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Pandemic online shoppers boost Rokt towards $112m raising, IPO

Bruce Buchanan says a decision is yet to be made about whether Rokt will list in Australia or in the US.

Paul Smith
Technology editor

Rokt, the e-commerce marketing tech company founded by former Jetstar boss Bruce Buchanan, has closed a $US80 million ($112 million) funding round as it develops plans for a potential public listing as early as next year, after a strong COVID-19 era performance.

The company has built technology that lets online operators promote products or services that are not selling as well by creating personalised offers for complementary products after a customer has completed a transaction. It has benefited from an increase in online retail during pandemic lockdowns.

Mr Buchanan is now based in New York. The largest part of Rokt's business is in the US market, but its round was led by Sydney-based TDM Growth Partners, which also led its $US48 million funding round a year ago.

The round was completed entirely from existing investors (Square Peg Capital also returned), and valued Rokt at $US450 million, up 42 per cent on its valuation at its last raise.

Mr Buchanan said Rokt had been investing in executive recruitment during the pandemic in order to bulk up on the skills required to execute an IPO and then operate as a public company. In recent months it had hired a new chief financial officer, a deputy CFO, a chief people officer, a senior vice president of marketing and a chief technology officer.

"A focus has been on preparing for IPO, so with the key talent and getting our processes in line, we will be able to make that call some time next year. My take on our businesses, we will list some time in the next few years," he said.

He also said a decision was yet to be taken about whether the company would list in Australia or the US.

"There's an active debate and there's pros and cons for both," Mr Buchanan said.

"Most of our customers and revenue is derived out of the US, but the Australian market has some advantages in terms of superannuation funds and six-month reporting requirements, so we are having that discussion."

Mr Buchanan said Rokt had ultimately performed well during the pandemic as a large number of retailers had looked to do more business online.

He said the time taken to sell new clients on the idea of Rokt had fallen dramatically during lockdown and the rise in online retail and other better performing sectors had more than offset declines in hospitality and events.

"In the first few weeks of the pandemic, our revenues declined 65 per cent, which was a scary time, and we thought we might be staring down the barrel of even further declines," Mr Buchanan said.

"But in the space of four to six weeks, we started to see our growth in the other sectors and the business really reset. Then over the next few months, we ended up re-clawing all that back, and over the last couple of weeks, we've been back to pre-COVID levels."

TDM partner Tom Cowan, who sits on Rokt's board, said the company had exceeded its expectations since he had come on as an investor, and that he viewed Mr Buchanan as one of the best founders in the global start-up scene.

"The opportunity for Rokt has never been greater, and we would expect the company to continue to rapidly grow into this with the execution that we have come to know from Bruce," Mr Cowan said. "The company is scaling towards an IPO and will do so when the time is right for the company. But a Rokt IPO would not be an exit event of any kind for TDM. We have complete flexibility in how we invest, and so would look to be very long-term shareholders in the public markets."

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