

‘There was nothing AI’ about failed AI start-up Metigy, ex-CFO says

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The former chief financial officer of artificial intelligence marketing start-up Metigy, which was valued at up to \$1 billion before it collapsed, has admitted the company’s products did not use AI.

Metigy – which was backed by Regal Funds Management, Five V Capital and Thorney Investments – had marketed a platform to help small businesses identify online trends and select the best images and messaging for digital advertising that had AI at its core.



Metigy’s former chief financial officer Stephen Robinson rubbished the company’s product as involving no real AI for years. **Oscar Coleman**

But former Metigy executive Stephen Robinson told a public examination into the company’s collapse last year, which left creditors more than \$30 million out of pocket, that “there was nothing AI about it”.

Metigy's chief executive David Fairfull this week confirmed that he had taken \$7.7 million from the company as a loan in late 2021 to buy two luxury homes, one in the harbourside Sydney suburb of Mosman and the other in Kangaroo Valley, and that he had forged bank statements, made up revenue forecasts and lied to investors to keep the business afloat.

Metigy's rapid growth – Five V had told its own investors that the company was worth \$1 billion – came during a period of low interest rates and easy financing for technology companies.

“David was just trying to ride, obviously successfully, the willingness of investors to believe that everything was a moonshot and everything was going to go to billions and billions in valuation,” said Mr Robinson yesterday, adding the company's gross revenue in 2021 was only \$25,000.

Mr Robinson, who said he had no involvement in Metigy's capital raising or knowledge of Mr Fairfull's lies, told the examinations in Federal Court on Wednesday that its software simply recommended ad options to customers based on their inputs. “What they had was rules-based, so ‘if this then that’, and largely created by an offshore Bangladeshi team,” Mr Robinson said.

Metigy, founded in 2015, only began to hire people in Australia with experience in the large volumes of data necessary to attempt to AI work in 2021, Mr Robinson said. It jettisoned the team, in Bangladesh, in 2022.

The new staff were making progress on an AI marketing product, Mr Robinson said, but “kept highlighting that it was a very difficult thing to do”.

Metigy's chief technology officer, Johnson Lin, told the examination that the company's platform ran on rules but claimed “in my opinion that's still a form of AI”. He alleged Metigy was between six and 12 months away from making a superior AI product when it failed.

Mr Lin, who now describes himself as a co-founder of mental health AI start-up Allico, said he had no involvement in creating Metigy, despite being described by the company as its co-founder. He was given the title later in recognition of his seniority and long service, Mr Lin said.

Sitting in court in a cream blazer and white shirt, Mr Robinson gave detailed answers and volunteered information, confirming he knew that for much of his tenure as chief financial officer he knew of the company's perilous financial state

and was aware of Mr Fairfull's loan. But he said he did not approve the loan ahead of time and was not involved in dealing with investors or raising cash, which was "unusual but not unknown".

Johnson Lin was the only former Metigy executive to be examined with his lawyer present. **Oscar Coleman**

Mr Robinson tried to put his responses in the context of a supercharged start-up sector that was enjoying rapidly expanding valuations during the COVID-19 pandemic.

When he joined Metigy – first as a consultant and then with gradually greater involvement – Mr Robinson had experience in the sector. He had worked for years as a venture capitalist and start-up adviser for small outfits including Start-up Australia Ventures and Leura Capital.

Under questioning from barrister Miles Condon, SC, acting for Metigy's liquidators Cathro & Partners, he said he became increasingly uneasy during his time at the company, especially last year when he said Mr Fairfull seemed reluctant to raise more capital.

Mr Robinson said he was unsure in hindsight whether that was because of Mr Fairfull's loan, which the chief executive falsely claimed to have told investors about, or because of his lies about revenue.

Either way, by mid-2022, Mr Robinson said he had decided he wanted to “cut [Mr Fairfull] out of the process” on raising capital. That, he said, “did not go down well”, which led to the company’s lawyer, Myra Beale, informing investors who demanded answers and Mr Fairfull’s charade ending.

Former Metigy chief executive David Fairfull was recalled to Federal Court to answer questions about text messages on his phone. **Oscar Coleman**

Metigy, Mr Robinson said, publicly counted organisations as “customers” if an advertising agency they worked with used it or if they created a free account but never paid for it. He disagreed with that approach.

Despite his title as co-founder, Mr Lin portrayed himself as incurious about Metigy’s capital raising, leaving it to Mr Fairfull and believing his assurances that it was happening, even when staff were going without pay for months in 2020. Likewise, when Mr Lin sold shares in the middle of 2021 to investors, he said he relied on Mr Fairfull for the valuation of \$106 a share.

Mr Fairfull was recalled to give further information on Wednesday about text messages in his phone, including any communications with Metigy’s lawyers at Freehills about the loan. He said he could not immediately find any with one Freehills lawyer, but the liquidators flagged they may seek to obtain access to messages on the device.



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