

# Bailador Technology Investments [ASX:BTI] Shareholder Update

## About Bailador

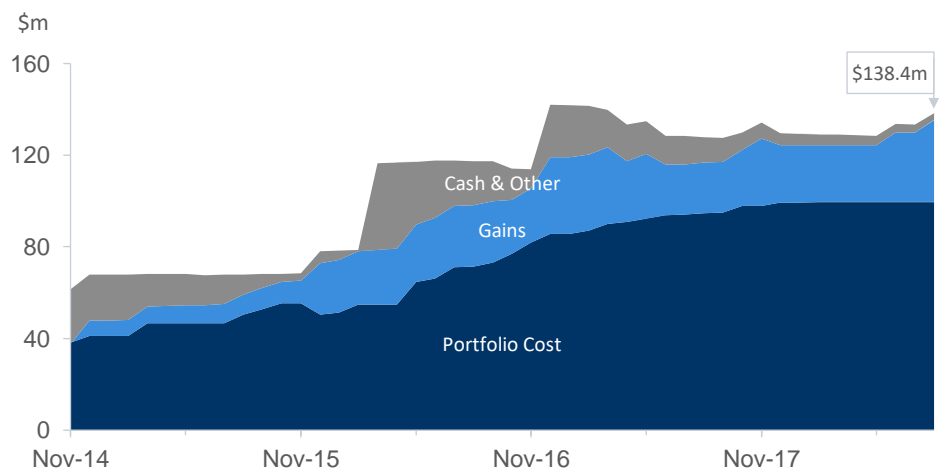
Bailador Technology Investments is a growth capital fund focused on the information technology sector, actively managed by an experienced team with demonstrated sector expertise.

Bailador provides unique exposure to a portfolio of information technology companies with global addressable markets. We invest in private technology companies at the expansion stage utilising extensive downside protection.

## Net Tangible Asset Snapshot

	Current month
NTA per share pre-tax	\$1.15
NTA per share post-tax	\$1.09

## Net Tangible Asset Breakdown Since Inception



## Founders' Commentary

### Instaclustr Valuation Uplift and Recent Funding Round

**The valuation of BTI's holding in Instaclustr has increased by 58% (\$5.3m or 4.4c per share) over the prior month's carrying value. This valuation is 3.25x the original investment made in November 2016.**

Instaclustr raised \$15.7m USD (\$21m AUD) during August in a Series B round led by New York-based growth equity fund Level Equity. Existing investors Our Innovation Fund, LP and ANU-Connect Ventures also invested in the round alongside Level Equity.

Instaclustr is a world leading open source data platform for cloud based solutions that require immense scale. It is ideally positioned to take advantage of the growth of 'big data' applications, servicing a large and growing global addressable market.


The performance of Instaclustr has been a recent highlight for the portfolio. The Canberra-based company now has more than 100 customers from a wide range of industries across the globe, and revenues have grown 300% over the last 24 months. Attracting a high calibre US investor such as Level Equity is a testament to the progress Instaclustr has made since Bailador's investment less than two years ago.

The funding provides Instaclustr with capital to accelerate the global expansion of its managed platform, grow its sales and support team, and allow the company to reach more organisations that are seeking to optimise their data-related performance. Instaclustr will double its headcount over the next year, with significant expansion planned for the engineering and development teams based in Australia.

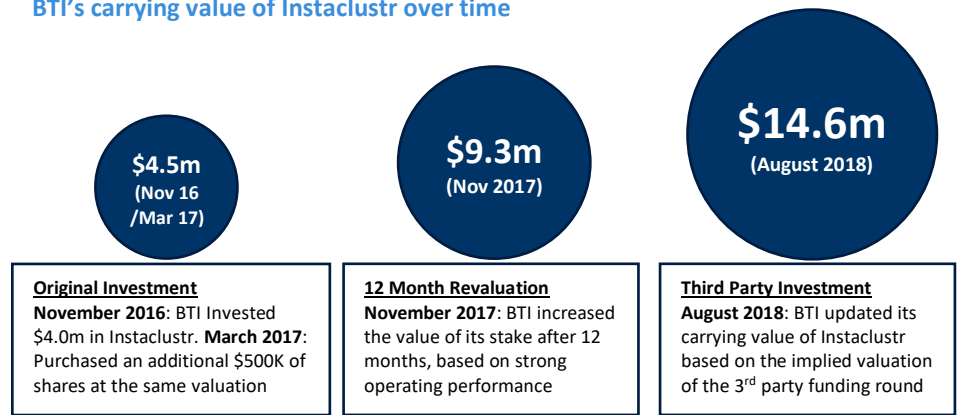
We believe this current funding round is the beginning of another exciting phase for Instaclustr, and that the company has a bright future as it continues to capitalise on the growth in big data, cloud computing and open source software.

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BTI's carrying value of Instacluster over time



**Bailador's Investment Philosophy: Instacluster as a Case Study**

The investment in Instacluster is a good example of Bailador's investing philosophy and the characteristics that we look for in a potential portfolio company.

**Proven & Founder-led management team:** Instacluster's management team are exceptional, and all the original founders are still running the business today. The two technical co-founders (Ben and Adam) have spent years working in tech and are now considered thought leaders in the open source technology space. The other two co-founders (Doug and Pete) are seasoned entrepreneurs who had already run and sold a company prior to founding Instacluster. Other members of the management had prior experience at large companies such as IBM and Accenture.

**Revenue traction and established product market fit:** At the time of investment, Instacluster had been operating for three years and already had a few million dollars in revenue. A number of large companies were paying for their product, and many of them came inbound to Instacluster looking for a solution, demonstrating market demand for the product. Through our numerous customer diligence calls it was clear that users loved the product and the quality of service they received from Instacluster. Data showing Instacluster customers growing their usage overtime gave us additional comfort that they had found product-market fit and that customers would continue to use the product in the future.

**Proven business model with attractive unit economics:** Not only was Instacluster rapidly growing its revenue, but the quality of this revenue was high – the majority of the revenue was recurring subscriptions with high gross margins. They also had very high customer retention numbers and strong customer account expansions – this is where customers would sign on for a specific monthly amount and then increase their spend over time as they used the service more. They were also able to acquire customers efficiently through a large number of inbound requests along with the low-touch sign up process they developed. All of the above characteristics and data points gave us confidence that the company could scale profitably over time.

**International revenue generation:** Most of Instacluster's staff are based in Canberra, but the majority of their revenue came from outside of Australia and this continues to be true.

**Huge market opportunity and favourable market trends:** Instacluster is addressing the multi-billion-dollar global database market through their Apache Cassandra offering. As they continue to add support for additional products such as Apache Kafka and Apache Spark, they have increased the size of their addressable market. Instacluster is also taking advantage of a number of trends such as the growth in big data, companies migrating their databases to the cloud and the growing adoption of open source software.

**BTI value add:** Since Bailador first invested in Instacluster we have played a hands-on role in supporting the company when needed. We've been able to assist the management team with analysis, strategic thinking, hiring and fundraising.

**David Kirk & Paul Wilson**  
Bailador Co-Founders

**Important Notice**

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## Investment Focus

Bailador typically invests \$3-5m in businesses within the technology sector that are seeking growth stage investment.

Companies we invest in typically share the following characteristics:

- Run by the Founders
- Two to six years in operation
- Proven business model with attractive unit economics
- International revenue generation
- Huge market opportunity
- Ability to generate repeat revenue
- Require capital to grasp this opportunity

Important verticals we seek to invest in within the technology sector include: SaaS and other subscription-based internet businesses, online marketplaces, software, eCommerce, high value data, online education, telecommunication applications and services.

## Highlights

### Instaclustr

Instaclustr [raised \\$15.7m USD \(\\$21m AUD\)](#) in a round led by New York-based growth equity fund Level Equity. Existing investors Our Innovation Fund, LP and ANU-Connect Ventures also invested in the round alongside Level Equity. The valuation of BTI's holding in Instaclustr has increased by 58% (\$5.3m or 4.4c per share) over the prior month's carrying value, based on the valuation of the funding round.

### SiteMinder

SiteMinder launched [SiteMinder Exchange](#), a Data as a Service product that enables seamless transfer of hotel data between Property Management Systems (PMS) and hotel applications, solving a painful connectivity problem for the industry. View a video explaining the product [here](#).



### Viostream

Viostream received the [Employer of Choice Award](#) in the Australian Business Awards 2018. The prestigious accolade recognises leading workplaces that maximise the full potential of their staff through effective employee recruitment, engagement and retention. Fellow winners include Bank Australia, Heritage Bank and Xero.



### Lendi

Lendi was named by LinkedIn as one of the Top 20 startups for [attracting talent in Australia](#). The rankings were based on employment growth and data from their LinkedIn page including the number of people viewing and applying for jobs.



### Straker

Straker co-founders Grant and Merryn Straker were named Master category winners in New Zealand's 2018 EY Entrepreneur of the Year awards. The pair are now up against winners from four other categories for the 2018 NZ Entrepreneur of the Year award.



### Bailador

- Bailador was featured in the [Australian Financial Review](#) with a focus on how our US presence benefits our portfolio as companies expand overseas and raise international funding
- Andrea Kowalski has been named Bailador's newest [Partner](#), joining existing partners David Kirk and Paul Wilson, who co-founded the fund in 2010. Andrea joined Bailador in 2015 and has since led investments in Stackla, Instaclustr, Lendi and Brosa. Andrea relocated from Bailador's Sydney office to New York in 2017, and was extensively involved in our portfolio company Instaclustr's latest fundraising announced last month, supporting the company to close a US\$15.7 million Series B investment led by New York-based fund, Level Equity
- BTI was pleased to announce the appointment of [Jolanta Masojada](#) as an independent non-executive director of the Company. Concurrently, Heith Mackay-Cruise has announced his retirement from the Board effective from 18 September 2018. Our best wishes to Heith in his future endeavours and many thanks for a valued contribution.

## BTI Portfolio Net Tangible Asset Summary

	Valuation (\$'m)	Gain (%)		NTA per share (\$)	Third Party Event Valuation	Next Valuation Review <sup>1</sup>
SiteMinder	55.9	305%	▲	0.47		June 2019
Instaclustr	14.6	225%	▲	0.12	✓	August 2019
Stackla	12.6	13%	▲	0.10	✓	June 2019
Straker Translations	11.2	49%	▲	0.09	✓	October 2018
Lendi	9.5	73%	▲	0.08	✓	December 2018
DocsCorp	9.2	83%	▲	0.08		June 2019
SMI	7.4	0%	▶	0.06		March 2019
Viostream	7.4	-72%	▼	0.06		June 2019
Rezdy	4.5	25%	▲	0.04	✓	February 2019
Brosa	3.0	0%	▶	0.02	✓	October 2018
Cash	2.9			0.03		
Other	0.2			0.0		
<b>Net Asset Value / Net Asset Value Per Share (Pre Tax)</b>	<b>138.4</b>			<b>1.15</b>		

Denotes change to valuation in current month

Denotes valuation review in next six months

<sup>1</sup> Next valuation review date refers to the period 12 months since the last valuation movement. Valuation events can also occur in a shorter time frame where there is a third-party investment

### Please Note

Figures in this report are unaudited and exclude tax.

The current value for each investment in the table above is consistent with the BTI investment valuation policy, which may be found in the BTI prospectus lodged with ASIC on 3<sup>rd</sup> October 2014 and available on the ASX website.

## Portfolio Company Details



Name:	SiteMinder	Instaclustr	Stackla	Straker Translations	Lendi
Type:	SaaS/B2B	DBaaS/B2B	SaaS/B2B/UGC	Marketplace/Machine Learning	Fintech
About:	World leader in hotel channel management and distribution solutions for online accommodation bookings	Open source data platform for cloud-based solutions that require immense scale	Leading tech platform for brands to leverage User Generated Content (UGC) in their marketing strategy	Digital translation services provider and one of the world's fastest growing translation companies	Australia's #1 home loan provider disrupting the multi-billion-dollar mortgage industry
HQ:	Sydney	Canberra	San Francisco	Auckland	Sydney
Staff:	550-600	50-100	50-100	100-150	250-300



Name:	DocsCorp	SMI	Viostream	Rezdy	Brosa
Type:	SaaS/Document Productivity	SaaS/Big Data	SaaS/Video	SaaS	Online Retail/B2C
About:	Global leader in the rapidly growing Document Productivity segment	Big data aggregation and analysis platform with exclusive access to ad expenditure data	Cloud-based end-to-end platform for the creation, management and distribution of video	Leading, innovative and fast growing online channel manager and booking software platform for tours & activities	Tech-led, vertically integrated furniture brand and online retailer
HQ:	Sydney	New York	Sydney	Sydney	Melbourne
Staff:	100-150	1-50	1-50	50-100	1-50