

HOW TO GIVE CREDIT WHERE CREDIT'S DUE

Billionaire entrepreneur Jost Stollmann had to find a Plan B when his wife got sick of him hanging round the house reading *The Economist*, writes Misa Han.



He's a start-up entrepreneur who has been a shadow economics minister, and now he looks like a big bank chief executive. When he walks

into est. restaurant, Jost Stollmann is all groomed white hair and has donned a dark suit and a tie, even though it's a Friday. There is no sign of a hoodie or beard à la Atlassian's Mike Cannon-Brookes, one of the investors in Stollmann's Tyro, Australia's newest bank. I have already spoken to Stollmann twice this year. The first time, he backed Australian Competition and Consumer Commission chairman Rod Sims' effects test to smash the bank oligopoly, and the second time he bitterly complained about the Visa-Mastercard duopoly.

At 61, Stollmann has built a billion-dollar IT empire and, in a stint in politics back in his native Germany, helped his boss get elected chancellor in 1998. He is now the poster boy for innovation and competition in Australian banking – the perfect lunch date in the era of bipartisan bank bashing. With a fast-growing payments platform, Tyro is taking on CBA, NAB, ANZ and Westpac in small-business banking.

But first, the champagne. The waiter has us sold at "very, very dry" and we order a glass of *brut nature* each. (It turns out to cost an eye-watering \$55 a glass.)

Two weeks ago, I had emailed Stollmann to pick a restaurant and he replied: "My only requirement is a quiet table, so we can have a good conversation." Normally I wouldn't have picked a venue on top of The Establishment, a Merivale nightclub full of suits and cleavage-y bartenders, but here we are, at est., chosen for its acceptable noise level.

Stollmann immediately launches into his own line of questioning: where I come from; what I studied; why I left law to do journalism. I'm relieved when photographer Anthony Johnson arrives and distracts Stollmann. "God, I should have brushed my hair," he says and grooms his meticulously combed crop.

Stollmann begins the corporate equivalent of a weather conversation: the architecture. His payment start-up Tyro is based at Red Cross House, an art deco building in Sydney's central business district, where Stollmann has a desk in the middle of the open-plan office.

"No, I have no office. That would make me too nervous."

But most CEOs have a corner office, don't they? "I think it's a mistake," he says. "I need communication, collaboration, transparency, openness. It's hard enough once you're a brand marked CEO to have people approach you. Doors and offices and executives assistants are not helpful to be approachable," he says.

He gets his own lunch – usually salad or soup from a cafe downstairs. But he makes an exception every Thursday.

"It's probably stupid, but we call it the CEO lunch. OK. What I do, which I think is quite charming, is every Thursday I get a free lunch by the company because I am inviting six people across our company to have lunch with me."

Speaking of lunch, we both opt to order the day's special, pan-seared yellowfin tuna, with charcoal-grilled saisyfy (a fancy cousin of parsnip), nettle and onion puree and smoked butter sauce. In a textbook journalist move, I suggest we get a bottle of wine to share. "Well, you will have to seriously have most of it," he says. We settle for a glass each.

Stollmann has five children, aged from 19 to 27, two of whom are "off my payroll". The last two are "boomerang children", who went to Zurich after high school but have since come back to live at the family home in Double Bay.

"I was always of the opinion that children, after they have done their HSC, it's a time for them to move out and take risks, follow their passions and discover the world, rather than staying in the five-star operation of their parents and their mates," he says.

The personal wealth that endowed Stollmann with his current five-star operation was built in Germany where, at the age of 29, he set up an IT product reseller and service provider CompuNet. Twelve years later, he sold the company to GE Capital for \$151 million.

After a two-year stint as shadow minister for economy and technology – during which his boss, centre-left Social Democratic party leader Gerhard Schroeder, got elected by a landslide – Stollmann decided politics wasn't for him and took his family on a two-year journey by yacht.

The voyage took him to the most remote parts of the world, including the Galapagos Islands in Ecuador – a dream for Stollmann, but a nightmare for his eldest daughter who craved a normal teenage life.

"She is sitting on the bow, dangling her feet over the crystal clear water of the Indian Ocean and the tears are running down her face. She turns around and says, 'You know dreams are there to be dreamt. Dreams are not there to be lived.'"

A yacht accident in Fiji brought the family to Australia, where Stollmann's Greek-born wife Fiona discovered Sydney's eastern suburbs and their private schools, Ascham and Cranbrook. "So, long story short, Fiona falls madly in love with the place. The water, the sun, the multicultural... Man, the wonderful schools. We came with our seabags to Sydney to start a new life."

Stollmann still remembers the day he arrived in Australia: October 10, 2004. He was nearly 50 years old. Fresh off the boat, he considered reading *The Economist* and listening to Maria Callas all day, until Fiona kicked him out of the house. "My wife said, 'It's a little too crowded in the house. Why don't you develop your talents elsewhere?'"

That's when he started mingling with venture capitalists and private equity firms,



Jost Stollmann thought it would take two years for Tyro to make a profit; it took almost nine. PHOTOS: ANTHONY JOHNSON

Do I believe that a good idea doesn't find money? No.



including VC veteran Roger Buckeridge, and met the three founders of Tyro: Peter Haig, Andrew Rothwell and Paul Wood. Stollmann eventually became a major investor and then CEO of Tyro which, with annual revenues now of \$72.4 million, is one of the fastest-growing payment providers for small businesses.

We have been sitting here for an hour and haven't touched our entrees, so I suggest we take a break and eat. I soak up the bisque with sourdough bread; Stollmann leaves most of his rye bread untouched. I ask him if he thought about selling Tyro to one of the big banks, and his answer is "certainly not".

"I am not building businesses because they are assets and they are selling. It turns me off when I see these people who have a great idea and they start the business; then there is all this exit talk, exit to where?"

"One of the mistakes of many founders is that they take a cheque to fund their beach house and they don't know what to do with their life then."

Does he have plans to float the company in the sharemarket?

"When I started Tyro, everyone thought I was stupid and I have lost it," he says. When he first took the helm in 2005, Stollmann thought it would take him two years to start making a profit; it took him almost nine.

(He avoids the "float" question so carefully I don't even notice at the time. After the lunch, I learn that a small group of early stage Tyro investors has just sold close to \$10 million worth of shares to institutional and sophisticated investors through PrimaryMarkets, a trading platform for unlisted securities and investments, in what is considered to be a pre-IPO round. Stollmann later told AFR Weekend some investors had used PrimaryMarkets to sell down their shareholding, but it did not signal a pre-IPO round.)

I wonder if he can take on the big banks because he has deep pockets from his successful German business.

"Sure, but my ability to invest was limited by the Shareholders Act. So I needed to find others to invest because the regulator wants a broad shareholder base."

"So is it helpful that I can cough up first some money? Yes. Do I believe that a good idea doesn't find money? No," he says. Other than Mike Cannon-Brookes, the bank's major investors include former Bankers Trust chairman Rob Ferguson and former E*TRADE co-founder Kerry Roxburgh.

EST.
252 George Street,
Sydney

(Two courses,
\$75 each)
1 Jerusalem
artichoke, goat's
curd, pickled
nameko, toasted
seeds
1 spanner crab,
confit tomato
bisque
2 pan-seared
yellowfin tuna
1 bottle San
Pellegrino, \$12
2 glasses 2006
Louis Roederer et
Philippe Starck
'Brut Nature',
Reims, \$110
1 glass 2014 Clos
Henri Sauvignon
Blanc, \$21
1 glass 2015 Yabby
Lake Pinot Gris,
\$15
1 cappuccino, \$8
1 English
breakfast, \$12
Total including
GST and tip:
\$372.90

"Banking is a special business in my view," Stollmann says, adding that he agrees with Australian Prudential Regulation Authority chairman John Laker that banking is a public service. "It is a business that wants to pay dividends, but it is also a public service. It has a huge, huge purpose of doing something for the community," he says.

Our plates of pan-seared tuna are getting cold so I grab opportunistic forklifts in between questioning; eating is harder for Stollmann, who is now delivering fired-up monologues about Tyro and the big banks.

From July 1, Tyro has started piloting a lending service that allows businesses to instantly borrow up to \$120,000 using their future credit card settlements, a practice that Stollmann believes will revolutionise the way small businesses grow.

"You are a fashion retailer, you are at a fashion show and somebody comes and says, 'For \$75,000 take this stock off my hands'. If you have to fill in the applications, hassle the wife to put the house on the line and so on – it's gone! With us, it's 'bang, tap, OK what's your BSB and account number?'"

Tyro is still small – the market values the bank at \$380 million, compared with the more than \$100 billion market cap for CBA. But it was granted a full banking licence in August 2015 after a decade of processing payments, allowing Tyro to take deposits from small businesses. Tyro's mission, Stollmann says, is to bring fair and transparent banking to Australia.

"It's your money and you can use it whenever you want. We don't lock it in with terms and all this. If you leave it longer, we give you a term deposit type of yield. So we don't screw you by saying, 'we don't pay you anything'. No more exit fees, no more all the ugly things that happen because you don't have the time to spend with this goddamn bank. It's supposed to work, it's supposed to be fair," he says.

Over his cappuccino and my English breakfast, I ask him about his personal investment strategy. He says he is lazy and his assets are distributed across Tyro, "no brainer" real estate, ETF portfolios in Germany and Australia, superannuation and life insurance – the last of which, he tells me, is a "German thing".

Before he leaves, I ask him whether he considers himself an immigrant success story. He says he considers it more of a nomadic life, with different chapters.

"In Germany when I said 'this is Jost Stollmann', people knew who I was. Here when I say 'this is Jost Stollmann', people have no idea who I am," he says.

It's 2.45pm. Stollmann has to dash and he offers business cards in red, orange and blue. I take an orange one for good luck. **W**

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