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Forum sheds light on access to funding

KAREN SPILLER
Telegraph Staff

NASHUA - If you're an entrepreneur looking to access venture capital funds, Michael Gurau says you shouldn't give up if your first application is turned down. "Just because you get a no, doesn't mean it's no forever," said Gurau, president of CEI Community Ventures, Inc., a Portland, Maine, venture capital firm.

Gurau led an educational seminar Monday at Daniel Webster College hosted by the City of Nashua Office of Economic Development. The program, dubbed "Financing Growth," brought in about 40 people, many of whom were entrepreneurs looking to learn more about sources of capital.

Panelists also included Jesse Devitte of Borealis Ventures, John Hamilton of New Hampshire Community Loan Fund's "Vested For Growth," Hollis McGuire of Northeast Angels and Mary Collins of the New Hampshire Small Business Development Center.

All panelists urged entrepreneurs to research venture capital firms before doing anything because, they said, chemistry is important.

"It's very much like a marriage," Gurau said.

Securing funding is not easy. In the Boston area, odds are about 1 in 100. For instance, out of 100 deals, firms might spend time looking at 10 applications and choose one, according to Gurau. In New Hampshire, Maine and Vermont, the odds are a bit better, as entrepreneurs have a one-in-ten chance, Gurau said.

Hamilton, who leads the Vested for Growth program, pointed to the success of Nashua-based SyAM Software Inc., which makes software that monitors the operation of a computer network's software and hardware, quickly alerting information technology staff of problems.

Vested For Growth invested \$750,000 in SyAM, which matched the attributes the fund looks for in a company. "They were hiring a lot of students in their final year here at Daniel Webster College," Hamilton said.

"Our goal is to create jobs and companies that stay in New Hampshire."

Further north, Vested For Growth provided subordinate bank financing for Wild Things Inc., a Conway-based outdoor clothing company. Wild Things recently received a \$5 million contract from the federal government to provide extreme cold weather gear to the U.S. troops, but didn't have access to capital from their bank partner, Hamilton said.

A good portion of the two-hour long seminar focused on angel financing. McGuire, founder of Northeast Angels, an early-stage investment group that works with local entrepreneurs and businesses, led that portion of the talk.

Angel investors, or wealthy, private people whom almost always remain anonymous, make investments that average \$400,000, but can range from \$25,000 to \$1.5 million, according to McGuire. Last year, \$22 billion in angel investments were completed. In New Hampshire, however, the typical range of investment is a bit lower than \$400,000, McGuire said.

McGuire gave several tips for soliciting investments: Take your time on the application; go in with a goal; make sure one goal is to continue the conversation; and find out as much about the investors as they want to know about you, she said.

"Good businesses with good growth are good prospects for Northeast Angels," she said, adding information can be submitted on the company's Web site (www.neastangels.com).

"We absolutely are looking for opportunities."

Devitte, creator of a New Hampshire venture capital fund called the Borealis Fund, said his fund is about building big businesses. "We're trying to find the next Skillsoft and build that kind of company," he said.

Borealis focuses on companies in New Hampshire, Maine and part of Vermont in sectors including information technology, life sciences, communications, physical sciences and other high growth businesses, he said.

Collins, of the Small Business Development Center in New Hampshire, noted that \$2.3 billion in federal money is set aside for research and development purposes for small businesses.

In New Hampshire, small businesses are considered ones with as many as 500 employees, she said.

"It's really important," Hamilton added, "that you stay true to yourself in the process."

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