



Press Release

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NZ angels on a par with USA

Angel investing in New Zealand is now on a similar scale to that of Boston – one of the United States’ prime angel investing hubs – according to noted US angel investor Bill Payne.

Mr Payne, one of the United States’ foremost angel investors, has concluded a five month stay in New Zealand as the BNZ University of Auckland Business School Entrepreneur In Residence advising investors, entrepreneurs and students.

Mr Payne prepared a report for the New Zealand Venture Investment Fund providing reflections based on his observations of New Zealand entrepreneurs and angel groups during his visit. According to his report:

- Angel investment in New Zealand is at about the same level as that in the Boston metropolitan area – which is regarded as second only to California in scale of angel investment activity.
- New Zealand entrepreneurs need to hone their products and services in the local market before attempting to sell offshore. Once the product is robust and market traction is clear, then think about adding resources to export.
- The growth of business incubators has helped the growth of angel groups, but there is a danger that those incubator -linked angel groups overly rely on the administrative support offered by incubators.

The Payne report also looked at New Zealand’s venture capital sector and how it links to investing into angel-backed companies. He encourages a focus on \$60 million to \$80 million venture capital funds which target making investments into young companies of around \$1.5 million to \$4 million to close the ‘capital gap’ which exists between angel investment and larger venture capital deals.

“Kiwi companies that require substantially more than \$5 million would seek sales and marketing traction in US or European markets with money raised in New Zealand, and then raise additional capital in those larger VC markets, much as they do today.”

Mr Payne also suggests some small tax changes to encourage investment into early stage companies, but commented that the New Zealand government is much more engaged in start-up companies than is its US counterpart.

NZVIF chief executive Franceska Banga welcomed the report saying it was reassuring to hear from a United States expert that the recent growth of angel investing in New Zealand was proceeding in the right direction.

“The report contains useful insights which we will consider carefully. Bill Payne’s visit was a great success and many entrepreneurs and investors will benefit greatly from the insights and guidance he has provided.”

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