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RedBalloon's child goes to good home

The proud parent has given GoDo room to reach its full potential

MORRIS KAPLAN
ENTREPRENEUR



NAOMI Simson, founder of corporate gifting business RedBalloon, says the sale this month of sister business GoDo to the Wotif Group was like seeing your child leave home. The company, established in 2006 as part of the RedBalloon Group, provides a real time, online booking service for "things to do" in Australia and New Zealand. Simson says: "Just as a child needs room to grow, GoDo will be taken to the next level by Wotif to capitalise on its full potential."

Established in 2006, Pyrmont-based GoDo has technology that has been embedded into major tourism sites in Australia, including LastMinute, Virgin Blue and Stayz. With more than 1000 suppliers providing 2000-plus bookable activities, GoDo is a leading operator in the activities marketplace, with products ranging from theme park passes, day spas, cooking classes, skydiving, hot air ballooning and V8 racing, to name a few. Wotif chief executive Robbie Cooke said although the transaction was "small" in the scheme of things, it offered Wotif a running start. "We've been interested in this space," Cooke said.

"Once a customer has booked a room, it's only natural that they will be looking for an activity; a 'thing to do'.

"GoDo gives us ability to cross-sell to our customers. It's also of interest to our Asian business.

"I think they were ready to refocus their attention on RedBalloon and find someone else to take this global. It's a lovely value-add."

Meanwhile, Simson says parent business RedBalloon is

well on track to meet its goals. "We are still absolutely on track with the big vision to achieve 2 million gift experiences by 2015."

The GoDo story is a compelling case of creating business value and one that would make most aspiring entrepreneurs envy Simson's capacity to succeed in building and then actualising the full value of a venture. The "spin-off" business model — an entrepreneurial venture created and incubated within an existing business — is one that enables value to be created while leaving the parent business unaffected.

RedBalloon, dedicated to packaging and marketing gift vouchers for a range of products — "everything from belly dancing lessons to Serbian husky riding" — to date has sold more than 600,000 "experiences" with estimated annual revenues of \$25 million from a mix of online and corporate customers. Simson says the strength of the business lies in its simplicity: build a brand, outsource fulfilment, back it with superb customer service and keep innovating.

"By the time we saw what a great business model RedBalloon was, we thought, could we do another one? Could we grow one using similar content? There's similar content but it was really our base, our relationships with our suppliers that gave us the real business opportunity. We were hearing from big travel groups (like NRMA and American Express) who were looking for new revenue streams. They liked what they saw and they also recognised it was easier to innovate in a small

organisation rather than in a big one. Do they have the ability to quickly and effectively innovate and bring a whole business into gear?

"We were up and running from the time the idea was hatched to the very first Beta version and having people on board, in six months, and profitable in 18."

A successful spin-off requires its unique identity and a clear separation of people and systems.

"We always wanted a stand-alone brand; separate trademarks; separate everything. That was all about focus and not blurring the brands. I had a general manager running that business whilst I was the owner."

Simson notes that while some infrastructure can be shared, for example IT and some HR functions, significant investment needs to be made to launch a new entity. "You need an intensity in the early days. Although it started with just one developer and a product manager who we had in-house, we eventually brought in a relationship manager; someone who could go out and find the distribution partners for this technology tool. And later, the GM. At product acquisition stage you need to work very hard. Once you have great content it's a different level of intensity."

As with any fledgling child, a baby cot cannot accommodate a growing body. "It was time to give it a bigger life. We are not experts at travel and tourism. We're pretty good at the activities base and pretty good building websites. There is a massive opportunity for GoDo to expand globally. I was



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being offered licensing deals by international operators. But it wasn't for me.

"In my heart I didn't want to run a global business. I am a mum; I don't want to be on a plane for half my life. I'm passionate about Australia and I'm changing gifting in Australia. It was not in my per-

sonal plan to be on an aircraft, doing deals.

"I think it's really important for entrepreneurs to remember why they went into business. I've never hidden the fact that I left corporate life to start RedBalloon in order to have more flexibility; to have time with my kids. It's not

just about the money. We asked who would be the best partner? We're very entrepreneurial. We wanted it to go into another entrepreneurial business, one which is Australian, and which has international connections."

mkaplan@bigpond.com



LINDSAY MOLLER

Naomi Simson says the strength of RedBalloon's business lies in its simplicity