

# Bailador Technology Investments [ASX:BTI] Shareholder Update

## About Bailador

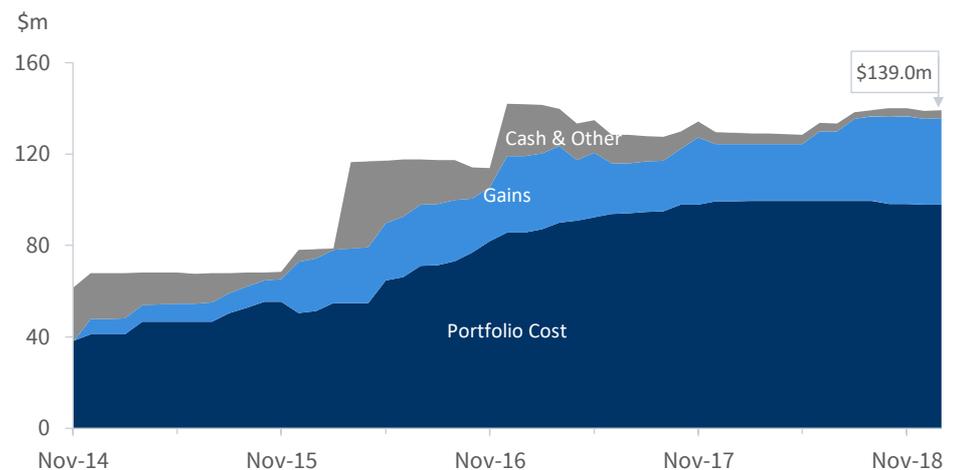
Bailador Technology Investments is a growth capital fund focused on the information technology sector, actively managed by an experienced team with demonstrated sector expertise.

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

## Net Tangible Asset Snapshot

	Current month
NTA per share pre-tax	\$1.16
NTA per share post-tax	\$1.10

## Net Tangible Asset Breakdown Since Inception



## Founders' Commentary

The 2019 calendar year has started strongly for the portfolio. At 31 December 2018, the 10 companies in the portfolio had a combined revenue of \$209m. That revenue is growing at a portfolio weighted average of 30% per annum. [As I have written elsewhere](#), in comparing Amazon and Microsoft, revenue growth is simply a means to an end in creating valuable companies. The most important thing is for a fast-growing company to have business economics that delivers rapidly increasing margins and return on invested capital at a certain scale.

This is one of the most important reasons why Bailador focuses on B2B SaaS companies and marketplace business models. Our portfolio has six SaaS businesses and two marketplace businesses. Both of these business models demonstrate increasing margins and returns on capital at scale.

SaaS businesses gain the benefit of recurring subscription revenue that requires no ongoing cost of customer acquisition or renewal costs after the first year. SaaS companies at scale also develop new products that increase the average revenue per customer with low incremental cost. The most successful SaaS companies (and SiteMinder certainly falls into this category) are able to develop 'platform' models that allow them not only to sell customers multiple products they own themselves through the one sign-on, but also charge other providers of related products a fee for access to the platform and the customers on the platform.

Marketplace business models increase margins and return on invested capital at scale in a different way. For the best marketplace businesses, buyer and seller acquisition is viral. That is, buyers and sellers learn about the marketplace from other buyers and sellers and join of their own accord. Building up buyers or sellers or both on a marketplace that has 'gone viral' is very low cost.

## Connect to Bailador

- 🐦 [@bailadorvc](#)
- in [Bailador Technology Investments](#)
- 📧 [medium.com/bailador](#)
- 🌐 [www.bailador.com.au](#)
- ✉️ [investorservices@bailador.com.au](mailto:investorservices@bailador.com.au)
- ☎️ +61 2 9223 2344
- 📧 [Subscribe to get Bailador updates](#)

In addition, at a certain scale, marketplace business models gain the benefit of the fabled 'network economics'. Put simply a business has positive network economics if each new buyer or seller joining the marketplace increases the utility of the whole marketplace.

Take Straker Translations as an example. On the sell side, the Straker platform has thousands of language translators. Each new translator that joins the platform increases the likelihood that any particular buyer (a company or person seeking translation services) will find the right translator for them.

So the BTI portfolio not only has scale (\$209m revenue of underlying portfolio companies) and fast growth (30% portfolio revenue growth in CY2018), it has these characteristics with very strong underlying business models.

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

## 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



### Straker Translations

Straker Translations [ASX:STG] released its third quarter cash flow update to the ASX, reporting a [cash flow positive quarter](#) and cash collections up 55% relative to the prior corresponding period. The business also confirmed that it is on track to deliver its prospectus forecasts.

Straker Translations has been named one of the [30 most attractive companies of 2018](#) by The Silicon Review.



### SiteMinder

SiteMinder has announced a [new partnership with Ryanair](#), Europe's number one airline. The deal will allow SiteMinder's 30,000 hotel customers in Europe to use Ryanair Rooms as a distribution channel. SiteMinder processes over US\$28.7bn in hotel revenue through its 400 distribution channels worldwide.



### Rezdy

Rezdy has announced a partnership with leading [Australia and New Zealand travel experience operator, AAT Kings](#). AAT Kings customers will be able to book itineraries through Rezdy's extensive portfolio of distribution platforms. The move further exemplifies Rezdy's ability to provide its customers unrivalled distribution reach and booking potential assisting further growth and success.



### Stackla

Stackla's Co-Founder and CEO, Damien Mahoney, gave an interview to the [Your Money TV channel](#).



### Bailador

- David Kirk, Bailador Co-Founder, has launched a new weekly blog available via Medium and LinkedIn. His first posts explain why he has taken on the challenge as [his New Year's resolution](#), and provides his [New Year's resolutions for the tech industry's leaders and founders](#).
- David was also a guest on [Radio New Zealand's Bookmarks segment](#) where he discussed his favourite books, music and films. A podcast of the show is now available.
- Andrea Kowalski, Bailador's Partner based in New York, wrote for SmartCompany on [what US VCs are looking for in Australian startups](#) and gave her tips to those looking for funding.

## Important Notice

Bailador Investment Management Pty Ltd ACN 143 060 511 ('Manager') has prepared the information in this announcement. This announcement has been prepared for the purposes of providing information in this announcement. This announcement has been prepared for the purposes of providing general information only and does not constitute an offer, invitation, solicitation or recommendation with respect to the purchase or sale of any securities in BTI, nor does it constitute financial product or investment advice, nor take into account your investment objectives, taxation situation, financial situation or needs. Any investor must not act on the basis of any matter contained in this announcement in making an investment decision but must make its own assessment of BTI and conduct its own investigations and analysis. Past performance is not a reliable indicator of future performance.

## 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
Lendi	10.7	112%	▲	0.09	✓	November 2019
Straker Translations	10.4	65%	▲	0.09	✓	Mark to market each month end
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 2019
Cash	2.8			0.02		
Other	0.6			0.01		
<b>Net Asset Value / Net Asset Value Per Share (Pre Tax)</b>	<b>139.0</b>			<b>1.16</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	Lendi	Straker Translations
Type:	SaaS/B2B	DBaaS/B2B	SaaS/B2B/UGC	Fintech	Marketplace/Machine Learning
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	Australia's #1 home loan provider disrupting the multi-billion-dollar mortgage industry	Digital translation services provider and one of the world's fastest growing translation companies
HQ:	Sydney	Canberra	San Francisco	Sydney	Auckland
Staff:	550-600	50-100	50-100	350-400	100-150



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