

Online learning startup rises on wings of angel investors

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Udemy.com, a startup intent on making it simple for anyone to teach online, announced Tuesday that it has received a million dollars in funding from "angel investors."

A startup intent on making it simple for anyone to teach online has received a million dollars in funding from "angels," technology industry successes backing peers with good ideas.

Udemy.com will use the cash to hire workers and ramp-up operations, co-founder Gagan Biyani said Tuesday in making the announcement.

"We want to essentially democratize education so that anyone can teach over the Internet," Biyani said. "We make it really easy for anyone to develop an online course."

Biyani and the two other co-founders have been the entire workforce since Udemy was launched in May in the northern California city of Palo Alto.

Most courses listed at Udemy on Tuesday were free to students. Topics ranged from how to start a business or use computer software tools to winning at poker or picking up women.

The course list included an online class by high-level Google executive Marissa Mayer titled "Ideas come from everywhere."

More than a thousand instructors have created courses at Udemy, with a host of offerings coming from prestigious US universities including Stanford, Yale, and MIT.

Biyani said that he and fellow founders Eren Bali and Oktay Caglar began working on Udemy about two years ago after meeting at Founder Institute, a training camp for entrepreneurs run by thefunded.com.

The financing won by Udemy is a prime example of how angel investors in the form of technology industry successes are stepping in to back people with cool new ideas, according to Adeo Ressi of thefunded.com.

He said that the amount of money being invested by venture capital firms (VCs) has sunk while folks reaping rewards at hot companies such as Google, Facebook, or Zynga are putting newfound wealth into startups that they like.

"You have a decline in venture capital with a really aggressive surge in angel investing," Ressi said. "These angels are essentially coming to the rescue of new startups."

Venture capital for startups dried up as the global economy melted down

and the market made it daunting for young companies to go public with stock offerings when early investors are counting on big returns.

"The VC industry is really hurting," said VentureBeat editor Matt Marshall, executive producer of a DEMO event considered a premier showcase for technology startups. "Angels are big."

Ressi declared 2010 the year of the angel investor, saying he hasn't seen this type of situation before in his more than 15 years as an entrepreneur.

"Professionals who made money in technology are investing in new companies at an unprecedented pace," Ressi told AFP.

"Small to mid-size mergers and acquisitions have created single-digit millionaires that are interested in putting that money to work to be multi-digit millionaires."

Employees at private companies such as Facebook are able to cash-in by selling options for future stock shares in flourishing markets that have sprung up for such deals.

"There is a new private marketplace making employees at private companies rich," Ressi said.

He distinguished between VCs and angels by saying the former are professional investors who follow hot trends while the latter are "passionate enthusiasts out to give something back" to the technology world while taking part in fun new ideas.

Udemy had won backing from two technology industry veterans before it turned to AngelList, an online forum for matching promising startups with folks that have cash to invest.

Serial entrepreneurs and investors Babak Nivi and Naval Ravikant, who share startup advice at a Venture Hacks website, launched AngelList in February with a roster of more than 50 people looking to invest a total of about 80 million dollars this year.

The AngelList roster has reportedly grown into the hundreds.

Udemy was introduced to more than 25 potential investors in less than two weeks after the startup's pitch got the AngelList stamp of approval and was forwarded to folks on the roster.

Interest was so strong that Udemy doubled its funding goal to a million dollars and wound up turning away some cash, according to Biyani.

"Angels are actually supporting a wider variety of companies than VCs ever have," Ressi said. "All different types of technology companies and software companies are being funded by angels that have been overlooked by VCs."

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