

# 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.

## Contact Bailador

- ✉ Bailador Technology Investments  
Level 20, 20 Bond Street  
Sydney NSW 2000
- ☎ +61 2 9223 2344
- ✉ [investorservices@bailador.com.au](mailto:investorservices@bailador.com.au)

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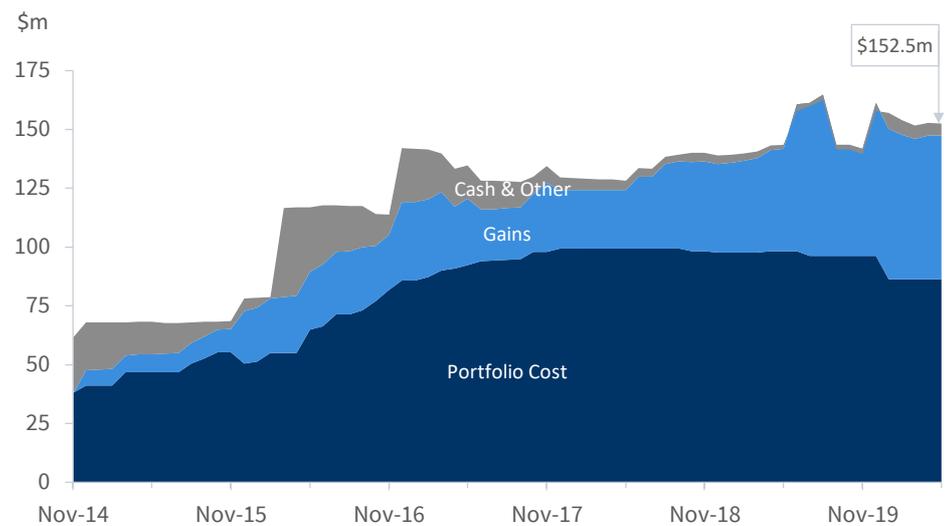
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This report was authorised for release to the ASX by Helen Plesek, Company Secretary & Chief Financial Officer, on 10 June 2020.

## Net Tangible Asset Snapshot

	Current month
NTA per share pre-tax	\$1.24
NTA per share post-tax	\$1.15

## Net Tangible Asset Breakdown Since Inception



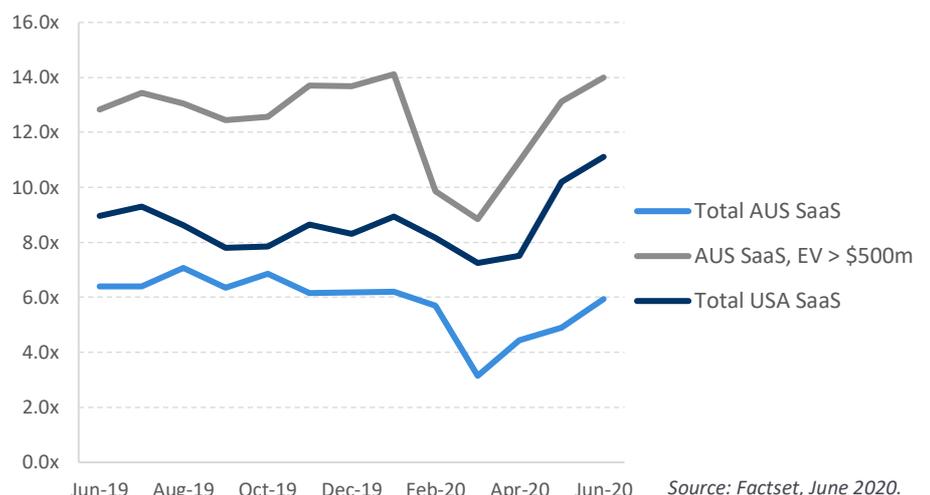
## Founders' Commentary

### Software valuations bounce back

The valuations of software companies were hit hard when the COVID-19 crisis emerged but have already bounced back to above their January peaks.

As investors you will no doubt be interested in how the valuation of technology companies has tracked through the COVID-19 lockdowns. The graph below tracks the variation in valuation multiples of all US-listed Software-as-a-Service (SaaS) companies, all Australian-listed SaaS companies, and Australian-listed SaaS companies with an enterprise valuation greater than AUD\$500 million.

AUS vs USA SaaS EV/Rev X



We can see from the graph that valuations trended up from June 2019 to generally peak in January 2020. Valuations for all companies then fell quickly to bottom out in March 2020 during the worst of the COVID-19 uncertainty. Valuations then rose quickly to be generally above their January peaks today. The decline and recovery in SaaS market valuations in the US and Australia has truly been a 'V' shaped curve.

The valuations of companies in other sectors of the economy have followed a similar curve but have generally not recovered to their pre COVID-19 levels yet. Why such a swift and complete recovery in SaaS?

Most broadly, the government and central bank responses have been enormously supportive, and this has underpinned business recovery and growth in all sectors.

More specifically, the information technology sector (particularly the SaaS sector) is advantaged in being able to sell, service and upgrade products online. Staff have had to work from home, but lockdowns and social distancing have made no difference at all to the all-important sales engine capability of most information technology businesses.

Further, we think many investors in information technology companies are seeing that the COVID-19 crisis has accelerated the shift to a world of digital marketing, sales and operations for many companies. They believe online and mobile models will replace traditional in-person models more quickly than previously forecast and this will be very good news for the SaaS sector. We agree.

Perhaps most importantly of all the modelling and forecasting of long-term value shifts by investors has not changed at all. The world will continue down the digital path it is on and billions and billions of dollars of value will move from traditional business models to digital business models. Informed and committed information technology investors have always taken a long-term view of the companies they are invested in. Or to put it more technically, discounted cashflow valuations of technology companies always assumed cash flow growth long into the future. In these models the cash generated in the next six months or a year is tiny compared to the forecast future cashflows. Hence a short dip in cashflow now has very little impact on overall valuation.

All of this is consistent with the V-shaped valuation decline and recovery we have seen in SaaS companies in Australia and the United States.

Seven of the 10 Bailador portfolio companies are SaaS and over 80% of the revenue of the portfolio is recurring, the vast majority of which is subscription-based SaaS. The other three portfolio companies (Lendi, Straker and Brosa) have business models that are all benefiting from the shift to servicing customers online.

Our portfolio is in great shape, we are delighted with the responses of our founders and managers to the crisis and expect our portfolio companies to continue to flourish long into the future.

**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

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

### Movement in NTA

Bailador's NTA per share (pre-tax) is unchanged this month.



### Standard Media Index (SMI)

SMI announced it has [expanded its product offering into Canada](#), providing the local industry with a new way of monitoring the performance of the ~\$7bn industry, across all media types, from SMI's data pool which captures over 94% of national brand spend.

SMI also announced it is [substantially expanding its data pool in the US](#). The firm is adding five new agencies boosting its coverage of media-buying billings by 25% to just under \$90bn.



### Stackla

Stackla has [added support for TikTok videos to its platform](#). The social media platform has recently gained in popularity, and Stackla customers can now curate, manage and publish the valuable user generated content via the Stackla platform. Yelp reviews, which are crucial to service-focused companies such as restaurants, hotels and gyms, are also now supported.



### DocsCorp

DocsCorp has released an [updated version of compareDocs](#) with an improved way to compare PowerPoint files. compareDocs 4.4 will make it easier for users to see if changes have been made between two presentations.

DocsCorp has published research showing that [enterprise software investment will continue despite the COVID-19 crisis](#). It surveyed 500 Project Managers in the US and 60% said the main objective of buying new enterprise software would be to improve productivity, as opposed to reducing costs or increasing reporting capabilities.



### Lendi

[David Hyman, Lendi CEO and co-founder, spoke to The Australian](#) about his observations in the market since the local onset of COVID-19 in Australia and how low interest rates has seen a surge in refinancing activity.

David also [spoke to trade publication The Adviser](#) about how he is disappointed at the delay of the implementation of the best interests duty. He said the changes would enable customers to be confident that brokers are working in their best interests.

### Instaclustr

Instaclustr CTO Ben Bromhead was interviewed about [the state of the open source database-as-a-service market as COVID-19 changes priorities and traffic flows](#).

[Instaclustr has launched a new video series, InstaBlinks](#), to showcase its blogs, whitepapers and other resources related to open source data-layer technologies. The first episode features Tim Palmer, APAC Sales Director, on why enterprises choose open source.



### Viostream

Viostream has once again partnered with TEDx Sydney to power the event's video communications. Viostream has worked with TEDx Sydney since its inception 10 years ago.

 **Bailador**

Bailador co-founder Paul Wilson was among the [leading Australian VCs interviewed by The Australian Financial Review](#) on how the COVID-19 crisis has affected their portfolio companies.

Bailador are pleased to announce that Michael Hayes has been promoted to Investment Director. Mike has been with Bailador for four years. Over the last 12 months Mike has led our investments in Instaclustr and Brosa, and has worked closely with DocsCorp and Stackla. His work on all four portfolio companies has been to a very high standard, and in particular Instaclustr is now a major position in the fund and set for further strong growth in value. Mike is a highly respected and valued member of our team and we congratulate him on his success.

**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 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 or 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	82.5	1996%	▲	0.67	✓	June 2020
Instaclustr	19.0	323%	▲	0.15		August 2020
DocsCorp	10.9	119%	▲	0.09		June 2020
Lendi	10.7	112%	▲	0.09	✓	November 2020
SMI	9.6	30%	▲	0.08		June 2020
Rezdy	5.9	64%	▲	0.05		June 2020
Straker Translations	5.8	33%	▶	0.05	✓	Mark to market each month end
Brosa	3.0	0%	▶	0.02	✓	October 2020
Stackla	-	-100%	▼	-		September 2020
Viostream	-	-100%	▼	-		September 2020
Cash	4.6			0.04		
Other <sup>2</sup>	0.5			0.00		
<b>Net Asset Value / Net Asset Value Per Share (Pre Tax)</b>	<b>152.5</b>			<b>1.24</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 date of the next formal valuation review. Valuation events can also occur in a shorter time frame where there is a third-party investment

<sup>2</sup> Includes Performance Fee accrual

### 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	DocsCorp	Lendi	SMI
Type:	SaaS/B2B	DBaaS/B2B	SaaS/Document Productivity	Fintech	SaaS/Big Data
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	Global leader in the rapidly growing Document Productivity segment	Australia's #1 home loan provider disrupting the multi-billion-dollar mortgage industry	Big data aggregation and analysis platform with exclusive access to ad expenditure data
HQ:	Sydney	Canberra	Sydney	Sydney	New York
Staff:	500-750	100-250	100-250	250-500	1-50



Name:	Rezdy	Straker Translations	Brosa	Stackla	Viostream
Type:	SaaS	Marketplace/Machine Learning	Online Retail/B2C	SaaS/B2B/UGC	SaaS/Video
About:	Leading, innovative and fast growing online channel manager and booking software platform for tours & activities	Digital language translation services provider and one of the world's fastest growing translation companies	Tech-led, vertically integrated furniture brand and online retailer	Leading tech platform for brands to leverage User Generated Content (UGC) in their marketing strategy	Cloud-based end-to-end platform for the creation, management and distribution of video
HQ:	Sydney	Auckland	Melbourne	San Francisco	Sydney
Staff:	50-100	100-250	1-50	1-50	1-50