Where angels dare to tread—**Origin Capital**

Tim de Vere Green is an engineer by background though his career path into angel investing came via management consulting at Arthur Andersen and investment banking at BZW, with brief diversions into multimedia publishing and property development. Since 2006, de Vere Green has been a full-time professional business angel, running his own company, **Origin Capital**, and serving as an Investment Director at Reading-headquartered venture capital firm **Thames Valley Capital**. He is also a founder of Cambridge-based technology investor, **Qi3 Accelerator**.

Origin classes itself as an early-stage investor across a wide range of tech-oriented sectors, including high-value manufacturing, life sciences, software and IT infrastructure, telecoms and media. Origin is essentially a one-man band, though de Vere Green is assisted by a couple of seasoned associates.

Personal risk

The companies that Origin invests in are typically pre-revenue but usually beyond the "lab" stage. "There's a big difference between having a theoretical idea and some form of prototype or indeed a commercialised product," de Vere Green noted. As a personal investor it's de Vere Green's own money at stake: "Full-time angels like me who are investing to make a living are relatively rare. The majority have already completed corporate or professional careers, or have been entrepreneurs themselves. Professional investors can sometimes find company valuations accepted by ex-corporate types somewhat 'challenging'."

Origin currently has 14 investments in its portfolio, all bar one UK-based. So far, Origin has had three successful exits and only one investment that didn't make it. This was an industrial metrology business in which de Vere Green co-invested back in 2011. "When a portfolio company gets into in a deep hole you have to know when to stop digging," de Vere Green wryly mused. "I'd like to think I choose what we invest in wisely, but it would be naïve to think that there might not be other companies in the portfolio that may not make it."

Trusted partners

Origin almost always co-invests with other parties, usually as lead or co-lead investor. In some of the more complex transactions, there could be a couple of dozen investors involved. "With early stage companies I have to see a credible prospect of at least a five-times return," de Vere Green explained.

"Think about it – for every business that fails, you have to double your money on another just to stand still. And if you can't do quite a bit better than that, you should be paying off your mortgage or putting your money in a tracker fund, not angel investing," he adds. "I find I need to look at a lot of business cases to find the few that get through due diligence." de Vere Green monitors his own IRR closely: "It currently tracks at around 25% per annum," he discloses. "That's before income tax reliefs and capital gains sheltering and exemptions available under EIS (the Enterprise Investment Scheme)."

Despite being on the board of several of his portfolio companies and chairman of two, de Vere Green has bandwidth for more. "I'd like to build my portfolio to perhaps twenty companies and constantly aim to extend my contacts with other investors, both private and institutional. But it's absolutely essential that there's angel representation on the board of every company I invest in. If it's not me, I have to rely on a trusted partner."

Good schemes and bad

de Vere Green has mixed views on government support for early stage companies. "The R&D tax credit scheme is a very significant help for some of my portfolio companies. It works well and it's light on paperwork. Grant funding from the Technology Strategy Board can also be very useful, although it does typically require some equity matching, and has a slightly higher application overhead."

What de Vere Green believes isn't working well are commercial finance schemes such as the government's Enterprise Finance Guarantee. "The problem is that the banks who participate in this scheme almost always ask for personal guarantees from entrepreneurs, for at least 25% and often 75% of the total loan value. That is pretty hard when in many cases those same founders already feel—as I do—that they have huge personal stakes on the table already."