Angels unveil $20m fund for early-stage enterprises

Seed fund among new initiatives by EDB-private tie-up

By CHEE NGAI

Entrepreneurs big on ideas but small on cash, struggling to survive on a wing and a prayer, may soon find their prayers answered by a top-flight entrepreneurial angel — Trudy Chua.

And like his heavenly counterpart, this world-angel makes it his mission to provide on those in need with aid, advice and guidance, but of the financial kind.

"What we do as business angels is to come in at the early stage when it's just a business plan and invest," says Mr Chua, who spent 25 years in the civil service and formerly managed industrial parks in Bintan, Batam and Keppel.

"We are usually in for the long term," he says. "Usually I want to take 16 per cent and see how so that I can help guide the company forward and take control if something goes wrong."

Mr Chua, an angel with 10 years' experience and a veteran of "worthwhile" startup, was talking to reporters at the launch yesterday of three initiatives for the EDB-funded HOTSpots programme—a public-private sector partnership that provides facilities and offices for technology-related start-ups and which yesterday celebrated its fourth anniversary.

One of the new initiatives, HOTAngels, is a platform through which business angels like Mr Chua can share their skills with early-stage enterprises.

And Mr Chua was quick to add yesterday, explaining to entrepreneurs present at the HOTSpots ceremony details of a new $20 million fund, HOT Spectrum, that he heads with two other investors. The trio will put up $10 million of their own money over the next five years, and another $10 million will be put up by EDB on a dollar-for-dollar basis.

\[\begin{align*}
\text{Mr Chua says the new fund fills a niche need, becoming existing seed money funds have a small quantum of just up to $1 million.} \\
\text{Also, "venture capitalists in this part of the world usually earn in only when there is revenue and when you have customers already," he says.} \\
\text{"What doesn't invest in early-stage businesses, our idea is to pool several angel investors together to take on bigger deals than regular capitalists can. We can take higher risks, because in our own money," he explains.} \\
\text{Mr Chua then works with the entrepreneurs, guiding them and offering advice and contacts.} \\
\text{Even then, "you're lucky if you get two out of the right," he says with a laugh.} \\
\text{"It's more of an art than a science ... but even the one that makes it is worth all the time."} \\
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Besides HOTAngels, EDB yesterday also announced HOTPots and HOTShots, initiatives that allow budding entrepreneurs to learn through a series of informal talks and lectures, from those who have been there and done it.

At the ceremony, SMU was unveiled as the fourth partner in HOTSpots, joining property companies like Ascendas Land and Capitaland, as well as PUB, HGFI and NUS, among others.

SMU president Professor Howard Hunter said: "SMU sees this partnership with HOTSpots as an important step in our ongoing efforts to establish strategic links between businesses and education."