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Allos Ventures Seeks to Invest in Nashville Startups

Jamie McGee

Allos Ventures, a venture capital firm with offices in Indianapolis and Cincinnati, is seeking to fill a void in early stage investment in the region and is looking to invest in Nashville startups.

"There is a gap that appears in the area we focus in," said John McIlwraith, managing director of Allos, adding that the stage in which a startup with some revenue becomes profitable is lacking investors in cities beyond Nashville, including Cincinnati, Pittsburgh and Indianapolis.

Nashville's entrepreneurial community has grown significantly in the last two years with the inception of the Entrepreneur Center and Jumpstart Foundry, both on the startup side and investment side, but the city is still short on early stage investors, according to Michael Burcham, CEO of the center.

"Going from concept to first customers and break even, that's the dry space," Burcham said, adding that once a company has broken even, money is easier to find.

The Entrepreneur Center has helped attract investors to that space by doing the due diligence for investors and narrowing down the field to more viable companies, which through the center, already have legal and accounting structures in place, Burcham said. In the incubation program that ended last week, 50 semifinalists were screened, 13 started the program and nine finished, pitching to investors on the program's last day.

"Historically, investors were afraid of that space," he said. "Our center does the vetting for investors."

Allos focuses on regional software, technology and business service companies, including health care information technology companies, and is seeking to make about three investments annually from its nearly \$40 million fund.

"There is a wonderful, active — health care mostly — but other industries there, an entrepreneurial ecosystem that is creating a growing number of high-potential, fast-growing, early stage companies and that's what we do," McIlwraith said of his interest in Nashville.