

Rokt soars to \$5.6b as employees cash out, Barrenjoey cashes in

Yolanda Redrup *Rich List Editor*



Jan 17, 2025 - 1.00am

Employees of Australia's e-commerce tech firm Rokt who have thrived in its Navy SEAL-like culture stand to become millionaires in their own right after the company struck a new funding round valuing it at \$US3.5 billion (\$5.6 billion).

Those who stick it out until Rokt's 2026 Wall Street float could become even richer.

The company, led by former Jetstar boss Bruce Buchanan, have secured buying commitments for a \$US335 million secondary offer, enabling early staff and investors to realise a small fortune by selling their shares to venture capitalists and wealth managers such as Tiger Global Management, Paul Bassat's Square Peg Capital, Barrenjoey and SecondQuarter.



Bruce Buchanan's Rokt has acquired Michael Katz's customer data company mParticle in a \$US300 million deal.

The deal, which will be conducted by way of tender offer launching in January, elevated Rokt's valuation by \$US1.1 billion since its previous funding round in December 2022.

Rokt becomes one of the most successful venture capital-backed Australian start-ups after Canva. Indeed, its software is almost as ubiquitous as Canva's arty party e-invites. The company, which was founded in 2012, sells software that optimises online shopping transactions. It uses artificial intelligence to present customers with products and

services it believes they will find compelling from other brands after they make a purchase online, such as meal kits for people who book car parking or wine clubs for purchasers of concert tickets.

Rokt has at times been described by employees as having a “work hard, play hard” [\[https://www.afr.com/technology/rokt-whips-into-ipo-shape-as-discrimination-claim-persists-20230801-p5dsy9\]](https://www.afr.com/technology/rokt-whips-into-ipo-shape-as-discrimination-claim-persists-20230801-p5dsy9) culture. Mr Buchanan disagreed with the “play hard” characterisation, saying that was an element that faded out more than six years ago. But he did agree with the “work hard” ethos.

“Not everyone wants to sign up with one of the top-performing businesses in the world, but for those who do want to crack the big game it’s a great place to come and learn and develop,” he told *The Australian Financial Review*.

“It can be daunting ... We’ve got all these different builders and founders in our business pushing very hard.

“The example I use is not everyone wants to sign up for the Navy SEALs but for those that do want to sign up for the Navy SEALs, it’s a great challenge.”

Mr Buchanan has looked at floating Rokt on the US-tech benchmark, the Nasdaq, on a number of occasions after the company moved from Sydney to New York. It first talked up plans to go public in 2021 and again in 2023.

However, [a retreat in private technology company valuations \[https://www.afr.com/technology/vc-deep-freeze-still-manages-to-outrun-ipo-market-20241002-p5kfck\]](https://www.afr.com/technology/vc-deep-freeze-still-manages-to-outrun-ipo-market-20241002-p5kfck) and a stagnant IPO market has put any listing plans on hold. Like Canva in 2024, Rokt has been using secondary share sales to let its employees and early investors enrich themselves without committing to a float.

Rokt has endured staff turnover in the past few years as it shifted more functions to the United States and became a much larger company.

“All of those things create an immense amount of change, and you do get some attrition,” Mr Buchanan said.

Rokt is still in arbitration with a former employee, Georgina Milne, who claimed she was unfairly dismissed for allegedly misusing credit cards and not supported after an epilepsy diagnosis. In court filings, she described a culture that tolerated “rampant illegal drug use” as well as “sexually aggressive comments”.

Mr Buchanan said it was a meritless case and suggested the matter would be in arbitration for years because the company would never settle something it believed to be false.

Its latest secondary offering is the fifth such liquidity event for staff and investors. Of the \$US335 million, \$US122 million went into the pockets of employees and very early seed investors. The rest is taken up by larger VC funds cashing out early holdings.

Mr Buchanan said 27 per cent of the business since inception had been allocated to Rokt employees, not including the founders.

Preparing for the Nasdaq

The business, he said, is now match-fit for a float, with its executive team in place, products growing strongly and proper governance structures.

“We’re in a handful of companies that can access liquidity in the private market ... but we’re getting to a size where we have to do this [IPO],” Mr Buchanan said.

Square Peg sold 30 per cent of its Rokt shares held in its 2012 fund and 20 per cent of its shares in its 2016 fund to return cash to those end investors. But because it also acquired shares for its newer strategies, Square Peg ended up with more shares than it sold.

“We expect it to be a really well-received IPO,” Mr Bassat said. “What Bruce and the team have achieved has been really, really remarkable. They’ve had a year of 40 per cent-plus growth. Looking at the listed software universe, there’s only a tiny number of companies growing at that, which are profitable.”

The secondary round came on the back of an approach by one of the investors to put \$US200 million into the business and closed after six weeks, with no roadshow.

Rokt, profitable since its first year, grew revenue by 43 per cent to \$US600 million last year.

“I think we’ll actually accelerate our growth this year. We will cross, from a [revenue] run rate perspective, sometime in Q3 or Q4, the \$US1 billion mark,” Mr Buchanan said. “We’d love to get there on an annual basis this year as well, but I think we will get close to the \$US900 million to \$US950 million mark, but growth will continue to be well north of 40 per cent this year.”

Anita Sands, who has experience working with \$US1 billion-plus revenue companies and sits on the board of ServiceNow and Nubank, joined the board.

Trying to stay off the Rich List

Mr Buchanan would not reveal how much of the company he and wife Elizabeth (the company’s chief commercial officer) still own, but said they were transferring more and more of their personal holdings to their charitable foundation. He said he hoped to avoid qualifying for the Financial Review Rich List.

Their foundation is focused on education initiatives and female leadership.

Remarking on the anti-diversity-and-inclusion movement sweeping the US following Donald Trump’s election, Mr Buchanan said at its core, diversity and inclusion was important, but the real issues holding back women in leadership were societal, not business-related.

“I think the problem with these things is that you get this lightning rod, which is a 10 or 20 per cent [cohort] that really tends to anger because people are off on one side or the other. And really, are we talking about equality of opportunity, or quality of outcome?”

“We have a fairly strong view that we want equality of opportunity. We definitely don’t have it,” the founder said.

“The human struggle, competition, and lots of businesses trying to compete to give us the best outcomes in our societies is a really positive thing ... Like, how do we get from 15 per cent females in computer science to something greater than that?”

“Because that’s really going to transform the outcomes for everyone.”

Mini Rokt joins the mothership

Rokt also spent \$US300 million to acquire Michael Katz-led customer data platform mParticle. Its platform helps customers unify, manage and action customer data across websites, social media, email, and connected devices.

Rokt’s technology has enabled 6.5 billion e-commerce transactions and Mr Buchanan said when its customers also used mParticle, they got 50 per cent better results.

The deal adds \$US63 million in revenue and 212 staff to Rokt, which employs almost 800 people.

“We’ve done four of these mergers, and we only do them with very strong revenue synergies, and we can get a 10 times improvement in performance and supercharge getting to my vision by four or five years,” Mr Buchanan said.

Yolanda Redrup is the editor of the AFR Rich List. She previously reported on technology, healthcare and Street Talk. *Connect with Yolanda on [Twitter](#). Email Yolanda at yolanda.redrup@afr.com*