



Top-tier Los Angeles VC fund backs AppsVillage in its ASX IPO

STOCKHEAD

July 18, 2019 | Special Report

Special Report: LA-based VC fund Scopus Ventures has plenty of experience investing in early-stage tech startups, and it likes what it sees in SaaS startup AppsVillage.

As a venture capital fund based in Los Angeles, Scopus Ventures brings a unique perspective to the global VC landscape.

The city may not have the tech reputation of neighboring San Francisco, but it has played a key role in the booming growth of software-as-a-service (SaaS) startups, many leading examples of which now call LA home.

Scopus co-founder and chairman Bahram Nour-Omid has had a front-row seat to that growth, following a career in VC investment which now spans 30 years and a series of successful exits.

As an early-stage and Series A investor, Scopus typically provides capital injections of \$500k – \$2m, and then stays engaged with the companies in its portfolio by offering expertise and networks to add value.

The \$US25m fund maintains a portfolio of 10-12 companies and its latest investment is in AppsVillage, the SaaS start-up that offers a solution for small businesses to create and market their own app in minutes and drive millions of new potential customer engagements.

The Israeli-based company is already generating revenue – with early proof of significant growth in the big US market – ahead of its listing on the ASX in the coming weeks.

“Two key criteria”

Speaking with Stockhead, Nour-Omid said his experience has taught him to prioritize two key factors when assessing a potential investment; quality of management, and a unique solution in the market. And the Scopus team found that AppsVillage CEO and founder Max Bluvland ticked both of those boxes.

“For us, the number one criteria is the quality of the individual,” he said. “The initial quality I saw in Max is that he’s exceptionally focused, and can work well within a team.” “When we were assessing this investment there were a lot of management qualities, I saw in him, which not all startup founders possess.”

Secondly, he highlighted that AppsVillage is offering a scalable solution to an existing problem in the market – how to deliver app-based mobile commercial solutions for small businesses at low cost and in couple of clicks. More than 4,000 have already created an App for their business using the platform.

He also cited another key feature in the company’s service offering, which allows small businesses to leverage their existing Facebook page and turn it into a powerful mobile App, in just couple of clicks. “They’ve created a platform which brings together tech that allows small businesses to have the same digital mobile marketing capabilities as a major retailer,” Nour-Omid said.

“For many small businesses, the last thing on their mind is investing money to boost their online presence; now you have small businesses that can create a mobile powerful app in no time at all and at very low cost.” With its platform now established, “the App creation is fully automated, so as a result it’s very scalable”, he said. “They have a very sophisticated customer acquisition mechanism, so the company is growing fast with thousands of new customers each quarter with a low cost of acquisition.

Israel “really shines”

In discussing the quality of management, Nour-Omid also touched on a point of differentiation in the Scopus investment thesis – its preference for assisting companies that come out of Israel’s tech ecosystem to scale up globally.

Of the fund’s SaaS portfolio, around half of its investments are in Israeli-based companies, and Nour-Omid says that’s no coincidence.

The country is known for its thriving tech ecosystem, which he attributed in part to the influence of compulsory service in the Israeli Defense Force (IDF).

“The average time of IDF service is three years, but during that time you do around six months of military training and the rest is study,” he said.

“So every soldier that comes out of the IDF has had at least two years of study and sharing ideas, along with the discipline and interpersonal skills that you develop in training.”

“I really think that base is what gives many Israeli startups a competitive advantage.”

Working together having allocated its capital, Nour-Omid said that as an early stage and Series A investor it’s important for Scopus to leverage its own skillset and help investments scale up.

Along with a 30-year investment career, Nour-Omid’s background also includes engineering qualifications and a PhD in Scientific Computing – skills he tries to utilize when offering advice.

“My job is to help lay out a path for AppsVillage to continue driving their revenue growth and make it a billion dollar company,” he says.

As the company scales up it will need to deploy capital to acquire new customers, and Scopus can add value in terms of driving down the cost of acquisition.

“We can connect AppsVillage with other big global firms that are looking for the capabilities they have, which will assist to further drive their revenue growth,” he explained.

“Also, online marketing is kind of a science, and our network really helps provide the expertise to complete that,” he said.

Having already generated more than \$US700k in revenue in 2018, AppsVillage is on track to more than double that in 2019 as it prepares to hit the ASX boards. And Nour-Omid thinks the extra capital generated from a public listing will help the company to turbo-charge that growth.

“This is a problem that’s proven to be hard to solve that Max and his team have been able to solve,” he said.

“Therefore there’s a large market to go after, and because of the ease of implementation they’ve got a very scalable business which is converting into significant revenue growth”.