Why Australia

Digital Technology
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Why Australia
Digital Technology

Australia is a great place to develop digital technologies. Our $167 billion tech sector is growing fast; it’s expanded by 80% in just 5 years. We have expertise in SaaS, fintech, cyber security, quantum, digital games, and across the technology spectrum.

Our tech ecosystems are smart and dynamic. Australia has produced global tech giants such as Canva, Atlassian, WiseTech, and many unicorns. Australian capital cities have amazing tech hubs where universities and governments partner with businesses. This is where our irrepressible optimism meets deep skills in science and innovation. We bring great ideas to commercial life.

The Australian Government, states and territories support the tech sector. National science bodies channel public investment into future-critical research. Grants and tax offsets encourage local innovation. Australia offers generous incentives and funding pools to grow the private venture capital market. A strong and transparent regulatory culture promotes innovation while protecting IP.

Above all, we have talent. Our lifestyle attracts tech pioneers from around the world. They build global businesses in Australia. Great tech skills make us a top investment destination for Google, Amazon, Microsoft, BT, NEC, and CISCO. And with deep regional trade ties, we are a springboard for growth into the Asia-Pacific region.
Thriving technology sector and innovation ecosystem
Australia’s A$167 billion tech sector creates amazing opportunities

Our dynamic tech sector is growing by an average 16% per year. Technology will contribute a predicted A$250 billion to the Australian economy by 2030.

The tech sector generated
A$167 billion
~ 8.5% of Australia’s GDP. If considered as one industry, the technology sector would be the third largest industry in Australia.

Growth projection:
A$250 billion
GDP by 2030

Five tech sectors each worth:
> A$30 billion
These include Business Software, Biotech, Medical Device, Media & Design and PayTech.

Source: Tech Council of Australia: Turning Australia into Regional Tech Hub Report 2022

The Australian tech sector has grown almost 80% from 2016-2021

The growth was four times faster than the rest of the economy

Source: Austrade Why Australia Benchmark Report 2022
Venture capital turbocharged the startup ecosystem

Australian innovators and local tech startups attract global investors. In 2022, Australia showed great resilience despite the global slow-down. Our startup ecosystem is flourishing and early-stage deal activity was stronger than ever.

Australia attracted **A$7.4 billion** in 2022

Australia saw **712** deals in 2022

**5** new unicorns in 2022

**A$1.2 billion** Raised by Enterprise/Business Software

Strong VC funding

Australian startups based in NSW, Victoria and Queensland received the most funding

Source: Cut Through Venture and Folklore, *The State of Australian Startup Funding 2022*
Australia’s tech start-up ecosystem

Australian tech giants and unicorns are attracting billions of dollars from global investors.

21 technology start-up companies reached “unicorn” status (valued at over US$1 billion) as of Oct 2022

Global Tech Giant
with market valuation from A$10 billion to A$40 billion

- Canva
- Afterpay
- Atlassian
- Wisetech Global

Unicorns
with market valuation from A$1 billion to A$10 billion

- Airwallex
- Rokt
- SafetyCulture
- Culture Amp
- Scalapay
- Employment Hero
- TechnologyOne
- Immutable X
- Zip
- Go1
- Linktree
- Pet Circle

Canva is one of the most valuable start-ups in the world. (Co-founders Cameron Adams, Cliff Obrecht and Melanie Perkins.)

Market valuation as at November 2022. Non-exhaustive list

Source: Tech Council Australia: Turning Australia into a regional tech hub; Tracxn, Soonicorn Club 2021

Our fastest-growing tech powerhouses continue to invest and scale for global success.

20,000 tech startups
Our creativity powers an innovative and connected tech ecosystem.
Our advanced, life-style cities are hubs for tech creativity

Australian universities and institutes partner with business to create innovation precincts. Tech hubs power industry clusters — in medicine, advanced manufacturing, mining and agriculture.

- **Western Australia**
  - Australian Automation and Robotic Precinct
  - Pawsey Supercomputing Research Centres

- **Western Australia**
  - Australian Automation and Robotic Precinct
  - Pawsey Supercomputing Research Centres

- **Queensland**
  - The Precinct
  - Queensland XR Hub
  - Queensland AI Hub

- **New South Wales**
  - Western Sydney Startup Hub
  - Tech Central Scaleup Hub
  - Sydney Startup Hub
  - Stone & Chalk
  - Fishburners

- **Southern Australia**
  - Lot Fourteen
  - Tonsley Innovation District
  - Australian Space Park
  - Adelaide Biomed City

- **Northern Australia**
  - LaunchVic for startups
  - Cremorne Digital Hub
  - Melbourne Connect Innovation Precinct
  - Arden Precinct
  - Fishermans Bend

*non-exhaustive list*
Advanced and stable digital economy
Australia is the world’s 12th largest economy

Our resilient economy is a magnet for foreign direct investment. Over 70% of our trade is with fast-growing economies in the Asia-Pacific region. We are a springboard for regional business expansion thanks to location, trade ties and language skills.

12th largest economy

Australia was the world’s 12th largest economy in 2021. Nominal GDP was around $2.2 trillion (US$1.6 trillion) in 2021. Australia was home to just 0.3% of the world’s population, but accounted for 1.7% of the global economy.

World’s largest economies 2021

1. US 23.7%
2. China 18.3%
3. Japan 5.1%
4. Germany 4.4%
5. UK 3.3%
6. India 3.3%
7. France 3.0%
8. Italy 2.2%
9. Canada 2.0%
10. Korea 1.9%
11. Russia 1.8%
12. Australia 1.7%
13. Brazil 1.7%
14. Iran 1.6%
15. Spain 1.5%
16. Mexico 1.3%
17. Indonesia 1.2%
18. Netherlands 1.0%
19. Saudi Arabia 0.9%
20. Turkey 0.8%

ASEAN 3.4% (includes 17. Indonesia 1.2%)

Percentage share of total world nominal GDP in US$

Notes: 1. Across 196 economies. 2. The GDP for the top 20 largest economies was US$78,346 billion or 81% of the world’s GDP in 2021. 3. The GDP the rest of the world was US$18,731 billion in 2021 or 19% of global GDP.

Sources: International Monetary Fund, 2022; World Economic Outlook October 2022; Austrade.
A strategic location for APAC expansion

Austrade facilitated A$7.4 billion FDI projects, creating 22,000 jobs in 2022. Our winning factors are our geographic edge and trade links with the fast-growing APAC region.

Australia’s free trade agreements

Geopolitical and 
follow-the-sun 
positioning to serve 
customers and 
trusted partners in 
the APAC region

Time zone benefits 
for 24-hour cyber 
security centres 
for global business

Develop products 
and services 
while Europe and the 
Americas are sleeping

Source: Austrade Why Australia Benchmark Report

Source: Austrade’s Trade and Inward Investment Results 2021-2022
Investors benefit from advanced digital infrastructure

Australia ranks in the top 10 nations globally for 5G connected devices, data centres, telecoms investment and digital cities.

**World-class digital infrastructure**

Our infrastructure is intelligent and conducive, leading to greater opportunities for investment.

**Telecommunications Network**

- **3rd**
  - in 5G connected devices per capita globally
  - Source: Deloitte, *Mobile Nation 2022*

- **4th**
  - Investment in Telecommunications
  - Source: IMD World Digital Competitiveness Ranking

- **8th**
  - Global Data Centre Market Comparisons
  - Source: Cushman & Wakefield Global Data Centre Market Comparisons Report

- **7th**
  - Top Digital Cities
  - Sydney ranked 7th across connectivity, services, culture and sustainability
  - Source: The Economist, *Digital Cities Index 2022*
Australia is a solid and reliable foundation for overseas investors

We score highly in rankings that investors care most about. Our regulatory frameworks are transparent and business-friendly. Our legal systems protect IP.

National Cyber Power Index 2022

Australia demonstrated strong capabilities for areas:
- 1st for Defence
- 4th for Intelligence
- 8th for Commerce
- 8th for Norms and Standards

Source: National Cyber Power Index Report 2022 by Harvard University

Australia’s core strength
Our stable regulatory environment

Australia compared well in regulatory stability – ahead of developed economies such as Germany, Singapore, Japan, UK, and US.

Source: Austrade Why Australia Benchmark Report

Australia rose in the IMD World Digital Competitiveness Ranking 2022

1st Country credit rating
5th Software piracy controls
5th Regulatory framework for starting a business
5th Stable regulatory environment

Source: IMD World Digital Competitiveness Ranking 2022; The World Bank, Worldwide Governance Indicators 2021
Australia is among the developed economies to reach Amplify stage: the highest stage of digital readiness. The result: we reached our highest stage of digital readiness. Australia ranks 6th globally for human capital, and 9th for startup-friendly environment.

Australia is rated at the highest stage of digital readiness (CISCO Digital Readiness Index)

Australia is among the developed economies to reach Amplify stage: the highest stage of digital readiness.

Source: CISCO Digital Readiness Index 2021
A nation of digital adopters
Australian businesses are big IT spenders

Australian businesses were predicted to increase IT spend by 13%, compared to 4% globally. They invest heavily in IT infrastructure, software, and data capabilities.

Riding the global waves of digital adoption

We've seen strong digital uptake from Australian enterprises. They are upgrading their modern IT infrastructure, software-defined solutions, and data capabilities.

IT spending 2022

- **$117 billion**
- 13% increase from 2021 (compared to global growth rate of 4%)

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<th>Spend (billion)</th>
<th>Growth (%)</th>
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<td>Devices</td>
<td>$17.2</td>
<td>12%</td>
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<tr>
<td>Data Centre Systems</td>
<td>$4.0</td>
<td>11%</td>
</tr>
<tr>
<td>IT Services</td>
<td>$41.5</td>
<td>12%</td>
</tr>
<tr>
<td>Software</td>
<td>$29.2</td>
<td>21%</td>
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<tr>
<td>Communications</td>
<td>$25.3</td>
<td>6.5%</td>
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Source: CRN, Aussie IT spend to grow 13 percent to $117 billion in 2022
A nation of early adopters

Australia ranks 4th as the world’s most attractive online consumer market. We shop online, we love mobile broadband, and we helped pioneer buy-now-pay-later technology.

Ranked 4th as the world’s most attractive online consumer market (just behind South Korea, UK and US)

82% of Australian households shop online

Ranked 9th globally for mobile broadband subscribers

Early adopters in digital payment e.g., buy-now-pay-later and mobile wallets

Source: Euromonitor – Digital Landscape in Australia

Source: AustPost, Insider Australia’s Online Shopping, eCommerce Industry Report 2022

Source: IMD World Digital Competitiveness Ranking
Talented and diverse workforce
Tech talent in Australia

Innovative, tech-savvy talent

625,660
ICT Professionals

66,947
workers skilled in cyber security, information and network security

Diverse, highly skilled workforce

Ranked 2nd in the net flow of international students

-47% of Australia’s workforce has a tertiary qualification

45% of tech workers were born overseas and 32% speak a language other than English. We’ve got great cultural and linguistic diversity!

870,268
tech talent workforce
Growing the labour pool to 1.2 million by 2030

Australian Government pledges:
• 465,000 fee-free TAFE places
• 20,000 additional university places
• 195,000 places for skilled migration

Source: LinkedIn Talent Insights
Australia’s Digital Pulse - Deloitte
IMD World Digital Competitiveness Ranking
Australian Bureau of Statistics 2021
OECD Talent Attractiveness
INSEAD: The Global Talent Competitiveness Index
Greater pool of experienced tech talent

Australian cities have a greater pool of experienced tech workers compared to other global tech hubs. Sydney takes the lead in offering high-skilled and experienced tech workers in software development and product management.

*Source: LinkedIn Talent Insights*
Government driving digital transformation
Government’s strong support for digital investment

$1B Critical Technologies
Supporting the development of critical technologies in Australia (part of the NRF)
The government seeks to support businesses through loans, equity and guarantees in key technology areas
Source: DISR National Reconstruction Fund

$9.9B Cyber Security Fund
Supporting Australian Signals Directorate to strengthen cyber and intelligence capabilities
The REDSPICE project will create $5 billion opportunity for the cyber security industry
Source: ASD REDSPICE Blueprint 2022

$15B National Reconstruction Fund (NRF)

Investing in a diverse talent pool
Coordinated efforts to grow digital and tech skills
- Increase the tech workforce by 40% to 1.2 million in 2030
Source: Australian Treasury Jobs & Skills Summit outcomes

Tax incentives for early-stage investors
A suite of tax incentives including the Employee Share Schemes (ESS) that give employees benefits:
- Shares in the company they work for at a discounted price; and
- To buy shares in the company in the future
Source: ATO

Technology Investment Boost
20% bonus tax deduction on eligible digital cost incurred from digital adoption
- For small business with turnover under $50M
Source: ATO Digital and skills tax boost

R&D Tax Incentives (RDTI)
Generous tax incentives for R&D activities for both enterprises and SME
Source: BGA R&D Tax Incentive

Skills and Training Boost
20% bonus tax deduction for small businesses* to train and upskill their employees
* Turnover under $50M; eligible costs only
Source: ATO Digital and skills tax boost

Quantum
Accelerating the development of quantum technologies through coordinated actions
National Quantum Strategy and National Quantum Advisory Committee to provide strategic advice on growing Australia’s quantum sector
Source: DISR Quantum

Digital Transformation

NB: some of the measures are not yet law.
Tech is a priority sector for R&D support

Australia’s state and territory governments partner with industry to incentivise R&D in technology. Meanwhile, global tech is a keen investor in Australian technology hubs, thanks to high skills availability.

**R&D funding**
- Australian Governments expenditure on R&D in 2020-21: A$3.6B
- 65% from Australian Federal Government: A$2.34B
- 35% from state and territory governments: A$1.28B

**States & Territories Investment**
- **Victoria**: Breakthrough Victoria Fund to invest in R&D and commercialisation (Source: Innovation Victoria)
- **NSW**: Future Economy Fund to support innovative high-growth businesses, from R&D and commercialisation through to business growth (Source: NSW budget)
- **Queensland**: Advance Queensland – Innovation for a Future Economy to 2032 roadmap (Source: Innovation Roadmap)
- **South Australia**: over A$4B to support innovation and R&D collaboration including Lot Fourteen, Adelaide Biomed City, Australian Space Park and Tonsley Innovation District (Source: Invest SA)
- **Western Australia**: New Industries Fund: Innovation Booster Grant
  - Funding to support Pawsey Supercomputing Centre (Source: Western Australian Government, Innovation Booster Grant)
- **ACT**: New initiatives to deliver the commercialisation of research (Source: ACT Government, Budget at a Glance, 2022-23)

**Corporate R&D in Australia**
- **Google $1B investment**
  - Google’s Australian Digital Future Initiative will invest in its first research hub in Australia (Source: Austrade News)
- **Microsoft Station-Q Sydney**
  - A strategic partnership forged between Microsoft and the University of Sydney in the field of quantum computing research (Source: Microsoft News)
- **CISCO’s National Digital Acceleration Program**
  - Innovation centres in Sydney and Perth for product innovation (Source: CSIRO National Digital Acceleration Program)

Note: the initiatives listed above are highlights. There are many other programs and initiatives offered by states and territories.
R&D excellence in multiple fields of technology

Australia attracts top-grade academic researchers. The Commonwealth Scientific and Industrial Research Organisation (CSIRO) helps focus investment in deep-tech and future-critical industries.

Australian universities

The University of Melbourne, the University of Sydney, the Australian National University, UNSW, and University of Queensland are in the global top 50 universities.

5 Australian universities in the Top 50 globally

Source: 2022 QS World University Ranking.

National Research Centres

TOP 1% of the world’s scientific institutions in 15 of 22 research fields

Australia’s national science agency
Leading research expertise and capabilities across science and tech

CSIRO’s data and digital specialist arm
Leads Australia’s AI adoption and development

Source: CSIRO Annual Report 2021
Opportunities across the technology landscape
Australia’s 800 fintech companies create a global hub

Australia now ranks 2nd in the Asia-Pacific as a fintech hub, and 6th globally. We are great fintech innovators – thanks to our outsized, A$10 trillion financial sector and consumers who are early fintech adopters.

Ranked #6 in the world and #2 in Asia in global fintech ranking

Growing domestic demand and policies that encourage innovation

- Financial institutions are looking for innovative solutions and partnerships to transform Australia’s A$10 trillion financial services industry
- A stable regulatory environment with policies that encourage innovation including an Enhanced Regulatory Sandbox and Consumer Data Right (Open Data)
- Australia is a strategic location to capture the growth of fintech in the Asia-Pacific – e.g. Australia-Singapore Fintech Bridge

Clear pathways to enter the Australian market

- Forging alliances and investment partnerships with large banks, incumbent institutions and start-ups to solve customer problems
- Tapping into opportunities from rapid adoption of digital platforms and payments solutions by businesses and consumers

One of the best ecosystems in the world

Source: Austrade News

Global fintech hub ranking

#11th – Sydney
#25th – Melbourne

Source: Findexable, Global Fintech Rankings, 2021
A global leader in 5G rollout

Australia will have 95% population coverage for 5G by 2025. We have the infrastructure and capabilities to be a test-bed for 5G innovation — in mining, healthcare, transport, utilities, and other industries.

Benchmarking 5G development in Australia

3rd globally
connected devices on a per capita basis

95%
connected devices on a per capita basis

7th / 65 countries
Most extensive 5G Subscriber uptake, latency and speed

4,000+
Operational 5G base stations deployed as at 2021

Sources: Deloitte Mobile Nation 2022; Telstra, T25 Strategy; Mobile Magazine 2022
5G adoption across industry is nascent yet 5G has the potential to unlock billions of dollars in uplift.

59% Enterprises needs a strategy to realise 5G potential

- Healthcare $29B
- Info, media & telecom $18B
- Mining $18B
- Transport $13B
- Manufacturing $10B
- Utilities $6.0B

Source: Austrade and PwC economic modelling of GVA uplifts by 5G, 2022

Strong government support for regional connectivity (AUD)

- Australian Government $210M
- Victorian State Government $550M
- NSW Government $400M
- Government of Western Australia $48.6M

Source: Australian Regional Connectivity Program; NSW Government, Regional Digital Connectivity Program Victoria State Government, Connecting Victoria Government of Western Australia, WA Regional Digital Connectivity Program

Market entry pathways

- Co-invest with domestic industries and telco companies to accelerate 5G innovation such as signal propagation and slicing
- Use Australia as an OECD-market test bed for 5G-enabled innovation

Source: Deloitte, Advanced Wireless Survey 2021
World’s 2\textsuperscript{nd} biggest FDI market for cyber security

Australia is a big supplier of cyber security technologies. We are a big consumer as well, with a growing cyber market driven by regulation. Defence alliances with the US, the UK, and neighbours in Asia-Pacific require best-in-class cyber skills.

Fast-growing market demand

Australia delivered the world’s 9\textsuperscript{th} largest revenue in cyber, growing at 11\% per year to 2026  
Source: AustCyber, Australia’s Cyber Security Sector Competitiveness Plan 2022

60\% of Australian companies will increase cyber budgets in 2023  
Source: PwC, Cyber Security Digital Trust 2022

World’s 2\textsuperscript{nd} largest FDI market in cybersecurity (2017-2021)  
Source: FDI markets analysis 2022

World’s 5\textsuperscript{th} Most Powerful Cyber Nation

A large pool of high-skilled tech talent

66,947
Workers skilled in cyber security, information and network security  
Source: Deloitte, Australia’s Digital Pulse 2022

1.2 million
Australia will grow the tech workforce by 40\% to 1.2 million by 2030  
Source: Australian Treasury, Jobs & Skills Summit outcomes

Strategic location to grow global cyber operations

- Regional leader in global alliances  
- AUKUS pact – Australia, the UK, the US  
- QUAD – Australia, the US, India and Japan  
- 24-hour cyber security centres

Co-investment opportunities

- Uplift national security and critical infrastructure with Australian Cyber Security Centre (ACSC) and Australian Signal Directorate (ASD)  
- Invest and co-design solutions with Cyber CRC  
- Leverage AustCyber and CyRise’s accelerators  
- Co-develop solutions with CSIRO and universities

Evolving regulatory framework

2,000+
Critical Infrastructure entities to comply with Security of Critical Infrastructure ACT (SOCI)  
Source: Australian Financial Review (AFR)

A$5 billion
REDSPICE imitative opens opportunity for the industry  
Source: ASD, REDSPICE Blueprint 2022
Tax incentives power a smash-hit digital games industry

Overseas investment partners with our creative nous, triggering a renaissance in digital games creation right across Australia. Government support helps. The Federal Government will offer a 30% tax offset incentive. State-level support can take this to 40-45%.

Australia’s capabilities
- A creative and connected ecosystem
- Australia’s smash-hit games rocketing up global sales charts and winning critical acclaim
- IP creators: 74% of Australian game developers create their own IP

Up to 45% offset from DGTO and grants

**DIGITAL GAMES TAX OFFSET (DGTO)**
- Eligible businesses with A$500K of qualifying expenditure

**ADDITIONAL INCENTIVES**
- Additional 10-15% available from state-based incentives
- Grants for game budgets below $500k
- 38.5%+ R&D Tax Incentive for R&D

**Up to 45% offset from DGTO and grants**

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Our amazing industry

Tap into a thriving ecosystem

**405 COMPANIES**
- 6 LARGE
- 28 MEDIUM
- 76 SMALL
- 297 MICRO

**BUSINESS MODELS**
- 250 Game as a Product (GAAP)
- 64 Games as a Service (GAAS)
- 36 Ecosystem Partners
- 11 Publisher
- 26 Technical / Creative Services

**Talent**
- 200,000 Software engineers
- 100,000 IT & Creative Arts graduates
- 3,000 Game development graduates

Source: Austrade: Level Up – Our 2022 guide to the digital games industry in Australia
Australia’s rapid uptake of digital services

Almost half of our top digital services companies are foreign-owned, ensuring Australia’s digital economy reflects world-leading solutions and our workforce is globally competitive.

Australia recorded healthy domestic growth

**A$117 billion**
IT spending in 2022, 13% increase from 2021 (global growth rate was 4%)

**A$41.5 billion**
IT Services spending -35% of the total IT spending

Source: CRN, Aussie IT spend to grow 13 percent to A$117 billion in 2022
FDI in Digital and IT Services significantly contributes to Australia’s employment

45 out of 100 top digital services companies in Australia are foreign owned

69% employees are hired by foreign investors in top 100 digital service companies

38,595 estimated number of employees hired by top 10 foreign investors

FDI success stories

NCS Singapore
4 strategic acquisitions in Australia
- ARQ for A$290M for its cloud, data & analytics and digital services
- Dialog Group for A$325M for its IT services
- Riley for its consulting capabilities in Google cloud applications
- Eighty20 Solution for its capabilities across Microsoft platforms

Bukalapak
Establish a R&D Tech Centre in Melbourne
- Tap into Australia’s tech and innovation capabilities and talent

Source: Austrade FDI Market Analysis – Digital and IT services
Investors power rapid growth in quantum technology

Australia has 30+ years of global leadership in quantum research. Eight universities are performing quantum physics research well above world standard. We have a track record for growing university spinoffs.

**Quantum technology industry**
- A$6 billion quantum technology industry in Australia by 2045
- 19,400 jobs by 2045

Source: CSIRO, *2022 updated economic analysis*, Australia’s quantum technology set for growth

**Strong government support**
- National Quantum Strategy
- National Quantum Advisory Committee
- Australian Quantum Alliance

Source: DISR Quantum DISR National Quantum Advisory Committee, Tech Council of Australia, Launch of The Australian Quantum Alliance

Image courtesy of Austrade
Globally, quantum computing will record CAGR 30.8% growth to deliver US$3,180.9M value by 2028  

*Fortune Business Insights*

### Centres of excellence and research institutions driving global collaborations

- Centre for Quantum Computation & Communication Technology (CQC2T)
- Engineered Quantum Systems (EQUS)
- Sydney Quantum Academy
- Australian Quantum Software Network
- CSIRO
- Pawsey Supercomputing Research Centre
- Centre of Excellence in Quantum Biotechnology

*non-exhaustive list*

### Australian quantum companies are making waves globally

#### Silicon Quantum Computing
*Founder: Michelle Simmons*

- **Technology breakthrough:** SQC delivered the world’s first integrated circuit manufactured at the atomic scale in June 2022

#### Q-CTRL
*Founder: Michael Biercuk*

- Spinoff of University of Sydney, 2017

#### Quantum Brilliance
*Founder: Andrew Horsley, Mark Luo, and Marcus Doherty*

- Spinoff of Australian National University, Canberra, 2019

*30+ Years of leadership in quantum research*

*25+ Quantum research institutions*

*Source: Austrade analysis*

*8 Australian universities ranked well above the world’s standard in quantum research*

*Source: Chief Scientist Office*

*Australian founders are leading the world’s best funded quantum start-ups such as PsiQuantum and Xanadu*
Austrade services
The government agency with global commercial networks