

Creating new business opportunities in the Post-COVID Era Applications of lessons learnt in Australia

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IGPI Singapore opened its branch office in Melbourne, Australia this March. It was a decision based on a feasibility study that we elaborately conducted for about half a year. During that time, we conducted interviews with about 150 people including government officials, large companies, startups and investors. By means of this article, I would like to explain what we have learned from conducting these stakeholder interviews across Australia. In particular, Asian countries have promoted urbanization and economic development by consolidating various capital functions into one city. In the Post-COVID Era, we think that there will be movements toward provincial cities and distribution of capital functions into multiple cities to make it sustainable in the long term.

Australia has a population of 25 million, which is comparable to Malaysia in South East Asia with a population of 32 million. The population density is 3 people/km², which is far lower than 333 people/km² in Japan and 34 people/km² in the United States. By city, there are 430 people/km² in Sydney, 453 people/km² in Melbourne, and 443 people/km² in Canberra, which are far below 15,428 people/km² in 23 wards of Tokyo, 8,358 people/km² in Singapore, and 11,000 people/km² in New York.

Although Australia, a resource-rich country, has a GDP of \$57,000, higher than that of Japan's \$39,000, its economy has been affected by the Dutch disease for a long period of time. Thus, there is an urgent need for Australia to diversify its industry for future economic development. The Dutch disease is an economic phenomenon where the trade surplus due to the export of abundant natural resources causes the country's currency to rise and the wages of workers to remain high, which eventually causes the manufacturing industry to lose international competitiveness. In fact, Australia's automobile industry, which was once a major industry, has ended in 2017.

In that context, I would like to explain how Australia has achieved national operations despite its low population density and has created new industries.

① A clear investment and management policy that supports low population density

Many industries are not suitable for countries with low population density. For example, the installation of mobile phone base stations, electric vehicle charging facilities, retail chains, and public transportation systems are not cost-effective when the population density is low. So far, Australia has stuck to its own policy not to invest and manage such businesses. For example, trains only run to downtown Sydney and Brisbane from the international airport; to get to other cities, one will need to take either a taxi or a bus from the airport. Other than that, gas stations are unmanned, and retail stores close early or during times of lower foot traffic.

② Technology that supports low population density

Australia has developed many technologies that support low population density. For example, there are technologies that support gyms to operate 24 hours a day and technologies that automate agriculture. Among companies that provide or support such technologies, the company called Myriota that provides IoT satellite technology is attracting attention. The company is a venture company that spun off from the University of South Australia in 2015 and aims to build a large-scale, yet low-cost and low-power satellite communication network that uses micro-satellites. Its technology is currently being applied in a wide range of areas, from monitoring wind power plants to monitoring farm water tanks. It has raised capital of more than AUD 50M to date, backed by investors such as Singtel-run VC Innov8 and Boeing.

③ The role of the federal government and state governments to create new industries

The key points in creating a new industry in Australia are the federal government's management of industrial portfolios and the state's focus on specific industries. Business areas of start-ups responsible for new industries are dispersed across regions even if there are some overlaps. For example, FinTech in New South Wales, Agri (Agricultural) Tech and Health Tech in Victoria, and Clean Tech and Space Tech in South Australia. The Premiers and their respective state governments are also devising ways to develop the towns so that the industries they focus on can grow to their full potential. For example, in South Australia, the Stone & Chalk, an incubation hub, is within a walking distance from University of South Australia, University of Adelaide, and research institutions. Myriota introduced in ② is a university-based startup was born and is evolving in such an environment.

We hope that you can use the case study of Australia as a reference to create new business opportunities in the Post-COVID Era. If you have any questions or comments, please feel free to contact us.



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