

**BUILDING ON INFORMATION TECHNOLOGY STRENGTHS (BITS)
INCUBATOR PROGRAM
(INCLUDING THE BITS INTELLIGENT ISLAND INCUBATOR)
ANNUAL REPORT 2003–04**

Foreword

Small and medium enterprises (SMEs) in Australia's information and communications technology (ICT) sector are a significant catalyst for innovation, employment, wealth creation and economic growth. However, they can also face difficulty in accessing capital to develop their businesses because of the potential reluctance by finance providers to support early stage start-up companies in a sector well-known for its volatility and rapidly changing trends.

The BITS Incubator Program has helped to address such issues by tailoring and integrating the provision of seed capital with the achievement of agreed business milestones for companies accepted into the program. The BITS incubators also offer a 'one-stop shop'—using their own networks to identify Australian ICT companies with innovative marketplace solutions and link them with other networks that can assist them with market support and further investment.

Over four years the BITS incubators have made a significant contribution to the development of Australia's innovation system and ICT sector. BITS incubators have supported more than 340 ICT start-up companies (drawn from over 4100 applications received) and developed extensive linkages with capital providers, R&D bodies and universities. They have worked hard to assist ICT incubatees to the next level of their business development. Graduate incubatees, which have developed applications and products for local and global markets, have benefited from the seed capital and business expertise provided by the incubators. These achievements have been recognised through media coverage and in ICT innovation and industry business awards.

BITS incubators have established themselves in a short time and proven themselves to be resilient in playing a key role in Australia's innovation system as a source of seed capital and support for many ICT SMEs. The BITS Incubator Program was due to be completed in June 2004. However, an independent review of the BITS Incubator Program in November 2003 found that while the incubators had, overall, performed well, further funding was required to help ensure their long-term sustainability. A further \$36 million for the better-performing incubators was announced in May 2004 under the Australian Government's Backing Australia's Ability initiative and following a competitive selection process, I announced the eight successful incubators to receive further funding in September 2004.



Helen Coonan
Minister for Communications, Information Technology and the Arts

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Highlights

- In 2003–04, the last year of the program, the BITS Incubators reported a significant workflow that included:
 - 656 applications, for a program total of 4209;
 - 81 ICT companies accepted into the BITS Incubator Program as ‘incubatees’, for a program total of 344;
 - 64 incubatees completed agreed business milestones to become ‘graduate’ incubatees, bringing the program total to 188;
 - raising over \$58 million in private coinvestment for their incubatee companies which brought the four-year program total to over \$127 million;
 - assisting BITS incubatees to win more than \$10 million in government grants, which brought the four-year program total to over \$24 million; and
 - facilitating the first two BITS incubatees to be listed on the Australian Stock Exchange—Biometrics in November 2003 and Cogstate in February 2004.
- BITS incubators also reported that exports by their incubatees over the program’s four years were over \$19 million, including more than \$10 million of exports in 2003–04.
- BITS incubatees were recognised in a number of local and international industry award competitions such as the Australian Government’s Secrets of IT competition, the Australian Information Industry Association’s iAwards, the Australian Interactive Media Industry Association (AIMIA) awards and the Consensus Software Awards.
- An independent evaluation of the BITS Incubator Program and the Intelligent Island incubator undertaken in 2003 reported that the BITS incubators had, overall, performed well and should receive further funding.
- In May 2004 the Australian Government announced, as part of the Backing Australia’s Ability initiative, a \$36 million ICT Incubators Program (ICTIP) to extend funding to 2007–08 for the better-performing BITS incubators.

Background

On 20 June 1999 the Australian Government announced that \$158 million from the partial sale of Telstra would be allocated to the Building on IT Strengths (BITS) Program over five years to promote innovation and commercial success in the information industries, by encouraging new, high-technology firms' creation and growth.

A core element of the BITS program was the \$78 million BITS Incubator Program. The other components are the Advanced Networks Program (\$40 million) and the Intelligent Island Program (\$40 million).

\$78 million (including \$2.13 million Departmental running costs) was allocated under the BITS Incubator Program to establish ICT incubators in all mainland states and territories to address a market failure of the venture capital market to adequately assess the prospects of early stage ICT companies and to provide them with seed capital at a vital stage in their development. An additional \$8 million was allocated under the BITS Intelligent Island program to establish an incubator in Tasmania.

BITS Incubator Program and the Intelligent Island Program incubator funding allocation 1999–2000 to 2003–04

Incubator centre	State/territory	Allocation
Allen and Buckridge Seed Stage Ventures	NSW & Vic	\$5.0m
Australian Distributed Incubator	NSW & Vic	\$7.0m
Bluefire Group	NSW	\$6.0m
Entrepreneurs in Residence	WA	\$10.0m
Epicorp	ACT	\$8.0m
Information City Victoria	Vic	\$8.0m
InQbator	Qld	\$9.5m
ITem3	NSW	\$7.37m
Original IT Investments	NT	\$5.0m
Playford Capital	SA	\$10.0m
BITS Incubator Program subtotal		\$75.87m
In-tellinc (BITS Intelligent Island incubator)	Tas	\$8.0m
TOTAL BITS incubators		\$83.87m

As the BITS Incubator Program was originally scheduled for completion in 2003–04 an independent evaluation was conducted during 2003. This evaluation found that the incubators had performed well against the objectives of program and had achieved encouraging results, particularly given the short period of operation and the prevailing business conditions they experienced. However, the report concluded that further funding was required to help ensure the long-term sustainability of the incubatees and their incubators. The full evaluation report is available from DCITA's ICT incubators website at www.dcita.gov.au/ict/ict_incubators

In May 2004, after assessment of the evaluation's findings, the Australian Government announced as part of the Backing Australia's Ability initiative that it would provide \$36 million (including \$1.87 million Departmental running costs) to extend funding to the better-performing BITS incubators to 2007–08.

In June 2004 the BITS incubators were invited to submit proposals to demonstrate their ability to continue providing high quality ICT incubation services and their plans to achieve financial self-reliance over the next four years. Following this competitive process, eight of the previous 11 BITS incubators were selected in September 2004 to receive extension funding under the ICT Incubators Program (ICTIP).

Further background information is available from DCITA's ICT incubators website at www.dcita.gov.au/ict/ict_incubators

Role of the BITS Incubator Program

The BITS Incubator Program aimed to strengthen the competitiveness of Australia's ICT sector and improve the rate of commercialisation of ICT ideas and R&D by establishing incubators to increase the success rate of new business formation and develop linkages with R&D bodies, universities and other capital providers. Funding provided to BITS incubators allowed them to select ICT start-ups with prospects of future success and assist them as incubatees at a critical stage of their development, when they may not be well served by venture capital and other capital providers.

For each ICT start-up accepted into the program, the BITS incubators develop tailored incubatee agreements that adhere to a structured business growth program. Services include assistance with capital-raising (including direct provision of seed capital), accessing other government programs, intellectual property protection, locating key customers and contracts, and business development through board participation and mentoring. The incubators also assist with developing business plans that are customised to the individual needs of the selected ICT start-up companies.

Market segmentation—incubatees

BITS incubatees are operating in a diverse range of activities including communications hardware and software, business intelligence tools, security and safety, life sciences and biotechnology, wireless and e-commerce applications. Although most of the incubatees are undertaking software development, they service a wide range of industry sectors.

Seed capital investment limits in incubatees

Under the BITS Incubator Program grant deeds, the total value of assistance provided to an individual incubatee was capped at \$450 000, although a cap of \$600 000 was permitted in a limited number of cases. With the different models and approaches adopted by the BITS incubators they did not always take equity in ICT start-ups that were accepted as incubatees, but also used funds to assist incubatees to take short term measures to improve their attractiveness to potential investors.

However, it was a feature of the BITS Incubator Program to allow incubators to acquire an interest in ICT start-ups and in so doing to see them through to the next level in their business development. The level of equity taken in any incubatee was capped at 45 per cent, with a preferred level of less than 35 per cent. The exchange of equity for seed capital generally resulted from a negotiation process undertaken between the BITS incubator and the ICT start-up and any other private investors who may also be interested in providing seed capital.

Governance and reporting framework

Under the BITS grant deeds signed with the Australian Government, the incubators were required to establish boards, including independent members that could provide a balance of skills covering legal, industry, management and financial expertise to oversee incubator operations. Some BITS incubator boards have also included a separate investment committee solely to consider proposed investments in ICT start-ups.

Throughout the four full years of the grant deeds BITS incubators were required to provide quarterly, annual and final reports that were used in compiling this and previous annual reports on the BITS Incubator Program. Reporting requirements included progress towards meeting milestones, performance indicators and objectives specified in the grant deed. The financial statements from the annual reports of BITS incubators were required to be independently audited.

BITS incubators—operational changes

- From July 2003 ITem3 and Original IT Investments effectively wound down their operations and operated as holding companies for their existing portfolio of companies and did not accept any new ICT companies into incubation.
- On 27 November 2003 ITem3 sold its entire shareholding in Tasmanian incubator In-tellinc to In-tellinc shareholders.
- On 21 January 2004 it was announced that BITS incubators Allen & Buckeridge Seed Stage Ventures and Information City Victoria would merge. The new entity was launched as Information City Australia on 22 April 2004 and became responsible for achieving the combined commitments of the BITS Incubator Program grant deeds for both entities.

Achievements

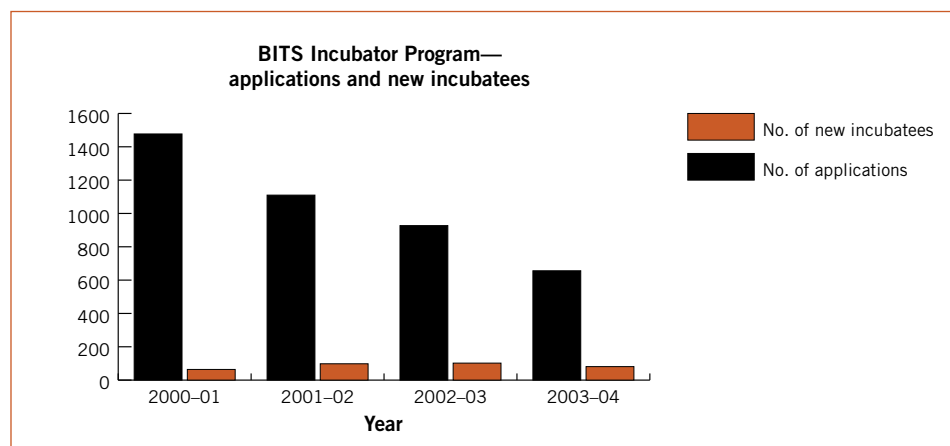
Applications and new incubatees

In 2003–04, eighty-one ICT start-ups were accepted into the program as incubatees, from 656 applications. The total for the four years of the BITS Incubator Program was 344 incubatees selected from a total of 4209 applications.

While there has been a decline in the number of applications over the four years as seen in the chart below, this may reflect better awareness of the requirements of the program so that less qualified applicants did not apply. Over the four years of the program the BITS incubators have responded to many more enquiries on the program which did not translate into applications but which better informed the business community and other SMEs of their role as incubators and their requirements and criteria for acceptance into the program. Overall, there has been continuing strong interest in the BITS Incubator Program.

Acceptance of new incubatees by BITS incubators is a decision each incubator makes autonomously based on potential commercial merit. The incubators consider factors including compliance with fundamental program eligibility criteria, the additional value the incubator can create in the business, availability of funds, sales and market opportunities, the proposal's intellectual property strength, management expertise and the attractiveness of the business proposition to other potential investors.

As most of the BITS incubators can consider applications from all states and territories, there may have been instances where one company lodged applications with a number of BITS incubators for their consideration.

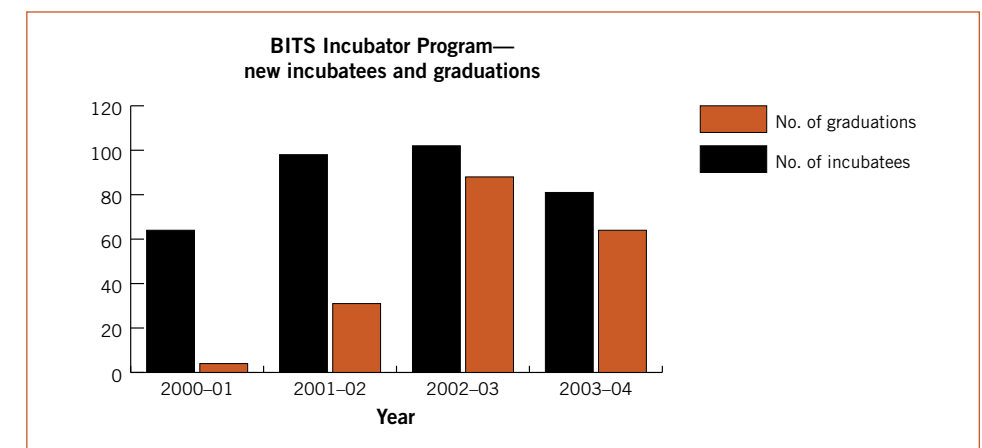


Graduations

Since BITS incubators individually tailor each incubatee agreement when accepting ICT start-ups into incubation, an incubatee graduates when a mutually agreed set of milestones has been achieved. These could include any combination of milestones such as significant sales or revenue, raising follow-on investment, a trade sale or listing or achieving business sustainability and autonomy over a period of time. The term 'graduate' is thus not strictly comparable between incubators. Further details are available in the following chapters or on the incubators' individual websites.

The time taken for BITS incubatees to graduate varies considerably according to their agreed milestones. The patience of BITS incubator seed capital is also an important factor for many incubatees if they are able to realise their potential in later years. In other cases, incubatees have withdrawn from the program by their own decision, for example, when their business prospects change.

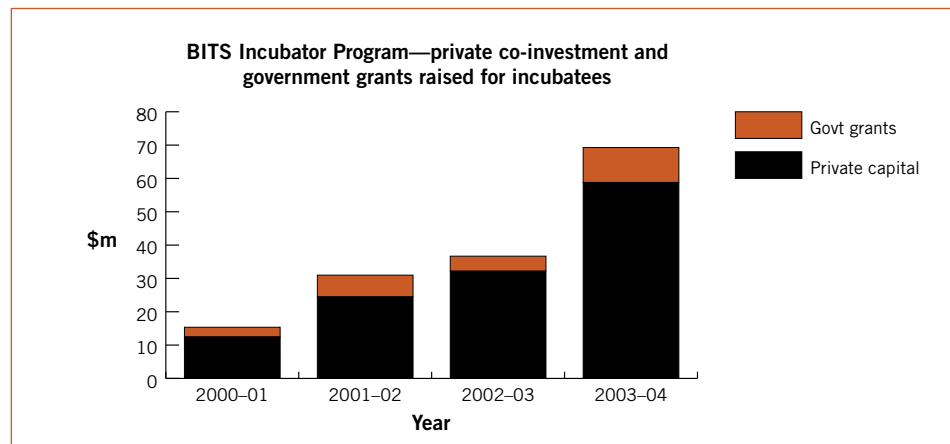
The chart below shows that the number of graduates declined to 64 in 2003–04. This followed the trend of a lower number of new incubatees accepted into the program. In eight cases the incubators coinvested or provided follow-on investment for existing incubatees of other BITS incubators and were able to count these as new incubatees and graduates. While the shareholder agreement terms of these investments may have been similar, the incubatees concerned would have benefited by having a stronger shareholder register and business base from which to source advice and expertise.



Coinvestment raised for BITS incubatees

An important performance indicator for the BITS Incubator Program is the ability of incubators to attract additional private capital and government grants as coinvestment for their incubatees. Having access to BITS Incubator Program funding has enabled the incubators to leverage significant additional coinvestment support for incubatees.

As shown in the chart below, total coinvestment has shown steady growth over the life of the program and nearly doubled from 2002–03 to 2003–04. This indicates that the higher quality ICT incubatees are proving attractive to coinvestors and that closer linkages are developing between incubators, business angels and venture capitalists.



Exports

An important role of BITS incubators is assistance to incubatees in locating key customers that can generate initial sales growth. In many cases, incubatees have found it difficult to locate leading-edge customers who are prepared to adopt innovative technology and products. On a number of occasions, the leading edge customers and early contracts were located in overseas markets.

In 2003–04 BITS incubators reported exports of \$10.8 million with exports over the four years of the program at \$19.4 million.

Employment

BITS incubators reported that, as at 30 June 2004, the total increase in employment of their incubatees was 289. This new employment is in addition to the number of jobs that already existed in their incubatees at the time of acceptance and that continued afterwards. In addition, incubators reported there was considerable, but not quantifiable, additional employment, which flowed on from the planned business activities of incubatees at various times and their short term requirements for part-time workers and contractors.

The BITS incubators have also reported that their own current employment as at 30 June 2004 was 34.

Other contributions raised for bits incubator operations

Although much of the BITS incubators' establishment and operating costs have been supported by the BITS Incubator Program, incubators need to generate a significant return from their portfolio of incubatee investments to ensure their ongoing sustainability beyond the period of Australian Government funding. In the meantime, however, incubators have to devote considerable time and resources to incubatees and patience in nurturing their investments before suitable opportunities may appear to allow successful exits.

To overcome the time lag from seed-capital investment through business incubation to successful exit, BITS incubators have been encouraged to make genuine efforts to diversify their sources of income and develop complementary working relationships with state and territory governments and other capital providers and businesses.

During 2003–04, the BITS incubators reported that they attracted over \$5.4 million of cash and in-kind contributions to support their operations, bringing the total of such contributions to \$27.7 million for the program.

Industry recognition for BITS incubatees

During 2003–04 many BITS Incubator Program incubatees participated in numerous industry awards as winners, shortlisted entries or finalists. Here are some of the industry award competitions in which BITS incubatees were recognised for their achievements.

- **Amethon Solutions (Asia Pacific)**
2004 Consensus Software Award
- **Beonic**
2003 Deloitte Technology Fast 50 Awards—Rising Star category

- **CompuCraft Software Solutions**
2003 National Productivity in Government Award won by Army for their use of CompuCraft's product 'Comweb'
- **Dtex Systems**
2003 Secrets of IT Innovation Competition—eSecurity category
- **Eaton Partners**
2003 Australian Institute of Banking NSW Chapter—Professional Excellence Award (General & Innovation category)
2003 Australian Institute of Banking National Award—High Commendation (General & Innovation category)
- **Fuse**
2004 Highly Commended Australian Interactive Media Industry Association Best eBusiness Product or Service
- **GPSports Systems**
2004 Powerhouse Museum Selection Award
2004 DesignMark Award
- **HCV Wireless**
2003 runner-up *Money Magazine* Entrepreneur of the Year
- **Maxamine International**
2003 Ernst & Young Entrepreneur of the Year Award—Central Region Entrepreneur of the Year, Technology, Communications eCommerce and Life Sciences
2004 Stevie Awards (the 'Oscars of the business world')—won three of seven categories
- **Momentum Technologies Group**
2004 Black Box Innovation Award for Small Business
2003 CommsWorld's Telecomms Award for Innovation
- **OnPix**
2003 Tasmanian ICT Industry Achievement Awards—e-business and Internet category
- **SmartVisit Solutions (SVS)**
2003 Secrets of IT Innovation Competition—eCommerce category
- **Welding Technology Innovations**
2003 Knowledge Commercialisation Australasia Peter Doherty Prize



BITS incubator profiles

BITS incubator profiles

Australian Distributed Incubator Pty Ltd (ADI)

New South Wales and Victoria

www.adinc.com.au

BITS Incubator Program funding: \$7 million

Operations

The acquisition of ADI by Business Strategies International (BSI) in June 2003 brought changes to its business approach that produced a lower cost incubator and reduced the cost of services to incubatees while still allowing improved growth path options. ADI's coinvestment strategy is based on its investor forum developed jointly with BSI which is held regularly throughout the year. The forum's approach links prospective companies with other early stage funds and high net worth individuals. Expansion forums are used occasionally to raise greater coinvestment amounts. Specific targeting of prospective investors through research and networking is a key part of the strategy.

ACTIVITY LEVELS	2003-04
Number of applications	30
Number of new incubatees	6
Number of graduates	4

Graduate summary (2003-04)

Emstream

www.emstream.com.au

EMStream provides digital music and media solutions for commercial and retail environments such as hotels and shopping centres through an automated music distribution system with multiple channel capability. Differentiated and customised distribution, through a regularly updated music library, allows up to 20 channels of music to be streamed from a standard desktop computer. Emstream has received excellent feedback from customers, mostly in New South Wales, and its technology has been deployed in over 180 sites with other services being added.

ETG Pty Ltd
Connxion Ltd (formerly Tradewind Communications)

www.etg.com.au
www.connxion.com

The E-T Group (ETG) provides software and services to support enterprise innovation and knowledge management and has exclusive agreements with leading global software vendors, Invention Machine Corp and Knowledge Powered Solutions, which are worldwide providers of enterprise innovation software and services.

ADI's investment in ETG subsequently led to a direct stake in Connxion Pty Ltd (formerly Tradewind Communications), a leading provider of document production and delivery solutions for critical business documents that enables a seamless migration from paper to electronic delivery.

NetReturn

www.netsuite.com.au

Established in 1998, NetReturn became in 2002 the exclusive distributor of the NetSuite and NetCRM products in Australia and New Zealand. By 2003 it had launched locally hosted versions with Telstra. NetSuite is a locally enhanced version of Oracle Small Business Suite, an integrated web-based application that allows users, especially SMEs, to perform accounting, inventory management and customer relationship management. It has expanded its sales force on the basis of a solid revenue base and strong alliances and is seeking to expand the business further.

CASE STUDY:

vRoam
 (2003–04 graduate)

www.vroam.com

The company and the product

Sydney-based vRoam, together with international partners, provides innovative mobile phone services for overseas travellers. The service relies on using unique SIM cards that divert travellers' calls to a follow-me number or voicemail. This reduces the cost of using mobiles overseas without impacting on usual mobile phone services.

The business opportunity

As demand for vRoam's services grew, overseas suppliers required greater cash deposits before providing services. This required additional funding to grow the business and for marketing and sales activities. ADI organised a dual funding arrangement by providing a combination of equity funding to cover the sales and marketing activities and a separate loan to support the deposits, which allowed vRoam to focus on growth.

The incubation story

ADI (with ADI's parent company BSI) helped vRoam grow in the critical early stages by funding marketing activities, contributing to strategic planning sessions and providing financial controls in their book-keeping and accounting services. Together these have helped to transform vRoam from a promising ICT start-up into a solid business. In the first five months of ADI's involvement with vRoam sales revenue grew significantly on the back of increased marketing activities and increased traffic to vRoam's website.

The future

vRoam is in final negotiations with a European venture capitalist to raise further capital, which could enable an entry into the European marketplace for vRoam.

Divergent Capital Pty Ltd (formerly BlueFire Group Incubator)

New South Wales

www.divergent.com.au

BITS Incubator Program funding: \$6 million

Operations

Sydney-based Divergent Capital has evolved the scope and focus of its investment activities in early stage software and technology companies since the start of the BITS Incubator Program. Its name was changed from BlueFire Group Incubator to Divergent Capital, after the reporting period, in November 2004.

By partnering with highly committed and capable entrepreneurs, Divergent Capital has participated in the growth of businesses that should deliver financial returns through both capital and dividend distributions over the medium-to-long-term horizon. Its services include:

- building management capabilities;
- recruiting and developing human resources;
- establishing corporate governance policies and systems;
- identifying and executing exit options;
- raising follow-on capital (venture capital solicitation—introductions to top investment firms, presentation preparation and introductory meeting participation);
- facilitated strategy sessions;
- business strategy development;
- performance monitoring through metrics to track actual and expected performance;
- participation at incubatee board level as director and/or adviser; and
- introductions to a network of business advisers and service providers.

ACTIVITY LEVELS	2003–04
Number of applications	123
Number of new incubatees	6
Number of graduates	2

Graduate summary (2003–04)

Orchestrate.it (formerly Industry Wide Networks)

www.orchestrate.it

Orchestrate.it provides turnkey solutions that combine strategy, business analysis, products, services and support to ensure business strategy and technology systems are aligned. It has provided solutions in the pharmaceutical, appliance and fashion industries and other market segments such as retail, franchise, distributors, professional service firms and manufacturers.

Its services include customer relationship, supply chain, document and content management. It graduated after achieving a number of key milestones including successful delivery of a very large Glaxo Smith Kline project. Another cornerstone client, Securicor, extended their contract for a further six months.

Medtamic Pty Ltd

www.medtamic.com.au

Incorporated in Sydney in August 2000, Medtamic is a medical software company that has commercialised a prototype database, developed from five years of research, to measure and analyse the outcomes of neurosurgical and orthopaedic surgery. Surgeons can capture imaging and operative data from diagnosis, admission and treatment through to outcomes in terms that specifically relate to their area of medicine. This clinical information can be used to dramatically improve the measurement of patient outcomes and the quality of care, to mitigate the risk of litigation and to capture case histories for the continued accreditation and training of surgeons. Medtamic graduated after achieving its milestones and has now gained contracts in California and the United Kingdom. Discussions continue with a variety of other IT and health organisations regarding partnering opportunities.

CASE STUDY:**Windspring***(Expected to graduate in 2004–05)*www.windspring.com**The company and the product**

In 2003 Windspring (formerly Zentronix) owned a library of innovative intellectual property based on an innovative data miniaturisation technique and encoding algorithm. The company offered dramatically improved access speed to text files, databases and vector-based images while significantly minimising electronic storage requirements.

The business opportunity

Windspring's technology can improve performance in the cost of storage and speed of transmission of massive data repositories. Divergent Capital considered that Windspring had a genuine patented breakthrough in the field of compression of data streams.

The incubation story

Having depleted its finances in mid 2003, Windspring turned to Divergent Capital for funding under its early-stage investment program. Divergent Capital conducted a review to identify whether the technology was innovative and non-imitable and if there was a realistic pathway to commercialisation for its proposed first generation of applications in the wireless networking and remote computing fields.

Following new management and board appointments, Divergent decided to lead an investment round to recapitalise the company and fund its migration to the United States. Upon relaunch in San Jose, California, further capital-raising brought an additional \$US2.8 million within 90 days of its reaching US shores.

In 2004, Windspring accomplished significant milestones including release of its first fully commercial product and engagement with companies such as Motorola, Microsoft and Qualcomm in partnership and distribution relationships.

The future

Windspring will now seek to establish its technology in storage-intensive applications such as mapping and search engines and to expand its product range to include a downloadable consumer version for personal digital assistants.

Entrepreneurs in Residence Pty Ltd (EiR)**Western Australia**www.eir.bz

BITS Incubator Program funding: \$10 million

Operations

EiR was established in June 2000 and is located in the EiR Centre, Technology Park, Bentley with the objective of providing opportunities for investees and investors alike to create successful innovative ICT businesses. The services offered by EiR include:

- investment analysis and risk assessment;
- capital provision;
- incubation management and support;
- investment readiness and exit management;
- residential infrastructure support; and
- funds management.

EiR brings together investors and investees with leading edge ICT business ideas and uses its coinvestment sources to supplement projects that require significant capital as well as enhancing the scope of executive experiences and contacts.

EiR has invested in a number of ICT start-up companies over the period of the BITS program and been successful in attracting significant coinvestment from the public and private sectors. Revenues and employment in a number of incubatee companies have increased significantly and some are now making sound progress in international markets.

ACTIVITY LEVELS	2003–04
Number of applications	42
Number of new incubatees	3
Number of graduates	4

Graduate summary (2003–04)

Bungarra Software Pty Ltd

www.bungarra.com

Perth-based Bungarra Software has developed a PlayStation 2 surfing game which generates realistic and variable wave sets so players see a dual perspective of the surfing experience. The company is targeting both the consumer and the industrial markets and is also looking to develop additional titles in the future.

Eaglehawk

www.netsettlement.com.au

Eaglehawk developed a web application called NetSettlement for status checking and booking of real estate settlements that aims to reduce the duplication of tasks, the complexity and time to manage all aspects of the settlement on a sale of a property. Encouraging responses from major settlement agents means a full roll-out is commencing with a focus on sales and marketing activities and building relationships with major banks. EiR has since exited this investment.

PanoramaFlat

No website address

PanoramaFlat is engaged in the research, development and commercial exploitation of new applications in the microphotronics industry, which is delivering complex optical technology advancements revolutionising the delivery of data, audio and video. PanoramaFlat has partnered with Edith Cowan University, a recognised leader in the associated fields of nanotechnology and microphotronics, and entered into a significant research contract.

CASE STUDY:

INTIERRA LTD (2002–03 graduate)

www.intierra.com

The company and the product

Perth-based Intierra provides a knowledge management system that aggregates related, disparate content to the mining and resources industry. The system advises on mining stocks as an Internet-based subscription service providing an alert-driven decision making environment. It also has application to the financial planning and investment broking industry.

The business opportunity

Intierra's intelligent mapping environment combines geotechnical and land tenure information with the Minmet Financial Markets service—a detailed, near real-time, company and project database sourced from global stock market feeds. This integration provides a tool for project generation, mergers and acquisitions, assessment of opportunities and competitor intelligence.

In 2003 Intierra merged with Minmet Australia which then expanded its searchable global database to over 16 000 properties and 19 000 associated companies reporting in near real-time to financial markets in North America and Australia. Intierra's growth was augmented by a 2004 merger with Mineral Information Maps based in Calgary, Canada.

Mineral Information Maps is known in North America as the definitive service for 'hot area play' maps in Canada and other parts of the world. Following the merger, its geological and lease content became available over the Internet and linked to many properties reported in North America. The content is an important addition to the geological, lease and project data from other parts of the world already available on the Intierra site.

The incubation story

Intierra was accepted by EiR in January 2001 with a development plan to complete the subscription service and secure cornerstone clients in Western Australia's local mining industry. EiR assisted with raising coinvestment, business planning, corporate financing and strategy formulation.

The future

Intierra is focused on developing its international markets and its strategic partners and alliances are proving invaluable in this effort. It has continued to develop applications and supplement its revenue streams with 'add on' services.

Epicorp Limited

Australian Capital Territory

www.epicorp.com.au

BITS Incubator Program funding: \$8 million

Operations

Epicorp Limited, a not-for-profit company, delivers assistance to ICT start-up and spin-off businesses through its tailored program and provision of seed funding by providing:

- business development assistance to incubatee companies in a tailored program extending over an average of two years for each company;
- structured training and mentoring support to incubatee companies through its Concept to Commercialisation course (C2C), which assists them to better define business opportunities before admission to the full incubation program; and
- seed funding as equity-based capital.

Significant coinvestment has been raised for Epicorp's incubatee companies by working closely with its angel investor network and running a series of presentation workshops and information sessions throughout the year. In addition, Epicorp has set up a second fund, with support from the ACT Government, to provide greater capacity in assisting ICT start-up companies.

Epicorp incubatees cover products and services in a range of sectors including e-commerce, location and video technologies, content, wind energy, telecommunications and financial risk management. Many have made good progress in increasing sales revenues and employment in Australian and overseas markets.

ACTIVITY LEVELS	2003–04
Number of applications	55
Number of new incubatees	14
Number of graduates	13

Graduate summary (2003–04)

AC Bell @ Co

No website address

The company developed a computer-based rating scale to assess issues such as energy and water consumption and how a company or product rates in relation to contributing to a sustainable environment. The company graduated from the C2C course and has pursued further funding to progress its business.

Eaton Partners Pty Ltd

www.eatonpartners.com.au

Eaton Partners developed the ARTIMUS (Artificial Intelligence Management Underwriting System) software package to assist insurers assess credit risk in the building and construction industry. The company received assistance from Epicorp on managing its growing business relationships, identifying a growth strategy, assessing whether ARTIMUS could work under different state legislative requirements and in developing an appropriate business and licensing structure. Eaton Partners graduated from the C2C course and has since provided services to the Master Builders Association and has held discussions with other major associations and insurance companies.

Mapbank

No website address

Mapbank is a spin out project from Ecowise Environmental that focused on developing and marketing geographic information systems (GIS) products. The expertise and products were originally developed for large utility organisations, but a broader market has emerged that wishes to access sophisticated GIS-based data. Mapbank graduated from the C2C course and is further developing the business case for establishing the project as a standalone business with a defined pathway to commercialisation.

EMAX Engineering

www.emaxengineering.net

EMAX Engineering has developed a sophisticated computer-controlled 'ball pitching machine' for tennis and baseball training. The company graduated having achieved the ability to define its target market, develop a pricing and distribution strategy and establish an external beta testing regime. It has recently demonstrated its technology to a US professional baseball scout based in the ACT and the ACT Baseball Academy coach. Both described the product as 'a huge technology advance' over other pitching machines in the world.

EPhrases

No website address

EPhrases is a web-based phonetics and speech training system for teaching speech based on 'hearing' patterns. There are a number of potential markets for this product including language schools, providers of English as a second language training and aspects of main stream schooling. The company graduated upon completing the C2C course.

Hyperfine*No website address*

This project, originating within the ANU School of Engineering, revolves around the development of a frequency measure for lasers based on a patented optical interference measurement technique and a computer-based management system. The researchers graduated from the C2C course, which assisted their development of an appropriate business and pricing model, an intellectual property policy, ongoing R&D, marketing and strategic business planning. Discussions continue on spinning the development of the technology out of the ANU and establishing a manufacturing plant in the ACT.

Kinetic Performance Technology Pty Ltd*www.kinetitech.com.au*

Kinetic Performance has produced a computer-based sports performance analysis system that automates recording of workout results obtained directly from gym equipment. The company graduated from the C2C course and has subsequently made sales to national fitness centre chains.

Knowledge Diffusion Pty Ltd*No website address*

Knowledge Diffusion is a concept for complex online 'governance system' transactions that promotes decision making with a method for transparent and consistent reasoning and an automated process for reporting and analysis. The system also provides audit reports on the reasons for decisions. The company graduated from the C2C course.

Netimpact Online Publishing*www.netimpact.com.au*

NetImpact provides electronic publishing and knowledge management solutions to a client base that includes public and private sector bodies throughout Australia. Its new product is a virtual library that groups disparate information sources together in an easy-to-use format. The company graduated from the C2C course and has gone on to secure a large number of customers.

Sharrowlane*www.sharrowlane.com*

Sharrowlane has developed a software package that assists sporting bodies to better manage their competitions. The company graduated from the C2C course and has since secured a number of national sporting organisations as customers.

Similie Systems*No website address*

Similie Systems has developed a visual web-based tool that allows organisations to leverage the knowledge of their employees to assist problem-solving, aid product development and reduce time to market. The company graduated from the C2C course and has developed licensing arrangements with large international organisations.

SJE Software*No website address*

SJE Software has developed a product which allows small and medium enterprises (grouped on an industry basis) to access industry-specific software more easily, run their computing environments more reliably and to access B2B arrangements with major suppliers. The initial target is auto service shops. The company graduated from the C2C course and has since gained initial customers.

Stepsoft Pty Ltd*www.stepsoft.com.au*

Stepsoft is an IT services company specialising in database applications, web-based services, web content management and its newly developed web-based database called Customer Knowledge Services. The company graduated from the C2C course and has achieved some initial promising sales.

CASE STUDY:**LOCATA CORPORATION PTY LTD***(Expected to graduate in 2004–05)**No website address***The company and the product**

Knowledge about the location of people and objects in space has become a fundamental requirement and precise measurement of position enables tasks such as munitions guidance, surveying and showing the fastest route home in cars. In business, the ability to track goods shipments, automate farm machinery or find a mobile phone in an emergency can also be a valuable asset.

Locata has invented and patented a new wireless radiolocation technology—LocataNET—that incorporates GPS capability with added precision. Its local positioning network creates signals that are much more powerful than those arriving from GPS satellites and that can penetrate buildings and other environments where ordinary GPS cannot.

The business opportunity

Demand for high precision location ability exists in a large range of markets including logistics, transport, construction, surveying, fire and emergency and military. Locata has already received significant interest in its systems from these sectors and is following a strategy of partnerships with global infrastructure integrators. Its role is to provide a core set of enabling technologies that will integrate into existing systems.

The incubation story

Epicorp has provided a range of ongoing services to Locata including:

- business coaching and mentoring senior management in corporate growth strategies;
- board representation and corporate governance;
- strategic and business planning;
- developing the company's forward financing plan; and
- assistance with developing of a network of contacts for raising additional capital.

The future

Locata will start to deliver systems into initial markets in 2005. The challenge will then be to scale up production to meet a significant and growing demand and then move the company to a fully operational mode.

Information City Australia Pty Ltd (ICA)**Victoria***www.informationcity.com.au*

BITS Incubator Program funding: \$8 million (Information City Victoria)

BITS Incubator Program funding: \$5 million (Allen and Buckeridge Seed Stage Ventures)

Operations

In April 2004, Information City Victoria Pty Ltd (ICV) and former BITS incubator Allen and Buckeridge Seed Stage Ventures Pty Ltd (A&BSSV) merged to form Information City Australia Pty Ltd (ICA). As A&BSSV was no longer operating as an entity in its own right, its BITS Incubator Program grant deed was transferred to the new entity ICA.

The merger combined the strategies of ICV's Mentre Program, which gives ICT start-ups access to a pool of experienced mentors and entrepreneurs along the complete new business spectrum and Allen & Buckeridge's ability to raise significant coinvestment through its venture capital connections. The merger brought together:

- a national incubator network with a strong presence in Melbourne, Ballarat and Sydney, representation in Brisbane and Western Australia and an office in Silicon Valley; and
- an ability to commercialise intellectual property from R&D institutions by linking experienced and entrepreneurial management with pre-seed and venture funds management.

Information City Australia has developed commercial relationships with R&D institutions to commercialise intellectual property and was successful in procuring several contracts. A number of institutional R&D projects have also been commercialised to form spin-out companies this year. Support has been provided through alliance partners including Corporation Builders, Enterprise Angels and Technology Development Investments. The last of these has assisted ICA incubatees attract considerable coinvestment and increases in revenue, exports and full-time employment.

ICA's incubation program has included significant direct investment in ICT start-up companies and more limited services support for a number of winners of the university-based Business Plan Competition. Some winners have then also been supported with direct investment. Direct investment businesses have graduated when they have met prescribed investment milestones or a level of sustainable profitability. Business Plan incubatees have been graduated when they have completed a short but intensive program of services support and mentoring. The graduates below are a combination of direct investment businesses and business plan incubatees.

ACTIVITY LEVELS	2003–04
Number of applications	211
Number of new incubatees	30
Number of graduates	20

Graduate summary (2003–04)**ABS (t/a Leadtec Systems Australia)*****www.leadtec.com.au***

Leadtec delivers business to business e-commerce solutions in data transformation, catalogue synchronisation, e-business connectivity, content and business rule validation and data mining. Leadtec's infrastructure leverages web service technologies developed under the Microsoft.NET framework to streamline and enhance service capabilities and to decrease deployment and operational costs to customers.

Blueprint Group***www.blueprintgroup.com.au***

Blueprint Group provides small businesses with innovative business planning tools and solutions that help them achieve business growth in a cost effective and efficient manner.

Books Of The Mind***No website address***

Books of the Mind is an online bookstore providing information about the mind, targeting personal, professional and educational development. This Business Plan winner from Swinburne University completed an intensive services and mentoring program.

Captech***No website address***

Captech provides an integrated fitness information management system and exercise education system for gymnasiums and health clubs. Captech is a Swinburne University Business Plan winner that received services and mentoring support.

Cassia Group Holdings***No website address***

Cassia Group Holdings developed an online application called the PEP Gift Tool that licensed retailers offer their customers. It is an automated system for inviting participation in group gift purchases, monitoring responses and administering multiple payments towards a single transaction. This RMIT business plan winner won services and extended mentoring support including business plan development and capital raising assistance. It is seeking private capital for further development of the concept.

Combinatorial Microarray Systems***No website address***

Microarray designed technology to improve the utility of microarray systems used for analysis in proteomics, the study of proteins. The business was established from a Swinburne University R&D project. Development of a full business plan and an extensive evaluation of potential customers and markets indicated relatively narrow interest for the concept and its full commercialisation prospects appear limited.

Fixed Wireless***www.fixedwireless.com.au***

Fixed Wireless supports the growing market for fixed cellular telephony products that enable mobile phone networks to provide a dial tone in the same manner as fixed line networks. Fixed Wireless was founded in 2002 to distribute the Telular product range of patented fixed cellular technologies in Australia and New Zealand. Its local partners include Force Technologies, which imports and distributes the products, and Ascom Nira, which provides high-level after sales support.

Global Fabric Solutions***No website address***

This online value network for interior designers and fabric manufacturers was a Swinburne Business Plan winner that received services and mentoring support. It has not developed further beyond a project concept.

Hord Consulting***www.consulting.hord.com***

Hord Consulting provides a range of consulting services in IT and risk management that aims to bring IT professionals and business managers closer together in order to understand computer related risks and develop strategies to manage them

I4-Talent***www.i4-talent.com***

I4-Talent provides software through an application service provider platform for individuals and organisations seeking new employment opportunities. I4-talent differs from many other companies in this area through its range of services across the full job recruitment spectrum, offering everything from a job board through to career management tools and consulting services on employee value propositions. It operates a large TAFE contract for Victoria and South Australia in a joint venture with Justsys and Ballarat University and has been managing the RMIT Business Planning competition online for three years.

Invoke Productions***www.invoke.com.au***

Invoke Productions is a software development company specialising in applications and services for small to large enterprises delivered over the Internet. These solution-based products are aimed at project management, team collaboration and data sharing.

M2M Connectivity***www.m2mconnectivity.com.au***

M2M Connectivity, a supplier of Sony Ericsson GSM and Kyocera CDMA products, distributes modules for wireless machine to machine communication in Australia and New Zealand. A range of Bluetooth modems and modules further enhance their wireless product portfolio.

Machiavelli's Workshop***www.machiavellisworkshop.com***

Machiavelli's Workshop has developed an innovative online strategic negotiation skills training package aimed at corporate, educational and government markets. Its approach uses unique games of negotiation strategy that enable people to test and improve their strategic negotiation skills in a fun and time-flexible environment. The company has secured a number of significant training contracts including a leading university.

Medtamic Pty Ltd***www.medtamic.com.au***

See entry under Divergent Capital.

PetPack***www.petpack.com.au***

PetPack has developed an email newsletter tool for veterinarians to allow them to send high quality messages on pet care to clients on a regular basis. Veterinarians often lack the ability to develop and distribute effective email bulletins and PetPack has addressed this with their content tools.

PR Matters***www.prmatters.com.au***

PR Matters provides small businesses with tailored and cost effective public relations services that include developing a web presence. This Swinburne University Business Plan winner received services support and an extensive mentoring program.

Premipass***No website address***

Premipass is a practical system for Internet users to pay for access to online content. It provides a technology and business framework that enables third party websites to earn revenue from users of premium content without the need for expensive payment gateway systems. This Swinburne University Business Plan winner received services and mentoring support to further develop the concept.

Smartbuildings Victoria***No website address***

Smartbuildings Victoria developed a domestic and commercial building environmental monitoring and management system. This RMIT Business Plan winner received services and mentoring support and established a consultancy business from the concept.

Ziptales***www.ziptales.com.au***

Ziptales is an online literacy scheme for primary school students that gained significant uptake after excellent customer feedback on the quality of its service. Ziptales has continued its steady penetration of the education market in Australia and New Zealand, with many schools now subscribing to the online reading scheme. The product is being expanded to better position it in the market and a spin-off CD version, aimed at the parent market, was released in October 2003. Sales are now being secured in Europe following demonstrations of its product at trade shows.

CASE STUDY:**Cortical Dynamics*****www.corticaldynamics.com******(2003–04 graduate)*****The company and the product**

Anaesthetic monitoring during surgery improves anaesthesia processes and reduces the prospect of patients waking up. As current brain monitoring techniques have not been optimal for optimising anaesthetic processes and hospital recovery times, Dr David Liley and his team from the School of Biophysical Sciences and Electrical Engineering at the Swinburne University of Technology set out to develop a more sophisticated analytical approach to the problem of monitoring anaesthesia, based on a model of brain activity. As a result they developed SABER—system-based analysis of brain electrical response.

The business opportunity

The business opportunity was to develop a superior approach to monitoring anaesthesia based on SABER technology. Preliminary clinical tests have shown that SABER is more sensitive, being able to measure brain responses to a wider range of anaesthetics and more responsive as it is based on an algorithm using individual electrical response data, rather than statistical analysis of individual responses from population data. The new monitor has the promise of more sensitive and reliable information for monitoring anaesthesia than the existing monitors widely used in hospitals,

The incubation story

The potential of the SABER technology was identified through the ICA process of screening university intellectual property. A review by independent experts as part of the ICA market and technology assessment process supported the finding. At this stage an experienced entrepreneur was introduced to the business opportunity as a prospective CEO who then brought the business opportunity into the ICA incubator as Cortical Dynamics—a new business with shares held between Swinburne University, the researchers, the new CEO and ICA. With a modest amount of funding from ICA, Cortical Dynamics was able to test the opportunity in the market place and found that there was a high level of interest within the anaesthetist community. During incubation the new CEO built the first prototype and generated interest within the user community. Clinical trials also started at the Royal Melbourne Hospital. The company graduated after successfully raising coinvestment from the BioPharmica Group from Western Australia.

The future

Cortical Dynamics has now relocated to the MINIFAB facility in Scoresby where it has access to important manufacturing capability for further development of the system. New directors from BioPharmica have joined the Board of Cortical Dynamics and the company is working towards achieving regulatory approval with the US FDA and Australia's TGA and securing initial sales.

InQbator

Queensland

www.inqbator.com.au

BITS Incubator Program funding: \$9.5 million.

Operations

Timsco Pty Ltd, the owner and operator of inQbator, has focused on bringing venture capital providers and strategic business partners to its ICT start-ups early in their development to enhance their prospects for growth and success. It maintains formal and informal relationships with business mentors, angel investors, venture capital firms, professional service firms, universities and research organisations.

InQbator staff provide operational and management support, mentoring, business development, relationship building and capital raising services on a day-to-day basis. In addition, a full range of professional services—such as accounting, legal, intellectual property management, recruitment and marketing—are provided by external professional service firms conversant with the needs of technology start-ups.

ICT start-up companies entering inQbator provide equity in return for the range of mentoring, professional advice, services and resources provided to them, with the only costs being rental and a low program overheads fee. Consequently, inQbator depends on creating value in its start-up companies and shares the same incentive to perform as its incubatees. inQbator can also support start-up companies in its Varsity Lakes technology precinct premises located at Robina on the Gold Coast.

ACTIVITY LEVELS	2003–04
Number of applications	83
Number of new incubatees	7
Number of graduates	5

Graduate summary (2003–04)

Editforce Pty Ltd

www.editforce.com.au

Editforce set out to build a virtual workforce of writing, editing, production and publishing professionals, whose services could be contracted online as required. During its incubation program, Editforce attracted significant private coinvestment and achieved initial success in the marketplace, but experienced difficulty in building revenues. Synergies between Editforce's business model and that of a related company, Highnet Media, have enabled it to build a credible client list, but growth opportunities remain uncertain.

Cleveland Biosensors Pty Ltd www.clevelandbiosensors.com.au

Cleveland Biosensors is the renamed Toxitech Pty Ltd, a spin-off by James Cook University and the Australian Institute of Marine Science in Townsville. Through a continuing R&D and technical development program, supported by partnerships in the US, Germany and Australia, Cleveland Biosensors has achieved a leading position in the design of a hand-held biochip and reader for assays of environmental toxins. Potential overseas markets are large, but it will need to raise significantly more capital than the \$1 million raised from investors to date to complete its biochip development and enter the market.

MedEServ Pty Ltd www.medeserv.com.au

Established in Brisbane in 1994, MedEServ has established itself as a leading provider of online professional development programs to the Australian health care sector. Its programs are based on the best clinical and educational evidence using peer group learning and reflective practice to target improved patient outcomes. Other potential markets with large professional development needs have also been identified, particularly in the financial services sector, where MedEServ's products may be applicable.

Menu Options Pty Ltd www.menuoptions.com.au

The advanced functionality of Menu Options' latest automated menu system (AMS) has helped it to define an essentially new market for food services support systems in the health sector. The installation and upgrade of its product has been deployed in several demonstration sites in hospitals and aged care facilities in both the public and private systems. In parallel to the product development program, the company has built an early-customer base and established channel partnerships to take the product into national and overseas markets.

CASE STUDY:

Genetraks Holding Ltd (2003–04 graduate)

www.genetraks.com

The company and the product

Genetraks Holdings Ltd, established in 2001, develops products for diagnosing illnesses in, and monitoring the health of, performance animals such as horses using molecular technologies. Gene expression in blood samples has provided the basis for detecting subclinical health problems (such as laminitis) and these blood biomarkers can allow earlier disease diagnosis and health monitoring during training, the racing season, breeding, neonatal development and before, during and after travel and quarantine.

Its diagnostic products are based on a custom-designed Genechip (a tiny, machine-readable chip carrying a microarray of thousands of genes found in the immune system of horses) that was developed in partnership with US-based company Affymetrix Inc. Blood samples taken from horses are processed across a Genechip with information on gene expression then compared with a database of gene signatures known to be related to particular diseases or disease stages. The diagnostic capability is a product of both biotechnology and information technology (a partnership often described as bio-informatics).

The business opportunity

Performance horses are very valuable and illness and underperformance can lead to serious economic losses in the horseracing industry. Many current diagnostic techniques, some of which were derived from human medicine, were designed only to detect well-progressed diseases and have limited use in the management of performance horses. As the risk of damage to or loss of an animal is high, the potential benefit of avoiding them has been estimated at \$3000 per disease event. There are about 625 000 disease events worldwide each year.

Genetraks will sell biochips and interpretive diagnostic services in partnership with major diagnostics companies, using Internet-based information services to communicate with customers and their veterinarians. The North American market will be a major target market, and R&D, product development and business partnerships have been progressively established to support market-entry and to provide distribution and sales channels.

The incubation story

Genetraks was admitted to inQbator's program in October 2002. Another BITS incubator, Australian Distributed Incubator (whose management at the time has since formed Jolimont Ventures in July 2003) was also an investor and facilitated inQbator's coinvestment in Genetraks (InQbator has coinvested with ADI/Jolimont Ventures on several other occasions).

A significant research and development program has been undertaken with significant financial support raised from the Industry Research & Development Board. Genetraks has also raised significant follow-on capital from private sources, including venture capital firms, to support its future growth plans. Genetraks has consistently achieved its significant technical and business development milestones and is now poised to commercialise its technology.

The future

Genetraks' innovative technology, leading-edge products and partnerships has provided the opportunity to create a substantial international business.

Playford Capital Pty Ltd

South Australia

www.playford.com.au

BITS Incubator Program funding: \$10 million

Operations

Playford Capital Pty Ltd is a not-for-profit company and a majority-owned subsidiary of the Playford Centre, established by the South Australian Government in 1997.

Playford Capital is responsible for the management and administration of the fund with the consortium members providing business development support services to South Australian ICT companies. Playford Capital invests seed capital in early stage South Australian telecommunications, electronics and information technology businesses demonstrating strong management and market potential. It acts as a 'money magnet' to attract additional investors and help businesses to reach their full potential.

While Playford Capital's investment funds are sourced from the BITS Incubator Program, its operating expenses are principally met through funding and in-kind services provided by the South Australian Government, EDS Australia, Microsoft, Sun Microsystems and Dell.

Total employment turnover and exports in Playford Capital incubatees have grown significantly in 2003–04. In addition, coinvestment in Playford Capital companies from both private investors and venture capital firms also rose sharply.

ACTIVITY LEVELS	2003–04
Number of applications	56
Number of new incubatees	8
Number of graduates	10

Graduate summary (2003–04)

Agrilink Holdings Pty Ltd

www.agrilink-int.com

Agrilink specialises in the collection, management and distribution of environmental data and technology to agricultural industries worldwide. Its irrigation water management technology for high yield agricultural crops such as grapes, cotton, rice, fruit and vegetables can identify the means to significantly reduce water usage, increase crop quality and yields and reduce the negative side effects of over or under irrigation such as salinity and mildew. Since its inception in 1997, Agrilink has established a strong home base in Australia and has experienced rapid growth in North America.

Beonic Corporation Pty Ltd***www.beonic.com***

Beonic develops and manufactures advanced surveillance technologies and information analysis systems that detect, count and record the movements of people in open areas such as retail environments. Its Traffic Pro and Traffic Insight systems provide valuable up to date information about customer behaviour, aimed at increasing customer profitability. Beonic has partnered with world leaders in the design and development of highly accurate people counting sensors and has secured an impressive list of blue-chip customers.

BOSS Personnel Pty Ltd***www.bosspersonnel.com.au***

Boss Personnel is a recruitment company based in South Australia that has developed new methods for recruitment using an online model. The company plans a hybrid service that will use software to identify suitable candidates for positions.

CommunityE Pty Ltd***No website address***

CommunityE developed a web-based consumer aggregator, which collected commissions that were shared with charitable organisations and aimed to work with large Australian businesses. The business gained excellent response from charities but this has not translated into sufficient sales.

Dtex Systems Pty Ltd***www.dtexsystems.com***

Dtex Systems has developed an enhanced security management system focused on managing internal desktop and user-related security called SystemSkan. It complements firewall and external security technologies and provides a complete, integrated security, network and user management solution for solving information security breaches that originate internally. Dtex's Adelaide office hosts ongoing research and the development of SystemSkan while an office in Malaysia works closely with its client base.

Glassy Metal Technologies Ltd***No website address***

Glassy Metal Technologies has specialist capability and intellectual property in computer-controlled micro-machining amorphous metal using abrasive water-jets. Its technology allows production of complex shapes in laminated amorphous metal, potentially enabling the manufacture of a variety of electric machines with greatly reduced energy losses. The company is continuing its product development.

E3 Learning Pty Ltd***www.e3learning.com.au***

E3 Learning is an online training business with a history of innovative multimedia development. The company developed a sophisticated online learning management system for a variety of interactive 3D animated workplace simulations where trainees move about a virtual workplace and experience particular situations such as occupational health and safety risk identification and assessment in an office environment. The company is targeting major corporates in Australia, the UK and Ireland, with a focus on occupational health and safety managers in those companies.

Shinrai International Pty Ltd***No website address***

Shinrai, a spin-off of Reculver Technology, successfully marketed an earlier DOS version of its receipting software to blue-chip clients. The company did not achieve sales forecasts and Playford's equity has been sold back to the founder.

Tecreation Pty Ltd***No website address***

Tecreation initially planned to provide technology education services to Australian primary schools. However, it was unable to find a market for its product and has been wound up.

CASE STUDY:**Maxamine Inc**
(2003–04 graduate)www.maxamine.com**The company and the product**

Maxamine is a leading provider of website solutions that optimise the risk/return outcomes of customer web operations.

The business opportunity

Maxamine's product reveals exactly what is going on behind the scenes of its customers' websites. Maxamine enables customers to access valuable information about site quality, brand perception, risk and online visitor behaviour across all web properties. The targeted customer is any organisation that uses a complex web as part of its normal business. In practical terms this means that medium to large corporate and government departments in both the US and Australia are key targets for Maxamine's product. Maxamine is gaining strength through its channel model and continues to capture blue chip customers from this large market.

The incubation story

Playford was the first investor in Maxamine. Since the original investment, it has established itself firmly in the US with major distribution channels market while retaining research and development in Adelaide. It has also attracted additional investors from Australia and the US.

The future

Maxamine has many resellers and generates revenues in Australia, Korea, Singapore, Europe and the US, where it has three sales offices. The company lists Sun Microsystems, EDS, Wells Fargo, Avaya, and Bell South among its blue chip customers. Through EDS, it has launched the EDS/Maxamine Website scorecard service where EDS uses Maxamine's reports on its customer web operations.

In-tellinc Pty Ltd**Tasmania**www.in-tellinc.com.au

BITS Intelligent Island Program funding: \$8 million

Operations

Hobart-based In-tellinc is a full service incubator delivering a program that incorporates marketing, management and money resources. These services are directed to accelerate the development of early stage companies with unique intellectual property and high growth potential.

In-tellinc offers tailored services and support.

- management advice
- business planning and financial planning advice
- sales and marketing advice
- capital raising advice and assistance
- mentoring assistance and introductions
- commercial advice and assistance
- corporate governance advice
- strategic planning advice and assistance

In-tellinc incubates its client companies for up to two years under one of two incubation systems. In the first system, In-tellinc takes primary responsibility for business development by allowing the founder to remain focused on further technological development. In the second system, In-tellinc supports the entrepreneur in its business with assistance to source technology on an as-needed basis.

Through its consortium members, In-tellinc has established a number of strategic alliances with local, national and international businesses. These alliances bring finance, information technology, infrastructure, intellectual property support, recruitment and training resources as needed. Across the portfolio In-tellinc incubatees are commercialising their technology and achieving solid growth in employment, sales revenue and exports.

ACTIVITY LEVELS	2003–04
Number of applications	45
Number of new incubatees	6
Number of graduates	2

Graduate summary (2003–04)

CPact Pty Ltd

www.icare.com.au

CPact's iCare solution provides innovative solutions to aged care by incorporating and integrating diagnostic and educational tools and modules including a personal care plan, progress notes, assessment form builder and behavioural graphing, as well as data mining and graphing. CPact has successfully secured sales in aged-care facilities across Tasmania, Victoria, New South Wales and Queensland.

OnPix Pty Ltd

www.onpix.com.au

OnPix is a business services organisation that specialises in the creation, marketing and support of software solutions (both web and application-based) for the digital photo processing industry, as well as allied professions such as professional photographers and photographic event businesses. OnPix has been successfully deployed in over 100 sites across Australia and also has sales into New Zealand and the United Kingdom.

CASE STUDY:

Getbusi

www.getbusi.com

(Expected to graduate in 2004–05)

The company and the product

In 2003, after starting operations in Burnie (northern Tasmania) as a general IT consulting and administration services business, Getbusi recognised a need for businesses to manage their employees' web activities in a simple and cost effectively manner. This led to the creation of the Getbusi web access management system, an innovative software package installed as a network appliance which provides a comprehensive set of functions. The benefits of the software allows businesses to:

- control Internet usage costs;
- set download limits for individuals and groups;
- ban access to certain undesirable sites;
- ban the download of specified file types;
- monitor and report on Internet activity;
- reduce non-work-related Internet activities;
- receive usage reporting for billing;
- protect users from inappropriate access; and
- administer their Internet usage via the web.

The business opportunity

Broadband usage in Australia and internationally is gaining wide market acceptance and the adoption of broadband is expected to continue to grow especially within the corporate sector. The use of broadband raises new challenges for organisations that need to control usage and costs within the workplace. Getbusi proves a comprehensive, easy to use and cost effective solution that meets a real business need.

The incubation story

Getbusi developed its first web administration product during 2003 and entered the In-tellinc incubation program in February 2004. Getbusi then secured grants from the Tasmanian Electronic Commerce Centre and the Tasmanian Innovations Board and won the Tasmanian 2004 Best Business Solution award.

From acquiring its first commercial customer in February 2004 it has since gained customers in the education, government and commercial sectors. It now manages over 16 000 desktops with installations across Australia and in New Zealand.

The future

Getbusi has secured an impressive customer base alongside the growth in the uptake of Internet broadband usage. In the short to medium term Getbusi will continue to focus on the Australian market with plans to explore opportunities in New Zealand, Asia and the United Kingdom. Several other complementary solutions are being developed which are expected to further extend the breadth and depth of the Getbusi service offerings and customer base.

ITem3 Pty Ltd

New South Wales

BITS Incubator Program funding: \$7.37 million

ITem3 effectively became a holding company for its portfolio of BITS incubatee companies from July 2003 and ceased accepting new incubatees from that time. It received 10 applications and graduated four of its incubatees. Subsequent to the reporting period, ITem3 went into voluntary liquidation in December 2004. As the previous management was unable to ensure that all reporting requirements under the BITS Incubator Program grant deed was completed, DCITA has undertaken negotiations with the appointed liquidators to arrange for completion of the reports required under the grant deed.

Original IT Investments Pty Ltd (OITI)

Northern Territory

BITS Incubator Program funding: \$5.0 million

OITI effectively became a holding company for its portfolio of BITS incubatee companies from July 2003 and ceased accepting new incubatees from that time. However, it received one application and accepted one new incubatee. It continued to provide the reports required under its BITS Incubator Program grant deed throughout 2003–04.



Incubator contact details

Incubator contact details

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