

# Supporting Entrepreneurship in the food and agribusiness industry

Agribusiness accelerators and incubators – August 2023



The Food and Agribusiness Growth Centre



Australian Government  
Department of Industry, Science,  
Energy and Resources

Industry  
Growth  
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# The accelerator and incubator industry is a crucial innovation and commercialisation partner for the Australian food and agribusiness sector.

Entrepreneurs have a unique opportunity to capitalise on Australia's natural strengths and stand to increase the country's capability and brand as a preferred and innovative exporter of high quality and differentiated food and agribusiness products and services.

Accelerator and incubator providers and their collaborators are valuable contributors to the sector assisting many new and emerging businesses to better provide their products and services to the marketplace.



# What has changed since our 2019 review?

**1. EMERGING GLOBAL INTEGRATION** - The Australian ecosystem is comprised of start-up and SME participating in accelerators and incubators provided by a range of organisations. This system is better integrated with global food and agriculture support shown by the increase in number and size of the deals and level of foreign investment - \$29M in 2019 v \$360M USD in 2022.

The greatest shift is through much higher investment in e-trading, digital enterprise management software and the rise of plant protein products. The increase in investment is a surprise given the wide-ranging impacts from Covid19 on many businesses, sectors, and supply chains.

**2. STARTUPS VS SMEs bias for accelerators and incubators remains** - these are generally set up to support high growth start-up businesses at the cost of SMEs, who have smaller short-term returns, yet may have greater longer term growth aspirations. "This creates bias in where support is targeted, with proportionally more start-ups than SMEs accessing accelerators and incubators" (In 2021-221 there were 3673+ food & agribusiness start-ups vs ~149,500 SME's operating in the sector).

**3. THE RANGE OF ACCELERATORS AND INCUBATORS** has remained largely unchanged but all known corporate accelerators have closed

**4. THE NUMBER OF START-UPS AND SMES WITHOUT TACIT AGRI-FOOD UNDERSTANDING** - poor access to scale up capital and/or infrastructure remains a challenge as per the 2019 review as very little has changed in the support landscape since 2019.



# What needs to happen?

## Insight

SME's (often not considered as start-ups) have limited and affordable options available to join physical incubator communities that understands and supports them.

Although improving, venture capital investors in general have lacked understanding of food & agribusiness models and require further education and awareness to increase their investor confidence levels. This creates a significant gap at Series A\* rounds and later follow on investment rounds and SME Scale up funding is almost non-existent outside private investor funding.

Accelerators and incubators tend to be relatively fixed in their approaches and offerings.

## Call to Action

Broaden accelerator and incubator offerings to better accommodate SMEs with additional entrepreneur options or 'side hustles'.

- Increase understanding of the investor community of the agrifoodtech sector and types of entrepreneurs in the sector v digital or technology sectors
- Additional longer-term funding and scale-up support is provided via public, or semi-public investment options and organisations as very few agrifoodtech businesses are able to be system disruptive, nor have the potential for exponential growth and very high margin returns – often considered hallmarks of a 'start-up'
- Broaden investor access to SMEs with 'wider,' low capital investment network, seeking less elevated returns.

Agrifoodtech accelerators and incubators offerings adjusted to better tailor to each of 'growth and 'fixed' entrepreneur mindsets

**ACCELERATORS ...** "accelerate" the growth of an existing company, so they are more suitable for start-ups that already have a validated idea and are ready to launch, or existing businesses planning to scale.

**INCUBATORS ...** "incubate" ideas and promote innovation to build a disruptive business. They are suitable for ventures (or even solo founders) that are earlier in the process (typically working towards a minimum viable product).



# Refresh on the basics if you need ...

## Accelerators

Have a set timeframe and an intensive, structured program.

Focus on shortening years of the business building into months.

Typically involve a seed investment in exchange for a small amount of equity.

Give you access to a large mentorship network, as well as investors, advisors, alumni, and industry leaders.

Often culminate in a 'Pitch Day' where you can pitch your start-up to investors.

Typically have a highly competitive application process.

## Incubators

Do not operate on a set schedule especially the deep tech incubators developing new tech. They are often open ended and high risk with higher initial investments by supporting partners.

Focus on creating the ideal environment for ideation and growth, typically through a shared coworking environment and strong community element.

Often provide a small amount of equity-free seed funding.

Promote shared learning between founders and networking within the start-up ecosystem.

Offer unstructured workshops and sessions that start-ups can choose to join.

They might not be as selective as accelerators.



# Australia's food & ag accelerators and incubators



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