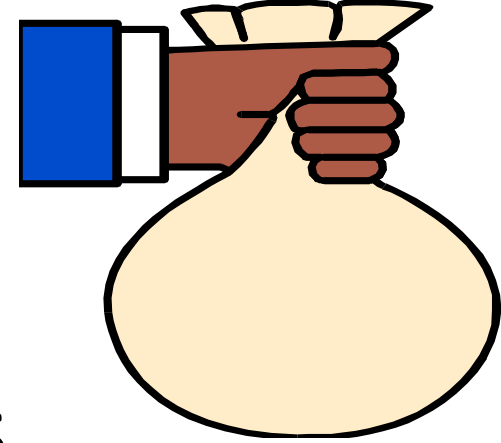


# 28<sup>th</sup> Annual SEANZ Conference

Rhetoric and Reality: Effective Management of Small to Medium Enterprises

1 - 3 July 2015  
NAB "The Village", 700 Bourke Street  
Docklands, Melbourne

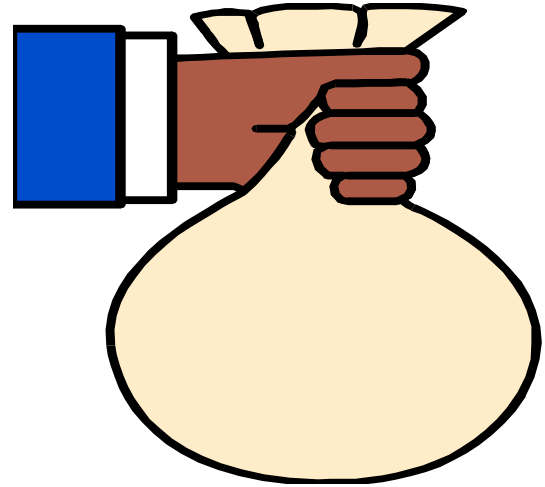


5000 business plans,  
50 deals, 25 write-offs  
Lessons learnt from 25 years in VC

Chris Golis MA MBA FAICD FAIM

# Agenda

- Who am I?
- 5 key lessons
- Q&A



# Ted Talk Guidelines

- Richard Turere “How to stop the lions”
- Be 12 years old
- Be Black
- Pretend you’re nervous
- Smile a lot
- Tell Stories



# Revised Agenda

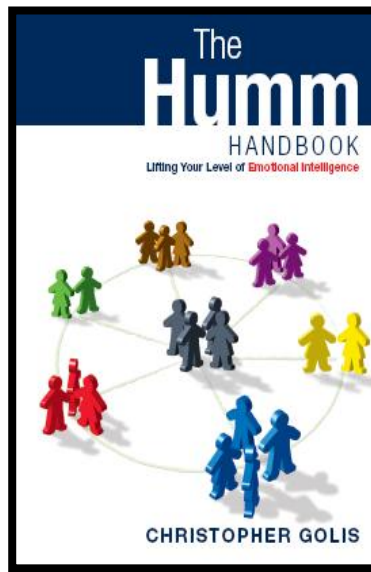
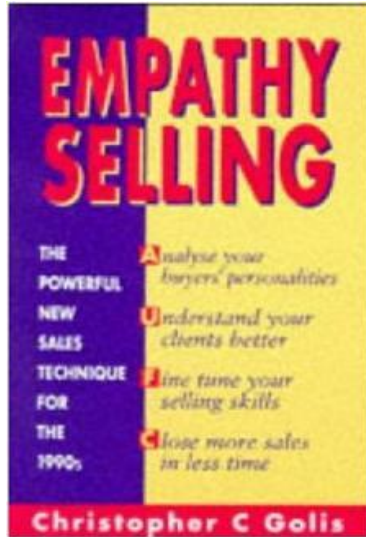
- Who am I?
- #1 lesson
- Rhetoric and Reality
- Building an entrepreneurial ecosystem



# Who am I?

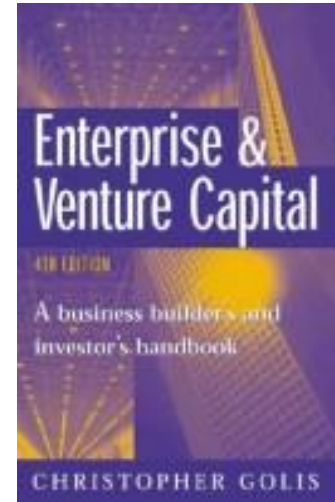
- Graduate of Cambridge, LBS, SIA
- Started working in 1967
- IT (general manager) Financial Services (VC)
- Director of some 30 companies
- Neverfail, Scitec/VeCommerce
- Raised 5 VC funds \$160 million
- 5000 plans, 50 deals, 25 writeoffs
- Fellow of AICD and FAIM
- Author of 3 books

1992



2007

1989

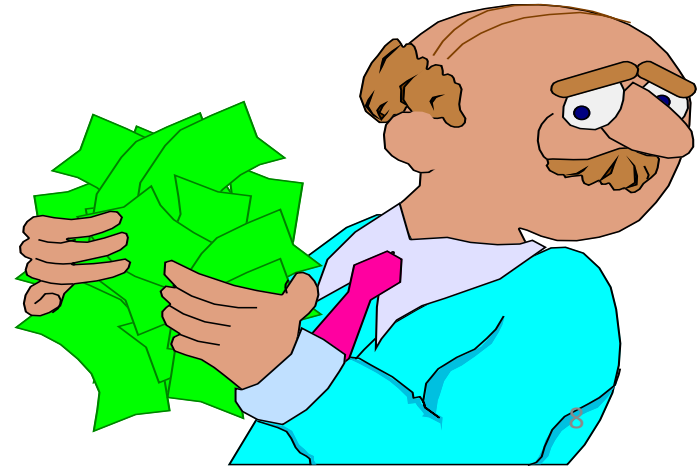


# Lesson #3 Know the Game 1986

- Founders put in \$50K - \$50K
- Govt. grant of \$200K - \$250K
- Angels put in \$500K - \$1.5M
- 1st VC round \$1M - \$4M
- 2nd VC round \$2M - \$10M
- List raising \$10M - \$50M

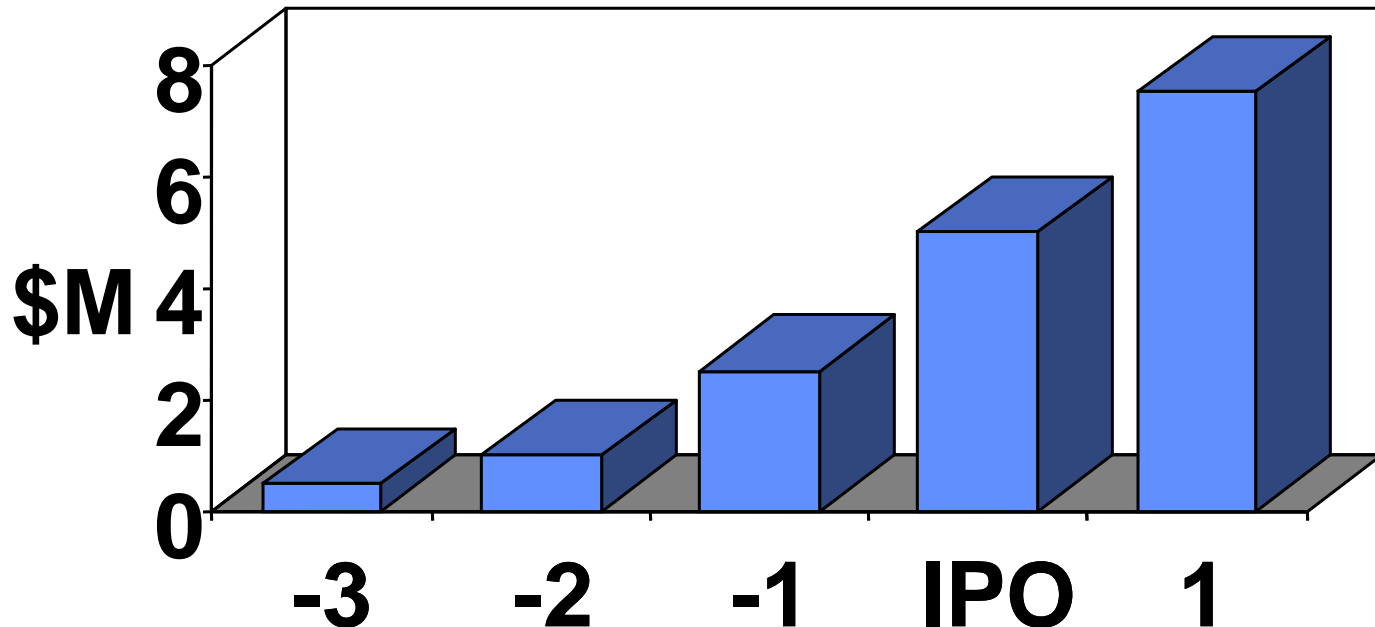
# Visit to 5 of top 10 VCs in USA

- What is VC heaven?
- 'I have 3% of Tandem'

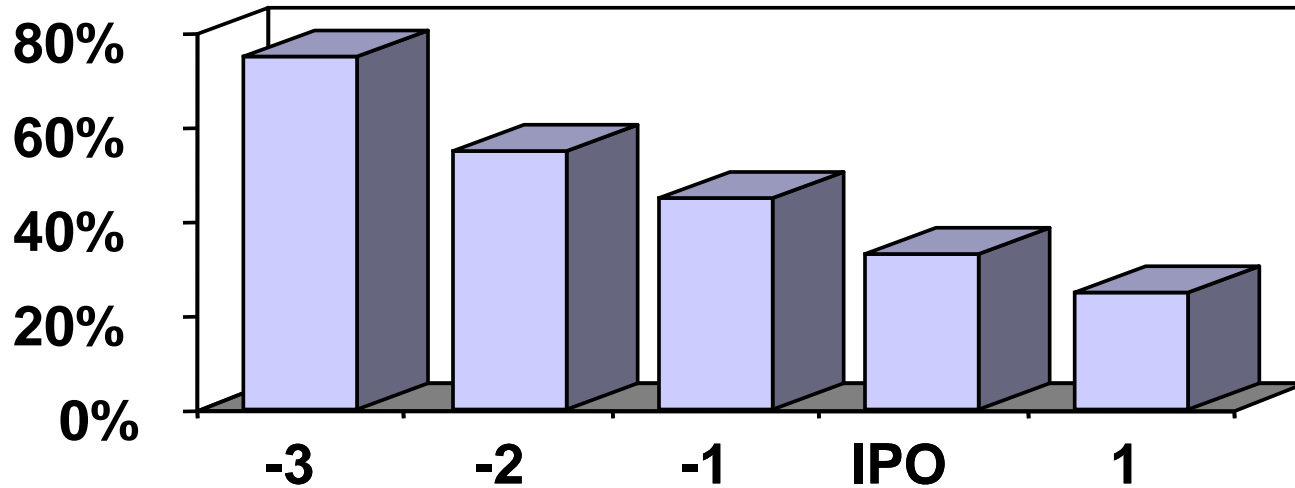




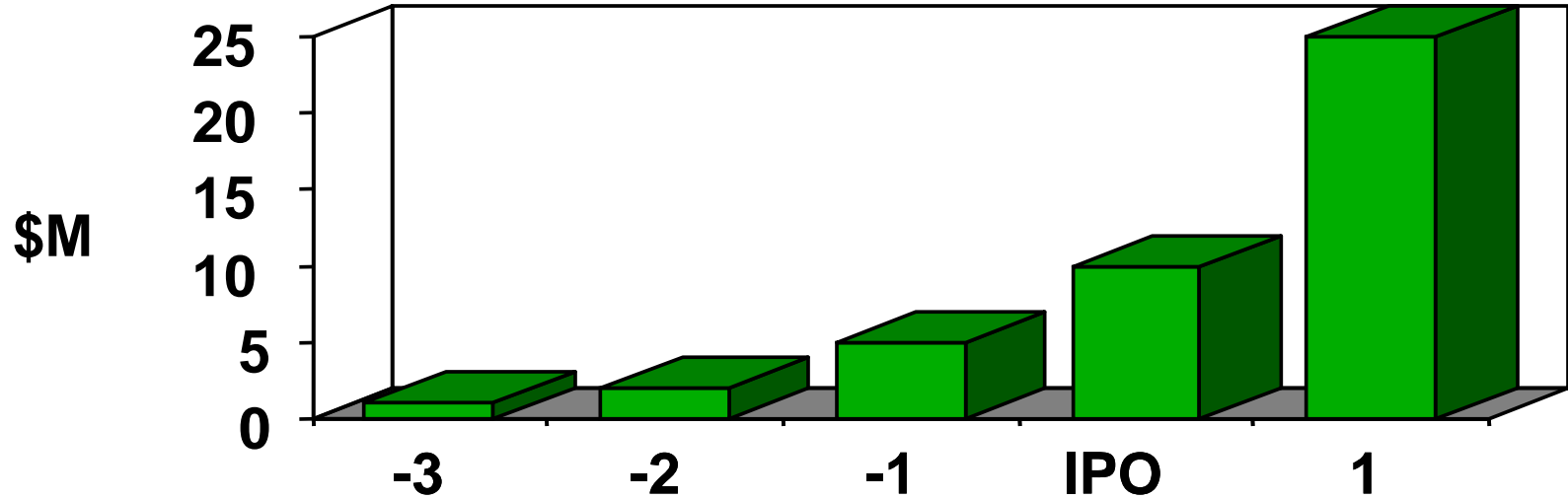
# Funds are raised in stages



# Founder's ownership decreases

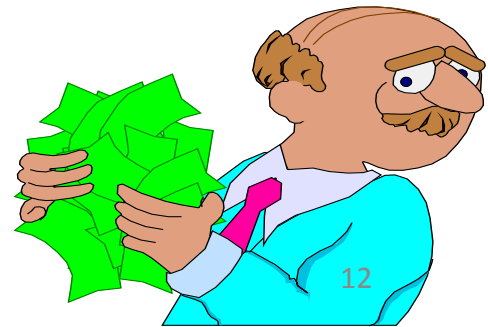


# Value of equity increases



# www.yahoo.com

- 1994 David Filo & Jerry Yang start web-index
- Late 1994 Sequoia Capital \$1m for 25%    \$4m
- Early 1995 5 VCs \$9m for 20%    \$45m
- Late 1995 Softbank \$100m for 30%    \$330m
- Listed early 1996: \$300m for 25%    \$1.2b
- At valuation \$100 b what are they worth?
- $75\% \times 80\% \times 70\% \times 75\% = 30\%$



# Peg Technologies

Date	Who	Amount	Val. \$m
• 1990	Founder	\$100k	\$0.1m
• 2/99	SGDCL	\$0.75m	\$2.25m
• 12/99	Gowings & SGDCL	\$3m	\$18m
• 6/00	IPO	\$12m	\$60m

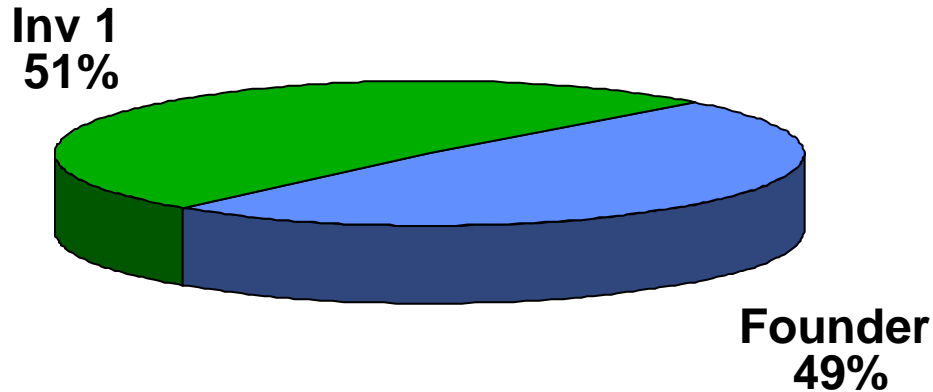
*What is founder now worth?*

$$2/3 \times 5/6 \times 4/5 = 40/90 = 44\% \text{ of } \$60m = \$26.7m$$

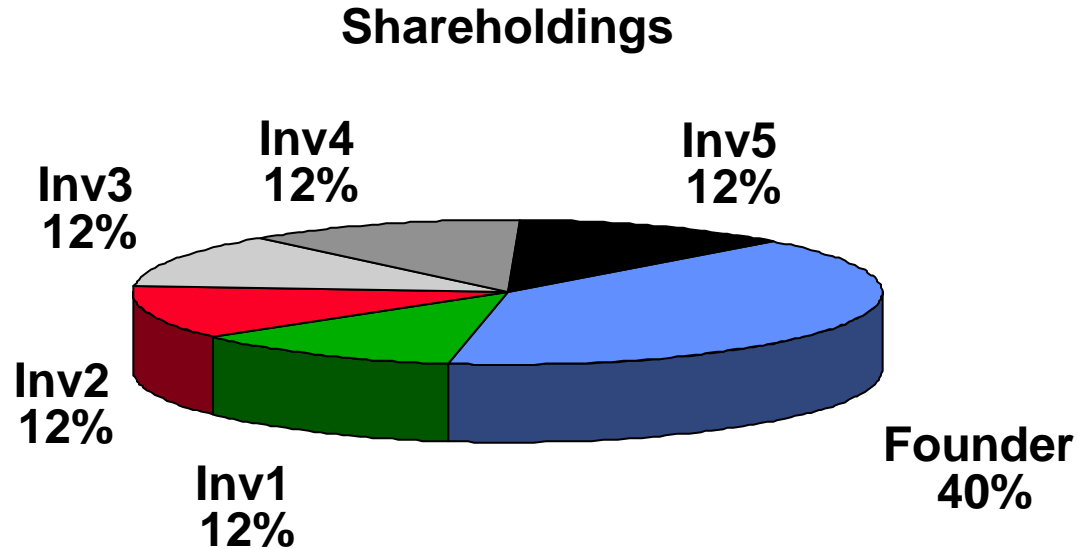
# Entrepreneur's objective

Not this!

Shareholdings

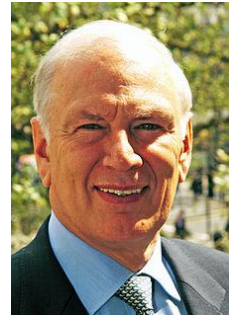


# But this!!



# Building an entrepreneurial ecosystem

- Don't change the CGT
- Post Ralph report saw Abbott 1/99
  - Fin Review article
  - Meet with Adviser (Ministers = waste)
  - Have 20 page economic analysis for Treasury
- Alston & Twomey become involved
- CGT changes enacted 9/99
- In 7 years individuals paying 3x CGT





# Resurrect IIF but do it properly

- IIF structure = brainchild of Gordon Murray
- 2:1 Govt debt to Equity
- Excess returns 10% Gov, 70% Inv, 20% Mgr
- Early Stage VC but also start new VC managers
- IIF program started 12/97 with 5 licences
- Idea was great implementation a shambles
- Contrast SBIC (USA) started in 1958



# PhD Follow-on Fellowships

- Invented by Professor Jon Bates (LBS)
- PhD completing research matched with 2 MBAs + University Lecturer as mentor
- Given £30,000 for 3 months for BP prep and commercialisation = 10% of equity
- 30/year 10% are funded/year ie 3 deals/year
- Cost = \$3mill/year= 1 wind turbine



