

Seed Capital Fund nears startup

By Kevin Tampone

Syracuse – Leaders of the Seed Capital Fund of CNY, LLC eventually hope to have a portfolio of six to 10 investments.

Don't expect the group to get to that level overnight though.

"That really depends on the quality of the deals we get," says Nasir Ali, vice president of new venture development for the Greater Syracuse Chamber of Commerce and executive director of the Seed Capital Fund. "Once everyone's signed the documents and the checks are deposited, money's available. It's really a function of us coming across the right deal. It could be later this year, it could be early next year. It could be, I don't know, much later."

"We don't just measure this by how many investments get made. You're unlikely to hear of us making dozens of investments."

Ali and others have been working on starting the fund for some three years now. Its initial membership also includes:

- o Stephen Suhowatsky, entrepreneur in residence at the Syracuse Technology Garden and former CEO of Syracuse Supply
- o William Fisher, president, chairman and co-founder of Summit Software Co.
- o Victor Ianno, who was previously involved with Scotsman Press in Syracuse and was CEO at Lakeside Printing in Skaneateles
- o David Montanaro, chairman and CEO of USA Datanet

David Ahlers, who helped found the Cayuga Venture Fund in Ithaca, will serve as a consultant and honorary chairman of the new fund.

Organizers planned to attract a group of 40 investors involved with the fund, each of whom would contribute \$37,500. That means the fund would have \$1.5 million available.

Ali says the group is close to its 40-member goal now.

The fund will likely invest between \$25,000 and \$200,000 in its companies. Most investments will probably range from \$25,000 to \$50,000. The fund's ownership stake in any firm will be no more than 49 percent.

Returns will be distributed to members from the fund based on their collective investment in each company.

Members will also be able to make individual investments in companies if they wish. They will receive profits from those deals as well.

While organizers certainly plan to run a profitable operation, they say the fund's main goals are economic growth and business development. Ali and the fund's other leaders have concentrated on recruiting what they call "active investors."

They want people who can use their business experience and knowledge to help entrepreneurs grow fledgling companies into drivers of the local economy.

The Seed Capital Fund will focus on a broad geographic area around Syracuse, Ali adds.

In fact, he says the group may eventually collaborate with other early-stage funding groups in cities like Rochester, Albany, and Buffalo.

"There's more of a sense of how can we collaborate and potentially co-invest," Ali says. "While a lot of the details of how that would happen need to be worked out, the sense is there's a bigger opportunity out there. So we don't necessarily want to say you can't go beyond this or that line. We're all looking for good opportunities that help all of us."

Collaboration among different funding groups is important because upstate New York must compete with the rest of the world.

"We're all looking at the same set of needs and the same set of resources and tools," Ali says. "Everyone's looking at the same types of problems and the same types of solutions."

One of the groups Ali has been talking with is the Southern Tier Opportunity Coalition, which is launching a network of angel investors in the next few weeks. The network will help connect individuals with possible deal targets.

The angels and the companies would then work out deal terms on their own, says John Hayek, executive director of the coalition, a group of business and academic leaders in the Southern Tier working on economic growth. Hayek hopes to have about 25 investors in the network to start.

Potential collaboration with other funding groups is an exciting possibility, he says.