

SMALL BUSINESS

SPECIAL REPORT



Key takeaways

- Spacecubed the largest co-working hub provider, with big growth plans
- Liberty Offices in a deal with Atomic Sky
- The Growth Box and Sixty27 exit the market
- The Platform launches Purpose Studio

PROGRESS: Spacecubed plans to continue to grow its offering, according to founder Brodie McCulloch. Photo: Gabriel Oliveira

Offerings accelerate for startups,

Thousands of square metres of co-working space are set to open in Perth in the next 18 months, and it's clear smaller businesses are looking for more than just a hot desk.



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6-PAGE FEATURE

THE plan by co-working hub Spacecubed to significantly boost its footprint in the next two years is part of an expansion in the sector, with other shared space operators including Liberty Offices,

The Platform and Claisebrook Design Community also targeting growth.

The shared workspace sector is a fluid market, with the growth more than filling the gap left by those that have exited, underscoring the importance of building an ecosystem and a community around co-working hubs.

Spacecubed's plans come after the company doubled its space in the past year, with 1,000 square metres at the original hub at 45 St Georges Terrace, now known as Riff, growing to 2,000sqm.

Its tenancy at Parmelia House, known as Flux, grew from 1,400sqm to 2,800sqm.

That location includes the Core resources hub and the Combine agribusiness space.

Those moves solidified Spacecubed as the largest co-working or incubation space operator in Western Australia, according to BNiQ Search Engine (see list).

Spacecubed founder Brodie McCulloch said the first part of the coming growth plan would be a renovation at Riff, taking 500sqm of new space from a neighbouring brokerage.

"We're looking at our model moving forward, we've doubled in space every year," Mr McCulloch told *Business News*.

He said Spacecubed would be targeting growth towards 10,000sqm or even 15,000sqm in the coming 18 to 24 months.

The organisation had been working with property adviser

500sqm

PLANNED EXTENSION OF SPACECUBED'S RIFF

Knight Frank to find suitable locations.

"All of our growth has really come from members," Mr McCulloch said.

"Quite a lot of the companies in our spaces are growing.

"If a six-person team puts on another two staff, the amount of space they need grows by a third.

"That's where we see a lot of growth coming, firstly in the spaces but also in the support programs."

Co-working spaces globally were expected to expand from

around 1.5 million members to 8 million in the next five years, Mr McCulloch said.

He emphasised that effective co-working hubs offered more than a desk – they provided a community with mentoring, training events, accelerator programs and hackathons.

"We've succeeded through focusing on supporting (our) community," Mr McCulloch said.

"The desks, chairs and space is the easier part of that.

"A lot more energy and resources goes into the programs, support

BUSINESS

“Our members could work from home if they wanted; anyone can work from anywhere now, so they’ll choose the most productive space to work

– Brodie McCulloch

investors wanting a more structured way to invest.

“Vocus Upstart popped up through that; it was really driven by (former Amcom chair) Tony Grist and (Australian Tenders chief executive) Rob Nathan.”

Plus8 will continue in 2019, but Spacecubed is considering the best accelerator model in the following years, and whether to focus on industry verticals or to target investments in specific technology.

“Two years ago when everyone was going through Vocus Upstart, blockchain had only just started being talked about ... things change really quickly,” Mr McCulloch said.

“We’re over in Sydney next month, with the muru-D guys just looking at it going forward.”

Agriculture, resources and property were the technology spaces likely to be prioritised for the WA market, he said.

Another big move will be by office space provider Liberty, which is doubling its footprint in Perth to about 4,800sqm, including through a new co-working space at 53 Burswood Road.

The Burswood site will be an offering of 1,100sqm, including private offices, while Liberty is adding an additional 458sqm at 37 St Georges Terrace in the city.

As part of this push, Liberty signed a deal with Atomic Sky, the business that powered the Tech Hub in Northbridge, in early August.

Tech Hub moved to Allendale Square, according to Atomic Sky founder Peter Rossdeutscher.

“Tech Hub has outgrown our Northbridge location so we have just relocated to Allendale Square as part of a broader expansion in



FRESH LOOK: UWA's IQX is in the old Masonic Hall on Broadway. Photo: Gabriel Oliveira

partnership with Liberty,” Mr Rossdeutscher said.

“Tech Hub Burswood will also be opening in tandem with Liberty’s new building in Burswood later this month.”

Atomic’s other main co-working brand is Studio Startup, a hub focused on creative industries, at 143 Barrack Street.

That’s one of a handful of spaces for creatives, including the Claisebrook Design Collective, which launched in May 2016.

Collective community manager Beth Parker said it was redeveloping part of its 930sqm space, the second change after an extension was built when it hit initial capacity.

Part of the latest redevelopment is to offer more dedicated desks, to balance existing hot-desking offerings.

“We have about 40 members ... we’re hoping to extend that to be about 50,” Ms Parker said.

“(It’s) a unique thing in the co-working model, people want to co-work but they still want their own space, it’s quite a uniquely Perth attitude.

“People know the benefits of co-working spaces, they love the community, but they can never quite tear themselves away from having their own little private space.”

Tenants at the Claisebrook space range from graphic designers to architects, and include food delivery service Deliveroo.

A big part of the Claisebrook community model is venture capital fund Little Fish Group, an east coast outfit that backs the space and has funded entrepreneurs linked to the hub.

Founded by Gene Barker, Little Fish was inspired by changes by the federal government to encourage investing into innovation.

“It’s not an incubator in the strictest of terms, it’s only a \$10 million fund,” Ms Parker said.

“But the idea with this place was to help us incubate our own investments.”

About 75 per cent of the fund has been allocated so far.

Market shifts

Several new co-working spaces have opened in the past year.

Y-Hub, in Yanchep, is operated by Spacecubed, and was created

by a local developer to spur employment in that growing district.

It has about 400sqm of space.

The University of Western Australia has added to what it calls an innovation corridor on Stirling Highway, with the IQX space at the old Masonic Hall opening earlier this year.

The hub is being operated by Business Foundations.

IQX manager Jo Hawkins said the university had been careful not to replicate other nearby services, such as the Centre of Entrepreneurial Research and Innovation, and Bloom.

CERI, founded by Charlie Bass, was established to help researchers commercialise their ideas, while Bloom was created as a hub for young entrepreneurs founding startups.

The theme with IQX was to encourage collaboration between business and researchers at the university, Ms Hawkins said.

Facilitating that knowledge exchange was important, she said, because there were thousands of exceptional, curious minds at universities able to

SMEs

mechanisms that build community and build connections.

“Our members could work from home if they wanted; anyone can work from anywhere now, so they’ll choose the most productive space to work.

“Also, we’re set up as a model where we’ve had to make money from day one to survive.”

Spacecubed’s main accelerator program is Plus8, which is run in collaboration with Telstra’s muru-D, while hackathons include Ministry of Data’s AgHack and Uearthed’s mining challenge.

“(Accelerators are) fuelled by what the investors are interested in,” Mr McCulloch said.

“They pop up around specific need, so there’s a group of angel



GO WEST: Gemstar's Gemma Manning says WA entrepreneurs are creating products that will work well in overseas markets. **Photo: Gabriel Oliveira**

Growth in co-working space opportunities

help solve the problems of local businesses.

That expansion of new spaces has come at a time when other facilities have left the market, however.

Probably the most instructive example was The Growth Box in Malaga, which *Business News* revealed in May had shut after nine months in operation, after only one tenant took up a lease at the hub.

North Metropolitan Tafe's Sixty27 hub in Joondalup was also no longer required, according to the tafe's managing director, Michelle Hoad.

"All in all it was a great success and we really developed a strong startup community in the Joondalup area, well connected to training opportunities," Ms Hoad told *Business News*.

"We also built up relationships with other support options, such as Business Station and others.

"Since that time there has been growth in co-working spaces, particularly in the CBD, and also ECubic, a small business incubator supported by ECU with slightly larger office facilities.

"This model of business incubator with a full office facility available for lease has proven to be a popular model in the Joondalup area, as some startups outgrew our co-working space options."

The Fortix Accelerator program also signed up for a 2,000sqm office space at News Corp's Northbridge building in December 2017, but it appears development of that coworking space is paused.

Accelerating development

As growth in co-working spaces continues, so have programs such as accelerators and hackathons to support entrepreneurs.

Hackathons are events held across short timeframes, such as weekends, where entrepreneurs design technological solutions to problems.

Examples include the Ministry of Data's program, which this year ran a hackathon to solve some technological challenges for the agriculture industry.

Accelerator programs select businesses at a particular stage

“We'll be running a women in focus Asian acceleration program later this year as well, we want to encourage WA business women to go north - Gemma Manning

of their lifecycle and move them quickly through steps to commercialise or develop.

In addition to the aforementioned Spacecubed Plus8, examples include Atomic Sky's Start Something, and Agristart's Harvest.

Harvest co-founder Tash Ayers said the first round of the program had been completed in May, with more planned this year.

It ran for three months, with participants devoting about a day per week.

"A lot of these companies, they perhaps have contracts in mining or defence but they're looking to get their foot in the door with agriculture," Ms Ayers told *Business News*.

"Our program isn't like other startup programs; it's targeted

for later stage startups and SMEs.

"We're looking for companies that have already got a bit of traction, got a bit of revenue, past the prototype stage, and they're at the point where they are ready to expand and scale, and hopefully export."

Ms Ayers said a second round of the program would start in September, while an intensive version of the program would run over a shortened time frame at Muresk Institute.

Next year, however, it would be likely to run only once.

"There's a lot of demand for the program, we really have a backlog to be honest," she said.

A big difference to other accelerator programs was that Agristart did not take equity, Ms Ayers said.

And she stressed the importance of getting the right cohort.

"It's probably the businesses that are in the program (that make it successful) ... if you can attract a strong cohort (that's important)," Ms Ayers said.

"It wouldn't have worked if we didn't have such fantastic businesses that put everything into the program."

Another new program will be Gemstar's Young Gems, which will kick off at the end of August.

It follows the business opening an Innovation Centre of Excellence on Pier Street earlier this year.

Gemstar co-founder Gemma Manning told *Business News* the company had existing operations in Sydney and Singapore, and had been operating for five years.

"(Five years ago) the funding environment was a little bit different to what it is now, so we saw a bit of brain drain," Ms Manning said.

A second driver was that few Australian startups were tapping into opportunities in South-East Asia, she said.

"So that's why I founded Gemstar, to (encourage) Australian tech companies, innovators, fast growth businesses, to say we should be looking at our regional neighbours in our business growth strategies," Ms Manning said.

"Gemstar was formed to be the market access partner to do that."

WA's innovation agenda was very aligned with what investors in the South-East Asian region were looking for, she said.

"The talent coming out of WA and the innovations are very robust, and really does lend itself to a global stage," Ms Manning said.

Gemstar's offering will be led by marketing and strategy, rather than technology.

Ms Manning said Gemstar had previously taken equity stakes in some businesses that had gone through its program.

Further offerings include an Asian immersion program, and mentoring or residency options at the innovation centre.

"We'll be running a women in focus Asian acceleration program later this year as well, we want to encourage WA business women to go north," Ms Manning said.

Fast-growing companies from Asia will also come to the Perth centre as a landing pad, she said.

Studio provides a platform for social purpose

Early-stage social enterprises and not for profits will have a new home available in the city when The Platform opens up a new space, Purpose Studio, next week.

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WEN Li Lim plans to create what she calls a 'community of social impact' at Perth's newest co-working space, Purpose Studio, when it opens mid-August.

Purpose Studio will be a 528 square metre hub located on Adelaide Terrace, an extension of existing space The Platform, which is used by not-for-profit groups for training and events.

Ms Lim co-founded and has driven both projects.

She aims to build something more than just a co-working hub at Purpose Studio, however.

"The purpose studio is like a co-working space, although we're trying not to use that term," Ms Lim told *Business News*.

"What we're trying to build is a community of people who engage every time they come in.

"It's not about getting in and putting on your headphones and doing your work and not talking to anyone; it'll be a really tight community, where you know people, you know what the organisation is about, you even go and see how you can help each other."

Both The Platform and Purpose Studio have been set up rent free thanks to Far East Organisation, which owns the building at 256 Adelaide Terrace.

Faith Community Church sponsored the project and covered some costs, including for renovation.

The opening of Purpose Studio comes less than 18 months after The Platform launched in March 2017.

"It all started with the gift of the space by the owner of the building," Ms Lim said.

"From this gift we thought about who needed space and where was the need... The Platform, as it is, focuses on events and collaboration meetings.

"Groups like Anglicare, UnitingCare West, Red Frogs, Lifeline, they come to use the space for board meetings, volunteer training.

"We're still growing; we have signed up a lot of partners that are doing really amazing stuff, especially in the homelessness area.

"A lot of what we do is not an event space per se, but actually connecting them with people, using our networks in the business community or not for profits.

"We partner up with other organisations in terms of training for our partner communities. We did a partner event with the Project Management Institute.

"It's still trial and error on certain things, to see what works, what's the demand from the not-for-profit community."

She said demand so far for space at Purpose Studio looked strong.

"For us it's a completely brand new thing, again, so I guess only time will tell," Ms Lim said.

"We've started getting enquiries already."

In a similar vein to The Platform, Purpose Studio will be dedicated to not for profits and for-purpose social enterprises, with a particular focus on youth at risk, poverty, indigenous disadvantage, human exploitation,



DRIVE: Wen Li Lim is hoping to provide a place for smaller social enterprises.
Photo: Gabriel Oliveira

“It’ll be a really tight community, where you know people, you know what the organisation is about, you even go and see how you can help each other” - Gemma Manning

health/mental health and the environment.

The intention is that it will be geared towards new ventures, with organisations eventually graduating from the space.

"If you're an existing business but you're very serious about a social cause then we may consider (that) because being around like-minded people would then help develop whatever the cause is that you want to integrate into your business," Ms Lim said.

"It's not a free for all, it's very much social impact focused."

Of particular importance to Ms

Lim was that The Platform and Purpose Studio didn't attract tenants away from existing leases.

"We didn't want to open up a co-working space that's super cheap and (have) people give up their leases or people give up where they're at, which adversely affects the market," she said.

Purpose Studio adds to a growing diversity of specialised co-working spaces in Perth, epitomised by the likes of Spacecubed's Combine (agribusiness) and Core (resources), Bloom (student-focused), and Fielder Street Creative (screen industry).

For Ms Lim, involvement in Purpose Studio and The Platform satisfies a lifelong desire to support the community.

"I was at EY for 11 years and then I went into a mining company for four years," she said.

"Even early on in my accounting days, I grew to love it, but I actually had this desire to get into the not-for-profit space.

"That was like a dream.

"I'm really passionate about seeing how people can get engaged in helping in anyway with the skill sets that they have for the needy and for the less fortunate."



FITTING: Spacecubed's Riff grew earlier this year. Photo: Attila Csaszar

Rank	Name	Square metres	Locations	Year established in WA	Specialist Service	Senior executive
1	Spacecubed	5,000	Perth	2012	Accelerator programs, hackathons, mentoring, networks	Mr Brodie McCulloch, founder
2	Liberty Executive Offices*	4,800	Perth, Burswood	2010	Virtual office, business training	Mr Jamie Vine, chief executive
3	Business Station	1,670	Joondalup, Gosnells, Subiaco, Fremantle	2003	Four incubators with offices and training space	Ms Kim Charles, chief executive officer
4	The Platform & Purpose Studio	1,002	Perth	2017	Exclusive to NFP and humanitarian organisations	Ms Wen Li Lim, cofounder
5	Claisebrook Design Community	930	Perth	2016	Design-focussed	Ms Beth Parker, community manager
6	The Lab Factory	465	Rockingham	2016	Incubator	Ms Donna Bates, chief executive
7	Y-Hub**	400	Yanchep	2017	Northern suburbs businesses	
8	Pollinators	323	Geraldton	2010	Regional businesses	Natasha Colliver, chair
9	M Space	300	Burswood			Mr Eddie Liew, founder
10	Atomic Sky*	240	Perth	2013	Incubator, corporate innovation advisory. Will run Studio Startup	Mr Peter Rossdeutscher, cofounder
11	Sync Labs	235	Leederville	2012	Incubator	Mr Johan Veila, director
12	The West Perth Office	217	West Perth	2015		Mr Mark Jackson, owner
13	IQX - Business Foundations	200	Crawley	2018	Linking businesses to research organisations	Mr Phil Kemp, executive director
14	Ampersand Collective	187	Subiaco	2017	Co-Working and Workshop Hire Venue	Ms Alison Balch, owner
15	fSpace	140	Fremantle	2013	Business Development Program	Ms Sabine Albers, owner
16	SubiSpace	130	Subiaco	2017		
17	Studio 001	100	Perth	2017		Ms Susan McEwan, manager
18	Bloom	DND	Crawley	2013	Incubator, mentoring	Mr Brady Flockart, director communications
19	Tank Stream Labs	DND	Perth	2012	Incubator	Mr Damien Boccamazzo, community manager





MOVEMENT: Lateral is headed up by entrepreneur Tommy Shin. Photo: Attila Cszaszar

Rank	Name	CEO	Year established in WA	Specialist Service	\$ value of funding provided this year	Principal source of funding: sponsors/government/crowd-source (%)	Name of corporate sponsors and government funding programs supporting your program
1	Lateral Capital Ventures	Mr Tommy Shin Co-Founder, CEO	2016	Venture Capital	\$26,000,000	Investors both domestic and international	
2	Accelerating Commercialisation	Mr Larry Lopez Director	2014	Commercialisation assistance; Access to expert network for grantees	\$5,600,000	100 per cent federal government grant	Accelerating commercialisation is part of the \$484 million Entrepreneurs' Program.
3	Go Capital	Mr Derek Gerrard Managing Director	2014	Corporate advisor, fund manager	NFP	Private investors	
4	Yuuwa Capital	Mr Matt Macfarlane Co-Founder, Investment Director	2009	Fund manager	\$2,500,000	50% High Net Worth, 50% Federal Government	Innovation Investment Fund
5	Plus Eight	Mr Brodie McCulloch, cofounder	2017	Accelerator	\$320,000	Private sponsors	Telstra
6	Perth Angels	Mr Greg Reibe, chairman	2010	Angel investors	NFP	Operational funding sourced from membership fees, sponsorship, events.	ANZ, BDO, City of Perth, Moore Stephens, Vertical Events
7	Centre for Entrepreneurial Research and Innovation	Ms Carolyn Williams Chief Executive Officer	2015	Education	NFP	Founder Charlie Bass; Grants; CERl Giving program to commence mid-2018	AusIndustry - Incubator Support Program; Western Australian Government Innovation Grant
8	Curtin University - Executive Education	Ms Danelle Cross Manager	2011	Start up training course	NFP	Tertiary, Government, Sponsors	Curtin University, Dept of Commerce, Dept of Local Govt and Communities (Women's Interests) and (Office of Multicultural Interests), AusIndustry, Dept of Primary Industries and Regional Development, SPUR powered by Landgate, City of Canning, City of Wanneroo, Wrays IP Lawyers, RSM, Business News, University of WA, City of Vincent, Town of Victoria Park
9	Atomic Sky	Mr Peter Rosseutscher Executive Director	2013	Incubator, Corporate Innovation Advisory	\$85,000	The Fusion Founder Program culminates with a demo day, where program participants are given an opportunity to pitch to both Angel Investors and VCs for seed investment.	Beach Group Recruitment Agency
10	Unearthed	Mr Zane Prickett Founder, Director	2014	Seed accelerator	\$70,000	Industry	Origin, Advance Queensland, METS Ignited, River City Labs
11	Curtin Accelerate	Mr Matt Macfarlane Program Manager	2013	Accelerator	\$40,000	Curtin University	Curtin University, AWS, Google
12	Ministry of Data	Mr Tim Sondalini	2017	Hackathon	\$5,000		Department of Primary Industry and Regional Development
13	fSpace	Ms Sabine Albers Owner	2013	Business Development Program	-	The City of Fremantle	The City of Fremantle
14	CoderDojo WA	Ms Jenny Devine Executive Officer	2013	Free community coding clubs	-	Fogarty Foundation (private philanthropists).	Scitech, Woodside, South32
15	AgriStart	Ms Natasha Ayers Managing Director	2017	Accelerator program	-	Government and corporate sponsors	DPIRD, CSBP, Plum Grove, Agworld, MLA, Wrays, Muresk Institute
16	StartupWA	Mr Andrew Outhwaite Non-Executive Chairman	2015	Industry representative body	-	100% sponsors	City of Perth

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RANKED BY \$ VALUE OF FUNDING PROVIDED THIS YEAR

All information compiled using surveys, publicly available data and contact with industry sources. Other companies may be eligible for inclusion. If you believe your company is eligible, please email claire.byl@businessnews.com.au. WND: Would Not Disclose, NFP: Not For Publication, N/A: Not Applicable or Not Available.

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