



## **Atlassian's Submission: Inquiry into supporting Australia's exports and attracting investment**

Atlassian appreciates the opportunity to participate in the Parliamentary Inquiry into supporting Australia's exports and attracting investment.

Fundamental to this Inquiry, Atlassian seeks to draw attention to four key elements and recommendations:

1. Australia and the global economy - technology is the new basis for manufacturing
2. Atlassian & Australia - a case study - embracing the new economy
3. Embracing technological manufacturing as an export is in our national interest
4. Regulation currently hinders the growth of the new economy and needs to be reviewed

### **Australia and the global economy - technology is the new basis for manufacturing**

Australia's economy was built off the sheep's back - light and transportable, wool was one export we could 'ship' relatively easily. Primary resources have propped up our economic growth for centuries - Australia is fortunate to be in its 28th year of consecutive economic growth. However this cannot continue.

The world economy is changing - it is the subject of a major digital transformation. Australia's tyranny of distance is a thing of the past. And with this change Australia needs to be ambitious and visionary - to grow and develop an economy that is innovative, creates jobs and maintains wealth in our country well into the future.

Government must ask:

- how do we transform our economy to ensure growth is sustained, but how do we position our economy best for high growth?
- what industries are going to be in the highest demand?
- what skills are going to be needed to support these industries?

We believe that the answer to these questions lies in realising the possibility and opportunity of technology propelling economic growth.

Technology can be the basis of Australia's 'new' manufacturing. After all, it's increasingly become a pillar of the world's manufacturing. To do this, it will take a shift of mindset - the way we define manufacturing will need to be reviewed.

If we put the right investment into bolstering this part of the economy and set the right regulation - it can grow and develop Australia's economy.



Technology is already the biggest industry in the world. And it's pulling away faster than any other industry has ever done.

So we need to ask, does Australia, want to be a primary manufacturer of technology, or a consumer of it?

Australia generates over 1.5% of the world's GDP. To continue our relative wealth and quality of living, we need to be primary producers of more than 1.5% of the world's technology.

Technology businesses like ours are modern day factories – they are manufacturers of software, of technology products that we 'ship' overseas. All technology products are made by people. Those people create new things – for the world and for Australia. That innovation creates nearly all the new job growth in Australia today.

Every single company is becoming, or already is, a software company. It's software that powers the way we bank, the way we buy things, the way we move around the world, the way we meet new friends and partners, the way we implement laws, and the way we fix human beings in a hospital.

Technology is the single greatest competitive advantage in business today.

Consider technology's contribution to Australia's economy, recently reported in *Australia's Digital Transformation* produced by AlphaBeta and Digi:

- The technology sector contributes \$122 billion a year to the Australian economy
- It's the 6th largest industry contributor to GDP, contributing 6.6% of Australian GDP
- 90% of all Australian technology businesses are SMEs
- Employs 580,000 -- over half a million -- highly skilled workers.

Technology is also going to fuel Australia's regional economy:

- \$12 billion a year in economic contribution in regional areas, and 66,000 jobs
- These benefits are most strongly felt in regional NSW and Queensland, which account for seven in 10 regional tech sector jobs

### **Atlassian & Australia - a case study - embracing the new economy**

Atlassian is one of Australia's largest technology companies. We are one of the largest manufacturing companies in Australia. Most of what we build here in Australia is exported. We design and manufacture software that help teams collaborate and communicate better in their workplaces. We manufacture solutions, ideas, concepts, developments.



Atlassian exports to more than 160 countries, with a customer base of over 150,000 companies, governments and nonprofits around the world. We employ 3,500 staff in 10 offices globally – more than 1,000 of these are based at our headquarters in Sydney, Australia.

Atlassian owns, operates and services 16 products - Jira Software, Jira Core, Jira Service Desk, Access, Confluence, Bitbucket, Fisheye, Clover, Crowd, Crucible, Bamboo, Sourcetree, Statuspage, Trello, Opsgenie, Jira Align.

Our original product - Jira - has over 65,000 customers including companies like Twitter, Sotheby's, Pandora, Orbitz, Gilt Group and NASA.

Atlassian's manufacturing contributes enormously to Australia's exports, our reputation and to Australia's emerging tech manufacturing status globally.

Australia has a long way to go in this regard, but we fundamentally believe together with the right settings in government, that Australia can develop this critical part of our economy to become a backbone, just like wool was many years ago.

### **Embracing technological manufacturing as an export is in our national interest**

If Australia recognises the importance of technology in the global economy, and if we bolster our capability to export it, it will also protect our national security and prosperity.

Consider just a few of the potential impacts of technology on the geo-strategic landscape:

- Food production, security and export - propel development in relation to more effective farming, agricultural production and water usage
- Support stronger innovation in medical technology
- Better export of solar and wind energy to our Indo-Pacific region
- More efficient technology to support growth in communications, infrastructure and much more
- Capacity to support our regional and Pacific neighbours

In the years ahead if our region needs goods and services, infrastructure etc delivered efficiently, technological manufacturing will be a major solution.

If harnessed, these applications have the capacity to strengthen Australia's economy, develop further export capacity, and protect our economy from potential shocks. If we are needed by our region, our technological manufacturers can provide suitable services - we want to be in the front row.



A stronger economy, a more innovative national economy goes a long way to supporting our national interest.

## **Regulation**

However, the opportunity for tech manufacturing to propel our economy into the future is being vastly undercut by regulation that needs to be updated urgently. Our suggestions around this include:

### *1) Encryption*

Recent passage of the AA bill, with the legitimate aim of assisting law enforcement and anti-terrorism efforts, has nonetheless made a significant and negative impact on the Australian technology industry. In the eyes of many, the new laws have created broad yet ambiguous powers for the government to request assistance from Australian technology companies in accessing their users' private data. Moreover, these powers are exercised without appropriate oversight or avenue for effective appeal.

As a result, a broad swath of global customers and potential investors now view the Australian technology sector with suspicion, as they fear that software sold by Australian companies come with an open "back door" for not only the Australian government, but foreign governments having intelligence sharing agreements with Australia. Unless the legislation is clarified and these concerns are addressed in a public manner, global skepticism will remain.

That skepticism has had and will have an enormous impact on Australian exports and investment, as customers eschew Australian-made software and investors choose to look elsewhere for promising technology startups.

### *2) Education*

Significantly enhancing STEM education is essential to training and equipping Australia's future workforce.

If we are to be truly competitive globally, we need the right skills to manufacture the products the world demands. There is a gap at the moment, between what talent in STEM is homegrown and what we need to import. We should focus financially and culturally on prioritising education on STEM to fill this gap.

As technology and software are increasingly becoming the key source of competitive advantage for all business across all sectors in Australia, growing our base of skilled STEM professionals is critical.



We have never needed more students with advanced STEM skills, than now. Kids that struggle with maths and science are not only going to have trouble keeping up in the classroom - they're going to get left behind in an increasingly technology-led world where these skills are critically important.

### 3) *R&D and tax incentives*

Recognising the impact of investment in research and development will be absolutely critical for the growth of Australia's new technology-based economy.

Enhancing Australia's capability as an innovation creator and technology manufacturer will be underpinned by increasing Australia's R&D budget, and as such tax incentives too.

On top of increasing the budget, other policy factors needs to be reviewed - such as the definition/ scope of what activities qualify as eligible for R&D access. Similarly, the definition of how innovation occurs and what the process of discovery is to this point. For example, innovative software development requires using existing tools and technology to still reach an innovative outcome. As such, we encourage the government to be open minded about these qualifications.

We implore the government to consider a further study into what can help to grow and integrate technology manufacturing into Australia's economy through R&D.

### 4) *Skilled migration*

We recognise the important changes the government has made through the Global Talent Scheme pilot. We encourage the government to continue to enhance and bolster these scheme and others to truly ensure we are competitive in this regard.

As the government is already aware, lack of access to experienced, global talent is the single biggest factor constraining the growth of the technology industry in Australia.

Highly skilled, experienced migrants are "job multipliers" for Atlassian – for every one senior person we import, we hire many more around them. Their experience spreads to tens of other employees close to them in the organisation. It's absolutely invaluable.



## **Conclusion**

One of the world's biggest growing needs is in technological manufacturing. Australia should adapt its economy to recognise this need and be part of the solution. Doing so will significantly increase the potential of our economic growth, job creation, wealth creation and long-term sustainable economic prosperity.

As one of Australia's largest technological manufacturing companies, Atlassian is proud of export capacity and our contribution to Australia's economy.

We encourage this enquiry to focus on recognising technological manufacturing as a core component of Australia's economy and our export capability. Australia's future economic prosperity depends on it.

Kind regards

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Atlassian