



Golden eagle eyes startups

Chris Jenkins
Venture capital

A SILICON Valley investor who had early money in startup stars such as PayPal is eyeing up to three Australian tech operations as potential investments.

Saeed Amidi, chief executive of California tech venture incubator Plug&Play and venture capital group Amidzad, said he had several Australian tech startups under evaluation.

"We are looking at two or three potential investments that started in Australia," Mr Amidi said.

"We feel they have some cool technology and we are seriously considering investing in them, but we have not done a deal yet."

Sydney-based Tilefile was one of the companies talking to Amidzad, Mr Amidi said.

Tilefile founder and chief executive David Bolliger said the company's social networking technology offered a more modular and portable approach to building communities than sites such as MySpace, owned by the News Corporation, publisher of *The Australian*.

A tile showing content such as a video or a photo could be turned over to reveal a mini website where a community of users could form, Mr Bolliger said.

"You can do everything that you do in MySpace and YouTube much better in Tilefile," he said.

Tilefile was also on the radar of Motorola and Adobe, Mr Bolliger said.

Mr Amidi's family are Iranian immigrants who worked in the US carpet trade. Amidzad was an early investor in Silicon Valley companies that became household names.

"We were lucky enough to invest in PayPal, and invested in Google indirectly," he said.

Mr Amidi said he was now looking

beyond California for new opportunities, having also visited Britain recently.

"I am very much looking elsewhere for investment opportunities," he said.

Australian tech ventures have long beaten a path to California.

Mr Amidi's Plug&Play incubation centre, which hosts 56 technology startups, will next week host the annual ANZA Tech Net Gateway to the US conference, which enables Australian and New Zealand ventures to meet potential US investors and partners.

ANZA Tech Net chief executive Viki Forrest said 12 Australian companies would be presenting to about 100 potential investors.

The quality of the companies was "very good", she said.

Some wanted seed funding of about \$US500,000 (\$665,000), others were looking for startup funding of about \$US5 million, and yet others sought partnerships or distribution arrangements, she said.

Cultural issues were the main problem ANZA Tech Net faced in matching Australian ventures to US mentors, she said.

"I see a big cultural difference between Australia and the US, at a personal level and at a business level," she said.

Australians were more risk-averse than their US counterparts, she said.

"If you fail in the Valley, you are congratulated, because you went out and went hard." Speaking from the ICT Outlook Forum in Melbourne last week former federal Opposition leader and economist Dr John Hewson said the attitude of the investment community in Australia was "jaundiced" by dotcom failures.

The main weaknesses of the tech-wreck era were poor governance and

management structures, he said.

"The founders tended to be a bit greedy prematurely. They wanted to go immediately to market, take their cash and buy their Ferrari. They weren't prepared, in most cases, to dilute their positions to get the right people and the right capital to do the job."

Australia now had a capital pool of more than \$1 trillion in superannuation funds, but only a tiny proportion was available to early-stage, start-up ventures, he said.

NICTA chief executive Dr David Skellern pointed to poor processes.

"The innovation system — the ideas we have and the research that we do on products — is incomplete in Australia," he told the ICT Outlook event.

Speaking at the event, hosted by National ICT Australia, CSIRO and the Defence Science and Technology Organisation, Dr Darrell Williamson from the Smart Internet Technology CRC, said investors in markets such as the US were willing to take a long-term view.

"In the US they have a layer of investors investing for the next stage, not for a fire sale," he said.

Tilefile's Mr Bolliger said Australian developers should look beyond the US to investors in countries such as Japan and Korea. His company's Tokyo office had initiated links to Adobe, he said. The company also setting up offices in Korea.

"In Silicon Valley they have this endless deal flow, so no matter how groovy they think you are, they undervalue you because they just have so many choices," he said.

"I'd advise Australian companies to deepen their ties to Japan and Korea."




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