

Level the field on tax, PM told

Agnes King

Clean tech start-up CIM Environmental Group has used a \$5 million capital raising exercise to warn the freshly installed Turnbull government that if it does not make large multinationals such as BHP Billiton, Rio Tinto and Google pay their fair share of tax, it will be hard for CIM not to follow the golden child of homegrown tech, Atlassian, to an offshore domicile.

Big utility players are expected to take equity in CIM's capital raising as a hedge against disruptive technologies.

The energy-saving software group turned down an offer to join US seed accelerator Y Combinator last year. It will use the money to fund its global expansion, first to Hong Kong, then Silicon Valley and New York.

"If all goes to plan we're going to go from five [full-time employees] to 50 quite quickly," CIM founder and chief executive David Walsh said.

But a third of these jobs will be created offshore.

CIM aims to keep its core engineering office in Australia, while establishing a second software monitoring hub in Ireland, Walsh's country of origin.

"Australia has been good to me, it's a good place to start a business. But governments like the UK, Hong Kong and Singapore are acting very entrepreneurially and software is a mobile asset."

Atlassian, founded by Michael Cannon-Brookes and Scott Farquhar and valued at \$US3.3 billion (\$4.5 billion) in 2014, redomiciled to the United Kingdom last year in preparation for a public offering outside Australia.

Tax experts called it a warning to then treasurer Joe Hockey that Australia risks missing out on the digital investment boom as local technology companies increasingly move their operations overseas in search of better regulatory incentives.

CIM has been knocking back demand from clients with assets in overseas locations, according to Mr Walsh.

Its flagship product, ACE Platform, has been adopted by some of the nation's largest landlords, including GPT Group, since hitting the market in April 2014. It scans a commercial property's "industrial internet" (heating, ventilation and air-conditioning) to detect faults in a building in real time.

"These faults normally take months to recognise under a conventional maintenance model," Mr Walsh said.

When ACE Platform was ready to take to market, Mr Walsh took a night job sorting satchels in Toll Priority's Erskineville logistics hub so he could focus on CIM sales and business development during business hours.

"I would drive out [to Toll] in my suit, get changed in the car into my overalls and sort satchels. All that did was pay the rent," he said.

The company was cash flow positive within six months.

Landlords that have deployed the technology, including Queensland Investment Corporation and property management agents CBRE, are reaping average energy savings of up to 10.6 per cent in four months, Mr Walsh said.

CIM is in discussions with two oil and gas companies to pilot its system and prove that the results achieved in the commercial building sector can be amplified in large industrial sites.

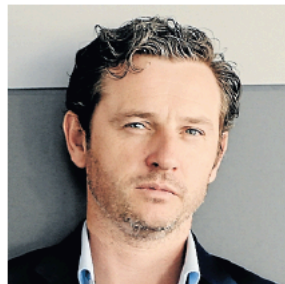
Mr Walsh, who started his career with computer chip maker Intel in Ireland in the 1990s, migrated to Australia in 2009 after his residential design and refurbishment company collapsed during the global financial crisis.

He scored a job working for a commercial property energy efficiency company that had clients such as Dexus Property Group and Stockland.

"Because of my computer science head I realised that you could use the data in a building better, because everywhere in a building there are sensors and air-conditioning ducts that could be monitored but nobody was doing it."

CIM's founder is more concerned about the terms and controls that potential investors specify than how much equity they have to relinquish to realise their growth aspirations.

"We're in this for the long haul," Mr Walsh said.



CIM Environmental Group founder David Walsh. PHOTO: LOUISE KENNERLEY