



Beautiful accounting software

MEDIA RELEASE

Xero raises AU \$15m to fund global growth and acquires leading practice management company

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Melbourne, Australia - Xero accounting software has raised a further AU \$15.5m from existing strategic investors to support its future growth in Australia and the rest of the world. The company has also acquired leading practice management company Max Solutions, developers of the job, time and invoice management solution WorkflowMax.

“Both of these announcements support Xero’s rapid growth here in Australia and the rest of the world,” says Chris Ridd, Managing Director Xero Australia. “We continue to transform the accounting industry by helping them embrace the cloud. Many of our customers are WorkflowMax customers so this together with Paycycle gives us a very powerful combination.”

Max Solutions

In an acquisition worth AU \$4.6m, Max Solutions will help Xero provide a full suite of online tools to accountants enabling them to run a ‘modern practice’ without the need for expensive in-house servers.

Max Solutions founders Gavin George and Chris Spence will become part of the Xero team and bring with them all other Max Solutions staff.

“We are incredibly excited about the enormous opportunities this affords both the WorkflowMax team and product set,” says Max Solutions co-founder Gavin George. “We always envisaged that WorkflowMax would be a truly global solution, and now with the funding, talent and energy that Xero brings we have a significant opportunity to achieve our goal.”

Funding boost

The capital raised will be used to grow the business in the Australian, UK and USA markets where the company is gaining market share against the large incumbent providers. Xero now employs 170 staff across four countries. Recently an office was set up in the US.

Additional funds have been raised to support Xero’s global growth from strategic investors including:

- Sam Morgan independent Xero director board member of Fairfax Media
- Craig Winkler the former co-founder of MYOB
- Valar Ventures, the New Zealand investment vehicle of US based Peter Thiel - a former co-founder of Paypal and one of the first external investors in Facebook

The Xero Board has also announced a Shareholder Purchase Plan (SPP) that provides existing New Zealand based shareholders the opportunity to acquire new Xero shares under the same terms as the strategic investors.

Xero is fast establishing itself as the emerging leader in the online accounting market. Revenue in Australia rose to \$1.4 million for the six months to 30 September 2011 making it the group’s fastest growing region. This reflects a 260 per cent increase on the same period in 2010.

Globally, Xero expects its operating revenue for the full year ended 31 March 2012 to double 2011 revenue of AU \$7.2m.

Note to editors

All figures have been changed as per the exchange rate on 1/2/12

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About Max Solutions

Max Solutions was formed in 2007 by business partners Gavin George and Chris Spence. The primary aim was to build a job management solution to be delivered across the internet. WorkflowMax was brought to market in early 2008 with resounding success.

About Xero

Xero is beautiful accounting software designed for small business and their advisors. The company has 60,000 paying customers in more than 100 countries, with teams established across Australia, New Zealand, the UK and the US. In Australia, Xero has formed strategic marketing partnerships with Telstra and ANZ.