



elevate⁶¹

Rapid growth entrepreneur program

Venturing to the US

Key insights from 3 years on
the *elevate⁶¹* road

June 2017



Foreword

Building a business is hard work. It takes guts, determination and resilience. It means holding onto a dream and vision often when others can't see it.

And doing so in Australia is only just coming into vogue. This means our entrepreneurial ecosystems are still relatively young. Culturally we are still learning to embrace and accept innovation and entrepreneurship but it is far from being accepted as normal.

And this is why *elevate*⁶¹ is special.

Described as a rapid growth entrepreneur program, *elevate*⁶¹ is designed to enable high growth, B2B, Australian tech-businesses to fast track their growth into the United States and beyond.

*Elevate*⁶¹ is the product of a strategic alliance between [Advance](#), Australia's largest network of leading Australians and alumni overseas committed to moving Australia forward, and [KPMG Australia](#).

Through touring key entrepreneurial hubs in the United States, the startups are exposed to some of the largest and most competitive tech scenes.

Facilitated access to a network of successful Australian and US-based entrepreneurs, investors, advisors and global corporations provides the startups with insights to determine market fit in the United States and whether they have what it takes to succeed on a global scale.

The program

elevate⁶¹

Rapid growth entrepreneur program

3 day Workshop in Sydney facilitated by Australian US-based experts



10 day US Tour to key entrepreneurial US hubs: Los Angeles, San Francisco and New York with access to Advance US Network



Access to **Advance Advisor Network & KPMG Mentor Program**

Over the 3 years, participant feedback was resoundingly positive

Over 90% Participants strongly agreed that the *elevate⁶¹* program was useful and they would recommend it to other businesses

- ✓ **Overall program content**
Participants strongly agreed that the overall program content was relevant and useful
- ✓ **Workshops**
Participants strongly agreed that the workshops provided valuable information
- ✓ **US Tour**
Participants strongly agreed that the US Tour was beneficial for their business

*“Being part of the *elevate⁶¹* program of 2015 really opened our eyes to the opportunity before us with the US market. I really attribute the experience we had there to being the catalyst for us to get serious about tackling the US market and raising capital.*”

– **Curtis Thomson, Co-Founder, Simpro** (2015 alumni)
[Simpro raised USD\$31 million in October 2016]

*“The quality and depth of access you get from participating in the *elevate⁶¹* program is incredible and one you can’t get anywhere else. We would not have been able to line up such an agenda for ourselves – it would have been near impossible for us to organise back to back meetings and introductions with individuals of the same calibre without it being very expensive and time consuming.*”

– **Craig Davis, Co-Founder, Sendle** (2016 alumni)
[Sendle raised AUD\$5 million in August 2016]

West coast snapshot: Los Angeles

The rise of LA
startup scene

Excerpt from *elevate*⁶¹ Blog: Daily Wrap Up: Wednesday 5 April 2017

So far we've spent two and a half days in LA, based in Santa Monica on the very edge of Silicon Beach. The first thought most people have when you say 'LA' is Hollywood, the second, Hollywood, and the third ... you guessed it: Hollywood. But there is more to tinsel-town than movie stars and mansions. The first is that entertainment is not on fact the biggest industry in LA – it's number three. Number one is actually manufacturing.

LA is also a really big market – there are 88 different cities in the greater LA county area. In 2016, this was a **\$664bn economy**, it's the international trade centre for US with 43 percent of all goods into the US by sea (**no. 1 port in the US**) coming through LA's port infrastructure. In LA County alone there are 10.2m people and 18.7m live in 5 County area so **perhaps it's time to rethink how we think of LA and the opportunities it provides to tech companies from Australia.**

This has been further reinforced to our *elevate*⁶¹ startups through meetings, discussions and networking. We have met with innovators, entrepreneurs, venture capital, government officials, Australian ex-pats and advisors. It is clear that a not-so-quiet transformation is going on. Walk along Venice Beach and amongst the souvenir stalls and dive bars, you will see a bright yellow minimalist shopfront containing a small number of carnival games and a spectacles dispenser.

This is the visible face of Snapchat in Venice. Behind this beach front façade Snap Inc. is rapidly acquiring office space in Venice, **attracting capital and talent south from the traditional heartland in Silicon Valley.**

Back in Santa Monica you will find Cross Campus. One of the first co-working spaces to open in LA with a **deliberate aim to build a thriving tech scene.** Cross Campus has been instrumental in providing tech entrepreneurs and innovators a space to come together and collaborate. And they have a second office in downtown LA connected by the new metro train system. So it's not just a beach front transformation that is going on.

It is companies like this that are spearheading the transformation of LA's tech scene. This is why the traditional talent drain to 'the Valley' is slowly changing as **engineering graduates from CalTech, USC and UCLA find opportunities closer to home.** The capital scene is also strong with **most major VC firms having offices in LA** and with ready access to a **Super Angel network** there is funding to support the development and growth of most firms. There are also advisor networks and government support to attract new ventures to LA.

LA is changing and with that comes new opportunities for Australian tech entrepreneurs.

West coast snapshot: San Francisco & Silicon Valley

A place to change the world



Excerpt from *elevate61* Blog: Daily Wrap Up: Thursday 6 April 2017

Change the world or go home!

San Francisco. Silicon Valley. The Valley. It's Disneyland for entrepreneurs and investors alike. This is the crucible for entrepreneurship and innovation, and today the startups were provided with the opportunity to pitch to John Scull, managing Director of Southern Cross Ventures. A 30-year veteran of The Valley who has worked as a marketing executive with Apple, started his own businesses and is now working in venture capital.

Number one: if you are going to pitch to John, you better have done your research. Know the focus of Southern Cross Ventures and the deals they have done – especially the ones that John has been involved in specifically. Check his LinkedIn profile. Do an online search. In today's world this should take a maximum of 30 minutes, and it's time well spent if you want to make the most of your opportunity. In other words: Be prepared.

Number two: be personal. It's about Australians and our culture. There's no time to be shy, and don't be bashful. In John's words "be proud, be confident, and be real." To quote a speaker last year: "**the word pride has no negative connotations in the US. Take pride in your achievements.**" This does not mean be arrogant or rude; rather that it's important to utilise your confidence. Investors in The Valley want to know that *you* believe you are creating the next billion dollar business. If *you* don't show that you're confident, and believe in what *you* are doing, why should investors believe in you?

The third theme in John's feedback is something that is special to venture capital on Sandhill Road: show that you will change the world. These firms want to invest in the next BIG thing. You need to show with passion that something is wrong or broken, and you are going to fix it. If you're not doing this you won't get any attention.

Number four: clarity of the business model.

You need to know the difference between a service, a product and a business. The key to this is being able to articulate who your customer is, what is their problem and how you will solve it. As an entrepreneur, you will see multiple possibilities for your product and areas you can expand into. **What the investor wants to hear is crystal clear clarity of focus: Customer. Problem. Solution.** Your job is to set priorities limit the options and reduce complexity to simplify because then you get things done.

Finally, how do you get in front of a VC like John? Warm introductions. Venture capital in the Valley see hundreds of decks per day, and if you want a meeting, then you need someone who John trusts to recommend he meet with you. Access to deal flow and pipeline in the Valley is not an issue, so you need to build relationships, network and establish credibility. This also requires a commitment of time spent in the Valley.

East coast snapshot: New York City

The centre of the universe

Excerpt from *elevate61* Blog: Daily Wrap Up: Thursday 6 April 2017

In LA, the pitch to entrepreneurs is based on the size of the market and the opportunities it presents. In San Francisco, the pitch is on being the capital for tech and where entrepreneurs are changing the world. **In New York, the pitch is based on being the world's capital for hyphen tech. Fin-tech, fashion-tech, food-tech, real-tech, etc.** It was no other than David Rose, founder of Gust and the NYC Angel Investor, who gave it to us. Described by some as the patriarch of Silicon Alley, David has been in the NY tech scene from the start.

NYC is an iconic world city. So much so, that for many New Yorkers', **it is the World's capital.** It is the home to the United Nations and most Fortune 500 businesses are head quartered here than anywhere else in the world. **It is the advertising, finance and fashion capital, and with tech now being applied to every business sector, New York is rapidly becoming a tech capital too.**

There are over two dozen active angel investor groups with **over 500 active angel investors.** On the VC front there are **75 active funds.** In addition to this, there are **equity crowd-funding platforms** as well as **city, state and federal funds** to support seed stage investments. 2014 was a breakout year for NY in terms of funding with over a billion dollars deployed each quarter (53% increase YoY). Deal numbers have also grown strongly.

In NY, valuations tend to be less frothy than in California, and there is a very strong numbers focus on the business. Being post-seed funded

with customers, revenue and in some cases making a small profit to breakeven, Australian businesses are attractive to east coast investors. **Not everyone here will be expecting you to be the next Uber, but will want to know if you can at least be Lyft.** Meaning you don't have to be changing the world, but you do need to be a good business.

The City of New York has also taken steps to support and develop the entrepreneurial eco-system here with a deliberate aim to create and attract early stage companies. **The focus in NYC has been on helping the startup community to help itself.** The reason for this is that most founders when starting out don't know how to raise funding, how to find mentors, how to turn an idea into a business. **NYC created digital.nyc, a public private partnership to be the connective tissue for the startup community.**

The single point to locate events, news, jobs, incubators, accelerators, investors, blogs, etc. **The NY Tech Meetup is also the largest of its kind with 50,000 members.** In 2015 NY was rated the top city globally by CITIE for its work in developing policy to support innovation and entrepreneurship.

For the enterprise tech founder considering NYC, you will have access to more Fortune 500 companies here than any other eco-system, you will find funding for good businesses not just world changers, and you will find a city that is working hard to support innovation and entrepreneurship. In NYC, the world could truly be your oyster.



Key insights and learnings

Assimilate while being different

When it comes to making the leap from the Australian market to the US market, founders are faced with the massive challenge of re-orientating not just their operations, but their mindset to the overseas market. While 'looking', 'sounding' and 'feeling' similar, Australia and the US have some stark cultural and business nuances that catch out many Australian founders.

Insights were shared on the *elevate*⁶¹ program from US-based Australian founders on setting yourself up for success in the US:

- **FOMO (Fear Of Missing Out):** It's not just for consumers, it's a thing in enterprise sales too. Small, agile, innovative companies will get a meeting with a large enterprise prospect because they don't want to miss the next big thing. The US is a very competitive market and no-one wants to miss an opportunity to get a leap on their competitors or gain market share. So being able to articulate your value proposition in terms of creating an unfair competitive advantage is a must if you want to harness the competitive spirit.
- **Work your accent:** As one founder put it "Australia is the flavour of the month in the US at the moment". For those first sales calls: an Australian founder making the call will give you a point of difference. You need to back this up with substance but being Australian can help get you that crucial first meeting.
- **But learn to speak the language:** If you want to sell in the US, you need to speak their language. This means avoid using Australian slang, abbreviations, and culture references to prevent miscommunication and confusion. Do use American spellings (e.g. color vs colour, utilize vs utilise) and understand your market terminology (imperial (pounds) vs metric (grams)). Even consider registering a .com domain and reassess your business and/or product name – is it pronounceable by Americans? Do you have to explain why it's spelt 'incorrectly'?
- **Be here:** Your business success may all currently be in Australia, but if the US is where you see the future of your business, then this is where you must be. The enterprise businesses you are selling to here will want to deal with senior people. This means the CEO, CTO and/or executive directors.

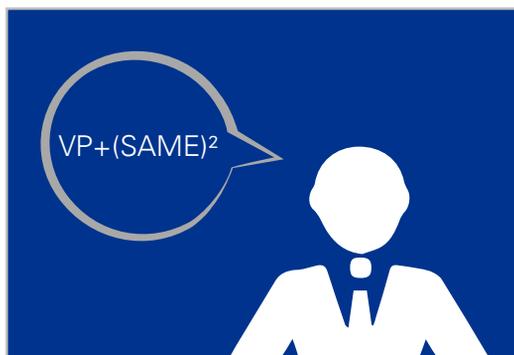
If they don't see you here, they won't believe you are serious about their business. This flows to the next point: it is very important to build a strong network and deep relationships – can you do this from Australia when your direct competitor is across the street?

- **Develop partnerships:** A good sales channel partner will immediately accelerate your time to market. They have what you don't. Relationships, customers, credibility and distribution. The right partner will deliver revenue quicker with less risk. Contrast this with doing it all on your own, with no in-market experience and no on the ground resources.
- **Be valuable:** It seems obvious but how often do you go to a meeting in Australia without doing some research (Google, LinkedIn and social media feeds), without an agenda and no pre-prepared questions. You won't get a second meeting if you don't show you know the client, their issues and how you can help them to be successful. Be prepared to give more than you get – you need to invest in them personally if you want them to buy from you. This adds credibility, builds a relationship and makes you a partner.
- **Finally, hire with care:** In Australia we are broadly used to a degree of staff loyalty. Here in the US staff are employed "at will" which means as the employer you can hire one-day and fire the next. In turn you will find that good talent and people will move at the drop of a hat to a bigger and better opportunity. Invest time and effort to find good talent; thorough reference checks, even police and criminal checks, is considered normal when hiring in the US – your enterprise customers will expect it!



Nailing your Pitch

As our *elevate*⁶¹ companies can attest, essential to selling your product/service is knowing how to pitch, and to pitch well. Nathan Gold, (acknowledged as “the elevator pitch expert” by Wall Street Journal¹), certainly knows how to do this – and he has a formula for it:



Otherwise known as the “**Red Box Method**”, Nathan explains that Steve Blank’s Value Proposition (VP) methodology of “**We help X do Y by doing Z**” can be **expanded** by using simple tools to **captivate an audience**. The additional tools are:

Use one or more of the following:

Simile
Analogy
Metaphor
Example

With one or more of the following:

Story
Adjective
Magic
Enthusiasm

These additional tools make it **crystal clear** for your audience to understand what your business does **without telling them about it in a literal sense**. Sometimes telling people literally what you do is often too complex. So by using analogies and metaphors, you can very quickly help others understand complexities of what you do.

But remember that there is no ‘one pitch fits all’; you need to create multiple pitches for different audiences.

It takes only ten seconds for a potential investor or customer to decide whether to continue to listen to your pitch; but it takes at least 10 to 20 hours of full dress rehearsal to perfect your delivery. So practice, practice, practice!

1 WSJ Startup of the Year, *Need to Perfect Your Pitch? Nathan Gold Knows How*, viewed June 2017, <http://projects.wsj.com/soty/week/16/need-to-perfect-your-pitch-nathan-gold-knows-how>

10 key observations for capital raising success in the US

- 1. What's your story?** Venture Capital investors (VCs) will want to get to know you, your background, how you got to where you are, and where you want to go. They will have many questions that may not necessarily be relevant to the business so be prepared to speak about yourself and tell a compelling story.
- 2. What's your ask?** Know exactly how much you're asking for from your investors, why you need it, what you will do with it and by when, and what do you expect from them. Remember, it is a two-way relationship and you can set KPIs for your investors too.
- 3. Who is your investor?** Investors will expect you know everything about them before your meeting (e.g. main funding industry, key investments, their network, their history personally and their fund).
- 4. Create scarcity:** With transparency and authenticity, drive a sense of scarcity with your investors to generate an urgent level of interest.
- 5. Know your metrics:** Investors will expect founders to understand all of the right metrics for the business applicable in each product class (i.e. SaaS) funding round to funding round, e.g. CAC/LTV: Customer Acquisition Cost / Life Time Value, MRR: Monthly Recurring Revenue, MAR: Monthly Average Revenue, ACS: Average Contract Size.
- 6. Valuation:** Never gift the investor your valuation during the seed or series A rounds – instead wait until the lead investor provides the term sheet before negotiating. This is because the way to calculate the figure will differ from different markets, the likelihood of success and the key relationships/networks the founders/team have.
- 7. All about growth:** Broadly, VCs will want to hear that their investment to be used to grow the business into a billion dollar venture, such as building on the technology and hiring relevant new staff that will extend global reach. Don't be afraid to be ambitious.
- 8. Sophisticated vs. unsophisticated investors:** Term sheets will vary dramatically between different types of investors whether they are angel investors, VCs, corporate venture arms, private equity, directly from corporates, etc. Knowing who you are speaking to and what type of funding they may provide is very important (i.e. most corporates are unsophisticated investors and may be more open to greater negotiations than sophisticated VCs or private equity firms).
- 9. Follow the leader:** You will find many VCs will be reluctant to lead the round and be the first investor in the round. But after a lead investor has committed others will follow suit. A way to fast track this process is for companies to 'soft circle' VC commitment to then bring in more investors.
- 10. Keep them up-to-date:** If there is interest during the initial meetings, investors will want to be given monthly updates, quarterly board reporting and even a 'bad news' phone call.



Metrics that matter for SaaS businesses

If you are a B2B SaaS based business, and talking to investors, it is critical that you can speak to the key metrics that matter to your business.

There are a host of metrics to demonstrate the performance of a SaaS business on the micro scale, but without the five listed below, even starting a conversation with an investor will prove challenging.

- 1. CAC: Customer Acquisition Cost:** How much does it cost you to acquire customers? You need to include your marketing costs, sales costs, founder time, support costs – everything and anything that goes into acquiring the customer.
- 2. LTV: Lifetime Value:** What is the value of a customer to your business, i.e., how much income will you generate? This one is a little misleading as it says “lifetime” but in VC speak this means how much income will you generate from the customer in the next 12-18 months. And if your CAC is greater than your LTV you have a problem.
- 3. MRR/ ARR: Monthly or (Annual) Recurring Revenue:** How much recurring income will you earn each month? This will show how much of your monthly income is contracted vs what you need to sell above this to achieve targets and growth projections – it also shows the stickiness of your product.
- 4. ACS – Average Contract Size:** What is your average deal size? Particularly important for a B2B SaaS business is being able to show scalability and a path to profitability. If your average contract is below \$10k per month expect to be challenged on both the scalability of your business and the path to profit.
- 5. Sales conversion:** Can you convert trial customers into paying customers? It is common in the early stages of a business to offer free or discount trials of your product. This is helpful to get customer feedback and validation that the product you have built meets a genuine need and solves a real problem. The key step in this validation process is when a trial customer is willing to become a paying customer because this means they value what you are offering – if your customers value it so will investors. This is a key metric at the seed raise stage.





Hear from the *elevate*⁶¹ alumni

“What we have learned in 10 days on *elevate*⁶¹ in the States would have taken over a year to learn otherwise.

Brad Couper, CEO, simPRO (2015 alumni)



Running faster

For fast growing Queensland tech firm, simPRO, ***elevate*⁶¹ was a game changer that has helped them hone their game-plan for launching in the US.**

For Brisbane-based simPRO, business is all about helping contractors take control of their lives through the use of customised job management software. Through simPRO's software, contractors are able to adopt a standard set of operational workflows, helping them to enhance their productivity and profitability.

The idea began with founder Steve Bradshaw in 2002. He was managing an electrical contracting business and was overwhelmed by the daily slug of operational matters. He got together with a tech savvy university student who helped him devise a flexible, browser-based system to manage his business better.

The idea grew from there and **simPRO now boasts in excess of 120 employees and more than 1,500 clients** – thanks in large part to their move from perpetual licences to the software-as-a-service (SaaS) model.

Never too late to learn

simPro has global ambitions and has already established an international presence with offices in the UK and New Zealand. Having had this experience, they are well versed in the costs and challenges of expanding into new territories. **As a high-growth high-tech company looking to quickly enter the United States, *elevate*⁶¹ made perfect sense.**

The company was not disappointed. The program provided access to a large and unique pool of knowledgeable and talented people many of whom

had started out in Australia. **The experience also provided exposure to the technology and venture capital community in the US; completely new territory for simPRO and has proved invaluable to them.**

The company saw tangible results from the *elevate*⁶¹ tour. **The conversations with investors, experts and potential clients validated that their underlying business model would work in the US, and helped them formulate a philosophy for how to adapt to the US market.**

By their own admission, their approach to date has been quite simple: run hard and fast or run away scared. The experience they gained on the *elevate*⁶¹ program has given the simPRO team the framework to look at everything in a different light. Prior to the tour, they planned to open their first sales office in Los Angeles. Subsequently they decided LA was too big as their first port of call – literally. That's because the company uses a traditional sales force on the ground that talks to people face to face. LA's sheer size meant traversing the city was not practical. Hence they decided to 'run scared'.

Instead simPRO selected Colorado as a more suitable place to learn and experiment. That's where the first part of their philosophy came in. In a matter of weeks they had their office signed up and an executive team ready to go over to recruit. They now have a person on the ground selling.

In October 2016, simPRO secured USD\$31 million in growth capital from US venture capital, Level Equity.

There is no doubt they are running hard and fast.



“*elevate*⁶¹ saved us millions of dollars. Why? Because, globally, you’re answering a different problem.

Craig Davis, CMO, Sendle (2016 alumni)



Only a few months after completing the *elevate*⁶¹ program, Sendle raised AUD\$5 million from investors, including Full Circle Venture Capital, Black Sheep Capital and Rampersand.

Sydney-based Sendle helps good business take on big business with delivery that is simple, reliable and affordable. By unlocking the power of big business delivery networks for two million small businesses in Australia, Sendle provides door-to-door parcel delivery for less than it costs to line up at the post office. It’s cheaper, more convenient, puts the customer in control, and is Australia’s first 100% carbon neutral delivery service.

We sat down with Sendle’s Chief Marketing Officer & co-founder Craig Davis, and Head of Business Development, Imogen Baxter, to talk about how the *elevate*⁶¹ program has influenced their thinking about Sendle’s business and future growth.

1. Learn to not be faint-hearted.

Build real confidence and belief to say that you will be a multi-*billion* dollar success story and you have what it takes to get there.

2. Make your own mark.

Be present (online and physically) in the US market, constantly hustle, and always be ready to have an ‘ask’ (be pitch ready).

3. Get comfortable with being uncomfortable.

Acknowledge that it is going to be hectic and you will never be on top of it – but be relentless, be speedy and be agile; this is your new ‘normal’.



“*elevate*⁶¹ has accelerated our expansion to the US by refining our pitching and go-to-market strategy in the US.

Chris Bayley, CEO, Cover Genius (2016 alumni)



By December 2016, Cover Genius raised multimillion dollar Series A funds in a follow-up round with their seed round investors at a valuation of approximately USD\$10 million and **opened an office in Austin, Texas in the US.**

Based at Sydney’s preeminent fintech hub, Stone & Chalk, Cover Genius a global platform distributing dynamically-priced insurance to some of the world’s largest internet companies.

The selection of its US office is deliberate; Chris Bayley, CEO, said that “being near the insurance hub of Dallas bring us closer to multiple underwriting partners, and our location in Austin puts us in the new epicentre of the tech industry in the US”.

Chris tells us how what he has learnt from the *elevate*⁶¹ program and how has it informed his business’s global expansion.

1. Be conscious that you’re always selling.

You might not realise it but you are always selling your story, your business and yourself to anyone you talk to – be conscious, deliberate and aware of this.

2. Reading between the lines of VC speak.

Learn the culture of venture capital, understand their language (the Californian ‘No’), and be aware of what information they will want to hear from you.

3. Positioning yourself internally for the long term.

Consider what you will look like as a founder in the medium-long term. As the business grows, how will you as a founder change to continue to lead the business? Leadership transition can make or break an entrepreneur and/or the business.

elevate⁶¹ alumni

Whilst the *elevate⁶¹* participants came from all over Australia and from a wide range of industries, all shared a common goal to scale globally, with a focus on the US market.

2015 alumni



2016 alumni



2017 alumni





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