

BRW's picks of the year: five venture capital power plays

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Slowly but surely, more buyers are emerging for Aussie blue sky.

It was an action-packed year for the early-stage finance scene - here are five trends that stood out for *BRW*.

VC: it still might as well stand for Valley Capital

Australian start-ups continue to get the love from Silicon Valley venture capitalists they are too often missing out on here. Nikki Durkin raising \$1.3 million on a \$10 million valuation after graduating from the prestigious Y Combinator accelerator program out of Silicon Valley comes to mind. Data scientist crowdsourcer Kaggle, founded by Aussie Anthony Goldbloom in 2010, raised \$US11.25 million from American heavyweights like PayPal's co-founder, and struck a powerful partnership with Deloitte Australia (http://www.brw.com.au/p/tech-gadgets/deloitte_australia_partners_analytics_rXz3tc1c11zGUI5hXMstlL).

But the biggest deal that comes to our mind is the \$40 million invested in BigCommerce (http://www.brw.com.au/p/entrepreneurs/start_revolution_bigcommerce_gets_NQq7chT7lzHbtwiIPj3DUJ), the Sydney-based providers of e-tailing engines - the largest ever play for US venture capital stalwarts Revolution Growth.

Granted, more Australian start-ups are finding ways to grow up here (http://www.brw.com.au/p/business/their_young_rich_fortunes_tech_start_RAyPvgQyioMVnuJPr68UjJ), but for now the real power player remains over the Pacific Ocean.

An accelerator here, an incubator there

Note we said "for now". 2013 has seen an unprecedented number of start-up accelerators, incubators and co-working spaces either launch or hit their stride. Everyone from ANZ (http://www.brw.com.au/p/entrepreneurs/downloads_accelerator_graduate_weeks_H5TbnYFDVdQHPKgSlcBuhM) to Telstra

(http://www.brw.com.au/p/entrepreneurs/more_money_for_start_ups_as_telstra_KR6wV9mYlcllkytxx813J) has gotten in on the act - importantly, part of the service these entities offer is education of potential investors, which is what we need if investing in a portfolio of promising start-ups is to become as commonplace as buying a couple of investment properties.

Start-ups charge into cabs

It was a good year to have a taxi booking and payment app in need of venture capital. GoCatch and Ingogo raised over \$10 million between them

(http://www.brw.com.au/p/entrepreneurs/taxi_app_ingogo_scores_equity_new_x2oLEIGxMEPbWZlpONoLFK) as investors sniffed Cabcharge's decades-long monopoly was in decline, with surcharge-slashing reforms in Victoria thought to be just the first, ahem, cab off the rank. There's the small matter of Uber being in town, too - the app for upmarket taxis was valued at \$US3.5 billion this year after a \$US258 million investment from Google, and it's been marketing here hard with all sorts of loss-leading antics

(http://www.brw.com.au/p/entrepreneurs/hire_cars_taxis_with_messina_ice_oAHZ4JbsITH16ywkyItML).

In with the crowdsourcing crowd

It was a year where 'crowdsourcing' got mentioned almost as much as 'crowdfunding'. Australian start-up DesignCrowd told us in July that it had clocked \$10 million of projects through its site

(http://www.brw.com.au/p/entrepreneurs/crowdsourced_design_growing_full_OoEIAAcOfReIg57LSnaARN) - much to the chagrin of some graphic designers who claims the site besieges them with tyre-kickers. Nevertheless DesignCrowd's momentum saw Starfish Ventures invest \$3 million just a month ago

(http://www.brw.com.au/p/entrepreneurs/designcrowd_raises_additional_million_vG3qSE46lRQ3NkmRU5MmwO)

Meanwhile Bugcrowd (<https://bugcrowd.com/>), backed by Paul Bassat's Square Peg Capital, recently announced its swarm of hackers-turned-security testers had surpassed 5000.

Biotech boat lifted in buoyant markets

Australia's vibrant biotechnology sector struggles with the 'gap' in the funding market for companies that need more than \$2 million, but less than \$10 million. Thankfully, as term deposits entered into during the GFC matured, retail investors felt confident enough to send some money the scientists' way. CSIRO spin-off Benitec

(http://www.brw.com.au/p/entrepreneurs/csiro_spin_year_benitec_raises_patent_O7SOsFGwGIhoMeJoHKDTwI), with its hepatitis C treatment, and Qbiotics with its tumour-busting drug derived from materials a sister company discovered in the Queensland rainforest

(http://www.brw.com.au/p/investing/devil_investments_the_detail_how_Otof8CvtKFOPm5GMIxcePK), raised \$7 million and \$6.3 million respectively thanks to this trend.

We know, we know, we didn't cover everything that happened in the Aussie start-up/venture capital scene this year. So why not tell us your favourite 'power play' of 2013 - drop me a line at m.bailey@fairfaxmedia.com.au or comment on Facebook for the world to see!