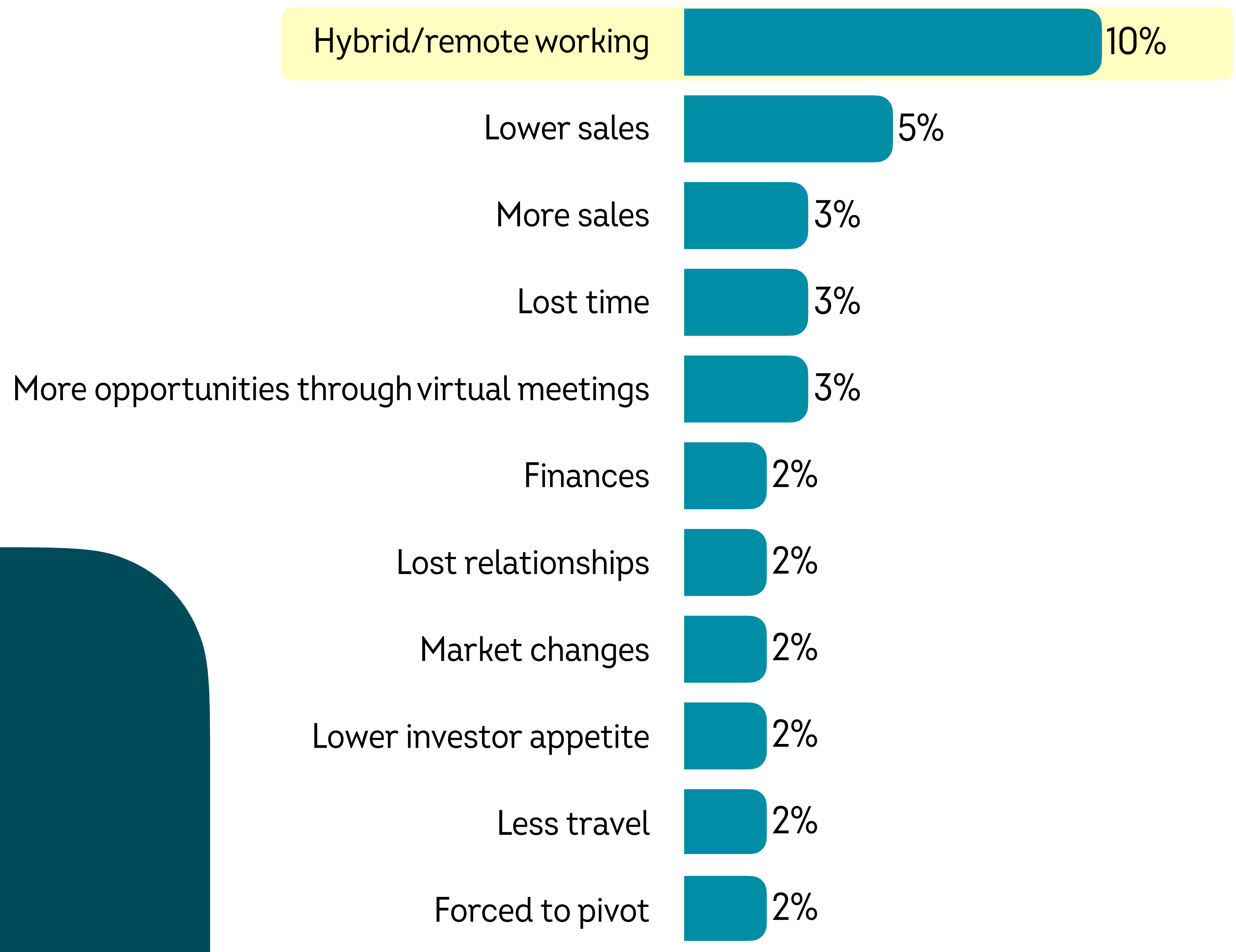


44% of startup founders said they had lasting impacts from Covid

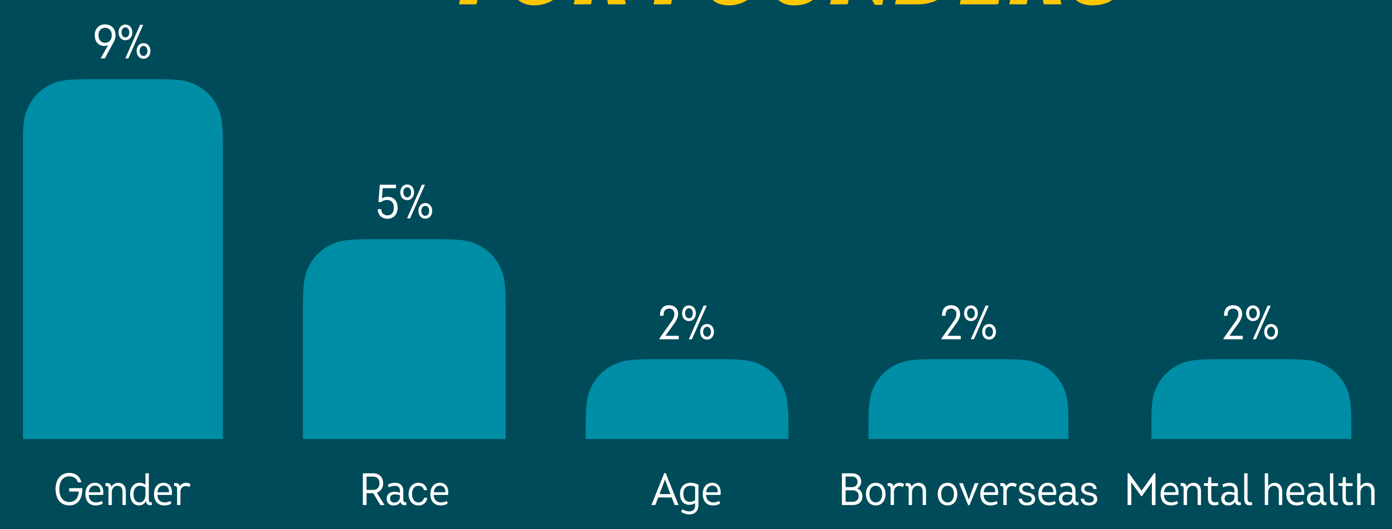
What hindered founders when starting



Lasting impacts of Covid



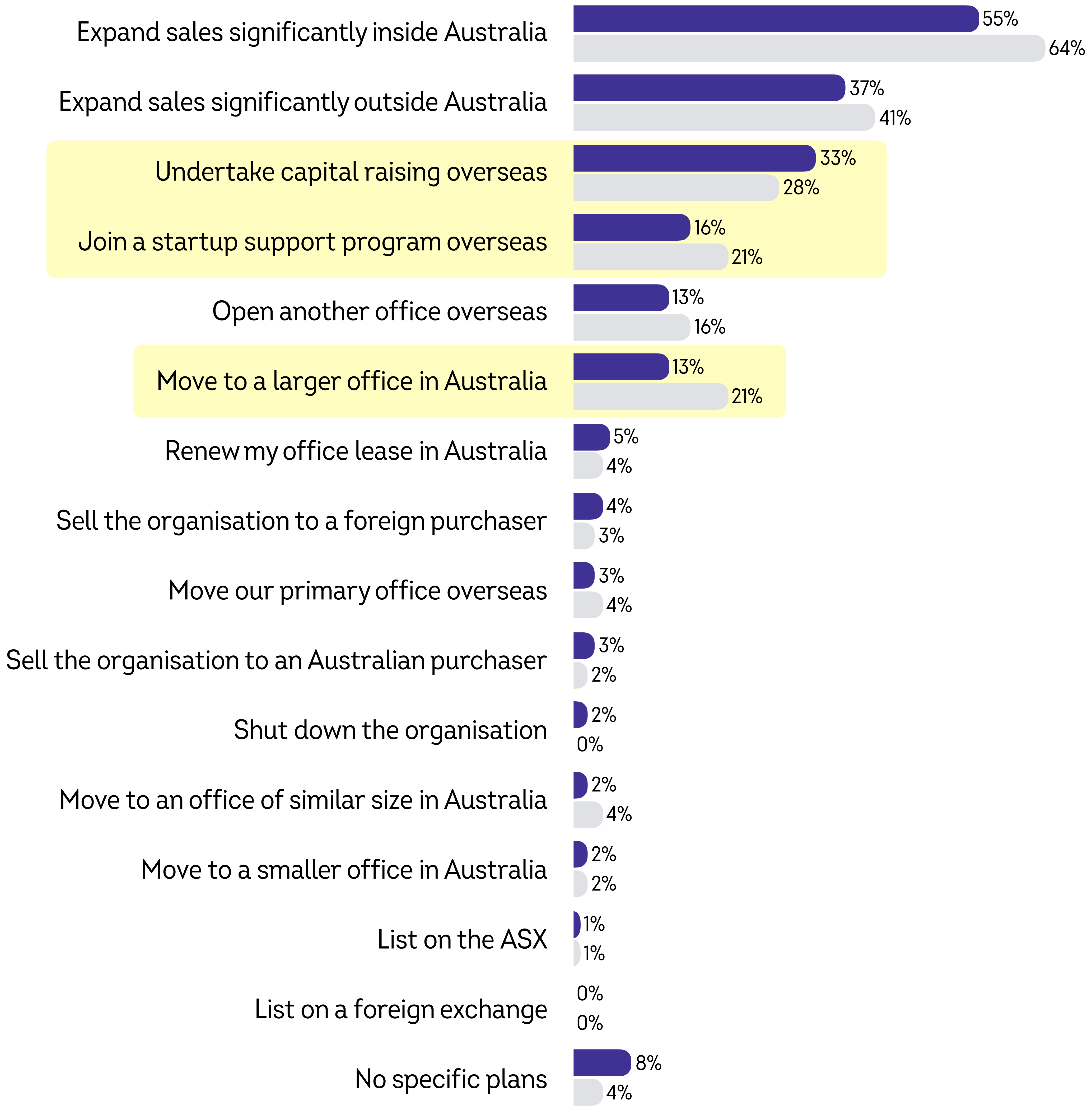
REPORTED PERSONAL CHALLENGES FOR FOUNDERS



2023
2018
Highlight

PLANS

NEXT 12 months

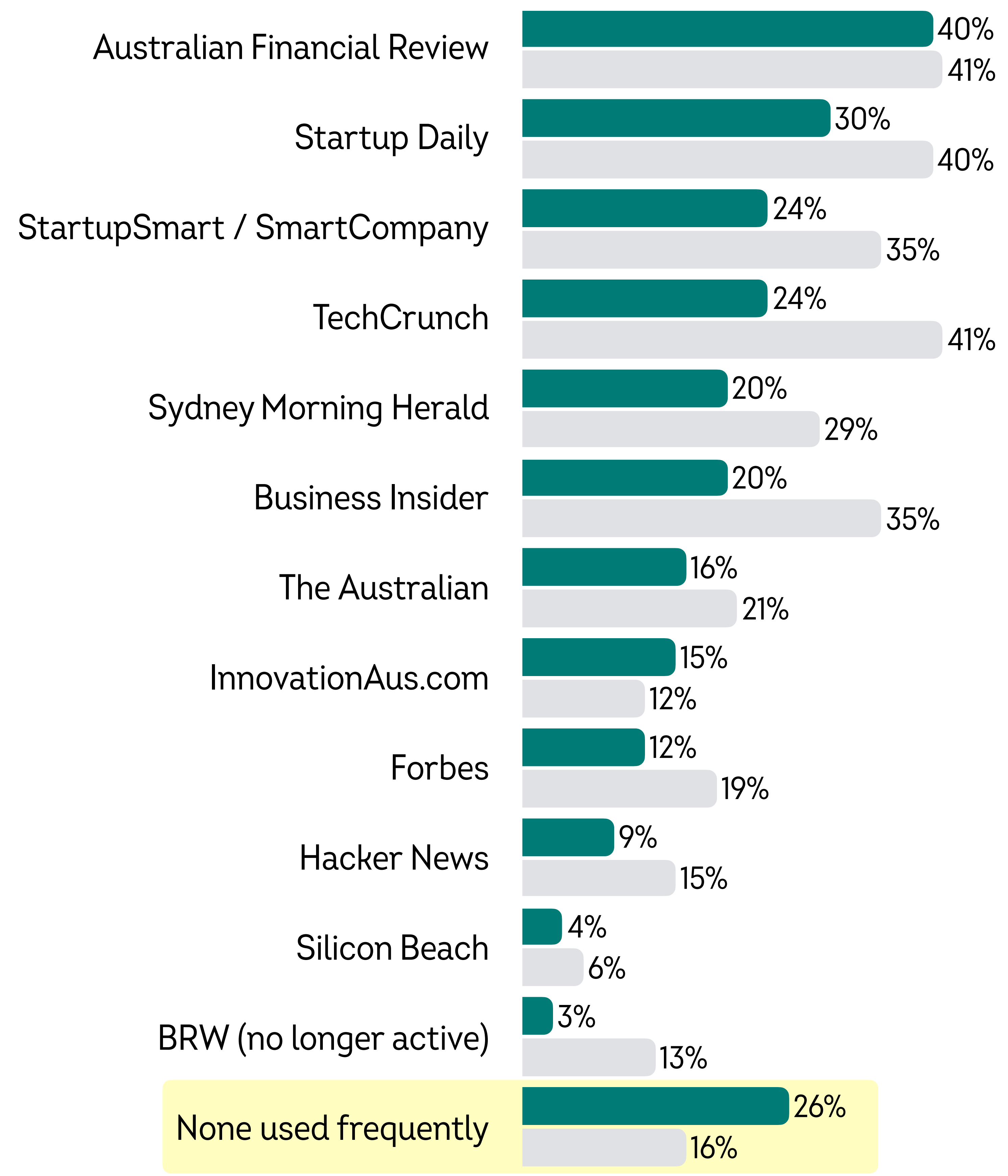


AFTER 12 months

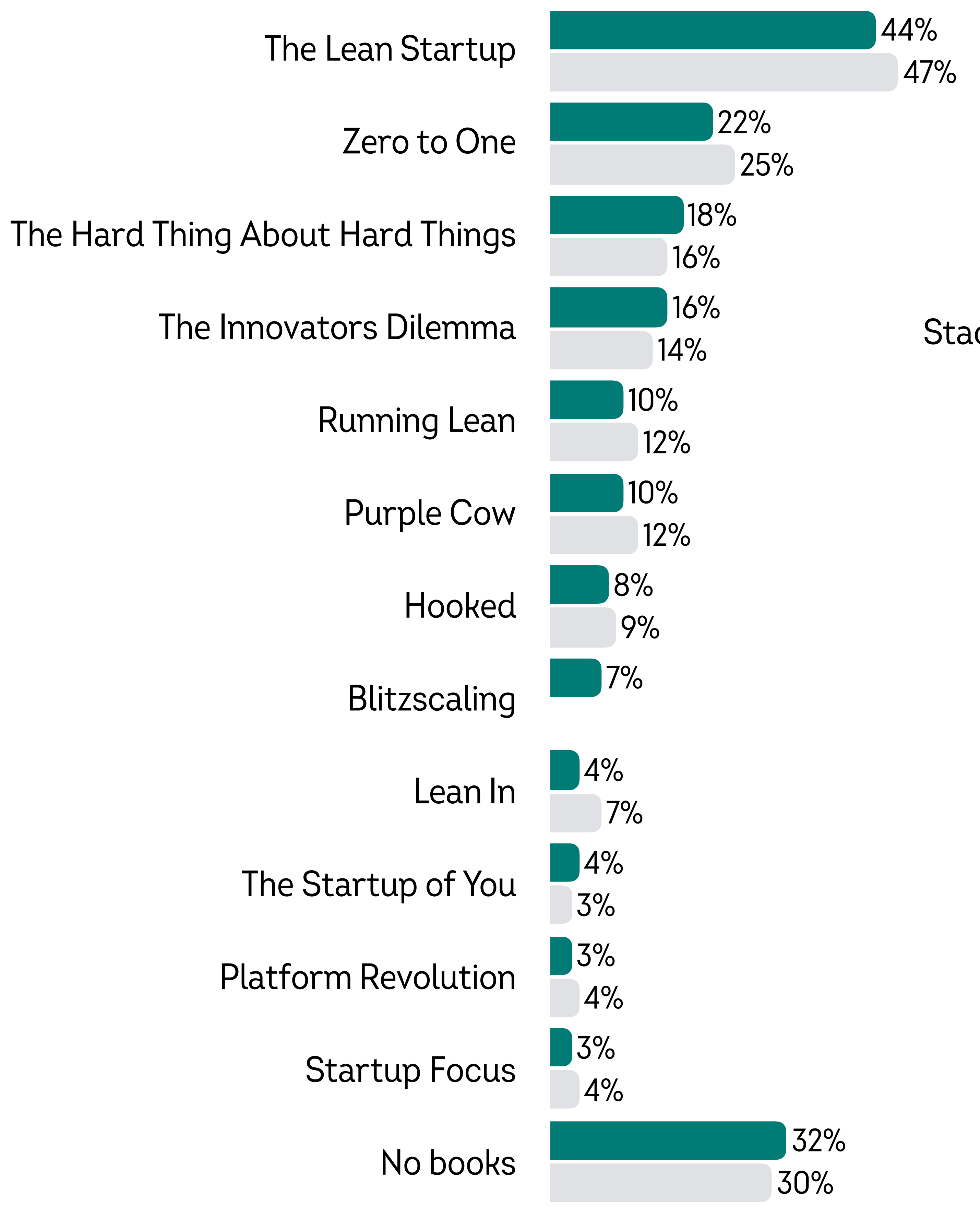
***INFO SOURCES** for founders*

2023
2018
Highlight

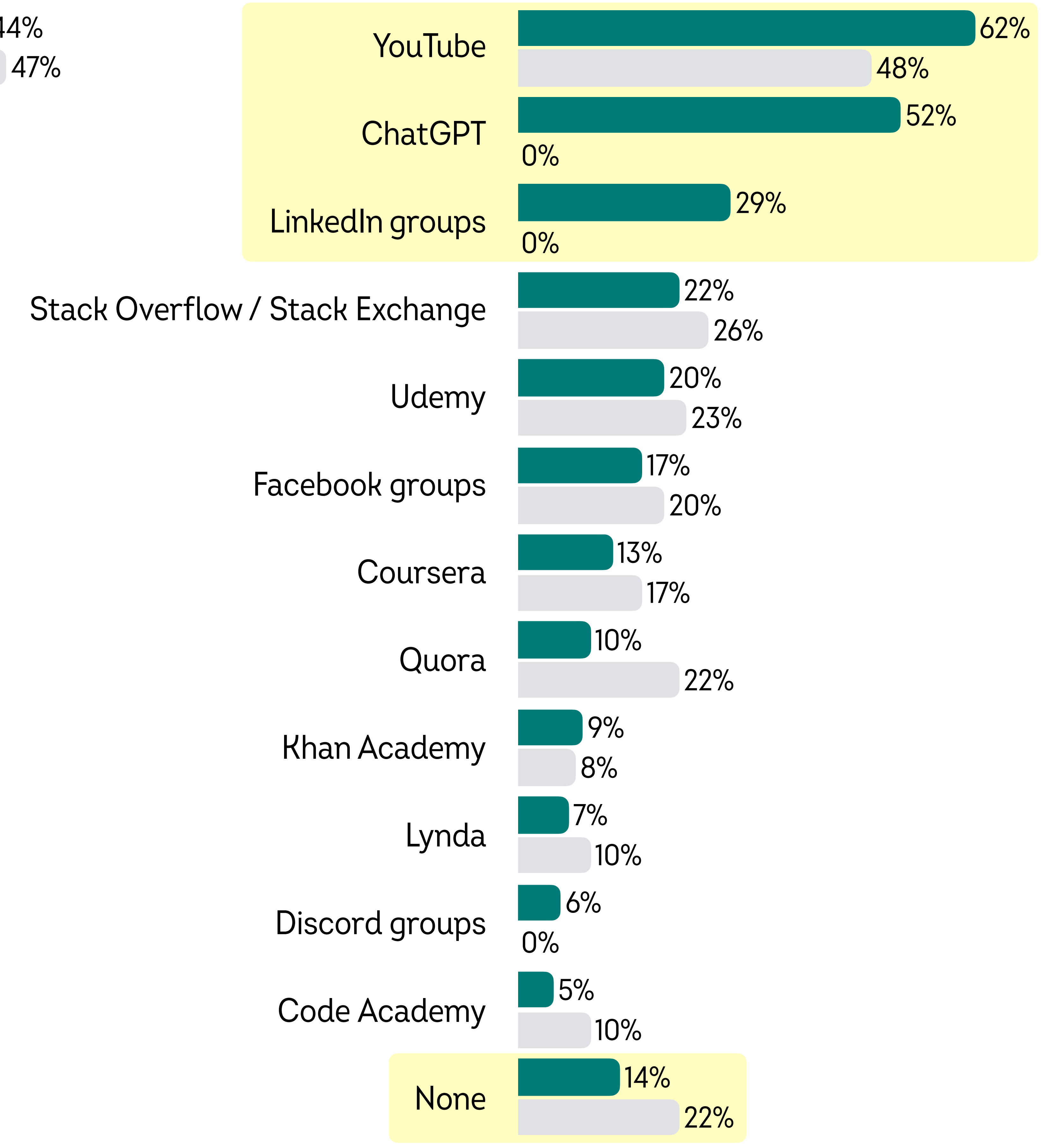
TOP NEWS SOURCES



TOP BOOKS

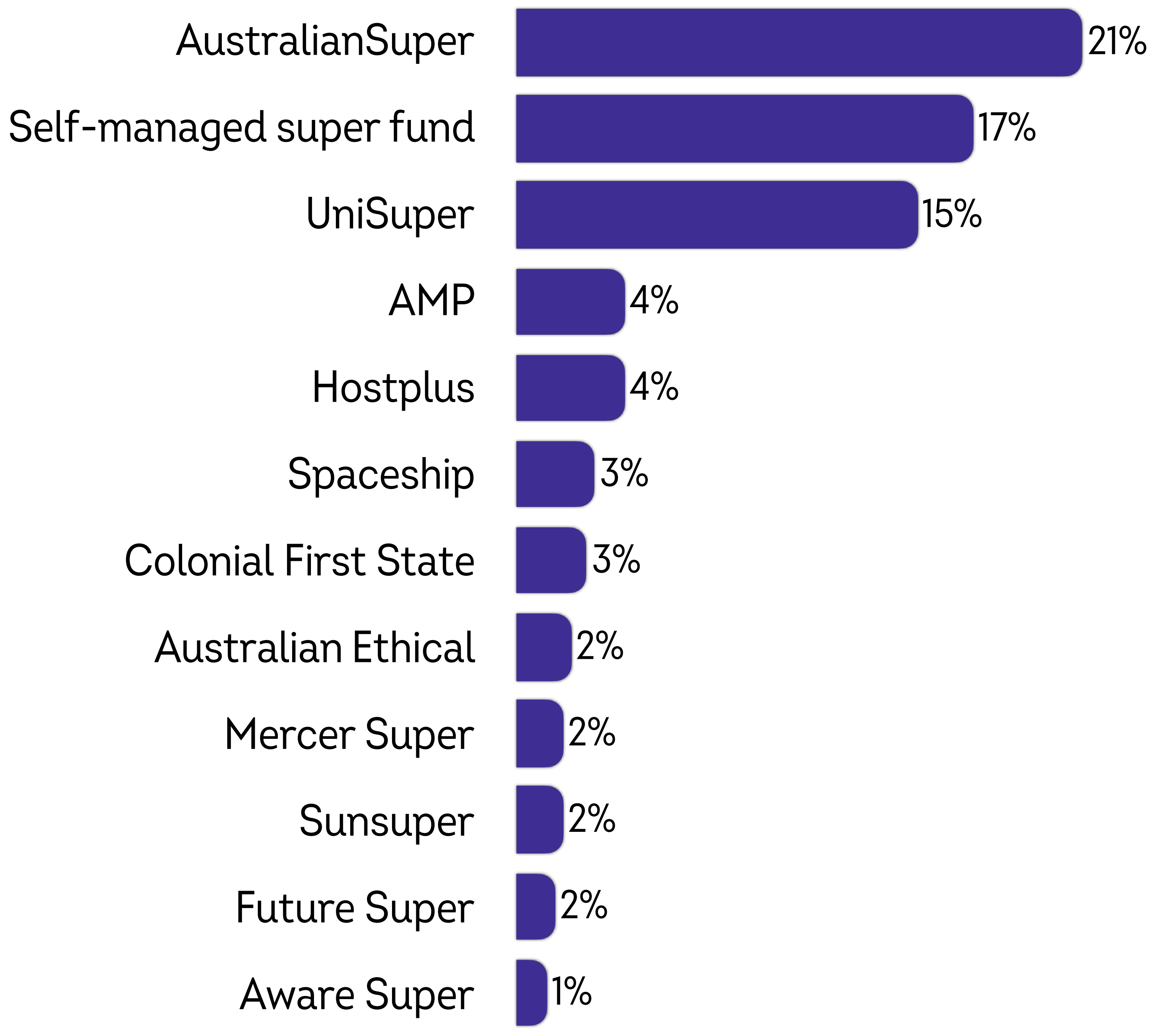


TOP ONLINE LEARNING

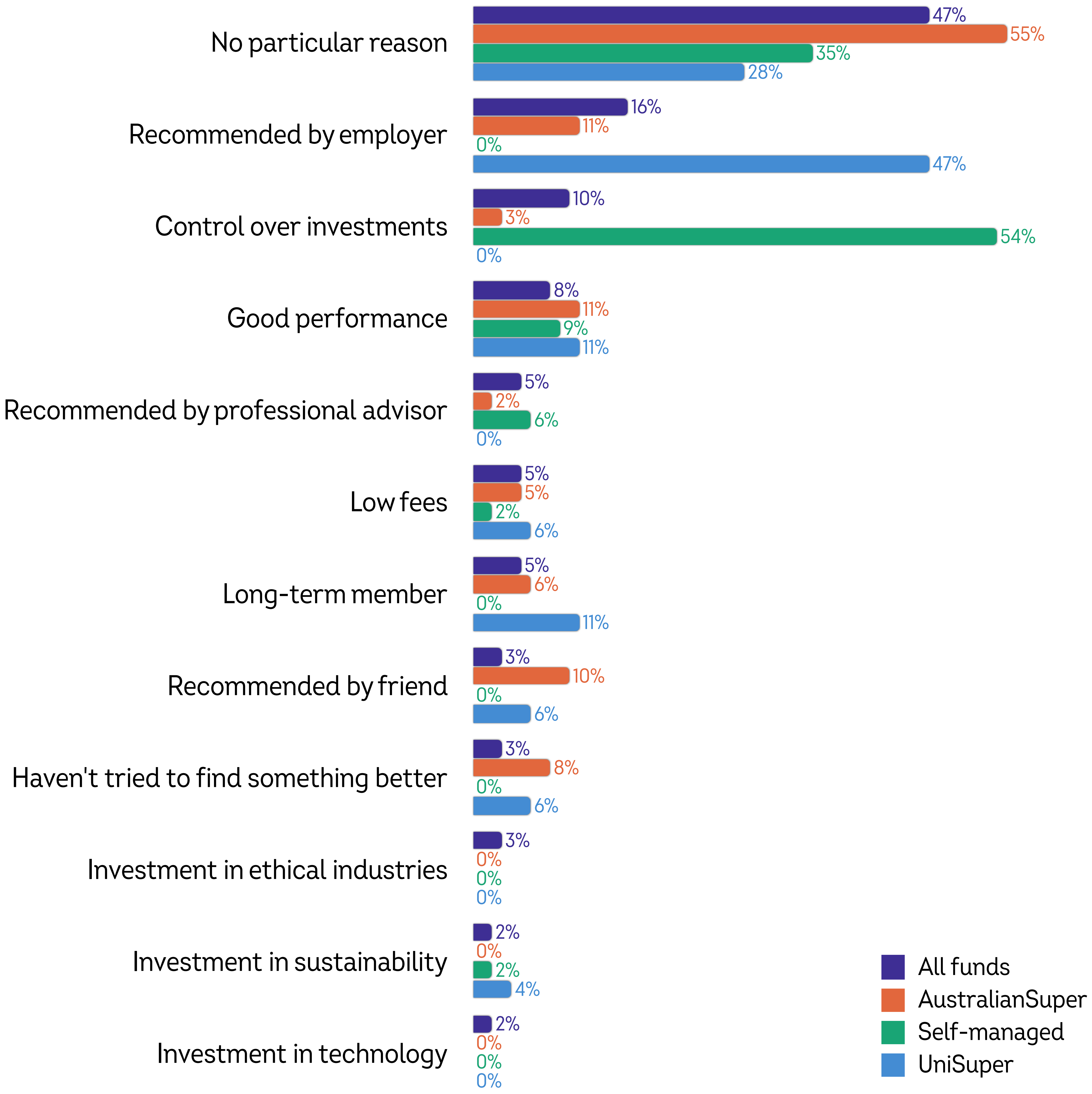


SUPER FUNDS *used by founders*

TOP SUPER FUNDS IN USE



REASONS FOR CHOOSING THIS FUND



Bespoke reports

Private boardroom briefings

Industry-specific surveys

Area-specific surveys

Survey technology

NEED MORE?

Startup Muster 2023 collected 283 data points on startups and supporters across Australia.

This report is just the start of our work to make sure all surprising and actionable insights are made available, to demonstrate and accelerate progress.

Please contact us to discuss further.

info@startupmuster.com