

# Artesian website to help start-ups get access to funds

**Mahesh Sharma**

As the government considers whether to introduce legislation allowing groups of punters to buy equity stakes in start-up companies, a local venture-capital firm will launch an equity-based crowdfunding website for high net-worth individuals to collectively invest in early-stage, high-risk ventures.

In February, Artesian Venture Partners will launch VentureCrowd, a marketplace for investors to buy stakes in early-stage companies sourced from 18 different partners, including Blackbird Ventures, start-up accelerator Startmate, and incubator BlueChilli. Artesian also manages the investment funds on behalf of some of its partners.

Artesian managing partner Jeremy Colless said that because of current regulations, only wholesale not retail, investors were easily able to participate in online equity-based crowdfunding. In this way the website was simply an extension of Artesian's existing venture capital business, he said.

While VentureCrowd screens the companies sourced from its partners, it is still a "high-risk, high-return" proposition. "More than 50 per cent of start-ups fail and the risk distribution of the asset class is asymmetrically skewed, with 90 per cent of returns coming from the top 10 per cent of start-ups," Mr Colless said.

"A limited capital allocation and a properly diversified early-stage securities portfolio are important strategies to mitigating the risk of loss to investors of invested capital,

and maximising the opportunity for gains."

In December, the Corporations and Markets Advisory Committee published the 39 submissions to the government's review of crowd-sourced equity funding, which is considering relaxing the Corporations Act to allow individuals, who aren't typical venture investors, to buy equity in a start-up or small company. For example, 1000 individuals could buy a \$1 share each in a company aiming to raise \$1000.

The review asks whether Australia should follow the lead of the US, Britain and Canada, and allow companies to sell equity to a large group of unqualified investors.

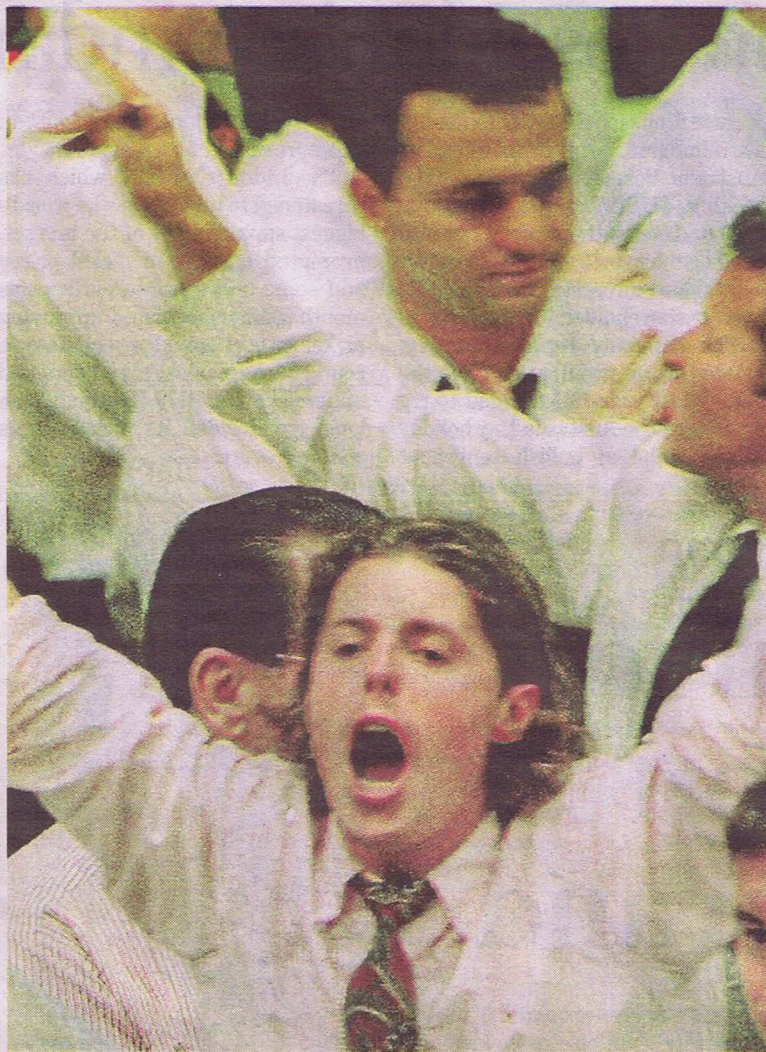
A crowdsourced equity funding regime could inject large amounts of capital into early-stage start-ups,

## 'When a scam occurs, confidence in the system is shaken.'

**Dr Marina Nehme, lawyer**

and was supported by most respondents, including the Australian Securities Exchange and Australian crowdfunding website Pozible, law firms and start-ups.

However, a few aren't buying the hype. Dr Marina Nehme, senior lecturer at the University of Western Sydney school of law, said deregulation would negatively affect the three key objectives of securities regulation: protecting investors; ensuring market fairness, efficiency and transparency; and reducing systematic risk.



A crowdsourced equity funding regime could inject large amounts of capital into early-stage start-ups. Photo: AP

She said it would increase fraud. "Certain crowdfunding platform providers have dismissed this risk by noting that the 'wisdom of the crowd' would help discover potential fraudulent projects," Dr Nehme wrote in her submission.

"As such, certain platform providers only check whether the entrepreneur behind the project has a profile on social media. No other check about the veracity of their claim is done. This would, of course, raise the risk of potential scams.

"When a scam occurs, confidence

in the system is shaken and regulators will be at the front of the firing line. Additionally, honest entrepreneurs will be negatively impacted."

Elaine Liew, a senior associate solicitor at HWL Ebsworth Lawyers, believes the risks to uninformed investors outweigh the benefits to start-ups. "It may be more suitable for such business projects to raise funds through non-financial product means until they grow to a sufficient commercial standing that it can raise funds [in] the more traditional way," she said.

## IT honours

Technologists were among those honoured with Australia Day accolades this year.

Australian Computer Society president Brenda Aynsley and past president Peter Murton were awarded Medals of the Order of Australia (OAM) in the general division on the 2014 Australia Day honours list. They were recognised for service to the information and communications technology sector.

Captain Michael James Rothwell, Royal Australian Navy, was appointed a member (AM) in the military division for exceptional performance as director ICT, while David Edward Banham, from the Department of Infrastructure and Transport, received a Public Service Medal (PSM) for IT-related services.

Petty Officer Mitch Ryan Atkins, RAN WA, was awarded a Conspicuous Service Medal (CSM) for developing the ANZAC class frigate platform training system.



Brenda Aynsley: ICT service.

## Offline

As the Apple Mac powers into its fourth decade, we take a look at products and technologies that have not been so lucky to survive. From Atari, to MS-DOS and the dot matrix printer, a reminder of innovations that faded into the annals of high-tech history.

[bit.ly/1brls2W](http://bit.ly/1brls2W)

## Car industry Leadership vacuum

# Police probe into death of Tata boss

**Siddharth Philip Suttinee Yuvejwattana**

Thai police are investigating the death of Tata Motors managing director Karl Slym, head of the car maker's Indian operations, who fell from the Shangri-La hotel, in Bangkok.

Police are awaiting forensic results, police superintendent Sinlert Sukhum said. A letter was found in Mr Slym's room, but authorities have not yet determined who wrote it or whether it is a suicide note, he said.

Mr Slym, 51, was in Bangkok for a board meeting. Minari Shah, a Tata spokeswoman, said she had no updates and no decision has been made about Mr Slym's replacement.

For India's biggest car maker by revenue, Mr Slym's death creates a leadership vacuum at a time when the country's passenger-vehicle industry is bracing for its first fiscal year of declines in more than a decade.

Mr Slym, who joined Tata Motors in 2012 after 17 years at General Motors, was in charge of the company's India business and

sought to increase sales of the sub-\$3000 Nano, once marketed as the world's cheapest car, by repositioning it as a second vehicle. Ralf Speth heads the bigger and more profitable Jaguar Land Rover operations, which Tata Motors bought from Ford in 2008 for more than \$US2 billion.

"Karl was beginning to make long-term changes at Tata Motors," said Vikas Sehgal, managing director for the automotive sector at Rothschild and Sons, in London. "His loss will be felt deeply by Tata Motors."

Mr Slym was in Bangkok with his wife, who has not been questioned because she is in shock, police said.

While Tata Motors was seeing a recovery in overall earnings - profit surged 71 per cent in the three months to September and analysts estimate net income doubled last quarter - they were driven by the Jaguar Land Rover operations.

Tata Motors' stand-alone operations, headed by Mr Slym, posted a loss during the latest fiscal half as products such as the Nano failed to attract customers.

In an interview last year, Mr



Karl Slym fell to his death from a balcony in Bangkok. Photo: Bloomberg

Slym said he was seeking to improve the egg-shaped Nano and that Tata Motors had overhauled its manufacturing to reduce problems after the cars roll off the assembly line.

Tata Motors is the automotive arm of the Tata Sons group, a business empire headed by Cyrus

Mistry that includes more than 100 companies in industries ranging from steel to call centres and chemicals.

"Karl was providing strong leadership at a challenging time for the Indian auto industry," Mr Mistry said.

The Society of Indian Auto-

mobile Manufacturers, which has predicted a drop in passenger vehicle sales this fiscal year, said the industry was still going through a rough patch as an economic slowdown reduces demand for cars and SUVs.

Mr Slym was born in Derby, England, and graduated in 1984 in production engineering at the city's university.

He started his career as a general manager at Toyota before moving to GM in 1995. He held various jobs with the US carmaker in Poland, Germany and Canada. Following his move to India, he was featured in GM's advertising campaign in 2008 to 2009.

Mr Slym oversaw the sale of a 50 per cent stake in GM India to China's SAIC Motor Corporation and announced the company's plans to enter the light commercial vehicle market in India.

Mr Slym was the second GM executive appointed managing director at Tata Motors. The company previously hired Carl-Peter Forster in 2010 from GM in Europe. Mr Forster quit after less than two years at the company.

Bloomberg