

THANK YOU

Your Fairfax Membership account setup is complete. We are redirecting you now. Please use this email " " to log in to the Financial Review in the future.

Try The Financial Review App on your Android Tablet

Install Now

☐ Do not show this message again

Australian software company Atlassian valued at \$US3.3bn

PUBLISHED: 09 Apr 2014 PRINT EDITION: 10 Apr 2014



Atlassian co-founders Mike Cannon-Brookes and Scott Farquar are believed to be retaining their combined 78 per cent stake in the company. Photo: Natalie Boog

James Hutchinson

Atlassian co-founder Mike Cannon-Brookes' personal worth rose to \$1.37 billion overnight but don't expect to see him in a suit and tie.

The software company, started by the 34-year-old university drop-out with his friend Scott Farquhar and a \$10,000 credit card 12 years ago, was valued at \$US3.3 billion (\$3.5 billion) on Wednesday by a \$US150 million investment from T.Rowe Price and Dragoneer Investment Capital.

It is the second external investment in Atlassian since it was founded in 2002. The London-based company makes tools for software developers at 35,000 companies including NASA and German car maker Audi.

The funding allows 800 existing and former staff, and existing investors, to sell some of their shares. It will give the two investment funds a roughly 5 per cent stake in the private company but will not constitute a direct investment and the firms will get no board seats.

For Mr Cannon-Brookes and Mr Farquhar, who did not sell any of their combined 78 per cent stake in Atlassian, it means they are now worth a combined \$2.73 billion on paper.

The new valuation is a significant hike on the \$550 million the pair was estimated to be worth last year, when they topped BRW's *Young Rich List*. That valuation was based on reports the company was preparing for a \$1 billion listing on the New York Stock Exchange or NASDAQ.

"It's a nice public milestone and a great achievement for the staff," Mr Cannon-Brookes

"I don't know if we'd run the business any differently than we do today," he said, likening the value of the company to a game of poker.

"How many chips you have in front of you and the denomination of those chips shouldn't matter – if there's a great move to make ... whether you've got \$100 or \$100,000 in front of you, if the move is to push in 10 per cent of your stack, you should push in 10 per cent of your stack," he said.

"The move doesn't change with the number of zeroes, we keep making the same decisions and strategies," he said.

The pair started Atlassian in 2002 after dropping out of the University of New South Wales, with the aim of making tools that enable software developers to manage their time, products and collaborate together.

In the past 12 years its tools have become a core part of thousands of companies against rivals Microsoft, Google and IBM.

"It's a mining boom and we're the people selling the picks and the shovels and the Levi jeans to people doing that ... everything is software these days," Mr Farquhar said.

"We're in the fortunate position that we sell to software developers and that, as a segment, is going gang-busters."

The pair later returned to the university to resume and complete their studies.

The company has long been tied to an expected public listing in the United States, with Mr Cannon-Brookes having said Australian investors do not understand technology. But the company has declined to confirm plans for an initial public offering soon and has taken only one other external investment: \$US60 million from US venture capital firm Accel Partners in 2010.

Path to IPO

Speculation surrounding a listing increased this year when the company shifted its corporate headquarters to London, a move Mr Farquhar told *The Australian Financial Review* [was an attempt to reach more global investors](#). Most staff will remain in the company's Sydney and San Francisco offices.

The move to liquidate some employee shares could push back the company's initial public offering plans, but Mr Cannon-Brookes would not say if there had

been any change.

“It’s a path we’re on, it’s a part of the journey,” he said. “We’re in the lucky position of controlling the timing and we’re trying to do it when we feel the business is ready. And that’s a tactical thing and also a psychological thing for everyone we’ve got on board.

“[Employees are] still motivated going forward but at the same it’s a pressure lever – they’ve built an awesome company and we want to help them share in that. We didn’t get into this to make a lot of money, we got into this to build some great stuff and we’re focused on that,” he said.

Documents filed with the regulator show the company made \$10.7 million profit during the 2013 financial year on \$149.4 million revenues.

A spokeswoman said the company was on track to make \$200 million in revenues this year. As with most tech companies, it pumps most of its earnings back into an aggressive growth strategy.

Mr Cannon-Brookes, an active figure in Australia’s local technology start-up community, said the valuation personally would not change a thing, including his famed outfit of t-shirt, jeans and thongs.

“You can bet your life it won’t change that,” he said. “I still walk to work and if it’s raining I catch the bus – it is what it is,” he said. “I might buy higher-class Havaianas [thongs].”

READ NEXT:

- [Atlassian leads charge of start-ups abandoning Australia over tax](#)
- [Atlassian’s Farquhar justifies London switch](#)
- [Keep start-up share scheme ‘simple’: Atlassian co-founder Farquhar](#)

The Australian Financial Review

Today's Paper

This is the modal description

[Submit](#) ×