

# Straker buys Eurotext, talks IPO

CHRIS KEALL · WEDNESDAY OCTOBER 12, 2016

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Grant Straker on his company's new acquisition and IPO plans

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Auckland-based Straker Translations has bought Dublin company Eurotext Translations – which, with immediate effect, is changing its name to Eurotext-Straker Translations.

A price hasn't been put on the deal but Straker earlier raised \$6 million in a round led by David Kirk's Bailador, with the money earmarked for acquisitions.

Founder and chief executive Grant Straker says five more buyout targets are being lined up, with another two deals possible by the end of the financial year.


He won't put a dollar value on the Eurotext purchase but he says Eurotext is profitable (in November he mentioned a possible, unnamed European target had 25% margin) on annual revenue of \$2.5 million – 15% from Ireland, 52% from Europe and 23% from rest of the world.

The chief executive says Straker revenue was a record \$1.8 million for September. Most of its work translating documents or transcribing videos is coming from outside Australasia.

By the end of March, monthly takings should hit a level that implies annual revenue of \$20 million, he says.



Straker Translations founder, CEO and major shareholder Grant Straker

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Is the privately-held, Auckland-based Straker profitable?

Mr Straker says it is, and so is Eurotext, but won't give any numbers.

### **Likely ASX listing**

When will investors see his company listed, so they can start pulling its accounts apart?

Last November, Mr Straker told NBR his company would take a pass on NZX's NXT board.

But he continues to mull going public.

"We are considering an IPO – most likely ASX – in the later part of next year," he told NBR this morning.

"We might ASX-NZX dual list but depends on institutional interest from New Zealand. We have good interest in Australia and also some peer companies in the freelance economy and language space to reference against."

Lately, there has been a run of New Zealand-based techs choosing to list across the Tasman, including Martin Aircraft, Volpara, 9 Spokes and (with its yet-to-be-confirmed IPO raise) Powerhouse.

Why does Mr Straker think the grass is greener on the other side of the ditch?

The founder cites "better valuation, more reference companies in related industries and better liquidity of the stock post listing. Our last capital raise we got limited interest from New Zealand institutions – due to size, not business model – so we got capital out of Australia," he says.

"The problem for the NZX is that Australian investors prefer we list on an Australian exchange," he adds.

The \$4 million chipped in by David Kirk's Sydney-based Bailador as part of last year's \$6 million raise bought it a 14.68% stake in Straker, according to Companies office records.

### **Machines no match for Donald Trump**

Straker employs 55 people (or 61 after today's announcement), has more than 10,000 customers in more than 20 countries, and earns 80% of its revenue outside Australasia.

It's fast growing but NBR wonders if it faces competition from the free Google Translate, which is being pushed more and more by the search giant.

Is that the case?

"No," says Mr Straker.

"Our platform enables us to leverage machine translation [MT or automated translation] for commercial benefits. Google makes big announcements around MT but the rest of the industry has been using neural pathway engines for a while. All of our success has been around figuring out how to harness artificial intelligence in the translation process; it does put pressure on other vendors.

"To give a reference, there is no way a machine could contextually translate the dialog around the US elections. *Humans* are having enough trouble understanding it. Machines would have to reference the last election dialog and have pre-existing translations. It just wouldn't work."



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