

## News for February 2009

### February 2, 2009

#### HarbourVest Eyes \$2.9B For Fund

HarbourVest Partners LLC is in the process of wrapping up its latest and largest secondary fund to date at its upwardly revised cap of \$2.9 billion, according to people familiar with the offering.

The Boston-based firm's Dover Street VII LP will be nearly five times the size of its \$600 million predecessor.

HarbourVest had initially set a \$2.3 billion cap for Fund VII but last year went back to limited partners asking to raise the hard cap to \$2.9 billion. Investors want to raise the cap in large part because of the increased investment opportunities that it is seeing in the market.

- HarbourVest Partners – Boston, MA – [www.harbourvest.com](http://www.harbourvest.com)
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### February 3, 2009

#### Capital Factory To Mentor New Austin Start-Ups

A group of entrepreneurs in Austin, Texas, has launched Capital Factory, a new technology incubator program.

Selected companies will receive \$20,000 in cash and weekly mentoring sessions with successful technology entrepreneurs during a 10-week summer program, and participate in a Demo Day in August where investors can meet the entrepreneurs. The program is based in Austin and will emphasize outreach to Texas-based entrepreneurs but is open to any entrepreneurs who are willing to live in Austin during the program.

- Capital Factory – Austin, TX – [www.capitalfactory.com](http://www.capitalfactory.com)
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**February 5, 2009**

**Khosla Firm Looks Outside For At Least \$750M**

Khosla Ventures, the venture capital firm founded and funded by former Kleiner Perkins Caufield & Byers rainmaker Vinod Khosla, is looking to outside investors for the first time as it seeks at least \$750 million for new funds, according to investors with knowledge of the firm's fund-raising activity.

One fund-of-funds investor said Khosla Ventures is seeking at least \$250 million for early-stage investing in technology companies and \$500 million or more for later-stage investments.

- Khosla Ventures – Menlo Park, CA – [www.khoslaventures.com](http://www.khoslaventures.com)
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**February 6, 2009**

**TL Ventures Closes \$60M For Fund VII**

Wayne-Pa.-based TL Ventures, an early-stage technology investor, has held a \$60 million close on its seventh fund, according to a regulatory filing.

The filing lists the fund's target as \$60 million. If the listed closing is a final close, it would represent a large drop from the firm's last known fund, TL Ventures V LP, which closed at \$675 million in late 2000. TL Ventures V was apparently the firm's sixth fund due to a change in the naming of the funds.

- TL Ventures – Wayne, PA – [www.tlventures.com](http://www.tlventures.com)
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**February 9, 2009**

**DCM Opens Fund VI Targeting \$505M**

Early stage venture firm DCM has opened its sixth fund, targeting \$505 million, according to a December regulatory filing.

The new fund, DCM VI LP, would be about the same size as the firm's last fund, a \$500 million 2006 fund.

DCM is already active in China with an office there. In July 2008, DCM announced it was forming a small fund to invest in Chinese social networking applications through its portfolio company, Oak Pacific Interactive. DCM contributed several million yuan to the fund for Xiaonei.com applications, the company said.

- DCM – Silicon Valley, Beijing, Tokyo - [www.dcm.com/index.php](http://www.dcm.com/index.php)

## **New Enterprise Associates Closes \$1.2B Of \$3B Target**

New Enterprise Associates has closed on \$1.243 billion of a targeted \$3 billion for its thirteenth fund, according to a January 6 regulatory filing. NEA also planned to hold another closing in the next month or two.

One of the largest venture firms by capital under management, NEA invests across a range of companies in health care, information technology, consumer technology and energy.

The firm also invests across stages, including what it calls "venture growth equity" deals, which require larger equity rounds than traditional venture deals.

- [New Enterprise Associates – Menlo Park, CA – www.nea.com](http://www.nea.com)
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## **February 11, 2009**

### **Capital Royalty Puts Fund-Raising Plans On Hold**

Capital Royalty LP, which closed a \$325 million fund devoted to acquiring royalty interests in health care products in 2005, has put plans for its second fund on hold.

The Houston firm had planned to begin raising \$500 million to \$700 million for its second fund this year, VentureWire reported in August. Because of the financial crisis and difficulty of fund-raising today, the firm will not try to raise the fund this year. It has yet to determine what its next move will be.

- [Capital Royalty – Houston, TX - www.capitalroyalty.com](http://www.capitalroyalty.com)

### **Seroba Kernel Wraps \$97M First Close For New Fund**

Irish venture capital firm Seroba Kernel Life Sciences has held a EUR75 million (\$96.7 million) first close toward a new fund after merging two previously separate venture capital firms.

Seroba Kernel closed on the EUR75 million toward the fund, Seroba Kernel Life Sciences Fund II LP, in December. A second close, planned to bring the total fund to more than EUR100 million, is targeted for later this year. The target and hard cap for the fund were not disclosed.

The Dublin-based firm brings together the life science units of Seroba BioVentures Ltd. and Kernel Capital Partners, with their combined previous funds totaling more than EUR125 million. Seroba Kernel continues to operate all of its previous funds, with Seroba's fund only doing follow-on investments and Kernel's fund still investing and doing follow-ons.

- [Seroba Kernel – Dublin, Ireland - www.seroba-kernel.com](http://www.seroba-kernel.com)

## **Siemens' VC Arm Nears \$100M For FoF**

The venture capital arm of German technology company Siemens has raised almost half the target amount of its first fund of funds after an initial close, at a time when its peers are struggling to garner money from investors cautious about committing capital.

Siemens Venture Capital has held a first close on its EUR154 million (\$200 million) fund of funds after raising almost half of the fund's target.

- [Siemens – Palo Alto Boston, Munich, Beijing and Tel Aviv - www.siemensventurecapital.com](http://www.siemensventurecapital.com)

## **CalPERS Weighs Anchoring \$1B Khosla Fund**

The California Public Employees' Retirement System is recommending a commitment of \$200 million to anchor the expansion-stage venture fund being launched by famed Sun Microsystems co-founder and former Kleiner Perkins Caufield & Byers senior partner, Vinod Khosla, according to documents on the CalPERS Web site.

According to the pension fund investor's documents, Khosla Ventures Expansion Fund is targeting \$1 billion and will focus primarily on clean-technology investment opportunities, with a much smaller portion of the capital dedicated to information-technology investment opportunities.

- [Khosla Ventures Expansion Fund – Menlo Park, CA – www.khoslaventures.com](http://www.khoslaventures.com)
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**February 13, 2009**

## **Kleiner Perkins Stocks Up With New Funds**

Amid a tough fund-raising environment for venture capital investors, Kleiner Perkins Caufield & Byers has rounded up a portion of the \$1.25 billion pool it's raising to support four recent funds.

The Menlo Park, Calif.-based venture firm has returned to investors in two of its older funds, one raised in 2004 and the other raised in 2006, seeking additional capital for annex funds to support future rounds for the funds' portfolio companies. The firm has also re-opened two more recent funds to take on additional money: the \$700 million Kleiner Perkins Caufield & Byers XIII LP and the \$500 million Kleiner Perkins Green Growth Fund LP, both of which closed last year.

According to regulatory filings, Kleiner has raised an extra \$264 million for the Green Growth Fund, which is now targeting \$1 billion. For Fund XIII, it is raising an additional \$250 million to give it \$950 million.

- [Kleiner Perkins Caufield & Byers – Menlo, Park, CA – www.kpcb.com](http://www.kpcb.com)

## **Autonomic Networks Closes After Failed Restart**

After a short-lived attempt to shift its products away from security and into compliance, Autonomic Networks Inc. has decided to shut its doors after failing to secure a new round of venture capital.

Formerly known as Vernier Networks, the company started out in 2001 as a provider of network access control products, commonly called NAC, that use computer equipment to manage the people and programs that have access to corporate networks. The area generated considerable buzz and drew substantial venture dollars in the first half of the decade. Autonomic was able to land about \$68 million over five rounds through 2005 before deciding to change course in 2007.

- [Autonomic Networks – Mountain View , CA](#)

## **AgeChem Eyes PIPEs As Markets Shift**

As Canadian life science venture capital firm AgeChem looks to make the last four investments through its latest fund, the firm plans to turn more to PIPE deals over early-stage investing.

The strategy marks a reaction to the changing markets as the C\$65.7 million fund, which closed in April 2006, seeks to find the best opportunities for a small-size fund.

The C\$65.7 million fund was the first raised under the AgeChem name, which reflects the firm's efforts to fund new treatments for aging. AgeChem previously targeted a C\$100 million to C\$125 million final close for the fund. The firm decided later that year to close the fund at C\$65.7 million after witnessing other funds experience delayed second closings, with plans to see what kind of returns they could produce from that fund.

- [AgeChem – Montreal, Quebec – www.agechem.ca](#)

## **Alsop Louie Partners Opens Alsop Louie Partners Fund II**

Alsop Louie Partners, a San Francisco, CA-based venture capital firm, opened its Alsop Louie Partners Fund II. The firm focuses its investments on entrepreneurs starting information technology companies that are in the early stage of development.

- [Alsop Louie Partners – San Francisco, CA - http://www.alsop-louie.com/](#)

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## **February 18, 2009**

### **Overseas Venture Investment Retrenches In 4Q**

Venture investment in Europe pulled back nearly as much as in the U.S., while the unbridled enthusiasm in China, India and Israel softened considerably. Indeed, many U.S. venture firms invest overseas or have partnerships with local firms on the ground in these regions, which may explain some of the retrenchment.

In 2008, investment in Europe, Israel, Mainland China and India rose a combined nearly 5% to more than \$13.4 billion from \$12.8 billion. But for the fourth quarter, investment in those regions dropped 13% to \$2.18 billion from \$2.51 billion a year ago, and 24% from the third quarter of 2008. U.S. venture capital investment plummeted 30% in the fourth quarter to \$5.5 billion, the lowest level in four years.

### **Creative Capital Ventures Launches With \$14.4M**

Michael Peters & Partners has launched Creative Capital Ventures, a vehicle that will invest in businesses for which the Peters consultancy is providing branding services.

The new firm has GBP10 million (\$14.4 million) of funding committed from private investors and Michael Peters.

- Michael Peters & Partners – Tel Aviv, Israel - [www.michaelpetersandpartners.com](http://www.michaelpetersandpartners.com)

### **Arboretum Ventures Closes \$73.4 Million Arboretum Ventures II LP**

Arboretum Ventures, based in Ann Arbor, MI, closed its Arboretum Ventures II LP fund at \$73.4 million. The firm focuses its investments in early-stage healthcare and life sciences companies.

- Arboretum Ventures – Ann Arbor, MI - [www.arboretumvc.com](http://www.arboretumvc.com)
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## **February 19, 2009**

### **Hedge Fund Tudor Investment Pares Down VC**

Hedge fund manager Tudor Investment Corp. has pared down its venture capital investments with the spin-off of global manager Raptor Global last month.

Tudor had been a large investor in the U.K. before the credit crunch, with GBP198 million invested in 12 months from its TDR Capital subsidiary, while Raptor Global had invested \$150 million in U.K. venture companies in this period.

- Tudor Investment Corp. - Boston, MA; London; Greenwich, CT; New York; Singapore; Sydney; Washington, D.C. - [www.tudorfunds.com](http://www.tudorfunds.com)

### **Fidelity Ventures Opens Fidelity Ventures V LP**

Fidelity Ventures, a venture capital firm headquartered in Boston, MA, opened its Fidelity Ventures V LP fund. The firm focuses its investments in emerging growth technology companies throughout United States, Europe, and Asia.

- Fidelity Ventures – Boston, MA; London; Mumbai - [www.fidelityventures.com](http://www.fidelityventures.com)

## **First Round Raising Annex Fund For Past Angel Deals**

Seed investor First Round Capital has closed on \$9.74 million of \$15 million for a new annex fund, according to a regulatory filing.

First Round Capital 2007 Annex Fund LP is to supplement the firm's previous angel funding.

Investors in the new annex fund include TIFF Private Equity Partners 2007 LLC and Comcast Interactive Capital LP, according to the Jan. 26 filing.

West Conshohocken, Pa.-based First Round invests in seed-stage technology start-ups, often as the first investor. A number of its portfolio companies have become prominent Silicon Valley names with follow-on funding.

- First Round Capital – West Conshohocken, PA – [www.firstround.com](http://www.firstround.com)
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## **February 25, 2009**

### **SBICs Take Advantage Of Stimulus Bill**

About a week after President Barack Obama signed the stimulus bill into law, small business investment companies, or SBICs, are already moving to take advantage of the bill by expanding borrowing to increase their funding capacity.

Firms like Main Street Capital Corp. and Hercules Technology Growth Capital Inc. announced plans this week to increase borrowing under the SBIC program. They are able to do that thanks to provisions in the stimulus bill aimed at boosting the growth of small businesses.

For one, the bill increases the total SBIC leverage capacity to \$150 million from \$137 million. Another provision allows for existing SBICs to obtain a second lien and gain access to additional leverage of \$75 million, giving them a total \$225 million leverage.

Houston-based Main Street said it now has access to \$55 million to \$60 million additional capital for its wholly owned SBIC subsidiary and an affiliate SBIC.

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**February 27, 2009**

## **Bessemer Venture Partners Closes \$350 Million Bessemer Venture Partners VII Annex Fund**

Bessemer Venture Partners, based in Massachusetts, closed its Bessemer Venture Partners VII Annex Fund at \$350 million. The firm focuses its investments in early-stage companies in the cleantech, data security, financial services, and healthcare sectors.

- Bessemer Venture Partners – Bangalore, California, Herzliya, Massachusetts, Mumbai, New York – [www.bvp.com](http://www.bvp.com)

## **Israeli Gov't Pledges \$60M For Possible \$240M Biotech Fund**

Looking to stimulate the Israeli biotech industry, two government agencies have pledged ILS250 million (\$59.8 million) for a late-stage fund and are seeking private capital to top it off at ILS1 billion.

The Israeli ministry of finance and the ministry of trade, industry and labor's chief scientist have allocated ILS125 million apiece for the still-unnamed fund.

## **Trinity Ventures Closes \$276M Tenth Fund**

Early-stage technology investor Trinity Ventures has closed its tenth fund at \$276 million, according to a regulatory filing.

Trinity Ventures X LP closed at a level slightly below its predecessor, which wrapped at \$300 million in August 2005. Trinity Ventures, based in Menlo Park, Calif., typically invests in seed- and early-stage technology deals in areas including software, semiconductors, communications, security and online consumer services.

- Trinity Ventures – Menlo Park, CA - [www.trinityventures.com](http://www.trinityventures.com)

## **Obama's Budget Proposal Gives VCs A Tax Hike**

President Obama's proposed budget, released yesterday, raises the possibility that taxes on venture capital profits could more than double.

Carried interest of long-held assets today is taxed at the capital-gains rate of 15%, but the president's budget blueprint calls for taxing these profits as ordinary income, beginning in 2011. It also lays out higher income tax rates, which means that the new carried interest tax rate would be as high as 39.6%. The capital gains tax rate is also set to rise to 20%.

The budget also forecasts the revenue that the change is envisioned to bring in. The amount would be \$2.7 billion in 2011 and \$4.3 billion in 2012. For the period from 2010 to 2019 in total, the budget foresees the change bringing in \$23.89 billion.