

ANGELS

From page 1

make it into the upper echelon of business success, as they did. Angel investors generally invest in entrepreneurs after other sources, such as banks and friends and family, have been exhausted.

"It's angel investors which will be that first round of outside capital from non-related parties that take on a high-risk bet that this person knows how to sell to customers and grow a market," Mr. Cartwright says.

The GCVF has reviewed 202 possible investment deals in the last year. Of those, two of the top five most prevalent industry sectors were medical devices and health care. (The others were consumer products, media and software).

"We're seeing a lot of doctors that typically have a little black book where they keep their ideas and inventions," said Kevin Carmichael, a Naples-based lawyer and secretary of the GCVF. "I think a lot of those doctors are turning to those black books, not sure of (how government decisions might change the health care industry), saying maybe I'll pull one of those inventions out. Maybe now is the time to do that; I don't know what my medical career looks like, maybe I'll become an entrepreneur."

That reflects a national trend. In a recent report, The Center for Venture Research at the University of New Hampshire showed that angel investors throughout the U.S. invested in health care more than any other industry in 2008, making up 16 percent of the total

deals. The other top industries were software (13 percent), retail (12 percent), Biotech (11 percent), Industrial/Energy (8 percent) and Media (7 percent).

A trend toward cautious angels and capitalists

Mr. Cartwright added that while the members of the GCVF have been interested in health care products recently, they are interested in a wide range of industry sectors — albeit with a heightened sense of caution brought about by the current economic downturn.

That's also a national trend in all private equity markets, including venture capital. According to the University of New Hampshire's report, angels invested \$19.2 billion in 2008, down 26.2 percent from the year before. And a survey by PricewaterhouseCooper, The MoneyTree report, showed venture capital investors have also held on to their assets more, rather than investing them.

"They're more cautious because they have less (capital)," Mr. Cartwright said. "At the same point in time they're managing their asset allocation and they're saying, 'should I be investing money in real estate? Maybe not. In public equities? No, those have fallen off the table.'"

"(They are saying), 'I'd rather invest in a private company that's local where I might know the management team and I can drive over to their business and check and make sure they're working every day.'"

Jeannette Showalter, a Naples resident, has felt the pinch in the private equity markets as well. As director of business development for Renaissance Land and Water Management LLC, a Denver-based firm specializing in

senior river water rights, water storage and water pipelines for the Northern Front Range, she sees the private capital markets as hard but not impossible.

"Raising capital for water projects was relatively easy for about the past four years, that is, until last fall," she said. "The markets are not frozen for us, just more difficult, more investor due diligence is required and definitely better terms for the investor. You can still raise capital in sectors where demand and pricing has held. For us, it is water in areas where there is physical scarcity and where demand was always real and never speculative."

Howard Finch, a professor at the Lutgert College of Business at Florida Gulf Coast University and Alico Chair in Financial Management and Planning, says private equity markets will begin to develop here because of the GCVF. But before that happens, the economy as a whole may need to show more growth.

"Historically, (private equity, like angel investors and venture capital) has been a thin market in this part of the state," he said. "A lot of the people who are potential angel investors have been severely impacted by the economic downturn and therefore the standard for attracting that capital is as high in terms of standards and thin in terms of the market as it has been in a long time. It's never easy to attract angel capital anywhere and the difficulty has increased significantly."

Investment capital is still available
The potential for angels to invest,

however, is here, Mr. Cartwright says.

The GCVF's report, Southwest Florida's Regional Angel Fund Assessment, said: "Florida seems to be one of the most popular states among millionaires: three of the places with the highest concentrations are in the Sunshine State... It is estimated that more than 1,000 active and retired Fortune 500 CEOs, senior executives and noted entrepreneurs call Southwest Florida home — leaders whose experience and business relationships span virtually every industry."

"I think (the GCVF) could pretty much fund any company if they think it's a good deal," said Steven Jones.

Mr. Jones sits on the board of the GCVF and is managing director of Aspen Capital Group, a venture capital firm that has invested in companies outside Florida.

He has also used angel investor capital for two Fort Myers-based businesses, T3, a communications company he started, using \$3 million of angel funds in the first three years; and NeoGenomics, a cancer-research company, in which he is a shareholder.

"Many of the same people that go to the GCVF invest in venture capital funds as well," Mr. Jones said. "If I like something, I'll invest in it personally first. That's what I did with NeoGenomics."

The group considers 15 to 30 new business plans each month, and chooses two or three of them to invite as a presenter at monthly meetings. In addition, the GCVF plans to establish a \$3 million fund, the Tamiami Angel Fund, to invest in entrepreneurial companies in the state of Florida.

Those interested in submitting a business plan to the forum should visit www.gcvf.com. ■



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