

FIRST DAY PITCHING

WITH MY ALTRUISM APP, CHARITIES HAVE LOWER ADMIN COSTS AND MORE MONEY GOES TO THE NEEDY!

THAT'S 8 SECONDS GONE... ONLY 52 TO GO.

I JUST NEED \$5K TO GET IT STARTED.



START ME UP

A startup event is giving ordinary Australians with extraordinary ideas a chance to flex their entrepreneurial muscle. And, in the process, redefining what you can achieve in a weekend.

WORDS DAVID SMIEDT ILLUSTRATIONS BIFF

Think of it as *The Voice* for business ideas. On a cool Sydney night when autumn's first tendrils find their way beneath collars and up sleeves, about 300 people are crammed into Fishburners, a neat shared-office space in the inner city.

They are here to find out if the concept that so dazzled in their lounge room will shimmer in the presence of those who can make it a reality: investors, publicity specialists, web designers and mentors.

Startup Weekend Sydney is part of a global program that includes 100 countries and more than 56,000 entrepreneurs in regions as disparate as Ulaanbaatar in Mongolia and Kalamazoo in Michigan, US.

They all begin the same way. Whoever would like to pitch their idea to the room is welcome to do so. The catch? You have a mere 60 seconds to detail who you are, the problem you wish to counter, the solution

you are offering and what you need to do so. There are only two rules: everyone gets heard and no-one gets criticised.

As pitch time nears, a febrile atmosphere of infinite possibility acquires its own curious momentum. Strangers wish each other luck, people you only just met affirm your idea's worth and the reality of cold, hard judgment takes its place on so many personal horizons.

The mix includes tech nerds, business types straight from the cubicle jungle, hipsters who say "concept" when they actually mean "idea" and the odd investor who has tried to dress down but is betrayed by his Ferragamo loafers.

Come pitch time the space transforms into destiny's waiting room. The ideas range from the altruistic (an app that helps charities cut down on admin costs with more money going to the needy) and artistic (an app that allows you to buy ►

5 STEPS TO STARTUPS

Melbourne entrepreneur Diesel Laws shares his top five tips.



1 Write down 30 things that really annoy you.



2 Find a way to solve any of those problems with technology.



3 Tell a friend the problem and your solution, then listen to their feedback.



4 Build it or rinse and repeat, depending on feedback.

wall posters from emerging designers around the world) to the brilliantly practical (an online rental application that you only have to fill out once and can direct all potential landlords to) and utterly inane (a social network for people who happen to be at a particular party).

In excess of 70 pitchers take the stage. Some are slick and clearly comfortable with a mic in hand. Others break out in a cold sweat and forget all but their name. Even as someone who prattles for a living, this writer finds the experience daunting to say the least. With 600 eyes fixed on you and 300 brains evaluating the baby that is your idea, adrenaline rides shotgun for your entire 60-second spiel.

My idea is this: the compliment bank. Everyone knows the power of a kind word,

so wouldn't it be great if — whenever you have a bad day — you could log onto a site where friends and family have said lovely things about you? You return the favour in kind and it's all done through Facebook.

"What do you need to make it happen?" prompts a Startup Weekend host as my time draws to a close. I honestly reply, "Clearly, I need a clue as to what I'm doing." The joke is well received, as is the idea, and after the session I am gratified to see that half a dozen attendees express an interest in working with me on it.

Other, better-thought-through business models have received a far greater degree of interest and the next morning teams are assembled to work on those ideas that seem the most viable. Add a range of mentors and judges, and for the

next 54 hours — the only rule being no sleeping on premises — tough questions are asked, infrastructures are formulated and \$5000 in startup funding is dangled in front of participants.

IN DEVELOPMENT

Many are called, the old saying goes, but few are chosen. Those who do make it, however, make it big. In October 2010 Kevin Systrom and Mike Krieger launched an app that allowed users to take a photo, apply a retro-looking filter to it and then share it on their social networks. They called it Instagram.

Just two years after Instagram received half a million dollars in seed funding from Baseline Ventures and Andreessen Horowitz, it was sold to Facebook for one

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billion dollars — a staggering figure for a business that, even today, does not actually generate any income.

It seems that startups are once again big business, but unlike the fiscal madness of a decade ago when millions were thrown away by wide-eyed investors keen on making a motza on the internet — whatever that may be — the contemporary picture is more diverse and measured.

Tyson Lundbech, an entrepreneur who brought Startup Weekend to Australia and has created everything from mobile phone applications that allow you to buy friends

a round of drinks to a skateboard that feels more like a surfboard, attributes this to the rise of the angel investor. The original wave of late-1990s tech-boom startups consisted of a few lavishly funded big ideas; angel investors today are more about making lots of little bets rather than a few big ones. "They are the early-stage investors who are getting in on the ground floor, providing some initial seed capital, mentoring and maybe a patch of office space in exchange for equity in the new company," Lundbech says. "These guys know the scene well

and they are usually investing their own money — probably made from selling their own startup to Google or the like."

In addition to this, the business of investing itself has become democratised, something US engineer Eric Migicovsky discovered when he wanted to invent a watch that could communicate with an iPhone. When venture capitalists were lukewarm on the idea, he went to Kickstarter (www.kickstarter.com), a website where punters could pledge \$99 to the project and get one of his 'Pebble' watches in return. Less than two hours after posting the project, Migicovsky and his partners hit their \$100,000 target. Eventual pledges topped more than \$10 million, which was ten times more than what Migicovsky hoped for. ▶



5 Bonus Round: If people give you money to build it, you win.

SHOW ME THE MONEY

In an era where Facebook is willing to pay ten figures to simply funnel the attention on Instagram back into its own stable, there are clearly fortunes to be made and in the hyper-speed cyber world, Australia is as well placed as any to capitalise. Lundbech says we need to shift our perspective from cracking the US to the Asian market. “Why get a million people using your product at \$5 each, when you can get 10 million using at \$2 each?”

Among the ideas that have found success through Lundbech’s events are FitUsIn (www.fitusin.com.au), an online service which allows casual customers to visit gyms during off-peak hours; Transitnote (www.transitnote.com), a social-networking site through which travellers can share their travel experiences; and Native Tongue (www.nativetongue.com), a mobile-gaming platform for language-learning apps.

One factor driving the startup 2012 picture is diminishing costs. Melbourne entrepreneur Dinesh George says, “With cloud technology, and mobile and web interfaces costing much less than they used to, it allows startups to grow with less funds than they previously would have needed. Due to this reduction in cost, startup investors can reap great rewards on their investments.

George adds that the ideas that take off are not necessarily revolutionary but rather provide new ways of doing old things. It’s a notion he has taken with his business TaskWant (www.taskwant.com), which outsources all manner of chores from people who have the money but not the time to those with the time and need for a few extra dollars.

Another example of this challenging orthodoxy can be found at 99designs (www.99designs.com.au). This Melbourne

firm has been featured in *The New York Times* and *Wall Street Journal* for allowing anyone needing design work to post their project online along with their budget. Designers from around the world then battle it out to score the gig. So, for example, while \$500 for a logo may not get you past the reception desk at a premier Australian agency, a whizz in India with the same skill set sees it as a sweet deal. 99designs takes a cut from the fee and with more than \$40 million dollars paid to its designers since its founding in 2008, the returns are substantial.

According to George, startups will always follow the peak-and-trough model. What will remain consistent is the aim to make our current tools redundant. “Five years down the line we might not even have email anymore,” he says. “The future is all about the person who can figure out what will replace it.”

Illustrations: www.biffonline.co.uk