

SE Entrepreneurs
 HD Sausage team's comeback Urbanise off to a well-connected start
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Hong Kong investors who were gifted a brand new iPad on which to peruse the initial public offer from cloud-computing business Urbanise thought it was a nice touch. Those zany tech start-up types and their gadgets.

Little did the **Hong Kong** fund managers know that Urbanise chief executive Ben Churchill had just rushed down to the Apple store to buy the devices after losing his luggage containing the investor presentation booklet – again. The chief misplaced his bags containing the confidential printed materials four times during the roadshow, which must be a record for a four-city tour.

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Luckily, pretty much everything else went right for the first-time chief of the building and facilities management software business. The cloud-based software as a service platform has been in the black for three years and is projecting 88 per cent profit growth in the current financial year.

By the time the Urbanise team and their advisers had wrapped up day two of investor meetings in the **company's** hometown of Melbourne, enough offers were already on the table to meet the original mandate to raise \$15 **million**. And meetings in Sydney, Singapore and **Hong Kong** still lay ahead.

Over a few drinks that evening, the **lead** broker on the deal, KTM Capital's Keith Kerridge, had convinced the board to lift the cap on the raising to \$20 **million** and seize the opportunity to scale back investors selectively based on who offered the best strategic fit.

David Cronin, a director of the **company's** largest shareholder, Pierce Group Asia, encouraged the Urbanise executives to favour those funds that demonstrated an understanding of business models in the software as a service industry, and had a track record of taking long-term positions.

Hong Kong-based Cronin also had his eye on how to exploit the float to engineer connections between Urbanise and potential clients. He and Kerridge orchestrated a spread of investors that, between them, manage money for the six biggest property management companies in Asia.

A major **stake** was allocated to Och-Ziff Capital Management, a \$US46.1 **billion** (\$52.37 **billion**) New York-based global asset manager with a focus on infrastructure assets. The **Hong Kong** office of Och-Ziff is well-known for its political connections in **China**.

Ryder Capital, a boutique Sydney-based fund with a focus on property investments, was also among the institutions that took one of the larger parcels in the Urbanise float. Another outfit to take one of the larger stakes was Simon Leversha's Imperia Investment Group, a boutique hedge fund with offices in **Hong Kong** and Melbourne that has earned a reputation for canny investments in technology companies. Overcoming reputation as party boys

The brokers got some good mileage out of being able to boast of securing a commitment early from Stephen Aboud's Sydney-based hedge fund LHC Capital. Mr Aboud, affectionately nicknamed within the industry as "The Sheik", is well regarded for his track record as one of the early investors in dot.com darling REA Group.

Since the IPO roadshow wrapped up, the Urbanise team has taken half a dozen meetings with potential clients that have been introduced by their new shareholders.

The **company** has also indicated it expects to announce an Australian contract win in coming weeks.

Urbanise chair Arlene Tansey is also a director of Lend Lease. Another connection to the \$8.3 **billion** Australian property developer is Jonathan Emery, Lend Lease's managing director of urban regeneration, who is a member of the Urbansie advisory board.

None of the pre-existing investors sold down any of their stock in the IPO. Alongside Pierce Group, this includes network communications technology giant Cisco, systems integrator CNA and construction industry software maker Coins and Management.

Pierce Group's Cronin, an Australian, made the call to cornerstone Urbanise back in 2005, based on what he had seen founder Rob Cumming and his backer Steve Outtrim achieve at website developer Sausage Software.

In the late 1990s, Cronin was one of the bankers working under Tom Petty at Westpac, who advised Telstra on its "cricket pitch strategy". That period included a spate of contentious technology acquisitions by the telco giant, including its \$700 **million** takeover of Sausage Software. The success story of that deal has been largely overshadowed by the ensuing share trading scandal involving Telstra director Steve Vizard and the general meltdown in the Australian internet industry when the tech bubble burst in 2001.

It was a conspicuous omission that the founder and development team's experience at Sausage never came up in any of the investor pitches.

Appointing former client and Emeril executive Churchill as chief in the months before floating the **company** has helped deflect attention from the reputation of the founders as party boys from the tech-bubble era. Shares jumped 50pc on debut

Cumming is now based in Dubai, where Urbanise has its most important client base, and today cultivates a more subdued image. Outtrim, who is not involved in the running of Urbanise, has long been based in San Francisco, where he is an active player in the venture capital scene.

The latest rush on technology stocks has also put Urbanise's brokers at KTM Capital, once known as a float factory for technology start-ups such as KAZ Group and Sirtex Medical, back in the spotlight.

In November last year, KTM roared back in to the headlines as the **lead** broker on the IPO from Matt Barrie's online jobs outsourcing platform Freelancer. That deal was hailed as the best float of last year after rocketing 220 per cent on its opening day.

KTM Capital earned a hefty 4.75 per cent fee on the Urbanise deal, which had a similar structure to Freelancer in the sense that it was a relatively small free-float with only about 18 per cent of the stock released.

Other key advisers on the deal were the legal team at Watson Mangioni, headed up by Michael Beaumont, and the auditors at Pitcher Partners.

To celebrate the Urbanise float on Monday, the **company** flew its 11 software developers from Melbourne to Sydney, where they gathered to watch the UBN ticker come online at the main board of the Australian Securities Exchange.

On debut, the shares jumped 50 per cent above the offer price to 75¢, before settling to close the first day of trade at 70¢. The final offer had been four times oversubscribed.

After watching the float get away on Monday, the gang headed down Woolloomooloo's Finger Wharf for a boozy lunch at mod-Asian eatery **China** Doll.

However, for those among the team of programming boffins who have worked together for years and remember the high-flying days at Sausage, the luncheon was a pretty lame excuse for a party. Cumming made sure everybody was safely piled on a plane back home to Melbourne by nightfall.

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