

# MEDIA RELEASE



Wednesday, 24 January 2018

## **93,000 JOBS AND \$1.6BN ECONOMIC BOOST CREATED BY VICTORIA'S ONLINE MARKETPLACE STARTUPS**

Online marketplace startups founded in Victoria contribute around \$1.6bn in profit to the state, employ 13,000 people and create 80,000 indirect jobs, a new report from EY-Parthenon and Victoria's lead startup ecosystem development agency, LaunchVic, has found.

According to the report, '[A Review of Melbourne's Digital Marketplaces](#)', more than 190 digital marketplaces are currently located in Victoria, with the sector growing at 11% per annum - well above the State's current industry growth rate of 3%.

Of the \$1.6bn in profit, \$630m of this is being generated by the online marketplaces themselves, while \$950m is from the platform's sellers.

LaunchVic CEO Dr Kate Cornick said it was encouraging to see the next generation of Victorian digital marketplaces making an impact on the Victorian economy through Gross State Product and jobs growth.

"This is a strong endorsement of the entrepreneurial spirit and ability here in this State and more importantly demonstrates the value of having a vibrant startup ecosystem," Dr Cornick said.

Victoria has an impressive track record when it comes to digital marketplaces with homegrown unicorns SEEK, REA Group and Car Sales founded in Victoria along with a new generation of marketplaces such as Redbubble, 99designs and Sidekicker.

Whether it is connecting businesses with an on-demand workforce, ensuring surplus food doesn't go to waste, or helping artists monetise their designs on clothing and homewares, online marketplaces are also helping people save time and money, contributing an estimated \$135m in savings.

One such marketplace, founded in Victoria and rapidly gaining global market share, is Envato, which sells creative assets for web designers, developers and other entrepreneurs. With over 8 million community members worldwide, customers in 197 countries and 40 million purchases to date, Envato employees more than 300 people around the world, 200 of which are based in Melbourne. Commenting on the report's findings, Ben Chan, Chief Commercial Officer of Envato, said:

"It's an exciting time for online marketplaces based here in Victoria. The saying 'a rising tide lifts all boats' is particularly applicable, as we've seen the local sector go from strength to strength as companies achieve success. We're pleased, if a little humbled, that we've been able to play a positive role with this.

“Being located in Victoria has big benefits, we're part of a thriving and dynamic tech sector, one that is collaborative and growing quickly. And having our HQ in Melbourne has advantages too, especially when it comes to attracting and retaining top tech talent from around the world.”

These online marketplace startups, which act as the go-between for sellers and buyers, boast an attractive business model with low up-front costs, no need to own products or hold a physical inventory.

- **ENDS** -

## **NOTES TO EDITORS**

### **About LaunchVic**

LaunchVic is a government agency tasked with growing the State of Victoria's startup ecosystem. We invest in organisations and projects that empower entrepreneurs to scale innovative companies, and deliver new industry benefits to the Australian economy. At LaunchVic, we're fuelling the startup ecosystem by supporting entrepreneurs and investors to sustainably grow and deliver economic and cultural benefits for Victoria. To date LaunchVic has invested \$11.4 million and funded an exciting 28 projects that have delivered services and support for the benefit of the Victorian startup community.

To find out more, visit [www.launchvic.org](http://www.launchvic.org)

### **About EY-Parthenon**

EY-Parthenon is a strategy consultancy, committed to bringing unconventional yet pragmatic thinking together with our clients' smarts to deliver actionable strategies for real impact in today's complex business landscape. We serve our clients through a network of more than 1,300 dedicated professionals across 24 locations around the globe.

To find out more, visit <http://parthenon.ey.com>

### **Key findings**

- Revenue generated by digital marketplaces in Victoria is ~\$880m p.a., with nearly 60% of this revenue (~\$520m p.a.) generated by players founded in Victoria
- The digital marketplaces sector contributes ~\$1.6b to Victoria's GSP
  - Direct value add amounts to an estimated ~\$630m
  - Sellers on the platform contribute another ~\$950m
- Victoria founded digital marketplaces companies employ ~13,000 people and create ~80,000 work opportunities for sellers
- The digital marketplaces sector contributes ~\$135m in consumer surplus (measured by money savings and time savings saved per year in using digital marketplaces compared to traditional channels)
- Digital marketplaces operate across ~13 segments, providing access to either Goods/Assets or to Services:
  - *Goods/Assets*: Accommodation and Travel; Retail/e-commerce; Property; Arts and Entertainment; Transport; Food and Drinks; Technology Services
  - *Services*: Employment; Education; Health; Financial Services; Freelance Services; Professional Services

- The sector is growing by ~11% p.a. in Victoria, above GSP growth of ~3% p.a. Breakdown of sector segments as follows, in estimated annual growth rate across different time periods between 2011-2016:
  - Transport – 82%
  - Freelance Services – 48%
  - Health – 17%
  - Accommodation & Travel –14%
  - Retail/e-commerce – 12%
  - Food and Drinks – 7%
  - Financial Services – 7%
  - Education – 6%
  - Art and Entertainment – 5%
  - Professional Services – 4%
  - Employment – 4%
  - Property – 2%
  - Technology Services – 2%