



Institutional investors key to growth of city's tech sector Gov't needs to get involved, says top vencap financier

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The odds are against home-grown venture capital being raised for high-tech enterprises in Edmonton until institutional investors -- including the provincial government -- ante up, says a top Canadian vencap financier.

Richard Prytula is president of Montreal-based TechnoCap with \$250 million of committed capital.

The company has more than \$130 million invested, including a \$50-million stake in Yotta Yotta and \$3 million in Big Bangwidth, both Edmonton tech companies.

Prytula, who holds a degree in electrical engineering from University of Saskatchewan and MBA from Western, spent five years putting Technocap's fund base together after founding the company in 1988.

Technocap's Edmonton connection is based on a couple of things: Yotta Yotta vice-president Wayne Karpoff's persistence and the fact that Prytula, a native of Prince Albert, has family scattered from Saskatchewan to British Columbia, including a sister in Stettler.

However, he said the city still lacks in critical areas to make it attractive to venture capitalists.

Local core institutional investors like pension funds and banks willing to invest patiently for a decade or more, experienced venture investors with technology and operations experience and a talent pool of entrepreneurs with research and development credits.

In tough times when traditional sources of capital are drying up, it's crucial that institutions like the Alberta government take the lead and partner with the investment community to support the technology sector, Prytula said in an interview.

Government can leverage its own investments by pooling with venture firms and spread risk and return to communities and companies, Prytula suggested.

"When markets are doing well, you don't need governments involved.

"But if you want to build this as a permanent sector in your economy, as it's growing at the beginning years, when you have a difficult period, you want to have that support."

Technocap has a solid foundation of institutional investors who have followed Prytula into nine small companies that all have a common thread of networking hardware or problem-solving software with multiple applications.

The investors include Sofinov of the Caisse de depot, Bombardier Trust, Solidarity Fund QFL, Desjardins Pension Funds, National Bank of Canada and TechnoAnge Inc.

Prytula said since discovering Edmonton, TechnoCap is impressed by the quality of research going on in nanotechnology, particularly at the University of Alberta.

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