

News for April 2011

April 1, 2011

Liquidity Rally Fades As Deals Decline In First Quarter

Acquirers spent \$8.95 billion in the first quarter on 91 deals, compared to \$10.77 billion on 128 deals in the fourth quarter of 2010, according to *Dow Jones VentureSource*. The latest deal total was the lowest for a three-month period since the third quarter of 2009 when there were 87 deals. The first-quarter amount, however, topped the year-ago total of \$7.43 billion.

While the consumer services sector produced some big deals--such as AOL Inc.'s \$315 million buy of news and opinion site HuffingtonPost.com Inc. and Nordstrom Inc.'s \$180 million acquisition of online fashion shopping site HauteLook Inc.--a decline in health-care and information technology deals couldn't make up the difference.

The IPO market, meanwhile, didn't show signs of improvement in the first quarter, as 11 venture-backed companies went public, down from 14 in the previous quarter but slightly better than the eight offerings in the year-ago period. The underwriters of many of these IPOs cut prices ahead of the offerings, and only one IPO--biofuel company Gevo Inc.--produced more than \$100 million.

The IPO pipeline remains strong, however, with 45 companies, and many of them may be waiting for their 2010 financial results to be audited before trying to price the offerings.

The median acquisition size of venture-backed companies soared to \$95 million in the fourth quarter, the highest three-month total since the fourth quarter of 2009 and the second highest since the second quarter of 2000, according to *VentureSource*. That brought the 2010 median total up to \$46 million, the highest since 2007.

In the first quarter, the median post-value at liquidity was \$55 million in the first quarter, far above the \$21 million in the year-ago quarter.

Technology M&A deals declined to \$2.08 billion on 34 deals, from \$3.16 billion and 67 deals in the year-ago period. The consumer services sector went a long way toward making up those declines, however, with 22 deals generating \$3.22 billion in the first quarter, more than four times the year ago total on five fewer deals.

The health-care space saw the two largest M&A deals in the quarter: Medtronic Inc. paid \$800 million for catheter developer Ardian Inc., while Amgen Inc. bought cancer therapy company BioVex Group Inc. for \$425 million plus potentially \$575 million in milestones. Overall, health-care M&A brought in \$2.25

billion on 15 deals, comparable to the first three quarters of 2010 but down from \$3.65 billion on 29 deals in the fourth quarter.

Bessemer Venture Partners: Holds \$1.6B Closing

Larchmont, NY-based Bessemer Venture Partners closed its Bessemer Venture Partners XI Fund at \$1.6 billion. The firm targets the following sectors for investments: cleantech, cloud computing, data security, financial services, healthcare, and online retail investing primarily in the early-stage of development.

- Bessemer Venture Partners – Larchmont, NY – www.bvp.com

DBL Investors: Closes Second Fund at \$140M

San Francisco-based DBL Investors has closed its second venture capital fund with \$140 million. The fund will focus on investments in cleantech, information technology, health care and sustainable technology, concentrating on companies in the western United States.

- DBL Investors – San Francisco, CA – www.dblinvestors.com
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April 4, 2011

PivotNorth Capital: Debut Fund Closed

Menlo Park, CA-based PivotNorth Capital closed its PivotNorth Fund I LP at \$35 million. The firm focuses its investments in early stage consumer and business software companies.

- PivotNorth – Menlo Park, CA

IDG Accel: Two Venture Funds Closed

IDG-Accel closed two new China funds totaling \$1.3 billion. The fund will focus on technology start-ups. IDG-Accel is the China-focused investment arm of venture-capital firm Accel Partners.

- Accel Partners – Palo Alto, CA – www.accel.com
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April 6, 2011

Red Abbey Venture Partners and NeuroVentures Capital: New Biotechnology Venture Fund

Investors from Red Abbey Venture Partners and NeuroVentures Capital are partnering for an innovative venture. They are raising up to \$200 million for a new biotechnology venture fund which will be used to create a virtual drug-development operation.

The partners hope to acquire early-stage compounds, develop them with the help of contract researchers, then sell them to pharmaceutical companies.

- Red Abbey Venture Partners – Baltimore, MD – www.redabbey.com
- NeuroVentures Capital – Charlottesville, VA – www.neuroventures.com

Merck Serono Ventures: Opens Merck Serono Israel Bioincubator Fund

Geneva, Switzerland-based Merck Serono Ventures, a corporate venture capital investor that focuses on emerging biotechnology companies, opens its Merck Serono Israel Bioincubator Fund.

- Merck Serono Ventures – Geneva - www.merckserono.net/en/partners/partnering_programs/merck_serono_ventures.html

April 7, 2011

Andreessen Horowitz: New \$200M Fund

Menlo Park, CA-based Andreessen Horowitz has a new \$200 million fund. The fund will target growth stage companies.

- Andreessen Horowitz – Menlo Park, CA - <http://a16z.com>

April 11, 2011

Industry Ventures: \$45M From New Mexico Educational Retirement Board

For its sixth fund, Industry Ventures is receiving \$45 million from the New Mexico Educational Retirement Board. The fund has a \$400 million target.

- Industry Ventures – San Francisco, CA - www.industryventures.com

HealthCap: Raising Sixth Fund

Swedish firm HealthCap is in the process of raising a sixth fund, HealthCap VI LP. Based in Stockholm, HealthCap has fully invested the first four funds the firm raised, some 78 life sciences companies.

- Health Cap – Stockholm – www.healthcap.se

OrbiMed Advisors: Raises Money for Israeli Biomedical Fund

OrbiMed Advisors has secured \$203 million toward an Israeli biomedical fund. In addition, the Israeli government has committed \$40 million to the fund. The fund will enable OrbiMed Advisors to back 15 to 20 Israeli biotechnology, diagnostic and medical-device companies.

- OrbiMed Advisors – New York, NY – www.orbimed.com

U.S. VC Fund-Raising Up

U.S. venture capital fund-raising in the first quarter topped at \$70 billion. This is well above the \$3.87 billion collected in the first quarter of 2010, according to *Dow Jones LP Source*. It's also the highest first-quarter total since 2001, at the end of the Internet bubble.

However, the 25 fund closings in the first quarter was the lowest total in any first quarter since 2003, the worst year for VC fund-raising since the bubble.

Overall, U.S. private equity and venture capital firms raked in \$31.6 billion during the first quarter, more than double the \$13.5 billion raised during the same period last year, according to *LP Source* which is owned by Dow Jones & Co., a News Corp. company.

April 13, 2011

Qiming Ventures: \$450M Target of New Fund

Qiming Weichang Venture Capital Management (Shanghai) Company Limited has plans to raise a \$450 million fund. Qiming invests in media and internet, consumer and retail, healthcare, information technology and clean technology companies.

- Qiming Ventures – Shanghai – www.qimingventures.com

L Capital Partners: Opens L Capital Asia

New York, NY-based L Capital Partners opened its Asian fund, L Capital Asia. The firm's primary areas of investment are in healthcare and technology, but it has also invested in energy and environmental related companies.

- L Capital Partners – New York – www.lcapitalpartners.com

CEI Ventures Inc.: Opens Coastal Ventures III Ltd.

Portland, ME-based CEI Ventures Inc. opened its \$5.5 million Coastal Ventures III Ltd. The firm manages socially responsible venture capital funds.

- CEI Ventures – Portland, ME – www.ceiventures.com

eCAPITAL entrepreneurial Partners AG: Closes €50 Million Fund

Muenster, Germany-based eCAPITAL entrepreneurial Partners AG, a firm which invests in information technology, communications, new materials, optical technologies, clean tech, and innovative services, has closed its €50 million eCapital III Cleantech fund.

- eCapital – Muenster, Germany – www.ecapitaladvisors.com
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April 14, 2011

Summit Partners: Opens Summit Partners Venture Capital Fund III

Boston, MA-based Summit Partners opened its Summit Partners Venture Capital Fund III at \$420 million. The firm focuses its investments on the software, communications technology, healthcare, and life sciences industries.

- Summit Partners – Boston, MA – www.summitpartners.com
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April 15, 2011

NextView: Debut Seed Fund

NextView Ventures has raised \$8.1 million toward its debut fund. The fund, NextView Ventures LP, has a \$25 million target and will seed new Internet companies in New York and Boston.

- Nextview Ventures – Cambridge, MA – www.nextviewventures.com

Aquillian Investments: Ecosystem Integrity Fund Opened

San Francisco, CA-based Aquillian Investments LLC opened its Ecosystem Integrity Fund I LP. The firm focuses its investments on companies in the Energy and Utilities sector.

- Aquillian Investments – San Francisco, CA – www.aquillian.com
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April 21, 2011

U.S. Dealflow Picks Up Pace

The U.S. venture industry had its most active first quarter since 2008, with investors deploying \$6.44 billion in 661 deals in the first three months.

Investment rose 26% from \$4.77 billion in the year ago period, while the number of rounds for U.S. companies increased slightly from 630, according to data from industry tracker *VentureSource*, which is owned by Dow Jones & Co. However, the numbers did fall from the fourth quarter, when \$9.01 billion was placed into 785 deals.

The year-to-year increase was nearly across the board, with information technology rising to \$1.61 billion from \$1.4 billion, health care increasing to \$1.6 billion from \$1.32 billion and consumer services soaring to \$1.19 billion from \$516.6 million.

Despite the attention paid to early-stage fundings, first funding rounds nudged upward only slightly, to \$922.1 million from \$882 million in the year-ago quarter, on 185 deals in each quarter. Second-round fundings also stayed mostly stagnant.

Meanwhile, third rounds jumped to \$3.81 billion on 257 deals from \$2.47 billion on 213 deals a year ago, suggesting investors were willing to pour money into mature companies that were closer to a potential exit.

Overall, the median amount invested increased to \$5 million from \$4 million a year ago. In the hot consumer services sector, the median increased to \$4 million from \$2.7 million, with much of the increase stemming from later funding rounds. The first-round median within consumer services dropped to \$2 million from \$2.7 million, despite the attention paid to select early-stage Internet companies with breakout potential.

DFJ: New Japan-Focused Fund

Draper Fisher Jurvetson and JAIC America are raising a cross-border fund for investing in start-ups in Japan and in America.

DFJ and JAIC America--a division of Tokyo-based Japan Asia Investment Co.-- announced they have closed on about \$25 million of a fund that is likely to reach \$50 million, and which will fund start-up companies in Japan and the U.S. The focus of the fund will be on consumer technology, enterprise software, mobile technology and advanced materials.

- DFJ – Menlo Park, CA – www.dfj.com

April 25, 2011

DCM Opens A-Fund

Menlo Park, CA-based DCM opened its A-Fund on April 1, 2011. The firm focuses its investments in early-stage companies in the cleantech, Internet/digital media, and software and services sectors.

- DCM – Menlo Park, CA – www.dcm.com

Draper Fisher Jurvetson Opens DFJ Tel Aviv

Menlo Park, CA-based Draper Fisher Jurvetson opened its DFJ Tel Aviv Fund on April 14, 2011. The firm focuses its investments in the information technology industry.

- DFJ – Menlo Park, CA – www.dfj.com

Suzhou International Development Venture: Opens Suzhou Suqian Venture Investment Fund

Suzhou, China-based Suzhou International Development Venture opened its Suzhou Suqian Venture Investment Fund at RMB 200 million. The firm targets to manage RMB 1 billion in assets.

- [Suzhou International Development Venture – Suzhou, China](#)
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April 26, 2011

Innovation Works: Raised \$97M for New Fund

Beijing-based fund, Innovation Works Development Fund LP, has raised \$97 million. The fund is primarily investing in applications based on Google's Android mobile operating system. The fund is linked to Innovation Works, developed by Google's former china chief, Kai-Fu Lee.

- [Innovation Works – Shanghai - <http://en.chuangxin.com/>](#)

** Source – VentureSource and VentureWire for each article.*