

Canberra's Epicon engages PwC to raise \$20m as its systems integration tech goes global

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Yair Tzur says Epicon has to raise funds in order to hit the accelerator and take advantage of its tech lead." Yair Tzur says Epicon has to raise funds in order to hit the accelerator and take advantage of its tech lead. Nicole Cleary



by **Paul Smith**

A little-known Canberra technology company, which claims to have solved the age-old IT problem of making disparate systems work together, plans to go global with the help of a \$20 million fund-raising round.

Epicon has largely flown under the radar since forming in 2008 as an IT service management company. However, since developing its unique technology in recent years, it has picked up numerous government department clients, as well as making notable customer gains in the banking and finance sectors, without any sales and marketing efforts.

Company founder and chief executive Yair Tzur told *The Australian Financial Review* the company had recently rebuffed acquisition proposals from global systems integrators, and has instead called in PwC to help it raise funds to expand under its own steam.

Unlike some early stage start-ups, which attract criticism for publicly discussing unclosed funding rounds, Epicon is a relatively established company, which Mr Tzur said had been profitable since day one.

The densely technical nature of its product has helped it remain low profile, as it is not the kind of tech company that is instantly understandable to a non-technical investor or executive.

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The company has created a product it calls a "function-based adaptor", which uses its tech smarts to isolate the common features of disparate technology systems running alongside one another in an organisation.

It then connects the systems together in a device known as the "integration bus", allowing them to share data and work together without the lengthy and painstaking technical integration work that would previously have been required for each different system.

"The growth for the last financial year was 60 per cent in revenue and more than 100 per cent in profit, and it is all organic growth and word of mouth," Mr Tzur said.

"We developed a pretty cutting-edge technology, which we believe is a few years ahead of the game, and we decided to try and maximise our service delivery advantage by moving from organic growth to an accelerated mode growth by raising some capital."

By running under its own steam for a number of years profitably, Mr Tzur said, Epicon had bypassed the familiar early funding rounds raised by many start-ups.

Why raise?

A \$20 million raise will be one of the largest for a local tech company in the past year, and Mr Tzur said the initial work was being undertaken already by PwC. The round will be put together from late April, with PwC estimating it will close within four months.

The funding will be used to hire more commercial and research and development staff, as well as funding international expansion plans that will include upcoming company acquisitions in Europe, Singapore and New Zealand.

Epicon now employs 70 full-time staff, a number Mr Tzur said would increase to 150-200 in different locations around the globe.

It has initially won its biggest clients in Australian government departments largely because the company was founded in Canberra, but its products are not sector specific and Mr Tzur said it was time to start getting serious about growth.

"We have an enterprise scale product now, with global application, and it is a shame that we don't have enough developers. So we will be looking to hire 15 to 20 more developers," he said.

"Also, I have been pretty much the only salesperson and for international and national work we are flying people back and forth and it is not scalable unless we hire."

Longer term, Mr Tzur said, the company would not need to raise further funding in a private round, but would look to list on the public markets when it became properly established.

He said globally companies were spending \$400 billion a year on integrating enterprise systems, so by solving a subset of this, it was locking itself in to a hugely lucrative market.

"We are going global as we speak, we just opened an office in New Zealand and we are setting one up in Singapore and are halfway through our first project in Europe," he said.

"We have a huge pipeline from Europe, and the funding is to build a team capable of delivering ... We are an established company, but we are keeping the start-up mentality, with a sense of urgency and innovation."

Read more: <http://www.afr.com/technology/enterprise-it/canberras-epicon-engages-pwc-to-raise-20m-as-its-systems-integration-tech-goes-global-20170323-gv4shs#ixzz4caVvcYEB>

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