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The top Australian online and tech investments of 2012...s

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Patrick Stafford

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It's been quite a year for internet entrepreneurs.



While investments in the online space have been occurring for some time, 2012 has been a landmark year, with more than 20 investments or acquisitions among online retailers and internet-related businesses in Australia.

Whether it's for sites cataloguing online reviews, or an eCommerce design agency, this year has seen more deals than ever – and experts say it won't slow down.

“The Australian market is starting to mature,” says Phil Harpur of Frost & Sullivan. “What we're seeing now is more consolidation occurring as a result of more competitive pressure.”

These deals happen every day in Silicon Valley, but Australian entrepreneurs have been a little slower to catch on. Now, it's heating up in a big way.

Accel Partners' investment in 99designs caught the attention of local players back in 2011. **At the time**, Accel told SmartCompany it was looking at more Australian companies, and that others were too.

Since then, there have been quite a few internationally-based transactions. Global sports giant ESPN **picked up FootyTips**, and News Corp **snapped up former Smart50 entry KidSpot**.

And it's not just international companies. Domestic businesses are catching on. Media giants, including APN and News, have shown they're willing to invest in online companies producing a good rate of return.

Calvin Ng, head of Aura Capital which has made some investments in local online-based players, says there has been a “paradigm shift” when it comes to investment.

“There's a combination of factors here. We're seeing traditional bricks and mortar companies suffer, foot traffic is lower, and, in the online space, you have lower overheads and cheaper distribution capabilities.”

The bricks and mortar world has certainly fallen behind. This year alone, more than 1,600 staff have been cut and over 500 store closures have been announced for the next two years – Myer has even announced 100 job losses of its own despite promising an omnichannel strategy.

Suddenly, online seems like a sure bet.

At the same time, the rise of social media has made it easier to see which smaller companies are attracting attention. Start-ups like Shoes of Prey have attributed much of their buzz to talk on Facebook and Twitter, taking some of the risk out of identifying which companies have a built in audience.

“I think social media is really going to change the landscape in the next couple of years,” Ng says.

Ng says even online media in general is helping, referencing figures that showed 80% of inquiries taken by Aussie Home Loans begin from online research.

As Harpur says, businesses that wouldn't even dream of touching online companies a few years ago are putting in money as fast as they can. And not just paltry amounts, either – these are million-dollar deals.

“As more players are entering the market now, we're seeing brick and mortar companies get on board. It's simply become another channel now with its own competitive pressures.”

“Certainly, as the market matures, we're going to see more of this investment and consolidation. There will be more to come.”

It has been a landmark year for digital investment in Australia. Here are the top 20 deals so far in 2012:

1. BrandsExclusive

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Online shopping club BrandsExclusive was started in 2009 by Daniel Jarosch and Rolf Weber, and turns over around \$70 million a year. APN News & Media purchased 82% of the company for \$36 million in June.

[Read about it here.](#)

2. Global Reviews

Online customer experience company Global Reviews was founded back in 2000, and helps companies with benchmarking and customer research. Last month, it raised \$600,000 through private equity group Aura Capital.

[Read about it here.](#)

3. Amblique

Justus Wilde founded eCommerce design agency Amblique in 2006, and since then the firm has grown exponentially, earning more than \$7 million a year. Last month, communications giant STW bought a stake in the company for an unspecified amount.

[Read about it here.](#)

4. Mumgo

Catch of the Day **received an \$80 million investment from a James Packer-led consortium last year**, and since then has been on an acquisition spree of its own. It snapped up a four-week-old website selling baby homewares and brought the company on as its own division – Mumgo.

[Read about it here.](#)

5. Vinimofa

The daily deals store giant did the same thing just a few months ago with Vinimofa, a wine selling site built by two entrepreneurs in Adelaide. No price was revealed, although Vinimofa said it was very happy with the deal.

[Read about it here.](#)

6. DealsDirect

Online department store DealsDirect also received an investment from a James Packer-backed venture, and has been snapping up deals of its own. Back in March it picked up competitor ExtraStock in a deal that added 100,000 customers.

[Read about it here.](#)

7. Deals/Ouffer

There has been plenty of consolidation in the daily deals space. Deals, formerly Zoupon, bought Ouffer in June in a deal that would give a combined entity 1.4 million members and sales of more than \$60 million a year.

[Read about it here.](#)

8. Three online retailers

Andrew Roberts, head of the Roberts family that previously owned the Multiplex development company, acquired three online retailers in June – MyCatwalk, Thread People, and Baby's Got Style.

[Read about it here.](#)

9. OzSale

The private shopping network has grown strong in Australia. OzSale, founded in 2007 by Jamie Jackson, got off the ground when it won \$14.5 million from US-based Insight Venture Partners. In June, the company bought smaller competitor BuyInvite – boosting its visitor numbers to 9.5 million across its network.

[Read about it here.](#)

10. Max Solutions

Cloud-based accounting software company Xero raised \$15 million earlier this year, and bought developer Max Solutions in February in a transaction worth \$5 million.

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