

## Plenty of money available for new companies: Tectoria panel

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Good ideas and enthusiasm will get a start-up business to a certain point in the high-tech world, though, without money, that idea may not see the light of day. But according to a panel of veteran angel investors, there's no shortage of money floating around these days. Speaking Thursday at the Victoria Advanced Technology Council's Experience Tectoria event, a three-member panel speaking on how investing has changed, said there's plenty of money and investors out there looking to back the right idea at the right price. "The good news for entrepreneurs is there's too much money out there, and often companies are getting more than they need," said veteran angel investor Basil Peters. Peters added because the cost of borrowing money is so low it has pushed capital out of its usual holding places and into less traditional areas, meaning early stage companies are getting a crack at money that didn't exist years ago. Fellow panel member and investor Mike Volker agreed, though he pointed out the deals may be getting tougher to sign. Both sides of the table are now more sophisticated and entrepreneurs often have high valuations for their own companies, meaning angel investors looking for a 10-fold return on their investment within five years may be waiting a lot longer. While all three agreed that angel investing is growing, there was plenty of debate on the health of the venture capital sector, which tends to take larger positions in companies. "Is venture capital broken? It's not a question anymore. It's not broken, it's dead," said Peters. In an earlier interview, Volker said the venture capital sector in B.C. may not be dead, but is ailing. "The results haven't been there. They have performed so poorly with no returns to investors and, as a result, they're not raising new money," Volker said. "I think venture capital is much overrated and is a very small slice of the whole funding spectrum. There's 10 times as much money available privately. It's just not as visible." Investor and panelist Ralph Turfus, on the other hand, maintained there is still room for venture capital firms but noted they tend to come into the picture further downstream to more established companies and those kinds of firms are lacking. What all three agreed on was it now takes less investment money to get companies started. According to Turfus, that's especially evident in the digital media space where there's been an explosion of opportunity and investment. It's cheaper to start digital media companies because of the ease in putting together the back-end infrastructure. "Ten years ago, you had to build it all yourself, now there are free products or open source and companies offering software as service for a very low monthly cost," said James DeGreef, CEO of digital media company Chatterblock and founder of GenoLogics. "There's so much free or cheap technology available that you can pull off the shelf. "At GenoLogics, we spent millions building stuff that we now get for free." But that smaller investment, or the ease of

finding funding, does not translate across the high-tech sector, warned Sage Baker, CEO of Q5 Innovations, who joined DeGreef in a panel discussion looking at investment changes from the start-up perspective. “It bothers me tech is lumped into one thing and a digital media company is so damn different to a hardware or life sciences company,” she said. “You can come along and say ‘we will put \$100,000 into a digital media company and see if it’s the next Facebook.’ That’s fine, but put \$100,000 into a life sciences company and you will hardly know if it’s validated from a research and development perspective, and the same goes for hardware.” Baker said there is money out there, but it’s tougher to get unless you’re classed as being in the “sexy” digital media space. “Everybody cares about what’s sexy,” she said, noting longer-term investment to develop hardware doesn’t exactly grab the spotlight. “There are cycles it goes through from an investment perspective, but if you get the right attention it sticks long-term and supports your business.”

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