

Seed fund focuses on price

Working capital

Jason Clout

Technology businesses too often undersell themselves, which results in an inferior price for their enterprises, a budding venture capitalist says.

Michelle Deaker has established OneVentures, a business she hopes will play a role in the early-stage funding sector, through a planned \$60 million fund.

Deaker learned from her experience in the technology sector that many businesses had great products or services but couldn't properly assess the value of that technology, which meant they received a much lower sale price than should have been possible.

"If they had known, they might have been able to ask four or five times what they sold the business for," Deaker says.

There are other pitfalls for young technology businesses. Deaker says some have business models that will never let them achieve their goals, or they don't properly know how to market their products.

Instead of a small sales force, which is probably all most cash-strapped emerging technology businesses can afford, they may be better served using what she calls channel partners.

Instead of one business



Michelle Deaker will use her experience in the technology sector to assist emerging businesses. Photo: ROB HOMER

trying to service possibly thousands of clients, channel partners may be able to service 50 clients, which is a more efficient system.

Deaker previously was joint chief executive of E Com Industries. She was involved in the development of the electronic voucher system in Australia and later successfully exited the business.

She wants to turn her experience into a mentoring and venture capital role at OneVentures. The business operates by taking stakes in promising businesses, although it has not yet formally started.

OneVentures is backed by Tony Gandel, and Deaker is talking to a potential US partner.

But Deaker says the fund will be different to many other venture capital offerings. Large funds can generate enough fees for the fund manager but for smaller ones, it's not as straightforward.

Deaker plans to raise funds regularly, perhaps every year, unlike the big funds, which may have one big raising.

"With a large fund you can guarantee your income for 10 years," she says. "This other method is riskier because

we have to make sure the money keeps coming in, but it's what smaller funds in the US are doing."

This means the businesses in which the fund invests will have to perform to receive follow-on funding. It also means OneVentures will be working very closely with the investee businesses to ensure they are achieving their targets.

Deaker says OneVentures is interested in having more businesses join its portfolio.

"We are looking for more businesses to invest in, from seed through to early stage," she says.