

Nova Scotians no-shows at money meeting

Major venture capitalists gather in Halifax

By [Eva Hoare](#) / Business Reporter

Nova Scotia entrepreneurs in search of venture capital missed out on a golden opportunity in Halifax on Thursday.

A national conference of the Canadian Venture Capital Association is meeting here, talking about everything from dot-com failures to institutional investing.

Some slick central Canadian entrepreneurs elbowed their way in to pitch their companies, but wondered where all the Nova Scotian startups were.

"Wherever they congregate, we go," said Don Gibbs, president and CEO of VIPswitch, a big technology carrier firm out of Montreal.

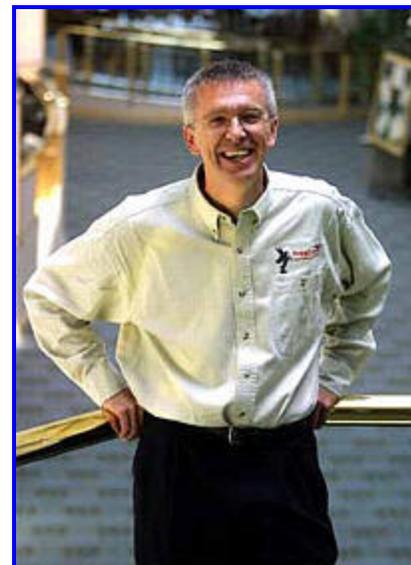
"To me, this is a natural venue," said Mr. Gibbs. "I would have thought they'd be crawling down the halls, just grabbing these guys as they came out of their sessions. I am, I'm here."

Mr. Gibbs is trying to raise \$25 million US. So far, he's rounded up six big venture capital players, some of them Canadian, who are evaluating his business plans. Hopefully, at least one will be plunking down some cash.

"You can't be Mr. Nice Guy and sit back and wait for people to come to you," Mr. Gibbs said. "You've got to grab it by the throat and go for it."

"Canadians have to get a little more brash just because of the market environment today."

Bruce Lazenby, president and CEO of Ottawa-based FreeBalance, an e-government business, was equally bold.



Ingrid Bulmer / Herald Photo
Richard Prytula, president of TechnoCap, a U.S.-style venture capital company based in Montreal, says it's tougher for startups to get money in this uncertain economic climate.

"We crashed the party," said Mr. Lazenby, who's trying to snag \$10 million US from investors at the conference. His pluckiness is poised to pay off, since it looks like he'll have raised just over half for his 50-employee company by the end of June.

"We have a signed term sheet, we therefore have commitments for \$6 million US."

Not bad for the \$800 he spent to get to Halifax.

Mr. Lazenby was also curious as to why his business contemporaries didn't try to muscle in on the investor heavyweights.

"The reality is that the guys and gals who are here love to do business," he said.

"These are the guys who make small business work in Canada."

But Canadian entrepreneurs are often "too shy" to show up at such gatherings, he said.

FreeBalance has the federal government in Canada and the U.S. as customers, in addition to clients in Eastern European and Southeast Asian countries.

This is the traditional end of the investment season, and not much will happen again before the fall, Mr. Lazenby said. "July, August - it's almost impossible to do a deal."

"Where are they?" asked Richard Prytula, president and founding managing partner of TechnoCap, a U.S.-style venture capital company in Montreal, who attended the meetings.

TechnoCap has about \$250 million in committed capital, half of which is available for investment.

Mr. Prytula, who is here to raise money for TechnoCap, wondered why fewer than a handful of startups registered.

Both he and Mr. Lazenby, a former Halifax resident, didn't know of any Nova Scotia entrepreneurs who attended.

All the men spend the majority of their time criss-crossing North America trying to raise capital.

Mr. Prytula said regional venture capitalists need more investment to keep helping local and other Canadian entrepreneurs.

"You've got some phenomenal investors here. The big institutions need to wake up. . . You've got good technology companies."

He cited Peter Forton, who heads ACF Equity Atlantic Inc., of Halifax, as an example of someone who's out working hard to raise cash for ventures.

Geographics play a huge role in this business, he said. "The problem in the venture industry is that venture capitalists will not invest in more than two hours away from their city."

"When you have a company in trouble, you have to get there fast to help them. They need green milk tonight, green milk (being) money."

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