

OCTOBER 2016

Earlier this year I moved home and during the process I updated a myriad of account addresses, started new gas and electricity accounts, got a new internet service provider, started another Foxtel contract and changed to a new home insurer who gave me a better deal than my previous provider. We also bought two new lounges, rugs, a bed, desk, side tables, an outdoor setting and more kitchen utensils and other home odds and sods readying for our new abode. While all of this washed over me I didn't know that ASX listed, US based **Updater Inc. (UPD)** had a name for this and it's called a period of 'hyper spending'. Whilst hearing it didn't help, it made perfect sense as this period, when people move home, is a time in people's lives when they make numerous long term purchase decisions and employ a number of services.

Updater helps people move home through a user-friendly web application offered to movers by their realtor in the months before they move. Updater helps movers by automatically updating mailing addresses, accounts, giving movers the option to transfer their cable TV, gas, power and home insurer. Most of all this saves people an incredible amount of time and legwork as the Updater team utilise their relationships with over 15,000 service providers.

In the nearly two year period the Updater integrations platform has been live they've partnered with more than 500 of America's largest real estate companies – including real estate agencies, property managers and mortgage and title brokers who have purchased Updater for their clients. As a result of this Updater is currently servicing c.85,000 moves per month or roughly 6% of the 17 million annual household moves in the US with the aim of servicing 15% by the end of calendar year 2017. **This point is key: Updater automatically receives the 'movers' time sensitive data approximately 6 to 8 weeks before the actual move occurs, enabling Updater to create a unique mover marketing platform to both help movers make their hyper spending decisions, and facilitate a platform for America's largest corporations to communicate with those movers before they have made those spending decisions.**

It doesn't take long to think of numerous businesses that would be interested in knowing who is moving from A to B and exactly when. To this end, Updater recently announced a pilot program with Liberty Mutual, a Fortune 100 company, the second largest property and casualty insurer in the US with US\$40 billion in annual revenue. The program will show that Updater is helping to move Liberty Mutual home insurance policy holders and will likely show that, as I did, many of those who move, may also reassess and change home insurance provider in the process. By the end of the pilot program I suspect that Updater will have engineered a tool that will notify them when one of Liberty Mutual's policy holders is about to move allowing Liberty Mutual to contact the mover to assist them in the moving process. This gives Liberty the opportunity to try and retain their customer – as for the first time, via Updater, they can find out who of their existing customers is about to move. This could lead to significantly reduced customer churn. Given Liberty Mutual spends approx. US\$500 million per year on advertising, there is clearly a very large pool of spending for Updater to target.

In August Updater announced a second set of pilot programs with a number of moving companies, an obvious vertical to attack for a company who knows ahead-of-time when and from where a particular person is going to move home. Given Updater's market leading position and success in attracting interest from companies looking to use their data, Updater raised AUD\$30m in September from international institutional investors to help them accelerate the existing pilot programs, grow market share and to tackle more verticals.

Given the strong financial position of the company, the success it has experienced to date and the strength of its management team, I am looking forward to watching the company's evolution which in my view will be fruitful for investors and may lead to a NASDAQ listing.

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News and Views

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Updater Inc. (UPD ASX) | Share Price: 57c | Cash: \$46m | More info: <http://updater.com/>

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