

Kinatico RaaS Interview with Georg Chmiel, Non-Executive Director July 2024 Duration 8 minutes 25 seconds

00:00:01:14 - 00:00:13:15

Finola Burke

Hello I'm Finola Burke from RaaS Research Group, and I'm catching up today with Georg Chmiel, non-executive director of Kinatico (ASX ticker KYP). Welcome, Georg, and thank you for speaking with me.

00:00:13:15 - 00:00:15:15

Georg Chmiel

Hi, good morning Finola.

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Finola Burke

Let's start with your background for those who don't know you, Georg. I mean, perhaps you could take us through some of the executive roles that you've held in the past and, and those that when you've been on the board.

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Georg Chmiel

Yeah. I've got about, a bit more than three decades of, exposure in the tech space. The former roles after working at McKinsey, KPMG and the bank. My first role of relevance was as CFO of REA Group, and for a short period of time as acting CEO. Then I became the MD of LJ Hooker Group, MD and CEO of iProperty Group, which was at that time then also the biggest exit in Southeast Asia in the tech space.

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Georg Chmiel

Exec chair of, iCar Asia. And, again, an exit there and NED of Mitula and PropTech Group. As for my current roles, as you mentioned, the, non-executive director role of Kinatico, but I'm also the non-executive chair of Centerpoint Alliance, as well as SpaceTalk and non-executive director of Xamble, which is an influencer platform.

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Georg Chmiel

I've also co-founded, the largest proptech company now in Southeast Asia and advising a few companies. So, so overall, my career has become far more a

director, but an engaged director type of role. I also sit as a board member on the World Digital Chamber.

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Finola Burke

Thank you Georg. What are some of the considerations you take into account when deliberating on a non-executive directorship?

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Georg Chmiel

Yes. I think, I'm in a fortunate position because I have done 40 acquisitions, was taken over seven times, a few unicorns and centaurs, and so on, and have run a company from 500 corporate people and a network of 45,000 agents and professionals to four people. So, so, so when you come, to face a new directorship, I think, there's a few general questions you have to ask yourself.

00:02:19:19 - 00:02:42:14

Georg Chmiel

And that is around the vision and the strategy. If that is clearly defined and understood, understood by yourself, understood by your peers on the board, as well as the management team and, the, the team, because if that's not clear, it will not end well, then then I could look into the reporting. What are people focusing on?

00:02:42:16 - 00:03:09:02

Georg Chmiel

Are they focusing more on the future or on the past? The other thing is, when you speak to the key execs in the companies, what do they focus on? Do they run around and say, I want to create a unicorn, which to me is one of the biggest warning signs or, do they say, I want to build up, you know, this recurring revenue base or these customer contracts, which eventually then drive revenue, which drives the share price?

00:03:09:06 - 00:03:32:03

Georg Chmiel

The people, also, is it a company where people invite you to join? Is it a company where, you know, there's good back chatter, in various areas, and, and then also on the, on the investor community who often have, certain opinions about a company. So who is the sole shareholder in the company? Do they have the right ethics and so on.

00:03:32:03 - 00:04:00:06

Georg Chmiel

And then going deeper into the financials, making sure the company has enough funds, to trade solvent, and, read research reports, think about it, think about the industry and so on. There's a, there's a number of things, to do and it's, it requires a bit of work. On average, I spent maybe a month to two months before joining a board to really, form an opinion.

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Finola Burke

And what was it about Kinatico that attracted you to that business?

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Georg Chmiel

Kinatico is a platform business, so I love platform business. If you think back, REA is a platform business to now. All the businesses I'm involved in, are platform businesses and, that that excites me. Excites me also the strategy, of the business, as in moving from a transactional business to a recurring revenue basis and using the technology platform to make things easier and better, so make compliance a very convenient thing, because it's an important thing for companies.

00:04:36:10 - 00:05:11:01

Georg Chmiel

I like to like the industry we are interacting with and I like also obviously the company, itself, that is very important, to me. The team, obviously a big fan of, Michael Ivanchenko, our CEO and the leadership team, as well as the board members and the other staff I've met. The company, so that's also a good purpose, which is important to me as well, that what the company does makes either the world safer or creates employment or, helps people, to get a fair chance in, in, in their pursuit of, career.

00:05:11:01 – 00:05:47:13

Finola Burke

And after lots of experience historically, as you mentioned, has been in the proptech space.

Correct me if I'm wrong, but I mean, I remember back when I covered REA Group, one of the things that investors used to raise was, oh, REA has already got, you know, the bulk of the market. Where are they going to go from here? How can they grow from here? But obviously it did, and grew massively from the early 2000 onwards. Are there other learnings from that proptech experience that can be applied to SaaS business, such as, such as Kinatico's?

00:05:47:13 – 00:06:08:18

Georg Chmiel

Yeah. I mean, the most important bit actually from, REA for me is most definitely if you're in a dominant position, the flywheels, we didn't call them flywheels back then, but the flywheel start to turn and, effectively more, more agents means more listings, more clients, etcetera, etcetera.

00:06:08:18 - 00:06:31:01

Georg Chmiel

So I do believe actually it to a certain extent REA is very much a SaaS business because it allows for people to get access to a technology platform, an advertising platform. and it's, it's grown a bit beyond that as well. So what are the key learnings. Number one is nothing beats recurring revenue. It's hard to build up recurring revenue.

00:06:31:01 - 00:06:51:18

Georg Chmiel

It's harder than, you know, like a nice one-off deal. And this is something which Kinatico also faces sometimes trade-offs between there's a big deal coming or do we continue to build on the recurring revenue, platform. And the latter is our focus because we know once you do this, you build up something which is really, really unique, which goes back to what I said earlier.

00:06:51:18 - 00:07:22:04

Georg Chmiel

If you have this, large revenue, recurring revenue platform, which usually is at higher margins, a) your margins go up, your revenue becomes less cyclical and, is growing fast. I mean, we had a fantastic growth rates in Kinatico in the recurring, revenue space. On top of that, obviously, margins also improved. what it does, it's also a recurring revenue SaaS business allows you, to be more scalable, to grow faster once you have, put things in place.

00:07:22:05 - 00:07:51:04

Georg Chmiel

Also, you sign up customers at a lower cost. The whole process of the compliance, the lifecycle of the compliance becomes easier to manage. Creates far more transparency, so you don't have to redo, reinvent the wheel every time. You have a platform where all the people in the ecosystem, in the compliance ecosystem can look at, what is happening, and it's really, really effective, for certain forms of control.

00:07:51:04 - 00:08:09:14

Georg Chmiel

So to me, there are a lot of learnings. Most importantly, is be patient. then you'll reach, profitability, which was achieved, a cash flow positiveness which was achieved and then just don't slow down, invest in the sales team and really, really build it up.

00:08:09:14 - 00:08:14:20

Finola Burke

Well, thank you Georg for joining me today. It's been enjoyable talking to you.

00:08:14:22 - 00:08:16:00

Georg Chmiel

Thank you Finola.

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Effective Date: 26th March 2024

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