

# Serko jumps the ditch

The Kiwi software leader is now listed in Australia and New Zealand and is successfully addressing both markets.

By Domini Stuart



On 25 June 2018 Darrin Grafton fulfilled a long-held ambition. Serko, the Auckland-based travel software company he co-founded with Bob Shaw, dual-listed on ASX under the ticker SKO.

“We have always been known as a New Zealand and Australian business,” says Grafton, who is now the company’s chief executive officer (CEO).

“About 95 per cent of our revenue comes out of Australia and more than 70 per cent of the corporate travel sector uses our platform. So, it was logical for us to list across both markets. But timing was really important. We knew we would be loss-making for a period of years but, at the same time, we wanted to list early enough for Australian investors to share in our growth as we globalise. That’s one of the reasons we chose to list in June. We had reached an inflection point of profitability and imminent growth and it made sense for us to enable Australian institutions and investors to come on board.”

## Taking a new direction

Serko began life in 1994 as Interactive Technologies, a company that helped travel agents to streamline their mid- and back-office processes. Then, as the internet began to transform the way people research and book their travel, Grafton and Shaw took the company in a different direction

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**Darrin Grafton, Serko**

by developing software as a service (SaaS) to help organisations book and manage business travel and related expenses. The revamped company launched as Serko in 2007 and listed on the New Zealand Stock Exchange (NZX) in 2014.

Last year, Serko was the best-performing stock on NZX and, in the 12 months to September 2018, the share price rose from NZ\$1 to NZ\$3.05. A market leader in Australasia, where it has been the leading online boarding tool (OBT) for corporate travel since 2007, the company currently employs more than 150 people and services customers in more than 30 countries around the world. As predicted, Serko is also making inroads into overseas markets starting with the United States and the United Kingdom, which Grafton describes as both huge and addressable.

“Our ASX listing was a significant growth milestone,” he says. “Australia has a lot of depth across both retail and

Serko

ASX Ticker: SKO

institutional investors and, as we continue to execute on a global strategy, we’re hoping to become a success story for both countries because we owe such a lot to Australia.”

## Developing strong relationships

While Serko will continue to be based in Auckland, Grafton is very focused on developing and maintaining relationships with Australian investors.

“We believe you need to put effort into a market,” he says. “If you’re not creating awareness you’re not going to get support, so we do our best to be very accommodating and to build the confidence institutions need before they’re prepared to invest.”

He visits Australia every week or two and makes himself available to potential investors who want to know more about the company.

“Investors want to understand the business and how you operate, so you must be able to articulate your story and to demonstrate that you’re executing on strategy,” he says.

“You also need to put an effort into making sure that what you’re presenting and what you’re delivering are both very precise. These are completely intertwined – if investors can’t see clearly that you’re doing what you say you’re doing they’re not going to take an interest in you.”

The strategy is proving to be effective. “The last capital raise attracted quite a number of new Australian investors,” says Grafton.

## Paying attention to the NZ market

Meanwhile, Grafton has been careful not to sideline New Zealand investors.

“We were very conscious of the danger of spreading ourselves too thin,” he says. “The New Zealand market did go through a bit of turmoil so we made time to ensure our cornerstone investors knew all about what we were doing and would continue to give us their support.”

Looking back, he’s comfortable with their preparation for the ASX listing.

“There’s always something you could have done better,” he says. “But, in hindsight, I think it was executed pretty well and that we picked the right time to bring the deeper Australian institutions on board.”