

MEDIA RELEASE

Beyond Growth: Australia's Sportstech Sector Reaches Maturity Milestone

ASTN's third annual Sports Innovation Report reveals a sophisticated industry now worth A\$4.69 billion and a new era of innovation and competition.

MELBOURNE, AUSTRALIA – WEDNESDAY, 31 JULY 2024: The Australian Sports Technologies Network (ASTN) has today launched its 2024 ASTN Sports Innovation Report, revealing the remarkable evolution of Australia's sportstech sector from growth to maturity stage. This transition is highlighted by market consolidation, increasing investment from sophisticated investors and the widespread adoption of technologies across the sports sector.

The third edition of ASTN's annual report provides a comprehensive census of Australia's sports innovation sector, with the analysis extending beyond the Eastern Seaboard to include South Australia and Western Australia, offering a broader perspective on the national landscape.

ASTN's research indicates that the industry life cycle of the sportstech sector is shifting from the 'growth stage' to 'maturity stage'. The report also shows that while the growth rate for established businesses has slowed, the industry still experienced an increase in revenue of approximately 10% over the last 12 months and is now worth A\$4.69 billion per annum.

"Since the establishment of ASTN in 2012, we have witnessed an extraordinary evolution in the sportstech landscape," said Dr Martin Schlegel, Chair, ASTN. "The sportstech sector's shift to a maturity stage reflects not only the advanced adoption of innovative technologies but also the sector's substantial economic and employment contributions."

"As the industry matures, it becomes increasingly attractive to investors and stakeholders, promising continued innovation and development. This marks a new chapter for Australia's local sportstech ecosystem, showcasing its resilience and adaptability in a rapidly evolving market," adds Dr Schlegel.

The report identifies the following markers of the maturity stage:

A global surge in sportstech innovation adoption

On a global level, the sportstech sector has seen rapid growth with the integration of digital technologies. These advancements have moved beyond elite sports, enhancing operational efficiencies and driving commercial outcomes for teams, leagues, and federations. Consumer adoption of smartwatches, connected fitness systems, and training apps has also surged, contributing to a 177% increase in new sportstech companies from 2012 to 2024.

"Technological innovation is at the heart of the sportstech sector's growth," said Dr Schlegel. "From mobile solutions and big data analytics to wearable technology and advanced materials, the diversity and sophistication of technologies being developed are truly impressive."

Changing industry dynamics and market consolidation

As of June 2024, there were 765 Australian sportstech companies in operation. The industry experienced accelerated growth from 2014 to 2018, followed by a slower rate of new company establishments from 2022 to early 2024. Despite challenges posed by the COVID period, the sector showed resilience, with 87 new sportstech companies established, reflecting the industry's continued allure for local startups.

"While we've seen some consolidation and closures, the resilience and innovation within the sportstech sector is commendable," said Dr Schlegel. "The industry's ability to adapt and grow revenue and employment, even in challenging times, highlights its robust foundation and future potential."

Strong profitability and employment growth

Despite an increase in company closures, ASTN's sector appraisal indicates positive trends with industry revenue and employment both rising by over 10% in 2024. The sector now generates A\$4.69 billion in annual revenue, employing 14,906 people.

"The sportstech sector's contribution to the Australian economy is significant," noted Dr Schlegel. "Representing approximately 12% of the Australian sports industry, which is valued at A\$40 billion, the sector is a vital component of our national sports ecosystem."

Investment into the sector

Despite challenging capital-raising conditions, the sportstech sector continues to attract significant investment. ASTN estimates that the sector's M&A and capital raising activity in FY2024 was around A\$500 million, with increased interest from both domestic and global investors.

Regional dominance and future opportunities

The establishment of a globally significant sportstech cluster along Australia's Eastern Seaboard, particularly in Victoria, underscores the region's prominence in the industry. As Australia's second most populous State with one quarter (25.6%) of Australia's population, Victoria is a clear front runner with 40% of sportstech companies headquartered in the state.

The upcoming Brisbane 2032 Olympics and other major sporting events, along with significant sports infrastructure investments, are expected to drive further growth and innovation in the sector.



KEY 2024 REPORT FINDINGS:

- **Maturing sector:** The sector is shifting from the 'growth stage' to 'maturity stage', marked by widespread adoption of technologies
- **Market value:** The sportstech industry is now worth A\$4.69 billion annually, experiencing a notable 10% increase over the past 12 months. This figure represents 12% of the total sports industry.
- **Rapid global growth:** Since ASTN's inception in 2012, the global sportstech sector has seen substantial growth, expanding beyond elite sports to include various operational and commercial applications.
- **Local growth slowing:** There are 765 Australian sportstech companies as of June 2024. The rate of new company establishments has slowed since 2022, reflecting the sector's maturation.
- **Company closures and startups:** Between 2022 and early 2024, 76 companies closed, while 87 new companies were established, showing continued sector attractiveness despite numerous challenges.
- **Stable M&A and Capital Raising:** 2023-24 saw consistent \$A500 million in activity from previous year.
- **Emerging Investors:** 2023-24 saw the rise of strategic and sophisticated investors not previously seen in the sector.
- **Revenue and employment growth:** The sector's revenue increased from A\$4.25 billion in 2023 to A\$4.69 billion in 2024, with sector employment rising from 13,438 to 14,906 people.
- **Market leaders:** The top 15% of companies generate 85% of the sector's revenue and employ 70% of its workforce.
- **Sector composition:** The majority of companies (58%) serve the Mass Participation & Active Living market, followed by the Business of Sport & Entertainment (43%), and Professional & Elite Sport (18%).
- **Technology utilisation:** Most companies (66%) use Information and Communication Technologies (ICT) for their solutions, with significant applications in mobile solutions, performance science, and big data analytics.
- **ASTN Accelerator success:** Over half of ASTN's alumni from the Growth-Stage Accelerator raised more than A\$75 million over the last five years.
- **Investment landscape:** Despite challenging conditions, new strategic and sophisticated sportstech investors emerged in 2023, attracting domestic and global interest.
- **Eastern seaboard dominance:** 92% of the industry is located along the Eastern Seaboard, with Victoria leading in sportstech activity (40%), followed by New South Wales (30%) and Queensland (19%).
- **Future growth drivers:** Major sports events, infrastructure commitments, and emerging and enabling technologies are expected to drive future growth in the sportstech sector.

"Australia's outstanding sporting culture, combined with professional achievements and world-class sports education, provides a solid foundation for the sportstech sector's expansion. Sportstech intersects with many of the enabling capabilities which are part of the priority areas of the Australian economy identified by the National Reconstruction Fund. The next decade promises exciting opportunities for growth and innovation both domestically and internationally," said Dr Schlegel.

"We can expect advancements in artificial intelligence, positioning, timing & sensing, advanced information & communication technologies as well as advanced manufacturing & materials or quantum technology will help to shape the future of various industries" added Dr Schlegel.

Download the full report here <https://www.astn.com.au/download-astn-sports-innovation-report-2024>



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The report will be officially launched at ASTN's member event on 31 July 2024 at its headquarters in Cremorne, Victoria. For more information about the report, or to speak to an ASTN spokesperson, please contact ASTN's Communications Manager, Tara Ballard, at tara.ballard@astn.com.au

About ASTN: The Australian Sports Technologies Network (ASTN) is a leading organisation dedicated to the development and promotion of the sportstech industry in Australia. The ASTN Sports Innovation Report is a comprehensive analysis of the trends, growth, and advancements within the sector.

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