New thinking answers call of progress

Innovation Clearing barriers to sharing information is vital.

James Dunn

s an abstract noun, innovation has a good reputation: it is bright, it is sexy and it conjures up the image of clever young people buzzing around in start-up hubs, building the businesses of tomorrow.

That certainly is happening, and it is a great thing. Andrew Purchas, head of innovation and collaboration at Sydney fintech hub Stone & Chalk, sees it all the time. "In the fintech space, there are no longer the barriers of entry around a lot of the technology development, both in terms of computation plus also in terms of actually development," Purchas says. "There's also the ability to do things in the cloud. There's definitely been a significant change around the barriers of entry in terms of how these new businesses can actually get a concept up and running."

That is the kind of thing that is music to the government's ears: after all, Australia is meant to be enjoying an innovation boom, "called down from Canberra. And internet, software, life sciences, telecommunications, agtech, fintech and edutech companies are answering the call."

The point there is that these are not all new industries – but industries where new methods, new technology and new thinking are being applied:

"Agriculture is the classic example of that," says David Lindberg, chief executive of AGL. "It's probably the oldest sector in our economy, but probably the most innovative customers we have are involved in agtech. Farmers in this country are now the most productive farmers of anywhere in the world, because they're applying robotics and the Internet of Things, they're applying really advanced data algorithms to optimise everything that they do."

But innovation is not just the province of clever start-ups with wonderful new technology applications – innovation can be done at any level, in any process, at any time, in any company.

For example, innovation can be seen in changes to organisational structures. "Innovation is not just technology, a business can innovate in how it's structured, and how it thinks," says Andy Vesey, chief executive of AGL.

Vesey says businesses have traditionally been designed around the most efficient processing of the organisation's material resources – but this architecture is out of date. "The successful businesses of tomorrow are organised around information," he says. "In this environment, the companies that win are those that get the best data and process it quickest, so as to gain insights and act on them more quickly, in a better customer outcome." It's a totally different way of thinking about your business, and it means breaking down the barriers in your organisation.

Traditionally, he says, corporate power was held in the organisation by controlling information, and companies did that by "siloing" departments, which were feeding information up the hierarchy.

"In today's world that is a recipe for disaster, and successful managers and leaders know how to break down those barriers and silos, and make sure that information is flowing to where it can be acted on, to generate insights."

In a business that will survive – let alone become a business of tomorrow – the barriers and silos are gone, Vesey says. "The only way you can be in business these days is to have the silos broken down, people free to communicate and team up and problem solve, and actually work together."

"I think there's a lot of innovation that still has to happen in terms of organisational design, industrial structure and in the cultures of organisations, to support those kind of strategies. Technology's the easy part. It's the other stuff that's really hard," John O'Mahony, partner at Deloitte Access Economics, contends that the companies seen as being the most innovative in terms of their business, have often been just as innovative on their structure. "I've walked around the Google campus, and the Xero campus, and Kogas's head office [the online consumer electronics and appliance store]. They're businesses that are just constantly thinking about innovating and constant change, and they're also the businesses that have flat management structures that empower their employees to collaborate."

"They have that office environment with spontaneous conversations starting up about new solutions. The businesses that are really innovative in their activity are also the businesses that look a lot like that as well," O'Mahony says.

Lyn Cobley, chief executive of the Institutional Bank at Westpac, calls this work on the organisational structure "purposeful innovation". She says the bank is "very good at working down the silos", but recognises that it has to become just as good at "working across the horizontal" in the organisation.

Indeed, Cobley says Westpac is working on a whole new way of training its people. "We are implementing a whole different way of measuring their performance, a whole different way of setting their KPIs and what we're expecting of them, and how we actually give them permission to fail."

"We're well aware that we need our people to have what I call 'enterprise' skills, which we define as an agile mindset, a growth mindset, the ability to influence, to communicate well, and to collaborate."

Because these skills are only going to become more sought after, Cobley believes there will be innovation to match this, from the education sector.

"We bank a lot of universities or education providers, and they are asking themselves, what is the product that I need to produce to go into this new world?"

"If the businesses of tomorrow need an entirely different skill set, is the typical three or four-year university degree still relevant in this day and age? Or are there shorter degrees, where maybe you learn some skills for a couple of years, go out into the workforce and then you come back for some sort of top-up skill? We believe we'll see a lot of innovation in that space, too."

Clockwise from left: David Rohrsheim, general manager Australia and New Zealand, Uber; Miles Fuller, CEO, Nepean; Lyn Cobley, chief executive Institutional Bank Westpac; Andrew Vesey, CEO AGL; Andrew Purchas, Stone & Chalk; John O'Mahony, partner Deloitte Access Economics; David Lindberg, chief executive Business Bank Westpac; Leslie Chong, CEO Inmugene; Mark Eggleton AFR, and James Dunn, AFR, convener. PHOTO JEREMY PETER
Disruption can create as well as destroy

Customers

James Dunn

Simply enter “disruption” into Google and you can see that the term is rapidly heading towards ending up as a cliché, as a war between the disrupters and the disrupted.

The truth is that disruption is not necessarily binary. As Harvard Business School professor and disruption guru Clayton Christensen puts it, disruption displaces an existing market, industry or technology, and produces something new and more efficient and worthwhile. It is at once destructive and creative.

“Disruption is a loaded word these days,” he told the Review. “It means different things to different people,” said David Rohrsheim, general manager, Australia and New Zealand, at Uber. “We actually struggle with the word, because while we brought in something that has changed the reality that doesn’t now necessarily mean disruption, and innovation doesn’t necessarily mean disruptive.

“It sounds scary and it also sounds aggressive and it sounds like there’s a winner and a loser, but we would argue that taxis are actually doing fine,” said Rohrsheim.

Uber founder Travis Kalanick “never had a vision for disrupting the taxi industry”, said Rohrsheim. “Travis couldn’t get a cab in Paris one night, he wanted to press a button to get a ride home. Ultimately it turned out all of his mates wanted that too, and then all of their mates, too. Our view is, there’s some unhappy customers, let’s go fix their problems.”

The Uber app was revolutionary – but the concept of disruption, not so much, said Andy Vesey, chief executive officer of AFR.

“We were Australian Gas Light, chartered by King William IV in 1827 to supply gas lights to Sydney. We lit our first street light in 1841.

“Do you know how long it took for us to go from 0 to 100 in the past two years? It was disrupted in 1866 in Brisbane, when the first electrical lighting system came along. That’s what happens – organisations form up around a certain technology paradigm, then all of a sudden there is change, and that feels like dysfunction that occurs.”

But the reality of business, said Vesey, is that disruption “just becomes a part of the fabric of” what an organisation has to deal with. “The big challenge for all business is how do we prepare ourselves to be a business of the future when we don’t know what that future is? Whether you’re a start-up or an established business, that’s your challenge,” Vesey says.

Rohrsheim dismisses the idea that any industry can be “Uberised” and that there is “the Uber of any other industry”. “We feel we get covered probably more than we deserve, and the Uber of is a nice, easy, short comparison to stick in front of other things.”

“When you use Uber for a private hire, there’s a thing that pops up on your phone and it’s a ‘terrible idea’ to try to clone someone else’s idea.”

To think, ‘well Uber took a mobile phone app and used that to book cars, therefore I’m going to take a mobile phone app and use it to book a person to clean my home’ – we don’t think that works.

“The core of Uber is press a button and get a thing in five minutes or less. That took us into UberEATS where food is something you need fast. There’s not a lot of things you need in five minutes or less, so that’s why I don’t think you’ve seen the ‘Uber of’ markets very much,” he said.

David Lindberg, CEO of the Business Bank at Westpac, says that what all businesses can learn from Uber is that all great innovation starts not with a product idea, but with a problem customers have that needs to be solved.

“We have to most certainly have the same thing as a company is consistently have processes and mechanisms so that you’re not just a company to do as a company is consistently have processes and mechanisms so that you’re always trying to figure out what your problems are,” he said. “To me, it’s about closeness to customers.”

Mining boom spawns PlantMiner

Mark Eggleton

As a young civil engineer based in Mor- anbah, Queensland, Michael Trusler spent two years battling procurement processes. The mining boom was in full swing and Trusler had a shocking time sourcing suppliers, sending emails and making phone calls all over the nation trying to get the mandatory few quotes for every job.

“At the time, he couldn’t help think- ing all the resource needs for procure- ment should be in one place. He compared the process of mining and construction procurement with buying a car online, and he saw it was to compare and contrast pricing when it came to buying a new Hilux but how difficult it was to source and equipment in his own industry.

The result was the birth of technology startup PlantMiner, which Trusler co-founded with mates Dan Wilkin and Nicholas Ansin.

Michael Trusler says clients have been amazed at how quickly PlantMiner can customise solutions in mining and construction procurement. PHOTO: ERIN JONASSON

Procurement

Michael Trusler says clients have been amazed at how quickly PlantMiner can customise solutions in mining and construction procurement. PHOTO: ERIN JONASSON

We didn’t want to just deal in one facet of the industry. We wanted to do everything and be a true construction marketplace for every builder, estimator and construction manager,” Trusler told The Australian Financial Review.

“Tuck in we made around 20,000 phone calls over six months in the beginning, and the overwhelming feed- back from the industry was we were something that was desperately needed, especially off the back of the mining boom.”

The company, which has been selected as one of Westpac’s top 20 high-potential Businesses of Tomorrow, has quickly established itself as a leading online procurement player, and it is already competing against software behemoths. What sets it apart is that it is a marketplace providing access to everything needed in the construction process, from earthmoving equipment to concrete, heavy drills, labour and even portable toilets.

With about 65 employees, the company remains nimble in its processes and that sets it apart from larger competitors. Trusler says numerous clients have been amazed at how quickly PlantMiner can customise individual solutions. It is something the company will work hard to maintain as it grows.

Being Australian also makes a difference, because local construction industry players know “they can pick up the phone, talk to the CEO and know we’ll get it done.”

“Australian technology companies are seen as real market leaders globally when it comes to developing software, and many of the big US venture capital funds are out here looking at local tech,” Trusler says. “They see companies like Alassian and Sibelium and how we’ve been developed in Austra- lia, and understand there are plenty of opportunities here.”

PlantMiner has also developed a private product, PROCURE.IT, which companies and councils can use as an internal customised platform for their own procurement processes.

“It’s a product we’ve still building out and it’s aimed at tier-one builders and contractors as well as local councils which might need to customise all their own procurement processes.”

Great innovation starts with a problem customers have that needs to be solved.

Data

Joshua Gilidson

Since its founding in 2006, Ansarada, a Sydney-based business specialising in cloud-based data rooms for takeovers, mergers and acquisitions and the like, has been involved in more than 15,000 deals worth its co-founder and CEO Sam Riley estimates, “several trillion dollars.”

The business came into being when its founders were working on a busi- ness sale, and realised that there must be a better way to access information in a controlled manner. At the time it was either set up an electronic room, or fly out the relevant parties.

“We built something ourselves, and realised that there was a business opportunity there,” says Riley. “That was in 2005. We kept our day jobs until September 2006 when the business was ready to go, and I came on board as employee No.1.”

According to Riley, Ansarada’s mis- sion is to provide a product to execute high-risk, and high-value deals such as fundraising, public tenders and mer- gers and acquisitions. “We get engaged by the sellers and their advisers when they are ready to do a deal.”

However, Ansarada is not standing still. Riley says the company is in the process of reinventing itself to provide customers with a better business experience. “There are lots of questions and answers submitted to get a deal done,” he noted. “That is 70 per cent of the workload and it is a core part of doing a deal. We manage the Q&A as well.”

He says that the data Ansarada had accumulated, the business looked at the market and why an organisation is at the best shape of its existence at the end of a deal, and yet that data is not subsequently used to make the overall running of the company better throughout its lifespan. “We are taking the accumulated wisdom from the 15,000 deals we have been involved with and turning it into a product to help businesses do what is next, and to extract value from their organisations. It will help them benchmark themselves and perform better,” he says.

“It’s about adding value to people,” he added. “Asking the right questions, and finding out what are the problems of tomorrow that need solving. That is where innovation should be directed.”

“Unfortunately an Australian business in the global economy is all about being relevant. ‘If you don’t do it, someone else will,’” he said. “Asking the right questions, and finding out what are the problems of tomorrow that need solving. That is where innovation should be directed.”

He also noted the importance of cult- uring driving business success. “If you have an end commercial pur- pose, that is the foundation for building a great culture,” he says. “Leadership has to be around, motivating people, and not being served. A good leader drives credibility and fairness and pride in what the business is working on.”

“When you connect with your peo- ple, they see they are understood and being served and that is what makes greater leadership,” he added.

Great leadership also drives success, but Riley is circumspect and noted that there is no single template for success.
Key to survival: be essential to customers

Leadership
James Sherbon

No one can know for sure what the businesses of tomorrow will look like, but we know one thing: they will have to be needed by their customers. As Andy Vesey, chief executive of AGL, puts it, “the key to survival is being essential.”

This is where the “uncertainty territo- ries“ come from, says Vesey. “That requirement, of being essential, will be as challenging for me as it’s going to be for any fintech start-up, because that future evolves in our interactions.”

What we do know, says Miles Fuller, chief executive of engineering and manufacturing group Nepaus, is that the businesses of tomorrow will be driven by “ agile, young, excited, innova- tive people.”

“We are too much about the tools, the software, the computing, the 3D printing, but even in manufacturing – especially in manufacturing – our future lies in entrepreneurial man- agers that are empowered to lead com- panies, and to stay humble, stay focused. In manufacturing, we’re ‘huddling’ and collaborating as much as any industry, and that excites me about the future more than technology does,” says Fuller.

“We can be fairly sure that the lead- ers of these companies of the future will relate really well to their custom- ers, and they’ll be able to create an environment where people can play to win and they feel prosperous and they feel like they’re achieving something, which is the biggest motivator in the world.”

Another thing of which we can be certain, says Vesey, is that businesses of the future will “be more diverse” – and for better reasons than those for which diversity is now sought.

“We are only just starting to realise that the more lenses we have on an issue, the better decisions we’re going to make,” he says. “Increased diversity is not about a societal obligation – it’s about the survival of the business, in a world that is just much more complex- ated. We have to have many voices,” he says.

Leslie Chong, chief executive officer of cancer immunotherapy drug developer Imugene, says life sciences companies are “literally trying to be the businesses of tomorrow.” She says they at least know what their customers want – to be cured of terminal condi- tions, or to have better quality of life – but they face the inherent risk that what they are trying to deliver to them may not work.

“There’s no one that’s more risk- averse than MDs and oncologists and scientists. They’ll be constantly looking for new cultural ways to evolve in the ‘dinosaur’ industry which is pharma- ceuticals – in fact, that’s happening now.”

But she knows that one thing that will not change with biotech. “They’ll still be looking for those epiphany moments,” she says.

Biotech
Olga Galach

Experiencing a mid-life career crisis at exactly the same time as his wife, spurred Stephen Tomisich to launch his own business, Trajan Scientific and Medical.

“Sitting around the kitchen table one evening, Angela and I decided we were ready to move in a different direction from where our jobs were heading,” says Stephen, who is Trajan’s chief executive.

Angela, the company’s general man- ager of pathology, was a clinical trials specialist while her husband had a background in analytical science, and both wanted more “purpose” in their careers.

Beginning in 2011, the Melbourne couple began acquiring laboratory and science analysis businesses and today they have almost 400 employees across the globe. “We started with a purpose: an aim to bring science closer to people ... to help impact human well-being,” he says. “Plus our operating model had to be quite different to other early-stage companies that burn through investor cash. We only bought businesses that were cash flow positive and used them to find more acquisitions.”

The company sells leading laboratory equipment but has been transitioning into medical devices to improve the quality of diagnostics.

Stephens believes the company’s blood sample and storage product, hemaPEN, will revolutionise pathology. It collects a tiny amount of blood via a finger prick and stores it in such a way that it retains its integrity better than through traditional sampling.

As the device is not invasive, trauma to the patient is eliminated, allowing sampling to be done more often, even hourly. It can be done remotely and importantly during a medical event, such as when a person is experiencing symptoms which prevent them attend- ing a clinic. “This enables the collection of information-rich data that has the potential to improve treatment out- comes and accuracy in clinical trials,” he says.

“Western healthcare systems are increasingly in a funding crisis ... our mission is to reduce the number of peo- ple who have to show up to a clinic. We have several Big Pharma interested in hemaPEN because of its potential to strip up to 30 per cent of the cost of a clinical trial.”

“A big part of a funding trial is taken up by cold chain logistics ... putting blood samples into cold storage and shipping them around.”

Trajan is confident it will cement its role in the future as a developer of consumer-driven devices to help peo- ple monitor their health.

The fundamental success for a com- pany starts with its purpose – why do you do what you do – and ensuring employees align themselves with that purpose. Stephen says Remaining “people- centric” is another priority. “I am a fan of business leadership author Jim Collins’ view that to succeed you go out and grab the best people you can find,” he says.
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Businesses of Tomorrow

Agribusiness

Jonathan Porter

How do you turn a one-person operation into an ‘overnight’ success, which competes with massive multinational and exports to more than 40 countries in a cut-throat industry?

Answer: Thirty years of hard work and innovation.

That is the modest assessment of Juhani von Hellens, technical manager of Bioproton, Brisbane-based manufacturer of feed enzymes which improve animal digestion and the quality of meat, eggs and milk, while lowering the cost and environmental footprint of food production.

Von Hellens’ template for success: “Just work hard and never give up.”

And von Hellens’ hard work has been recognised, with Bioproton being named as one of Westpac’s 200 Businesses of Tomorrow.

Von Hellens says everyone at the firm is very humbled by the award. “This is huge compliment to our hard-working team. I am also keen to meet the other IoT participants; there will be so much to learn from them.”

He attributed the company’s ability to take on the big guys to its small size and agility.

“Our competitors are large multinationals. We are a small firm, but we are nimble, this allows us to out-compete our peers as we can respond better to market demands with our products,” says von Hellens. “But we also have extensive skills and capability to match our competitors to meet customer expectations – in sales, marketing, regulation, research and development, laboratory and production.”

“Our sector is forecast to grow double digits for the next couple of decades as more people in the world are upgrading their dietary habits into animal-based protein diets and consuming more milk, eggs and meat.”

David Lindberg, judge and chief executive of Business Banking at Westpac Group, highlighted Bioproton’s vision and willingness to invest in research for its inclusion in the Businesses of Tomorrow awards.

“Bioproton has a clear purpose and vision to be a world-class biotechnology company in a huge growth sector,” says Lindberg.

“Having demonstrated their ability to reboot the business, the team at Bioproton have identified significant opportunities for expansion into new markets.”

“Bioproton’s willingness to reinvest 20 per cent of sales into research and development, and collaborate with universities, demonstrates the business’ strong commitment to be successful beyond tomorrow.”

As populations grow and the global demand for protein increases, so too does the need for agribusiness additives, says von Hellens.

“Bioproton’s growth has been organic, and expansion financed by customer sales. We are committed to innovation. We collaborate with local universities in joint research projects, we sponsor PhD candidates, as well as undergraduate and postgraduate students to work with us.”

“The economies in our backyard will grow tremendously in the next 20 to 30 years. Juhani von Hellens, Bioproton

“Australia is a very small part of the global GDP, if you want to grow your business 50-100 times bigger, you need to have activities and that includes exports, investments and partners outside of Australia. There are opportunities in our region. The economies in our backyard of China, India and south-east Asia will grow tremendously in the next 20 to 30 years.”

He called on Australian businesses to play to their strengths and engage, “If we do, then our services industries, high-tech manufacturers, healthcare and agriculture will have a bright future – and by extension our nation will prosper as well.”

“You will also need to manage immense complexity and transform complex ideas through research and development into suitable products that can be launched in the market.”

He says that to succeed in the new economy businesses need to recognise the importance of continuous innovation and not be satisfied with the status quo.

“Markets move fast – you need to be able to respond to changes.”