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Here's a toast to public equity No.1

Michael Bailey

It becomes legal to crowdfund equity from retail investors on September 20, and a wine e-tailer is aiming to be first to do it.

Online Liquor Group (OLG), based in Sydney's Surry Hills, will convert to an unlisted public company from its current 'proprietary limited' structure to be ready for day one of the new legislation, with founder and chief executive Dean Taylor unwilling to wait for promised amendments allowing private companies to participate.

"I'd like to list it in the next couple of years, and it dawned on me that equity crowdfunding was the perfect chance to both bookbuild, and turn your customers into owners and even bigger advocates," said Mr Taylor.

The equity crowdfunding legislation, which passed the Senate in March, allows unlisted public companies with annual turnover or gross assets of up to \$25 million to advertise their business plans on licensed crowdfunding portals, and raise up to \$5 million a year to carry them out. Investors can put up to \$10,000 a year each into an unlimited number of ideas.

Preparing for a campaign to be run through crowdfunding portal Equitise, which will take a 7.5 per cent cut of the funds raised plus costs, Mr Taylor intended to raise the full \$5 million allowable and hoped for an average investment below \$10,000 to spread the deal as widely as possible.

OLG's biggest underlying brand, Cracka, has 25,000 'active' customers – meaning those who have purchased wine from it in the past 12 months – and Mr Taylor admitted online rival Vinomofo, which reported 55,000 active customers 18 months ago, had "gotten away from us" while he spent nothing on marketing for three years.

"The crowdfunding campaign is as much a marketing opportunity as it is a corporate capital opportunity, it's why I'm doing it rather than going back to a family office or something," he said, noting that OLG's four underlying brands produced revenue just under the \$25 million cap on eligibility for retail equity crowdfunding.

After selling his wine storage business Wine Ark for \$8.5 million in 2007, Mr Taylor raised a further \$5 million from Constant Innovation Fund, an early stage venture capital limited partnership, in 2011.

The further cash injection would be used in part to prepare a portal on e-tail giant Amazon when it arrives in Australia.

"While many local retailers are extremely worried about the arrival of Amazon, as a retailer of locally produced products I see it as huge opportunity," Mr Taylor said. "It opens up a conduit for small and medium Australian wine producers to sell directly to consumers in Asia and the rest of the world."

The cash will be used in part to prepare a portal on Amazon.