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Caitlin Sykes Small Business editor of the NZ Herald

Finding the sweet spot

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This is the first of a Business Ambition series in partnership with ASB, based on a survey conducted over the last 6 weeks to give insight into the ambitions, concerns, wants and needs of NZ businesses.



Minal Gulabdas (left), Tadek Ptak and Damon Bell say several hundred clients now use GoSweetSpot's product. Photo / Peter Meecham

When Damon Bell first put his head together with a mate on the idea of forming a software company almost five years ago he describes them as "just a couple of geeks giving it a go".

Through his role as a supply chain consultant, Bell had been working with IT developer Minal Gulabdas creating various programs for clients. One client was so impressed with the freight management system the pair created, they suggested others might like it too - and perhaps they should try to market it elsewhere.

So Bell pulled in another mate, Tadek Ptak as sales director.

"We all had other jobs, but we thought maybe if we can get a few clients on board we can earn some extra money. After about a month-and-a-half Tadek said 'this is going to take off' and quit his job."

From modest ambitions, some great things have come. Despite launching in the midst of the global financial crisis, GoSweetSpot has experienced solid growth, and now has several hundred clients using its solution.

The company is New Zealand's biggest freight aggregator, and works as a courier and freight agent primarily for small and medium-sized e-commerce providers. The company offers its software solution for free to such providers, allowing them to despatch orders quickly and efficiently by producing compliant labelling for packages, as well as access freight rates secured through GoSweetSpot's relationships with selected domestic and international courier and freight providers.



Bell says the system also has a range of benefits for the freight carriers they've got on board; packages are less likely to go astray, for example, when labels aren't handwritten and they contain all the necessary information.

That the business has found itself at the convergence point of a number of trends, including the rise of e-commerce and cloud computing, is no accident.

Bell has more than 20 years' experience working in warehousing, including time spent with large Kiwi companies that have been at the forefront of e-commerce, and says he anticipated the growth we're now seeing more broadly in online retailing.

"Our ambition has always been to just keep improving our solution and help out other small and medium-sized companies," he says.

"It's really hard to compete with the big guys - especially in e-commerce, where you're up against massive companies like Amazon - so giving them a tool that will help them compete against the big guys is a major motivation."

Growth hasn't come without its challenges, which have been primarily around resourcing. The team is lean; the company recently took on its first employee, but otherwise it's just been the three founders working in the business, bringing on contractors occasionally to help them deal with peaks in demand or specific projects.

"But most of the time when we've had a resource issue, we've found an IT solution to it," explains Bell. "Billing our clients used to be a manual process, for example, but now we've fully automated that through Xero. It's been about using our brains really to figure out if there is a better way of doing things without chucking too much money at it."

Cashflow has been another challenge. Despite offers from potential investors, the partners made a conscious decision not to dilute their equity and bring in outside capital during the early days of developing the solution, meaning they had no paycheque for the first six months. Although they now have a solid customer base, Bell says they're still careful not to take too much cash out of the business and have a policy of paying all their bills on time.

The company's software is now gaining global reach after the firm licensed its solution early this year to an international freight company, which is now using it in the Australian, US, UK and Hong Kong markets.

"We think it's pretty cool that someone in Florida is now using it. That's got a lot of geek factor," says Bell. "Some companies are all about the dollar success, but we assume that if we do right by our customers and set up the business right we're going to make some money anyway. That's the secondary thing."

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