

# Why Scott Farquhar thinks SafetyCulture could be the next Atlassian

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Luke Anear and Scott Farquhar at the SafetyCulture office in Townsville.

It is rare for Atlassian co-founder Scott Farquhar to invest in start-ups outside Blackbird Ventures, but Townsville-based SafetyCulture has pulled off the coup.

Farquhar is the lead investor in a \$2.1 million funding round for SafetyCulture, which has a safety audit app called iAuditor that is being sold around the world. It is understood Farquhar contributed about \$750,000 of the total.

Farquhar was part of an earlier investment by Blackbird Ventures and is involved in an unofficial advisory basis. He already knew SafetyCulture founder Luke Anear and on Monday flew up to meet the team and see the office.

“I get approached all the time and there are very few things I say yes to,” Farquhar told BRW. “It’s the combination of a huge market opportunity and the opportunity to get

involved in another Australian success story. They've got incredible traction through word of mouth with 10 million audits on the platform already – 10 million of anything is an incredible number.”

Farquhar participated in the 2013 \$2.35 million round through Blackbird Ventures but was keen to get more deeply involved this time. Prominent Silicon Valley venture capitalist Bill Tai also participated in the 2013 round, and SafetyCulture also received a \$1.79 million grant from Commercialisation Australia.

## Automated sales

Like Atlassian, SafetyCulture does not employ sales people but uses an automated sales channel. The company has also found that people are using the iAuditor app outside the main target market of safety auditing – for example, the Waldorf Astoria in Florida in the United States is using the app to audit everything from how quickly waiters greet customers to how well housekeepers clean the rooms, and has greatly improved its net promoter score as a result.

“I see a lot of parallels with Atlassian in the early days,” Farquhar says. “We both had success in a big market but people use the products in adjacent markets, and just as Sydney is smaller compared to Silicon Valley, Townsville is smaller still.”

Most of Farquhar's investments are through Blackbird Ventures, though he has also invested in internet of things start-up Ninja Blocks. He is also on the advisory board of Melbourne-based Culture Amp, a survey platform for human resources.

Former Atlassian staff are also entrenching themselves at SafetyCulture in the employee ranks. The company is opening an engineering office in Sydney, to be headed by Anton Mazkovoï as vice president of engineering. Mazkovoï, who went to university with Farquhar and co-founder Mike Cannon-Brookes, was Atlassian's fourth employee but left the company earlier this year after the investment by T. Rowe Price enabled staff to cash in share options.

John Bruce-Smith, Atlassian's former chief financial officer, is now CFO on a part-time basis at SafetyCulture. The company has also employed Deepa Dhupelia, who ran the Atlassian recruitment bus trip across Europe in 2012, on a contract basis for design work.

## Post-app boom

Anear is a former private investigator for workers' compensation claims. He founded SafetyCulture in 2004 but it wasn't until 2012 that he released the iAuditor app and business started to boom.

“Around 2011 I realised that for the first time every day workers – brick layers, baggage handlers, and so on – had access to a smartphone and they weren't necessarily people who were sitting at a computer at a desk,” Anear says. “We decided the time was right to

test whether if we made an app to let people conduct safety inspections and audits, they would use it. We've just been playing catch up ever since – it's like an R&D project that got out of hand, it's been incredible.”

Anear says he founded the company to solve a problem rather than with an exit strategy in mind but all of a sudden, people started approaching him to invest in the company or buy it outright. He considered his options decided to accept venture capital, not just for the cash but also for strategic advice.

“It was through that process that I started to get introduced to people like Scott who have been there and done it before and had a lot of insight and experience that could help us avoid some of the traps that other people fall into,” Anear says.

“It's not just funding but getting funding from people who can provide advice – Scott has built a [multi-]billion dollar tech business and that's not the sort of experience you can find easily so to get that kind of input regularly and assistance as we grow and scale is quite invaluable.”

When SafetyCulture released the iAuditor app, Anear was not sure if it would be used outside Australia. Two years later, most of the customers are outside Australia and the company has much bigger ambitions.

## **NBN boost**

Anear says the Commercialisation Australia grant was invaluable and it is a shame that the government has abolished it. He adds that SafetyCulture also benefited from the fact that Townsville was one of the first places hooked up to the National Broadband Network, back when it was fibre to the premises.

“That was really important to us,” Anear says. “The NBN is the mobilisation agent for small businesses to take products to the world – you need that bandwidth. Being in Townsville with the NBN allowed us to not have the bottlenecks you get with an ADSL connection and that helped us a lot.”

He adds that SafetyCulture has had a lot of local support in Townsville, being a reasonable-sized tech company in a small town. The location in tropical north Queensland has proven attractive for importing engineers from France and Italy and Sweden.

However, Anear says opening the office in Sydney is a natural evolution as well. Farquhar says he expects SafetyCulture will be able to retain headquarters or a serious presence in Townsville, but it needs to expand to Sydney to keep pace with hiring needs and find marketing talent.

Farquhar agrees with Cannon-Brookes' argument that the government should focus on Sydney as a technology hub rather than spreading resources too thinly.

“If you spread peanut butter too thinly, it's useless, so it's better to focus government investment on one place,” Farquhar says. “We're already seeing a bit of a tech hub in

Sydney because of the success of Atlassian and ex-Atlassians. But I'm not going to say that Sydney has a monopoly on great ideas and great people, I don't think that all."

Anear says Sydney is well positioned to become a tech hub, but there is room for regional hubs as well.

"Australia as a whole needs to have the government support in terms of the tech industry and a much greater push to bring the next generation through and train engineers because we're falling behind," he says.