

投资风险企业时风险资金的投资决定因素

What do You Look for
When Investing in a Venture Business?

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Presentation to KOTRA Conference

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Seoul

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Agenda

- McLean Watson
- Our Vision
- Asia Strategy
- Investment Focus & Criteria

McLean Watson

- Top tier Canadian VC firm
 - Founded 1992
 - C\$160M under management
 - Toronto, Ottawa & Singapore
 - LPs – Canadian & Asian institutional, IBM, HNWs, MW
- Pathfinders: 1st & most international Canadian VC
- Entrepreneurial spirit

Team

- Knowledge
 - Software & hardware
- Experience
 - Operations - large companies & start ups
 - Investment – VC, investment banking, corporate M&A
- Contacts
 - Canada, U.S., Asia & Europe

Our Role

- We invest in small companies
- We help them grow into big companies.
- We help entrepreneurs realize their dreams.
- We share in the profits.

SkyWave



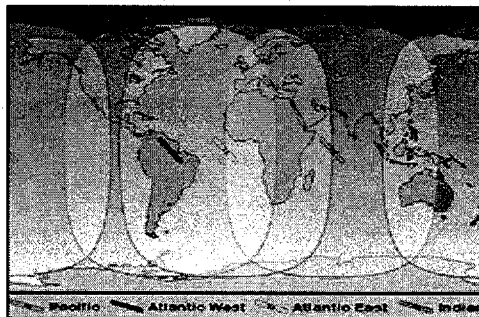
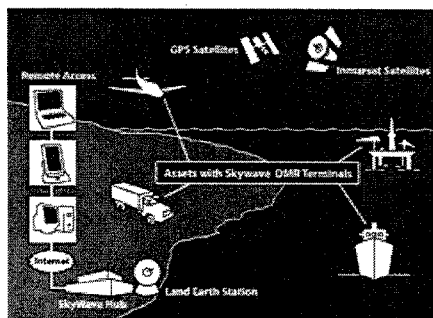
Central Intelligence Agency
Director of Central Intelligence



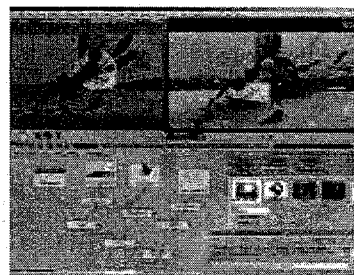
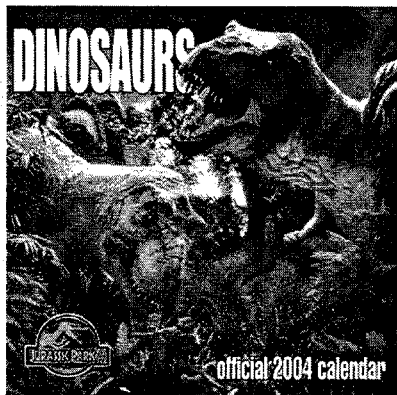


SkyWave

Asset Tracking via Satellite

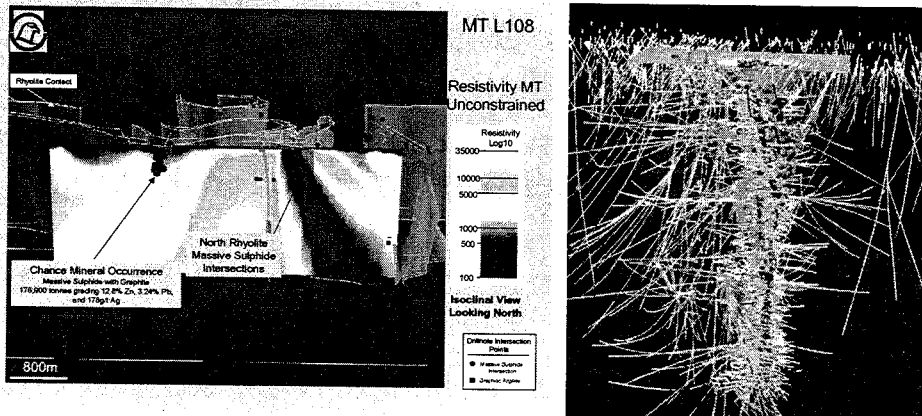


SOFTIMAGE

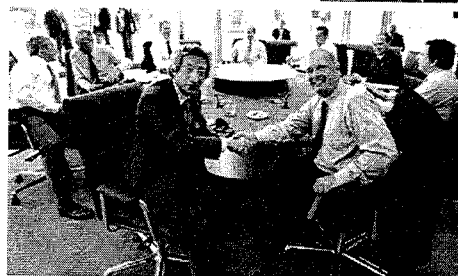




QUANTEC Seeing Underground



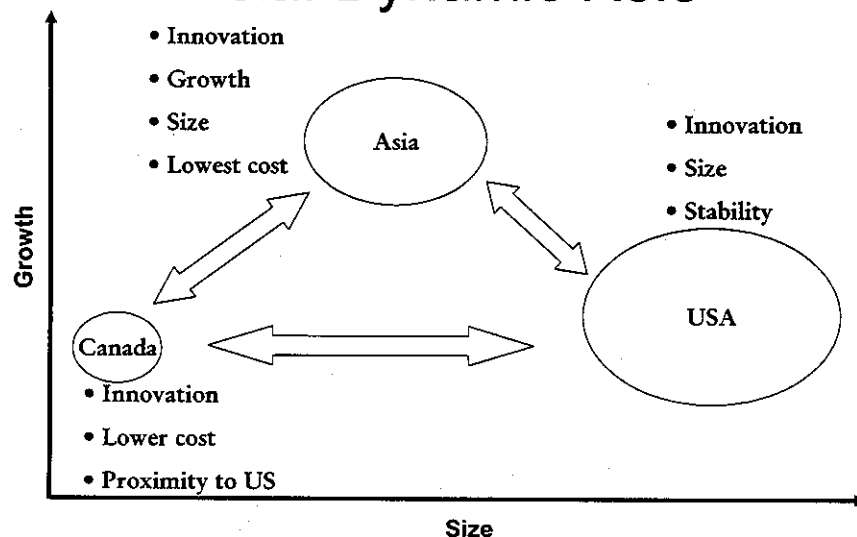
Canada – Ambassador of Global Cooperation



Our Vision

- Take Canadian expertise global
 - Canada's entrepreneurial VC
 - Canadian roots; Global mandate
 - Asia
 - U.S.
 - Exploit synergies/arbitrage between dynamic regions
 - Tier 1 Canadian partner for Tier 1 VC investors in RoW

Asia: Dynamic Role



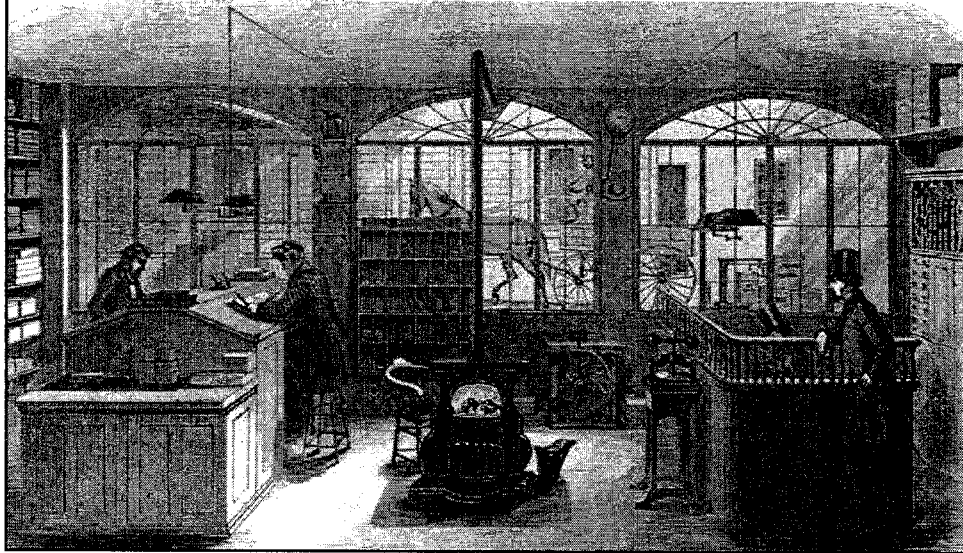
Examples of NA-Asia Synergies

- N. American companies
 - Outsourcing: low-cost Asian design & manufacturing
 - Growth markets in Asia
 - The China factor!
 - Wake up to aggressive Asian R&D leadership
- Asian companies
 - Penetrate North American markets
 - Leverage R&D
 - Canada is a good bridge between NA and Asia
- Both
 - Exits and public market arbitrage

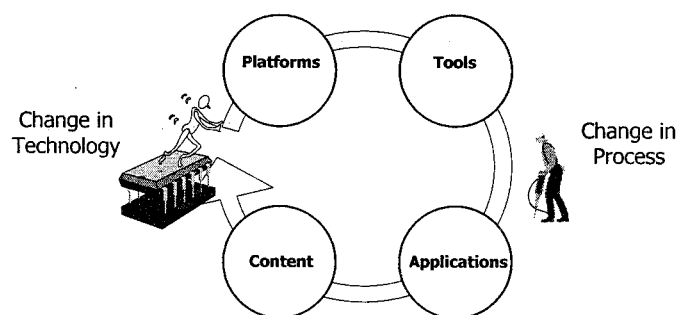
Investment Criteria

Market Potential	Technology
Management	Value

Old Office -What changed?



IT Segments

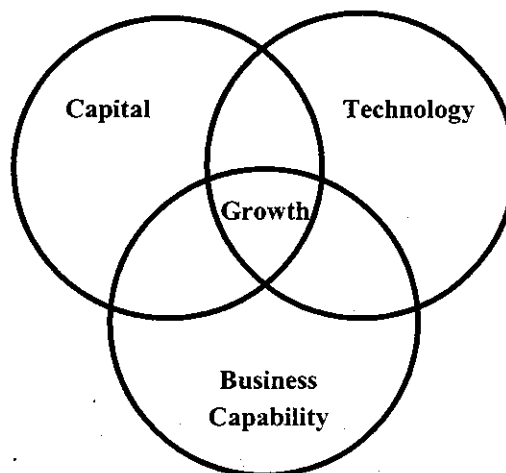


- Change drives opportunities in each segment
- They are related - timing is important

Change = Opportunity

- Change creates opportunities
- Inventors love IDEAS
- Venture Capitalists love OPPORTUNITIES

Our Job



Of Interest

- Enabling software technology - XML
- Security software
- Technology hardware
 - Telecom and enterprise
 - Components, subsystems & systems
 - Wireless technology
 - Photonics
 - Consumer electronics
- Small to mid-size SI's - telecom & datacom sector
- Unique expertise - information technology as applied to resource exploration (mining and oil and gas)

Would NOT Consider

- Sectors not of current interest
 - Real estate
 - Biotechnology
 - Environmental
 - Non-technology centric industries
- Other excluded situations
 - Public companies
 - Reorganizations/buyouts of technology from failed companies
 - Pure loans
 - Companies where there is an existing or potential conflict of interest with an existing portfolio company

Optimal Size & Status

- Product either completed or in production
- Growing and supportive customer base beyond first few customers
- Significant, growing market being addressed
- Unique and commercial technology
- Revenue on a run rate basis of \$1-\$3m per year minimum, but preference for larger run rate
- Experienced and hungry management team
- Local co-investment from top VC's

Key Points for Investment

- Most important factor is always the people at all levels (management, board and advisors) - experience, integrity, history of success, domain expertise
- Valuation driven - very sensitive to investment terms and valuation
- Potential for recurring revenue and profitability
- Not interested in pure science or pre-revenue companies
- Want to see companies that leverage unique expertise,
 - Clearly wireless and consumer electronics in Korea~!
- Companies will need to communicate effectively in English language
- We need to know that we can add value
- Transparency and clarity of financial and legal status and documentation

Influencing Factors

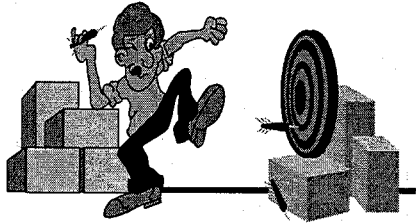
- One or more top local VC's who are very supportive
- One or more top local angels, or industry angels if not local, who are very supportive
- What exit are they considering (IPO, trade sale, other) and on what time frame

Initial Information

- Summary of business plan, including key bios
- Historical & projected financial performance, most importantly cash flow
- What makes you unique?
- We have a very simple online form at www.mcleanwatson.com



The Business



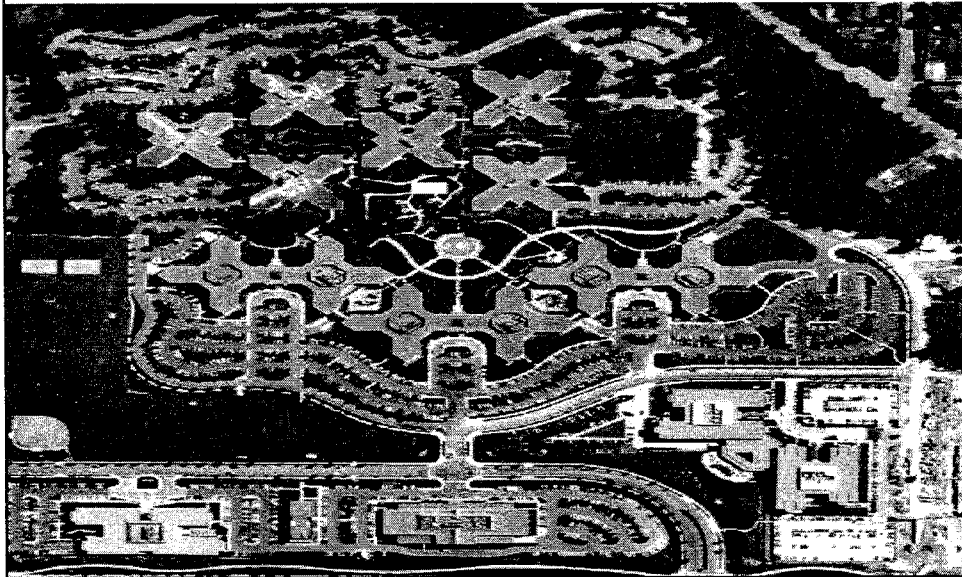
- Prospect400
- Analyze 60
- Invest 4
- Grow 4
- Invest ...\$1 - \$15M/co
- Own10% – 75%
- Board of Directors
- Hold shares 3 – 7 yrs
- Support winners, shut losers

Starting small – would you invest in these people?



California Freedom Corporation 1978

Microsoft HQ - Getting Huge



Think Big



**'I wanna be
Bill Gates'**

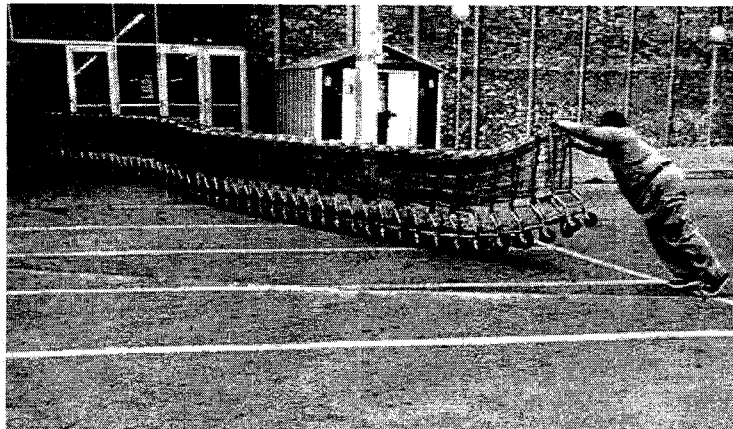
A V Dinesh, the world's
youngest Microsoft Certified
Systems Analysis Engineer,
has big plans

Think Really Big!



Some Failure is Inevitable

Not all great ideas work...



Ask Yourself – What If?



Have Guts

**There are only two forces
in the world, the sword
and the spirit. In the long
run the sword will always
be conquered by the spirit.**

- Napoleon Bonaparte

