

Michael Malone digs supercomputer operator DUG in time for IPO and lift-off at Houston data centre

[Sean Smith](#)The West Australian
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[Sean Smith](#)



Michael Malone has joined the board of DownUnder GeoSolutions ahead of a planned market float. Credit: Sky and Space Global

The company behind the fast-growing WA supercomputer operator DownUnder GeoSolutions is ready to push the button on a share market float after rounding out its board with two high-profile local appointments.

Parent company DUG Technology has in recent weeks appointed tech entrepreneur Michael Malone and former KPMG partner Mark Puzey as non-executive directors, completing a board expansion that started with the appointment of former WA chief justice Wayne Martin as chairman in February.

The latest appointments coincide with the expectation that DUG will commit to an initial public offer through stockbrokers Canaccord Genuity within a matter of days, having raised \$18 million in a pre-IPO funding round in February.

Founded in a backyard shed by Matt Lamont and Troy Thompson in 2003, DUG is spending hundreds of millions of dollars on high-performance computers that support services and software for the oil and gas industry and other sectors.

It now has 350 employees on four continents.

Proceeds from the float, which could be sized as early as today, will be used to fill out capacity at DUG's new Houston data centre in Texas, where the group operates what it believes could become the world's biggest supercomputer. Until February's raising, the group had funded its hefty development obligations largely from cashflow.

Financial accounts with the corporate regulator show DUG recorded \$US9.7 million (\$14.1m) in earnings before interest, tax, depreciation and amortisation last financial year on revenue of \$US52.1m.

The company has focused on the oil and gas sector, with its supercomputers running the complex algorithms used to help analyse seismic data and enable companies to better target their exploration efforts.



Down Under Geosolutions' managing director Matt Lamont. Credit: Justin

[Benson-Cooper](#)/The West Australian

However, like other WA tech companies founded in the resources sector, the group has more recently been expanding into new areas, including space and medicine.

One collaboration with the International Centre for Radio Astronomy Research has its processing data collected by the Murchison Widefield Array radio telescope.

The measure of computing power is petaflops: the ability to perform one thousand million million operations a second. DUG's West Perth supercomputer has the processing power of 20 petaflops — or that of about two million laptops. Houston, opened in May 2019, is considerably bigger, with a capacity of 250 petaflops.

DUG has patented cooling technology for its supercomputers which significantly reduces energy costs.

The company's technology stores the computer hardware in tanks filled with an oil-like fluid, which removes the need for air-cooling and drives power costs down.

It is believed a prospectus for DUG could be lodged by the end of the month.

SUPER TECH FLOAT

Houston has no problem for WA's DUG as it gets ready to list

EXCLUSIVE SEAN SMITH

The company behind the fast-growing WA supercomputer operator, Dymallyder GeoSolutions is ready to push the button on a share market float after rounding out its board with two high-profile local appointments. Parent company DEG Technology has in recent weeks appointed tech entrepreneur Michael Malone, pictured, and former KPMG partner Mark Pacey as non-executive directors, completing a board expansion that started with the appointment of former WA chief justice Wayne Martin as chairman in February.

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become the world's biggest supercomputer. Until February's raising, the group had funded its hefty development obligations largely from cashflow.

Financial accounts with the corporate regulator show DEG recorded \$156.7 million (\$14.1m) in earnings before interest, tax, depreciation and amortisation last financial year on revenue of \$352.2m.

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power of 20 petaflops—or that of about two million laptops. Houston, opened in May 2019, is considerably bigger, with a capacity of 500 petaflops.

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'ABANDONED' TRAVEL AGENTS FLAG NEED FOR SUPPORT

DANIELLE LE MESSURIER

WA travel agents are calling for targeted support after being included from major COVID-19 assistance packages.

The McGowan Government has announced coronavirus relief measures but travel agents say they have not been able to access two key support schemes.

These are the \$4.4 million tourism package, which gives \$6500 grants to eligible operators but is geared towards WA tourism, and small business relief, with \$7.500 grants for small businesses having a payroll between \$1m and \$4m.

In Francis, who owns City Beach-based Global Travel Solutions, said her payroll was about \$180,000 a year—well below the threshold.

"If the Premier thinks we're going to live off selling a tiny little piece of pie which is Broome and Margaret River... that's just crazy," she said. "We feel abandoned... we've produced roughly \$2 billion for this State every year in what we contribute as travel agents."

Attitude Travel owner Christine Ross-Davies said there should be targeted financial support to the industry, most affected by the restrictions. She said her business has been "decimated" since late March when the borders were closed.

In WA, there are 240 accredited travel agency businesses, employing more than 2500 people. Courtney Ducklington from the Australian Federation of Travel Agents said it had written to the Premier last month requesting a support grant similar to what is being offered in other States.

Queensland, Victoria, NSW and South Australia have provided \$30,000 cash grants to small businesses with a payroll tax of under \$1 million a year.

A WA Government spokesman said: "The State Government's \$2.3b small business and economic stimulus package complements the Federal support measures by assisting small businesses with relief on fees and charges, and ensuring there is more income in the hands of households to spend at small businesses like travel agents."



Attitude Travel owner Christine Ross-Davies and Global Travel Solutions owner Courtney Ducklington in Francis. Picture Justin Benson Cooper

Market back above 6000 as fears fall

NEALE PRIOR

The Australian share market bounced back above 6000 points as a pessimistic punt on the COVID-19 damage being less than feared three months ago.

Catching up on two bumper nights of trading on Wall Street, Australian traders returned from an August session last weekend to push the S&P-ASX 200 index from 2867.0 on Friday to close yesterday at 6144.9.

The sixth straight day of gains takes the index more than 1700 points above seven-year lows hit on March 23 as investors feared the coronavirus hit could be worse than expected.

AMP investments chief Shane Oliver said yesterday investor confidence had been boosted by signs last month and this month of the economy reopening.

"A recession was factored into the market in March but it now looks like the recession is going to be short-lived," he said.

"Investors who were too pessimistic and undervalued shares have had to buy back in."

US shares have rallied more than 40 per cent since late March as investors flock to big name technology stocks and to health-care companies.

Bell Potter's wealth management head Heather Zampatti said Australian investors were focused heavily on the top-100 stocks and companies with good earnings outlooks.

"They're the ones that are ticking the box first," Ms Zampatti said. "There are still plenty of concerns out there and a real recession is still very likely."

The S&P-ASX 200 was yesterday still 1000 points below records set in February.

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