

## Microequities – Investors benefit from growth of start-ups



Howard Leibman, co-founder of the Microequities Venture Capital Fund.

Howard Leibman, co-founder of the Microequities Venture Capital Fund, is a great believer in the value of Australian start-ups to both investors and the wider Australian economy.

The Microequities fund, a \$25 million venture capital fund targeting emerging Australian tech start-ups, has been a registered early stage venture capital limited partnership (ESVCLP) fund since 2016.

“There is an inherent risk in investing in start-ups, but it's a sector that has the potential to drive very meaningful value for the economy over time,” Mr Leibman says.

“For investors, genuine wealth creation is going to be driven by identifying and investing in relatively early stage tech companies that have the potential to grow into the significant enterprises of the future.

“Start-ups are at the forefront of innovation and will fundamentally transition the Australian economy from reliance on traditional sectors to industries based on human capital and innovation that are scalable, global, and have efficient overhead and cost structures.”

## **Improved investment environment**

Mr Leibman says changes made in 2016 to Australia's venture capital investment tax arrangements as part of the Australian Government's National Science and Innovation Agenda, have made a difference in encouraging economic growth and new jobs.

The changes mean investors in early stage companies receive a 10 per cent tax offset on investments through an ESVCLP fund. They also allow ESCVLP funds to grow to \$200 million, double the previous legal limit. ESVCLPs now also no longer need to divest a company once its value exceeds \$250 million, meaning funds can support start-ups with investments and business guidance for longer.

"There's no question that these tax-related incentives are encouraging investment and investor interest in this sector and to some extent they offset the inevitable risks of investing in early tech companies," Leibman says.

"Maximising the flexibility for venture capital funds to invest in companies and maintain that vision over a long-term has to be a good thing."

## **Backing the disrupters**

Microequities specialises in backing companies that use innovative technology to strip inefficiencies out of existing business processes.

"We see opportunity in existing industries and supply chains that have been managed the same way for many, many years and where novel products and novel technologies are being applied to transform the way business is done," Mr Leibman says.

He cites Deputy and SiteMinder as two companies with a close association to the Microequities team that typify the value and market power of these new start-up disrupters.

Deputy, has created a platform for managing workers' payrolls and rosters that is used by thousands of businesses in over 50 countries. SiteMinder, which manages hotel room allocations, has grown from two founders to a business that employs over 500 people globally.

“I firmly believe that the successful companies of the future will be technology led and will rely entirely on human capital,” Leibman concludes.

The Australian Government venture capital programs work with private venture capital fund managers to provide capital and professional expertise to innovative Australian companies.

Visit the [Microequities Venture Capital Fund](#) website.