AUSTRALIAN IT

Azurn reverses the brain drain

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SEPTEMBER 27, 2005

AUSTRALIAN investors will have a chance to buy a chunk of US videoconferencing and messaging start-up Azurn on the Australian Stock Exchange.

Azurn is making the unusual move of bringing US developed technology to Australia and relocating its headquarters to Melbourne.

Former Melbourne IT executive Clive Flory, former Telstra executive Bala Kumble and former IT industry boss Viberto Selochan are behind a bid to shift Azurn's operations from Boston to Australia.

Founder Tony Giroti will stay as a director.

He will retain a substantial shareholding.

US venture capital funds also hold large parcels.

Azurn has developed a messaging hub to offer companies, particularly mid-sized ones, videoconferencing, voice over internet protocol (VoIP), instant messaging and thin-client services.

The company plans to rent hardware and services to corporates and telcos, using an application service provider model.

"Clive saw the company, and thought it had something unique," said Dr Selochan, the chief executive.

"The potential of the company in Australia is centred around the enthusiasm and uptake in this market, as well as the capability of his team to commercialise the product successfully."

Azurn hopes to raise a minimum of $4 million, and up to $7 million, which would be enough to sustain it for two years, assuming it had no other revenue.

It expects to begin generating revenue from the fourth quarter of this year, although it has not quantified that forecast.

Seventy-seven per cent of the company, held by the board and US investors, will remain in escrow for two years.

Most of the money raised will be used to run and market the company and to develop the technology, with a portion going as loans for the operating expenses of the US subsidiary.

Research and development will be done in Melbourne and Boston, with the Australian work, at Latrobe and Curtin universities, backed by an Australian Research Council grant.

"We wanted to work closely with the universities, because there are a lot of good researchers in Australia," Dr Selochan said.

"Australia is a clever country that is good at creating things others commercialise."

While many IT start-ups eschew listing due to the cost, and in some cases lack of demand for shares, Dr Selochan said Azurn was an ideal candidate for an initial public offering.

"My aim for the listing has several dimensions," he said.

"It improves discipline and makes us ready for a degree of due diligence.

"Compliance is onerous, but rightly so.

"I think it's important we have good corporate governance and that people realise we're responsible to the shareholders.

"A company like ours needs to be taken seriously."

Dr Selochan said the company would differentiate itself from its large competitors, including Nortel, Cisco and Avaya, by providing a rented product suitable for medium-sized business as well as large corporates.

Large corporates are being courted by the big boys for VoIP roll-outs, which generally include in-built conferencing.

Smaller clients will be targeted through on-demand hosted services provided by telcos.

Primus Telecom has the boxes installed.

Dr Selochan said all sales would be through channels.

Resellers will receive a 15 per cent commission on hardware rental, followed by commissions on ongoing rental and services.

"We want to work with channel partners, and we will work with any telco or ISP," he said.

"Rather than advertise on the back of the bus, we'll go through deals with partners."

The offer closes on October 21. Listing is due on November 4.

This report appears on australianIT.com.au.