



MOVING UPSTREAM

It's boom time for venture capital firms operating in Singapore. As local VC company Upstream Ventures puts it, being based here is to be at crossroads of investment activity and opportunities in Asia.

From a modest-looking renovated shophouse just behind Boat Quay, a Singaporean Permanent Resident and his Singapore-based expatriate partners are charting the country's course as a land of opportunity for venture capital (VC).

Carmelo Pistorio, Pierre Hennes, David E. Wynne and Cristiano Torresi (who is based in San Francisco), are the people behind Upstream Ventures, a venture capital fund management company. It invests globally with a particular focus on the trends and opportunities transforming Asian economies, in sectors including semiconductors, security and biometrics, biotechnology, mobile content and applications, and IT software and solutions.

Encouraged by a number of successful private 'angel' investments made by its founder Pistorio between 2001 and 2004, Upstream Ventures was incorporated in March 2003 and currently manages a global portfolio of 15 companies, led by their team of four investment professionals. They have, under their belt, a diverse yet complimentary mix of venture capital, start-up and corporate business experience, as well as international business development expertise.

"Upstream Ventures is modelled on the traditional venture business of building and growing early stage companies," explained Hennes, Director of the company.

"Successful venture capital investing in Asia requires a thorough understanding and familiarity with the local business environment, and the ability and experience to work with management. It also requires international networks and expertise to position, grow and market investee companies. We can do all that; we're not financial investors and we're not afraid to roll up our sleeves and work with our companies to propel them to success."

VC's MAKING WAVES

About 10 years ago, venture capital was virtually unheard of in tiny Singapore. But today, it is home to 144 private equity and VC firms, as well as over 50 incubators or VC units that help to nurture business start-ups. They hail from such countries such as Germany, the US and India and have helped manage about \$15.2 billion in venture capital funds, benefitting over 700 companies here.

Upstream Ventures has been instrumental in the local VC industry's growth. In fact, just seven months after its conception, the young company became one of an international group of six partners under the Startup Enterprise Development Scheme (SEEDS) launched by the Economic Development Board (EDB) in 2001. SEEDS, a \$50 million equity finance fund for start-ups and businesses, is aimed at strengthening the working

ENCORE TECHNOLOGIES – BRIDGING THE DIGITAL DIVIDE



Established in 2002, Encore Technologies (ETS) was a start-up with a grand agenda: to simplify information technology for consumers by doing away with the one-size-fits-all approach, and giving them only what they needed at an affordable cost. Their product - The Encore Simputer, a handheld computing platform supports data and voice communications on Internet protocols, enterprise applications access, secure transactions and personalised information delivery. The company's big break came in 2003 when they caught the attention of Upstream Ventures; they later received a financial shot in the arm to qualify for the Economic Development Board's "Growth Financial Scheme".

Since then, ETS has launched several new initiatives, including ETS MyBook, a handheld computer touted as an affordable and practical wireless solution for schools, and the Retail Interactive Project, an innovative solution for customer management in the retail segment. The company has also generated opportunities for various partnerships designed to expand their market reach and boost profitability. Two such partnerships are currently in the advanced stages of formulation, with many more opportunities looming in the future.

"ETS represents an investment opportunity in what we see as the lucrative market for bridging the digital divide. Socially responsible investments can prove to be very lucrative, and this is particularly true for companies targeting the highly underserved markets for computing and communications in Asia. Being in Singapore, ETS is positioned to capture a large share of the markets in India, China and Southeast Asia," said Upstream Ventures director Pierre Hennes.

arrangements with co-investors, to respond to opportunities efficiently and nurture investee companies more effectively.

Singapore is home to more than 150 private equity and VC firms

To date, Upstream Ventures has secured and invested US\$4 million for its first fund, Upstream Angel Fund, and has plans to increase this in the near future. Singapore's premier location as an Asian hub, and favourable conditions in Asia are some of the reasons for doing so.

TO ASIA... AND BEYOND

The company believes that conditions in Asia are again offering the opportunity for outstanding returns, as an increasing source of new and diversified technologies with global potential.

Indeed, hands-on venture capitalists with knowledge in building a global company will be one of the most attractive alternative sources of financing to fund these new companies. Given Upstream Ventures' strong and growing network of companies, co-investors, corporate partnerships and talent in the region, this company with its indefatigable 'can-do' attitude seems well positioned to be ahead of the competition in the market for value-add venture capital. 

For more information on Upstream Ventures visit: www.upstreamventures.com

For more information on Encore Technologies visit: www.etsg.com

For more information on starting a business, visit Startups section of www.sedb.com

VENTURE CAPITAL: WHY SINGAPORE



Upstream Ventures' Managing Director Carmelo Pistorio offered some compelling reasons why Singapore has the potential to become a hub for VC to thrive. First and foremost Pistorio gave the thumbs-up to the Republic's sound infrastructure which he described as equal, or even exceeding those found in Europe and the US, such as "an efficient legal system, established corporate governance and practices, a transparent fiscal system, and a political environment".

Singapore's ideal location also serves as a springboard to the emerging powerhouses of China and India, as well as the burgeoning Southeast Asian financial markets. Pistorio pointed out that these "unique deal flow opportunities" open the global VC community are present due to "the combination of highly educated professionals and a fast growing entrepreneurial ecosystem with access to advanced technology and infrastructure".

Pistorio also lauded the country's efforts in setting in place tax incentives to encourage the presence of VC firms. These include Section 13H of the Income Tax Act for approved equity and VC funds, as well as the Pioneer Service Incentive of the Economic Expansion Incentive Act that serves fund management companies. "Although these incentives allow venture capital firms to enjoy extraordinary tax-related benefits, Singapore remains a highly complex, productive society with an extremely diversified economy," he added.