
Funding



Start-ups facing "warzone" investor environment

By Oliver Milman
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Start-ups seeking major investment are facing "warzone" conditions, with the situation potentially set to worsen due to the European debt crisis, a leading venture capital partner has warned.

Mark Harvey, partner at Brisbane-based CM Capital, says that the funding situation for new ventures remains bleak following the global financial downturn. "There is very little VC money out there for start-ups at the moment," he tells StartupSmart.

"A couple of small funds have been raised with government support, but no large fund has been raised without government support in three years."

"Entrepreneurs who say they can't get money are right. It's a warzone out there at the moment."

Harvey says that the situation is similarly bad in the US, with the worsening debt crisis in Europe set to exacerbate the situation.

"Businesses are finding it very tough in the US, certain deals that would normally be done aren't being completed," he says.

"In the UK, you've got the Government helping provide funds for innovation to keep things ticking over, but it's hard to see something similar happening here."

"It's all GFC-related. When the overall value of superannuation funds falls, they are not in a position to fund any new venture capital activity."

Harvey denies that investors in Australia are inherently conservative when it comes to backing potentially risky start-ups.

"Everyone is quick to knock VCs, but I know they work very hard for the industry and do what's in the best interest of their companies," he says.

"The problem is that there's no money out there for start-ups. We haven't had a major fund in three years. If the economic climate gets worse with the European debt crisis, it could be another three years before another fund is raised, which is a daunting thought."

Harvey says that there are reasons for optimism, singling out several recent deals, such as the \$15 million investment in [biotech start-up Vaxxas](#).

Harvey will be part of a panel discussion on the VC industry at the AusBiotech annual conference on October 16 to 19. For more information, [click here](#).