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Real life angels sent in to help

By **Charlie Gunningham**

Published:
23 December 2014
11:20am

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f you wanted to invest in a startup, where would you begin?

Perth needs to develop its own ecosystem of private investors with a strong interest in facilitating the growth of early-stage ventures, according to the Western Australian Angel Investors.

Last week, the group held one of its quarterly 'pitch' nights, in which three local startup entrepreneurs presented their businesses to a room full of high net worth individuals open to such investments.

"Investors in Perth are very experienced in the listed investment asset class, which until recently has been mainly in exploration stocks," WAAI president Greg Riebe told *Business News*.

"With the recent downturn in interest in these, the practice of backing technology businesses into listed entities has increased; however these tech business need to be reasonably well developed to be suitable to a listed environment.

"There is a lot of early-stage entrepreneurial activity occurring in Perth, a lot in tech but also in many other segments.

"Entrepreneurs, however, find it hard to find capital to partner in the development, and exploit the commercial potential, of their innovations."

Typically, startup founders have already put in their own savings and 'sweat equity' to get the companies to a commercial stage, and are now looking for a boost to take advantage of a market opportunity. Venture capital firms are few and far between in Perth, and usually target deals from about $500,000 into the millions.

However many of the fledgling tech businesses are seeking anything from $25,000 to $250,000 in order to take it to the next level – and this is the sort of figure angel investors can contribute.

In many respects WAAI acts as a conduit, seeking to filter and then select the best businesses and helping to organise these investments. A single angel investor takes a 'lead' role on each opportunity.

Prezentt CEO Justin Davies was one of the entrepreneurs to pitch their business at a WAAI event.

"One of the reasons we're interested in working with WA Angels is what they bring beyond just the money – business judgement, expertise in areas we don't already have in house, and connections to large markets," Mr Davies told Business News.

"They are putting their reputations as well as their money into projects, and we like that kind of commitment."

Others to pitch on the night were Becky Lee from Virtualiis, and Daniel Jovevski from Switch My Loan. The event was supported and hosted by local accounting and advisory firm BDO.

"We see angel investment as a key to Australia's long-term future, particularly in addition to the commodities base we have," BDO Perth tax and advisory director Marc Loftus said.

"To continue to be successful, we have to keep doing things smarter, and angel investment is the incubator of Australia's future smarts. It's also an interesting and

exciting end of the market to be working in."

If Perth is to become a centre for startup success, then more of these businesses need funding, and the angel investor role looks like being a linchpin. The challenge now is to increase the number of people involved in angel investing, fund more projects and develop some well-known, home-grown success stories.

Charlie Gunningham is the Chief Operating Officer at Business News

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