

Venture capitalists back in the game

Mark Fenton-Jones

Venture capitalists seem to be warming to local technology start-ups.

In a market in which few venture capital deals are being completed, Innovation Capital invested a \$1.5 million first funding tranche into 1300 RECORD to fund the establishment of new distribution channels to market the growing cloud communications company.

1300 RECORD gives business the ability to record important phone calls – incoming and outgoing – from any phone, anywhere in Australia, landline, mobile or VOIP.

Innovation Capital appointed former Telstra Business executive director Yasmin Dugan as chief executive of the Melbourne company.

“Our cloud-based products enable small business to enjoy the advantages of professional call recording without the capital and complexity of ‘call centre-type’ solutions,” Ms Dugan said.

Entrepreneur James Eling has also noticed a change in the attitude of venture capitalists this year. Mr Eling, who is the managing director at Marketing4Restaurants, first approached venture capitalists two years ago, unsuccessfully seeking funds for his GPS Logbooks app that allowed light aircraft flyers to track the speed and altitude of the plane in 3D in real time.

He said venture capitalists, from wanting a high share of equity for not a lot of money, are now offering to pay more money for a lower share of the business.



James Eling of Marketing4Restaurants says VCs are now offering more money for a smaller business share. Photo: LUIS ASCU

Marketing4Restaurants funded for the first 12 months for the Australian stage of the business, but following initial discussions with three local venture capitalists expects to pitch in February when the business is forecast to be cash flow positive and the patent application is finalised.

“We had planned to go to the US to pitch when we are ready, but we are starting to think that this may not be necessary, with the amount of interest that we have generated so far.”

Marketing4Restaurants’ e-market-

ing system produces low-cost websites for restaurants, cafes and take-aways, but includes a range of marketing tools.

“It was designed from day one as a global model,” Mr Eling said. Clients will pay a \$495 set-up fee and \$39.95 a month.

Designed to be up and running quickly, the system’s launch adds to growing competition in the hospitality industry.

Research house IBISWorld General Manager said cafes increased revenue

2.6 per cent a year compared with 0.9 per cent for the catering industry and 1.1 per cent for restaurants.

Meanwhile, Mr Eling has also appointed a marketing manager for Marketing4Restaurants, which has almost completed moving the infrastructure over to Microsoft’s Azure Cloud and added an international credit card transaction function.

“[It] means we can concentrate on marketing and adding on more customers, rather than the infrastructure,” Mr Eling said.