Software as a Service

INVEST VICTORIA

MELBOURNE
Australia

Victoria, Australia
The Right Place to Invest

Australia

28 years of consecutive **economic growth** prior to COVID-19.

One of the only developed countries to avoid going into recession during the **2008 Global Financial Crisis**.

Victoria

Strong economy - Victoria has a track record as one of Australia's best performing economies.

Talent - Home to Australia's most highly educated workforce and nine globally-recognised universities.

Strong Economic Growth in Victoria

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SaaS
in Victoria

The right settings

Home to **burgeoning SaaS Ecosystem**

Strong Adoption Rates across the largest Industries

Deep **Skills** and **Talent**

Lower Costs and **Ease** of doing Business

Gateway to **Asia-Pacific**

Australia's SaaS Market is Growing Rapidly

Strong Growth

Australia's SaaS market is forecast to grow up **to 25% pa over the next decade, reaching up to A$57 billion by 2030.**

Size

Rapidly growing from a market size of approximately **A$4bn** in 2018.

Scale

58% of Australian businesses (over 1.3 million) have adopted SaaS solutions, more than **tripling in just five years**.

Ecosystem

Australia has well-established clusters of software providers, with over 3,600 software companies operating in Australia. Of these, ~25% are located in Victoria.

Drivers

- Cost savings vs on-premise software
- Agility and flexibility
- Improve customer service
- Vertical SaaS solutions for industry-specific data and intelligence.

SaaS adoption rates are rapidly increasing

% of Australian businesses using paid cloud computing for software

+40%

2013-14*	2015-16*	2017-18	2019#
18%	27%	38%	58%

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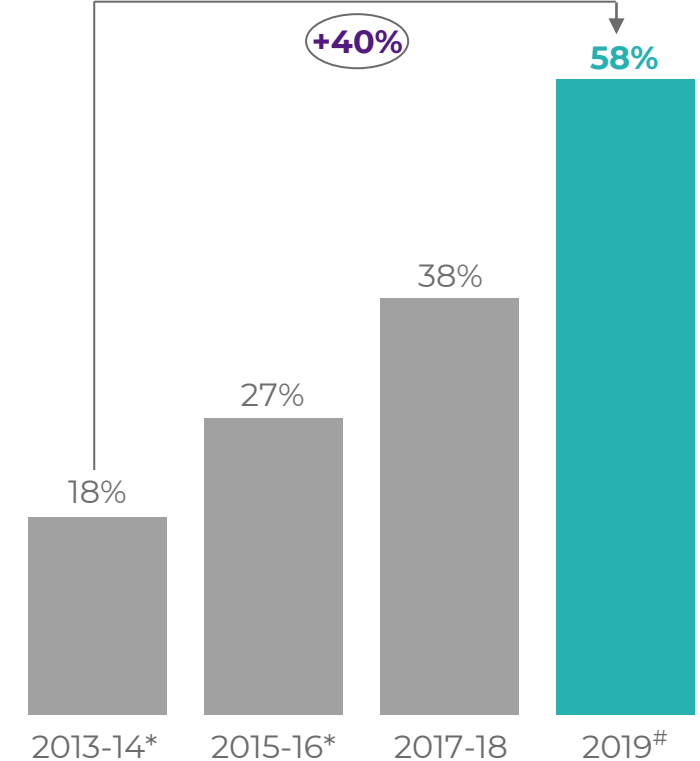
Key Opportunities in Victoria

Victoria presents attractive SaaS opportunities for global investors:

Strong Adoption

SaaS adoption is **strongest** amongst some of **Victoria's largest sectors**, such as professional and financial services, with approximately **50% of businesses** using paid cloud computing for software.

Deep Talent Pool

Victoria's tech talent pool has more professionals with **Software Development** and **Cloud Computing** skills compared to Singapore and Hong Kong, and is growing faster than anywhere else in Australia.

"Cloud adoption is going through the roof in Australia and the country is a key market within Asia. We've also got a view to quickly expand into Asia and this office in Melbourne facilitates that."

– Daniel Williams, Asia-Pacific Director of Engineering, **Contino**

Public Sector Spend

Public sector spending on ICT is large (approximately AU**$3 billion** per annum for the Victorian Government, with growing expenditure on cloud solutions).

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SOURCE: ABS 8167.0, LinkedIn Talent Insights, AlphaBeta analysis

Cloud Software (SaaS) in Victoria

SaaS

IaaS/PaaS

Enterprise Resource Planning

ORACLE NETSUITE · SAP · nintex · servicenow · urbanise · Ray biztech · TRIBAL · ELENIUM AUTOMATION · BLACKLINE · INEIGHT · Infocomm Software

Customer Relationship Management

salesforce · zendesk · præmium · ORACLE NETSUITE · Epic · responsys · encapto wifi · ORACLE · palcare · CloudSense · pocketmath · Health Delivered · whispir · d.ecimal · ROLLER · STAY IN FRONT · Utilibill

Content, Communication & Collaboration, and Project and Portfolio Management

slack · Viatek · Lucidchart · SportsTG · INEIGHT · VendorPanel · eventbrite · CONNEXION · Axios SYSTEMS · Loc8 · AgileCraft · ORACLE aconex · Altia-ABM · Mavenlink · urbanise · præmium · EMVISAGE · GOLF · BUILDXACT · EDTRIN · GENESYS moments connected · dubber · huddle

Human Capital Management

Loc8 · ORACLE Taleo · CARE COLLABORATOR · Culture Amp · CERIDIAN · PeopleStreme · sage · Happy HR · inmoment · iedex · PageUp · astutepayroll

Business Intelligence

CARE COLLABORATOR · rotageek · inmoment · SAP Ariba · sinefa · d.ecimal · Expensify · WingArc1st · splunk · iress · PageUp · Geli · BidEnergy · Travelport Locomote · Yellowfin

Supply Chain Management

Transport Systems WISETECH GLOBAL GROUP · Microlistics WISETECH GLOBAL GROUP · WiseTech GLOBAL · getswift · Infocomm Software

Office Suite

urbanise · BLACKLINE · xero · myob · HANSENCX · enotia

DIGITAL REALTY · amazon web services · Forticode · ERICSSON · Google · ENSPIRE · zscaler · national IT · dimension data · salesforce · IBM · mimecast · AIRTRUNK · ORACLE · SecureWorx · Alibaba.com · Ping Identity · HYTRUST · Viatek · OVH Innovation for Freedom · TELSTRA · Rock IT · COOLROCK · Empired · Web24

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Culture Amp launches its global headquarters and Asia Pacific Engineering Hub

Culture Amp

Culture Amp is one of Melbourne's biggest start up success stories. It empowers employee insights via a SAAS platform that allows technology firms to benchmark and monitor their employee engagement, experience and effectiveness. Their clientele includes 1700+ companies globally, from start ups to Fortune 500s.

Culture Amp CEO Didier Elzinga said his company's workplace analytics software was now used by the likes of Airbnb, Adobe, Slack and GoPro, with local clients including MYOB, SBS and five AFL teams.

"We started here in Melbourne, and while we're now in San Francisco, New York and London we're making a commitment that our biggest office will be in Melbourne."

"We're now at 100 people globally and over the next five years we see no reason we can't be similar to an Atlassian sized company and have between 1000-2000 staff.

"We're going to have hundreds of the world's best engineers all working out of Melbourne building products for the best companies in the world, and we want to eventually be known not just as a great Australian company but a great company globally that happens to be based out of Melbourne."

Victoria's then Minister for Innovation Philip Dalidakis said it was a strong example of a local company becoming a global player then returning home to provide valuable support and jobs for the Victorian economy.

"Once more this is vindication Victoria is getting it right. Victoria leads the country with nearly 36 per cent of IT graduates across the country, with NSW at 28 per cent and Queensland not even in the frame at 18 per cent."

The Victorian Government supported business case development for the Australian operations.
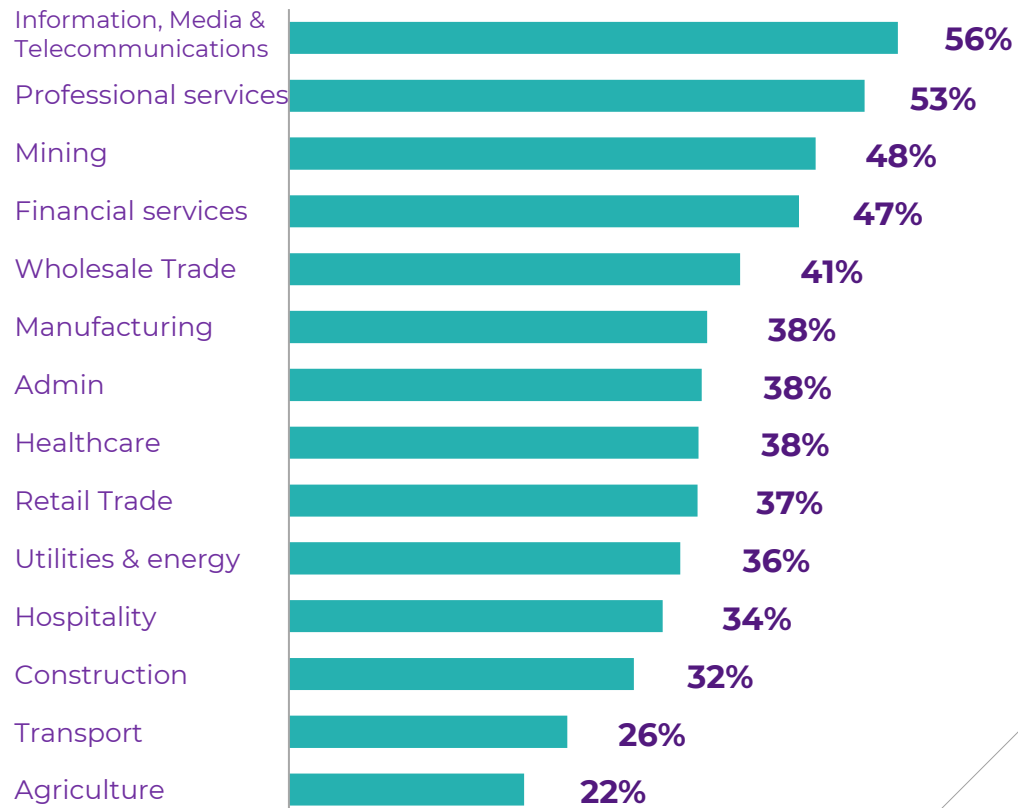
"With its skilled workforce, supportive government and world-renowned lifestyle, Melbourne is the perfect place to grow a globally-focused technology business."
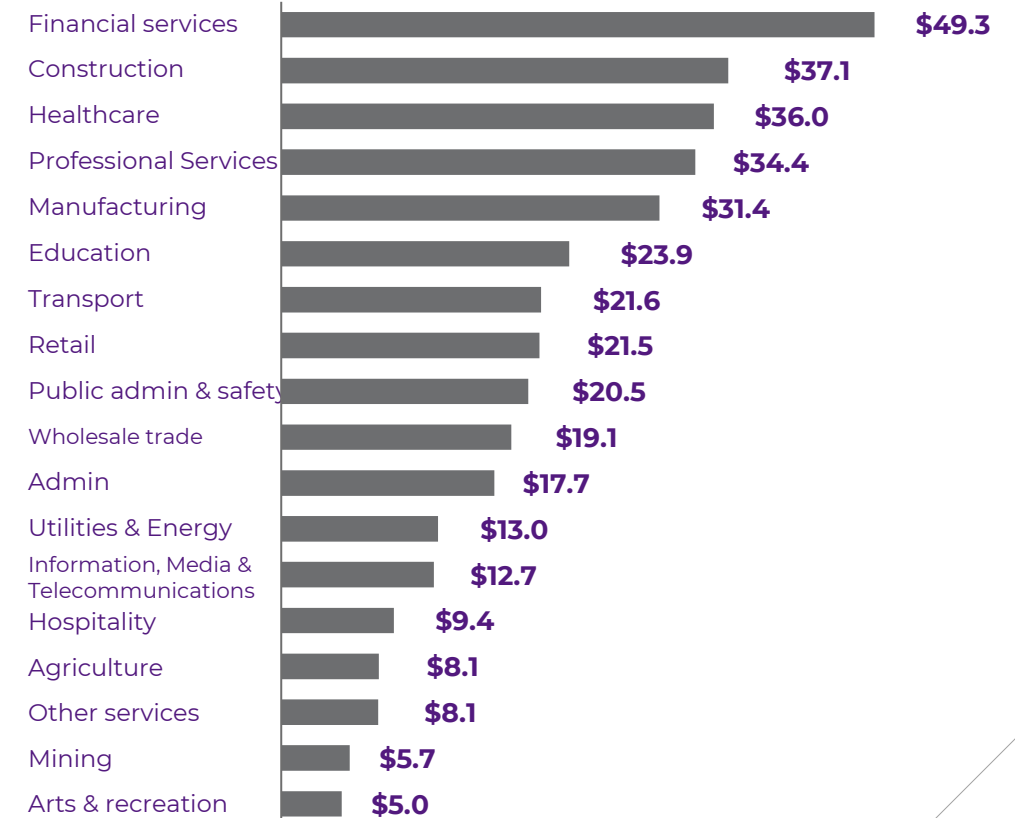
Didier Elzinga
Culture AMP CEO

Victoria's largest industries provide a strong customer base with some of the highest SaaS adoption rates

Percentage % of Australian businesses using paid cloud computing for software (2017-18)[1]

Industry	%
Information, Media & Telecommunications	56%
Professional services	53%
Mining	48%
Financial services	47%
Wholesale Trade	41%
Manufacturing	38%
Admin	38%
Healthcare	38%
Retail Trade	37%
Utilities & energy	36%
Hospitality	34%
Construction	32%
Transport	26%
Agriculture	22%

Victoria's Industry Gross Value Added (GVA), A$ billions (2018-19)[2]

Industry	A$ billions
Financial services	$49.3
Construction	$37.1
Healthcare	$36.0
Professional Services	$34.4
Manufacturing	$31.4
Education	$23.9
Transport	$21.6
Retail	$21.5
Public admin & safety	$20.5
Wholesale trade	$19.1
Admin	$17.7
Utilities & Energy	$13.0
Information, Media & Telecommunications	$12.7
Hospitality	$9.4
Agriculture	$8.1
Other services	$8.1
Mining	$5.7
Arts & recreation	$5.0

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SaaS Powering Up In Victoria

Financial Services

- Largest sector of the Victorian economy, accounting for **A$49.3 billion** in Gross Value Added (GVA), representing **11 per cent** of Victoria's Gross State Product (GSP) and employing approximately **130,000 people**.

- **Two of Australia's largest** and most globally connected banks – NAB and ANZ – are headquartered in Melbourne.

- Technology spending in the banking and securities sector in Australia is expected to reach **A$18.5 billion** in 2020 – an increase of 5.2% from 2019, with NAB alone investing A$1.5 billion over three years in digital transformation. Behind this growth are new investments in modern business intelligence (BI), augmented analytics and robotic process automation (RPA) software.

- Australia is the fourth largest pension market in the world with **A$2.7 trillion** (US$1.8 trillion) in assets under management –with Melbourne home to approximately 34% of these funds.

- **Two of Australia's largest** health insurance funds – Medibank Private and BUPA - are located in Melbourne, representing **over 50%** of the Australian health insurance market.

- AIA Australia is headquartered in Melbourne. AIA, the **world's largest** life insurer, offers insurance and financial services, writing life insurance for individuals and businesses, accident and health insurance, retirement planning, and wealth management services.

- Insurers are orienting their businesses around digital capabilities, data and insights and the critical role digital plays in customer engagement.

CloudSense powers financial institutions to take on Fintech disruptors

CloudSense, a UK company, enables financial institutions to tackle nimble Fintech disruptors, powering these organisations to sell more, launch faster and reduce expenditures by providing seamlessly connected, digital-first customer experiences, all on Salesforce.

The company's Australian growth is indicative of a rapidly developing APAC SaaS market, with Salesforce, the world's leading CRM software and enterprise cloud ecosystem, recently moving to make their CRM platform available locally from Australian data centres.

CloudSense's technology is helping leading enterprises around the world successfully put customers at the heart of their digital transformations. The company has invested heavily in Australia to bring its services to customers in the APAC region.

"The scale of the opportunity here is clear. In the last few months alone we have opened two new offices in Australia, secured customers in new industries including higher education."

Adam Savage,
Vice President for APAC

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SaaS Powering Up In Victoria

Health Services

- Australia's healthcare system is ranked 3rd in the world and Victoria leads health-related reform in Australia, with the Australian Government rolling out Victoria's model for hospital funding across the country.

- ICT spend in Australia's healthcare sector has **grown 5% p.a.** over the past decade, and is forecast to reach **A$20bn by 2030**, with **a growth rate 5-8%. Digital health** in particular is forecast to **grow strongly by 10-15% p.a**.

- The Victorian Health Care and Social Assistance sector has a gross value added contribution to the state economy of **$36 billion p.a**.

- As the State's **largest source of employment**, **over 18% of Victorians** are currently employed across the Health Care and Social Assistance sector (> **435,000 employees**).

- Melbourne's Parkville Precinct is ranked in the **top five precincts for biomedical excellence in the world** and the University of Melbourne and Monash University are in the **top five biomedical universities in the Asia-Pacific region**.

- Over **300 hospitals and health services**, including large public and private hospitals, regional health services, and specialist services.

- Home to **over 300 private and public companies** operating in Victoria's healthcare ecosystem, ranging from established industry giants (eg. CSL, Australia's leading biotechnology company) to emerging startups (e.g. Dorsavi, CliniCloud, Global Kinetics)

Victorian healthcare sector benefiting from leading health rostering solution provider

After recently coming to Victoria, Allocate Software is now the leading provider of health specific rostering solutions for Victoria's public hospitals and health services that includes: The Royal Melbourne Hospital, The Royal Women's Hospital, Barwon Health, Eastern Health, Peninsula Health, Ballarat Health Service, Hume Rural Health Alliance and Hospitals in the Grampians.

A UK company with over 800 clients and over a million healthcare workers rostered daily, Allocate Software serves the largest public and private sectors institutions around the world.

In Australia, Allocate Software's solutions roster more than 250,000 healthcare workers, including those employed by the Victorian Public Health Services, private hospitals, aged care organisations and other healthcare providers across Australia.

"Eastern Health went through a rigorous procurement process. The team chose Allocate Software for its ability to meet Eastern Health's core requirements around cost effectiveness, flexibility, and ease of use."
Matt Durston, General Manager, Allocate Software

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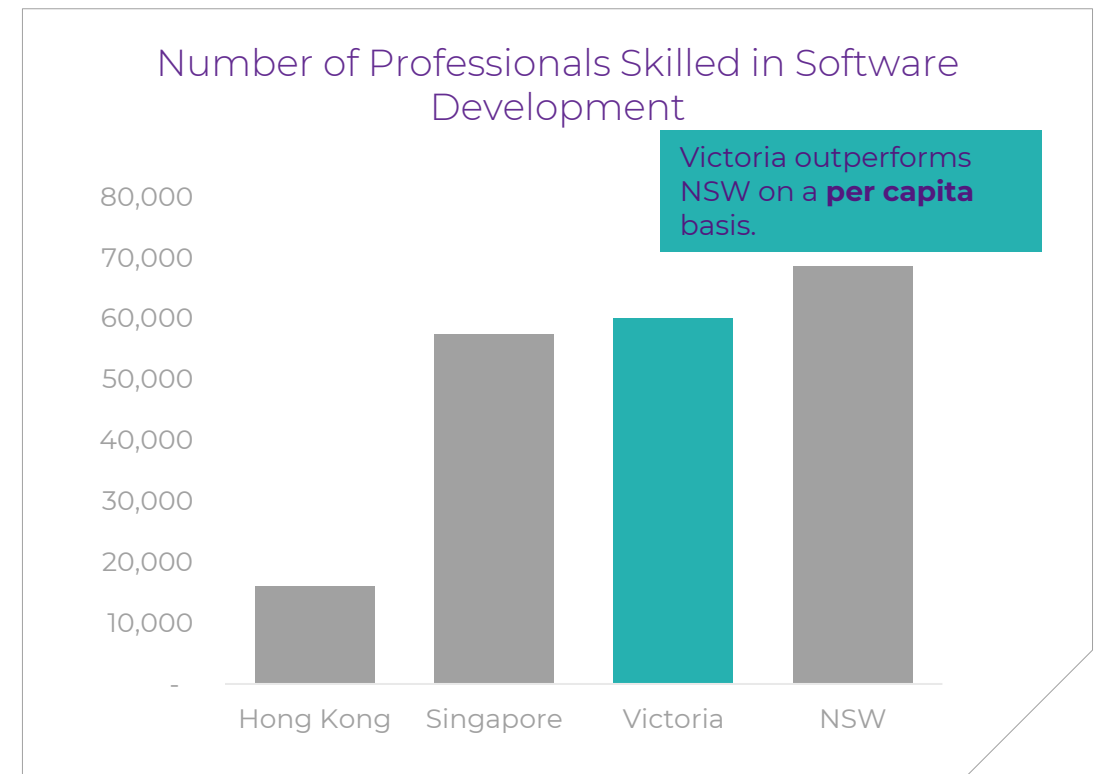# Talent with the right skills is available in Victoria

Victoria's tech talent pool **outperforms** other jurisdictions across the **APAC region** with **more professionals skilled** in **Software Development** and **Cloud Computing** compared to Singapore and Hong Kong. On a per capita basis, Victoria is the **leading state in Australia** for these skills.

Victoria has a comparable number of skilled professionals in **SaaS** to Singapore, yet is growing faster than both Singapore and Hong Kong and anywhere else in Australia.

Investors in Victoria have access to the right talent in sales and marketing, with a large and fast growing number of professionals with **Business Development skills** in the Information Technology and Services industry, growing faster than NSW.

Victoria has a large pool of talent in key tech **occupations**:
- The number of **Solutions Architects** in Victoria outstrips both Singapore and Hong Kong, and is increasing faster than elsewhere in Australia.
- There are more **Software Engineers** in Victoria (over 12,000) compared to NSW and Hong Kong.

Number of Professionals Skilled in Software Development

Victoria outperforms NSW on a **per capita** basis.

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Salary costs are lower in Victoria for highly-skilled talent

Melbourne **outperforms** Sydney and other **global cities** in terms of costs for **highly-skilled talent**.

Significantly lower salary costs in Melbourne compared to Sydney and other global hubs – over **50%** lower than the Bay Area.

Fast-growing pool of talent – Employment in software companies in Australia has **grown by 36%** between 2010 and 2019.

Salaries for key occupations, $AUD*

Legend: **Melbourne** ▪ Sydney ▪ London ▪ New York ▪ San Francisco

Categories: Business Development Manager, Software Development Engineer, Senior Software Development Engineer, Software Architect, Senior Software Architect

Y-axis: $0, $50,000, $100,000, $150,000, $200,000, $250,000, $300,000, $350,000, $400,000, $450,000

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Victoria has an extensive pipeline of talent

Australia's most highly-educated workforce.

Largest number of tech graduates in Australia.

Victorian universities are partnering with industry and rolling out cloud-related courses and degrees

Victoria has various world-class universities and research institutes to support the development of the cloud software market, for example the **University of Melbourne** is an international leader in computer science, IT and software engineering.

RMIT University deliver two cloud computing courses, AWS Cloud Practitioner and AWS Cloud Architect through their online platform.
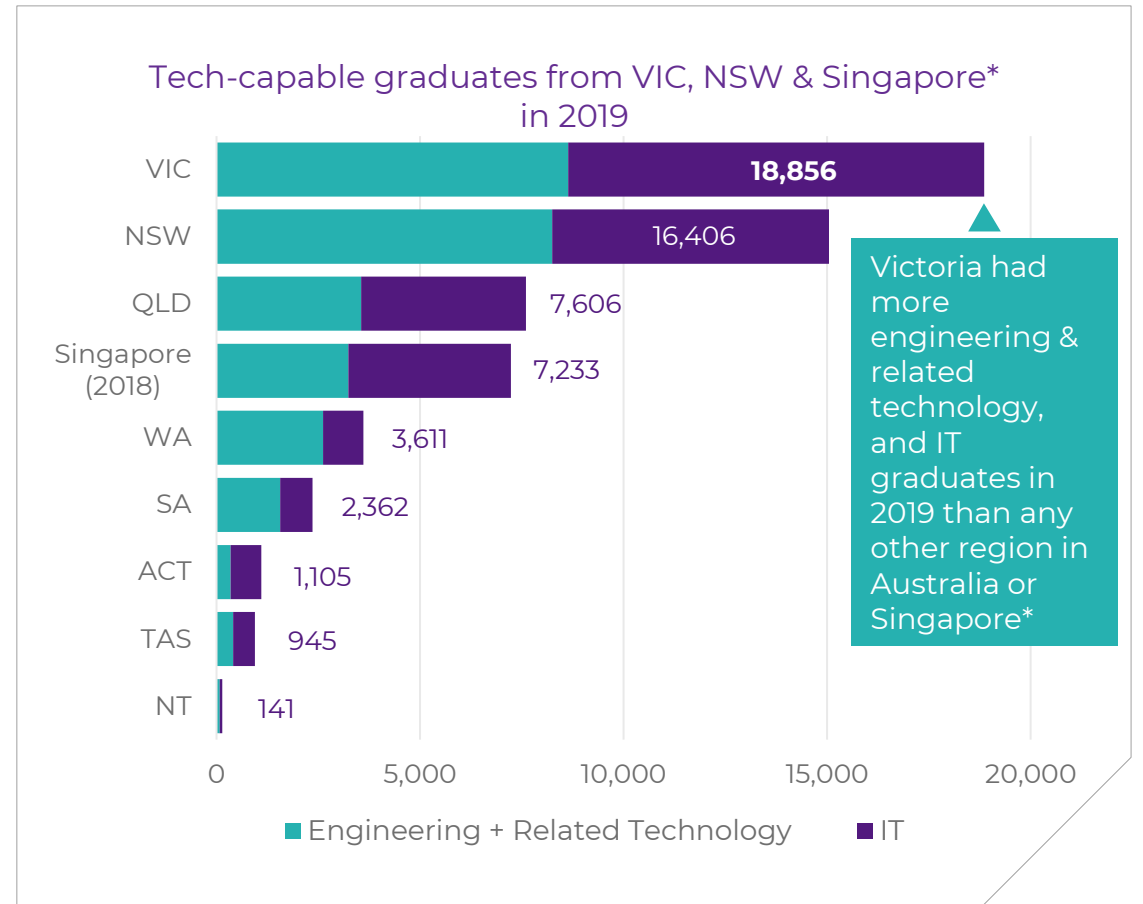
Victoria also has various universities that offer cloud related degrees, for example **Monash University** offers a Bachelor of IT, Bachelor of Computer Science and Bachelor of Software Engineering.

La Trobe University offers a Bachelor of Applied Cloud Technology, developed in collaboration with Amazon Web Services (AWS).

Tech-capable graduates from VIC, NSW & Singapore* in 2019

Region	Value
VIC	18,856
NSW	16,406
QLD	7,606
Singapore (2018)	7,233
WA	3,611
SA	2,362
ACT	1,105
TAS	945
NT	141

Legend: ■ Engineering + Related Technology ■ IT

Victoria had more engineering & related technology, and IT graduates in 2019 than any other region in Australia or Singapore*

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Zendesk works with the education ecosystem to ensure its talent pipeline

zendesk

US tech giant Zendesk, with a presence in Melbourne since 2012, has created a sustainable talent pipeline in the areas of engineering, marketing and project management.

Zendesk's Melbourne engineering hub collaborates with teams in Singapore, Dublin, Poland, Montpelier, Madison and San Francisco, ensuring innovation is a round-the-clock focus for the company. As such, it is continuously on the lookout for top talent, both at home and abroad.

In order to attract the best talent, Zendesk works with the local ecosystem in a range of ways:

- Regularly hosts and participates in Melbourne based events. This contributes to the wider ecosystem's knowledge development, whilst promoting itself as a talent attractor.
- Offers paid internships to marketing and engineering students through its program with Swinburne and RMIT universities.
- Participates in university and industry events to provide students and job seekers with insight into what it is like to work for a tech company like Zendesk.

"Melbourne is home to one of Zendesk's global engineering hubs, with an incredibly talented team leading the end-to-end development of some of the most in-demand Zendesk solutions, including self-service, machine learning and Artificial Intelligence.
We are fortunate to have access to the tremendous talent emerging from Melbourne's world-class education system and wider tech community."
Amy Foo
Managing Director,
Zendesk Australia and New Zealand

Lower costs and an easier place to do business

Lowest tax burden

Victoria has the **lowest business tax burden** of any state in Australia.

Competitive office costs

Melbourne's office lease costs are up to **38% cheaper** compared to Sydney.

Business friendly

> Australia is one of the **easiest, safest, and most transparent** locations in the world to conduct business.

> One of the **easiest places in the world to start a business** – taking on average just 2 days to register a business.

> Australia ranks **5th** in the **Global International Property Rights Protection Index**, reflecting the safe legal and political environment for business.

> Victoria ranks **1st** as the **most business friendly** state in Australia (by the Business Council of Australia).

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Victoria is the Gateway to Asia-Pacific

The Right Location
Victoria's time zone is perfectly aligned for doing business regionally.

- Investing in Victoria enables companies to harness substantial growth opportunities in the broader **APAC market**.
- SaaS is expected to grow rapidly in APAC – up to 34% p.a or US$979bn by 2030.

Victoria has strong cultural ties with the APAC region

Victoria offers excellent availability of highly skilled, culturally aware, multilingual professionals, specialising in Asian and European languages.

Our international student base of over 250,000 from 170 countries enhances the pool of foreign language speakers. Top source markets include China, India, Malaysia and Vietnam.

> 260 languages and dialects
Spoken in Victoria

> 600,000 people
Speak an Asian language

> 500,000 people
Speak a European language other than English

Preferred destination for 60%
Of Australia's permanent business migrants

		Time difference
Melbourne	8am 9am 10am 11am 12pm 1pm 2pm 3pm 4pm 5pm 6pm	
Tokyo	8am 11am 3pm 6pm	-1 Hour
Shanghai	8am 11am 3pm 6pm	-2 Hours
London	8am 11am	-9 Hours
New York	6pm 8pm	-14 Hours
Chicago	5pm 8pm	- 15 Hours
San Francisco	3pm 8pm	- 17 Hours

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Lucidchart chooses Melbourne for its Asia Pacific HQ

Lucidchart

Lucidchart, a leading provider of collaborative software products, is establishing its Asia Pacific Headquarters in Melbourne, enabling the company to strengthen its foothold in the Asia Pacific market and draw on the local tech talent.

Lucidchart is one of the top tech start-ups to have been founded in Utah and currently has more than 550 employees globally.

Its products help users to gain a better perspective on complex problems and processes through its powerful diagramming core and collaboration features.

The new HQ will help the Lucidchart to improve its service delivery and capture new opportunities, making it a go-to-market office for the region, backed by sales, marketing and customer support roles.

The company already has more than three million users in the Asia Pacific, including Woolworths Supermarkets, LINE Corporation, Coupang, Flipkart and Xero Limited.

Lucidchart is the latest company to invest in Victoria's thriving tech sector which employs more than 137,900 people across more than 19,300 businesses, generating $36.6 billion in annual revenue.

"It's clear that Melbourne has a burgeoning tech scene that will only continue to grow — we couldn't be more excited to be a part of the community, benefit from its talented workforce and better serve our customers in the Asia–Pacific region."

Karl Sun
Chief Executive Officer, Lucidchart

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World-renowned liveability

Global Events

- Victoria is Australia's sporting and cultural capital

World-Class Education

- Top 3 best university-city for students in the world
- Australia's highest ranked university

Cosmopolitan and Multicultural

- One of the most cosmopolitan, multicultural and multilingual cities in the world
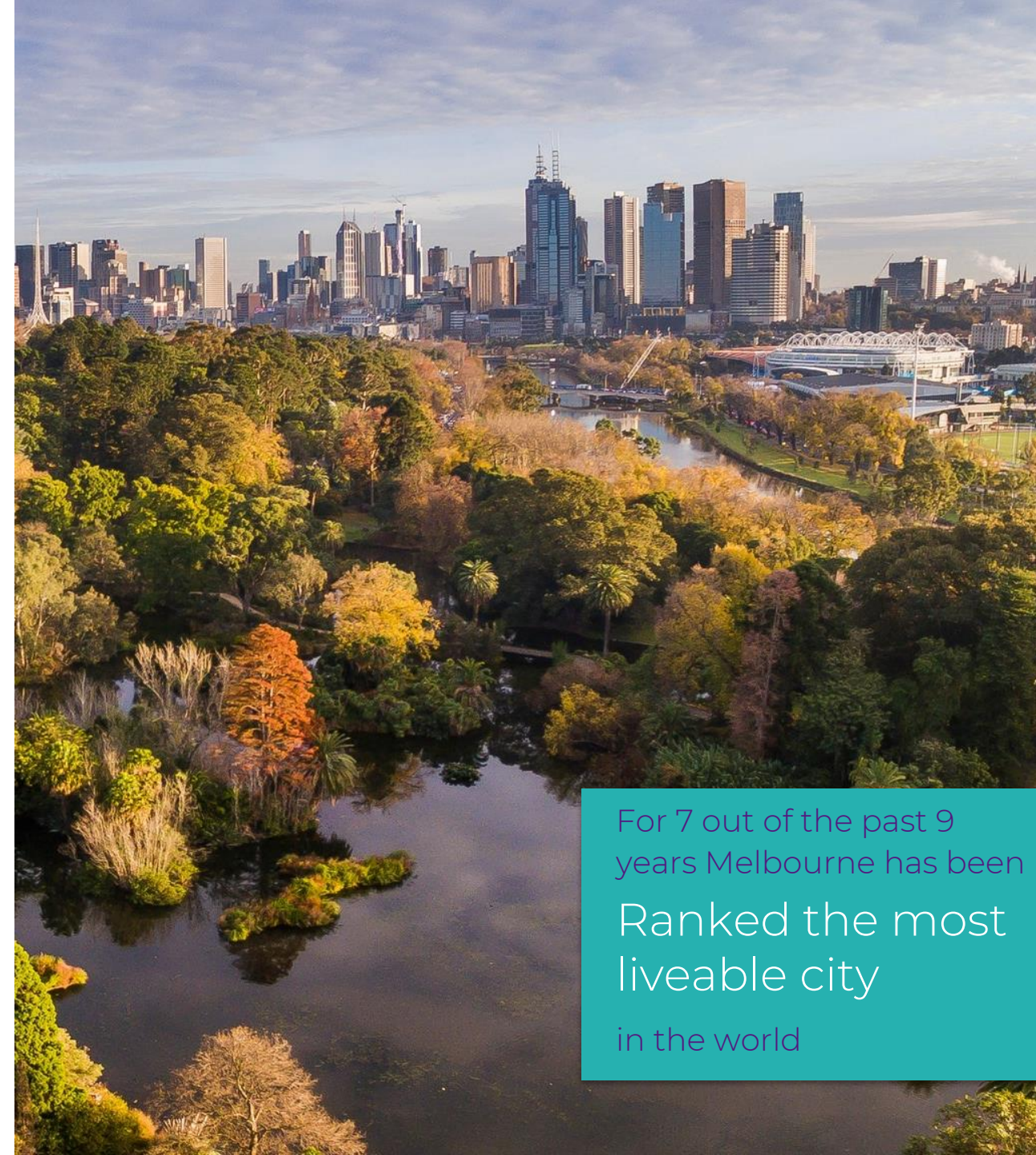- Australia's best shopping, restaurants, food, wine and entertainment.

Environment and Lifestyle

- Clean air and more parks and gardens within 5km of the CBD than any other Australian city

Health and Safety

- Melbourne is one of the safest cities in Asia Pacific.
- Healthcare rated a perfect 100 in the EIU Liveability Scale

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For 7 out of the past 9 years Melbourne has been

Ranked the most liveable city

in the world

Invest Victoria

The Invest Victoria team makes it as easy as possible for you to do business in Victoria, Australia.

We'll show you why Victoria is the best place in the world to live, work and invest.

Our world-class, professional investment team has deep connections into government, industry and Australia's leading research institutions.

Melbourne

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Comprehensive approach to supporting

potential investors, offering:

Bespoke market entry business case development

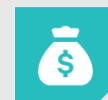Local market overview of existing companies, key stakeholder and opportunity areas

Information on R&D capabilities

Information on labour market conditions, location and costs

Site selection assistance

Introduction to Australia's financial and data regulatory environments

Introductions to potential industry partners, suppliers, service providers and customers

THANK YOU.

Contact details here TBC

Melbourne is the co-working capital of Australia

In 2019, there was a **41% increase in co-working supply** created in Australia, pushing average desk rates down across all markets

Melbourne's appetite for co-working outstrips the other capital cities, with more than **2,000 desks** available in key locations.

Melbourne accounts for **56% of the total co-working space** available between Melbourne, Sydney and Brisbane.

Corporates are increasingly transferring to coworking spaces and the sophistication of spaces and services is evolving rapidly.

Average rate per desk / month ($AU)

	Melbourne	Brisbane	Sydney

(bar chart: y-axis 0, 200, 400, 600, 800)
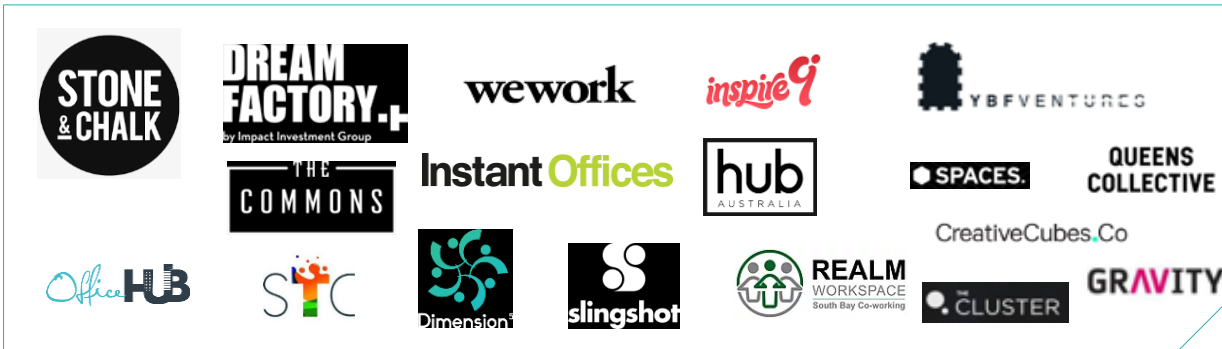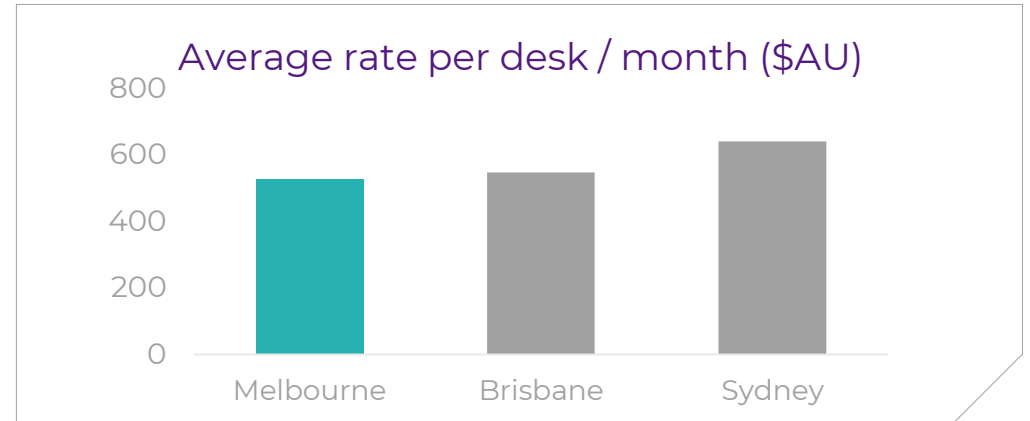
YBF VENTURES is a world-class coworking space, curated community, and support for startups, scaleups, and corporates who are pushing the boundaries of tech and innovation, located in the heart of the Melbourne CBD.

- It seeks to create an active community of entrepreneurs, mentors, and investors who share ideas and experience.
- Has accommodated hundreds of tech start-ups, corporates and investors since opening in 2011.
- Specialises in growing businesses and linking start-ups with corporate partners and investors.

STONE & CHALK · DREAM FACTORY by Impact Investment Group · wework · inspire9 · YBF VENTURES · THE COMMONS · Instant Offices · hub AUSTRALIA · SPACES · QUEENS COLLECTIVE · CreativeCubes.Co · OfficeHUB · STC · Dimension · slingshot · REALM WORKSPACE South Bay Co-working · THE CLUSTER · GRAVITY

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SOURCE: The Australian Coworking Market Report 2019

Competitive Business Costs

City	US$ per square foot/annum
Canberra	31.65
Adelaide	39.3
Bangkok	41.93
Dubai	46.92
Jakarta	53.38
Melbourne	57.95
Perth	58.09
Brisbane	58.23
Ho Chi Minh City	67.97
Taipei	71.94
Geneva	82.83
Washington DC (Downtown)	90.34
Seoul (CBD)	94.19
Dublin	95.93
Mumbai (Bandra Kula Complex)	96.51
Shenzen	97.57
Singapore	100.74
Sydney	102.03
New York (Downtown Manhattan)	102.49
San Francisco (Peninsula)	103.22
Boston	103.75
Shanghai (Puxi)	108.08
Moscow	108.1
San Francisco (Downtown)	113.84
Paris	120.75
Shanghai (Pudong)	138.74
London	144.95
New Delhi	153.26
Tokyo	171.49
New York (Midtown - South Manhattan)	171.56
Beijing	189.44
Hong Kong SAR	189.56
London (West End)	235.01
Hong Kong (Central)	306.57

The cost of Melbourne's prime office space **is lower than that of**
- Singapore
- Sydney
- San Francisco

US$ per square foot/annum

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