

Leap of faith

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AUSTRALIAN technology developers constantly whine about being passed over for US innovation backed by millions of marketing dollars, but Peter Wigley is an exception.

Quietly building sales under the radar, he is confident his Canberra company, Content Keeper, gets a fair shake from Australian chief information officers. Commanding an estimated 80 per cent of the federal government market for internet content filtering, he has reason to be bullish.

He is happy that his company is getting a fair share of the corporate market, but it wasn't always that way.

"Our technology beats the other guys hands down," he says.

"We're streets ahead, and that's the major factor. On a couple of occasions we have been given a second look because we have an Australian product, and a couple of times we have been written off because we have an Australian product."

Content Keeper is a network appliance that filters content using a combination of a block list and content analysis.

If a user downloads banned content that's not on the block list, the appliance not only analyses and blocks the site, but reports the address to the vendor's data centre, which populates other customers' blocked lists.

"Within 30 seconds the appliance will categorise it, and the next time someone goes there it will be blocked," Wigley says.

"It is re-evaluated at the data centre and added to the list of categorised sites." Content Keeper, which started in 2002 and employs 15 staff at offices in Australia, Britain and Thailand, is about to seek venture capital.

"Where we are up against it is in the size of the marketing budget that big companies can throw against us," Wigley says.

"The fact that we still beat them shows that a lot of customers are fairly discerning."

Content Keeper's latest win is a Brazilian bank, which has 110,000 users.

Its customers include the Australian Tax Office, the Employment and Workplace Relations Department, Defence Department and Thailand's Revenue Department.

The company has developed multi-language versions of its product.

"We did everything in English, and targeted English-speaking markets, but we kept getting calls from people in Asia and South America," Wigley says.

"The information that the machines look at is English-based."

The challenge facing Wigley and fellow Australian software developers is to get Australian chief information officers to take their products seriously.

Too often, Australian products are overlooked by executives looking for the supposedly safe option of foreign-developed tools.

"Make sure your staff are not ruling out local companies just because they're local," Intelligent Business Research Services adviser Kevin Mclsaac says.

"You do have to weigh up the risk, but the products can be great."

Mclsaac says Australian buyers often make the mistake of assuming US companies with big marketing budgets have the strength and longevity that Australian companies lack.

"Don't be deluded that just because they have a headquarters in Silicon Valley they're stronger than a company based at the Australian Technology Park," he says.

Australian companies that become successful do so on a very big scale, "there's no in-between any more".

"The government gives grants, but there's no follow-through with departments actually buying the products. There's a cultural cringe, especially in government departments.

"There is a perception that good products come out of America, and the other thing is that Australian companies are more risk-averse. They look at an Australian product and say it's a nice product but feel it's safer to go with the larger multinational brand."

An Australian technology developer that made a firm decision to export from day one is ISYS Search Software, which in 1992 founded a US office and now makes most of its sales in North America. ISYS provides search and document management tools, and licences its core systems into other products.

Managing director Ian Davies says the company knew Australia, at about 2 per cent of global information technology spending, was too small to provide a base for a successful software company.

"We always viewed the global market as the place to be," he says. "It's very hard to be a successful software company in Australia."

ISYS, which employs 30 staff, found going to the US an "extremely slow" process, but has since mastered export. Davies says a simple product is the key to the company's success.

"We are very good at foreign languages," he says. "We have a low total cost of ownership. With lots of North American companies the cost of the software is the minor part of the expense.

"Two or three people from the vendor will set up camp at your company for six months to wrestle the product out of the box.

"With ISYS you can get results the same day." Being Australian seems to have done ISYS no harm at all. "We didn't promote the fact that we were Australian," Davies says.

"On occasions we had people in Australia phone our US office and ask if we had an Australian reseller.

"If there's any stigma, there's more stigma in Australia than in the US. The Americans aren't concerned at all. We have lots of customers in the US military and counter-terrorism, and they're comfortable with an Australian company."

Functional Software managing director Allan Main says his company, which sells systems management and administration tools as well as web application monitoring, does 70 per cent of its business in Malaysia. Main says the trend towards large-scale outsourcing has made it hard to sell in Australia, but tender decisions in Malaysia are based mainly on price.

Functional Software is tackling the Australian market by pitching its products to second-tier outsourcers.

In Australia, he says, service providers have become gatekeepers to customers.

"The larger service providers do all their deals offshore, so you have to concentrate on the next layer down," Main says.

The dominance of the larger outsourcers means the Australian market is "kinked heavily against local companies", which often miss out on business as part of a branding issue.

"In Malaysia we get the business," he says.

One company that has had plenty of domestic success is Melbourne content management and decision support vendor 80-20 Software, which counts Telstra, Commonwealth Bank, Coles Myer and Amcor among its local clients.

The company employs 57 staff in Australia and the US, and has venture capital backing from Allen and Buckeridge, Intel and General Electric.

Chief executive Mark Ross says selling domestically is not easy, given the amount of foreign competition the company faces. "Competing against a large foreign brand in IT, you have to find a differentiator, otherwise users will select the foreign brand every time," he says.

"I don't know what that says about Australia. I wish I didn't have to say this, but in many companies people think that buying Australian technology is more of a risk.

"There is discrimination against you, and in every sale you know that's the case, so you have to be better every sale. Government is one of the hardest, because it is oriented to buying foreign products, it's staggering."

Ross says 80-20 pitches its local knowhow when selling to Australian clients.

"We're here, we are local and we listen to you," he says.

"US companies just pay lip-service to Australia."

Ross says it is critical that Australian companies don't just rest on their laurels but continue to chase new vertical markets.

He says 80-20 made a change in the wake of the tech-wreck, moving from pure document management to compliance-based products that take advantage of tougher corporate governance regulations, such as those contained in the Sarbanes-Oxley Act.

"We needed to focus on delivering a tangible solution after the dotcom crash," he says. "Corporations became much more critical of their IT expenditure."

Another local success story is Melbourne's ManageSoft, which sells software management products.

Its founders say they are rarely discriminated against because they are Australian.

ManageSoft's clients include the Department of Foreign Affairs and Trade, and the Department of Parliamentary Reporting Staff.

"That helped with some things, but sometimes we felt people had a cultural bias against buying Australian products," engineering vice-president Graeme Port says.

"We have been able to overcome that issue most of the time."

ManageSoft's headquarters are now in Boston, but it retains most of its research and development, and half its staff, in Australia.

"We are able to hire good engineers here," Port says. "A lot of really good people are attracted to working on the world stage."

The Australian