

## **Consul-General of Japan in Sydney's Newsletter**

### **No. 33 Japan-Australia Startup and Innovation Cooperation**

29 January 2021

As we entered the new year, new developments began in Japan and Australia and around the world. In Japan, on 18 January, Prime Minister Suga delivered his policy speech on the opening day of the Diet (Japan's parliament). In the policy speech, he again emphasised that the next driving forces of growth would be "green" and "digital", and concluded by stating his belief that his duty is to create the means for the people to make a living in a resource-scarce nation.

Australia is a large country rich in natural resources with a growing population and advanced technology. It also shares basic values with Japan. Australia will be an important partner as Japan grows in its "green" and "digital" sectors in order to create the means for the people to make a living. Above all else, startup and innovation will be key to adding value by leaps and bounds in the future.

In January 2020, the Japan External Trade Organisation (JETRO) and the Australian Trade and Investment Commission (Austrade) signed an MoU to take business cooperation to a new level, particularly in the field of startups and innovation. In response to this, efforts have started in earnest, such as the webinar series which was begun in August last year. I feel there is great potential in this undertaking and have been actively supporting it.

In this issue of my newsletter, as I introduce the latest efforts in this area, I invite you to consider with me why Japan-Australia startup and innovation cooperation is important right now and in what ways Japanese large companies, SMEs and startups can cooperate with Australian enterprises to deliver concrete results.



Slide showing major Australian startups from “The Australian startup environment”- the first session of the JETRO webinar series (22 December 2020)



## ● Australian startups

Late last year on 22 December, the second JETRO webinar series “Understanding Australian innovation and startups” began with the session “The Australian startup environment”. This was held in Japanese and was aimed at Japanese companies and entrepreneurs. It followed on from the first webinar series conducted last year in English entitled “Scaling up your business in Japan – how and why” (four sessions) that was aimed at Australian startups to encourage business in Japan.

Australian startups are relatively unknown when compared to America’s Silicon Valley for example, but there are around 1,400 companies with investment totalling approximately US\$61 billion (A\$79.85 billion). Australia has produced many unicorn companies (private companies valued at more than US\$10 billion [A\$13.05 billion]) and companies that have succeeded in listing on the stock market.

The scale of venture capital investment is approximately US\$10 billion (A\$13.05 billion) per annum, and government research institutes are also investing venture capital in cutting-edge science and technology. In addition, 39 universities around Australia are offering accelerator programs to support startups, and startup hubs have been established in major cities, including Sydney.

# 主要なスタートアップ業界

西中川

**エネルギー**

主な技術及びソリューション

- データアナリティクス
- ブロックチェーン対応P2Pエネルギー売買
- ソーラーエネルギー管理及び貯蓄
- ホームエネルギー管理システム
- スマートソーラーバッテリー
- ソーラーパネル効率化技術
- スマート風力発電
- マイクログリッド

	企業名	事業内容
1	Brighte	個人宅エネルギーの効率化を図るための投資（ソーラー設置等）を促進するデジタルプラットフォーム
2	Power Ledger	P2Pエネルギー売買等にブロックチェーンを活用したアプリケーションシステム
3	Redback Technology	ソーラーエネルギーを管理及び貯蓄する事で家庭のエネルギー効率化を図るハイブリッドシステム
4	Wattwatchers	家庭の中のどの製品が一番電気を使用しているかをリアルタイムで管理する音ができるデバイス
5	Thinkstra	IoTを駆使したプラットフォームで、スマートシティ、スマートホームにおけるエネルギー効率化を図る

← → 🗨️ 🗑️ 🔄

<https://www.medicalstartups.org/country/Australia/>

**Slide regarding the energy sector from “Australian startup environment”-  
the first session of the JETRO webinar series  
(22 December 2020)**

In this webinar session, concrete examples of Australian startups and technology were introduced by sector. For example, regarding the energy sector, the following points were mentioned: in Australia, 25% of households have solar panels installed and for this reason, there are many solar-related technologies; and, the startup called Power Ledger, which has a technology to buy and sell energy using block-chain, is developing a pilot business with Kansai Electric Power Co.

At the end of the session, Japanese entrepreneurs were called upon to launch and expand business in Australia and Japanese companies were encouraged to invest in Australian startups and venture capitals.

Regarding Australian startups, in May last year, JETRO began its online serial entitled “Unravelling the start-up ecosystem in Australia”, which has recorded 7 articles to date. The content has been highly informative. It has introduced concrete examples of startups while breaking down the strengths of individual cities – in Sydney, as a city where the finance industry concentrates, fintech and medtech flourish; in Melbourne, as the centre of the domestic manufacturing industry, the life sciences sector is strong; and in Brisbane, robotics and AI are strong sectors because of the need for labour-saving technologies in resource-related industries.

When it comes to “green” and “digital”, I felt that Australia is a place with great potential. It is a place which abounds in opportunities to develop its obvious natural resources and to construct smart infrastructure as startups further develop and implement advanced technologies.



**An example of Australian corporate innovation activities from “Australian corporate innovation”- the second session of the JETRO webinar series  
(11 January 2021)**

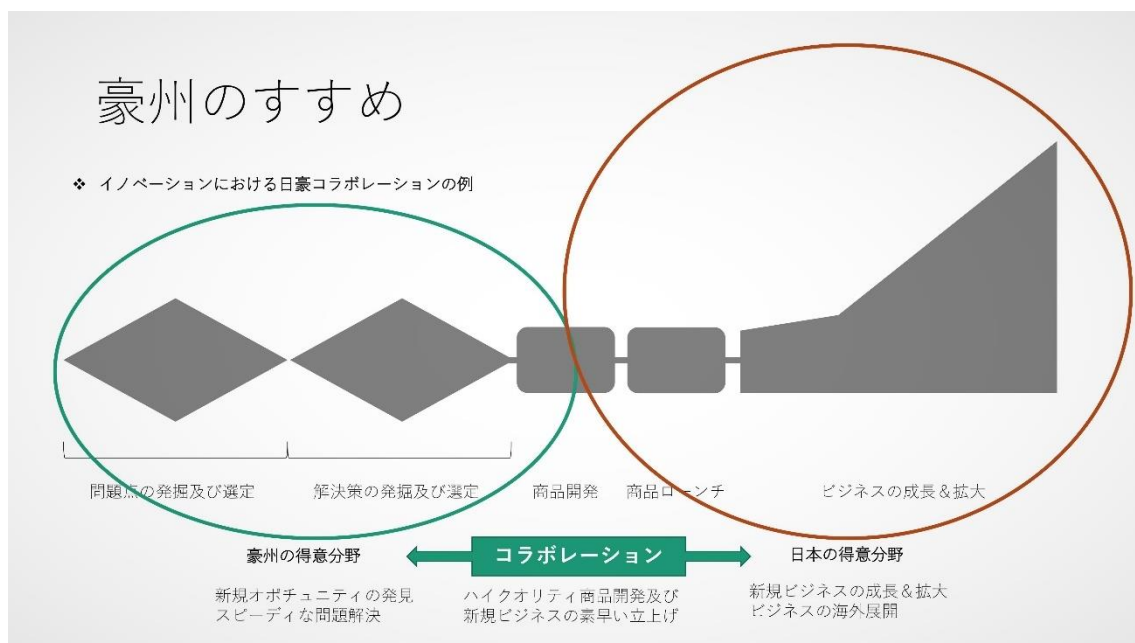
### ● Australian corporate innovation

Early this year on 11 January, the second session of the JETRO webinar series “Australian corporate innovation” was held. Recently, as the rise of startups which are quick to move threaten the existence of companies which are weak in discovering and realising the opportunities of disruptive innovation, such companies have started pursuing corporate innovation. This is also taking place in Australia, and the webinar looked at how Japanese companies could make use of this.

For example, according to the McKinsey’s 3 Horizon Model, around 80% of a company’s effort should “increase and safeguard the core business” to raise current profit (horizon 1), and around 20% of a company’s effort should be deployed on “building new business” that will make a profit in 3 to 5 years (horizon 2) and on “establishing pioneering business options with potential” that will make a profit in 5

to 10 years (horizon 3). Appropriate human resources need to be in place for each of the three horizons.

To this end, Australian companies are engaged in various efforts such as undertaking R&D, establishing innovation centres, investing in startups and implementing innovation training. All of these can be adapted and used by Japanese companies too.



**An example of Japan-Australia collaboration from “Australian corporate innovation”- the second session of the JETRO webinar series  
(11 January 2021)**

The webinar instructor was Ms Nishinakagawa Kaoru. In 2019, she began working at Fusion Labs, an Australia corporate innovation consulting company established in 2013, where she has created and run innovation programs for large Japanese and Australian companies. Drawing on this experience, she gave 6 points as merits of cooperation with Australia: (1) Japan-Australia ties are developed across all sectors; (2) corporate innovation and startups are well developed; (3) the market is part of the English language sphere without intense competition; (4) there is a large pool of outstanding talent; (5) Japan’s image is positive here; and (6) there is hardly any time difference.

Furthermore, speaking about the types of cooperation, she explained that as far as product development and overseas expansion are concerned, “Australia’s speciality” is rooting out problems and choosing their solutions, and “Japan’s speciality” is growing and expanding business and overseas expansion. If both of these specialities are combined, Japan and Australia will be able to develop high quality products and new business extremely quickly.

While the circumstances of individual Japanese companies differ, which would determine whether there are merits or not in cooperating with Australia, I feel that Australia is an ideal place in order to further global expansion from an environment of comparatively mild competition, as Ms Nishinakagawa explained.



Artist's impression of the new CSIRO hub at the Aerotropolis  
(29 July 2020, NSW Government webinar materials)

- **Creating a platform for startup and innovation cooperation between Japan and Australia**

Based on the efforts of JETRO and Austrade, progress is currently being made in Sydney to examine and prepare a platform to promote startup and innovation cooperation between Japan and Australia.

Out of previous discussions with private sector stakeholders based in Sydney, the viewpoint has emerged that it would be worthwhile, for example, to promote efforts (1) for Japanese companies to actively utilise Australian startups, and (2) for stakeholders to form smart city-related proposals through collaboration between multiple Japanese and Australian companies.

Hitachi Ltd has announced the establishment of a “Kyoso Centre (collaborative creation centre)” within the Western City Aerotropolis and is cooperating with the NSW Government to support the growth of startups and small to medium enterprises (SMEs). In addition, the CSIRO (Commonwealth Scientific and Industrial Research Organisation) also plans to concentrate its research activities at the Aerotropolis, and

Mr David Thodey, Chairman of CSIRO, is interested in collaborating with Japanese companies and sharing innovation and scientific knowledge with Japan. This consulate intends to do all it can towards realising concrete cooperation between Japan and Australia in the future.



#### Exchanging views with NSW Treasury

(20 January 2021: (from right) Mr Takahara Masaki, Managing Director of JETRO Sydney, Ms Jenny West, Deputy Secretary, Trade, at NSW Treasury, me, and Mr Matthew Williams, Executive Director of Investment Attraction at NSW Treasury)

#### ● **Close collaboration and concrete cooperation with the NSW Government**

Working towards startup and innovation cooperation between Japan and Australia, the first thing I can do is to support the business of Japanese companies here in NSW. On 20 January, I exchanged views with Ms Jenny West, Deputy Secretary, Trade, at NSW Treasury, on how to promote business cooperation between Japan and NSW.



While Deputy Secretary West has only recently (since late last year) joined NSW Treasury, she has had experience doing business with Japan, having worked for private enterprise and Austrade among others. She has a deep understanding of Japanese companies' attitudes, which emphasise medium and long-term relationships, and this is very reassuring.

Ms West said that, building on previous outcomes of Japan-NSW business cooperation, firstly, the frank opinions of Japanese company representatives here in NSW should be listened to, and in addition, dialogue with individual companies' headquarters in Japan should be promoted. This would drive concrete trade and investment.

From my side, I expressed my willingness to make Japan-Australian business cooperation materialise here in NSW, including in the field of startup and innovation, and I was in agreement as to how concrete steps should be taken from here on.

I will approach this year reinvigorated, in order that Japan, together with Australia, can grow its "green" and "digital" sectors and create dramatic added value through startup and innovation. If you have any questions or concerns you would like to discuss, please do not hesitate to contact this consulate at any time. You are welcome!

JETRO webinar series "Understanding innovation and start-ups in Australia" – First session "Australian start-up environment" (22 December 2020 – webinar video and materials) (Japanese)

<https://www.jetro.go.jp/biz/seminar/2021/ddb29e8f37592240.html>

JETRO webinar series "Understanding innovation and start-ups in Australia" – Second session "Australian corporate innovation" (18 January 2021 – webinar video and materials) (Japanese)

<https://www.jetro.go.jp/biz/seminar/2021/0e834e7f579eaba5.html>

“Scaling up your business in Japan – how and why” jointly presented by JETRO and Austrade (August-November 2020, 4 sessions)

<https://www.jetro.go.jp/australia/invest/webinars.html>

Unravelling the start-up ecosystem in Australia (1) – (7) (May 2020 onwards, JETRO website) (Japanese)

<https://www.jetro.go.jp/biz/areareports/2020/ed22734acac209d2.html>

Hitachi and New South Wales Government agreement to establish a “Kyoso Centre (collaborative creation centre)” in Western Sydney to accelerate social innovation (23 October 2019)

<https://www.hitachi.com/New/cnews/month/2019/10/191023a.pdf>

“Sharing Innovation between Japan and Australia” NNA interview with David Thodey, Chairman of CSIRO (4 January 2021) (Japanese)

<https://www.nna.jp/news/show/2135717>

Expanding Business between NSW and Japan: Seizing New Opportunities in Greater Sydney and Regional NSW (Consul-General’s Newsletter No. 28, 13 November 2020)

[https://www.sydney.au.emb-japan.go.jp/document/CGKiya\\_28newsE.pdf](https://www.sydney.au.emb-japan.go.jp/document/CGKiya_28newsE.pdf)

Capitalizing on the strength of the Japanese private sector in Australia for the planet: Latest business developments in NSW (Consul-General’s Newsletter No. 21, 7 August 2020)

[https://www.sydney.au.emb-japan.go.jp/document/CGKiya\\_21newsE.pdf](https://www.sydney.au.emb-japan.go.jp/document/CGKiya_21newsE.pdf)

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