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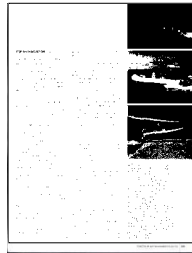
**Brief: NT-SEALEGS**  
**Page 1 of 4**

# pushing the boat out

When two mates wanted to get out on the water without backing a trailer, they came up with a world-beating concept. Now, Sealegs is the world's biggest manufacturer of amphibious boats.

STORY SUZANNE McFADDEN





**FOR AN INNOVATION** to be successful, it needs to solve a problem. That's why old mates Maurice Bryham and David McKee Wright came up with an amphibious boat – as an answer to their own quandaries.

Both men were between jobs, having just sold their e-commerce software company, and were looking for a new business challenge. Both lived on the water's edge – Bryham on Auckland's North Shore; McKee Wright on the Whangaparaoa Peninsula – and they wanted an easier way to launch their boats.

Entrepreneur Bryham created a boat with wheels, which could drive over the sand and into the water before motoring off. After a few prototypes, the Sealegs amphibious craft was born.

"Sealegs solved the problem for both of us," says McKee Wright, who uses his wheeled boat every evening to go waterskiing after work. "If I see a pod of dolphins off the coast, I just pack my four kids in, drive off the lawn and off we go. It saves having to have a tractor and a trailer clogging up the front yard."

McKee Wright acknowledges that amphibious craft are not new – plenty of Kiwis have had a crack at attaching dolly wheels to boats in their own backyards. But Sealegs took its one-off design and went into production with it.

Now the Auckland-based company has built more than 400 boats, which are being driven on land and sea in 22 countries – not only for the recreation market, but for police, fire, rescue and military services around the world. Among their clients are the Indian police, Malaysia's fire department, Australian state emergency services and Coastguard New Zealand.

Sealegs is the world's only manufacturer of boats with motorised, steerable, retractable wheels, and now that the boat has earned stringent compliance from the US Coast Guard, it's poised to make a splash in North America's huge marine market.

"The boating industry is massive, and if we can get a slice of it, it's not unrealistic to think

we can be a billion-dollar company," McKee Wright says.

Here at home, the Sealegs craft are gaining traction – you're sure to have seen one crawl out of the water like a sea turtle at a New Zealand beach this summer. Auckland's Waiheke Island has a flotilla of about 40, and each year around Waitangi Day, there's a race off Onetangi Beach – across the sand and into the sea.

But it may a while before every ocean-loving family owns one. At between \$70,000 and \$150,000, they're not a beach toy to pop in the Christmas stocking – legless versions start at about \$45,000. McKee Wright, chief executive and managing director of Sealegs International, knows exactly who the market is: wealthy waterfront homeowners, commercial and rescue sectors. And they are marketed as both life-saving, and life-changing, vehicles.

"We have customers who say they are life changing, and they are. I couldn't live the lifestyle I have today without this boat – going waterskiing, taking the kids fishing," he says.

"If you look at an hour's boating, you spend half an hour each side just getting to and from the ramp. This way, it's three minutes and you're in the water. They're ideal for older people, who can't run their 60ft boat anymore; when Grandma can't hold the boat while Granddad goes up to get the trailer. The Sealegs boat gives them back their ocean lifestyle."

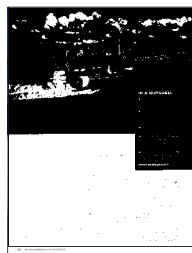
So how does this latest Kiwi innovation work? Simply put, it's a regular boat – with either a rigid inflatable or aluminium hull – that has three motorised wheels that at the touch of a button, can be fully retracted up against the hull, completely out of the water when the boat is floating.

Bryham's first crack at the idea had electric wheels on the back, but the batteries kept dying. "There were some pretty embarrassing moments down at the beach," McKee Wright says with a laugh.

Then Bryham rigged up a small car engine to the front wheel, but that rusted after six months. Finally, he invented an inboard 24hp



"If you look at an hour's boating, you spend half an hour each side just getting to and from the ramp. This way, it's three minutes and you're in the water."



**IN A NUTSHELL**

- Sealegs is the world's largest manufacturer of amphibious boats.
- Sealegs came about because the designers wanted an easier way to launch their own boats.
- They are now in 22 countries.
- Their target market: wealthy waterfront homeowners, commercial and rescue sectors.
- Sales are climbing: up 14 percent in the half-year to September 2009.

[www.sealegs.com](http://www.sealegs.com)

hydraulic power-pack to drive the boat on land. The motor is installed under the seat, and can safely reach speeds of 10km/h down a boat ramp or beach into the water, and climb up a 25-degree slope.

It's not designed, however, to buzz down to the local fish and chip shop. For one, it's not licensed to drive on a public road; and the air-cooled inboard motor will last for about 10 minutes – or a kilometre – before it needs to rest and cool down again. More powerful outboard motors drive the boat across the water at a top speed of 65 km/h.

Once the boat proved to be seaworthy and met rigid safety requirements, the two men decided to share the innovation and create the Sealegs International company. McKee Wright and Bryham had been friends and colleagues since 1994, when they worked together at PC Direct (the groundbreaking New Zealand computer company that Bryham co-founded with Sharon Hunter).

The pair then became partners in e-commerce software company Exonet, which they later sold. Sealegs Corporation became a publicly listed company in late 2003, and started production of the first 12

boats in January 2004.

"It's been a really good ride. I don't think you have many business partnerships that span three successful companies, where you remain mates," McKee Wright says. "Maurice built the boat, and I built the company."

They were realistic from the start. "I call Sealegs a very fatalist company. We didn't want to storm the world with amphibious boats; we had no elaborate plan. It was meant to happen, and now it's all unfolding nicely."

A year after its launch, Sealegs International ventured offshore – first port of call, Australia. "At first, we struggled with the logistics of sending these boats across the Tasman. It was so different from the IT industry where you packaged up software in boxes; here we were down on our hands and knees lugging boats in and out of containers," McKee Wright says.

The company then decided to "go down the path of least resistance", marketing their boats in Asia, Europe and the United Kingdom, rather than the United States, where they knew it was tougher to get boats across the border. Their promotional ploy was simple and slick – world-record amphibious

crossings of Cook Strait, Sydney Harbour, the English Channel and the Straits of Malacca.

In February this year, with United States Coast Guard compliance behind them, Sealegs took its boats to a string of boat shows across the US, signalling the start of a major push in that part of the world.

"The US marine market is massive. It's quite amazing that their country has a boat show nearly every week of the year," says McKee Wright, fresh from the Seattle Boat Show, one of the largest in the US.

"I just love the enthusiasm of the American people when they see the boat: 'Wowee, that's cool', with the big waving of their arms. Then when they find out we're from New Zealand, they're like, 'Those New Zealanders,



they come up with everything! People who live on the beachfront pull their chequebooks out straight away."

The boat show introductions were also a chance for McKee Wright to speak with state fire and ecology departments about using their specially built aluminium boats for rapid-response craft.

"Our biggest sales platform will be from the commercial [and rescue] market. There are 3500 fire departments that are marine-based in the US – it's a massive market that we need to whittle away at," he says.

Sealegs' rescue craft are already used in Malaysia, which bought eight fire and rescue boats and two military, to be used both on the coast and on inland waterways:

"After we did the Malaysian speed record, we left the boat behind. And then I got a call asking if they could use it to help evacuate people in a snap flood. Next thing, I see in the newspaper the boat had been used to rescue a school full of children that no other vehicle could reach. Then they put in their order for more."

Police in Mumbai now have four Sealegs boats to patrol their waterways, stepping up their reconnaissance after terrorists used rubber dinghies to enter the city in the 2008 Mumbai bombings, killing 173 people.

In New Zealand, the coast guard at Whangaparaoa is using one for rapid-

response rescues, but Sealegs boats bought here are mainly for recreational use.

"The New Zealand market has been really encouraging. We thought that in a country with only four million people, sales would spike and then reach saturation, but that hasn't happened yet," McKee Wright says.

With the hefty cost of development, the company has struggled to post a profit. But sales continue to climb, up 14 percent to \$4.3 million in the half-year to September 2009, with another 30 boats on order, and a doubling in demand for rescue craft.

Their focus is now on proving the reliability and simplicity of the Sealegs boats, all built in two factories in Albany, on Auckland's North Shore. McKee Wright says the design opportunities are endless with their amphibious concept – the wheels could eventually be attached to any kind of floating craft. But for now, the company will concentrate on building up the product it has already developed.

"We're holding back on design now. But once the amphibious boat proves itself to be a really tangible business, then we will let other people build the boats," he says. "The opportunities are endless."

"It's so innovative. In my mind I see Sealegs one day in a New Zealand museum next to the Britten motorbike and Hamilton jet. I love being a Kiwi right now."



Maurice Bryham and David McKee Wright.



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Brief: NT-SEALEGS  
Page 2 of 2





# SugarCRM makes Sealegs sturdier

An open-source, web-based customer relationship package implemented by TEIQ has given Auckland boat-builder Sealegs a clearer picture of the sales activities of its dealers on the far side of the world...

If you're a New Zealand exporter with dealers in more than 20 far-flung overseas countries, how do you make sure they're following up sales leads?

In more flush financial times, you might pay a flying visit to test their grasp of Business 101: that winning new customers involves attending promptly to enquiries.

But these aren't flush times. And, with growing awareness about limiting our carbon footprint, more people are thinking twice before jumping into aeroplanes quick smart.

That leaves the phone or email as the obvious ways of keeping tabs on a distant sales force. But David McKee Wright, chief executive of Auckland boat-builder Sealegs, doesn't like to breathe down the neck of his staff, so he didn't feel these tools were the answer.

"I hate asking, 'Have you done this; have you done that.' You feel as though you're constantly checking up on people, as though you don't trust them," says McKee Wright.

## Enquiries 'not attended to'

Yet the company, whose unique boats feature retractable wheels that allow them to travel on land, had a problem. Its website, [www.sealegs.com](http://www.sealegs.com), was receiving enquiries from all over the world, but many enquiries weren't being responded to.

"I knew some of our dealers weren't following up the leads coming to us," McKee Wright says, "although I couldn't actually prove it."

The solution Sealegs has found is SugarCRM, a web-based open-source package from Auckland-based company, TEIQ. It is used specifically to allocate web enquiries to the relevant overseas dealer, so allowing McKee Wright to check on what follow-up action is taken.

"Prior to using Sugar, we would send internet enquiries to one of our sales agents or dealers and hope that they would do something about it.

"By saying all our dealers must use Sugar, I can log on and see whether they're replying in 24 hours or 48 hours, I can see the form of the communication — make sure it's corporate and professional, and our brand and product is being represented properly, and that our dealers aren't overstating their capability."

"It means, from way down at the bottom of the world, in New Zealand, I can see what people are up to."



McKee Wright, who before Sealegs ran accounting software company Exo-net, set out to find a web-based, open-source solution. It needed to be accessible via the web, so dealers could log in from anywhere, and he wanted an open source package, so it could be customised to his business.

"I think of businesses as like people — they're unique, they all do things slightly differently. You can't grab a shrink-wrapped piece of software and make it work exactly the way you want it to."


"But, with open source, you can take 80 percent of the code and change the remaining 20 percent to suit your requirements."

TEIQ's expertise gave him confidence Sugar could be moulded to fit Sealegs. And, in fact, it took minimal effort to shape it to the company's needs.

"It was very simple and remarkably cost-effective to get up and going for my business. Having been in the software realm before, I thought it was a well written, easy to use program.

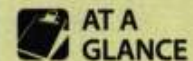
"We're probably using about 20 percent of Sugar's functionality, but I would be very surprised to find anyone who uses 100 percent of it, because it's a very broad-based product and people pick up the segment they need that suits them."

McKee Wright says Sugar is giving him oversight of what dealers are up to and confidence that the company's communications are of a high standard, without him having to nag.

"Sugar only has to allow me to follow up two leads that I wouldn't have followed up last year and I've made NZ\$200,000," he says. 



> Sealegs



Industry

> Boat-building

Business Objective

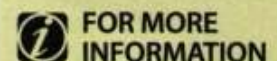
> Boat-builder and exporter  
 Sealegs needed a way to check overseas dealers were following up on web-generated sales leads in a timely and appropriate way, without nagging them for information.

Solution

> Web-based SugarCRM lets Sealegs' chief executive unobtrusively track dealers' actions in response to receiving sales leads.

Business Benefits

> Sealegs' overseas dealers now have a transparent way of following up sales leads, allowing New Zealand management to track their activities without having to be 'in their face'. A single extra lead successfully converted into a sale will earn the company, which exports three-quarters of its boats, NZ\$100,000.



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