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DEAL OF THE WEEK

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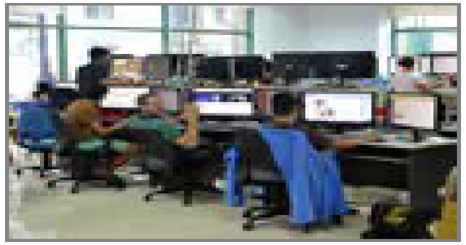
Aetius pursues gaming partnership

BENJAMIN CHER HAS AN ENVIABLE position. As founder of Singapore-based Aetius Capital and a co-founder of its newest portfolio company, Cloud Alliance, he can unify the two parties around a common goal in a way that is not always possible in the VC world. He hopes that management style can be the foundation of a successful investment strategy.

Previously an investment banker, Cher's objective with Aetius is to identify promising ideas and co-found companies around them, sponsoring start-ups from early stages through to their Series A and B rounds. "While I was good at crunching the numbers and preparing PowerPoint presentations, it was far removed from the nuts and bolts of building a business," he says. "One needs to really understand the entrepreneur, and get deep into the business and industry. My dual role now enables that."

Cloud Alliance, to which Aetius just committed $5 million in Series A funding, is the developer of CloudMoolah, an integrated payment solution intended to help game developers create and monetize their products more efficiently. Globally, the mobile game market represents about $30 billion in revenue per year; Southeast Asia, Cloud Alliance's initial target, makes up about 10% of that total, and is the fastest growing region with expected compounded annual growth rate of 69%.

However, in some ways it is a departure from the GP's other portfolio companies. Cloud Alliance represents Aetius' first investment in the mobile gaming space; the Series A round comes relatively early, given the company was only founded in March; and the price is also significantly higher than the GP's other recent deals, such as the $850,000 seed round for digital remittance platform Toast last year.


Gaming: Developer destiny

But Cher's confidence in the business plan, and Cloud Alliance's recently announced partnership with game engine creator Unity, proved the clincher. "Although Cloud Alliance is a relatively new company, the business model which gave rise to it has been months in the making," Cher explains. "The deal size is not so much a concern as the kind of potential the deal can achieve, and we see great potential in Cloud Alliance's business model."

With Cloud Alliance and its other portfolio companies, Aetius wants to serve as a connector, linking start-ups with backers and decision makers that can move them forward in exciting ways. While Aetius's investments have so far focused on technology – along with Toast, it also committed an undisclosed amount of seed funding in 2014 to hyperlocal small business discovery app Sugar – it is sector-agnostic and hopes to partner with start-ups in other fast-growing or niche industries.

"The greatest advantage of being a venture builder is that you get to invest in companies where you can also be intimately involved in setting up. And through the process, you really understand what it means to build a business from scratch," Cher says.