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Three key segments in the market – for improving NZ's economic performance
By Andy Hamilton, CEO, The Icehouse

Start-up crazy

- 1,500 start-ups are looking for capital each year in NZ
- 120-150 start-ups successfully raise capital, mostly from angel investors
- NZ lacks significant pools of venture capital unlike Sydney, Singapore, Israel, San Francisco
- 5-10 start-ups seem to matter each year, of which 50% are funded by offshore VCs
- 0.25% achieve product market fit inside their first 3 years – that is in the context of a small market and probably 5x less than other markets
- The business model is challenging for providers in NZ to become sustainable i.e. someone somewhere is funding the organisations. Should we accept the lack of sustainability given the impact they are having?

Large firms are challenged

- 2,325 firms employ > 100 FTEs
- Average employment is 430, representing 48% of all employees
- 50% of large firms are NZ market focused only
- Comparatively, these large firms are significantly smaller and less geographically diversified that other large firms from similar countries
- We have regulatory issues in NZ for large firms
- There is a lack of compulsion to invest for scale, unless you are being disrupted or exposed to competitive forces
- What is the one thing you would do to get our big bigger and does that matter?

SMEs are the cornerstone

- There are thousands upon thousands …. probably 120,000 matters
- Most stay SME because they lack the confidence, belief and skills … it is hard to be a SME
- Many offer to help SME and give up; offering money has not been the answer and many service providers fail to successfully support at scale …
- The service economy love SME because they make lots of money from them – banks, telco, energy
- SMEs stay 'local' – they don't leave the region, unlike start-ups who often move
- If there is one thing you could change, would it be more growth?

If you could get a 5% shift of SME to ME what would that look like?