

# WIN-WIN RESULTS AT HOME AND AWAY FOR CYBERSECURITY HOTSHOT

EXPORT CASE STUDY | APRIL 2019

## San Francisco flip-up powers overseas market growth and staff increases in Australia for Queensland-founded IT security specialist, Arkose Labs.

Within two years of moving to California, Arkose Labs, an online fraud-prevention company, more than doubled its headcount in Australia and acquired multiple large-scale customers. Having secured US\$12 million in capital funding, including a US\$6 million strategic investment from PayPal, Arkose Labs is now competing on the global cybersecurity stage.

The company is linking world-class talent and technical capability in Australia to international and deeper capital markets through its business development and marketing presence in the US, while continuing to base its product development and engineering teams in Queensland.

CEO and Co-founder of Arkose Labs, Kevin Gosschalk, attributes these achievements to finding the perfect mix. 'If we hadn't moved to the US, we wouldn't have anywhere near the growth that we've achieved,' says Gosschalk. 'It's easier to sell into the US and raise funding. This has enabled us to grow our teams in Australia and the US.'

### Solving online fraud

Arkose Labs has developed a fraud-prevention platform that can help solve online fraud problems for targeted businesses.

'We help enterprises protect their websites from fraud and abuse,' says Gosschalk. 'This includes account takeover, where fraudsters use leaked username and password pairs to automatically log into your account.'

'Our customer base is varied and we work with a range of high-profile companies, including Singapore Airlines and Electronic Arts.'



Kevin Gosschalk, CEO and Co-founder of Arkose Labs (left) with Matthew Ford (right), VP of Product and Science, and Co-founder.

**'The tech environment in the Bay Area is second to none. Our Australian product-development team has grown dramatically thanks to the customers we've built in the US.'**

Kevin Gosschalk, CEO and Co-founder, Arkose Labs

### The need to flip up

Arkose Labs was founded in Brisbane in 2013. Gosschalk says, 'We quickly discovered Australia lacked a sufficiently large market when it came to enterprise security.'

'To be a serious contender we needed to be in the US,' he says. 'After all, of the top 100 websites that Australians visit, 99 are US websites.'

Gosschalk travelled between Australia and the US every month for over a year to attend conferences and build a network. Eventually he decided to move.

'We had to be where our customers were and where we had access to capital,' Gosschalk adds. 'It was an easy decision: go straight to the heart of where tech is and where tech grows – San Francisco.'



Australian Government

Australian Trade and Investment Commission



## The catalyst for change

Shortly after moving to San Francisco, Gosschalk met with the Austrade team and was introduced to the Alchemist Accelerator.

‘Everything gets tied back to Austrade and they have been monumental in our journey,’ says Gosschalk. ‘Austrade flagged the Alchemist Accelerator, which I hadn’t heard of before. We applied and were successful.’

The Alchemist Accelerator is a US incubator program exclusively for startups whose revenue comes from enterprises. The program is based in San Francisco and less than two per cent of applicants are accepted into the program each year.

‘I joined the program to build my network in San Francisco and improve our sales approach,’ says Gosschalk. ‘Upon completion, I had the confidence to go on and build a sales team in the US.’

In 2018 Arkose Labs officially moved to the Bay Area after completing the program and receiving US\$6 million in Series A funding from U.S. Venture Partners. The Alchemist Accelerator initially introduced Arkose Labs to U.S. Venture Partners and a few months later PayPal double-backed the investment.

## The unexpected perfect mix

Arkose Labs now has offices in Brisbane, San Francisco and Manchester (US). Its 55 staff members are spread evenly between both countries. Having a presence in the San Francisco ecosystem enables Arkose Labs to reap benefits in Australia and the US.

‘Here in the Bay Area, customers get it, have budget and are willing to work with you,’ says Gosschalk. ‘There are plenty of problems to solve in the US and people are willing to help make introductions. All of this has made it easier for us to sell into the US compared to Australia.’

But San Francisco doesn’t have it all when it comes to accessing highly skilled staff.

‘The calibre of talent and ideas in Australia are equal, if not better, to what I see in the US,’ says Gosschalk. ‘That’s why we continue to base our product development and engineering teams in Australia.’

‘With the revenue we are collecting in the US, we are able to reinvest in Australia. Together it’s the perfect mix.’

## Working with Austrade

Arkose Labs has been involved with Austrade through a number of programs, including participating in the RSA Conference Cyber Security Mission in 2017 and 2018. The company also benefits from various Australian Government research and development grants, including Export Market Development Grants (EMDG), as well as commercialisation grant programs.

Austrade continues to offer support to Arkose Labs and Gosschalk emphasises the importance of continuous networking.

‘We’ve established some valuable networks through our Austrade connections, including being introduced to some of our local hires,’ he says. ‘It’s so important to talk to everybody and continue networking. You never know what it might lead to.’

Austrade has six US offices, including one in San Francisco, with advisers who can provide support to Australian startups looking to enter the US market. Austrade also manages the Australian Landing Pad program in San Francisco for market-ready startups and scaleups, operating out of WeWork.

## About Austrade

The Australian Trade and Investment Commission (Austrade) is the Australian Government’s international trade promotion and investment attraction agency.

We deliver quality trade and investment services to businesses to grow Australia’s prosperity. We do this by generating and providing market information and insights, promoting Australian capability, and facilitating connections through our extensive global network.

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