

# **Attachment A**

**Consultation Report on Business  
Innovation Space Theme and Priority Focus**

# Business Innovation Space, Circular Quay

## Consultation Report on BIS Theme and Priority Focus

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### Background

In October 2015, Lendlease submitted a proposal to the City of Sydney to amend the planning controls applying to land within the city block bound by Alfred, Pitt, Dalley and George Streets to facilitate a development proposal at 174-186 George Street and 33-35 Pitt Street, Sydney.

In conjunction with the planning proposal, Lendlease offered to enter into a Voluntary Planning Agreement (VPA) to secure public benefits including among others, a Business Innovation Space (BIS) consisting of 3,700sqm of nettable space across the first three floors of the proposed tower (aobed the Lobby) plus a monetary contribution of \$8,140,000 for the fit out of the Business Innovation Space.

### Objectives

The City aims to increase the density of the startup ecosystem and provide space for startups by creating a Business Innovation Space.

### Expected outcomes

- The Business Innovation Space will provide a focus for startup-related activities and a base for co-working spaces, tech startups, accelerators, incubators and investors.
- The community which works in the Business Innovation Space will be supported to connect, share ideas, mentor and partner with others through a curated program of events and projects, provided by the Business Innovation Space.

### Consultation

Advice was sought from 25 members of the local startup ecosystem to inform City of Sydney's decision making around three key factors:

- **Define the focus and theme of the space**
- **Define the stage in the lifecycle of startups this space will cater for**
- **Define the operational model for the space**

The consultation included **9** co-working, accelerators and incubators, **9** corporate/ industry/ government organisations, **5** startup founders, **1** VC firm and **1** university.

**Following are the findings from the consultation corresponding to the three questions posed above.**

## Interviewees

Following is the list of interviewees who participated in the BIS consultation. The individuals selected include a mix of stakeholders across accelerators, incubators, government, indigenous organisations, startups, venture capital firms and universities. They represent expertise across a variety of tech sectors and fields.

### Co-working/Incubators/Accelerators

1. **Alex Scandurra**  
CEO, Stone & Chalk
2. **Pandora Shelley**  
CEO, Fishburners
3. **Wesley Fabb**  
CEO, Berrins
4. **Yaron Rudman**  
COO, Tank Stream Labs
5. **Michael Batko**  
Head of Operations, Startmate
6. **Duco Van Breemen**  
General Manager, Haymarket HQ
7. **Tobi Skovron**  
CEO, Creative Cubes, Melbourne
8. **Brad Krauskopf**  
CEO, Hub Australia
9. **Emily Rich**  
Managing Director, Microsoft Accelerator

### Government/organisations

10. **Michelle Long**  
COO, Sydney Startup Hub
11. **Matthew Proft**  
Manager Client Engagement, Jobs for NSW
12. **Bede Moore**  
CEO, TechSydney
13. **Julie Demsey**  
ex-CEO Springboard Australia

14. **Eitan Bienstock**  
Founder, Everything IOT
15. **Delilah MacGillivray**  
National Centre for Indigenous Excellence
16. **Saskia Sharp**  
General Manager, Tranby
17. **Nicole Fitzgerald**  
Director, Workplace Strategy, CBRE
18. **Alex McCauley**  
CEO, StartupAus

### Startup Founders

19. **Rebekah Campbell**  
Founder, Zambesi (Edtech)
20. **Vincent Turner**  
Founder, Uno Home Loans (Fintech)
21. **Charbel Zeaiter**  
Co-Founder, Academy Xi (Edtech)
22. **Michael Biercuk**  
Founder, Q-Ctrl (Quantum Computing)
23. **Nick Todd**  
Head of Real Estate, Atlassian (B2B)

### Venture Capital Firms

24. **Jeremy Colless**  
Founder, Artesian VC Firm

### Universities

25. **Murray Hurps**  
Director UTS Entrepreneurship

**Notes on respondents:**  
8 female /17 male  
2 Indigenous organisations  
1 Melbourne-based hub

## Overview of Findings

The Business Innovation Space (BIS) will consist of 3,700sqm of nettable space across the first three levels of the Circular Quay Tower (a commercial office tower of up to 263m in height) a LendLease re-development at 182 George Street. The BIS will be ready in 2021.

This report focuses on findings from the consultation with 25 key members of our local tech ecosystem around the theme, purpose and operating model for the Business innovation Space.

The consultation uncovered **powerful, ambitious and truly aspirational theme** recommendations from the ecosystem; each with significant value not only to the startup ecosystem but also to Sydney's economy, community and identity as a **global innovative city**.

Most respondents agreed there should be a strong emphasis on the **premium** location and the potential for this space to have **global recognition**.

Many respondents highlighted City of Sydney's opportunity to deliver a Business Innovation Space with the potential to be:

- a space with a **state-of-the-art operational model** based on values of collaboration, sustainability, social responsibility and diversity
- a **future-focused hub** that cements Sydney as a global innovative city
- a **landing hub for international startups** - the first point of access for global startups entering our market
- a space that focuses on the **economic opportunities in Asia**

A well-thought through strategy to ensure effective engagement and connectivity between the BIS and the corporate tenants in the building was also identified as an important point of difference for this hub.



Following are the key findings of the consultation arranged in three sections:

**Section 1:** The stage in the lifecycle of startups this space should cater to

**Section 2:** Operational Model for BIS

**Section 3:** Theme & Focus for BIS

## Section 1: Stage in the lifecycle of startups this space should cater for

Most respondents agreed that the Business Innovation Space should focus on growth stage startups (4-20 employees) and even scale-ups (20-40 employees).

One of the key reasons identified to move away from supporting early stage startups is that the marketplace of co-working is growing fast. There is an increasing number of local, national and international co-working spaces currently opening and planning to open new locations in Sydney in the coming years. These co working spaces cater to individuals, startups and corporates looking to offer their teams new and flexible modes of working.

Another reason stated is the high turnover of early stage startups due to the failure rates at this early stage, which in most cases approaches 90%.

Most potential operators would like the hub to focus on startups beyond MVP stage (Minimum Viable Product) and with a team of 4+. These startups would have a higher probability to be long term tenants, create jobs and experience high growth. The hub would also need to be flexible in its spatial arrangements in order to accommodate these teams as they grow.

The accelerated value for job creation comes when startups grow into the scale up phase. This is when they acquire funding and need to grow their teams and capabilities to deliver global competitiveness.

Growth-stage startups and scaleups are marked by constant and fast change. These startups must lead and manage their businesses, hire talent, grow sales and customers, create a scalable business and culture, expand solutions, create a successful financial model, and more. Currently, they have relatively limited support within the ecosystem.

The Sydney Startup Hub offers affordable space for early stage startups until they reach a team of 20. When startups reach this point they must leave and find space somewhere else.

Growth and scaleup founders interviewed mentioned there is a general misconception around startups that reach the 20+ size. Even though startups at this stage usually have received substantial funding they are no

Atlassian, Amazon or Facebook yet, and actually still very far from it. It is at this stage that they need (more than ever) to concentrate all funding on human capital in order to speed growth into international markets.

An international landing pad in this space would attract international startups entering the Australian market at a similar stage of growth. It would also help strengthen the global connections for local startups entering into new markets.



Xinja (Fintech startup) 12 staff and growing

### Recommendation:

The Business Innovation Space should support growth-stage and scaleup stage startups. This will not only help our local startups compete globally but it will also help create new jobs and value for our local economy.

## Section 2: The Operational Model

All potential operators consulted are interested in becoming **the sole operator** for the full 3,700 sqm of nettable space at the Business Innovation Space.

The consultation identified 9 potential operators:

- Fishburners
- Tank Stream Labs
- Stone & Chalk
- Artesian (VC firm & industry partnership)
- Startmate
- Eitan Bienstock (IOT)
- Hub Australia
- Creative Cubes (Melbourne-based)
- The Studio

Most respondents agreed that City of Sydney should aim to attract a state-of-the-art, results-driven world-class, operator for this space and that the search for a potential operator should not be limited to Sydney.

Respondents who identified themselves as potential operators pointed out that the local ecosystem is expected to continue growing into 2021, which means that demand for co-working space will increase. All operators currently located at the Sydney Startup Hub confirmed they expect to be at 100% capacity by end of 2018.

A space like BIS will allow the City to provide the ecosystem with more than just affordable space; it will also provide a premium location in the CBD and proximity to potential customers (corporates) and funding (VC firms/corporate funds).

The considerable size of the space also means that the BIS could maximize the benefits that derive from density and good design for all tenants: increase in collaboration, sharing of ideas, mentoring and peer-learning and a strong sense of community.

### COS lease to a third party operator

City of Sydney would be able to lease the BIS to a third party operator either via a management agreement or under an accommodation grant.

The strengths and weaknesses of each leasing option are listed below:

### Option 1: Lease via a Management Agreement

Strengths:

- Procurement can include EOIs to obtain feedback from industry
- City receives rent and does not pay salaries
- City can specify operational criteria and require reporting on whether these criteria are being met

Weaknesses:

- Does not align with strategy to provide affordable rental spaces for tech startups
- Commercial operator may be difficult to secure

### Option 2: Lease via an Accommodation Grant

Strengths:

- Procurement can include EOIs to obtain feedback from industry (including not-for-profit, social enterprises and for-profit businesses)
- City receives rent and does not pay salaries
- City has flexibility in level of rent subsidy offered
- City has greatest control over operation through terms of lease agreement and annual KPI review

Weaknesses:

- Reduction in financial return to the City depending on level of subsidy proposed by applicants.

### Recommendation

Given a) the strong interest from potential operators to take on the whole space, b) the expected growth of the ecosystem and hence demand for space by 2021, c) City of Sydney's focus on providing affordable space for the ecosystem, and d) the perceived benefits of the full space dedicated to one theme/operator, City of Sydney should lease the space through an **accommodation grant to a sole tenant-operator**.

## Success Criteria

The success criteria for the Business Innovation Space will depend on the objectives across City of Sydney's strategic vision and Action Plans that this space will deliver against.

Following is an exploratory list of potential success measures to be considered that deliver against the key areas of focus under the Tech Startups Action Plan:

### Tech Startups Action Plan Success Measures

- 1. Increase density of ecosystem**
  - # sqm of affordable space
  - # co-working desks/office space
  - # startups in the space
  - % occupancy rate
- 2. Support entrepreneurial community & culture**
- 3. Increase skills & networks**
  - # events per week/month
  - # of experts/ speakers (national/ international)
  - # participants per event
  - # of accelerator/incubator programs/year
  - # of startups per program
  - % female/male occupants/ participants
  - % indigenous entrepreneurs
- 4. Increase access to markets**
- 5. Increase access to investment**
  - \$ capital investment in startups
  - # jobs created by startups
  - # international experts in events/programs
  - # of investment pitch events
  - # of international programs/year
- 6. Increase Sydney's reputation as an innovative city**
  - Sydney's ranking in Global Innovation Index
  - Sydney's Ranking in Startup Genome Global Startup Ecosystem Report

Other measures of success suggested by interviewees:

- % cultural/ethnic background entrepreneurs
- # social impact initiatives
- # wellness programs/activities
- % of employees with disabilities

## Section 3: Theme & Focus of the Business Innovation Space

The consultation uncovered 9 distinct recommendations around the theme and vision for the Business Innovation Space.

All 9 recommendations are described below (3.1 – 3.9).

### 3.1 Vertical Hub

**‘To grow and accelerate Sydney’s existing tech clusters.’**

A hub specifically catered to an established vertical sector in which Sydney is already globally competitive.

One of the recommended strategies for smaller ecosystems to increase their footprint in the global economy is to **focus on a vertical where they have existing strengths**. Only a few ecosystems can be the top performer in the world, but many smaller ecosystems have the potential to become a top cluster for specific sectors.

Sydney has globally recognised clusters in **Fintech** and **Mediatech**. By focusing on supporting and growing either of these established tech sectors, Sydney could increase its chances to become a top cluster globally for that sector into the future.

#### 3.1.1 FINTECH HUB

The number of Fintech start-ups in Australia has increased from less than 100 in 2014 to +600 today with 60% of all Fintech companies based in Sydney.

Australian Fintech investment has remained strong and Sydney has been the major recipient of Fintech related VC investment at \$US171 million between 2014 & 2016.

Key local ecosystem players include not-for profit Fintech hub Stone & Chalk, the privately run Tyro Fintech Hub and Fintech Australia (a Fintech industry association).

Payments, Regtech and Blockchain are seen by the industry as key areas where Australia has potential to lead the world and a Fintech Hub would have the opportunity to focus on these as well as on developing Sydney’ opportunity as a Fintech leader in Asia.

#### 3.1.2 MEDIATECH HUB

The MediaTech sector covers media, entertainment, communications, games, sound, design and creative industries. Sydney has a long history of competitiveness in this sector, with historic strengths in marketing, media, film and publishing and growing competitiveness in gaming, VR, AR and IOT.

These types of businesses don't grow everywhere, they are usually attracted to access to talent and skilled labour. Sydney has a critical mass that helps attract startups in the creative industries.

2018 saw the launch of The Studio, an independent not-for-profit organisation, focused on supporting Australian media-tech and creative tech startups and is already home to more than 20 startups at different stages.

A MediaTech Hub would provide even further support for Sydney to compete globally in this sector into the future.



MediaTech

**A Vertical Hub that focuses on strengthening already existing and globally competitive clusters in Sydney.**

### 3.2 CleanTech Hub

#### ‘To accelerate Sydney’s opportunity to export clean technology.’

A Hub that takes advantage of the growth of the energy industry in Australia and develops connections to international markets for Sydney to export this technology.

The energy industry is changing rapidly providing a huge opportunity for research, new technologies, businesses and jobs in renewable, clean and advanced technology.

The International Renewable Energy Agency estimates jobs in the Cleantech sector could reach 24 million globally by 2030, up from 8.1 million currently.

According to VC Fund Artesian, CleanTech has the potential to become a key technology sector for Sydney’s export economy, specifically Asia. They are confident investment in Cleantech will grow exponentially in the next few years.

A hub focused on Cleantech and Renewable Energy would help provide density for startups in this sector, accelerate the overall growth of the sector in Sydney and place Sydney as a global innovator in this field.

The Hub would house both local and international startups (through a landing pad), for-profit and social enterprise startups and focus on the growing export opportunities into new markets.

A Cleantech Hub would also be able to work with City of Sydney towards achieving our green targets:

- 50% of electricity to be renewable by 2030
- 70% reduction of greenhouse gas emissions by 2030 and
- net zero emissions by 2050.

#### What is CleanTech?

Clean technology refers to any process, product, or service that reduces negative environmental impacts through significant energy efficiency improvements, sustainable use of resources, or environmental protection activities.

Clean technology includes a broad range of technology related to recycling, renewable energy (wind power, solar power, biomass, hydropower, biofuels), information technology, green transport, electric motors, green chemistry, lighting, and more.



CleanTech

#### CASE STUDY: CLEANTECH PARK

Clean Tech Park is Singapore's first eco-business park. It aims to gather companies and institutions engaged in green research and development under one roof. R&D and test-bedding site for early adoption of green technology and solutions. Under development in three phases with a proposed completion year of 2030.

[https://en.wikipedia.org/wiki/CleanTech\\_Park](https://en.wikipedia.org/wiki/CleanTech_Park)

**A hub that focuses on accelerating the growth of the Cleantech sector and connects startups to exporting opportunities in other markets, especially Asia.**

### 3.3 AI Hub

## 'To accelerate Sydney's established global competitive advantage across all industries'

A hub that focuses on artificial intelligence - a horizontal technology that cuts across all industries.

The AI Hub would provide co-working space and programming for startups utilising AI as their main technology. This would allow for startups from all sectors to learn from each other's application of the technology and accelerate growth across industries.

Artificial intelligence, big data and machine learning are sweeping across all industry sectors.

AI-driven technologies are predicted to be the next disruption to the enterprise software. Currently, the penetration of AI has hit almost every industry sector.

#### What is artificial intelligence?

Artificial intelligence (AI) is an umbrella term for "smart" technologies that are aware of and can learn from their environments, enabling them to subsequently take autonomous action. Robotic process automation, machine learning, natural language processing, and neural networks all incorporate AI into their operations.

There are many estimates concerning the size of the artificial intelligence market. According to Bank of America Merrill Lynch, the global AI solutions market will grow to USD 70 billion by 2020 from USD 8.2 billion in 2013.

Growing availability to low-cost quality AI technologies will likely see many new start-ups entering the AI field, a trend that would further support the idea of creating a Hub dedicated to AI-related startups across all sectors.



#### Microsoft's AI factory program at Station F

*New Lab is a home for advanced technology, growth-stage startups in robotics, artificial intelligence, connected devices, nano technology, med tech, and indoor agriculture. New Lab creates public-private partnerships to bring together innovators and cities in meaningful ways. Our inaugural New Lab City programs are taking place in New York, Copenhagen, and Barcelona. <https://newlab.com/>*

A hub that focuses on **artificial intelligence** - a horizontal technology that will accelerate growth and global competitiveness across all industries.

### 3.4 World-Class Accelerator

## ‘To create the world’s best English-speaking accelerator to launch in Asia’

A purpose-based hub offering an ambitious, high-value proposition that is globally-focused and output-driven.

This hub, which could be an Australian/Asian partnership, would offer all the infrastructure, expertise, connections and strategic advice to help startups to launch and grow at super speed in Asia.

One of Sydney’s key advantages is its proximity and connection to Asia. Even though there are other strong players already offering similar services, they are not English-speaking (Hong Kong, Singapore, etc).

Asia’s resurgence and urbanisation are fuelling a growing demand for energy and resources, and an unstoppable quest by Asia’s new middle class for better lifestyles and services.

Asian-born migrants now make up a third of Australia’s overseas-born population. Over the past two decades, Australian education has been transformed by globally nomadic students – mainly from Asia – seeking education opportunities abroad. Australia now educates almost half a million international students, and almost 10 per cent of all Chinese students abroad.

Success for startups entering Asian countries is strongly linked to having an established and strong network in the country as well as learning from other companies that have already expanded into the region.

The Hub would aim to be the most coveted, English-speaking accelerator in the world for startups wanting to enter the Asian market (clean energy, edtech, healthtech, AI, agtech, etc).



#### CASE STUDY: HAX

A Hub for hardware startups

HAX is the world’s first and most prolific accelerator for hardware startups. HAX is unique in that it helps startups build, launch and ship products globally at super speed. Based in both Shenzhen and San Francisco, startups that are admitted to the program will spend four to eight months in Shenzhen co-developing technology, followed by two to three months in San Francisco, for business development, fundraising, and growth.

Startups from all over the world that participate in HAX receive dedicated resources to address the unique challenges faced by hardware startup founders.

More info: <https://hax.co/>

**A hub that attracts startups from all over the world, defines Sydney as a global city and cements our proximity to and knowledge of Asia as a global competitive advantage.**

### 3.5 The Future Hub

#### ‘To support future-focused, deep-tech startups’

The Future Hub would serve deep technology entrepreneurs who are defining the future of cities the world and human experience.

Deep Tech is technology based on tangible engineering innovation or scientific advances and discoveries. Deep Tech is having profound impact on sectors including autonomous systems, AI, robotics, smart cities, medical devices, clean tech, energy efficiency and many more developing or emerging application areas.

Future-focused startups and entrepreneurs are working on emerging and new technologies that might need 10-30 years of development before they are ready for commercialisation, exponentially increasing their risk of failure.

These are the researchers, scientists, engineers and entrepreneurs working on scientific and technological breakthroughs that, if fostered, could make Sydney a globally competitive city into 2050.

By attracting those working on future technologies across fields, the focus of this hub will be on Sydney becoming a leader in innovation and commercialisation of research, something Sydney is already falling behind in. It would also allow for greater sharing of insights and breakthroughs across disciplines – entrepreneurs working in space tech, genetics, synthetic biology, med tech, quantum, neuroscience, AI, robotics – all sharing space and learning from each other.

The hub would empower deep-tech entrepreneurs and transfer their science & technology from the lab to the market. Deep-tech innovation knows no borders, it’s happening in every corner of the world, and it just needs to be discovered.

Deep tech innovations are built around unique, differentiated, often protected or hard to reproduce, technological or scientific advances.

Sydney is home to some of the best universities and research labs in the world, but there are currently very few incentives for entrepreneurs to commercialise in the field of deep tech.

The hub would be an enabler for universities and industry to tap into Sydney’s huge potential to become globally competitive by growing and accelerating our commercialisation of research.

#### Silicon Valley royalty backs Aussie quantum



Sydney start-up Q-Ctrl has global ambitions for its software, designed to help make quantum computers a possibility. Now the world’s biggest investors are paying attention.

**A future-focused hub that supports and grows our commercialisation of research and propels Sydney to the global stage as a city of innovation.**

#### DID YOU KNOW?

Sydney has one of the most impressive concentrations of quantum researchers in the world. Investment bank Goldman Sachs says quantum computing could be a \$US29 billion industry by 2021. Global tech companies, including Google and IBM, are investing heavily in quantum computing.

Q-Ctrl Pty Ltd, the first spin-off company from the University of Sydney’s Quantum Science Group, has recently received funding from Sequoia Capital and IBM.

<https://www.afr.com/technology/sequoia-capital-backs-australian-quantum-computing-startup-qctrl-20180706-h12cu8>

#### CASE STUDY: NEWLAB (NYC)

A home for growth-stage startups in robotics, AI, connected devices, nanotechnology, med tech, and indoor agriculture.  
<https://newlab.com/>

### 3.6 The R&D Hub

#### ‘To support startups that spur from corporate R&D’

An innovation lab to solve corporate-led problems. Sydney needs to attract more corporate R&D if it wants to be a creator of technology. The BIS would act as an Innovation Challenge Lab where corporates from Australia and all over the world pose scalable challenges. Startups would be invited to solve the challenges. The startups that succeed in these challenges would become part of the hub. The hub operator would provide programming to accelerate their growth and connect them to potential corporate customers all over the world.

The purpose of the hub would be two-fold:

- 1) To de-risk the success of startups. Each startup at the hub would be based on real challenges with an existing market of potential customers.
- 2) To attract and encourage more R&D spend in Sydney which will increase jobs, increase talent and make Sydney a creator of innovation (as opposed to a consumer of innovation)

The R&D Hub would help Sydney create an attractive environment for international R&D centres.

Innovation in classic industries such as pharmaceuticals, and medical devices companies often depends on scientific breakthroughs, scientific expertise, long timelines, and considerable investment in laboratory and specific equipment. But for other more unconventional industries – electronics, software, robotics – innovation is far less linear and sequential. For these industries, much of the innovation comes from creating better process methods and new ways of applying technology rather than creating scientific breakthroughs.

Moreover, there would be an opportunity to service small and medium sized firms as well given that they usually don't have R&D departments. The R&D Hub could provide R&D opportunities across all business sizes to accelerate innovation while also creating new startups with low risk of failure and proven scale opportunities.

#### CASE STUDY: TEL AVIV

From 35 R&D centres in 2012, Tel Aviv is now home to 73 R&D international centres which provide over 6,200 jobs, introduce new capital and knowledge to the City's tech ecosystem and, further elevate the City's global standing.

Visa, MasterCard, Google, Facebook, Amazon, Coca Cola, Microsoft, AOL, Telekom, Citibank, Intel, Yahoo, Barclays, IBM, Apple, Mercedes Benz and more. Tel Aviv's Global Economic Development unit, Tel Aviv Global, focuses on attracting big names to the city. A new municipal policy offers city-tax breaks and a "red carpet" package – assisting entrepreneurs in all aspects of setting up international activity in the city.



Mercedes Benz R&D centre, Tel Aviv

**An R&D focused hub that supports startups to solve corporate-led challenges and creates an attractive environment for more international R&D centres in Sydney.**

### 3.7 Entrepreneurship Hub

#### ‘To support the next generation of entrepreneurs and the future of work’

With the rise of automation and AI, thousands of jobs will be lost. It is estimated that up to a full third of the workforce in the next ten years will not be in traditional full-time jobs.

This means individuals will need to create their own jobs, requiring entrepreneurial skills and aptitudes.

These changes to the workforce will give rise to a whole new sector of ‘solopreneurs’. There will be a high demand from this new sector of the workforce for entrepreneurial skills, office space, meeting rooms, a place to network, and keep learning.

The Hub would support for-profit, social enterprises and not-for-profit entrepreneurs. It would also have a strong focus on supporting female, indigenous and immigrant founders.

As more people choose entrepreneurship as a career, there will be an even bigger demand for a safe, welcoming and affordable space. A hub focused on entrepreneurs would help increase the number of startups at the bottom of the funnel, necessary for a healthy and globally competitive startup ecosystem.

Entrepreneurial skills are likely to be increasingly important for small business owners and employees within large organisations as well. With small business considered to be a key driver of the economy, the growth of the small business environment is of great importance to Sydney’s economy.

The Hub would support a new breed of workers, entrepreneurs and small businesses innovators navigate a changing and increasingly technological world.

The Entrepreneurship Hub would provide co-working space, run programming and allow visitors the use of specialised tools/spaces such as:

- Boardrooms and meeting rooms for hire
- Visualization room: to learn how to visualise data
- Drones Lab: flying drones behind a net area
- Dry Lab: basic hardware tools and facilities

- VR & AR dedicated rooms

This Hub would also have the opportunity to be the venue of choice for ‘Demo Days’ across all incubator and accelerator programs in Sydney – a true showcase of Sydney’s entrepreneurial community.



**A hub that enables and supports the next generation of entrepreneurs and the future of work.**

### 3.8 B2B Scale-up Hub

**‘To support B2B scaleups as they grow into global tech companies’**

A hub that provides B2B scaleups with expert programming, strategy and service providers for HR, finance, sales, marketing, executive coaching, investment banking, and growth.

The idea of a B2B scaleup Hub is strongly linked to its prime location in the CBD. The proximity to thousands of corporates is a strong reason why the BIS should focus on B2B startups. The BIS would accelerate their growth by connecting them to potential clients faster. This would be the Hub that corporates visit to discover new products and services that would help their own businesses grow.

All over the world, VC funding is increasingly going towards B2B companies rather than B2C companies.

The B2B Scaleup Hub would deliver programming and bring the right knowledge, resources, and support to help scaleups grow and ultimately create value for the local economy.

Scaleups create jobs, expand internationally and create economic value for both stakeholders and local economies.

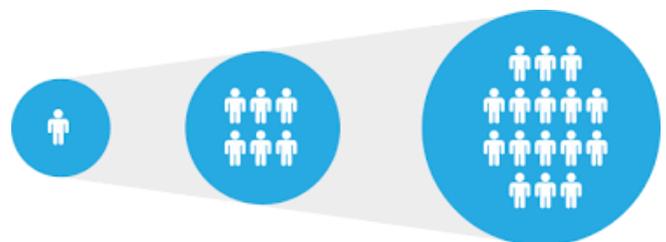
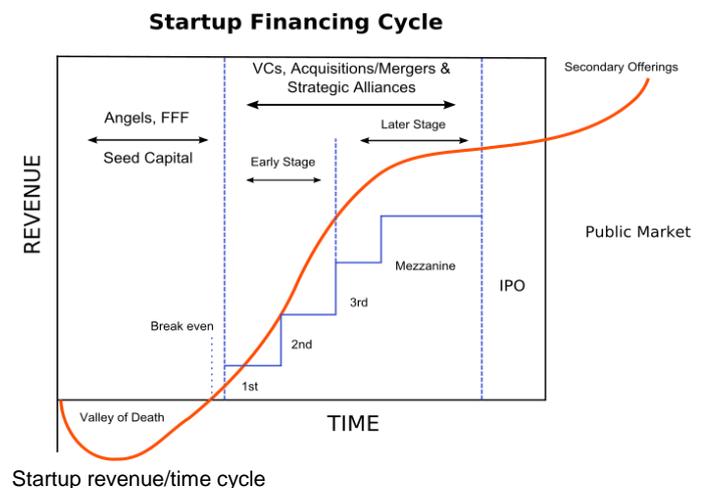
This hub would provide an opportunity to support B2B scaleups at a critical point at which they are becoming globally competitive.

The Sydney Startup Hub caters to early stage startups and growth startups until they reach a team size of 20 employees, at which time they are considered scaleups. These scaleups then need to find their own premises, which usually means moving out of the CBD due to the very high office rental rates.

Both accelerators and scaleup founders agree that, even though startups at these stage are perceived by the ecosystem as ‘successful’, the challenges at the scaleup stage are huge. There is a need to attract the best of the best; that is, to bring in local or international talent who can help drive the startup into the global stage. This means finding C-suite staff that has grown global companies before.

Affordable space within the CBD and proximity to potential customers are crucial for the success of those B2B scaleups that have the most potential to become the next Atlassian.

The B2B Scaleup Hub would support growing businesses with the potential to become global companies that create jobs and economic value for Sydney.



**A hub that accelerates the growth of B2B scaleups as they grow into globally competitive companies, create jobs and value for our local economy.**

### 3.9 Social Impact Hub

**‘To support startups solving social and environmental problems.’**

A hub that provides affordable space for social enterprise startups creating solutions for social and environmental problems. A hub to help social enterprises design, develop, launch, fund and grow their businesses.

Diversity, inclusivity and wellness would be the founding values of the hub. The space would promote initiatives like, for example, establishing an Indigenous hub as part of their operation, promote a 50/50 gender ratio as well as have clear goals around cultural and ethnic representation.

Circular Quay not only has great connectivity with the rest of Sydney and beyond, but also a rich history both as a place that was integral to the everyday lives of the Eora people as well as a place with a strong identity as a port of call for foreign trade. Moreover, Sydney has always been a city with a high proportion of immigrants; today, more than 50% of Sydney’s population was born overseas. A Social Impact Hub with a focus on inclusive and diverse entrepreneurs solving social and environmental problems would have a strong alignment to the historic identity of the BIS iconic location.

The operator of the BIS could also run specific social impact initiatives for the Sydney community as part of their programming (a program that goes beyond the BIS tenants and engages the wider Sydney community).

Why focus on social enterprise?

Social entrepreneurship has the power not only to provide a solution to a social or environmental problem, but to continue to do so by creating sustainable business models (irrespective of grant funding).

As the economic divide widens with the growth of a global tech economy, cities will need to ensure that the most vulnerable sectors of the population are not left behind.

Social enterprises find solutions to problems via sustainable business models driven by purpose and profit.

#### CASE STUDY: IMPACT HUB

A global network with more than 15,000 members and 90 locations (no locations in Australia). Each location offers co-working space, programming and events – a mix of innovation lab, startup incubators and community centre to help grow impact. The Social Impact Hub uses the Global Sustainable Development Goals (SDGs) as a lens through which to view their impact in the world. They support social enterprises tackling SDGs via entrepreneurial and innovative solutions. <https://impacthub.net/>



Impact Hub Birmingham, England

**A hub that focuses on social entrepreneurs creating innovative solutions for social and environmental problems via purpose-driven, sustainable business models.**

**Strategic Alignment**

Snapshot of the potential strategic alignment of the proposed BIS themes across City of Sydney's action plans and strategic vision, based on the objectives the BIS themes could deliver against:

**3.1 A Vertical Sector Hub 9**

A hub that focuses on an established or growing vertical sector (Fintech, MediaTech) to secure Sydney's competitiveness into the future.

|                                   |       |
|-----------------------------------|-------|
| Tech Startup Action Plan          | ● ● ● |
| Economic Development Strategy     | ● ● ● |
| Eora Journey Action Plan          | ● ● ● |
| Social Sustainability Action Plan | ● ● ● |
| Cultural Policy                   | ● ● ● |
| Environmental Action Plan         | ● ● ● |

**3.2 A CleanTech Hub 11**

A hub that focuses on CleanTech, a growing industry with a global export market opportunity, especially Asia.

|                                   |       |
|-----------------------------------|-------|
| Tech Startup Action Plan          | ● ● ● |
| Economic Development Strategy     | ● ● ● |
| Eora Journey Action Plan          | ● ● ● |
| Social Sustainability Action Plan | ● ● ● |
| Cultural Policy                   | ● ● ● |
| Environmental Action Plan         | ● ● ● |

**3.3 The AI Hub 10**

A hub that focuses on artificial intelligence, a horizontal technology that will accelerate growth & global competitiveness across all industries.

|                                   |       |
|-----------------------------------|-------|
| Tech Startup Action Plan          | ● ● ● |
| Economic Development Strategy     | ● ● ● |
| Eora Journey Action Plan          | ● ● ● |
| Social Sustainability Action Plan | ● ● ● |
| Cultural Policy                   | ● ● ● |
| Environmental Action Plan         | ● ● ● |

**3.4 Asia-focused Accelerator 11**

A world-class accelerator for startups from all over the world to launch in Asia, cementing our proximity to Asia as a key competitive advantage for Sydney.

|                                   |       |
|-----------------------------------|-------|
| Tech Startup Action Plan          | ● ● ● |
| Economic Development Strategy     | ● ● ● |
| Eora Journey Action Plan          | ● ● ● |
| Social Sustainability Action Plan | ● ● ● |
| Cultural Policy                   | ● ● ● |
| Environmental Action Plan         | ● ● ● |

**3.5 The Future Hub 12**

A future-focused hub that supports and grows commercialisation of research and propels Sydney to the global stage as a city of innovation.

|                                   |       |
|-----------------------------------|-------|
| Tech Startup Action Plan          | ● ● ● |
| Economic Development Strategy     | ● ● ● |
| Eora Journey Action Plan          | ● ● ● |
| Social Sustainability Action Plan | ● ● ● |
| Cultural Policy                   | ● ● ● |
| Environmental Action Plan         | ● ● ● |

**3.6 The R&D Hub 10**

An R&D focused hub that supports startups that solve corporate-led challenges and attracts more global R&D centres to Sydney.

|                                   |       |
|-----------------------------------|-------|
| Tech Startup Action Plan          | ● ● ● |
| Economic Development Strategy     | ● ● ● |
| Eora Journey Action Plan          | ● ● ● |
| Social Sustainability Action Plan | ● ● ● |
| Cultural Policy                   | ● ● ● |
| Environmental Action Plan         | ● ● ● |

**3.7 The Entrepreneurship Hub 8**

A hub that enables and supports the next generation of entrepreneurs and the changing landscape of the future of work.

|                                   |       |
|-----------------------------------|-------|
| Tech Startup Action Plan          | ● ● ● |
| Economic Development Strategy     | ● ● ● |
| Eora Journey Action Plan          | ● ● ● |
| Social Sustainability Action Plan | ● ● ● |
| Cultural Policy                   | ● ● ● |
| Environmental Action Plan         | ● ● ● |

**3.8 A B2B Scaleup Hub 10**

A hub that accelerates B2B scaleups as they grow into globally competitive companies, create jobs and value for our local economy.

|                                   |       |
|-----------------------------------|-------|
| Tech Startup Action Plan          | ● ● ● |
| Economic Development Strategy     | ● ● ● |
| Eora Journey Action Plan          | ● ● ● |
| Social Sustainability Action Plan | ● ● ● |
| Cultural Policy                   | ● ● ● |
| Environmental Action Plan         | ● ● ● |

**3.9 Social Impact Hub 11**

A hub that focuses on social enterprises creating innovative tech solutions for social and environmental problems via inclusive, purpose-driven, sustainable business models.

|                                   |       |
|-----------------------------------|-------|
| Tech Startup Action Plan          | ● ● ● |
| Economic Development Strategy     | ● ● ● |
| Eora Journey Action Plan          | ● ● ● |
| Social Sustainability Action Plan | ● ● ● |
| Cultural Policy                   | ● ● ● |
| Environmental Action Plan         | ● ● ● |

## Conclusion

The consultation with key members of the ecosystem revealed a shared vision for an innovation space that truly raises the bar in Sydney and has the potential to achieve global recognition.

All interviewees expressed overwhelming interest and excitement about this space - the premium location, the proximity to corporates (which means proximity to potential customers and funding) – and the potential this space has to become a globally recognised hub for innovation.

It is worth noting that the majority of recommendations focused on what is currently lacking in Sydney, rather than duplicating what already exists in the market.

From an economic impact perspective, the consultation uncovered the following key considerations that should inform the future use of this space:

- The new era of innovation will be focused on **deep tech**, that is, startups built on technological and scientific breakthroughs (distributed ledgers, AI, biotech, robotics)
- The foundation for globally competitive startups in this new era of tech comes through R&D, patent applications and **commercialisation of research**
- Sydney is falling behind in commercialising research, even though we produce world-leading research at our universities.
- As **Asia's** ascendancy in the global economy continues, we should leverage Australia's competitive advantage as a close neighbour.

Recent conversations with UTS have also revealed the untapped opportunity for a space like BIS to access and leverage the state-of-the-art facilities available through our universities. For example, UTS has recently launched Tech Lab in Botany, 9,000sqm of world-class labs and specialised equipment. Tech Lab has been deliberately designed to create, enable and leverage intersections between academia, industry and government and achieve bigger impacts and increased returns on research dollars.

Other university facilities that could also be leveraged include: the Quantum Nanoscience Laboratory at the University of Sydney and the makerspace at Michael Crouch Innovation Centre at UNSW, among many others.

## Recommendation

Based on the information gathered from the 25 interviews conducted, we recommend that City of Sydney conduct an EOI for potential operators to pitch a BIS **state-of-the-art model** (based on values of diversity, inclusion, sustainability and social responsibility) that aligns with at least 4 out of the 5 key criteria:

- A globally competitive proposition that will attract startups from all over the world;
- Focus on deep-tech, emerging and future technologies;
- Promotes the commercialisation of Sydney's world-class research;
- Provides startups with strong pathways to launch and export into Asia
- Positions Sydney internationally as an innovative city

Given the overlap of some of the recommended themes in this report, below are the three top recommendations for the BIS theme that follow the criteria above and strongly align with COS 2050 strategy:

**A Future Hub:** A hub that supports **deep tech** innovation with a focus on **AI** and **cleantech** and attracts the best talent from all over the world. A hub that works closely with industry and university research labs and encourages **commercialisation** of research for Sydney's competitiveness into the future (think Sydney 2050).

**A Social Impact Energy Hub:** A hub that caters to both for-profit and social enterprises using technology to solve environmental and social problems, especially around energy efficiency and renewables and its potential export market. A hub that would also focus on working with the City to reach the net zero emissions target by 2050.

**An Asia-focused / B2B Accelerator:** A world-class accelerator for B2B startups from all over the world to speed their launch in Asia, cementing our connection to Asia as a key global competitive advantage, and becoming a global destination for businesses entering the Asian market.

**A world-class business innovation space of this calibre would play a major role in supporting the local tech startup sector.**

**It would also drive Sydney's economic competitiveness into the future and cement Sydney as a global, innovative city.**