



INNOVATION CENTRE SUNSHINE COAST PTY LTD

# DIRECTORS REPORT

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2018

ACN 094 885 177



The ICSC acknowledge our collaborative partners, including:





## **INNOVATION CENTRE SUNSHINE COAST CHAIRMAN'S INTRODUCTION**

The Innovation Centre Sunshine Coast (ICSC) is fortunate to be part of an organisation that has received so much support from its founding owner (USC), the regional economic community, three levels of government, sponsors and the citizens of the Sunshine Coast. As this Report shows, we have been able to build on that support for the energy and drive we bring to the benefit of a significant number of stakeholders. These range from entrepreneurially-minded USC students and staff, local and international startup companies and their investors, policy makers and legislators and those Sunshine Coasters who are interested and involved in the development of a knowledge-led regional economy.

The Board of Directors greatly values the energy and expertise of CEO Mark Paddenburg, his staff, mentors, partners and sponsors. They make good things happen, and our members, clients and our stakeholders are the winners.

On behalf of the Directors, and our Shareholder, I commend this Report to the reader.

*Dr Peter Isdale AM*  
Chairman of Directors

## **INNOVATION CENTRE SUNSHINE COAST DIRECTORS' REPORT**

As we close in on sixteen years of operations, it's rewarding to see how the ICSC has evolved from a small innovation hub into one of the most successful regional business accelerators in Australia.

None of this would have been possible without USC's leadership in 2000 and our community who have powered us from the very start. It is this strong backing and support that provides us with the added confidence to be audacious in our tactics, bold in our vision and courageous in new program development and stakeholder services.

Entrepreneurial activity and regional development are positively correlated, providing employment and wealth-creation opportunities, as well as enhancing the quality of the infrastructure and social environment. Over the past sixteen years the ICSC and its 240 members have contributed over \$60M in regional economic impact (AEC Report 2015), created over 970 jobs and 280 student placements.

This report provides an update on the Innovation Centre's important work, and the impacts that we've had over the past twelve months. We look forward to continuing to work with you to maximise our impact and ensure we keep supporting our stakeholders to achieve commercial success.

*The ICSC - Where Innovation Lives & Entrepreneurs Thrive*

#### DIRECTORS:

The names of the Directors of the ICSC in office during the reporting year are as follows:

Director	Term	Experience
<b>Dr Peter Isdale AM, PhD (JCU), BA (Hons) (JCU), MAICD. ICSC Chairman from 1 January 2017.</b>	From: 01/09/2016	Former scientist, corporate CEO, Chair or Deputy of eight organisations & professional company director.
<b>Ms Julie-Anne Mee, BBus (CQU); MAdmin, (GU); FCPA, MAICD, Company Secretary (ICSC)</b>	From: 07/12/2010	Qualified accountant, management / company director roles & former USC Council member.
<b>Dr Kirsten Baulch, MBBS FRACGP (UQ); GCBA (QUT)</b>	From: 19/06/2012	Qualified general practitioner, Founder & Medical Director of Medimobile P/L
<b>Professor Roland De Marco, PhD (La Trobe), MSc / BSc (RMIT), MRACI</b>	From: 24/02/2016	Deputy Vice-Chancellor (Research and Innovation, USC) and various board and advisory roles.
<b>Mr David Foster, B.AppSci, MBA, SFFin, FAIM, GAICD.</b>	From: 24/02/2016 – 23/04/2018	Chairman, Sunshine Coast Economic Futures Board, Member USC Council, USC Planning & Resources Committee
<b>Mr Mark Ferris, BA, LL.B</b>	From: 21 February 2017	Commercial lawyer, startup founder, business development, strategy, angel investor & business mentor.

#### ICSC BOARD MEETINGS, DIRECTORS & CEO ATTENDANCE:

Six (6) meetings of the ICSC Board were held in 2018 with meetings attendance summary:

Attendee	Eligible to attend	Attended	Location
<b>Dr Peter Isdale</b>	6	6	ICSC office
<b>Professor Roland De Marco</b>	6	6	ICSC office
<b>Ms Julie-Anne Mee</b>	5	3	ICSC office
<b>Dr Kirsten Baulch</b>	5	5	ICSC office
<b>David Foster</b>	1	0	ICSC office
<b>Mr Mark Ferris</b>	5	3	ICSC office
<b>Mr Mark Paddenburg</b>	6	6	ICSC office

Directors' interests in shares and options of the Company as at 31 December 2018 were nil (2017 nil).

#### PRINCIPAL ACTIVITIES:

The University of the Sunshine Coast (USC) established the ICSC on 26 October 2000, under the *University of the Sunshine Coast Act 1998 Part 2(6)* with an independent Board. With financial backing from the State and Commonwealth Government, the ICSC became operational in 2002 with a mission to support the startup and growth of knowledge-based businesses and to promote beneficial interaction between these businesses and USC. The ICSC operates a 1,700-square metre business incubator and accelerator facility on the USC campus at Sippy Downs on the Sunshine Coast. It provides business development programs, high quality mentoring, investment readiness, pathways and

connections to early stage capital, extensive networking opportunities, high-speed fibre/wireless connections, flexible office space, video studio, prototyping / design lab, and collaborative links to USC research, staff and students.

**REVIEW AND RESULTS OF OPERATIONS:**

For the year ended 31 December 2018, the ICSC had total income of \$957,595 (\$1,055,274 in 2017), a net operating profit of \$32,996 (\$16,720 in 2017) and has a year-end total equity of \$156,838.

In 2018 the ICSC attracted 31 new member companies (30 in 2017) and two members have signed mutually beneficial research agreements with USC (Terragen Biotech and Servatus).

Over the past calendar year, the ICSC has focused on four strategic priorities:

1. Provide catalytic capacity building programs, support and connections local innovators
2. Deliver high calibre facilities, services and programs to startup members and stakeholders
3. Facilitate and support USC R&D translation pathways to business
4. Enhance IC/USC regional profile, partnerships and outreach.

To achieve these outcomes in 2018, the ICSC delivered more than 290 hours of mentoring, introduced a new accelerator program, helped establish #SCRIPT (Sunshine Coast Regional Innovation Program Team) to deepen collaborations with key partners, helped establish the SunCoast Angels Network (incorporated in April 2018), welcomed 31 new members, hundreds of business owners, community leaders and students into the IC through 40+ events to ensure we play our part in fueling innovation in the region. New ICSC accelerator programs and partners include:

	<p>The new Australian Health Accelerator business program (AH-x) commenced in October 2018, funded by #SCRIPT (\$28,000) and the Commonwealth Incubator Support initiative (\$60,000) and significant in-kind support from the Sunshine Coast Health Institute. AH-x enables 10 startup founders in the health, well-being and med-tech sector to rapidly develop and scale their ventures.</p>
	<p>2018 saw the second cohort graduate from the GrowCoastal Food Accelerator program. Funded by the IC, Advance Queensland (\$133,000) with some in-kind support provided by the Food and Agribusiness Network, the program enabled an additional 12 founders to commercialise new products and scale their enterprises.</p>

The ICSC also sponsored a successful trial of the USC Research & Innovation Challenge event – a collaborative event in December 2018 which brought together 12 companies which pitched to more than 40 USC researchers. The purpose of this event was to facilitate new research and development collaborations. Attendees delivered five-minute pitches followed by a networking opportunity to facilitate connections / meet with the researchers to discuss and scope potential collaborative projects. Six projects are being actively scoped for ongoing USC research collaborations.

The year has not been without its challenges, but these were largely overcome by:

- stronger collaboration with #SCRIPT, USC and relevant business / government entities,
- leveraging off ICSC partners and our extensive panel of mentors, experts and sponsors, and
- the ICSC focusing on high value programs targeting mature startup and high growth companies.

#### **ICSC PROGRAM & MEMBER HIGHLIGHTS:**

##### **Some of the Visiting Entrepreneurs & VIPs to the ICSC included:**

- Leanne Kemp, Queensland's third Chief Entrepreneur, visited the Innovation Centre during a day-long tour of innovation hubs across the Sunshine Coast. After a quick Q&A presentation, Leanne provided solid feedback and guidance during a members-only pitch session.
- Dr Glen Richards, Founder Glencross, PetBarn and VC / Shark Tank investor provided IC companies with deep insights following a five-minute pitch presentation. IC companies pitching included: ForgetSpecs, Medifarm, Terragen Biotech, Backslap, WandsPro, Bonafede Broth Co and Bundle of Rays.
- Ian Mason, Head of Strategic Development for Virgin Startup provided robust advice and mentorship to six IC members which pitched to an expert entrepreneurial panel. Founders pitching included KOKOPOD, Medifarm, NetHealth, IOTIQ, WandsPro and ActivLinx.
- Queensland's third Chief Entrepreneur, Steve Baxter also spent time with a number of ICSC members and students prior to presenting The 2018 Geoff Shadforth Memorial Lecture - a man well-known to the audiences of Channel 10's Shark Tank for his incisive questioning of budding entrepreneurs and innovators (and targeted support).
- Hon Karen Andrews, MP, the Federal Minister for Industry, Science and Technology visited the Innovation Centre as well as the AH-x participants at the SCHI.
- US based entrepreneur Heather MacKenzie showed members and guests the power of storyteller and her passion for championing entrepreneurship across the globe.

##### **Advance Queensland Hot DesQ applicants based at the ICSC:**

As part of The Queensland Government's second round of Hot DesQ, an initiative to attract high-calibre startup founders and their team to Queensland for at least six months. Competition was fierce, attracting applications from all over the world. Hot DesQ 2018 accepted 28 applications with two international startups choosing to relocate to the Sunshine Coast and operate from the ICSC and contribute to growing the state's entrepreneurial ecosystem. They included:

**Medicsen:** this Spanish company develops a learning algorithm connected to wearable devices and smartphones in order to predict disease evolution and future values of interest, give recommendations and automatically supply medication through a non-invasive smart-patch also developed by the company with initial focus on diabetes.

**Turbulent:** This Chilean company has redesigned Small Hydropower with a simple, bio-inspired turbine that allows anyone with a river or the rights to flowing water to become a renewable energy producer.

### **Our Mentors**

The ICSC prides itself on providing members with access to some of the best mentor experiences available in the country. With varying backgrounds, mentors share their insights and passion with members who are developing and scaling their ventures. Over \$72,000 in pro bono mentor services were provided in 2018. The IC Mentor of the Year Award based on member feedback and impact went to Robyn Pulman (also a 2018 Sunshine Coast Business Womens' Awards finalist). 2018 new mentors included Bob McGannon, Claire Smith, Sandra Arico and Michi Tyson.




### **Our Experts in Residence**

The AusIndustry Experts in Residence (EiR) funding of \$60,800 has enabled the IC to deliver over 170 hours of expert advice to ICSC members throughout 2018. In addition to one-on-one founder sessions, group workshops and events have been also been delivered. Through this program the ICSC has observed a renewed confidence from founders of leading innovative companies bringing strong products and service offerings to market. Most of the participants are in (or in the process of entering) global markets.

### **Just some of our ICSC Members in the news**

- **Your Mates Brewing Co** - Season four of Shark Tank Australia featured IC member - Your Mates Brewing Co – while they didn't secure investment from the sharks, they did secure significant marketing exposure which assisted them to raise \$1million in private equity from the Sunshine Coast region.
- **Hive Haven** - Parliament House in Canberra has gained a new agile community of native bees, following approval for Sunshine Coast business, Hive Haven's founder Anne Ross to install one of their innovative hives in the nation's capital.
- **Medical Cannabis Symposium** - Over a hundred doctors and health workers from around Australia visited the ICSC for the first ever medical cannabis symposium. The information session, hosted by IC member Medifarm, focused on educating the medical profession about the benefits of treatment with medical cannabis, which began production here on the Sunshine Coast at the end of the year.
- **Bakslap's Kickstarter success** - Raphael McGowan and the Bakslap team successfully raised \$48,380 in 30 days. A massive media blitz combined with a remarkable story propelled the campaign to success.
- **Australian Cider Awards** - Sunshine Coast Cider (2018 Grow Coastal member) took home the silver at the Australian Cider Awards 2018 for their Sunshine Cider and two bronze medals for their bottle fermented cider and their sparkling brut + cider.
- **Sunshine Coast Business Awards** - ICSC members Good Harvest Organic Farm was the winner for the Agribusiness – Small Business category, with three other GrowCoastal members also being recognised as finalists, KOKOPOD, Montville Coffee, and QCamel.
- **Australian Video Producer Awards** - IC Member Innovate Media won Silver at the Australian Video Producer's Awards in Melbourne before a panel of three judges. The winning project, a Brand Story Film for Distance Assistance (also an IC member), tells the story of founder Renee Coman's family and why she started the program — to help other FIFO community members.

The ICSC also featured a series of USC students / founders achieving commendable outcomes and amazing connections Their stories can be seen at <https://innovationcentre.com.au/news-2/> Other ICSC activities, services, members and partners are fully detailed at [www.innovationcentre.com.au](http://www.innovationcentre.com.au)

		
<p>ICSC CEO presents Larisa Chapman with the Innovation Prize – 2018 USC Faculty of Arts, Business and Law Awards Ceremony.</p>	<p>GrowCoastal 2018 Graduate Founders celebrating completion of the food accelerator program with FAN executives Emma Greenhatch and Jacqui Price.</p>	<p>AH-x program launch at the new hospital with Minister Karen Andrews MP, Andrew Wallace MP, IC CEO and SCHI executives Margaret May &amp; Anton Sanker, October 2018</p>

**ICSC FUTURE DIRECTION:**

The Sunshine Coast region has a strong reputation as an entrepreneurial hotspot. However, we collectively need to ensure our programs and pathways are more globally connected, world standard and laser-focused on the success of the entrepreneurial founders and innovative students. The ICSC will collaborate more closely with #SCRIPT (the Sunshine Coast Regional Innovation Program Team) and our partners to ensure our region continues to build momentum and impact (key partners and sponsors are acknowledged on the Annual Report front cover).

While the Australian innovation landscape continues to change, the USC and ICSC will continue to play an active part in assisting innovators and entrepreneurs to scale and thrive. ICSC members and its entrepreneurial network provide valuable USC student job placements, internships, networking, events and research related connections. ICSC members have a demonstrated track record of delivering new innovations and commercialised products to the global market. The benefits of innovation often go well beyond economic benefits, impacting on the quality of our day-to-day lives.

The ICSC programs and operations are funded from membership fees, commercial sponsorships, partnerships, a USC grant and specific government program contributions. The ICSC continues to work at diversifying its revenue base via increased funding from the corporate sector, private sponsors and philanthropists. The ICSC will also collaborate more closely with #SCRIPT (the Sunshine Coast Regional Innovation Program Team) through a planned mutually beneficial managed services agreement.

In 2019, the ICSC will continue to do what we do best - provide catalytic programs, support and connections for innovative ventures. Additionally, we will have a far stronger focus on mature startups and scaleups, particularly those that actively connect with USC (via research projects, student placements and adding capability to USC flagship areas of opportunity).

**SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS:**

There were no significant changes in the state of affairs of the ICSC during the 2018 year.

**LIKELY FUTURE DEVELOPMENTS AND EXPECTED RESULTS:**

The ICSC has ongoing Commonwealth and State government funding agreements in place to facilitate enhanced programs and extra mentoring capacity. The Board and CEO continue to actively review and target corporate funding opportunities as part of the ICSC Business Plan.

**ENVIRONMENTAL REGULATIONS:**

ICSC operations are undertaken in accordance with relevant environmental regulations of the Commonwealth, State and Local Governments.

**DIRECTORS REMUNERATION:**

In 2018 no director of the ICSC has received or become entitled to receive a benefit by reason of a contract made by the ICSC or a related corporation (excluding those directors with employment contracts with USC) with a director or firm of which a director is associated.

**LEGAL PROCEEDINGS:**

There are no current legal proceedings involving the ICSC and the ICSC was not party to any such proceedings during the year.

**ROUNDING OF AMOUNTS:**

Amounts in the Financial Statements and Directors' Report have been rounded to the nearest dollar unless stated to be otherwise.

Signatures:



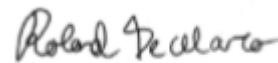
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**Dr Peter Isdale AM**

Chairman of Directors

Dated: 29<sup>th</sup> January 2019

*at the ICSC, Sippy Downs, QLD, Australia.*



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**Professor Roland De Marco**

ICSC Director

Dated: 29<sup>th</sup> January 2019





# KPI DASHBOARD

## JAN - DEC 2018

### Memberships

Occupancy (average rate)

97%



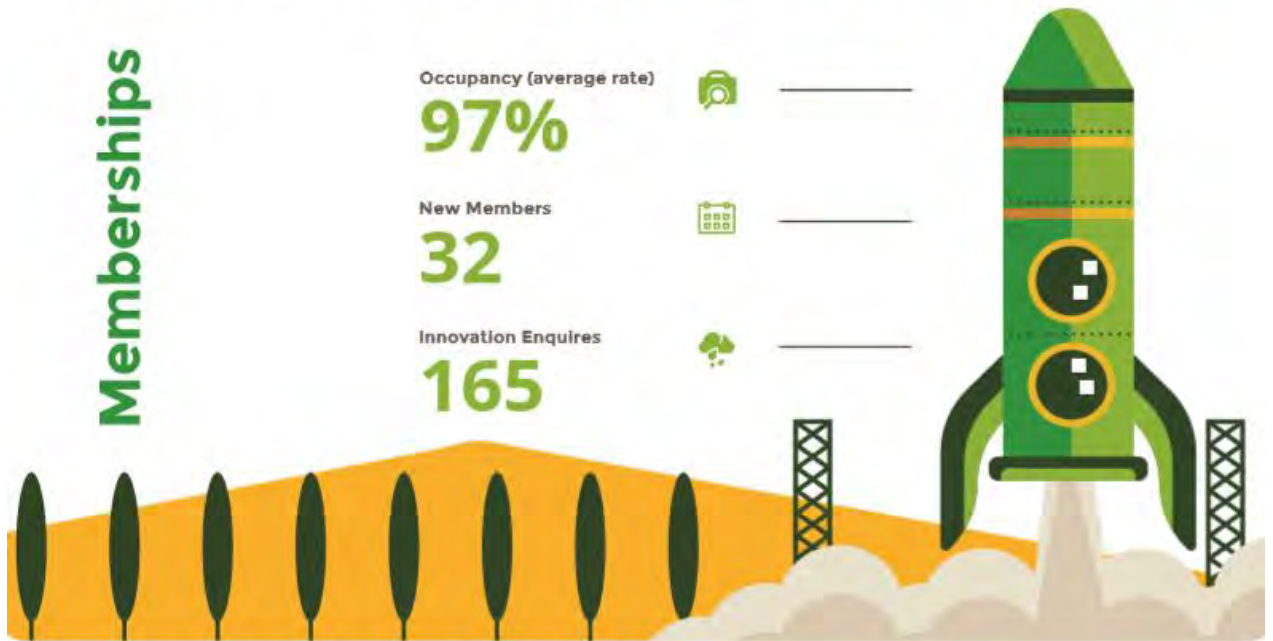
New Members

32



Innovation Enquires

165



### Employment

83 NEW RECRUITS  
by member companies



152 STAFF EMPLOYED  
by member companies

54 MEMBERS COMPANIES  
at the Innovation Centre

### Growth

74  
BUSINESS  
EVENTS



\$7.1M  
EXPORT  
SALES



\$23.1M  
INVESTMENT



681  
MENTOR  
HOURS



289  
COLLABORATION  
OPPORTUNITIES

