



Digital Economy Strategy

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Response 131055008

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Introduction

Are you lodging a submission on behalf of an organisation?

Please select one item

☐ Yes

☐ No

What is your organisation?

Organisation

Peter Scheffer

Provide a comment

1. The digital economy

I'm a leader in digital transformation within the finance industry. I am also someone who previously attempted to start a tech startup within Australia. My vision for Australia that thrives in a digital economy is this. Australia has an ecosystem of small to large scale startups in all industries; services, STEM, agriculture, etc. Each startup is given the support it needs throughout its life cycle. Support of all kinds - financial, educational, incentives to acquire and retain high calibre resources. Even better, small international startups are incentivised to move to Australia because the conditions are more competitive than overseas. My vision of the future is that more international companies will see Australia as having international competitiveness through its entrepreneurs. There

will be more Australian success stories, the likes of Atlassian and Freelancer, that are recognised internationally. The government's role in making this happen includes a range of initiatives: 1. Reduction in corporation reporting and administration to get a startup bootstrapped in its early phase (first year). 2. Reduction in hurdles for private investment, including reduction in thresholds (or eligibility in general) for people to become sophisticated investors. 3. Startup Visas that are competitive with leading countries, as incentive to relocate a startup to Australia, or to startup in Australia. 4. Enhanced/Increased welfare programs for entrepreneurs so that they don't have to work a job while building a startup (New Enterprise Incentive Scheme receive improvements). 5. Convince superannuation funds and other managed funds to invest a minimum amount in small cap companies. 6. Ensure that R&D tax concessions benefit small players when they are in the early, riskier, more challenging growth stages. 7. Make equity share arrangements much easier to implement and administer. We will see more of the same disruptive business models over the next 5-10 years. Consider the most successful companies in recent years; Facebook doesn't own any content, Uber doesn't own any cars, AirBNB doesn't own any rooms, Alibaba doesn't own any inventory. The reason that these companies were successful is because they circumvented regulation. They disrupted the companies that comply with regulation. That regulation comes at a high cost, and by circumventing it, these disruptive companies can take that savings and apply it to their margin as profits. We haven't seen the last of this style of business model, but rather the most profitable industries have been knocked off first. These companies are taking GDP out of Australia. They are taking from hotels, taxi companies, media, retail, etc. Financial services are most likely their next target. Pure digital banking and financial services will be the next wave, ultimately, because consumers purchase based on price and value. Pure digital offerings are hard to beat on those two factors, and currently, companies outside of Australia do digital better than Australian companies. This is because we fail to invest the same kind of dollars as foreign companies. I will finish off by saying - if we can make successes of small startups in Australia, then we will create a movement of entrepreneurs, and have more and more people moving into startups. We will become competitive by sheer force of numbers, and from the learnings of all of those people, collectively.

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