

Silicon savvy

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BRW | 11 Oct 2007 | Page: 58 | Emerging Companies

Companies with innovative technology need to pitch their ideas professionally at the source of most venture capital - the United States.

It has cost Christina Tutone "a couple of houses and a marriage" but her business is only weeks from launching. For four years she has been building Aditlast, a "last minute" online advertising sales venture that provides distressed or remnant advertising at bargain-basement prices.

Tutone, along with other Australian start-up company owners, went to the United States this year to present at the Alwayson Stanford Summit, a two-and-a-half-day executive gathering that aims to identify the most promising global entrepreneurial and investment opportunities in technology. The event has become one of the main annual events for aspiring US and global entrepreneurs who want to showcase their inventions, products and services to an audience of more than a thousand technology, media and advertising chief executives, media buyers, venture capital and private equity investors, and the technology media.

The US trip was organised by Business Strategies International, an Australian early-stage capital raising, venture capital and business incubator company. The chief executive of BSI, Ivan Kaye, says the summit is attended by decision-makers who aim to identify emerging trends, build high-level relationships and create new business opportunities.

BSI has set up an operation in California's Silicon Valley to get Australian innovation closer to a source of capital and opportunity. And Australian companies such as Tutone's Aditlast are now getting a great deal of attention from US companies and from venture capital providers, Kaye says.

The aim is to get Australian technologies in front of the right people - those interested in investing and acquiring technologies that have not been seen in the US. Over the years the Alwayson investor forums have had a star-studded executive speaker list including such information technology and web success stories as Google founders Sergey Brin and Larry Page, Skype co-founder Niklas Zennstrom, Marc Benioff of salesforce.com, VeriSign's Stratton Sclavos, and Jonathan Schwartz of Sun Microsystems.

Kaye says eight Australian companies were selected to present to the Investor Forum and two

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companies, Aditlast and Sydney company Booking Angel, gained top 100 ratings from the event. "Essentially they choose the top 100 innovators from around the world," Kaye says. "All the investors are looking for inventions from Australia. They know that they can get great innovation cheap."

But Kaye says that Australian companies looking to break into the US market need a lot of coaching. He points out that Australians tend to undersell themselves while Americans have no problem in singing their own praises.

To ensure their voices were heard, Kaye and his US team led the eight Australian companies through a rigorous program of presentation development. The companies had to test their presentations out on Austrade representatives and selected US entrepreneurs and academics, all of whom then helped to refine and develop the pitches.

Tutone says it was a tough program but that it was necessary and paid off in the end. "We had to get the pitch right because in the US they see things somewhat differently. We have a tall poppy system here; we don't talk it up. Over there it is completely different - they want you to promote yourself.

"We won a top 100 spot and got an opportunity to present to the Silicon Valley VCs. We have had so much reaction from that process."

Tutone says she has signed non-disclosure agreements with Microsoft.

Before leaving for the US, Tutone says that seed capital of about \$500,000 was sourced, presenting her with the company's big breakthrough. She said that

there have been approaches from angel investors but her aim is to

stay independent, at least for the moment.

Single-parent Tutone says that the personal financial costs have been huge. "I don't want to add it all up because it would scare me." But her experience has made her recognise the need for businesses in Australia to support the community and she has established a prototype for a new business model called community-conscious companies (CCC).

Tutone says she has handed over a percentage of the company to three charities, Child Friendly Australia, TLC for Kids and White Lion. And she hopes the development of CCC will establish a

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benchmark for business to provide a social conscience by supporting the community. "The fact is that it doesn't take a lot to give a lot," she says.

Dean McEvoy, founder of Booking Angel, which provides software to give instant confirmation of online bookings and reservations, was the second Australian entrepreneur selected in the Always on Top 100.

"We decided it would be good to go over and Ivan Kaye suggested that we present and enter the competition, which was part of the show. We were really happy to get into the top 100," McEvoy says. "There are some very big differences between the Australian and the US market: the biggest one is that an Australian investor really has to crunch the numbers because they usually have to get their funds out of institutions. "In the US, they want to hear the big, blue-sky story."

McEvoy says BSI arranged for a professor from Harvard Business School to review the Booking Angel presentation and to help refine it.

Since winning a top 100 spot, McEvoy says that he has now signed up a big US website, Restaurant.com, and has some other "warm" leads for other booking sites. He has also established an office in Los Angeles and appointed a US vice-president there.

The event was a vital part in the evolution of Booking Angel, according to McEvoy, as all companies involved in Web 2.0 have to think globally from the very start. He says that knowing how to get in touch with venture capital companies and investors is the key and admits he tried to do it on his own some years ago. "Not being aware of the VC markets, I thought I would easily get the money. But it took a long time, a year and a bit to do it. If only the penny had dropped earlier.

"I have a bit of advice. If a lot of people are telling you that you are on to a good idea, but you can't get traction here, then go over there [to the US] because you will get support."

Another company that went on the US presentation tour was FreedomTel, which has developed a peer-to-peer social networking product called Glynx. Founder Malcolm Allen says as the product has global applications, it was important to access global corporate markets. The tour paid dividends in that he was able to present to several hundred Silicon Valley investors and business people at a lunch organised by BSI.

"I sat next to a guy and told him about the business. He said, 'Look, I talk to a business like yours every week.' He was not talking about the product, but that there were companies of our size looking for and

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getting capital all the time. In Australia that is not happening," Allen says.

"That guy was able - off the top of his head - to say what was available because the market is so much deeper. If you think you have a world-beating software idea then you have to go where world-beating software ideas are - Silicon Valley.

How to get started as an entrepreneur

1. Network, network, network.
2. Think of every customer as a partner and every business as a mutually beneficial relationship.
3. Avoid being backed into corners or backing others into corners.
4. Innovation is the lifeblood of entrepreneurs but make sure your backroom systems (accounting, marketing, sales, human resources) are strong. Anticipate your obstacles.
5. When starting a business, the only certainty is uncertainty. Use all the resources at your disposal to prepare for it.
6. Your passion won't necessarily be felt by all, so handle it.
7. Secure enough capital to get you through the unprofitable growth period. Entrepreneurs who are too optimistic at the outset can run out of money early on and watch their empires crumble.
8. Know your market.
9. Getting the company started is only the first of many tests. The successful entrepreneur is always looking forward and planning for what is next. Plan each month for something new to tell your investors.
10. Keep overheads low during the growth period. Minimal overhead is sure to impress investors down the road.
11. Cash flow, cash flow, cash flow.
12. Hire people on your real needs - not your projected needs.

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A small agile company can best respond to the ever changing marketplace.

Business practices:

* When dealing with United States business people, the use of Australian slang should be avoided as it may lead to confusion and misunderstanding. Ensure you use American spelling on materials targeted at the American market, for example "color", not "colour".

* US business people are generally quite sensitive to dress standards, so it is wise to err on the conservative side. A business suit is appropriate for meetings and most trade shows.

* Academic credentials are not necessary on business cards. Americans will be more impressed with your understanding of the market, your product and their company. Phone and fax numbers on business cards should have the international country code dialling details.

* Face-to-face business meetings are an important element of doing business in the US.

Other suggestions for achieving successful results:

* Plan appointments at least a month to six weeks in advance, or as soon as you know your travel details.

* Voice mail is used by US companies as a filtering device. Messages are often never returned.

* Confirm appointments the day before and never arrive at an office unannounced.

* US business people will rarely leave their office to meet you, so go to their office or meet at a venue of their choice.

* Ensure that all necessary information is readily available, including pricing (cost, insurance, freight), delivery, production capabilities and trading terms.

* Remember that the first price is just the starting point for negotiating.

* Involve a lawyer to check any contract.

* Make sure you clarify what you understand to have taken place at a meeting because Americans are

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generally courteous and positive in listening to your presentation, which can give a false impression of interest (or commitment) on their part.

* Conclude the meeting with the understanding that you will follow-up - don't rely on the US businessperson to make the next move.

* Fast and comprehensive follow-up is essential. Remember to recap company details and when the previous meeting took place as the buyer may meet several hundred sellers a month.

* Promised delivery dates and production quantities must be honoured.

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