

Rokt gearing for pre-IPO raise, remains acquisitive – CEO

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Rokt, an Australian e-commerce marketing software business, is gearing up for a pre-IPO raise while it remains interested in acquisitions, founder and Chief Executive Officer Bruce Buchanan said.

Although the company will most likely run the pre-IPO raise independently, Rokt will seek to appoint an external advisor for an expected initial public offering (IPO) in 2023, the CEO said.

The New York-headquartered company which enables its e-commerce clients to increase brand engagement and unlock revenue will seek pre-IPO funds later this year, he said, adding that the funds will be used for the IPO preparation.

Last October, the company raised USD 80m in a Series D funding round which was led by Sydney-based TDM Growth Partners. TDM Growth Partners, which also participated in previous rounds, and the CEO are Rokt's two largest shareholders with undisclosed stakes.

With over USD 200m in revenue projected for this calendar year, the company is close to reaching a valuation of AUD 1bn (USD 767m), Buchanan said.

Rokt gets approaches from various advisors and investment firms "every day," which all have "their own agenda," he said, declining to comment on whether the company has had takeover approaches previously. According to the CEO, trade sale is not a likely option as there should be a similar player to make sense to merge, but there are not too many similar players around.

Instead, the IPO will provide a liquidity option for early-stage investors as well as the ability to raise capital for M&A activity and makes it easier in terms of employee value proposition, he said. Employees own around a 12% stake in the company, the CEO said.

Rokt has not yet decided whether it will list in Australia or the US, as there are pros and cons of listing in either markets, he said. Although the US is the largest market for the company, a lot of the company's original investors are in the Asia Pacific region, he said.

The company has not yet decided how much it will seek in the pre-IPO round or the IPO, the CEO said.

Besides the CEO, TDM Growth Partners and employees, Rokt's shareholders include Square Peg Capital, Lachlan Murdoch, and Greg Roebuck, the CEO said.

Acquisitions and global growth

Rokt could acquire more businesses, especially around “supercharging” e-commerce and customer relevance, Buchanan said. The company is always assessing whether targets could give access to a certain market or a new customer segment, as well as, providing revenue synergies, he said.

There are not too many potential targets around, however, according to the CEO.

In 2019, the company acquired OfferLogic, a Massachusetts-based B2B platform that offers real-time personalized merchandising. Although the deal size was not disclosed, the purchase would add AUD 20m (USD 14m) in revenue to the group’s bottom line, the CEO said at the time of the announcement.

In addition to the US, the company is also interested in businesses in the Asia Pacific and Europe, the CEO said.

In the meantime, Rokt is focusing on growing its presence via sales and marketing initiatives as well as providing more value to its customers via platform utility, the CEO said. Series D funds are being used to invest in R&D and back office infrastructure for the company to get ready for the IPO, he added.

After expanding to the Nordics in the last few years, the company is seeking to grow in its existing markets rather than entering new ones, he said. Canada, Japan, and Europe are some of those regions where Rokt is seeking to strengthen its position via sales and customer support initiatives, the CEO said. That said, there are some markets in Europe and Asia that the company could seek to enter, he said, without specifying.

The company is already operating in some 17 markets, including the US, Canada, the UK, Ireland, France, Germany, the Netherlands, Denmark, Sweden, Norway, Finland, Spain, Australia, New Zealand, Singapore, and Japan, according to its *LinkedIn* profile.

Rokt has over 300 employees, 150 of which were hired in the last 12 months, he said.

The company was formed when Buchanan, former CEO of Jetstar for 10 years, acquired a majority stake in digital advertising business Rocklive in 2012 and later rebranded it as Rokt in 2013.

by Gabriele Rutkauskaite in Sydney

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