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Is it a good time for start-up companies?

Forum addresses what is involved with venture funding

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Now might not like seem the best time to ask investors for money, but maybe it's not as bad as some entrepreneurs think.

On March 26, the Florida Venture Forum and the Technological Research and Development Authority will host a seminar titled "Angel and VC Funding: What is it and how do I get it?"

Top entrepreneurs and leaders from the Space Coast will discuss the pros and cons of early-stage investing and what opportunities are available.

Howard Haug, senior vice president and chief financial officer at Space Florida, will moderate the event.

Panelists include Jim Boyle, managing partner at Inflexion Partners; John Igoe, partner at Edwards Angell Palmer & Dodge LLP; Lee Krause, president and chief executive officer of Audigence Inc.; and Lee Bell, certified public accountant and shareholder at Saltmarsh, Cleaveland & Gund.

FLORIDA TODAY spoke with Robin Kovaleski, executive director of the Florida Venture Forum, and posed a series of questions about the current availability of venture capital and what it means for entrepreneurs.

FT: With current economic conditions, do you see this as a good time for entrepreneurs? And why?

Kovaleski: In Florida, it's still a great time to be an entrepreneur. While things are indeed challenging, well positioned, emerging growth companies still offer great return on investment, and investors understand that.

We saw a record number of venture capitalists at our recent Florida Venture Capital Conference in Naples, investors looking for opportunities in this state. Obviously, entrepreneurs need to be realistic about valuations given current market conditions. The cost of capital has risen, but innovation continues and must be funded.



Chief Executive Officer Matt Solar watches as an employee, Nina Solar, works on the coils for a thrombectomy device at C2C, an entrepreneurial start-up company at the Technological Research and Development Authority in Melbourne. (Michael R. Brown, FLORIDA TODAY)



FT: What is your reading on the availability of venture capital money?

Kovaleski: What we've seen is that many investors have shifted their alternative investment portfolios away from real estate and hedge funds and have invested in proven venture funds hoping for a greater rate of return over a longer period of time. Most of the venture capitalists active in Florida that have recently raised new funds are actively deploying them.

FT: Haven't these venture capitalists also been hurt in the current economy, meaning there is less money to invest in up-and-coming projects and technologies?

Kovaleski: Not necessarily. As these venture capitalists raise new funds, they have a typical seven-year horizon. Because they're in the early phases of that fund, they can actually take greater risk (meaning investing in earlier stage companies), knowing that they have many other investments ahead should this particular decision blow up. It's in that spirit that our industry is almost counter cyclical.

FT: What are two things entrepreneurs must have to secure investment funding? A solid business plan, for example? A cutting-edge service or product?

Kovaleski: They'd better have a great 'elevator pitch' down. They need to succinctly articulate what they do, how they do it and how they're different in a quick and well-rehearsed pitch. They need a solid business plan, but mostly they need to tell potential investors about their management team -- how these folks have done this before, made good decisions, managed other companies, etc. Entrepreneurs also need to network like their lives depend on it, because they do.

FT: Who should attend the upcoming forum?

Kovaleski: Our statewide meetings, like the upcoming one in Melbourne, are designed to bring together entrepreneurs with capital sources and third party resources who can help get them access to capital.

FT: Any other thoughts?

Our early-stage Florida Venture Capital Conference is coming up in nearby Orlando on May 15. We're still calling for applications from companies wanting to present at that. Those interested can find information at our Web site, www.floridaventureforum.org.

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