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## VC in Asia: An angel in Singapore

### Three million goes a long way in a small town.

April 16, 2004

Carmelo Pistorio looks around Singapore and wonders what all the worry is about.

"I don't know why everyone talks it down here. Everyone complains that Singapore is so small, that there are no deals here, that everything is going to China," says the founder of Upstream, a seed venture capital fund based in Singapore. This angel investor and seed venture capitalist sees the island as an open playing field, ripe for opportunity.

"I came here and I found a dynamic, stimulating environment. Singapore offers a safe harbor, a perfect watchtower over the rest of Asia."

Singapore is lucky he showed up. Mr. Pistorio is something of a rare breed here: an angel investor with hands-on entrepreneurial experience to guide his seed companies. Money is not necessarily the hardest thing for a Singapore-based startup to come by, but experienced entrepreneurs to guide one along the bumpy road from concept to becoming a company seem rarer than hens' teeth.

A philosophy degree from Tufts University aside, Mr. Pistorio, 37, has technology and business bred in the bone. As the son of ST Micro Electronics CEO Pasquali Pistorio, he grew up with semiconductors. After college he returned to his business roots, running HTS, a pan-European firm that dealt with the downstream environmental impacts of semiconductor fabs. Then it was on to other ventures, as the dot-com boom took hold in Europe.

Mr. Pistorio and his partners in Upstream, fellow Italian Fabio Belluomo and American Pierre Hennes, have known each other for years through various business ventures; they also share a common bond, in Mr. Pistorio's words, as "survivors of the dot-com mania" in Europe. Their last venture, FolloWeb, a European e-commerce play that did Web-based outsourcing of maintenance, repair, and operations (MRO) backed by PricewaterhouseCoopers, SAP, and CommerceOne, crashed and burned in 2001 after a delayed IPO that never happened. "We had 1.7 million euros in revenues and 9 million euros in debt - it was ugly," he recalls.

Looking for something new to do - but a little burned out after his dot-com experience, Mr. Pistorio came to Singapore to put some money into a local venture, Citiraya Industries, as a silent partner. It was nothing cutting edge - recovery of precious metals from electronics - but when it went public in 2002, Citiraya was voted "most successful IPO," and it whetted Mr. Pistorio's entrepreneurial appetite once again.

One startup investment led to another, and Mr. Pistorio found his niche as a full-time angel investor. Eventually, in March last year Mr. Pistorio formed Upstream, a small fund targeted at seed- and early-stage, high-tech companies. The three-man firm is just settling into its new digs in a renovated shop house behind Boat Quay; the furniture is still arriving, the new paint still smells, and a feng shui master just signed off on the set up.

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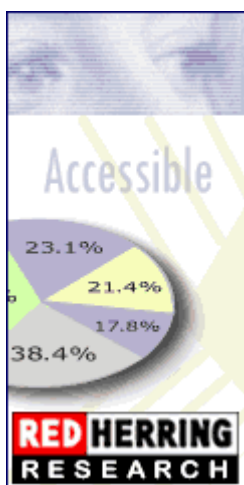
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Upstream's average investment is in the \$150,000 to \$300,000 range. It only invests in high-tech companies, targeting those with disruptive technology, strong intellectual property, and scalability and growth potential. "Other VCs are usually looking for revenues – but we don't care about that. We're really early stage all the way," he grins. Mr. Pistorio has partnered with the government's SEEDS program, which matches angel investors' funds one-for-one up to 300,000 Singapore dollars (\$178,259). Usually, but not always, Upstream is the lead investor.

To date, they have secured and invested \$3 million of a total \$12 million target for the fund. The 10 companies in the portfolio range from a Shanghai-based IC design house to two biometrics firms, one Singaporean and one in the U.S., to an India-based IT outsourcing firm. All but one have completed Series A rounds, and a few are well into raising Series B rounds.

Their management style is "very hands on," a rare and valuable asset in this town known better as the home of executives of multinational corporations than serial entrepreneurs. "We get involved in business development, in hiring," says Mr. Hennes. "We just spent three weeks in California with one of our companies, going over everything. They know the advice they get from us is useful, valuable."

Despite the recession enveloping Singapore and the lingering malaise of the dot-com implosion (which came to Singapore later than the U.S., and rose and fell much faster), the local buzz is building around the new wave of startups. The government-sponsored Global Entropolis conference last November attracted over 10,000 startups and entrepreneurs from all over Asia, and Mr. Pistorio says he is being pushed to do more, faster.

"The Economic Development Board is asking us all the time what is next. People are pushing us to do a \$100 million fund – and we haven't even finished raising the \$12 million for this one." One step at a time is his preference. "We know what we can do in this space, with \$3 million to invest."

He thinks Singapore, and Asia in general, is still undiscovered territory for many venture capitalists – and that's just fine by him. While the big international VCs, the \$1 billion funds, ponder where and how to enter the Asian market, he is already off and running.

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*VC in Asia is an online column focusing on the rising influence of venture capital in Asia, and its role in the region's growing economy. Have thoughts or suggestions for VC in Asia? Email the column editor at [ahamilton@redherring.com](mailto:ahamilton@redherring.com).*

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