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# Building businesses

**BlueChilli is playing an important role in Australia's entrepreneurial ecosystem, working to accelerate a start-up's path to launch, grow, and scale.**

IMAGES PAUL HENDERSON-KELLY

**U**ncertainty can be a huge factor for start-ups. There's investor risk to assess, market viability to consider, and many tricky decisions to be made. As the Founder and CEO of Sydney-based start-up accelerator BlueChilli, Sebastien Eckersley-Maslin knows this all too well. He is trying to make the process easier for the newest crop of Aussie entrepreneurs by providing them with the help they need to navigate this complex territory, so that ultimately they can conquer their chosen industry. *The CEO Magazine* spoke to Sebastien about the current start-up landscape, what Australians can learn from the entrepreneurial ecosystem in Israel, and why thinking with the mindset of military personnel can be beneficial.

***The CEO Magazine:* You've previously stated that Australia has already fallen behind other countries as a start-up economy. Do you believe we will be able to catch up to countries like Britain and Israel in the near future?**

**Sebastien:** No, if we're trying to catch up we'll always be second. We need to form our own identity and our own focus. We have a history of resources and >>

## BlueChilli

**Name** Sebastien Eckersley-Maslin  
**Company** BlueChilli  
**Position** Founder and CEO  
**HQ** Sydney, Australia  
**Employees** 35



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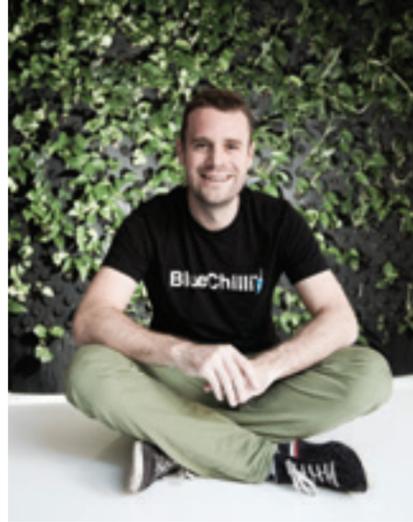
energy, and some of the most progressive solar research is done in Australian universities, so why aren't we the global leader in clean technologies? I think we need to think more broadly than a single-industry focus like clean-tech or fin-tech or insert-vertical-here-tech. Technology affects all industries and we as a country need to own the next evolution of technology innovation, which is the Internet of Things.

**Can you tell us a little bit about your relationship with the Australia-Israel Chamber of Commerce?**

A few years ago, I was invited to attend one of the Chamber's trade missions to Israel. Led by Roger Allen AM, the mission explored the venture capital landscape in Israel and answered the question of 'how' Israel has helped foster an innovation culture. Being ex-military, with 10 years' service in the Royal Australian Navy, I was able to see parallels with the two cultures, and formed some views on what Australia's ecosystem could do to support innovation, technology, and investment. Since then, I've been back again, and have been a proud supporter of the Chamber. Technology and innovation are my religions, and I think everyone in this space needs to do a pilgrimage to the tech hubs of the world, including Silicon Valley, Tel Aviv, and Waterloo. It opens your mind to big-picture thinking.

**In early 2015, you met Avi Hasson, Israel's Chief Scientist, and you noted there was no ceiling for start-up investment in Israel. Do you believe this is creating a problem in Australia's start-up ecosystem?**

Australia is a small market economy, and with that comes small market economics. Like all small market economics, partnerships are rare,



monopolies are common, collaboration is rare, and speed of execution is slow. One of the things that stood out for me in Israel was that they think and act like a big market economy. That thinking is very healthy. Unlike Australia, start-ups in Israel can't really survive if they just sell to themselves—they have to think global, they have to expand rapidly, and they have to work together to achieve that. We're not there yet in Australia, but with our trade agreements with China and throughout Asia we're on the verge of being able to capitalise; we just need the right mindset to do so.

**You participated in and hosted PolicyHack with Assistant Minister for Innovation, Wyatt Roy MP, in 2015. What was your reaction to the government's innovation statement released earlier this year, especially with regard to you championing early-stage ventures?**

A few hours after Wyatt Roy was announced as Assistant Minister for Innovation, we spoke and came up with the idea of running a hackathon around government policy, thus PolicyHack was born. This was a fantastic way of connecting people around policy—we had 200 people from all over the country packed into our Sydney office. The most important and amazing thing was that we had these two opposite worlds interacting: public servants working with start-ups and innovators. About a third of the policies proposed

in the innovation statement had some foundation in PolicyHack and other BlueChilli initiatives.

Following my first visit to Israel, I saw how effective the Israel government start-up support model was. It provides 5:1 matched funding to start-ups who go through an incubator or accelerator. The incubators are seen as a key component of infrastructure and as a way to de-risk investment in assets. This program is widely successful, with a 50-per-cent success rate (which is the same as BlueChilli's success rate) and 50 per cent of the start-ups have raised more than the government has put in. For every shekel that the Israeli government has granted, 8 shekels have been invested into the economy. It's not the only factor to Israel's success, but it's an important element and one which we in Australia could easily adopt.

I think the Australian Government has the right attitude. Some of the policies could do with some more firepower, but I'm going to say that no matter what they put forward. It's important that we're doing something, that we've identified 'innovation' as a key priority, and that we focus on getting more people into this sector. By evangelising innovation, the government has taken a huge first step to get the population talking about it.

**You're involved with the Club Kidpreneur Foundation, which aims to teach basic business skills to children. How can Australia continue to foster a nation of entrepreneurship?**

I'm simplifying, but our education system is based on a means-tested industrial revolution era of supporting one standard deviation away from the mean with a basic education. Entrepreneurs fall outside of that and need to be given encouragement to test

ideas and to be given encouragement to try. Kids also need role models and celebrities to inspire them to want to start companies and study technology.

**As the innovation sector continues to grow, how can entrepreneurs avoid third-party intermediaries that may try to take a foothold in business partnerships?**

The attitude of 'hire slowly, fire quickly' applies just as equally to intermediaries as it does to employees. Entrepreneurs need to do their research and they need to understand their options. The biggest thing I would say is don't fall into the trap of being drawn to someone just because they say your idea is brilliant. Don't be drawn in by the latest new co-working space that's just opened up and has a nice coffee machine. Talk to the groups, visit the meet-ups, attend the events and find out for yourself if you're a good fit for them and if they are for you.

**You've stated the importance of looking at customer investment, rather than focusing primarily on corporate investment. Why should start-ups move in this direction?**

Ultimately, a business is successful if it is making profit—that's the point, otherwise it's a very expensive hobby. I believe in having a solid business model that can use technology for leverage and where venture capital can scale the business. If the foundation is right and the model makes revenue, then raising capital for growth is much easier. The alternative—raising money to prove an idea—is a very expensive way of testing something. At BlueChilli, we're building full enterprise-ready start-ups with mobile apps on the front end in under 300 hours for \$30,000. And we're testing ideas for no capital investment. We've seen entrepreneurs



**"I think everyone in this space needs to do a pilgrimage to the tech hubs of the world, including Silicon Valley, Tel Aviv, and Waterloo. It opens your mind to big-picture thinking." - Sebastien Eckersley-Maslin**

spend 10 to 20 times that just to test an idea, which is crazy. At the end of the day, the idea is simple: find out what your customers want, then give it to them. Execution, however, is where success really happens.

**What aspects of your defence force training do you believe can help start-ups?**

Military and business look at risk in very different ways, because in the military the option of 'not doing something' is removed from you. So in

business, when you look at doing something—an acquisition, a new hire—you're always evaluating doing that task against not doing a task. It becomes a defensive risk assessment. In military, that option of not doing something is taken away and it becomes a positive assessment. I've taken this philosophy on risk and applied it to start-ups, where we've identified the five main risk areas of how they fail (team, technology, traction, tender, and timing) and we've built our model around mitigating those five areas as much as possible. ■