STARTUPWA

PROCUREMENT ROUNDTABLE REPORT

August 2025

Thanks to generous support from

kinetic IT   mestpoints   LIFT alliance

1. ACKNOWLEDGEMENT OF COUNTRY

We acknowledge the Traditional Owners of country throughout Australia and recognise their continuing connection to land, waters and community. We pay our respect to them and their cultures and to elders, past and present.

2. EXECUTIVE SUMMARY

For many years, WA startups have faced challenges winning contracts from state government and corporate clients.

On 23 July 2025, StartupWA hosted a roundtable (57 participants) to discuss the (real/perceived) barriers, opportunities, and solutions.

The participants were a mix of startup founders, staff, investors, government managers, procurement experts, current and former politicians, and representatives from corporates, universities, SMEs and big business.

The roundtable was split into groups to discuss and report back on the following 3 matters:

1. What value can/do startups bring?
- Innovation, agility, efficiency
- Lower cost, local capability/sovereignty
- Fresh problem-solving perspectives
- Tech upskilling & mutual learning

2. What are the barriers to startups in procurement?
- Risk-averse culture
- Lack of engagement
- Costly, rigid processes
- Easier to win contracts elsewhere
- Preference for familiar suppliers

3. What are some of the best practice & possible solutions?
- Incentivise procurement staff
- Industry-government secondments
- Appoint champions
- Connection platforms
- Small low-risk contracts for validation
- Set measurable procurement targets for WA startups
- Explore and implement various models: CivVic Labs, Challenge Model, Fast Track, Outcomes-Based, Open Innovation.

Given that procurement is one of the seven key action areas of the WA Government's 10-year Innovation Strategy (published 2022), and a recommendation of the 2024 Parliamentary Innovation Inquiry, StartupWA will be advocating for various programs and initiatives to help alleviate the barriers, and promote more procurement opportunities for locally-based startups and innovators.

The **following recommendations** are made by StartupWA:

Rec 1: Fund 'WA Labs' Challenge Programs via the NIIF (e.g. CivVic Labs)

Rec 2: Set a **procurement incentive target %** for WA startups

Rec 3: Appoint a Procurement Champion (to connect opportunities)

Rec 4: Run regular Procurement Roadshows for SMEs/startups

Rec 5: Simplify guidance & processes, and hire more staff

Rec 6: Adjust the staged approach to fast track procurement

Rec 7: Innovation Platform connecting WA startups with opportunities

Rec 8: Research and implement an **outcomes-based approach**

Rec 9: Experiment with an **open innovation approach**

Rec 10: **Strategic approach to procurement**

3. TABLE OF CONTENTS

4. ABOUT STARTUPWA

Established in 2015, **StartupWA** is a not-for-profit, peak body for the startup sector in Western Australia.

It seeks to promote and advocate for the growth of the Western Australian startup ecosystem so that it is an internationally recognised, leading hub for early-stage technology and innovation companies.

StartupWA operates with a 'hands-on' 9-person board of directors, drawn from all sections of the startup community.

2025 Board members

Charlie Gunningham (Chair)
Dr Jo Hawkins (Secretary)
Patrick Jodas (Treasurer)
Kate Spencer
Josh van Ross
Lacey Filipich
Paul Robinson
Matthew Larner
Wilson Tucker

For more: www.startupwa.org
Contact: info@startupwa.org

5. METHODOLOGY

The Procurement Roundtable followed the World Cafe Methodology, a proven framework used by previous StartupWA roundtables.

The discussions were held under the '*Chatham House rules*' convention, meaning that nothing said or proposed could be attributed to any individual. While the aggregate of the discussion points would be published, this would be general in nature.

International Creative Commons Attribution4 Design, 2022
http://www.theworldcafe.com/key-concepts-resources/design-principles

6. MEETING DESIGN

The event, held at Kinetic IT's head office in Perth, was structured into three parts:

Part 1: Welcome, Introduce the theme, Perspectives
After the StartupWA Chair set the context, the group heard from **Lisa O'Malley MLA, Ben Trigger** (CTO, Qoria), and **Mark Newman** (CEO, CivVic Labs).

Part 2: Breakout groups discuss 3 main questions
57 participants split into 3 groups to discuss the value startups can bring, the challenges they face and some best practice ideas for improvement.

Part 3: Report back, Collect the ideas
The general discussions were captured on the day by note-takers, AI recordings, and then summarised on the day by a participant in each group.

7. PARTICIPANTS

Participation in the Procurement Roundtable was 'invite-only', so as to ensure there was a good cross section from relevant, interested parties.

The mix of attendees included startup founders and employees, investors, procurement specialists, government leaders, corporate managers and executives, former politicians and ecosystem supporters encompassing a broad spectrum. 57 stakeholders attended in person.

Each attendee was provided with a 12-page workbook, which included 7 articles on the subject of procurement and startups, with examples. Thank you to the authors of those pieces: **Eliza Carbines, Phil Morle, Sally-Ann Williams and Christine Tonkin.**

Thanks also must go to our presenters on the day: **Lisa O'Malley MLA** (Parliamentary Secretary to the Minister for Innovation), **Ben Trigger** (CTO, Qoria), and **Mark Newman** (CEO, CivVic Labs).

8. PRE-EVENT SURVEY

A pre-roundtable survey was conducted prior to the Procurement Roundtable.

This ensured the main questions were tested and a good mix of people were invited. The respondents were broken down as follows:
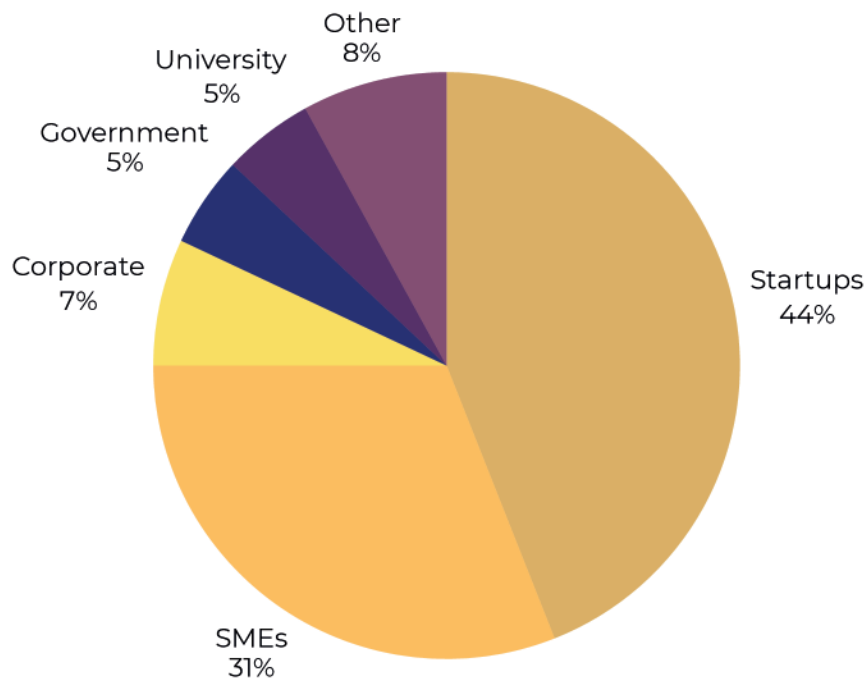
The main points from the survey were:

Challenges

- Process Complexity & Time: lengthy, complex, paperwork, rigid
- Risk Aversion & Innovation: low risk appetite, preference for incumbents
- Access & Visibility: getting in front of the right people, outdated lists
- Payment Terms & Value Assessment: strain startup cash flow
- Lack of Flexibility & Post-Procurement Issues: little scope for changes

Suggested Improvements

- Process Simplification & Accessibility
- Transparency & Feedback: provide constructive feedback
- Innovation & Collaboration: balance cost with strategic value and innovation potential, encourage pilot programs and prototype integration
- Payment & Incentives: payment terms to 14-day for SMEs and startups
- Targeted Opportunities & Support: "tiny tender" system (<$50k)

9. QUESTIONS

The following three questions were crafted based on insights gained from the survey:

1   *What value could startups bring to state government and corporates?*

2   *What prevents startups from gaining more contracts? What can they do better to position themselves?*

3   *What is the view from state government? What do other jurisdictions do in this regard? Where is best practice? What could work in WA?*

The cohort split into three pre-assigned groups to discuss these questions, for 45 minutes.

Following this, everyone reconvened to hear from a spokesperson from each group reporting back on the main themes and recommendations.

10. DISCUSSION CAPTURE

Question 1 — What value could startups bring to state government and corporates?

Area	Discussion capture
Benefits:	
Startup mindset	• Startups bring their innovative, customer-focused entrepreneurial ideas and approach, working at a regional, local and global level
Speed	• Startups are fast, adaptable, and agile, and extremely efficient despite (because of) their low budgets. Little, if no, waste of resources. They make every dollar count
Cost	• In many cases, products and services could be made cheaper, better and faster here in WA, by local innovators
Sovereign Capability	• Improve sovereign capability by building solutions in WA, rather than simply importing
Problem-solving approach	• Startups bring fresh perspective; diversity of thinking; have a problem solving focus; lateral thinking, with different approaches
Tech comfort	• Startups are comfortable with tech, and the deployment of the latest technology
Opportunity to learn	• There's an opportunity for government and big business to learn from startups (and also startups can learn from them)

Question 2 - What prevents startups from gaining more contracts? What can they do better to position themselves?

Area	Discussion capture
Challenges:	
Culture & Risk	• Main barrier is not actually regulatory or policy but rather the **risk-averse culture** within procurement processes • No one in government procurement is congratulated for going outside the norm, quite the opposite *"No one gets fired for using Microsoft"* • This 'perception of risk' is highlighted as a critical issue, **with little progress possible without this being dealt with**
Lack of engagement	• Startups often excluded due to lack of interest and engagement from government • Grants (set up for innovators) are disconnected from procurement opportunities
Cost	• Engagement can be costly for startups, requiring upfront time and cash investment • The tender processes can be rigid • Lack of outcomes-based procurement • Treasury's lowest cost mindset **ignores other benefits to local economy** • The cost of inaction is not considered
Slow	• Procurement processes are often slow, risk-averse, and can be blocked by IT teams and internal stakeholders • Processes are built for large projects, and not fit for purpose for smaller innovative solutions • Startups are not built or prepared for the long tender cycles

Cumbersome	- Internal procurement processes are so cumbersome, government staff (understandably) often engage vendors used before (easier and less risky) - These staff want things to go faster
Easier to get contracts elsewhere	- Startups report that it is easier to work with NSW and even Singapore, UK or US government than their own government in WA - As a result, **WA risks exporting entire new industries overseas**
Even harder in manufacturing (than software)	- **In manufacturing, it's even harder to tender than in software.** Setting up a plant can require around $1M upfront, and if winning isn't certain, securing that kind of finance is nearly impossible. As a result, many firms can't even apply. This creates a major barrier to the WA Government's "Made in WA" aspirations to diversify the economy.
Government CAN move when it has to	- When a big event comes along - like Ukraine War or COVID - suddenly, things can happen in government. **Why not all the time, or more of the time?** - When priorities are made - such as more indigenous procurement - rules are re-written, and outcomes achieved
Disjointed	- Even with AUKUS Pillar 1 & 2 - which should have huge implications and opportunities for local procurement – it's disjointed, not connected, and **no one knows where to go**
Lots of Stakeholders	- Large organisations and governments have many stakeholders to balance. For major contracts, they often look to global suppliers and may not expect — or even seek — a local solution.

"
I'd be happy to compete with anyone on performance, as I know we can deliver ... but at the moment, I am not able to even be on the playing field.

Question 3 - What is the view from state government? What do other jurisdictions do in this regard? Where is best practice? What could work in WA?

Area	Discussion capture
Ideas:	
Conversations	• Getting people in the room (from across all sectors) is a good start. More of this connection needs to happen
Culture	• Government and corporate procurement staff need to have permission to use innovative, local startups, where they can help solve problems • **More than this, they need to be incentivised to do so (rather than disincentivised, as at present)** • What is the risk of inaction (not choosing a local provider)? • Cultural change has to be driven from the top (the Director Generals)
Industry people in Government	• Encouraging more industry people, with innovation experience, into Government positions • And doing the opposite - seconding Government people out to industry for a term
Bad experiences still linger	• The 1980s 'WA Inc' era still hangs over some elements of Government in WA, acting as a disincentive to work with business • Incidents of public sector corruption have led to additional restrictions in procurement.
Advocate for startups	• Provide opportunities for startups to pitch their ideas to Government, and corporates

Champions within Government	• Champions within government are needed, who can take measured risks and work with startups
Common User Agreements (CUAs)	• CUAs (aka panels) are only open for new businesses every few years, why not every year? Why are they not open all the time?
First client	• Startups are not asking for the world, they would just like the chance to test their new technology, and gain a first client • **The $ value is not as important as the validation of their solution, and winning their own Government as a first client**
Startups need to better prepare themselves	• Startups may need to address cyber risk, privacy, and support concerns, so as to make themselves more amenable for government contracts • Startups need to do a better job of educating and preparing themselves for the opportunities
Innovation Platform	• Create a platform where multiple businesses, including startups and industry, can engage with each other • Do the same for Government contracts
Streamline processes	• Explore existing procurement pathways, looking for opportunities to make these easier • Adjust the tiers, so small contracts (below $50K can be moved to $100K) can proceed ('direct procurement'); this would still be a significant first client for a local startup • Scaling solutions that require three quotations (could be $100K-$1M range) • Larger opportunities ($1M+) would require tenders and full quality assurance with Department of Finance

" I just wanted to test my system, and get some validation/data. I was not even looking for money. But it was just impossible. So I did it with the City of Auckland in New Zealand instead.

% of Government Procurement to go to local innovators	• We hear the "83% of government procurement goes to local companies" statistic, but this includes local firms as offshoots of major overseas conglomerates. Microsoft is not a local company, nor is Oracle, SAP, PwC etc.
	• How much actually goes to WA-based, WA-founded innovative startups?
	• There should be a target % set of overall procurement that goes to these companies

| CivVic Labs - WA version | • The presentation from Mark Newman (CivVic Labs) showed how government departments could engage with local startups to solve problems |
| | • Why not fund a WA version of this - 'WA Labs'? - through the renewed $10M/year New Industries and Innovation Fund? |

Challenge Model	• WA has already run some 'Challenges', such as the Minister's $5M Pilbara Health Challenge
	• The new Greentech Innovation Hub will also run two challenges a year, and is currently undergoing its first
	• This 'Challenge Model' could go a long way to connecting startups to Government without worrying about changing culture and procurement practices

Fast Track Model	• Simplified qualification processes where SMEs can pre-qualify once annually rather than for each bid (a bit like a panel);
	• Expedited evaluation timeframes (30 days versus the typical 90-120 days);
	• Lower administrative requirements proportional to contract size; and r eserved opportunities exclusively for innovative SMEs in specific categories

"

There's no mechanism to pitch your idea or drag it into implementation. So if you've got something really good, you sell it to Europe or the US, before Australia. Europe is a very hot market in the defence space, right now.

Outcomes-based Model	• RFPs specify measurable outcomes rather than detailed specifications • Suppliers demonstrate their approach to achieving these outcomes • Payment structures link to the achievement of outcomes rather than the completion of activities • Performance measurement focuses on impact rather than compliance • New Zealand has successfully used this ('Broader Outcomes') approach.
Open Innovation Model	• Innovators propose solutions to government challenges year-round. • The United Nations approach (Unite Ideas platform) has demonstrated how open innovation can dramatically expand the solution ecosystem around complex public challenges. • In WA, this could involve: continuous submission of innovative proposals; quarterly assessment cycles; and rapid prototyping of promising solutions.

11. RECOMMENDATIONS

The WA Government's 2022 Innovation Strategy ('Western Australia - the place to innovate') highlighted procurement as one of its seven 'key action areas'.

Quoting from the strategy, the government promised *"to make changes to improve its procurement arrangements… Further efforts will be made so that our procurement practices enable the State to benefit from our local innovators and startups."*

With this in mind, StartupWA makes the following recommendations, many of which feed into each other:

1 Challenge models

The WA Government has already trialled 'Challenge' models, whereby a problem is posed that might be solved by local innovators. The $5M Pilbara Health Challenge was one example, as are the Challenges that are being run by the newly established Greentech Innovation Hub.

CivVic Labs is the best current Australian example of this in practice, and **our first recommendation is to fund an annual round of equivalent 'WA Lab' government challenges.**

The newly re-funded $40M New Industries and Innovation Fund (NIIF) has additional funds that could be set aside for this.

2 Target startups in procurement

Government procurement processes are, by design, risk averse and not encouraged to go for innovative, new solutions.

It is not enough to give staff 'permission' or 'encourage' them to use local solutions. Procurement operatives inside government, and corporations, need to be incentivised to seek out, and use, local innovators that could solve problems.

We recommend the **state government set a target (% total procurement) that has to go to local innovators, defined as WA-based, owned and run 'startups'** (small, scalable innovators founded and operating in Western Australia).

3 Procurement Champion

As an enabler for recommendations 1 and 2, the state government should **appoint, possibly also funded from the NIIF, a 'Procurement Champion', who can work with state agencies to open up more procurement opportunities for local innovators**.

Their job will be to liaise with agencies, set up and work on Challenges, and connect local startups to opportunities. This person (or office) will report back on results achieved.

4 Procurement roadshows

The government to hold **regular, accessible events, that startups can attend, where appropriate procurement processes are explained, and current opportunities are highlighted**.

These should be targeted at, and for, WA-based innovative companies. This should include opportunities that are open now, that even under current rules WA-based startups could apply for.

5 Simplify material; hire more staff

One of the 2024 Parliamentary Innovation Inquiry's own recommendations was for the Western Australian Government to "**investigate ways to simplify procurement processes, including documentation and guidance material.**"

This recommendation was supported by the WA government's response, and so we restate it here. In addition, hiring more procurement staff would speed up processes within government.

6 Staged approach / Fast Track pathways

Raise the three tiers of procurement opportunities: a sub $100,000 tier, then a $100,000 to $1M middle tier, and a $1M+ tier.

Each tier has increasing governance: the sub $100K is for 'direct procurement'; $100K to $1M (at least three quotations) and full tender governance for the $1M+ top tier. *Note*: Procurement systems within the WA Government are not fully uniform. Some agencies such as Health and Police operate under distinct frameworks, while others align more closely with Treasury-led arrangements (particularly following machinery-of-government changes). Recommendations should be interpreted with this variation in mind.

7 Innovation platform

Create an online innovation platform, a centralised problem register, where multiple businesses and government agencies can engage with startups, to help fund the development of new solutions.

Examples exist within the Commonwealth Bank, and the Singapore and New Zealand governments.

8. Outcome-based procurement

Rather than prescribing a problem to be solved, with neat guardrails, as per the Challenges Model, here the **government would state its desired outcomes without over-prescribing specifications, reducing automatic rejection of non-conforming bids.**

This allows the government to focus on results, and innovators can be more creative as to their solution.

9. Open Innovation

Another recommended model: with no recourse to any specific problem or issue, the **government invites unsolicited ideas and provides small rolling grants, assessed biannually. It is up to startups to come forward with their solutions for identified problems.**

This allows for a continuous submission of innovative proposals, rapid prototyping of promising solutions, taking the pressure off government having to identify scope-specific solutions.

10. Strategic approach to procurement

The WA public sector **should shift procurement from a narrow, transactional focus to a strategic, portfolio-based approach that maximises value for money, manages risk, and supports economic diversification, innovation, and local industry**.

This can be achieved by building internal capability, developing shared knowledge and market intelligence, and empowering skilled public servants to lead procurement, coordinating all elements for better performance without relying on external consultants.

These initiatives don't replace traditional procurement. They add new streams, giving government space to explore different ways of engaging the market while retaining full control.

12. ACKNOWLEDGEMENTS

StartupWA would like to thank Kinetic IT for hosting the event, as well as the LIFT Alliance, and Meshpoints for its funding of the 2025/26 roundtables (there will be two more to follow). We would also like to acknowledge the StartupWA board and all who attended, presented and contributed, as well as those that provided pre-reading articles and input into the workbook.

We are grateful to the following individuals for volunteering their time to organise and run the event, and deliver this report:

- Paul Robinson
- Charlie Gunningham
- Jo Hawkins
- Kate Spencer
- Shivani Kartik
- Josh van Ross
- Matthew Larner

This page is intentionally left blank