VICTORIA'S STARTUP ECOSYSTEM MAPPING 2025

March 2026

FUELLING THE STARTUP STATE

dandolopartners launchvic

WHY THIS REPORT?

This report takes a data driven approach to explore the growth, maturity and economic contributions of Victoria's startup[1] ecosystem.

LaunchVic was created to drive long term success of Victoria's Startup Ecosystem.

Startups are an economic phenomenon across the globe. They act a key driver for breakthrough innovation, enhancing economic dynamism and long-term growth. They do this by disrupting and reshaping markets through use of technology and innovation to find and create new solutions.

The Victorian Government established LaunchVic in 2016 as Victoria's lead startup support agency to support and connect Victoria's startup ecosystem, with a particular focus on:

1. Fostering a thriving entrepreneurial culture and entrepreneurial economy
2. Strengthening Victoria's entrepreneurial talent and capabilities
3. Supporting innovative entrepreneurial firms to grow and contribute to the growth of the economy and employment

Since LaunchVic's establishment in 2016, dandolopartners has mapped the evolution of Victoria's Startup Ecosystem.

- In 2017, 2018, 2020, 2022, LaunchVic commissioned dandolopartners to gather and analyse data on the Victoria's Startup Ecosystem. This analysis has enabled LaunchVic to comprehensively map Victoria's Startup Ecosystem and see changes over time.
- Each mapping has improved understanding of the growth patterns, capital flows, demographic profiles, and the broader operating environment of Victoria's startups, providing valuable insights for policymakers, investors, and others with an interest in the sector.
- This report build on the previous reports, providing updated data and insights through to 2025. Where data is available (from 2017 – 18 onwards), it presents a longitudinal view of trends since LaunchVic's inception and economic contribution.

In line with LaunchVic's founding ambition, we found:

- Actual and likely positive contributions to Victoria's economic productivity
- A maturing sector that delivers the benefits of startups in a more sustainable and enduring way
- High growth employment, capital raising and remuneration in absolute terms, exceeding the general economy
- Spillover effects among founders who gain knowledge and skills and pass them on to other firms, including when startups fail.

[1] We define 'firms' in the Glossary on page 82 as startups, scaleups, unicorns and acquired firms in Victoria and validated by LaunchVic.

CONTENTS

EXECUTIVE SUMMARY

A MATURE STARTUP ECOSYSTEM: FIRMS AND CAPITAL

Victoria's startup ecosystem has grown and matured substantially over time – the number of firms in the ecosystem has increased by 48% since 2020 and capital markets have deepened since 2015.

Firms

Number of firms in ecosystem (2020 – 2025)

~1,900 firms[1] → 48% → **2,811 firms[2]**

Capital

Total capital raised (2015 – 2025)

$214.9 million → 1,028% → **$2.4 billion**

Findings

- Melbourne ranks third among cities for its startup creation rate (124%)[3], ahead of Sydney, Brisbane, Singapore and Berlin. This is in contrast to 2022, where Melbourne only ranked sixth among cities for its startup creation rate (93%).
- There has been growth observed across every stage of development, with a strong pipeline of new entrants since 2020, increasing by 834 new firms (an 81% increase).
- In 2025 Victoria had 20 unicorns, these unicorns had a total valuation of just under $100 billion. This is compared to 18 unicorns in New South Wales and 4 unicorns in Queensland.
- Since 2022, there have been 8 exits over $100 million in Victoria. This is compared to 3 exits in New South Wales and 1 exit in Queensland.

- Over 2015–2025, firms have completed 1,347 rounds totalling $13.7 billion.
- Victoria's capital markets have deepened across all funding types since 2015, with growth observed across both early- (Series A) and later- (Series B+) stage investment, reflecting the increasing number of new entrants and a maturing startup ecosystem.
- Larger rounds (over $10 million) made up approximately 94% of total funding raised in 2025 ($2.4 billion), with 30 rounds generating around $2.3 billion.
- Smaller rounds (≤$1 million and $1–10 million) account for a relatively small share of total funding in 2025. While activity peaked in 2021, both funding raised and number of rounds in 2025 remain broadly similar to, or lower than in 2015, suggesting a shift away from smaller rounds.

[1] *Victorian Startup Ecosystem Mapping: 2020 Report*, LaunchVic. (2020). https://assets.launchvic.org/app/uploads/2022/11/29032222/Victorian-Startup-Ecosystem-Mapping-Report-2020.pdf
[2] Please see page 83 on the Definition of a Startup to explain the differences between LaunchVic and Dealroom numbers
[3] For detail about the definition of a startup creation rate, please see page 15.

A MATURE STARTUP ECOSYSTEM: WORKFORCE AND FOUNDERS

Both employment and founder numbers have increased over the past eight years (86% and 199% increases respectively), with the Ecosystem becoming progressively more diverse. Startup roles are generally well-remunerated, and participation from underrepresented groups appears to be strengthening over time.

Workforce

Number of employees in ecosystem (2020-2025)

36,695[1] employees → 86% → **68,247 employees**

Founders

Number of founders in ecosystem (2017-2025)

1,283 founders[2] → 199% → **3,830 founders**

Findings

- Startups and scaleups have disproportionately contributed to employment growth, with an annual average headcount growth of 12.9% over 2015–2025 compared with 2.5% over the same period across the Victorian economy.
- Over 2017–2025 employees in Victoria's startups have experienced an annual average wage growth of 5.8% compared with 3.6% for the average employee in Victoria.
- Working for firms leads to increased wages and longer-term earning capacity, particularly when staying in the startup ecosystem.
- The diversity of the startup workforce has increased over time, with more firms hiring female and CALD employees since 2020.

- Since 2015, firms with women founders have, on average, raised more capital compared to firms without women founders.
- The proportion of founders and founders with at least one parent born outside Australia have remained steady over time and consistently higher than the general population.

See next Slide for further findings on the founder journey.

[1] This figure is for number of FTE. Source: *Victorian Startup Ecosystem Mapping 2020 Report*. LaunchVic. (2020). https://assets.launchvic.org/app/uploads/2022/11/29032222/Victorian-Startup-Ecosystem-Mapping-Report-2020.pdf
[2] This figure is derived from Dealroom data and represents the sum of the total number of female founders, male founders, and unknown founders for firms founded in, or before, 2017. We used this logic because this figure was not reported in previous Ecosystem Mapping reports.

ECONOMIC CONTRIBUTIONS: FOUNDER JOURNEY

After analysing the career journey of more than 2,000 founders of Victorian firms, dandolo found that founders bring deep experience to their ventures. Initial startup failure leads to future growth, more capital raised, and stronger career outcomes. Few reports have examined founder career pathways at this scale across Victoria's Ecosystem.

Before founding first startup

- Founders bring a wealth of experience to their startup, with an average of 13 years of experience across six roles.
- Founders have diverse skillsets across sales, marketing, finance, engineering, healthcare and more.

Founders in the startup Ecosystem

- Founders are committed to their startups, 75% of founders are still at the firm they founded with and average tenure of 5.5 years.
- The startup Ecosystem benefits from 'serial founders.' Founders who have previous founded a startup grow their headcount faster and raise more capital than their first.

Founders leaving the Ecosystem

- Founders are highly valued outside the startup ecosystem. Founders who leave the Ecosystem tend to secure at least a 70% pay increase compared with their most recent role prior to founding a firm and secure a more senior role.

HOW VICTORIA'S ECOSYSTEM SUPPORTS PRODUCTIVITY GROWTH

Victoria's startups help address Australia's productivity challenges through creative destruction, the spread of frontier technology and the modernisation of low-productivity service sectors.

How startups contribute	The productivity challenges these address	What we found
Creative destruction: Startups increase competition, shifting resources to more productive firms.	Stalling investment Declining economic dynamism	Highly innovative, productive entrants are key to economy-wide productivity growth. Analysis from the e61 Institute shows the top 10% of firms enter with productivity 15% above their industry average and, by age five, reach 45% above it.
Adoption of frontier technology: high-growth firms often pioneer new tools and ways of working that other firms can adopt.	Smaller gains from technology and its diffusion Stalling investment	44% of Victoria's startups use AI broadly across their business, compared with 5% of Australian SMEs. Meanwhile, 71% say their business is primarily built on general software or AI-native software.
Spillover effects: founders and employers gain knowledge and skills which they pass on to other firms (including if startups fail).	Smaller gains from technology and its diffusion Rise of the non-market services economy	Between 2015 and 2025, 32,400 workers moved from startups to other firms. Of these, 69% moved to firms in Victoria, spreading knowledge and skills across the state economy.
Sectoral modernisation: startups can modernise heavily service-based sectors facing low productivity growth.	Rise of the non-market services economy	Victoria's health and education startups have grown significantly over 2020 – 2025. Health sector firms are a key strength of Victoria's startup ecosystem, with a high concentration of scaleups.

Exporting is a useful productivity proxy, as exporters tend to have higher labour productivity than similar non-exporters. With 44% of surveyed firms exporting, this is far above the estimated 8% of Australian SMEs that export.

CONTEXT

APPROACH TO MAPPING THE STARTUP ECOSYSTEM[1]

dandolo developed a conceptual framework to map the startup Ecosystem and determine how LaunchVic has contributed to sector maturity and economic productivity.

Startup Ecosystem

Firms
- Firm type
- Motivation
- Market strategies

People
- Diversity and demographics
- Wages
- Employment growth
- Founder journeys

Capital
- Volume
- Diversity of funding sources

External environment
- Accelerators and incubators
- Networks and connection
- Ecosystem support

Productivity

How the startup Ecosystem supports broader economic productivity, including:
- Individual, firm and industry level productivity drivers
- Broader economic impacts on Victoria's productivity

Maturity

The growth and development of the sector since LaunchVic's establishment in 2016, including:
- Growth and structural shifts within the sector
- Stability and depth of Ecosystem

[1] See Appendix 1 for a more detailed methodology.

DATA SOURCES

The analysis in this report uses three main data sources – a survey of startups, LaunchVic's database Dealroom, and Revelio Labs database.

Why Revelio?

Revelio data provides granular data of the startup workforce, including wages, skills, and employment journeys. This allows for a more in-depth analysis of startup activity and economic contribution in Victoria.

This report used a mix of survey and secondary data to inform the analysis of the Victoria's Startup Ecosystem. This approach maximises the amount of information on which the analysis is based, increasing confidence in the findings. The results were also compared with previous mapping reports to identify changes over time.

Startup survey:

- The survey collected responses from 271 firms[1]

Relevant data included:

Founder demographics, firm profiling information and responses to subjective questions (e.g. business attitudes), and accelerator program participation.

LaunchVic Databases

LV collected information from its data sources (primarily Dealroom and its internal CRM) on:

- 2,811 startups, scaleups, unicorns and acquired firms

Relevant data included:

- Year founded / closed
- Sector
- Employee figures
- Location
- Capital raised

Revelio Databases

Revelio provides workforce data from public online profiles, job ads, employee reviews, and layoff notices, covering:

- 2049 startups, scaleups, unicorns and acquired firms

Relevant data included:

- Estimated salary and total compensation
- Tenure, start date and end date
- Job history, position name and type
- Estimated skills

[1] Response counts vary by question, as some items were not applicable to all firms.

dandolo undertook longitudinal comparisons over 2017, 2018, 2020 and 2022 using data from Dealroom database and previous surveys.

STATE OF VICTORIA'S STARTUP ECOSYSTEM

SUMMARY

Victoria's Startup Ecosystem continues to grow, fuelled by an increasing pipeline of new entrants (834 new firms since 2020), across a diverse range of sectors.

Firm growth

- We estimate there are approximately 2,811[1] firms operating in Victoria as of 2025, up from approximately ~1,900 in 2020.[2]
- There has been growth observed across every stage of development, with a strong pipeline of new entrants since 2020, increasing by 834 new firms (an 81% increase).
- Melbourne now ranks among leading global startup ecosystems (with a startup creation rate of 124%), placing it ahead of cities such as Boston, Berlin, Amsterdam and Sydney.

Specialisation

- The sector composition of firms has remained broadly stable and diverse since 2017. Since 2017, the share of firms operating in Enterprise and Corporate Services, Health, and Financial Services has increased from 30% of all firms to 40% in 2025.
- Victoria's scaleups are diverse, operating in almost every sector of the economy. Health scaleups have become the most numerous in Victoria, increasing by 9 percentage points from 2020.
- Food and Fibre and Consumption has emerged as one of Victoria's four largest startup sectors, replacing Media and Entertainment, which featured in the top four in 2022.[3]

[1] Dealroom data as of 8th October 2025, and LaunchVic definition of analysis based on their startups (see Appendix 1).
[2] This number is derived from the approximate number of qualifying firms identified in LaunchVic databases, reported in the 2020 Ecosystem Mapping report.
[3] See page 19 for additional analysis on stages of development of major sectors.

GROWTH IN FIRMS

The number of Victoria's firms in the startup ecosystem has grown substantially over 2017–2025.

Growth up to 2025

~1,000 startups[1] → 132% → **2,319 startups**

107[2] **scaleups** → 178% → **297 scaleups**

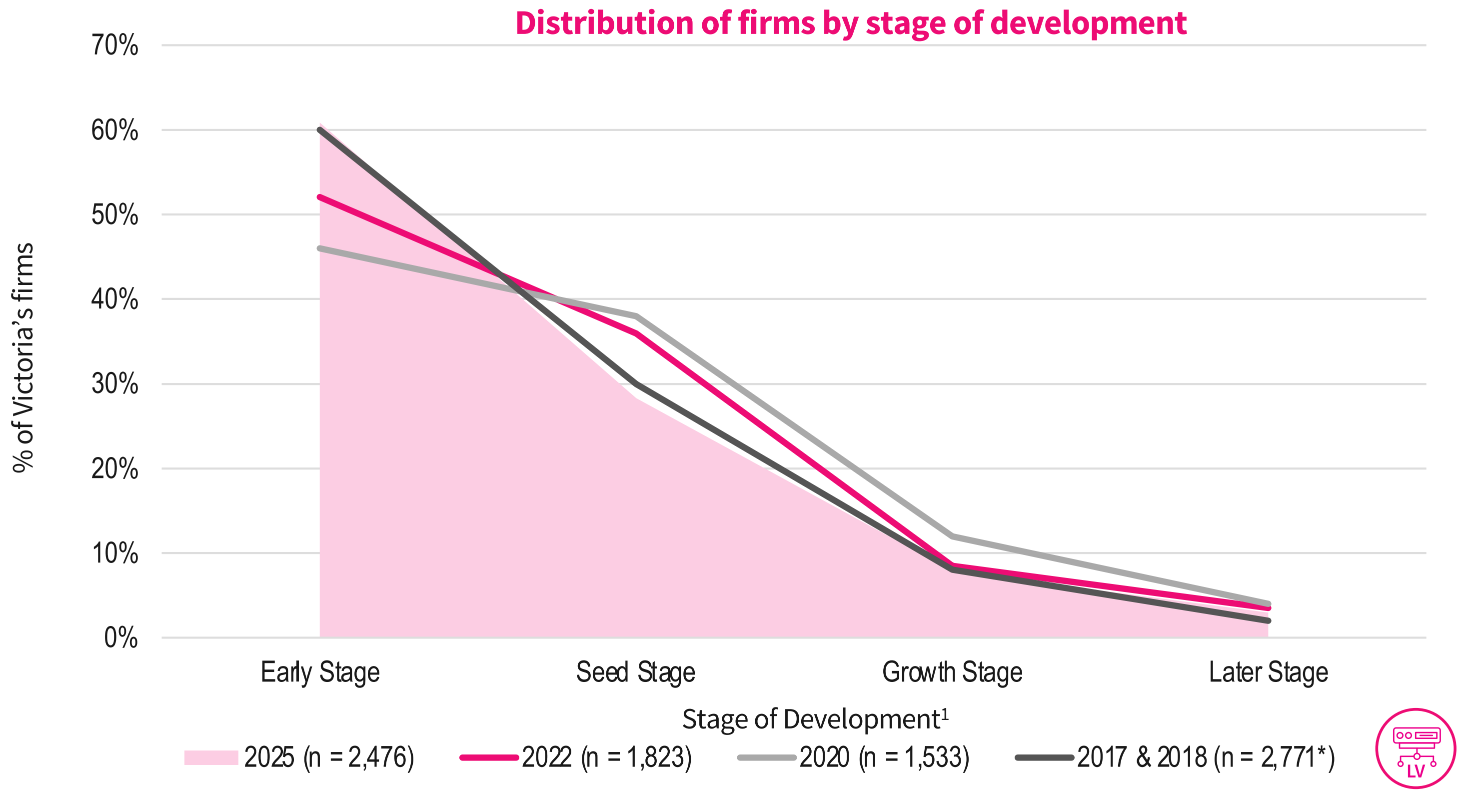
3 acquired[3] → 5,733% → **175 acquired**

6 unicorns[4] → 233% → **20 unicorns**

[1] Startup Genome Report. Startup Genome. 2017.
[2] Victoria's Startup Ecosystem Mapping Report. dandolopartners. 2020. https://assets.launchvic.org/app/uploads/2022/11/29032222/Victorian-Startup-Ecosystem-Mapping-Report-2020.pdf
[3] LaunchVic Startup Database Eligibility Criteria. LaunchVic. 2022.
[4] Mapping Victoria's Startup Ecosystem Report. dandolopartners. 2018. https://assets.launchvic.org/app/uploads/2022/12/02052703/Victorian-Startup-Ecosystem-Mapping-Report-2018.pdf

PIPELINE OF FIRMS

There has been growth observed across every stage of development, with a strong pipeline of new entrants since 2020.

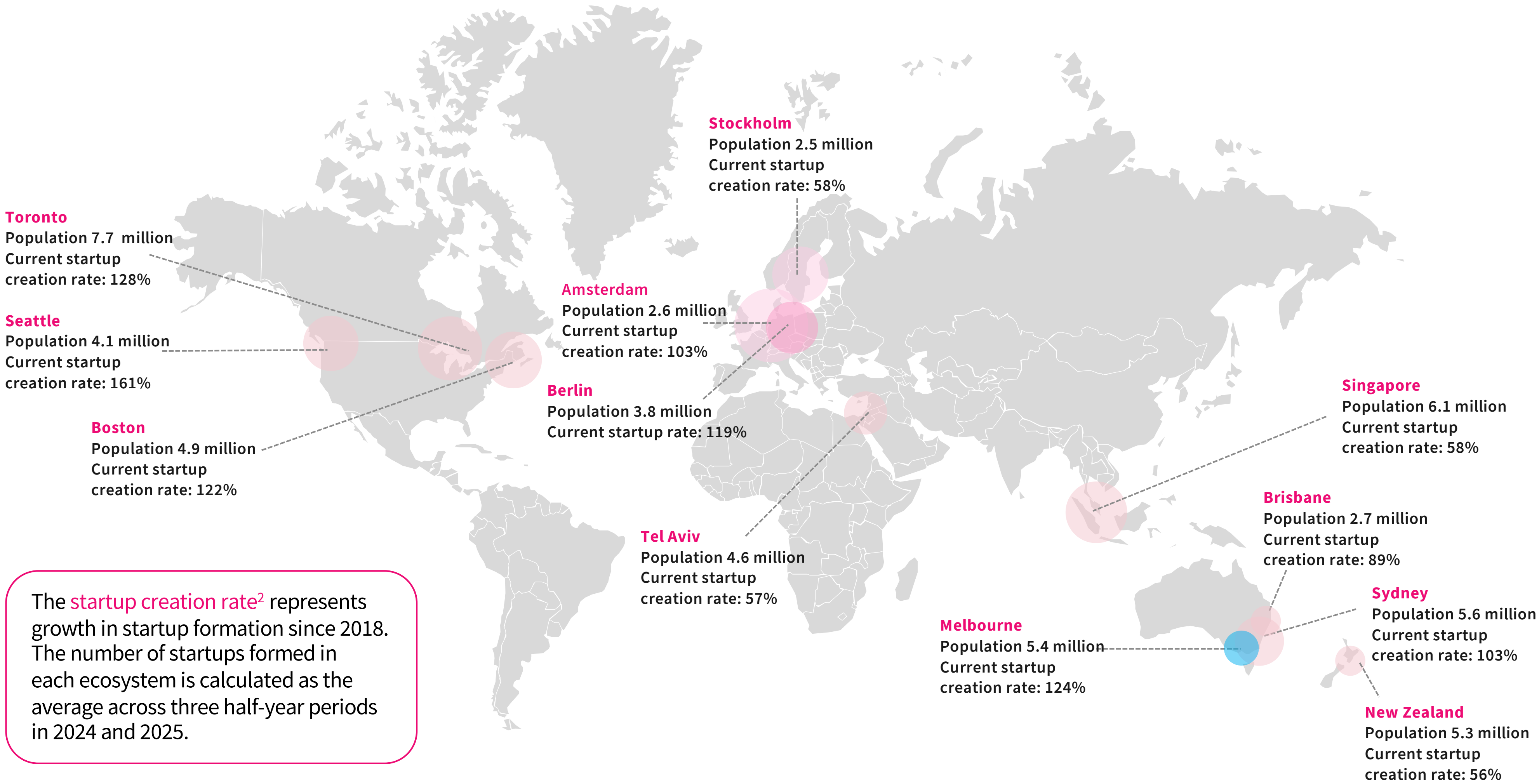


The number of early-stage firms increased by 834 since 2020 (81%). This growth in early-stage firms aligns with LaunchVic's focus on pre-accelerator programs is consistent with its strategy to invest in initiatives that drive new and innovative startup creation.

[1] dandolo assigned each firm to a stage of development based on their current reported number of employees. See Page 10 for details.

STARTUP CREATION RATE IN MELBOURNE AND COMPARATOR CITIES[1]

Melbourne ranks third among cities for its startup creation rate (124%)[2], ahead of Sydney, Brisbane, Singapore and Berlin. This contrasts with 2022, where Melbourne ranked sixth among cities for its startup creation rate (93%).



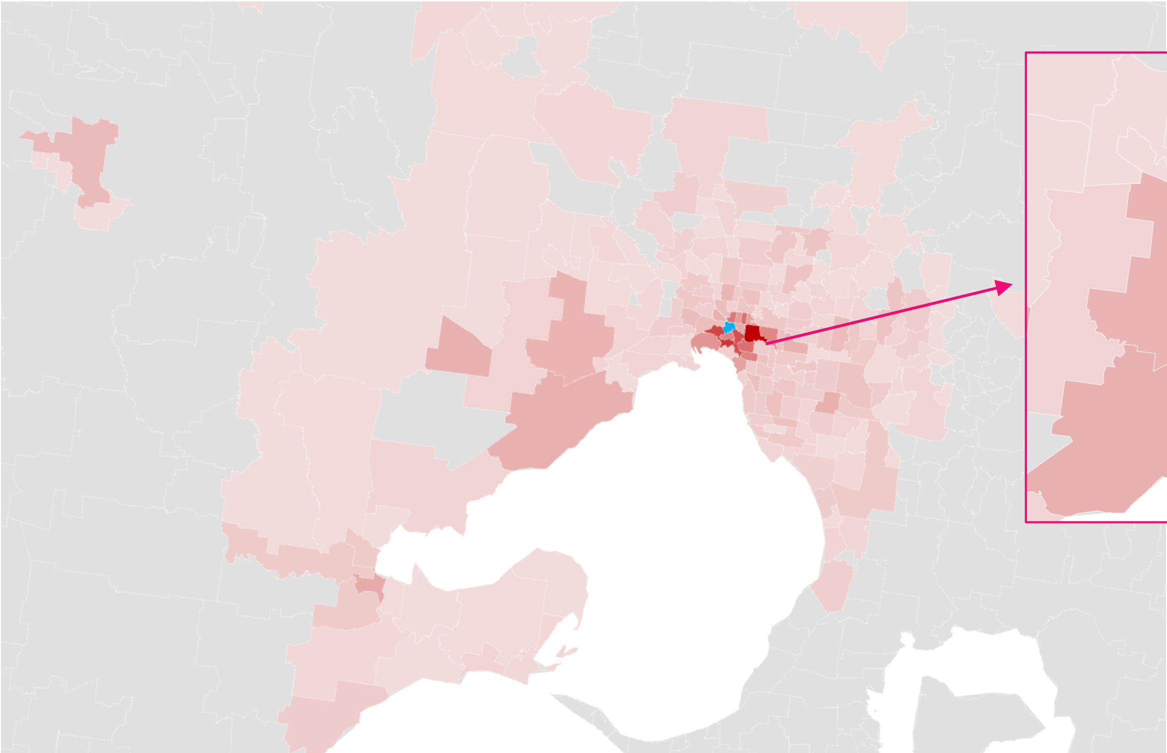
The startup creation rate[2] represents growth in startup formation since 2018. The number of startups formed in each ecosystem is calculated as the average across three half-year periods in 2024 and 2025.

[1] Startup Genome analysis of startup creation across international cities.
[2] Current startup creation rate is an average of H1 2024, H2 2024, and H1 2025 compared to H1 2018.

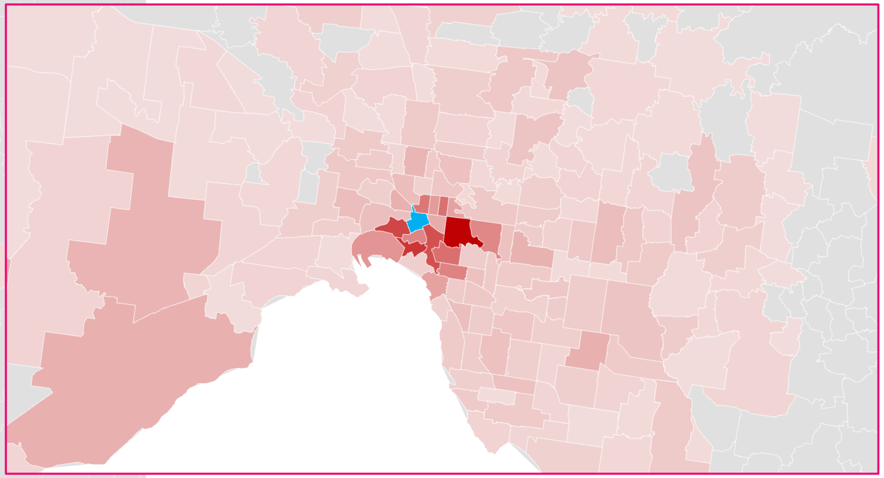
LOCATION OF FIRMS[1]

94% of firms are based in the Greater Melbourne Region and 6% of firms are based in Regional Victoria, which is an increase since 2020 that only reported 3%.

Firms Headquartered in Victoria



Firms Headquartered in Melbourne



Number of firms
500
100
1

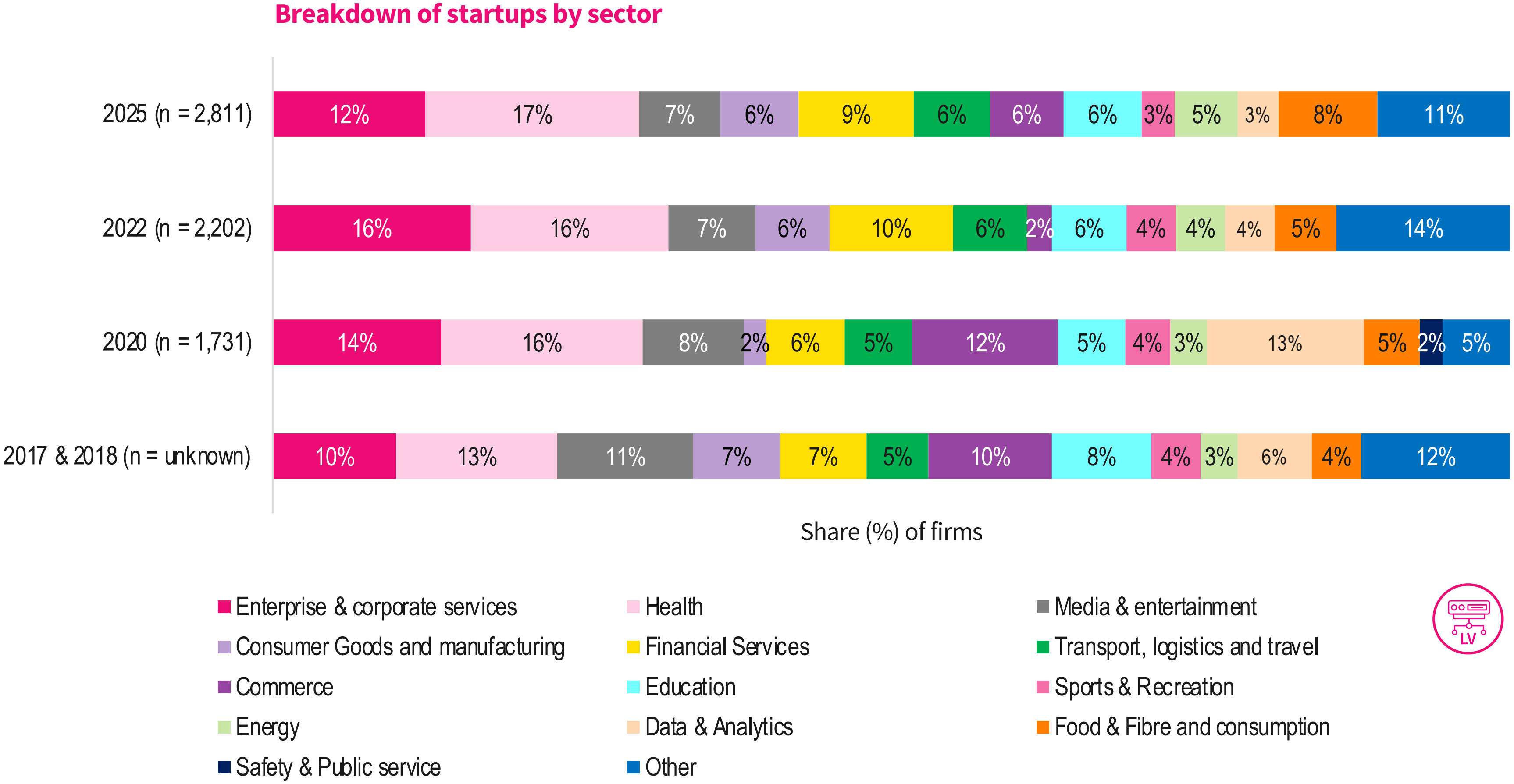
28% of all firms are based in Melbourne's CBD

n = 1,813 firms in Victoria

[1] Firm postcodes were matched to remoteness areas using ABS correspondence data from "Correspondence, 2017 Locality to 2016 Remoteness Area".

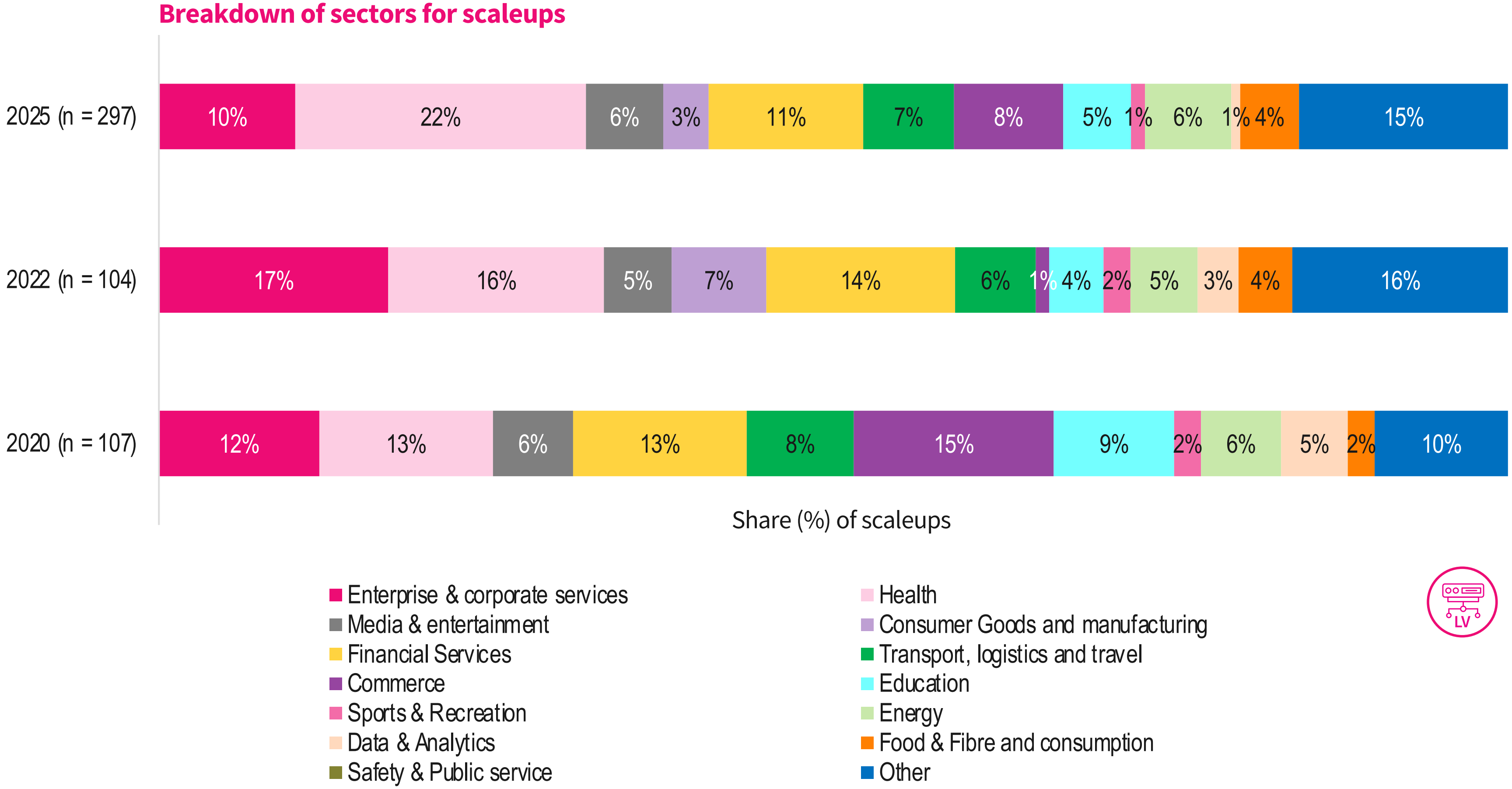
SECTOR BREAKDOWN ACROSS FIRMS

The sector composition of firms has remained broadly stable and diverse since 2017. Health is currently the largest sector among firms (accounting for 17%), followed by Enterprise and Corporate Services and Financial Services.



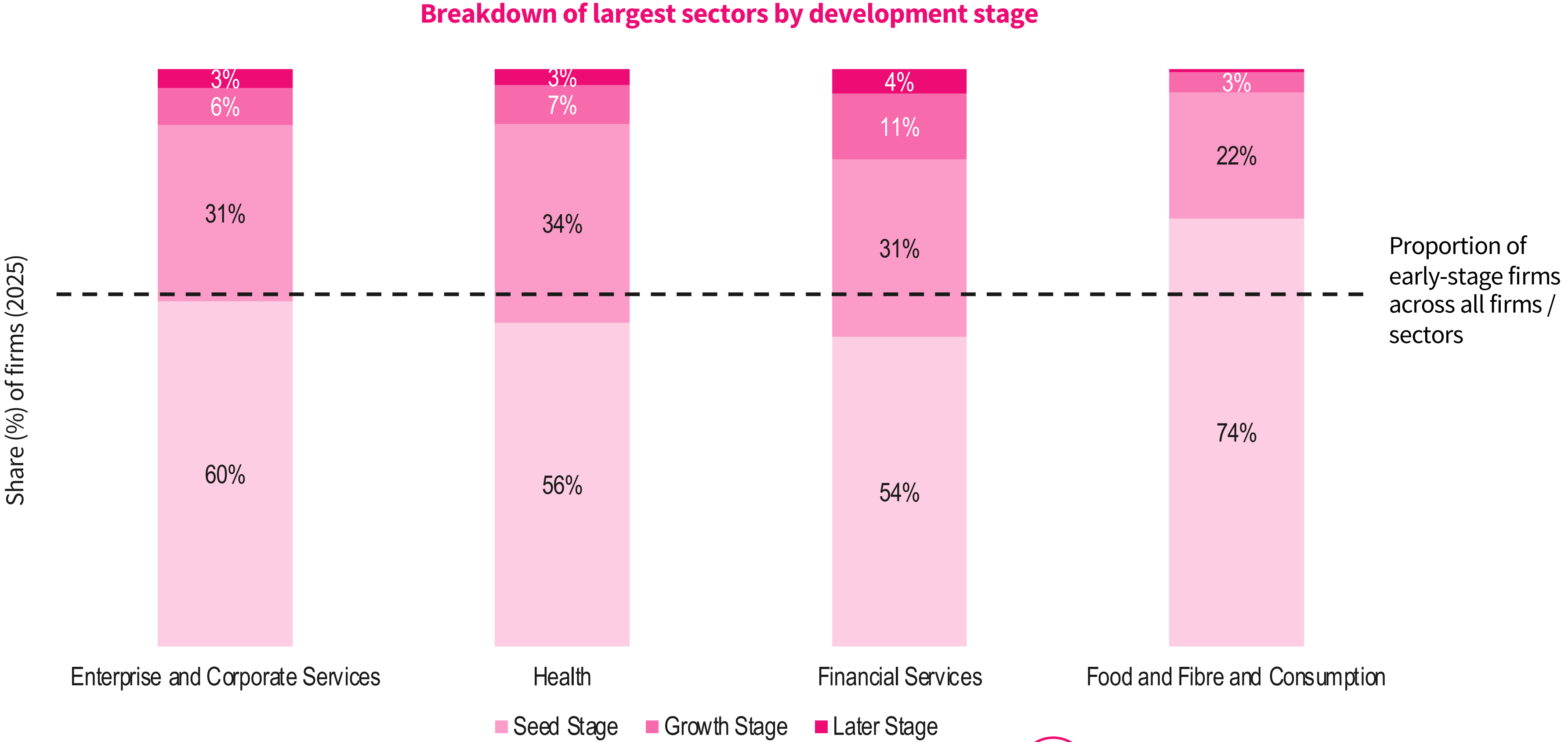
SECTOR BREAKDOWN FOR SCALEUPS

Victoria's scaleups operate in almost every sector of the economy. Health scaleups have become the most numerous in Victoria since 2020.



STAGES OF DEVELOPMENT OF MAJOR SECTORS

Agriculture, food & fibre has emerged as one of Victoria's four largest startup sectors, replacing media and entertainment, which featured in the top four in 2022. The shift is reflected in a strong pipeline of new entrants, with 74% of firms in the early-stage of development.



n = 1,151 major sector firms

PROFILE OF FIRMS IN VICTORIA

SUMMARY

Victoria's firms are maturing, ambitious, pursuing diverse market strategies, and showing early signs of more rapid development.

High growth firms / exits / unicorns

- There have been 20 unicorns from 2017–2025, valued at just under $100 billion and employing 17,000 people.
- Since 2022, there have been 8 exits over $100 million in Victoria, 3 in New South Wales , and 1 in Queensland.
- This adds to the 14 exits in Victoria since 2018, worth $8.2 billion.
- Despite a significant number of firms identifying as early-stage startups, 87% generated revenue in 2025, with 26% of surveyed firms generating over $1 million in revenue.
- There have been ten high growth firms since 2022, which is smaller compared to other years, but in line with the overrepresentation from early-stage firms.

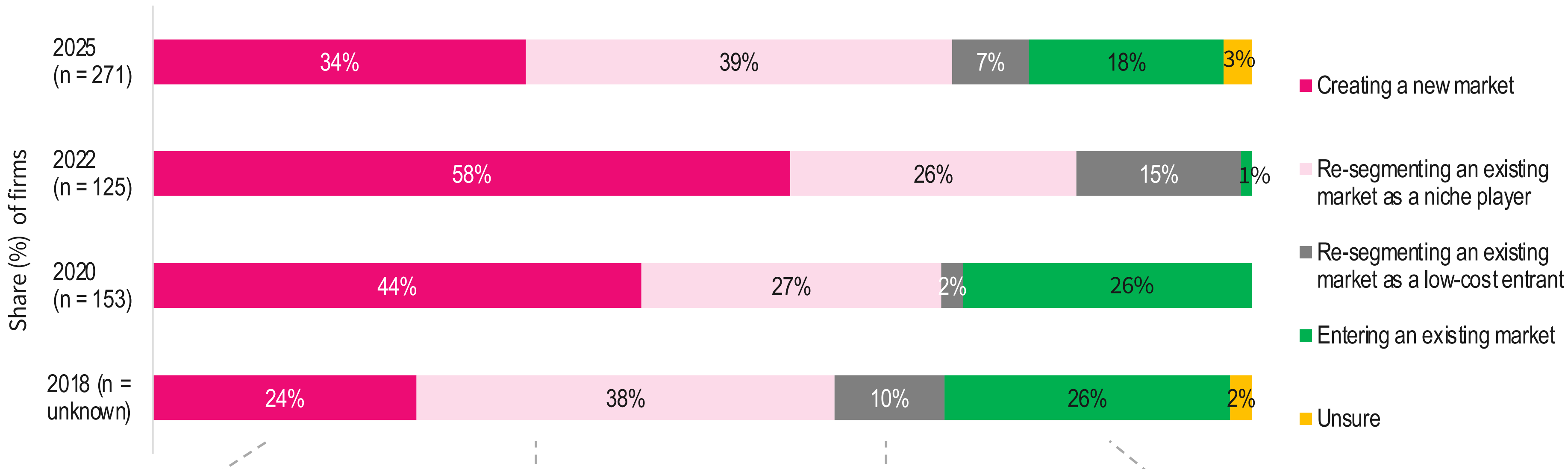
Market strategies

- 2025 data suggests that Victoria's startups are starting to develop at a faster rate than in previous years.
- Victoria's startup founders demonstrate strong ambition, prioritising 'changing the world' (39%) and 'building a great product' (28%). This points to a focus on building impactful and competitive ventures.
- Victoria's startup strategies have shifted over time; in 2018 and 2025 most startups were focused on re-segmenting existing markets and entering existing markets compared with 2022 where 58% were focused on creating new markets.

VICTORIA'S FIRMS BROKEN DOWN BY MARKET STRATEGY

The strategies of Victoria's firms have shifted over time. Over 2020-2022 (although 2022 may be an outlier), firms were more likely to be concentrated in new markets, pursuing a potentially higher risk appetite. In 2025 firms report a greater balance of strategies.

Breakdown of market strategies



New market
A new market is created if a firm's product enables customers to do something they were unable to do previously. In a new market, customers and their preferences are unknown and direct competitors are non-existent.

Re-segmenting an existing market as a niche player
A niche strategy is viable if firms can identify a part of the market which can be captured through a more focused solution than anything currently available.

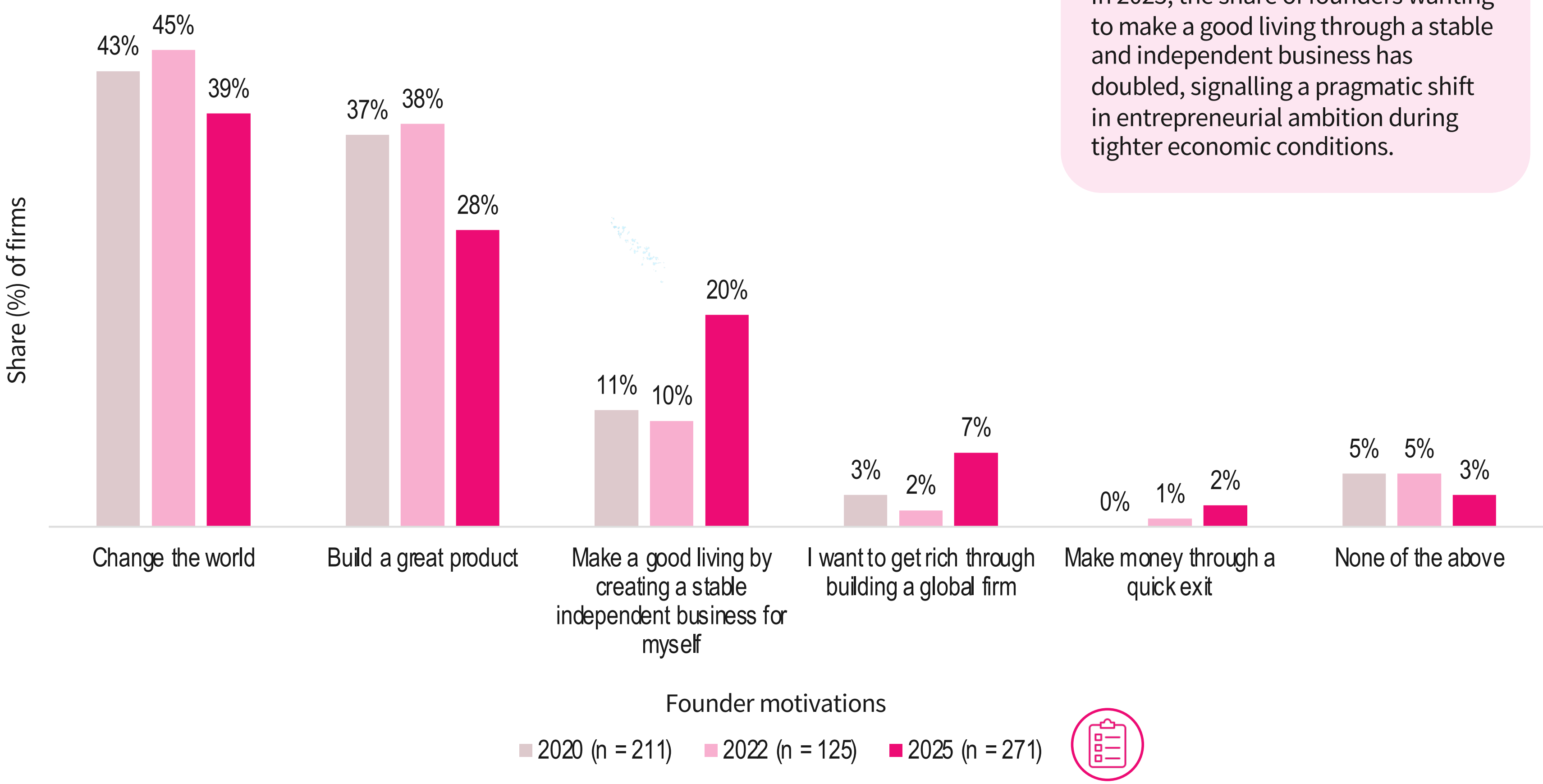
Re-segmenting an existing market as a low-cost entrant
This approach is based on a belief that a "large enough" market segment will start using a product that may be inferior in terms of features but "good enough" to solve the problem if the price is low enough.

Existing market
In an existing market, the users, the market and the competitors are known. In this environment, one competes on product features and performance.

FOUNDER MOTIVATION

Victoria's founders have consistently demonstrated strong ambition, prioritising 'changing the world' and 'building a great product'.

Breakdown of founder motivations

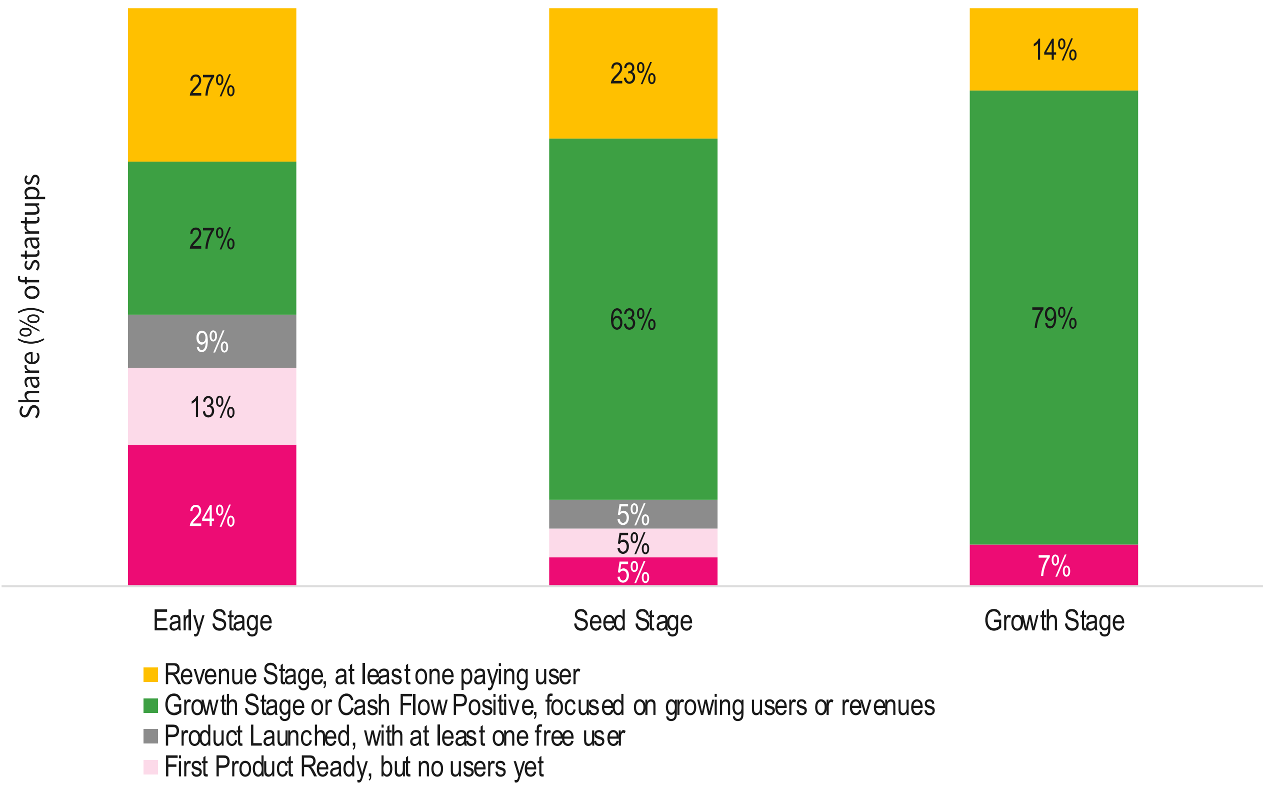


In 2025, the share of founders wanting to make a good living through a stable and independent business has doubled, signalling a pragmatic shift in entrepreneurial ambition during tighter economic conditions.

STAGE OF PRODUCT DEVELOPMENT

Victoria's firms are progressing through product development earlier than in previous years. Seed and Growth Stage firms are largely concentrated in later stages of product development. This may indicate growing maturity of the sector.

Breakdown of product development by stage of firm



In 2025, 54% of Victoria's startups surveyed were in the Revenue Stage or Growth Stage or Cashflow Positive.

This is a significant shift from previous years where no surveyed startups in the early-stage reported being in those stages, showing an early indication that new startups may be progressing faster.

n = 152

SAMPLE OF VICTORIA'S HIGH GROWTH FIRMS[1]

dandolo identified ten high growth firms[2] spanning diverse sectors.

Factor House Pty Ltd	2019 Founded	Seed Stage	Data & Analytics Sector

A software company that build tools and platforms to help engineers and organisations working with streaming technology.

31 current employees
15 hired in the past six months

mod.io	2017 Founded	Growth Stage	Media & Entertainment Sector

A technology company that develops user-generated content (UGC) middleware solution for game developers.

87 current employees
15 hired in the past six months

Calcs.com	2016 Founded	Growth Stage	Engineering Sector

A software company with an online platform that helps structural and civil engineers streamline and automate design calculations.

57 current employees
13 hired in the past six months

FourthRev Pty Ltd	2019 Founded	Growth Stage	Education Sector

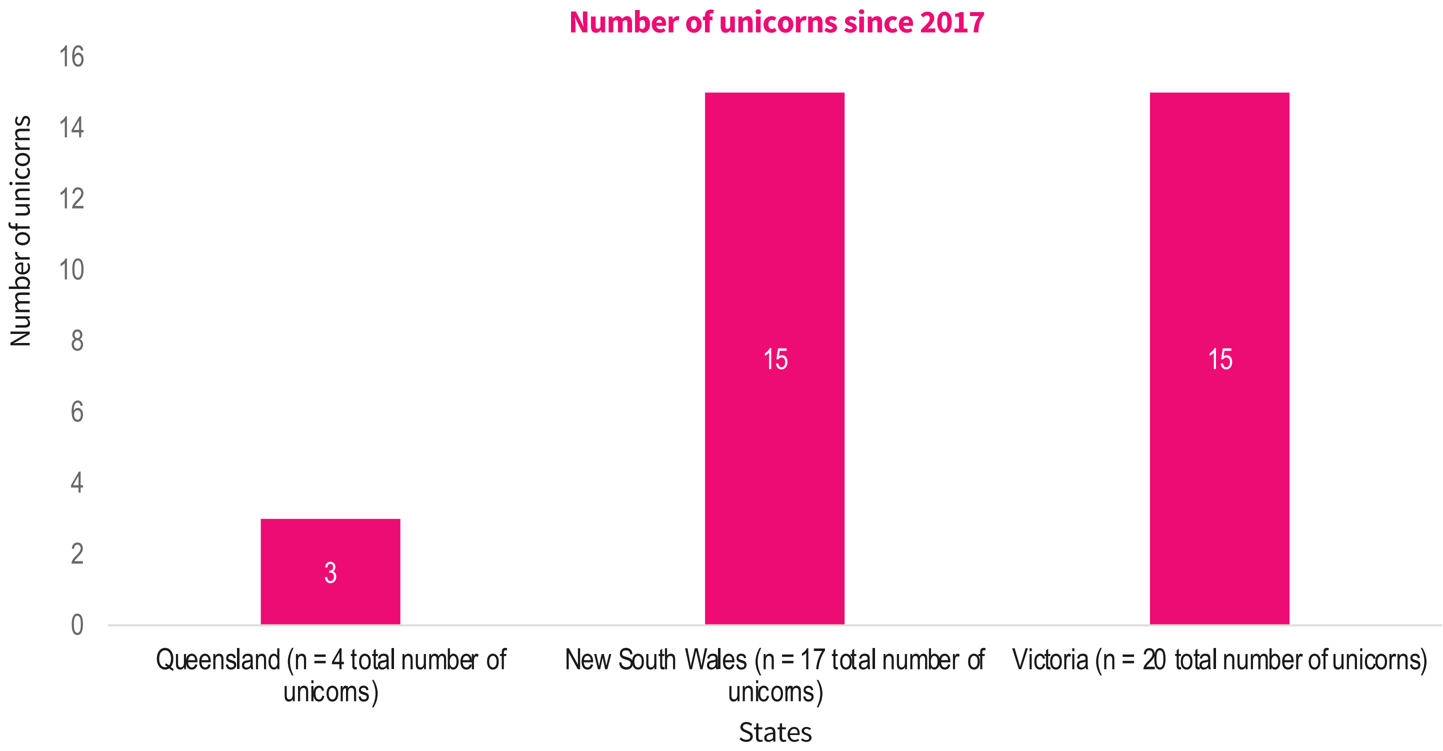
A digital education company focused on bridging the skills gap in technology through specialised online training programs.

156 current employees
37 hired in the past six months

[1] Firms with 20 or more employees that grew their employee numbers by around 20% in the past 6 months. This list is not exhaustive.
[2] The survey collected more early-stage firms, therefore less high growth firms are included compared to previous reports.

VICTORIA'S UNICORNS: 2017-2025

Since 2017, 15 Victorian firms have achieved unicorn status, matching the amount in New South Wales and exceeding Queensland, with only three new unicorns.



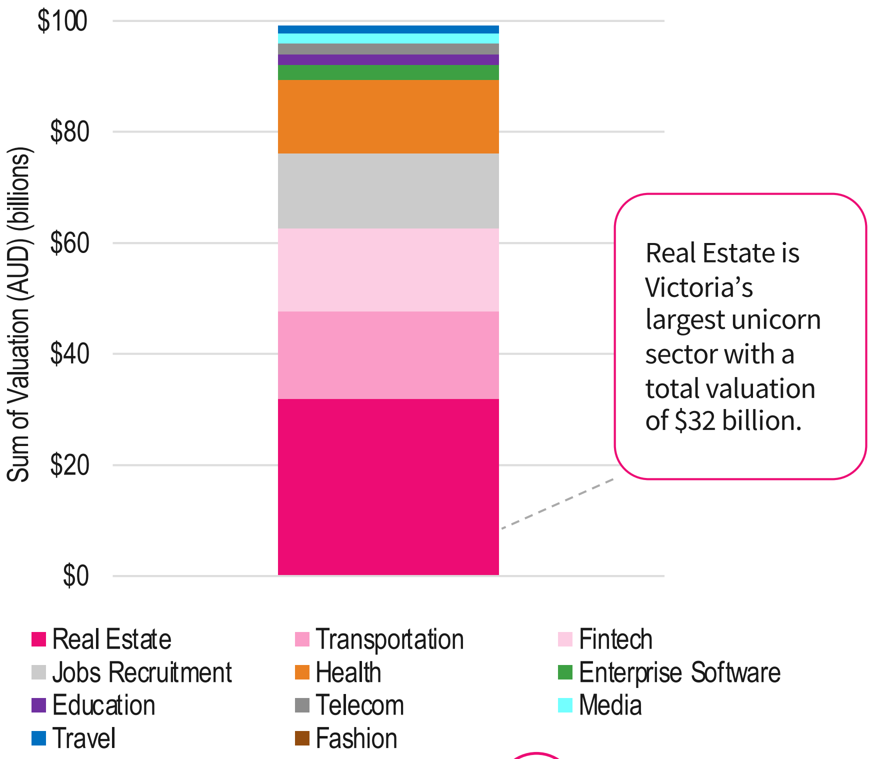
A **unicorn** is a firm that has reached a valuation of $1 billion at some point in time. Since 2017, 15 firms in Victoria have reached unicorn status through either market cap valuation or exit value.

n = 41 unicorns

VICTORIA'S UNICORNS: VALUATION AND EMPLOYMENT

Victoria's 20 unicorns had a total valuation of just under $100 billion.

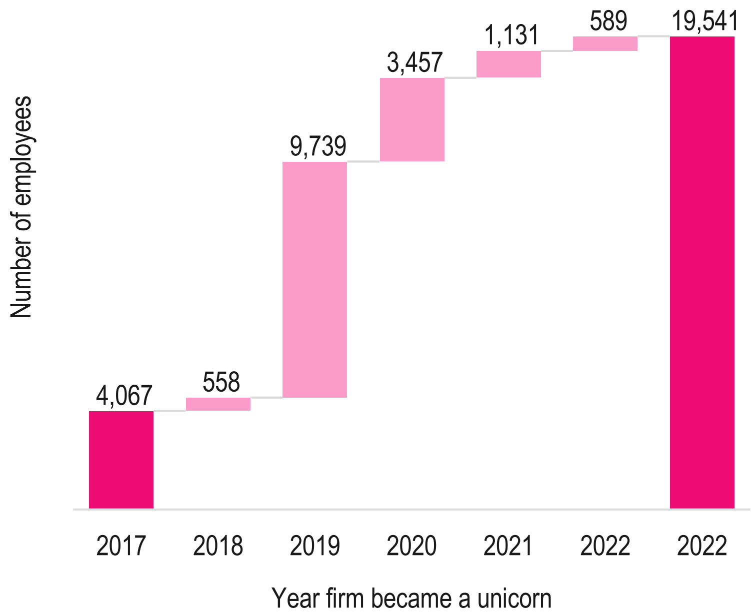
Total valuation of Victoria's unicorns



n = 20 unicorns

In 2025, Victoria's unicorns employ over 19,500 people.[1]

Total employees in 2025 by year firms became unicorns



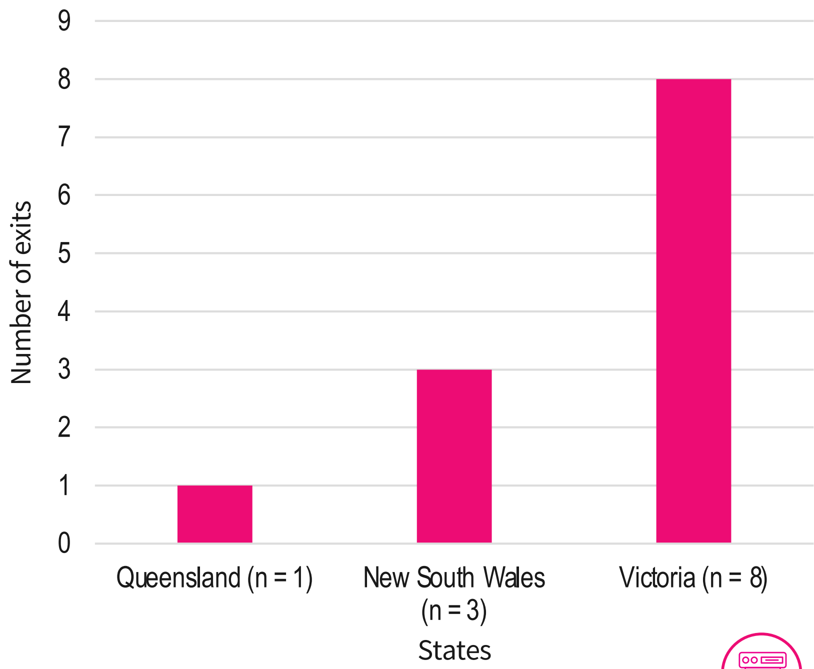
n = 20 unicorns

[1] This figure is derived from Dealroom data and represents the sum of the latest reported number of employees, grouped by the year in which each firm became a unicorn. Two adjustments were made to the Dealroom data: Neuren was reclassified as becoming a unicorn in 2022 rather than 2023, and 272 employees were added for Zeller, which is listed as becoming a unicorn in 2022. Minor discrepancies may occur when compared with published Dealroom reports, as Dealroom defines unicorns based on a USD $1 billion valuation, whereas LaunchVic defines unicorns based on an AUD $1 billion valuation.

VICTORIA'S EXITS

Since 2022, there have been 8 exits worth over $100m in Victoria, compared with 3 exits in New South Wales and 1 exit in Queensland.

Number of exits over $100m since 2022



Quad Lock	2011 Founded	M&A Exit Type	Sports Sector

A manufacturer of smartphone mounting systems and accessories that enable people to attach their phones safely to bikes, cars, and everyday objects.

$500M Exit size	NOV 2024 Exit date

Thule Group AB
Acquirer

Payapps	2011 Founded	M&A Exit Type	Fintech Sector

A cloud-based construction software platform that streamlines progress payment claims and approvals between contractors and subcontractors.

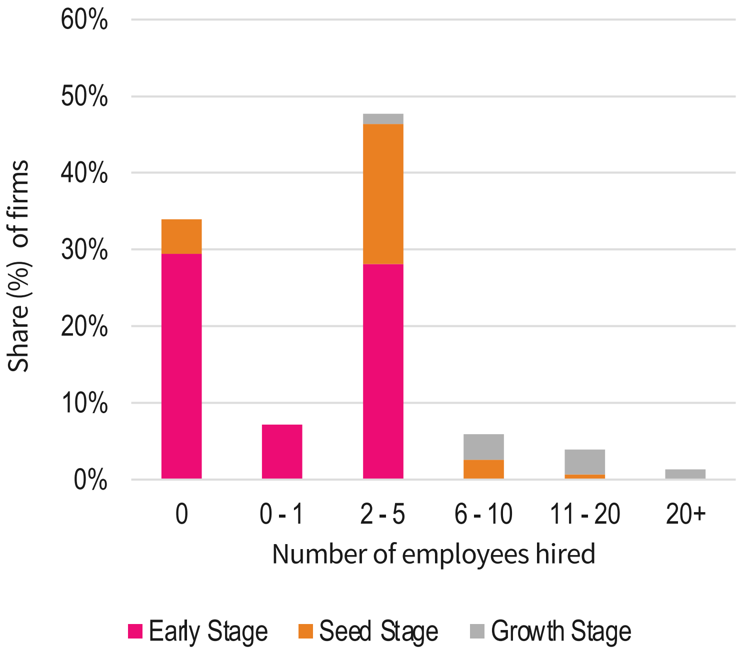
$581M Exit size	JAN 2024 Exit date

Autodesk
Acquirer

RATE OF GROWTH OF FIRMS

Over the past six months 48% of firms hired between two and five people. Of the firms that did not hire people, 87% were in the early-stage of development.

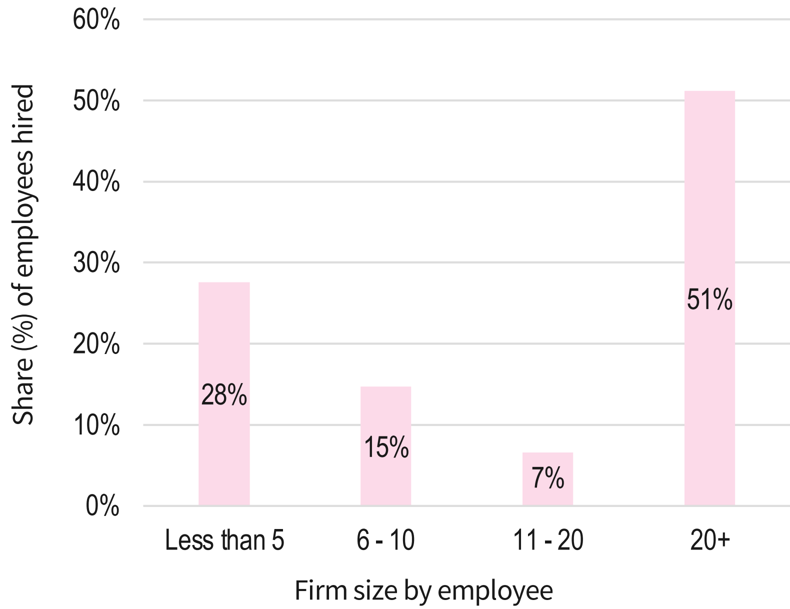
Number of employees hired by firms who have hired in the last 6 months



n = 181

Most hiring in the past six months came from firms with more than 20 FTE. That said, a significant portion (20%) came from smaller firms (less than 5 employees).

Proportion of employees hired across firm size (segmented into numbered groups against total %)



n = 181

PRODUCTIVITY

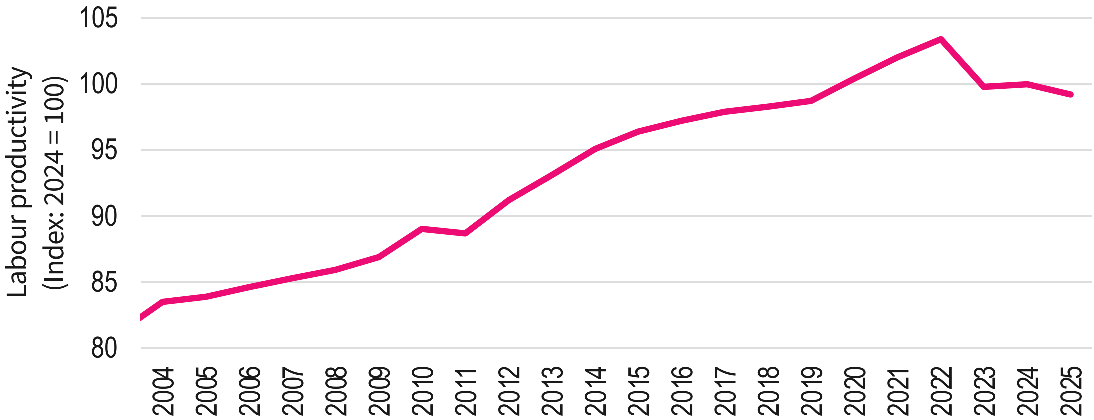
AUSTRALIA'S PRODUCTIVITY CHALLENGE: THE CURRENT STATE

Australia has experienced poor productivity performance over the past decade driven by deep structural factors including poor technology diffusion, growing non-market services, stalling investment, declining dynamism and low appetite for reform.

Australia's productivity performance has stalled in recent years. Since 2015, labour productivity growth has averaged 0.4% per year, compared with a 60-year average of 1.6%.

Despite a short-lived uplift in labour productivity post-COVID, Australia's weak productivity performance continues.

Australia's labour productivity: 2004–2025



What's driving poor productivity performance?[1]

Rise of the non-market services sector. In the last decade non-market (government funded) health, education and care services have grown rapidly in Australia. These sectors tend to have lower productivity weighing on overall productivity growth.

Stalling investment. Private sector investment outside of mining has declined as a share of the economy since 2009. This reduces 'capital deepening' (the amount of capital per worker), which reduces the rate at which firms take advantage of new tools and technologies to improve production.

Lack of appetite for economic policy reform. Governments have had low appetite for productivity enhancing reforms.

Smaller gains from technology and its diffusion. Australian firms have become less effective at adopting and adapting technologies from elsewhere.

Declining economic dynamism. This is a potential factor. Multiple measures point to declining labour mobility with evidence workers are less likely to move towards higher productivity firms. At the same time business entries have stagnated.

[1] Content summarised and adapted from Growth mindset: how to boost Australia's productivity: 5 productivity inquiries, Productivity Commission, 2025, https://assets.pc.gov.au/2025-08/growth-mindset.pdf?VersionId=TtOKpFa.VTm.enJfUhuO6lSY5SgYgAwe

AUSTRALIA'S PRODUCTIVITY PROBLEM: HOW STARTUPS CAN HELP

Victoria's startups can and have been contributing to addressing Australia's productivity challenges through creative destruction, adoption and dissemination of frontier technology and modernising low productivity service sectors

How startups contribute to addressing Australia's productivity challenges	The productivity challenges these help to address
Creative destruction: • New technologies and business models lead to increased competition. • Increased competition leads to less productive firms shrinking or exiting. • Resources get shifted to more productive startups.	Stalling investment Declining economic dynamism
Adoption of frontier technology: • Creating new tools and ways of working for other firms to adopt.	Smaller gains from technology and its diffusion Stalling investment
Spillover effects: • New knowledge and skills pass onto other firms through people moving from startups.	Smaller gains from technology and its diffusion Rise of the non-market services economy
Sectoral modernisation: • Heavily service-based sectors facing low productivity growth update and reform their models.	Rise of the non-market services economy

CREATIVE DESTRUCTION

There is an important role for highly innovative and productive new entrants to drive economy-wide productivity growth.

The importance of business dynamism and creative destruction

Business dynamism – the process of firm entry, growth, and exit and the simultaneous creation and destruction of jobs – plays a crucial role in economies. It provides an important contribution to creative destruction which is key in supporting innovation, productivity and economic growth.[1]

In Australia, relatively slow investment growth, weakened business dynamism and poor incentives for innovation are constraining productivity growth.[2] Recent analysis from e61 Institute shows the importance of business dynamism:[3]

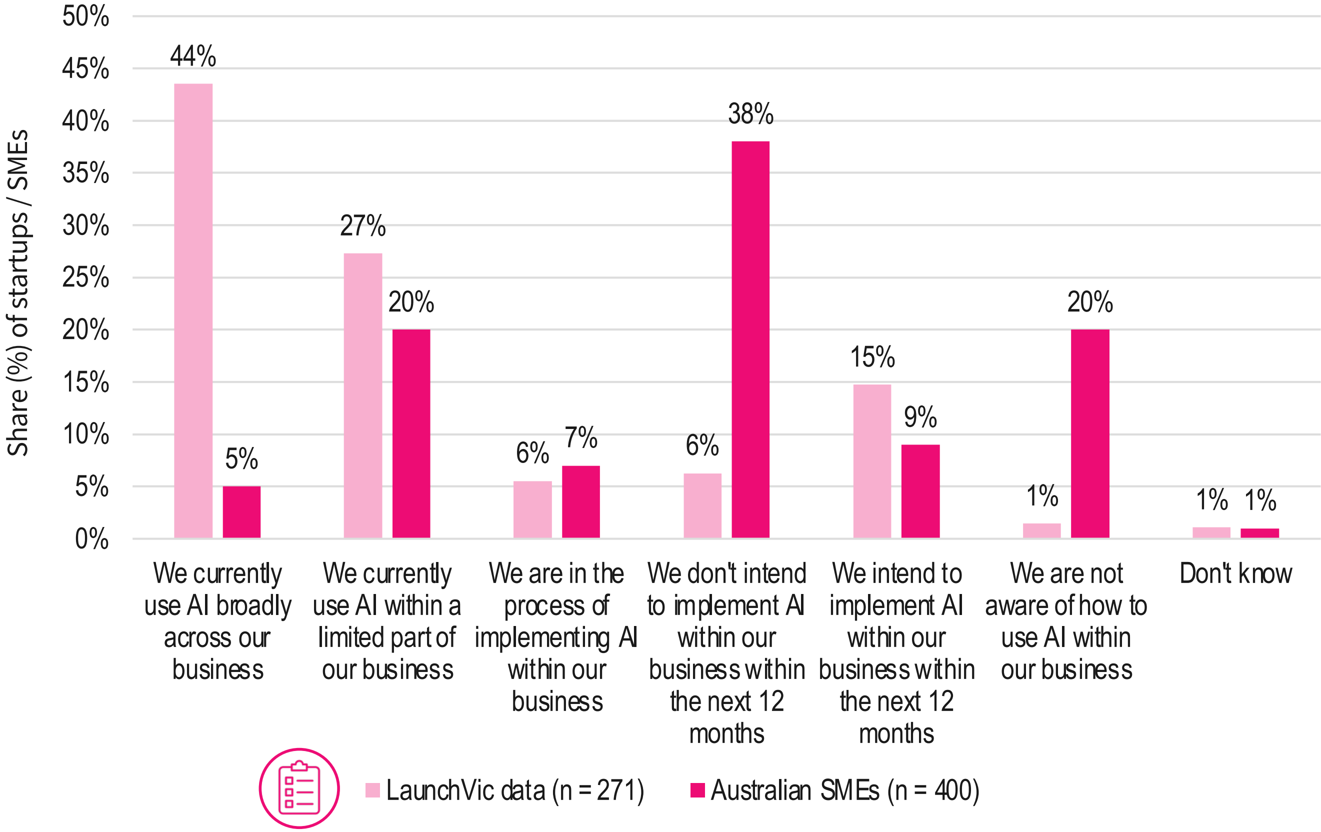
- Firms that exit are tend to be around 20% less productive than the industry average five years prior to existing. Productivity typically declines further as firms approach their exit.
- On average, new firms enter the economy 40% less productive than the respective industry average. This is because it takes time for new firms to establish themselves, focusing on making needed investments and establishing themselves in their market.
- As firms mature their productivity improves on average, with firms that survive at least five years converging to the industry average by age five.
- Underneath the average there are stark differences. The top 10% most productive firms:
  - Enter the economy with productivity 15% above the industry average
  - By age five have productivity levels 45% above the industry average

While not all creative destruction is necessarily productivity enhancing, and existing firms can and do innovate, there is an important role for highly innovative and productive new entrants to drive economy-wide productivity growth.

[1] Declining business dynamism; structural and policy determinants, OECD, 2020, https://www.oecd.org/content/dam/oecd/en/publications/reports/2020/11/declining-business-dynamism_111d20a3/77b92072-en.pdf
[2] Productivity before and after COVID-19, Australian Government Productivity Commission, 2025, https://assets.pc.gov.au/2025-10/covid-productivity-research-paper_0.pdf?VersionId=G0fxbPDxXh8aLzyisa3UrauFEOdDO5.e
[3] The young and the restless, e61 Institute, 2025, https://e61.in/wp-content/uploads/2025/09/The_young_and_the_restless.pdf

NEW TECHNOLOGIES: USE OF AI

Victoria's startups are substantially more likely to use AI in a part of their business compared with the average Australian SME.



Forty-four per cent of Victoria's startups use AI broadly across their business, compared with 5% of Australian SMEs. A further 48% use AI in a limited way, are implementing it or plan to implement it across their business, compared with 36% of SMEs.

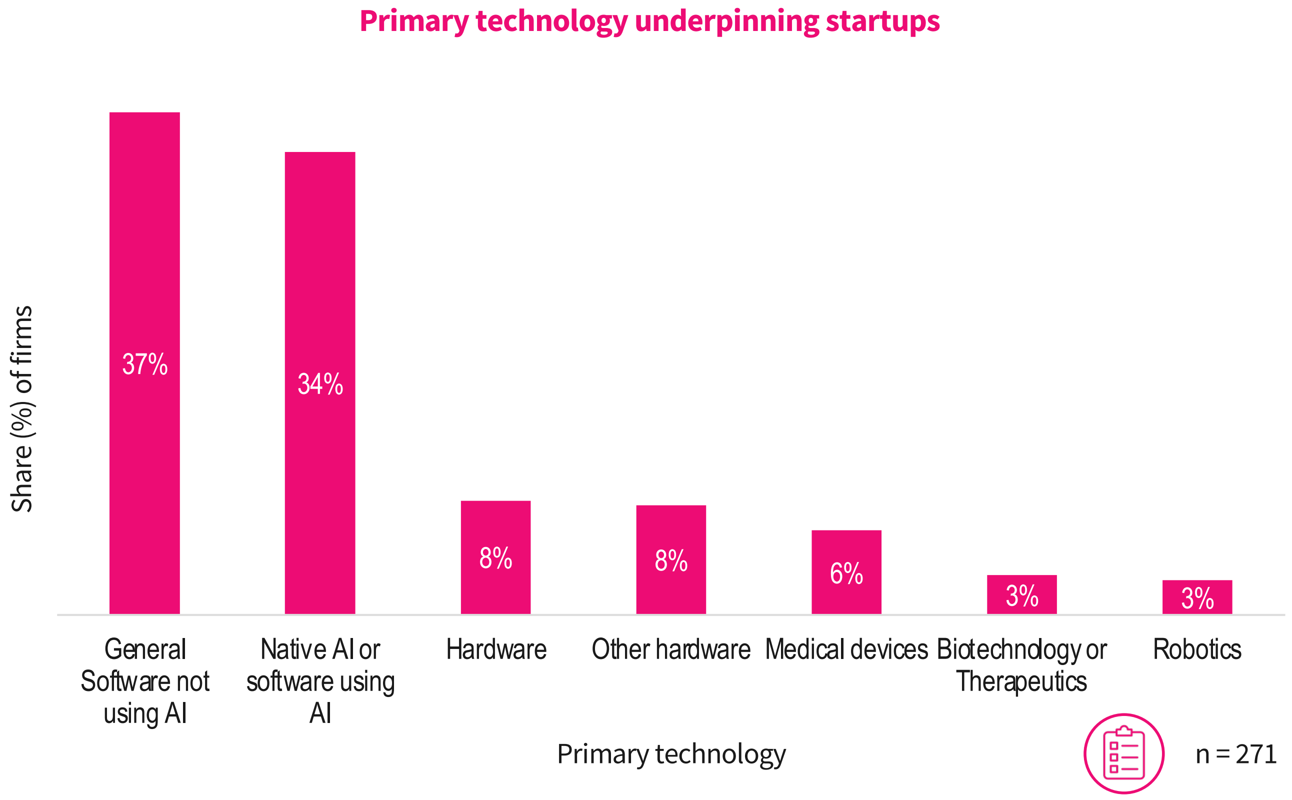
With Victoria's startups well ahead on AI adoption, they are well placed to capture productivity gains through faster research and development, more efficient service delivery and automation.

As many of these firms also plan to enter or re-segment existing markets, they may increase competitive pressure for broader AI adoption and support the diffusion of skills as workers move into other parts of the economy.

*The data on Australian Small and Medium Enterprises use of AI comes from the AI Adoption Tracker, Department of Industry, Science and Resources, 2024 https://www.industry.gov.au/publications/ai-adoption-tracker/ai-adoption-data

NEW TECHNOLOGIES: PRIMARY TECHNOLOGIES

Around 72% of startups have some form of software underpinning their business, with 34% of surveyed firms identifying Native AI or AI-enabled software as their primary technology.



Seventy-two per cent of startups report that their core technology is general software or native AI.

This suggests startups are rapidly developing frontier capabilities and could lift productivity more broadly as these technologies spread across the economy.

Victoria's startups can support this diffusion by developing and adapting frontier technologies for the Australian context, with adoption driven by competitive pressure and the movement of skilled workers into other parts of the economy.[1]

[1] Frontier Firms, Technology Diffusion and Public Policy: Micro Evidence from OECD Countries, Andrews, D., C. Criscuolo and P. N. Gal, 2015, https://www.oecd.org/content/dam/oecd/en/publications/reports/2015/11/frontier-firms-technology-diffusion-and-public-policy_g17a271a/5jrql2q2jj7b-en.pdf

[2] 5-year Productivity Inquiry: Innovation for the 98%, Australian Government Productivity Commission, 2023, https://assets.pc.gov.au/inquiries/completed/productivity/report/productivity-volume5-innovation-diffusion.pdf

SPILLOVER EFFECTS THROUGH SKILLSET AND TECHNOLOGY DIFFUSION

Founders of, and employees from, Victoria's startups are taking their skills and knowledge into other areas of the economy.

How the spillover effects from startups impact Victoria's economy:

A growing startup ecosystem can have 'spillover' effects for the Victoria's and Australia's economies through multiple channels.

Startups can experience substantially higher productivity on average and have a higher tendency to use productivity enhancing technologies. Startups can 'diffuse' these productivity benefits throughout the broader economy. This occurs through:

- Knowledge diffusion through networks or 'agglomeration effects'
- Skills diffusion through worker mobility – workers exit startups take their skills into other parts of the economy

What this looks like in Victoria

- While startups account for around 1.5% of employment, this headline figure misses the significant number of movements in and out of the startup ecosystem, where workers take their skills and knowledge in new technologies and ways of working to other parts of the economy.
- Looking at worker movements, there have been approximately 32,000 people who have left the ecosystem and were based in Victoria when they first joined the ecosystem. Of these:
  - 69% are currently in other types of companies in Victoria, sharing their knowledge and skills across Victoria's economy
  - 57% have stayed in Victoria since leaving their first firm
  - A further 8% have stayed in Australia after leaving Victoria.

SECTORAL MODERNISATION

Education, healthcare and social assistance are largely non-traded sectors and have consistently recorded weak productivity growth. Victoria's startups may help address this by introducing new, more productive ways of working.

Labour productivity growth in Australia by sector

	10-year average	20-year average
Education and training	-0.7%	-0.5%
Healthcare and social assistance	-0.1%	-0.2%
All industries	0.3%	0.8%

Victoria's health and education startups have grown significantly over 2020 - 2025[1]

	Number of firms		Number of employees	
Education and training startups	105	177 firms	2,971	3,416
Healthcare and social assistance	319	485	7,366	8,630

Victoria's health and education startups are reshaping markets and creating new technologies and market opportunities

Health sector firms in the ecosystem

- Technology: 40% already use AI across their business, and another 25% are implementing it or plan to within 12 months.
- Innovation: 42% rely on patents, compared with 19% of firms overall.[2]
- A strength in the ecosystem: They are the largest scaleup sector, making up 22% in 2025.

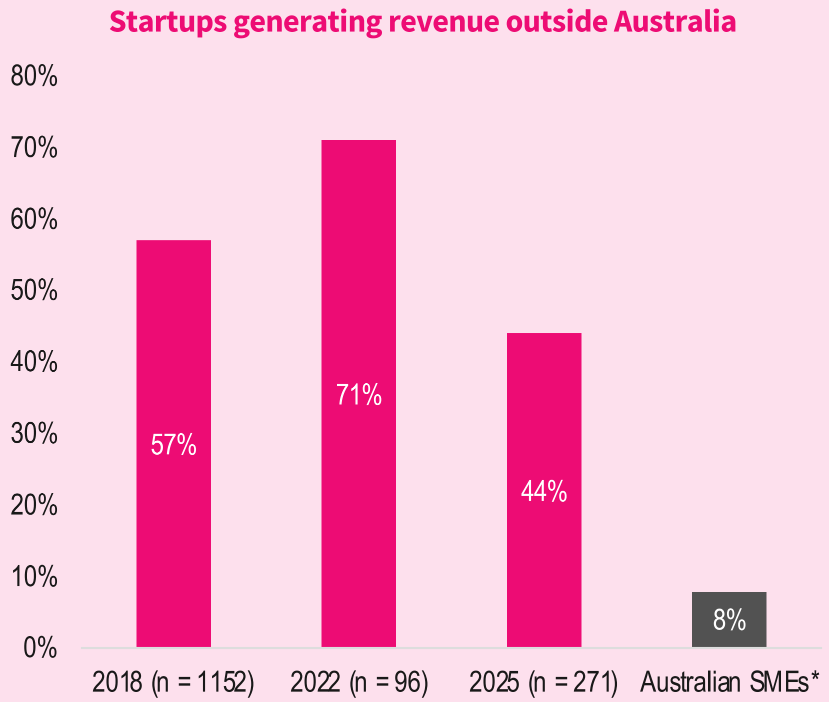
Education sector firms in the ecosystem

- Technology: 31% already use AI across their business and another 31% are implementing it or plan to within 12 months. Software or native AI underpins 87% of firms.

[1] 2020 figures were derived from Dealroom data and represents the sum of total current employees and firms for those founded in, or before, 2017 in education and health. We used this logic because this figure was not reported in previous Ecosystem Mapping reports.
[2] See Appendix 2 for analysis on startups' use of patents.

EXPORTS: PRODUCTIVITY

44% of surveyed startups are exporting compared with 8% of SMEs in Australia.



What does exporting tell us about productivity?
Whether a firm exports is a useful proxy for productivity, as exporting firms tend to have higher labour productivity than otherwise similar non-exporters, driven in part by operating in more competitive markets. This is due to more productive firms self-selecting into export markets, rather than exporting necessarily driving productivity growth.[1]

How many of Victoria's startups are exporting?
The share of exporting startups declined from 71% of firms surveyed in 2022 to 44% in 2025. This is likely driven by a large number of early-stage firms that tend to have a lower propensity to support. Of the firms who currently do not export, 30% intend to export within the next 12 months and a further 46% intend to export after the next 12 months.

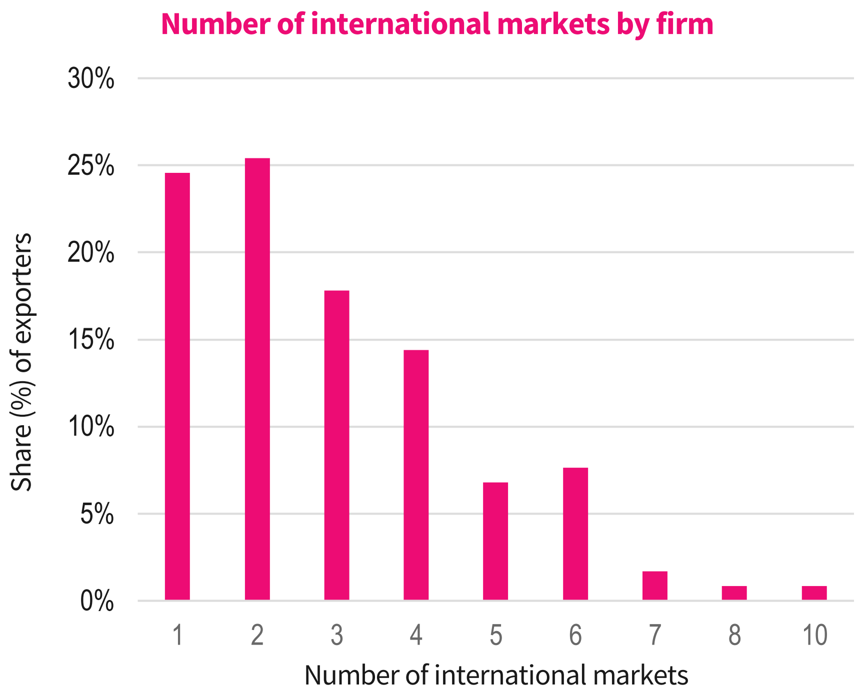
Even at 44% of surveyed firms currently exporting, this sits well above estimates of the share of small to medium enterprises across Australia that export, which suggest around 8% of Australia's SMEs export.

[1] *Exports and Productivity: A Survey of the Evidence from Firm-Level Data*, Wagner, J., 2007, https://doi.org/10.1111/j.1467-9701.2007.00872.x; *Australian State of Exporters Report: How exporters contribute to Australia's economic prosperity*, Australian Trade and Investment Commission, 2023, https://www.austrade.gov.au/content/dam/austrade-assets/global/wip/austrade/documents/australian-state-of-exporters-report-2022.pdf
*Based on estimates of exporting firms from a Facebook survey - Mercatus Center, "Businesses on Facebook and Propensity to Export: Australia", 2019

EXPORTS: INTERNATIONAL MARKETS

The largest market for exporting firms is North America (22%), followed by UK (17%) and Europe (16%).
50% of firms in 2025 exported to three or more international markets.

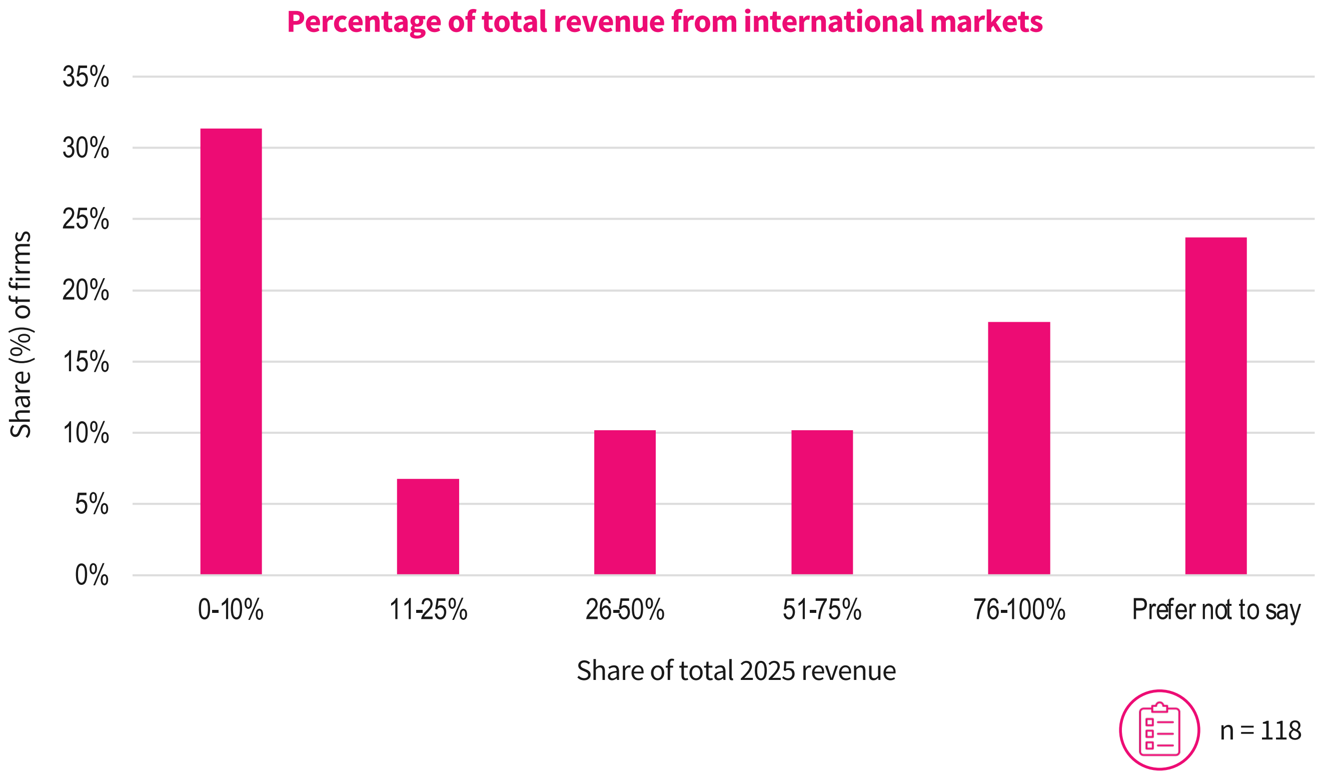
n = 271



n = 118

EXPORT MARKETS: REVENUE

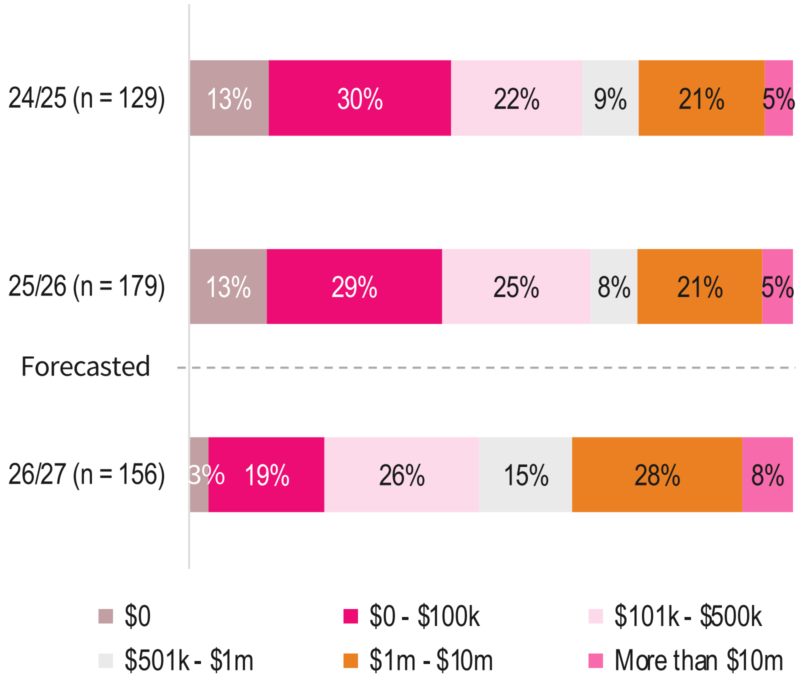
The importance of international markets for revenue varies substantially across exporting firms. Around 28% of exporting firms generate more than half of their revenue from international markets. For around 31%, exports are a minor share (10% or less) of revenue.



REVENUE

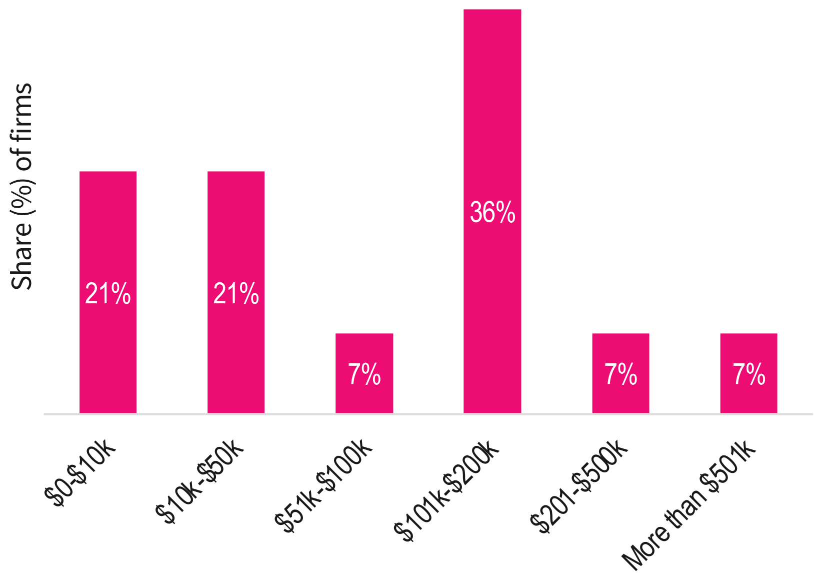
Despite most firms categorised as early-stage, 87% generated revenue in 2025, with 26% of surveyed firms generating over $1 million in revenue.

Revenue generated by firms across years



Around 50% of firms generated more than $100,000 in revenue per worker in 2025.

Revenue per FTE (2025)



n = 52

CAPITAL

SUMMARY

Over 2015–2025, firms have completed 1,347 deals totalling $13.7 billion.[1]

Investment activity

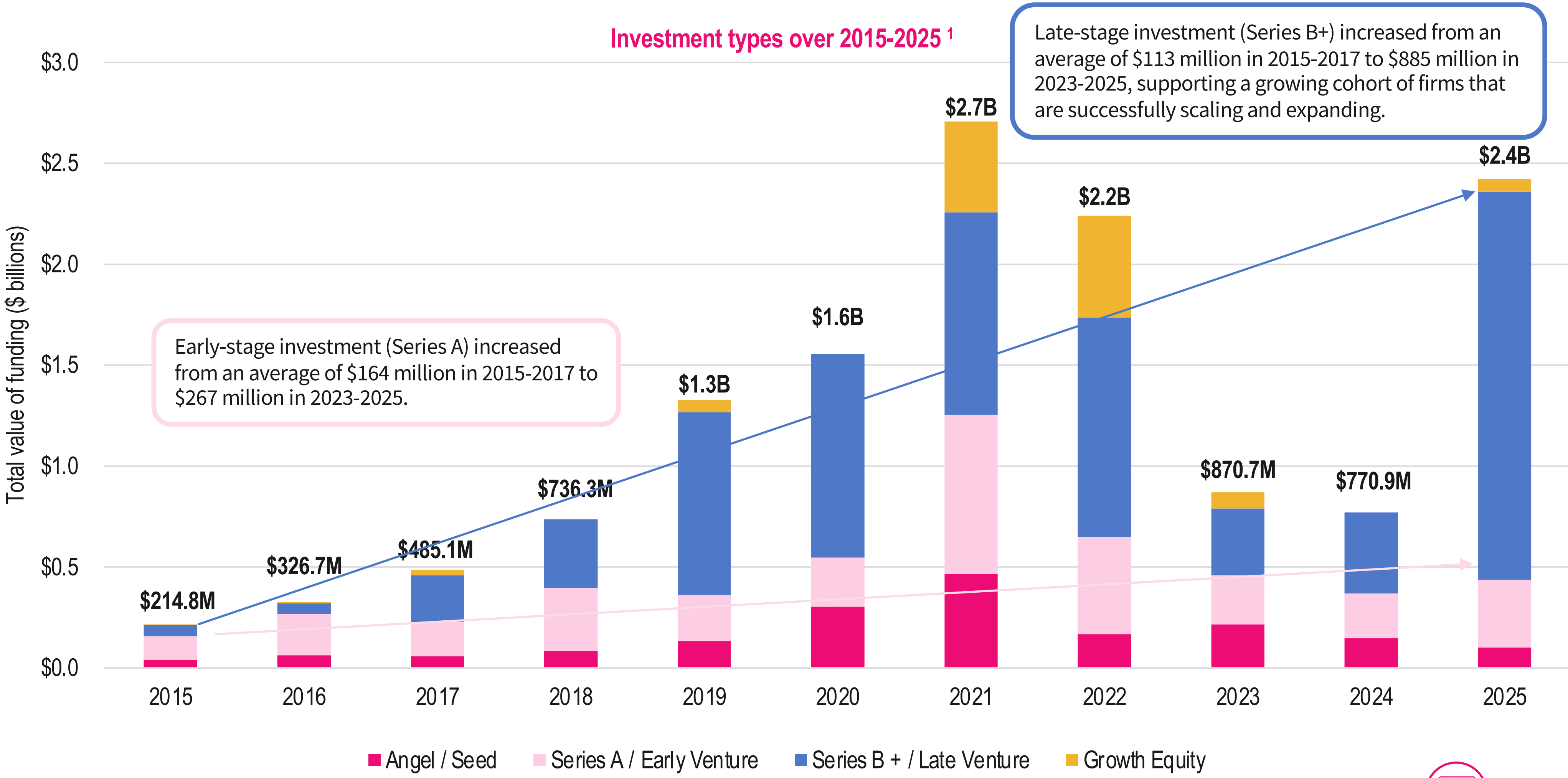
- Victoria's capital markets have deepened across all funding types since 2015, with growth observed across both early- (Series A) and late- (Series B+) stage investment, reflecting the increasing number of new entrants and a maturing startup ecosystem.
- Larger rounds (over $10 million) made up approximately 94% of total funding raised in 2025 ($2.4 billion), with 30 rounds generating around $2.3 billion.
- Smaller rounds (≤$1 million and $1–10 million) account for a relatively small share of total funding in 2025. While activity peaked in 2021, both funding raised and round numbers in 2025 remain broadly similar to, or lower than in 2015, suggesting a shift away from smaller rounds.
- Funding value peaked in 2021, with approximately $2.7 billion raised across 211 rounds, accounting for around 20% of all capital raised to date (as of 2025). This trend aligns with global venture capital market patterns, which experienced a marked surge in funding in 2021[2], supported by low global borrowing costs.

[1] The analysis excludes the following funding rounds: Debt, Secondary, Buyout, IPOs, and ICOs. Discrepancies may still exist between these results and other reported figures such as Dealroom or Cut Through Ventures. This is likely because other reports include a similar but not identical set of firms or there are variations in how currencies are reported (e.g., USD and not AUD) and different exchange-rate conversions.
[2] Global venture capital outlook: The latest trends (Snap chart), Bain & Company, (n.d.) https://www.bain.com/insights/global-venture-capital-outlook-latest-trends-snap-chart/

CAPITAL: ALL FUNDING TYPES

Victoria's capital markets have deepened across all funding types since 2015, with growth observed across both early- (Series A) and late- (Series B+) stage investment, reflecting the increasing number of new entrants and a maturing Startup Ecosystem.

Investment types over 2015-2025 [1]



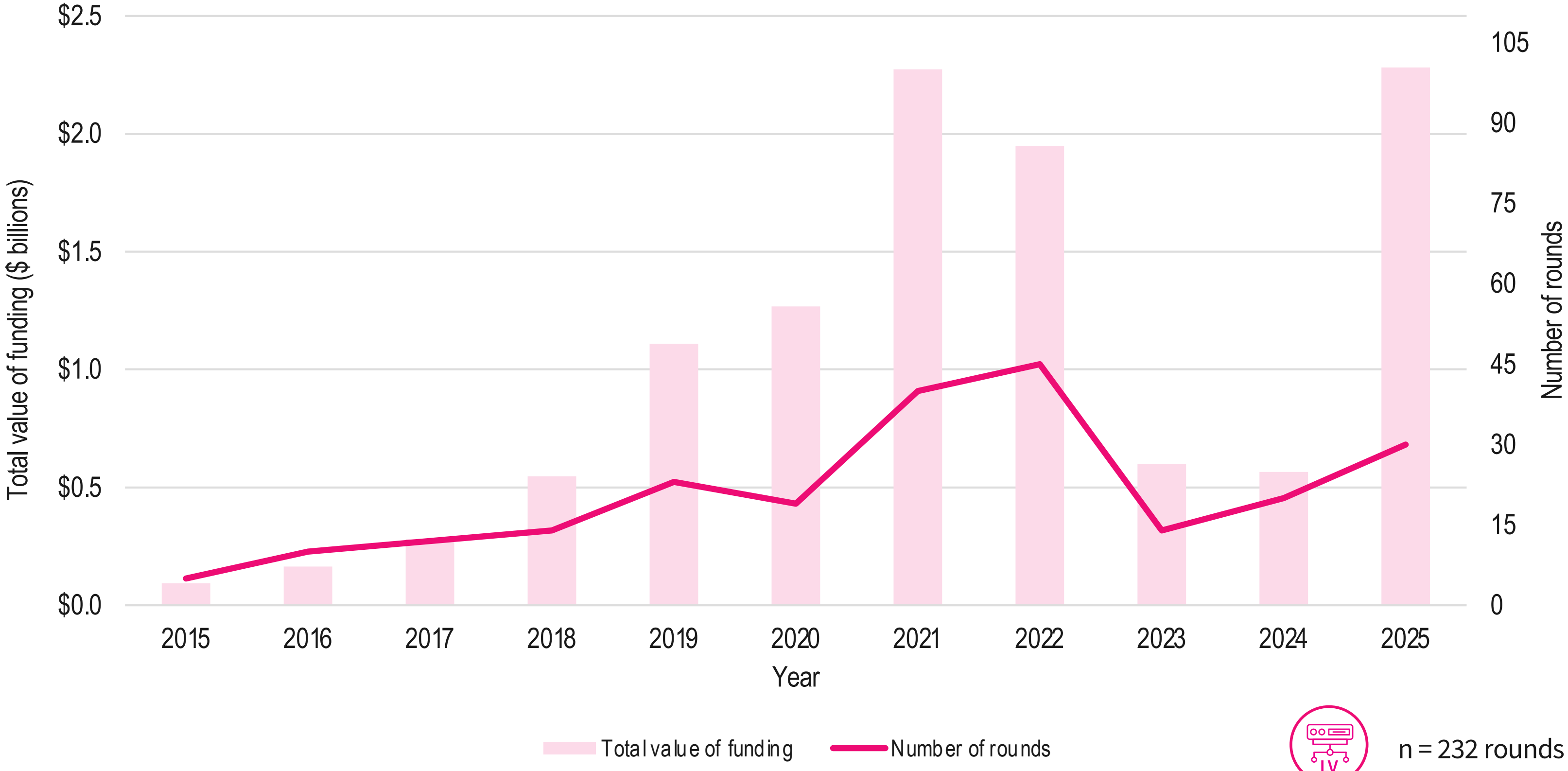
n = 1,347 rounds

* dandolo grouped the rounds of investments into higher level categories by using Dealroom's published definitions, see here: Dealroom.co, *Investment Round Types*, https://knowledge.dealroom.co/knowledge/investment-round-types. To see how round types were grouped, please see the Glossary on Slide 80.
[1] The following funding round types were excluded from this analysis: Debt, Secondary, Buyout, IPOs, and ICOs. Discrepancies may still exist between these results and Dealroom's reported figures. Where totals are lower than Dealroom, this is likely because Dealroom is reporting on a similar but not identical set of firms. Where totals are higher, differences are likely due to variations in how currencies are reported (e.g., USD and not AUD) and different exchange-rate conversions.

CAPITAL RAISING: GREATER THAN $10 MILLION

Larger rounds (over $10 million) made up approximately 94% of total funding raised in 2025 ($2.4 billion), with 30 rounds generating around $2.3 billion.

Capital raising value categories: [1]
Raises over $10m



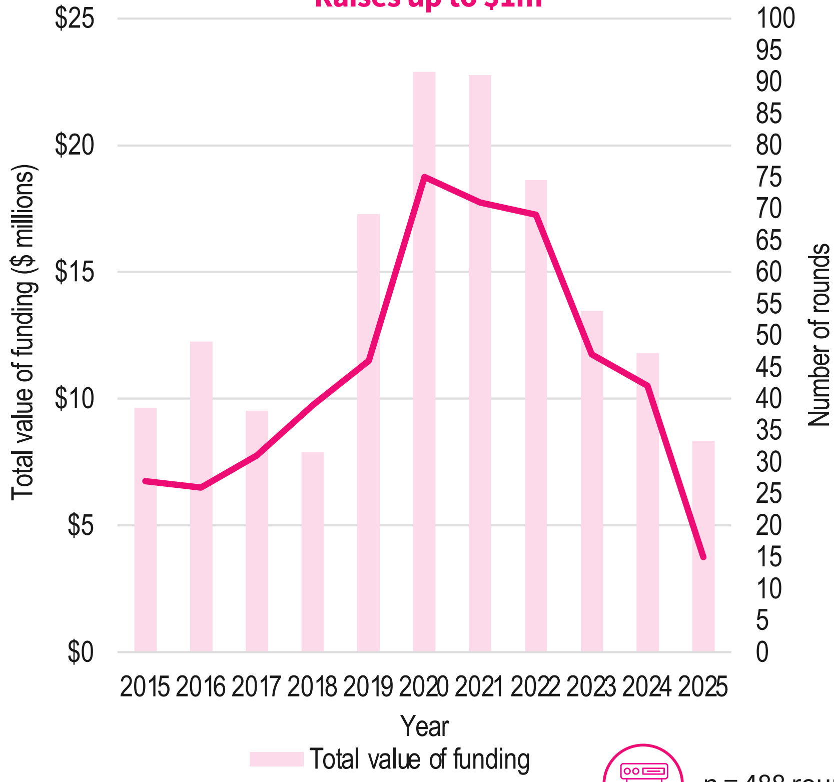
n = 232 rounds

[1] The analysis excludes the following funding rounds: Debt, Secondary, Buyout, IPOs, and ICOs. Discrepancies may still exist between these results and Dealroom's reported figures. This is likely because Dealroom is reporting on a similar but not identical set of firms or there are variations in how currencies are reported (e.g., USD and not AUD) and different exchange-rate conversions.

CAPITAL RAISING: BETWEEN $1M-$10 MILLION

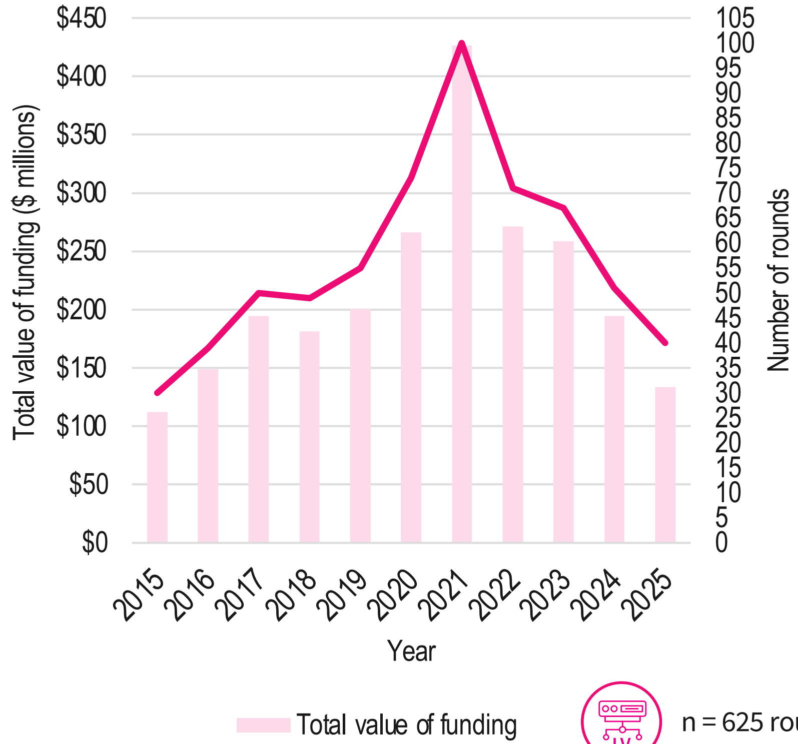
Smaller rounds (≤$1 million and $1–10 million) account for a relatively small share of total funding in 2025. While activity peaked in 2021, both funding raised and number of rounds in 2025 remain broadly similar to, or lower than in 2015, suggesting a shift away from smaller rounds.

Capital raising value categories: [1]
Raises up to $1m



n = 488 rounds

Capital raising value categories: [1]
Raises between $1m - $10m

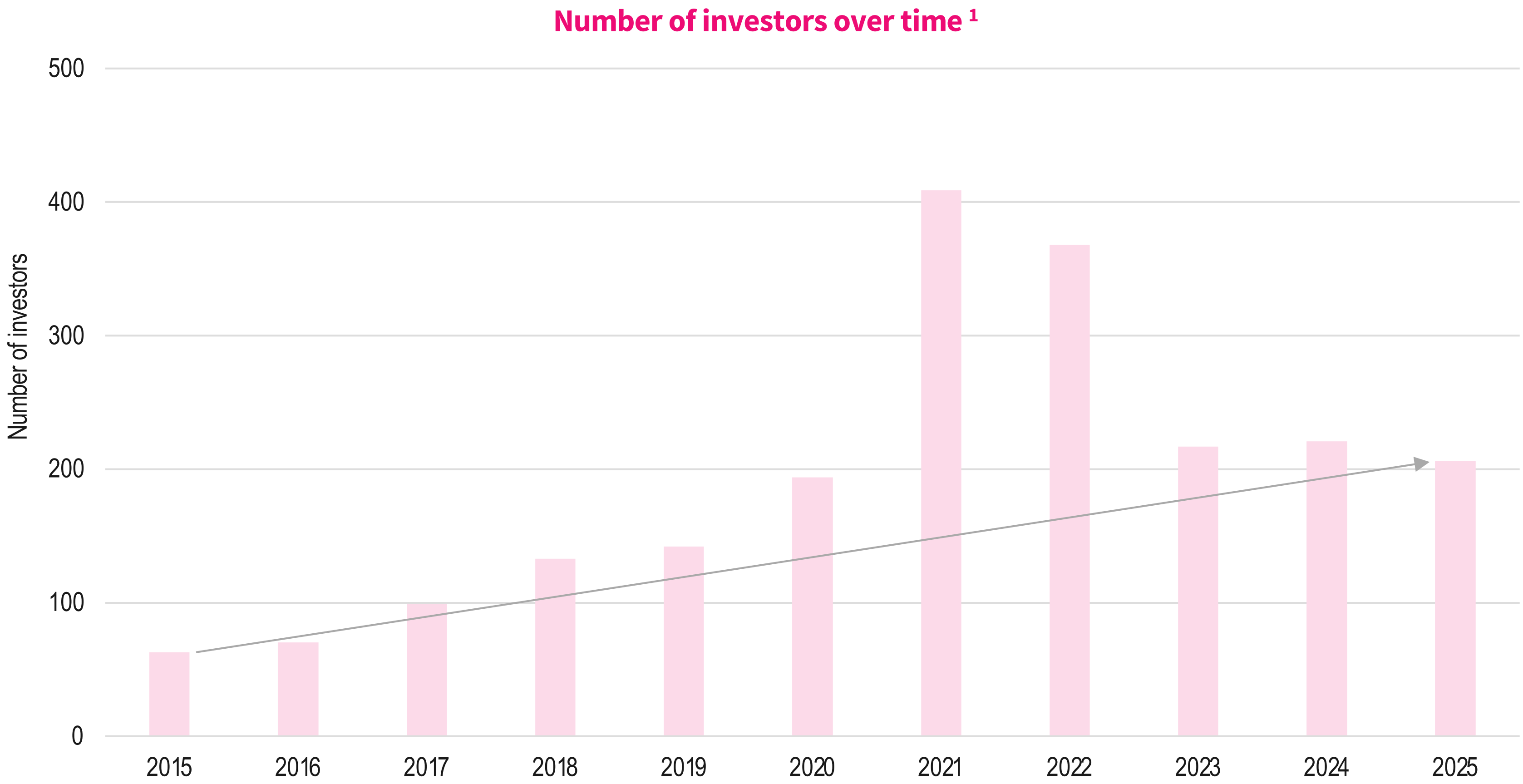


n = 625 rounds

[1] The analysis excludes the following funding rounds: Debt, Secondary, Buyout, IPOs, and ICOs. Discrepancies may still exist between these results and Dealroom's reported figures. This is likely because Dealroom is reporting on a similar but not identical set of firms or there are variations in how currencies are reported (e.g., USD and not AUD) and different exchange-rate conversions.

CAPITAL: NUMBER OF INVESTORS

The number of investors increased over the 2015-2025 period by 227%.

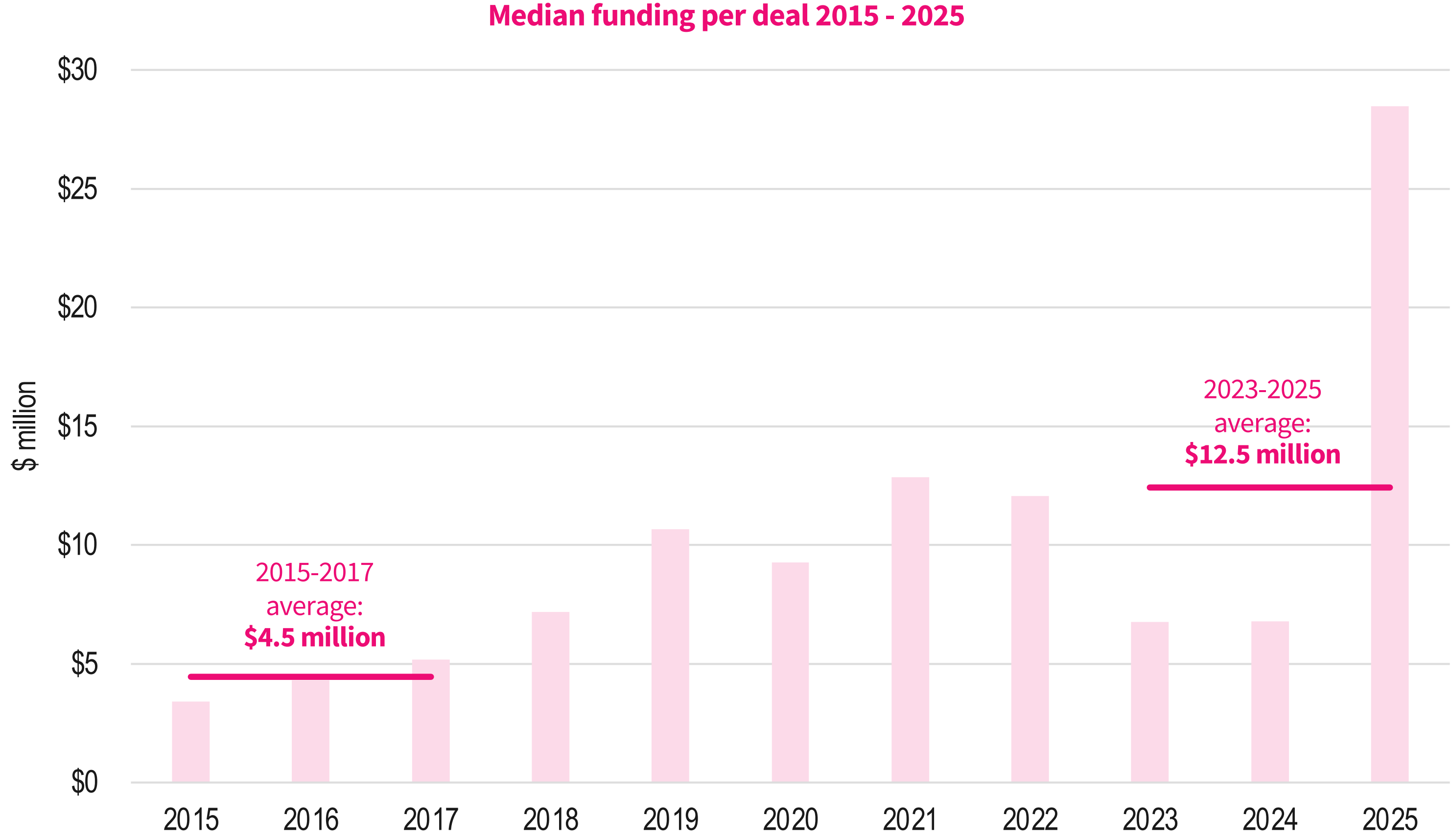


n = 2,122 investors

[1] The analysis excludes the following funding rounds: Debt, Secondary, Buyout, IPOs, and ICOs.

CAPITAL: MEDIAN CAPITAL RAISE

The average funding per deal has increased over time. Excluding the 2021 outlier, the average funding per deal rose by 178% between the first three years (2015-2017) and the most recent three years (2022-2025).



n = 1,345 funding rounds

FOUNDERS

SUMMARY

Founders have become increasingly diverse over 2018-2025 across multiple demographics.

Founder demographics

- Founder teams are becoming more gender diverse – the share of startups with at least one female founder has increased from 28% in 2018[1] to 45% in 2025.
- Female founders are most represented in early-stage firms and in the education sector, while later-stage firms have lower representation.
- Since 2015, firms with women founders have raised more capital on average than firms without them.
- The shares of founders born outside Australia and founders with parents born outside Australia have remained steady over time and are consistently above the general population.
- Thirty-nine per cent of firms have at least one CALD founder, an increase of 3% from 2022. Representation is higher in early-stage firms, at 45%.
- Two per cent of businesses have at least one Aboriginal and Torres Strait Islander founder.

Founders bring deep experience to their ventures and early failure can lead to stronger future outcomes.

Founder journey[1]

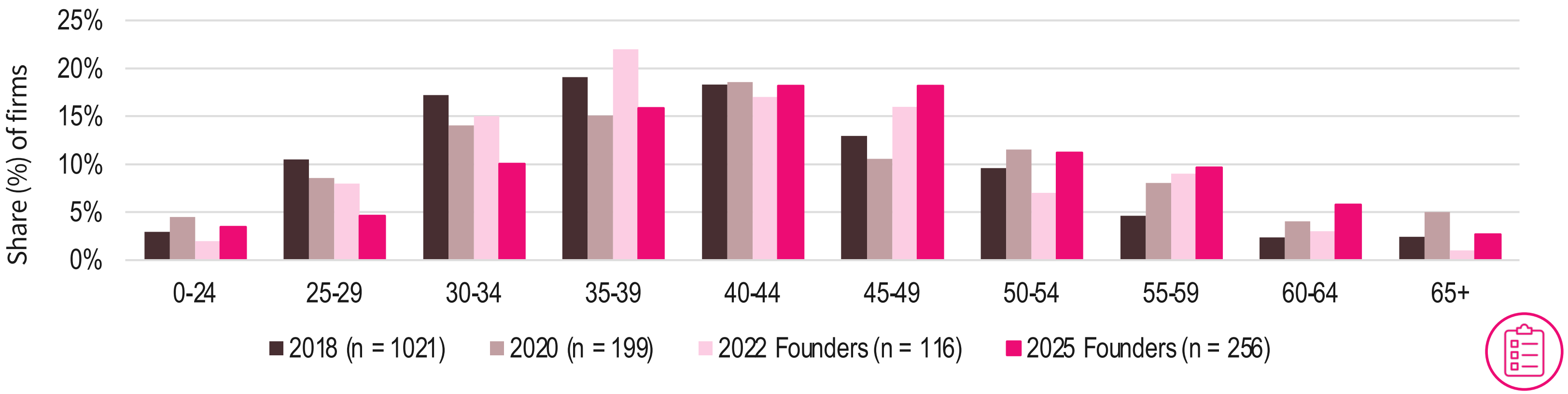
- Have typically worked in six roles before founding their firm, with around 13 years of experience before starting their first venture.
- Have worked in startups before founding their firm.
- Tend to have worked a wide range of positions with a range of different skillsets.
- Do not simply found a firm and leave; they stay with their firms longer than the average tenure of Australian workers.
- Those who start a second venture tend to grow headcount faster and raise more capital each year in their second firm than in their first.
- Those who return to employment rather than start another firm typically earn higher pay and hold more senior roles than before founding a firm.
- Those who had raised funding before exiting their first firm are more likely to start a second firm than move into employment.

[1] See page 59 for further information on founder experience.

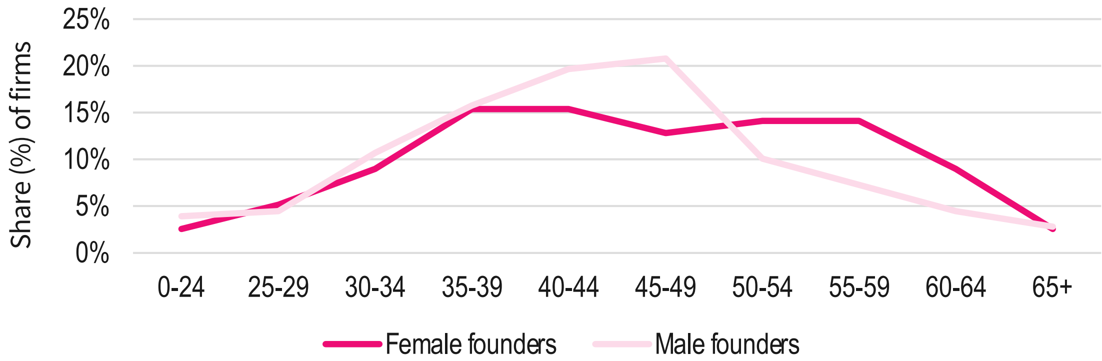
FOUNDER DEMOGRAPHICS: AGE

Founders are spread across the age spectrum, with the average age increasing slightly since 2018. On average, male founders (43 years old) are younger relative to female founders (46 years old) in 2025.

Founder age



Founder age by gender (2025)



In 2025, male founders were younger on average relative to female founders.

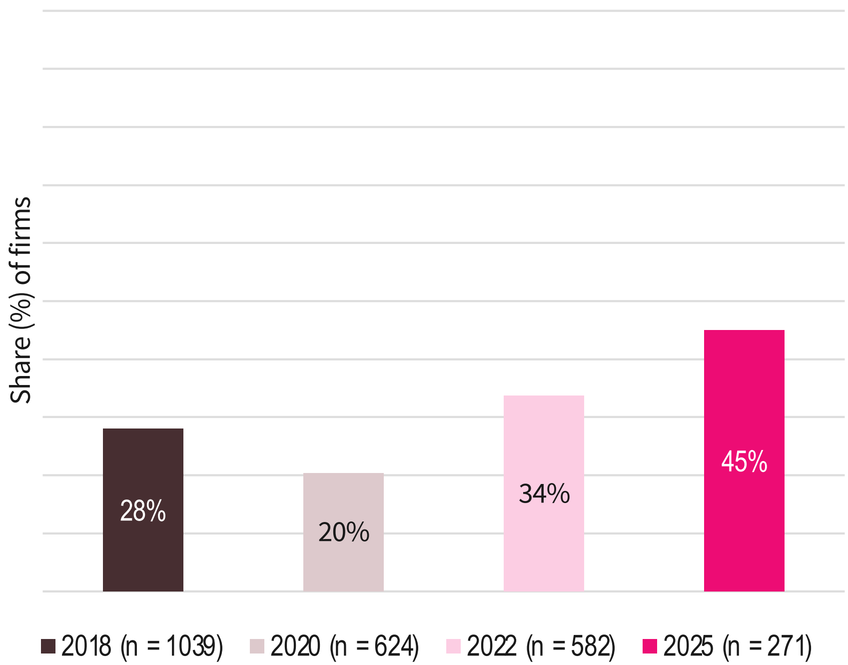
Female founders have a more even distribution across ages from 35-59 compared with male founders.

n = 256

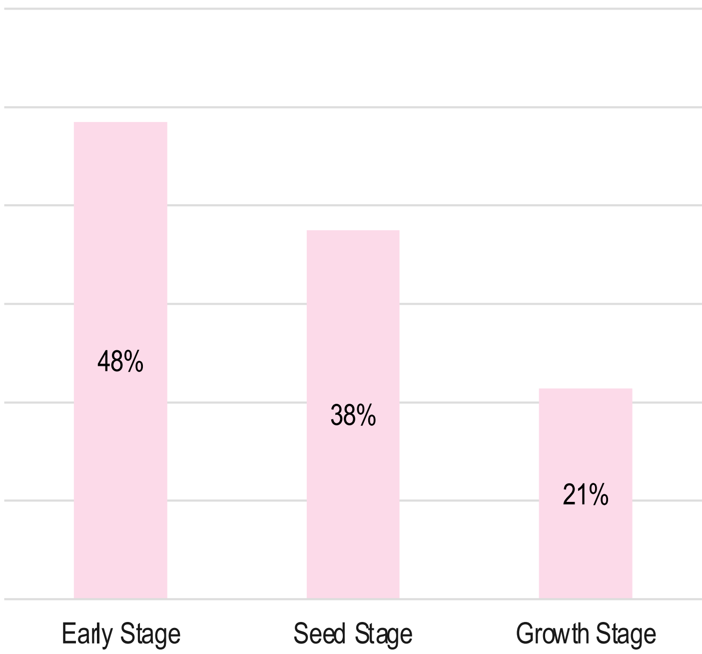
FOUNDER DEMOGRAPHICS: GENDER

Founder teams are becoming more gender diverse – the share of startups with at least one female founder has increased from 28% in 2018 to 45% in 2025.

Proportion of firms with at least one female founder



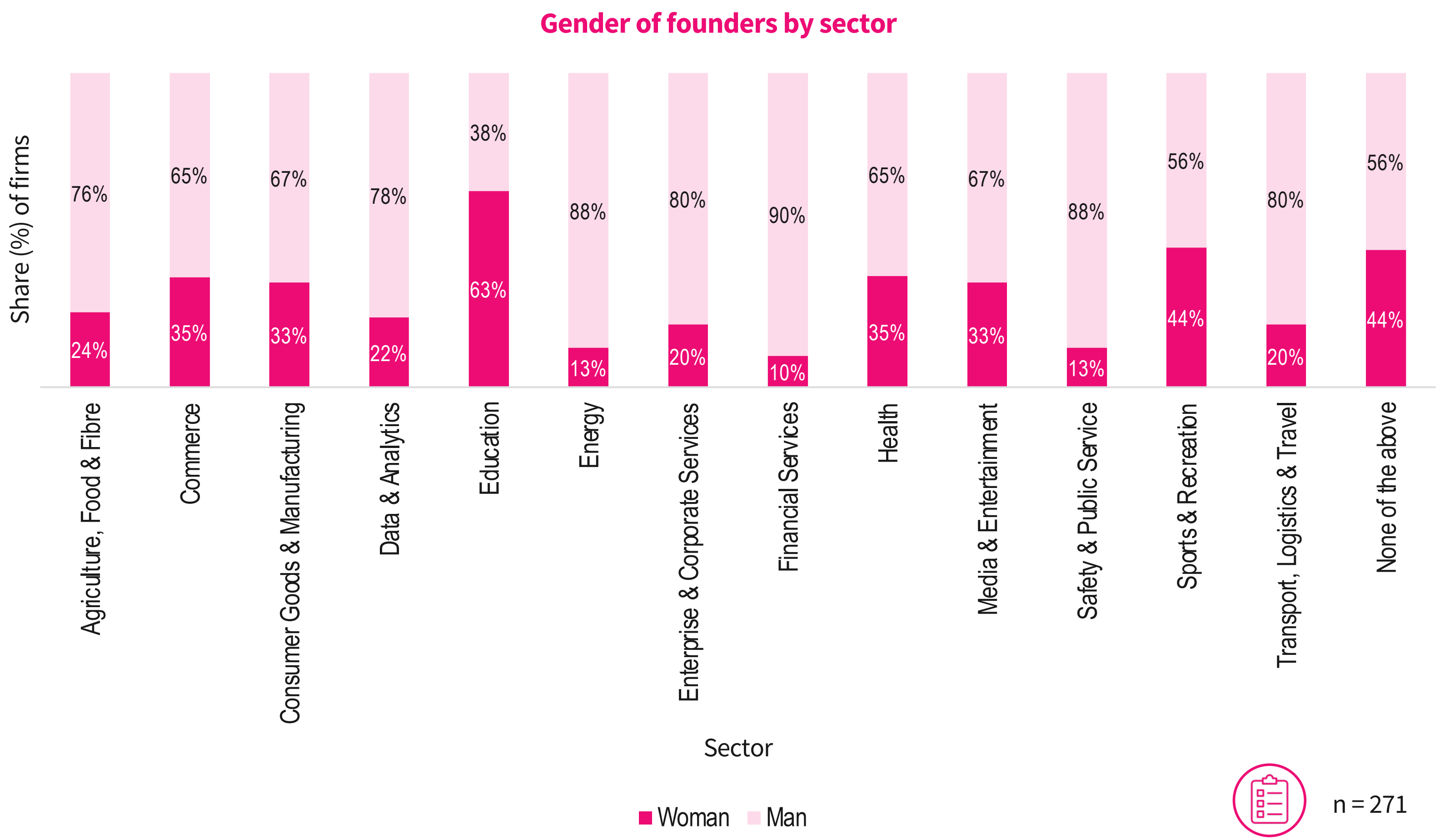
Proportion of firms with at least one female founder by stage (2025)



n = 153

FOUNDER DEMOGRAPHICS: GENDER OF FOUNDERS BY SECTOR

The representation of women on founding teams varies substantially by sector,
with Education and Sports and Recreation sectors having the highest representation.

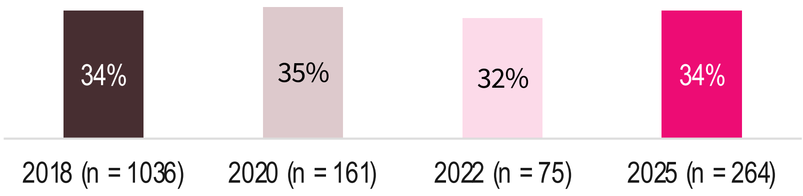


n = 271

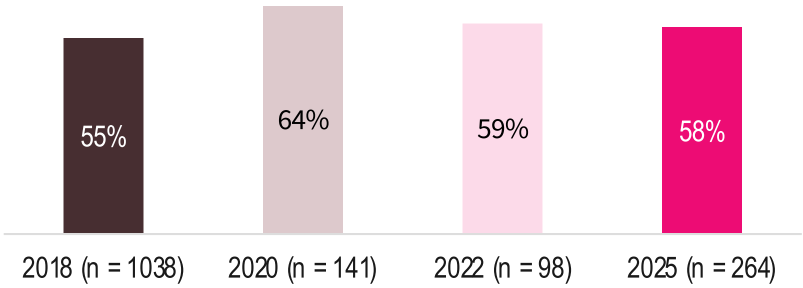
FOUNDER DEMOGRAPHICS: PLACE OF ORIGIN

The proportion of founders and founders with at least one parent born outside Australia have remained steady over time and consistently higher than the general population.

Proportion of founders born outside Australia



Proportion of founders with one or more parents born outside Australia



How does this compare to the general population?

- In 2025, around 34% of founders were born outside of Australia – higher than the general population (31.5%).[1]
- In 2025, 58% of founders have at least one parent born outside Australia, which is compared with 45% in general population.[2]

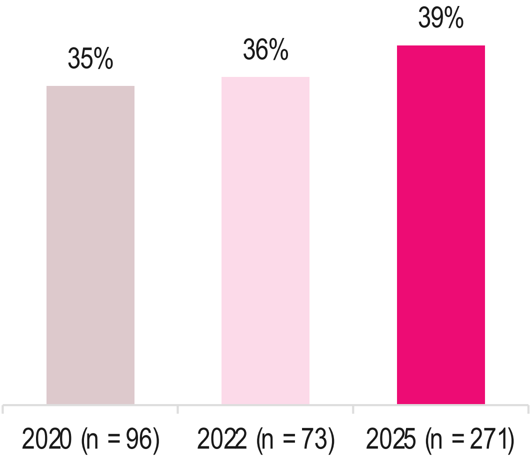
[1] Australia's population by country of birth, Australian Bureau of Statistics, 2024, https://www.abs.gov.au/statistics/people/population/australias-population-country-birth/jun-2024

[2] 2021 Census: Nearly half of Australians have a parent born overseas, Australian Bureau of Statistics, 2021 https://www.abs.gov.au/media-centre/media-releases/2021-census-nearly-half-australians-have-parent-born-overseas

FOUNDER DEMOGRAPHICS: CALD, LGBTQIA+, FIRST NATIONS FOUNDERS

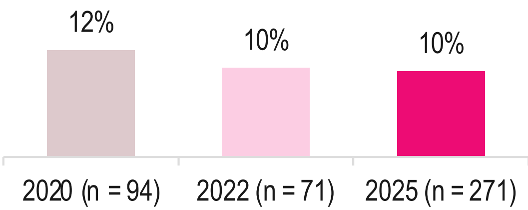
39% of firms have at least one founder who identifies as CALD, up 4% from 2020.

Firms with at least one founder from culturally and linguistically diverse backgrounds



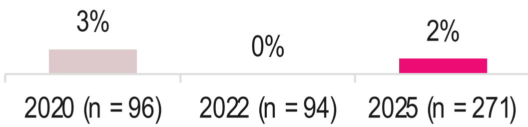
10% of firms have at least one founder who identifies as LGBTQIA+, a slight decrease since 2020.

Firms with at least one founder who identify as LGBTQIA+



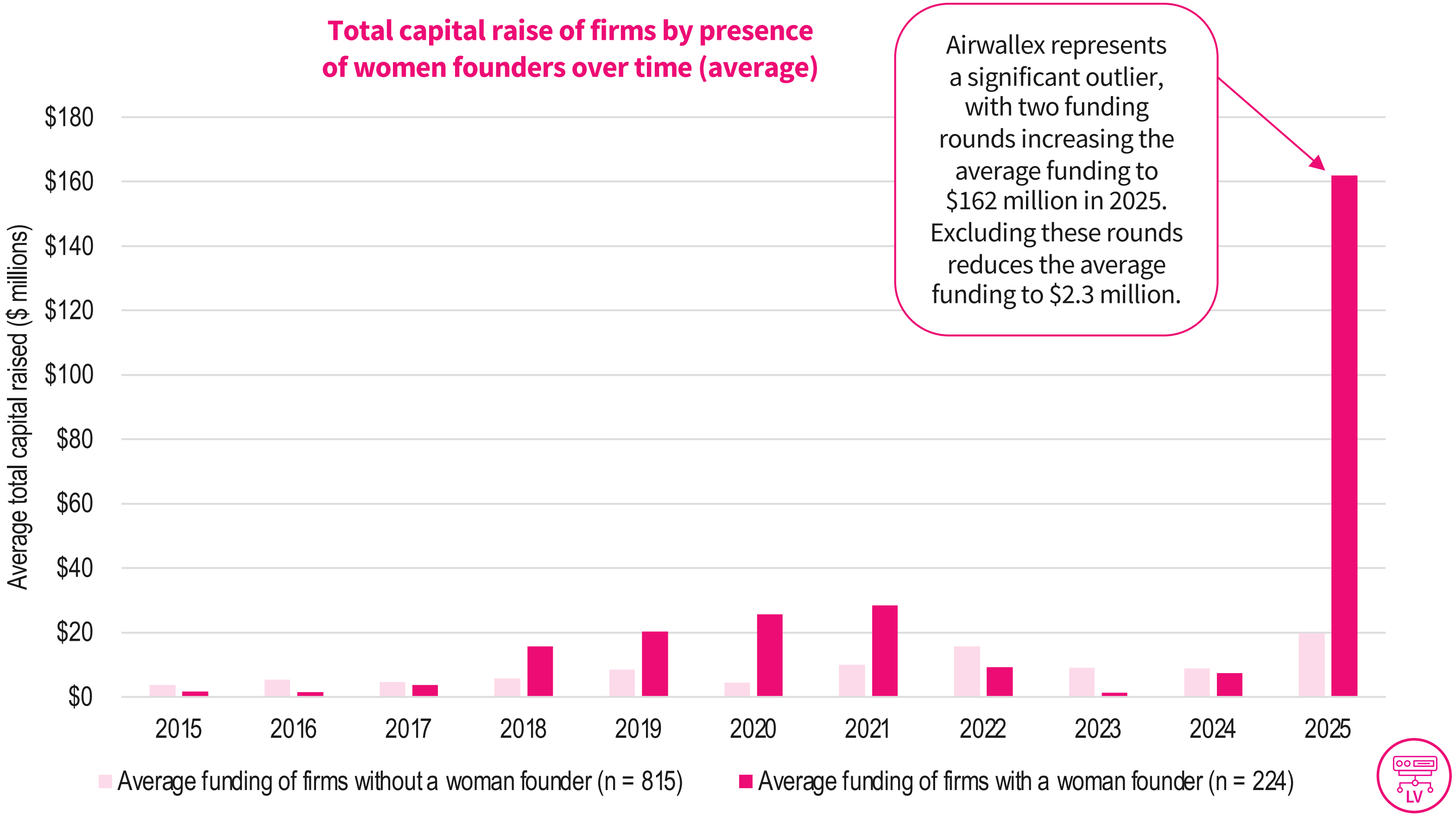
2% of firms have at least one founder who identifies as Aboriginal and Torres Strait Islander.

Firms with founders of Aboriginal and / or Torres Strait Islander origin



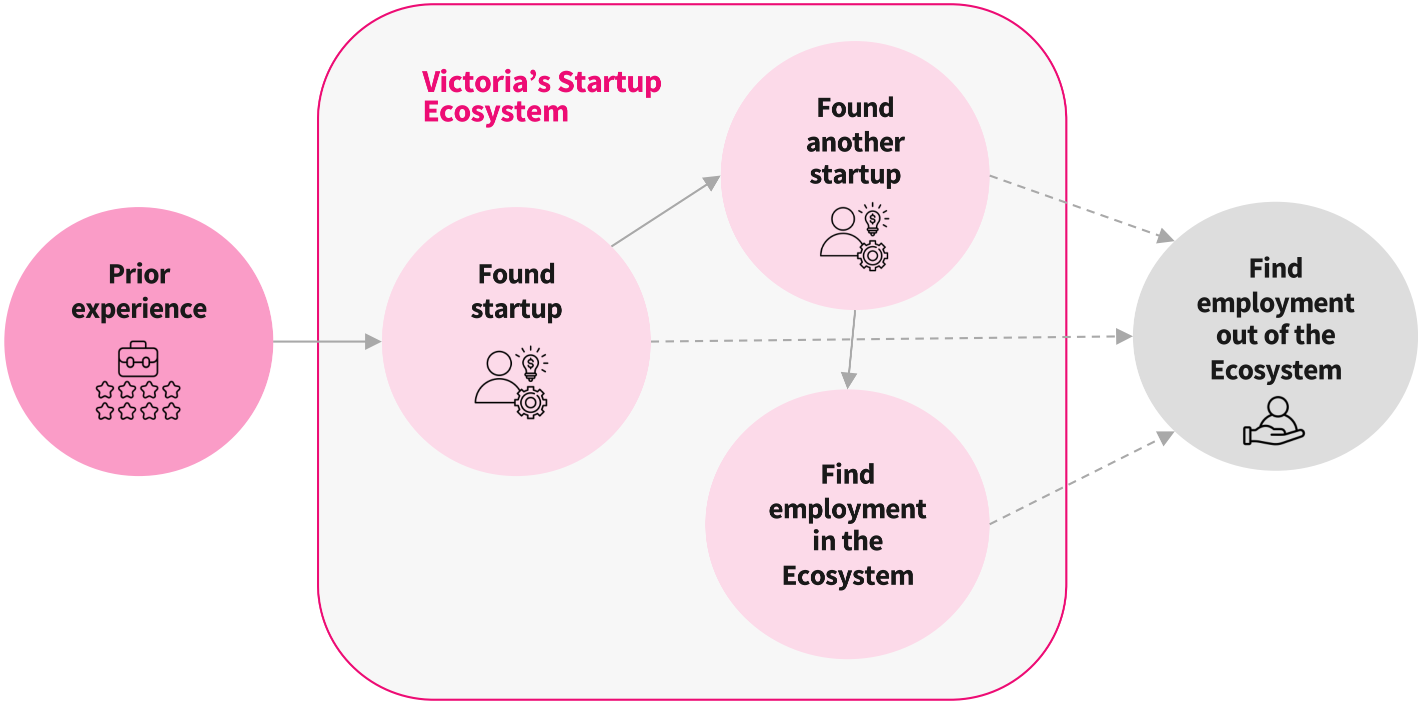
FOUNDER DEMOGRAPHICS: CAPITAL

In 2025, firms with women founders have, on average, raised significantly more capital ($162 million) compared to previous years. This is due to the presence of high performing firms, such as Airwallex.



FOUNDER JOURNEY

dandolo analysed the career journey of 2,000 founders of Victorian firms to understand how founders of successful and failed startups move through the startup ecosystem and broader economy.



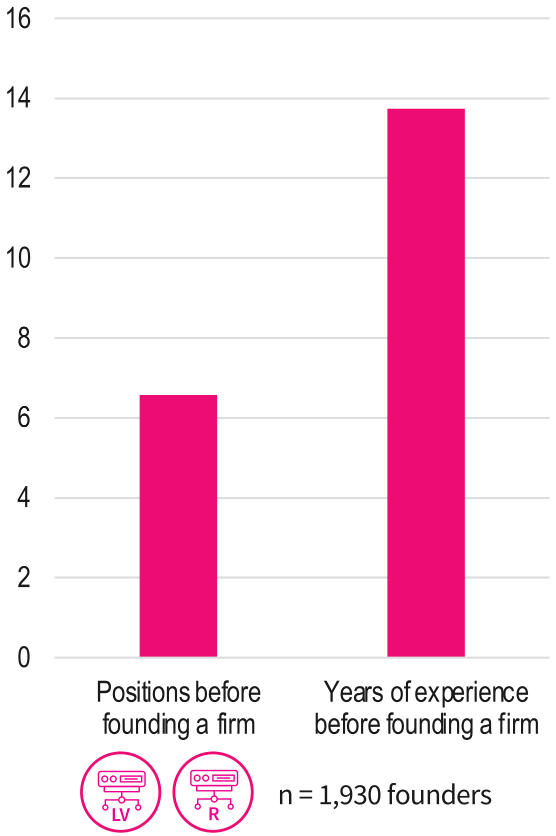
Reasons for exit may include:

- Startup or firm fails
- Financial upside realised (e.g. exit, liquidity event)
- Desire for greater stability
- Burnout or unsustainable workload
- Better external opportunity (higher pay, clearer progression, corporate role)

FOUNDER JOURNEY: PRIOR EXPERIENCE

Founders on average work six positions and have 13-years of experience before they found their firm.

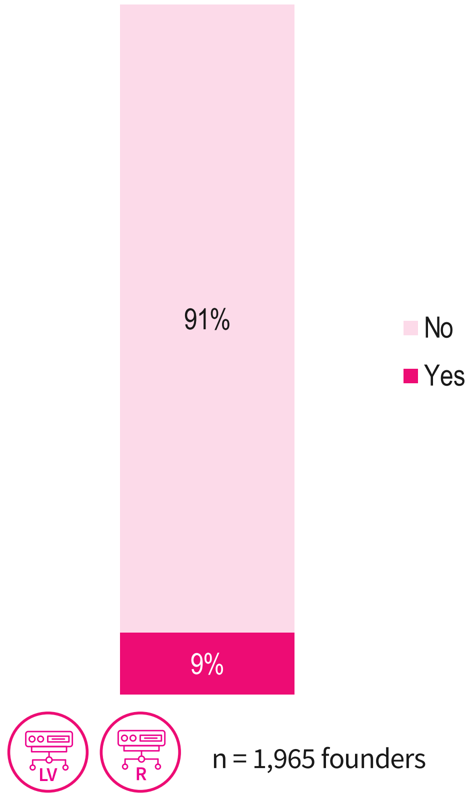
Average experience of founders prior to founding a startup



n = 1,930 founders

The vast majority of founders do not work in a firm before starting their own firm.

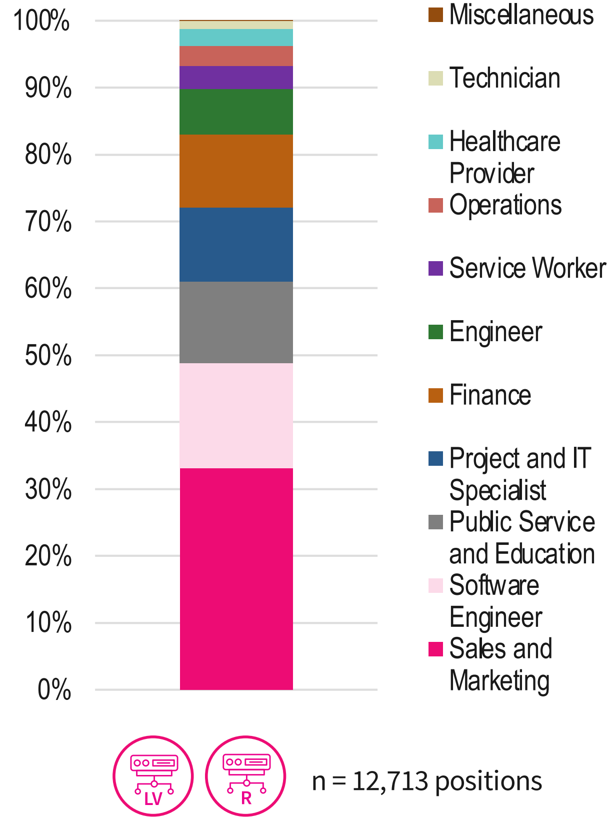
Share (%) of all founders who worked at another firm before founding their own



n = 1,965 founders

Founders tend to have worked a wide range of positions with a range of different skillsets.

Breakdown of role types[1] in positions worked before founding their own startup



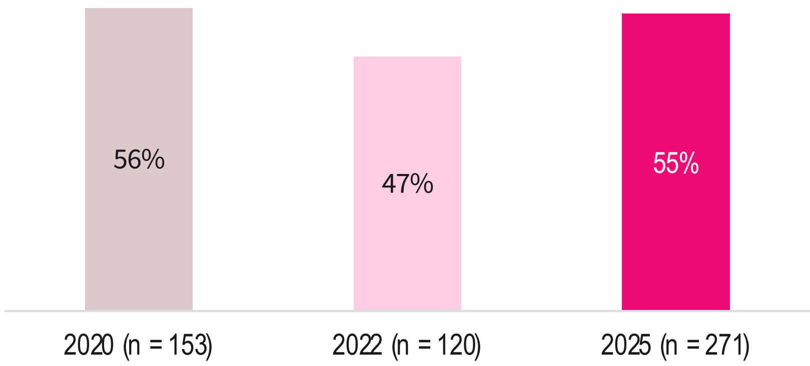
n = 12,713 positions

[1] Revelio reports worker skillsets using its in-house skills taxonomy. Positions are categorised against 10 different broad skillsets as well as the categories of miscellaneous or without categorisation. In our calculations, we have dropped positions that are reported as miscellaneous or not categorised.

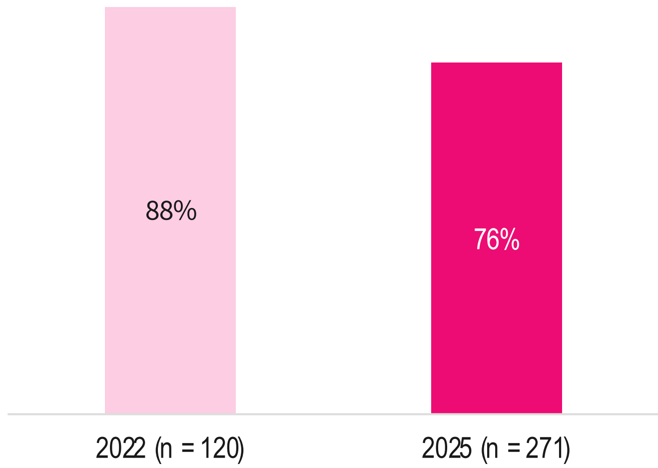
FOUNDER EXPERIENCE

The proportion of founders who have previously started a firm has remained relatively stable since 2020. Founders with experience in a relevant industry has fallen by 12% since 2022.

Share of founders who have previously founded a firm



Share of firms with at least 1 founder with at least 2 years of prior work experience in a relevant industry

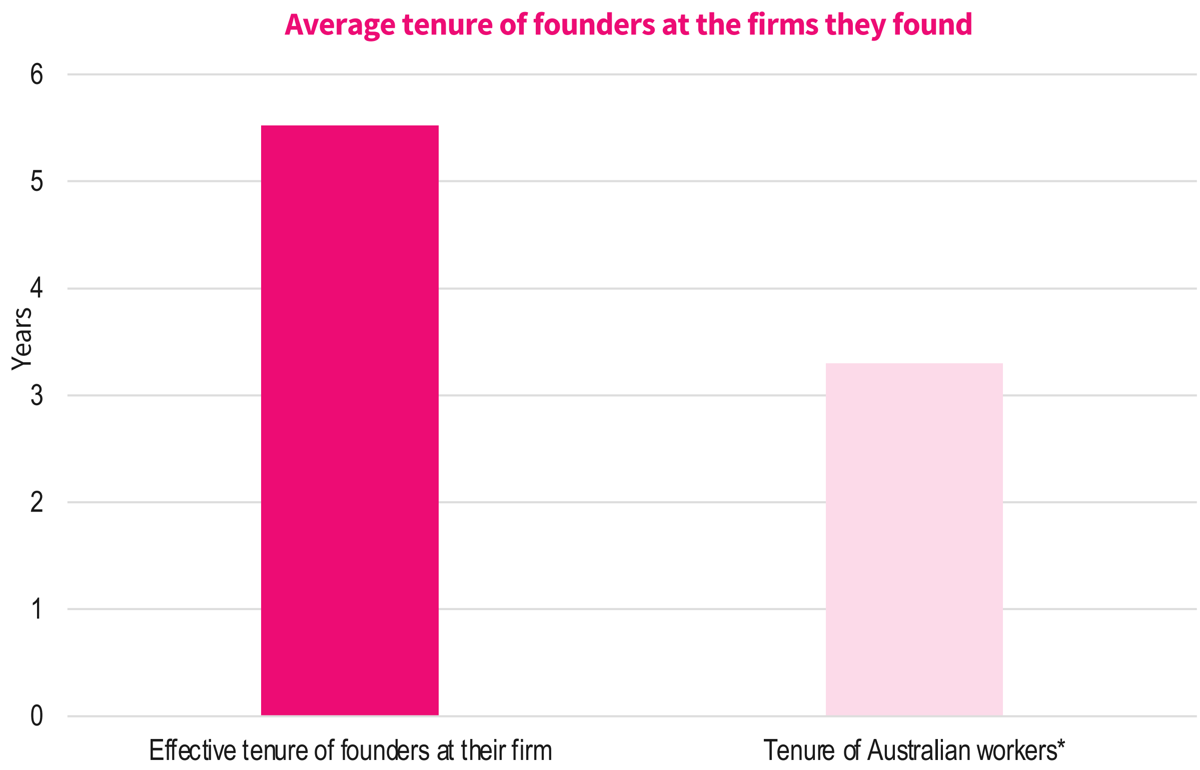


64% Share of firms with at least 1 founder who has technical experience and has worked on software development

78% Share of firms with at least 1 founder with a business degree or at least 2 years' experience as a manager

FOUNDER JOURNEY: TENURE AT FIRMS THEY FOUNDED

Founders invest considerable time in their firm, with longer tenures than the average Australian worker.



2.2 years

How much longer founders stay in their firms on average compared to the tenure of the average Australian worker

Founders have much longer average tenures than other startup workers.

- On average, founders stay 4-6 years, particularly when looking at effective tenure[1].

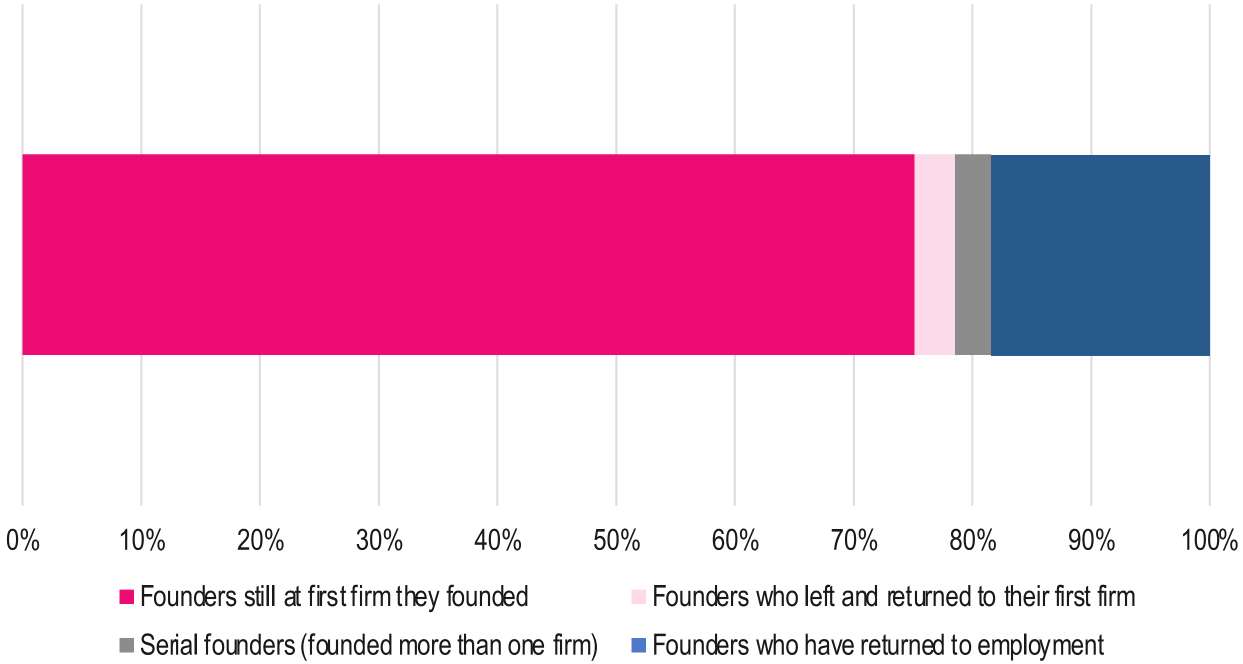
n = 2,295 positions

[1] For positions with no reported end date (i.e. still at their firm), we calculate effective tenure by replacing missing end dates with 01/01/2026 and then calculating the time between start date and the new end date of 01/01/2026.
* *Job mobility in Australia*, McCrindle, 2020, https://mccrindle.com.au/article/job-mobility-in-australia/. Note that ABS does not report tenure as a number but as a categorical variable, therefore this is not directly comparable to our calculation of effective tenure in years and months. ABS reports that the largest category of tenure length with 40.3% of workers is 1-4 years in their position (https://www.abs.gov.au/statistics/labour/jobs/job-mobility/latest-release)

FOUNDER JOURNEY: MOBILITY BETWEEN RUNNING THEIR OWN FIRMS AND EMPLOYMENT

The vast majority of founders are still at the first firm they founded, with only 18% returning to employment.

Share (%) of founders who are still at their first firm or have left



75%

Share of founders who are still at their first firm[1]

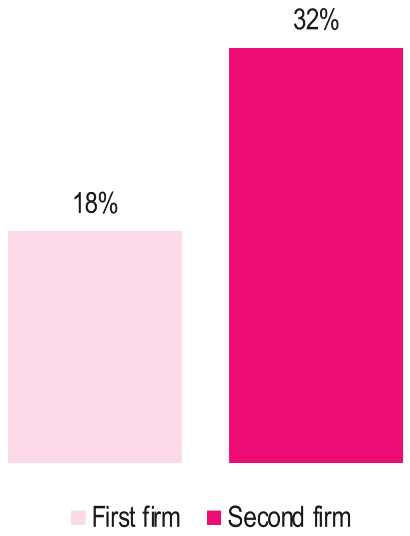
n = 1,965 founders

[1] This is defined as founders who have either one founder position without a reported end date or who have had unbroken tenure across multiple positions in the same

FOUNDER JOURNEY: SUCCESS OF NEXT FIRM IF FIRST FAILED

Failures in first firms are still likely to lead to successful futures, with second firms by serial founders growing headcount faster and raising more capital per year than their first.

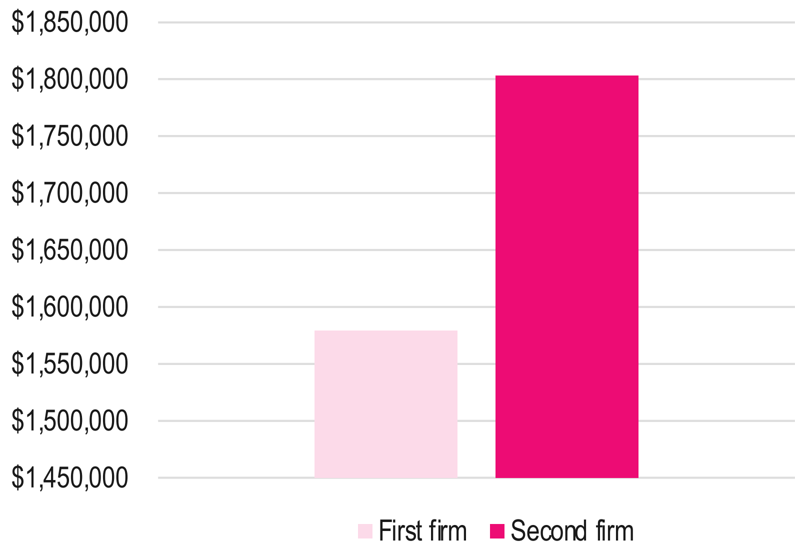
Headcount average cumulative annual growth rate for founders who founded multiple firms



n = 102 firms[1]

79% **How much faster founders' second firms grew each year in headcount compared to their first firm**

Average capital raised per firm for each year active by founders who founded multiple firms



n = 56 firms[2]

34% **How much more capital founders' second firm raised each year compared to their first firm**

[1] Number of firms with Revelio headcount data for founders who left their first startup and then founded a second firm according to Revelio position data
[2] Number of firms with Dealroom funding rounds data for founders who left their first startup and then founded a second firm according to Revelio position data

FOUNDER JOURNEY: EMPLOYMENT POST-STARTUP

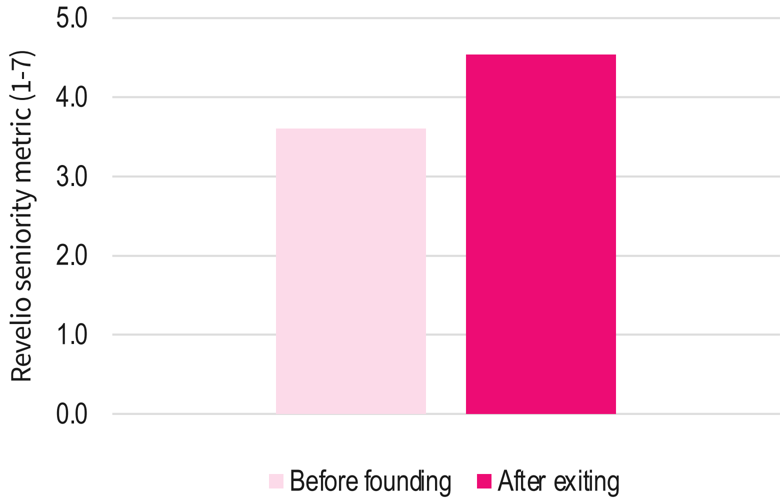
Founders who re-enter employment rather than start a new firm typically earn higher pay and hold more senior roles than prior to founding a firm.

Mean earnings before and after founding a firm

LV R n = 3,344 positions

70-91% How much more former founders earn post-exit compared to pre-founding

Mean seniority[1] before and after founding a startup



LV R n = 3,490 positions

Manager → **Director**

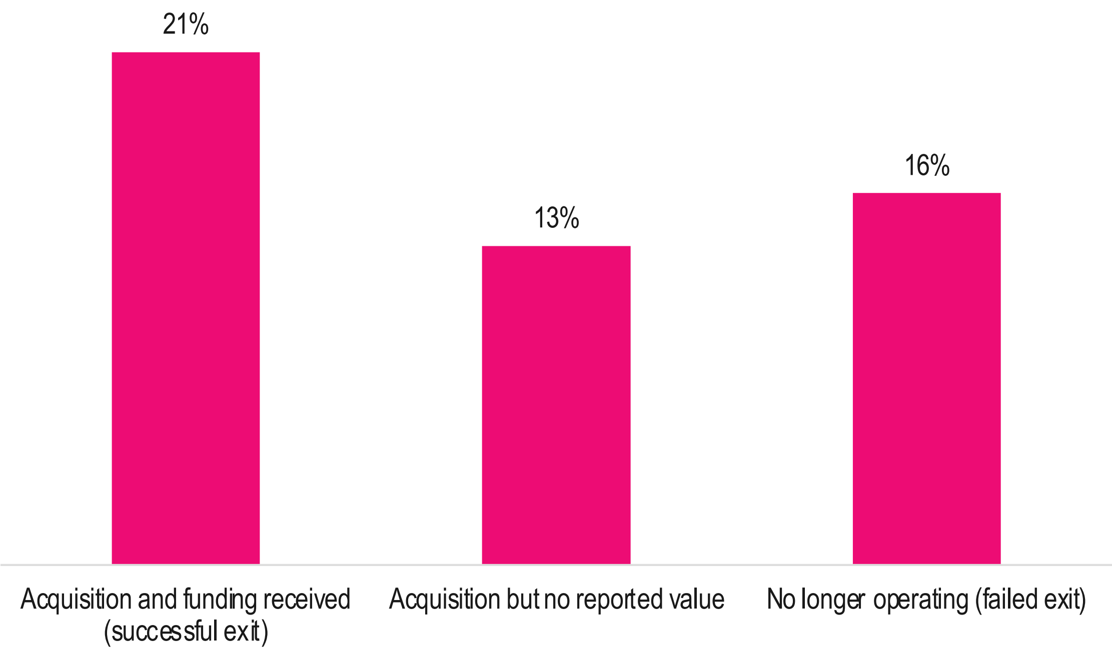
At the median, founders tended to move from being a manager before founding to being a director after exiting.

[1] Revelio's seniority metric ranges from 1 to 7. 1 is the most junior (entry level), and 7 is the most senior (senior executive level). Their seniority model predicts seniority based on the title, company, industry, age, previous seniority, and position history.

FOUNDER JOURNEY: INFLUENCE OF SUCCESSFUL EXITS

Founders who received funding when exiting[1] their first firm are more likely to start a second firm rather than go into employment, adding to serial entrepreneurs.

Share (%) of founders who exited their first firm and then founded a second firm



n = 429 founders

5-8 percentage points

Increased probability of being a serial founder if first firm exit had positive value

Dealroom data linked with Revelio position data revealed that there are three types of founder exits:

- Acquisition and funding received (successful exit): founders whose firms were acquired for a non-zero funding deal
- Acquisition but no reported value: founders whose firms were acquired but funding was reported as zero
- No longer operating (failed exit): founders who ended their tenure at their firm but no acquisition was reported

[1] Dealroom data did not contain data on all exits. Firms with no recorded exit in Dealroom data were categorised as "No longer operating (failed exit)".

PEOPLE

SUMMARY

Victoria's startup Ecosystem disproportionately contributes to job and wage growth, employs a broad range of skills and has become increasingly more diverse.

Employment[1]

- Victoria's startups and scaleups disproportionately contribute to employment growth, growing 12.9% per annum over 2015-2025 compared to 2.5% for Victoria's other employers.
- Over 2017-2025 employees in Victoria's startups have experienced an annual average wage growth of 5.8% compared with 3.6% for the average employee in Victoria.

Skills

- Employers are demanding a more diverse range of skills than in previous years, supporting more diverse workforce participation opportunities.
- Sales has emerged as the most in-demand skill, compared to in 2022 where engineering and technology skills were the highest in demand.

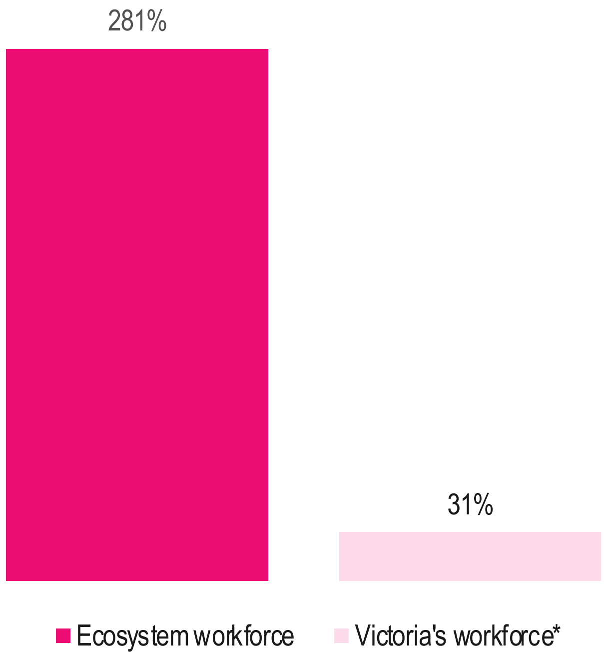
Diversity

- The diversity of Victoria's startup employees is increasing over time, with more firms hiring female and CALD employees since 2020.
- 43% of firms have a Diversity and Inclusion (D&I) policy, with the Education sector accounting for the largest share of firms with a D&I policy.

EMPLOYMENT GROWTH

Firms disproportionately contribute to employment growth, with an annual average headcount growth of 12.9% over 2015-2025 compared to 2.5% for Victoria's other employers.

Growth in total headcount from 2015 to 2025



n = 2,049 firms

Annual average growth rate 2015-2025

12.9%

Firms

2.5%

All employers in Victoria

- Workers in firms now comprise 0.7% of all employed people (25,000 employees in 2025) in Victoria.
- This has grown 0.2% in 2015 (6,500 employees in 2015).

* dandolo calculations based on: 6202.0 Labour Force, Australia, Table 5. Labour force status by Sex, Victoria - Trend, Seasonally adjusted and Original, Australian Bureau of Statistics, 2026, https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia/latest-release#data-downloads

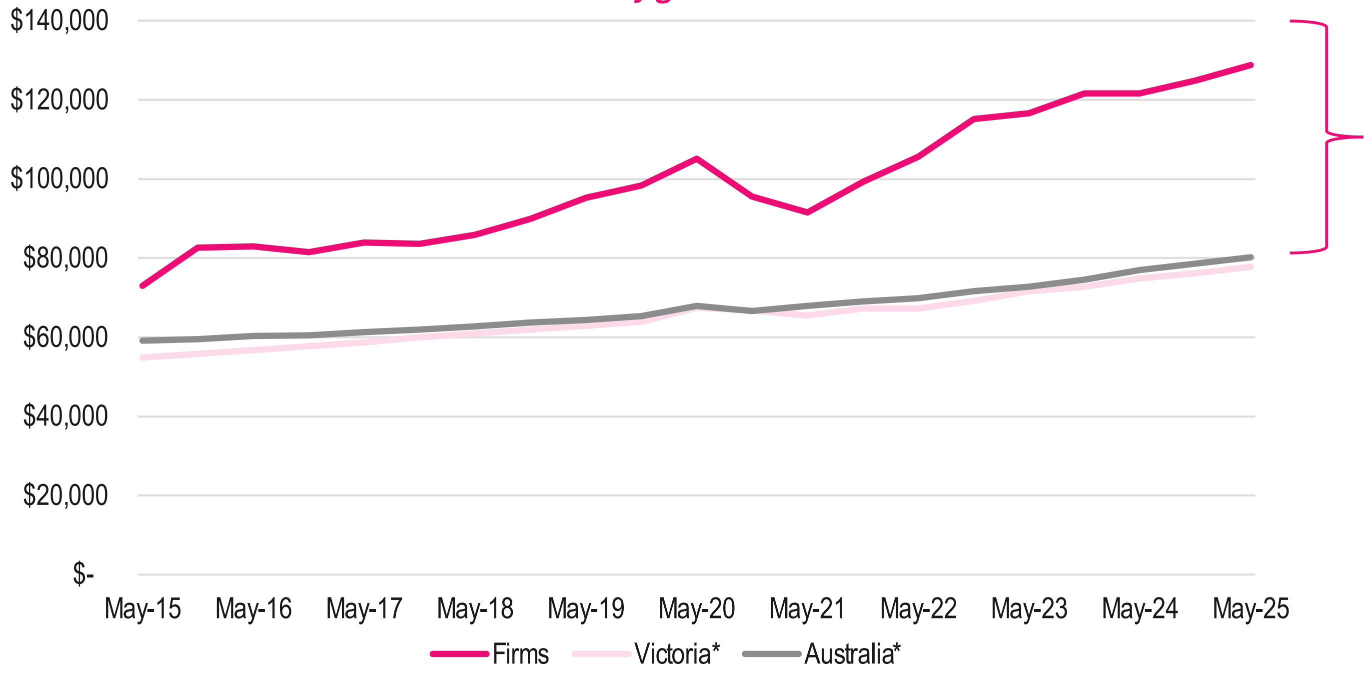
WAGE GROWTH

Over 2017-2025 employees in Victoria's firms have experienced an annual average wage growth of 5.8% compared with 3.6% for the average employee in Victoria.

66%

How much greater average salaries for workers in firms are than salaries for the average employee in Victoria in May 2025

Salary growth in firms



n = 2,049 firms

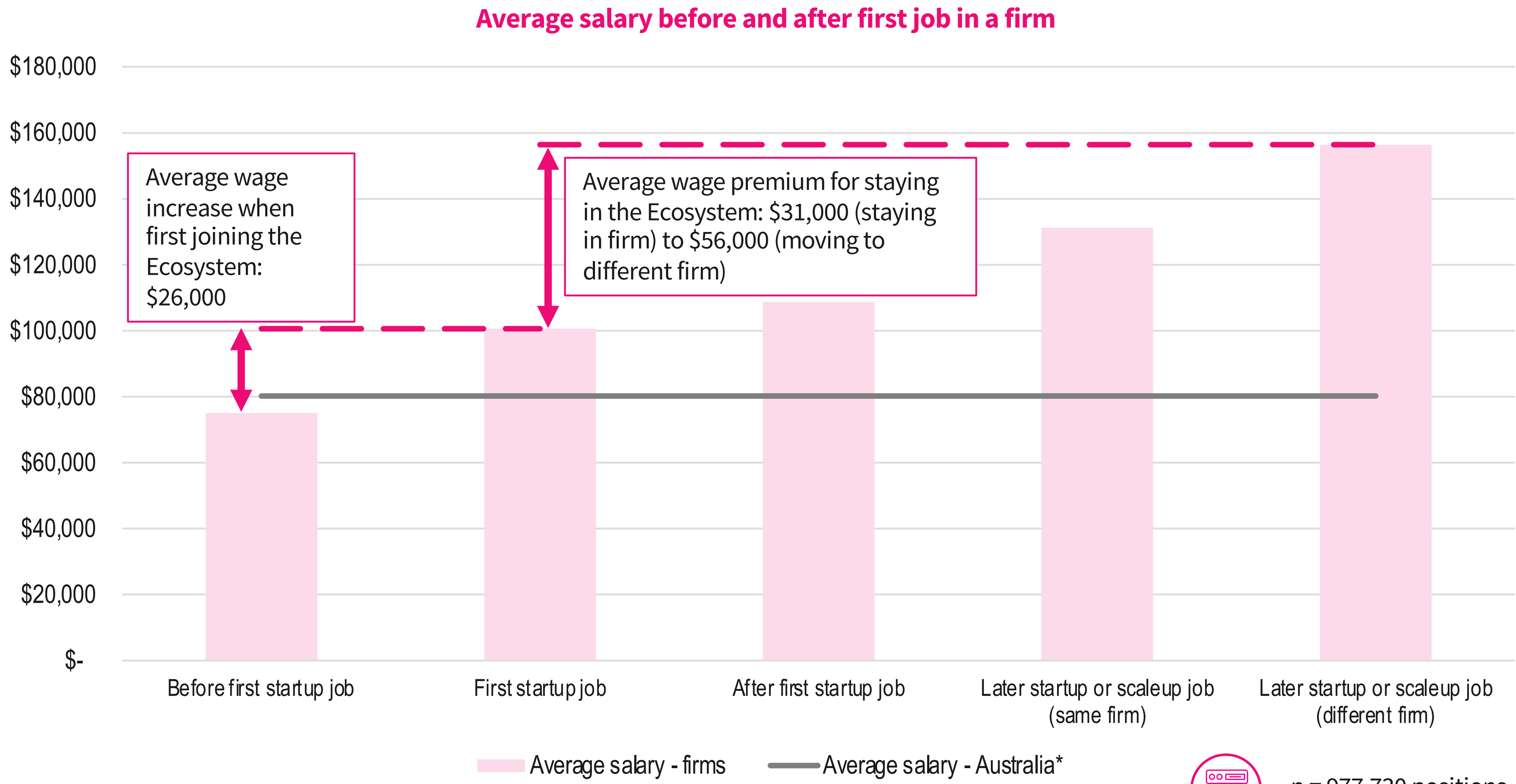
Since 2015, employees in firms have tended to earn substantially more than the average Victorian and Australian, with the average startup salary ranging between 27%-63% higher than the average Australian over 2015-2025.

One of the likely drivers of the growth in startup total compensation is the increased uptake of Employee Stock Ownership Plans, that give employees and ownership stake in the startup.

* Average Weekly Earnings, Australia, Australian Bureau of Statistics (2025), https://www.abs.gov.au/statistics/labour/earnings-and-working-conditions/average-weekly-earnings-australia/latest-release

WAGE PREMIUMS IN THE STARTUP ECOSYSTEM

Working in the startup ecosystem leads to increased wages and longer-term earning capacity, particularly when staying in the startup ecosystem. Employees earn on average $20,000 more than the average Australian salary. Employees who stay in the ecosystem earn on average $51-76,000 more than the average Australian salary when moving between roles in the ecosystem.



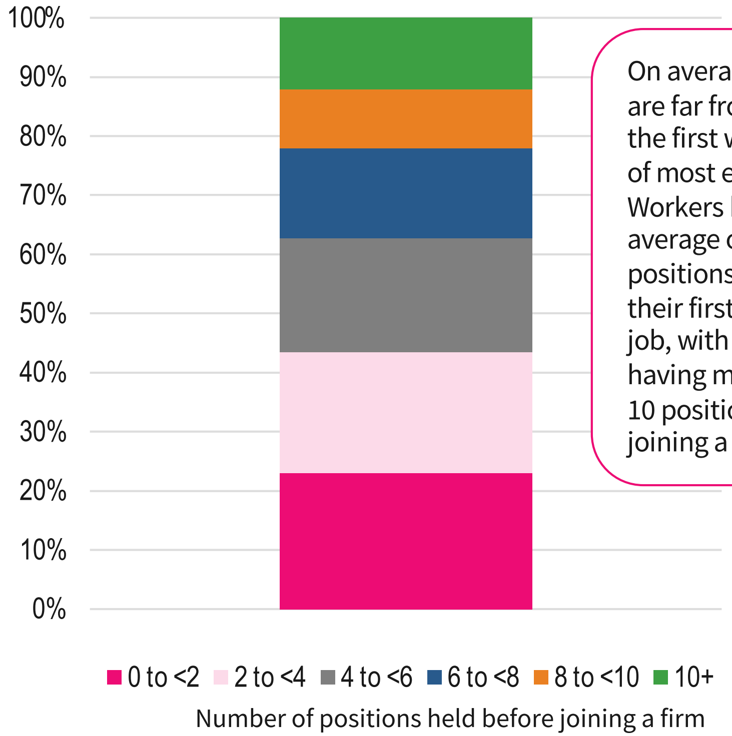
n = 977,730 positions

* *Average Weekly Earnings, Australia*, Australian Bureau of Statistics (2025), https://www.abs.gov.au/statistics/labour/earnings-and-working-conditions/average-weekly-earnings-australia/latest-release

WORK EXPERIENCE

The ecosystem provides opportunities for all levels of experience, ranging from first jobs to highly experienced professionals.

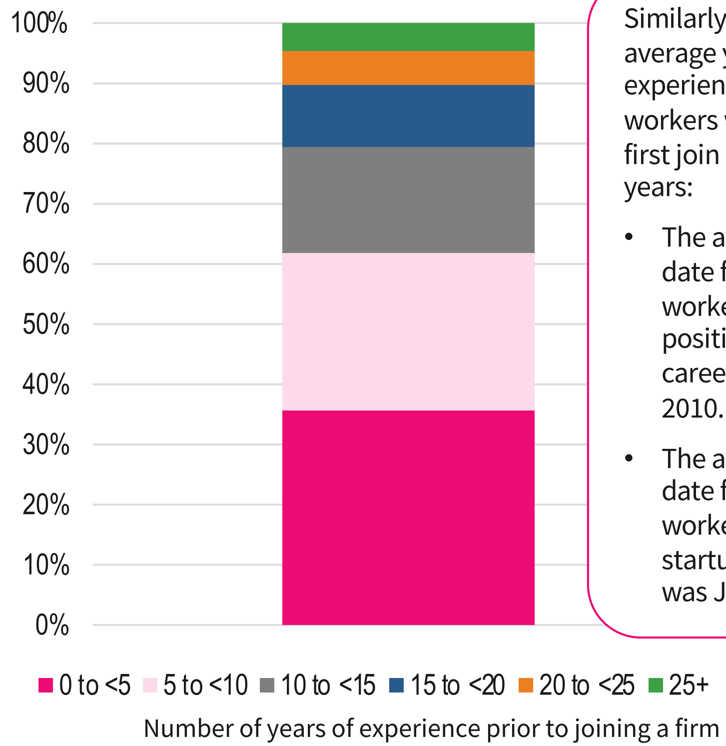
Share (%) of firm workers with different numbers of positions prior to their first job with a firm



On average, firms are far from being the first workplaces of most employees. Workers have an average of 5 positions before their first startup job, with 12% having more than 10 positions before joining a firm.

n = 119,956 people

Share (%) of firm workers with different years of experience prior to their first job in a firm



Similarly, the average years of experience for workers when they first join a firm is 9 years:

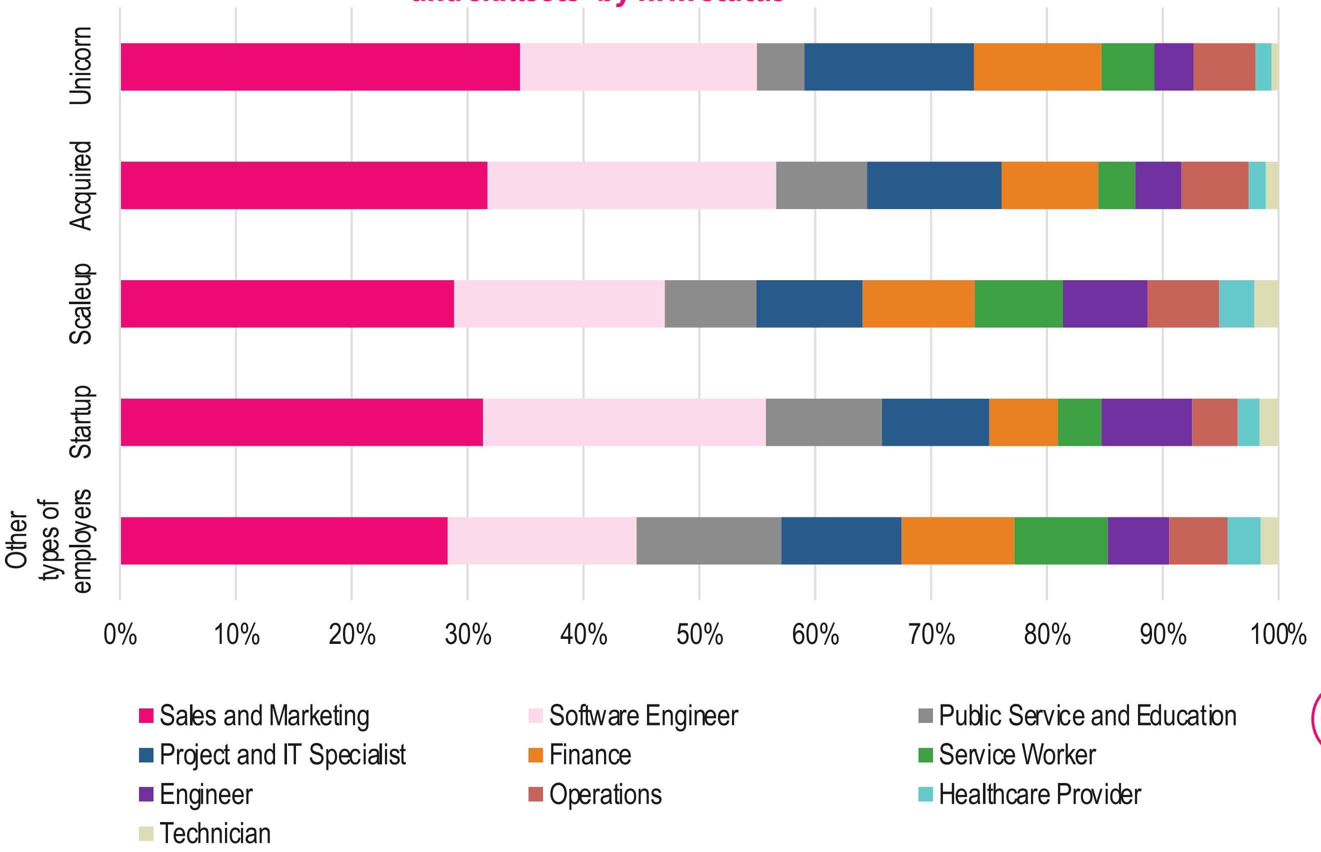
- The average start date for these workers' first position in their career was April 2010.
- The average start date for the same workers' first startup position was July 2019.

n = 115,518 people

ROLES IN THE STARTUP ECOSYSTEM

Firms employ for a wide range of roles and skillsets.

Share (%) of firms workers with different types of roles and skillsets[1] by firm status



Firms are made up of more than software engineers, employing a wide range of skills:

- The most common role type is sales and marketing, ranging from 29% (in scaleups) to 34% (in unicorns).

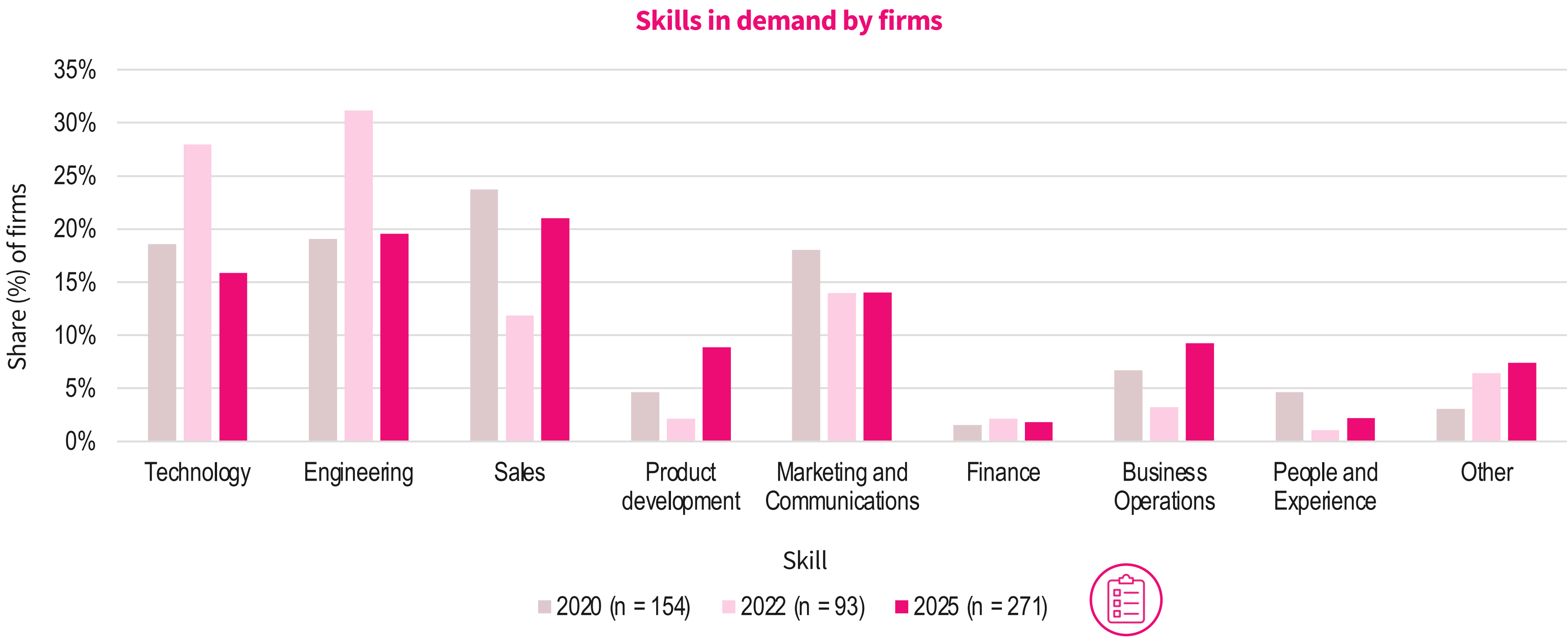
Hence firms employ a wide range of workers in Victoria.

n = 1,005,203 positions

[1] Revelio reports worker skillsets using its in-house skills taxonomy. Positions are categorised against 10 different broad skillsets as well as the categories of miscellaneous or without categorisation. In our calculations, we have dropped positions that are reported as miscellaneous or not categorised.

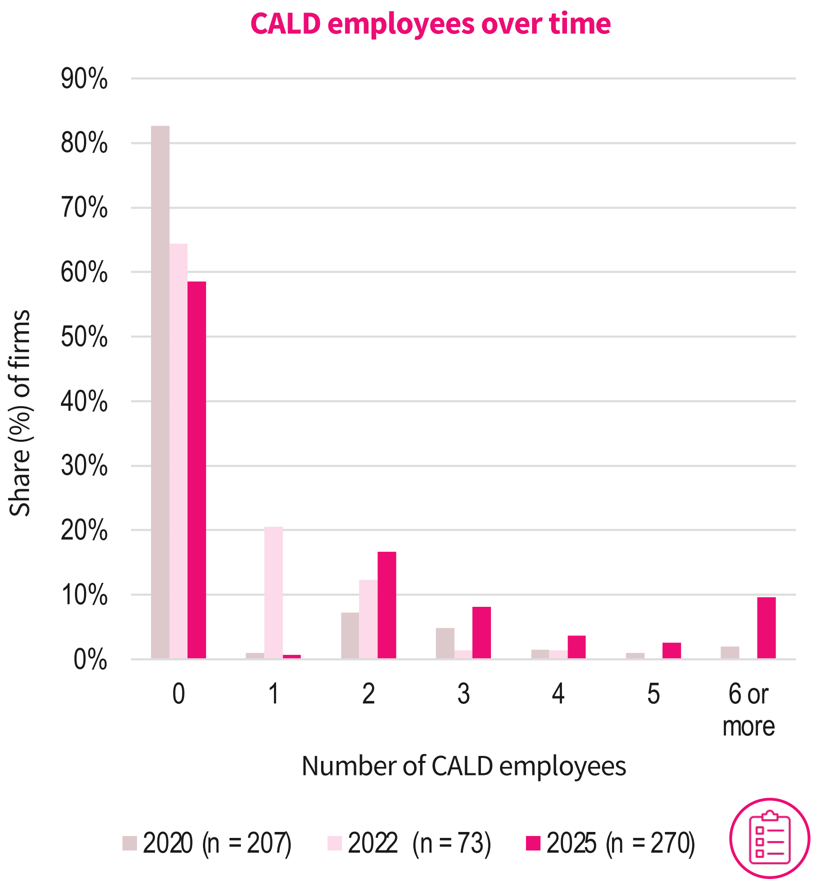
SKILLS IN DEMAND

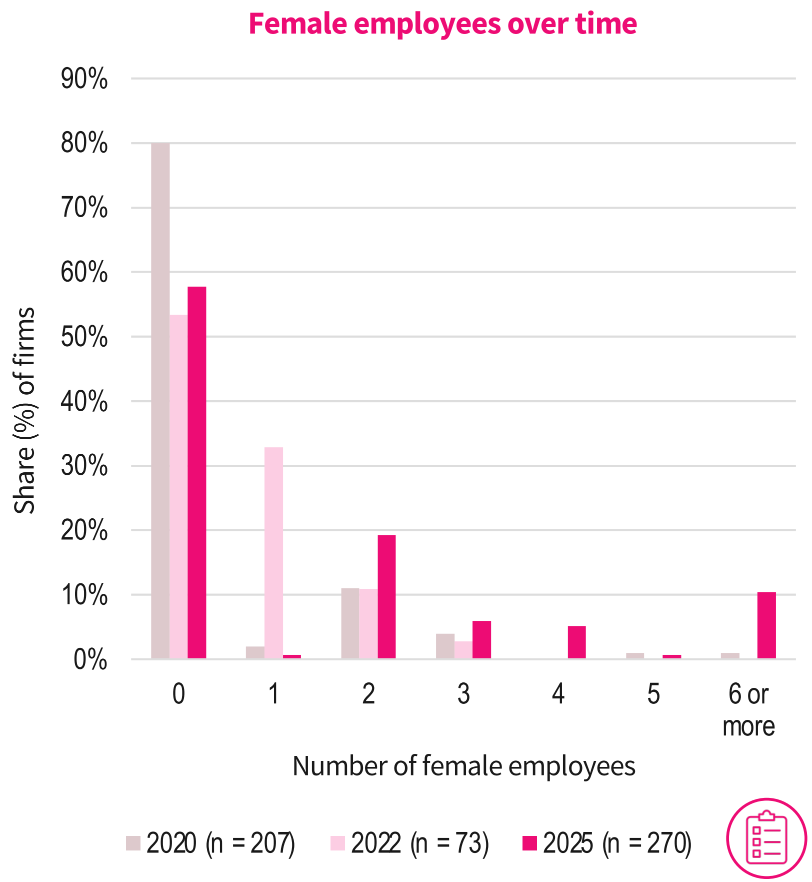
Sales has emerged as the most in-demand skill in 2025 (21%). Skills in demand have broadened since 2022, returning to the more diversified skills mix seen in 2020, rather than being dominated by technology and engineering.



DIVERSITY OF EMPLOYEES

The diversity of Victoria's startup employees is increasing over time, with more firms hiring female and CALD employees since 2020.





EXTERNAL ENVIRONMENT AND SUPPORT

SUMMARY

LaunchVic delivers programs and initiatives across all dimensions that define a successful Ecosystem. Participation in accelerator programs has remained steady since 2022, and awareness among survey respondents remains high (above 90%).

Features of a successful Ecosystem

- Successful Ecosystems require growing and expanding networks, deepening capital markets and building capability and capacity.
- LaunchVic strengthens Victoria's startup ecosystem by connecting founders, unlocking capital, and building startup capability.

Accelerators / incubators

- One third of firms have participated in an accelerator or incubator program during the past 12 months, remaining steady since 2022.

Awareness of LaunchVic

- Awareness with LaunchVic is high. 92% of firms report that they are aware of LaunchVic, a slight increase (1%) from 2022.

GROWING A STARTUP ECOSYSTEM

Startup Ecosystems do not grow by accident, they require continued and dedicated investment to be successful.

Features of a successful startup Ecosystem

	Growing and expanding networks	Deepening capital markets	Building capability and capacity
Why is it important?	Startup networks help entrepreneurs: • Access capital, talent, advice and customers • Reduce search and transaction costs (e.g. finding the right people quickly) • Benefit from faster dissemination of lessons and knowledge	Deepening capital markets, particularly at the early-stage, support and enable: • Testing new ideas and experimentation • Diversity of ideas that get funded (e.g. markets, technologies) • Scaling up	Building and sharing capability and capacity is important because: • Startup knowhow can be tacit (e.g. navigating stages, hiring, navigating regulatory system) • They are mutually reinforcing with growing networks
Why it can be challenging	Startup networks have public-good features, meaning no single actor captures the full benefit of participation, which can result in networks that are smaller than optimal. A lack of trust and communication can also lead to coordination failures.	Capital markets are shaped by information asymmetries, especially for startups, where investors can struggle to assess risk. Growing the number and diversity of investors, while closing information gaps, can help address this.	Tacit knowledge is hard to access because it is usually learned through experience, not formal training. Early-stage founders may lack access to this knowledge and a clear entry point into the ecosystem.
LaunchVic	LV has designed and deployed programs, initiatives and activities across all these dimensions.		

ACTIVITIES AND IMPACT OF LAUNCHVIC

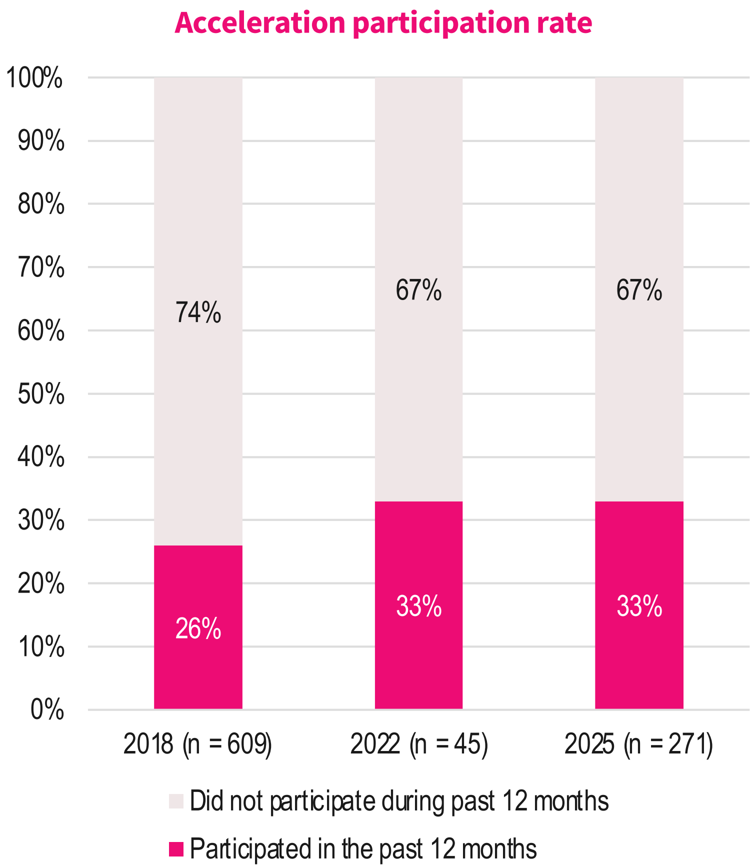
LaunchVic strengthens Victoria's Startup Ecosystem by connecting founders, unlocking capital, and building startup capability.

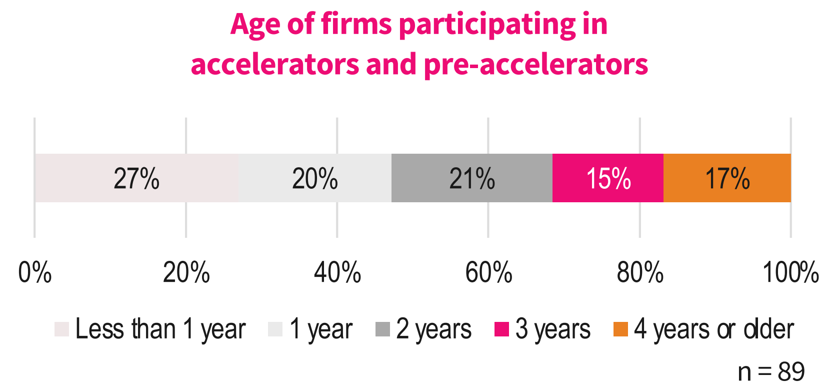
LaunchVic

	Activities	Impacts
Growing and expanding networks	• 'Startups Start Here' advocacy campaign. • 'CivVic Labs' bootcamp for aspiring and early-stage founders. • Ecosystem information infrastructure: ecosystem directory, public data and research reports. • Pre-accelerator and accelerator programs that support founders with mentorship, education and networking.	• Stronger connections and faster matching between founders, mentors, talent and capital, reducing search costs and speeding learning cycles. • Greater external visibility of Victoria's startup ecosystem, increasing interest from founders and investors. • Easier access to the ecosystem, particularly for new founders and under-networked groups.
Deepening capital markets	• VC Catalyst, an investor education program for new and emerging investors. • Targeted funds, including the Alice Anderson Fund for women and the Hugh Victor McKay Fund for AgTech. • Support for VC funds and angel networks to attract new investors and expand established networks.	• Better access to capital required for growth. • Greater investor capability in startup investing. • More angel networks and early-stage VC funds.
Building capability and capacity	• '30X30' scaleup mentoring program • 'Basecamp' founder education program • 'Office Hours' mentoring program • 'NOVA' professional development program • Funding for pre-accelerator and accelerator programs that help startups validate ideas, achieve product-market fit and attract seed funding.	• Stronger founder communities beyond inner Melbourne, including regional hubs. • Improved founder and leadership capability. • A larger pipeline from ideas to startups and scaleups. • Job creation and ecosystem growth.

PARTICIPATION IN ACCELERATOR AND PRE-ACCELERATORS

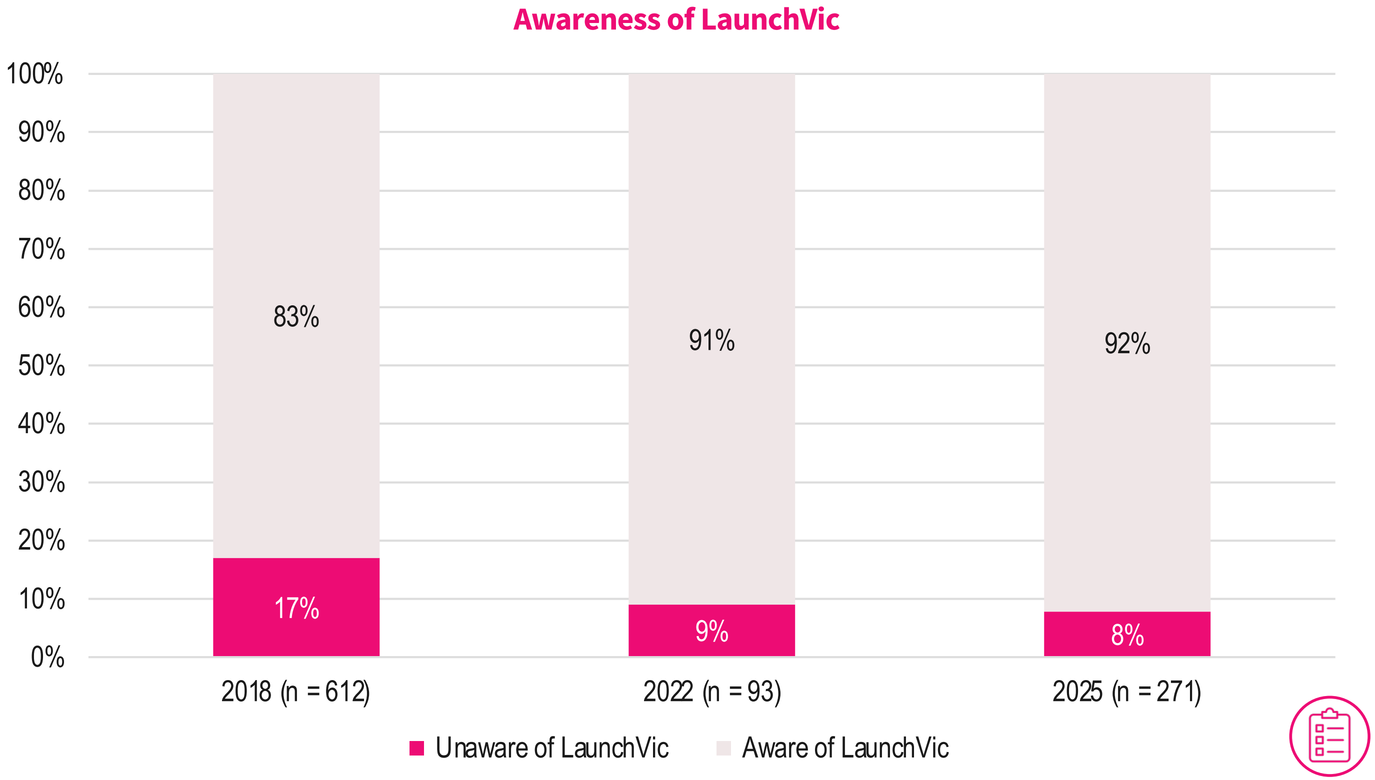
Around one-third of firms have participated in a LaunchVic accelerator in the last 12 months, which remains steady.
As expected, out of those firms who participated the majority are younger firms, particularly those in their early-stages of growth.





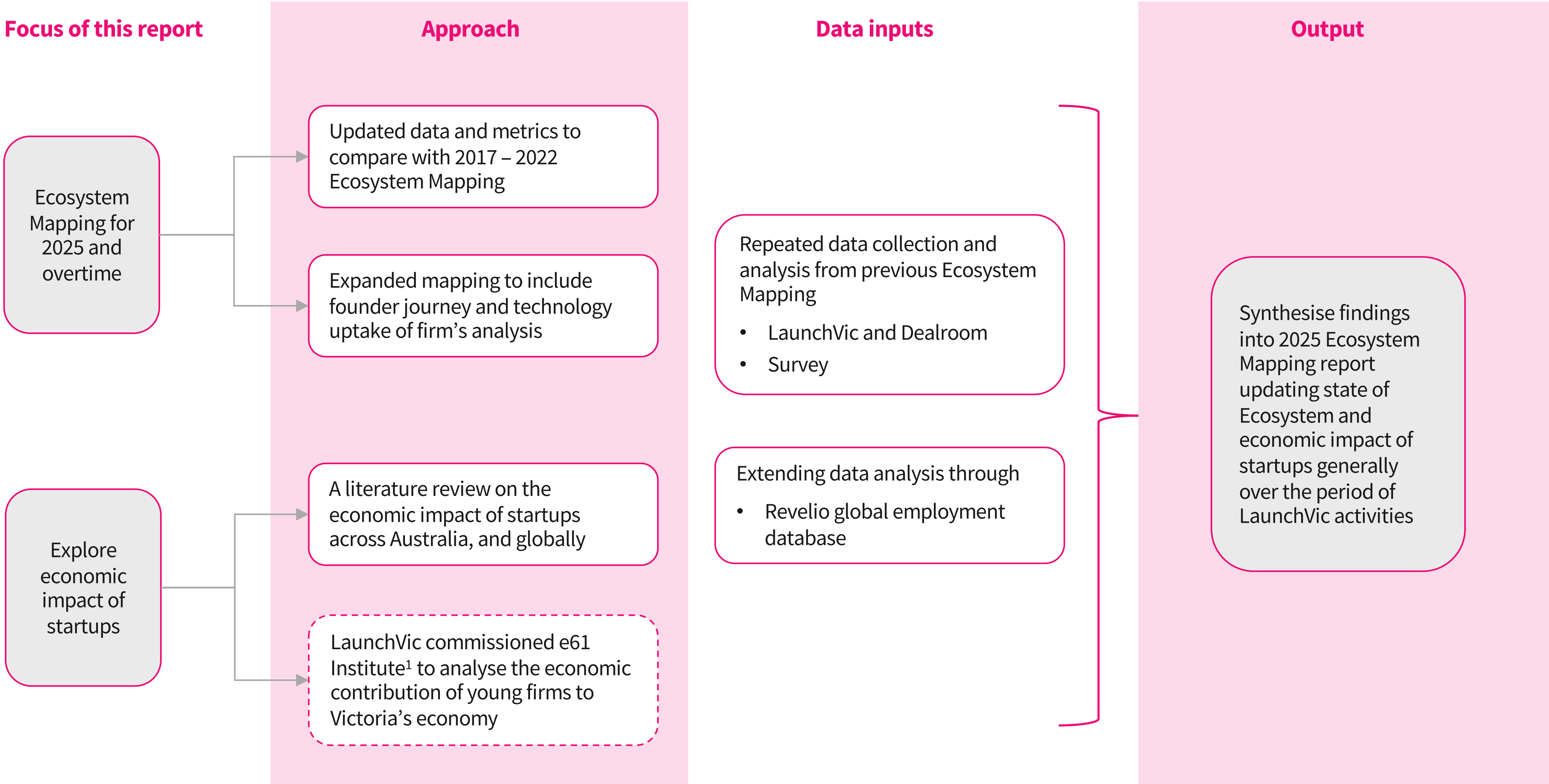
AWARENESS OF LAUNCHVIC

92% of surveyed firms are aware of LaunchVic. There has been a slight (1%) increase in awareness between 2022-2025.



APPENDIX 1: METHODOLOGY

METHODOLOGY



[1] e61 is a not-for-profit, non-partisan economic research institute: https://e61.in

GLOSSARY

- In this report, "firms" refers to startups, scaleups, unicorns and acquired companies. Firms that do not identify as either a startup or scaleup are excluded from this analysis.
  - We assigned each firm to a stage of development based on their current reported number of employees.[1] Revenue was not included in this breakdown as there was a minimal amount of revenue reported in Dealroom and survey data (n = 52 survey respondents) compared to the current number of employees. It follows as such:
    - Early-stage: 1–6 employees
    - Seed-stage: 7–35 employees
    - Growth-stage: 36–125 employees
    - Later-stage: 126+ employees
- Firms reported total full-time equivalent (FTE) staff in the survey. We multiplied FTE by 1.25 to estimate total employees, consistent with the methodology used in previous reports. This adjustment accounts for part-time employees.
- For time-series comparisons, we used the most recent comparable data available for each metric. Depending on the dataset, baseline years vary and may include 2017, 2018, 2020 or 2022.
- To note: There have been changes to the definition of a startup over time, limiting comparability across years. In 2018 and earlier, startups were defined as firms with high growth potential, disruptive innovation and / or scalable markets, which identified 2,771 startups and scaleups (without separately identifying startups and scaleups). In 2020, this definition was updated and is used to date (see Slides 83 and 84). While comparisons from 2018 and before are presented, they do not use a consistent definition of a startup.
- Funding rounds (see Slide 42) were grouped into higher level categories by using Dealroom's published definitions. These groups include:
  - Angel / Seed: Angel; Seed; Convertible; Grant
  - Series A / Early Venture: Series A; Early VC
  - Series B+ / Late Venture: Series B; Series C; Series D; Series E; Series F; Series G; Late VC; Private Placement VC
  - Growth Equity: Growth Equity VC; Growth Equity Non-VC

Report key:
To identify the data source for each piece of analysis throughout this report, we have used the following three icons:

- Startup survey
- LaunchVic databases
- Revelio databases

Find further information on criteria on Slides 83 and 84.

[1] While this approach differs from other investment-led analyses typical of the sector, it was adopted as it provides a more representative view due to having the data on the majority of firms in the ecosystem. For firms validated in 2025, we have data on employees for 2,397 firms, revenue data on 52 firms and investment data on 917 firms.

DEFINITION OF STARTUP

To assess whether a firm qualified as a startup, we applied objective and subjective criteria.[1]

A qualifying startup is:

- Founded / HQ'd in Victoria
- Less than 10 years old
- Currently active
- Innovative / disruptive
- Uses technology to scale

To qualify as a startup, a firm must satisfy each of the following:

- Founded / HQ'd in VIC
- < or equal to 10 years old (i.e. founded in 2015 or after)
- Assessment as to whether they are a startup (uses technology, innovative, global market potential, may be disruptive)

They must meet any of the following:

- If they are founded in or before 2019 they either need to have either:
  - An active Website
  - An active ABN
  - An active Founder with LinkedIn profile
- Founded in or after 2020 (noting many new startups either don't have ABNs, despite founders actively working on the business)

Passes a subjective assessment which addresses technology use, global market potential, and level of innovation / has a disruptive strategy.

Key:

- Objective criteria
- Subjective criteria

To note:

- Dealroom and LaunchVic apply different definitions of a startup.
- Dealroom uses a broad, globally consistent classification methodology and currently lists approximately 4,400 Victorian companies.
- LaunchVic maintains a separate validated dataset aligned to its formal policy definition of a startup.
- Following a recent validation process, 1,665 companies were excluded from LaunchVic's dataset for not meeting criteria relating to active status, Victorian location, age thresholds, or qualitative assessment requirements.
- The variance between the figures reflects differences in methodology and purpose, not a reduction in the size of Victoria's startup ecosystem.

[1] Criteria were determined by LaunchVic.

DEFINITION OF SCALEUP

To assess whether a firm qualified as a scaleup, we applied objective and subjective criteria.[1]

A qualifying scaleup is:

- Founded / HQ'd in Victoria
- Less than 20 years old
- Currently active
- Innovative / disruptive
- Uses technology to scale

To qualify as a scaleup, a firm must satisfy each of the following:

- Founded / HQ'd in VIC
- < or equal to 20 years old (i.e. founded in 2005 or after)
- Assessment as to whether were once a startup (uses technology, innovative, global market potential, may be disruptive)

Achieves at least one of the following:

- Raised at least $5m and currently has at least 10 employees;
- 50 full time employees;
- Valuation greater than AUD$30m;
- Monthly revenue of at least AU$1m per month;
- Has experienced 20% growth year on year for at least three years since it was founded.

Passes a subjective assessment which addresses technology use, global market potential, and level of innovation / has a disruptive strategy.

Key:

Objective criteria
Subjective criteria

[1] Criteria were determined by LaunchVic.

DATA CONSIDERATIONS AND LIMITATIONS

Gaps in visibility (particularly completeness of data and reliance on estimates and self-reporting) across firms, funding and workforce data partially limit the ability to fully observe the startup Ecosystem at all points in time.

Completeness

Considerations:

- May not have data on every firm
- May be missing data on specific characteristics of a firm even if identified
- Not all firms will respond to data collections (e.g. not reply to surveys)

Datasets impacted:

- Funding rounds (Dealroom)
- Startup survey (dandolo)
- Number of firms in the past, particularly prior to 2017/18 (LaunchVic)

Estimation

Considerations:

- Fill gaps in data on firms using modelling estimates
- Modelling estimates have a margin of error
- May not always be 100% accurate

Datasets impacted:

- Salaries and total compensation (Revelio)
- Longitudinal headcount at the firm level (Revelio and Dealroom)

Self-reporting

Considerations:

- Some data may rely on individuals reporting rather than through administrative datasets
- Individuals may not accurately report for a number of reasons
- Lack of other data sources limits the ability to triangulate

Dataset impacted:

- Startup survey (dandolo)
- Individual positions in worker history (Revelio)
- Amount of capital raised (Dealroom)

APPENDIX 2: ADDITIONAL ANALYSIS

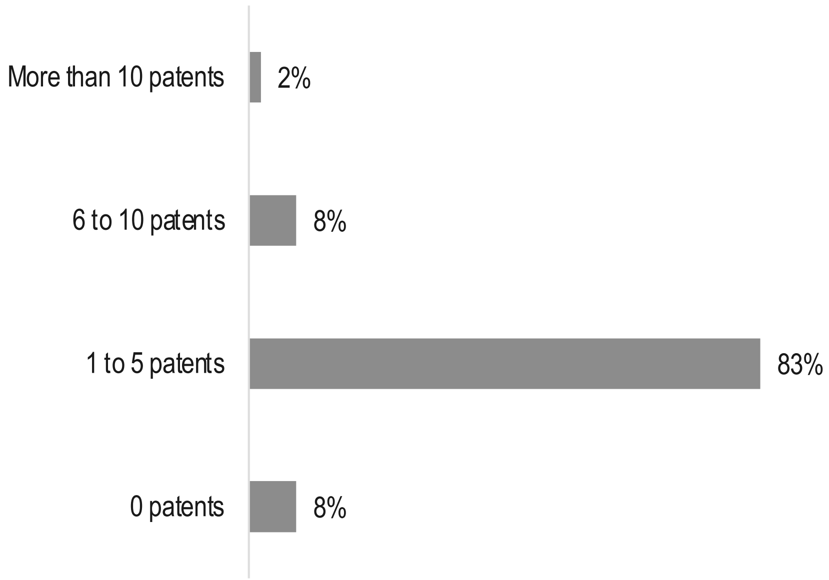
NEW TECHNOLOGIES: PATENTS

There has been a slight increase in the number of firms surveyed reporting reliance on patents – up from 13% in 2022 to 19% in 2025.

Proportion of firms that rely on patents

n = 271

Number of patents firms rely on (2025)



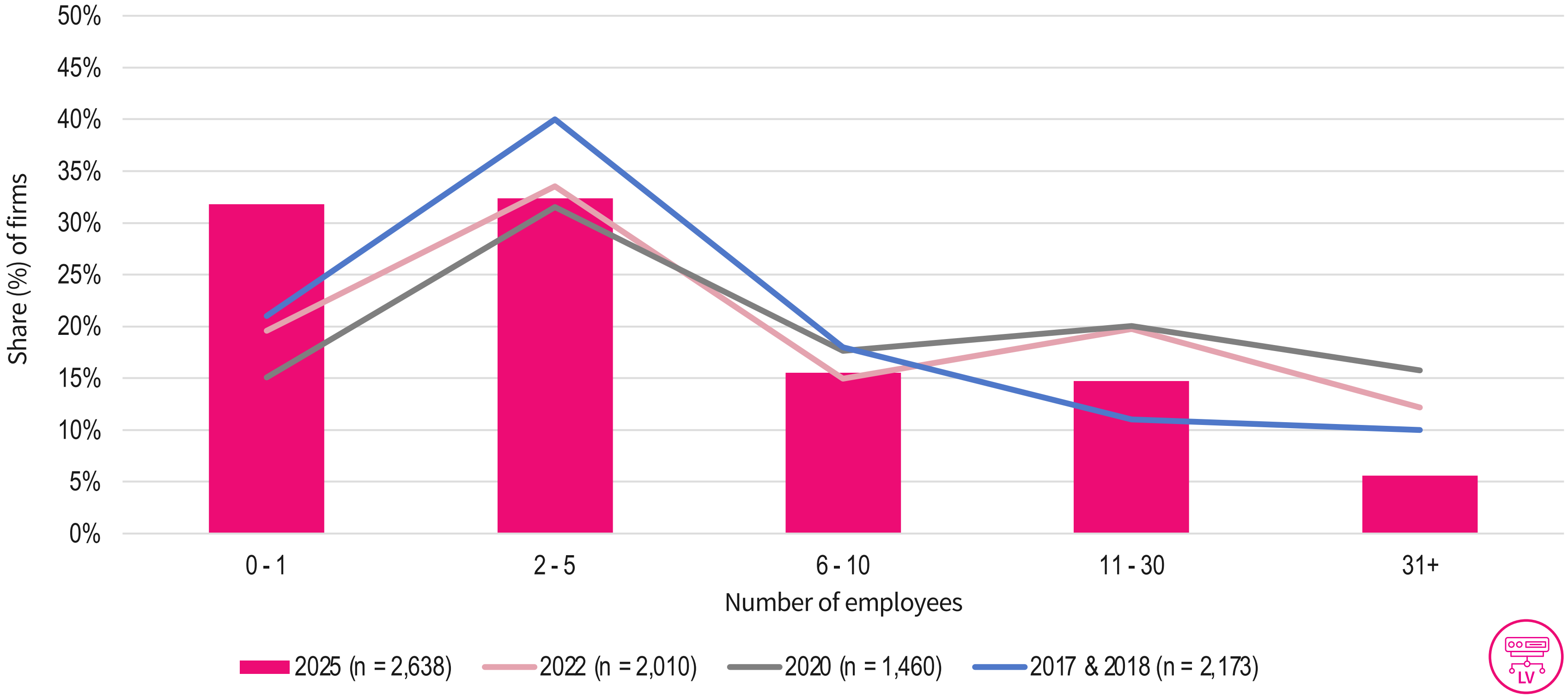
n = 52

What do patents tell us about innovation and new technologies?
Patents are a useful proxy for firm innovation as they capture a specific type of innovation activity – 'novel' and 'non-obvious' inventions that relate to some level of intensive research and development effort. While not a major part of Victoria's Startup Ecosystem, the use of patents highlights the diversity of the strategies used by Victoria's firms.

SIZE OF FIRMS

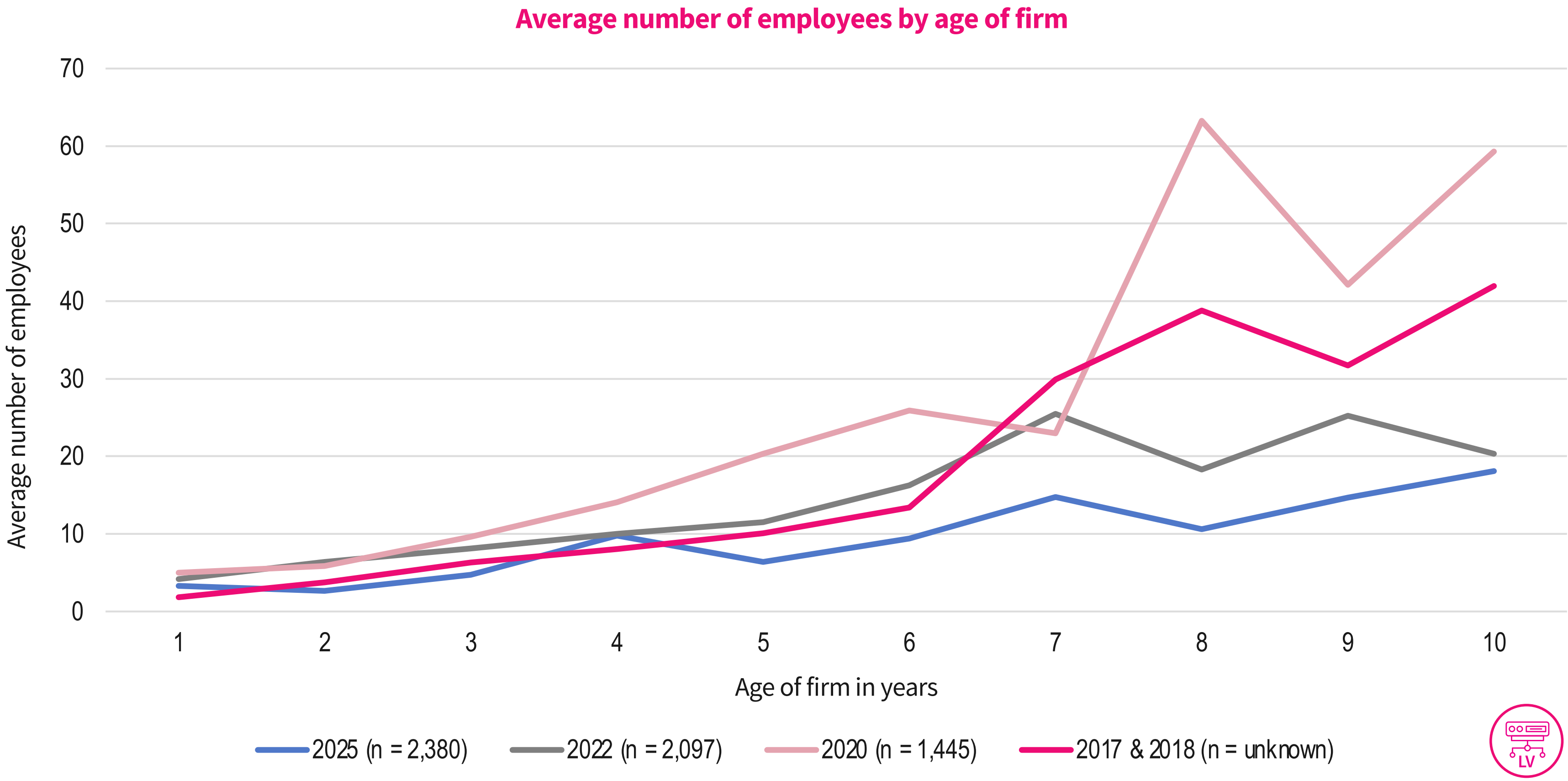
60% of firms employ less than five people in 2025. This is consistent with the growing number of early-stage firms, which tend to employ fewer people.

Distribution of employment by firm size (segmented into brackets, with a total of employees)



AVERAGE NUMBER OF EMPLOYEES

On average, firms have fewer employees in 2025 than in 2022.

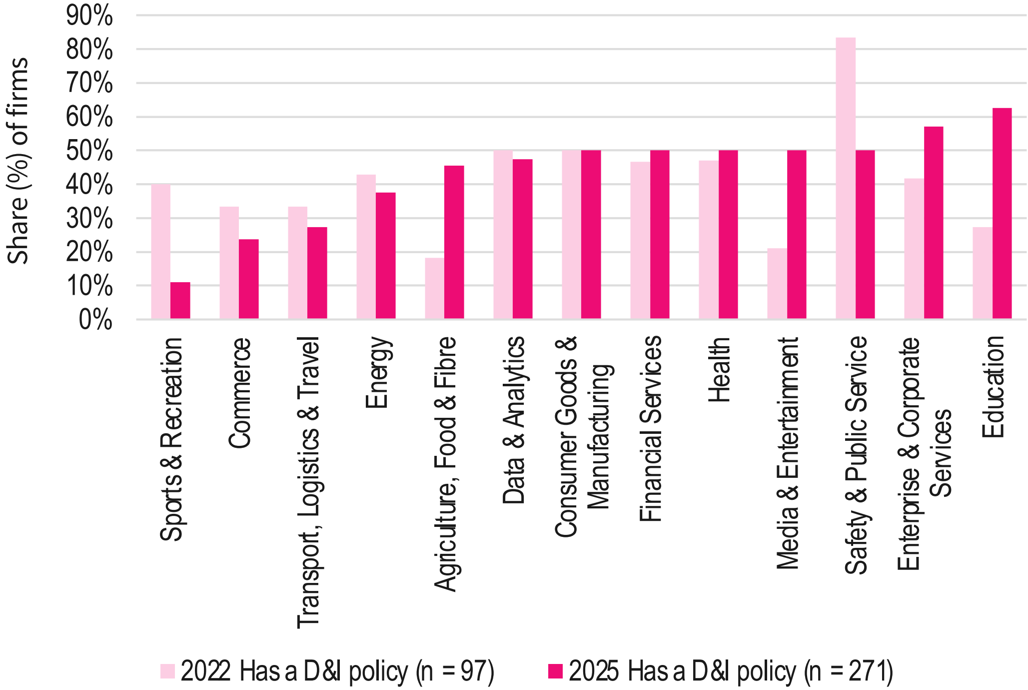


DIVERSITY AND INCLUSION POLICIES

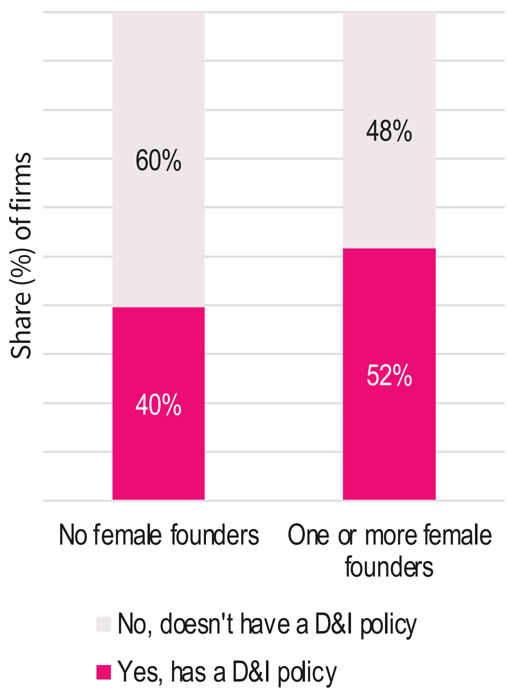
45% of firms in 2025 have a Diversity and Inclusion policy, up from 28% in 2022. Education and Enterprise & Corporate Services have the highest share (over 50%) of firms with a D&I policy.

Firms with one or more female founders were more likely to have a D&I policy than those with only male founders.

Firms with diversity and inclusion policies segmented by sector



Firms with D&I policy by founder gender



n = 271