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HAGGIN'S TAKE

Could IPO 'Down Under' Become the New VC Exit?



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Can an IPO down under become a good thing for venture capitalists?

For years, budding U.S. tech companies have quietly gone public on the Australian Stock Exchange, usually to avoid venture capital. But one founder says it can instead be an exit strategy for companies that have already raised from U.S. venture capitalists.

In 2015, Updater Inc. went public in Australia. While most U.S. companies that list on the ASX do so because they struggle to raise venture capital and are attracted to the low listing fees and light regulation, founder and Chief Executive David Greenberg said that wasn't the case for Updater. His company had already raised an \$8 million Series A from backers including IA Ventures, Second Century Ventures, Commerce Ventures and SoftBank Capital, and it was on the brink of closing a Series B from them as well.

“We didn't want to be stuck on a timetable that was dictated by venture-capital firms. We wanted access to large-scale global

capital on our time frame, when we wanted to accelerate,” explained Mr. Greenberg, who said he got the idea from a few of his seed investors, who are Australian.

When Mr. Greenberg first floated the idea by investors, they were hesitant, he said. “They didn’t think it was the best path forward initially. But then as we presented the reasons why it would enable us to accelerate faster, they then started to see that it was a good path forward for us.”

Updater, which makes software that real-estate companies use to transfer information like utilities records and forwarding addresses for families that move, has raised an additional \$43 million on the public market from backers including mutual fund Fidelity Investments. Its market capitalization was about \$600 million on Monday. All of its investors are still holding their shares, Mr. Greenberg said, waiting for the price to rise. The question remains as to whether we see startups leaving Silicon Valley in droves for the land down under. Mr. Greenberg doubts it, saying it isn’t the right path for every startup. Founders who ask about his experience usually conclude it isn’t for them.

Many startup CEOs may not be prepared for the responsibility that comes with running a public company, for example. Still, he encourages startups—both venture-backed and not—to consider the idea. “A lot of companies do have alternative funding options outside of venture capital, and those should be considered,” Mr. Greenberg said.