

Selling knowledge

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Nick Gerritsen describes himself as a “knowledge broker”. He gets in on a proposition early, becomes part of the team and uses his network to secure market engagement. Having spotted lots of new technologies at laboratory stage, grasped their potential and launched companies on international markets, he now intends to do the same through his own small company, Crispstart. If reading his résumé doesn’t make you feel inadequate, it’s at least likely to have you wondering how he’s managed to find the time: he’s been everything from intellectual property lawyer to entrepreneur, company director, banker and art collector, and he’s only 37. He characterises the world in patterns and systems. “We no longer apply systems thinking to things, and my CV is a system — everything dovetails together.”

Of all his interests, the fact that Gerritsen not only collects paintings but supports government arts funding is perhaps the most surprising. “I’m a big collector. To me, a good deal is like a good painting; there’s a harmony to it. There are huge parallels between our leading artists and the challenges facing innovators and inventors.”

Brand later and go to market sooner is the first advice Gerritsen gives technology companies, because the best way to win the game is to play it. “We tend to delay playing the game too long. New Zealand is fixated on the concept of best practice, but how can you have best practice if you’re doing something for the first time?”

It isn’t only technology that interests Gerritsen, but any new business that innovates: he’s currently working on a commercialisation strategy for a company developing a new inshore-offshore anchoring system.

Tech businesses need to engage in their destination marketplaces as early as possible, he says, because this leads to better planning and valuation. “I’m talking about high-level capital market engagement, the people who fund the vendor businesses: Goldman Sachs, CIBC World Markets, specialist VCs and boutiques.”

A former intellectual property consultant for MinterEllison-RuddWatts (he joined them in 2000), Gerritsen feels strongly about IP. “I believe it’s highly probable that the IP underpinning New Zealand’s primary sectors is worth more than the industries themselves.”

Since going it alone in 2003, he's been focusing on startups and -investment projects full time, having identified a gap between innovators, research and capital markets. The same year, he structured the deal, conducted US due-diligence and convinced New Zealand investors to become involved in the commercialisation of Canterbury University -biotech startup Syft Technologies, raising NZ\$4.5 million. In 2004 he did the same for Nano Cluster Devices (NCD), raising NZ\$2.8 million. NCD is using its own research discovery in the field of atomic 'nanoclusters' to explore possibilities in the printed circuit board, hydrogen fuel cell and computer hard drive markets.

Michael Hawkins is a director of both Syft and NCD, and he and Gerritsen worked on formulating the Syft and NCD projects. He says the most important thing Gerritsen brought to Syft was his offshore capital markets network. At NCD, Hawkins says, Gerritsen was instrumental in finding the US partner the startup needed to improve its risk profile. "Without Nick's input, it's doubtful either of these projects would have got off the ground."

Gerritsen launched Crispstart in 2003 and it cost very little to bring it to market — apart from legal and administrative expenses — because the business draws so heavily on his existing network and because he's currently the Picton-based company's only staff member. He may one day add more staff, but says what he does is difficult to scale.

Crispstart's annual turnover is around \$250,000, including -equity and cash. "The model's about being strongly capitalised with 'new capital': knowledge," and he describes it as a model that is constantly reconfiguring itself. "You need to talk to the right people and listen to them — not focus on money, but maximise value in the proposition. The money will follow." He's currently working on a number of propositions for Crispstart, ranging from polymers to financial management software, healthcare devices and internet telephony, but is reluctant to name names, due to the startup nature of the businesses and because he's engaged in capital raising.

It's tempting to dream up a business proposition just to experience Gerritsen in full flight, but it's clear that he nurtures the contacts in his address book. "I have to make sure the deals I take to these companies are quality. I don't want to have people who aren't in there for a win-win situation and who aren't committed to following through."

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