Lessons in innovation from one of Australia's first tech trailblazers

From internet search to social housing, Evan Thornley shares what decades in tech, politics and startups have taught him about innovation with impact.

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LongView founder and startup veteran Evan Thornley. Company supplied.

Evan Thornley was one of Australia's first internet moguls. His search engine, LookSmart, was the first Australian company to list on the Nasdaq, with his stake valued at nearly $US1 billion at the height of the dot-com bubble. Then it crashed by 99%.

But for Thornley — a gifted lad raised in straitened circumstances — that was just the beginning of a remarkable career in business, politics and startups. His current venture, housing enterprise **LongView**, is pioneering an innovative model that brings together secure home ownership or rental with investment, structured sustainably.

LongView follows a social venture in early childhood learning, the founding of **GetUp**, a stint in the Victorian Parliament, an EV charging network and the creation of progressive think tank Per Capita.

So, what's the common thread? "Innovation and social purpose at scale," he tells *Capital Brief*.

While it's hard to categorise his eclectic CV, Thornley is clear about one thing — he's not a venture capitalist: "I'm a much worse venture investor than I am a founder. I've never seen a new idea I don't like. That's not the right mindset to be a risk investor."

Thornley spoke to *Capital Brief* for our Past Performance series. A transcript of the wide-ranging discussion — rich with lessons learned — follows.

He has a clear-eyed view of what creates value, grounded in basic economics, and is sceptical of the heroic founder myth.

"I believe in founding teams," Thornley says. "When I meet entrepreneurs with often great sounding ideas and I ask them who else is on their team and they don't have others who share the vision and can add diverse skills to achieving it, I tell them to come back when they do."

Thornley is candid about the lessons learned from failed ventures such as the EV charging network Better Place, which he attributes to an unbalanced skills mix — brilliant software minds, but building a physical network.

"You need three things in your team to disrupt an industry: one, open-minded industry veterans; two, smart generalist outsiders; and most importantly, three, mutual respect between the two."

He also has firm views on the Australian innovation ecosystem, arguing it should look to Israel rather than Silicon Valley for inspiration.

"We should celebrate the progress over the 25 years since we put LookSmart on Nasdaq, but let's not kid ourselves that we are world class as a nation," he says.

And yes — he did put in an offer for Google.

The following transcript has been edited for length.

You were an internet pioneer with LookSmart, but for the last four years you have been running a residential housing investment business, LongView, which you founded. In between, you started the activist initiative GetUp! and entered Victorian Parliament with John Brumby, looking to drive innovation, and took over EV fuelling network Better Place. Is there a common thread here?

Sure: innovation and social purpose at scale. Just as what **Michael Traill** and I did with [childcare network] **GoodStart** — innovation and social purpose at scale. Internet search was about the democratisation of information at scale.

GoodStart (which bought the failed ABC Learning in 2009) was about early childhood development and education through a social venture at scale. LongView is about providing dignified, secure housing solutions at scale by creating a Housing Fund industry.

Housing is a massive systemic problem — actually a collection of problems — and requires major innovations to break through with transformational change. It's actually been 10 years now I've been working building LongView — so over 10 years working in housing it's clear to us that the creation of a Housing Fund Industry is an essential building block for system change in housing.

And if you look at it from an investor point of view, how can it possibly be that the largest and one of the best-performing asset classes in the country has no investment-grade funds? There are more crypto funds in Australia than residential property/housing funds outside particular regulated niches like disability or student accommodation. For the great unwashed of suburban homes — nothing!

Better Place was about innovation and social purpose at massive scale — moving the car fleet from petrol to electric with innovation in the charging system, not just the cars themselves — the hard part is getting a charging system that works, not building electric cars.

In my time in government, I focused on trying to move energy changes — same again — innovation and social purpose at scale. In this case, something that still hasn't happened but should — changing the brown coal power generation in the Latrobe Valley to splitting brown coal into its component parts: methane for combined cycle gas generation at an 80% reduction in emissions; three desal plants' worth of water; and activated charcoal for high-value export to North Asian steel mills.

And all of this positive environmental and economic benefit and twice as many jobs for miners, rather than shutting the joint down. So, all of these — and obviously not all were successful — were about innovative solutions to solve wicked problems. The innovations solve the problem and create powerful financial returns — especially when happening at scale.

What is the ambition with LongView?

Dignified, secure housing — not just a roof over someone's head, but a home they can count on — shouldn't be a privilege reserved for a lucky few. And yet, for millions of people — renters, struggling homeowners, people hit by life's curveballs — that kind of housing security feels out of reach. We're working to change that.

Australia's housing market is fundamentally broken. The rental sector is dominated by individual landlords with little scale or support, tenants often lack stability or respect, and even homeowners can find themselves trapped — asset-rich but cash-poor — with no good financial options. That's where LongView comes in. We're building solutions that improve this system from both ends: housing solutions and property investment.

On the housing solutions side, we offer property management and buyer's advocacy designed to align long-term interests — not play short-term games.

On the property investment side, we have launched a funds management business to create new models of investment in residential property that deliver mid-teens returns with a remarkably low risk stack, versus other asset classes with similar return levels like global equities or private credit.

Our first major innovation is HomeFlex — a non-debt, equity-based solution for homeowners to meet other life needs without having to sell their home. Obviously, our focus is on serving clients whose homes are most likely to get outstanding capital growth, which means our investors will get strong returns because our clients are getting strong returns on their homes.

So, our investors can invest in a diversified portfolio of high-quality family homes — 76 of them as of this week (we're adding 3 to 5 per week) — so about $130 million worth of properties, and get mid-teens returns with no landlord hassles or costs or taxes. That's our Home Equity Investment Fund.

Longer-term, we will launch a Rental Transformation Fund as well. This will buy properties outright. Again the same high capital growth properties we call RODWELLs — Robust Older Dwellings on Well-Located Land. These will then be rented out long-term to working sole parents and their children, for dignified, secure housing, and investors will get 11–12% returns, unlevered.

Given the diversity of your experience, what is your advice for venture capitalists? What are the key lessons you've learned?

I don't consider myself a venture capitalist — honestly, I'm a much worse venture investor than I am a founder. I've never seen a new idea I don't like. That's not the right mindset to be a risk investor.

But as a founder you learn — as venture investors also know — that new ideas is a cross-multiplication exercise. You usually need to solve five to seven problems, and if you do, cross-multiplying the value of each problem together creates massive value. But if you have a zero in any of those seven things — no matter how well you do the rest. What's the answer? Zero. When you solve all the problems to create value, the value can be huge, because it's so hard to do.

And I don't believe in the myth of the heroic founder. I believe in founding teams. When I meet entrepreneurs with often great-sounding ideas, and I ask them who else is on their team, and they don't have others who share the vision and can add diverse skills to achieving it, I tell them to come back when they do.

Secondly, governance is not sexy, but it really matters. When do things go bad at the board and shareholder level? Either when things are going badly or things are going really well. Well, those are the two dominant states for early-stage ventures! You get conflict between founders, between founders and investors, between investors.

Thirdly, focus on fundamentals: customer fundamentals and the fundamental economics of the business. The best way to fund any new business is from customers, not investors. And investors are much m
see customer traction. Find that small group of cust
and need what you are creating. Then work out fron
offering to more customers.

Similarly, I'm an old McKinsey guy: figure out where
Watergate principle — follow the money, always foll
childcare, for example, the occupancy level for a ce
airlines, hotels and many others) — at 70%, you're g
you're printing cash. So taking GoodStart from ABC
occupancy was critical to success.

Secondly, what's the largest cost? Staff, of course. And then you pay 6% payroll tax. OK, but we were Bambi — a non-profit community-owned outfit — so we paid no payroll tax. With those two factors, it turns out that a childcare business run for the good of the kids and owned by charitable organisations also turned out to be a much better business! We understood the fundamental economics.

Similarly in residentoal property — land appreciates, buildings depreciate. Therefore, we invest in RODWELLs — quality family homes where 70–80% of the value of the home is actually the land underneath it. We invest in "dirt disguised as houses". The value of well-located land consistently goes up, doubling every eight years for a century!

Given the take-up of EVs, was the failure of Better Place just a question of timing? Were there particular lessons there?

There is a welter of business school case studies and a published book on what went wrong at Better Place, and actually it wasn't so much timing. It was about having the wrong skill set for execution. The founder and founding team were very successful enterprise software people — but a charge network is a "metal in the ground" business. You can't release a patch to fix something if you got it wrong.

It was also a good example of my "cross-multiplication" mindset above — Better Place got so much right, but actually the early uptake was going to be for fleet vehicles, and that means leasing finance — and that critically relies on having a "residual value" for the vehicle at the end of the lease.

Because there was no history, the leasing companies took that as zero — which is absurd. A four-year-old electric car is not worth zero. But it made early adoption too slow as a result.

Timing matters. Luck matters much more than any of us would care to admit.

Did you really make an offer for Google in the early days?

The whole story is a bit more complicated. We were in merger discussions between LookSmart and competitor Ask Jeeves — both multi-billion-dollar public companies at the time — and then there was this hot new startup on the block called Google that was literally still in some Stanford dorm rooms.

So there was a possibility of pulling all that together in some form, and Google's share would have been about $150 million. That was not interesting to Google's earliest investors, the two smartest venture capitalists in the world in the only deal they both did together — Mike Moritz from Sequoia and John Doerr from Kleiner Perkins. Funnily enough, they thought it may be worth a lot more on its own some time in the future.

What do you think of the state of VC and the startup/tech sector in Australia today?

We've come a long way from when we started LookSmart. Then the domestic players came through, like SEEK, CarSales and REA. And now we have global success stories — Canva, Atlassian, Afterpay — that have put us on the map. The ecosystem has matured. We've got more capital, better founders, full advisor support systems and a culture that's starting to embrace risk and resilience.

But as I've said elsewhere, I still think it's a little one-dimensional — a lot of focus on SaaS platforms, but less on other business models. What excites me is seeing the startup mindset spread beyond pure tech — into climate, health, housing, education. That's where the next wave of transformative ventures will be, and Australia has the talent to lead in those areas.

We don't need to become Silicon Valley. We need to become Australia, done right: smart, grounded, ethical and ambitious. But I'd also give a better analogy to share the scale of the challenge we still have — Israel has pound-for-pound the best startup economy in the world. They are creating roughly 100 times the number of startup successes we have, adjusted for population.

So we should celebrate the progress over the 25 years since we put LookSmart on Nasdaq — but let's not kid ourselves that we are world class as a nation.

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