

Street Talk

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Bruce Buchanan's Rokt sets VC record with \$458m raising

[Yolanda Redrup, Anthony Macdonald and Kanika Sood](#)

Dec 17, 2021 – 2:00am



Ex-Jetstar boss Bruce Buchanan's e-commerce marketing technology company Rokt has smashed the record for the largest venture capital raising in Australian history, banking \$458 million at a \$2.75 billion valuation.

The capital raising gives Rokt the third-highest valuation for a private tech company in the country, and the cash injection supersedes the \$350 million raised by Queensland-based job and project management software company simPRO last month.

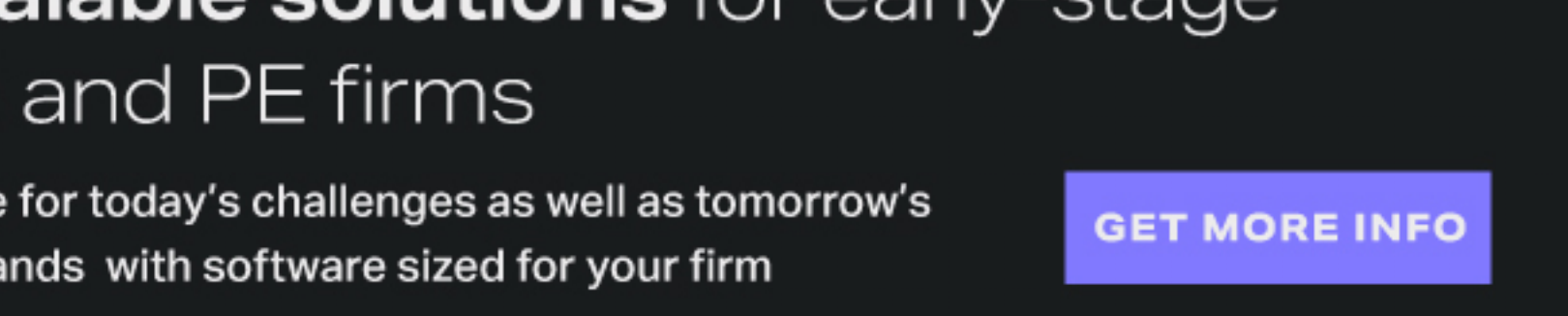
[US investment management giant Tiger Global](#) led the raise, adding to its growing list of Australian portfolio companies, which includes unicorns SafetyCulture and Go!, as well as [Mr Yum](#), Scalapay, Assignar, and Shippit.



ROKT CEO Bruce Buchanan is planning to take the company public in 2023.

The round also had participation from US growth funds Wellington Management, Whale Rock Capital Management, Singapore government-owned Pavilion Capital, and existing local shareholders Square Peg, AustralianSuper and Hostplus.

Having only hit the \$1 billion valuation milestone earlier this year, Rokt's \$2.75 billion price tag represents a 175 per cent increase in about six months.



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Mr Buchanan said the capital raising would be the last private share issue before a US public listing in 2023.

"We decided because of COVID-19 to put off listing until 2023 and in this round we wanted to bring on investors for a successful US listing," he told *The Australian Financial Review*.

"We didn't have deep connections to the US market [in our investor base] ... and these funds will help us cross over, hold us for five to 10 years and actively buy into the IPO."

Jetstar success

Buchanan, who was renowned for growing Jetstar throughout Asia, started the company after leaving the airline in 2012. He bought a significant stake in digital advertising business Rocklive – founded by former Google executive Justin Viles and ex-Adconion director Ben Voltz – and rebranded it as Rokt in 2013.

Rokt's software helps businesses monetise underused portions of their websites.

Its transaction marketing software uses artificial intelligence to present customers with compelling offers for complementary products and offers after the online checkout.

While the business is now headquartered in New York, Sydney remains its research and development centre.

Having amassed a customer base of more than 3000 brands, including Disney, GoDaddy, Ticketmaster and Domino's, it is on track for \$US230 million in revenue this financial year. It is also profitable and invests 50 per cent of its revenue into R&D.

65 per cent growth rate

Over the last five years, the business has grown at a compound annual growth rate 65 per cent.

Mr Buchanan said in the long term, the company will be able to maintain 50 per cent annual revenue growth, despite its increasing scale.

"Customers are demanding a more relevant e-commerce experience and businesses need to ensure they have the right economics to be able to grow," he said.

"Our technology solves these two problems by optimising every element of the transaction moment, both for relevancy and value for each individual customer, enabling digital businesses to remove irrelevant clutter and double their profitability."

While less well known than some of the country's other tech darlings, its valuation places it behind just Canva and Airwallex in the local tech scene.

In September [Canva hit a \\$55 billion valuation](#), while [Airwallex was valued at \\$5.5 billion in the same month](#).

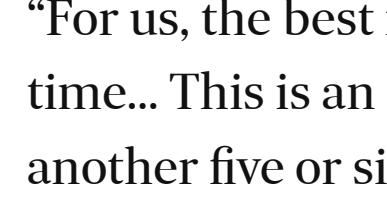
Having first backed the business in 2013, Paul Bassat's Square Peg Capital was one of Rokt's earliest investors, and has followed on in its subsequent capital raisings.

Mr Bassat said he had known Mr Buchanan for a few years and texted the former Jetstar boss when he left the airline to find out what he was doing next.


"When we invested, it was its Series A, the business was in Australia only, and it had ambition to expand into the US, but the first couple of years were hard.

"Our investment thesis in 2013 was backing Bruce ... it wasn't just him, but the fact we had a founder who we knew so well, it did have a huge amount to do with it.

"For us, the best investments are those that compound over a long period of time... This is an eight-year relationship, and I'd be surprised if it's less than another five or six [years]."



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Tom Cowan's TDM Growth Partners is one Rokt's largest investors, having [led its 2019 \(\\$US48 million\)](#) and 2020 (\$US80 million) capital raises.

Mr Cowan, who sits on the Rokt board, said he first got to know Mr Buchanan when the fund invested in Mexican food chain Guzman Y Gomez in 2018. Mr Buchanan sits on the chain's board.

"We've been investing in consumer businesses for the last 15 years. We understand the challenges of delivering a personalised and relevant experience. When we went through and understood the technology, we appreciated from the e-commerce partner side the value that could be created.

"The business could IPO today in theory, looking at its size and scale... There's nothing restricting it, except finding the right time and all the relevant stakeholders."

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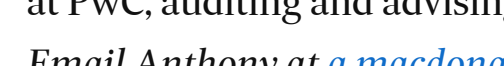
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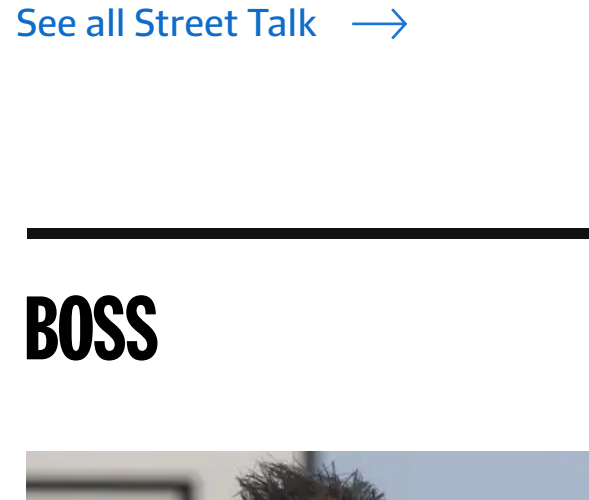
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