Hello there. Below is my submission to the Venture Capital Fund Policy Statement.

My professional profile is here, but the reader should note that:
1) I am an investor in more than 20 early stage tech companies (of the nature of those described by the Policy Statement).
2) I am a Director of nine companies of the same type.
3) I have successfully exited such a company (M-Com sold to Fiserv in 2011), having worked in the business for 7 years.
4) I work for NZTE as a Beachheads Advisor helping such companies grow faster on part time basis.
5) I am an investor and Operating Partner at Movac, New Zealand's largest investor in such companies.
6) I moderate a community of such companies under the banner of Kiss My SaaS, alongside similar forums to help build an eco-system.
7) I am a private New Zealand citizen, resident and taxpayer.

As such, I probably have the broadest possible experience and interests in the sector. (sounds like a silly think to claim, but it is likely true)

My key suggestions, considerations and feedback relate to a few primary points.

A - I think an effort should be made to define a high-growth firm, even if there are exceptions. Furthermore, I believe the Government should be narrower in its focus of the policy statements. For example, it is likely that of the 100 fastest growing 'tech' companies, over 90% are B2B cloud software companies with industry / vertical niches. Any policy approach should acknowledge this and be open about it - B2B SaaS niches are the future of the tech sector and should be prioritised as such (it is no coincidence that Xero, Vista, Seequent, and PushPay all fit this delineation). Furthermore, export focused (e.g. most of the revenue / growth should be from international markets) should be a hard criterion.

B - Monetary bands are NOT the most useful way to think about the allocation of this funding - sequencing is. In my opinion to ensure that the fund allocates capital as anticipated to bridge capital gaps, its distribution should be mandated as 'first money'. In other words, the cash it invests should be conditional on it being the first institutional money to participate in funding a growth-business (and follow ons as needed). This would create an incentive to bring forward the capital when it is needed - ahead of scaling up these companies. Under the current definitions, it is likely that allocated capital would end up in lower risk pooled investments (typical Series A - $5m+) for which there is no shortage of capital into New Zealand, rather than where is it is currently needed.

C - An explicit function of the policy should be to showcase / highlight the financial performance of such investments (i.e. to make commercial property investments or farming ones look like a poor capital options). As such, the Fund of Funds and the Funds individually should be committed to publicly promoting their financial returns and outcomes, via some reporting and PR mechanism in the public domain (ideally, some industry events or similar). High-growth investments should be universally seen as the best way to augment financial returns.

For completeness, I am supportive of the rest of the strategy and document.

Please confirm receipt of the above.

And do let me know if you would like my inputs and participation in further discussions as I cannot make the forums next week.

Cheers to you,

Serge

Serge van Dam
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