



PARTHENON

# LaunchVic

A Review of Melbourne's  
Digital Marketplaces



launchvic



## Notice

Ernst & Young was engaged on the instructions of LaunchVic Limited (“LaunchVic”) to provide a Review of Melbourne’s Digital Marketplaces (“Project”), in accordance with the Engagement Agreement dated 29 July 2017. The enclosed document reports the key outcomes from a more comprehensive report issued separately to LaunchVic, which also included, amongst other things, detailed calculations of the estimates included in this summary report.

The results of Ernst & Young’s work, including the assumptions and qualifications made in preparing the report, are set out in Ernst & Young's report dated 3 October 2017 (“Report”). This Report should be read in its entirety. A reference to the Report includes any part of the Report. Our work was completed on 22 August 2017 and neither further work has been undertaken by Ernst & Young since then to update it nor do we have responsibility to do so.

This Report relied upon information from a range of sources (identified in the relevant sections of the Report) including the underlying data from the “Mapping Victoria’s Startup Ecosystem” survey, which was provided to Ernst & Young by LaunchVic. The survey was conducted prior to the engagement of Ernst & Young and we had provided no inputs to the survey questionnaire or its outcome. The Report was prepared on the specific instructions of LaunchVic solely for the purpose of assisting LaunchVic to achieve its goals of promoting the Victorian startup ecosystem and should not be used for any other purpose.

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# Foreword



LaunchVic is the lead government agency tasked with growing 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.

In undertaking a review of Melbourne's startup ecosystem in early 2017, we identified the development of digital marketplace startups and scaleups as a key strength.

To date there has been three homegrown unicorns that are successful digital marketplaces. These include: SEEK, REA Group and Carsales.com. There is also a strong pipeline of next generation success stories including Envato, 99 Designs and Redbubble, all rapidly gaining global market share. Not to mention a growing number of early stage marketplace businesses across a range of sectors, including retail, travel, property and employment.

It is fair to say that despite the size of Melbourne's startup ecosystem, we have had an extraordinary amount of success in building digital marketplaces. We wanted to better understand why this is the case, including understanding the economic contribution of marketplace businesses to the State. That is why we commissioned Ernst & Young to undertake this work.

Key findings of the report show that Victoria's digital marketplaces generate revenues in the order of \$880m and contribute approximately \$1.6b to the State. Marketplaces directly employ about 13,000 people, and indirectly support employment for a further 80,000 people. The growth rate of marketplace businesses in the State is 11%, well above the current Growth State Product of 3%.

I am pleased to be able to deliver in partnership with Ernst & Young 'A Review of Melbourne's Digital Marketplaces'. Having this information available will help to inform government and key decision makers of the valuable contribution this subsector of the startup ecosystem is making to GSP and our future economy.

A stylized, handwritten signature in white ink.

**Dr Kate Cornick**  
CEO, LaunchVic

# Foreword



Digital Marketplaces as a sector has gained significant traction around the world over the last few years. Just between 2011 and 2015 alone, at least 22 start-ups in this sector have achieved Unicorn status globally. Digital Marketplaces have business models particularly compelling to entrepreneurs and investors – relatively low cost of entry, high profitability, ability to achieve sustainable advantage due to network effects, minus the need to hold physical inventory, all add up to a captivating business case.



It has been fascinating to observe the sector evolving from passive single-sided online listings (where buyers chose sellers) to active double-sided web/app-based marketplaces (where buyers and sellers choose each other). The sector has been very successful in leveraging technological advances to introduce features that resolve “trust and safety” and “disintermediation” issues, propelling the sector to greater heights. It is no wonder then that the number of Unicorns in this sector is expected to double by 2020, according to Greylock Partners, a venture capital firm in the Silicon Valley.

In Victoria alone, we have found almost 190 Digital Marketplaces providing users with access to a wide range of services, goods and assets, ranging from employment services to property and food. Not only is there already a healthy concentration of firms focused on the “Freelance Services” and “Retail” segments, we have also observed some up-and-coming segments that are fast gathering momentum.

These segments include “Employment”, “Professional Services”, “Art and Entertainment” and “Property”. With twelve Centaurs leading a market that has a combined revenue of close to a billion Australian dollars, and a high average gross margin, this is one Technology sector that has truly gained much traction in Victoria.

Financials aside, Digital Marketplaces also play important social roles – in particular that of providing Victorians with alternative employment models. While issues related to workers compensation, protection and benefits still need to be better understood and resolved, it is undeniable that as work-life balance and flexibility become increasingly important amongst the workforce, Digital Marketplaces do open up flexible work opportunities at a scale never seen before.

We are truly excited by this colourful and multi-faceted sector and would like to thank LaunchVic for the opportunity to study its behaviour in Victoria and co-issue this report with them. We look forward to many more good years for the sector in the State.

A handwritten signature in black ink, appearing to read 'M. Violani'.

**Maurice Violani**  
Partner, EY-Parthenon

A handwritten signature in black ink, appearing to read 'Sin Yin Long'.

**Sin Yin Long**  
Director, EY-Parthenon



# The Digital Marketplaces sector in Victoria is attractive, fast-growing and an important contributor to Value Add and Employment



Digital Marketplaces are firms that act as intermediaries between sellers and buyers of goods/assets and services

~\$880m Sector Size in Victoria	~\$1.8b Non-Victoria Revenue generated by Victoria Founded Marketplaces	~11%p.a. Growth in Victoria
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13k Employees → Enabling → 80k Employment Opportunities	~\$1.6b Value Add	~\$135m Consumer Surplus	Intangible benefits such as the Generation of Talent, Increased Consumption and Productivity Gains
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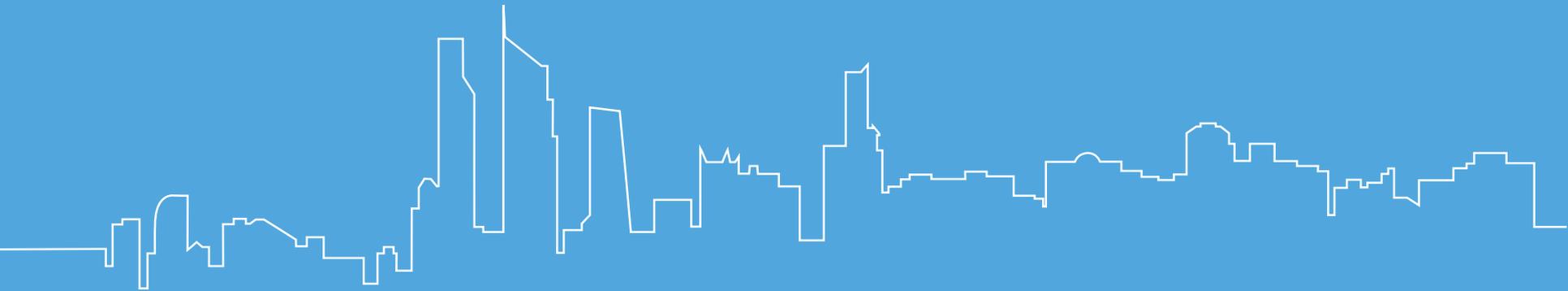


Freelance Services	Retail/e-Commerce	Education
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Source: Refer to the appendix for details

A

# Overview of the Digital Marketplaces Sector in Victoria

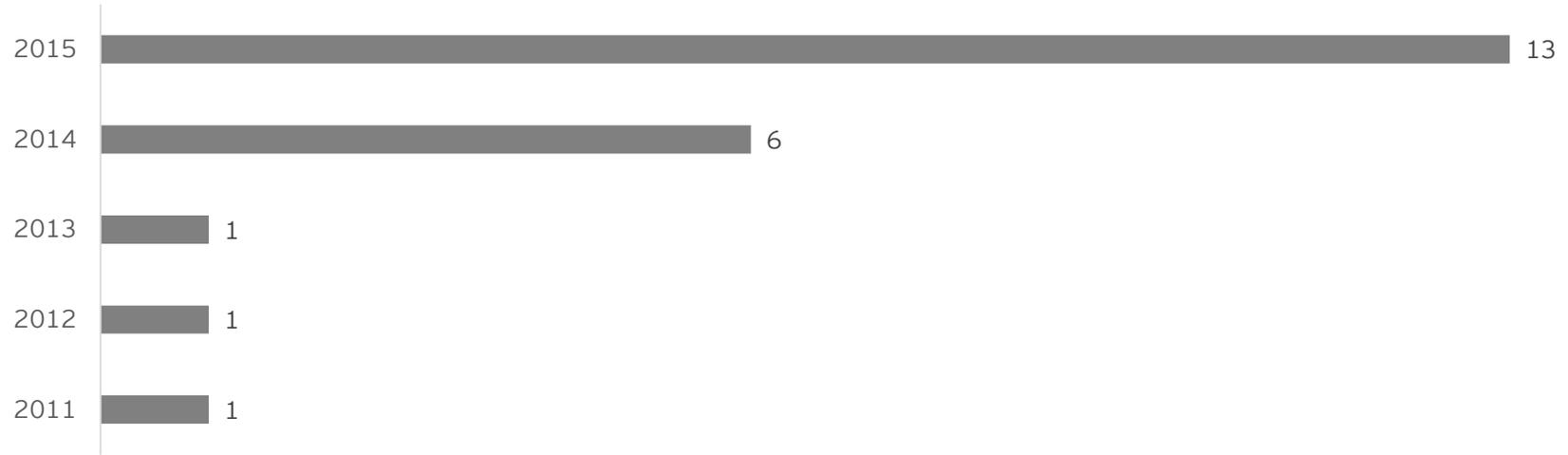




**A** The Digital Marketplaces sector has attracted entrepreneurial attention in recent years as more players achieve Unicorn status

**Estimated Number of Digital Marketplace Start-ups Achieving Unicorn Status<sup>1</sup>**

Number of Digital Marketplaces



- ▶ The Digital Marketplaces sector has attracted attention amongst entrepreneurs in recent years due to its attractive business model: Relative low cost of entry, high profitability (~70% gross margin for eBay, ~60% gross margin for Etsy) and sustainable advantage once network effects are achieved
- ▶ In the past 10 years, the number of Digital Marketplaces worth more than \$1 billion has gone from two (Craigslist and eBay) to more than a dozen in the United States. According to Greylock Partners, a Silicon Valley venture capital firm, this number is likely to double by 2020

Note: 1 Companies achieving Unicorn status by year include 2011 – Airbnb, 2012 – Flipkart, 2013 – Uber, 2014 – Didi Chuxing, Snapdeal, Houzz, Olacabs, Instacart, Koudai Gouwu, 2015 – China Internet Plus Holdings, Lyft, Ele.me, Github, Prosper Marketplace, Blablacar, Thumbtack, TuJia, Fanli, BeiBei, Decolar, iTutorGroup, Funding Circle  
Source: CB Insights, Harvard Business Review “Network Effects Aren’t Enough”, Greylock Partners

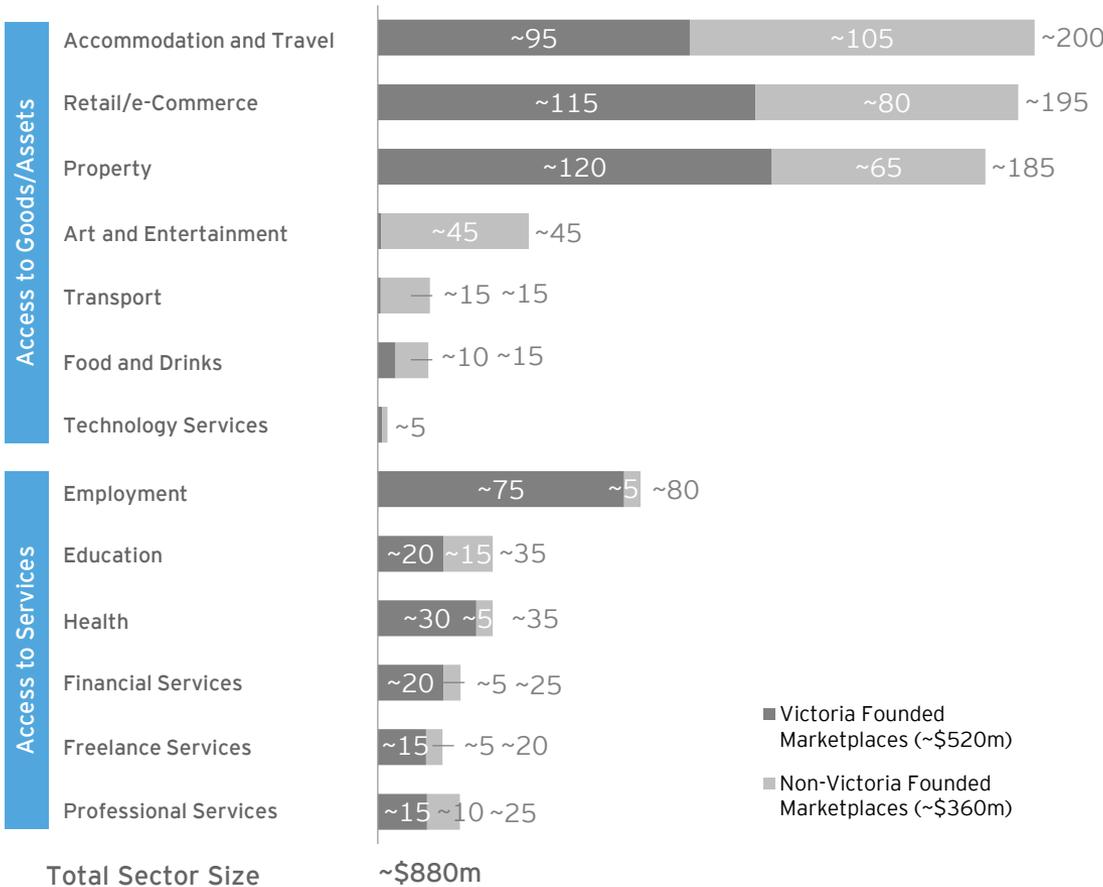


**A** The revenue generated by the Digital Marketplaces sector in Victoria is ~\$880m p.a. with ~\$520m p.a. generated by players founded in Victoria

**Key Segments**

**Estimated Segment Revenue in Victoria**

A\$ millions



Digital Marketplaces players operate across ~13 segments, providing access either to Goods/Assets or to Services

- ▶ A prominent feature of these players is that they are asset light – they neither have their own products nor hold inventory, but mainly serve to connect and facilitate transactions between buyers and sellers
- ▶ Digital Marketplaces players typically generate a majority of their revenue by charging commissions and fees for the parties to use the platform for either listings or transactions. Other revenue streams include site advertisements and marketing materials
- ▶ The development and growth of Digital Marketplaces have been spurred by rising “consumerisation”, urbanisation, sustainability considerations and the rise in technology enabling such platforms

Source: Refer to the appendix for details



## A Victoria has generated successful Digital Marketplaces players

### Notable Digital Marketplaces Players Founded in Victoria

#### Seek

An employment marketplace with operations in 18 countries

#### REA

Australia's leading residential, commercial and share property websites



One of Australia's largest online automotive, motorcycle and marine classifieds business in Australia



An online marketplace for creative assets and services



An online graphic design marketplace



Online marketplace for independent artists to monetise their designs by printing them on clothing, homewares and other items



One of the largest platforms to buy and sell websites and domains in Australia



A platform which connects businesses with an on-demand workforce



A global platform for buyers and sellers to trade premium digital media

### Details of Selected Companies in the Appendix

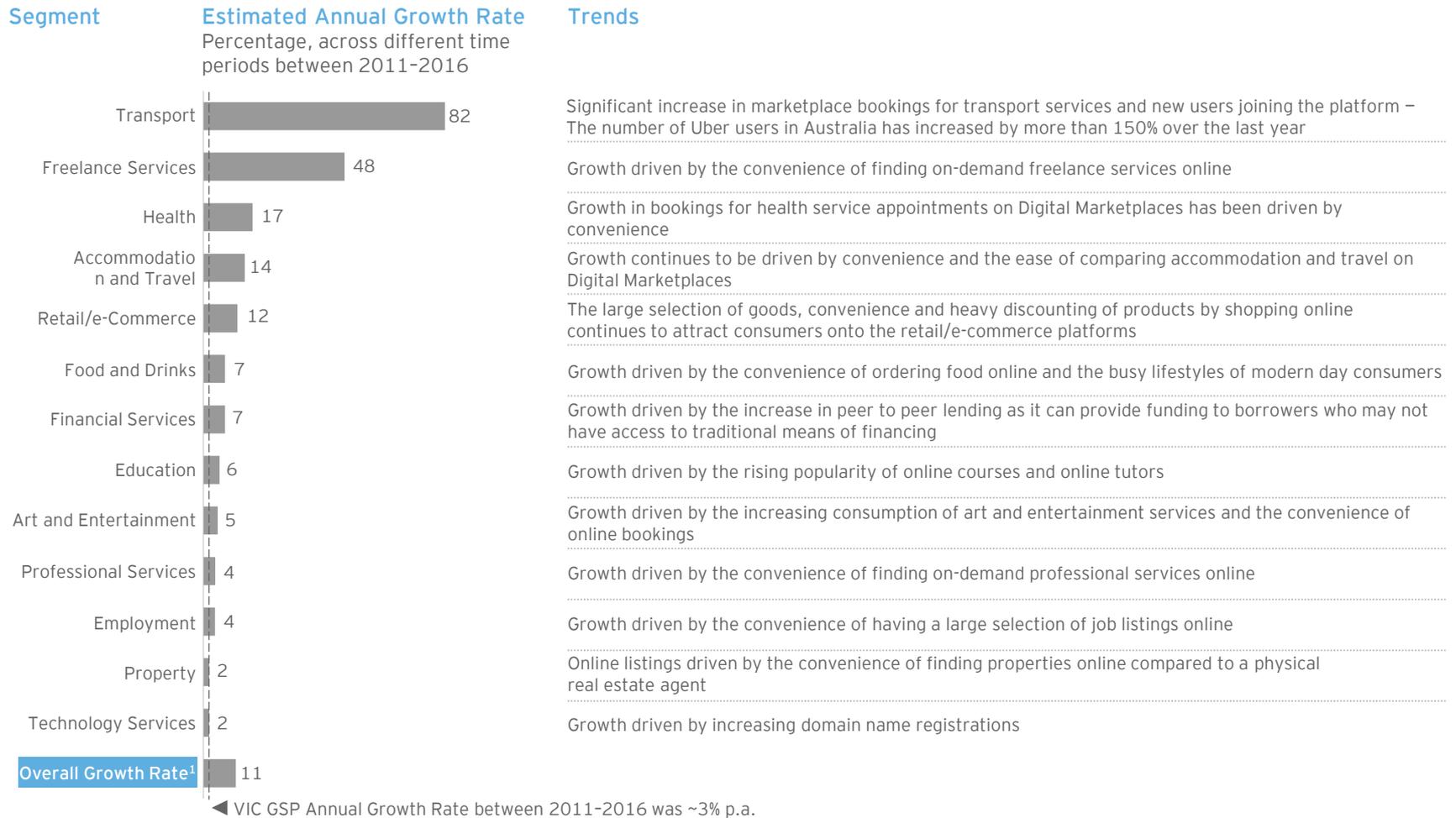
#### Other Digital Marketplaces Companies Founded in Victoria (Examples)

Company	Segment	Description
ArtsCrowd	Art and Entertainment	A global social art marketplace connecting artists, art lovers, galleries and collectors
NoteXchange	Education	Online service that allows a student-to-student exchange of notes
Kazileo	Employment	Marketplace for IT professionals to track applications and assess potential employees
MoneyPlace	Financial Services	Marketplace connecting creditworthy borrowers with investors
Yume	Food and Drinks	A wholesale marketplace for surplus food
LaundryLan	Freelance Services	Online marketplace for laundry services
Carefinder	Health	Connects aged or disabled people with quality home care
Trades Network	Professional Services	Enables individuals to find and book services from businesses and professionals
Next Address	Property	Marketplace for real estate, directly connecting buyers and sellers to each other
Flowerfox	Retail/ e-Commerce	Connects customers directly to local florists
Shebah	Transport	Ride sharing service for women and children

Source: Interviews with Company Executives and Founders, Company Websites, TechCrunch, AngelList, Australian Financial Review



**A** The sector is growing by ~11% p.a. in Victoria, above GSP growth of ~3% p.a.. “Transport” and “Freelance Services” are the fastest growing sectors



Note: 1 The overall growth rate is estimated using the weighted average of the growth rates across all segments; 2 GSP refers to Gross State Product for Victoria  
 Sources: St George Bank, ABS, Forbes, Deloitte Access Economics, Evolution, StartupAUS, AFR, Freelancer Investor Presentation, AFR, News Limited, Trading Economics, Business Insider, The Advertiser  
 Refer to the appendix for detailed assumptions and calculations



# A As the sector grows, four generations of players have emerged

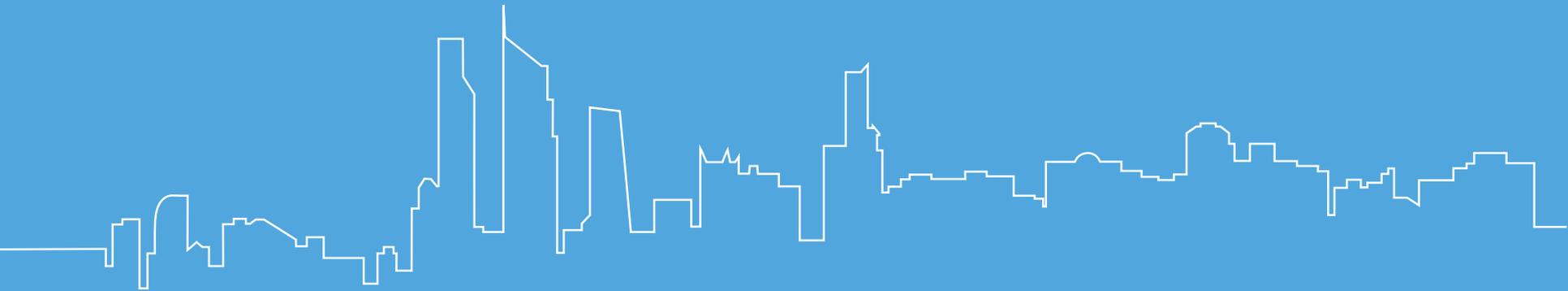
## Evolution

Typical Characteristics	Generation 1: Single-sided passive	Generation 2: Single-sided active	Generation 3: Two-sided active	Generation 4
<b>Summary Description</b>	Mostly one-sided passive markets where buyers choose sellers, and platforms do not actively engage users digitally	Markets where technology (e.g., Data Analytics, AI) is leveraged extensively to generate customised personal insights about users which are then used to actively encourage participation	Similar to Generation 2 with the added ability of buyers and sellers to select each other for transactions	<ul style="list-style-type: none"> <li>► Some Digital Marketplaces natives have gone further and become very successful venturing into other “adjacent” sectors</li> <li>► For example, Rakuten Ichiban, Amazon and Tencent all supply a wide variety of services, including e-commerce, financial products, travel, social media and gaming etc.</li> </ul>
<b>Users</b>	Buyers choose sellers	Buyers choose sellers	Buyers and sellers choose each other (e.g., based on mutual reviews on Airbnb)	
<b>Matching Mechanisms</b>	<ul style="list-style-type: none"> <li>► Buyers need to actively engage with the platform to search for offerings</li> <li>► Platforms have a passive role in matching sellers to buyers</li> </ul>	<p style="text-align: center;">← Platform can leverage technology (such as AI and advanced algorithms) to actively engage users, or suggest matches to either sellers or buyers →</p>		
<b>Typical Business Models</b>	Brings offline businesses online for improved efficiency	Significantly expands scope of traditional businesses e.g., international auctions	Creates new markets that can now exist due to technology	
<b>Service/Warranties</b>	Buyer-Beware	<ul style="list-style-type: none"> <li>► Improved consistency – including standard refund/cancellation policies (e.g., Airbnb)</li> <li>► Platform steps in to provide some form of mediation when friction occurs (e.g., Uber)</li> <li>► Features exist that will boost “Trust and Safety” (given trust issues remain a significant barrier to users transacting) and discourage “Disintermediation”, where users agree to transact outside of the platform</li> </ul>		

Source: Forbes, Harvard Business Review, EY Analysis

B

## Contribution to the Victorian Economy

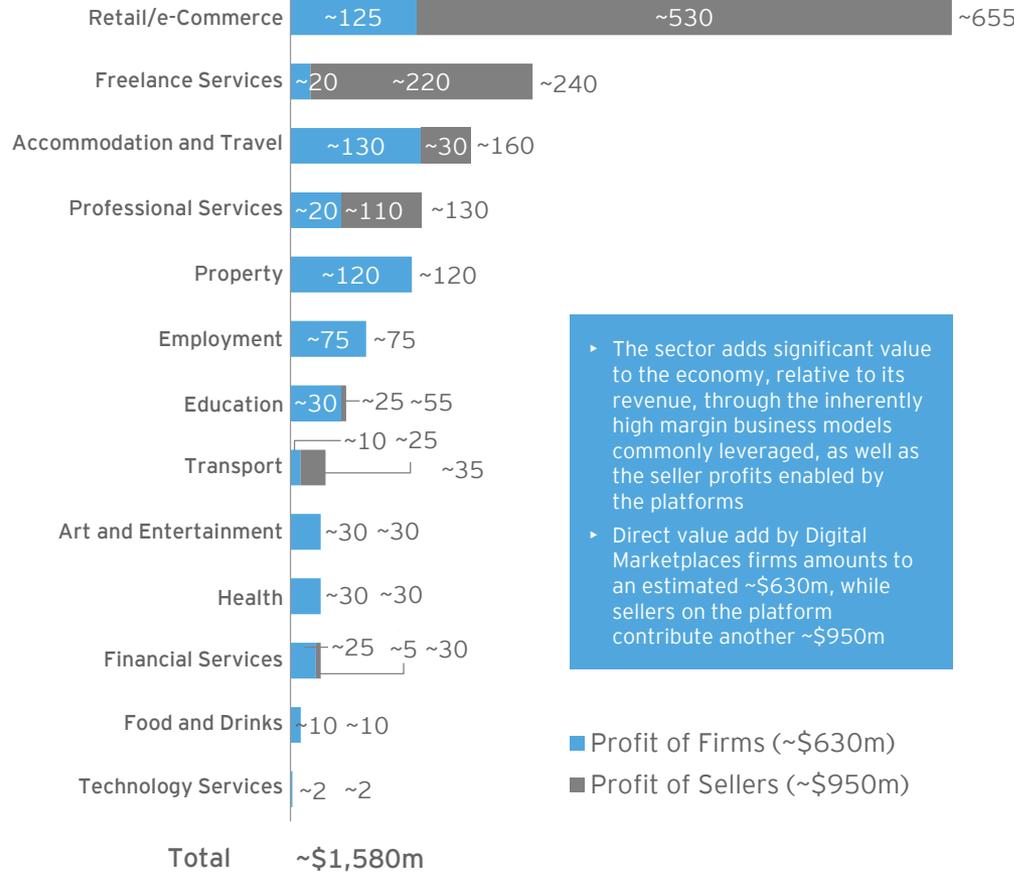




# B The Digital Marketplaces sector contributes ~\$1.6b to Victoria's GSP and ~\$135m in consumer surplus

## Segment

### Estimated Value Add A\$ millions

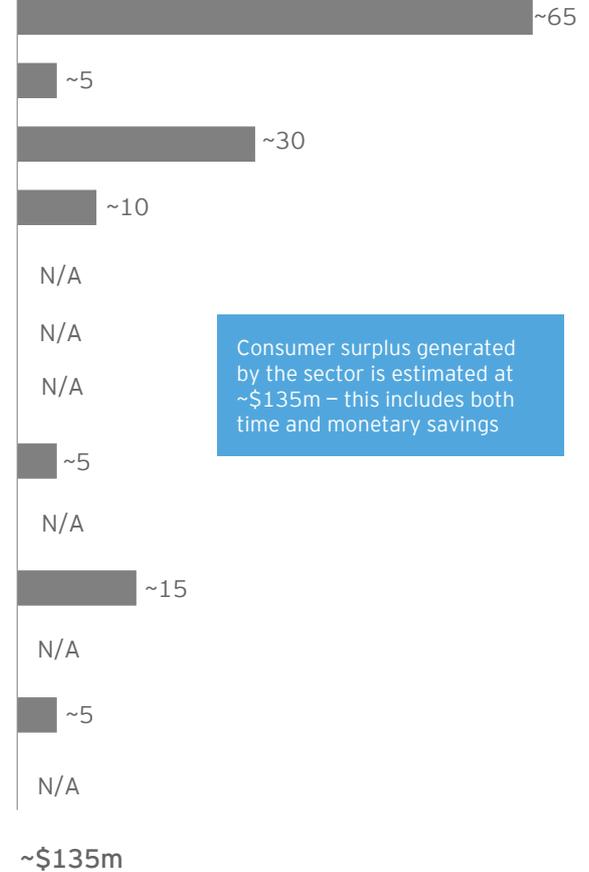


► The sector adds significant value to the economy, relative to its revenue, through the inherently high margin business models commonly leveraged, as well as the seller profits enabled by the platforms

► Direct value add by Digital Marketplaces firms amounts to an estimated ~\$630m, while sellers on the platform contribute another ~\$950m

■ Profit of Firms (~\$630m)  
■ Profit of Sellers (~\$950m)

### Estimated Consumer Surplus<sup>1</sup> A\$ millions



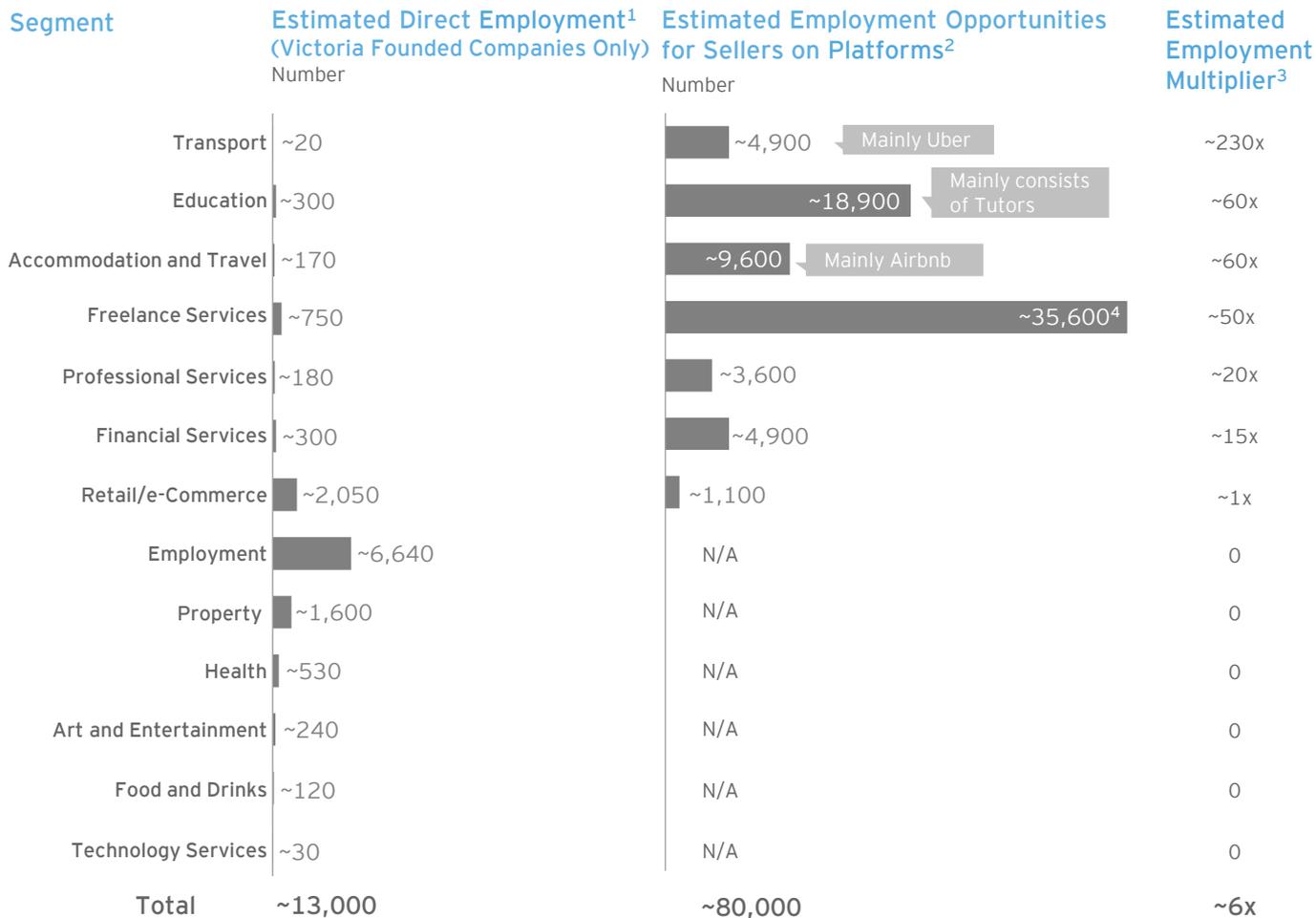
Consumer surplus generated by the sector is estimated at ~\$135m – this includes both time and monetary savings

Note: 1 Consumer Surplus in this paper was measured by "Money Savings" and "Time Savings". "Money Savings" refer to the cost saved per year in using Digital Marketplaces compared to traditional channels. "Time Savings" refer to the time saved per year in using Digital Marketplaces compared to traditional channels. This time saved was then multiplied by the average wage of a Victorian employee to estimate the monetary value of the time saved. Please refer to the appendix for more details

Source: Refer to the appendix for details



## B Victoria Founded Digital Marketplaces companies employ ~13,000 people and create ~80,000 work opportunities for sellers



- ▶ Our study, combining various research globally, including Harvard Business Review and Deloitte Access Economics, shows that Digital Marketplaces transforms the employment landscape, moving roles from traditional industries to non-conventional employment models (e.g., freelancing)
- ▶ A common criticism of Digital Marketplaces is the negative disruption they bring to traditional industries, particularly in terms of employee benefits (due to the classification of the sellers as 'contractors') and wages being undercut
- ▶ Our research shows that the impact differs from segment to segment – for example, in Retail, the move to Digital Marketplaces may have impacted traditional retail jobs, while creating new warehousing and logistics roles

Note: 1 Direct employment refers to employees directly employed by Victoria Founded Digital Marketplaces and includes both Victoria and Non-Victoria Employees; 2 Sellers on platforms are able to generate a certain level of income which could differ significantly (average is about \$12,500 per annum per person); 3 Employment multiplier refers to the number of employment opportunities generated per Digital Marketplaces employee. Refer to the appendix for details; 4 Key employment opportunities in the Freelance Services segment include freelancers on Hipages and Freelancer.com

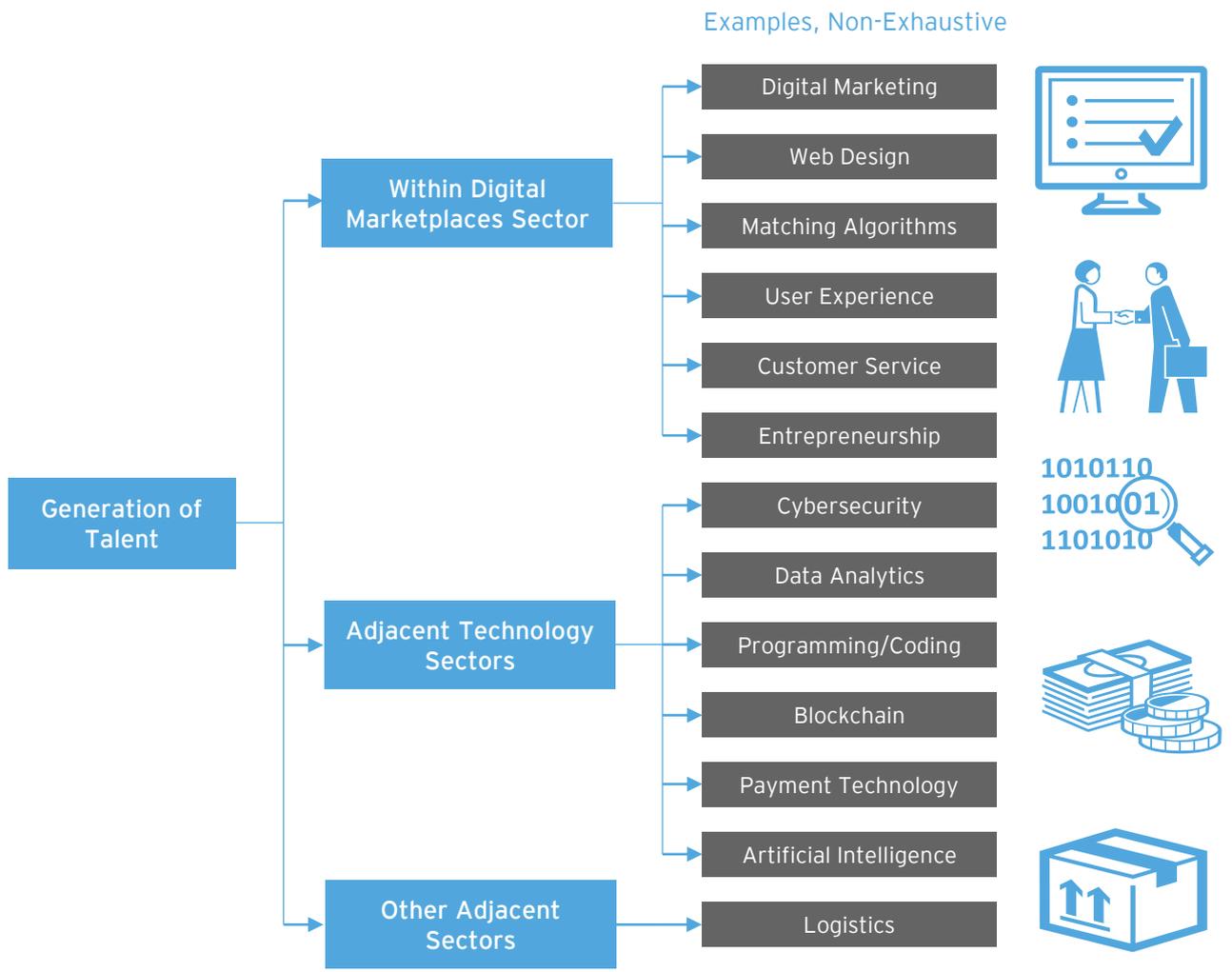
Source: Refer to the appendix for details



**B** The Digital Marketplaces sector also drives other indirect economic benefits, including nurturing a wide range of digital and non-digital talent

► Besides direct, measurable economic benefits, the Digital Marketplaces sector also bring about other intangible benefits to the economy. Not only do they directly generate a variety of digital and non-digital talent that could circulate through the economy, they also drive the digitisation of traditional sectors, enabling better use of technology to drive productivity in those sectors

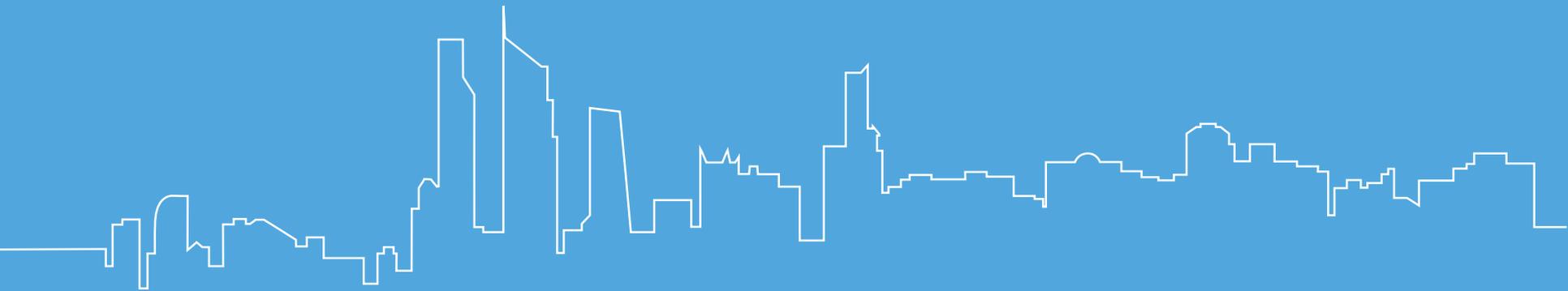
► The sector also drives productivity gains by tapping into under-utilised physical capital such as real estate and transport, as well as under-utilised human capital, by enabling people to monetise these assets on platforms



Source: StartupAus, Forbes, AnthillOnline, Entrepreneur, ABC, Arcadier, Harvard Business Review, ShareTribe

C

# Segments of Interest for the Victorian Economy

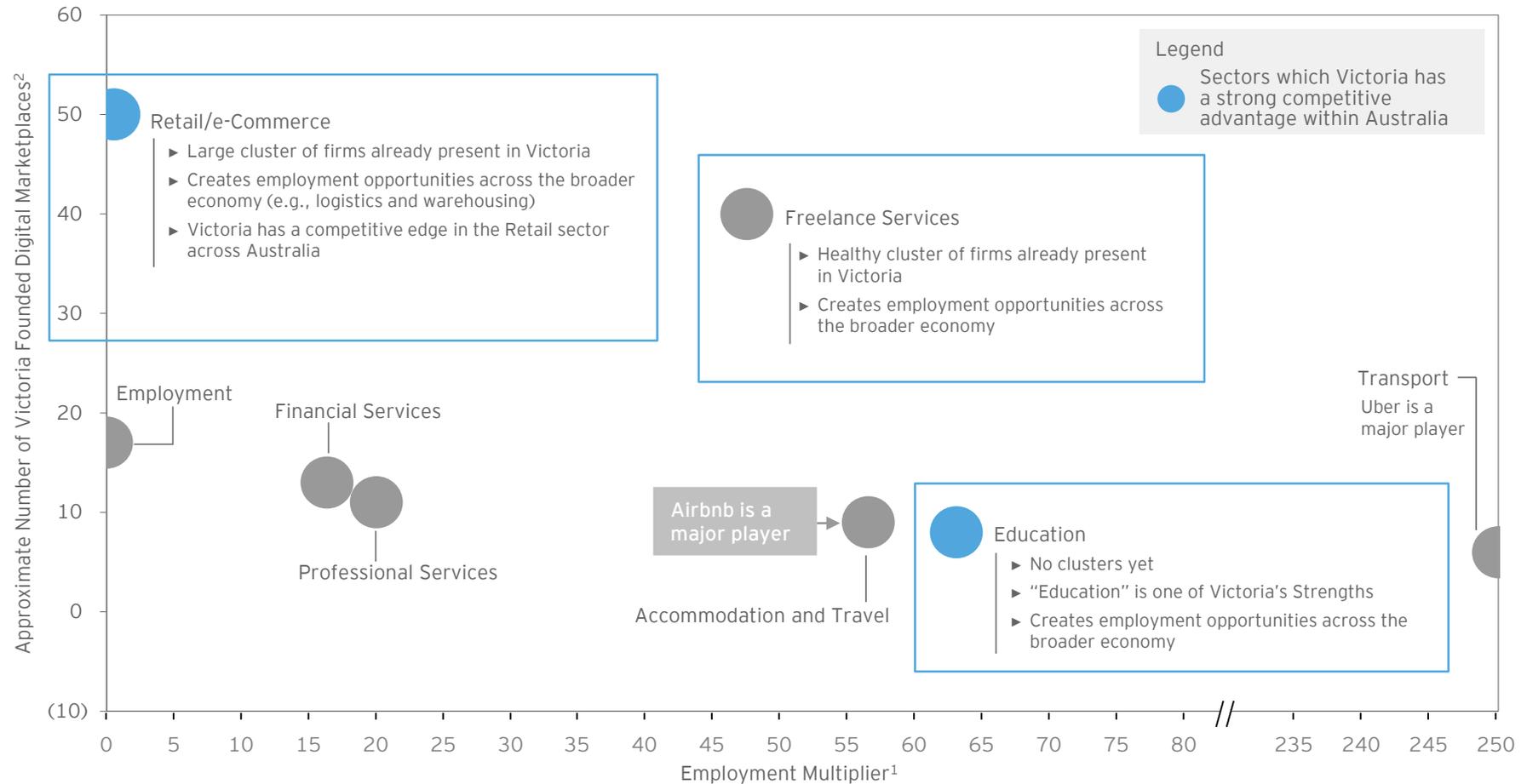




# C "Retail", "Freelance" and "Education" are interesting Digital Marketplaces segments in Victoria

## Approximate Number of Victoria Founded Digital Marketplaces vs. Employment Multiplier

Number of Companies

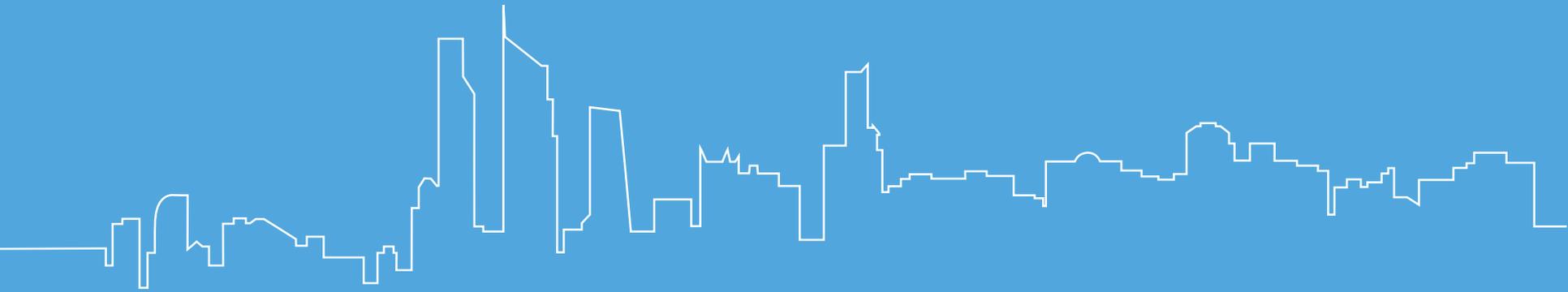


Note: 1 Employment multiplier refers to the number of employment opportunities generated per Digital Marketplaces employee; 2 Approximate number of Victoria Founded Digital Marketplaces was sourced through a detailed EY web scan

Source: Refer to the appendix for details

# Appendix

# Definitions





## Definition of key terms used in this report

### Key Terms

### Definition

#### Digital Marketplaces

- ▶ Digital Marketplaces tend not to hold inventory of goods or assets
- ▶ Digital Marketplaces are firms that act as intermediaries between sellers and buyers of Goods/Assets and Services
- ▶ The process of searching and matching between buyer and seller occurs digitally via a browser, app or text interface
- ▶ Payments by the buyer is transferred at least partially to the seller
- ▶ A variety of sellers are allowed to participate on the platform and the entry costs are typically low
- ▶ Sellers are not obliged to exclusively use a particular platform, do not typically engage in long-term employment relationships, and retain at least some control rights over their products

#### Victoria Founded Digital Marketplaces

- ▶ Digital Marketplaces that are either founded or based in Victoria and;
- ▶ Have operations in Victoria

#### Non-Victoria Founded Digital Marketplaces

- ▶ Digital Marketplaces that are founded outside of Victoria but have operations in Victoria
- ▶ Includes companies that are founded in other Australian States such as NSW and other countries

#### Victoria Revenue

- ▶ Revenue generated within Victoria

#### Non-Victoria Revenue

- ▶ Revenue generated outside of Victoria by Victoria Founded Digital Marketplaces
- ▶ Includes revenue generated in other Australian States such as NSW and other countries



## Definition of key terms used in this report (cont'd)

### Key Terms

### Definition

#### Profit of Firms

Refers to the gross profit that the Digital Marketplaces companies generate

#### Profit of Sellers on Platforms

Refers to the gross profit that sellers on the platforms earn (e.g., the gross profit earned by an Uber driver)

#### Direct Employment

Refers to employees directly employed by Victoria Founded Digital Marketplaces and includes both Victoria and Non-Victoria employees

#### Employment Opportunities for Sellers on Platforms

- ▶ Refers to sellers who generate income by offering their Goods/Assets or Services on a Digital Marketplace
- ▶ Sellers on platforms generate income which could vary significantly (average is about \$12,500 per annum per person)
- ▶ This does not include the increased volume of sales due to the emergence of Digital Marketplaces if the incremental revenue generated through these platforms cannot be clearly separated from traditional channels (e.g., the restaurants on Deliveroo are not included as sellers as there is no publicly available information to measure the incremental revenue generated through the platform)

#### Employment Multiplier

Employment multiplier refers to the number of employment opportunities generated per Digital Marketplaces employee



## Definition of segments - Services

	Segments	Typical Offerings	Revenue Streams
Access to Services	Employment	Online job platform connecting recruiters with candidates	<b>Main:</b> Commission from job postings and premium listings <b>Others:</b> Fees from site advertising, featured company profiles, and memberships
	Education	<ul style="list-style-type: none"> <li>▶ Connects consumers with a wide selection of online courses</li> <li>▶ Others: Provision of study material, online tutoring</li> </ul>	<b>Main:</b> Commission from course registrations <b>Others:</b> Membership fees, access fees for secondary content e.g., worksheets and answers, advertising
	Professional Services	Connects clients with freelance professional service providers including consultants and lawyers	<b>Main:</b> Commission from value of work transacted, premium listing fees <b>Others:</b> Registration fee (buyer/seller), advertising, featured company profiles
	Health	Connects patients with pharmacies and medical specialists	<b>Main:</b> Commission from appointments made <b>Others:</b> Site advertising
	Financial Services	<ul style="list-style-type: none"> <li>▶ Peer-to-Peer lending</li> <li>▶ Crowdsourcing (for campaigns, startups)</li> </ul>	<b>Main:</b> Brokerage fees and service fees (usually a % of transaction amount) <b>Others:</b> Lead generation fees
	Freelance Services	Casual services (e.g., designers, digital services, babysitting), errands, home improvement (e.g., cleaning, handyman)	<b>Main:</b> Commission from value of work transacted, fees for premium listings and membership fees <b>Others:</b> Fees from site advertising, featured company profiles, and memberships

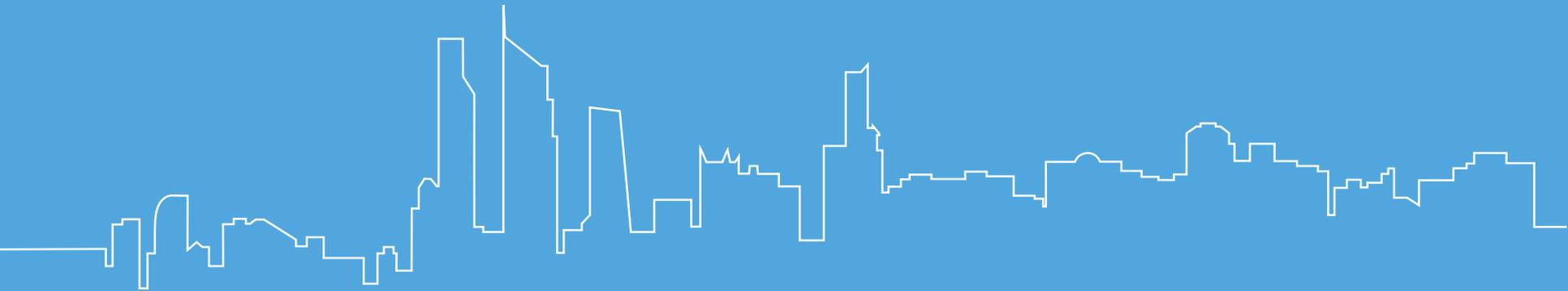


## Definitions of segments - Goods/Assets

	Segments	Typical Offerings	Revenue Streams
Access to Goods/Assets (Physical Commodity)	Accommodation and Travel	<ul style="list-style-type: none"><li>▶ Online travel agent for accommodation, tickets and tour package bookings</li><li>▶ Connects people renting their homes/holiday accommodations to people looking for short-term stays e.g., Airbnb</li></ul>	<b>Main:</b> Commission from bookings made (usually percentage of the total reservation value)
	Transport	<ul style="list-style-type: none"><li>▶ Ridesharing (e.g., Uber)</li><li>▶ Car-sharing</li></ul>	<b>Main:</b> Commission for rides/car rentals arranged <b>Others:</b> Listing fees
	Art and Entertainment	Booking platform connecting buyers to events	<b>Main:</b> Commission from tickets sold <b>Others:</b> Listing fees
	Food and Drinks	<ul style="list-style-type: none"><li>▶ Connects consumers with food and drinks suppliers (takeaways/deliveries)</li><li>▶ Restaurant bookings</li></ul>	<b>Main:</b> Commission on orders, delivery fees, reservation fees
	Property	Connecting property sellers with potential buyers	<b>Main:</b> Fees for listings <b>Others:</b> Advertisements, monetising data, premium account fees
	Retail/ e-Commerce	Connects buyer and sellers of physical goods/assets through online catalogues and sales platforms	<b>Main:</b> Commission fees from goods/assets sold, listing fees
	Technology Services	Online platform connecting users in search of technology assets to acquire, e.g., data processing and web hosting providers, domains and portals	<b>Main:</b> Commission fees, listing fees <b>Others:</b> Advertising

# Appendix

## Methodology and Key Assumptions





## Given the nascent nature of the sector where data is not readily reported, this report relies on various methodologies to quantify the sector (1/3)

### Market Size Methodology

#### Sector Size

- ▶ The sector size was calculated using various methods depending on data availability. The key approaches adopted were:
  - ▶ **Option 1:** The total revenue generated within Victoria (through both online and offline channels) was reported by ABS for most segments, including Retail/e-Commerce, Food and Drinks, Education and Accommodation and Travel. The proportion of sales going through Digital Marketplaces was estimated at the segment-level, using the percentage generated through Digital Marketplaces in China, America or globally as proxy (data specific to Australia mostly unavailable). The total revenue by Digital Marketplaces was then multiplied by the typical commissions charged by the platforms (~10-20%) to estimate the market size for each segment
  - ▶ **Option 2:** Identified the players within the segment and summed up their revenues to estimate the market size. In many cases, their revenues were estimated by leveraging either publicly available data or data collected through the survey “Mapping Victoria’ Startup Ecosystem” launched by LaunchVic
  - ▶ **Option 3:** Revenues of the key players within the segment and their estimated market shares were used to extrapolate the market size

#### Revenue Generated by Victoria Founded Marketplaces

- ▶ Revenue generated by Victoria Founded Marketplaces was estimated using data collected through the survey “Mapping Victoria’ Startup Ecosystem” launched by LaunchVic
- ▶ The sample was extrapolated to the segment and sector levels, using revenue/FTE at the segment level as a guidance (where sample size permits)

#### Non-Victoria Revenue Generated by Victoria Founded Marketplaces

- ▶ Non-Victoria revenue generated by Victoria Founded Marketplaces was estimated using the total revenue reported in the company’s annual report and subtracting the portion generated within Victoria
- ▶ Where data was unavailable, Victoria’s share of Australia revenue was assumed to be in line with Victoria’s share of Australia’s population (~25%)
- ▶ E.g., the Australian revenue of REA group was reported to be \$555m in their FY16 Annual Report, of which ~\$140m was assumed to be generated in Victoria. The Non-Victoria revenue generated by REA Group was estimated using their reported global revenue of \$630m and subtracting ~\$140m to arrive at ~\$490m
- ▶ This method was repeated for all companies where global revenue data was publicly available



## Given the nascent nature of the sector where data is not readily reported, this report relies on various methodologies to quantify the sector (2/3)

### Growth Rate Methodology

- ▶ The historical growth rate of each segment was calculated using three steps:
  - ▶ Identified the growth drivers of each segment through extensive secondary research
  - ▶ Identified the historical movements and trends of each of these growth drivers
  - ▶ Calculated the historical growth rate of the Digital Marketplaces segment by triangulating the historical movements of the growth drivers
- ▶ The overall growth rate of the Digital Marketplaces sector was calculated using a weighted average of the segment growth rates, using segment revenue as weights

### Direct Employment Methodology

- ▶ Direct employment by a Digital Marketplaces company was gathered either by:
  - ▶ Using the figure reported in its annual report
  - ▶ Calculating the average of the employee range reported on its LinkedIn profile
- ▶ Total direct employment of the Digital Marketplaces sector was calculated by summing up the direct employment of all the Digital Marketplaces players

### Employment Opportunities for Sellers on Platforms Methodology

- ▶ This was estimated by triangulating data reported by Deloitte Access Economics (where available) with either:
  - ▶ A bottom up analysis to identify the players within the segment and summing up all the listed sellers on the companies' website
  - ▶ Using the number of listed sellers on the platforms of some of the key players and their market shares to extrapolate the approximate number of employment opportunities of sellers on platforms

### Profit of Firms Methodology

- ▶ The profit margin of Digital Marketplaces players was calculated using data reported in their annual reports and/or by Thomson Reuters
- ▶ Due to a lack of reported data for all Digital Marketplaces players, the average profit margin for each segment was calculated using the profit margins of companies for which data was available



## Given the nascent nature of the sector where data is not readily reported, this report relies on various methodologies to quantify the sector (3/3)

### Profit of Sellers on Platforms Methodology

- ▶ This was estimated by triangulating the data reported by Deloitte Access Economics (where available) with either:
  - ▶ A bottom up analysis which identified the Digital Marketplaces players within the segment and summed up all the listed sellers on the players' website. Used the average revenue generated by the sellers on the Digital Marketplaces platforms and applied the gross profit margin of the sellers reported by various sources
  - ▶ Used the total gross profit made by the listed sellers on the platforms of some of the key players and their market shares to extrapolate the size of the market

### Consumer Surplus Methodology

- ▶ Consumer Surplus in this paper is measured by 'Money Savings' and 'Time Savings'
- ▶ **Money Savings** for each segment was calculated by taking the difference between the average price paid on traditional channels compared to the average price paid on Digital Marketplaces to estimate the money saved per transaction. To calculate the total number of transactions per year, the segment size (estimated in the market size calculations) was divided by the average price per transaction on Digital Marketplaces. The money saved per transaction was then multiplied with the total number of transactions per year to arrive at the total money savings for the specific segment
  - ▶ E.g., the money saved for the Transport segment was calculated using the cost difference between an average Uber fare of \$23/trip compared to an average taxi fare of \$27/trip, as reported by Deloitte Access Economics. The Transport segment size of ~\$15m, which was estimated in the market size calculations, was divided by the average Uber fare of \$23/trip to arrive at ~1m trips which was then multiplied by the cost difference of ~\$4/trip to arrive at ~\$4m in consumer surplus
- ▶ **Time Savings** for each segment was calculated using the time difference accessing a Good/Asset or Service on a Digital Marketplaces compared to traditional channels to estimate the time saved per transaction. The time saved per transaction was then multiplied with the total number of transactions per year to arrive at the total time saved for the segment. The total time saved was then multiplied by the average hourly wage of a Victorian employee, estimated to be ~\$35/hour (using Payscale), to arrive at the consumer surplus for the specific segment
  - ▶ E.g., the time saved for the Food and Drinks segment was calculated using the time difference for food delivery, reported to be ~20 minutes/order by the Daily Telegraph compared to the average restaurant wait time of ~35 minutes/order as indicated by Quora. The Food and Drinks segment size of ~\$15m, which was estimated in the market size calculations, was divided by ~\$40/order (per Menulog) to arrive at ~0.4m orders per year which was then multiplied by the time saving of ~15 minutes/order to estimate the total time saved per year. The total time saved of ~6m minutes was multiplied by the average hourly wage of ~\$35/hour to arrive at a consumer surplus of ~\$4m



# Market Size Estimation – Key Assumptions and Methodology

## Key Segments

## Key Assumptions and Methodology

Access to Goods/Assets	Accommodation and Travel	Penetration rate of online travel bookings in China, America and globally was reported to be ~50%, ~60% and ~60% respectively by Yale. An average was used as a proxy for the rate in Victoria
	Retail/e-Commerce	The online penetration rate of retail/e-Commerce was calculated using the total retail sector size of \$56b as reported by ABS and the online sales of retail/e-commerce reported by NAB Online Retail Sales Index
	Property	The online penetration rate of residential real estate advertising of ~84% reported by IBISWorld was used as a proxy for the online penetration rate for the Property Digital Marketplaces segment
	Art and Entertainment	Revenue of Ticketek was reported to be \$140m in 2014 with a reported market share of ~70% by Acil Allen. This was extrapolated to size the market
	Transport	UberX fares collected in Australia was reported to be ~\$260m by Deloitte Access Economics with Victoria's proportion of taxi drivers of ~24% used as a proxy to calculate Victoria's share of UberX fares
	Food and Drinks	The online penetration rate of food sales was calculated to be ~3% by dividing the online food and drinks revenue reported in the NAB Online Retail Sales Index by the total food and drinks revenue figure by ABS
	Technology Services	Revenue of Flippa was reported to be ~\$3m. In the absence of any other significant players, it was assumed that Flippa represented the entire market for Technology Services segment
Access to Services	Employment	Revenue of Seek's employment segment was reported to be ~\$310m in their Annual Report, with a market share of ~85% as reported by IBISWorld. This was extrapolated to size the market
	Education	The proportion of university students studying online was reported to be ~14% by University Rankings which was used as the online penetration rate for the Education segment
	Health	In the absence of relevant data, the revenue of key players including HealthEngine and Unified Healthcare Group was summed up to arrive at the market size
	Financial Services	The peer-to-peer lending proportion of personal borrowings in Australia was multiplied by the total amount of personal borrowings in Victoria. Applied Kickstarter's commission fee of 5% to size the market
	Freelance Services	Victoria's portion of Freelancer.com's ~\$53m global revenue reported in their annual report was calculated using the portion of projects completed in Victoria
	Professional Services	The proportion of management consultants and business analysts that was self-employed in the UK, reported to be ~30% by Financial Times, was used as a proxy for the proportion of on-demand professionals in Victoria

Source: LaunchVic "Mapping Victoria's Startup Ecosystem", ABS Retail Trade in Victoria, Pittney Bowes, Deloitte Access Economics: "Review of the Collaborative Economy in NSW", "Economic Effects of Ridesharing in Australia" and "Economic Effects of Airbnb in Australia", Sharetribe, NAB Online Retail Sales Index, Macquarie, Resso, Seek, IBISWorld, University Rankings, Open Universities, Docebo, TrainingZone, SocietyOne, Canstar, Yale, eMarkter, Roy Morgan, Forbes, Hotel Management, Uber, Car Next Door, Owlter, LinkedIn, Financial Times, Freelancer, Nine Entertainment, Acil Allen, Company Annual Reports, Smart Company, Financial Times, Kickstarter



# Value Add Estimation – Key Assumptions and Methodology

## Key Assumptions and Methodology for Profit of Firms

Access to Goods/Assets	<ul style="list-style-type: none"> <li>▶ The profit margin of Digital Marketplaces players was calculated using data reported in their annual reports and/or by Thomson Reuters</li> <li>▶ Due to a lack of reported data for all Digital Marketplaces players, the average profit margin for each segment was calculated using the profit margins of companies for which data was available</li> </ul>
Access to Services	

## Segments with Sellers

**Accommodation and Travel**

**Retail/ e-Commerce**

**Transport**

**Education**

**Financial Services**

**Freelance Services**

**Professional Services**

## Key Assumptions and Methodology for Profits of Sellers on Platforms

Annual income of an Airbnb host was reported to be ~\$5,500 by Deloitte Access Economics, with ~4,000 hosts in Victoria. Applied the average profit margin of an Airbnb host, reported by Domain, to its annual income

Revenue generated in NSW by Retail/e-Commerce Digital Marketplaces was reported by Deloitte Access Economics to be ~\$950m. Applied Victoria's share of Australia's population to estimate the revenue generated in Victoria. Used the profit margin of eBay, reported to be ~80%, as a proxy for Retail/ e-Commerce Digital Marketplaces. Deducted the commission charged by Retail/e-Commerce Digital Marketplaces, reported to be ~10% by Sharetribe, to estimate the profit of sellers on platforms

Revenue generated in NSW by Transport Digital Marketplaces was reported by Deloitte Access Economics to be ~\$40m. Applied Victoria's share of Australia's population to estimate the revenue generated in Victoria. Used the commission charged by UberX, reported to be ~25%, as a proxy for the commission charged by the segment

Hourly rate charged by tutors was reported to be ~\$50 by StudentVIP, which was used as a proxy for all tutors identified within the Education segment. Assumed that each tutor had one class per week within the UNSW teaching period, which equated to ~26 weeks

Revenue generated in NSW by Financial Services Digital Marketplaces was reported by Deloitte Access Economics to be ~\$4m. Applied Victoria's share of Australia's population to estimate the revenue generated in Victoria. Deducted the commission charged by Kickstarter, reported to be ~5%, which was used as a proxy for Financial Services Digital Marketplaces to estimate the gross profit of sellers on platforms

Revenue generated in NSW by Freelance Services Digital Marketplaces was reported by Deloitte Access Economics to be ~\$460m. Applied Victoria's share of Australia's population to estimate the revenue generated in Victoria. Deducted the commission charged by Freelancer.com, reported to be ~10%, to estimate the gross profit of sellers on platforms

Average revenue of an Expert360 project, reported to be ~\$30,000 by Forbes, was multiplied by the total number of projects in Victoria per year that was listed on Professional Services Digital Marketplaces. Deducted the commission charged, reported to be ~20% by Sharetribe, to estimate the gross profit of sellers on platforms

Note: Sellers on platforms are able generate a certain level of income which could differ significantly (average is about \$12,500 per annum per person). The segments where sellers are not able to generate a significant income include Property, Art and Entertainment, Food and Drinks, Technology Services, Employment and Health

Source: Company Websites and Annual Reports, Company Interviews, ABS, Deloitte Access Economics: "Review of the Collaborative Economy in NSW", "Economic Effects of Ridesharing in Australia" and "Economic Effects of Airbnb in Australia", StudentVIP, Expert360, Thomson Reuters, UNSW, Kickstarter, Forbes, Domain



# Employment Estimation – Key Assumptions and Methodology

## Key Assumptions and Methodology for Direct Employment

Access to Goods/Assets	<ul style="list-style-type: none"> <li>▶ Direct employment by a Digital Marketplaces company was gathered either by:             <ul style="list-style-type: none"> <li>▶ Using the figure reported in its annual report</li> <li>▶ Calculating the average of the employee range reported on its LinkedIn profile</li> </ul> </li> <li>▶ Total direct employment of the Digital Marketplaces sector was calculated by summing up the direct employment of all the Digital Marketplaces players</li> </ul>
Access to Services	

## Segments with Sellers

## Key Assumptions and Methodology

<b>Accommodation and Travel</b>	Number of employment opportunities for sellers in NSW created by Accommodation Digital Marketplaces was reported by Deloitte Access Economics to be ~16,500. Applied Victoria's share of Australia's population to estimate the number of sellers on platforms in Victoria. This was triangulated with the number of Airbnb hosts in Victoria, reported to be ~4,000 by Deloitte Access Economics
<b>Retail/ e-Commerce</b>	Number of employment opportunities for sellers in NSW created by Retail/e-Commerce Digital Marketplaces was reported by Deloitte Access Economics to be ~960. Applied Victoria's share of Australia's population to estimate the number of sellers on platforms in Victoria. This was triangulated with the figure calculated using the number of eBay sellers in Victoria and eBay's market share in the total Retail/e-Commerce Digital Marketplaces segment
<b>Transport</b>	Number of employment opportunities for sellers in NSW created by Transport Digital Marketplaces was reported by Deloitte Access Economics to be ~6,900. Applied Victoria's share of Australia's population to estimate the number of sellers on platforms in Victoria. This was triangulated with the number of Uber drivers in Melbourne, calculated to be ~4,200 by using the number of Uber drivers in Sydney, Melbourne, Brisbane and Perth, reported to be ~12,700 by Deloitte Access Economics, and Melbourne's share of the total population in Sydney, Melbourne, Brisbane and Perth
<b>Education</b>	Identified the Digital Marketplaces players within the Education segment and summed up all the listed employment opportunities for sellers on the players' website
<b>Financial Services</b>	Number of employment opportunities for sellers in NSW created by Financial Services Digital Marketplaces was reported by Deloitte Access Economics to be ~2,450. Applied Victoria's share of Australia's population to estimate the number of sellers on platforms in Victoria. This was triangulated with the figure calculated by identifying all the Digital Marketplaces players within the Financial Services segment including those on crowdfunding and peer-to-peer lending platforms and summed up all the projects listed on the players' website
<b>Freelance Services</b>	Identified the Digital Marketplaces players within the Freelance Services segment and summed up all the listed employment opportunities for sellers on the players' website
<b>Professional Services</b>	Identified the Digital Marketplaces players within the Professional Services segment and summed up all the listed employment opportunities for sellers on the players' website

Note: Sellers on platforms are able generate a certain level of income which could differ significantly (average is about \$12,500 per annum per person). The segments where sellers are not able to generate a significant income include Property, Art and Entertainment, Food and Drinks, Technology Services, Employment and Health

Source: Company Websites and Annual Reports, Company Interviews, ABS, Deloitte Access Economics: "Review of the Collaborative Economy in NSW", "Economic Effects of Ridesharing in Australia" and "Economic Effects of Airbnb in Australia", StudentVIP, Expert360, Thomson Reuters, UNSW, Kickstarter, Forbes



# Consumer Surplus Estimation – Key Assumptions

## Key Segments

## Key Assumptions and Methodology for Consumer Surplus

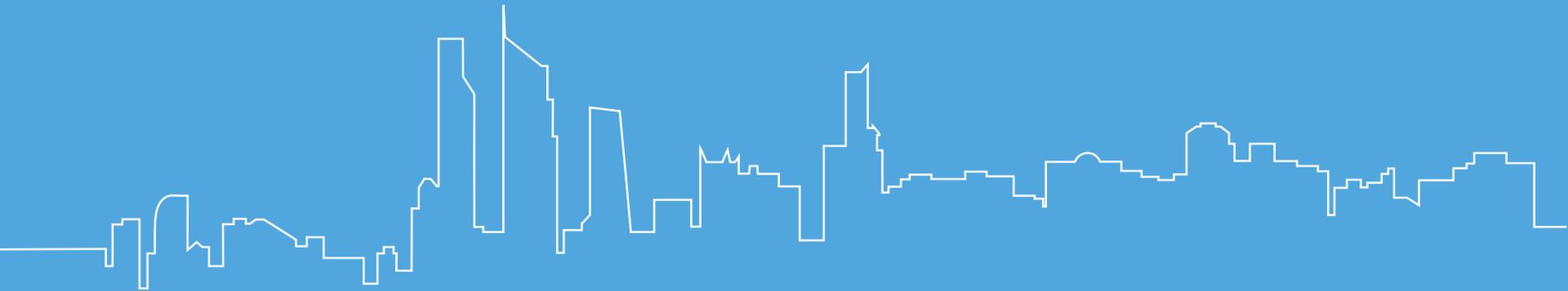
Access to Goods/Assets	Accommodation and Travel	The average price of a hotel was reported to be ~\$175/night by the Australian Financial Review compared to ~\$135/night for Airbnb in Victoria as reported by Insider Airbnb, equating to a ~\$40/night cost saving
	Retail/e-Commerce	Average time shopping online was reported to be ~9 minutes by eMarketer compared to the average time spent in-store of ~20 minutes reported by Packetwire, equating to a time saving of ~11 minutes/purchase
	Transport	The cost savings generated by using UberX compared to traditional taxis is ~\$4/trip as reported by Deloitte Access Economics "Economic Effects of Ridesharing in Australia"
Access to Services	Health	The time saved by booking a health service online compared to waiting at a health clinic was assumed to be ~30 minutes in the absence of publicly available information
	Freelance Services	Upwork reported that consumers saved 25% when using their offerings compared to traditional channels. This was used as a proxy for dollar savings within the Freelance Services segment
	Professional Services	Average hourly rate of professionals found on traditional platforms was calculated to be ~\$200 using Legal Lawyers and Service Seeking compared to ~\$100 charged by Professional Services Digital Marketplaces

Note: Where there was no publicly available information to quantify the 'Money Savings' or 'Time Savings' for a segment, consumer surplus was not estimated. This applied to the Property, Art and Entertainment, Food and Drinks, Technology Services, Employment, Education and Financial Services segments

Source: LaunchVic Survey, Australian Financial Review, Sydney Morning Herald, ABS National, Roy Morgan, Forbes, Skyscanner, Deloitte Access Economics: "Review of the Collaborative Economy in NSW", "Economic Effects of Ridesharing in Australia" and "Economic Effects of Airbnb in Australia", Payscale, LinkedIn, Upwork, Inside Airbnb, Packetwire

## Appendix

# Case Studies of Selected Notable Firms Founded in Victoria





# Feature Company: Envato



Envato is an online marketplace for creative assets and services

## Company Snapshot



- ▶ Founded in 2006, Envato celebrated its 10th birthday in 2016
- ▶ Paid out over \$500million in lifetime community earnings in April 2017, with a goal of reaching \$1billion
- ▶ Over 8 million community members worldwide – 1 in every 1,000 people in the world is an Envato community member
- ▶ Over 2 million people buy Envato products each year; In June 2017, Envato passed the 6 million total customers and 40 million total purchases milestones across the lifetime of the company
- ▶ Envato employs more than 300 people around the world, with more than 200 based in its Melbourne HQ
- ▶ Envato has customers in 197 countries

## Company Offerings



- ▶ Envato is an online marketplace that sells creative assets for web designers, developers and other entrepreneurs
- ▶ Key Offerings:
  - ▶ Envato Market, including Themeforest: sells blog and website templates and themes for WordPress users, as well as some videos and music for websites. It is among the top 300 most visited websites in the world
  - ▶ Envato Elements: creative subscription service for digital assets
  - ▶ Envato Studio: hire designers and developers
  - ▶ Envato Tuts+: learn with tutorials and courses

## Highlights



- ▶ Envato was founded by husband and wife team Cyan and Collis Ta'eed and their friend, Jun Rung, in Collis' garage in 2006 and has not taken external funding since
- ▶ Envato is known for an ultra-flexible working environment enabling a number of virtual team members and staff to work anywhere in the world for up to 3 months of the year
- ▶ Cyan Ta'eed has also backed another Victoria founded marketplace, YourGrocer in its \$1.3million raise in 2016

### Melbourne's diversity helps Envato become a global player

"We've found incredible talent in Melbourne. There's diversity in Melbourne and diversity in our team, so we're a lot more able to deal with the nuances of having an international community"

– Cyan Ta'eed, Co-Founder of Envato

"Part of the motivation in starting Envato was to create a marketplace that paid 'creatives' more fairly than 20% of the sale that was common at the time"

"We were so excited about how the company was growing and it didn't seem like a sacrifice to set up in Melbourne"

– Cyan Ta'eed, Co-Founder of Envato

"The biggest hurdle was creating the impression Envato was an established business customers could trust"

– Cyan Ta'eed, Co-Founder of Envato



# Feature Company: Redbubble



A community of creative artists featuring their design prints on products

## Company Snapshot



- ▶ Started in 2006 in Melbourne and has operations in San Francisco and Europe
- ▶ The company has over 400,000 global artists and designers on the platform
- ▶ Redbubble successfully listed on the ASX in 2016
- ▶ Redbubble recorded a revenue jump of 26% to \$79million in 1H FY17
- ▶ In FY16, Redbubble invested \$7.7million into marketing, from which it generated \$12.3million of gross profit
- ▶ Redbubble raised \$15.5million in funding in 2015 to support greater expansion and investment into the platform
- ▶ Valuation of approximately ~\$200million
- ▶ So far the company has paid out ~\$33million to artists, with some artists having made \$50,000 in one year from the site

## Company Offerings



- ▶ Redbubble is an online marketplace for independent artists to monetise their designs by printing them on clothing, homewares and other items
- ▶ In 2015, Redbubble introduced an in-house residency program, where 3 artists will be collaborating and producing artwork at the Redbubble studio in Melbourne

## Highlights



- “Significant portion of revenue is generated offshore but a majority of employees are based in Melbourne”
- “Melbourne’s status of being one of best places to live in the world and the amazing talent here has been very valuable to us”  
– Barry Newstead, COO of Redbubble
- “We are excited for entrepreneurs to come into Redbubble, learn the ropes, become experienced and go off to start their own business. As we get more and more of that, we suddenly have a whole ecosystem and economic powerhouses in Melbourne”
- “Our number one way to give back to Melbourne is not just employing our own employees but have them go off start their own business and employing another 100 plus jobs themselves”  
– Barry Newstead, COO of Redbubble
- “We’ve driven this growth by continuing to invest in marketplace fundamentals with a focus on geographic expansion, enhancing the website experience, growing the product offering and improving the experience for the artists. The funds raised will enable us to continue the investment into our people and systems”  
– Martin Hosking, Founder and CEO of Redbubble

Source: Redbubble.com, Australian Financial Review, LinkedIn, Forbes, Interview with Barry Newstead (CEO of Redbubble)



## Feature Company: 99designs



99designs is one of the largest online graphic design marketplaces in Australia

### Company Snapshot



- ▶ 99designs was spun off SitePoint, a site for educational resources for web developers
- ▶ The company has offices in Australia, the US, and Germany
- ▶ Revenue in 2015 was ~\$82million
- ▶ 2016 marks the eighth consecutive year of double digit growth for the company
- ▶ Each month, 99designs pays more than \$4.3million to designers and has paid more than \$235million in its lifetime
- ▶ It now has more than 1 million registered designers, and is well backed following a US\$35million funding round led by Silicon Valley heavyweights Accel Partners in 2011 and landed another US\$10million in 2015
- ▶ Considering a possible ASX listing



### Company Offerings

- ▶ 99designs is an online graphic design marketplace that connects a global community of freelance designers with businesses of all sizes to complete their design needs
- ▶ 99designs pioneered the design contest, where users post a design brief for a logo design, website design or other project and designers compete for the business
- ▶ After the user launches the brief, professional freelance designers submit their designs – the winner receives prize money and the user gets full design copyright

### Highlights



- ▶ Every 1.5 seconds a new design is uploaded onto the platform
- ▶ It facilitates over 10,000 design contests per month and over 500,000 contests have been launched since it was founded in 2008
- ▶ 99designs won Best Web Service & Application of the year in the Webby People's Voice Awards in 2010
- ▶ 99designs hosts an annual competition, which recognises the best skill, quality and creativity of work completed on its platform over the year
  - ▶ 2017 award recipients hailed from 10 countries across the globe and their designs included logos, book covers, product packaging and 3D design
  - ▶ More than 30,000 votes were cast and nominations were received from more than 150,000 design projects completed on the site this year

“Our challenge is not our online competition - our challenge is the incumbent, the fragmented freelancer designer force who've been the dominant supplier for the industry for the last 30-40 years”

– Patrick Llewellyn, CEO of 99designs

“The site connects creatives to global clients, challenging traditional boundaries of space and work”

– The Australian, 2015



# Feature Company: Flippa



Platform to buy and sell websites and domains, helping entrepreneurs find their next business opportunity

## Company Snapshot



- ▶ 5,000 new businesses and domains are listed for sale daily, with \$5million worth of businesses being sold on Flippa each month
- ▶ The company is headquartered in Melbourne and was spun off the web development education site, SharePoint, in 2009
- ▶ Flippa is comprised of 800,000 registered members with customers spanning across 200 countries, with only 5% of customers located in Australia
- ▶ More than 30,000 business were sold in the last year
- ▶ Most of the flipped websites sell for ~\$2,000 on average but ranges from \$1 to 6 digit figures
- ▶ By 2015, Flippa had traded more than \$140million in websites, domains and mobile apps

## Company Offerings



- ▶ Flippa is an online marketplace for finding and selling websites and domains
- ▶ Instead of purely selling the domain username of a website, Flippa users sell and purchase the entire website including advertising, content and customer lists

## Highlights



- ▶ World's number 1 destination for buying and selling online businesses
- ▶ There's a valuable market in internet real estate as investors seek websites to renovate. It is the digital equivalent of renovating a house before putting it back on the market at a higher price
- ▶ Flippa has been labelled the "king of internet's domain-flipping destinations"

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"I had no idea if it was going to be three months or three years when I started but today I get to do what I love and this whole experience has allowed me to do lots of cool stuff, especially helping others with great ideas"

- Mark Harbottle, Co-founder of Flippa

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"The success of Flippa is supported by the passionate people that make up the team here; from software development to customer support and assisted sales, our job is to ensure that our users find the best entrepreneurial opportunities available"

- Flippa.com

Source: TechWorld, Flippa.com, LinkedIn, Interview with Tony Barrett (CEO of Flippa)



# Feature Company: Sidekicker



Sidekicker connects businesses with an on-demand workforce

## Company Snapshot



- ▶ Sidekicker is headquartered in Melbourne and also operates in New Zealand
- ▶ Founded in 2012 and employs ~11-50 employees
- ▶ Sidekicker operates in 7 cities across Australia and New Zealand
- ▶ The on-demand employee platform completes more than 2,000 jobs a month with more than 9,300 workers and 2,000 businesses signed up to the service

## Company Offerings



- ▶ Sidekicker is a platform which connects businesses with an on-demand workforce, making it easy to hire qualified staff to complete short term jobs
- ▶ Four main work areas are: events, hospitality, commercial marketing and business support
- ▶ The customer can make a job request, select the most capable 'sidekick', pay via online timesheets as well as rate the performance of the temporary workers on the platform
- ▶ The community of 'Sidekick's' are available to help with business administration, customer service, hospitality, events and promotion

## Highlights



- ▶ Sidekicker has experienced 4x year on year growth
- ▶ Seek.com has invested more than \$1m in Sidekicker
- ▶ The funding will be used to grow Sidekicker's marketplace nationally in Australia and New Zealand

“As a leading online employment platform, it's great to have support by Seek to help us drive the on-demand staffing shift forward”

– Tom Amos, Co-Founder and CEO of Sidekicker

“Customers of Sidekicker tell us they love the high degree of transparency and control they have in choosing staff as well as how quick and easy it is to use”

– Tom Amos, Co-Founder and CEO of Sidekicker

“Melbourne has a lot of advantages. There is a lot of Intellectual Property here on how to launch a Digital Marketplace where we can soak up knowledge, there is a really healthy environment with IP sharing. Melbourne also has an amazing lifestyle and diversity which allows it bring talent from overseas if required”

– Tom Amos, Co-Founder and CEO of Sidekicker

Source: Sidekicker, LinkedIn, Smartcompany, Australian Financial Review, CIO NZ, Interview with Tom Amos



# Feature Company: Adslot



Adslot is a global platform for buyers and sellers to trade premium digital media

## Company Snapshot



- ▶ Adslot is publicly listed on the ASX
- ▶ Adslot is a global organisation headquartered in Melbourne with additional offices in New York, London, Shanghai, Munich, Sydney and Auckland
- ▶ They service market-leading publishers, agencies and advertisers all over the world
- ▶ More than \$100million has been transacted via Adslot technology
- ▶ Employs ~50-200 employees

## Company Offerings



- ▶ Adslot brings buyers and sellers together to trade premium online display inventory such as advertisements
- ▶ Key technology platforms:
  - ▶ Publisher: An integrated and automated self-serve sales platform that streamlines premium display and sales
  - ▶ Media: Automated guaranteed platform that allows advertisers to transact guaranteed premium ad sales directly with publishers of their choice
  - ▶ Symphony: Industry's most advanced trading and workflow platform for media agencies, bringing automation to campaign workflow to drive operational efficiency and effectiveness

## Highlights



- ▶ Adslot secured its 'single most significant customer contract in the history of business' by signing a long term contract with Groupm to use Adslot's Symphony platform
- ▶ Groupm is the world's largest media buyer with annual billings of \$102 billion with operations around the globe including some of 10 largest markets in the world including Canada, China, France, Germany, India, Japan, Korea, Russia, Turkey and the United Kingdom

“Adslot is an exciting and fast-growing media company”

– The Motley Fool

“Adslot is the first and only solution to bring together supply and demand at scale into a single trading platform for premium digital media”

– Adslot

“Working with Adslot has enabled us to collaborate directly with advertisers by removing unnecessary intermediaries from the process while allowing us to keep full control”

– Symphony Media

Source: Adslot, LinkedIn, Crunchbase

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