



ANGEL NEWS AUSTRALIA

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One Year On ...

A Letter From the Editor

As I sat down to edit this issue I realised that we started this newsletter just 12 months ago. Our purpose was to provide regular communications to our members and supporters about all matters Angel. We have presented stories on Angel deals, reported on policy initiatives, covered new Angel groups, shared our participation in the international Angel community and had the pleasure of reporting on the AAAI conference, Summits and events.

The AAAI is very pleased with the acceptance and recognition we have received for Angels from the wider community. We are working hard to make sure we all continue to deserve that trust.

At a recent meeting with senior folk from government and business I was asked to explain the philosophy of the strategic value exit. The first comment after my explanation was, "*More brain drain!*" I am the first to support Australia developing and retaining the skills we need to survive and thrive as a nation but, is that what's happening here?

Venturous Australia, the Cutler report from the Review of the National Innovation System, should have disabused anybody of the deluded notion that Australia ranks high in the innovation stakes. However, we can change that and do so more easily than our larger cousins. The Federal Government has recognised that opportunity and is trying to put in place programs that will foster an innovation infrastructure, a culture and

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systems as vital as is the money to invest.

I see the opportunity for Australia to play from its strengths and develop a truly 21st century industry, an industry of innovation.

Australians do have a cultural benefit in our can-do attitude; initiative combined with the smell of an oily rag gets a lot done here - a lot more than our foreign competitors achieve with the same resources. With some capital, experience and, yes, more initiative those early businesses can be nurtured and sold for high multiple returns.

Imagine, we have been talking about a Smart Australia since the 80's, what if an Innovative Australia made us one of the primary sources of new business value in the world?

Is that a 'brain drain', or is it a sustainable, renewable strategy for national success?

Thank You, The Editor

Don't Miss Out!! Post-Investment Workshop

August 6th, 8am-4pm, Sydney

For Sydney-based Angel investors and anyone interested in learning to be effective as an angel investor and how angel investors add value to the companies in which they invest.

See page 2 for more details.



Sydney Angels

This event is supported by



Department of State and
Regional Development

An Australian Government Initiative

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AAAI Partnering with AusIndustry/COMET

In Sydney (see below) and on the Gold Coast in August, in Melbourne in October the AAAI and local angel groups will partner with the AusIndustry COMET program to deliver one day events combining a half-day Angel education workshop with a half-day of practical skills application with real companies.

The AAAI will provide a certified instructor to deliver the Power of Angel Investing workshop. Angel groups (Sydney Angels, Gold Coast Angels, Melbourne Angels) are hosting their local events and providing the logistics and organisation for those events. These workshops are ideal opportunities for those new to angel investing, or considering angel investing. Angel groups find these workshops very effective raising skill levels in the group to a common standard and developing group cohesion through the shared learning experience.

The AAAI believes strongly that Angel investor education is fundamental to developing the widely held common understanding and level of skills required to foster more, more successful outcomes for Angel investors. As with the groups, these workshops are an important tool for the AAAI in building a cohesive national community of angel investors that is accessible to and beneficial for all angel investors.

AAAI Policy Report

Our discussions with Federal and State governments continue on a number of fronts.

While there is much yet to be achieved we could not have got this far without our sponsors and supporters.

Our biggest supporters in these last two years have been the State and Territory governments of the ACT, Queensland, South Australia and Tasmania. The NSW government is an active supporter of the Sydney Angels while the South Australian government supports BioAngels and drove the formation of SA Angels. The Queensland government continues to foster the growth of the angel community, assisting in the formation of new groups and integrating the angel community into the Queensland Venture Pipeline system.

On July 22nd the AAAI participated in Minister Carr's VC Industry Stakeholders Roundtable in Canberra. This is the second of the Minister's VC Roundtables, the AAAI has been invited to both and was again represented by Deputy Chairman, Jordan Green (for those who don't know, in a prior life Jordan co-founded and successfully exited a VC fund in Melbourne). It was a challenging discussion as the VC fund managers confront a world bereft of institutional investors by the Global Financial Crisis; a drought likely to last at least a couple of years according to the institutional investors.

The VC industry in Australia was largely founded on government money and has been generously supported by governments ever since. Making the VC model work in our small, isolated market remains a challenge but, there is a dedicated core of VC fund managers who want to meet that challenge. With a number of VC funds reaching maturity in the next 18-24 months let's look forward to some good news from and for the VC community.

"Power of Angel Investing" Post-Investment Workshop

- Where: Sydney CBD (NSW Dept of State & Regional Development, Martin Place function rooms)
 When: Thursday August 6th, 8am-12.30pm, lunch, 1.30-5.00pm
 Who should attend: Sydney-based angel investors and anyone interested in learning how to be effective as an angel investor and how angel investors add value to the companies in which they invest.
 Price: \$250 (includes training course book and morning tea, lunch and afternoon tea)

The pre-lunch session of this innovative two part event will be one of the renowned **Power of Angel Investing** training modules, the "Post-Investment Workshop". This will cover how angel investors can add value to their investments, work with entrepreneurs, manage risks and ultimately, realise a return. The session will be led by an experienced angel investor and accredited Power of Angel Investing facilitator. The post-lunch session through to afternoon tea will be a showcase of innovative early-stage companies in the AusIndustry **COMET** (Commercialising Emerging Technology) program. Some of these companies will be seeking angel investors, others may already have them. All will have had the benefit of professional business mentoring and advice paid for by COMET to help them get investment-ready and commercialise their innovations. The day will finish with afternoon tea and generous time for networking.

This event is being co-ordinated for AAAI by local angel investment group **Sydney Angels** [www.sydneyangels.net.au]. AAAI gratefully acknowledges the support provided by event sponsors AusIndustry and the NSW State Government Department of State & Regional Development.

More information and on-line registration facilities are available on the AAAI website [www.aaai.net.au/news-and-events]. **Places are limited, so please register early.**

the POWER of
angel
 Investing

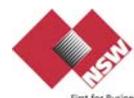


This event is supported by



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Department of State and
 Regional Development

Would you join an Australian Life Science Angel Network?

Angel groups in the USA and Canada list biotechnology and medical devices among their 6 most favoured areas for investment with about 65% of all groups giving a preference to both areas. However, individual USA angels who do not operate through formal groups are reluctant to invest in life science companies. To date, there have not been any Australian studies that identify industry preferences for angel investment, although information collected by AAAI suggest that angels here are interested in life sciences companies but, only rarely make investments in them. The reason for this reluctance may lie in the scientific complexity of the key research portfolio of such companies, which is made even worse because their intellectual property position (freedom to operate) is difficult to evaluate. Yet IP is critical, successful clinical trials are essential for regulatory approval and the cost of bringing products to market means that the only market worth pursuing is a worldwide one.

On a positive note, angels know of the outstanding performance achieved by [CSL](#), [Resmed](#) and [Cochlear](#), with all of them ranking first or second for worldwide sales in their respective industry sectors. Accordingly, investors would not want to miss the opportunity to invest in the next Australian life sciences company that becomes an international success.

A few specialised angel groups that focus on life sciences have been established to bring together potential investors who have expertise in different areas – such as experimental research, quality assurance, regulatory affairs, patents, clinical trials management, international business development and, of course, the expertise for developing a successful company that are common to all early-stage companies – so that together they can evaluate whether an investment is worthwhile, agree on an appropriate valuation and, if an investment is made, provide mentoring through to a hopefully successful exit.

A useful model for an angel group that specialises in life science companies is [Life Science Angels](#), based in Palo Alto, California. LSA has about 100 members and largely confines its investment activities to the Bay Area. LSA members have made 30 investments totalling USD26.5M since 2005. [BioAngels](#) in Adelaide is the only Australian angel group focused on investments in life science companies. It has 18 members who have invested nearly \$2M in 8 companies over the past 3 years, an amount comparable on a per-member, or a population basis, to the Californian group. BioAngels investments have attracted about \$6M in co-investments from other individuals, commercialisation funds, or VC funds in the same rounds. BioAngels operates in a highly structured manner that is similar to LSA.

A weakness of BioAngels is that the small number of members necessarily places a heavy workload on them during the evaluation/due diligence processes, as well as on the Executive Officer. Moreover, the range of bioscience-relevant investment expertise is less than

available in a large group such as LSA. For these reasons and to extend life science angel investments to all Australian cities, the Queensland Government through Stewart Gow proposed that an Australian Life Sciences Angel Network (ALSAN) be established; this plan has been developed further by John Ballard and Corinna Steeb at BioAngels with valuable input from Allan May, a founder of LSA, and from Andrew Hamilton, CEO of [ICE Angels](#) in New Zealand.

After consideration of several options, it is now proposed to form an Australia-wide network of angels who are interested in life science investments (ALSAN) that will operate under a consistent organisational structure developed from the BioAngels/LSA format and with nodes in all the major cities. It is expected that most members will also belong to an existing, or newly-formed angel group in their city or region. ALSAN will develop its own Angelsoft website and introduce processes for deal sourcing, pitching, due diligence, investing and mentoring that are suitable for members who cannot meet face-to-face on a regular basis. Web conferencing will be used for pitches and follow-up discussions. It is likely that a node will take the lead role in the investment process for companies in its city but, it is important that all deals will be available to all members. As coordination of 100 or so angels in different places and perhaps 200 or more deal opportunities each year is a complex task, ALSAN will need to employ an experienced Executive Officer and implement appropriate legal arrangements. Network members would all be invited to attend node meetings in other cities and hopefully would meet yearly at the AAAI conference.

Until a critical mass of angels has been formed in each city and funding to support ALSAN operations has been sourced from Governments, sponsors and membership fees, BioAngels has offered to place all potential deals on its website (www.bioangels.org) and to allow ALSAN members full access to the deal room as approved visitors. It is recommended that ALSAN members in cities that have not yet established a life sciences investor node (one already exists in Brisbane as a sub-group of Brisbane Angels) try to attend some meetings each year at BioAngels so that they become familiar with operational processes and will be better placed to introduce activities into their cities. BioAngels meets in Adelaide in the evening of the second Wednesday of each month.

If you are interested in becoming an ALSAN member, or want further information, please contact either John Ballard (john.ballard@bioangels.org) or Corinna Steeb (c.steeb@bioangels.org). A questionnaire has been developed and can be provided that allows you to indicate the areas in life sciences that match your interests, to list your expertise and to show how you might participate in the ALSAN.



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WA ANGELS

Coming in 2010, contact the editor to be referred to the founders.

Events**AUSTRALIA****AAAI Workshops**

1 Day Angel Education Workshop

Hosted by *Sydney Angels*

August 6th, 8am-4pm, Sydney

Hosted by *Brisbane Angels, Gold Coast Angels, Darling Downs Angels, & Sunshine Coast Angels*

August 25th, Bretts Wharf, Gold Coast

October, Melbourne

Brisbane Angels

August 27th, Working Lunch @ iLab

BioAngels Meeting

August 12th, 5:30-8pm, Bionomics Ltd, Thebarton

Capital Angels

21st October - Capital Angels Dinner

2nd Dec – End Of Year Cocktail Party

Melbourne Angels

August 12th 4:15-6:15pm, Deal

Meeting ICN, Melbourne

August 28th, 12-2pm, Lunch, Fiorini's, Toorak

CONFERENCES**CleanTech Investment & Innovation Conference**

* 10% off 

24th-25th September 2009

Rendezvous Hotel, Melbourne

AAAI National Angel Conference

February 17th-19th 2010 Glenelg, SA

Cleantech Investment and Innovation Conference

Clean technologies are emerging as the enablers of the modern industrial society, the next and necessary wave of venture innovation in a natural resource constrained world. While the environmental benefits of clean technologies can be significant, the primary drivers for investments in them are the commercial advantages offered by the technologies to underpin their successful commercialisation and quality returns for investors.

The introduction of the **Carbon Pollution Reduction Scheme (CPRS)**, as outlined in the Federal Government White Paper, and the resulting demand that will be placed on emitters to find innovative clean technology solutions will create many opportunities for investors and, particularly, for the VC sector.

In 2008, clean technology venture investments in North America, Europe, China and India totalled a record USD8.4 billion. The preliminary 2008 total represents the seventh consecutive year of growth in venture investing, widely recognised as a leading indicator of overall investment patterns.

The **2009 marcus evans Cleantech Investment & Innovation Conference** has been specially tailored to address the key challenges and opportunities Australian Cleantech sector faces in these difficult times. The conference aims to provide delegates with the latest insights and best practices by gathering policy makers, Cleantech investors and innovators together.

Key topics

- Let's not waste the Crisis - developing the next wave of venture innovation in a world of Climate Crisis and Financial Crisis
- Examining the impact of credit crunch on capital funding for the development of Cleantech sector
- Bridging the funding gap for the commercialisation of new technologies
- Renewable Energy Certificate Futures and Options – enhancing the transparency and liquidity of the existing over-the-counter markets and supporting the Renewable Energy Target
- Understanding the two strategic technology priorities - Carbon Capture and Storage Flagship programme and Solar Flagships programme
- * All **AAAI members** are entitled to a **10% discount**. For details please contact Ms. Esther Wong and quote EN-AAAI during registration.

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